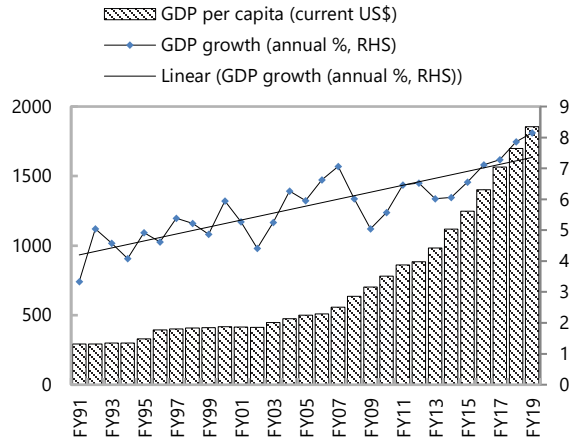


### Bangladesh: Selected Indicators

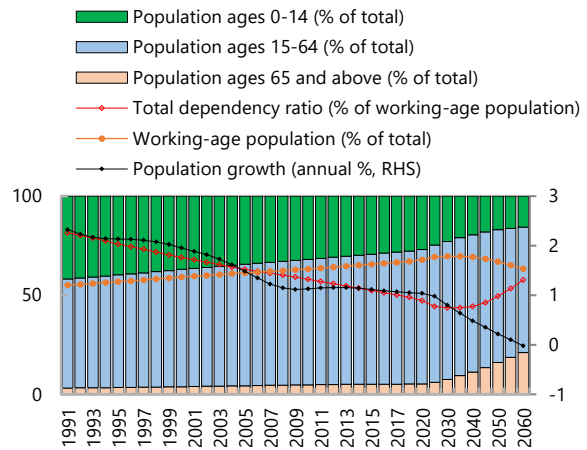
Bangladesh economy maintained an average annual growth rate of close to 7 percent over the last decade, with 8.15% outturn in FY19. In 2019, per capita GDP reached USD 1856 from USD 1698 in 2018

At end-June 2019, annual population growth rate was 1.2%, with population reaching 165.6 million. In 2018, the working-age population (ages 15-64) was 67.1%, while total dependency ratio (population ages below-15 and 65+ per 100 working-age population) was 49%

**Trend of Real GDP Growth and GDP per capita 1/**  
FY91-FY19 (y/y, in percentage points)



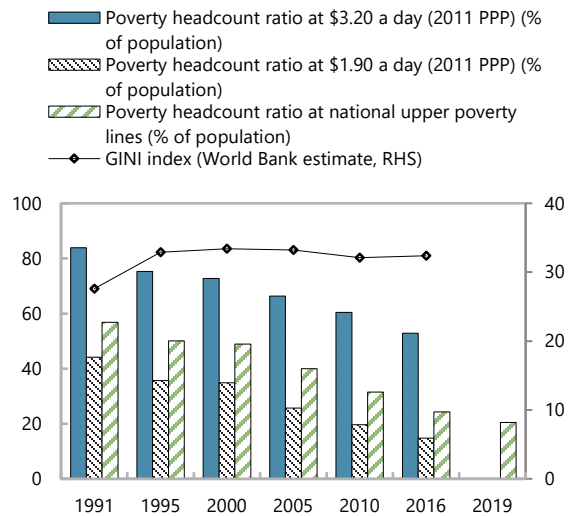
**Trend of Demographic Indicators 2/**  
1991-2060



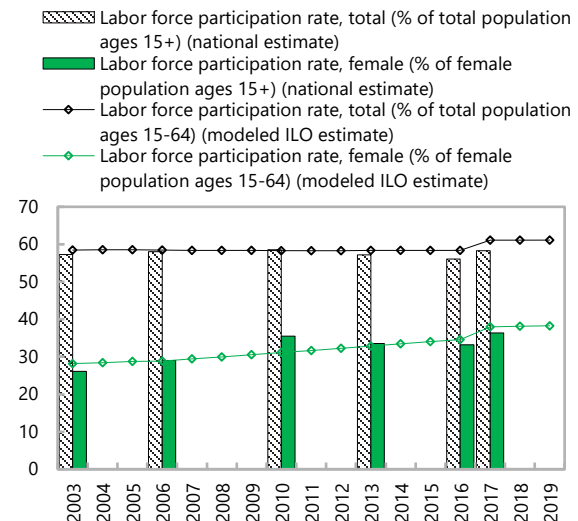
Income poverty incidence (national measure-upper poverty line) came down from 57% in 1991 to an estimated 20.5% at end-June 2019

ILO estimates 61.1% of working-age population are in labor force in 2019; the female participation rate is only 38.3%

**Trend of Poverty Reduction and Gini Index 3, 4/**  
1991-2019



**Trend of Labor Force Participation 5/**  
2003-2019



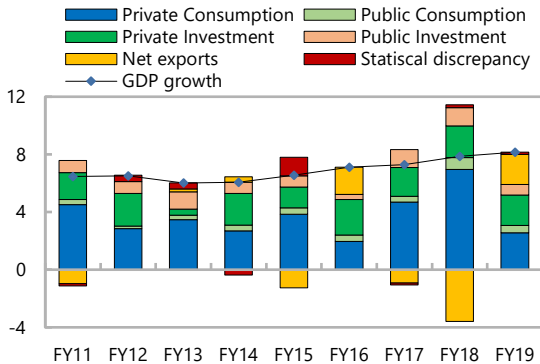
1/ July-June period is considered as fiscal year (FY) in Bangladesh. GDP per capita data are based on calendar year, taken from the WDI. 2/ Projection data from year 2020 are taken from United Nations, Department of Economic and Social Affairs, Population Division (2017). The population growth rates from year 2020 are five-year average growth projections, e.g. year 2020 data indicates average growth rate in 2015-2020. 3/ National measures of poverty for year 1991 and 1995 are taken, respectively, from Household Expenditure Survey 1991-1992 and Household Expenditure Survey 1995-1996. In national measure, up to 1991 a person having an intake of less than 2,122 kilo-calories daily was considered as absolute poor (upper poverty line), and one having an intake of below 1,805 kilo-calories was considered as hard-core poor. Since 1995, the 'Cost of Basic Needs (CBN)' method has been used. 2019 data is as on end of June 2019. 4/ Gini Index ranges from 0 to 100, higher value shows higher inequality. Gini index of 0 means perfect equality. 5/ National estimates of labor force participation rate for 2016 and 2017 are respectively of FY2016 and FY2017.

Sources: Bangladesh Bureau of Statistics (BBS); World Development Indicators (WDI); United Nations, Department of Economic and Social Affairs, Population Division (2017); and IMF staff calculations

## Bangladesh: Real Sector Developments

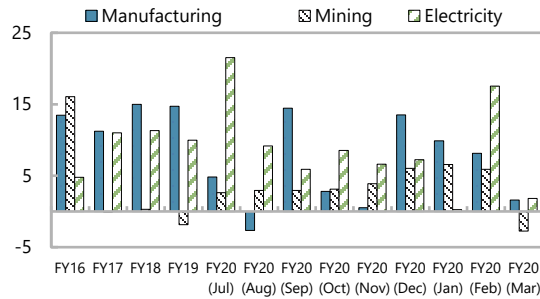
Private consumption and investment, respectively, contributed 2.6 and 2.1 percentage points to 8.15 percent GDP growth in FY19, while public consumption and investment, respectively, contributed 0.5 and 0.7 percentage points. In FY19, contribution of net exports was 2.1 percentage points against negative 3.6 percentage points in FY18

**Contributions to Real GDP Growth**  
FY11-FY19 (y/y, in percentage points)



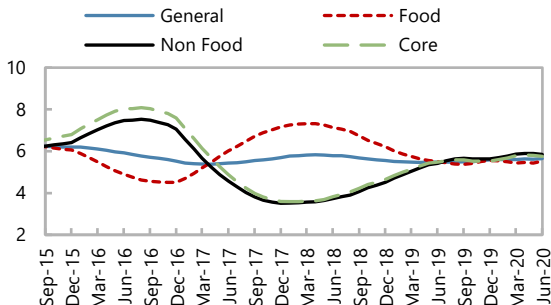
In FY20 Mar, the y/y growth of the quantum index of manufacturing was 1.6%, mining negative 2.7%, and electricity 1.8%

**Quantum Index of Medium and Large-Scale Manufacturing Industries, Mining and Electricity 1/**  
FY16-FY20 (Mar) (y/y growth, in percentage points)



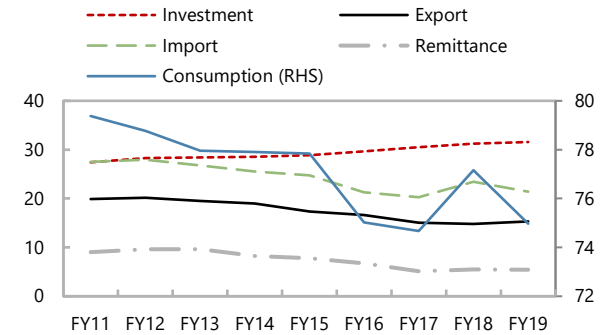
Annual average headline inflation reached 5.7% in Jun 2020, with food inflation edging up, and non-food and core inflation edging down

**Twelve Month Average Inflation**  
Sep 15-Jun 20 (y/y, in percentage points)



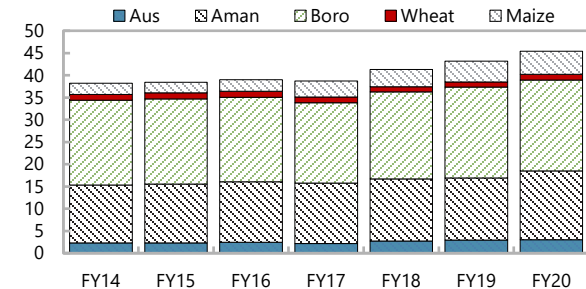
Consumption-GDP ratio edged down at 75% in FY19 from 77.2% in FY18, while investment-GDP ratio edged up from 31.2% to 31.6%

**Selected indicators' Share in Nominal GDP**  
FY11-FY19 (in percentage points)



Rice production target-the sum of Aus, Aman and Boro, is 38.9 MMT for FY20 compared with actual production of 37.3 MMT in FY19. Total target for wheat and maize is 6.5 MMT for FY20 against actual outturn of 5.9 MMT in FY19

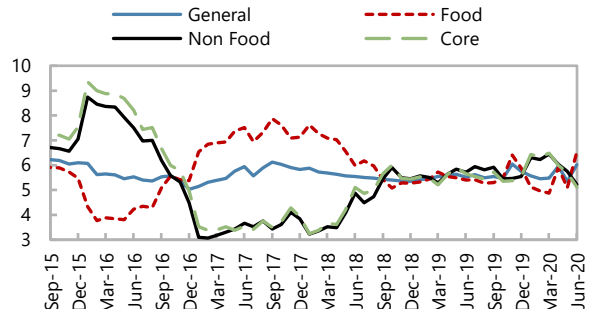
**Major Food Grains Production 2/**  
FY14-FY20 (Million Metric Tons (MMT))



In Jun 2020, y/y food inflation increased to 6.5%. Non-food and core inflation, respectively, declined to 5.2% and 5.1%, settling headline measure at 6% against 5.4% in May 2020

**Point-to-Point Inflation**

Sep 15-Jun 20 (y/y, in percentage points)



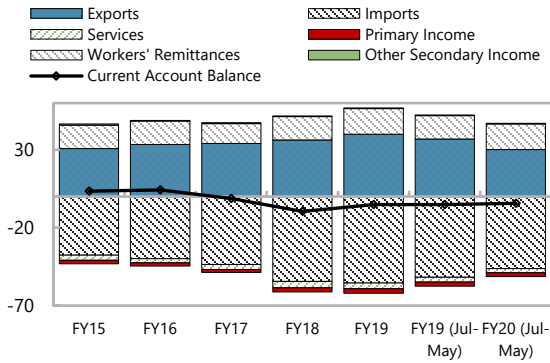
1/ FY20 data are provisional. 2/ FY20 Aus, Aman and wheat data are actual, while Boro and Maize data are the production targets.

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

## Bangladesh: External Sector Developments

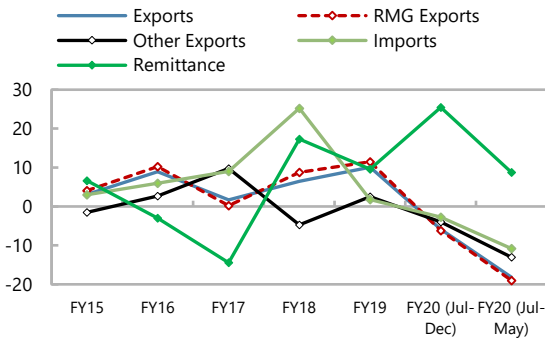
The current account balance yielded a USD 4.4 billion deficit in FY20 (Jul-May), compared to a USD 5.2 billion deficit in FY19 (Jul-May)

**Current Account Balance Components 1/**  
FY15-FY20 (Jul-May) (in billion USD)



In FY20 (Jul-May), remittances-USD 16.4 billion increased by 8.8%, and exports-USD 30.2 billion decreased by 18.2%, while imports-USD 46.2 billion decreased by 10.8%

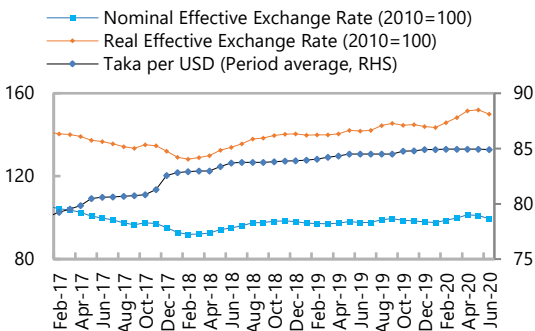
**Major Balance of Payments Components 3/**  
FY15-FY20 (Jul-May) (y/y growth, in percent)



There is an upward trend of the REER since Mar 2018. During this period, the Taka/USD nominal exchange rate depreciated slightly from 83 to 85

### Exchange Rates

Feb 2017-Jun 2020

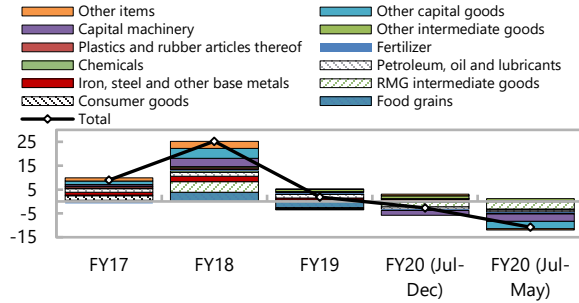


1/ FY20 (Jul-May) data are provisional. 2/ Data are recorded by customs. 3/ Exports and imports are f.o.b. data. 4/ May 2020 data are provisional. Net international reserve (NIR) is gross international reserves (excluding investment on bonds below the grade BBB, Silver Acquisition A/C, deposit with Rupali 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. March 2020 NIR data is as on March 23<sup>rd</sup>.

Sources: Bangladesh Bank; Export Promotion Bureau (EPB); and IMF staff calculations

Capital goods and oil-related products, respectively, contributed negative 6.2 and negative 0.7 percentage points to import growth of negative 10.8% in FY20 (Jul-May), while contribution from food grains and consumer goods was 0.1 percentage points

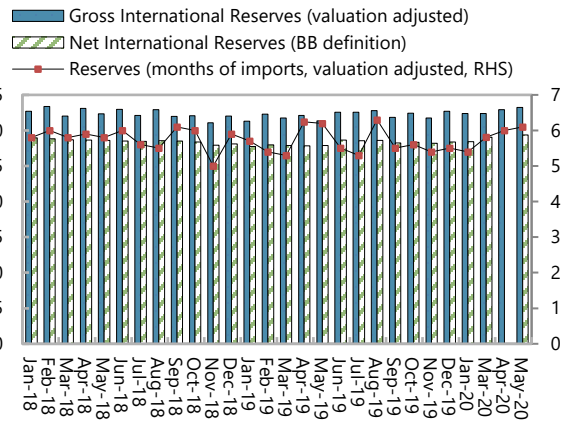
**Item-wise Contributions to Import Growth 2/**  
FY17-FY20 (Jul-May), (y/y growth, in percentage points)



Import months' coverage increased from 5.8 months in Mar 2020 to 6.1 months in May 2020

**International Reserves 4/**  
Jan 2018-May 2020

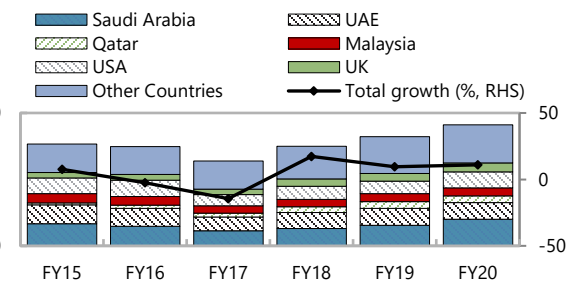
(In billion USD, unless otherwise indicated)



In FY20, y/y remittance inflows increased by 10.9%, amounting to USD 18.2 billion. GCC countries contributed 58% of the inflows

**Contributions to Workers' Remittances**  
FY15-FY20

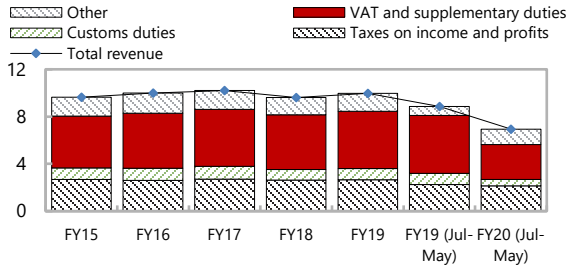
(in billion USD, unless otherwise indicated)



## Bangladesh: Fiscal Sector Developments

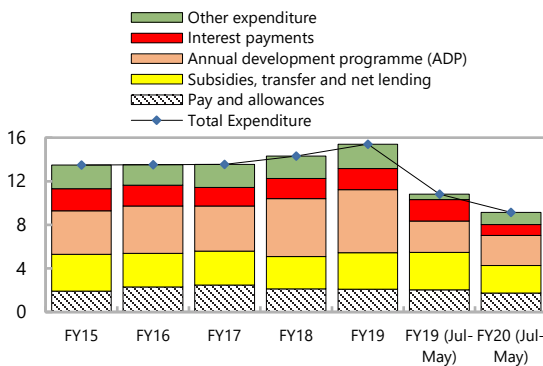
Total revenue-GDP ratio reached 6.9% in FY20 (Jul-May), against 8.9% in FY19 (Jul-May). During this period, the VAT and supplementary duties-GDP ratio came down from 4.9% to 3%

**Central Government Revenue 1/**  
FY15-FY20 (Jul-May) (In percent of GDP)



Total expenditure-GDP ratio reached 9.1% in FY20 (Jul-May), against 10.8% in FY19 (Jul-May). During this period, ADP-GDP ratio decreased from 2.9% to 2.7%

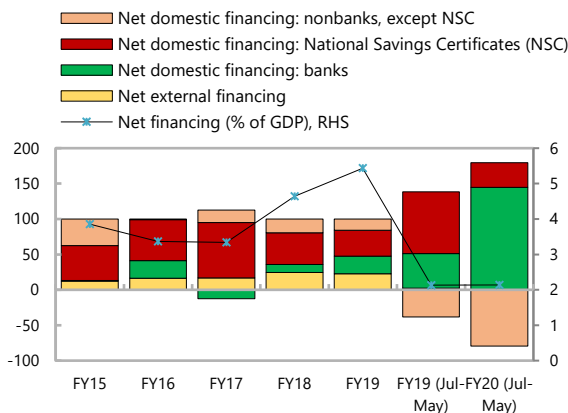
**Central Government Expenditure 1/**  
FY15-FY20 (Jul-May) (In percent of GDP)



In FY20 (Jul-May), domestic sources financed 99.6% of net financing TK. 589.4 billion. During this period, net financing from the banking sector reached 144.2%, while net NSC sales accounted for 35% of net financing

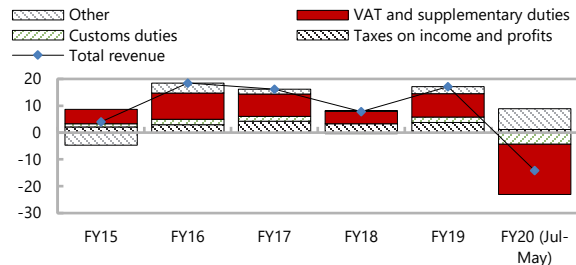
**Fiscal Balance and Sources of Financing 1/**  
FY15-FY20 (Jul-May)

(Percent of net financing, unless otherwise indicated)



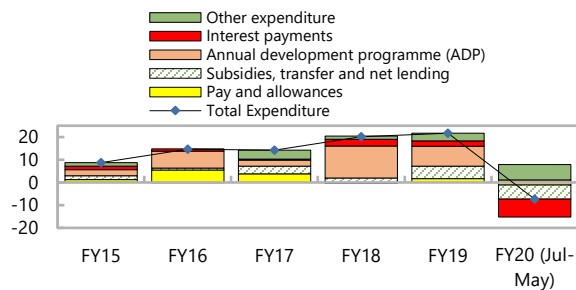
In FY20 (Jul-May), y/y growth of total revenue was negative 14.2%, where VAT and supplementary duties accounted for negative 18.7 percentage points, and customs duties negative 4.3 percentage points

**Contributions to Total Revenue Generation 1/**  
FY15-FY20 (Jul-May) (y/y, in percentage points)



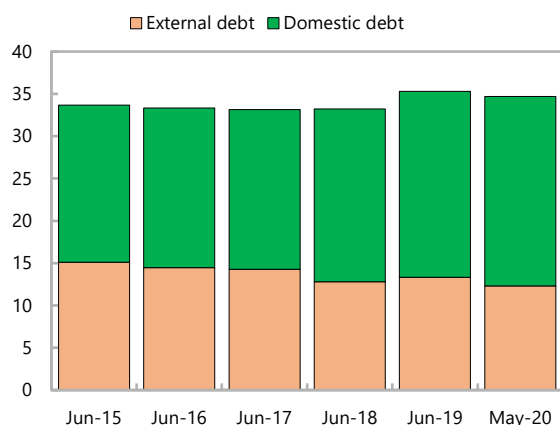
In FY20 (Jul-May), y/y growth of central government expenditure was negative 7.3%, where ADP expenditure contributed 1.1 percentage points, interest payments negative 8 percentage points, and subsidies, transfer, and net lending negative 6.2 percentage points

**Contributions to central government's expenditure growth 1/**  
FY15-FY20 (Jul-May) (y/y, in percentage points)



At end-May 2020, central government debt reached 34.7 percent of GDP, down from 35.3 percent of GDP at end-June 2019

**Central Government Debt 1/**  
Jun 2015-May 2020  
(In percent of GDP)



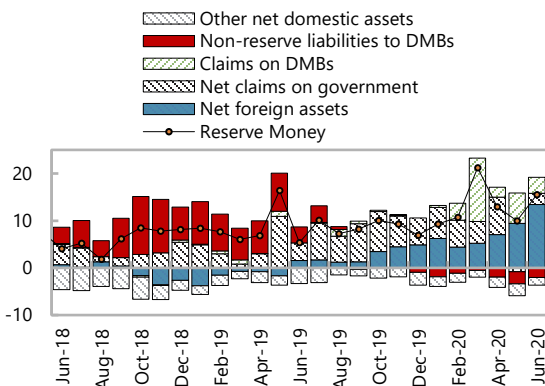
1/ FY20 GDP and fiscal data are provisional. FY20 (Jul-May) GDP data is annualized using actual GDP for FY19, and IMF staff projected real GDP growth of 3.8% in FY20.

Sources: Office of the Controller General of Accounts (CGA), Ministry of Finance; and IMF Staff calculations

## Bangladesh: Monetary and Financial Market Developments

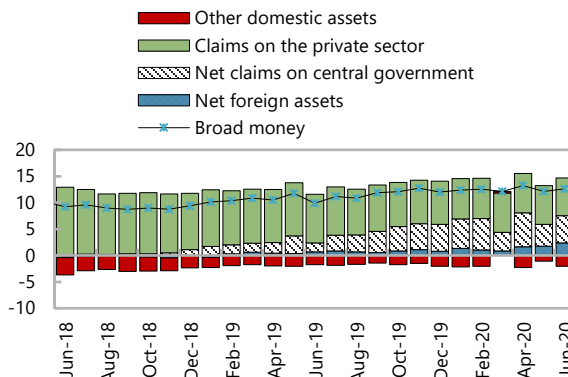
In Jun 2020, y/y reserve money growth was 15.6%, against 10% in May 2020, with, respectively, 2.4 and 13.4 percentage points contributions from net claims on government and net foreign assets

**Contributions to Reserve Money Growth**  
Jun 2018-Jun 2020 (y/y, in percentage points)



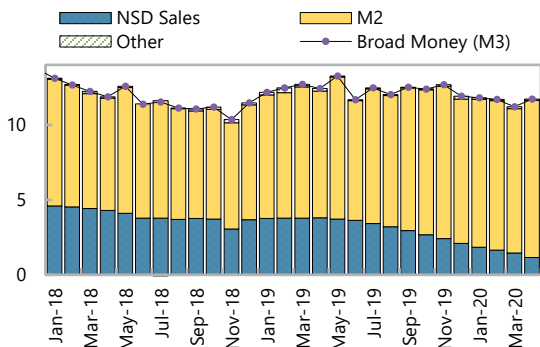
Annual broad money (M2) growth in Jun 2020 was 12.6%, against 12.2% in May 2020, with, respectively, 7.1 and 5.2 percentage points contributions from private sector credit and net claims on central government

**Contributions to Broad Money (M2) Growth**  
Jun 2018-Jun 2020 (y/y, in percentage points)



In Apr 2020, broad money (M3) growth reached 11.7%, with M2 and NSD sales, respectively, accounting for 10.5 and 1.2 percentage points

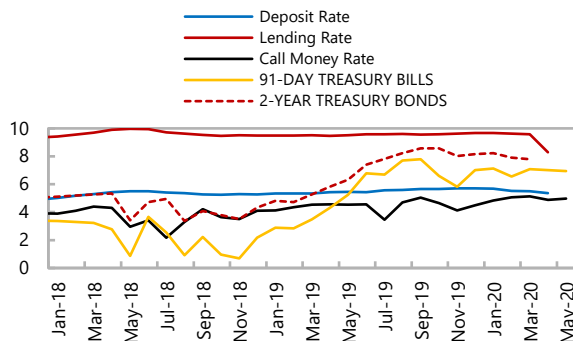
**Contributions to Broad Money (M3) Growth**  
Jan 2018-Apr 2020 (y/y, in percentage points)



Increasing rates of T-Bills/Bonds and inter-bank call money rate reflect some tightening in the money market

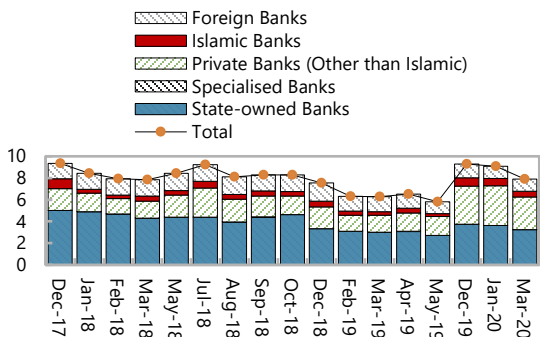
### Interest Rates

Jan 2018-May 2020 (in percentage points)



In Mar 2020, excess liquid assets (as percent of total demand and time liabilities in the industry) reached 7.9%, compared with 9.1% in Jan 2020

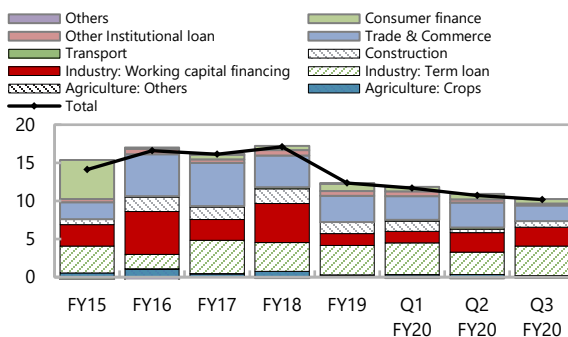
**Excess Liquid Assets (as percent of total time and demand liabilities) 1/, Dec 2017-Mar 2020**



Growth of bank advances to the private sector came down from 12.4% in FY19 to 10.2% at end-Q3 FY20

**Economic Purpose-wise Contributions to Bank Advances' Growth (Private Sector)**

FY15-Q3 FY20 (y/y, in percentage point)

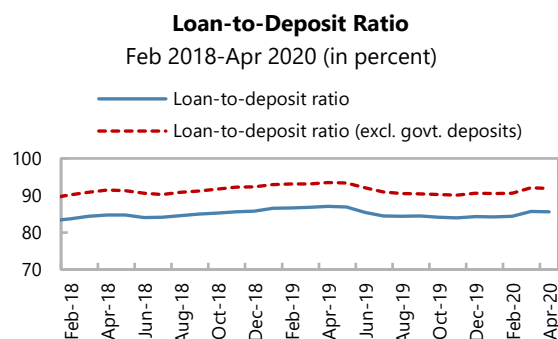


1/ Excess Liquidity is statutory liquidity eligible liquid assets of banks minus statutory liquidity (excluding cash reserve). Excess Reserve is balance with Bangladesh Bank in local currency minus required cash reserve. These are provisional data taken from Bangladesh Bank's Department of Off-Site Supervision.

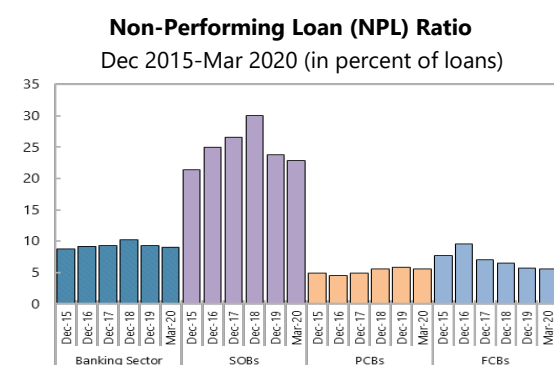
Sources: Bangladesh Bank; and IMF Staff calculations

## Bangladesh: Monetary and Financial Market Developments... Contd.

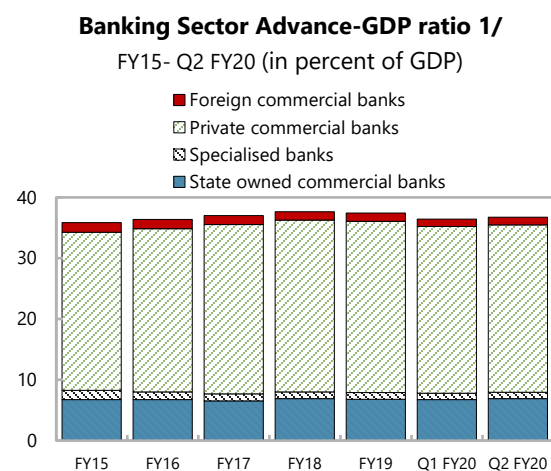
The loan-to-deposit ratio increased to 85.6% in Apr 2020 from 84% in Nov 2019. During the period, the ratio excluding government deposits increased from 90.1% to 91.9%



In Mar 2020, banking sector's NPL ratio reached 9% from 9.3% in Dec 2019. In the case of SOBs, the ratio came down from 23.9% to 22.8%, and for the private commercial banks (PCBs), it decreased from 5.8% to 5.6%

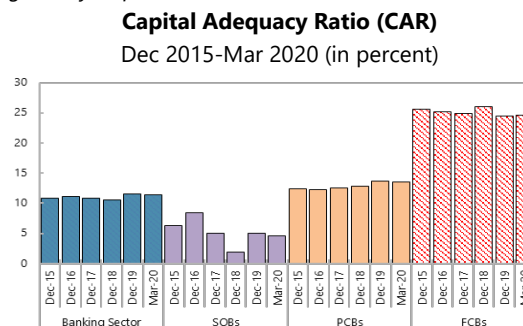


Banking sector's advance-GDP ratio reached 37.4% at end-FY19 against 37.6% at end-FY18, which came down to 36.7% at end-Q2 FY20

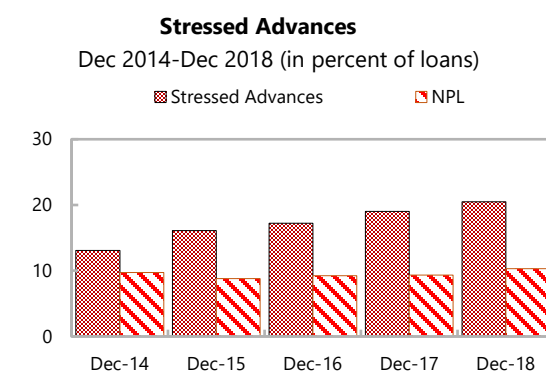


1/ Q2 FY20 data are provisional. Two of the four specialised banks became state-owned commercial banks in FY15.  
Sources: Bangladesh Bank; and IMF Staff calculations

At Mar 2020, CAR of the banking industry reached 11.4 percent. CAR of the state-owned banks (SOBs) decreased to 4.6% in Mar 2020 from 5% in Dec 2019, remaining below the regulatory requirement of 10%



Stressed advances in the banking industry-the sum of NPLs, rescheduled and restructured loans- accounted for 20.5% of outstanding loans in Dec 2018



The 3-mma DSE Broad index has been falling since Apr 2019, reaching the lowest in Mar 2020

