

Bangladesh Bank **Quarterly**

October-December, 2018

Volume XVI, No.2



Bangladesh Bank Quarterly

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Content

Economic and Financial Developments

	Executive Summary	VI
I.	Developments in the Real Economy	1
II.	Price Developments	2
III.	Money and Credit Market Developments	4
IV.	Fiscal Developments	7
V.	External Sector Developments	8
VI.	Banking Sector Performances	10
VII.	Capital Market Developments	14

Box

	Box-1: Foreign Exchange Market Dynamics in Bangladesh	18
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Charts

I.1	Decomposition of GVA Growth	1
I.2	Production of Major Crops	1
I.3	Growth Decomposition of Quantum Index of Industrial Production	2
I.4	Trends in Property Prices and Flat Sale	2
I.5	Heat Map for Large and Medium Scale Manufacturing Output Growth	2
II.1	Headline (12-month average) CPI Inflation	3
II.2	Decomposition of Inflation	3
II.3	Point-to-point CPI Inflation	3
II.4	Inflation Heat Map	3
II.5	Global Commodity Price Indices	4
II.6	Inflation in South Asian Countries	4
III.1	Broad Money, NFA and NDA Growth	5
III.2	Private Sector Credit Growth	5
III.3	Sectoral Private Credit Growth	5
III.4	Liquidity Condition	5
III.5	Lending-Deposit Rates and Spreads	6
III.6	Growth of Public Sector Credit and Outstanding NSC	6
III.7	Yields on T- Bills	6
III.8	Government Security Yield Curves	6
IV.1	Government Revenue	7
IV.2	Government Expenditure	7
IV.3	Sources of Financing of Budget Deficit	7
V.1	Trends in Current Account and Overall Balance	8
V.2	Trends in Export and Import	8
V.3	Decomposition of Export Growth	9
V.4	Decomposition of Import Growth	9
V.5	International Reserve	9
V.6	Effective Exchange Rate Indices	10
V.7	Cross-Country Nominal Exchange Rate Indices	10
VI.1	Ratio of Gross NPL s to Total Loans	11
VI.2	Ratio of Gross NPLs and Net NPLs to Total Loans	11
VI.3	Capital to Risk Weighted Asset Ratio (CRAR)	12

VI.4	Private Sector Credit and Deposit Growth	12
VI.5	Advance Deposit Ratio	13
VI.6	Excess of SLR as % of TDTL	13
VII.1	Trends in DSEX Index and Turnover	14
VII.2	Synchronization of DSE with Global Capital Market	14
VII.3	Heat Map for Sectoral Price Earnings Ratio of DSE	15
VII.4	Index of Major Sectors	15
VII.5	Selected Countries: Stock Market Capitalization	15

Tables

I.1	Macroeconomic Framework: Key Economic Indicators	22
I.2	Real GDP Growth by Sectors	23
I.3	Nominal GDP by Sectors	24
I.4	Crop-wise Agricultural Production	25
I.5	Quantum Index of Medium and Large- scale Manufacturing Industries, Mining and Electricity	25
I.6	Quantum Index of Medium and Large- scale Manufacturing Industries by Major Industries	26
I.7	Cargo Handled by Chittagong Port	27
I.8	Trends in Private Sector Credit	27
I.9	Bank Advances (Private Sector) by Economic Purposes	28
I.10	Trends in Agricultural Credit	29
I.11	Micro-credit Operations of Grameen Bank and Large NGOs	30
I.12	Industrial Term Lending by Banks and NBFIs	31
II.1	Trends in Inflation	32
II.2	Commodity Prices in the International Market	33
II.3	Inflation in South Asian Countries	33
III.1	Movements in Reserve Money	34
III.2	Movements in Broad Money	35
III.3	Interest Rates Developments	36
III.4	Outstanding Stocks of Treasury Bills, Bonds and NSD Certificates	37
IV.1	Government Fiscal Operations	38
V.1	Balance of Payments	39
V.2	Trends in the Commodity Composition of Exports	40
V.3	Major Destination-wise RMG Related Exports	41
V.4	Export Performance for July-December, FY19	42
V.5	Trends in the Commodity Composition of Imports	43
V.6	Sector-wise Comparative Statement of the Opening and Settlement of Import LCs	44
V.7	Country-wise Workers' Remittances	45
V.8	Exchange Rate Movements	46
V.9	Trends in Foreign Aid	47
VI.1	Gross NPL Ratios by Type of Banks	47
VI.2	Net NPL Ratios by Type of Banks	47
VI.3	Capital to Risk Weighted Asset Ratios by Type of Banks	48
VI.4	Profitability Ratios by Type of Banks	48
VII.1	Indicators of Capital Market Developments	49
VII.2	Group-wise Market Capitalization of Dhaka Stock Exchange	50

Annexure

Chronology of Major Policy Announcements: October-December, 2018	52
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Economic and Financial Developments

Executive Summary

Robust economic activities continued in Q2FY19 hinging upon strong domestic and external demand. Prevailing low-interest rates environment in the banking system coupled with solid remittance inflows (8.1 percent growth) in H1FY19 helped to boost private spending. At the same time, acceleration of government's development projects implementation on the run-up of national election led to higher government spending. In the external front, export performance remained solid (14.1 percent growth) during this period. On the supply side, the growth impulses arose mostly from the agriculture and the industry sectors, while the service sector registered a mixed trend, as reflected in some indirect indicators during the period under review.

The moderation of food inflation, aided by diminishing rice and vegetable prices, kept headline CPI inflation (point-to-point) falling in Q2FY19 which reached 5.4 percent in December 2018. Non-food inflation, which had been rising since early 2018, reached 5.9 percent in October 2018 and then came down to 5.5 percent in December. Consequently, 12-month average inflation edged down to 5.5 percent in Q2FY19 from 5.7 percent in Q1FY19.

Despite a deceleration in import growth (0.8 percent) together with a steady exports growth (14.1 percent), current account deficit widened to USD 1.7 billion in Q2FY19 due mainly to a rise in primary income outflow and a bit slower remittance inflows. Albeit USD1.9 billion surplus in the capital and financial account, a large value of error and omission (USD -505 million) nudged overall balance to a deficit of USD 355 million in Q2FY19. Taka depreciated by 1.43 percent (y/y) in Q2FY19. To avoid excessive volatilities of exchange rate, Bangladesh Bank continued selling USD in the foreign exchange market.

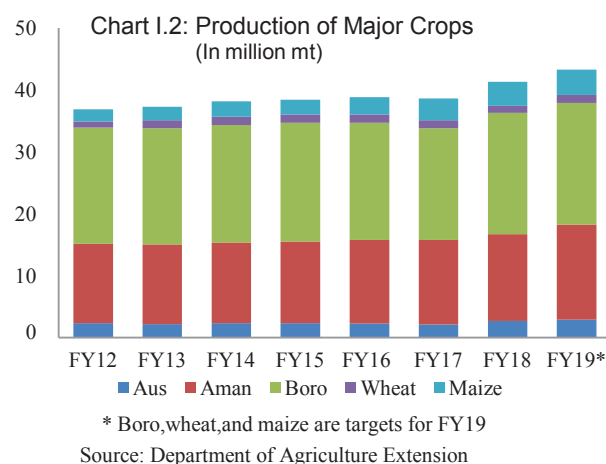
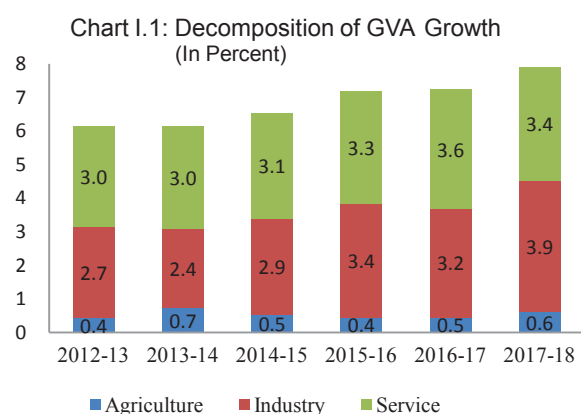
Among the money market indicators, at the end of Q2FY19, private credit growth (13.3 percent) remained below the program path (16.8 percent) for the first half of FY19 because of cooling of import demand. Nonetheless, broad money (M2) growth (9.4 percent at the end of December 2018) had been largely in line with the program path for H1FY19, owing to a significant (14.7 percent) rise in government sector credit from the banking system. Given the stable liquidity condition in the banking system, weighted average lending and deposit interest rates continued declining with some downward pressure on their spread. Contributed by all types of banks, NPL in the banking system significantly declined to 10.3 percent in Q2FY19 from 11.5 percent in Q1FY19; decline of NPL is also partly due to the rescheduling of loans ahead of national and local government elections. The capital market performance exhibited a mixed trend during Q2FY19, as reflected in the price indices, market capitalization, price earnings ratio, and turnover in the DSE.

On the fiscal side, strong growth in government expenditure against a moderate growth in revenue collection led to a fiscal deficit of BDT 303 billion in Q2FY19. With a limited amount of bank borrowing, deficit financing primarily relied on non-bank borrowings as in the recent past.

Looking ahead, continued strong domestic demand, falling energy and food prices in the global market could likely provide important support to the growth and favorable support to the inflation outlook for FY19. However, the lower growth in both advanced and emerging markets for FY19, and continued trade tensions, and uncertainties due to Brexit delay could provide some downside risk for the economy. To ensure macro-financial stability, in the face of a sizeable but narrowing current account deficit and complex global environment, improving financial intermediation efficiency by reducing stressed asset in the banking system would require continued improvement in good governance.

I. Developments in the Real Economy

1.1 Economic activities have been steady in Q2FY19 hinging upon strong domestic and external demand. Prevailing low- interest rate environment in the banking system coupled with solid remittance inflows (8.1 percent growth) in H1FY19 helped boost private spending. At the same time, acceleration of government's development projects implementation on the run-up of national election led to a higher government spending. On the external front, buyers' confidence in the RMG industry underpinned by improvement in workplace safety conditions, strong growth momentum in the US economy along with some relocation of demand away from China originated from recent US-China trade tensions. Moreover, discovering new export destinations helped maintain solid export performance (14.1 percent growth) during this period. Besides, improving energy supply and prevailing political calm created a benign environment for economic activities. On the supply side, the growth impulses arose mostly from the agriculture and the industry sectors, while the service sector registered a mixed trend, as reflected in some indirect indicators.



1.2 The second quarter of FY19 was a brisk period for the agriculture sector. Aman rice, the second largest crop in Bangladesh, is harvested in this quarter. As reported by the Department of Agriculture Extension (DAE), after a good harvest of aus rice in this fiscal year, the aman rice production also witnessed a sizeable growth (9.6 percent), aided by favorable weather condition and timely availability of finance and inputs. Although DAE has not finalized vegetable production data yet, ample supply in the market and falling prices suggest bumper vegetable production during Q2FY19.

1.3 The robust activities in the industry sector continued in Q2FY19, as suggested by the strong growth in the Quantum Index of industrial production (QIIP). The decomposition of QIIP shows that manufacturing output drove the QIIP growth dynamics. Large and medium scale manufacturing output data available through November 2018 showed strong growth of 16.3 percent, helped by domestic demand, increasing exports, and improving electricity and gas supply. The growth largely came from leather and leather products (52.1 percent), wearing apparel (28.8 percent), and chemical and chemical products (26.6 percent). The activities in construction sector were buoyant, with support from public investment projects and rebound of real estate business. The strength of the construction activities was reflected in 64.8 percent growth of clinker import -the main raw material for cement production- in Q2FY19.

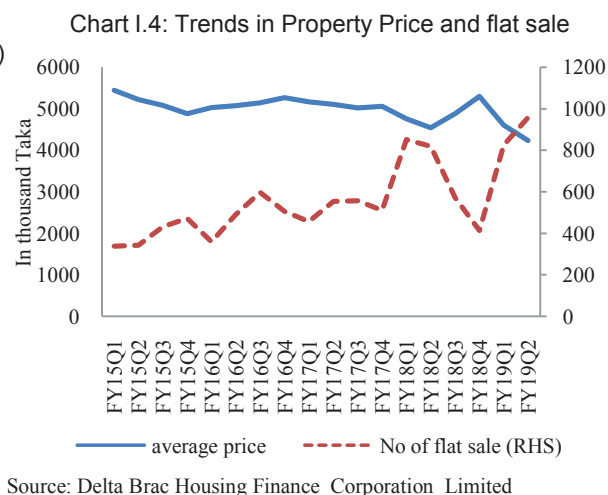
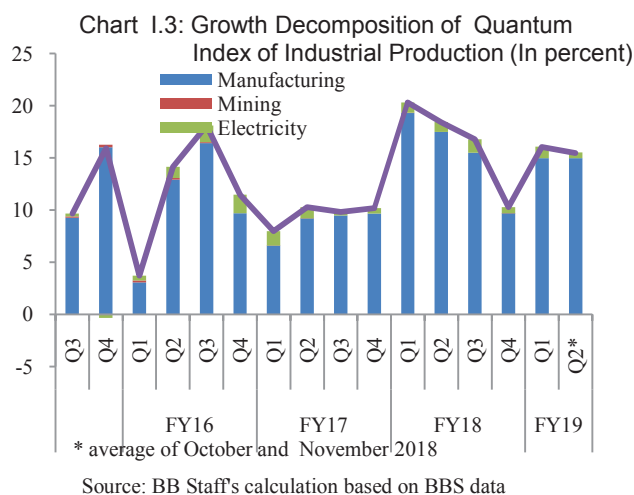


Chart 1.5 Heat Map for Large and Medium Scale Manufacturing Output Growth

(In percent)		Weight	FY17			FY18				FY19	
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2*
General Index of Manufacturing	100		10.0	10.3	10.6	21.4	21.8	16.8	10.6	16.5	16.3
Food products	10.8		-11	1	5	31	55	31	21	4	5
Beverage	0.3		-26	-27	17	10	-13	-9	-16	4	-10
Tobacco product	2.9		-1	26	-9	4	39	30	-2	0	-30
Textile	14.1		31	28	16	36	13	14	6	2	-2
Wearing apparel	34.8		5	0	-3	10	13	17	12	19	29
Leather and related product	4.4		52	57	76	80	71	45	24	19	52
Wood and product of wood and cor	0.3		9	8	7	5	4	4	4	4	5
Paper and paper products	0.3		2	2	0	1	1	1	1	1	1
Printing and recorded media	1.8		5	6	5	3	4	3	7	-9	-9
Coke and refined petroleum product	1.3		143	63	4	-42	-40	-40	-36	0	46
Chemical and chemical product	3.7		5	1	32	16	6	-13	-17	41	27
Pharmaceuticals products	8.2		22	41	47	45	34	22	6	38	3
Rubber and plastic products	1.6		5	3	2	7	20	16	16	12	6
Non-metallic mineral product	7.1		31	34	33	26	15	2	5	21	10
Basic metal	3.2		-3	-34	-2	0	14	8	5	4	1
Fabricated metal product	2.3		22	30	22	18	18	7	4	10	5
Computer and electronic products	0.2		18	-6	-12	-18	-37	-42	-10	3	28
Electrical equipments	0.7		84	68	34	33	-16	-11	-5	-37	44
Machinery and equipments	0.2		42	52	41	46	43	27	29	19	20
Motor vehicles and trailers	0.1		124	11	38	-72	-59	-27	5	237	233
Transport equipment	0.7		-6	4	6	18	12	1	5	-1	-5
Furniture	0.9		17	17	13	15	32	19	23	15	-1

Source: BB staff's calculation based on BBS data

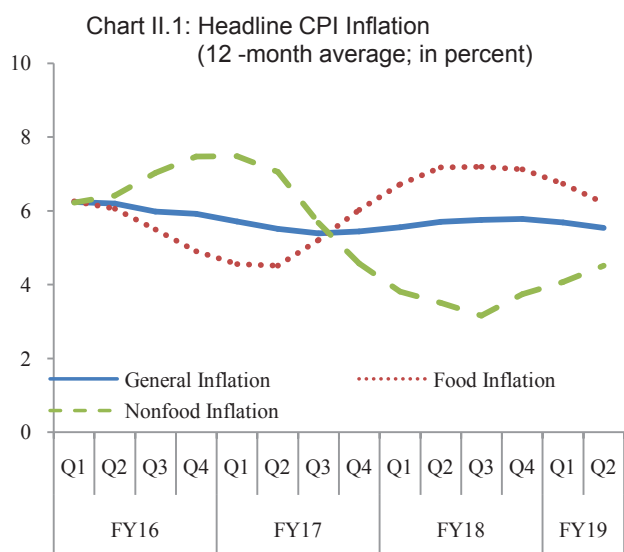
* Based on October and November 2018

Legend: ≤-10, -10~-5, -5~0, 0~5, 5~10, 10~15, ≥15

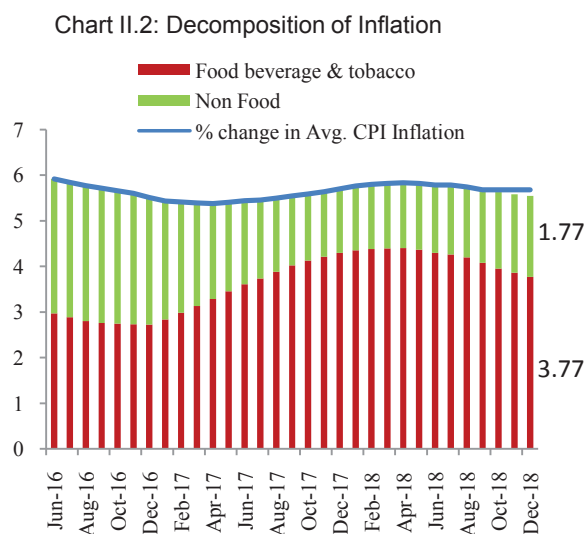
1.4 Generally, the performance of the agriculture and the industry sector positively affects the service sector activities. Despite the pickup in agricultural activities and strong industry sector growth, available indirect indicators of the service sector performance such as growth in cargo volume and credit to trade and commerce, and transport, depicted a mixed picture in Q2FY19. The volume of cargo handled through the Chittagong port increased by 4.8 percent in Q2FY19 compared to the same period of the previous fiscal year. Bank credit to trade and commerce and transport grew by 12.6 and 22.4 percent, respectively in Q2FY19.

II. Price Developments

2.1 Headline CPI inflation (12-month average) continued its steady fall since the last quarter of FY18 and reached 5.54 percent in Q2FY19, supported by declining food inflation. But non-food inflation has been rising steadily since December 2017. The decomposition of headline inflation



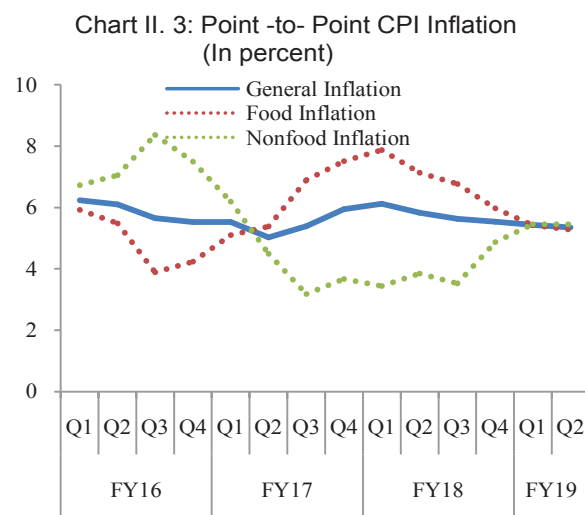
Source: Bangladesh Bureau of Statistics



Source: BB staffs calculation based on BBS data

shows that of the 5.54 percent inflation in December 2018, around 3.77 percent contributed by food inflation and the rest (1.77 percent) from non-food inflation.

2.2 Headline inflation (p-t-p) followed its falling trend and reached 5.35 percent (y/y) in Q2FY19. Food inflation has gradually eased since February 2018, reflecting a recovery in crop harvests. However, increasing non-food inflation such as clothing, footwear, transport and communication created a challenging factor for inflation to remain within the target during FY19.



Source: Bangladesh Bureau of Statistics

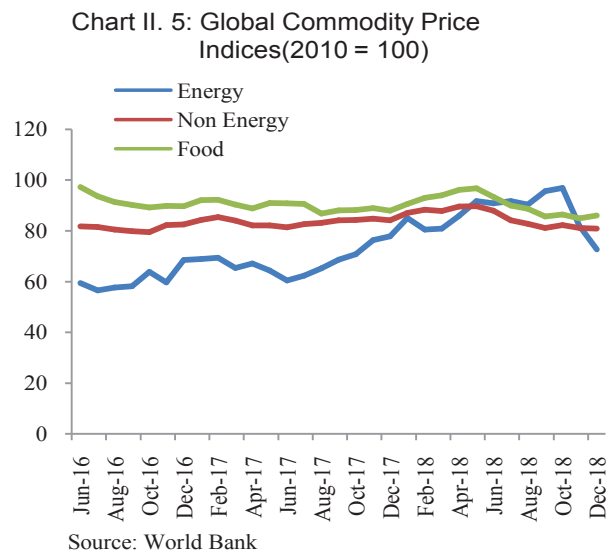
Chart II.4: Inflation Heat Map (In percent)

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
General	5.83	5.88	5.72	5.68	5.63	5.57	5.54	5.51	5.48	5.43	5.40	5.40	5.40
Food,Beverage and Tobacco	7.13	7.62	7.27	7.09	7.03	6.56	5.98	6.18	5.97	5.41	5.08	5.08	5.08
I. Food	7.93	8.40	8.86	8.42	8.28	5.84	5.04	5.33	5.09	4.18	3.81	3.81	3.81
(a) Cereals	17.68	15.87	18.24	19.81	17.41	4.83	-6.03	1.22	2.95	-2.61	1.38	1.38	1.38
(i) Rice	18.53	16.56	19.09	20.73	18.17	4.79	-6.72	1.00	2.87	-3.02	1.15	1.15	1.15
(ii) Other Cereals	4.66	4.71	4.53	4.85	4.76	11.70	15.18	5.10	4.31	4.88	5.41	5.41	5.41
(b) Pulses:	-18.26	-14.90	-9.60	-9.46	-6.46	-1.53	-3.21	-5.71	-3.34	4.11	10.15	10.15	10.15
(c) Fish (fresh) & dry fish	-11.06	-10.30	-9.89	-8.50	-4.98	-8.58	2.87	14.46	15.19	20.67	21.66	21.66	21.66
(d) Eggs and Meat	10.88	11.22	7.28	3.86	3.87	3.92	-7.48	3.30	2.82	3.11	3.73	3.73	3.73
(e) Vegetable	10.13	22.46	5.58	-0.07	-1.83	17.52	34.93	12.28	5.90	6.67	-5.35	-5.35	-5.35
(f) Fruits	-2.58	-0.40	4.31	8.08	8.31	15.64	27.68	23.95	23.29	24.23	18.84	18.84	18.84
(g) Spices	18.31	13.12	5.21	-0.08	1.14	0.37	0.67	1.05	-2.29	-0.16	-7.52	-7.52	-7.52
(h) Edible oils & fats	2.36	1.46	1.11	1.73	1.75	1.84	1.80	1.90	2.00	2.24	2.09	2.09	2.09
(i) Milk and milk products	1.24	1.10	1.07	1.17	1.18	1.17	1.21	1.35	1.43	2.92	3.09	3.09	3.09
(j) Miscellaneous food items	5.14	4.28	3.83	3.83	5.01	5.00	4.96	5.67	5.77	5.91	7.00	7.00	7.00
2. Beverage	1.13	0.75	0.28	0.38	0.38	0.38	0.66	0.66	0.66	0.47	0.28	0.28	0.28
3. Tobacco & Products	-0.12	0.72	13.44	15.97	16.91	16.21	17.88	16.92	17.15	21.01	21.28	21.28	21.28
Non-food	3.85	3.23	3.36	3.52	3.49	4.08	4.87	4.49	4.73	5.45	5.90	5.90	5.90
I. Clothing and Footwear	2.64	6.55	6.67	6.70	6.22	6.94	10.02	9.79	9.98	10.41	10.88	10.88	10.88
II. Rent, Fuel & Lighting	4.77	1.89	1.91	1.64	1.68	2.03	1.91	1.31	1.75	2.21	2.65	2.65	2.65
III. Household Furniture, operations and repairing	5.72	5.75	5.81	6.66	6.85	7.51	7.46	5.81	5.64	7.53	7.48	7.48	7.48
IV. Medical Care & Health Expenses	0.97	1.06	1.25	1.66	1.76	2.08	2.20	2.11	2.73	3.10	3.32	3.32	3.32
V. Transport and Communication	2.97	2.86	3.35	3.61	3.74	4.22	6.14	5.28	6.06	7.23	8.14	8.14	8.14
VI. Recreation & Educational Expenses	6.24	0.99	1.06	1.02	1.04	1.07	1.15	1.14	1.10	1.17	1.27	1.27	1.27
VII. Miscellaneous Goods & Services	2.2	2.5	2.5	3.3	3.3	5.3	5.4	7.3	6.6	7.3	8.3	8.3	8.3

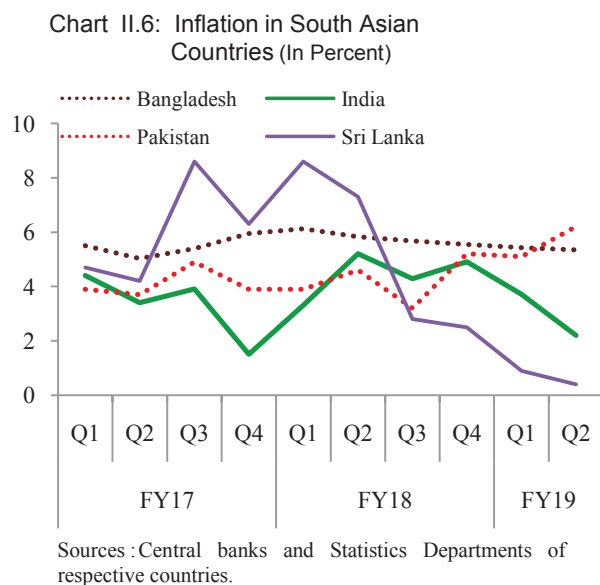
Source: BB staff's calculation based on BBS data

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2.3 In Q2FY19 global commodity prices witnessed a mixed trend due to some supply factors such as oil price fluctuations, an appreciation of the US dollar, trade tensions between major economies and financial market pressures in some emerging market and developing economies. Global energy prices reached their recent highs in October 2018, reflecting the confront of supply factors including US policy on Iranian oil exports, before reversing since November 2018 from higher production of other OPEC countries. Similarly, crude oil prices were declined to a 13-month low of \$57/bbl in December 2018, before peaking at \$77/bbl in October. Non-energy commodity prices declined to 3.5 percent in Q2FY19 as compared to Q2FY18 (Chart II.5).



2.4 Regional inflation shows a moderating scenario as inflation in most of the South Asian economies except Pakistan declined in Q2FY19. Inflation in India and Sri Lanka declined to 2.2 percent and 0.4 percent, respectively, in December 2018, down from 3.7 percent and 0.9 percent, respectively, in September 2018. On the other hand, inflation in Pakistan edged up to 6.2 percent in December 2018 from 5.1 percent in September 2018 (Chart II.6).



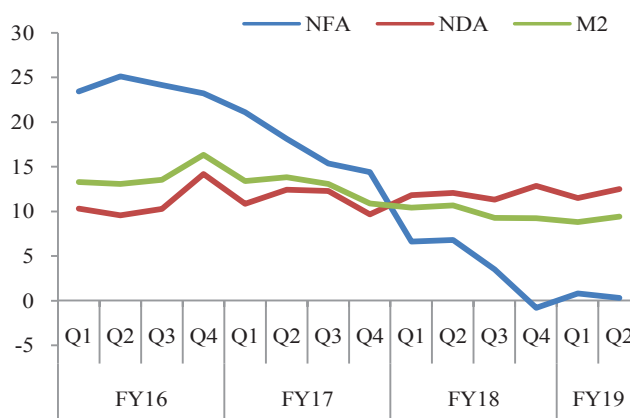
2.5 Looking ahead, moderate trend of global food and energy prices and favorable domestic production reduce inflation risks over the short to medium term. However, the inflation outlook remains subject to significant upside risk from rising non-food inflation.

III. Money and Credit Market Developments

3.1 Almost all monetary aggregates in H1FY19 stayed close to or below the monetary program path. In December 2018 (Q2FY19), broad money (M2) growth of 9.4 percent was close to the programmed target of 10.2 percent set for December 2018, but the growth is higher than last quarter (8.8 percent). NDA growth of 12.5 percent was below target in spite of a strong performance in credit to public sector. NFA registered a growth of 0.3 percent in Q2FY19 which was much higher compared to the program level (-1.2 percent) for December 2018 (Table III.1 and Chart III.1). Reserve money growth of 8.1 percent met the 8.0 percent target set for December 2018. Narrow money (M1) increased by 9.3 percent at the end of December 2018, higher than 5.9 and 6.2 percent growth recorded at the previous two quarters.

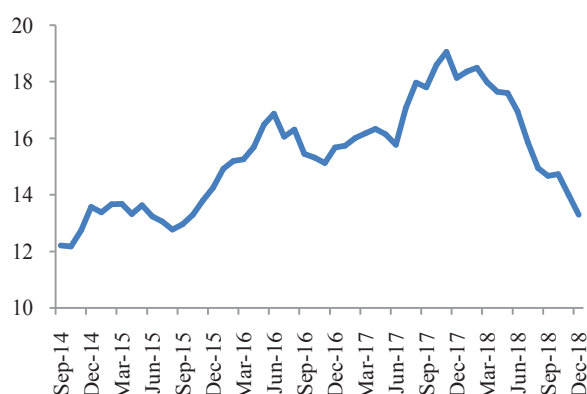
3.2 Private sector credit growth (13.3 percent) moderated further in Q2FY19. In fact, private credit growth has been falling since March 2018 after registering 18.0 percent growth (Chart III.2). The slowdown can be attributed to industrial and agricultural sector activity as credit to these sectors grew by 13.7 percent and 1.5 percent respectively during the quarter under review. In contrast, credit to construction and trade and commerce picked up in Q2FY19 (Chart III.3).

Chart III.1: Broad Money, NFA and NDA Growth (In percent)



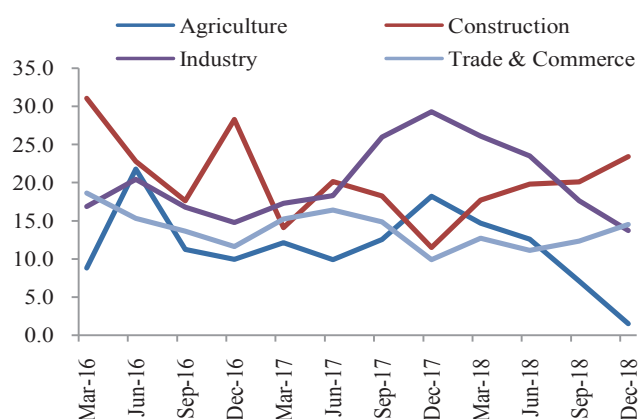
Source: Bangladesh Bank

Chart III.2: Private sector credit growth (In percent)



Source: Bangladesh Bank

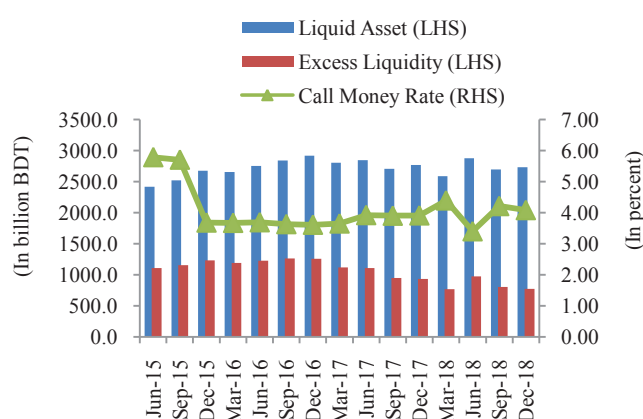
Chart III.3: Sectoral Private Credit Growth (In percent)



Source: Bangladesh Bank

3.3 The liquidity condition in the banking system was comfortable during Q2FY18. Overall liquidity has slightly increased whereas excess liquidity moderated. Call money market rate edged down to 4.09 percent at the end of December 2018 compared to 4.22 percent at the end of September 2018 (Chart III.4). Both weighted average lending and deposit rate inched down to 9.49 and 5.26 percent in Q2FY19 compared to 9.54 and 5.27 percent in Q1FY19. This led the spread to reduce by 4 basis points to 4.23 percent at end Q2FY19 compared to 4.27 percent in Q1FY19 (Chart III.5).

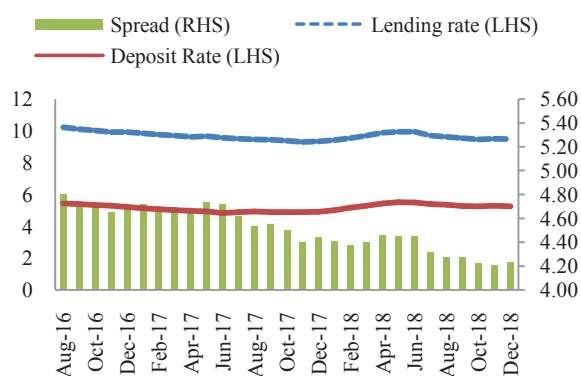
Chart III. 4: Liquidity Condition



Source: Bangladesh Bank.

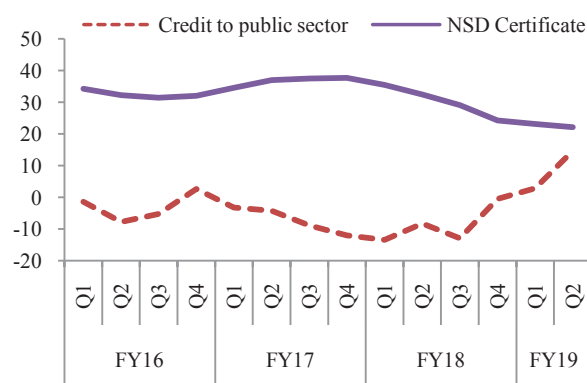
3.4 The public sector credit grew by 14.7 percent (y/y) in December 2018, compared to 2.9 percent in September 2018 and negative 7.9 percent in December 2017 (Chart III.6). Claims by BB on government shot up by 105.6 percent in December 2018 as large volumes of treasury bonds and bills were devolved on the central bank. On the other hand, banks have also purchased significant amounts of longer-term Treasury bonds with a very little amount of T-bills during the same time period. (Table III.1). Outstanding of NSC showed a 22.2 percent growth during the same period.

Chart III.5: Lending-Deposit Rates and Spreads (In percent)



Source: Bangladesh Bank

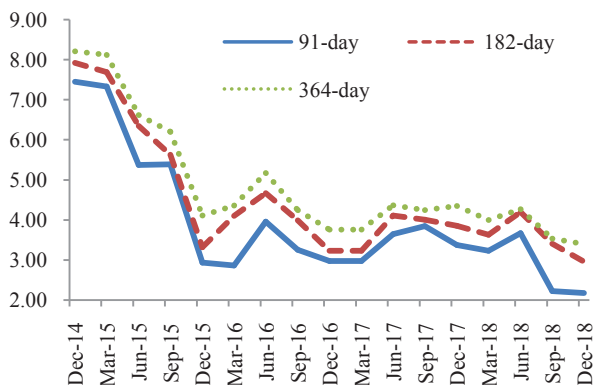
Chart III.6: Growth of Public Sector Credit and Outstanding NSC (In percent)



Sources: Bangladesh Bank; National Savings Directorate

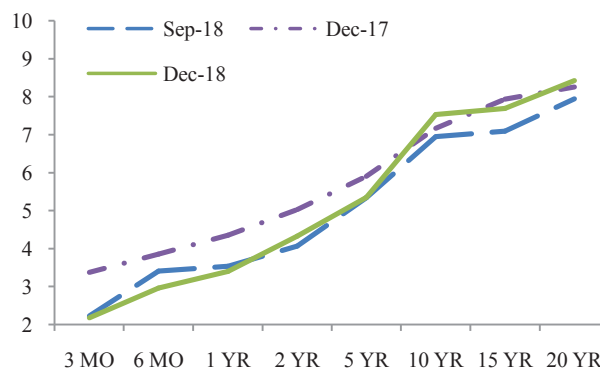
3.5 Yield on T-bills continued to edge down. The yields on 91-day, 182-day and 364-day T-bills were 2.18, 2.96 and 3.40 percent respectively at the end of December 2018 compared to 2.23, 3.41 and 3.54 percent at the end of September 2018. On the other hand, yields on the longer-maturity government treasury bills and bonds went up in the same period. The yields on 2-year, 5-year, 10-year, 15-year and 20-year BGTB were 4.33, 5.35, 7.53, 7.69 and 8.42 percent in the quarter under review. The lower end of the government security yield curve flattened in Q2FY19 compared to Q2FY18 (Chart III.6 and III.7).

Chart III.7: Yield on T-Bills (In percent)



Source: Bangladesh Bank

Chart III.8: Government Security Yield Curves (In percent)



Source: Bangladesh Bank

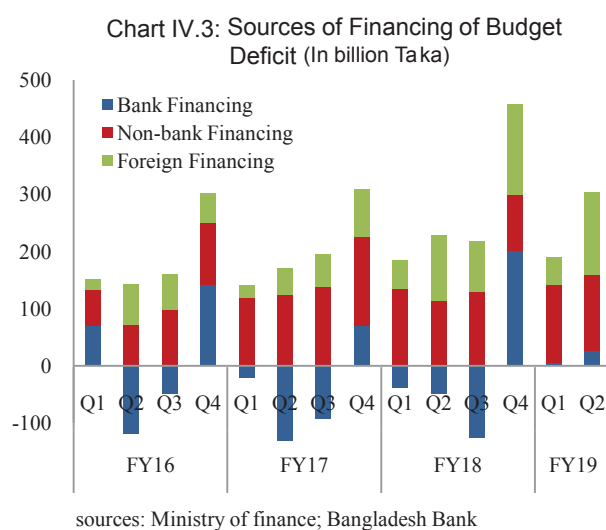
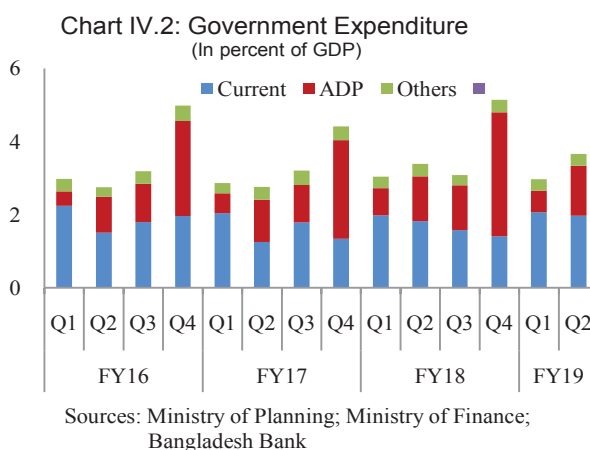
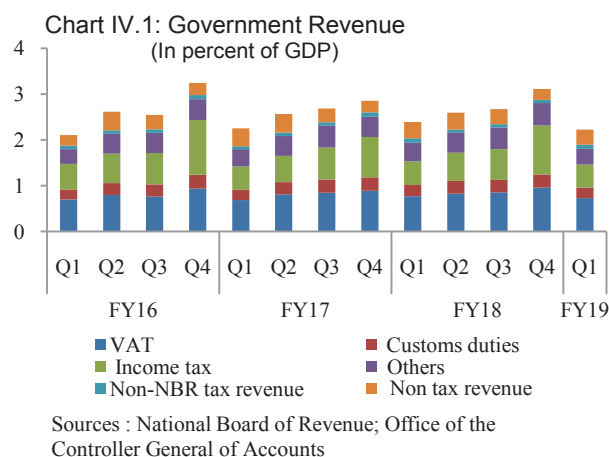
IV. Fiscal Developments

4.1 Fiscal deficit widened in Q2FY19 compared to Q1FY19 due to a moderate growth in revenue collection over much higher growth in expenditure. A half of the deficit financing was met from domestic sources and the rest of from external sources during the quarter under review. Of the domestic sources, non-bank financing covered about more than three-fourth in Q2FY19.

4.2 Total revenue collection increased moderately by 7.5 percent (y/y) to BDT 627.0 billion in Q2FY19 due to lower tax collection, particularly from customs duties and income tax (Chart IV.1). In Q2FY19, NBR tax revenue collection rose by 6.8 percent to BDT 518.6 billion from Q2FY18. The value added tax (14.7 percent) and income tax (8.6 percent) were the main driver of NBR revenue collection. Total revenue collection during H1FY19 met only 35.1 percent of annual budget target (BDT 3,392.8 billion) for FY19.

4.3 Overall expenditure accelerated in Q2FY19 due to higher growth in ADP expenditure and current expenditure (Chart IV.2). Total expenditure amounted to BDT 929.9 billion (3.7 percent of GDP) in Q2FY19. Of the total expenditure, current spending rose by 22.0 percent to BDT 500.4 billion and ADP expenditure grew by 25.9 percent to BDT 347.2 billion. During H1FY19, total fiscal expenditure was about 36.2 percent of the annual revenue target of BDT 4,645.7 billion for FY19.

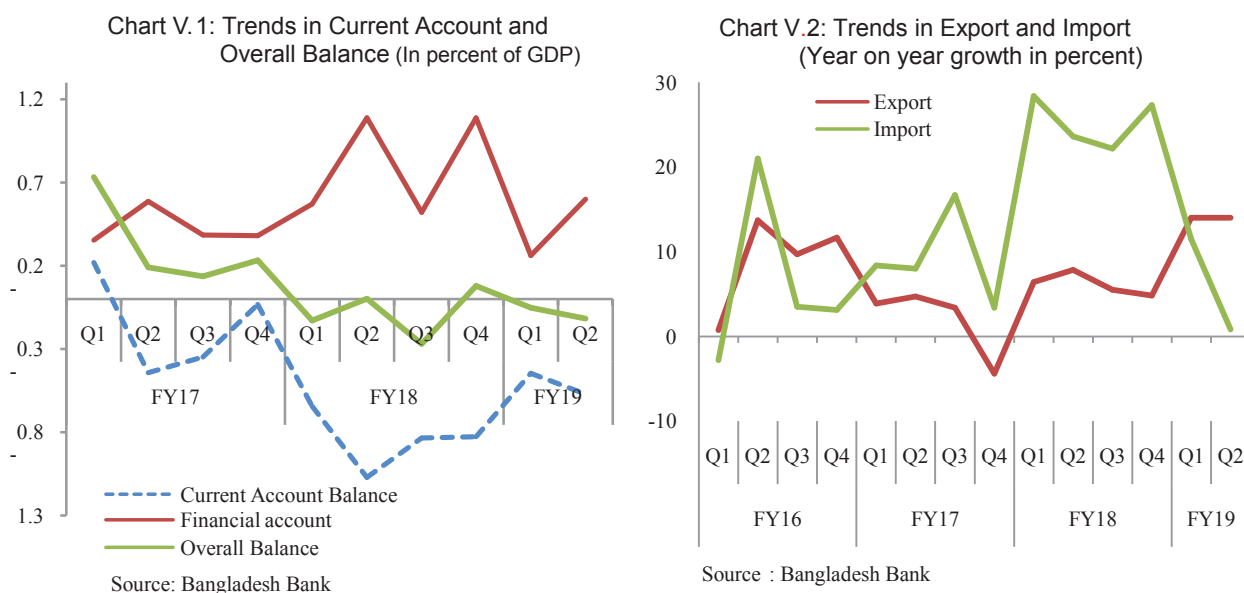
4.4 The fiscal deficit widened to 1.2 percent of GDP in Q2FY19 from 0.8 percent a year ago as a result of moderate revenue collection over much higher expenditure. The deficit reached at BDT 302.8 billion Q2FY19, up 68.5 percent from Q2FY18. In H1FY19, budget deficit covered about 40.6 percent of projected deficits of BDT 1,212.4 billion in budget FY19.



4.5 The deficit financing from domestic sources rebounded sharply in Q2FY19, up 145.7 percent from the level of Q2FY18 and was mostly met up from non-bank sources (Chart IV.3). Bank financing also continued its positive trend from last two quarters. Of the total deficit financing, domestic financing amounted to BDT 158.2 billion (0.6 percent of GDP) and foreign financing amounted to BDT 144.7 billion (0.6 percent of GDP) in Q2FY19.

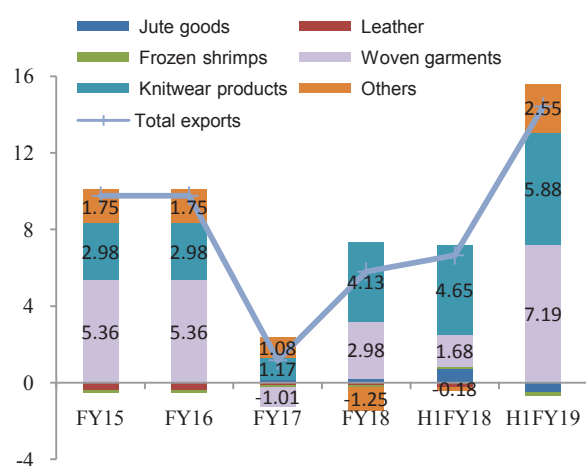
V. External Sector Developments

5.1 Current account deficit inched up in Q2FY19 compared to Q1FY19 due to slower growth in remittance inflow. (Chart V.1). Higher export growth along with fairly low growth in import released some pressure on trade deficit during the quarter under review. Despite improvement in capital and financial account, overall balance remained negative in Q2FY19, due to the sharp widening in deficit of error and omission account during Q2FY19.



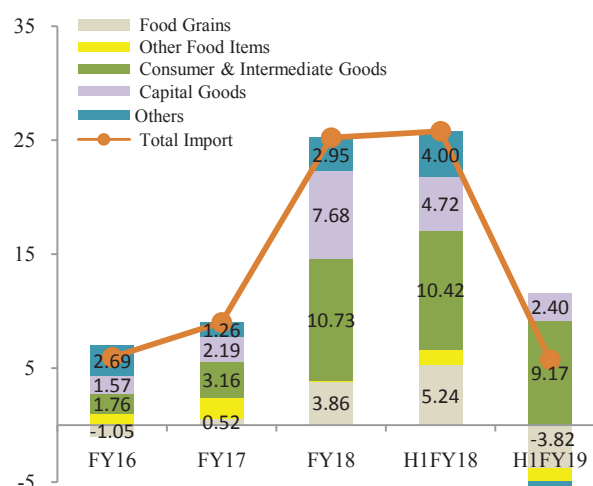
5.2 Trade deficit edged down to 1.3 percent of GDP in Q2FY19 as compared to 1.8 percent of GDP in Q2FY18 due to robust growth in export against slower growth in import. Import grew at a lower rate of 0.8 percent in Q2FY19 compared to 23.6 percent in Q2FY18, which was the lowest in last 13 quarters. The lower import growth was attributable mainly to sharp decline in imports of food items and slower growth in investment related goods. On the other hand, the higher growth of RMG related export helped to keep export growth stable at 14.0 percent during Q2FY19 (Chart V.3 4).

Chart V.3: Decomposition of Export Growth



Source: BB staff's calculations based on EPB data

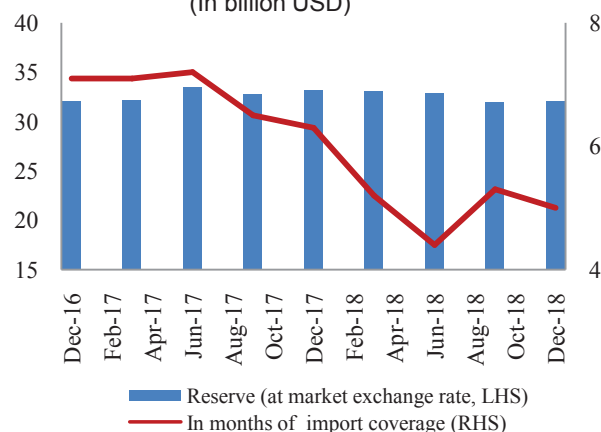
Chart.V.4: Decomposition of Import Growth



Source: BB staff's calculations based on NBR data

5.3 While current account deficit (CAD) slightly narrowed in Q2FY19 as compared to Q2FY18, the declining net capital and financial inflows dominated by medium and long term loan was less than sufficient to finance CAD. Capital and financial inflows tapered by 39.8 percent to USD 1.88 billion in Q2FY19 from the level of Q2FY18 which covered the entire CAD financing of Q2FY19. In comparison to Q1FY19 capital and financial inflow increased by 129 percent in Q2FY19. The higher inflow in capital and financial account resulted from expanding inflow in net foreign direct investment (FDI) and MLT loan under net other investment category in Q1FY19. Total aid including grants and loans went up by 8.1 percent during the quarter due to rising medium and long term external borrowings as compared to the same quarter of previous year.

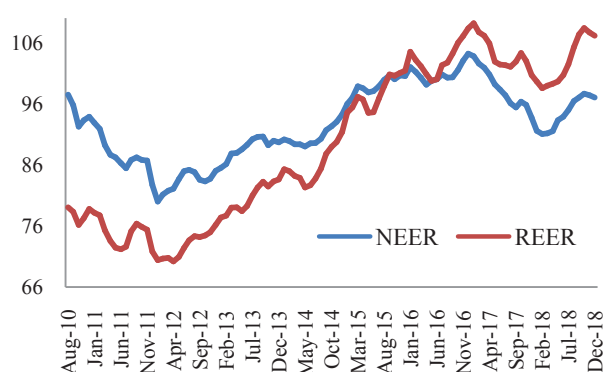
5.4 The growth in remittance inflows moderated to 2.4 percent in Q2FY19 compared to 13.2 percent in Q1FY19. Gulf based remittance inflows constituted around 58.4 percent of total remittance during the quarter under review, supported by higher remittance inflows from Saudi Arabia, Kuwait and Qatar. Remittance inflows from Euro Region and Asia Pacific region were stable, while, inflows from the rest of the world reduced by 2.7 percent during the quarter under review.

Chart VI. : International Reserve
(In billion USD)

Source: Bangladesh Bank

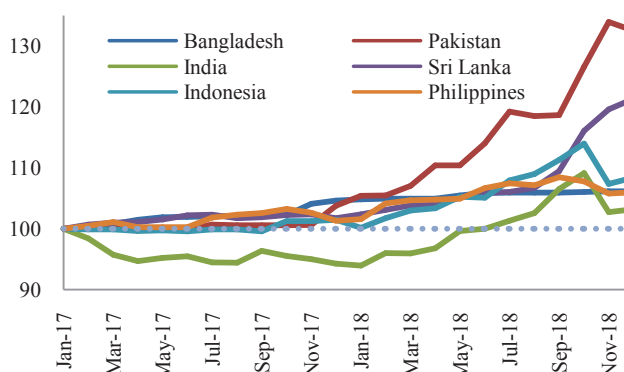
5.5 Persistent current account deficit in the last several quarters put pressure on exchange rate during the quarter under review and Taka depreciated by 1.43 percent (y/y) in Q2FY19. Bangladesh Bank continued its intervention in the foreign exchange market by net selling of foreign currency to avoid excessive volatility during the quarter under review. Foreign exchange reserve slightly edged down to USD 32.2 billion at the end of Q2FY19 and its coverage of import remained at an adequate level of 5 months (Chart V.5). Given the recent movement in Taka against US Dollar, the shifts in major currencies' movements and the inflation in the trading partner countries, NEER and REER appreciated by 3.5 and 6.4 percent (y/y) respectively in Q2FY19 (Chart V.6). Nominal exchange rate of the most peer countries appreciated except Pakistan and Sri Lanka (Chart V.7).

Chart.V.6: Effective Exchange Rate Indices
(Base: 2015-16=100)



Source: Bangladesh Bank

Chart.V.7: Cross-Country Nominal Exchange Rate Indices
(Base: Jan 2017=100)



Source: IFS

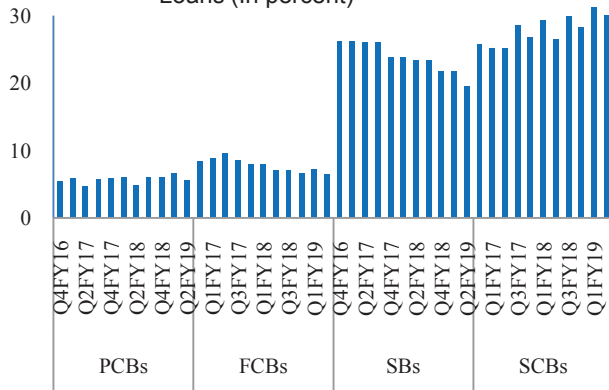
5.6 Looking ahead, external sector outlook is likely to remain favorable due to the lower import growth and strong external demand. The stable economic activities in Middle East are expected to help remittance inflow. The supportive policy for reducing the cost of remittance transfer and curbing the role of unauthorized intermediaries in transferring remittance and also maintained exchange rate flexibility could boost up remittance earnings. The lower food and energy price in the global market will support to continue moderate import growth in coming quarters.

VI. Banking Sector Performances

6.1 The performance of the banking sector's indicators show some improvement during Q2FY19, as reflected in the non-performing loan (NPL), capital adequacy, provision shortfall position and liquidity conditions. During Q2FY19, overall NPL went down, driven mainly by the performance of the state-owned commercial banks (SCBs) and private commercial banks (PCBs).

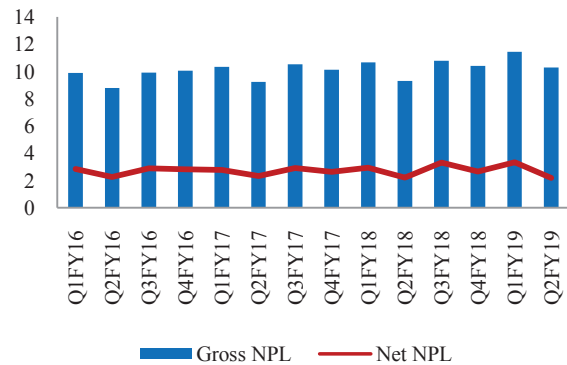
6.2 Overall NPL in the banking sector declined in Q2FY19 compared to Q1FY19. Gross NPL for private commercial banks (PCBs) moderated from 6.7 percent in Q1FY19 to 5.5 percent in Q2FY19. Gross NPL for SCBs also fell by 1.3 percentage point to 30.0 percent in Q2FY19, however maintaining a weaker provisioning (Table 6.1, Table VI.1 and Chart VI.1). The system-wide gross NPL edged down by 1.2 percentage point during the quarter to 10.3 percent (Table VI.2 and Chart VI.2).

Chart VI.1: Ratio of Gross NPLs to Total Loans (In percent)



Source: Bangladesh Bank

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



Source: Bangladesh Bank

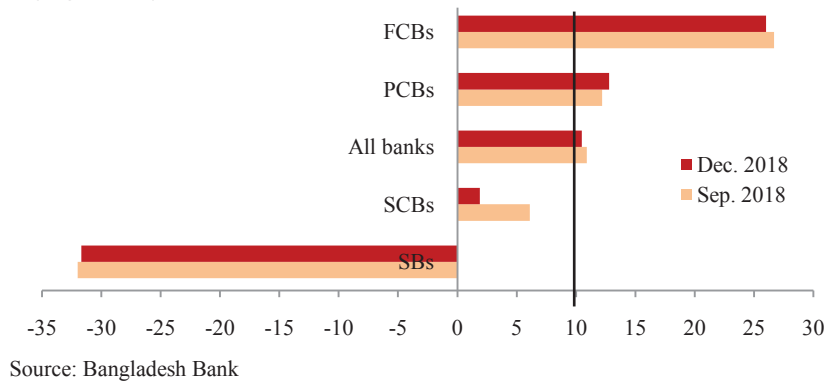
6.3 Overall capitalization of the banking system remained stable at the end of December 2018. The CRAR for private commercial banks rose modestly from 12.2 percent in Q1FY19 to 12.8 percent in Q2FY19 and remained well capitalized. Capital position of SCBs fell from 6.1 percent in Q1FY19 to 1.9 percent in Q2FY19, indicating weaker capitalization (Chart VI.3 and Table VI.3).

6.4 Profitability of the banking sector moderated in 2018 as reflected by return on asset (ROA) and return on equity (ROE). ROE for private commercial banks moderated from 12.0 percent in 2017 to 11.0 percent in 2018. ROE for SCBs also declined to -29.6 percent in 2018 from 3.5 percent in 2017 (Table VI.4).

Table 6.1: Comparative Position of Classified Loan and Provision Maintained

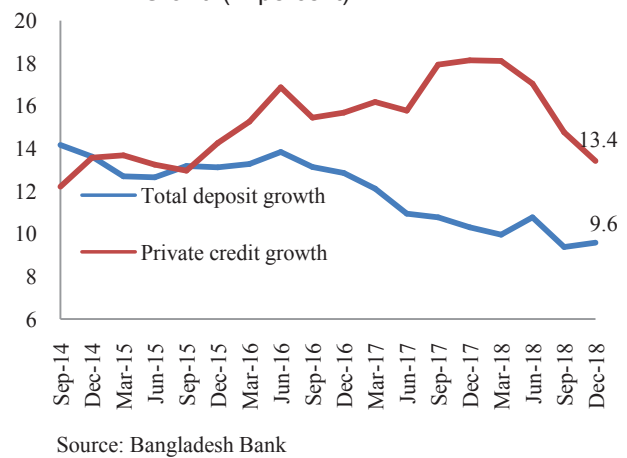
(In billion of BDT)						
Quarter	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q3 FY18	Total classified loan	436.9	54.3	372.9	21.9	885.9
	Required provision	243.1	26.1	207.5	15.7	492.4
	Provision maintained	147.8	27.6	221.0	16.4	412.8
	Excess(+)/shortfall(-)	-95.3	1.5	13.4	0.8	-79.6
Q4FY18	Total classified loan	428.5	52.4	389.8	22.7	893.4
	Required provision	252.9	25.0	234.6	16.2	528.8
	Provision maintained	162.0	27.9	242.0	17.0	448.9
	Excess(+)/shortfall(-)	-90.9	2.9	7.4	0.7	-79.9
Q1FY19	Total classified loan	480.8	52.4	436.7	23.8	993.7
	Required provision	270.1	25.0	253.1	16.6	564.9
	Provision maintained	177.2	27.9	261.2	17.3	483.6
	Excess(+)/shortfall(-)	-92.9	2.9	8.1	0.7	-81.3
Q2FY19	Total classified loan	487.0	47.9	381.4	22.9	939.1
	Required provision	289.3	23.4	241.1	16.6	570.4
	Provision maintained	210.6	25.9	250.2	17.6	504.3
	Excess(+)/shortfall(-)	-78.6	2.5	9.0	1.0	-66.1

Chart VI.3: Capital to Risk Weighted Assets Ratio (CRAR)
(In percent)



6.5 Private sector credit growth moderated further to 13.4 percent in Q2FY19 from 14.8 percent in Q1FY19, a three year low, while deposit growth remained almost unchanged at 9.6 percent in Q2FY19 (Chart VI.4). As a result, overall advance deposit ratio (ADR) in the banking system edged up to 77.5 percent in Q2FY19 from 76.4 percent in Q1FY19, though remaining below the maximum regulatory ceiling (Chart VI.5 and Table 6.2). Consequently, excess liquidity moderated in the banking system in Q2FY19.

Chart VI.4: Private Credit and Deposit Growth(In percent)

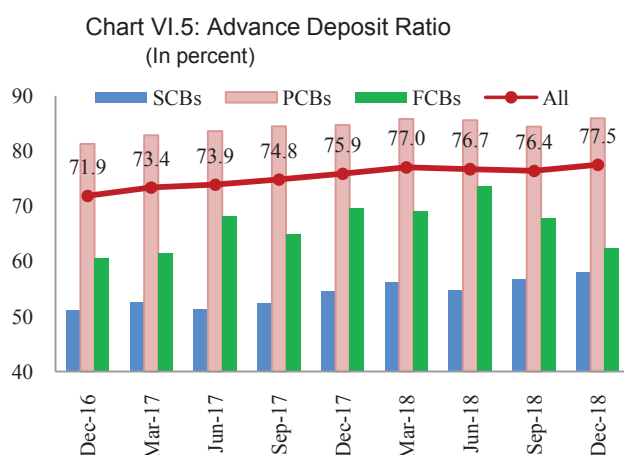


6.6 Overall liquidity condition in the banking system remained stable and adequate in Q2FY19 (Table 6.3). Excess liquidity, the excess of CRR and SLR as percent of total demand and time liabilities (TDTL) remained stable in Q2FY19 (Chart VI.6)

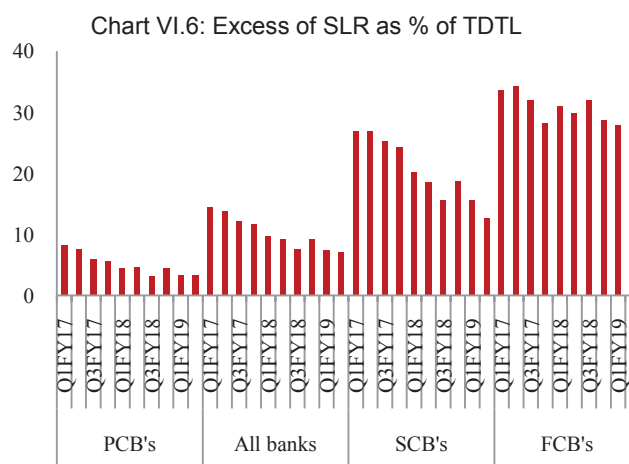
Table 6.2: Deposit and Advance Position of Scheduled Banks (In percent)

Bank groups	Year-on- year growth of deposit, % (excluding interbank)*		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Dec. 18	Sep. 18	Dec. 18	Sep. 18	Dec. 18	Sep. 18
SCBs	7.7	6.1	14.2	14.8	58.1	56.7
PCBs	11.5	12.1	14.3	14.0	85.9	84.4
FCBs	30.7	11.3	15.3	15.3	62.4	67.9
SBs	4.9	6.5	5.8	3.5	79.2	77.6
All	11.1	10.2	14.1	13.8	77.5	76.4

Source: Bangladesh Bank. *Adjusted deposits growth for ADR



Source: Bangladesh Bank



Source: Bangladesh Bank, staff's calculation

Table 6.3: Liquidity Position of the Scheduled Banks

(In billion of BDT)

Bank groups	CRR			SLR		
	CRR requirement	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 end-December, 2018						
SCBs	155.0	176.1	21.1	362.7	720.7	358.0
SBs*	280.6	305.8	25.2	663.2	853.4	190.2
PCBs (other than Islamic)	123.0	160.0	37.0	123.0	184.1	61.2
Private Banks (Islamic)	26.5	88.3	61.8	61.1	226.5	165.4
FCBs	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
As of end-September, 2018						
SCBs	154.0	203.1	49.2	360.3	797.7	437.3
SBs*	15.5	15.2	-0.2	0.0	0.0	0.0
PCBs (other than Islamic)	272.1	290.1	18.0	643.1	825.3	182.2
Private Banks (Islamic)	119.0	152.6	33.5	119.0	173.2	54.2
FCBs	24.9	49.1	24.2	57.5	190.0	132.6
All	585.5	710.2	124.7	1180.0	1986.3	806.3

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)

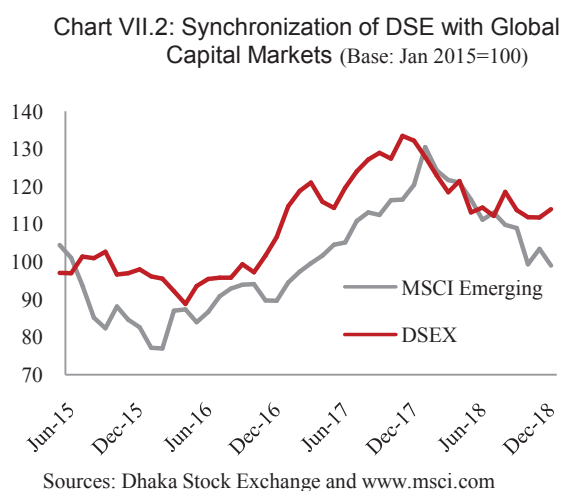
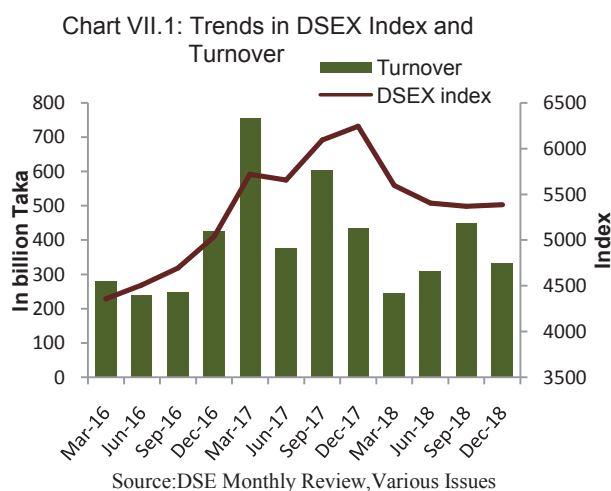
Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

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

6.7 Although NPL ratio has moderated during this quarter, a judicious surveillance is needed to manage those stressed assets for financial stability. The slower pace in credit growth aided stable liquidity conditions but moderate deposit growth is a concern for maintaining stable liquidity. However, the focus remains on ensuring that credit goes to productive sectors that support inclusive growth and macro-financial stability.

VII. Capital Market Developments

7.1 The performance of the capital market witnessed a mixed trend during Q2FY19, as reflected in price indices, market capitalization, price earnings ratio, and turnover. The price index inched up while total turnover drooped during the quarter under review. The movements in the Dhaka Stock Exchange (DSE) indices are closely associated with that of the global equity market due to growing trade and financial integration and the increased participation of global portfolio investors in DSE. Market capitalization rose 0.7 percent to BDT 3321.1 billion in Q2FY19 from Q1FY19 (Chart VII.1 and VII.2).



7.2 The key indicators of the capital market, the DSE broad index (DSEX) inched up while DSE-30 index moderated in Q2FY19. The DSEX index was 0.3 percent higher than in September 2018 but 13.8 percent lower than in December 2017. The DSE-30 index declined by 0.5 percent and 17.6 percent from September 2018 and December 2017 respectively (Chart VII.1 and Table VII.1). Sector-wise index¹ show that food and allied product reached the highest (3714) while banking sector remained the lowest level (209) (Chart-VII.4).

7.3 The overall price-earnings (PE) ratio of the DSE edged up in Q2FY19. The average price earnings ratios rose to 15.19 in December 2018 from 15.17 in September 2018. Sector-wise PE data show that banking sector's PE score was the lowest position while that of the cement sector was highest in Q2FY19 (Chart VII.3).

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

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

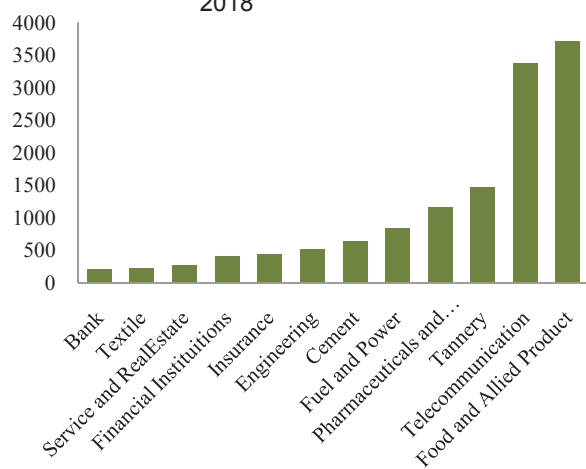
Sector	Share of Total M.cap Dec-18	Dec-13	Dec-14	Dec-15	Dec-16	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Bank	17.6	10.0	8.6	7.4	8.1	10.7	11.2	9.0	8.8	8.8	9.1
Financial Institutions	5.8	19.5	19.5	15.1	17.1	24.4	20.9	14.9	14.7	13.6	14.0
Engineering	5.7	23.7	22.5	29.5	23.0	20.7	18.7	16.5	16.8	17.9	15.5
Food & Allied	8.3	28.0	33.5	30.3	28.0	25.3	28.3	28.2	26.7	25.7	26.7
Fuel & Power	13.0	11.9	12.8	12.3	11.1	12.2	11.8	11.0	12.6	14.3	14.9
Textile	4.3	18.0	13.2	10.5	12.7	14.4	18.6	16.0	17.6	18.0	18.0
Pharmaceuticals	15.3	22.5	26.4	27.3	14.8	17.6	21.1	21.3	20.6	19.2	18.6
Service & Real Estate	0.5	22.7	42.8	34.7	29.2	31.3	20.6	17.1	16.7	16.7	15.6
Cement	3.1	19.4	34.8	27.2	26.5	21.5	25.0	21.4	34.6	33.7	35.9
IT	0.5	23.2	23.7	17.4	29.6	33.3	28.0	25.4	26.0	27.4	23.8
Tannery	0.8	16.0	20.2	24.1	24.2	21.6	18.1	17.4	15.8	17.0	19.0
Insurance	3.1	18.5	13.5	10.6	13.1	14.8	14.5	12.9	11.0	11.9	11.7
Telecommunication	15.4	16.1	33.6	18.0	20.3	25.6	28.6	28.0	19.5	18.5	18.6
Miscellaneous	6.1	17.2	46.2	32.7	27.8	21.3	21.3	20.5	16.9	27.8	25.8

Sources: DSE Monthly Review, Various Issues



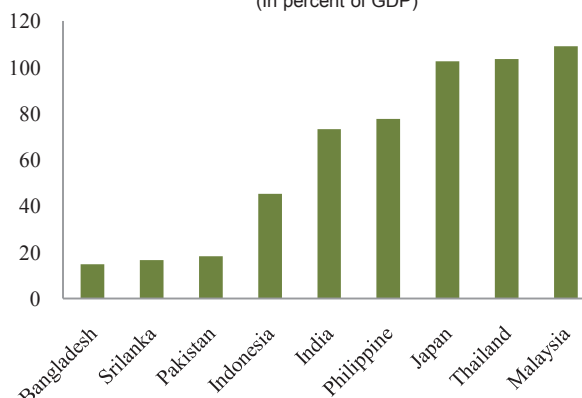
7.4 The issued capital in the DSE continued to expand, but total turnover growth has moderated in Q2FY19. The value of issued equity and debt increased by 2.1 percent and three new companies were listed in the capital market in Q2FY19. Thus the number of listed securities rose to 357 at the end of Q2FY19. Total turnover value dropped by 26.4 percent during Q2FY19 compared to previous quarter (Chart VII.1). Market liquidity as measured by the Turnover Velocity Ratio (TVR)² decreased to 39.9 percent in Q2FY19 from 47.4 percent in Q1FY19.

Chart VII.4: Index of Major Sectors, December 2018



Source: DSE Monthly Review, December 2018

Chart VII.5: Selected Countries; Stock Market Capitalization, December 2018
(In percent of GDP)



Source : DSE Monthly Review, January 2018

7.5 The growth in total turnover by foreign and non-resident Bangladeshi increased but net investment reduced during Q2FY19 as some investors locked in their profits. In Q2FY19 investment by foreign and non-resident Bangladeshi investors edged up to BDT 8.5 billion from BDT 8.4 billion in Q1FY19. The net portfolio investment of foreign and non-resident Bangladeshi reduced to BDT-3.25 billion in Q2FY19 due to increasing sales of BDT 11.8 billion from 8.3 billion in Q1FY19.

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

Table 7.1: Selected Countries: Price Earnings Ratio and Dividend Yield as of December 2018		
Country	Price Earnings Ratio	Dividend Yield
Bangladesh	15.30	3.63
India	23.50	1.20
Sri Lanka	9.65	3.09
Thailand	15.03	1.75
Hong Kong	10.45	-
China	12.49	-

Source: DSE Monthly Review, December 2018

7.6 Cross-country data on price earnings (PE) ratios as of December 2018 show that Bangladesh has the moderate PE ratio among the South and East Asian countries while dividend yield of Bangladesh is the highest among these countries (Table 7.1). Market capitalization in Bangladesh remains low at around 20 percent of GDP.

Box

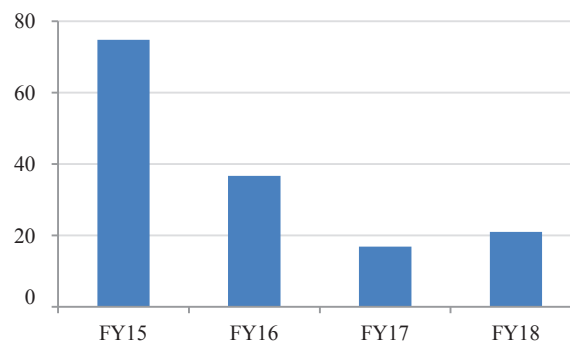
Box-1

Foreign Exchange Market Dynamics in Bangladesh"

Foreign exchange market dynamics in Bangladesh has been evolved overtime in tandem with increasing openness of the economy including import, export and remittances growth. During FY15-FY18, a mixed trend was observed in interbank foreign exchange transactions volume. The foreign exchange market is segmented in two categories based on market participants i.e. interbank and other than interbank. Authorized dealers (scheduled banks) and Bangladesh Bank are engaged in interbank transactions while both banks and money changers are engaged in transactions with the business entities and individuals. Currently 59 scheduled banks with 1010 branches and 225 money changers are doing their foreign exchange business in the country. Banks (authorized dealers) are the dominant player because remittance, exports and imports proceeds are solely transacted through banking channel, while a part of the foreign exchanges are transacted by the money changers within the country.

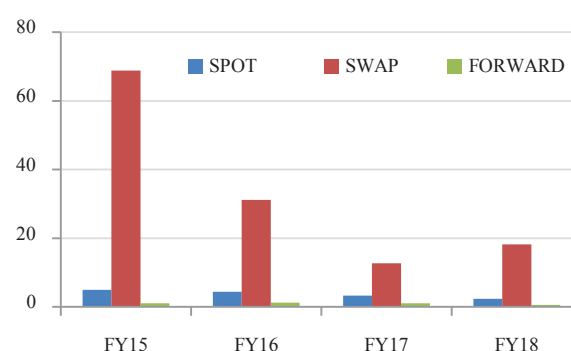
Transactions in the inter-bank market are comprised of spot, forward and SWAP basis. The SWAP is typically used for liquidity support and as a hedging tool against the market risks. Presently SWAP transaction occupies the major share (86 percent) in the interbank foreign exchange market of Bangladesh (Chart 2 and 3).

Chart 1: Volume of foreign exchange transaction in the inter-bank (In billion USD)



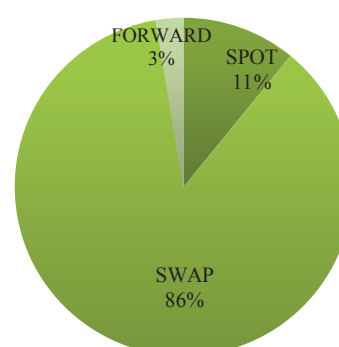
Source: Bangladesh Bank.

Chart 2: Interbank foreign exchange Transaction by Type (In billion USD)



Source: Bangladesh Bank.

Chart 3: Share of inter-bank transaction by type in FY18 (In percent)



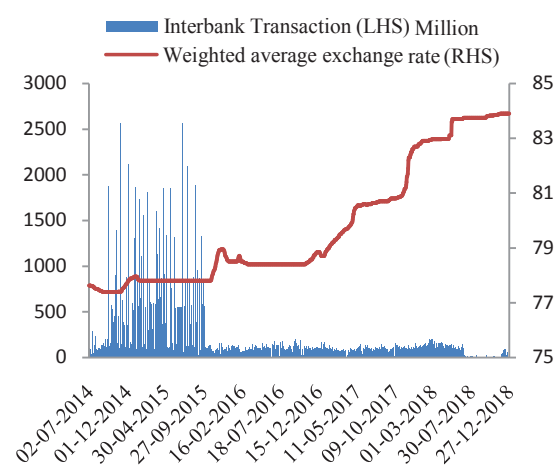
Source: Bangladesh Bank

* The note is prepared by a team comprising of Md. Sakhawat Hossain, Md. Yousuf and Md. Ezazul Islam of Chief Economist's Unit and Mohammad Iftakhar Awal Bhuiyan, Forex Reserve and Treasury Management Department. The views expressed in the paper are authors' own and do not reflect those of Bangladesh Bank..

Authorized dealers deal in some major foreign currencies mainly US dollars, euro, Japanese yen, and pound sterling in the interbank market. More than 95 percent currency transactions occurred in USD.

In order to avoid exchange rate volatility, BB actively participates in the foreign exchange market. BB updates foreign exchange transactions guideline on a regular basis to align the foreign exchange market with the economic fundamental. In FY18, BB sold USD 2.31 billion (net) in the market as against bought of USD 1.77 billion (net) in FY17.

Chart 4: Exchange rate movements and daily turnover foreign exchange transactions



Source: Bangladesh Bank

The movement of nominal exchange rate was negatively associated with current account balance (the coefficient of correlation is -0.7885) for the period of Q1FY14 to Q2FY19 in Bangladesh. The relationship between daily turnover and nominal exchange rate also found a negative association (the coefficient of correlation is -0.27)

The analysis (an ARCH estimation on daily transaction data for the period FY15-FY18) shows that both the exchange rate and transaction volume of Bangladesh in the foreign exchange market is less volatile than that of India. The volatility of the foreign exchange market depends on markets participants, size of market, product derivatives, and level of intervention for maintaining stability.

Although the foreign exchange market in Bangladesh is very swallow compared with neighboring countries in terms of turnover and product derivatives, evolving market dynamics gradually is noteworthy. It is likely that the depth of the market will increase in near future due to expanding openness of the economy.

Tables

Table I.I: Macroeconomic Framework: Key Economic Indicators

(Growth in percent, unless otherwise indicated)

Indicators	FY14	FY15	FY16	FY17	FY18
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 percent of GDP					
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 percent of GDP					
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					
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

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

Table I.2: Real GDP Growth by Sectors					
(In percent)					
Sectors	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

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 activity	912	1,061	1,237	1,445	1,664
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 for FY18		Actual / Target for FY19	
	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	10.8	27.1	11.451*	29.202*
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

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 *
Manufacturing	344.9	325.9	345.9	352.7	355.1	370.9	393.1
Mining	186.0	187.4	186.3	184.3	186.2	183.5	175.4
Electricity	270.9	291.7	243.7	259.4	288.9	298.4	277.5

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

Tables I.6 : Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries
(Base: 2005-06)

	Weight	FY18					FY19	
		FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂ [*]
General Index	100.0	344.9	325.9	345.9	352.7	355.1	379.6	393.1
Food products	10.8	501.0	481.1	526.5	491.5	505.0	498.8	563.5
Beverages	0.3	240.4	303.7	187.8	208.3	261.8	315.4	185.8
Tobacco products	2.9	164.4	134.1	193.3	189.1	141.0	134.2	139.6
Textile	14.1	195.2	179.7	204.9	196.7	199.5	183.1	187.4
Wearing apparel	34.8	388.6	357.4	384.9	411.3	400.8	424.9	467.1
Leather and related products	4.4	292.2	274.4	286.5	299.0	309.0	326.7	432.4
Wood and products of wood and cork	0.3	339.5	334.6	337.6	341.1	344.8	349.4	352.7
Paper and paper products	0.3	185.4	184.6	185.0	185.6	186.3	186.9	187.2
Printing and reproduction of recorded media	1.8	162.2	158.7	160.5	161.9	167.7	172.4	175.2
Coke and refined petroleum products	1.3	110.9	108.9	112.4	111.3	110.9	109.2	109.8
Chemicals and chemical products	3.7	100.8	109.1	106.7	97.4	90.0	153.4	141.9
Pharmaceuticals and medicinal chemical	8.2	528.2	544.0	497.7	513.0	558.2	749.8	566.8
Rubber and plastic products	1.6	411.9	388.9	413.7	420.1	425.0	434.3	436.1
Other non-metallic mineral products	7.1	381.8	342.8	381.5	395.4	407.7	413.5	418.8
Basic metal	3.2	185.3	179.5	185.9	187.8	187.9	187.5	187.3
Fabricated metal products	2.3	274.3	264.8	278.0	277.7	276.8	292.0	296.7
Computer, electronic and optical product	0.2	178.6	189.2	140.7	155.9	228.5	195.6	198.6
Electrical equipment	0.7	337.6	392.2	318.2	324.0	316.0	245.8	401.6
Machinery and equipment	0.2	548.7	503.4	528.7	575.8	586.9	599.2	617.8
Motor vehicles and trailers	0.1	318.5	202.4	281.3	254.0	536.3	682.2	893.4
Other transport equipment	0.7	604.4	565.7	616.9	624.3	610.9	559.4	584.5
Furniture	0.9	184.8	167.4	198.4	181.2	192.2	193.0	202.6

Source : Bangladesh Bureau of Statistics

Table I.7 : Cargo Handled by Chittagong Port (In Thousands Metric Tons)								
	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Quantity								
Export	6,710	6,997	1,714	1,827	1,766	1,691	1,748	1,771
Import	66,464	78,050	16,702	20,323	20,425	20,600	18,154	21,442
Total	73,174	85,048	18,416	22,150	22,191	22,291	19,002	23,213
Growth in percent ¹								
Export	12.4	4.3	13.5	-0.1	1.1	4.0	2.0	-3.1
Import	14.0	17.4	15.4	14.7	15.1	24.7	8.7	5.5
Total	13.8	16.2	15.2	13.3	13.8	22.8	3.2	4.8

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	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding								
Banks	7,761	9,076	8,012	8,470	8,714	9,076	9,188	9,588
Non-banks	582	644	596	602	630	644	650	668
Microfinance institutions	463	570	466	556	569	570	573	603
Total	8,806	10,290	9,074	9,628	9,913	10,290	10,410	10,859
Growth in percent ¹								
Banks	15.9	17.0	17.8	18.1	18.0	17.0	14.7	13.2
Non-banks	9.9	10.7	12.7	10.3	13.0	10.7	9.0	11.0
Microfinance institutions	24.5	23.1	23.5	36.7	30.5	23.1	23.0	8.5
Total	15.9	16.9	17.7	18.5	18.3	16.9	14.7	12.8

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
(In billion Taka)

Sectors	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding								
a. Agriculture	359	404	361	385	391	404	387	391
<i>Crops</i>	325	378	335	357	364	378	354	356
<i>Others</i>	34	26	26	28	27	26	33	34
b. Industry	2,753	3,400	2,984	3,175	3,222	3,400	3,509	3,609
<i>Term Loan</i>	1,282	1,588	1,383	1,474	1,453	1,588	1,584	1,713
<i>Working capital financing</i>	1,472	1,812	1,601	1,701	1,768	1,812	1,924	1,897
c. Construction	650	778	665	693	733	778	799	855
d. Transport	51	69	57	58	66	69	71	72
e. Trade & Commerce	2,548	2,832	2,532	2,616	2,734	2,832	2,844	2,994
f. .Other Institutional loan	163	209	174	179	203	209	215	249
g. Consumer finance	557	607	566	693	605	607	599	649
h. Miscellaneous	51	44	32	26	35	44	44	48
Grand Total :	7,131	8,343	7,369	7,824	7,989	8,343	8,467	8,868
Growth in percent								
a. Agriculture	9.9	12.6	12.6	18.2	14.7	12.6	7.1	1.5
<i>Crops</i>	8.5	16.3	14.0	20.3	16.7	16.3	5.5	-0.1
<i>Others</i>	24.9	-23.6	-3.4	-2.8	-7.6	-23.6	28.2	21.8
b. Industry	18.3	23.5	26.0	29.3	26.1	23.5	17.6	13.7
<i>Term Loan</i>	22.5	23.9	25.5	26.5	20.4	23.9	14.6	16.2
<i>Working capital financing</i>	15.0	23.2	26.4	31.7	31.1	23.2	20.2	11.5
c. Construction	20.2	19.8	18.3	11.5	17.7	19.8	20.1	23.4
d. Transport	8.1	35.4	20.3	14.2	26.6	35.4	25.3	23.5
e. Trade & Commerce	16.4	11.1	14.9	9.9	12.7	11.1	12.3	14.5
f. Other Institutional loan	27.4	28.6	36.5	24.7	41.5	28.6	23.8	39.4
g. Consumer finance	4.6	9.0	7.8	23.8	5.4	9.0	5.9	-6.3
h. Miscellaneous	14.3	-12.9	-36.7	-50.5	-35.6	-12.9	38.6	85.0
Grand Total :	16.2	17.0	18.8	18.7	18.0	17.0	14.9	13.3

Source: Statistics department, Bangladesh Bank.

Table I.10: Trends in Agricultural Credit
(In billion Taka)

	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Programme/Target (July-June)	175.5	204.0	204.0	204.0	204.0	204.0	218.0	218.0
Total disbursement	210.0	213.9	42.4	65.2	54.6	51.8	34.9	67.4
Crop	100.6	103.4	18.9	33.9	26.0	24.4	16.9	36.8
Irrigation	1.5	1.5	0.3	0.5	0.5	0.3	0.2	0.5
Agricultural equipment	1.5	1.2	0.3	0.6	0.2	0.1	0.3	0.5
Live-stock	30.6	30.6	7.9	9.0	7.1	6.6	5.6	8.6
Fisheries	24.3	24.6	5.6	6.6	6.5	5.9	4.5	7.3
Grain storage & marketing	1.1	1.1	0.2	0.4	0.2	0.3	0.1	0.3
Poverty alleviation	18.8	21.5	2.4	5.8	8.2	5.0	2.6	5.2
Others	31.7	30.0	6.8	8.3	5.7	9.1	4.8	8.1
Total recovery	188.4	213.9	45.6	55.7	52.6	60.0	45.1	68.9
Total overdue	67.1	72.1	65.0	65.3	68.1	72.1	72.4	66.8
Outstanding	390.5	406.0	389.5	401.5	404.2	406.0	396.2	401.1
Overdue as percent of outstanding	17.2	17.8	16.7	16.3	16.9	17.8	18.3	16.7
Growth in percent ¹								
Total disbursement	19.0	1.9	24.6	-0.2	-7.1	-0.2	-17.5	3.3
Total recovery	10.5	13.5	28.8	2.2	5.8	23.0	-1.2	23.7

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 billion Taka)

Institutions	FY17					FY18					FY19	
	FY17	Q ₁	Q ₂	Q ₃	Q ₄	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
1. Total disbursement	781.6	153.9	201.1	213.2	213.4	898.8	199.1	242.7	241.6	215.4	221.5	251.5
i) Grameen Bank	208.1	41.4	53.2	56.6	56.9	243.3	54.4	66.8	65.6	56.5	58.6	66.2
ii) BRAC	266.5	55.9	68.3	71.1	71.2	316.6	68.3	82.6	84.6	81.1	86.5	102.2
iii) ASA	305	56.9	78.8	84.8	84.5	336.0	75.6	92.6	90.7	77.0	75.7	82.1
iv) Proshika	2.2	0	0.7	0.7	0.8	3.1	0.7	0.8	0.8	0.8	0.9	1.0
2. Total recovery	724.8	155.1	181.8	191.8	196.1	879.7	200.1	225.9	228.7	225.0	229.4	244.1
i) Grameen Bank	182.7	38.8	46.7	48.9	48.3	219.7	45.6	59.7	59.1	55.3	60.3	63.1
ii) BRAC	272.6	61.6	67.0	70.7	73.3	328.1	76.8	80.8	84.0	86.5	91.3	97.0
iii) ASA	267.3	54.6	67.5	71.5	73.7	329.0	76.9	84.7	84.9	82.5	76.9	83.0
iv) Proshika	2.2	0	0.7	0.7	0.8	3.2	0.8	0.8	0.8	0.8	0.9	1.0
3. Loans outstanding	463.3	376.9	406.4	435.7	463.3	570.4	465.6	555.6	568.8	570.4	572.6	602.8
4. Loans overdue	7.0	5.9	5.9	6.4	7.0	30.9	8.0	25.7	28.2	30.9	8.9	11.1
5. Overdue as percent of outstanding	1.5	1.6	1.5	1.5	1.5	5.4	1.7	4.6	5.0	5.4	1.5	1.8

Sources: Grameen Bank; BRAC; ASA ; Proshika.

Table I.12 : Industrial Term Lending by Banks and NBFIs (In billion Taka)

	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Disbursement								
SOBs	38.5	26.3	10.1	5.5	7.4	3.4	7.0	6.8
PCBs	465.3	528.9	119.3	140.5	125.3	143.7	139.3	173.5
Foreign banks	13.5	21.2	2.2	6.0	8.3	4.7	5.1	5.6
Specialized banks	10.8	10.5	2.9	1.4	3.1	3.1	0.3	4.3
Non-bank financial institutions	93.4	120.8	23.2	25.4	25.8	46.4	39.4	52.3
Total	621.6	707.7	157.7	178.8	169.8	201.4	191.1	242.6
Recovery								
SOBs	40.4	56.0	7.3	13.2	16.4	19.1	18.0	19.4
PCBs	391.4	551.6	126.0	148.4	127.2	149.9	120.8	132.2
Foreign banks	11.7	13.3	3.0	4.6	3.0	2.7	3.5	2.8
Specialized banks	9.1	12.0	2.3	2.3	5.8	1.6	0.3	2.0
Non-bank financial institutions	68.3	68.8	16.5	17.9	12.8	21.6	21.2	22.5
Total	520.9	701.9	155.1	186.4	165.2	195.2	163.8	178.9
Outstanding								
SOBs	331.1	411.5	343.5	364.1	371.2	411.5	437.2	414.7
PCBs	1,122.4	1,304.5	1,154.0	1,201.2	1,242.4	1,304.5	1,378.2	1454.2
Foreign banks	22.7	32.7	22.8	24.4	30.7	32.7	34.7	39.9
Specialized banks	15.2	12.6	15.9	15.2	12.6	12.6	12.7	15.2
Non-bank financial institutions	218.5	267.2	222.3	245.2	257.1	267.2	272.1	283.3
Total :	1,709.9	2,028.4	1,758.5	1,850.2	1,913.9	2,028.4	2,134.9	2,207.4
Growth in Percent ¹								
Disbursement								
SOBs	29.0	-31.6	46.7	-47.2	-55.4	-27.6	-30.9	24.7
PCBs	-6.3	13.7	24.3	-0.4	9.1	26.8	16.8	23.5
Foreign banks	-38.5	56.3	-42.1	16.1	212.9	136.5	139.0	-7.1
Specialized banks	51.8	-2.6	3,037.2	-67.1	-15.2	14.0	-91.3	199.8
Non-bank financial institutions	-6.3	29.3	-2.2	-27.0	28.1	215.3	69.8	105.8
All Banks and NBFIs	-5.2	13.9	20.9	-8.7	7.6	46.5	21.2	35.6
Recovery								
SOBs	52.2	38.5	-12.8	33.5	87.7	42.3	144.7	47.6
PCBs	10.7	40.9	35.6	47.9	13.2	74.9	-4.1	-10.9
Foreign banks	-47.9	13.7	35.5	20.6	-7.8	12.1	17.0	-39.9
Specialized banks	-36.5	31.4	584.8	-3.5	12.6	23.9	-87.5	-13.2
Non-bank financial institutions	7.4	0.8	-19.0	-12.4	-19.4	86.1	28.9	25.9
All Banks and NBFIs	8.0	34.7	24.9	36.3	13.6	70.6	5.6	-4.0
Outstanding								
SOBs	30.7	24.3	9.1	33.0	34.3	24.3	27.3	13.9
PCBs	-87.8	16.2	24.2	22.8	20.1	16.2	19.4	21.1
Foreign banks	-26.1	44.2	1.3	3.0	34.5	44.2	52.1	63.5
Specialized banks	-76.9	-17.2	10.2	-78.6	-82.1	-17.2	-19.8	0.1
Non-bank financial institutions	12.5	22.3	13.0	18.0	23.4	22.3	22.4	15.6
All Banks and NBFIs	17.0	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 Month point to point			12 Month Average			
2017						
January	5.2	6.5	3.1	5.4	4.7	6.6
February	5.3	6.8	3.1	5.4	5.0	6.1
March	5.4	6.9	3.2	5.4	5.2	5.7
April	5.5	6.9	3.3	5.4	5.5	5.3
May	5.8	7.4	3.4	5.4	5.8	4.9
June	5.9	7.5	3.7	5.4	6.0	4.6
July	5.6	7.0	3.5	5.5	6.2	4.3
August	5.9	7.3	3.8	5.5	6.5	4.0
September	6.1	7.9	3.4	5.6	6.7	3.8
October	6.0	7.6	3.6	5.6	6.9	3.7
November	5.9	7.1	4.1	5.6	7.0	3.6
December	5.8	7.1	3.9	5.7	7.2	3.5
2018						
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	5.08	5.9	5.63	6.52	4.26
November	5.37	5.29	5.49	5.58	6.37	4.38
December	5.35	5.28	5.45	5.54	6.21	4.51

Source: Bangladesh Bureau of Statistics (BBS)

Note: Food includes food, beverage & tobacco.

Table II.2 : Commodity Prices in the International Market												
	FY17						FY18				FY19	
	FY17	Q ₁	Q ₂	Q ₃	Q ₄	FY18*	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Rice (US\$/M.T) Thailand (Milled,5% broken)	384.0	413.7	369.0	371.3	419.7	422.0	404.0	400.7	432.3	451.0	402.7	404.7
Wheat (US\$/M.T)	172.2	161.1	164.3	177.0	176.8	188.1	183.8	175.1	189.3	204.4	208.8	212.6
Soybean oil (US\$/M.T)	845.4	810.3	881.7	839.7	815.0	846.3	857.3	871.3	846.7	810.0	765.4	736.5
Sugar (US cents/pound)World	0.4	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Crude Petroleum(Dubai) (US\$/Barrel)	50.2	43.4	47.9	52.9	49.7	61.2	50.6	59.2	64.0	71.0	74.0	66.8
Source: World Bank												
*Quarterly Average												

Table II.3 : Inflation in South Asian Countries												
	(Point-t-point)											
Country	FY17					FY18					FY19	
	FY17	Q ₁	Q ₂	Q ₃	Q ₄	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Bangladesh	5.9	5.5	5.0	5.4	5.9	5.5	6.1	5.8	5.7	5.5	5.4	5.4
India(CPI NS)	1.5	4.4	3.4	3.9	1.5	4.9	3.3	5.2	4.3	4.9	3.7	2.2
Pakistan	3.9	3.9	3.7	4.9	3.9	5.2	3.9	4.6	3.2	5.2	5.1	6.2
Sri Lanka (NCPI)	6.3	4.7	4.2	8.6	6.3	6.3	8.6	7.3	2.8	2.5	0.9	0.4
Sources : Central banks and Statistics Departments of respective countries.												
Note: Quarterly data indicate end quarter data												

Table III.1 : Movements in Reserve Money

(In billion Taka)

	FY18					FY19	
	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Outstanding							
1. Net foreign assets of BB	2,532	2,508	2,535	2,529	2,532	2,517	2,477
2. Net domestic assets of BB	-195	-356	-365	-407	-195	-232	-130
a) Claims on public sector	249	89	114	123	249	128	234
i) Claims on govt. (net)	226	67	92	101	226	105	211
ii) Claims on other public sector	24	22	22	22	24	24	24
b) Claim on private sector	52	48	50	50	52	50	50
c) Claims on banks	56	53	49	51	56	50	59
d) Other items (net)	-552	-545	-578	-630	-552	-461	-473
3. Currency issued	1,549	1,441	1,407	1,402	1,549	1,555	1,584
i) Currency outside banks	1,409	1,328	1,291	1,281	1,409	1,410	1,447
ii) Cash in tills	140	113	116	120	140	145	137
4. Deposits of banks with BB	788	711	763	721	788	730	763
5. Reserve money (RM)	2,337	2,153	2,170	2,123	2,337	2,285	2,347
6. Money multiplier (M2/RM)	4.7	4.8	4.9	5.0	4.7	4.9	4.9
Growth in percent (y/y)							
1. Net foreign assets of BB	0.8	7.6	7.6	4.3	0.8	0.4	-2.3
2. Net domestic assets of BB	-26.9	17.8	17.1	18.3	26.9	34.6	64.3
a) Claims on public sector	64.8	195.8	67.7	653.2	64.8	44.9	105.6
i) Claims on govt. (net)	73.9	566.5	89.6	4701.6	73.9	56	128.0
ii) Claims on other public sector	9.7	8.4	12.1	19.7	9.7	9.8	9.9
b) Claim on private sector	3.7	0.3	1.3	1.9	3.7	3.3	-0.2
c) Claims on Banks	10.7	0.9	0.7	-1.4	10.7	-5.1	19.0
3. Currency issued	6.5	12.4	14.0	12.6	2.4	7.9	12.6
4. Deposits of banks with BB	2.4	15.5	12.0	5.8	7.4	2.6	0.0
5. Reserve money (RM)	2.5	13.4	13.3	10.2	4.0	6.1	8.1

Source: Statistics Department, Bangladesh Bank.

Table III.2 : Movements in Broad Money

(In billion Taka)

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

Source: Statistics Department, Bangladesh Bank.

Table III.3: Interest Rates Developments

Instruments	Mar. 17	Jun. 17	Sep.17	Dec.17	Mar. 18	Jun.18	Sep.18	Dec.18
T - Bills								
91 - day	...	3.65	3.85	3.38	3.23	3.67	2.23	2.18
182 - day	...	4.11	4.01	3.86	3.63	4.2	3.41	2.96
364 - day	...	4.37	4.25	4.35	4.0	4.27	3.54	3.40
BGTB								
2 - year	...	4.90	4.82	5.03	5.26	4.71	4.07	4.33
5 - year	...	5.68	5.68	5.90	5.82	5.98	5.34	5.35
10 - year	...	6.74	6.91	7.17	7.32	7.41	6.95	7.53
15-year	...	7.66	7.71	7.93	8.08	7.99	7.09	7.69
20-year	...	8.00	8.02	8.25	8.45	8.82	7.94	8.42
Repo								
1-3 day	6.75	6.75	6.75	6.75	6.75	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	4.75
Bangladesh Banks Bills								
07-Day	2.97	2.98	2.98	2.98	2.98	0.17	0.02	0.02
14-Day	2.98	2.98	2.98	2.98	2.98	0.17	...	0.02
30-Day	2.97	2.96	2.97	2.97	2.97
Call Money Rate	3.65	3.93	3.91	3.92	4.4	3.41	4.22	4.09
Lending Rate								
All Banks	9.70	9.56	9.45	9.35	9.7	9.95	9.54	9.49
SOBs	8.80	8.66	8.47	8.38	7.99	7.80	6.77	6.75
SPBs	9.07	9.10	8.69	8.72	8.85	8.91	8.96	7.56
PCBs	10.03	9.79	9.78	9.67	10.2	10.56	10.27	10.27
FCBs	8.03	7.86	7.99	8.19	8.66	9.12	9.08	8.90
Deposits Rate								
All Banks	5.01	4.84	4.90	4.91	5.3	5.50	5.27	5.26
SOBs	4.79	4.47	4.46	4.36	4.34	4.23	4.33	4.37
SPBs	5.70	5.98	5.95	5.90	5.55	5.67	5.67	5.77
PCBs	5.30	4.94	5.25	5.29	5.9	6.23	5.84	5.82
FCBs	1.65	1.66	1.66	1.67	1.92	2.05	2.26	2.30
NSD Certificate								
3 - year	11.04	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	11.76

Sources: Monetary Policy Department and Statistics Department, Bangladesh Bank

..... = No auction

Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates
(In billion Taka)

Instruments	Mar. 17	Jun. 17	Sep.17	Dec.17	Mar. 18	Jun. 18	Sep.18	Dec.18
Bangladesh Banks Bills								
07-Day	138.4	48.4	109.7	92.7	125.5	80.5	4.5	0.0
14-Day	136.4	129.7	90.3	72.3	39.6	7.5	0	0.0
30-Day	56.3	4.7	12.1	11.0	20.4	0.0	0	0.0
Sub Total	331.0	182.8	212.1	176.0	185.4	88.0	4.5	0.0
BGT - Bills								
91 - day	50.0	79.3	70.0	63.0	63.0	123.0	108.0	79.0
182 - day	53.0	78.5	89.0	57.0	57.0	71.0	98.0	63.0
364 - day	109.5	87.7	90.0	83.0	83.0	75.0	103.0	109.0
Sub Total	212.5	245.5	249.0	203.0	203.0	269.0	309.0	251.0
BGTB								
2 - year	80.1	89.5	88.0	88.0	92.5	100.5	115.0	130.0
5 - year	323.7	312.7	313.2	306.7	294.2	287.7	303.2	301.7
10 - year	492.9	498.5	506.5	512.5	507.5	518.5	519.5	527.6
15-year	203.7	208.7	213.7	221.7	224.7	238.7	244.7	258.7
20-year	176.9	181.9	186.9	192.9	195.9	208.9	214.9	228.9
Sub Total	1,277.3	1,291.3	1,308.3	1,321.8	1,314.8	1,354.3	1,397.3	1,446.9
NSD Certificate	1,764.7	1,912.4	2,039.3	2,150.6	2,279.5	2,377.7	2,511.8	2,627.6
Grand Total	3,585.5	3,632.0	3,808.7	3,851.4	3,982.7	4,089.0	4,222.6	4,325.5

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

Table IV.1 : Government Fiscal Operations

(In billion Taka)

	FY18 ^R							FY19 ^E		
	FY18 ^R	Budget	Revised Budget	Q1	Q2	Q3	Q4	Budget	Q1 ^E	Q2
Revenue	2,423	2,880	2,595	538	583	602	700	3,393	565	627
a) NBR Tax revenue	2,064	2,482	2,250	436	485	511	631	2,962	458	519
i) VAT	765	912	827	172	186	191	216	1,106	184	213
ii) Customs duties	245	318	282	56	63	62	64	326	59	57
iii) Income tax	645	852	777	116	138	151	240	1,007	129	150
iv) Others	408	401	363	92	99	107	110	523	87	98
b) Non- NBR tax revenue	70	83	72	22	16	16	16	97	23	17
c) Non- tax revenue	288	315	273	79	82	74	53	334	83	92
Expenditure	3,298	4,003	3,715	684	763	694	1,157	4,646	754	930
a) Current	1,528	2,091	1,938	446	410	355	317	2,517	525	500
b) ADP	1,482	1,533	1,484	168	276	276	763	1,730	149	347
c) Others	288	378	293	70	77	63	78	399	80	82
Budget Deficit	-875	-1,123	-1,120	-146	-180	-92	-457	-1,253	-189	-303
Financing	875	1,123	1,120	146	180	92	457	1,253	189	303
a) Domestic financing	464	604	660	97	64	3	299	712	142	158
i) Bank financing	-11	282	199	-38	-49	-126	201	420	5	27
ii) Non-bank financing	475	321	461	135	114	128	98	292	137	132
b) Foreign financing*	412	519	460	49	115	89	158	541	47	145
In Percentage of GDP										
Revenue	10.8	12.8	11.5	2.4	2.6	2.7	3.1	13.4	2.2	2.5
a) NBR Tax revenue	9.2	11.0	10.0	1.9	2.2	2.3	2.8	11.7	1.8	2.0
i) VAT	3.4	4.1	3.7	0.8	0.8	0.9	1.0	4.4	0.7	0.8
ii) Customs duties	1.1	1.4	1.3	0.3	0.3	0.3	0.3	1.3	0.2	0.2
iii) Income tax	2.9	3.8	3.5	0.5	0.6	0.7	1.1	4.0	0.5	0.6
iv) Others	1.8	1.8	1.6	0.4	0.4	0.5	0.5	2.1	0.3	0.4
b) Non-NBR tax revenue	0.3	0.4	0.3	0.1	0.1	0.1	0.1	0.4	0.1	0.1
c) Non tax revenue	1.3	1.4	1.2	0.4	0.4	0.3	0.2	1.3	0.3	0.4
Expenditure	14.7	17.8	16.5	3.0	3.4	3.1	5.1	18.3	3.0	3.7
a) Current	6.8	9.3	8.6	2.0	1.8	1.6	1.4	9.9	2.1	2.0
b) ADP	6.6	6.8	6.6	0.7	1.2	1.2	3.4	6.8	0.6	1.4
c) Others	1.3	1.7	1.3	0.3	0.3	0.3	0.3	1.6	0.3	0.3
Budget Deficit	-3.9	-5.0	-5.0	-0.7	-0.8	-0.4	-2.0	-4.9	-0.7	-1.2
Financing	3.9	5.0	5.0	0.7	0.8	0.4	2.0	4.9	0.7	1.2
a) Domestic financing	2.1	2.7	2.9	0.4	0.3	0.0	1.3	2.8	0.6	0.6
i) Bank financing	-0.1	1.3	0.9	-0.2	-0.2	-0.6	0.9	1.7	0.0	0.1
ii) Non-bank financing	2.1	1.4	2.0	0.6	0.5	0.6	0.4	1.2	0.5	0.5
b) Foreign financing	1.8	2.3	2.0	0.2	0.5	0.4	0.7	2.1	0.2	0.6
Memorandum item										
GDP at current market price (In billion Taka)	22,505	22,505	22,505	22,505	22,505	22,505	22,505	25,378	25,378	25378

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)

	FY18 ^R					FY19 ^P	
	FY18 ^R	Q1 ^R	Q2 ^R	Q3 ^R	Q4 ^R	Q1 ^R	Q2 ^P
Current Account Balance	-9,780	-1,819	-3,247	-2,020	-2,694	-1,354	-1,728
Trade balance	-18,258	-3,650	-4,978	-4,574	-5,056	-3,852	-3,808
Export f.o.b.	36,205	8,549	9,137	9,412	9,107	9,747	10,416
Import f.o.b.	54,463	12,199	14,115	13,986	14,163	13,599	14,224
Services	-4,574	-1,050	-1,289	-997	-1,238	-805	-801
Credit	4,539	987	1,091	1,134	1,327	1,592	1,782
Debit	9,113	2,037	2,380	2,131	2,565	2,397	2,583
Primary Income	-2,392	-558	-688	-363	-783	-642	-900
Credit	113	24	25	27	37	38	36
Debit	2,505	582	713	390	820	680	936
Secondary Income	15,444	3,439	3,708	3,914	4,383	3,945	3,781
Official Transfers	49	12	27	5	5	11	5
Private Transfers	15,395	3,427	3,681	3,909	4,378	3,934	3,776
Of which : workers' remittances	14,703	3,310	3,481	3,752	4,160	3,807	3,572
Capital & Financial Account	9,368	1,650	3,401	1,233	3,084	864	1,878
Capital account	292	64	98	67	63	71	63
Capital transfers	292	64	98	67	63	71	63
Financial account	9,076	1,586	3,303	1,166	3,021	793	1,815
Foreign direct investment (Gross Inflows)	2,798	667	718	865	548	720	812
Of which: FDI net inflow*	1,583	301	522	553	207	330	580
Portfolio investment	365	157	52	111	45	29	42
Of which : workers' remittances	279	81	60	77	61	62	50
Other investment	7,128	1,128	2,729	502	2,769	434	1,193
Medium and long-term (MLT) loans	5,785	781	1,636	1,309	2,059	814	1,921
MLT amortization payments	1,113	279	253	333	248	330	263
Other long term loans	155	24	16	131	-16	-50	125
Other short term loans	1,947	411	361	311	864	639	99
Trade credit	-1,270	-129	251	-1,442	50	-283	-503
DMBs and NBDCs	1,624	320	718	526	60	-356	-186
Assets	-260	-43	-310	-242	335	250	295
Liabilities	1,364	277	408	284	395	-106	109
Net Errors & Omissions	-473	-191	-148	40	-174	332	-505
Overall Balance	-885	-360	6	-747	216	-158	-355
Reserve Assets	885	360	-6	747	-216	158	355
Bangladesh Bank	885	360	-6	747	-216	158	355
Assets	-661	-824	393	-1,035	805	-896	221
Liabilities	224	-464	387	-288	589	-738	576
Memorandum Items							
Gross official reserves	33,407	32,817	33,227	32,403	32,943	31,958	32,016
In months of imports of goods & services	6	7	6	6	6	6	6
In months of prospective imports	6	7	6	5	4	5	5
Export growth (in percent) ¹	6	8	8	6	5	14	14
Import growth (in percent) ¹	25	28	24	22	27	11	1
Remittances growth (in percent) ¹	17	5	21	26	18	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 million USD)							
Items	FY18 ^R					FY19 ^P	
	FY18 ^R	Q1 ^R	Q2 ^R	Q3 ^R	Q4 ^R	Q1 ^P	Q2 ^P
1. Raw jute	156	32	51	39	34	33	33
2. Jute goods	870	204	287	205	174	184	171
3. Tea	3	1	1	1	0	1	1
4. Leather	183	46	51	41	44	41	56
5. Frozen shrimps and fish	467	163	135	60	108	125	133
6. Woven garments	15,426	3397	3780	4336	3913	3985	4447
7. Knitwear products	15,189	3747	3848	3726	3867	4207	4446
8. Fertilizer	0	0	0	0	0	0	0
9. Terry towels	42	9	12	12	9	13	17
10. Others	4,333	1063	1087	1115	1067	1352	1254
Total exports	36,668	8663	9253	9536	9217	9941	10559
Of which: exports from EPZ	5,785	1379	1438	1471	1497	1445	1515
Total exports (adjusted)	36,205	8,549	9,137	9,412	9,107	9747	10416

Source : Export Promotion Bureau, Bangladesh
R=Revised, P= Provisional.

Table V.3: Major Destination-wise RMG Related Exports
(In million USD)

	FY18 ^R					FY19 ^R	
	FY18 ^R	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^R	Q ₁ ^P	Q ₂ ^P
Exports of RMG	30,615	7,144	7,629	8,062	7,780	8,192	8,893
European Countries	20,491	4,754	5,207	5,867	4,664	5,284	5,677
USA	5,352	1,306	1,294	1,329	1,423	1,484	1,608
Other Countries	4,771	1,084	1,128	865	1,694	1,423	1,608
Woven Garments	15,426	3,397	3,780	4,336	3,913	3,985	4,447
European Countries	9,026	1,945	2,251	2,798	2,032	2,171	2,384
USA	3,978	939	944	1,033	1,062	1,097	1,217
Other Countries	2,423	514	586	505	819	717	847
Knitwear Products	15,189	3,747	3,848	3,726	3,867	4,207	4,446
European Countries	11,466	2,809	2,956	3,069	2,632	3,113	3,293
USA	1,374	368	350	297	360	387	392
Other Countries	2,349	570	543	360	875	706	761
Growth in percent							
Exports of RMG	8.8	7.2	8.3	11.7	7.7	14.7	16.6
European Countries	9.4	8.2	9.8	22.0	-2.7	10.9	9.0
USA	2.8	3.4	0.0	3.8	4.1	13.6	24.3
Other Countries	13.3	7.5	11.8	-23.4	59.4	31.0	42.5
Woven Garments	7.2	4.0	4.1	11.5	8.5	17.3	17.6
European Countries	7.3	5.0	5.6	19.2	-2.2	11.5	5.9
USA	1.9	1.9	-4.0	3.9	5.9	16.8	28.9
Other Countries	16.5	4.7	13.3	-7.7	55.7	40.1	44.7
Knitwear Products	10.4	10.2	12.8	11.9	7.0	12.3	15.5
European Countries	11.0	10.5	13.3	24.7	-3.0	10.5	11.4
USA	5.6	7.6	12.5	3.4	-0.6	5.3	11.9
Other Countries	10.3	10.1	10.2	-38.2	63.0	24.0	40.2

Source: Compiled by Statistics Department of Bangladesh Bank using the data of EPB
P= Provisional, R=Revised.

Table V.4: Export Performance for July-December 2018-19

(In million USD)

	Strategic Target for July- Dec. 2018-19	Export performance for July -Dec. 2018-19	% Change of export performance over export target	Export performance for July-Dec. 2017-18	% Change of export performance July-Dec. 2018-19 Over July- Dec. 2017- 18
All Products (A+B)	18,785	20,500	9	17,916	14
A. Primary Commodities:	586	832	42	623	34
Frozen Food	243	315	29	312	1
Agricultural Products	342	518	51	310	67
B. Manufactured Commodities:	18,199	19,668	8	17,293	14
Cement salt stone etc.	7	6	-15	6	-7
Ores, Slag and Ash	2	4	123	1	207
Petroleum bi Products	16	173	957	22	678
Chemical products	78	107	38	70	54
Plastic, Melamine Products	48	57	17	47	21
Rubber	13	11	-12	11	3
Leather & Leather products (including leather footwear)	541	532	-2	620	-14
Wood and Wood Products	2	2	-8	2	7
Handicrafts	9	11	25	8	38
Pulp	0	0	0	0	0
Paper and Paper Products	41	40	-2	37	9
Printed Materials	0.3	0.5	66	0.3	66
Silk	0	0	0	0	0
Wool and woolen Products	0	0	0	0	0
Cotton and Cotton Products	65	72	11	65	11
Jute and Jute Goods	523	421	-19	574	-27
Man Made Filaments and Staple Fibers	51	60	18	47	28
Carpet	8	10	25	8	28
Specialized Textiles	54	72	34	48	50
Knitwear	7,779	8,653	11	7,595	14
Woven Garments	7,966	8,432	6	7,178	17
Home Textile	453	409	-10	408	0
Other Footwear (excluding leather footwear)	125	127	2	130	-2
Headgear/Cap	92	103	13	95	9
Umbrella Waking Sticks	0	0	0	0	0
Wigs and Human Hair	12	15	26	11	38
Building Materials	1	1	-42	1	13
Ceramic Products	27	51	85	20	158
Glass and Glass ware	1	0	-29	1	-44
Engineering Products	170	172	1	159	8
Ships, boats & floating structures	14	0	-99	30	-100
Other Manufactured Products	102	124	22	100	24

Source: Export Promotion Bureau, Bangladesh.

Table V.5 : Trends in the Commodity Composition of Imports
(In million USD)

Items	FY18 ^R				FY19 ^P		
	FY18 ^R	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^R	Q ₁ ^P	Q ₂ ^P
A. Food Grains	3,099	730	1,071	808	489	344	370
1. Rice	1,605	447	538	437	183	43	27
2. Wheat	1,494	283	533	372	306	301	343
B. Other Food Items	3,814	984	945	815	1,071	807	810
3. Milk & cream	322	56	81	89	95	85	63
4. Spices	282	75	59	64	85	96	58
5. Edible oil	1,863	439	458	457	510	401	467
6. Pulses (all sorts)	434	70	69	125	171	69	74
7. Sugar	913	344	279	80	210	157	149
C. Consumer & Intermediate Goods	30,605	6,804	7,757	7,678	8,367	8,356	8,813
8. Clinker	766	143	156	218	249	189	263
9. Crude petroleum	365	67	141	58	99	87	117
10. POL	3,652	739	865	969	1,079	1,146	1,098
11. Oil seeds	571	168	134	61	208	186	111
12. Chemicals	2,315	560	578	610	567	631	627
13. Pharmaceutical products	253	47	81	61	64	60	58
14. Fertilizer	1,006	207	417	264	118	308	604
15. Dyeing and tanning materials	695	171	171	176	178	206	192
16. Plastics and rubber articles thereof	2,525	583	629	628	684	708	709
17. Raw cotton	3,235	821	683	795	937	870	791
18. Yarn	2,351	542	481	638	691	658	590
19. Textile and articles thereof	6,860	1,479	1,860	1,701	1,820	1,741	1,987
20. Staple fiber	1,180	243	313	332	291	297	338
21. Iron, steel & other base metals	4,832	1,034	1,247	1,167	1,384	1,270	1,327
D. Capital Goods & Others	14,556	3,267	3,326	4,219	3,744	3,668	3,609
22. Capital machinery	5,462	1,289	1,148	1,730	1,295	1,384	1,379
23. Others Capital goods	9,094	1,978	2,178	2,489	2,449	2,284	2,230
E.Others n.i.e	6,791	1,400	2,158	1,597	1,636	1,523	1,770
Grand Total c.i.f.(A+B+C+D+E)	58,865	13,184	15,257	15,117	15,308	14,698	15,373
Of which Import by EPZ	3,556	785	894	938	940	993	1,037
Grand Total f.o.b.(adjusted)	54,463	12,199	14,115	13,986	14,163	13,599	14,224

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

R=Revised, P= Provisional.

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

(In million USD)

	FY18 ^P						FY19 ^P			
	Q ₂		Q ₃		Q ₄		Q ₁		Q ₂	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	1,907	2,111	1,995	2,185	1,024	1,245	1,392	1,237	1,436	1,433
Industrial raw materials	4,872	4,467	5,110	4,743	3,772	3,389	5,002	4,697	5,034	4,902
Intermediate goods	1,155	1,016	1,445	1,067	770	875	1,451	1,091	2,158	1,762
Petroleum and petroleum products	587	793	1,042	849	816	728	1,277	1,068	798	959
Capital machinery	1,974	1,246	1,894	1,457	1,004	820	1,216	1,243	1,170	1,163
Machinery for misc. industries	1,572	1,251	1,278	1,295	908	836	1,884	1,327	1,428	1,369
Others	13,464	1,949	2,508	2,150	1,604	1,484	2,534	2,170	2,541	2,899
Total	25,531	12,834	15,723	13,747	9,447	9,378	14,755	12,832	14,566	14,488
<i>of which back to back</i>	2,107	1,846	2,315	2,057	1,455	1,349	2,332	2,130	2,066	2,009
Growth in percent (y/y)										
Consumer goods	18.5	46.0	42.8	52.6	-37.2	3.5	-51.4	-28.2	-24.7	-32.1
Industrial raw materials	14.3	11.5	2.3	14.2	-19.3	-15.8	13.5	11.4	3.3	9.7
Intermediate goods	-2.6	-4.6	40.9	6.3	-17.9	-1.3	29.9	21.3	86.9	73.5
Petroleum and petroleum products	-11.5	20.4	53.9	15.3	28.8	15.8	24.7	78.6	36.0	20.8
Capital machinery	39.9	17.6	29.5	50.9	-28.2	-19.7	-8.0	-3.4	-40.7	-6.6
Machinery for misc. industries	25.2	14.9	10.5	18.7	-29.9	-29.1	7.6	8.8	-9.2	9.4
Others	622.9	17.9	29.6	29.1	-15.0	-12.3	14.0	14.9	-81.1	48.8
Total	108.4	16.9	24.3	24.4	-24.2	-11.8	0.3	8.5	-42.9	12.9
<i>of which back to back</i>	16.1	9.4	8.8	18.3	-18.6	-19.0	15.4	13.9	-2.0	8.8

Source: Foreign Exchange Operation Department, Bangladesh Bank.

P= Provisional

Table V.7: Country-wise Workers' Remittances
(In million USD)

Countries	FY18 ^R					FY19 ^P	
	FY18 ^R	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^R	Q ₁ ^P	Q ₂ ^P
Gulf Region	8,565	1,875	2,032	2,166	2,492	2,287	2,119
1. Saudi Arabia	2,592	592	609	653	737	727	696
2. UAE	2,430	515	623	571	721	607	544
3. Qatar	844	164	175	235	271	251	229
4. Oman	958	230	221	238	269	262	220
5. Kuwait	1,200	251	276	323	350	317	317
6. Bahrain	542	124	127	147	144	123	112
Euro Region	1,146	266	251	326	303	266	263
7. UK	1,106	258	241	316	291	255	249
8. Germany	40	8	10	10	12	11	14
Asia Pacific Region	1,469	319	345	404	401	392	356
9. Singapore	330	73	73	90	94	89	76
10. Japan	31	6	7	9	9	9	10
11. Malaysia	1,107	239	265	305	298	294	270
Rest of the World	3,802	931	913	932	1,025	925	888
12. USA	1,998	481	481	463	572	446	419
13. Others n.i.e.	1,804	450	432	469	453	478	469
Total	14,982	3,391	3,541	3,829	4,221	3,869	3,627

Source: Statistics Department, Bangladesh Bank.

P= Provisional, R=Revised.

Table V.8 Exchange Rate Movements
(Taka per Currencies)

Period	US Dollar		U.K. Pound Sterling		EURO		Japanese Yen	
	Period Average	End Period	Period Average	End Period	Period Average	End Period	Period Average	End 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

Source: Statistics Department, Bangladesh Bank.

Table V.9 Trends in Foreign Aid (In million USD)								
	FY17 ^R	FY18 ^R	Q ₁ ^R	Q ₂ ^R	Q ₃ ^R	Q ₄ ^R	Q ₁ ^P	Q ₂ ^P
a. Grants (i+ii)	459	340	76	124	72	68	53	97
i) Food Aid	29	27	7	19	0	0	6	0
ii) Project Aid	431	314	69	105	72	68	48	97
b. Loans (MLT)	3,218	5,785	781	1,636	1,309	2,059	928	1,807
A. Total (a+b)	3,677	6,126	857	1,760	1,381	2,127	982	1,903
B. Amortization(1+2)	1,123	1,392	333	314	428	305	399	348
1) Principal	894	1,097	260	253	333	242	291	279
2) Interest	229	295	74	61	95	63	109	70
C. Net Foreign Financing (A-1)	2,783	5,029	597	1,507	1,048	1,885	691	1,625

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

Table VI.1 : Gross NPL Ratios by Type of Banks (In percent)								
Type of Banks	2017				2018			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
State Owned Commercial Banks	28.6	26.8	29.3	26.5	29.8	28.2	31.2	30.0
Specialized Banks	26.0	23.8	23.8	23.4	23.4	21.7	21.7	19.5
Private Commercial Banks	5.7	5.8	6.0	4.9	6.0	6.0	6.7	5.5
Foreign Commercial Banks	8.6	7.9	7.9	7.0	7.0	6.7	7.1	6.5
All Banks	10.5	10.1	10.7	9.3	10.8	10.4	11.5	10.3

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			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
State Owned Commercial Banks	13.2	11.6	13.2	11.2	14.4	11.7	14.3	11.3
Specialized Banks	10.5	8.8	8.6	9.7	9.1	7.4	7.4	5.7
Private Commercial Banks	0.6	0.7	0.8	0.2	1.0	0.8	1.1	0.4
Foreign Commercial Banks	1.2	0.9	0.9	0.7	0.8	0.8	1.1	0.7
All Banks	2.9	2.6	2.9	2.2	3.3	2.7	3.3	2.2

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			
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
State Owned Commercial Banks	5.9	7.0	5.6	5.0	2.9	2.0	6.1	1.9
Specialized banks	-35.2	-32.8	-33.5	-35.5	-33.7	-31.9	-14.0	-31.7
Private Commercial Banks	12.2	12.2	12.2	12.5	12.1	12.2	12.2	12.8
Foreign Commercial Banks	23.9	23.3	24.0	24.9	24.6	23.0	26.7	26.0
All Banks	10.7	10.9	10.6	10.8	10.1	10.0	10.9	10.5

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.

P= Provisional.

Table VII.1 : Indicators of Capital Market Developments

	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q3	Q4	Q ₁	Q2
Number of listed securities ¹	342	351	343	348	349	351	354	357
Issued equity and debt (billion Taka)	617	671	629	646	649	671	680	694
Market capitalization (billion Taka)	3,240	3,264	3,517	3,670	3,367	3,264	3,299	3321
Turnover (billion Taka)	1,805	1,591	605	434	245	308	450	331
DSE broad index	5,656	5,405	6,093	6,245	5,597	5,405	5,369	5386
DSE -30 index	2,084	1,960	2,178	2,283	2,106	1,960	1,890	1881
Growth in percent								
Number of listed securities	1.2	2.6	1.5	2.7	2.3	2.6	3.2	2.6
Issued equity and debt	6.6	8.8	8.0	8.2	7.4	8.8	8.0	7.5
Market capitalization	23.9	0.7	29.9	28.5	3.7	0.7	-6.2	-9.5
Turnover	58.6	-11.9	142.9	2.0	-67.6	-18.4	-25.6	-23.6
DSE broad index	25.5	-4.4	29.8	24.0	-2.1	-4.4	-11.9	-13.8
DSE -30 index	17.7	-5.9	22.4	26.1	0.7	-5.9	-13.2	-17.6

Source: Dhaka Stock Exchange

¹ Include debenture but exclude govt. bond.

Table VII.2 Group-wise Market Capitalisation of Dhaka Stock Exchange								
(In billion Taka)								
Name of Group	FY18						FY19	
	FY17	FY18	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂
Banks	561	567	724	753	610	567	562	583
Financial Institutions	234	210	252	244	200	210	193	192
Mutual Funds	43	41	43	42	42	41	35	34
Engineering	191	191	200	208	183	191	201	191
Food & Allied Product	247	276	256	286	284	276	262	277
Fuel and Power	405	398	385	373	346	398	451	432
Jute Industry	1.5	1.9	1.8	1.9	1.7	1.9	2	5
Textile Industry	126	117	120	122	108	117	130	142
Pharmaceuticals and Chemicals	502	522	512	531	536	522	490	509
Paper and Printing	1.9	2.2	2.4	1.9	1.8	2.2	22	17
Services and Real Estate	25	19	24	24	20	19	19	18
Cement Industry	131	118	128	139	119	118	114	102
Insurance	87	86	93	94	89	86	101	103
Telecommunication	485	542	580	653	639	542	513	511
Miscellaneous	194	171	190	192	183	171	201	202
Corporate Bond	6.0	2.9	5.9	6.0	2.9	2.9	3	3
Total Market Capitalisation	3,239	3,263	3,517	3,669	3,366	3,263	3299	3321
Growth Rate¹	23.9	0.7	29.9	28.5	3.7	0.7	-6	-9

Source: Dhaka Stock Exchange.

¹ Quarterly growth rate refers growth over the same quarter of the previous year.

Annexure

Major Policy Announcements: October-December, 2018

<p>DOS Circular No. 04</p> <p>October 08, 2018</p> <p>Risk Management Guidelines for banks</p>	<p>Each scheduled bank shall prepare a comprehensive risk management guideline following the latest Risk Management Guidelines issued by Bangladesh Bank and the same needs to be approved by the respective bank's board and submit a copy to the Department of Off-site Supervision (DOS) of Bangladesh Bank. Each scheduled bank shall review the guideline at least once a year for adapting the changing environment. Besides, each bank shall reconstruct its risk management organogram and appoint a Chief Risk Officer (CRO) as head of Risk Management Department (RMD) following the instructions of the revised risk management guidelines issued by BB.</p>
<p>EEF Circular Letter No. 01</p> <p>October 09, 2018</p> <p>Submission of EOI for establishment of Food Processing & Agro-based and ICT Projects under Entrepreneurship Support Fund (ESF) Loan</p>	<p>Existing directive relating to the structure/formation of Project Assessment Committee (PAC) referred to Serial No. 5 of Appendix 3 of Food Processing & Agro-based and ICT Projects under Entrepreneurship Support Fund (ESF) Policy, 2018 has been amended as "A representative with professionally and educationally qualified and skilled in Livestock Affairs is to be nominated by Directorate of Livestock."</p>
<p>FEPD Circular No. 28</p> <p>October 15, 2018</p> <p>Repayment of External Borrowings by Public and Private Sector entities</p>	<p>Authorized Dealers (ADs) are permitted to repay installments of interest and principal against the suppliers credit/loans from abroad availed of in terms of general/specific authorization of the Bangladesh Investment Development Authority (BIDA) without prior reference to Bangladesh Bank (BB) subject to approval from Standing Committee on Non-Concessional Loans (SCNCL).</p> <p>ADs shall, while effecting the transactions in accordance with the above authorization, be satisfied with the deductions of applicable taxes and payment thereof. ADs are also advised to incorporate information of such external loans approved by SCNCL.</p>
<p>FEPD Circular Letter No. 17</p> <p>October 15, 2018</p> <p>Holding collateral on behalf of non-resident lenders</p>	<p>It has now been decided that ADs are allowed to hold collaterals on behalf of overseas bank branches or correspondents or lenders against external loans as approved by Standing Committee on Non-Concessional Loan within the purview of the aforementioned regulations.</p>
<p>BRPD Circular No. 12</p> <p>October 17, 2018</p> <p>Providing special financial policy assistance for the agriculture and SME sectors' borrowers affected by the recent Padma river erosion.</p>	<p>Decisions have been taken to provide special financial policy assistance for the agriculture and SME sectors' borrowers affected by the recent Padma river erosion of some Upazila of Shariatpur district. Under the assistance, agriculture and SME sectors' borrowers and entrepreneurs who suffered a severe loss, the outstanding loans of those are allowed to be rescheduled on the basis of banker-customer relationship, even with relaxation of down-payment system to some extent as well as providing a maximum of 6 months grace period. It has also been prioritized to access to loan on import substitute crops at 4% rebate rate. Simultaneously proper initiatives have to be undertaken by the</p>

	banks to waive interest to the affected to obey the ministry under concern. Meanwhile, fresh certificate cases/suits have been discouraged and banker-customer relationship has been encouraged to avoid outstanding loans turn scraped. And to avoid harassment in getting fresh loans, continued vigilance and development of banker-customer relationship have hereby been suggested .
<p>FEPD Circular No. 29</p> <p>October 17, 2018</p> <p>Use of balances held in Foreign Currency (FC) accounts of Export Processing Zone (EPZ) and Economic Zone (EZ) enterprises.</p>	It has been decided that 'C' type industries are also allowed to access short term foreign currency loans from their subsidiaries/associates operating in the same EPZ/EZ for the same purposes and in the same manner as applicable for Type A and B.
<p>BRPD Circular No. 13</p> <p>October 18, 2018</p> <p>Loan Classification and Provisioning</p>	Provisioning requirement for the bank guarantees has been modified in accordance with their respective counter-guarantees as for BB rating grade equivalence of the Bank/financial institution/organization providing the counter-guarantee 1, 2, 3 or 4 and others, Provision requirements (% of the exposure amount) are respectively NIL, 0.50, 0.75 and 1.
<p>BRPD Circular No. 15</p> <p>October 25, 2018</p> <p>Regarding Employee Transfer and Mandatory Annual Leave</p>	All the scheduled banks have precisely been advised to take due measures to transfer employees including branch manager, except those ranking from MD to DMD or equivalence and employed under special purpose or as specialist, in every three year. Those are also subject to be granted Mandatory Leave consecutively for ten days per year, not applicable for those who are already enjoying Recreation Leave same year. During these leaves, previous year official desk activities and performances of the corresponding employee shall be carefully audited and scrutinized internally to unveil doubtful and sensitive activities.
<p>FEPD Circular No. 30</p> <p>October 28, 2018</p> <p>Forward sale and purchase of foreign exchange-flexibility</p>	With a view to bringing operational flexibility in forward transactions, it has been decided that forward contracts under the purview of the regulatory instructions may be renewed/rolled over/extended for the new delivery period at the prevailing market rate, provided Authorized Dealers (ADs) are satisfied with documentary evidences that customers are unable to perform the contracts due to changes in the actual requirements or other valid exigencies. In order to widen the scope of forward contracts and to ensure sound management of risks associated with foreign exchange exposure, it has been decided that forward contracts may be executed on outright full settlement or net settlement on non-deliverable basis in conformity with the principle of satisfying bona-fide needs of the resident business entities.
<p>BRPD Circular No. 16</p> <p>October 30, 2018</p> <p>Guidelines on Internal Credit Risk Rating System for Banks</p>	“Credit Risk Grading Manual” has been replaced afresh with circulating “Guidelines on Internal Credit Risk Rating System for Banks”.

<p>FEPD Circular No. 31</p> <p>November 08, 2018</p> <p>Issuance of guarantee on behalf of non-residents in favor of residents in Bangladesh</p>	<p>ADs may also issue guarantees in foreign currency or in equivalent Taka favoring residents against remittances credited in their nostro accounts arranged by the guarantee applicant non-resident firm/company. Before issuing guarantees, ADs shall retain foreign currency in margin account of the non-resident firm/company. As and when the guarantee is released by the beneficiary, the foreign currency so retained will be remittable to the non-resident firm/company. After effecting the remittance ADs shall close the account immediately. ADs shall comply with usual reporting procedure required for operating transactions of foreign currency accounts of non-residents. If the guarantee issued in foreign currency is invoked or encashed, the claim there against shall be settled in equivalent Taka. On encashment, ADs shall report the transactions as inward remittances and close the margin account.</p>
<p>BRPD Circular Letter No. 25</p> <p>December 3, 2018</p> <p>Regarding Transfer of Jute Sector Outstanding Loans to Block Account</p>	<p>As per government decision, after transferring interest of outstanding balance of loans, if necessary entire or partly of principal amount provided in Jute Sector to block account, provisions will have to be given to repay within 10 years including 2 years moratorium benefits to the borrowers considering merits-demerits of each account based on banker-customer relationship. Interest then has to be imposed on those accounts at cost of fund rate. If the borrower fails to repay in 4 consecutive installments in a year, the existing provisions shall be scraped and prevailing interest rate and rules shall be reinstated. Once the accounts transferred to block accounts, all subdued suits and claims shall be settled through negotiation.</p>
<p>BRPD Circular No. 17</p> <p>December 17, 2018</p> <p>Agricultural Loan Rescheduling.</p>	<p>Small term agricultural loan can be rescheduled under banker-customer relationship by relaxing down payment condition and, to some extent without down payment. After rescheduling, fresh small term agricultural loans can be granted to those borrowers without collateral or fresh deposit as well. For rescheduling loans of subdued Certificate suits, those cases have to be either withdrawn or settled through negotiation.</p>
<p>FID Circular Letter No. 02</p> <p>December 17, 2018</p> <p>Regarding transformation of school banking account into general savings account</p>	<p>School banking accounts can be converted to general savings accounts immediately with the consent of the account holder aged above 18.</p>

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to:
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Published by G.M. Abul Kalam Azad, General Manager, Department of Communications and Publications, Bangladesh Bank, Head Office, Dhaka, Bangladesh. website : www.bb.org.bd, Printed by Al-Kawser Printers, 167 Motijheel C/A, Dhaka-1000.

DCP-05-2019-550

Price :Tk. 50.00; US\$: 5.00