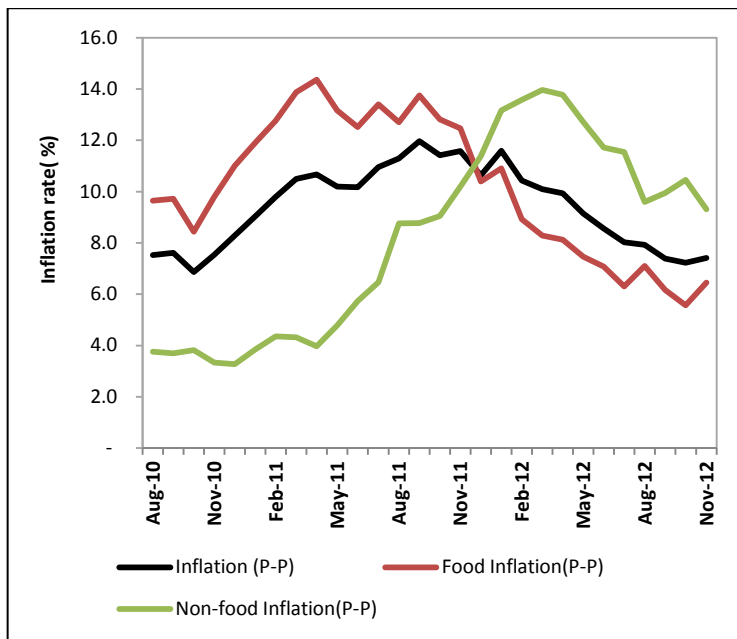


Despite Global economic meltdown, Bangladesh economy consistently posted stable growth figure. After some months of high inflation rates in double digits, the economy seems to have landed in moderation. Both food and non-food rates have remained stable in the recent months, albeit food inflation has slightly increased to 6.45 percent up from 5.57 percent. The monetary policy stance of the Bangladesh Bank (BB) seems to have succeeded to achieve the inflation taming goal. Amidst some banking scandal regarding Hall mark group, there has been some successes in the Banking sector- liquidity situation remarkably improved with stable call rates, Foreign Exchange reserve touched new heights. Deposits and lending rates have slightly declined in the recent months, signifying enhanced liquidity in the baking channel. Negative growth of import and positive growth of remittance and export have eased the pressure of the balance of payment (BoP).

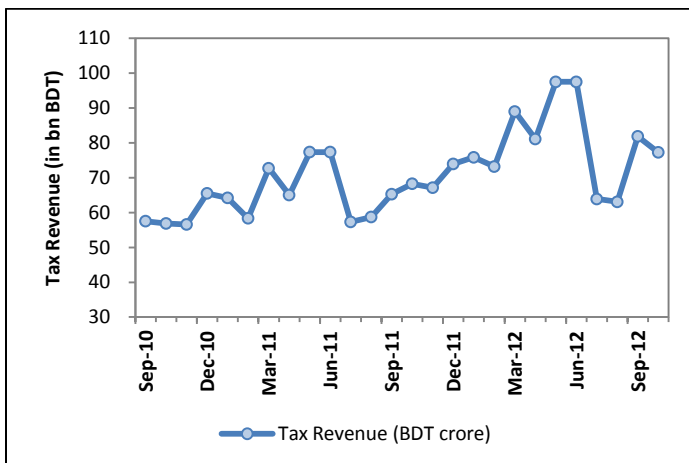
### Domestic Inflation:



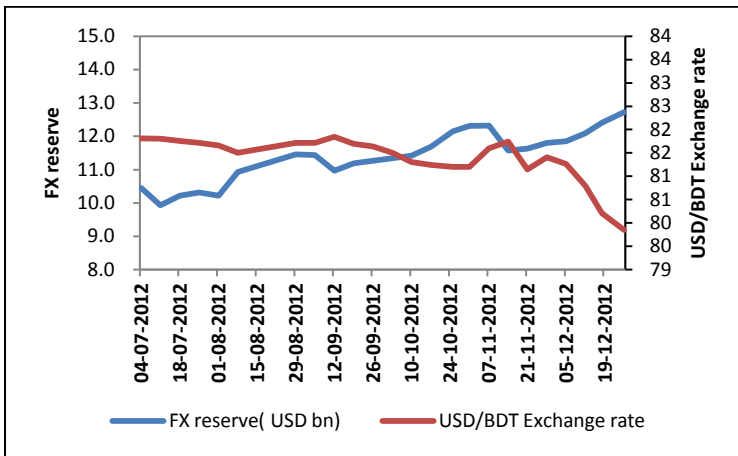
The overall point to point (P-P) inflation went up and rose by 0.19 percent to 7.41 percent in November after nine months of downtrend. The general P-P inflation of January, 2012 was 11.59 percent, after that it declined till October. Food inflation stood at 6.45 percent in November which was 5.57 percent in October. For the Eid-ul-Azha, the prices of flour, pulses, meat, milk, egg and other items push the inflation higher in November than in the previous month. The non-food inflation fell by 1.15 percent to 9.31 in November which was 10.46 percent in October. It is expected that inflationary situation will be in control if the fuel price is not hiked in January, 2013.

At the end of the current month, the month, the Monetary Policy Statement of BB would be published which is expected to be in line with the on-going tight stance of BB. Regulatory authorities have yet again adjusted price of most fuels and power tariff which is definitely going to push up non-food part of the general inflation. So, the downturn of non-food rate may change its course.

### Domestic Fiscal:



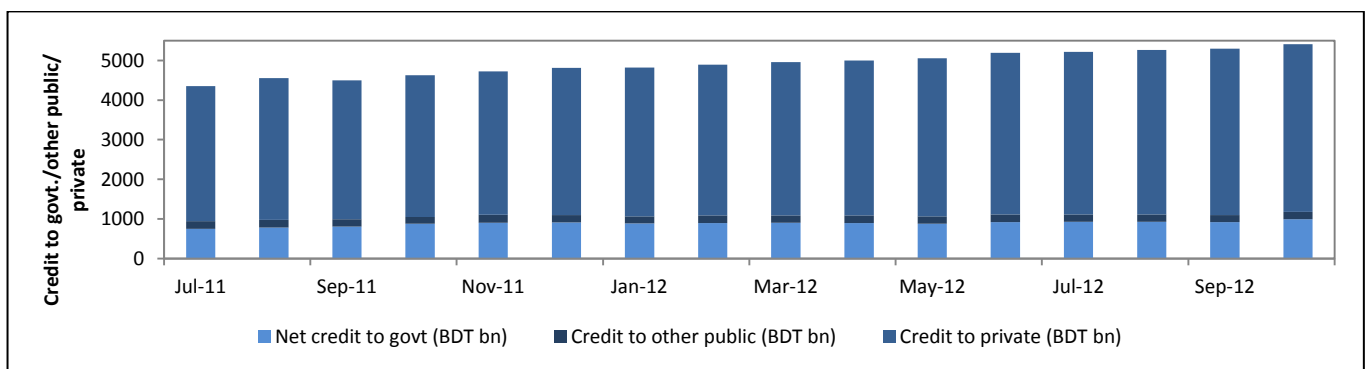
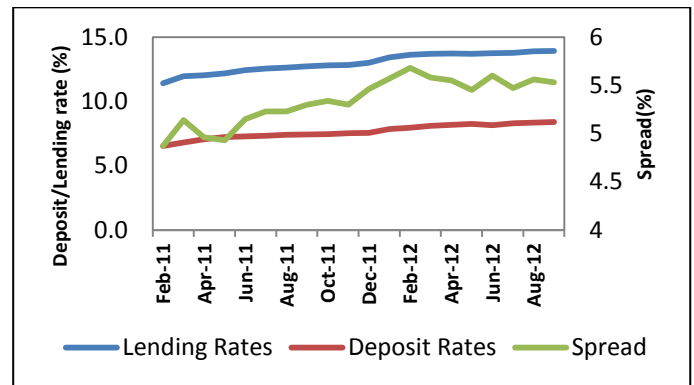
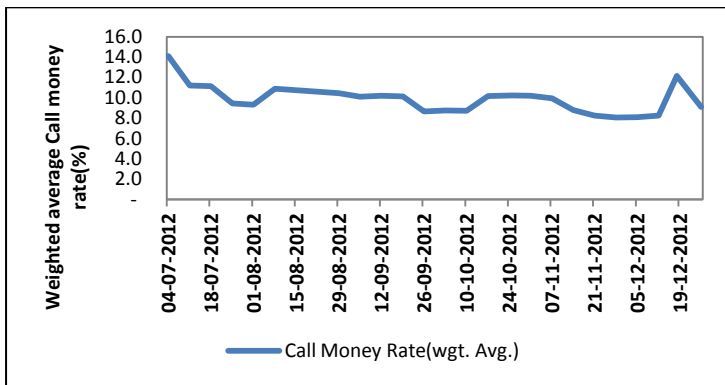
During the first five month of the fiscal year FY 13, tax collection faced a shortfall of BDT 29 billion against the target for the period due to unsatisfactory growth of VAT and customs duty collection. The government has set the BDT 1.12 trillion revenue collection target for the NBR in the current fiscal (FY 13) implying a 19 per cent growth over the last year. Government sets an optimistic growth of tax revenue target but it will be hard to achieve the target if the situation remains the same in the next six months. The NBR is going to find out as many new sectors as possible to increase taxpayers. Net borrowing of the Government through NSD certificates fell by 13.44 percent in the first quarter (July-Oct 2012) in the current fiscal year. Government borrowing from the banking channel has increased in the recent time but this is still lower compared to the same period last year.



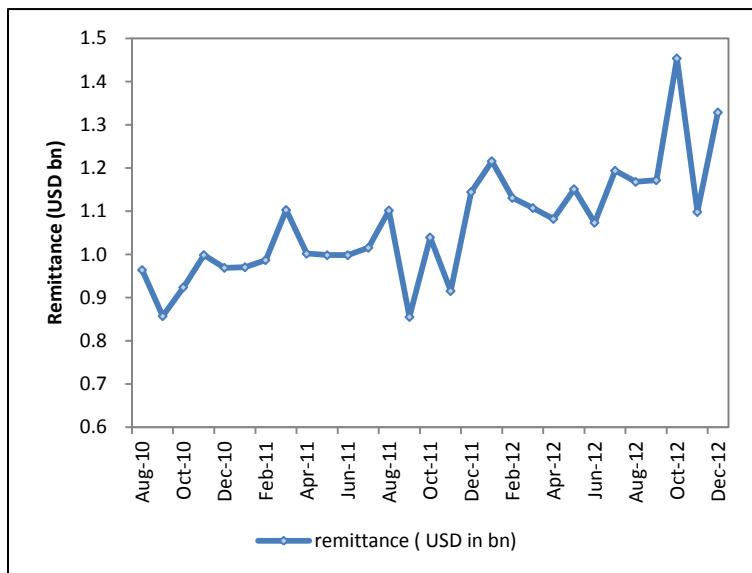
Foreign exchange reserve is up by more than BDT 3 billion and stood at BDT 12.75 billion at the end of the December, which was BDT 9.6 billion in December, 2011. Steady remittance growth and declining import bill in the recent months, primarily due to various restrictions of the central bank resulted in higher foreign exchange reserve. On the other hand, an increase in Foreign Direct Investments (FDI) and stable flow of export earning helped increase the foreign exchange reserve. In December, Taka gained 2.37 percent against USD from November, 2012. The weighted average call money rate in the interbank market rose to 9.09 percent in December, which was 8.08 percent in November, and (the average call money rate increased by 12.5 percent in a month).

Higher remittance and lower import growth widened the surplus of country's balance of payment (BOP) in the first quarter in this fiscal year (FY 13). The surplus stood at USD 1.11 billion in July-Oct, 2012, it was recorded a deficit of USD 99 million in the same period of last fiscal year. The current account balance was USD 135 million surplus in the first quarter in FY 13, which was USD 8 million deficit in the same quarter of the last year.

Government borrowing from the schedule bank rose slightly from the recent month but it is still lower than the same period of the year. Government is now more cautious of borrowing from the bank as it creates extra pressure to the private sector, which hampers the domestic investment and creates a sluggish trend in the employment.

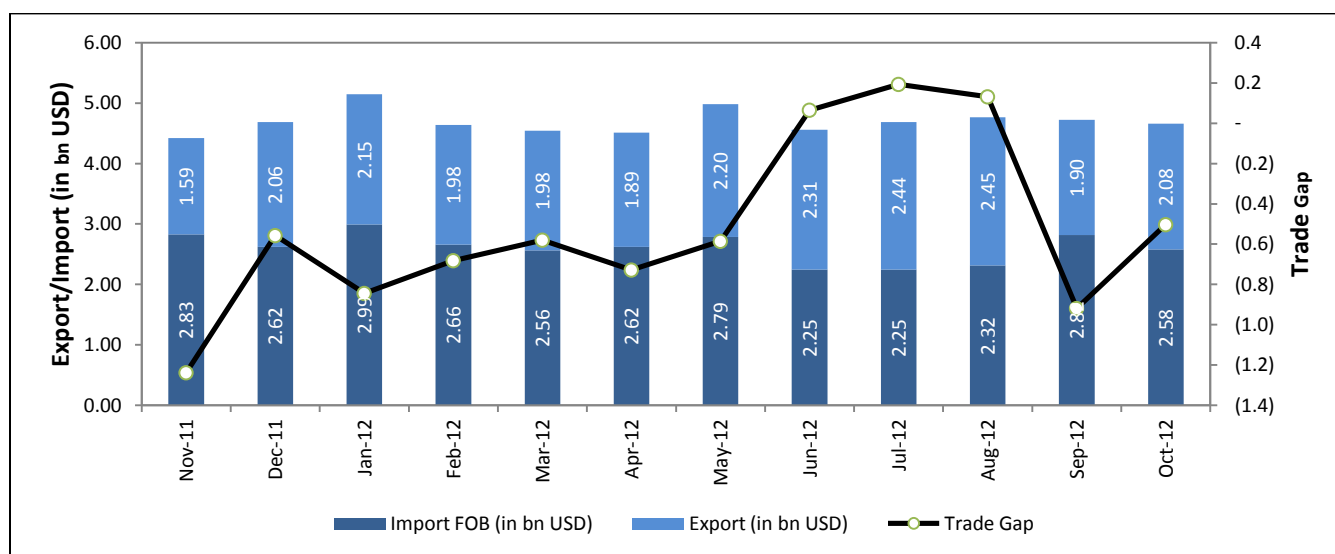


Export witnessed 11 percent growth to USD 1.77 billion in November, 2012, which was BDT 1.59 billion in the same month of the previous year. RMG exports stood at BDT 1.36 billion, which increased by 8.8 percent from the same month of the previous year.



The import of capital machineries and essential commodities fell significantly in the first quarter of the fiscal year FY 13 due to presumably lower demand. The value of import LC settled worth USD 10.757 billion in the first quarter of FY 13 decreased by 11.04 percent compared to USD 12.09 billion during the same period of the previous year. The import of capital machineries and industrial equipment declined by 28.16 percent to USD 644.45 million during July-Oct period FY 13, from USD 897.06 million of the same period of the previous year. The ongoing political unrest, poor infrastructural facilities, inadequate gas and power supply discouraged investors to invest new project now. For this reason, import of capital machineries fell sharply; which conveys a bad signal to our economy.

Despite the crisis in EURO zone and slower recovery in USA, remittance flow set a new benchmark reaching 14.17 billion, which is the highest in the country's history. Manpower export also rose significantly by 57 percent in 2012. Some positive initiative taken by central bank like aware people to send money through proper banking channel, introducing mobile banking helped increase the inflow of remittance.



## Inflation

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
General(P-P)	10.63	11.59	10.43	10.1	9.93	9.15	8.56	8.03	7.93	7.39	7.22	7.41
Food(P-P)	10.4	10.9	8.92	8.28	8.12	7.46	7.08	6.3	7.1	6.16	5.57	6.45
Non - Food(P-P)	11.38	13.16	13.57	13.96	13.77	12.72	11.72	11.54	9.59	9.95	10.46	9.31

## Domestic Fiscal

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Revenue earnings(Tk. In crore)	7392.47	7581.5	7316.45	8895	8107.57	9745.53	9745.53	6386.58	6305.08	8183.54	7724.95	7741.3
Net Foreign Aid (in mn USD)	380.81	72.48	146.09	141.78	122.13	54.83	232.65	155.12	66.87	102.9	197.41	46.06
Net Sale of NSD(Tk. in crore)	(236.25)	(219.93)	(222.25)	129.12	358.64	197.76	(98.33)	209.11	253.06	(9.05)	58.31	-126.12

## Money and Banking

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
BDT/\$	81.85	84.4	81.796	81.81	81.9	81.94	81.87	81.7	81.71	81.61	81.23	81.41
FX Reserve (bill USD)	9.63	9.39	10.06	9.56	10.19	9.52	10.36	10.56	11.43	11.27	12.31	11.81
Call Money (%)	17.15	19.97	13	12.08	14.62	15.03	15.02	10.58	11.51	10.08	10.21	9.09
Lending rate	13.01	13.43	13.63	13.69	13.72	13.7	13.75	13.77	13.9	13.93	13.95	13.94
Deposit rate	7.55	7.86	7.95	8.11	8.17	8.25	8.15	8.3	8.34	8.4	8.53	8.53
Spread	5.46	5.57	5.68	5.58	5.55	5.45	5.6	5.47	5.56	5.53	5.42	5.41

## External Sector

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Export (in mn USD)	2,065	2,150	1,979	1,982	1,891	2,199	2,311	2,439	2,448	1,901	2,077	1,765
Import fob (in mn USD)	2,622	2,994	2,661	2,562	2,619	2,785	2,246	2,246	2,317	2,820	2,580	
Trade Gap (BDT. Crore)	(557)	(844)	(682)	(580)	(728)	(586)	65	193	131	(919)	(503)	
Remittance (in mn USD)	1,144.38	1,215.8	1,130.9	1,107.49	1,082.28	1,151.17	1,073.48	1,193.77	1,167.84	1,171.9	1,453.6	1,098.3
Remittance growth (%)	25.01	6.24	(6.98)	(2.07)	(2.28)	6.37	(6.75)	11.21	(2.17)	0.35	24.04	(24.45)

Source: Bangladesh Bank, Bangladesh Bureau of Statistics

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