

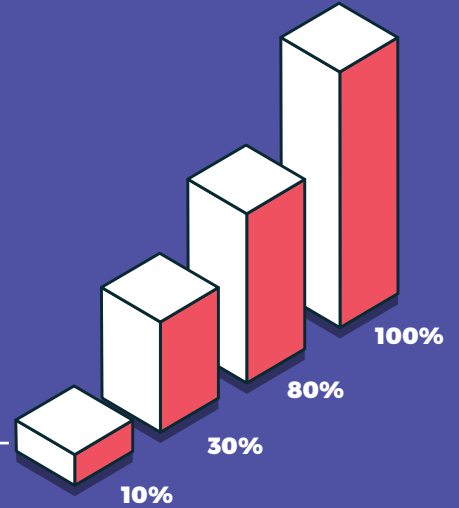


সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)



Bangladesh Macroeconomic Pulse

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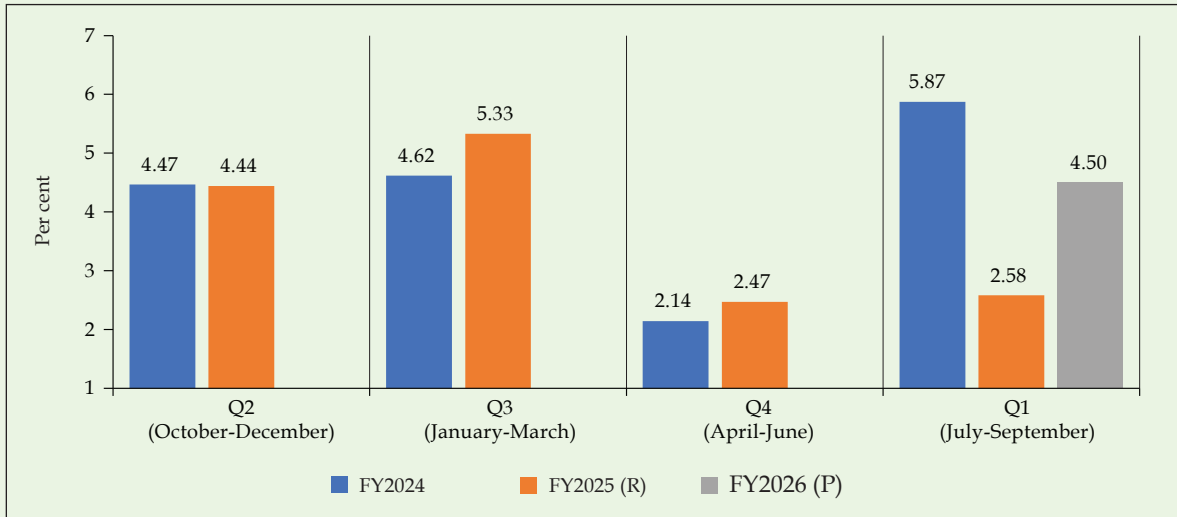


Highlights

- The government has approved signing an Economic Partnership Agreement (EPA) with Japan, securing duty-free access for 97 per cent of Bangladesh's exports including key garment items, marking the country's first full-fledged trade deal with a major partner (Mirdha, 2026).
- In January 2026, the World Bank cut Bangladesh's FY2026 GDP growth forecast to 4.60 per cent, while also mentioning that reduced political uncertainty following the general election, along with the anticipated implementation of structural reforms by the new government, would help strengthen industrial activity in FY2027 (World Bank, 2026).
- Export performance deteriorated during July–January FY2026, registering a negative year-on-year growth of 1.93 per cent, mainly due to a slowdown in RMG exports. Monthly exports also declined by 0.50 per cent year-on-year to USD 4.41 billion for the month of January 2026 (EPB, n.d.).
- Headline inflation continued to decline to 8.66 per cent in January 2026, driven by a slowdown in food prices, as food inflation fell to 7.97 per cent. However, the slow pace of decline in non-food inflation, combined with declining wage growth of 8.12 per cent, continues to weaken household purchasing power and reduce real incomes.

National Accounts and Real Economy

Figure 1: Quarterly Growth Rate of Gross Domestic Product (GDP)

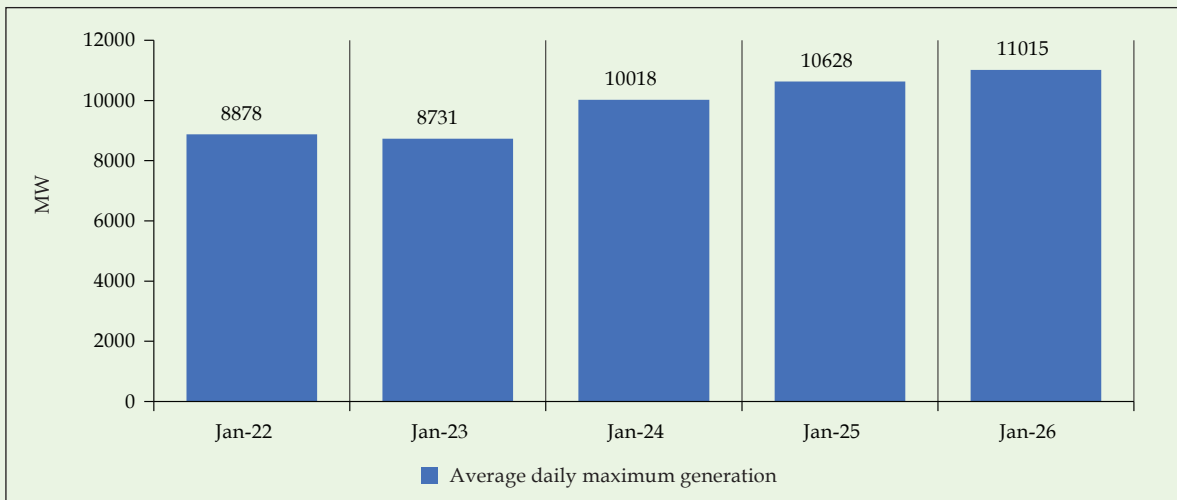


Source: Authors' illustration based on data from Bangladesh Bureau of Statistics (BBS, 2025a, 2025c).

Note: R: revised; P: provisional.

- GDP growth increased to 4.50 per cent in Q1 FY2026, up from 2.58 per cent in Q1 FY2025. This improvement indicates a recovery in economic activity following the stagnation observed in the previous quarter.

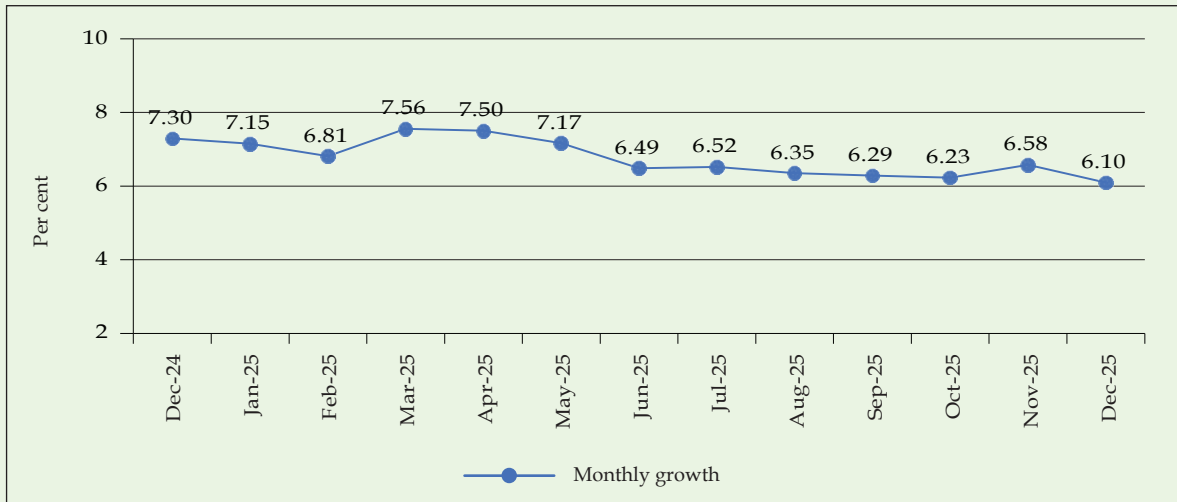
Figure 2: Monthly Average of Daily Maximum Electricity Generation (MW)



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

- The average daily maximum electricity generation in January 2026 reached 11,015 MW, continuing an upward trend observed over the last three years in the month of January.
- Although electricity demand is comparatively lower in January due to the winter season, its continuous rise over the years signals challenges in ensuring energy security during the upcoming summer.

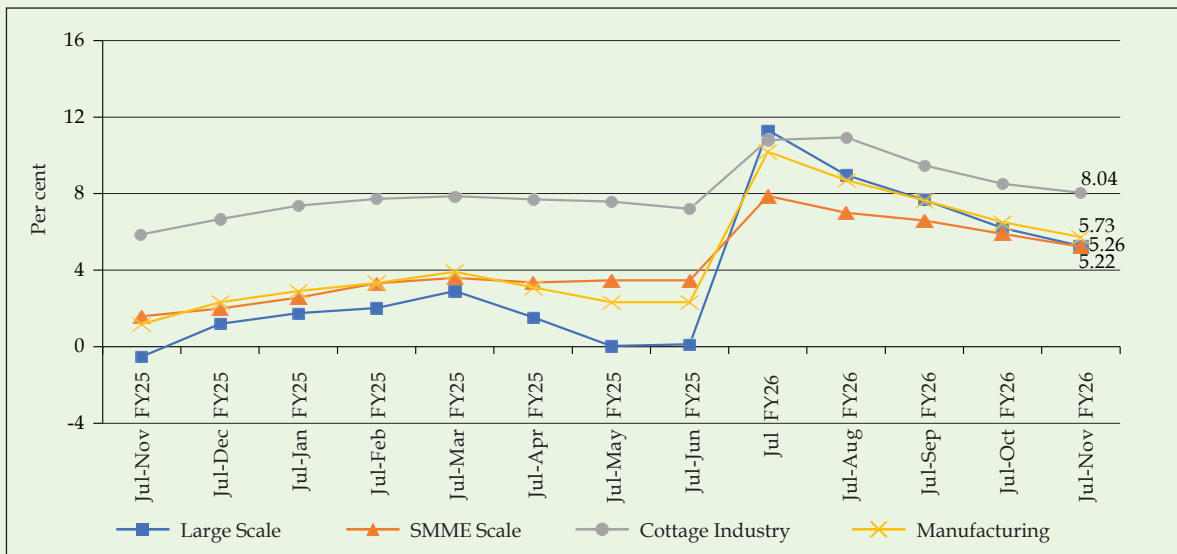
Figure 3: Monthly Growth of Private Sector Credit



Source: Authors' illustration based on data from Bangladesh Bank (2026).

- Private sector credit growth dropped to 6.10 per cent in December 2025, the lowest level in recent years. This downturn reflects sluggish investment activity and business fragility due to political uncertainty.

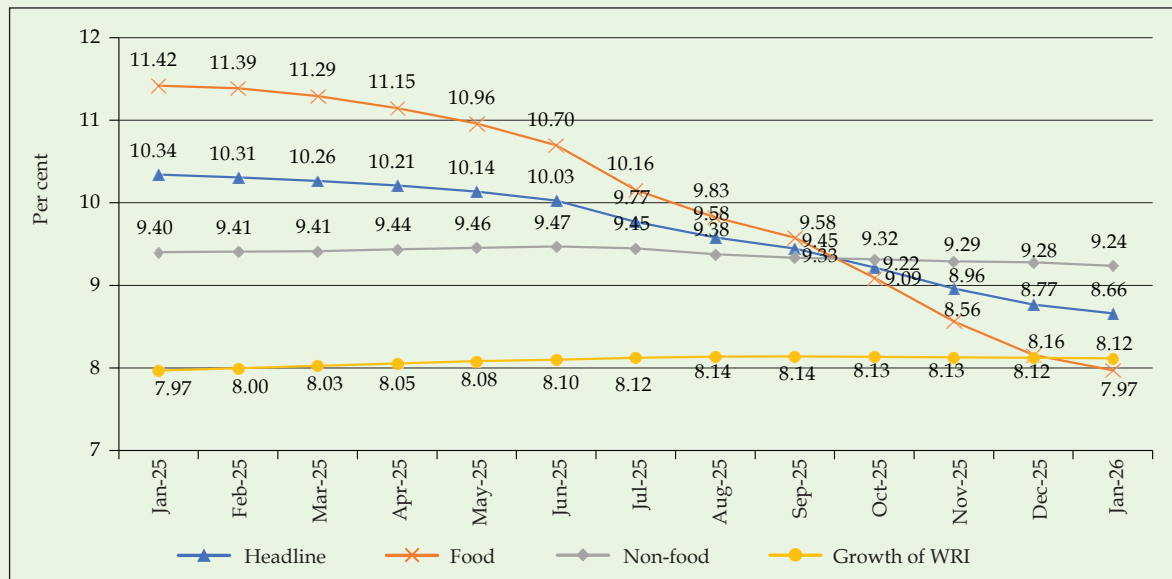
Figure 4: Growth of Index of Industrial Production of Manufacturing Enterprise



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

- Large-scale, small, medium and micro enterprises (SMMEs), as well as cottage industries, maintained positive year-on-year growth during July–November FY2026. However, the growth momentum weakened across all enterprise segments in the recent period.

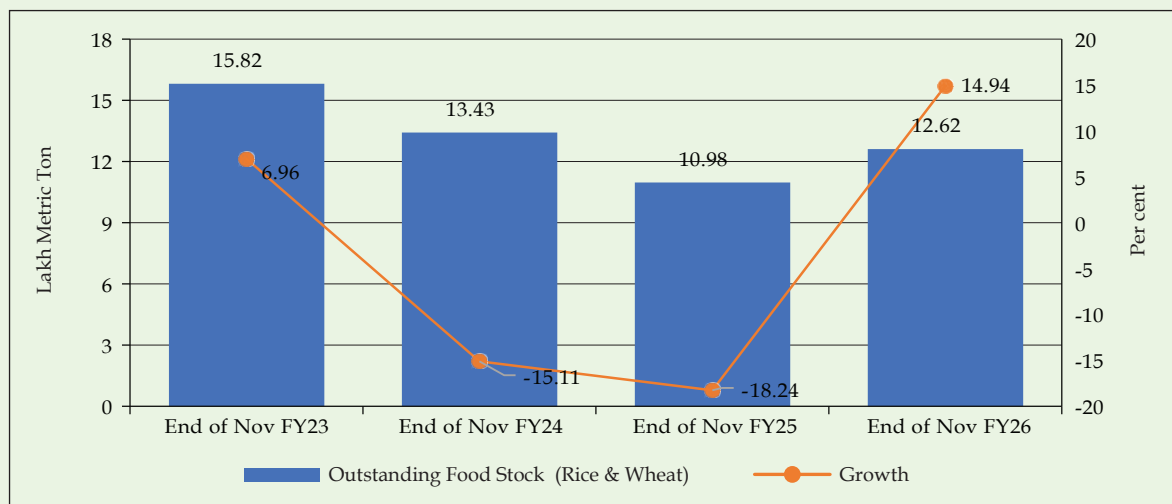
Figure 5: Monthly Trends in Inflation and Wage Rate Index Growth (moving average)



Source: Authors' illustration based on data from BBS (2026).

- Headline inflation continued to decline to 8.66 per cent in January 2026, driven by a slowdown in food prices, as food inflation fell to 7.97 per cent.
- However, the slow pace of decline in non-food inflation, combined with stagnant wage growth of 8.12 per cent, continues to weaken household purchasing power and reduce real incomes.

Figure 6: Outstanding Food Stock (Rice & Wheat)



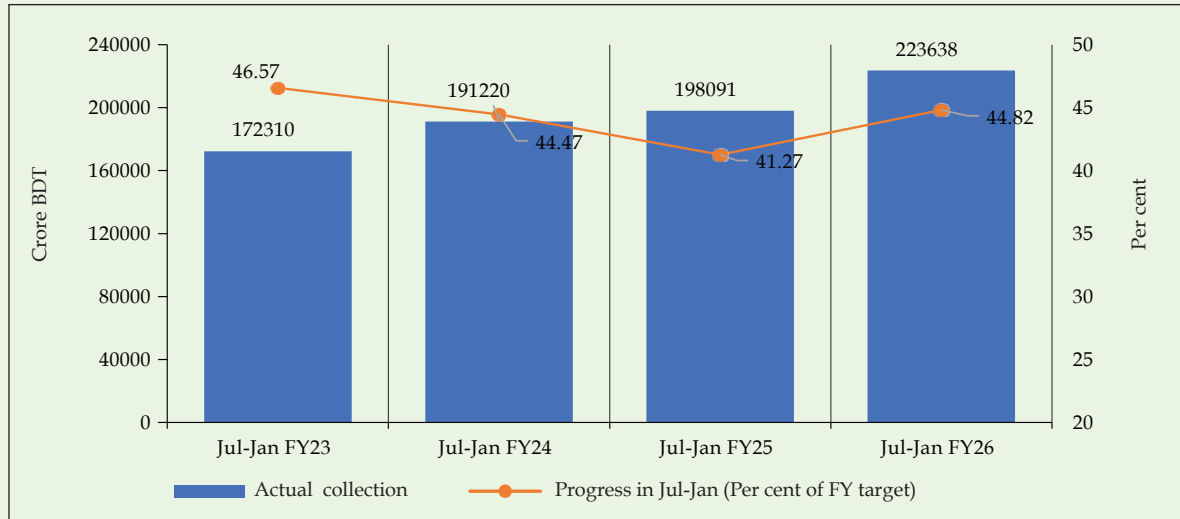
Source: Authors' illustration based on data from Bangladesh Bank (2023c, 2025a).

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

- The government's outstanding food stock of rice and wheat stood at 12.62 lakh metric tonnes at the end of November 2025, with a year-on-year increase of 14.94 per cent.
- Additionally, food grain distribution rose by 1.42 lakh metric tonnes compared to the corresponding period of the previous year, indicating an increase in public food distribution.

Public Finance

Figure 7: Monthly Progress on NBR Tax Collection

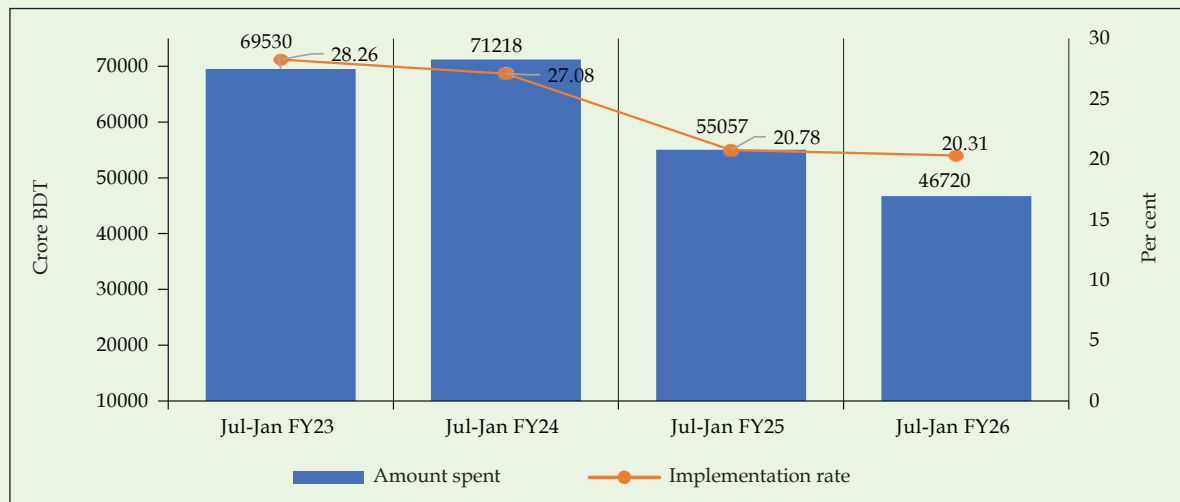


Source: Authors' illustration based on data from NBR (2024, 2025, 2026) and Ministry of Finance (MoF, 2023, 2024, 2025).

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

- NBR tax collection reached 44.82 per cent of the annual target during July- January FY2026, representing an increase of over BDT 25,000 crore compared to the corresponding period of the previous year.
- However, the progress rate followed a similar trend in recent years, with the collection still falling short of BDT 60,000 crore to meet the July-January target.

Figure 8: Monthly Comparison of ADP Implementation Progress

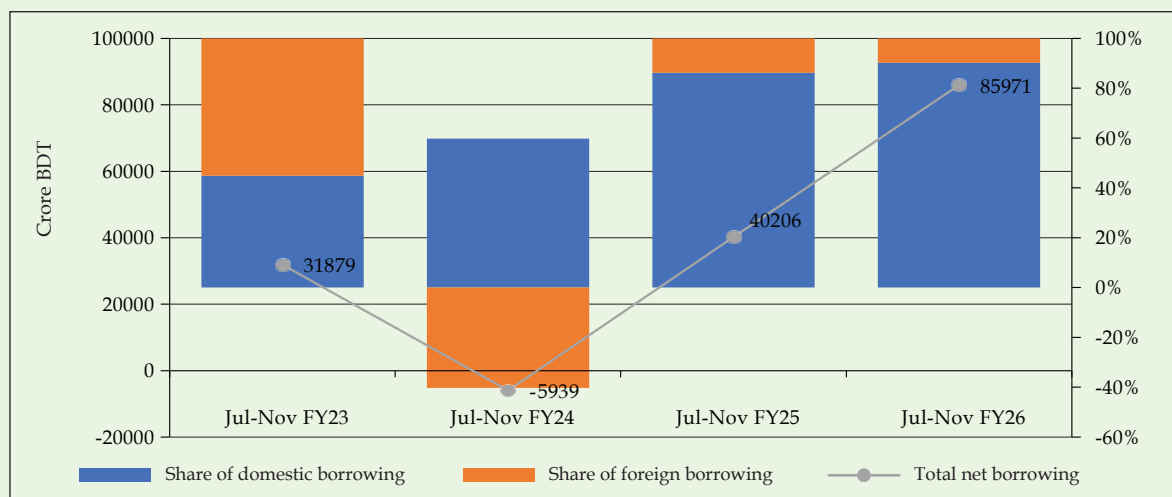


Source: Authors' illustration based on data from Implementation Monitoring and Evaluation Division (IMED, 2026).

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

- ADP implementation during July-January FY2026 stood at just 20.31 per cent of the total fiscal year target, marking the slowest progress in recent years.
- 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



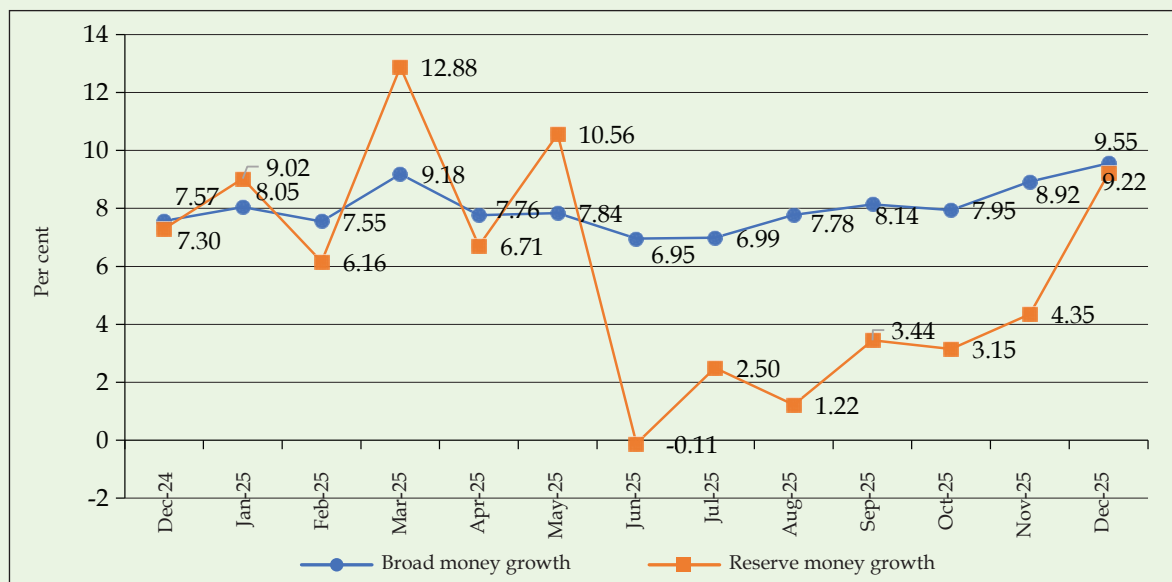
Source: Authors' illustration based on data from Bangladesh Bank (2023b, 2025a).

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

- Total net borrowings more than doubled during July-November FY2026 compared to the corresponding period of last year, with domestic borrowing accounting for 90 per cent of total borrowings.
- The share of net foreign borrowing reduced drastically due to significant foreign repayments by the government, reflecting a continuing reliance on domestic financing sources, especially the banking sector.

Monetary Sector

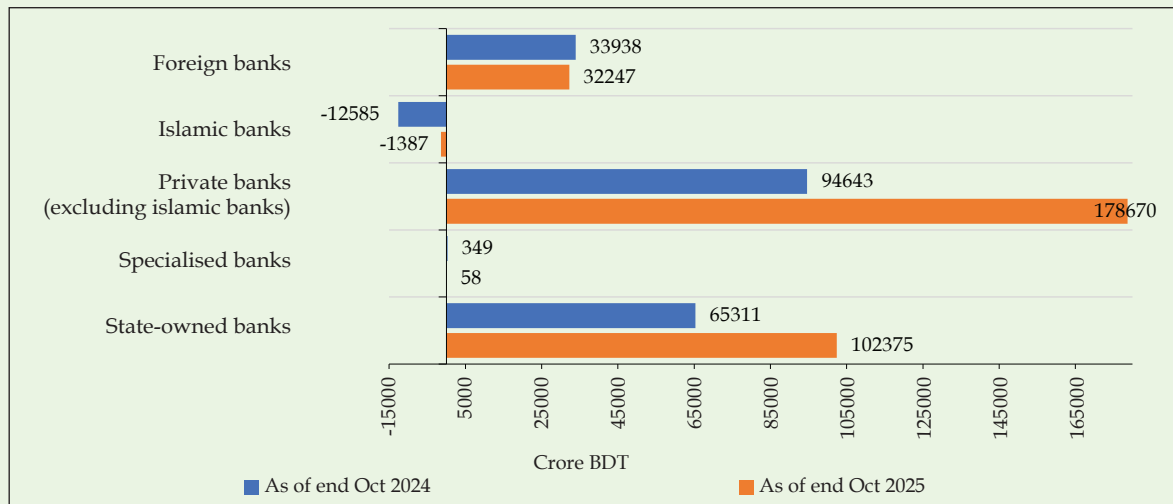
Figure 10: Monthly Trends in Growth of Broad Money and Reserve Money



Source: Authors' illustration based on data from Bangladesh Bank (2026).

- Broad money growth increased to 9.55 per cent in December 2025, up from the December 2024 figure, reflecting an expansion in overall liquidity conditions.
- Reserve money growth also jumped up to 9.22 per cent in December 2025, indicating a rapid expansion of the monetary base.

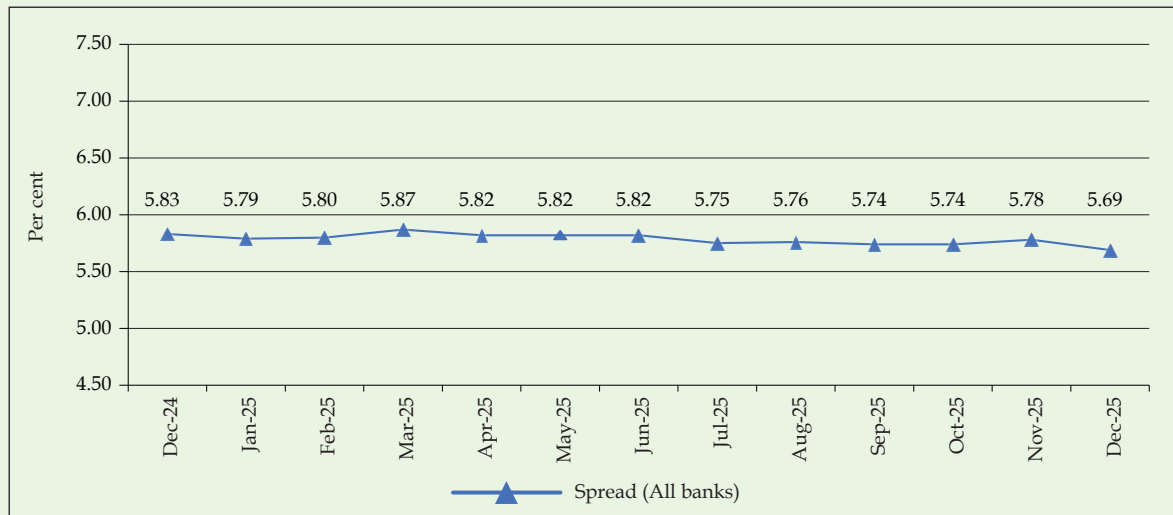
Figure 11: Liquidity Surplus in the Scheduled Banks



Source: Authors’ illustration based on data from Bangladesh Bank (2024b, 2025a).

- Total liquid assets in scheduled banks improved in October 2025 compared to the October 2024 level, driven by strong performances from private and state-owned banks.
- However, Islamic banks failed to keep the minimum required assets and specialised banks performed poorly during this period.

Figure 12: Monthly Interest Rate Spread Of Banks and Non-bank Financial Institutions

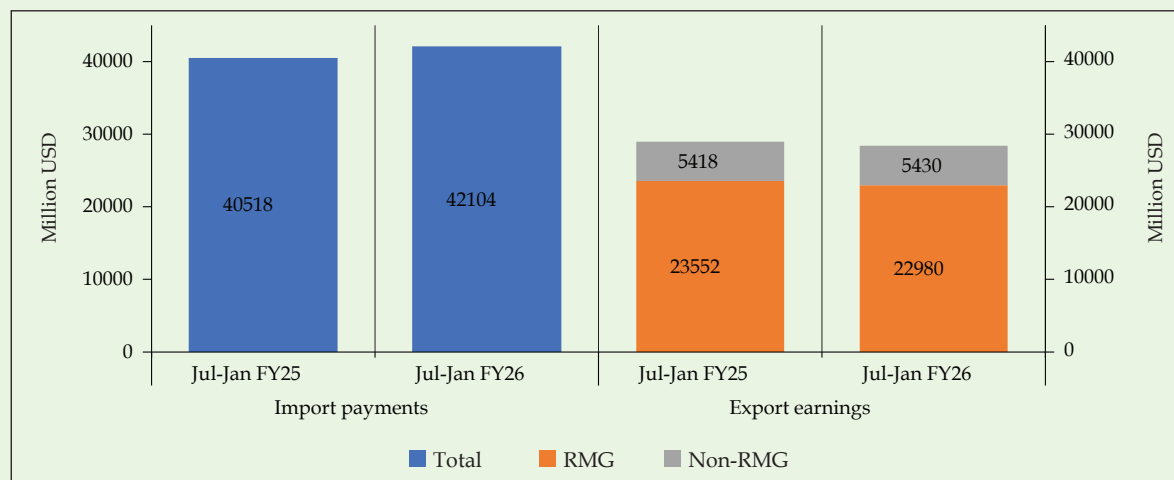


Source: Authors’ illustration based on data from Bangladesh Bank (2026).

- The spread between lending and deposit rates in banks narrowed to 5.69 per cent in December 2025 compared to the December 2024 figure, due to a reduction in lending rates.

External Sector

Figure 13: Monthly Exports and Imports Situations

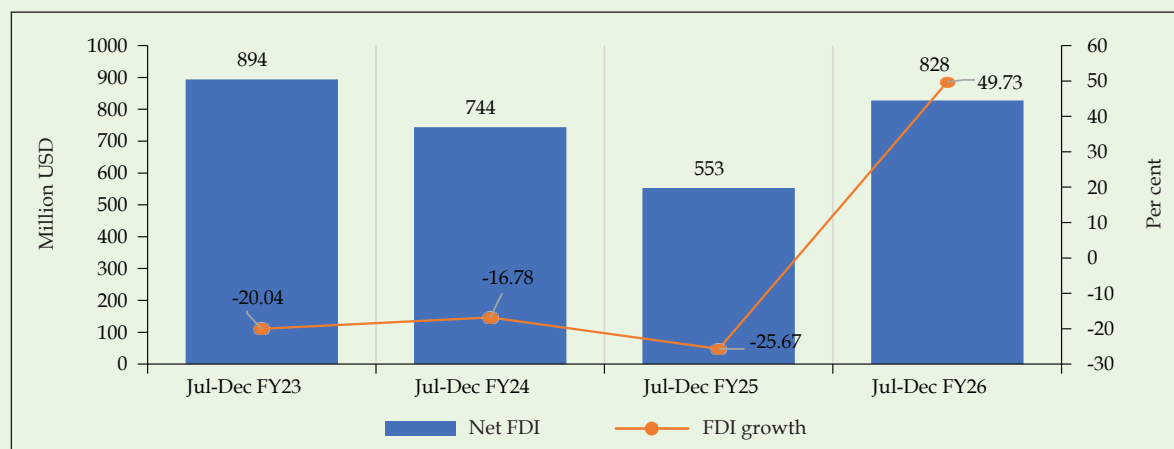


Source: Authors' illustration based on data from Export Promotion Bureau (EPB, n.d.) and Bangladesh Bank (2026).

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

- Export performance continued to deteriorate during July-January FY2026, registering a negative year-on-year growth of 1.93 per cent. Also, exports declined by 0.50 per cent year-on-year to USD 4.41 billion for the month of January 2026.
- Meanwhile, import payments continued to rise during July-January FY2026, with a year-on-year growth of 3.91 per cent.

Figure 14: Net Foreign Direct Investment (FDI) Situation

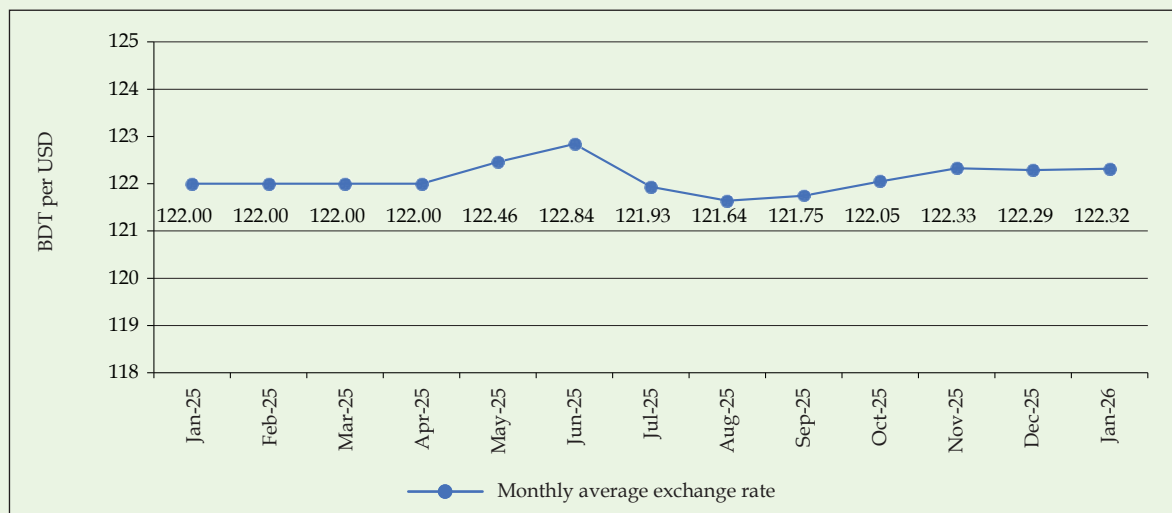


Source: Authors' illustration based on data from Bangladesh Bank (2023a, 2024a, 2025b, n.d.a).

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

- Net FDI stood at USD 828 million during July-December FY2026, showing a year-on-year improvement after three years of negative growth in the corresponding period. This positive growth signals a cautious recovery in foreign investment flows.

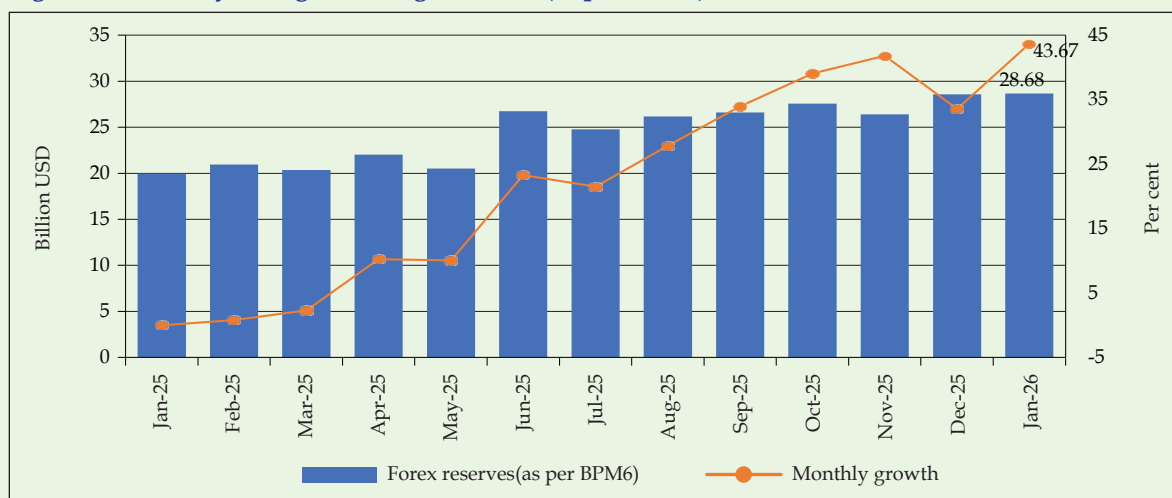
Figure 15: Monthly Exchange Rate Movements (BDT/USD)



Source: Authors' illustration based on data from Bangladesh Bank (2026).

- The exchange rate of Bangladeshi Taka (BDT) depreciated slightly by BDT 0.32 against the US Dollar (USD) on average in January 2026, compared to the corresponding period of last year.

Figure 16: Monthly Foreign Exchange Reserve (as per BPM6)

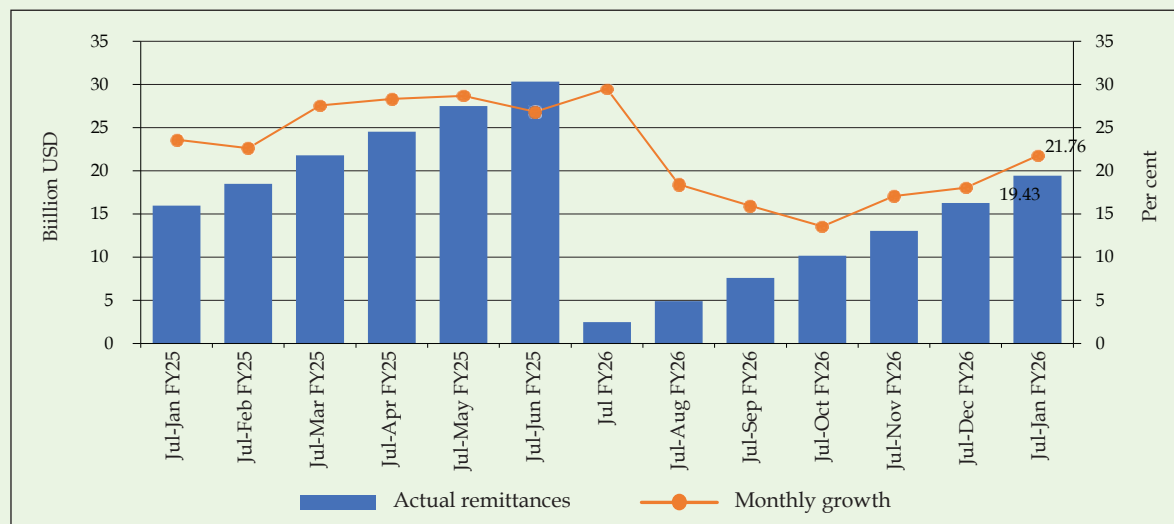


Source: Authors' illustration based on data from Bangladesh Bank (n.d.b).

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

- Foreign exchange reserves stood at USD 28.68 billion in January 2026, reflecting a 43.67 per cent year-on-year growth, mainly driven by robust remittance inflows.

Figure 17: Monthly Data of Wage Earner's Remittance

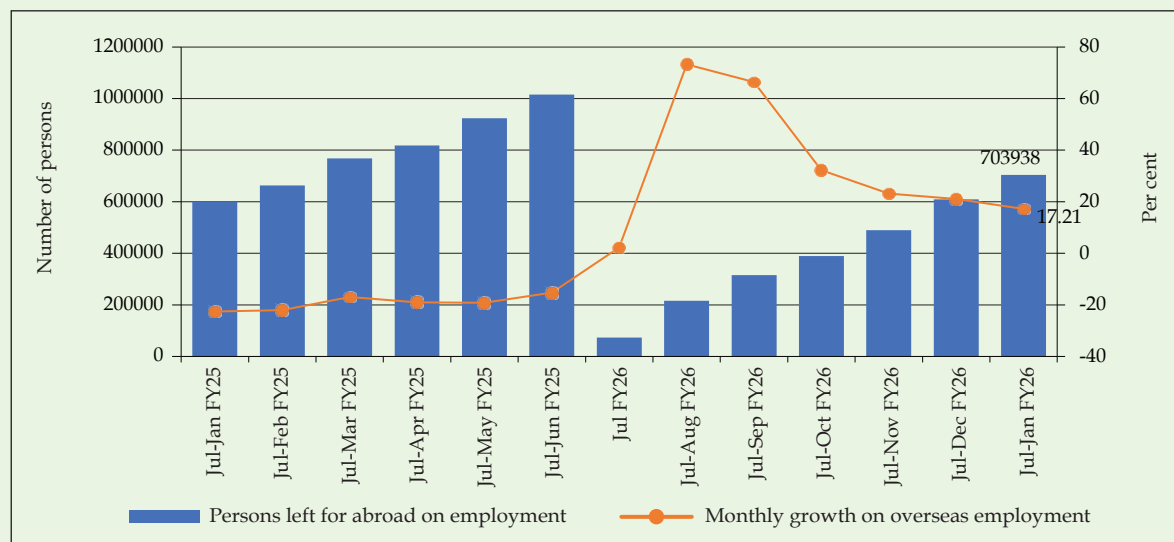


Source: Authors' illustration based on data from Bangladesh Bank (n.d.c).

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

- Remittance inflows continued to surge to USD 19.43 billion during July-January FY2026, a 21.76 per cent year-on-year increase compared to the corresponding period of FY2025. This growth continues to play an important role in stabilising the balance of payments.

Figure 18: Monthly Growth of Overseas Employment



Source: Authors' illustration based on data from Bangladesh Bank (2026).

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

- Overseas employment increased by 17.21 per cent during July-January FY2026 compared to the corresponding period of FY2025. This upward trend is anticipated to further boost remittance inflows.

Special Focus of the Month

- *Comparative Summary of Bangladesh's Macroeconomic Performance: Pre-Transition vs. Interim Government Period*

Table 1 below provides a comparative summary of key macroeconomic indicators covering three periods: before the interim government assumed office, the mid-point of its tenure, and the final month of its administration. The data showed that real GDP growth declined from 4.22 per cent in FY2024 to 3.49 per cent in FY2026. However, it rebounded to 4.50 per cent in the first quarter of FY2026. In the meantime, the inflation rate increased from 9.73 per cent in June 2024 to 10.03 per cent before easing to 8.66 per cent in January 2026. Forex reserve steadily increased from USD 21,686 million in June 2024 to USD 28,681 million in January 2026. In contrast, private sector credit growth and the ADP implementation rate declined considerably. Only 54.33 per cent of the ADP was implemented in FY2025, compared to 74.26 per cent in FY2024. Furthermore, implementation stood at just 20.31 per cent during July-January FY2026, indicating a significant slowdown in development expenditure. The remaining indicators exhibited mixed trends, reflecting both upward and downward movements during the interim government's tenure.

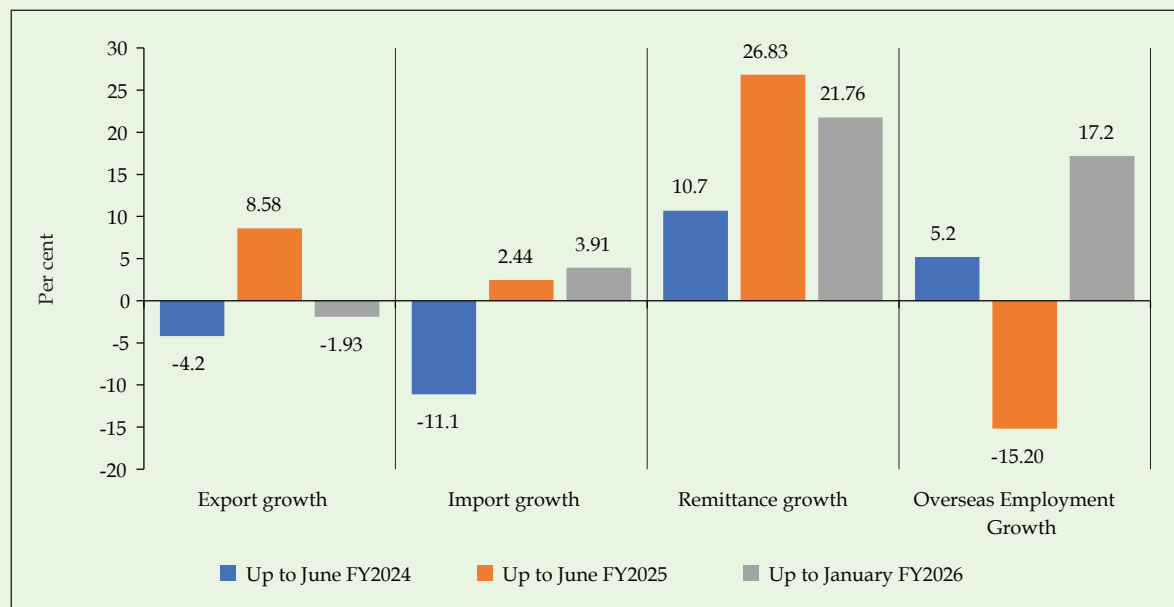
Table 1: Macroeconomic Indicators' Comparison

| Indicator | Unit | Situation at June 2024 | Situation at June 2025 | Situation till January 2026 |
|------------------------------|-------------|------------------------|------------------------|-----------------------------|
| GDP growth | Per cent | 4.22 | 3.49 | 4.50 |
| | | (Final FY24) | (Final FY25) | (Provisional Q1 FY26) |
| Inflation | Per cent | 9.73 | 10.03 | 8.66 |
| | | (Jun FY24) | (Jun FY25) | (Jan FY26) |
| Private sector credit growth | Per cent | 9.84 | 6.49 | 6.10 |
| | | (Jun FY24) | (Jun FY25) | (Dec FY26) |
| Broad money growth | Per cent | 7.74 | 6.95 | 9.55 |
| | | (Jun FY24) | (Jun FY25) | (Dec FY25) |
| Reserve money growth | Per cent | 7.84 | -0.11 | 9.22 |
| | | (Jun FY24) | (Jun FY25) | (Dec FY26) |
| Interest rate spread (banks) | Per cent | 6.03 | 5.82 | 5.69 |
| | | (Jun FY24) | (Jun FY25) | (Dec FY26) |
| Net FDI inflow | USD million | 1410 | 1668 | 828 |
| | | (Up to Jun FY24) | (Up to Jun FY25) | (Up to Dec FY26) |
| BDT-USD exchange rate | BDT per USD | 117.98 | 122.84 | 122.32 |
| | | (As of Jun 24) | (As of Jun 25) | (As of Jan 26) |
| Forex reserve (BPM6) | USD million | 21,686 | 26,740 | 28,681 |
| | | (As of Jun 24) | (As of Jun 25) | (As of Jan 26) |
| NBR revenue growth | Per cent | 9.44 | 2.23 | 12.90 |
| | | (Up to Jun FY24) | (Up to Jun FY25) | (Up to Jan FY26) |
| ADP implementation rate | Per cent | 74.26 | 54.33 | 20.31 |
| | | (Up to Jun FY24) | (Up to Jun FY25) | (Up to Jan FY26) |

Source: Authors' illustration based on data from BBS (2026, 2025c, 2025d), Bangladesh Bank (2026, n.d.a), IMED (2026), and NBR (2026).

During the interim government's tenure, export performance continued to suffer, ended up with a negative growth of 1.93 per cent during July–January of FY2026, while imports increased moderately over the same period. In contrast, remittance inflows rose continuously, contributing to the stabilisation of foreign exchange reserves stated above. The figure below illustrates a comparative overview of external sector performance across the three periods mentioned earlier.

Figure 19: External Sector Performances Comparison



Source: Authors' illustration based on data from Bangladesh Bank (2026, n.d.c) and EPB (n.d.).

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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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