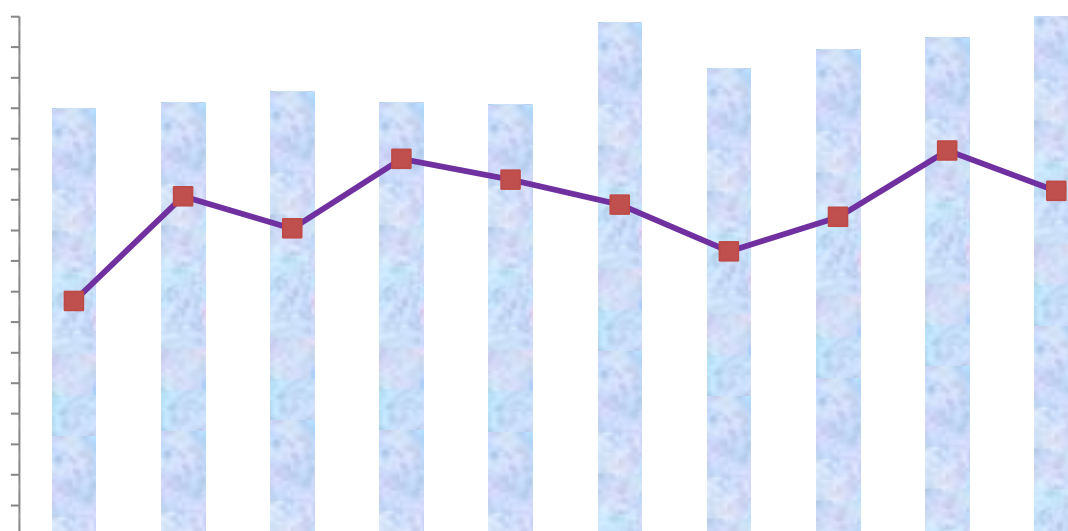




MONTHLY REPORT ON FISCAL-MACRO POSITION

July, 2013



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Executive Summary

The July 2013 issue of the report on Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables in the current month compare to the same period of the previous year. An overview of the report is given below:

Fiscal Sector

Revenue earnings posted notable growth by the end (July-June) of FY13. In July 2013 total revenue grew by 3.74 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by 80 percent.

Monetary Sector

Broad Money supply increased by 17.39 percent in July 2013 compared to the same period of previous year mainly due to 13.71 percent growth in domestic credit. Reserve money growth during this period was 20.31 percent.

External Sector

Export growth was 23.99 percent in the first month of FY14 over that of the corresponding month of the previous fiscal. Import payments increased by 7.78 percent in July, 2013. The growth in remittance earnings was 3.15 percent in July 2013. The foreign exchange reserve stood at US\$ 15533.70 million by the end of July, 2013 that was equivalent to import payments for 5.38 months.

Real Sector

According to base year 2005-06, provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044. In FY13 the average rate of inflation (Twelve-Month Average Basis) was 6.78 percent. In July 2013, the rate of inflation (national) on point-to-point basis was 7.85 percent, of which, food and non-food inflation were 8.14 percent and 7.40 percent respectively. Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 201.93 in July 2012 and became 232.02 in July 2013.

1. FISCAL SECTOR

1.1 Revenue Earnings

An increasing trend was observed in government revenue earning over the last fiscal year which slowed slightly in current month. Total revenue collection in last FY13 increased by 12.34 percent compared to the same period of previous fiscal year. This rate slowed to 3.74 percent in first month (July) of the current fiscal year (FY14) compared to the same period of previous fiscal year (table 1.1) due to negative growth of non-tax revenue receipts.

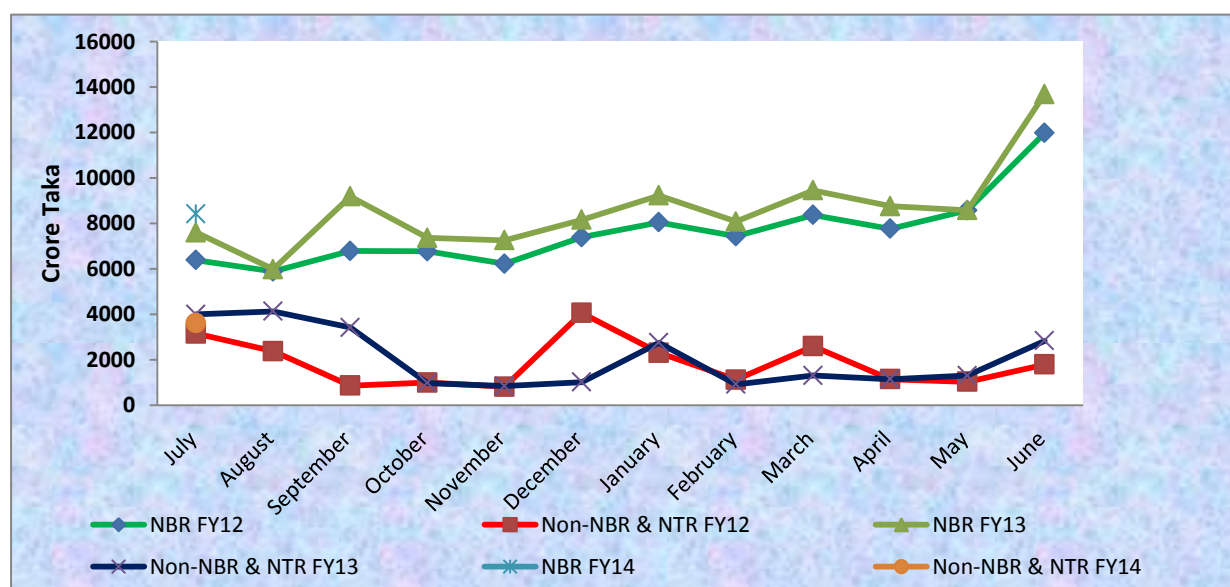
Table 1.1: Revenue Earning

(Taka in Crore)

