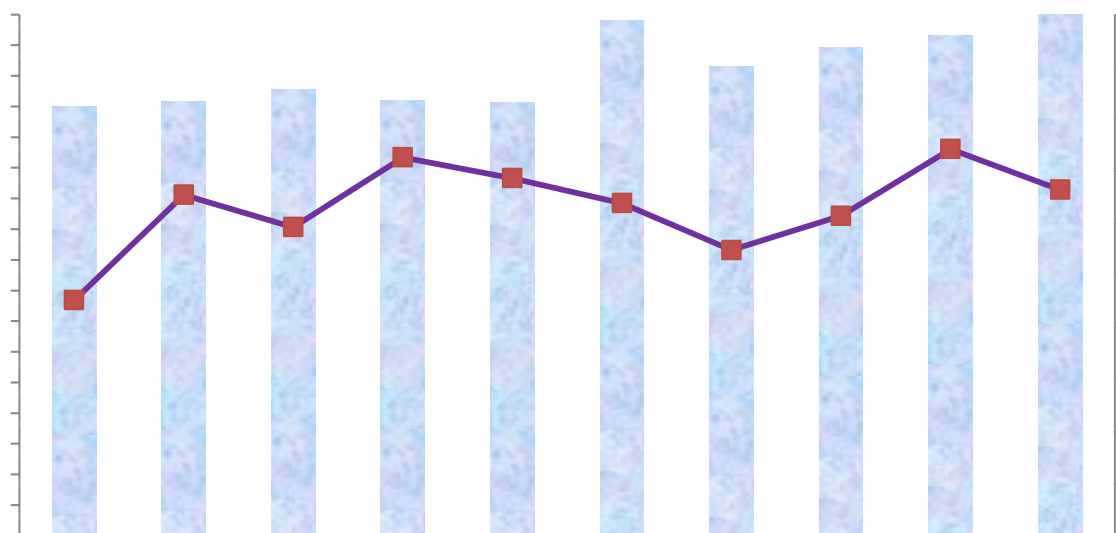




MONTHLY REPORT ON FISCAL-MACRO POSITION

May, 2014



Prepared by:
Macroeconomic Wing
Finance Division
Ministry of Finance
Bangladesh

Contributed by:
Mahedi Masuduzzaman, Senior Assistant Secretary, Finance Division
Farid Ahmed, Assistant Chief, Finance Division

Guided by:
Moinul Islam
Additional Secretary
Finance Division
Ministry of Finance
Bangladesh

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Executive Summary

The May 2014 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 notable growth by the end (July-June) of FY13. During July-May period of FY14 total revenue grew by 9.6 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by around 15.1 percent.

Monetary Sector

Broad Money supply increased by 15.25 percent in May of FY14 compared to the same month of previous year mainly due to 40.35 percent growth in NFA. Reserve money growth during this period was 10.84 percent.

External Sector

Export growth was 7.22 percent in the month of May of FY14 over that of the corresponding period of the previous fiscal. Import payments in May of FY14 increased by 18.99 percent and remittance earning grew by 10.58 percent in the same period. Foreign exchange reserve reduced to USD20370.14 million at the end of May.

Real Sector

According to base year 2005-06, provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044. In FY13 the average rate of inflation (Twelve-Month Average Basis) was 6.78 percent. In May 2014 the rate of inflation (national) on point-to-point basis was 7.48 percent, of which, food and non-food inflation were 9.09 percent and 5.16 percent respectively. Slow growth in industrial sector resulted in a little positive change in Quantum Index of Industrial Production which was 187.35 in April, 2013 and became 206.13 in April 2014.

1. FISCAL SECTOR

1.1 Revenue Earnings

An increasing trend was observed in government revenue earnings over the last fiscal year which slowed slightly during the period of July to May of the current fiscal year. Total revenue collection in FY13 increased by 12.34 percent compared to the same period of previous fiscal year. This rate slowed to 9.6 percent in the first eleven months (July-May) of the current fiscal year (FY14) compared to the same period of previous fiscal year (table 1.1) mainly due to slow growth in the tax revenue sector.

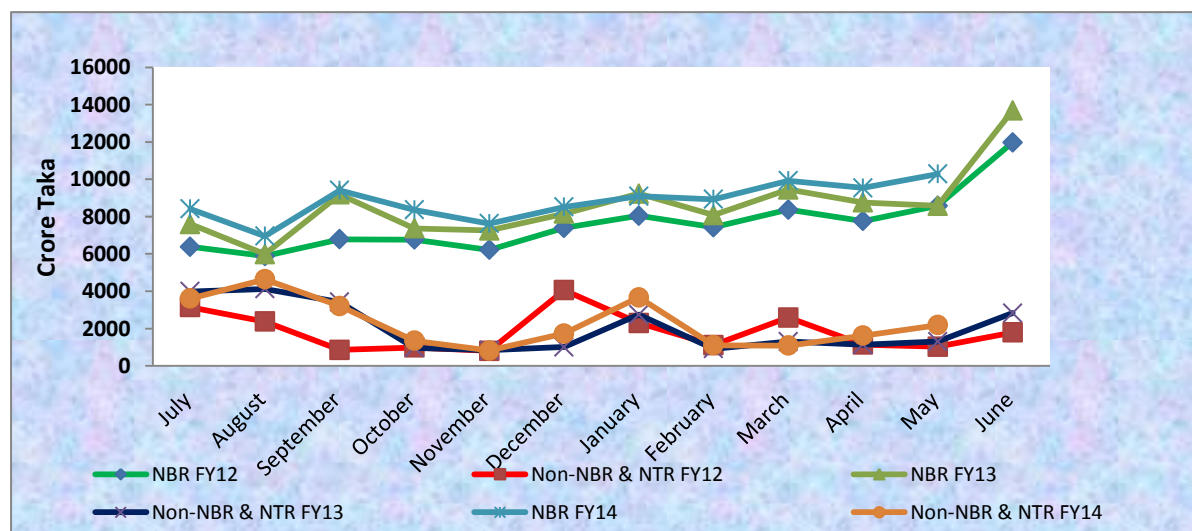
Table 1.1: Revenue Earning

(Taka in Crore)

	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2011-12	91596	3633	18550	113779
2012-13	103338	4121	21365	128824
Growth (%)	12.82	13.43	9.87	12.34
July-May, FY13	89647	3669	18070	111386
July-May, FY14	97075	4048	21022	122145
Growth(%) over (July-May.), FY13	8.29	10.33	16.34	9.66

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

Chart 1.1: Monthly Trend of Revenue earnings (FY12-FY14)



1.2 Grants

Grants receipts recorded a notable increase of 83.7 percent in FY 13 compared to FY12. However, the grant receipts decreased by around 34 percent to TK. 1463 crore during the first eleven months (July-May) of the current fiscal year (FY14) against TK. 2201 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(Taka in crore)

2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July-May, FY13
			July-May	July-May	
3560	6599	83.7	2201	1463	-33.5

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 15.1 percent in the first eleven months (July-May) of current fiscal year compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 8.8 percent in July to May of FY14 compared to the same period of previous fiscal year (table-1.3). The current spending, on the other hand grew slowly by 8.9 percent in July to May of FY14 compared to the corresponding periods of previous fiscal year. Of current spending, spending on goods and services and pay and allowances grew at a high rate of 25.1 percent and 19.9 percent respectively. Spending on interest payment increased by 17.8 percent. As percentage of GDP, government expenditure stood at 12.2 percent during July to May of FY14, slightly increasing from 10.6 percent over the same period of FY13. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Planning Ministry, during the period of July to May of FY14, ADP expenditure stood at TK. 39,982 Crore, recording 10.3 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

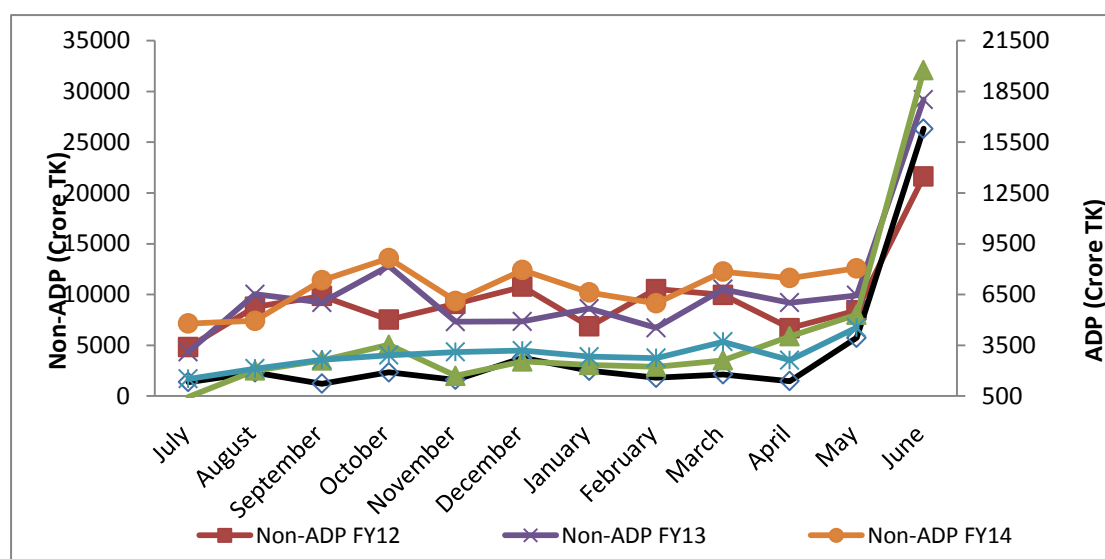
(Crore Taka)

	2011-12	2012-13	Growth (%)	2012-13	2013-14	Growth (%) over July-May, FY13
				July -May	July -May	
1. Current Spending	89296	99698	11.65	81570	88830	8.90
Pay and Allowances	21065	21725	3.13	19771	23704	19.89
Goods and Services	11081	13086	18.09	8783	10989	25.12
Interest Payment	20350	23997	17.92	19924	23487	17.88
Domestic	18803	22505	19.69	18426	21998	19.39
Foreign	1548	1492	-3.62	1498	1489	-0.60
Subsidy and Transfer	36627	40655	11.00	32908	30440	-7.50
Others	172	236	37.21	184	210	14.13
2. Food Accounts	1233	-443	-135.93	3477	6672	91.89
3. Non-ADP Capital & Spending	24389	25962	6.45	11059	16992	53.65
Non-ADP Capital	7164	5655	-21.06	2710	10869	301.07
Net Lending	14061	16963	20.64	7750	4925	-36.45
Non-ADP Project	1465	1456	-0.61	301	605	101.00
FFW	1144	1299	13.55	0	93	-
Structural Adjustment	0	0	-	0	0	-

