MTBiz

MONTHLY BUSINESS REVIEW
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NOVEMBER 2019

US – China Trade Conflicts in Bangladesh's Perspective


MTB
CARDS
এমটিবি ক্রেডিট কার্ডে
যত কিনবেন তত উপহার
এখন আপনার এমটিবি ক্রেডিট কার্ডে কেনাকাটা করলেই পাবেন রিওয়ার্ড পয়েন্ট। আর পয়েন্ট ভাঙ্গিয়ে আপনি পেতে পারেন বিভিন্ন লাইফ স্টাইল শপ, হোটেল, রেস্টুরেন্ট ও এয়ারলাইন্সের গিফট ভাউচার। শুধু তাই নয়, পয়েন্ট জমিয়ে প্রিয়জনকে দিতে পারেন গিফট কার্ড। পরিশোধ করতে পারেন আপনার ক্রেডিট কার্ডের বিল। বিস্তারিত জানতে ভিজিট করুন
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Preview

US – China Trade Conflicts in Bangladesh's Perspective

Irrespective of delving into deep insights, it is palpable that the ongoing U.S. - China trade conflicts have unlocked the door of wide opportunities and hence expedited fueling the economic growth engine of Bangladesh besides throwing few challenges for the later, however, harvesting the full benefit will depend on effective policy measures and meeting the required infrastructure and necessary Foreign Direct Investment (FDI). Interestingly the inception of the U.S. - China trade conflicts are deep rooted even before 2000, which were considered rather optimistic for both the U.S. and China.

In 2000, the United States intended for more trade with China and within two decades, it has a trade war with China. U.S. and China are the world's two largest economies; the U.S. with a larger GDP (nominal) and China with a larger GDP (PPP). China is the world's largest exporter and the United States is the world's largest importer thus they have so far been important complementary pillars for the global economy. With the United States – China Relations Act of 2000, China was allowed to join WTO in 2001 with a status titled most favored nation (MFN). The U.S. – China trade agreement and China's accession to the WTO was approved by Congress and President Bill Clinton in 2000, saying that "more trade with China would advance America's economic interests", which in 20 years has reversed just in opposite direction, as the United States cogitates and which is reflected by the series of tariff imposed by the U.S. on certain exports from China. [1]

The recent trade war between China and the United States the ongoing economic conflict began by setting tariffs and other trade barriers on China with the goal of forcing it to make changes to what the U.S. says are "unfair trade practices". [2] Among those trade practices and their effects are the growing trade deficit, the theft of intellectual property, and the forced transfer of American technology to China.

The tariffs set by the U.S. not only affected China but also made its other trading partners for example, Canada and India including China implemented retaliatory tariffs on U.S. goods. Other countries, such as Australia, expressed concern over the consequences of a trade war. The China–United States trade war is being deliberated by trade talks ending with repeated retaliation with escalating tariffs on both sides and without any inferable solid agreements to stop or extenuate the trade war.

Struggles for farmers and manufacturers and higher prices for consumers are the current outcome of the trade war in the United States. U.S. businesses and agricultural organizations have criticized the trade war. In September 2018, a business coalition announced a lobbying campaign called "Tariffs Hurt the Heartland" to protest the proposed tariffs. As the tariffs on Chinese steel, aluminum, and certain chemicals contributed to rising fertilizer and agricultural equipment costs in the United States, over 600 companies and trade associations wrote to Trump in mid-2019 to ask him to remove tariffs and end the trade war, saying that increased tariffs would have "a significant, negative, and long-term impact on American businesses, farmers, families, and the U.S. economy". Americans for Free Trade, a coalition of over 160 business organizations, wrote a letter to Trump in August 2019 requesting that he postpones all tariff rate increases on Chinese goods, citing concerns about cost increases for U.S. manufacturers and farmers. The coalition includes the National Retail Federation, the Consumer Technology Association, Association of Equipment Manufacturers, the Toy Association and American Petroleum Institute, among others. Analysis by Goldman Sachs in May 2019 found that the consumer price index for nine categories of tariffed goods had increased dramatically, compared to a declining CPI for all other core goods.

Not only it has caused economic damage including stock market instability in several countries, but also, has slowed the economic growth worldwide. The International Monetary Fund (IMF)'s World Economic Outlook report dated October 3, 2018, projected Global growth at 3.7 percent for 2018-2019. On January 11, 2019 the projection for 2019 was reduced to 3.5 percent, on April 2, it was reduced to 3.3 percent, on July 18, it was further reduced to 3.2 percent and finally on October 15, the projected Global growth was cut down to 3.0 percent, which is its lowest level since 2008–09. However, Growth is projected to pick up to 3.4 percent in 2020 based on economic performance in a number of emerging markets, yet subject to uncertainty due to a projected slowdown in China and the United States and prominent downside risks.

Despite the trade war has been criticized worldwide, the response among the U.S. politicians has been mixed, and most politicians agree that pressure needs to be put on China. As of late November 2019, none of the leading Democratic candidates for president said they would remove the tariffs, instead they agreed the U.S. had to confront China's unfair trade policies. Despite the global economic slowdown due to the ongoing trade war, on the contrary, some countries have benefited economically from the trade war, at least in some sectors, due to increasing exports to the United States and China to fill the gaps left by decreasing trade between these two economies.

Bangladesh's Outlook from the Trade Conflicts

As the U.S. – China trade war intensified, experts on both sides of the Pacific and elsewhere are trying to figure out the real winner. Indeed, it is not China or the United States, but countries like Bangladesh, Vietnam, and Chile that could benefit from the widening trade dispute between the world's two biggest economies. The impending effect of the trade war on supply chain dynamics and investment patterns could help these countries emerge as potential winners of the conflict.

Bangladesh from perspective of China

China and the United States have been long-time, stable trade partners for Bangladesh. The volume and values of trade are very significant with both countries. However, the nature of trade with both countries is different. Bangladesh's top import partner is China, worth over USD 15 billion in Chinese goods (2017). Meanwhile, the United States is the second largest destination for Bangladesh's exports, earning more than USD 5.8 billion (2017). Asian Development Bank's Chief Economist Yasuyuki Sawada argued, Bangladesh's exports can be expected to "increase by USD 400 million" amid the trade war (The Daily Star, June 19, 2019).

The garment sector, which accounts for 80 percent of Bangladesh's total exports, is expected to benefit the most. A 2012 McKinsey report forecasted that ready-made garments from China will decline and Bangladesh would be the next hot spot, which would happen powered by China's gradual phase out from labor-intensive industries to higher value-added, high-tech, capital-intensive manufacturing sector. The trade war seems accelerating the McKinsey forecasted growth of Bangladesh. The country has also benefited from cheaper cotton from China, and now is it's the largest importer of cotton. For Bangladesh, which aims to double total exports to USD 72 billion by 2024, snaring part of the USD 41 billion of the clothing business that goes to China will provide a fillip to an economy that the Asian Development Bank forecasts will expand a record 8% for the next two years (2019 and 2020). Textiles will be hit if President Trump raises tariffs on USD 300 billion of Chinese products in the next round. Bangladesh and Vietnam the well-positioned apparel manufacturing hubs will be the obvious choices for retailers exporting to the U.S. who must move their production out of China to avoid the tariff. For example, Newage tied up with a Chinese investor to set up a USD 20 million garment factory in Kaliakoir on the outskirts of Dhaka. The unit expects to start production in four months.

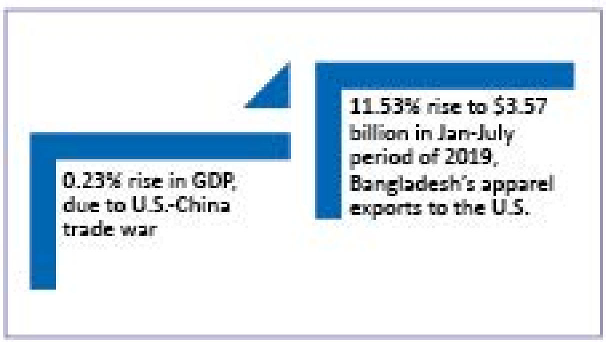
Competitive advantages Bangladesh has more than its competitors such as Cambodia and Vietnam. Due to the presence of strong unions, setting up factories in Cambodia is more challenging.[3] Moreover, in contrast to the 160 million Bangladeshis, Cambodia has a population of just 16 million, which gives Bangladesh a competitive edge in this labor-intensive industry. Due to higher wages and production costs, Vietnam also appears less attractive to investors. The minimum wage in Bangladesh is currently USD 95 per month, which is almost half the USD 182 per month in Cambodia and USD 180 per month in Hanoi and Ho Chi Minh City, Vietnam.

On the purview of the trade war, although Chinese policymakers are seeking to tighten capital flows in hopes of preventing a depreciation of the yuan, China's increasing involvement in various projects in Bangladesh, investment from China is still on an upward trend, even higher than forecasted, through factory relocations, especially in the growing export processing zones (EZs). Furthermore, as a member of Belt and Road Initiative (BRI), it is more meaningful for China to continue increasing investment in Bangladesh in sectors affected in China by the trade war.

Bangladesh from perspective of The United States

As the trade war escalates, American retailers are placing more work orders in Bangladesh in an effort to offset increasing tariffs on goods manufactured in China. According to the Bangladesh Foreign Trade Institute, Bangladesh enjoyed a 6.46 percent growth in market share in the U.S. market during the first three quarters of 2018.

The garment sector is expected to reap the most benefits, as it accounts for 80 percent of Bangladesh's total exports. As the trade war escalated thus far, the country's garment industry observed significant growth. According to the Office of Textile and Apparel (OTEXA), Bangladesh enjoys a 6.46 percent growth in share in the United States' market during the first three quarters of 2018. Bangladesh's apparel exports to the U.S. market stood at USD 6.13 billion, up by 14.60%, which was USD 5.35 billion in the FY18. Meanwhile, Bangladesh's exports to U.S. market rose by 14.92% or USD 893 million to USD 6.88 billion, which was USD 5.98 billion in the previous fiscal year. U.S. alone imported 16.96% of total Bangladesh's export to the global markets.



According to Asian Development Bank Outlook 2019, the escalation of ongoing U.S.-China trade conflicts will contribute 0.23% to Bangladesh's Gross Domestic Products (GDP) growth by next one to two years riding on exports especially apparel and leather goods. Bangladesh's apparel exports to the U.S. have seen an 11.53% rise to USD 3.57 billion, while Vietnam registered a gain of 13.05% to USD 7.8 billion.

MB Knit Fashion Ltd, a Naryanganj-based knitwear products manufacturers, is supplying about three lakh pieces of T-shirt to two new brands for the last six month, which used to source from China. Apex Footwear Limited, a local leather goods and footwear manufacturer and exporter, has recently been audited by two U.S. brands expressing their intent to purchase goods from Bangladesh as part of their relocation plans from China. Bangladesh's leather exports to the U.S. market already have gained from the trade war, registering a 34% growth in the just concluded fiscal year. According to Export Promotion Bureau (EPB) data, exporting leather and leather goods including footwear Bangladesh earned USD 207.13 million, up by 34.10%, which was USD 154.47 million in the previous fiscal year.

Bangladesh can also benefit by increasing imports from the United States. According to the U.S. Farm Bureau, soybean exports to China declined by 97 percent after China's tariffs on U.S. soybeans came into effect. At the moment, Bangladesh imports 2 million tons of crude vegetable oil, of which 30 percent or 600,000 tons is soybeans. Bangladesh may choose to import soybeans from U.S. at a rate cheaper than current rate in imports from Argentina, Paraguay, and Brazil, countries that export 98% of total soybean import by Bangladesh. By importing U.S. soybeans, Bangladesh can benefit by lower rate, reduced trade deficit leading to bilateral relations stronger. Furthermore, Bangladesh has opportunity to negotiate on U.S. duties (15.2 percent) on exports, and the United States has reasonable probabilities to intend to increase imports from these countries (like Bangladesh) to replace its imports from China.

All considered, it appears that the trade war between the United States and China has a net positive opportunity for Bangladesh. Now it's a call for a favorable policy regime and catalyzing inflow of more foreign direct investment (FDI).

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[1]https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF
[2]https://www.nytimes.com/2019/09/20/us/politics/trump-china-theat-to-world.html
[3]https://thediplomat.com/2019/06/is-bangladesh-winning-in-the-us-china-trade-war/

ANM Farukh
Head of Group R&D, MTB

MTB COMMERCIAL SPACE FINANCE

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NATIONAL NEWS

BB steps up forex support to banks

The central bank has scaled up its foreign currency support to the commercial banks to help settle their import payment obligations, particularly for oil. The Bangladesh Bank (BB), sold USD 73 million to the banks during the last three days to help them meet the growing demand for the greenback. Recently, some USD 48 million was sold to three state-owned commercial banks (SoCBs), while USD 5.0 million and USD 20 million were provided to a state bank. The central bank has also provided the foreign currency support to a state lender to clear an installment of Rooppur nuclear power plant loans, the central banker noted. The central bank has so far sold USD 240 million to the banks, particularly state lenders, during the current fiscal as the demand for the greenback soared. During the last fiscal, the BB sold USD 2.34 billion to the banks on the same ground, according to official data. The demand for the dollar is gradually increasing, mostly driven by higher import payment, particularly for intermediate goods, oil and capital machinery for power plants.

BB cuts interest rates on EDF loans to boost exports

The central bank has slashed interest rates on loans under the Export Development Fund (EDF) scheme by 1.0 percentage point to facilitate exporters. As per the revised policy, exporters will now get such loans from the commercial banks at six-month US Dollar (USD) London Inter-bank Offered Rate (LIBOR) plus 1.50 per cent instead of six-month USD LIBOR plus 2.50 per cent. The new interest rates on EDF loans will be applicable until June 30, 2020 from November 19, according to a notification issued by the central bank. Earlier, the interest rates on EDF loan disbursements to authorised dealer (AD) banks were charged by the central bank at six-month USD LIBOR plus 1.0 per cent while the ADs charged the rate at six-month USD LIBOR plus 2.50 per cent on their USD loan disbursements to manufacturer-exporters. The BB's latest move came against the backdrop of falling trend in export earnings in recent months.

BB increases home loan limit to BDT 20m

The Bangladesh Bank has increased the maximum limit for home loans to BDT 20 million from BDT 12 million due to rising apartment prices and the purchasing capacity of people. The central bank on Tuesday directed the commercial banks through a letter to follow the order. The Association of Bankers Bangladesh demanded that the central bank increase the home-loan limit in a meeting. The circular said the central bank considered the rise in prices of building materials, size of higher middleclass population, and demand for housing. The loan to capital ratio has been kept at 70:30, which means a bank can finance up to BDT 7.0 million in a BDT 10.0 million flat.

BB allows banking booth to act as sub-branch

The central Bank issued a circular allowing the 'banking booth' of scheduled banks to act as a sub-branch for reaching the banking service to doorstep of the rural people. In this regard, the central bank issued the circular recently saying that the change was made with a view to make the banking services more communicative and clear to the customers. The word 'booth' confused many ustomers as they relate its functions with the function of 'ATM booth', hindering achievement of the targets behind the launch of such installations of the banks. Hence, the central bank had renamed the 'banking booth' as 'sub-branch' of the banks to eliminate any confusion. In December last year, the BB allowed banks to run 'banking booths' as part of business development centers. Such booths are supposed to be operated within limited expenditure under the supervision of a nearby full-fledged branch of a bank. Under the central bank's instructions, fees, charges and commissions of banking services are supposed to be lesser at such sub-branches to its full branches.

NATIONAL NEWS

School banking deposits mark sudden jump in July-Sept

Deposits in the school banking accounts posted the highest quarterly growth 20.95 per cent or BDT 313 crore in the July-September period of the current fiscal year 2019-2020. They said that tightening of savings certificates sales by introducing mandatory use of tax identification numbers and online system and increase in tax on the savings tools might have prompted many parents to deposit money in the school banking accounts that offered relatively higher interest rates. The BB's financial inclusion report released recently showed that deposits in the school banking accounts at the end of September this year increased to BDT 1,807.53 crore, the highest after nine years of the introduction of scheme in 2010, from BDT 1,494.40 crore three months ago. But, the July-September deposit growth of BDT 313.13 is the highest since the banks started reporting to the BB the school banking data in March, 2015. The previous highest deposit growth in school banking accounts was 11.12 per cent or BDT 125.5 crore in the July-September quarter of 2017.

SEZ units get wider scope for bringing overseas funds

The Bangladesh Bank recently widened the scope for bringing funds from abroad for the enterprises which are operating in different specialised economic zones in the country. A BB circular issued recently that it was observed that eligible enterprises operating in different specialised economic zones like export processing zones, economic zones and hi-tech parks received inward remittances other than foreign equity, authorised foreign loans and export proceeds. In order to enhance scope of operation, the BB allowed authorised dealers of banks to credit the entities' accounts with legitimate receipts against small, quality and insurance claims, freight charge of sample, reimbursement of expenses for samples from the buyers or partners, it said. The BB, however, asked banks to check due diligence in compliance with know-your-customer, anti-money laundering or combating financing of terrorism.

BB hikes limit on advance payment

The Bangladesh Bank recently widened the advance payment scope for banks against import of goods and services which require no approval from the central bank. A BB circular issued in this regard allowed banks to clear USD 10,000 or an equivalent amount in payments against import of goods and payment to facilitate commercial imports. Earlier, the permitted amount was BDT 5,000 or an equivalent amount. A BB official said that the limit was increased as part of the BB's move to adjust the amount for the present context as the limit had been fixed five years ago. However, banks will have to take prior approval from the central bank in case of clearing any payment exceeding USD 10,000 or an equivalent amount against import of goods and services. In case of releasing any amount beyond the limit, banks were also instructed to follow the required provision of the Guidelines for Foreign Exchange Transactions-2018.

BB relaxes international card-based online transactions

The Bangladesh Bank recently relaxed international card-based online payment system, backtracking on its move tightening the system amid heavy oppositions from banks and e-commerce businesses. The central bank issued a circular waiving a provision that had made prior approval of banks a must for a customer before making payment through international cards. It, however, kept its ban on payment by international cards for online casino or gambling, trading in forex or stock exchanges and purchase of cryptocurrency or lottery ticket. Besides, the bar on payments for purchase of goods and services originated in Bangladesh by using international cards will remain valid, it said. The revision of the BB's move was made after it held a meeting with the banks and the Bangladesh Association of Software and Information Services at the BB headquarters in Dhaka. Besides, bankers also mentioned that dealing with each customer's Online Transaction Authorisation Form (OTAF) and taking measures based on the specification mentioned in OTAF would not be possible for them.

NATIONAL NEWS

Bangladesh among top four countries in digital economy growth

Bangladesh is one of the top four countries in terms of 'improvement and remarkable growth' in digital economy in the last four years, according to Huawei Global Connectivity Index (GCI) 2019. The index was prepared through evaluating the progress in the digital economy of the world where Ukraine, South Africa and Algeria are accompanying Bangladesh. The GCI report study was published by Huawei on digital development based on how ICT innovation and ICT applications can grow national economies, and conducts open research into the digital economy with top universities, think tanks, and industry associations. The goal of GCI is to provide the countries and industries with authoritative, objective, quantified assessments and recommendations on digital transformation. From 2014, Huawei is releasing a GCI report based on 40 indicators under four pillars named Supply, demand, experience and potential every year since.

0.1m businesses take new BINs

About 0.1 million businesses have taken 13-digit Business Identification Numbers (BINs) through obtaining fresh one or updating their existing VAT registration number. The deadline for obtaining and updating BIN is scheduled to expire tomorrow (November 30). Both the nine-digit e-BINs, issued before July 1, and 11-digit manual BINs will be obsolete after the deadline. From December 1, the commercial banks will not be able to open letters of credit (L/Cs) for importers with old BINs, the National Board of Revenue (NBR) officials said. Some 99,781 businesses obtained e-BIN until November 28, whereas the number was 69,000 until October 31. The NBR VAT Online Project (VOP) Director Syed Mushfequr Rahman said the deadline for VAT registration will not be extended further. However, the NBR will allow importers to obtain fresh BIN or update their VAT registration number after expiry of the deadline - for importing items or conducting other business activities. BIN is mandatory for all major business activities, including opening LCs and import-export. The NBR introduced online BIN from March 2017.

Remittance inflow increases by 31.75pc in November

Expatriate Bangladeshis sent USD 1,555.22 million remittances in November of the current fiscal 2019-20, which is apparently 31.75 percent higher than the same month of the preceding year, according to Bangladesh Bank data. The country received USD 1,180.44 million remittances during the month of November in 2018-19 financial year, the data added. According to the BB data, expatriate Bangladeshis sent USD 7,714.19 million remittances during the first five months of the current fiscal 2019- 20. During the month of October, the country received USD 1,639.62 million while USD 1,476.91 million in September, USD 1,444.75 million in August and USD 1,597.69 million in July of the fiscal 2019-20. But in 2018-19, the country got USD 1,239.11 million in October, USD 1,139.66 million in September, USD 1,411.05 million in August and USD 1,318.18 million in July.

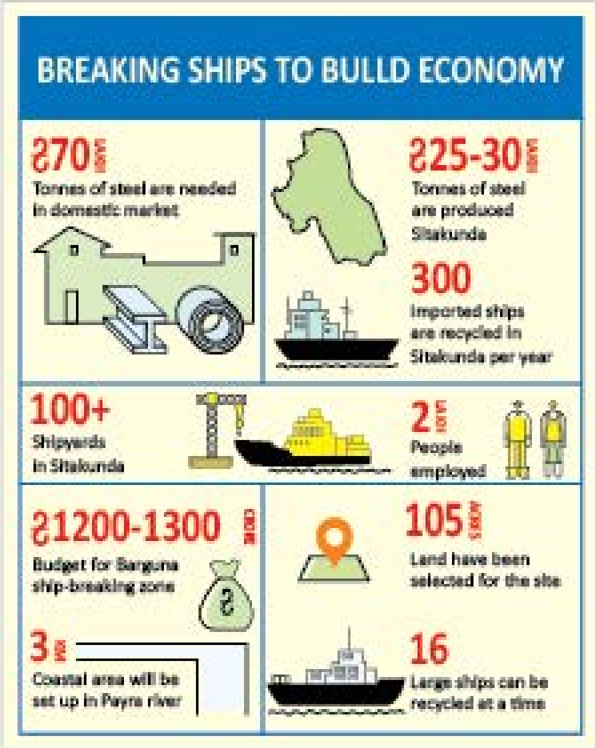
Size of ceramic industry may double by 2023

The country's ceramic industry is estimated to be doubled in size by 2023, aided by the growing domestic real estate industry, rising demand for products in the EU markets and the trade tension between US and China, industry people said. A recent USAID report also made a similar forecast, saying the ceramic industry of Bangladesh would attain a value worth USD 1.56 billion by 2023. The industry that started journey in 1960s currently caters to 87 per cent of the domestic demand worth USD 668.5 million. According to the Export Promotion Bureau (EPB), the country fetched USD 68.97 million through exporting ceramic products in the last fiscal year (FY 2018-19), marking a 32.79 per cent growth against USD 51.94 million in the last FY. Industry people said more than a dozen of new ceramic manufacturing units are in the pipeline to cater for the growing demands both in and outside the country.

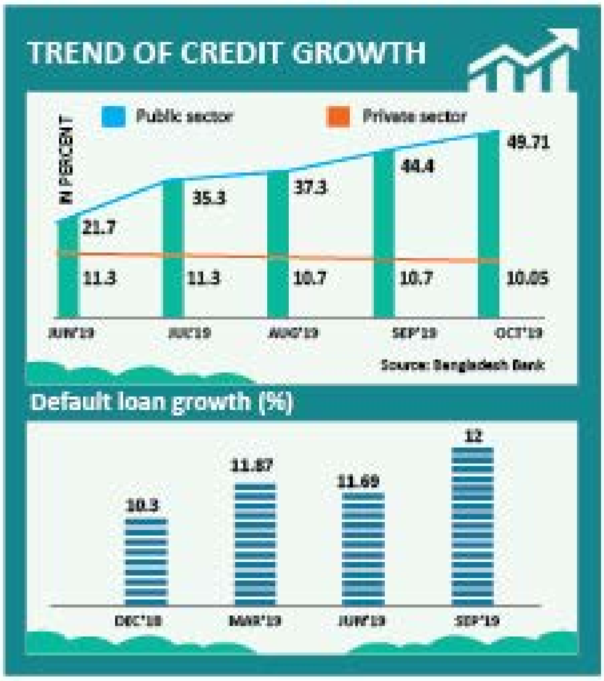
NATIONAL NEWS

Barguna to host shipbreaking industry to meet steel demand

With a view to tapping the potentials of shipbreaking industry in the wake of rising demand for steel in Bangladesh, the government has planned to set up an environment-friendly shipbreaking zone at Barguna's Taltali coastal area. The Bangladesh Steel and Engineering Corporation, along with its two private partners – South Korea's Zentech Engineering and Bangladesh's Turbo Machinery Service – has undertaken a feasibility study in the area for the purpose. The draft study report estimated the project cost to be BDT 1200 crore to BDT 1300 crore, said Md Saidur Rahman, the general manager of the corporation and also the project director, adding they will formulate a project proposal after finalising the report with a reduced budget. One-hundred and five acres of land has been earmarked for the site where around 16 large ships can be recycled without posing any risk to the environment, he also said. The zone will be set up three kilometres into the coastal area along the estuary of the Payra River which is navigable enough for ships weighing as much as one lakh to 1.75 lakh deadweight tonnes. Bangladesh already has a shipbreaking industrial zone at Sitakunda in Chattogram that supplies around 35-40 percent of raw material for the steel industry across the country.



Private sector credit plunges to historic near rock bottom



Private sector credit growth dropped to 10 percent in October even as government borrowing rose to 54.34 percent. In the view of experts, the ever increasing default loans have prompted banks to go slow on a disbursement of loans among private sector investors. Two years ago, the Bashundhara Group had planned on going for a mega investment of BDT 10,000 crore aimed at setting up an oil refinery plant. Some 24 banks primarily agreed to arrange a financing of BDT 6,400 crore through syndication, but a sudden liquidity crisis in the beginning of 2018 forced the lenders to hold back. Since then, banks have not gone for such mega investment in any private project, thus causing a sharp fall in private sector credit growth. Credit growth dipped to 10 percent in October, which is certainly the lowest rate in recent history. Data available for the 11 years since 2008 from Bangladesh Bank show that private sector credit growth went down to 10.8 percent in June 2013, which was the lowest till this October.

MTB INAUGURATES A TERRACOTTA WALL ON LIBERATION WAR OF 1971

Mutual Trust Bank Limited (MTB) has inaugurated a terracotta wall, on the entrance of the MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000 on November 25, 2019. The terracotta wall reflects the liberation war of 1971. Besides, the guests have also unveiled the MTB Calendar of 2020. The theme of the calendar is 'Mujib Shoto Borsho' (Mujib's birth centenary) that highlights the paintings and precious moments of Bangabandhu Sheikh Mujibur Rahman.

MTB Founding Chairman & Director, Syed Manzur Elahi, Chairman, Md. Hedayetullah, Managing Director & CEO, Anis A. Khan, Managing Director & CEO (designate), Syed Mahbubur Rahman, Deputy Managing Directors, Syed Rafiqul Haq, Tarek Reaz Khan and Managing Director of Expressions Ltd., Ramendu Majumdar are seen in the photo.

MTB OPENS COUNTRY'S 1ST PRIVATE COMMERCIAL BANK MUSEUM

MTB inaugurated the first private commercial bank museum of Bangladesh, titled 'MTB Museum' to showcase its 20-year journey and achievements from 1999 to 2019 at Samson H Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000 on November 25, 2019.

Syed Manzur Elahi, Founding Chairman & Director, MTB, inaugurated the museum as the Chief Guest. Md. Hedayetullah, Chairman, MTB attended the event as the Special Guest. Anis A. Khan, Managing Director & CEO, Syed Mahbubur Rahman, Managing Director & CEO (designate), Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO), Goutam Prosad Das, Deputy Managing Director & Group Head of Internal Control & Compliance and Tarek Reaz Khan, Deputy Managing Director were also present at the inauguration ceremony.

MTB RECEIVES 19TH ICAB NATIONAL AWARD

The Institute of Chartered Accountants of Bangladesh (ICAB) at the "19th ICAB National Award for Best presented Annual Reports 2018" awarded MTB for its 2018's Annual Report, held at Pan Pacific Sonargoan, Dhaka 1215 on November 30, 2019.

Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO) and Sayed Abul Hashem, Group Chief Financial Officer (GCFO), MTB received the award from the Chief Guest Tipu Munshi MP, Honorable Commerce Minister for the People's Republic of Bangladesh.

MTB RECEIVES TWO AWARDS BY MASTERCARD

MTB has received two awards in the categories titled "Pioneer in MasterCard Contactless Credit Issuance 2018-19" and "Excellence in MasterCard Co Brand Business 2018-19" at the first-ever MasterCard Payments Summit & Gala Award Night 2019, at InterContinental, Dhaka 1000 on November 19, 2019. MasterCard has organized the program to celebrate the 28th anniversary of its presence in Bangladesh.

JoAnne Wagner, Charge d' Affairs, the United States Embassy in Bangladesh handed over the awards to Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO), MTB. Md. Ashadul Islam, Honorable Senior Secretary, Financial Institutions Division, Ministry of Finance, Government of the People's Republic of Bangladesh, Ahmed Jamal, Honorable Deputy Governor, Bangladesh Bank, Syed Mohammad Kamal, Country Manager, MasterCard Bangladesh and senior officials representing from leading financial institutions, dignitaries, chamber leaders, business community and merchants from across the country attended the summit.

MTB OPENS ITS 117TH BRANCH AT SHYAMOLI, DHAKA

MTB has inaugurated its 117th branch at Shyamoli, Dhaka 1207 on November 26, 2019. Chief Guest, Md. Hedayetullah, Chairman, MTB inaugurated the branch at the branch premises.

Anis A. Khan, Managing Director & CEO, Syed Mahbubur Rahman, Managing Director & CEO (Designate), Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO) and Syed Rafiqul Hossain, Head of Dhaka Division Branches, MTB along with dignitaries and leaders of local business associations, representatives from different strata and other senior officials of the bank attended the event.

MTB INAUGURATES ITS 300TH 24/7 ATM BOOTH AT INTERCONTINENTAL DHAKA

INTERCONTINENTAL. HOTELS & RESORTS

300th MTB 24/7 ATM

MTB has recently opened its 300th 24/7 ATM booth at InterContinental Dhaka, 1 Minto Rd, Dhaka 1000 on November 20, 2019.

Md. Ayub Hossain, Managing Director and Md. Abdul Quaiyum, Secretary, Bangladesh Services Limited (Owner of InterContinental Dhaka), Ministry of Civil Aviation & Tourism inaugurated the 300th MTB ATM booth at a simple ceremony.

Anis A. Khan, Managing Director & CEO, MTB along with other senior officials of the bank attended the ceremony.

PLAQUE UNVEILING CEREMONY OF CHITTAGONG CLUB'S MAIN GATE

MTB has sponsored building the Main Gate of Chittagong Club Limited (CCL) at Chattogram 4100 on November 12, 2019.

Jasim Uddin Chowdhury, Chairman, CCL was the Chief Guest at the plaque unveiling ceremony. Meah Mohammed Abdur Rahim, Former Chairman, CCL, Salman Ispahani, Managing Director, M. M. Ispahani Ltd., Sufi Mohammed Mizanur Rahman, Chairman, PHP Family, Shaheen Alam Tipu, Director, Taher Group and Anis A. Khan, Managing Director & CEO, MTB attended the ceremony.

In addition, all the general members and committee bearers of Chittagong Club, Md. Khurshed Ul Alam, Head of MTB Chattogram Division Branches along with MTB senior managers of Chattogram region also attended the program.

MMT 2019 INDUCTION CEREMONY & MMT 2018 CONFIRMATION CEREMONY HELD

MTB Management Trainee (MMT) 2019 induction ceremony is held and MMT 2018 batch received confirmation on November 24, 2019 at MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.

M. A. Rouf JP, Director and Ms. Nasreen Sattar, Independent Director, MTB graced the event as the Chief Guest and the Special Guest respectively. Anis A. Khan, Managing Director & CEO, Syed Mahbubur Rahman, Managing Director & CEO (designate), Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO), Goutam Prosad Das, Deputy Managing Director & Group Head of Internal Control & Compliance and Tarek Reaz Khan, Deputy Managing Director were also present at the ceremony.

MTBIANS BID FAREWELL TO OUTGOING CEO ANIS A. KHAN

Anis A. Khan, a veteran of more than thirty six years in banking including more than 10 (ten) years at MTB retired on November 30, 2019 as its Managing Director & CEO.

To say adieu to its MD & CEO, MTBians arranged a farewell program, which was attended by a large number of his colleagues. Speakers at the event recalled his dedicated and sincere services to beloved MTB and the banking industry and conveyed their good wishes to him. Khan started its journey with MTB on April 15, 2009. He has made remarkable contributions towards growing the bank up into today's well-known brand MTB.

Syed Mahbubur Rahman, Managing Director & CEO (designate) also organized a farewell program at MTB Centre, the bank's Corporate Head Office, 26 Gulshan Avenue, Dhaka 1212.

MTB WELCOMES SYED MAHBUBUR RAHMAN MANAGING DIRECTOR & CEO

MTB welcomes its new Managing Director & CEO, Syed Mahbubur Rahman at a simple cake cutting ceremony in the presence of the MTB Head of divisions and Departments and Deputy Managing Directors, on December 01, 2019 at the bank's Corporate Head Office, MTB Centre, 26 Gulshan Avenue, Dhaka 1212.

Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer (CBO) and Goutam Prosad Das, Deputy Managing Director & Group Head of Internal Control & Compliance, MTB handed over the welcome bouquet to the new CEO. Tarek Reaz Khan, Deputy Managing Director and Azam Khan, Group Chief Communications Officer are also seen in the photo.

MTB Junior
MTB STUDENT BANKING
Show your little ones the value of saving with MTB Junior - an exclusive savings account for school and college students that lets your youngsters enjoy the benefits of savings and secure their future.
• Higher interest rate
• Complimentary insurance coverage
• Discount Card for lifestyle benefits
• Free cheque book
• No account maintenance fee

NATIONAL NEWS

Mosaddek joins Ansar-VDP Development Bank as MD

Mohammad Mosaddek-ul-Alam joined as Managing Director of Ansar-VDP Development Bank. Prior to the appointment, he served as Deputy Managing Director at Investment Corporation of Bangladesh (ICB). He also served as Chairman of ICB Securities and Trading Company and WATA Chemicals Limited. Mosaddek-ul-Alam is currently serving as Director of Islami Bank Bangladesh Ltd, Republic Insurance Company Ltd, Golden Sun Ltd, Bangladesh Credit Rating Agency, Eroma Tea Ltd, Islami Bank Capital Management Limited. He started his career as Senior Officer at Janata Bank in 1985.

John becomes ONE Bank DMD

John Sarkar has been promoted to Deputy Managing Director of ONE Bank Limited. Prior to the promotion, he served as the Additional Deputy Managing Director of the bank. He has also served at the bank as the Company Secretary and head of human resources. John joined ONE Bank in 1999. He began his career in banking as probationary officer at the then Arab Bangladesh Bank, the present AB Bank Limited in 1986.

Wali Ullah becomes Sonali Bank DMD

Md Wali Ullah joined state-owned Sonali Bank as Deputy Managing Director. Prior to the joining, he served as head of (general manager) of Faridpur, Barishal, Rajshahi and Rangpur circles of Agrani Bank. Earlier, he also served the bank as the chief financial officer. Md Wali Ullah also served as the Chief Executive and Director of Agrani Remittance House in Malaysia. He was also a faculty member of Agrani Bank Training Institute for five years. He started his career with Agrani Bank Limited as Senior Officer in 1988.

Ataur becomes Rupali Bank DMD

Khandaker Ataur Rahman has been appointed as Deputy Managing Director of Rupali Bank Limited. Prior to the appointment, he had served as general manager of Janata Bank Limited. Ataur joined Janata Bank Limited as Senior Officer in 1988 and held different important posts during his professional career. He held also served as principal of Janata Bank Staff College.

Balance of Trade

-5.01%

-9821.10 (BDT Crore)	-10313.56 (BDT Crore)
June	July

Current Account Balance

-79.26%

1542.10 (BDT Crore)	319.80 (BDT Crore)
June	July

FX Reserves

- 1.91%

32,716.51 (USD Million)	32,093.25 (USD Million)
June	July

Import

- 14.28%

4532.50 (USD Million)	3885.43 (USD Million)
July	Aug

Export

-26.84%

3887.86 (USD Million)	2844.31 (USD Million)
July	Aug

Consumer Price Index (12-Month Average)

Sep	Oct
262.17	263.35

Inflation (12- Month Average)

Sep	Oct
5.49%	5.5%

Exchange Rate 1 USD in BDT

Aug	Sep
84.50 BDT	84.50 BDT

Total Number of Branches (Scheduled Banks)

+ 0.13% ↑

BANK

10375 — July

10388 — Aug

Call Money Rate

4.64% — Oct

4.17% ↓ — Nov

INTERNET USERS (1.16%) ↑

98.43 Million — Sep

99.57 Million — Oct

MOBILE INTERNET USERS (1.23%) ↑

92.65 Million — Sep

93.79 Million — Oct

MOBILE PHONE USERS (0.46%) ↑

163.42 Million — Sep

164.17 Million — Oct

INTERNET BANKING SUBSCRIBERS (1.34%) ↑

2.22 Million — May

2.25 Million — June

MOBILE BANKING SUBSCRIBERS (2.27%) ↑

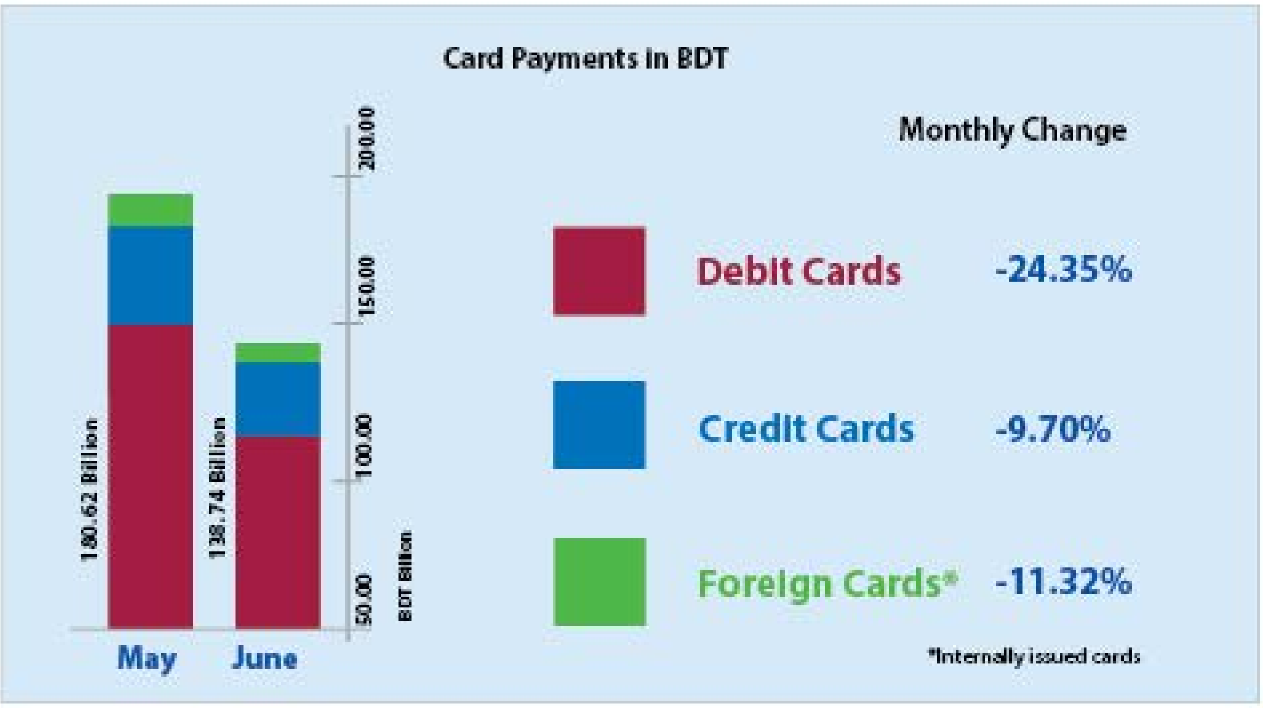
70.46 Million — May

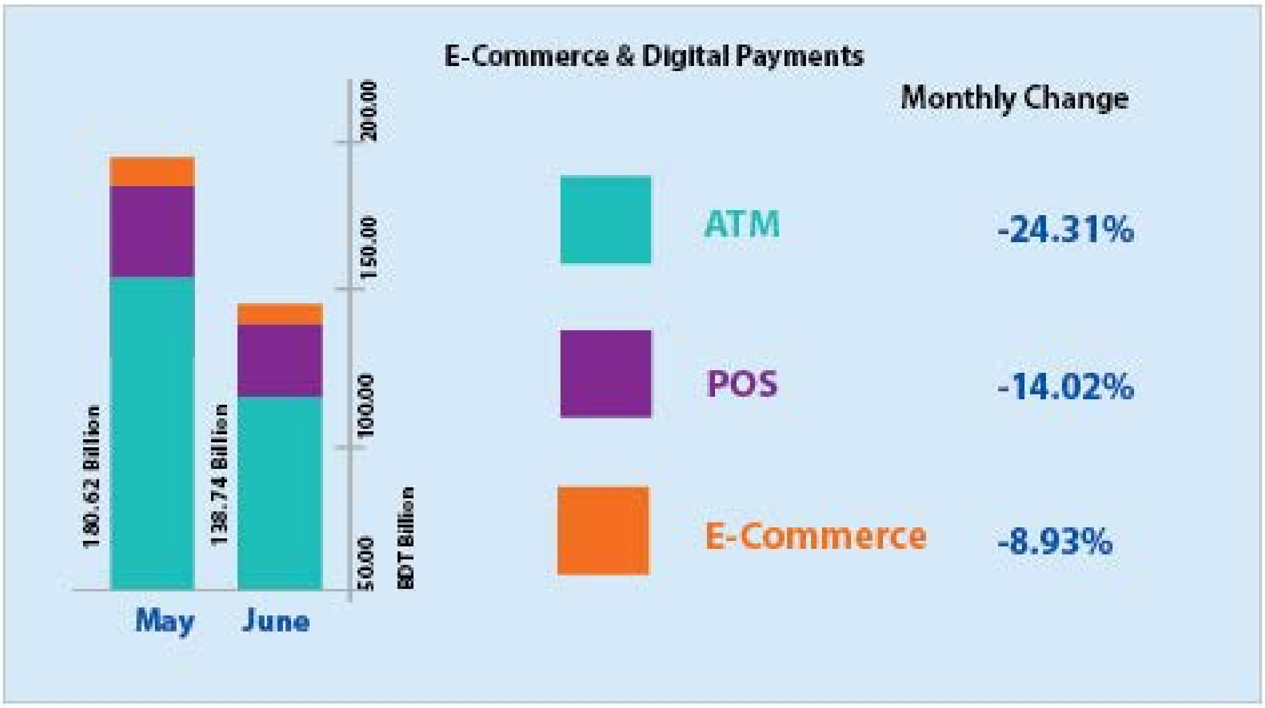
72.05 Million — June

AGENT BANKING SUBSCRIBERS (5.99%) ↑

3.22 Million — May

3.41 Million — June


Card Payments in BDT
Monthly Change
200.00
150.00
100.00
50.00
BDT Billion
180.62 Billion
138.74 Billion
May
June
Debit Cards
-24.35%
Credit Cards
-9.70%
Foreign Cards*
-11.32%
*Internally issued cards


E-Commerce & Digital Payments
Monthly Change
200.00
150.00
100.00
50.00
BDT Billion
180.62 Billion
138.74 Billion
May
June
ATM
-24.31%
POS
-14.02%
E-Commerce
-8.93%

INTERNATIONAL NEWS

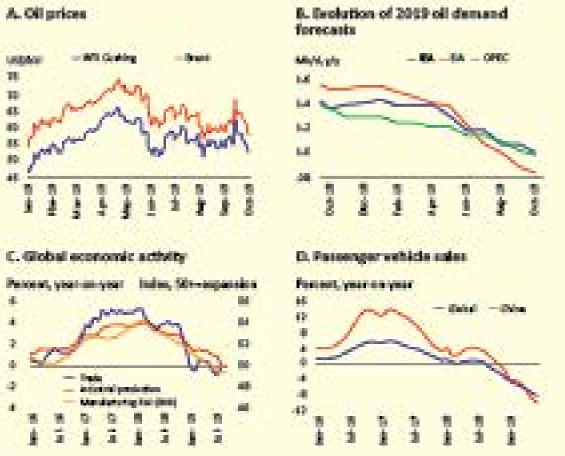
Commodity Market Developments and Outlook: WB

Crude oil

Almost all major commodity price indexes fell in the third quarter of 2019, led by energy, which declined more than 8 percent (q/q). Crude oil prices are forecast to average USD 60/bbl in 2019 and USD 58/bbl in 2020—a sharp downward revision since April. Amid heightened risks of a sharper-than-expected global downturn, the likelihood of a further slowdown in oil demand, and therefore lower oil prices, has risen.

Recent developments

FIGURE 1 Developments in oil prices and consumption



Source: Bloomberg, CPB Bureau of Economic Analysis, EIA, Haver, IEA, IMF, JP Morgan, OPEC, World Bank.
C. Figure shows 3-month moving averages. Trade is measured as an average of export and import volumes. Last observation is July 2019 for trade and industrial production and September 2019 for Manufacturing PMI.
D. 12-month moving agerage.

Crude oil prices fell 8 percent in the third quarter of 2019 (q/q) and are down 18 percent relative to 2018Q3 (Figure 1). Brent crude oil prices ranged from a low of USD 56/bbl in August to a high of USD 69/ bbl in mid-September, as worries about demand competed with a major production disruption in Saudi Arabia. However, the spike in prices in September proved short-lived and Brent crude oil prices averaged USD 59/bbl in the first half of October.

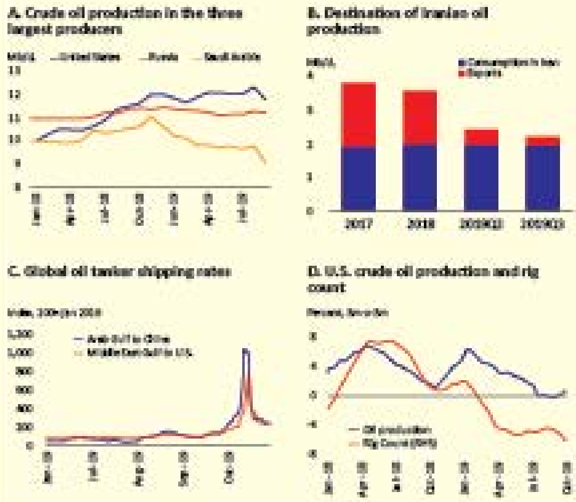
Global consumption of crude oil is projected to grow by 1 percent (1 mb/d) in 2019, a slight slowdown relative to 2018. Non-OECD countries are expected to account for all of the increase in consumption, with China alone accounting for half of the rise. In contrast, consumption in OECD countries is anticipated to remain flat, with declines in Japan and Europe balanced by an increase in the United States.

The expected increase in consumption is markedly slower than initially forecast by the EIA, IEA, and OPEC, and reflects a broad-based slowdown in global growth. Indicators of activity, such as industrial production, trade volumes, and business surveys, have deteriorated sharply this year. Global sales of passenger vehicles, a major barometer of oil demand growth, have continued to fall, with particularly large declines in China. Expectations for global growth both for 2019 and 2020 have been revised down substantially, including in emerging market and developing economies.

Global oil production fell slightly in the third quarter of 2019 (q/q), and is down 1.3 percent relative to a year ago. OPEC output has tumbled 7 percent (2.7 mb/d) relative to last year, while non- OPEC production has increased 2 percent (1.4 mb/d), with the United States accounting for 80 percent of the gain (1.1 mb/d). Production in Russia, the world's second largest producer of crude oil, weakened slightly in the middle of 2019 as a result of contamination of the Druzhba pipeline. However, the issues were broadly resolved by August and production recovered.

There are several reasons for the decline in OPEC production. In July 2019, the organization, together with their non-OPEC partners under the Vienna agreement, agreed to an extension of existing production cuts (of 1.2 mb/d) through March 2020. Production cuts among the participating OPEC members since the start of 2019 have actually been around 50 percent larger than agreed, mainly as a result of deeper contractions in Saudi Arabia (Figure 2).

FIGURE 2 Crude oil production



Source: Baker Hughes, Bloomberg, EIA, IEA.

Crude oil production continued to fall in Venezuela and Iran. Their combined output was down by two-fifths (2 mb/d) in 2019 Q3 compared to 2018 levels. Production in Venezuela declined to 0.7 mb/d in September, 50 percent lower than a year ago, as a result of the ongoing economic and humanitarian crisis. In Iran, U.S. sanctions have led to oil exports dropping to just 0.2 mb/d in 2019Q3, with production almost entirely absorbed by domestic consumption.

While shipping costs have dropped back from their recent peaks, the increase may make long distance oil exports more expensive. Crude oil production growth in the United States has slowed this year and was flat (q/q) in the third quarter. The rig count has fallen each month this year and was 19 percent lower in October relative to a year ago. Against a backdrop of lower oil prices, shale oil companies have been under pressure from investors to improve returns on capital. As such, companies have focused on prioritizing the largest and most productive fields, leading to an increase in productivity per well, but more moderate growth in aggregate compared to 2018.

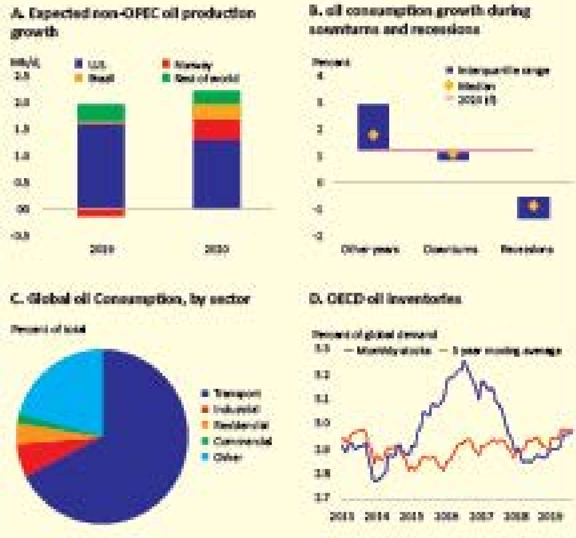
Weather-related disruptions (e.g., Hurricane Barry) have also impacted U.S. production, particularly activity in the Gulf of Mexico. As these effects wane, production in the fourth quarter of 2019 is expected to rebound sharply by mb/d relative to the third quarter, with output in October already showing signs of a recovery. This has also been a factor in narrowing the price differential between WTI Cushing and Brent, from an average of USD 8.60/bbl in 2019Q2 to USD 5.40/bbl in 2019Q3.

Price forecasts and risks

Outlook. Oil prices are expected to average USD 58/ bbl in 2020, a slight decline from a projected USD 60/ bbl in 2019 and a sharp drop from their 2018 level of USD 68/bbl. The forecast has been revised down substantially by USD 7/bbl, primarily reflecting the weaker global economic outlook.

On the demand side, oil consumption growth is expected to recover somewhat in 2020, according to the latest estimates by the EIA, IEA, and OPEC, although all have been revised down from earlier assessments. The increase in growth in 2020 is driven by a rise in OECD consumption, while non-OECD growth is expected to remain unchanged at just under 2 percent. For supply, IEA forecasts indicate non-OPEC production growth will accelerate next year to 2.2 mb/d (Figure 3). Growth in the United States is expected to moderate but remain robust, while new fields coming onstream in Brazil and Norway will boost production. As such, IEA expectations for non-OPEC production growth in 2020 are currently almost double their expectation for consumption growth.

FIGURE 3 Oil market outlook



Risks. The greatest risk to the forecast is a further deterioration in economic growth. Current expectations are for oil consumption growth to pick up to just over 1 percent in 2020.

Historically, global growth has been around 1 percent in past episodes of global growth downturns, and has fallen by about 1 percent in global recessions (1975, 1982, 1991, 2009). In addition, the sectors of the economy which have seen the sharpest slowdown to date, notably trade and industry, play an outsize role in consumption of oil products. The transport industry accounts for two-third of total final consumption of oil, while industrial activity accounts for 8 percent.

However, a push for larger production cuts, particularly if prices remain low, could put the agreement under increasing strain. Ecuador recently announced it will leave OPEC in January 2020, as it wants to increase production to boost fiscal revenue. The longer the cuts are maintained, the greater the likelihood additional countries may choose to exit the coalition. An end to the agreement and a return to original production levels would likely result in markedly lower prices.

Finally, the attacks on Saudi Arabia were a reminder that the oil market is still vulnerable to geopolitical events. While oil inventories have increased this year, spare capacity outside of Saudi Arabia is limited to a small number of countries, chiefly Kuwait and United Arab Emirates. Further disruptions could lead to a reassessment of geopolitical risk premiums and trigger a rise in prices.

Lenovo Smart Clock with Google Assistant

We're no strangers to interactive screens in the home, between Facebook Portals and Amazon Echos and Google Hubs. The beauty of Lenovo's new Smart Clock, then, is its simplicity. It won't video conference or stream TV, but it covers all the bedside bases: It tells times, charges phones, and gently wakes you up with a clock face that gradually brightens before your alarm goes off. By connecting it to Google Assistant, you can instruct it to do a whole lot more. Small and stylish with its heather gray case, it's an unobtrusive and helpful addition.

Withings Move Activity and Sleep Watch

Withings Move, the new smartwatch from Withings for 2019, monitors your activity and your sleep. It has a GPS tracker and syncs with the Health Mate app. It only costs $69.95. Most impressively, it works for 18 months without requiring a battery charge. That, and its understated design with an analog clock face, makes it more timeless than a lot of trackers on the market. The customization options are plentiful too, so you can easily get it to fit your look.

Mophie Juice Pack Access

This is one of the most practical gadgets to come out this year: a portable charging case for Apple iPhones that doesn't use or cover up the Lightning port. Meaning, you can charge your phone while listening to wired headphones. Mophie's Juice Pack Access gets its power from any Qi wireless charging pad or its included charging cable, giving you up to 31 hours of battery life. And despite its rather sleek design, it's strong enough to protect your phone. It fits Xs Max, Xs/X, and XR iPhones.

Waverly Ambassador Translator

Many of us have the misfortune of being cursed with monolingualism. Blame the public school system in America. But for those who want to travel regardless of language boundaries—or easily converse with people who speak different languages in their own neighborhood—Waverly Labs invented an audio device that translates on the spot. There are many situations in which to use it, but perhaps the most useful setup is to attach one to your ear, hand the other to someone who doesn't speak the same language to strap onto their own head, and talk away. The correct translation will play in both of your ears. The technology is still in the Indiegogo stage, but it might be worth it to you to get your hands on an early version.

Ember 14 oz. Temperature Control Mug

This mug is a godsend to people who can't function without morning coffee (as in, a large segment of the population). All it does is use internal heating technology to keep your caffeinated beverage hot—for an hour. You can nurse coffee without repeated trips to the microwave, or steep tea to the ideal temperature (all controlled via a Bluetooth-connected app). And that's all it needs to do. While Ember debuted these mugs awhile back, the 14-ounce version is new to 2019, and extremely helpful to your morning routine.

Bose Frames Audio Sunglasses

Bose debuted an audio gadget this year that combined two things you love dearly into one: cool sunglasses and wireless earbuds. If you throw a pair of these Bose Frames on during a sunny day spent outside, the frames themselves will play music, streamed from your phone via a Bluetooth connection, exclusively for your ears. We promise, no one else will be able to hear your music playing. The speakers are that good. If you don't love this frame shape, check out the Rondo style, with rounded edges.

Eurocurrency market: The market where financial banking institutions provide banking services denominated in foreign currencies. They may accept deposits and provide loans. Unlike Eurocredit markets, however, loans in this market are made short-term.

Cafeteria plan: A benefits plan that allows employees to select from a pool of choices, some or all of which may be tax-advantaged. Potential choices include cash, retirement plan contributions, vacation days, and insurance.

Bait and switch: An illegal tactic in which a seller advertises a product with the intention of persuading customers to purchase a more expensive product. When a seller uses this tactic, they frequently tell the customer that the original product is sold out or no longer available (even if the product is indeed still available), and push hard for the customer to purchase the costlier product. This tactic can be considered false advertising if the seller is not actually providing the original product, but if the item is available but the seller strongly encourages the customer towards another item, in general no legal action can be taken.

Comfort letter: An accounting firm's statement provided to a company preparing for a public offering, confirming that unaudited financial data in the prospectus follows GAAP, and that no significant changes have occurred since the report was prepared.

Fiduciary fraud: Type of felony violation that occurs when a financial institution or advisor purposefully deceives a customer or client. A fiduciary is responsible for maintaining a relationship of trust. The violation occurs when the financial representative acts in his own interest at the detriment of his client.

Contrarian: An investor who behaves in opposition to the prevailing wisdom; for example, buying when others are pessimistic and selling when they're optimistic, or buying out-of-favor stocks. In an extended bull market, the term contrarian can begin to mean someone who is bearish or prefers value stocks to growth stocks, although this is really just a subset of contrarian investing.

Consumer confidence index: A measure of consumer optimism toward current economic conditions. The consumer confidence index was arbitrarily set at 100 in 1985 and is adjusted monthly on the basis of a survey of about 5,000 households. The index considers consumer opinion on both current conditions (40% of the index) and future expectations (the other 60%). The Consumer Confidence Index is closely watched because many economists consider consumer optimism an important indicator of the future health of the economy.

CAGR: Compound Annual Growth Rate. The year over year growth rate applied to an investment or other part of a company's activities over a multiple-year period. The formula for calculating CAGR is (Current Value/Base Value)^(1/# of years) - 1.