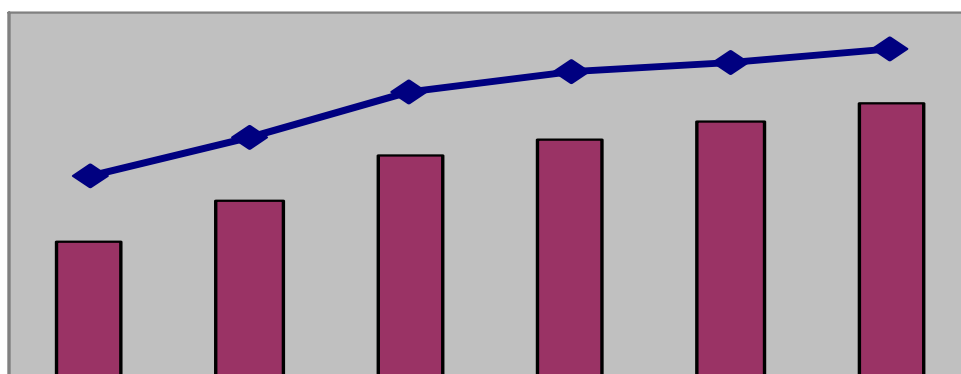


MONTHLY FISCAL-MACRO UPDATE

May, 2011



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Macroeconomic Wing

Finance Division

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Ministry of Finance

Issue-05, Year: 2011

As on October 20, 2011

A. FISCAL SECTOR

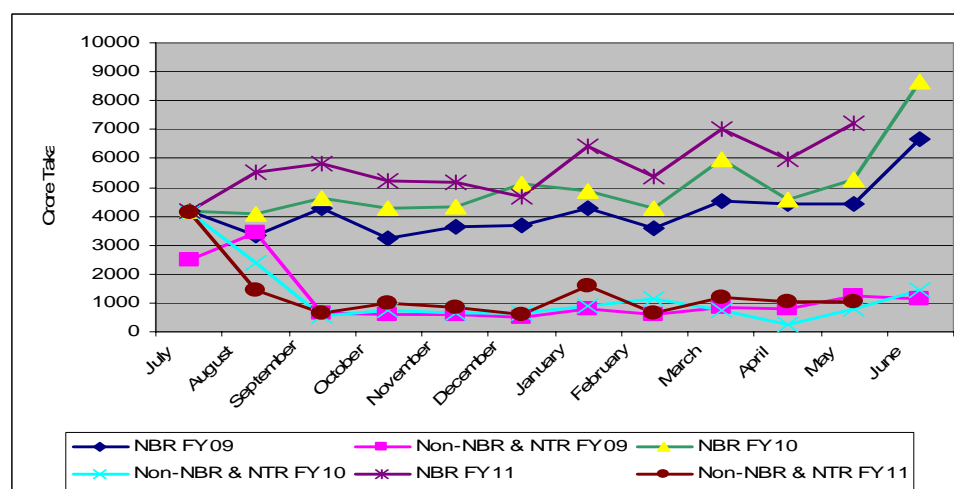
a.1 Revenue Earnings

(Taka in crore)

Fiscal Year	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2008-09	50205.1	2652.9	10989.3	63847.3
2009-10	59741.6	2742.7	13184.8	75669.3
Growth (%)	19.0	3.4	12.7	17.2
2010-11				
May	7211	346	693	8250
July-May	65416	2889	10543	78848
(Growth over July-May FY '10)	(29.0%)	(19.4%)	(-5.0%)	(22.7%)

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

Chart 1: Monthly Trend of Revenue earnings (FY09-FY11)



- Up to May FY11 growth of total revenue was 22.7percent.
- NBR Tax revenue growth was 29.0 percent.
- Non-NBR Tax revenue increased by 19.4 percent
- Non-Tax revenue decreased by 5.0 percent.

a.2 Grants

(Taka in crore)

2008-09	2009-10	Growth (%)	2010-11		
			May	July- May	Growth over July- May. FY 10 (%)
2131.3	3647.3	85.2	45.7	699.7	-52.16

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

a.3 Government Expenditure

(Taka in crore)

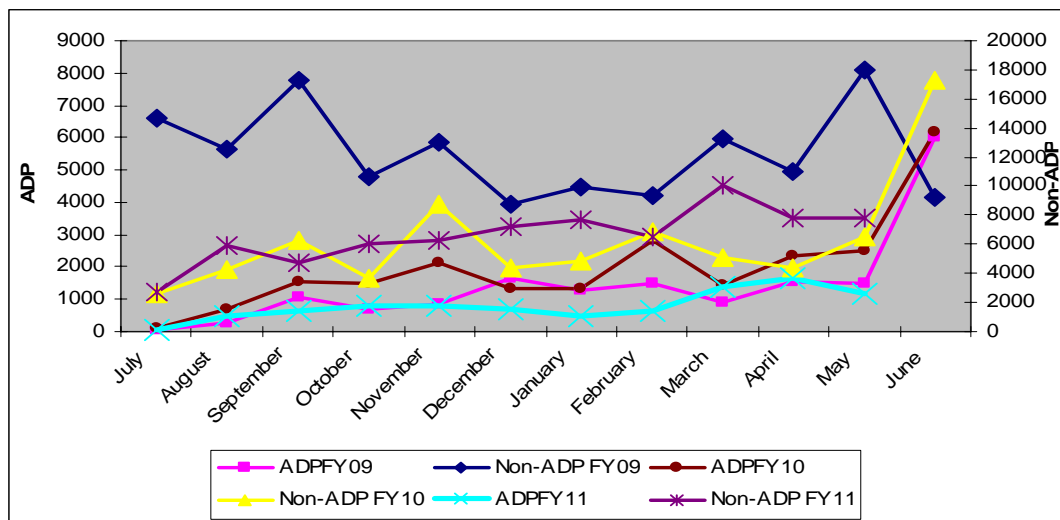
	2008-09	2009-10 ^P	Growth (%)	2010-11 ^P	
				May	July- May
1. Non-Development	64955.1	66073.5	9.10	7815.4	63979.6 (22.63%)
Interest	10317.4	13204.4	27.81	1168.78	12718.9 (3.99%)
Domestic	9188.1	1963.5	54.73	1084.45	11457.6 (4.26%)
Foreign	1129.3	1240.9	-2.78	84.33	1261.4 (1.60%)
Subsidies & Current Transfer	20097.1	22792.2	13.2	3362.96	24232.8 (32.5%)
2. ADP	17559.9	24060.9	-0.42	2623.6	19435.4 (7.95%)
3. Development Program Financed from Rev. Budget	378.35	727.4	-2.57	54.9	465.3 (31.91%)
4. Non-ADP FFW	145.1	72.8	-68.19	51.0	368.7 (407.06%)
5. Net Outlay on Food A/C	4912.9	2707.9	124.52	429.8	3853.9 (103.05%)
6. Loans & Advances	1832.6	941.9	-82.98	247.5	3062.9 (--)
Total**	84236.5	95276.7	-3.15	11232.6	91536.0 (25.10%)

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. Figures in parentheses indicate growth over July, FY 10. ** excludes non-ADP projects, structural adjustment

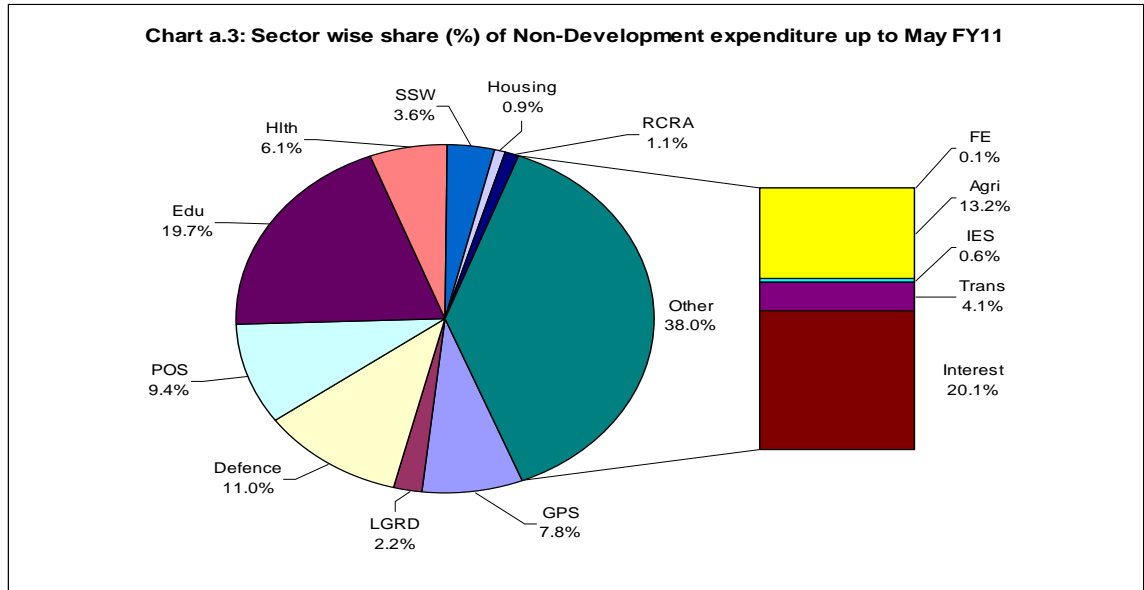
Up to May FY 11,

- Total expenditure records a growth (growth: 25.1%), of which
 - Subsidies and transfer (growth: 32.5 %)
 - Interest payments (growth: 3.99%).

Chart 2: Monthly Trend of ADP and Non-ADP Expenditure (FY 09-FY11)



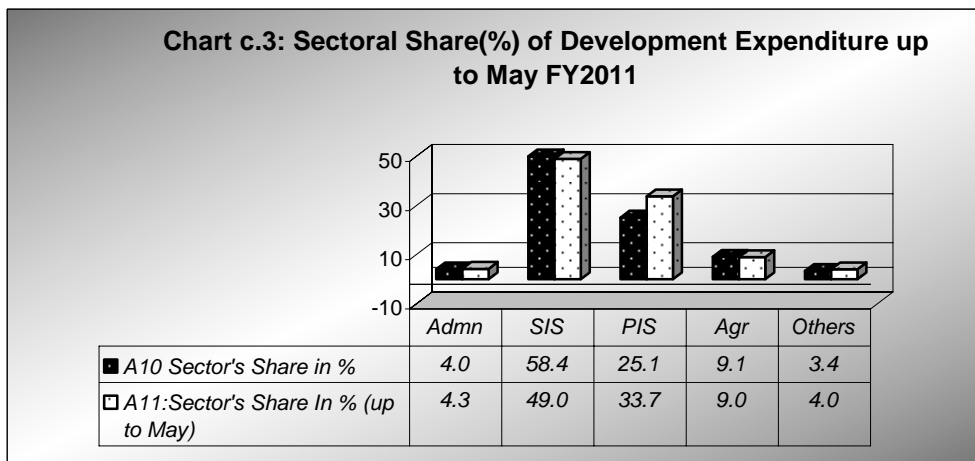
a.3.1 Structure of Revenue Expenditure



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 (20.1%) followed by Education (19.7%), Public order & safety (9.4%). Defence (11.0%)

