MTBiz

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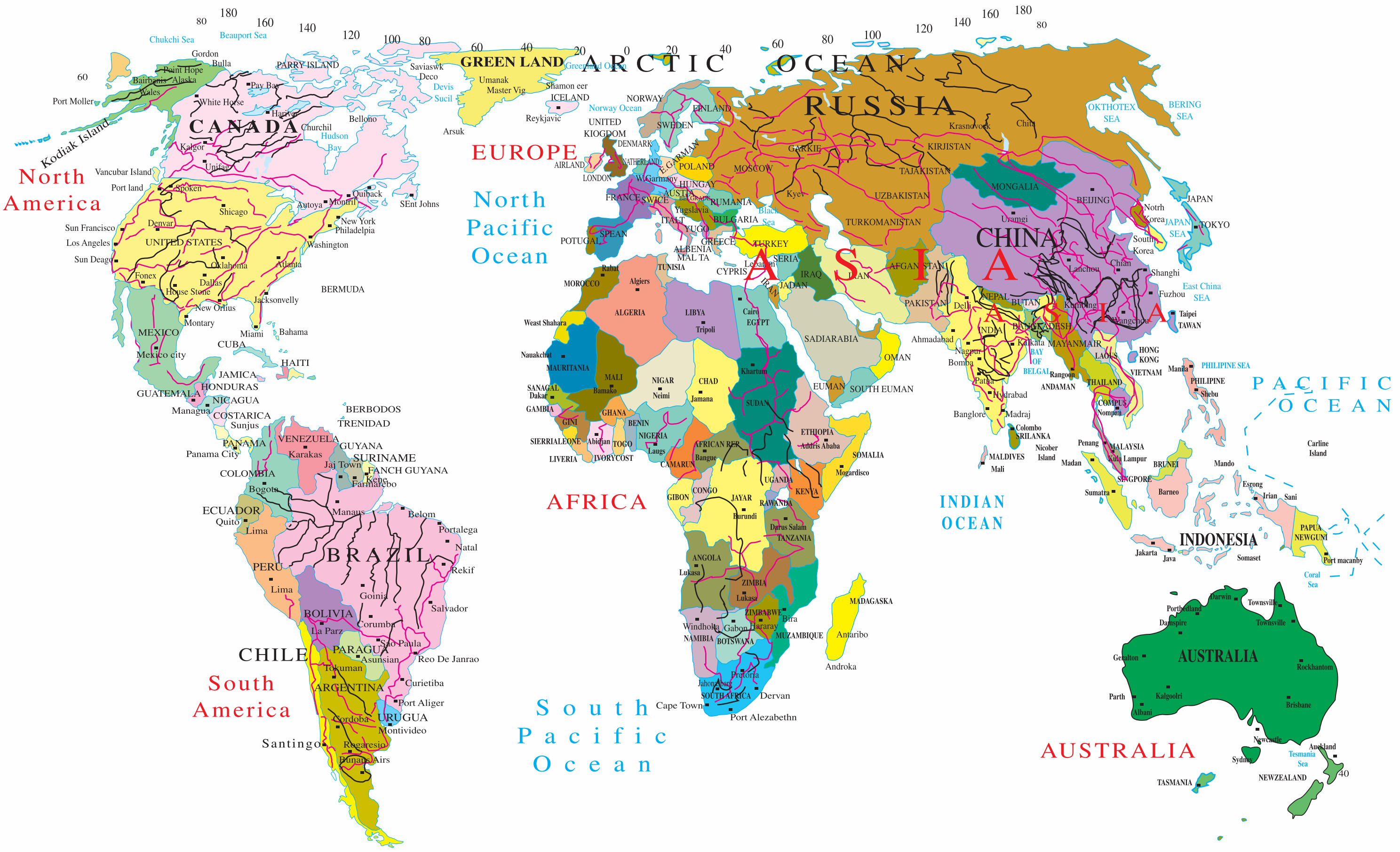
The Point of Shift
World Economy 2012



