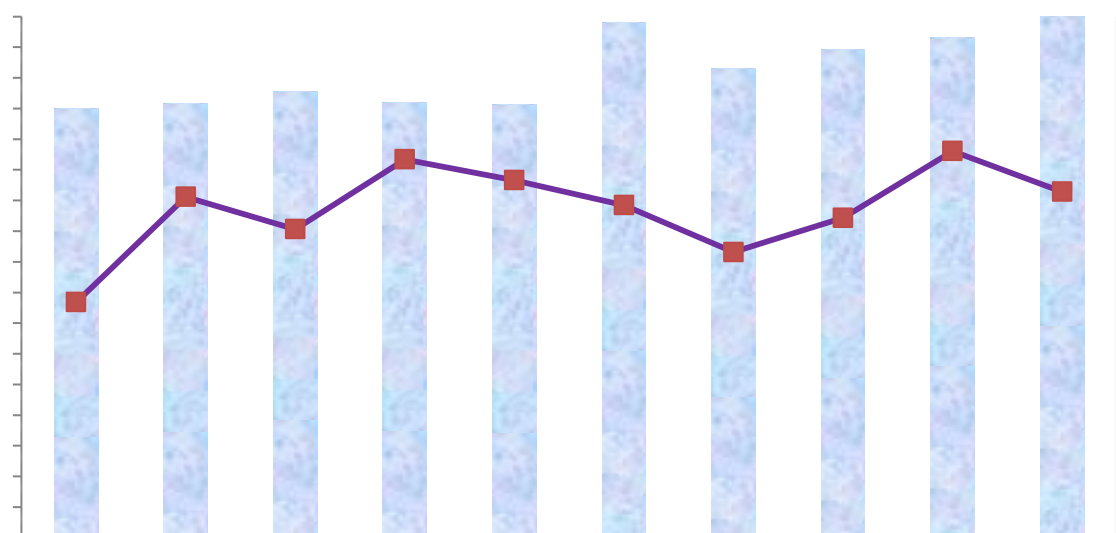




MONTHLY REPORT ON FISCAL-MACRO POSITION

November, 2013



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Contents

1. FISCAL SECTOR	3
1.1 Revenue Earnings.....	3
Table 1.1: Revenue Earning (Taka in Crore).....	3
Chart 1.1: Monthly Trend of Revenue earnings (FY11-FY13)	3
1.2 Grants.....	3
Table 1.2: Grants (Taka in crore).....	4
1.3 Government Expenditure	4
1.4 Structure of Revenue Expenditure	5
1.5 Structure of ADP Expenditure	6
1.6 Budget Deficit.....	6
Table 1.4: Budget Balance (Taka in crore)	6
1.7 Deficit Financing.....	6
1.8 Net Sales of NSD Certificates	7
Chart 1.5: Outstanding borrowing of government through NSD (In Crore TK.)....	7
2. MONETARY SECTOR	8
2.1 Monetary and credit development.....	8
2.2 Reserve money and money multiplier.....	8
3. EXTERNAL SECTOR	9
3.1 Export.....	9
Chart 3.1: Monthly Trend of Export (Million US\$).....	9
3.2 Imports (c & f)	9
Table 3.2: Import Scenario (In million US\$).....	9
Chart 3.3: Monthly Trend of Import Payments	10
Chart 3.4: Monthly Trend of Remittances	11
3.4 Exchange Rate Movements	11
Table 3.4: Exchange Rate Movements (Taka per US\$)	11
3.5 External Reserve	12
Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month	13
3.6 Balance of Payments.....	13
Table 3.6: Balance of Payments (In million US\$).....	13
4. REAL SECTOR.....	14
Table 4.1 Gross Domestic Product (Base year 2005-06)	14
Chart 4.1: GDP Growth Rate at current and constant prices (Base year 1995-96) .	14
Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100).....	15
Chart 4.2: Quantum Index of Industrial Production (Base: 2005-06=100).....	15
Source: BBS	15
4.3 Inflation.....	15
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)	15
Chart 4.3: Trends of Point to Point Inflation (Base 2005-06)	16

Executive Summary

The November 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-November period of FY14 total revenue grew by 7.28 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by around 13.2 percent.

Monetary Sector

Broad Money supply increased by 16.67 percent in November of FY14 compared to the same month of previous year mainly due to 10.78 percent growth in domestic credit. Reserve money growth during this period was 13.57 percent.

External Sector

Export growth was 25.34 percent in the month of November of FY14 over that of the corresponding period of the previous fiscal. Import payments in July-November of FY14 increased by 11.43 percent. However the growth in remittance earning was negative 9.03 percent in the same period. Slow import caused rise in foreign exchange reserve to US\$ 17105.88 million that is equivalent to import payments for 5.69 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 November 2013, the rate of inflation (national) on point-to-point basis was 7.15 percent, of which, food and non-food inflation were 8.55 percent and 5.08 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 during the period of July to November 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 7.28 percent in the first five months (July-November) of the current fiscal year (FY14) compared to the same period of previous fiscal year (table 1.1) mainly due to slow growth in the non-tax revenue sector.

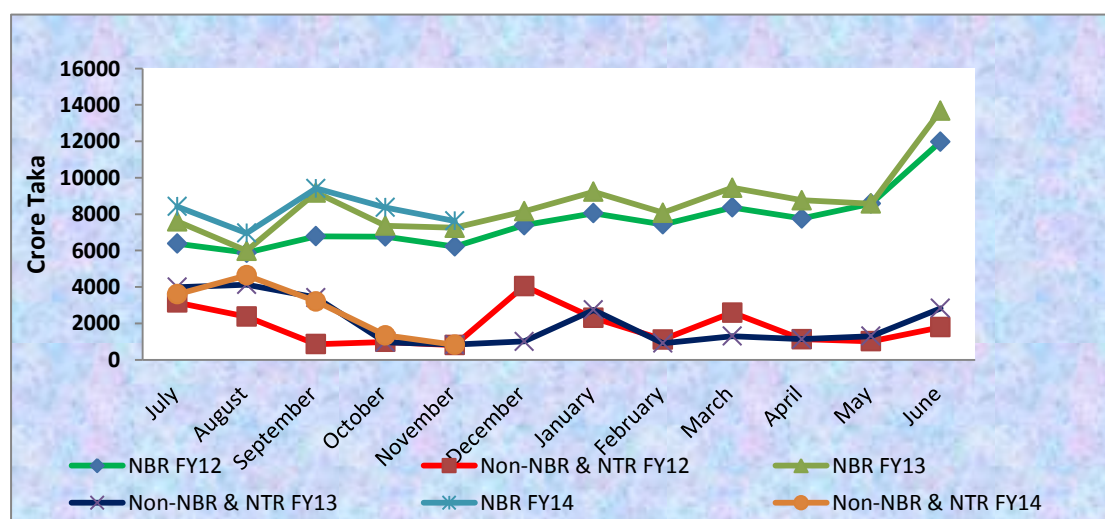
Table 1.1: Revenue Earning

(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-November, FY13	37388	1512	11814	50714
July-November, FY14	40784	1647	11973	54405
Growth(%) over (July-Nov.), FY13	9.08	8.93	1.35	7.28

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. The grant receipts increased by around 52 percent to TK. 317 crore during the first five months (July-November) of the current fiscal year (FY14) against TK. 209 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-November, FY13
			July-November	July-November	
3560	6599	83.7	209	317	51.67

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 13.2 percent in the first five months (July-November) of current fiscal year compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 19 percent in July to November, 2013 compared to the same period of previous fiscal year (table-1.3). The current spending, on the other hand grew slowly by 8.1 percent in July-November, 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 23.9 percent and 23.0 percent respectively. Spending on pay and allowances increased by 12.7 percent. As percentage of GDP, government expenditure stood at 5.14 percent during July-November of FY13, slightly increasing from 4.54 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, during the period of July-November of FY14, ADP expenditure stood at TK.13156 Crore, recording 3.1 percent decrease over the same period of the last fiscal year.

Table 1.3: Government Expenditures

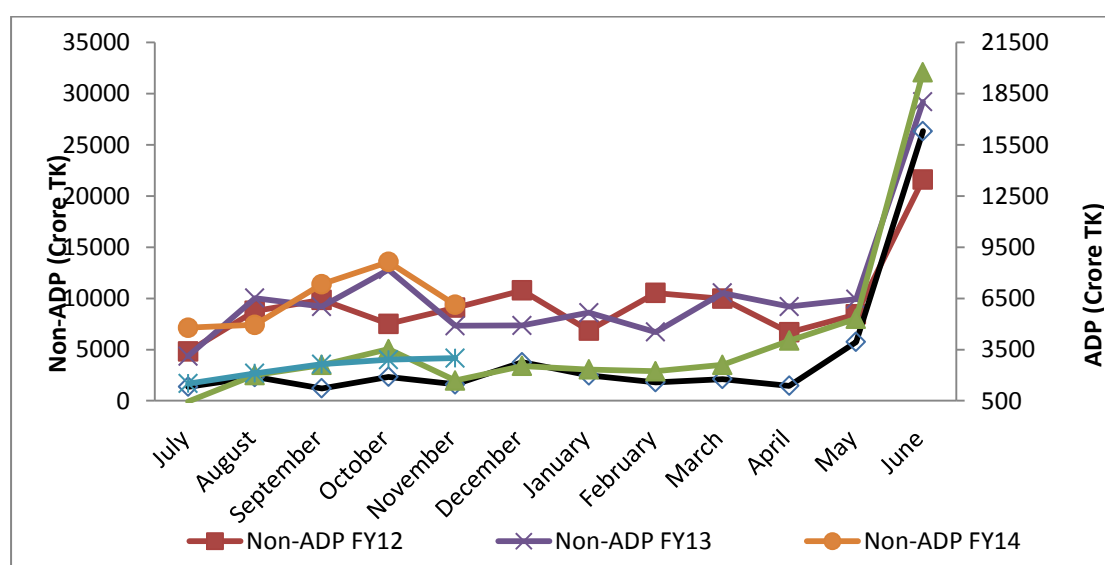
(Crore Taka)

	2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July-November, FY13
				July - November	July - November	
1. Current Spending	89296	99698	11.65	36720	39689	8.09
Pay and Allowances	21065	21725	3.13	9819	11066	12.70
Goods and Services	11081	13086	18.09	2977	3663	23.04
Interest Payment	20350	23997	17.92	9117	11295	23.89
Domestic	18803	22505	19.69	8373	10586	26.43
Foreign	1548	1492	-3.62	744	709	-4.70
Subsidy and Transfer	36627	40655	11.00	14755	13585	-7.93
Others	172	236	37.21	52	80	53.85
2. Food Accounts	1233	-443	-135.93	2546	3437	35.00
3. Non-ADP Capital & Spending	24389	25962	6.45	4438	5756	29.70
Non-ADP Capital	7164	5655	-21.06	1319	2261	71.42
Net Lending	14061	16963	20.64	3039	2997	-1.38
Non-ADP Project	1465	1456	-0.61	48	371	672.92
FFW	1144	1299	13.55	0	0	-
Structural Adjustment	0	0	-	0	0	-

Development Expenditure under Revenue Budget	555	590	6.31	31	126	-
4. Development Spending	37532	49056	30.70	10263	12180	18.68
Total (1+2+3+4)	152450	174273	14.31	53967	61062	13.15
Total Spending (Percent of GDP)	14.64	14.67		4.54	5.14	

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

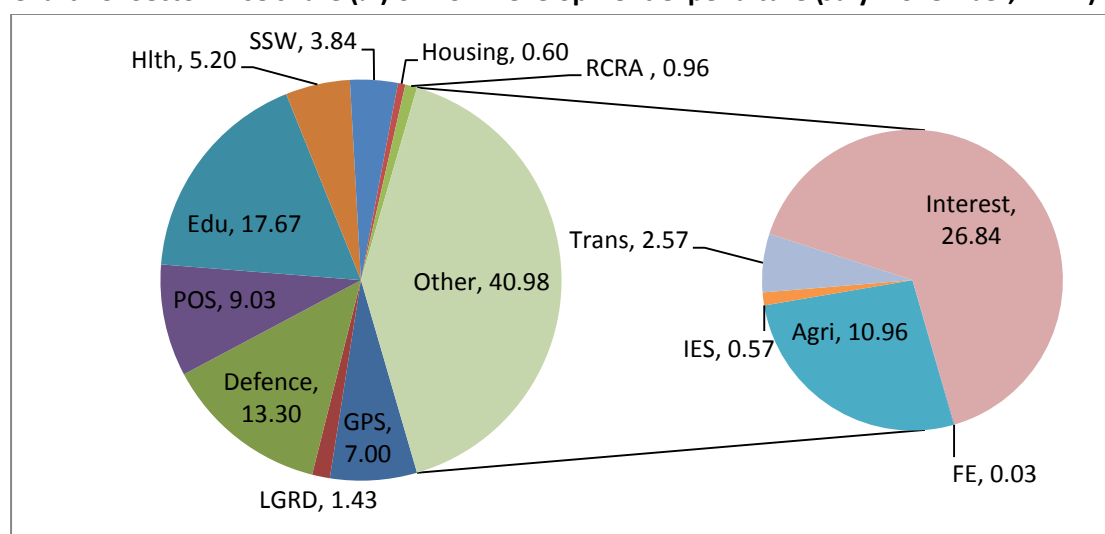
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 12-14)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-November, FY13) shows(chart 1.3) that Interest payment (26.9%) was the highest spending item followed by Education and Technology sector (17.7%) and defense service (13.3%).

Chart1.3: Sector wise share (%) of Non-Development expenditure (July-November, FY 14)

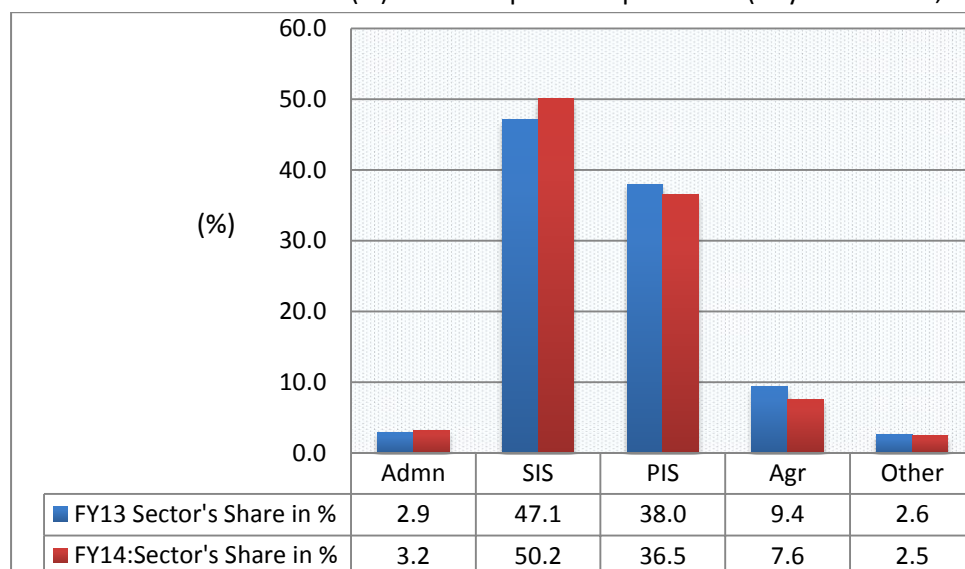


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 five months (July-November) of current fiscal year (FY14), highest share of spending went to social Infrastructure (50.2%) followed by expenditure on Physical Infrastructure (36.5%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-November, 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. Budget deficit during the first five months (July-November) of the current fiscal year (FY14) stood at 0.6 percent of GDP.

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-November, FY13	-3252	-0.3
July-November, FY14	-6657	-0.6

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 November, budget deficit was mainly financed by domestic bank borrowings.

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-November, FY13	81	8800	-5629	3253	0.3
July-November, FY14	-378	5913	1123	6658	0.6

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

1.8 Net Sales of NSD Certificates

Sale of NSD during July-November 2013 stood at Tk. 9013.62 crore which is 9.1 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-November of FY14 stood at Tk. 3369.41 crore against TK. 774.38 Crore compare to the same period of previous year (table 1.6).

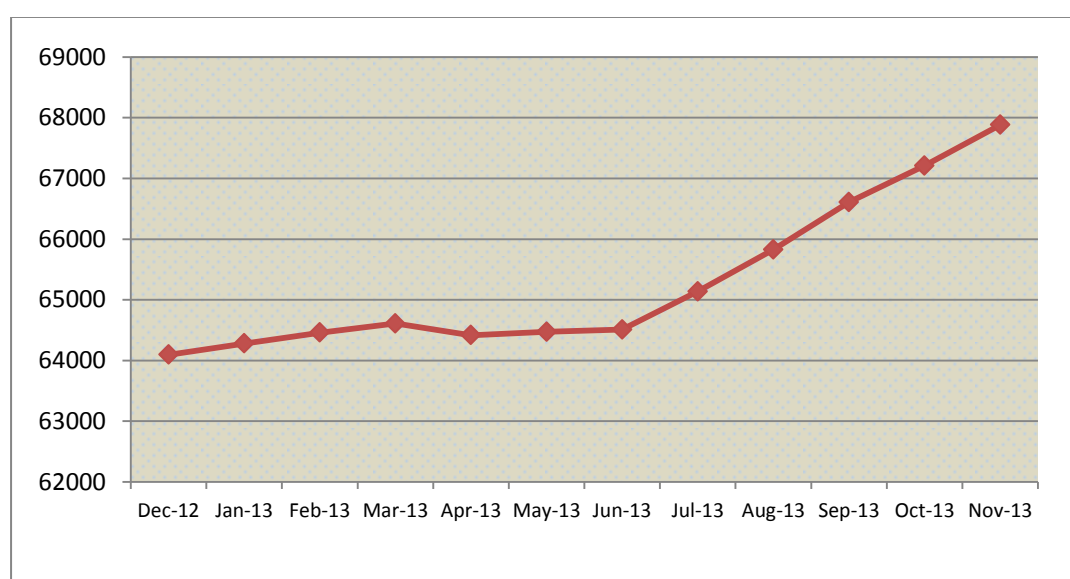
Table 1.6 Net Sales of NSD Certificates

(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-November, FY13	9911.98	9526.63	385.35	64302.69
July-November, FY14	9013.62	5644.21	3369.41	67879.84
Growth (%)	-9.06	-40.75	774.38	5.56

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 November, 2013 was 16.67 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 38.28 and 12.18 percent increase respectively. During the month, domestic credit expansion was quite remarkable (10.78 percent), due to growth of credit to private sector (11.13 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	November, 2013	FY 2013-14 (July-November)	November 2013 over November 2012
Net Foreign Assets of banking system	78818.70	113384.80	130723.40	17338.60 (+15.29)	36254.40 (+38.28)
Net Domestic Assets of Banking System	438290.80	490120.60	511852.50	21731.90 (+4.43)	55570.20 (+12.18)
Domestic Credit	518335.40	582583.30	597245.70	25508.60 (+4.46)	58102.30 (+10.78)
Public Sector	110433.80	130426.10	125159.50	5579.60 (+4.67)	10833.90 (+9.48)
Govt. (net)	92027.90	110352.80	113931.60	3806.90 (+3.46)	15337.30 (+15.56)
Other Public Sector	18405.90	20073.30	11227.90	1772.70 (+18.75)	-4503.40 (-28.63)
Private Sector	407901.60	452157.20	472086.20	19929.00 (+4.41)	47268.40 (+11.13)
Net other items	-80044.60	-98140.60	-85393.20	-3776.70 (+4.63)	-2532.10 (+3.06)
Broad Money	517109.5	603505.40	642575.90	39070.50 (+6.47)	91824.60 (+16.67)

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

2.2 Reserve money and money multiplier

Reserve money grew by 13.57 percent in November 2013 (table 2.2) compared to the same period of previous year. At the same time the value of reserve money multiplier decreased to 5.33 in November 2013 from 5.37 in November 2012.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June,2012	June, 2013	November, 2013	FY 2013-14 (July-Nov)	November 2013 over November 2012
Reserve money	97802.7	112489.40	120564.70	8075.30 (+7.18)	14410.30 (+13.57)
Reserve money multiplier	5.29	5.36	5.33	-0.04	0.14

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

Export earnings rose by 18.02 percent to \$11.96 billion during the July- November period of the current fiscal year compared to the same period last year due to increased shipment of garment products in the markets. The country's export earnings in November 2013 also witnessed a higher growth of 25.34 percent from the earnings of November 2012.

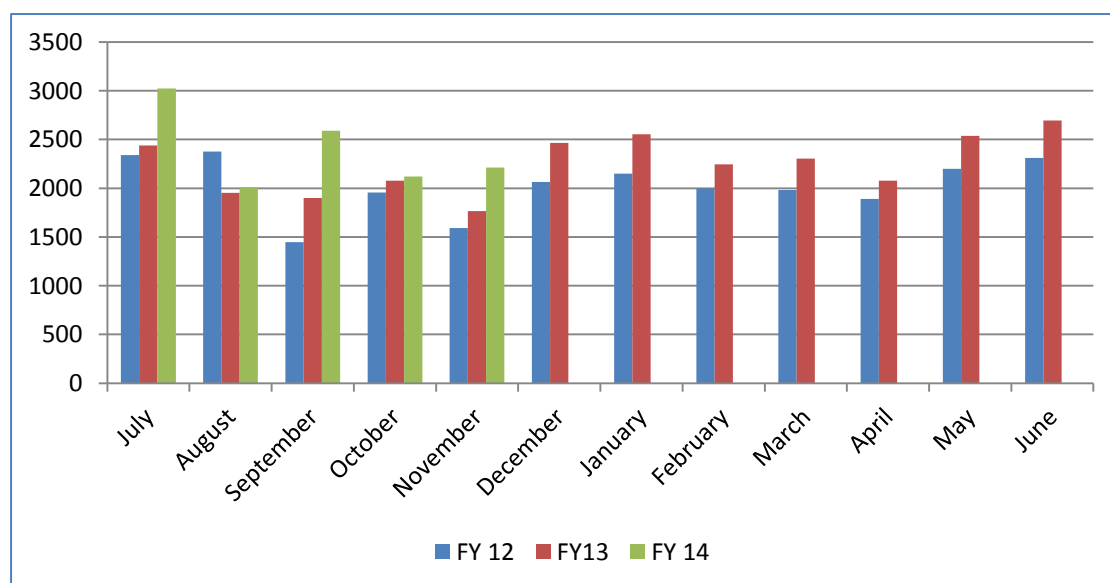
Table 3.1: Export Performance

(In million US\$)

	2011-12	2012-13	November, 2013	2013-14 (July-Nov)
Export	24287.6	27027.36	2212.44	11959.61
Growth (%)*	5.9	11.28	25.34	18.02

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

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



3.2 Imports (c & f)

Import payments in November, 2013 increased by 10.62 percent against November 2012. Fresh opening of import LCs in this period increased by 8.58 percent compared to November 2012. The growth of LC's settled also increased during the period.

Table 3.2: Import Scenario

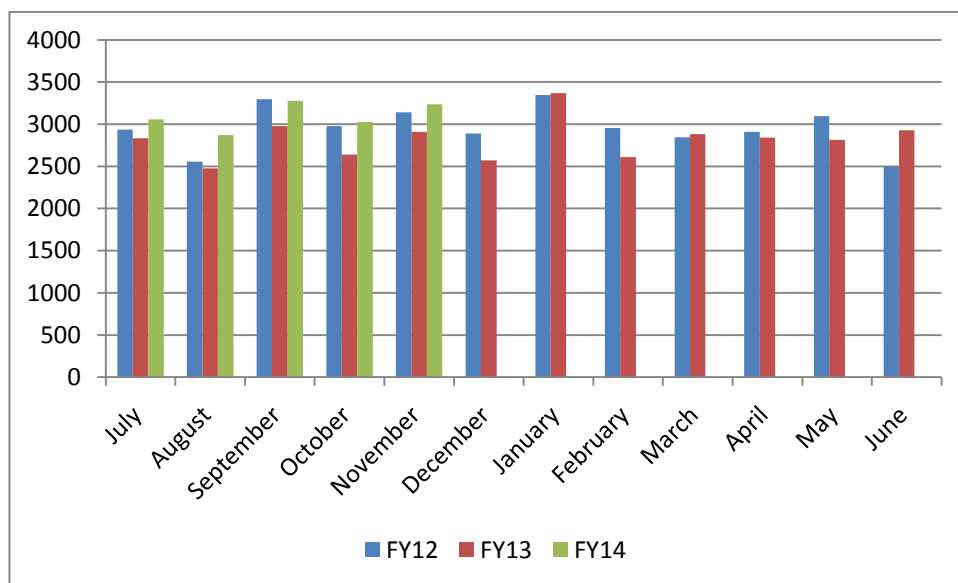
(In million US\$)

	2011-12	2012-13	2013-14 November	2013-14 July-Nov
Import payments	35516.3	33980.6	3235.50	15471.40
Growth (%)	5.5	-4.3	10.62	(+11.43)

LCs Opened	37035.8	35984.6	2977.02	15455.46
Growth (%)	-4.0	-2.8	8.58	(+8.84)
LCs Settled	34814.5	32356.7	2899.77	14548.43
Growth (%)	8.9	-7.1	10.27	(+9.01)

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 receipt decreased sharply in November, 2013 by 13.75 percent to USD 1061.45 than November 2012. In the first five months of FY14, remittances receipt is down by 9.03 percent compared to the same period of last fiscal.

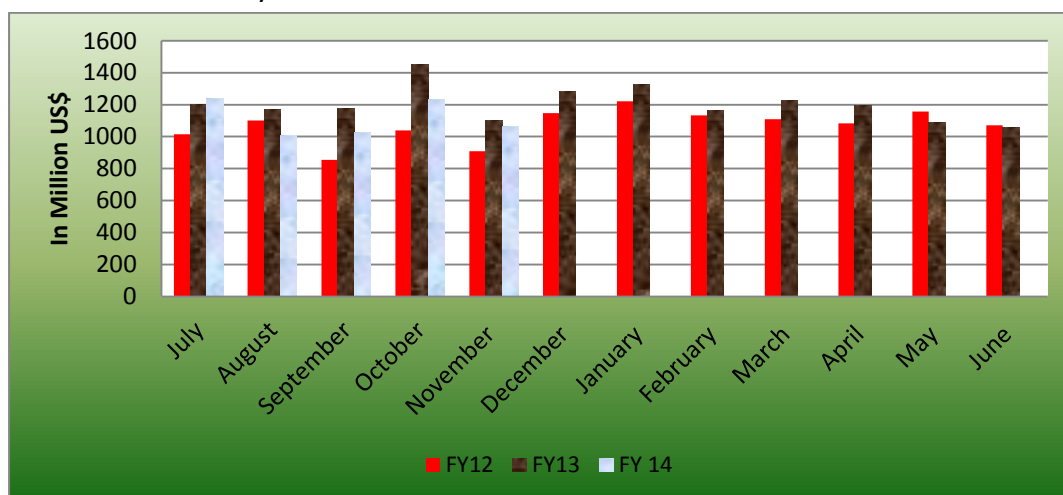
Table-3.3: Remittance Performance

(In million US\$)

	2011-12	2012-13	2013-14	2013-14
			November	July-Nov
Remittances	12843.4	14461.14	1061.45	5562.08
Growth (%)	10.2	12.6	-13.75	-9.03
As % of GDP	11.1	11.0	-	-
As % of Export	52.8	60.7	58.07	46.17

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

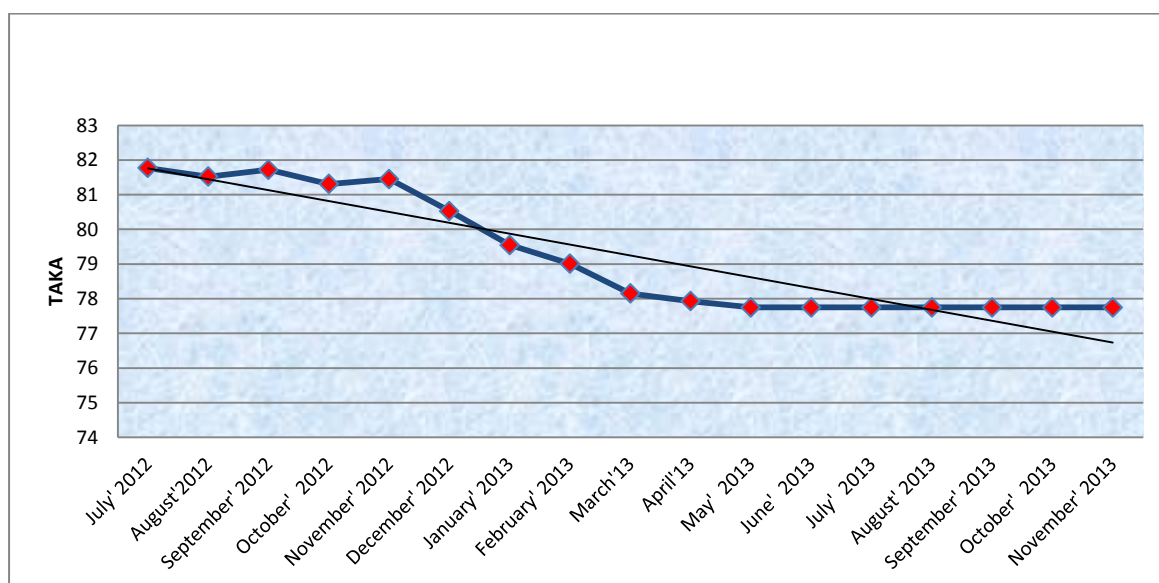
The exchange rate movement (monthly average) from July 2013 to November 2013 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since July 2013. Exchange rate in July-November period of FY14 is almost static.

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
Oct	77.75	77.75
Nov	77.75	77.75

Source: Bangladesh Bank

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



3.5 External Reserve

The gross foreign exchange reserves of BB stood lower at USD17105.88 million (with ACU liability of USD344.11 million) as of end November 2013, against USD17345.70 million (with ACU liability of USD889.31 million) as of end October 2013. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 5.69 months according to imports of USD2946.68 million per month based on the preceding 12 months average.

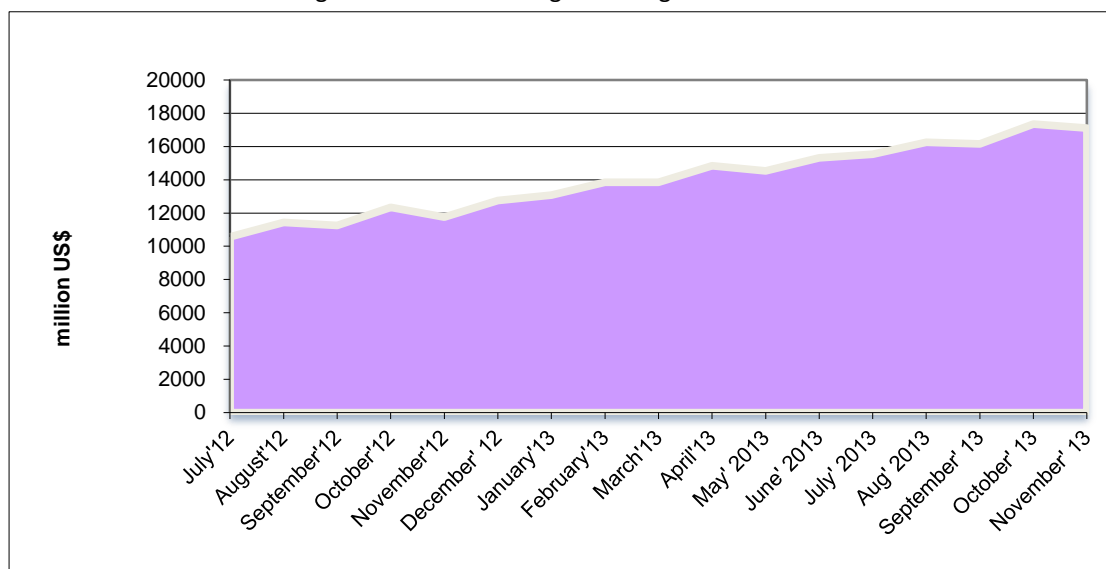
Table 3.5: Foreign Exchange Reserve

(In million US\$)

	2010-11	2011-12	2012-13	As on end of November, 2013
Reserve	10911.5	10364.43	15315.23	17105.88
In month of import payment	3.9	3.2	5.22	5.69

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 country's trade deficit declined to \$2.25 billion in the first five months of the current financial year from \$3.49 billion in the corresponding period of the FY13. But the large inflow of workers' remittances in the period contributed to a current account surplus of USD1384 million during July-November, 2013. Foreign direct investment and portfolio investment contributed to financial account surplus of USD765 million during the same period. This together results a surplus of USD2040 million in overall balances during July-November, 2013 against a surplus of USD1752 million during July-November, 2012.

Table 3.6: Balance of Payments

(In million US\$)

	2011-12 ^R (July-June)	2012-13 ^P (July-June)	2012-13 ^R (July-Nov)	2013-14 ^P (July-Nov)
Trade Balance	-9320	-7010	-3494	-2246
Current Account Balance	-447	2525	433	1384
Capital Account	482	588	190	211
Financial Account	1436	2779	1870	765
Overall Balance	494	5128	1752	2040

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

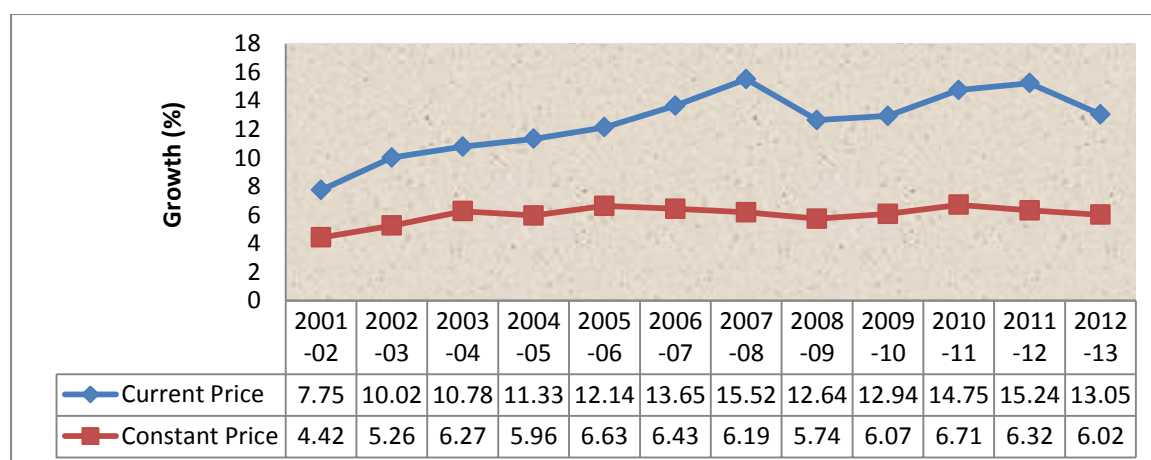
According to base year 2005-06 provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044.

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

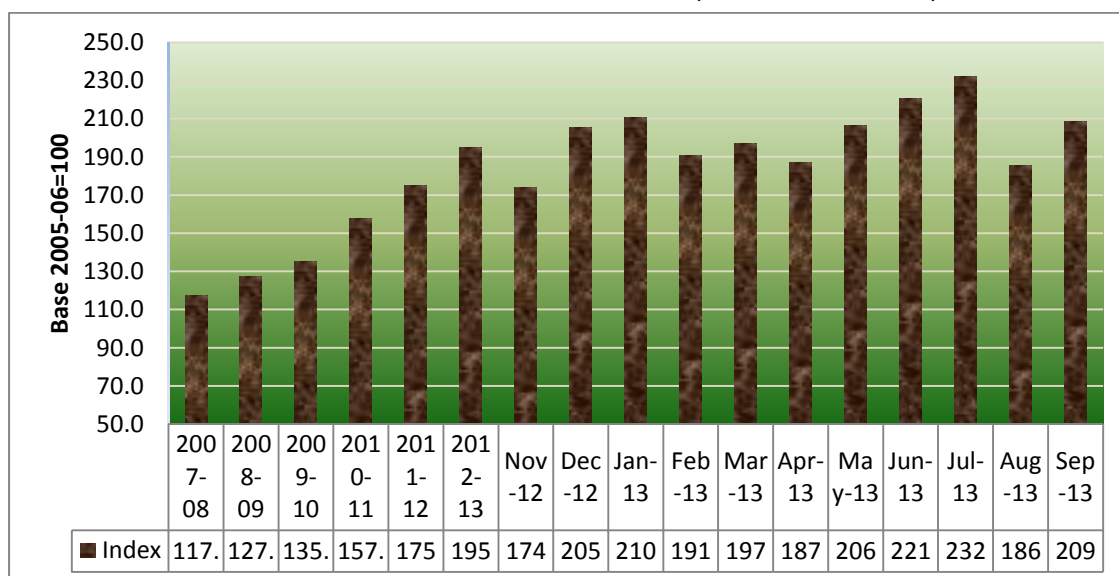
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 178.59 in September 2012 and became 208.67 in September 2013 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) 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 November 2013, the rate of inflation (national) on point-to-point basis was 7.15 percent, of which, food and non-food inflation were 8.55 percent and 5.08 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
October	7.47	7.23	7.83
November	7.51	7.62	7.36

Source: Bangladesh Bank

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

