



MONTHLY REPORT ON FISCAL-MACRO POSITION

April 2020

Prepared by:

Mohammad Mahabub Alam, Senior Assistant Secretary
Md. Firoz Hasan, Senior Assistant Secretary

Guided by:

Md. Azizul Alam, Additional Secretary
Abu Daiyan Mohammad Ahsanullah, Deputy Secretary

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Executive Summary

The April 2020 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

Revenue earnings decreased by 4.54 percent while government spending increased by 3.41 percent in July-April of FY¹20 compared to the same period of the previous fiscal year. Overall, the budget deficit stood at 1.41 percent of GDP at the end of July-April FY20 against a deficit of 0.89 percent of GDP during the same period of the previous fiscal year.

Monetary Sector

Broad Money (M2) increased by 13.25 percent at the end of April 2020 resulted from 14.95 percent growth in the Net Domestic Asset (NDA) and 7.36 percent growth in the Net Foreign Asset (NFA). At the same time, reserve money growth slowed down from 8.46 percent yearly growth to 4.12 percent growth in the first ten month of the fiscal year.

External Sector

During July- April of FY20, exports decreased by 13.09 percent in contrast to 11.61 percent growth in the same period of the previous fiscal year. At the same time, import payments also decreased by 8.7 percent while remittance inflow increased by 11.76 percent. Strong remittance inflow has improved the current account balance in FY20. Further, foreign exchange reserve stood at US\$ 33.11 billion at the end of April 2020, which is equivalent to import payments of 7.5 months.

Real Sector

Quantum Index of medium and large-scale manufacturing industries, a key growth driver has decreased by 25.57 percent in April 2020 from that of April 2019 due to countrywide shut down of economic activities in April. The average of CPI inflation (12-month moving average) stands at 5.65 percent, of which, food and non-food inflation were 5.52 percent and 5.85 percent respectively in April 2020.

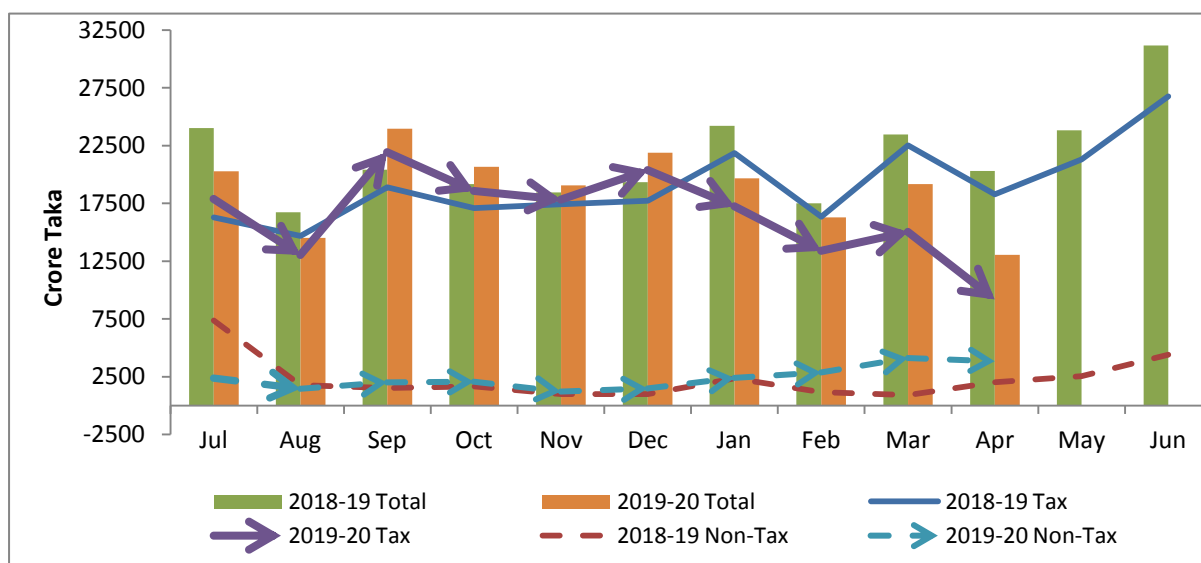
¹ FY20 stands for fiscal year 2019-20 that starts from 1 July 2019 and ends on 30 June 2020

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue collection plummeted in April20 (fall by 35.7 percent compared to April19) due to the countrywide shutdown of economic activities to prevent the spread of the COVID-19 virus. As a result, total revenue collection registered a negative growth of4.54 percent in July-April of FY 2019-20against the same period of the previous fiscal year. Among the sources, NBR tax revenue and Non-Tax revenue fall by9.14percent and 13.84 percent respectively while Non-NBR tax revenue increased by 36.35 percent on the back of government's reform measures to strengthen treasury single account.

Chart 1.1: Monthly trend of Revenue earnings



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

Table 1.1: Revenue Earning

(In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
July-April FY20	1,56,634.65	5,262.58	1,61,897.23	28,344.51	1,90,241.74
July-April FY19	1,72,388.85	6,108.1503	1,78,497.00	20,787.30	1,99,284.30
Growth (%)	-9.14	-13.84	-9.30	36.35	-4.54
2018-19 (Actual)	2,18,615.52	7,341.50	2,25,957.02	25,921.00	2,51,878.02
2017-18 (Actual)	1,87,103.30	7,223.47	1,94,326.77	22,229.22	2,16,555.98
Growth (%)	16.84	1.63	16.28	16.61	16.31

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

1.2 Government Expenditure

Total government expenditure increased by 3.41 percent during July-April of FY20 compared to the same period of the previous fiscal year (Table-1.2). During this period, development expenditure increased significantly (28.80 percent). According to the Implementation, Monitoring and Evaluation

Division (IMED) of Ministry of Planning, ADP expenditure stood at BDT97,030 crore at the end of July-April of FY20, which is 53.65 percent of the total allocation.

Table 1.2: Government Expenditure (In crore taka)

	2017-18	2018-19	Yearly Growth (%)	FY 19 (July-Apr)	FY 20 (July-Apr)	Growth (%) (July-Apr)
a1. Recurrent Expenditure	1,78,879.45	2,17,785.97	21.75	1,51,620.03	1,48,902.02	-1.79
Pay and Allowances	47,847.09	53,400.24	11.61	43,502.06	42,622.97	-2.02
Use of Goods and	23,479.42	28,562.22	21.65	17,107.79	14,944.98	-12.64
Interest Payment	41,765.51	49,460.72	18.42	36,179.70	28,060.00	-22.44
Domestic	38,160.17	46,050.52	20.68	33,154.05	25,003.58	-24.58
Foreign	3,605.34	3,446.21	-4.41	3,025.65	3,056.42	1.02
Subsidies and Transfer	65,612.87	86,362.78	31.62	54,830.23	63,274.07	15.40
a2. Capital Expenditure	12,593.27	20,302.41	61.22	10,916.29	7,578.151	-30.58
a) Operating Expenditure (a1+a2)	1,91,472.72	2,38,088.38	82.97	1,62,536.32	1,56,480.17	-3.73
b) Outlay for Food Accounts	6,993.62	4,233.43	-39.47	6,332.99	7,040.69	11.17
c) Net lending	1,240.93	-1,707.78	-237.62	-1,192.95	-3,997.25	235.07
d) Development Expenditure	1,22,154.04	1,51,055.35	23.66	54,608.50	70,333.95	28.80
Of which ADP	1,19,538.39	1,47,400.38	23.31	54,129.67	66,676.98	23.18
Total Expenditure	3,21,861.32	3,91,669.38	-170.46	2,22,284.86	2,29,857.55	3.41
Total Expenditure (% of GDP)	14.30	15.40	1.10	8.74	8.19	-0.55

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

1.3 Budget Deficit

Overall budget balance including grants records a deficit of BDT 39,453.88crore during July-April of FY20 against a deficit of BDT22,704.46 crore at the same period of the previous fiscal year. This budget balance was 5.44 percent and 4.64 percent of GDP at the end of FY19and FY18 respectively.

Table 1.3: Budget Balance (In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
July-Apr FY20	-39,453.88	-1.41
July-Apr FY19	-22,704.46	-0.89
2018-19	-1,38,202.86	-5.44
2017-18	-1,04,437.06	-4.64

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

1.4 Deficit Financing

Government's deficit financing stood at 39,432.91 crore at the end of April FY20, which was overwhelmingly financed from the banking source. The government borrowed 105,882.30 crore from the banking sector in the first ten months, i.e. exceeded the total financing target from banking system in FY20. The excess borrowed money was used to repay domestic non-bank loans, especially repayment for National Saving Certificates (NSCs) and external loans.

Table 1.4: Deficit Financing (In crore taka)

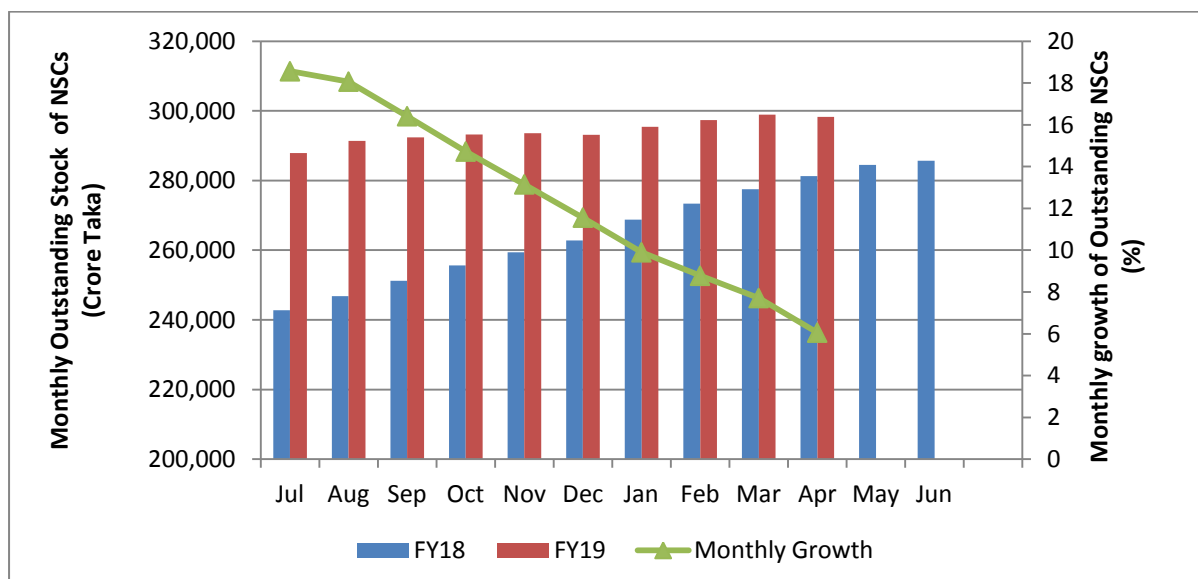
Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
July-Apr FY20	-23.76	1,05,882.30	-66,425.64	39,456.66	39,432.91	1.41
July-Apr FY19	1,409.11	6,866.79	19,501.04	26,367.82	27,776.93	1.09
2018-19	31,289.03	29,479.41	72,355.50	1,01,834.91	1,33,123.93	5.24
2017-18	25,620.59	11,730.60	67,084.44	78,815.04	1,04,435.63	4.64
Target in FY20	63,848.00	47,364.00	30,000.00	77,363.00	1,41,211.00	5.03

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

1.5 Sale and repayment of National Savings Certificates (NSC)

Monthly sale of NSCs has slowed down in the recent past (Chart 1.2) on the back of various reform measures undertaken by the government. The sale of NSC during July-April of FY20 has been decreased by 28.67 percent while repayment of NSCs accelerated (increased by 33.17 percent) compared to the same period of the previous fiscal year. As a result, net sale of NSC decreased by 75.66 percent at the end of July-April of FY20 (Table 1.6). This trend has resulted outstanding stock of NSCs to slow down.

Chart 1.2: Monthly trend of the outstanding stock of NSCs



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

Table 1.5 Net Sale and Repayment of NSCs

(In crore taka)

Period	Sale	Repayment (Principal)	Net Sale	Outstanding at the end of period
July-Apr FY20	54,578.05	43,997.18	10,580.87	2,98,286.87
July-Apr FY19	76,512.93	33,038.45	43,474.48	2,81,241.00
Growth (%)	-28.67	33.17	-75.66	6.06
2018-19	90,342.39	40,402.91	49,939.48	2,87,706.00
2017-18	78,784.68	32,254.38	46,530.3	2,37,766.52
Growth (%)	14.67	25.26	7.33	21.00

Source: Major Economic Indicators: Monthly Update, Bangladesh Bank

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) growth has slowed down in the first ten months of the fiscal year (Table 2.1). In the first ten months of the fiscal year, Net Domestic Asset (NDA) increased by 10.18 percent and Net foreign asset increased by only 3.69 percent. Strong public sector credit growth on the back of government borrowing from the banking system has contributed moderate growth in the net domestic asset as the private sector credit slowed down significantly.

Table 2.1 Monetary and Credit Development

Items	Outstanding stock at the end of period (in Billion BDT)			Changes in Outstanding stock (%)	
	Apr-20	Jun-19	Apr-19	Apr-20 over Jun-19	Apr-20 over Apr-19
A. Net Foreign Assets (NFA)	2,824.60	2,724.00	2,630.88	3.69	7.36
B. Net Domestic Asset (NDA)	10,436.06	9,472.12	9,078.56	10.18	14.95
a. Domestic Credit	12,734.72	11,468.85	11,048.97	11.04	15.26
Public Sector	1,983.01	1,366.29	1,169.68	45.14	69.53
Govt. (Net)	1,683.82	1,132.73	932.67	48.65	80.54
Other Public	299.19	233.56	237.01	28.10	26.23
Private sector	10,751.71	10,102.56	9,879.29	6.43	8.83
b. Net Other assets	-2,298.66	-1,996.73	-1,970.41	15.12	16.66
C. Broad Money (A+B)	13,260.65	12,196.12	11,709.44	8.73	13.25

Source: Monthly Economic Trends, April 2020, Bangladesh Bank

2.2 Reserve Money Development

Reserve money increased by 4.12 percent and 8.46 percent at the end of April 2020 from June 2019 and April 2019 respectively. During this period, money multiplier increased by 0.22 and 0.01 respectively.

Table 2.2: Reserve money and money multiplier

(Billion BDT)

Items	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	Apr-20	Jun-19	Apr-19	Apr-20 over Jun-19	Apr-20 over Apr-19
Reserve money	2563.32	2461.88	2269.91	4.12%	8.46%
Money multiplier	5.17	4.95	5.16	0.22	0.01

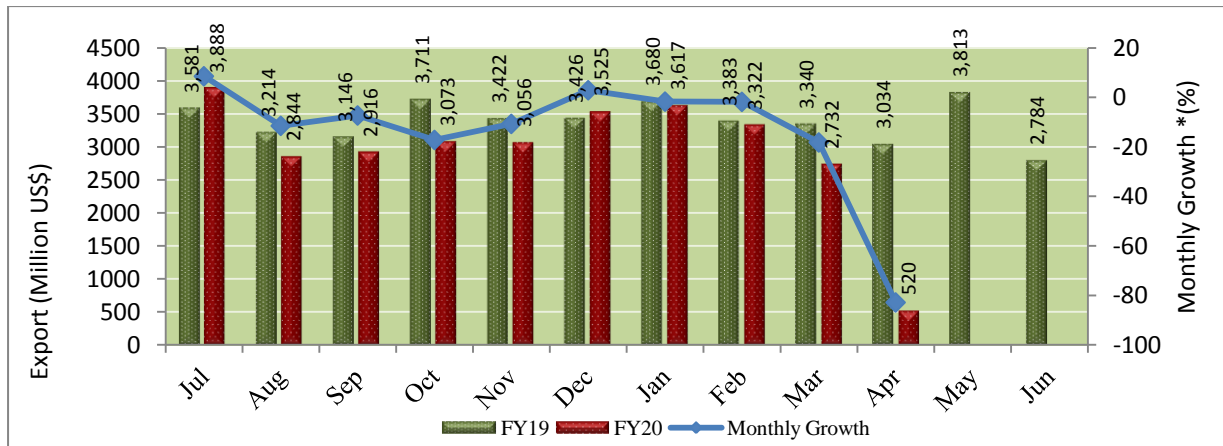
Source: Monthly Economic Trends, April 2020, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

Merchandise exports plummeted in April 2020 as the exports orders were halted or cancelled due to the COVID-19 effect on the global economy (Chart 3.1). Slowdown of export growth before COVID-19 in addition to the hardest hit by the COVID19 has resulted export of goods decreased by 13.09 percent in FY20 compared to the same period of the previous fiscal year.

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 in FY20 (Million US\$)

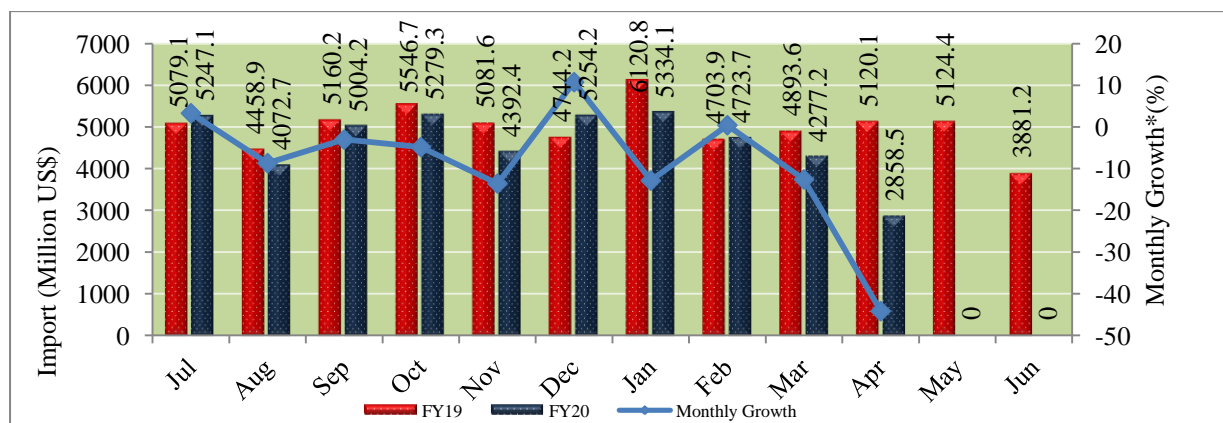
	July-April 2019-20	July-April 2018-19	2018-19	2017-18
Export	29,493.86	33,937.23	40,535	36,668.14
Growth*(%)	-13.09%	11.61	10.55	5.81

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

3.2 Imports (C & F)

Import fall significantly in April 20 as the country wide shutdown of economic activities due to COVID-19 pandemic. Slowed down import over the fiscal year in addition to the pandemic effect has resulted 8.7 percent lower import payment in July-April period of FY20(Chart 3.2). During July-April period of FY20, Letter of Credit (LC) opened decreased by 8.08 percent and LCs settled for import decreased by 4.53 percent.

Chart 3.2: Monthly Trend of Import Payments



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

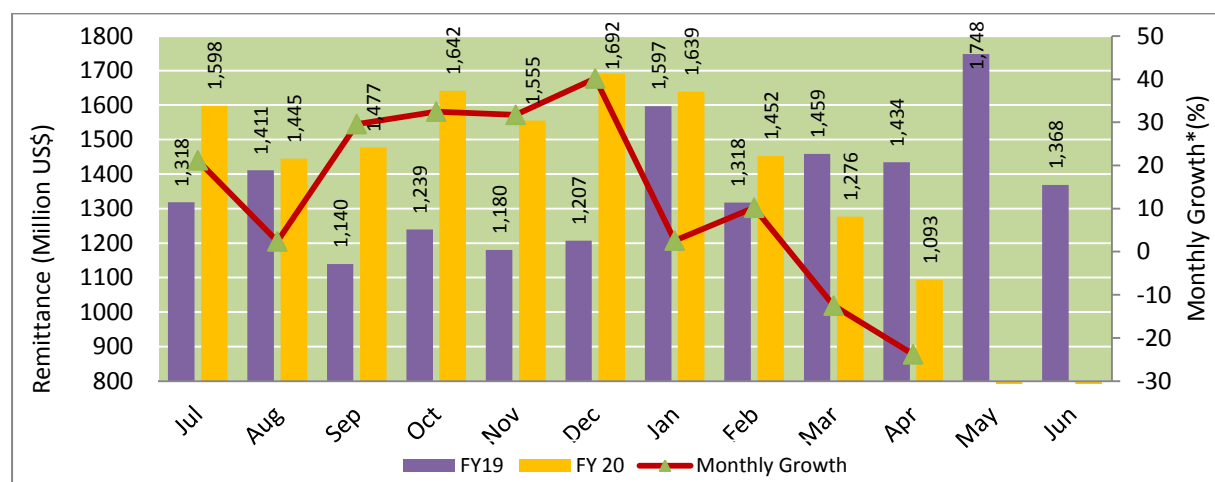
Table 3.2: Import Scenario in FY20 (Million US\$)

Period	2019-20 ^P July-April	2018-19 ^R July-April	2018-19	2017-18
Import payments	46,443.40	50,909.10	59,914.70	58,865.30
Growth (%)	-8.7	3.87	1.78	25.23
LCs Opened (July -April)	44,994.45	48,951.23	57,754.61	69,421.14
Growth (%)	-8.08	-19.39	-16.81	44.25
LCs Settled (July -April)	43,716.35	45,788.58	54,640.35	51,530.56
Growth (%)	-4.53	6.49	6.03	16.39

Source: Bangladesh Bank. Growth rate (%) over the same period of the previous fiscal year, R-Revised, P-Provisional

3.3 Remittances

Remittance inflow demonstrated a bullish trend over the fiscal years (Chart 3.3) on the back of 2.0 percent fiscal incentives by the government expect April20 when remittance inflow falls by 23.8 percent compared to the same period in the previous fiscal year. Remittances inflow increased by 11.76 percent up to April of FY20 against 10.01 percent growth in the same period of the previous year.

Chart 3.3: Monthly Trend of Remittance

Source: Bangladesh Bank

Table-3.3: Remittance Performance in FY20

(In million US\$)

	2019-20 ^P July-April	2018-19 ^R July- April	2018-19	2017-18
Remittances	14,867.88	13,303.27	16,419.63	14,981.69
Growth (%)	11.76	10.01	9.62	17.32
As % of GDP	4.36	4.39	5.42	5.43
As % of Export	50.41	38.67	40.05	40.86

Source: Bangladesh Bank

3.4 Exchange Rate Movements

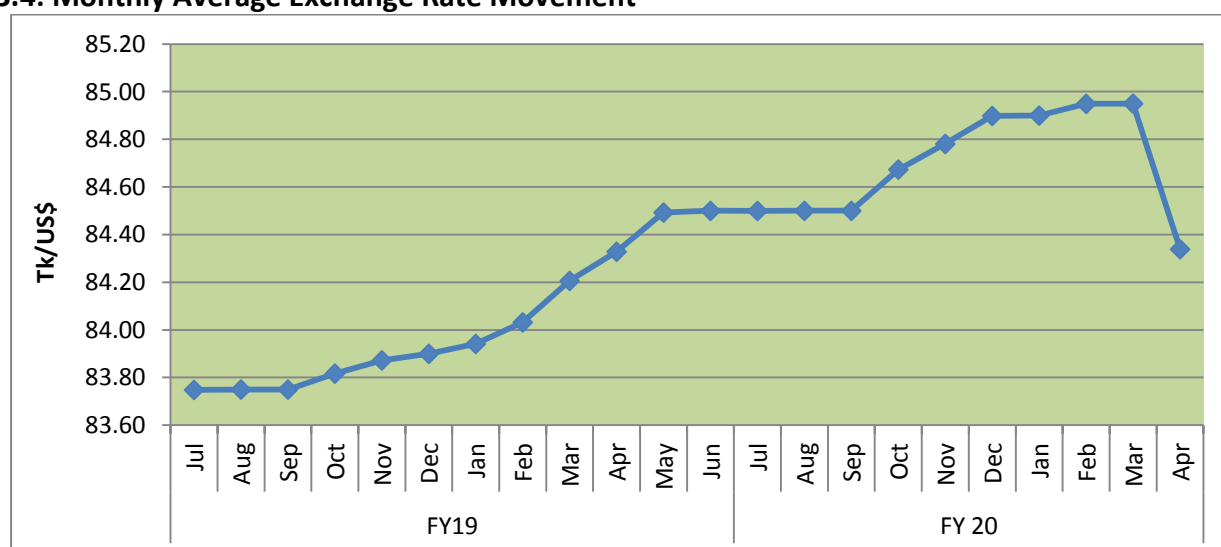
Exchange rate remained broadly stable due to Bangladesh Bank's timely intervention in the foreign exchange market. Domestic currency, Taka depreciated by 0.19 percent against US dollar in April 2020 from June 2019.

Table 3.4: Exchange Rate Movements (Taka per US\$)

Period	Average	End period
2011-12	79.10	81.82
2012-13	79.93	77.77
2013-14	77.72	77.63
2014-15	77.67	77.81
2015-16	78.40	78.40
2016-17	79.12	80.60
2017-18	83.70	83.70
2018-19	84.02	84.50
2019-20		
July	84.49	84.50
August	84.50	84.50
September	84.50	84.50
October	84.67	84.75
November	84.78	84.90
December	84.90	84.90
January	84.90	84.90
February	84.95	84.95
March	84.95	84.95
April	84.34	84.45

Source: Bangladesh Bank

Chart 3.4: Monthly Average Exchange Rate Movement



Source: Bangladesh Bank

3.5 External Reserve

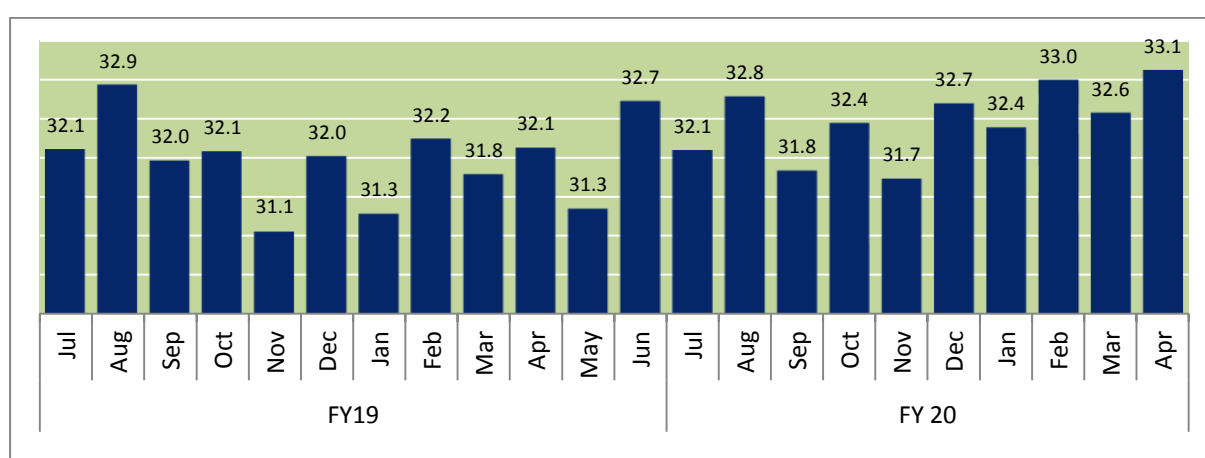
The gross foreign exchange reserve stood at 33.11 billion at the end of April 2020, which is enough to cover import payments of 7.5 months based on average import liability of the previous 12 months. Overall, foreign exchange reserve did not demonstrate a sharp increase in the recent past due to intervention in the foreign exchange market by Bangladesh Bank to avoid excessive volatility in the exchange rate.

Table 3.5: Foreign Exchange Reserve

Reserve	2019-20 ^P (End of April)	2018-19 (End of April)	2018-19 (End of June)
Million US\$	33111.06	31937.51	32716.51
Months of import payment	7.5	6.03	6.27

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.6 Balance of Payments (BOP)

The country's trade balance improved slightly at the end of July-March of FY20 as the import payments declined beside exports. Strong remittance growth has contributed to improve the current account balance to US\$ 2.65 billion deficit from a deficit of US\$ 4.21 billion at the same time of the previous year. Overall balance has also improved during the period.

Table 3.6: Balance of Payments

(Million US\$)

	2019-20 ^P July-March	2018-19 ^R July-March	2018-19 ^R	2017-18
Trade Balance	-12,078	-12,201	-15,494	-18,178
Current Account Balance	-2,648	-4,212	-5,254	-9,567
Capital Account	160	188	233	331
Financial Account	3,497	4,395	5,628	9,011
Error & Omission	-664	-697	-595	-632
Overall Balance	345	-326	12	-857

Source: Bangladesh Bank; R=Revised, P= Provisional

4. REAL SECTOR

4.1 Real Sector Indicators

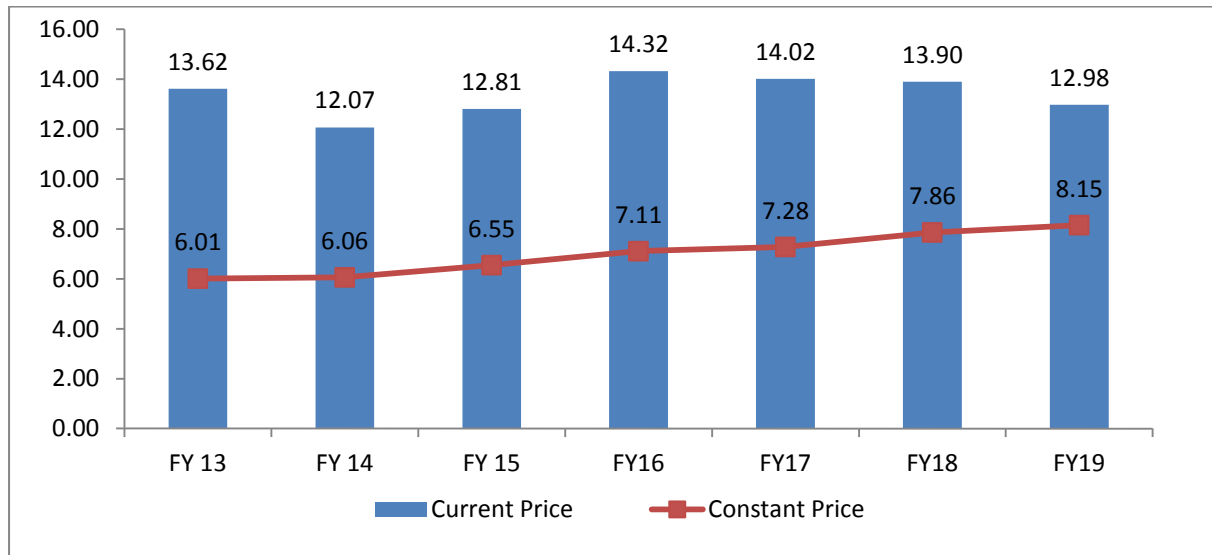
Bangladesh economy experienced the highest GDP growth rate of 8.15 percent in FY19 in the recent past, supported by robust domestic demand, particularly private consumption and public investment. On the supply side, growth was driven mainly by industry (12.67 percent) and services (6.78 percent) with the sectoral composition of the economy continuing to shift away from agriculture to industry in FY19. At the same time, per capita GNI has rose to US\$1909 at the end of FY19 from US\$1751 in FY18.

Table 4.1 Real sector indicators (Base year 2005-06)

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY19
GDP at constant prices	Billion Tk.	7,299.0	7,741.4	8,248.6	8,835.4	9,479.0	10224.30	11,057.94
Growth	%	6.01	6.06	6.55	7.11	7.28	7.86	8.15
GDP at current prices	Billion Tk.	11,989.2	13,436.7	15,158.0	17,328.6	19,758.2	22504.79	25,424.83
Growth	%	13.62	12.07	12.81	14.32	14.02	13.90	12.98
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20607.2	23531.08	26,560.92
Per capita GDP	Taka	78,009	86,266	96,004	108,378	122,152	137,518	153,578
Per capita GNI	Taka	84,283	92,015	102,236	114,621	127,401	143,789	160,440
Per capita GDP	US\$	976	1,110	1,236	1,385	1,544	1,675	1,828
Per capita GNI	US\$	1,054	1,184	1,316	1,465	1,610	1,751	1,909

Source: Bangladesh Bureau of Statistics

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



Source: Bangladesh Bureau of Statistics

4.2 Industrial Production

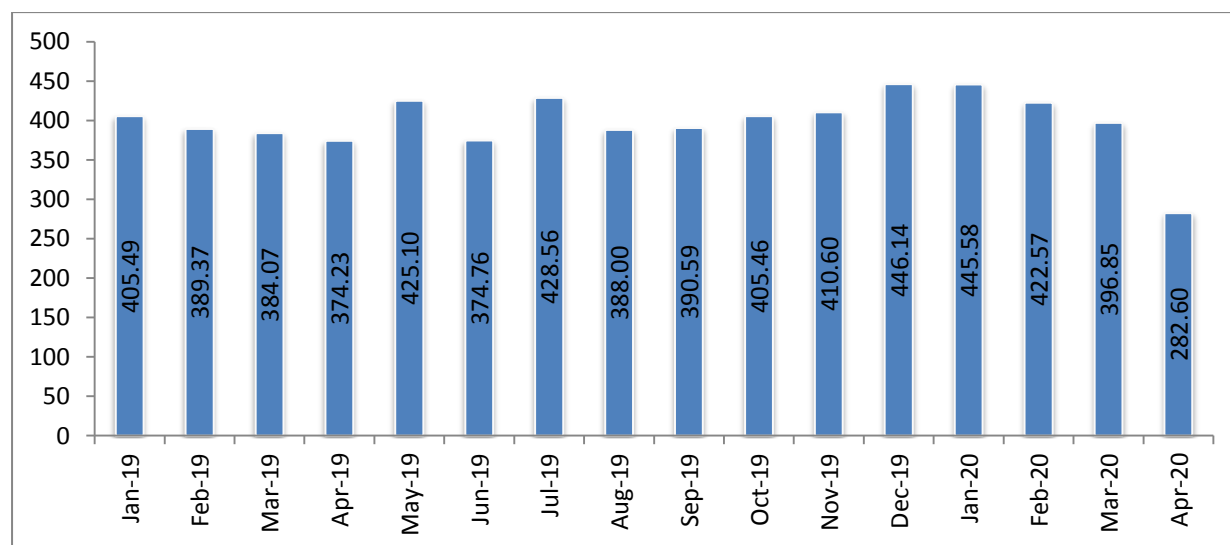
The quantum Index of large and medium scale manufacturing Industries has decreased by 25.57 percent at the end of April 2020 from the same period of the previous fiscal year. It is to be noted that this growth rate was 15.0 percent and 14.7 percent in FY18 and FY19 respectively.

Table 4.2: Quantum Index of large and medium scale manufacturing industries (Base: 2005-06=100)

Period	Index	Growth* (%)
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
2013-14	213.22	8.2
2014-15	236.11	10.74
2015-16	267.88	13.46
2016-17	297.89	11.2
2017-18	342.47	15.0
2018-19	392.82	14.7
April 2019	379.71	4.65%
April 2020 ^p	282.6	-25.57%

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

Chart 4.2: Quantum Index of Manufacturing Industries (Base: 2005-06=100)



Source: Bangladesh Bureau of Statistics

4.3 CPI Inflation

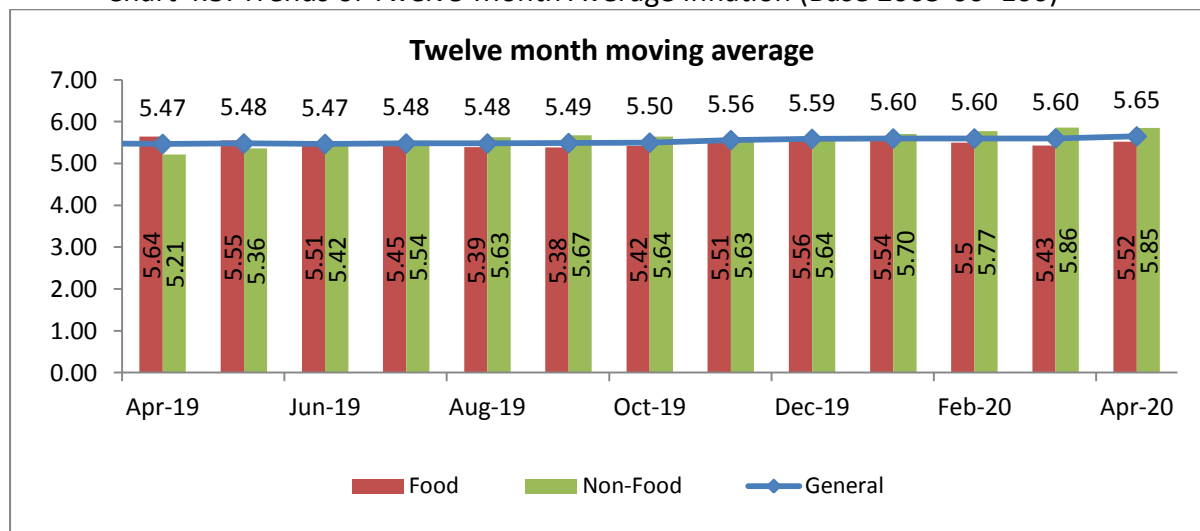
CPI inflation was 5.65 percent (Twelve-month average basis) in April 2020, which is slightly higher than the set target of 5.50 for the FY20. Meanwhile, point-to-point inflation went up to 6.02 percent in April 2020, of which, food and non-food inflation were 6.54 percent and 5.22 percent respectively (Chart 4.3).

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
2014-15	6.41	6.68	5.99	6.25	8.00	5.45
2015-16	5.92	4.90	7.47	5.53	6.32	6.15
2016-17	5.44	6.02	4.57	5.94	7.51	3.67
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						
July	5.48	5.45	5.54	5.62	5.42	5.94
August	5.48	5.39	5.63	5.49	5.27	5.82
September	5.49	5.38	5.67	5.54	5.30	5.92
October	5.50	5.42	5.64	5.47	5.49	5.45
November	5.56	5.51	5.63	6.05	6.41	5.47
December	5.59	5.56	5.64	5.75	5.88	5.55
January	5.60	5.54	5.70	5.57	5.12	6.30
February	5.49	5.87	4.89	5.47	5.44	5.51
March	5.60	5.43	5.86	5.96	5.91	6.45
April	5.65	5.52	5.85	6.02	6.54	5.22

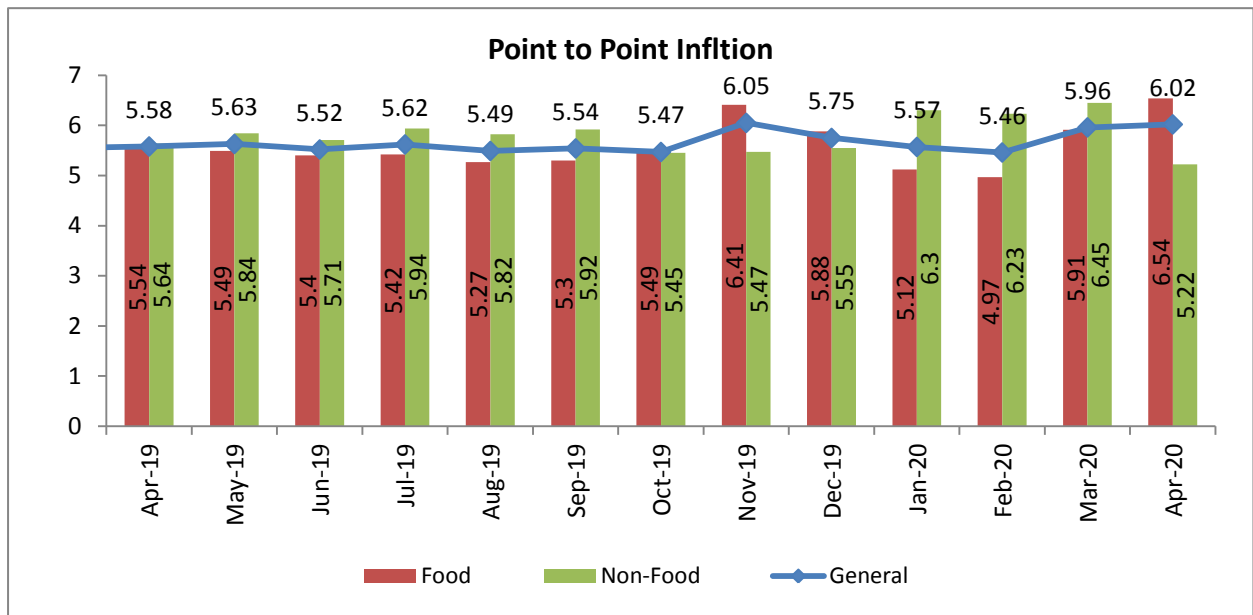
Source: Bangladesh Bank

Chart 4.3: Trends of Twelve-Month Average Inflation (Base 2005-06=100)



Source: Bangladesh Bank

Chart 4.4: Trends of Point to Point Inflation (Base 2005-06=100)



Source: Bangladesh Bank