



Bangladesh

Selected Macroeconomic Indicators **July 2014**

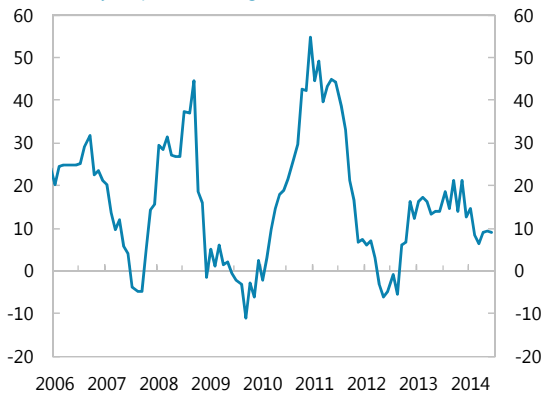
For further information, please contact:

RR-BGD@IMF.ORG

Bangladesh: Exports and Remittances

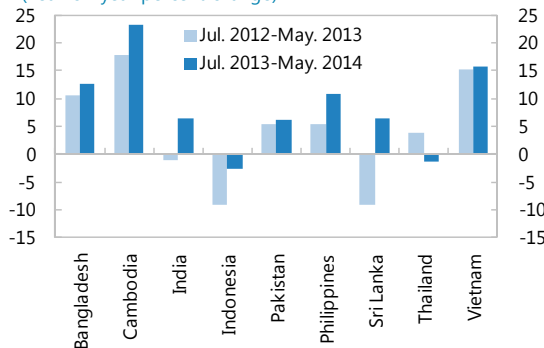
Despite domestic political turmoil in the first half of FY14, export growth held up reasonably well, but has slowed more recently...

Exports, Jan. 2006–Jun. 2014
(Year-on-year percent change of 3mma)



Overall, export performance was good in FY14 compared to other countries in the region.

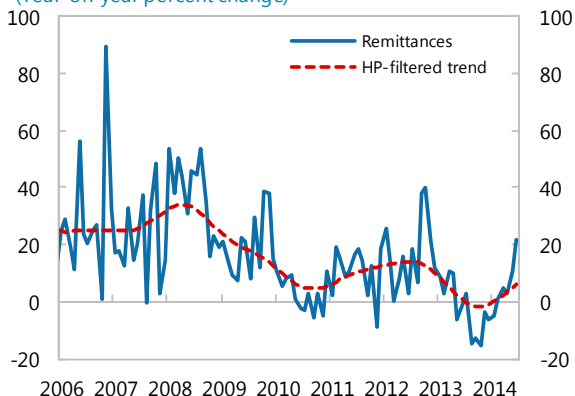
Exports of Goods
(Year-on-year percent change)



Sources: Country authorities; and IMF staff calculations.

While there has been a rebound in recent months, remittance growth remained weak in FY14...

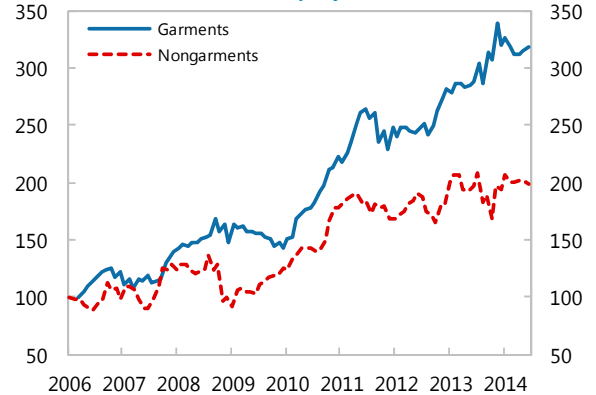
Workers' Remittances, Jan. 2006–Jun. 2014
(Year-on-year percent change)



Sources: Data provided by the Bangladesh authorities; CEIC Data Company Ltd.; Eurostat; U.S. Department of Commerce; and IMF staff calculations.