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MTBiz content

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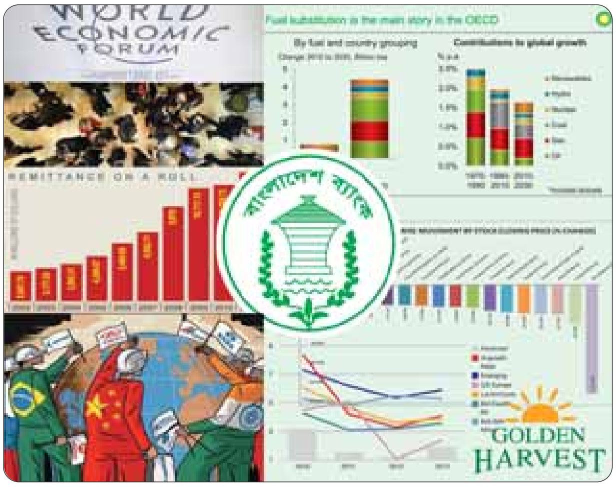

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The Point of Shift: World Economy 2012

'There are decades where nothing happens; and there are weeks where decades happen.'

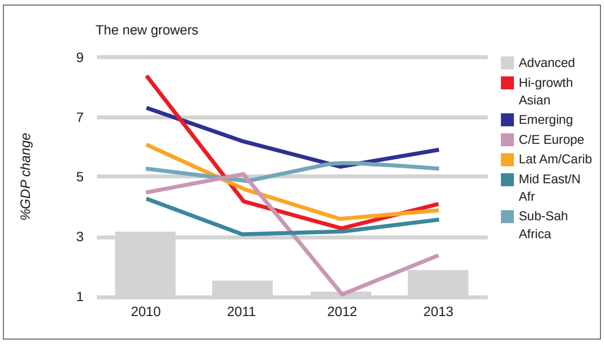
- Vladimir Ilyich Lenin (1870 - 1924)

The journey of World Economy through the year 2011, was as rocky as it never happened before; The Arab Spring, A spike and then a large drop in both gasoline and gold prices, The Japanese earthquake and tsunami, Osama bin Laden's death, Sovereign debt contagion in the Eurozone, The debt ceiling negotiation debacle, Standard & Poor's downgrading of the AAA debt rating for the U.S. for the first time in history, Epic flooding in Thailand, Occupy Wall Street, The start of the 2012 presidential campaign and the list of distress continues!

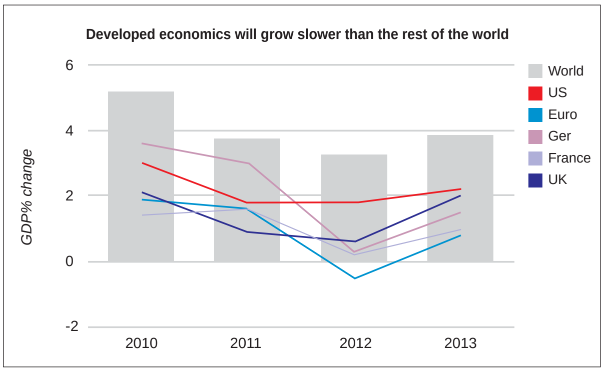
Most experts are betting that the world economy will grow stronger this year after 2011 turbulence, yet they warn that high unemployment, a depressed housing industry and other problems could dampen growth. Meanwhile, the fate of the Euro is still in question, and the burden of inflation looms large in China, Latin America and India despite their resilience to the recent global downturn. In the Middle East, observers expect renewed growth after the structural change, however they note that resource constraints will become an increasing problem for the region. MTBiz in this article, attempts to get their learned views on what's ahead for the world economy in 2012

The world economy has entered an unpredictable period. Some of the financial turmoil in Europe has spread to developing and other high-income countries, which until earlier had been unaffected. This contagion has pushed up borrowing costs in many parts of the world, and pushed down stock markets, while capital flows to developing countries have fallen sharply. Europe appears to have entered recession. At the same time, growth in several major developing countries (Brazil, India and, to a lesser extent, Russia, South Africa and Turkey) is significantly slower than it was earlier during recovery phase, mainly reflecting policy tightening initiated in late 2010 and early 2011 in order to combat rising inflationary pressures. Despite a strengthening of activity in the United States and Japan, global growth and world trade have slowed sharply.

