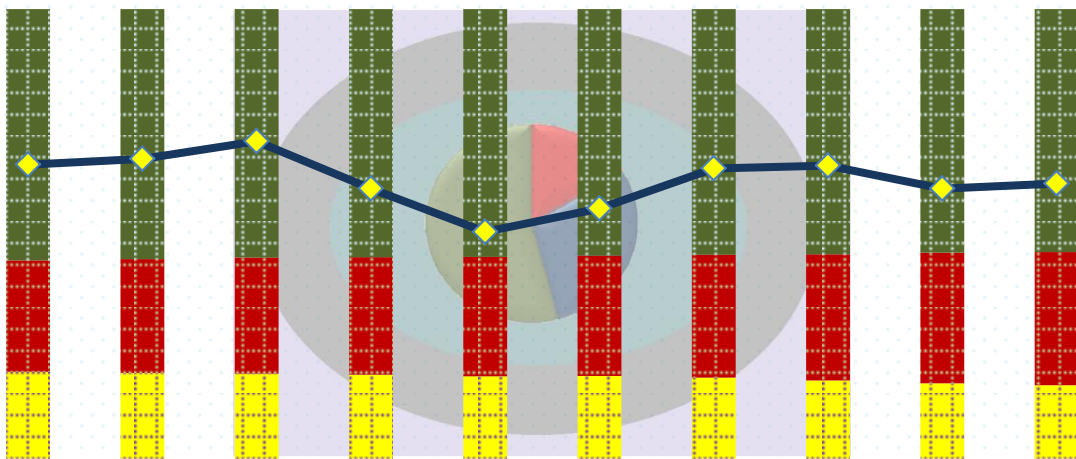




# MONTHLY REPORT ON FISCAL-MACRO POSITION

November, 2014



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## **Executive Summary**

The November 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 FY14. During July to November of the current FY15, total revenue collection declined by 0.35 percent compared to the same period of previous fiscal year whereas, total government spending reduced by 1.18 percent.

### **Monetary Sector**

Broad Money growth was 12.84 percent in November, 2014 compared to November 2013 mainly due to 25.4 percent growth in NFA. Reserve money growth in November 2014 over November 2013 was 14.31 percent.

### **External Sector**

Export earnings increased by 9.27 percent in November, 2014 compared with the same month of last fiscal. Import payments accelerated by 1.83 percent in November 2014 compared to November 2013 while the remittance receipt increased by 11.45 percent during the July- November of FY 15 compared with the same period of previous fiscal year. Foreign exchange reserve decreased to US\$ 21590.04 million at the end of November 2014 from US\$ 22312.45 million in October 2014.

### **Real Sector**

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190. The average rate of inflation (12-month average basis) was 7.35 percent. On point to point basis inflation was 6.21 percent in November 2014, of which, food and non-food inflation were 6.44 percent and 5.84 percent respectively. There was a positive change in Quantum Index of Industrial Production which was 213.22 in November 2013 and became 222.27 in November 2014.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

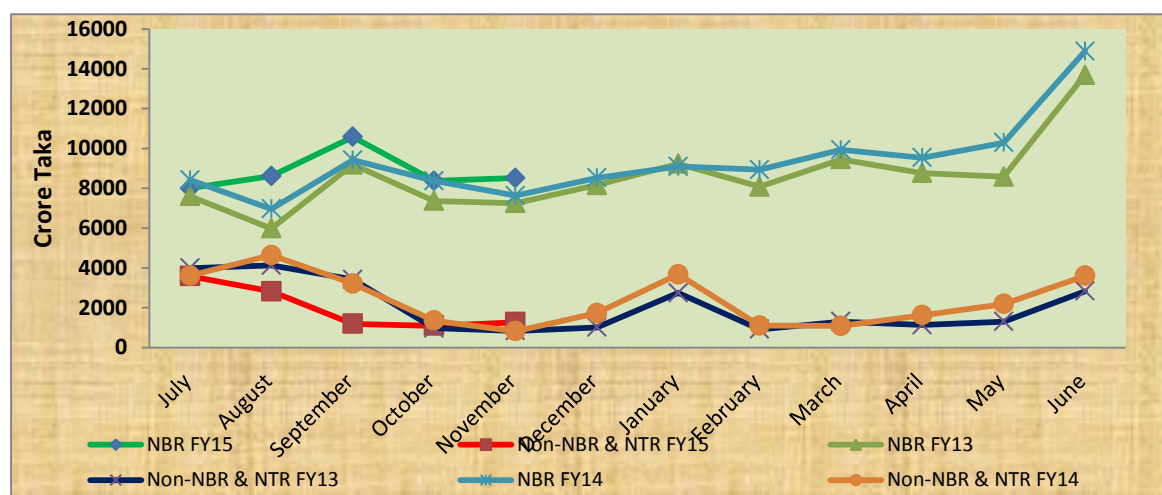
Total revenue earnings posted negative growth in the first five months of the current fiscal year (FY15). Both NBR and Non-NBR tax revenue growth was positive and close to prior year growth rates over the same period of earlier year. The dip in revenue growth was mainly due to less than expected growth in Non-Tax Revenue.

Table 1.1: Revenue Earning (Taka in Crore)

Period	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2012-13 (Actual)	103332	4121	20676	128129
2013-14 (Actual)	111961	4610	25032	141603
Growth (%)	8.35	11.87	21.07	10.52
July-November, FY14	40778	1642	12031	54452
July-November, FY15	44304	1787	8169	54260
Growth(%) over July-November, FY14	8.65	8.83	-32.10	-0.35

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

Chart 1.1: Monthly Trend of Revenue earnings (FY13-FY15)



### 1.2 Grants

Actual grants receipts fell by 10.4 percent in FY 14 compared to FY13. During July-November of FY15, grant receipts decreased by around 16 percent to TK. 266 crore against TK. 317 crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants (Taka in crore)

2012-13 (Actual)	2013-14 (Actual)	Growth (%)	2013-14 July-Nov.	2014-15 July-Nov.	Growth (%) over July-November, FY14
6879	6165	-10.4	317	266	-16.30

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

### 1.3 Government Expenditure

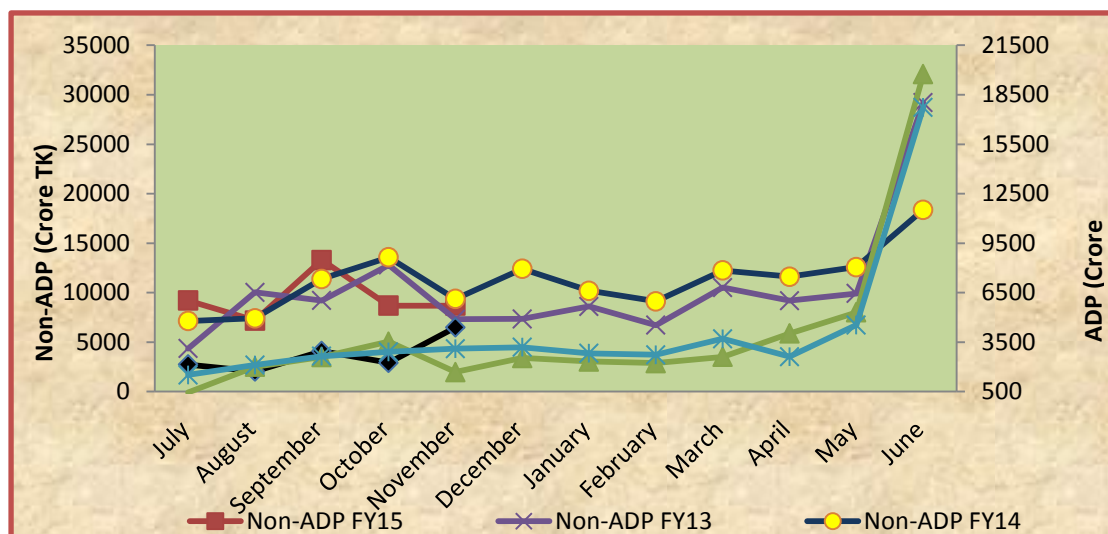
Total government expenditure, comprising current and ADP expenditure, decreased in the initial five months of current FY15 by 1.18 percent compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 9.67 percent in July-November period of FY15 compared to same period of last fiscal (table-1.3). The current spending grew by 1.54 percent compared to the corresponding period of FY14. 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. 13156 crore during the first five months (July-November) of FY15, recording 20 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (Crore Taka)

	2012-13	2013-14	Growth (%)	2013-14 July-November	2014-15 July-November	Growth (%) over July-November, FY14
<b>1. Current Spending</b>	<b>99374</b>	<b>110946</b>	<b>11.64</b>	<b>39792</b>	<b>40403</b>	1.54
Pay and Allowances	21634	26382	21.95	11089	12707	14.59
Goods and Services	13024	15701	20.55	3723	3838	3.09
Interest Payment	23915	27632	15.54	11295	11009	-2.53
Domestic	22322	26027	16.60	10586	10338	-2.34
Foreign	1593	1604	0.69	709	672	-5.22
Subsidy and Transfer	40617	40995	0.93	13605	12779	-6.07
Others	184	236	28.26	80	70	-12.50
<b>2. Food Accounts</b>	<b>-440</b>	<b>2435</b>	<b>-653.41</b>	<b>3437</b>	<b>2659</b>	-22.64
<b>3. Non-ADP Capital &amp; Spending</b>	<b>25605</b>	<b>25574</b>	<b>-0.12</b>	<b>5755</b>	<b>4011</b>	-30.30
Non-ADP Capital	4943	14028	183.80	2261	2556	13.05
Net Lending	16964	7724	-54.47	2996	1150	-61.62
Non-ADP Project	1802	2078	15.32	371	242	-34.77
FFW	1299	1027	-20.94	0	0	
Structural Adjustment	0	0	-	0	0	
Development Expenditure under Revenue Budget	597	717	20.10	126	63	-50.00
<b>4. Development Spending</b>	<b>49473</b>	<b>54967</b>	<b>11.11</b>	<b>12280</b>	<b>13467</b>	9.67
<b>Total (1+2+3+4)</b>	<b>174012</b>	<b>193922</b>	<b>11.44</b>	<b>61265</b>	<b>60540</b>	-1.18
<b>Total Spending (Percent of GDP)</b>	<b>14.51</b>	<b>14.35</b>		<b>4.54</b>	<b>3.96</b>	

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

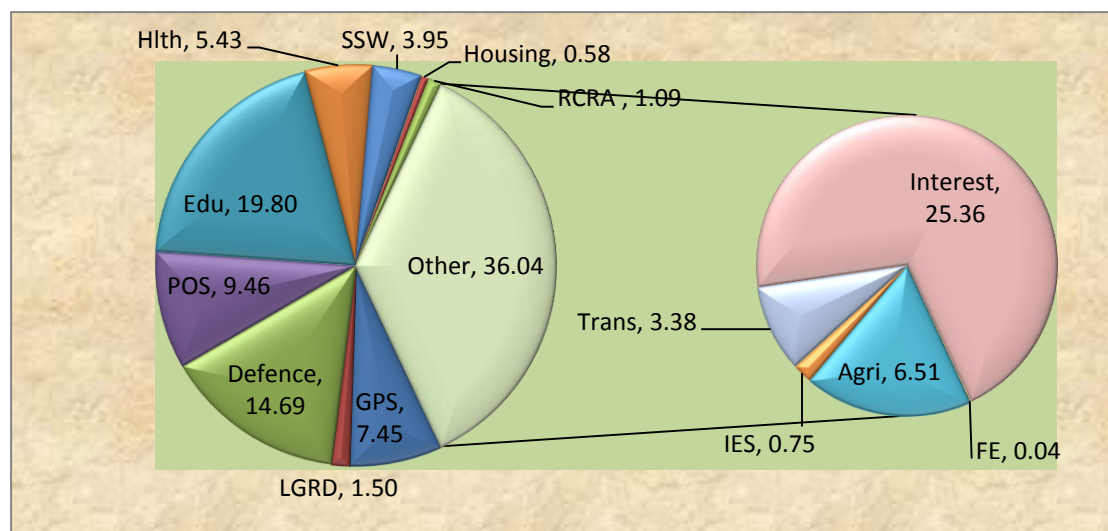
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 13-15)



#### 1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-November, FY15) shows (chart 1.3) that interest payment (25.4%) was the highest spending item followed by education and technology sector (19.8%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-November, FY 15)

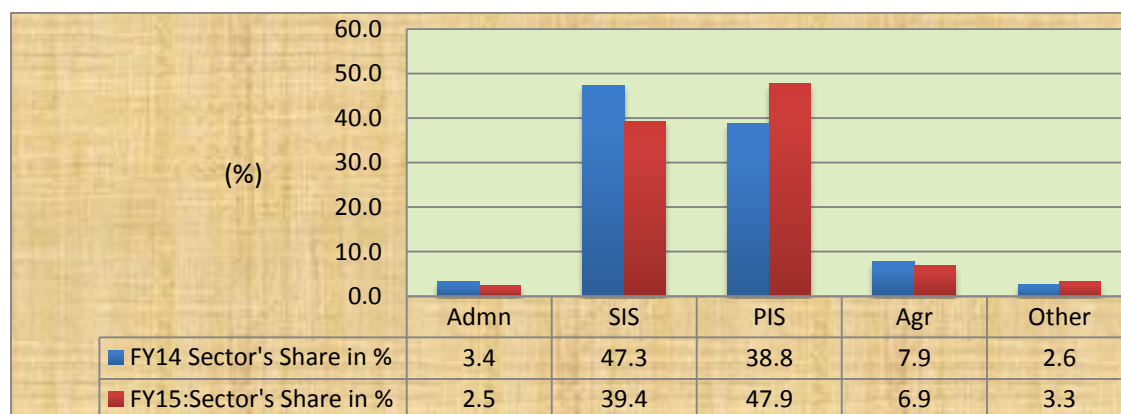


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 of current fiscal year (FY15), highest share of spending went to Physical Infrastructure (47.9%) followed by expenditure on social Infrastructure (39.4%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-November, FY15)



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 including grants at the end of FY14 stood at 3.4 percent of GDP (Base year 2005-06), which was 3.3 percent in FY13. Overall budget deficit including grants during the first five months of the current fiscal year stood at -0.41 percent of GDP.

Table 1.4: Budget Balance (Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2012-13	-39005	-3.3
2013-14	-46148	-3.4
July-November, FY14	-6814	-0.5
July-November, FY15	-6281	-0.41

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

### 1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY13, whereas in FY14, budget deficit was mainly financed by non-bank borrowings (table 1.5). In the period of July to November of current fiscal (FY15) net financing from external sources was negative resulting in reduction of the Government liabilities to the external sources by Tk. 517 crore.

Table 1.5: Deficit Financing

(In Crore Taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2012-13	5812	27464	5729	39005	3.3
2013-14	3271	18168	24718	46157	3.4
July-November, FY14	-378	5914	1280	6816	0.51
July-November, FY15	-517	3756	3045	6284	0.41

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

### 1.8 Net Sale of NSD Certificates

Sale of NSD certificate during July to November of current FY15 stood at Tk. 16421.77 crore which was 82.19 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 11241.99 crore by end of November 2014 (table 1.6).

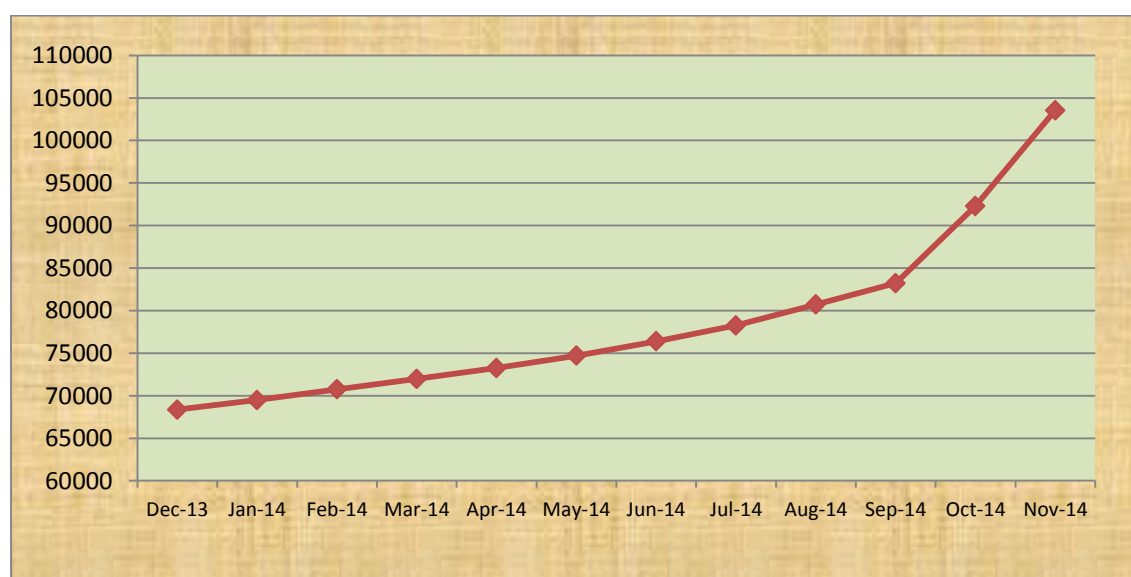
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2012-13	23326.77	22553.93	772.84	64690.18
2013-14	24309.59	12602.29	11707.30	76397.48
Growth (%)	4.21	-44.12	1415	18.10
July-November, FY14	9013.62	56444.21	3369.41	72855.94
July-November, FY15	16421.77	5179.78	11241.99	103538.08
Growth (%)	82.19	-90.82	233.65	42.11

Source: National Savings Directorate

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





## 2. MONETARY SECTOR

### 2.1 Monetary and credit development

Broad money (M2) growth in November, 2014 was 12.84 percent (table 2.1) compared to the previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 25.4 and 9.6 percent increase respectively. During the month of November 2014, domestic credit expansion was quite remarkable (11.0 percent), due to growth of credit to private sector (12.7 percent).

Table 2.1 Monetary and credit development

(Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Nov 13	Percentage changes	
	Jun-13	Jun-14	Nov-14	July-Nov FY 15	Nov 14 over Nov 13		July-Nov FY 15	Nov 14 over Nov 13
Net Foreign Assets	1132.5	1600.6	1637.2	36.7	331.3	1305.9	2.2	25.4
Net Domestic Asset	4902.6	5405.7	5613.4	207.8	493.6	5119.9	3.7	9.6
Domestic Credit	5717.4	6379.1	6620.4	241.3	655.6	5964.8	3.6	11.0
Public Sector	1195.8	1302.7	1309.9	7.2	58.3	1251.6	0.6	4.7
Govt (Net)	1101.2	1175.3	1146.9	-28.4	7.6	1139.3	-2.5	0.7
Other Public Sector	94.6	127.4	163.0	35.6	50.7	112.3	21.8	45.1
Private sector	4521.6	5076.4	5310.5	234.1	597.3	4713.2	4.4	12.7
Net Other Item	-814.8	-973.4	-1007.0	-33.6	-162.0	-844.9	3.3	19.2
Broad Money	6035.1	7006.2	7250.7	244.4	824.9	6425.8	3.4	12.8

Source: Monthly Economic Trends, Bangladesh Bank

### 2.2 Reserve money and money multiplier

Reserve money grew by 14.31 percent in November 2014 over November 2013 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.26 at the end of November 2014 from 5.33 in November 2013.

Table 2.2: Reserve money and money multiplier

(Billion BDT)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June, 2013	June, 2014	November, 2014	July-November 2014-15	November 2014 over November 2013
Reserve money	1124.9	1298.8	1378.2	79.4 (+6.12)	172.5 (+14.31)
Money multiplier	5.36	5.39	5.26	-0.13	-0.07

Source: Bangladesh Bank.

### 3. EXTERNAL SECTOR

#### 3.1 Export

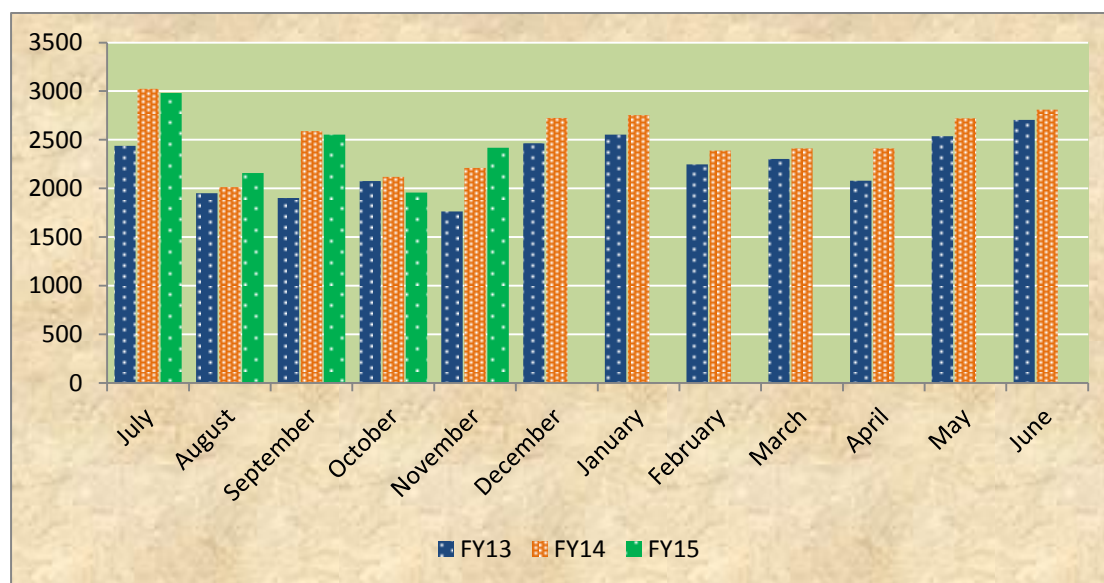
Export earnings increased by 0.92 percent and stood at \$12070.08 million during July-November of FY15 compared with the same period of last fiscal year. In November, 2014 country's export earnings witnessed a positive growth of 9.27 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance (Million US\$)

	2012-13	2013-14	July-November, 2014	November, 2014
<b>Export</b>	27027.36	30186.62	12070.08	2417.43
<b>Growth (%)*</b>	11.21	11.69	+0.92	+9.27

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)

During July-November of FY15, import payments grew by 11.98 percent and stood at USD 17084.0 million at the end of the period. In November, 2014 import was 1.83 percent higher than the same month of the previous fiscal year.

Table 3.2: Import Scenario

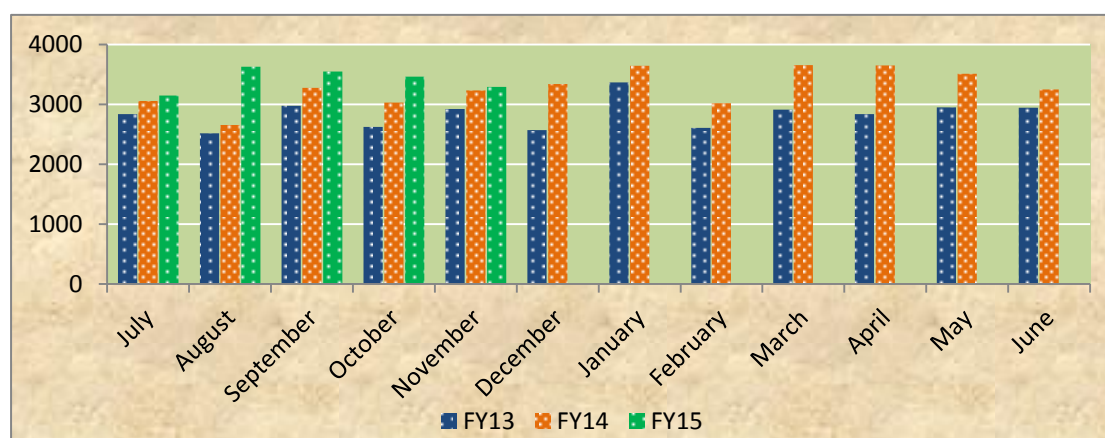
(Million US\$)

Item \ Period	2012-13	2013-14	2014-15 July-November	2014-15 November
Import payments	34083.6	40692.7	17084	3294.7
Growth (%)	-4.03	+19.39	+11.98	+1.83
LCs Opened	35961.1	41818.6	17738.33	3760.76
Growth (%)	-2.9	+16.29	+14.77	+26.33
LCs Settled	32358.52	37188.84	16200.84	3259.60
Growth (%)	-7.05	+14.93	+11.36	+12.41

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

Chart 3.3: Monthly Trend of Import Payments

(In million US\$)



### 3.3 Remittance

Remittances receipt increased by 11.45 percent in November, 2014 and stood at US\$ 1182.94 which was US\$ 1061.44 in November, 2013. As a consequence, remittance income increased by 11.68 percent to US\$ 6212.09 during July-November of FY 15 from US\$ 5562.54 million of the same period of the previous fiscal year.

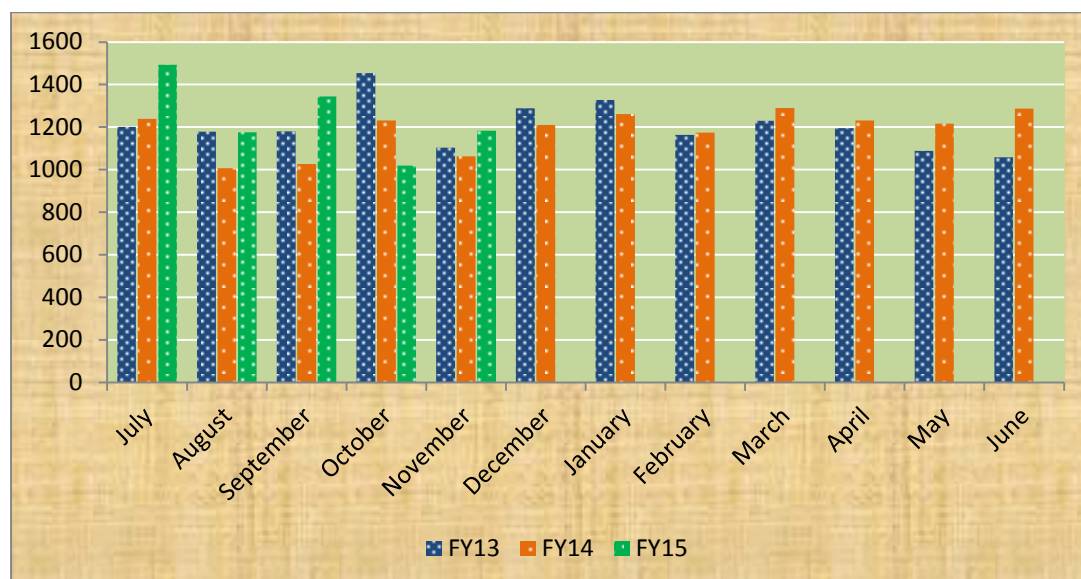
Table-3.3: Remittance Performance

(In million US\$)

	2012-13	2013-14	2014-15 July-November	2014-15 November
Remittances	14461.14	14228.31	6212.09	1182.94
Growth (%)	12.6	-1.61	11.68	11.45
As % of GDP	9.38	8.19	-	-
As % of Export	53.50	47.14	51.47	48.93

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances (Million US\$)



### 3.4 Exchange Rate Movements

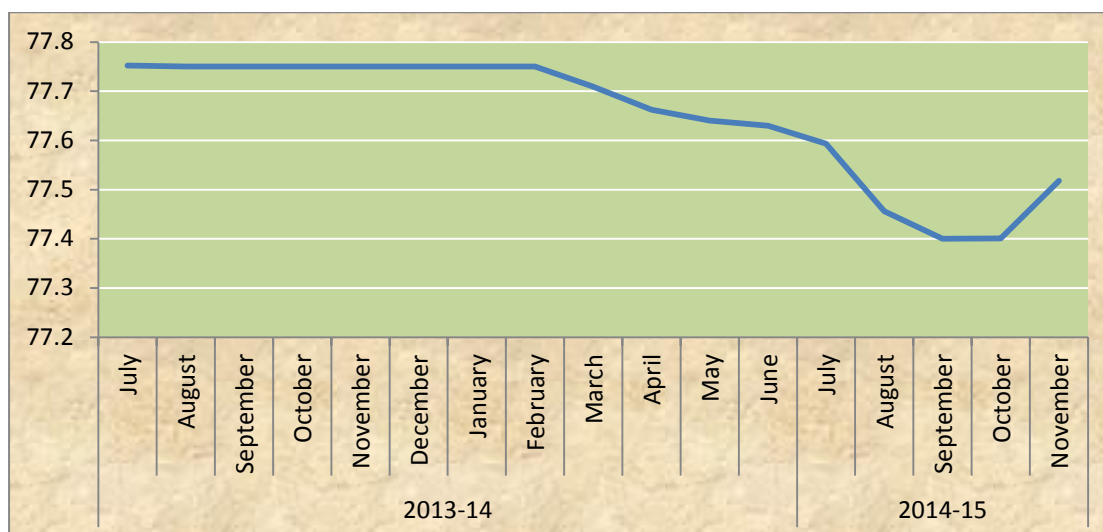
The exchange rate movement (monthly average) from July 2013 to September 2014 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. Recently it has been depreciated slightly.

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

Period	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.44
2010-11	71.22	74.15
2011-12	81.88	81.82
2012-13	<b>77.75</b>	77.76
2013-14	77.72	77.63
<b>2014-15</b>		
July	77.59	77.52
August	77.46	77.40
September	77.40	77.40
October	77.40	77.40
November	77.51	77.70

Source: Bangladesh Bank

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



### 3.5 External Reserve

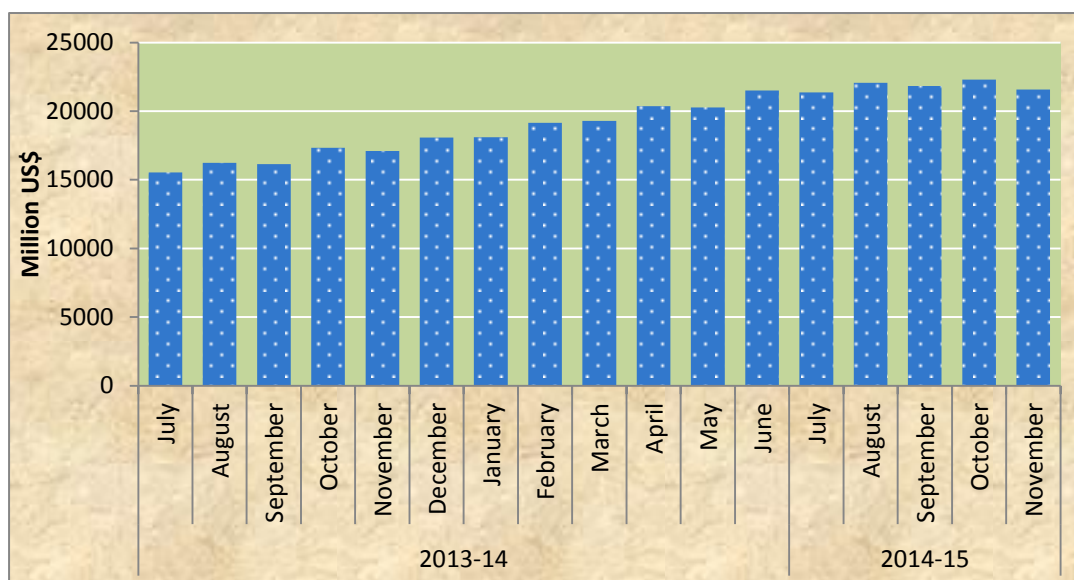
The gross foreign exchange reserve of Bangladesh Bank decreased to 21590.04 million US\$ in November 2014 which is 3.24 percent lower than the US\$ 22312.45 million in the previous month. The gross foreign exchange balances held abroad by commercial banks increased to US\$ 2097.64 million by the end November, 2014 against US\$ 2040.22 million by the end October, 2014. This was also significantly higher than the balance of US\$ 1444.23 million at end of November, 2013. The gross foreign exchange reserves, with ACU liability is equivalent to import payments of 6.32 months according to imports of US\$ 3416.8 million per month based on the preceding 12 months average.

Table 3.5: Foreign Exchange Reserve (Million US\$)

	2011-12	2012-13	2013-14	As on end of November, 2014
Reserve	10364.43	15315.23	21508.0	21590.04
In month of import payment	3.2	5.22	6.56	6.32

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 increased to US\$ 4481 million in the July-November period of the current financial year from US\$ 2250 million in the corresponding period of the FY14. Current account balance was negative US\$ 1316 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1157 million in overall balances during July-November FY15. However, it is 43.3 percent smaller than the surplus of USD 2040 million during the same period of previous fiscal year.

Table 3.6: Balance of Payments (Million US\$)

	2012-13 <sup>R</sup> (July-June)	2013-14 <sup>P</sup> (July-June)	2013-14 <sup>R</sup> (July-November)	2014-15 <sup>P</sup> (July-November)
Trade Balance	-7009	-6806	-2250	-4481
Current Account Balance	2388	1547	1127	-1316
Capital Account	629	644	211	132
Financial Account	2863	2788	1	2831
Overall Balance	5128	5483	2040	1157

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

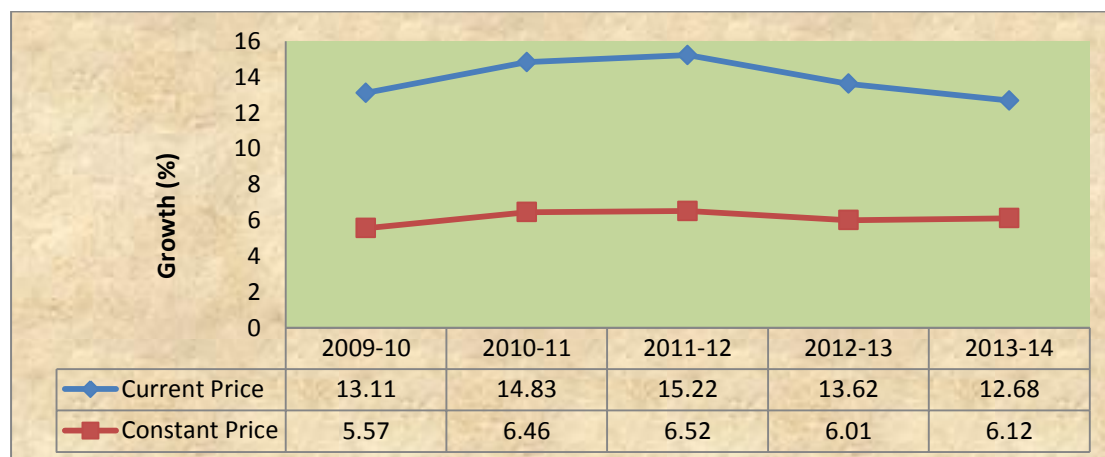
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190.

Table 4.1 Real sector indicators

Concepts	Unit	FY 10	FY 11	FY 12	FY 13	FY 14 <sup>P</sup>
GDP at constant prices	Billion BDT	6070.9	6463.4	6884.9	7298.9	7745.3
Growth	%	5.57	6.46	6.52	6.01	6.12
GDP at current prices	Billion BDT	7975.3	9158.2	10552.1	11989.2	13509.2
Growth	%	13.11	14.83	15.22	13.62	12.68
GNI at current prices	Billion BDT	8621.4	9883.4	11445.1	12953.5	14409.3
Per capita GDP	BDT	53961	61198	69614	78009	86731
Per capita GNI	BDT	58332	66044	75505	84283	92510
Per capita GDP	US\$	780	860	880	976	1115
Per capita GNI	US\$	843	928	955	1054	1190

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



### 4.2 Quantum Index of Industrial Production

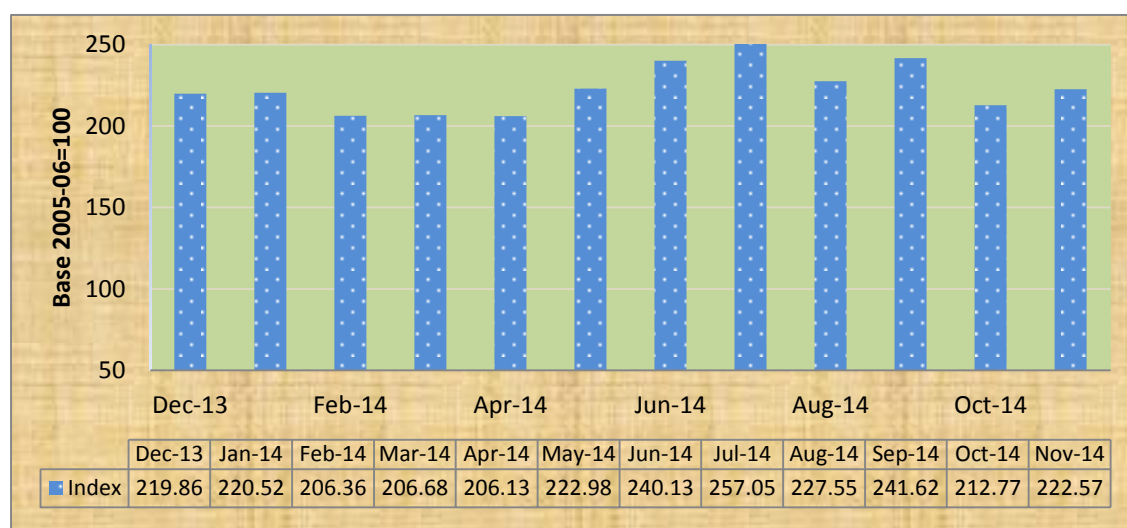
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 185.68 in August 2013 and became 227.55 in August 2014 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 8.3 percent in FY 14 which was 11.6 percent in FY 13.

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

Period	Index	Growth Rate (%)*
2009-10	135.01	5.9
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
2013-14	211.29	8.3
November, 2013	213.22	17.32
November, 2014	222.57	22.55

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 FY14 the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On point to point basis inflation was 6.21 percent in November 2014, of which, food and non-food inflation were 6.44 percent and 5.84 percent respectively.

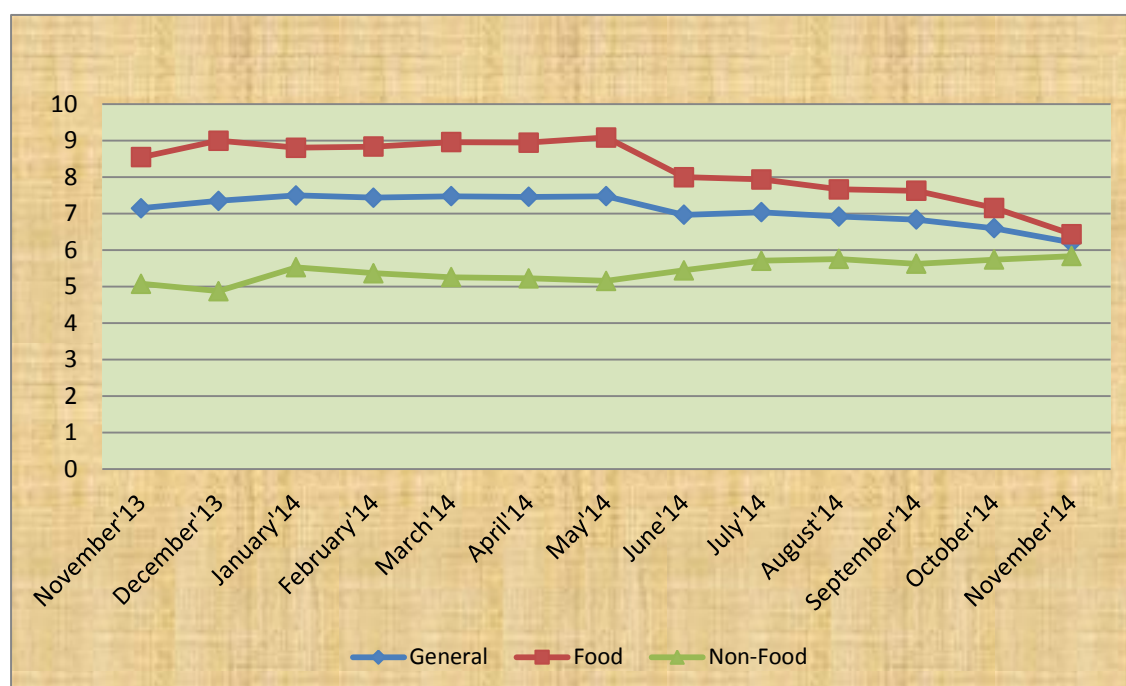
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Months Average Basis		
	National	Food	Non-Food
2013-14	7.35	8.57	5.54
2014-15	Twelve-Months Average Basis		
July	7.28	8.55	5.41
August	7.24	8.51	5.37
September	7.22	8.48	5.34
October	7.18	8.37	5.40
November	7.10	8.18	5.47

Source: Bangladesh Bureau of Statistics



Chart 4.3: Trends of Point to Point Inflation (Base 2005-06=100)



Source: Bangladesh Bureau of Statistics