



MONTHLY REPORT ON FISCAL-MACRO POSITION

September 2019

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Executive Summary

The September 2019 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 registered a negative growth of 1.7 percent at the end of July-September FY20¹ compared to the same period of FY19. At the same time, total government spending increased by 4.71 percent compared to the same period of the previous fiscal year. Overall, budget deficit including grants stood at 0.03 percent of GDP at the end of July-September FY20, which was a surplus of 0.25 percent of GDP during the same period of the previous fiscal year.

Monetary Sector

Broad Money supply recorded 11.9 percent growth at the end of September 2019. This growth is attributable to 14.9 percent and 2.3 percent growth in Net Domestic Asset (NDA) and Net Foreign Asset (NFA) respectively. At the end of September 2019, reserve money grew by 8.2 percent from September 2018.

External Sector

During July-September of FY20, exports reduced by 2.9 percent compared to 14.8 percent growth in the same period of the previous fiscal year. At the same time, Import payments also decreased by 2.6 percent while remittance inflow increased by 16.6 percent. Further, foreign exchange reserve stood at US\$ 31.8 billion at the end of September 2019, which is equivalent to import payments of 6.4 months.

Real Sector

Bangladesh Bureau of Statistics (BBS) projected a robust 8.13 percent real GDP growth in FY19 compared to 7.86 percent growth in FY18 that would drive per capita GNI to reach US\$ 1909 from US\$ 1751 in FY18. The average of CPI inflation (12-month moving average) was 5.49 percent, of which, food and non-food inflation were 5.38 percent and 5.67 percent respectively at the end of September 2019. This inflation rate, on point-to-point basis, was 5.54 percent, of which, food and non-food inflation were 5.30 percent and 5.92 percent respectively in September 2019. The Quantum Index of medium and large-scale manufacturing industries is increased by 14.46 percent in September 2019 from that of September 2018.

¹ FY20 stands for fiscal year 2019-20

1. FISCAL SECTOR

1.1 Revenue Earnings

Total revenue earnings that experienced a 14.8 percent growth in FY19, decreased by 1.7 percent during the July-September of FY20 compared to the same period of FY19. Growth rates of Tax and Non-tax revenue during this period were -1.1 percent and -4.2 percent respectively.

Table 1.1: Revenue Earning

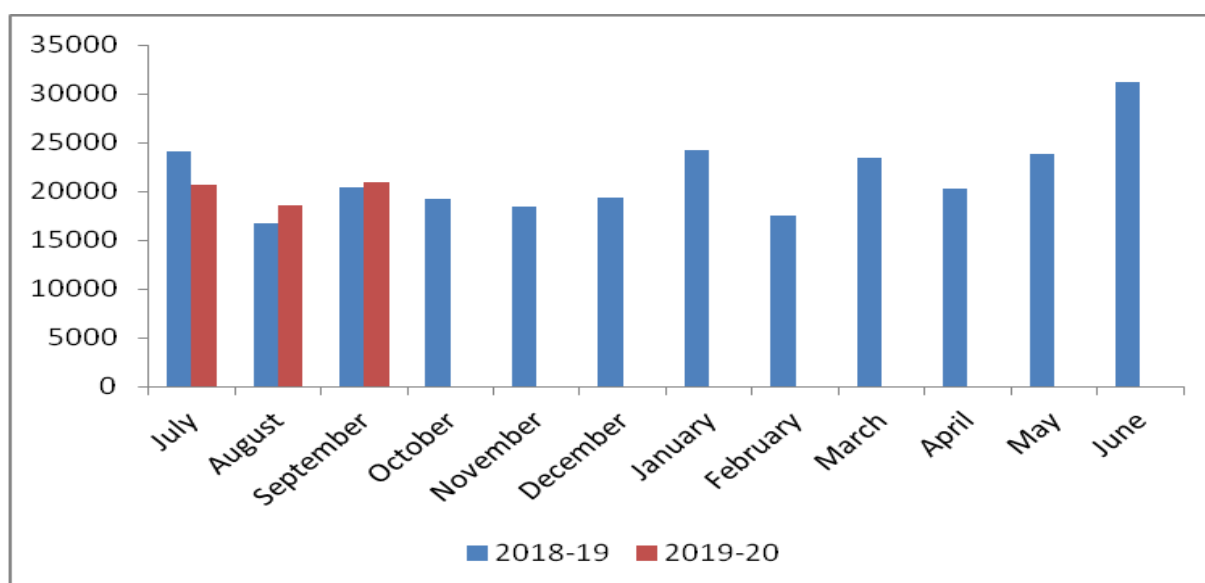
(In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2017-18 (Actual)	196424	7044	203468	21792	225260
2018-19 (Actual)	225919	4944	230863	27703	258566
Growth (%)	15.0	-29.8	13.5	27.1	14.8
July-September FY19	49396	1124.0	50520.0	10662.0	61182.0
July-September FY20	48219.0	1725.0	49944.0	10218	60162.0
Growth (%)	-2.38	53.47	-1.14	-4.16	-1.67

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

Chart 1.1: Comparison of Revenue earnings (July-August period)

(In crore taka)



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

1.2 Grants

Actual grant receipts increased by 11.4 percent in FY19 compared to the previous year. However, During July-September of this fiscal year grant receipt was zero, which was TK. 0.84 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 20 (July-Sep)	FY 19 (July-Sep)	Growth (%)	2018-19 (Actual)	2017-18 (Actual)	Growth (%)
0	0.84	-100	967.22	868.28	11.40

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

1.3 Government Expenditure

According to iBAS++ database, total government expenditure increased by 4.1 percent during July-September of FY20 compared to the same period of the previous fiscal year (Table-1.3). During this period, development expenditure increased significantly (40.78 percent). According to the Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (GOB part and project aid) stood at BDT 16799 crore at the end of July-September of FY20, recording 23.3 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditure

(In crore taka)

	2017-18	2018-19	Yearly Growth (%)	FY 19 (July- Sep)	FY 20 (July- Sep)	Periodic Growth (%) (July-Sep)
a. Operating Expenditure						
i) Recurrent Expenditure	178879.45	216662.3	21.12	39840.84	38863.76	-2.45
Pay and Allowances	47847.09	53503.49	11.82	13799.59	12020.46	-12.89
Goods and Services	15992.85	19147.14	19.72	2136.13	1990.94	-6.80
Interest Payment	41765.58	48815.22	16.88	12404.55	12160.02	-1.97
Domestic	38160.24	45369.02	18.89	11436.94	11711.91	2.40
Foreign	3605.34	3446.21	-4.41	967.61	448.12	-53.69
Subsidies	10811.80	25727.26	137.96	1407.9829	1403.11	-0.35
ii. Capital expenditure	12593.27	20080.16	59.45	1848.46	1182.83	-36.01
b. Food Accounts	6993.62	4846.82	-30.70	2727.03	3475.90	27.46
d. Net lending	1240.93	-1705.14	-237.41	-257.73	-724.41	181.08
e. Development expenditure	122154.04	143067.49	17.12	9540.66	13431.26	40.78
Total Expenditure (a+b+c+d+e)	321861.32	382951.63	18.98	53699.27	56229.34	4.71
Total Expenditure (as % of GDP)	14.30	15.06	-	2.11	1.95	-

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

1.4 Budget Deficit

Overall budget balance including grants during July-September of FY20 records a deficit of BDT 794.9 crore against surplus of BDT 6380.6 crore at the same period of the previous fiscal year. This deficit was 5.1 percent of GDP (Base year 2005-06) at the end of FY19 and 4.7 percent at the end of FY18.

Table 1.4: Budget Balance (In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
July-Sep FY20	-794.88	-0.03
July-Sep FY19	6380.56	0.25
2018-19	-129849.76	-5.12
2017-18	-104437.06	-4.67

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

1.5 Deficit Financing

Domestic borrowing from the banking system increased to BDT 29,479 Crore in FY19. In same way, borrowing from the bank sources also increased to BDT 24,562 Crore at July-September 2020. On contrast, Net foreign borrowing decreased significantly to 1455 Crore from the same period of previous fiscal year. In this period of FY20, government's financing needs increased to 0.97 percent of GDP, which was 0.45 percent from the same period of the previous fiscal year.

Table 1.5: Deficit Financing (In crore taka)

Period	External	Domestic		Total Financing	Financing as % of GDP
	(net)	Bank	Non-Bank		
2017-18	25620.59	11730.60	67084.44	104435.63	4.67
2018-19	24749.57	29479.41	70550.95	124779.93	4.92
July-Sep FY19	-6370.89	-362.35	-3933.44	-6370.89	-0.28
July-Sep FY20	793.53	27950.83	-26519.85	793.53	0.03

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

1.6 Sale and repayment of National Savings Certificates (NSC)

The sale of NSC during July-September of FY20 has been decreased by 21.7 percent from that of the previous year. As a result, net borrowing through NSC decreased by 65.4 percent the end of July-September of FY20 (Table 1.6).

Table 1.6 Net Sale and repayment of NSC

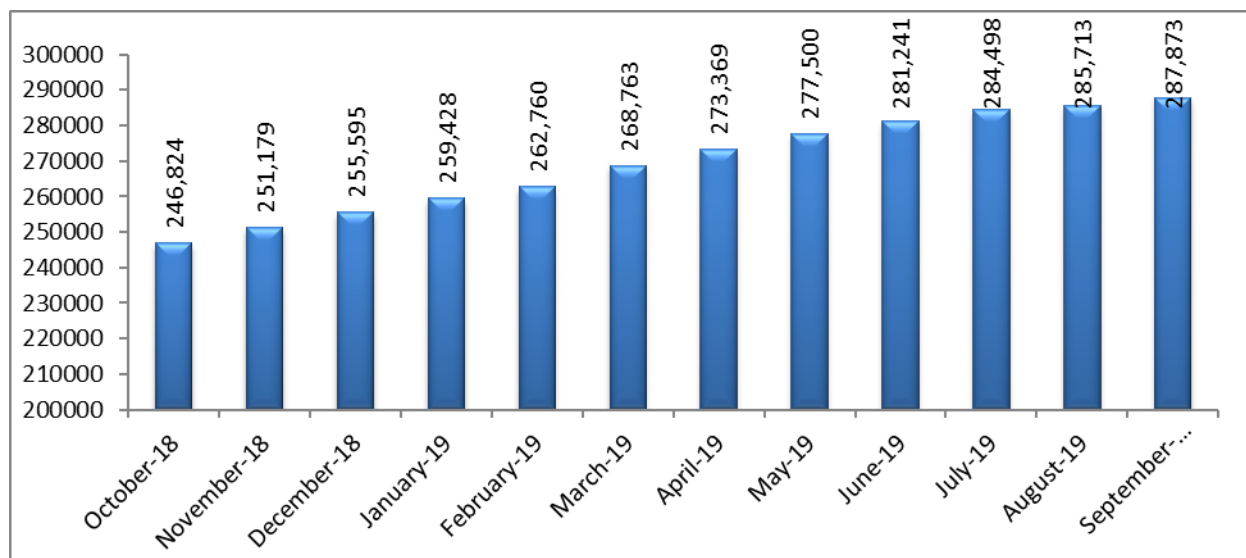
(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2017-18	78784.7	32254.4	46530.3	237766.5
2018-2019	86720.3	38773.9	47946.4	285712.9
Growth (%)	10.1	20.2	3.0	20.2
July-Sep FY 19	22256.1	8844.1	13412.0	740804.6
July-Sep FY 20	17421.8	12776.1	4645.8	871695.5
Growth (%)	-21.7	44.5	-65.4	17.7

Source: National Savings Directorate

Chart 1.2: 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) increased by **11.9** percent at the end of September 2019 from September 2018. Among the sources of broad money, Net Domestic Assets (NDA) increased by 14.9 percent while Net Foreign Assets (NFA) increased by **2.3** percent in this period. Domestic credit recorded an increase of 14.4 percent at the end of September 2019 from September 2018 mainly due to 44.4 percent growth in credit to the public sector.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock	
	June 2017	June 2018	September ^P 2019	September 2019 over June 2019	September 2019 over September 2018
A. Net Foreign Assets (NFA)	2667.0	2646.7	2712.78	-11.21 (-0.41)	60.4 (+2.28)
B. Net Domestic Asset (NDA)	7493.8	8453.1	9806.03	333.91 (3.53)	1269.4 (+14.87)
a. Domestic Credit	8906.7	1021.6	11832.25	363.41 (3.17)	1491.5 (+14.42)
Public Sector	1146.1	1140.9	1665.28	299.00 (+21.88)	512.0 (+44.40)
Govt. (Net)	973.3	948.9	1407.82	275.08 (24.28)	450.9 (+47.11)
Other Public	172.8	192	257.47	23.91 (+10.24)	61.1 (+31.15)
Private sector	7760.6	9075.3	10166.97	64.41 (0.64)	979.5 (+10.66)
b. Net Other assets	-1412.9	-1763.2	-2026.23	-29.50 (1.48)	-222.1
C. Broad Money (A+B)	10160.8	11099.8	12518.81	322.69 (2.65)	1329.9 (+11.89)

Source: Monthly Economic Trends, Bangladesh Bank; () -percentage changes

2.2 Reserve money Development

Reserve money recorded an increase of 8.2 percent at the end of September 2019 over the same month of the previous fiscal year. At the same time, the value of reserve money multiplier increased to 5.1 at the end of September 2019 from 4.75 at the end of June 2018.

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

Items	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June 2017	June 2018	September ^P 2019	September 2019 over June 2019	September 2019 over September 2018
Reserve money	2246.6	2337.4	2471.9	10.0 (+0.41)	187.0 (+8.18)
Money multiplier	4.52	4.75	5.06	0.11	0.17

Source: Monthly Economic Trends, Bangladesh Bank; () -percentage changes

3. EXTERNAL SECTOR

3.1 Exports

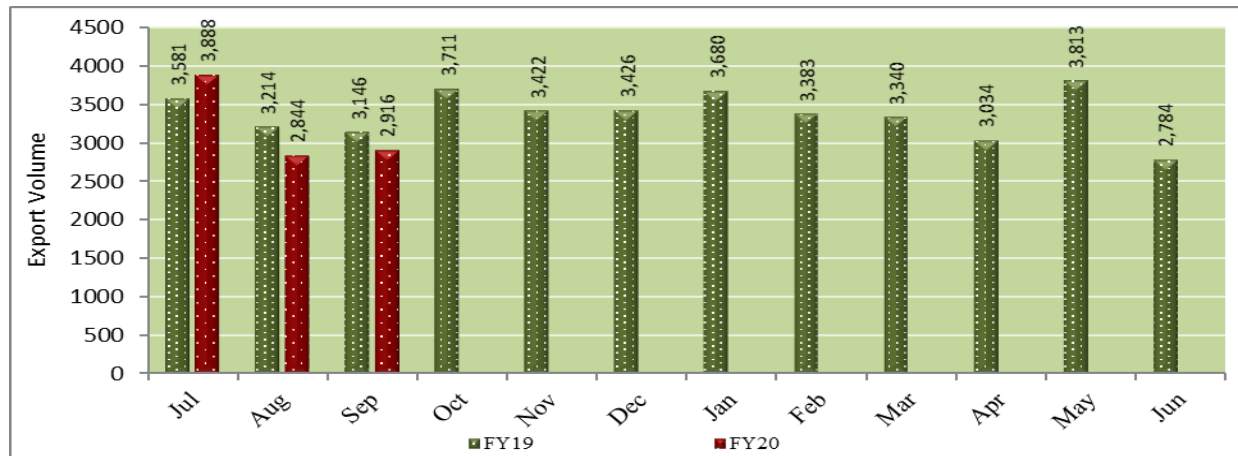
Exports of goods registered 10.6 percent growth FY19 compared to a 5.8 percent in the same period of the previous fiscal year. During July-September of FY20, export growth has decreased to 2.9 percent, which was recorded to increase by 14.8 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	July-September ^P 2019-20	July-September 2018-19	2018-19	2017-18
Export	9648.02	9940.60	40535.04	36668.14
Growth (%) [*]	-2.94	+14.75	10.55	5.81

Source: Export Promotion Bureau, *Growth over the same period of the previous time

Chart 3.1: Monthly Trend of Exports Payment (Million US\$)



Source: Export Promotion Bureau

3.2 Imports (c & f)

Import payments increased by 1.78 percent and stood at 59.9 billion during FY19 compared to 25.23 percent growth in FY18. However, import payments slowed down to 2.6 percent during July-September of FY20 compared to 11.5 percent growths in the same period of previous fiscal year. In July-September of FY20, Letter of Credit (LC) opened decreased by 4.7 percent and LCs settled for import also decreased by a 0.3 percent (Table 3.2).

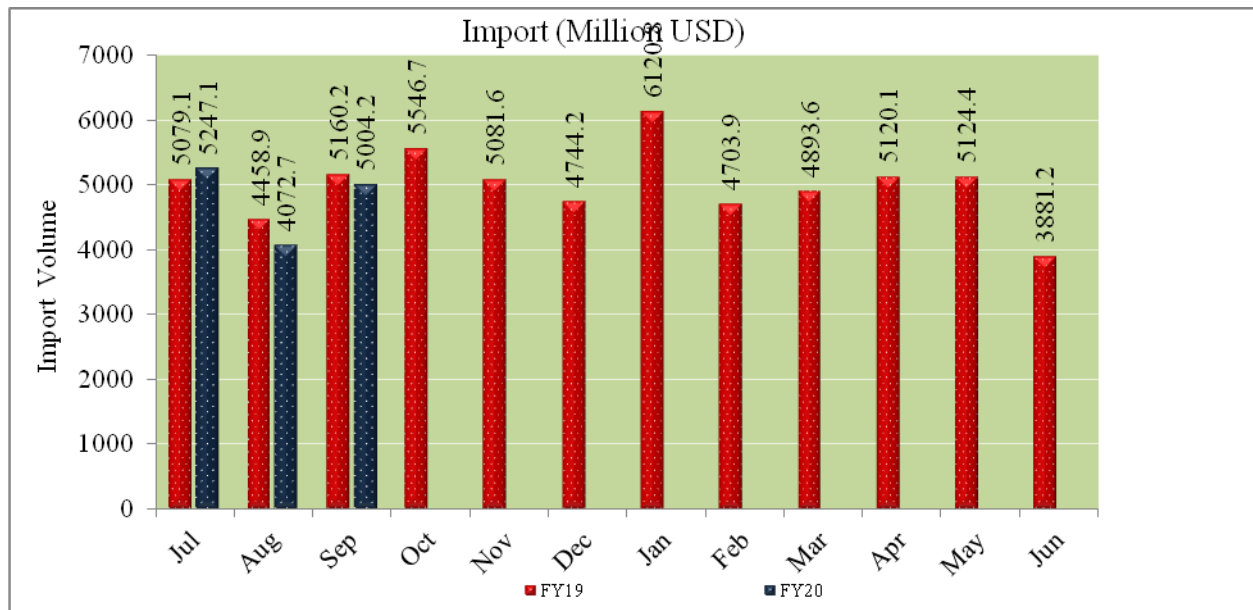
Table 3.2: Import Scenario (Million US\$)

Period	2019-20 ^P July-September	2018-19 ^R July-September	2018-19	2017-18
Import payments	14324.00	14698.20	59914.70	58865.3
Growth (%)	-2.55	11.48	1.78	25.23
LCs Opened	14056.08	14754.62	57754.61	69421.15
Growth (%)	-4.73	0.35	-16.81	44.25
LCs Settled	12800.09	12831.59	54640.35	51530.56
Growth (%)	-0.25	8.50	6.03	16.39

Source: Bangladesh Bank. Growth rate (%) over the same period of the previous fiscal year, R-Revised, P-Provisional

Chart 3.2: Monthly Trend of Import Payments

(Million US\$)



Source: Bangladesh Bank

3.3 Remittances

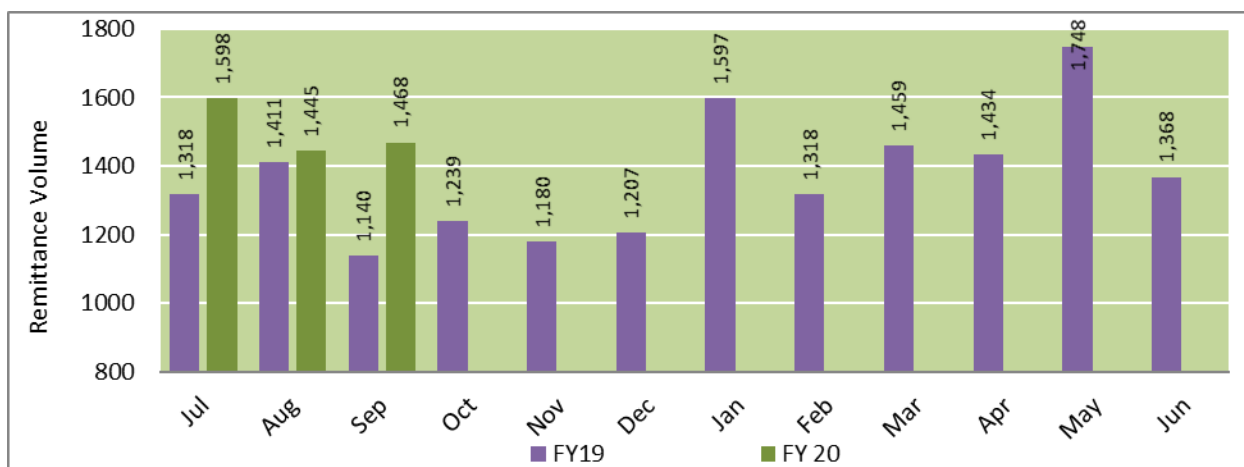
Remittances inflow rebounded in FY 19 as it grew by 9.6 percent compared to a 17.3 percent growth in the previous year. This trend continued during July-September of FY20 as it grew by 16.6 percent during this period.

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

	2019-20 ^P July-September	2018-19	2017-18
Remittances	4510.86	16419.63	14,978.86
Growth (%)	+16.59	9.62	17.30
As % of GDP	1.30	5.39	5.43
As % of Export	46.75	40.51	40.85

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

Exchange rate remained broadly stable due to Bangladesh Bank's timely intervention in the foreign exchange market. Domestic currency, BDT depreciated by 0.95 percent against US dollar in September 2019 from June 2019.

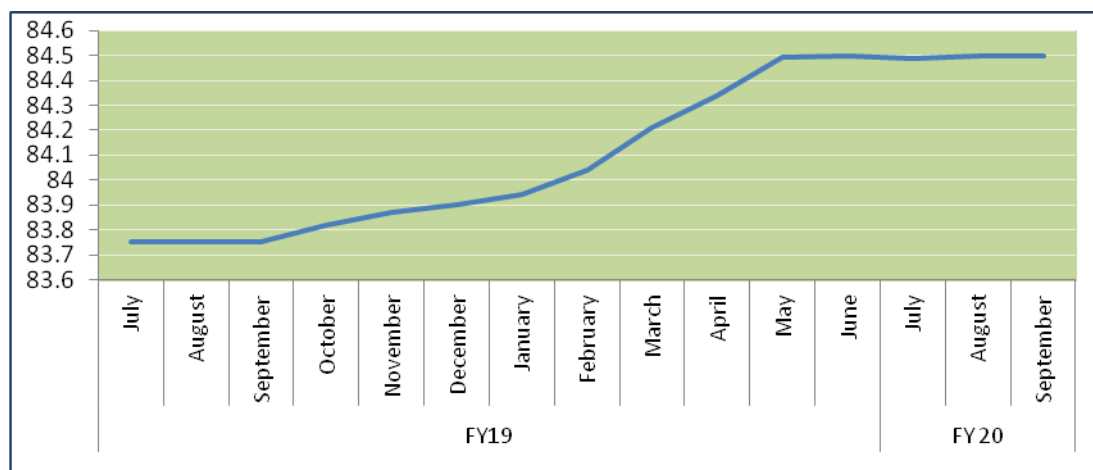
Table 3.4: Exchange Rate Movements (Taka per US\$)

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	79.12	80.60
2017-18	83.70	83.70
2018-19		
July	83.75	83.75
August	83.75	83.75
September	83.75	83.75
October	83.82	83.85
November	83.87	83.90
December	83.90	83.90
January	83.94	83.95
February	84.04	84.15
March	84.21	84.25
April	84.33	84.45
May	84.49	84.50
June	84.50	84.50
2019-20		

July	84.49	84.50
August	84.50	84.50
September	84.50	84.50

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.5 External Reserve

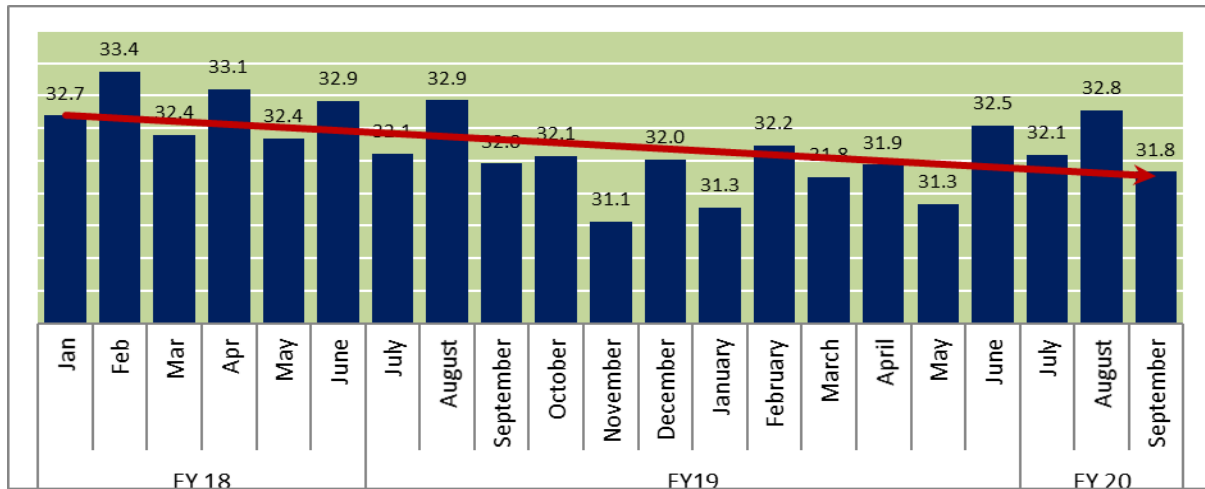
The gross foreign exchange reserve stood at 31.8 billion at the end of September 2019, which is sufficient to cover import payments of 6.4 months based on average import liability of the previous 12 months. Overall, foreign exchange reserve did not increase in the recent past due to intervention in the foreign exchange market by Bangladesh Bank to avoid excessive volatility.

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

	2019-20 ^P (end of September)	2018-19 (end of September)	2017-18 (end of June)
Reserve	31831.92	31957.74	32,943.46
In months of import payment	6.42	6.35	8.55

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 (BOP)

The country's trade balance improved slightly at the end of July-September of FY20. As a result deficit narrowed down to US\$ 37.2 billion from a deficit of US\$ 38.5 billion at the same time of the previous fiscal year. Consequently, the current account balance improved significantly to US\$ 6.8 billion deficit during July-September of FY20 from a deficit of US\$ 13.2 billion in the corresponding period of the previous fiscal year.

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

	2019-20 ^P July-September	2018-19 ^R July-September	2017-18 ^R	2016-17
Trade Balance	-3717	-3852	-18178	-9472
Current Account Balance	-678	-1316	-9567	-1331
Capital Account	28	58	331	400
Financial Account	380	1309	9011	4247
Overall Balance	-204	-158	-857	3169

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

4. REAL SECTOR

4.1 Real Sector Indicators

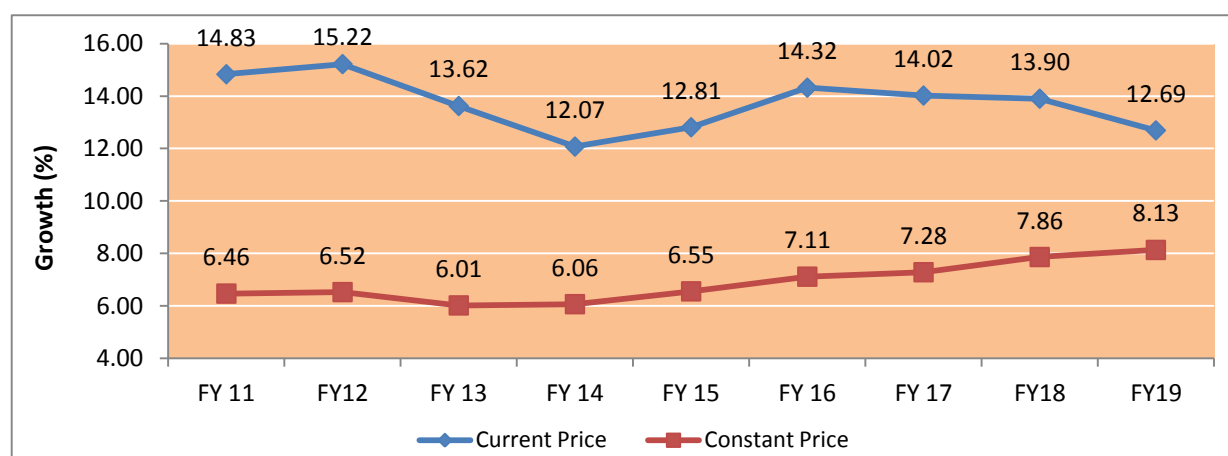
Bangladesh economy continued to maintain healthy growth as provisional estimates from Bangladesh Bureau of Statistics (BBS) reported 8.13 percent real GDP growth in FY19, supported by robust domestic demand, particularly private consumption and public investment. On the supply side, growth was driven mainly by industry (13.02 percent) and services (6.50 percent) with the sectoral composition of economy's output continuing to shift away from agriculture to industry in FY19. At the same time, per capita GNI is expected to be US\$1909 at the end of FY19 from US\$1751 in FY18.

Table 4.1 Real sector indicators (Base year 2005-06)

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY19 ^p
GDP at constant prices	Billion Tk.	7,299.0	7,741.4	8,248.6	8,835.4	9,479.0	10,224.3	11,055.1
Growth	%	6.01	6.06	6.55	7.11	7.28	7.86	8.13
GDP at current prices	Billion Tk.	11,989.2	13,436.7	15,158.0	17,328.6	19,758.2	22,504.8	25,361.8
Growth	%	13.62	12.07	12.81	14.32	14.02	13.90	12.69
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20607.2	23,531.1	26,497.9
Per capita GDP	Taka	78,009	86,266	96,004	108,378	122,152	137,518	153,197
Per capita GNI	Taka	84,283	92,015	102,236	114,621	127,401	143,789	160,060
Per capita GDP	US\$	976	1,110	1,236	1,385	1,544	1,675	1,827
Per capita GNI	US\$	1,054	1,184	1,316	1,465	1,610	1,751	1,909

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics

4.2 Industrial Production

The quantum Index of large and medium scale manufacturing Industries, which indicates production performance of the manufacturing industry, increased by 14.5 percent at the end of September 2019 from the same period of the previous fiscal year (table 4.2). It is to be noted that this growth rate was 15.0 percent and 14.7 percent in FY18 and FY19 respectively.

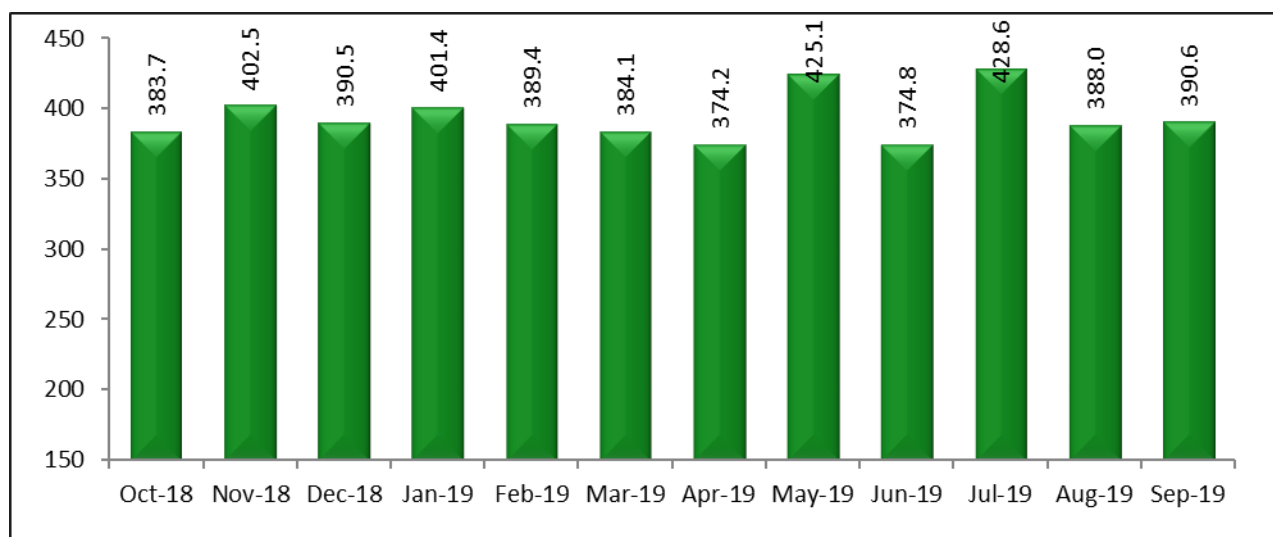
Table 4.2: Quantum Index of large and medium scale manufacturing industries
(Base: 2005-06=100)

Period	Index	Growth Rate (%)*
2010-11	157.89	16.90
2011-12	174.92	10.80
2012-13	195.19	11.60
2013-14	213.22	8.20

2014-15	236.11	10.74
2015-16	267.88	13.46
2016-17	297.89	11.20
2017-18	342.47	15.00
2018-19	392.82	14.70
September 2018	341.26	27.97
September 2019 ^p	390.59	14.46

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

Chart 4.2: Quantum Index of Manufacturing Industries (Base: 2005-06=100)



Source: Bangladesh Bureau of Statistics

4.3 Inflation

The average rate (12-month moving average) of inflation has eased down to 5.47 percent at the end of FY19 from 5.78 percent at the end of FY18 (table-4.3). However, general inflation edged up to 5.49 percent (twelve-month average basis) at the end of September 2019. The twelve month average general inflation was lower by 0.01 percentage point than the target of 5.50 percent in FY20. On the other hand, point-to-point inflation stood at 5.54 percent in the same month, of which, food and non-food inflation were 5.30 percent and 5.92 percent respectively (Chart 4.3).

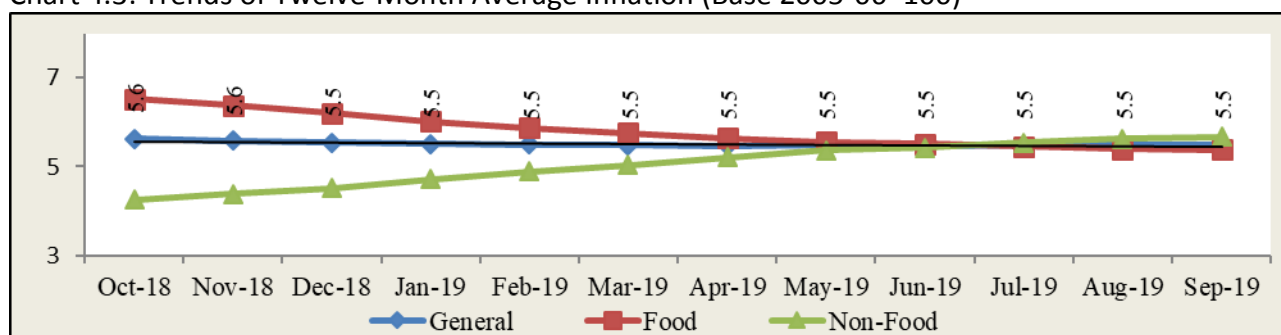
Table-4.3: CPI Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Month Average Basis			Point to Point Basis		
	General	Food	Non-Food	General	Food	Non-Food
2014-15	6.41	6.68	5.99	6.25	8.00	5.45
2015-16	5.92	4.90	7.47	5.53	6.32	6.15
2016-17	5.44	6.02	4.57	5.94	7.51	3.67
2017-18	5.78	7.13	3.74	5.54	5.98	4.87
2018-19						
July	5.78	7.06	3.82	5.51	6.18	4.49
August	5.74	6.95	3.90	5.48	5.97	4.73

September	5.68	6.74	4.07	5.43	5.42	5.45
October	5.63	6.15	4.26	5.40	5.08	5.90
November	5.58	6.04	4.38	5.37	5.29	5.49
December	5.54	6.21	4.51	5.35	5.28	5.45
January	5.51	6.02	4.71	5.42	5.33	5.57
February	5.49	5.87	4.89	5.47	5.44	5.51
March	5.48	5.76	5.03	5.55	5.72	5.29
April	5.47	5.64	5.21	5.58	5.54	5.64
May	5.48	5.55	5.36	5.63	5.49	5.84
June	5.47	5.51	5.42	5.52	5.40	5.71
2019-20						
July	5.48	5.45	5.54	5.62	5.42	5.94
August	5.48	5.39	5.63	5.49	5.27	5.82
September	5.49	5.38	5.67	5.54	5.30	5.92

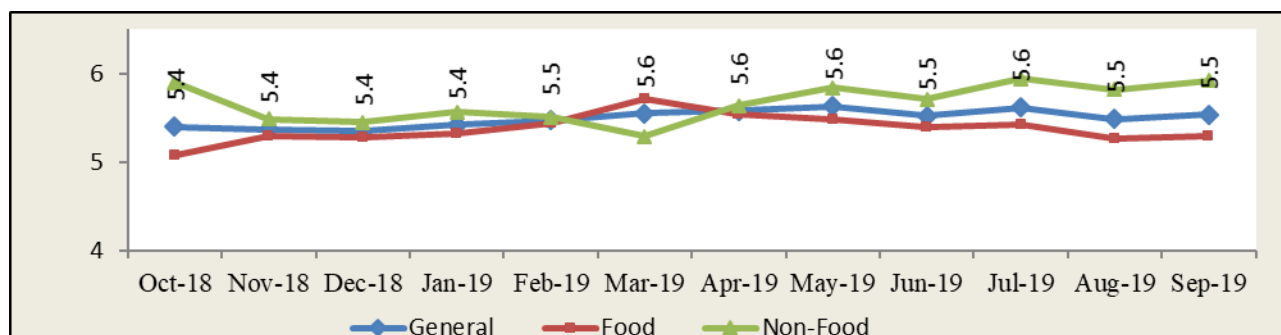
Source: Bangladesh Bank

Chart 4.3: Trends of Twelve-Month Average Inflation (Base 2005-06=100)



Source: Bangladesh Bank

Chart 4.4: Trends of Point to Point Inflation (Base 2005-06=100)



Source: Bangladesh Bank