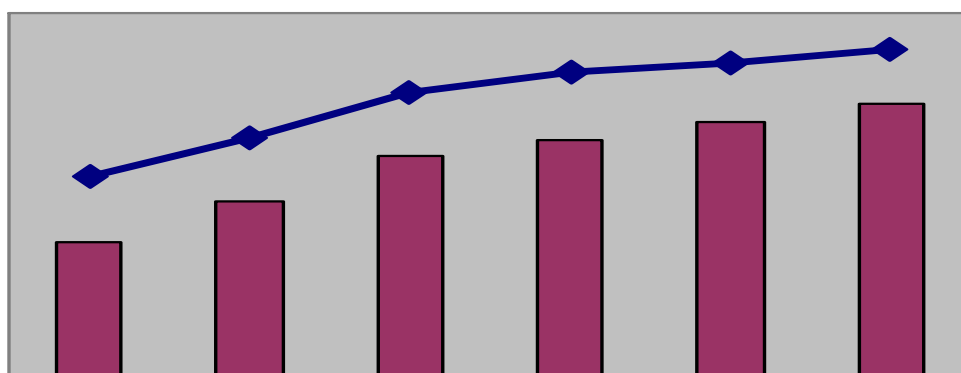


MONTHLY FISCAL-MACRO UPDATE

July, 2010



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Issue-07, Year: 2010
As on November 03, 2010

A. FISCAL SECTOR

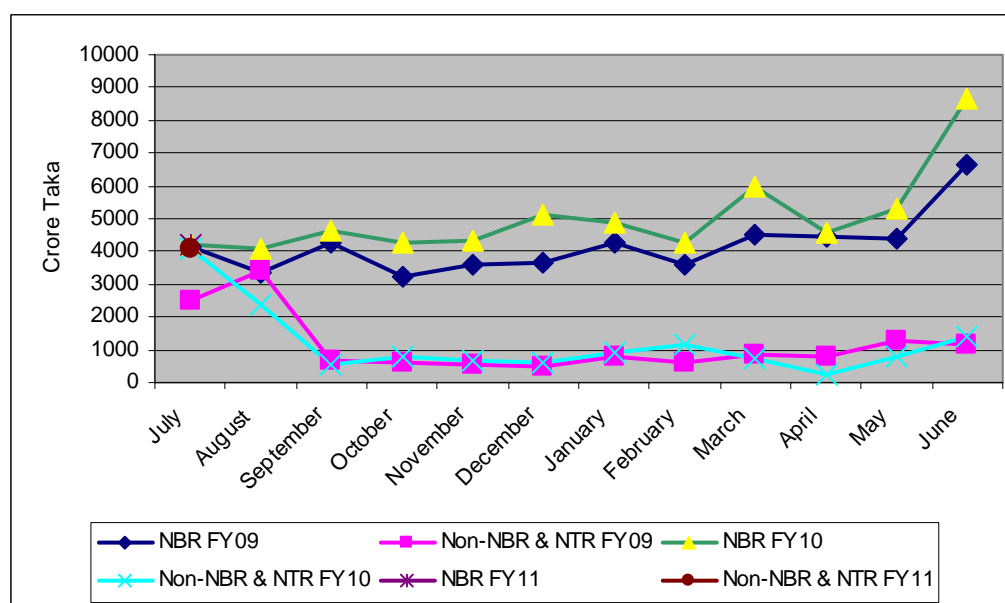
a.1 Revenue Earnings

(in crore Tk.)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2008-09	50205.1	2652.9	10989.3	63847.3
2009-10	59741.6	2742.7	13184.8	75669.3
Growth (%)	19.0	3.4	12.7	17.2
2010-11				
July	4194.4	269.4	3837.7	8301.50
July	4194.4	269.40	3837.7	8301.50
(Growth over July FY '10)	(15.9%)	(-2.9%)	(-17.0%)	(0.08%)

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

Chart 1: Monthly Trend of Revenue earnings (FY08-FY10)



- In July, FY11 growth of total revenue is 0.08 percent.
- NBR Tax revenue growth in July FY11 is 15.9 percent.
- Non-NBR Tax revenue decreased by 2.9 percent
- Dividend, Interest, fees, tolls are the main components of Non-Tax revenue.

a.2 Grants

(Taka in crore)

2008-09	2009-10	Growth (%)	2010-11	
			July	July (Growth over July FY'10)
2130.7	2003.0	-6.0	30.5	29.4 (--)

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

a.3 Government Expenditure

(Taka in crore)

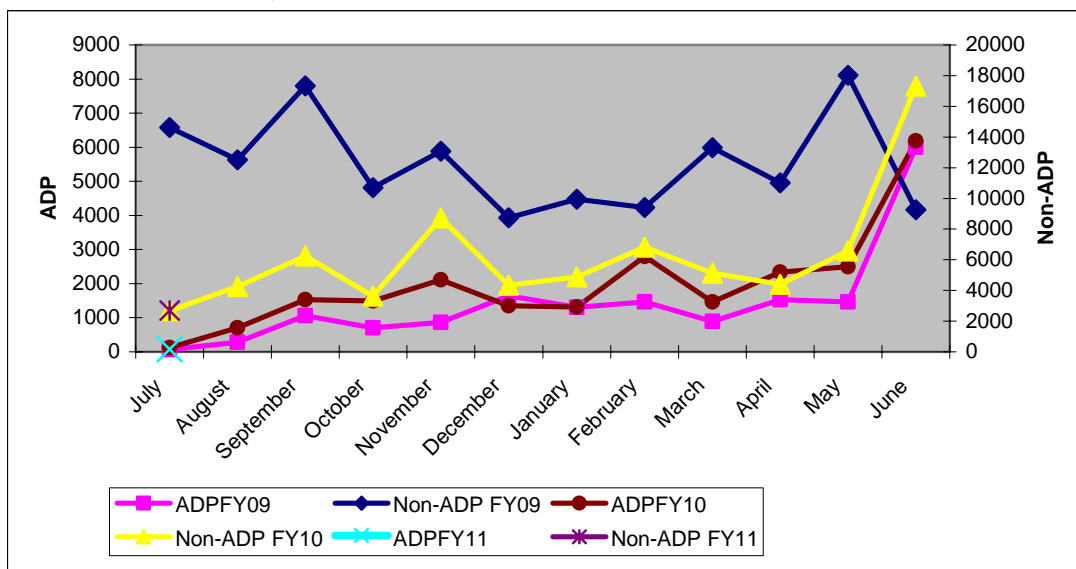
	2008-09	2009-10 ^P	Growth (%)	2010-11 ^P	
				July	July-
1. Non-Development	64955.1	66073.5	9.10	2475.5	2475.5 (-9.6%)
Interest	10317.4	13204.4	27.81	794.5	794.5
Domestic	9188.1	1963.5	54.73	794.5	794.5
Foreign	1129.3	1240.9	-2.78	-	-
Subsidies & Current Transfer	20097.1	22792.2	13.2	710.2	710.2
2. ADP	17559.9	24060.9	-0.42	165.4	165.4
3. Development Program Financed from Rev. Budget	378.35	727.4	-2.57	1.4	1.4
4. Non-ADP FFW	145.1	72.8	-68.19	-	-
5. Net Outlay on Food A/C	4912.9	2707.9	124.52	105.3	105.3
6. Loans & Advances	1832.6	941.9	-82.98	95.7	95.7
Total**	84236.5	95276.7	-3.15	2846.0	2846.0 (2.3%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July, FY 10. ** excludes non-ADP projects, structural adjustment

In July, FY 11

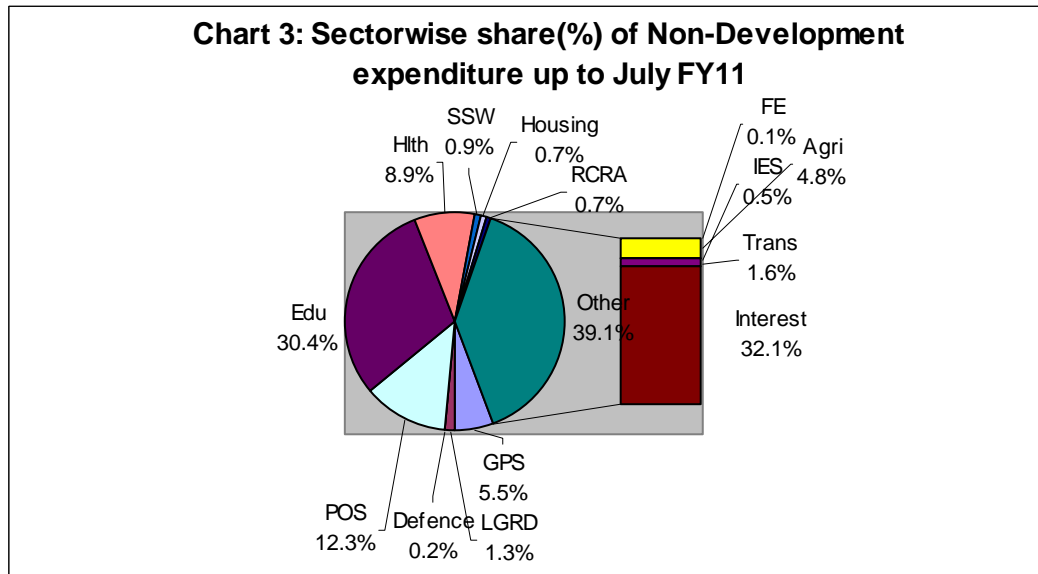
- Non Development expenditure decreased by 9.6 percent, of which-
 - Subsidies and transfer (growth: 35.26%)
 - Interest payments (growth: -29.6%).

Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 08-FY10)



a.3.1 Structure of Revenue Expenditure

Chart 3: structure of revenue expenditure by sector (FY11)

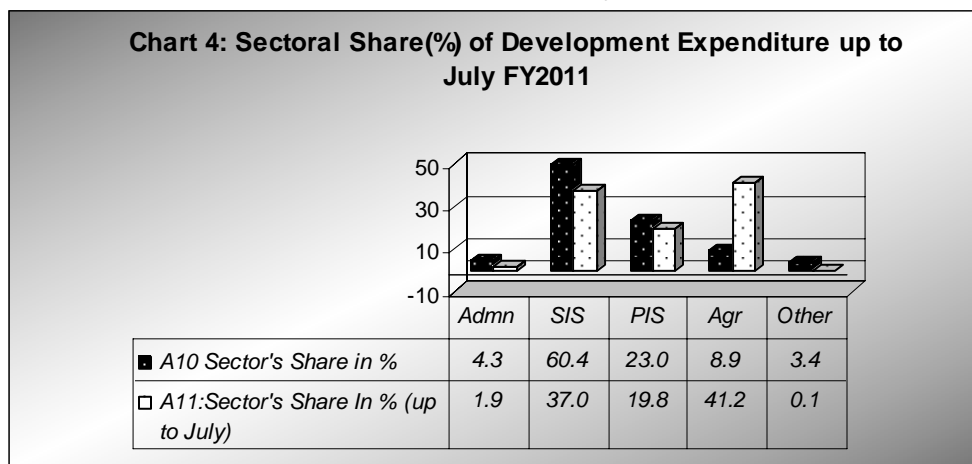


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 (32.1%). The other major sectors are Education (30.4%), Health (8.9%) and POS (12.3%).

a.3.2 Structure of ADP Expenditure

Chart 4: structure of ADP expenditure by sector (FY11)



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 July FY11, highest share are in Agriculture (41.2%) and next highest expenditure is in SIS (37.0%).

a.4 Budget Balance

(Taka in crore)

	Overall Balance	Overall Balance as % of GDP
2007-08	-26650.9 (including BPC) -19328.4 (excluding BPC)	-4.9(including BPC) -3.5(excluding BPC)
2008-09	-16364.3	-2.38
2009-10		
June*	-13408.5	-1.95
Up to June*	-20750.9	-3.02

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

a.5 Deficit Financing

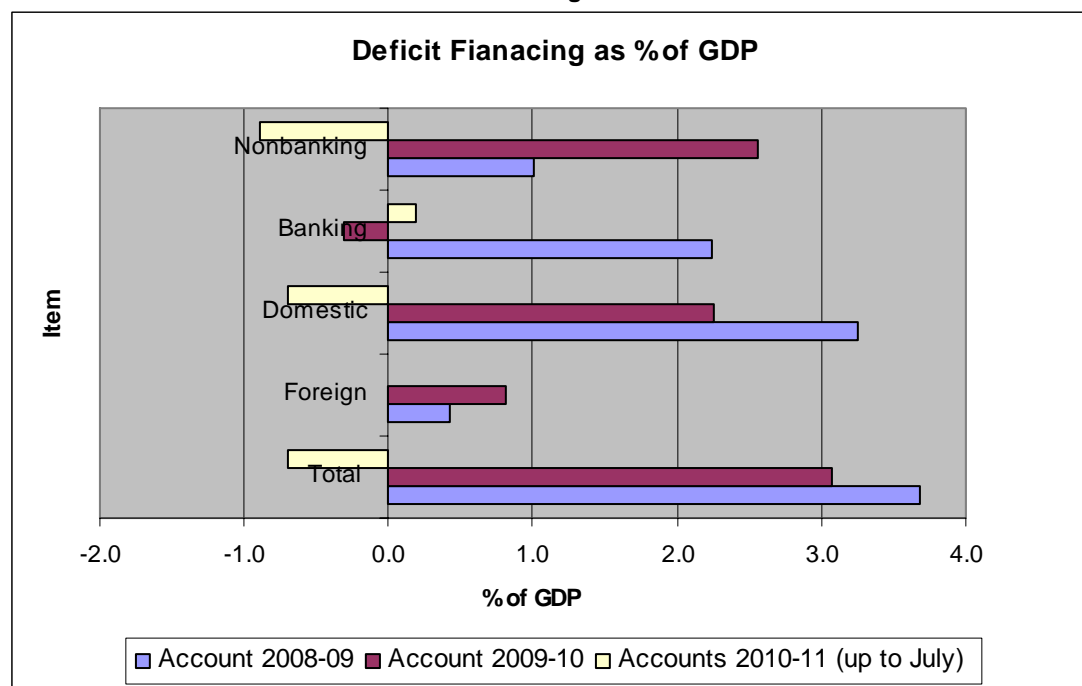
(Taka in crore)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2007-08	7775.5	16349.3* 9026.7**	2526.1	26650.9* 19328.4**	4.9* 3.5**
2008-09	2757.9	9856.9	3749.5	16364.3	2.38
2009-10	5594.4	-2092.5	17669.3	23760.4	3.3
2010-11					
July	-	1434.7	-6930.2	-5495.5	0.09
Up to July	-	1434.7	-6930.2	-5495.5	-0.21

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

*including BPC ** excluding BPC

Chart 5: Financing of deficit



MONTHLY FISCAL-MACRO UPDATE

a.5 Net Sales of NSD Certificates

(Taka in Crore)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2008-09	16035.28	12401.96	3633.32	49790.79
2009-10 ^P	25553.69	13963.05	11590.64	61381.42
Growth	59.4%	12.6%	219.0%	23.3%
2010-11 ^P				
July	1598.01	973.74	624.27	62005.69
Up to July Growth over July FY10	1598.01 (-20.03%)	973.74 (-10.15%)	624.27 (-31.74%)	62005.69 (22.29%)

Source: National Savings Directorate. P- Provisional

- In July FY11, the growth rate in net sale is -31.7 percent compared to the same period of the previous fiscal year.

A. MONETARY SECTOR

b.1 Monetary and credit development

(Taka in crore)

	Outstanding Stock at the end of period				
	2008-09	2009-10 ^P	Growth (%)	2010-11 (July ^P)	Growth(%) over July FY10
Net Foreign Asset	47964.50	67066.90	41.31	68694.90	37.42
Net Domestic Asset	248535.40	295964.30	18.84	295688.20	19.18
Domestic credit	288552.30	340176.00	17.89	342971.80	18.20
Public Sector	70624.90	69415.30	-1.71	69065.10	-2.18
Govt. (net)	58185.20	54392.30	-6.52	53971.50	-6.66
Other Public Sector	12439.70	15023.00	20.77	15093.60	18.13
Private Sector	217927.40	270760.70	24.24	273906.70	24.75
Broad Money	296499.90	363031.20	22.44	364383.10	22.24

Source: Bangladesh Bank. p. Provisional

- At the end of July FY10, broad money growth stands to 22.24 percent.
- Growth in Net Foreign Asset is 37.42 percent.
- Share of Net Foreign Asset in M₂ is 18.85 percent.
- There has been a negative growth in Govt. (net) (-6.66%)
- Growth in private sector credit is 22.24 percent.

b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2008-09	2009-10	Change	2010-11 (July ^p)	Change over July '09
Reserve money	69390.10	80510.30	41.53%	80857.30	13410
Reserve Money multiplier	4.27	4.51	0.24	4.51	0.09

Source: Bangladesh Bank; p. Provisional

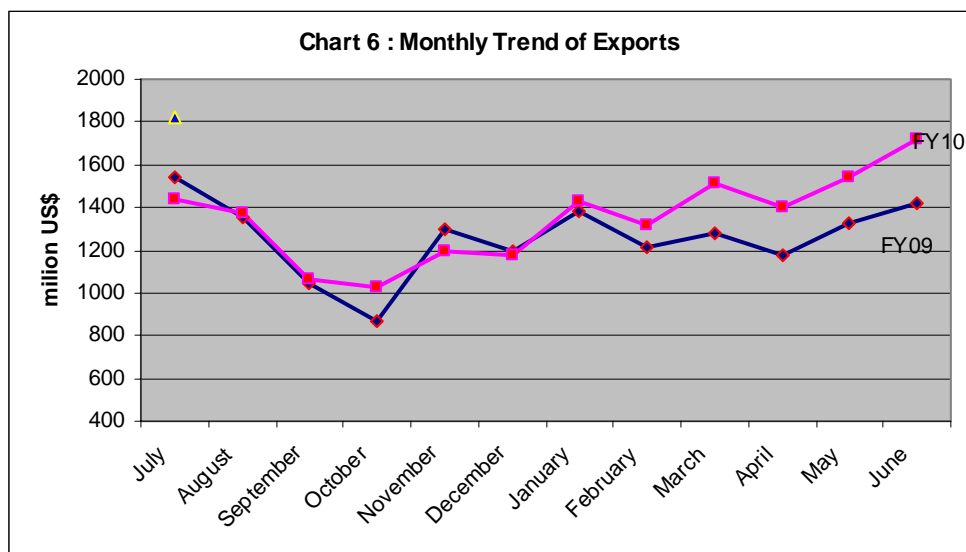
B. EXTERNAL SECTOR

c.1 Export

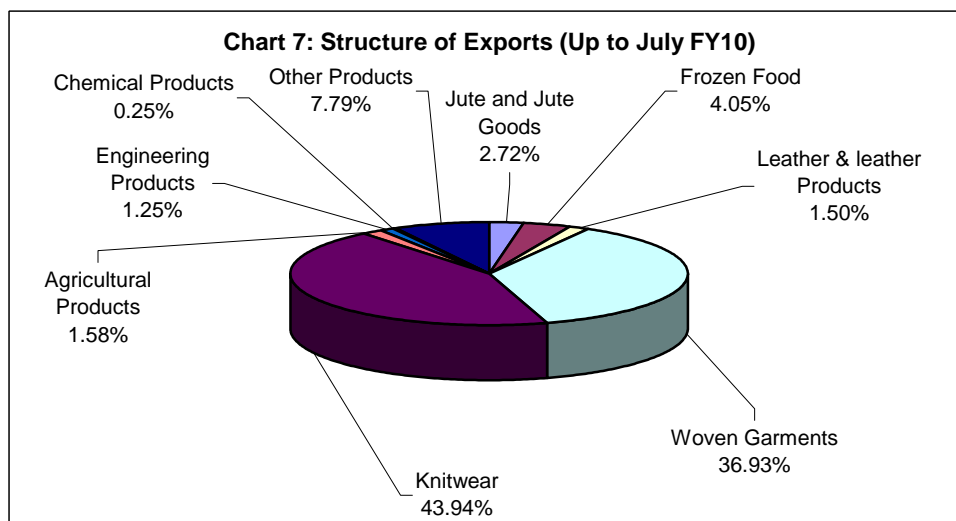
In million US\$)

	2008-09	2009-10	2010-11	
			July ^p	July-
Export	15565.19	16204.65	1818.75	1818.75
Growth (%) [*]	10.31	4.11	26.21	26.21

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



c.1.1 Structure of Exports



- In July FY11, export earnings increased by 26.21 percent. This growth mainly contributed by Knitwear (22.6%), Woven Garments (28.6%), Frozen food (36.5%) and Chemical products (60%) and Engineering products (30.3%).
- Besides, exports of Raw Jute & Jute goods, Leather, other primary commodities and other manufacturing goods have also increased significantly in relation to July FY10.

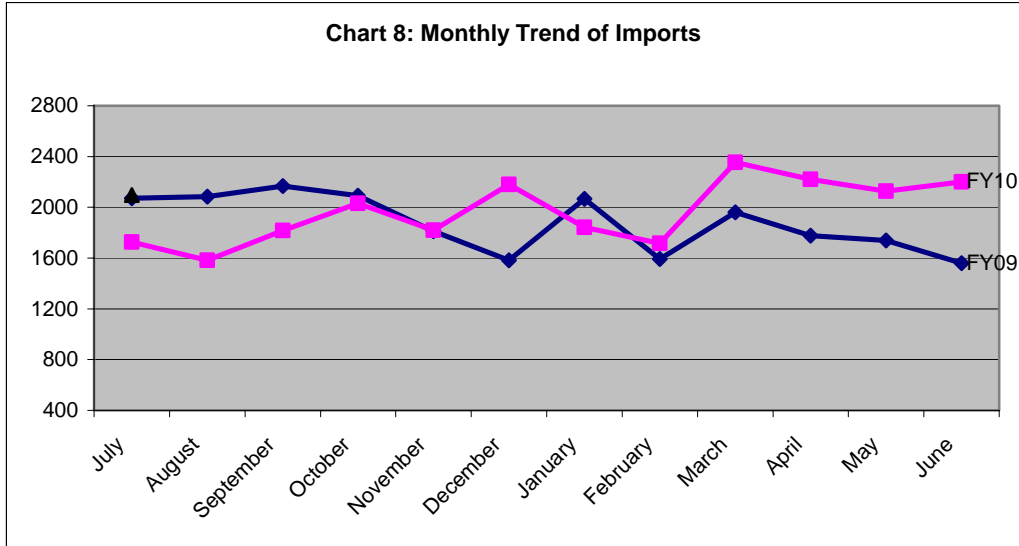
c.2 Imports (c&f)

(In million US\$)

	2008-09	2009-10	2010-11 ^p	
			July	July-July
Import payments	22507.10	23738.40	2164.40	2164.40
Growth (%)	4.06	5.47	25.4	25.4
LCs Opened	21802.74	28656.96	3003.33	3003.33
Growth (%)	-10.77	31.44	41.2	41.2
LCs Settled	21444.35	22969.10	2096.11	2096.11
Growth (%)	5.26	7.11	25.3	25.3

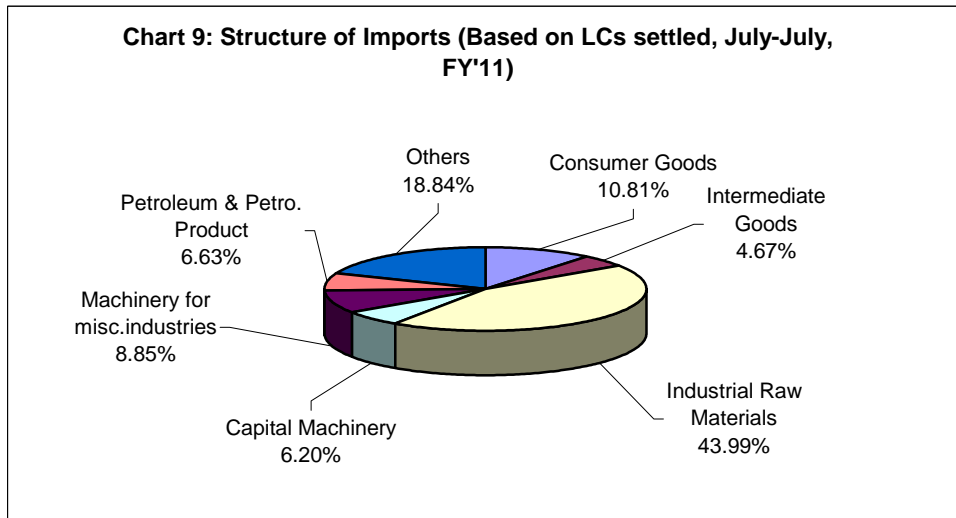
Source: Bangladesh Bank.

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



- In 2009-10, import payments increased by 5.5 percent compared to the previous fiscal year.
- However, in July FY10, import payment increased by 25.4 percent compared to same month of FY09.

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



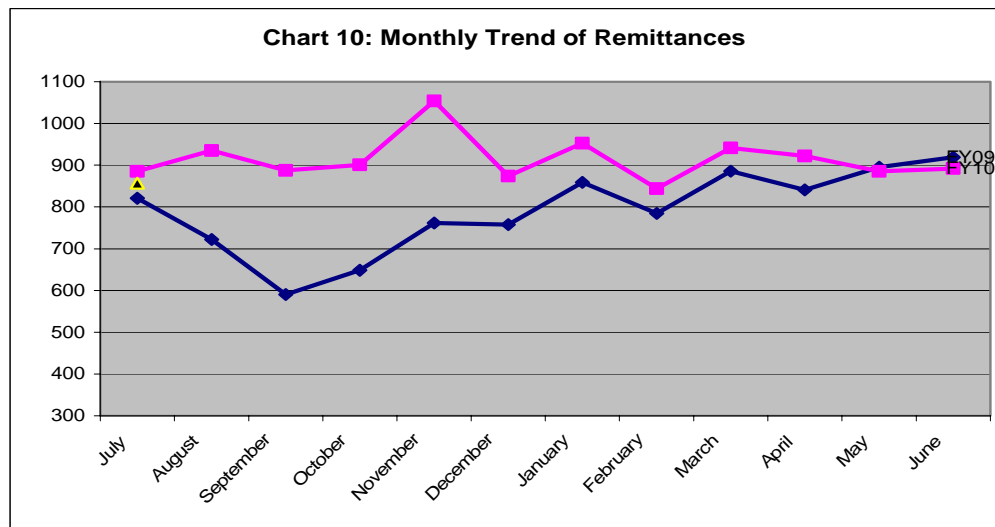
- In July FY10 import of consumer goods recorded an increase of 103.9 percent over July 2009. In the similar period-
 - ✓ Import of intermediate goods decreased by 29.2 percent.
 - ✓ Import of industrial raw materials increased by 40.3 percent.
 - ✓ Import of capital machinery increased by 12.7 percent and machinery for misc. industry increased by 25.4 percent.

c.3 Remittances

(in million US\$)

	2008-09	2009-10	2010-11 ^P	
			July	July- July
Remittances	9689.26	10987.40	857.31	857.31
Growth (%)	22.42	13.40	-3.17	-3.17
As % of GDP	10.82	11.06	-	-
As % of Export	62.25	67.65	41.14	41.14

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

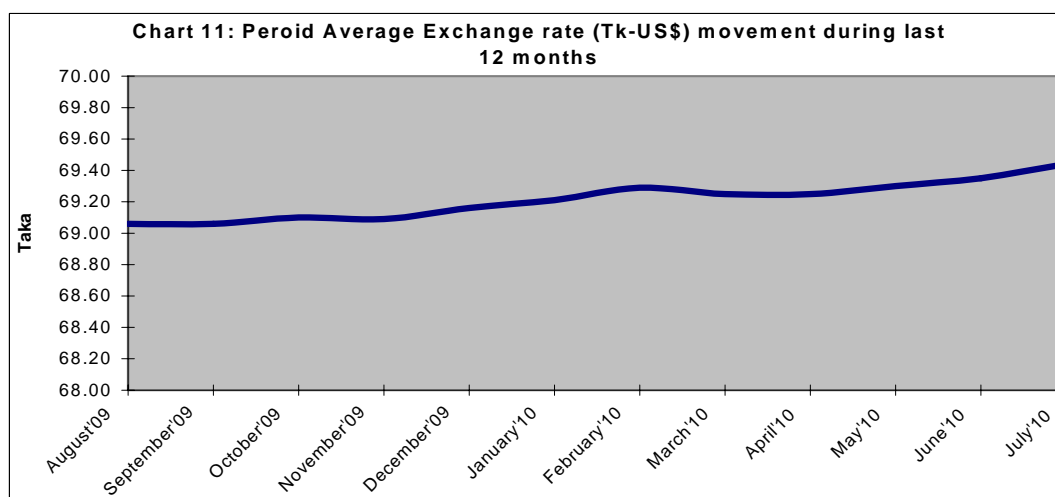


- In FY10 remittances inflow records a moderate growth of 13.4 percent.
- In FY10 remittances as percent of GDP and Export were 11.06 percent and 67.65 percent respectively which are relatively higher than previous fiscal year.
- In July FY11, remittances inflow recorded a negative growth of 3.17 percent.

c.4 Exchange Rate Movement

	Average	End of the period
2007-08	68.60	68.52
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11		
July	69.4370	69.4100
August		
September		
October		
November		
December		

Source: Bangladesh Bank.



- Taka depreciated by 0.05 percent as of end July FY11 against US dollar over end of July FY'10.

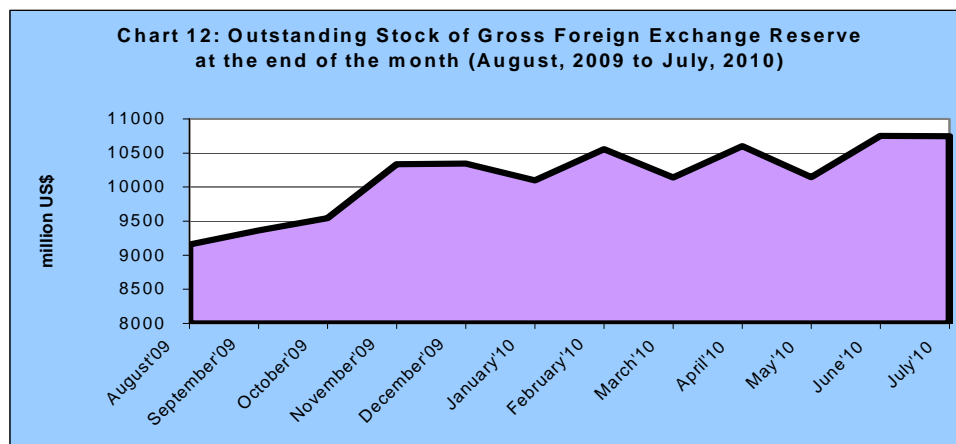
c.5 Foreign Exchange Reserve

(In million US\$)

	2008-09	2009-10	As on end of July'10
Reserve	7470.96	10749.74	10749.18
In month of import payment	3.98	4.5	5.4

Source: Bangladesh Bank.

- On the basis of import payment of July-June FY10 the foreign exchange reserve (end June) is equivalent to 5.4 months import payments.

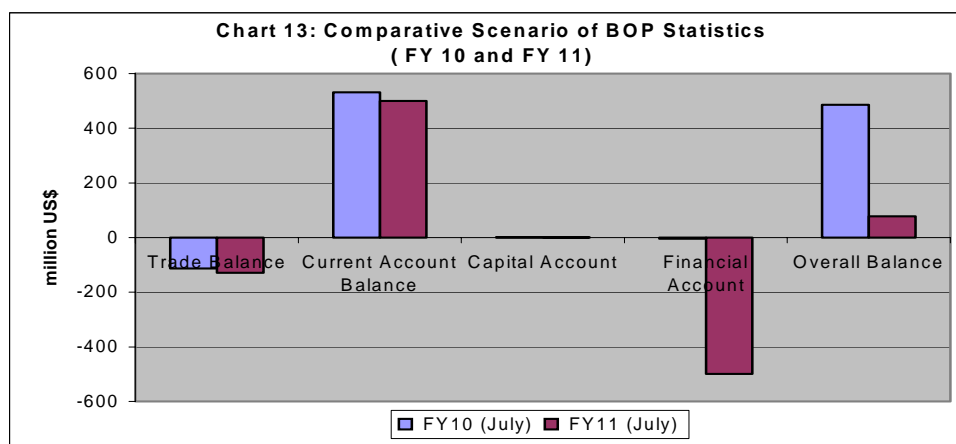


c.6 Balance of Payments

(In million US\$)

	2007-08	2008-09 ^R (July-June)	2009-10 ^P (July-June)	2010-11 ^P July
Trade Balance	-5330	-4710	-5152	-129
Current Account Balance	680	2416	3734	500
Capital Account	576	451	442	1
Financial Account	-457	-825	-755	-499
Overall Balance	331	2058	2865	78

Source: Bangladesh Bank. p- provisional



- In FY10, Current Account Balance recorded a surplus of US\$ 3734 million, which was US\$ 2416 million in the same period of the previous fiscal year.
- Current Account Balance recorded a surplus of US\$ 500 million in July FY11, which was US\$ 532 million in the same period of FY10.

A. REAL SECTOR

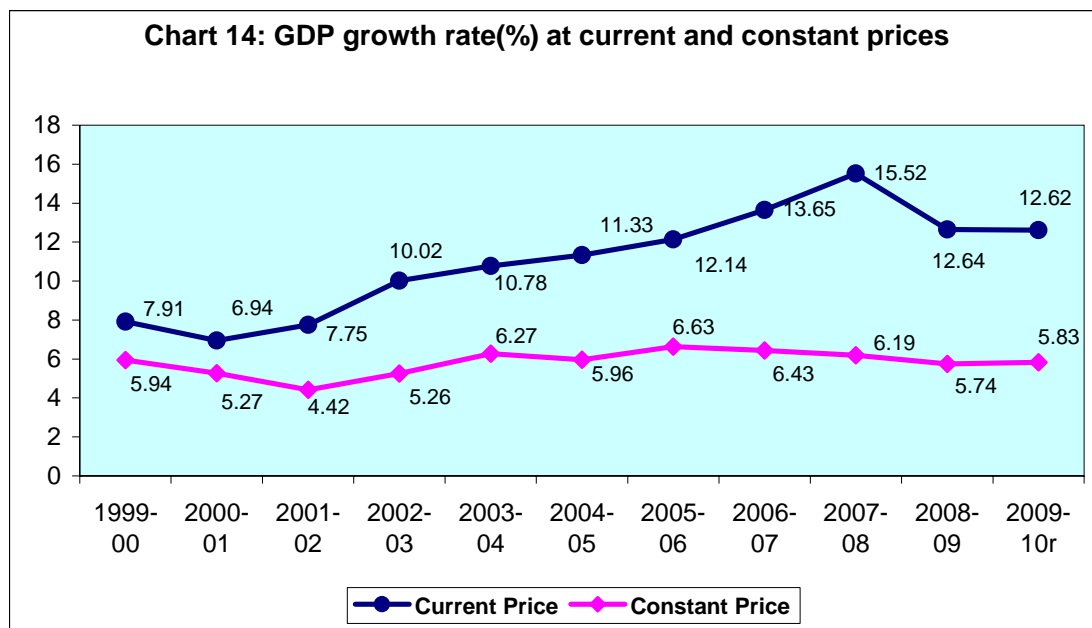
d.1 Gross Domestic Product

(Crore Taka)

	2005-06	2006-07	2007-08	2008-09	2009-10 ^r
GDP at constant prices	284673	302971	321726	340197	360047
Growth (%)	6.63	6.43	6.19	5.74	5.83
Agriculture	4.94	4.56	3.20	4.12	4.67
Industry	9.74	8.38	6.78	6.46	6.01
Service	6.40	6.92	6.49	6.32	6.38
GDP at current prices	415728	472477	545822	614795	692380
Growth (%)	12.14	13.65	15.52	12.60	12.62
GNI at current prices	442935	507752	594212	670696	758684
Per capita GDP (Tk.)	29955	33607	38330	42628	47405
Per capita GNI (Tk.)	31915	36116	41728	46504	51945
Per capita GDP (US\$)	447	487	559	620	685
Per capita GNI (US\$)	476	523	608	676	751

Source: Bangladesh Bureau of Statistics. r- Revised.

- Real GDP growth in FY10 was 5.83 percent of which
 - Growth in Agriculture as per revised was 4.67 percent
 - Growth in Industry is estimated 6.01 percent
 - Service sector growth is estimated at 6.38 percent.
- Per capita GDP in FY10 exceeded US\$ 650 mark and reached to US\$ 685.

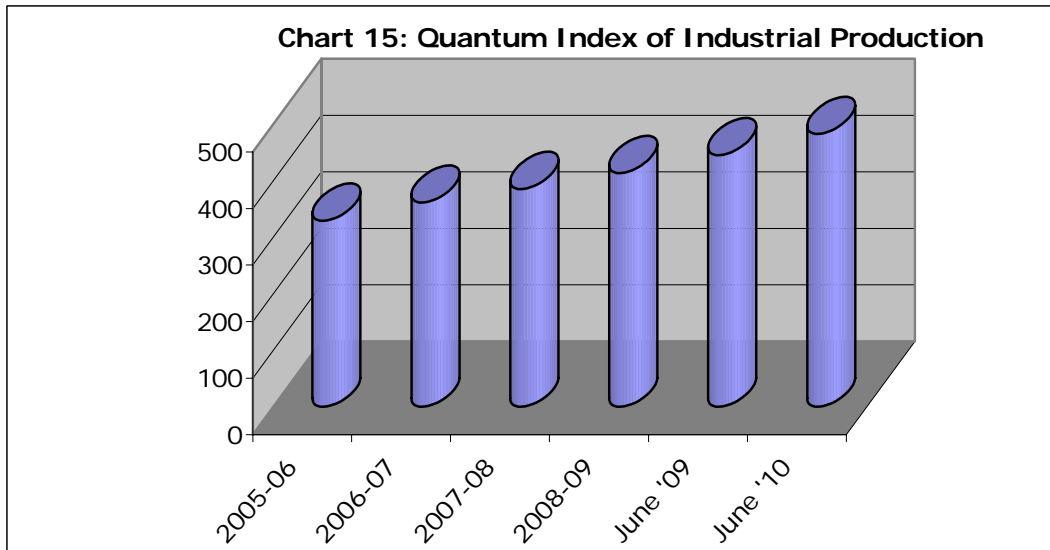


* r: indicates revised

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	386.48	7.25%
2008-09	413.42	6.97%
June'09	445.12	4.00%
2009-10 p		
May'10	447.19	
June'10	482.66	7.93%
July- June (Average)	-	-

Source: BBS - not available

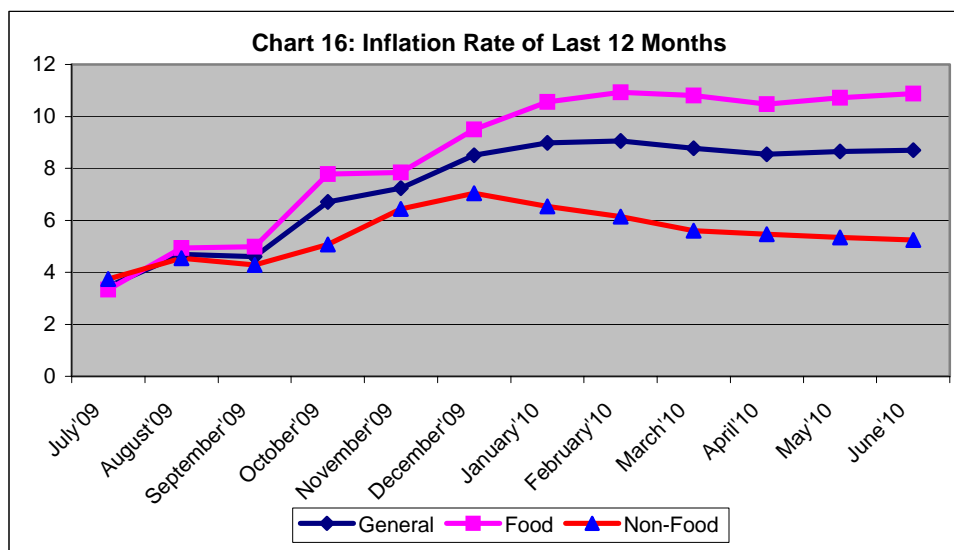


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 6.80 percent in FY 08 which was 9.74 percent in FY 07.
- In FY 09, the average index is 413.42 which was 6.97 percent higher compared to FY 08.
- In June 2010, the average index was 482.66 which was 8.43 percent higher compared to June 2009.

d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Point to Point Inflation		
		National	Food	Non-Food
2006-07	176.06	7.22	8.12	5.90
2007-08	193.54	9.93	12.28	6.32
2008-09	206.43	6.66	9.82	4.16
2009-10	221.53	7.31	8.53	5.45
2010-11				
July	229.55	7.26	8.72	4.87
August				
September				
October				
November				
December				
January				
February				

Source: Bangladesh Bureau of Statistics.



- In FY09 the average rate of inflation recorded at 6.66 percent. The food and non-food inflation were 9.82 percent and 4.16 percent respectively.
- In June FY10, the rate of inflation on point-to-point basis stood at 8.7 percent. However, the average inflation rate in FY10 was 7.3 percent. The food and non-food inflation at the end of June '10 were 10.88 percent and 5.24 percent respectively.
- In July of FY11, the rate of inflation (national) on point-to-point basis was 7.26 percent. Of which, food and non-food inflations were 8.72 percent and 4.87 percent respectively (Table d3 above).