

# MONTHLY BUSINESS REVIEW

## Remittances Surge, Exports Dip

### Remittance

- » Feb inflow: **\$3.02b** (+19.4% YoY)
- » Highest Feb remittance in at least seven years
- » Boost driven by Eid-ul-Fitr festival transfers
- » Total (July-Feb): **\$22.45b** (+21.4% YoY)

### Reserves

- » Gross reserves (Feb 26): **\$35.11b** (up from \$26.26b)
- » IMF BPM6 reserves: **\$30.36b** (up from \$21.08b)

### Exports

- » Feb exports: **\$3.49b** (-12% YoY, due to garment slowdown)
- » July-Feb exports: **\$31.90b** (-3.15%)
- » Readymade garments: **\$25.79b** (-3.73%)



## CENTRAL BANK LEADERSHIP SHAKE-UP

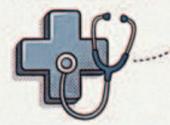
- » Govt abruptly removed Ahsan H Mansur as Bangladesh Bank governor on Feb 25, ending his tenure due until 2028
- » Finance minister said the move aligns institutions with the new govt's vision and priorities
- » Within hours, Md Mostaqur Rahman, a corporate accountant and garment exporter, was appointed as the new governor



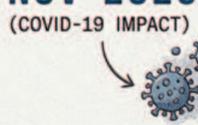
## REQUEST TO DEFER LDC GRADUATION BY THREE YEARS

### TIMELINE

ORIGINALLY SET: **NOV 2024**



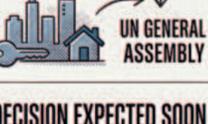
EXTENDED ONCE TO **NOV 2026**



CURRENT REQUEST: **DEFERMENT TO NOV**

**2029**

UNDER REVIEW BY **UN CDP → ECOSOC**



UN GENERAL ASSEMBLY

DECISION EXPECTED SOON

### Why deferment

- » **Global shocks:** pandemic aftermath, war, supply disruptions, geopolitical instability
- » **Domestic pressures:** political transition, financial stress, Rohingya burden
- » **Economic challenges:** slower growth, high inflation, weak investment, forex pressure, limited job creation

### Why it matters

- » **Potential export risk:** about **14%** (\$8b annually)
- » Nearly **\$1b** in yearly incentives at risk
- » Risk of losing preferential access, especially for EU garment exports
- » Extension would support macroeconomic stability, smooth transition planning

## Bangladesh to Review US Reciprocal Deal

### Why review

- » US Supreme Court struck down many Trump-era tariffs on Feb 20
- » Deal raises concerns over Bangladesh's policy flexibility, economic freedom
- » US president proposed an additional 10% tariff on all countries

### Deal background

- » Signed Feb 9 under the American Reciprocal Trade framework
- » Includes an exit clause unique for Bangladesh
- » Original tariff reduced from 37% → 20% → 19%
- » Govt to review before finalising

### Tariff situation

- » Reciprocal tariff reduced from 20% → 19%
- » Effective tariff: 19% + 16.5% = 35.5%
- » With proposed adjustment, total could fall to 26.5%

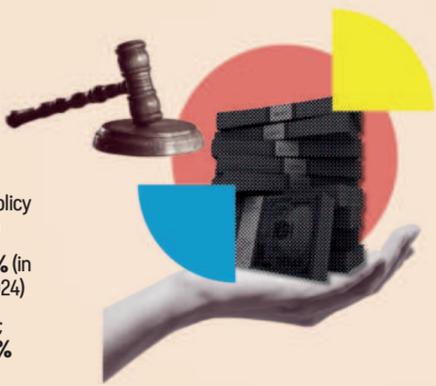


## Tight Monetary Policy Continues

- » **Policy stance:** Tight policy to remain during Jan-Jun
- » **Policy rate:** Held at **10%** (in double digits since Oct 2024)
- » **Inflation:** **8.58%** (Jan); 12-month average **8.66%** -- above **7%** target

### Liquidity & credit trends

- » **SDF rate:** Cut by 50bps to **7.5%** to support private lending
- » **Private credit:** **6.1%** (Dec 2025); projected **8.5%** by Jun 2026
- » **Public credit:** **28.9%** (Dec); projected **21.6%** in H2 FY26
- » **Govt borrowing target:** Tk **1,18,000cr** -- adding pressure on rates



## FIRST-EVER EPA WITH JAPAN

- » First full trade deal with a developed country, signed Feb 6
- » Japan's first EPA with an LDC

## MARKET ACCESS & TARIFFS

- » **100%** duty-free access for about **7,379** Bangladeshi products
- » Immediate duty-free access to **97%** of Bangladesh's export basket
- » Bangladesh grants duty-free access to **1,039** Japanese products
- » Full reciprocity not required -- giving Bangladesh policy space
- » Japanese automobiles excluded to encourage local investment

