



MONTHLY REPORT ON FISCAL-MACRO POSITION

October 2022

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Executive Summary

The October 2021 issue of the report on Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables in the current month compared to the same period of the previous year. An overview of the report is given below:

Fiscal Sector

A rise in tax revenue by 27.26 per cent despite a decrease in non-tax revenue by 38.30 per cent has resulted in a rise in total revenue by 13.43 per cent in July-October of FY22. At the same time, total government spending rose by 1.44 per cent while the development expenditure fell by 3.80 per cent. Overall budget balance including grants demonstrated a surplus of 6213.21 crore BDT at the end of October of FY22.

Monetary Sector

Broad Money (M2) increased by 10.84 per cent at the end of October of FY22 resulting from 10.53 per cent growth in the Net Domestic Asset (NDA) and 11.85 per cent growth in the Net Foreign Asset (NFA). At the same time, reserve money has demonstrated a slower growth of 10.65 per cent which resulted in an increase in the money multiplier by 0.01.

External Sector

Export registered an increase of 22.62 per cent while import payments rose by 51.37 per cent in the July-October period of FY22 compared to that of October 21. At the same time, remittance inflow decreased by 19.97 per cent. Foreign exchange reserve that stood at US\$ 46.46 billion, which is equivalent to import payments of 7.74 months, at the end of October of FY21.

Real Sector

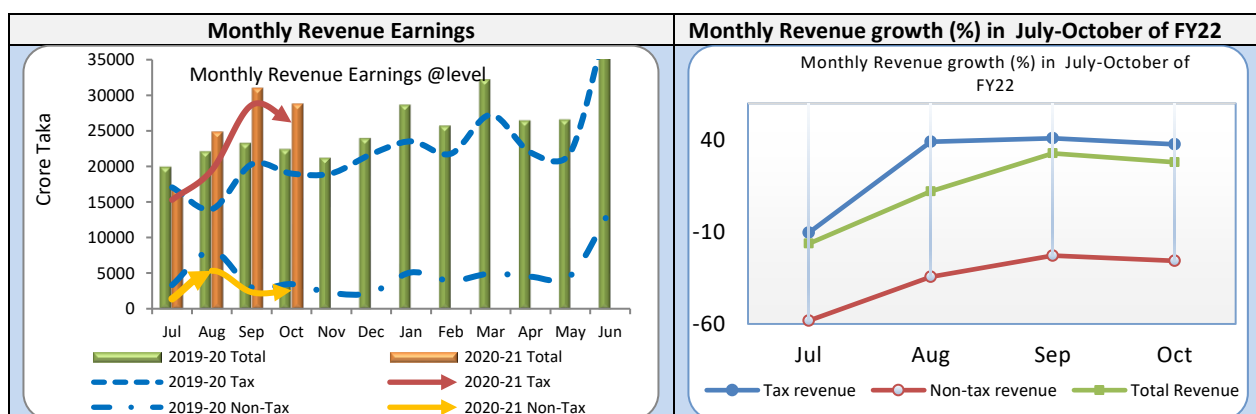
The quantum Index of the large and medium manufacturing industry has increased by 22.08 per cent in October 2021 over October 2020. Wearing apparel, Textile and Pharmaceutical Industry have performed well in October 2021. The CPI inflation (12-month moving average) marginally edged down to 5.44 per cent, of which, food and non-food inflation are 5.32 per cent and 5.64 per cent respectively at the end of October of FY21.

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue grew by 27.98 percent in October 21 compared to that of October 20 where tax revenue growth is 37.76 percent and non-tax revenue growth being -25.70 percent. Cumulative growth of revenue In July-October of FY22 is 13.43 percent where tax revenue grew by 27.95 percent and non-tax revenue grew by -38.30 percent.

Chart 1.1: Trend of Government's Revenue earnings.



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

Table 1.1: Revenue Earnings (crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2021-22 (July-October)	87,640.70	1,921.08	89,561.78	11,608.93	101,170.71
2020-21 (July-October)	68,493.91	1,885.50	70,379.41	18,815.27	89,194.68
Growth (%)	27.95	1.89	27.26	(38.30)	13.43
2020-21 (Actual)	263,724.23	6,065.28	269,789.51	58,861.60	328,651.11
2019-20 (Actual)	216,037.43	5,944.11	221,981.55	43,933.32	265,914.87
Growth (%)	22.07	2.04	21.54	33.98	23.59

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

1.2 Government Expenditure

The government's operating expenditure increased by 1.35 percent in July-October of FY22 compared to that of July-October of FY21 as expenditure on subsidies and transfer increased significantly (14.45) percent. At the same time, an increase in development expenditure by 3.80 percent has resulted in total government expenditure rising by 1.44 percent. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 39.15 percent in July-October of FY22.

Table 1.2: Government Expenditure (Crore taka)

	2021-22 (July-October)	2020-21 (July-October)	Growth (%) (July-October)	2020-21	2019-20	Yearly Growth (%)
a1. Operating Recurrent Expenditure	71,913.71	69,662.36	3.23	265,892.77	236,316.20	12.52
Pay and Allowances	17,551.77	19,785.77	-11.29	58,891.01	56,903.75	3.49
Use of Goods and Services	4,092.80	5,102.13	-19.78	30,517.64	28,996.83	5.24
Interest Payment	20,657.03	18,901.39	9.29	70,605.96	58,315.78	21.08
Domestic	18,894.41	17,269.53	9.41	66,318.59	53,997.91	22.82
Foreign	1,762.62	1,631.87	8.01	4,287.36	4,317.87	-0.71
Subsidies and Transfer	29,612.11	25,873.07	14.45	105,878.16	92,099.84	14.96
a2. Operating Capital Expenditure	1,358.46	2,632.49	-48.40	19,936.98	20,473.31	-2.62
a) Total Operating Expenditure (a1+a2)	73,272.18	72,294.85	1.35	285,829.76	256,789.51	11.31
b) Outlay for Food Accounts	4,617.30	2,725.16	69.43	4,246.28	2,325.85	82.57
c) Loans and Advances (Net)	-2,618.86	-376.50	595.58	592.91	1,204.95	-50.79
d) Development Expenditure	19,675.18	18,954.08	3.80	168,600.11	162,134.67	3.99
<i>Of which ADP</i>	19,578.84	18,688.34	4.77	159,604.76	155,718.13	2.50
Total Expenditure (a+b+c+d)	94,945.80	93,597.60	1.44	459,269.06	422,454.98	8.71
Total Expenditure (% of GDP)	7.31	7.95	-0.64	13.01	13.32	-0.31
<i>Memo item: Nominal GDP</i>	3,896,200.00	3,530,184.80	10.37	3,530,184.	3,170,469	11.35

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division, * Latest BBS Publications with a new base (1015-16)

1.3 Budget Deficit

The overall budget surplus (including grants) stands at 6213.21 crore taka in the July-October period of FY22. There was a deficit of BDT -4402.88 crore during same period of FY21.

Table 1.3: Budget Balance (Crore taka)

Year	Overall, Balance	Overall, Balance as % of GDP
2021-22 (July-October)	6213.21	0.20
2020-21 (July-October)	-4402.88	-0.12
2020-21	-128,301.28	-3.63
2019-20	-153,892.31	-4.79

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

1.4 Deficit Financing

Despite a relatively budget surplus during July-October of FY22, the government had to borrow BDT. 14,008.04 crore from the banking system to make repayment of the loan incurred in the past.

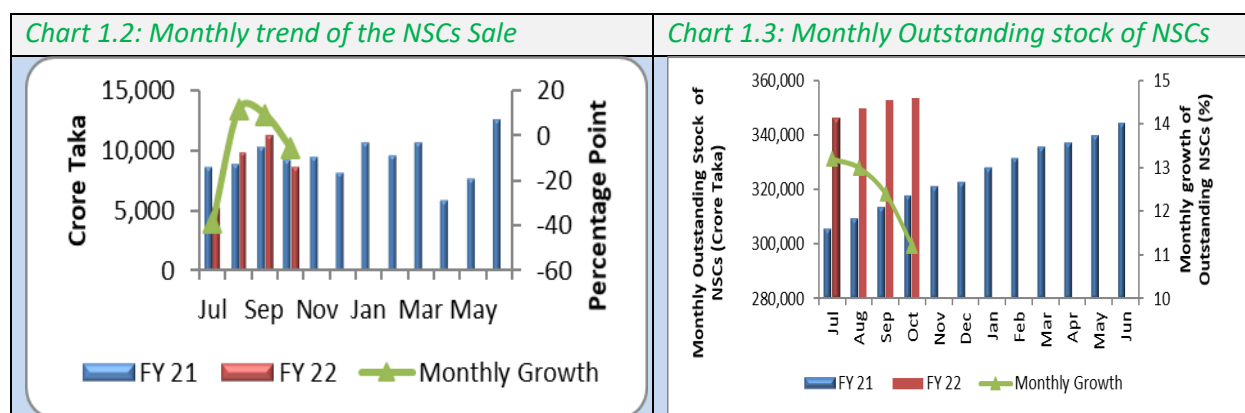
Table 1.4: Deficit financing (Crore taka, Excluding Grants)

Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2021-22 (July-October)	1,527.33	19,424.94	-7,169.10	-7,744.15	-6,216.82	-0.20
2020-21 (July-October)	2,214.20	14,008.04	-11,819.22	2,188.83	4,403	0.12
2020-21	45,462.96	32,672.89	49,293.06	81,965.94	127,428.90	3.61
2019-20	41,304.02	81,717.96	30,540.39	112,258.35	153,562.37	4.84
Target in 2021-22	97,738.41	76,452.00	37,001	113,453	211,191	6.66
Financing composition		External (Net)	Domestic			Total Financing
			Bank	Non-Bank	Total	
2021-22 (July-October)		24.57%	312.46%	437.03%	124.57%	100.00%
2020-21 (July-October)		50.29%	318.15%	268.43%	49.71%	100.00%
2020-21		35.68%	25.64%	38.68%	64.32%	100.00%
2019-20		26.90%	53.21%	19.89%	73.10%	100.00%
Target in 2021-22		46.28%	36.20%	17.52%	53.72%	100.00%

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division (Self Calculation for Financing composition)

1.4.1 National Savings Certificates (NSCs)

Revenue fell by 5.70 percent in October 22 compared to that of October 21. Cumulative NSCs sales decreased 5.02 per cent in the first three months of FY22 compared to that of FY21. The outstanding stock of NSCs stands at 353,418.54 crore taka at the end of October 2022 which is 11.22 per cent higher than that of the same period of FY21.



Source: Major Economic Indicators, Bangladesh Bank, Growth calculated over the same period of the previous year

Table 1.5 Net Sale and Repayment of NSCs (Crore taka)

Period	Sale	Repayment (Principal)	Net Sale	Outstanding at the end of the period
2021-22 (July-October)	35328.36	26003.71	9,324.65	353,418.54
2020-21 (July-October)	37195.39	21553.04	15,642.36	317,776.71
Growth (%)	-5.02	20.65	-40.39	11.22
2020-21	112188.24	70228.7	41,959.54	344093.89
2019-20	67127.75	52699.4	14,428.35	302134.35
Growth (%)	67.13	33.26	190.81	13.89

Source: Bangladesh Bank; *-Growth calculated over the same month of the previous year.

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) has increased by 10.84 per cent in the first four months of the FY22 from the level for the same period of the FY21. Of the sources of broad money, Net Domestic Asset (NDA) increased by 10.53 per cent and Net foreign asset increased by 11.85 per cent. Strong public sector credit (18.45%) growth on the back of government borrowing from the banking system has contributed to growth in the net domestic asset despite moderate credit growth in the private sector.

Table 2.1: Monetary and Credit Development

Items	Outstanding stock			% Changes in	
	at the end of the period			Outstanding stock	
	Oct-21	Oct-20	Jun-21	Oct-21 over Oct-20	Oct-21 over June-21
A. Net Foreign Assets (NFA)	3,768.65	3,369.27	3,823.38	11.85	-1.43
B. Net Domestic Asset (NDA)	12,175.96	11,015.61	11,787.16	10.53	3.30
a. Domestic Credit	14,821.05	13,347.45	14,398.99	11.04	2.93
Public Sector	2,625.69	2,216.63	2,510.44	18.45	4.59
Govt. (Net)	2,309.82	1,916.07	2,210.26	20.55	4.50
Other Public	315.87	300.56	300.18	5.10	5.23
Private sector	12,195.37	11,130.82	11,888.55	9.56	2.58
b. Other Items (Net)	-2,645.10	-2,331.84	-2,611.83	13.43	1.27
C. Broad Money (A+B)	15,944.60	14,384.88	15,610.54	10.84	2.14

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve Money Development

Reserve money increased by 10.65 per cent in the first four months of the FY22 from the level for the same period of the FY21. Slower growth of reserve money has resulted in a slight rise in the money multiplier by 0.01.

Table 2.2: Reserve money and money multiplier (Billion BDT)

Items	Outstanding Stock at the end of the period			Changes in Outstanding Stock	
	Oct-21	Oct-20	Jun-21	Oct-21 over Oct-20	Oct-21 over June-21
Reserve money	3,200	2,892	3,481	10.65%	-8.08%
Money multiplier	4.98	4.97	4.48	0.01	0.50

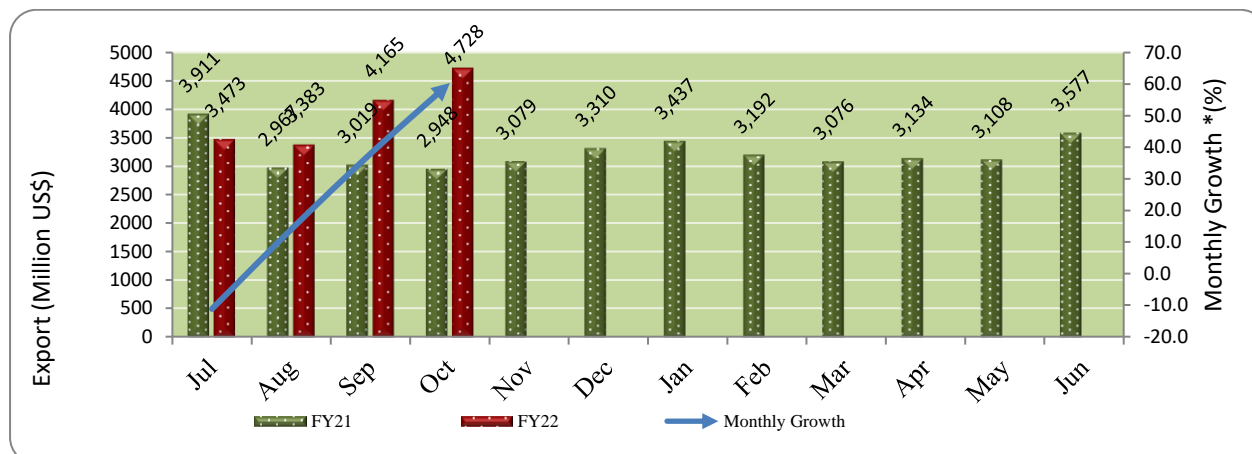
Source: Major Economic Indicators, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

Merchandise export increased marginally by 22.62 per cent in the first four months of FY22 compared to the export for the same period of FY21. With this growth, export has exceeded the strategic target set for the first quarter of FY 22 by 13.33 per cent.

Chart 3.1: Monthly Trend of Exports



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

Table 3.1: Export Performance (Million US\$)

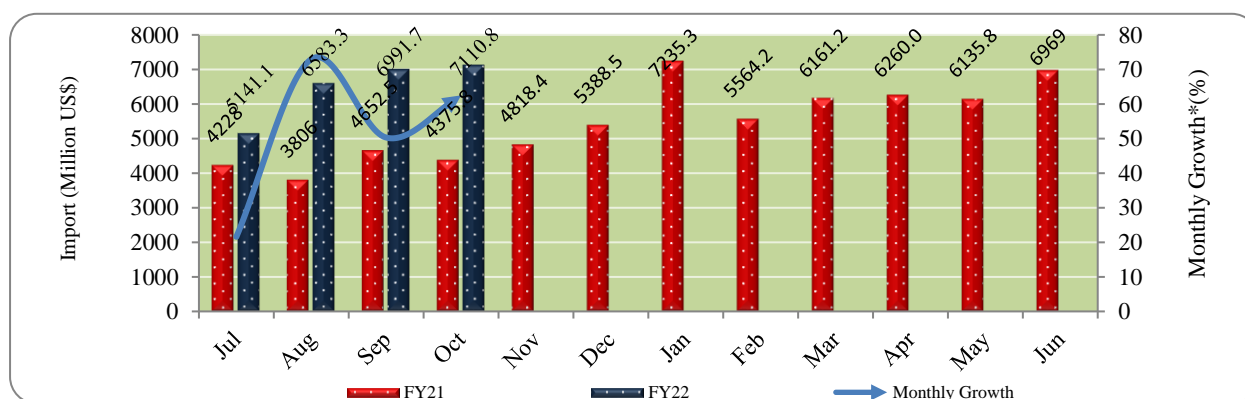
	2021-22	2020-21	2020-21	2019-20
	(July-October)	(July-October)		
Export	15,749.48	12,844.64	38,758.31	33,674.12
Growth*(%)	22.62	0.97	15.10	-16.93

Source: Export Promotion Bureau, *Growth over the same period of the previous year;

3.2 Imports (C & F)

Import payment rose by 62.50 per cent to 7.11 billion USD in October 2021 compared to that of October 2020 as import of industrial raw materials and capital machinery went up. Meanwhile, cumulative import payment also went up by 41.37 per cent to 25.83 billion USD in July-October of FY22 compared to that of the previous year. At the same time, the Letter of Credit (LC) opening rose by 54.05 per cent and LCs settlement rose by 51.04 cent.

Chart 3.2: Monthly Trend of Import Payments



Source: Bangladesh Bank, *Growth over the same period of the previous year;

Table 3.2: Import Scenario (Million US\$)

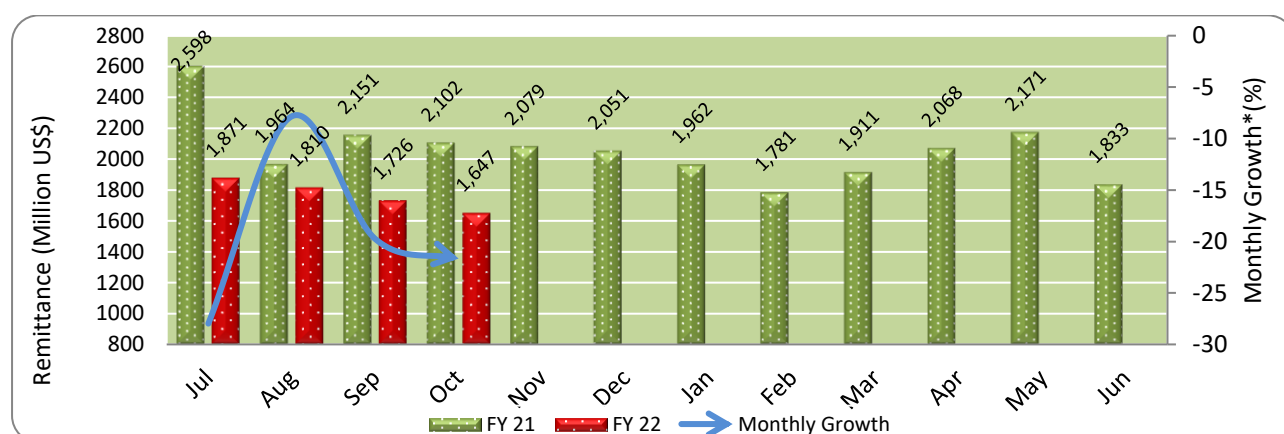
Item	2020-21 (July-October)	2019-20 (July-October)	2020-21	2019-20
Import payments	25,826.90	17,062.30	65,594.70	54,784.70
Growth* (%)	51.37	-12.96	19.73	-8.56
LCs Opened	27,759.12	18,019.68	67,037.42	53,119.86
Growth* (%)	54.05	-	26.20	-9.51
LCs Settled	23,368.35	15,471.66	57,256.40	51,091.47
Growth* (%)	51.04	-	12.07	-10.88

Source: Bangladesh Bank, *Growth over the same period of the previous year;

3.3 Remittances

Remittance inflow continued to fall as of the fourth month of FY22 (a decrease of 21.66 per cent compared to that of September 2021). Cumulative remittance inflow fell by 19.97 per cent in July-October of FY22 compared to that of the previous year. The government has been providing 2.0 per cent fiscal incentives for each dollar remittance inflow into the economy.

Chart 3.3: Monthly Trend of Remittance



Source: Bangladesh Bank, *Growth over the same period of the previous year;

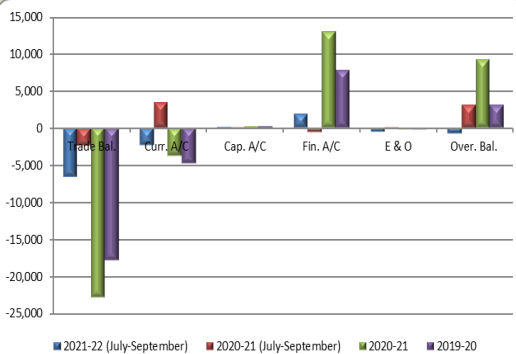
Table 3.3: Remittance Performance (Million US\$)

	2021-22 (July-October)	2020-21 (July-October)	2020-21	2019-20
Remittances	7,054.75	8,815.36	24,669.51	18,205.11
As % of Export	44.79	68.63	63.65	54.06
As % of GDP	7.95	10.91	7.63	6.02
Growth (%)	-19.97	43.08	35.51	10.87

Source: Bangladesh Bank;

3.4 Balance of Payments (BOP)

The country's trade balance had deteriorated in the first four months of FY22 as the import grew more than export earnings. Similarly, the current account balance has plunged on the back of falling remittance inflow. However, a higher inflow in the financial account has contributed to a moderate overall balance of USD 1339 million.

Table 3.4: Balance of Payments (Million US\$)					Chart 3.4: Balance of Payments (Million US\$)	
	2021-22 (July-Oct)	2020-21 (July-Oct)	2020-21	2019-20		
Trade Balance	-9099	-3496	-22799	-17858		
Current Account	-4769	3636	-3808	-4,724		
Capital Account	68	50	221	256		
Financial Account	3777	652	13080	7,809		
Error & Omission	-415	-197	-219	-172		
Overall, Balance	-1339	4141	9274	3,169		

Source: Bangladesh Bank;

3.5 External Reserve

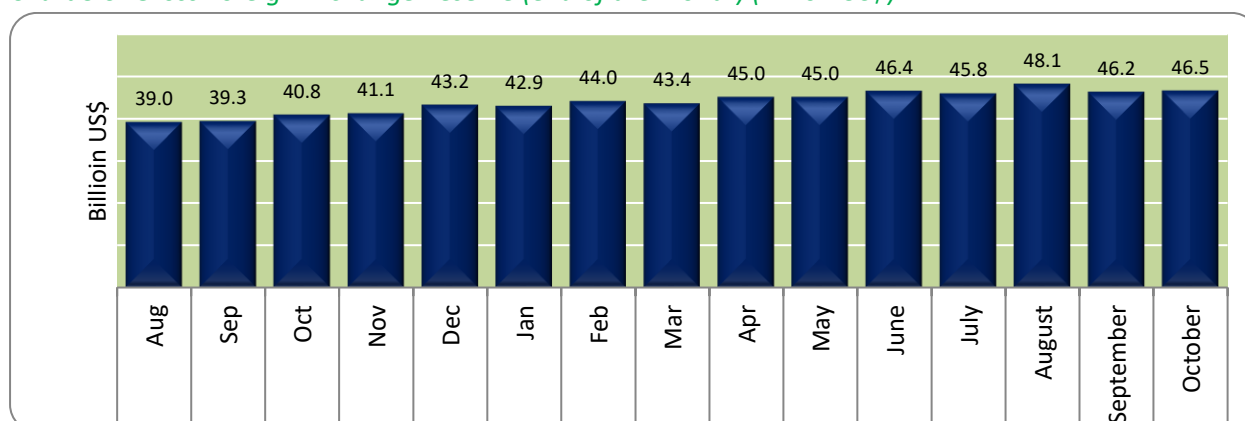
The gross foreign exchange reserve stood at 46.50 billion at the end of October 2021, which is enough to cover import payments of 7.74 months based on the average import liability of the previous 12 months.

Table 3.5: Foreign Exchange Reserve (End of the month)

Reserve	2021-22	2020-21	2020-21
	(End of October)	(End of October)	(End of June)
Million US\$	46,459.27	39,313.98	46391.44
Months of import payment	7.74	6.82	7.87

Source: Bangladesh Bank

Chart 3.5: Gross Foreign Exchange Reserve (end of the month) (Billion US\$)

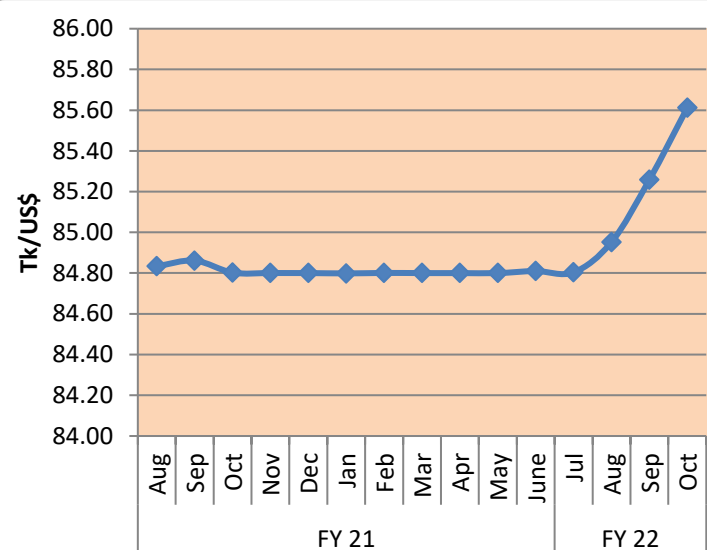


3.6 Exchange Rate Movements

The exchange rate remained broadly stable due to Bangladesh Bank's timely intervention in the foreign exchange market. Domestic currency (BDT) moved within a narrow band (84.80-84.85 Tk/US\$) in the last year.

Table: 3.6 Exchange Rate Movements

Period	Average	End period
2016-17	79.12	80.60
2017-18	83.70	83.70
2018-19	84.02	84.50
2019-20	84.78	84.90
2020-21		
July	84.81	84.80
August	84.83	84.83
September	84.86	84.84
October	84.80	84.80
November	84.80	84.80
December	84.80	84.80
January	84.80	84.80
February	84.80	84.80
March	84.80	84.80
April	84.80	84.80
May	84.80	84.80
June	84.81	84.80
2021-22		
July	84.80	84.80
August	84.95	85.20
September	85.26	85.50
October	85.61	85.65



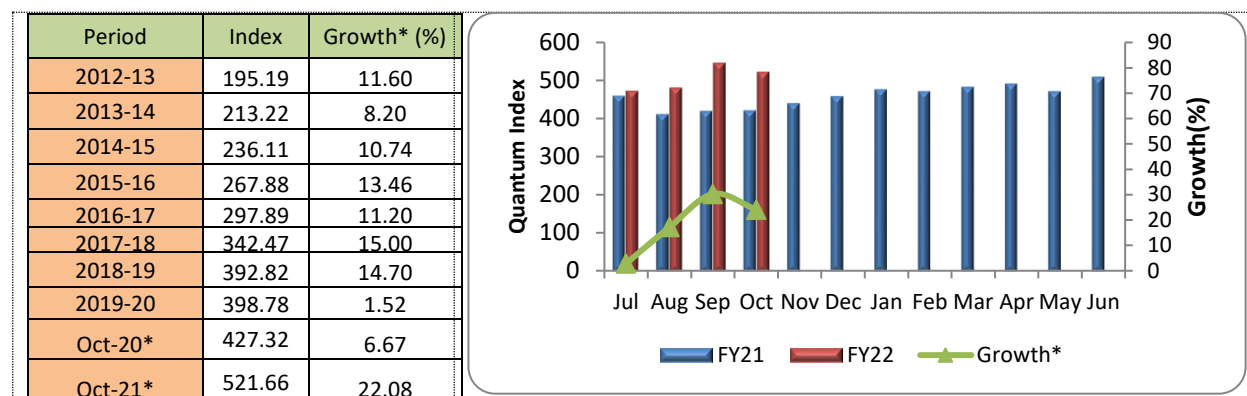
Source: Bangladesh Bank;

4. REAL SECTOR

4.1 Quantum Index of Industrial Production

The Quantum Index of the large and medium scale manufacturing industry, which accounts for 87.54 per cent of the industrial production, grew by 22.08 per cent in the July-October period of FY22 compared to the level of the same period of FY21.

Table 4.1: Quantum Index of large and medium scale manufacturing industry (Base: 2005-06=100)



Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

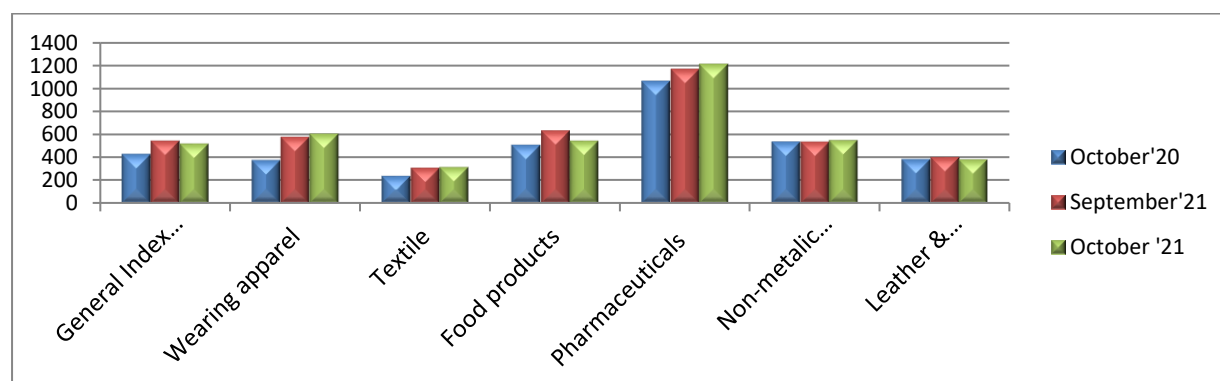
Table 4.2: Quantum Index of large and medium scale manufacturing industry by Major Industry group

Major Industry Group	Weight	Index			Change of Index	
		Oct'20	Sep'21	Oct'22	Oct'21 over Oct'20 (%)	Oct'21 over Sep'21(%)
General Index of which	100	427.32	544.75	521.66	22.08	-4.24
Wearing apparel	34.84	376.3	578.87	606.53	61.18	4.78
Textile	14.07	236.62	310.38	316.25	33.65	1.89
Food products	10.84	505.6	636.75	545.17	7.83	-14.38
Pharmaceuticals	8.23	1057.82	1170.55	1214.66	14.83	3.77
Non-metallic mineral Products	7.12	534.67	537.31	550.39	2.94	2.43
Leather & related products	4.40	384.27	403.76	383.01	-0.33	-5.14

Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

Industrial production by major industry groups shows that wearing apparel experienced 61.18 per cent growth followed by Textile Products with 33.65 per cent growth, Pharmaceuticals with 14.83 per cent growth in the first four months of FY22 compared to that of the first quarter of FY21.

Chart 4.1: Quantum Index of large and medium scale manufacturing industry by Major Industry group



4.2 CPI Inflation

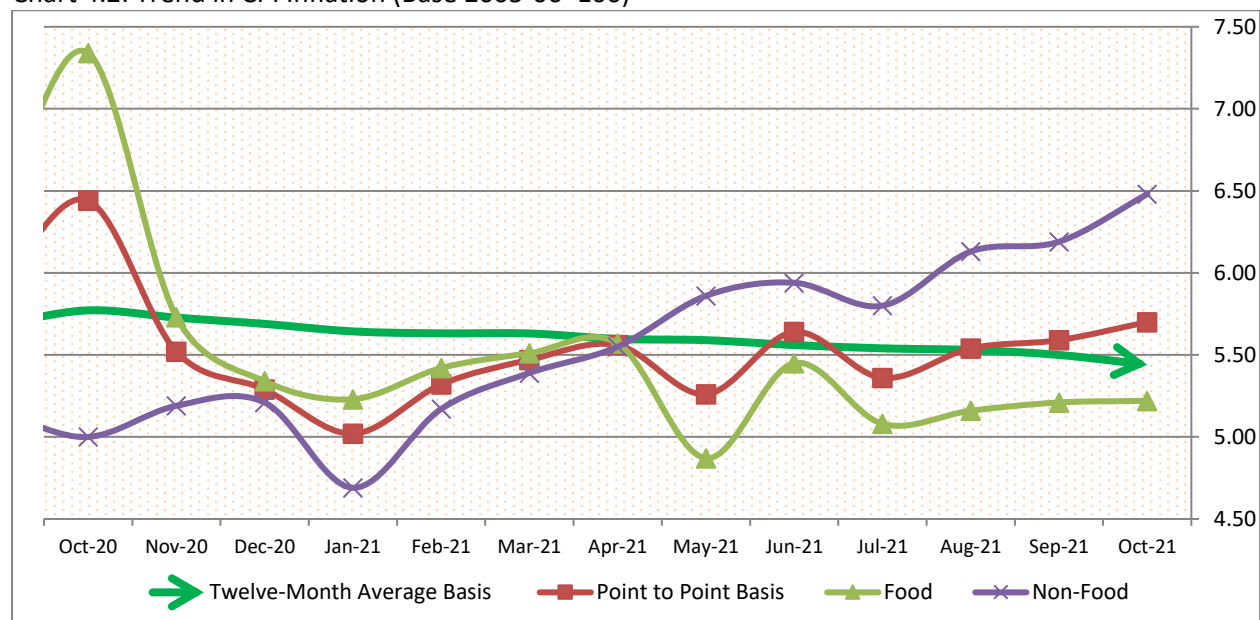
Moderation of food inflation (from 5.49 in July to 5.32 in October of FY22) edged down the overall CPI inflation marginally to 5.44 per cent (Twelve-month average basis) in October 2021 although non-food inflation rose to 5.64 in October 2021 from 5.52 in September 2021.

Table 4.3: CPI Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Month Average Basis			Point to Point Basis		
	General	Food	Non-Food	General	Food	Non-Food
2017-18	5.78	7.13	3.74	5.54	5.98	4.87
2018-19	5.48	5.51	5.42	5.52	5.40	5.71
2019-20	5.65	5.52	5.85	5.65	5.56	5.85
2020-21						
July	5.64	5.54	5.79	5.53	5.70	5.28
September	5.65	5.61	5.72	5.68	6.08	5.05
September	5.69	5.71	5.66	5.97	6.50	5.12
October	5.77	5.87	5.62	6.44	7.34	5.00
November	5.73	5.81	5.60	5.52	5.73	5.19
December	5.69	5.77	5.56	5.29	5.34	5.21
January	5.64	5.78	5.43	5.02	5.23	4.69
February	5.63	5.81	5.34	5.32	5.42	5.17
March	5.63	5.70	5.26	5.47	5.51	5.39
April	5.60	5.84	5.22	5.56	5.57	5.55
May	5.59	5.82	5.23	5.26	4.87	5.86
June	5.56	5.73	5.29	5.64	5.45	5.94
2020-21						
July	5.54	5.68	5.33	5.36	5.08	5.8
Aug	5.53	5.60	5.43	5.54	5.16	6.13
September	5.50	5.49	5.52	5.59	5.21	6.19
Oct-21	5.44	5.32	5.64	5.7	5.22	6.48

Source: Bangladesh Bank

Chart 4.2: Trend in CPI Inflation (Base 2005-06=100)



4.3 GDP Growth Outlook

The latest publication of the Bangladesh Bureau of Statistics (BBS) (with the new base 2015-16) shows that GDP has grown by 3.45 per cent in FY20 (final), which is 1.79 per cent lower than that of the provisional estimate. With this growth, per capita, GNI rose to US\$ 2,591 at the end of FY20. BBS's provisional estimate also shows that GDP grew at a rate of 6.94 per cent for FY21 whereas the Government's target was 8.2 per cent set at the start of the fiscal year based on the pace of the economic recovery and available high-frequency data.