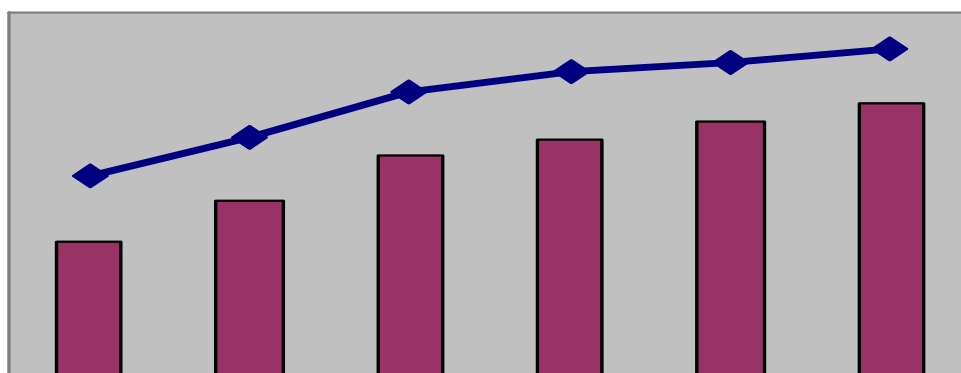


MONTHLY FISCAL-MACRO UPDATE

SEPTEMBER, 2008



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Issue-7, Year: 2008

As on November 25, 2008

A. FISCAL SECTOR

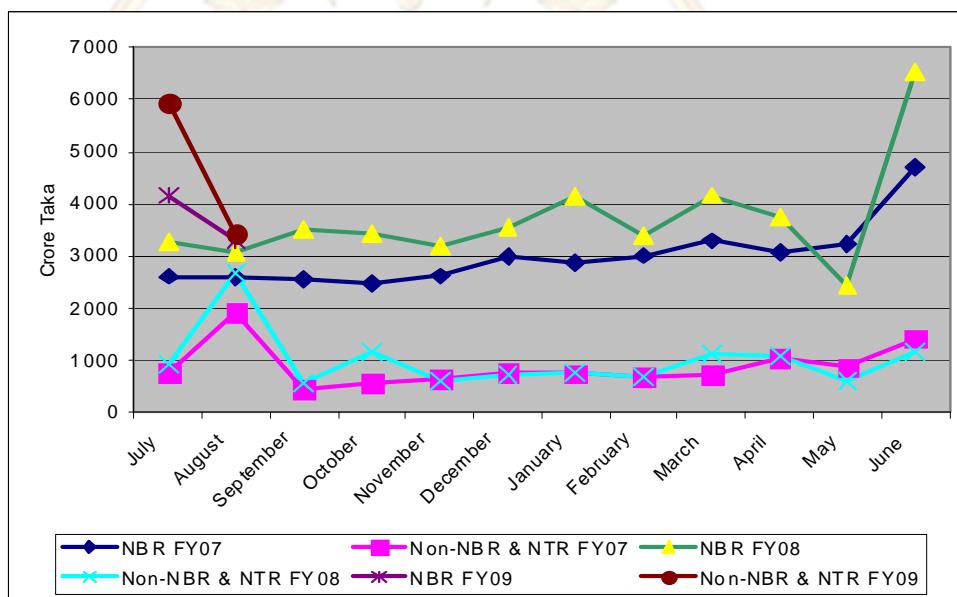
a.1 Revenue Earnings

(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				
August	3326.9	199.2	3216.0	6742.2
July-August	7491.0	457.9	5460.4	13409.2
Growth over July-August, FY 08	(17.7%)	(24.7%)	(67.6%)	(34.2%)

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

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



- Up to August, FY09 strong growth in revenue (34.2%) continues.
- NBR Tax revenue growth up to July FY 09 is 17.7 percent.
- Non-NBR Tax revenue growth up to July FY 09 is 24.7 percent.
- Dividend and profit mainly contributes growth (67.6%) in Non-Tax revenue.

a.2 Grants

(in crore Tk.)

2006-07	2007-08	Growth (%)	2008-09		
			August	July-August	Growth over July-August, FY 08
1037.4	2007.4	93.50	22.9	23.5	-11.63%

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

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a.3 Government Expenditure

(in crore Tk.)

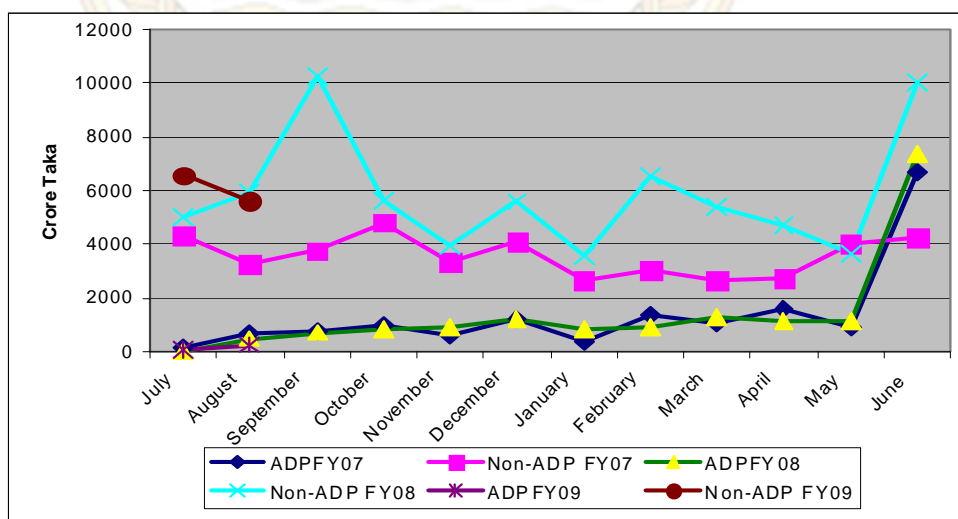
	2006-07	2007-08	Growth (%)	2008-09	
				August	July- August
1. Current	40867.9	49992.0	22.34	3094.6	5667.9 (7.37%)
Interest	9403.4	12461.9	32.53	1088.0	2261.8 (8.45%)
Domestic	8063.1	11063.4	37.21	998.9	2040.4 (5.97%)
Foreign	1340.3	1398.5	4.34	89.1	221.4(38.34%)
Subsidies & Current Transfer	12228.0	17758.2	45.23	835.9	1326.9 (11.54%)
2. ADP	16833.0	17067.5	7.60	281.6	345.3 (-19.58%)
3. Non-ADP Capital Exp. & Net lending	2782.7	-5671.7	-230.09	1042.2	992.5 (1487.33%)
4. Net Outlay on Food A/C	388.0	2192.0	1401.37	0.00	0.00
5. Extraordinary Exp	32.2	788.3	2348.14	0.00	0.00
6. Check float	222.3	20452.8	1635.9	1496.9	5556.6 (10.21%)
Total (1+2+3)	59932.0	84821.1	41.53	5915.2	12585.3 (10.72%)

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

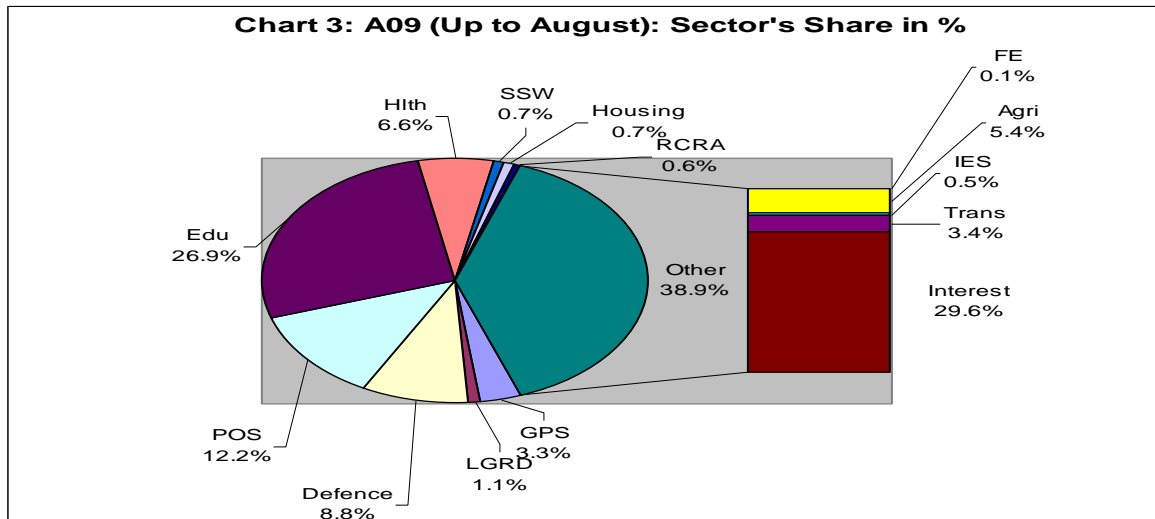
Up to August, FY 09,

- Current expenditure records a growth (growth: 7.37 %), of which
 - Subsidies and transfer (growth: 11.54%)
 - Interest payments (growth: 8.45%).

