

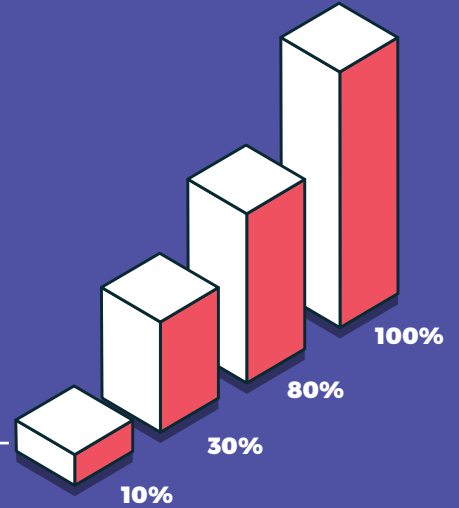


সেন্টার ফর পলিসি ডায়ালগ (সিপিডি)
Centre for Policy Dialogue (CPD)



Bangladesh Macroeconomic Pulse

Volume 1, Issue 8

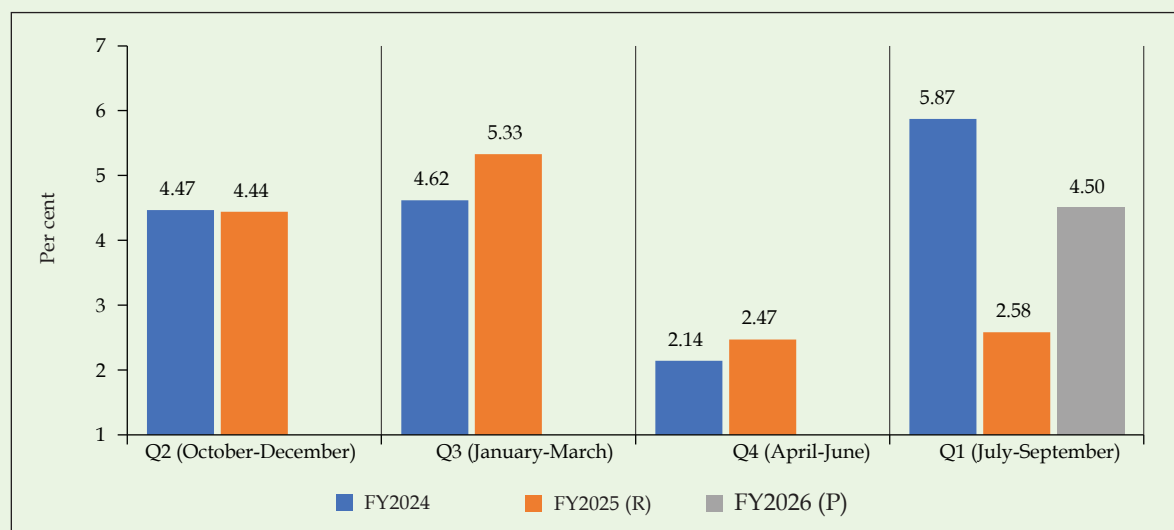


Highlights

- The United States has set the reciprocal tariff on Bangladeshi exports to 19 per cent under a newly signed bilateral trade agreement on 9 February 2026, with garments made in Bangladesh using US-imported cotton and synthetic fibres granted duty-free access (United States Trade Representative (USTR), 2026).
- On 18 February 2026, the government of Bangladesh formally requested a three-year deferral of the country's graduation from the Least Developed Country (LDC) category until November 2029, citing severe disruptions during the preparatory period caused by global shocks and domestic macroeconomic pressures (Bangladesh seeks 3-year deferral of LDC graduation, 2026).
- Export performance deteriorated during July–February FY2026, registering a negative year-on-year growth of 3.15 per cent, mainly due to a slowdown in RMG exports. Monthly exports also declined substantially by 12.03 per cent year-on-year to USD 3.49 billion for the month of February 2026 (EPB, n.d.).
- Headline inflation declined marginally to 8.65 per cent in February 2026, while food inflation increased to 7.99 per cent during this period. Additionally, the slow pace of decline in non-food inflation, combined with declining wage growth of 8.11 per cent, continues to weaken household purchasing power and reduce real incomes (BBS, 2026).

National Accounts and Real Economy

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

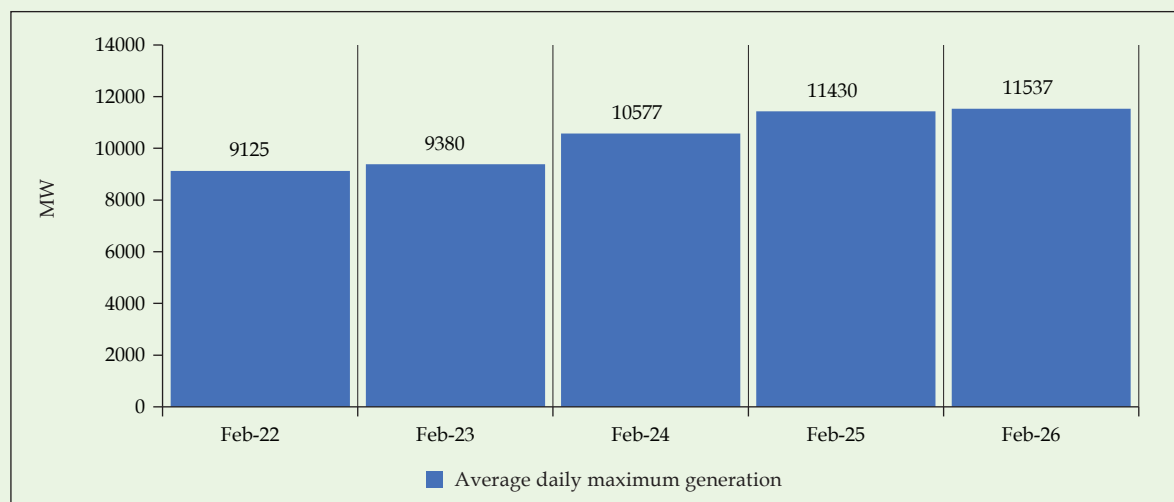


Source: Authors' illustration based on data from Bangladesh Bureau of Statistics (BBS, 2025a, 2025c).

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.

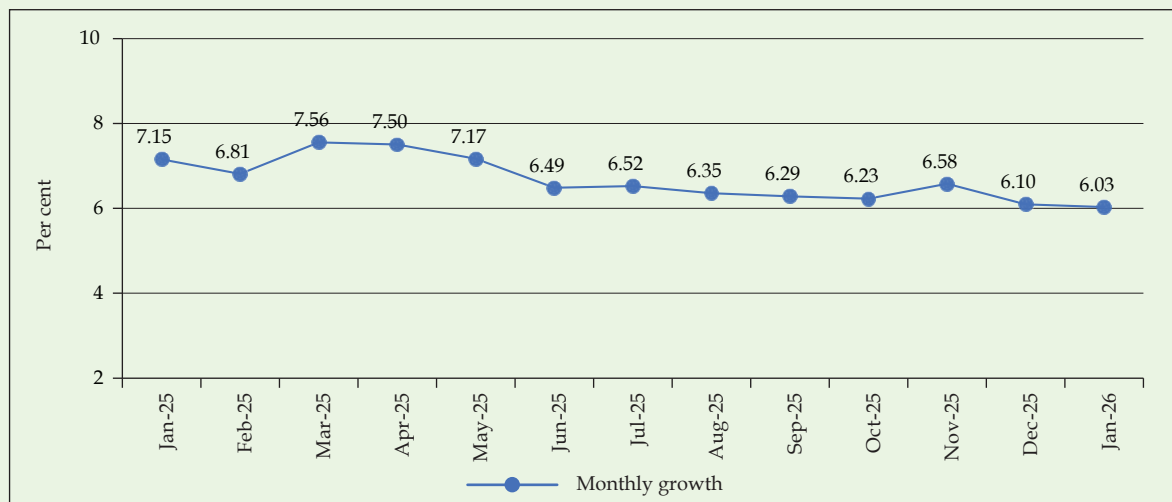
Figure 2: Monthly Average of Daily Maximum Electricity Generation (MW)



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

- The average daily maximum electricity generation in February 2026 reached 11,537 MW, continuing an upward trend observed over the last four years in the month of February.
- Although electricity demand is comparatively lower in February due to the winter season, its continuous rise in demand in this month over the years signals that there will be challenges in ensuring energy security during the upcoming summer months.

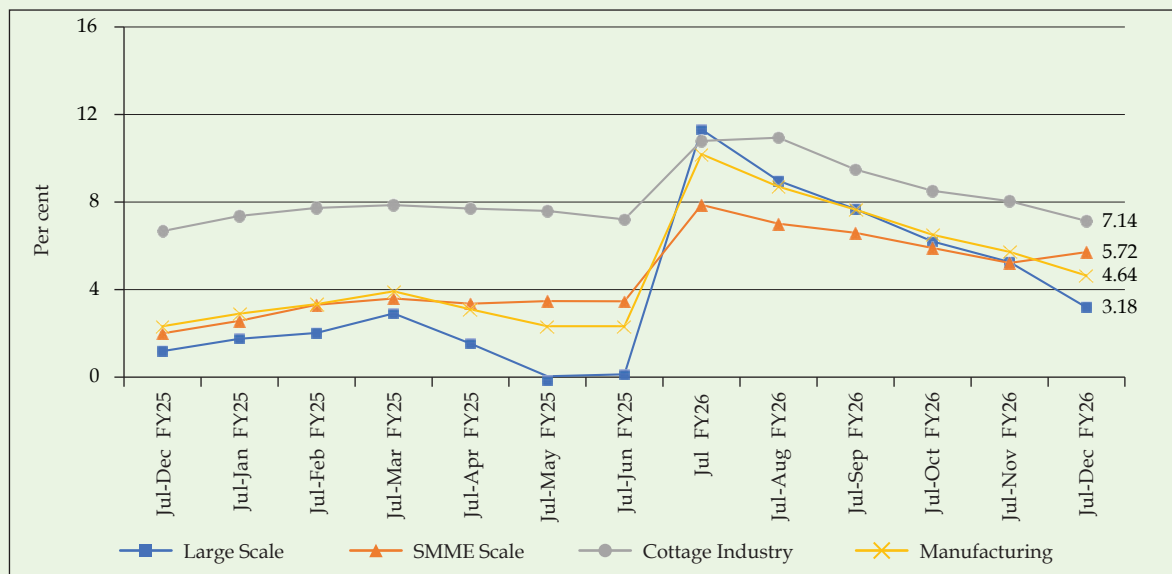
Figure 3: Monthly growth of private sector credit



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

- Private sector credit growth dropped to 6.03 per cent in January 2026, the lowest level in recent years. This downturn reflects sluggish investment activity and business fragility due to political uncertainty.

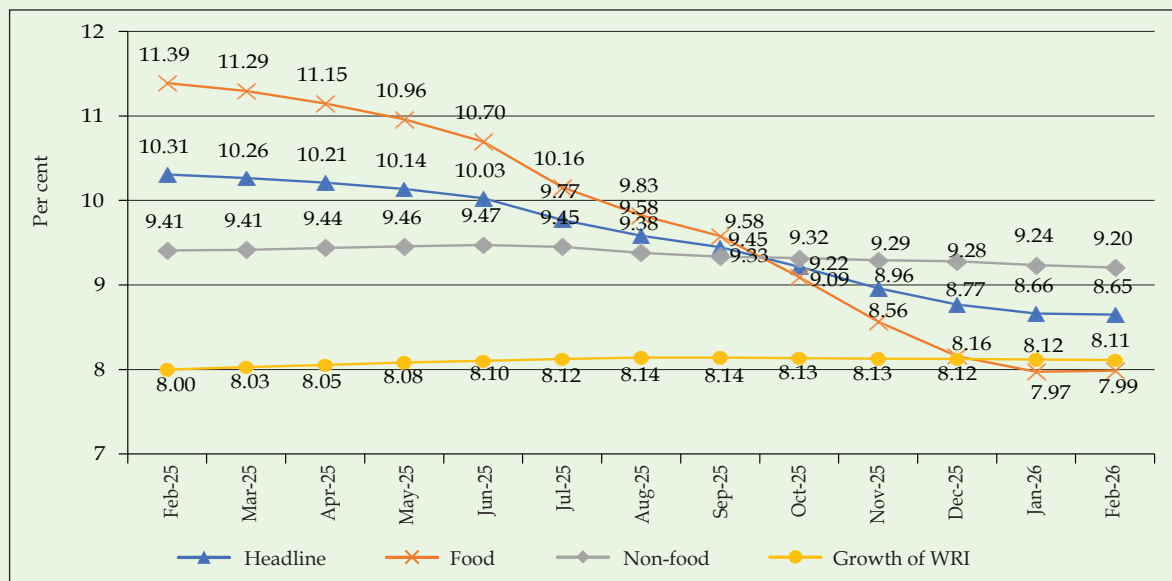
Figure 4: Growth of the Index of Industrial Production of Manufacturing Enterprises



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

- Large-scale and cottage industries exhibited a declining trend during July–December FY2026, while small, medium and micro enterprises (SMMEs) showed a positive trajectory. As a result, overall manufacturing growth remained moderate during this period.

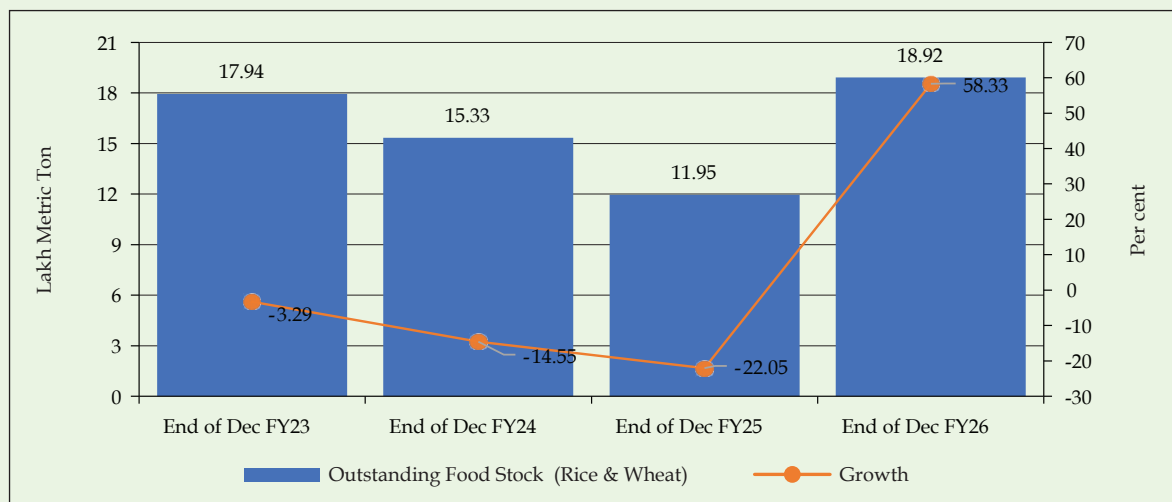
Figure 5: Monthly Trends in Inflation and Wage Rate Index Growth (moving average)



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

- Headline inflation declined marginally to 8.65 per cent in February 2026, while food inflation increased to 7.99 per cent, indicating a substantial increase in food prices compared to the corresponding period of the previous year.
- In addition, the slow pace of decline in non-food inflation, combined with declining wage growth of 8.11 per cent, continues to weaken household purchasing power and reduce real incomes.

Figure 6: Outstanding Food Stock (rice and wheat)



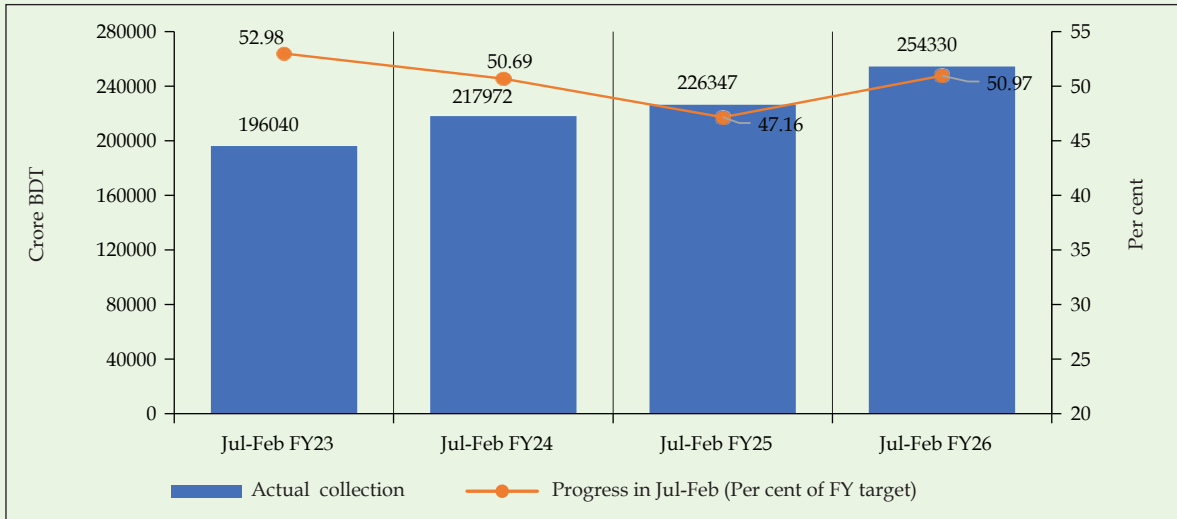
Source: Authors’ illustration based on data from Bangladesh Bank (2023b, 2026a).

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 18.92 lakh metric tonnes at the end of December 2025, with a year-on-year increase of 58.33 per cent.
- Additionally, food grain distribution rose by 1.75 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

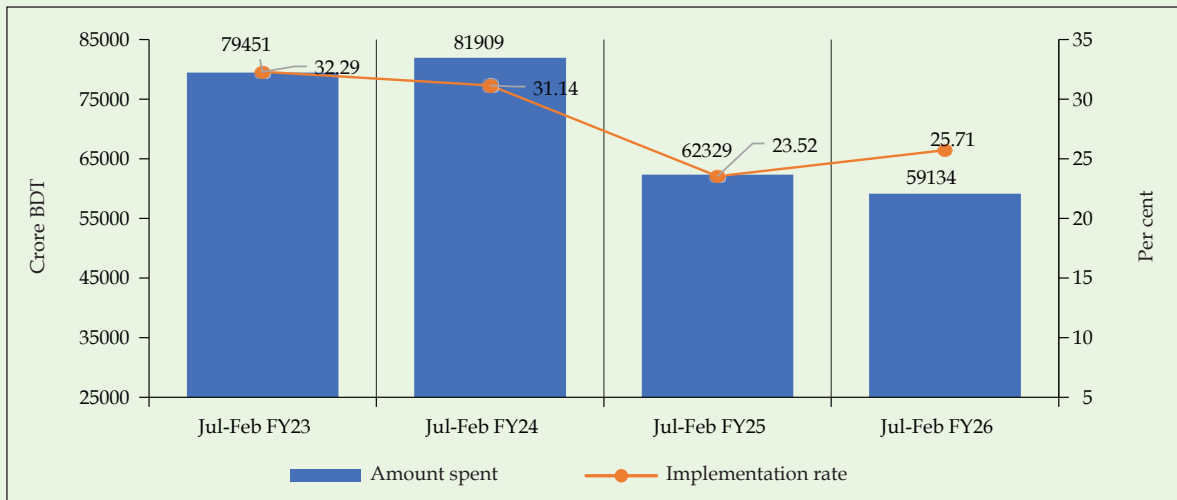


Source: Authors' illustration based on data from NBR (2024, 2025, 2026) and Ministry of Finance (MoF, 2023, 2024, 2025).

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

- NBR tax collection reached 50.97 per cent of the annual target of BDT 499,000 crore during July- February FY2026, representing an increase of over BDT 27,900 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 71,400 crore to meet the July- February target.

Figure 8: Monthly Comparison of ADP Implementation Progress

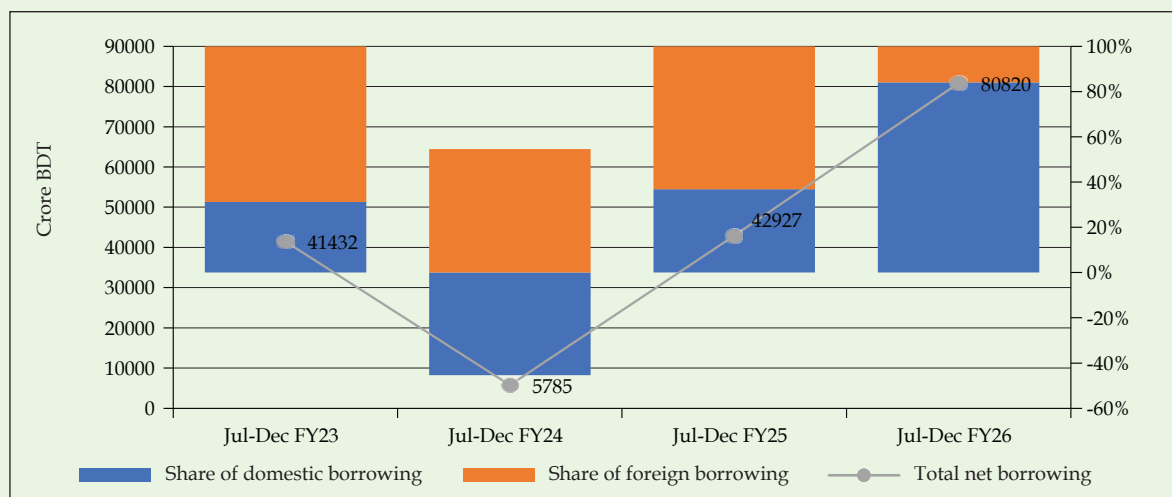


Source: Authors' illustration based on data from Implementation Monitoring and Evaluation Division (IMED, 2026).

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

- ADP implementation during July- February FY2026 stood at just 25.71 per cent of the total fiscal year target, marking the slowest progress in recent years.

Figure 9: Government Borrowings to Finance the Budget Deficit



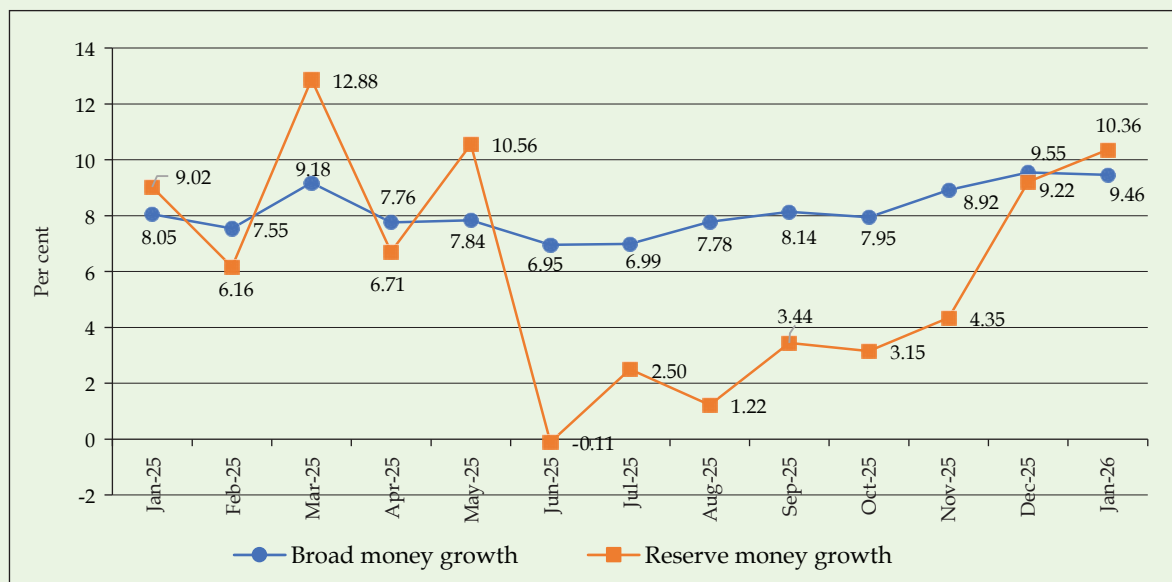
Source: Authors' illustration based on data from Bangladesh Bank (2024a, 2026a).

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

- Total net borrowings almost doubled during July-December FY2026 compared to the corresponding period of last year, with domestic borrowing accounting for 84 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

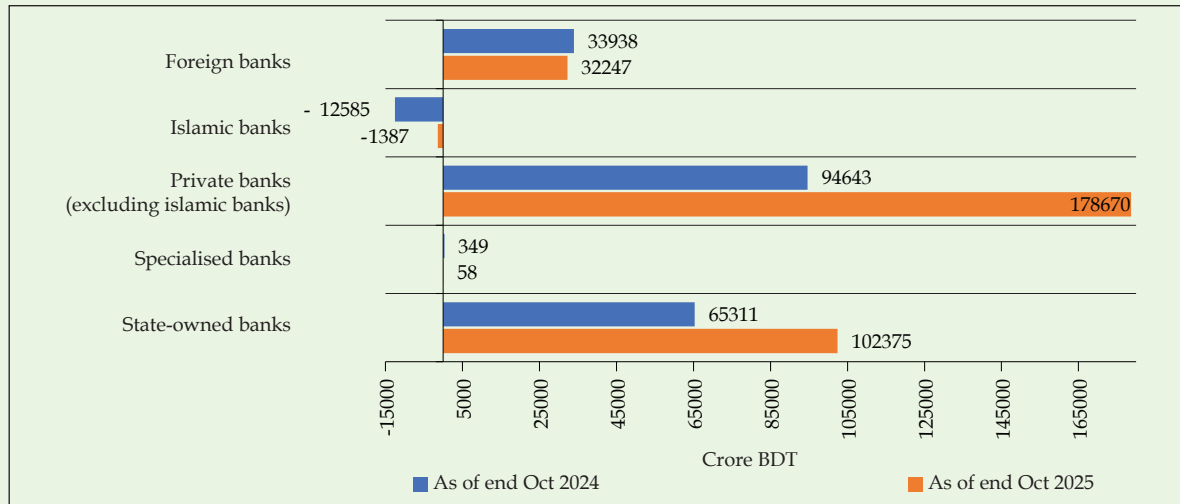
Figure 10: Monthly Trends in growth of broad money and reserve money



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

- Broad money growth stood at 9.46 per cent in January 2026, up from the January 2025 figure of 8.05 per cent, reflecting an expansion in overall liquidity conditions.
- Reserve money growth increased to 10.36 per cent in January 2026, indicating an expansion of the monetary base.

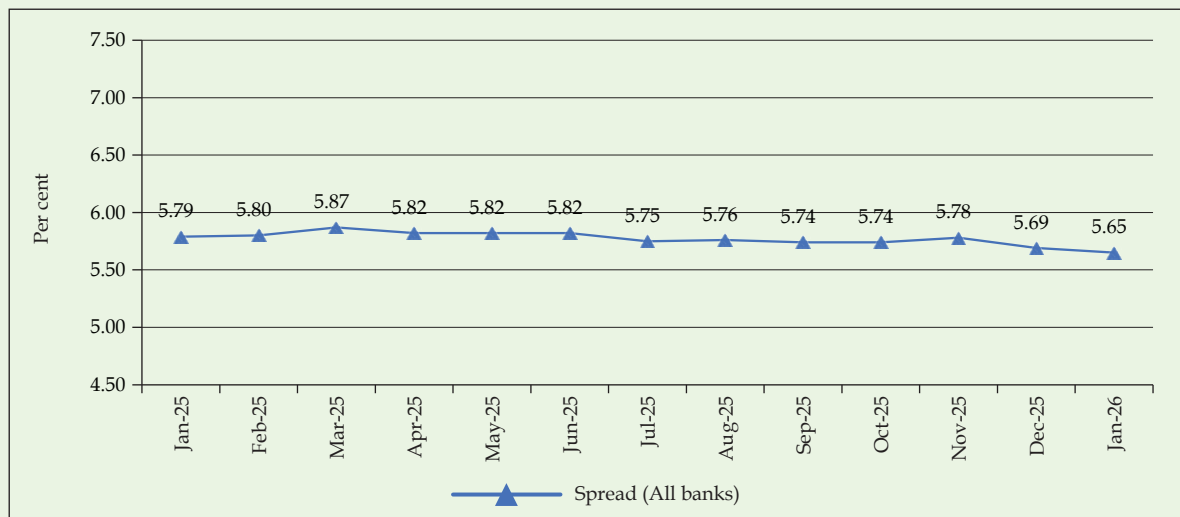
Figure 11: Liquidity Surplus in the Scheduled Banks



Source: Authors' illustration based on data from Bangladesh Bank (2024b, 2026a).

- 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

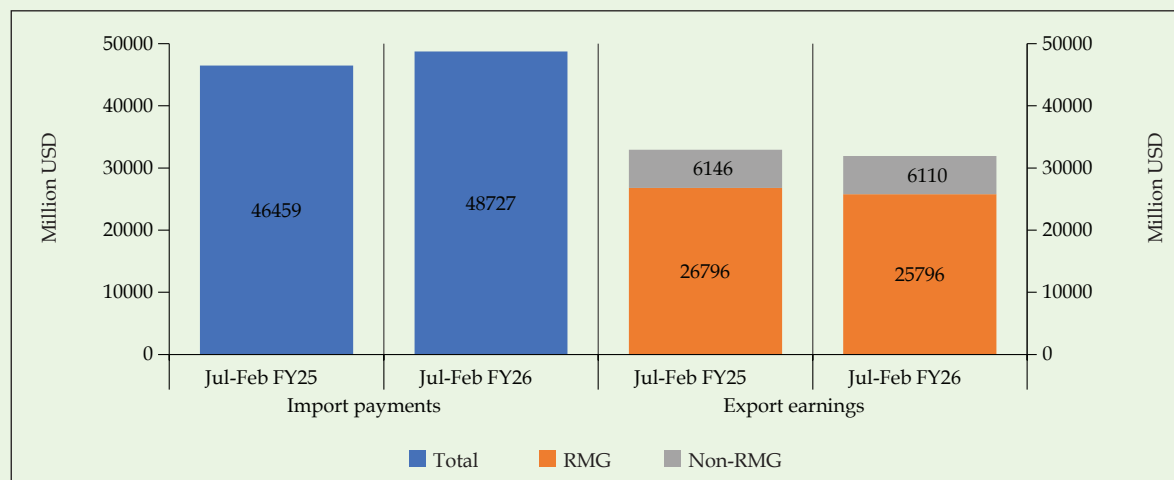


Source: Authors' illustration based on data from Bangladesh Bank (2026b).

- The spread between lending and deposit rates in banks narrowed to 5.65 per cent in January 2026 compared to the January 2025 figure, due to an increase in deposit rates.

External Sector

Figure 13: Monthly Exports and Imports Situations

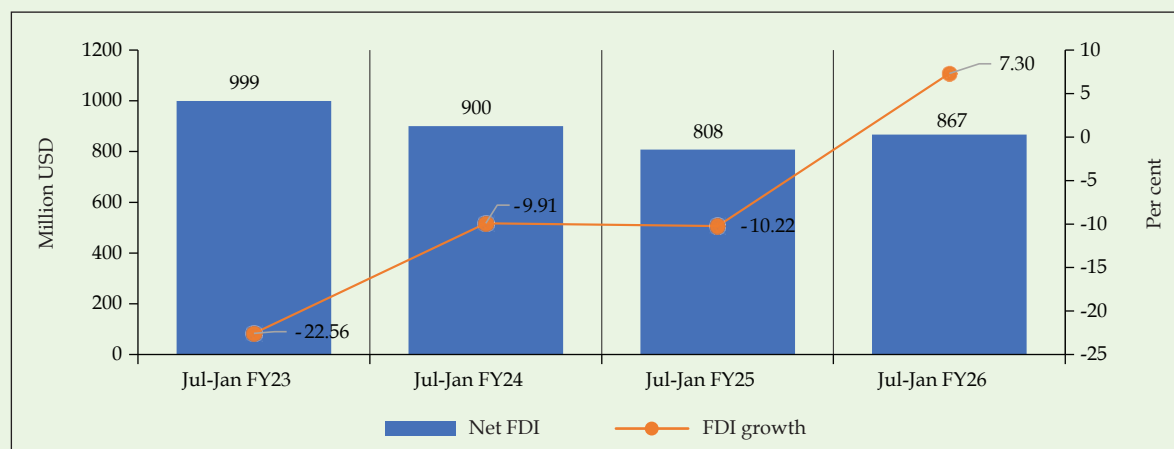


Source: Authors' illustration based on data from Export Promotion Bureau (EPB, n.d.) and Bangladesh Bank (2026b).

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

- Export performance continued to deteriorate during July–February FY2026, registering a negative year-on-year growth of 3.15 per cent. Monthly exports also declined substantially by 12.03 per cent year-on-year to USD 3.49 billion for the month of February 2026.
- Meanwhile, import payments continued to rise during July– February FY2026, with a year-on-year growth of 4.88 per cent.

Figure 14: Net Foreign Direct Investment (FDI) Situation

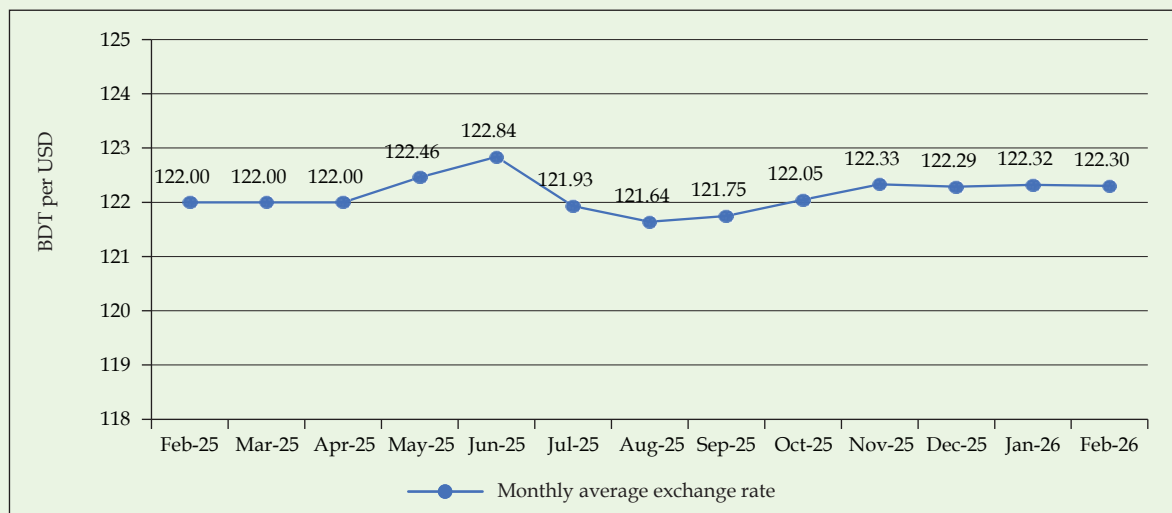


Source: Authors' illustration based on data from Bangladesh Bank (2023a, 2024c, 2025, n.d.a).

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

- Net FDI stood at USD 867 million during July–January FY2026, showing a year-on-year improvement after three years of negative growth in the corresponding period. This positive growth signals a moderate recovery in foreign investment flows.

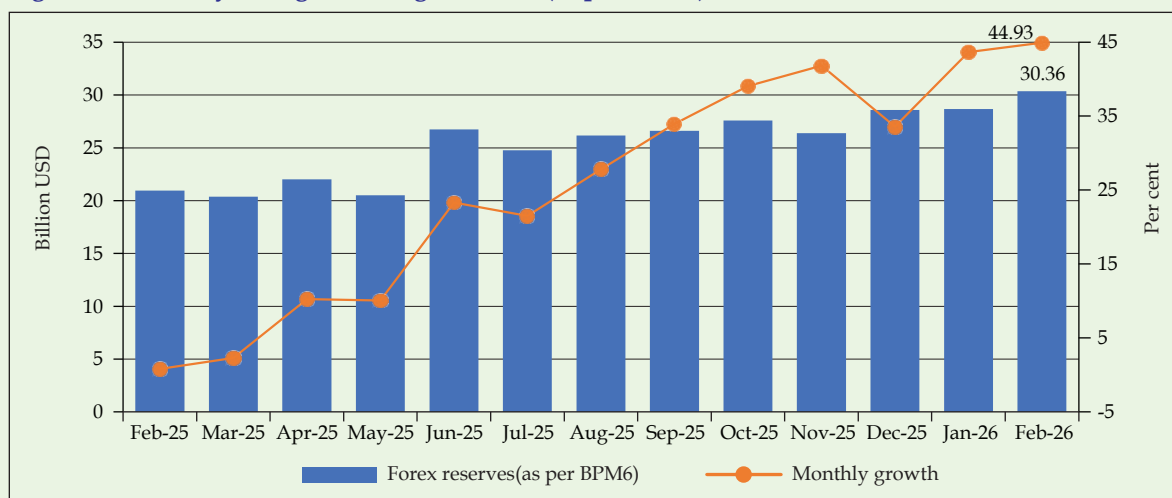
Figure 15: Monthly Exchange Rate Movements (BDT/USD)



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

- The exchange rate of Bangladeshi Taka (BDT) depreciated slightly by BDT 0.30 against the US Dollar (USD) on average in February 2026, compared to the corresponding period of last year.

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

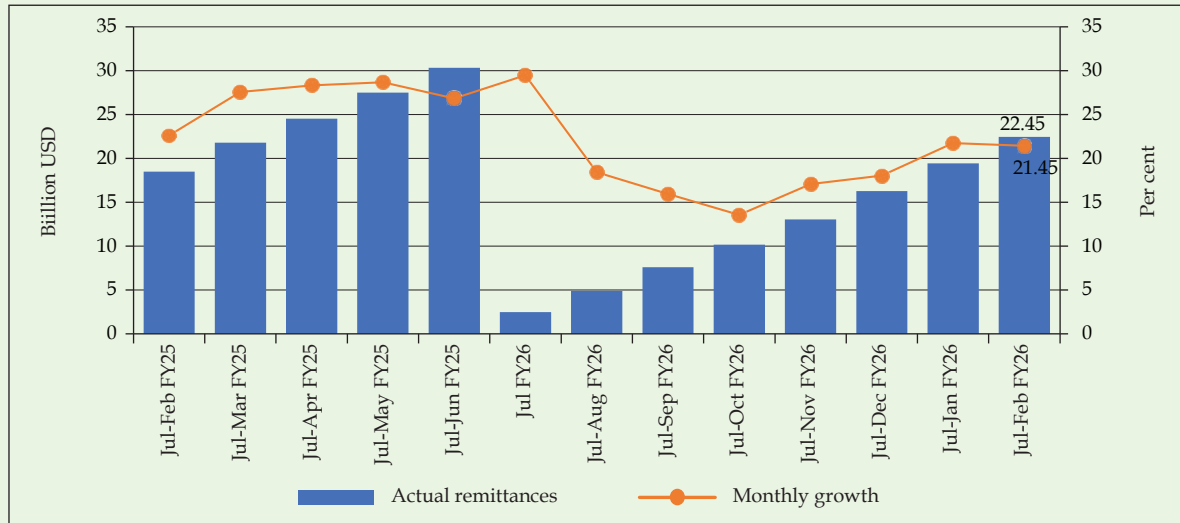


Source: Authors' illustration based on data from Bangladesh Bank (n.d.b).

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

- Foreign exchange reserves stood at USD 30.36 billion in February 2026, reflecting a 44.93 per cent year-on-year growth, mainly driven by robust remittance inflows.

Figure 17: Monthly Data of Wage Earners' Remittance

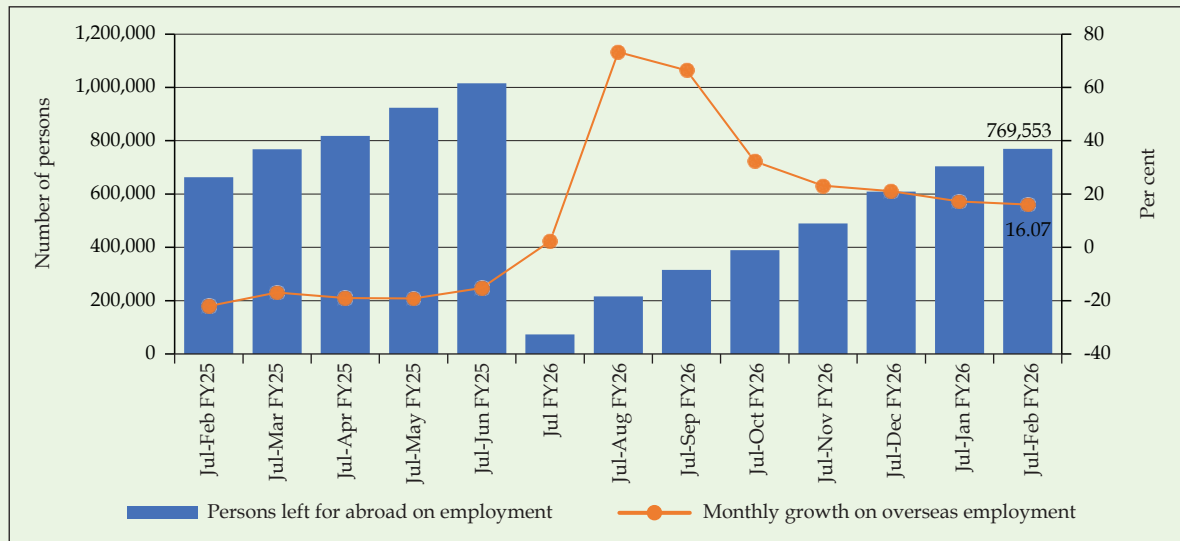


Source: Authors' illustration based on data from Bangladesh Bank (n.d.c).

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

- Remittance inflows continued to surge to USD 22.45 billion during July-February FY2026, a 21.45 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 (2026b).

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

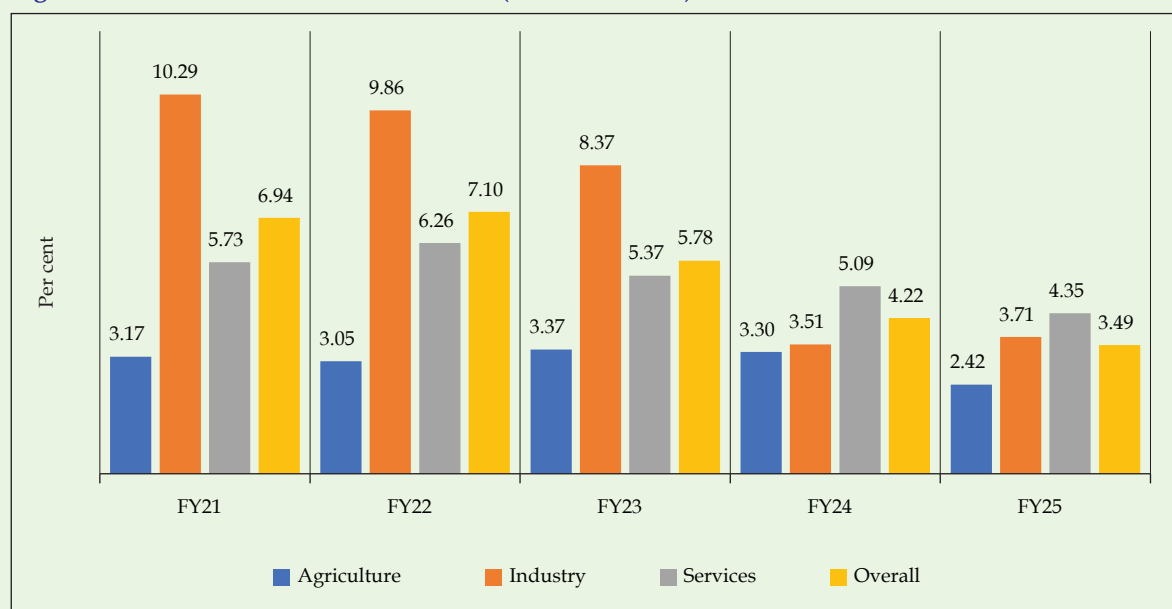
- Overseas employment increased by 16.07 per cent during July-February FY2026 compared to the corresponding period of FY2025. This upward trend is anticipated to further boost remittance inflows.

Special Focus of the Month

- *Summary of the Final Estimate of GDP for the Fiscal Year 2024–25 by Bangladesh Bureau of Statistics*

According to the Bangladesh Bureau of Statistics (BBS) (2025d), overall GDP growth reached 3.49 per cent in FY2025, down from 4.22 per cent in FY2024. The decline in growth can be attributed to lower investment, high inflationary pressures, and political instability. Sectoral data shows that this negative shift was primarily driven by weaker performance in the agriculture and services sectors. Agricultural growth fell from 3.30 per cent in FY2024 to 2.42 per cent in FY2025, mainly due to a sharp drop in crops and horticulture. Growth in this sub-sector dropped significantly from 4 per cent to 1.84 per cent over the same period. However, animal farming maintained relatively stable growth and fisheries observed a slight recovery. Similarly, services sector growth decreased from 5.09 per cent in FY2024 to 4.35 per cent in FY2025, with several key sub-sectors including wholesale and retail trade, transportation and storage, information and communication, human health and social work activities, real estate, etc. showing reduced growth. From the social sectors, human health and social work activities experienced a sharp decline from 9.27 per cent to 6.59 per cent. Likewise, growth in the education sector decreased from 6.56 per cent to 4.75 per cent over the same period. Only administrative and support service activities continued to grow at a relatively high rate under this sector. Meanwhile, the industrial sector showed a slight improvement, with growth increasing from 3.51 per cent in FY2024 to 3.71 per cent in FY2025. Within this sector, manufacturing growth increased from 3.16 per cent to 5.83 per cent, while construction growth contracted substantially from 5.63 per cent to negative (-) 1.43 per cent over the same period. In addition, electricity supply growth sharply increased from 1.55 per cent to 6.80 per cent, whereas gas supply continued to contract from (-) 1.78 per cent to (-) 2.44 per cent over this period.

Figure 19: Sector-wise GDP Growth Rates (FY2021–FY2025)



Source: Authors' illustration based on data from BBS (2025d).

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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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