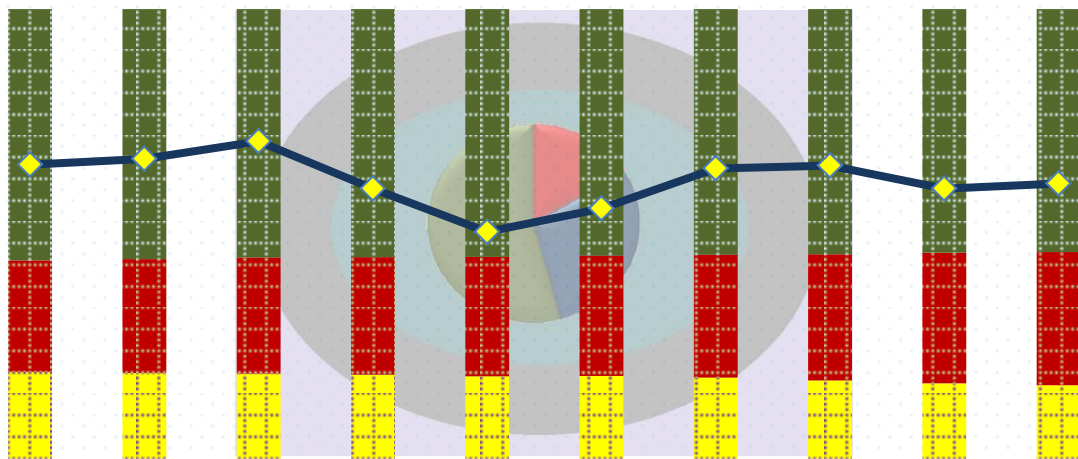




MONTHLY REPORT ON FISCAL-MACRO POSITION

December, 2014



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Executive Summary

The December 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 December of the current FY15, total revenue collection grew by 3.09 percent compared to the same period of previous fiscal year whereas, total government spending reduced by -0.10 percent.

Monetary Sector

Broad Money growth was 13.3 percent in December 2014 compared to December 2013 mainly due to 24.7 percent growth in NFA. Reserve money growth in December 2014 over December 2013 was 14.79 percent.

External Sector

Export earnings increased by 1.56 percent in December 2014 compared with the same month of last fiscal. Import payments accelerated by 8.47 percent in December 2014 compared to December 2013 while the remittance receipt increased by 10.55 percent during the July- December of FY 15 compared with the same period of previous fiscal year. Foreign exchange reserve increased to US\$ 22309.80 in December 2014 from US\$ 21590.04 million at the end of November.

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 6.99 percent in December 2014, of which, food and non-food inflation were 7.91 percent and 5.60 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 grew 3.09 percent in the first six 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 lower than expected revenue growth was mainly due negative growth in Non-Tax Revenue.

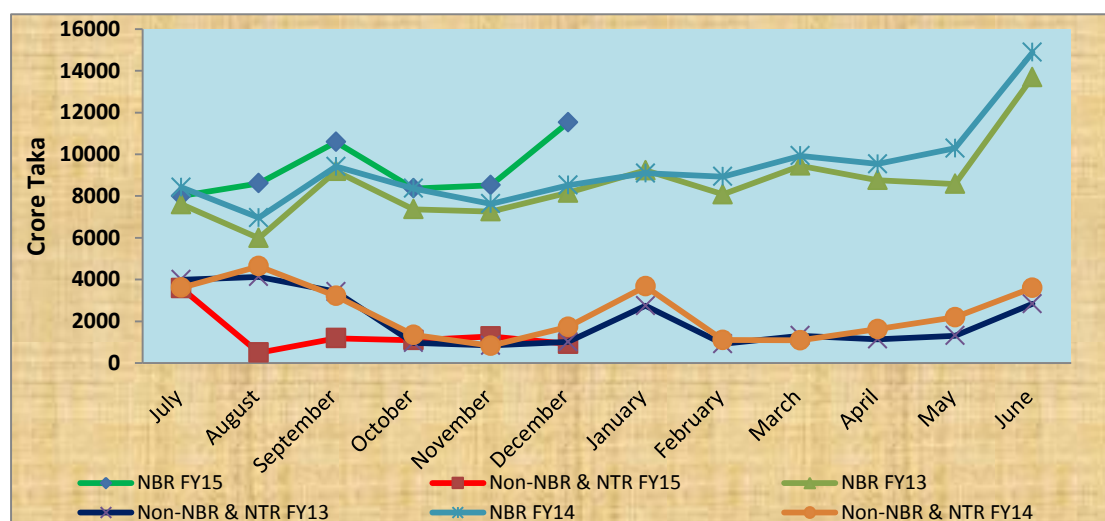
Table 1.1: Revenue Earning

(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-December, FY14	49298	1958	13445	64700
July-December, FY15	55824	2200	8672	66697
Growth(%) over July-December, FY14	13.24	12.36	-35.50	3.09

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-December of FY15, grant receipts decreased by around 10 percent to TK. 393 crore against TK. 437 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-Dec.	2014-15 July-Dec.	Growth (%) over July-December, FY14
6879	6165	-10.4	437	393	-10.07

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

1.3 Government Expenditure

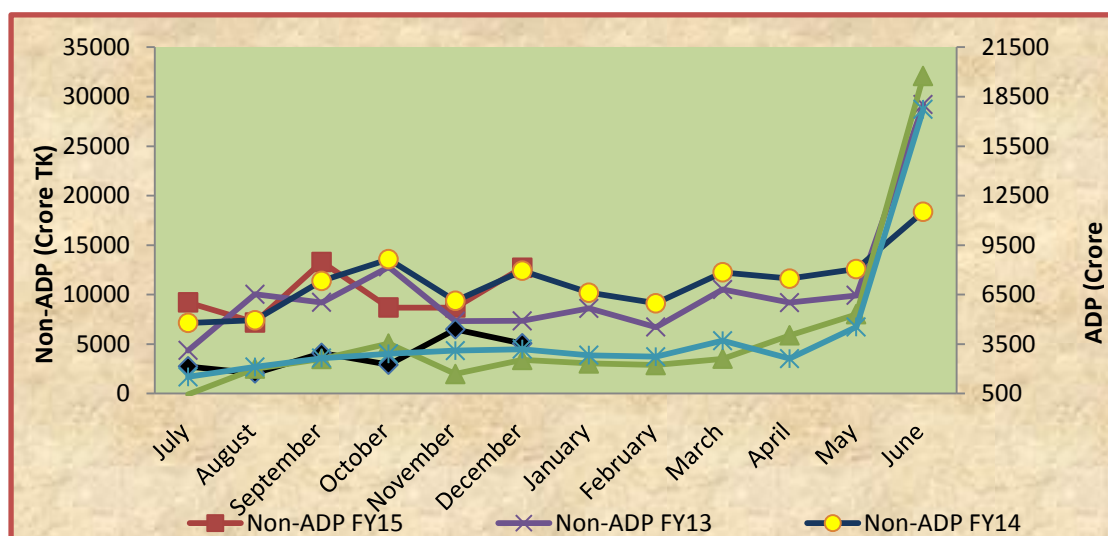
Total government expenditure, comprising current and ADP expenditure, decreased in the initial six months of current FY15 by 0.10 percent compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 9.96 percent in July-December period of FY15 compared to same period of last fiscal (table-1.3). The current spending grew by 4.67 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. 22494 crore during the first five months (July-December) of FY15, recording 28 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-December	2014-15 July-December	Growth (%) over July-December, FY14
1. Current Spending	99374	110946	11.64	47192	49397	4.67
Pay and Allowances	21634	26382	21.95	13065	14910	14.12
Goods and Services	13024	15701	20.55	4809	5097	5.99
Interest Payment	23915	27632	15.54	13338	13344	0.04
Domestic	22322	26027	16.60	12507	12558	0.41
Foreign	1593	1604	0.69	831	786	-5.42
Subsidy and Transfer	40617	40995	0.93	15887	15964	0.48
Others	184	236	28.26	93	82	-11.83
2. Food Accounts	-440	2435	-653.41	3658	2994	-18.15
3. Non-ADP Capital & Spending	25605	25574	-0.12	10556	7398	-29.92
Non-ADP Capital	4943	14028	183.80	7022	4740	-32.50
Net Lending	16964	7724	-54.47	2953	2295	-22.28
Non-ADP Project	1802	2078	15.32	371	281	-24.26
FFW	1299	1027	-20.94	0	0	-
Structural Adjustment	0	0	-	0	0	-
Development Expenditure under Revenue Budget	597	717	20.10	210	81	-61.43
4. Development Spending	49473	54967	11.11	15469	17009	9.96
Total (1+2+3+4)	174012	193922	11.44	76875	76798	-0.10
Total Spending (Percent of GDP)	14.51	14.35		5.69	5.02	

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

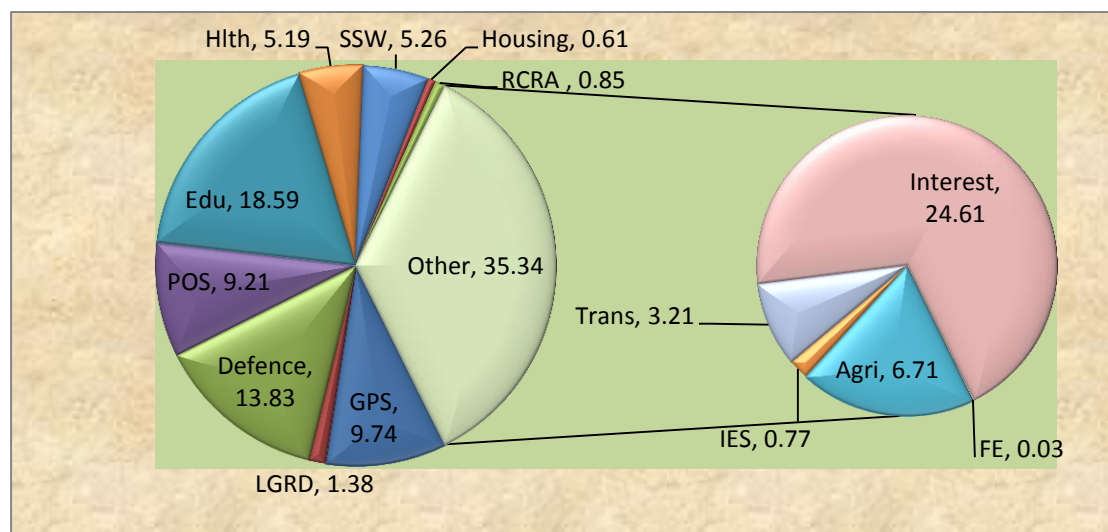
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 13-15)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-December, FY15) shows (chart 1.3) that interest payment (24.61%) was the highest spending item followed by education and technology sector (18.59%).

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

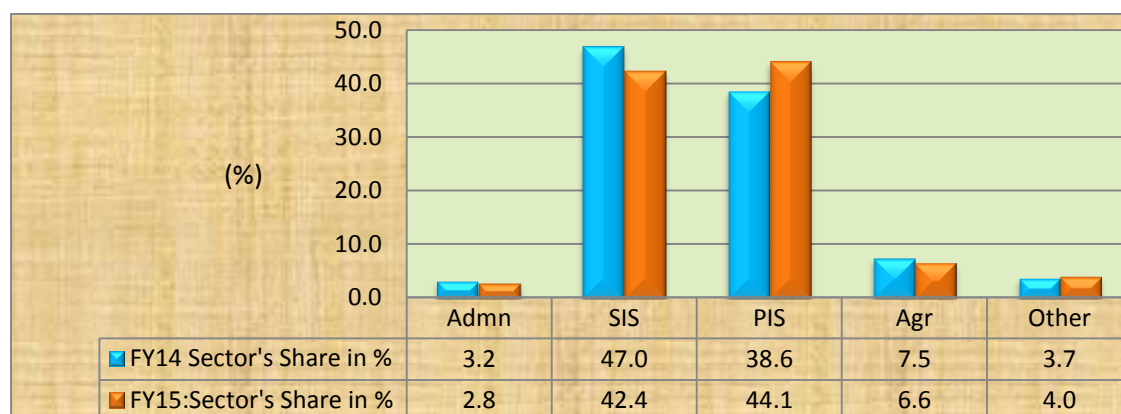


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 six months of current fiscal year (FY15), highest share of spending went to Physical Infrastructure (44.1%) followed by expenditure on social Infrastructure (42.4%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-December, 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 six months of the current fiscal year stood at -0.7 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-December, FY14	-12174	-0.9
July-December, FY15	-10101	-0.7

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 December of current fiscal (FY15) net financing from external sources was Tk. 1458 crore and financing from non-bank source was Tk. 2891 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-December, FY14	615	9630	1932	12177	0.9
July-December, FY15	1458	5755	2891	10104	0.7

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

1.8 Net Sale of NSD Certificates

Sale of NSD certificate during July to December of current FY15 stood at Tk. 26533.47 crore which was 153.69 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 18283.14 crore by end of December 2014 (table 1.6).

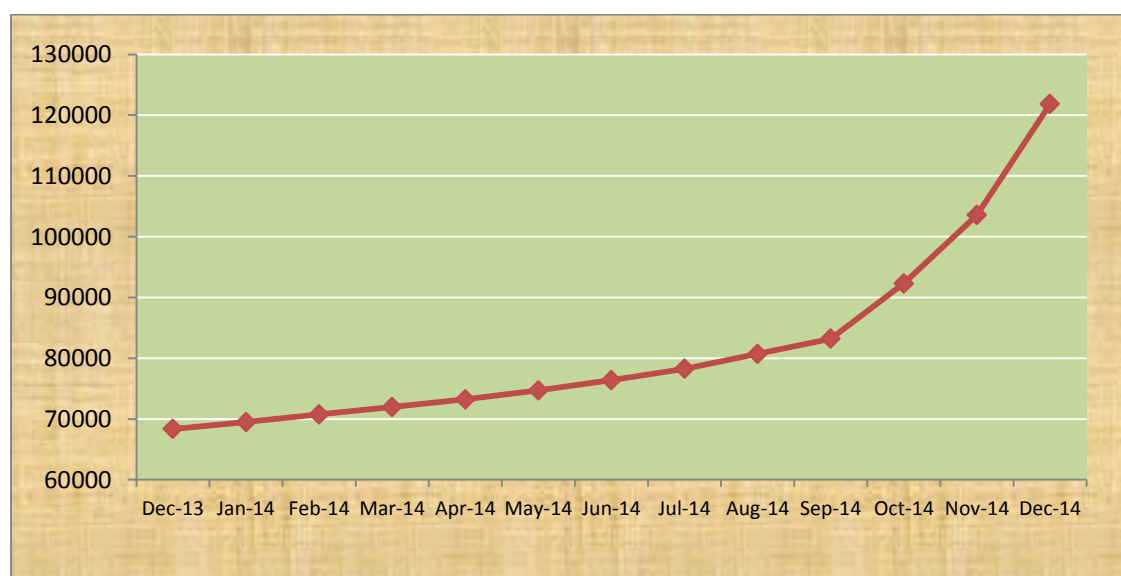
Table 1.6 Net Sales of NSD Certificates

(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-December, FY14	10458.89	6601.21	3857.68	76713.62
July-December, FY15	26533.47	8250.34	18283.14	121821.22
Growth (%)	153.69	24.98	373.94	58.80

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 December 2014 was 13.3 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 24.7 and 10.4 percent increase respectively. During the month of December 2014, domestic credit expansion was quite remarkable (11.2 percent), due to growth of credit to private sector (13.5 percent).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Dec 13 Jun-14	Percentage changes	
	Jun-13	Jun-14	Dec-14	July-Dec FY 15	Jun-13		Dec-14	July-Dec FY 15
Net Foreign Assets	1132.5	1600.6	1673.0	72.5	1132.5	1600.6	1673.0	72.5
Net Domestic Asset	4902.6	5405.7	5739.5	333.8	4902.6	5405.7	5739.5	333.8
Domestic Credit	5717.4	6379.1	6737.3	358.3	5717.4	6379.1	6737.3	358.3
Public Sector	1195.8	1302.7	1303.3	0.6	1195.8	1302.7	1303.3	0.6
Govt (Net)	1101.2	1175.3	1120.9	-54.4	1101.2	1175.3	1120.9	-54.4
Other Public Sector	94.6	127.4	182.4	55.0	94.6	127.4	182.4	55.0
Private sector	4521.6	5076.4	5434.1	357.7	4521.6	5076.4	5434.1	357.7
Net Other Item	-814.8	-973.4	-997.9	-24.5	-814.8	-973.4	-997.9	-24.5
Broad Money	6035.1	7006.2	7412.5	406.2	6035.1	7006.2	7412.5	406.2

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money increases by 14.79 percent in December 2014 over December 2013 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.33 at the end of December 2014 from 5.39 in December 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	December, 2014	July-December 2014-15	December 2014 over December 2013
Reserve money	1124.9	1298.8	1391.4	92.74 (+7.14)	172.5 (+14.79)
Money multiplier	5.36	5.39	5.33	-0.07	-0.07

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

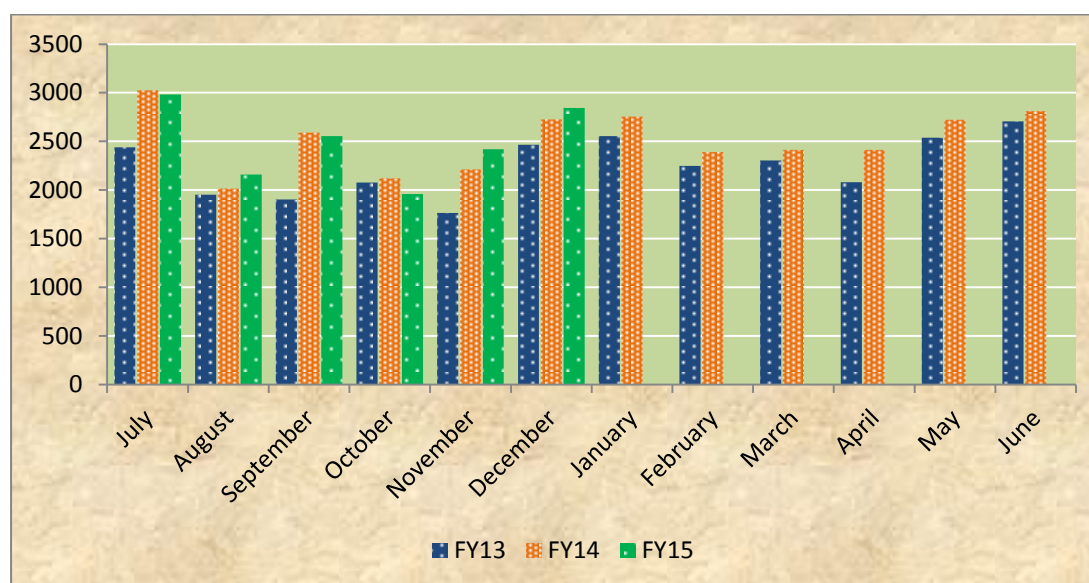
Export earnings increased by 1.56 percent and stood at US\$14914.21 million during July-December of FY15 compared with the same period of last fiscal year. In December, 2014 country's export earnings witnessed a positive growth of 4.33 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance (Million US\$)

	2012-13	2013-14	July-December, 2014	December, 2014
Export	27027.36	30186.62	14914.21	2844.13
Growth (%)*	11.21	11.69	+1.56	+4.33

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-December of FY15, import payments grew by 11.35 percent and stood at USD 20704.9 million at the end of the period. In December, 2014 import was 8.47 percent higher than the same month of the previous fiscal year.

Table 3.2: Import Scenario

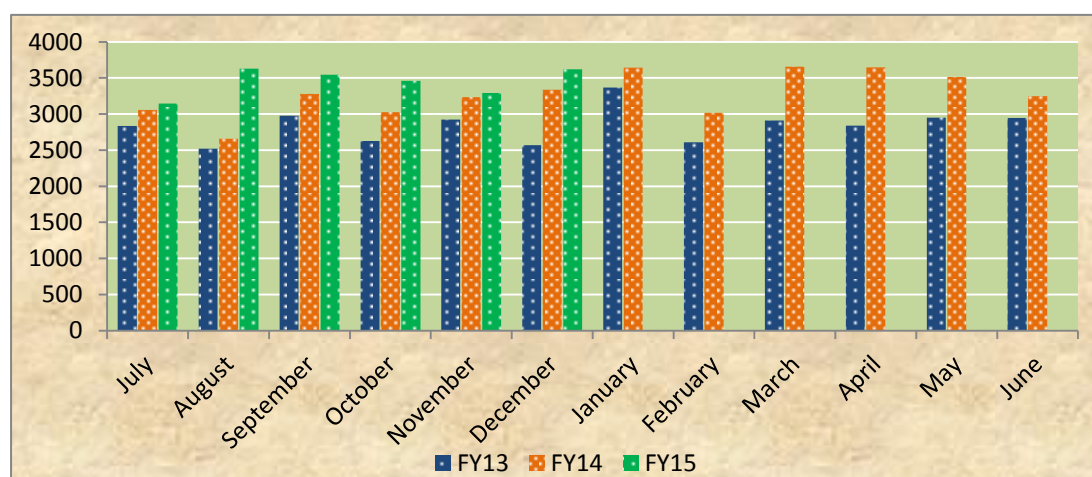
(Million US\$)

Item \ Period	2012-13	2013-14	2014-15 July-December	2014-15 December
Import payments	34083.6	40692.7	20704.9	3620.9
Growth (%)	-4.03	+19.39	+11.35	+8.47
LCs Opened	35961.1	41818.6	21285.61	3547.28
Growth (%)	-2.9	+16.29	+19.60	+9.17
LCs Settled	32358.52	37188.84	19591.48	3390.64
Growth (%)	-7.05	+14.93	+10.08	+4.35

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 5.36 percent in December, 2014 and stood at US\$ 1275.07 which was US\$ 1210.22 in December, 2013. As a consequence, remittance income increased by 10.55 percent to US\$ 7487.16 during July-December of FY 15 from US\$ 6772.76 million of the same period of the previous fiscal year.

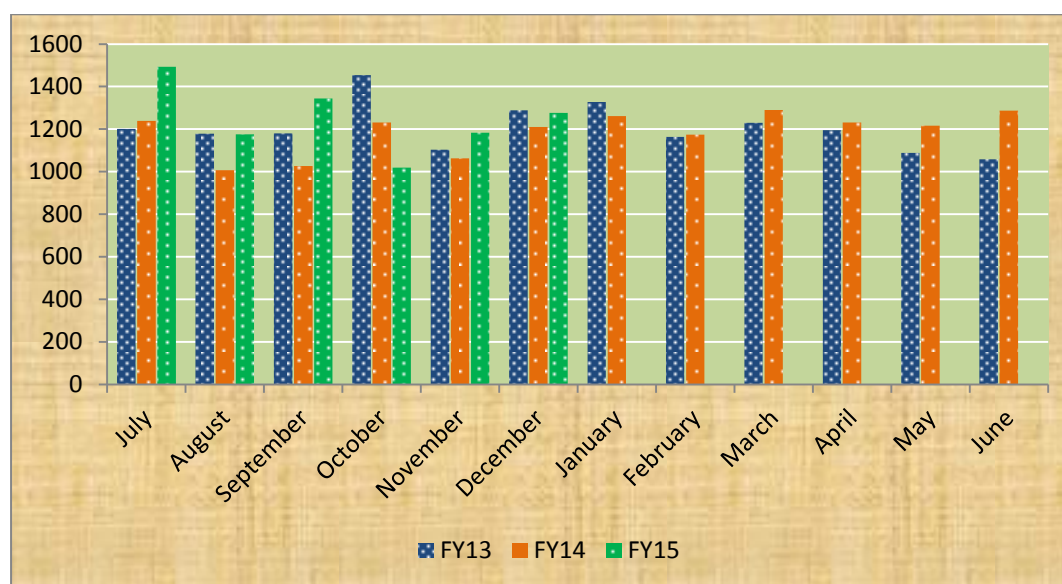
Table-3.3: Remittance Performance

(In million US\$)

	2012-13	2013-14	2014-15 July-December	2014-15 December
Remittances	14461.14	14228.31	7487.16	1275.07
Growth (%)	12.6	-1.61	10.55	5.36
As % of GDP	9.38	8.19	-	-
As % of Export	53.51	47.13	50.20	44.83

Source: Bangladesh Bank

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



3.4 Exchange Rate Movements

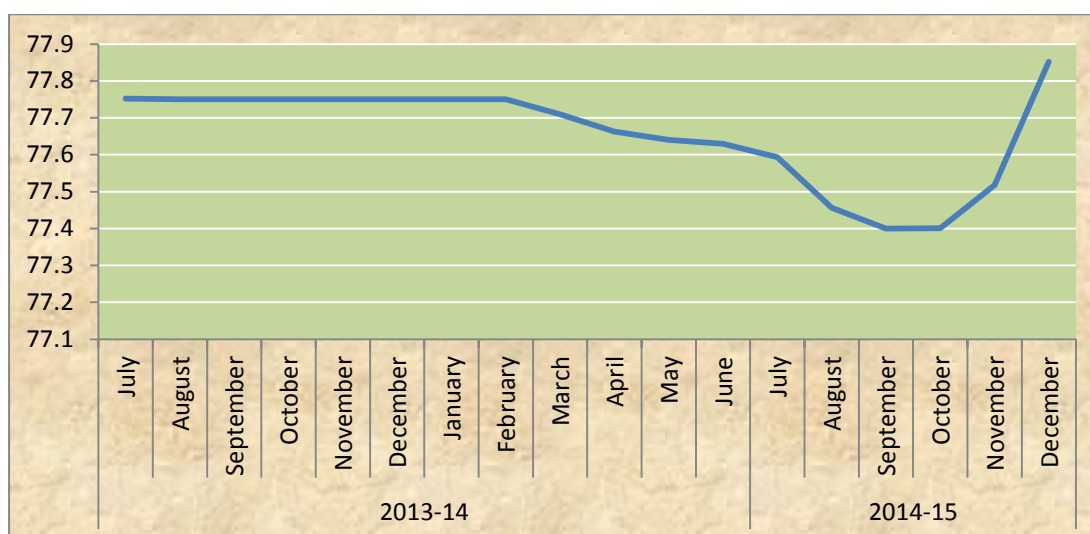
The exchange rate movement (monthly average) from July 2013 to September 2014 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. Recently it has been depreciated slightly.

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	77.75	77.76
2013-14	77.72	77.63
2014-15		
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
December	77.85	77.95

Source: Bangladesh Bank

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



3.5 External Reserve

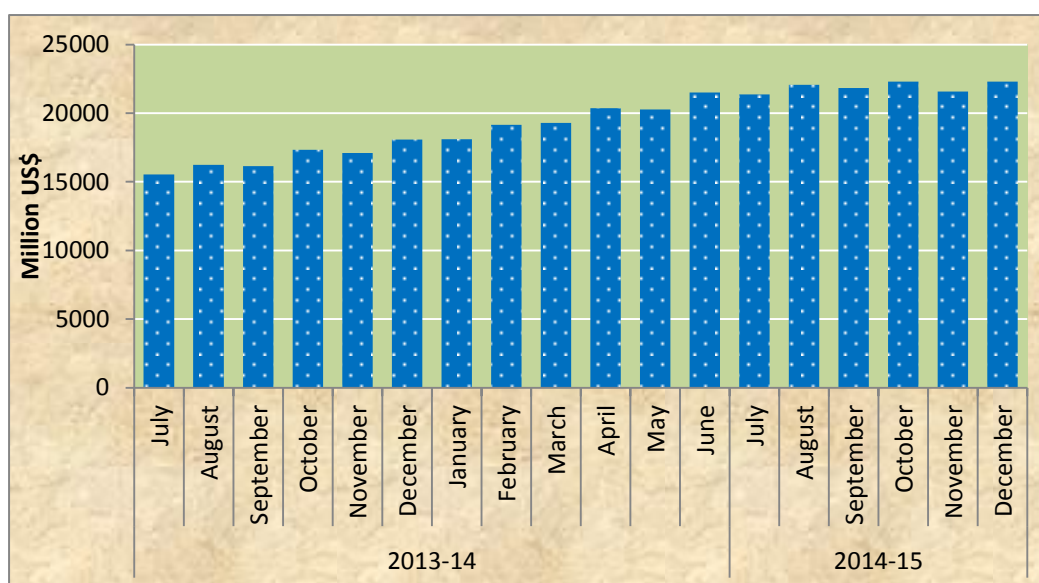
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 22309.80 million in December 2014 which is 3.33 percent higher than the US\$ 21590.04 million in the previous month. The gross foreign exchange balances held abroad by commercial banks increased to US\$ 2173.30 million by the end December, 2014 against US\$ 2126.60 million by the end of November, 2014. This was also significantly higher than the balance of US\$ 1515.93 million at end of December, 2013. The gross foreign exchange reserves, with ACU liability is equivalent to import payments of 6.47 months according to imports of US\$ 3450.81 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 December, 2014
Reserve	10364.43	15315.23	21508.0	22309.80
In month of import payment	3.2	5.22	6.56	6.47

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\$ 5314 million in the July-December period of the current financial year from US\$ 2439 million in the corresponding period of the FY14. Current account balance was negative US\$ 1422 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1445 million in overall balances during July-December FY15. However, it is 44.83 percent smaller than the surplus of USD 2619 million during the same period of previous fiscal year.

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

	2012-13 ^R (July-June)	2013-14 ^P (July-June)	2013-14 ^R (July-December)	2014-15 ^P (July-December)
Trade Balance	-7009	-6806	-2439	-5314
Current Account Balance	2388	1547	11442	-1422
Capital Account	629	644	216	207
Financial Account	2863	2788	413	3161
Overall Balance	5128	5483	2619	1445

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

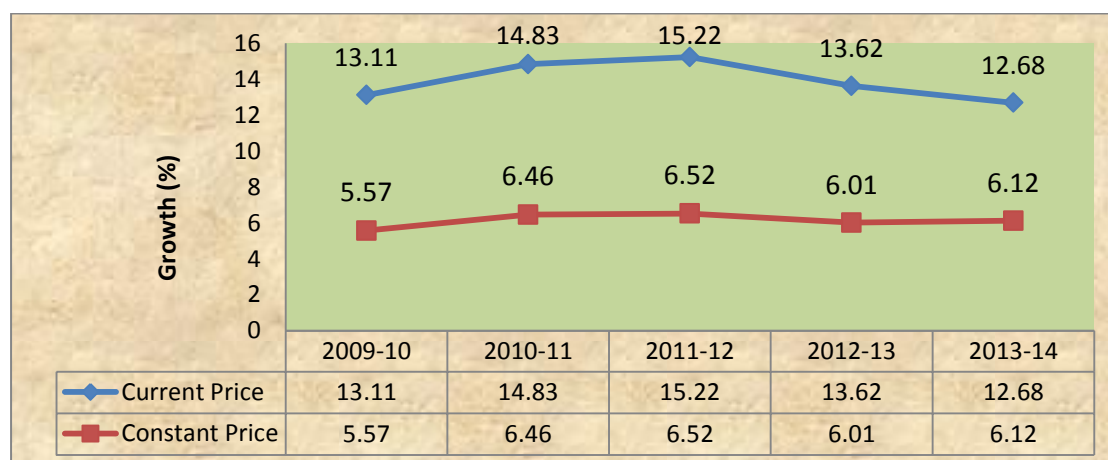
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190.

Table 4.1 Real sector indicators

Concepts	Unit	FY 10	FY 11	FY 12	FY 13	FY 14 ^P
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

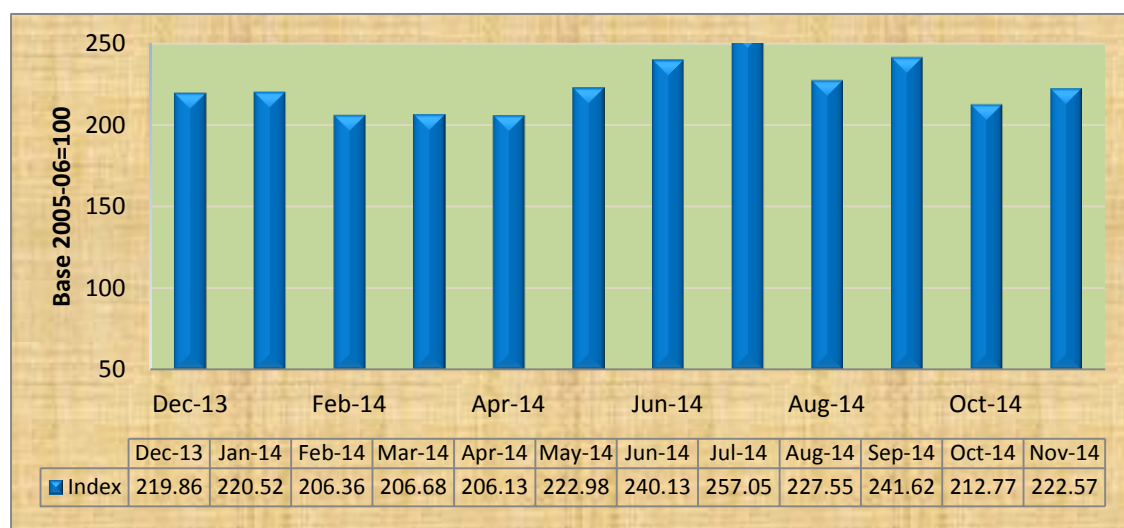
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 185.68 in August 2013 and became 227.55 in August 2014 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was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

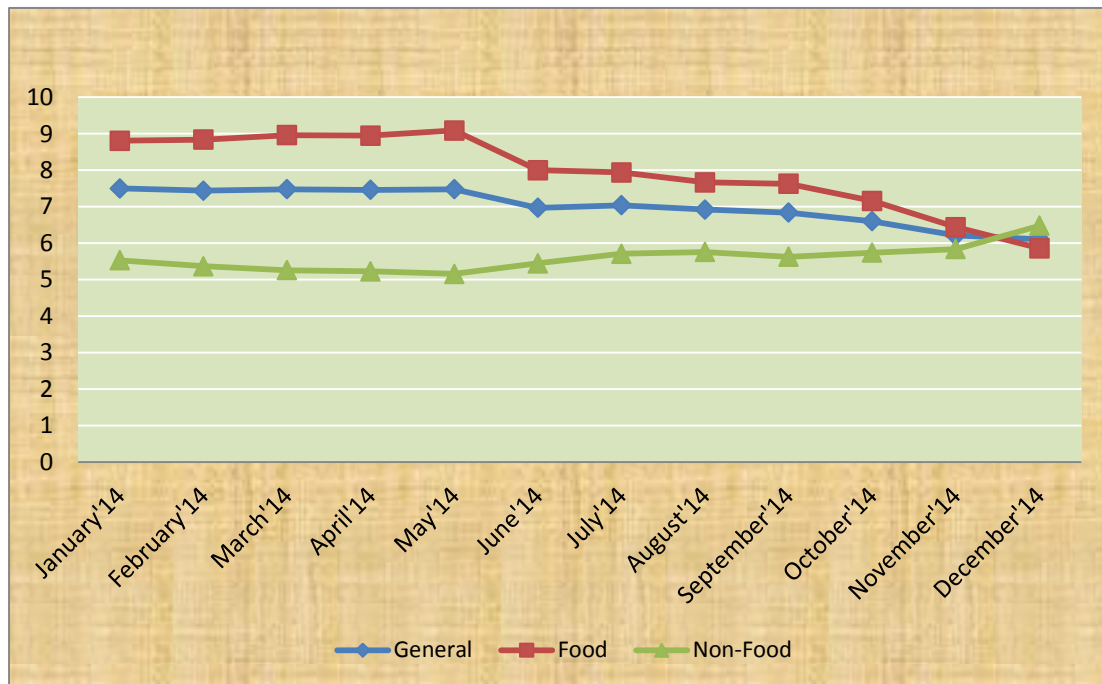
In FY14 the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On point to point basis inflation was 6.11 percent in December 2014, of which, food and non-food inflation were 5.86 percent and 6.84 percent respectively.

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
December	6.99	7.91	5.60

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics