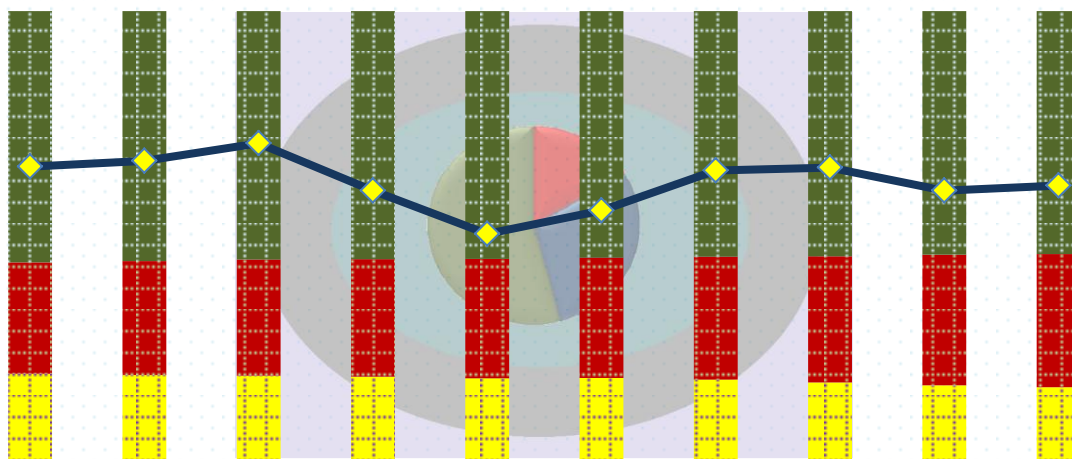




MONTHLY REPORT ON FISCAL-MACRO POSITION

May, 2015



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Executive Summary

The May 2015 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 May of the current FY15, total revenue collection increased by 3.99 percent compared to the same period of previous fiscal year, whereas total government spending increased by 3.81 percent.

Monetary Sector

Broad Money growth was 12.63 percent in May 2015 compared to May 2014 mainly due to 19.08 percent and 10.75 percent growth in NFA and NDA respectively. Reserve money growth in May 2015 over May 2014 was 15.45 percent.

External Sector

Export earnings increased by 2.80 percent during July-May in FY15 compared to the same period of the previous fiscal. Import payments accelerated by 12.21 percent during July-May of FY15 compared to the same period of FY14 while the remittance receipt increased by 7.23 percent during this period. On the other hand, foreign exchange reserve decreased to US\$ 23707.68 in May 2015 from US\$ 24071.70 million at the end of April.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY15 would stand at 6.51 percent (Base year 2005-06). Per capita GNI in FY15 would reach US\$ 1314. The average rate of inflation (12-month average basis) in May 2015 stood at 4.46 percent. On point to point basis, inflation was 6.19 percent in May 2015, of which, food and non-food inflation were 6.23 percent and 6.14 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 223.01 in May 2014 and became 265.1 in May 2015.

1. FISCAL SECTOR

1.1 Revenue Earnings

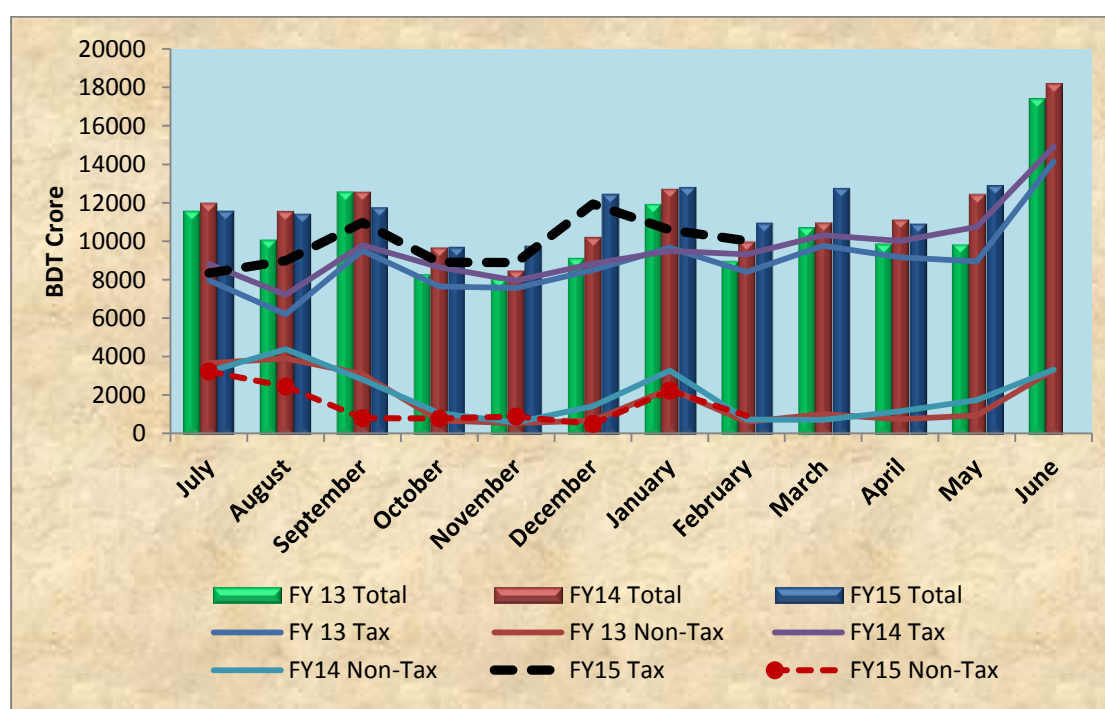
Despite negative growth in Non-tax revenue, total revenue earning increased by 3.99 percent during July-May period of FY 15. Both NBR and Non-NBR tax revenue growth for the period were positive and close to prior year growth rates.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2012-13 (Actual)	103332	4121	107453	21396	128849
2013-14 (Actual)	111421	4608	116029	24341	140370
Growth (%)	7.83	11.82	7.98	13.76	8.94
July-May, FY14	97073	4048	101121	21022	122143
July-May, FY15	108377	4255	112632	14386	127018
Growth(%) over July-May, FY14	11.64	5.11	11.38	-31.57	3.99

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

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



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

1.2 Grants

Actual grant receipts fell by 7.6 percent in FY 14 compared to FY13. During July-May of FY15, grant receipt decreased by 40.7 percent to TK. 867 Crore against TK. 1463 crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 13 (Actual)	FY 14 (Actual)	Growth (%)	FY 14	FY 15	Growth (%) over July-May, FY14
			July-May	July-May	
6879	6357	-7.59	1463	867	-40.74

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

1.3 Government Expenditure

Total government expenditure, comprising current and development (ADP) expenditure, increased by 3.81 percent over the last eleven months of current FY15 compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 11.99 percent in July-May period of FY15 compared to same period of last fiscal (Table-1.3). The current spending, on the other hand grew by 7.40 percent in the same period 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 Ministry of Planning, ADP expenditure (without self-finance) stood at BDT 49931 Crore during July-May of FY15, recording 24.88 percent increase over the same period of the last fiscal year.

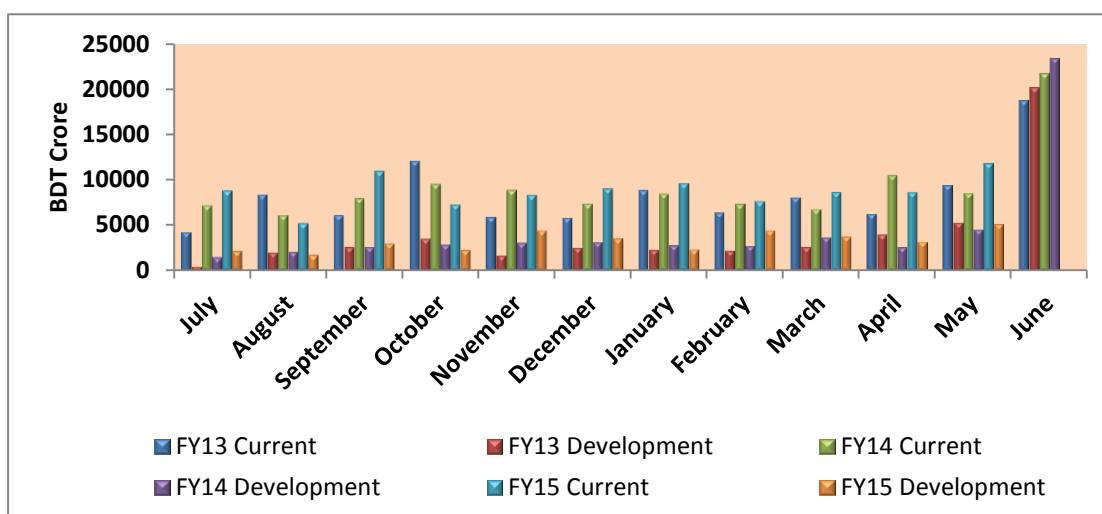
Table 1.3: Government Expenditures

(In crore taka)

	FY 13	FY 14	Growth (%)	FY 14	FY 15	Growth (%) over July- May, FY14
				July-May	July-May	
1. Current Spending	100274	110572	10.27	88843	95417	7.40
Pay and Allowances	21729	26344	21.24	23714	26115	10.12
Goods and Services	13193	15053	14.10	10988	11580	5.39
Interest Payment	24164	28223	16.80	23487	25043	6.62
Domestic	22570	26619	17.94	21998	23568	7.14
Foreign	1594	1604	0.63	1489	1475	-0.94
Subsidy and Transfer	41003	40711	-0.71	30444	32536	6.87
Others	185	241	30.27	210	143	-31.90
2. Food Accounts	-440	332	-175.45	6673	4253	-36.27
3. Non-ADP Capital & Spending	26335	21989	-16.50	16995	14519	-14.57
Non-ADP Capital	5673	10442	84.06	10868	7702	-29.13
Net Lending	16964	7727	-54.45	4928	5006	1.58
Non-ADP Project	1802	2077	15.26	604	1478	144.70
FFW	1299	1026	-21.02	93	1	na
Development Expenditure under Revenue Budget	597	717	20.10	502	332	-33.86
4. Development Spending	49473	55325	11.83	31891	35715	11.99
Total (1+2+3+4)	175642	188218	7.16	144402	149904	3.81
Total Spending (Percent of GDP)	14.65	14.01		10.75	9.90	

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

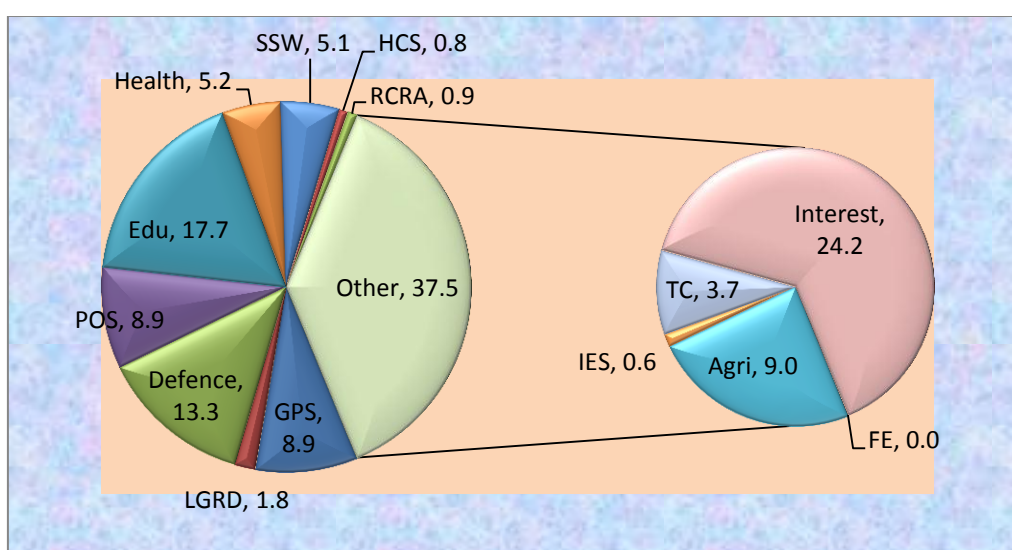
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 13-15)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-May, FY15) shows (chart 1.3) that interest payment (24.2%) was the highest spending item followed by education and technology sector (17.7%).

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

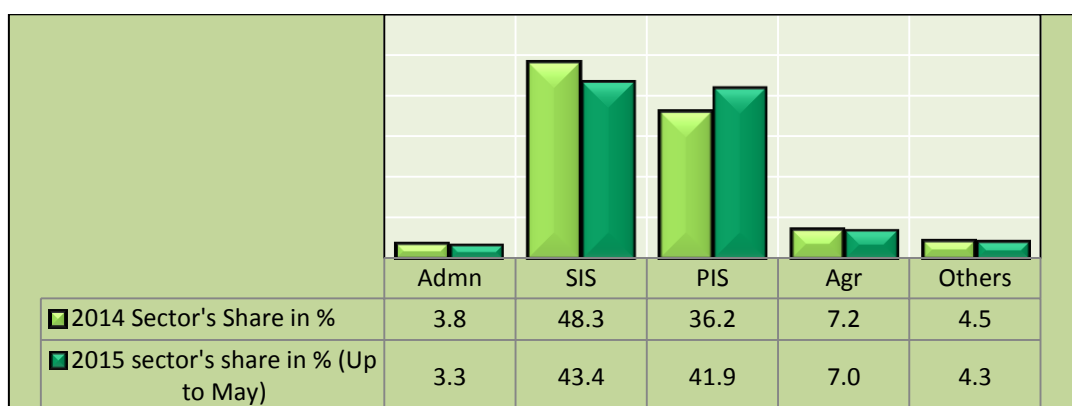


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and Food, FE = Fuel and Energy, IES = Industries, Jute, Textiles, Commerce, Labor & Overseas, TC = Transport and Communication

1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, over the last eleven months of current fiscal year (FY15), highest share of spending went to Social Infrastructure (43.4%) followed by expenditure on Physical Infrastructure (41.9%).

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



Admn = General Public Services, Defense, 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 3.6 percent of GDP (Base year 2005-06), which was 3.9 percent in FY13. Overall budget deficit including grants during July-May period of FY 15 reduced to 1.5 percent of GDP from 1.7 percent of GDP in the same period of previous fiscal year.

Table 1.4: Budget Balance (In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
2012-13	-46793	-3.9
2013-14	-47848	-3.6
July-May, FY14	-22263	-1.7
July-May, FY15	-22887	-1.5

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 May of the current fiscal (FY15), net financing from non-bank source was higher than the figure of same period of the last fiscal. Notable that Government net borrowing from the banking system during July-May period of FY15 declined by taka 939 crore.

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2012-13	12691	27464	6640	46795	3.9
2013-14	9706	18168	19974	47848	3.6
July-May, FY14	2367	17445	2452	22264	1.7
July-May, FY15	3372	-939	20488	22921	1.5

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

1.8 Net Sale of NSD Certificates

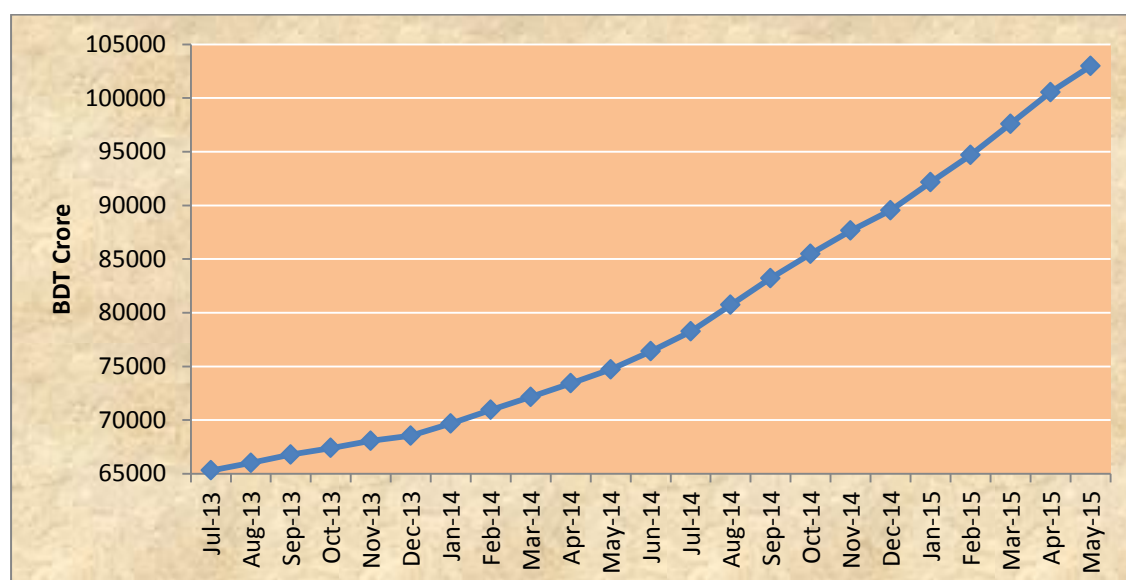
Sale of NSD certificate during July to May of current FY15 stood at Tk. 39068.62 crore which was 80.40 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 26562.46 crore by end of May 2015 (table 1.6).

Table 1.6 Net Sales of NSD Certificates (In crore taka)

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	11707.3	76397.48
Growth (%)	4.21	-44.12	1414.84	18.10
July-May, FY14	21656.12	11637.88	10018.24	74708.42
July-May, FY15	39068.62	12506.16	26562.46	102959.94
Growth (%)	80.40	7.46	165.14	37.82

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In crore taka)



2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in May 2015 was 12.63 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 19.08 and 10.75 percent increase respectively. Private sector credit growth slightly increased to 13.57 percent in May 2015 from 13.27 percent of the previous month. As a result, domestic credit

expansion accelerated to 10.29 percent in May from 9.77 percent in April. However public sector credit growth remained negative in May 2015.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		May 14	Percentage changes	
	Jun-13	Jun-14	May-15	July-May FY 15	May 15 over May 14		July-May FY 15	May 15 over May 14
Net Foreign Assets	1133.8	1600.6	1836.3	235.8	294.3	1542.0	14.73	19.08
Net Domestic Asset	4901.2	5405.7	5847.2	441.5	567.6	5279.6	8.17	10.75
Domestic Credit	5717.4	6379.1	6844.4	465.3	638.6	6205.8	7.29	10.29
Public Sector	1195.8	1302.7	1225.7	-76.9	-32.9	1258.6	-5.90	-2.61
Govt (Net)	1101.2	1175.3	1060.0	-115.3	-59.5	1119.5	-9.81	-5.32
Other Public Sector	94.6	127.4	165.7	38.3	26.7	139.1	30.11	19.17
Private sector	4521.6	5076.4	5618.6	542.2	671.4	4947.2	10.68	13.57
Net Other Item	-816.2	-973.4	-997.2	-23.8	-71.0	-926.2	2.45	7.66
Broad Money	6035.1	7006.2	7683.5	677.3	861.9	6821.6	9.67	12.63

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money increases by 15.45 percent in May 2015 over May 2014 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.37 at the end of May 2015 from 5.39 in June 2014.

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	May, 2015	July-May 2014-15	May 2015 over May 2014
Reserve money	1124.9	1298.8	1429.8	131.1 (+10.09)	191.3 (+15.45)
Money multiplier	5.36	5.39	5.37	-0.02	-0.13

Source: Bangladesh Bank. Figures in the brackets indicate percentage change

3. EXTERNAL SECTOR

3.1 Export

Export earnings increased by 2.80 percent and stood at US\$28144.38 million during July-May of FY15 compared with the same period of last fiscal year. In May, 2015 country's export earnings witnessed a positive growth of 4.37 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance

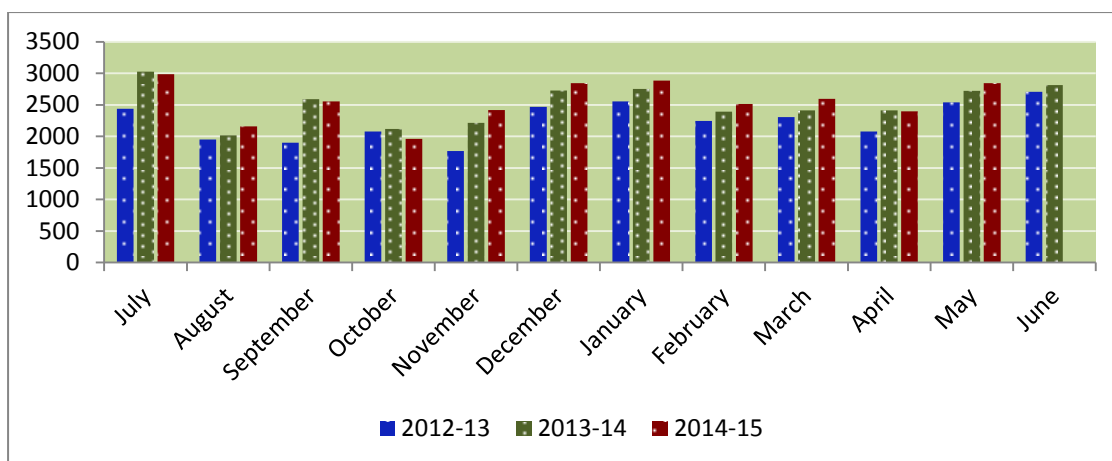
(Million US\$)

	2012-13	2013-14	July-May , 2014-15	May, 2015
Export	27027.36	30186.62	28144.38	2841.13
Growth (%)*	11.22	11.69	+2.80	+4.37

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-May of FY15, import payments grew by 12.21 percent and stood at USD 41348.6 million at the end of the period. In May, 2015 import was remarkably higher (12.3 percent) than the same month of the previous fiscal year.

Table 3.2: Import Scenario

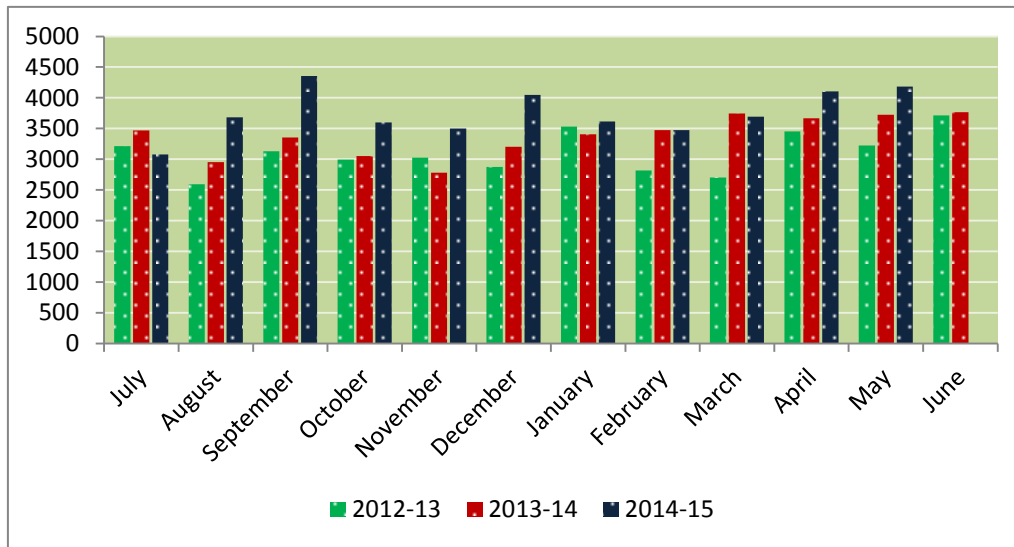
(Million US\$)

Period	2012-13	2013-14	2014-15 July-May	2014-15 May
Import payments	37289.80	40616.5	41348.6	4183.9
Growth (%)	0.82	8.92	12.21	12.3
LCs Opened	35961.05	41818.56	39508.37	3682.6
Growth (%)	-2.9	16.29	5.29	-11.33
LCs Settled	32358.52	37188.84	35173.51	3205.56
Growth (%)	-7.05	14.93	3.81	-2.52

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

Chart 3.2: Monthly Trend of Import Payments

(In million US\$)



3.3 Remittance

Remittance inflow increased by 7.23 percent during July-May of FY 15 compared to the same period of the previous fiscal year. On the other hand, remittance receipts increased by 8.71 percent in May 2015 and stood at US\$ 1321.77 from US\$1297.49 in May 2014.

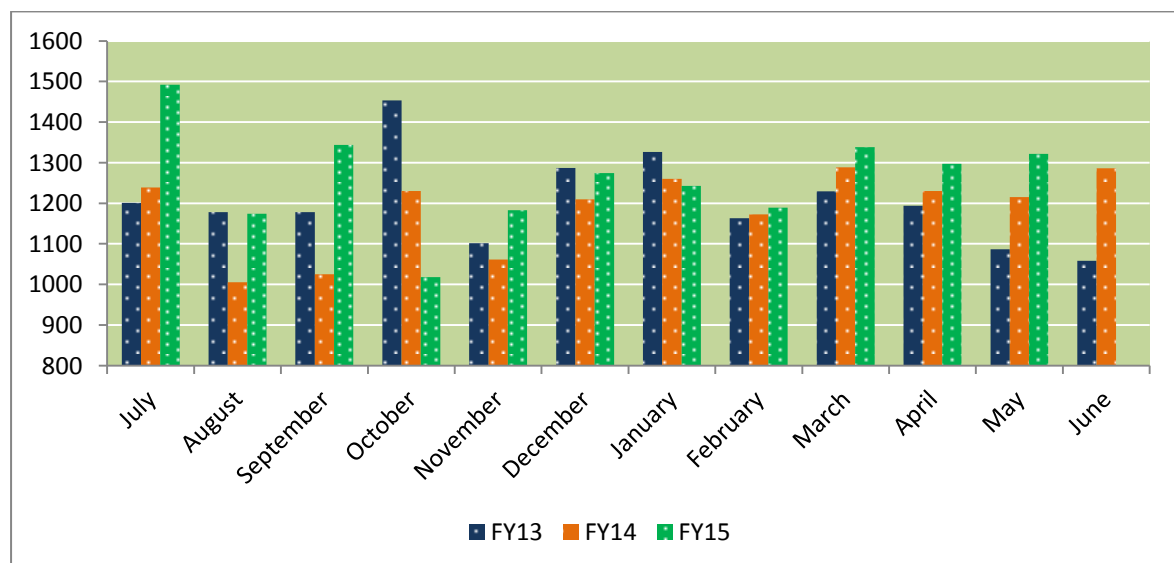
Table-3.3: Remittance Performance

(In million US\$)

	2012-13	2013-14	2014-15 July-May	2014-15 May
Remittances	14461.14	14228.32	13877.57	1321.77
Growth (%)	12.6	-1.61	7.23	8.71
As % of GDP	9.38	8.19	-	-
As % of Export	53.51	47.13	49.31	46.52

Source: Bangladesh Bank

Chart 3.3: Monthly Trend of Remittances (Million US\$)



3.4 Exchange Rate Movements

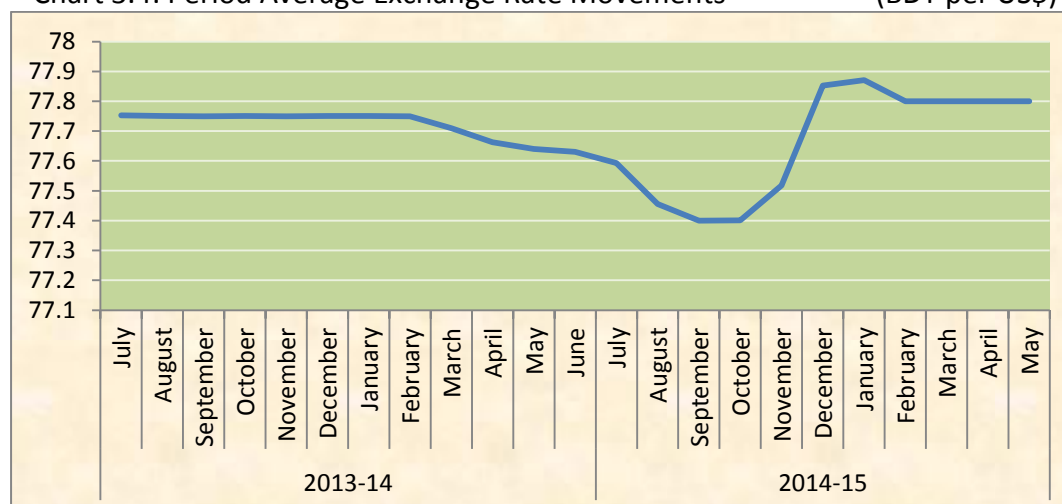
The exchange rate movement (monthly average) from July 2013 to May 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

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
January	77.87	77.80
February	77.80	77.80
March	77.80	77.80
April	77.80	77.80
May	77.80	77.80

Source: Bangladesh Bank

Chart 3.4: Period Average Exchange Rate Movements (BDT per US\$)



3.5 External Reserve

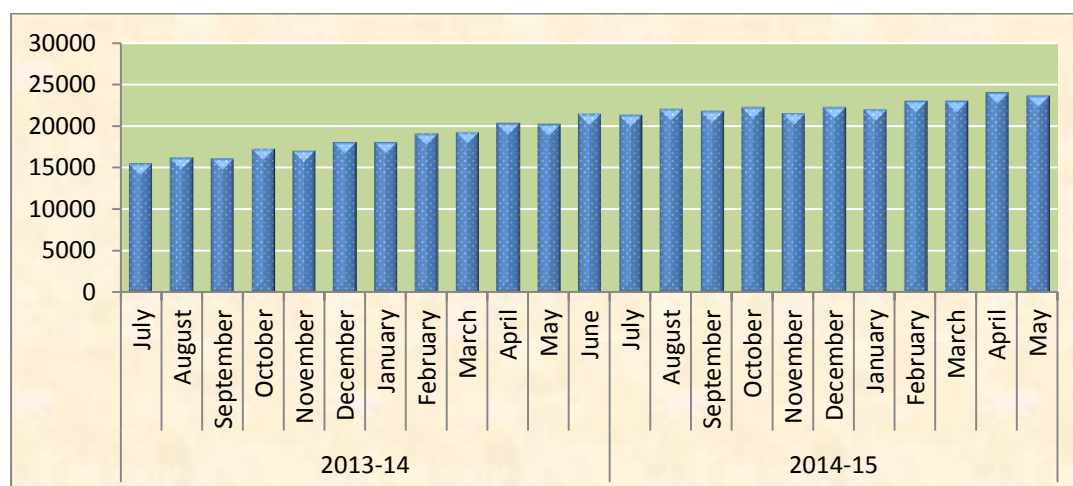
The gross foreign exchange reserve of Bangladesh Bank decreased to US\$ 23707.68 million at the end of May 2015 from US\$ 24071.70 million in April 2015. The gross foreign exchange reserves at the end of May 2015 is equivalent to import payments of 6.41 months.

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

	2011-12	2012-13	2013-14	As on end of May, 2015
Reserve	10364.43	15315.23	21508.0	23707.68
In month of import payment	3.2	4.64	5.89	6.41

Source: Bangladesh Bank.

Chart 3.5: 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\$ 9464 million in the July-May¹ period of the current financial year from US\$ 6179 million in the corresponding period of the FY14. Current account balance was negative US\$ 2001 million. Surplus in both capital and financial account resulted in a surplus of US\$ 3587 million in overall balances during July-May of FY15.

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

	2012-13 ^R (July-June)	2013-14 ^R (July-June)	2013-14 ^R (July-May)	2014-15 ^P (July-May)
Trade Balance	-7009	-6794	-6179	-9464
Current Account Balance	2388	1402	1360	-2001
Capital Account	629	645	580	412
Financial Account	2863	2686	2569	5024
Overall Balance	5128	5483	4971	3587

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

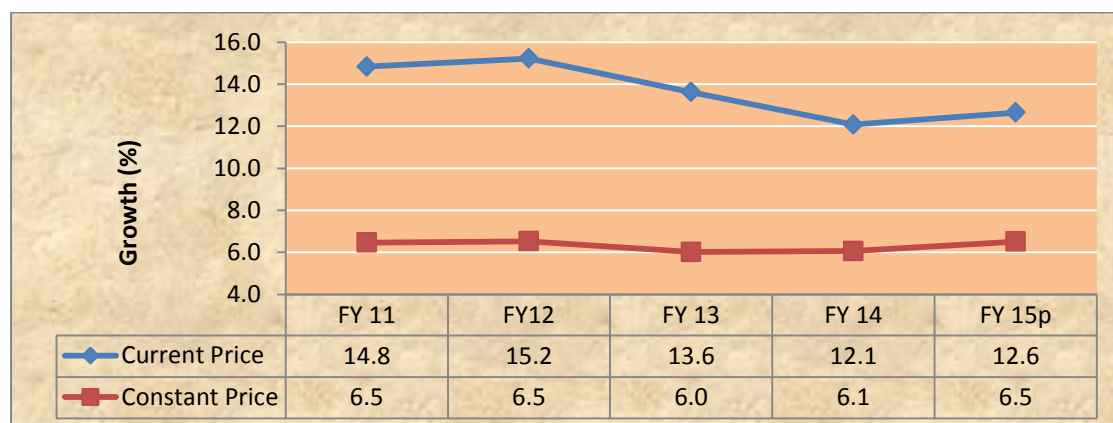
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 was 6.51 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1314.

Table 4.1 Real sector indicators

Concepts	Unit	FY 11	FY 12	FY 13	FY 14	FY 15 ^P
GDP at constant prices	Billion taka	6463.4	6884.9	7299.0	7741.4	8245.3
Growth	%	6.46	6.52	6.01	6.06	6.51
GDP at current prices	Billion taka	9158.3	10552.0	11989.2	13436.7	15136.0
Growth	%	14.83	15.22	13.62	12.07	12.65
GNI at current prices	Billion taka	9883.4	11445.1	12953.5	14332.2	16092.7
Per capita GDP	taka	61198	69614	78009	86266	95858
Per capita GNI	taka	66044	75505	84283	92015	101917
Per capita GDP	US\$	860	880	976	1110	1235
Per capita GNI	US\$	928	955	1054	1184	1314

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

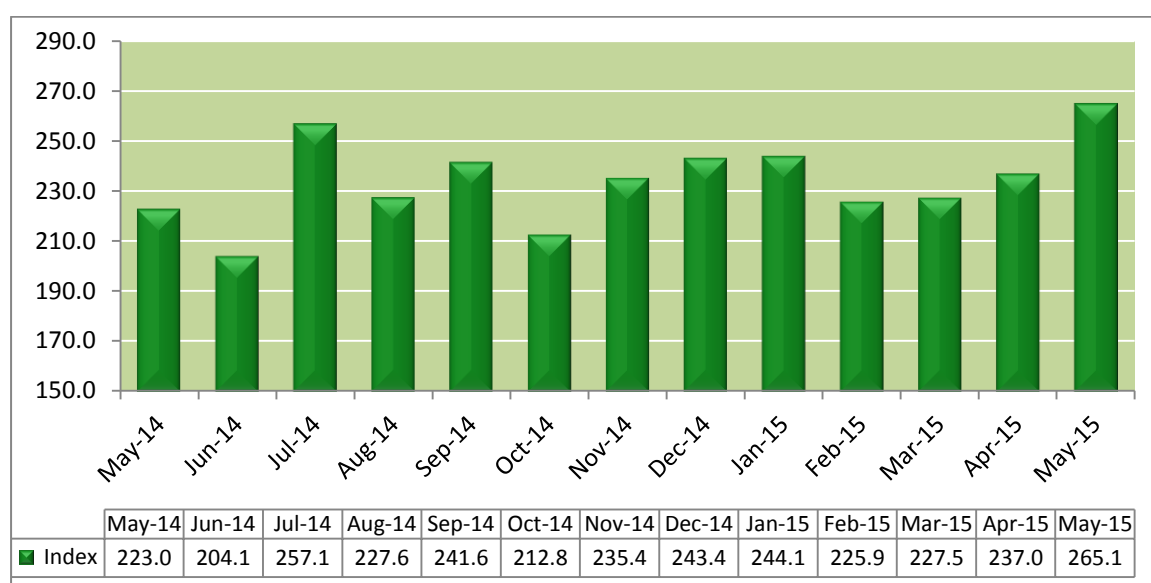
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 223.0 in May 2014 and became 265.1 in May 2015 increasing by 18.9 percent (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing 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	8.2
May, 2014	223.0	8.0
May, 2015	265.1	18.9

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: Bangladesh Bureau of Statistics

4.3 Inflation

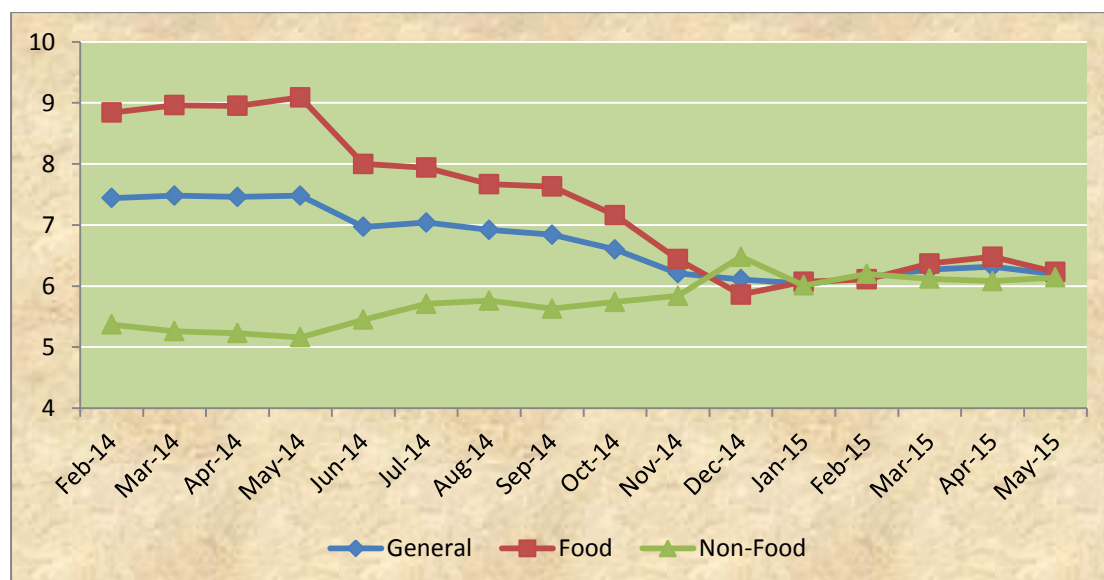
In FY14, the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.46 percent in May 2015, of which food and non-food inflation were 6.81 percent and 5.94 percent, respectively. On the other hand, point to point inflation reduced to 6.19 percent in the same month, of which, food and non-food inflation were 6.23 percent and 6.14 percent, respectively (Chart 4.3).

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
January	6.87	7.68	5.64
February	6.76	7.45	5.71
March	6.66	7.24	5.78
April	6.57	7.04	5.85
May	6.46	6.81	5.94

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics