

Bangladesh Bank **Quarterly**

July-September, 2022

Volume XX, No. 1



Bangladesh Bank Quarterly

Editor : **Dr. Md. Habibur Rahman**
Chief Economist

Co-Editor: **Rokeya Khatun**
Director

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Desktop publishing, web-hosting and distribution

Systems Manager, Information Systems Development and Support Department
Director, Department of Communication and Publications

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of the publication. Comments and suggestions may be sent to:

rokeya.khatun@bb.org.bd or gm.ceu@bb.org.bd

Website: www.bb.org.bd

মুজিববর্ষের অঙ্গীকার
দেশী পণ্যের ব্যবহার

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Economic and Financial Developments

Executive Summary

The prolonged Russia-Ukraine war-induced global supply chain disruption and volatility in commodity markets continued to have spillover effects on the robust post-pandemic recovery of Bangladesh economy. Consequently, the real GDP growth target adjusted downward to 6.50 percent from the earlier forecast of 7.50 percent for FY23. In coordination with relevant stockholders, Bangladesh Bank has been extending various supportive policy measures to sustain the economic recovery momentum. The Bangladesh economy has maintained a broad-based growth performance during the first quarter of FY23, aided by favorable outcomes in agriculture, industry, and service sectors with some discomforts in the external sector development and internal price situation.

Headline CPI inflation (point-to-point) increased significantly to 9.10 percent in September 2022 from 7.56 percent in June 2022. The rise in inflation was prominent in both food, and non-food inflation, originating mainly from rising global commodity price-induced import costs and significant depreciation of BDT against USD. Twelve-month average CPI inflation increased from 6.15 percent in June 2022 to 6.96 percent in September 2022.

The current account deficit (CAD) went down to USD 3.61 billion in Q1FY23 on the back of a receding trade deficit due to the depreciation of the exchange rate and several policy initiatives for increasing export and remittance inflows while limiting luxury and unnecessary imports. Nonetheless, a decline in the financial account surplus resulted in a rise in the overall balance of payments deficit to USD 3.45 billion, which exerted considerable depreciating pressure on the exchange rate during this period. To reduce excessive volatility in the exchange rate, Bangladesh Bank sold USD 3.6 billion during Q1FY23, which resulted in a decline in gross official foreign exchange reserve to 36.48 billion at the end of September 2022.

Broad money growth slowed to 8.64 percent at the end of Q1FY23 compared to 11.19 percent during the same period of the previous year, mainly driven by the contraction in the Net Foreign Asset (NFA). A rise in domestic credit growth amid falling bank deposit growth contributed to a decline in liquidity in the banking system. Consequently, interest rates in the call money and inter-bank repo markets rose markedly. In contrast, retail market interest rates increased marginally in Q1FY23.

The capital market witnessed some marginal gain in Q1FY23 compared to the last quarter, reflected in an upward nudge in price indices, market capitalization, price-earnings ratio, liquidity condition, and turnover. This performance can be attributed to the initiatives taken by the Bangladesh Securities and Exchange Commission and Bangladesh Bank to strengthen the investor's confidence in the capital market of Bangladesh.

The overall fiscal performance in Q1FY23 maintained a mixed condition compared to Q1FY22, reflected in higher revenue mobilization and government expenditure. The increase in revenue

collections caused the budget deficit to narrow down this quarter. Domestic sources contributed mainly to the deficit financing, of which a large share came from the banking sector.

Given the current external and internal macroeconomic challenges, Bangladesh's growth performance is expected to be moderated marginally in FY23. Ongoing uncertainties could emerge due to the slowdown of major economies and overshooting cost-of-living driven by persistent and increasing inflationary pressures. The significant depreciation of BDT, upward movements of interest rates in the advanced and emerging market economies, and tight global financial condition might lift the cost of foreign borrowings and debt burden. However, the current depreciation of BDT and several policy initiatives for increasing exports and remittance inflows and limiting luxury and unnecessary imports are expected to help improve the current account balance and stabilize the exchange rates of BDT in the coming months.

I. Real Economy

1.1 The robust post-pandemic recovery of the Bangladesh economy has been facing several challenges towards sustaining its growth momentum as the Russia-Ukraine war and the resulting supply-chain disruptions and volatility in international commodities markets weakened the growth prospects. However, the economy managed the real GDP to grow at 7.25 percent in FY22, according to the provisional estimates of the Bangladesh Bureau of Statistics (BBS) (Chart I.1). In the midst of ongoing uncertainties, the government and Bangladesh Bank (BB) have continued supportive policy measures to sustain the growth momentum, while controlling inflation at tolerable levels. During the first quarter of FY23, the Bangladesh economy has maintained a broad-based growth performance aided by the favorable growth in agriculture, industry and service sectors.

Chart I.1: Growth of Real GDP and Per Capita GNI

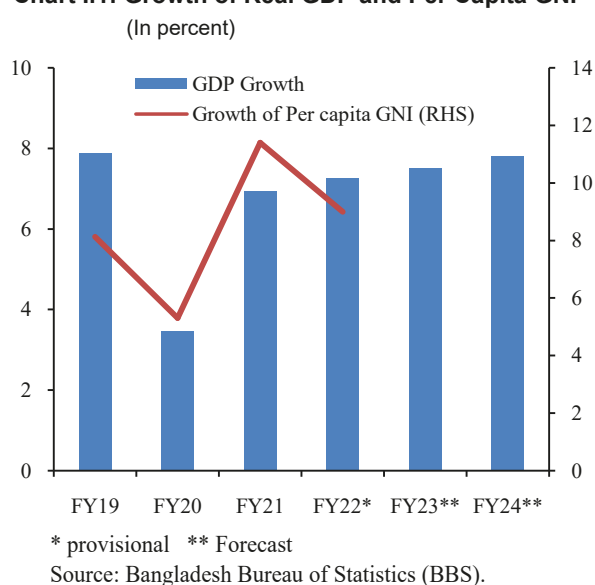
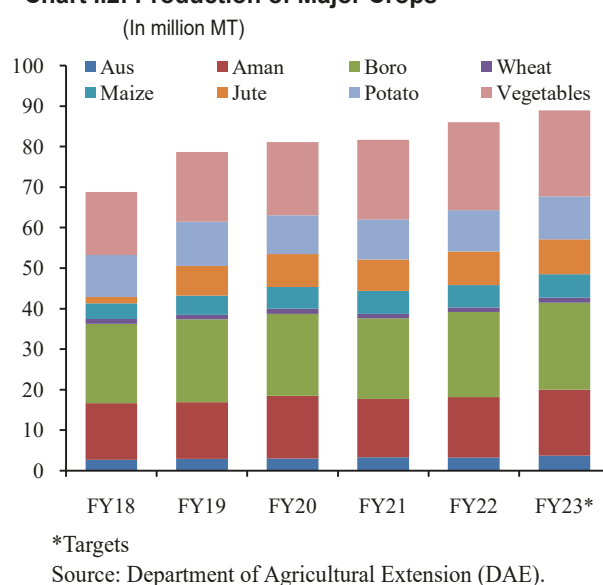


Chart I.2: Production of Major Crops

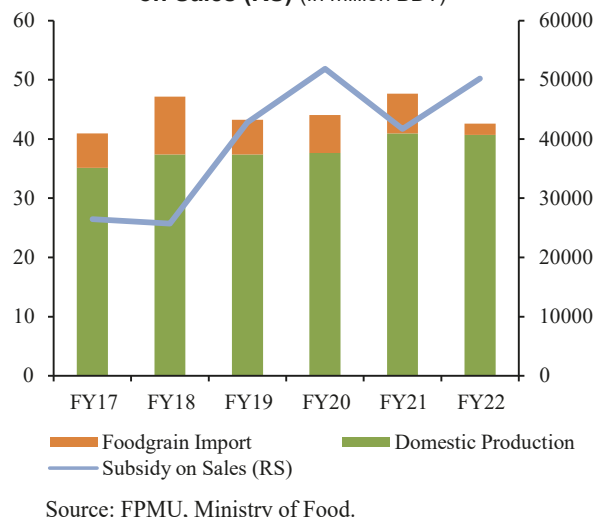


1.2 Following the resilient growth performance on the face of multiple natural disasters during FY22, the Department of Agricultural Extension (DAE) has set healthy growth targets for major crops for FY23. On the other hand, higher cultivation area, better market prices, favorable weather conditions, and improved crop management practices would expectedly expand agricultural output in the ongoing fiscal year. All the major rice variants such as *Aus*, *Aman*, and *Boro* are expected to grow by 13.73, 9.27, and 2.65 percent in FY23 compared to those of FY22, respectively. Besides, production of non-rice crops is also expected to be higher, hinging upon growth targets of wheat (6.86 percent), potato (4.05 percent), jute (3.36 percent), and onion (2.98 percent) aided by favorable market conditions, low-cost financing, subsidies, agricultural mechanization, and rising cropping intensity (Chart I.2).

According to the Food Planning and Monitoring Unit (FPMU), local market observed a slight increase of rice price (5.2 percent) and a sharp increase of wheat price (14.90 percent) in real terms during this period under observation. Bangladesh government has been taking wide array of measures to cushion the price volatilities while safeguarding vulnerable groups of people.

To tackle any adverse situation, government budgeted food grain importation for FY23 is 0.7 MMT, of which rice is 0.2 MMT and wheat is 0.5 MMT. Almost all imported wheat will go toward public food distribution system (PFDS). Additionally, under the extended support measures, PFDS distributed 3.08 MMT of food grains in FY22 which was 34 percent higher than that of the previous fiscal year. According to the FY23 food budget, the total PFDS target is 3.10 MMT, of which 2.37 MMT is rice and 0.73 MMT is wheat. During Q1FY23, public and private sector imported 0.50 MMT food grains and public food distribution was 0.61 MMT. Accordingly, the government has also increased the subsidy on sales of food grains in FY22 which continued in this ongoing fiscal year¹ (Chart I.3).

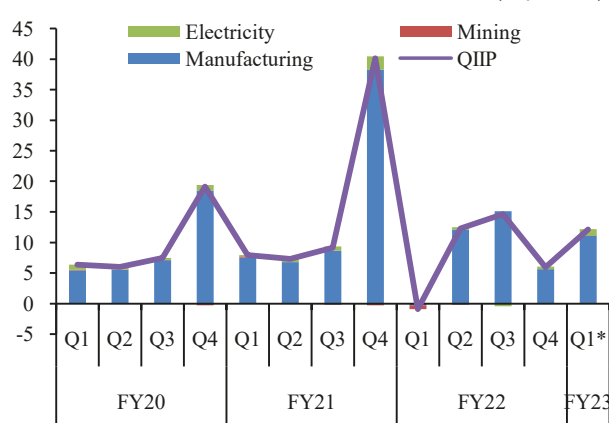
Chart I.3: Total Domestic Food Grain Production and Import (In MMT) and Total Subsidy on Sales (RS) (In million BDT)



Since Russia and Ukraine were the major source for wheat and fertilizer import of Bangladesh, imports of those were affected by the ongoing war. However, Bangladesh government has taken timely measures to diversify the sources of imports and successfully evade the possible impacts to a great extent. The banking system has also ensured adequate support measures for the agriculture sector reflected by the 15.41 percent credit growth in this sector at the end of this quarter compared to the same period last year. Besides, to ensure food security in the country in case of any global food catastrophe, Bangladesh Bank formed 50 billion BDT refinance scheme as a low-cost loan access for farmers.

1.3 Provisional estimates of the BBS for the first month of FY23 showed that activities in the industrial sector remained elevated since Quantum Index of Industrial Production (QIIP) observed 12.16 percent growth in July as compared to the same month last year on the back of unfavorable global business situation. This healthy growth was mostly derived from 12.19 percent growth of production in the medium and large-scale manufacturing industries and 14.00 percent growth of electricity production. Growth in medium and large-scale industrial output was primarily driven by increases in the production of wearing apparel (22.05 percent), textile (4.77 percent), food products (8.88 percent), pharmaceuticals

Chart I.4: Growth Decomposition of Quantum Index of Industrial Production (In percent)



*Based on data available for July 2022.

Source: BB Staff's calculation based on BBS data.

¹ Bangladesh Food Situation Report, Volume-130, July-September, 2022, FPMU, Ministry of Food.

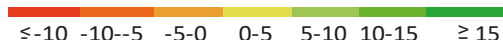
(8.08 percent), non-metallic mineral product (11.79 percent), basic metal (10.79 percent) and motor vehicles and trailers (318.57 percent) (Chart I.4).

Chart I.5: Heat Map for Large and Medium Scale Manufacturing Output Growth (In percent)

	Weight	FY21				FY22				FY23
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1*
General Index of Manufacturing	100	8.3	7.3	14.2	46.8	14.4	13.3	11.4	3.1	12.2
Food products	10.8	-4	6	8	14	11	-14	-23	-25	9
Beverage	0.3	11	13	71	160	52	89	52	54	24
Tobacco product	2.9	-11	-7	-9	-15	-9	-15	-14	-23	0
Textile	14.1	17	6	21	50	26	25	5	-9	5
Wearing apparel	34.8	3	-4	3	106	17	42	48	33	22
Leather and related product	4.4	63	35	78	116	47	-26	-37	-46	-1
Wood and product of wood and cork	0.3	5	41	26	12	16	-15	-10	-5	-15
Paper and paper products	0.3	14	-7	17	-11	14	68	56	108	17
Printing and recorded media	1.8	11	16	10	3	-3	-11	-9	-5	-1
Coke and refined petroleum product	1.3	-6	83	103	171	14	-39	3	-5	2
Chemical and chemical product	3.7	43	8	12	15	-24	-10	0	18	26
Pharmaceuticals products	8.2	14	14	21	19	12	18	10	6	8
Rubber and plastic products	1.6	-8	-8	-8	6	-7	-7	27	27	0
Non-metallic mineral product	7.1	5	9	16	31	14	3	5	-6	12
Basic metal	3.2	-15	2	-5	65	24	14	18	17	11
Fabricated metal product	2.3	47	51	37	33	-22	-28	-30	-23	-16
Computer and electronic products	0.2	-11	-19	-1	143	-14	2	-4	-19	-3
Electrical equipments	0.7	121	249	254	92	-39	-56	-60	-38	2
Machinery and equipments	0.2	3	2	0	3	-1	1	4	6	5
Motor vehicles and trailers	0.1	-61	-64	-13	114	105	480	150	161	319
Transport equipment	0.7	13	4	12	31	-1	-6	-3	-54	-42
Furniture	0.9	-16	-5	18	19	-13	-4	-21	-10	3

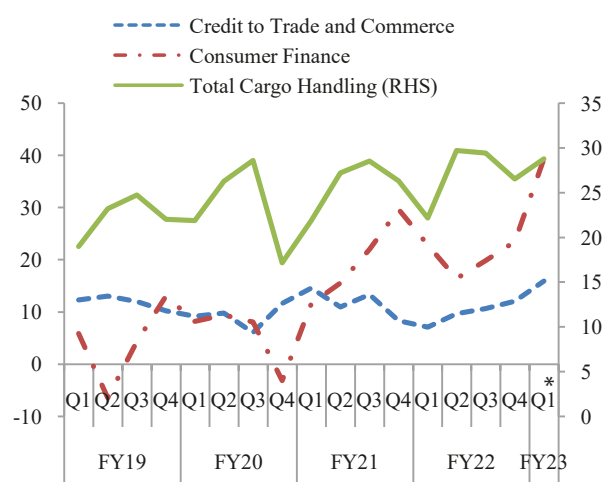
*Based on data available for July, 2022.

Source: BB staff's calculation based on BBS data.



I.4 Upward trend in the service sector related activities was observed in the first quarter of FY23 as measured by various proxy indicators. The service sector benefited from the notable growth in the commodity-producing sectors and international trade and commerce. In Q1FY23, significant growth was observed in credit flows to various service sector related sub-sectors. Credit to consumer finance, and trade and commerce increased by 39.38 percent (y-o-y) and 15.94 percent (y-o-y), respectively. Meanwhile, total cargo handling through Chattogram port remained significantly high in this quarter registering 30 percent growth (y-o-y) on the back of import restrictions and increased cargo

Chart I.6: Growth of Credit to Trade and Commerce and Consumer Finance (In percent) and Total Cargo Handled by Chattogram Port (In MMT)



* Credit to Trade and Commerce and Consumer Finance data are Provisional.

Source: Bangladesh Bank and Chattogram Port Authority.

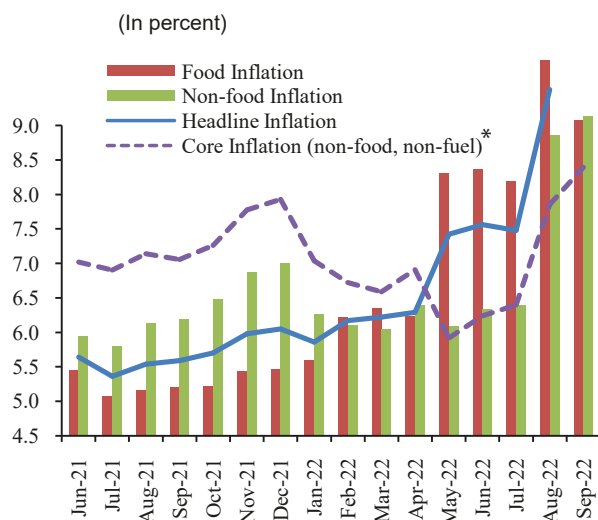
freights globally (Chart I.6). Overall, although the prevailing global uncertainties could have non-trivial repercussions on the sector, it is anticipated that positive developments in the external sector together with advances in related local industries, and government policy supports will trickle down to the operations of the service sector.

I.5 Going forward, the Bangladesh economy is expected to remain broadly stable during FY23 hinging upon pro-active and timely measures of the government and BB to ensure adequate agriculture production, industrial output, and service sector activities. However, the continuous unrelenting challenges of the global economy due to the ongoing Russia-Ukraine war, overshooting cost-of-living driven by persistent and increasing inflation pressures, and slowdown of major economies may have some negative externalities over the Bangladesh economy. However, the country has already begun to diversify the sources of wheat and fertilizer imports to protect itself from the prolonged effects of the conflict between Russia and Ukraine which may support sustainable growth in agricultural sector and food security. Policy makers should continue to remain vigilant and work on various alternative policy options to sustain against any adverse global economic shock.

II. Price

2.1 The headline CPI inflation persisted at elevated levels in Q1FY23, mostly driven by lingering global supply shocks originated from prolonged effect of Ukraine-Russia war, increase in imported food prices, and depreciation of domestic currency. The point-to-point inflation (headline) inched up to 9.52 percent in August 2022, the highest since November 2011 before it downturned slightly to 9.10 percent in September 2022. The increase in headline inflation was mostly broad-based, reflected by the rising trend in food non-food and core inflation. Overall, more than 80 percent of the items in the CPI basket experienced inflation above 7.50 percent during Q1FY23 reflecting rebounding domestic demand, in part, and rising import costs, to a large extent, impacted by two major trends such as global commodity price hikes and significant depreciation of BDT against USD. Strong domestic demand, coupled with persistent supply shocks also resulted the core inflation to rise to 8.39 percent in September 2022 from 6.24 percent in June 2022 (Chart II.1). The 12-month average CPI inflation also continued to increase from 6.15 percent in June 2022 to 6.96 percent in September 2022 (Chart II.2). Besides, the inflation momentum remained strongly positive, with month-on-month increases of 3.88 percent in August 2022² and 2.14 percent in September 2022 (Chart II.3).

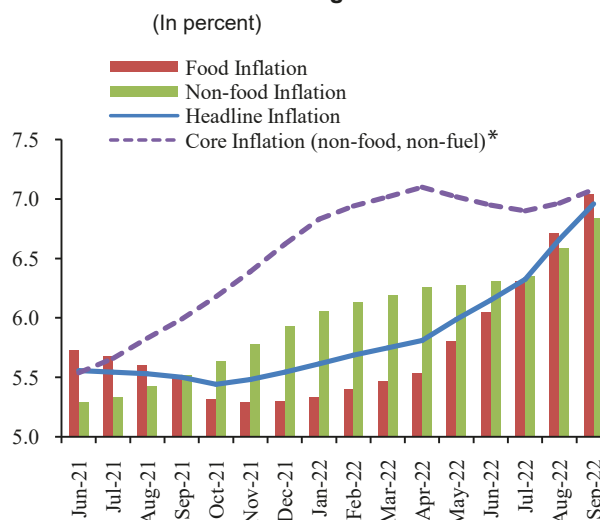
Chart II.1: Point-to-Point CPI Inflation



Source: Bangladesh Bureau of statistics.

*Core inflation is calculated by Research Department of BB using BBS data.

Chart II.2: 12-Month Average CPI Inflation



Source: Bangladesh Bureau of statistics.

*Core inflation is calculated by Research Department of BB using BBS data.

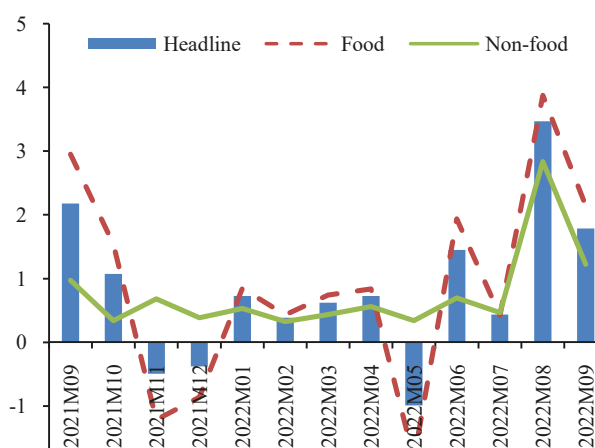
2.2 Point-to-point food inflation continued to uptick at 9.08 percent at the end of Q1FY23 as compared to 8.37 percent at the end of Q4FY22, while the inflation reached a high of 9.94 percent in August 2022. The price increase in food group in Q1FY23 was broad-based across most of the food items in the CPI basket.

² Change in annual inflation rate for two consecutive months $\approx$ Base effect + Momentum effect. Momentum refers to the contribution to the change in the annual inflation rate from the month-on-month rate of change in the current year, i.e. $\ln(p_t) - \ln(p_{t-1})$. While the contribution to the change in the annual inflation rate from the month-on-month rate of change one year earlier refers to base effect, i.e. $\ln(p_{t-12}) - \ln(p_{t-13})$.

Among the food items, cereals other than rice, eggs and meat, vegetables, fruits, spices, edible oils & fats, beverages and miscellaneous food items experienced more than 10.0 percent inflation. However, price changes in fruits and spices noted fresh rise in this quarter while they were low or in the negative territory in the last several quarters. Rice prices decelerated to 4.81 percent in the last month of this quarter from 9.10 percent in the last month of the previous quarter (Chart II.4). In addition to impact of longer-than-expected Russia-Ukraine war, recent adjustment of diesel and petrol prices was mostly responsible for the revitalization of CPI food inflation. Decomposition of food inflation data show that prices of cereals especially cereals other than rice price maintained a significant contribution to inflation development in Q4FY22. Moreover, eggs and meats, fish, vegetables, spices, edible oils and fats also had substantial aid to the food inflation momentum (Chart II.3 & II.5).

Chart II.3 Inflation Momentum

(In percent)



Source: BB staff's calculation based on BBS data.

Chart II.4: Point-to-point Inflation Heat Map (In percent)

	WEIGHTS	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Headline	100.00	5.59	5.70	5.98	6.05	5.86	6.17	6.22	6.29	7.42	7.56	7.48	9.52	9.10
Food, Beverage and Tobacco	56.18	5.2	5.2	5.4	5.5	5.6	6.2	6.3	6.2	8.3	8.4	8.2	9.9	9.1
1. Food	52.17	4.3	3.4	3.6	3.6	3.6	4.9	4.7	4.6	7.7	8.2	8.2	10.3	9.1
(a) Cereals	21.62	14.4	11.1	10.7	8.6	4.8	3.5	2.0	1.7	11.0	9.3	9.4	6.1	5.2
(i) Rice	20.31	14.8	11.1	10.8	8.6	4.7	3.4	1.7	1.5	10.9	9.1	9.1	5.7	4.8
(ii) Other Cereals	1.30	7.2	10.7	8.3	8.8	5.1	6.0	7.8	6.2	12.5	14.3	14.1	13.4	13.8
(b) Pulses:	1.51	8.2	5.2	-0.3	2.0	4.1	2.1	0.8	2.0	3.1	5.1	4.8	6.0	5.8
(c) Fish (fresh) & dry fish	6.98	-2.8	8.7	8.2	6.9	5.7	6.4	7.9	4.0	5.0	2.1	1.5	6.2	8.3
(d) Eggs and Meat	4.94	5.9	7.5	5.7	6.4	5.4	4.4	4.9	7.8	11.1	11.4	10.1	14.9	14.2
(e) Vegetable	4.78	-11.5	-21.6	-19.3	-13.5	0.5	18.6	17.0	12.6	2.9	13.0	14.9	11.4	11.2
(f) Fruits	1.85	-4.3	-2.0	-4.7	-6.2	-8.4	-11.5	-6.5	-2.3	-3.1	-7.8	-3.8	15.3	17.5
(g) Spices	4.29	-6.7	-5.1	-4.8	-6.8	-3.8	-0.5	-2.4	1.4	-2.3	1.2	2.4	19.6	9.8
(h) Edible oils & fats	1.93	22.7	23.1	23.1	24.4	15.3	17.8	21.5	23.0	31.8	31.1	21.8	25.3	25.5
(i) Milk and milk products	2.05	7.8	7.5	4.2	3.0	2.9	1.8	4.7	3.9	1.8	3.7	4.6	7.3	1.8
(j) Miscellaneous food items	2.24	1.3	5.4	14.6	14.1	9.6	7.6	8.4	9.2	11.5	14.1	13.7	17.2	16.5
2. Beverage	1.34	61.3	62.7	64.6	67.7	80.2	69.9	77.4	64.3	38.6	20.6	18.8	17.0	17.1
3. Tobacco & Products	2.67	4.7	15.2	14.7	14.1	13.2	7.7	10.4	11.2	5.8	7.3	6.0	4.5	6.2
Non-food	43.82	6.2	6.5	6.9	7.0	6.3	6.1	6.0	6.4	6.1	6.3	6.4	8.8	9.1
I. Clothing and Footwear	6.84	7.3	7.5	8.2	9.3	6.8	7.1	7.1	7.9	8.0	8.2	8.4	7.7	7.5
II. Rent, Fuel & Lighting	14.88	1.2	1.6	1.7	1.7	1.5	1.9	2.0	2.3	2.5	3.9	3.9	8.4	7.6
III. Household Furniture, operations and repairing	4.73	8.0	8.0	7.7	7.8	7.8	7.5	6.9	6.9	7.3	7.1	6.9	7.7	7.8
IV. Medical Care & Health Expenses	3.47	2.6	2.6	2.6	2.4	1.8	1.1	1.1	1.2	1.4	1.5	1.5	10.9	15.9
V. Transport and Communication	5.80	15.6	16.5	18.7	18.4	17.4	16.6	16.0	16.2	16.4	9.3	8.3	10.4	11.2
VI. Recreation & Educational Expenses	4.28	4.0	4.1	4.3	4.6	4.6	4.4	4.6	5.4	5.9	7.0	7.5	8.1	7.4
VII. Miscellaneous Goods & Services	3.82	9.0	9.1	8.8	8.2	7.3	6.1	6.3	6.8	7.1	7.8	9.5	10.4	11.4

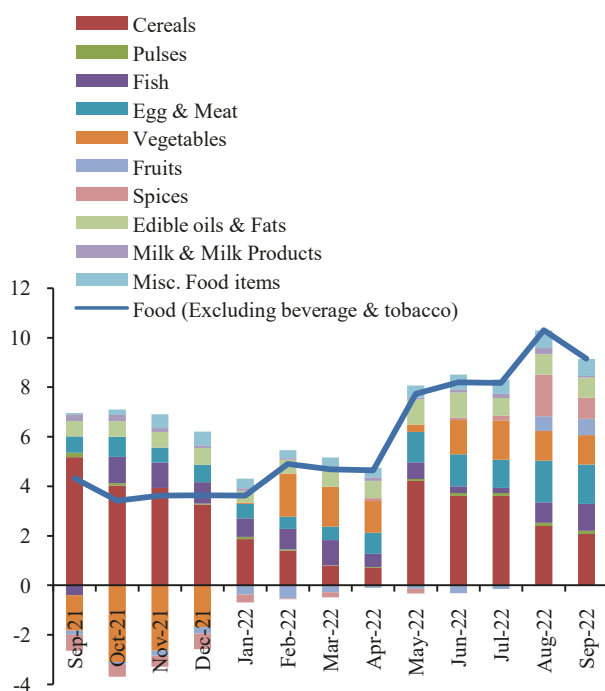
Source: BB staff's calculation based on BBS data.



2.3 Non-food inflation continued to surge since May 2022 and reached 9.13 percent in September 2022, mostly driven by price hike in rent, fuel and lighting, medical care and health expenses, recreational and educational expenses and miscellaneous goods and services. Rent,

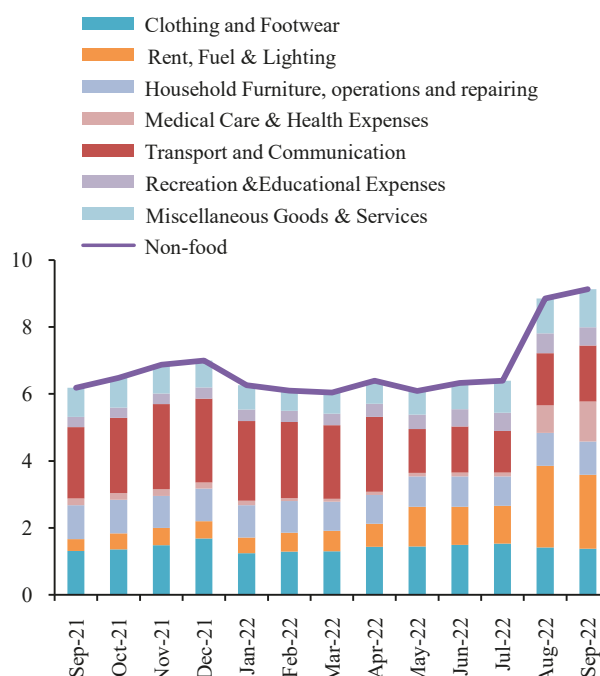
fuel and lighting prices, medical care and health expenses, recreational and educational expenses and prices of miscellaneous goods and services increased to 7.6 percent, 15.9 percent, 7.4 percent and 11.4 percent respectively in September 2022 from 3.9 percent, 1.5 percent, 7.0 percent and 7.8 percent respectively in June 2022. Prices of transport and communication, clothing and footwear, and household furniture, operations and repairing continued its upward trend in this quarter. (Chart II.4). On the contribution side, rent, fuel and lighting contributed the most to the non-food inflation with 2.21 percent in the last month of the quarter. The second largest share came from transport and communication (1.68 percent) followed by clothing and footwear (1.37 percent) and medical care and health expenses (1.19 percent) (Chart II.6).

Chart II.5: Decomposition of CPI Food (excluding beverage and tobacco) Inflation (In percent)



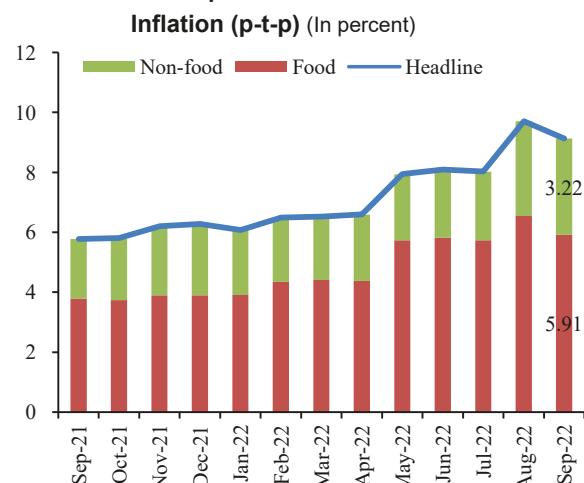
Source: BB staff's calculation based on BBS data

Chart II.6: Decomposition of CPI Non-food Inflation (In percent)

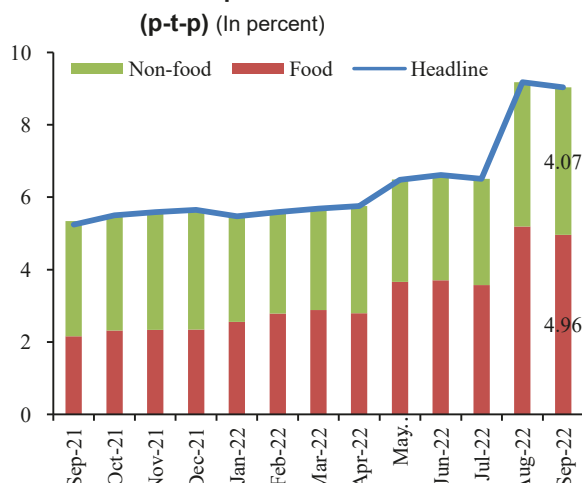


Source: BB staff's calculation based on BBS data

2.4 Although both rural and urban areas witnessed significant rise in headline inflation, the later experienced a notable increase. Point-to-point CPI inflation in rural and urban areas rose to 9.13 percent and 9.03 percent in September 2022 from 8.09 percent and 6.62 percent in June 2022. Rural and urban food inflation reached to the recent highs of 9.98 percent and 9.87 percent in the mid of this quarter and then slightly fell to 8.95 percent and 9.36 percent in September 2022, respectively. On the other hand, non-food inflation in both rural and urban areas increased to 9.48 percent and 8.66 percent in this quarter from 6.51 percent and 6.08 percent in the last quarter of FY22, respectively. Both food and non-food prices simultaneously contributed to the inflation momentum of both the areas. Food contributed the most in rural areas (5.91 percent) than non-food (3.22 percent) while in urban areas food and non-food inflation contributed in almost same proportion, 4.96 percent and 4.07 percent respectively (Chart II.7 & II.8).

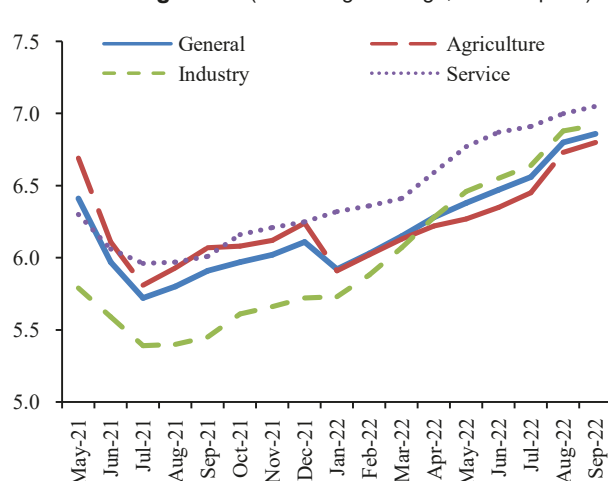
Chart II.7: Decomposition of Rural CPI

Source: Bangladesh Bureau of statistics.

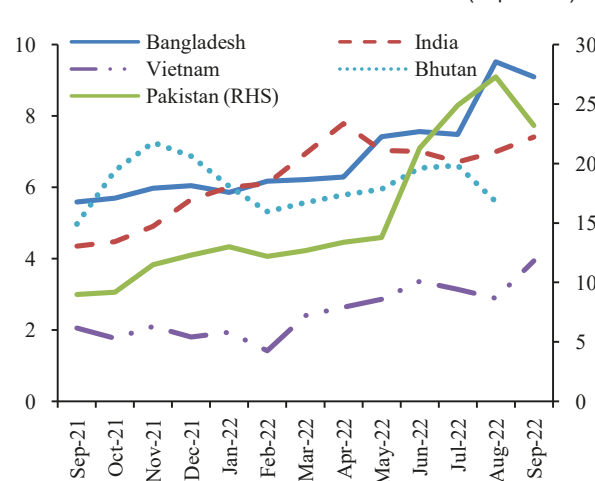
Chart II.8: Decomposition of Urban CPI Inflation

Source: Bangladesh Bureau of statistics.

2.5 The growth momentum of nominal wage was much lower than CPI inflation but gradually moving upward since January 2022, compensating the price surge of necessary goods. The overall wage rate went up from 6.47 percent in June 2022 to 6.86 percent in September 2022. Although all the three sectors witnessed a rise in wage rate in Q1FY23, and service sector observed the highest (from 6.87 percent in June 2022 to 7.05 percent in September 2022) followed by industry (from 6.55 percent in June 2022 to 6.92 percent in September 2022) and agriculture sector (from 6.35 percent in June 2022 to 6.80 percent in September 2022) (Chart II.9).

Chart II.9: Wage Rate (Percentage Change, Point-to-point)

Source: Bangladesh Bureau of statistics.

Chart II.10: Inflation in Peer Countries (In percent)

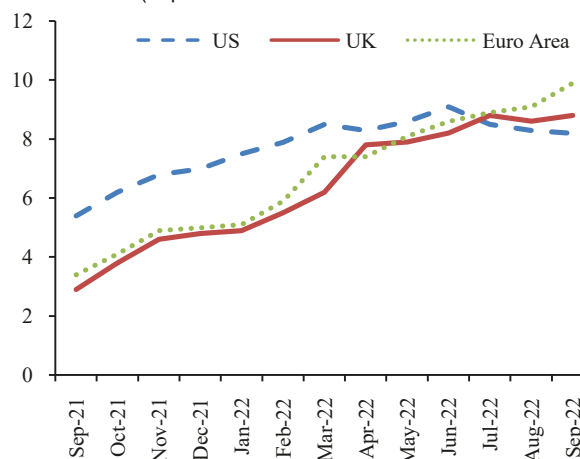
Sources: Central Banks and Statistics Departments of Respective Countries

2.6 Inflation pressures further deteriorated in the selected peer countries except Bhutan during Q1FY23, mostly driven by supply bottlenecks originated from Ukraine-Russia war. CPI inflation of India increased to 7.41 percent in September 2022 from 7.01 percent in June 2022. Nonetheless, Pakistan's CPI inflation registered further hike and reached 23.20 percent in September 2022 after

a high of 27.30 percent in August. Inflation in Vietnam edged up to 3.94 percent in September 2022 from 3.37 percent in June 2022. However, Bhutan witnessed a fall in CPI inflation to 6.05 percent in September 2022 from 6.54 percent in June 2022 (Chart II.10).

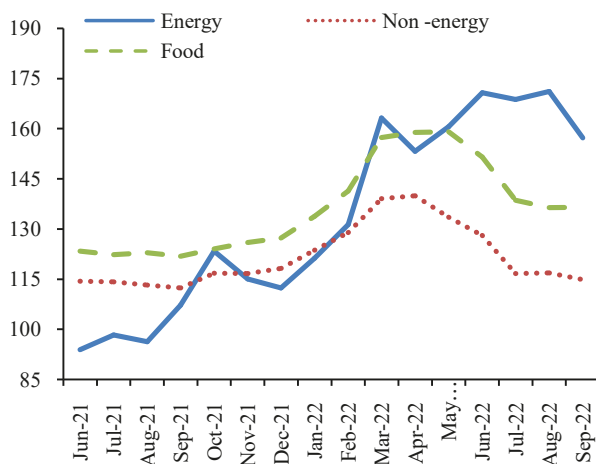
2.7 Although inflation in advanced economies remained in an unfavorable condition exceeding above 8.0 percent, the recent decline in inflation for US may be seen as a hope. However, inflation in Euro areas continued to go up, mostly driven by high energy and food prices originated from Ukraine-Russia war. Moreover, the CPI inflation in the UK surged to 8.8 percent in September 2022 from 8.2 percent in June 2022 (Chart II.11). Emerging market and developing economies also suffered from the ongoing high inflation episodes. In advanced economies inflation is forecasted to reach 7.2 percent while in developing countries the inflation is anticipated to be 9.9 percent in the year 2022³.

Chart II.11: Inflation in Advanced Economies
(In percent)



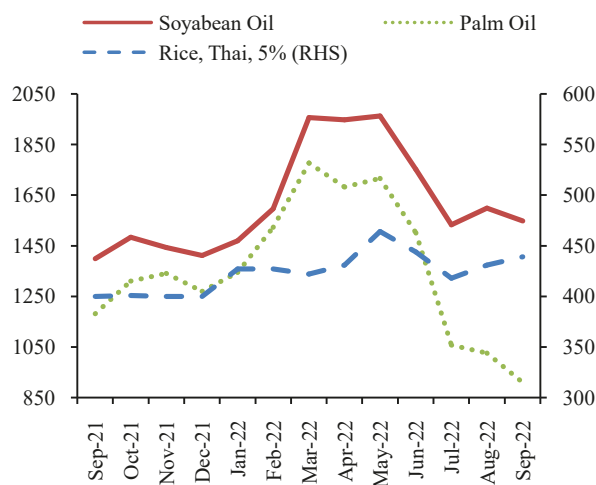
Sources: Respective Central Banks and Statistics Departments

Chart II.12: Global Commodity Price Indices
(2010=100)



Source: Commodity Market Outlook, World Bank.

Chart II.13: World Commodity Price (USD/M.T.)



Source: Commodity Market Outlook, World Bank.

2.8 Global energy price index experienced an uptrend in July – September 2022 compared to the same quarter of the previous year. Although the energy price index rose by 65.35 percent in this quarter, the momentum had slowed down compared to the previous quarter aided by the declining crude oil price which had plummeted to 90.63 USD a barrel in September 2022 from 115.73 USD a barrel in June 2022 as a consequence of the longer-than-expected Russia-Ukraine war. On the other hand, non-energy and food price index decelerated to 2.56 percent and 12.14 percent on average in

³ <https://www.imf.org/en/Publications/WEO/Issues/2022/10/17/world-economic-outlook-update-october-2022>

this quarter because of softening agricultural commodity prices in June 2022 and food price index fell on the back of world rice and wheat price easing, somewhat in reaction to the agreement reached between Ukraine and the Russian Federation to unblock Ukraine's main Black sea ports. Global vegetable oils- palm and soybean- prices dropped in September 2022 to USD 909.32 and USD 1548.32 a metric ton from USD 1501.10 and USD 1751.76 a metric ton in June 2022, respectively, primarily because of prospects of ample export availabilities out of Indonesia, the world's leading palm oil exporter (Chart II.13).

2.9 Inflation outlook is subject to significant uncertainty, with risks arising from the path of global commodity prices, the domestic fiscal and monetary policy stance, and the exchange rate volatility. The delayed pass-through of past price hikes in food and energy from global commodity markets to consumer prices may continue to persist a high inflation in the short term. Inflation is likely to remain around current levels for much of FY23 due to the large supply shock associated with the increase in fuel and electricity prices. Higher level of inflation in energy prices might have second-round implications through higher transport and electricity costs for businesses. On the top of these, the inflationary effect from the Russia-Ukraine war has proven to be lasting for both energy and food prices, with the little prospect of those price pressures abating very soon. More broadly, global supply chain issues continue that have slowed production and shipping.

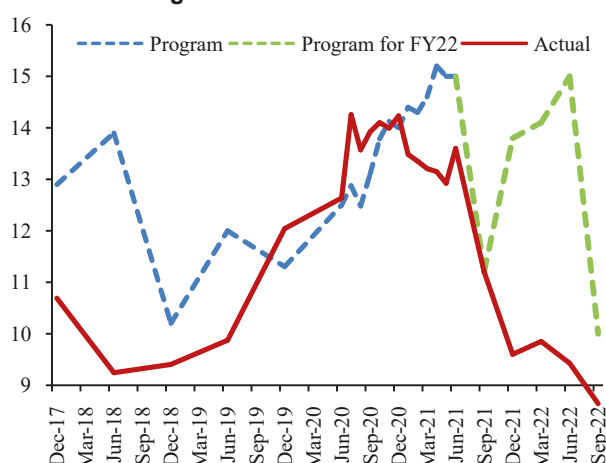
Notwithstanding BB remains cautious to monitor inflation outlook and to prevent medium-term inflation expectations to be unanchored. To achieve this goal, BB has been pursuing a cautiously restrictive monetary policy with tightening bias. In the face of inflation that continues to be too high and in light of the recent high readings, BB raised the repo rate by 50 basis points to 5.75 percent in September 2022. BB frequently lowered the LC margins for importing necessary good with high price volatility to ensure price stability in the local markets. Moreover, the government is also continuing its open market sales (OMS) to provide daily necessary goods at low costs, especially for the low-income group all over the country. The BB will continue to carefully monitor developments affecting the prospects for inflation, and will take appropriate action to safeguard them.

III. Money and Credit Market

3.1 In the face of rising inflationary pressures, and a widening current account deficit, Bangladesh Bank has further increased its repo-rate by 50 basis points to 5.50 percent at the end of June 2022. Meanwhile, broad money (M2) growth decelerated further in Q1FY23 by a significant contraction in the net foreign assets (NFA) although net domestic assets (NDA) observed uptrend. The growth of deposits continued to decline and the growth of domestic credit rose steadily, contributing to moderate the amount of liquidity in the banking system. Consequently, interest rates in the call money and inter-bank repo markets kept rising markedly, while interest rates in the retail market edged up marginally in Q1FY23. At the same time, yields on government securities increased slightly amid declining budget deficits and deficit financing from banking system.

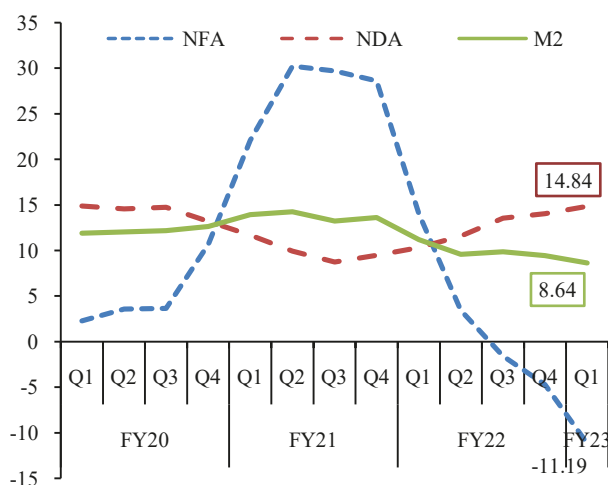
3.2 Following the declining trend of FY22, M2 growth slowed to 8.64 percent at the end of September 2022 against the target of 10 percent growth for December 2022 (Chart III.1). This growth was 11.19 percent at the end of September 2021. This growth slowdown stemmed particularly from a negative growth of NFA which has been declining significantly since Q1FY22. NFA declined further by 11.19 percent at the end of Q1FY23 (Chart III.2).

Chart III.1: Broad Money (M2) Growth (In percent): Program vs. Actual



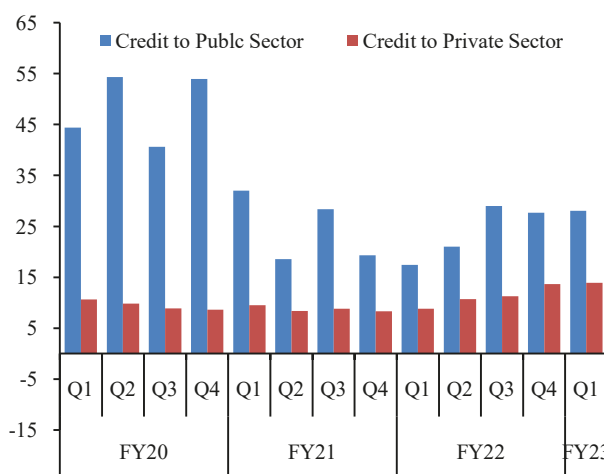
Source: Bangladesh Bank.

Chart III.2: Growth of M2, NDA, and NFA (In percent)



Source: Bangladesh Bank.

Chart III.3: Growth of Credit to Public and Private Sector (In percent)



Source: Bangladesh Bank.

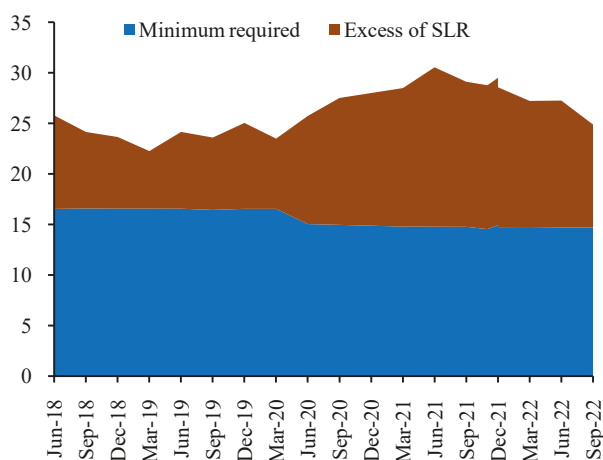
The NFA contracted following unfavorable developments in the external sector originated mostly from ongoing geo-political tensions, rising global commodity prices, and higher import payments. However, external sector during Q1FY23 observed 11.67 percent growth of imports on the back of 13.38 percent growth of exports and 4.89 percent growth of workers' remittance (y-o-y). Hinging

upon several policy measures of the government and BB, current account balance observed favorable development and overall balance of payment scenario improved.

On the other hand, net domestic asset (NDA) maintained persistent growth and increased by 14.84 percent in this quarter under observation against the growth target of 16.7 percent set for December 2022 relying upon healthy growth of domestic credit. Notwithstanding several austerity measures of the government coupled with sharp decline of net sale (-96.14 percent) of national savings certificates (NSCs), credit to public sector grew by 28.07 percent against the target of 32.6 percent for December 2022 (Chart III.2).

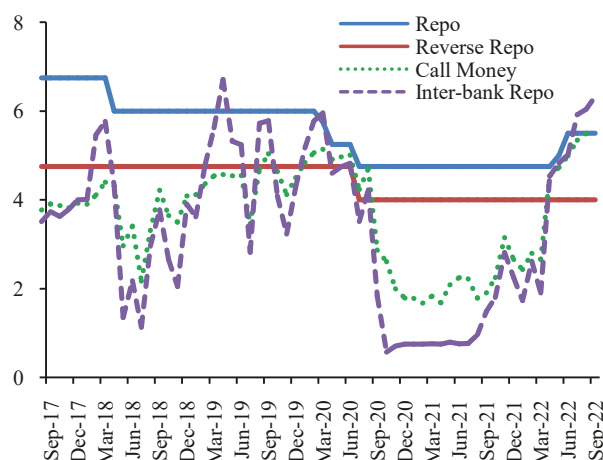
3.3 Credit to private sector maintained strong growth path in Q1FY23 following the trend during FY22. Against the growth target of 13.6 percent for December 2022, credit to private sector grew by 13.93 percent in Q1FY23 mostly because of availability of low-cost and easy credit facilities and various sector-specific refinance schemes of BB. Further scrutinizing the growth of private sector credit by economic purpose-wise during the same period showed that credit to agriculture, construction, trade and commerce, and consumer finance grew by 15.41, 9.38, 15.94, and 39.38 percent (y-o-y) in this period of review compared to those of last year, respectively. However, credit to industry moderated somewhat (8.99 percent) which originated from the contraction of term loans, global economic slowdown and subsequent lower external demand, and energy shortage (Table I.9). Meanwhile, the expansion of credit to the private sector is anticipated to strengthen even further with major impetus from increased momentum in industrial activities, higher external sector demand and favorable developments in related sectors during the remaining quarters of FY23.

Chart III.4: Liquidity as percent of TDTL



Source: Bangladesh Bank.

Chart III.5: Movements in Policy and Money Market Rates (In percent)

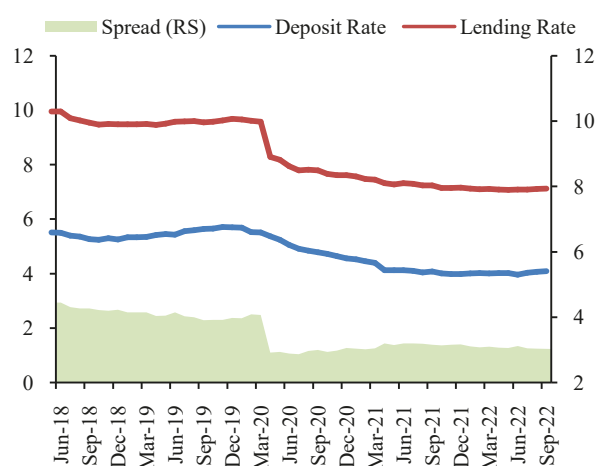


Source: Bangladesh Bank.

3.4 Sizable private sector credit off-take, falling deposit growth on the back of negative real interest rates on deposits and increased bank spending on dollars somewhat squeezed up the banking system liquidity observed by the available data. The ratio of total liquid assets to total demand and time liabilities (TDTL) fell to 24.89 percent at the end of Q1FY23 from 27.26 percent at the end of Q4FY22 (Chart III.4). During the same period, the liquid asset excess of SLR to TDTL abated to 10.19 percent from 12.55 percent. The ongoing liquidity contraction resulted in upward movement

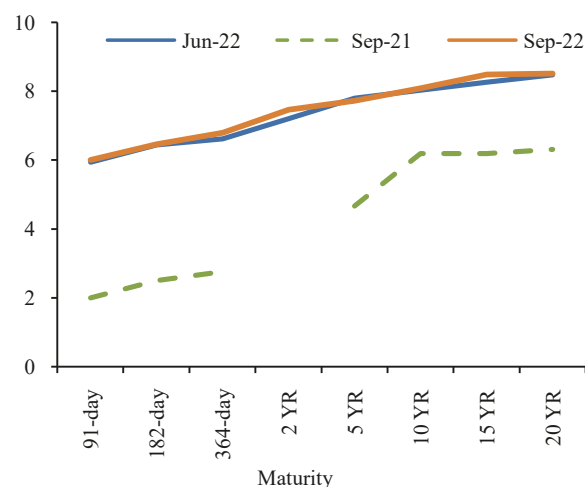
of interest rates in retail money markets. The weighted-average interest rate in the inter-bank call money markets and inter-bank repo market remained elevated and rose to 5.53, and 6.33 percent in September 2022 from 4.99, and 5.02 percent in June 2022 respectively on the back of 5.5 percent repo rate during the same time. Meanwhile, weighted-average interest rate on lending rose to 7.12 percent in September 2022 from 7.09 percent in June 2022 and the weighted-average interest rate on deposit climbed to 4.09 percent from 3.97 percent during the same period (Chart III.6). This rate hike could mostly be attributed to immediate liquidity requirements of banks from the demand side since BB injected BDT 89.33 billion through repo during Q1FY23 and liquidity stabilizing money supply controlling mechanism took place from the supply side through upward adjustments of repo rate (Chart III.5).

Chart III.6: Interest Rate Spread
(In percent)



Source: Bangladesh Bank.

Chart III.7: Interest Rate of Government Securities
(In percent)



Source: Bangladesh Bank.

3.5 In the face of declined budget deficit and government's borrowing from the banking system in Q1FY23, yields on government securities of various maturities edged up slightly. The weighted average yields of both the short and long-term government securities broadly observed uptrend during this quarter. Regarding short-term government securities, yields on 91-day, 182-day, and 364-day treasury bills nudged up to 6.01, 6.47, and 6.8 percent in September 2022 from 5.94, 6.44, and 6.62 percent in June 2022, respectively. Besides, yields on 2-year, 5-year, 10-year, 15-year and 20-year treasury bonds rose to 7.47, 7.73, 8.09, 8.49 and 8.52 percent from 7.21, 7.8, 8.03, 8.27 and 8.48 percent, respectively, at the same time (Chart III.7).

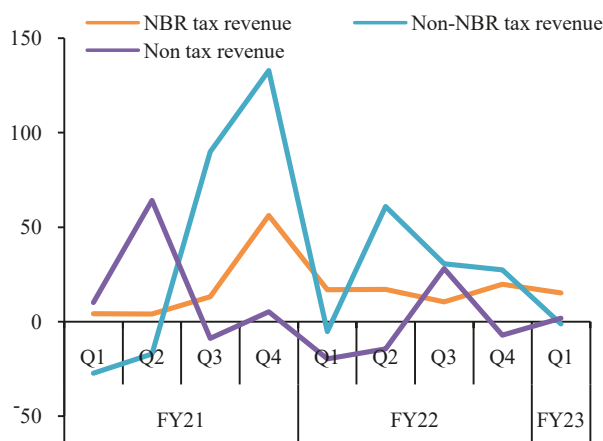
3.6 Although the broad money growth (8.64 percent in September 2022) was lower than 10 percent growth target of December 2022, going forward, it is expected that positive outlook of export earnings and remittance inflows in coming months will contribute to improve NFA and so is the broad money growth, closing near to the target. On the other hand, private sector credit growth which increased gradually in recent quarters is expected to be moderated soon as external trade related financing will be lesser in coming periods as global commodity prices are declining. BB will continue its prudential and timely policy measures to implement its monetary targets while controlling inflation at tolerable levels.

IV. Fiscal Sector

4.1 The overall fiscal stances in Q1FY23 maintained faster pace compared to Q1FY22, reflected in both higher revenue mobilization and government expenditure. The budget deficit slightly narrowed down in this quarter than the same quarter of the previous year due to increased revenue collections. Domestic sources contributed largely to the financing of the deficit compared to the foreign sources. A large share of the domestic funds came from the banking sector. In the first quarter of FY23, the total revenue, expenditure and deficit financing, as a percentage of GDP, stood at 1.7 percent, 2.2 percent, and 0.46 percent respectively.

4.2 With the pickup in domestic economic activity and higher international trade volumes, the total revenue increased by 13.1 percent to BDT 771.64 billion (1.73 percent of annual GDP) in Q1FY23 from BDT 682.4 billion in Q1FY22 (1.72 percent of annual GDP). The NBR tax revenue increased by 15.0 percent to BDT 671.2 billion in Q1FY23 from BDT 583.5 billion in Q1FY22 on the back of 17.2 percent customs duties, 10.8 percent income tax collection and 1.6 percent value added tax increase. Nonetheless, others revenue collection by NBR noted surprising growth of 59.0 percent in Q1FY23 (Chart IV.2). In the first three months of the current fiscal year total revenue collection was 17.8 percent of revenue target of BDT 4330.0 billion which was slightly higher than that of the period a year ago (17.5 percent). On the other hand, non-NBR tax revenue and non-tax revenue achieved 4.7 percent and 20.4 percent of the yearly target in FY22, respectively.

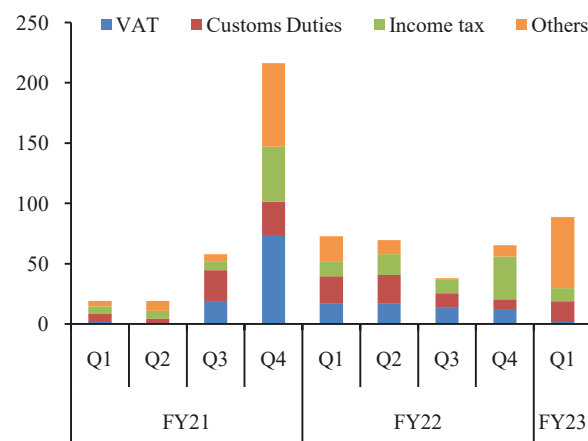
Chart IV.1: Trends in Total Revenue
(year on year growth, in percent)



Note: Q1FY23 provisional.

Sources: Ministry of Finance, National Board of Revenue.

Chart IV.2: Trends in NBR Tax Revenue
(year on year growth, in percent)



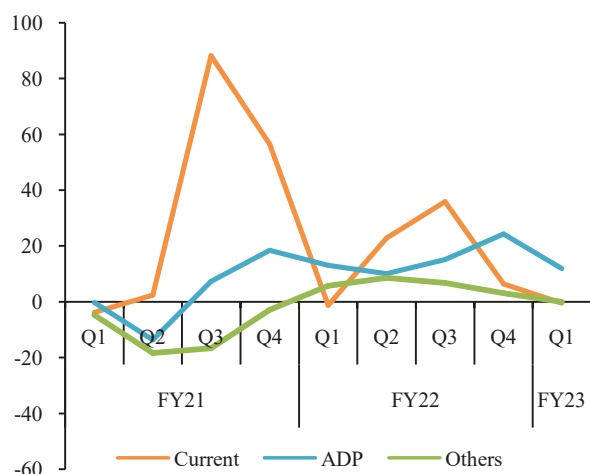
Note: Q1FY23 provisional.

Source: National Board of Revenue.

4.3 Total expenditure dominated by ADP expenditure increased by 2.1 percent to BDT 977.9 billion in Q1FY23 from BDT 958.1 billion in Q1FY22. Annual Development Program (ADP) expenditure went up by 11.9 percent to BDT 219.0 billion from BDT 195.6 billion while current expenditure decreased by 0.5 percent to BDT 703.2 billion from BDT 706.8 billion in a year ago (Chart IV.3). During the first three months of the fiscal year 2023, total expenditure was about 14.4

percent of the annual budget target of BDT 6780.6 billion for FY23. On the other hand, the government implemented 8.9 percent of ADP expenditure target and 18.8 percent of current expenditure target in the first three months of FY23.

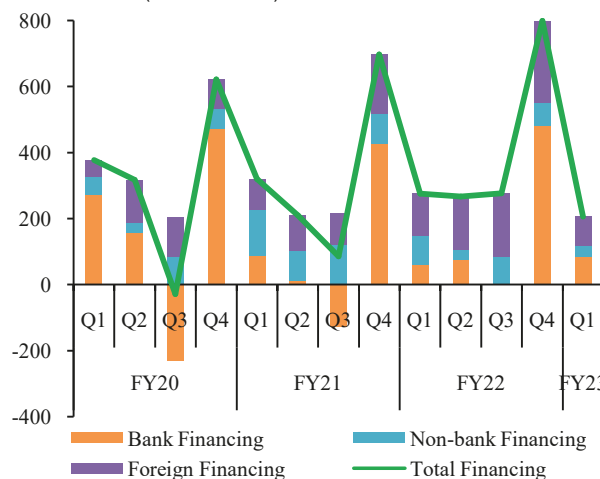
Chart IV.3: Trends in Government Expenditure
(year on year growth, in percent)



Note: Q1FY23 provisional.

Sources: Ministry of Finance; Ministry of Planning.

Chart IV.4: Sources of Financing of Budget Deficit
(In billion BDT)



Note: Q1FY23 provisional.

Sources: Bangladesh Bank; Ministry of Finance.

4.4 The fiscal deficit narrowed during the quarter under review compared to that of Q1FY22 due to faster growth of revenue collection over expenditure. The deficit declined by 25.2 percent from BDT 275.7 billion in Q1FY22 to BDT 206.3 billion in Q1FY23 (Chart IV.5). Around 57 percent of budget deficit was financed from domestic sources while foreign sources contributed around 43 percent in Q1FY23. In this quarter domestic financing stood at BDT 117.5 billion comprised of BDT 84.6 billion borrowing from the banking sector and BDT 33.0 billion from non-banking sources. Non-bank borrowing observed a decline of 62.2 percent while bank borrowing increased by 41.5 percent in Q1FY23 compared to that of Q1FY22 respectively. Around 72.0 percent of domestic financing was collected from banking sources whereas 28.0 percent collected from the non-banking channels in this quarter. However, budget financing by the foreign sources stood at BDT 88.7 billion, decreased by 31.1 percent over the same quarter of the previous year.

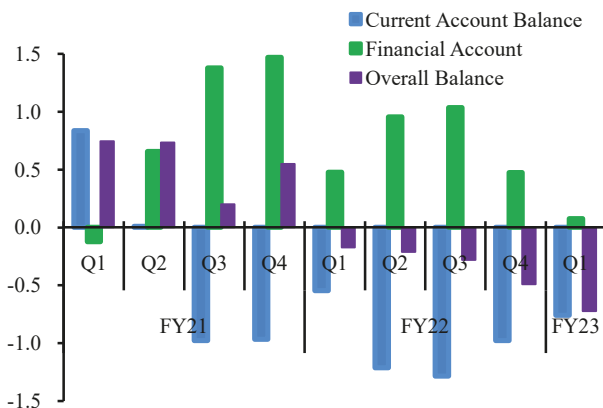
4.5 The overall macroeconomic performance of Bangladesh was fairly satisfactory over the decade. The COVID-19 driven global supply shock and the ongoing Russia-Ukraine war put the economic progress at risk. Despite those headwinds, a broad-based recovery of the economy appeared to have continued in Q1FY23 and it is expected that growth will pick up in FY23 stemming from rising demand, recovery in investment, and growing remittance inflows. As domestic energy price administered, elevated global energy prices will raise budget deficit. With a narrow tax base, revenue collection has been increasing slowly and steadily during the last couple of years indicating some room for creating fiscal space. It is high time to give attention to broaden up the tax base with progressive taxation to strengthen the revenue gathering.

V. External Sector

5.1 The soaring current account deficit started improving since Q4FY22 and tilted down to USD 3.61 billion in Q1FY23, favored by the ebbing of trade deficit due to depreciation of exchange rate and adoption of several policy initiatives for increasing export and remittance inflows and limiting luxury and unnecessary imports⁴. However, the deficit in overall balance of payment widened to USD 3.45 billion on account of a decline in surplus in the financial account. The deficit in balance of payment, monetary tightening by the US Fed, and geopolitical tension together put a depreciating pressure on the exchange rate of BDT. To mitigate the demand-supply gap in the foreign exchange market and minimize the exchange rate volatility, Bangladesh Bank sold USD 3.6 billion during Q1FY23. Consequently, gross official foreign exchange reserve declined to 36.48 billion at the end of September 2022.

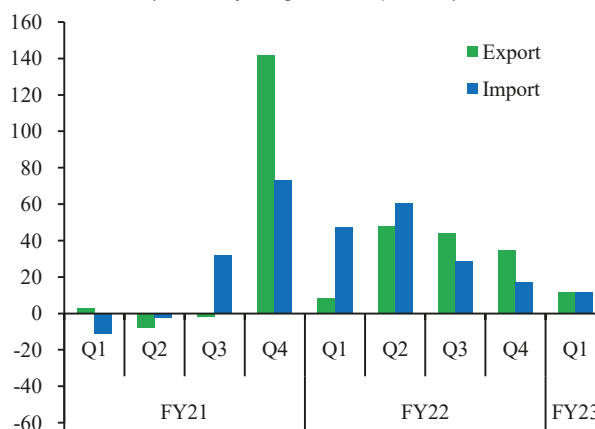
5.2 Although current account deficit narrowed to USD 3.61 billion (0.76 percent of GDP) in Q1FY23 from USD 4.54 billion (0.98 percent of GDP) in Q4FY22 (Chart V.1), driven mainly by lessening of trade deficit from USD 8.34 billion to USD 7.55 billion, the deficit in overall balance of payment widened to USD 3.45 billion from USD 2.28 billion during the same time on account of a decline in surplus in the financial account. The trade deficit moderated mainly because of a faster slowdown of import growth, in the face of sharp depreciation of BDT and BB's several policies aimed at limiting luxury and unnecessary imports, than the moderation of export growth.

Chart V.1: Trends in Current Account and Overall Balance (Percent of GDP)



Source: Bangladesh Bank.

Chart V.2: Trends in Export and Import Growth (Year on year growth, in percent)



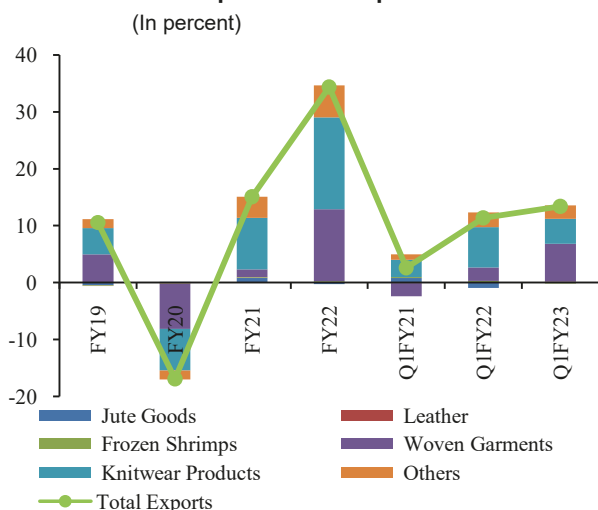
Source: Bangladesh Bank.

5.3 Export growth maintained a downward trend amid the growing risk of global recession originating from war driven supply disruptions, elevated global commodity prices, soaring inflation, and global financial tightening. At the same time rising production cost caused by the upward adjustment of fuel prices in the domestic market, disruption of electricity and gas supply, and a rise in imported raw-material costs might also have adversely affected export volume during this period. Total export earnings posted USD 11.8 billion in Q1FY23 by registering a growth of 11.89 percent (y/y) from 8.77 percent growth in Q1FY22, while this growth was 33.45 percent in FY22 (Chart

⁴ BB's recent policy measures for improving current account balance are given in Box-1.

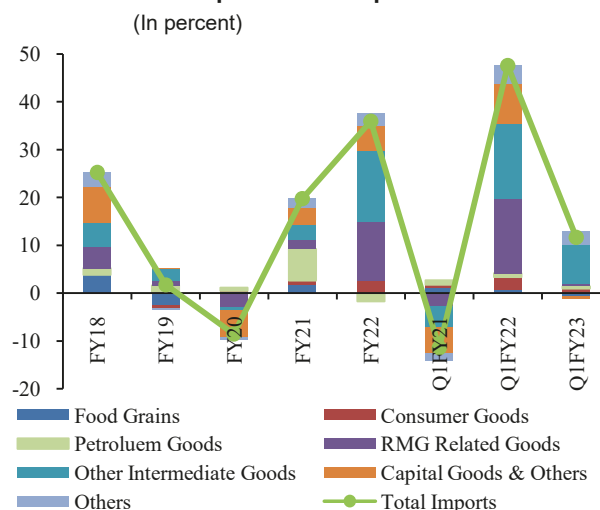
V.3). This growth moderation was concentrated mostly in the export of ready-made garment (RMG) which accounts for more than 80 percent of total exports. Total RMG exports registered 13.41 percent (where woven 18.73 percent and knitwear 9.40 percent) growth in Q1FY23 compared to 35.47 percent (woven 33.82 percent and knitwear 36.88 percent) growth in FY22. This deceleration export growth was emerged mostly from its major destinations of RMG, such as the USA and European countries, while exports in Turkey, Japan, Korea, and the UAE registered robust growth in Q1FY23 (Table V.10).

Chart V.3: Decomposition of Export Growth



Source: BB staff's calculation based on EPB data.

Chart V.4: Decomposition of Import Growth



Source: BB staff's calculation based on NBR data.

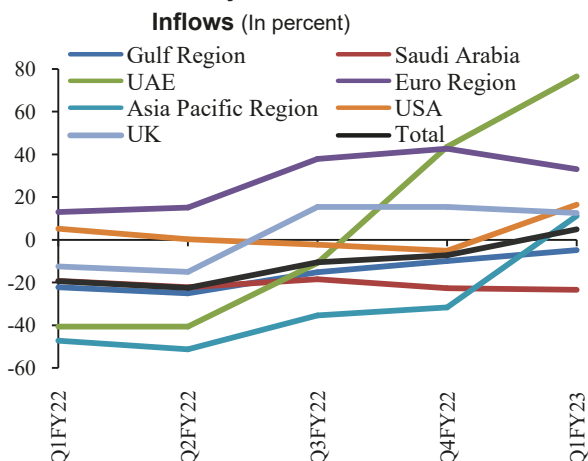
5.4 In Q1FY23, total import payment stood at USD 19.3 billion by registering a moderate growth of 11.7 percent (y/y) (chart V.4) compared to a high growth of 35.95 percent in FY22, aided by elevated global commodity prices, exchange rate depreciation, and various measures imposed by Bangladesh Bank (BB) to limit unnecessary imports⁵. Import of intermediate goods, which accounted for 63.0 percent of total import cost, grew by 15.0 percent in Q1FY23. The growth of intermediate goods import was driven mainly by 125.3 percent growth in fertilizer import with 13 percent share of intermediate goods import, 17.5 percent growth in iron, steel, and base metal with 15.0 percent share of intermediate goods and 7.3 percent growth in import of textile and articles thereof (comprising 16.3 percent of intermediate goods), among others. In addition, food items and capital machinery, accounting 8.4 percent and 6.2 percent of the total imports, grew by 2.9 percent and 11.5 percent, respectively during this period. Given the policy measures of BB aimed at limiting luxury and unnecessary imports, the trend of import growth is expected to maintain a downward path in the near-term, which has already been reflected in a falling growth of letters of credit (LCs) opening for imports during four consecutive quarters (Table V.6).

5.5 Although remittance inflows have been creeping up since Q3FY22 after registering negative growth (y/y) in last four consecutive quarters, it returned to a positive growth of 4.89 percent with total inflow of USD 5.67 billion in Q1FY23, aided by robust growth in inflows from Europe (33.07 percent), the USA (16.50 percent), and Asia-Pacific (11.21 percent) regions (Chart V.5). However, remittance

⁵ BB's policy initiatives for rationalizing imports are given in box-1.

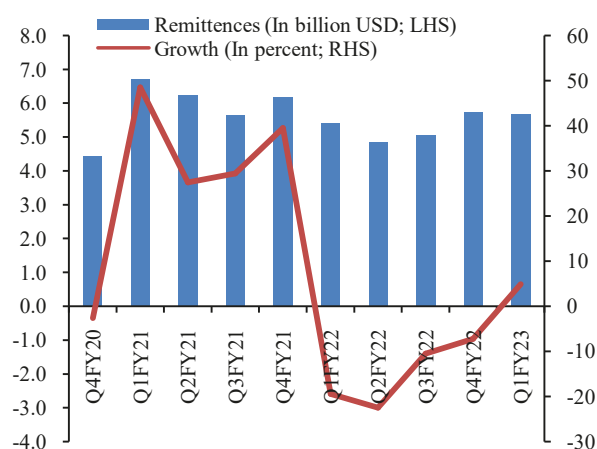
inflow from gulf region, accounting about a half of total remittance, further declined by 4.82 percent mainly because of a sharp decline (by 23.40 percent) in inflow from Saudi Arabia, comprising around one-fifth of total remittance inflows, while remittance inflow from the UAE picked up to USD 788.1 million registering 76.59 percent growth.

Chart V.5: Country-wise Growth of Remittance



Source: Bangladesh Bank.

Chart V.6: Remittance Inflows



Source: Bangladesh Bank.

5.6 The surplus in financial account declined notably to USD 359 million in Q1FY23 from USD 2.20 billion in Q4FY22 mostly because of a moderation of medium and long-term loan inflows and a growing net deficit in DMB's foreign asset-liability position. The inflow of medium and long-term loans subsided to USD 1.30 billion in Q1FY23 from USD 3.20 billion in Q4FY22. At the same time, DMB's net deficit in foreign asset-liability position grew to USD 473 million in Q1FY23 from USD 225 million in Q4FY22 amid pressure on current account balance. On the other hand, capital account balance maintained its normal path and recorded a surplus of USD 36 million in Q1FY23.

5.7 Widening current account deficit in the face of surge in imports, soaring global energy and non-energy commodity prices, and tepid remittance inflows, monetary tightening by the US Fed, and geopolitical tension together led to depreciating pressure on BDT against USD. Moreover, allowing more flexibility of exchange rate culminated in a sharp depreciation of BDT's exchange rates. The exchange rate of BDT/USD stood at 96.0 which portray a depreciation of 10.42 percent at the end of September 2022 compared to the end of January 2022. However, the waning of current account deficit, net sell in the foreign exchange market, and several policy measures by Bangladesh Bank helped to moderate the rate of depreciation to 2.66 percent by Q1FY23. Bangladesh Bank sold USD 3.6 billion during Q1FY23 to mitigate the demand-supply gap in the foreign exchange market. Consequently, gross official foreign exchange reserve declined to 36.48 billion at the end of September 2022 (Chart V.6). Although currencies of most of the trading partner of Bangladesh witnessed depreciation against USD, the currencies of Vietnam and Cambodia witnessed some appreciation during this period. Despite the sharp depreciation of BDT/USD, the nominal effective exchange rate (NEER) depreciated by 3.56 percent during January-September 2022 period mainly because of depreciation of other major trading partners' currencies against USD. The real effective exchange rate (REER) depreciated by 1.09 percent during the same period, reflecting faster rise of price level in Bangladesh than trading partners.

Box-1: BB's Recent Policy Measures for Improving Current Account Balance

BB's policy initiatives for rationalizing imports:

Price verification of import transactions: Authorized Dealers (ADs) are advised to adhere to regulatory parameters for verification of import prices and price competitiveness. As usual, ADs shall comply with extended due diligence in import transactions and relevant regulations without limiting to provisions of Import Policy Order in force, credit reports of suppliers, KYC and AML/CFT standards, and so on.

Online reporting of import information to Bangladesh Bank web portal: Authorized Dealers (ADs) are advised to report import information must be submitted to Bangladesh Bank Online Import Monitoring System (OIMS) 24 hours prior to opening letters of credit (LCs) based on pro-forma invoices/purchase contracts for import amounting to USD 3.00 million and above or its equivalent instead of USD 5.00 million and above or its equivalent.

100% margin against import LC for luxurious items: 100% margin must be maintained against import LC for luxurious items like ornaments, electronic home appliance, motor car, alcohol etc. 75% margin must be maintained in case of all other products excluding necessary items like medicine, capital machinery, child food etc. Margin must be provided by customer from his own source. Loan creation or utilizing existing loan is strictly prohibited against stipulated margin.

Import of raw materials on deferred payment basis: Usance period has been extended to 360 days from 180 days for import of raw materials on deferred payment basis for their own use by industrial importers.

Corporate guarantee, personal guarantee, third party guarantee, etc. are now eligible for making payments by foreign lenders under buyer's credit facility to suppliers against admissible imports of certain goods as per GFET Ch-3, 33b. (Previously Bank Guarantee was arranged by AD).

Repayment guarantees by importers against short term import finance under buyer's credit.

BB's initiatives for enhancing export earnings and remittance inflows:

OBU's facility to DBUs has been extended: OBU's facility to place fund (for the tenure of 6 (six) months with a limit not exceeding 25% of total regulatory capital of the bank) to their DBUs has been extended to December 31, 2022.

Encashment of balances held in exporters' retention quota (ERQ) accounts and revision of its limit: 50% of ERQ must be encashed immediately. Retention Quota out of realized export proceeds has been revised from 15 percent, 60 percent and 70 percent to 7.50 percent, 30 percent and 35 percent respectively with the validity till December 31, 2022.

Interest on NFCD account has been relaxed: Regulation regarding interest on NFCD account has been relaxed. BB has now made the rate competitive. To bring uniformity, BB sets interest rate ceiling on NFCD.

Extended limit from Export Development Fund (EDF): Enhanced EDF facility (USD 30 million instead of USD 25 million) for individual member of BTMA and BGMEA has been extended up to December 31, 2022.

Extended usance period against import of capital machinery: Usance period has been extended to 360 days from 180 days effective till December 31, 2022. 50% of Export Retention Quota (ERQ) account balance held in term deposit must be encashed.

Net open position reduced: Net open position has been reduced from 20% of regulatory capital to 15% of regulatory capital.

Disbursement process of remittance eased: Disbursement process of incentive against legal inbound remittance has been eased. No document is required from remitter exchange house for the amount above \$5000 or Tk. 5 lac.

Relaxation for permission of drawing arrangements between Authorized Dealers and exchange houses abroad: Bangladesh bank permits the Authorize Dealers may go for drawing arrangements without letters of references/certificates from the Bangladesh Embassy/High Commission of the respective country, subject to the satisfaction of licenses issued by competent authorities favoring relevant exchange houses and on conducting extended due diligence. As usual, AD shall not impose charges on beneficiaries while disbursing remittances.

Besides, BB's measures for increasing supply of and reducing demand for foreign currencies:

Interest on Non-resident Foreign Currency Deposit Accounts: Bangladesh Bank instructed Authorized Dealers temporarily to permit ADs to raise fresh deposits under NFCD accounts without reference to the regulations mentioned earlier on the interest rate. This relaxation is also applicable for NFCD accounts to be maintained by foreign Nationals and companies/firms registered and incorporated abroad, banks, and other financial institutions, including institutional investors and 100 (hundred) percent foreign-owned (A-Type) industrial units in the EPZs/EZs/HTPs in Bangladesh as per paragraph 18, chapter 13 of GFET.

Personal foreign visit restricted: Personal foreign visit including training/workshop/seminar/study tour of bank officials will be restricted until further instruction.

Limiting access from Export Development Fund (EDF): Customers whose EDF liabilities have to be settled through funded facilities against disbursement from the date 19 July 2022 will not be accessible for further EDF loan.

Raising interest rate on EDF loans: Interest rate on EDF loans to ADs will be charged by Bangladesh Bank at 1.50% pa, (instead of 1.00% pa,) while ADs will charge interest to manufacturer-exporters at 3.00% pa; (instead of 2.00% pa) for disbursements until further instructions.

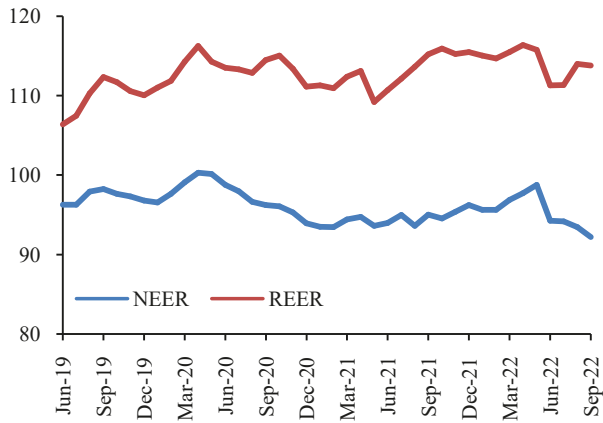
Purchase of vehicles prohibited: Purchase of vehicles is prohibited for FY 22-23 for the banks. Moreover, expenditure must be within 50% of allocated budget in case of entertainment, visit, electronic items, computers etc. Saved amount from this allocation cannot be used in other sectors.

Fuel and electricity must be saved by the Banks and NBFIs: 20% of total allocation of fuel and 25% of total allocation of electricity must be saved by the banks in FY 22-23.

Bangladesh Bank has instructed all the NBFIs to reduce electricity and fuel consumption by 25% as part of the government's austerity measures to combat the ongoing energy crisis in the next one year starting from July this year.

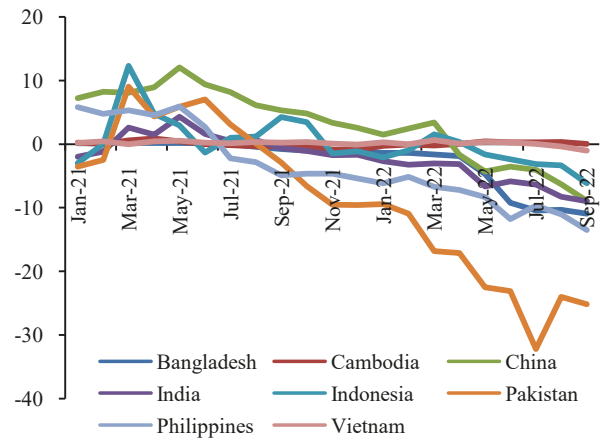
This box was prepared by Shohel Ahammed, Additional Director and Md. Nur-E-Alom Siddique, JD

Chart V.7: Effective Exchange Rate Indices
(Base : Jun-2016=100)



Source: Bangladesh Bank.

Chart V.8: Appreciation/ Depreciation (+/-) of National Currency of Peer Countries against USD



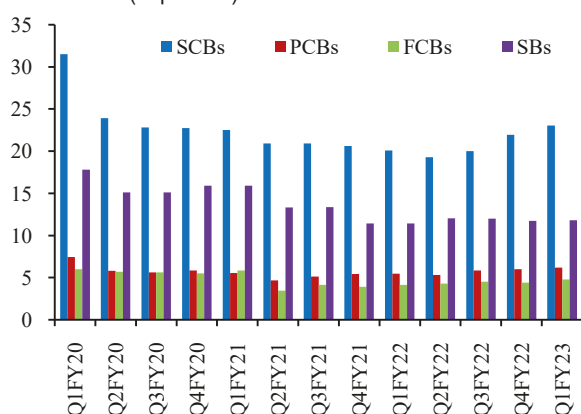
Source: BB staff's calculation based on IFS, IMF data.

5.8 Looking ahead, current depreciation of BDT and adoption of several policy initiatives for increasing export and remittance inflows and limiting luxury and unnecessary imports are expected to help improve current account balance and stabilize the exchange rates of BDT in coming months. However, the large depreciation of BDT, upward movements of interest rates in the advanced and emerging market economies, and tight global financial condition might raise cost of foreign borrowings and debt-burden.

VI. Banking Sector

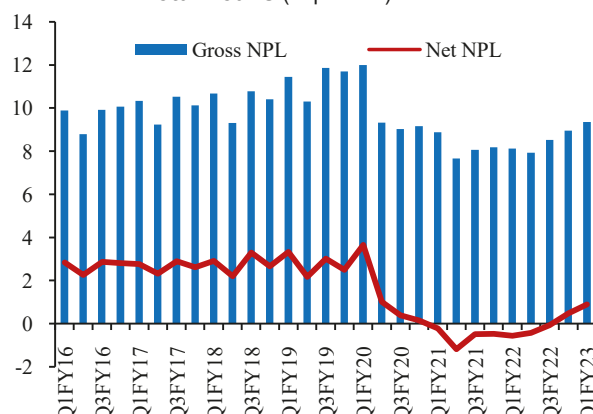
6.1 Banking sector faced several challenges during Q1FY23 caused by increasing global financial strain stemming from global tightening monetary policy. Recent global interest rate hike along with depreciation pressure on Taka made the external borrowings (costlier) more expensive which in turn put risk in asset quality. In addition, to mitigate the pressure on balance of payments BB's intervention in foreign exchange market altogether with high credit demand reflecting in 13.93 percent of private credit deteriorated the liquidity condition in banking sector at the end of september 2022. However, overall banking sector exhibited mixed performances at the end of Q1FY23 as reflected by a rising ratio of non-performing loans (NPLs) to total loans, a moderation in capital to risk-weighted asset ratio (CRAR), an upward trend in the growth of bank's advances, a fall in the growth of bank's deposits, worsening provision shortfall, an advancement in profitability, and a deterioration of excess liquidity condition in the banking industry.

Chart VI.1: Ratio of Gross NPLs to Total Loans
(In percent)



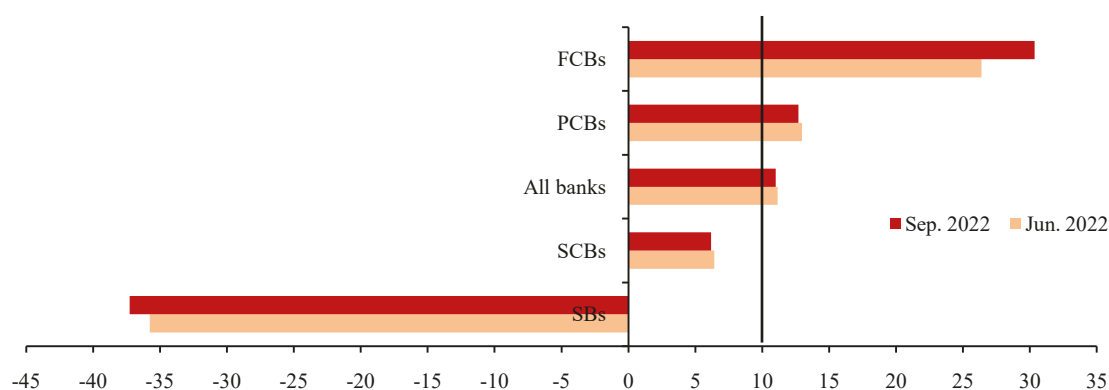
Source: Bangladesh Bank.

Chart VI.2: Ratio of Gross NPLs and Net NPL to Total Loans
(In percent)



Source: Bangladesh Bank.

6.2 The defaulted loans in the banking sector further deteriorated during Q1FY23, partly caused by sluggishness in business activities originating from the adverse spillover effect of global economic slowdown and inflation surge. Moreover, withdrawing the deferral repayment facility and ending relaxation of loan classification further escalated the defaulted loans. At the end of Q1FY23, the ratio of gross NPLs to total loans edged up and reached at 9.36 percent from 8.96 percent at the end of Q4FY22. The gross NPLs ratio in the SCBs and PCBs grew to 23.04 percent and 6.20 percent respectively at the end of Q1FY23 from 21.93 percent and 6.01 percent respectively at the end of Q4FY22. Moreover, NPLs ratio of FCBs marginally increased to 4.77 percent at the end of Q1FY23 from 4.40 percent of the previous quarter (Table VI.2 and Chart VI.1, Chart VI.2). The ratio of net NPLs to total loans also rose to 0.90 percent at the end of Q1FY23 from 0.49 percent at the end of Q4FY22, reflecting weaker provision maintained against classified loans (Table VI.1, Table VI.2 and Chart VI.2).

Chart VI.3: Capital to Risk Weighted Assets Ratio (CRAR) (In percent)

Source: Bangladesh Bank.

6.3 Although the capital-to-risk-weighted assets ratio (CRAR) modestly declined to 11.01 percent at the end of Q1FY23 from 11.15 percent at the end of Q4FY22 due to weaker asset quality mostly associated to SCBs and PCBs, overall capitalization of the banking system remained broadly stable as per the Basel norm. The CRAR of SCBs and PCBs went down to 6.18 percent and 12.72 percent at the end of Q1FY23 from 6.43 percent and 12.97 percent at the end of Q4FY22, respectively, indicating a weaker capital maintained (Table VI.3 and Chart VI.3).

Table 6.1: Comparative Position of Classified Loan and Provision Maintained (In billion BDT)

Quarters	Items	SCBs	SBs	PCBs	FCBs	All Banks
Q1FY22	Total classified loan	440.2	37.0	507.4	26.9	1011.5
	Required provision	303.1	23.3	377.3	19.7	723.5
	Provision maintained	199.4	23.1	413.2	25.8	661.4
	Excess(+)/ shortfall(-)	-103.8	-0.2	35.9	6.1	-62.0
Q2FY22	Total classified loan	449.8	39.9	515.2	27.9	1032.7
	Required provision	370.3	23.3	390.8	22.2	806.5
	Provision maintained	199.7	23.6	414.4	28.8	666.5
	Excess(+)/ shortfall(-)	-170.6	0.3	23.5	6.6	-140.1
Q3FY22	Total classified loan	487.4	40.2	578.0	28.8	1134.4
	Required provision	365.0	23.3	439.8	22.5	850.7
	Provision maintained	204.0	23.7	447.8	27.8	703.2
	Excess(+)/ shortfall(-)	-161.0	0.3	8.0	5.2	-147.5
Q4FY22	Total classified loan	554.3	41.9	626.8	29.6	1252.6
	Required provision	315.3	23.9	499.4	24.1	862.7
	Provision maintained	209.1	24.5	468.3	28.7	730.5
	Excess(+)/ shortfall(-)	-106.2	0.6	-31.1	4.5	-132.2
Q1FY23	Total classified loan	605.0	42.27	666.95	29.70	1343.9
	Required provision	321.1	23.97	518.00	23.74	886.8
	Provision maintained	213.3	24.54	484.55	29.18	751.5
	Excess(+)/ shortfall(-)	-107.8	0.57	-33.45	5.43	-135.3

6.4 The banking sector's profitability witnessed an improvement in Q1FY23 compared to Q1FY22, as reflected by an uptick in both return on asset (ROA) and return on equity (ROE), mainly stemmed

from a significant rise in non-interest income originated from exchange gain. Moreover, the net profit of the banking industry increased to BDT 92.91 billion in Q1FY23 from BDT 72.29 billion in Q1FY22. The overall return on Assets (RoA) went up marginally to 0.53 percent in Q1FY23 from 0.44 percent in Q1FY22. In addition, return on equity (RoE) increased to 9.48 percent in Q1FY23 from 7.42 percent in Q1FY22. The RoA and RoE for SCBs increased to 0.15 percent and 3.92 percent in Q1FY23 from -0.1 percent and -0.14 percent in Q1FY22, respectively. However, RoA and RoE of the PCBs decreased to 0.59 percent and 9.45 percent in Q1FY23 from 0.66 percent and 10.01 percent at the end of Q1FY22, respectively (Table VI.4).

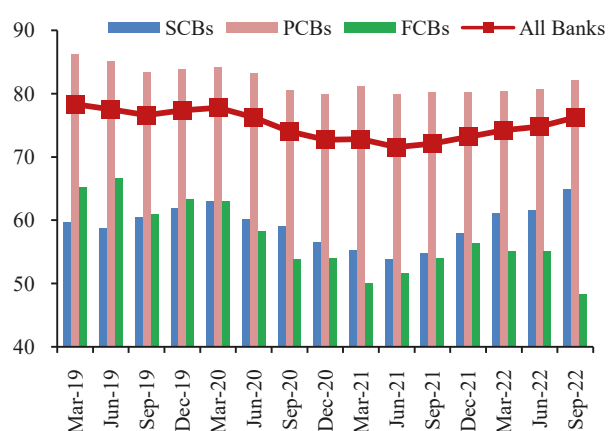
6.5 The growth of bank's advances has maintained an upward trend since the last couple of quarters, indicating higher credit demand because of the post-pandemic economic recovery. The bank's advances continued to grow and reached their highest level compared to its recent past at 14.6 percent at end-September 2022, up from 14.4 percent at end-June 2022. On the other hand, the growth of bank's deposit fell to 7.8 percent at the end of Q1FY23 from 9.3 percent at the end of Q4FY22, mostly due to higher inflationary pressure together with slower remittance inflow. Consequently, the overall advance-deposit ratio (ADR) picked up to 76.23 percent at end-September 2022 from 74.8 percent at end-June 2022 and remained broadly stable (Table 6.2, Chart VI.5).

Table 6.2: Deposit and Advance Position of Scheduled Banks (In percent)

Bank groups	Year-on-year growth of deposit, % (excluding interbank)*		Year-on-year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Sep. 22	Jun. 22	Sep. 22	Jun. 22	Sep. 22	Jun. 22
SCBs	0.3	3.9	17.7	17.7	64.81	61.6
PCBs	10.5	11.4	14.6	13.7	82.18	80.7
FCBs	11.4	6.4	0.4	11.4	48.3	55.0
SBs	9.6	16.4	10.0	11.0	73.43	76.6
All	7.8	9.3	14.6	14.4	76.23	74.8

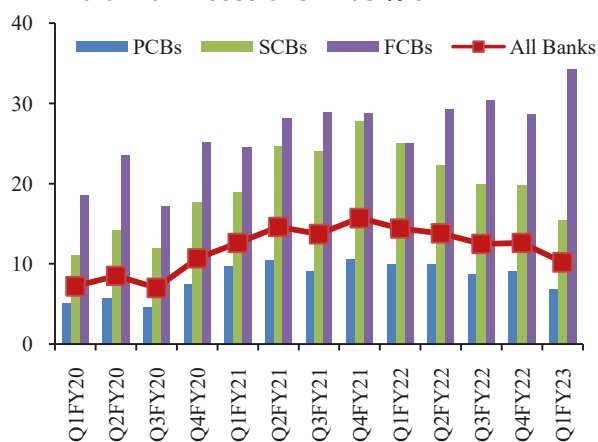
Source: Bangladesh Bank. *Adjusted deposits growth for ADR.

Chart VI. 5: Advance Deposit Ratio (In percent)



Source: Bangladesh Bank.

Chart VI.6: Excess of SLR as % of TDTL



Source: Bangladesh Bank, staff's calculation.

6.6 Although liquidity condition of the overall banking sector broadly remained adequate, lower bank deposit growth in addition to selling of USD to the foreign exchange market by BB resulted in moderated excess liquidity. The excess liquidity in the banking sector abated to BDT 1703.2 billion at the end of Q1FY23 from BDT 2034.3 billion at the end of Q4FY22. As a result, the excess liquidity—the excess of CRR and SLR as a percent of total demand and time liabilities (TDTL) has declined to 10.2 percent at the end of Q1FY23 from 12.6 percent at the end of Q4FY22 (Table 6.3, Chart VI.6).

Table 6.3: Liquidity Position of the Scheduled Banks (In billion BDT)

Bank groups	Required Reserves	CRR		Required Liquidity	SLR	
		Balance with BB in local currency	Excess(+)/shortfall (-) in reserve		SLR eligible liquid assets of banks**	Excess(+)/shortfall (-) of SLR
1	2	3	4	5	6	7
As of end September, 2022						
SCBs	161.4	169.7	8.3	520.2	1143.5	623.3
SBs*	17.5	19.1	1.6	0.0	0.0	0.0
PCBs (other than Islamic)	285.7	301.2	15.5	940.9	1575.6	634.7
Private Banks (Islamic)	160.2	218.5	58.4	222.0	358.3	136.3
FCBs	31.6	68.3	36.8	115.5	424.4	308.9
All	656.3	776.8	120.5	1798.6	3501.8	1703.2
As of end June, 2022						
SCBs	160.1	214.2	54.2	515.7	1309.7	794
SBs*	17.0	17.8	0.8	0.0	0.0	0.0
PCBs (other than Islamic)	273.9	306.5	32.6	900.6	1653.2	752.6
Private Banks (Islamic)	154.6	314.3	159.7	214	444.3	230.3
FCBs	31.6	50.3	18.7	115.1	372.5	257.4
All	637.2	903.1	265.9	1745.4	3779.8	2034.3

Source: Bangladesh Bank.

* SLR does not apply to specialized banks as exempted by the Government.

**includes cash in tills, balance with BB in foreign currency, balance with Sonali Bank as an agent of BB, unencumbered approved securities and excess reserve (column 4)

Note: According to the circular No-MPD-02, 2013 with effect from February 01, 2014 SLR has been calculated separately (excluded CRR) as 13% for conventional banks and 5.5% for Islamic banks of the total demand and time liabilities.

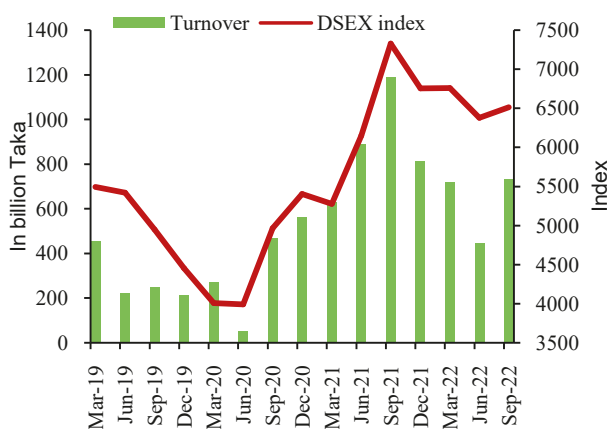
According to circular No. MPD-03, April 09, 2020, CRR revised to 4.0 percent from 5.0 percent effective from April 15, 2020.

6.7 While banking sector developments showed some liquidity concerns during Q1FY23, the recent credit guarantee facility for CMSME sector and the refinance scheme for the agricultural sector would allow adequate funding opportunities. However, exchange rate volatility emanating from the Russia-Ukraine war and worsening nonperforming loans will remain a concern in the coming months. Continuous BB's intervention by selling USD to foreign exchange market to mitigate the pressure on balance of payments might create some downside risk in liquidity condition in banking sector. Nevertheless, good governance in the banking sector, an enhanced loan recovery process, and constant monitoring would play an important role in maintaining stability in the banking industry.

VII. Capital Market

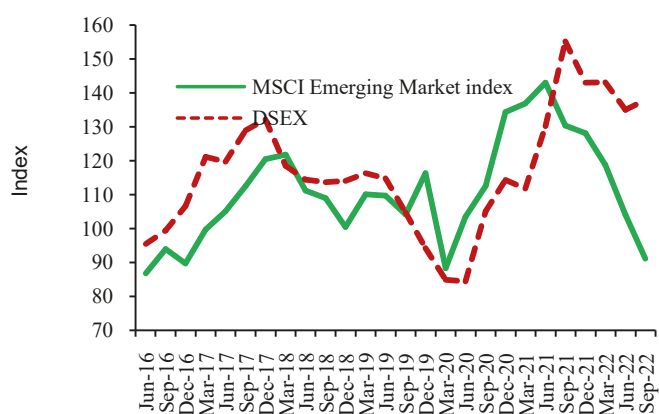
7.1 After maintaining a downward trend until July 2022, activities in the Dhaka Stock Exchange (DSE), the main bourse of Bangladesh, gained some momentum during August-September 2022, supported by the enactment of unconventional floor prices. This improvement was reflected in price indices, market capitalization and turnover. In Q1FY23, total turnover value of traded securities of DSE was 30.3 percent higher than that of Q4FY22 (Chart VII.1). The market capitalization slightly increased by 0.8 percent to BDT 4601.6 billion at the end of Q1FY23 from BDT 4565.8 billion in Q4FY22. Consequently, the Turnover Velocity Ratio (TVR), measured as capital market's liquidity condition, rose to 63.7 percent in Q1FY23 from 39.0 percent in Q4FY22.

Chart VII.1: Trends in DSEX Index and Turnover



Source: DSE Monthly Review, Various Issues.

Chart VII.2: Synchronization of DSEX with Global Markets (Base: January 2015=100)



Sources: Dhaka Stock Exchange and www.msci.com.

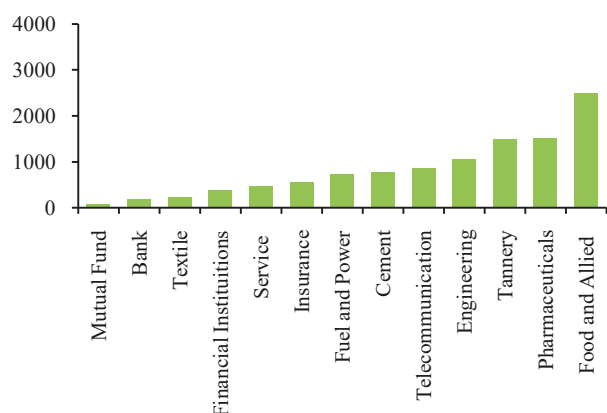
7.2 The DSE broad index (DSEX) and DSE-30 index witnessed a marginal gain in Q1FY23 over Q4FY22. In the quarter under review, the DSEX index increased by 2.1 percent from Q4FY22 however, decreased by 11.1 percent from Q1FY22 (Chart VII.1 and Table. VII.1). The DSE-30 index improved by 1.5 percent from Q4FY22 after following declining trend (Table VII.1). Sector-wise indices⁶ show that food and allied index reached the highest (2493.9), while mutual fund sector's index remained at the lowest level (69.8) in Q1FY23 (Chart VII.3).

7.3 Among the South and East Asian selected countries, market capitalization as a percent of GDP was negligible however, it was improving with supportive initiatives included (a) BB has allow to Banks and Financial Institutions will calculate their stock market exposure limit on the basis of the purchasing price of the securities they own instead of their market value. (b) BSEC has increased the minimum investment limit from BDT 20 lakh to BDT 30 lakh for an investor to be qualified for trading shares of companies on the SME board of the stock market. In addition, the BSEC has given three months to the investors who are already trading shares on the SME board with a portfolio of BDT 20 lakh to increase their investment to BDT 30 lakh. The market capitalization of DSE slightly went up by 0.8 percent to BDT 4601.6 billion at the end of Q1FY23 from BDT 4565.8 billion in Q4FY22. Among the all sectors, the pharmaceuticals

⁶ Sector wise index= (Sector wise market capitalization/ Sector wise paid-up capital)X100

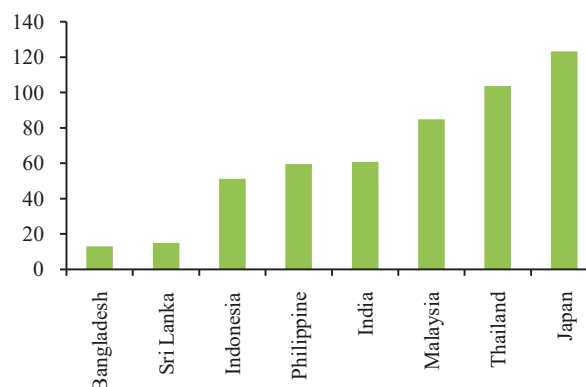
and chemical sector hold the highest share (16.35 percent), while Jute sector hold the lowest share (0.06 percent) of total market capitalization (Table VII.2). Moreover, market capitalization as a percent of GDP slightly improved from 13.01 percent in Q4FY22 to 13.05 percent in Q1FY23 (Chart VII.4).

Chart VII.3: : Index of Major Sectors, September 2022



Source: DSE Monthly Review, September 2022.

Chart VII.4: Selected Countries; Stock Market Capitalization, September 2022
(In percent of GDP)



Source: DSE Monthly Review, September 2022.

7.4 The overall price-earnings (P/E) ratio of the DSE moderately increased in Q1FY23 from the level of Q4FY22. The average price earnings ratios fell to 14.91 in Q1FY23 from 14.44 in Q1FY22. Sector-wise P/E data show that banking sector's P/E score was the lowest position while that of the tannery sector hold the highest position in Q1FY23 (Chart VII.5). Cross-country data on price earnings (P/E) ratios as of September 2022 show that Bangladesh has a moderate P/E ratio among the South and East Asian selected countries (Table 7.1).

Chart VII.5: Heat Map for Sectoral Price Earnings Ratio of DSE

Sector	Share of Total M.cap Sep-22	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Bank	14.5	6.6	6.7	7.9	8.1	7.9	9.2	9.7	9.8	9.5	8.0	7.8
Financial Institutions	4.3	14.8	15.9	22.6	24.7	20.1	23.4	31.1	23.8	21.9	20.4	20.3
Engineering	11.7	10.2	10.1	14.5	35.3	36.2	42.5	26.9	17.6	17.1	17.1	19.1
Food & Allied	8.3	16.4	17.4	21.2	23.5	25.5	27.1	32.3	31.4	22.6	21.1	20.5
Fuel & Power	9.9	9.5	9.5	11.6	11.9	12.8	13.6	16.1	11.7	12.2	11.7	11.3
Textile	3.8	12.2	11.7	14.3	17.9	16.8	23.9	30.2	22.5	24.1	22.3	22.8
Pharmaceuticals	16.4	14.6	15.2	17.8	19.6	19.7	21.1	24.9	19.8	20.1	19.5	20.4
Service & Realstate	0.7	12.6	12.6	15.6	21.4	19.4	23.8	35.2	25.9	22.7	21.3	27.2
Cement	2.7	22.5	20.8	23.0	29.8	27.4	27.0	39.9	21.4	17.2	16.5	17.2
IT	0.8	19.2	19.2	23.6	25.1	21.6	28.4	37.5	34.6	35.0	28.4	32.3
Tannery	0.7	12.7	12.7	20.2	24.9	23.2	28.5	87.4	89.9	84.0	61.5	55.1
Insurance	3.5	12.1	12.2	21.5	26.0	19.2	31.6	28.0	28.1	24.0	19.5	16.9
Telecommunication	12.6	9.4	9.6	13.3	18.3	19.7	18.4	19.3	16.9	16.1	15.6	15.4
Miscellaneous	5.7	18.9	18.9	20.6	34.4	41.5	46.0	57.6	23.2	23.0	21.7	23.0

Sources: DSE Monthly Review, Various Issues.

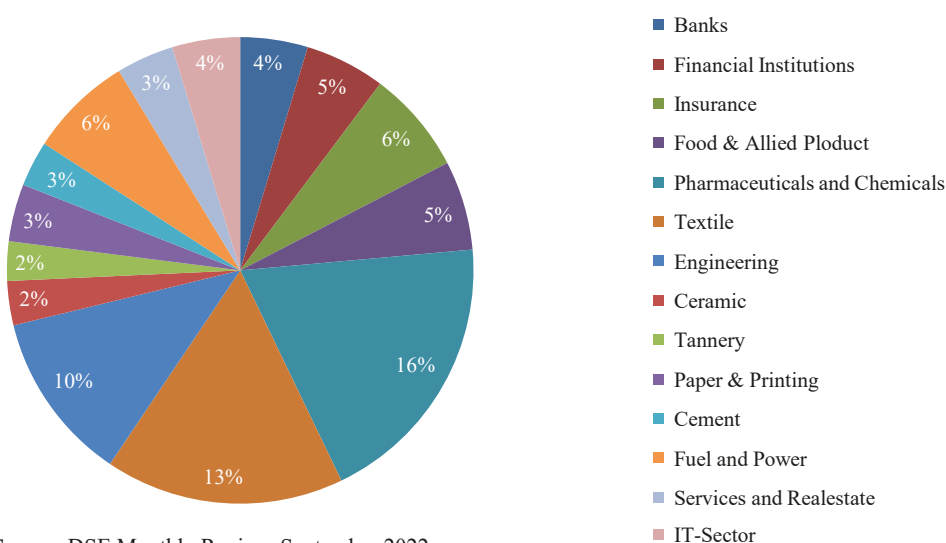


Table 7.1: Selected Countries: Price Earnings Ratio, Dividend Yield and Market Capitalization as of September 2022

	Price Earnings Ratio	M. Cap to GDP Ratio
Bangladesh	15.05	13.05
India	22.25	59.70
Sri Lanka	5.17	13.52
Thailand	17.52	106.24
Hong Kong	8.83	1227.23
China	12.45	34.53

Source: DSE Monthly Review, September 2022.

Chart VII.6: Turnover of Major Sectors in Q1FY23



Source: DSE Monthly Review, September 2022

7.5 The liquidity condition and issued capital in the DSE were improved in Q1FY23. The value of issued equity and debt increased by 8.3 percent in Q1FY23 from Q1FY22 and one new company were listed in the capital market during the quarter under review. Thus, the number of listed securities rose to 404 at the end of Q1FY23. Total turnover value increased by 64.5 percent in Q1FY23 from Q4FY22 (Chart VII.1). Sector-wise turnover data showed that the pharmaceuticals and chemicals sector achieved the highest (16 percent) turnover in Q1FY23 (Chart VII.6). Market liquidity as measured by the Turnover Velocity Ratio (TVR) grew to 63.7 percent in Q1FY23 from 39.0 percent in Q4FY22.

POLICY NOTES

Policy Note: PN 2203

Impact of Exchange Rate and Global Commodity Price Inflation on Private Sector Credit in Bangladesh⁷

Abstract

Private sector credit has been growing exorbitantly in recent periods and reached 13.9 percent at the end of October 2022. During the same periods of high private sector credit growth, the Bangladesh economy has also been experiencing external sector vulnerabilities mainly generated through global commodity price-induced higher import costs and significant depreciation of the exchange rate of BDT against USD. This policy note attempts to address whether there is any link between private sector credit growth and external sector volatility influenced by BDT/USD exchange rate depreciation and global commodity price hike. To this end, the note estimates the extent of contributions of the external sector variability to the private sector credit growth. After converting the credit to export-import financing into USD, this policy note finds that export-import financing in terms of BDT vis-à-vis USD grew much faster in recent times, reflecting the costs of exchange rate depreciation against the USD. The note finally estimates exchange rate and global price-adjusted private sector credit growth and finds that the adjusted growth rates were much lower than the observed growth rates of private sector credit in recent periods.

I. Introduction

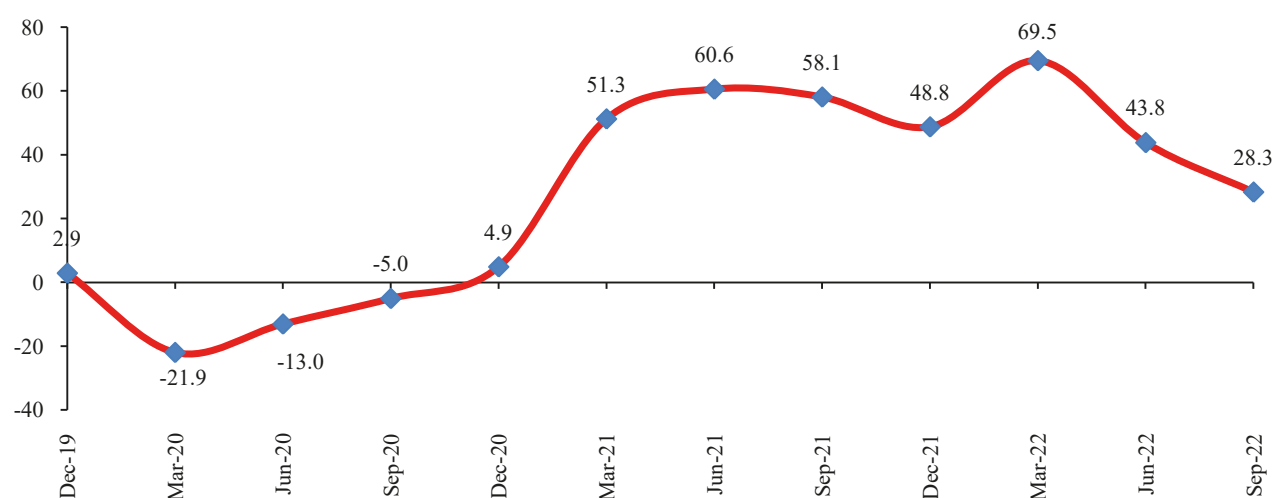
The COVID-19 pandemic has badly affected economic activities worldwide, and Bangladesh was no exception to the impact. Central banks, as the regulator of financial systems, particularly for the banking systems, faced enormous challenges during the COVID-19 period to support macroeconomic and financial stability. One of the main focuses of Bangladesh Bank is to ensure adequate credit flow for continuing the country's business and investment activities while keeping in mind that the excess credit flows do not create any inflationary pressure on the economy but uphold normal economic activities. As observed during the COVID-19 period, commercial banks, as key market players in the financial sector, were cautious to some extent to provide fresh loans in the face of uncertainty of the forthcoming business condition. The credit growth, particularly the private sector credit growth, slowed significantly during the restricted time in COVID-19 periods even though BB adopted an easy monetary policy amid the Government's comprehensive stimulus packages to circumvent the pandemic effects. Until recently, BB continued its easy monetary policy while supporting Government's stimulus packages. The situation has reversed with the appearance of external sector difficulties due to Russia-Ukraine war-induced supply chain disruptions

⁷ This note has been prepared jointly by Dr. Md. Habibur Rahman, Chief Economist, Dr. Md. Salim Al Mamun, Additional Director, and Ms. Nasrin Akter Lubna, Deputy Director, Chief Economist's Unit in the Bangladesh Bank. The authors are grateful to Mr. Abdur Rouf Talukder, Honourable Governor of Bangladesh Bank, for his kind instruction, guidance, and valuable suggestions for conducting the study. However, the views expressed in this paper are the authors' own and do not necessarily reflect those of the Bangladesh Bank. Comments are welcome and can be sent to: salim.mamun@bb.org.bd.

in the post-pandemic recovery periods. Private sector credit growth has started to increase since the third quarter of 2021 and maintained an uptrend until to date (October 2022, the latest available data period).

With continued growth-supportive policy measures, Bangladesh's economy successfully recovered from the COVID-19 impact as real GDP grew by 6.94 and 7.25 percent in FY21 and FY22, respectively, reaching the pre-pandemic growth rates. However, when the economy started to gain further growth momentum speeding up its growth recovery, the Russia-Ukraine war came in front as a blow to Bangladesh economy like most other economies. Bangladesh, in fact, started to feel the heat of the war from its external economic sectors, mostly through global commodity price channels. Chart 1 shows that global inflation was very high, close to or above 50 percent, from March 2021 to June 2022. The inflation decreased in September 2022 but remained very high at 28.3 percent.

Chart 1: Global Inflation



Source: IMF primary commodity price index (base: 2016=100), IMF.

The effects of global commodity price hikes ultimately caused significant increases in import costs for Bangladesh since the first quarter of 2021. Consecutive four quarters of 2021 experienced 32.3, 72.9, 47.6, and 60.5 percent import growth, which, thereafter, created huge pressure on the exchange rate of BDT against USD. The nominal exchange rate (BDT/USD) remained mostly stable for a long period. In recent times, however, it exhibited some instabilities reaching BDT 86.20 per USD in March, BDT 93.45 in June, BDT 101.70 in September, and BDT 104.35 in October 2022. Higher import costs originated mainly from the combined effect of commodity price hikes and exchange rate depreciation creating higher demand for domestic credit for export and import businesses. Since private sector credit has been growing recently, it is worthwhile to seek the link between private sector credit growth and external sector instability (exchange rate depreciation and commodity price hike). To this end, this policy note tries to estimate the extent of the contribution of two external sector factors, i.e., exchange rate depreciation and global commodity price hikes, on the observed private sector credit growth in Bangladesh.

2. Literature Review

The empirical literature on the impact of exchange rate volatility on credit growth in developing countries is fairly limited, and so is true for Bangladesh. Islam (2022), in a study on determinants of domestic bank credit to private sectors in Bangladesh, found a long-run and statistically significant inverse association between exchange rate and private sector domestic credit. According to the findings, a 1.0 Bangladesh Taka increase in the exchange rate will cause around 1.87 percent reduction in bank lending. However, the impact of the exchange rate on bank credit appeared to be different for different countries considered in the literature. Exchange rates have no statistically significant influence on bank credit in Nepal (Timsina, 2017) and Ghana (Baoko et al., 2017) while in Pakistan (Imran & Nishat, 2013), Albania (Shijaku & Kalluci, 2013) and Nigeria (Olokoyo, 2011), the exchange rate was found to have a positive impact on the bank credit.

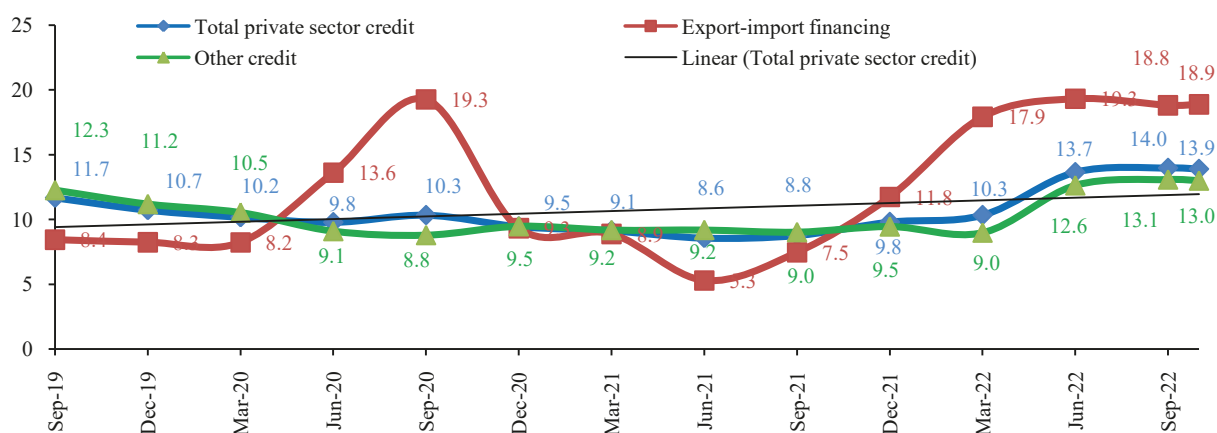
A study by Guo and Stepanyan (2011) analyzed the determinants of bank credit in 38 emerging market economies over the period 2001 to 2010 with panel regression considering the exchange rate in order to examine the effect of foreign currency credit and found that depreciation of the exchange rate contributes to private sector credit growth. Chebet and Muriu (2016) investigated the factors of private sector credit in Kenya using the Vector Error Correction Model for the Kenyan data set and found that private sector credit is negatively related to the exchange rate in the long –run.

Global commodity price significantly impacts domestic private sector credit growth through its pass-through effect of higher import costs. Agarwal et al. (2018) have specifically investigated the effect of international commodity prices on bank lending for 78 countries. The study finds that a fall in international commodity prices reduces domestic bank lending, though the effect is confined to low-income countries. Global commodity prices have had a significant uptick in recent times, especially after COVID-19 and Russia-Ukraine war-induced supply disruptions. Surprisingly, nominal import payments increased significantly during this period, although the volume of imports has not increased that much. Even so, the existing literature is very limited on the effect of exchange rate volatility and global commodity prices on private-sector credit growth in developing countries such as Bangladesh.

3. Private sector credit: export-import financing vs. other credit

While the share of export-import financing out of total private sector credit remains almost stable at around 15-16 percent all through the sample periods during September 2018 – October 2022, growth rates of export-import financing exhibited higher variability than that of other credit. Chart 2 shows that credit to export-import financing growth started rising in March 2020 and peaked at 19.3 percent in September 2020, pulling total private sector credit growth higher. Nevertheless, the growth rate slowed again and dipped to 5.3 percent in June 2021, reflecting the cyclic effects of COVID-19 pandemic-related lockdowns.

Chart 2: Growth rates of private sector credit



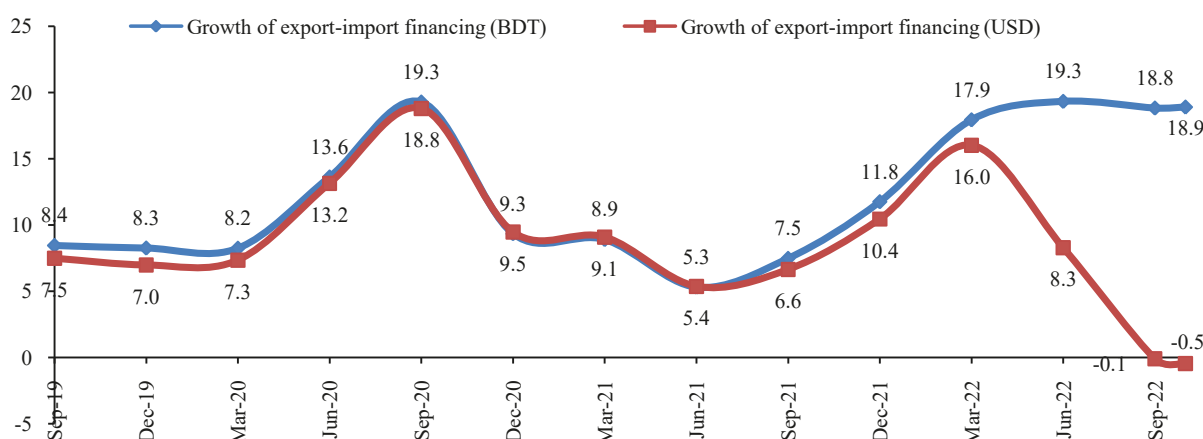
Source: Bangladesh Bank.

However, private sector credit growth started to improve since September 2021, mainly driven by credit to export-import financing growth as the export-import growth increased gradually and reached close to 20 percent in recent months. The export-import financing growth contributed significantly to the recent high private sector credit growth phenomenon.

4. Estimation of exchange rate adjusted private sector credit growth

This policy note estimates exchange rate-adjusted private sector credit growth following several steps. First, total private sector credit is divided into two parts – export-import financing and other credit. Other credit covers the amount of private sector credit other than export-import financing. Then, only the export-import financing is converted into USD terms to remove the BDT-USD exchange rate depreciation effect. Comparing the growth rates of export-import financing between BDT and USD terms, it is evident that the growth of export-import financing in USD sharply declined in recent periods, particularly since March 2022, while the growth of export-import financing in BDT continued an uptrend during the same period, reflecting exchange rate depreciation as a key contributor in the recent high growth of export-import financing (Chart 3).

Chart 3: Growth of credit to trade: BDT vs. USD



Source: Bangladesh Bank.

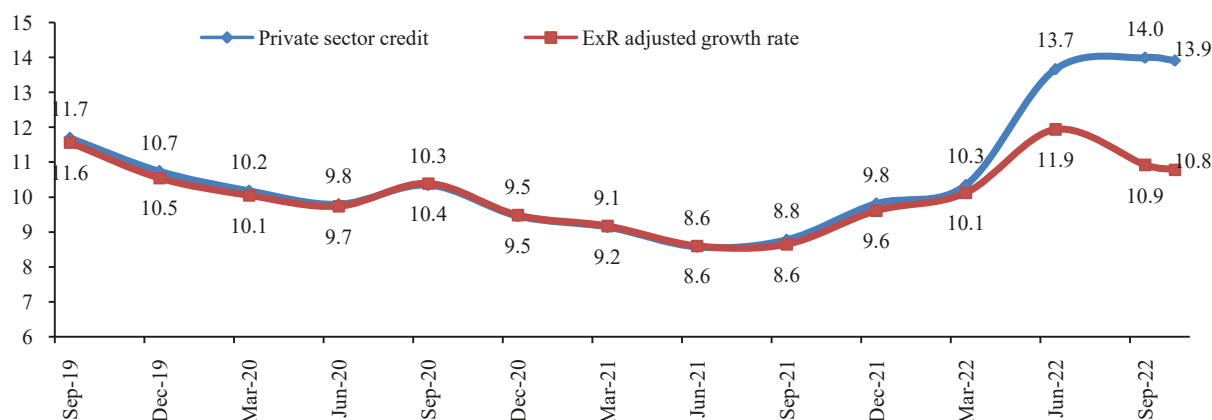
Using the growth rate of export-import financing in USD terms and that of other credit in BDT, a weighted average growth rate of private-sector credit can be estimated. Here, the share of respective credit is considered to calculate the weighted-average growth rate, which is, in fact, the exchange rate adjusted weighted-average private sector credit growth rate (Table 1). Chart 4 shows that while the observed private sector credit growth rates almost perfectly matched the exchange rate adjusted private sector credit growth rates until March 2022, the exchange rate adjusted growth rate, after that, started to deviate. The observed growth rates were 13.7, 14.0, and 13.9 percent in June, September, and October 2022, respectively. On the other hand, exchange rate adjusted growth rates were much lower and stood at 11.9, 10.9, and 10.8 percent in June, September, and October 2022, respectively. Therefore, the recent high growth scenario reflects the result of significant exchange rate depreciation.

Table 1: Estimation of exchange rate adjusted private sector credit growth

Period	Growth rate of PSC 1	Growth of other credit (BDT) 2	Growth of export-import financing (USD) 3	Share of other credit 4	Share of export-import financing 5	Weighted average growth rate of private sector credit (Exchange rate adjusted) 6 = (2 × 4 + 3 × 5)
Sep-19	11.7	12.3	7.5	0.85	0.15	11.6
Dec-19	10.7	11.2	7.0	0.85	0.15	10.5
Mar-20	10.2	10.5	7.3	0.85	0.15	10.1
Jun-20	9.8	9.1	13.2	0.84	0.16	9.7
Sep-20	10.3	8.8	18.8	0.84	0.16	10.4
Dec-20	9.5	9.5	9.5	0.85	0.15	9.5
Mar-21	9.1	9.2	9.1	0.85	0.15	9.2
Jun-21	8.6	9.2	5.4	0.85	0.15	8.6
Sep-21	8.8	9.0	6.6	0.84	0.16	8.6
Dec-21	9.8	9.5	10.4	0.85	0.15	9.6
Mar-22	10.3	9.0	16.0	0.84	0.16	10.1
Jun-22	13.7	12.6	8.3	0.84	0.16	11.9
Sep-22	14.0	13.1	-0.1	0.84	0.16	10.9
Oct-22	13.9	13.0	-0.5	0.84	0.16	10.8

Source: Bangladesh Bank.

Chart 4: Growth rate of private sector credit: Observed vs. Exchange rate adjusted

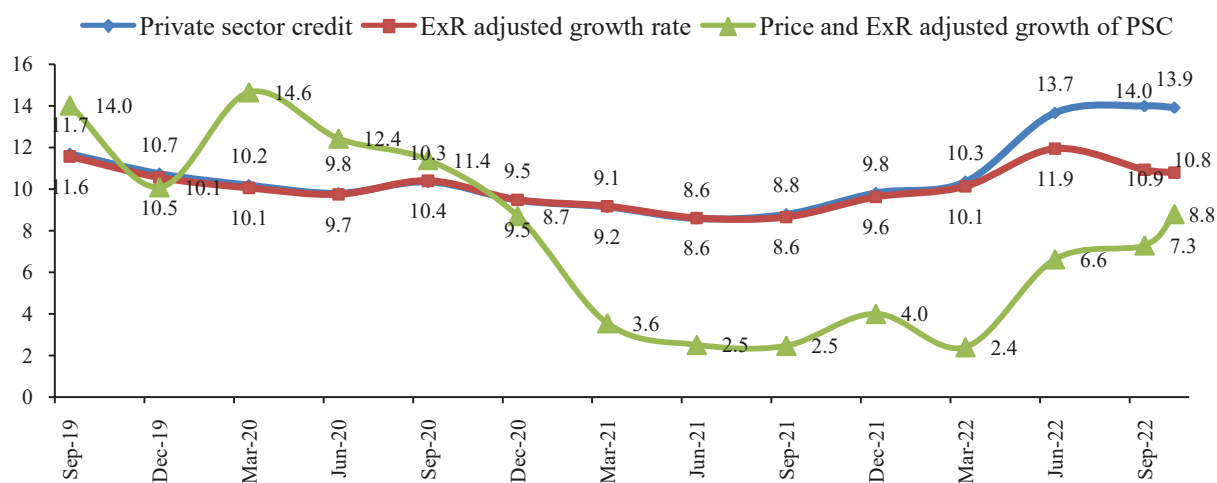


Source: Bangladesh Bank.

5. Estimation of exchange rate and global price-adjusted private sector credit growth

This section does the same exercise as in section 4 but incorporates the impact of global commodity price index inflation in addition to exchange rate adjustment. The global price adjustment factor is calculated based on IMF's Commodity Price Index. The base index is estimated as the average price indices of pre-COVID periods' during September 2018 – December 2019. Using this adjustment factor, the growth of price-adjusted export-import financing is calculated. After that, a weighted average growth rate of private sector credit is estimated, which is appeared to be further lower than the exchange rate adjusted private sector credit growth. Exchange rate and global price adjusted growth rates were much lower than the observed growth rates after December 2020, which stood at 6.6, 7.3, and 8.8 percent in June, September, and October 2022, respectively (Chart 5).

Chart 5: Growth rate of private sector credit: Observed vs. exchange rate and global price adjusted



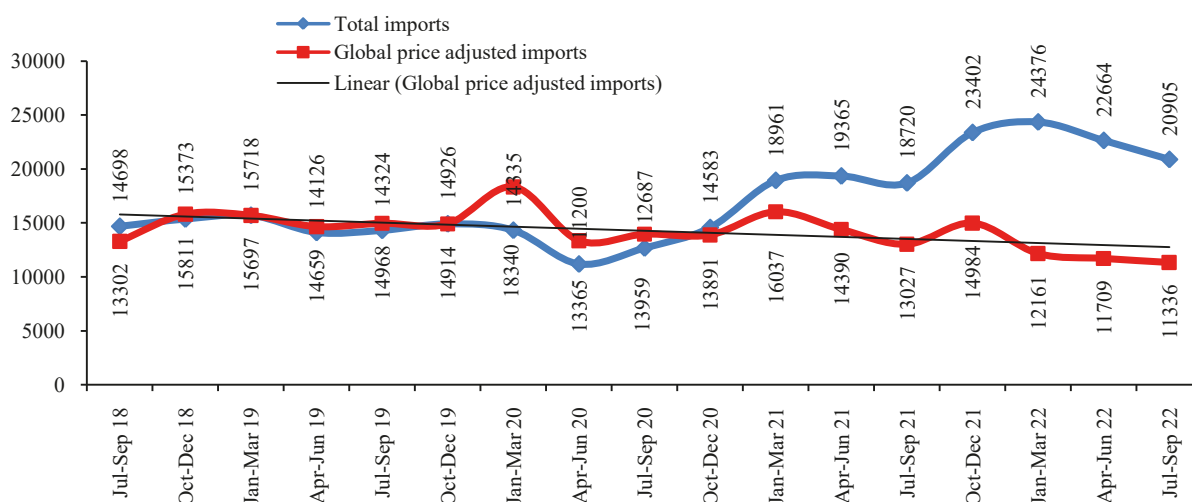
Source: Bangladesh Bank.

6. Global commodity price hikes and higher import payments

Global commodity price fluctuations have important implications as Bangladesh is a net commodity importer. This note aimed at understanding whether the possible cause of increased import payments is the global commodity price increase. Besides, it also investigated the effects on macro-financial linkages of increased nominal import payments due to global commodity price hikes by exploiting available literature and data support.

Firstly, this note considers the real and nominal import payments to understand the global price effect on import payments. The real import payment is defined as the nominal import payment in US Dollars deflated by the global commodity price index. An aggregate commodity price index series has been used as a price deflator because imports of different commodities may have different sensitivities to commodity price cycles. Not all commodities' price changes are alike in terms of their potential effects.

Chart 6: Value of imports (USD) – Observed vs. price adjusted

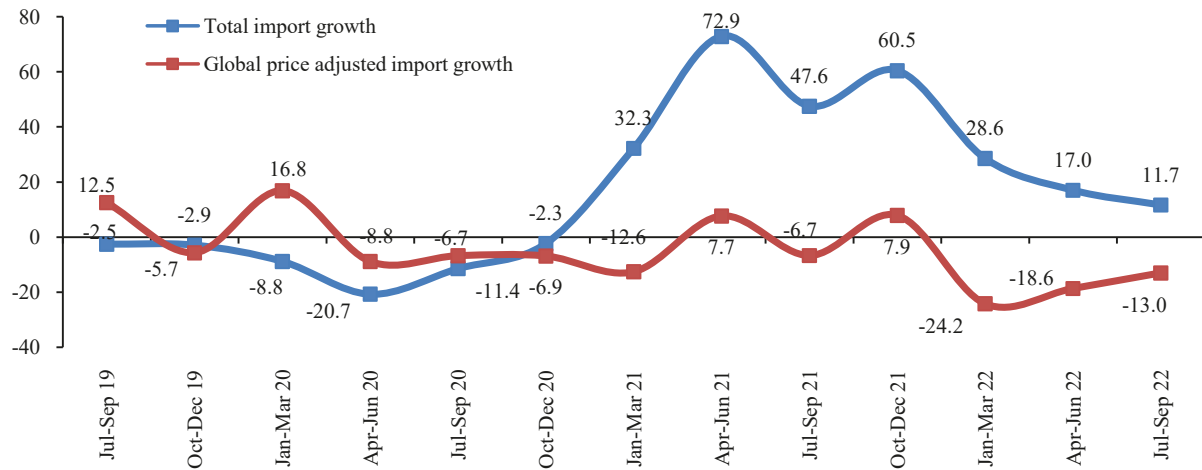


Source: Bangladesh Bank.

The plot of quarterly observations displayed in Chart 6 illustrates the import situation of the country during the recent commodity price cycles. It highlights how the performance of import payments moves with the price cycles. During the low commodity price setting, total real import payments were higher. In comparison, global price-adjusted import payments were significantly lower at the recent high price situation considering the same amount of import.

A visual inspection of Chart 6 reveals a co-movement between the real and nominal import payments up to July-September 2020 of the sample period. From July-September 2019 to July-September 2020, global commodity price inflation stayed in negative territory (Chart 1). Consequently, nominal import payment largely trended downward, which depicted that Bangladesh has benefited from the low price as a commodity importer country. The falling trend quickly reversed after October-December 2020 as the global price picked up sharply and maintained an upward trend till the last timeframe of the sample period. Nevertheless, the real import price remained largely stable until around October-December 2020. Afterward, global price-adjusted import payments trended downward, attributed to the spiral effect of COVID-19 and Russia-Ukraine-induced global commodity supply bottlenecks. Markedly, there was a large gap between nominal and real import payments at that time. Chart 7 also depicts a similar growth pattern for nominal and global price-adjusted imports. It is evident that nominal import growth was significantly higher than the global price-adjusted import growth rate after December 2020. Therefore, the nominal import payments were highly dependent on the commodity prices. An increase in nominal import payment represents a surge in commodity prices and vice versa.

Chart 7: Value of import growth – Observed vs. price adjusted



Source: Bangladesh Bank.

7. Implications of global price-induced import payments through the credit channel

The large increase in recent global price-induced import payments had several implications in terms of trade, exchange rate, and balance of payments, as well as on the real economy of Bangladesh through bank lending channels. When a smaller volume of imports can be purchased with a given volume of exports may be due to higher commodity prices, it represents the weakening of the country's terms of trade. Consequently, a high association between commodity import prices and terms of trade was apparent. In contrast, shocks to the commodity price were directly transmitted to the terms of trade and subsequently to the exchange rate. The weakening of the country's terms of trade generated a trade deficit and exchange rate depreciation pressure in the face of increasing import payments relative to export income. As a result, for an import-dependent country, a depreciated exchange rate disadvantages domestic customers via higher-priced imports while it favors foreign exchange earners like exporters and wage earner remitters.

8. Key findings and challenges

This policy note attempts to estimate the extent of the contribution of the external sector instability to the private sector credit growth. The note finds that though export-import financing remained around 16 percent during the sample period, there is a tendency to have higher growth in export-import financing during the period of higher global commodity prices in the presence of relatively stronger USD against BDT. Moreover, export-import financing in terms of BDT vis-à-vis USD grew much faster in recent times, reflecting the costs of exchange rate depreciation against USD.

The note also finds that a huge depreciation of the exchange rate of BDT against USD impacted to increase in the private sector credit growth at higher rates in recent periods. Moreover, the calculated weighted average growth rate of exchange rate adjusted private sector credit was much lower than the observed growth rates of private sector credit. Meanwhile, the global price and exchange rate adjusted

growth rate became further below the observed growth rate of private sector credit in recent periods. On the other hand, the policy note finds that the global price index adjusted import payments (in USD) appeared to be significantly lower than the unadjusted import payments since July 2022. As a result, global price-adjusted import growth remained much lower than unadjusted import growth.

Overall, adverse commodity price shocks and exchange rate volatility can create challenges to the economy through credit channels which ultimately impact the bank's balance sheet. First, a surge in import payments to those of export earnings leads to an increase in bank credit to the trade, which may create a potential liquidity mismatch. Second, the shocks could unfavorably impact economic activity and agents' (including the Government) ability to meet their debt obligations, thereby potentially deteriorating banks' balance sheets. Large commodity price shocks can also affect bank balance sheets by weighing on a country's reserves and increasing the risk of currency mismatches. Third, a sharp increase in global commodity prices can impact commodity importers' budgetary balance, which may drive the Government to adjust its budget to contain any such budgetary imbalance. In view of tackling external factors driven imported inflation, there are not many policy options available other than making appropriate supply side interventions, while managing the exchange rate adversities requires market oriented flexibility.

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Tables

Table I.1: Macroeconomic Framework: Key Economic Indicators
(Growth in percent, unless otherwise indicated)

Indicators	FY16	FY17	FY18	FY19	FY20	FY21	FY22 ^P
Real GDP (Base 2015 -16)	-	6.59	7.32	7.88	3.45	6.94	7.25
GDP deflator	-	5.05	5.81	3.65	3.85	4.12	5.03
CPI Inflation (average)	5.50	5.94	5.78	5.47	5.65	5.56	6.15
CPI Inflation (point to point)	5.90	5.44	5.54	5.71	6.02	5.64	7.56
Money and credit							
Private sector credit	16.78	15.66	16.94	11.32	8.61	8.35	13.66
Broad money (M2)	16.35	10.88	9.24	9.88	12.64	13.60	9.43
External Sector							
Exports, f.o.b.	8.90	1.70	6.66	9.10	-18.89	14.89	33.45
Imports, f.o.b.	5.90	9.00	25.23	1.80	-8.57	19.71	35.95
In percent of GDP							
Gross Domestic Savings	27.27	27.07	26.45	26.88	27.08	25.34	21.56
Gross domestic investment	30.24	30.95	31.82	32.21	31.31	31.02	31.68
Total revenue	8.55	9.40	9.83	10.73	10.98	8.78	8.62
Tax	7.49	8.27	8.80	9.81	9.87	7.36	7.58
Nontax	1.06	1.13	1.03	0.92	1.10	1.28	0.88
Total expenditure	12.75	13.65	14.08	14.99	15.82	12.50	12.69
Current expenditure	7.24	8.30	7.98	9.04	9.31	6.96	6.94
Annual Development Program	4.38	4.99	5.82	5.66	6.08	4.87	5.12
Other expenditure (residual)	1.12	0.36	0.27	0.30	0.42	0.67	0.63
Overall balance (including grants)	-3.96	-4.04	-4.08	-4.14	-4.73	-3.72	-4.07
Financing (net) (a+b)	4.20	4.25	4.25	4.27	4.73	3.72	4.07
a. Domestic financing	2.99	3.01	2.50	2.67	3.07	2.38	2.24
Banking System	1.53	1.03	0.75	1.05	2.60	1.13	1.56
Non-bank	1.47	1.98	1.75	1.62	0.47	1.25	0.68
b. Foreign Financing	1.20	1.04	1.57	1.60	1.66	1.34	1.83
Current account balance	1.61	-0.45	-2.98	-1.45	-1.26	-0.91	-4.02
Overall balance	1.90	1.08	-0.27	0.05	0.85	2.23	-1.16
Broad Money (M2)	44.15	43.72	42.06	41.32	43.33	44.22	42.96
Broad Money (M3)	51.87	53.07	52.05	51.98	53.74	54.64	51.60
Deposit (DD+TD)	38.24	37.77	36.69	36.07	37.25	38.26	36.14
Private Sector Credit	32.33	33.39	34.39	34.23	34.61	33.68	33.98
In billion USD							
Exports, f.o.b.	33.44	34.02	36.29	39.60	32.12	36.90	49.25
Imports, f.o.b.	39.90	43.49	54.46	55.44	50.69	60.68	82.50
Gross official reserves	30.18	33.41	32.94	32.72	36.04	46.39	41.83
In terms of month of imports	7.2	6.6	6.0	6.0	6.1	6.2	5.1
Memorandum items:							
Nominal GDP (In billion Taka)	20,758	23,243	26,392	29,514	31,705	35,302	39,765
Nominal GDP (In billion USD)	265	294	321	351	374	416	465

Sources: Bangladesh Bank; Ministry of Finance and Bangladesh Bureau of Statistics; P = Provisional.

Table I.2: Real GDP Growth by Sectors : Base 2015-16
(In percent)

Sectors	FY17	FY18	FY19	FY20	FY21	FY22 ^P
Agriculture	3.20	3.54	3.26	3.42	3.17	2.20
	(13.62)	(13.14)	(12.56)	(12.52)	(12.07)	(11.50)
Agriculture, forestry and fishing	3.20	3.54	3.26	3.42	3.17	2.20
i) Crops and horticulture	2.22	2.75	2.07	2.50	2.29	1.06
ii) Animal farming	2.77	2.90	3.01	3.19	2.94	3.10
iii) Forest and related services	5.00	5.08	5.13	5.34	4.98	5.08
iv) Fishing	4.73	4.93	4.99	4.40	4.11	2.08
Industry	8.27	10.2	11.63	3.61	10.29	10.44
	(32.98)	(33.85)	(34.99)	(34.94)	(36.01)	(37.07)
a) Mining and quarrying	17.29	9.55	11.31	3.16	6.49	-1.94
b) Manufacturing	7.09	10.45	12.33	1.68	11.59	12.31
i) Large Industry	4.63	11.08	12.79	0.41	10.61	12.87
ii) Small, Medium, and Micro Industry	10.06	11.10	10.61	2.69	13.89	11.71
iii) Cottage Industry	9.29	7.45	14.17	3.67	10.27	11.75
c) Electricity, gas, steam and air conditioning supply	7.07	8.27	8.24	0.67	9.54	5.96
d) Water supply, sewerage, and waste management	3.63	2.96	6.31	2.18	6.65	7.43
e) Construction	9.76	10.06	10.47	9.13	8.08	8.94
Service	6.37	6.55	6.88	3.93	5.73	6.31
	(53.40)	(53.01)	(52.45)	(52.54)	(51.92)	(51.44)
a) Wholesale and retail trade	8.22	8.74	8.85	3.21	7.64	8.72
b) Transportation and storage	6.13	6.74	7.01	1.73	4.04	5.70
c) Accommodation and food service activities	5.39	5.52	5.64	1.69	4.53	5.59
d) Information and communication	8.35	6.77	7.36	6.57	7.11	6.15
e) Financial and insurance activities	5.30	6.94	8.25	4.72	5.82	7.60
f) Real estates activities	3.33	3.48	3.61	3.68	3.42	3.66
g) Professional, scientific and technical activities	3.97	4.08	4.17	3.38	5.09	4.25
h) Administrative and support service activities	6.40	7.74	8.17	6.33	6.02	5.48
i) Public administrative and defence	11.23	8.67	6.49	5.49	6.05	4.02
j) Education	5.95	5.89	7.06	5.33	5.81	6.23
k) Human health and social work activities	10.33	9.20	12.20	10.70	10.6	9.78
l) Arts, entertainment and recreation	4.98	5.24	5.48	5.43	5.76	6.07
m) Others service activities	3.14	3.22	3.27	3.06	3.08	3.19
GDP (at constant market price)	6.59	7.32	7.88	3.45	6.94	7.25

Source: Bangladesh Bureau of Statistics; P = Provisional.

The parentheses indicate the percentage share of total producer price GDP at constant price.

Table I.3: Nominal GDP by Sectors: Base 2015-16

(In billion Taka)

Sectors	FY16	FY17	FY18	FY19	FY20	FY21	FY22 ^P
Agriculture	2,795	3,012	3,294	3,534	3,804	4,107	4,398
Agriculture, forestry, and fishing	2,795	3,012	3,294	3,534	3,804	4,107	4,398
i) Crops and horticulture	1,383	1,487	1,623	1,734	1,861	1,996	2,119
ii) Animal farmings	467	495	532	563	597	633	672
iii) Forest and related services	372	399	436	466	504	559	626
iv) Fishing	574	631	703	771	842	918	982
Industry	6,449	7,263	8,441	9,696	10,435	11,761	13,541
a) Mining and quarrying	331	400	443	526	552	591	582
b) Manufacturing	4,224	4,666	5,490	6,259	6,531	7,497	8,767
i) Large Industry	2,212	2,378	2,757	3,119	3,180	3,574	4,113
ii) Small, Medium, and Micro Industry	1,291	1,467	1,739	1,981	2,087	2,490	2,943
iii) Cottage Industry	721	821	995	1,160	1,263	1,433	1,711
c) Electricity, gas, steam and air conditioning supply	246	292	326	381	445	449	486
d) Water supply; sewerage, waste management	21	23	25	27	28	30	34
e) Construction	1,628	1,882	2,157	2,503	2,879	3,195	3,673
Service	10,630	11,943	13,431	15,008	16,332	18,110	20,235
a) Wholesale and retail trade	2,885	3,246	3,737	4,184	4,458	4,977	5,725
b) Transportation and storage	1,580	1,787	1,978	2,197	2,323	2,562	2,850
c) Accommodation and food service activities	239	267	301	335	360	399	443
d) Information and communication	248	273	295	322	351	384	418
e) Financial and insurance activities	651	722	817	933	1,032	1,153	1,305
f) Real estates activities	1,925	2,142	2,360	2,607	2,880	3,130	3,351
g) Professional, scientific and technical activities	39	43	47	52	57	63	69
h) Administrative and support service activities	142	157	173	200	230	271	308
i) Public administrative and defence	667	785	902	990	1,070	1,170	1,277
j) Education	545	609	682	770	856	956	1,076
k) Human health and social work activities	546	635	734	868	1,015	1,185	1,369
l) Arts, entertainment and recreation	30	34	38	42	48	53	60
m) Others serviceactivities	1,132	1,244	1,368	1,507	1,652	1,807	1,984
Total GVA at current basic price	19,874	22,218	25,166	28,238	30,570	33,978	38,175
Tax less subsidy	884	1,025	1,226	1,276	1,134	1,324	1,590
GDP at current market price	20,758	23,243	26,392	29,514	31,705	35,302	39,765

Source: Bangladesh Bureau of Statistics; P = Provisional.

Table I.4: Crop-wise Agricultural Production

Crops	Actual for FY21		Target for FY22		Actual for FY22		Target for FY23	
	Area	Production	Area	Production	Area	Production	Area	Production
	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)	(Lac Hectare)	(Lac M. Ton)
Aus	13.05	32.85	13.30	34.84	11.59	32.45	13.09	36.90
Aman	56.26	144.38	58.30	150.47	57.20	149.58	59.06	163.45
Boro	47.87	198.85	48.73	209.51	49.52	209.77	49.78	215.34
Total Rice	117.18	376.08	120.33	394.81	118.31	391.80	121.93	415.69
Maize	5.64	56.63	5.76	58.75	5.52	56.30	5.62	57.68
Wheat	3.29	10.85	3.37	12.26	3.15	10.86	3.18	11.60
Total Cereal	126.11	443.56	129.45	465.83	126.98	458.96	130.72	484.98
Jute	6.82	77.25	4.87	106.52	7.45	82.77	7.45	85.55
Gram	0.04	0.06	0.04	0.06	0.04	0.05	0.03	0.05
Moong	2.63	2.52	2.66	3.37	2.32	2.83	2.43	3.07
Mosur	1.83	2.58	1.83	2.60	1.53	2.08	1.55	2.20
Mustard	5.90	7.87	5.95	8.22	6.11	8.24	6.70	9.38
Onion	2.53	33.62	2.60	35.04	2.59	36.41	2.67	37.50
Potato	4.69	98.87	7.50	86.11	4.64	101.45	4.64	105.56
Vegetables	9.36	197.19	9.48	200.19	10.34	216.70	10.13	212.99

Source: Bangladesh Bureau of Statistics and Department of Agriculture Extension, Ministry of Agriculture.

Table I.5: Quantum Index of Medium and Large-scale Manufacturing Industries, Mining and Electricity
(Base: 2005-06)

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ [*]
Manufacturing	454.6	502.6	450.2	461.1	471.2	464.9	509.2	536.2	500.2	487.4
Mining	180.6	161.2	181.0	168.5	166.6	159.7	162.8	164.7	157.6	152.3
Electricity	345.9	357.7	308.1	303.3	391.0	405.0	329.2	280.7	415.7	435.0
Growth in percent (y-o-y)										
Manufacturing	15.43	10.56	7.00	9.35	42.56	6.64	13.11	16.28	6.16	12.19
Mining	-3.16	-10.74	-1.14	-9.82	-10.95	-22.57	-10.08	-2.23	-5.41	1.85
Electricity	13.06	3.42	9.63	12.71	28.99	6.32	6.83	-7.45	6.32	14.00

Source: Bangladesh Bureau of Statistics.

Note: * = July 2022.

Tables I.6: Quantum Index of Medium and Large-scale Manufacturing Industries by Major Industries

(Base: 2005-06)

		FY21				FY22			FY23	
	Weight	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ *	
General Index	100.0	450.2	481.4	485.2	498.8	509.8	536.2	500.2	487.4	
Food products	10.8	663.9	665.4	662.1	617.0	572.3	510.7	493.6	494.0	
Beverages	0.3	258.0	433.3	528.0	562.4	487.4	658.2	811.9	738.9	
Tobacco products	2.9	132.6	129.0	131.9	114.9	113.3	111.5	101.7	114.3	
Textile	14.1	261.0	285.5	326.4	311.0	326.3	300.7	296.1	294.7	
Wearing apparel	34.8	399.7	435.4	441.3	506.7	565.9	643.5	585.2	587.9	
Leather and related products	4.4	518.4	616.2	697.6	799.2	386.0	388.3	375.2	453.9	
Wood and products of wood and cork	0.3	538.5	474.4	426.5	452.8	455.4	425.8	403.3	383.9	
Paper and paper products	0.3	187.2	230.5	185.1	245.4	315.2	358.8	385.4	290.0	
Printing and reproduction of recorded media	1.8	234.9	227.9	219.0	206.1	208.6	207.4	207.7	204.9	
Coke and refined petroleum products	1.3	119.2	109.2	118.5	122.9	72.7	112.1	112.8	120.9	
Chemicals and chemical products	3.7	141.2	139.2	129.1	120.6	127.6	138.6	153.0	121.1	
Pharmaceuticals and medicinal chemical	8.2	1002.0	1068.3	1106.6	1075.9	1180.8	1178.1	1176.2	1048.3	
Rubber and plastic products	1.6	428.3	420.2	409.8	395.7	399.2	532.3	519.1	401.7	
Other non-metallic mineral products	7.1	544.5	638.6	560.2	551.0	561.8	669.2	528.5	489.6	
Basic metal	3.2	197.9	185.7	191.9	200.3	225.2	220.0	225.5	221.0	
Fabricated metal products	2.3	473.2	433.9	351.1	340.9	340.0	303.5	268.7	263.2	
Computer, electronic and optical product	0.2	264.9	291.2	278.0	285.8	269.3	279.8	226.1	142.6	
Electrical equipment	0.7	988.2	940.9	645.4	327.9	438.9	379.7	399.7	321.4	
Machinery and equipment	0.2	769.8	791.9	768.8	761.8	774.4	822.8	812.6	766.1	
Motor vehicles and trailers	0.1	104.1	234.6	305.6	347.4	604.1	585.9	796.1	855.5	
Other transport equipment	0.7	745.0	712.0	690.2	696.0	697.0	689.3	317.8	400.9	
Furniture	0.9	182.9	222.9	191.4	142.5	176.0	175.5	173.0	156.5	

Source: Bangladesh Bureau of Statistics; * = July 2022.

Table I.7: Cargo Handled by Chattogram Port

(In thousands Metric Tons)

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Export	7,368	7,969	1,835	1,946	1,869	1,933	2,084	2,036	1,916	1,925
Import	96,588	99,903	25,399	26,590	24,439	20,223	27,648	27,411	24,621	26,882
Total	103,956	107,872	27,234	28,536	26,308	22,156	29,732	29,447	26,537	28,807
Growth in percent (y-o-y)										
Export	10.88	8.16	1.77	6.56	56.16	12.47	13.58	4.65	2.53	-0.43
Import	10.67	3.43	3.76	-0.71	53.09	0.31	8.85	3.09	0.74	32.93
Total	10.68	3.77	3.62	-0.25	53.31	1.27	9.17	3.19	0.87	30.02

Source: Chattogram Port Authority.

Table I.8: Trends in Private Sector Credit

(In billion Taka)

Institutions	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Outstanding										
Banks ¹	11,889	13,512	11,413	11,604	11,889	12,107	12,633	12,914	13,512	13,794
Non-banks ^{2*}	671	693	675	665	671	672	673	690	693	704
Microfinance institutions ³	606	739	642	659	606	628	667	719	739	754
Total	13,166	14,944	12,731	12,927	13,166	13,302	13,972	14,323	14,944	15,252
Growth in percent (y-o-y)										
Banks	8.34	13.66	8.37	8.79	8.34	8.77	10.68	11.29	13.66	13.93
Non-banks	-0.29	3.28	-0.30	-1.61	-0.29	0.72	-0.42	3.72	3.28	4.82
Microfinance institutions	-1.22	21.89	-5.44	57.00	-1.22	4.77	3.88	9.20	21.89	19.98
Total	7.39	13.51	7.08	9.92	7.39	7.30	9.75	10.80	13.51	14.66

Sources: ¹Monetary Policy Department; ²Department of Financial Institutions and Markets, Bangladesh Bank;

³Grameen Bank, BRAC, ASA, Proshika. Note: *=Revised.

Table I.9: Bank Advances (Private Sector) by Economic Purposes

(In billion Taka)

Sectors	FY21					FY22 ^R				FY23 ^P
	FY21	FY22 ^R	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃ ^R	Q ₄ ^R	Q ₁ ^P
Outstanding										
a. Agriculture	511	600	477	488	511	509	541	556	600	588
Crops	462	549	432	441	462	462	492	509	549	539
Others	49	51	45	47	49	47	49	47	51	49
b. Industry	4,715	5,292	4,527	4,594	4,715	4,793	4,961	4,969	5,292	5,223
Term Loan	2,365	2,620	2,232	2,295	2,365	2,423	2,527	2,537	2,620	2,574
Working capital financing	2,351	2,671	2,295	2,299	2,351	2,370	2,435	2,432	2,671	2,650
c. Construction	943	1,041	928	932	943	988	1,003	1,029	1,041	1,081
d. Transport	76	65	82	78	76	75	70	68	65	70
e. Trade and Commerce	3,774	4,230	3,603	3,682	3,774	3,813	3,951	4,074	4,230	4,421
f. Other Institutional loan	254	289	278	272	254	244	282	293	289	271
g. Consumer finance	862	1,064	820	832	862	888	954	997	1,064	1,238
h. Miscellaneous	39	70	42	38	39	40	49	58	70	86
Total	11,174	12,650	10,756	10,917	11,174	11,350	11,811	12,046	12,650	12,978
Growth in percent (y-o-y)										
a. Agriculture	11.19	17.32	13.14	13.31	11.19	11.06	13.25	13.90	17.32	15.41
Crops	9.26	18.85	12.23	12.38	9.26	10.65	13.81	15.48	18.85	16.54
Others	33.37	2.91	22.60	22.70	33.37	15.25	7.87	-0.76	2.91	4.33
b. Industry	8.48	12.22	9.08	6.48	8.48	9.34	9.59	8.17	12.22	8.99
Term Loan	9.78	10.81	10.93	8.23	9.78	12.93	13.20	10.54	10.81	6.24
Working capital financing	7.20	13.64	7.35	4.78	7.20	5.89	6.07	5.79	13.64	11.80
c. Construction	2.52	10.40	4.26	0.90	2.52	7.37	8.15	10.48	10.40	9.38
d. Transport	-13.31	-14.14	-4.54	-1.85	-13.31	-12.19	-14.37	-12.61	-14.14	-5.60
e. Trade & Commerce	8.31	12.08	10.97	13.37	8.31	7.12	9.65	10.65	12.08	15.94
f. Other Institutional loan	-13.36	13.91	-4.23	-4.18	-13.36	-8.98	1.49	7.66	13.91	10.98
g. Consumer finance	29.68	23.49	15.57	21.99	29.68	22.89	16.42	19.88	23.49	39.38
h. Miscellaneous	9.07	77.12	26.31	-4.52	9.07	9.29	17.72	51.64	77.12	113.25
Total	8.57	13.21	9.46	9.14	8.57	8.78	9.81	10.34	13.21	14.34
Share in percent										
a. Agriculture	4.57	4.74	4.44	4.47	4.57	4.49	4.58	4.62	4.74	4.53
Crops	4.13	4.34	4.02	4.04	4.13	4.07	4.16	4.23	4.34	4.15
Others	0.44	0.40	0.42	0.43	0.44	0.42	0.41	0.39	0.40	0.38
b. Industry	42.20	41.83	42.09	42.09	42.20	42.22	42.00	41.25	41.83	40.25
Term Loan	21.16	20.71	20.75	21.03	21.16	21.34	21.39	21.06	20.71	19.83
Working capital financing	21.04	21.12	21.34	21.06	21.04	20.88	20.61	20.19	21.12	20.42
c. Construction	8.44	8.23	8.63	8.54	8.44	8.70	8.50	8.55	8.23	8.33
d. Transport	0.68	0.51	0.76	0.71	0.68	0.66	0.59	0.57	0.51	0.54
e. Trade & Commerce	33.77	33.44	33.50	33.73	33.77	33.60	33.45	33.82	33.44	34.06
f. Other Institutional loan	2.27	2.29	2.58	2.49	2.27	2.15	2.39	2.43	2.29	2.09
g. Consumer finance	7.71	8.41	7.62	7.62	7.71	7.83	8.08	8.28	8.41	9.54
h. Miscellaneous	0.35	0.55	0.39	0.35	0.35	0.35	0.42	0.48	0.55	0.66
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Table I.9 (1): Performance Indicators of NBFIs

(In billion Taka)

Sectors	FY21					FY22 ^R				FY23 ^P	
	FY21	FY22 ^R	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄ ^R	Q ₁ ^P	
NBFIs Advances (Outstanding)											
a. Agriculture	5.0	5.2	5.1	5.3	5.0	5.0	4.7	4.9	5.2	5.6	
Crops	3.8	4.1	3.9	4.1	3.8	3.8	3.5	3.8	4.1	4.5	
Others	1.2	1.1	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	
b. Industry	267.5	269.1	264.4	262.2	267.5	264.8	268.1	274.8	269.1	271.6	
Term Loan	213.2	211.1	209.0	208.6	213.2	206.4	207.8	215.9	211.1	216.2	
Working capital financing	50.1	52.8	50.9	49.5	50.1	55.0	56.1	54.3	52.8	49.7	
Factoring	4.2	5.3	4.5	4.1	4.2	3.4	4.2	4.6	5.3	5.6	
c. Construction	91.0	97.1	91.8	91.9	91.0	91.2	93.6	96.2	97.1	97.1	
d. Transport	12.1	16.7	15.4	15.1	12.1	13.9	14.9	15.9	16.7	17.1	
e. Trade and Commerce	156.4	152.8	151.0	156.6	156.4	151.4	143.6	148.8	152.8	156.1	
f. Other Institutional loan	38.5	40.8	41.2	40.2	38.5	39.6	38.7	39.4	40.8	37.3	
g. Consumer finance	96.2	106.4	92.1	94.7	96.2	94.3	104.6	106.5	106.4	106.1	
h. Miscellaneous	0.4	0.3	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	
Total Advances	667.0	688.6	661.6	666.5	667.0	660.5	668.5	686.8	688.6	691.2	
NBFIs Deposits by its type											
Fixed Deposits	419.5	409.8	427.9	423.0	419.5	421.4	415.7	413.0	409.8	403.9	
Recurring Deposits	3.7	5.9	3.6	3.1	3.7	3.7	5.2	5.5	5.9	6.1	
Special Purpose Deposits	2.7	4.5	2.6	2.8	2.7	2.6	3.9	4.1	4.5	4.5	
Restricted (Blocked) Deposits	0.2	0.6	0.1	0.1	0.2	0.2	0.2	0.2	0.6	0.6	
Total Deposits	426.0	420.9	434.2	429.0	426.0	427.9	425.0	422.7	420.9	415.2	
Interest Rates of NBFIs											
Deposit Rate	7.82	7.49	8.69	8.28	7.82	7.51	7.62	7.36	7.49	7.48	
Advances Rate	11.25	9.85	12.06	11.66	11.25	10.89	10.43	10.22	9.85	9.11	
Spread	3.43	2.36	3.37	3.38	3.43	3.38	2.81	2.86	2.36	1.63	
Growth in percent (y-o-y)											
NBFIs Advances											
a. Agriculture	-6.83	4.87	-3.30	-3.26	-6.83	9.51	-8.94	-6.88	4.87	12.40	
Crops	-3.69	8.25	-2.97	-2.49	-3.69	15.44	-11.80	-7.04	8.25	18.41	
Others	-15.45	-5.71	-4.32	-5.73	-15.45	-5.70	0.29	-6.32	-5.71	-6.46	
b. Industry	7.11	0.62	4.42	4.04	7.11	4.83	1.40	4.80	0.62	2.57	
Term Loan	6.17	-1.01	3.34	3.25	6.17	0.68	-0.53	3.47	-1.01	4.78	
Working capital financing	11.16	5.47	7.70	7.98	11.16	25.79	10.14	9.86	5.47	-9.61	
Factoring	8.90	25.26	21.46	-0.74	8.90	-12.47	-7.34	10.90	25.26	65.63	
c. Construction	-1.28	6.74	4.31	-1.90	-1.28	-0.50	1.95	4.70	6.74	6.43	
d. Transport	-7.45	38.27	7.07	6.17	-7.45	3.10	-3.10	4.82	38.27	23.56	
e. Trade & Commerce	-2.59	-2.28	-3.65	1.46	-2.59	-1.31	-4.94	-5.03	-2.28	3.08	
f. Other Institutional loan	-3.48	6.09	2.08	4.55	-3.48	2.49	-6.05	-1.80	6.09	-5.81	
g. Consumer finance	0.47	10.59	-6.92	-5.99	0.47	0.40	13.52	12.48	10.59	12.54	
h. Miscellaneous	-75.04	-21.34	-55.88	-71.25	-75.04	-87.01	-34.50	-36.75	-21.34	-7.92	
Total Advances	1.37	3.23	0.51	0.89	1.37	1.45	1.04	3.05	3.23	4.65	

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

Table I.10: Trends in Agricultural Credit
(In billion Taka)

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Program/Target (July -June)	262.9	283.9	262.9	262.9	262.9	283.9	283.9	283.9	283.9	309.1
Total disbursement	255.1	288.3	73.9	64.4	70.0	52.1	92.9	70.1	73.3	65.8
Crop	128.9	128.3	41.8	31.6	30.7	23.0	44.5	32.0	28.9	30.8
Irrigation	2.5	2.4	0.8	0.6	0.7	0.4	0.5	0.7	0.8	0.9
Agricultural equipment	1.9	2.4	0.5	0.5	0.6	0.3	0.6	0.6	0.8	0.7
Live -stock	35.3	54.3	9.6	10.0	8.3	9.3	16.0	13.2	15.8	13.5
Fisheries	29.5	35.9	7.8	7.9	8.8	7.2	11.2	8.3	9.2	8.6
Grain storage & marketing	1.8	1.8	0.4	0.4	0.6	0.3	0.5	0.5	0.5	0.5
Poverty alleviation	20.4	21.1	4.5	4.5	7.7	3.5	8.1	5.2	4.4	3.5
Others	34.9	42.2	8.6	8.9	12.7	8.1	11.6	9.6	12.9	7.5
Total recovery	271.2	274.6	78.1	56.8	73.5	55.9	80.1	63.8	74.9	70.8
Total overdue	58.7	59.5	65.7	62.9	58.7	71.7	69.3	64.7	59.5	78.0
Outstanding	459.4	498.0	440.89	453.5	459.4	456.9	476.6	488.9	498.0	502.5
Overdue as percent of outstanding	12.77	11.95	14.91	13.86	12.77	15.69	14.55	13.24	11.95	15.53
Growth in percent ¹										
Total disbursement	12.14	13.03	2.03	5.13	20.09	11.24	25.60	8.89	4.74	26.37
Total recovery	27.67	1.25	9.64	4.43	70.82	-11.02	2.49	12.29	1.88	26.68

Source: Agricultural Credit Department, Bangladesh Bank.

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table I.11: Microcredit Operations of Grameen Bank and Large NGOs
(In billion Taka)

Institutions	FY21					FY22				FY23 ^P
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ ^P
1. Total disbursement	948.5	1157.1	296.3	281.3	152.5	176.5	337.1	328.6	314.9	316.0
i) Grameen Bank	196.8	206.6	58.3	61.0	25.0	30.0	54.8	63.1	58.6	56.6
ii) BRAC	419.1	491.0	144.9	116.2	65.4	82.9	155.7	130.2	122.2	139.0
iii) ASA	324.8	446.4	91.6	101.6	59.8	61.4	123.2	131.6	130.2	115.9
iv) Proshika	7.8	13.2	1.5	2.5	2.4	2.2	3.4	3.7	4.0	4.5
2. Total recovery	1011.1	1118.6	280.9	283.3	210.1	207.0	303.2	294.4	314.0	325.7
i) Grameen Bank	206.7	203.2	61.1	58.6	27.0	34.3	58.1	57.5	53.3	54.9
ii) BRAC	492.7	527.6	135.6	134.6	117.2	109.7	144.1	128.7	145.2	149.8
iii) ASA	304.0	375.0	82.6	87.7	63.7	60.8	97.8	104.7	111.7	116.7
iv) Proshika	7.7	12.8	1.6	2.3	2.2	2.3	3.1	3.5	3.9	4.3
3. Loans outstanding	606.2	738.9	642.3	658.5	606.2	628.5	667.2	719.1	738.9	754.1
4. Loans overdue	41.4	32.7	24.5	32.2	41.4	33.1	42.3	41.8	32.7	33.7
5. Overdue as percent of outstanding	6.80	4.43	3.81	4.90	6.80	5.27	6.34	5.81	4.43	4.47

Source : Grameen Bank, BRAC, ASA and Proshika; P = Provisional.

Table I.12: Microcredit Operations of MFIs
(In billion Taka)

Indicators	FY20				FY21		FY22	
			July-	Jan-	July-	Jan-	July-	Jan-
	FY21	FY22	Dec/19	Jun/20	Dec/20	Jun/21	Dec/21	Jun/22
Total disbursement	1512.09	1918.33	774.94	589.24	718.84	793.25	891.21	1027.12
Total recovery	1397.12	1652.69	794.92	536.56	766.38	729.75	724.53	928.16
Loans outstanding	949.85	1233.35	856.48	892.23	925.19	949.85	1073.81	1233.35
Loans overdue	78.95	101.47	–	–	33.66	78.95	78.95	101.47
Overdue as percent of outstanding	8.31	8.23	–	–	3.64	8.31	7.35	8.23

Source: Microcredit Regulatory Authority.

Table I.13: Industrial Term Lending by Banks and NBFIs

(In billion Taka)

Institutions	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Disbursement										
SOBs	57.2	64.5	12.9	9.9	23.5	7.7	12.0	21.7	23.1	7.1
PCBs	545.5	547.3	134.5	133.7	149.7	122.8	150.6	121.4	152.5	143.9
Foreign banks	32.0	32.6	3.2	14.8	7.3	4.5	9.8	6.5	11.9	8.4
Specialized banks	8.1	10.3	2.1	1.7	2.5	2.1	0.01	3.63	4.50	9.96
Non-bank financial institutions	44.9	68.9	12.2	13.7	11.3	11.2	15.4	20.1	22.1	16.2
All Banks and NBFIs	687.7	723.6	165.0	173.8	194.3	148.3	187.7	173.4	214.1	185.6
Recovery										
SOBs	27.4	30.1	5.3	11.1	5.3	2.8	6.9	9.1	11.4	14.1
PCBs	450.7	502.6	124.2	131.9	114.2	101.2	147.9	125.6	127.9	166.9
Foreign banks	33.7	35.5	8.5	6.5	8.1	7.9	9.5	10.0	8.0	4.5
Specialized banks	9.9	12.5	0.7	4.5	4.3	4.1	2.0	3.3	3.1	1.6
Non-bank financial institutions	63.2	67.9	16.6	14.9	15.4	13.7	18.6	17.7	17.9	19.0
All Banks and NBFIs	584.9	648.6	155.4	168.9	147.3	129.8	184.8	165.7	168.3	206.1
Outstanding										
SOBs	752.5	633.8	471.1	705.6	752.5	601.2	590.5	603.3	633.8	648.9
PCBs	2,050.0	2152.5	1,942.1	1,931.5	2,050.0	2,065.5	2,099.0	2104.5	2152.5	2218.9
Foreign banks	78.8	70.8	72.3	79.3	78.8	75.2	73.7	70.2	70.8	73.6
Specialized banks	17.5	24.1	21.1	18.8	17.5	18.9	31.9	32.2	24.1	28.2
Non-bank financial institutions	254.1	323.0	246.4	255.3	254.1	272.4	294.0	295.5	323.0	317.8
All Banks and NBFIs	3,152.9	3204.1	2,753.1	2,990.5	3,152.9	3,033.3	3,089.2	3105.7	3204.1	3287.4
Growth in percent ¹										
Disbursement										
SOBs	-23.92	12.70	-43.81	-2.53	82.10	-29.55	-7.38	118.83	-1.49	-7.14
PCBs	-5.89	0.35	-31.21	13.45	53.68	-3.71	11.92	-9.16	1.88	17.13
Foreign banks	-23.68	2.15	-67.23	-13.83	-2.09	-31.96	207.80	-56.18	62.05	86.98
Specialized banks	208.66	26.43	961.36	532.69	42.34	21.46	-99.57	112.32	78.68	369.66
Non-bank financial institutions	3.83	53.38	-10.24	-2.31	538.68	44.77	26.06	47.49	96.01	44.83
All Banks and NBFIs	-7.40	5.23	-31.84	8.97	60.16	-4.02	13.78	-0.22	10.20	25.13
Recovery										
SOBs	-51.97	10.04	-75.51	-3.59	-17.02	-49.78	28.27	-18.51	113.89	404.48
PCBs	-18.74	11.51	-29.58	-2.03	42.91	25.86	19.02	-4.72	11.99	64.87
Foreign banks	57.76	5.31	95.74	27.76	85.11	-24.87	12.55	53.44	-1.80	-43.39
Specialized banks	357.60	26.11	-2.77	437.58	1,269.45	804.36	181.00	-26.88	-26.28	-61.61
Non-bank financial institutions	1.88	7.47	-8.71	6.97	42.37	-15.33	11.56	18.77	16.10	38.37
All Banks and NBFIs	-16.11	10.90	-29.84	1.75	44.63	14.64	18.91	-1.90	14.24	58.79
Outstanding										
SOBs	34.52	-15.78	-5.03	33.64	34.52	20.76	25.34	-14.50	-15.78	7.92
PCBs	13.12	5.00	13.02	10.97	13.12	10.17	8.08	8.96	5.00	7.43
Foreign banks	-6.38	-10.23	0.84	-1.78	-6.38	-2.18	1.99	-11.41	-10.23	-2.20
Specialized banks	-2.90	37.20	24.93	12.04	-2.90	0.87	50.97	71.50	37.20	49.48
Non-bank financial institutions	-15.18	27.11	-15.03	-15.19	-15.18	-0.76	19.31	15.75	27.11	16.66
All Banks and NBFIs	13.68	1.62	6.17	12.12	13.68	10.59	12.21	3.85	1.62	8.38

Source: SME & Special Programmes Department, Bangladesh Bank.

¹ Quarterly growth rate refers to growth over the same quarter of the previous year.

Table II.1: Trend in Inflation
(Base: 2005-06=100)

Period	General	Food	Non-food	General	Food	Non-food
Point-to-Point			12 Month Average			
2020						
January	5.57	5.12	6.30	5.60	5.54	5.70
February	5.46	4.97	6.23	5.60	5.50	5.77
March	5.48	4.87	6.45	5.60	5.43	5.86
April	5.96	5.91	6.04	5.63	5.46	5.90
May	5.35	5.09	5.75	5.61	5.43	5.89
June	6.02	6.54	5.22	5.65	5.52	5.85
July	5.53	5.70	5.28	5.64	5.54	5.79
August	5.68	6.08	5.05	5.65	5.61	5.72
September	5.97	6.50	5.12	5.69	5.71	5.66
October	6.44	7.34	5.00	5.77	5.87	5.62
November	5.52	5.73	5.19	5.73	5.82	5.59
December	5.29	5.34	5.21	5.69	5.77	5.56
2021						
January	5.02	5.23	4.69	5.64	5.78	5.43
February	5.32	5.42	5.17	5.63	5.82	5.34
March	5.47	5.51	5.39	5.63	5.87	5.26
April	5.56	5.57	5.55	5.60	5.84	5.22
May	5.26	4.87	5.86	5.59	5.82	5.23
June	5.64	5.45	5.94	5.56	5.73	5.29
July	5.36	5.08	5.80	5.54	5.68	5.33
August	5.54	5.16	6.13	5.53	5.60	5.43
September	5.59	5.21	6.19	5.50	5.49	5.52
October	5.70	5.22	6.48	5.44	5.32	5.64
November	5.98	5.43	6.87	5.48	5.29	5.78
December	6.05	5.46	7.00	5.54	5.30	5.93
2022						
January	5.86	5.60	6.26	5.62	5.33	6.06
February	6.17	6.22	6.10	5.69	5.40	6.13
March	6.22	6.34	6.04	5.75	5.47	6.19
April	6.29	6.24	6.39	5.81	5.53	6.26
May	7.42	8.30	6.08	5.99	5.81	6.27
June	7.56	8.37	6.33	6.15	6.05	6.31
July	7.48	8.19	6.39	6.33	6.31	6.35
August	9.52	9.94	8.85	6.66	6.71	6.58
September	9.10	9.08	9.13	6.96	7.04	6.84

Source: Bangladesh Bureau of Statistics (BBS).
Note: Food includes food, beverage & tobacco.

Table II.2: Commodity Prices in the International Markets

	FY21				FY22				FY23
	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Rice (USD/MT)	497.3	493.3	542.3	484.7	405.7	400.3	425.3	446.3	429.3
Wheat (USD/MT)	213.8	248.1	275.2	272.0	264.8	331.2	370.4	415.2	316.7
Soybean oil (USD/MT)	864.6	971.6	1169.0	1493.1	1433.7	1445.9	1674.1	1887.4	1560.2
Sugar (USD /kg)	0.28	0.31	0.35	0.37	0.42	0.42	0.41	0.43	0.40
Crude Petroleum (Dubai) (USD/Barrel)	42.5	43.9	59.5	66.4	71.4	77.9	96.5	108.9	98.3
Palm Oil (USD/MT)	750.2	917.8	1013.5	1073.0	1128.7	1307.0	1548.0	1633.6	997.3

Source: World Bank. Note: MT=Metric Ton.

Table II.3: Inflation in South Asia

(Point-to-point)

Countries	FY21						FY22				FY23
	FY21	FY22	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Bangladesh	5.64	7.56	5.97	5.29	5.47	5.64	5.59	6.05	6.22	7.56	9.10
Bhutan	7.42	6.54	8.02	7.72	9.11	7.42	4.97	6.87	5.57	6.54	6.05
India(CPI NS)	6.26	7.01	6.69	4.59	5.52	6.26	4.35	5.66	6.95	7.01	7.41
Pakistan	9.70	21.30	9.00	8.00	9.10	9.70	9.00	12.30	12.70	21.30	23.2
Vietnam	2.41	3.37	2.98	0.19	1.16	2.41	2.06	1.81	2.41	3.37	3.94

Source: Central banks and Statistics Departments of respective countries.

Note: Quarterly data indicate end quarter.

Table III.1: Movements in Reserve Money
(In billion Taka)

	FY21					FY22				FY23 ^P
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ ^P
Outstanding										
1. Net foreign assets of BB	3,669.2	3,477.6	3,411.8	3,468.4	3,669.2	3,617.3	3,546.1	3,447.6	3,477.6	3,189.3
2. Net domestic assets of BB	-188.5	-6.0	-371.3	-431.8	-188.5	-384.0	-309.4	-236.0	-6.0	211.5
a) Claims on public sector	205.0	583.7	41.5	-65.4	205.0	105.8	86.1	162.9	583.7	753.0
i) Claims on govt. (net)	172.9	549.3	13.1	-98.0	172.9	72.7	54.6	128.0	549.3	716.6
ii) Claims on other public sector	32.2	34.4	28.3	32.6	32.2	33.0	31.5	34.9	34.4	36.3
b) Claim on private sector	58.4	59.4	53.3	54.6	58.4	58.3	57.0	57.8	59.4	60.2
c) Claims on banks	189.5	160.7	161.3	190.8	189.5	183.8	166.0	161.4	160.7	273.5
d) Other items (net)	-641.4	-809.7	-627.4	-611.8	-641.4	-731.8	-618.5	-618.2	-809.7	-875.1
3. Currency issued	2,268.9	2,561.8	2,030.7	2,018.8	2,268.9	2,276.7	2,294.9	2,319.2	2,561.8	2,616.4
i) Currency outside banks	2,095.2	2,364.5	1,874.6	1,842.2	2,095.2	2,096.2	2,107.2	2,126.9	2,364.5	2,400.0
ii) Cash in tills	173.7	197.3	156.1	176.6	173.7	180.5	187.7	192.4	197.3	216.4
4. Deposits of banks with BB	1,211.8	909.8	1,009.8	1,017.8	1,211.8	956.6	941.8	892.3	909.8	784.4
5. Reserve money (RM)	3,480.7	3,471.6	3,040.5	3,036.6	3,480.7	3,233.3	3,236.7	3,211.6	3,471.6	3,400.8
6. Money multiplier (M2/RM)	4.48	4.92	4.86	4.89	4.48	4.90	5.01	5.08	4.92	5.07
Growth in percent (y-o-y)										
1. Net foreign assets of BB	28.3	-5.2	31.7	31.8	28.3	15.3	3.9	-0.6	-5.2	-11.8
2. Net domestic assets of BB	-1110.0	96.8	-352.7	-540.5	-1110.0	-17.1	16.7	45.3	96.8	155.1
a) Claims on public sector	-54.1	184.7	-88.8	-126.4	-54.1	-28.4	107.7	349.1	184.7	611.7
i) Claims on govt. (net)	-59.0	217.7	-96.2	-144.1	-58.9	-40.3	315.7	230.6	217.7	885.7
ii) Claims on other public sector	26.1	6.7	9.3	26.5	26.2	27.7	11.2	7.1	6.7	10.1
b) Claim on private sector	9.3	1.6	9.5	11.7	9.3	15.7	7.0	5.9	1.6	3.2
c) Claims on Banks	37.7	-15.2	175.8	-48.7	37.7	81.3	2.9	-15.4	-15.2	48.8
3. Currency issued	9.0	12.9	18.1	5.2	9.0	10.7	13.0	14.9	12.9	14.9
4. Deposits of banks with BB	58.6	-24.9	27.9	25.6	58.6	27.1	-6.7	-12.3	-24.9	-18.0
5. Reserve money (RM)	22.4	-0.3	21.2	11.3	22.4	15.1	6.5	5.8	-0.3	5.2

Source: Statistics Department, Bangladesh Bank; P = Provisional.

Table III.2: Movements in Broad Money
(In billion Taka)

	FY21					FY22				FY23 ^P
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁ ^P
Outstanding										
1. Net foreign assets	3,823.4	3,643.0	3,569.8	3,622.0	3,823.4	3,775.9	3,691.6	3,564.0	3,643.0	3,353.3
2. Net domestic assets	11,785.6	13,438.2	11,217.1	11,216.0	11,785.6	12,082.3	12,514.8	12,735.0	13,438.2	13,875.0
a) Domestic credit	14,399.0	16,717.5	13,635.8	13,707.3	14,399.0	14,689.0	15,321.9	15,627.1	16,717.5	17,100.7
Credit to public sector	2,510.4	3,205.1	2,222.7	2,103.5	2,510.4	2,581.8	2,689.4	2,712.7	3,205.1	3,306.6
Credit to govt. (net)	2,210.3	2,833.1	1,912.8	1,789.1	2,210.3	2,275.4	2,345.4	2,354.9	2,833.1	2,924.9
Credit to other public sector	300.2	372.0	309.9	314.4	300.2	306.4	344.0	357.8	372.0	381.7
Credit to private sector	11,888.6	13,512.4	11,413.0	11,603.8	11,888.6	12,107.2	12,632.5	12,914.4	13,512.4	13,794.1
b) Other items (net)	-2,613.4	-3,279.3	-2,418.7	-2,491.4	-2,613.4	-2,606.8	-2,807.1	-2,892.1	-3,279.3	-3,225.7
3. Narrow Money	3,758.3	4,259.0	3,363.8	3,297.8	3,758.3	3,665.7	3,793.1	3,755.6	4,259.0	4,184.5
a) Currency outside banks	2,095.2	2,364.5	1,874.6	1,842.2	2,095.2	2,096.2	2,107.2	2,126.9	2,364.5	2,400.0
b) Demand deposits	1,663.1	1,894.6	1,489.2	1,455.6	1,663.1	1,569.5	1,685.9	1,628.7	1,894.6	1,784.5
4. Time deposits	11,850.7	12,822.2	11,423.0	11,540.2	11,850.7	12,192.5	12,413.2	12,543.5	12,822.2	13,043.8
5. Broad money	15,609.0	17,081.2	14,786.8	14,837.9	15,609.0	15,858.2	16,206.4	16,299.1	17,081.2	17,228.3
Growth in percent (y-o-y)										
1. Net foreign assets	28.59	-4.72	30.22	29.71	28.59	14.02	3.41	-1.60	-4.72	-11.19
2. Net domestic assets	9.49	14.02	9.94	8.74	9.49	10.34	11.57	13.54	14.02	14.84
a) Domestic credit	10.11	16.10	9.91	11.40	10.11	10.20	12.37	14.01	16.10	16.42
Credit to public sector	19.33	27.67	18.58	28.34	19.33	17.42	21.00	28.96	27.67	28.07
Credit to govt. (net)	22.01	28.18	21.94	33.75	22.01	19.44	22.61	31.62	28.18	28.55
Credit to other public sector	2.75	23.93	1.32	4.31	2.75	4.30	11.00	13.80	23.93	24.57
Credit to private sector	8.35	13.66	8.37	8.79	8.35	8.77	10.68	11.29	13.66	13.93
3. Narrow money	14.49	13.32	21.91	13.34	14.49	12.60	12.76	13.88	13.32	14.15
4. Time deposits	13.35	8.20	12.16	13.17	13.35	10.77	8.67	8.69	8.20	6.98
5. Broad money	13.62	9.43	14.23	13.21	13.62	11.19	9.60	9.85	9.43	8.64

Source: Statistics Department, Bangladesh Bank; P = Provisional.

Table III.3: Interest Rates Developments

Instruments	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21	Sep.21	Dec.21	Mar.22	Jun.21 ^R	Sep.22 ^P
T - Bills										
14 - day	...	...	...	...	...	...	...	...	...	...
91 - day	6.83	2.93	0.53	0.75	0.52	2.00	2.36	2.43	5.94	6.01
182 - day	6.91	3.71	1.12	0.99	0.68	2.50	3.19	3.05	6.44	6.47
364 - day	7.35	3.86	1.91	1.86	1.21	2.76	3.44	3.75	6.62	6.8
BGTB										
2 - year	7.75	4.61	3.28	3.13	2.44	...	4.68	4.61	7.21	7.47
5 - year	8.05	5.57	4.48	4.24	3.84	4.67	6.41	6.11	7.80	7.73
10 - year	8.62	6.48	5.68	...	5.38	6.19	7.38	6.92	8.03	8.09
15-year	8.69	6.70	6.58	...	5.65	6.19	7.77	7.48	8.27	8.49
20-year	8.90	6.98	7.01	...	6.06	6.31	7.87	7.63	8.48	8.52
Repo										
1-3 day	5.25	4.75	4.75	4.75	4.75	4.75	4.75	4.75	5.50	5.50
Reverse Repo										
1-3 day	4.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Bangladesh Banks Bills										
07-Day	...	...	...	...	...	1.28	...	0.00	0.00	...
14-Day	...	...	...	...	...	1.51	...	0.00	0.00	...
30-Day	...	...	...	...	...	1.89	...	0.00	0.00	...
Call Money Rate	5.01	2.87	1.79	1.82	2.25	1.90	2.66	2.66	4.88	5.53
Lending Rate										
All Banks	8.03	8.04	7.69	7.57	7.43	7.38	7.42	7.28	7.24	7.14
State Owned Banks	6.45	6.49	6.18	6.21	6.20	6.28	6.47	6.35	6.29	6.24
Private Banks	8.41	8.43	8.06	7.91	7.74	7.65	7.67	7.53	7.49	7.39
(a) Domestic	8.43	8.45	8.10	7.96	7.81	7.72	7.73	7.57	7.53	7.41
(b) Foreign	8.03	7.87	7.26	6.70	6.17	5.87	6.10	6.28	6.40	6.87
Specialized Banks	7.79	7.68	7.59	7.59	7.24	7.19	7.13	7.09	7.01	6.65
Islamic Banks	8.97	9.18	8.49	8.14	8.02	8.01	8.10	7.79	7.70	7.25
Deposits Rate										
All Banks	5.02	4.89	4.56	4.39	4.14	4.09	4.06	4.04	3.98	4.14
State Owned Banks	4.27	4.48	4.43	5.43	4.32	4.24	4.12	3.87	3.84	4.12
Private Banks	5.26	5.00	4.57	4.32	4.02	3.98	3.98	4.05	3.98	4.09
(a) Domestic	5.49	5.22	4.78	4.53	4.22	4.18	4.18	4.25	4.18	4.29
(b) Foreign	1.87	1.72	1.37	1.16	0.92	0.87	0.87	0.85	0.90	0.96
Specialized Banks	5.64	5.71	5.43	4.48	5.62	5.46	5.67	5.37	5.27	5.45
Islamic Banks	5.86	5.62	5.14	4.87	4.56	4.49	4.38	4.45	4.39	4.44
National Savings Certificate[@]										
5 - year Bangladesh Sanchayapatra ¹	11.28	11.28	11.28	11.28	11.28	11.28 ^a	11.28 ^a	11.28 ^a	11.28 ^a	11.28 ^a
3 - year Sanchayapatra (Tin Mas Antar Munafa Vittik) ²	11.04	11.04	11.04	11.04	11.04	11.04 ^b	11.04 ^b	11.04 ^b	11.04 ^b	11.04 ^b
5 - year Pensioner Sanchayapatra ³	11.76	11.76	11.76	11.76	11.76	11.76 ^c	11.76 ^c	11.76 ^c	11.76 ^c	11.76 ^c
5 - year Paribar Sanchayapatra ⁴	11.52	11.52	11.52	11.52	11.52	11.52 ^d	11.52 ^d	11.52 ^d	11.52 ^d	11.52 ^d

Sources: Monetary Policy Department and Statistics Department, Bangladesh Bank; Department of National Savings;

... = No auction; P = Provisional, R = Revised. Note: Revised interest rates for NSC were effective from 21 September 2021.

^a The interest rates are 11.28%, 10.30% & 9.30% for upto Tk 15 lac, 15+ lac to 30 lac, & above 30 lac respectively.

^b The interest rates are 11.04%, 10.0% & 9.0% for upto Tk 15 lac, 15+ lac to 30 lac, & above 30 lac respectively.

^c The interest rates are 11.76%, 10.75% & 9.75% for upto Tk 15 lac, 15+ lac to 30 lac & above 30 lac respectively.

^d The interest rates are 11.52%, 10.50% & 9.50% for upto Tk 15 lac, 15+ lac to 30 lac & above 30 lac respectively.

Table III.4: Outstanding Stocks of Bangladesh Bank Bills, Treasury Bills, Bonds and NSD Certificates
(In billion Taka)

Instruments	Jun.20	Sep.20	Dec.20	Mar.21	Jun.21	Sep.21	Dec.21	Mar.22	Jun.22	Sep.22
Bangladesh Banks Bills										
07-Day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14-Day	0.0	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0
30-Day	0.0	0.0	0.0	0.0	0.0	95.0	0.0	0.0	0.0	0.0
Sub Total	0.0	0.0	0.0	0.0	0.0	102.0	0.0	0.0	0.0	0.0
T - Bills										
14 - day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
91 - day	122.0	165.0	156.0	127.0	112.5	142.9	196.0	102.8	302.8	277.0
182 - day	185.0	185.0	156.0	105.0	121.0	162.3	138.7	106.4	183.0	215.0
364 - day	355.0	332.0	279.0	248.5	287.5	272.5	286.8	284.6	305.1	292.1
Sub Total	662.0	682.0	591.0	480.5	521.0	577.6	621.5	493.7	790.9	784.2
BGTB										
2 - year	302.0	357.0	382.0	397.0	440.0	430.0	431.2	453.0	413.0	388.0
5 - year	461.5	510.0	558.5	573.5	566.5	597.0	637.6	651.6	711.6	757.6
10 - year	723.2	772.7	805.7	825.7	865.7	911.7	941.7	955.2	999.2	1037.7
15-year	350.2	359.7	384.2	388.2	416.2	429.7	451.2	466.7	510.8	526.6
20-year	326.4	335.9	359.9	363.9	385.9	397.3	416.8	433.4	488.2	506.0
Sub Total	2163.2	2335.2	2490.2	2548.2	2674.2	2765.6	2878.4	2959.8	3122.7	4000.1
National Savings Certificate	3021.3	3138.0	3226.2	3353.4	3440.9	3526.5	3536.8	3606.1	3640.1	3643.4
Total (excluding BB bills)	5846.5	6155.2	6307.4	6382.1	6636.1	6869.7	7036.7	7059.6	7553.8	7643.5

Sources: Monetary Policy Department, Bangladesh Bank; National Savings Directorate.

Table IV.1: Government Fiscal Operations
(In billion Taka)

	FY21		FY22 ^R						FY23	
	Revised Budget	FY21 ^R	Revised Budget	FY22 ^R	Q ₁	Q ₂ ^R	Q ₃ ^R	Q ₄ ^P	Budget	Q ₁ ^P
Revenue	3,515	3,099	3,890	3,428	682	792	883	1,071	4,330	772
a) NBR Tax revenue	3,010	2,599	3,300	3,016	584	707	748	977	3,700	671
i) VAT	1,152	1,021	1,276	1,169	241	281	196	353	1,412	244
ii) Customs duties	372	305	381	353	77	85	60	98	441	91
iii) Income tax	960	849	1,053	1,029	179	215	135	398	1,210	198
iv) Others	526	425	590	465	87	127	82	127	637	138
b) Non-NBR tax revenue	150	49	160	64	9	16	25	14	180	8
c) Non-tax revenue*	355	451	430	348	90	68	110	80	450	92
Expenditure	5,390	4,412	5,935	5,046	958	1,058	1,160	1,870	6,781	978
a) Current*	3,025	2,456	3,406	2,758	707	619	678	755	3,732	703
b) ADP	1,976	1,721	2,100	2,038	196	374	420	1,048	2,461	219
c) Others*	388	236	430	250	56	65	62	66	588	56
Budget Deficit	-1874	-1313	-2045	-1618	-276	-269	-277	-799	2451	-206
Financing	1,874	1,313	2,045	1,618	276	269	277	799	2,451	206
a) Domestic financing	1,150	839	1,243	889	147	106	85	551	1,463	118
i) Bank financing	797	398	873	619	60	75	2	482	1,063	85
ii) Non-bank financing	353	441	370	269	87	31	83	69	400	33
b) Foreign financing**	724	474	802	729	129	163	191	248	987	89
In Percentage of GDP										
Revenue	9.96	8.78	9.78	8.62	1.72	1.99	2.22	2.69	9.73	1.73
a) NBR Tax revenue	8.53	7.36	8.30	7.58	1.47	1.78	1.88	2.46	8.31	1.51
i) VAT	3.26	2.89	3.21	2.94	0.61	0.71	0.49	0.89	3.17	0.55
ii) Customs duties	1.05	0.86	0.96	0.89	0.19	0.21	0.15	0.25	0.99	0.20
iii) Income tax	2.72	2.40	2.65	2.59	0.45	0.54	0.34	1.00	2.72	0.45
iv) Others	1.49	1.20	1.48	1.17	0.22	0.32	0.21	0.32	1.43	0.31
b) Non-NBR tax revenue	0.42	0.14	0.40	0.16	0.02	0.04	0.06	0.04	0.40	0.02
c) Non tax revenue	1.01	1.28	1.08	0.88	0.23	0.17	0.28	0.20	1.01	0.21
Expenditure	15.27	12.50	14.93	12.69	2.41	2.66	2.92	4.70	15.24	2.20
a) Current	8.57	6.96	8.56	6.94	1.78	1.56	1.70	1.90	8.39	1.58
b) ADP	5.60	4.87	5.28	5.12	0.49	0.94	1.06	2.64	5.53	0.49
c) Others	1.10	0.67	1.08	0.63	0.14	0.16	0.16	0.17	1.32	0.13
Budget Deficit	-5.31	-3.72	-5.14	-4.07	-0.69	-0.68	-0.70	-2.01	5.51	-0.46
Financing	5.31	3.72	5.14	4.07	0.69	0.68	0.70	2.01	5.51	0.46
a) Domestic financing	3.26	2.38	3.13	2.24	0.37	0.27	0.21	1.39	3.29	0.26
i) Bank financing	2.26	1.13	2.20	1.56	0.15	0.19	0.01	1.21	2.39	0.19
ii) Non-bank financing	1.00	1.25	0.93	0.68	0.22	0.08	0.21	0.17	0.90	0.07
b) Foreign financing	2.05	1.34	2.02	1.83	0.32	0.41	0.48	0.62	2.22	0.20
Memorandum item										
GDP at current market price	35,302	35,302	39,765	39,765	39,765	39,765	39,765	39,765	44,500	44,500

Source: Budget Summary, Ministry of Finance; NBR; Bangladesh Bank; BBS.

Note : *=Estimated, **= Grants included; P = Provisional, R=Revised.

Table V.1: Balance of Payments
(In million USD)

	FY21 ^P					FY22 ^P			FY23 ^P	
	FY21 ^P	FY22 ^P	Q ₂	Q ₃	Q ₄	Q ₁ ^{RP}	Q ₂ ^{RP}	Q ₃ ^P	Q ₄ ^P	Q ₁ ^P
Current Account Balance	-4575	-18697	34	-4070	-4020	-2545	-5635	-5975	-4542	-3610
Trade balance	-23778	-33249	-4833	-8345	-8560	-6775	-8842	-9290	-8342	-7548
Export f.o.b.	36903	49246	8657	9196	9354	10546	12808	13263	12629	11800
of which : Readymade garments	31457	42613	7419	7942	7969	9059	10841	11528	11185	10274
Import f.o.b.	60681	82495	13490	17541	17914	17321	21650	22553	20971	19348
Services	-3020	-3870	-550	-910	-1028	-606	-1134	-1138	-992	-1100
Credit	7439	9982	1977	1861	1991	2161	2436	2413	2972	2232
Debit	10459	13852	2527	2771	3019	2767	3570	3551	3964	3332
Primary Income	-3172	-3299	-1001	-613	-781	-731	-676	-751	-1141	-789
Credit	217	350	32	70	82	93	173	-9	93	83
Debit	3389	3649	1033	683	863	824	849	742	1234	872
Secondary Income	25395	21721	6418	5798	6349	5567	5017	5204	5933	5827
Official Transfers	51	16	1	11	29	7	5	3	1	15
Private Transfers	25344	21705	6417	5787	6320	5560	5012	5201	5932	5812
Of which : workers' remittances	24778	21032	6232	5654	6179	5408	4831	5059	5733	5673
Capital & Financial Account	14525	13847	2738	5797	6450	2286	4512	4835	2214	395
Capital account	458	181	9	66	333	68	70	28	15	36
Capital transfers	458	181	9	66	333	68	70	28	15	36
Financial account	14067	13666	2729	5731	6117	2218	4442	4807	2199	359
Foreign direct investment (Gross Inflows)	3387	4708	1056	780	774	907	993	1594	1214	1159
Of which: FDI net liabilities	1355	2179	605	310	213	375	495	807	502	457
Portfolio investment	-269	-158	-3	-71	-41	-62	-28	-20	-48	-15
Of which : Investment by NRBs	209	114	64	40	35	32	28	26	28	32
Other investment	12981	11645	2127	5492	5945	1905	3975	4020	1745	-83
Net aid flows	6032	8284	310	1848	2866	1439	1808	2199	2838	885
Medium and long-term (MLT) loans	7449	9811	614	2235	3216	1863	2162	2591	3195	1298
MLT amortization payments	1417	1527	304	387	350	424	354	392	357	413
Other long term loans	1684	1404	400	471	690	479	493	250	182	84
Other short term loans	2064	2333	550	471	1061	172	1230	248	683	668
Trade credit	3749	-1561	855	2606	864	-405	-45	622	-1733	-1247
DMBs and NBDCs	-548	1185	12	96	464	220	489	701	-225	-473
Assets	391	791	-260	68	166	550	14	-445	672	-94
Liabilities	-157	1976	-248	164	630	770	503	256	447	-567
Net Errors & Omissions	-676	-530	285	-892	-146	-551	142	-166	45	-231
Overall Balance	9274	-5380	3057	835	2284	-810	-981	-1306	-2283	-3446
Reserve Assets	-9274	5380	-3057	-835	-2284	810	981	1306	2283	3446
Bangladesh Bank	-9274	5380	-3057	-835	-2284	810	981	1306	2283	3446
Assets	9924	-3711	3606	435	2869	-29	-18	-1947	-1717	-4685
Liabilities	650	1669	549	-400	585	781	963	-641	566	-1239

	FY21 ^P					FY22 ^P				FY23 ^P
	FY21 ^P	FY22 ^P	Q ₂	Q ₃	Q ₄	Q ₁ ^{RP}	Q ₂ ^{RP}	Q ₃ ^P	Q ₄ ^P	Q ₁ ^P
Memorandum Items										
Gross official reserves	46391	41827	43167	43441	46391	46200	46154	44147	41827	36476
In months of imports of goods & services	5.8	5.6	5.1	5.0	5.6	6.1	5.9	5.5	5.4	4.5
In months of prospective imports	6.2	6.3	5.5	5.3	7.2	6.6	6.6	6.0	6.2	4.9
Export growth (in percent)	14.89	33.45	-8.17	-2.25	141.77	8.77	47.95	44.23	35.01	11.90
Import growth (in percent)	19.71	35.95	-2.32	32.26	72.92	47.59	60.49	28.57	17.06	11.70
Remittances growth (in percent)	36.11	-15.12	27.48	29.45	39.50	-19.44	-22.46	-10.53	-7.22	4.90

Source: Statistics Department, Bangladesh Bank.

P=Provisional, R=Revised, RP=Revised but still provisional.

Table V.2: Trends in the Commodity Composition of Exports
(In million USD)

Items	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
1. Raw jute	138.2	216.2	43.8	30.1	23.1	39.5	80.3	37.6	58.8	55.4
2. Jute goods	1023.3	911.5	316.8	255.3	184.8	172.8	297.5	259.4	181.8	190.2
3. Tea	3.6	2.1	1.1	0.9	0.4	0.4	0.7	0.8	0.3	0.5
4. Leather	119.1	151.4	30.9	28.6	35.9	32.0	37.9	46.0	35.6	34.5
5. Frozen shrimps and fish	444.4	499.1	137.2	80.0	103.5	145.0	177.0	86.7	90.4	126.2
6. Woven garments	14,496.7	19,398.8	3,356.7	3,814.4	3,663.0	3,895.3	4,843.8	5,569.4	5,090.3	4,624.9
7. Knitwear products	16,960.0	23,214.3	4,062.5	4,128.0	4,305.9	5,164.2	5,997.5	5,958.3	6,094.4	5,649.5
8. Fertilizer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9. Terry towels	34.8	46.0	10.1	9.7	6.1	12.0	12.4	10.8	10.8	10.7
10. Others	5,538.2	7,643.2	1,377.6	1,357.9	1,497.4	1,560.9	2,229.6	1,938.1	1,914.7	1,805.0
Total exports	38,758	52,083	9,337	9,705	9,820	11,022	13,677	13,907	13,477	12,497
Of which: exports from EPZ	5306	6899	1271	1278	1474	1531	1676	1835	1857	1,688
Total exports (adjusted)	36,903	49,246	8,657	9,196	9,354	10,591	12,763	13,263	12,629	11,800

Source: Export Promotion Bureau, Bangladesh.

Table V.3: Major Destination-wise RMG Related Exports
(In million USD)

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Exports of RMG	31457	42613	7,419	7942	7969	9059	10841	11528	11185	10274
European Countries	20297	26837	4,871	5149	5058	5604	6891	7368	6974	6278
USA	5946	9013	1,320	1407	1639	1912	2319	2358	2423	2010
Other Countries	5214	6763	1,228	1387	1272	1543	1631	1801	1787	1986
Woven Garments	14497	19399	3,357	3814	3663	3895	4844	5569	5090	4625
European Countries	8116	10364	1,883	2253	2014	2011	2575	3155	2623	2275
USA	3888	5893	868	928	1044	1171	1511	1593	1617	1367
Other Countries	2493	3142	607	634	605	713	758	821	850	983
Knitwear Products	16960	23214	4,063	4128	4306	5164	5997	5958	6094	5649
European Countries	12181	16474	2,989	2896	3044	3593	4316	4214	4351	4003
USA	2059	3120	452	480	595	741	808	765	806	643
Other Countries	2720	3620	622	752	666	830	873	980	937	1003
Growth in percent (y-o-y)										
Exports of RMG	12.55	35.47	-6.87	-1.70	107.22	11.48	46.12	45.14	40.36	13.41
European Countries	13.45	32.23	-4.52	-1.88	106.96	7.39	41.46	43.10	37.89	12.03
USA	15.54	51.57	-11.31	0.72	112.78	21.03	75.71	67.60	47.82	5.13
Other Countries	6.13	29.71	-10.79	-3.40	101.50	16.20	32.83	29.94	40.55	28.70
Woven Garments	3.24	33.82	-14.61	-11.93	93.60	6.35	44.30	46.01	38.97	18.73
European Countries	4.94	27.70	-9.96	-11.05	91.88	2.26	36.77	40.04	30.26	13.10
USA	3.04	51.58	-21.41	-12.45	99.15	11.69	74.16	71.78	54.93	16.73
Other Countries	-1.64	26.03	-17.62	-14.18	90.16	10.13	24.98	29.56	40.39	37.89
Knitwear Products	21.94	36.88	0.67	10.12	120.42	15.69	47.63	44.34	41.54	9.40
European Countries	19.93	35.24	-0.74	6.69	118.31	10.50	44.42	45.48	42.93	11.42
USA	49.88	51.56	17.70	42.06	141.81	39.45	78.68	59.53	35.35	-13.21
Other Countries	14.41	33.08	-2.93	8.00	112.99	21.98	40.49	30.26	40.69	20.81

Source: Compiled by Statistics Department of Bangladesh Bank using the data of EPB.

Table V.4: Export Performance for July-September, 2022
(In million USD)

	Export for FY22	Export Target for FY23	Strategic Target for July-Sep, 2022	Export Performance for July-Sep, 2022	Export Performance for July-Sep, 2021	% Change of export performance over Export Target	% Change of export performance for July-Sep, 2022 Over July-Sep, 2021
All Products (A+B)	52,082.7	58,000.0	12,420.0	12,496.9	11,022.0	0.62	13.38
A. Primary Commodities:	1,695.2	2,028.1	434.3	407.8	497.1	-6.11	-17.98
Frozen & Live Fish	532.9	634.0	135.8	132.8	152.6	-2.18	-12.98
Agricultural Products	1,162.3	1,394.1	298.5	275.0	344.5	-7.90	-20.19
B. Manufactured Commodities:	50,387.5	55,971.9	11,985.7	12,089.1	10,524.8	0.86	14.86
Cement salt stone etc.	9.6	11.0	2.4	2.2	1.6	-7.63	37.11
Ores, Slag and Ash	46.8	70.0	15.0	7.0	9.2	-53.37	-23.77
Petroleum bi Products	33.5	45.0	9.6	4.1	6.6	-57.05	-36.79
Chemical products	364.1	429.6	92.0	69.2	90.2	-24.78	-23.28
Plastic, Melamine Products	166.3	200.0	42.8	48.1	30.8	12.40	56.55
Rubber	46.8	60.0	12.9	7.4	9.6	-42.57	-22.88
Leather & Leather products (including leather footwear)	1,245.2	1,440.0	308.4	328.0	271.3	6.36	20.87
Wood and Wood Products	5.2	6.5	1.4	0.7	0.4	-51.80	81.08
Handicrafts	42.8	50.0	10.7	7.4	8.9	-31.00	-17.25
Pulp	0.0	0.0	0.0	0.0	0.0	0.00	0.00
Paper and Paper Products	105.1	115.0	24.6	33.4	16.7	35.57	99.70
Printed Materials	2.4	2.5	0.5	0.9	0.4	74.07	161.11
Silk	1.0	1.7	0.4	0.2	0.1	-47.22	90.00
Wool and woolen Products	0.2	0.3	0.1	0.0	0.1	-100.00	-100.00
Cotton and Cotton Products	244.9	260.0	55.7	74.7	42.7	34.07	74.70
Jute and Jute Goods	1,127.6	1,280.0	274.1	245.7	212.3	-10.38	15.71
Man Made Filaments and Staple Fibers	216.8	260.0	55.7	51.1	29.1	-8.26	75.83
Carpet	36.8	44.0	9.4	7.1	7.8	-24.95	-9.82
Specialized Textiles	314.8	387.0	82.9	59.4	38.1	-28.36	55.70
Readymade Garments	42,613.2	46,800.0	10,021.7	10,274.3	9,059.4	2.52	13.41
Knitwear	23,214.3	25,600.0	5,481.9	5,649.5	5,164.2	3.06	9.40
Woven Garments	19,398.8	21,200.0	4,539.7	4,624.9	3,895.3	1.88	18.73
Home Textile	1,621.9	1,980.0	424.0	353.5	279.2	-16.63	26.59
Other Footwear (excluding leather footwear)	449.2	520.0	111.4	125.3	92.6	12.56	35.31
Headgear/Cap	364.6	410.1	87.8	108.8	70.7	23.94	53.97
Umbrella Waking Sticks	0.2	0.3	0.1	0.0	0.0	-100.00	-100.00
Wigs and Human Hair	105.9	130.0	27.8	34.8	19.2	24.86	81.42
Building Materials	1.1	1.3	0.3	0.2	0.1	-21.43	266.67
Ceramic Products	41.4	50.0	10.7	10.9	9.9	1.68	9.56
Glass and Glass ware	18.7	24.0	5.1	1.6	3.4	-68.68	-52.79
Engineering Products	795.6	964.4	206.5	144.4	118.9	-30.08	21.43
Ships, boats & floating structures	0.2	0.3	0.1	5.2	0.0	8500.00	25700.00
Other Manufactured Products	365.6	429.0	91.9	83.7	95.5	-8.86	-12.34

Source: Export Promotion Bureau, Bangladesh.

Table V.5: Trends in the Commodity Composition of Imports
(In million USD)

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
A. Food Grains	2,681	2,562	690	761	780	541	1,047	552	421	405
1. Rice	851	427	239	288	320	232	165	20	10	83
2. Wheat	1,830	2,135	451	472	460	309	882	533	411	322
B. Consumer Goods	4,156	5,779	852	1,192	1,288	1,160	1,414	1,749	1,456	1,346
3. Milk & cream	344	419	63	112	97	112	62	118	127	86
4. Spices	404	363	85	89	92	87	73	92	111	80
5. Edible oil	1,926	2,893	414	505	682	576	806	732	779	922
6. Pulses (all sorts)	681	829	105	272	192	182	155	318	174	129
7. Sugar	800	1,276	186	213	226	203	319	489	264	129
C. Intermediate Goods	38,307	55,192	7,909	11,557	11,418	11,481	14,003	15,026	14,682	13,207
Petroluengoods	8,985	7,993	1,242	3,865	2,368	1,615	2,114	1,877	2,387	1,701
8. Crude petroleum	2,616	936	220	2,142	131	254	237	192	252	230
9. POL	6,369	7,057	1,023	1,724	2,237	1,361	1,877	1,685	2,135	1,470
RMG related goods	14,069	22,254	3,167	3,473	4,555	4,839	5,578	6,250	5,587	4,945
10. Raw cotton	3,186	4,439	612	920	1,045	1,040	988	1,306	1,105	1,353
11. Yarn	2,436	5,245	443	559	914	1,254	1,224	1,496	1,271	815
12. Textile and articles thereof	6,553	9,937	1,655	1,486	2,051	2,000	2,676	2,727	2,535	2,146
13. Staple fibre	1,040	1,569	255	283	306	310	421	442	395	387
14. Dyeing and tanning materials	855	1,065	201	226	240	236	269	280	281	244
Other intermediate goods	15,253	24,945	3,500	4,218	4,494	5,027	6,311	6,899	6,708	6,561
15. Clinker	1,048	1,223	242	295	314	242	321	347	313	329
16. Oil seeds	1,406	1,758	229	372	545	293	504	401	559	522
17. Chemicals	2,974	3,765	678	740	829	853	915	1,000	997	956
18. Pharmaceutical products	363	1,482	83	105	106	259	381	397	445	89
19. Fertilizer	1,360	4,391	444	433	276	762	1,263	1,363	1,004	1,717
20. Plastics and rubber articles thereof	3,168	4,316	658	895	994	950	1,052	1,142	1,173	988
21. Iron, steel & other base metals	4,933	8,010	1,168	1,378	1,431	1,669	1,874	2,250	2,217	1,961
D. Capital Goods & Others	13,012	16,434	2,926	3,493	3,962	3,690	4,517	4,455	3,772	3,594
22. Capital machinery	3,825	5,463	715	1,105	1,194	1,167	1,597	1,470	1,230	1,300
23. Others Capital goods	9,187	10,971	2,211	2,388	2,767	2,524	2,920	2,985	2,542	2,294
E. Others	7,440	9,195	2,207	1,959	1,917	1,848	2,421	2,594	2,333	2,354
Grand Total c.i.f.(A+B+C+D+E)	65,595	89,162	14,583	18,961	19,365	18,720	23,402	24,376	22,664	20,905
Of which Import by EPZ	3,489	5,130	859	868	1,067	1,105	1,312	1,396	1,317	1,126
Grand Total f.o.b.(adjusted)	60,681	82,495	13,490	17,541	17,914	17,321	21,650	22,553	20,971	19,348

Source: Compiled by Statistics Department of Bangladesh Bank using the data of National Board of Revenue (NBR).

Table V.6: Sector wise comparative statement of the Opening and Settlement of Import LCs
(In million USD)

Items	FY22								FY23	
	Q ₁		Q ₂		Q ₃		Q ₄		Q ₁ ^P	
	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement	Opening	Settlement
Consumer goods	2,565	1,999	2,267	2,532	2,676	2,322	2,130	1,813	2,619	1,995
Intermediate goods	1,758	1,518	2,148	1,872	2,407	1,959	1,481	1,823	1,494	1,560
Industrial raw materials	7,384	6,473	8,827	7,019	8,685	8,628	7,677	7,832	6,594	8,235
Capital machinery	1,395	935	1,886	1,752	1,254	1,129	1,131	2,171	625	1,453
Machinery for misc. industries	1,414	932	1,277	1,089	1,143	1,086	840	1,218	741	900
Petroleum and petroleum products	1,736	1,405	1,778	2,264	1,862	1,790	2,242	2,580	2,769	2,971
Others	4,167	3,788	5,472	4,810	5,705	5,244	5,475	5,437	4,156	5,096
Total	20,419	17,050	23,656	21,340	23,731	22,159	20,976	22,874	18,997	22,209
of which back to back	3,168	2,567	3,448	2,844	3,158	3,220	2,318	3,133	2,431	2,914
Growth in percent (y-o-y)										
Consumer goods	57.27	35.75	44.37	62.66	-2.60	28.45	14.25	-7.96	2.12	-0.23
Intermediate goods	68.95	74.20	49.49	51.97	32.42	34.76	-19.87	3.71	-15.03	2.79
Industrial raw materials	59.24	49.84	52.73	50.94	33.75	59.05	2.22	34.32	-10.70	27.22
Capital machinery	16.75	13.66	80.80	104.00	18.64	10.84	-53.00	108.52	-55.23	55.37
Machinery for misc. industries	57.32	41.29	45.75	30.87	18.00	25.21	-13.90	29.13	-47.61	-3.45
Petroleum and petroleum products	144.69	78.27	70.72	136.68	48.91	52.62	59.39	88.04	59.46	111.51
Others	30.69	47.58	50.20	39.74	47.56	43.80	32.45	38.74	-0.25	34.51
Total	53.52	48.24	53.70	57.73	30.39	43.96	4.12	35.88	-6.96	30.26
of which back to back	66.16	45.76	75.48	59.87	31.58	73.19	-15.03	48.71	-23.27	13.52

Source: Foreign Exchange Operation Department, Bangladesh Bank.

P= Provisional.

Table V.7: Country-wise Workers' Remittances
(In million USD)

Countries	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Gulf Region	13,611	11,114	3,403	3,044	3,341	2,976	2,547	2,583	3,008	2,832
1. Saudi Arabia	5,721	4,542	1,453	1,290	1,364	1,304	1,131	1,051	1,056	999
2. UAE	2,440	2,072	622	506	561	446	369	451	805	788
3. Qatar	1,450	1,346	328	342	434	356	328	329	332	352
4. Oman	1,536	897	384	301	365	292	189	201	216	170
5. Kuwait	1,887	1,690	473	472	475	442	398	396	453	403
6. Bahrain	578	567	144	132	142	136	131	154	146	120
Euro Region	2,091	2,123	521	513	525	471	445	595	611	532
7. UK	2,024	2,039	504	496	508	452	428	573	586	509
8. Germany	67	84	17	17	18	19	17	22	26	24
Asia Pacific Region	2,707	1,476	718	569	602	421	336	344	375	446
9. Singapore	625	385	156	137	143	112	89	91	93	90
10. Japan	80	69	23	18	18	18	16	17	18	31
11. Malaysia	2,002	1,022	540	414	441	291	231	236	265	325
Rest of the World	6,369	6,319	1,591	1,527	1,712	1,541	1,503	1,537	1,739	1,862
12. USA	3,462	3,438	831	843	973	858	834	824	923	1,000
13. Others	2,907	2,880	759	684	739	683	669	713	816	863
Total	24,778	21,032	6,232	5,654	6,179	5,408	4,831	5,059	5,733	5,673

Source: Statistics Department, Bangladesh Bank.

Table V.8: Exchange Rate Movements
(Taka per Currencies)

Period	US Dollar		U.K. Pound Sterling		EURO		Japanese Yen	
	Period Average	End Period	Period Average	End Period	Period Average	End Period	Period Average	End Period
2020-21								
July	84.81	84.80	107.26	110.21	97.05	100.00	0.79	0.81
August	84.84	84.83	111.29	113.26	100.29	100.98	0.80	0.81
September	84.80	84.84	110.07	109.13	100.01	99.64	0.80	0.80
October	84.80	84.80	110.13	110.09	99.87	99.60	0.81	0.81
November	84.80	84.80	111.89	112.92	100.27	101.45	0.81	0.81
December	84.80	84.80	113.86	115.54	103.09	104.28	0.82	0.82
January	84.80	84.80	115.64	116.21	103.27	102.92	0.82	0.81
February	84.80	84.80	117.48	118.16	102.55	102.41	0.81	0.80
March	84.80	84.80	117.59	116.53	101.08	99.35	0.78	0.77
April	84.80	84.80	117.32	118.16	101.35	102.82	0.78	0.78
May	84.80	84.80	119.28	120.32	102.93	103.38	0.78	0.77
June	84.81	84.81	119.03	117.36	102.27	100.90	0.77	0.77
2021-22								
July	84.80	84.81	117.20	117.88	100.25	100.44	0.77	0.77
August	84.95	85.20	117.32	117.24	100.03	100.51	0.77	0.78
September	85.26	85.50	117.16	114.80	100.40	99.15	0.77	0.76
October	85.61	85.68	117.06	117.31	99.29	99.07	0.76	0.75
November	85.78	85.80	115.55	114.24	97.94	96.89	0.75	0.76
December	85.80	85.80	114.09	115.73	96.99	97.38	0.75	0.75
January	85.95	86.00	116.57	115.29	97.39	95.85	0.75	0.75
February	86.00	86.00	116.45	115.30	97.57	96.91	0.75	0.74
March	86.06	86.20	113.37	113.20	94.77	96.18	0.73	0.71
April	86.23	86.45	111.80	108.49	93.47	91.27	0.69	0.67
May	87.18	89.00	108.62	112.60	92.25	95.93	0.68	0.70
June	92.03	93.45	113.51	113.33	97.33	97.57	0.69	0.68
2022-23								
July	93.89	94.70	112.60	115.23	95.77	96.78	0.69	0.71
August	94.91	95.00	113.87	110.73	96.10	95.13	0.70	0.68
September	95.62	96.00	108.43	104.54	94.79	93.46	0.67	0.67

Source: Statistics Department, Bangladesh Bank.

Table V.9 : Trends in Foreign Aid
(In million USD)

	FY21					FY22 ^P				FY23 ^P
	FY21	FY22 ^P	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂ ^P	Q ₃ ^P	Q ₄ ^P	Q ₁ ^P
a. Grants (i+ii)	509	198	9	78	361	75	76	30	17	51
i) Food Aid	17	3	0	7	4	2	0	1	0	13
ii) Project Aid	492	195	9	71	358	73	76	29	17	39
b. Loans (MLT)	7,449	9,811	614	2,235	3,215	1,863	2,162	2,591	3,195	1,298
A. Total (a+b)	7,958	10,008	623	2,313	3,577	1,938	2,238	2,621	3,212	1,349
B. Amortization (1+2)	1,915	2,118	238	700	468	594	446	555	522	526
1) Principal	1,419	1,606	189	501	377	420	361	403	423	389
2) Interest	496	511	49	200	91	174	85	152	100	137
C. Net Foreign Financing (A-1)	6,539	8,402	434	1,812	3,200	1,518	1,877	2,218	2,789	961

Source: ERD; MOF; Statistics Department, Bangladesh Bank.

Note : P= Provisional.

Table V.10: Selected Country-wise Export Earnings
(In million USD)

		FY22					FY23	
Country	Product	FY21	FY22	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
1	European Countries	RMG	20296.5	26837.3	5604.3	6890.6	7368.2	6974.3
		Non-RMG	2290.7	2543.8	574.4	721.3	632.8	615.3
		Total	22587.2	29381.2	6178.7	7611.9	8001.0	7589.6
2	USA	RMG	5946.4	9013.1	1912.4	2319.3	2358.3	2423.2
		Non-RMG	1027.6	1404.6	295.9	352.9	376.6	379.2
		Total	6974.0	10417.7	2208.3	2672.2	2734.8	2802.4
3	Turkey	RMG	117.2	193.7	26.4	37.5	43.4	86.3
		Non-RMG	382.6	264.5	40.8	90.6	78.2	54.9
		Total	499.8	458.2	67.2	128.0	121.7	141.2
4	Japan	RMG	944.8	1098.6	274.8	254.7	320.2	249.0
		Non-RMG	238.8	255.2	56.0	67.9	67.0	64.3
		Total	1183.6	1353.9	330.8	322.5	387.2	313.3
5	China	RMG	271.3	222.3	52.1	58.3	62.9	49.1
		Non-RMG	409.4	461.1	97.4	149.6	123.1	91.1
		Total	680.7	683.4	149.5	207.9	186.0	140.1
6	India	RMG	421.9	715.4	184.3	181.6	158.4	191.0
		Non-RMG	857.8	1276.0	314.2	380.7	311.6	269.4
		Total	1279.7	1991.4	498.6	562.4	470.0	460.5
7	Republic of Korea	RMG	322.3	439.8	87.5	100.8	145.4	106.0
		Non-RMG	76.4	90.5	21.7	26.6	21.4	20.8
		Total	398.7	530.3	109.2	127.4	166.8	126.8
8	Russian Federation	RMG	593.7	583.8	108.8	232.4	162.2	80.4
		Non-RMG	71.7	54.5	16.7	19.6	13.1	5.1
		Total	665.3	638.3	125.5	252.0	175.3	85.5
9	Hong Kong	RMG	67.9	76.4	17.1	18.9	21.3	19.1
		Non-RMG	79.8	63.4	20.7	16.1	11.9	14.8
		Total	147.7	139.8	37.8	35.0	33.2	33.8
10	UAE	RMG	226.0	282.4	62.9	64.2	72.0	83.4
		Non-RMG	269.9	581.8	61.8	178.1	155.7	186.1
		Total	495.9	864.2	124.7	242.3	227.7	269.5
11	Brazil	RMG	70.7	93.5	18.4	24.9	30.5	19.6
		Non-RMG	17.3	15.7	4.3	4.2	4.0	3.2
		Total	88.0	109.2	22.8	29.2	34.5	22.8
12	Total (All Countries)	RMG	31456.7	42613.2	9059.4	10841.3	11527.7	11184.8
		Non-RMG	7301.6	9469.5	1962.5	2835.3	2379.4	2292.2
		Total	38758.3	52082.7	11022.0	13676.6	13907.1	13477.0

Source: Statistics Department, Bangladesh Bank.

Table VI.1: Gross NPL Ratios by Type of Banks
(In percent)

Type of Banks	2020				2021				2022		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Banks	22.82	22.73	22.46	20.90	20.91	20.62	20.07	19.28	20.01	21.93	23.04
Specialized Banks	15.10	15.92	15.92	13.32	13.36	11.44	11.44	12.02	12.01	11.74	11.80
Private Commercial Banks	5.63	5.86	5.56	4.66	5.13	5.44	5.47	5.31	5.84	6.01	6.20
Foreign Commercial Banks	5.59	5.49	5.86	3.46	4.13	3.91	4.12	4.29	4.53	4.40	4.77
All Banks	9.03	9.16	8.88	7.66	8.07	8.18	8.12	7.93	8.53	8.96	9.36

Source: Banking Regulation and Policy Department, Bangladesh Bank.

Note: Data prior to December 2020 contains information without OBU.

Table VI.2: Net NPL Ratios by Type of Banks
(In percent)

Type of Banks	2020				2021				2022		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Banks	4.57	3.21	2.93	0.00	2.67	2.48	2.45	2.53	3.39	5.98	7.72
Specialized Banks	2.98	2.70	2.70	1.32	1.22	-0.61	-0.65	0.40	0.46	-0.14	-0.06
Private Commercial Banks	-0.55	-0.52	-0.94	-1.54	-1.29	-1.17	-1.18	-1.07	-0.82	-0.61	-0.47
Foreign Commercial Banks	-0.02	-0.41	-0.38	-0.56	-0.29	-0.38	-0.38	-0.73	-0.46	-0.49	-0.62
All Banks	0.39	0.15	-0.22	-1.18	-0.48	-0.47	-0.55	-0.43	-0.07	0.49	0.90

Source : Banking Regulation and Policy Department, Bangladesh Bank.

Note: Data prior to December 2020 contains information without OBU.

Table VI.3: Capital to Risk Weighted Asset Ratios by Types of Banks
(In percent)

Type of Banks	2020				2021				2022		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
State Owned Commercial Banks	4.59	6.93	8.25	4.34	6.49	6.82	6.25	3.71	6.76	6.43	6.18
Specialized banks	-33.50	-36.54	-33.73	-32.92	-31.86	-32.16	-34.31	-33.62	-33.58	-35.77	-37.27
Private Commercial Banks	13.49	13.31	13.29	13.96	13.44	13.26	13.09	13.72	13.22	12.97	12.72
Foreign Commercial Banks	24.66	24.35	25.59	28.24	28.04	28.46	27.10	25.45	26.00	26.44	30.36
All Banks	11.35	11.63	11.94	11.64	11.67	11.57	11.22	11.08	11.41	11.15	11.01

Source: Department of Off- site supervision, Bangladesh Bank.

Table VI.4: Profitability Ratios by Type of Banks
(In percent)

Type of Banks	Return on Asset (ROA)*					Return on Equity (ROE)*				
	2021		2022			2021		2022		
	Sep.	Dec.	Mar.	Jun.	Sep.	Sep.	Dec.	Mar.	Jun.	Sep.
State Owned Commercial Banks	-0.01	-0.68	0.16	0.21	0.15	-0.14	-21.61	4.00	5.43	3.92
Specialized Banks	-3.47	-3.03	-3.69	-3.31	-2.74	-15.41	-13.21	-15.99	-13.68	-10.96
Private Commercial Banks	0.66	0.62	0.54	0.59	0.59	10.01	9.34	8.23	9.38	9.45
Foreign Commercial Banks	1.31	1.17	2.41	2.57	2.68	8.40	7.59	15.15	16.03	16.05
All Banks	0.44	0.25	0.45	0.52	0.53	7.42	4.44	7.89	9.37	9.48

Source: Department of Off- site supervision, Bangladesh Bank;

*=All are annualized except the quarter of December.

Table VII.1: Indicators of Capital Market Developments

	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Number of listed securities ¹	388	403	376	382	388	390	395	401	403	404
Issued equity and debt (billion Taka)	848.8	928.0	826.7	836.0	848.8	862.5	870.1	913.2	928.0	933.9
Market capitalization (billion Taka)	4588.4	4565.8	3933.7	4031.0	4588.4	5266.8	4832.5	4793.0	4565.8	4601.6
Turnover (billion Taka)	2547.0	3169.7	560.4	628.8	889.0	1191.3	814.3	719.0	445.1	732.4
DSE broad index	6150.5	6376.9	5402.1	5278.2	6150.5	7329.0	6756.7	6757.8	6376.9	6512.9
DSE -30 index	2208.4	2295.6	1964.0	1994.4	2208.4	2710.5	2532.6	2474.0	2295.6	2330.4
Growth in percent (y-o-y)										
Number of listed securities	5.43	3.87	2.73	3.80	5.43	5.12	5.05	4.97	3.87	3.59
Issued equity and debt	12.99	9.34	10.80	11.65	12.99	12.98	5.25	9.23	9.34	8.29
Market capitalization	78.10	-0.49	38.24	56.57	78.10	51.88	22.85	18.90	-0.49	-12.63
Turnover	226.38	24.45	165.18	131.65	1,706.8	154.13	45.32	14.34	-49.93	-38.52
DSE broad index	54.18	3.68	21.32	31.68	54.18	47.66	25.08	28.03	3.68	-11.14
DSE -30 index	64.68	3.95	29.86	49.86	64.68	59.82	28.95	24.05	3.95	-14.02

Source: Dhaka Stock Exchange.

¹Include debenture but exclude govt. bond.

Table VII.2: Group-wise Market Capitalization of Dhaka Stock Exchange

(In billion Taka)

Name of Group	FY21					FY22				FY23
	FY21	FY22	Q ₂	Q ₃	Q ₄	Q ₁	Q ₂	Q ₃	Q ₄	Q ₁
Banks	679.6	680.0	572.9	562.8	679.6	725.3	727.0	711.3	680.0	665.5
Financial Institutions	212.0	197.3	190.3	168.0	212.0	285.4	228.4	200.9	197.3	197.2
Mutual Funds	46.2	39.1	41.9	36.3	46.2	45.3	40.5	40.0	39.1	38.6
Engineering	603.9	552.6	501.7	523.4	603.9	642.7	565.5	553.9	552.6	538.0
Food & Allied Product	385.7	392.3	305.5	375.0	385.7	460.9	445.6	419.8	392.3	381.0
Fuel and Power	465.9	475.0	430.9	442.6	465.9	561.0	469.4	482.2	475.0	456.8
Jute Industry	2.0	2.0	2.9	2.1	2.0	2.3	2.1	2.1	2.0	2.6
Textile Industry	147.4	173.0	111.8	103.7	147.4	185.4	165.9	176.0	173.0	176.4
Pharmaceuticals and Chemicals	638.3	710.5	608.6	591.2	638.3	764.4	716.2	730.0	710.5	752.3
Paper and Printing	15.1	27.5	15.6	14.7	15.1	23.4	34.4	36.2	27.5	44.0
Services and Real Estate	20.9	26.1	18.8	17.0	20.9	30.9	25.6	27.9	26.1	33.3
Cement Industry	119.4	118.9	88.9	90.8	119.4	166.8	127.0	131.0	118.9	124.2
Insurance	222.7	166.0	160.0	137.4	222.7	225.4	214.0	194.1	166.0	160.5
Telecommunication	730.6	590.9	652.2	702.6	730.6	765.2	687.8	655.1	590.9	581.4
Miscellaneous	298.3	380.1	241.0	261.8	298.3	380.6	377.1	399.6	380.1	412.0
Corporate Bond	4.1	34.4	4.1	4.0	4.1	4.1	6.2	33.0	34.4	37.1
Total Market Capitalization	4,592	4566	3,947	4,033	4,588	5,269	4,832	4793	4566	4601

Source: Dhaka Stock Exchange.

Annexure

Major Policy Announcements: July – September, 2022

BRPD Circular Letter No. 25: July 04, 2022 L/C Margin on Import Financing	Bangladesh Bank has revised certain regulations relating to imports: 100 percent margin must be maintained against import LC for luxurious items like ornaments, electronic home appliances, motor cars, alcohol, etc. 75 percent margin must be kept in case of all other products excluding necessary items like medicine, capital machinery, child food, etc. The customer must provide a margin from own source.
FEPD Circular No. 12: 13 July, 2022 Repayment guarantees by importers against short term import finance under buyer's credit	Bangladesh Bank instructed Authorized Dealers to facilitate short-term import finance under buyer's credit, and it has been decided that importers may extend guarantees like corporate guarantee, personal guarantee, third party guarantee, etc., to foreign lenders making payments to suppliers under buyer's credit against admissible imports on sight letters of credit.
FEPD Circular Letter No. 27: 19 July, 2022 Settlement of loans against Export Development Fund (EDF)	Bangladesh Bank reconstructed the Settlement of loans against the Export Development Fund (EDF). It has been decided that the customers whose EDF liabilities have to be settled through funded facilities against disbursement from the date of this circular letter will not be accessible to other EDF loan.
FEPD Circular No. 15: 17 July, 2022 Interest on Non-resident Foreign Currency Deposit Accounts.	Bangladesh Bank instructed Authorized Dealers temporarily to permit ADs to raise fresh deposits under NFCD accounts without reference to the regulations mentioned earlier on the interest rate. This relaxation is also applicable for NFCD accounts to be maintained by foreign Nationals and companies/firms registered and incorporated abroad, banks, and other financial institutions, including institutional investors and 100 (hundred) percent foreign-owned (A-Type) industrial units in the EPZs/EZs/HTPs in Bangladesh as per paragraph 18, chapter 13 of GFET.
FEPD Circular No. 16: 19 July, 2022 Extended limit from Export Development Fund (EDF)	The size of the Export Development Fund (EDF) has been enhanced to USD 30 million from USD 25 million for the disbursement of EDF loans till June 30, 2022. Now it has been decided to extend the same facility till December 31, 2022.
FEPD Circular No. 17: 20 July, 2022 Interest rate on borrowing from Export Development Fund (EDF)	Interest rate on Export Development Fund (EDF) loans to ADs will be charged by Bangladesh Bank at 1.50% pa, while ADs will charge interest to manufacturer-exporters at 3.00% pa; for disbursements until further instructions.
SMESPD Circular Letter No. 04: 24 July, 2022 Special loan/investment facility provided to CMSME sector affected by Novel Corona Virus (COVID-19) pandemic	Special loan/investment facility provided to the CMSME sector affected by Novel Corona Virus (COVID-19) pandemic will be effective from 01 July 2022 to 30 June 2023 (in the third phase).

BRPD Circular Letter No. 31: 28 July, 2022 Financial Stimulus Package to Mitigate Probable Economic Impact Due to Breakout of Novel Corona Virus (COVID-19)	Bangladesh Bank introduces a Stimulus Package from its own source to Mitigate Probable Economic Impact due to the Breakout of Novel Corona Virus (COVID-19), and the total amount refinance scheme is 30,000 crore taka. In this refinance scheme total amount of 27000 crore taka was allotted for the industrial and services sector except CMSME and 3000 crore taka for the foreign-owned/Joint owned (A, B, C-Type) industrial units in the EPZs/EZs/HTPs in Bangladesh for the 3rd and last phase.						
FEPD Circular No. 19: 01 August, 2022 Interest rate ceiling on Non-resident Foreign Currency Deposit (NFCD) Accounts	Bangladesh Bank set an annual interest rate ceiling on Non-resident Foreign Currency Deposit (NFCD) Accounts as follows: <table border="1"> <tr> <th>Period of Deposit</th><th>Ceiling Rate</th></tr> <tr> <td>1 year and up to 3 years</td><td>Benchmark reference rate +2.25 percent</td></tr> <tr> <td>Above 3 years and up to 5 years</td><td>Benchmark reference rate +3.25 percent</td></tr> </table>	Period of Deposit	Ceiling Rate	1 year and up to 3 years	Benchmark reference rate +2.25 percent	Above 3 years and up to 5 years	Benchmark reference rate +3.25 percent
Period of Deposit	Ceiling Rate						
1 year and up to 3 years	Benchmark reference rate +2.25 percent						
Above 3 years and up to 5 years	Benchmark reference rate +3.25 percent						
BRPD Circular Letter No. 33: 03 August, 2022 Regarding Loan Rescheduling and Restructuring.	Bangladesh bank has amended the loan-rescheduling and restructuring policy, asking banks to classify the rescheduled loans if the borrowers failed to repay their installments within six months. Under the revised policy, all the scheduled banks have been instructed to classify the rescheduled loans as bad/loss category if the borrowers failed six monthly or two consecutive quarterly installments, according to a clarification. Under the policy, borrowers are allowed to reschedule their classified loans in fourth times instead of three times earlier, considering the recovery of classified loans. In the case of down payments, defaulters will provide the highest 4.5% of the total overdue amount or 7% of delinquent installments, whichever will be less, according to the new circular. Defaulters earlier had to pay the highest 30% of the overdue amount during loan rescheduling. The current practice is that if any borrower fails to pay the required down payment or wants to extend the repayment period beyond the regulatory limit, lenders send the proposal to the central bank for final approval. From now on, lenders will have full authority to provide rescheduling facilities to their clients according to the new restructured policy. Banks have been asked to formulate rescheduling policies in line with the central bank's new master circular.						
DOS Circular Letter No. 30: 04 August, 2022 Regarding Exposure limit of Banks in Capital Market.	Banks can now show their highest capital market exposure limit based on the stock-like instruments' purchasing price instead of their market value. The stock market intermediaries have long been demanding it, and Bangladesh Bank has extended the facility after getting a recommendation from the finance ministry.						

FEPD Circular No. 20: 10 August, 2022 Relaxation for permission of drawing arrangements between Authorized Dealers and exchange houses abroad	Bangladesh bank permits the Authorize Dealers may go for drawing arrangements without letters of references/certificates from the Bangladesh Embassy/High Commission of the respective country, subject to the satisfaction of licenses issued by competent authorities favoring relevant exchange houses and on conducting extended due diligence. As usual, AD shall not impose charges on beneficiaries while disbursing remittances.
CGD Circular No. 02: 10 August, 2022 Credit Guarantee Facility against Term Loan to CMSME Sector under Tk. 25,000 Crore Refinance Scheme	The Credit Guarantee Department (CGD) of Bangladesh Bank (BB) announced a circular regarding the Credit Guarantee Facility against Term Loan to CMSME Sector under Tk. 25,000 Crore Refinance Scheme. In this circular, Bangladesh Bank instructs that under this scheme, loans ranging from a minimum of Tk. 25,000 to a maximum of Tk. 1 crore by a cottage and micro enterprises in the production and services sectors will get the credit guarantee facility. Small enterprises in the industrial sector will get the facility for loans ranging from Tk. 1 lakh to Tk. 3 crore. Small enterprises in the services sector will also enjoy loans of a minimum of Tk. 25,000 and a maximum of Tk. 1 crore. Also, medium enterprises from the industrial sector will get the facility for loans of a minimum of Tk. 1 lakh and a maximum of Tk. 5 crore. Medium enterprises in the services sector will also get it for loans ranging from Tk. 1 lakh to Tk. 2 crore. Under the credit guarantee facility, the interest rate on loans payable to all customers will be 7 percent. The participating banks will have to disburse 10 percent in favor of women entrepreneurs to ensure access to loans for all MSMEs. Regarding the purpose of granting the facility, the circular said that many marginal borrowers from the CMSME sector can afford the repayments but cannot provide the collateral required to take loans from financial institutions. Under the circumstances, the credit guarantee scheme has been provided to implement the refinance scheme facility and facilitate entrepreneurs' access to loans. The guarantee will be the tenure of the loan granted under the refinancing scheme. The guarantee period will be completed if any loan is fully repaid within the stipulated period. If any borrower wants to go for loan rescheduling, they will also enjoy the facility.
ACD Circular No. 05: 25 August, 2022 Refinance scheme of Taka 1000.00 crore for increasing production of wheat and maize	Bangladesh bank formed a Refinance scheme of BDT 1000 crore for increasing production of wheat and maize from its own source. The tenure of the scheme is up to 30 June 2025. The interest/profit rate will be 4% simple interest for refinancing loans.
FEPD Circular Letter No. 32: 06 September, 2022	Bangladesh bank instructs the banks regarding the Settlement of import liabilities out of export proceeds.

Settlement of import liabilities out of export proceeds	It has been decided to increase the retention time to 30 days from 15 days to use the fund to settle the import liabilities of relevant exporters. The fund may also be transferable to other ADs, within this prescribed time of 30 days, for the Settlement of import payments and/or EDF liabilities against admissible bulk imports of relevant exporters. As usual, transferable funds need to be unencumbered. Before transferring funds, ADs must satisfy their payment obligations with documentary evidence. ADs transferring the fund will make foreign exchange available to relevant ADs through foreign currency clearing accounts maintained with Bangladesh Bank.
FEPD Circular Letter No. 33: 15 September, 2022 Partial repayment of loans against Export Development Fund (EDF)	BB clarifies that repayment against EDF loans can be made partially for a maximum of two times, and the remainder if any, needs to be settled in one-go within the remaining admissible tenure.
FEPD Circular No. 23: 15 September, 2022 Import of raw materials for pre-fabricated steel structure industries on deferred payment basis.	Bangladesh Bank instructed Authorized Dealers To facilitate pre-fabricated Steel Structure industries. It has now been decided to enhance the usance period to 360 days from 180 days to import raw materials by these industries.
SMESPD Circular Letter No. 06: 26 September, 2022 Re-fixing Interest Rate on Pre-finance Facility under SREUP	Bangladesh Bank re-fixes Interest Rate on Pre-finance Facility under SREUP. At the customer level, the interest rate for pre-financing under SREUP has been re-fixed to a maximum of 5% per annum instead of the existing 7% per annum. This 5% interest rate will apply to all new and existing sub-loans under SREUP. The interest rate paid by PFIs to Bangladesh Bank for On-Lending Loan (OLL) under this Project is fixed at 2.5% per annum. Investment grants will be sanctioned on a "first come, first served" basis.
FEPD Circular No. 27: 28 September, 2022 All-in-cost ceiling for short term permissible trade finance in foreign exchange	It has been decided to set an all-in-cost ceiling per annum at SOFR + 3.50 percent for short-term trade finance in foreign exchange.
MPD Circular No. 03: 29 September, 2022 Re-fixation of Repo interest rate of Bangladesh Bank	Bangladesh Bank has re-fixed the policy rate (repo rate) by one full percentage point, from 4.75 to 5.75.

Bangladesh Bank welcomes suggestions and comments for improvement of the contents and form of this publication. Comments and suggestions may be sent to:
ezazul.islam@bb.org.bd; gm.ceu@bb.org.bd

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