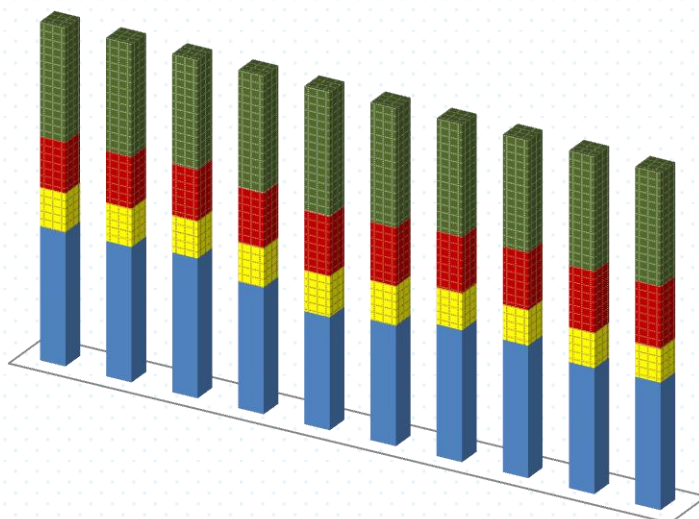


Monthly Report on Fiscal-Macro Position



MONTHLY REPORT ON FISCAL-MACRO POSITION

May, 2017



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Executive Summary

The May 2017 issue of the report on Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables up to the current month compared to the same period of the previous fiscal year. An overview of the report is given below:

Fiscal Sector

Revenue earnings indicated satisfactory growth by the end of FY16. During July-May of FY17, total revenue collection increased by 19.47 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 9.95 percent during the same period.

Monetary Sector

Broad Money growth was 11.7 percent in May of FY17 compared to the same month of the previous fiscal mainly due to 15.1 percent and 10.4 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in May of FY17 over May of FY16 was 13.34 percent.

External Sector

Export earnings increased by 3.67 percent during July-May of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 20.82 percent during the same period. Remittance receipt decreased by 14.19 percent during this period whereas, foreign exchange reserve stood at US\$ 32.246 billion at the end of May of FY17 which was equivalent to import payments of 8.1 months.

Real Sector

According to the 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 May 2017 stood at 5.41 percent. On point-to-point basis, inflation was 5.45 percent in May 2016, of which, food and non-food inflation were 3.81 percent and 7.92 percent respectively. There was a positive change in Quantum Index of Industrial Production, which was 271.9 in May 2016 and became 286.7 in May 2017.

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1. FISCAL SECTOR

1.1 Revenue Earnings

Total revenue earning increased by 19.47 percent during July-May of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 20.04 percent and 14.88 percent respectively.

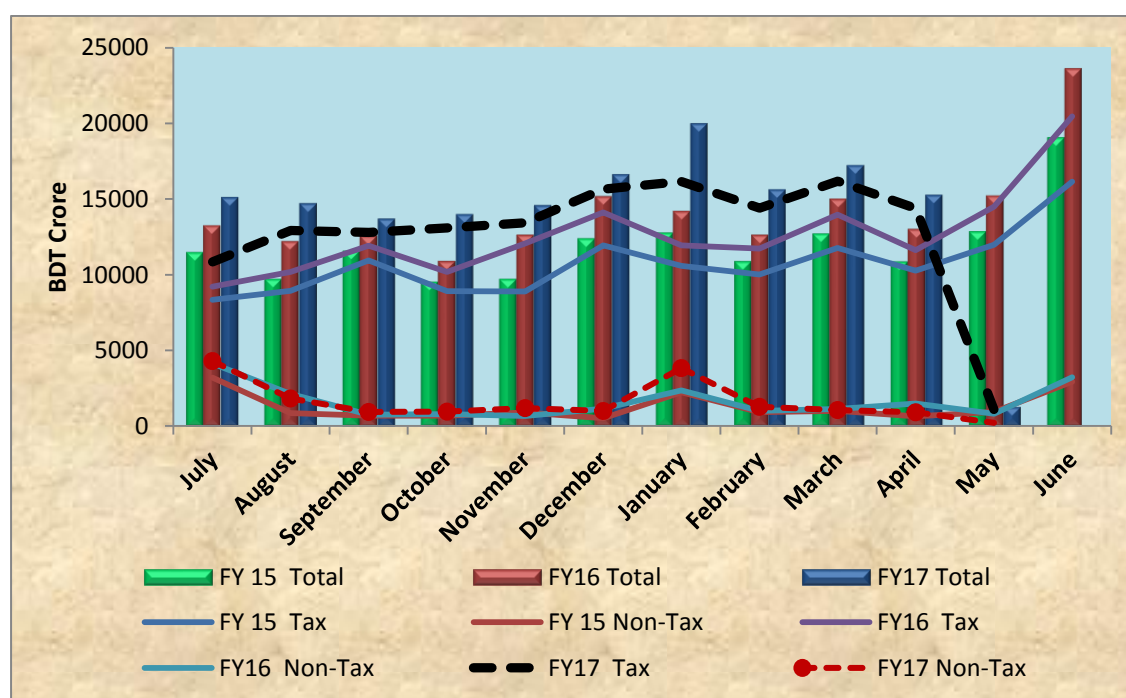
Table 1.1: Revenue Earning

(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)	126335	5064	131399	16396	147795
Growth (%)	1.89	5.04	2.00	-5.2	1.1
July-May FY16	126335	5064	131399	16396	147795
July-May FY17	152187	5543	157730	18835	176565
Growth(%)	20.46	9.46	20.04	14.88	19.47

