



MONTHLY REPORT ON FISCAL-MACRO POSITION

November 2019

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Executive Summary

The November 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 moderate 3.37 percent growth while total government spending increased by 19.44 percent in July-November of FY¹20 compared to the same period of the previous fiscal year. Overall, the budget deficit stood at 0.71 percent of GDP at the end of July-November FY20 against a deficit of 0.16 percent of GDP during the same period of the previous fiscal year.

Monetary Sector

Money supply increased by 12.72 percent at the end of November 2019 compared to the same period of the previous year. This growth is attributed to 15.03 percent and 4.91 percent growth in Net Domestic Asset (NDA) and Net Foreign Asset (NFA) respectively. At the end of November 2019, reserve money grew by 9.03 percent from November 2018.

External Sector

During July- November of FY20, exports decreased by 7.59 percent in contrast to 17.24 percent growth in the same period of the previous fiscal year. At the same time, import payments also decreased by 5.25 percent while remittance inflow increased by 22.67 percent. Further, foreign exchange reserve stood at US\$ 31.73 billion at the end of November 2019, which is equivalent to import payments of 6.26 months.

Real Sector

Bangladesh experienced a robust 8.15 percent real GDP growth in FY19 compared to 7.86 percent growth in FY18. With this robust growth, per capita GNI has reached to US\$ 1909 in FY19 from US\$ 1751 in FY18. In the first five months of the fiscal year, Quantum Index of medium and large-scale manufacturing industries, a key growth driver is increased only by 1.6 percent in November 2019 from that of November 2018. The average of CPI inflation (12-month moving average) was 5.56 percent, of which, food and non-food inflation were 5.51 percent and 5.63 percent respectively at the end of November 2019.

¹ FY20 stands for fiscal year 2019-20 that starts from 1 July 2019 and ends on 30 June 2020

1. FISCAL SECTOR

1.1 Revenue Earnings

During the first five months (July-November) of the fiscal year, revenue grew by 3.37 percent compared to the same period of the previous fiscal year. Among the sources, NBR tax revenue grew by 3.67 percent while Non-NBR tax revenue and Non-Tax revenue grew by 1.34 percent and 2.01 percent respectively. On monthly basis, revenue earnings have not peaked up as expected. However, revenue growth is likely to be rebounded with full implementation of the new VAT Act. On year-to-year basis, total revenue earnings grew by 16.3 percent in FY19 compared to that of FY18.

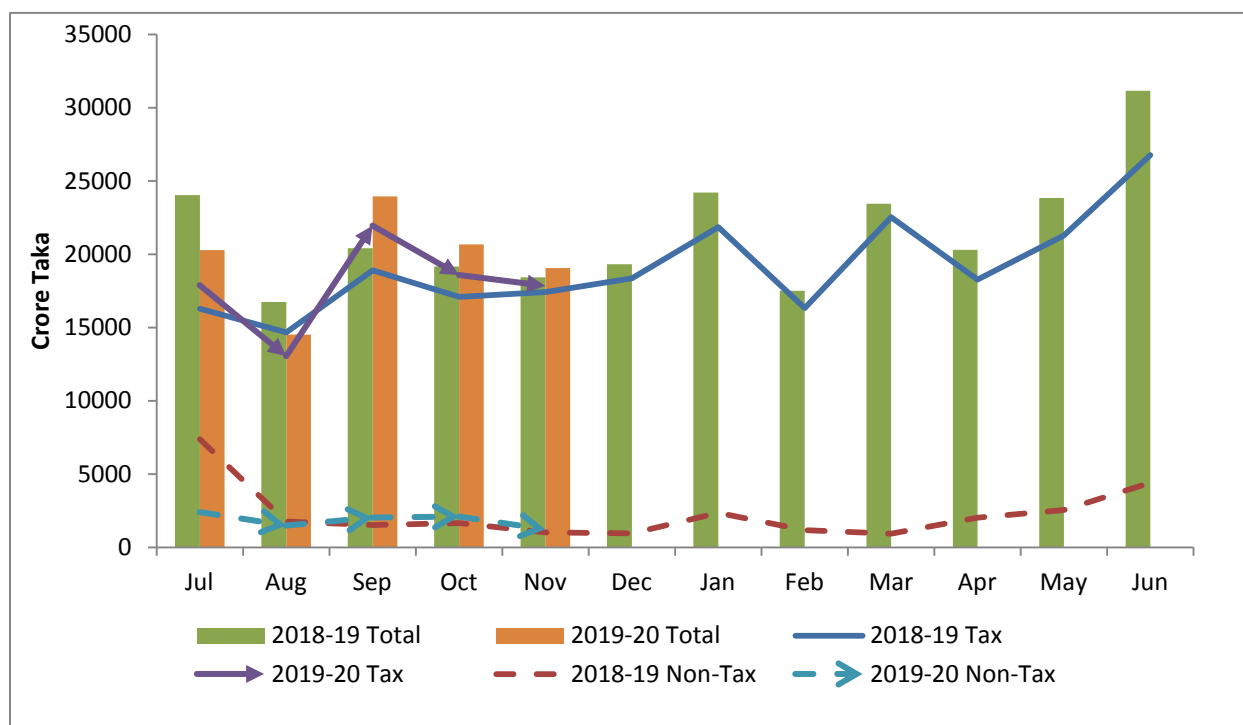
Table 1.1: Revenue Earning

(In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
July-November FY20	83402.90	2956.73	86359.63	13532.65	99892.28
July- November FY19	80449.89	2917.62	83367.51	13265.37	96632.88
Growth (%)	3.67	1.34	3.59	2.01	3.37
2018-19 (Actual)	218615.52	7340.36	225955.88	25921.00	251876.88
2017-18 (Actual)	187103.30	7221.90	194325.20	22229.22	216554.41
Growth (%)	16.84	1.64	16.28	16.61	16.31

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

Chart 1.1: Monthly trend of Revenue earnings



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

1.2 Grants

Although grant has become an insignificant (0.06% of GDP in FY19) in the context of the Bangladesh economy, actual grant receipts nearly doubled in FY19 compared to the previous year. Until November of this fiscal year, the government received Tk. 0.74 crore worth, which was TK. 81.54 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 20 (July-Nov)	FY 19 (July-Nov)	Periodic Growth (%)	2018-19 (Actual)	2017-18 (Actual)	Yearly Growth (%)
0.74	81.53	-99.09	1,650.07	868.28	90.04

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

1.3 Government Expenditure

According to iBAS++ database, total government expenditure increased by 19.44 percent during July-November of FY20 compared to the same period of the previous fiscal year (Table-1.3). During this period, development budget execution increased significantly (38.55 percent). According to the Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (GOB part and project aid) stood at BDT 40,341 crore at the end of July-November of FY20, which is 19.90 percent of the total allocation.

Table 1.3: Government Expenditure

(In crore taka)

	2017-18	2018-19	Yearly Growth (%)	FY 19 (July-Nov)	FY 20 (July- Nov)	Growth (%) (July- Nov)
a. Operating Recurrent Expenditure	178879.45	216662.30	21.12	70444.04	81179.02	15.24
Pay and Allowances	47847.09	53398.87	11.60	22083.85	22595.80	2.32
Goods and Services	23479.42	28562.22	21.65	6444.51	7392.93	14.72
Interest Payment	41765.51	49460.72	18.42	17693.54	21428.83	21.11
Domestic	38160.17	46014.52	20.58	16291.25	19611.98	20.38
Foreign	3605.34	3446.21	-4.41	1402.29	1816.85	29.56
Subsidies and	65612.87	86362.03	31.62	24222.14	29761.46	22.87
b. Operating Capital expenditure	12593.27	20282.54	61.06	4460.60	5111.29	14.59
c. Outlay for Food	6993.62	4203.74	-39.89	3588.52	4050.21	12.87
d. Net lending	1240.93	-1707.78	-237.62	-165.61	-1072.08	547.35
A) Total Operating	199707.27	240562.60	20.46	78327.55	89268.44	13.97
B) Development expenditure	122154.04	151168.35	23.75	22412.34	31052.50	38.55
Of which Annual Development Program	119538.39	147400.38	23.31	22316.18	30576.08	37.01
Total Expenditure (A+B)	321861.32	391730.95	21.71	100739.90	120320.93	19.44
Total Expenditure (as % of GDP)	14.30	15.41	-	3.96	4.17	-

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

1.4 Budget Deficit

Overall, budget balance including grants records a deficit of BDT 20,427.57 crore during July-November of FY20 against a deficit of BDT 4,023.47 crore at the same period of the previous fiscal year. This budget balance was 5.44 percent and 4.64 percent of GDP at the end of FY19 and FY18 respectively.

Table 1.4: Budget Balance

Period	Overall Balance (Crore taka)	Overall Balance (as % of GDP)
July-Nov FY20	-20427.57	-0.71
July- Nov FY19	- 4023.47	-0.16
2018-19	-138,202.86	-5.44
2017-18	-104,437.06	-4.64

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

1.5 Deficit Financing

The government's deficit financing stood at 20424.71 crore at the end of November FY20, which was overwhelmingly financed from the banking source. The government borrowed 29888.42 crore in the first five months, which is 63.10 percent of the total bank-borrowing target (47,364.0 crore) in FY20. The government borrowed more money from the banking system to meet budget deficit as well as to repay domestic nonbank loans, especially repayment for National Saving Certificates (NSCs) issued in the past and external loan repayments.

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
July-Oct FY20	-1072.26	29888.42	-8391.45	21496.97	20424.71	0.71%
July-Oct FY19	-2668.70	6739.28	- 49.37	6689.91	4021.21	0.16%
2018-19	31289.03	29479.41	72355.50	101834.91	133123.93	5.24
2017-18	25620.59	11730.60	67084.44	78815.04	104435.63	4.64

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

1.6 Sale and repayment of National Savings Certificates (NSC)

Monthly sale of NSCs has slowed down in the last one year (Chart 1.2) on the back of various reform measures undertaken by the government. The sale of NSC during July-November of FY20 has been decreased by 22.12 percent while repayment of NSCs accelerated (increased by 49.51 percent) compared to the same period of the previous fiscal year. As a result, net sale of NSC decreased by 73.03 percent the end of July-November of FY20 (Table 1.6).

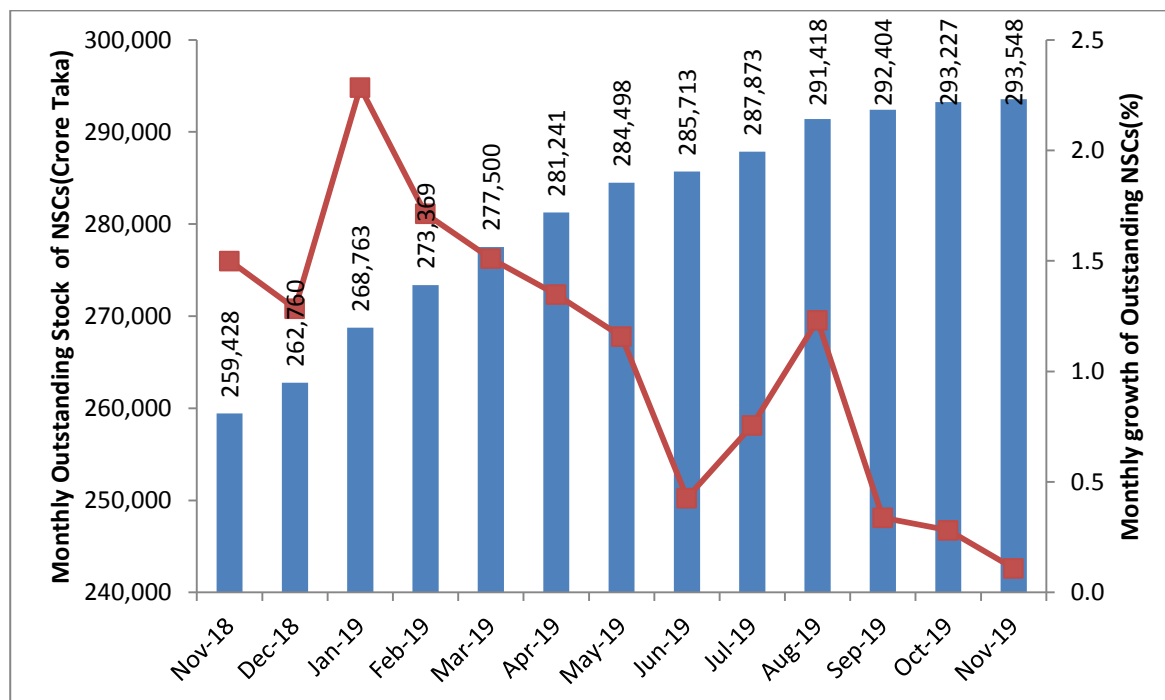
Table 1.6 Net Sale and Repayment of NSCs

(In crore taka)

Period	Sale	Repayment (Principal)	Net Sale	Outstanding (End of period)
July-Nov FY20	28862.92	23021.28	5841.64	293547.64
July-Nov FY19	37059.67	15397.75	21661.93	259428.45
Growth (%)	-22.12	49.51	-73.03	13.15
2018-19	90342.39	40402.91	49939.50	287706.00
2017-18	78784.68	32254.38	46530.3	237766.52
Growth (%)	14.67	25.26	7.33	21.00

Source: Bangladesh Bank.

Chart 1.2: Monthly trend of the outstanding stock of NSCs



Source: Bangladesh Bank.

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) growth has slowed down in the first five months of the fiscal year (Table 2.1). In the first five months of the fiscal year, Net Domestic Asset (NDA) increased by 6.11 percent while Net foreign asset declined by 0.75 percent. In this period, public sector credit growth accelerated while private sector credit slowed down significantly. The government borrowed heavily (35.46 percent increase) while the private sector growth was only 2.53 percent in the last five months of the fiscal year.

Table 2.1 Monetary and Credit Development

Items	Outstanding stock at the end of period (Billion BDT)			Changes in Outstanding stock (%)	
	November 2019	June 2019	November 2018	November 2019 over June 2019	November 2019 over November 2018
A. Net Foreign Assets (NFA)	2703.68	2724.00	2577.07	-0.75	4.91
B. Net Domestic Asset (NDA)	10051.09	9472.12	8737.96	6.11	15.03
a. Domestic Credit	12162.03	11468.85	10621.75	6.04	14.50
Public Sector	1803.87	1366.29	1193.81	32.03	51.10
Govt. (Net)	1534.36	1132.73	977.87	35.46	56.91
Other Public	269.51	233.56	215.95	15.39	24.80
Private sector	10358.15	10102.56	9427.94	2.53	9.87
b. Net Other assets	-2110.93	-1996.73	-1883.79	5.72	12.06
C. Broad Money (A+B)	12754.77	12196.12	11315.03	4.58	12.72

Source: Monthly Economic Trends, Bangladesh Bank;

2.2 Reserve Money Development

Reserve money did not grow in the first five months of the fiscal year. During this period, money multiplier increased by 0.23 and 0.16 respectively.

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

Items	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	November 2019	June 2019	November 2018	November 2019 over June 2019	November 2019 over November 2018
Reserve money	2461.87	2461.88	2253.28	0.00%	9.3%
Money multiplier	5.18	4.95	5.02	0.23	0.16

Source: Monthly Economic Trends, Bangladesh Bank; () indicates percentage change

3. EXTERNAL SECTOR

3.1 Exports

Merchandise Export has slowed down during July-November of FY20 compared to the same period in the previous fiscal year (Chart 3.1). At this period, export of goods decreased by 7.59 percent while it increased by 17.24 percent in the same period of the previous fiscal year. It is to be noted that exports of goods registered 10.6 percent growth in FY19 against a 5.8 percent growth in the same period of the previous fiscal year.

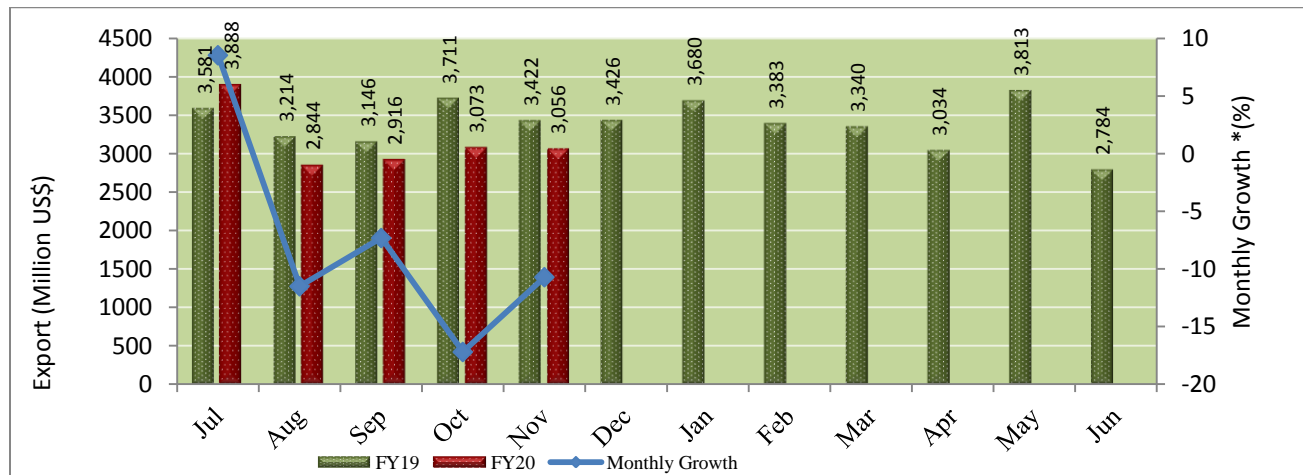
Table 3.1: Export Performance

(Million US\$)

	July-November 2019-20	July-November 2018-19	2018-19	2017-18
Export	15777.09	17073.76	40535.04	36668.14
Growth* (%)	-7.59	17.24	10.55	5.81

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

Chart 3.1: Monthly Trend of Exports



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

3.2 Imports (C & F)

Import has also slowed down in the first five months of the fiscal year (Chart 3.2). Import payments decreased by to 5.25 percent during July-October of FY20 while it increased by 6.64 percent in the same period of the previous fiscal year. At the same time, Letter of Credit (LC) opened decreased by 5.58 percent and LCs settled for import decreased by 1.51 percent.

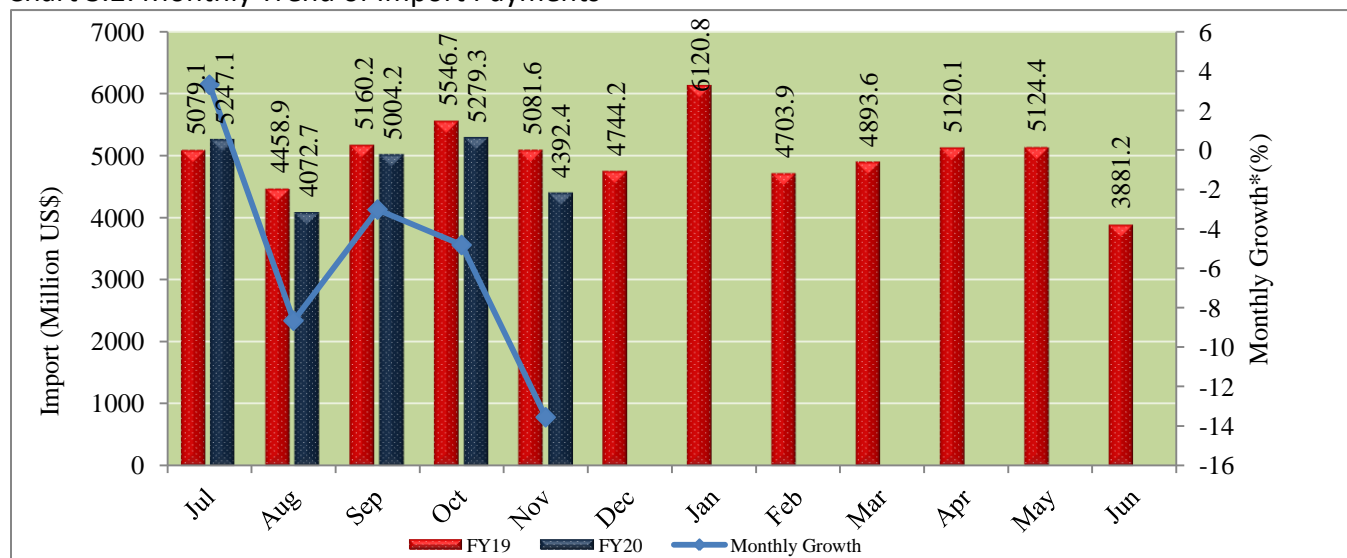
Table 3.2: Import Scenario

(Million US\$)

Period	2019-20 ^P July-November	2018-19 ^R July-November	2018-19	2017-18
Import payments	23995.7	25326.5	59914.70	58865.30
Growth (%)	-5.25	6.64	1.78	25.23
LCs Opened	23304.56	24681.40	57754.61	69421.14
Growth (%)	-5.58	27.32	-16.81	44.25
LCs Settled	22204.99	22545.67	54640.35	51530.56
Growth (%)	-1.51	9.49	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



Source: Bangladesh Bank, *Growth over the same period of the previous year

3.3 Remittances

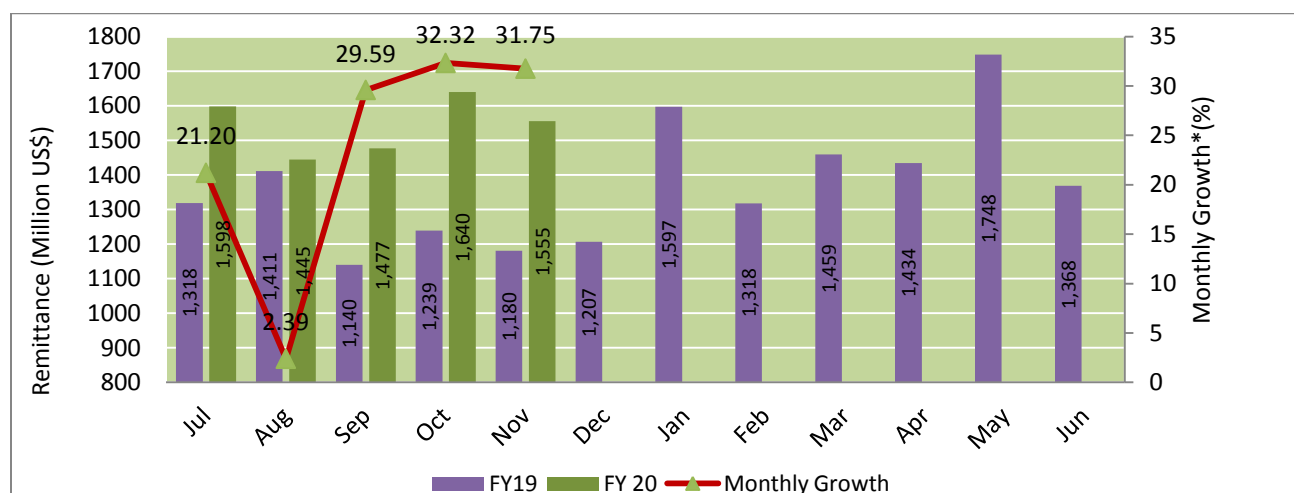
Remittance inflow increased significantly in this fiscal year (Chart 3.3) on the back of the government 2.0 percent cash incentives. Up to November 2020, remittances inflow increased by 22.67 percent against 9.01 percent growth in the same period of the previous year.

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

	2019-20 ^P July-November	2018-19 ^R July-November	2018-19	2017-18
Remittances	7714.19	6288.44	16419.63	14,981.69
Growth (%)	22.67	9.01	9.62	17.32
As % of GDP	6.79	6.28	5.47	5.43
As % of Export	48.89	46.06	40.51	40.86

Source: Bangladesh Bank

Chart 3.3: Monthly Trend of Remittance



Source: Bangladesh Bank

3.4 Exchange Rate Movements

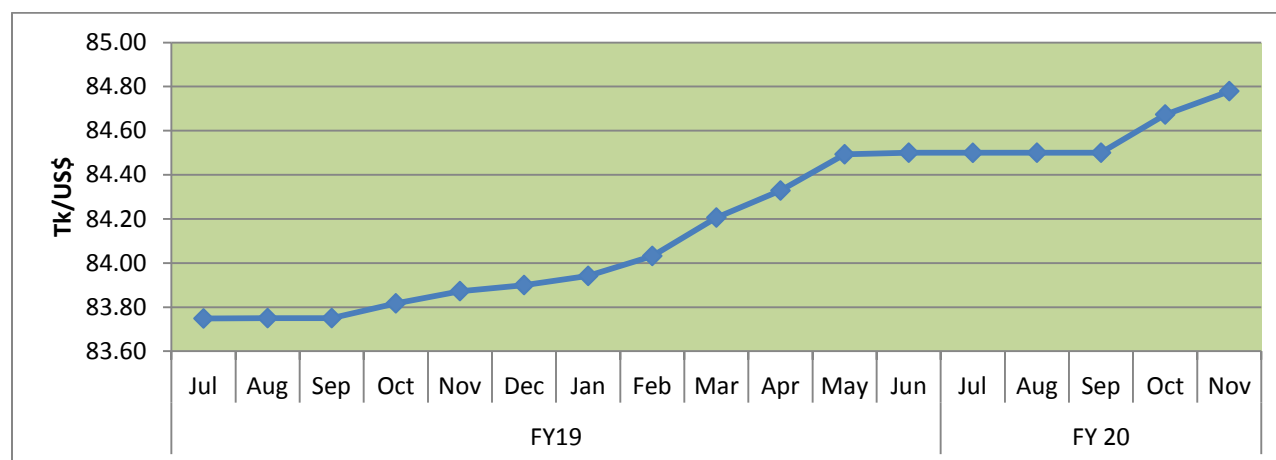
Exchange rate remained broadly stable due to Bangladesh Bank's timely intervention in the foreign exchange market. Domestic currency, Taka depreciated by 0.33 percent against US dollar in November 2019 from June 2019.

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

Period	Average	End 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	84.02	84.50
2019-20		
July	84.49	84.50
August	84.50	84.50
September	84.50	84.50
October	84.67	84.75
November	84.78	84.90

Source: Bangladesh Bank

Chart 3.4: Period Average Exchange Rate Movements



Source: Bangladesh Bank

3.5 External Reserve

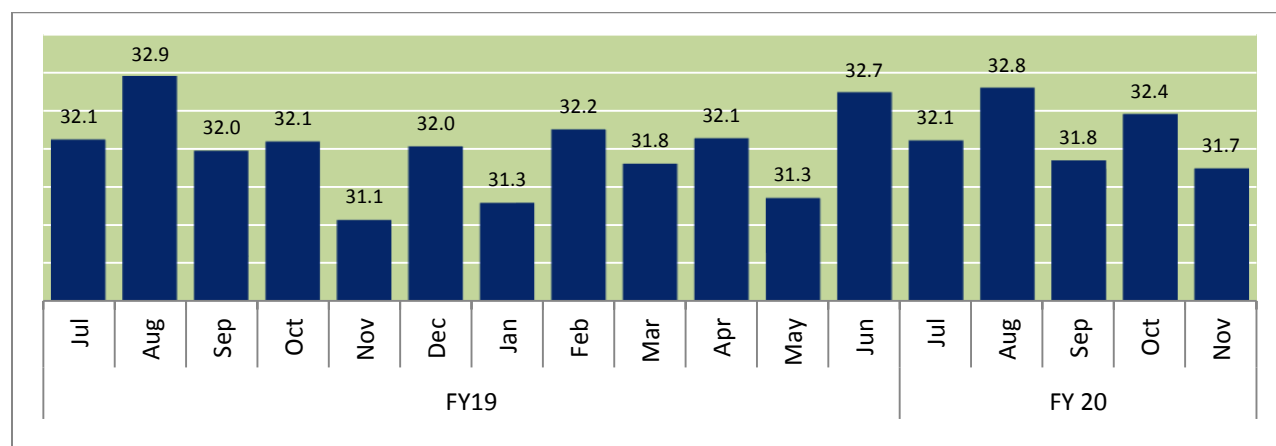
The gross foreign exchange reserve stood at 31.73 billion at the end of November 2019, which is enough to cover import payments of 6.26 months based on average import liability of the previous 12 months. Overall, foreign exchange reserve did not increase in the recent past due to intervention in the foreign exchange market by Bangladesh Bank to avoid excessive volatility.

Table 3.5: Foreign Exchange Reserve

Reserve	2019-20 ^P (End of November)	2018-19 (End of November)	2018-19 (End of June)
Million US\$	31728.99	31056.04	32716.51
Months of import payment	6.26	6.06	6.27

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 deteriorated slightly at the end of July-November of FY20 (Table 3.6). However, strong remittance growth has contributed to improve the current account balance to US\$ 1.1 billion deficit from a deficit of US\$ 2.43 billion at the same time of the previous year. Overall balance has also improved during the period.

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

	2019-20 ^P July-November	2018-19 ^R July-November	2018-19 ^R	2017-18
Trade Balance	-6680	-6652	-15494	-18178
Current Account Balance	-1097	-2425	-5254	-9567
Capital Account	77	55	233	331
Financial Account	1223	2039	5628	9011
Error & Omission	- 510	- 506	-595	-632
Overall Balance	- 307	- 837	12	-857

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

4. REAL SECTOR

4.1 Real Sector Indicators

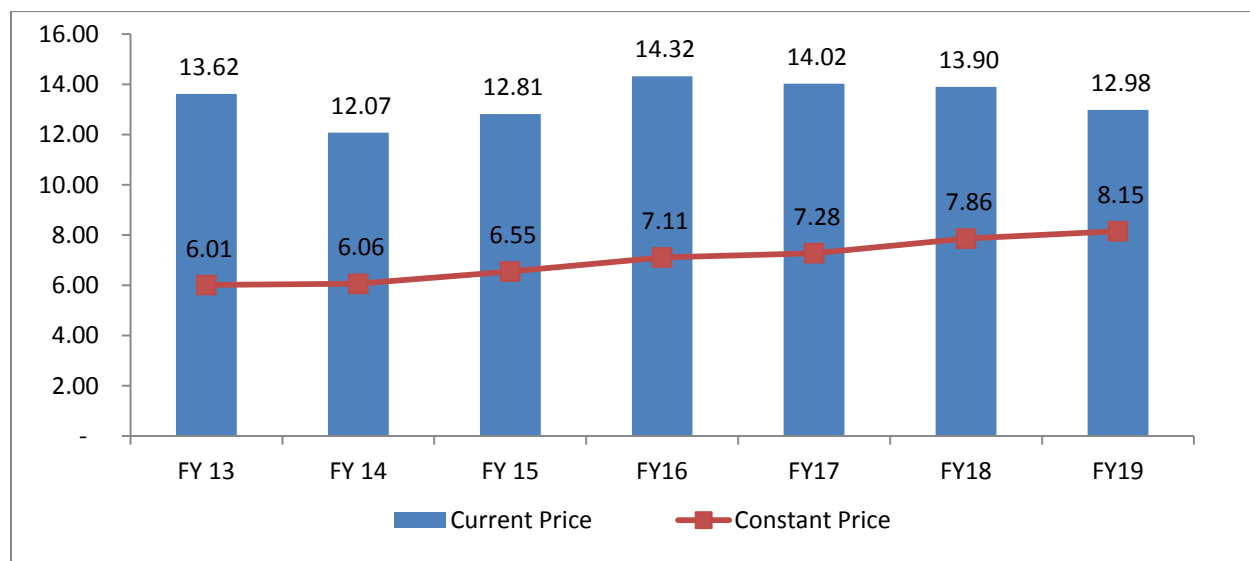
Bangladesh economy continued to maintain healthy growth as the Final estimates from Bangladesh Bureau of Statistics (BBS) reported 8.15 percent real GDP growth in FY19, supported by robust domestic demand, particularly private consumption and public investment. On the supply side, growth was driven mainly by industry (12.67 percent) and services (6.78 percent) with the sectoral composition of the economy continuing to shift away from agriculture to industry in FY19. At the same time, per capita GNI has rose to US\$1909 at the end of FY19 from US\$1751 in FY18.

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

Indicators	Unit	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY19
GDP at constant prices	Billion Tk.	7,299.00	7,741.40	8,248.60	8,835.40	9,479.00	10,224.30	11,057.94
Growth	%	6.01	6.06	6.55	7.11	7.28	7.86	8.15
GDP at current prices	Billion Tk.	11,989.20	13,436.70	15,158.00	17,328.60	19,758.15	22,504.79	25,424.83
Growth	%	13.62	12.07	12.81	14.32	14.02	13.90	12.98
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20607.2	23531.08	26,560.92
Per capita GDP	Taka	78,009	86,266	96,004	108,378	122,152	137,518	153,578
Per capita GNI	Taka	84,283	92,015	102,236	114,621	127,401	143,789	160,440
Per capita GDP	US\$	976	1,110	1,236	1,385	1,544	1,675	1,828
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

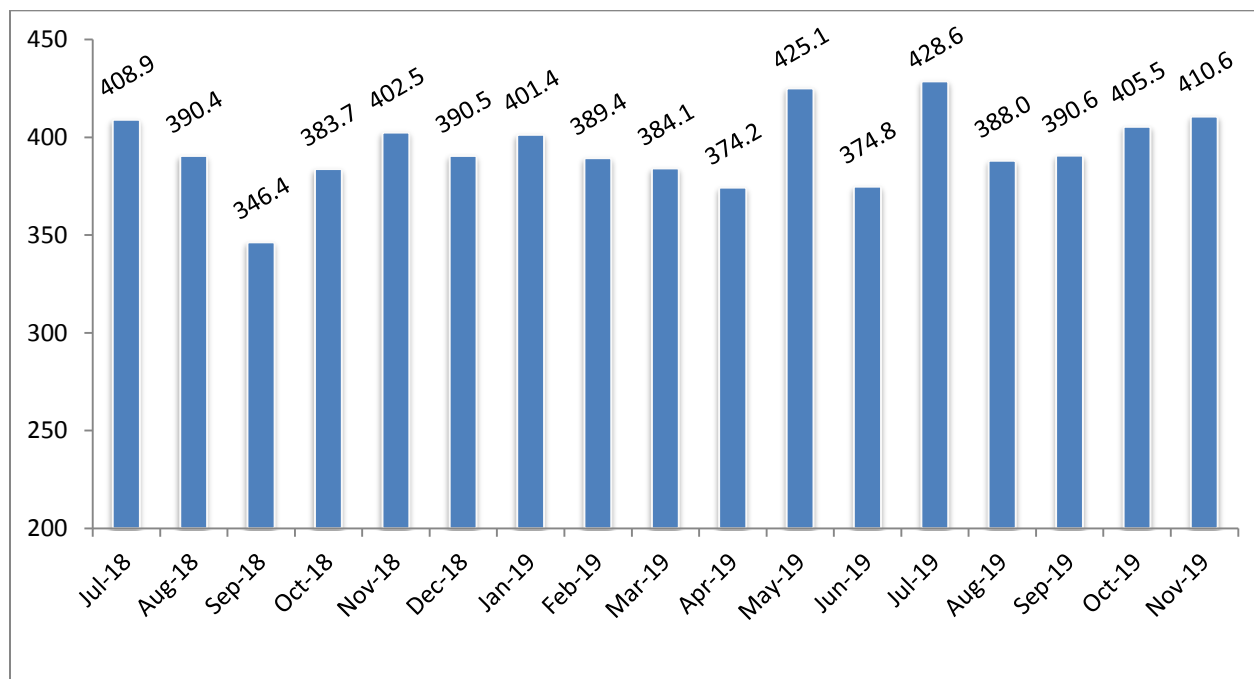
The quantum Index of large and medium scale manufacturing Industries, which indicates production performance of the manufacturing industry, increased by only 1.6 percent at the end of November 2019 from the same period of the previous fiscal year (table 4.2). It is to be noted that this growth rate was 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
November 2018	404.30	15.79
November 2019 ^P	410.60	2.01

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 CPI Inflation

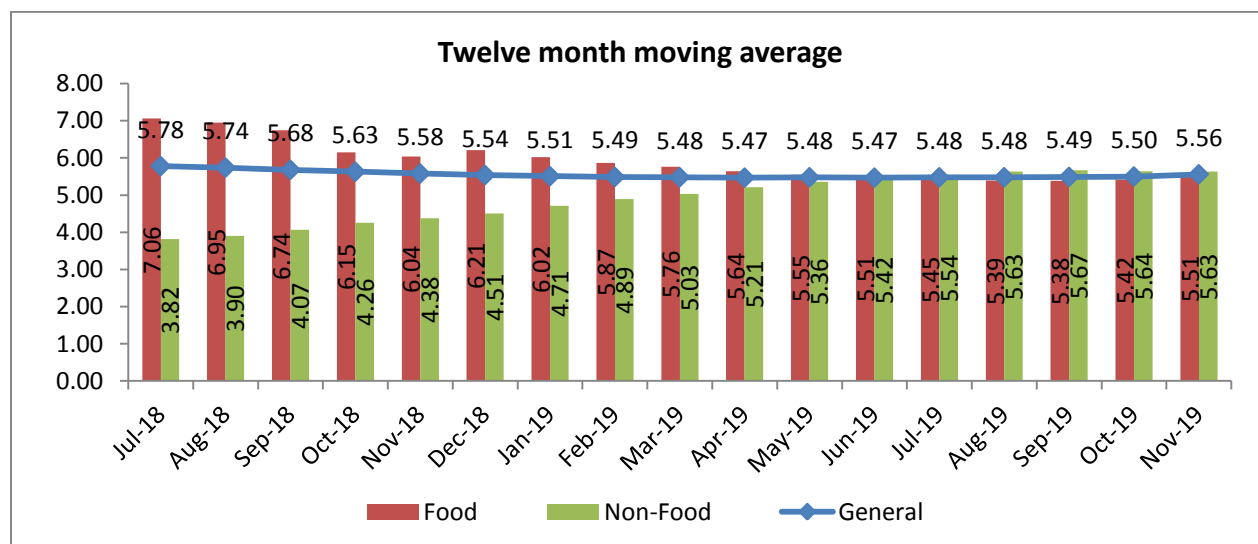
CPI inflation edged up slightly to 5.56 percent (twelve-month average basis) at the end of November 2019, which is slightly higher than the set target of inflation in FY20. Meanwhile, point-to-point inflation went up to 6.05 percent in November 2020, of which, food and non-food inflation were 6.41 percent and 5.47 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	5.48	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
October	5.50	5.42	5.64	5.47	5.49	5.45
November	5.56	5.51	5.63	6.05	6.41	5.47

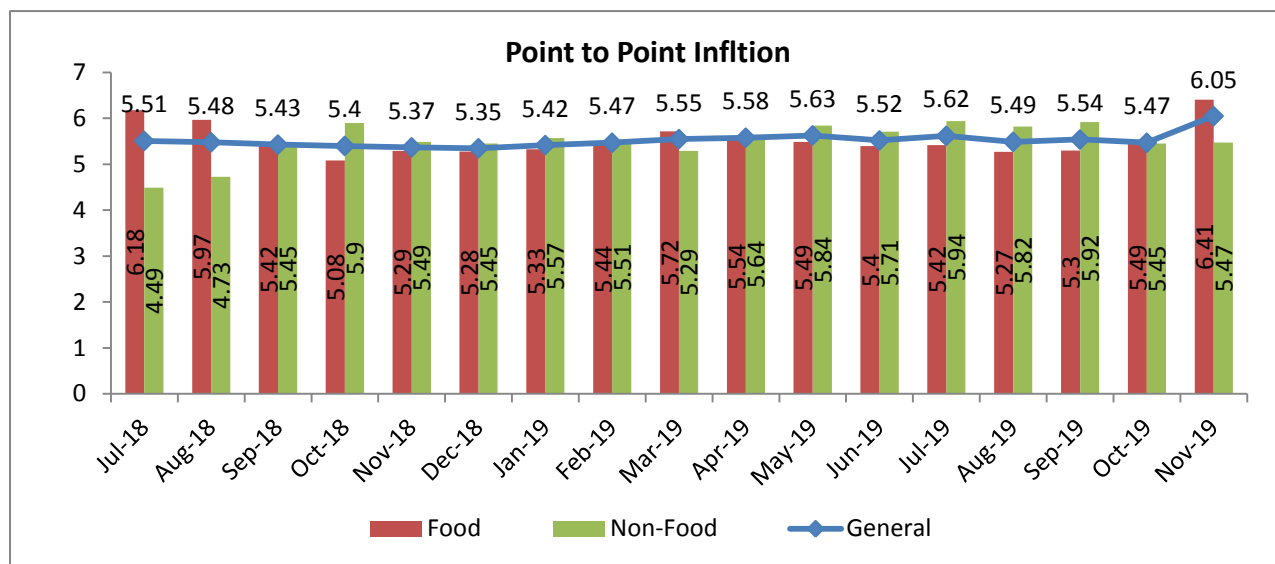
Source: Bangladesh Bank

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