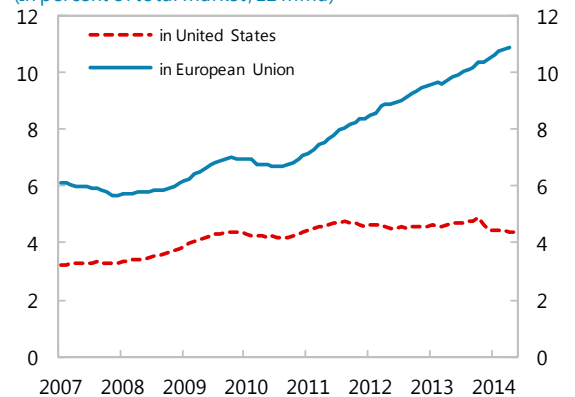
...affected in part by adjustment in the ready-made garment industry.

Exports of Bangladesh, Mar. 2006–Jun. 2014
(Index, 2006.Q1=100, seasonally adjusted 3mma)



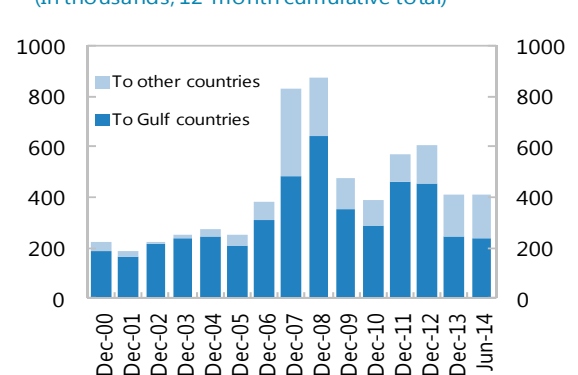
While U.S. market shares for garment exports have remained stable, those for the European Union have trended up, owing, in part, to accession to the EU's GSP privileges beginning January 2011.

Shares in Garments Markets, Jan. 2007–May. 2014
(In percent of total market, 12 mma)



...primarily reflecting lower worker outflows to the Gulf countries arising from visa restrictions introduced in 2012.

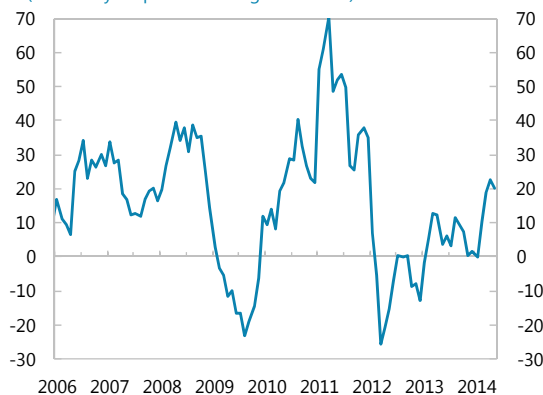
Workers Moving Abroad, Dec. 2000–Jun. 2014
(In thousands, 12-month cumulative total)



Bangladesh: Real and External Sector Developments

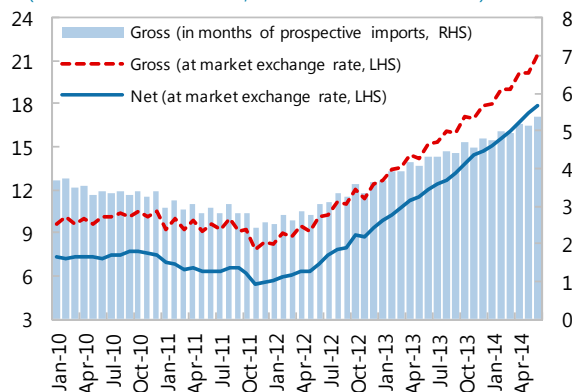
After a steady decline in 2013, import growth has rebounded in 2014, reflecting a recovery in domestic demand.

Imports, Jan. 2006–May 2014
(Year-on-year percent change of 3mma)



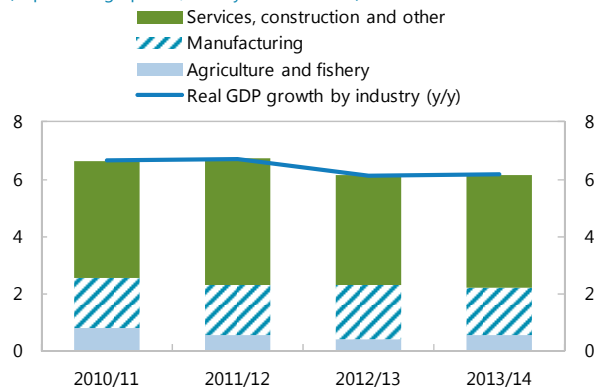
However, the overall balance of payments has remained in surplus and, BB has continued to build up its reserve buffer.

International Reserves, Jan. 2010–Jun. 2014
(In billions of U.S. dollars, unless otherwise indicated)



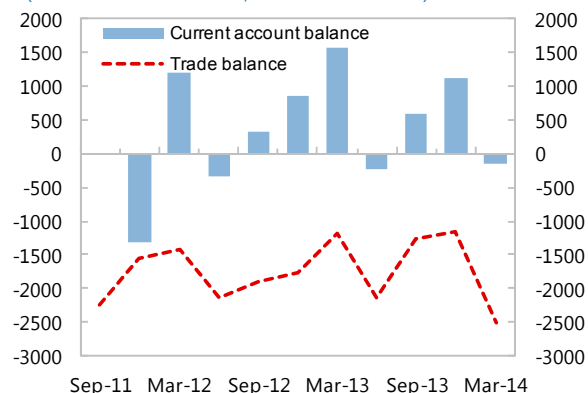
The official preliminary estimate from BBS suggests that, despite political turmoil, GDP growth remained resilient in FY14.

Contributions to Real GDP Growth by Industry
(In percentage points, base year = 2005/06)



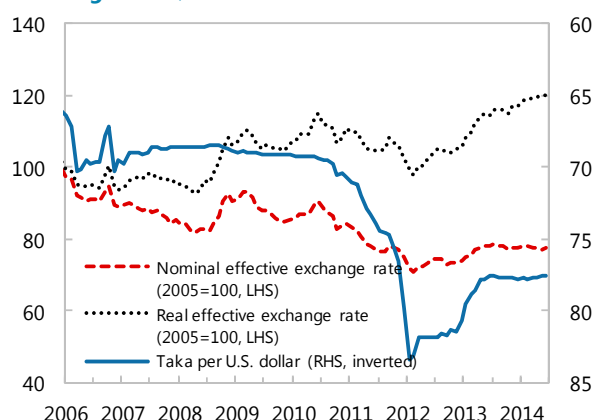
With exports weakening and imports bouncing back, the trade deficit increased significantly in the March 2014 quarter, pushing the current account back into deficit.

Current Account Balance, Sep. 2011–Mar 2014
(In millions of U.S. dollars, 3-month cumulative)



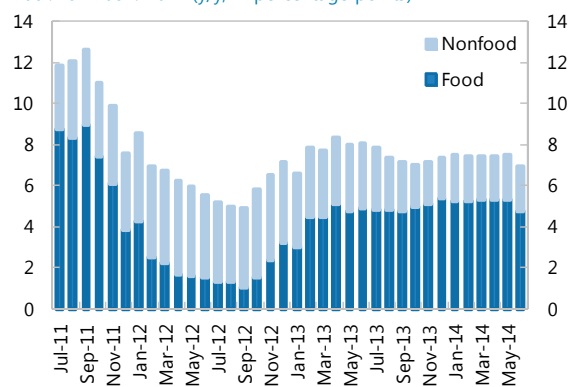
While active FX intervention has kept the nominal exchange rate stable since May 2013, the real exchange rate has appreciated further.

Exchange Rates, Jan. 2006–Jun. 2014



After months of remaining elevated on supply disruptions, food inflation recently eased, while nonfood inflation (a better gauge of underlying pressures) has remained contained.

Contributions to Headline Inflation
Jul. 2011–Jun. 2014 (y/y, in percentage points)

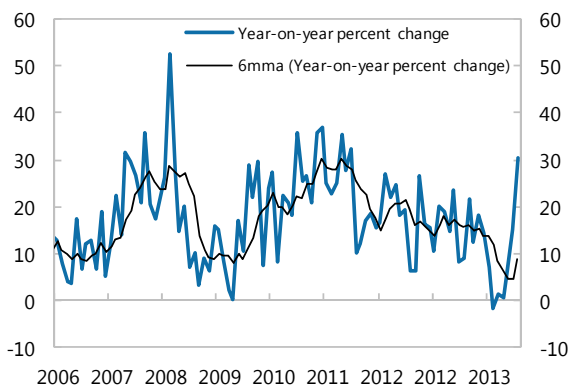


Sources: Data provided by the Bangladesh authorities; CEIC Data Company Ltd.; and IMF staff calculations.

Bangladesh: Fiscal Developments

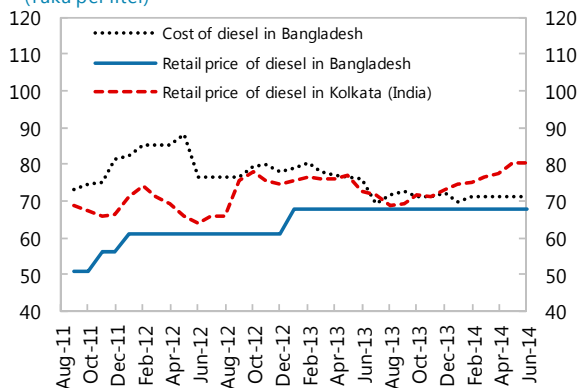
After a sustained decline, revenue growth has bounced back, consistent with a recovery in economic activity.

National Board of Revenue (NBR) Revenue Collections
Jul. 2006–May. 2014, (y/y percent change)



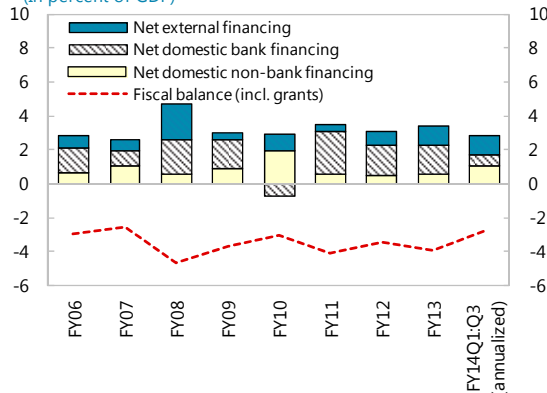
A moderation of international fuel prices has helped narrow the wedge with domestic retail fuel prices.

Diesel Prices, Aug. 2011–Jun. 2014
(Taka per liter)



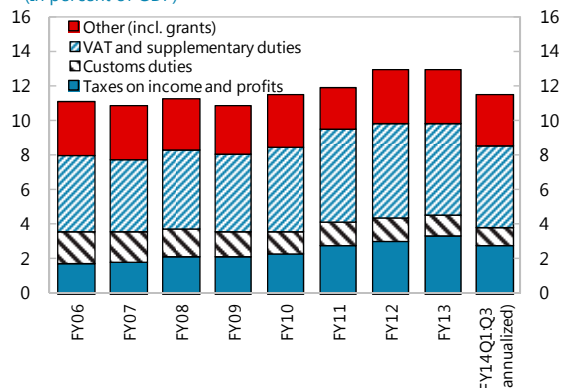
The fiscal deficit has therefore narrowed, while the share of non-bank financing of the deficit has increased.

Fiscal Balance and Sources of Financing, FY06–FY14 1/
(In percent of GDP)



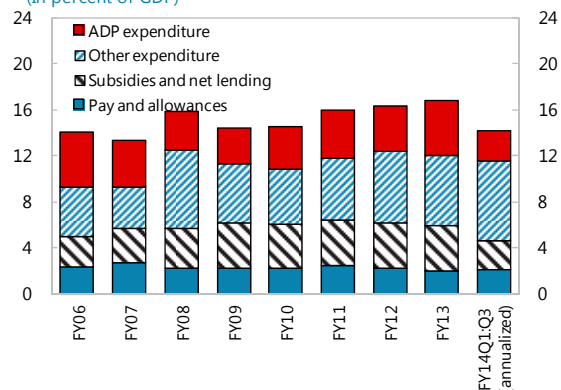
However, for the first three quarters of FY14, revenue has still come down as a share of GDP compared to FY13, reflecting weak import-related taxes in the first part of the fiscal year.

Central Government Revenue, FY06–FY14 1/
(In percent of GDP)



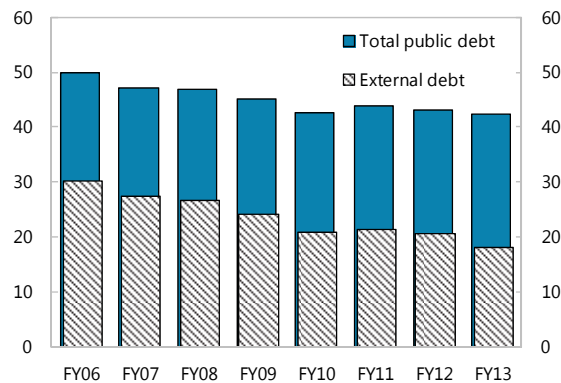
As a result, the fuel subsidy bill has moderated. Also, political uncertainty in the first part of FY14 led to significant delays in capital (ADP) expenditure and thus a decline in total government spending.

Central Government Expenditure, FY06–FY14 1/
(In percent of GDP)



The public debt-to-GDP ratio remains on a gradual downward path, with the share of external debt declining to about one half of total public debt.

Public Debt, FY06–FY13
(In percent of GDP)



Sources: Data provided by the Bangladesh authorities; CEIC Data Company Ltd.; and IMF staff calculations.

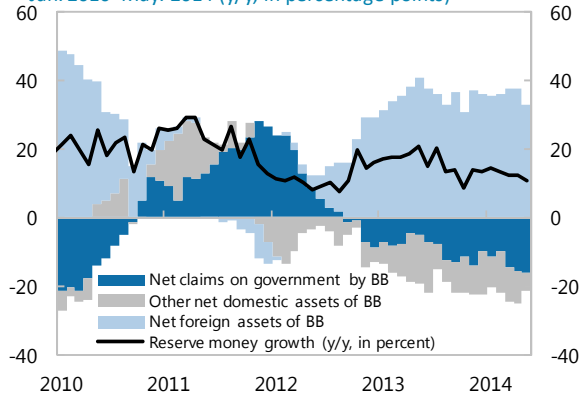
1/ FY14 fiscal data are annualized using staff projected GDP (1995/96 base).

Bangladesh: Monetary and Financial Market Developments

Reserve money growth has been kept restrained by sterilization of foreign exchange purchases and the reduction in the outstanding stock of net BB credit to the government.

Contributions to Reserve Money Growth

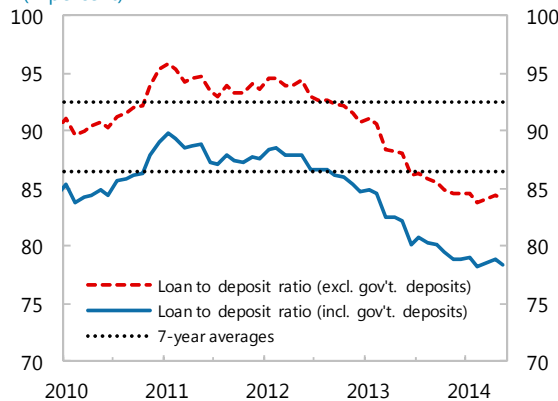
Jan. 2010–May. 2014 (y/y, in percentage points)



With a slowing credit uptake, loan-to-deposit ratios have fallen well below historical norms, leading to ample liquidity.

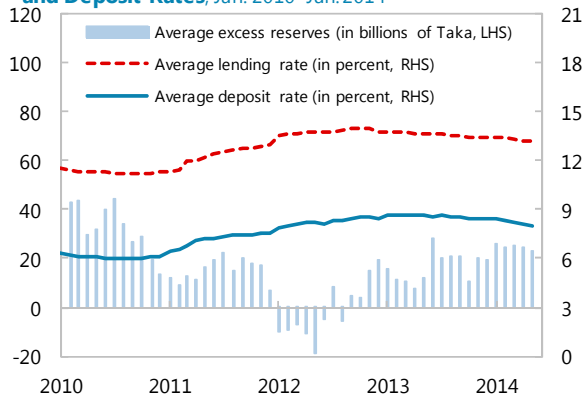
Loan-to-Deposit Ratio, Jan. 2010–May. 2014

(In percent)



Similarly, deposit and lending rates have seen a smooth declining trend in recent months.

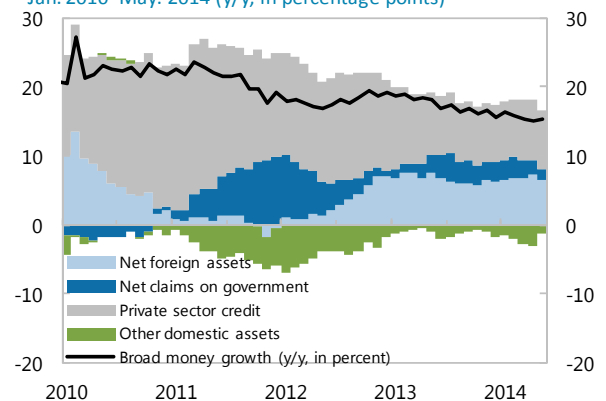
Commercial Banks' Excess Reserves and Lending and Deposit Rates, Jan. 2010–Jun. 2014



Broad money growth is slowing, reflecting mainly a moderation in private sector credit, which in part reflects the impact of political uncertainty on credit demand.

Contributions to Broad Money (M2) Growth

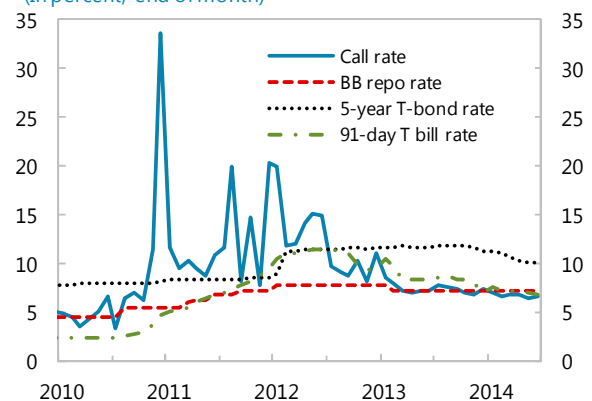
Jan. 2010–May. 2014 (y/y, in percentage points)



As balance of payments pressures eased and with ample systemic liquidity, money market and Treasury rates have declined.

Interest Rates, Jan. 2010–Jun. 2014

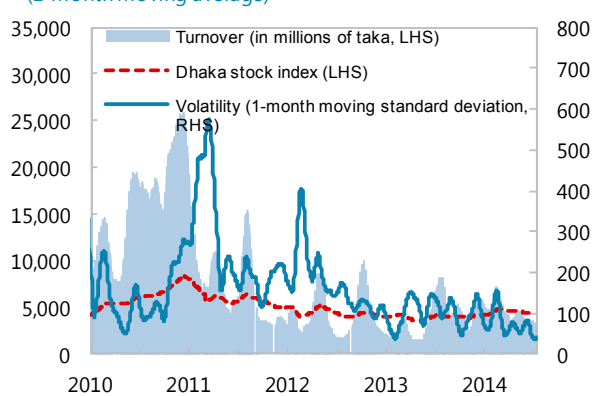
(In percent, end of month)



The Dhaka Stock Exchange has remained quiet and stable, despite the political turmoil in the latter part of 2013.

Stock Market Performance, Jan. 2010–Jul. 2014

(1-month moving average)



Sources: Data provided by the Bangladesh authorities; CEIC Data Company Ltd.; and IMF staff calculations.