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-May of FY17, grant receipt decreased by 29.1 percent to TK. 343 Crore against TK. 484 Crore over the corresponding period of the last fiscal (table 1.2).

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Table 1.2: Grants

(In crore taka)

2014-15	2015-16	Growth (%)	FY 16	FY 17	Growth (%) over
(Actual)	(Actual)		July-May	July-May	July-May of FY16
2484	1837	-26.05	484	343	-29.1

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

1.3 Government Expenditure

According to iBAS database, total government expenditure increased by 9.95 percent during July-May of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 33.63 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 72399 Crore at the end of May of FY17, recording 30.9 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

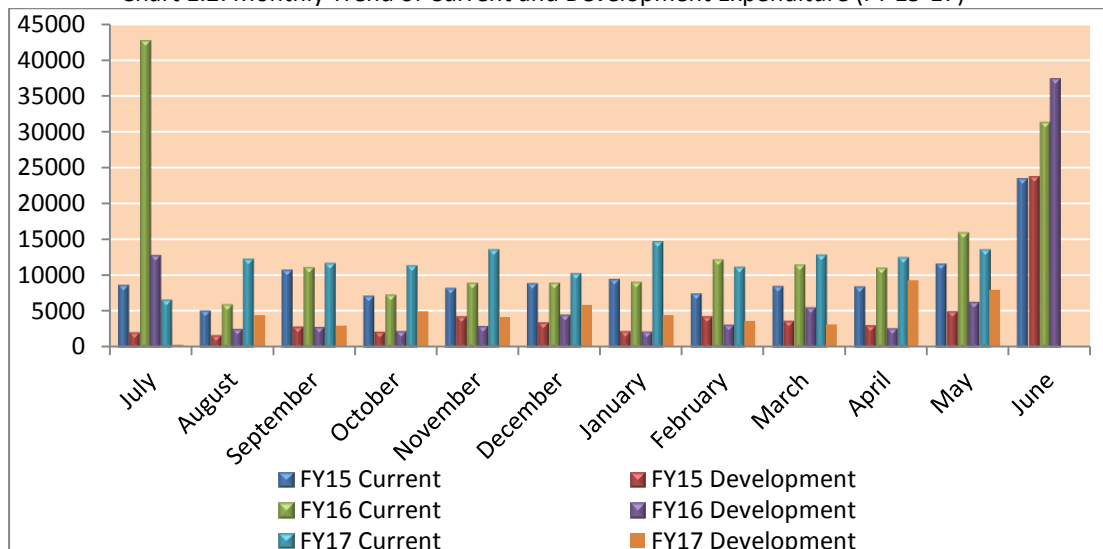
(In crore taka)

	FY 15	FY 16	Growth (%)	FY 16	FY 17	Growth (%) over July-May, FY16
				July-May	July-May	
1. Current Spending	119116	143897	20.80	112413	130449	16.04
Pay and Allowances	28818	39969	38.69	32624	40939	25.49
Goods and Services	16659	18288	9.78	13018	14362	10.32
Interest Payment	30974	33088	6.83	26733	28774	7.63
Domestic	29437	31466	6.89	25233	27054	7.22
Foreign	1537	1622	5.53	675	1719	154.67
Subsidy and Transfer	42482	52325	23.17	39863	46267	16.06
Others	183	227	24.04	175	118	-32.51
2. Food Accounts	2122	408	-80.77	3522	4499	27.74
3. Non-ADP Capital & Net Lending	22764	14747	-35.22	9960	9057	-9.07
Non-ADP Capital	10468	12387	18.33	9764	6494	-33.49
Net Lending	8994	1095	-87.83	-290	1709	-689.31
Non-ADP Project	2346	138	-94.12	4	0	-100.00
FFW	377	620	64.46	221	735	233.16
Development Expenditure under Revenue Budget	579	507	-12.44	261	119	-54.41
4. Annual development programme	64765	75419	16.45	37892	50636	33.63
Total (1+2+3+4)	208767	234471	12.31	163787	194641	121.58
Total Spending (Percent of GDP)	13.77	13.53	-1.76	9.45	9.95	

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

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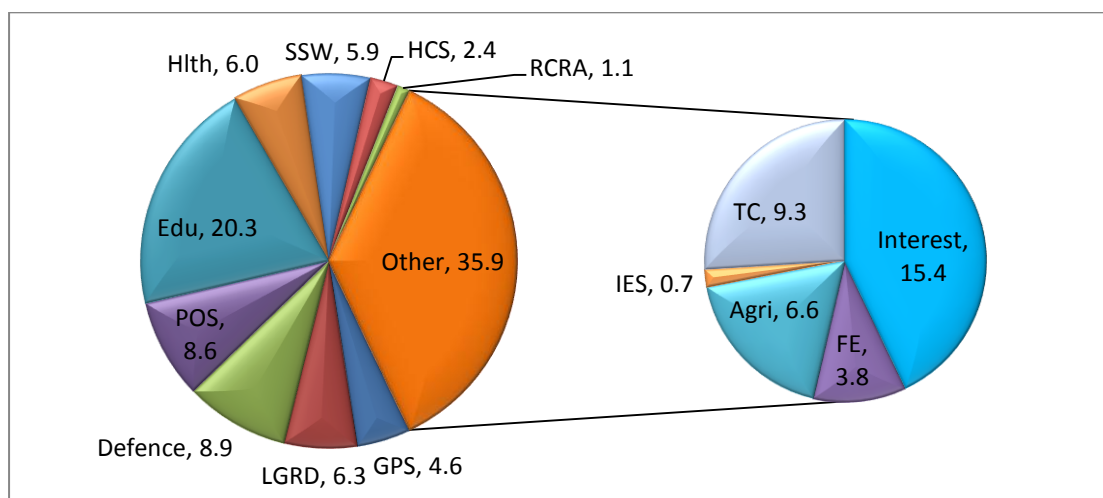
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



1.4 Composition of Revenue Expenditure

As in May of FY17, spending on education is the highest (20.3%) followed by interest payment (15.4%) (Chart 1.3).

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



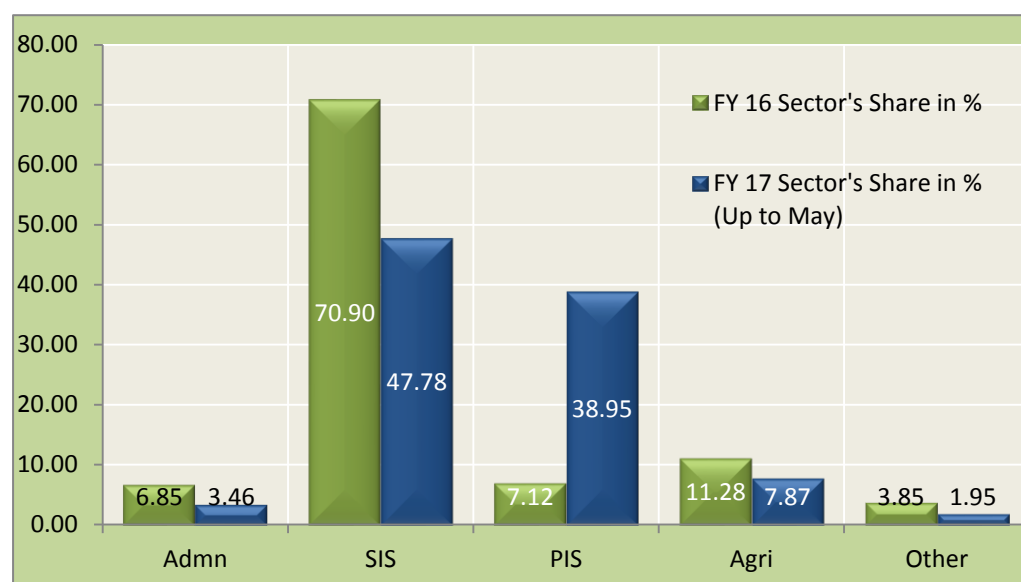
GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

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1.5 Composition of ADP Expenditure

Sector wise analysis of development expenditure shows that, up to the month of May FY17, highest share of spending went to Social Infrastructure (47.78%) followed by Physical Infrastructure (38.95%)

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 4.38 percent of GDP (Base year 2005-06), which was 4.64 percent in FY15. Overall budget balance including grants during July-May of FY17 records a deficit of BDT 18042 crore against a deficit of BDT 15516 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	-59728	-4.64
2015-16	-64262	-4.38
July-May FY16	-15516	-0.93
July-May FY17	-18042	-1.07

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

1.7 Deficit Financing

Domestic borrowing from the banking system increased to BDT 10613 Crore in FY16 from BDT 513 Crore in FY 15. On the other hand, borrowing from the non-bank sources decreased to BDT 40181 Crore from 50511 Crore within the same period. Net borrowing from the external sources increased to BDT 13471 Crore in FY 16 from BDT 8699 Crore in FY 15. Government total debt stock increased by BDT 1250 Crore during July-May of FY17 compared to the same period of FY16.

Table 1.5: Deficit Financing

(In crore taka)

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Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2014-15	8699	513	50511	51024	3.37
2015-16	13471	10613	40181	50794	2.93
July-May FY16	1950	-1850	15415	13565	0.78
July-May FY17	3181	-24905	39720	14815	0.76

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

1.8 Sale and repayment of National Savings Certificates (NSC)

The sale of NSC during July-May of FY17 stood at Tk. 67637.5 crore, which was 39.74 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 46969.04 crore by the end of May 2017 (Table 1.6).

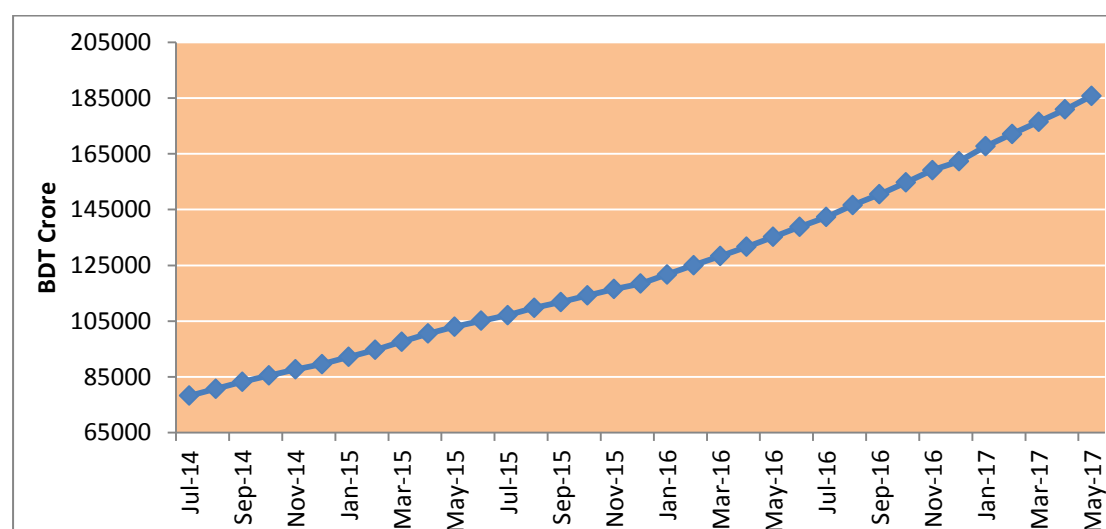
Table 1.6 Net Sale and repayment of NSC

(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-May FY16	48403.16	18310.39	30092.77	135222.91
July-May FY 17	67637.5	20668.46	46969.04	185787.78
Growth (%)	39.74	12.88	56.08	37.39

Source: National Savings Directorate

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



Source: National Savings Directorate

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2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) growth in May 2017 was 11.7 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 15.1 and 10.5 percent increase respectively. As of May 2017 (Year to year basis), despite negative growth in public sector credit (-16.2 percent) private sector credit expanded remarkably (16 percent) that contributed to 11.1 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	Jun	May	May	May FY17	May FY17	May FY17	May FY17
	FY 15	FY 16	FY 16	FY 17	Over Jun FY16	over May FY16	Over Jun FY16	over May
						FY16		FY16
Net Foreign Assets(NFA)	1892.3	2331.4	2237.3	2575	243.8	337.9	10.4	15.1
Net Domestic Asset(NDA)	5983.9	6832.4	6523.7	7210	377.2	685.96	5.5	10.5
Domestic Credit	7015.3	8012.8	7732.1	8588	575.5	856.25	7.2	11.1
Public Sector	1269.3	1302.7	1191.9	999	-302.9	-192.07	-23.3	-16.2
Govt (Net)	1102.6	1142.2	1021.1	8260	-316.2	-195.11	623.2	708.9
Other Public Sector	166.7	160.5	170.8	173	13.4	3.04	7.8	1.3
Private sector	5746	6710.1	6540.2	7588	878.4	1048.32	13.1	16.0
Net Other Item	-1031.4	-1180.4	-1208.4	1379	-198.4	-170.29	-216.8	-214.1
Broad Money	7876.1	9163.8	8760.9	9785	621.0	1023.87	6.8	11.7

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money Developments

Reserve money recorded an increase of 13.34 percent at the end of May 2016 over the same period of previous fiscal year (Table 2.2). At the same time, the value of reserve money multiplier increased to 4.99 at the end of May 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	May 2017	May 2017 over June 2016(%)	May 2017 over June 2015
Reserve money	1484.83	1932.01	1959.67	27.7(1.4)	230.7(13.34)
Money multiplier	5.3	4.74	4.99	0.25	-0.07(-5.8)

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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-May of FY 17, export increased by (year on year basis) 3.67 percent, which was 8.95 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance

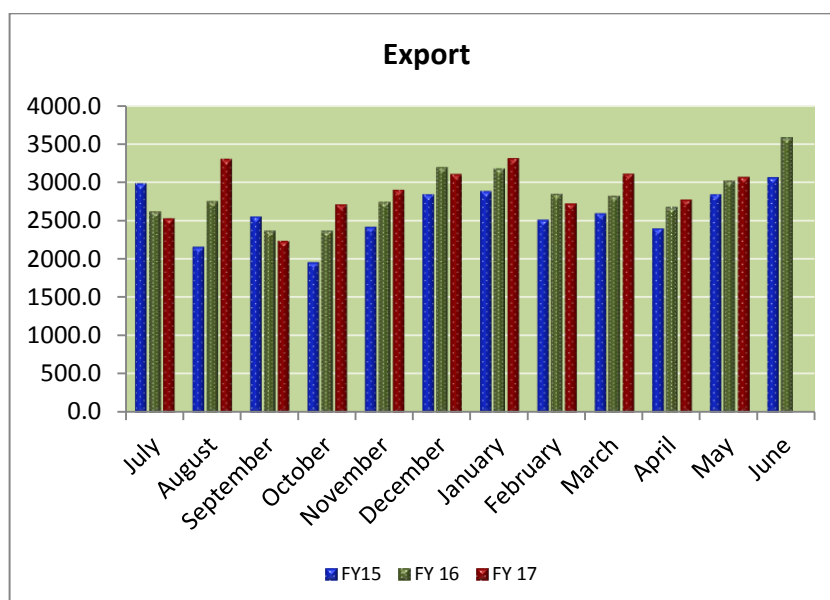
(Million US\$)

	FY 15	FY 16	July-May FY 17	July-May FY 16
Export	31208.94	34257.18	31790.75	30664.21
Growth (%)*	3.39	9.77	3.67	8.95

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 May of FY17, import payments increased by 10.20 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 14.35 percent and 11.83 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 May)	FY 17 May
Import payments	40579.30	40097.4	40314.8	3920.80
Growth (%)	-0.09	-1.19	10.20	7.06
LCs Opened	43068.76	43335.33	44265.52	4297.70

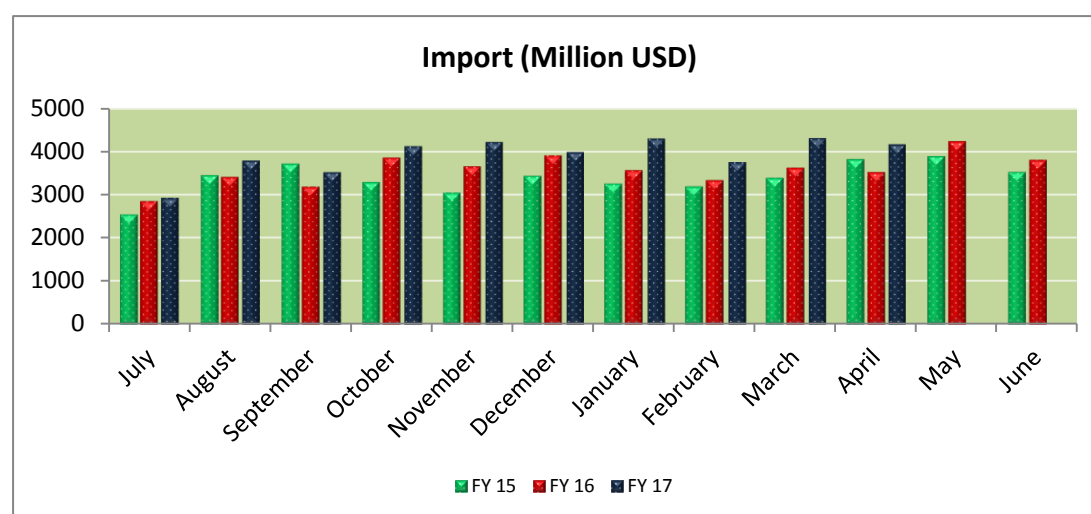
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Growth (%)	2.99	0.62	14.35	19.41
LCs Settled	38455.24	40076.20	40998.47	3624.66
Growth (%)	3.41	4.22	11.83	10.31

*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 14.19 percent during July-May of FY17 compared to the same period of the previous fiscal year.

Table-3.3: Remittance Performance

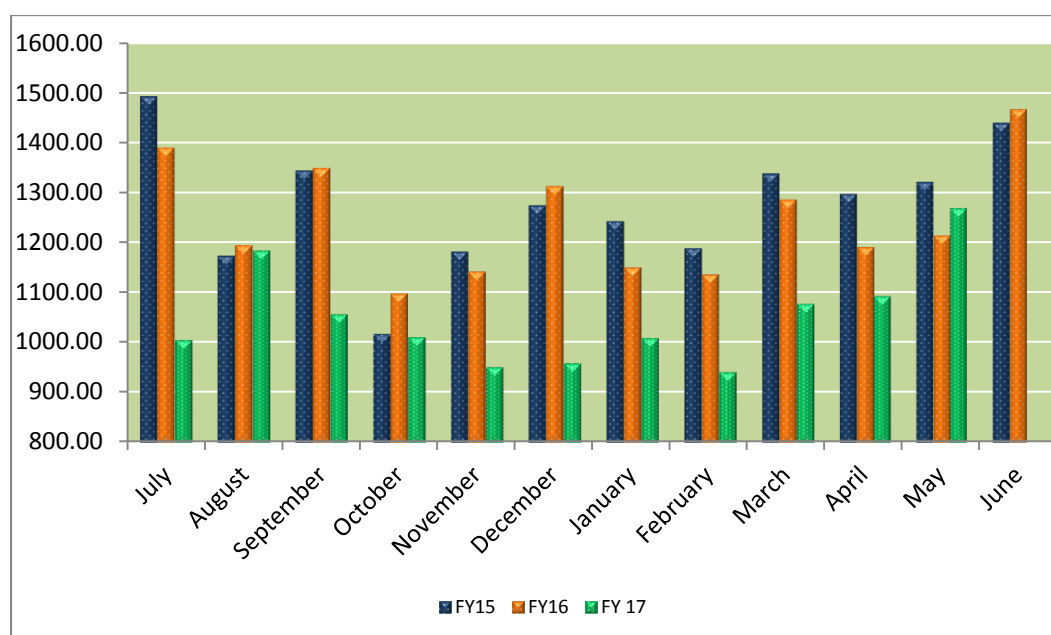
(In million US\$)

	FY 15	FY 16	FY 17 Up to May	FY 17 May
Remittances	15316.9	14931.2	11554.8	1267.61
Growth (%)	7.65	-2.52	-14.19	4.37
As % of GDP	7.85	6.74	4.64	0.51
As % of Export	49.08	43.59	36.35	41.30

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

BDT depreciated by 2.74 percent against US dollar from its level of end June 2016 at the end of May 2017.

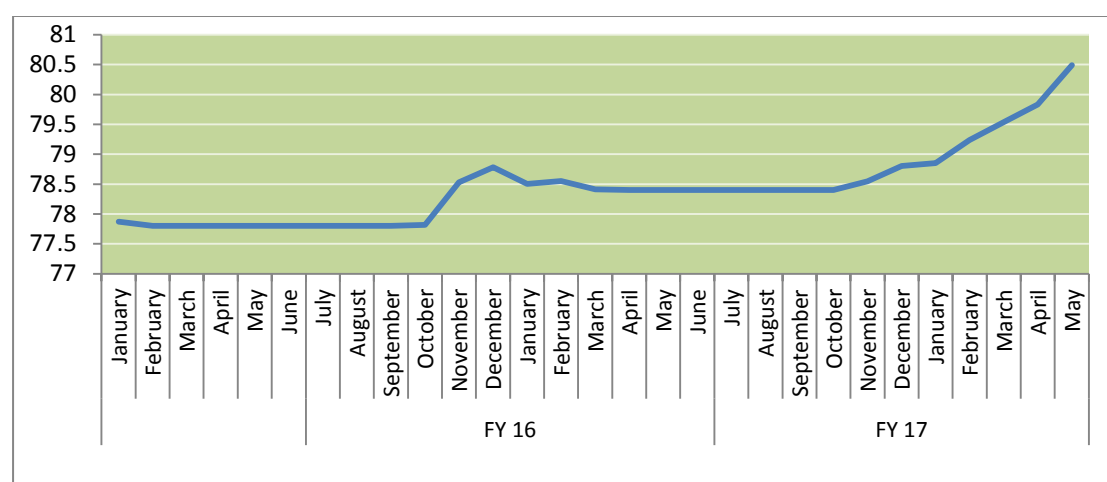
Table 3.4: Exchange Rate Movements (Taka per US\$)

Period	Average	End of the period
2011-12	79.1	81.82
2012-13	79.93	77.77
2013-14	77.72	77.63
2014-15	77.67	77.81
2015-16	78.4	78.4
2016-17		
July	78.4000	78.4000
August	78.4000	78.4000
September	78.4000	78.4000
October	78.4008	78.4148
November	78.5472	78.7197
December	78.8040	78.7022
January	78.8534	79.0695
February	79.2360	79.3697
March	79.5352	79.6700
April	79.8322	80.2300
May	80.4926	80.5516

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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\$ 32245.69 million at the end of May of FY 17 from US\$ 32518.77 million in the previous month. The gross foreign exchange reserve at the end of May of FY17 is equivalent to import payments of 8.1 months.

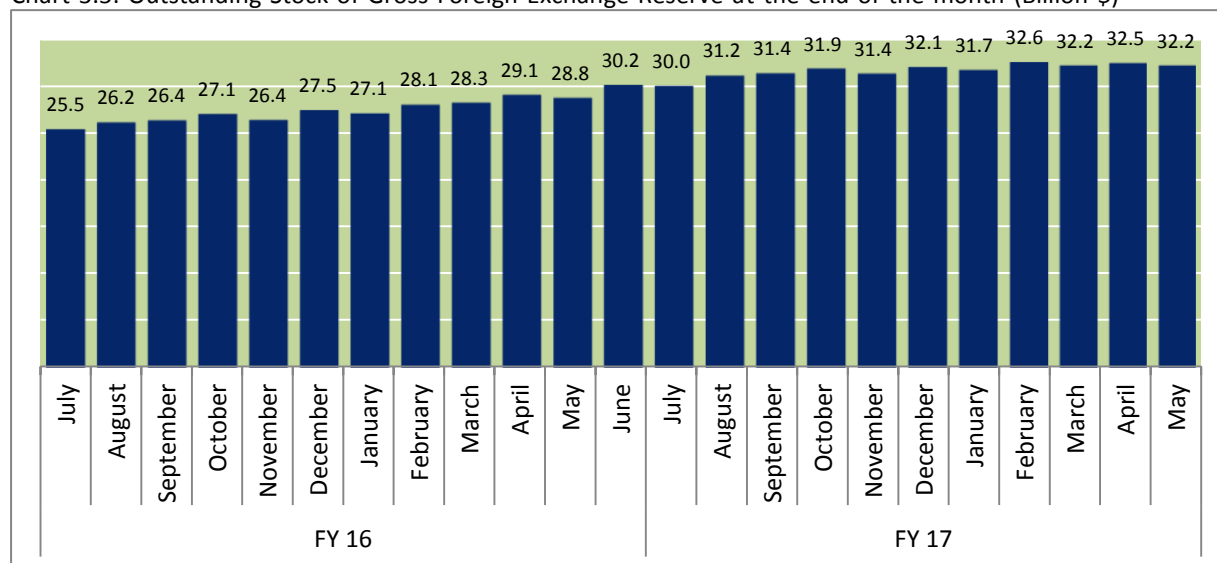
Table 3.5: Foreign Exchange Reserve (Million US\$)

	FY 14	FY 15	FY 16	As end of May FY 17
Reserve	21508	25025.5	30168.22	32245.69
In month of import payment	5.89	6.65	8.4	8.1

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.6 Balance of Payments

The country's trade deficit increased to US\$ 9198 million in May of FY17 from US\$ 6451 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 2103 million during July-May of FY17 from a surplus of US\$ 3193 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 2682 million in overall balances during July-May of FY17.

Table 3.6: Balance of Payments

(Million US\$)

	2014-15 ^R	2015-16 ^R	2016-17 ^P (July-May)	2015-16 (July-May)
Trade Balance	-6965	-6274	-9198	-6451
Current Account Balance	2875	3706	-2103	3193
Capital Account	496	478	288	382
Financial Account	1925	1610	4195	1178
Overall Balance	4373	5036	2682	4143

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

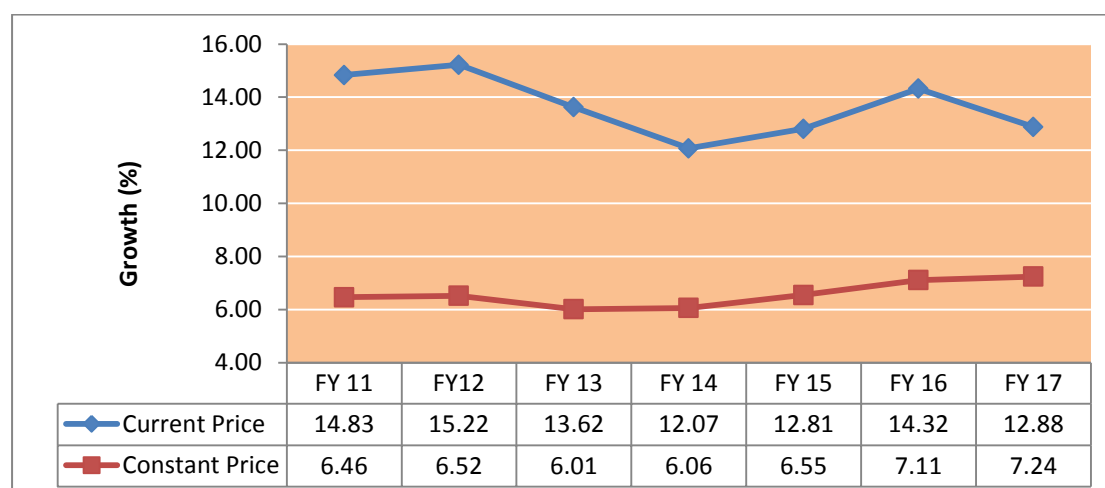
Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
GDP at constant prices	Billion Tk.	7299.0	7741.4	8248.6	8835.4	9475.4*
Growth	%	6.01	6.06	6.55	7.11	7.24*
GDP at current prices	Billion Tk.	11989.2	13436.7	15158.0	17328.6	19560.6*
Growth	%	13.62	12.07	12.81	14.32	12.88*
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20380.4*

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Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
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 May 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.

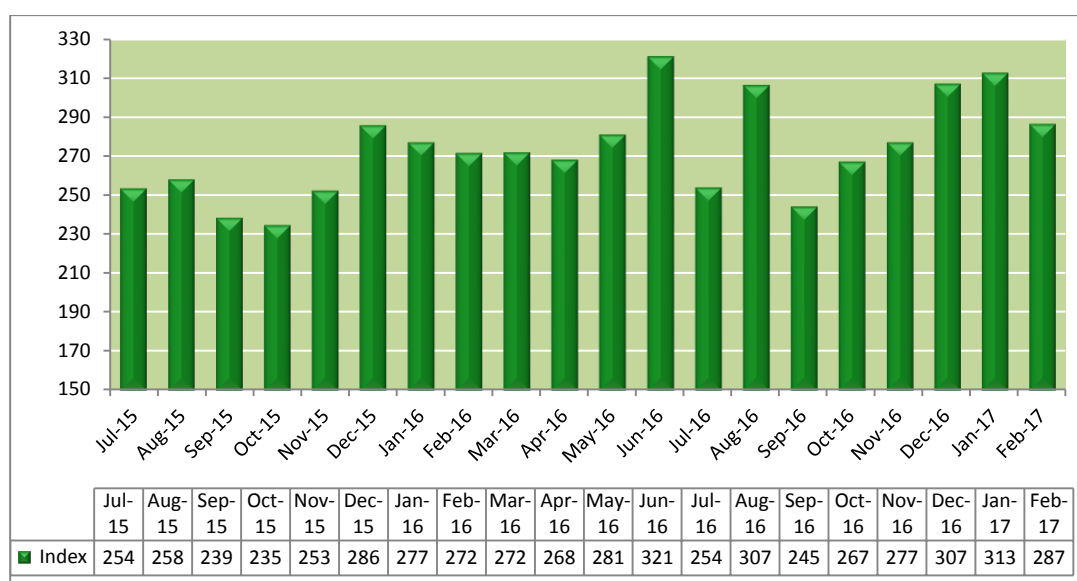
Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)

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
May, 2016	271.9	20.4
May, 2017	286.7	5.4

Source: BBS, *Growth over the same period of the previous fiscal year

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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) was 5.92 percent (table-4.3). On the twelve-month average basis general inflation reduced to 5.41 percent in May 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).

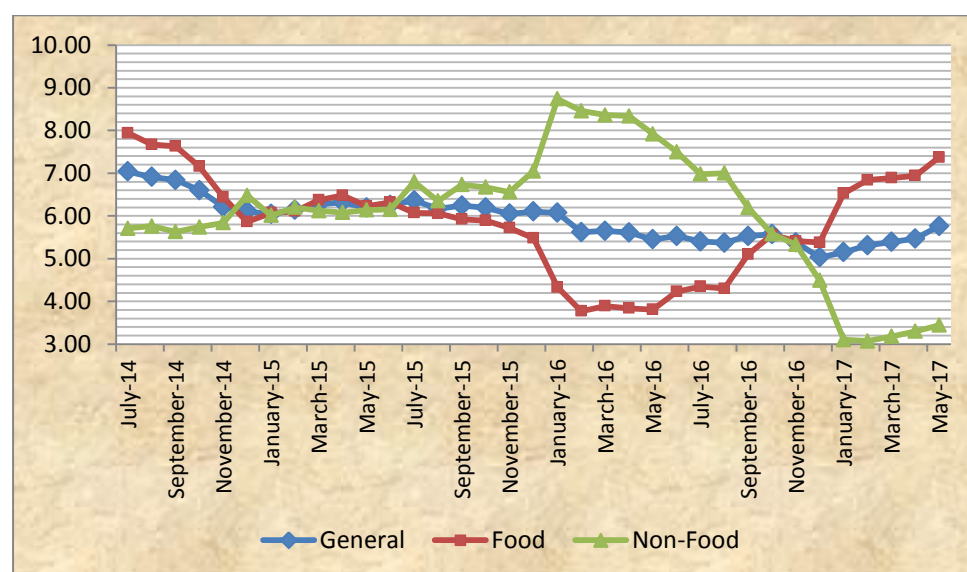
Monthly Report on Fiscal-Macro Position

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	4.9	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	5.6	4.51	7.27
December	5.51	4.51	7.05
January	5.44	4.7	6.57
February	5.41	4.95	6.11
March	5.39	5.20	5.67
April	5.38	5.46	5.25
May	5.41	5.75	4.89

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics