

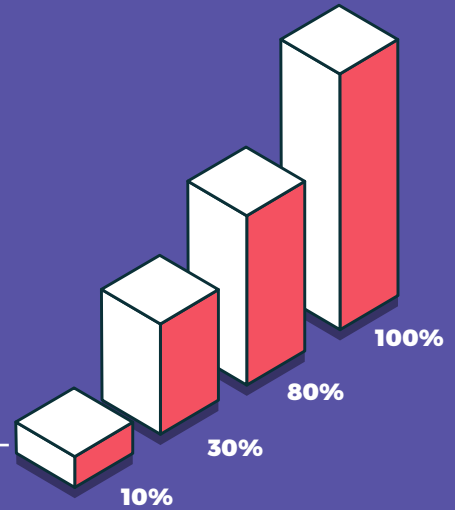


সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)



Bangladesh Macroeconomic Pulse

July 2025

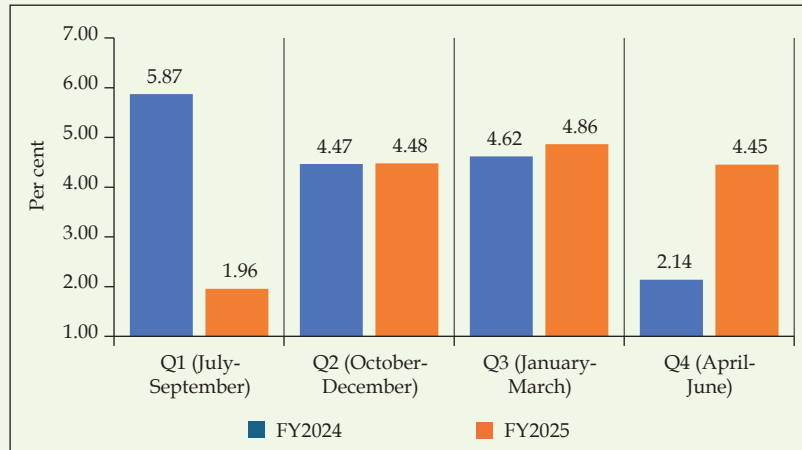


Highlights

- Bangladesh Bank released the Monetary Policy Statement (MPS) for the first half of FY2026 in July, focusing on achieving a 5.5 per cent GDP growth aligned with the government's target, while containing inflation within the range of 6.5 per cent to 7 per cent.
- The Annual Development Programme (ADP) implementation rate remained weak in July 2025, with implementation at only 0.68 per cent of total fiscal year's allocation. During this time, the government spent only BDT 1568 crore on various development projects, marking the slowest start to a fiscal year in recent years.
- The external sector showed strong resilience in July 2025, with exports reaching USD 4.77 billion, a 25 per cent increase from last July. Remittances reached USD 2.48 billion in July 2025, a 29.48 per cent year-on-year increase, while foreign exchange reserves scaled to USD 24.78 billion (as per BPM6), reflecting a 21.5 per cent year-on-year growth.
- Headline inflation eased to 9.77 per cent in July 2025, driven by lower food prices. However, both food (10.16 per cent) and non-food inflation (9.45 per cent) remained elevated. Combined with weak wage growth (8.13 per cent), this continues to squeeze real incomes and reduce household purchasing power.

National Accounts and Real Economy

Figure 1: Quarterly growth rate of gross domestic product (GDP)

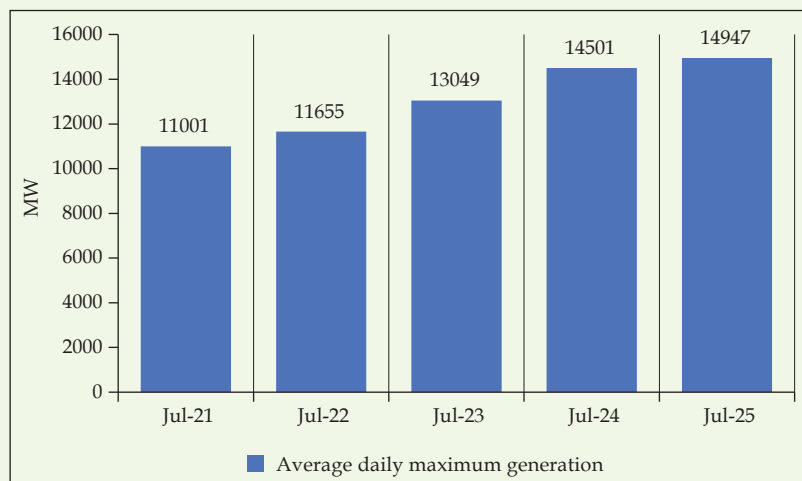


Source: Author's illustration based on data from Bangladesh Bureau of Statistics (BBS, 2025a, 2025d).

Note: Data for Q4 of FY2025 is calculated by the author based on statistics provided by BBS.

- GDP growth sharply increased in the fourth quarter of FY2025 compared to the same period in FY2024, showcasing a notable recovery in economic activity. This rise in GDP hints a broader economic rebound after the July movement.

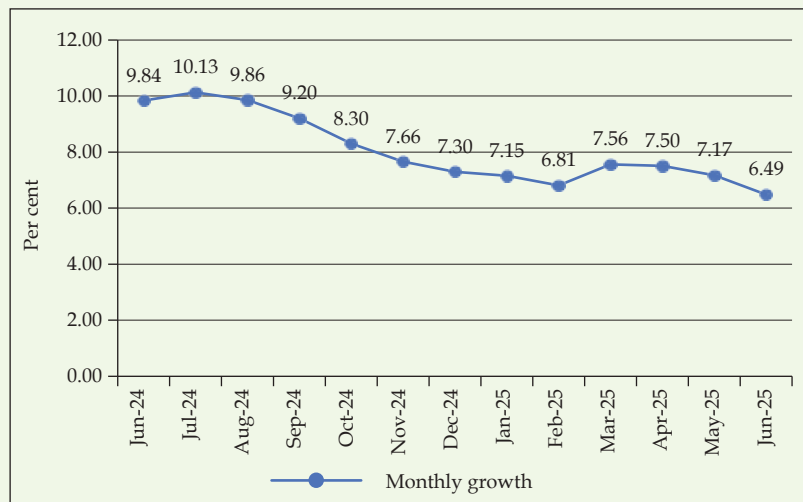
Figure 2: Monthly average of daily maximum electricity generation (MW)



Source: Author's illustration based on data from Bangladesh Power Development Board (BPDB, n.d.).

- Electricity generation has increased steadily in the month of July 2025 over the past years that indicates growing industrial and household demand.
- While this growing demand supports more economic activity, it poses a challenge of meeting the demand for electricity and ensuring energy security.

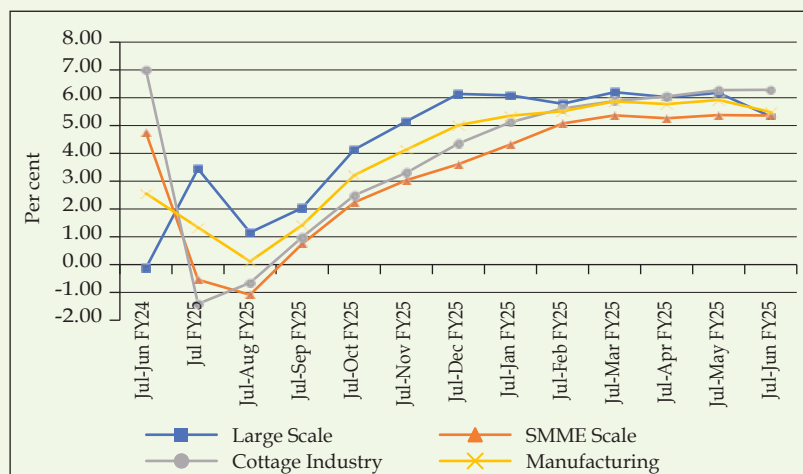
Figure 3: Monthly growth of private sector credit



Source: Author's illustration based on data from Bangladesh Bank (2025b).

- Private sector credit growth remained sluggish at 6.49 per cent in June 2025, indicating weak investment demand in the economy.
- High borrowing costs and a weak banking sector cause constrained credit expansion and limit access to finance for businesses.

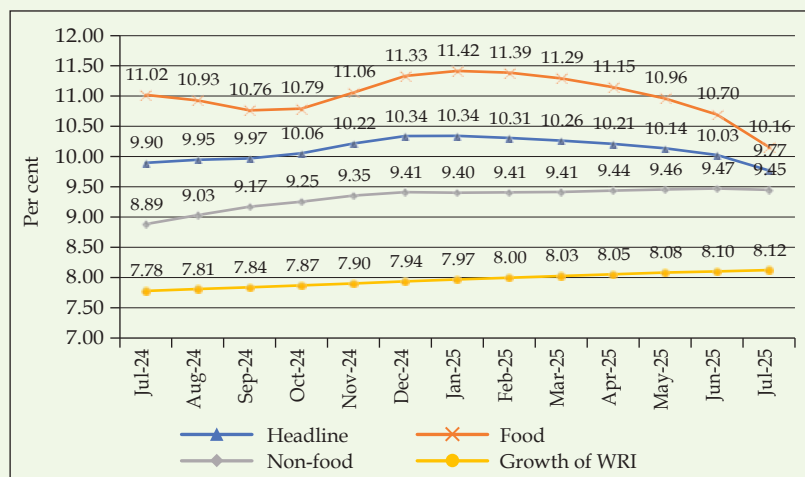
Figure 4: Growth of index of industrial production of manufacturing enterprise



Source: Author's illustration based on data from BBS (2024, 2025b).

- Large-scale manufacturing recorded a substantial growth in June 2025, while the cottage industries experienced a moderate downturn.
- This contrast signals uneven industrial resilience in these sectors amid demand uncertainties and domestic cost pressures, although the overall growth in manufacturing is

Figure 5: Monthly trends in inflation and wage rate index growth (moving average)

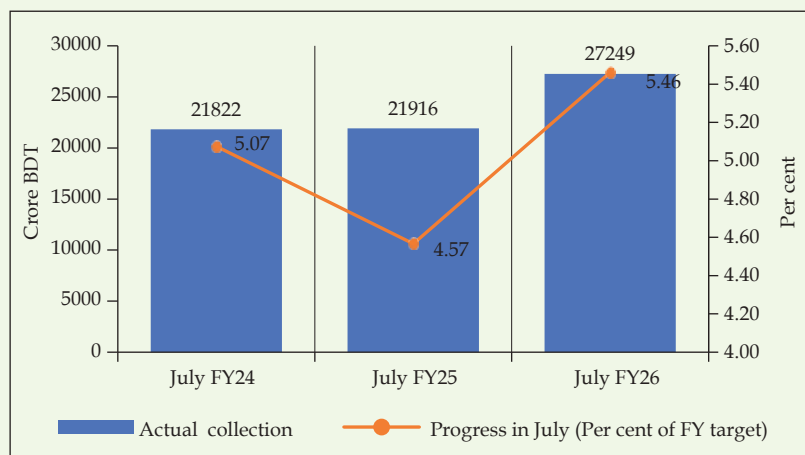


Source: Author's illustration based on data from BBS (2025c).

- Headline inflation has eased slightly in July 2025 but still remains high, while the wage growth continues to lag behind inflation. This persistent gap diminishes household purchasing power and makes it harder for households to maintain their standard of living.

Public Finance

Figure 6: Monthly progress on NBR tax collection

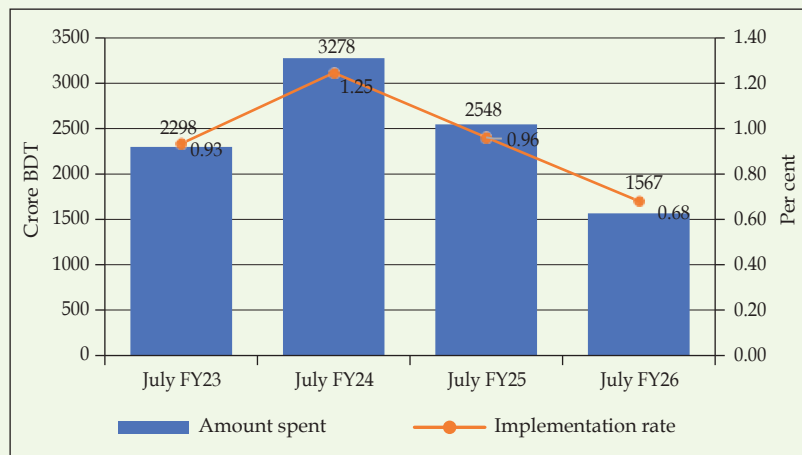


Source: Author's illustration based on data from NBR (2024, 2025) and Ministry of Finance (MoF, 2025).

Note: Data for progress in July (Per cent of FY target) is presented on the right vertical axis.

- NBR tax collection has improved in July 2025 compared to last two years, reflecting stronger tax compliance. However, the total collection still fell short of the monthly target of NBR.

Figure 7: Monthly comparison of ADP implementation progress

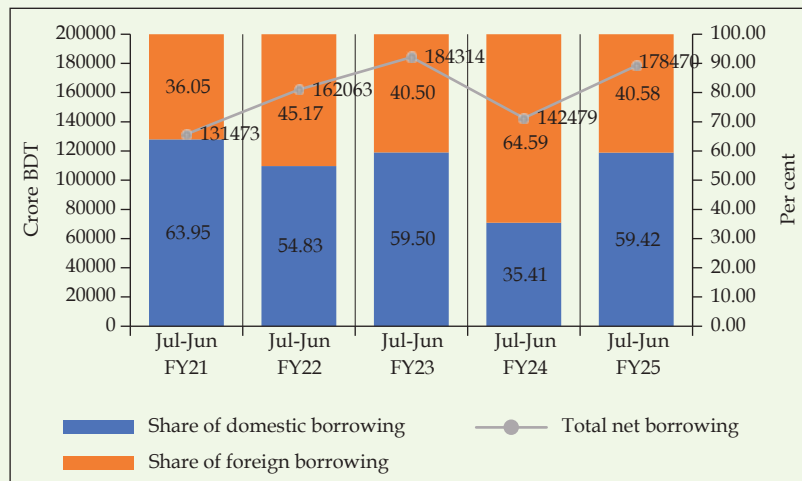


Source: Author's illustration based on data from Implementation Monitoring and Evaluation Division (IMED, 2025).

Note: Data for Implementation rate (Per cent of total ADP) is presented on the right vertical axis.

- ADP implementation rate remained weak at 0.68 per cent of total FY implementation in July 2025, marking the slowest start to a fiscal year in recent years.
- This weak performance might indicate poor project management, institutional inefficiencies and raises serious concerns about executing public development projects.

Figure 8: Government borrowings to finance the budget deficit



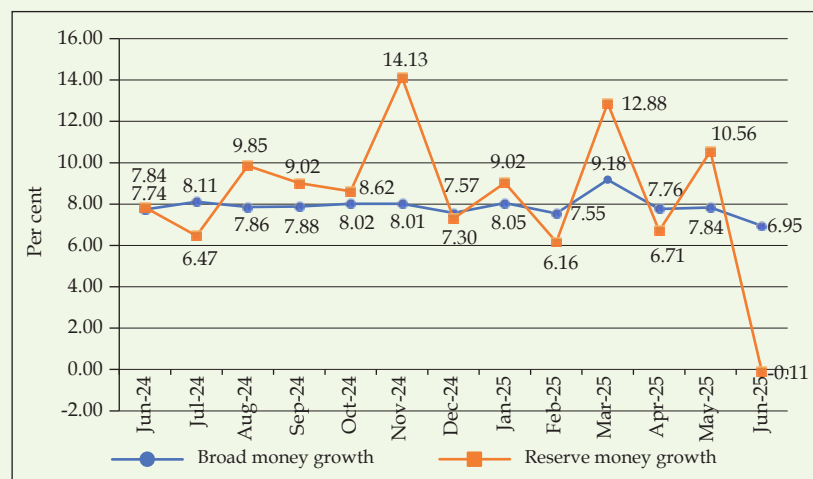
Source: Author's illustration based on data from Bangladesh Bank (2025b).

Note: Data for share of borrowings (Per cent) is presented on the right vertical axis.

- Domestic borrowing notably increased in FY2025 compared to the previous fiscal year, especially from the banking sector while foreign borrowing dropped sharply.
- This heavy reliance on domestic sources might crowd out private credit and increase fiscal vulnerability.

Monetary Sector

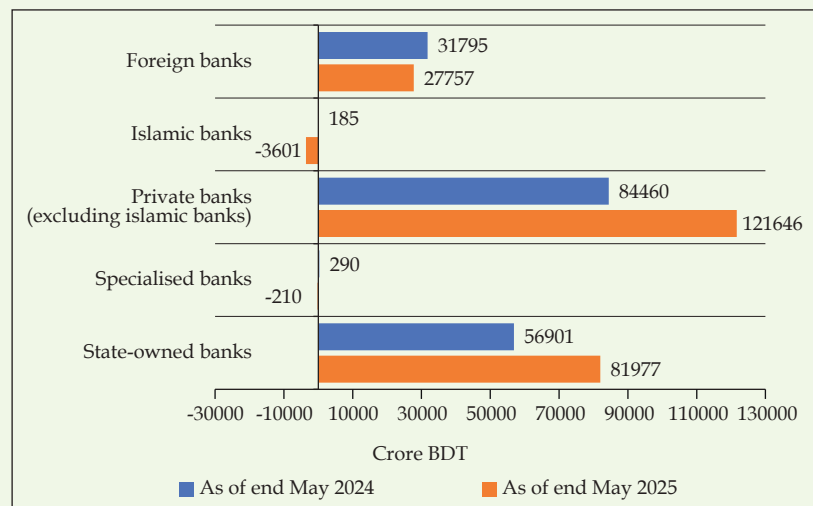
Figure 9: Monthly trends in growth of broad money and reserve money



Source: Author's illustration based on data from Bangladesh Bank (2025a).

- Broad money growth in June 2025 showed a down trend to the previous year. This decline reflected tighter monetary conditions aligning the central bank's contractionary monetary policy to contain inflationary pressures.
- Reserve money growth showed a sharp decline and negative growth in June 2025, showcasing the volatility in the monetary base. These movements might be influenced by the efforts made to control money supply and manage interest rates.

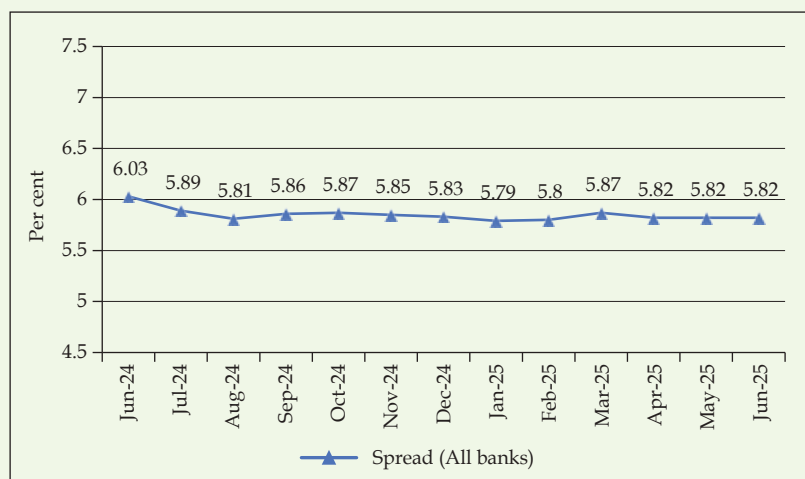
Figure 10: Liquidity surplus in the scheduled banks



Source: Author's illustration based on data from Bangladesh Bank (2024, 2025b).

- Overall liquidity positions in scheduled banks improved as of May 2025 due to the better performance in Private banks (excluding Islamic banks) and state-owned banks.
- But both the Islamic banks and specialised banks failed to maintain the minimum required liquid assets and continued to experience liquidity stress and due to past mismanagement and weak governance.

Figure 11: Monthly Interest rate spread of banks and non-bank financial institutions

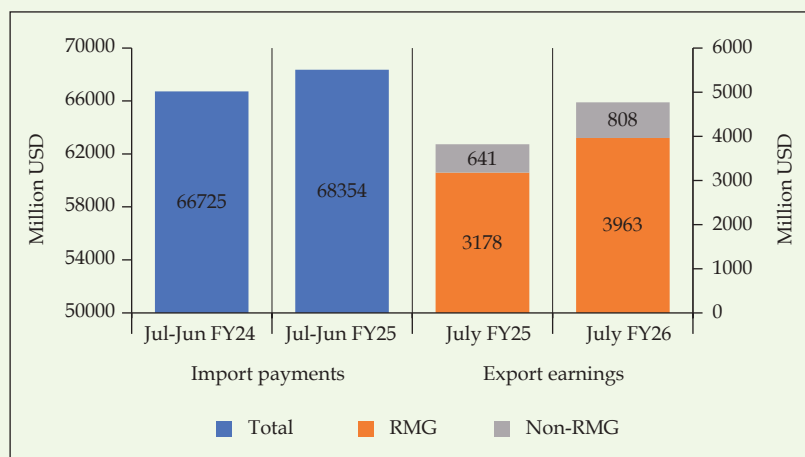


Source: Author's illustration based on data from Bangladesh Bank (2025b).

- The spread between lending and deposit rates in banks has remained stable over the past few months, indicating regular adjustments in response to market conditions.

External Sector

Figure 12: Monthly Exports and Imports Situations

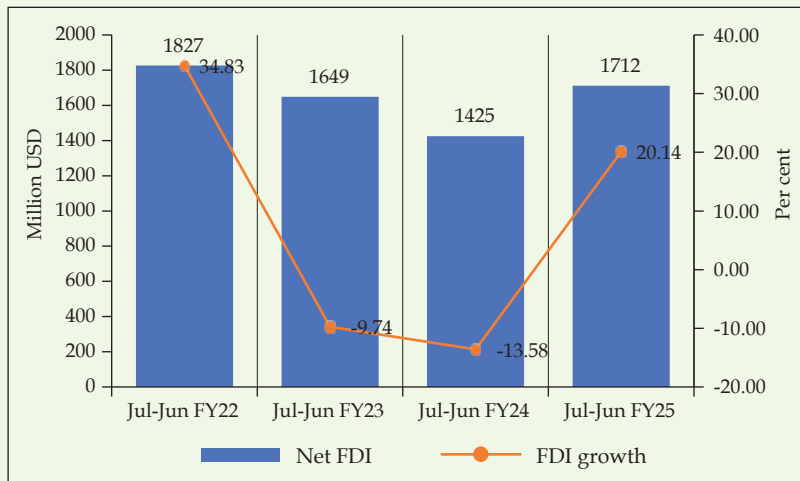


Source: Author's illustration based on data from Export Promotion Bureau [EPB] (n.d.) and Bangladesh Bank (2025b).

Note: Data for export earnings is presented on the right vertical axis.

- Exports rebounded strongly in July 2025, at the beginning of FY2026, contributing to an improved trade balance and easing pressure on reserves.
- Although imports increased slightly in FY2025 compared to FY2024, the subdued imports of capital goods indicate lower investment and slower economic growth.

Figure 13: FDI Inflows and Outflows

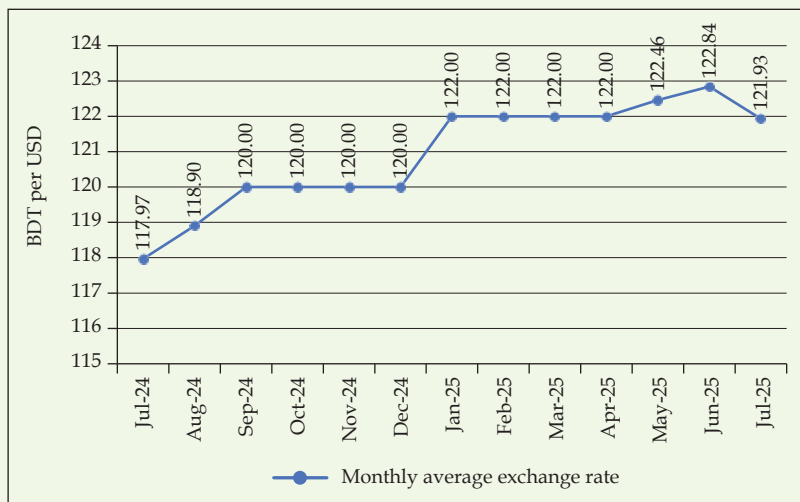


Source: Author's illustration based on data from Bangladesh Bank (2025b, n.d.a).

Note: Data for FDI growth is presented on the right vertical axis.

- After two consecutive years of contraction, net FDI growth showed modest improvement in FY2025, signalling a tentative recovery in investor sentiment. This rebound reflects the efforts of the interim government to stabilise the investment climate amid the currency volatility, inflation and political uncertainty.

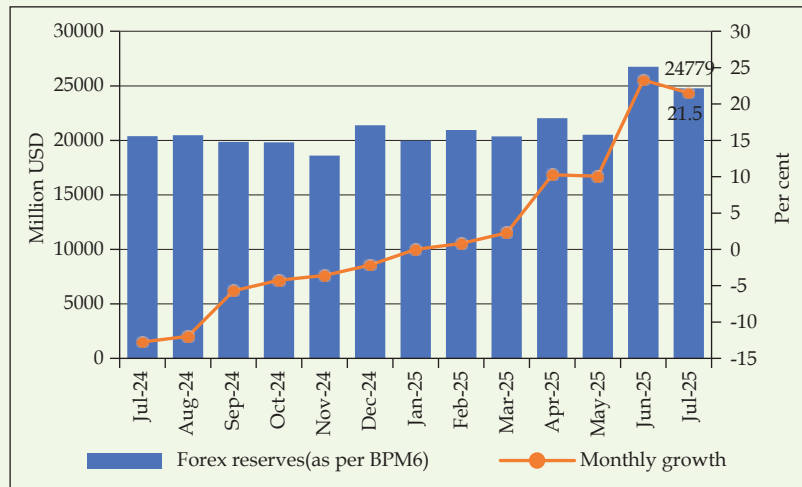
Figure 14: Monthly Exchange rate movements (BDT/USD)



Source: Author's illustration based on data from Bangladesh Bank (2025b).

- The exchange rate of Bangladeshi Taka against US Dollar has slightly appreciated on average in July 2025 for the first time in recent months, though it remained high compared to its historical value.
- This elevated rate reflects the ongoing external pressure but gives some relief for exporters and remitters.

Figure 15: Monthly Foreign Exchange Reserve (as per BPM6)

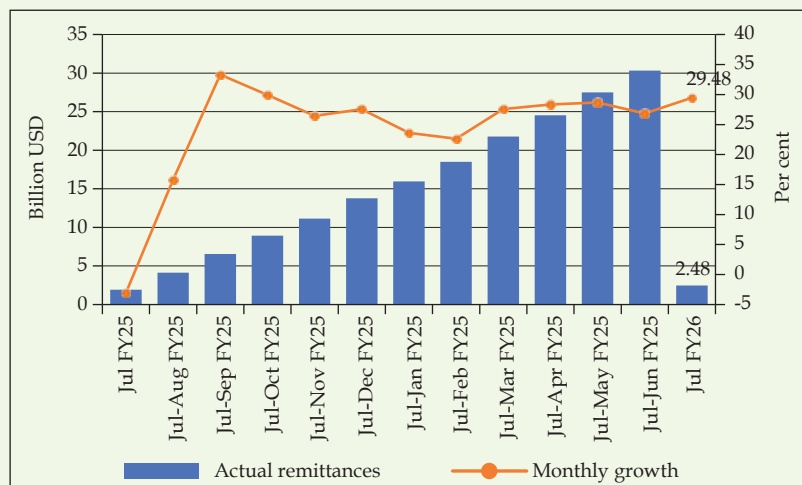


Source: Author's illustration based on data from Bangladesh Bank (n.d.b).

Note: Data for monthly reserve growth is presented on the right vertical axis.

- Forex reserves observed a strong year-on-year growth in July 2025, mainly driven by robust remittance inflows and a rebound in exports. It helps stabilise the country's balance of payments.

Figure 16: Monthly data of Wage earner's remittance



Source: Author's illustration based on data from Bangladesh Bank (n.d.c).

Note: Data for monthly remittance growth is presented on the right vertical axis.

- Remittance inflows surged at USD 2.48 billion in July 2025, a 29.48 per cent year-on-year increase compared to last July. This strong growth continues to play a stabilising role in the external sector.

Figure 17: Monthly Growth of Overseas Employment Migrants



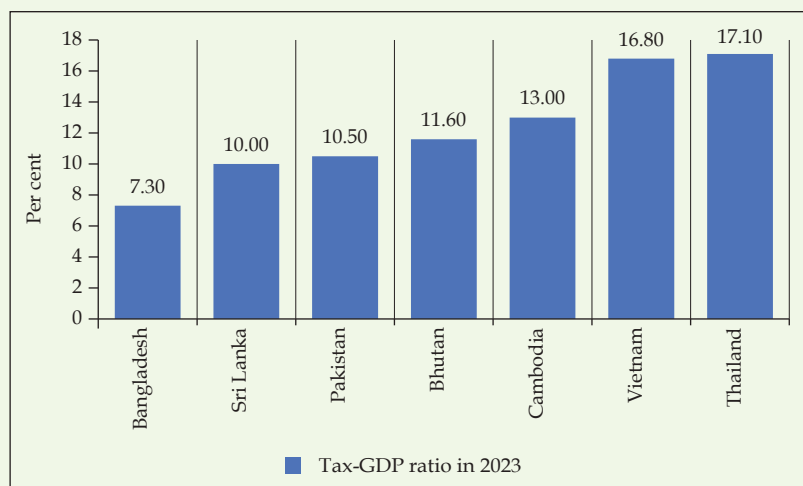
Source: Author's illustration based on data from Bangladesh Bank (2025b).

Note: Data for growth of overseas employment is presented on the right vertical axis.

- The growth of overseas employment moderately improved in July 2025, with an upward trend. This growth is expected to positively impact remittance prospects.

Special Focus of the Month

Figure 18: Tax-to-GDP ratio comparison among Asian and Pacific countries 2023



Source: Author's illustration based on data from OECD (2025).

- Revenue Statistics in Asia and the Pacific 2025: Personal income taxation in Asia and the Pacific by Organisation for Economic Co-operation and Development (OECD)

According to an OECD report published in July 2025, Bangladesh had the lowest tax-to-GDP ratio in the Asia-Pacific region in 2023 at just 7.30 per cent (OECD, 2025). The economy relies heavily on indirect taxes, with 38.20 per cent of revenue from VAT and 27.20 per cent from other goods and services taxes, while personal income tax contributed only 9 per cent. The report also mentioned that structural issues like low public sector pay and rigid civil service systems hinder efforts to improve tax collection. Despite steady economic growth, these challenges continue to constrain domestic resource mobilisation.

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Disclaimer: The analyses are based on the most recent publicly available data from official sources at the time of their preparation.

About The Macroeconomic Pulse

The Centre for policy Dialogue (CPD) is committed to advancing the development of Bangladesh by promoting participatory policy making, focusing on research and analyses, dialogues, and publications. From 1995, CPD's flagship programme Independent Review of Bangladesh's Development (IRBD) provides critical analyses of the macroeconomic performance. As a continuation of this, CPD launches a new monthly publication under the IRBD programme, Bangladesh Macroeconomic Pulse, starting from the month of July 2025.

The Pulse provides a broad overview of the contemporary macroeconomic landscape of Bangladesh. Each issue of the Pulse will track key economic correlates pertaining to national accounts, real economy, public finance, monetary sector, external sector, and feature a special focus of the month concerning significant policy debates, challenges, or data releases. The Pulse serves policymakers, stakeholders, and citizens to navigate the economic realities of Bangladesh.



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