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 (Mar 24, 2020 - Jul 05, 2021)

The vaccination rollout has been slower than expected, reflecting supply delays, with approximately 5.9 million persons having received vaccinations thus far.

Number of registration and people who received vaccination 1/

February 22, 2021 - July 05, 2021 (in Million)

Mobility which increased in May, reflecting a pick-up of economic activity, declined in the end of June.

Community mobility changes 3/
February 2020 - June 2021 (percent change from baseline)

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

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

Monthly remittance inflows, which trended down from September 2020 to February 2021, has started picking up since March.

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

1/ Vaccination data takes into account only the first-dose receivers. As on July 05, 4,293,944 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. 3/ The baseline is the median value, for the corresponding day of the week, during the five-week period 3 Jan-6 Feb 2020.

June 2021 data is as of June 30th, 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.
Bangladesh: Real Sector Developments

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)

- 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 36.2 MMT reflecting the actual production in FY20 (38.7 MMT). Total target for wheat and maize, in FY21, was set at 7 MMT reflecting the outturn of 6.7 MMT in FY20.

**Twelve-month average headline inflation, in May 2021, remained same at 5.6 percent in Apr 2021.**

**Headline inflation, in May 2021, decreased to 5.3 percent from 5.6 percent in Apr 2021. During the same period, food inflation decreased to 4.9 percent from 5.6 percent, while non-food inflation increased to 5.9 percent from 5.6 percent.**

Sources: Bangladesh Bureau of Statistics (BBS); Department of Agriculture Extension, Ministry of Agriculture; Bangladesh Bank; and IMF staff calculations.
Bangladesh: External Sector Developments

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).

Current Account Balance Components 1/
FY16-FY21 (Jul-May) (in billion USD)

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

Major Balance of Payments Components 3/
FY16-FY21 (Jul-May) (y/y growth, in percent)

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.

Exchange Rates
Jun 2018-Jun 2021

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).

Item-wise Contributions to Import Growth 2/
FY17-FY21 (Jul-May), (y/y growth, in percentage points)

Reflecting the pick-up in import payments, international reserve coverage has recently started to decline and is currently at about 7 months of import coverage.

International Reserves 4/
Jun 2018-Jun 2021
(In billion USD, unless otherwise indicated)

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

Sector-wise contributions to total LC opening and settlement

 FY19-FY21 (Jul-Apr) (y/y, in percentage points)

1/ FY21 (Jul-May) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali Bank, Pakistan & deposit with Sonali Bank, UK) minus total liabilities. Total liabilities comprise reserve liabilities in ACU, IMF Trust Fund Account (ECF) and other foreign currency clearing accounts, and deposits of IBRD/IDA, and SDR allocation.

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>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>9.6</td>
<td>3.9</td>
<td>-1.1</td>
</tr>
<tr>
<td>FY17</td>
<td>9.7</td>
<td>4.1</td>
<td>-1.4</td>
</tr>
<tr>
<td>FY18</td>
<td>9.9</td>
<td>4.3</td>
<td>-1.6</td>
</tr>
<tr>
<td>FY19</td>
<td>10.0</td>
<td>4.5</td>
<td>-1.8</td>
</tr>
<tr>
<td>FY20</td>
<td>9.5</td>
<td>4.2</td>
<td>-1.9</td>
</tr>
<tr>
<td>FY21 (Jul-May)</td>
<td>9.0</td>
<td>4.1</td>
<td>-1.8</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>ADP</th>
<th>Subsidies, transfer and net lending</th>
<th>Pay and allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>15.4</td>
<td>2.1</td>
<td>3.1</td>
<td>2.7</td>
<td>1.5</td>
</tr>
<tr>
<td>FY17</td>
<td>15.3</td>
<td>2.0</td>
<td>3.0</td>
<td>2.6</td>
<td>1.4</td>
</tr>
<tr>
<td>FY18</td>
<td>15.2</td>
<td>1.9</td>
<td>3.0</td>
<td>2.5</td>
<td>1.3</td>
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<td>FY19</td>
<td>15.1</td>
<td>1.8</td>
<td>2.9</td>
<td>2.4</td>
<td>1.2</td>
</tr>
<tr>
<td>FY20</td>
<td>15.0</td>
<td>1.7</td>
<td>2.8</td>
<td>2.3</td>
<td>1.1</td>
</tr>
<tr>
<td>FY21 (Jul-May)</td>
<td>14.9</td>
<td>1.6</td>
<td>2.7</td>
<td>2.2</td>
<td>1.0</td>
</tr>
</tbody>
</table>

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.

**Central Government Debt**

Jun 2016-May 2021

(In percent of GDP)

- External debt
- Domestic debt

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-Apr 2021, grew by 23.3 percent (y/y) compared with 11.3 percent (y/y) in Mar 2021, mainly driven by net foreign assets.

Broad money (M2), at end-Apr 2021, grew by 13.1 percent with private sector credit and net foreign assets contributing 6.7 and 6.6 percentage points, respectively, to this growth.

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

Growth of bank advances to the private sector edged down to 9.1 percent in Q3 FY21. The growth 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.

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The loan-to-deposit ratio, in Apr 2021, reached to 81.6 percent from 81.2 percent in Nov 2020. During the period, the ratio (excluding government deposits) increased from 86.9 percent to 87.4 percent.

### Loan-to-Deposit Ratio
**Apr 2018-Apr 2021 (in percent)**

<table>
<thead>
<tr>
<th>Month</th>
<th>Loan-to-deposit ratio</th>
<th>Loan-to-deposit ratio (excl. govt. deposits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 2018</td>
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<td>Jun 2018</td>
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<td>Aug 2018</td>
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<td>Oct 2018</td>
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<td>Dec 2018</td>
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<td>Feb 2019</td>
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<td>Apr 2019</td>
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<td>Jun 2019</td>
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<td>Dec 2020</td>
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<td>Mar 2021</td>
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<tr>
<td>Apr 2021</td>
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</table>

Banking sector's NPL ratio, in Mar 2021, increased to 8.1 percent from 7.7 percent in Dec 2020. In SOBs, the ratio remained same at 20.9 percent, and increased to 5.1 percent (from 4.7 percent) in the case of private commercial banks (PCBs).

### Non-Performing Loan (NPL) Ratio
**Dec 2016-Mar 2021 (in percent of loans)**

<table>
<thead>
<tr>
<th>Month</th>
<th>SOBs</th>
<th>PCBs</th>
<th>FCBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2016</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Dec 2017</td>
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<tr>
<td>Mar 2021</td>
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</tbody>
</table>

Banking sector advance, at end-Q2 FY21, reached Tk.10963 billion, where private commercial banks accounted for Tk. 8199 billion.

### Banking Sector Advance
**FY16- Q2 FY21 (in billion Taka)**

- Foreign commercial banks
- Private commercial banks
- Specialised banks
- State owned commercial banks
- Total

The 3-mma DSE broad index, turnover, and price volatility picked up in May 2021.

### Dhaka Stock Market Performance 1/
**May 2018-May 2021**

(3-month moving average)

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1/ Due to the COVID-19 pandemic, in Apr 2020 there was no stock market transaction.
Sources: Bangladesh Bank; and IMF Staff calculations