The IMF (International Monetary Fund) slashed its forecasts for economic growth in its new World Economic Outlook, January 24, 2012. It now expects the eurozone to shrink during 2012, and warned that the eurozone crisis will drag down growth in other nations too. The data shows the effect of fiscal austerity - Italy is expected to suffer a 2.2% contraction in 2012, while Spain is tipped to shrink by 1.7%. That means that total euro area GDP will fall by 0.5% this year - down from a previous forecast of 1.1% growth.



The UK's growth forecast was cut back sharply for 2012, to just 0.6% from 1.6% in the IMF's last forecast. Just one country or region avoided having its economic forecast for 2012 cut. The IMF still believes America's GDP will grow by 1.8% this year. The US has prioritised economic stimulus measures over fiscal cutbacks - following the deal that will allow its national debt to grow into the next presidential term.



However the developing world and the high-growth Asian economies will continue to outpace the advanced economies of Europe, Japan and the US as the power balance shifts inexorably.

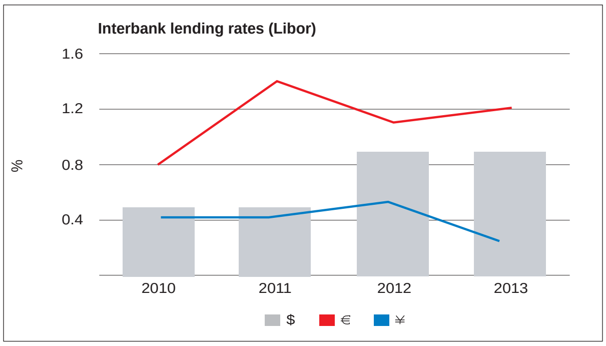
In this context, prospects are very uncertain in terms of World Bank's latest publication also, in January 2012, living a version of the downside scenarios discussed as a risk just 6 months ago when the June (2011) edition of Global Economic Prospects (GEP) was released. As a result, forecasts have been significantly downgraded in this edition of GEP.

o The global economy is now expected to expand 2.5 and 3.1 percent in 2012 and 2013 (3.4 and 4 percent when calculated using purchasing power parity weights), versus the 3.6 percent projected in June for both years.

o High-income country growth is now expected to come in at 1.4 percent in 2012 (-0.3 percent for Euro Area countries, and 2.1 percent for the remainder) and 2 percent in 2013, versus a June forecast of 2.7 and 2.6 percent for 2012 and 2013 respectively.

o Developing country growth has been revised down to 5.4 and 6 percent versus 6.2 and 6.3 percent in June.

o Reflecting the growth slowdown, world trade, which expanded by an estimated 6.6 percent in 2011, will grow only 4.7 percent in 2012, before strengthening to 6.8 percent in 2013.



Article of The Month

World Economy Projection	2010	2011	2012	2013
World Output	5.2	3.8	3.3	3.9
United States	3	1.8	1.8	2.2
Advanced Economies	3.2	1.6	1.2	1.9
Emerging and Developing Economies	7.3	6.2	5.4	5.9
China	10.4	9.2	8.2	8.8
India	9.9	7.4	7	7.3

World Economy Projection	2010	2011	2012	2013
World Trade Volume (goods and services)	12.7	6.9	3.8	5.4
Oil (Commodity Prices U.S. dollars)	27.9	31.9	-4.9	-3.6
Advanced Economies (Inflation)	1.6	2.7	1.6	1.3
Emerging and Developing Economies (Inflation)	6.1	7.2	6.2	5.5

**All figures are in 'growth %' || Source: IMF*

Developing Countries are More Vulnerable than in 2008

Whatever the actual outcomes for the world economy in 2012 and 2013, several factors are clear. First, growth in high-income countries is going to be weak as they struggle to repair damaged financial sectors and badly stretched fiscal balance sheets. Developing countries will have to search increasingly for growth within the developing world, a transition that has already begun but is likely to bring with it challenges of its own. One of the most positive elements of the recession of 2008/09 was the speed with which developing countries (other than those in Central and Eastern Europe) exited the crisis. By 2010, 53 percent of developing countries had regained levels of activity close to, or even above, estimates of their potential output. This time, developing countries look to be more vulnerable if there is a sharp deterioration in global conditions. Even though fiscal conditions are still generally better in developing countries than in high-income countries, government balances have deteriorated by two or more percent of GDP in almost 44 percent of developing countries and some 27 developing countries have government deficits of 5 or more percent of GDP in 2012. As a result, developing countries have much less fiscal space available to respond to a new crisis.

The Shift from G7 to E7

Measured by GDP in purchasing power parity (PPP) terms,

which adjusts for price level differences across countries, the largest E7 (China, India, Brazil, Russia, Mexico, Indonesia and Turkey) emerging economies seem likely to be bigger than the current G7 (U.S., Japan, Germany, U.K., France, Italy and Canada) economies by 2020, and China seems likely to have overtaken the US by that date. India could also overtake the US by 2050 on this PPP basis.

Looking at GDP at Market Exchange Rates (MERs), which does not correct for price differences across economies but may be more relevant for practical business purposes, and then the overtaking process is slower but equally inexorable. The Chinese economy would still be likely to be larger than that of the US before 2035 and the E7 would overtake the G7 before 2040. India would be clearly the third largest economy in the world by 2050, well ahead of Japan and not too far behind the US on this MER basis.

o Although current fuel prices are at historical highs (at least in real U.S. dollar terms), food prices are at or below levels that prevailed before the mid-1990s.

o The major shift in economic power to emerging countries such as China and India should be grasped by those in established economies as an opportunity for mutual benefit in terms of the economy and business as opposed to a zero sum competitive game that should be feared.

o Rapid growth in consumer markets in the major emerging economies associated with a fast growing middle class will provide great new opportunities for Western companies that can establish themselves in these markets.

o Even though relative GDP shares decline, the average per capita income will remain well above the E7. The rise of the E7 should boost average G7 incomes in absolute terms through the newly created market opportunities

o G7 economies can specialize in their areas of comparative advantage and have access to a larger global market both at home and overseas

o G7 customers will continue to benefit from low cost imports from the E7 and other emerging economies

o Restructuring of emerging market economies will give rise to many more opportunities for private equity firms

This changing world order poses both challenges and opportunities for businesses in the current advanced economies. On the one hand, competition from emerging market multinationals will increase steadily over time and the latter will move up the value chain in manufacturing and some services (including financial services given the weakness of the Western banking system after the crisis). There will also be challenges arising from the rapid rise of China, India and other emerging economies in terms of pressure on natural resources such as energy and water, as well as implications for climate change. Commodity prices will tend to remain high, so boosting exporters of these products (e.g. Brazil, Russia, Indonesia, the Middle East) and increasing input costs for natural resource importers.

Despite many challenges, according to eminent economists the world economic growth is poised to continue over the course of next year. However, businesses will need to remain cognizant of the evolving economic and policy landscape that will prove to be a game changer in 2012. With that note, the world is looking forward to breathe ease in 2012.

Happy economic recoveries are all alike;
Every unhappy recovery is unhappy in its own way.

- Leo Tolstoy (1828 - 1910)

FINANCE AND ECONOMY

BB SPELLS OUT FIVE STEPS TO KEEP ECONOMY ON TRACK

The central bank has announced five steps that include hiking interest rates on savings certificates, mobilizing more external and domestic resources and rationalizing public expenditures to implement its monetary policy.

The plans came as Bangladesh Bank Governor Dr. Atiur Rahman announced the bank's Monetary Policy Statement for the second half of the current fiscal year, which tightened the policy further to curb soaring inflation and reduce pressure on rocketing exchange rate.

"Ensuring positive real interest rates will strengthen monetary transmission channels, curb non-essential imports, stabilize external reserves and lead to an equilibrium in exchange rate," said the governor at a press briefing at his office in Dhaka.

First, the central bank said there is scope for increasing private sector credit growth for productive investments beyond the programmed level if there is a reduction in growth in credit to the public sector

The BB also said it plans to reduce the demand for consumer loans to increase the share of lending going towards growth enhancing investment purposes.

Second, the BB will ensure liquidity support for banks, so that productive credit growth is not crowded out. In future, the government's borrowing calendar will need to be modified to allow for a higher percentage of debt auctions in Treasury bills, as the long dated Treasury bonds lack liquidity in the absence of an active secondary market.

Third, while the interest rate regime will remain liberalized, the central bank will focus more on monitoring interest rate spreads so that they remain below 5 percent except for SME lending (as the costs of SME operations are higher) and consumer lending.

