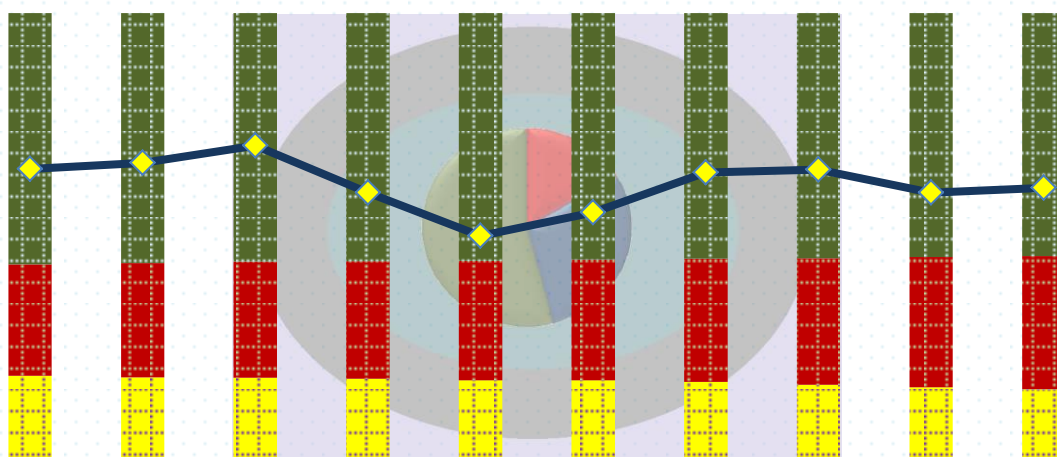




MONTHLY REPORT ON FISCAL-MACRO POSITION

February, 2016



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Executive Summary

The February 2016 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-February of FY16, total revenue collection increased by 15.21 percent compared to the same period of previous fiscal year. Similarly, total government spending increased by 1.24 percent during the same period.

Monetary Sector

Broad Money growth was 13.1 percent in the end of February of FY16 compared to the previous fiscal mainly due to 25.1 percent and 9.5 percent growth in NFA and NDA respectively. Reserve money growth in February FY16 over February FY15 was 15.51 percent.

External Sector

Both export earnings and import payments increased by 3.4 percent and 6.4 percent respectively during July-February of FY16 compared to the same period of the previous fiscal. On the other hand, remittance receipt decreased by 1.49 percent during this period whereas, foreign exchange reserve increased to US\$ 28058.56 million in the end of February of FY 16 which was equivalent to import payments of 7.5 months.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 would stand at 7.05 percent (Base year 2005-06). Per capita GNI in FY16 would reach US\$ 1466. The average rate of inflation (12-month average basis) in February 2016 stood at 6.15 percent. On point to point basis, inflation was 5.62 percent in February 2016, of which, food and non-food inflation were 3.77 percent and 8.46percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 225.9 in February 2015 and became 271.9 in February 2016.

1. FISCAL SECTOR

1.1 Revenue Earnings

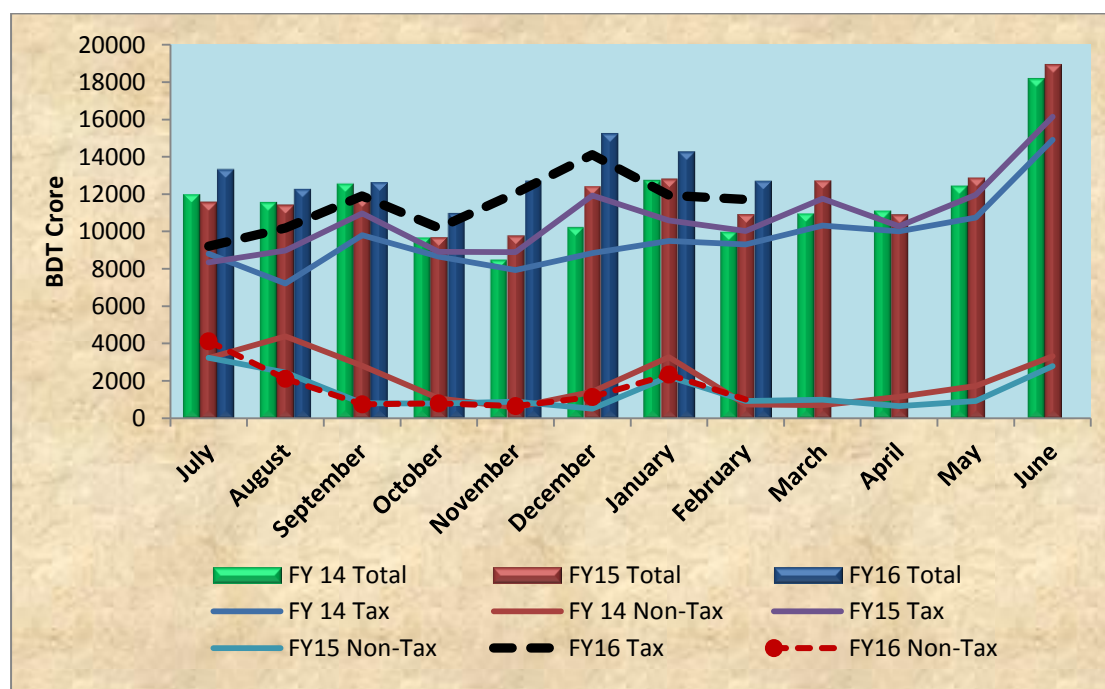
Total revenue earning increased by 15.21 percent during July-February of FY16 compared to the same period of FY 15. Growth rates of Tax and Non-tax revenue during this period were 16.10 percent and 9.29 percent respectively.

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)	123974	4821	128795	17177	145972
Growth (%)	11.27	4.62	11.00	-29.43	3.99
July-February, FY15	75690	2958	78648	11821	90469
July-February, FY16	87710	3601	91311	12919	104230
Growth(%) over July-February, FY16	15.88	21.74	16.10	9.29	15.21

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 65.3 percent in FY 15 compared to FY14. During July-February of FY16, grant receipt decreased by 44.6 percent to TK. 328 Crore against TK. 592 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 -Feb FY14
			July-Feb	July-Feb	
6357	2205	-65.31	592	328	-44.6

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

1.3 Government Expenditure

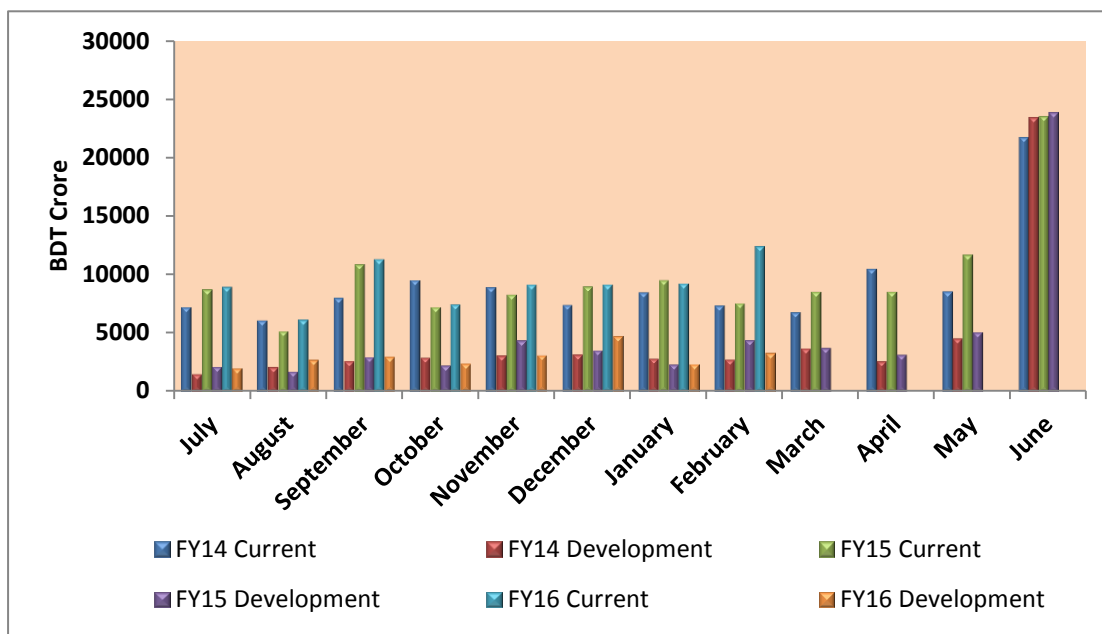
According to iBAS database, total government expenditure increased by 1.24 percent in July-February of FY16 compared to the same period of the previous fiscal (Table-1.3). On the other hand, development (ADP) expenditure decreased by 3.29 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 33209 Crore in July-February of FY16, recording 7.47 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

Category of expenditures	FY 14	FY 15	Growth (%)	FY 15	FY 16	Growth (%) over July-February, FY15
				July-February	July-February	
1. Current Spending	110572	118977	7.60	66540	73468	10.41
Pay and Allowances	26344	28840	9.47	19429	21701	11.69
Goods and Services	15053	16530	9.81	7353	7642	3.95
Interest Payment	28223	30960	9.70	17735	19455	9.69
Domestic	26619	29423	10.53	16566	18320	10.58
Foreign	1604	1537	-4.18	1169	1135	-2.99
Subsidy and Transfer	40711	42459	4.29	21911	24539	11.99
Others	241	188	-21.99	112	130	17.86
2. Food Accounts	332	2129	541.27	3524	3401	-3.49
3. Non-ADP Capital & Net Lending	21989	22939	4.32	11533	6823	-40.82
Non-ADP Capital	10442	10595	1.47	6099	7265	19.12
Net Lending	7727	9051	17.13	4171	-631	-115.04
Non-ADP Project	2077	2346	12.95	1082	4	-99.63
FFW	1026	376	-63.35	0	1	-
Development Expenditure under Revenue Budget	717	571	-20.36	181	184	2.21
4. Development Spending	55325	59706	7.92	23884	23097	-3.29
Total (1+2+3+4)	188218	203751	8.25	105481	106790	1.24
Total Spending (Percent of GDP)	14.01	13.46	-3.90	6.97	6.22	-

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

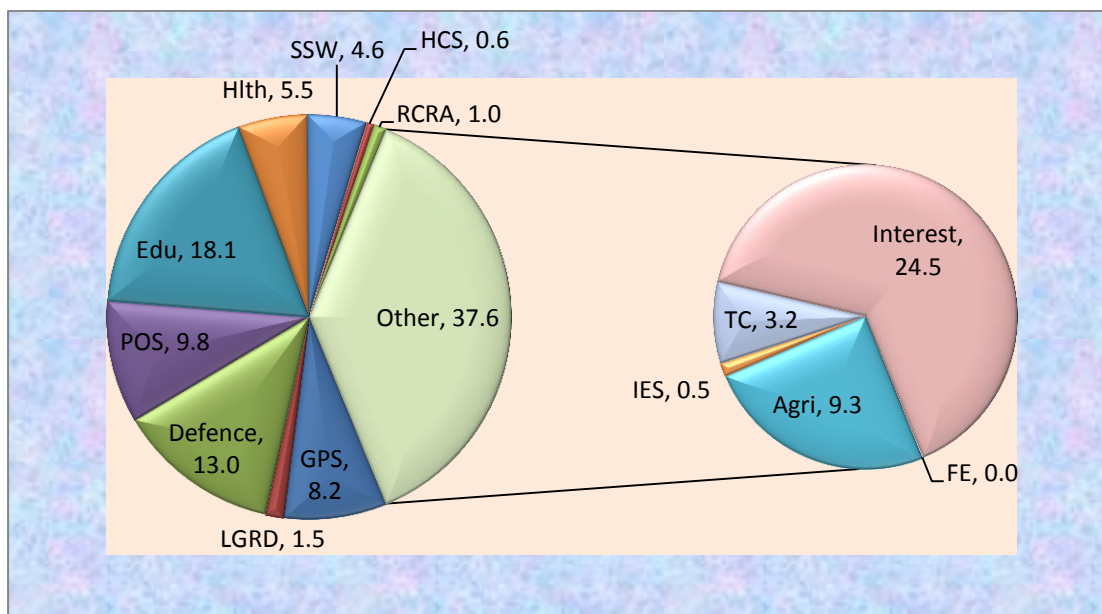
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



1.4 Composition of Revenue Expenditure

Interest payment (24.5%) was the highest spending item followed by education and technology sector (18.1%) in July-February of FY 16(chart 1.3).

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

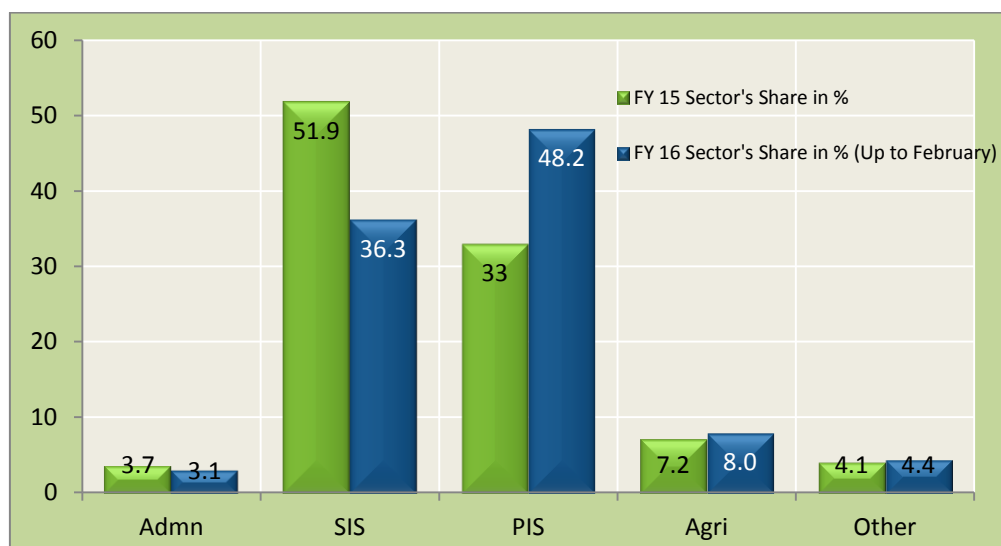


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Composition of development expenditure

Sector wise analysis of development expenditure shows that, over the period of July-February of FY16, highest share of spending went to Physical Infrastructure (48.2%) followed by Social Infrastructure (36.3%).

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-February of FY16 records a deficit of BDT 2560 crore against a deficit of BDT 15011 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	-3.56
2014-15	-57778	-3.81
July-Feb FY15	-15011	-0.99
July-Feb FY16	-2560	-0.15

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

1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 515 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50692 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. Government debt stock increased by BDT 2562 Crore during July-February of FY 16

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2013-14	9706	18168	19974	47848	3.6
2014-15	6608	515	50692	57815	3.8
July-Feb FY15	1625	2044	11378	15047	1.0
July-Feb FY16	1570	-3426	4418	2562	0.1

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

1.8 Net Sale of NSD Certificates

Sale of NSD certificate in July-February period of FY16 stood at Tk. 33067.25 Crore which was 24.62 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk.19890.54 Crore by end of February 2016 (table 1.6).

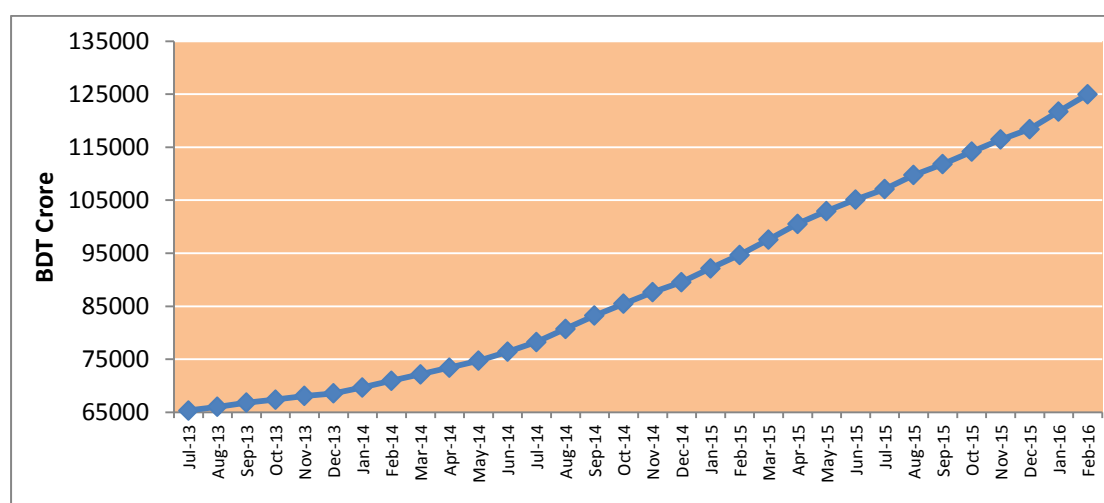
Table 1.6 Net Sales of NSD Certificates

(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-Feb FY15	26533.48	8250.33	18283.15	94680.64
July-Feb FY 16	33067.25	13176.71	19890.54	125020.69
Growth (%)	24.62	59.71	8.79	32.04

Source: National Savings Directorate

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



Source: National Savings Directorate

2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in February, 2016 was 13.1 percent (table 2.1) compared to the same month of previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 25.1 and 9.5 percent increase respectively. During the month of February 2015, private sector credit expansion was quite remarkable (15.1 percent) which contributed to 11.0 percent of domestic credit growth despite negative growth in public sector credit (-6.5 percent).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Feb FY 15	Percentage changes	
	Jun FY 14	Jun FY 15	Feb FY 16	Up to Feb FY 16	Feb FY16 over Feb FY15		Up to Feb FY 16	Feb FY16 over Feb FY15
Net Foreign Assets	1600.6	1892.3	2146.7	254.4	430.8	1715.9	13.44	25.10
Net Domestic Asset	5405.7	5983.9	6303.7	319.8	548.7	5754.9	5.34	9.53
Domestic Credit	6379.1	7015.3	7476.7	461.5	741.0	6735.8	6.58	11.00
Public Sector	1302.7	1269.3	1197.1	-72.2	-83.3	1280.4	-5.68	-6.51
Govt (Net)	1175.3	1102.6	1026.9	-75.7	-80.1	1107.0	-6.86	-7.24
Other Public Sector	127.4	166.7	170.2	3.5	-3.2	173.4	2.10	-1.85
Private sector	5076.4	5746.0	6279.6	533.6	824.3	5455.3	9.29	15.11
Net Other Item	-973.4	-1031.4	-1173.1	-141.7	-192.2	-980.8	13.73	19.60
Broad Money	7006.2	7876.1	8450.4	574.2	979.5	7470.9	7.29	13.11

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money recorded an increase of 15.51 percent at the end of February FY16 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier declined to 5.23 at the end of February of FY 16 from 5.30 at the end of FY 15.

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

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY14	June FY 15	February FY16	Up to February FY 16	February FY 16 over FebruaryFY 15
Reserve money	1298.8	1484.8	1617.2	132.4 (+8.92)	217.1 (+15.51)
Money multiplier	5.39	5.30	5.23	-0.08	-0.11

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

3. EXTERNAL SECTOR

3.1 Export

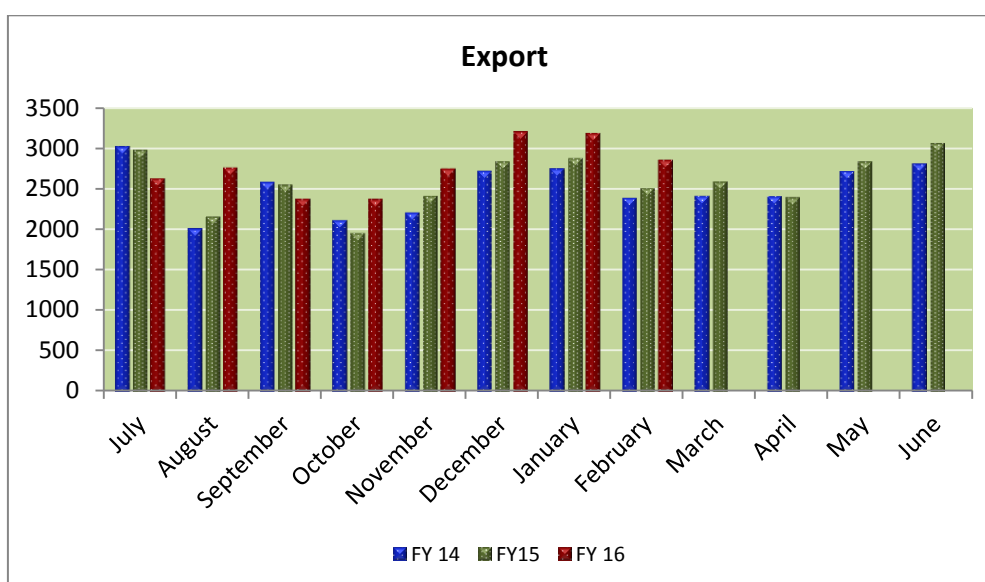
Export earnings increased by 3.4 percent and stood at US\$ 31208.94 million during FY15 compared with the same period of last fiscal year (Table 3.1). During July-February of FY16 export earnings increased by 8.92 percent compared to the corresponding period of the previous fiscal. Mentionable that growth in export earnings in the month of February 2016 (year on year basis) was 10.41 percent which was 4.77 percent in the same month of previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 14	FY 15	July- Feb FY 16	Feb FY16
Export	30186.62	31208.94	22123.75	2854.22
Growth (%)*	11.69	3.39	8.92	13.60

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- February of FY16, import payments increased by 6.44 percent and stood at USD 27703.4 million (Table 3.2). On the other hand, import LCs opening during the same period declined by 1.67 percent. However, there was a positive growth (5.58%) in import LC settlement during this period.

Table 3.2: Import Scenario

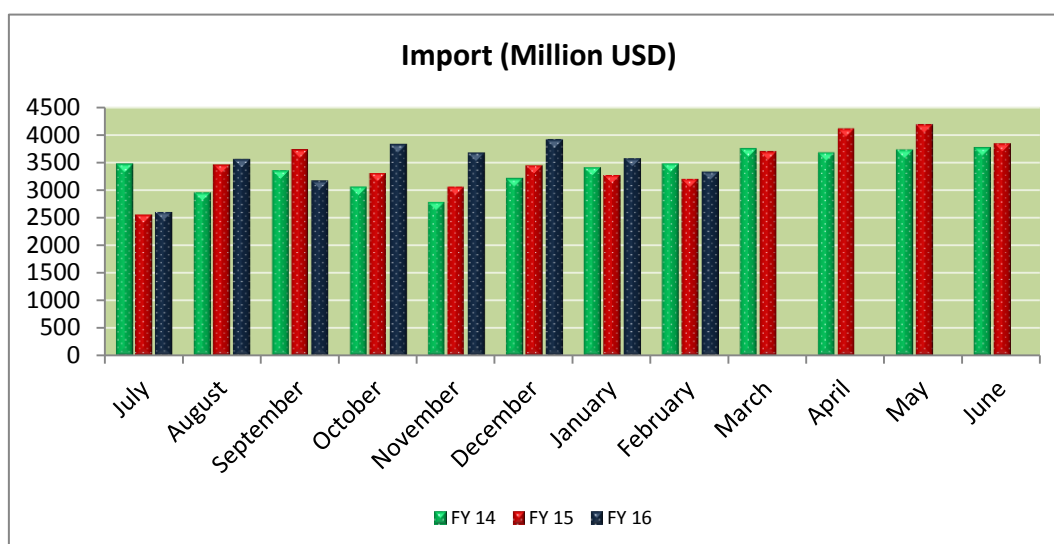
(Million US\$)

Period	FY 14	FY 15	FY 16 (up to February)	FY 16 February
Import payments	40616.40	45190.2	27703.3	3342.5
Growth (%)	8.92	11.26	6.44	4.39
LCs Opened	41818.56	43068.76	27577.27	3125.37
Growth(%)	16.29	2.99	-1.67	-4.05
LCs Settled	37188.84	38455.24	26855.53	3200.16
Growth(%)	14.93	3.41	5.58	13.97

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 1.49 percent in July-February of FY 16 compared to the same period of the previous fiscal year.

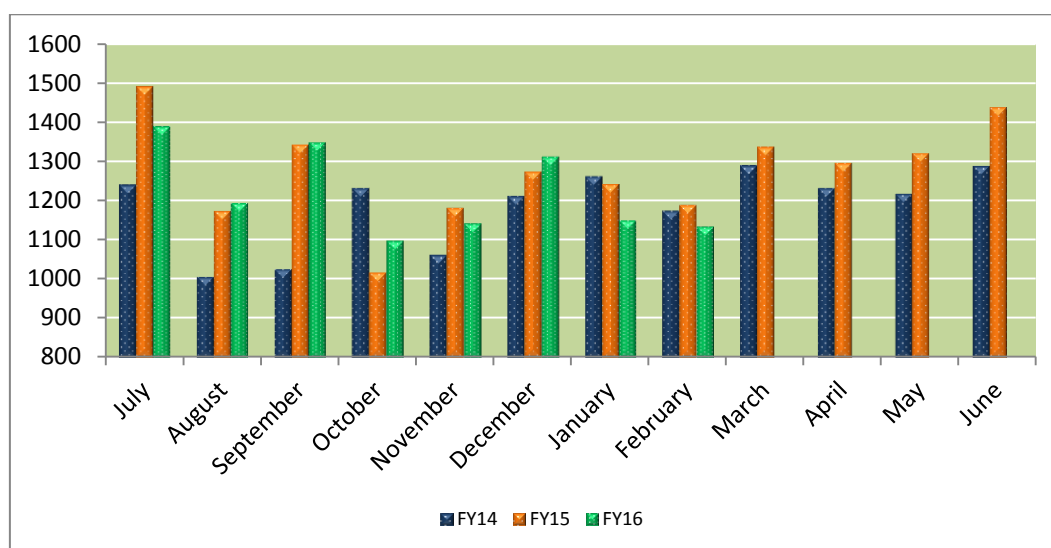
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to February	FY 16 February
Remittances	14228.3	15316.9	9772.1	1134.26
Growth (%)	-1.61	7.65	-1.49	-4.65
As % of GDP	8.23	7.85	4.43	-
As % of Export	47.13	49.08	44.17	35.61

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

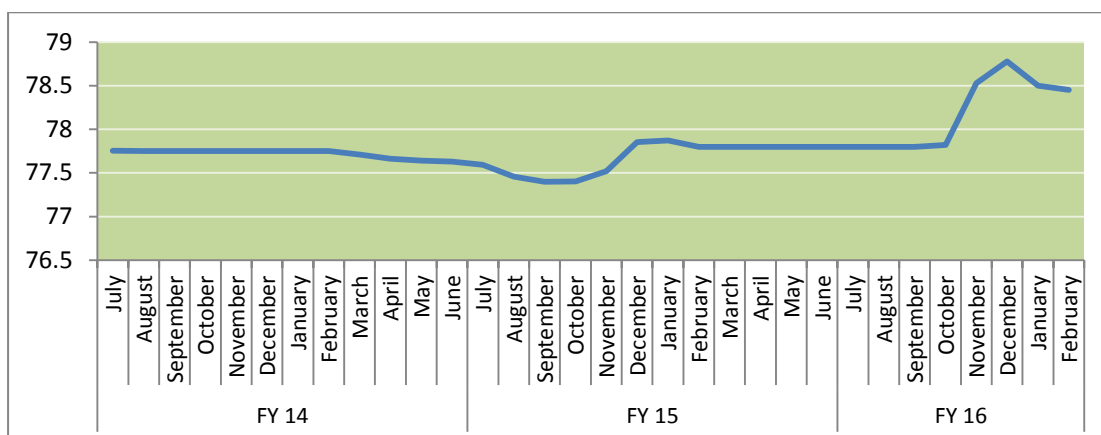
The exchange rate movement (monthly average) from July 2013 to February 2016 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February 2014 to October, 2015. However, BDT depreciated by 0.83 percent against US dollar from its level of end June 2015 at the end of February 2016.

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	77.80	77.80
August	77.80	77.80
September	77.80	77.80
October	77.82	77.99
November	78.53	78.64
December	78.78	78.50
January	78.50	78.50
February	78.55	78.45

Source: Bangladesh Bank

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



3.5 External Reserve

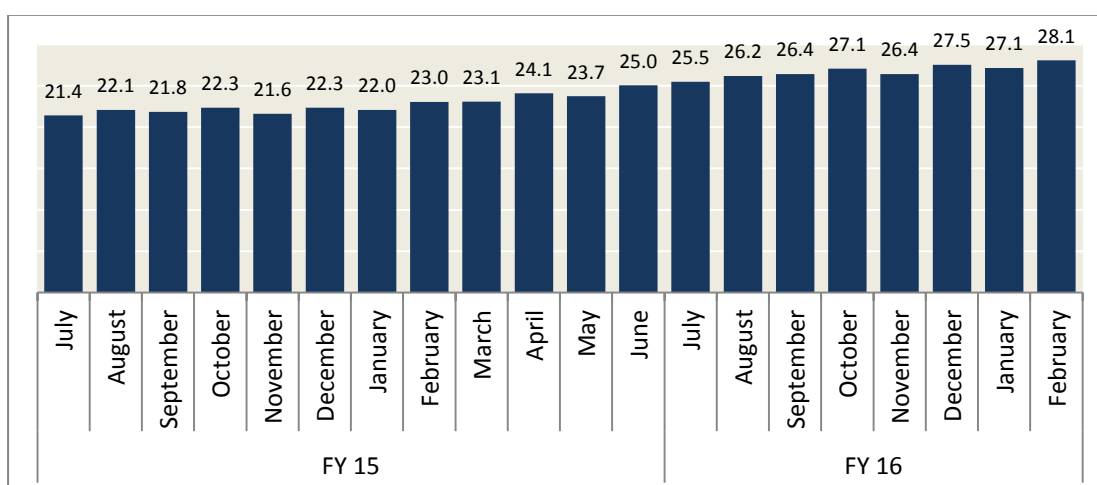
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 28058.56 million at the end of February of FY 16 from US\$ 27138.91 million in the previous month. The gross foreign exchange reserve at the end of February of FY16 is equivalent to import payments of 7.5 months.

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

	FY 13	FY 14	FY 15	As on end of February FY 16
Reserve	15315.23	21508.0	25025.50	28058.56
In month of import payment	4.64	5.89	6.65	7.5

Source: Bangladesh Bank.

Chart 3.5: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month (Billion US\$)



Source: Bangladesh Bank

3.6 Balance of Payments

The country's trade deficit decreased to US\$ 4058 million in July-February of FY 16 from US\$ 4069 million in the corresponding period of the FY15. It contributed to increase current account balance to US\$ 2710 million from US\$ 2199 million in the corresponding period of the previous fiscal year. Surplus in both capital and financial account along with a positive current account balance resulted in a surplus of US\$ 3149 million in overall balances during in July-February of FY16.

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

	2013-14 ^R (July-June)	2014-15 ^p (July-June)	July-February, FY 15 ^R	July-February, FY 16 ^P
Trade Balance	-6794	-9917	-4069	-4058
Current Account Balance	1406	-1645	2199	2710
Capital Account	598	491	325	298
Financial Account	2813	5150	528	905
Overall Balance	5483	4373	2223	3149

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

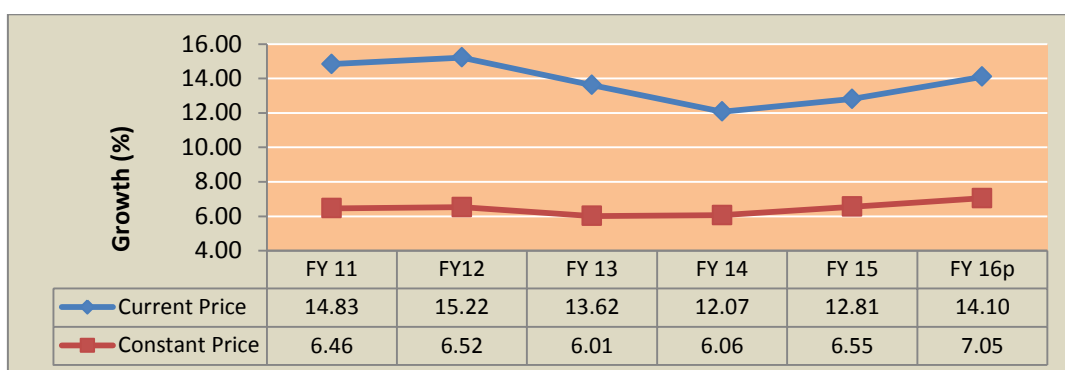
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY16 is 7.05 percent (Base year 2005-06). Per capita GNI in FY16 reached US\$ 1466.

Table 4.1 Real sector indicators

Concepts	Unit	FY 12	FY 13	FY 14	FY 15	FY16(p)
GDP at constant prices	Billion Tk.	6884.9	7299.0	7741.4	8248.6	8830.5
Growth	%	6.52	6.01	6.06	6.55	7.05
GDP at current prices	Billion Tk.	10552.0	11989.2	13436.7	15158.0	17295.7
Growth	%	15.22	13.62	12.07	12.81	14.10
GNI at current prices	Billion Tk.	11445.1	12953.5	14332.2	16142.0	18315.0
Per capita GDP	Taka	69614	78009	86266	96004	108172
Per capita GNI	Taka	75505	84283	92015	102236	114547
Per capita GDP	US\$	880	976	1110	1236	1384
Per capita GNI	US\$	955	1054	1184	1316	1466

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

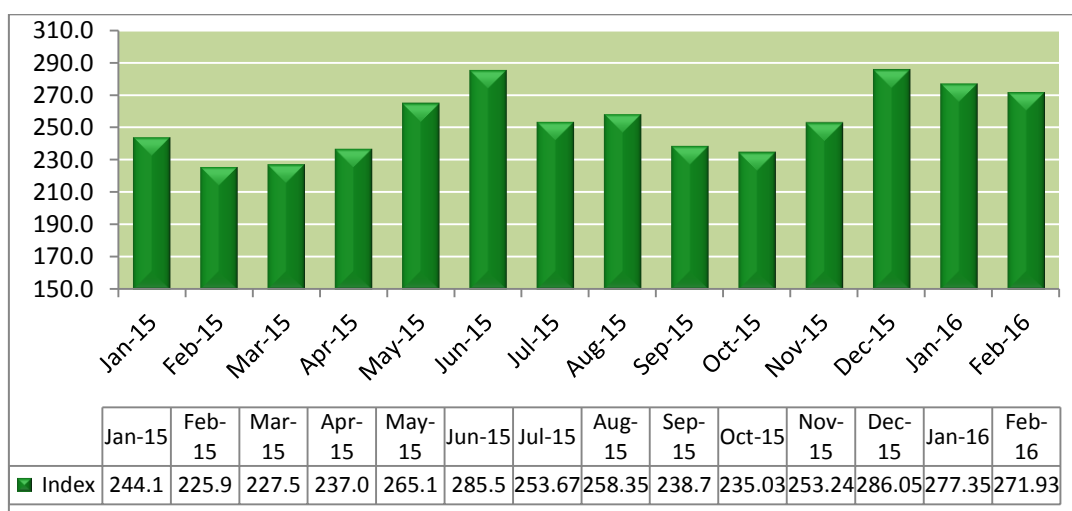
Quantum Index of Industrial Production increased by 20.4 percent and became 271.9 in February 2016 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in FY 15 which was 8.2 percent in FY 14.

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
2015-15	236.1	10.7
February, 2015	225.9	2.4
February, 2016	271.9	20.4

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

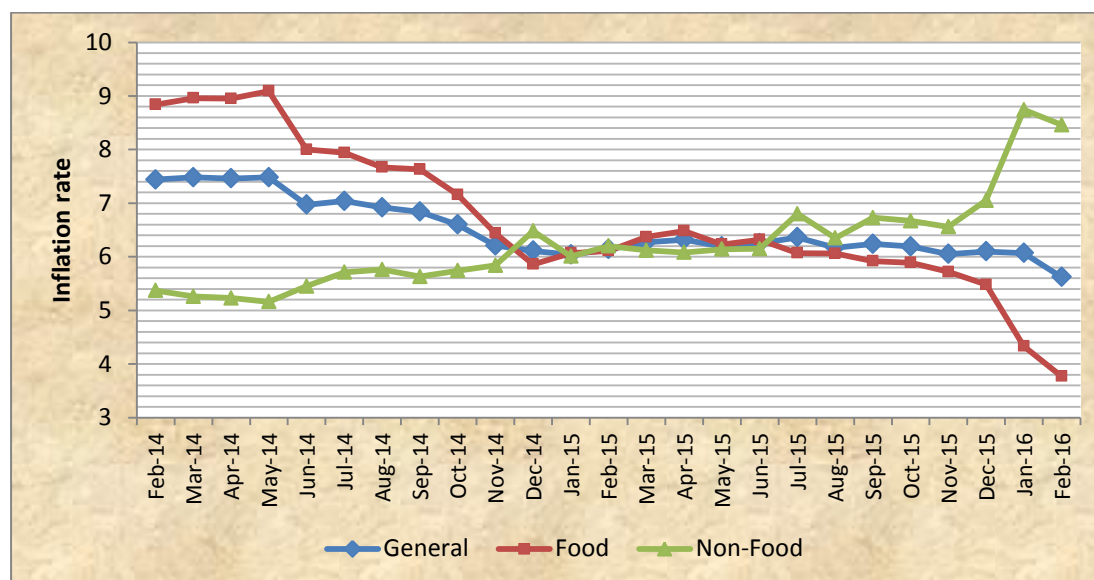
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.15 percent in February 2016, of which food and non-food inflation were 5.70 percent and 6.84 percent, respectively. On the other hand, point to point inflation stood at 5.62 percent in the same month, of which, food and non-food inflation were 3.77 percent and 8.46 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
August	6.29	6.39	6.13
September	6.24	6.25	6.22
October	6.21	6.15	6.30
November	6.20	6.09	6.36
December	6.19	6.05	6.41
January	6.20	5.90	6.65
February	6.15	5.70	6.84

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics