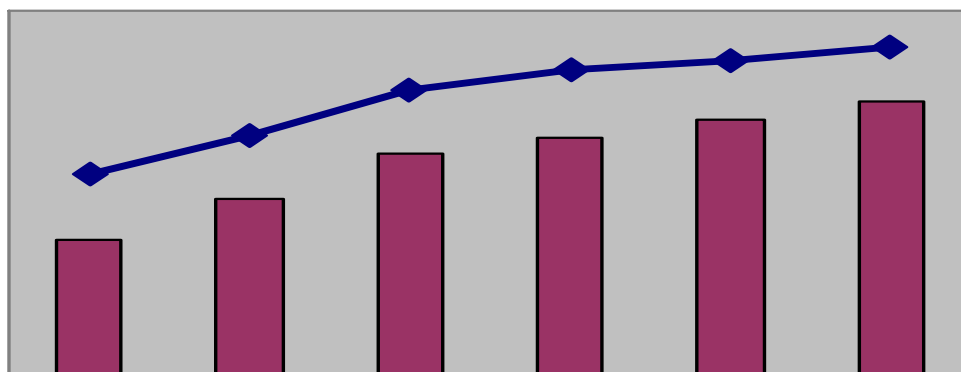


MONTHLY FISCAL-MACRO UPDATE

DECEMBER, 2008



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Issue-10, Year: 2008

As on February 25, 2009

A. FISCAL SECTOR

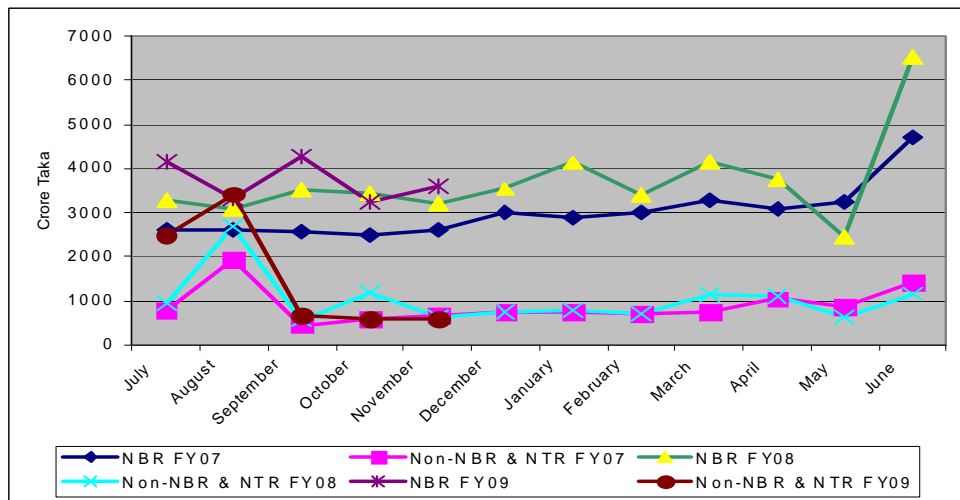
a.1 Revenue Earnings

(in crore Tk.)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2006-07	36172.1	1854.7	8779.7	46806.6
2007-08	45777.0	2313.0	10080.0	58170.0
Growth (%)	26.6	24.7	14.8	24.3
2008-09				
November	3607.7	195.6	378.5	4181.8
July- November	18596.0	1047.1	6705.0	26348.2
Growth over July- Nov., FY 08	(12.8%)	(29.5%)	(29.1%)	(17.1%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

Chart 1: Monthly Trend of Revenue earnings (FY07-FY09)



- Up to November, FY09 growth in revenue (17.1%) continues.
- NBR Tax revenue growth up to November FY 09 is 12.8 percent.
- Non-NBR Tax revenue growth up to November FY 09 is 29.5 percent.
- Dividend and profit mainly contributes growth (29.1%) in Non-Tax revenue.

a.2 Grants

(in crore Tk.)

2006-07	2007-08	Growth (%)	2008-09		
			November	July- Nov.	Growth over July- Nov., FY 08
1037.4	2007.4	93.50	45.2	172.9	21.22

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

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a.3 Government Expenditure

(in crore Tk.)

