Both infections of and deaths due to COVID-19 had been picking up since end-May.

New confirmed cases of and deaths due to COVID-19 (May 21, 2020 - Jul 27, 2021)

The vaccination rollout has been slower than expected, reflecting supply delays, with approximately 7.8 million persons having received vaccinations thus far.

Number of registration and people who received vaccination 1/
Mar 2, 2021 - Jul 27, 2021 (in Million)

Mobility which increased in May, reflecting a pick-up of economic activity, has been declining since June.

Community mobility changes 3/
Feb 2020 - Jul 2021 (percent change from baseline)

Migrant outflows to remittance-heavy countries dropped in the last two months reflecting the domestic lockdown and international travel bans.

Overseas employment: country-wise migrant outflows
Jan 2019 - May 2021 (in thousands)

Monthly remittance inflows, which trended up from end-February 2021 to May 2021, declined in Jun 2021.

Wage earners’ remittance inflows: country wise
Feb 2019 - Jun 2021 (in Billion USD)

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1/ Vaccination data takes into account only the first-dose receivers. As on July 27, 2021, 4,310,443 people received the second dose. 2/ For vaccines that require multiple doses, each individual dose is counted. As the same person may receive more than one dose, the number of doses per 100 people can be higher than 100. Sri Lanka and United Kingdom data are as on July 25th, 2021. 3/ The baseline is the median value, for the corresponding day of the week, during the five-week period 3 Jan - 6 Feb 2020. July 2021 data is as on July 23rd, 2021.

Sources: Directorate General of Health Services, Ministry of Health and Family Welfare, Bangladesh; Our World in Data; Google’s COVID-19 Community Mobility Reports; Bureau of Manpower Employment and Training (BEMT), Bangladesh; and IMF staff calculations.
Private consumption and investment have been driving economic activity in recent years.

**Contributions to Real GDP Growth 1/**
FY11-FY20 (y/y, in percentage points)

The consumption to GDP ratio in FY20 fell slightly to 74.7 percent from 75 percent in FY19, while the investment to GDP ratio edged up from 31.6 percent to 31.8 percent.

**Selected indicators’ Share in Nominal GDP 1/**
FY11-FY20 (in percent)

Rice production target, in FY21, was set at 38.3 MMT reflecting the actual production in FY20 (38.7 MMT). Total target for wheat and maize, in FY21, was set at 6.9 MMT reflecting the outturn of 6.7 MMT in FY20.

**Major Food Grains Production 2/**
FY14-FY21 (Million Metric Tons (MMT))

Headline inflation, in Jun 2021, increased to 5.6 percent from 5.3 percent in May 2021. During the same period, food inflation increased to 5.5 percent from 4.9 percent, while non-food inflation remained at 5.9 percent.

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1/ FY20 and FY21 data are provisional. 2/ FY21 Aus, Aman and wheat data are actual, while Boro and Maize data are the production targets.

Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations.
The current account balance, in FY21 (Jul-May), reached a USD 1.8 billion deficit, compared with the USD 4.4 billion deficit in FY20 (Jul-May).

Capital goods contributed positively (2.3 percentage points), oil-related products, and food grains and consumer goods also contributed positively (3.4 and 2.9 percentage points respectively) to the overall growth in imports (17.3 percent) in FY21 (Jul-May).

Remittances grew by 39.5 percent y/y in FY21 (Jul-May). Export growth was 14 percent, while imports witnessed 17.3 percent growth over the same period.

Trade competitiveness has somewhat improved in recent months, mostly reflecting the depreciation of the Taka relative to the currency basket of Bangladesh’s trading partners.

Both letters of credit (LC) opening and settlement have been picking up in FY21.

Sources: Bangladesh Bank; Export Promotion Bureau (EPB); and IMF staff calculations.
Bangladesh: Fiscal Sector Developments 1/

Total revenue–GDP ratio, in FY20, declined to 9.5 percent from 10 percent in FY19. Total revenue–GDP ratio, in FY21 (Jul-May), was at 9 percent compared with 8.2 percent in FY20 (Jul-May). VAT and the supplementary duties–GDP ratio, during the same period, increased from 3.6 percent to 4.1 percent.

**Central Government Revenue**

FY16-FY21 (Jul-May) (In percent of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>VAT and supplementary duties</th>
<th>Taxes on income and profits</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>10</td>
<td>3.6</td>
<td>2.5</td>
<td>4.9</td>
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<tr>
<td>FY17</td>
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<td>FY19</td>
<td>13</td>
<td>4.6</td>
<td>3.5</td>
<td>4.9</td>
</tr>
<tr>
<td>FY20</td>
<td>14</td>
<td>4.9</td>
<td>3.8</td>
<td>5.3</td>
</tr>
<tr>
<td>FY21 (Jul-May)</td>
<td>15</td>
<td>5.2</td>
<td>4.1</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Total expenditure–GDP ratio, in FY20, marginally declined to 15 percent from 15.4 percent in FY19. Total expenditure–GDP ratio, in FY21 (Jul-May), decreased to 10.1 percent from 10.6 percent. During the same period, ADP execution decreased from 3.1 percent to 2.7 percent of GDP.

**Central Government Expenditure**

FY16-FY21 (Jul-May) (In percent of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Expenditure</th>
<th>Interest payments</th>
<th>Annual development programme (ADP)</th>
<th>Subsidies, transfer and net lending</th>
<th>Pay and allowances</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>15</td>
<td>2.1</td>
<td>3.1</td>
<td>4.1</td>
<td>5.8</td>
<td>4.6</td>
</tr>
<tr>
<td>FY17</td>
<td>16</td>
<td>2.2</td>
<td>3.2</td>
<td>4.2</td>
<td>5.9</td>
<td>4.7</td>
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<tr>
<td>FY18</td>
<td>17</td>
<td>2.3</td>
<td>3.3</td>
<td>4.3</td>
<td>6.0</td>
<td>4.8</td>
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<tr>
<td>FY19</td>
<td>18</td>
<td>2.4</td>
<td>3.4</td>
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<td>19</td>
<td>2.5</td>
<td>3.5</td>
<td>4.5</td>
<td>6.2</td>
<td>5.0</td>
</tr>
<tr>
<td>FY21 (Jul-May)</td>
<td>20</td>
<td>2.6</td>
<td>3.6</td>
<td>4.6</td>
<td>6.3</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Contributions to central government’s expenditure growth FY16-FY21 (Jul-May) (y/y, in percentage points)

Compared to the same period in the previous FY, the budget deficit in FY21 (Jul – May) has been primarily financed by issuing NSCs.

**Fiscal Balance and Sources of Financing**

FY16-FY21 (Jul-May)

(Billion Taka)

- Net domestic financing: nonbanks, except NSD
- Net domestic financing: NSD
- Net domestic financing: banks
- Net external financing
- Net Financing

Total central government debt, at end-Jun 2020, reached 37.5 percent of GDP from 35.3 percent of GDP at end-Jun 2019. It reached 35.2 percent at end-May 2021, where domestic debt accounted for roughly two thirds of the total central government debt.

**Contributions to Total Revenue Generation**

FY16-FY21 (Jul-May) (y/y, in percentage points)

Total revenue in FY20, grew by 4.9 percent (y/y) where VAT and supplementary duties contributed negatively (3.9 percentage points). Preliminary data available as of July 4th, suggest that total revenue, in FY21 (Jul-May), has increased by 21.4 percent (y/y) and the increase in the growth in VAT and supplementary taxes has had the largest impact (by 10.8 percentage points).

1/ FY20 and FY21 fiscal data are provisional. FY21 (Jul-May) GDP data is annualized using provisional GDP of FY20, and IMF staff projected GDP for FY21. Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance, and IMF Staff calculations.
Reserve money, at end-May 2021, grew by 21.3 percent (y/y) compared with 23.3 percent (y/y) in Apr 2021, mainly driven by net foreign assets.

Contributions to Reserve Money Growth
May 2018-May 2021 (y/y, in percentage points)

Broad money (M2) growth reached 12.9 percent, with private sector credit and net foreign assets contributing 6.1 and 6.8 percentage points, respectively, to this growth.

Contributions to Broad Money (M2) Growth
May 2018-May 2021 (y/y, in percentage points)

Interest rates, which have been declining since April 2020, reflect an easing in the money market.

Interest Rates 1/
Jun 2018-Jun 2021 (in percentage points)

The growth of bank advances to the private sector edged down to 9.1 percent in Q3 FY21. This was mostly driven by lower advances to trade and commerce, and industrial term loan

Economic Purpose-wise Contributions to Bank Advances’ Growth (Private Sector)
FY16-Q3 FY21 (y/y, in percentage point)

1/ Call money rate, 91-Day Treasury Bills rate, and 2-Year Treasury Bonds rate are as on Jun 14th, 2021.
2/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank’s Department of Off-Site Supervision. Sources: Bangladesh Bank; and IMF Staff calculations.
The loan-to-deposit ratio, in May 2021, reached 81.1 percent from 81.6 percent in Apr 2021. During the period, the ratio (excluding government deposits) decreased from 87.4 percent to 86.9 percent.

**Loan-to-Deposit Ratio**

May 2018-May 2021 (in percent)

The CAR of the banking industry, in Mar 2021, reached 11.7 percent from 11.6 percent in Dec 2020. CAR of the state-owned banks (SOBs), in Mar 2021, increased to 6.5 percent from 4.3 percent in Dec 2020 remaining below the regulatory requirement of 10 percent.

**Capital Adequacy Ratio (CAR)**

Dec 2016-Mar 2021 (in percent)

Stressed advances in the banking industry (sum of NPLs, rescheduled and restructured loans), at end-Dec 2018, accounted for 20.5 percent of outstanding loans.

**Non-Performing Loan (NPL) Ratio**

Dec 2014-Dec 2018 (in percent of loans)

Banking sector advances, at end-Q3 FY21, reached Tk. 11,119.4 billion, where private commercial banks and state-owned commercial banks, respectively, comprise 74.8 percent and 19.3 percent.

**Stressed Advances**

Dec 2014-Dec 2018 (in percent of loans)

The 3-mma DSE broad index, turnover, and price volatility have been picking up since end-April 2021.

**Dhaka Stock Market Performance 1/**

Jun 2018-Jun 2021

(3-month moving average)

1/ Due to the COVID-19 pandemic, in Apr 2020 there was no stock market transaction.

Sources: Bangladesh Bank; and IMF Staff calculations