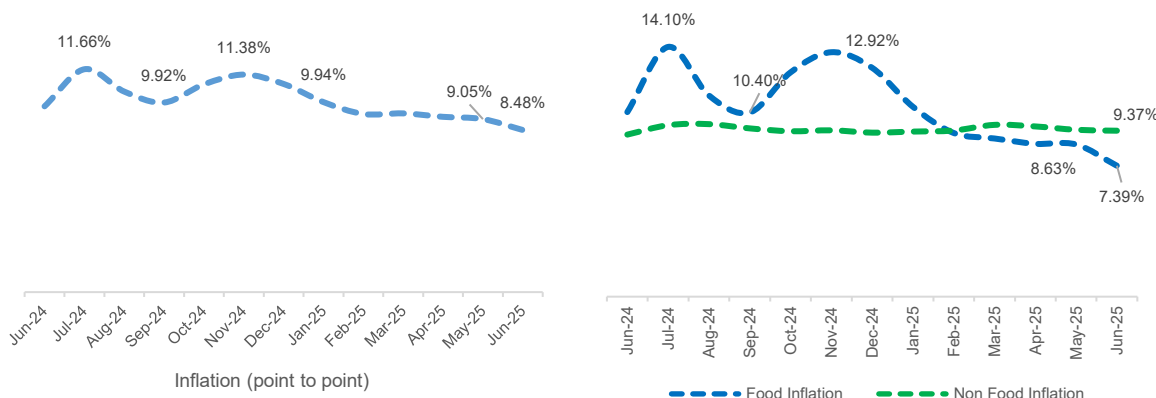


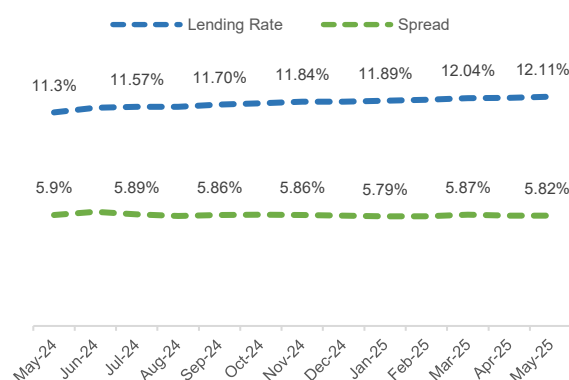
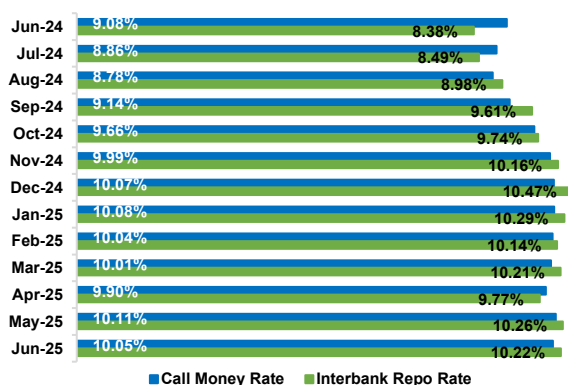
Chapter 01: Easing Inflation Signals Impact of Government Measures and Stable Supply

- ◆ In June 2025, inflation in Bangladesh eased to 8.48%, down from 9.05% in May. This decline was primarily driven by a reduction in both food and non-food inflation. Food inflation fell significantly to 7.39%, from 8.59% in May, while non-food inflation decreased slightly to 9.37% from 9.42%. The continued effects of tight monetary policy under the new central bank leadership, along with stable weather conditions that supported agricultural output, helped bring down inflation. Additionally, the relatively steady exchange rate with the US dollar and improved market monitoring by the government contributed to easing inflationary pressures.

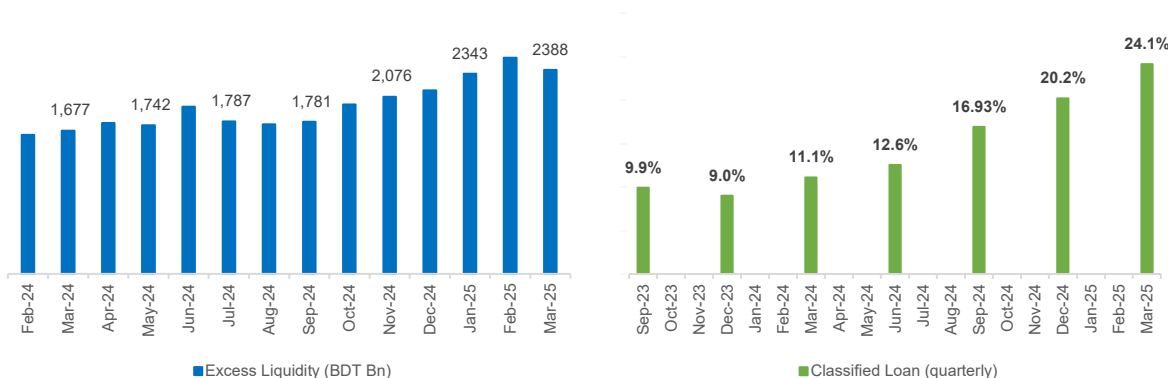


Chapter 02: Interest Rate Movements: Lending, Deposit, and Liquidity Insights

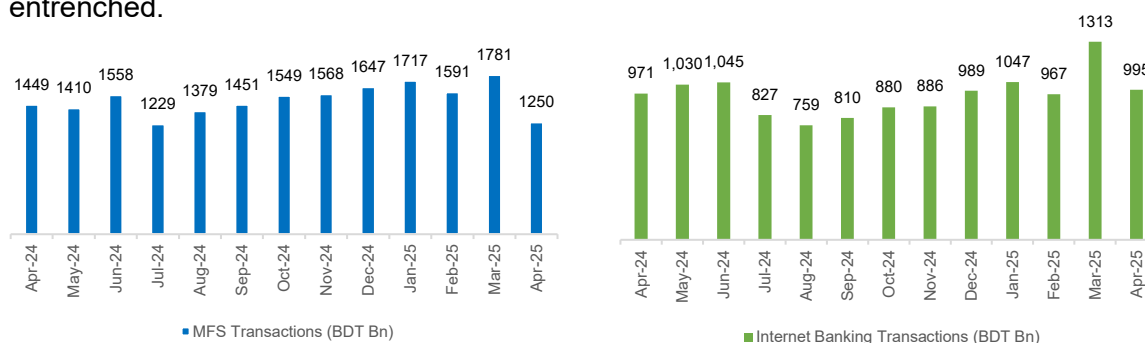
- ◆ In May 2025, Bangladesh's lending rate slightly decreased to 12.11% from 12.05% in April, while the deposit rate increased marginally to 6.29% from 6.23%. This small increase in deposit rates indicates banks' ongoing efforts to attract deposits amid liquidity concerns. The interest rate spread remained unchanged at 5.82%, suggesting that despite the marginal rise in deposit rates, banks' profitability has not been significantly impacted. The stable spread reflects ongoing central bank measures to manage inflation while maintaining liquidity in the banking system.
- ◆ In June 2025, the call money rate slightly decreased to 10.05%, down from 10.11% in May, while the interbank repo rate edged down to 10.22% from 10.26%. These small reductions indicate a slight improvement in liquidity, but the rates remain high, reflecting persistent tightness in the banking system. The central bank's contractionary monetary policy, aimed at controlling inflation and stabilizing the exchange rate, continues to pressure liquidity. The relatively high borrowing costs suggest that banks still face challenges in managing short-term funding needs, despite the marginal decrease in these rates.



- ◆ In March 2025, excess liquidity in Bangladesh's banking sector decreased to BDT 2,388 billion, marking a month-on-month decline of 5.8%. Despite the decrease, the year-on-year growth remained significant at 42.4%, reflecting the continued impact of tight monetary conditions and cautious lending by banks. The central bank's restrictive policies, coupled with subdued private sector credit demand, led to this significant excess liquidity. Moreover, global economic uncertainty and a lack of investor confidence persisted, contributing to lower credit growth and less new business activity.
- ◆ As of March 2025, Bangladesh's classified loans rose to a record BDT 4.20 trillion, or 24.13% of total loans, up from 20.2% in December. The spike followed stricter internationally aligned loan classification guidelines and the forced recognition of previously hidden defaults following regime change. Over 81% of these loans are deemed bad, requiring full provisioning, which is straining bank liquidity and profitability. State-owned banks were most affected, with NPL ratios nearing 46%. Experts attribute the crisis to years of political influence, poor governance, and weak risk management, urging crucial reforms, judicial efficiency, and the creation of a debt recovery agency to stabilise the sector.

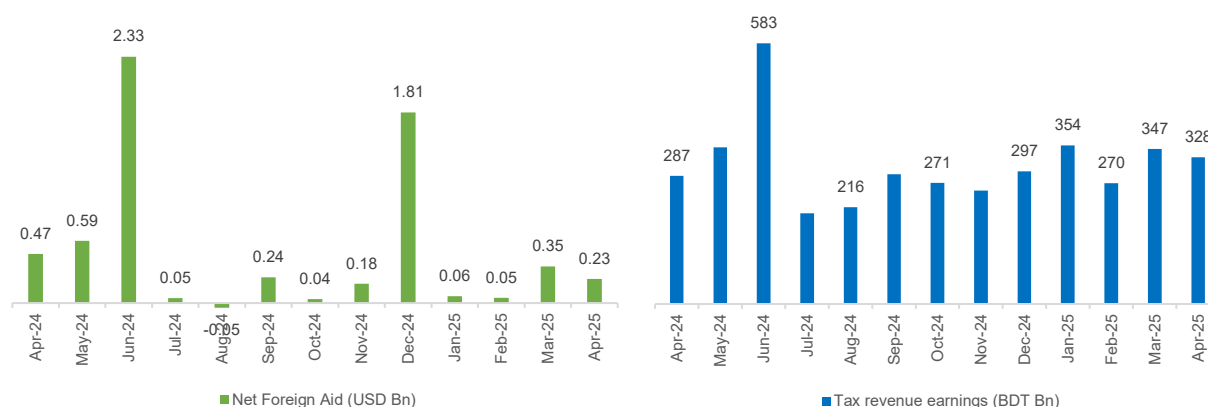


- ◆ In April 2025, MFS transactions in Bangladesh totalled BDT 1,250 billion, showing a sharp year-on-year decline of 13.7%, the first contraction in recent months. This drop suggests a moderation after robust growth throughout 2023 and early 2024. The slowdown may reflect seasonal adjustment after the peak transaction months of Eid.
- ◆ In April 2025, internet banking transactions totalled BDT 995 billion, showing a modest 2.4% year-on-year growth. This indicates that digital transaction volumes are stabilizing after a period of significant expansion in 2023 and early 2024. While growth momentum has softened, the sustained high transaction base highlights that digital banking is firmly entrenched.



Chapter 03: Fiscal Challenges Persist Amid Missed Revenue Targets, Increased Loan Repayment Burden, and declining disbursement and commitments

- ◆ In April 2025, Bangladesh’s net foreign aid stood at USD 0.23 billion, decreasing slightly from March’s USD 0.35 billion. Although the monthly inflow shows some consistency compared to earlier volatility, the year-on-year growth plunged again to -51.2%. It indicates persistent weakness in net aid flows. The sharp decline reflects the combined impact of sluggish project execution, reduced new commitments from development partners, and record-high debt repayments as grace periods expire. While core multilateral partners remain engaged, disbursement delays and tighter fiscal expenditure reviews constrain net inflows, keeping the external financing outlook under pressure.
- ◆ In April 2025, the National Board of Revenue (NBR) collected BDT 328 billion in tax revenue, achieving 14.4% year-on-year growth but still falling short of the revised monthly target by 10.39%. This gap highlights persistent collection challenges despite steady growth in headline numbers. Administrative disruptions, weaker business sentiment, and cautious investment continue to limit revenue potential. The cumulative shortfall has widened further, deepening reliance on domestic borrowing amid economic uncertainty and structural reforms.



Chapter 04: Challenges and Opportunities in Bangladesh’s Trade and Financial Outlook

Particulars	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	June-25
Export growth YoY	20.65%	15.63%	17.72%	5.70%	2.77%	9.89%	0.86%	11.45%	-3.61%
Import growth YoY	1.51%	-9.54%	30.09%	2.20%	12.83%	15.30%	-3.17%		
Remittance (USD Bn)	2.40	2.20	2.64	2.19	2.53	3.30	2.75	2.97	2.82
Forex Reserve (USD Bn)	25.49	24.35	26.21	25.31	26.18	25.51	27.41	25.80	30.51
Forex Reserve - BPM6 (USD Bn)	19.83	18.61	21.42	19.96	20.95	20.39	22.02	20.57	25.51

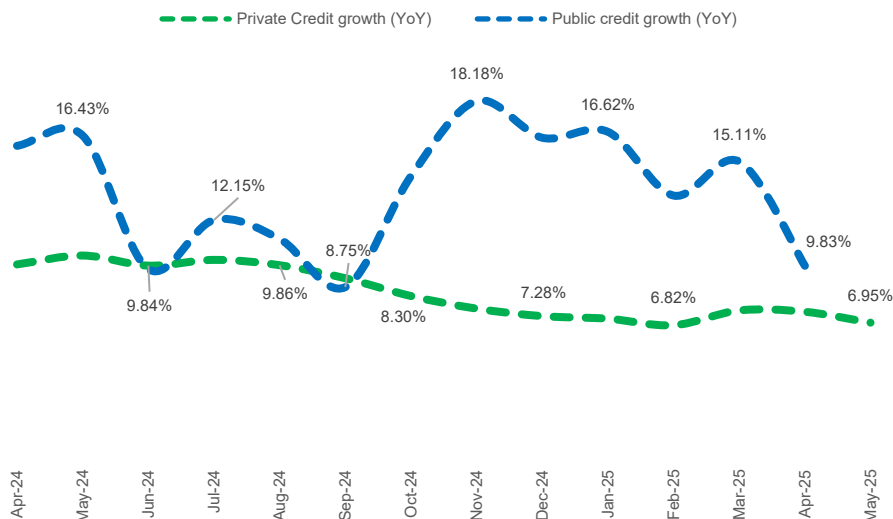
- In June 2025, Bangladesh’s exports declined by 3.61% year-on-year, the only drop in FY25, despite overall export growth of 8.55%. This decline was attributed to reduced orders from global buyers, US tariff uncertainties, and domestic gas shortages, coupled with an extended Eid holiday break. While key sectors like RMG, leather, and footwear showed growth, rising production costs, including raw materials and energy, eroded profit margins. Exporters expressed concerns over future performance, citing potential order

reductions from top global brands and ongoing domestic energy issues, which may impact growth prospects in the coming months.

- ◆ In April 2025, Bangladesh's imports stood at USD 5.49 billion, marking a 3.17% year-on-year decline and a 1.35% drop compared to March. This contraction signals a cautious business environment, influenced by persistently high inflation, tight monetary policy, and limited foreign exchange availability. Although import controls had recently been eased, overall demand remained subdued due to elevated costs and uncertain global conditions. The decline was particularly notable in non-essential and capital goods, while essential imports remained stable. The continued moderation in import growth reflects efforts to protect foreign exchange reserves and maintain macroeconomic stability amid ongoing external pressures.
- ◆ In June 2025, Bangladesh received USD 2.82 billion in remittances, marking an 11% month-on-month increase from USD 2.54 billion in June 2024. This amount represents the third-highest monthly inflow in the country's history. The continued rise in remittances was primarily driven by the government's policy shifts, including the market-based exchange rate system and close monitoring of informal remittance channels. The depreciation of the local currency against the US dollar, following the adoption of a market-centric exchange regime, further incentivized remitters to channel funds through formal channels.
- ◆ In June 2025, Bangladesh's foreign exchange reserves rose to USD 30.51 billion, reflecting a 13.78% year-on-year growth from USD 25.80 billion in June 2024. Under the IMF's BPM6 method, reserves stood at USD 25.51 billion, slightly up from USD 25.50 billion in May 2025. This increase was largely driven by a record remittance inflow of USD 2.82 billion for the month, which bolstered the reserves. The rise was also supported by funding from multilateral lenders. Despite the positive growth, challenges remain due to ongoing import payments and external debt servicing pressures.

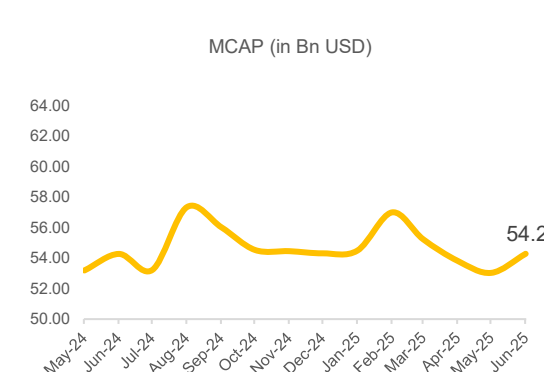
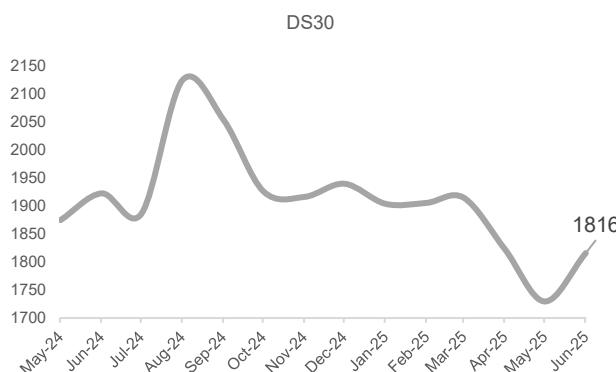
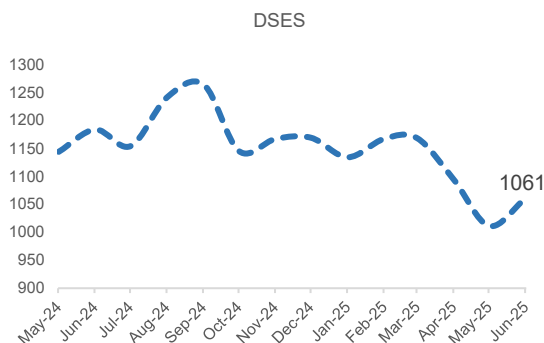
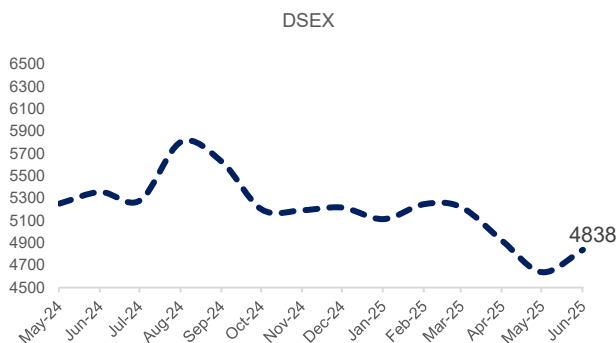
Chapter 05: Private Credit Growth Slows to 6.95%

- ◆ In May 2025, private sector credit growth in Bangladesh stood at 6.95%, well below the central bank's target of 9.8%. This follows a 7.50% growth in April, marking the lowest growth rate in 21 years. The slowdown was primarily attributed to ongoing political instability, which has dampened business confidence, and a banking sector facing significant liquidity challenges. The rise in non-performing loans (NPLs), now around 25% of outstanding loans, has further strained banks' ability to lend. Despite some optimism due to fiscal policy measures and improved law and order, the political environment and rising defaults continue to hinder credit expansion.
- ◆ In April 2025, Bangladesh's public sector credit growth decreased to 9.83%, down from 15.11% in March. This decline was driven by several factors. Rising treasury bill rates, which reached 12%, made borrowing more expensive for the government, leading to reduced borrowing. Liquidity constraints in the banking sector, exacerbated by increasing non-performing loans (NPLs), further limited credit availability. Political instability and uncertainty around fiscal policies contributed to a more cautious approach in borrowing.

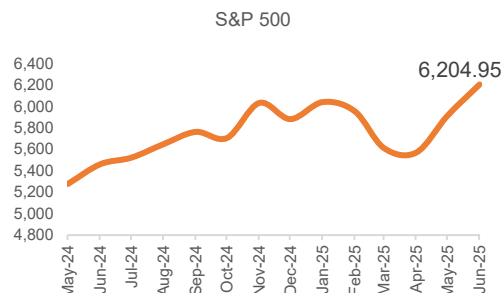
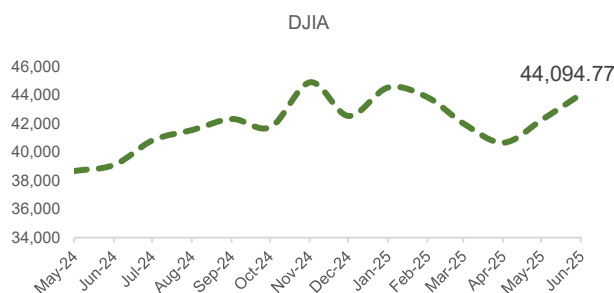


Chapter 06: Stocks Edge Up on IMF Tranche, Eased Tensions

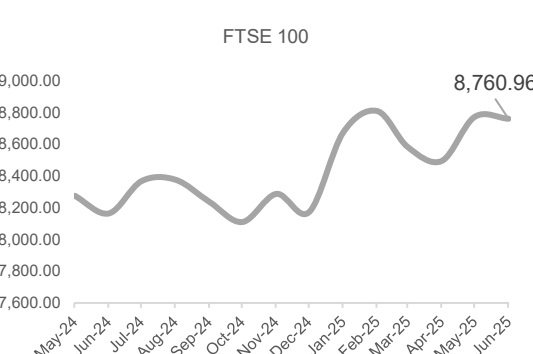
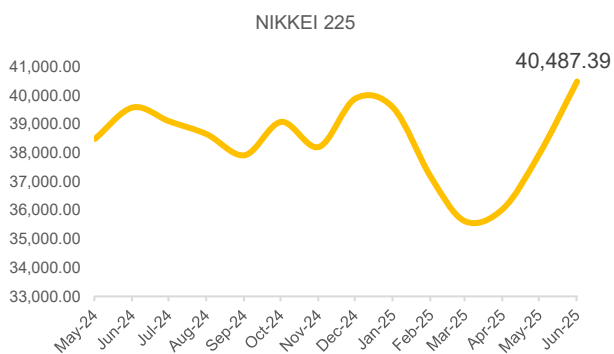
- ◆ The DSEX edged up to 4,838 in June from 4,638 in May, reflecting a moderate recovery driven by fiscal year-end portfolio adjustments and tax rebate considerations. Improved investor sentiment came from easing geopolitical tensions, less national political noise, the finalisation of an IMF loan tranche, stable foreign exchange rate and selective gains in banking and large-cap stocks. Overall market turnover remained moderate and cautious profit-booking was visible. Leadership changes at the DSE and sweetener for the listed companies have added extra edge in the market.



- ◆ U.S. equities maintained solid upward momentum through June. The Dow Jones Industrial Average increased from 42,270.07 in May to 44,094.77, while the S&P 500 rose from 5,911.69 to 6,204.95. Gains were driven by optimism around trade deals, steady economic data, and expectations of a rate cut by the Federal Reserve. Strong corporate results, especially from the tech and consumer sectors, further boosted sentiment. However, global trade tensions and inflation trends need close monitoring.

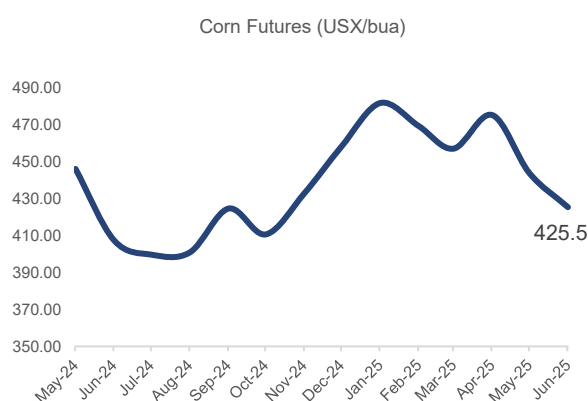
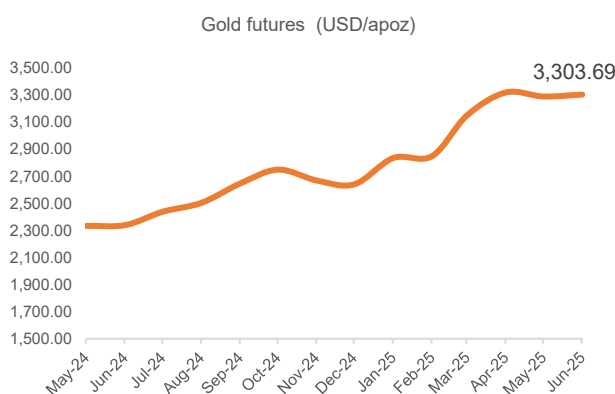
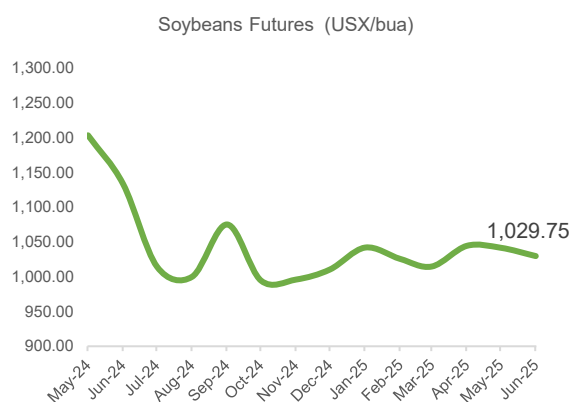
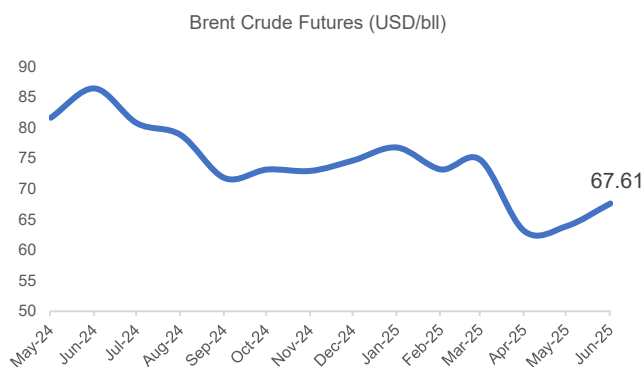


- ◆ The FTSE 100 slipped slightly from 8,772.38 in May to 8,760.96 in June, reflecting cautious investor sentiment. While the U.K. economy showed modest Q1 growth and the U.S.-U.K. trade deal supported defense stocks, concerns remain over retail sector challenges and regulatory probes like Boeing–Spirit. A stronger pound also adds pressure on exporters.
- ◆ The Nikkei 225 rose strongly from 37,965.10 in May to 40,487.39 in June, supported by global trade optimism and robust tech performance, with Samsung and regional peers driving sentiment. However, gains were capped late in the month after President Trump warned of possible new tariffs on Japan, especially over agricultural imports.



- ◆ Oil prices climbed from \$63.90 to \$67.61 per barrel in a month, driven by solid summer demand, falling U.S. inventories, and renewed geopolitical risks from Iran’s nuclear stance. However, rising OPEC+ supply and unexpected U.S. stock builds could restrict further gains.
- ◆ Gold edged up from \$3,289.40 to \$3,303.69 per troy ounce last month as it is considered a safe-haven demand amid geopolitical tensions, trade uncertainty, and a weaker dollar. However, with the dollar oversold, the upcoming tariff uncertainty has contributed to the rise of gold demand in the market.

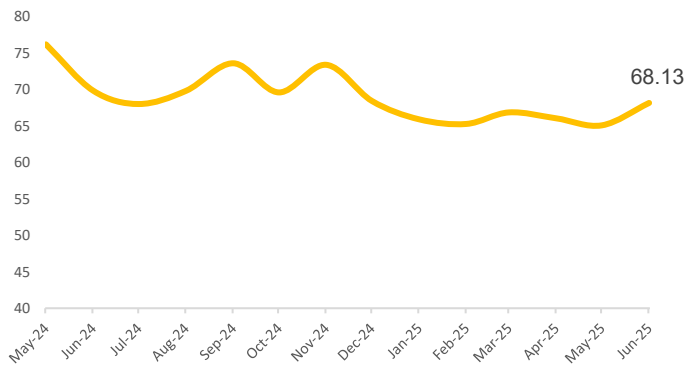
- ◆ Wheat edged up from 534 to 538.25 US cents per bushel as short-covering and weather risks lifted prices despite strong global supply forecasts. Slow U.S. harvest progress and increased global demand added support. However, ample Russian output and solid global stocks may keep further rallies capped unless weather turns more disruptive.
- ◆ Cotton rose from \$65.06 to \$68.13 in June, lifted by a weaker dollar and strong export bookings. However, high speculator net shorts and steady U.S. planting progress keep the market rangebound. Without stronger demand or weather disruptions, cotton prices are likely to stay capped near recent highs.
- ◆ Rice futures slipped from \$13.50 to \$13.33 per hundredweight in June, hitting a one-month low as record harvests in India and strong U.S. production boosted global supply. Weak demand from China and lower Asian export prices are weighing on sentiment, keeping rice prices under pressure in the near term.
- ◆ Soybean futures edged down from 1,041.75 cents in May to 1,029.75 cents per bushel in June, pressured by abundant global supply. Despite USDA flash sales of 119,746 tons to Mexico, weak demand and high stocks limit the price.
- ◆ Corn futures slipped from 444 cents in May to 425.5 cents per bushel in June as USDA reports showed slightly lower-than-expected acreage but ample stocks and strong Brazilian output. Weak export inspections and seasonal harvest pressure continue to cap gains, keeping prices soft ahead.



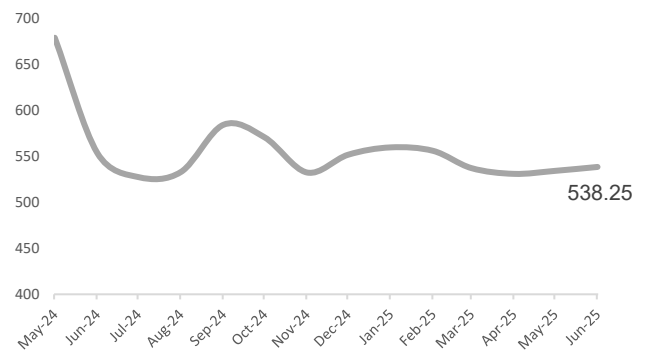
Monthly Macro Note



Cotton Futures (US\$/lb)



Wheat Futures (US\$/bu)



Rough Rice Futures (USD/cwt)

