

# Inflation Eases but Tight Policy Slows Credit and Investment: GED Outlook

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**Inflation in Bangladesh is showing signs of easing, but a persistently tight monetary stance continues to stifle credit growth and investment, according to the *Economic Update & Outlook (October 2025)* released today by the General Economics Division (GED) of the Bangladesh Planning Commission.**

**The report projects cautious optimism for the upcoming months. It highlights significant deposit growth in recent months**, driven by restored public confidence amid government and central bank reforms, lower savings certificate rates making bank deposits more attractive, and expansion in e-money and agent banking. Robust remittance inflows and government efforts to channel cash transfers through banks have also bolstered deposits.

## **Inflation and Price Trends**

Overall inflation rose slightly to 8.36% in September from 8.29% in August, with both food and non-food inflation seeing modest upticks. Inflation has averaged 9.56% over the past 38 months, remaining high since August 2022 when the government raised fuel prices by over 50% amid the Russia-Ukraine conflict.

## **Foreign Exchange Reserves Strengthen**

Bangladesh's foreign exchange reserves showed steady improvement in the first quarter of FY2025-26, signaling stronger external stability. Gross reserves increased from \$25.5 billion in March 2025 to \$31.4 billion in September, while BPM6-compliant reserves rose from \$20.4 billion to \$26.6 billion. The rise was driven by stronger export earnings, stable remittance inflows, and moderated import payments, supported by central bank measures ensuring exchange rate stability.

## **Export Earnings Moderate**

After months of strong growth, export earnings declined to \$3.63 billion in September from \$3.91 billion in August and \$4.77 billion in July. The downturn was mainly due to reduced RMG shipments, though non-RMG sectors like jute, leather, and light engineering maintained stable performance. Despite the monthly drop, total exports for July–September 2025 were still higher year-on-year, reflecting improved competitiveness and logistics.

## **Taka Stability**

The exchange rate remained stable, with the taka trading between Tk121–122 per dollar during the third quarter of 2025. The Real Effective Exchange Rate (REER) rose modestly from 121.2 in June to 127.2 in September, suggesting a mild real appreciation. Analysts attribute this stability to productivity gains, moderate inflation differentials, and prudent central bank management.

## **Rice Prices Decline**

Rice prices dropped by about one percentage point in September compared to August. The government approved the import of 50,000 tonnes of rice from India and 220,000 tonnes of wheat from the U.S., with plans to import another 400,000 tonnes by November to maintain adequate reserves. Food grain stocks stood

at 1.55 million tonnes as of mid-October, with food distribution up 24% year-on-year.

Rice's contribution to overall inflation fell to 45% in September from 48.37% in August. Fish, meat, fruits, and edible oils remained other key contributors, while declining prices of root crops, vegetables, potatoes, and onions helped ease food inflationary pressure.