



### Government of the People's Republic of Bangladesh

General Economics Division (GED)

Bangladesh Planning Commission

### **ECONOMIC UPDATE**

#### **Highlights**

- Overall inflation moderates to single digits driven by easing food prices
- · Deposit growth remains robust while credit stagnates
- · Revenue collection lags targets despite year-on-year growth
- Exports show volatility with moderate recovery

#### Inflation continues to ease as food prices stabilize and supply conditions improve

Due to a slow stabilization of domestic supply chains and less pressure from imported commodities, overall inflation in October 2025 decreased to 8.17% from 10.87% in October 2024 (Figure 1a). The primary cause of the moderation was a steep drop in food inflation, which fell from 12.66% in October 2024 to 7.08% in October 2025. On the other hand, non-food inflation increased marginally to 9.13 percent, indicating ongoing pressures on housing, transportation, and healthcare costs.

In the food sector, rice prices, which had been high during the first half of 2025, began to decline. As new Aman harvests started arriving in local markets and domestic stocks increased as a result of imports and public procurement

programs, the average retail prices of rice varieties decreased. Inflation for rice, as a whole, increased from 1.32% in July 2024 to about 16% by the middle of 2025, then decreased to 13.77% in October 2025. Similar trends were seen in medium, fine, and coarse rice: sharp rises through early 2025, then a slight slowdown starting in August as fresh supply hits the market.

#### Rice and fish remain key contributors to food inflation, while vegetable prices help offset upward pressures

In October, rice accounted for 47.01% of total food inflation, slightly lower than its contribution in September. Fish (39.33%) and meat (13.44%) remained the next major contributors, with both categories showing marginal changes from the previous month. By contrast, vegetables contributed -20.57 percent, similar to September, as ample seasonal supply continued to keep prices low (figure 2a).

A disaggregated analysis in figure 2b indicates that in October, the majority of the cereal-driven inflation can be explained by medium rice (19.54%), coarse rice (16.81%), and fine rice (7.20%).

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**NOVEMBER 2025** 1 | Page The leading contributors to protein were hen (5.29%), beef (6.82%), and hilsa (7.98%), reflecting ongoing demand and increased feed and transportation costs. In the meantime, perishable goods like potatoes (-18.31%) and onions (-5.23%) once again made a negative contribution, following their September trend.

### Deposit and credit trends reflect gradual stabilization in October 2025

Bank deposits and credit continued to expand during the third quarter of 2025, reflecting improving liquidity conditions and a gradual recovery in economic activity. Earlier in the year, due to high inflation and elevated borrowing costs, the banking system faced tight liquidity and lower private-sector credit demand. However, recent months show a clear recovery. According to the latest available data, deposit growth continued at almost double digits, enduring the rebound observed since August when deposits grew by 10.02% year-on-year, the highest in 17 months, then slightly down at 9.98% in September. Along with this, the month-on-month (MoM) growth moderated from 1.31% in August to 0.53% in September. following seasonal factors.

Domestic credit growth, particularly privatesector credit growth, declined further in September, falling slightly to 6.29% from 6.35% in August, its lowest level in at least 4 years and well below the central bank's FY26 target of 7.2%. The persistent slowdown reflects the impact of high lending rates, cautious lending practices, and political and economic uncertainty, which have led to lower investment activity.

On the public side, credit growth increased to 24.45% in September as the government continued financing priority expenditures. The decline in government development spending and lower yields on treasury bills and bonds have decreased banks' incentive to expand credit, leading to an overall slowdown in credit growth.

Heavy dependence on government borrowing from commercial banks needs to be reduced with increased efforts to mobilize revenue in the coming months to create space for private sector borrowers.

### Interest rate spread narrows slightly amid gradual financial adjustment

The weighted-average interest rate (WAIR) spread data for 2025 reveals clear patterns different across banking categories. State-owned commercial banks have kept spread relatively steady during the period, with April showing the highest at 5.95%, then falling to around 5.74% by September (Figure 3). In contrast, specialized and development banks have recorded the lowest spreads among all categories, with a notable drop from May's peak of 4.43% to just 3.25% in June and July. Foreign commercial banks consistently had the highest spreads, starting at 8.88% in April, rising to 9.22% in August, then slightly decreasing to 8.98% in September. Private commercial banks have shown remarkable stability, with spreads staying within a narrow range of 5.55% to 5.66% over the six months. Overall, the pattern indicates that while state-owned and private commercial banks have maintained relatively consistent lending margins, foreign banks continue to operate with much higher spreads, and specialized banks appear to work on tighter margins. The high interest spreads are due to NPLs, high operational costs, and market concentration. This. affects in short. investments.

## The revenue collection from the three sources for October 2025 increased slightly

The revenue target for FY 2025–2026 was BDT 499000 crores, and for October, it was BDT 36793 crores. In October 2025, revenue collection from the three sources was BDT 28469 crores, which was BDT 8324.05 crores less than the target for that month.

Revenue at the import and export level decreased by BDT 3688.78 crores; value-added tax (VAT) at the local level decreased by BDT 1979.52 crores; and income tax and travel tax decreased by BDT 2655.75 crores compared to the target for October 2025 of FY 2025–2026.

Overall, NBR's revenue collection in October of FY 2025–2026 showed a negative trend relative to the proposed target for the three revenue sources. The achieved average NBR target is 77.37%, indicating that total revenue collection for October 2025 lagged the proposed target by 22.63%.

Moreover, revenue collection from the three sources in October 2025 of FY 2025–2026 increased slightly compared to October 2024 of FY 2024–2025. Total NBR revenue collection in October 2025 was BDT 28469 crores, compared to BDT 27854.39 crores in October 2024, indicating a positive growth of BDT 614.61 crores. The growth percentage for FY 2024–2025 relative to October 2024 is only 2.2%, which is somewhat pessimistic.

## Total ADP utilization has been low in previous financial years, although FY 2025-26 is slightly better in certain places

There is a notable decrease in budget allocations for FY2025-26, indicating a tightening of fiscal space or a planned reduction in the development budget. Figure 4a shows that this percentage of utilization up to October 25 shows a slight increase (8.33% compared to 7.90% in the previous year), suggesting slow project initiation, fund release, or progress in implementation during the first four months of FY2025-26.

October expenditure decreased from 8,762.87 crore in FY2024-25 to 7,720.07 crore in FY2025-26 (Figure 4b). Despite the decline, the utilization rate as a percentage of the allocation slightly increased this year, from 3.15% to 3.23%.

However, this apparent improvement does not signify stronger performance; instead, it indicates marginally higher utilization efficiency. There was a steady, albeit small, increase in utilization rates in FY2025-26 compared to FY2024-25 across all categories except Own Finance. Total utilization increased slightly from 7.90% to 8.33%, and utilization of GoB and Project Loan/Grant also improved slightly, suggesting a higher absorption efficiency despite the lower allocation in FY2025-26 Nonetheless, (Figure 5). Own Finance utilization decreased to 13.65% from 14.82%, indicating that the implementing agencies may be financially strained or facing bottlenecks in their spending capacity. Overall, the data shows some improved utilization performance in FY2025-26, particularly in GoB and Project Loan/Grant.

### External sector performance shows gradual strengthening amid mixed trade conditions

Bangladesh's external sector displayed gradual strengthening during the review period, driven largely by improvements in foreign exchange reserves and robust remittance inflows. Foreign steadily exchange reserves rose from November 2024 to October 2025, with both gross and BPM6-compliant reserves reaching their highest levels in October. This upward trend reflects improving foreign exchange inflows and prudent reserve management. Remittances also provided strong support, as inflows in FY2024-25 consistently surpassed those of the previous year. Monthly remittances remained elevated throughout the fiscal year, with notable peaks in March, September, and December 2024, as well as May and October 2025—reinforcing their vital role in stabilizing the balance of payments and supporting household consumption.

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In contrast, external trade indicators presented a more volatile picture. Export earnings fluctuated throughout the year, with notable dips in April and June 2025, followed by a moderate recovery toward October. RMG exports broadly mirrored this trend, while non-RMG exports experienced a similar mid-year slowdown before improving later in the period. Import payments also remained unstable, marked by a sharp contraction in June 2025—the lowest level in the series—followed by a strong rebound in July and renewed fluctuations through September 2025. These patterns reflect a combination of global demand shifts, domestic import regulations, and price movements in key commodities.

Overall, despite intermittent pressures from trade dynamics, the steady rise in reserves and the strong performance of remittances contributed to an improving external position as Bangladesh moved into late 2025.

### Foreign exchange reserves show steady growth through October 2025

Bangladesh's foreign exchange reserves exhibited a generally upward trend over the twelve months from November 2024 to October 2025, despite some month-to-month fluctuations. Figure 6 shows that the gross reserves increased from USD 24.35 billion in November 2024 to USD 32.34 billion by October 2025, marking a notable improvement. Reserves measured under the BPM6 standard also strengthened, rising from USD 18.61 billion to USD 27.58 billion over the same period. Significant jumps were observed in June 2025, when gross reserves reached USD 31.72 billion, and again in October 2025, when they reached the year's highest level. The BPM6 reserves followed a similar pattern, peaking at USD 27.58 billion in October 2025. Overall, the data indicate a steady recovery in external buffers, supported by improvements foreign exchange inflows and reserve management.

### Export earnings show volatility but recover moderately by October 2025

Bangladesh's export earnings showed significant month-to-month fluctuations between September 2024 and October 2025, reflecting changes in global demand and sector performance. Earnings increased from USD 3.80 billion in September 2024 to a peak of USD 4.77 billion in July 2025 (Figure 7a), driven by strong shipments in key export categories. However, there were notable declines in April 2025 (USD 3.02 billion) and June 2025 (USD 3.34 billion), indicating temporary setbacks in export momentum. After the July peak, earnings stabilized but remained steady, reaching USD 3.82 billion in October 2025, slightly higher than the dip observed in September 2025. Overall, the data suggest that, although export performance faced periodic challenges, the sector showed signs of gradual recovery toward the end of the period.

## RMG and non-RMG exports show mixed performance with moderate recovery in October 2025

Bangladesh's export composition remained dominated by Ready-Made Garments (RMG), with fluctuating performance between November 2024 and October 2025, RMG exports rose from USD 3.31 billion in November 2024 to peak at USD 3.96 billion in July 2025, before moderating in the following months. A sharp decline in April 2025 (USD 2.39 billion) reflected temporary pressures in global apparel demand. By October 2025, RMG exports recovered moderately to USD 3.02 billion, although still below the mid-year peak (figure 7b).

Other exports followed a similar volatility pattern, ranging between USD 550.14 million in June 2025 and USD 856.98 million in December 2024.

After dipping in the second quarter of 2025, non-RMG exports gradually improved, reaching USD 803.92 million in October 2025. Overall, both categories showed resilience, with early signs of stabilization toward the end of the review period.

## Capital machinery imports show noticeable decline but emerging signs of stabilization in FY26

Capital machinery imports declined sharply year on year in the first quarter of FY26, reflecting subdued investment demand and cautious business sentiment. Figure 9 clearly exhibits that imports fell significantly from USD 455.93 million in July of FY25 to USD 267.1 million in July FY26, with similarly lower levels observed in August and September compared to the previous year. However, despite the overall contraction, the monthly trend within FY26 shows a gradual stabilization, with imports rising slightly from USD 263.9 million in August to USD 265.3 million in September. This modest sequential improvement suggests that, while activity remains investment weak, downward momentum may be easing as firms cautiously resume capital purchases.

### REER appreciation is a cause of concern for international price competitiveness

Viewed from figure 10, the REER-based exchange rate for the Bangladeshi Taka steadily appreciated from September 2024 to October 2025, rising from 120.2 to 130.4. This indicates gradual decline in external competitiveness amid periodic fluctuations. bilateral Meanwhile, the BDT/USD remained relatively stable, fluctuating only between 120 and 122.84 during this period. The increasing gap between the REER and the nominal exchange rate reflects higher domestic price

pressures compared to trading partners. This suggests that, although the nominal rate remained mostly stable, the real exchange rate appreciated due to inflation differences. This divergence highlights the importance of continued domestic inflation control to sustain external competitiveness. Additionally, market intervention through large US dollar purchases undermines the market-based exchange rate policy. If these foreign currency purchases are not properly sterilized, they could also contribute to inflation. A cautionary note is that forex market interventions should not be unidirectional for an extended period, as they might affect overall macroeconomic stability.

# Remittance inflows strengthen further in early FY26, providing robust external support

Remittance inflows showed a strong and sustained increase during the first four months of FY26, consistently surpassing levels from the previous fiscal year providing vital support to the external sector. In July, receipts jumped sharply to USD 2,477.87 million from USD 1,913.77 (Figure 11) million a year earlier, indicating renewed momentum in inflows through formal channels. This positive trend continued into August and peaked in September at USD 2,685.88 million—well above the USD 2,404.11 million recorded in September FY25—reflecting steady overseas employment and policies that facilitated remittance transfers. Although inflows slightly decreased in October to USD 2,563.28 million, they remained significantly higher than the USD 2,395.08 million received in the same month last year. Overall, the data suggest a healthy remittance outlook for FY26, bolstering household incomes and supporting improved balance-of-payments stability.

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#### **Economic outlook**

As Bangladesh heads toward its scheduled general election in February 2026, the economic outlook is cautiously optimistic. On the one hand, growth is expected to rebound: the Asian Development Bank (ADB) forecasts around 5% GDP expansion in FY26, after a slower period, while remittances and exports, especially garment exports, remain key sources of foreign exchange and economic resilience. On the other hand, persistent inflation, weak business confidence, and a fragile banking sector could limit domestic demand and private investment; indeed, many investors and entrepreneurs appear to be "waiting" for political stability before launching new ventures. Moreover, increased election-related spending and potential disruptions associated with political transition may add pressure on inflation and the foreign exchange market — complicating efforts to stabilize prices and attract investment.

If the election delivers a clear political direction and the next government pursues reforms, especially to improve the business environment, stabilize banks, and ensure energy and fiscal stability, Bangladesh could regain momentum.

### Recent workshops/seminars organized by the GED

## Capacity building training on "Demographic shifts: impacts and policy responses"

On 24 November 2025, in collaboration with UNFPA, GED organized the above-mentioned workshop at the Nazia Salma training Conference Hall, Bangladesh **Planning** Commission. The chief guest was Dr. Monzur Hossain, Member (Secretary) of GED. Dr. Md. Mainul Islam, Professor at Dhaka University's Department of Population Sciences; Dr. Shahidul Islam, Chief of Demographic Data & Intelligence at

UNFPA; and Dr. Md. Rabiul Haque of Dhaka University served as resource persons for the training. Officials from different ministries, including GED, attended the training.



All the speakers made insightful presentations on various aspects of population dynamics. including rising (Total Fertility Rate) TFR and its determinants. declining fertility trends. population aging, data consistency and integrity, urbanization pressures, climate-driven displacement, and demographic dividends. The training emphasized critical issues such as constraints affecting Contraceptive Prevalence Rate (CPR) levels due to reduced field-level services, inadequate support for the elderly, particularly in slum areas, vulnerabilities of female migrants, and the need for nationally led demographic estimation. **Priority** recommendations included placing population size and structure at the center of national planning, strengthening youth labor-market participation through improved skill matching, addressing genderage-based and discrimination, integrating caregiving training into skills development programs, and ensuring universal social protection. The Member, GED emphasized the importance of data transparency, zero tolerance for inconsistencies demographic data, and the need for clear, implementable recommendations to guide policymakers in formulating effective responses to demographic transitions.

## Consultation workshop on "Examining the causes of rice price hikes and its impact on food security and macroeconomic stability"

GED organized a workshop on food price hikes at the NEC auditorium on 25 November 2025. Dr. Monzur Hossain, Member (Secretary) of GED, chaired the session. The workshop was organized to get feedback from stakeholders to conduct an in-depth analysis on the persistently increasing rice prices over the past few months. which have been contributing significantly to food inflation buildup and, consequently, headline inflation, despite good harvest and adequate imports. Dr. M. Asaduzzaman, former Research Director of BIDS, made presentation on the keynote paper. Dr. K.A.S. Murshid, former Director General of BIDS, and Professor Jahangir Professor. Alam, Bangladesh Agricultural University, were the designated discussants.



Participants highlighted the drive to investigate issues such as changes in harvesting patterns, the relative prices of non-rice food items, cross-border rice price patterns, and structural issues, as well as to examine the substitution effect with other foods and reassess the current role of cross-border trade. Further priorities included understanding why millers are earning higher returns, reviewing PFDS reserve requirements, and exploring digital tools such as blockchain-based ration cards

and online rice trading platforms to improve transparency and stability. The workshop is a part of GED's effort to develop a policy brief on the topic to guide policymakers in taking necessary remedies.

Policy dialogue on "Urbanization and migration: understanding dynamics and spatial patterns of urban growth in Bangladesh"

On 26 November 2025, the General Economics Division (GED) organized a policy dialogue on Urbanization and migration dynamics. Dr. Monzur Hossain, Member (Secretary) of GED, graced the event as the Chief Guest. One of the objectives of organizing the seminar was to facilitate informed policymaking through discussion of critical issues pertinent to government development planning strategies. In the policy dialogue, Dr. Ahmad Ahsan, Director PRI (also former lead economist of the World Bank), and Dr. Rezaul Roni, Associate Professor, Jahangirnagar University, made their keynote presentations. Mr. M. Mahmud Ali, Director (Additional Secretary), Urban Development Directorate (UDD), attended the seminar as a special guest. The session was chaired by Md. Siddigur Rahman, Joint Chief, GED. The policy dialogue was held at the NEC auditorium of the Planning Commission.

Guests and discussants underscored the need for planned urbanization, decentralization, the provision of basic urban facilities and amenities, job growth, etc. The need for linkages between industrial policy and urbanization, relocation of facilities (health, education, etc.), was also highlighted.

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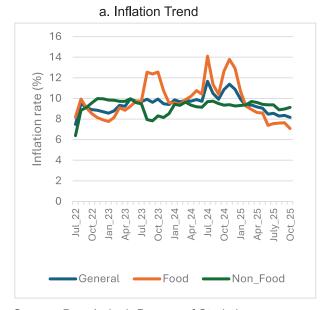
Participants also emphasized micro-level urban management issues, such as female labor force participation and waste management, while stressing the importance of ensuring social, environmental, and economic sustainability through strategic environmental assessments, equitable access to property, and interministerial coordination. The dialogue underscored that institutional capacity building, good governance, and strong political commitment are essential for successful urban development.

**Acknowledgments:** The data used in this report were provided by the Bangladesh Bureau of Statistics (BBS), Export Promotion Bureau (EPB), Bangladesh Bank, and the Finance Division.

## Annex: Tables and Figures

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Figure 1: Inflation trend and change in cpi in the variety of rice till October 2025



Source: Bangladesh Bureau of Statistics

Jul\_24
Aug\_24
Sep\_24
Nov\_24
Dec\_24
Jan\_25
Apr\_25
Mar\_25
Aug\_25
Jun\_25
Jun\_25
Jun\_25
Oct\_25
Sep\_25

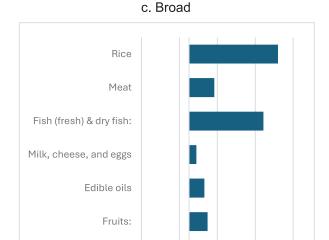
Rice\_MediumRice\_Coarse

Rice

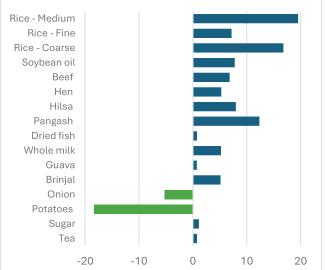
-Rice Fine

b. Change in CPI in the variety of rice

Figure 2: Contribution of food items to food inflation in October 2025



#### d. Disaggregated



Source: Bangladesh Bureau of Statistics

-25

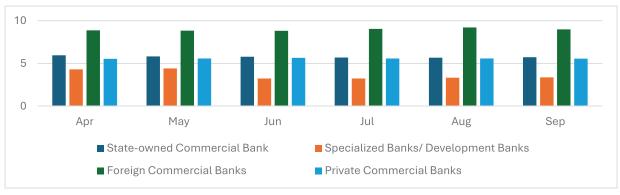
Vegetables

Figure 3: Weighted average interest rate (WAIR) spread

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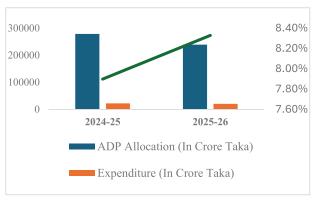
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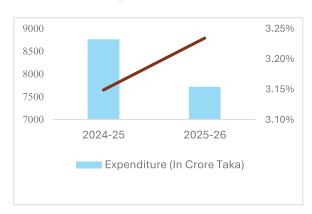
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Source: Bangladesh Bank

Figure 4: Comparative scenarios of ADP utilization for FY 2025-26 and 2024-25 (in crore taka & % of total allocation)

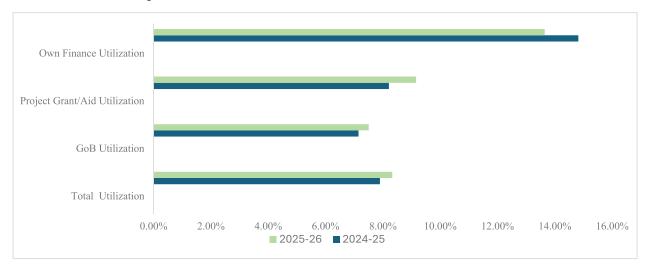




Source: Bangladesh Bank

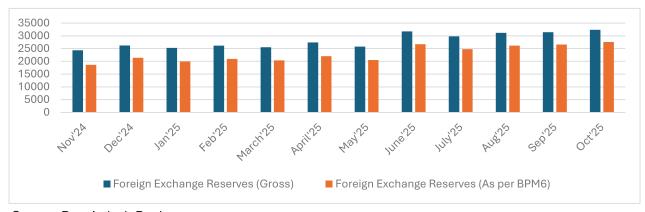
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Figure 5: Comparison of ADP utilization (In Crore Taka) in July 25-October 25 between FY 2024-25 and 2025-26 based on mode of financing



Source: Bangladesh Bank

Figure 6: Monthly foreign exchange reserves (in million USD)



Source: Bangladesh Bank

Figure 7: Export earnings (in million USD)

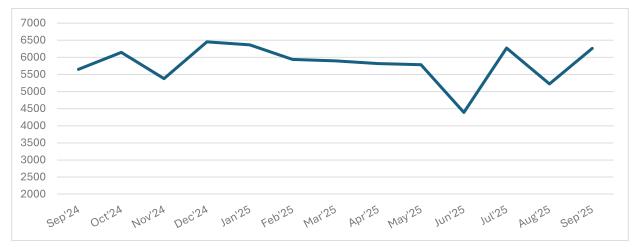


Source: Export Promotion Bureau

b. Contribution of RMG to total export (in million USD)

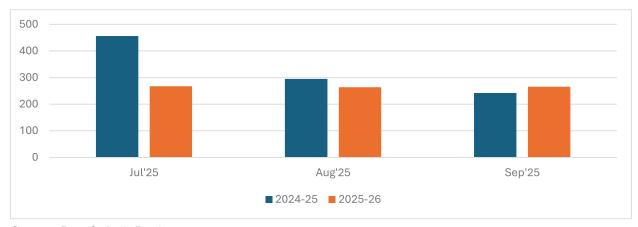


Figure 8: Import payments (in million USD)



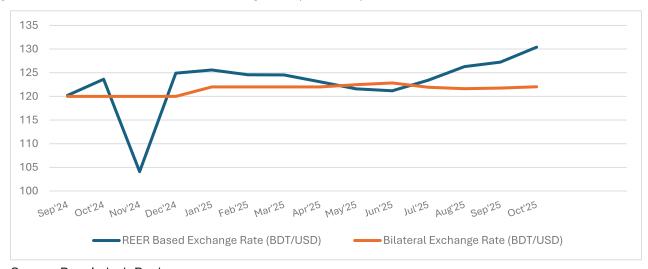
Source: Bangladesh Bank

Figure 9: Capital machinery imports (million USD)



Source: Bangladesh Bank

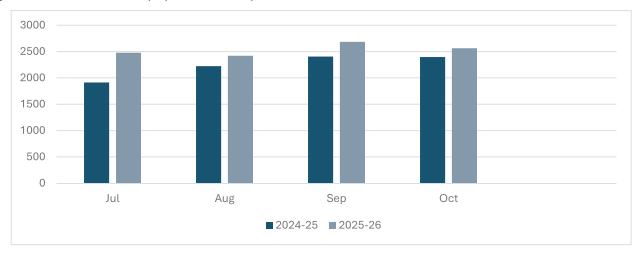
Figure 10: REER based and bilateral exchange rate (BDT/USD)



Source: Bangladesh Bank

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Figure 11: Remittance receipt (in million USD)



Source: Bangladesh Bank