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



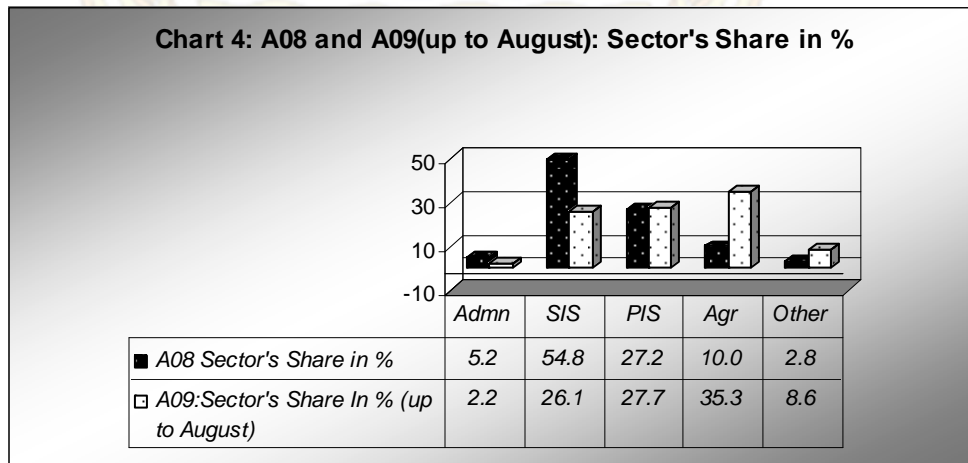
a.3.1 Structure of Revenue Expenditure



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 Interest payment (29.6%), Education (26.9%), and Public Order and Safety (12.2%).

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 August highest share are in Agriculture (35.3%) and next highest expenditure is in Physical Infrastructure (27.7%).

a.4 Budget Deficit

(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) -3.6(excluding BPC)
2008-09		
August	826.9	1.79
Up to August	843.9	0.92

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

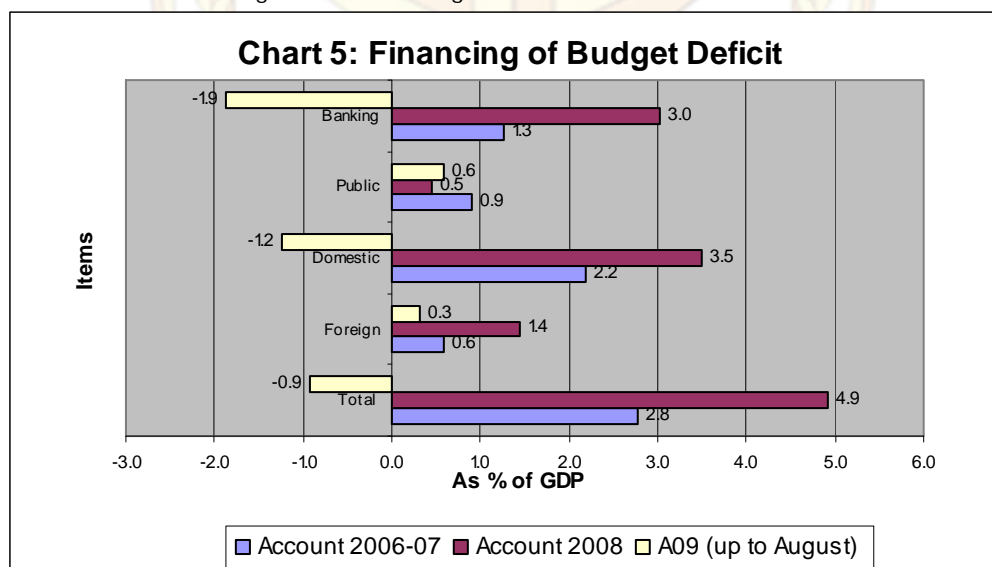
a.5 Deficit Financing

(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* 3.6**
2008-09					
August	500.6	-1452.4	124.8	-826.9	1.79
Up to August	296.9	-1720.9	580.1	-843.9	0.92

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

* including BPC ** excluding BPC



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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				
September	1129.88	946.37	183.51	46916.33
July- September (Growth over July-Sept. FY 08)	3645.35 (2.63%)	2886.49 (-10.00%)	758.86 (120.10%)	46732.82 (6.67%)

Source: National Savings Directorate.

- In July-September, FY09, there is a huge growth in net sale (120.10%) 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 (Sept. ^p)	Growth(%) over September, FY08
Net Foreign Asset	32888.40	37845.40	15.07	37821.30	11.52
Net Domestic Asset	179097.80	210949.50	18.10	229083.50	25.73
Domestic credit	204267.60	248767.80	20.95	263609.70	24.58
Public Sector	53495.40	58632.00	9.60	64053.70	18.82
Govt. (net)	36040.00	46999.60	30.41	50633.90	18.84
Other Public Sector	17455.40	11632.40	-33.36	13419.80	18.73
Private Sector	150772.20	190135.80	24.94	199556.00	26.55
Broad Money	211986.20	248794.90	17.63	266904.80	23.50

Source: Bangladesh Bank. p. Provisional

- At the end of September, 2008 broad money growth stands to 23.50 percent.
- Growth in Net Foreign Asset is 11.52 percent.
- Share of Net Foreign Asset in M₂ is 14.17 percent.
- There has been higher growth in Govt. (net) (18.84%).
- Strong growth in private sector credit (26.55%) continues.

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b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2006-07	2007-08	Change	2008-09 (September)	Change over September FY08
Reserve money	44073.1	52789.60	19.78 %	59789.40	31.51
Reserve Money multiplier	4.80	4.71	-0.09	4.46	-0.29

Source: Bangladesh Bank.

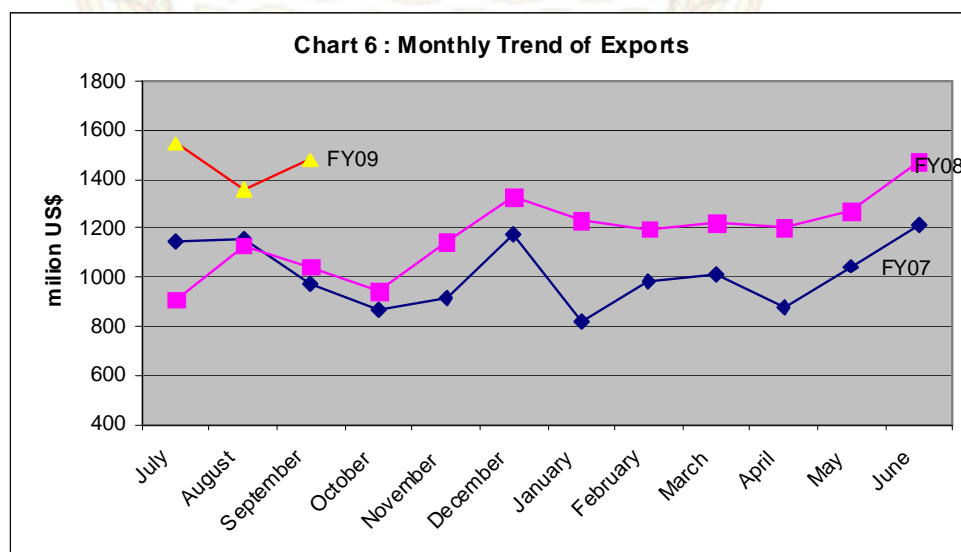
B. EXTERNAL SECTOR

c.1 Export

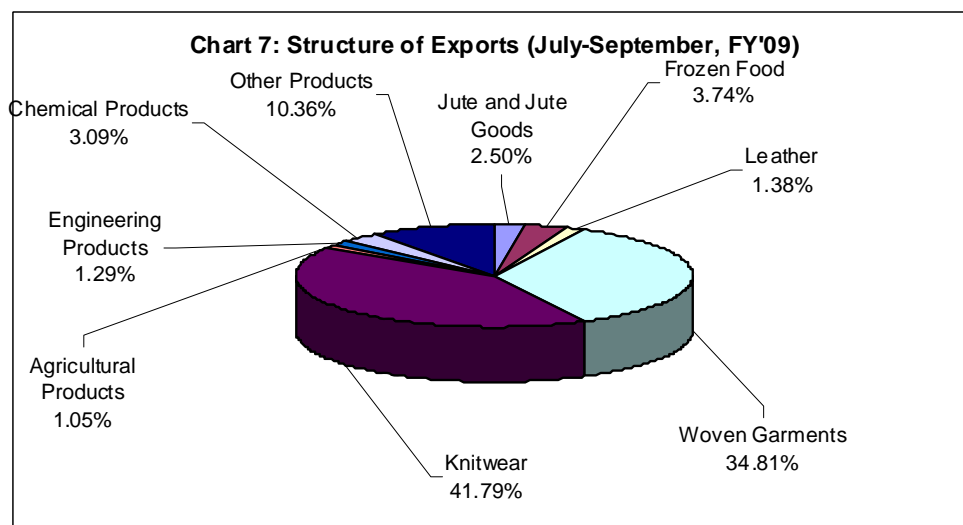
(in million US\$)

	2006-07	2007-08	2008-09	
			September	July- September
Export	12177.86	14110.80	1478.02	4381.38
Growth (%)	15.69	15.87	41.73*	42.39*

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



c.1.1 Structure of Exports



- Export sectors records robust growth of 42.39 percent during the first quarter of FY09.
- Strong growth in export is mainly due to increase in Knitwear (52.04%), Woven Garments (36.66%), Frozen food (15.69%), Chemical products (195.80%) and Engineering products (30.93%) export.
- Exports of Leather, and Raw Jute & Jute goods declined by 6.37 percent and 10.90 percent respectively.

