

**H2FY  
23-24**

Decoding the Current State and Unveiling the Latest Strategies in Monetary  
Policy for Fiscal Stability

Highlights of  
**Monetary Policy Statement**  
January-June 2024



Research Team

# Key Highlights

The Bangladesh bank has announced the contractionary policy for January-June of FY24, stance tightening the money supply to tame inflation

1

Policy Rate or Repo Rate

From 7.75% to **8%**

Standing Deposit Facility (SDF) Rate or  
Reverse Repo Rate

From 5.75% to **6.50%**

2

Implementation of a  
“**Crawling Peg**”

System, which would be linked to a carefully selected basket of currencies and operate within a predefined exchange rate corridor

Currently, only **03** countries -- Botswana, Honduras, and Nicaragua use a crawling peg (according to IMF)



3

Bangladesh Bank has revised down the economic growth projection

GDP growth target

From 7.5% to **6.5%** for FY24

Also

Inflation target

From 6% to **7.5%** for FY24

4

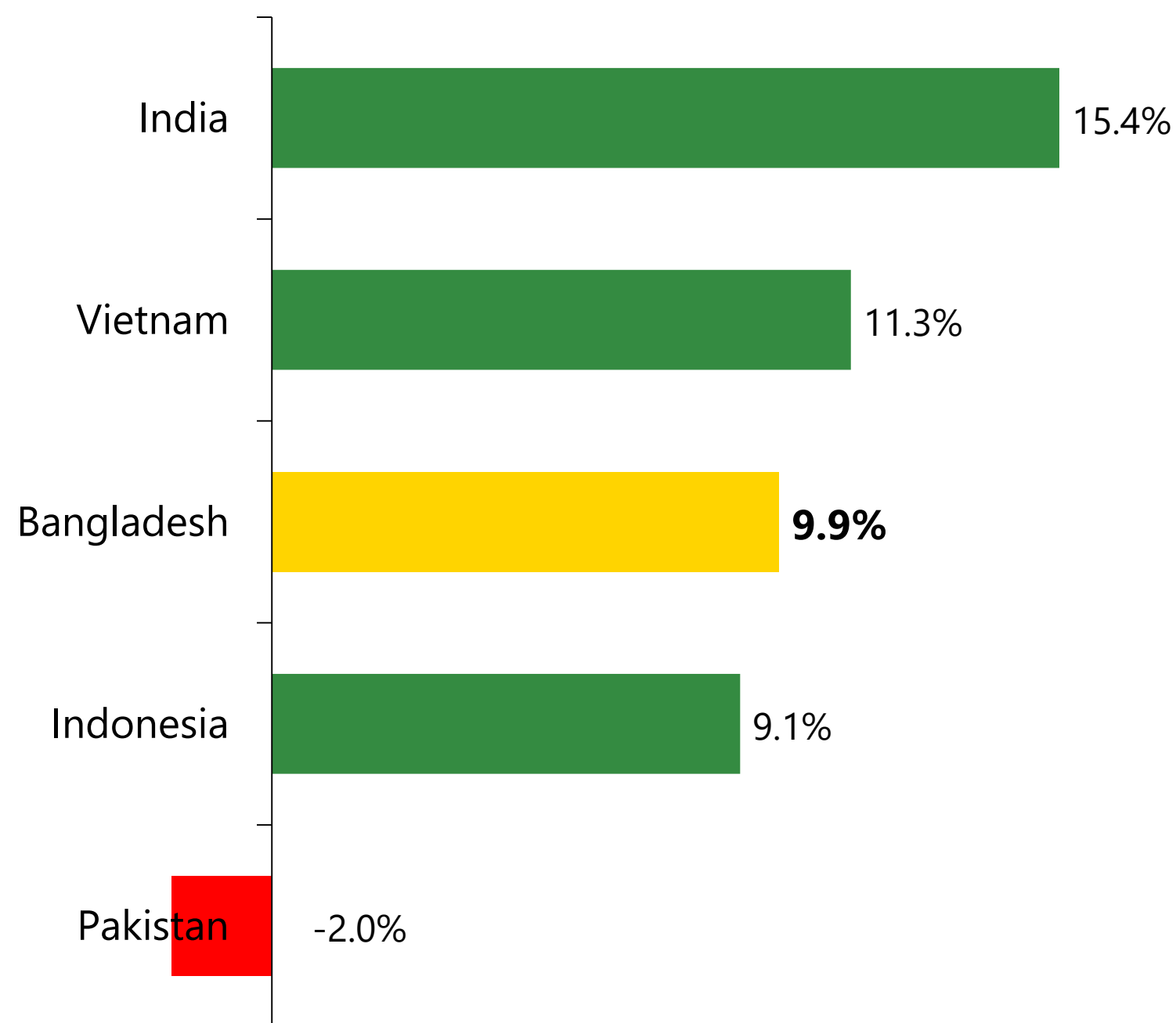
Private sector credit growth

from 11% to **10%**

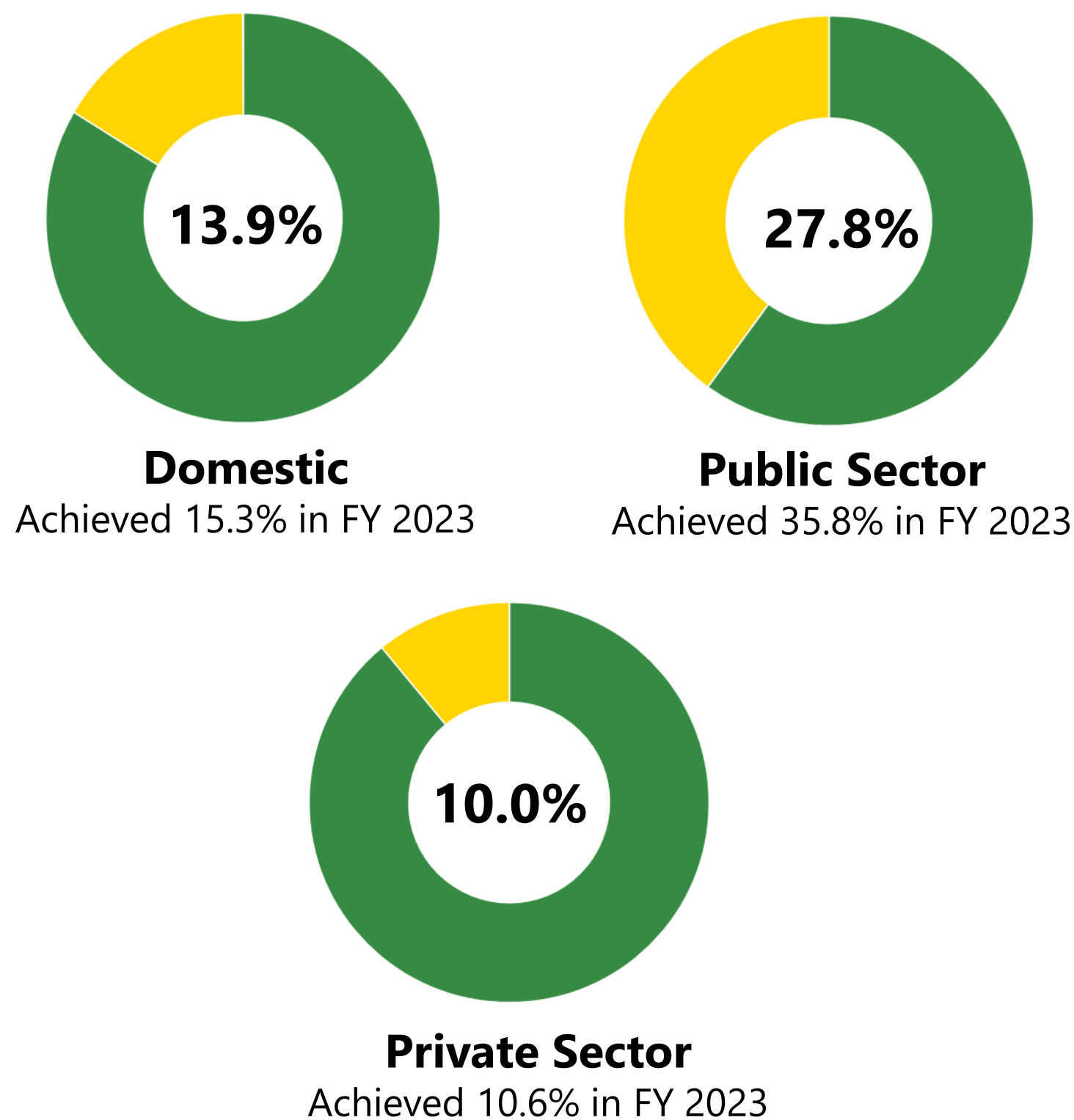
To lower demand in an economy that has been witnessing higher inflation for the past 02 years

# Monetary Policy Spotlight

**Cross-Country Comparison of Private Sector Credit Growth**



**Credit Growth Target**



# Analyst Remarks

In response to the intricate economic landscape, Bangladesh Bank's monetary policy for the latter half of FY23-24 takes a balanced approach. By tightening monetary controls to manage inflation and ensuring liquidity for growth sectors, the policy sets a proactive and well-calculated tone. Moreover, the proposed adjustments in policy rates and contemplation of a crawling peg exchange rate system demonstrate a commitment to stability, fostering confidence in steering Bangladesh's economy on a positive trajectory.

By focusing on robust governance practices and targeted resolution strategies for non-performing loans, the monetary policy not only aims to mitigate immediate challenges but also underscores a holistic approach towards fostering sustainable economic growth. Together, these measures signal Bangladesh Bank's dedication to steering the country's economy in a positive direction amid evolving domestic and global economic conditions.

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# GDC RESEARCH

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