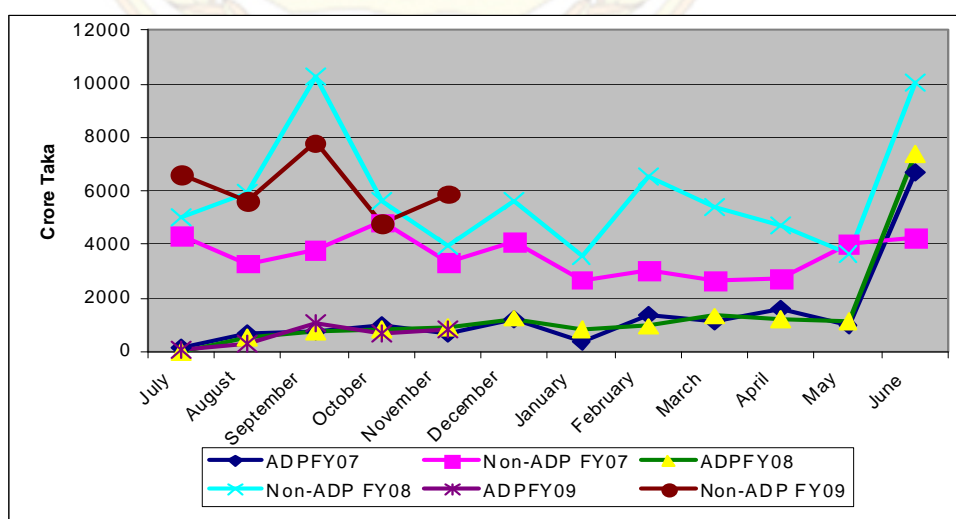
	2006-07	2007-08	Growth (%)	2008-09	
				November	July- November
1. Current	40867.9	49992.0	22.34	4316.1	21098.5(20.09%)
Interest	9403.4	12461.9	32.53	1071.51	5784.50 (5.49%)
Domestic	8063.1	11063.4	37.21	952.72	5202.76 (4.48%)
Foreign	1340.3	1398.5	4.34	118.80	581.74 (15.51%)
Subsidies & Current Transfer	12228.0	17758.2	45.23	1295.90	7855.49 (43.97%)
2. ADP	16833.0	17067.5	7.60	862.1	3120.9 (5.05%)
3. Non-ADP Capital Exp. & Net lending	2782.7	-5671.7	-230.09	211.2	1958.5 (-75.61%)
4. Net Outlay on Food A/C	388.0	2192.0	1401.37	1387.0	1387.0 (105.79%)
5. Extraordinary Exp	32.2	788.3	2348.14	0.00	0.00
6. Check float	222.3	20452.8	1635.9	-30.3	6130.3 (58.17%)
Total (1+2+3)	59932.0	84821.1	41.53	6746.0	33695.2 (-0.06%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July-November, FY 08

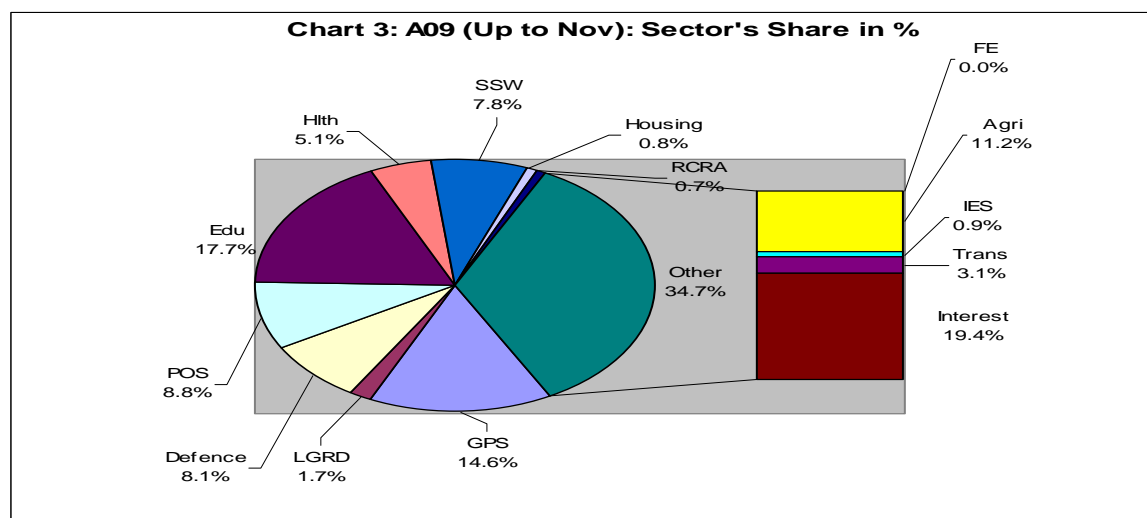
Up to November, FY 09,

- Current expenditure records a growth (growth: 20.09 %), of which
 - Subsidies and transfer (growth: 43.97%)
 - Interest payments (growth: 5.49%).

Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 07-FY09)



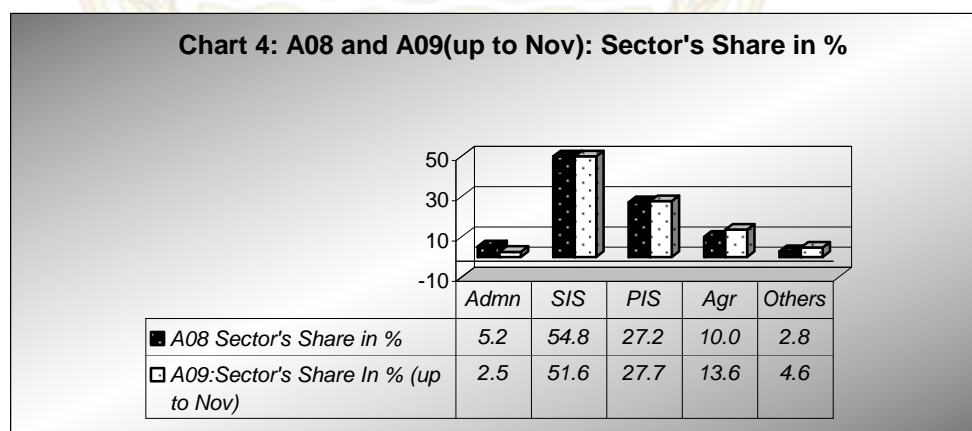
a.3.1 Structure of Revenue Expenditure



GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, Trans = Transport and Communication

- Sector wise revenue expenditure shows that highest expenditure is in Interest payment (19.4%), Education (17.7%), and General Public Service (14.6%).

a.3.2 Structure of ADP Expenditure



Admn = General Public Services, Defence, and Public Order and Safety, SIS = Social Infrastructure, covers Edu, health, Housing and SSW & LGRD. PIS = Physical Infrastructure, covers FE and Trans; and Others include RCRA and IES

- Sector wise ADP expenditure shows that, up to November highest share are in Social Infrastructure (51.6%) and next highest expenditure is in Physical Infrastructure (27.7%).

a.4 Budget Deficit

(in crore Tk.)

	Overall Balance	Overall Balance as % of GDP
2006-07	-13125.4	-2.8
2007-08	-26650.9 (including BPC) -19328.4 (excluding BPC)	-4.9(including BPC) -3.5(excluding BPC)
2008-09		
November	-2564.20	-5.4
Up to November	-7347.00	-3.1

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

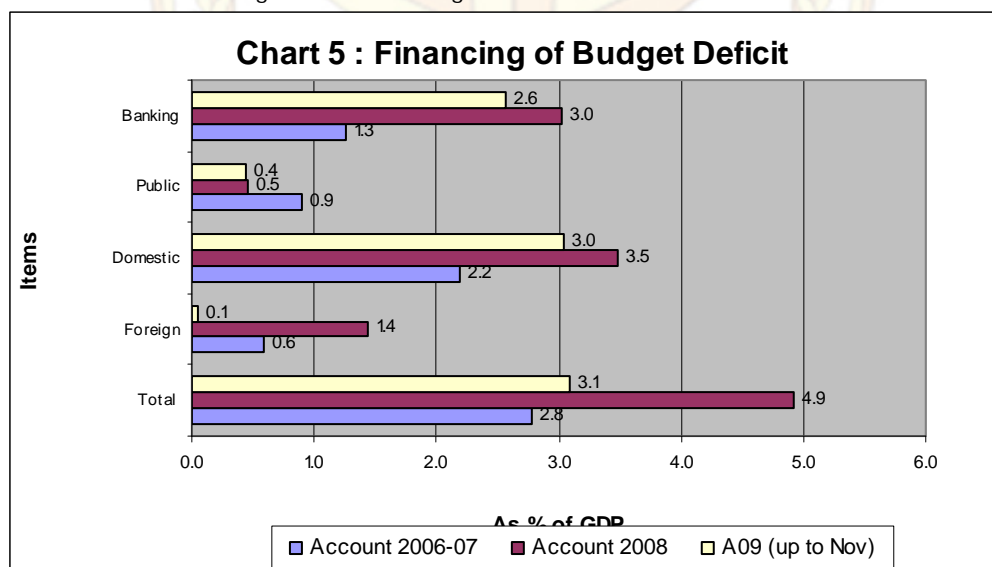
a.5 Deficit Financing

(in crore Tk.)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2006-07	2790.0	5982.3	4353.1	13125.4	2.8
2007-08	7775.5	16349.3* 9026.7**	2526.1	26650.9* 19328.4**	4.9* 3.5**
2008-09					
November	-1.7	2416.0	149.9	2564.2	5.4
Up to Nov.	129.1	6092.9	1125.0	7347.0	3.1

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division.

* including BPC ** excluding BPC



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a.5 Net Sales of NSD Certificates

(in crore Tk.)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2006-07	15123.53	10948.61	4174.92	43639.18
2007-08	14105.79	11587.50	2518.29	46157.47
Growth	-6.73%	+5.83%	-39.68%	+5.77%
2008-09				
December	898.34	726.94	171.40	47863.50
July- December (Growth over July- Dec. FY 08)	7158.58 (9.03%)	5452.55 (-5.61%)	1706.03 (116.33%)	47863.50 (7.73%)

Source: National Savings Directorate.

- In the first half of FY09, there is a huge growth in net sale (116.33%) compared to the same period of the previous fiscal year.

A. MONETARY SECTOR

b.1 Monetary and credit development

(in crore Tk.)

	Outstanding Stock at the end of period				
	2006-07	2007-08	Growth	2008-09 (Dec. ^p)	Growth(%) over December, FY08
Net Foreign Asset	32888.40	37845.40	15.07	35138.00	3.65
Net Domestic Asset	179097.80	210949.50	18.10	236840.90	20.33
Domestic credit	204267.60	248767.80	20.95	270406.70	19.34
Public Sector	53495.40	58632.00	9.60	65874.20	12.39
Govt. (net)	36040.00	46999.60	30.41	52322.80	16.71
Other Public Sector	17455.40	11632.40	-33.36	13551.40	-1.68
Private Sector	150772.20	190135.80	24.94	204532.50	21.77
Broad Money	211986.20	248794.90	17.63	271978.90	17.88

Source: Bangladesh Bank. p. Provisional

- At the end of December, 2008 broad money growth stands to 17.88 percent.
- Growth in Net Foreign Asset is 3.65 percent.
- Share of Net Foreign Asset in M₂ is 12.92 percent.
- There has been higher growth in Govt. (net) (16.71%).
- Strong growth in private sector credit (21.77%) continues.

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b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2006-07	2007-08	Change	2008-09 (December)	Change over December FY08
Reserve money	44073.1	52789.60	19.78 %	59938.20	17.57
Reserve Money multiplier	4.80	4.71	-0.09	4.54	0.01

Source: Bangladesh Bank.

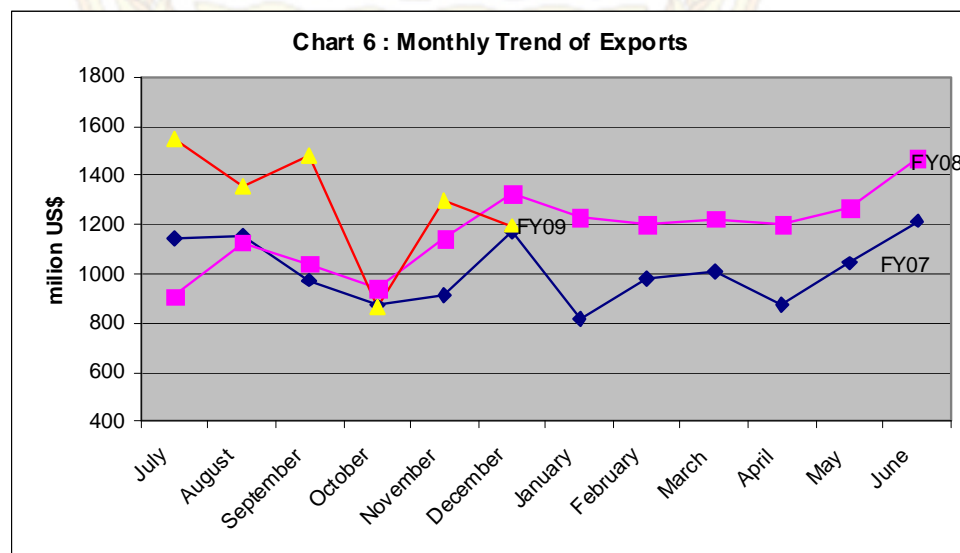
B. EXTERNAL SECTOR

c.1 Export

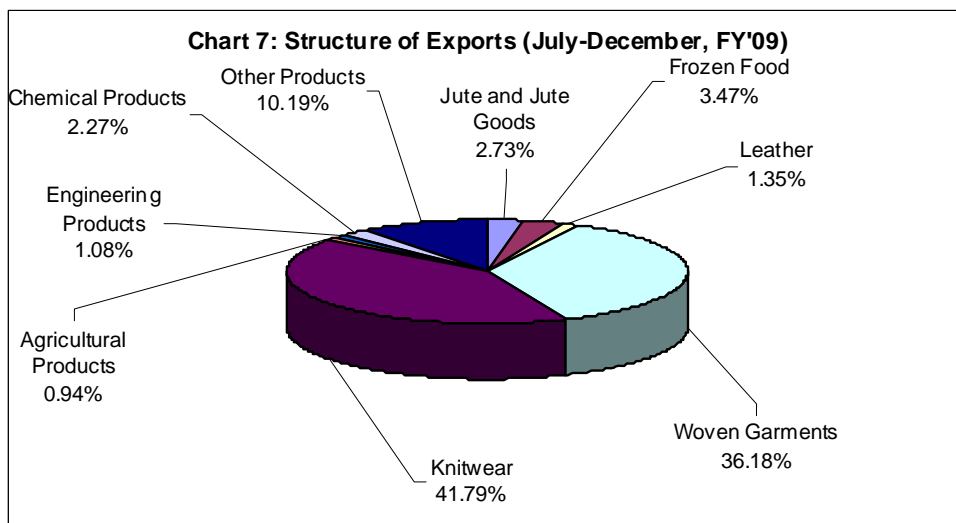
(in million US\$)

	2006-07	2007-08	2008-09	
			December	July- December
Export	12177.86	14110.80	1195.83	1329.70
Growth (%)	15.69	15.87	-10.07*	19.38*

Source: Export Promotion Bureau. *Growth over the same period of the previous fiscal year.



c.1.1 Structure of Exports



- Strong growth in export is mainly due to increase in Knitwear (27.07%), Woven Garments (20.99%) and Chemical products (89.02%).
- Exports of engineering products, Leather, Raw Jute & Jute goods and Frozen food declined by 19.83 percent, 31.86 percent, 14.89 percent and 1.84 percent respectively.

