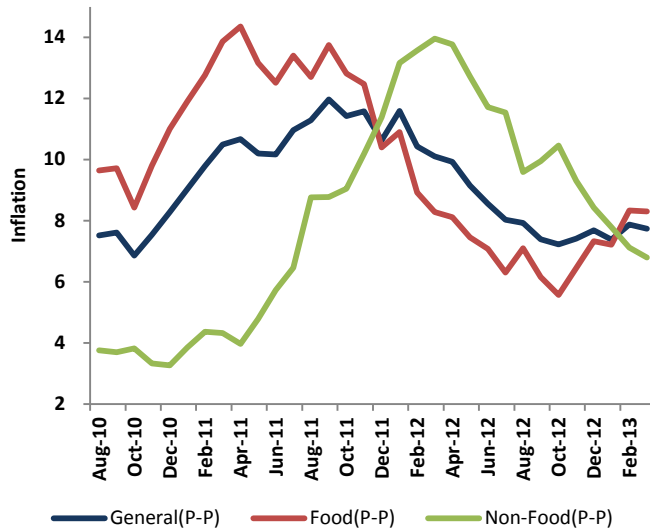


Domestic Inflation:

Figure 1: Inflation



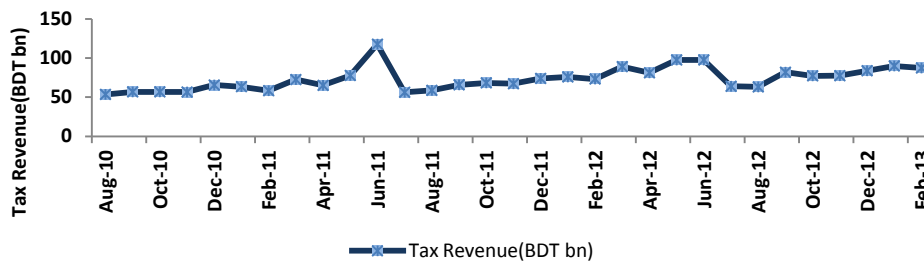
Inflation has been declining steadily over the past thirteen months from the peak of 11 percent in January, 2012 to 7.74 per cent in March 2013. General inflation (P-P) fell in March, 2013 driven by lower non-food inflation (P-P) and food inflation (P-P) under the base year 1995-96. Favorable food price especially in coarse rice item and stable fuel price contributed to lower inflation in both food and non-food category.

Production of aman rice grew slightly from the previous year and boro yield could also rise. So it can be expected that food prices may remain stable in the rest of the fiscal year 2013. The ongoing political agitation would hinder further inflation curbing by Bangladesh Bank as it negatively affect supply side of both food and non-food items. The target inflation for this fiscal year is 7.5 per cent which would not be much difficult if supply chains are not interrupted due to political instability and also the global commodity prices remain less volatile.

Domestic Fiscal:

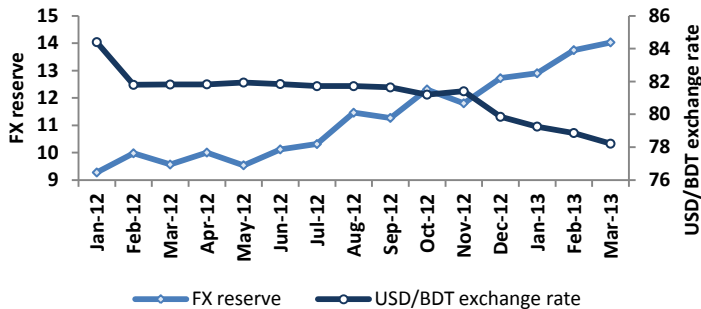
For the past two years, Government has been suffering acutely in allocating money for budget financing. Expansionary budget and sluggish revenue collection has exerted great pressure on the current budget implementation. Fortunately, this year the pressure seems to be less compared last year amid less significant amount of govt. borrowing. NBR missed its revenue collection target in March, 2013 due to ongoing political unrest, negative import growth and sluggish investment trend. Revenue growth has suffered primarily because of the recent tightening policies of Bangladesh Bank.

Figure 2: Tax Revenue



To combat the struggle of fiscal management, the Govt. borrowed sizable amount of money from the Banking system in March, 2013. Government tried to accelerate the implementation of ADP (Annual Development Programme) during the end of the fiscal. This borrowing created a liquidity crisis in the Banking system and crowding out the private investments.

Figure 3: FX reserve



The foreign exchange reserve crossed the BDT 12.75 bn mark in January, 2013 following robust growth of remittance inflow, lower import payment pressure and moderate export growth. Bangladesh Bank continued purchasing Dollar to make inter-bank foreign exchange market stable. The weighted average call money rate in the inter-bank market fell to 7.24 per cent in March, 2013 which was 8.46 per cent in February, 2013. Taka gained 0.82 per cent in March, 2013 against USD from February, 2013.

Money supply and credit growth to private sector witnessed a slow growth as Bangladesh Bank pursued a tight monetary policy. This sluggish growth might hurt our economy. Decreasing trend of import growth of industrial raw material and capital machineries attributed to the decline of credit growth.

Government borrowing from the Banking system has increased in March, 2013 as the year progressed. The foreign aid disbursement also increased by 33 per cent in July-February, 2013 compared to the same period of the previous year.

Figure 4: Wgt. Avg. Call money rate

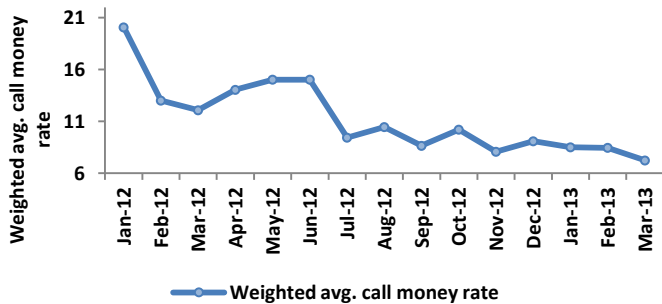


Figure 5: Deposit/Lending rate

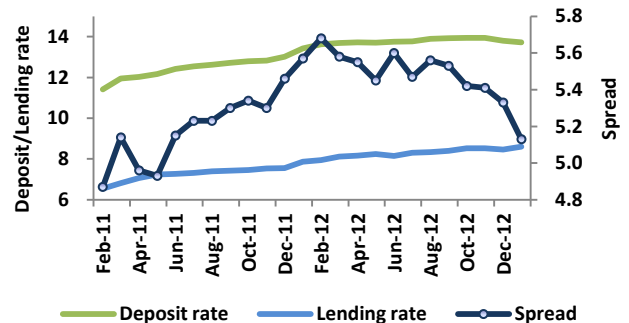


Figure 6: Credit goes to Govt. /Other Public/Private

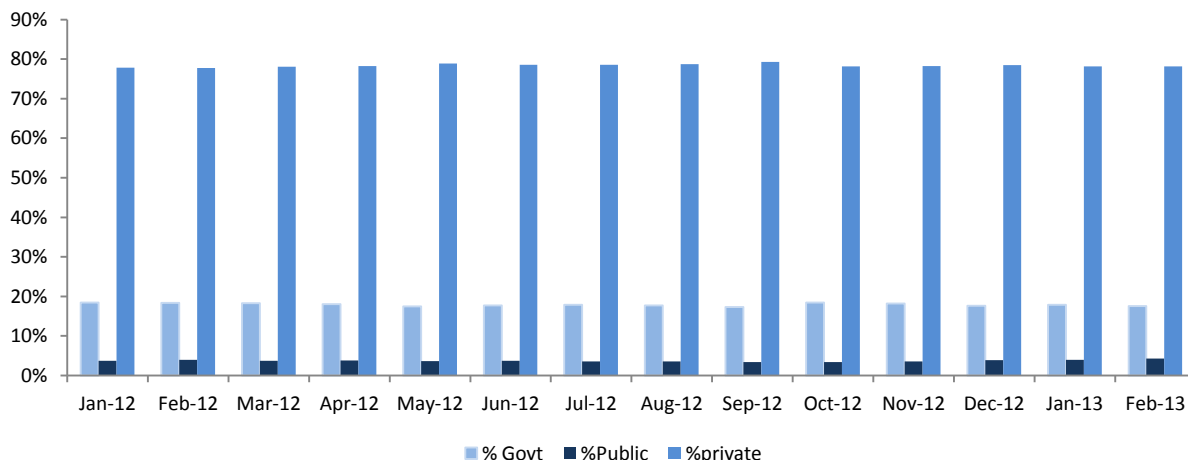
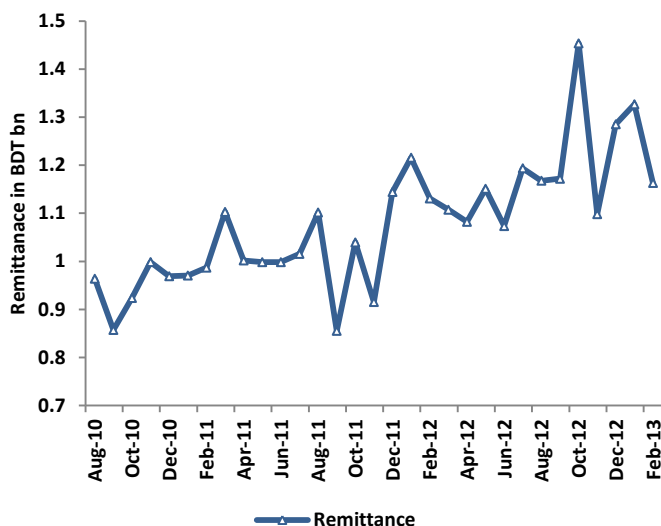


Figure 7: Remittance

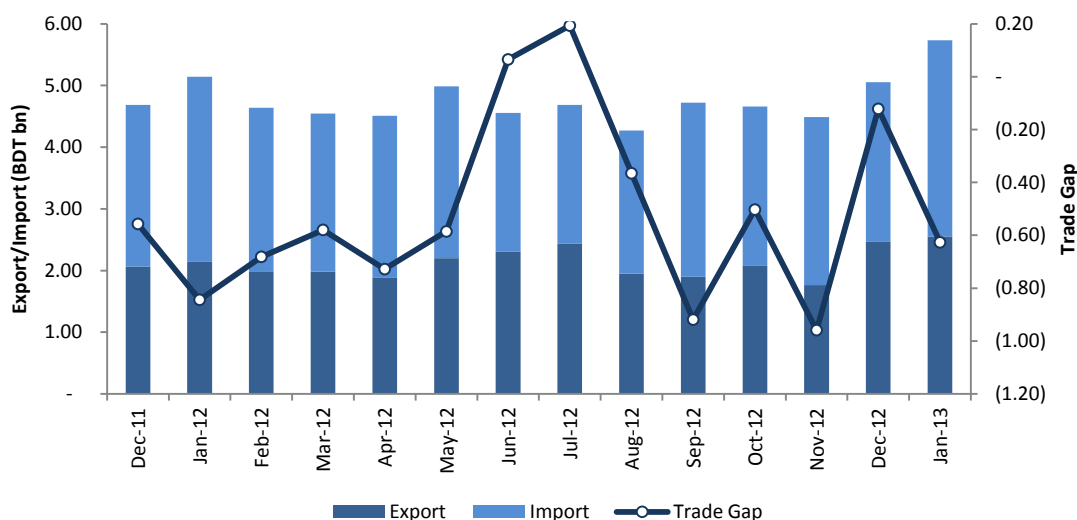


The total export for the month of March fell well short of the target set previously; it failed to meet the target by 6.29 per cent. The total export for the month stood at around USD 2303 million, while the target was set at USD 2458 million. The export mainly constituted of following major products: woven knitwear, and knitwear. Of the major manufactured commodities exported, woven garments export stood at around USD 991.77 million, and hence surpassed the target by 2.69 per cent, while the knitwear export for the month was USD 854.68 million which fell short of the target by 0.83 per cent. The total manufactured commodities exported stood at USD 1693.39 million, which fell short of target by 2.20 per cent. The total primary commodities export stood at around USD 70.03 million, which failed to meet the target by 7.06 per cent.

The import fell significantly for the month of February compared to that of February, 2012 dropping by as much as 11.07 per cent. The major imports include: the consumer goods, intermediate goods, raw materials, capital machinery and petroleum & petroleum related products. This negative growth in import did not contribute to our economy as the import of capital machineries and industrial raw materials also decreased drastically.

The inward remittance growth was 5.23 per cent in March, 2013. Total remittance stood at USD 11.11 bn in the first nine month of the FY 2013. It is expected that remittance will remain stable in the coming months as the kingdom of Saudi Arabia intended to hire more manpower from Bangladesh at a lower cost.

Figure 8: Export/Import



| Inflation | | | | | | | | | | | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 |
| General(P-P) | 9.93 | 9.15 | 8.56 | 8.03 | 7.93 | 7.39 | 7.22 | 7.41 | 7.69 | 7.38 | 7.87 | 7.74 |
| Food(P-P) | 8.12 | 7.46 | 7.08 | 6.3 | 7.1 | 6.16 | 5.57 | 6.45 | 7.33 | 7.21 | 8.34 | 8.3 |
| Non - Food(P-P) | 13.77 | 12.72 | 11.72 | 11.54 | 9.59 | 9.95 | 10.46 | 9.31 | 8.43 | 7.79 | 7.12 | 6.79 |

| Domestic Fiscal | | | | | | | | | | | | |
|--------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|----------|----------|---------|---------|
| | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 |
| Revenue earnings(Tk. In crore) | 8895 | 8107.57 | 9745.53 | 9745.53 | 6386.58 | 6305.08 | 8183.54 | 7724.95 | 7741.32 | 8369.01 | 8985.35 | 8726.37 |
| Net Foreign Aid (in mn USD) | 141.78 | 122.13 | 54.83 | 232.65 | 155.12 | 66.87 | 102.9 | 197.41 | 46.06 | 402.65 | (96.34) | (96.34) |
| Net Sale of NSD(Tk. in crore) | 129.12 | 358.64 | 197.76 | (98.33) | 209.11 | 253.06 | (9.05) | 58.31 | (126.12) | (207.91) | 185.58 | 179.75 |

| Money and Banking | | | | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 |
| BDT/\$ | 81.81 | 81.9 | 81.94 | 81.87 | 81.7 | 81.71 | 81.61 | 81.23 | 81.41 | 79.85 | 79.26 | 78.86 |
| FX Reserve (bill USD) | 9.56 | 10.19 | 9.52 | 10.36 | 10.56 | 11.43 | 11.27 | 12.31 | 11.81 | 12.72 | 12.9 | 13.75 |
| Call Money (%) | 12.08 | 14.62 | 15.03 | 15.02 | 10.58 | 11.51 | 10.08 | 10.21 | 9.09 | 11.08 | 8.51 | 8.46 |
| Lending rate | 13.69 | 13.72 | 13.7 | 13.75 | 13.77 | 13.9 | 13.93 | 13.95 | 13.94 | 13.8 | 13.73 | 13.73 |
| Deposit rate | 8.11 | 8.17 | 8.25 | 8.15 | 8.3 | 8.34 | 8.4 | 8.53 | 8.53 | 8.47 | 8.6 | 8.68 |
| Spread | 5.58 | 5.55 | 5.45 | 5.6 | 5.47 | 5.56 | 5.53 | 5.42 | 5.41 | 5.33 | 5.13 | 5.05 |

| External Sector | | | | | | | | | | | | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|
| | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 | Feb-13 |
| Export (in mn USD) | 1,982 | 1,891 | 2,199 | 2,311 | 2,439 | 2,448 | 1,901 | 2,077 | 1,765 | 2,466 | 2,554 | 2,247 |
| Import fob (in mn USD) | 2,562 | 2,619 | 2,785 | 2,246 | 2,246 | 2,317 | 2,820 | 2,580 | 2,724 | 2,588 | 3,181 | 2,541 |
| Trade Gap (BDT. Crore) | (580) | (728) | (586) | 65 | 193 | 131 | (919) | (503) | (959) | (122) | (627) | (294) |
| Remittance (in mn USD) | 1,107 | 1,082 | 1,151 | 1,073 | 1,194 | 1,168 | 1,172 | 1,454 | 1,098 | 1,285 | 1,327 | 1,163 |
| Remittance growth (%) | (2.07) | (2.28) | 6.37 | (6.75) | 11.21 | (2.17) | 0.35 | 24.04 | (24.45) | 17.03 | 3.24 | (12.34) |

Source: Bangladesh Bank, Bangladesh Bureau of Statistics

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