Development Expenditure under Revenue Budget	555	590	6.31	298	500	-
4. Development Spending	37532	49056	30.70	29307	31892	8.82
Total (1+2+3+4)	152450	174273	14.31	125413	144386	15.13
Total Spending (Percent of GDP)	14.64	14.67		10.56	12.15	

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

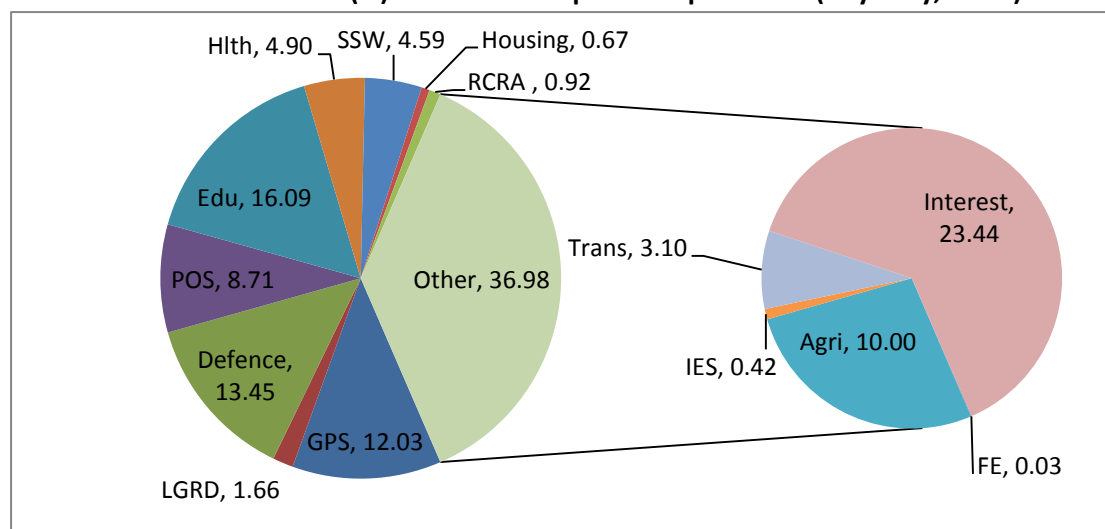
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 12-14)



Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-May, FY14) shows (chart 1.3) that Interest payment (23.4%) was the highest spending item followed by Education and Technology sector (16.1%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-May, FY 14)

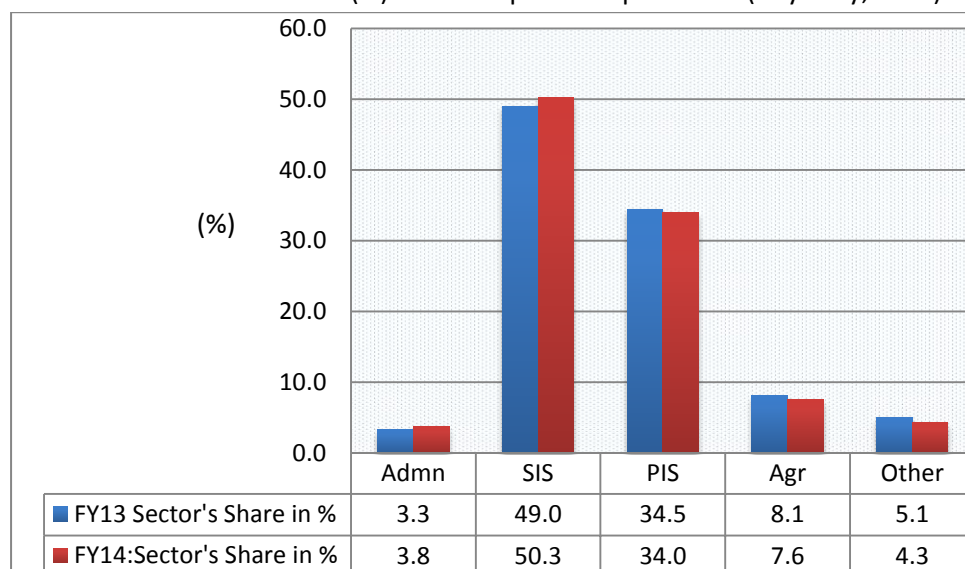


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, during the first ten months (July-May) of current fiscal year (FY14), highest share of spending went to social Infrastructure (50.3%) followed by expenditure on Physical Infrastructure (34.0%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-May, FY14)



Admn = General Public Services, Defence, and Public Order and Safety; SIS = Social Infrastructure, covers Edu, health, Housing and SSW & LGRD; PIS = Physical Infrastructure, covers FE and Trans; Agr= Agricultural sector and others include RCRA and IES

1.6 Budget Deficit

Overall budget deficit at the end of FY13 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY12. Budget deficit during the first eleven months (July-May) of the current fiscal year (FY14) stood at 1.9 percent of GDP.

Table 1.4: Budget Balance

(Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2011-12	-37775	-3.6
2012-13	-45451	-3.8
July-May, FY13	-13977	-1.3
July-May, FY14	-22241	-1.9

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

1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY12 and FY13. Bank borrowing was 71.9 percent of total deficit financing in FY 12 which decreased to 60.4 percent in FY13 (table 1.5). In the current fiscal (FY14), during the period of July to May, budget deficit was mainly financed by domestic bank borrowings.

Table 1.5: Deficit Financing

(In Crore Taka)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2011-12	7217	27191	3368	37777	3.6
2012-13	12824	27430	5143	45397	3.8
July-May, FY13	2036	16199	-6423	11812	1.3
July-May, FY14	903	17445	2433	20781	1.9

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

1.8 Net Sales of NSD Certificates

Sale of NSD during July-May of FY14 stood at Tk. 21656.12 crore which is 1.27 per cent higher than the amount of sale in the same period preceding year. At the same time net borrowing of the government through NSD certificates during July-May of FY14 stood at Tk. 10018.24 crore against TK. 735.2 Crore compare to the same period of previous year (table 1.6).

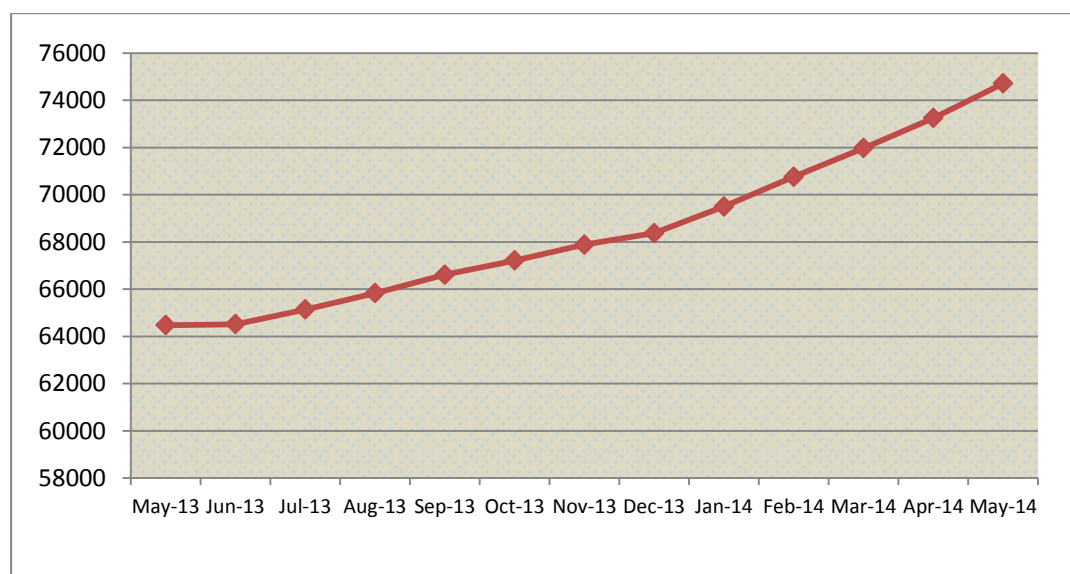
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2011-12	18955.35	18476.33	479.02	63917.34
2012-13	23326.77	22553.93	772.84	64510.43
Growth (%)	23.0	22.0	61.3	0.93
July-May, FY13	21384.59	20649.40	735.19	64652.53
July-May, FY14	21656.12	11637.88	10018.24	74708.42
Growth (%)	1.27	-43.64	1262.67	15.55

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In Crore TK.)



2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in May, 2014 was 15.25 percent (table 2.1) compared to the same period of previous year. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 40.35 and 9.53 percent increase respectively. During the month, domestic credit expansion was quite remarkable (10.13 percent), due to growth of credit to private sector (11.39 percent).

Table-2.1 Monetary and credit development

(In Crore Taka)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June, 2012	June, 2013	May, 2014	FY 2013-14 (July-May)	May 2014 over May 2013
Net Foreign Assets of banking system	78818.70	113384.80	154204.20	40819.40 (+36.00)	44332.80 (+40.35)
Net Domestic Assets of Banking System	438290.80	490120.60	527956.60	37836.00 (+7.72)	45946.00 (+9.53)
Domestic Credit	518335.40	582583.30	620581.30	48844.20 (+8.54)	57095.30 (+10.13)
Public Sector	110433.80	130426.10	125860.80	6280.90 (+5.25)	6528.30 (+5.47)
Govt. (net)	92027.90	110352.80	111954.40	1829.70 (+1.66)	9645.40 (+9.35)
Other Public Sector	18405.90	20073.30	13906.40	4451.20 (+47.08)	-3117.10 (-18.31)
Private Sector	407901.60	452157.20	494720.50	42563.30 (+9.31)	50567.00 (+11.39)
Net other items	-80044.60	-98140.60	-92624.70	-11008.20 (+13.49)	-11149.30 (+13.68)
Broad Money	517109.5	603505.40	682160.80	78655.40 (+13.03)	90278.80 (+15.25)

Source: Bangladesh Bank, Note: Figure in brackets indicate percentage changes

2.2 Reserve money and money multiplier

Reserve money grew by 10.10 percent in May 2014 (table 2.2) compared to the same period of previous year. At the same time the value of reserve money multiplier increased to 5.51 in May 2014 from 5.30 in May 2013.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June, 2012	June, 2013	May, 2014	FY 2013-14 (July-May)	May 2014 over May 2013
Reserve money	97802.70	103246.00	123852.60	11363.20 (+10.10)	12114.30 (+10.84)
Reserve money multiplier	5.29	5.36	5.51	0.14	0.21

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export

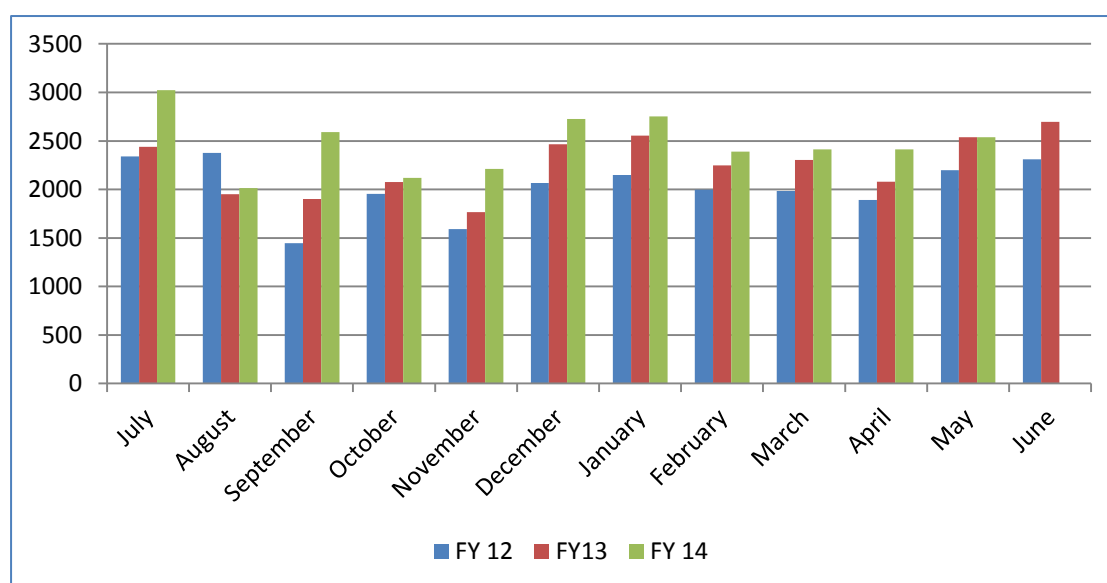
Export earnings rose by 12.56 percent and reached to \$27.38 billion during the July-May period of the current fiscal year compared to the same period last year due to increased shipment of garment products in the markets. The country's export earnings in May 2014 also witnessed a growth of 7.22 percent from the earnings of May 2013.

Table 3.1: Export Performance (In million US\$)

	2011-12	2012-13	May, 2014	2013-14 (July-May)
Export	24287.6	27027.36	2722.18	27376.57
Growth (%)*	5.9	11.28	7.22	12.56

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)

Import payments during July-May, 2013-14 higher by 20.21 percent and stood at USD 37427.86 million against USD 31135.80 million during the same period of the preceding year.

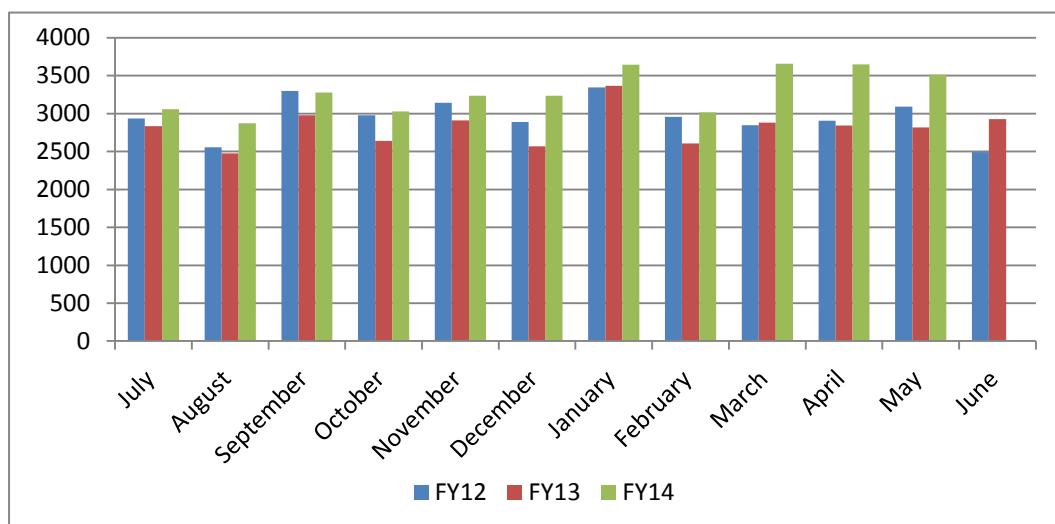
Table 3.2: Import Scenario (In million US\$)

	2011-12	2012-13	2013-14 May	2013-14 July-May
Import payments	35516.3	33980.6	3513.30	37427.86
Growth (%)	5.5	-4.3	+18.99	+20.21
LCs Opened	37035.8	35984.6	4107.37	37522.24

Growth (%)	-4.0	-2.8	28.82	+13.30
LCs Settled	34814.5	32356.7	3288.29	33882.03
Growth (%)	8.9	-7.1	21.80	+14.93

Source: Bangladesh Bank. Growth rate (in percent) over the same period of the previous fiscal year/month.

Chart 3.3: Monthly Trend of Import Payments



3.3 Remittance

Remittances receipt increased in May, 2014 by 10.58 percent to USD 1202.18 million than May 2013. In the first ten months of FY14, remittances receipt is down by 3.55 percent compared to the same period of last fiscal.

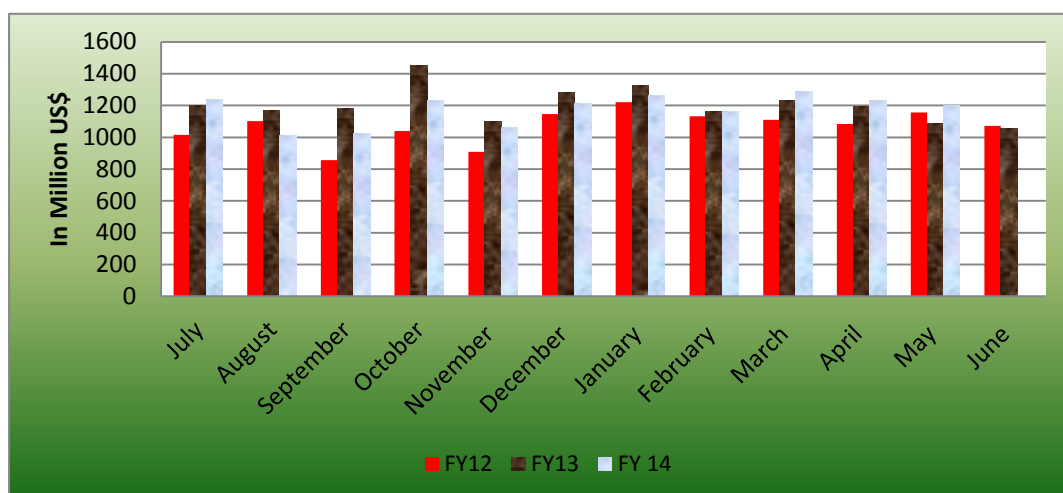
Table-3.3: Remittance Performance

(In million US\$)

	2011-12	2012-13	2013-14	2013-14
			May	July-May
Remittances	12843.4	14461.14	1202.18	12927.49
Growth (%)	10.2	12.6	10.58	-3.55
As % of GDP	11.1	11.0	-	-
As % of Export	52.8	60.7	44.14	47.22

Source: Bangladesh Bank

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

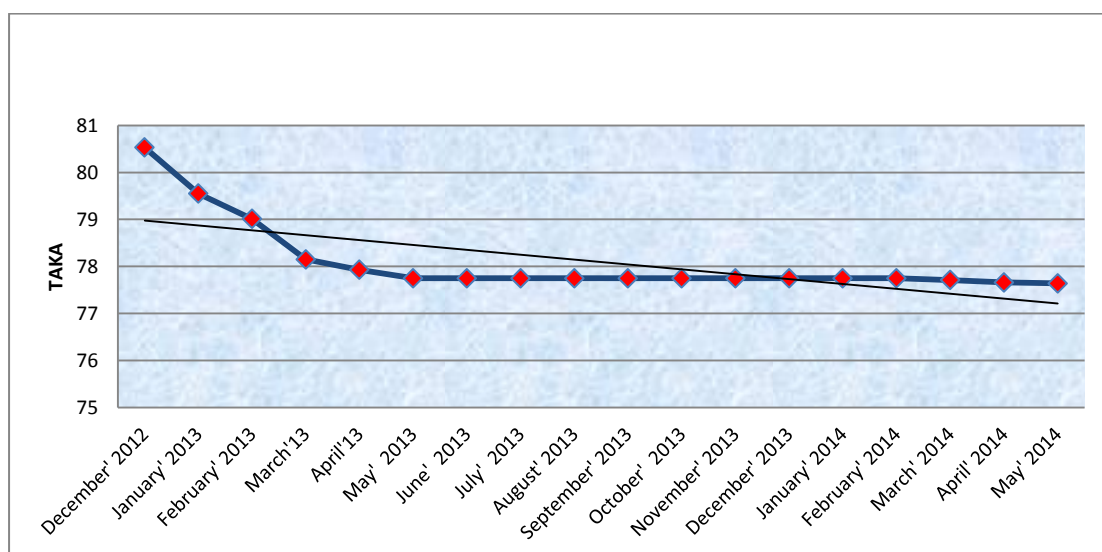
The exchange rate movement (monthly average) from July 2013 to May 2014 has been shown in Chart 3.4 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since July 2013. Exchange rate in July- May period of FY14 is almost static.

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

	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11	71.17	74.15
2011-12	79.10	81.87
2012-13	79.93	77.77
2013-14		
July	77.76	77.75
Aug	77.75	77.75
Sept	77.75	77.75
Oct	77.75	77.75
Nov	77.75	77.75
Dec	77.75	77.75
Jan	77.75	77.75
Feb	77.75	77.73
Mar	77.71	77.67
Apr	77.66	77.65
May	77.64	77.63

Source: Bangladesh Bank

Chart 3.5: Period Average Exchange Rate Movements (BDT-US\$)



3.5 External Reserve

The gross foreign exchange reserves of BB stood lower at USD20267.46 million (with ACU liability of USD501.57 million) as of end May 2014, USD20370.14 million (with ACU liability of USD1171.93 million) as of end April 2014. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 5.87 months according to imports of USD3364.64 million per month based on the preceding 12 months average.

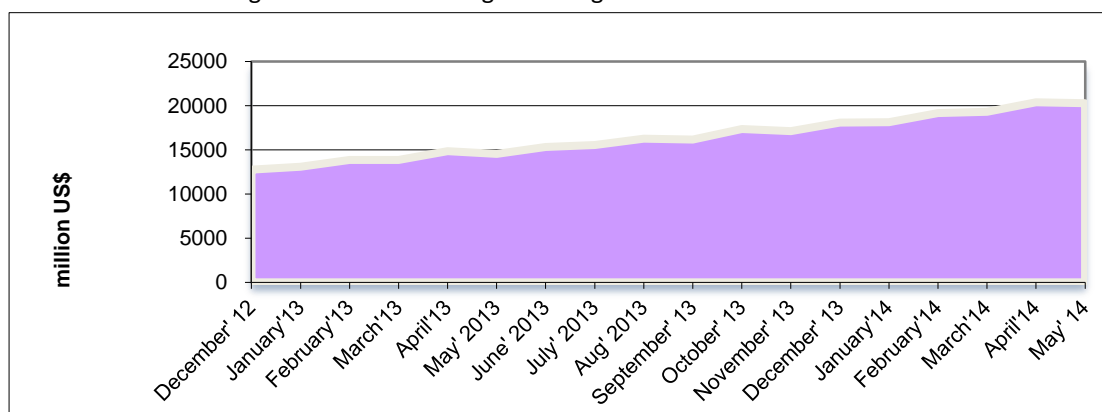
Table 3.5: Foreign Exchange Reserve

(In million US\$)

	2010-11	2011-12	2012-13	As on end of April, 2014
Reserve	10911.5	10364.43	15315.23	20267.46
In month of import payment	3.9	3.2	5.22	5.87

Source: Bangladesh Bank.

Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



3.6 Balance of Payments

The country's trade deficit decreased to \$6.19 billion in the July-May period of the current financial year from \$6.30 billion in the corresponding period of the FY13. Current account together with capital account surpluses resulted in a surplus of USD4971 million in overall balances during July-May, FY14 against a surplus of USD4660 million during July-May of FY13.

Table 3.6: Balance of Payments (In million US\$)

	2011-12 ^R (July-June)	2012-13 ^P (July-June)	2012-13 ^R (July-May)	2013-14 ^P (July-May)
Trade Balance	-9320	-7010	-6304	-6185
Current Account Balance	-447	2525	2346	1543
Capital Account	482	588	530	580
Financial Account	1436	2779	3170	2363
Overall Balance	494	5128	4660	4971

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

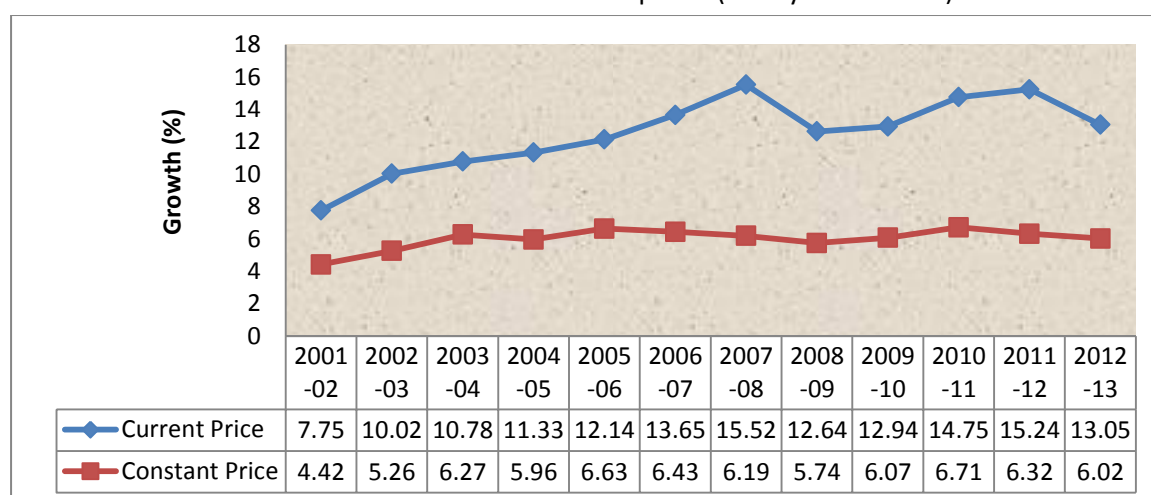
According to base year 2005-06 provisional real GDP growth in FY13 is 6.18 percent. Per capita GNI in FY13 reached US\$ 1044.

Table 4.1 Gross Domestic Product (Base year 2005-06)

	2008-09	2009-10	2010-11	2011-12	2012-13 ^p
GDP at constant prices (Billion TK.)	5635.4	5963.6	6371.9	6784.8	7204.1
Growth (%)	5.14	5.82	6.85	6.48	6.18
GDP at current prices (Billion TK.)	6933.2	7829.4	8993.3	10412.5	11880.7
Growth (%)	12.19	12.93	14.87	15.78	14.10
GNI at current prices (Billion TK.)	7492.2	8475.4	9718.4	11305.5	12925.6
Per capita GDP (Tk.)	47553	52973	60096	68693	77348
Per capita GNI (Tk.)	51387	57344	64941	74585	84151
Per capita GDP (US\$)	691	766	844	868	960
Per capita GNI (US\$)	747	829	912	943	1044

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 1995-96)



4.2 Quantum Index of Industrial Production

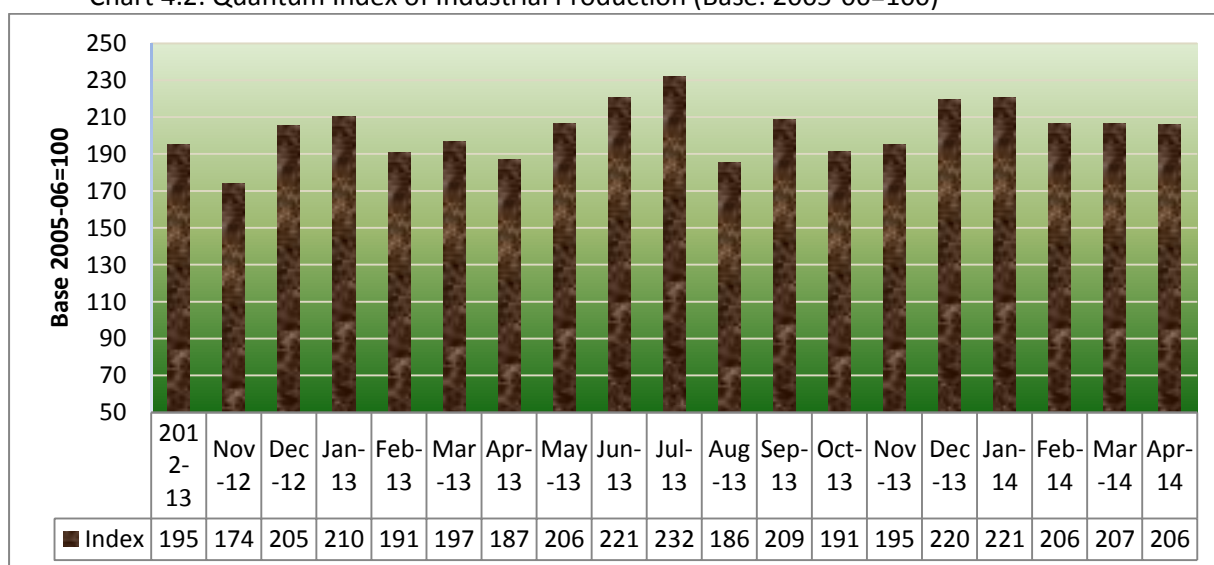
Slow growth in industrial sector resulted in a little positive change in Quantum Index of Industrial Production which was 187.35 in April, 2013 and became 206.13 in April 2014 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 11.6 percent in FY 13 which was 10.8 percent in FY 12.

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

Period	Index	Growth Rate (%)*
2008-09	127.47	8.5
2009-10	135.01	5.9
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
April, 2013	187.35	2.2
April, 2014	206.13	10.0

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: BBS

4.3 Inflation

In FY13 the average rate of inflation (Twelve-Month Average Basis) was 6.78 percent (table-4.2). The food and non-food inflation were 5.22 percent and 9.17 percent respectively. In May 2014 the rate of inflation (national) on point-to-point basis was 7.48 percent, of which, food and non-food inflation were 9.09 percent and 5.16 percent respectively.

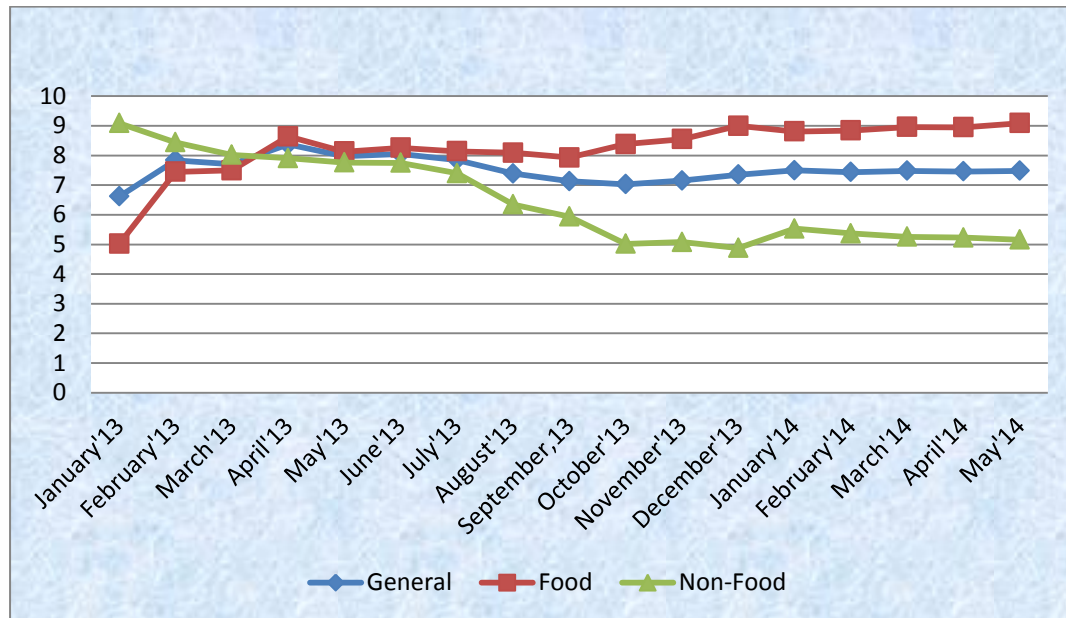
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

FY	Twelve-Months Average Basis		
	National	Food	Non-Food
2012-13	6.78	5.22	9.17
2013-14	Twelve-Months Average Basis		
July	6.99	5.71	8.96
August	7.19	6.20	8.71
September	7.37	6.73	8.35
October	7.47	7.23	7.83
November	7.51	7.62	7.36
December	7.53	7.93	6.94
January	7.60	8.25	6.64
February	7.57	8.37	6.39
March	7.54	8.49	6.16

April	7.47	8.51	5.94
May	7.44	8.59	5.73

Source: Bangladesh Bank

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



Source: Bangladesh Bureau of Statistics