

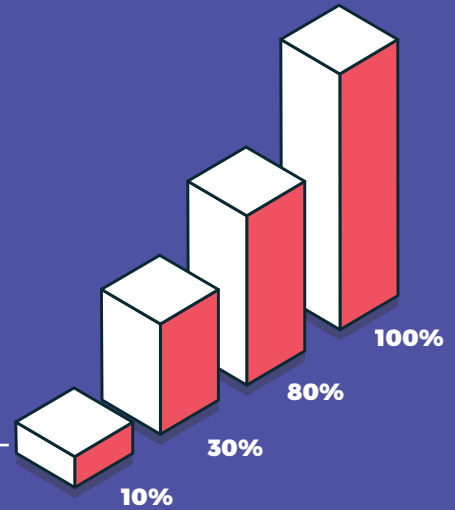


সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)



Bangladesh Macroeconomic Pulse

Volume 1, Issue 2

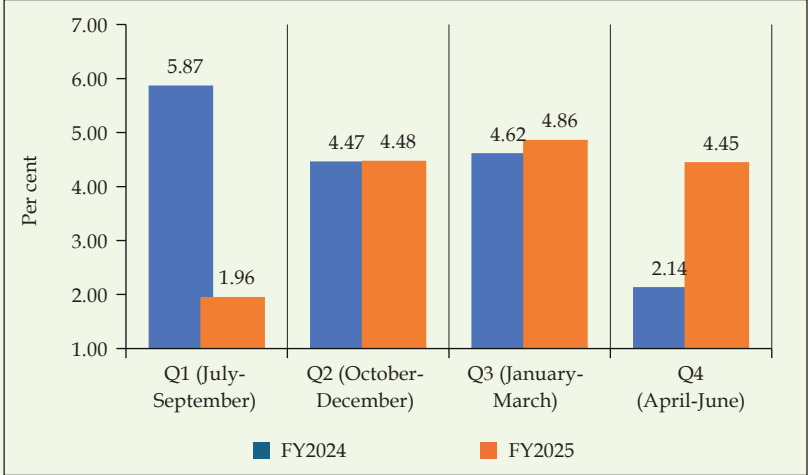


Highlights

- Bangladesh secured a major trade negotiation outcome on 1 August 2025 as the United States (US) reduced tariffs on Bangladeshi goods from 35 per cent to 20 per cent following strong third-round negotiations and a strategic package proposal that included commitments to import US wheat, soybeans, cotton, liquefied natural gas (LNG), and 25 Boeing aircraft (Kashem, 2025).
- The National Board of Revenue (NBR) mandated online tax return filing from the fiscal year 2025–26 starting on 4 August 2025, with almost 1 lakh e-returns filed within just 10 days, representing nearly a five-fold increase compared to the corresponding period of the previous year (NBR, 2025a).
- Headline inflation continued to decline to 9.58 per cent in August 2025 due to a moderation in food prices, with food inflation falling below 10 per cent (9.83 per cent) for the first time in over 15 months. However, sustained high non-food inflation of 9.38 per cent, coupled with weak wage growth of 8.14 per cent, continues to limit household purchasing power and undermine real incomes.
- Between 2022 and 2025, the poverty situation worsened in Bangladesh, with the share of people under the lower poverty line increasing from 5.60 per cent to 9.35 per cent and the upper poverty line from 18.70 per cent to 27.93 per cent. Consequently, the national expenditure Gini coefficient increased from 0.33 to 0.44, indicating a significant rise in expenditure inequality and disparities in consumption patterns (PPRC, 2025).

National Accounts and Real Economy

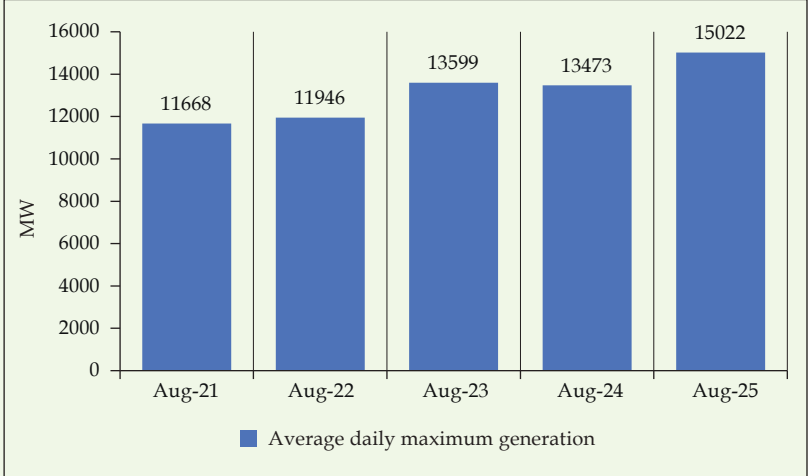
Figure 1: Quarterly growth rate of Gross Domestic Product (GDP)



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.

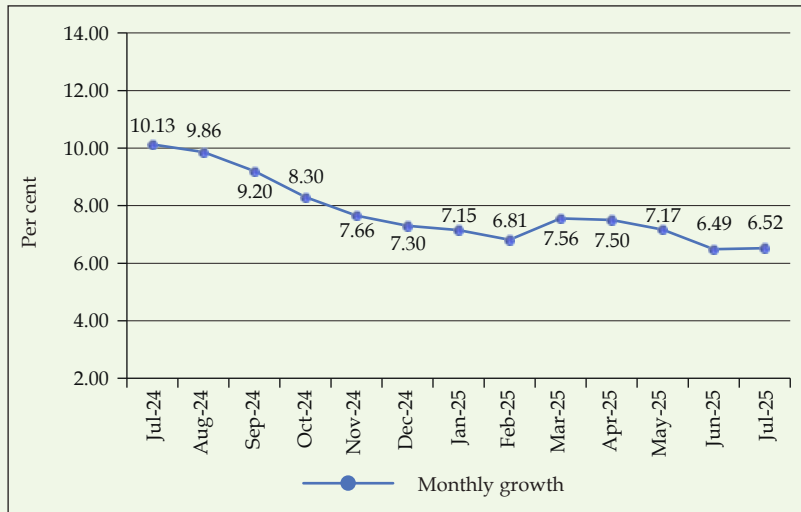
Figure 2: Monthly average of daily maximum electricity generation (MW)



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

- Electricity generation in August 2025 showed a rising trend over previous years, reflecting growing household and industrial demand, despite a dip in August 2024.
- Average daily maximum generation in August 2025 surpassed that of August 2024. This indicates continued pressure on the energy supply system and highlights the challenge of supporting economic activity and ensuring energy security.

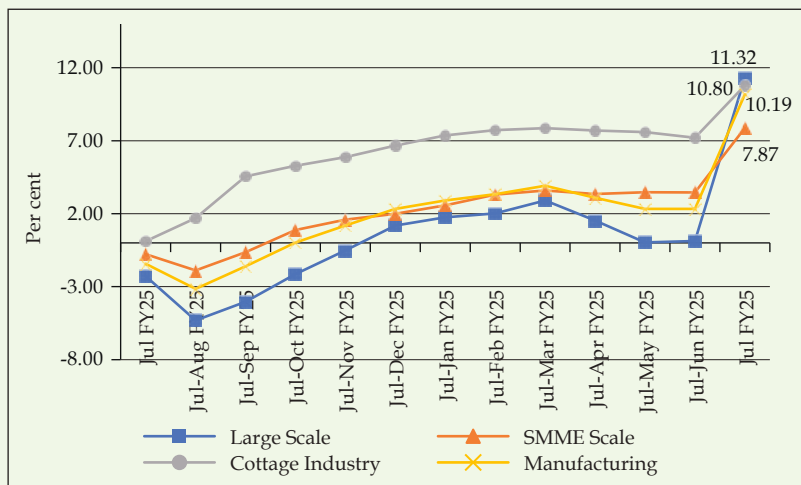
Figure 3: Monthly growth of private sector credit



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

- Private sector credit growth improved slightly at 6.52 per cent in July 2025 but remained far below the levels of July 2024 growth, signifying continued weakness in investment demand.
- High borrowing costs and structural weakness in the banking sector continue to limit credit expansion and access to finance for businesses.

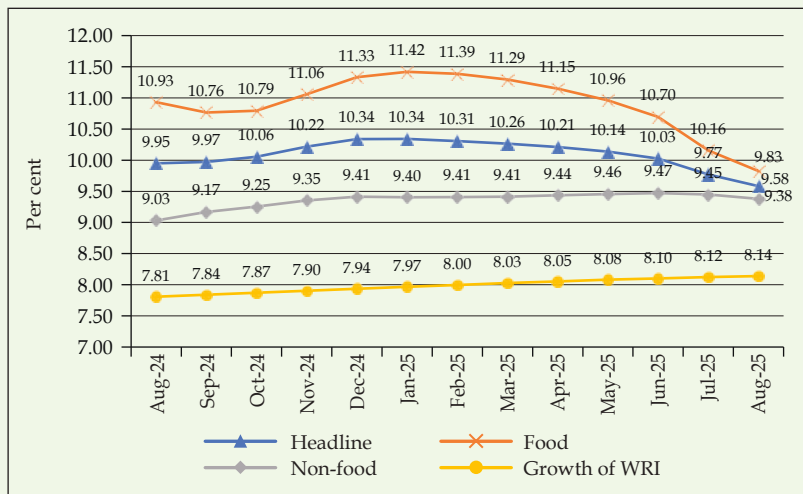
Figure 4: Growth of index of industrial production of manufacturing enterprise



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

- Large-scale, small, medium and micro enterprise (SMME), and cottage industries all recorded substantial year-on-year growth in July 2025, with large-scale manufacturing leading the rebound.
- This broader improvement marks a positive shift in industrial recovery and rebounds overall manufacturing growth.

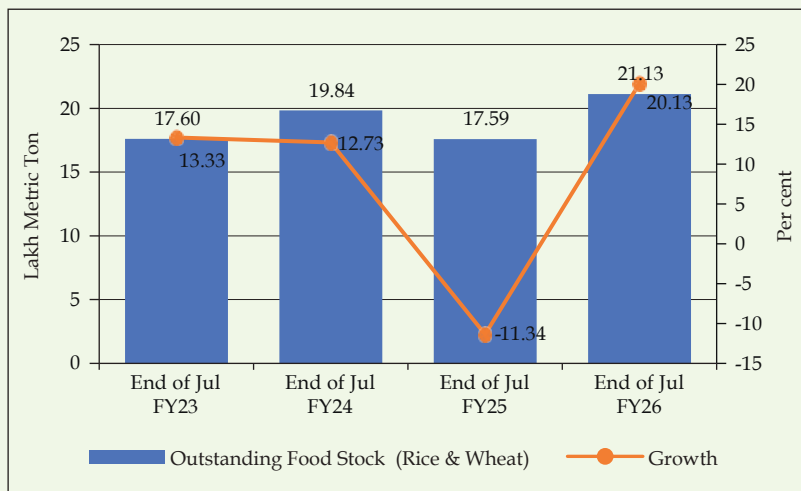
Figure 5: Monthly trends in inflation and wage rate index growth (moving average)



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

- Headline inflation continued to decline to 9.58 per cent in August 2025 due to a moderation in food prices, with food inflation falling to 9.83 per cent.
- However, sustained high non-food inflation of 9.38 per cent, coupled with weak wage growth of 8.14 per cent, continues to limit household purchasing power and undermine real incomes.

Figure 6: Outstanding food stock (Rice & Wheat)



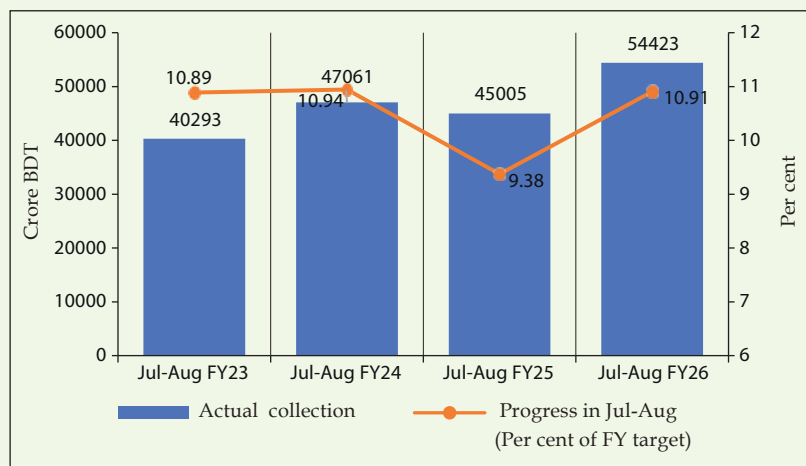
Source: Author's illustration based on data from Bangladesh Bank (2022, 2023, 2024, 2025a).

Note: Data for outstanding food stock growth is presented on the right vertical axis.

- The government's outstanding food stock of rice and wheat increased to 21.13 lakh metric tons as of July 2025, with a strong year-on-year growth of 20.13 per cent.
- However, food grain distribution declined from 1.69 lac metric tons (as of July 2024) to 1.15 lac metric tons (as of July 2025), indicating a slower pace of public food distribution despite higher stock levels.

Public Finance

Figure 7: Monthly progress on NBR tax collection

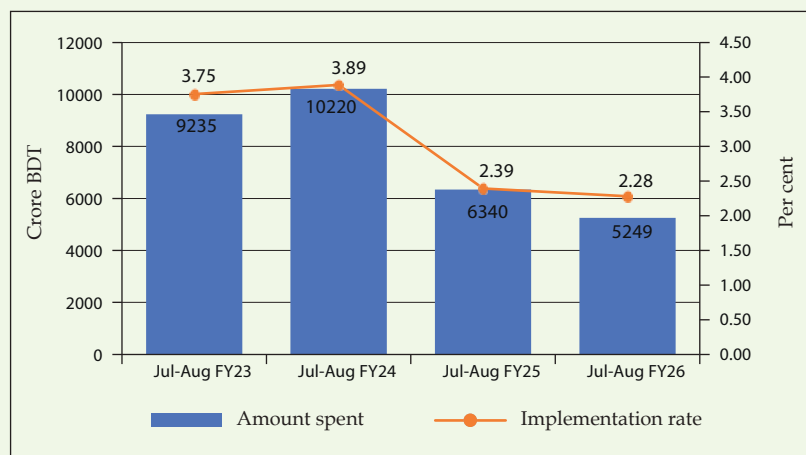


Source: Author's illustration based on data from NBR (2023, 2024, 2025b) and Ministry of Finance (MoF, 2023, 2024, 2025).

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

- NBR tax collection during July-August FY2026 accounted for 10.91 per cent of the annual target, reflecting a modest improvement compared to the corresponding period of FY2025. However, it still falls short of the required pace to meet the full fiscal-year target.

Figure 8: Monthly comparison of ADP implementation progress

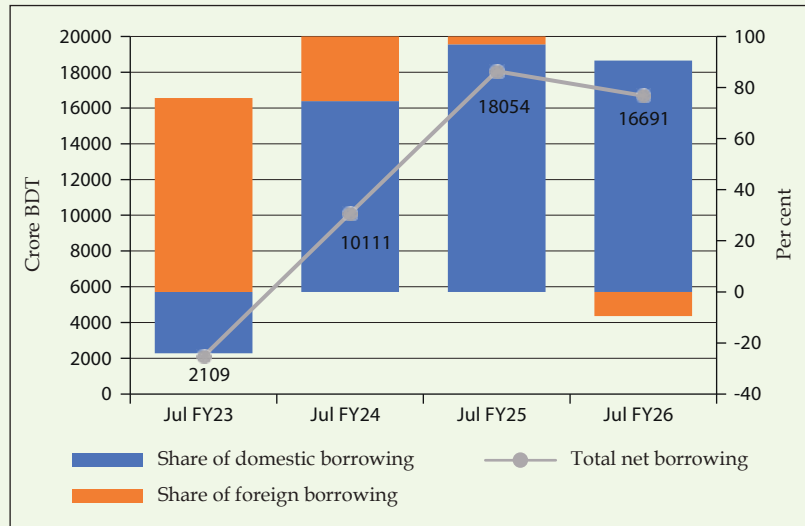


Source: Author's illustration based on data from Implementation Monitoring and Evaluation Division (IMED, 2025).

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

- ADP implementation rate remained low at 2.28 per cent of total fiscal year target during July-August FY2026, representing the slowest progress in recent years for this time period.
- This weak performance might be indicative of poor project management, institutional inefficiencies or the government's ongoing efforts to restrain unnecessary expenditure through overcapitalisation.

Figure 9: Government borrowings to finance the budget deficit

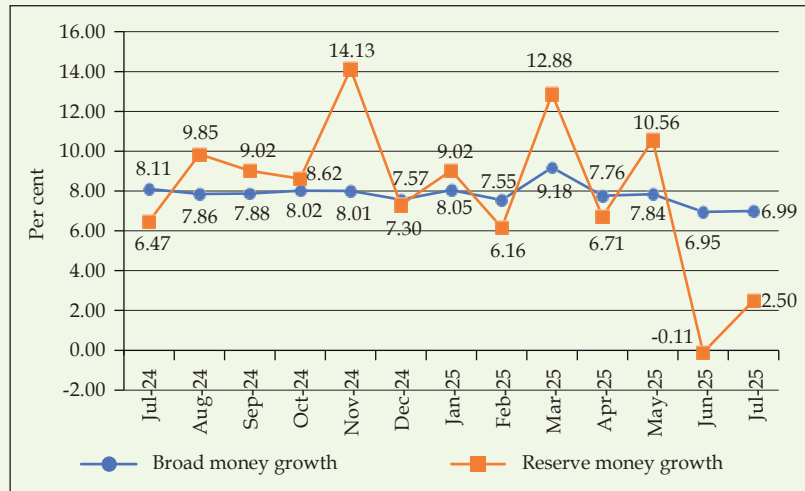


Source: Author's illustration based on data from Bangladesh Bank (2022, 2023, 2024, 2025a).
 Note: Data for share of borrowings (Per cent) is presented on the right vertical axis.

- Domestic borrowing in July 2025 increased significantly compared to July of previous years, reflecting a continuing shift from foreign to domestic financing sources.
- This heavy reliance on domestic sources, particularly on the banking sector, might crowd out private credit and increase fiscal vulnerability.

Monetary Sector

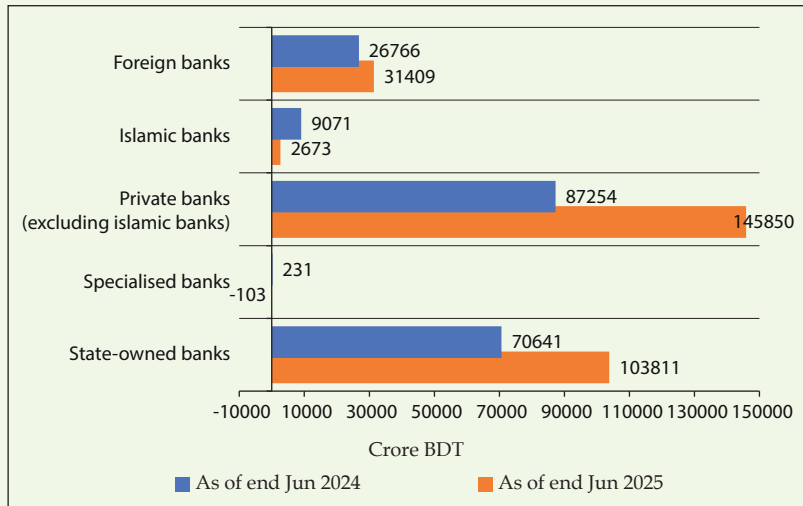
Figure 10: Monthly trends in growth of broad money and reserve money



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

- Broad money growth showed a moderate improvement at 6.99 per cent in July 2025 but remained below the July 2024 level. This continued lower growth reflected tighter monetary conditions consistent with the central bank's contractionary policy to control inflation.
- Reserve money growth rebounded to 2.50 per cent in July 2025 after a negative growth in the previous month. This movement might have been influenced by the greater liquidity support in the banking system.

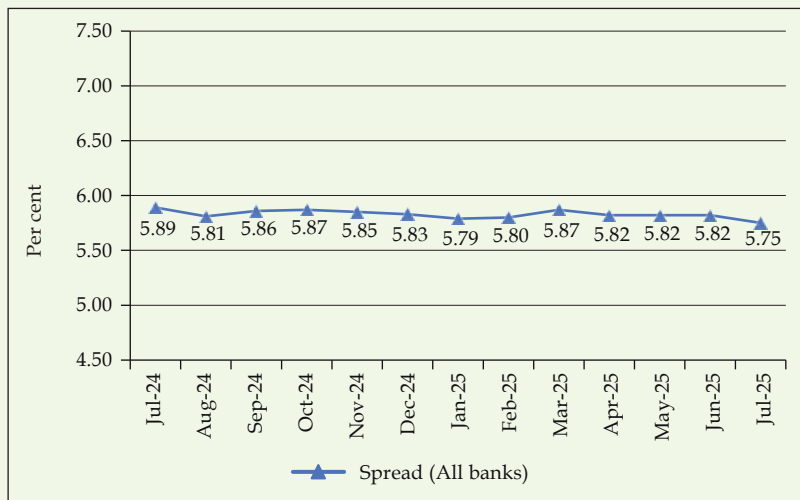
Figure 11: Liquidity surplus in the scheduled banks



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

- Overall total liquid assets in scheduled banks increased as of June 2025 compared to the June 2024 level due to strong performances by private (excluding Islamic) and state-owned banks.
- However, both Islamic banks and specialised banks performed poorly during this time period, and specialised banks even failed to maintain the minimum required liquidity.

Figure 12: Monthly interest rate spread of banks and non-bank financial institutions

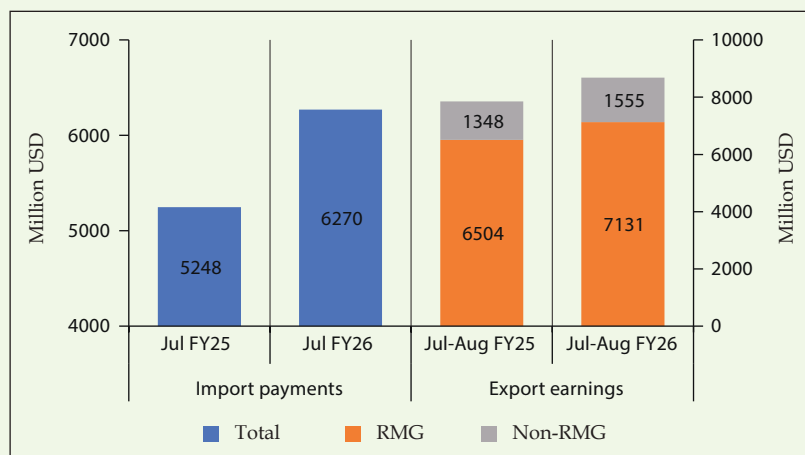


Source: Author's illustration based on data from Bangladesh Bank (2025a).

- The spread between lending and deposit rates in banks narrowed to 5.75 per cent in July 2025 from 5.82 per cent in the past three months, possibly due to higher deposit rates in banks.

External Sector

Figure 13: Monthly exports and imports situations

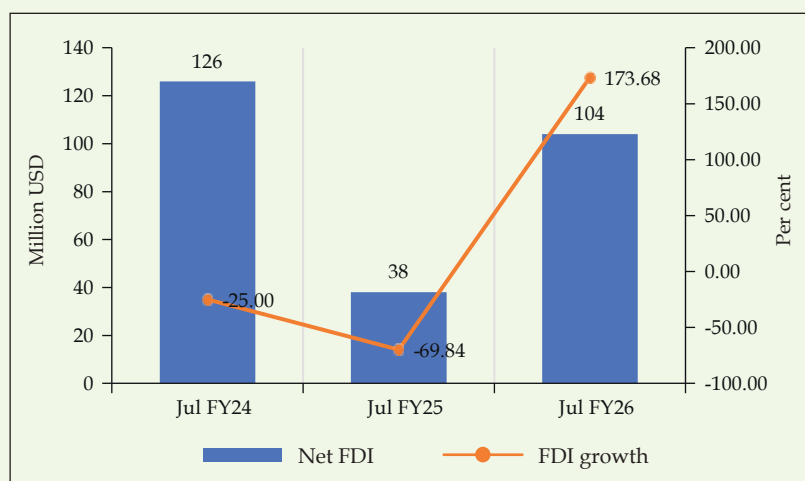


Source: Author's illustration based on data from Export Promotion Bureau (EPB, n.d.) and Bangladesh Bank (2025a).

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

- Exports rebounded steadily in July-August 2025, with a year-on-year growth of 10.61 per cent, contributing to an improved trade balance and easing pressure on reserves.
- Again, imports drastically increased in July 2025, with a year-on-year growth of 19.50 per cent, due to significant rise in intermediate goods import, especially goods related to the readymade garments (RMG).

Figure 14: Net FDI situation

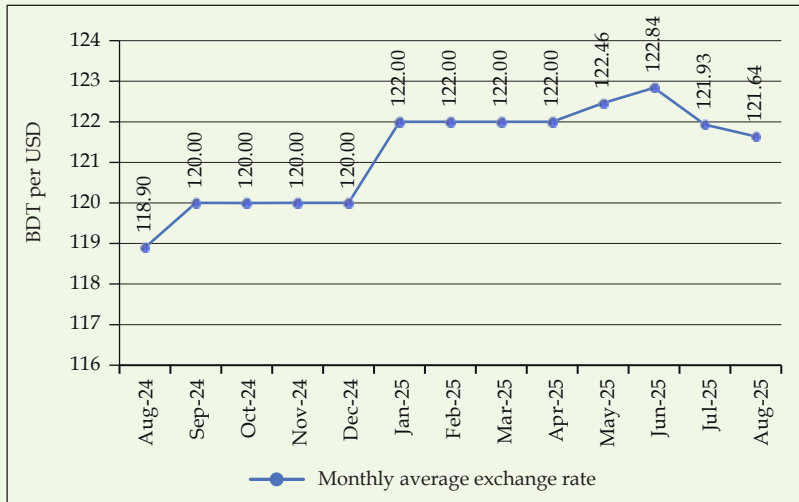


Source: Author's illustration based on data from Bangladesh Bank (2023, 2024, 2025a, n.d.a).

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

- Net foreign direct investment (FDI) increased to USD 104 million in July 2025, showing a rapid year-on-year growth and signalling a tentative recovery in investor sentiment.

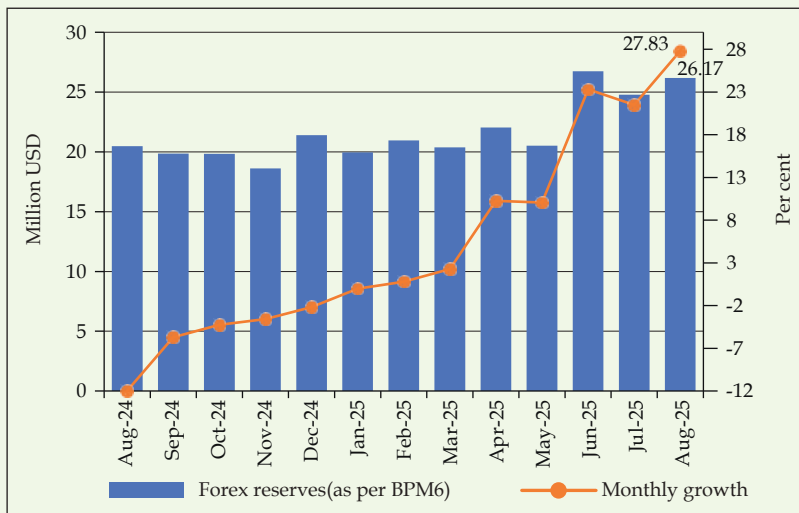
Figure 15: Monthly exchange rate movements (BDT/USD)



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

- The exchange rate of Bangladeshi Taka (BDT) against US Dollar (USD) continued to appreciate in August 2025, 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 16: Monthly foreign exchange reserve (as per BPM6)

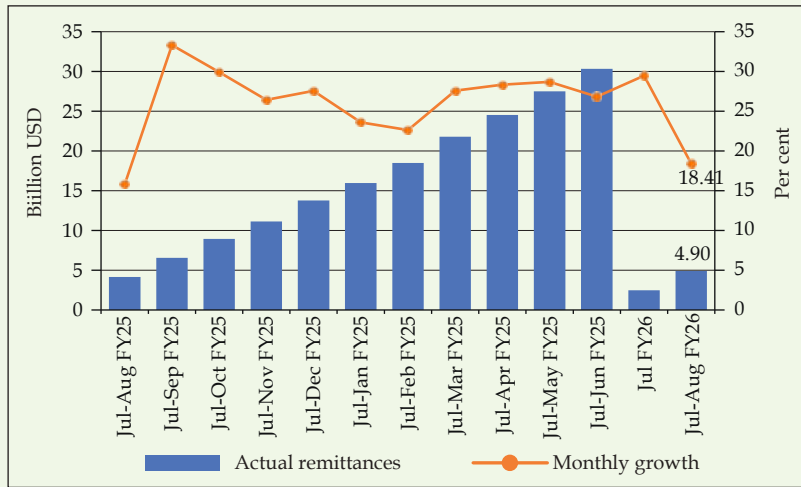


Source: Author's illustration based on data from Bangladesh Bank (n.d.b).

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

- Forex reserves continued to observe a strong year-on-year growth at 27.83 per cent in August 2025, mainly driven by robust remittance inflows and a rebound in exports. It helps stabilise the country's balance of payments.

Figure 17: 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 reached USD 4.90 billion during July-August FY2026, an 18.41 per cent year-on-year increase compared to the corresponding period of FY2025. This growth continues to play a stabilising role in the external sector.

Figure 18: Monthly growth of overseas employment



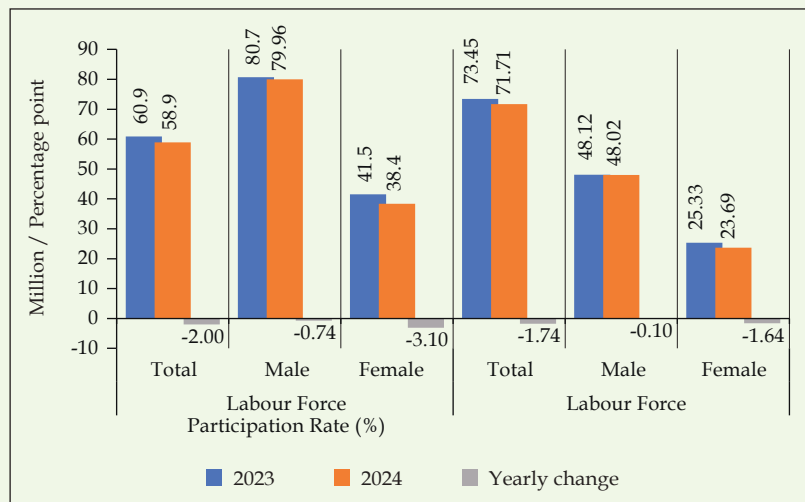
Source: Author's illustration based on data from Bangladesh Bank (2025b).

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

- The growth of overseas employment significantly improved at 73.26 per cent during July-August FY2026 compared to the same time frame of FY2025. This growth is expected to positively impact remittance prospects.

Special Focus of the Month

Figure 19: Yearly change in Bangladesh labour market (2023-2024)



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

Note: Data for labour force are presented in millions; yearly changes are shown in percentage points.

- Labour Force Survey 2024 Bangladesh by Bangladesh Bureau of Statistics (BBS)

According to the Labour Force Survey 2024, the labour market of Bangladesh observed a severe contraction in 2024, primarily driven by a sharp decline in female labour force participation (BBS, 2025e). The total labour force shrank by 1.74 million which resulted in a 2-percentage point drop in the overall labour force participation rate (LFPR). Females accounted for 94.25 per cent of the total reduction in the labour force, with their number shrinking by 1.64 million. This led to the female LFPR to fall sharply from 41.5 per cent to 38.4 per cent. In contrast, the male labour force experienced only a marginal decline of 0.10 million. These trends portray some serious challenges for inclusive development and progress towards gender parity in the labour market of Bangladesh.

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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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