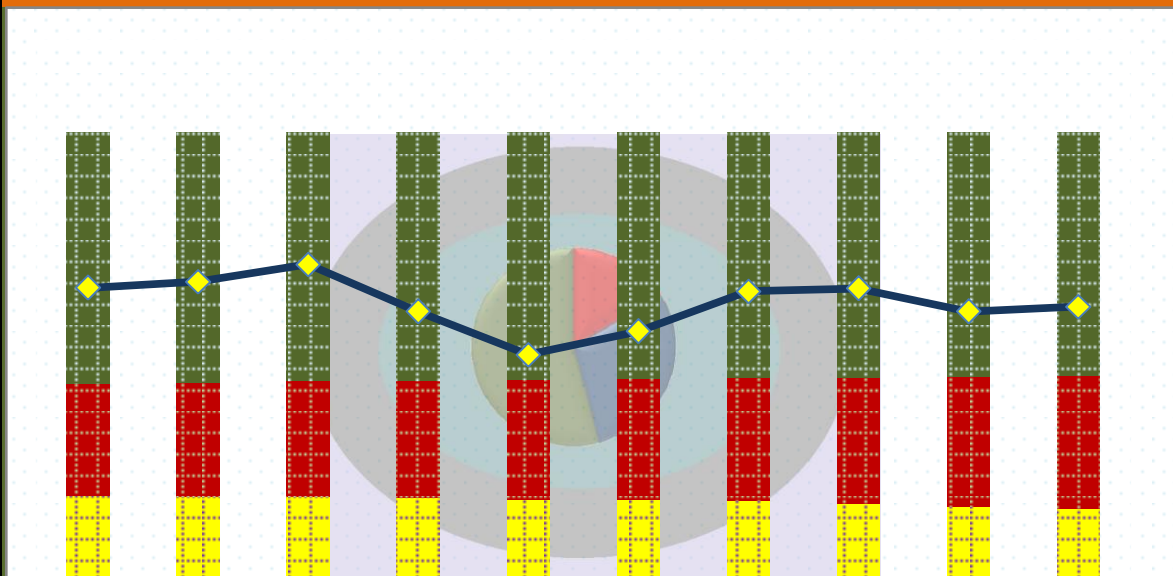




MONTHLY REPORT ON FISCAL-MACRO POSITION

January 2017



Prepared by:
Macroeconomic Wing
Finance Division, Ministry of Finance, Bangladesh

Contributed by:
Mohammad Mahabub Alam, Senior Assistant Secretary, Finance Division

Guided by:
Moinul Islam, Additional Secretary
Finance Division, Ministry of Finance, Bangladesh

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Executive Summary

The January 2017 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 satisfactory growth by the end of FY16. During July-January of FY17, total revenue collection increased by 15.07 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 30.90 percent during the same period.

Monetary Sector

Broad Money growth was 14.03 percent in the end of January of FY17 compared to the same month of the previous fiscal mainly due to 17.77 percent and 12.77 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in January of FY17 over January of FY16 was 16.56 percent.

External Sector

Export earnings increased by 4.36 percent during July-January of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 9.88 percent during the same period. Remittance receipt decreased by 16.92 percent during this period whereas, foreign exchange reserve stood at US\$ 31724.17 million in the end of January of FY17 which was equivalent to import payments of 8.4 months.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY17 stands at 7.24 percent (Base year 2005-06). Per capita GNI in FY17 reaches at US\$ 1602. The average rate of inflation (12-month average basis) in January 2017 stood at 5.44 percent. On point-to-point basis, inflation stood at 5.15 percent in January 2017, of which, food and non-food inflation were 6.53 percent and 3.10 percent respectively. There was a positive change in Quantum Index of Industrial Production, which was 277.4 in January 2016 and became 312.8 in January 2017.

1. FISCAL SECTOR

1.1 Revenue Earnings

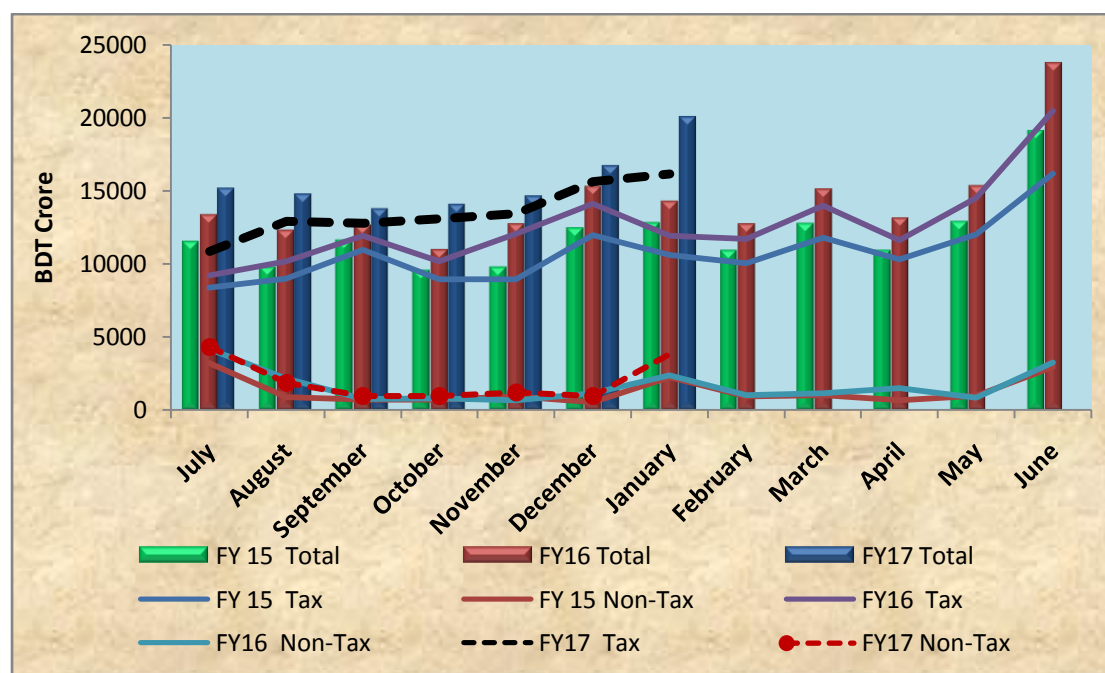
Total revenue earning increased by 15.07 percent during July-January of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 14.66 percent and 17.93 percent respectively.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2014-15 (Actual)	123997	4821	128818	17299	146117
2015-16 (Actual)	146232	5645	151877	21064	172941
Growth (%)	17.93	17.09	17.90	21.8	18.4
July-January FY16	79592	3176	82768	11916	94683
July-January FY17	91646	3258	94903	14053	108956
Growth (%)	15.14	2.58	14.66	17.93	15.07

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

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 26.05 percent in FY16 compared to FY15. During July-January of FY17, grant receipt decreased by 43.0 percent to TK. 146 Crore against TK. 256 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 July- January	FY 17 July- January	Growth (%) over July-January of FY 16
2484	1837	-26.05	256	146	-43.0

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

1.3 Government Expenditure

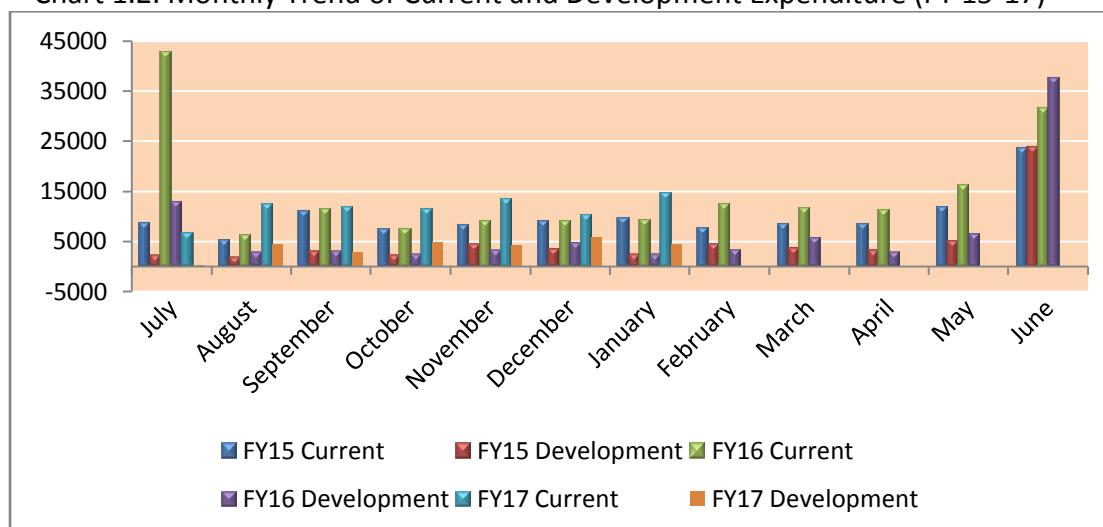
According to iBAS database, total government expenditure increased by 24.65 percent during July-January of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 27.67 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 36,508 Crore in the end of January of FY17, recording 32.55 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 July- January	FY 17 July- January	Growth (%) over July- January FY16
1. Current Spending	119116	143897	20.80	61109	80381	31.54
Pay and Allowances	28818	39969	38.69	17839	25443	42.62
Goods and Services	16659	18288	9.78	6369	7661	20.28
Interest Payment	30974	33088	6.83	17173	18491	7.67
Domestic	29437	31466	6.89	16160	17243	6.70
Foreign	1537	1622	5.53	1012	1247	23.18
Subsidy and Transfer	42482	52325	23.17	19605	28699	46.39
Others	183	227	24.04	123	89	-28.00
2. Food Accounts	2122	408	-80.77	3198	3336	4.31
3. Non-ADP Capital & Net Lending	22764	14747	-35.22	4727	5844	23.64
Non-ADP Capital	10468	12387	18.33	5437	4050	-25.50
Net Lending	8994	1095	-87.83	-864	1715	-
Non-ADP Project	2346	138	-94.12	0	0	-
FFW	377	620	64.46	0	21	-
Development Expenditure under Revenue Budget	579	507	-12.44	154	58	-62.29
4. Development Spending	64765	75419	16.45	19861	26802	34.95
Total (1+2+3+4)	208767	234471	12.31	88895	116364	30.90
Total Spending (Percent of GDP)	13.77	13.53	-1.76	5.13	5.95	

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

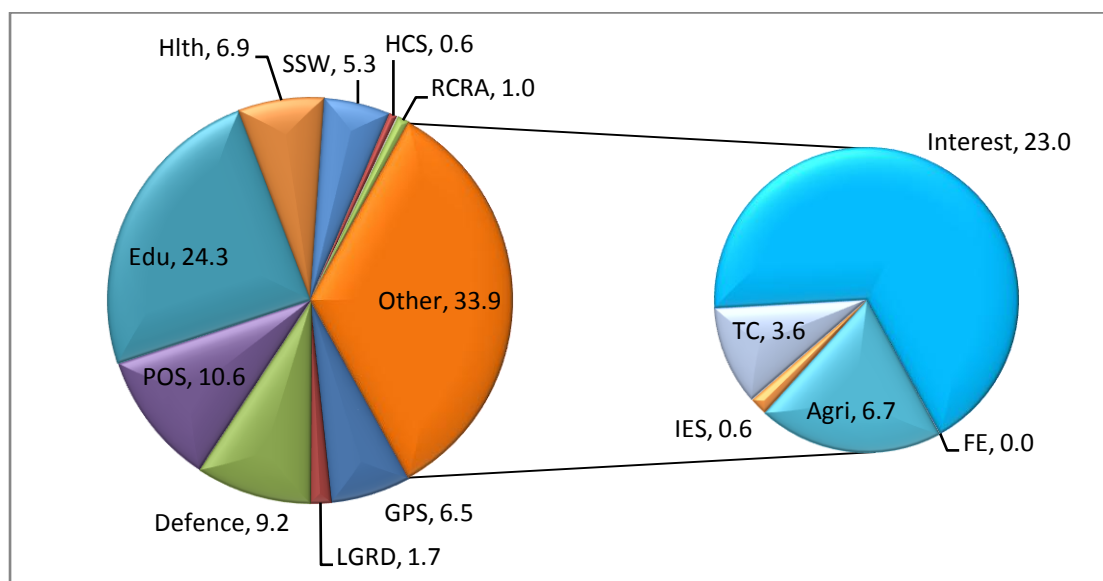
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



1.4 Composition of Revenue Expenditure

As on January of FY17, spending on education is highest (24.3%) followed by interest payment (23.0%) (Chart 1.3).

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

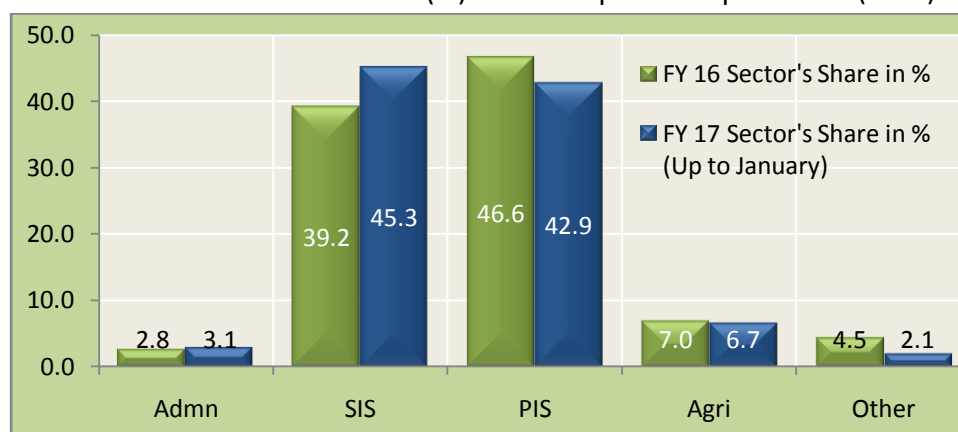


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HiTh = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 January of FY17, highest share of spending went to Social Infrastructure (45.3%) followed by Physical Infrastructure (42.9%).

Chart 1.4: Sector wise share (%) of Development expenditure (FY17)



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 3.55 percent of GDP (Base year 2005-06), which was 3.87 percent in FY15. Overall budget balance including grants during July-January of FY17 records a deficit of BDT 7408 crore against a surplus of BDT 2613 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	-58633	-3.87
2015-16	-61530	-3.55
July-Jan FY16	2613	0.15
July-Jan FY17	-7408	-0.38

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(Table 1.5). On the other hand, borrowing from the non-bank sources decreased to BDT 37205 Crore from 40862 Crore within the same period. Net borrowing from the external sources declined to BDT 5816 Crore in FY 16 from BDT 12912 Crore in FY 15. Government total debt stock increased by BDT 10,020 Crore during July-January of FY17 compared to the same period of FY16.

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		

2014-15	12912	4893	40862	58667	3.87
2015-16	5816	10615	37205	53636	3.10
July- January FY16	1310	1295	-5216	-2611	-0.15
July- January FY17	696	-10946	17659	7410	0.38

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

1.8 Sale and repayment of National Savings Certificates (NSC)

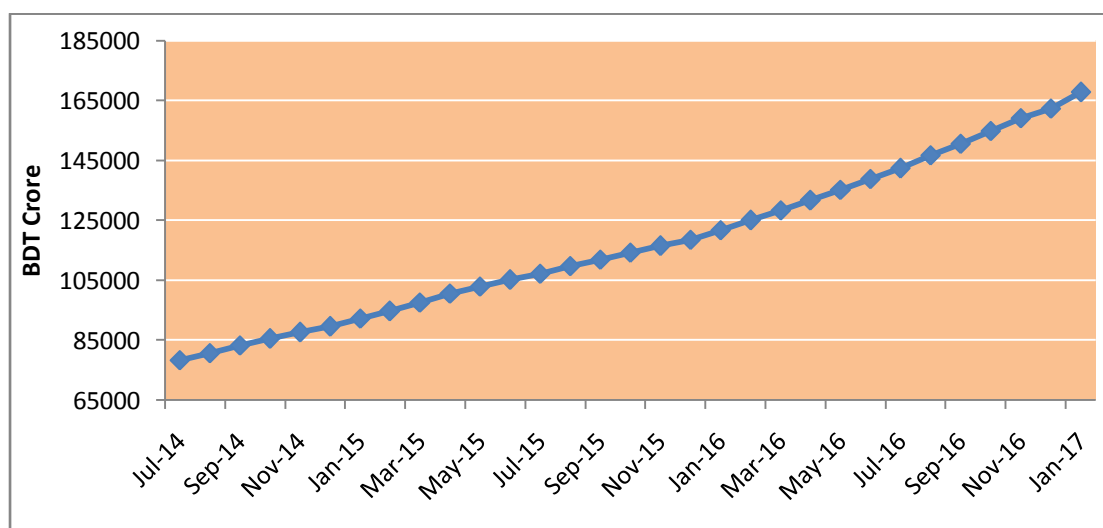
The Sale of NSC during July-January of FY17 stood at Tk. 41100.57 crore, which was 46.30 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 28894.15 crore by the end of January 2017 (table 1.6).

Table 1.6 Net Sale and repayment of NSC (In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end period
2014-15	42659.79	13927.13	28732.66	105130.14
2015-16	53712.45	20023.85	33688.6	138818.74
Growth (%)	25.91	43.78	17.25	32.04
July- January FY 16	28093.35	11490.38	16602.97	121733.11
July- January FY 17	41100.57	12206.42	28894.15	167712.89
Growth (%)	46.30	6.23	74.03	37.77

Source: National Savings Directorate

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



Source: National Savings Directorate

2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in January 2017 was 14.03 percent (table 2.1) compared to January 2015. This was mainly due to the growth of both Net Foreign Assets and

Net Domestic Assets of banking system recording 17.77 and 12.77 percent increase respectively. As of January 2017 (Year to year basis), despite negative growth in public sector credit (-4.49 percent) private sector credit expanded remarkably (15.61 percent) that contributed to 12.41 percent of domestic credit growth.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period				Changes in outstanding stock		Percentage changes	
	Jun FY 15	Jun FY 16	Jan FY 16	Jan FY 17	Jan FY17 Over Jun FY16	Jan FY17 over Jan FY16	Jan FY17 Over Jun FY16	Jan FY17 over Jan FY16
Net Foreign Assets	1892.3	2331.4	2105.9	2480.1	148.7	374.1	6.38	17.77
Net Domestic Asset	5983.9	6832.4	6239.1	7035.8	203.3	796.7	2.98	12.77
Domestic Credit	7015.3	8012.8	7400.9	8319.5	306.7	918.6	3.83	12.41
Public Sector	1269.3	1302.7	1178.9	1126.0	-176.7	-53.0	-13.57	-4.49
Govt (Net)	1102.6	1142.2	1000.9	963.6	-178.6	-37.3	-15.64	-3.73
Other Public Sector	166.7	160.5	178.0	162.4	-1.9	-15.7	1.16	-8.79
Private sector	5746.0	6710.1	6222.0	7193.5	483.4	971.5	7.20	15.61
Net Other Item	-1031.4	-1180.4	-1161.8	-1283.7	-103.3	-121.9	8.75	10.49
Broad Money	7876.1	9163.8	8381.1	9515.8	352.1	1170.8	3.84	14.03

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money Developments

Reserve money recorded an increase of 16.56 percent at the end of January of FY17 over the same period of previous fiscal year (table 2.2). At the same time, the value of reserve money multiplier increased to 5.05 at the end of January 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 2015	June 2016	January 2017	January 2017 over June 2016(%)	January 2017 over January 2016 (%)
Reserve money	1484.83	1932.01	1885.62	-46.39 (-2.40)	267.94 (+16.56)
Money multiplier	5.30	4.74	5.05	0.30	-0.11

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

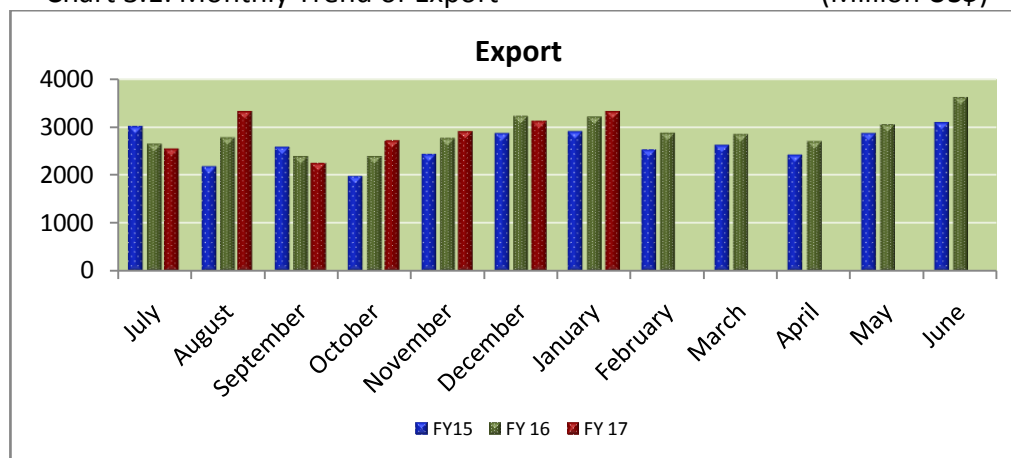
Export earnings increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). During July-January of FY 17, export increased by (year on year basis) 4.36 percent, which was 8.26 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 15	FY 16	July-January FY 17	July-January FY 16
Export	31208.94	34257.18	20110.14	19269.53
Growth (%)*	3.39	9.77	4.36	8.26

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 January of FY17, import payments increased by 9.88 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 12.32 percent and 12.24 percent respectively in the same period (Table 3.2).

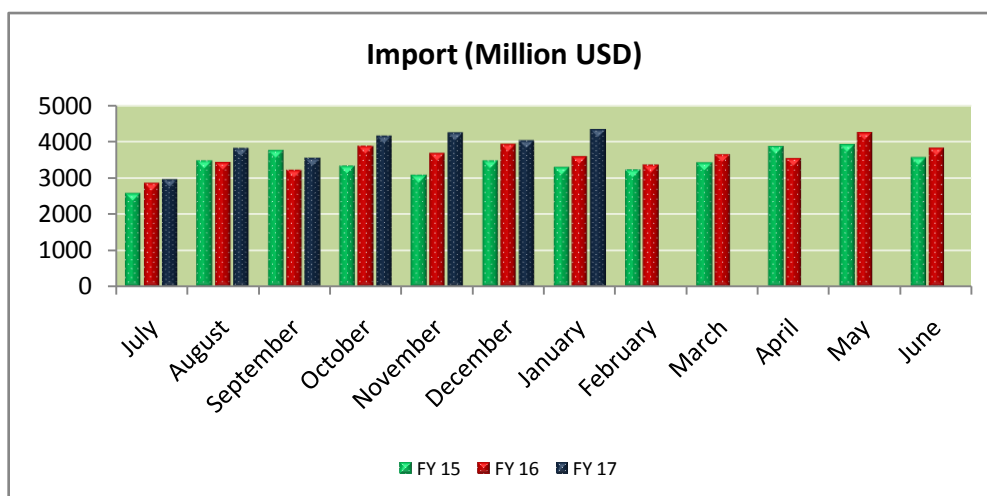
Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (up to January)	FY 17 January
Import payments	40703.70	43058.2	26911.50	4301.70
Growth (%)	0.21	5.78	9.88	20.25
LCs Opened	43068.76	43335.33	27464.01	4441.16
Growth(%)	2.99	0.62	12.32	31.12
LCs Settled	38455.24	40076.20	26551.15	3962.34
Growth(%)	3.41	4.22	12.24	18.22

*Revised figure, Source: Bangladesh Bank. Growth rate (%) over the same period of the previous fiscal year

Chart 3.2: Monthly Trend of Import Payments

(In million US\$)



3.3 Remittance

Remittance inflow decreased by 16.92 percent during July-January of FY17 compared to the same period of the previous fiscal year.

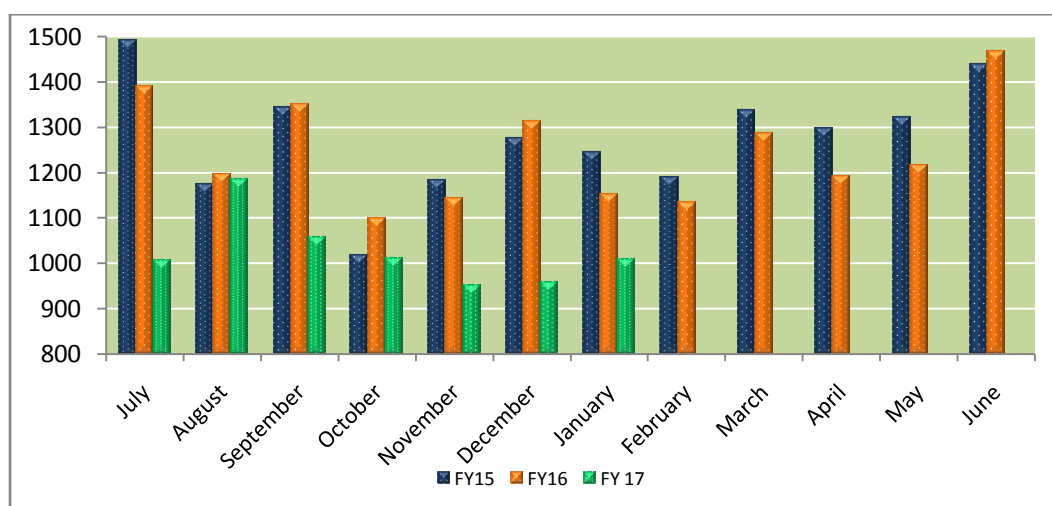
Table-3.3: Remittance Performance

(In million US\$)

	FY 15	FY 16	FY 17 Up to January	FY 17 January
Remittances	15316.9	14931.16	7176.26	1009.44
Growth (%)	7.65	-2.52	-16.92	-12.27
As % of GDP	7.85	6.74	2.88	0.41
As % of Export	49.08	43.58	35.68	30.48

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

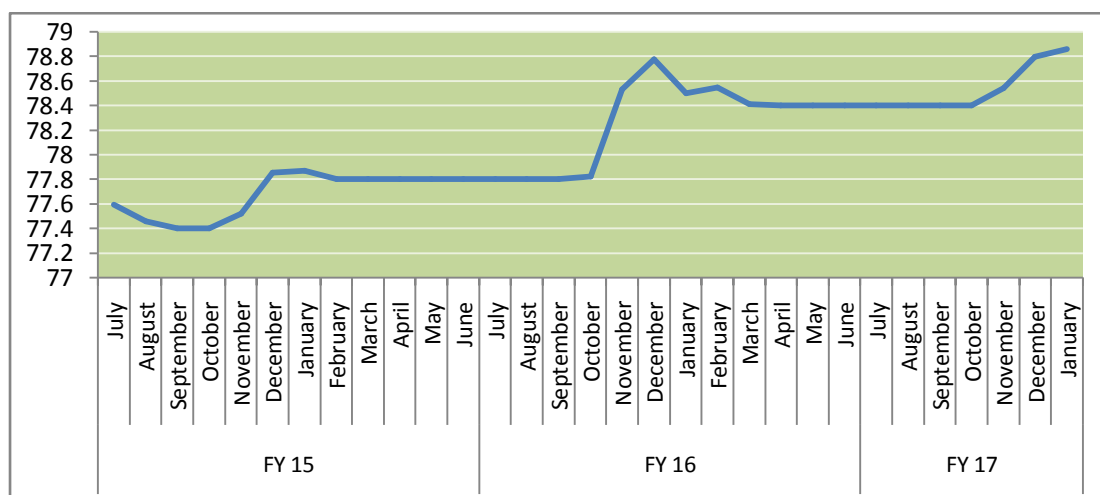
BDT depreciated by 0.58 percent against US dollar from its level of end June 2016 at the end of January 2017.

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

Period	Average	End of the period
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
August	78.40	78.40
September	78.40	78.40
October	78.40	78.42
November	78.54	78.72
December	78.8	78.70
January	78.86	79.07

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\$ 31724.17 million at the end of January of FY 17 from US\$ 32092.19 million in the previous month. The gross foreign exchange reserve at the end of January of FY17 is equivalent to import payments of 8.4 months.

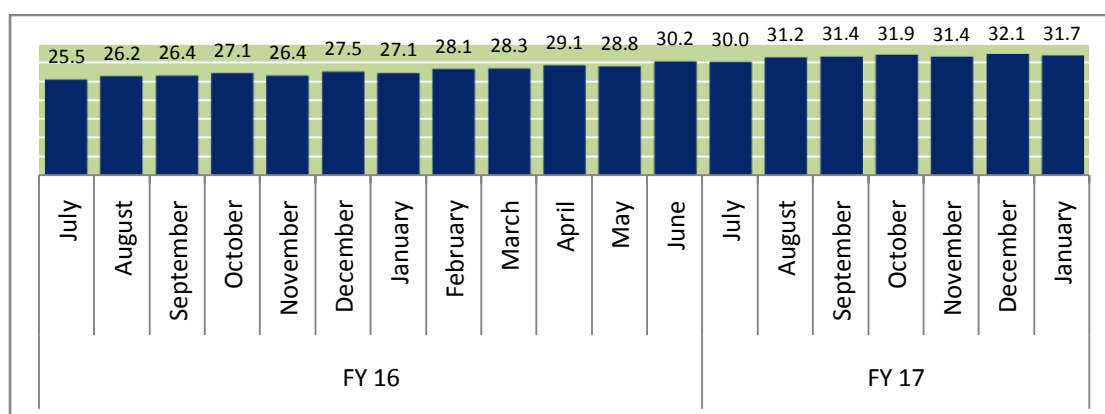
Table 3.5: Foreign Exchange Reserve

(Million US\$)

	FY 14	FY 15	FY 16	As end of January FY 17
Reserve	21508.0	25025.50	30168.22	31724.17
In month of import payment	5.89	6.65	8.4	8.4

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\$ 5282 million in January of FY17 from US\$ 3753 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 754 million during July-January of FY 17 from a surplus of US\$ 2268 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 2182 million in overall balances during July-January of FY17.

Table 3.6: Balance of Payments

(Million US\$)

	2014-15 ^R	2015-16 ^R	2016-17 ^P (July-January)	2015-16 (July-January)
Trade Balance	-6965	-6274	-5282	-3753
Current Account Balance	2875	3706	-754	2268
Capital Account	496	478	192	279
Financial Account	1925	1610	2197	840
Overall Balance	4373	5036	2182	2676

Source: Bangladesh Bank. R=Revised, P= Provisional

4. REAL SECTOR

4.1 Real Sector Indicators

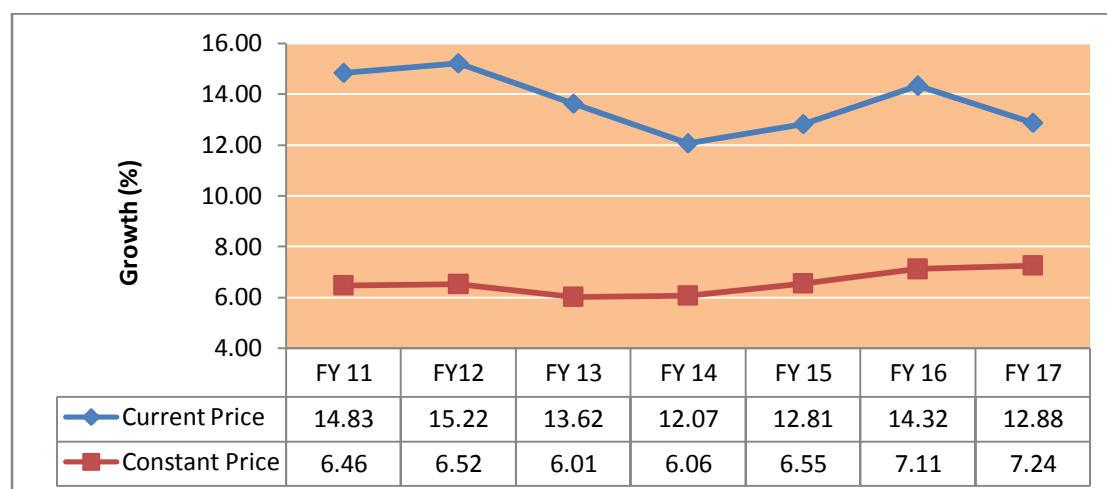
According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY17 is 7.24 percent (Base year 2005-06) and per capita GNI in FY17 is US\$ 1602.

Table 4.1 Real sector indicators

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
GDP at constant prices	Billion Tk.	7299.0	7741.4	8248.6	8835.4	9475.4*
Growth	%	6.01	6.06	6.55	7.11	7.24*
GDP at current prices	Billion Tk.	11989.2	13436.7	15158.0	17328.6	19560.6*
Growth	%	13.62	12.07	12.81	14.32	12.88*
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20380.4*
Per capita GDP	Taka	78009	86266	96004	108378	120931*
Per capita GNI	Taka	84283	92015	102236	114621	125999*
Per capita GDP	US\$	976	1110	1236	1385	1538*
Per capita GNI	US\$	1054	1184	1316	1465	1602*

Source: Bangladesh Bureau of Statistics, * 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

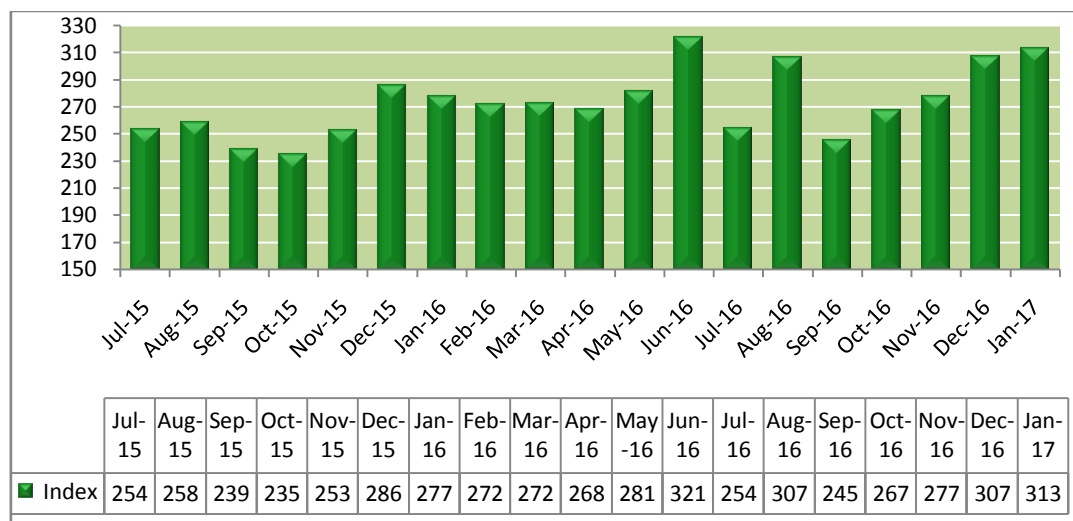
Quantum Index of Industrial Production increased by 12.8 percent and became 312.8 in January 2017 from the same month of the previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16, which 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
2015-16	267.88	13.5
January, 2016	277.4	13.6
January, 2017	312.8	12.8

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

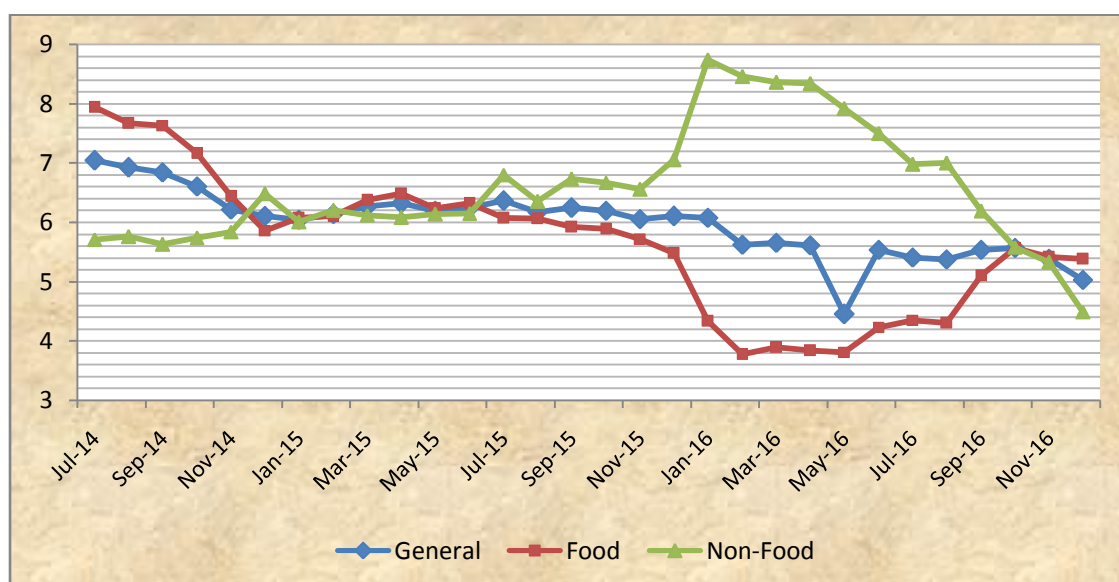
In FY16, the average rate of inflation (12-month average basis) was 5.92 percent (table-4.3). On the twelve-month average basis general inflation reduced to 5.44 percent in January of FY 2016-17, of which food and non-food inflation were 4.70 percent and 6.57 percent, respectively. On the other hand, point-to-point inflation stood at 5.15 percent in the same month, of which, food and non-food inflation were 6.53 percent and 3.10 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
August	5.77	4.62	7.53
September	5.71	4.56	7.48
October	5.66	4.53	7.38
November	5.60	4.51	7.27
December	5.51	4.51	7.05
January	5.44	4.70	6.57

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics