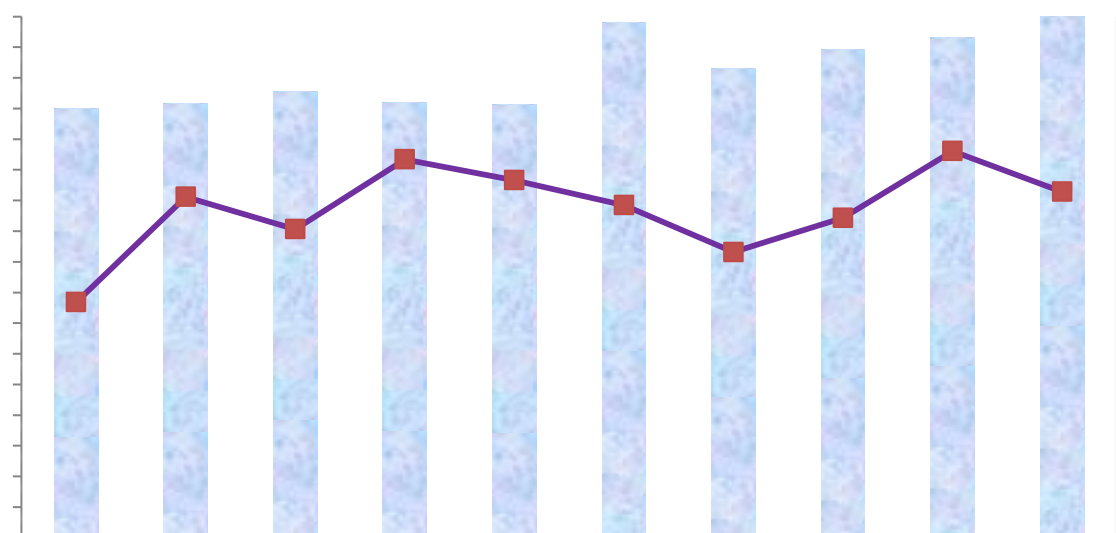




MONTHLY REPORT ON FISCAL-MACRO POSITION

February, 2014



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Executive Summary

The February 2014 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-February period of FY14 total revenue grew by 12.3 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by around 23.3 percent.

Monetary Sector

Broad Money supply increased by 15.30 percent in February of FY14 compared to the same month of previous year mainly due to 11.32 percent growth in domestic credit. Reserve money growth during this period was 13.32 percent.

External Sector

Export growth was 6.36 percent in the month of February of FY14 over that of the corresponding period of the previous fiscal. Import payments in February of FY14 increased by 15.69 percent and remittance earning grew by 0.07 percent in the same period. But low pressure in import causes increase in foreign exchange reserve to US\$19150.53 million that is equivalent to import payments for 6.24 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 February, 2014 the rate of inflation (national) on point-to-point basis was 7.44 percent, of which, food and non-food inflation were 8.84 percent and 5.37 percent respectively. Slow growth in industrial sector resulted in a little positive change in Quantum Index of Industrial Production which was 205.39 in February, 2013 and became 206.36 in February 2014

1. FISCAL SECTOR

1.1 Revenue Earnings

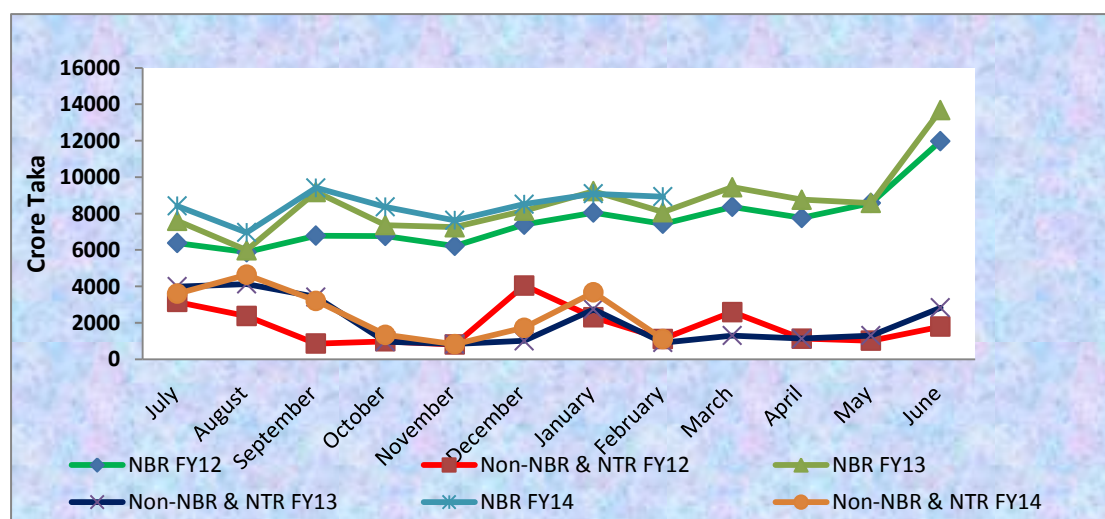
An increasing trend was observed in government revenue earnings over the last fiscal year which slowed slightly during the period of July to February of the current fiscal year. Total revenue collection in FY13 increased by 12.34 percent compared to the same period of previous fiscal year. This rate slowed to 8.24 percent in the first eight months (July-February) 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 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-February, FY13	62856	2592	15403	80852
July-February, FY14	67328	2743	17445	87517
Growth(%) over (July-Feb.), FY13	7.11	5.83	13.26	8.24

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

Chart 1.1: Monthly Trend of Revenue earnings (FY12-FY14)



1.2 Grants

Grants receipts recorded a notable increase of 83.7 percent in FY 13 compared to FY12. However, the grant receipts decreased by around 25 percent to TK. 741 crore during the first eight months (July-February) of the current fiscal year (FY14) against TK. 992 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-February, FY13
			July-February	July-February	
3560	6599	83.7	992	741	-25.3

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 23.4 percent in the first eight months (July-February) of current fiscal year compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 21.1 percent in July to February of FY14 compared to the same period of previous fiscal year (table-1.3). The current spending, on the other hand grew slowly by 9.0 percent in July to February of FY14 compared to the corresponding periods of previous fiscal year. Of current spending, spending on goods and services and interest payment grew at a high rate of 28.9 percent and 17.8 percent respectively. Spending on pay and allowances increased by 16.0 percent. As percentage of GDP, government expenditure stood at 8.7 percent during July to February of FY14, slightly increasing from 7.1 percent over the same period of FY13. 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 to February of FY14, ADP expenditure stood at TK.25218 Crore, recording 4.2 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

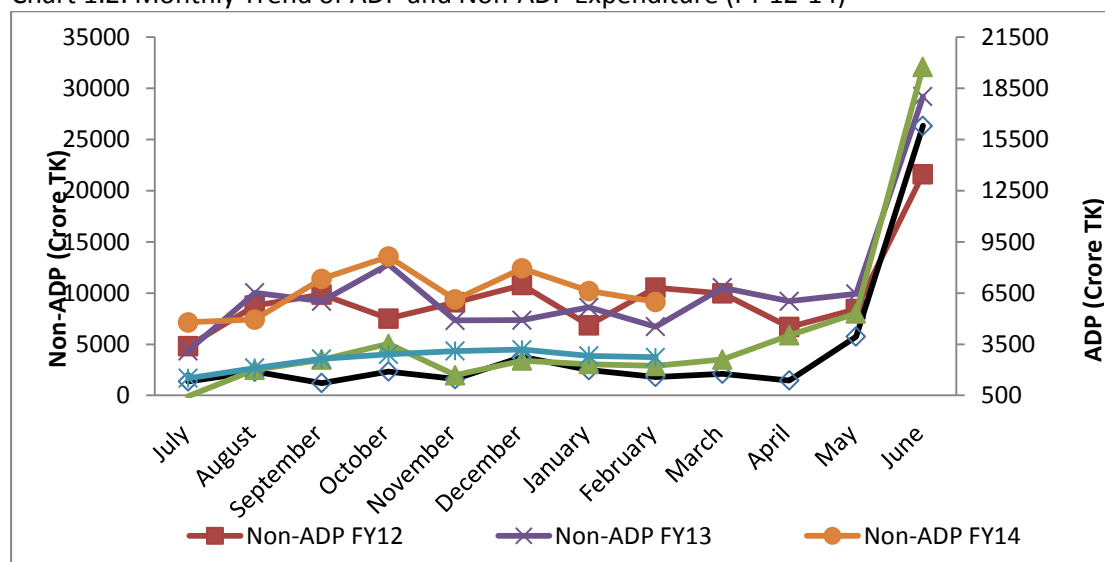
(Crore Taka)

	2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July-February, FY13
				July - February	July - February	
1. Current Spending	89296	99698	11.65	57832	63050	9.02
Pay and Allowances	21065	21725	3.13	14775	17144	16.03
Goods and Services	11081	13086	18.09	5625	7254	28.96
Interest Payment	20350	23997	17.92	14692	17306	17.79
Domestic	18803	22505	19.69	13445	16141	20.05
Foreign	1548	1492	-3.62	1247	1165	-6.58
Subsidy and Transfer	36627	40655	11.00	22576	21208	-6.06
Others	172	236	37.21	163	138	-15.34
2. Food Accounts	1233	-443	-135.93	2718	5134	88.89
3. Non-ADP Capital & Spending	24389	25962	6.45	5915	14198	140.03
Non-ADP Capital	7164	5655	-21.06	1790	8630	382.12
Net Lending	14061	16963	20.64	3853	4873	26.47
Non-ADP Project	1465	1456	-0.61	168	371	120.83
FFW	1144	1299	13.55	0	0	-
Structural Adjustment	0	0	-	0	0	-

Development Expenditure under Revenue Budget	555	590	6.31	104	323	-
4. Development Spending	37532	49056	30.70	17366	21031	21.10
Total (1+2+3+4)	152450	174273	14.31	83831	103413	23.36
Total Spending (Percent of GDP)	14.64	14.67		7.06	8.70	

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

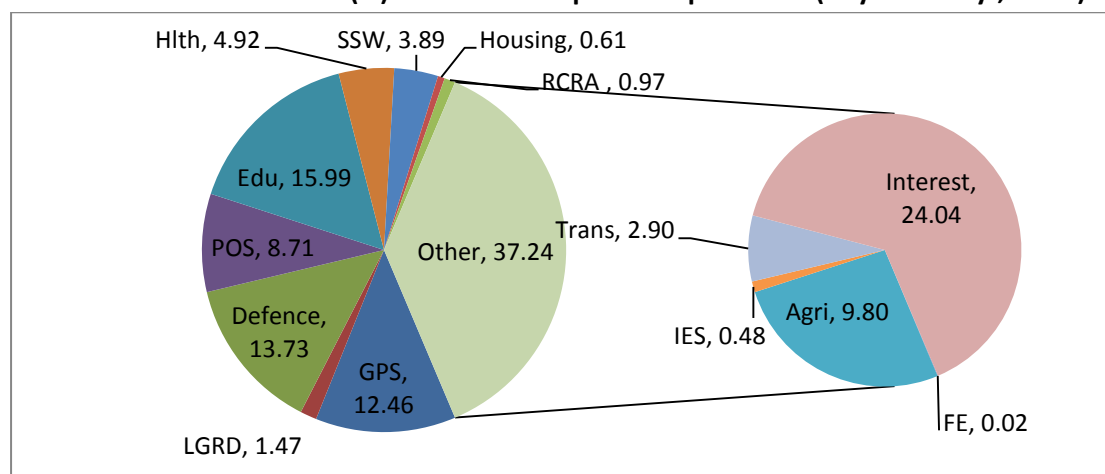
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 12-14)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-February, FY14) shows (chart 1.3) that Interest payment (24.04%) was the highest spending item followed by Education and Technology sector (15.9%) and defense service (13.7%).

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

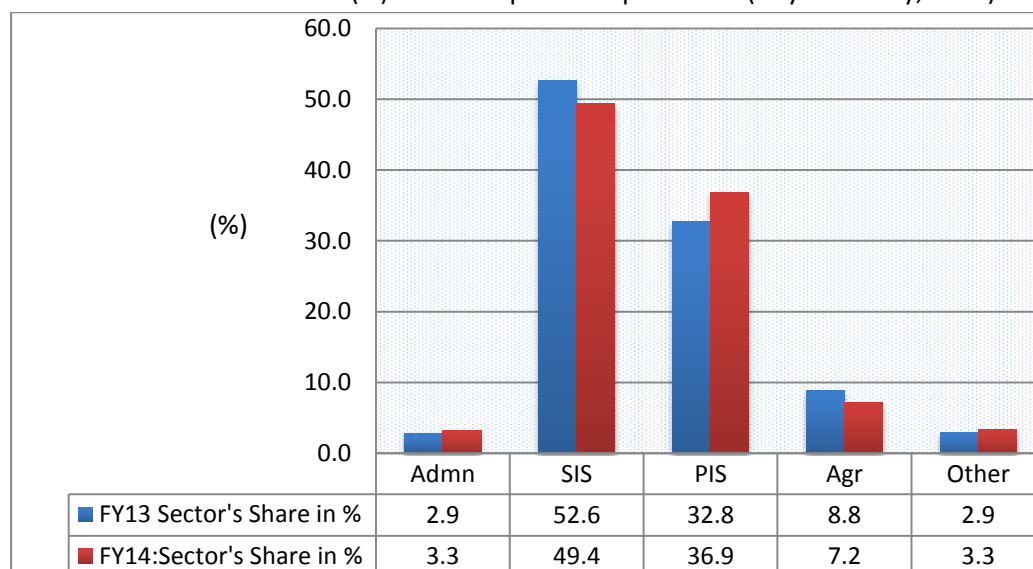


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 eight months (July-February) of current fiscal year (FY14), highest share of spending went to social Infrastructure (49.4%) followed by expenditure on Physical Infrastructure (36.9%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-February, 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; Agri= 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 eight months (July-February) of the current fiscal year (FY14) stood at 1.3 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-February, FY13	-1988	-0.3
July-February, FY14	-15151	-1.3

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 February, 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-February, FY13	385	8499	-6865	2019	0.3
July-February, FY14	114	10080	4964	15158	1.3

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

1.8 Net Sales of NSD Certificates

Sale of NSD during July-February of FY14 stood at Tk. 14955.34 crore which is 5.1 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-February of FY14 stood at Tk. 6245.61 crore against TK. 542.77 Crore compare to the same period of previous year (table 1.6).

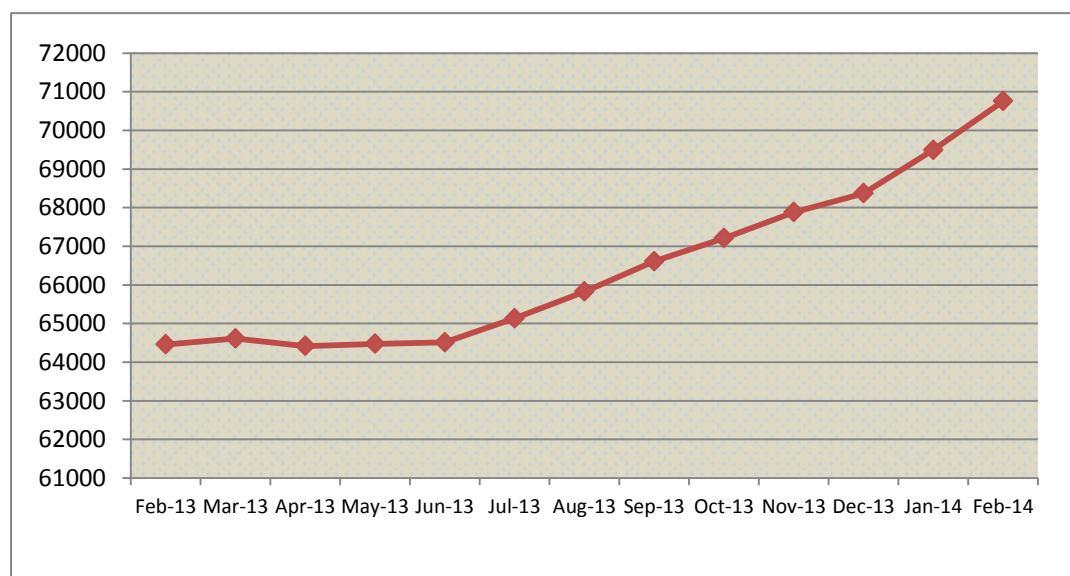
Table 1.6 Net Sales of NSD Certificates

(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-February, FY13	15753.90	15211.13	542.77	64460.11
July-February, FY14	14955.34	8709.73	6245.61	69493.87
Growth (%)	-5.07	-42.74	1050.7	9.77

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 February, 2014 was 18.90 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 32.67 and 13.64 percent increase respectively. During the month, domestic credit expansion was quite remarkable (12.62 percent), due to growth of credit to private sector (13.96 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	February, 2014	FY 2013-14 (July-February)	February 2014 over February 2013
Net Foreign Assets of banking system	78818.70	113384.80	143171.30	29786.50 (+26.27)	38604.20 (+36.92)
Net Domestic Assets of Banking System	438290.80	490120.60	519140.10	29019.50 (+5.92)	52025.00 (+11.14)
Domestic Credit	518335.40	582583.30	608809.30	37072.20 (+6.48)	61207.80 (+11.18)
Public Sector	110433.80	130426.10	128632.90	9053.00 (+7.57)	14659.90 (+12.86)
Govt. (net)	92027.90	110352.80	116020.60	5895.90 (+5.35)	18950.20 (+19.52)
Other Public Sector	18405.90	20073.30	12612.30	3157.10 (+33.39)	-4290.30 (-25.38)
Private Sector	407901.60	452157.20	480176.40	28019.20 (+6.20)	46547.90 (+10.73)
Net other items	-80044.60	-98140.60	-89669.20	-8052.70 (+9.87)	-9182.80 (+11.41)
Broad Money	517109.5	603505.40	662311.40	58806.00 (+9.74)	90629.20 (+15.85)

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

2.2 Reserve money and money multiplier

Reserve money grew by 13.32 percent in February 2014 (table 2.2) compared to the same period of previous year. At the same time the value of reserve money multiplier increased to 5.45 in February 2014 from 5.30 in February 2013.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June,2012	June, 2013	February, 2014	FY 2013-14 (July-Feb)	February 2014 Over February 2013
Reserve money	97802.70	103246.00	121438.60	8949.20 (+7.96)	14270.90 (+13.32)
Reserve money multiplier	5.29	5.36	5.36	0.09	0.12

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

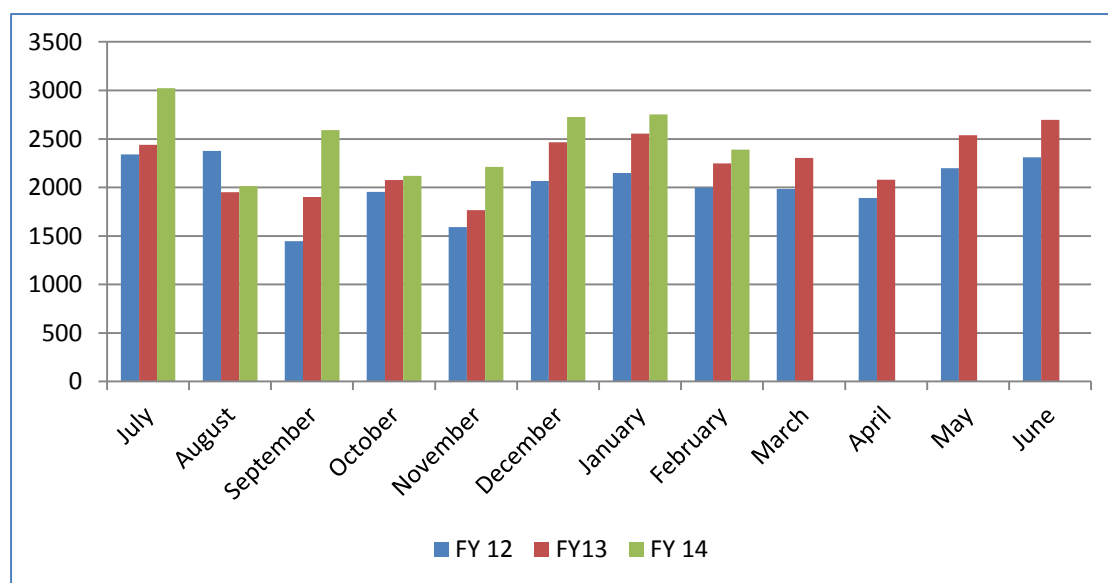
Export earnings rose by 13.96 percent to \$19.83 billion during the July-February period of the current fiscal year compared to the same period last year due to increased shipment of garment products in the markets. The country's export earnings in February 2014 also witnessed a higher growth of 7.36 percent from the earnings of February 2013.

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

	2011-12	2012-13	February, 2014	2013-14 (July-Feb)
Export	24287.6	27027.36	2389.42	19829.00
Growth (%)*	5.9	11.28	6.36	13.96

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 during July-February, 2013-14 higher by USD3683.40 million or 16.42 percent and stood at USD 26114.10million against 22430.70million during the same period of the preceding year.

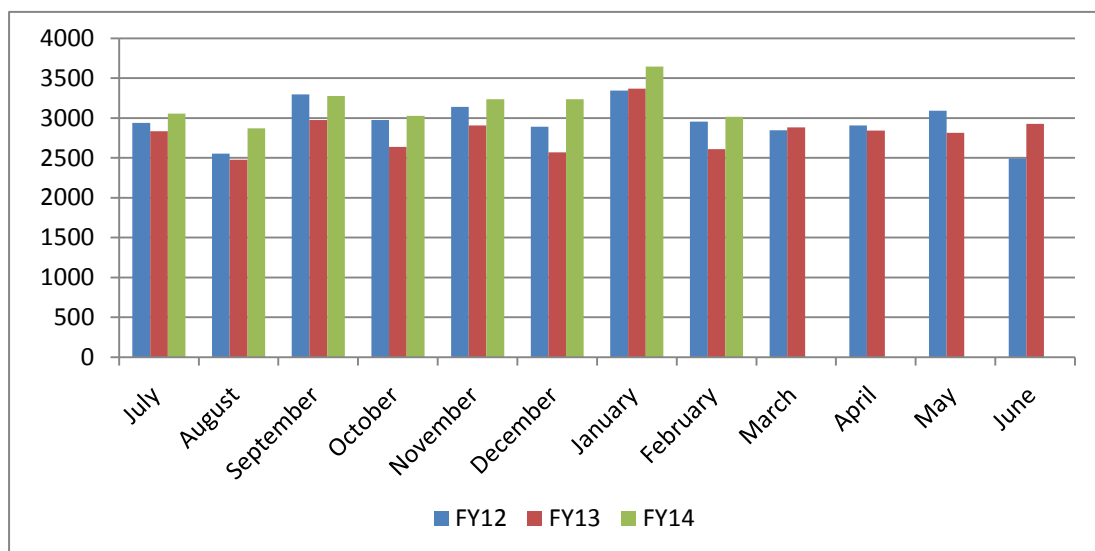
Table 3.2: Import Scenario (In million US\$)

	2011-12	2012-13	2013-14 February	2013-14 July-Feb
Import payments	35516.3	33980.6	3017.70	26114.10
Growth (%)	5.5	-4.3	15.69	(+16.42)

LCs Opened	37035.8	35984.6	3555.99	25978.60
Growth (%)	-4.0	-2.8	14.59	(+12.21)
LCs Settled	34814.5	32356.7	2906.99	24125.04
Growth (%)	8.9	-7.1	23.91	(+13.49)

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 increased in February, 2014 by 0.07 percent to USD 1164.03 million than January 2013. In the first seven months of FY14, remittances receipt is down by 7.03 percent compared to the same period of last fiscal.

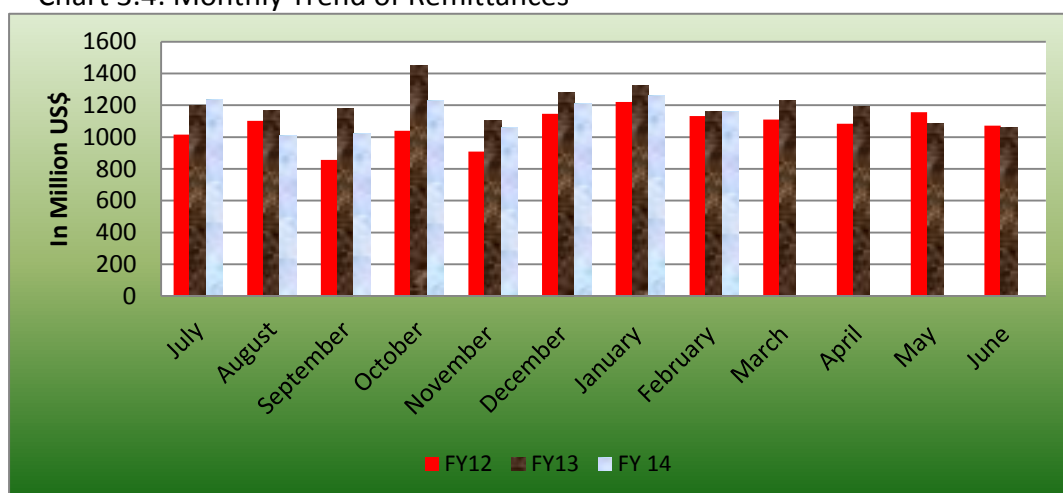
Table-3.3: Remittance Performance

(In million US\$)

	2011-12	2012-13	2013-14	2013-14
			February	July-Feb
Remittances	12843.4	14461.14	1164.03	9196.99
Growth (%)	10.2	12.6	+0.07	-7.03
As % of GDP	11.1	11.0	-	-
As % of Export	52.8	60.7	48.72	46.38

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

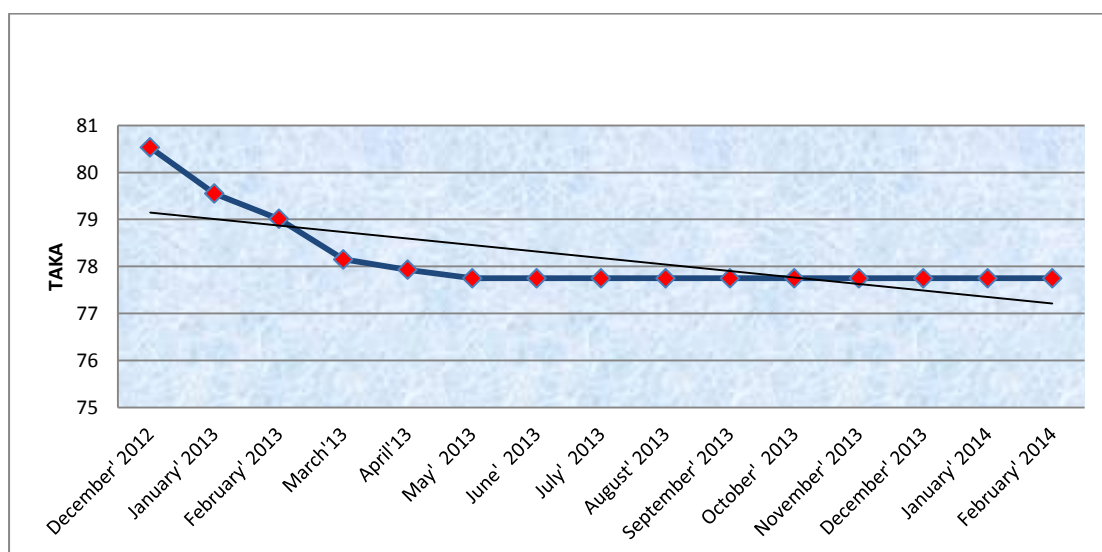
The exchange rate movement (monthly average) from July 2013 to January 2014 has been shown in Chart 3.4 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since July 2013. Exchange rate in July-February period of FY14 is almost static.

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
Dec	77.75	77.75
Jan	77.75	77.75
Feb	77.75	77.73

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 USD19150.53million (with ACU liability of USD959.60 million) as of end February 2014, against USD18119.11 million (with ACU liability of USD516.06 million) as of end January 2014. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 6.24 months according to imports payments of USD3069.83 million per month based on the preceding 12 months average.

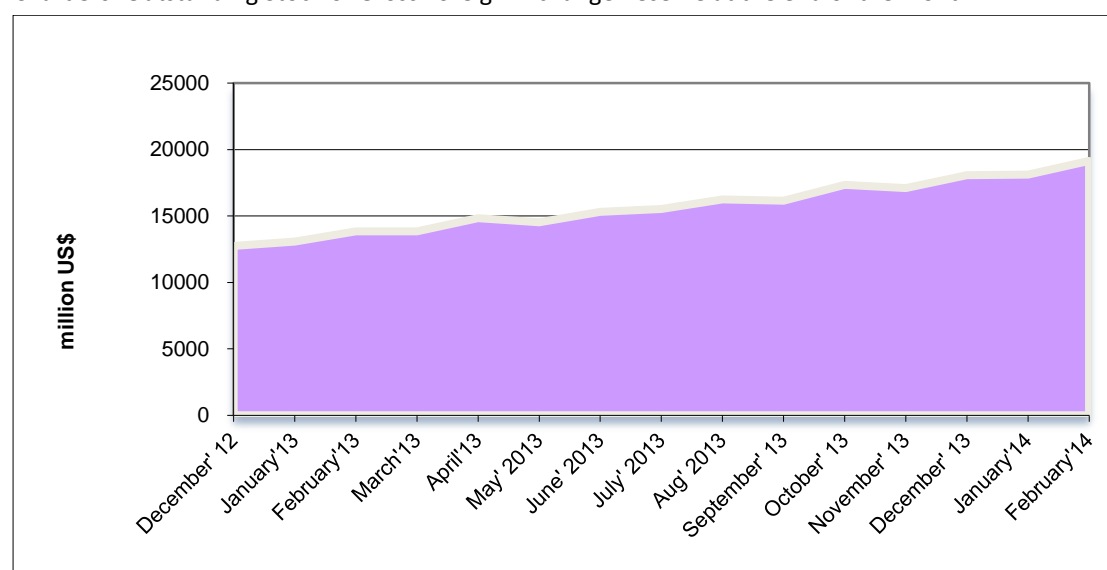
Table 3.5: Foreign Exchange Reserve

(In million US\$)

	2010-11	2011-12	2012-13	As on end of January, 2014
Reserve	10911.5	10364.43	15315.23	19150.53
In month of import payment	3.9	3.2	5.22	6.24

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 \$3.56 billion in the first eight months of the current financial year from \$4.60 billion in the corresponding period of the FY13 resulting from higher export receipt. Current account together with capital account surpluses resulted in a surplus of USD3329 million in overall balances during July-February, FY14 against a surplus of USD3506 million during July-February 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-Feb)	2013-14 ^P (July-Feb)
Trade Balance	-9320	-7010	-4599	-3561
Current Account Balance	-447	2525	1955	2020
Capital Account	482	588	382	296
Financial Account	1436	2779	2288	585
Overall Balance	494	5128	3506	3329

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

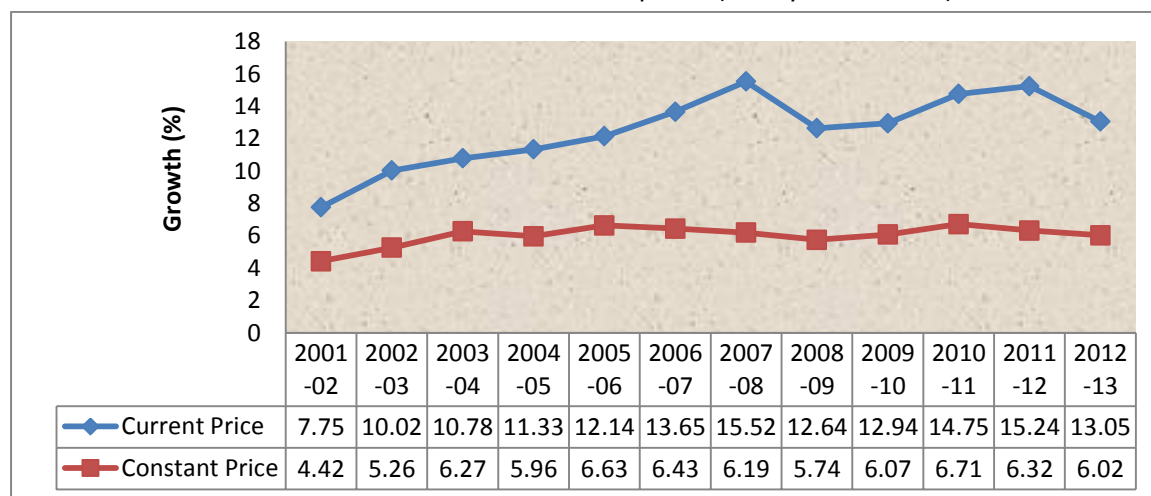
According to base year 2005-06 provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044.

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

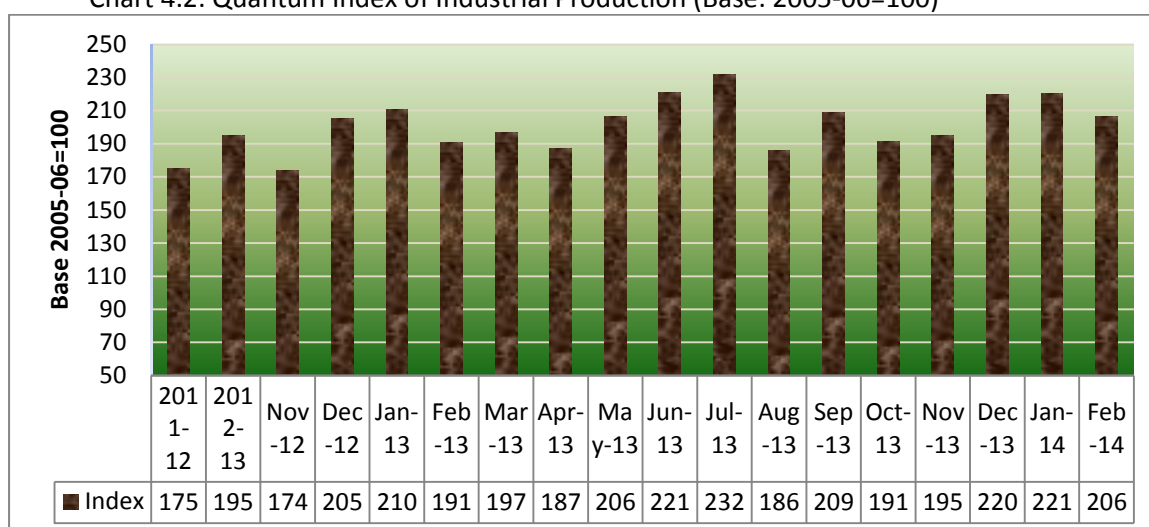
Slow growth in industrial sector resulted in a little positive change in Quantum Index of Industrial Production which was 205.39 in February, 2013 and became 206.36 in February 2014 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) 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
February, 2013	190.85	2.3
February, 2014	206.36	8.1

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

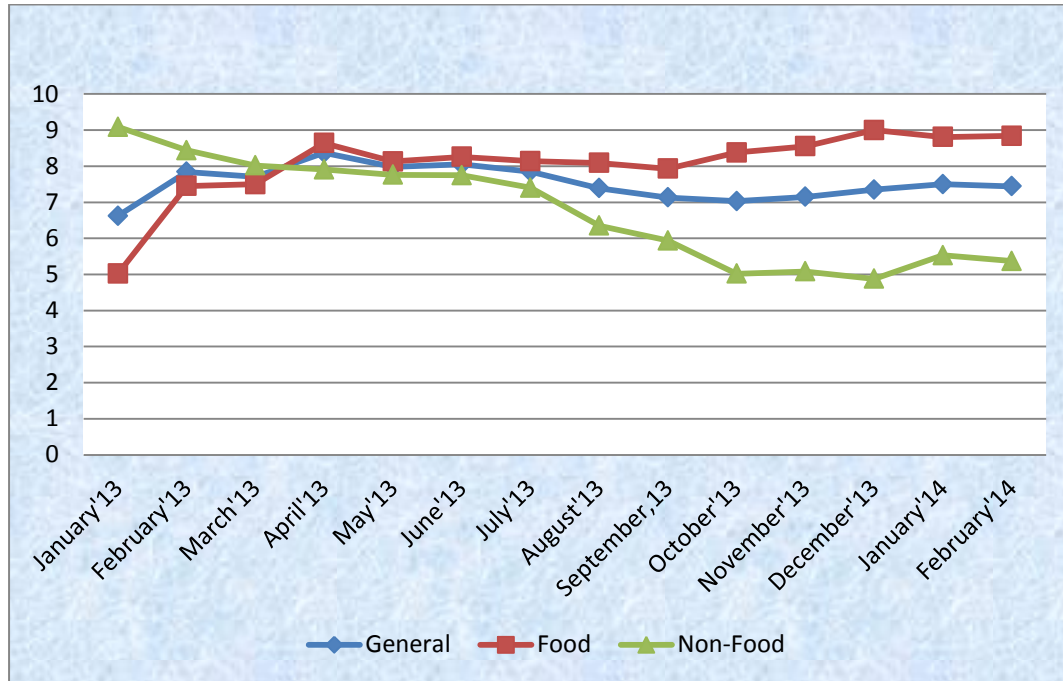
In FY13 the average rate of inflation (Twelve-Month Average Basis) was 6.78 percent (table-4.2). The food and non-food inflation were 5.22 percent and 9.17 percent respectively. In February, 2014 the rate of inflation (national) on point-to-point basis was 7.44 percent, of which, food and non-food inflation were 8.84 percent and 5.37 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
December	7.53	7.93	6.94
January	7.60	8.25	6.64
February	7.57	8.37	6.39

Source: Bangladesh Bank

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



Source: Bangladesh Bureau of Statistics