Bangladesh Bank Quartery

January-March, 2019 Volume XVI, No.3



Bangladesh Bank Quarterly

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Economic and Financial Developments

Executive Summary

Economic activity maintained its momentum in Q3FY19, in line with projected 8.1 percent GDP growth in FY19 supported by both strong domestic and external demand. A pick-up in remittance inflows (14.2 percent growth), and acceleration in government's mega project implementation helped boost domestic demand. On the production side, growth impetus largely came from the industry sector, favored by substantial improvement in electricity generation. In addition, buoyant service sector activities along with bumper agricultural production further spurred growth dynamics. An uptrend in export growth has been maintained by the continued external demand.

Headline CPI inflation (point-to-point) inched up to 5.55 percent in March 2019 after came down to a 15-month low of 5.35 percent in December 2018, driven by food inflation. Higher prices of fish, vegetables, and fruits led to an increase in food inflation to 5.72 percent in March 2019 from 5.28 percent in December 2018. Non-food inflation (point-to-point), which had been broadly stable at around 5.50 percent since November 2018, dropped to 5.29 percent in March 2019. Notwithstanding, 12-month average headline inflation kept falling and reached 5.48 percent in March 2019. But non-food inflation (12 month average) edged up during Q3FY19.

In Q3FY19, the overall balance of payment witnessed a surplus of USD 184 million, arose mainly from an improvement in primary income account due to a strong inflow of remittance, and a decline of deficit in trade balance (USD 936 million in Q3FY19 compared to USD 2078 million in Q2FY19) caused by moderation in import demand. Nonetheless, BDT experienced moderate depreciation during this period, suggesting a transient liquidity mismatch in the foreign exchange market. To avoid excessive volatilities of the exchange rate, Bangladesh Bank continued selling USD.

Among the money market aggregates, reserve money and broad money (M2) grew by 6.0 percent and 10.9 percent respectively, remaining within the programmed ceiling of 7.0 percent and 12.0 percent respectively, for H2FY19. Despite a lower-than-targeted growth in private credit (12.4 percent against the target of 16.5 percent), strong growth in government's bank borrowing kept M2 growth on track. With falling excess liquidity in the banking system, inter-bank call money rate, and yields on various government securities showed some up-tick during Q3FY19. Excess liquidity in the banking system squeezed owing to slower deposit growth, a significant increase in currency outside banks, and a rise in non-performing loans. Non-performing loan in the banking system rose to 11.9 percent in March 2019 from 10.3 percent in December 2018, leading to a provision shortfall of BDT 88.6 billion.

On the fiscal side, revenue collection improved and ADP expenditure speed up in Q3FY19. Fiscal balance edged down and as in the recent past, deficit financing mostly relied on non-bank borrowings.

Looking ahead, growth prospect is favorable owing to continued solid domestic demand in near future with falling inflation. However, the global economic slowdown including USA and EU, uncertainties linger amid US-China trade conflicts, tightening financial condition in global market, delayed Brexit deal along with rising NPL, and tightening liquidity condition on the domestic side are likely to pose downside risk to growth momentum. A good financial and fiscal policy measures would require maintaining growth and price stability.

Developments in the Real Economy

1.1 The solid economic activities continued in Q3 FY19, supported by strong domestic and external demand. The strong remittance inflows (14.2 percent growth), higher ADP utilization and scaled up mega project development activities propelled the domestic demand. External demand underpinned by sustained export growth (8.5 percent) during the quarter under review. In addition, economic activities speed up supported by the substantial electricity generation in Q3FY19.



1.2 The agricultural activities remained strong in O3FY with bumper production of aman and cultivation of boro rice crop-which are two main crops in Bangladesh. Though Department of Agriculture Extension (DAE) has not finalized boro production data yet, available information indicates a bumper production in this year. Among the non-rice crops, maize production also showed a good performance due to favorable weather conditions and absence of any major crop disease. Despite a fall in the acreage of jute production, better crop management and timely availability of inputs led to a reasonable jute production in this year.





1.3 As in recent past, the industry sector performance mostly driven by manufacturing activities that remained buoyant in Q3FY19, supported by both domestic and external demand. Latest available data of February 2019 showed a growth of 11.8 percent in the large and medium scale manufacturing output driven mainly by the growth in motor vehicles and trailers (181.5 percent), computer, electronic and optical product (75.8 percent), chemical and chemical products (34.8

Chart I.3: Growth Decomposition of Quantum Index of Industrial Production (Percent)

percent), pharmaceuticals products (32.3 percent), leather and related products (12.2 percent), wearing apparel (11.8 percent), printing and reproduction of recorded media (11.4 percent), The growth of apparels manufacturing benefitted from the shifting of global demand of RMG products from China in the wake of trade war (imposition of high tariffs by both countries) between China and the USA. In addition, construction activities remained active during this period reflected in considerable growth in clinker import (40.5 percent), iron and steel production (18.6 percent), and credit to the construction sector (16.8 percent).

	Waight	FY17		FY18				FY19		
	weight	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*
General Index of Manufacturing	100	10.3	10.6	21.4	21.8	16.8	10.6	16.5	13.4	11.8
Food products	10.8	1	5	- 31	55	- 31	21	4	- 7 -	10
Beverage	0.3	-27	17				-16	- 4	-16	-9
Tobacco product	2.9		-9	4			-2	0		-25
Textile	14.1		- 16	36		- 14		2	-2	1
Wearing apparel	34.8					17	12	19	20	12
Leather and related product	4.4	57	76							
Wood and product of wood and cork	0.3	8	7	5	4	4	4	4	5	
Paper and paper products	0.3			1	1	1	1	1	1	1
Printing and recorded media	1.8		5		4				9	11
Coke and refined petroleum product	1.3	63	4	-42	-40	-40	-36			
Chemical and chemical product	3.7	1	- 32	- 16	6		-17	41	- 27	35
Pharmaceuticals products	8.2	41			- 34		6			
Rubber and plastic products	1.6	3	2	- 7			- 16		6	6
Non-metallic mineral product	7.1	- 34	- 33	26	- 15	2	8	21		
Basic metal	3.2		-2	0	- 14		5	4	1	
Fabricated metal product	2.3		- 22	- 18	- 18		4	10		
Computer and electronic products	0.2					-42	-10	3	- 36	76
Electrical equipments	0.7						-5	-37		
Machinery and equipments	0.2						- 29			9
Motor vehicles and trailers	0.1					-27	8			182
Transport equipment	0.7	4	6		- 12 -	-1	6			
Furniture	0.9	17	13			19	23	- 15	0	- 4
Source: BB staff's calculation based on BBS (data									
* Based on February 2019			≤-10	-105	-5-0	0-5	5-10	10-15	≥15	

Chart 1.4	Heat Map for Large and Medium Scale Manufacturing Output Grow	wth
	(In percent)	

1.4 The service sector activities present a mixed trend, reflected in various indirect indicators, albeit an intense growth in agriculture and industry sector activities. Among the available indirect indicators, cargo volume through ports grew by (11.5 percent) in Q3FY19 though credit to trade and commerce increased by 16.0 percent during this period, credit to transport registered a decelerated growth of 8.6 percent.

II. Price Developments

2.1 Headline CPI (12-month average) inflation has been edging down since May 2018 and reached to 5.48 percent in March 2019, supported by the continuous fall in p-t-p food inflation over the first 8 months of FY19. The decomposition of headline inflation shows that of the 5.48 percent inflation of Q3FY19, almost three-fourths of the increase (3.51 percent) came from food

inflation and the rest (1.97 percent) from non-food inflation. But the role of non- food inflation in headline inflation has been increasing since Q1FY19. (Chart II.2).



Source: Bangladesh Bureau of Statistics

2.2 Headline CPI inflation (point-to-point) started rising from January, 2019 and reached 5.55 percent in Q3FY19, driven mainly by food inflation. A hike in non-cereal food prices, especially of fish, meat, vegetables, and edible oil were the main drivers to increase food inflation during the quarter under review. Non-food inflation dropped to 5.29 percent in March 2019; however, it was higher than the same quarter of the previous year, driven by fuel price hike and rising cost of treatment and transport (Chart II.3).



Source: BB staffs calculation based on BBS data



2.3 Global commodity prices gained momentum in the third quarter of FY19 due to improved growth prospects. Energy prices surged 10 percent in the quarter under review compared to the preceding quarter mainly due to a steady increase in oil prices for subsequent production cuts by OPEC and its partners along with supply disruptions and increase in global oil consumption (Chart II.4). Non-Energy prices rose by 2 percent in response to large price increases in metals and minerals.



2.4 The regional inflation follows an upward movement during Q3 FY19. Inflation in both India and Sri Lanka increased to 2.9 percent in Q3 FY19 from 2.2 percent and 0.4 percent respectively in Q2 FY19. Whereas inflation in Pakistan increased by more than 50 percent to 9.4 percent compared to 6.2 percent during the previous quarter (Chart II.5).

2.5 Looking ahead, a wave of global spillovers such as weakening global growth and trade, tightened financial conditions with high volatility in international oil prices may pose some risks to inflation momentum. In the domestic front, declining rice import as well as bumper crop harvest along with falling world food prices, however, enable the economy to absorb the global spillovers effect of energy and non-energy on domestic inflation.

III. Money and Credit Market Developments

3.1 In Q3FY19, reserve money (RM) and broad money (M2) broadly followed the programmed path. Despite a lower-than-targeted growth in private credit, a turnaround in government borrowing with huge positive growth kept M2 on track. However, excess liquidity in the banking system squeezed on slow deposit growth, high non-performing loan and the related provision amount, and a significant increase in currency outside banks. Consequently, interbank call money rate and yields on various government securities edged up during this period.



3.2 M2 grew by 10.9 percent (y/y) in Q3FY19, remaining within the programmed ceiling of 12.0 percent for FY19, driven mostly by net domestic asset (NDA) growth (13.7 percent), though net foreign asset (NFA) posted a moderate positive growth of 2.5 percent. The strong growth in NDA was attained by 25.7 percent growth in government borrowing from the banking system, while the growth in credit to private sector moderated further to 12.4 percent in the face of moderated import demand. During Q3FY19, RM grew by 6.0 percent, remaining below the target of 7.0 percent for FY19, contributed by negative growth of 0.6 percent in its NFA and a lower growth of public sector borrowing (14.9 percent in Q3FY19 and 105.6 percent in Q2FY19) from Bangladesh Bank.



Chart III.4: Movements in Policy and Call Money Rates (In percent)



3.3 Overall liquidity in the banking system, in terms of both total liquid asset and excess liquidity, moderated somewhat in Q3FY19, due mainly to recent decelerated deposit growth, a considerable increase in currency outside bank, and rising non-performing loans. During this period, liquid asset in excess of SLR percentage of total demand and time liabilities (TDTL) declined to 11.2 percent in March 2019 from 12.6 percent in December 2018 (Chart III.3). Consequently, call money



rate inched up to 4.54 percent in March 2019 from 4.09 percent in December 2018 (Chart III.4). However, the spread (difference between weighted average lending and deposit interest rates) edged down to 4.15 percentage point during this period from 4.23 percentage point in Q2FY19 (Chart III.5).



3.4 Given the moderation of liquidity in the banking system, the yields on 91-day, 182-day, and 364-day T-bill increase to 3.48, 3.67, and 4.28 percent in Q3FY19 from 2.18, 2.96, and 3.40 percent respectively, in Q2FY19 (Chart III.6). The yield curve for 5-year or shorter maturity bonds shifted significantly to the left (Chart III.7), against a relatively flat yield curve for long-term (10-year or greater) bonds.

IV. Fiscal Sector Developments

4.1 Fiscal performance improved in Q3FY19 as reflected in revenue collection, expenditure and ADP utilization. The moderate growth of revenue over expenditure led to lower budget deficit in Q3FY19 compared to previous quarter. The entire amount of deficit was met from non-bank (60 percent) and foreign sources (40 percent) during the quarter under review.

4.2 Overall revenue collection grew by 9.0 percent (y/y) in Q3FY19 due to higher NBR revenue earning. In Q3FY19, NBR tax revenue collection rose by 8.3 percent to BDT 553.5 billion from Q3FY18. The value added tax (13.6 percent) and income tax (14.6 percent) were the main driver of NBR revenue collection. During the first three quarters, total revenue collection amounted to BDT 1847.54 billion which met only 58.4 percent (7.3 percent of GDP) of revised budget target for FY19.

4.3 The higher current expenditure and ADP expenditure led to elevate overall expenditure growth in Q3FY19 (Chart IV.2). Total expenditure grew by 24.7 percent to BDT 865.4 billion in Q3FY19. Of the total expenditure, current spending rose by 70.7 percent to BTD 605.4 billion and ADP expenditure grew by 22.3 percent to BDT 337.6 billion. ADP utilization rate stood at 50.0 percent during the nine month of FY19. During the first three quarters, total fiscal expenditure amounted to BDT 2549.1 billion which was about 57.6 percent of the revised budget target of BDT 4425.4 billion for FY19.



Sources: National Board of Revenue; Office of the controller General of Accounts



Sources: Ministry of Planning; Ministry of Finance;



4.4 The fiscal deficit narrowed and reached BDT 209.7 billion in Q3FY19 from BDT 302.8 billion in the previous quarter due to higher revenue earning. During the first three quarters, budget deficit amounted to BDT 701.6 billion which covered about 55.7 percent of projected deficits of BDT 1259.3 billion in revised budget FY19.

4.5 The financing structure shows that the entire amount of deficit financing was met from nonbank and foreign sources in Q3FY19 (Chart IV.3). The domestic financing, mainly non-bank, amounted to BDT 100.5 billion (0.6 percent of GDP) in Q3FY19. The foreign financing amounted to BTD 109.2 billion (0.4 percent of GDP) in Q3FY19. The bank financing turned into negative territory in Q3FY19 after positive territory in the last two consecutive quarters in FY19 (Chart IV.3).

V. External Sector Developments

5.1 Overall balance turned into positive trajectory in Q3FY19 after negative position in the last two consecutive quarters due to narrowing current account deficit and higher inflows in financial and capital account. The higher export growth, moderate import growths, strong remittances inflows, and improvement in primary income significantly contributed to reduced current account deficit during the quarter.



5.2 Export growth continued its higher pace and recorded 9.2 percent in Q3 FY19, a 10 percent growth in ready-made garments (RMG) and 4.25 percent growth in non-RMG exports. RMG export to US markets rose by 13 percent, compared with only 3.8 percent growth during the same period of last fiscal year due partly to strong recovery in the US economy along with some positive impact of US-China trade dispute. Merchandise imports on the other hand, showed a slower 4.0 percent growth during Q3FY19 reflected in the reduction in food grains and capital goods imports. However, import of consumer and intermediate goods was the dominant part in overall import during the period under review and recorded a moderate 9.8 percent growth.



Source: BB staff's calculations based on EPB data



5.3 In Q3FY19, remittances inflows exhibited a strong growth of 14.23 percent compare to 2.4 percent growth in Q2FY19. Remittances from Gulf region contributed 59 percent to the total remittance with highest inflows from Saudi Arabia (which was 18.70 percent). Remittances from Asia Pacific, Europe and rest of the world also increased during the quarter under review.

5.4 The persistent deficits in Current account in the last several quarters put some upward pressure on exchange rate during the quarter under review. The BB intervened frequently to avoid excessive volatility in the foreign exchange market. As a result, foreign exchange reserve edged down to 31.75 billion at the end of Q3FY19, adequate to coverage 5 months of import (Chart V.5). Given the recent movements in exchange rate of Taka against US Dollar and the shifts in major currencies contributed to a gain of



price competitiveness; NEER and REER depreciated by 5.1 and 8.4 percent (y/y) respectively at the end of March 2019 (Chart V.6). Nominal exchange rate of the most peer countries appreciated during the quarter except Pakistan (Chart V.7).



5.5 The outlook of external sectors in the coming months likely to be favorable if the current paces of export growth with remittance inflows continue. Ongoing U.S.-China trade war could help to boost Bangladesh's exports in the global market. Moreover, the recent trends of depreciation of Taka could provide additional support to boost export.

VI. Banking Sector Performances

6.1 The indicators of the banking sector showed some concerns during Q3FY19, as reflected in the non-performing loan (NPL), capital adequacy, provision shortfall position and liquidity conditions. During Q3FY19, overall NPL edged up, driven mainly by the state-owned commercial banks (SCBs) and private commercial banks (PCBs).



Source: Bangladesh Bank

Chart VI.2: Ratio of Gross NPLs and Net NPL to Total Loans (In percent)



Source: Bangladesh Bank

6.2 Overall NPL in the banking sector reached its recent high at the end of Q3FY19. Gross NPL for private commercial banks (PCBs) rose from 5.54 percent in Q2FY19 to 7.08 percent in Q3FY19. Gross NPL for SCBs also increased by 2.2 percentage point to 32.20 percent in Q3FY19, reflecting a weaker provisioning (Table 6.1, Table VI.1 and Chart VI.1). The system-wide gross NPL edged up from 10.30 percent to 11.87 percent at the end of this quarter (Table VI.2 and Chart VI.2).



6.3 Overall capitalization in the banking industry remained stable at the end of Q3FY19. The CRAR modestly rose from 10.5 percent in Q2FY19 to 11.4 percent in Q3FY19. Private commercial banks remained well capitalized with CRAR around 12.7 percent at the end of this quarter. Capital position of SCBs registered an improvement from 1.9 percent in Q2FY19 to 6.9 percent in Q3FY19 (Chart VI.3 and Table VI.3).

Table 6.1: Comparative Position of	of Classified	Loan and	Provision	Maintained
1				

					(In billion of BDT				
Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks			
8	Total classified loan	428.5	52.4	389.8	22.7	893.4			
Y1	Required provision	252.9	25.0	234.6	16.2	528.8			
14F	Provision maintained	162.0	27.9	242.0	17.0	448.9			
O	Excess(+)/shortfall(-)	-90.9	2.9	7.4	0.7	-79.9			
6	Total classified loan	480.8	52.4	436.7	23.8	993.7			
Y1	Required provision	270.1	25.0	253.1	16.6	564.9			
11F	Provision maintained	177.2	27.9	261.2	17.3	483.6			
O	Excess(+)/shortfall(-)	-92.9	2.9	8.1	0.7	-81.3			
6	Total classified loan	487.0	47.9	381.4	22.9	939.1			
Y1	Required provision	289.3	23.4	241.1	16.6	570.4			
2F	Provision maintained	210.6	25.9	250.2	17.6	504.3			
O	Excess(+)/shortfall(-)	-78.6	2.5	9.0	1.0	-66.1			
6	Total classified loan	538.8	48.9	499.5	22.6	1109.7			
Y1	Required provision	348.6	23.4	282.2	16.5	670.7			
3F	Provision maintained	257.2	25.9	281.5	17.5	582.1			
O'	Excess(+)/shortfall(-)	-91.4	2.5	-0.7	1.0	-88.6			

6.4 While growth of deposit increased to 10.1 percent in Q3FY19, private sector credit growth moderated further to 12.5 percent (Chart VI.4). Consequently, overall advance deposit ratio (ADR) in the banking system remained below the maximum regulatory ceiling. In Q3FY19, overall ADR inched up to 78.3 percent from 77.5 percent in Q2FY19 (Chart VI.5 and Table 6.2). As a result, excess liquidity moderated in the banking system in Q3FY19.



Source: Bangladesh Bank

Bank groups	Year-on- yea depos (excluding i	r growth of it, % nterbank)*	Year-on- ye advan (excluding	ar growth of ces, % interbank)	Advance Deposit Ratio (ADR)		
	Mar. 19	Dec. 18	Mar. 19	Dec. 18	Mar. 19	Dec. 18	
SCBs	6.8	7.7	12.6	14.2	59.6	58.1	
PCBs	11.9	11.5	13.4	14.3	86.2	85.9	
FCBs	25.8	30.7	16.2	15.3	65.1	62.4	
SBs	5.0	4.9	7.3	5.8	79.2	79.2	
All	11.0	11.1	13.2	14.1	78.3	77.5	

 Table 6.2: Deposit and Advance Position of Scheduled Banks (In percent)

Source: Bangladesh Bank. *Adjusted deposits growth for ADR

6.5 Overall liquidity condition in the banking system remained stable and adequate in Q3FY19 (Table 6.3). Excess liquidity, the excess of CRR and SLR as percent of total demand and time liabilities, (TDTL) declined in Q3FY19 (Chart VI.6) from Q2FY19.



Chart VI.6: Excess of SLR as % of TDTL



Source: Bangladesh Bank, staff's calculation

Table 6.3: Liquidity Position of the Scheduled Ba

(In billion of BDT)

	CRR			SLR				
Bank groups	CRR require ment	Balance with BB in local currency	Excess(+)/ shortfall (-) in reserve	SLR	SLR eligible liquid assets of banks**	Excess(+)/ shortfall (-) of SLR		
1	2	3	4=3-2	5	6	7=6-5		
		As of er	nd-March, 2019					
SCBs	158.4	160.4	2.0	370.9	714.9	344.0		
PCBs (other than								
Islamic)	289.9	283.8	-6.2	685.3	813.1	127.8		
Private Banks (Islamic)	128.4	144.5	16.2	128.4	164.8	36.4		
FCBs	293.2	418.4	125.3	67.5	198.1	130.6		
SBs^*	157.8	159.0	1.3	0.0	0.0	0.0		
All	621.8	646.5	24.7	1252.0	1890.8	638.8		
		As of end	-December, 201	8				
SCBs	155.0	176.1	21.1	362.7	720.7	358.0		
PCBs (other than								
Islamic)	280.6	305.8	25.2	663.2	853.4	190.2		
Private Banks (Islamic)	123.0	160.0	37.0	123.0	184.1	61.2		
FCBs	26.5	88.3	61.8	61.1	226.5	165.4		
SBs*	15.6	15.8	0.2	0.0	0.0	0.0		
All	600.6	746.0	145.4	1209.9	1984.7	774.8		

Source: Bangladesh Bank

* SLR does not apply to specialized banks as exempted by the Government.

**includes cash in tills, balance with BB in foreign currency, balance with Sonali Bank as an agent of BB, unencumbered approved securities and excess reserve (column 4)

Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

According to circular No. MPD-01, April 4, 2018, CRR revised to 5.5 percent from 6.5 percent effective from April 15, 2018

6.6 One of the major challenges is to manage stressed assets in the banking sector. The judicious surveillance and calibration are needed to handle those stressed assets for stability in the banking system. The slower pace in private sector credit growth may be a concern for economic growth, thus the focus remains on ensuring that credit goes to productive sectors that support inclusive growth and maintain macro-financial stability.

VII. Capital Market Developments

7.1 The performance of the capital market improved during Q3FY19 compared to Q2FY19, as reflected in price indices, market capitalization, and turnover. The price indices and total turnover show an upward trend during the quarter under review. The association between the DSE index and the global equity market continued in Q3FY19 due to growing trade and financial integration and the increased participation of global portfolio investors in DSE. Market capitalization rose 7.3 percent to BDT 3564.7 billion in Q3FY19 from Q2FY19 (Chart VII.1 and VII.2).



7.2 The key indicators of the capital market, the DSE broad index (DSEX) and DSE-30 index increased by 2.0 percent and 4.6 percent respectively in Q3FY19 from Q2FY19. But year on year comparison, the indices slowed down by 1.9 percent and 6.6 percent respectively in Q3FY19 (Chart VII.1 and Table VII.1). Sector- wise index¹ shows that food and allied product reached the highest (4565) while banking sector remained the lowest level (214) (Chart-VII.4).

7.3 The overall price-earnings (PE) ratio of the DSE edged up in Q3FY19. The average price earnings ratio rose to 16.14 in March 2019 from 15.19 in December 2018. Sector-wise PE data show that banking sector's PE score was the lowest position while that of the cement sector was the highest in Q3FY19 (Chart VII.3).

Sector	Share of Total M.cap Mar-19	Dec-13	Dec-14	Dec-15	Dec-16	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank	16.7	10.0	8.6	7.4	8.1	10.7	11.2	9.0	8.8	8.8	9.1	9.3
Financial Instituitions	5.3	19.5	19.5	15.1	17.1	24.4	20.9	14.9	14.7	13.6	14.0	15.41
Engineering	5.3	23.7	22.5	29.5	23.0	20.7	18.7	16.5	16.8	17.9	15.5	14.38
Food & Allied	9.5	28.0	33.5	30.3	28.0	25.3	28.3	28.2	26.7	25.7	26.7	32.87
Fuel & Power	14.0	11.9	12.8	12.3	11.1	12.2	11.8	11.0	12.6	14.3	14.9	15.36
Textile	3.7	18.0	13.2	10.5	12.7	14.4	18.6	16.0	17.6	18.0	18.0	16.81
Pharmaceuticals	14.9	22.5	26.4	27.3	14.8	17.6	21.1	21.3	20.6	19.2	18.6	19.39
Service & Real Estate	0.4	22.7	42.8	34.7	29.2	31.3	20.6	17.1	16.7	16.7	15.6	15.61
Cement	2.8	19.4	34.8	27.2	26.5	21.5	25.0	21.4	34.6	33.7	35.9	35.47
IT	0.3	23.2	23.7	17.4	29.6	33.3	28.0	25.4	26.0	27.4	23.8	23.08
Tannery	0.8	16.0	20.2	24.1	24.2	21.6	18.1	17.4	15.8	17.0	19.0	18.98
Insurance	0.3	18.5	13.5	10.6	13.1	14.8	14.5	12.9	11.0	11.9	11.7	13.92
Telecommunication	16.2	16.1	33.6	18.0	20.3	25.6	28.6	28.0	19.5	18.5	18.6	21.04
Miscellaneouse	8.2	17.2	46.2	32.7	27.8	21.3	21.3	20.5	16.9	27.8	25.8	30.74
Sources: DSE Monthly Revie	~ 15						> 25					

Chart VII.3: Heat Map for Sectoral Price Earnings Ratio of DSE

¹ Sector wise index= (Sector wise market capitalization/ Sector wise paid-up capital)*100

7.4 The total turnover and issued capital in the DSE were expanded in Q3FY19, reflecting improving liquidity condition. The value of issued equity and debt rose by 7.7 percent and three new companies were listed in the capital market in Q3FY19. Thus the number of listed securities rose to 360 at the end of Q3FY19. Total turnover value significantly grew by 86.1 percent in Q3FY19 compared to previous quarter (Chart VII.1). Market liquidity as measured by the Turnover Velocity Ratio (TVR)² increased to 51.07 percent in Q3FY19 from 39.9 percent in Q2FY19.









7.5 The growth in total turnover and net investment by foreign and non-resident Bangladeshi increased during Q3FY19. In Q3FY19 investment by foreign and non-resident Bangladeshi investors edged up to BDT 14.6 billion from BDT 8.5 billion in Q2FY19 and share sold declined to BDT 10.8 billion from 11.8 billion in Q2FY19. Thus net investment of foreign and non-resident Bangladeshi increased to BDT 3.8 billion in Q3FY19 from (-) 3.2 billion in Q2FY19.

Country	Price Earnings Ratio	Dividend Yield
Bangladesh	16.46	3.30
India	27.58	1.15
Sri Lanka	8.72	3.56
Thailand	17.12	3.13
Hong Kong	11.56	-
China	12.30	_

Table 7.1: Selected Countries: Price Earnings Ratio and Dividend Yield as of March 20	19
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Source: DSE Monthly Review, March 2019

7.6 Cross-country data on price earnings (PE) ratios as of March 2019 show that Bangladesh has moderate PE ratio among the South and East Asian countries while dividend yield of Bangladesh is the second position among these countries (Table 7.1). Market capitalization in Bangladesh remains low at around 20 percent of GDP.

²TVR= (Turnover during the Quarter/Quarter-end Market capitalization)*4.

Policy Note

Policy Note: PN1901

Have Inflation Dynamics Changed in Bangladesh?¹

Abstract

Monetary policy aiming at price stability crucially depends on clear understanding of inflation dynamics. Unlike other developing and emerging market economies, GDP in Bangladesh has been growing at a faster pace in recent years without stoking inflation. At the same time, food and non-food inflation in Bangladesh have been moving in the opposite direction since the beginning of 2012, although they largely followed the same direction until 2011. These two developments together pose a question whether inflation dynamics have changed in Bangladesh. Given this backdrop, using monthly data we examine if the correlation of food and non-food inflation with their key drivers, such as global commodity price movements, nominal wage growth, and M2 growth, remained broadly in the same line in two periods: July 1995-December 2011 and January 2012-March 2019. We find an unusual large shift in the correlation of food and non-food inflation with M2 growth, nominal wage growth, and global commodity price changes in the latter period. To identify which commodities or commodity groups in CPI contributed to this change in the behavior of food and non-food inflation, we also analyzed commodity-wise CPI data. This analysis suggests that cereals other than rice, vegetable, fruits, and beverage items may have contributed to the change in the behavior of food inflation, while among the non-food items household furniture, transport equipment and maintenance, communication equipment and maintenance, recreation, education, household servants wage, and luxury may be responsible for the changing dynamics of non-food inflation. However, possibility of error arising from selection bias need also to be looked into before drawing conclusion definitively.

Introduction

Like many developing and emerging market economies, monetary policy in Bangladesh evolves to have two main objectives: price stability and higher inclusive growth. However, price stability is the overriding objective of monetary policy, as low and stable inflation generally helps improve private sector's resource allocation and thereby attaining higher output growth and employment. Monetary policy aiming at price stability crucially depends on the clear understanding of inflation dynamics, along with sound knowledge about monetary transmission mechanism, and nature of external shocks affecting the economy (Anand *et al*, 2014).

Historically Bangladesh often experienced high and volatile inflation, originated mostly from domestic as well as global supply shocks. The level of headline inflation and its volatility were mostly dominated by food inflation because of its large share in the consumption basket. Driven by global commodity price shocks, headline CPI inflation (y/y) picked up to 12.66 percent in September 2011 and then started falling and came down to 5.55 percent in March 2019. This falling trend of inflation is characterized by a significant decline in its volatility (Chart 1). The volatility of headline inflation measured by standard deviation declined from 2.84 percent in July 1995-December 2011 to 0.86 percent in January 2012-March 2019. Moreover, the falling inflation since 2012 coincided with a faster GDP growth in Bangladesh.

¹ The note has been prepared jointly by Khan Md. Saidjada and Syeda Ishrat Jahan. Currently, they are working as Joint Director at the Chief Economist's Unit in Bangladesh Bank. Views expressed in this paper are authors' own. Comments can be sent to: khan.saidjada@bb.org.bd





Table 1: Key Features of Inflation in Bangladesh

		Jul. 19	95-De	ec. 2011	Jan. 2012- Mar. 2019				
		Headline	Food	Non-food	Headline	Non-food			
	Mean	6.24	6.93	5.16	6.20	6.15	6.37		
	Std. Dev.	2.84	4.12	1.57	0.86	1.80	2.30		
	Headline,	Food	0.98			0.60			
II CIG	Headline,	Non-food	0.53			0.24			
3	Food, For	n-food	0.36			-0.63			

Source: Authors' calculation based on BBS data Period1: Jul 1995-Dec2011; Period 2: Jan. 2012-Mar. 2019

Because of their feedback to each other through wage-price relationship, food and non-food inflation generally follow the same direction² which had been observed in Bangladesh until 2011. Surprisingly, they started moving in the opposite direction since the beginning of 2012, while comparable countries in South Asia, such as India, Pakistan, and Sri Lanka, continued to show the positive association between food and non-food inflation (Chart A1 in appendix).

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The opposite movements of food and non-food inflation have coupled with a decline in mean and volatility of food inflation and a rise in mean and volatility of non-food inflation (Table 1). The mean and standard deviation of food inflation edged down to 6.15 percent and 1.80 percent in January 2012-March 2019 period (henceforth period 2) from 6.93 percent and 4.12 percent in July 1995-December 2011 (henceforth period 1), respectively, whereas mean and variance of non-food inflation inched up to 6.37 percent and 2.30 percent from 5.16 percent and 1.57 percent, respectively. Therefore, the recent fall in headline inflation and its volatility can be attributed partly to a decline in food inflation and its volatility and partly to the opposite movements of food and non-food inflation.

Another notable feature of current inflation process is a weaker relationship of both food and non-food inflation with headline inflation, in the absence of any major change in the weight composition in CPI³. The correlation of food and non-food inflation with headline inflation declined to 0.60 and 0.24 in period 2 from 0.98 and 0.53 in period 1, respectively.

A faster GDP growth along with moderate inflation in recent years and the opposite movements of food and non-food inflation pose a question whether inflation dynamics have changed in Bangladesh. Given this backdrop, using monthly data we examine if the correlation of food and non-food inflation with their key drivers, such as global commodity price movements, nominal wage growth, and M2 growth, remained broadly in the same line in two periods: July 1995-December 2011 and January 2012- March 2019. In addition, to identify which commodities or commodity groups in CPI contributed to this change in the behavior of food and non-food inflation, we also compared the association of inflation in various groups of CPI items with food and non-food inflation in two periods.

 $^{^{2}}$ There is a possibility of some lags in the positive association between food and non-food inflation.

³ Bangladesh Bureau of Statistics (BBS), which is responsible for calculating and publishing inflation numbers, changes its CPI's base year every 10 years. BBS currently uses 2005-06 as the base year for CPI, where the weight of food items declined slightly to 56.18 percent from 58.84 percent in the previous base year 1995-96. The weight of commodities in the CPI basket comes from the Household Income and Expenditure Survey (HIES) conducted by BBS every five years.

Global Commodity Price Movements and Inflation in Bangladesh

In a globally integrated economy, domestic prices are often subject to external price shocks, and the degree of influence of such shocks depends on whether the country is a net importer or exporter. Since Bangladesh is a small net importer in the global market and its integration with the global economy is increasing over time, one would anticipate a stronger positive association between global and domestic price movements in period 2 than in period 1. Although both food and non-food inflation were positively associated with global commodity price changes in period 1, their association moved against the anticipation in period 2. The correlation between food inflation and global commodity price changes declined considerably to 0.18 in period 2 from 0.42 in period 1, and the correlation between non-food inflation and global commodity price changes unusually became negative (- 0.54) in period 2 from positive (0.17) in period 1. Although the decline in positive correlation between food inflation and global commodity price changes could partly be attributed to a gradual improvement in food production in Bangladesh in recent years, the underlying reasons of the negative correlation between non-food inflations and global commodity price changes in period 2 is not clearly discernible at this stage. However, this change in correlation of food and non-food inflation with global commodity price changes implies that domestic factors have become more influential in explaining current inflation in Bangladesh.





Chart 3a: Non-food Inflation and Non-energy Commo dity Price growth (%)in Global Market: July 1995 - December 2012



Sources: BBS; World Bank

Chart 2b: Food Inflation and Non-energy Commodity Price growth (%) in Global Market: January 2012 -March 2019



Chart 3b: No n-food Inflation and No n-energy Commod ity Price growth (%) in Global Market: January 2012 -March 2019



Sources: BBS; World Bank

Nominal Wage Growth and Inflation

In a developing country like Bangladesh, where food items constitute more than half of the consumption basket, high inflation, particularly food inflation, quickly feeds into wage growth and thereby non-food inflation, playing a pivotal role in forming inflation expectation. Therefore, it is reasonable to believe that both food and non-food inflation hold a positive correlation with nominal wage growth, which is observed in period 1. The magnitudes of correlation of food and non-food inflation with nominal wage growth were 0.21 and 0.29 respectively, in period 1 (Chart 4a and 5a). Surprisingly, food inflation and wage growth showed negative correlation (- 0.40) in period 2, while the positive correlation between non-food inflation and wage growth became even stronger (0.82)⁴ (Chart 4b and 5b). This stronger positive association between non-food inflation and wage growth in period 2 points to a significant rise of non-food items' share in consumption expenditure, although BBS has kept the weights of food and non-food items in CPI unchanged since 2005-06.



⁴ Because of a strong possibility of a transmission lag in the relationship between inflation and wage growth, we have also examined the correlation of food and non-food inflation with various lags of wage growth. But, our conclusion remained unchanged.

Broad Money (M2) Growth and Inflation

Following the quantity theory of money, Bangladesh Bank conducts its monetary policy within a monetary targeting framework, where broad money (M2) is considered as the intermediate target. The quantity theory of money assumes a positive relationship between money growth and inflation, although there is a transmission lag in this relationship from money to inflation. In this case, we examine whether the relationship between inflation (food and non-food) and M2 growth at various lags remained similar in these two periods. Since monetary policy cannot deal well with inflationary pressure originated from external sources, such as global commodity price shock, we, therefore, remove the impact of global commodity price shocks from domestic inflation before calculating correlation between M2 growth and inflation ⁵.



data



Lag of M2 growth



Period-wise correlation of M2 growth with food and non-food inflation appeared in Chart 6a and 6b looks like a mirror image of each other. Chart 6a depicts a moderate positive contemporaneous correlation (0.14) between M2 growth and food inflation in period 1, which increases slightly as the lag of M2 growth increases to 3 (month) and then decays slowly with further increase in lag. In period 2, this correlation becomes positive at the 2nd lag of M2 growth and it increases steadily to 0.51 as the lag increases to 12, suggesting a considerable transmission lag from money growth to food inflation in period 2.

Contrary to food inflation, the correlation between M2 growth and non-food inflation (Chart 6b) becomes positive at the 2nd lag of M2 growth and creeps up slowly to 0.14 as lag rises to 12 in period 1, while, in period 2, this correlation is strongest (0.64) at lag 0 and it becomes weaker as lag increases. In sum, the correlation of money growth with food and non-food inflation experienced a considerable unusual shift between these two periods.

Association of Various Commodity Groups in CPI with Food and Non-food Inflation

Given the above findings, it is crucial to understand which commodities or commodity groups in CPI contributed to this change in the behavior of food and non-food inflation. This analysis

⁵ To remove the impact of global commodity price shocks on domestic inflation, we regress domestic inflation on global commodity price changes. Then, we calculate the correlation between the residuals of this regression and M2 growth.

requires commodity-wise CPI data. Although the sample periods of this study covers the period July 1995 - December 2011 and January 2012 - March 2019, we were able to collect commodity-wise CPI inflation data for the period August 2005-December 2011 and August 2014-March 2019. Notwithstanding, we calculate correlation of inflation in various groups of CPI items with food and non-food inflation using this limited data and compare them between these two periods (August 2005-December 2011 and August 2014-March 2019) to indentify the underlying drivers of this change in the behavior of inflation in Bangladesh. In the absence of any major change in inflation process, we expect that these correlations will remain in the same line in the two periods. Period-wise correlations of inflation in various groups of food items with food inflation are presented in Chart 7a. Although the correlation of inflation in most groups of food items with food inflation remained in the same line in the two periods, the correlation of cereals other than rice, vegetable, fruits, and beverage with food inflation went in the opposite direction, implying that they may have contributed to the changing behavior of food inflation.



Source: Authors' calculation based on BBS data

-0.8

Similarly, the correlation of inflation in various groups of non-food items, such as household furniture, transport equipment and maintenance, communication equipment and maintenance, recreation, education, household servants wage, and luxury with non-food inflation moved in the opposite direction in two period (Chart 7b), suggesting that these groups of non-food items may have played role behind the changing behavior of non-food inflation.

Count

Conclusion

Monetary policy pursuing price stability requires clear understanding of domestic inflation process. Unlike other developing and emerging market economies, GDP in Bangladesh has been growing at a faster pace in recent years without stoking inflation. At the same time, food and non-food inflation in Bangladesh have been moving in the opposite direction since the beginning of 2012, although they broadly followed the same direction until 2011. Therefore, it is not unreasonable to suspect a change in inflation dynamics in Bangladesh. Given this backdrop, using monthly data we examine if the correlation of food and non-food inflation with their key drivers, such as global commodity price movements, nominal wage growth, and M2 growth, remained broadly in the same line in two periods: July 1995-December 2011 and January 2012-March 2019. We find an unusual large shift in the correlation of food and non-food inflation with M2 growth, nominal wage growth, and global commodity price changes in the latter period.

The dilution of the correlation between inflation and global commodity price movements during January 2012- March 2019 suggests that domestic factors have become more influential in determining recent inflation in Bangladesh. However, the associations of wage and M2 growth with food and non-food inflation implies that factors other than nominal wage and M2 growth are responsible for this changing behavior of recent inflation.

To assess which commodities or commodity groups in CPI contributed to this change in the behavior of food and non-food inflation, we compare the correlation of inflation in various groups of CPI items with food and non-food inflation between the periods (August 2005-December 2011 and August 2014-March 2019). Generally, we expect that these correlations will remain in the same line in the two periods in the absence of any major change in inflation process. We find that although the correlation of inflation in most groups of food items with food inflation remained in the same line in the two periods, the correlation of cereals other than rice, vegetable, fruits, and beverage with food inflation went in the opposite direction. In case of non-food category, the correlation of inflation in various groups of non-food items, such as household furniture, transport equipment and maintenance, communication equipment and maintenance, recreation, education, household servants wage, and luxury with non-food inflation moved in the opposite direction in two period. These results suggest that cereals other than rice, vegetable, fruits, and beverage items may have contributed to the change in the behavior of food inflation, while among the non-food items household furniture, transport equipment and maintenance, communication equipment and maintenance, recreation, education, household servants wage, and luxury may be responsible for the changing dynamics of non-food inflation. However, possibility of error arising from selection bias need also to be looked into before drawing conclusion definitively.

Reference

Anand, Rahul, Ding Ding, and Volodymyr Tulin (2014), Food Inflation in India: The Role for Monetary Policy, IMF Working Paper 14/178 (Washington, International Monetary Fund).

Appendix

-2

2012

2013

Source: International Monetary Fund

2014

2015

2016

2017

2018

Chart A1: Trends of Food and Non-food Inflation in Comparable South Asian Countries



-5.0 2012 2013 2014 2015 2016 2017 2018 Source: International Monetary Fund



Table I.I: Macroeconomic Framework: Key Economic Indicators (Growth in percent, unless otherwise indicated)									
Indicators FY14 FY15 FY16 FY17									
Real GDP	6.1	6.6	7.1	7.3	7.9				
GDP deflator	5.7	5.8	6.8	5.3	5.6				
CPI Inflation (average)	7.4	6.4	5.5	5.9	5.8				
CPI Inflation (point to point)	7.0	6.3	5.9	5.4	5.5				
		In p	ercent of GE	0P					
Gross Domestic Savings	22.1	22.1	25.0	25.3	22.8				
Gross domestic investment	28.6	28.9	29.7	30.5	31.2				
Total revenue	11.2	10.9	10.5	10.5	10.8				
Tax	9.0	9.0	9.0	8.8	9.2				
Nontax	1.9	1.5	1.2	1.4	1.3				
Total expenditure	13.8	13.8	13.9	13.4	14.7				
Current expenditure	7.0	8.0	7.5	6.5	6.8				
Annual Development Program	4.4	4.7	5.0	5.5	6.6				
Other expenditure (residual)	2.4	1.1	1.4	1.4	1.3				
Overall balance (excluding grants)	-2.6	-2.9	-3.4	-2.9	-3.9				
Financing (net)	2.6	2.9	3.4	2.9	3.9				
Domestic financing	1.5	1.8	2.2	1.9	2.1				
Banking System	0.5	-0.5	0.2	-0.9	-0.1				
Non-bank	1.1	2.3	2.0	2.7	2.1				
Money and credit									
Private sector credit	12.3	13.2	16.6	15.7	17.0				
Broad money (M2)	16.1	12.4	16.4	10.9	9.2				
External Sector									
Exports, f.o.b.	12	3.1	8.9	1.7	6.4				
Imports, f.o.b.	8.9	3.0	5.9	9.0	25.2				
		In p	percent of GE)P					
Current account balance	0.8	1.8	1.9	-0.6	-3.6				
Overall balance	3.2	2.2	2.3	1.3	-0.3				
		In	million Taka	a					
Exports, f.o.b.	29,765	30,697	33,441	34,019	36,205				
Imports, f.o.b.	36,571	37,662	39,901	43,491	54,463				
Gross official reserves	21,309	25,021	30,176	33,407	32,916				
In terms of month of imports	5.8	6.5	7.2	6.6	5.9				
Memorandum items:									
Nominal GDP (in billion Taka)	13,437	15,158	17,329	19,758	22,505				

Sources: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics.

Table I.2: Real GDP Growth by Sectors									
(In pe	FY14	FY15	FY16	FY17	FY18				
Agriculture	4.4 (16.5)	3.3 (16.0)	2.8 (15.4)	3.0 (14.7)	4.2 (14.2)				
a) Agriculture and forestry	3.8	2.5	1.8	2.0	3.5				
i) Crops and horticulture	3.8	1.8	0.9	1.0	3.1				
ii) Animal farming	2.8	3.1	3.2	3.3	3.4				
iii) Forest and related services	5.0	5.1	5.1	5.6	5.5				
b) Fishing	6.4	6.4	6.1	6.2	6.4				
Industry	8.2 (29.6)	9.7 (30.4)	11.1 (31.5)	10.2 (32.4)	12.1 (33.7)				
a) Mining and quarrying	4.7	9.6	12.8	8.9	7.0				
b) Manufacturing	8.8	10.3	11.7	11.0	13.4				
i) Large & medium scale	9.3	10.7	12.3	11.2	14.3				
ii) Small scale	6.3	8.5	9.1	9.8	9.3				
c) Power, gas and water supply	4.5	6.2	13.3	8.5	9.2				
d) Construction	8.1	8.6	8.6	8.8	9.9				
Service	5.6 (54.0)	5.8 (53.6)	6.3 (53.1)	6.7 (52.9)	6.3 (52.1)				
a) Wholesale and retail trade	6.7	6.4	6.5	7.4	7.5				
b) Hotel and restaurants	6.7	6.8	7.0	7.1	7.3				
c) Transport, storage and communications	6.1	6.0	6.1	6.8	6.6				
d) Financial intermediations	7.3	7.8	7.7	9.1	7.9				
e) Real estate, renting and business activity	4.3	4.4	4.5	4.8	5.0				
f) Public administration and defense	6.9	9.8	11.4	9.2	8.5				
g) Education	7.3	8.0	11.7	11.4	7.0				
h) Health and social works	5.1	5.2	7.5	7.6	7.0				
i) Community, social and personal service	3.3	3.3	3.3	3.6	3.7				
GDP (at constant market price)	6.1	6.6	7.1	7.3	7.9				

Source: Bangladesh Bureau of Statistics Note: The parentheses indicate the percentage share of total producer price GDP at constant price

Table I.3: Nominal GDP by Sectors (In billion Taka)									
	FY14	FY15	FY16	FY17	FY18				
Agriculture	2,063	2,241	2,434	2,650	2,942				
a) Agriculture and forestry	1,640	1,765	1,903	2,054	2,274				
i) Crops and horticulture	1,179	1,261	1,343	1,437	1,592				
ii) Animal farming	277	299	332	360	396				
iii) Forest and related services	184	205	228	257	286				
b) Fishing	423	476	531	596	669				
Industry	3,535	4,067	4,739	5,483	6,422				
a) Mining and quarrying	211	239	286	341	389				
b) Manufacturing	2,232	2,545	2,951	3,418	4,041				
i) Large & medium scale	1,804	2,060	2,402	2,792	3,326				
ii) Small scale	428	485	549	626	716				
c) Power, gas and water supply	184	199	238	262	293				
d) Construction	908	1,085	1,264	1,461	1,699				
Service	7,207	8,142	9,301	10,566	11,919				
a) Wholesale and retail trade	1,726	1,926	2,143	2,440	2,798				
b) Hotel and restaurants	130	149	171	193	221				
c) Transport , storage & communications	1,343	1,500	1,692	1,871	2,046				
d) Financial intermediations	486	558	636	732	837				
e) Real estate, renting and business	912	1,061	1,237	1,445	1,664				
activity				-0.4					
f) Public administration and defense	447	507	667	784	902				
g) Education	328	376	465	569	645				
h) Health and social works	269	301	348	390	441				
i) Community, social and personal service	1,566	1,764	1,942	2,142	2,364				
Total GVA at current basic price	12,805	14,450	16,473	18,699	21,283				
Tax less subsidy	632	708	856	1,059	1,222				
GDP at current market price	13,437	15,158	17,329	19,758	22,505				

Source: Bangladesh Bureau of Statistics

Table I.4 : Crop-wise Agricultural Production									
Crops	Actual f	or FY18	Actual / Targe	et for FY19					
	Area	Production	Area	Production					
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)					
Aus	10.8	27.1	11.5*	29.2*					
Aman	56.8	139.9	56.4	141.3					
Boro	48.6	195.8	48.6	196.3					
Total Rice	116.1	362.8	116.5	366.9					
Wheat	3.5	11.5	3.9	13.0					
Maize	4.5	38.9	4.5	41.0					
Total Cereal	124.1	413.2	124.9	420.9					
Jute	7.6	16.0	8.1	15.9					
Potato	4.9	103.2	4.8	100.8					
Vegetables	8.6	159.5	8.7	164.6					
Moong	2.2	2.9	2.3	3.0					
Mosur	1.9	2.4	2.7	3.5					
Gram	0.1	0.1	0.1	0.1					
Mustard	4.8	6.1	5.7	7.4					
Onion	2.1	23.3	2.2	23.8					

Sources: Bangladesh Bureau of Statistics and Department of Agriculture Extension, Ministry of Agriculture. * Actual production

Actual	production

Table I.5 : Quantum Index of Medium and Large-scale Manufacturing Industries, Mining and									
Electricity (Base: 2005-06)									
FY18 FY19									
	FY18 Q_1 Q_2 Q_3 Q_4 Q_1 Q_2 Q_3^*								
Manufacturing	344.9	325.9	345.9	352.7	355.1	370.9	392.2	395.4	
Mining	186.0	187.4	186.3	184.3	186.2	183.5	175.5	176.0	
Electricity	270.9	291.7	243.7	259.4	288.9	298.4	261.3	233.6	

Source : Bangladesh Bureau of Statistics, *=up to February

		(Base:	2005-06)				,		
				FY	18			FY19	
	Weight	FY18	Q_1	Q2	Q3	Q4	Q_1	Q_2	Q_3^*
General Index	100.0	344.9	325.9	345.9	352.7	355.1	379.6	392.2	395.4
Food products	10.8	501.0	481.1	526.5	491.5	505.0	498.8	562.3	543.7
Beverages	0.3	240.4	303.7	187.8	208.3	261.8	315.4	158.3	176.0
Tobacco products	2.9	164.4	134.1	193.3	189.1	141.0	134.2	139.0	140.3
Textile	14.1	195.2	179.7	204.9	196.7	199.5	183.1	201.4	197.9
Wearing apparel	34.8	388.6	357.4	384.9	411.3	400.8	424.9	461.1	468.9
Leather and related products	4.4	292.2	274.4	286.5	299.0	309.0	326.7	401.0	336.1
Wood and products of wood and cork	0.3	339.5	334.6	337.6	341.1	344.8	349.4	353.3	357.9
Paper and paper products	0.3	185.4	184.6	185.0	185.6	186.3	186.9	187.3	187.8
Printing and reproduction of recorded media	1.8	162.2	158.7	160.5	161.9	167.7	172.4	175.7	180.1
Coke and refined petroleum products	1.3	110.9	108.9	112.4	111.3	110.9	109.2	109.8	109.8
Chemicals and chemical products	3.7	100.8	109.1	106.7	97.4	90.0	153.4	135.5	133.4
Pharmaceuticals and medicinal chemical	8.2	528.2	544.0	497.7	513.0	558.2	749.8	580.1	645.5
Rubber and plastic products	1.6	411.9	388.9	413.7	420.1	425.0	434.3	438.1	444.5
Other non-metallic mineral products	7.1	381.8	342.8	381.5	395.4	407.7	413.5	421.0	432.3
Basic metal	3.2	185.3	179.5	185.9	187.8	187.9	187.5	187.2	187.1
Fabricated metal products	2.3	274.3	264.8	278.0	277.7	276.8	292.0	296.3	300.2
Computer, electronic and optical product	0.2	178.6	189.2	140.7	155.9	228.5	195.6	191.8	264.2
Electrical equipment	0.7	337.6	392.2	318.2	324.0	316.0	245.8	382.0	289.9
Machinery and equipment	0.2	548.7	503.4	528.7	575.8	586.9	599.2	624.4	626.2
Motor vehicles and trailers	0.1	318.5	202.4	281.3	254.0	536.3	682.2	886.6	711.0
Other transport equipment	0.7	604.4	565.7	616.9	624.3	610.9	559.4	584.4	604.5
Furniture	0.9	184.8	167.4	198.4	181.2	192.2	193.0	199.1	191.6

 Tables I.6 : Quantum Index of Medium
 and Large-scale Manufacturing Industries by Major Industries

Source : Bangladesh Bureau of Statistics, *=up to February

Table I.7 : Cargo Handled by Chittagong Port (In Thousands Metric Tons)										
	FY18									
	FY17	FY18	Q_1	Q ₂	Q3	Q_4	Q_1	Q_2	Q3	
Quantity	Quantity									
Export	6,710	6,997	1,714	1,827	1,766	1,691	1,748	1,771	1,751	
Import	66,464	78,050	16,702	20,323	20,425	20,600	18,154	21,442	22,984	
Total	73,174	85,048	18,416	22,150	22,191	22,291	19,002	23,213	24,735	
			(Growth in per	rcent ¹					
Export	12.4	4.3	13.5	-0.1	1.1	4.0	2.0	-3.1	-0.9	
Import	14.0	17.4	15.4	14.7	15.1	24.7	8.7	5.5	12.5	
Total	13.8	16.2	15.2	13.3	13.8	22.8	3.2	4.8	11.5	

Source: Chittagong Port Authority. 1/ Quarterly growth rate refers to growth over the same quarter of previous year.

Table I.8 : Trends in Private Sector Credit (In billion Taka)									
Institutions	FY18 FY19								
	FY17	FY18	Q_1	Q_2	Q3	Q_4	Q_1	Q ₂	Q3
Outstanding									
Banks	7,761	9,076	8,012	8,470	8,714	9,076	9,188	9,588	9,797
Non-banks	582	644	596	602	630	644	650	668	681
Microfinance institutions	463	570	466	556	569	570	573	603	624
Total	8,806	10,290	9,074	9,628	9,913	10,290	10,410	10,859	11,102
		Gr	owth in p	ercent ¹					
Banks	15.9	17.0	17.8	18.1	18.0	17.0	14.7	13.2	12.4
Non-banks	9.9	10.7	12.7	10.3	13.0	10.7	9.0	11.0	8.0
Microfinance institutions	24.5	23.1	23.5	36.7	30.5	23.1	23.0	8.5	9.8
Total	15.9	16.9	17.7	18.5	18.3	16.9	14.7	12.8	12.0

Sources: Bangladesh Bank; Grameen Bank; BRAC; ASA ; Proshika 1/ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table I.9. : Bank Advances (Private Sector) by Economic Purposes (1,1)									
Soctors		(1)	n billion	гака) БУ	718			EV10	
Sectors	FY17	FY18	O1	0	02	O ₄	O_1		Ω_2
Outstanding	1 1 1 /	1 1 10	Q1	Q 2	23	₹4	Q 1	Q 2	X 3
	250	404	261	205	201	404	207	202	412
a. Agriculture	339	404	301	385	391	404	387	392	412
Crops	325	378	335	357	364	378	354	357	378
Others	34	26	26	28	27	26	33	34	34
b. Industry	2,753	3,400	2,984	3,175	3,222	3,400	3,509	3,663	3,742
Term Loan	1,282	1,588	1,383	1,474	1,453	1,588	1,584	1,752	1,766
Working capital financing	1,472	1,812	1,601	1,701	1,768	1,812	1,924	1,911	1,975
c. Construction	650	778	665	693	733	778	799	850	856
d. Transport	51	69	57	58	66	69	71	67	72
e. Trade & Commerce	2,548	2,832	2,532	2,616	2,734	2,832	2,844	2,957	3,061
f. Other Institutional loan	163	209	174	179	203	209	215	250	254
g. Consumer finance	557	607	566	693	605	607	599	648	634
h. Miscellaneous	51	44	32	26	35	44	44	47	47
Grand Total :	7,131	8,343	7,369	7,824	7,989	8,343	8,467	8,875	9,078
		Gro	wth in p	percent					
a. Agriculture	9.9	12.6	12.6	18.2	14.7	12.6	7.1	1.7	5.5
Crops	8.5	16.3	14.0	20.3	16.7	16.3	5.5	0.1	4.0
Others	24.9	-23.6	-3.4	-2.8	-7.6	-23.6	28.2	22.3	26.9
b. Industry	18.3	23.5	26.0	29.3	26.1	23.5	17.6	15.4	16.1
Term Loan	22.5	23.9	25.5	26.5	20.4	23.9	14.6	18.9	21.6
Working capital financing	15.0	23.2	26.4	31.7	31.1	23.2	20.2	12.4	11.7
c. Construction	20.2	19.8	18.3	11.5	17.7	19.8	20.1	22.6	16.8
d. Transport	8.1	35.4	20.3	14.2	26.6	35.4	25.3	16.3	8.8
e. Trade &Commerce	16.4	11.1	14.9	9.9	12.7	11.1	12.3	13.1	12.0
f. Other Institutional loan	27.4	28.6	36.5	24.7	41.5	28.6	23.8	40.0	24.6
g. Consumer finance	4.6	9.0	7.8	23.8	5.4	9.0	5.9	-6.5	4.8
h. Miscellaneous	14.3	-12.9	-36.7	-50.5	-35.6	-12.9	38.6	81.8	37.3
Grand Total :	16.2	17.0	18.8	18.7	18.0	17.0	14.9	13.4	13.6

Source: Statistics department, Bangladesh Bank.

Table I.10: Trends in Agricultural Credit									
		(In billio	n Taka)						
				FY	718			FY19	
	FY17	FY18	Q_1	Q_2	Q ₃	Q_4	Q_1	Q_2	Q ₃
Programme /Target (July-June)	175.5	204.0	204.0	204.0	204.0	204.0	218.0	218.0	218.0
Total disbursement	210.0	213.9	42.4	65.2	54.6	51.8	34.9	67.4	60.3
Crop	100.6	103.4	18.9	33.9	26.0	24.4	16.9	36.8	30.0
Irrigation	1.5	1.5	0.3	0.5	0.5	0.3	0.2	0.5	0.5
Agricultural equipment	1.5	1.2	0.3	0.6	0.2	0.1	0.3	0.5	0.3
Live-stock	30.6	30.6	7.9	9.0	7.1	6.6	5.6	8.6	8.1
Fisheries	24.3	24.6	5.6	6.6	6.5	5.9	4.5	7.3	7.0
Grain storage & marketing	1.1	1.1	0.2	0.4	0.2	0.3	0.1	0.3	0.2
Poverty alleviation	18.8	21.5	2.4	5.8	8.2	5.0	2.6	5.2	6.5
Others	31.7	30.0	6.8	8.3	5.7	9.1	4.8	8.1	7.8
Total recovery	188.4	213.9	45.6	55.7	52.6	60.0	45.1	68.9	56.2
Total overdue	67.1	72.1	65.0	65.3	68.1	72.1	72.4	66.8	63.7
Outstanding	390.5	406.0	389.5	401.5	404.2	406.0	396.2	401.1	409.2
Overdue as percent of outstanding	17.2	17.8	16.7	16.3	16.9	17.8	18.3	16.7	15.6
Growth in percent ¹									
Total disbursement	19.0	1.9	24.6	-0.2	-7.1	-0.2	-17.5	3.3	10.5
Total recovery	10.5	13.5	28.8	2.2	5.8	23.0	-1.2	23.7	15.1

Source: Agricultural Credit Department, Bangladesh Bank. ¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table : I.11 Microcredit Operations of Grameen Bank and Large NGOs								
	(In bill	ion Taka)						
Institutions			FY	718			FY19	
	FY18	Q_1	Q ₂	Q3	Q_4	Q_1	Q ₂	Q3
1. Total disbursement	898.8	199.1	242.7	241.6	215.4	221.5	251.5	258.9
i) Grameen Bank	243.3	54.4	66.8	65.6	56.5	58.5	66.2	65.721
ii) BRAC	316.6	68.3	82.6	84.6	81.1	86.5	102.2	105.0
iii) ASA	336.0	75.6	92.6	90.7	77.0	75.6	82.1	87.0
iv) Proshika	3.1	0.7	0.8	0.8	0.8	0.9	1.0	1.2
2. Total recovery	879.7	200.1	225.9	228.7	225.0	229.4	244.1	245.1
i) Grameen Bank	219.7	45.6	59.7	59.1	55.3	60.3	63.1	62.4
ii) BRAC	328.1	76.8	80.8	84.0	86.5	91.3	97.0	102.6
iii) ASA	329.0	76.9	84.7	84.9	82.5	76.9	83.0	79.0
iv) Proshika	3.2	0.8	0.8	0.8	0.8	0.9	1.0	1.1
3. Loans outstanding	570.4	465.6	555.6	568.8	570.4	572.6	602.8	624.4
4. Loans overdue	30.9	8.0	25.7	28.2	30.9	8.9	11.1	11.5
5. Overdue as percent of outstanding	5.4	1.7	4.6	5.0	5.4	1.5	1.8	1.8

Sources: Grameen Bank; BRAC; ASA; Proshika.

Table	e I.12 : Indu	strial Term	Lending by	Banks and	I NBFIs		
		(111 0111	FV1	8		I	FV19
	FY18	0,	0	0	0.	0,	0,
Disbursement	1 1 10	Q1	Q 2	Q 3	₹4	Q1	Q 2
SOBs	26.3	10.1	5.5	74	34	7.0	6.8
PCBs	528.9	110.1	140.5	125.3	143.7	130.3	173.5
Foreign banks	21.2	2.2	6.0	83	47	5.1	56
Specialized banks	10.5	2.2	1.4	3.1	3.1	0.3	4 3
Non-bank financial institutions	120.8	2.7	25.4	25.8	2.1 46 A	30.5	52.3
Total	707.7	157 7	178.8	169.8	201.4	101 1	242.6
Recovery	/0/./	137.7	170.0	107.0	201.4	171.1	272.0
SOBs	56.0	73	13.2	16.4	19.1	18.0	19.4
PCBs	551.6	126.0	148.4	127.2	149.9	120.8	132.2
Foreign hanks	13.3	3.0	4.6	3.0	2.7	3.5	2.8
Specialized banks	12.0	2 3	2.3	5.8	1.6	0.3	2.0
Non-bank financial institutions	68.8	16.5	17.9	12.8	21.6	21.2	22.5
Total	701.9	155 1	186.4	165.2	195.2	163.8	178.9
Outstanding	/01.)	155.1	100.4	103.2	175.4	105.0	170.9
SOBs	411.5	343.5	364.1	371.2	411.5	437.2	414 7
PCBs	1 304 5	1 1 5 4 0	1 201 2	1 242 4	1 304 5	1 378 2	1454.2
Foreign banks	32.7	22.8	24.4	30.7	32.7	34.7	39.9
Specialized banks	12.6	15.9	15.2	12.6	12.6	12.7	15.2
Non-bank financial institutions	267.2	222.3	245.2	257.1	267.2	272.1	283.3
Total :	2.028.4	1.758.5	1.850.2	1.913.9	2.028.4	2.134.9	2.207.4
	2,02011	Growth in 1	Percent ¹	1,5 1015	-,0-011	-,	
Disbursement							
SOBs	-31.6	46.7	-47.2	-55.4	-27.6	-30.9	24.7
PCBs	13.7	24.3	-0.4	9.1	26.8	16.8	23.5
Foreign banks	56.3	-42.1	16.1	212.9	136.5	139.0	-7.1
Specialized banks	-2.6	3.037.2	-67.1	-15.2	14.0	-91.3	199.8
Non-bank financial institutions	29.3	-2.2	-27.0	28.1	215.3	69.8	105.8
All Banks and NBFIs	13.9	20.9	-8.7	7.6	46.5	21.2	35.6
Recovery							
SOBs	38.5	-12.8	33.5	87.7	42.3	144.7	47.6
PCBs	40.9	35.6	47.9	13.2	74.9	-4.1	-10.9
Foreign banks	13.7	35.5	20.6	-7.8	12.1	17.0	-39.9
Specialized banks	31.4	584.8	-3.5	12.6	23.9	-87.5	-13.2
Non-bank financial institutions	0.8	-19.0	-12.4	-19.4	86.1	28.9	25.9
All Banks and NBFIs	34.7	24.9	36.3	13.6	70.6	5.6	-4.0
Outstanding							
SOBs	24.3	9.1	33.0	34.3	24.3	27.3	13.9
PCBs	16.2	24.2	22.8	20.1	16.2	19.4	21.1
Foreign banks	44.2	1.3	3.0	34.5	44.2	52.1	63.5
Specialized banks	-17.2	10.2	-78.6	-82.1	-17.2	-19.8	0.1
Non-bank financial institutions	22.3	13.0	18.0	23.4	22.3	22.4	15.6
All Banks and NBFIs	18.6	19.0	19.0	18.7	18.6	21.4	19.3

Source: SME & Special Programmes Department Bangladesh Bank 1/ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table II.1 : Trend in Inflation (Base: 2005.06-100)								
Period	General	Food	Non-food	General	Food	Non-food		
	12 Mo	onth point	to point	12 Month Average				
2018		1	1			C		
January	5.9	7.4	3.1	5.7	7.2	3.0		
February	5.6	6.9	3.3	5.7	7.2	3.1		
March	5.6	6.8	3.5	5.8	7.2	3.2		
April	5.6	7.0	3.5	5.8	7.3	3.6		
May	5.6	6.6	4.1	5.8	7.3	3.6		
June	5.5	6.0	4.9	5.8	7.1	3.7		
July	5.5	6.2	4.5	5.8	7.1	3.8		
August	5.5	6.0	4.7	5.7	6.9	3.9		
September	5.4	5.4	5.5	5.7	6.7	4.1		
October	5.4	5.1	5.9	5.6	6.5	4.3		
November	5.4	5.3	5.5	5.6	6.4	4.4		
December	5.4	5.3	5.5	5.5	6.2	4.5		
2019								
January	5.4	5.3	5.6	5.5	6.0	4.7		
February	5.5	5.4	5.5	5.5	5.9	4.9		
March	5.6	5.7	5.3	5.5	5.8	5.0		

Source: Bangladesh Bureau of Statistics (BBS) Note: Food includes food, beverage & tobacco.

Q3
408.0
212.6
757.0
0.3
63.4

Source: World Bank

Table II.3 : Inflation in South Asia (Point-to-point)									
Country		FY18 FY19							
	FY18	Q_1	Q ₂	Q3	Q_4	Q_1	Q_2	Q3	
Bangladesh	5.5	6.1	5.8	5.7	5.5	5.4	5.4	5.6	
India(CPI NS)	4.9	3.3	5.2	4.3	4.9	3.7	2.2	2.9	
Pakistan	5.2	3.9	4.6	3.2	5.2	5.1	6.2	9.4	
Sri Lanka (NCPI)	6.3	8.6	7.3	2.8	2.5	0.9	0.4	2.9	

Sources: Central banks and Statistics Departments of respective countries. Note: Quarterly data indicate end quarter data

Table II	[I.1 : M a (]	vement n billion	s in Res Taka)	erve Mono	ey			
			F	Y18			FY19	
	FY18	Q_1	Q_2	Q3	Q4	Q_1	Q_2	Q3
Outstanding								
1. Net foreign assets of BB	2,532	2,508	2,535	2,529	2,532	2,517	2,477	2,514
2. Net domestic assets of BB	-195	-356	-365	-407	-195	-232	-130	-263
a) Claims on public sector	249	89	114	123	249	128	234	141
i) Claims on govt. (net)	226	67	92	101	226	105	211	118
ii) Claims on other public sector	24	22	22	22	24	24	24	24
b) Claim on private sector	52	48	50	50	52	50	50	48
c) Claims on banks	56	53	49	51	56	50	59	69
d) Other items (net)	-552	-545	-578	-630	-552	-461	-473	-522
3. Currency issued	1,549	1,441	1,407	1,402	1,549	1,555	1,584	1,595
i) Currency outside banks	1,409	1,328	1,291	1,281	1,409	1,410	1,447	1,446
ii) Cash in tills	140	113	116	120	140	145	137	149
4. Deposits of banks with BB	788	711	763	721	788	730	763	656
5. Reserve money (RM)	2,337	2,153	2,170	2,123	2,337	2,285	2,347	2,251
6. Money multiplier (M2/RM)	4.7	4.8	4.9	5.0	4.7	4.9	4.9	5.2
	Gi	owth in p	percent					
1. Net foreign assets of BB	0.8	7.6	7.6	4.3	0.8	0.4	-2.3	-0.6
2. Net domestic assets of BB	-26.9	17.8	17.1	18.3	26.9	34.6	64.3	35.3
a) Claims on public sector	64.8	195.8	67.7	653.2	64.8	44.9	105.6	14.9
i) Claims on govt. (net)	73.9	566.5	89.6	4,701.6	73.9	56.0	128.0	16.8
ii) Claims on other public sector	9.7	8.4	12.1	19.7	9.7	9.8	9.9	6.5
b) Claim on private sector	3.7	0.3	1.3	1.9	3.7	3.3	-0.2	-2.9
c) Claims on Banks	10.7	0.9	0.7	-1.4	10.7	-5.1	19.0	37.1
3. Currency issued	6.5	12.4	14.0	12.6	2.4	7.9	12.6	13.8
4. Deposits of banks with BB	2.4	15.5	12.0	5.8	7.4	2.6	0.0	-9.0
5. Reserve money (RM)	2.5	13.4	13.3	10.2	4.0	6.1	8.1	6.0

Source: Statistics Department, Bangladesh Bank.

Table III.2 : Movements in Broad Money (In billion Taka)								
			FY	18			FY19	
	FY18	Q_1	Q ₂	Q3	Q4	Q_1	Q ₂	Q3
Outstanding								
1. Net foreign assets	2,644	2,631	2,640	2,630	2,644	2,652	2,647	2,695
2. Net domestic assets	8,456	7,657	7,920	7,910	8,456	8,537	8,906	8,991
a) Domestic credit	10,217	9,133	9,525	9,642	10,217	10,341	10,803	10,963
Credit to public sector	1,141	1,121	1,055	928	1,141	1,153	1,215	1,166
Credit to govt. (net)	949	944	873	746	949	957	982	925
Credit to other public sector	192	177	183	182	192	196	233	241
Credit to private sector	9,076	8,012	8,470	8,714	9,076	9,188	9,588	9,797
b) Other items (net)	-1,761	-1,477	-1,606	-1,732	-1,761	-1,804	-1,897	-1,972
3. Narrow Money	2,549	2,313	2,338	2,253	2,549	2,449	2,555	2,517
a) Currency outside banks	1,409	1,328	1,291	1,281	1,409	1,410	1,447	1,446
b) Demand deposits	1,140	985	1,046	971	1,140	1,039	1,108	1,071
4. Time deposits	8,551	7,974	8,222	8,288	8,551	8,740	8,999	9,169
5. Broad money	11,100	10,287	10,560	10,541	11,100	11,189	11,553	11,686
	(Growth in J	percent					
1. Net foreign assets	-0.6	6.6	6.8	3.5	-0.6	0.8	0.3	2.4
2. Net domestic assets	12.7	11.8	12.1	11.3	12.7	11.5	12.5	13.7
a) Domestic credit	14.7	12.8	14.5	14.1	14.7	13.2	13.5	13.7
Credit to public sector	-0.5	-13.5	-8.3	-13.0	-0.5	2.9	14.7	25.7
Credit to govt. (net)	-2.5	-16.9	-11.5	-17.4	-2.5	1.3	12.5	24.1
Credit to other public sector	11.2	11.1	11.4	11.7	11.2	11.1	25.0	32.2
Credit to private sector	17.0	17.8	18.1	18.0	17.0	14.7	13.3	12.4
3. Narrow money	25.3	14.9	14.3	11.2	6.2	5.9	9.3	11.7
4. Time deposits	6.2	9.2	9.7	8.7	10.2	9.6	9.4	10.6
5. Broad money	2.5	10.4	10.7	9.3	9.2	8.8	9.4	10.9

Source: Statistics Department, Bangladesh Bank.

	Table I	II.3: Inter	rest Rates	Developm	ents		
Instruments	Sep.17	Dec.17	Mar. 18	Jun. 18	Sep.18	Dec.18	Mar.19
T - Bills							
91 - day	3.85	3.38	3.23	3.67	2.23	2.18	3.48
182 - day	4.01	3.86	3.63	4.2	3.41	2.96	3.67
364 - day	4.25	4.35	4.0	4.27	3.54	3.40	4.28
BGTB							
2 - year	4.82	5.03	5.26	4.71	4.07	4.33	5.27
5 - year	5.68	5.90	5.82	5.98	5.34	5.35	6.35
10 - year	6.91	7.17	7.32	7.41	6.95	7.53	7.54
15-year	7.71	7.93	8.08	7.99	7.09	7.69	7.75
20-year	8.02	8.25	8.45	8.82	7.94	8.42	8.37
Repo							
1-3 day	6.75	6.75	6.75	6.00	6.00	6.00	6.00
Reverse Repo							
1-3 day	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Bangladesh Banks Bills							
07-Day	2.98	2.98	2.98	0.17	0.02	0.02	•••
14-Day	2.98	2.98	2.98	0.17		0.02	
30-Day	2.97	2.97	2.97				
Call Money Rate	3.91	3.92	4.4	3.41	4.22	4.09	4.54
Lending Rate							
All Banks	9.45	9.35	9.7	9.95	9.54	9.49	9.50
SOBs	8.47	8.38	7.99	7.80	6.77	6.75	6.65
SPBs	8.69	8.72	8.85	8.91	8.96	7.56	7.54
PCBs	9.78	9.67	10.2	10.56	10.27	10.27	10.30
FCBs	7.99	8.19	8.66	9.12	9.08	8.90	8.92
Deposits Rate							
All Banks	4.90	4.91	5.3	5.50	5.27	5.26	5.35
SOBs	4.46	4.36	4.34	4.23	4.33	4.37	4.38
SPBs	5.95	5.90	5.55	5.67	5.67	5.77	5.70
PCBs	5.25	5.29	5.9	6.23	5.84	5.82	5.96
FCBs	1.66	1.67	1.92	2.05	2.26	2.30	2.23
NSD Certificate							
3 - year	11.04	11.04	11.04	11.04	11.04	11.04	11.04
5 - year	11.76	11.76	11.76	11.76	11.76	11.76	11.76

Sources: Monetary Policy Department and Statistics Department, Bangladesh Bank

 $\dots = No$ auction

	C	ertificates	(In billion I	aka)			
Instruments	Sep.17	Dec.17	Mar. 18	Jun. 18	Sep.18	Dec.18	Mar. 19
Bangladesh Banks Bills							
07-Day	109.7	92.7	125.5	80.5	4.5	0.0	0.0
14-Day	90.3	72.3	39.6	7.5	0	0.0	0.0
30-Day	12.1	11.0	20.4	0.0	0	0.0	0.0
Sub Total	212.1	176.0	185.4	88.0	4.5	0.0	0.0
T - Bills							
91 - day	70.0	63.0	63.0	123.0	108.0	79.0	88.0
182 - day	89.0	57.0	57.0	71.0	98.0	63.0	54.0
364 - day	90.0	83.0	83.0	75.0	103.0	109.0	142.0
Sub Total	249.0	203.0	203.0	269.0	309.0	251.0	284.0
BGTB							
2 - year	88.0	88.0	92.5	100.5	115.0	130.0	120.0
5 - year	313.2	306.7	294.2	287.7	303.2	301.7	303.7
10 - year	506.5	512.5	507.5	518.5	519.5	527.6	530.6
15-year	213.7	221.7	224.7	238.7	244.7	258.7	266.7
20-year	186.9	192.9	195.9	208.9	214.9	228.9	236.9
Sub Total	1,308.3	1,321.8	1,314.8	1,354.3	1,397.3	1,446.9	1,457.9
NSD Certificate	2,039.3	2,150.6	2,279.5	2,377.7	2,511.8	2627.6	2,779.8
Total	3,808.7	3,851.4	3,982.7	4,089.0	4,222.6	4325.5	4,521.6

Table III.4: Outstanding Stocks of Banglades	Bank Bills, Treasury Bills, Bonds and NSD
Contificates (I	1:11: T-1)

Sources: Monetary Policy Department, Bangladesh Bank; National Savings Directorates.

Table IV.1 : Government Fiscal Operations											
			(II	n billion [Taka)			EV	710 ^E		
	Budget	Revised	F 1 1	02	03	04	Pudget	F I Dovice	19	02	03
	Duugei	Budget	QI	Q2	Q3	Q4	Биадеі	Budget		Q2	QS
Revenue	2,880	2,595	538	583	602	700	3,393	3,166	565	627	656
a) NBR Tax revenue	2,482	2,250	436	485	511	631	2,962	2,800	458	519	554
i) VAT	912	827	172	186	191	216	1,106	1,048	184	213	217
ii) Customs duties	318	282	56	63	62	64	326	314	59	57	61
iii) Income tax	852	777	116	138	151	240	1,007	952	129	150	173
iv) Others	401	363	92	99	107	110	523	486	87	98	101
b) Non- NBR tax revenue	83	72	22	16	16	16	97	96	23	17	19
c) Non- tax revenue	315	273	79	82	74	53	334	270	83	92	84
Expenditure	4,003	3,715	684	763	694	1,157	4,646	4,425	754	930	865
a) Current	2,091	1,938	446	410	355	317	2,517	2,477	525	500	605
b) ADP	1,533	1,484	168	276	276	763	1,730	1,670	149	347	338
c) Others	378	293	70	77	63	78	399	278	80	82	78
Budget Deficit	-1,123	-1,120	-146	-180	-92	-457	-1,253	-1,259	-189	-303	-210
Financing	1,123	1,120	146	180	92	457	1,253	1,259	189	303	210
a) Domestic financing	604	660	97	64	3	299	712	787	142	158	101
i) Bank financing	282	199	-38	-49	-126	201	420	309	5	27	-56
ii) Non-bank financing	321	461	135	114	128	98	292	478	137	132	156
b) Foreign financing*	519	460	49	115	89	158	541	472	47	145	109
In Percent of GDP											
Revenue	12.8	11.5	2.4	2.6	2.7	3.1	13.4	12.5	2.2	2.5	2.6
a) NBR Tax revenue	11.0	10.0	1.9	2.2	2.3	2.8	11.7	11.0	1.8	2.0	2.2
i) VAT	4.1	3.7	0.8	0.8	0.9	1.0	4.4	4.1	0.7	0.8	0.9
ii) Customs duties	1.4	1.3	0.3	0.3	0.3	0.3	1.3	1.2	0.2	0.2	0.2
iii) Income tax	3.8	3.5	0.5	0.6	0.7	1.1	4.0	3.8	0.5	0.6	0.7
iv) Others	1.8	1.6	0.4	0.4	0.5	0.5	2.1	1.9	0.3	0.4	0.4
b) Non-NBR tax revenue	0.4	0.3	0.1	0.1	0.1	0.1	0.4	0.4	0.1	0.1	0.1
c) Non tax revenue	1.4	1.2	0.4	0.4	0.3	0.2	1.3	1.1	0.3	0.4	0.3
Expenditure	17.8	16.5	3.0	3.4	3.1	5.1	18.3	17.4	3.0	3.7	3.4
a) Current	9.3	8.6	2.0	1.8	1.6	1.4	9.9	9.8	2.1	2.0	2.4
b) ADP	6.8	6.6	0.7	1.2	1.2	3.4	6.8	6.6	0.6	1.4	1.3
c) Others	1.7	1.3	0.3	0.3	0.3	0.3	1.6	1.1	0.3	0.3	0.3
Budget Deficit	-5.0	-5.0	-0.7	-0.8	-0.4	-2.0	-4.9	-5.0	-0.7	-1.2	-0.8
Financing	5.0	5.0	0.7	0.8	0.4	2.0	4.9	5.0	0.7	1.2	0.8
a) Domestic financing	2.7	2.9	0.4	0.3	0.0	1.3	2.8	3.1	0.6	0.6	0.4
i) Bank financing	1.3	0.9	-0.2	-0.2	-0.6	0.9	1.7	1.2	0.0	0.1	-0.2
ii) Non-bank financing	1.4	2.0	0.6	0.5	0.6	0.4	1.2	1.9	0.5	0.5	0.6
b)Foreign financing	2.3	2.0	0.2	0.5	0.4	0.7	2.1	1.9	0.2	0.6	0.4
Memorandum item											
GDP at current market	22,505	22,505	22,505	22,505	22,505	22,505	25,361.8	25,361.8	25,361.8	25,361.8	25,361.8
price											

Sources: Budget Summary , Ministry of Finance; NBR; Bangladesh Bank; BBS * = include grants, E=Estimates, R=Revised

Table V.1: Balance of Payments (In million USD)											
	(ln	million US	D)	10R			EV10 ^P				
	EV10R	O1 ^R	PY O ^R	18 0 R	O R	O R	FY19	O P			
Current Account Poloneo	FY18 0.790	QI 1 910	Q_2	Q ₃	2 202	Q ₁	Q ₂	Q ₃			
Trade balance	18 258	3 650	-3,247	-1,421	-3,293	3 852	-2,070	4 268			
Export f o b	36 205	-5,050	9 1 3 7	9.471	9.048	9 747	10.416	$\frac{-4,200}{10,276}$			
Import f.o.b.	54 463	12 199	14 115	13 986	14 163	13 599	14 224	14 544			
Services	-4 574	-1.050	_1 289	-250	-1 985	-674	-920	-1 086			
Credit	4 539	987	1,209	1 172	1 289	1 594	1 784	1,000			
Debit	9 113	2 037	2 380	1 422	3 274	2 268	2 704	2 756			
Primary Income	-2 392	-558	-688	-563	-583	-637	-1 137	-50			
Credit	113	24	25	61	3	38	36	62			
Debit	2 505	582	713	624	586	675	1 1 7 3	112			
Secondary Income	15.444	3.439	3.708	3.907	4.390	3.943	3.787	4.468			
Official Transfers	49	12	27	0	10	9	7	4			
Private Transfers	15.395	3.427	3.681	3.907	4.380	3.934	3.780	4.464			
Of which : workers' remittances	14,703	3.310	3.481	3.752	4,160	3.807	3.576	4.318			
Capital & Financial Account	9,368	1.650	3.401	605	3.712	788	2.235	1.374			
Capital account	292	64	98	3	127	44	90	54			
Capital transfers	292	64	98	3	127	44	90	54			
Financial account	9,076	1,586	3,303	602	3,585	744	2,145	1,320			
Foreign direct investment (Gross Inflows)	2,798	667	718	696	717	720	812	1,365			
Of which: FDI net inflow*	1,583	301	522	277	483	330	580	429			
Portfolio investment	365	157	52	100	56	29	43	75			
Of which : workers' remittances	279	81	60	77	61	62	50	56			
Other investment	7,128	1,128	2,729	225	3,046	385	1,522	816			
Medium and long-term (MLT) loans	5,785	781	1,636	803	2,565	928	1,807	1,579			
MLT amortization payments	1,113	279	253	333	248	330	263	253			
Other long term loans	155	24	16	121	-6	-54	682	377			
Other short term loans	1,947	411	361	357	818	480	480	158			
Trade credit	-1,270	-129	251	-1,207	-185	-283	-998	-1,335			
DMBs and NBDCs	1,624	320	718	484	102	-356	-186	290			
Assets	-260	-43	-310	-27	120	250	295	4			
Liabilities	1,364	277	408	457	222	-106	109	294			
Net Errors & Omissions	-473	-191	-148	69	-203	274	-512	-254			
Overall Balance	-885	-360	6	-747	216	-158	-355	184			
Reserve Assets	885	360	-6	747	-216	158	355	-184			
Bangladesh Bank	885	360	-6	747	-216	158	355	-184			
Assets	-661	-824	393	-1,035	805	-896	221	-379			
Liabilities	224	-464	387	-288	589	-738	576	-563			
Memorandum Items											
Gross official reserves	32,943	32,817	33,227	32,403	32,943	31,958	32,016	31,753			
In months of imports of goods & services	6.2	6.9	6.0	6.3	5.7	6.0	5.7	5.7			
In months of prospective imports	5.5	6.5	6.3	5.2	4.4	5.6	5.2	5.1			
Export growth (in percent) ¹	6.4	7.7	7.9	6.2	4.1	14.0	14.0	8.5			
Import growth (in percent) ¹	25.2	28.4	23.6	22.2	27.3	11.5	0.8	4.0			
Remittances growth (in percent) ¹	17.3	4.5	21.2	26.5	18.1	14.1	2.4	14.2			

Source: Statistics Department, Bangladesh Bank. R=Revised, P=Provisional. 1/ Quarterly growth rate refers growth over the same quarter of the previous year.

Table V.2: Trends in the Commodity Composition of Exports													
		(In r	nillion US	SD)									
Items			FY	18			FY19						
	FY18	Q1	Q ₂	Q3	Q4	Q_1	Q_2	Q3					
1. Raw jute	156	32	51	39	34	33	33	30					
2. Jute goods	870	204	287	205	174	184	171	177					
3. Tea	3	1	1	1	0	0.7	1.0	0.6					
4. Leather	183	46	51	41	44	41	56	37					
5. Frozen shrimps and fish	467	163	135	81	87	125	133	92					
6. Woven garments	15,426	3,397	3,780	4,336	3,913	3,985	4,448	4,718					
7. Knitwear products	15,189	3,747	3,848	3,726	3,867	4,207	4,446	4,148					
8. Fertilizer	0	0	0	0	0	0	0	0					
9. Terry towels	42	9	12	12	9	13.4	17.1	11.83					
10. Others	4,333	1,063	1,087	1,115	1,067	1,352.2	1,254.2	1,188					
Total exports	36,668	8,663	9,253	9,536	9,217	9,941	10,559	10,403					
Of which: exports from EPZ	5,785	1,379	1,438	1,71	1,497	1,446	1,515	1,524					
Total exports (adjusted)	36,205	8,549	9,137	9,412	9,107	9,747	10,416	10,276					

Source : Export Promotion Bureau, Bangladesh

(In million USD)												
			FY	18			FY19					
	FY18	Q_1	Q ₂	Q3	Q_4	Q_1	Q_2	Q ₃				
Exports of RMG	30,615	7,144	7,629	8,062	7,780	8,192	8,893	8,867				
European Countries	20,491	4,754	5,207	5,867	4,664	5,284	5,677	5,780				
USA	5,352	1,306	1,294	1,329	1,423	1,484	1,608	1,506				
Other Countries	4,771	1,084	1,128	865	1,694	1,423	1,608	1,580				
Woven Garments	15,426	3,397	3,780	4,336	3,913	3,985	4,447	4,718				
European Countries	9,026	1,945	2,251	2,798	2,032	2,171	2,384	2,766				
USA	3,978	939	944	1,033	1,062	1,097	1,217	1,162				
Other Countries	2,423	514	586	505	819	717	847	790				
Knitwear Products	15,189	3,747	3,848	3,726	3,867	4,207	4,446	4,148				
European Countries	11,466	2,809	2,956	3,069	2,632	3,113	3,293	3,014				
USA	1,374	368	350	297	360	387	392	344				
Other Countries	2,349	570	543	360	875	706	761	790				
	(Growth ir	n percent									
Exports of RMG	8.8	7.2	8.3	11.7	7.7	14.7	16.6	10.0				
European Countries	9.4	8.2	9.8	22.0	-2.7	11.2	9.0	7.2				
USA	2.8	3.4	0.0	3.8	4.1	13.6	24.3	13.3				
Other Countries	13.3	7.5	11.8	-23.4	59.4	31.3	42.5	18.0				
Woven Garments	7.2	4.0	4.1	11.5	8.5	17.3	17.6	8.8				
European Countries	7.3	5.0	5.6	19.2	-2.2	11.6	5.9	5.5				
USA	1.9	1.9	-4.0	3.9	5.9	16.8	28.9	12.5				
Other Countries	16.5	4.7	13.3	-7.7	55.7	39.6	44.7	16.0				
Knitwear Products	10.4	10.2	12.8	11.9	7.0	12.3	15.5	11.3				
European Countries	11.0	10.5	13.3	24.7	-3.0	10.8	11.4	8.7				
USA	5.6	7.6	12.5	3.4	-0.6	5.3	11.9	16.0				
Other Countries	10.3	10.1	10.2	-38.2	63.0	23.8	40.2	20.1				

Table V.3: Major Destination-wise RMG Related Exports

Source: Compiled by Statistics Department of Bangladesh Bank using the data of EPB

Table V.4: Export Performance for July-March 2018-19 (In million USD)												
	Strategic Target for July- March 2018-19	Export Performance for July- March 2018- 19	Export Performance for July- March 2017- 18	% Change of export performance over Export target	% Change of export performance July-Mar. 2018-19 Over July- Mar. 2017- 18							
All Products (A+B)	28,828.0	30,903.0	27,451.7	7.2	12.6							
A. Primary Commodities:	898.8	1,141.7	879.9	27.0	29.8							
Frozen Food	373.3	419.0	407.7	12.3	2.8							
Agricultural Products	525.6	722.7	472.2	37.5	53.1							
B. Manufactured Commodities:	27,929.2	29,761.3	26,571.8	6.6	12.0							
Cement salt stone etc.	10.4	8.2	9.8	-21.2	-16.4							
Ores, Slag and Ash	3.0	6.5	1.9	118.5	240.8							
Petroleum bi Products	25.1	183.8	26.6	631.5	591.1							
Chemical products	119.0	158.7	105.8	33.3	50.0							
Plastic, Melamine Products	73.9	87.1	73.6	17.8	18.3							
Rubber	19.2	18.9	20.1	-1.7	-5.9							
Leather & Leather products (including leather footwear)	830.8	771.7	848.8	-7.1	-9.1							
Wood and Wood Products	3.7	3.2	3.7	-13.0	-12.3							
Handicrafts	13.3	15.7	12.5	17.7	25.7							
Pulp	0.0	0.0	0.0	-100.0	-100.0							
Paper and Paper Products	62.8	60.4	56.2	-3.9	7.4							
Printed Materials	0.4	0.8	0.5	75.0	42.6							
Silk	0.0	0.0	0.0	100.0	0.0							
Wool and woolen Products	0.0	0.1	0.0	300.0	300.0							
Cotton and Cotton Products	99.8	110.5	96.5	10.8	14.6							
Jute and Jute Goods	802.0	628.1	818.1	-21.7	-23.2							
Man Made Filaments and Staple Fibers	78.0	92.2	74.2	18.2	24.2							
Carpet	12.6	14.6	12.3	16.2	19.0							
Specialized Textiles	82.8	112.5	82.3	35.9	36.6							
Knitwear	11,937.8	12,800.9	11,321.2	7.2	13.1							
Woven Garments	12,225.3	13,150.6	11,513.4	7.6	14.2							
Home Textile	694.8	647.3	669.9	-6.8	-3.4							
Other Footwear (excluding leather footwear)	192.2	193.4	187.1	0.6	3.4							
Headgear/Cap	140.4	157.4	140.9	12.1	12.0							
Umbrella Waking Sticks	0.0	0.0	0.0	0.0	0.0							
Wigs and Human Hair	18.5	24.1	17.0	30.4	41.9							
Building Materials	1.85	1.53	1.4	-17.3	9.3							
Ceramic Products	42.1	60.1	29.7	42.7	102.5							
Glass and Glass ware	1.0	0.9	1.1	-6.3	-15.1							
Engineering Products	260.2	257.3	256.2	-1.1	0.4							
Ships, boats & floating structures	22.2	4.6	30.2	-79.1	-84.6							
Other Manufactured Products	156.0	190.1	161.0	21.9	18.1							

Source: Export Promotion Bureau, Bangladesh.

Table V.5 : 7	Table V.5 : Trends in the Commodity Composition of Imports (In million USD)											
Items			FY	/18			FY19					
	FY18	Q_1	Q ₂	Q3	Q4	Q_1	Q ₂	Q3				
A. Food Grains	3,099	730	1,071	808	489	344.2	370.3	480.1				
1. Rice	1,605	447	538	437	183	42.8	27.3	32.4				
2. Wheat	1,494	283	533	372	306	301.4	343.0	447.7				
B. Other Food Items	3,814	984	945	815	1,071	807.0	810.4	1,036.3				
3. Milk & cream	322	56	81	89	95	84.6	62.6	113.1				
4. Spices	282	75	59	64	85	96.4	57.5	82.5				
5. Edible oil	1,863	439	458	457	510	400.5	467.0	449				
6. Pulses (all sorts)	434	70	69	125	171	69.0	74.2	154.5				
7. Sugar	913	344	279	80	210	156.5	149.1	237.2				
C. Consumer & Intermediate Goods	30,605	6,804	7,757	7,678	8,367	8,356.4	8,812.6	8,432.3				
8. Clinker	766	143	156	218	249	188.6	263.1	306.5				
9. Crude petroleum	365	67	141	58	99	87.0	117.2	110.1				
10. POL	3,652	739	865	969	1,079	1,145.7	1,098.1	1,102.7				
11. Oil seeds	571	168	134	61	208	185.9	110.6	242.4				
12. Chemicals	2,315	560	578	610	567	631.3	627.2	615.5				
13. Pharmaceutical products	253	47	81	61	64	60.2	58.4	66.6				
14. Fertilizer	1,006	207	417	264	118	308.2	604.4	302.3				
15. Dyeing and tanning materials	695	171	171	176	178	205.7	192.2	184.1				
16. Plastics and rubber articles thereof	2,525	583	629	628	684	708.0	708.5	646.8				
17. Raw cotton	3,235	821	683	795	937	870.1	791.4	777.9				
18. Yarn	2,351	542	481	638	691	657.8	590.1	624.6				
19. Textile and articles thereof	6,860	1,479	1,860	1,701	1,820	1,741.1	1,986.5	1,758.8				
20. Staple fiber	1,180	243	313	332	291	296.7	338.2	309.9				
21. Iron, steel & other base metals	4,832	1,034	1,247	1,167	1,384	1,270.1	1,326.7	1,384.1				
D. Capital Goods & Others	14,556	3,267	3,326	4,219	3,744	3,667.9	3,609.1	3,890.2				
22. Capital machinery	5,462	1,289	1,148	1,730	1,295	1,383.6	1,379.3	1,579.9				
23. Others Capital goods	9,094	1,978	2,178	2,489	2,449	2,284.3	2,229.8	2,310.3				
E. Others n.i.e	6,791	1,400	2,158	1,597	1,636	1,522.7	1,770.1	1,879.4				
Grand Total c.i.f.(A+B+C+D+E)	58,865	13,184	15,257	15,117	15,308	14,698.2	15,372.5	15,718.3				
Of which Import by EPZ	3,556	785	894	938	940	992.6	1,036.8	1,059.7				
Grand Total f.o.b.(adjusted)	54,463	12,199	14,115	13,986	14,163	13,599	14,224	14,544				

Source : Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR)

(In million USD)											
		FY	18				FY	¥19 ^р			
		Q3	(Q4	(Q1		Q ₂		Q3	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	
Consumer goods	1,995	2,185	1,024	1,245	1,392	1,237	1,436	1,433	1,742	1,523	
Industrial raw materials	5,110	4,743	3,772	3,389	5,002	4,697	5,034	4,902	4,915	5,133	
Intermediate goods	1,445	1,067	770	875	1,451	1,091	2,158	1,762	1,514	1,305	
Petroleum and petroleum	1,042	849	816	728	1,277	1,068	798	959	733	783	
products											
Capital machinery	1,894	1,457	1,004	820	1,216	1,243	1,170	1,163	1,367	1,206	
Machinery for misc.	1,278	1,295	908	836	1,884	1,327	1,428	1,369	1,798	1,435	
industries											
Others	2,508	2,150	1,604	1,484	2,534	2,170	2,541	2,899	2,876	2,513	
Total	15,723	13,747	9,447	9,378	14,755	12,832	14,566	14,488	14,945	13,899	
of which back to back	2,315	2,057	1,455	1,349	2,332	2,130	2,066	2,009	2,040	1,994	
						Grow	th in percent				
Consumer goods	42.8	52.6	-37.2	3.5	-51.4	-28.2	-24.7	-32.1	-12.7	-30.3	
Industrial raw materials	2.3	14.2	-19.3	-15.8	13.5	11.4	3.3	9.7	-3.8	8.2	
Intermediate goods	40.9	6.3	-17.9	-1.3	29.9	21.3	86.9	73.5	4.7	22.3	
Petroleum and petroleum	53.9	15.3	28.8	15.8	24.7	78.6	36.0	20.8	-29.7	-7.7	
products											
Capital machinery	29.5	50.9	-28.2	-19.7	-8.0	-3.4	-40.7	-6.6	-27.8	-17.2	
Machinery for misc.	10.5	18.7	-29.9	-29.1	7.6	8.8	-9.2	9.4	40.7	10.8	
industries											
Others	29.6	29.1	-15.0	-12.3	14.0	14.9	-81.1	48.8	14.7	16.9	
Total	24.3	24.4	-24.2	-11.8	0.3	8.5	-42.9	12.9	-4.9	1.1	
of which back to back	8.8	18.3	-18.6	-19.0	15.4	13.9	-2.0	8.8	-11.9	-3.0	

Table V.6 Sector wise comparative statement of the Opening and Settlement of Import LCs

Source: Foreign Exchange Operation Department, Bangladesh Bank. P= Provisional

Table V.7: Country-wise Workers' Remittances (In million USD)												
Countries		(111 111	FY1	18			FY19 ^P					
	FY18	Q ₁	Q ₂	Q3	Q4	Q1	Q2	Q_3^P				
Gulf Region	8,565	1,875	2,032	2,166	2,492	2,286.7	2,119.3	2,578.6				
1. Saudi Arabia	2,592	592	609	653	737	726.8	696.4	817.8				
2. UAE	2,430	515	623	571	721	606.9	544.3	714.4				
3. Qatar	844	164	175	235	271	251.4	229.3	253.7				
4. Oman	958	230	221	238	269	261.5	219.8	276.8				
5. Kuwait	1,200	251	276	323	350	317.1	317.2	402.5				
6. Bahrain	542	124	127	147	144	123.0	112.3	113.5				
Euro Region	1,146	266	251	326	303	266.0	262.5	363.5				
7. UK	1,106	258	241	316	291	254.9	248.5	345.3				
8. Germany	40	8	10	10	12	11.1	14	18.3				
Asia Pacific Region	1,469	319	345	404	401	391.7	356.4	418.5				
9. Singapore	330	73	73	90	94	89.2	75.9	95.2				
10. Japan	31	6	7	9	9	8.5	10.4	18.2				
11. Malaysia	1,107	239	265	305	298	294.0	270.1	305.1				
Rest of the World	3,802	931	913	932	1,025	924.5	888.3	1,013.0				
12. USA	1,998	481	481	463	572	446.3	419	467.6				
13. Others n.i.e.	1,804	450	432	469	453	478.2	469.3	545.4				
Total	14,982	3,391	3,541	3,829	4,221	3,868.9	3,626.5	4,373.6				

Source: Statistics Department, Bangladesh Bank. P= Provisional

Table V.8 Exchange Rate Movements (Taka per Currencies)										
Period	US Doll	ar	U.K. Pound S	Sterling	EURO		Japanese Y	Yen		
	Period	End	Period	End	Period	End	Period	End		
2017 10	Average	Period	Average	Period	Average	Period	Average	Period		
2017-18	82.10	83.73	110.61	109.50	97.99	96.86	0.74	0.76		
July	80.63	80.66	104.80	105.95	92.83	94.79	0.72	0.73		
August	80.69	80.70	104.69	104.31	95.37	95.90	0.73	0.73		
September	80.74	80.80	107.21	108.17	96.14	94.90	0.73	0.72		
October	80.82	80.86	106.82	106.82	95.10	94.21	0.72	0.71		
November	81.26	82.30	107.45	110.35	95.33	97.50	0.72	0.74		
December	82.55	82.70	110.59	111.76	97.69	99.22	0.73	0.73		
January	82.82	82.90	114.21	117.27	100.81	102.81	0.75	0.76		
February	82.92	82.96	115.89	115.39	102.40	101.48	0.77	0.77		
March	82.96	82.96	115.87	116.79	102.32	102.11	0.78	0.78		
April	82.97	82.98	116.81	114.35	101.97	100.65	0.77	0.76		
May	83.38	83.70	112.28	111.25	98.51	97.62	0.76	0.77		
June	83.70	83.73	111.30	109.50	97.79	96.86	0.76	0.76		
2018-19										
July	83.75	83.75	110.40	109.99	97.90	98.04	0.75	0.75		
August	83.75	83.75	107.86	109.10	96.74	98.05	0.75	0.75		
September	83.75	83.75	109.22	109.13	97.58	97.23	0.75	0.74		
October	83.82	83.85	109.23	106.54	96.33	95.12	0.74	0.74		
November	83.87	83.90	108.22	107.35	95.34	95.59	0.74	0.74		
December	83.90	83.90	106.36	106.61	95.33	95.96	0.75	0.76		
January	83.94	83.95	108.17	110.11	95.89	96.36	0.77	0.77		
February	84.04	84.15	109.26	111.51	95.43	95.83	0.76	0.76		
March	84.21	84.25	111.12	109.80	95.27	94.51	0.76	0.76		

Source: Statistics Department, Bangladesh Bank.

Table V 0 Trends in Foreign Aid											
	(In million		agn Alu								
		USD)		1.0R			DX10D				
		FY18 ^r FY19 ^p									
	FY18 ^R	Q_1^R	Q_2^R	Q_3^R	Q_4^{P}	Q_1^{p}	Q_2^{p}	Q_3^p			
a. Grants (i+ii)	340	76	124	4	136	53	97	58			
i) Food Aid	27	7	19	0	0	6	0	0			
ii) Project Aid	314	69	105	4	136	48	97	58			
b. Loans (MLT)	5,785	781	1,636	803	2,565	928	1,807	1,579			
A. Total (a+b)	6,126	857	1,760	807	2,702	982	1,903	1,637			
B. Amortization(1+2)	1,392	333	326	208	525	399	348	464			
1) Principal	1,097	260	262	160	415	291	279	330			
2) Interest	295	74	63	48	110	109	70	135			
C. Net Foreign Financing (A-1)	5,029	597	1,498	647	2,287	691	1,625	1,307			

Sources: ERD; MOF; Statistics Department, Bangladesh Bank R=Revised, P= Provisional.

Table	VI.1	:	Gross	NPI	. Ratios	by	Type of Banks
				(In r	arcont)		

Type of Banks	2017 2018								2019
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
State Owned Commercial Banks	28.6	26.8	29.3	26.5	29.8	28.2	31.2	30.0	32.2
Specialized Banks	26.0	23.8	23.8	23.4	23.4	21.7	21.7	19.5	19.5
Private Commercial Banks	5.7	5.8	6.0	4.9	6.0	6.0	6.7	5.5	7.08
Foreign Commercial Banks	8.6	7.9	7.9	7.0	7.0	6.7	7.09	6.5	6.2
All Banks	10.5	10.1	10.7	9.3	10.8	10.4	11.5	10.3	11.9

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table VI.2 : Net NPL Ratios by Type of Banks (In percent)									
Type of Banks	2017 2018						2019		
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
State Owned Commercial Banks	13.2	11.6	13.2	11.2	14.4	11.7	14.3	11.3	11.2
Specialized Banks	10.5	8.8	8.6	9.7	9.1	7.4	7.4	5.7	5.7
Private Commercial Banks	0.6	0.7	0.8	0.2	1.0	0.8	1.1	0.4	1.5
Foreign Commercial Banks	1.2	0.9	0.9	0.7	0.8	0.8	1.1	0.7	0.6
All Banks	2.9	2.6	2.9	2.2	3.3	2.7	3.3	2.2	3.0

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Table VI.3: Capital to Risk Weighted Asset Ratios by Types of Banks									
(In percent)									
Type of Banks	2017				2018				2019
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
State Owned Commercial Banks	5.9	7.0	5.6	5.0	2.9	2.0	6.1	1.9	6.9
Specialized banks	-35.2	-32.8	-33.5	-35.5	-33.7	-31.9	-14.0	-31.7	-31.7
Private Commercial Banks	12.2	12.2	12.2	12.5	12.1	12.2	12.2	12.8	12.7
Foreign Commercial Banks	23.9	23.3	24.0	24.9	24.6	23.0	26.7	26.0	28.0
All Banks	10.7	10.9	10.6	10.8	10.1	10.0	10.9	10.5	11.4

Source: Department of Off- site supervision, Bangladesh Bank.

Table VI.4 : Profitability Ratios by Type of Banks (In percent)							
Type of Banks	Return on Asset (ROA) Return on Equity (ROE)						
	2016	2017	2018	2016	2017	2018	
State Owned Commercial Banks	-0.2	0.2	-1.3	-6.0	3.5	-29.6	
Specialized Banks	-2.8	-3.5	-2.8	-6.9	-17.2	-13.5	
Private Commercial Banks	1.0	0.9	0.8	11.1	12.0	11.0	
Foreign Commercial Banks	2.6	2.2	2.2	13.1	11.3	12.4	
All Banks	0.7	0.7	0.3	9.4	9.6	3.9	

Source: Department of Off- site supervision, Bangladesh Bank.

Table VII.1 : Indicators of Capital Market Developments									
			FY	18			FY19		
	FY18	Q_1	Q ₂	Q3	Q4	Q_1	Q2	Q3	
Number of listed securities ¹	351	343	348	349	351	354	357	360	
Issued equity and debt (billion Taka)	671	629	646	649	671	680	694	699	
Market capitalization (billion Taka)	3,264	3,517	3,670	3,367	3,264	3,299	3,321	3,565	
Turnover (billion Taka)	1,591	605	434	245	308	450	331	455	
DSE broad index	5,405	6,093	6,245	5,597	5,405	5,369	5,386	5,492	
DSE -30 index	1,960	2,178	2,283	2,106	1,960	1,890	1,881	1,967	
Growth in percent									
Number of listed securities	2.6	1.5	2.7	2.3	2.6	3.2	2.6	3.2	
Issued equity and debt	8.8	8.0	8.2	7.4	8.8	8.0	7.5	7.7	
Market capitalization	0.7	29.9	28.5	3.7	0.7	-6.2	-9.5	5.9	
Turnover	-11.9	142.9	2.0	-67.6	-18.4	-25.6	-23.6	86.1	
DSE broad index	-4.4	29.8	24.0	-2.1	-4.4	-11.9	-13.8	-1.9	
DSE -30 index	-5.9	22.4	26.1	0.7	-5.9	-13.2	-17.6	-6.6	

Source: Dhaka Stock Exchange ¹ Including debenture but excluding govt. bond.

Table VII.2 Group-wise Market Capitalization of Dhaka Stock Exchange								
(In billion Taka)								
Name of Group		FY18 FY19						
	FY18	Q_1	Q_2	Q ₃	Q4	Q_1	Q2	Q3
Banks	567	724	753	610	567	561.6	583.1	596.6
Financial Institutions	210	252	244	200	210	193.3	191.5	189.9
Mutual Funds	41	43	42	42	41	34.9	34.5	34.9
Engineering	191	200	208	183	191	201.4	190.7	190.3
Food & Allied Product	276	256	286	284	276	262.3	276.7	340.1
Fuel and Power	398	385	373	346	398	450.6	432.2	500.1
Jute Industry	1.9	1.8	1.9	1.7	1.9	1.5	4.7	4.4
Textile Industry	117	120	122	108	117	129.7	141.7	133.5
Pharmaceuticals and Chemicals	522	512	531	536	522	489.9	508.8	530.7
Paper and Printing	2.2	2.4	1.9	1.8	2.2	22.3	17.4	14.5
Services and Real Estate	19	24	24	20	19	19.2	18.0	18.1
Cement Industry	118	128	139	119	118	114.4	102.0	100.9
Insurance	86	93	94	89	86	100.8	103.1	10.1
Telecommunication	542	580	653	639	542	513.0	511.4	578.4
Miscellaneous	171	190	192	183	171	200.8	202.4	318.6
Corporate Bond	2.9	5.9	6.0	2.9	2.9	2.8	2.8	2.9
Total Market Capitalization	3,263	3,517	3,669	3,366	3,263	3,299	3,321	3,564

Source: Dhaka Stock Exchange.

Annexure

Major Policy Announcements: January-March, 2019

DMD Circular Letter No. 01	It has been decided to publish cut-off yield in Bangladesh Bank
January 02, 2019	website after converting cut-off yield of re-issued treasury bills
Marking to Market based	and bonds determined by the latest auction through
Revaluation of Treasury Bills &	interpolation/extrapolation method to Standard Tenor Yield to
Bonds held by the Banks on the	facilitate the actual revaluation of government securities. Banks
basis of Published Yield	shall calculate their government securities on the basis of Standard
	Tenor Yield published in Bangladesh Bank website.
FEPD Circular No. 01	To avail export subsidy against export of Polyester Staple Fiber
January 02, 2019	(PSF), it has been directed to submit certificates from Export
Export subsidy against export of	Promotion Bureau instead of Bangladesh Pet Flakes Manufacturers
Polyester Staple Fiber (PSF).	and Exporters Association with the application form.
FEPD Circular No. 02	As per government decision, export subsidy against the export of
January 07, 2019	Pet Bottle Flakes for the fiscal year 2018-19 shall be 10% instead
Export subsidy against export of Pet	of the existing 5%.
Bottle Flakes	
FEPD Circular No. 06	Usance period has to be enhanced up to 270 days from 180 days
January 09, 2019	for import of unprocessed yarn for own use by industrial importers
Import of unprocessed yarn on	producing outputs for only local delivery against back to back
deferred payment basis.	LCs. This usance period is useable for imports within the limits of
	production capacity of the concerned factory as set by the
	Department of Textiles or up to deliver value realized in foreign
	currency in last twelve months, whichever is lower.
	Authorized Dealers may arrange refinance under buyer's credit for
	90 days to settle EDF loan used to import unprocessed yarn for the
	tenure of 180 days usance basis.
FEPD Circular No. 03	ADs may endorse transport documents of title to cargo in favor of
January 09, 2019	importer or other designated parties and deliver the same as per
Endorsement of shipping documents	stipulations of export letter of credit/valid sales contract only if full
	exports proceed is received through normal banking channel
	before sending export documents to counterpart bank abroad for
	collection.
FEPD Circular No. 04	Balances held in FC accounts of Type A industrial enterprises of
January 09, 2019	EPZs/EZs may be used for purchase of shares in zone areas or
Use of balances held in foreign	outside zone areas in Bangladesh. ADs receiving funds on account
currency (FC) accounts by Type A	of share purchase shall observe all instructions including issuance
industrial enterprises	of certificate and reporting routine. As such, dividend income out
	of such investment, and disinvestment proceeds (if any) approved
	by Bangladesh Bank may also be credited to their FC accounts,
	subject to compliance with regulations of taxes.
FEPD Circular No. 05	Bullet payment will be permissible for imports amounting to USD
January 09, 2019	0.50 million or equivalent under supplier'/buyer's credit of goods
Repayment against imports under	admissible for the usance period beyond 6 months but within one
supplier'/buyer's credit - relaxation	year.

FEPD Circular No. 07	Authorized Dealers (ADs) may allow only National Active
January 17, 2019	Pharmaceutical Ingredients (API) and Laboratory Reagents
Import of raw materials for	producing industries to import raw materials for manufacturing
manufacturing Active	API and Laboratory Reagents on supplier's/buyer's credit terms
Pharmaceutical Ingredients (API)	for a usance period up to 360 days, subject to observance of the
and Laboratory Reagents on usance	following instructions:
basis	(a) ADs shall comply with Import Policy Order in force and
	Foreign Exchange Regulations regarding import transactions and
	(b) ADs shall be satisfied to the effect that the imports of inputs
	have duly been approved by Directorate General of Drug
	Administration (DGDA) as raw materials for API and Laboratory
	Reagents in favor of the concerned industry.
FEPD Circular No. 08	ADs may, on account of Bangladeshi exporters, issue guarantees
January 22, 2019	in favor of competent authorities/agencies in the country of import
Bank guarantee by exporters to	for the purposes of issuing performance bonds/guarantees in favor
competent authorities/agencies in	of overseas importers on account of Bangladeshi exporters, subject
the country of import	to usual norms, and export performance of the exporter and
	potential export expectation.
FEPD Circular No. 9	The rules and regulations of the Kingdom of Saudi Arabia require
January 27, 2019	all arriving and departing travelers to submit a declaration to the
Saudi Customs rules for Declaration	Saudi Customs Authority if they have any goods in their
of goods and cash at entry and exit	possession such as Cash money, Financial instruments, Gold
points of Kingdom of Saudi Arabia.	bullions, Precious metals, Stones or Jewellery valued equivalent to
	or more than 60,000.00 (Sixty Thousand) Saudi Riyals. Hence, all
	Authorized Dealers in foreign exchange in Bangladesh are thereby
	directed to inform their customers travelling to/from the Kingdom
	of Saudi Arabia regarding the rules and regulations to avoid any
	penalty.
FEPD Circular Letter No. 02	As per S.R.O No-237-Ain/2018/39/Shulka, dated July 17, 2018
January 27, 2019	regarding import through Land Custom Station formulated by
Regarding not to open Letter of	National Board of Revenue, all dealer banks' branches have
Credit to import goods except	hereby been advised not to open Letter of Credit for any imported
approved list via Land Custom	goods other than the importable listed goods approved by NBR
Station.	through Land Custom Station.
BRPD Circular No. 01	Banks are now allowed to write off the default loans, recovery of
February 02, 2019	which remained suspended for long time and with no chances of
Loan/Investment Write-off Policy	recovery in near future, that have been hovering in the bad/loss
	category consecutively for three years or more according to the
	policy. Besides, lenders do not have to file any law suit with the
	Artna Kin Adalat (Money Loan Court) to write off a delinquent
	Ioan worth I K 2 lakn. After deducting Interest Suspense from the
	corresponding loan/investment account, the rest entire outstanding
	balance would be then maintained as provisions. And no
	ioan/investment can be partially written-off. At the same time,
	written-oii ioan/investment cannot be rescheduled or restructured as well.

FEPD Circular No. 10	LCAF may also be signed by the lawful representative(s) of the
February 05, 2019	importer. Upon receipt of such LCAF, ADs shall verify the
Issuance of Letter of Credit	signature of lawful representative(s) based on available records
Authorization Form (LCAF)	such as board resolution/authorization from the respective
	importer.
BRPD Circular No. 02	Scheduled banks in Bangladesh will have to invest at least 75
February 25, 2019	percent of the outstanding amount of the offshore financing in the
Policy for Offshore Banking	country, according to the policy introduced by the central bank.
Operation of the Banks in	Foreign entities with presence in Bangladesh and abroad are
Bangladesh.	eligible to borrow foreign currency loans from the Offshore
	Banking Units (OBUs). Besides, local enterprises located at
	economic zones, export processing zones, private export
	processing zones, and hi-tech parks can take loans from the units.
	OBUs will have to mobilize major funds from external sources and
	will not be allowed to collect more than 20 percent of their
	regulatory capital from domestic banking operation. The OBUs
	will not be able to accept any deposit or loan which is repayable on
	demand by cheque, draft of pay order. Banks will have to maintain
	statutory inquidity fatio and cash feserve fatio before fending,
	central bank to open every OBU and have their licenses renewed
	The OBUs will not be allowed to collect any denosit from
	Bangladeshi nationals, excent expatriate Bangladeshis, Banks will
	not be allowed to channel remittance using the OBUs according to
	the policy
FEPD Circular No. 13	To obtain authorized gold dealer license for importing gold bar
March 11, 2019	and jewellery, the eligibility and process of submitting application
Issuance of Authorized Gold Dealer	are as follows:
License for import of Gold bar and	For obtaining authorized gold dealer license, both the authorized
Jewellery.	dealer bank and applicant organization should have all other
	licenses/registrations/certificates update as per law of the land.
	Besides, applicant organization should have bullion volt including
	telephone, mobile, e-mail etc. so that reporting to BB can be made
	easily. Additionally, applicant organizations have to be a resident
	sole proprietorship of partnership farm or registered limited
	company.
FEPD Circular No. 12	ADs may follow usual procedure to match import payment with
March 11, 2019	bill of entry. This procedure shall be applicable only for those land
Collection of bill of entry against	custom houses using electronic system (ASYCUDA) for import
import through land ports	clearance.
	As usual, ADs shall ensure submission of Bill of Entry within
	stipulated time and observe routine report to Bangladesh Bank.
FEPD Circular No. 11	Cash LCAF shall mean those LCAFs issued for imports other than
March 11, 2019	under non-project commodity loans/credits/grants.
Issuance of transferable letters of	

Issuance of transferable letters of credit (LCs) under cash LCAF	
FEPD Circular Letter No. 05 March 14, 2019 Performing Hajj 1440 hijri/2019 under Government and Private Management	As per the "Hajj Package 1440 Hijri/2019" framed by Ministry of Religious Affairs, Hajj can be performed both under Government and Private Management. Under 2 packages of Government management, one would cost Tk 4, 18,500 and another Tk 3,44,000 for each pilgrimage. Besides, each pilgrimage is allowed to carry USD 1000 or equivalent amount of foreign currency during the Hajj excluding gross cost for performing Hajj. But Travel quota shall not be applicable for them. Existing rules and regulations will have to be followed for discharging/releasing their foreign currency.
DFIM Circular no. 01 March 28, 2019 Regarding age limit fixation for contractual appointment and retirement for regular employees of financial institutions.	 A person exceeding 65 years is not allowed to be appointed or posted in the financial institutions. But in case of special necessity, a person exceeding 65 years can be appointed or posted on contractual basis in the post of counselor and adviser. All other financial institutions will follow state-owned commercial banks and financial institutions in formulating policy for retirement age for regular employees.
SMESPD Circular No. 01 March 31, 2019 Loan fund for pre-finance under Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments (RMG) Sector Project (SREUP) (BD-2230322)	Government of the People's Republic of Bangladesh has constituted a Loan fund in Bangladesh Bank to support the RMG factories through medium to long term finance under the "Program to Support Safety Retrofits and Environmental Upgrades in the Bangladeshi Ready-Made Garments (RMG) Sector Project (SREUP)" sponsored by AFD (Agence Française de Développement) The loan fund size of the project is EUR 50 million and the total fund size for Technical Assistance (TA) is EUR 14.29 million.

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to: ezazul.islam@bb.org.bd

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