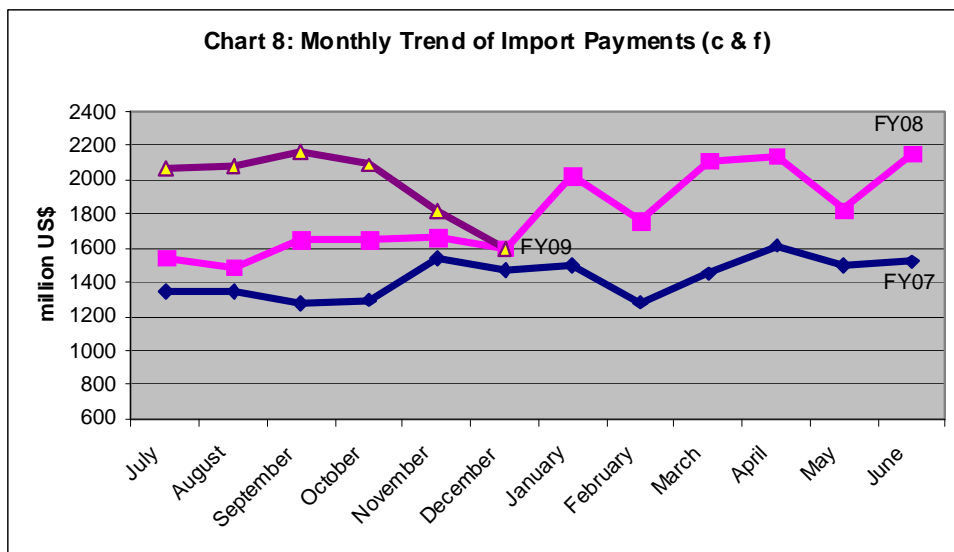
c.2 Imports (c&f)

(in million US\$)

	2006-07	2007-08	2008-09 ^P	
			December	July- December
Import payments	17156.80	21629.00	1600.40	11831.50
Growth (%)	16.35	26.07	-0.01	23.25
LCs Opened	17451.01	24435.61	1405.52	11176.65
Growth (%)	14.47	40.02	-25.10	4.24
LCs Settled	15971.35	20372.60	1530.30	11115.39
Growth (%)	14.49	27.56	0.81	22.44

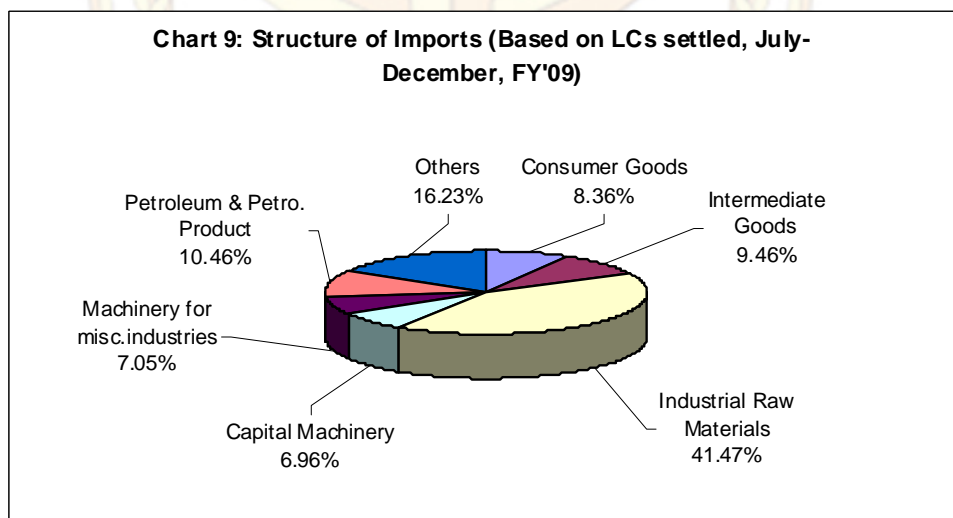
Source: Bangladesh Bank.

p-provisional ; Growth rate (in percent) over the same period of the previous fiscal year.



- In the fiscal year 2007-08, the import sector records massive growth of 26.07 percent.
- Up to first half of FY09 import payments increased by 23.25 percent compared to the same period of the previous fiscal year.

C.2.1 Structure of Imports (Based on LCs settled)



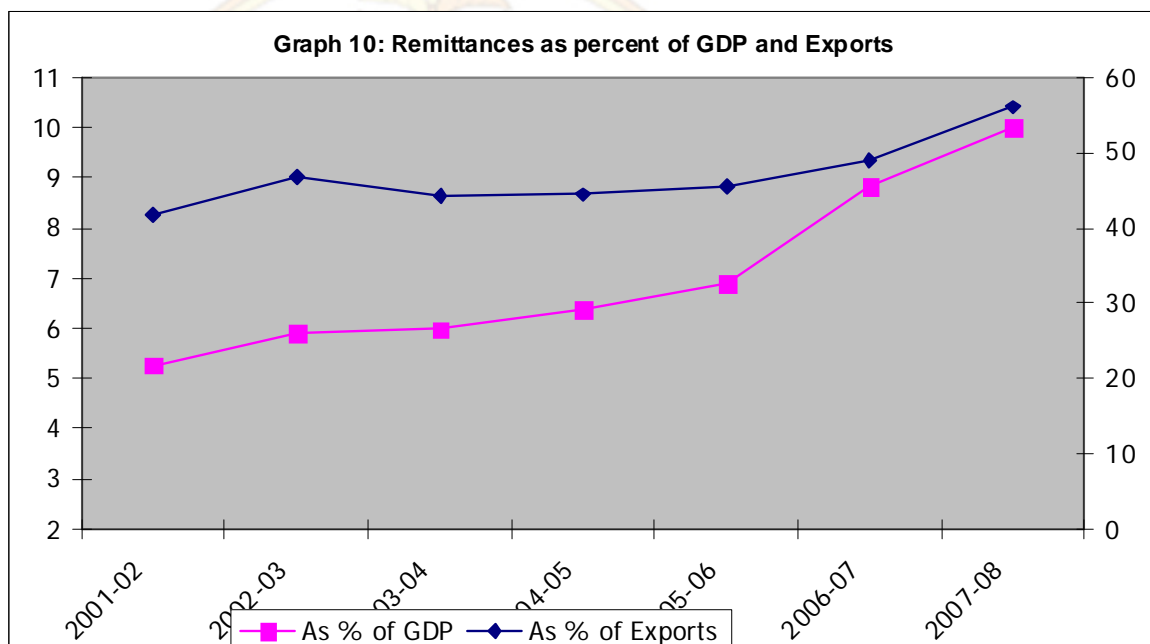
- Up to December, FY'09 import of consumer goods recorded a decrease of 23.52 percent.
- Import of intermediate goods increased by 62.94 percent.
- Import growth of industrial raw materials is 33.77 percent.
- Growth in capital machinery and machinery for misc. industry recorded an increase of 16.78 percent.

