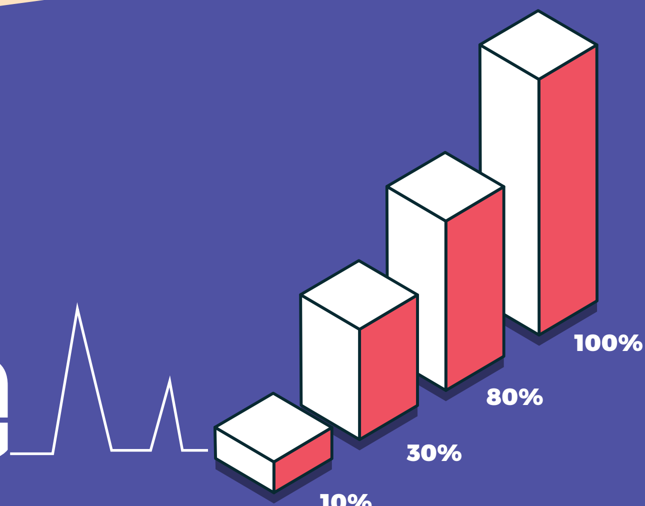
সেন্টার ফর পলিসি ডায়লগ (সিপিডি)
Centre for Policy Dialogue (CPD)

Independent Review of Bangladesh's Development (IRBD)

Bangladesh Macroeconomic Pulse



Volume 2, Issue 1

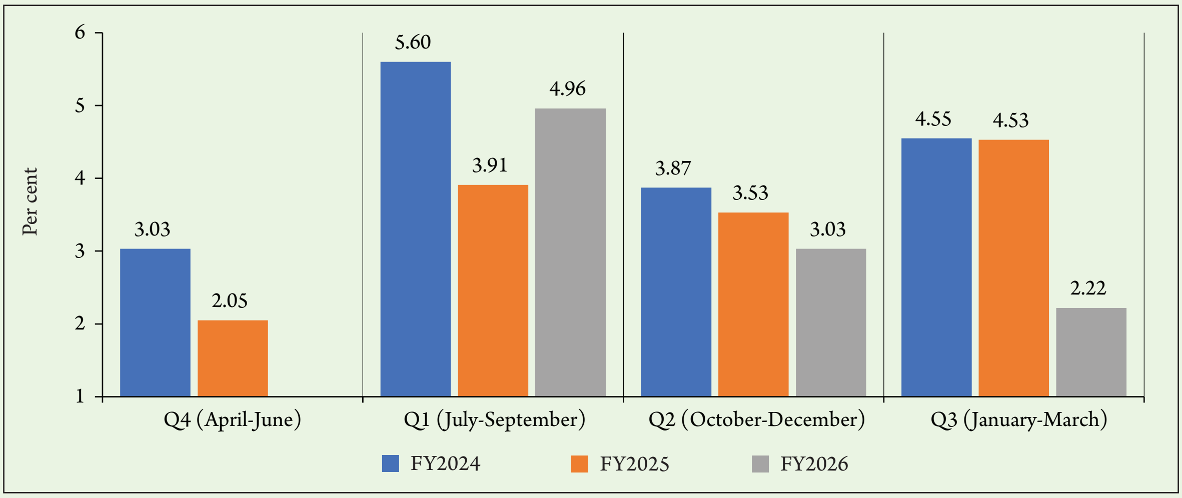
Special Focus: An Overview of Bangladesh's Energy Vulnerability

Highlights

- The International Monetary Fund (IMF) projected Bangladesh's GDP growth to moderate to 3.5 per cent in FY2027 and warned that growth could fall below 3 per cent over the medium term without decisive reforms. The IMF emphasised the need for stronger revenue mobilisation, greater fiscal space and comprehensive banking-sector reform to support medium-term growth (IMF, 2026).
- Private-sector credit growth fell to 4.47 per cent in June 2026, marking the lowest growth rate recorded for the month of June in 33 years. The slowdown reflects continued weakness in investment activity and persistent fragility in overall business conditions (Bangladesh Bank, 2026b; Hasan, 2026).
- Export earnings continued to weaken in July FY2027, with earnings declining by 0.90 per cent compared to the corresponding period of FY2026 (EPB, n.d.).
- Headline inflation decreased moderately to 8.66 per cent in July 2026, while food inflation also dropped to 8.02 per cent. Non-food inflation remained elevated at 9.20 per cent, indicating ongoing inflationary pressures. Additionally, stagnant wage growth of 8.11 per cent continues to weaken household purchasing power and erode real incomes (BBS, 2026b).
- Bangladesh Bank reduced the policy rate by 50 basis points to 9.5 per cent on 30 July 2026, shifting towards a more balanced monetary policy stance amid a fragile economic recovery (Bangladesh Bank, 2026c).

National Accounts and Real Economy

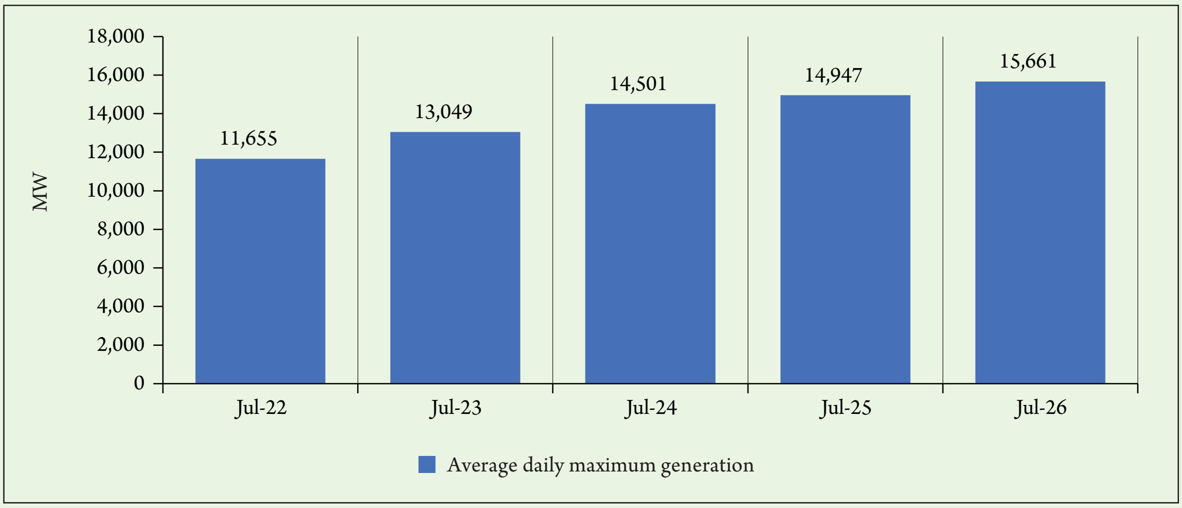
Figure 1: Quarterly Growth Rate of Gross Domestic Product (GDP)



Source: Author's illustration based on data from Bangladesh Bureau of Statistics (BBS, 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 readymade garment (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).

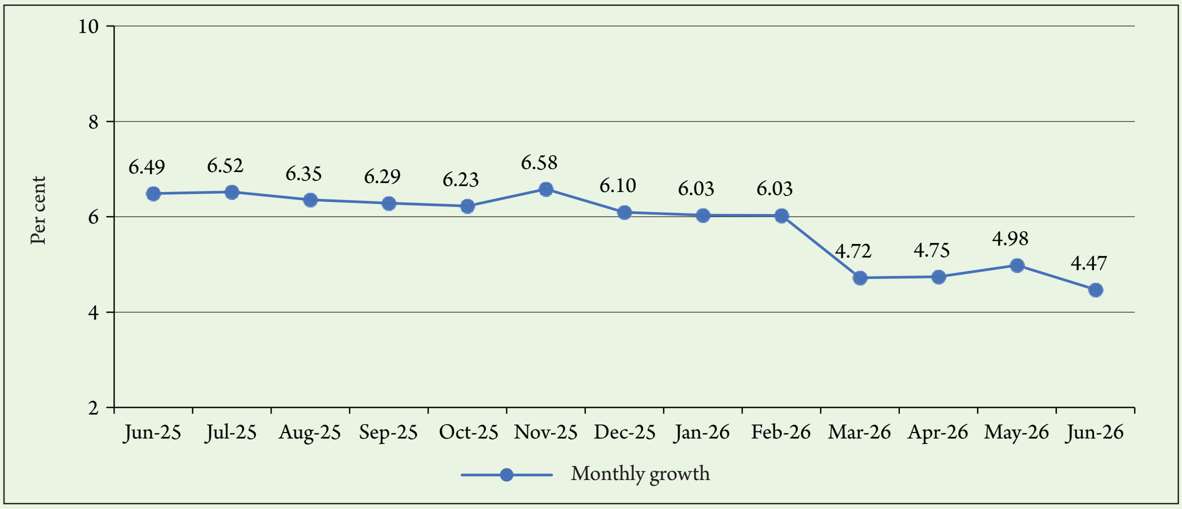
Figure 2: Monthly Average of Daily Maximum Electricity Generation (MW)



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

- The average daily maximum electricity generation in July 2026 reached **15,661 MW**, showing an **increase of 713 MW** compared to July 2025.
- Despite this improvement in electricity generation, rising electricity demand continued to pose challenges for ensuring energy security during the summer months.

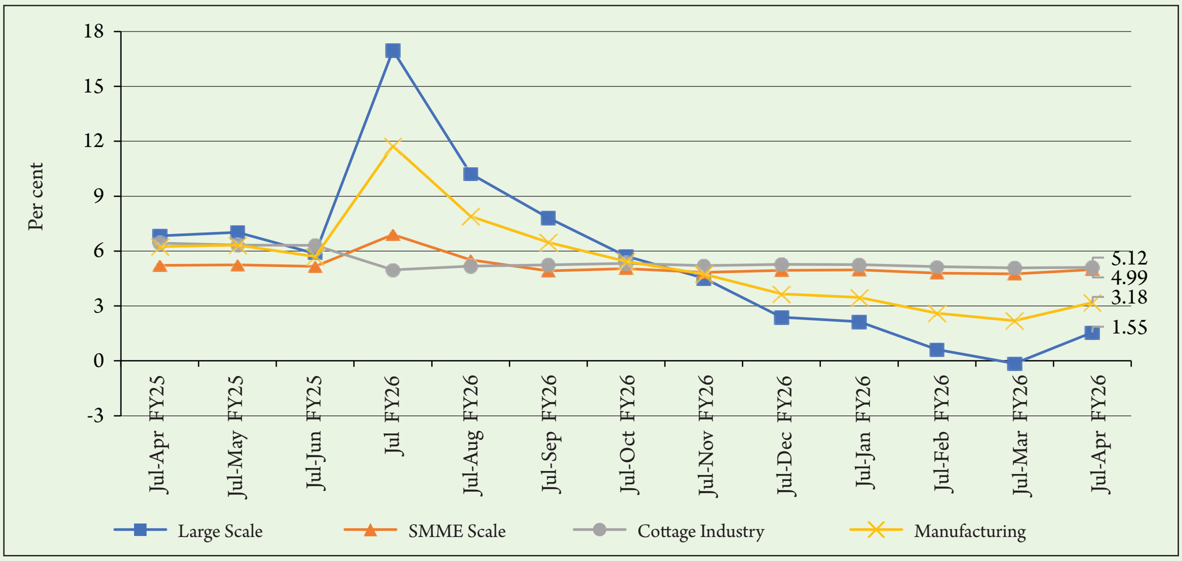
Figure 3: Monthly Growth of Private Sector Credit



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

- Private-sector credit growth **fell to 4.47 per cent in June 2026, its lowest level in recent years**.
- The slowdown reflects continued weakness in investment activity and persistent fragility in overall business conditions.

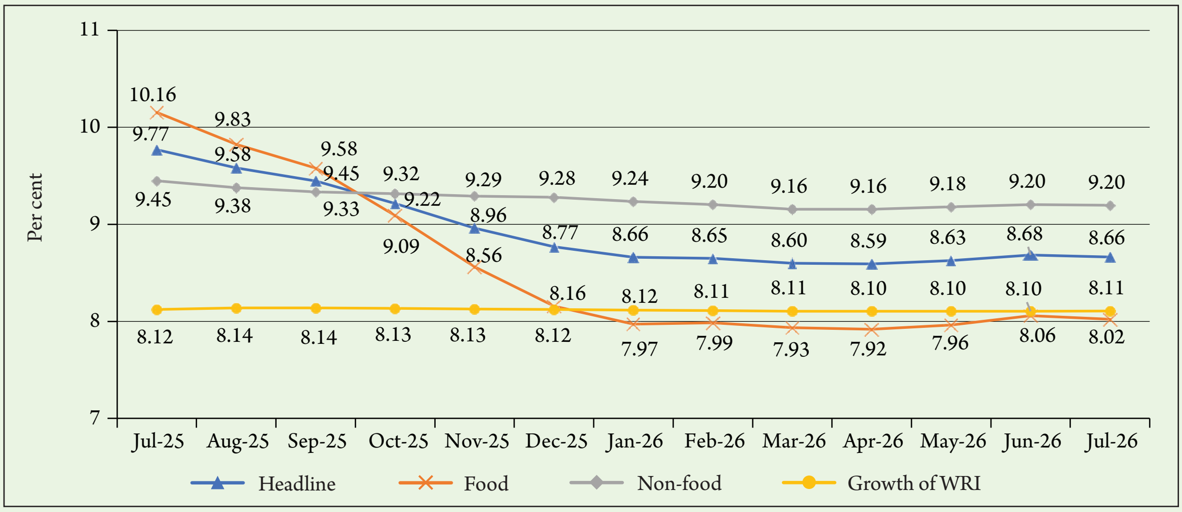
Figure 4: Growth Index of Industrial Production of Manufacturing Enterprises



Source: Author's 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.

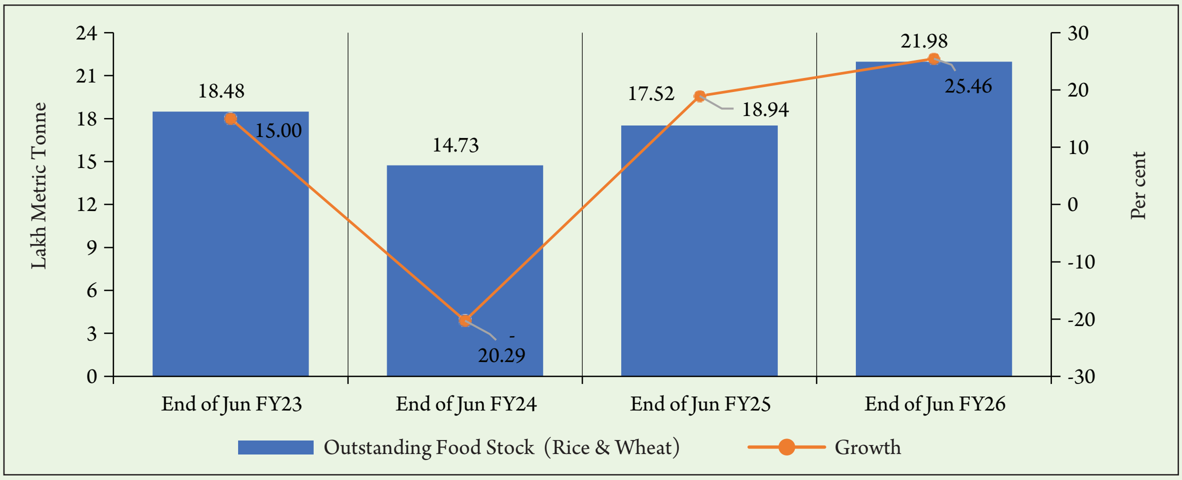
Figure 5: Monthly Trends in Inflation and Wage Rate Index Growth (moving average)



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

- Headline inflation **decreased moderately to 8.66 per cent** in July 2026, while food inflation also **dropped to 8.02 per cent**. Non-food inflation remained **elevated at 9.20 per cent**, indicating ongoing inflationary pressures.
- Additionally, **stagnant wage growth of 8.11 per cent** continues to weaken household purchasing power and erode real incomes.

Figure 6: Outstanding Food Stock (rice and wheat)

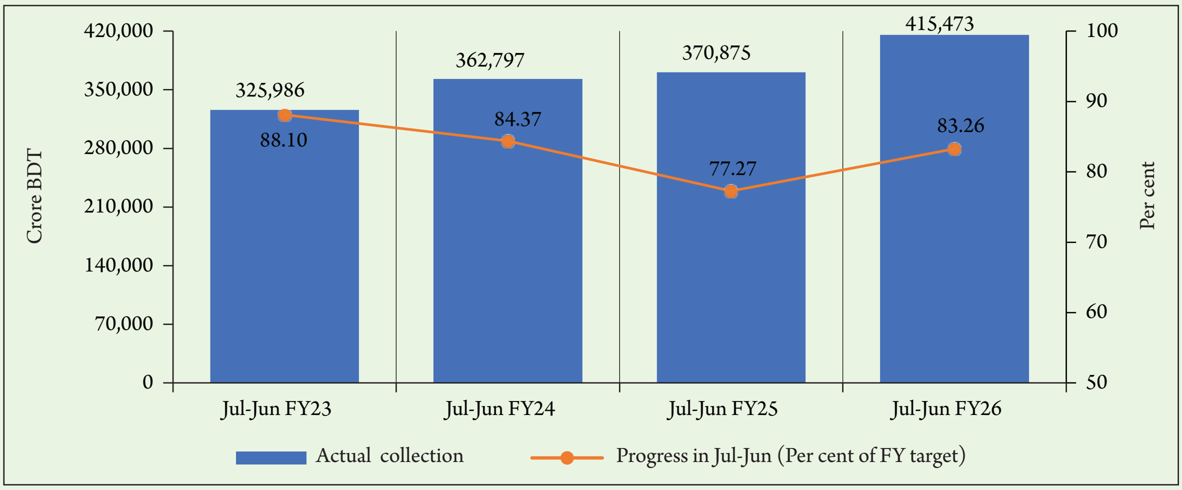


Source: Author's illustration based on data from Bangladesh Bank (2024, 2026a).
Note: Data for outstanding food stock growth is presented on the right vertical axis.

- The government's outstanding food stock of rice and wheat stood at **21.98 lakh metric tonnes** at the end of June 2026, with **a year-on-year increase of 25.46 per cent**.
- Additionally, **food grain distribution rose by 2.53 lakh metric tonnes** in FY2026 compared to FY2025 (Bangladesh Bank, 2026a), indicating an increase in public food distribution.

Public Finance

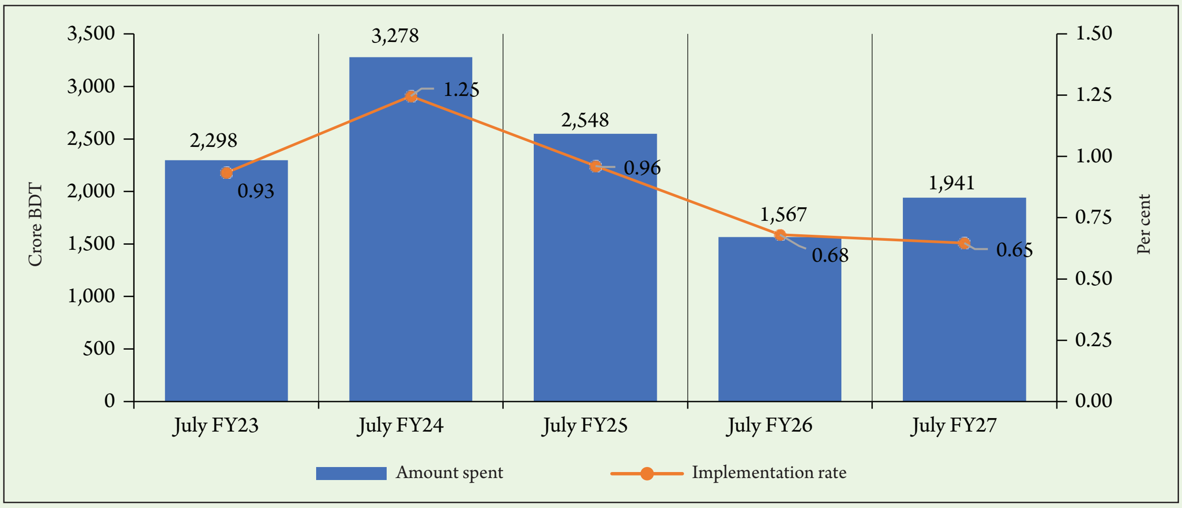
Figure 7: Monthly Progress on NBR Tax Collection



Source: Author's 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 in 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** of meeting the revised FY2026 target of BDT 503,000 crore (NBR, 2026).

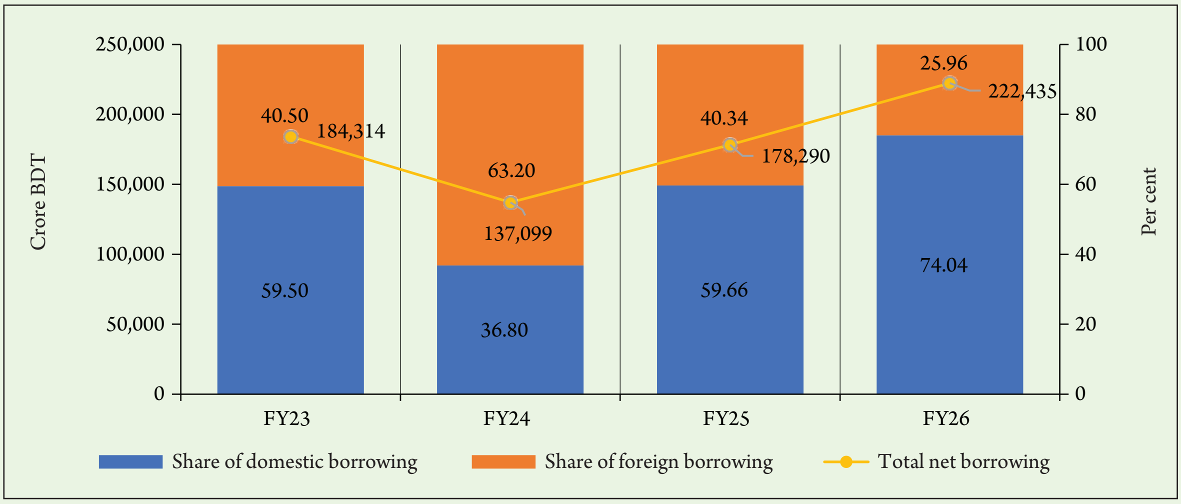
Figure 8: Monthly Comparison of ADP Implementation Progress



Source: Author's 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.

- Annual Development Programme (ADP) implementation rate stood at **0.65 per cent** of total FY implementation in July 2026, marking **the slowest start to a fiscal year in the last five years**.
- This weak performance might indicate delays in procurement and fund release, poor project management and institutional bottlenecks, raising concerns about the timely execution of public development projects.

Figure 9: Government Borrowings to Finance the Budget Deficit

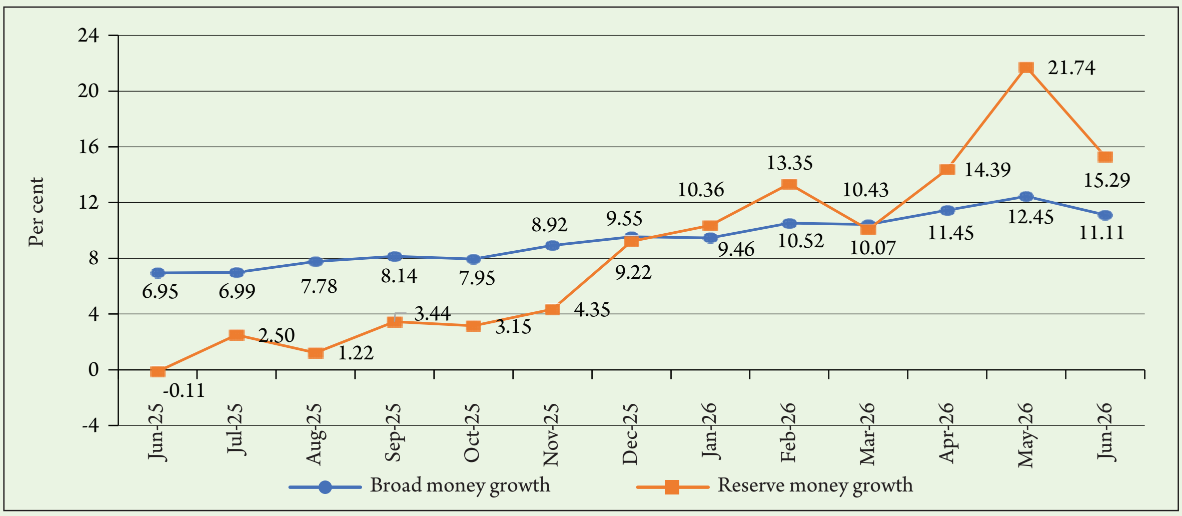


Source: Author's illustration based on data from Bangladesh Bank (2026a).
Note: Data for share of borrowings (per cent) is presented on the right vertical axis.

- Total net borrowings **increased by 24.76 per cent** in FY2026 compared to FY2025, with **domestic borrowing accounting for 74.04 per cent** of total borrowings.
- The share of net foreign borrowing reduced substantially due to significant debt repayments. The growing reliance on domestic finance, particularly the banking sector, may increase borrowing costs, constrain liquidity, and crowd out private

Monetary Sector

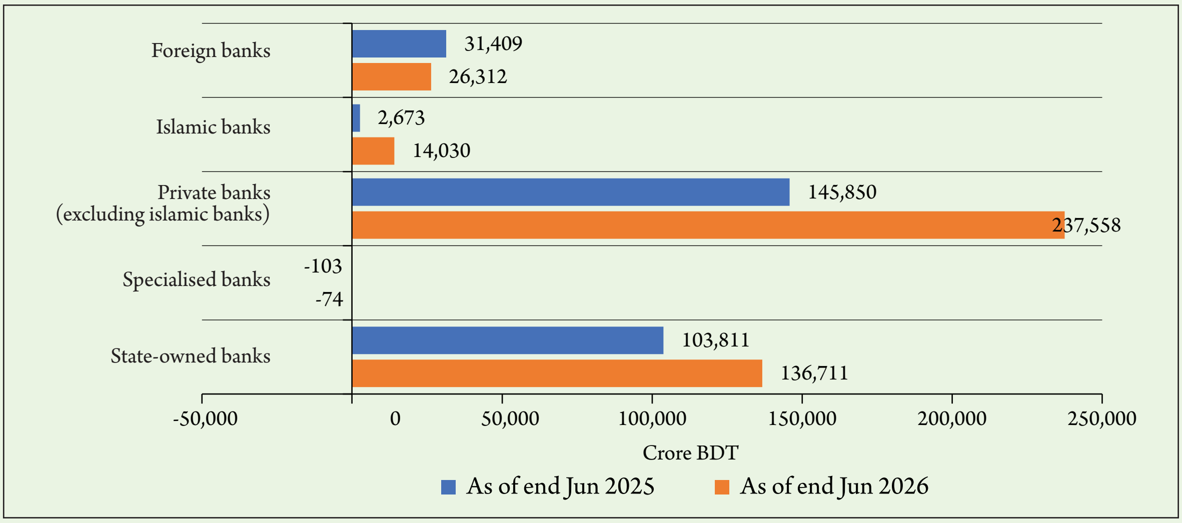
Figure 10: Monthly Trends in Growth of Broad Money and Reserve Money



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

- Broad money growth stood at **11.11 per cent** in June 2026, **up from the corresponding period** of the previous year, reflecting an expansion in overall liquidity conditions.
- Reserve money growth **increased substantially to 15.29 per cent** in June 2026 compared to the corresponding period of the previous year, indicating a significant expansion of the monetary base.

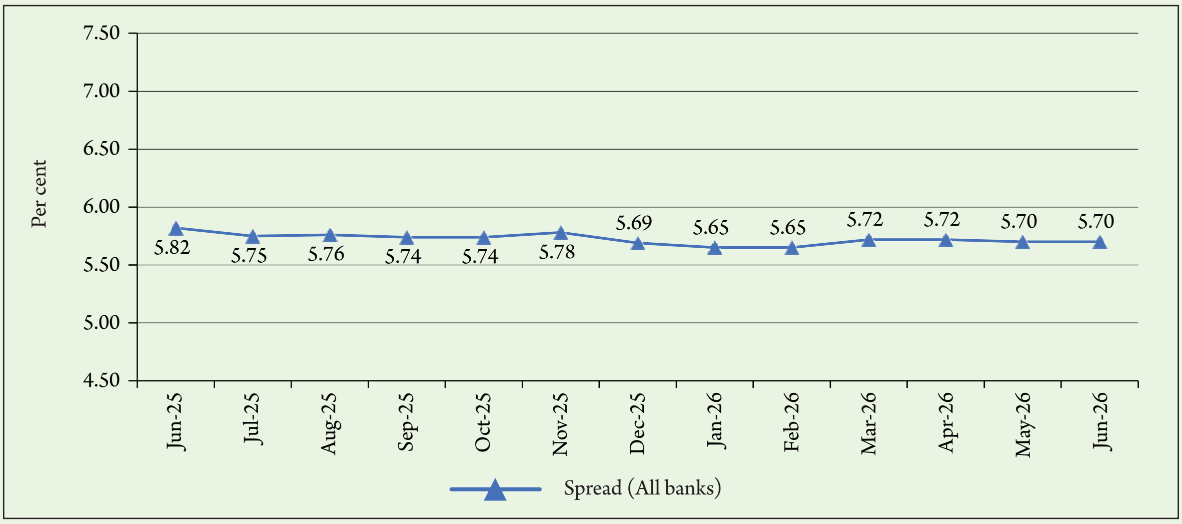
Figure 11: Liquidity Surplus in the Scheduled Banks



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

- Total liquid assets in scheduled banks improved significantly in June 2026 compared to the June 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

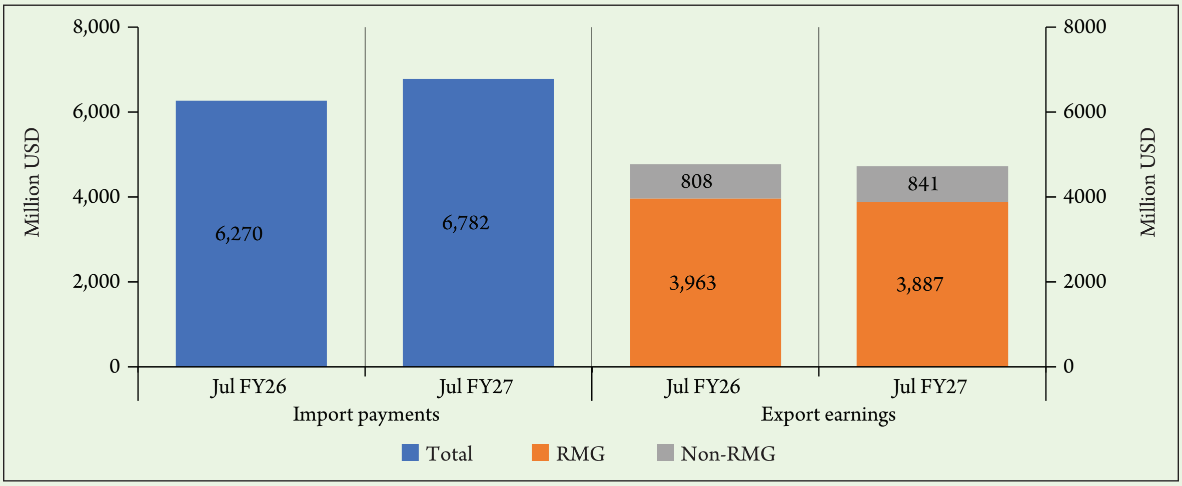


Source: Author's illustration based on data from Bangladesh Bank (2026a).

- The spread between lending and deposit **rates in banks remained unchanged at 5.70 per cent** in June 2026 compared with the May 2026 figure.

External Sector

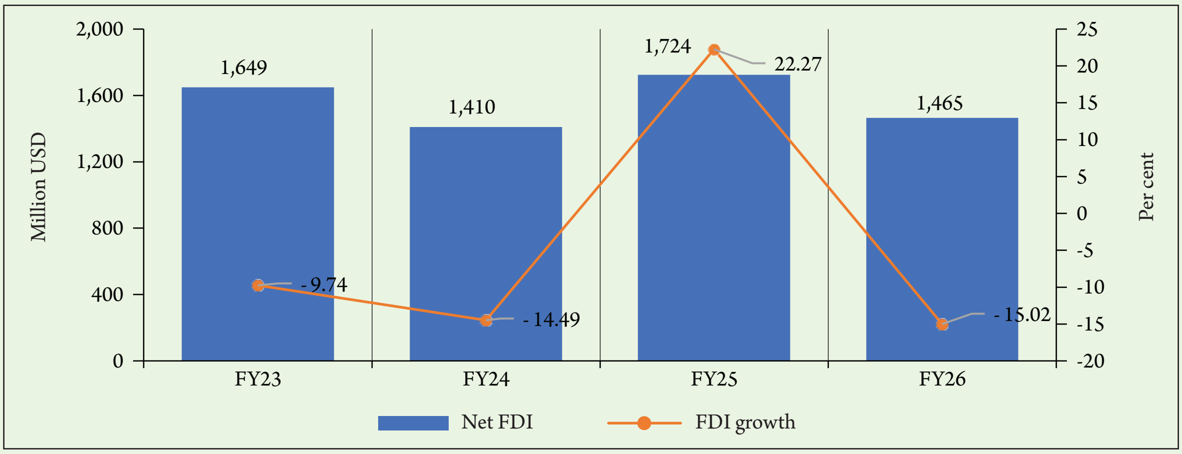
Figure 13: Monthly Exports and Imports Situations



Source: Author's illustration based on data from Export Promotion Bureau (EPB, n.d.) and Bangladesh Bank (2026b).
Note: Data for export earnings is presented on the right vertical axis.

- Import payments increased by 8.16 per cent in July FY2027, the first month of the fiscal year, indicating continued growth in import demand.
- Export earnings continued to weaken in July FY2027, with earnings **declining by 0.90 per cent** compared to the corresponding period of FY2026.

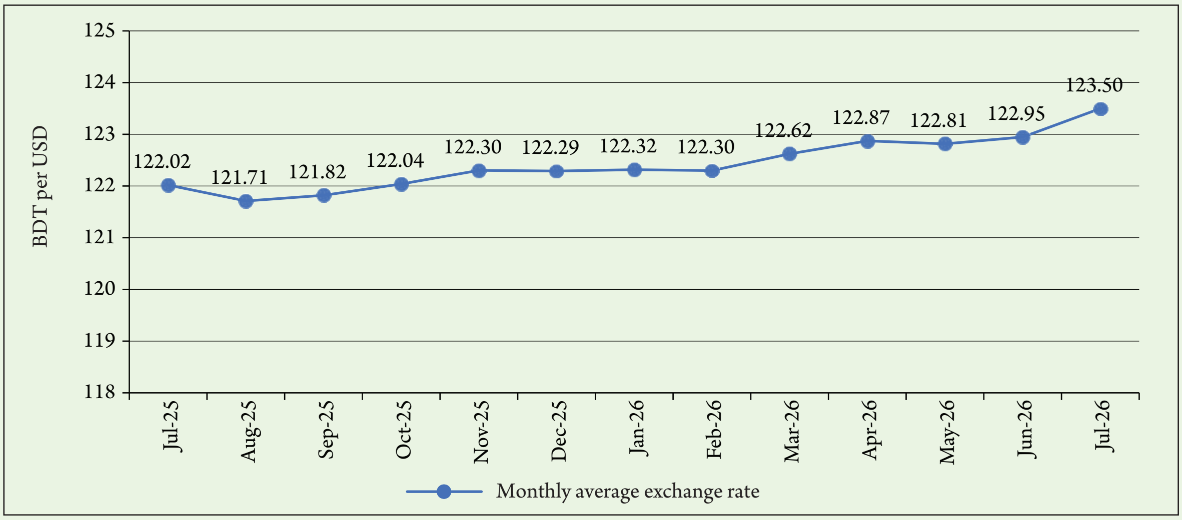
Figure 14: Net Foreign Direct Investment (FDI) Situation



Source: Author's illustration based on data from Bangladesh Bank (2023, 2024, 2026a, n.d.a).
Note: Data for net FDI growth is presented on the right vertical axis.

- Net FDI reached **USD 1,465 million** in FY2026, showing a **decline of 15.02 per cent** compared to FY2025. This decline indicates uncertainty in foreign investment flows.

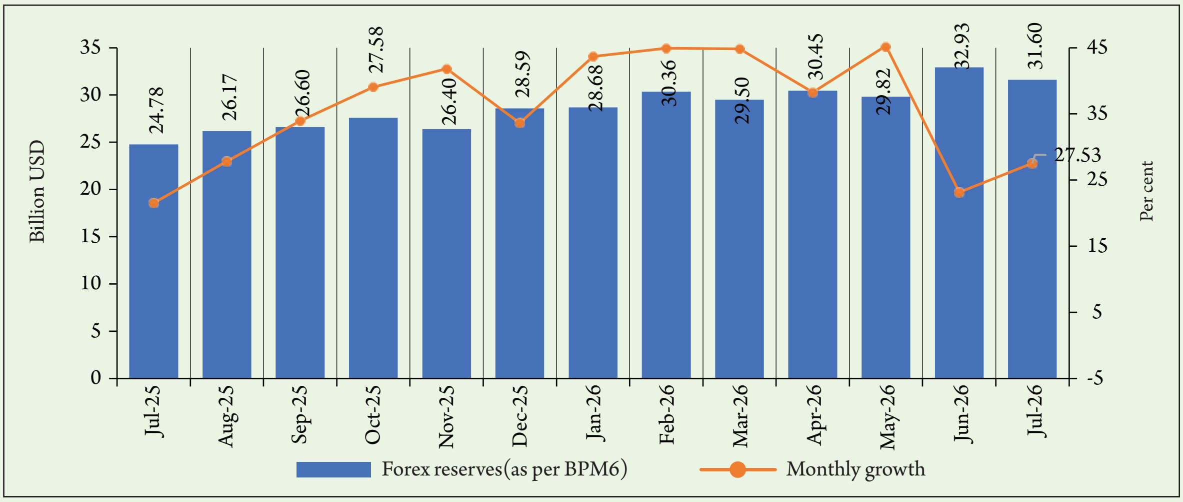
Figure 15: Monthly Exchange Rate Movements (BDT/USD)



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

- The exchange rate of Bangladeshi Taka (BDT) **depreciated by an average of BDT 1.48** against the US Dollar (USD) in July 2026, compared to the corresponding period of the previous year.

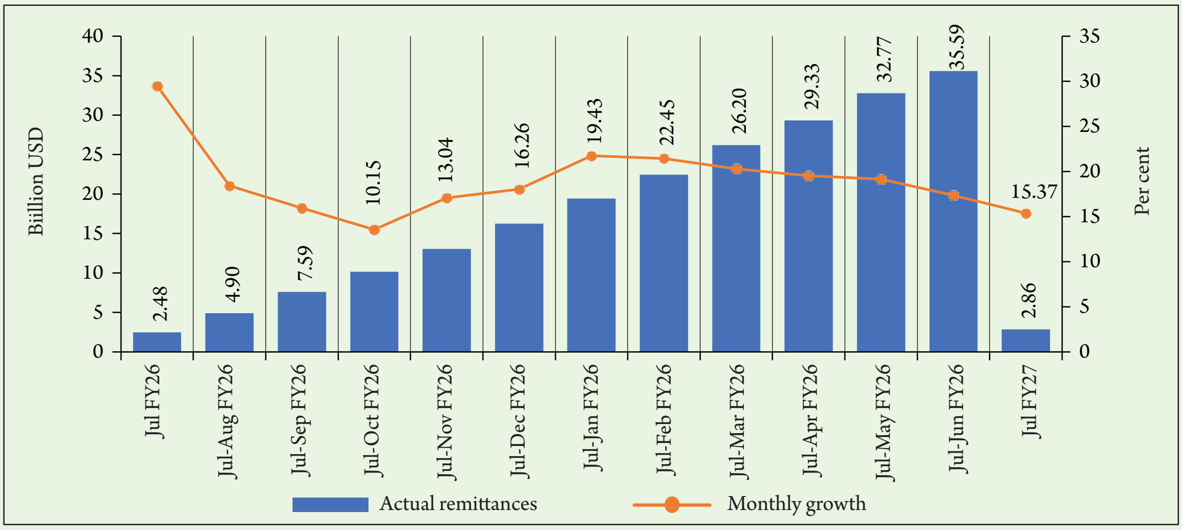
Figure 16: Monthly Foreign Exchange Reserve (as per BPM6)



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.

- Foreign exchange reserves stood at **USD 31.60 billion** in July 2026, reflecting a **27.53 per cent year-on-year growth**, mainly driven by robust remittance inflows.

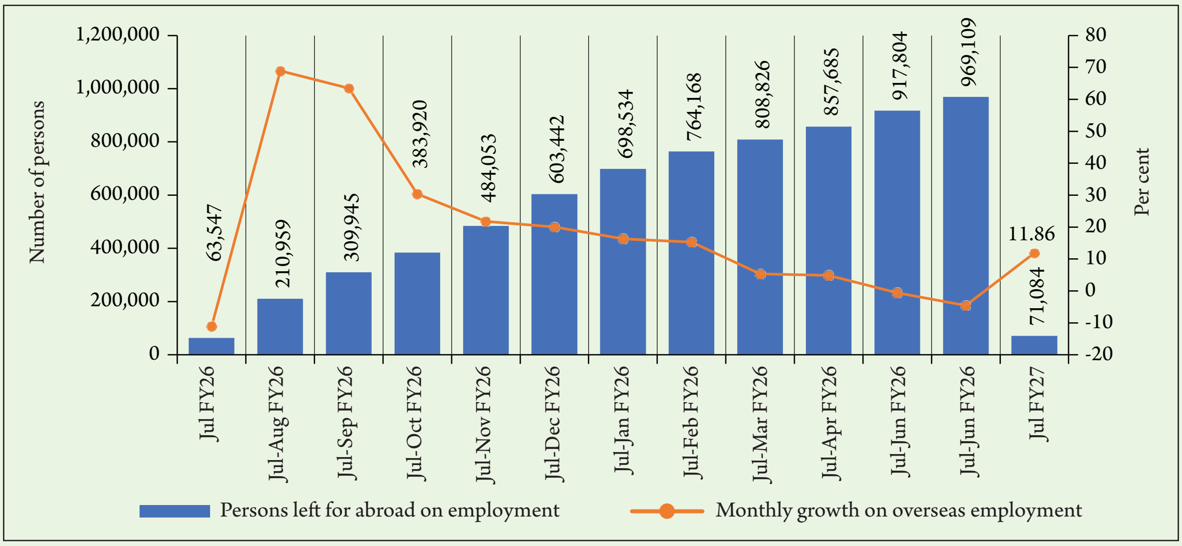
Figure 17: Monthly Data of Wage Earners' Remittance



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 **stood at USD 2.86 billion** in July FY2027, registering a **growth of 15.37 per cent** compared to the corresponding period of the previous year. This robust growth has played an important role in stabilising the balance of payments.

Figure 18: Monthly Growth of Overseas Employment



Source: Author's illustration based on data from Bangladesh Bank (2026b).
Note: Data for growth of overseas employment is presented on the right vertical axis.

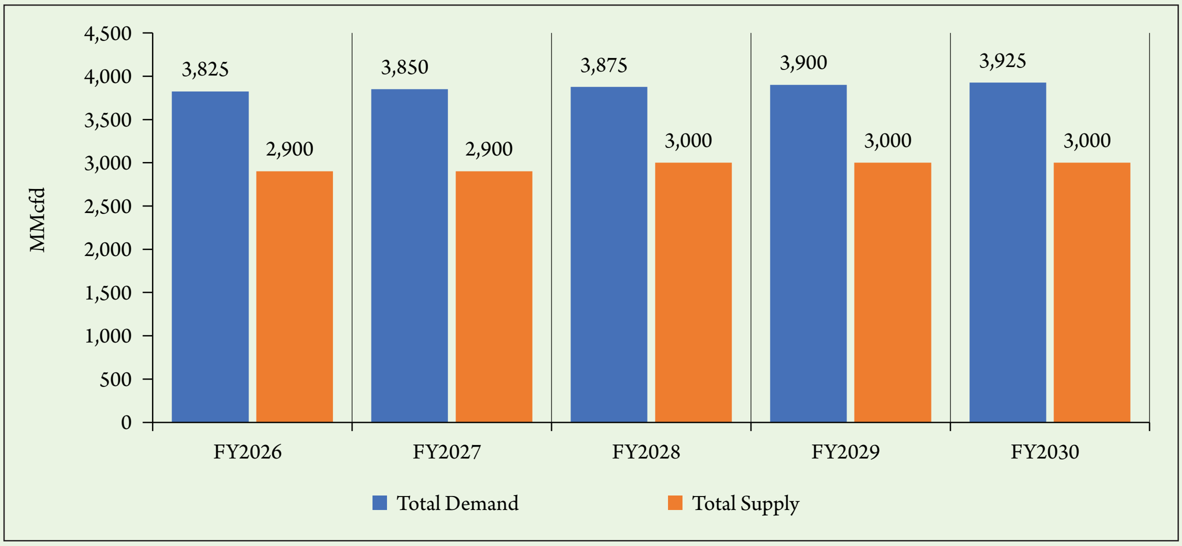
- Overseas employment **increased by 11.86 per cent** in July FY2027 compared to the corresponding period of the previous year. This slowdown may pose challenges to sustaining the growth of remittance inflows in the coming months.

- *An Overview of Bangladesh's Energy Vulnerability*

Bangladesh's energy sector entered FY2027 under growing pressure from a widening gap between gas demand and available supply, high dependence on gas-based electricity generation and a rising petroleum import bill. These trends have direct implications for industrial production, private investment, inflation and the external balance, making energy availability an ever more important constraint on economic recovery.

Petrobangla projects total natural gas demand to increase from **3,825 million cubic feet per day (MMcfd) in FY2026 to 3,850 MMcfd in FY2027** (Figure 19), with demand expected to rise further in the subsequent years. Among the major consuming sectors, the power sector accounts for the largest projected demand in FY2027 at **1,415 MMcfd**, followed by industry at **1,002 MMcfd** and captive power at **755 MMcfd** (Petrobangla, 2026). Together, these three productive sectors account for around **82 per cent of projected gas demand**.

Figure 19: Projected Gas Demand and Supply (FY2026–FY2030) (in MMcfd)

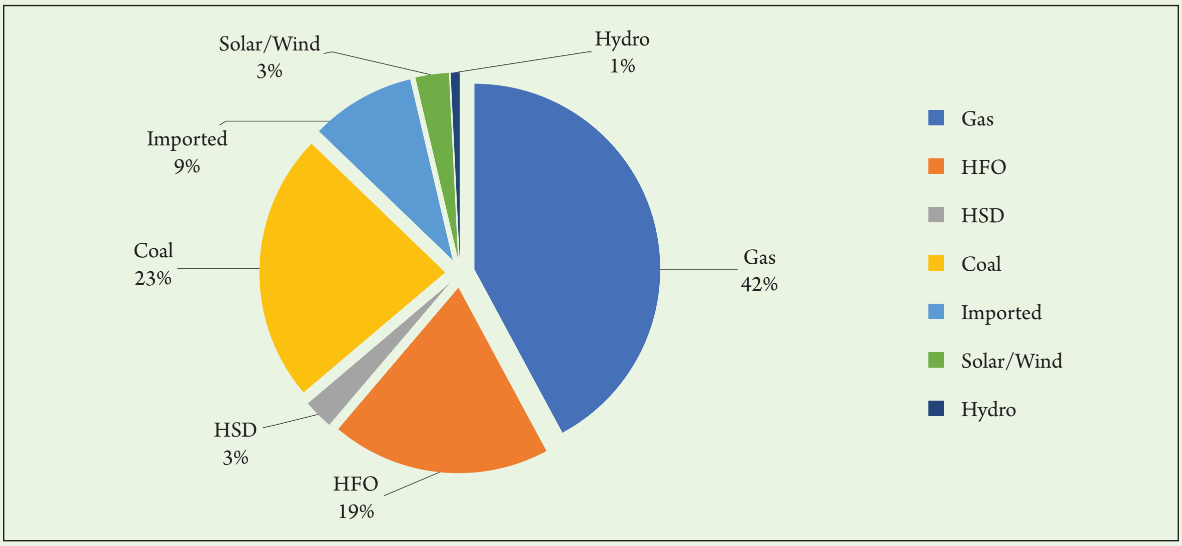


Source: Author's illustration based on data from Petrobangla (2025, 2026).

In comparison, total gas supply, including imported liquefied natural gas (LNG), stood at around **2,650 MMcfd in the first week of July 2026**, at the beginning of FY2027. However, supply fell to around **2,150 MMcfd in the last week of July 2026 after a technical problem, and a fire affected one of the country's only two Floating Storage and Regasification Units (FSRUs)** (Petrobangla, n.d.). With only two FSRUs handling LNG regasification, disruption to one facility significantly reduced the system's LNG-supply capacity and exposed the vulnerability associated with Bangladesh's limited regasification infrastructure. Although Petrobangla's annual demand projections and daily supply figures are not directly comparable, the magnitude of the shortfall illustrates the substantial structural pressure on the country's gas supply system. Persistent shortages could constrain electricity generation and industrial activity, particularly in the energy-intensive manufacturing sector.

In July 2026, the gross installed generation capacity was **29,593 MW**, and among them gas-based plants accounted for approximately **42 per cent**, followed by coal at **23 per cent** and Heavy Fuel Oil (HFO) at **19 per cent**. High-Speed Diesel (HSD) based plants accounted for a further **3 per cent** of capacity (Figure 20). This high dependence on gas-fired generation means that disruptions to domestic gas production or LNG supply can translate directly into constraints on electricity generation, increasing production uncertainty and operating costs for businesses.

Figure 20: Fuel-wise Installed Power Generation Capacity (July 2026) (in per cent)



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

This vulnerability became particularly evident in the last week of July 2026, when the disruption **at one of Bangladesh's two FSRUs** reduced LNG availability and contributed to a sharp decline in gas supply. Gas supplied for power generation fell from around **950 MMcfd in the first week of July to roughly 650 MMcfd in the last week**, significantly constraining gas-based electricity generation (BPDB, n.d.c). At the same time, Bangladesh's dependence on imported petroleum products and LNG leaves the economy exposed to international energy-price volatility and geopolitical disruptions. Taken together, these developments suggest that Bangladesh's energy challenge is not only a matter of energy security, but is increasingly becoming a broader macroeconomic constraint.

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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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