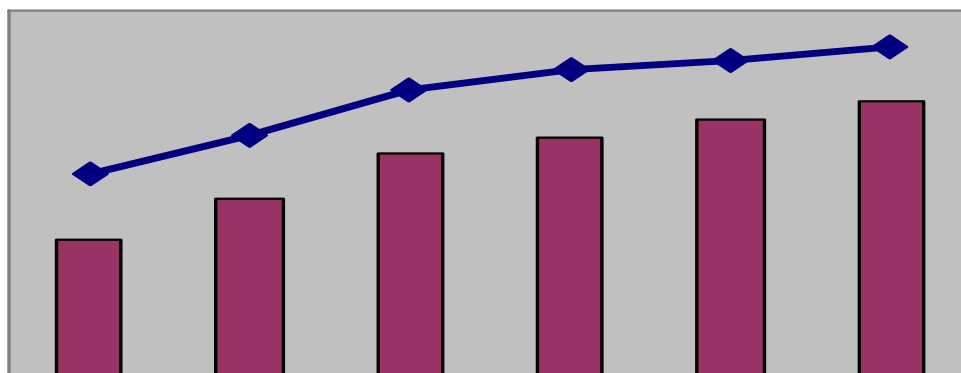


MONTHLY FISCAL-MACRO UPDATE

JULY, 2008



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Issue-5, Year: 2008

As on August 25, 2008

A. FISCAL SECTOR

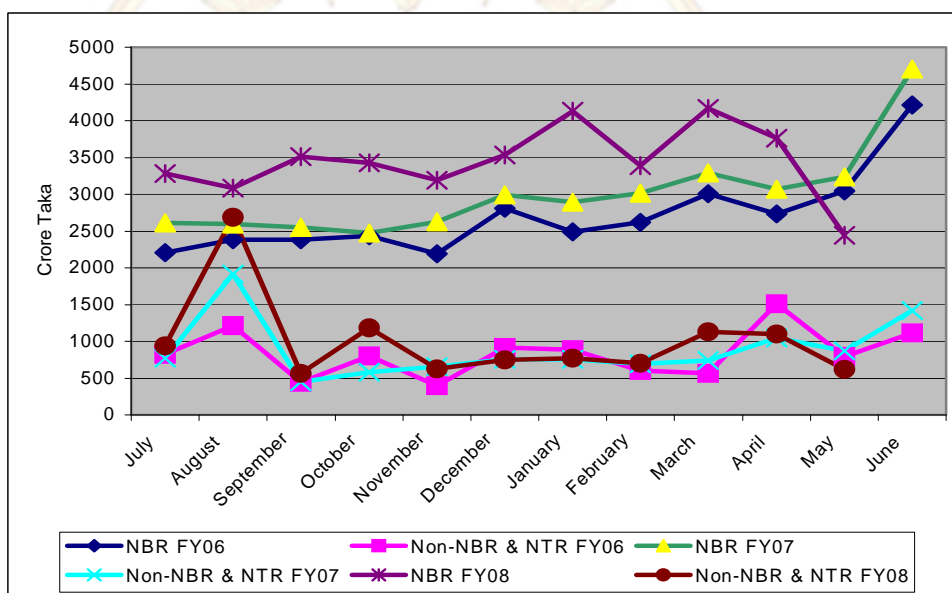
a.1 Revenue Earnings

(in crore Tk.)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2005-06	32437.8	1526.1	8552.6	42516.6
2006-07	36172.1	1854.7	8779.7	46806.6
Growth (%)	11.5	21.5	2.7	10.1
2007-08				
May	2445.0	227.9	388.7	3061.6
July- May	37931.6	2025.3	9118	49074.9
(Growth over July- May FY 07)	(20.5%)	(22.7%)	(20.6%)	(20.6%)

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

Chart 1: Monthly Trend of Revenue earnings (FY06-FY08)



- Up to May, FY08 strong growth in revenue (20.6%) continues.
- NBR Tax revenue growth up to May FY 08 is 20.5 percent.
- Non-NBR Tax revenue growth up to May FY 08 is 22.7 percent.
- Dividend and profit mainly contributes high growth (20.6 %) in Non-Tax revenue.

a.2 Grants

(in crore Tk.)

2005-06	2006-07	Growth (%)	2007-08		
			May	July- May	Growth over July- May FY 07
1061.5	1037.4	-2.27	94.7	627.3	0.12%

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

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a.3 Government Expenditure

(in crore Tk.)

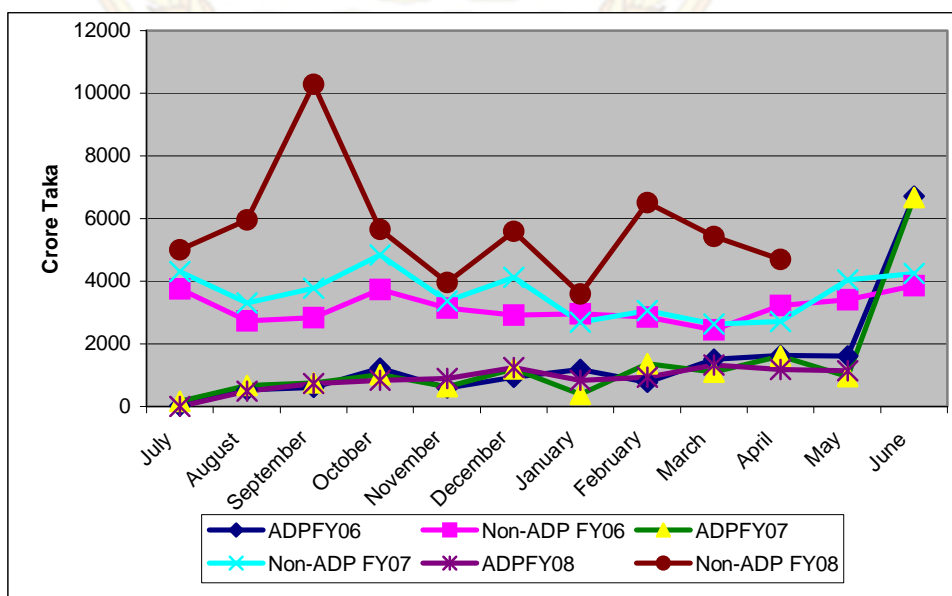
	2005-06	2006-07	Growth (%)	2007-08	
				May	July- May
1. Current	35122.0	40867.9	16.36	3657.8	40215.4 (18.34%)
Interest	7894.4	9403.4	19.11	974.28	11289.0 (32.97%)
Domestic	6649.1	8063.1	21.27	886.51	10062.5(37.04%)
Foreign	1245.3	1340.3	7.63	87.77	1226.4(6.92%)
Subsidies & Current Transfer	10574.3	12228.0	15.64	1297.02	12884.2(32.35%)
2. ADP	17313.4	16833.0	-2.77	1148.6	9631.7 (1.51%)
3. Non-ADP Capital Exp. & Net lending	2089.8	2782.7	-81.12	-802.3	-7307.8 (-372.93%)
4. Net Outlay on Food A/C	488.0	388.0	-20.49	386.0	1887.0 (1192.47%)
5. Extraordinary Exp	79.3	32.2	-59.39	0.0	763.6 (2274.82%)
6. Check float	82.9	222.3	168.15	-2985.4	21384.3 (698.36%)
Total (1+2+3)	55175.4	59932.0	8.62	1404.7	66574.1 (35.85%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July- May, FY 07

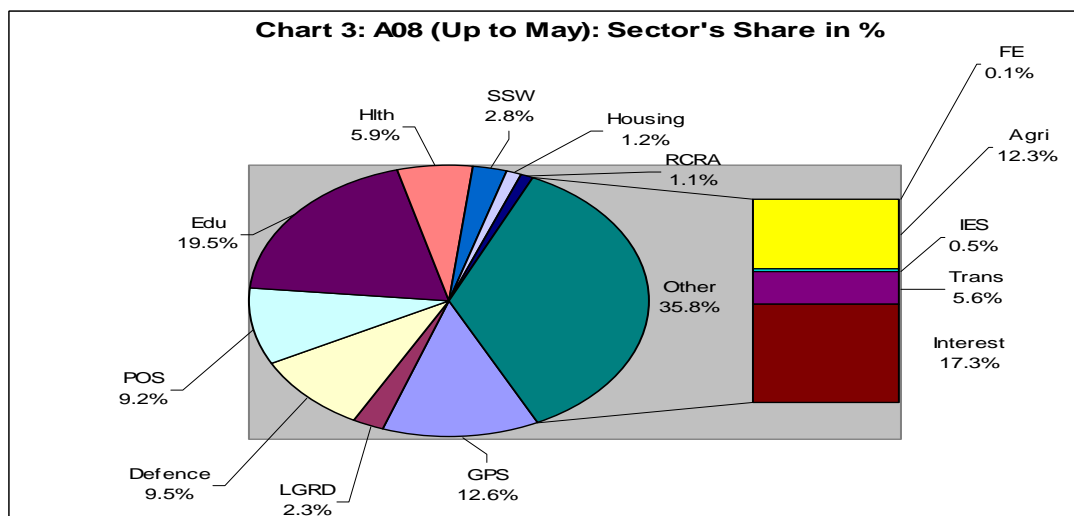
Up to May, FY 08,

- Current expenditure records strong growth (growth: 18.34 %), of which
 - Subsidies and transfer (growth: 32.35%)
 - Interest payments (growth: 32.97%).

Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 06-FY08)



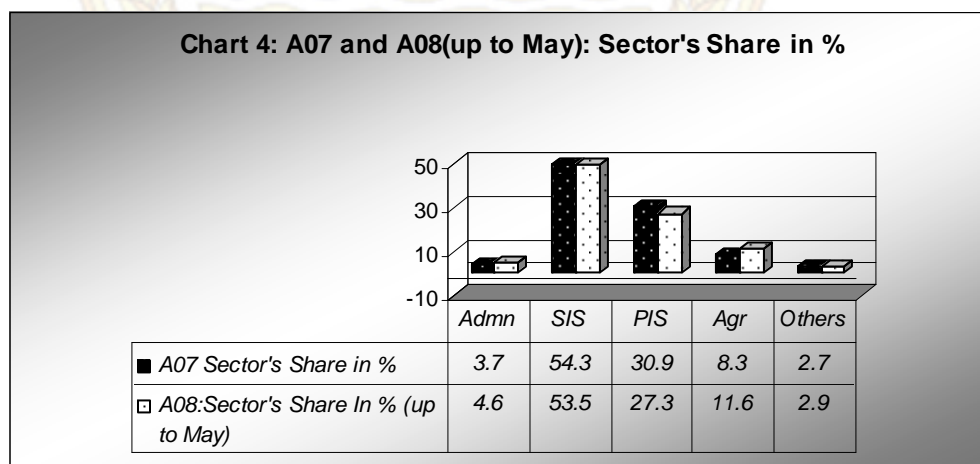
a.3.1 Structure of Revenue Expenditure



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 Education (19.5%), Interest payment (17.3%) and General Public Services (12.6%).

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 highest share are in Social Infrastructure (53.5%) and next highest expenditure is in Physical Infrastructure (27.3%).

a.4 Budget Deficit

(in crore Tk.)

	Overall Balance	Overall Balance as % of GDP
2005-06	-12658.8	-3.0
2006-07	-13125.4	-2.8
2007-08		
May	1656.9	3.7
Up to May	-17499.2 (including BPC) - 9976.2(excluding BPC)	-3.6(including BPC) -2.0(excluding BPC)

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

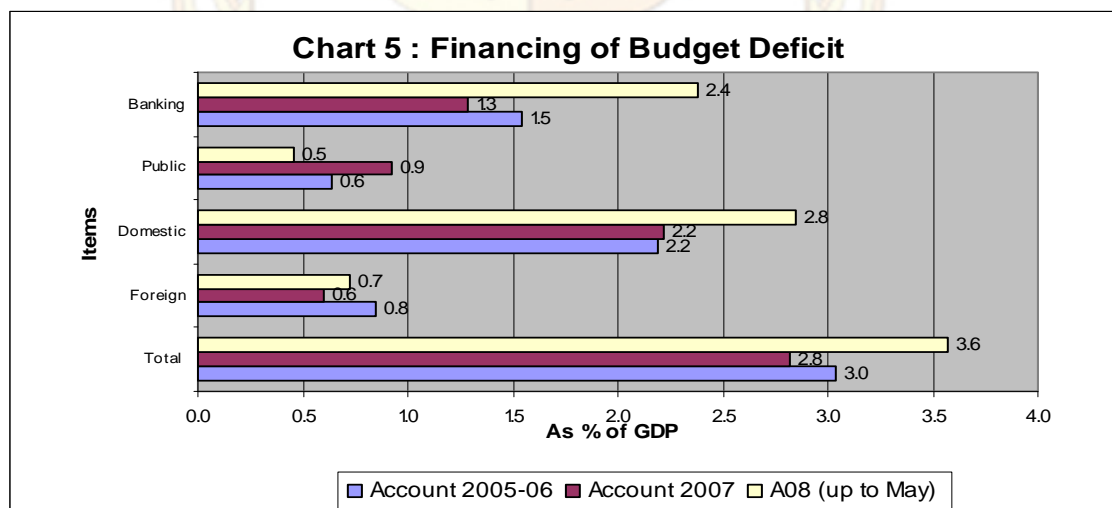
a.5 Deficit Financing

(in crore Tk.)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2005-06	3530.6	6431.4	2696.8	12658.8	3.0
2006-07	2790.0	5982.3	4353.1	13125.4	2.8
2007-08					
May	135.2	-1952.2	160.1	-1656.9	-3.7
Up to May	3551.2	11675.3* 4152.3**	2272.7	17499.2* 9976.2**	3.6* 2.0**

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

* including BPC ** excluding BPC



- Share of non-bank borrowing to total domestic borrowing decreases from 47.28 percent in July- May, FY 07 to 16.15 percent in July- May, FY 08.
- At the same time share of bank borrowing increases from 52.04 percent to 83.71 percent.

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a.5 Net Sales of NSD Certificates

(in crore Tk.)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2005-06	13799.83	10833.25	2966.58	39464.26
2006-07	15123.53	10948.61	4174.92	43639.18
2007-08				
June	1193.29	949.04	244.25	46157.47
July- June (Growth over July-June FY 07)	14105.79 (-6.73%)	11587.50 (5.84%)	2518.29 (-39.68)	46157.47 (5.77)

Source: National Savings Directorate.

- Though net sale shows some improvement after December, 2007, but growth in net sale still remains negative (-39.68%) compared to the previous fiscal year.

A. MONETARY SECTOR

b.1 Monetary and credit development

(in crore Tk.)

	Outstanding Stock at the end of period				
	2005-06	2006-07	Growth	2007-08 (June ^p)	Growth(%) over June, FY07
Net Foreign Asset	22011.30	32888.40	49.42	37627.60	14.41
Net Domestic Asset	159144.80	179097.80	12.54	211649.20	18.18
Domestic credit	177743.00	204267.60	14.92	247318.90	21.08
Public Sector	46769.70	53495.40	14.38	58584.50	9.51
Govt. (net)	31674.10	36040.00	13.78	46999.60	30.41
Other Public Sector	15095.60	17455.40	15.63	11584.90	-33.63
Private Sector	130973.30	150772.20	15.12	188734.40	25.18
Broad Money	181156.10	211986.20	17.02	249276.80	17.59

Source: Bangladesh Bank. p. Provisional

- At the end of June, 2008 broad money growth stands to 17.59 percent.
- Growth in Net Foreign Asset is 14.41 percent.
- Share of Net Foreign Asset in M₂ is 15.09 percent.
- There has been higher growth in Govt. (net) (30.41%) but negative growth in other public sector credit (-33.63%).
- Strong growth in private sector credit (25.18%) continues.

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b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2005-06	2006-07	Change	2007-08 (June)	Change over June FY07
Reserve money	37863.20	44555.00	17.67 %	53271.50	19.56%
Reserve Money multiplier	4.78	4.76	-0.03	4.68	-0.08

Source: Bangladesh Bank.

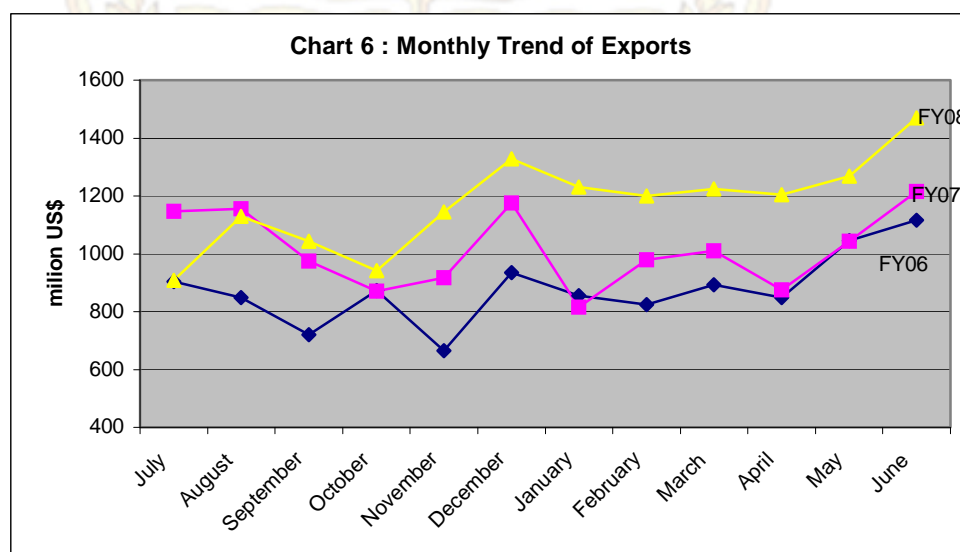
B. EXTERNAL SECTOR

c.1 Export

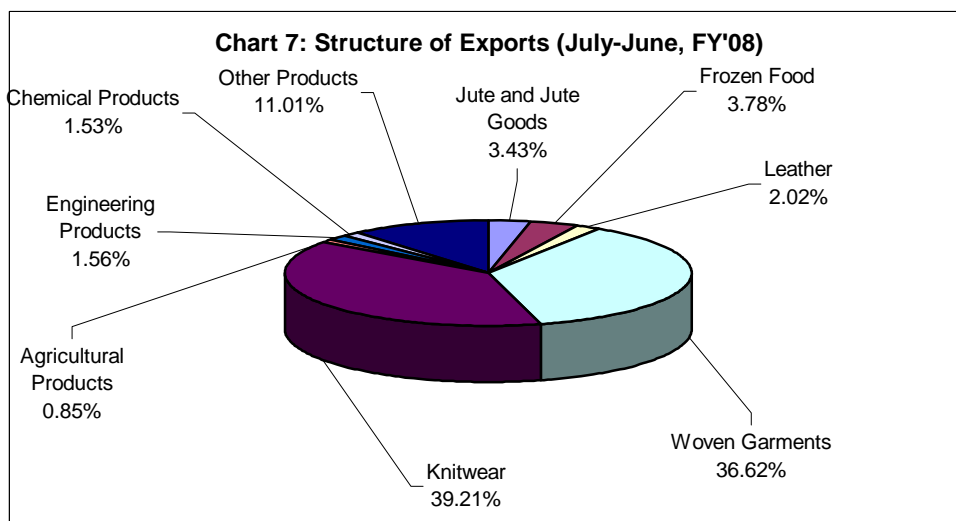
(in million US\$)

	2005-06	2006-07	2007-08	
			June	July- June
Export	10526.16	12177.86	1469.51	14110.80
Growth (%)	21.63	15.69	20.65*	15.87*

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 (21.50%), Woven Garments (10.94%), Frozen food (3.64%), Leather (6.89%), and Raw Jute and Jute goods (3.43%) export.
- Exports of engineering products (-7.27%) is declined.

c.2 Imports (c&f)

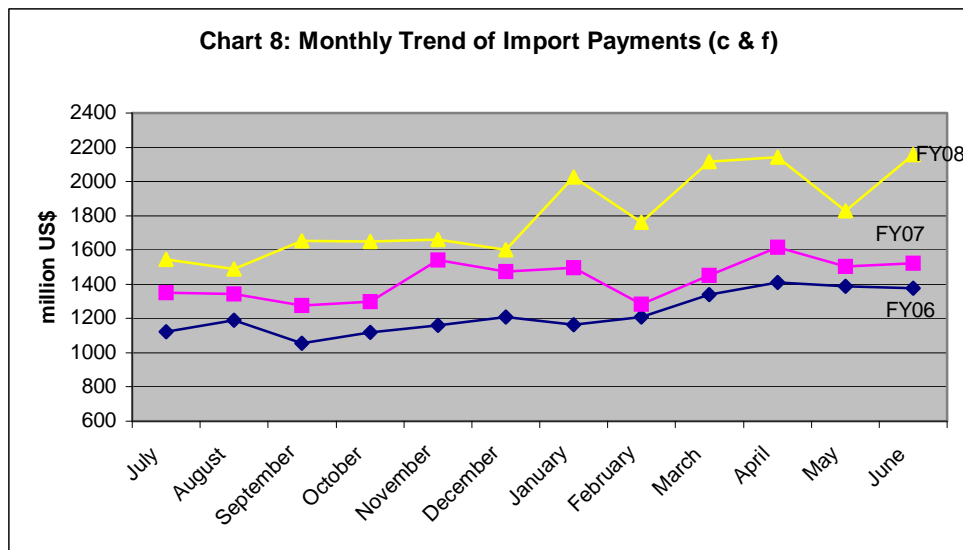
(in million US\$)

	2005-06	2006-07	2007-08	
			June	July- June
Import payments	14746.40	17156.80	2156.60	21629.00 ^p
Growth ^a	12.17	16.35	41.74	26.07
LCs Opened	15245.35	17451.01	2161.30	24435.61
Growth ^a	8.36	14.47	45.47	40.02
LCs Settled	13949.79	15971.35	2094.95	20372.60
Growth ^a	10.16	14.49	57.99	27.56

Source: Bangladesh Bank.

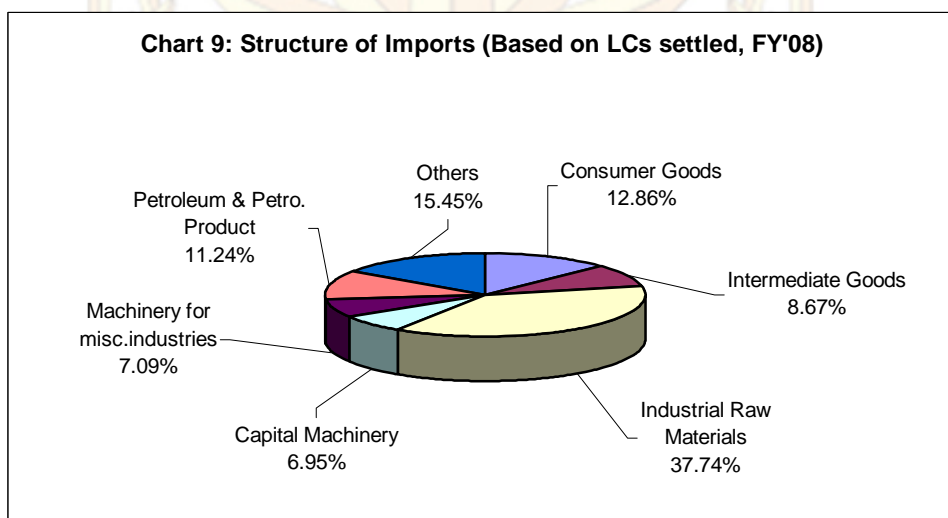
p-provisional ; * May; ** Up to May

a. Growth rate (in percent) over the same period of the previous fiscal year.



- In the fiscal year 2007-08, the import growth is 26.07 percent.
- In June, 2008 import payments increased by 41.74 percent compared to the same period of the previous fiscal year.

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



- In FY'08 import of consumer goods recorded an increase of 84.84 percent.
- Import of intermediate goods increased by 29.29 percent.
- Import growth of industrial raw materials is 29.26 percent.
- Growth in capital machinery and machinery for misc. industry recorded an increase of 5.82 percent.

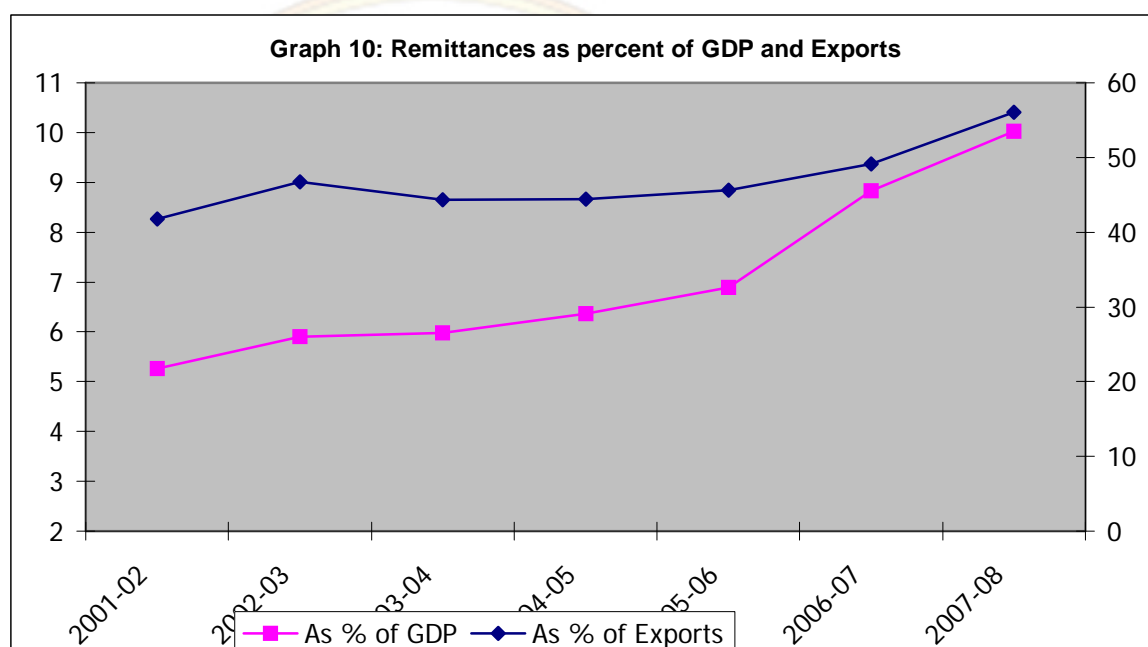
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c.3 Remittances

(in million US\$)

	2005-06	2006-07	2007-08	2008-09
				July ^p
Remittances	4801.88	5978.47	7914.78	829.50
Growth ^a	24.78	24.50	32.39	46.27
As % of GDP	6.89	8.83	10.02	-
As % of Export	45.62	49.09	56.09	-

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

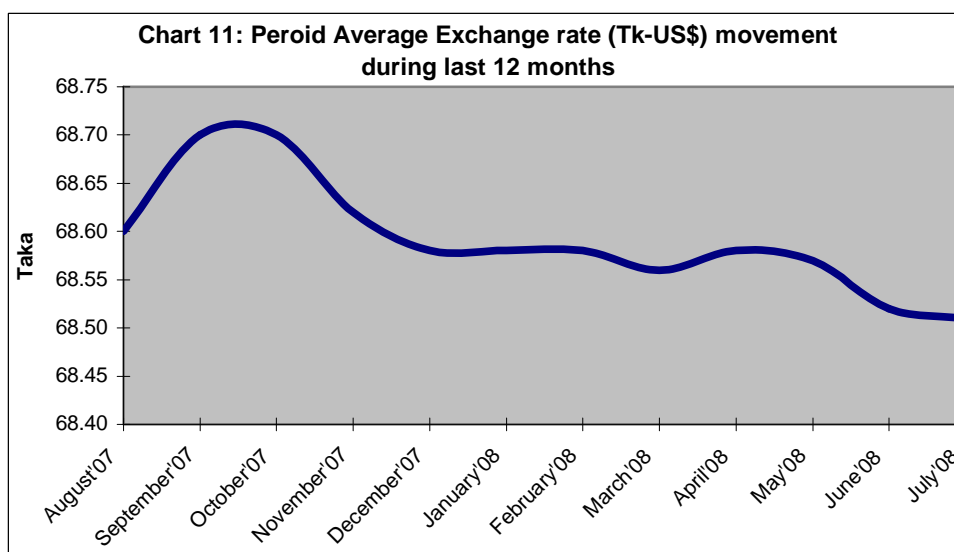


- In FY 08 remittances inflow records a robust growth of 32.39 percent.
- In FY08 remittances as percent of GDP and Export were 10.02 percent and 56.09 percent respectively which are relatively higher than previous fiscal year.
- In July, FY 09 remittances inflow records a robust growth of 46.27 percent.

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

Source: Bangladesh Bank.



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

c.5 Foreign Exchange Reserve

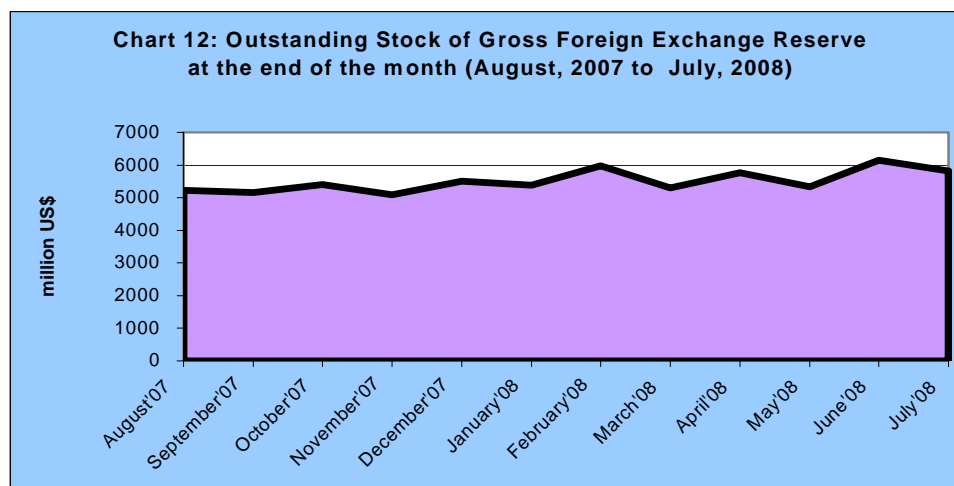
(in million US\$)

	2005-06	2006-07	As on July 31, 2008
Reserve	3483.78	5077.24	5820.11
in month of import payment	2.83	3.55	3.43*

Source: Bangladesh Bank.

* Calculation based on settlement of LCs in FY 2008

- On the basis of import LCs settled in FY 2008 the foreign exchange reserve is equivalent of 3.43 months import payments.

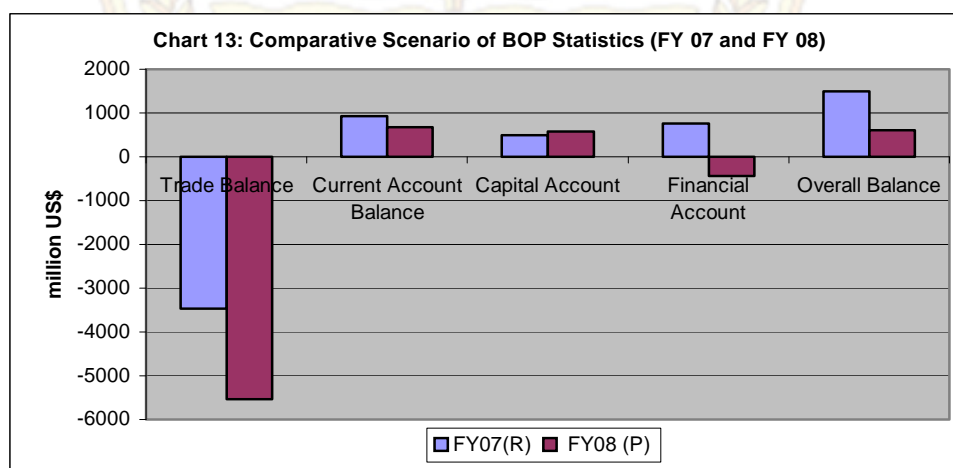


c.6 Balance of Payments

(in million US\$)

	2005-06	2006-07	2007-08 ^p
Trade Balance	-2889	-3458	-5541
Current Account Balance	824	936	672
Capital Account	375	490	576
Financial Account	-141	762	-431
Overall Balance	338	1493	604

Source: Bangladesh Bank. p- provisional



- Current account balance records a surplus of 672million US\$ in FY 08, which was 936 million US\$ in the previous fiscal year.
- Compare to FY 07, in FY 08 trade gap widens significantly.

A. REAL SECTOR

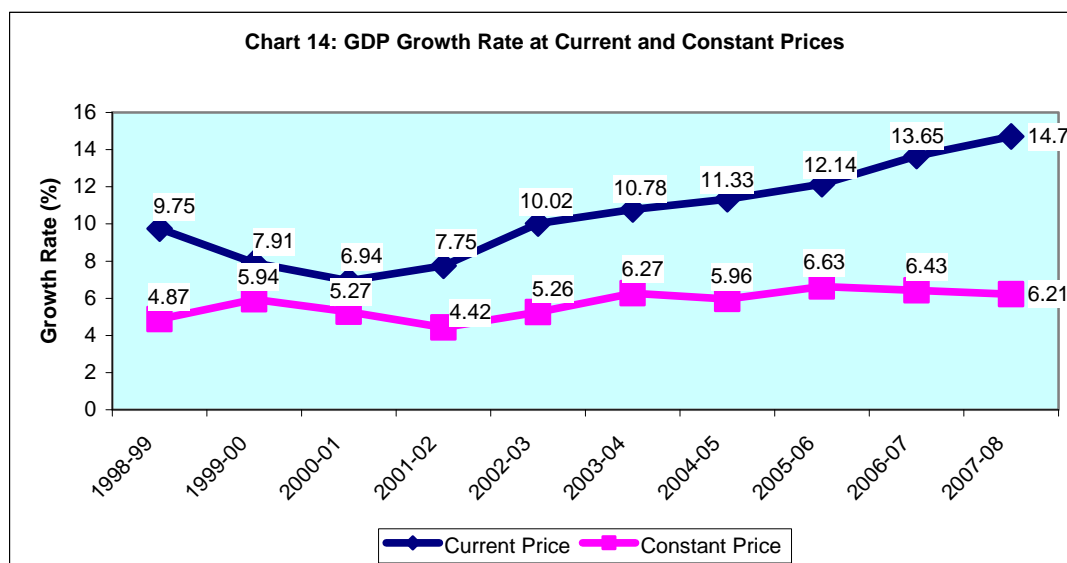
d.1 Gross Domestic Product

(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.

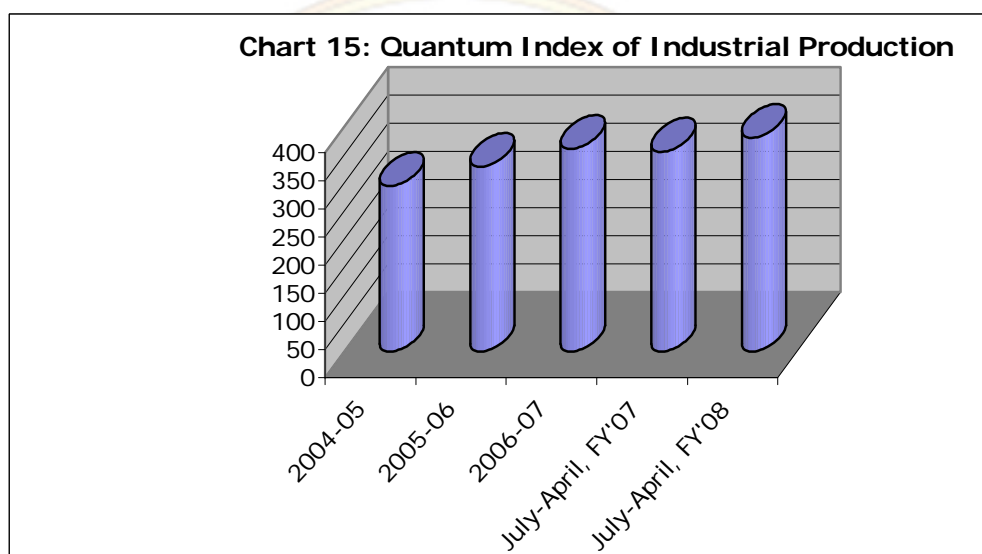
- Real GDP growth in FY 08 provisionally estimated to be 6.21 percent of which
 - Growth in Agricultural has been estimated at 3.61 percent
 - Growth in Industrial is estimated 6.87 percent
 - Service sector growth is estimated at 6.69 percent.
- Per capita GDP in FY 08 exceeded US\$ 500 mark and reached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



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

FY	Index	Growth Rate
2004-05	294.72	-
2005-06	328.35	11.41
2006-07	360.33	9.74
2007-08 ^P		
April	373.63	10.86
July-April	380.36	6.86

Source: BBS

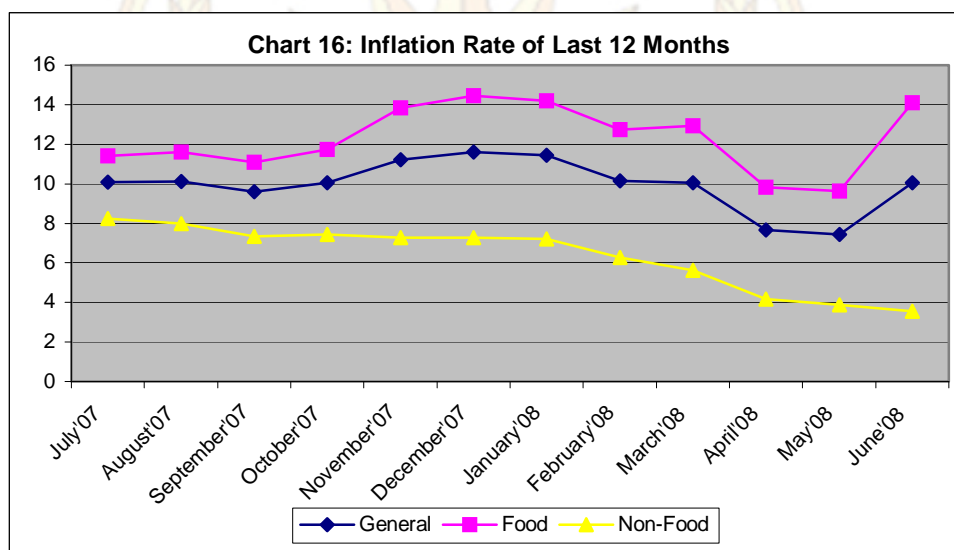


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- Up to April, FY 08, the average index is 380.36 which is 6.86 percent higher compared to the same period of FY 07.

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				
July	186.66	10.10	11.42	8.23
August	188.24	10.12	11.62	7.99
September	190.70	9.60	11.10	7.35
October	195.16	10.06	11.73	7.42
November	195.19	11.21	13.83	7.26
December	193.25	11.59	14.46	7.27
January	192.39	11.43	14.20	7.21
February	192.81	10.16	12.72	6.26
March	194.83	10.06	12.92	5.63
April	194.57	7.66	9.82	4.16
May	195.25	7.44	9.62	3.89
June	203.45	10.04	14.10	3.54
Average	193.54	9.93	12.28	6.32

Source: Bangladesh Bureau of Statistics.



- Upward inflationary pressure continues throughout the FY 08.
- In May, 2008 rate of inflation decreased to 7.44 percent, but in June it increased to 10.04 percent.
- In FY08 the average rate of inflation is 9.93 percent. The food and non-food inflation were 12.28 percent and 6.32 percent respectively.