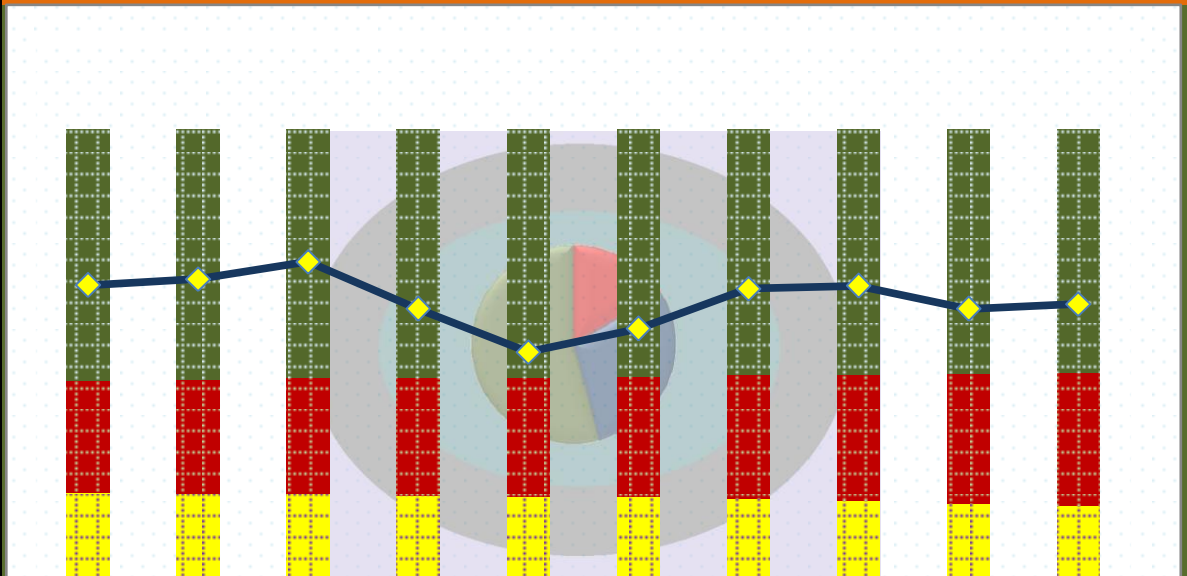




MONTHLY REPORT ON FISCAL-MACRO POSITION

February 2017



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Vol. X, No. 08, February 2017, FY17

As of June 2017

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Executive Summary

The February 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-February of FY17, total revenue collection increased by 19.57 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 23.45 percent during the same period.

Monetary Sector

Broad Money growth was 13.11 percent in the end of February of FY17 compared to the same month of the previous fiscal mainly due to 25.10 percent and 9.53 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in February of FY17 over February of FY16 was 15.51 percent.

External Sector

Export earnings increased by 3.22 percent during July-February of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 10.16 percent during the same period. Remittance receipt decreased by 16.95 percent during this period whereas, foreign exchange reserve stood at US\$ 32556.66 million in the end of February of FY17 which was equivalent to import payments of 8.3 months.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY17 stood at 7.24 percent (Base year 2005-06). Per capita GNI in FY17 reached at US\$ 1602. The average rate of inflation (12-month average basis) in February 2017 stood at 5.41 percent. On point-to-point basis, inflation was 5.31 percent in February 2017, of which, food and non-food inflation were 6.84 percent and 3.07 percent respectively. There was a positive change in Quantum Index of Industrial Production, which was 271.9 in February 2016 and became 286.7 in February 2017.

1. FISCAL SECTOR

1.1 Revenue Earnings

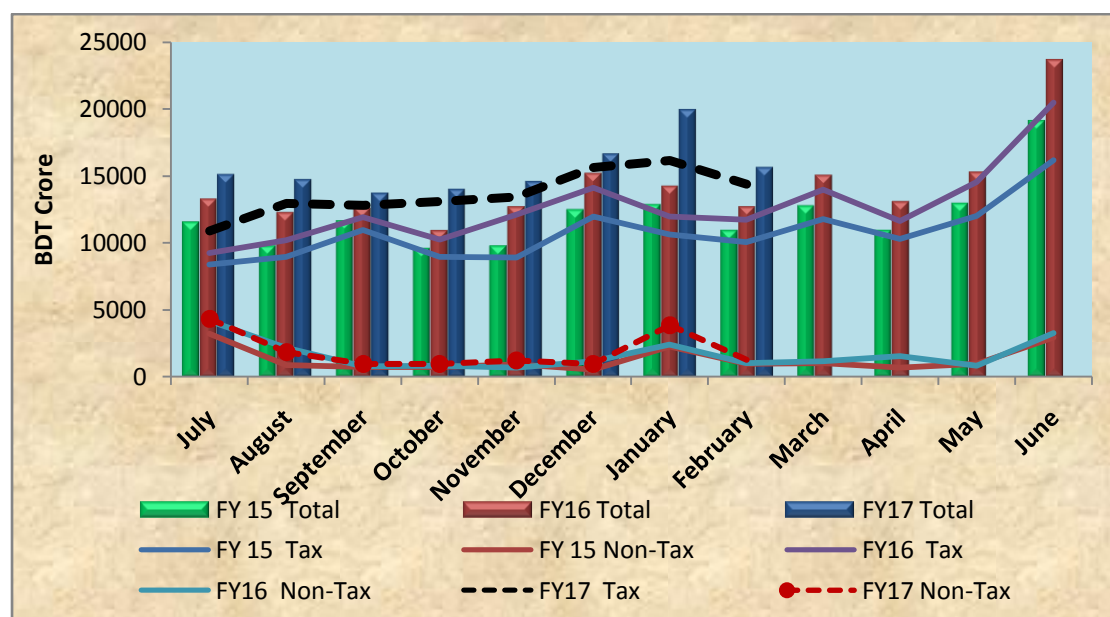
Total revenue earning increased by 19.57 percent during July-February of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 19.70 percent and 18.60 percent respectively.

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-February FY16	87711	3601	91311	12918	104230
July-February FY17	105608	3693	109302	15322	124624
Growth (%)	20.41	2.57	19.70	18.60	19.57

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-February of FY17, grant receipt decreased by 31.4 percent to TK. 225 Crore against TK. 328 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- February	FY 17 July- February	Growth (%) over July-February of FY 16
2484	1837	-26.05	328	225	-31.4

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

1.3 Government Expenditure

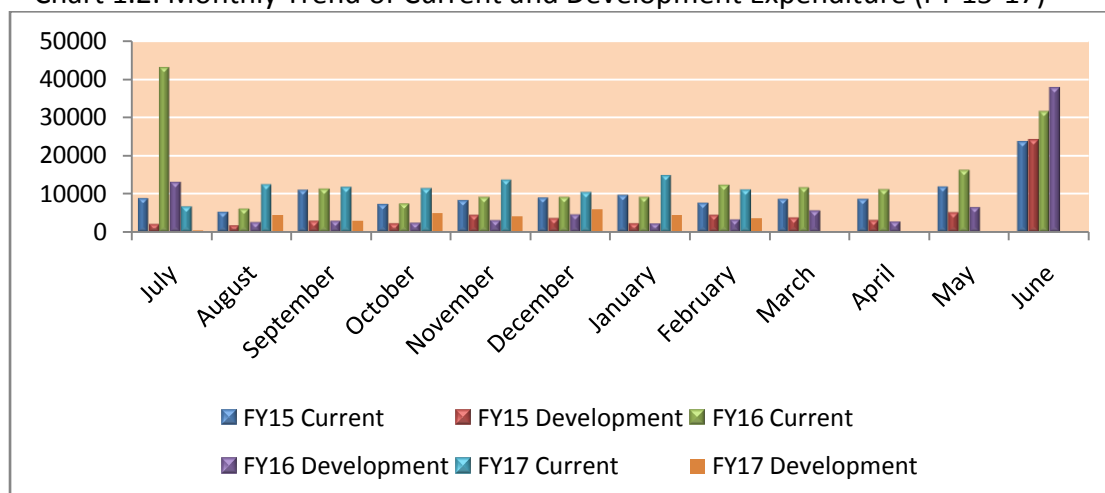
According to iBAS database, total government expenditure increased by 23.45 percent during July-February of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 31.54 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 41,597 Crore in the end of February of FY17, recording 25.3 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- February	FY 17 July- February	Growth (%) over July-February FY16
1. Current Spending	119116	143897	20.80	73468	91401	24.41
Pay and Allowances	28818	39969	38.69	21701	29127	34.22
Goods and Services	16659	18288	9.78	7642	9180	20.13
Interest Payment	30974	33088	6.83	19455	20573	5.75
Domestic	29437	31466	6.89	18320	19194	4.77
Foreign	1537	1622	5.53	1135	1379	21.53
Subsidy and Transfer	42482	52325	23.17	24539	32427	32.14
Others	183	227	24.04	132	94	-28.43
2. Food Accounts	2122	408	-80.77	3401	3701	8.81
3. Non-ADP Capital & Net Lending	22764	14747	-35.22	6823	6347	-6.97
Non-ADP Capital	10468	12387	18.33	7265	4614	-36.50
Net Lending	8994	1095	-87.83	-631	1569	-
Non-ADP Project	2346	138	-94.12	4	0	-
FFW	377	620	64.46	1	97	-
Development Expenditure under Revenue Budget	579	507	-12.44	184	68	-63.34
4. Development Spending	64765	75419	16.45	23097	30381	31.54
Total (1+2+3+4)	208767	234471	12.31	106790	131831	23.45
Total Spending (Percent of GDP)	13.77	13.53	-1.76	6.16	6.74	

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

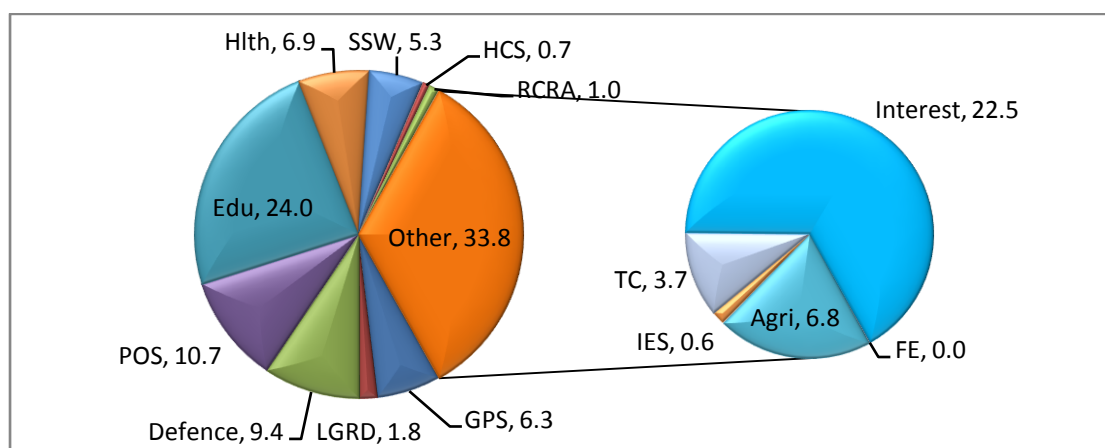
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



1.4 Composition of Revenue Expenditure

As on February of FY17, spending on education is highest (24.0%) followed by interest payment (22.5%) (Chart 1.3).

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

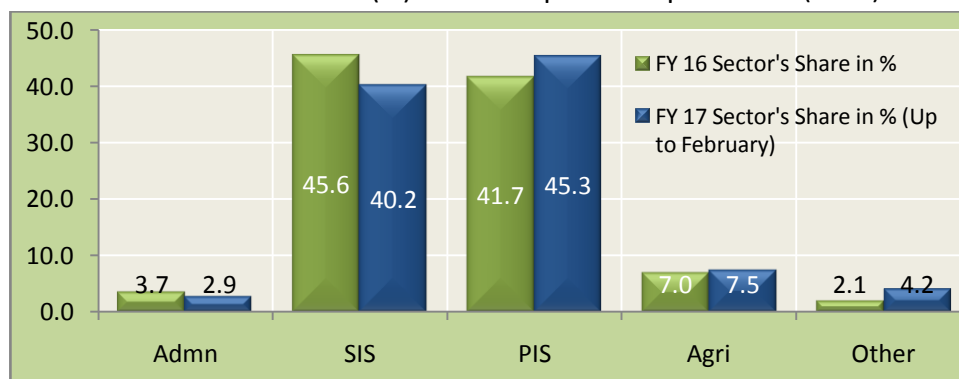


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 February of FY17, highest share of spending went to Physical Infrastructure (45.3%) followed by Social Infrastructure (40.2%).

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-February of FY17 records a deficit of BDT 7207 crore against a deficit of BDT 2560 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-Feb FY16	-2560	-0.15
July-Feb FY17	-7207	-0.37

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 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 4647 Crore during July-February 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- February FY16	1570	-3427	4419	2562	0.15
July- February FY17	2375	-12726	17561	7209	0.37

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

1.8 Sale and repayment of National Savings Certificates (NSC)

The sale of NSC during July-February of FY17 stood at Tk. 47131.5 crore, which was 42.53 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 33282.57 crore by the end of February 2017 (table 1.6).

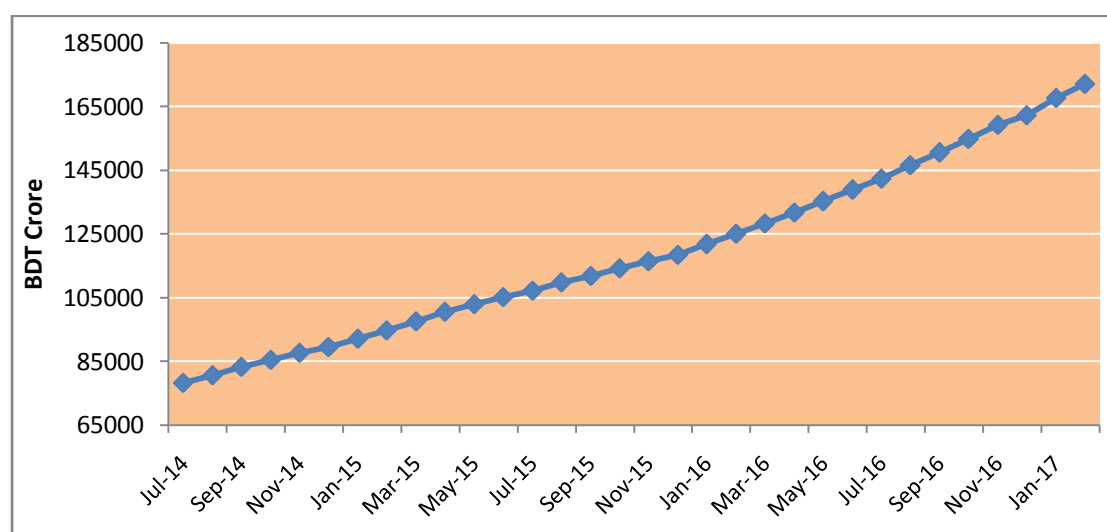
Table 1.6 Net Sale and repayment of NSC

(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- February FY 16	33067.25	13176.71	19890.55	125020.69
July- February FY 17	47131.5	13848.93	33282.57	172101.31
Growth (%)	42.53	5.10	67.33	37.66

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 February 2017 was 13.35 percent (table 2.1) compared to the same period of the previous fiscal year. This was mainly due to the growth of both Net Foreign Assets and Net Domestic Assets of banking system recording 17.62 and 11.90 percent increase respectively. As of February 2017 (Year to year basis), despite negative growth in public sector credit (-8.80 percent) private sector credit expanded remarkably (15.88 percent) that contributed to 11.93 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	Feb FY 16	Feb FY 17	Feb FY17 Over Jun FY16	Feb FY17 over Feb FY16	Feb FY17 Over Jun FY16	Feb FY17 over Feb FY16
Net Foreign Assets(NFA)	1892.3	2331.4	2146.7	2525.0	193.6	378.3	8.31	17.62
Net Domestic Asset(NDA)	5983.9	6832.4	6303.7	7054.0	221.5	750.2	3.24	11.90
Domestic Credit	7015.3	8012.8	7476.7	8368.8	356.0	892.1	4.44	12.41
Public Sector	1269.3	1302.7	1197.1	1091.8	-210.9	-105.3	-16.19	-8.80
Govt (Net)	1102.6	1142.2	1026.9	935.3	-206.9	-91.7	-18.12	-3.73
Other Public Sector	166.7	160.5	170.2	156.5	-4.0	-13.7	-2.48	-8.79
Private sector	5746.0	6710.1	6279.6	7277.0	566.9	997.4	8.45	15.88
Net Other Item	-1031.4	-1180.4	-1173.1	-1314.9	-134.5	-141.8	11.39	12.09
Broad Money	7876.1	9163.8	8450.4	9578.9	415.1	1128.5	4.53	13.35

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money Developments

Reserve money recorded an increase of 18.66 percent at the end of February 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 5.01 at the end of February of FY17 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	February 2017	February 2017 over June 2016(%)	February 2017 over February 2016 (%)
Reserve money	1484.83	1932.01	1912.53	-19.48 (-1.01)	295.30(+18.66)
Money multiplier	5.30	4.74	5.01	0.27	-0.22

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

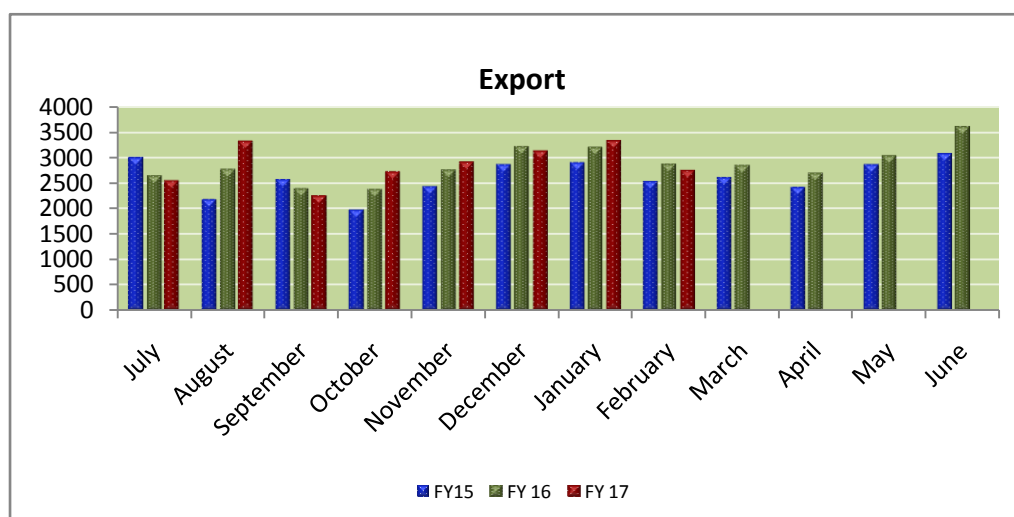
Export earnings increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). During July-February of FY 17, export increased by (year on year basis) 3.22 percent, which was 8.92 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 15	FY 16	July-February FY 17	July-February FY 16
Export	31208.94	34257.18	22836.86	22123.75
Growth (%)*	3.39	9.77	3.22	8.92

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)

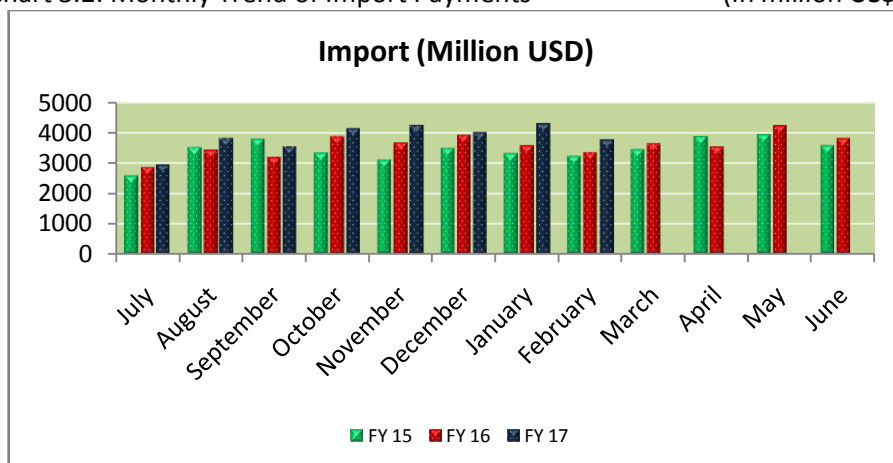
Up to February of FY17, import payments increased by 10.16 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 13.28 percent and 11.13 percent respectively in the same period (Table 3.2).

Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (up to February)	FY 17 February
Import payments	40703.70	43058.2	30672.40	4301.70
Growth (%)	0.21	5.78	10.16	12.52
LCs Opened	43068.76	43335.33	31239.35	4441.16
Growth(%)	2.99	0.62	13.28	20.80
LCs Settled	38455.24	40076.20	29845.60	3962.34
Growth(%)	3.41	4.22	11.13	2.95

*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

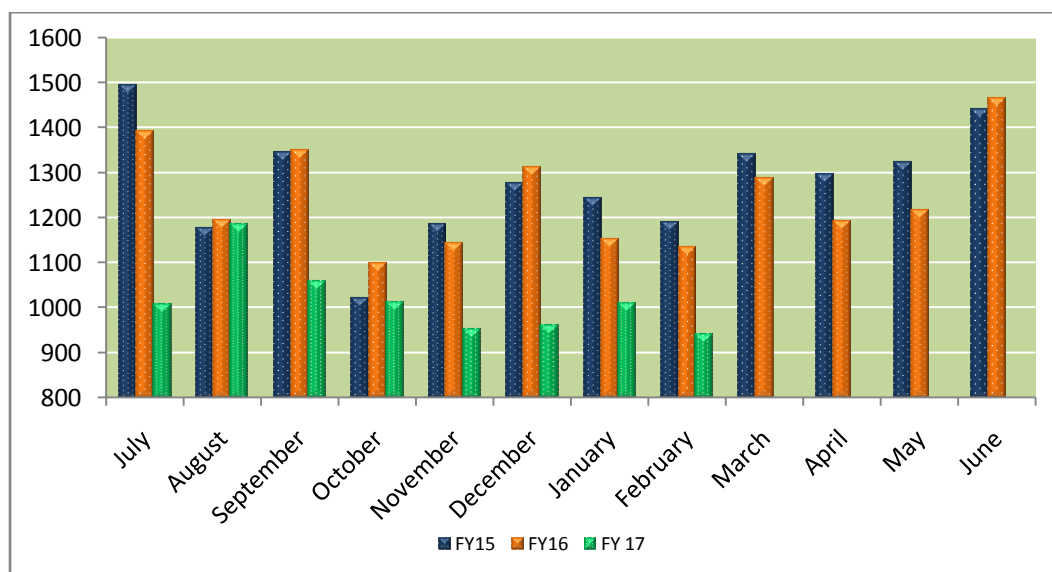
Remittance inflow decreased by 16.95 percent during July-February of FY17 compared to the same period of the previous fiscal year.

Table-3.3: Remittance Performance (In million US\$)

	FY 15	FY 16	FY 17 Up to February	FY 17 February
Remittances	15316.9	14931.16	8117.04	940.75
Growth(%)	7.65	-2.52	-16.95	-12.27
As % of GDP	7.85	6.74	3.26	0.38
As % of Export	49.08	43.58	35.54	34.50

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

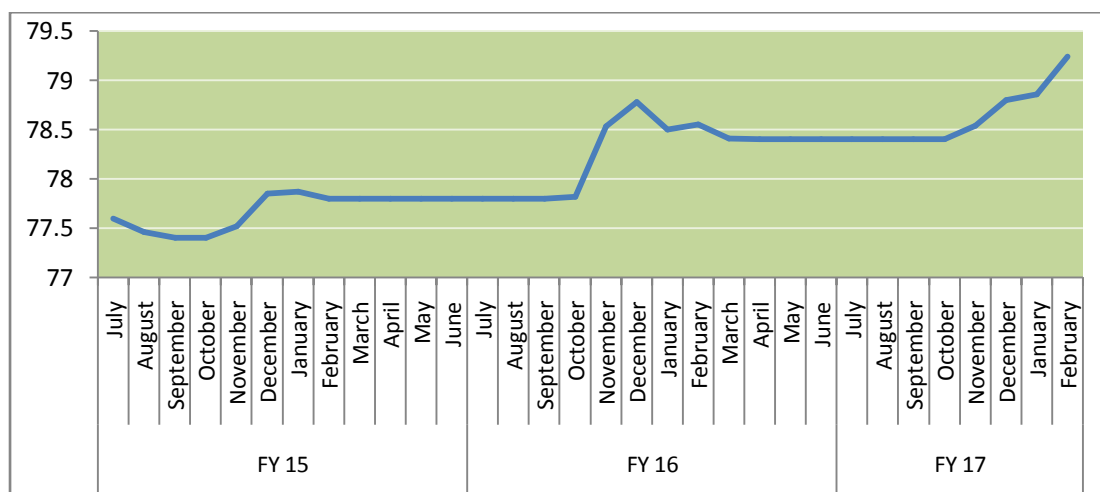
BDT depreciated by 1.06 percent against US dollar from its level of end June 2016 at the end of February 2016.

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
February	79.24	79.37

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 increased to US\$ 32556.66 million at the end of February of FY 17 from US\$ 31724.17 million in the previous month. The gross foreign exchange reserve at the end of February of FY17 is equivalent to import payments of 8.3 months.

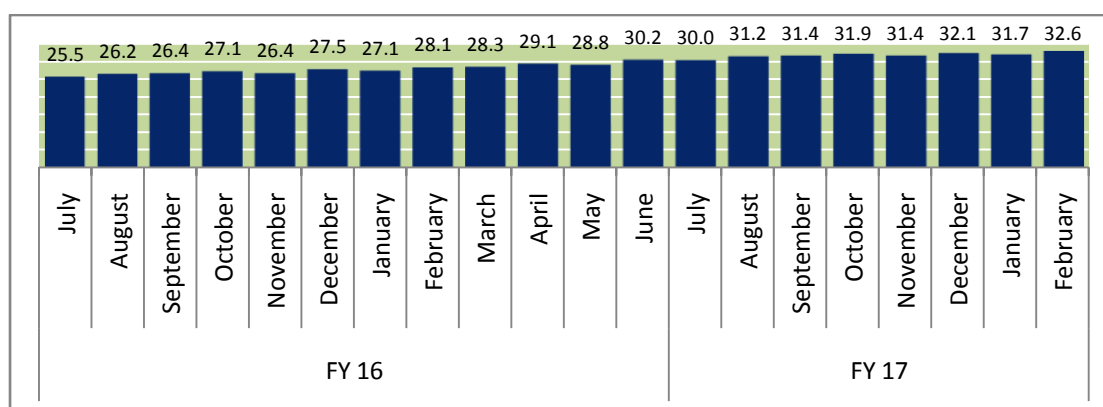
Table 3.5: Foreign Exchange Reserve

(Million US\$)

	FY 14	FY 15	FY 16	As end of February FY 17
Reserve	21508.0	25025.50	30168.22	32556.66
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\$ 6089 million in February of FY17 from US\$ 4188 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 1118 million during July-February of FY 17 from a surplus of US\$ 2908 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 2449 million in overall balances during July-February of FY17.

Table 3.6: Balance of Payments

(Million US\$)

	2014-15 ^R	2015-16 ^R	2016-17 ^P (July-February)	2015-16 (July-February)
Trade Balance	-6965	-6274	-6089	-4188
Current Account Balance	2875	3706	-1118	2908
Capital Account	496	478	196	298
Financial Account	1925	1610	2907	824
Overall Balance	4373	5036	2449	3149

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

4. REAL SECTOR

4.1 Real Sector Indicators

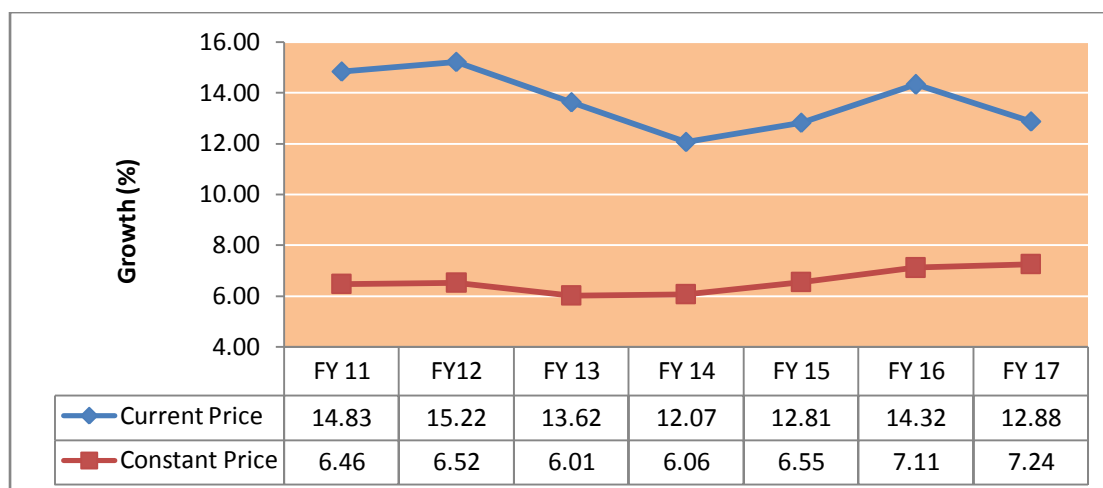
According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY17 is 7.24 percent (Base year 2005-06) and per capita GNI in FY17 is US\$ 1602.

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

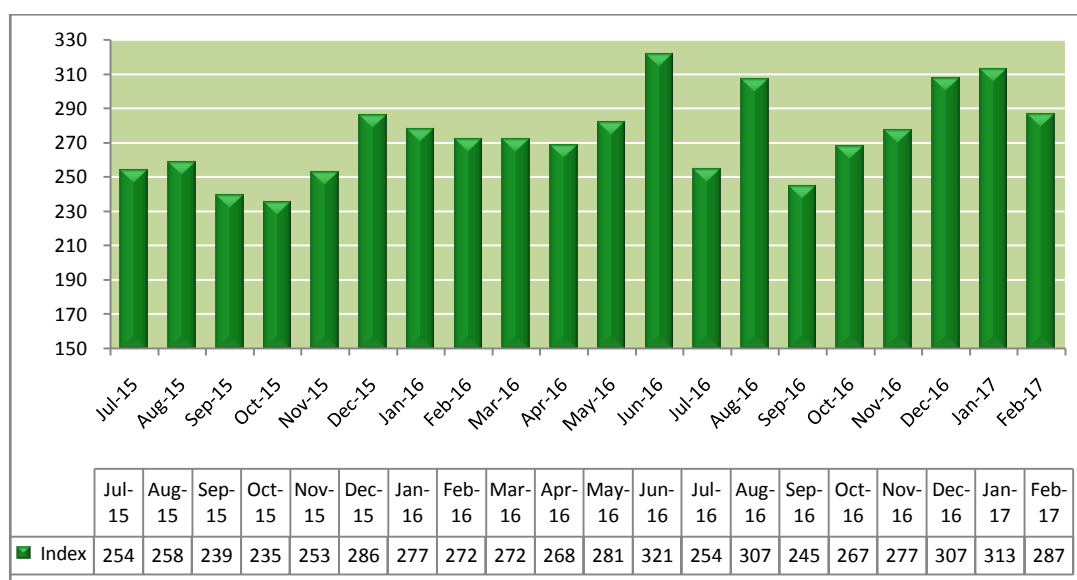
Quantum Index of Industrial Production increased by 5.4 percent and became 286.7 in February 2017 from the same month of the previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16, which 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
February, 2016	271.9	20.4
February, 2017	286.7	5.4

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

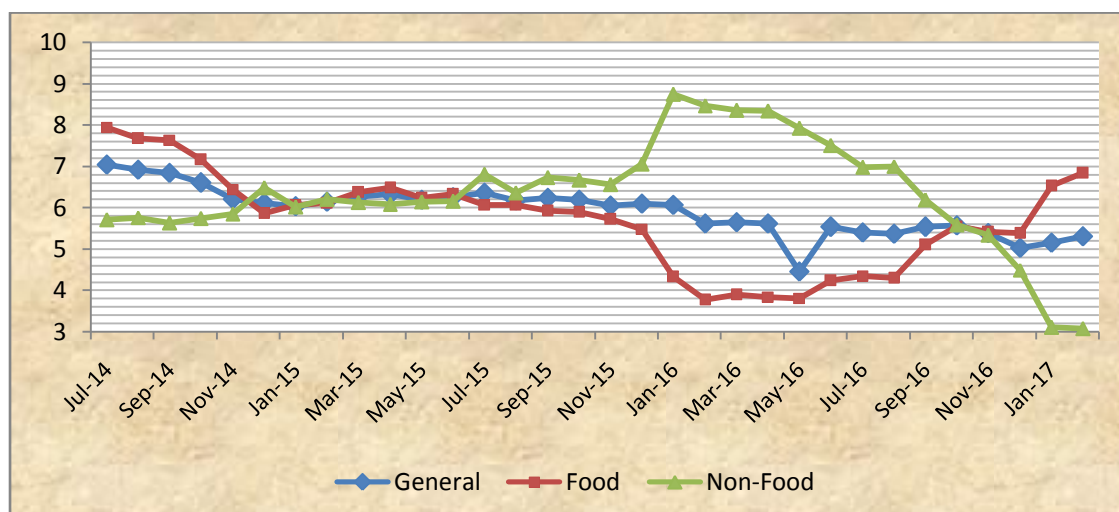
In FY16, the average rate of inflation (12-month average basis) was 5.92 percent (table-4.3). On the twelve-month average basis general inflation reduced to 5.41 percent in February of FY 2016-17, of which food and non-food inflation were 4.95 percent and 6.11 percent, respectively. On the other hand, point-to-point inflation stood at 5.31 percent in the same month, of which, food and non-food inflation were 6.84 percent and 3.07 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
February	5.41	4.95	6.11

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics