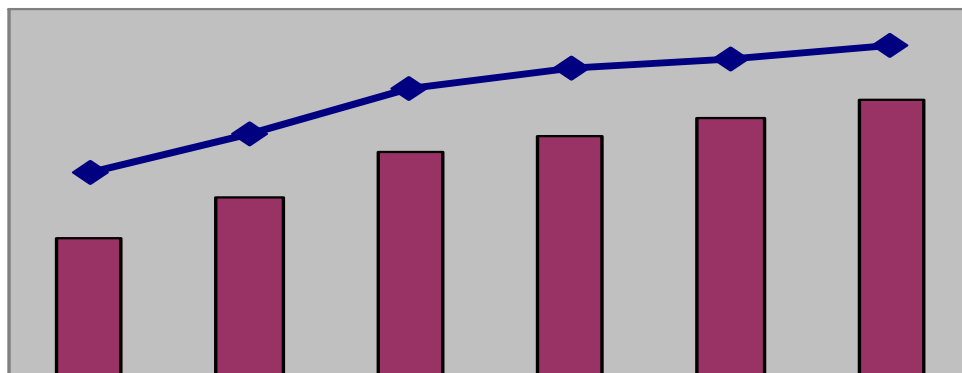


MONTHLY FISCAL-MACRO UPDATE

MAY, 2009



Prepared by:
Economic Adviser's Wing
Finance Division

This issue is contributed by
Dipak Kumar Sarkar, Senior Assistant Chief, Finance Division.

Guided by:
Dr. Mohammad Tareque
Secretary
Finance Division
Ministry of Finance

Issue-5, Year: 2009

As on July 25, 2009

A. FISCAL SECTOR

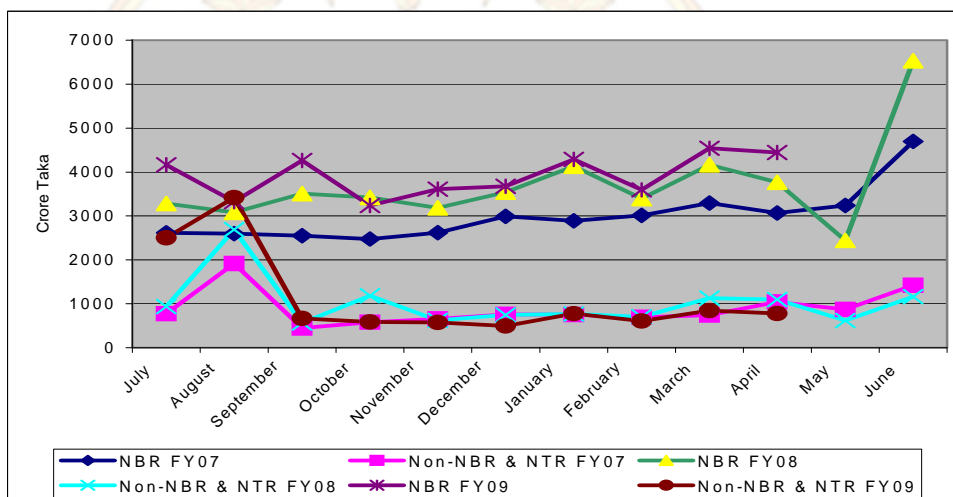
a.1 Revenue Earnings

(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				
April	4443.8	244.0	533.9	5221.7
July- April	39138.6	2066.6	9174.0	50379.2
Growth over July- April FY 08	(10.3%)	(15.0%)	(5.0%)	(9.5%)

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

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



- Up to April, FY09 the growth of revenue is 9.5 percent.
- NBR Tax revenue growth up to April FY 09 is 10.3 percent.
- Non-NBR Tax revenue growth up to March FY 09 is 15.0 percent.
- Dividend and profit mainly contributes growth (5.0%) in Non-Tax revenue.

a.2 Grants

(in crore Tk.)

2006-07	2007-08	Growth (%)	2008-09		
			April	July- April	Growth over July- April, FY 08
1037.4	2007.4	93.50	111.1	768.1	44.21%

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

a.3 Government Expenditure

(in crore Tk.)

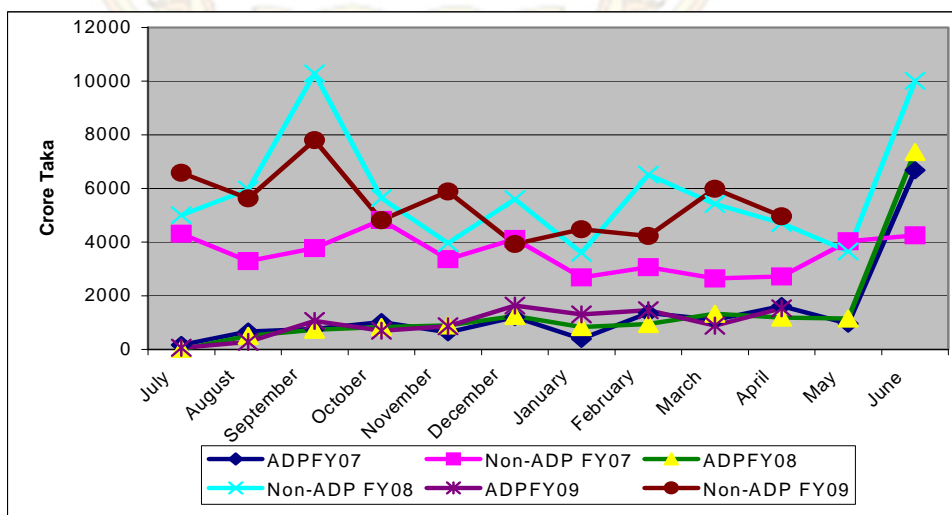
	2006-07	2007-08	Growth (%)	2008-09	
				April	July- April
1. Current	40867.9	49992.0	22.34	5548.8	43315.4 (19.00%)
Interest	9403.4	12461.9	32.53	1136.3	11801.2 (14.41%)
Domestic	8063.1	11063.4	37.21	993.2	10654.0 (16.11%)
Foreign	1340.3	1398.5	4.34	143.1	1147.2 (0.75%)
Subsidies & Current Transfer	12228.0	17758.2	45.23	2718.0	15744.8 (35.90%)
2. ADP	16833.0	17067.5	7.60	1534.1	9825.4 (13.35%)
3. Non-ADP Capital Exp. & Net lending	2782.7	-5671.7	-230.09	99.8	2280.9 (-72.80)
4. Net Outlay on Food A/C	388.0	2192.0	1401.37	765.0	2152.0 (123.47%)
5. Extraordinary Exp	32.2	788.3	2348.14	21.1	37.1 (-93.82%)
6. Check float	222.3	20452.8	1635.9	-1476.2	6249.0 (26.36%)
Total (1+2+3)	59932.0	84821.1	41.53	6492.5	63859.8 (6.50%)

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

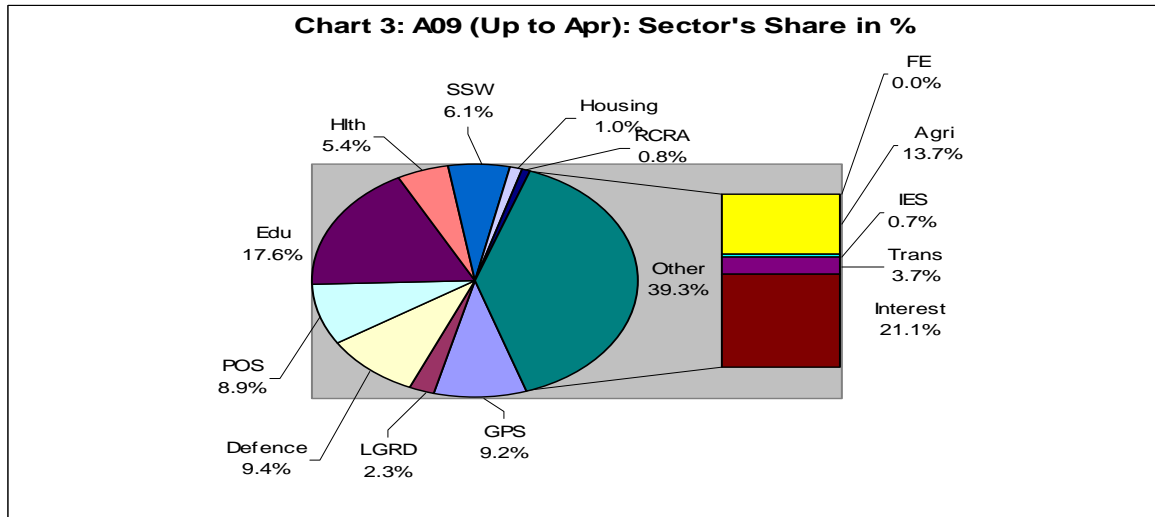
Up to April, FY 09,

- Current expenditure records a growth (growth: 19.00%), of which
 - Subsidies and transfer (growth: 35.90%)
 - Interest payments (growth: 14.41%).

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



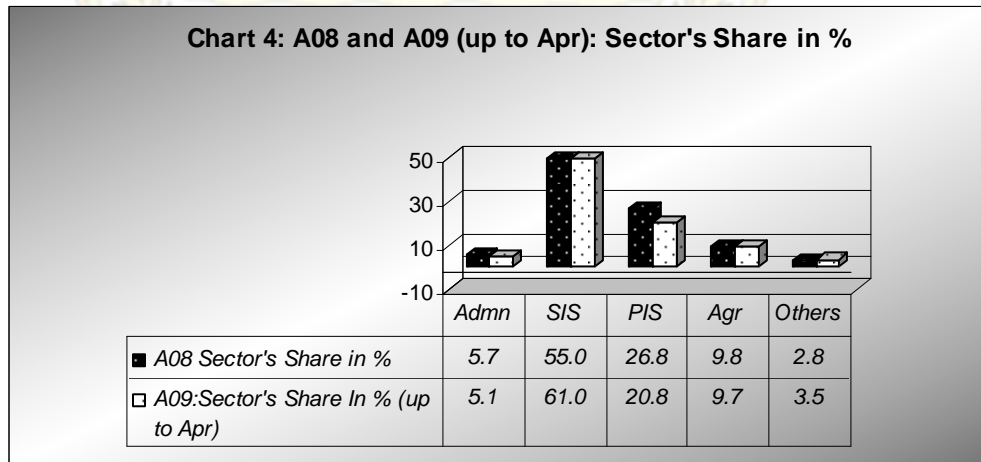
a.3.1 Structure of Revenue Expenditure



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 (21.1%), Education (17.6%), and Agriculture (13.7%).

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 February '09 highest share are in Social Infrastructure (61.0%) and next highest expenditure is in Physical Infrastructure (20.8%).

a.4 Budget Balance

(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		
April	-1270.8	-2.5
Up to April	-13480.5	-2.7

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

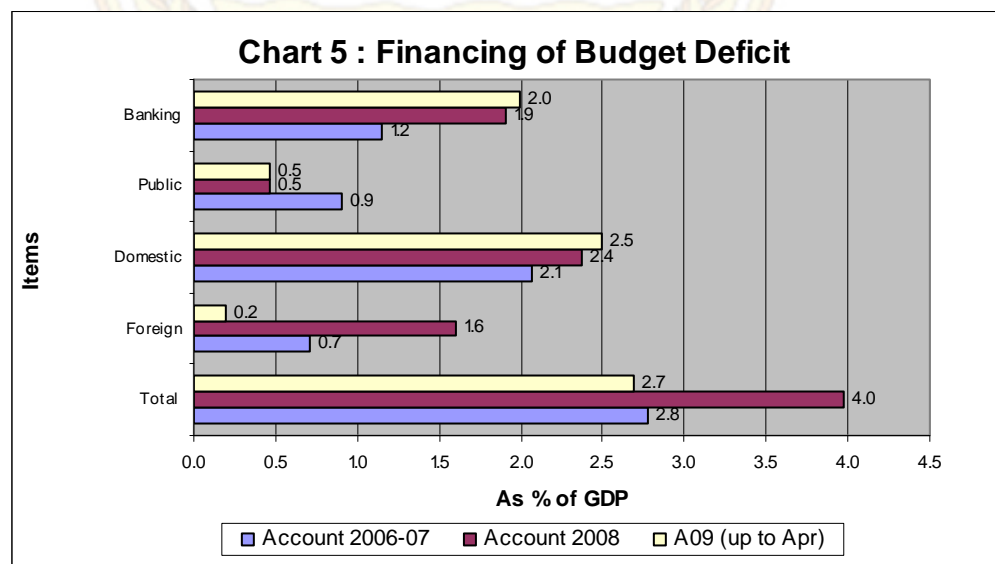
a.5 Deficit Financing

(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					
April	-79.7	1009.7	340.7	1270.8	2.5
Up to April	1003.6	10009.2	2470.7	13480.5	2.7

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

*including BPC ** excluding BPC



MONTHLY FISCAL-MACRO UPDATE

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				
May	1555.50	1129.60	425.90	49010.51
July- May (Growth over July- May FY 08)	14137.07 (9.48%)	11284.03 (6.06%)	2853.04 (25.46%)	49010.51 (6.75%)

Source: National Savings Directorate.

- Up to May, FY09, the growth rate in net sale is 25.46 percent 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 (May ^p)	Growth(%) over May, FY08
Net Foreign Asset	32888.40	37845.40	15.07	43564.90	27.09
Net Domestic Asset	179097.80	210949.50	18.10	242951.20	17.45
Domestic credit	204267.60	248767.80	20.95	282909.40	16.57
Public Sector	53495.40	58632.00	9.60	66980.40	17.69
Govt. (net)	36040.00	46999.60	30.41	54346.80	24.75
Other Public Sector	17455.40	11632.40	-33.36	12633.60	-5.33
Private Sector	150772.20	190135.80	24.94	215929.00	16.23
Broad Money	211986.20	248794.90	17.63	286516.10	18.82

Source: Bangladesh Bank. p. Provisional

- At the end of May, 2009 broad money growth stands to 18.82 percent.
- Growth in Net Foreign Asset is 27.09 percent.
- Share of Net Foreign Asset in M₂ is 15.20 percent.
- There has been higher growth in Govt. (net) (24.75%).
- Strong growth in private sector credit (16.23%) continues.

b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2006-07	2007-08	Change	2008-09 (May)	Change over May FY08
Reserve money	44073.1	52789.60	19.78 %	60942.40	20.85%
Reserve Money multiplier	4.80	4.71	-0.09	4.70	-0.08

Source: Bangladesh Bank.

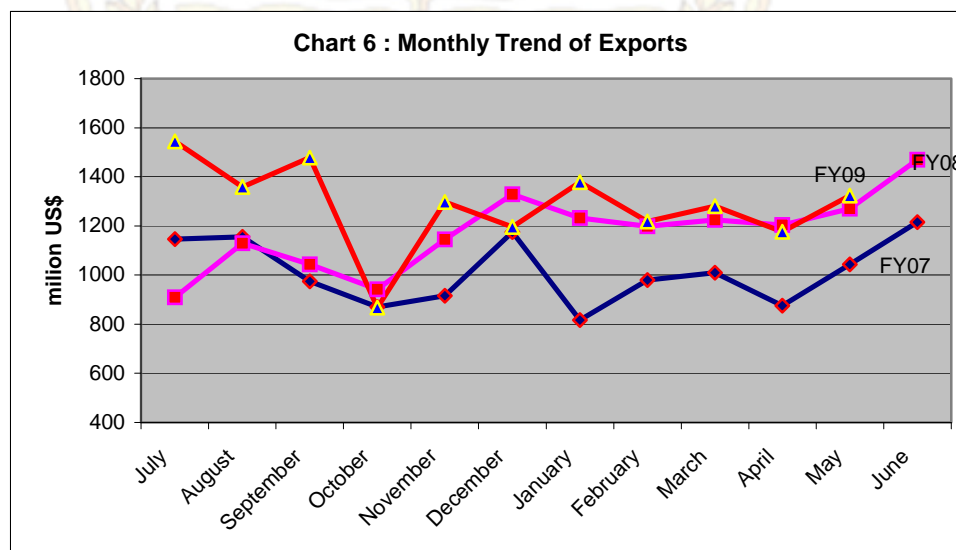
B. EXTERNAL SECTOR

c.1 Export

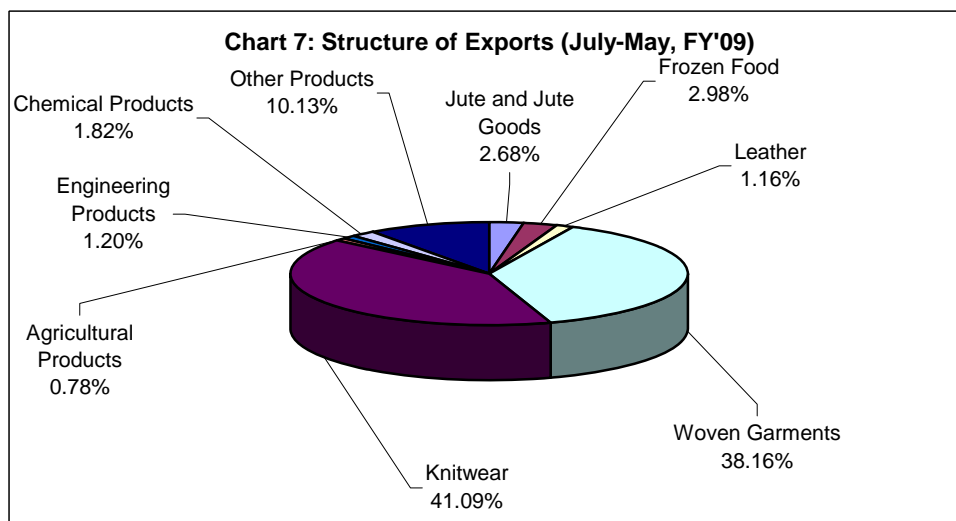
(in million US\$)

	2006-07	2007-08	2008-09	
			May	July- May
Export	12177.86	14110.80	1322.83	14140.30
Growth (%)	15.69	15.87	4.21	11.88

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 (17.86%), Woven Garments (16.61%) and Chemical products (44.10%).
- Exports of engineering products, Leather, Raw Jute & Jute goods and Frozen food declined by 13.20 percent, 37.51 percent, 15.74 percent and 12.43 percent respectively.

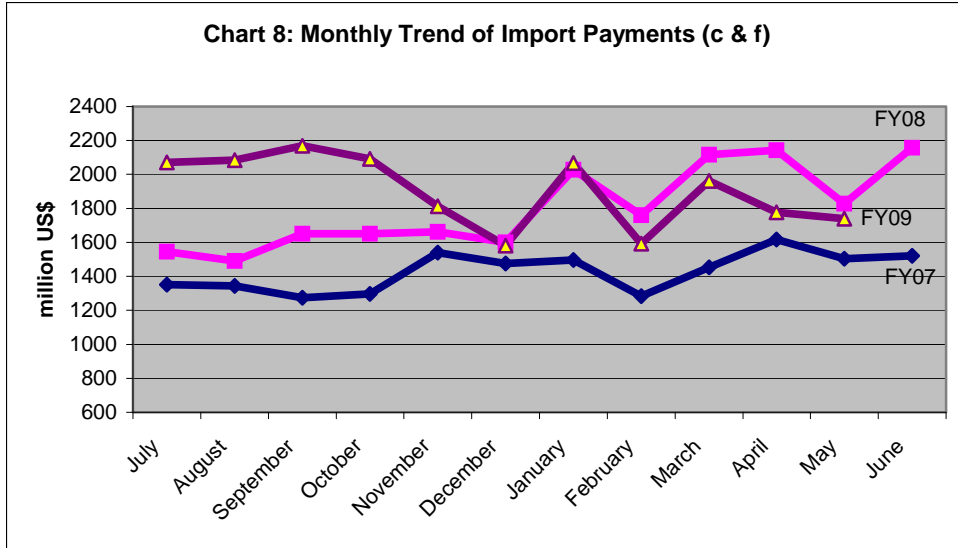
c.2 Imports (c&f)

(in million US\$)

	2006-07	2007-08	2008-09 ^P	
			May	July- May
Import payments	17156.80	21629.00	1739.20	20948.30
Growth (%)	16.35	26.07	-4.80	7.58
LCs Opened	17451.01	24435.61	1690.55	19938.55
Growth (%)	14.47	40.02	-20.66	-10.49
LCs Settled	15971.35	20372.60	1605.21	19912.61
Growth (%)	14.49	27.56	-6.52	8.95

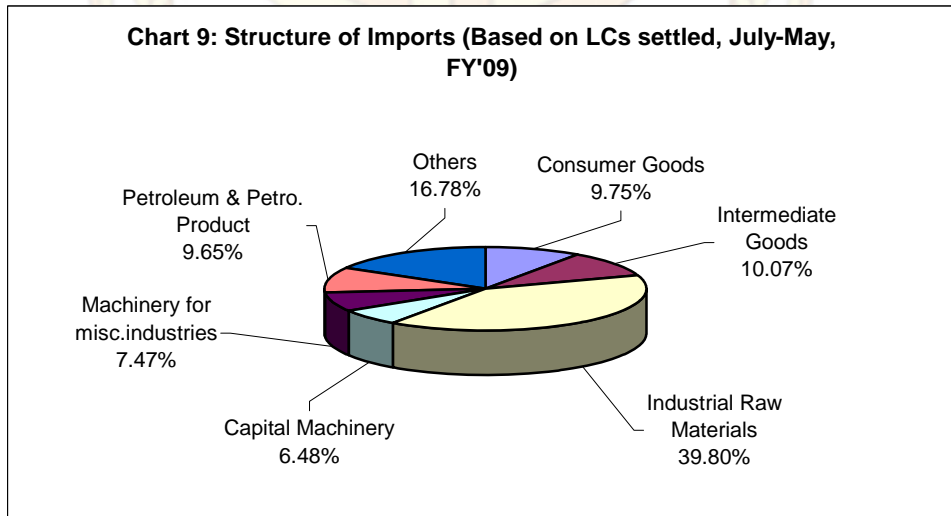
Source: Bangladesh Bank.

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 May, FY09 import payments increased by 7.58 percent compared to the same period of the previous fiscal year.

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



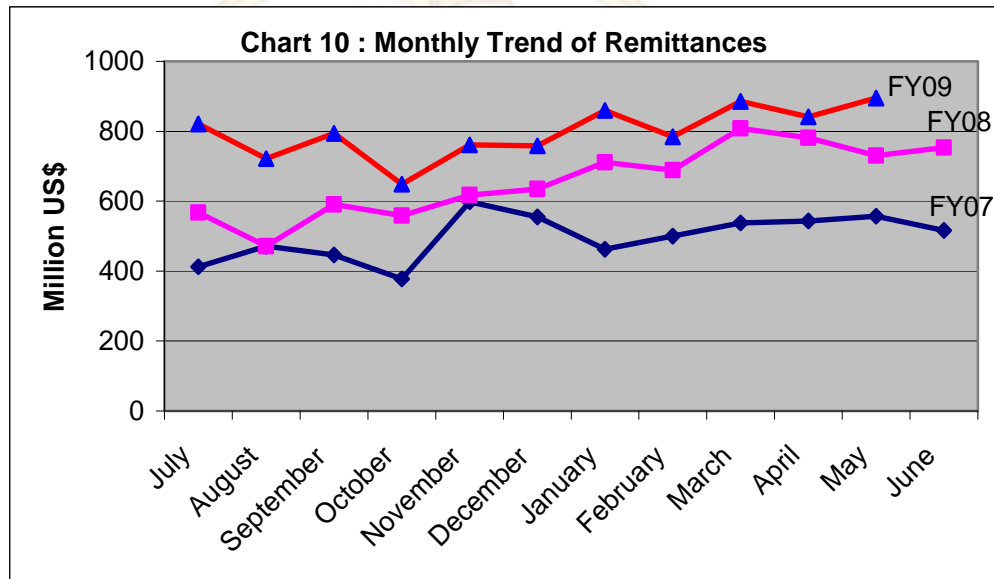
- Up to May, FY'09 import of consumer goods recorded a decrease of 21.71 percent.
- Import of intermediate goods increased by 20.21 percent.
- Import growth of industrial raw materials is 10.47 percent.
- Growth in capital machinery and machinery for misc. industry recorded an increase of 7.22 percent.

c.3 Remittances

(in million US\$)

	2006-07	2007-08	2008-09	
			May	July- May
Remittances	5978.47	7914.78	895.30	8770.16
Growth ^a (%)	24.50	32.39	22.60	22.46
As % of GDP	8.83	10.02	-	-
As % of Export	49.09	56.09	-	-

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

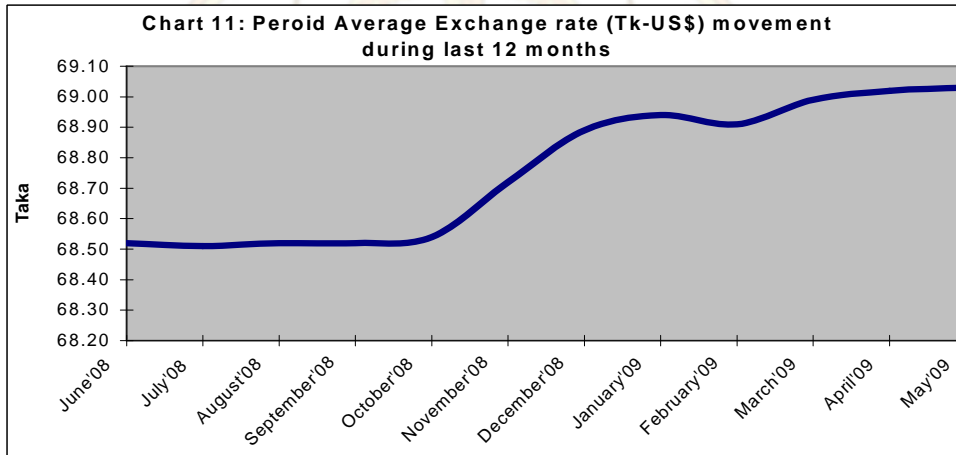


- In FY 08 remittances inflow records a robust growth of 32.39 percent.
- In FY08 remittances as percent of GDP and Export were 10.02 percent and 56.09 percent respectively which are relatively higher than previous fiscal year.
- Up to May, FY 09 remittances inflow records a growth of 22.46 percent.

c.4 Exchange Rate Movement

	Average	End of the period
2006-07	69.03	68.80
2007-08	68.60	68.52
2008-09		
November	68.7172	68.8000
December	68.8887	68.9350
January	68.9378	68.9000
February	68.9131	68.9100
March	68.9857	69.0400
April	69.0220	69.0300
May	69.0274	69.0300

Source: Bangladesh Bank.



- Slight depreciation of taka at May, 2009 against US dollar compared to the same period of the previous year.

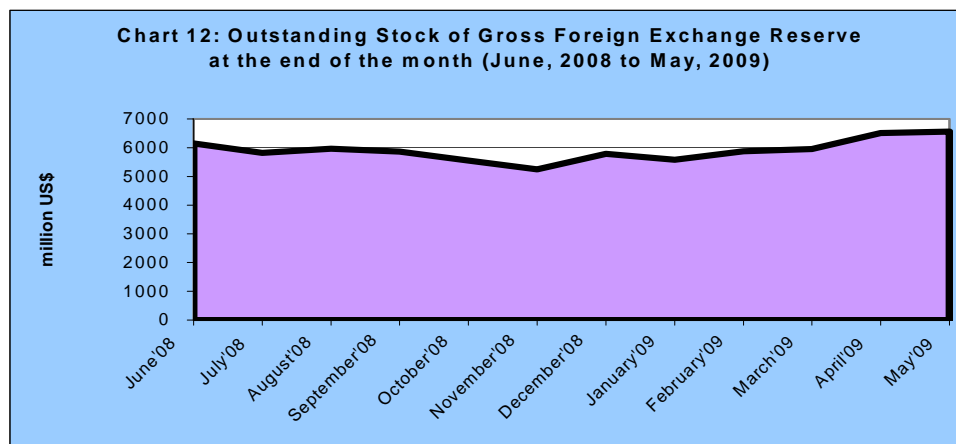
c.5 Foreign Exchange Reserve

(in million US\$)

	2005-06	2006-07	As on end of May, 2009
Reserve	3483.78	5077.24	6562.93
in month of import payment	2.83	3.55	3.44

Source: Bangladesh Bank.

- On the basis of import payment in July-May of FY 09 the foreign exchange reserve (end May) is equivalent to 3.44 months import payments.

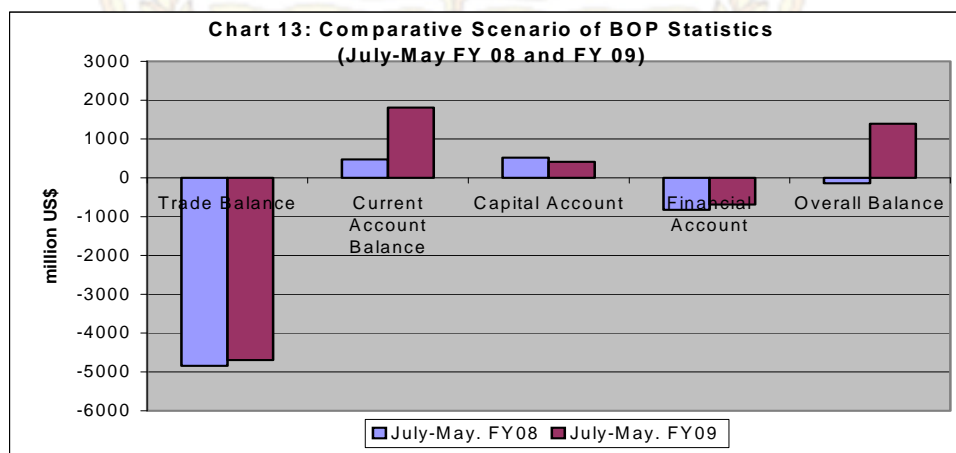


c.6 Balance of Payments

(in million US\$)

	2006-07	2007-08 ^p	2007-08 (July-May)	2008-09 ^p (July-May)
Trade Balance	-3458	-5541	-4842	-4698
Current Account Balance	936	672	476	1809
Capital Account	490	576	522	409
Financial Account	762	-431	-827	-691
Overall Balance	1493	604	-145	1393

Source: Bangladesh Bank. p- provisional



- Current account balance records a surplus of US\$ 1809 million in July-May, FY 09, which was a surplus of US\$ 476 million in the same period of the previous fiscal year.
- Compare to July-May, FY 08, the trade gap scenario is better in the same period of FY 09.

A. REAL SECTOR

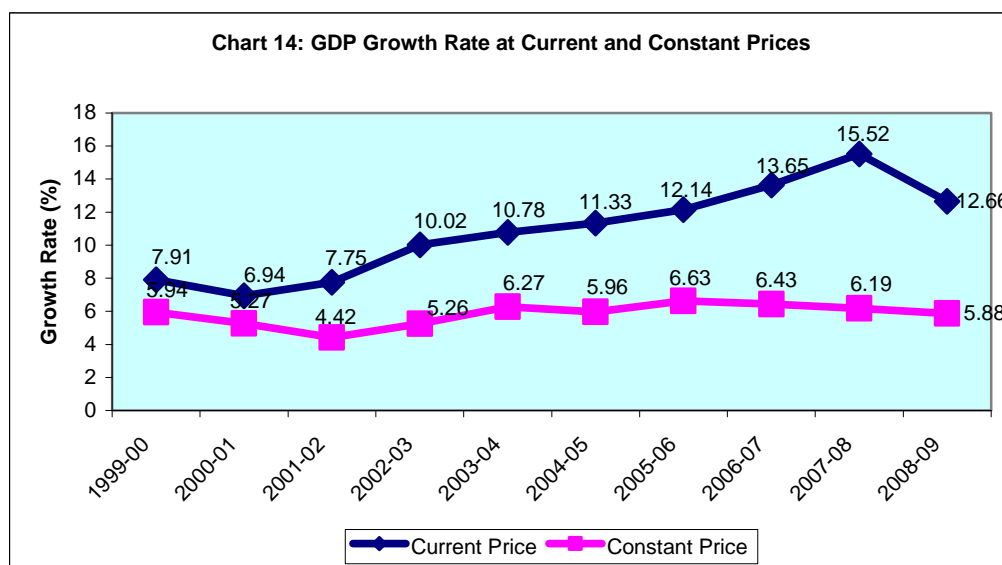
d.1 Gross Domestic Product

(Crore Taka)

	2005-06	2006-07	2007-08	2008-09 ^P
GDP at constant prices	284673	302971	321726	340652
Growth (%)	6.63	6.43	6.19	5.88
Agriculture	4.94	4.56	3.20	4.63
Industry	9.74	8.38	6.78	5.93
Service	6.40	6.92	6.49	6.25
GDP at current prices	415728	472477	545822	614943
Growth (%)	12.14	13.65	15.52	12.66
GNI at current prices	442935	507752	594212	683231
Per capita GDP (Tk.)	29955	33607	38330	42638
Per capita GNI (Tk.)	31915	36116	41728	47373
Per capita GDP (US\$)	447	487	559	621
Per capita GNI (US\$)	476	523	608	690

Source: Bangladesh Bureau of Statistics. P- Provisional.

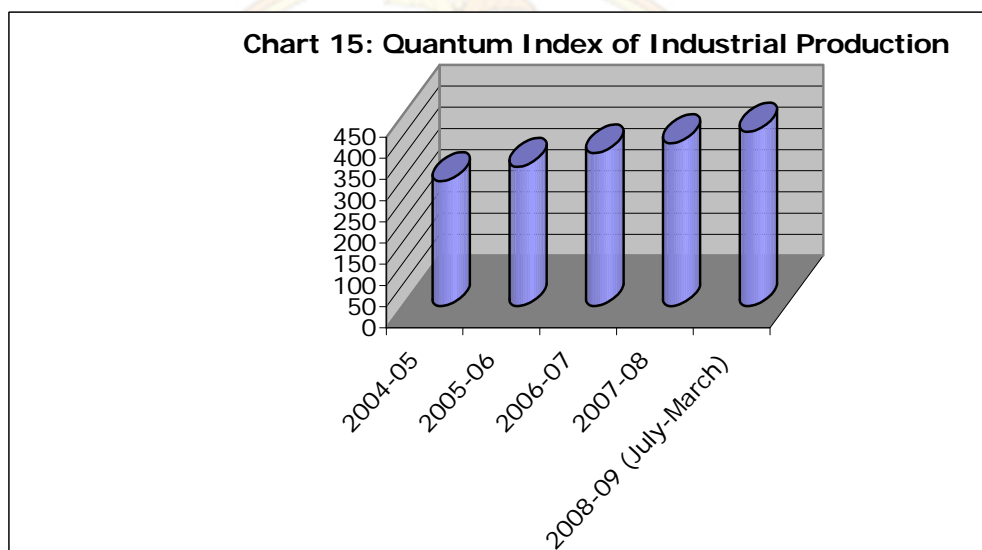
- Real GDP growth in FY 09 provisionally estimated to be 5.88 percent of which
 - Growth in Agriculture has been estimated at 4.63 percent
 - Growth in Industry is estimated 5.93 percent
 - Service sector growth is estimated at 6.25 percent.
- Per capita GDP in FY 09 exceeded US\$ 600 mark and reached to US\$ 621.



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		
March	420.32	5.87%
July- March (Average)	411.97	8.10%

Source: BBS

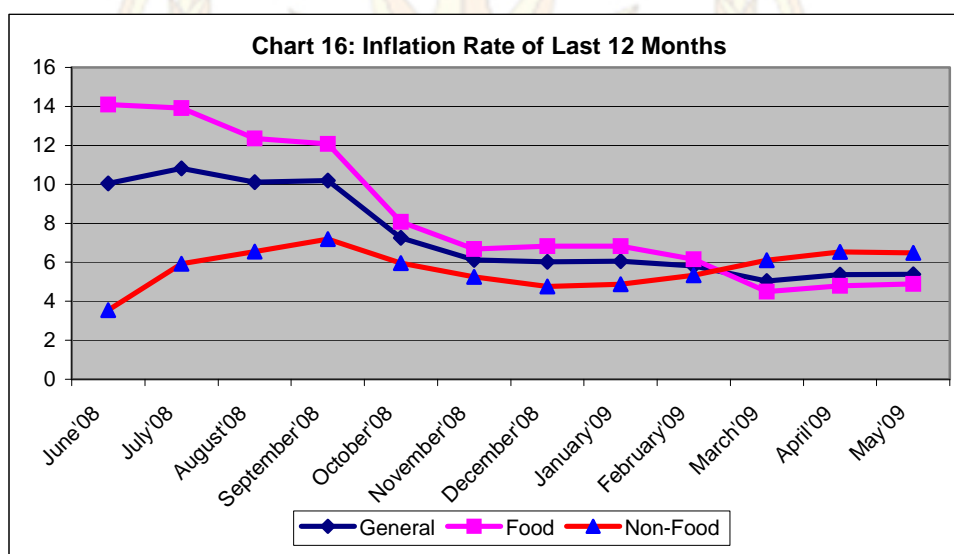


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- In FY 08, the average index is 384.82 which is 6.80 percent higher compared to the same period of FY 07.
- In the first three quarter of FY 09, the average index is 411.97 which is 8.10 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
January	204.04	6.06	6.83	4.88
February	204.02	5.81	6.15	5.33
March	204.65	5.04	4.49	6.11
April	204.99	5.36	4.80	6.53
May	205.78	5.39	4.89	6.49

Source: Bangladesh Bureau of Statistics.



- In FY08 the average rate of inflation recorded at 9.93 percent.
- There has been a decreasing trend since the second quarter of the FY 09.
- In May, 2009 the rate of inflation was 5.39 percent. The food and non-food inflation were 4.89 percent and 6.49 percent respectively.