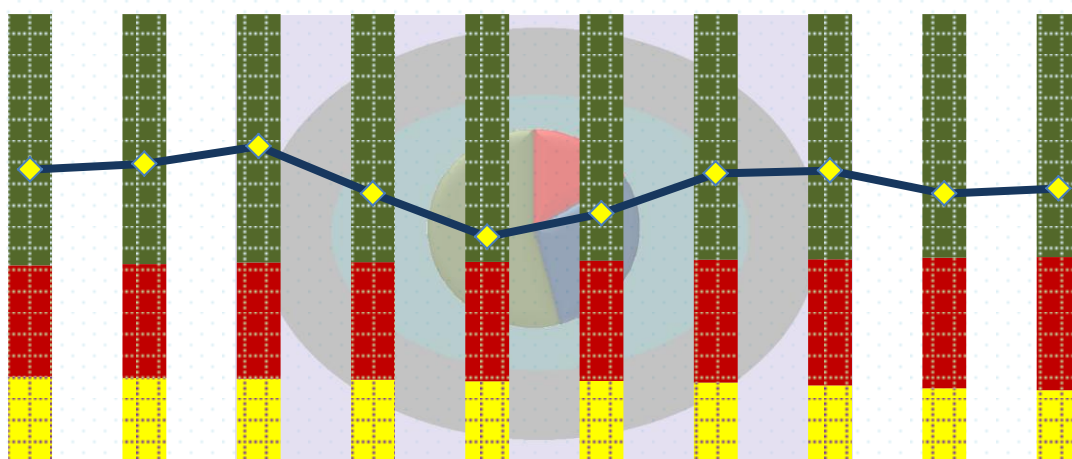




MONTHLY REPORT ON FISCAL-MACRO POSITION

June, 2015



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Executive Summary

The June 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

Despite negative growth in Non-tax revenue, total revenue earning increased by 4.0 percent during FY15. NBR revenue growth for the period was comparatively higher than the growth rate of Non-NBR tax revenue. On the other hand, total government expenditure increased by 8.2 percent over the last fiscal year compared to the same period of previous fiscal year

Monetary Sector

Broad Money growth was 12.42 percent in FY 2015 compared to FY 2014 mainly due to 18.22 percent and 10.70 percent growth in NFA and NDA respectively. Reserve money increased by 14.33 percent at the end of FY15 over FY14.

External Sector

Export earnings increased by 3.4 percent during July-June in FY15 compared to the same period of the previous fiscal. Import payments accelerated by 3.4 percent during FY15 compared to FY14 while the remittance receipt increased by 7.7 percent during this period. On the other hand, foreign exchange reserve increased to US\$ 25025.5 at the end of June 2015 from US\$ 21508.0 million at the end of June 2014.

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 June 2015 stood at 4.40 percent. On point to point basis, inflation was 6.25 percent in June 2015, of which, food and non-food inflation were 6.32 percent and 6.15 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 240.1 in June 2014 and became 285.5 in June 2015.

1. FISCAL SECTOR

1.1 Revenue Earnings

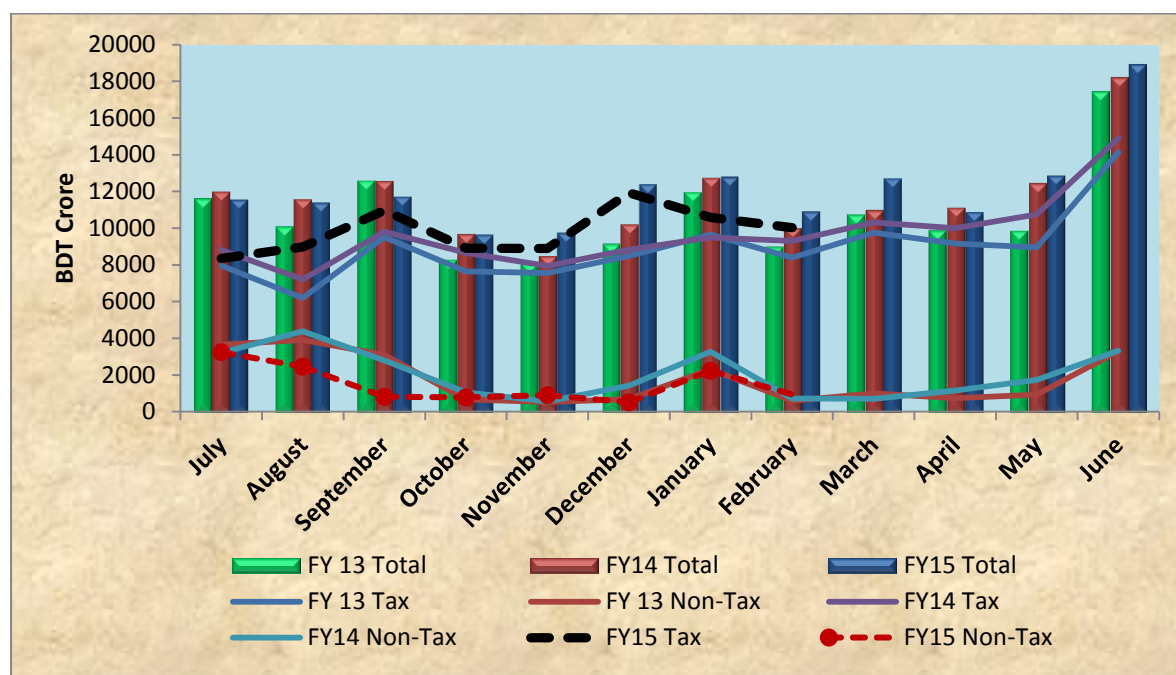
Despite negative growth in Non-tax revenue, total revenue earning increased by 3.98 percent during FY15. NBR revenue growth for the period was comparatively higher than the growth rate of Non-NBR tax revenue.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
FY 13 (Actual)	103332	4121	107453	21396	128849
FY 14 (Actual)	111421	4608	116029	24341	140370
Growth (%)	7.83	11.82	7.98	13.76	8.94
FY 15 (Actual)	123959	4822	128781	17177	145958
Growth(%) over FY14	11.25	4.64	10.99	-29.43	3.98

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 FY15, grant receipt decreased by 65.33 percent to TK. 2204 Crore against TK. 6357 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 15 (Actual)	Growth (%) over FY14
6879	6357	-7.59	2204	-65.33

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

1.3 Government Expenditure

Total government expenditure, comprising current and development (ADP) expenditure, increased by 8.18 percent over the last fiscal year compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 7.67 percent while growth rate the current spending was 7.60 percent (Table-1.3). 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 68532 Crore during FY15, recording 20.42 percent increase over the last fiscal year.

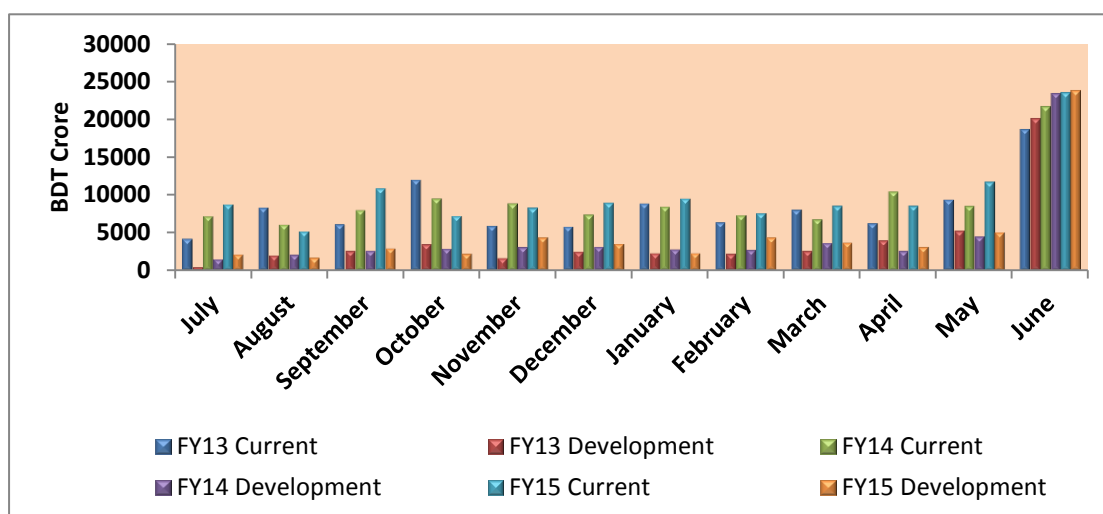
Table 1.3: Government Expenditures

(In crore taka)

	FY 13	FY 14	Growth (%)	FY 15	Growth (%) over FY14
1. Current Spending	100274	110572	10.27	118982	7.60
Pay and Allowances	21729	26344	21.24	28849	9.51
Goods and Services	13193	15053	14.10	16533	9.83
Interest Payment	24164	28223	16.80	30954	9.68
Domestic	22570	26619	17.94	29417	10.52
Foreign	1594	1604	0.63	1537	-4.18
Subsidy and Transfer	41003	40711	-0.71	42458	4.29
Others	185	241	30.27	187	-21.99
2. Food Accounts	-440	332	-175.45	2131	541.87
3. Non-ADP Capital & Spending	26335	21989	-16.50	22935	4.30
Non-ADP Capital	5673	10442	84.06	10595	1.47
Net Lending	16964	7727	-54.45	9047	17.08
Non-ADP Project	1802	2077	15.26	2346	12.95
FFW	1299	1026	-21.02	376	na
Development Expenditure under Revenue Budget	597	717	20.10	571	-20.36
4. Development Spending	49473	55325	11.83	59570	7.67
Total (1+2+3+4)	175642	188218	7.16	203618	8.18
Total Spending (Percent of GDP)	14.65	14.01	-	13.45	-

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

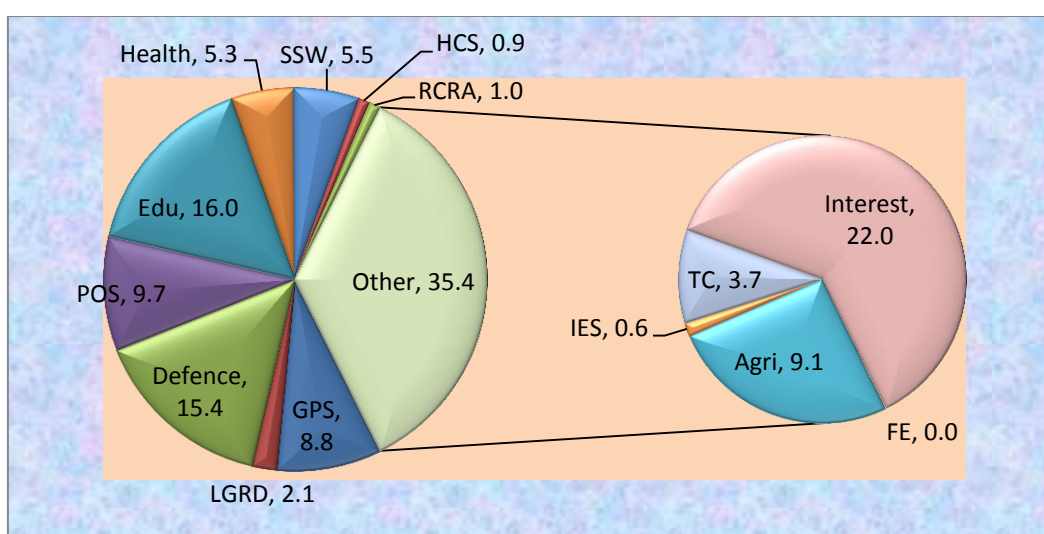
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 13-15)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-June, FY15) shows (chart 1.3) that interest payment (22.0%) was the highest spending item followed by education and technology sector (16%).

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

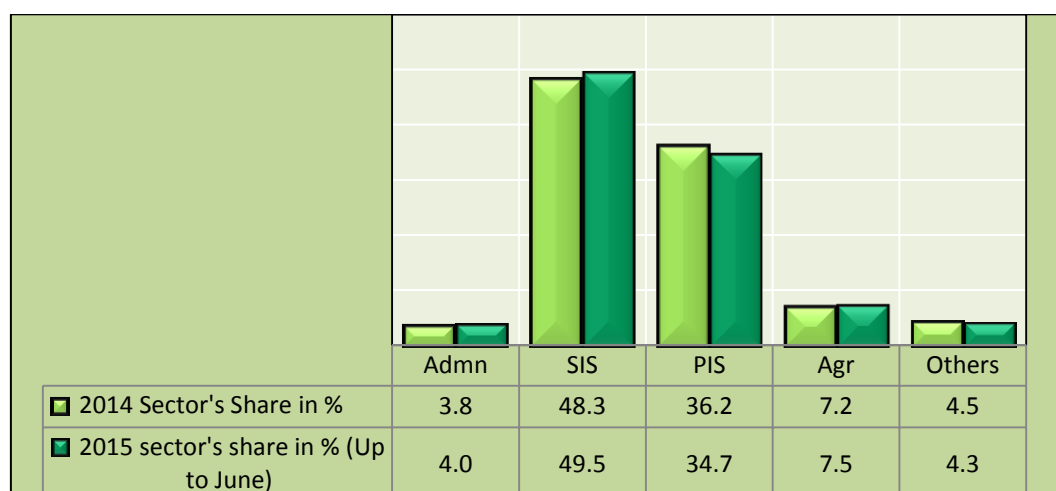


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 fiscal year (FY15), highest share of spending went to Social Infrastructure (49.5%) followed by expenditure on Physical Infrastructure (34.7%).

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 FY 15 increased to 3.8 percent of GDP (Table 1.4).

Table 1.4: Budget Balance

(In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
FY 13	-46793	-3.9
FY 14	-47848	-3.6
FY15	-57660	-3.8

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). This legacy continued up to the end of FY 15 where the contribution of non-bank source to total financing increased to 87.90 percent from 41.74 percent at the end of FY 14. Notable that domestic borrowing from the banking system declined remarkably at the end of FY 15 due to rapid increase in NSD sale..

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
FY 13	12691 (27.12)	27464 (58.69)	6640 (14.19)	46795	3.9
FY 14	9706 (20.29)	18168 (37.97)	19974 (41.74)	47848	3.6
FY 15	6608 (11.45)	375 (0.65)	50711 (87.90)	57694	3.8

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

Note: Figures in the bracket indicates percent of total financing

1.8 Net Sale of NSD Certificates

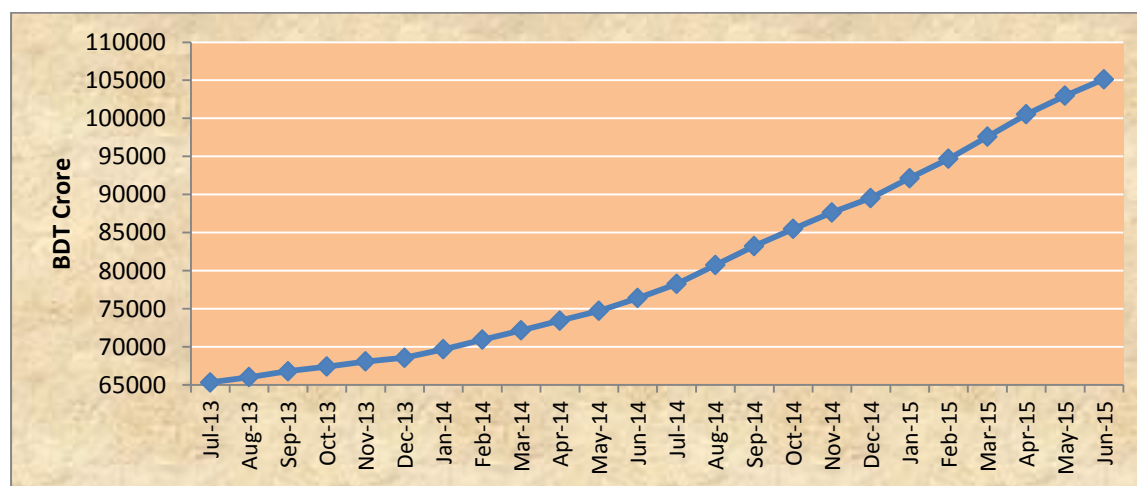
Sale of NSD certificate during FY FY15 stood at Tk. 42659.79 crore which was 75.5 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 28732.66 crore by end of FY 2015 (table 1.6).

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

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
FY 13	23326.77	22553.93	772.84	64690.18
FY14	24309.59	12602.29	11707.3	76397.48
Growth (%)	4.21	-44.12	1414.84	18.10
FY15	42659.79	13927.13	28732.66	105130.14
Growth (%)	75.49	10.51	145.43	37.61

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 at the end of FY15 was 12.42 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 18.22 and 10.70 percent increase respectively. Private sector credit growth slightly increased to 13.19 percent at the end of FY15 from 12.27 percent of the end of FY14. Nonetheless, domestic credit expansion decelerated to 9.97 percent at the end of FY15 from 11.57 percent at end of FY 14 due a notable contraction in government borrowing (net).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Percentage changes	
	FY 13	FY 14	FY 15	FY 14	FY 15	FY 14	FY 15
Net Foreign Assets	1133.80	1600.60	1892.21	466.80	291.61	41.17	18.22
Net Domestic Asset	4901.20	5405.70	5983.93	504.50	578.23	10.29	10.70
Domestic Credit	5717.40	6379.10	7015.26	661.70	636.16	11.57	9.97
Public Sector	1195.80	1302.70	1269.27	106.90	-33.43	8.94	-2.57
Govt (Net)	1101.20	1175.30	1102.57	74.10	-72.73	6.73	-6.19
Other Public Sector	94.60	127.40	166.70	32.80	39.30	34.67	30.85
Private sector	4521.60	5076.40	5745.99	554.80	669.59	12.27	13.19
Net Other Item	-816.20	-973.40	-1031.34	-157.20	-57.94	19.26	5.95
Broad Money	6035.10	7006.20	7876.14	971.10	869.94	16.09	12.42

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money increases by 14.33 percent at the end of FY15 over FY14 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.30 from 5.39 within the same period.

Table 2.2: Reserve money and money multiplier (Billion BDT)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	FY 13	FY 14	FY 15	FY 14	FY 15
Reserve money	1124.9	1298.8	1484.8	173.86 (+15.46)	186.07 (+14.33)
Money multiplier	5.36	5.39	5.30	0.03	-0.09

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

3. EXTERNAL SECTOR

3.1 Export

Export earnings increased by 3.39 percent and stood at US\$31208.94 million during July-June of FY15 compared with the same period of last fiscal year. In June, 2015

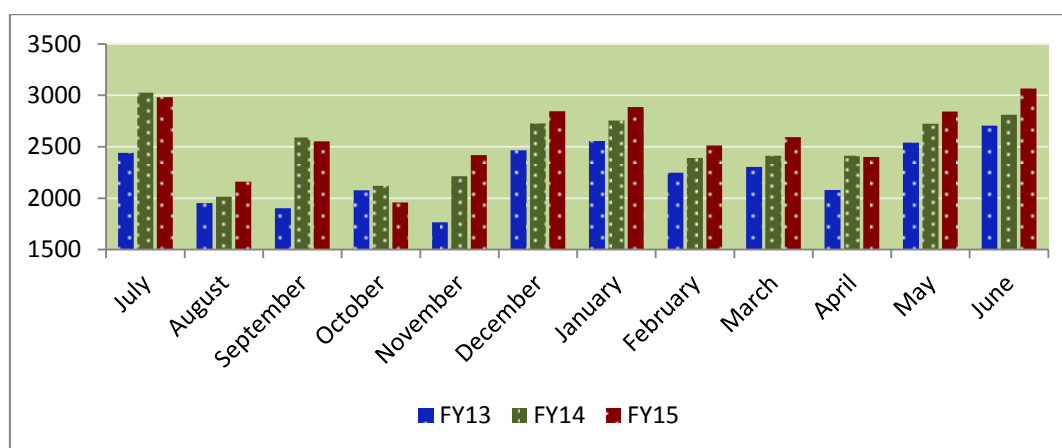
country's export earnings witnessed a positive growth of 9.06 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance (Million US\$)

	FY13	FY14	FY15	June, 2015
Export	27027.36	30186.62	31208.94	3064.56
Growth (%)*	11.22	11.69	+3.39	+9.06

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 FY15, import payments grew by 3.41 percent and stood at USD 45190.20 million at the end of the period. However, growth in import payment declined to 1.96 percent in June from 12.27 percent in May 2015.

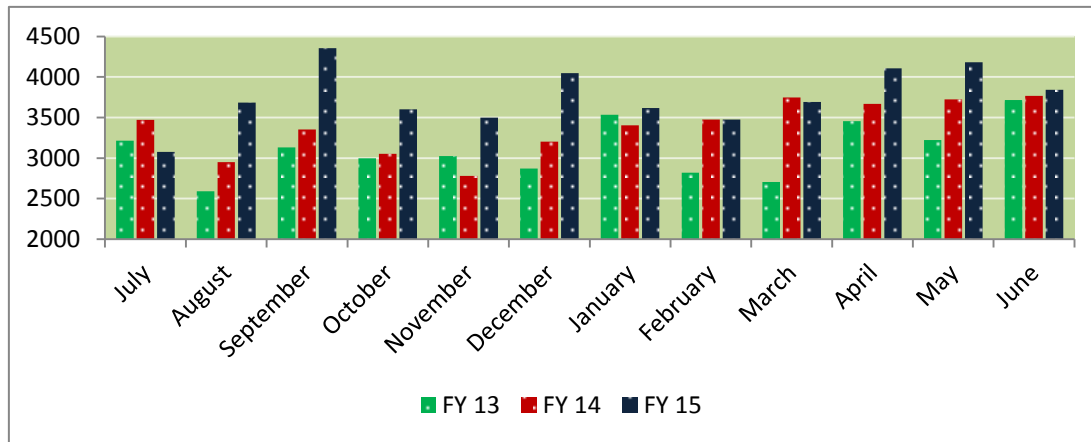
Table 3.2: Import Scenario (Million US\$)

Period	FY 13	FY 14	FY 15	2015 June
Import payments	37289.80	40616.5	45190.2	3841.6
Growth (%)	0.82	8.92	11.26	1.96
LCs Opened	35961.05	41818.56	43068.76	3560.39
Growth (%)	-2.9	16.29	2.99	-17.13
LCs Settled	32358.52	37188.84	38455.24	3281.73
Growth (%)	-7.05	14.93	3.41	-0.76

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 7.65 percent during FY 15 compared to the same period of the previous fiscal year. Notable that remittance receipts increased by 11.87 percent in June 2015 and stood at US\$ 1439.37 from US\$1286.69 in June 2014.

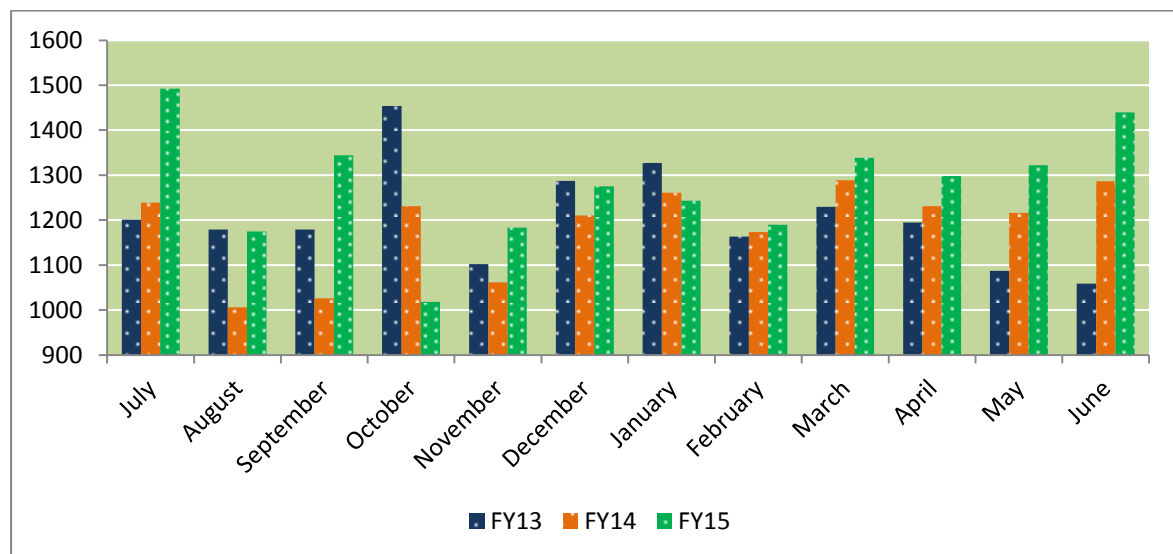
Table-3.3: Remittance Performance

(In million US\$)

	FY 13	FY 14	FY 15	June, 2015
Remittances	14461.14	14228.32	15316.94	1439.37
Growth (%)	12.6	-1.61	7.65	11.87
As % of GDP	9.64	8.23	7.86	-
As % of Export	53.51	47.13	49.08	46.97

Source: Bangladesh Bank

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



3.4 Exchange Rate Movements

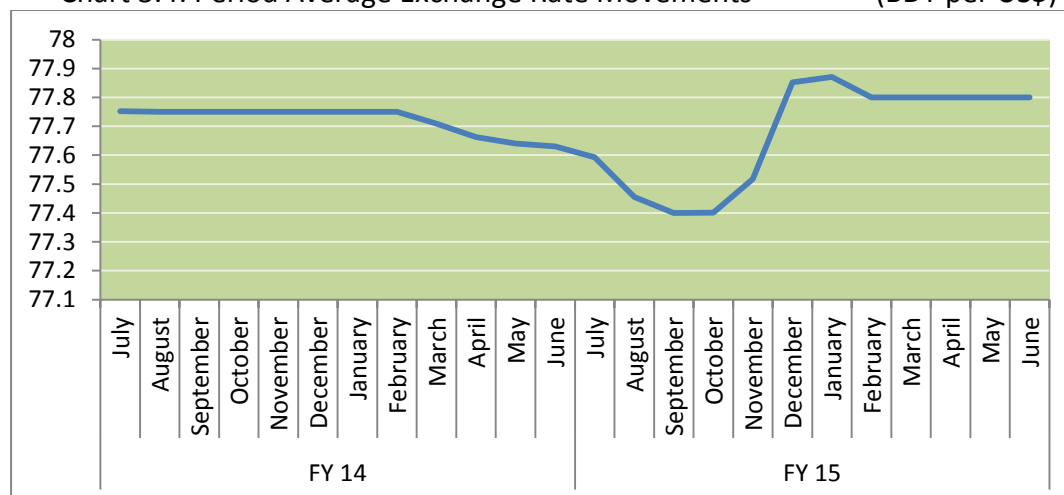
The exchange rate movement (monthly average) from July 2013 to June 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

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
June	77.80	77.80

Source: Bangladesh Bank

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



3.5 External Reserve

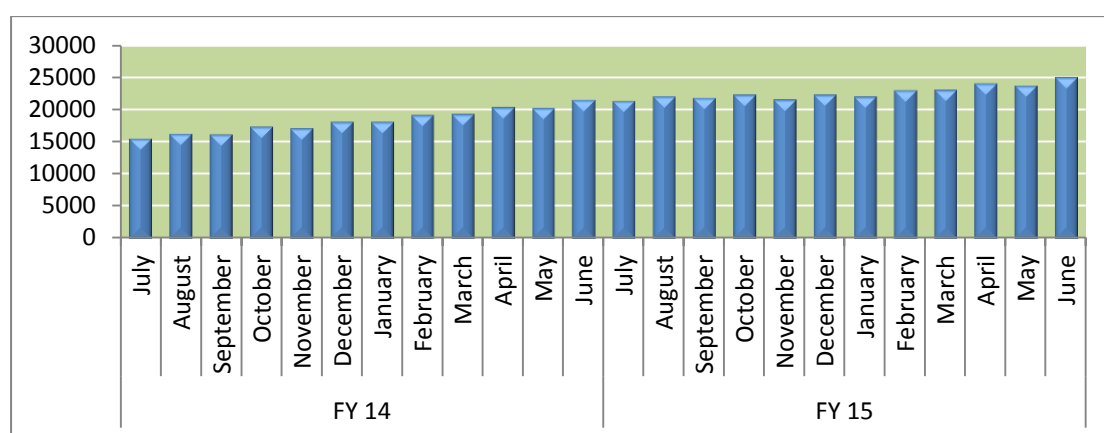
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 25025.50 million at the end of June 2015 from US\$ 23707.7 million in May 2015. The gross foreign exchange reserves at the end of June 2015 are equivalent to import payments of 6.65 months.

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

	FY 12	FY 13	FY 14	End of June, 2015
Reserve	10364.4	15315.2	21508.0	25025.5
Covers imports payment (Months)	3.2	4.64	5.89	6.65

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\$ 9917 million during FY 15 from US\$ 6794 million in the corresponding period of the FY14. Current account balance was negative US\$ 1650 million. Surplus in both capital and financial account resulted in a surplus of US\$ 4373 million in overall balances during FY15.

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

	2012-13 ^R (July-June)	2013-14 ^R (July-June)	2014-15 ^P (July-June)
Trade Balance	-7009	-6794	-9917
Current Account Balance	2388	1402	-1650
Capital Account	629	645	550
Financial Account	2863	2686	5111
Overall Balance	5128	5483	4373

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

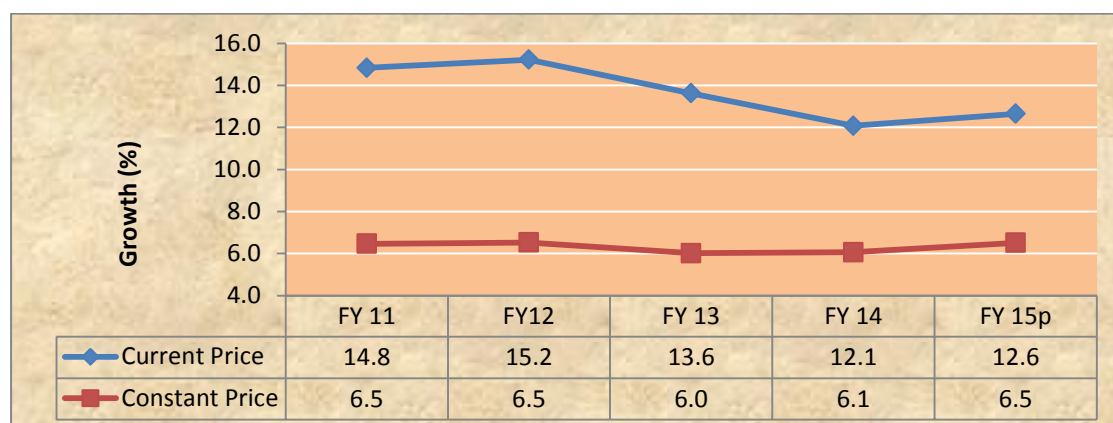
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 was 6.51 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1314.

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

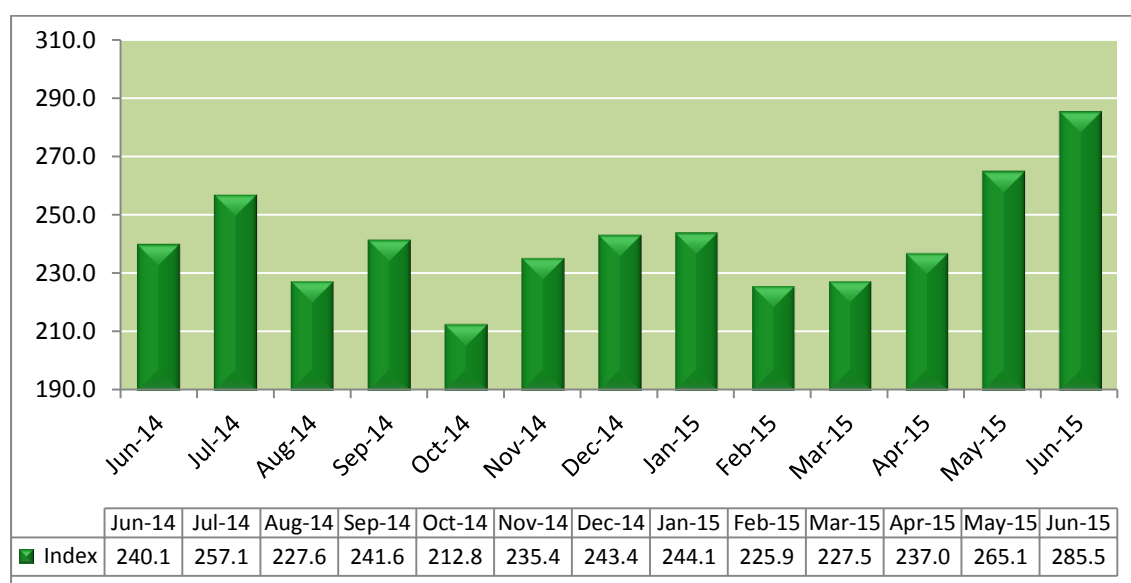
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 240.1 in June 2014 and became 285.5 in June 2015 increasing by 18.9 percent (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing 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
June, 2014	240.1	8.8
June, 2015	285.5	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

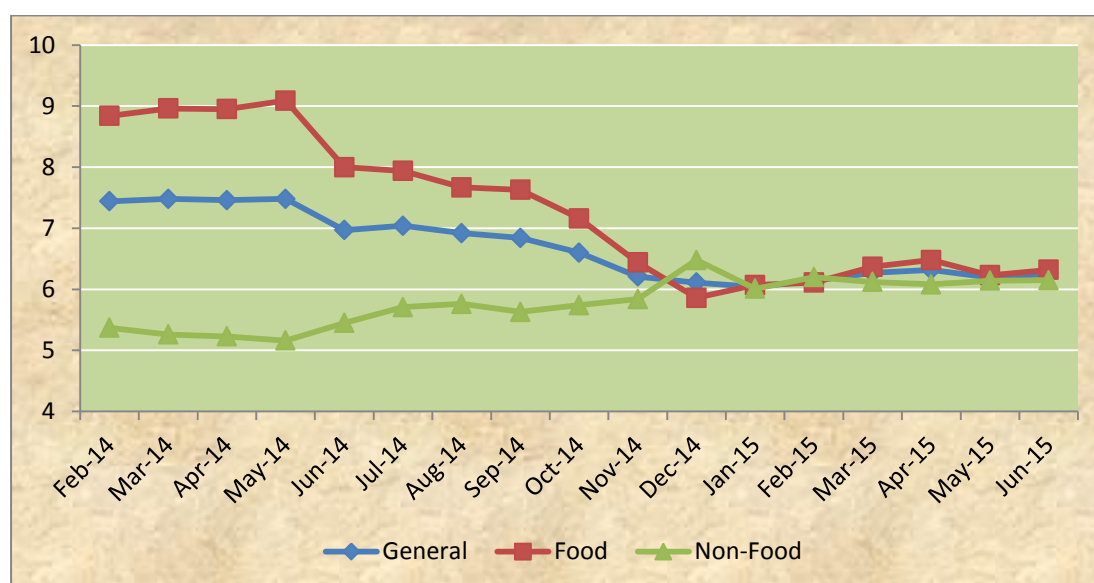
In FY14, the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.40 percent in June 2015, of which food and non-food inflation were 6.68 percent and 5.99 percent, respectively. On the other hand, point to point inflation increased to 6.25 percent in June 2015 from 6.19 percent in the previous month, of which, food and non-food inflation were 6.32 percent and 6.15 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
June	6.40	6.68	5.99

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics