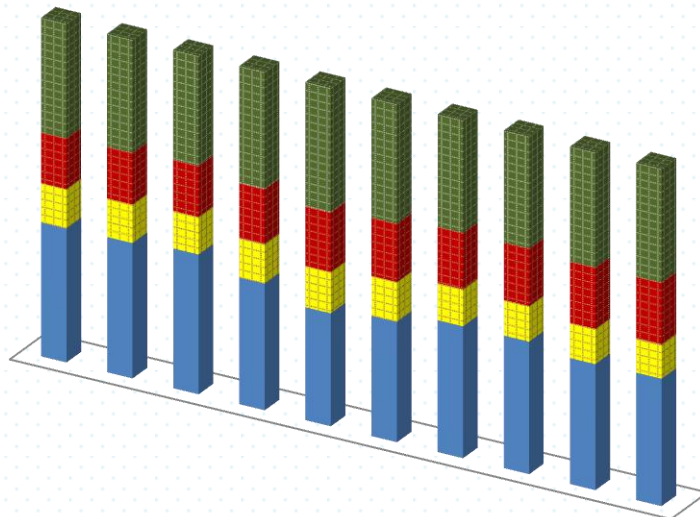




MONTHLY REPORT ON FISCAL-MACRO POSITION

June, 2017



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Vol. XII, No. 12, June 2017, FY17

As of June 2017

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Executive Summary

The June 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-June of FY17, total revenue collection increased by 35.85 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 13.36 percent during the same period.

Monetary Sector

Broad Money growth was 10.9 percent in June of FY17 compared to the same month of the previous fiscal mainly due to 14.1 percent and 9.8 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in June of FY17 over June of FY16 was 16.3 percent.

External Sector

Export earnings increased by 1.7 percent during July-June of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 19.1 percent during the same period. Remittance receipt decreased by 14.5 percent during this period whereas, foreign exchange reserve stood at US\$ 33.4 billion at the end of May of FY17 which was equivalent to import payments of 9.2 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 June 2017 stood at 5.44 percent. On point-to-point basis, inflation was 5.53 percent in FY 2016, of which, food and non-food inflation were 4.23 percent and 7.50 percent respectively. Conversely, on point-to-point basis, inflation stood at 5.94 percent in June 2017, of which, food and non-food inflation are 7.51 percent and 3.67 percent respectively. There was a positive change in Quantum Index of Industrial Production, which was 271.9 in June 2016 and became 286.7 in May 2017.

1. FISCAL SECTOR

1.1 Revenue Earnings

Total revenue earning increased by 35.85 percent during July-June of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 35.33 percent and 40.04 percent respectively.

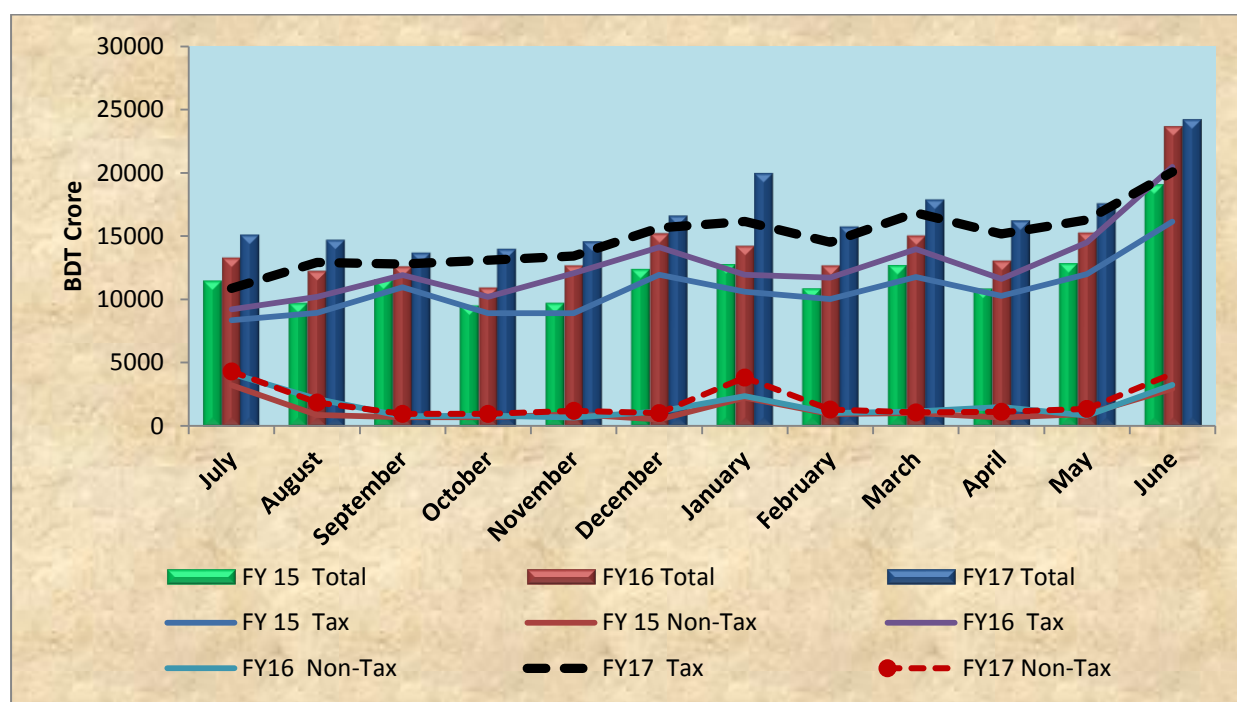
Table 1.1: Revenue Earning

(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-June FY16	126335	5064	131399	16396	147795
July-June FY17	171523	6301	177824	22960	200784
Growth (%)	35.77	24.42	35.33	40.04	35.85

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-June of FY17, grant receipt decreased by 68.4 percent to TK. 580 Crore against TK. 1837 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-June	FY 17 July-June	Growth (%) over July-June of FY16
2484	1837	-26.05	1837	580	-68.4

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

1.3 Government Expenditure

According to iBAS database, total government expenditure increased by 13.36 percent during July-June of FY17 compared to the same period of the previous fiscal (Table1.3). 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 100839 Crore at the end of June FY17, recording 10.8 percent increase over the same period of the last fiscal year.

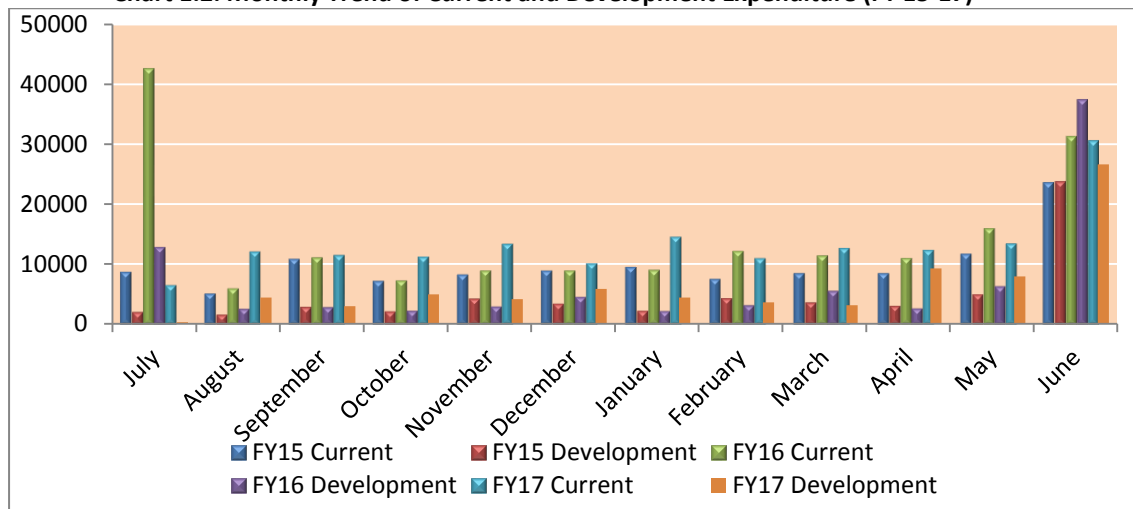
Table 1.3: Government Expenditures

(In crore taka)

	FY 15	FY 16	Growth (%)	FY 16 July-June	FY 17 July-June	Growth (%) over July-June, FY16
1. Current Spending	119116	144456	21.27	144456	161125	11.54
Pay and Allowances	28818	39969	38.69	39969	48760	21.99
Goods and Services	16659	18277	9.71	18277	21585	18.10
Interest Payment	30974	33107	6.89	33107	31839	-3.83
Domestic	29437	31462	6.88	31462	29998	-4.65
Foreign	1537	1645	7.03	1645	1841	11.91
Subsidy and Transfer	42482	52873	24.46	52873	58744	11.10
Others	183	230	25.68	230	196	-14.78
2. Food Accounts	2122	-641	-130.21	-641	1324	-306.55
3. Non-ADP Capital & Net Lending	22764	15429	-32.22	15429	21553	39.69
Non-ADP Capital	10488	12365	17.90	12365	15205	22.97
Net Lending	8994	1063	-88.18	1063	2477	133.02
Non-ADP Project	2346	138	-94.12	138	2206	1498.55
FFW	377	1411	274.27	1411	1457	3.26
Development Expenditure under Revenue Budget	579	452	-21.93	452	208	-53.98
4. Annual Development Expenditure	64765	80076	23.64	80076	77243	-3.54
Total (1+2+3+4)	208767	239320	14.63	239320	261245	9.16
Total Spending (Percent of GDP)	13.77	13.81	0.29	13.81	13.36	

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

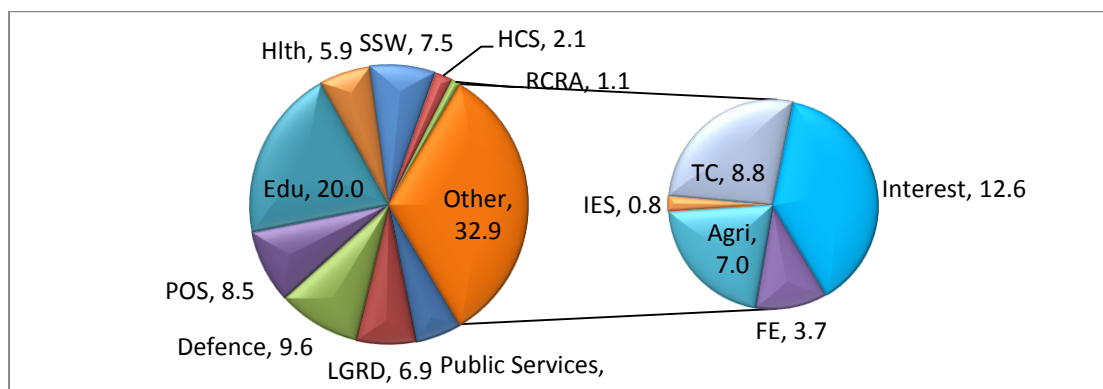
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



1.4 Composition of Revenue Expenditure

As in June of FY17, spending on education is the highest (20.0%) followed by interest payment (12.6%) (Chart 1.3).

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

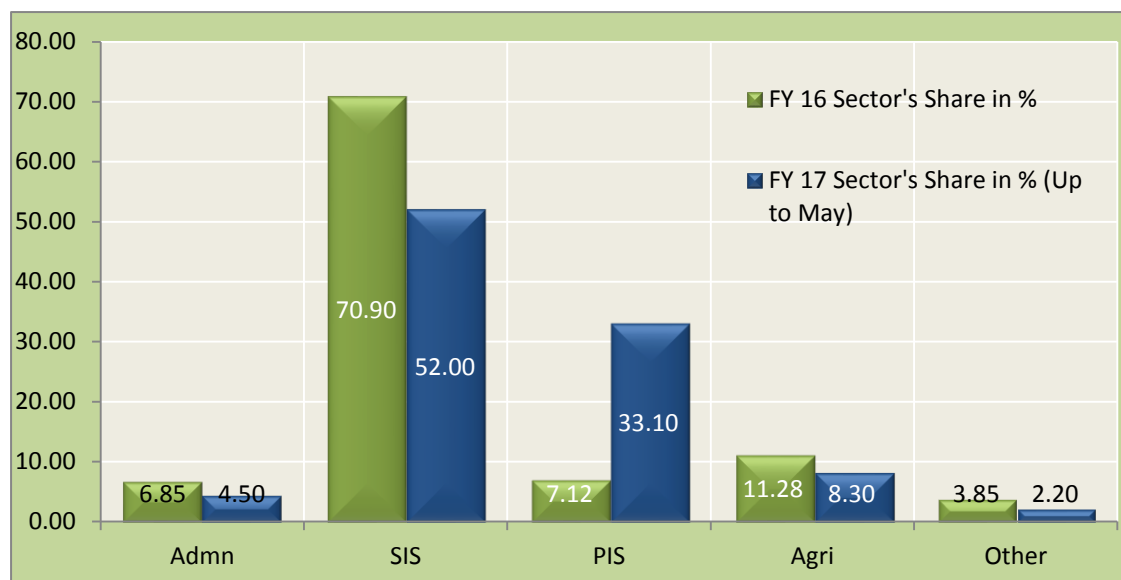


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Composition of ADP Expenditure

Sector wise analysis of development expenditure shows that, up to the month of June FY17, highest share of spending went to Social Infrastructure (52.00%) followed by Physical Infrastructure (33.10%)

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 4.25 percent of GDP (Base year 2005-06), which was 4.64 percent in FY15. Overall budget balance including grants during July-June of FY17 records a deficit of BDT 59876 crore against a deficit of BDT 64262 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	-4.25
July-June FY16	-64262	-4.25
July-June FY17	-59876	-3.49

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 FY15. 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 July-June 2017 from BDT 8699 Crore in FY 15.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2014-15	8699	513	50511	51024	3.4
2015-16	9020	10613	40181	50794	2.93
July-June FY17	13471	-8514	61322	52808	2.70

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

1.8 Sale and repayment of National Savings Certificates (NSC)

The sale of NSC during July-June of FY17 stood at Tk. 75134.74 crore, which was 39.88 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 52417.48 crore by the end of June 2017 (Table 1.6).

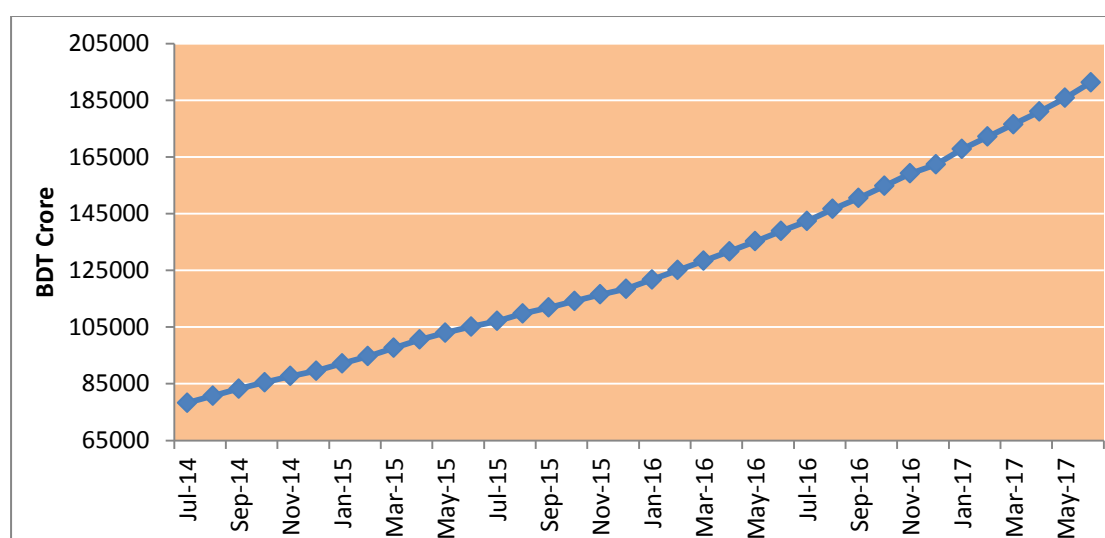
Table 1.6 Net Sale and repayment of NSC

(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end 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-June FY16	53712.45	20023.85	33688.6	138818.73
July-June FY 17	75134.74	22717.26	52417.48	191236.22
Growth (%)	39.88	13.45	55.59	37.76

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 June 2017 was 10.9 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 14.1 and 9.8 percent increase respectively. As of June 2017 (Year to year basis), despite negative growth in public sector credit (-12.0 percent) private sector credit expanded remarkably (15.7 percent) that contributed to 11.2 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	
	June, 2015	June, 2016 [®]	June, 2017(p)	june 2016 over June 2015	june 2017 over June 2016	june 2016 over June 2015	june 2017 over June 2016
Net Foreign Assets(NFA)	1892.3	2331.4	2659.9	439.0	328.6	23.2	14.1
Net Domestic Asset(NDA)	5983.9	6832.4	7500.8	848.6	668.4	14.2	9.8
Domestic Credit	7015.3	8012.8	8906.7	997.5	893.9	14.2	11.2
Public Sector	1269.3	1302.7	1146.1	33.4	-156.6	2.6	-12.0
Govt (Net)	1102.6	1142.2	973.3	39.6	-168.9	3.6	-14.8
Other Public Sector	166.7	160.5	172.8	-6.2	12.3	-3.7	7.7
Private sector	5746	6710.1	7760.6	964.1	1050.4	16.8	15.7
Net Other Item	-1031.4	-1180.4	-1405.9	-148.9	-225.6	14.4	19.1
Broad Money	7876.1	9163.8	10160.8	1287.6	996.9	16.3	10.9

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money Developments

Reserve money recorded an increase of 30.12 percent at the end of June 2016 over the same period of previous fiscal year (Table 2.2). At the same time, Reserve money increase of 16.28 percent at the end of June 2017 over the same period of FY 2016. The value of reserve money multiplier decreased to 4.52 at the end of June 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 2015.00	June 2016 [®]	June 2017(P)	June 2016 over June 2015(%)	June 2017 over June 2016
Reserve money	1484.83	1932.01	2246.60	30.12	16.28
Money multiplier	5.30	4.74	4.52	-0.56	-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-June of FY 17, export increased by (year on year basis) 1.7 percent, which was 9.8 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance

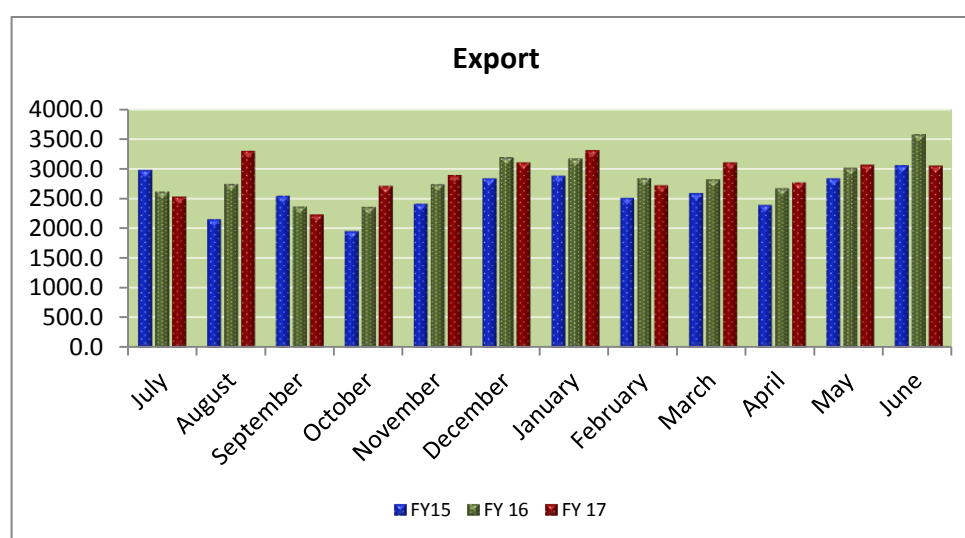
(Million US\$)

	FY 15	FY 16	July-June FY 17	July-June FY 16
Export	31208.94	34257.18	34846.8	34257.2
Growth (%)*	3.39	9.77	1.7	9.8

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 June of FY17, import payments increased by 19.1 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 24.3 percent and 20.8 percent respectively in the same period (Table 3.2).

Table 3.2: Import Scenario

(Million US\$)

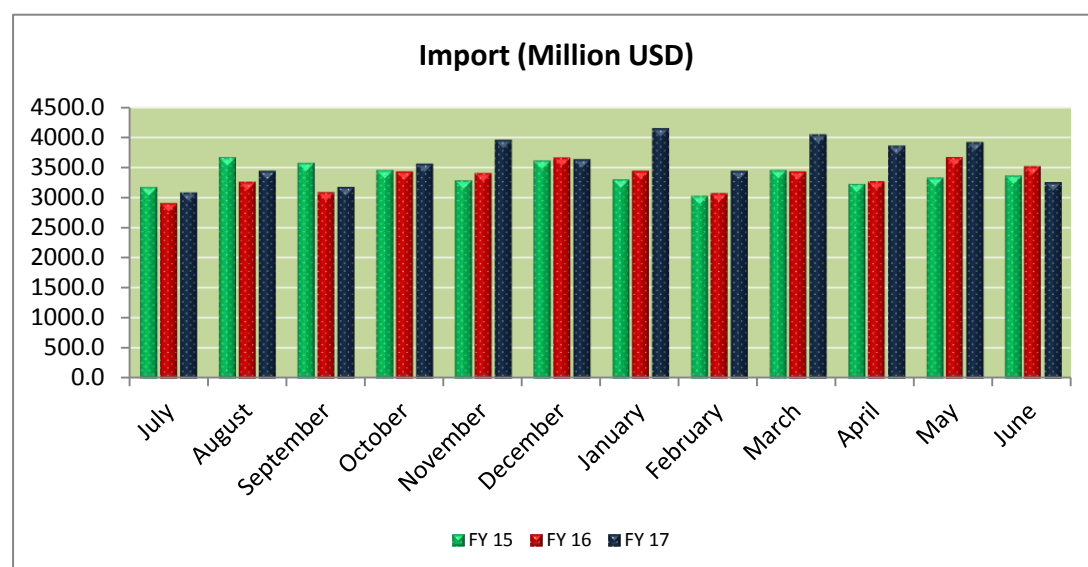
Period	FY 15	FY 16	FY 17 (upto June)	FY 17 June
Import payments	40579.30	40097.4	43573.5	3258.7
Growth (%)	-0.09	-1.19	19.1	-7.2
LCs Opened	43068.76	43335.33	48125.9	4007.2
Growth (%)	2.99	0.62	24.3	-13.3

LCs Settled	38455.24	40076.20	44272.8	3274.3
Growth (%)	3.41	4.22	20.8	-4.1

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

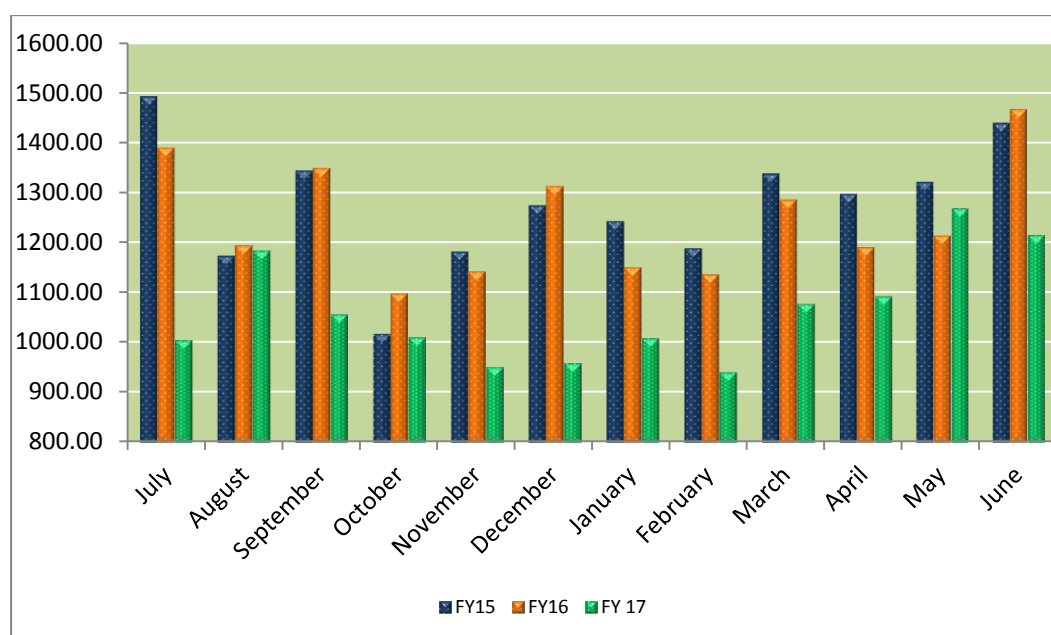
Table-3.3: Remittance Performance

(In million US\$)

	FY 15	FY 16	FY 17 Up to June	FY 17 June
Remittances	15316.9	14931.2	12755.0	1214.6
Growth (%)	7.65	-2.52	-14.5	-17.14
As % of GDP	7.85	6.74	5.1	0.49
As % of Export	49.08	43.59	36.6	39.74

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

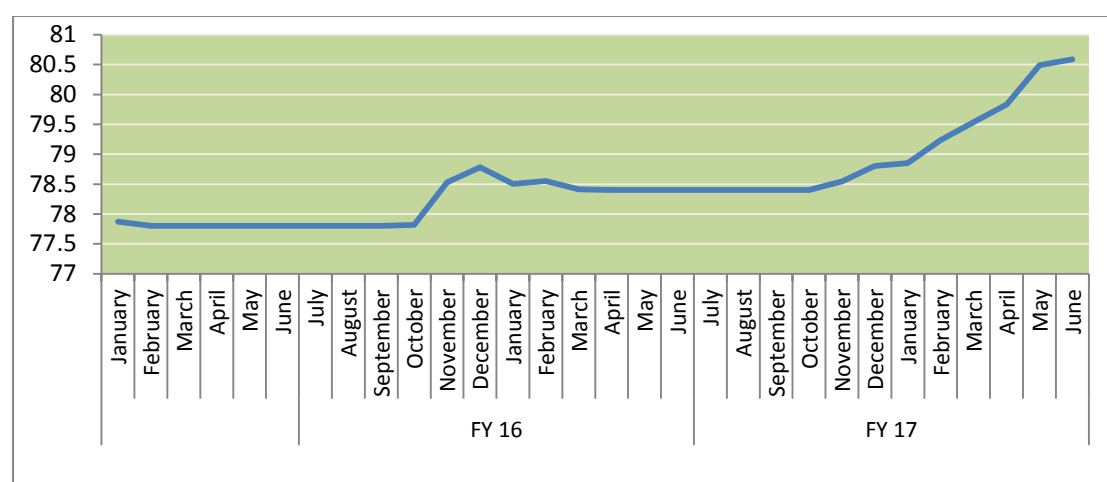
BDT depreciated by 1.0 percent against US dollar from its level of end June 2016 at the end of May 2017.

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	78.4	78.4
August	78.4	78.4
September	78.4	78.4
October	78.4008	78.4148
November	78.5472	78.7197
December	78.804	78.7022
January	78.8534	79.0695
February	79.236	79.3697
March	79.5352	79.67
April	79.8322	80.23
May	80.4926	80.5516
June	80.5874	80.5988

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.5 External Reserve

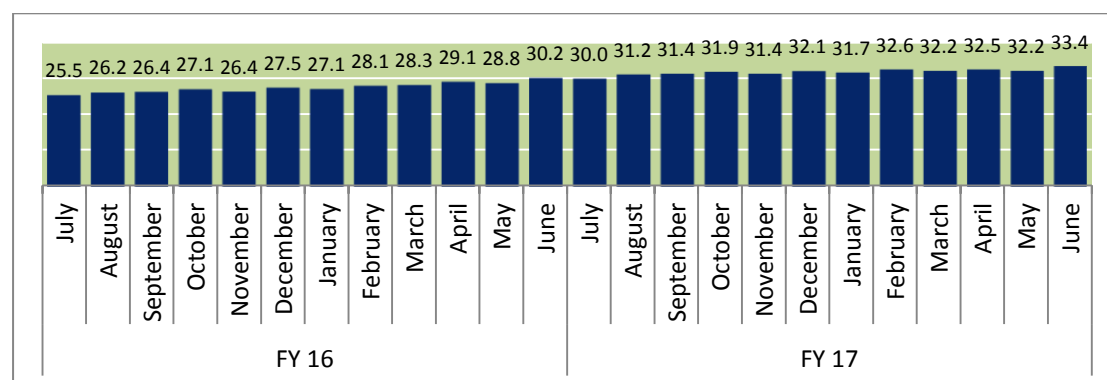
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 33406.6 million at the end of June of FY 17 from US\$ 32245.69 million in the previous month. The gross foreign exchange reserve at the end of June of FY17 is equivalent to import payments of 9.2 months.

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

	FY 14	FY 15	FY 16	As end of June FY 17
Reserve	21508	25025.5	30168.22	33406.6
In month of import payment	5.89	6.65	8.4	9.2

Source: Bangladesh Bank

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\$ 9472 million in Jne of FY17 from US\$ 6460 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 1480 million during July-June of FY17 from a surplus of US\$ 4262 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 3169 million in overall balances during July-June of FY17.

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

	2014-15 ^R	2015-16 ^R	2016-17 ^P (July-June))	2015-16 (July-June)
Trade Balance	-6965	-6274	-9472	-6460
Current Account Balance	2875	3706	-1480	4262
Capital Account	496	478	314	464
Financial Account	1925	1610	4179	944
Overall Balance	4373	5036	3169	5036

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

4. REAL SECTOR

4.1 Real Sector Indicators

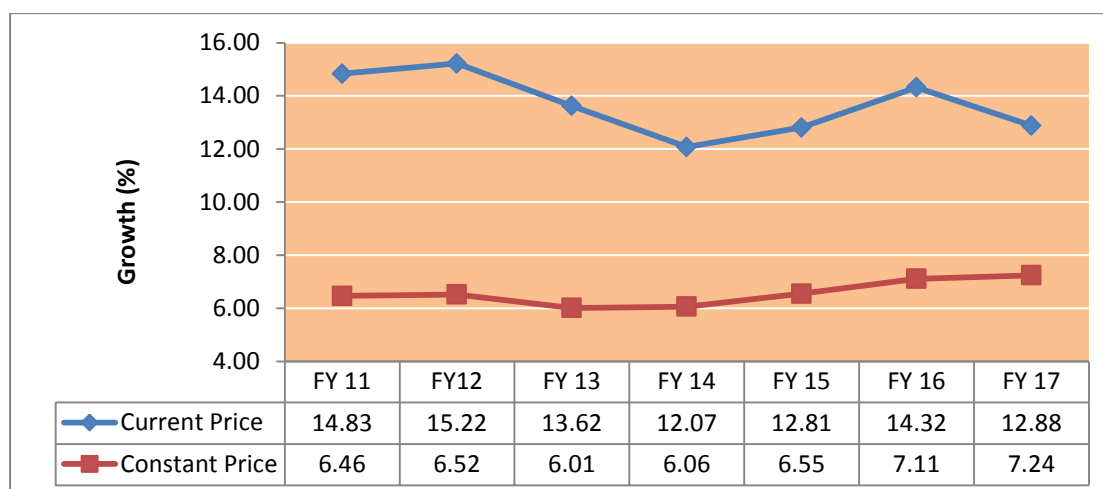
According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY17 is 7.24 percent (Base year 2005-06) and per capita GNI in FY17 is US\$ 1602.

Table 4.1 Real sector indicators

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17(p)
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,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

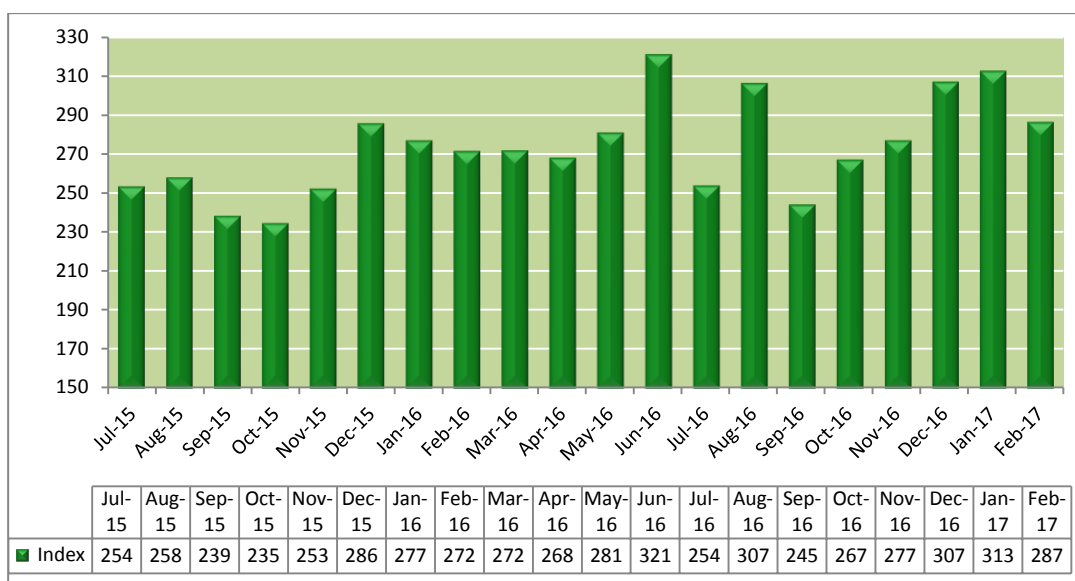
Quantum Index of Industrial Production increased by 9.9 percent and became 307.5 in June 2017 from the same month of the previous fiscal year (Table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16, which was 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
215-16	267.9	13.5
April, 2016	266.2	15.5
April, 2017(p)	307.5	9.9

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

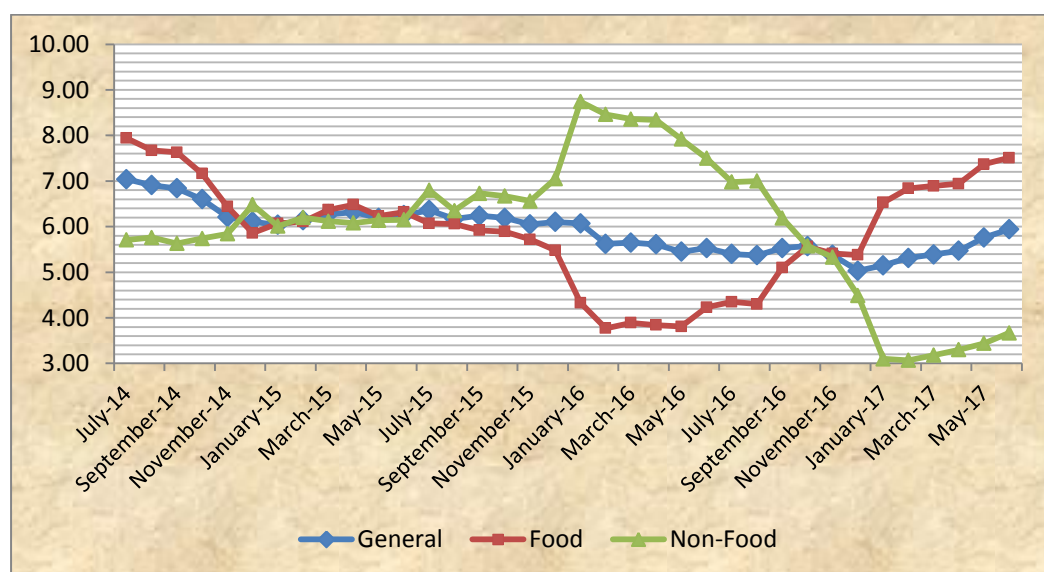
In FY16, the average rate of inflation (12-month average) was 5.92 percent (table-4.3). On the twelve-month average basis general inflation reduced to 5.44 percent in June of FY 2016-17, of which food and non-food inflation were 6.02 percent and 4.57 percent, respectively. On the other hand, point-to-point inflation stood at 5.94 percent in the same month, of which, food and non-food inflation were 7.51 percent and 3.57percent, 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	4.9	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	5.2	5.67
April	5.38	5.46	5.25
May	5.41	5.75	4.89
June	5.44	6.02	4.57

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics