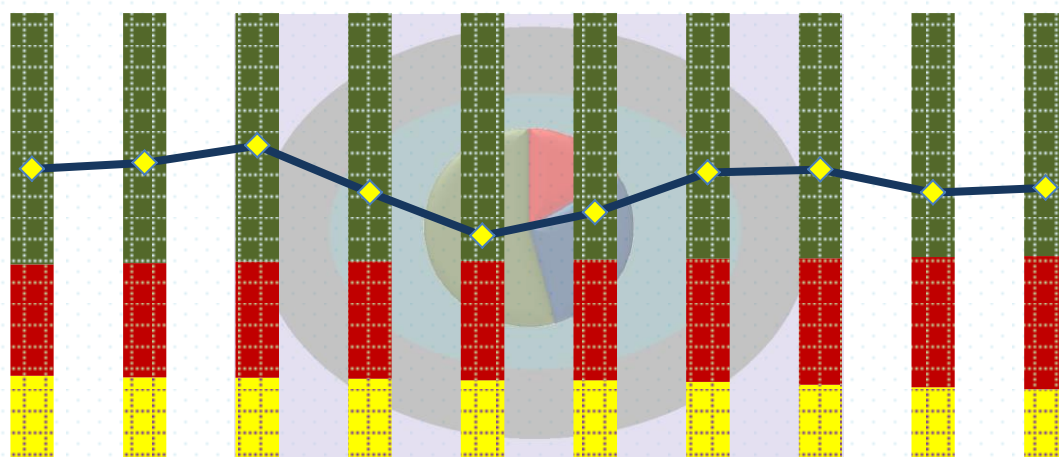




MONTHLY REPORT ON FISCAL-MACRO POSITION

July, 2016



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Vol. X, No. 01, July 2016, FY17

As of November, 2016

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Executive Summary

The July 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 FY16. In July of FY17, total revenue collection increased by 13.5 percent compared to the same period of previous fiscal year. On the other hand, total government spending decreased by 39.12 percent during the same period.

Monetary Sector

Broad Money growth was 13.50 percent in the end of July of FY17 compared to the previous fiscal mainly due to 19.85 percent and 11.44 percent growth in NFA and NDA respectively. Reserve money growth in July of FY17 over July of FY16 was 16.85 percent.

External Sector

Export earnings earning decreased by 3.49 percent during July of FY17 compared to the same period of the previous fiscal. On the other hand, import payments increased by 2.96 percent during the same period. Remittance receipt decreased remarkably by 27.64 percent during this period whereas, foreign exchange reserve stood at US\$ 30039.29 million in the end of July of FY 17 which was equivalent to import payments of 8.3 months.

Real Sector

According to the final estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 stood at 7.11 percent (Base year 2005-06). Per capita GNI in FY16 reached to US\$ 1465. The average rate of inflation (12-month average basis) in July 2016 stood at 5.84 percent. On point to point basis, inflation was 5.40 percent in July 2016, of which, food and non-food inflation were 4.35 percent and 6.98 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 253.7 in July 2015 and became 254.3 in July 2016.

1. FISCAL SECTOR

1.1 Revenue Earnings

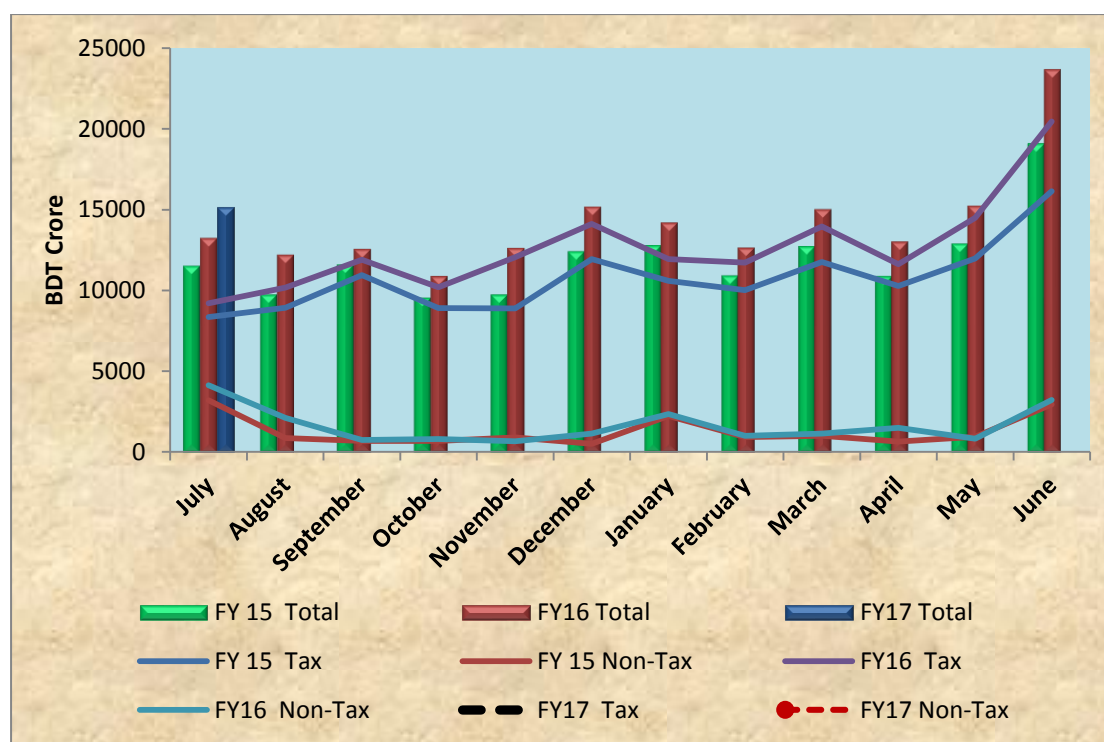
Total revenue earning increased by 13.5 percent in July of FY17 compared to the same period of FY 16. Growth rates of Tax and Non-tax revenue during this period were 17.97 percent and 3.54 percent respectively.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2014-15 (Actual)	123916	4821	128737	15448	144185
2015-16 (Actual)	146220	5645	151865	19568	171433
Growth (%)	18.0	17.1	18.0	26.7	18.9
July FY16	8827	376	9203	4128	13331
July FY17	10440	417	10857	4274	15131
Growth (%)	18.27	10.90	17.97	3.54	13.50

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

Chart 1.1: Monthly Trend of Revenue earnings (FY15-FY17)



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

1.2 Grants

Actual grant receipts fell by 45.03 percent in FY 16 compared to FY15. During July- of FY17, grant receipt increased by 33.3 percent to TK. 8 Crore against TK. 6 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

2014-15 (Actual)	2015-16 (Actual)	Growth (%)	FY 16	FY 17	Growth (%) over July of FY 16
			July	July	
2467	1356	-45.03	6	8	33.3

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

1.3 Government Expenditure

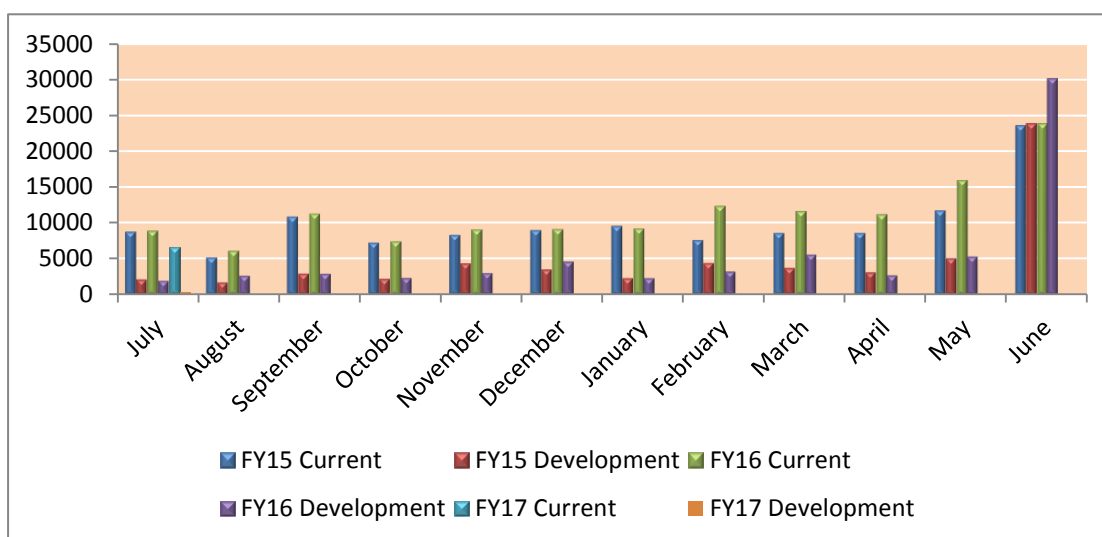
According to iBAS database, total government expenditure decreased by 39.12 percent in July of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure decreased by 88.85 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 674 Crore in July of FY17, recording 11.03 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

	FY 15	FY 16	Growth (%)	FY 16	FY 17	Growth (%) over July FY16
				July	July	
1. Current Spending	114068	136015	19.24	8906	6555	-26.40
Pay and Allowances	27463	39246	42.90	4085	1098	-73.12
Goods and Services	15919	18642	17.11	213	127	-40.38
Interest Payment	30234	29448	-2.60	2312	2513	8.69
Domestic	29138	27826	-4.50	2086	2294	9.97
Foreign	1096	1622	47.99	226	219	-3.10
Subsidy and Transfer	40280	48452	20.29	2293	2817	22.85
Others	172	227	31.98	3	0	-100.00
2. Food Accounts	2122	3797	78.93	6	-19	-416.67
3. Non-ADP Capital & Net Lending	22031	18240	-17.21	190	-27	-114.21
Non-ADP Capital	9657	15928	64.94	373	103	-72.39
Net Lending	9072	1065	-88.26	-183	-130	-28.96
Non-ADP Project	2346	138	-94.12	0	0	-
FFW	377	602	59.68	0	0	-
Development Expenditure under Revenue Budget	579	507	-12.44	0	0	-
4. Development Spending	64486	67006	3.91	1946	217	-88.85
Total (1+2+3+4)	202707	225058	11.03	11048	6726	-39.12
Total Spending (Percent of GDP)	13.37	12.99	-2.88	0.64	0.34	

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

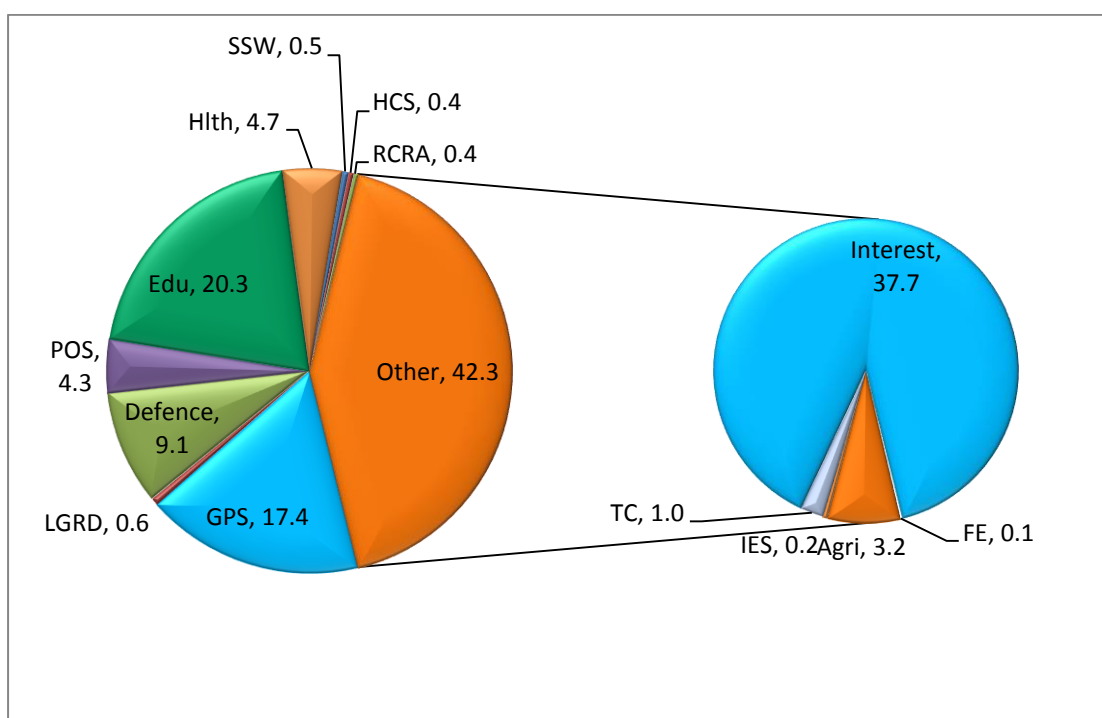
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



1.4 Composition of Revenue Expenditure

As on July of FY17, spending on interest payment was highest (37.7%) highest followed by education (20.3 %) (chart 1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (FY 17)

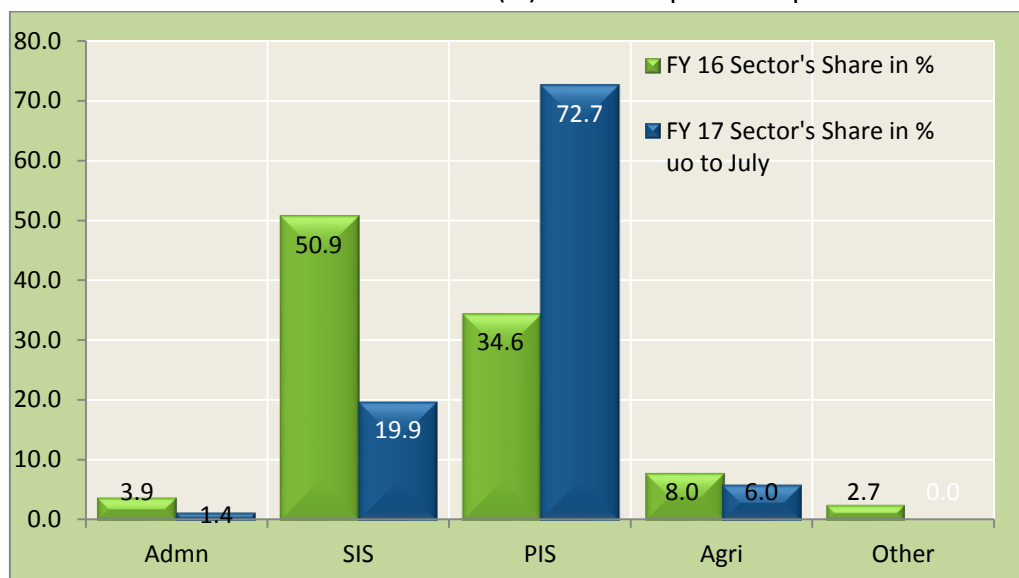


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Composition of ADP Expenditure

Sector wise analysis of development expenditure shows that, over the month July of FY17, highest share of spending went to Physical Infrastructure (72.7%) followed by Social Infrastructure (19.9%).

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



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 FY16 stood at 3.09 percent of GDP (Base year 2005-06), which was 3.86 percent in FY15. Overall budget balance including grants during July of FY17 records a surplus of BDT 8405 crore against a surplus of BDT 2283 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
2014-15	-58522	-3.86
2015-16	-53627	-3.09
July FY16	2283	0.13
July FY17	8405	0.43

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

1.7 Deficit Financing

Domestic borrowing from the banking system increased to BDT 10615 Crore in FY16 from BDT 4893 Crore in FY 15. On the other hand, borrowing from the non-bank sources decreased to BDT 37205 Crore from 40769 Crore within the same period. Net borrowing from the external sources declined to BDT 5816 Crore in FY 16 from BDT 12894 Crore in FY 15. Government total debt stock decreased by BDT 8405 Crore in July of FY 17.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2014-15	12894	4893	40769	58556	3.9
2015-16	5816	10615	37205	53636	3.1
July FY16	-559	9182	-10905	-2282	-0.1
July FY17	-344	1463	-9524	-8405	-0.4

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

1.8 Net Sale of NSD Certificates

Sale of NSD certificate in July of FY17 stood at Tk. 4932.05 Crore which was 52.39 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 3498.37 Crore by end of July 2016 (table 1.6).

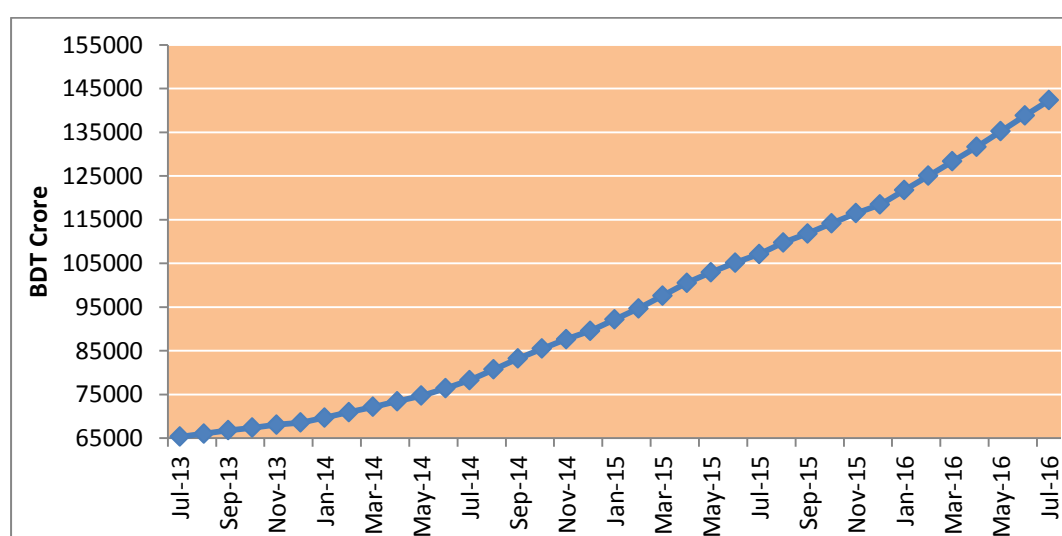
Table 1.6 Net Sales of NSD Certificates

(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2014-15	42659.79	13927.13	28732.66	105130.14
2015-16	53712.45	20023.85	33688.6	138818.73
Growth (%)	25.91	43.78	17.25	32.04
July FY16	3236.4	1260.12	1976.28	107106.42
July FY 17	4932.05	1433.68	3498.37	142317.10
Growth (%)	52.39	13.77	77.02	32.87

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 July, 2016 was 13.50 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 19.85 and 11.44 percent increase respectively. During the month of July 2016, private sector credit expansion was quite remarkable (15.97 percent) which contributed to 12.24 percent of domestic credit growth despite negative growth in public sector credit (-3.36 percent).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		June FY 16	Percentage changes	
	Jun FY 15	Jun FY 16	July FY 17	Up to July FY 17	July FY17 over July FY16		Up to July FY 17	July FY17 over July FY16
Net Foreign Assets	1892.3	2331.4	2358.9	27.5	390.7	1968.2	1.18	19.85
Net Domestic Asset	5983.9	6832.4	6774.2	-58.2	695.6	6078.6	-0.85	11.44
Domestic Credit	7015.3	8012.8	7979.7	-33.1	870.3	7109.3	-0.41	12.24
Public Sector	1269.3	1302.7	1326.6	23.9	-46.1	1372.7	1.83	-3.36
Govt (Net)	1102.6	1142.2	1166.6	24.4	-50.7	1217.3	2.13	-4.16
Other Public Sector	166.7	160.5	160.0	-0.5	4.6	155.4	-0.33	2.95
Private sector	5746.0	6710.1	6653.1	-57.0	916.4	5736.7	-0.85	15.97
Net Other Item	-1031.4	-1180.4	-1205.5	-25.1	-174.8	-1030.7	2.13	16.95
Broad Money	7876.1	9163.8	9133.0	-30.7	1086.2	8046.8	-0.34	13.50

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money recorded an increase of 16.85 percent at the end of July FY17 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier increased to 5.02 at the end of July of FY 17 from 4.74 at the end of FY 16.

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

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY15	June FY 16	July FY17	Up to July FY 17	July FY17 over July FY16
Reserve money	1484.8	1932.0	1818.6	-113.4 (-5.87)	262.2 (16.85)
Money multiplier	5.30	4.74	5.02	0.28	-0.15

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

3. EXTERNAL SECTOR

3.1 Export

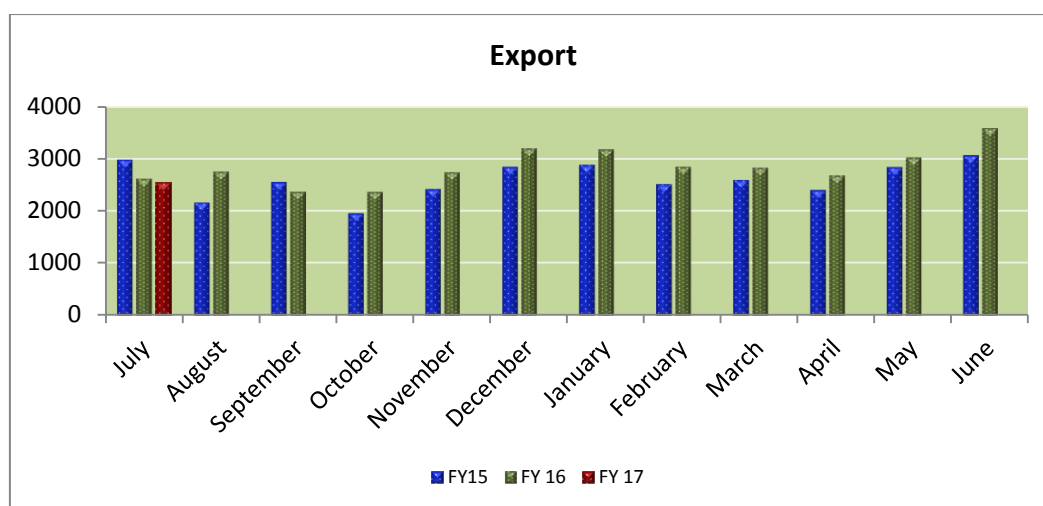
Export earnings increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). In the month of July of FY 17, export decreased by (year on year basis) 3.49 percent which was 11.96 percent in the same month of previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 15	FY 16	July FY 17	July FY16
Export	31208.94	34257.18	2534.31	2625.93
Growth (%)*	3.39	9.77	-3.49	-11.96

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 FY17, import payments and import LCs opening increased by 2.96 percent and 2.86 percent respectively. On the other hand, import LC settlement decreased by 18.42 percent compared to the same period of the previous fiscal year. (Table 3.2).

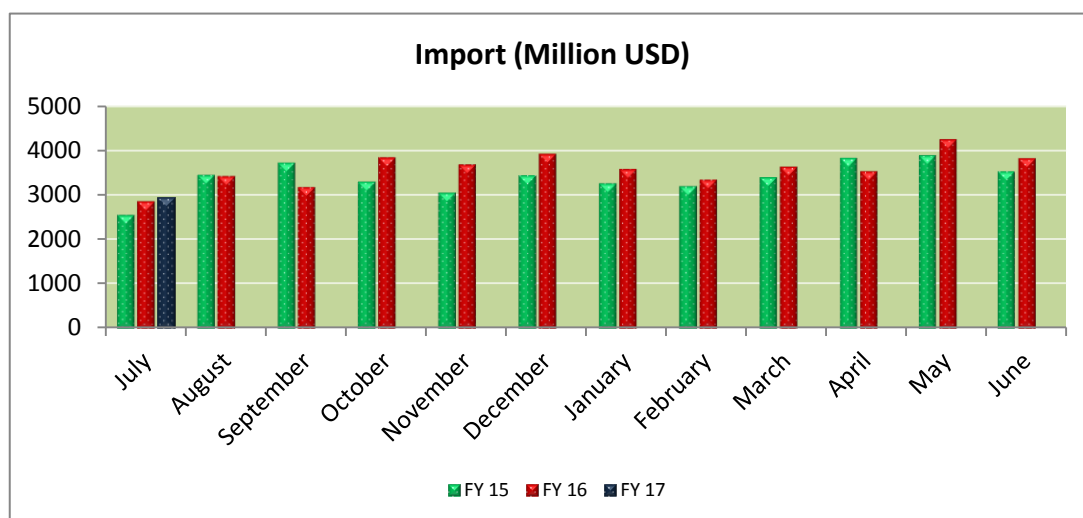
Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (upto July)	FY 17 July
Import payments	40703.70	43017.2	2941.5	2941.5
Growth (%)	0.21	5.68	2.96	2.96
LCs Opened	43068.76	43335.33	3097.8	3097.8
Growth (%)	2.99	0.62	2.86	2.86
LCs Settled	38455.24	40076.20	2804.36	2804.36
Growth (%)	3.41	4.22	-18.42	-18.42

*Revised figure, 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 27.64 percent in July of FY 17 compared to the same period of the previous fiscal year.

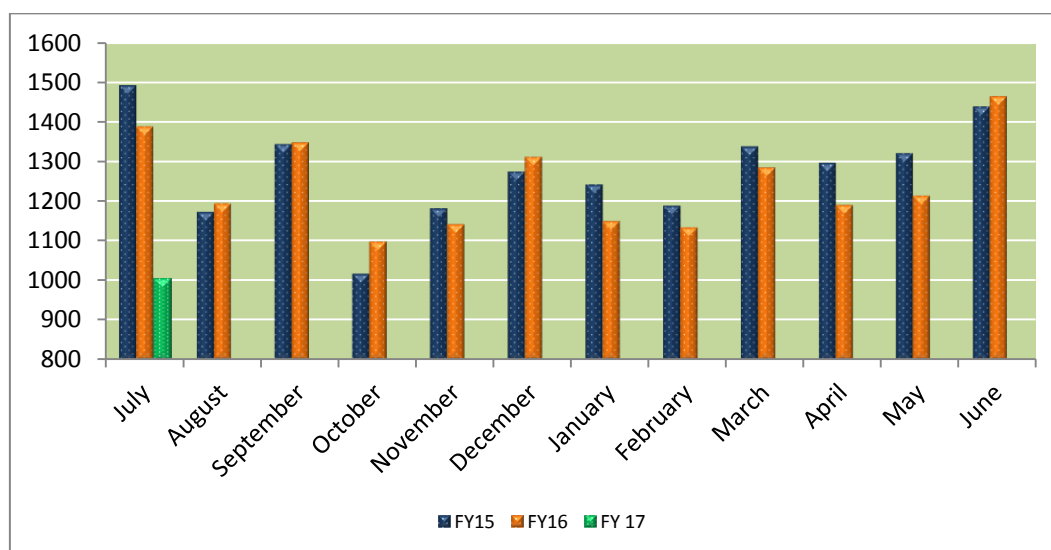
Table-3.3: Remittance Performance

(In million US\$)

	FY 15	FY 16	FY 17 Up to July	FY 17 July
Remittances	15316.9	14929.4	1005.4	1005.43
Growth (%)	7.65	-2.53	-27.64	-27.64
As % of GDP	7.85	6.74	0.40	0.40
As % of Export	49.08	43.58	39.67	39.67

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

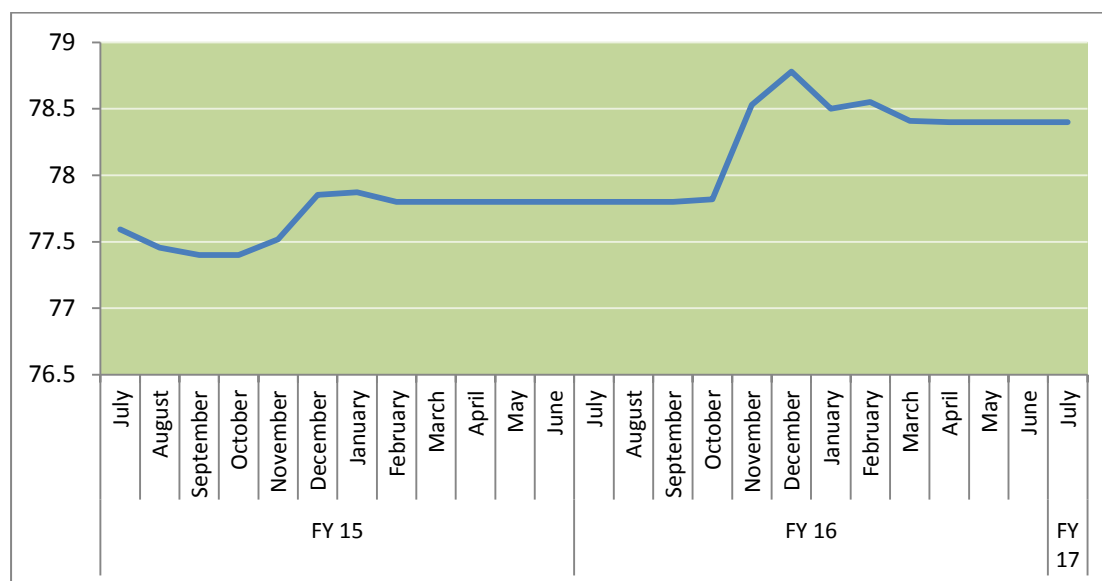
BDT depreciated by 0.77 percent against US dollar from its level of end June 2015 at the end of July 2016.

Table 3.4: Exchange Rate Movements (Taka per US\$)

Period	Average	End of the period
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	78.40	78.40
2016-17		
July	78.40	78.40

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.5 External Reserve

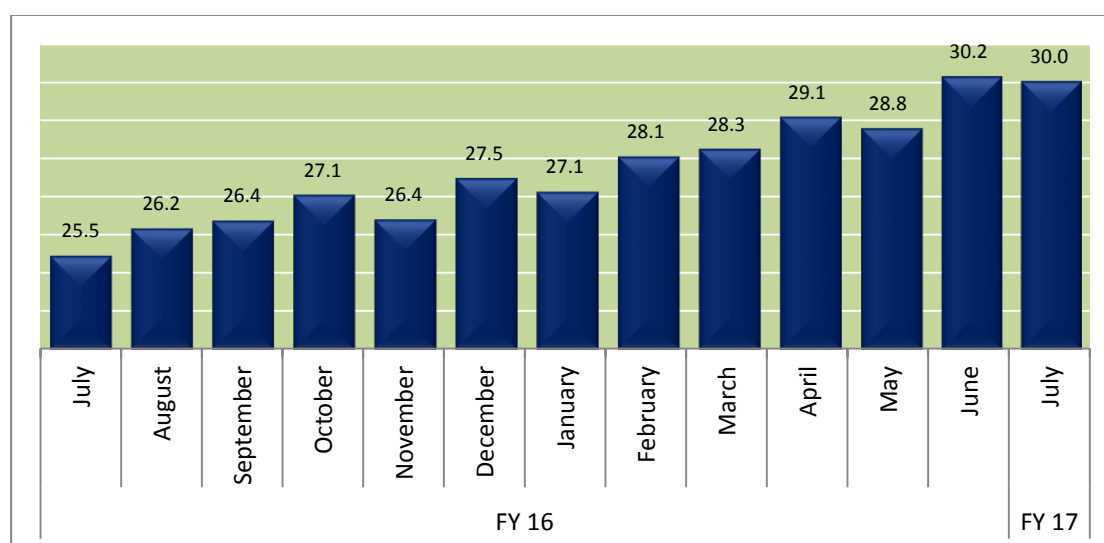
The gross foreign exchange reserve of Bangladesh Bank decreased to US\$ 30039.29 million at the end of July of FY 17 from US\$ 30168.22 million in the previous month. The gross foreign exchange reserve at the end of July of FY17 is equivalent to import payments of 8.3 months.

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

	FY 14	FY 15	FY 16	As on end of July FY 17
Reserve	21508.0	25025.50	30168.22	30039.29
In month of import payment	5.89	6.65	8.4	8.3

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 increased to US\$ 236 million in July of FY 17 from US\$ 47 million in the corresponding period of the FY16. It contributed to decrease in current account balance to US\$ 318 million from US\$ 1021 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\$ 481 million in overall balances during July of FY17.

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

	2014-15 ^R (July-June)	2015-16 ^P (July-June)	2016-17 (July)	2015-16 (July)
Trade Balance	-6965	-6274	-236	-47
Current Account Balance	2875	3706	318	1021
Capital Account	496	478	1	4
Financial Account	1925	1610	233	-69
Overall Balance	4373	5036	481	1044

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

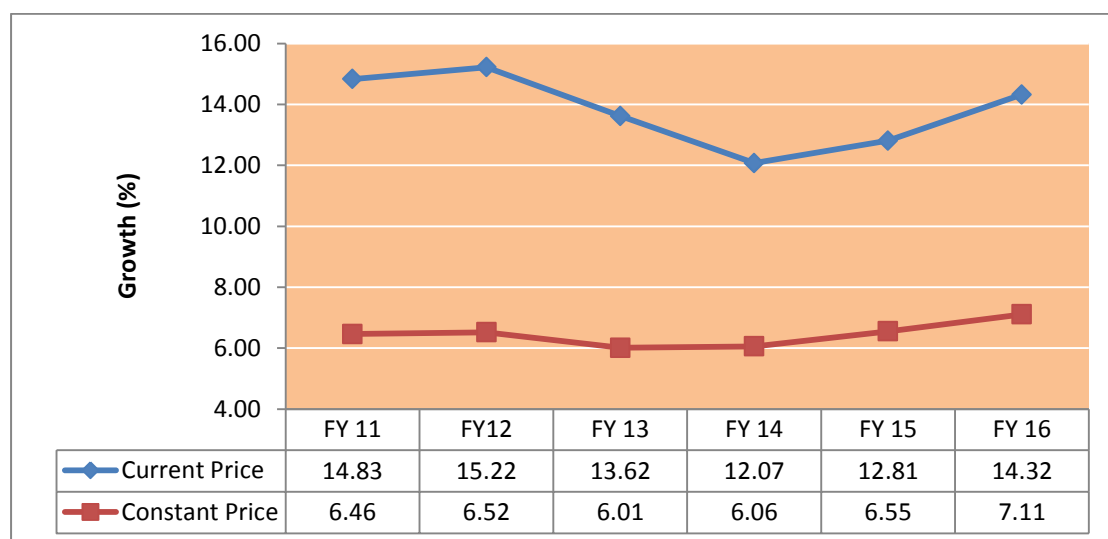
According to Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 is 7.11 percent (Base year 2005-06). Per capita GNI in FY16 reached US\$ 1465.

Table 4.1 Real sector indicators

Concepts	Unit	FY 12	FY 13	FY 14	FY 15	FY16
GDP at constant prices	Billion Tk.	6884.9	7299.0	7741.4	8248.6	8835.4
Growth	%	6.52	6.01	6.06	6.55	7.11
GDP at current prices	Billion Tk.	10552.0	11989.2	13436.7	15158.0	17328.6
Growth	%	15.22	13.62	12.07	12.81	14.32
GNI at current prices	Billion Tk.	11445.1	12953.5	14332.2	16142.0	18326.7
Per capita GDP	Taka	69614	78009	86266	96004	108378
Per capita GNI	Taka	75505	84283	92015	102236	114621
Per capita GDP	US\$	880	976	1110	1236	1385
Per capita GNI	US\$	955	1054	1184	1316	1465

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



Source: Bangladesh Bureau of Statistics

4.2 Quantum Index of Industrial Production

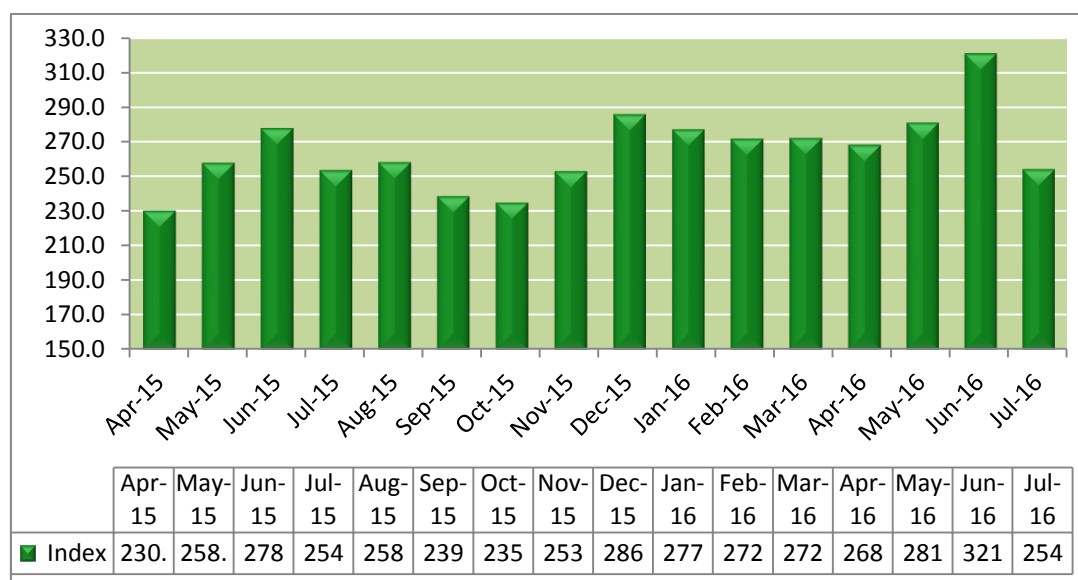
Quantum Index of Industrial Production increased by 0.2 percent and became 254.3 in July 2016 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 36.0 percent in FY 16 which was 10.7 percent in FY 15.

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	10.7
215-16	321.2	36.0
July, 2015	253.7	-1.3
July, 2016	254.3	0.2

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

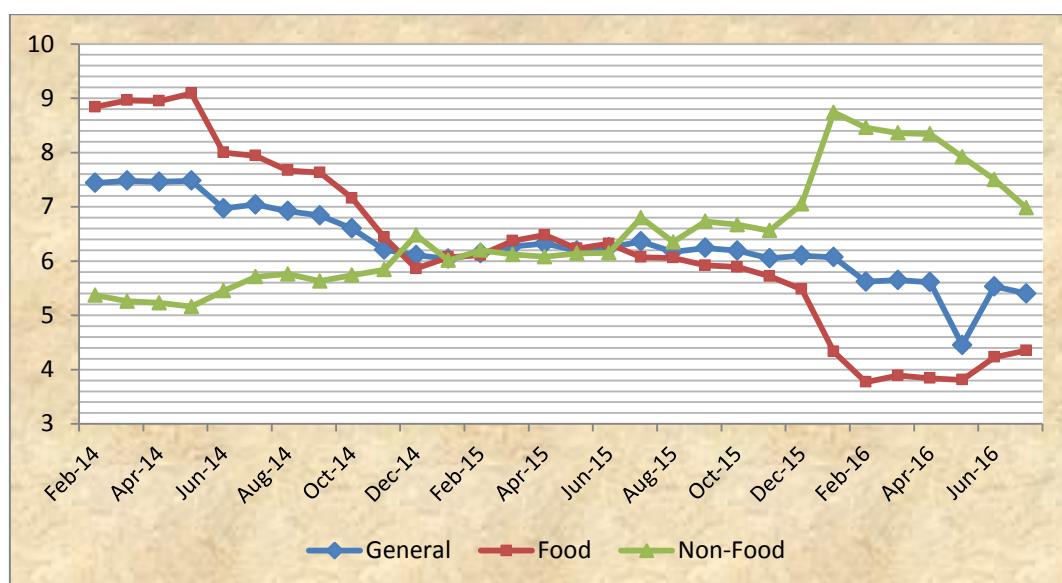
In FY16, the average rate of inflation (12-month average basis) was 5.92 percent (table-4.3). On the twelve month average basis general inflation reduced to 5.84 percent in June of FY 2016-17, of which food and non-food inflation were 4.76 percent and 7.48 percent, respectively. On the other hand, point to point inflation stood at 5.40 percent in the same month, of which, food and non-food inflation were 4.35 percent and 6.98 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	5.92	4.90	7.47
2016-17			
July	5.84	4.76	7.48

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics