সেন্টার ফর পলিসি ডায়লগ (সিপিডি)
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Bangladesh Macroeconomic Pulse

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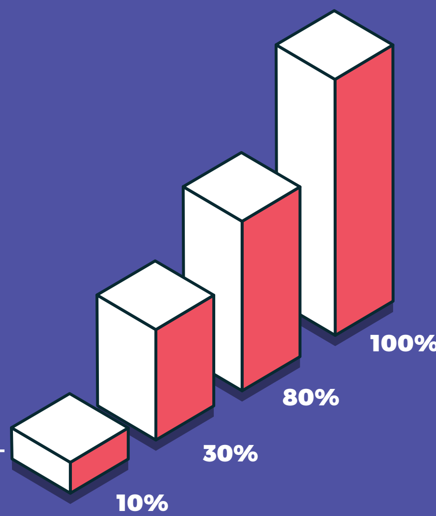


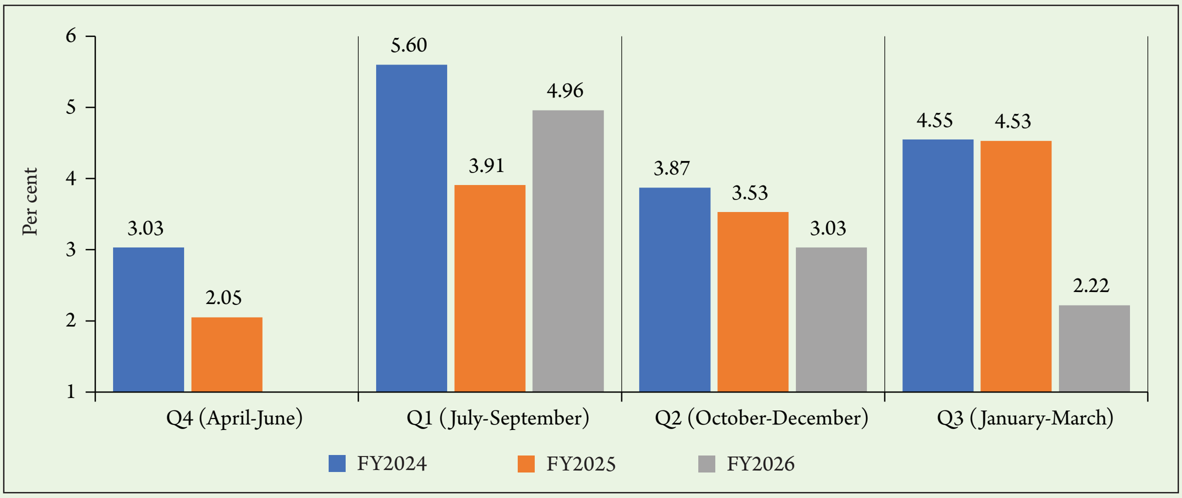
Special Focus: An Overview of the FY2027 National Budget

Highlights

- GDP growth was estimated at 2.22 per cent in Q3 FY2026, significantly lower than the 4.53 per cent recorded in the corresponding quarter of FY2025. The slowdown was driven by weaker RMG exports, global economic uncertainty and energy constraints, leading to a 0.28 per cent contraction in the industrial sector during the quarter (BBS, 2026a).
- Bangladesh Bank kept the policy rate unchanged at 10 per cent for the first half of FY2027, maintaining a contractionary monetary policy stance. The central bank aims to reduce inflation to 7.50 per cent in FY2027 while maintaining macroeconomic stability and supporting economic growth (Bangladesh Bank, 2026c).
- Export performance weakened in FY2026, with earnings declining by 0.58 per cent compared to FY2025. However, export earnings rebounded for the month of June 2026, increasing by 25.91 per cent compared to the corresponding month of the previous year (EPB, n.d.).
- Headline inflation increased to 8.68 per cent in June 2026, while food inflation also rose to 8.06 per cent. Non-food inflation remained elevated at 9.20 per cent, indicating renewed inflationary pressures. Additionally, stagnant wage growth of 8.10 per cent continues to weaken household purchasing power (BBS, 2026b).
- NBR tax collection reached 83.26 per cent of the annual target of BDT 499,000 crore during FY2026, representing an increase of BDT 44,598 crore compared to FY2025. Despite this increase, the collection still fell short of the revised FY2026 target by BDT 87,527 crore (NBR, 2026).

National Accounts and Real Economy

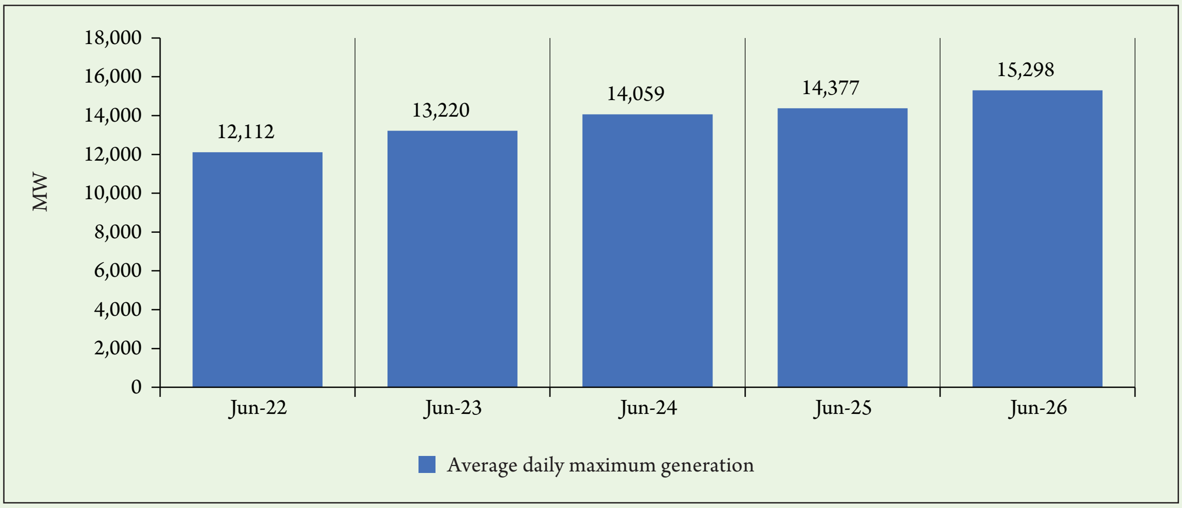
Figure 1: Quarterly Growth Rate of Gross Domestic Product (GDP)



Source: Authors' illustration based on data from Bangladesh Bureau of Statistics (BBS, 2026a).

- GDP growth was **estimated at 2.22 per cent** in Q3 FY2026, significantly lower than the 4.53 per cent recorded in the corresponding quarter of FY2025. The slowdown was driven by weaker RMG exports, global economic uncertainty and energy constraints, **leading to a 0.28 per cent contraction in the industrial sector** during the quarter (BBS, 2026a).

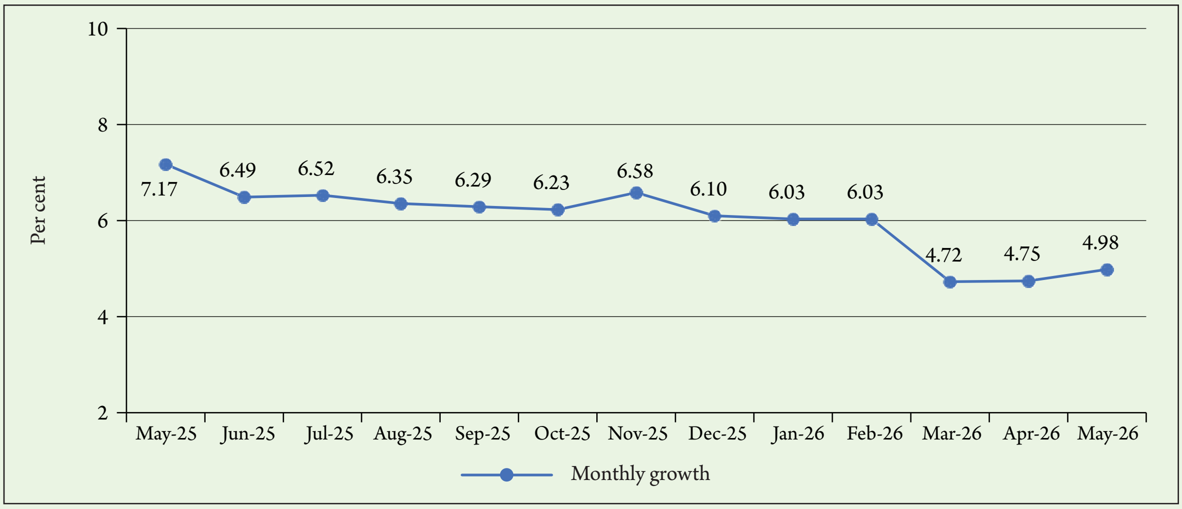
Figure 2: Monthly Average of Daily Maximum Electricity Generation (MW)



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

- The average daily maximum electricity generation in June 2026 reached **15,298 MW**, showing an **increase of 920 MW** compared to June 2025.
- This improvement in electricity generation implies a temporary easing of fuel supply constraints, although rising electricity demand continued to pose challenges for ensuring energy security during the summer months.

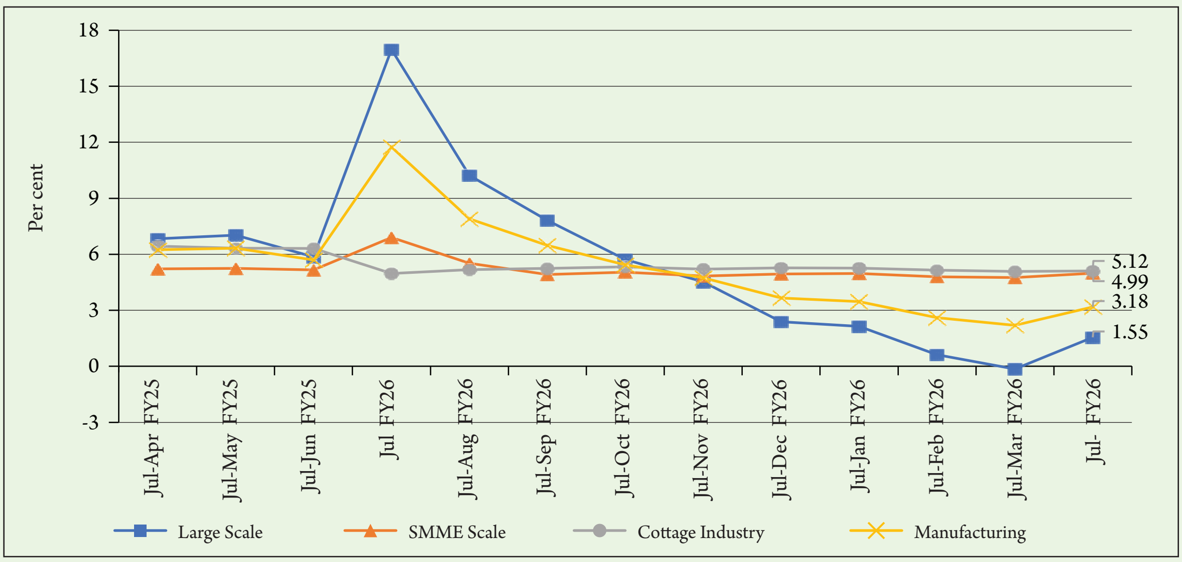
Figure 3: Monthly Growth of Private Sector Credit



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

- Private sector credit growth **increased marginally** from 4.75 per cent in April 2026 to 4.98 per cent in May 2026.
- Despite this slight improvement, growth remained near its lowest level in recent years, reflecting weak investment activity and continued fragility in overall business conditions.

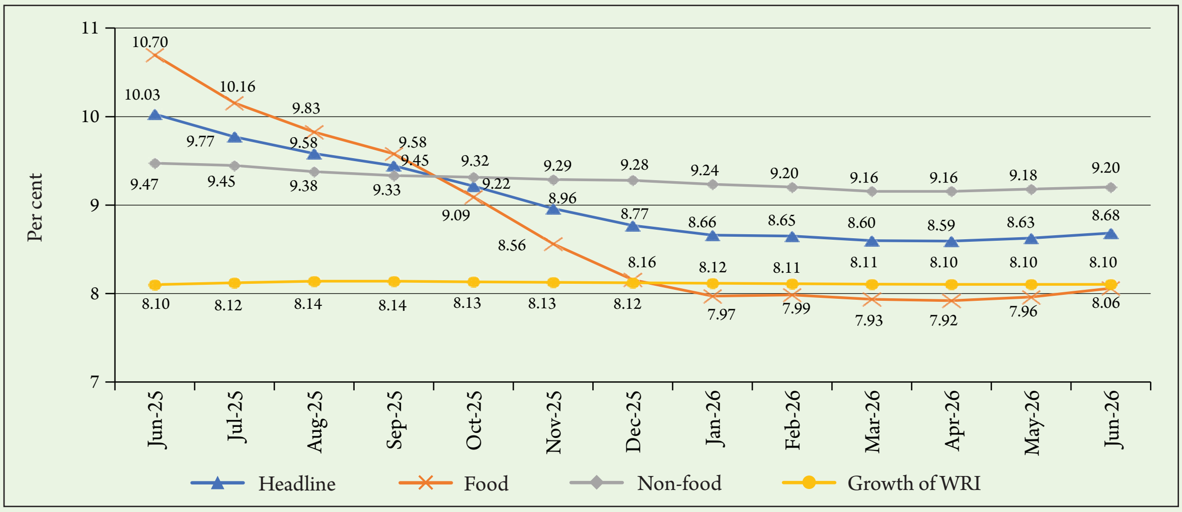
Figure 4: Growth Index of Industrial Production of Manufacturing Enterprises



Source: Authors' illustration based on data from BBS (2025, 2026c).

- Large-scale manufacturing recorded **marginal growth of 1.55 per cent** during July–April FY2026, significantly lower than the growth recorded during the corresponding period of the previous year, which was 6.83 per cent.
- Small, medium and micro enterprises (SMMEs) and cottage industries also experienced moderate growth during this period.

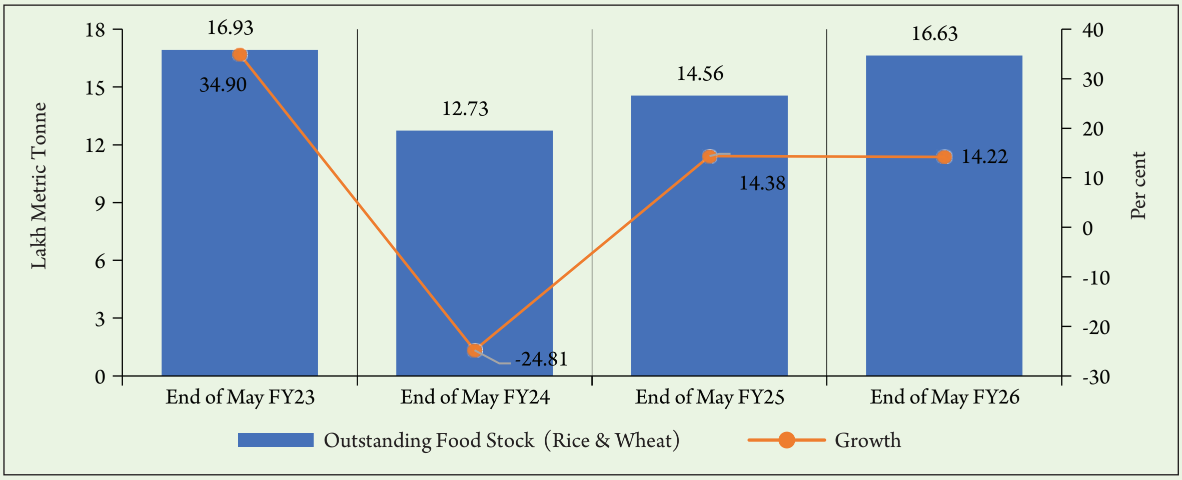
Figure 5: Monthly Trends in Inflation and Wage Rate Index Growth (moving average)



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

- Headline **inflation increased** to 8.68 per cent in June 2026, while food inflation also **rose to 8.06 per cent**. Non-food inflation remained **elevated at 9.20 per cent**, indicating renewed inflationary pressures.
- Additionally, **stagnant wage growth of 8.10 per cent** continues to weaken household purchasing power and erode real incomes.

Figure 6: Outstanding Food Stock (rice and wheat)

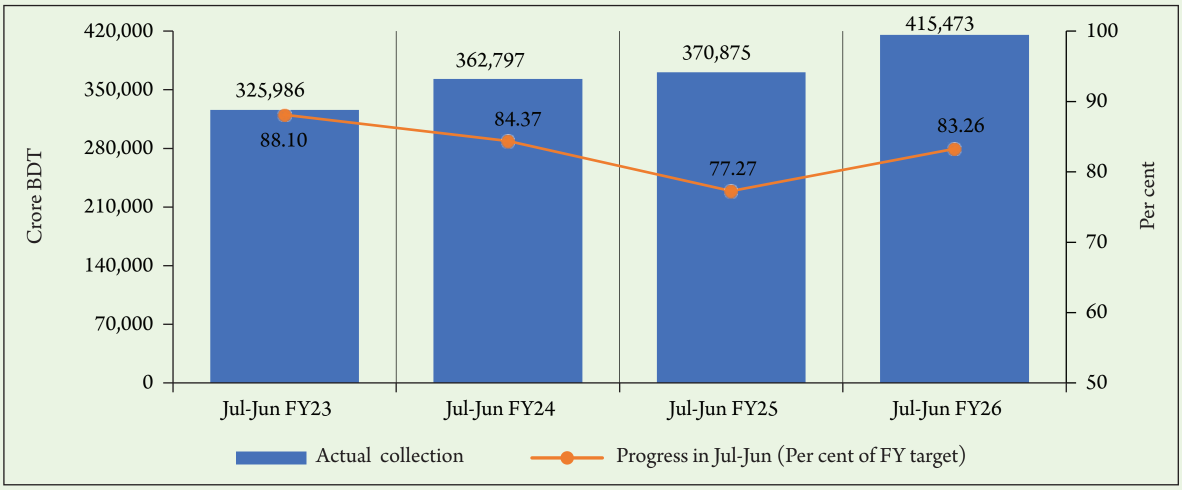


Source: Authors' illustration based on data from Bangladesh Bank (2024, 2026a).
Note: Data for outstanding food stock growth is presented on the right vertical axis.

- The government's outstanding food stock of rice and wheat stood at **16.63 lakh metric tonnes** at the end of May 2026, with a year-on-year increase of 14.22 per cent.
- Additionally, **food grain distribution rose by 2.11 lakh metric tonnes** compared to the corresponding period of the previous year (Bangladesh Bank, 2026a), indicating an increase in public food distribution.

Public Finance

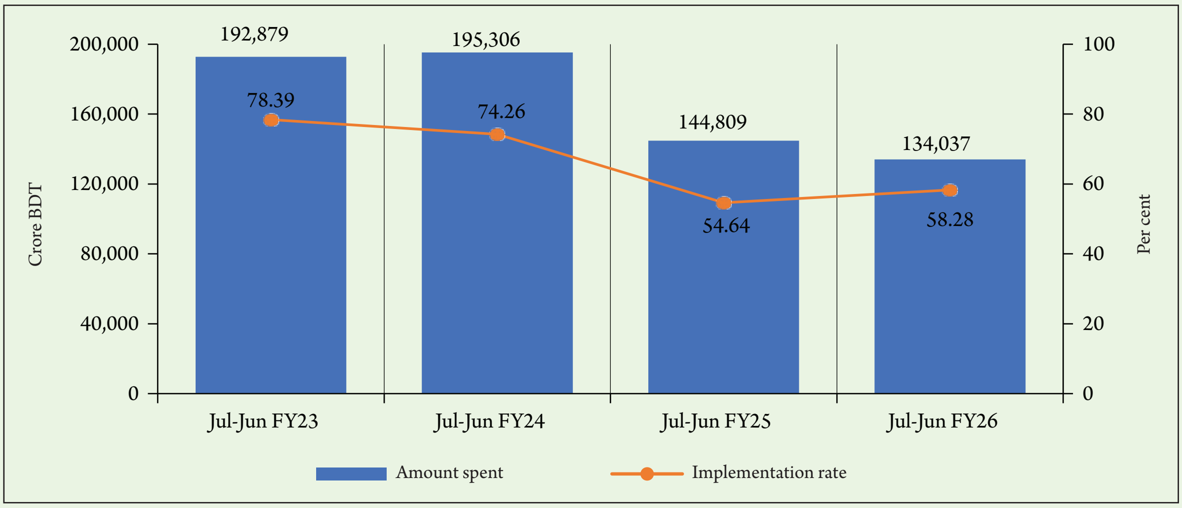
Figure 7: Monthly Progress on NBR Tax Collection



Source: Authors' illustration based on data from NBR (2024, 2025, 2026) and Ministry of Finance (MoF, 2023, 2024, 2025).
Note: Data on progress in Jul-Jun (per cent of FY target) is presented on the right vertical axis.

- Tax collection of the National Board of Revenue (NBR) reached **83.26 per cent of the annual target** of BDT 499,000 crore during FY2026, representing an **increase of BDT 44,598 crore** compared to the previous fiscal year.
- However, the progress rate followed a similar trend in recent years, with the collection still **falling short by BDT 87,527 crore** to meet the revised FY2026 target of BDT 503,000 crore (NBR, 2026).

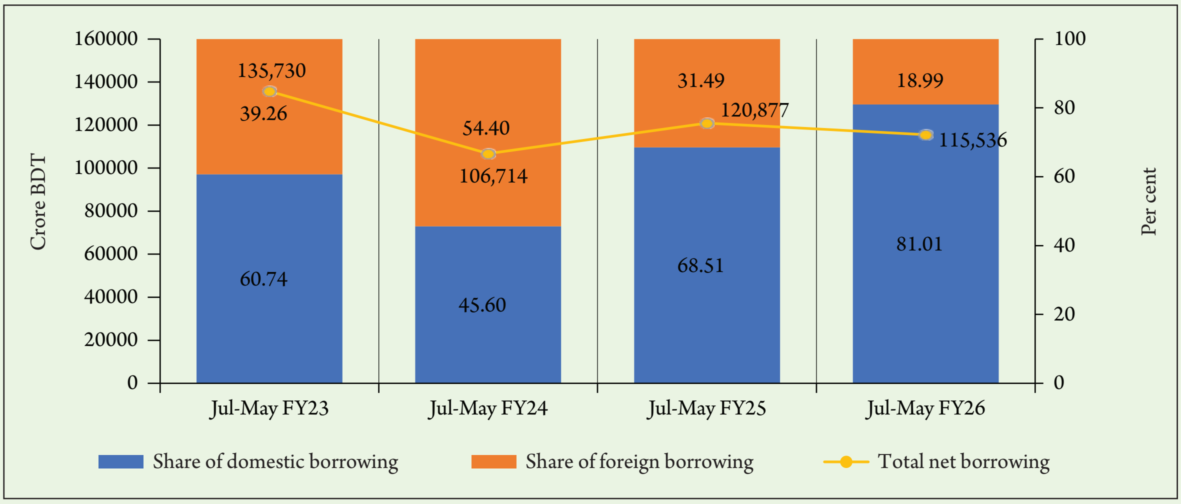
Figure 8: Monthly Comparison of ADP Implementation Progress



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 in FY2026 amounted to **58.28 per cent of the annual target**, showing a marginal improvement over the previous fiscal year, but remaining significantly below the historical levels.

Figure 9: Government Borrowings to Finance the Budget Deficit

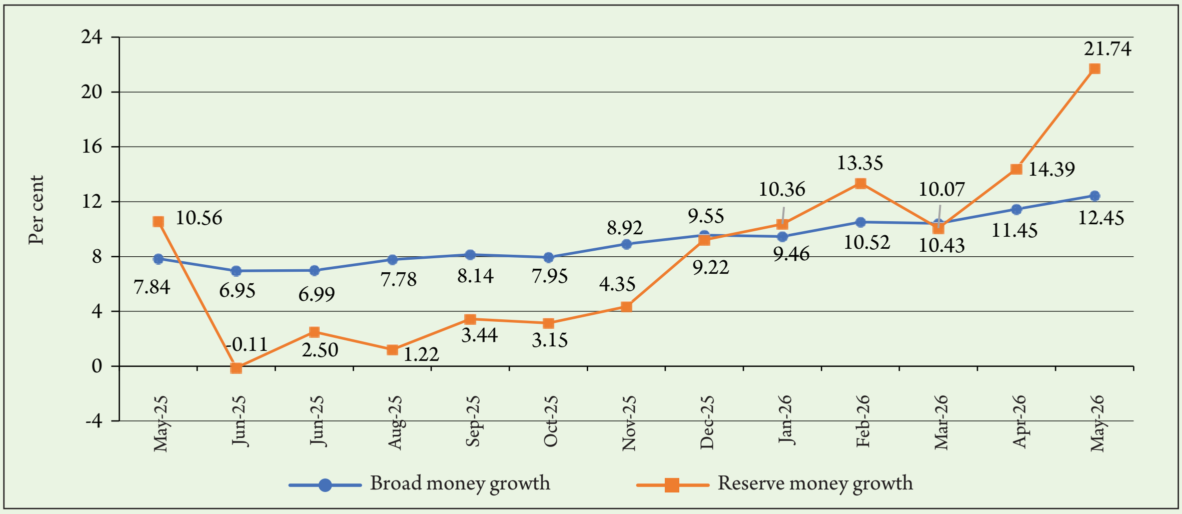


Source: Authors' illustration based on data from Bangladesh Bank (2024, 2025a, 2026a).
Note: Data for share of borrowings (per cent) is presented on the right vertical axis.

- Total net borrowings **decreased by 4.42 per cent** during July-May of FY2026 compared to the corresponding period of the previous fiscal year, with **domestic borrowing accounting for 81.01 per cent** of total borrowings.
- The share of net foreign borrowing reduced considerably due to significant foreign repayments. The government continued to heavily rely on domestic financing sources, particularly the banking sector.

Monetary Sector

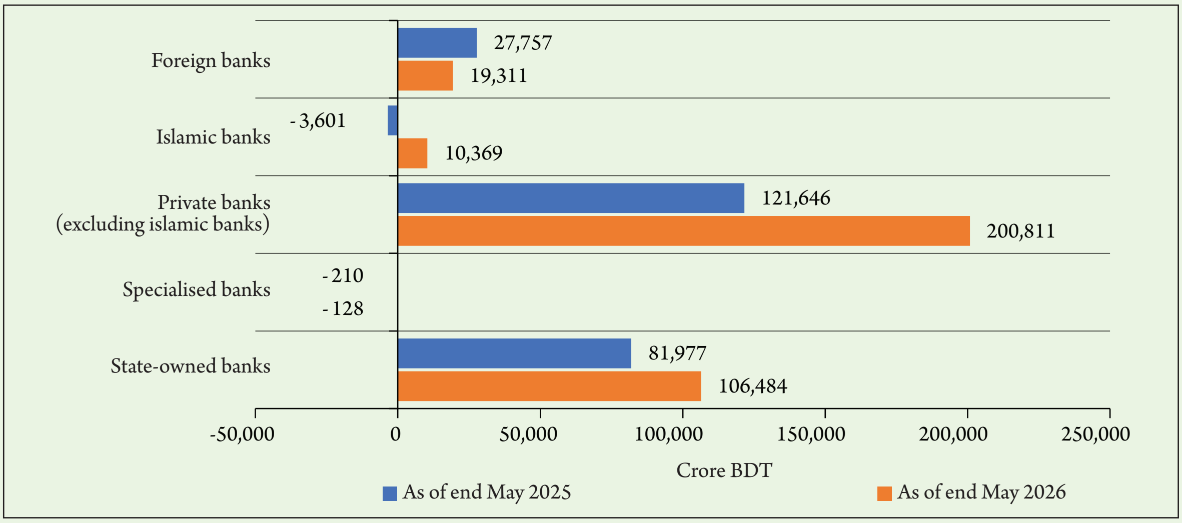
Figure 10: Monthly Trends in Growth of Broad Money and Reserve Money



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

- Broad money growth stood at **12.45 per cent** in May 2026, up from the corresponding period of the previous year, reflecting an expansion in overall liquidity conditions.
- Reserve money growth **increased rapidly to 21.74 per cent** in May 2026 compared to the corresponding period of the previous year, indicating a significant expansion of the monetary base.

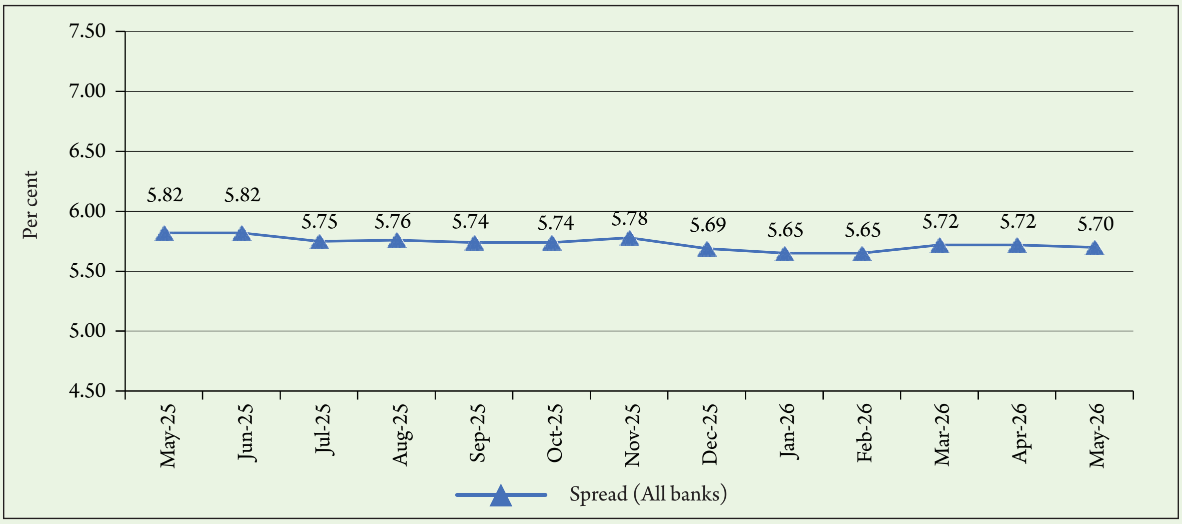
Figure 11: Liquidity Surplus in the Scheduled Banks



Source: Authors' illustration based on data from Bangladesh Bank (2025b, 2026a).

- Total liquid assets in scheduled banks improved substantially in May 2026 compared to the May 2025 level, driven by strong performance across private and state-owned banks.
- Islamic banks also recorded an improvement in their liquidity position, while specialised banks failed to maintain their minimum required liquid assets during this period.

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

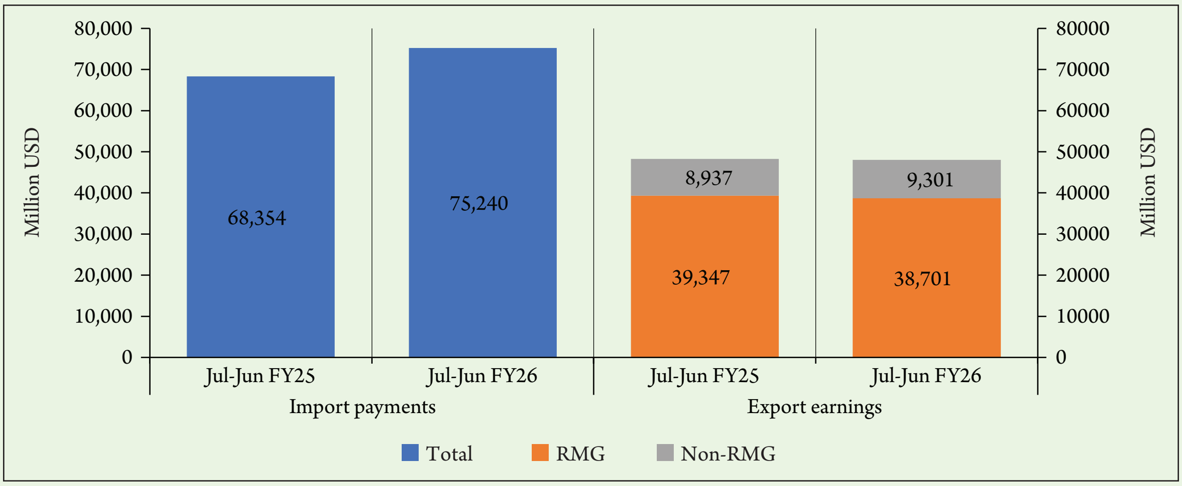


Source: Authors' illustration based on data from Bangladesh Bank (2026a).

- The spread between lending and deposit rates in banks **narrowed to 5.70 per cent** in May 2026 compared with the April 2026 figure.

External Sector

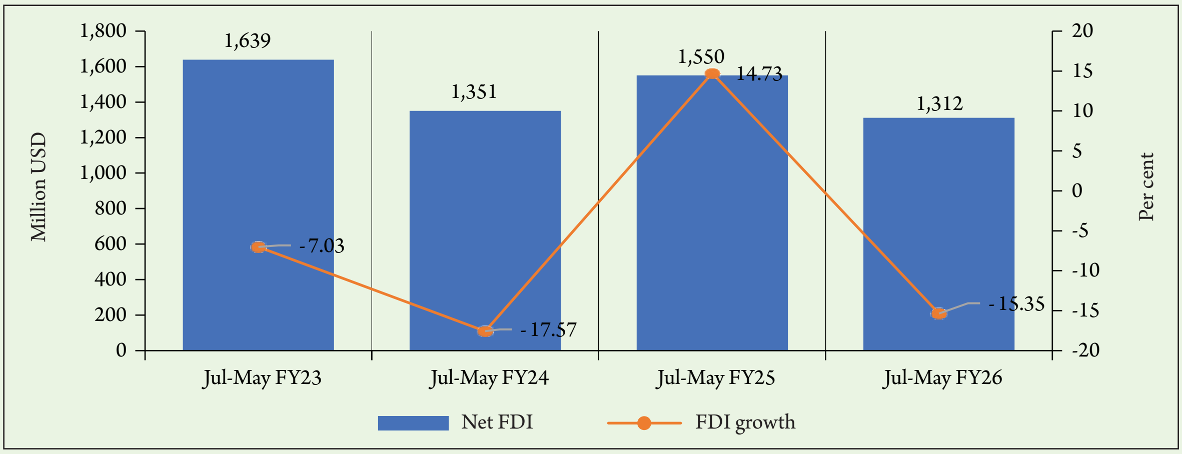
Figure 13: Monthly Exports and Imports Situations



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.

- Import payments continued to rise throughout FY2026, with **a year-on-year growth of 10.07 per cent**.
- Export performance weakened in FY2026, with earnings **declining by 0.58 per cent** compared to FY2025. However, export earnings rebounded for the month of June 2026, increasing by 25.91 per cent compared to the corresponding month of the previous year.

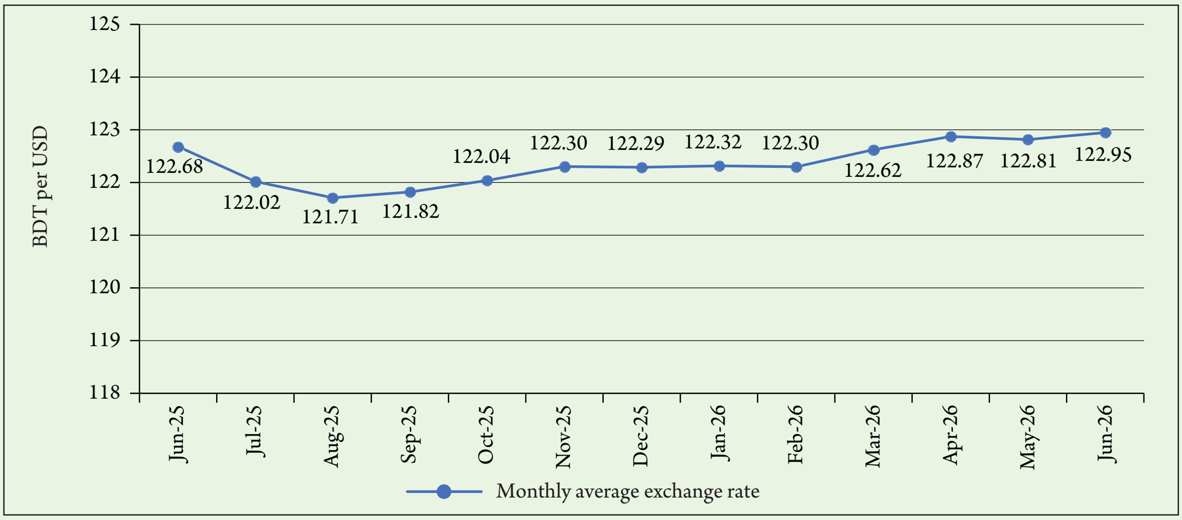
Figure 14: Net Foreign Direct Investment (FDI) Situation



Source: Authors' 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 FDI reached **USD 1,312 million** during July-May of FY2026, showing a **decline of 15.35 per cent** compared to the corresponding period of the previous fiscal year. This decline indicates uncertainty in foreign investment flows.

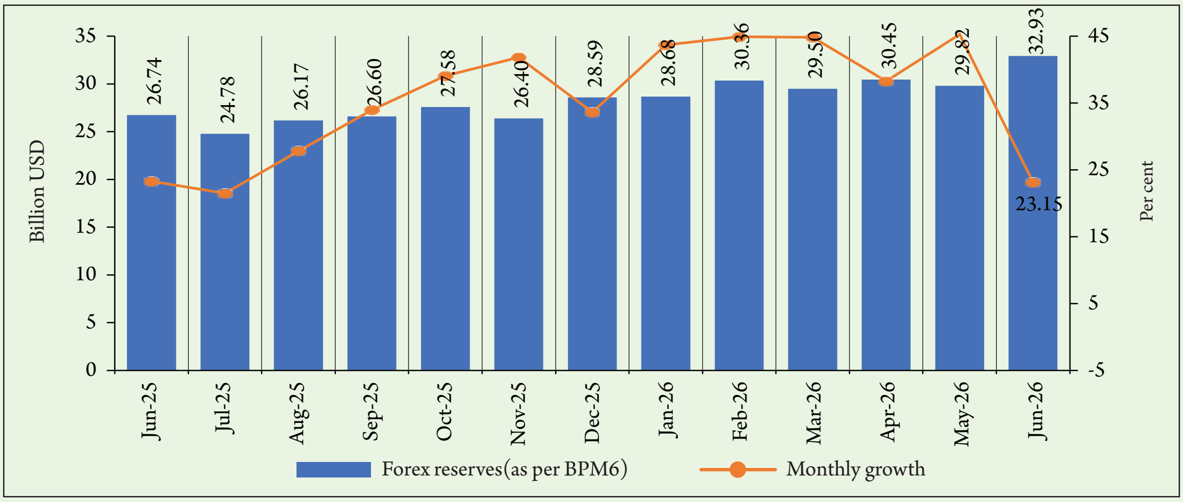
Figure 15: Monthly Exchange Rate Movements (BDT/USD)



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

- The exchange rate of Bangladeshi Taka **depreciated by an average of BDT 0.27** against the US Dollar in June 2026, compared to the corresponding period of the previous year.

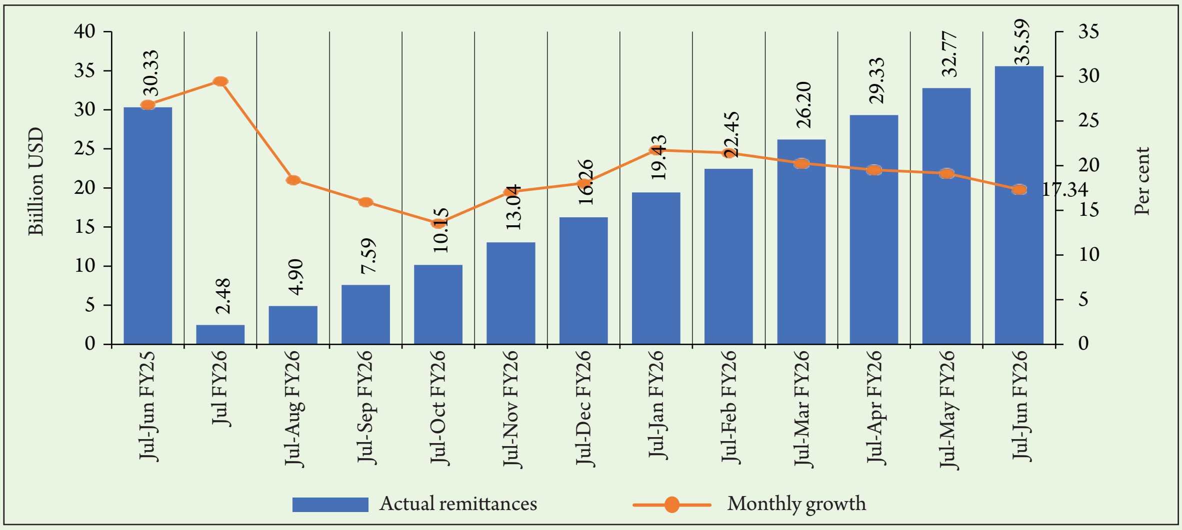
Figure 16: Monthly Foreign Exchange Reserve (as per BPM6)



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 32.93 billion** in June 2026, reflecting a **23.15 per cent year-on-year growth**, mainly driven by robust remittance inflows.

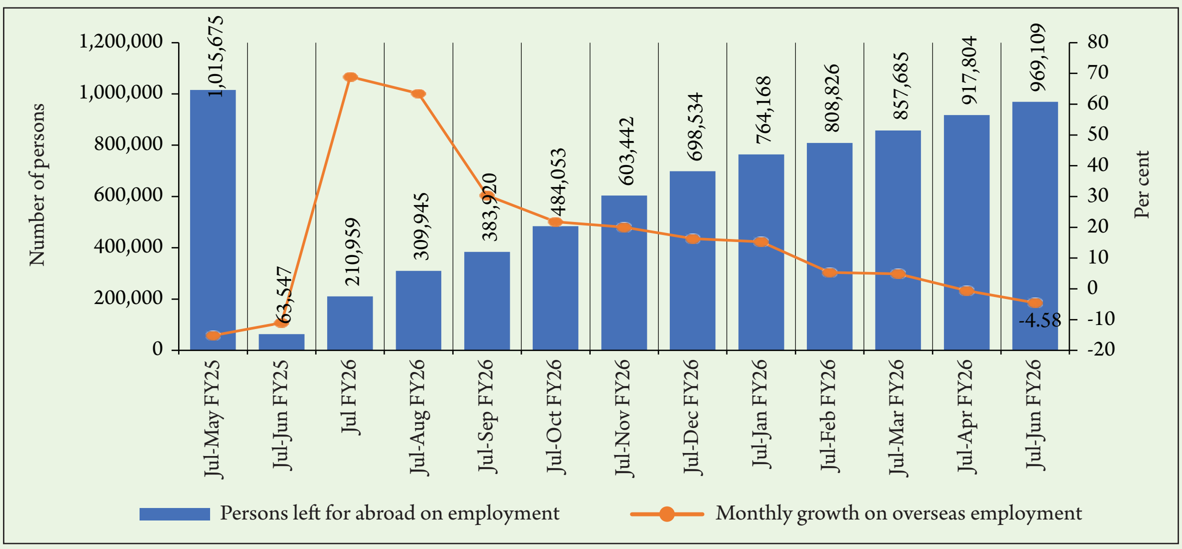
Figure 17: Monthly Data of Wage Earners' Remittance



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 rise, reaching USD 35.59 billion** in FY2026, and registering a **growth of 17.34 per cent** compared to FY2025. This robust growth has played 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 **declined by 4.58 per cent** in FY2026 compared to FY2025. This slowdown may pose challenges to sustaining the growth of remittance inflows in the coming months.

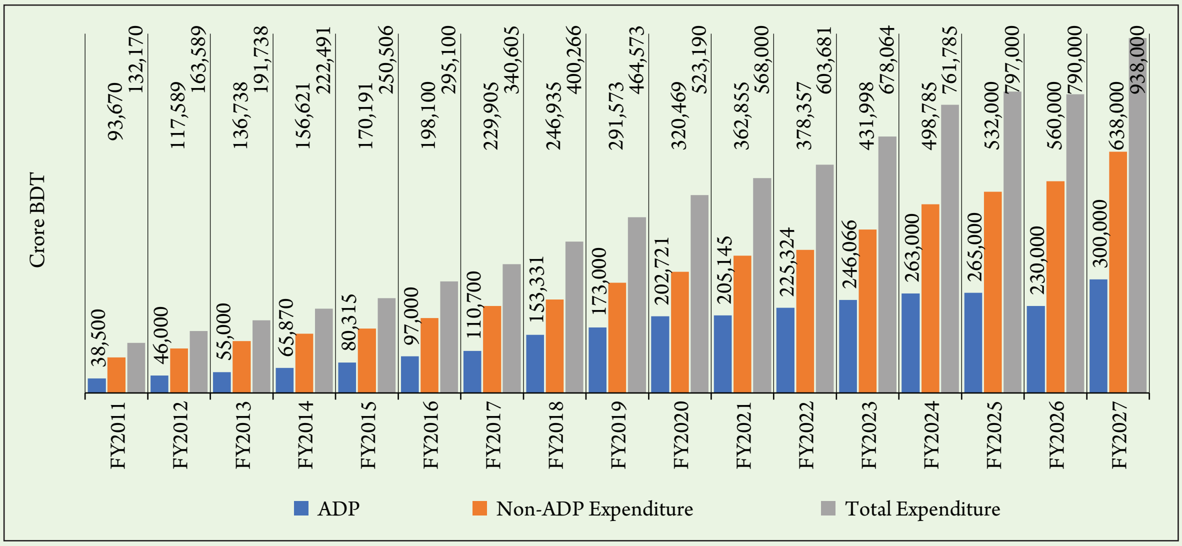
Special Focus of the Month

- *An Overview of the FY2027 National Budget*

The FY2027 national budget reflects the fiscal priorities of the newly elected government through planned expenditure, development financing and revenue mobilisation. This section defines the changing pattern of public expenditure, the financing structure of the Annual Development Programme (ADP) and the continued dependence of government revenue on NBR-administered taxes.

The size of the FY2027 national budget has been proposed at BDT 938,000 crore, comprising BDT 638,000 crore in non-ADP expenditure and BDT 300,000 crore allocated to the ADP (Figure 19). Although the ADP allocation has reached its highest level in FY2027, non-ADP expenditure has continued to grow at a faster pace over time and remained the largest component of total government spending. From a macroeconomic perspective, this trend shows growing pressure from recurrent expenditure such as salaries, interest payments, subsidies, social protection and administrative expenses.

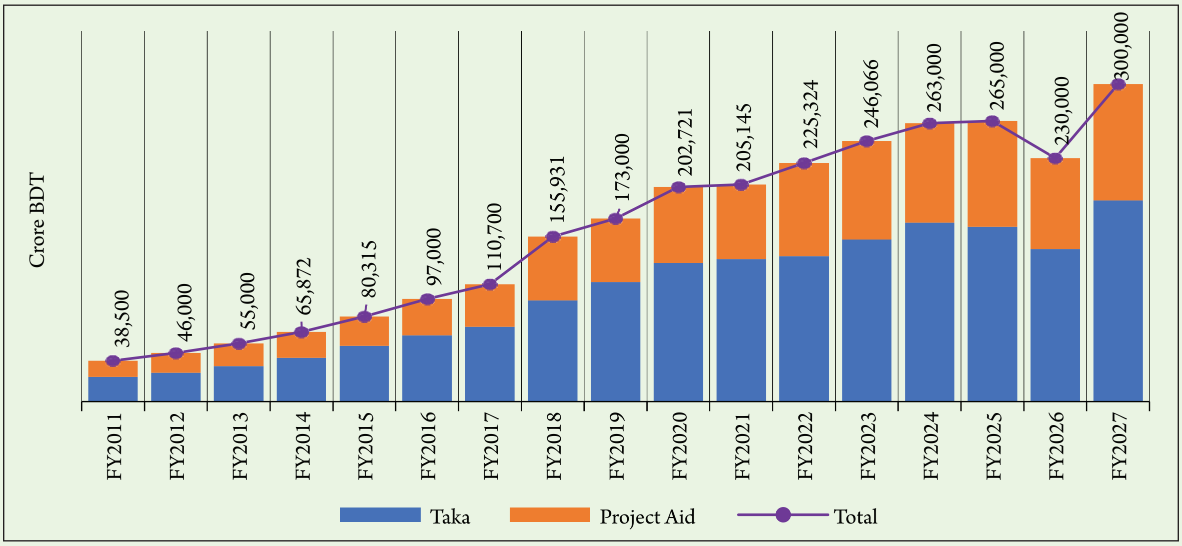
Figure 19: Composition of Public Expenditure: ADP and Non-ADP Expenditure (FY2011–FY2027)



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

The ADP allocation for FY2027 has been set at BDT 300,000 crore, consisting of BDT 190,000 crore from domestic resources and BDT 110,000 crore from project aid (Figure 20). Domestic resources, therefore, remain the main source of ADP financing, although foreign assistance continues to play an important role in supporting major infrastructure and development projects. Although the higher allocation in ADP indicates a stronger commitment to public investment, its macroeconomic benefits will depend on the efficient implementation and effective use of these resources.

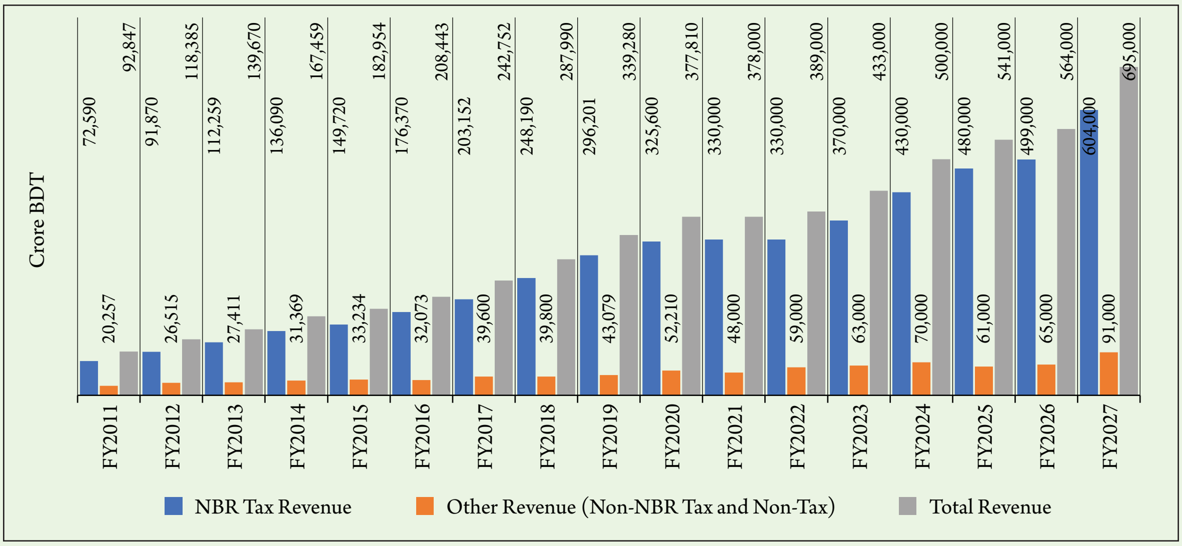
Figure 20: Financing Structure of the Annual Development Programme (FY2011–FY2027)



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

A total revenue target of BDT 695,000 crore has been set for the FY2027 national budget, of which BDT 604,000 crore is expected from NBR taxes and BDT 91,000 crore from non-NBR taxes and non-tax revenue (Figure 21). The revenue structure remains dependent on NBR tax collection, with a narrow and concentrated tax base, particularly for direct taxes. From a macroeconomic perspective, achieving the target will require stronger tax administration, wider tax coverage and improved compliance.

Figure 21: Revenue Mobilisation in the National Budget (FY2011–FY2027)



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

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Disclaimer: These 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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