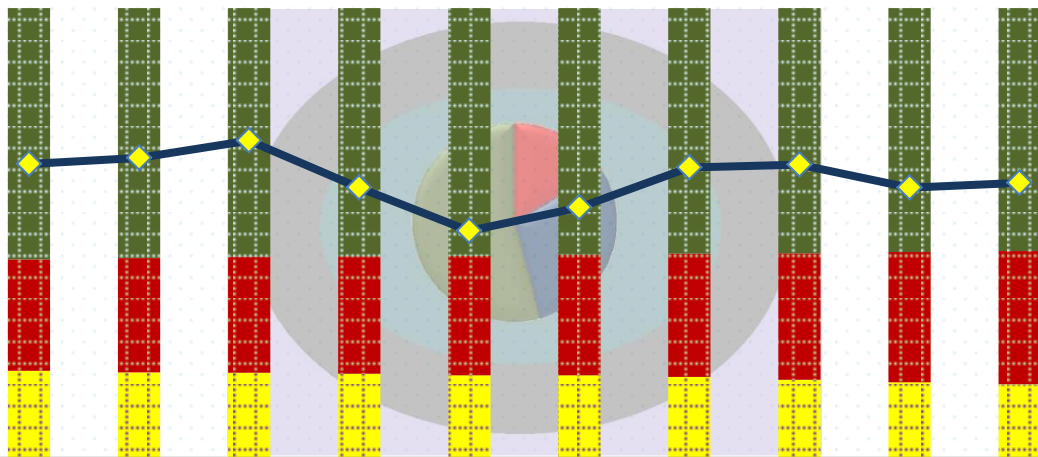




MONTHLY REPORT ON FISCAL-MACRO POSITION

September 2017



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Executive Summary

The September 2017 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 indicated satisfactory growth at the end of FY17². During July-September of FY18, total revenue collection increased by 17.1 percent compared to the same period of the previous fiscal year. On the other hand, total government spending increased by 8.7 percent during the same period.

Monetary Sector

Broad Money growth was 10.4 percent at the end of September 2017 compared with the same period of the previous fiscal year due to 6.61 percent and 11.8 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth was 13.4 percent at the end of September 2017 over September 2016.

External Sector

During July-September of FY18, export recorded 7.6 percent growth, which was 3.8 percent in the same period of the previous fiscal year. Similarly, import payments increased by 28.4 percent during the same period. Remittance receipt increased by 4.4 percent during this period. However,, foreign exchange reserve stood at US\$ 32.82 billion at the end of September 2017, which is equivalent to import payments of 7.85 months.

Real Sector

Official statistics from Bangladesh Bureau of Statistics (BBS) reported a robust 7.28 percent real GDP growth in FY17 compared to 7.11 percent growth in the previous fiscal year. At the same time, per capita GNI reached to US\$ 1610 at the end of FY17. The average rate of inflation (12-month moving average) in September 2017 stood at 5.55 percent. On point-to-point basis, it was 6.12 percent in September 2017, of which, food and non-food inflation were 7.87 percent and 3.44 percent respectively. The Quantum Index of medium and large scale manufacturing industries, which is an indicator for industrial advancement of the country, increased by 10.7 percent from the same month of the previous year.

² FY17 stands for fiscal year 2016-17

1. FISCAL SECTOR

1.1 Revenue Earnings

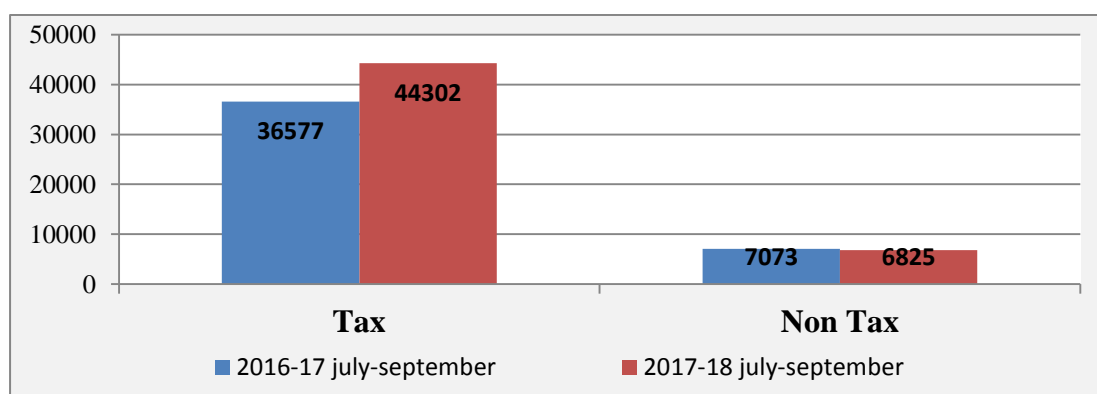
Total revenue earning increased by 17.13 percent during July-September of FY18 compared to the same period of FY17. Growth rates of Tax and Non-tax revenue during this period were 21.12 percent and -3.51 percent respectively.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2016-17 (Actual)	171524	6300	177824	22997	200821
2015-16 (Actual)	126335	5064	131399	16396	147795
Growth (%)	35.77	24.41	35.33	40.3	35.9
July-September FY18	42077	2225	44302	6825	51127
July-September FY17	35263	1313	36576	7073	43649
Growth (%)	19.32	69.46	21.12	-3.51	17.13

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

Chart 1.1: Monthly Trend of Revenue earnings (FY17-FY18)



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

1.2 Grants

Actual grant receipts fell by 52.9 percent in FY17 compared to FY16. During July-September of FY18, grant receipt decreased by 94.1 percent to TK. 4 Crore against TK. 68 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

2015-16 (Actual)	2016-17 (Actual)	Growth (%)	FY 17	FY 18	Growth (%) over July-September of FY 17
			July-September	July-September	
1910	900	-52.9	68	4	-94.1

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

1.3 Government Expenditure

According to iBAS database, total government expenditure increased by 8.7 percent during July-September of FY18 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 39.2 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 15,876 Crore at the end of July-September of FY18, recording 1.36 percent increase over the same period of the last fiscal year.

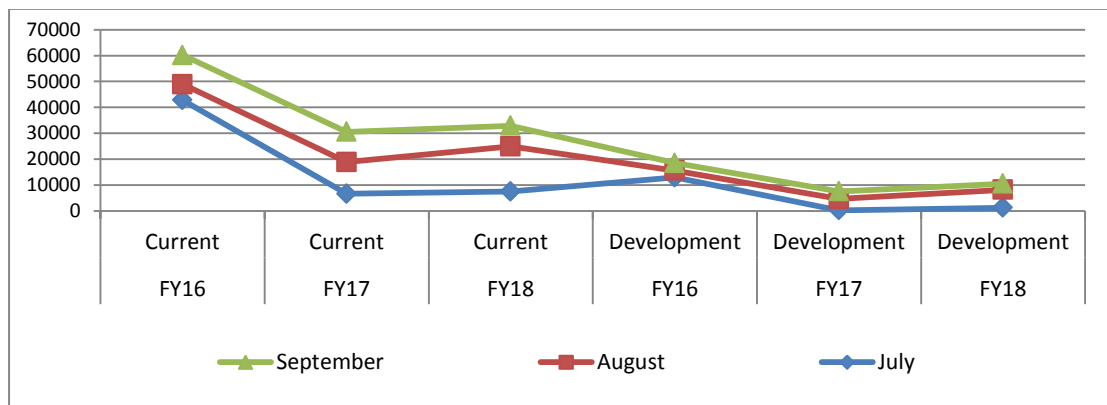
Table 1.3: Government Expenditures

(In crore taka)

	FY 16	FY 17	Growth (%)	FY 17	FY 18	Growth (%) over September, FY17
				July-September	July-September	
1. Current Spending	144456.0	161125.0	11.5	30538.0	32934.0	7.8
Pay and Allowances	39969.0	48760.0	22.0	10645.0	11113.0	4.4
Goods and Services	18277.0	21585.0	18.1	2243.0	2294.0	2.3
Interest Payment	33107.0	31839.0	3.8	7517.0	8879.0	18.1
Domestic	31462.0	29998.0	4.7	6983.0	8333.0	19.3
Foreign	1645.0	1841.0	11.9	534.0	547.0	2.4
Subsidy and Transfer	52873.0	58744.0	11.1	10114.0	10622.0	5.0
Others	230.0	196.0	14.8	21.0	25.0	19.0
2. Food Accounts	641.0	1324.0	106.6	1901.0	1724.0	-9.3
3. Non-ADP Capital & Net Lending	15429.0	21553.0	39.7	2943.0	1501.0	-49.0
Non-ADP Capital	12365.0	15205.0	23.0	1364.0	2082.0	52.6
Net Lending	1063.0	2477.0	133.0	1516.0	-591.0	-139.0
Non-ADP Project	138.0	2206.0	1498.6	0.0	0.0	0
FFW	1411.0	1457.0	3.3	1.0	0.0	-100.0
Development Expenditure under Revenue Budget	452.0	208.0	54.0	9.0	11.0	22.2
4. Annual Development expenditure	80076.0	77243.0	3.5	7568.0	10531.0	39.2
Total (1+2+3+4)	240602.0	261245.0	8.6	42950.0	46690.0	8.7

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

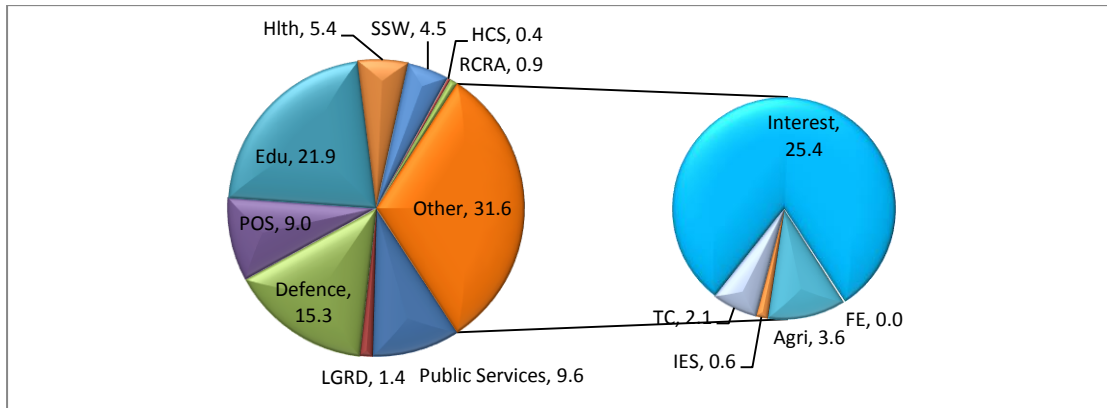
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 16-18)



1.4 Composition of Revenue Expenditure

As of July-September of FY18, spending on Interest payment was the highest (25.4%) followed by spending on education (21.9 %) (Chart1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (FY 18)

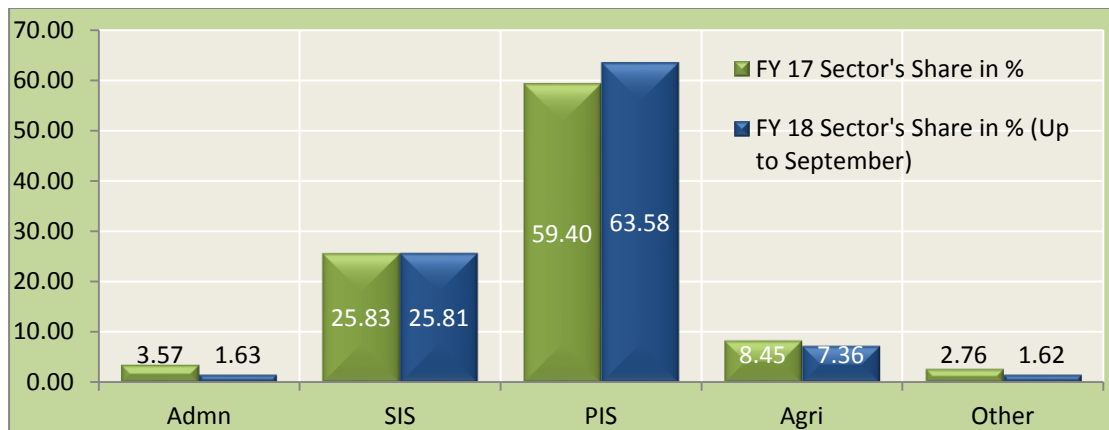


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 September FY18, highest share of spending went to Physical Infrastructure (63.58%) followed by Social Infrastructure (25.81%).

Chart 1.4: Sector wise share (%) of Development expenditure (FY18)



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 FY17 stood at 4.95 percent of GDP (Base year 2005-06), which was 3.55 percent in FY16. Overall budget balance including grants during July-September of FY18 records a deficit of BDT 4,436 crore against a deficit of BDT 752 crore for the same period of previous fiscal year.

Table 1.4: Budget Balance

(In croretaka)

Year	Overall Balance	Overall Balance as % of GDP
2015-16	-61530	-3.55
2016-17	-97853	-4.95
July - September FY17	752	0.04
July - September FY18	4436	0.20

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

1.7 Deficit Financing

Domestic borrowing from the banking system decreased to BDT 8,514 Crore in FY17 from BDT 10,613 crore in FY16. On the other hand, borrowing from the non-bank sources increased to BDT 61,322 crore from 40,181 crore during the same period. Net borrowing from the external sources increased to BDT 13,471 crore in FY 17 from BDT 9,020 crore in FY16.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2015-16	9020	10613	40181	50794	2.93
2016-17	13471	-8514	61322	52808	2.70
July -September FY17	-847	-3048	3145	97	0.00
July -September FY18	248	-1686	-3009	-4695	-0.21

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

1.8 Sale and repayment of National Savings Certificates (NSC)

The sale of NSC during July-September of FY18 stood at Tk. 19,584.9 crore, which was 17.6 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk.12,694.3 crore at the end of July-September of FY18 (Table 1.6).

Table 1.6 Net Sale and repayment of NSC

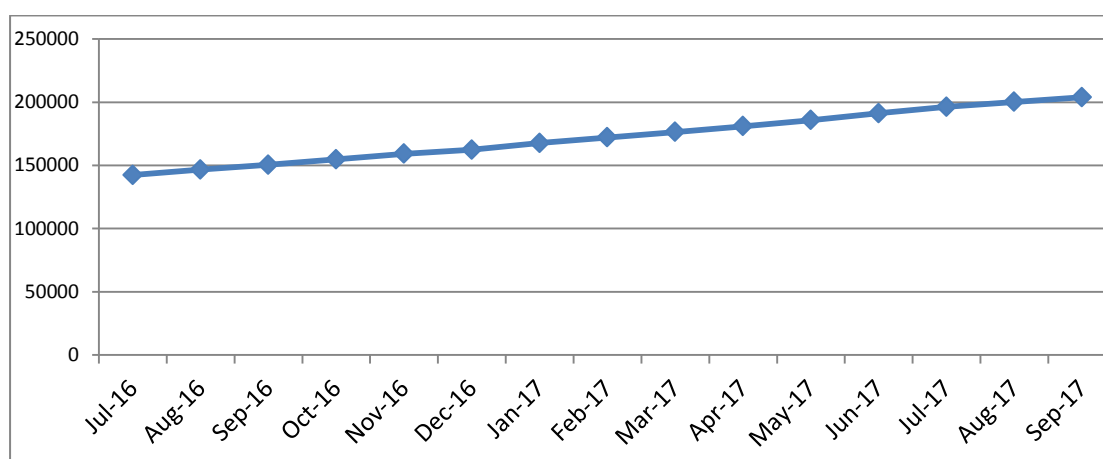
(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2015-16	53712.45	20023.85	33688.6	135222.91
2016-17	75134.74	22717.26	52417.48	191236.22
Growth (%)	39.88	13.45	55.59	41.42
July -September FY17	16650.2	5000.0	11650.1	439400.2
July -September FY 18	19584.9	6890.5	12694.3	600485.1
Growth (%)	17.6	37.8	9.0	36.7

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) increased by 10.43 percent at the end of September 2017 from September 2016. Among the sources of broad money, Net Foreign Assets (NFA) rose by 6.61 percent whereas Net Domestic Assets (NDA) increased by 11.81 percent. Domestic credit recorded an increase of 12.80 percent because of 17.80 percent growth in credit to private sector despite -16.91 percent negative growth in credit to public sector.

Table 2.1 Monetary and credit development

(Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock	
	June 2016	June ^R 2017	September ^P 2017	September 2017 over June 2017	September 2017 over September 2016
A. Net Foreign Assets(NFA)	2331.35	2666.97	2630.54	-36.43 (-1.37)	163.08 (+6.61)
B. Net Domestic Asset(NDA)	6832.42	7493.79	7656.46	162.67 (+2.17)	808.69 (+11.81)
a. Domestic Credit	8012.80	8906.70	9133.41	226.71 (+2.55)	1036.28 (+12.80)
Public Sector	1302.70	1146.13	1121.15	-24.98 (-2.18)	-174.60 (-13.48)
Govt (Net)	1142.20	973.34	944.38	-28.95 (-2.97)	-192.25 (-16.91)
Other Public	160.51	172.80	176.77	3.97 (+2.30)	17.65 (+11.09)
Private sector	6710.09	7760.56	8012.25	251.69 (+3.24)	1210.88 (+17.80)
b. Other Items(net)	-1180.38	-1412.91	-1476.94	-64.03	-227.59
. Broad Money(A+B)	9163.78	10160.76	10287.01	126.25 (+1.24)	971.77 (+10.43)

Source: Major Economic Indicators, Bangladesh Bank; () -percentage changes

2.2 Reserve money Developments

Reserve money recorded an increase of 13.41 percent at the end of September 2017 over the same month of the previous year. At the same time, the value of reserve money multiplier increased to 4.78 at the end of September 2017 from 4.52 at the end of June 2017.

Table 2.2: Reserve money and money multiplier

(Billion BDT)

Items	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June 2016	June 2017	September 2017	September 2017 over June 2017	September 2017 over September 2016
Reserve money	1932.01	2246.59	2152.60	-93.99 (-4.18)	254.52 (+13.41)
Money multiplier	4.74	4.52	4.78	0.26	-0.13

Source: Major Economic Indicators, Bangladesh Bank; ()-percentage changes

3. EXTERNAL SECTOR

3.1 Exports

Export earnings grew by 1.72 percent and stood at US\$ 34,846.84 million during FY17 compared to 9.77 percent growth in the previous fiscal year. During July-September of FY18, export recorded 7.61 percent growth, which was 3.75 percent in the same period of the previous fiscal year.

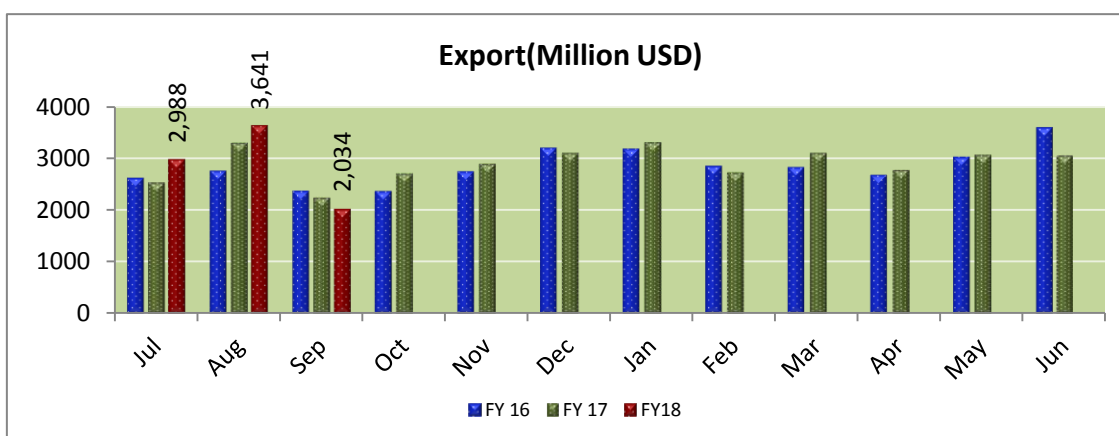
Table 3.1: Export Performance

(Million US\$)

	2016-17	2015-16	July-September 2017-18	July-September 2016-17
Export	34846.84	34257.18	8662.73	8050.11
Growth (%)*	1.72	9.77	7.61	3.75

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

Chart 3.1: Monthly Trend of Export



Source: Export Promotion Bureau

3.2 Imports (c & f)

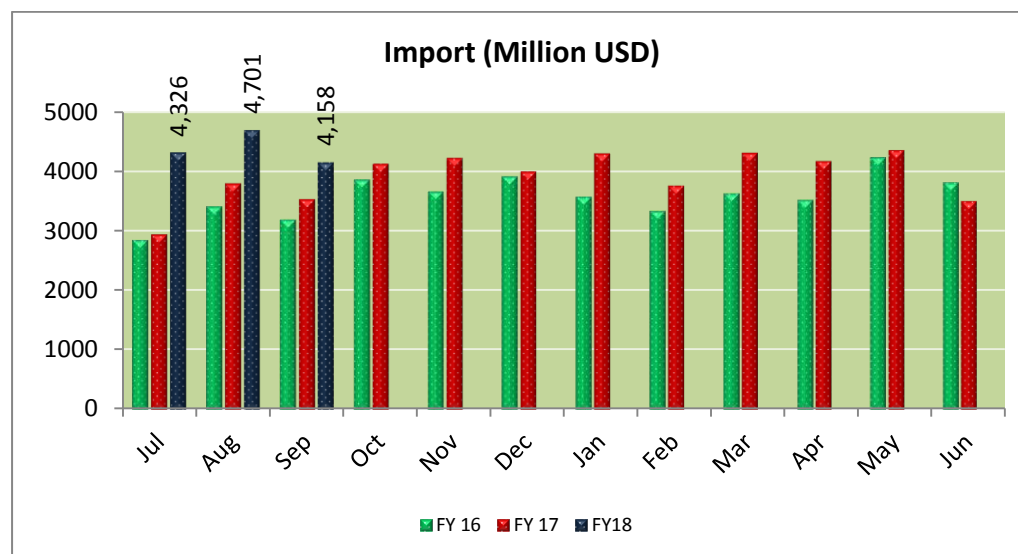
Import payments increased by 9 percent and stood at 47 billion during FY17 compared to 6 percent growth in FY16. Up to September of FY18, import payments increased by a whopping 28.39 percent compared to 8.44 percent growth in the previous fiscal year. Import Letter of Credit (LC) opening and settlement increased by 36.49 percent and 1.87 percent respectively in the same period (Table 3.2).

Table 3.2: Import Scenario

(Million US\$)				
Period	2016-17 ^P	2015-16 ^R	2017-18 July-September	2016-17 July-September
Import payments	47005.20	43122.5	13184.40	10269.40
Growth (%)	9.00	5.94	28.39	8.44
LCs Opened	48125.92	43335.33	14703.16	10772.36
Growth (%)	11.05	0.62	36.49	10.16
LCs Settled	44272.76	40076.19	11826.61	11609.91
Growth (%)	10.47	4.22	1.87	16.97

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

3.3 Remittance

Remittance inflow fell by 14.48 percent during the FY17 compared to the previous fiscal year's decrease of 2.52 percent. However, remittance inflow recovered to some extent up to September 2017 of the current fiscal year as it registered a moderate 4.38 percent growth compared to -17.49 percent growth of the same period in the previous fiscal year.

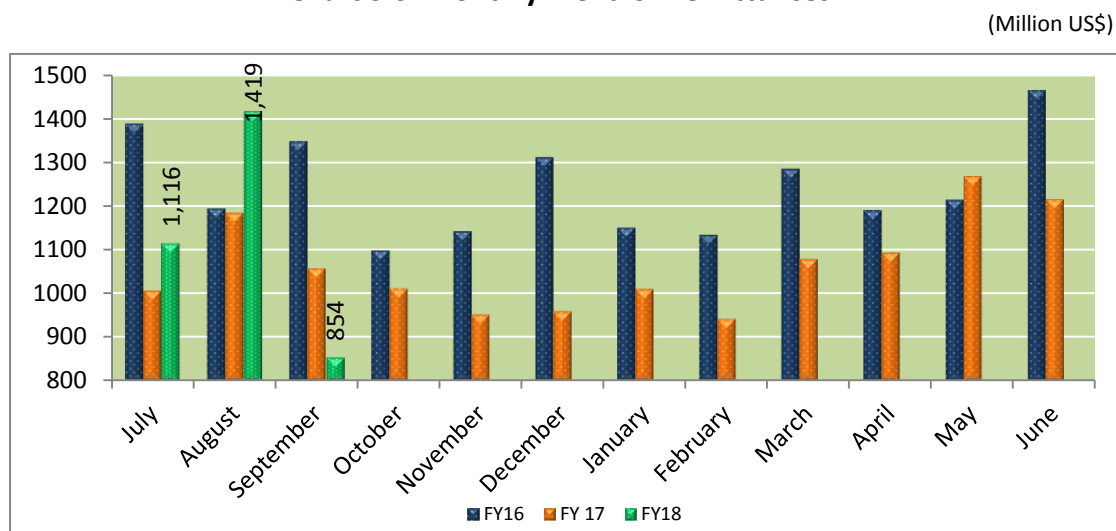
Table-3.3: Remittance Performance

(In million US\$)

	2016-17	2015-16	2017-18 July-September	2016-17 July-September
Remittances	12769.45	14931.16	3387.88	3245.76
Growth (%)	-14.48	-2.52	4.38	-17.49
As % of GDP	5.11	6.74	1.36	1.47
As % of Export	36.64	43.58	39.11	40.18

Source: Bangladesh Bank

Chart 3.3: Monthly Trend of Remittances



Source: Bangladesh Bank

3.4 Exchange Rate Movements

Local currency depreciated by 0.18 percent against US dollar in September 2017 from June 2017.

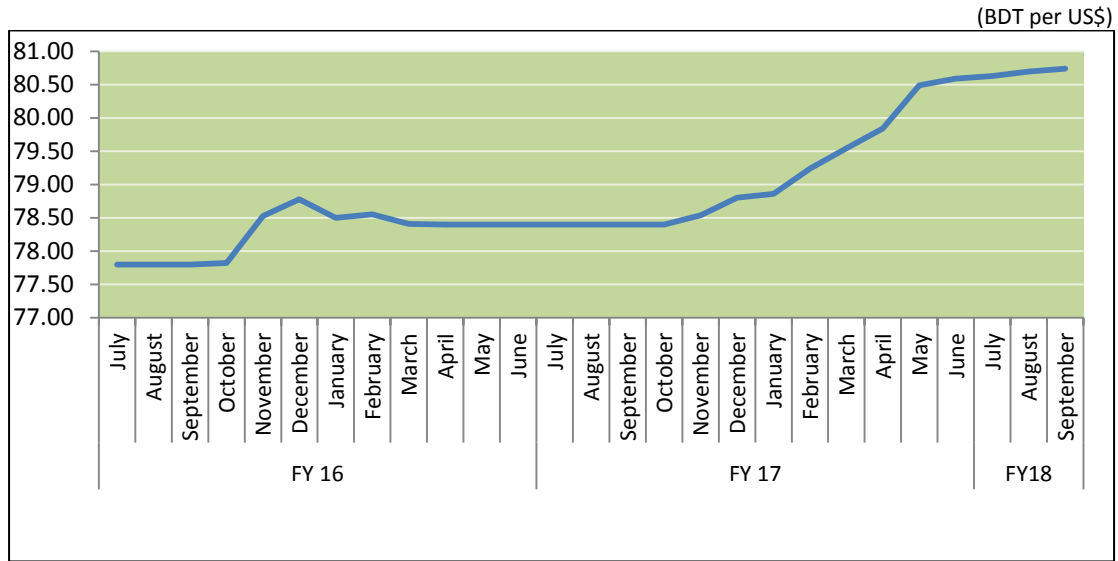
Table 3.4: Exchange Rate Movements

(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		
July	80.63	80.66
August	80.69	80.70
September	80.74	80.80

Source: Bangladesh Bank

Chart 3.4: Period Average Exchange Rate Movements



Source: Bangladesh Bank

3.5 External Reserve

The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 33.41 billion at the end of June 2017 from US\$ 30.2 billion at the end of June 2016. The gross foreign exchange reserve at the end of September 2017 stood at 32.82 billion, which is sufficient to cover import payments of 7.85 months.

Table 3.5: Foreign Exchange Reserve

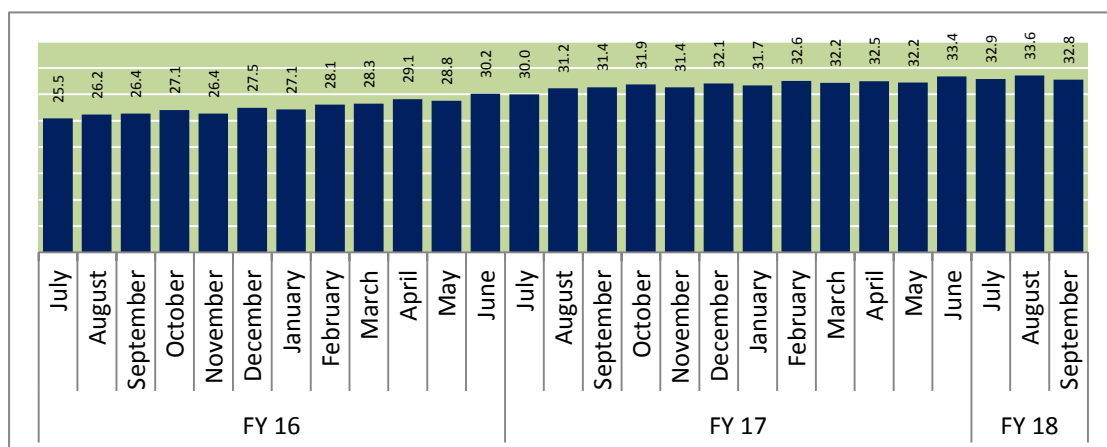
(Million US\$)

	2014-15	2015-16	2016-17	September 2017
Reserve	25025.50	30168.22	33406.60	32816.59
In month of import payments	6.65	8.40	8.20	7.85

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 deficit recorded a deficit of US\$ 3.65 billion at the end of September 2017 from a deficit of US\$ 1.56 billion in the corresponding period of the previous fiscal year, which contributed to create a deficit in current account balance by US\$1.79 billion during July-September of FY18 from a surplus of US\$ 0.54 billion in the corresponding period of the previous fiscal year. Overall balance remains US\$ 0.36 billion deficit despite US\$ 1.58 billion surplus in the financial account at the end of September 2017.

Table 3.6: Balance of Payments

	2016-17 ^P	2015-16 ^R	2017-18 ^P July-September	2016-17 ^R July-September
Trade Balance	-9472	-6460	-3650	-1564
Current Account Balance	-1480	4262	-1791	539
Capital Account	314	464	64	60
Financial Account	4179	944	1576	868
Overall Balance	3169	5036	-360	1797

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

4. REAL SECTOR

4.1 Real Sector Indicators

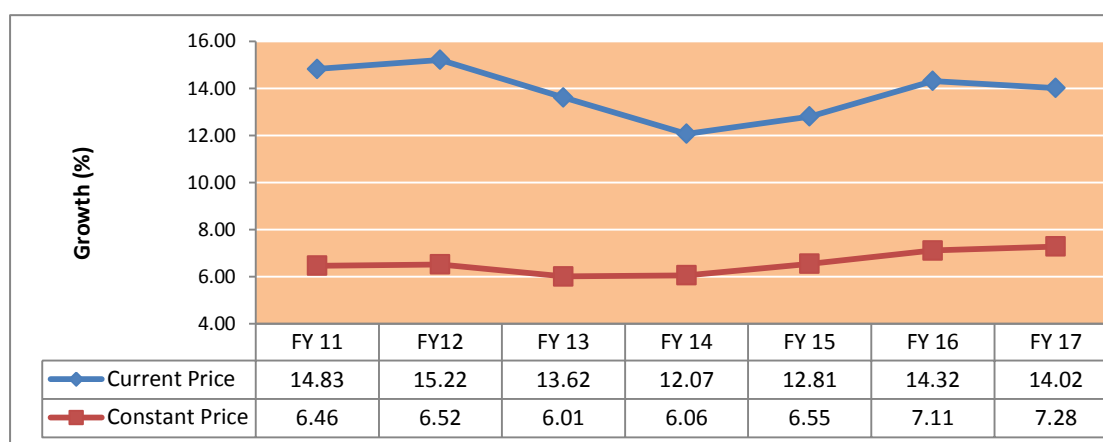
Official statistics from Bangladesh Bureau of Statistics (BBS) reported 7.28 percent real GDP growth in FY17, supported by robust domestic demand, particularly government consumption and investment. On the supply side, growth was driven mainly by industry (10.22 percent) and services (6.69 percent) with the sectoral composition of economy's output continuing to shift away from agriculture. At the same time, per capita GNI raised to US\$1610 at the end of FY17 from US\$1465 in FY16.

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

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
GDP at constant prices	Billion Tk.	7,299.0	7,741.4	8,248.6	8,835.4	9,479.0
Growth	%	6.01	6.06	6.55	7.11	7.28
GDP at current prices	Billion Tk.	11,989.2	13,436.7	15,158.0	17,328.6	19,758.2
Growth	%	13.62	12.07	12.81	14.32	14.02
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20607.2
Per capita GDP	Taka	78,009	86,266	96,004	108,378	122,152
Per capita GNI	Taka	84,283	92,015	102,236	114,621	127,401
Per capita GDP	US\$	976	1,110	1,236	1,385	1,544
Per capita GNI	US\$	1,054	1,184	1,316	1,465	1,610

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 increased by 10.7 percent and became 270.65 at the end of September 2017 from 249.86 at the end of September 2016 (table 4.2). This growth rate of large and medium scale manufacturing Industries was 11.2 percent and 13.5 percent in FY17 and FY16 respectively.

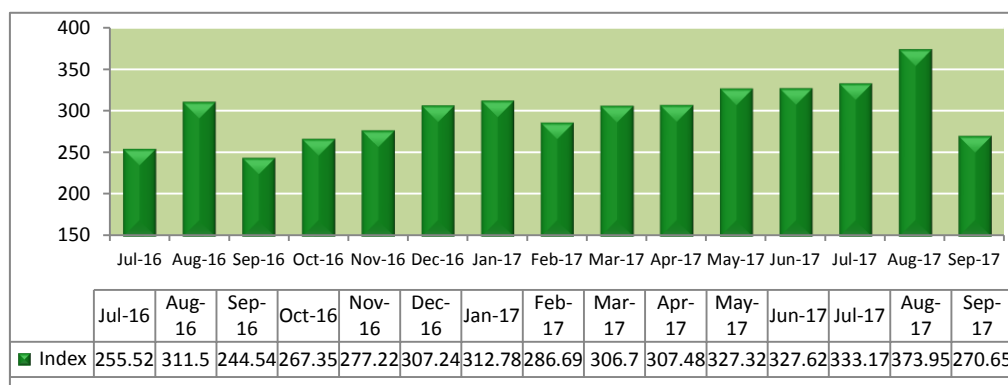
Table 4.2: Quantum Index of large and medium scale Manufacturing industries

(Base: 2005-06=100)

Period	Index	Growth Rate (%)*
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
2013-14	213.22	8.2
2014-15	236.11	10.7
2015-16	267.88	13.5
2016-17	297.89	11.2
September 2016	249.86	2.4
September 2017 ^P	270.65	10.7

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

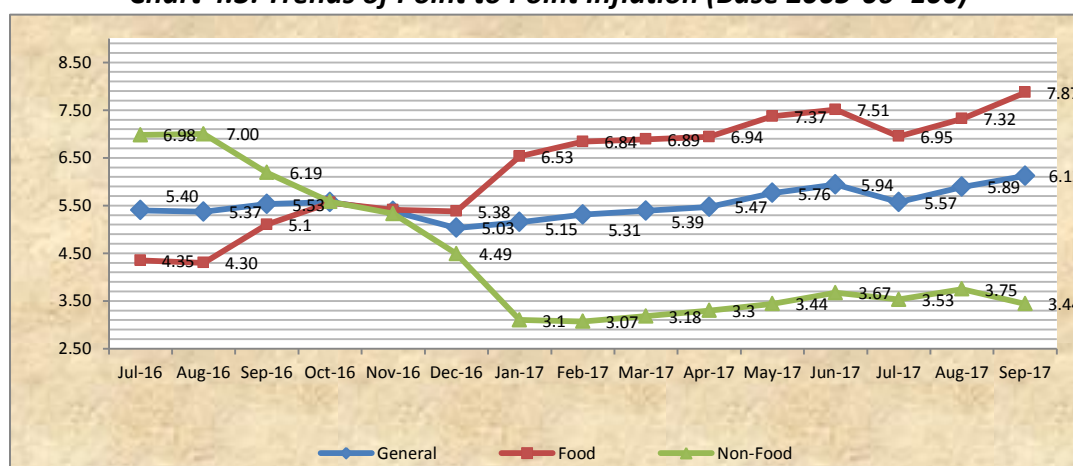
The average rate (12-month moving average) of inflation has eased down to 5.44 percent in FY17 from 5.92 percent in FY16 (table-4.3). However, general inflation edged up to 5.55 percent (twelve-month average basis) in September 2017, of which food and non-food inflation were 6.72 percent and 3.81 percent respectively. On the other hand, point-to-point inflation stood at 6.12 percent in the same month, of which, food and non-food inflation were 7.87 percent and 3.44 percent 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	4.90	7.47
2016-17	5.44	6.02	4.57
2017-18			
July	5.45	6.23	4.29
August	5.50	6.48	4.03
September	5.55	6.72	3.81

Source: Bangladesh Bank

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



Source: Bangladesh Bureau of Statistics