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 May FY11 highest shares are in Social Infrastructure (58.4%) and next highest expenditure is in Physical Infrastructure (25.1%).

a.4 Budget Balance

(Taka in crore)

	Overall Balance	Overall Balance as % of GDP
2008-09	-16364.3	-2.38
2009-10	-20750.9	-3.02
2010-11		
May*	-2961.6	-0.12
Up to May*	-12199.3	-0.31

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

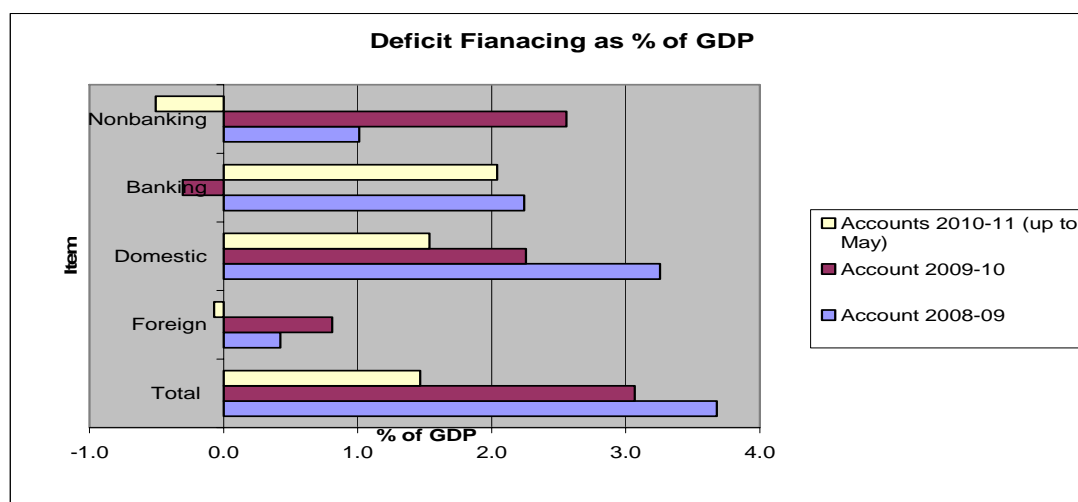
a.5 Deficit Financing

(Taka in crore)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2008-09	2757.9	9856.9	3749.5	16364.3	2.38
2009-10	5594.4	-2092.5	17669.3	23760.4	3.3
2010-11					
May*	-77.0	3084.3	-108.3	2899.0	0.09
Up to May*	-548.9	15928.6	-3843.9	11435.9	-0.21

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

*including BPC ** excluding BPC



a.5 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment	Net Sale	Outstanding at the end of period
2008-09	16035.28	12401.96	3633.32	49790.79
2009-10 ^P	25553.69	13963.05	11590.64	61381.42
Growth	-6.73%	+5.83%	-39.68%	+5.77%
2010-11				
May	1317.24	1379.91	-62.67	63824.43
July- May	16167.02	13724.02	2443.0	63824.43
Growth over July-May FY10	(-30.31%)	(7.52%)	(-76.59%)	(5.97%)

Source: National Savings Directorate.

- Up to May of FY11, the growth rate in net sale is 76.59 percent lower compared to the same period of the previous fiscal year.

A. MONETARY SECTOR

b.1 Monetary and credit development

(Taka in crore)

	Outstanding Stock at the end of period				
	2008-09	2009-10	Growth (%)	2010-11 ^P May	Growth(%) over May, FY10
Net Foreign Asset	47459.40	67073.70	41.31	67877.20	4.20
Net Domestic Asset	249040	295957.50	18.84	361398.60	25.88
Domestic credit	288552.30	340213.70	17.90	421171.10	28.29
Public Sector	70624.90	69453.00	-1.66	84532.80	31.57
Govt. (net)	58185.20	54392.30	-6.52	65632.80	32.73
Other Public Sector	12439.70	15060.70	21.07	18899.90	27.70
Private Sector	217927.40	270760.70	24.24	336638.30	27.50
Broad Money	296499.80	363031.20	22.44	429275.80	21.88

Source: Bangladesh Bank. p. Provisional

- At the end of May FY11, broad money growth stands to 21.88 percent.
- Growth in Net Foreign Asset is 4.20 percent.
- Growth in Govt. (net) 32.73 percent
- Growth in private sector credit is 27.50 percent.

b.2 Reserve money and money multiplier

	Outstanding Stock at the end of period				
	2008-09	2009-10	Change	2010-11 (May ^P)	Change over May '10
Reserve money	69390.10	80510.30	41.53%	91386.70	15710.0 (20.76%)
Reserve Money multiplier	4.27	4.51	0.24	4.70	0.04

Source: Bangladesh Bank.

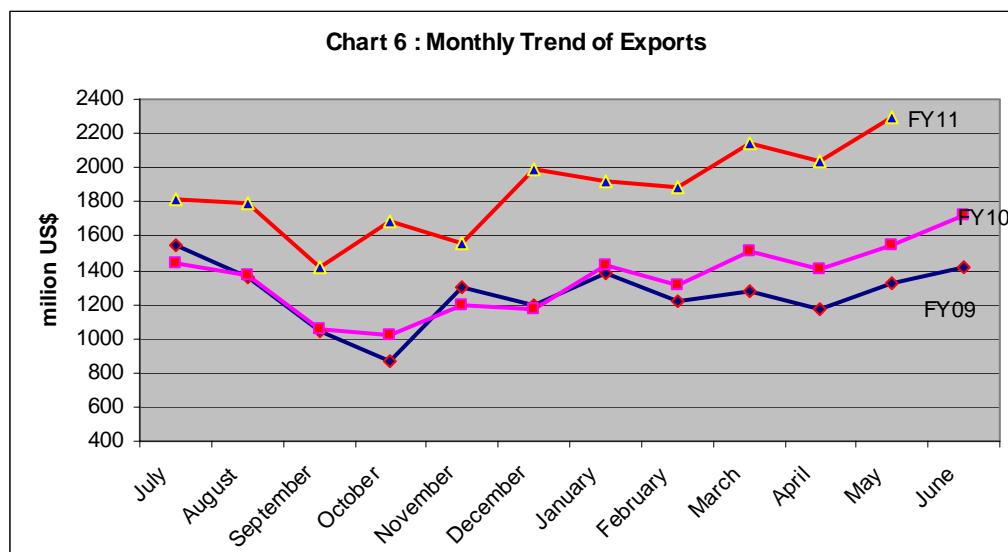
B. EXTERNAL SECTOR

c.1 Export

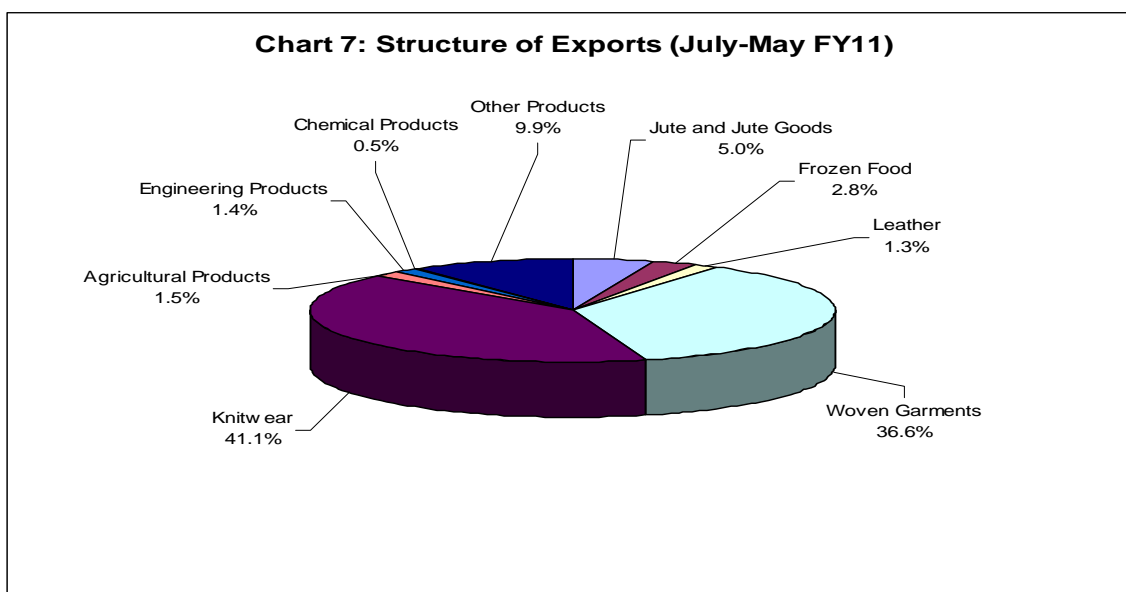
(In million US\$)

	2008-09	2009-10	2010-11 ^P	
			May	July-May
Export	15565.19	16204.65	2295.10	20538.34
Growth (%)	10.31	4.11	47.69	41.61

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



c.1.1 Structure of Exports



- Up to May of FY11, export earnings increased by 41.61 percent over the same period of previous year. This growth mainly contributed by Knitwear (46.76%), Woven Garments (39.44%), Frozen food (47.56%), Leather (34.82%), Raw Jute & Jute goods (42.04%), Footwear (45.57%), chemical Products (12.48%), Agricultural Products (20.93%), Rubber (122.5%) and manufactured commodities (41.82%);
- While exports of Engineering Products (1.93%), Tea (48.28%), Petroleum Products (11.6%) have declined significantly comparing the same period of FY10.

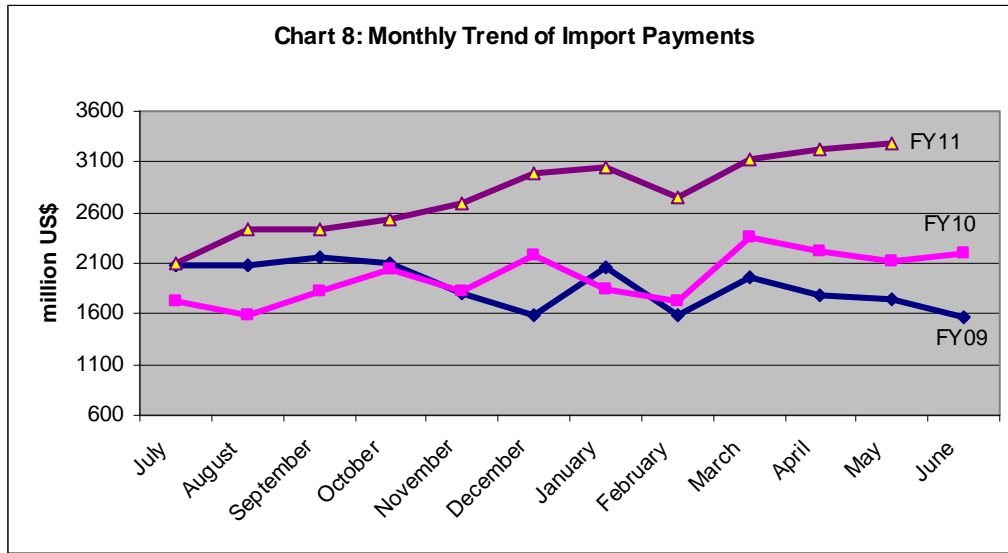
c.2 Imports (c & f)

(In million US\$)

	2008-09	2009-10	2010-11 ^P	
			May	July-May
Import payments	22507.10	23738.40	3291.80	30747.1
Growth (%)	4.06	5.47	54.8	42.6
LCs Opened	21802.74	28656.96	3232.33	35873.27
Growth (%)	-10.77	31.44	9.9	39.4
LCs Settled	21444.35	22969.10	2957.59	29178.73
Growth (%)	5.26	7.11	38.7	40.3

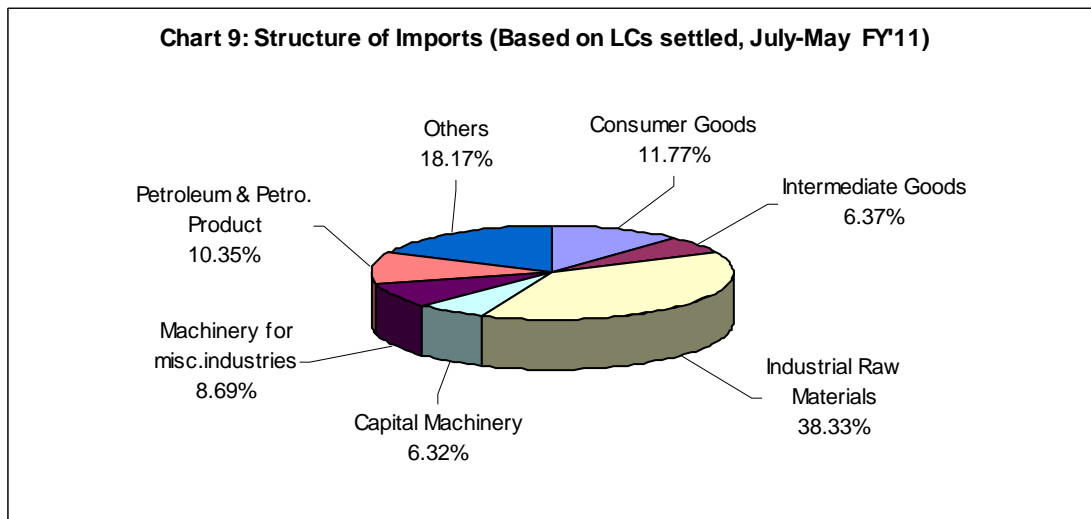
Source: Bangladesh Bank.

p-provisional; Growth rate (in percent) over the same period of the previous fiscal year.



- In 2009-10, import payments increased by 5.47 percent compared to the previous fiscal year.
- However, up to May FY11, import payment increased by 42.6 percent compared to the same period of FY10.

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



Up to May FY11, import of consumer goods recorded an increase of 41.41 percent over the same period of previous fiscal year. In the similar period-

- ✓ Import of intermediate goods decreased by 2.84 percent.
- ✓ Import of industrial raw materials increased by 50.51 percent.

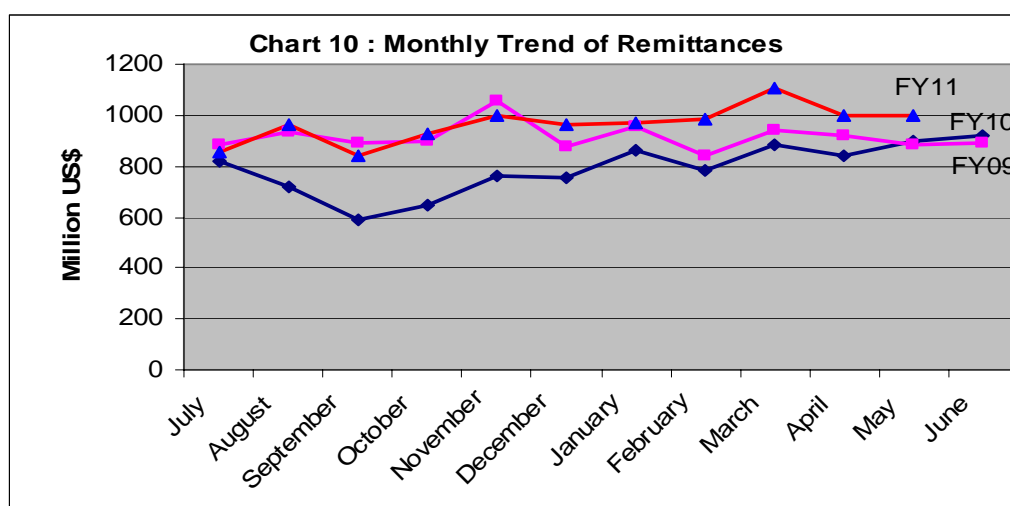
- ✓ Import of capital machinery increased by 38.49 percent and machinery for misc. industry increased by 36.88 percent.

c.3 Remittances

(In million US\$)

	2008-09	2009-10	2010-11 ^P	
			May	July-May
Remittances	9689.26	10987.40	998.42	10611.41
Growth (%)	22.42	13.40	10.6	5.1
As % of GDP	10.82	11.06	-	-
As % of Export	62.25	67.65	43.50	51.66

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

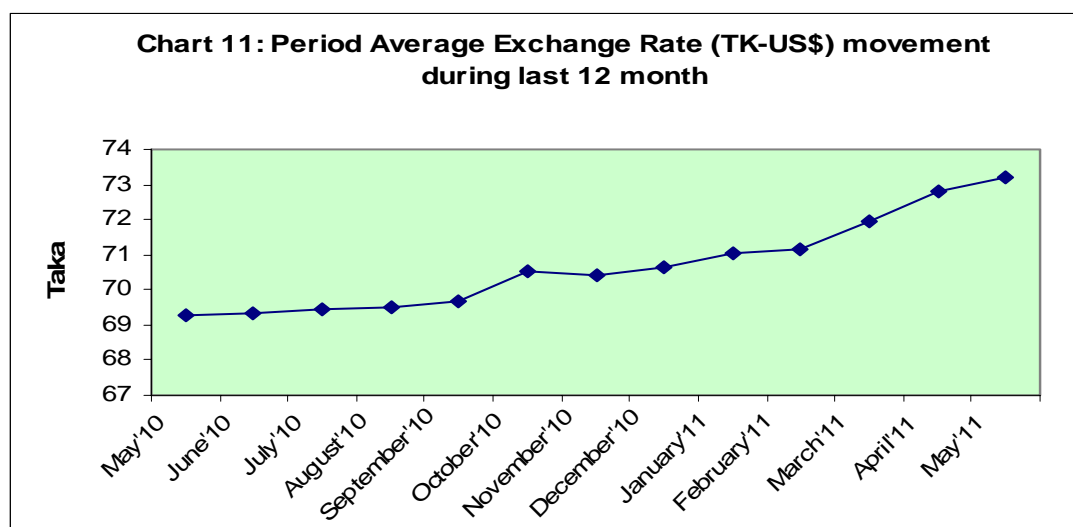


- In FY10 remittances inflow records a moderate growth of 13.4 percent.
- In FY10 remittances as percent of GDP and Export were 11.06 percent and 67.65 percent respectively which are relatively higher than previous fiscal year.
- Up to May FY11, remittances inflow recorded a growth of 5.1 percent compared to the same period of FY10.

c.4 Exchange Rate Movement

	Average	End of the period
2007-08	68.60	68.52
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11		
August	69.4886	69.5850
September	69.6744	70.2150
October	70.5474	70.7850
November	70.3913	70.3670
December	70.6170	70.7450
January	71.0363	71.1500
February	71.1735	71.3000
March	71.9456	72.7350
April	72.8235	72.9000
May	73.1919	73.4850

Source: Bangladesh Bank



- Exchange rate of Taka per US\$ increased to Tk.73.485 at the end of May, 2011 from Tk.69.585 at the end of August, 2011. Taka depreciated by 5.60 percent as of end May, 2011 over end August, 2011.

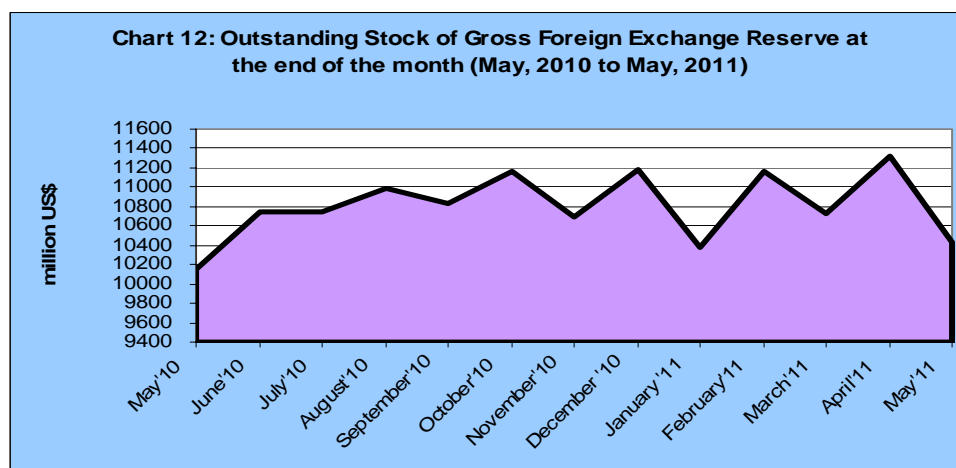
c.5 Foreign Exchange Reserve

(In million US\$)

	2008-09	2009-10	As on end of May'11
Reserve	7470.96	10749.74	10431.23
In month of import payment	3.98	4.5	3.82

Source: Bangladesh Bank.

- The gross foreign exchange balances held abroad by commercial banks stood at US\$ 10431.23 million by end May, 2011 against US\$11316.44 million by end April, 2011.
- On the basis of average import payment during May 2010 to April 2011, the foreign exchange reserve is equivalent to 3.82 months import payments.

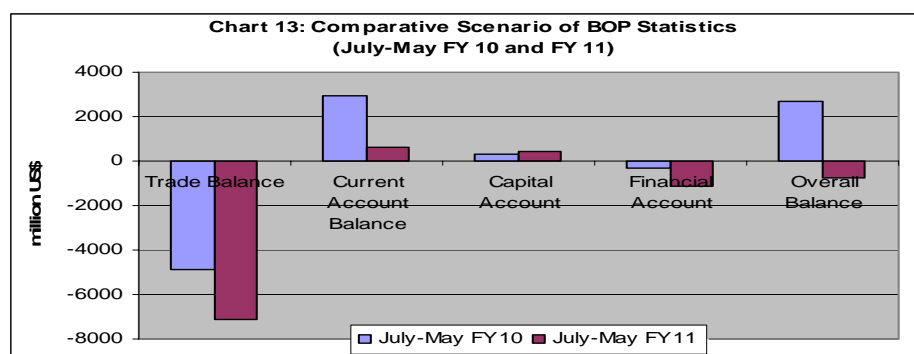


c.6 Balance of Payments

(In million US\$)

	2008-09 ^R	2009-10 ^P (July-June)	2009-10 ^R (July-May)	2010-11 ^P (July-May)
Trade Balance	-4710	-5152	-4873	-7103
Current Account Balance	2416	3734	2966	609
Capital Account	451	442	302	421
Financial Account	-825	-755	-287	-1102
Overall Balance	2058	2865	2661	-747

Source: Bangladesh Bank. p- provisional



- In FY10, Current Account Balance recorded a surplus of US\$ 2966 million, which was US\$ 2416 million in the same period of the previous fiscal year.
- Current account balance records a surplus of 609 million US\$ during July-May of FY 11, which was 2966 million US\$ in the same period of the previous fiscal year.

C. REAL SECTOR

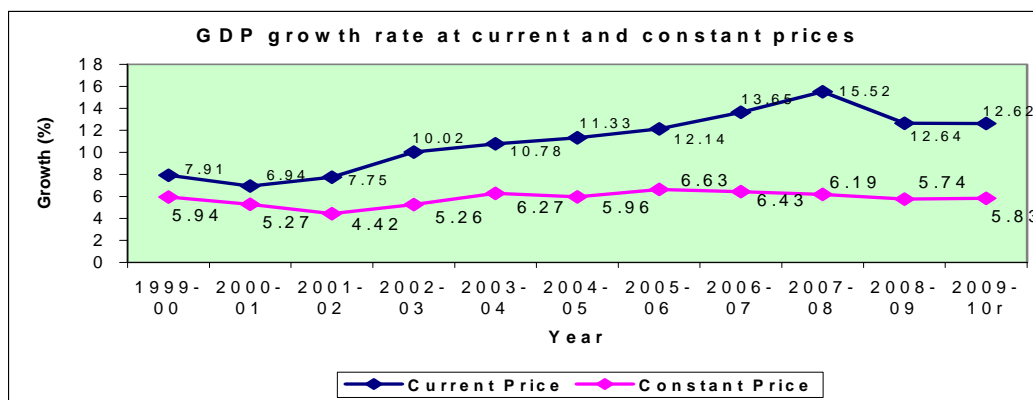
d.1 Gross Domestic Product

(Taka in Crore)

	2005-06	2006-07	2007-08	2008-09	2009-10 ^R
GDP at constant prices	284673	302971	321726	340197	360047
Growth (%)	6.63	6.43	6.19	5.74	5.83
Agriculture	4.94	4.56	3.20	4.12	4.67
Industry	9.74	8.38	6.78	6.46	6.01
Service	6.40	6.92	6.49	6.32	6.38
GDP at current prices	415728	472477	545822	614795	692380
Growth (%)	12.14	13.65	15.52	12.60	12.62
GNI at current prices	442935	507752	594212	670696	758684
Per capita GDP (Tk.)	29955	33607	38330	42628	47405
Per capita GNI (Tk.)	31915	36116	41728	46504	51945
Per capita GDP (US\$)	447	487	559	620	685
Per capita GNI (US\$)	476	523	608	676	751

Source: Bangladesh Bureau of Statistics. R- Revised.

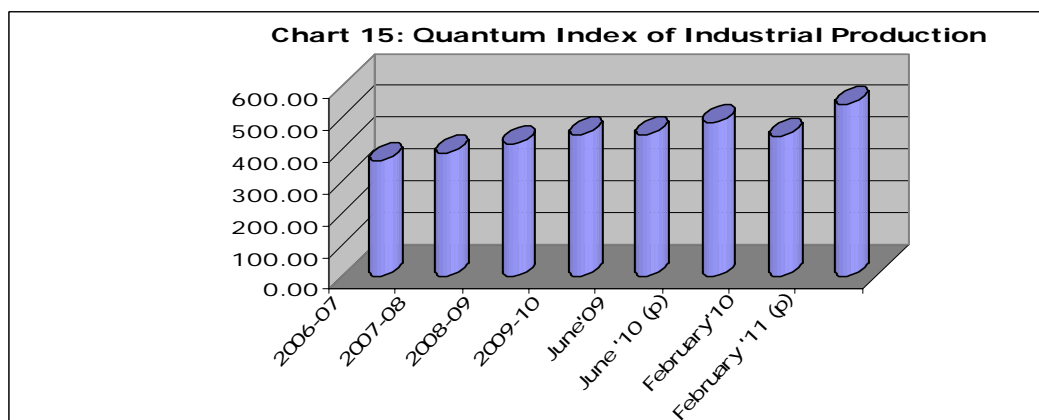
- Real GDP growth in FY10 was 5.83 percent of which
 - Growth in Agriculture as per revised was 4.67 percent
 - Growth in Industry is estimated 6.01 percent
 - Service sector growth is estimated at 6.38 percent.
- Per capita GDP in FY10 exceeded US\$ 650 mark and reached to US\$ 685.



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

FY	Index	Growth Rate
2006-07	360.33	9.74
2007-08	386.48	7.27
2008-09	413.42	6.97
2009-10	442.12	6.94
June 2009	445.12	-
June 2010 ^P	482.66	8.43
February '10 ^R	440.13	-
February '11 ^P	540.60	-

Source: BBS ; R: Revised ; P: Provisional

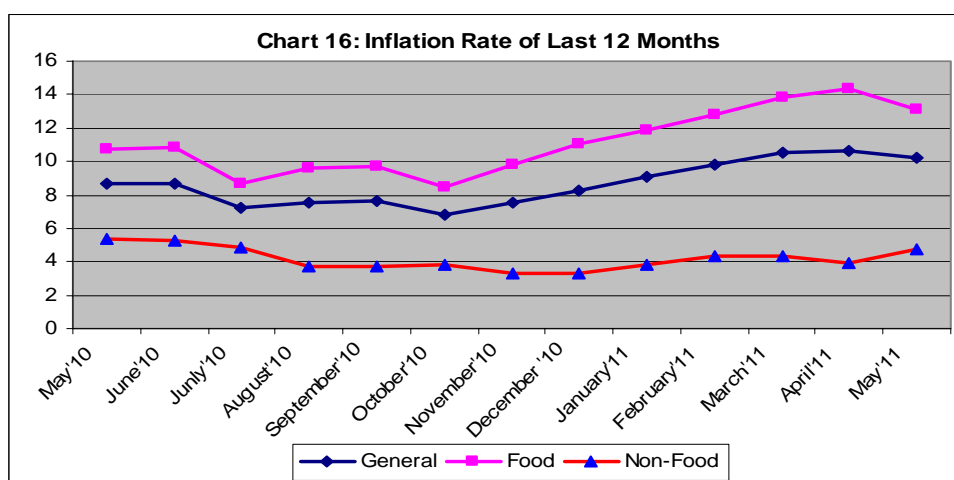


- The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 6.94 percent in FY 10 which was 6.97 percent in FY 09.
- In June 2010, the average index stood at 482.66 which was 8.43 percent higher compared to the same period of 2009.
- In February 2011, the average index was 540.60 which was 22.8 percent higher compared to February 2010.

d.3 Consumer Price Index and Inflation (National)

FY	CPI (General)	Twelve-Month Average Basis		
		National	Food	Non-Food
2006-07	176.04	7.20	8.11	5.90
2007-08	193.54	9.94	12.28	6.32
2008-09	206.43	6.66	7.19	5.91
2009-10	221.53	7.31	8.53	5.45
2010-11				
		Twelve-Month Point to Point Basis		
July	229.55	7.26	8.72	4.87
August	233.31	7.52	9.64	3.76
September	236.53	7.61	9.72	3.69
October	238.68	6.86	8.43	3.82
November	238.89	7.54	9.80	3.33
December	240.75	8.28	11.01	3.27
January	242.48	9.04	11.91	3.85
February	244.28	9.79	12.77	4.36
March	245.97	10.49	13.87	4.32
April	246.24	10.67	14.36	3.97
May	246.39	10.20	13.16	4.78

Source: Bangladesh Bureau of Statistics.



MONTHLY FISCAL-MACRO UPDATE

- In FY10 the average rate of inflation (Twelve-Month Average Basis) recorded at 7.31 percent. The food and non-food inflation were 8.53 percent and 5.45 percent respectively.
- In July FY10, the rate of inflation (General) on point-to-point basis stood at 3.46 percent which increased substantially to 7.26 percent in July FY11. However, the food and non-food inflation were 8.72 percent and 4.87 percent respectively during the same period of FY11.
- In May of FY11, the rate of inflation (national) on point-to-point basis was 10.20 percent. Of which, food and non-food inflations were 13.16 percent and 4.78 percent respectively (Table d3 above).