	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2011-12	91596	3633	18550	113779
2012-13	103338	4121	21365	128824
Growth (%)	12.82	13.43	9.87	12.34
July, FY13	7604	363	3627	11594
July, FY14	8419	392	3216	12028
Growth(%) over July, FY13	10.72	7.99	-11.33	3.74

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

Chart 1.1: Monthly Trend of Revenue earnings (FY11-FY13)



1.2 Grants

Grants receipts recorded a notable increase of 83.7 percent in FY 13 compared to FY12. However, grant receipt decreased sharply by around 53 percent to TK. 25 crore during the first month of the current fiscal year (FY14) against TK. 53 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(Taka in crore)

2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July, FY13
			July	July	
3560	6599	83.7	53	25	-52.8

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased steeply in the initial month of current fiscal year by 80 percent compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 239 percent in July 2013 compared to July 2012 (table-1.3). The current spending, on the other hand grew by 70 percent in July 2013 compared to the corresponding month of 2012. Of current spending, spending on interest payment and pay and allowances grew at a high rate of 75.2 percent and 50 percent respectively. Spending on good and services decreased moderately (15 percent). As percentage of GDP, government expenditure stood at 0.73 percent during July of FY13, slightly increasing from 0.46 percent over the same period of FY12. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Planning Ministry, ADP expenditure stood at TK. 1744 Crore during the initial month (July) of FY13, recording 13.9 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

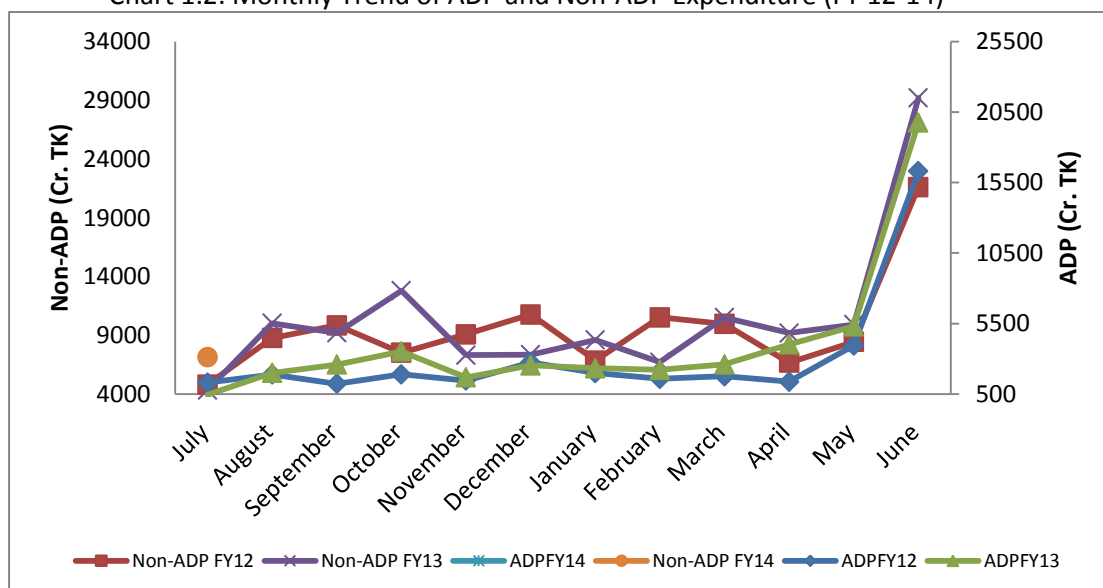
(Crore Taka)

	2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July, FY13
				July	July	
1. Current Spending	89296	99698	11.65	4250	7227	70.05
Pay and Allowances	21065	21725	3.13	1475	2212	49.97
Goods and Services	11081	13086	18.09	155	132	-14.84
Interest Payment	20350	23997	17.92	1705	2987	75.19
Domestic	18803	22505	19.69	1576	2738	73.73
Foreign	1548	1492	-3.62	129	249	93.02
Subsidy and Transfer	36627	40655	11.00	913	1896	107.67
Others	172	236	37.21	2	1	-50.00
2. Food Accounts	1233	-443	-135.93	159	8	-94.97
3. Non-ADP Capital & Spending	24389	25962	6.45	-52	-99	90.38
Non-ADP Capital	7164	5655	-21.06	5	19	280.00
Net Lending	14061	16963	20.64	-106	-117	10.38
Non-ADP Project	1465	1456	-0.61	48	0	-100.00
FFW	1144	1299	13.55	0	0	
Structural Adjustment	0	0		0	0	-
Development Expenditure under Revenue Budget	555	590	6.31	0	0	-
4. Development Spending	37532	49056	30.70	446	1512	239.01

Total (1+2+3+4)	152450	174273	14.31	4803	8648	80.05
Total Spending (Percent of GDP)	14.64	14.67		0.46	0.73	

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

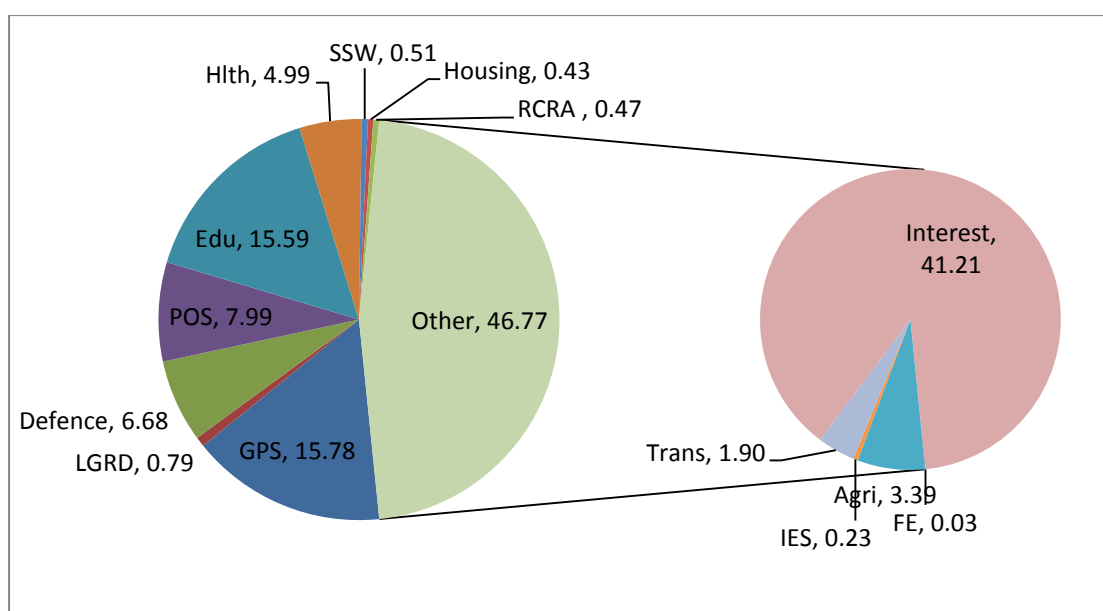
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 12-14)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July, FY13) shows (chart 1.3) that Interest payment (41.2%) was the highest spending item followed by general public service sector (15.7%) and Education and Technology sector (15.6%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July, FY 14)

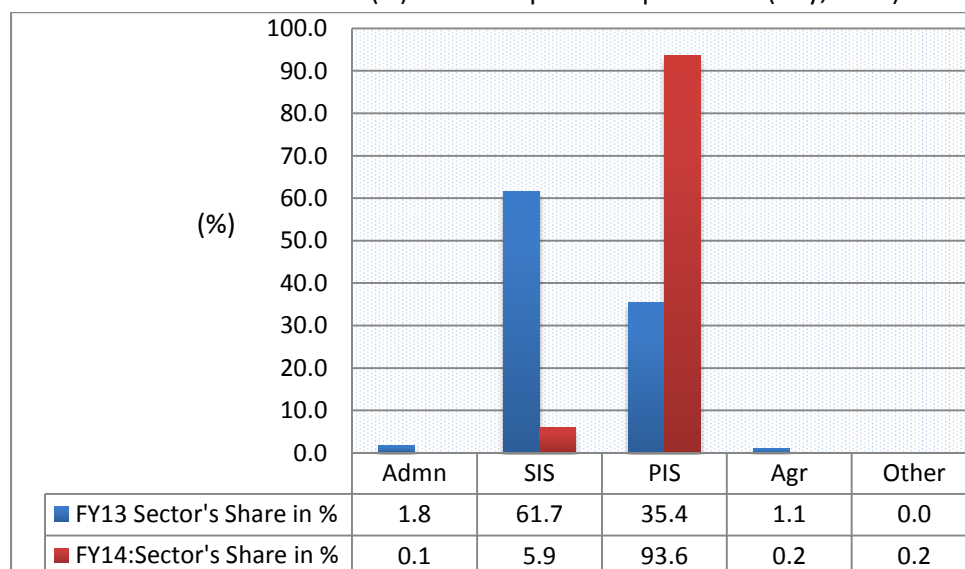


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, Trans = Transport and Communication

1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, during the first month of current fiscal year (FY14), highest share of spending went to Physical Infrastructure (93.6%) followed by expenditure on social Infrastructure (5.9%).

Chart 1.4: Sector wise share (%) of Development expenditure (July, FY14)



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; Agr= Agricultural sector and others include RCRA and IES

1.6 Budget Deficit

Overall budget deficit at the end of FY13 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY12. On the other hand, increase in government earning contributed to consolidation in budget balance during the initial month of the current fiscal year (FY14).

Table 1.4: Budget Balance

(Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2011-12	-37775	-3.6
2012-13	-45451	-3.8
July, FY13	6791	0.6
July, FY14	3379	0.3

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

1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY12 and FY13. Bank borrowing was 71.9 percent of total deficit financing in FY 12 which decreased to 60.4 percent in FY13 (table 1.5). In the current fiscal (FY14), during the period of July, share of bank financing has gone up compare to same period of last fiscal year. On the other hand, there was no deficit financing from non-banking system and from external sources in July 2013; rather the liability of Government to the non-banking system reduced in July 2013 by Tk. 3513 crore.

Table 1.5: Deficit Financing

(In Crore Taka)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2011-12	7217	27191	3368	37777	3.6
2012-13	12824	27430	5143	45397	3.8
July, FY13	-116	-1781	-4894	-6791	-0.6
July, FY14	-1044	1178	-3513	-3379	-0.3

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

1.8 Net Sales of NSD Certificates

Sale of NSD during July 2013 stood at Tk. 2144.0 crore which is 5.7 per cent higher than the amount of sale in the same period preceding year. At the same time net borrowing of the government through NSD certificates during July 2013 stood at Tk. 624.9 crore (table 1.6).

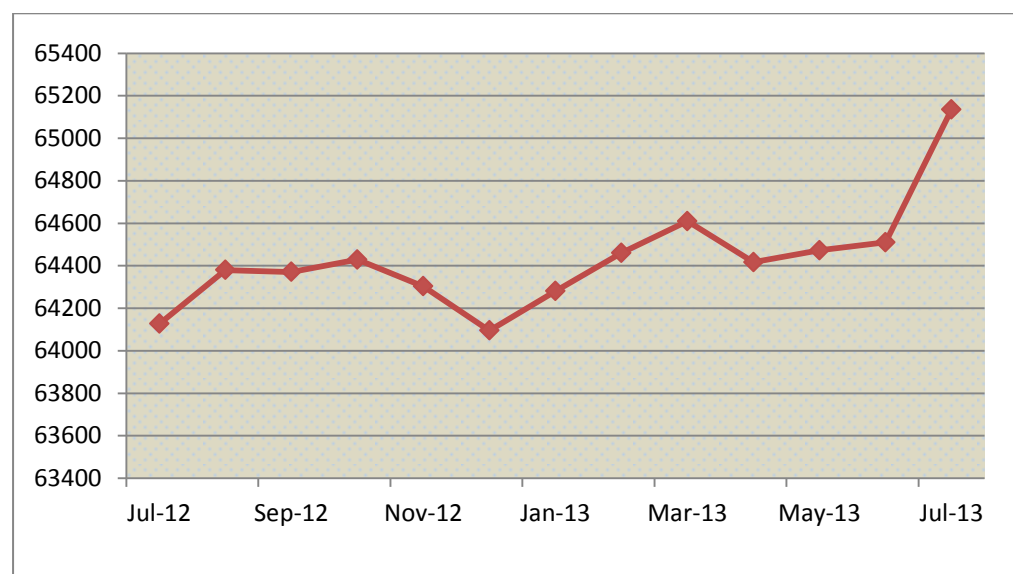
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2011-12	18955.35	18476.33	479.02	63917.34
2012-13	23326.77	22553.93	772.84	64510.43
Growth (%)	23.0	22.0	61.3	0.93
July, 2012	2028.3	1819.2	209.1	64126.5
July, 2013	2144.0	1519.0	624.9	65135.3
Growth (%)	5.7	-16.5	198.8	1.5

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In Crore TK.)



2. MONETARY SECTOR

2.1 Monetary and credit development

A good start of new fiscal year with broad money (M2) growth in July FY14 was 17.4 percent (table 2.1) compared to the same month of previous year. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 48.12 and 11.93 percent increase respectively.

Table-2.1 Monetary and credit development (In Crore Taka)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June,2012	June, 2013	July, 2013	FY 2012-13	July 2013 over July 2012
Net Foreign Assets of banking system	78818.70	113384.80	116744.00	34566.10 (+43.86)	37925.30 (+48.12)
Net Domestic Assets of Banking System	438290.80	490120.60	496756.10	51829.80 (+11.83)	52942.50 (+11.93)
Domestic Credit	518335.40	582583.30	592786.00	64247.90 (+12.40)	71485.90 (+13.71)
Public Sector	110433.80	130426.10	135553.40	19992.30 (+18.10)	23915.60 (+21.42)
Govt. (net)	92027.90	110352.80	114916.90	18324.90 (+19.91)	21595.20 (+23.14)
Other Public Sector	18405.90	20073.30	20636.50	1667.40 (+9.06)	2320.40 (+12.67)
Private Sector	407901.60	452157.20	457232.60	44255.60 (+10.85)	47570.30 (+11.61)
Net other items	-80044.60	-98140.60	-96029.90	-18096.00 (+22.61)	-18543.40 (+23.93)
Broad Money	517109.5	603505.40	613500.10	86395.90 (+16.71)	90867.80 (+17.39)

Source: Bangladesh Bank, Note: Figure in brackets indicate percentage changes

2.2 Reserve money and money multiplier

Reserve money grew by 20.31 percent in the month of July FY14 (table 2.2) compared to the same month of previous year.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June,2012	June, 2013	July, 2013	FY 2012-13	July 2013 over July 2012
Reserve money	97802.7	112489.40	117870.00	14686.70 (+15.02)	19895.80 (+20.31)
Reserve money multiplier	5.29	5.36	5.20	0.08	-0.13

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export and its Components

Total export receipts during month of July, FY14 was USD 3024.29 million which was 23.99% more than the same month of previous fiscal.

Table 3.1: Export Performance (In million US\$)

	2011-12	2012-13	2013-14 July
Export	24287.6	27027.36	3024.29
Growth (%)*	5.9	11.28	23.99

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

Chart 3.1: Monthly Trend of Export (Million US\$)

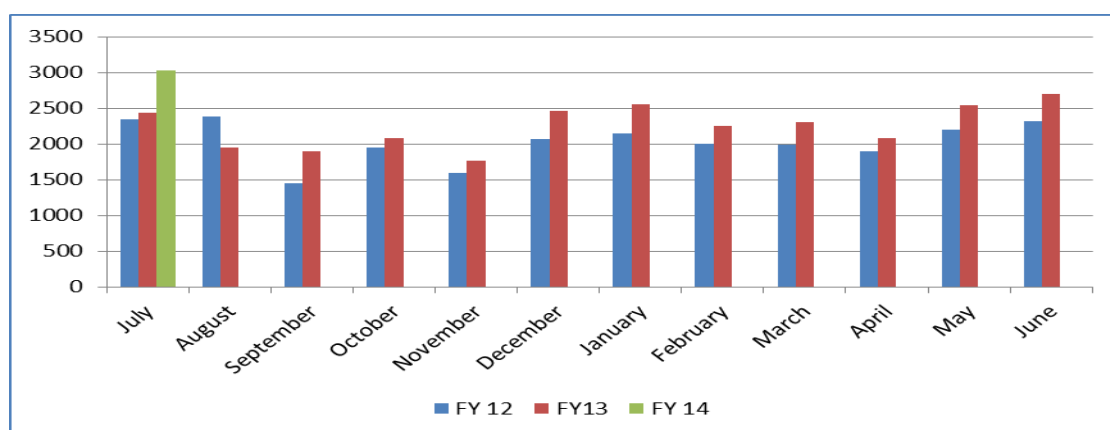
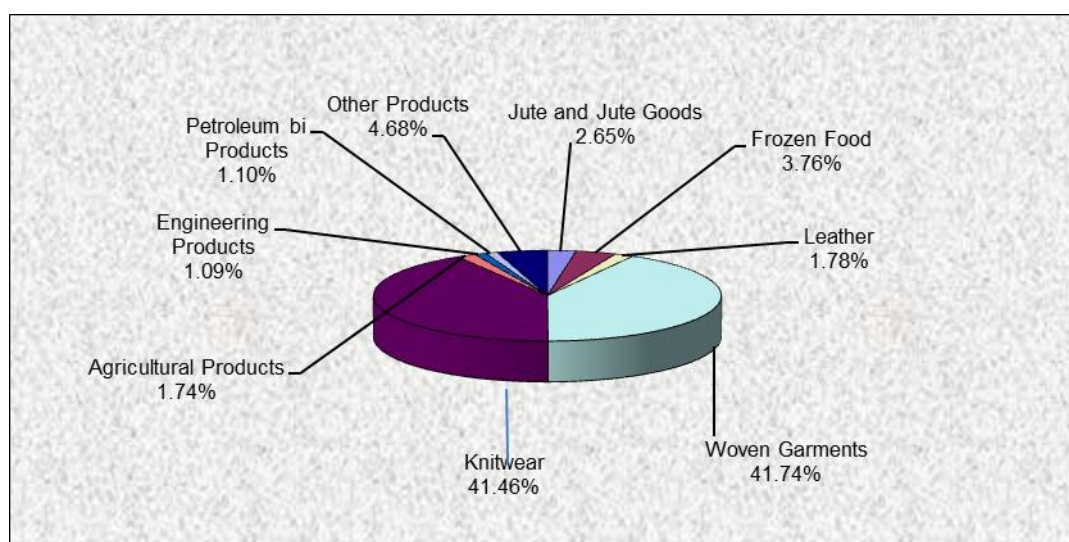


Chart 3.2: Structure of Exports (July, FY14)



3.2 Imports (c & f)

Import payments in July, FY14 was 3056.60 US\$ million which was 7.78 percent higher to the figure in July 2012. Fresh opening of import LCs and LC's settled also showed 29.76% and 14.21% growth in the month. .

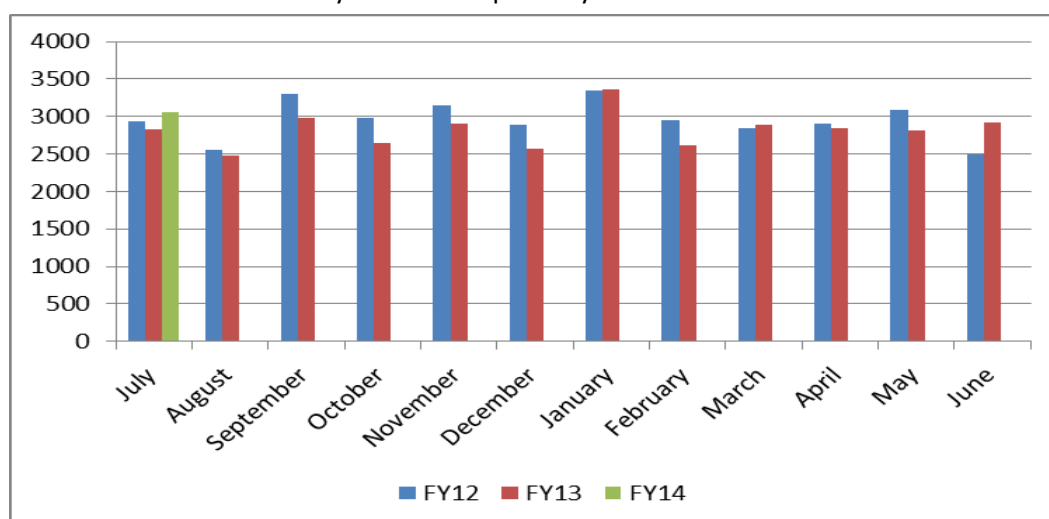
Table 3.2: Import Scenario

(In million US\$)

	2010-11	2011-12	2012-13	2013-14 July
Import payments	33657.5	35516.3	33980.6	3056.60
Growth (%)	41.8	5.5	-4.3	(+7.78)
LCs Opened	38582.3	37035.8	35984.6	3717.75
Growth (%)	34.0	-4.0	-2.8	(+29.76)
LCs Settled	31953.1	34814.5	32356.7	3239.53
Growth (%)	38.6	8.9	-7.1	(+14.21)

Source: Bangladesh Bank. Growth rate (in percent) over the same period of the previous fiscal year/month.

Chart 3.3: Monthly Trend of Import Payments



3.3 Remittance

Remittances in July 2013 stood at USD 1238.96 million indicating 3.15 percent growth against July 2012.

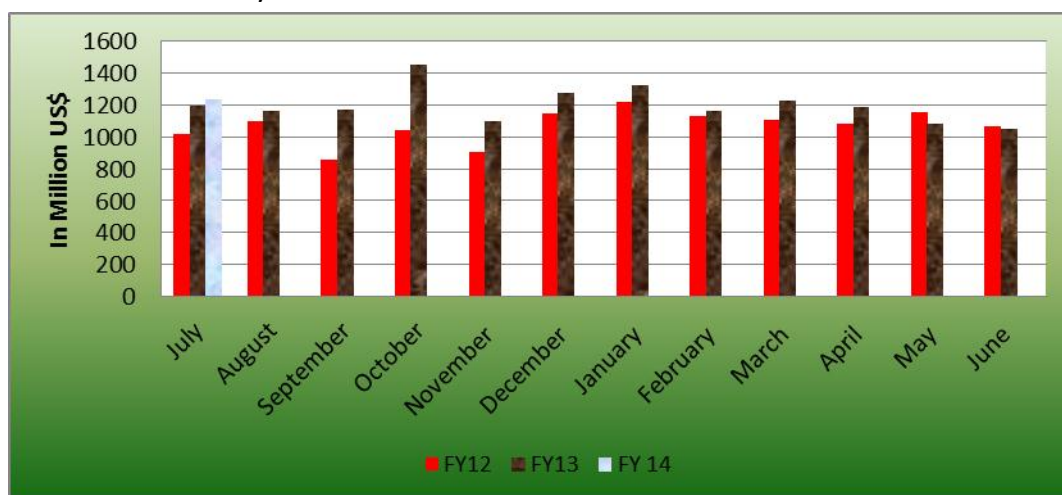
Table-3.3: Remittance Performance

(In million US\$)

	2010-11	2011-12	2012-13	2013-14 July
Remittances	11650.3	12843.4	14461.14	1238.96
Growth (%)	6.0	10.2	12.6	3.15
As % of GDP	10.4	11.1	11.0	-
As % of Export	50.8	52.8	60.7	41.0

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

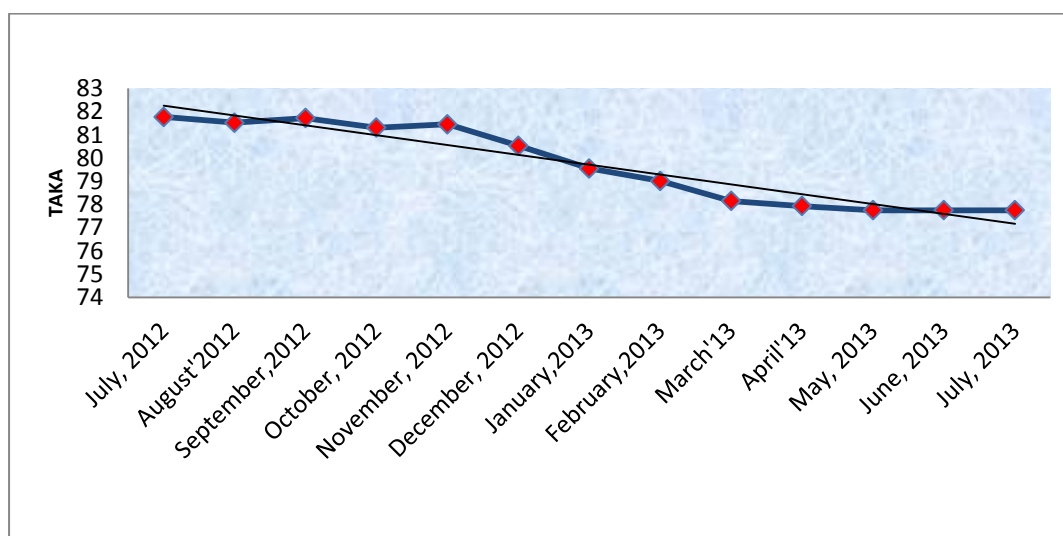
The exchange rate movement (monthly average) from August 2011 to July 2013 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since July 2012. However, at the end of July 2013, Taka has appreciated by 4.92 percent from its level at the end of July 2013 mainly due to reasonable growth in remittance, high growth in export and low pressure on imports.

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

	Average	End of the period
2009-10	69.18	69.445
2010-11	71.17	74.15
2011-12	79.10	81.87
2012-13	79.93	77.77
2013-14		
July	77.76	77.75

Source: Bangladesh Bank

Chart 3.5: Period Average Exchange Rate Movements (BDT-US\$)



3.5 External Reserve

The gross foreign reserves increased substantially and stood at USD 15533.7 million (with ACU liability of USD489.44 million) as of end July 2013, against USD 15315.2 million by the end of June 2013. Gross foreign reserves, without ACU liability was equivalent to import payments of 5.38 months based on the preceding 12 months average (Aug 2012-July 2013).

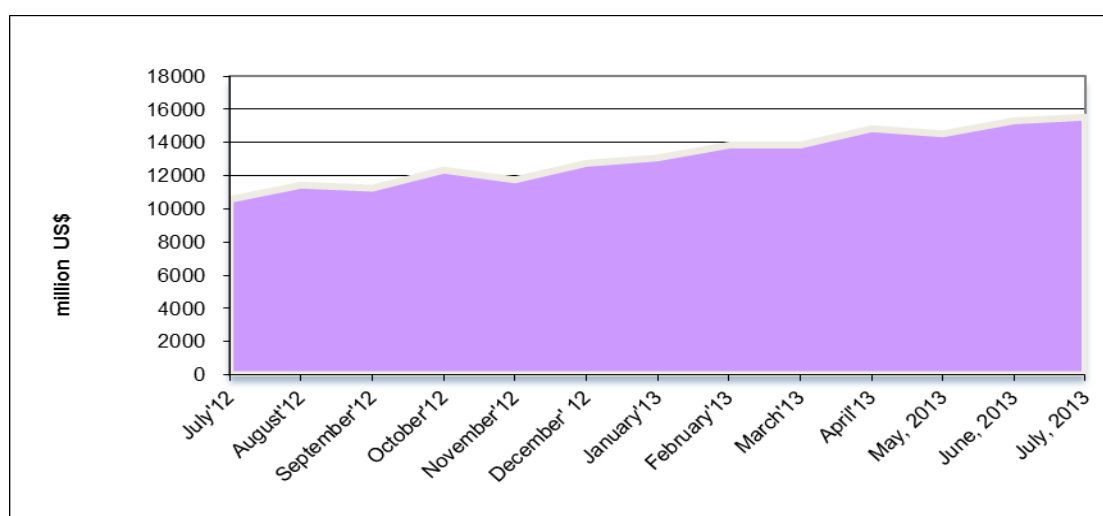
Table 3.5: Foreign Exchange Reserve

(In million US\$)

	2010-11	2011-12	2012-13	As on end of July, 2013
Reserve	10911.5	10364.43	15315.23	15533.70
In month of import payment	3.9	3.2	5.22	5.38

Source: Bangladesh Bank.

Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



3.6 Balance of Payments

The current account balance in the first month of FY14 was in surplus. Financial account showed deficit of USD 444 million and current account surplus of USD 754 million accounted for a surplus of USD 369 million in overall balances during July 2013 against a surplus of USD 553 million over the corresponding period of FY13.

Table 3.6: Balance of Payments (In million US\$)

	2010-11 (July-June)	2011-12 ^R (July-June)	2012-13 ^P (July-June)	2013-14 (July)
Trade Balance	-7744	-7995	-7010	-129
Current Account Balance	885	1630	2525	754
Capital Account	642	469	588	50
Financial Account	-1920	-955	2779	-444
Overall Balance	-656	494	5128	369