c.3 Remittances

(in million US\$)

	2006-07	2007-08	2008-09	
			December	July- December
Remittances	5978.47	7914.78	758.03	4504.73
Growth ^a (%)	24.50	32.39	19.31	30.93
As % of GDP	8.83	10.02	-	-
As % of Export	49.09	56.09	-	-

Source: Bangladesh Bank. p. provisional, - indicates data are not available

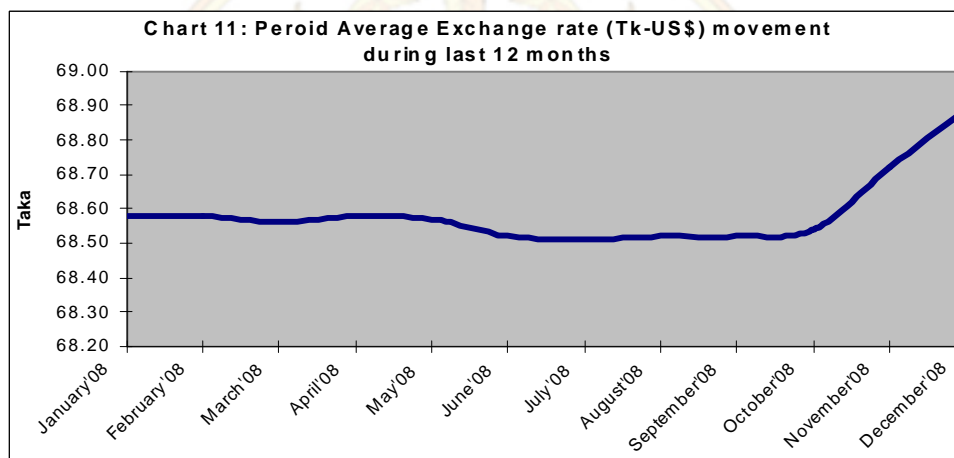


- In FY 08 remittances inflow records a robust growth of 32.39 percent.
- In FY08 remittances as percent of GDP and Export were 10.02 percent and 56.09 percent respectively which are relatively higher than previous fiscal year.
- Up to December, FY 09 remittances inflow records a growth of 30.93 percent.

c.4 Exchange Rate Movement

	Average	End of the period
2005-06	67.08	69.67
2006-07	69.03	68.80
2007-08	68.60	68.52
2008-09		
July	68.5107	68.5189
August	68.5181	68.5200
September	68.5167	68.5150
October	68.5431	68.6450
November	68.7172	68.8000
December	68.8887	68.9350

Source: Bangladesh Bank.



- Slight depreciation of taka at December, 2008 against US dollar compared to the same period of the previous year.

c.5 Foreign Exchange Reserve

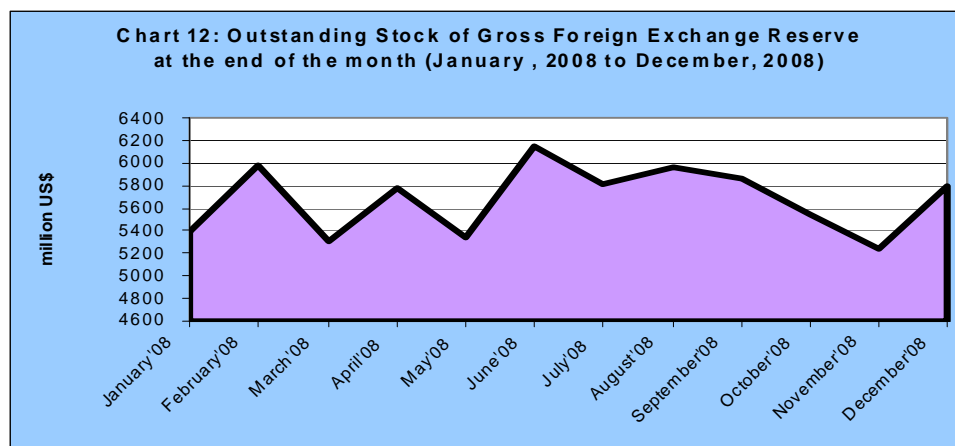
(in million US\$)

	2005-06	2006-07	As on end of December, 2008
Reserve	3483.78	5077.24	5787.80
in month of import payment	2.83	3.55	2.9

Source: Bangladesh Bank.

- On the basis of import payment in the first six months of FY 09 the foreign exchange reserve (end December) is equivalent to 2.9 months import payments.

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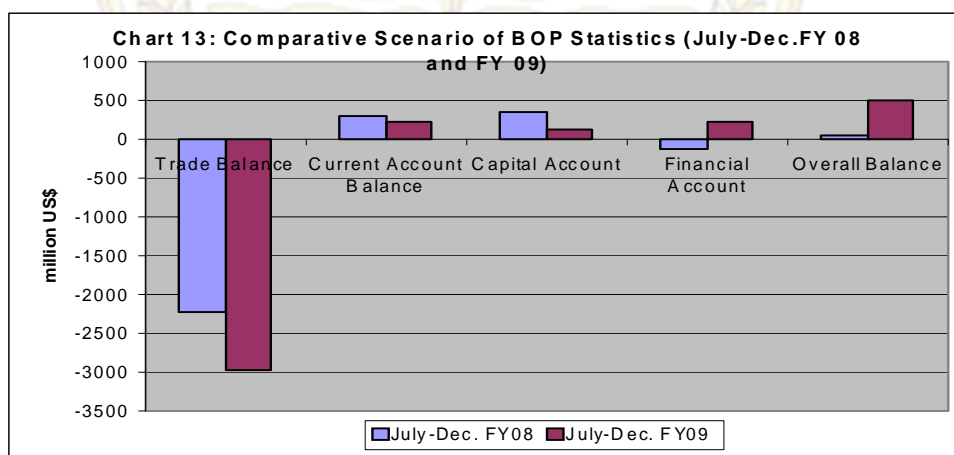


c.6 Balance of Payments

(in million US\$)

	2006-07	2007-08 ^p	2007-08 (July-December)	2008-09 ^p (July-Dec.)
Trade Balance	-3458	-5541	-2227	-2974
Current Account Balance	936	672	298	232
Capital Account	490	576	338	130
Financial Account	762	-431	-130	213
Overall Balance	1493	604	44	489

Source: Bangladesh Bank. p- provisional



- Current account balance records a surplus of 232 million US\$ in the first half of FY 09, which was a surplus of 298 million US\$ in the same period of the previous fiscal year.
- Compare to FY 07, in FY 08 trade gap widens significantly due to the larger increase in import.

A. REAL SECTOR

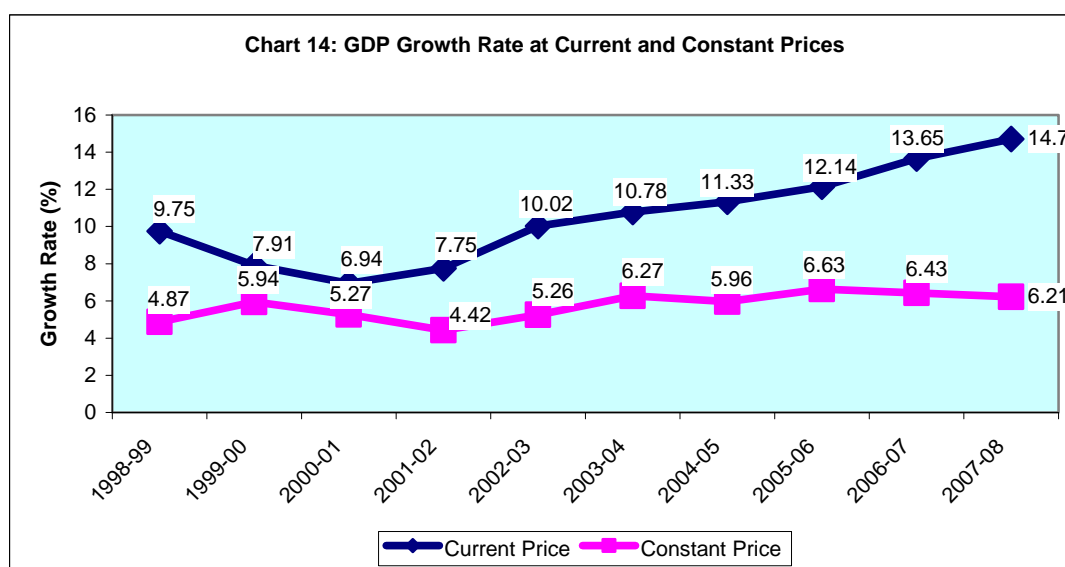
d.1 Gross Domestic Product

(Crore Taka)

	2004-05	2005-06	2006-07	2007-08 ^P
GDP at constant prices	266974	284673	302971	321786
Growth (%)	5.96	6.63	6.43	6.21
Agriculture	2.21	4.94	4.56	3.61
Industry	8.28	9.74	8.38	6.87
Service	6.36	6.40	6.92	6.69
GDP at current prices	370707	415728	472477	541919
Growth (%)	11.33	12.14	13.65	14.70
GNI at current prices	389635	442935	507752	585318
Per capita GDP (Tk.)	27061	29955	33607	38056
Per capita GNI (Tk.)	28443	31915	36116	41103
Per capita GDP (US\$)	441	447	487	554
Per capita GNI (US\$)	463	476	523	599

Source: Bangladesh Bureau of Statistics. P- Provisional.

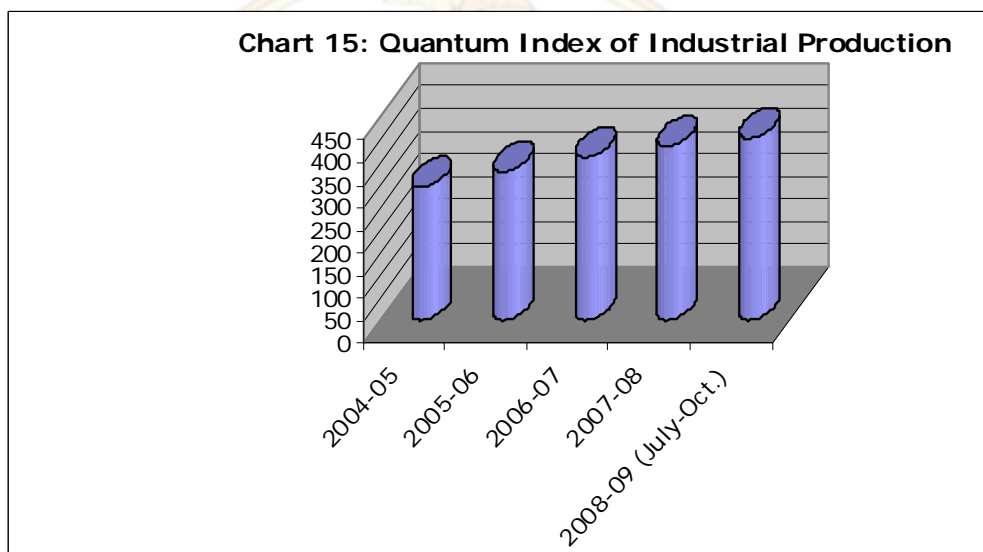
- Real GDP growth in FY 08 provisionally estimated to be 6.21 percent of which
 - Growth in Agriculture has been estimated at 3.61 percent
 - Growth in Industry is estimated 6.87 percent
 - Service sector growth is estimated at 6.69 percent.
- Per capita GDP in FY 08 exceeded US\$ 500 mark and reached to US\$ 554.



d.2 Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry, Base: 1988-89=100)

FY	Index	Growth Rate
2005-06	328.35	11.41
2006-07	360.33	9.74
2007-08	384.82	6.80
2007-08 ^P		
October	352.13	1.47
July-October (Average)	402.72	10.64

Source: BBS

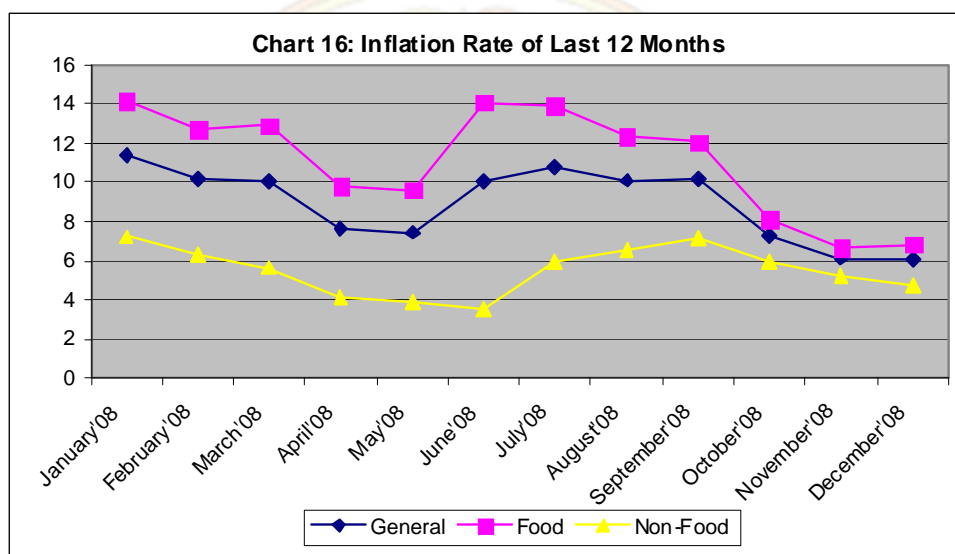


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- In FY 08, the average index is 384.82 which is 6.80 percent higher compared to the same period of FY 07.
- In the first four months of FY 09, the average index is 402.72 which is 10.64 percent higher compared to the same period of FY 08.

d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Point to Point Inflation		
		General	Food	Non-Food
2005-06	164.21	7.17	7.76	6.40
2006-07	176.06	7.22	8.12	5.90
2007-08	193.54	9.93	12.28	6.32
2008-09				
July	206.86	10.82	13.92	5.93
August	207.27	10.11	12.36	6.55
September	210.14	10.19	12.07	7.19
October	209.31	7.26	8.08	5.95
November	207.14	6.12	6.68	5.25
December	204.90	6.03	6.83	4.76

Source: Bangladesh Bureau of Statistics.



- In FY08 the average rate of inflation recorded at 9.93 percent.
- Upward inflationary pressure continues in the first quarter of the FY 09.
- But there has been a decreasing trend in the second quarter of the FY 09. In December, 2008 the rate of inflation come down to 6.03 percent. The food and non-food inflation were 6.83 percent and 4.76 percent respectively.