

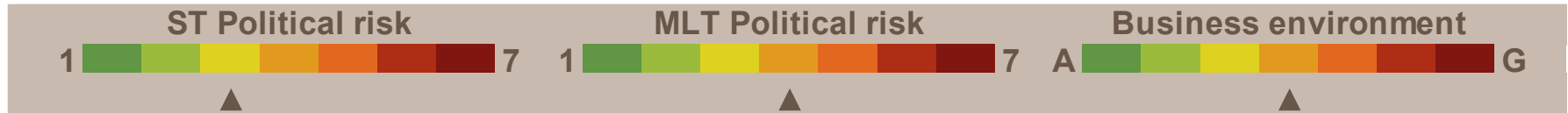
A decorative graphic on the left side of the slide, consisting of a grid of white dashes arranged in a pattern that resembles a stylized 'C' or a series of connected lines.

Country risks in Bangladesh

FIT webinar

Raphaël Cecchi

14 December 2022



> ST political risk: **upcoming downgrade**

– **Fallout of war in Ukraine:**

- Net fuel importer harmed by high energy prices and shortages
- Falling FX reserves due to widening trade deficit and weaker remittances
- Sharp cut in fuel subsidies

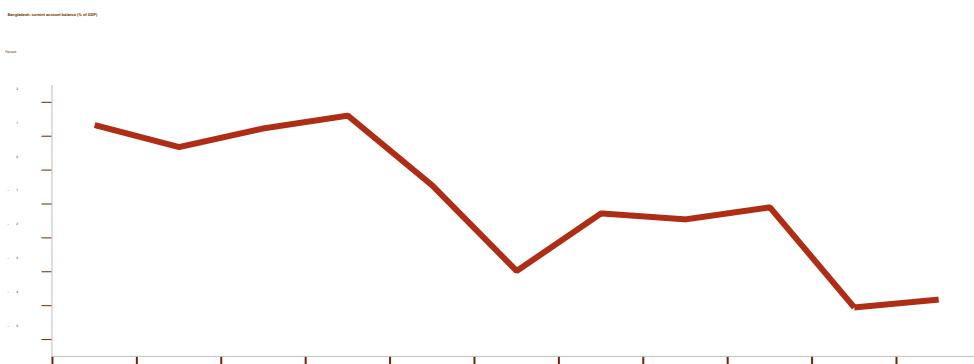
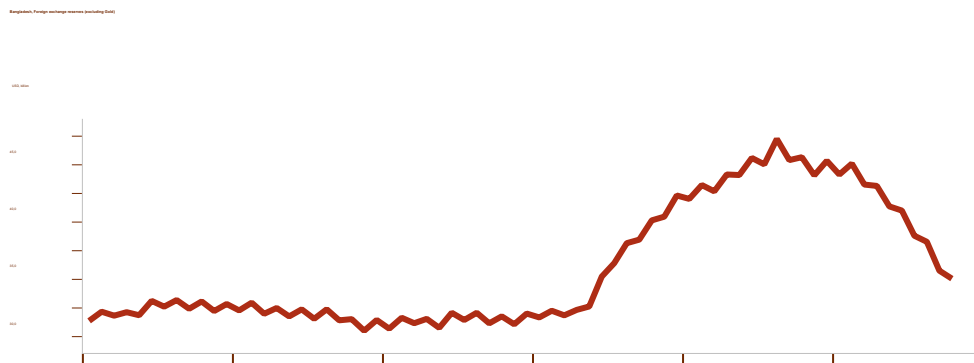
- **IMF support** granted (42-month progr.): economic stability and climate resilience





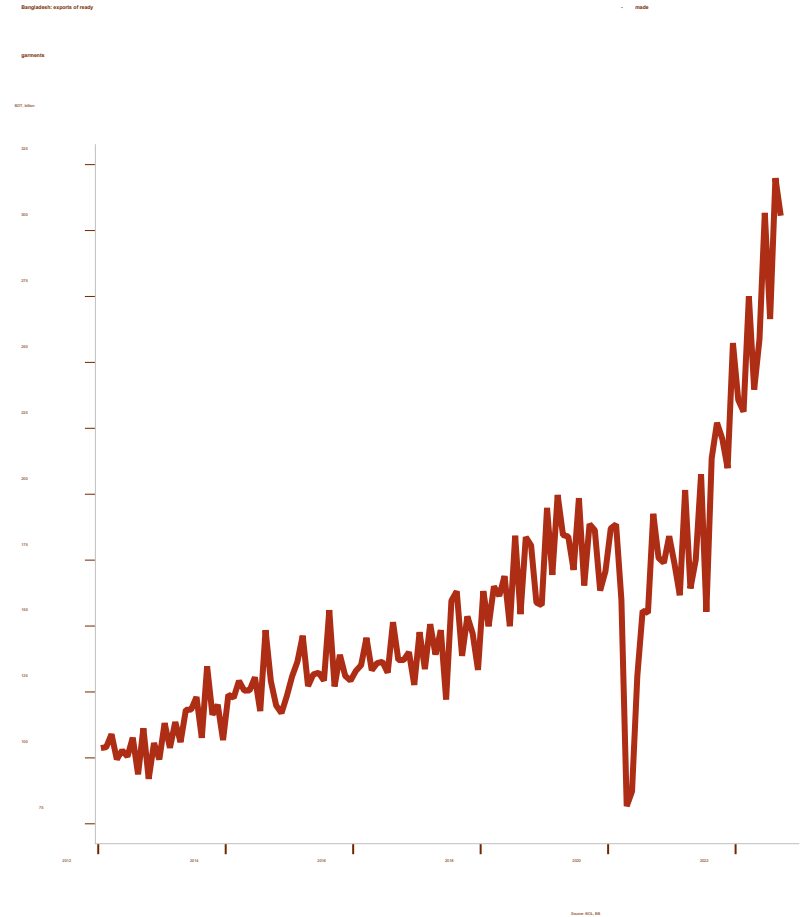
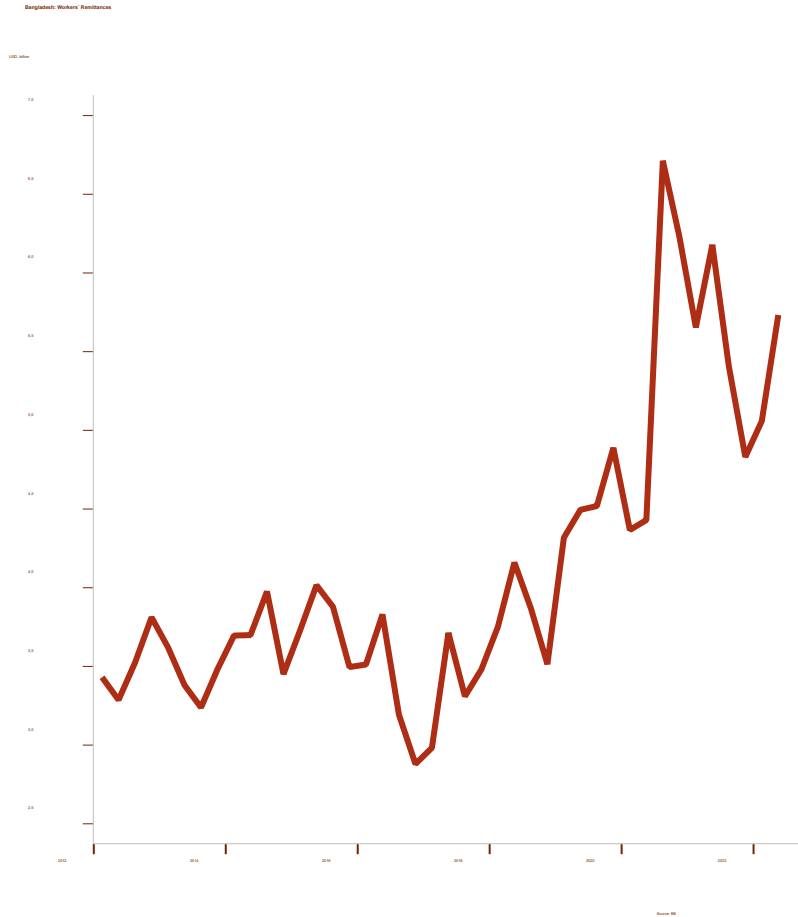
> FX reserves: **negative trend**

- Back to pre-Covid levels
- Low external debt service
- However, imports have soared and widened the current account deficit
- Lowest import cover since '13 (4 months)
- Measures to save FX reserves could be strengthened
- Export and remittances under pressure

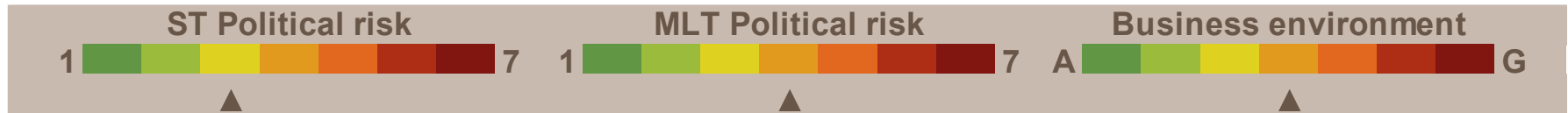


NEGATIVE OUTLOOK

BANGLADESH



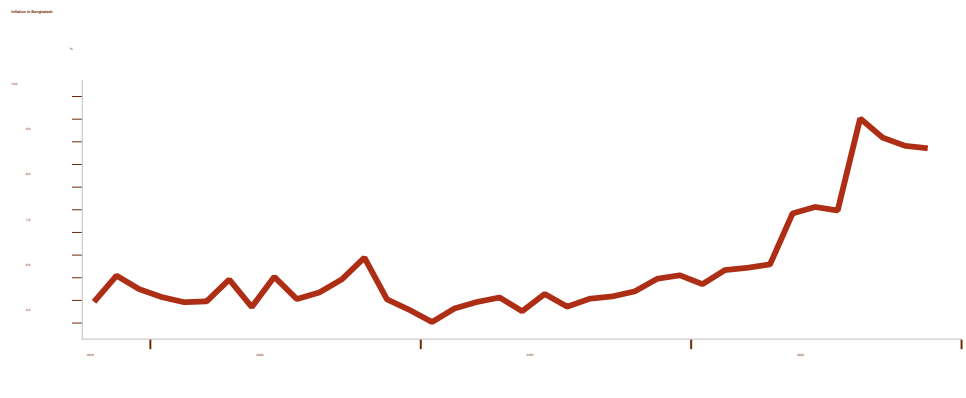
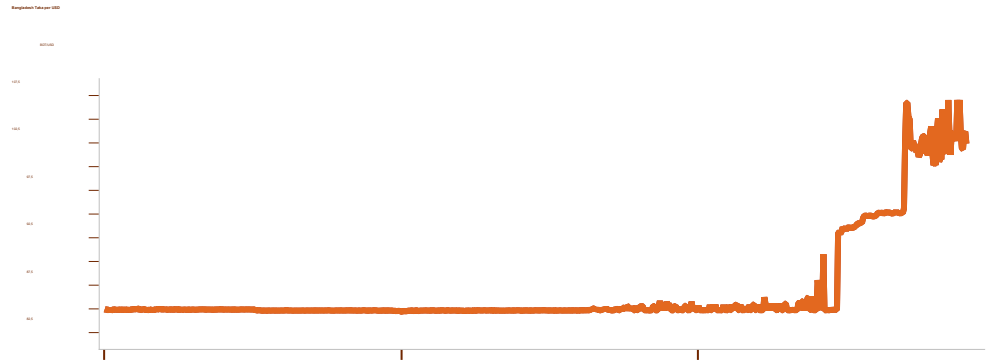
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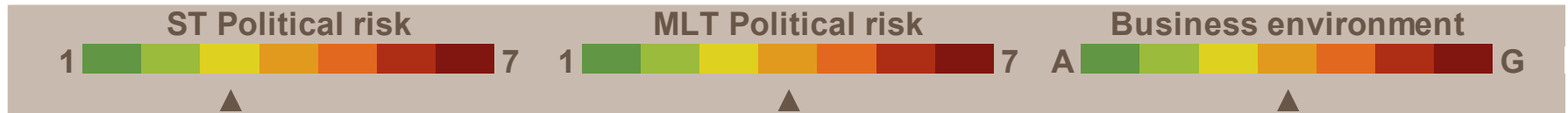


> Business environment risk

deterioration amid slowing external and domestic demand

- Slowing GDP growth
- High inflation (8,9% in October)
- Taka on depreciation trend (multiple devaluations)
- Risks of power cuts





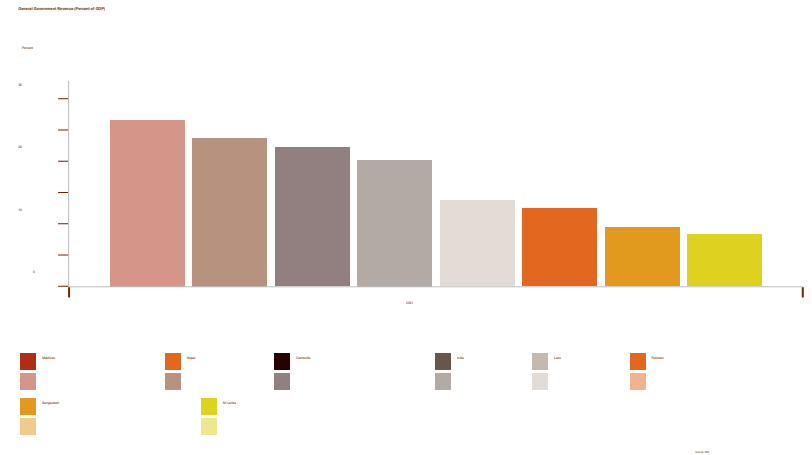
MLT outlook

Positive: resilience

- > Strong economic performances (6,4% avg in '12-'21)
- > Garment sector
- > Massive workers' remittances
- > Low external debt

Downside risks

- > Liquidity pressures
- > Persisting higher fuel prices
- > Modest govt' revenues, low fiscal space
- > Huge reliance on garment sector
- > Climate change impact



**Turning uncertainties
into opportunities**