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

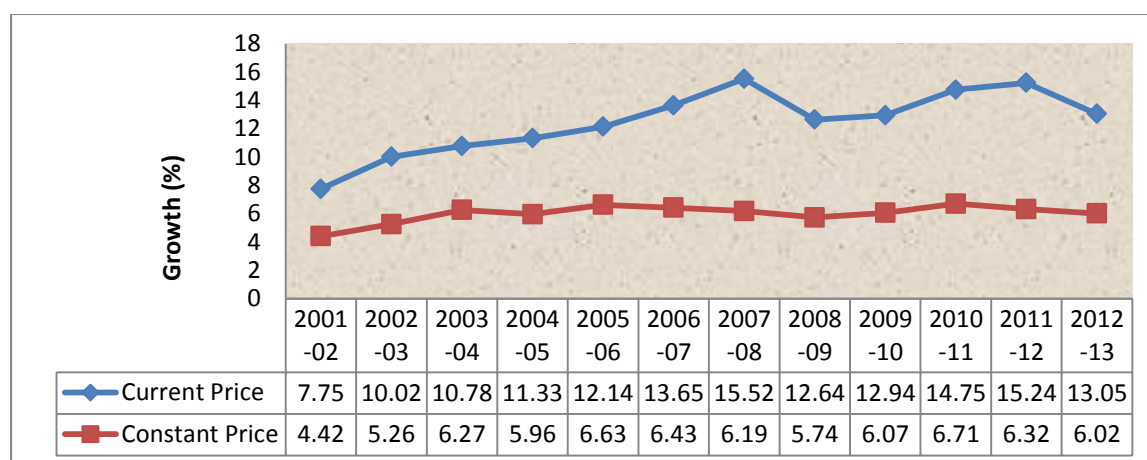
According to base year 2005-06 provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044.

Table 4.1 Gross Domestic Product

	2008-09	2009-10	2010-11	2011-12	2012-13 ^P
GDP at constant prices (Billion TK.)	5635.4	5963.6	6371.9	6784.8	7204.1
Growth (%)	5.14	5.82	6.85	6.48	6.18
GDP at current prices (Billion TK.)	6933.2	7829.4	8993.3	10412.5	11880.7
Growth (%)	12.19	12.93	14.87	15.78	14.10
GNI at current prices (Billion TK.)	7492.2	8475.4	9718.4	11305.5	12925.6
Per capita GDP (Tk.)	47553	52973	60096	68693	77348
Per capita GNI (Tk.)	51387	57344	64941	74585	84151
Per capita GDP (US\$)	691	766	844	868	960
Per capita GNI (US\$)	747	829	912	943	1044

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 1995-96)



4.2 Quantum Index of Industrial Production

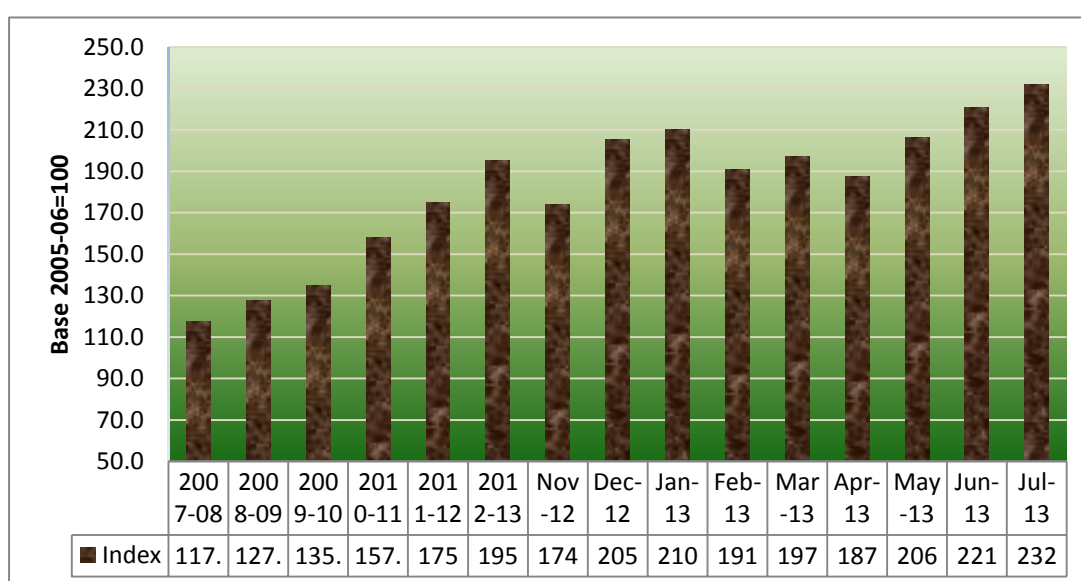
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 201.93 in July 2012 and became 232.02 in July 2013 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 11.6 percent in FY 13 which was 10.8 percent in FY 12.

Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)

Period	Index	Growth Rate (%)*
2008-09	127.47	8.5
2009-10	135.01	5.9
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
July, 2012	201.93	15.4
July, 2013	232.02	14.8

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

Chart 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)



Source: BBS

4.3 Inflation

In FY13 the average rate of inflation (Twelve-Month Average Basis) was 6.78 percent (table-4.2). The food and non-food inflation were 5.22 percent and 9.17 percent respectively. In July 2013, the rate of inflation (national) on point-to-point basis was 7.85 percent, of which, food and non-food inflation were 8.14 percent and 7.40 percent respectively.

Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

FY	Twelve-Months Average Basis		
	National	Food	Non-Food
2012-13	6.78	5.22	9.17
2013-14	Twelve-Months Average Basis		
July	6.99	5.71	8.96

Source: Bangladesh Bank

Chart 4.3: Trends of Point to Point Inflation (Base 2005-06)