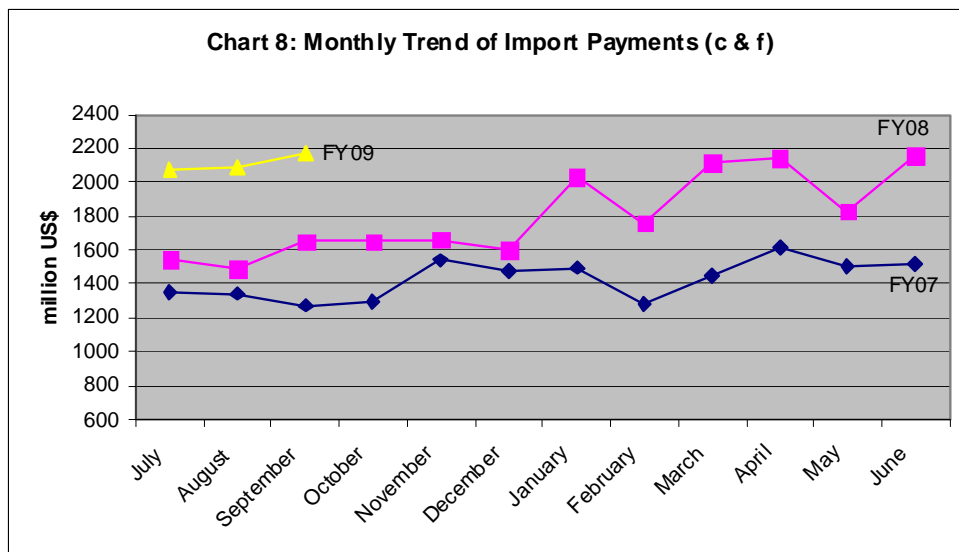
c.2 Imports (c&f)

(in million US\$)

	2006-07	2007-08 ^p	2008-09	
			September	July-September
Import payments	17156.80	21629.00	2168.70	6324.70
Growth (%)	16.35	26.07	31.32	34.93
LCs Opened	17451.01	24435.61	2357.36	6632.82
Growth ^a (%)	14.47	40.02	35.12	24.33
LCs Settled	15971.35	20372.60	2084.02	5931.42
Growth ^a (%)	14.49	27.56	32.50	32.07

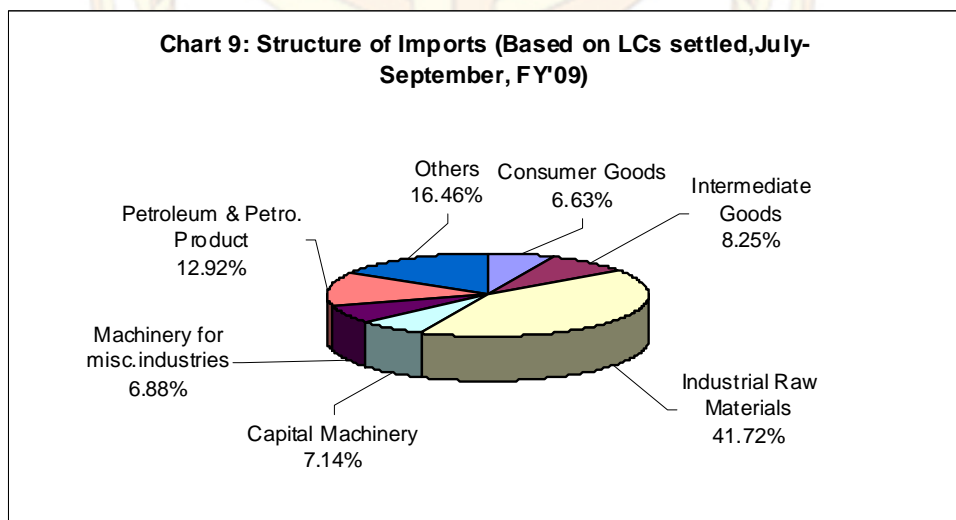
Source: Bangladesh Bank.

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 first quarter, FY09 import payments increased by 34.93 percent compared to the same period of the previous fiscal year.

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



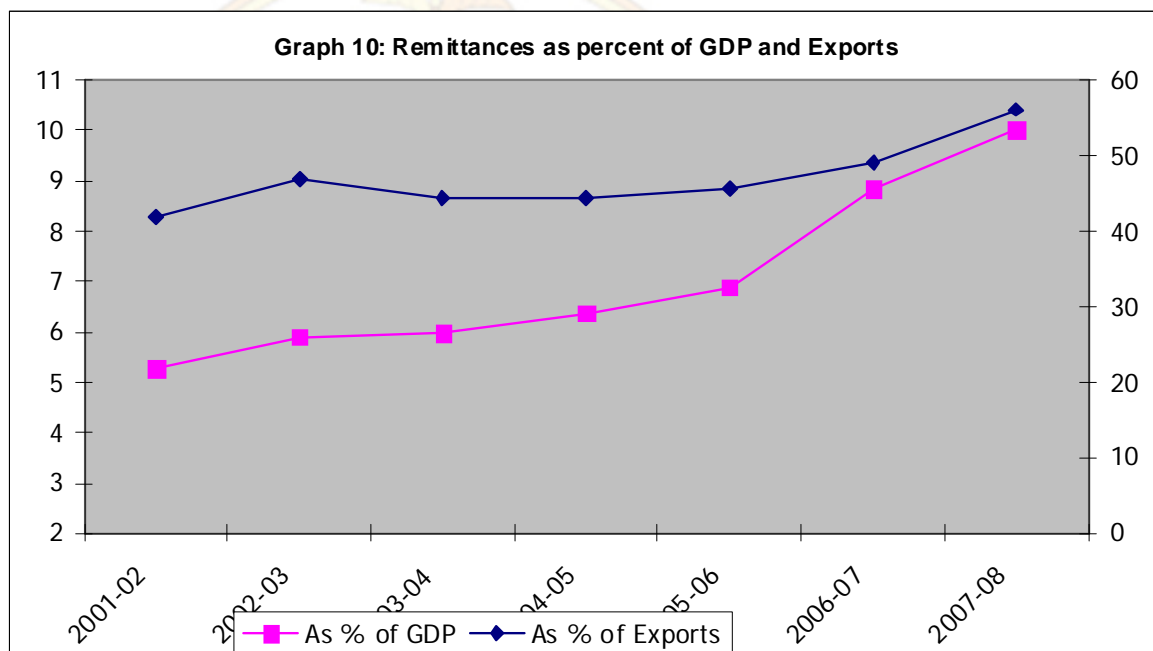
- Up to September, FY'09 import of consumer goods recorded a decrease of 29.40 percent.
- Import of intermediate goods increased by 41.18 percent.
- Import growth of industrial raw materials is 40.36 percent.
- Growth in capital machinery and machinery for misc. industry recorded an increase of 22.05 percent.

c.3 Remittances

(in million US\$)

	2006-07	2007-08	2008-09	
			September	July- September
Remittances	5978.47	7914.78	794.18	2336.81
Growth ^a (%)	24.50	32.39	34.45	43.47
As % of GDP	8.83	10.02	-	-
As % of Export	49.09	56.09	-	-

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

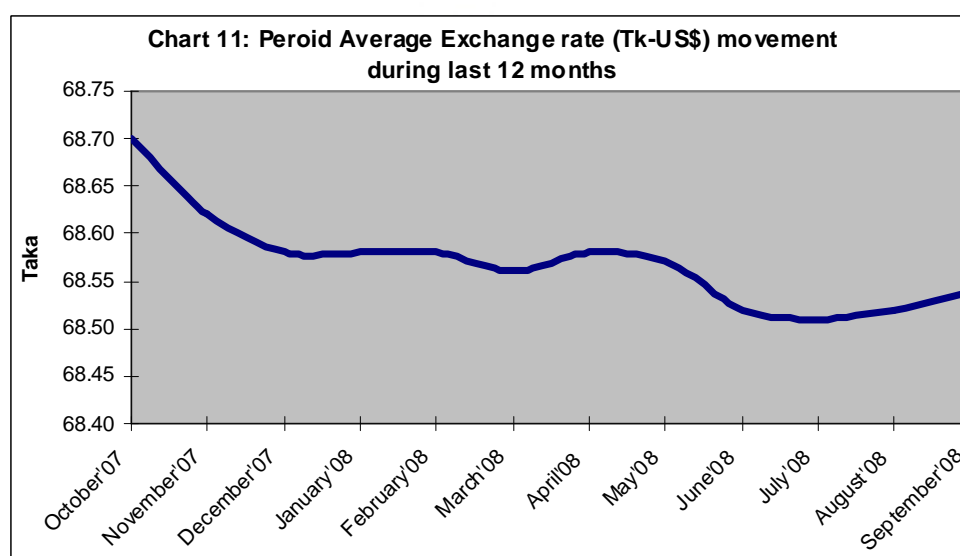


- In FY 08 remittances inflow records a robust growth of 32.39 percent.
- In FY08 remittances as percent of GDP and Export were 10.02 percent and 56.09 percent respectively which are relatively higher than previous fiscal year.
- Up to September, FY 09 remittances inflow records a robust growth of 43.47 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
August	68.5181	68.5200
September	68.5167	68.5150

Source: Bangladesh Bank.



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

c.5 Foreign Exchange Reserve

(in million US\$)

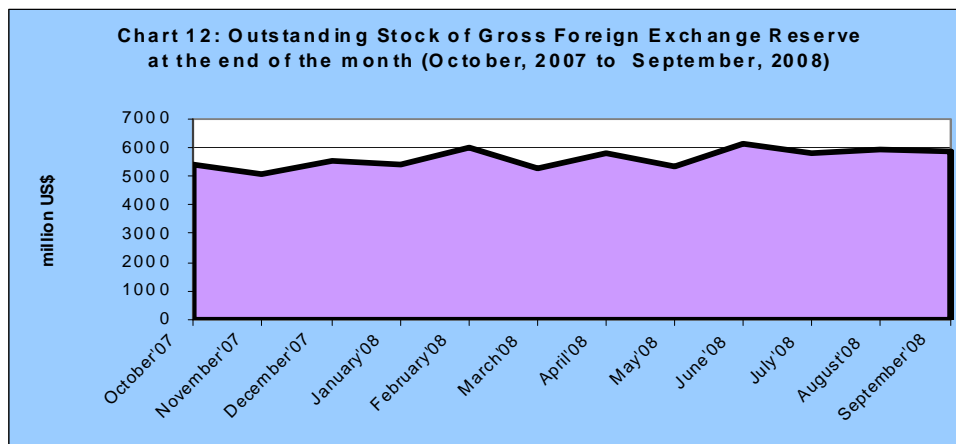
	2005-06	2006-07	As on September, 2008
Reserve	3483.78	5077.24	5862.72
in month of import payment	2.83	3.55	2.96*

Source: Bangladesh Bank.

* Calculation based on settlement of LCs up to September, FY 09.

- On the basis of import LCs settled in the first quarter of FY 09 the foreign exchange reserve is equivalent to 2.96 months import payments.

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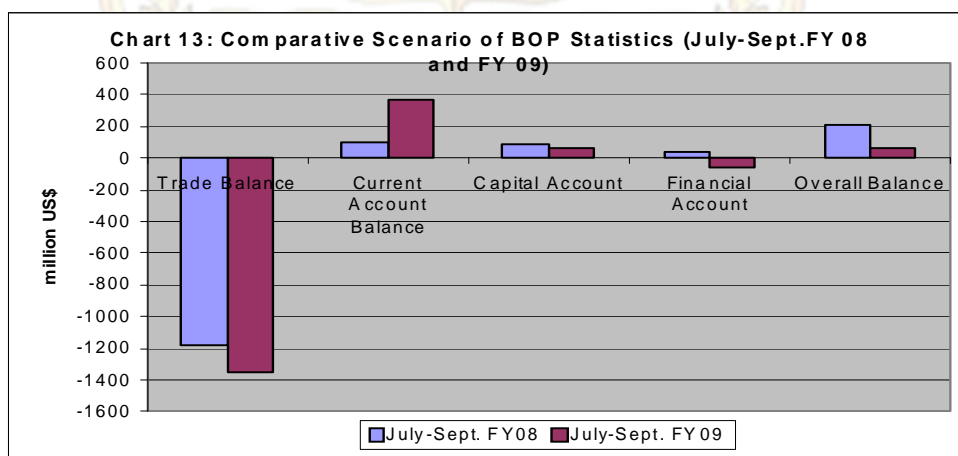


c.6 Balance of Payments

(in million US\$)

	2006-07	2007-08 ^p	2007-08 (July-September)	2008-09 (July-September)
Trade Balance	-3458	-5541	-1182	-1356
Current Account Balance	936	672	99	366
Capital Account	490	576	90	64
Financial Account	762	-431	34	-55
Overall Balance	1493	604	203	64

Source: Bangladesh Bank. p- provisional



- Current account balance records a surplus of 366million US\$ in the first quarter of FY 09, which was 99 million US\$ in the same period of the previous fiscal year.
- Compare to FY 07, in FY 08 trade gap widens significantly due to the larger increase in import.

A. REAL SECTOR

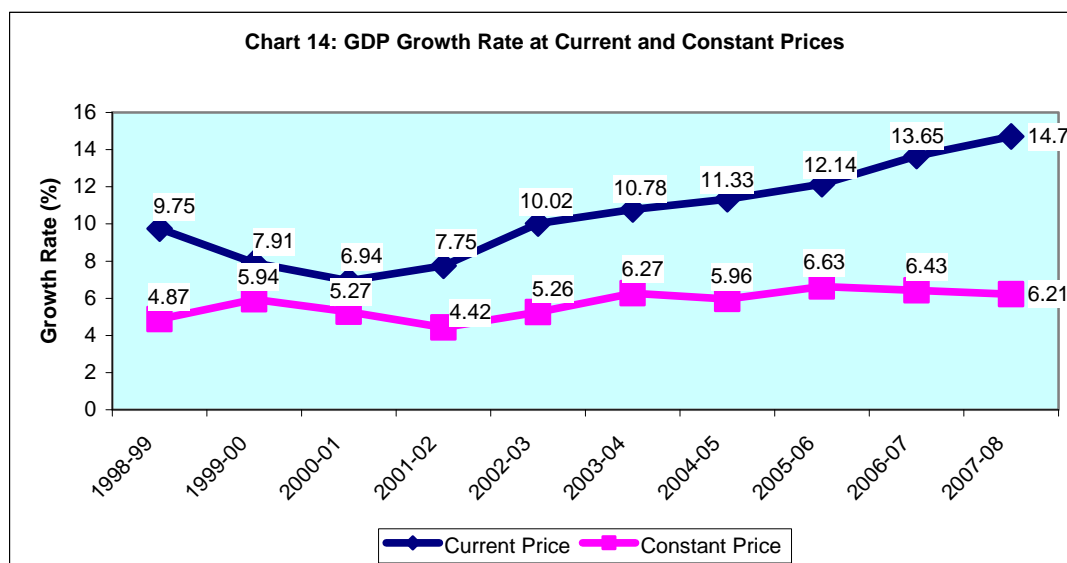
d.1 Gross Domestic Product

(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.

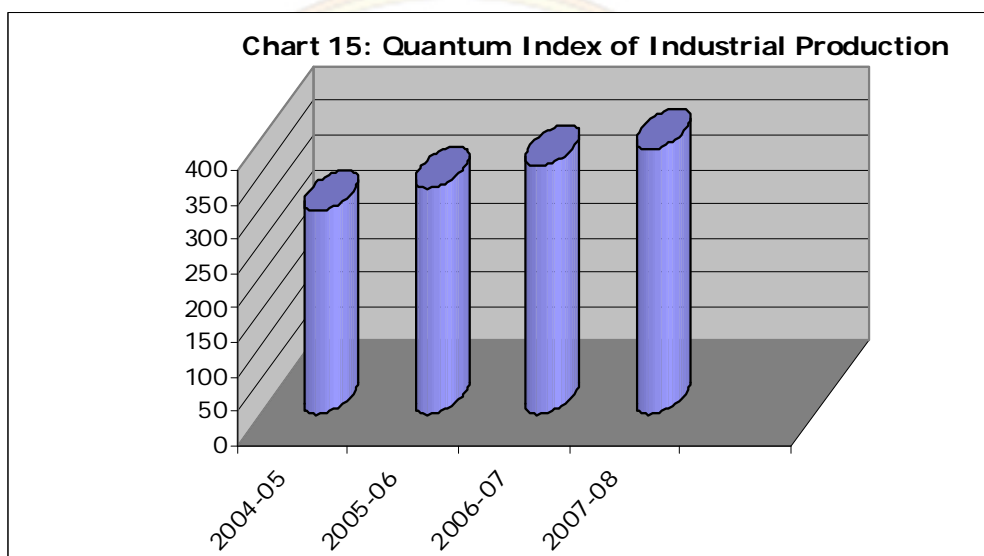
- Real GDP growth in FY 08 provisionally estimated to be 6.21 percent of which
 - Growth in Agriculture has been estimated at 3.61 percent
 - Growth in Industry is estimated 6.87 percent
 - Service sector growth is estimated at 6.69 percent.
- Per capita GDP in FY 08 exceeded US\$ 500 mark and reached 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		
June	427.98	6.57
July-June	384.82	6.80

Source: BBS

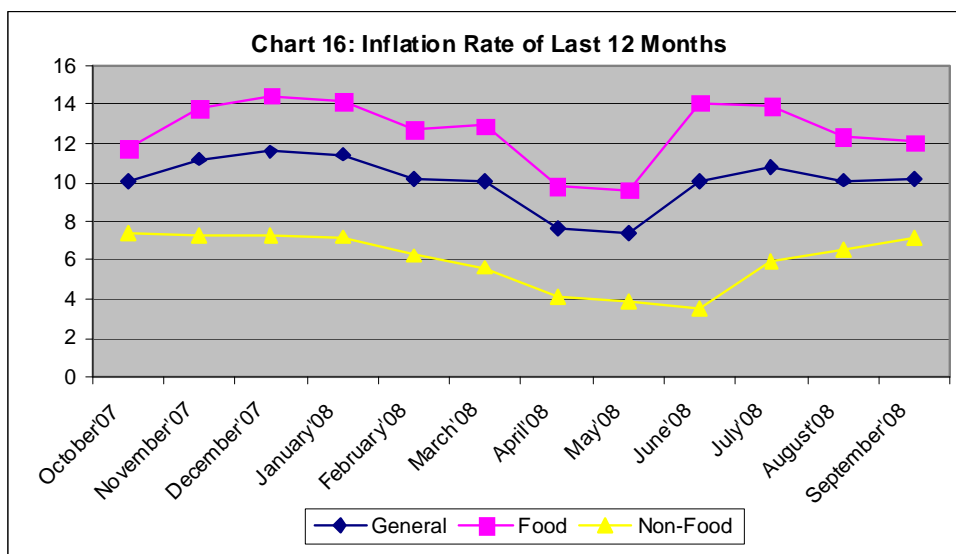


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) is 9.74 percent in FY 07 which was 11.41 percent in FY 06.
- In FY 08, the average index is 384.82 which is 6.80 percent higher compared to the same period of FY 07.

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

Source: Bangladesh Bureau of Statistics.



- In FY08 the average rate of inflation recorded at 9.93 percent.
- Upward inflationary pressure continues in the first three months of the FY 09.
- In September, 2008 the rate of inflation is 10.19 percent. The food and non-food inflation were 12.07 percent and 7.19 percent respectively.