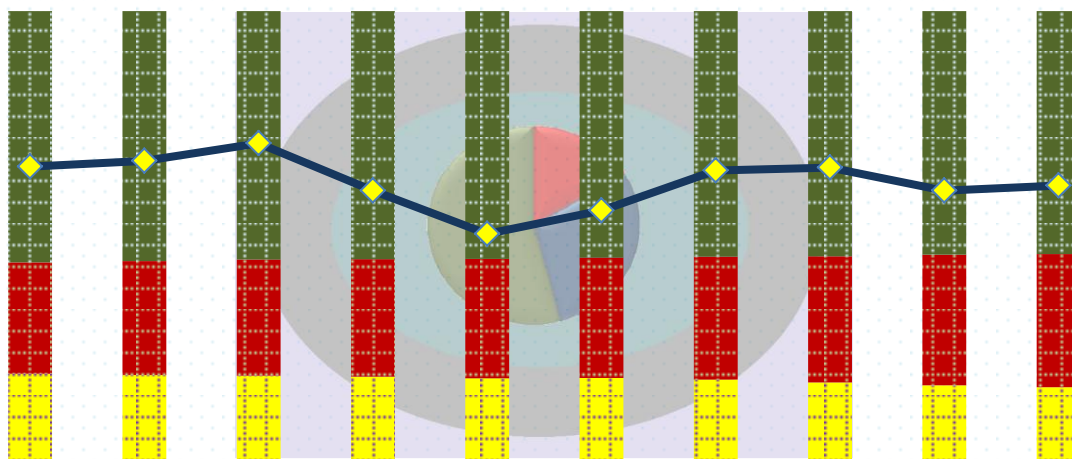




MONTHLY REPORT ON FISCAL-MACRO POSITION

July, 2015



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Executive Summary

The July 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 a moderate growth by the end (July-June) of FY15. In July of FY16, total revenue collection increased by 15.1 percent compared to the same period of previous fiscal year, whereas total government spending decrease by 2.7 percent.

Monetary Sector

Broad Money growth was 12.58 percent in July of FY16 compared to July of FY15 mainly due to 21.03 percent and 10.09 percent growth in NFA and NDA respectively. Reserve money growth in July of FY16 over July of FY15 was 6.95 percent.

External Sector

Export earnings declined by 11.96 percent in July of FY16 compared to the same period of the previous fiscal. Import payments declined by 3.24 percent in July of FY16 compared to the same period of FY15 while the remittance receipt decreased by 6.90 percent during this period. On the other hand, foreign exchange reserve increased to US\$ 25464.29 in July of FY 16 from US\$ 25025.50 million at the end of July of FY 15.

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 July 2015 stood at 6.35 percent. On point to point basis, inflation was 6.36 percent in July 2015, of which, food and non-food inflation were 6.07 percent and 6.80 percent, respectively. There was a negative change in Quantum Index of Industrial Production which was 257.1 in July 2014 and became 253.7 in July 2015.

1. FISCAL SECTOR

1.1 Revenue Earnings

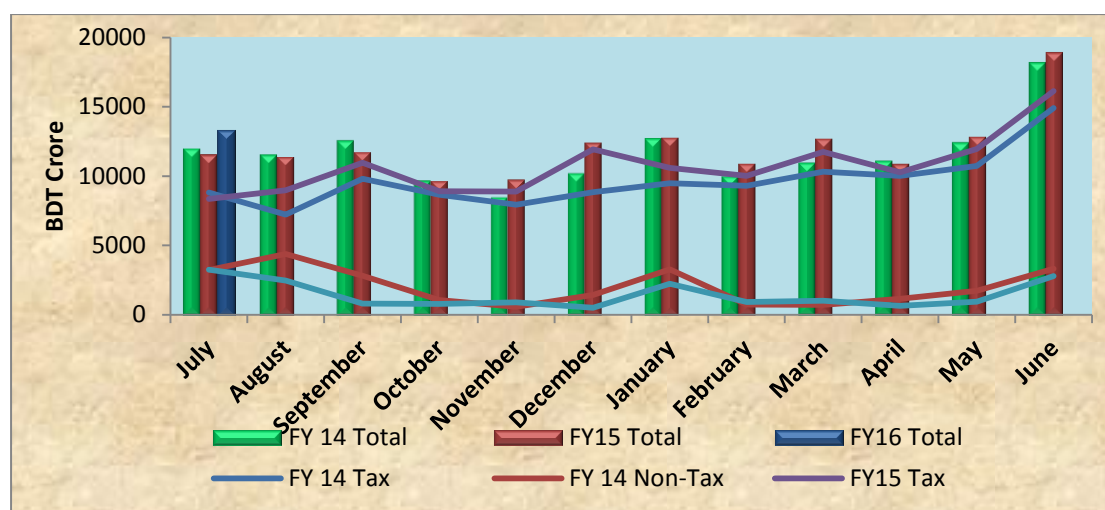
With remarkable growth in Non-tax revenue, total revenue earning increased by 15.07 percent in July of FY 16 compared to the same month of FY 15. Both NBR and Non-NBR tax revenue growth for the period were positive.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2013-14 (Actual)	111421	4608	116029	24341	140370
2014-15 (Actual)	123959	4822	128781	17177	145958
Growth (%)	11.25	4.64	10.99	-29.43	3.98
July, FY15	8000	345	8345	3239	11584
July, FY16	8827	376	9203	4127	13330
Growth(%) over July, FY15	10.34	8.99	10.28	27.42	15.07

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

Chart 1.1: Monthly Trend of Revenue earnings (FY14-FY16)



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

1.2 Grants

Actual grant receipts fell by 65.32 percent in FY 15 compared to FY14. July of FY16, grant receipt decreased by 53.85 percent to TK. 6 Crore against TK. 13 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants (In crore taka)

2013-14 (Actual)	2014-15 (Actual)	Growth (%)	FY 15	FY 16	Growth (%) over July FY14
			July	July	
6356	2204	-65.32	13	6	-53.85

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

1.3 Government Expenditure

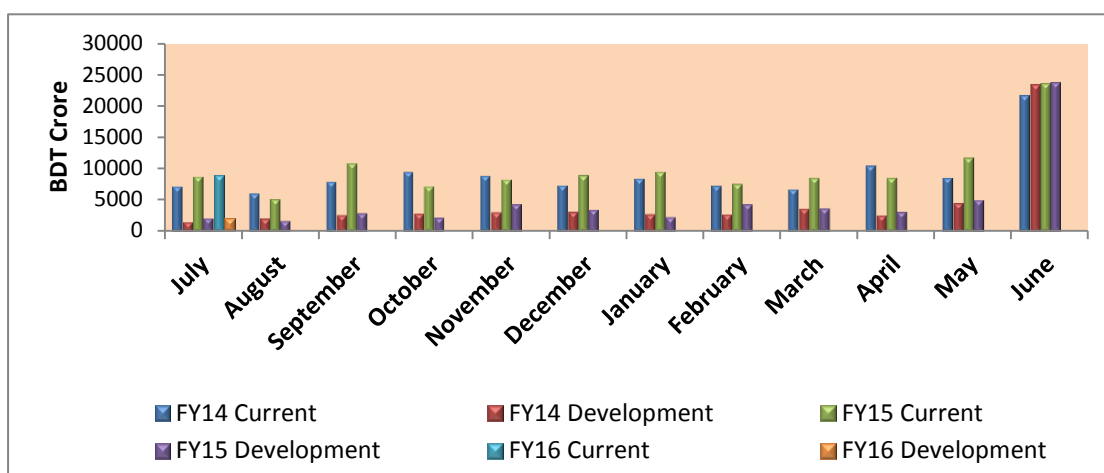
Total government expenditure, comprising current and development (ADP) expenditure, decreased by 2.71 percent in July of FY16 compared to the same period of previous fiscal year. According to iBAS database, development spending decreased by 9.02 percent in July of FY15 compared to same period of last fiscal (Table-1.3). The current spending, on the other hand grew by 1.4 percent in the same period compared to the corresponding period of FY15. 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 607 Crore in July of FY16, recording 67 percent decrease over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

	FY 14	FY 15	Growth (%)	FY 15 July	FY 16 July	Growth (%) over July FY15
1. Current Spending	110572	118981	7.60	8769	8891	1.39
Pay and Allowances	26344	28848	9.51	4167	4085	-1.97
Goods and Services	15053	16533	9.83	239	213	-10.88
Interest Payment	28223	30955	9.68	2066	2297	11.18
Domestic	26619	29418	10.52	1884	2071	9.93
Foreign	1604	1537	-4.18	182	226	24.18
Subsidy and Transfer	40711	42457	4.29	2292	2293	0.04
Others	241	188	-21.99	5	3	-40.00
2. Food Accounts	332	2131	541.87	480	6	-98.75
3. Non-ADP Capital & Spending	21989	22935	4.30	-48	190	-495.83
Non-ADP Capital	10442	10595	1.47	31	373	1103.23
Net Lending	7727	9047	17.08	-96	-183	90.63
Non-ADP Project	2077	2346	12.95	15	0	-
FFW	1026	376	-63.35	0	0	-
Development Expenditure under Revenue Budget	717	571	-20.36	2	0	-100.00
4. Development Spending	55325	59570	7.67	2139	1946	-9.02
Total (1+2+3+4)	188218	203617	8.18	11340	11033	-2.71
Total Spending (Percent of GDP)	14.01	13.45	-3.96	0.75	0.64	-

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

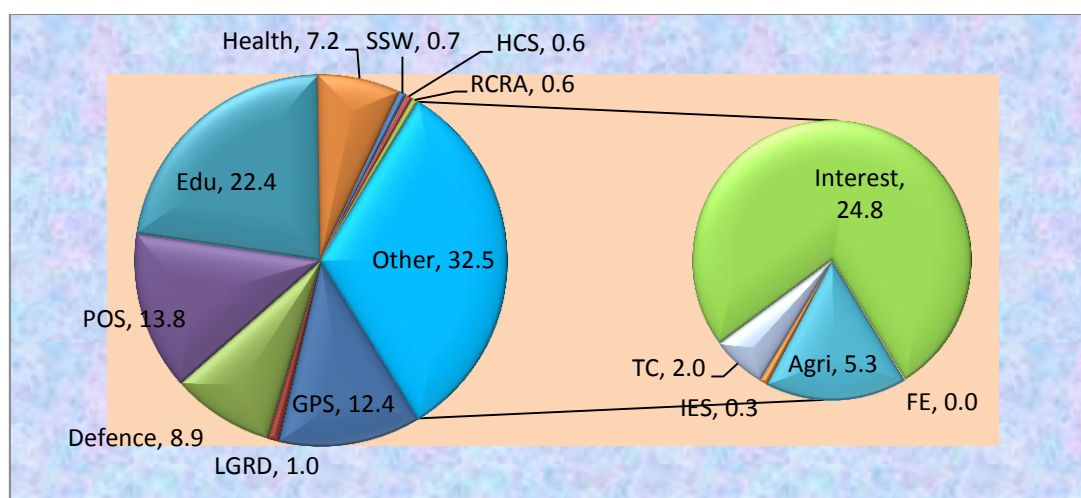
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure in July of FY 16 shows (chart 1.3) that interest payment (24.8%) was the highest spending item followed by education and technology sector (22.4%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July of FY 16)

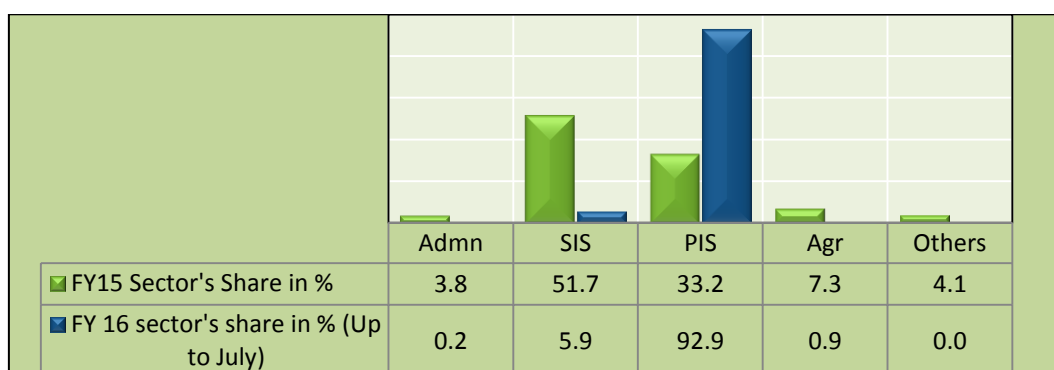


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 month of July of current fiscal year (FY16), highest share of spending went to Physical Infrastructure (93%) followed by Social Infrastructure (6%).

Chart 1.4: Sector wise share (%) of Development expenditure (July of FY16)



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 FY15 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY14. Overall budget balance including grants during July of FY 16 records a surplus of BDT 2298 crore against a surplus of BDT 246 crore of the same period of previous fiscal year.

Table 1.4: Budget Balance (In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
2013-14	-47848	-3.6
2014-15	-57660	-3.8
July FY15	246	0.0
July FY16	2298	0.1

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

1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 375 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50711 Crore from 19974 Crore within the same period. Net borrowing from the external sources declined to BDT 6608 Crore in FY 15 from BDT 9706 Crore in FY 14. In July of FY 16 Government net borrowing from the banking system increased to BDT 9167 Crore.

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2013-14	9,706	18,168	19,974	47,848	3.6
2014-15	6,608	375	50,711	57,694	3.8
July FY15	-1,263	2,501	-1,484	-246	0.0
July FY16	-559	9,167	-10,905	-2297	-0.1

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

1.8 Net Sale of NSD Certificates

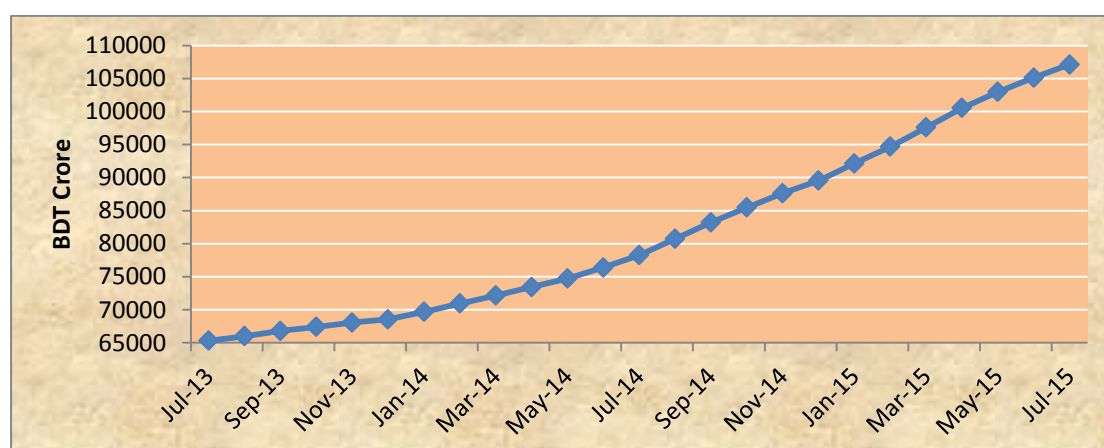
Sale of NSD certificate in July of FY16 stood at Tk. 3236.40 crore which was 18.66 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 1976.28 crore by end of July 2015 (table 1.6).

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

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2013-14	24309.59	12602.29	11707.3	76397.48
2014-15	42659.79	13927.13	28732.66	105130.14
Growth (%)	75.49	10.51	145.43	37.61
July FY15	2727.43	869.74	1857.69	78255.17
July FY 16	3236.4	1260.12	1976.28	107106.42
Growth (%)	18.66	44.88	6.38	36.87

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 was 12.58 percent at the end of July 2015 (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 21.03 and 10.09 percent increase respectively. Private sector credit growth slightly decreased to 12.96 percent in July 2015 from 13.19 percent of the previous month. Nevertheless, domestic credit expansion accelerated to 10.09 percent in July from 9.97 percent in June. However public sector credit growth remained negative in July 2015.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		July FY 15	Percentage changes	
	Jun FY 14	Jun FY 15	July FY 16	July FY 16	July 15 over July 14		July FY 16	July 15 over July 14
Net Foreign Assets	1600.6	1892.3	1968.2	75.9	342.0	1626.2	4.01	21.03
Net Domestic Asset	5405.7	5983.9	6078.6	94.8	557.0	5521.6	1.58	10.09
Domestic Credit	6379.1	7015.3	7109.3	94.1	651.5	6457.9	1.34	10.09
Public Sector	1302.7	1269.3	1372.7	103.4	-6.8	1379.5	8.15	-0.50
Govt (Net)	1175.3	1102.6	1217.3	114.7	-29.6	1246.9	10.40	-2.37
Other Public Sector	127.4	166.7	155.4	-11.3	22.8	132.6	-6.78	17.16
Private sector	5076.4	5746.0	5736.7	-9.3	658.3	5078.4	-0.16	12.96
Net Other Item	-973.4	-1031.4	-1030.7	0.7	-94.5	-936.2	-0.07	10.09
Broad Money	7006.2	7876.1	8046.8	170.7	899.0	7147.8	2.17	12.58

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money increases by 6.95 percent at the end of July 2015 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier decreased to 5.17 at the end of July 2015 from 5.30 in June 2015.

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

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY 2014	June FY 2015	July 2016	July FY 16	July 2015 over July 2014
Reserve money	1298.8	1484.8	1556.3	71.5 (+10.09)	101.1 (+6.95)
Money multiplier	5.39	5.30	5.17	-0.13	0.26

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

3. EXTERNAL SECTOR

3.1 Export

Export earnings increased by 3.4 percent and stood at US\$ 31208.94 million during FY15 compared with the same period of last fiscal year. In July, 2015 country's export earnings witnessed a negative growth of 11.96 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance

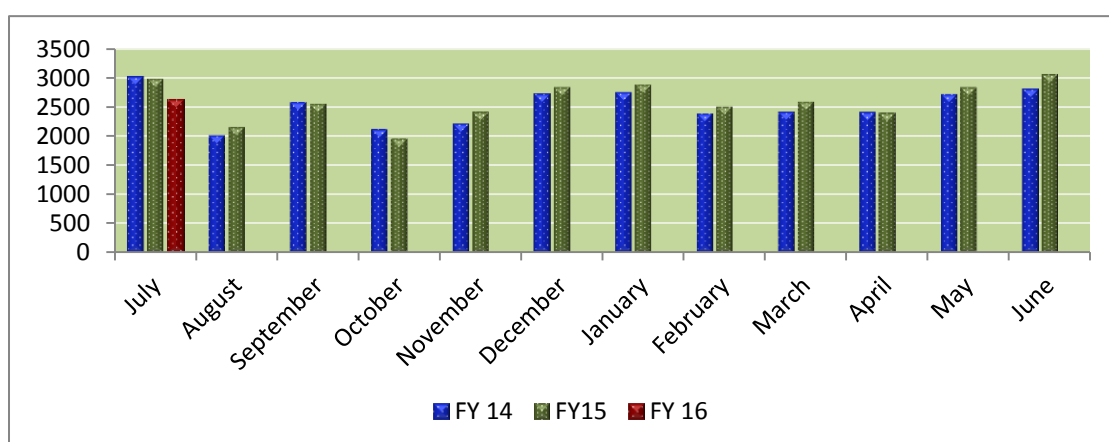
(Million US\$)

	FY 14	FY 15	July FY 16	July FY 2015
Export	30186.62	31208.94	2625.93	2982.74
Growth (%)*	11.69	3.39	-11.96	-1.37

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)

Up to July of FY16, import payments reduced by 3.24 percent and stood at USD 2977.4 million. However, there was a remarkable growth (15.96%) in import LC settlement during this period.

Table 3.2: Import Scenario

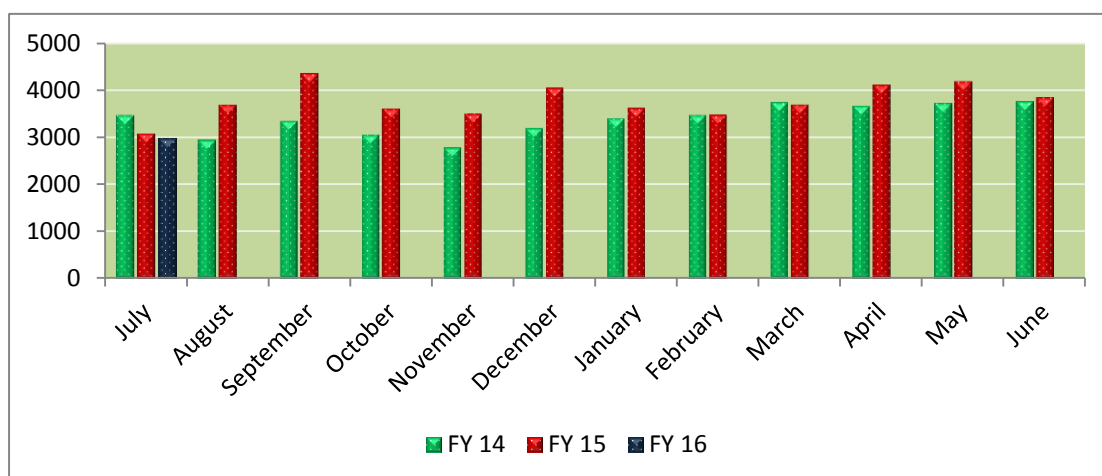
(Million US\$)

Period	FY 14	FY 15	FY 16 (upto June)	2015 June
Import payments	40616.40	45190.2	2977.4	2977.4
Growth (%)	8.92	11.26	-3.24	-3.24
LCs Opened	41818.56	43068.76	3011.64	3011.64
Growth (%)	16.29	2.99	-17.62	-17.62
LCs Settled	37188.84	38455.24	3437.71	3437.71
Growth (%)	14.93	3.41	15.96	15.96

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 decreased by 6.9 percent in July of FY 16 compared to the same period of the previous fiscal year.

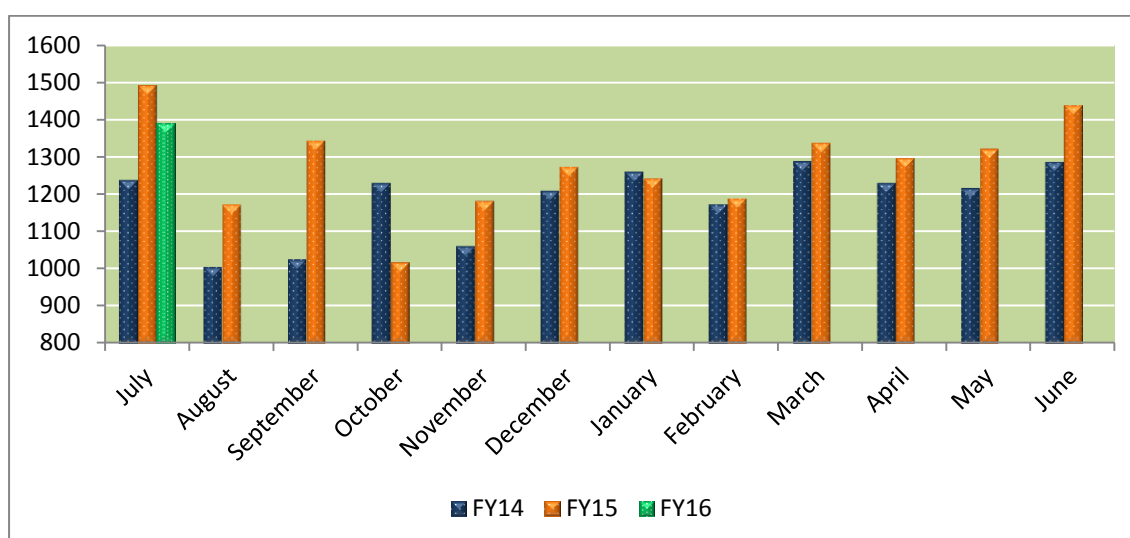
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to July	2015 July
Remittances	14228.3	15316.9	1389.6	1389.56
Growth (%)	-1.61	7.65	-6.90	-6.90
As % of GDP	8.23	7.86	0.63	-
As % of Export	47.13	49.08	52.92	52.92

Source: Bangladesh Bank

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



3.4 Exchange Rate Movements

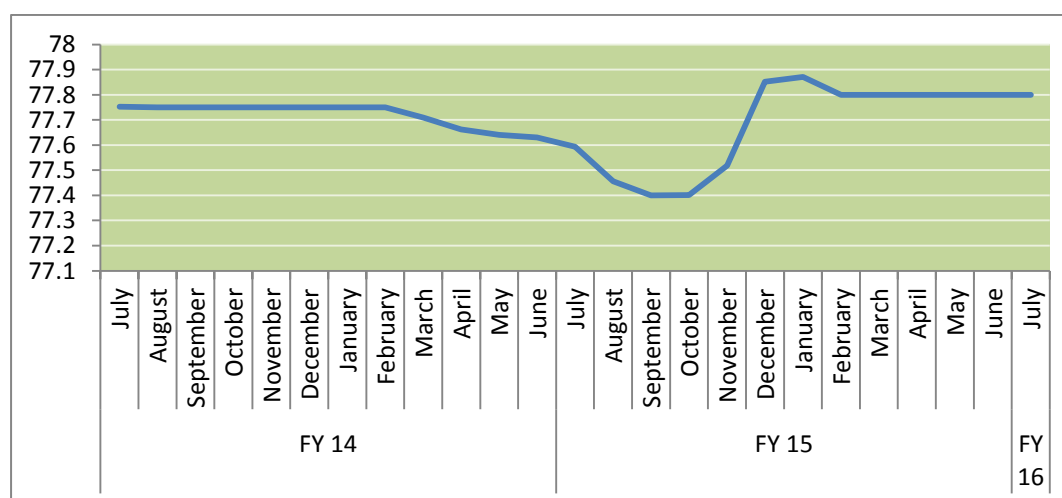
The exchange rate movement (monthly average) from July 2013 to July 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

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	71.17	74.15
2011-12	79.10	81.82
2012-13	79.93	77.77
2013-14	77.72	77.63
2014-15	77.67	77.81
2015-16		
July	77.59	77.52

Source: Bangladesh Bank

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



3.5 External Reserve

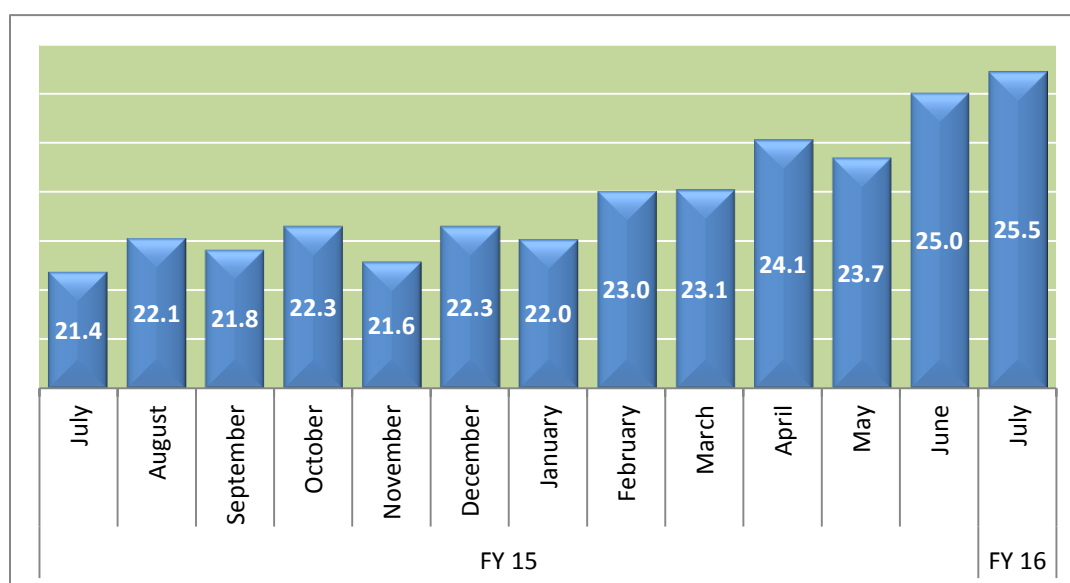
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 25464.29 million at the end of July 2015 from US\$ 25025.50 million in June 2015. The gross foreign exchange reserve at the end of July 2015 is equivalent to import payments of 6.72 months.

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

	FY 13	FY 14	FY 15	As on end of July, 2015
Reserve	15315.23	21508.0	25025.50	25464.29
In month of import payment	4.64	5.89	6.65	6.72

Source: Bangladesh Bank.

Chart 3.5: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



Source: Bangladesh Bank

3.6 Balance of Payments

The country's trade deficit increased to US\$ 77 million in July of FY 16 from the surplus of US\$ 195 million in the corresponding period of the FY15. Current account balance was positive US\$ 818 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1044 million in overall balances during in July FY16.

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

	2013-14 ^R (July-June)	2014-15 ^p (July-June)	July, 2014 ^R	July, 2015 ^P
Trade Balance	-6794	-9917	195	-77
Current Account Balance	1406	-1645	972	818
Capital Account	598	491	8	4
Financial Account	2813	5150	-151	86
Overall Balance	5483	4373	477	1044

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

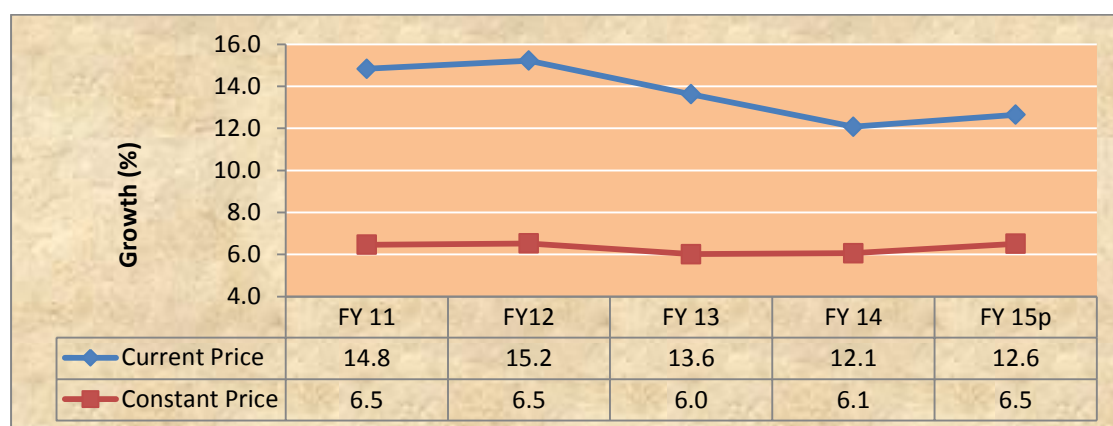
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 was 6.51 percent (Base year 2005-06). Per capita GNI in FY15 reached US\$ 1314.

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	16109.0
Per capita GDP	taka	61198	69614	78009	86266	95858
Per capita GNI	taka	66044	75505	84283	92015	102026
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

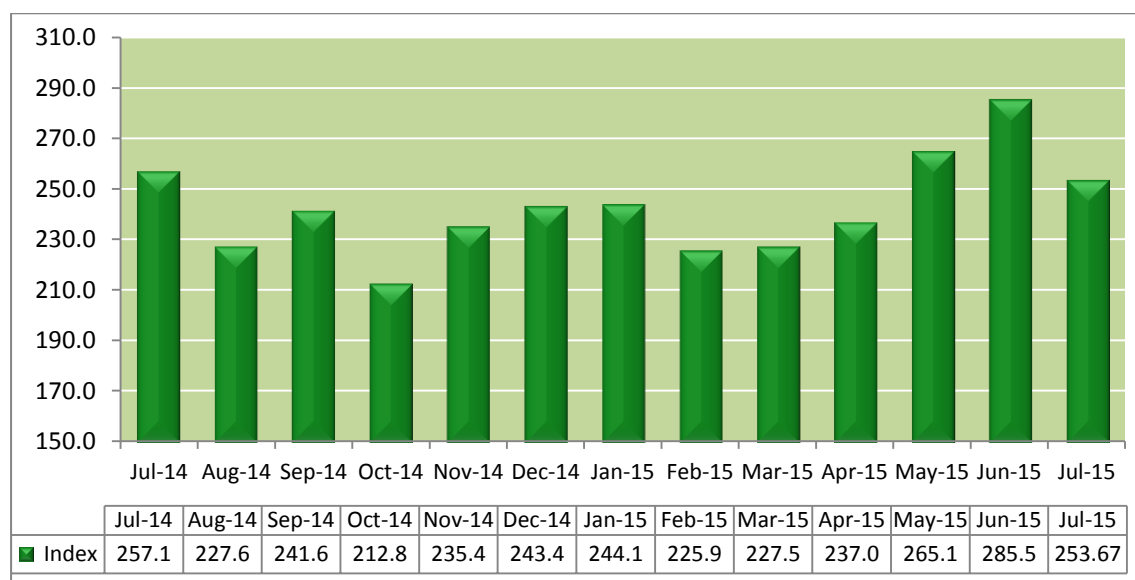
Slower growth in private sector investment resulted in a negative change in Quantum Index of Industrial Production which was 257.1 in July 2014 and became 253.7 in July 2015 decreasing by 1.3 percent (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 11.7 percent in FY 15 which was 8.2 percent in FY 14.

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	213.22	8.2
2014-15	236.1	11.7
July, 2014	257.1	10.8
July, 2015	253.7	-1.3

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

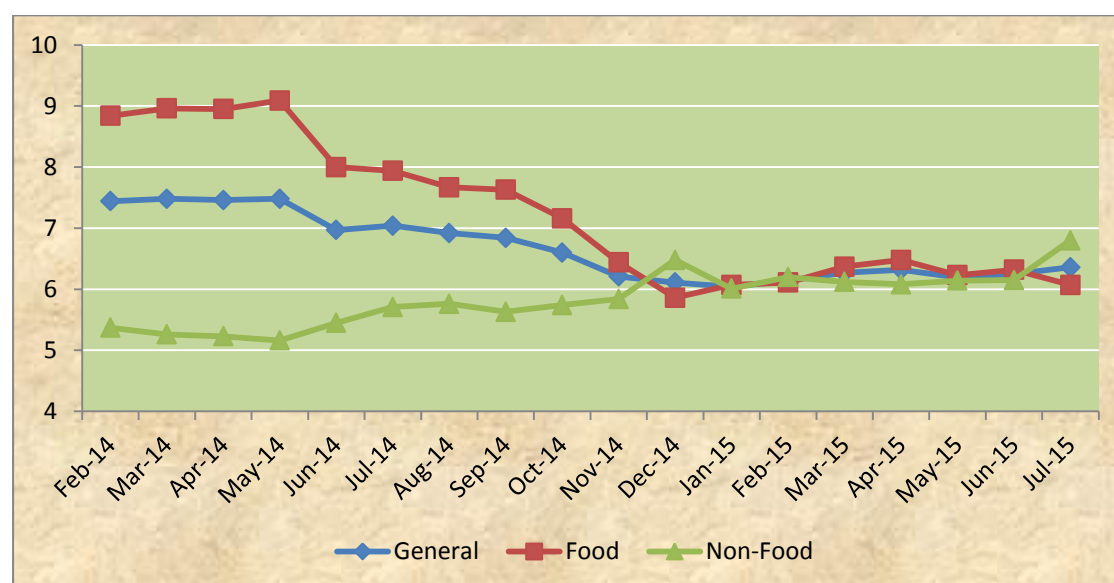
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.35 percent in July 2015, of which food and non-food inflation were 6.53 percent and 6.08 percent, respectively. On the other hand, point to point inflation reduced to 6.36 percent in the same month, of which, food and non-food inflation were 6.07 percent and 6.80 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
2014-15	6.41	6.68	5.99
2015-16			
July	6.35	6.53	6.08

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics