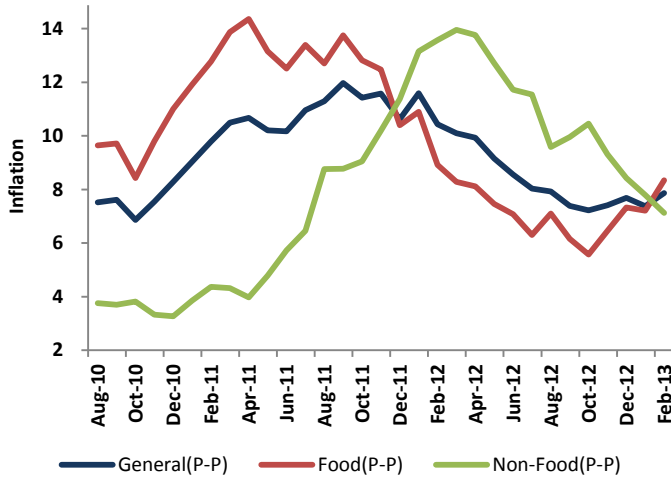


Domestic Inflation:

Figure 1: Inflation



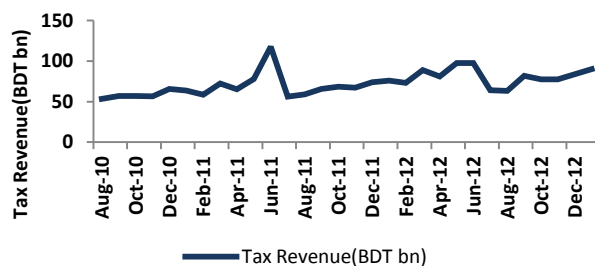
General inflation (P-P) under base year 1995-96 went up by 0.46 per cent to stand at 7.84 per cent in February, 2013 compared to that of the previous month. Both food and non-food CPI contributed to push the general inflation higher from the last month. Food and non-food inflation (P-P) both experienced a moderate hike. The food (P-P) inflation climbed up by 0.24 per cent due to price hike of food items like rice, pulses, flour, edible oil. The supply of food was disrupted due to the ongoing political agitation. On the other hand, prices of coarse variety of rice increased due to Government's announcement of exporting aromatic rice. The non-food inflation (P-P) rose by 0.65 per cent in February, 2013 due to increase in prices of fuel oil, cloths, furniture, transportation cost etc. Under the base year of 2006-07, the general inflation stood at 7.84 per cent in February, 2013, up by 1.22 per cent from the previous month, food inflation was 7.45 per cent and non-food inflation was 8.44 per cent lower from 0.65 per cent from the previous month.

In the coming month, it will be difficult to keep inflation stable mainly due to the combined effect of political situation and food production. The production of aman rice, which contributed around 38 per cent of the total production, was almost static compared to the last year. So, it is expected that food and non-food inflation may experience another hike in the next month.

Domestic Fiscal:

Revenue collection of NBR increased slightly by 6.86 per cent in January, 2013, but it was still far from the target. Revenue collection declined as VAT and customs wing of the revenue board missed their target. The current political unrest, sluggish investment and import trend caused the revenue shortfall. However, income tax wing exceeded its revenue collection target by BDT 6.5 billion. Revenue collection from the income tax wing might increase in the coming month as many corporate taxpayers pay their income tax in the last quarter of the fiscal year.

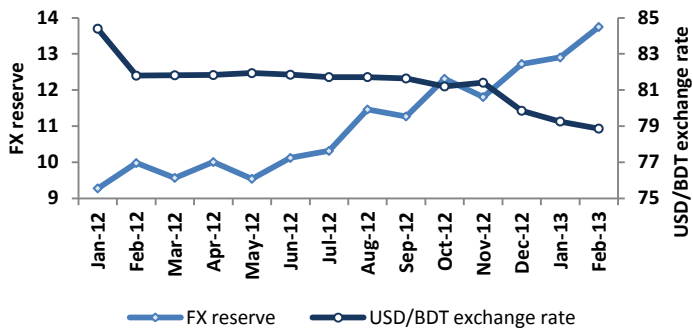
Figure 2: Tax Revenue



Revenue collection during July-Jan 2012-13		
	Target (BDT bn)	Collection (BDT bn)
VAT	216.64	197.43
Customs	195.49	184.81
Income Tax	145.31	151.81
Others	5.59	3.35
Total	563.03	537.4

The implementation of ADP (Annual Development Programme) was 38 per cent of the total allocation in January, 2013. Government borrowing from the Banking system witnessed a rise in the recent months as ADP implementation got accelerated. On the other hand, shortfall of revenue collection forced the government to borrow more from the Banking system to meet the budgetary expenditure. This borrowing may increase further in the coming months following the uptrend of implementation of ADP.

Figure 3: FX reserve



Forex reserve reached a new high to reach BDT 13.85 bn in February, 2013 which was BDT 13.1 bn in January, 2013. A superior flow of remittance, improved trade balance and Bangladesh Bank's dollar buying spree set the forex reserve to a new high. Consequently, BDT continued to gain strength and Taka appreciated by 0.5 per cent against USD in February, 2013. Weighted average call money rate in the inter-bank market decreased by 1.61 per cent in one month.

The current account balance was in stable position with increased remittance inflow. Credit growth in the private sector dropped by 14.83 per cent in January, 2013 which was 17.79 per cent in the same period of the previous year. Entrepreneurs are now reluctant to make new investments. Besides, the higher lending rate is the cause of torpid credit growth in private sector.

Government borrowing from the Banking system has increased in the recent months but it is yet to reach an intolerable level as government did not exceed the target of borrowing BDT 230 bn loan from banking system in current fiscal. Good flow of foreign loans and aids in this fiscal year helped government to borrow less from the banking system.

Figure 4: Wgt. Avg. Call money rate

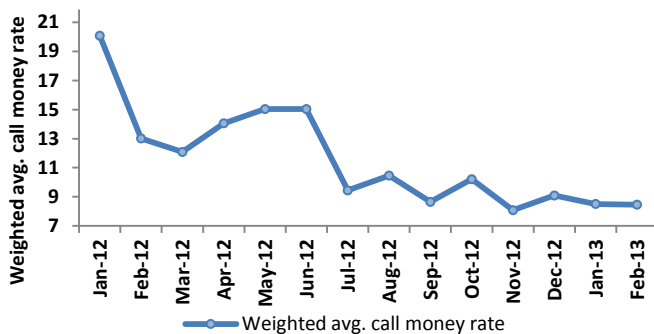


Figure 5: Deposit/Lending rate

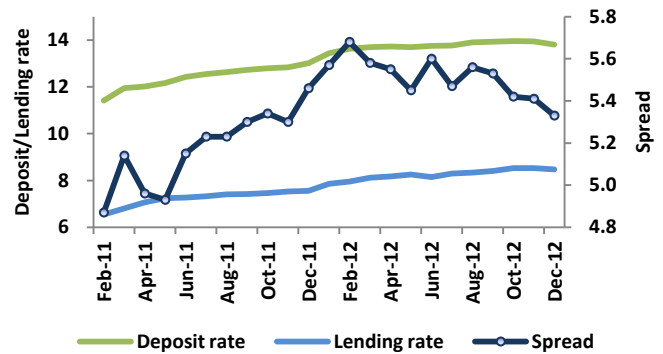


Figure 6: Credit goes to Govt. /Other Public/Private

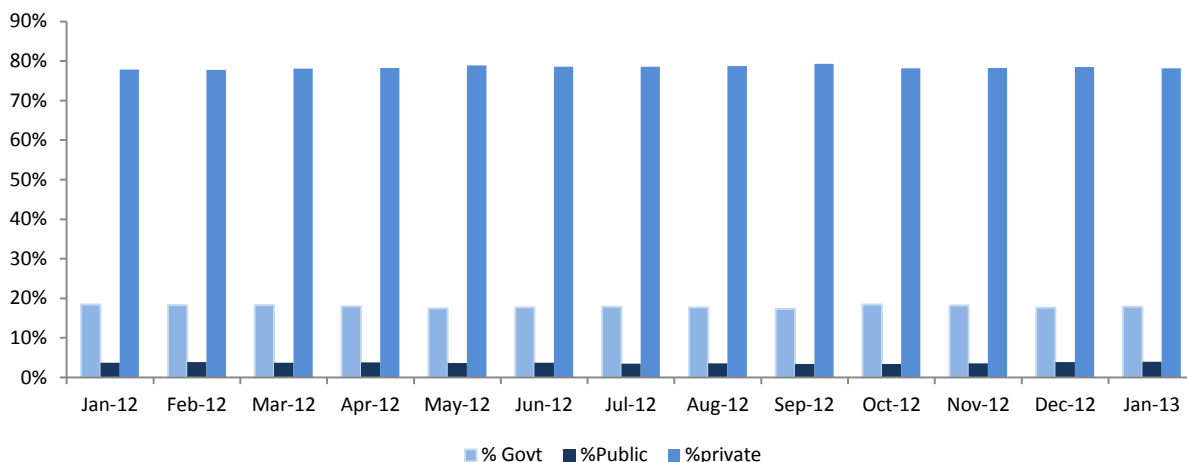
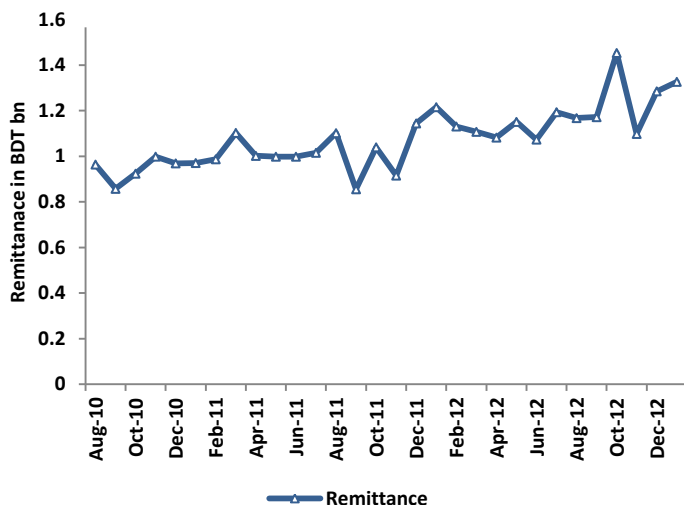


Figure 7: Remittance

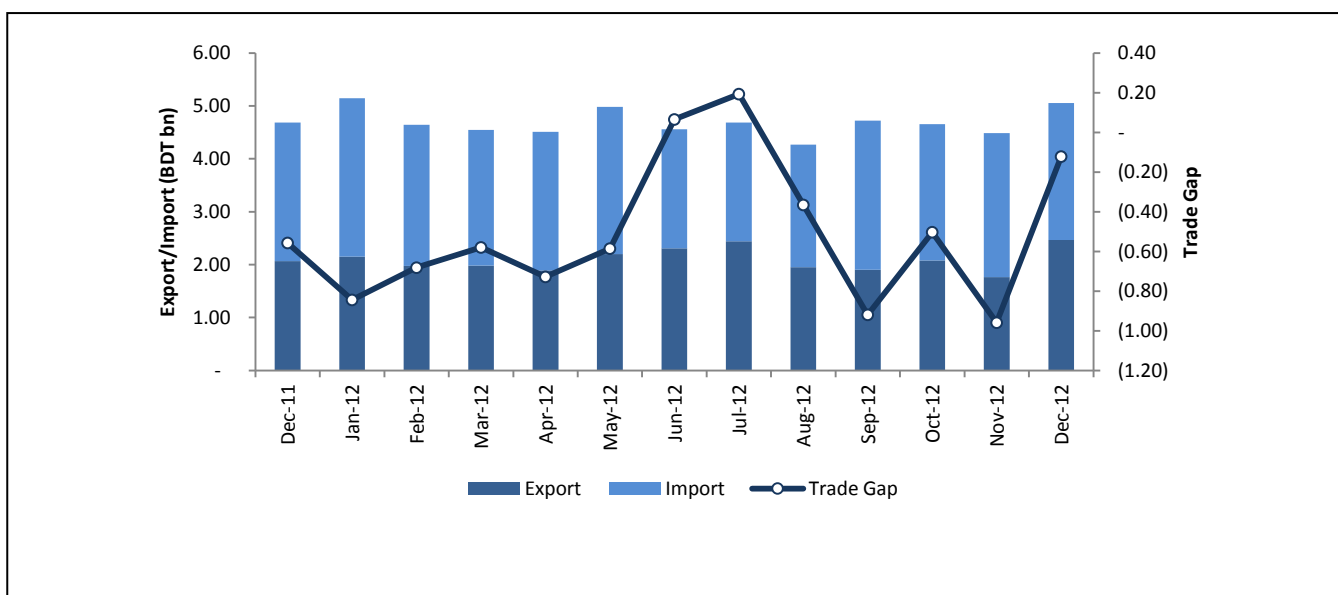


Export earnings growth was 9 per cent in the first seven months of the fiscal year that is much short of the target. The target of export earning in this fiscal year is USD 28 bn. RMG sector, the main contributor of export earnings, was in acute problem with the continuous strike and countrywide shutdown. The buyers lose their interest to come and place new order for the ongoing political agitation. On the other hand price of apparel garments also declined in the Euro zone and USA for the ongoing recession. So it is expected that in the coming months, it will be difficult to maintain a stable growth in export earnings.

The import order declined by 4.26 per cent to USD 20.28 bn in first seven months of this fiscal year. The import of capital machineries and industrial raw materials decreased sharply as businessmen are now reluctant to inject fresh fund for new project due to the political uncertainty and frequent strike. If the negative growth in import of capital machineries and industrial raw materials goes on, the country would be unlikely to achieve its growth target in this fiscal year (FY 2012-13).

The remittance inflow maintained a stable growth in the first eight months of the fiscal year. The remittance increased by 17.35 per cent to USD 9.88 bn in the first eight months of the fiscal year compared to the same period of the previous year. Bangladesh bank purchased dollar from the commercial bank to keep its value against Taka, which encouraged the expatriate to send more of their earning to the country. It is expected that the will remain stable in the coming months as GCC (Golf Co-operation Council) intended to hire more manpower from Bangladesh.

Figure 8: Export/Import



Inflation												
	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
General(P-P)	10.1	9.93	9.15	8.56	8.03	7.93	7.39	7.22	7.41	7.69	7.38	7.87
Food(P-P)	8.28	8.12	7.46	7.08	6.3	7.1	6.16	5.57	6.45	7.33	7.21	8.34
Non - Food(P-P)	13.96	13.77	12.72	11.72	11.54	9.59	9.95	10.46	9.31	8.43	7.79	7.12

Domestic Fiscal												
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Revenue earnings(Tk. In crore)	7316.45	8895	8107.57	9745.53	9745.53	6386.58	6305.08	8183.54	7724.95	7741.32	8369.01	8985.35
Net Foreign Aid (in mn USD)	146.09	141.78	122.13	54.83	232.65	155.12	66.87	102.9	197.41	46.06	402.65	(96.34)
Net Sale of NSD(Tk. in crore)	(222.25)	129.12	358.64	197.76	(98.33)	209.11	253.06	(9.05)	58.31	(126.12)	(207.91)	185.58

Money and Banking												
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
BDT/\$	81.796	81.81	81.9	81.94	81.87	81.7	81.71	81.61	81.23	81.41	79.85	79.26
FX Reserve (bill USD)	10.06	9.56	10.19	9.52	10.36	10.56	11.43	11.27	12.31	11.81	12.72	12.9
Call Money (%)	13	12.08	14.62	15.03	15.02	10.58	11.51	10.08	10.21	9.09	11.08	8.51
Lending rate	13.63	13.69	13.72	13.7	13.75	13.77	13.9	13.93	13.95	13.94	13.8	13.73
Deposit rate	7.95	8.11	8.17	8.25	8.15	8.3	8.34	8.4	8.53	8.53	8.47	8.6
Spread	5.68	5.58	5.55	5.45	5.6	5.47	5.56	5.53	5.42	5.41	5.33	5.13

External Sector												
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Export (in mn USD)	1,979	1,982	1,891	2,199	2,311	2,439	2,448	1,901	2,077	1,765	2,466	2,554
Import fob (in mn USD)	2,661	2,562	2,619	2,785	2,246	2,246	2,317	2,820	2,580	2,724	2,588	3,181
Trade Gap (BDT. Crore)	(682)	(580)	(728)	(586)	65	193	131	(919)	(503)	(959)	(122)	(627)
Remittance (in mn USD)	1,130.90	1,107.49	1,082.28	1,151.17	1,073.48	1,193.77	1,167.84	1,171.90	1,453.60	1,098.25	1,285.30	1,327
Remittance growth (%)	(6.98)	(2.07)	(2.28)	6.37	(6.75)	11.21	(2.17)	0.35	24.04	(24.45)	17.03	3.24

Source: Bangladesh Bank, Bangladesh Bureau of Statistics

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