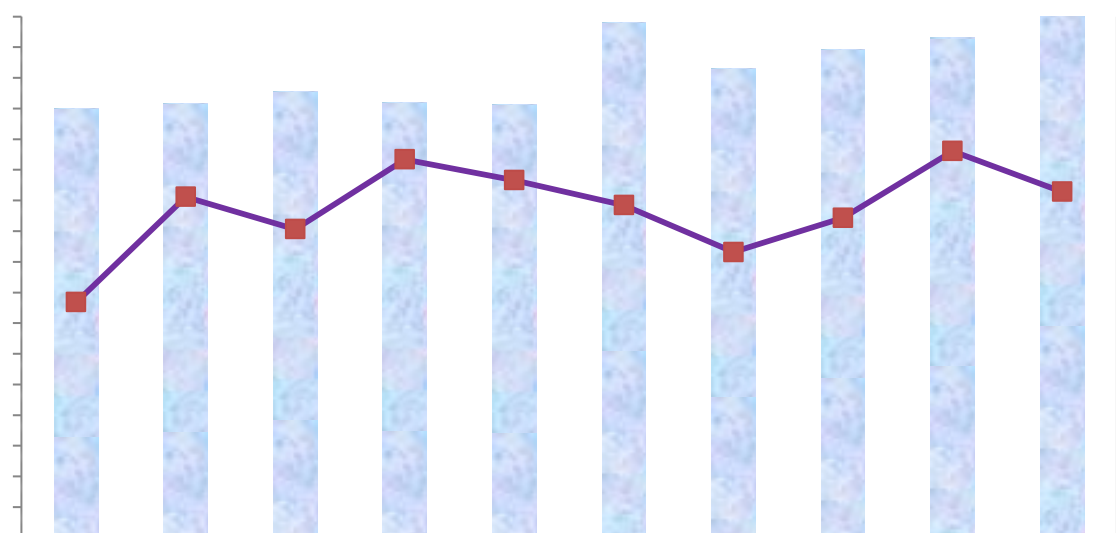




MONTHLY REPORT ON FISCAL-MACRO POSITION

September, 2013



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Executive Summary

The September 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 compared 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. During July-September period of FY14 total revenue grew by 5.64 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by around 12.5 percent.

Monetary Sector

Broad Money supply increased by 16.90 percent in September of FY14 compared to the same month of previous year mainly due to 11.52 percent growth in domestic credit. Reserve money growth during this period was 14.05 percent.

External Sector

Export growth was 36.27 percent in the month of September of FY14 over that of the corresponding period of the previous fiscal. Import payments in July-September of FY14 increased by 10.49 percent. However the growth in remittance earning was negative 8.11 percent in the same period. But low pressure in import causes increase in foreign exchange reserve to US\$ 16154.76 million that is equivalent to import payments for 5.46 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 September 2013, the rate of inflation (national) on point-to-point basis was 7.13 percent slightly decreasing from previous month, of which, food and non-food inflation were 7.93 percent and 5.94 percent respectively. Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 178.59 in September 2012 and became 208.67 in September, 2013.

1. FISCAL SECTOR

1.1 Revenue Earnings

An increasing trend was observed in government revenue earnings over the last fiscal year which slowed slightly in first three months of the current fiscal year. Total revenue collection in FY13 increased by 12.34 percent compared to the same period of previous fiscal year. This rate slowed to 5.64 percent in the first three months of the current fiscal year (FY14) compared to the same period of previous fiscal year (table 1.1) mainly due to negative growth of non-tax revenue receipts.

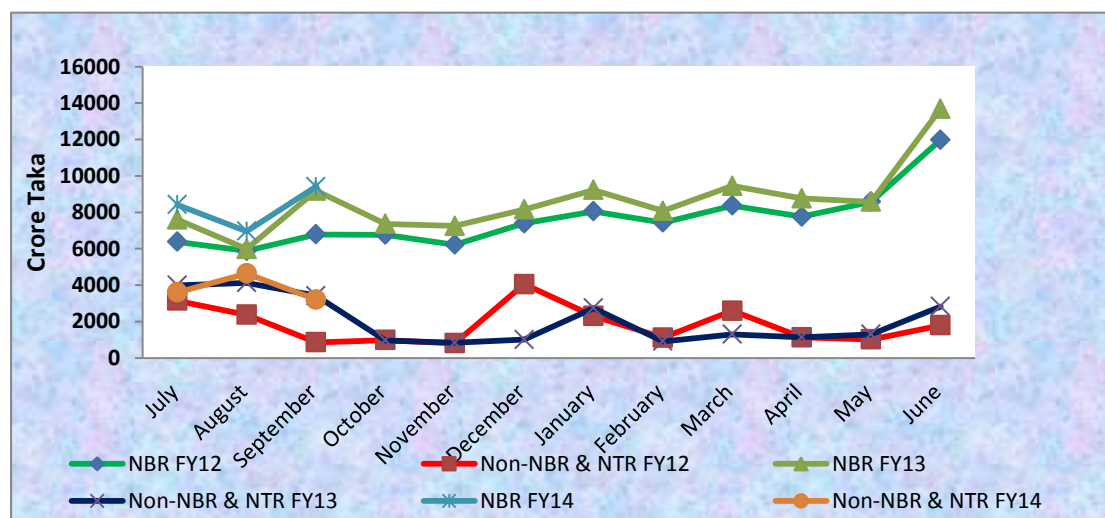
Table 1.1: Revenue Earning

(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-September, FY13	22775	912	10622	34309
July-September, FY14	24791	1046	10406	36243
Growth(%) over (July-Sept.), FY13	8.85	14.69	-2.03	5.64

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 receipts decreased sharply by around 26percent to TK. 91 crore during the first three months of the current fiscal year (FY14) against TK. 123 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-Sept, FY13
			July-Sept	July-Sept	
3560	6599	83.7	123	91	-26.0

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 12.5 percent in the first three months of current fiscal year compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 24.2 percent in July to September, 2013 compared to the same period of previous fiscal year (table-1.3). The current spending, on the other hand grew by 13.75 percent in July-September, 2013 compared to the corresponding periods of 2012. Of current spending, spending on interest payment and goods and services grew at a high rate of 25.1 percent and 24.1 percent respectively. Spending on pay and allowances increased moderately (15 percent). As percentage of GDP, government expenditure stood at 2.71 percent during July-September of FY13, slightly increasing from 2.41 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. 6994 Crore during the first three months of FY13, recording 0.2 percent decrease over the same period of the last fiscal year.

Table 1.3: Government Expenditures

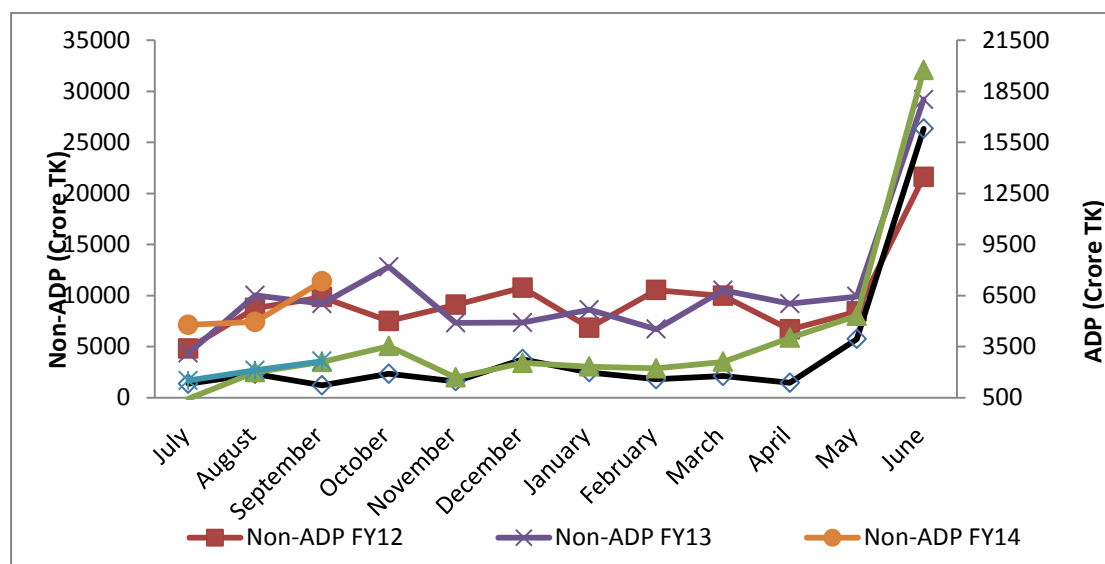
(Crore Taka)

	2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July-Sept, FY13
				July –Sept.	July –Sept.	
1. Current Spending	89296	99698	11.65	18765	21345	13.75
Pay and Allowances	21065	21725	3.13	5444	6067	11.44
Goods and Services	11081	13086	18.09	1373	1705	24.18
Interest Payment	20350	23997	17.92	5466	6836	25.06
Domestic	18803	22505	19.69	4985	6368	27.74
Foreign	1548	1492	-3.62	481	468	-2.70
Subsidy and Transfer	36627	40655	11.00	6461	6715	3.93
Others	172	236	37.21	22	20	-9.09
2. Food Accounts	1233	-443	-135.93	1797	1969	9.57
3. Non-ADP Capital & Spending	24389	25962	6.45	3027	2629	-13.15
Non-ADP Capital	7164	5655	-21.06	547	1273	132.72
Net Lending	14061	16963	20.64	2429	1279	-47.34
Non-ADP Project	1465	1456	-0.61	48	53	10.42
FFW	1144	1299	13.55	0	0	-
Structural Adjustment	0	0	-	0	0	-
Development Expenditure	555	590	6.31	3	24	-

under Revenue Budget						
4. Development Spending	37532	49056	30.70	5046	6269	24.24
Total (1+2+3+4)	152450	174273	14.31	28635	32212	12.49
Total Spending (Percent of GDP)	14.64	14.67		2.41	2.71	

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

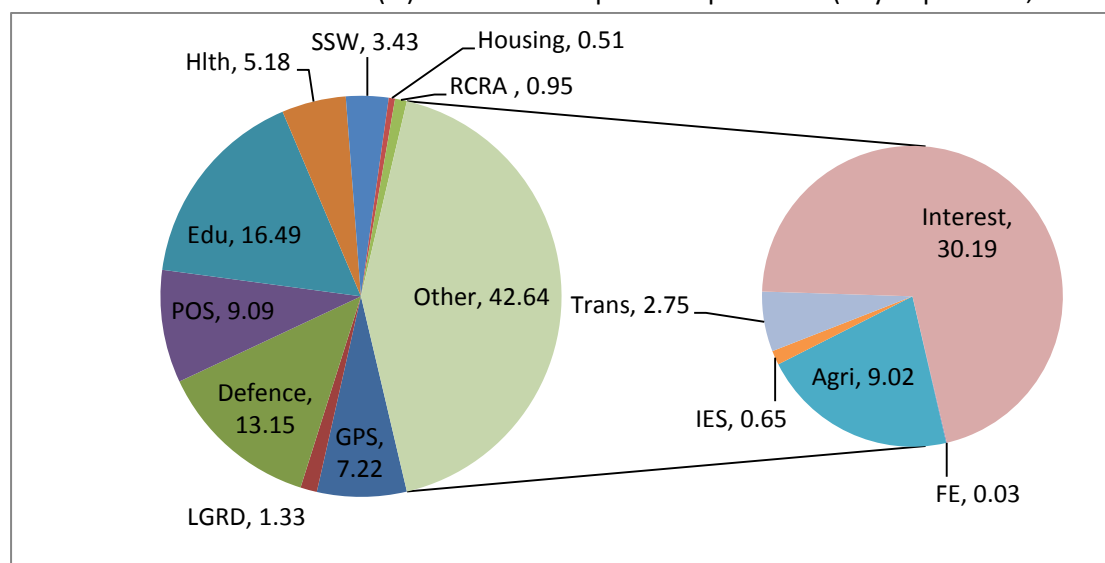
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 12-14)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-September, FY13) shows (chart 1.3) that Interest payment (30.2%) was the highest spending item followed by Education and Technology sector (16.5%) and defense service (13.1%).

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

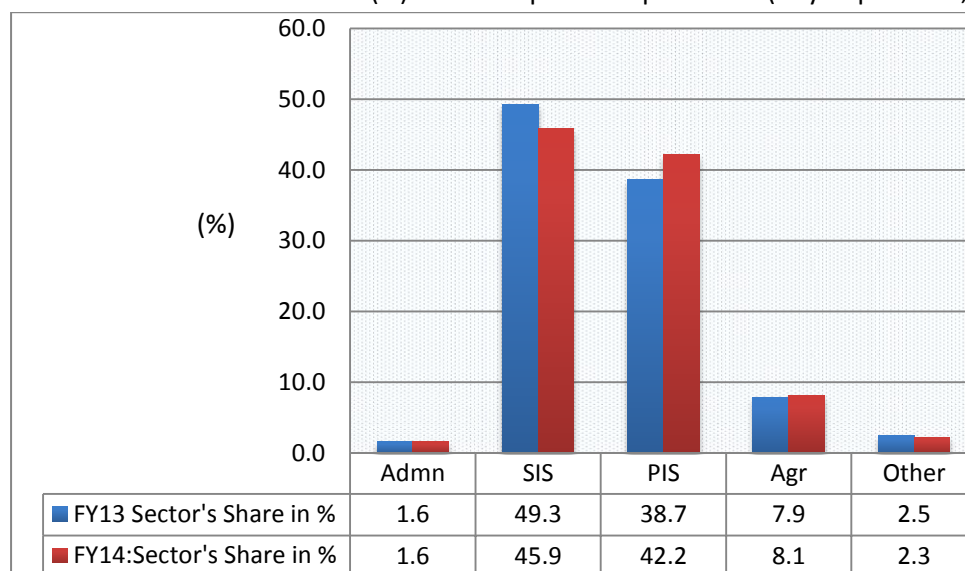


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 three months of current fiscal year (FY14), highest share of spending went to social Infrastructure (45.9%) followed by expenditure on Physical Infrastructure (42.2%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-September, 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 first three months 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-September, FY13	5673	0.5
July-September, FY14	4031	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 to September, there was no budget deficit, rather the liability of Government to the external, banking and non-banking system reduced by Tk. 4031 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-September, FY13	323	14	-6009	-5673	-0.5
July-September, FY14	-724	-1692	-1614	-4031	-0.3

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

1.8 Net Sales of NSD Certificates

Sale of NSD during July-September 2013 stood at Tk. 5893.7 crore which is 1.7 per cent lower 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-September of FY14 stood at Tk. 2097.5 crore against TK. 362.9 Crore compare to the same period of previous year (table 1.6).

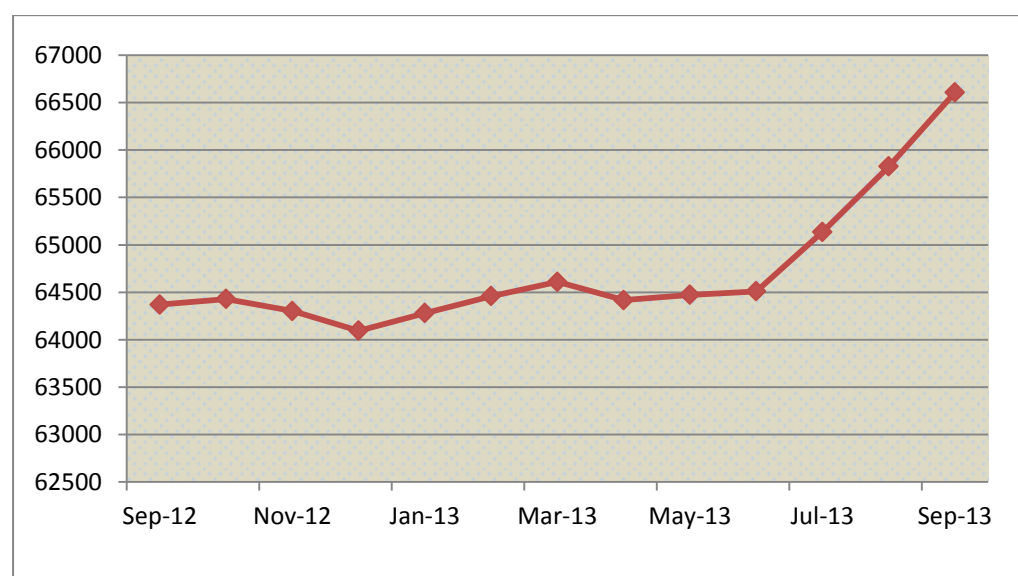
Table 1.6 Net Sales of NSD Certificates

(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-September, FY13	5997.1	5543.9	453.1	64370.5
July-September, FY14	5893.7	3796.2	2097.5	66607.9
Growth (%)	-1.7	-31.5	362.9	3.5

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

Broad money (M2) growth in September, 2013 was 16.90 percent (table 2.1) compared to the same period of previous year. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 35.77 and 13.09 percent increase respectively. During the month, domestic credit expansion was quite remarkable (11.52 percent), due to growth of credit to private sector (11.07 percent).

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	September, 2013	FY 2013-14 (July-September)	September 2013 over September 2012
Net Foreign Assets of banking system	78818.70	113384.80	122275.40	8890.60 (+7.84)	32215.50 (+35.77)
Net Domestic Assets of Banking System	438290.80	490120.60	504448.50	14327.90 (+2.92)	58405.30 (+13.09)
Domestic Credit	518335.40	582583.30	587027.40	15290.30 (+2.67)	60638.60 (+11.52)
Public Sector	110433.80	130426.10	120478.20	898.30 (+0.75)	14126.80 (+13.28)
Govt. (net)	92027.90	110352.80	109925.70	-199.00 (-0.18)	18305.10 (+19.98)
Other Public Sector	18405.90	20073.30	10552.50	1097.30 (+11.61)	-4178.30 (-28.36)
Private Sector	407901.60	452157.20	466549.20	14392.00 (+3.18)	46511.80 (+11.07)
Net other items	-80044.60	-98140.60	-82578.90	-962.40 (-1.18)	-2233.30 (+2.78)
Broad Money	517109.5	603505.40	626723.90	23218.50 (+3.85)	90620.80 (+16.90)

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

2.2 Reserve money and money multiplier

Reserve money grew by 14.05 percent in September 2013 (table 2.2) compared to the same period 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	September, 2013	FY 2013-14 (July-Sept)	September 2013 over September 2012
Reserve money	97802.7	112489.40	114004.80	1515.40 (+1.35)	14046.00 (+14.05)
Reserve money multiplier	5.29	5.36	5.50	+0.24	0.13

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export and its Components

Total export receipts during the first quarter of FY14 were USD 7627.97 million which was 21.24% more than the same period of previous fiscal.

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

	2011-12	2012-13	September, 2013	2013-14 (July-Sept)
Export	24287.6	27027.36	2590.24	7627.97
Growth (%)*	5.9	11.28	36.27	21.24

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

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

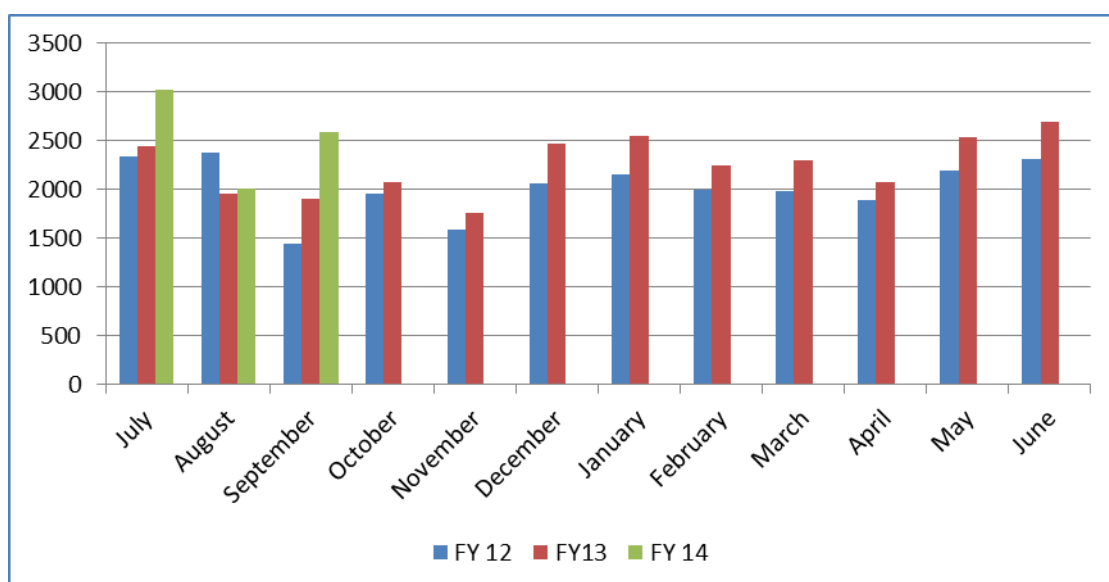
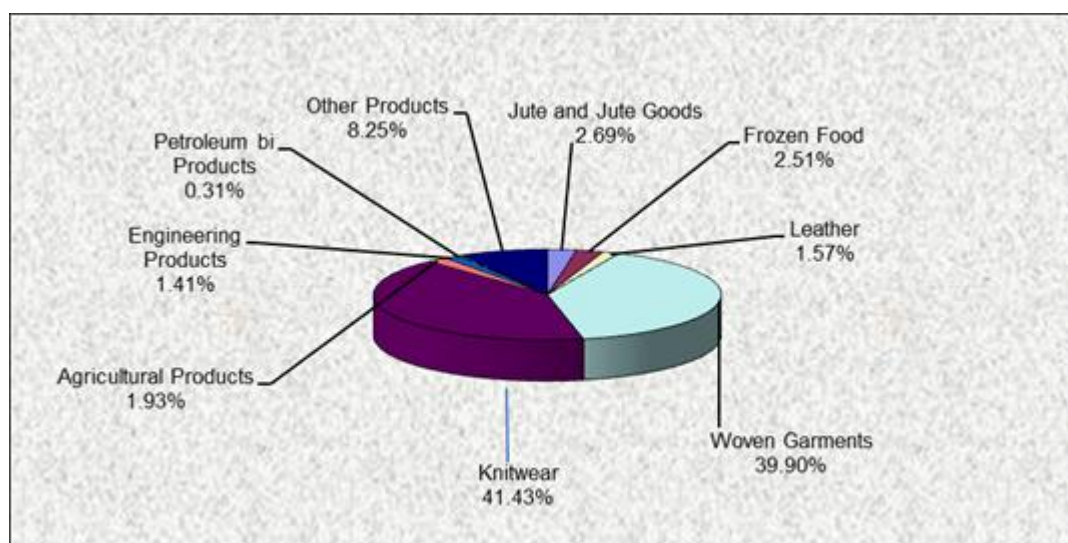


Chart 3.2: Structure of Exports (July-September, FY14)



3.2 Imports (c & f)

Import payments in September, 2013 increased by 10.13 percent against September 2012. Fresh opening of import LCs in this period decreased by 3.74 percent compared to September 2012. The growth of LC's settled also increased during the period.

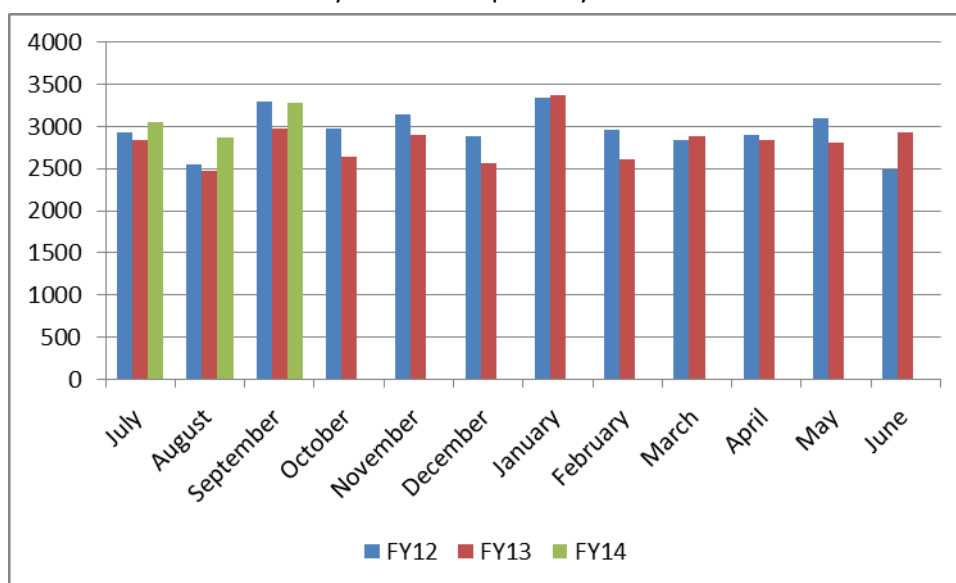
Table 3.2: Import Scenario

(In million US\$)

	2011-12	2012-13	2013-14 September	2013-14 July-Sept
Import payments	35516.3	33980.6	3278.50	9207.40
Growth (%)	5.5	-4.3	10.13	(+10.49)
LCs Opened	37035.8	35984.6	3147.05	9604.68
Growth (%)	-4.0	-2.8	-3.74	(+9.79)
LCs Settled	34814.5	32356.7	3092.83	8831.81
Growth (%)	8.9	-7.1	13.27	(+8.98)

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 September 2013 stood at USD 1025.69 million indicating 12.99 percent fall against September 2012. The respective growth was negative at 8.11 percent during July-September of FY14 compared to the corresponding period of the previous fiscal.

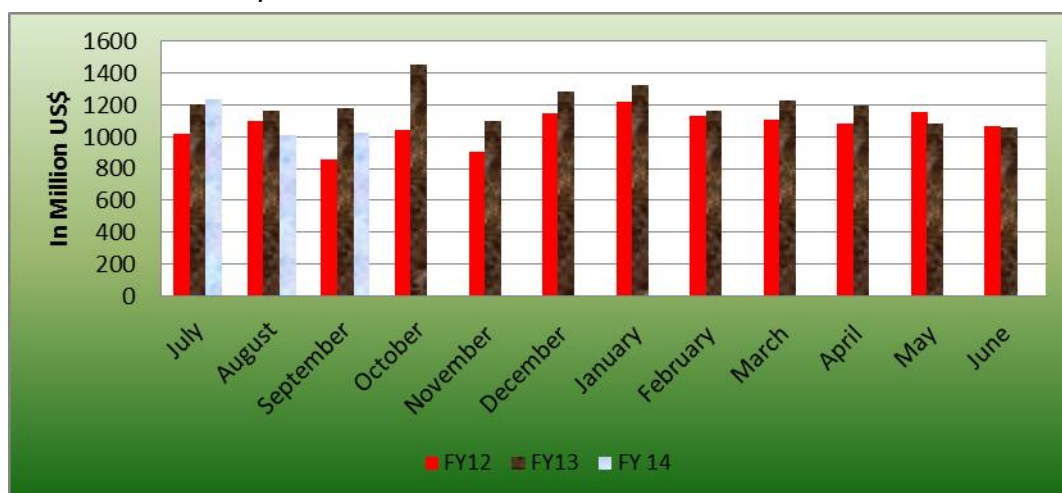
Table-3.3: Remittance Performance

(In million US\$)

	2011-12	2012-13	2013-14	2013-14
			September	July-Sept
Remittances	12843.4	14461.14	1025.69	3269.95
Growth (%)	10.2	12.6	-12.99	-8.11
As % of GDP	11.1	11.0	-	-
As % of Export	52.8	60.7	39.60	42.87

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

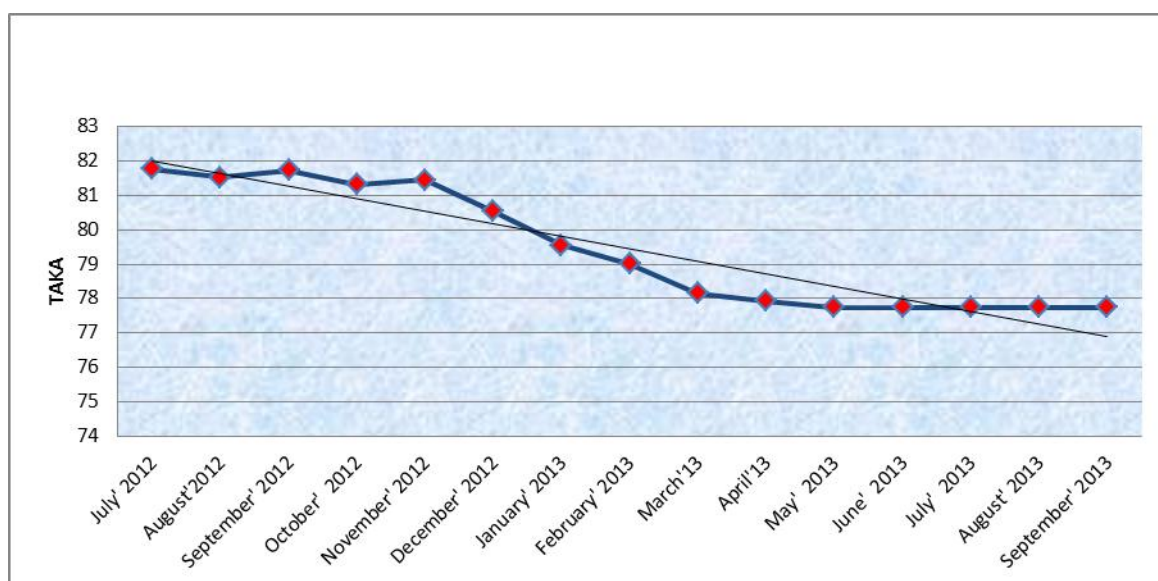
The exchange rate movement (monthly average) from July 2012 to September 2013 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since July 2012. However, at the end of September 2013, Taka has appreciated by 4.92 percent from its level at the end of September 2012. Exchange rate in first quarter of FY14 is almost static.

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

	Average	End of the period
2008-09	68.80	69.06
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
Aug	77.75	77.75
Sept	77.75	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 16154.76 million (with ACU liability of USD 479.54 million) as of end September 2013, against USD 16252.27 million by the end of August 2013. Gross foreign reserves, without ACU liability was equivalent to import payments of 5.46 months based on the preceding 12 months average (October 2012-September 2013).

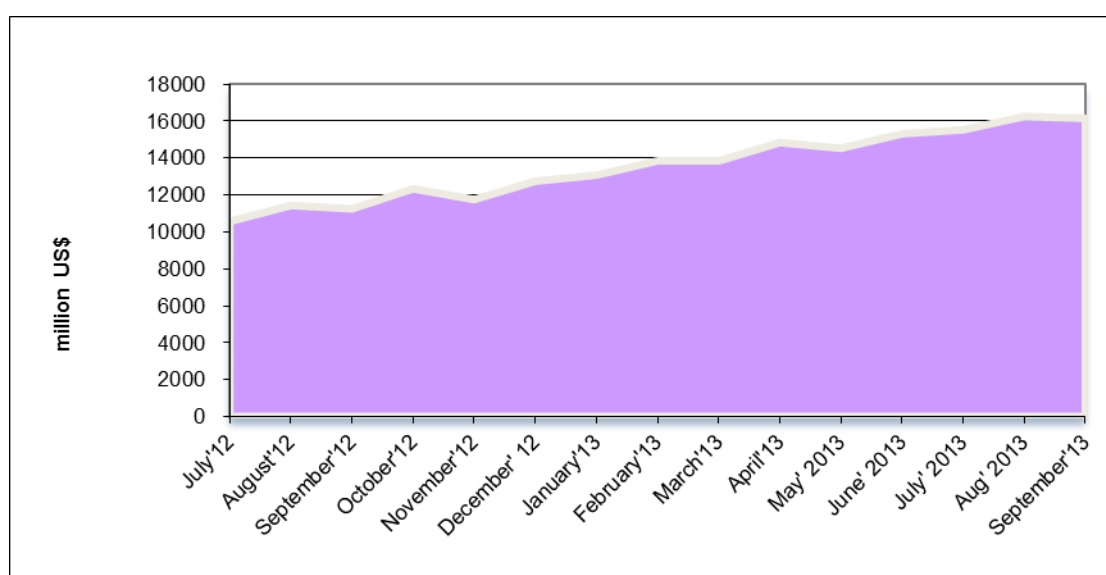
Table 3.5: Foreign Exchange Reserve

(In million US\$)

	2010-11	2011-12	2012-13	As on end of September, 2013
Reserve	10911.5	10364.43	15315.23	16154.76
In month of import payment	3.9	3.2	5.22	5.46

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 quarter of FY14 was in surplus. Financial account showed deficit of USD 48 million and current account surplus of USD 786 million accounted for a surplus of USD 910 million in overall balances during July-September 2013 against a surplus of USD 1114 million over the corresponding period of FY13.

Table 3.6: Balance of Payments

(In million US\$)

	2011-12 ^R (July-June)	2012-13 ^P (July-June)	2012-13 ^R (July-Sept)	2013-14 ^P (July-Sept)
Trade Balance	-9320	-7010	-1885	-1268
Current Account Balance	-447	2525	331	786
Capital Account	482	588	129	116
Financial Account	1436	2779	682	-48
Overall Balance	494	5128	1114	910

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

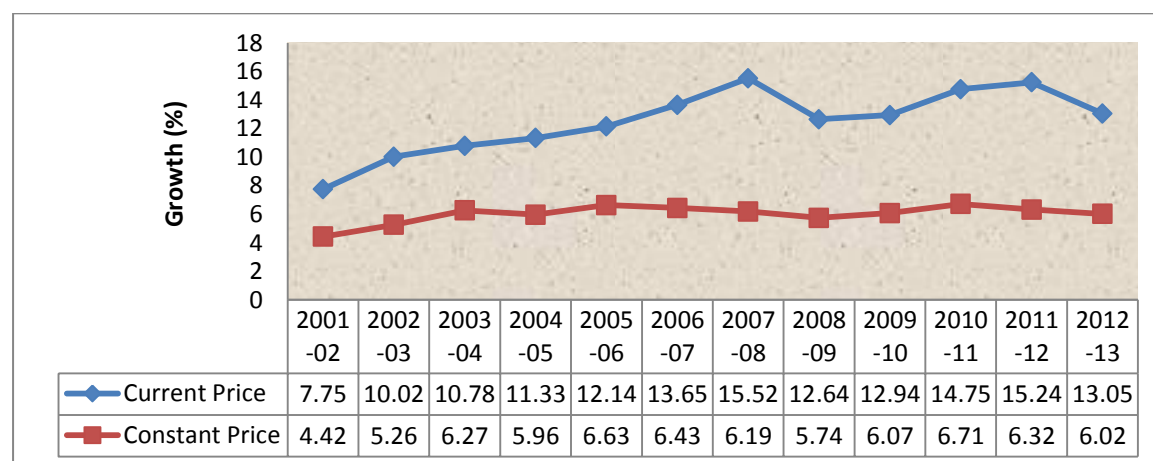
According to base year 2005-06 provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044.

Table 4.1 Gross Domestic Product (Base year 2005-06)

	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

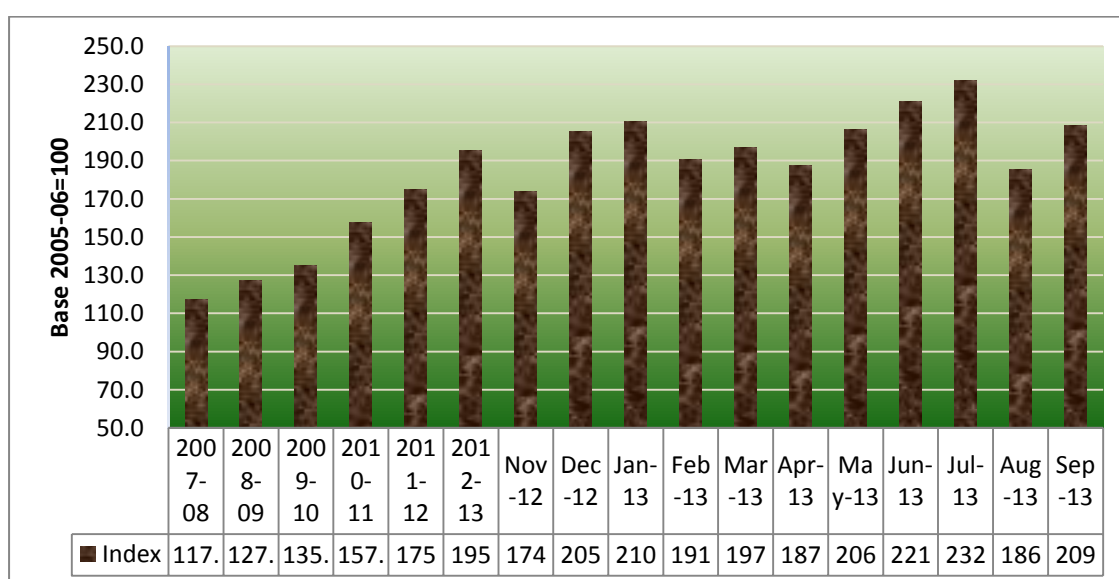
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 178.59 in September 2012 and became 208.67 in September 2013 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) 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
September, 2012	178.59	2.1
September, 2013	208.67	16.8

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 September 2013, the rate of inflation (national) on point-to-point basis was 7.13 percent, of which, food and non-food inflation were 7.93 percent and 5.94 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
August	7.19	6.20	8.71
September	7.37	6.73	8.35

Source: Bangladesh Bank

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