Fourth, the central bank said, in order to reach the new external sector equilibrium, overall import demand needs to be rationalized. Opening of letters of credits for non-essential and luxury items will be discouraged, while those for essentials such as petroleum will be unhindered.

The BB said a new coordination committee would aim to ensure that BDT liquidity is provided ahead of time so that banks can purchase the needed foreign exchange on the inter-bank market on a regular basis.

As a result, lumpy Bangladesh Petroleum Corporation payments can be met instead of approaching the BB for foreign exchange.
Fifth, the central bank will take further steps to improve the stability and outreach of its financial system.

The BB also said the monetary growth targets for fiscal 2012 are on track that established the credibility of the stance taken in the previous MPS.

In November 2011, reserve money growth and broad money growth were 15.4 percent and 17.7 percent respectively, well below the 16 percent and 18.5 percent targets set out in the July MPS.

"This stance was achieved through open market operations, raising the repo rates by 100 basis points in FY 2012 and lifting caps on lending interest rates other than for agricultural and pre-shipment export credit," said the MPS.

While weighted average lending rates have gone up on average by 1.6 percentage points in 2011, the BB said it is closely monitoring spreads so that they remain in low single digits for all sectors, except SME and consumer credit.

The BB said the extent of crowding out is limited as the weight of government borrowing in total domestic credit remains around 20 percent, which will free up more room for private sector credit growth.

It also said cross-country experiences from around the region illustrate the importance in Bangladesh of using monetary policy to act preemptively to mitigate risks from domestic and external imbalances. (27 January, The Daily Star)

ECONOMISTS BACK BB'S STRICT STANCE

Businessmen Say Curbs on Credit to Hurt Investment

Bangladesh Bank's tightened monetary policy received applauds from economists, but businesses expressed concerns that the target to curb credit to the private sector would discourage investments.

The reactions came after the central bank unveiled its Monetary Policy Statement with an aim to bring down inflation by reining in credit growth.

The economists said, other than targeting growth in money supply, scope for the BB to contain inflation and reduce external imbalance was limited in the face of a slowdown in exports, heavy depreciation of the BDT and dwindling foreign exchange reserves.

But the success of the BB in attaining its targets will depend on a squeeze in government's borrowing from banks.

Here, the decision lies with the hands of the government, its fiscal policy and ability to ensure speedy disbursement of foreign aid, they added.

Monetary policy alone is not sufficient. The fiscal policy should share the burden of adjustment as well," said Ahsan H Mansur, executive director of Policy Research Institute.

In the first six months of the current fiscal year, credit to the public sector soared by 62 percent.

In the MPS for January-June, the BB aims to bring down credit growth to government to 31 percent by June this fiscal year. It also targets to restrain credit growth to the private sector to 16 percent by June down from 18 percent in July-December.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said the BB might achieve its target on private sector credit growth. But it will be difficult to bring down government borrowing in line with the BB target, he said.

"The success of the policy depends on the government's fiscal policy and economy-wide policy," Rahman said, pointing to increased revenue generation by the government to finance budget deficits and government's ability to mobilise and utilise foreign aid.

Hassan Zaman, senior economic adviser to the BB governor, said, BB's restrained monetary stance aims to bring inflation down to a single digit in the next few months, and restore a new external sector equilibrium along with sufficient space for private sector credit growth.

He said the average private sector credit growth rate in emerging Asian countries in the second half of 2011 was 15 percent. The 16 percent private sector credit growth in BB's new monetary policy is therefore in line with regional comparators and more than sufficient to meet growth targets, he said.

Zahid Hussain, senior economist at the World Bank Bangladesh, said achieving the targets will require protecting the net foreign assets at very close to the end-December levels.

It will also require not allowing credit to the public sector to grow by more than 4.9 percent and credit to the private sector by not more than 7.7 percent, he added.

Md Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the central bank's target to reduce credit flow to the private sector would discourage new investments in the clothing sector and affect industrialisation. (27 January, The Daily Star)

PRESSURE ON FOREX RESERVES TO EASE IN MONTHS: BB

BALANCE OF PAYMENTS
IN MILLIONS OF DOLLARS

	JULY-NOV 2010-11	JULY-NOV 2011-12	% CHANGE
Exports	8,297	9,785	17.93
Imports	11,051	13,430	21.53
Trade deficit	2,754	3,645	
Remittances	4,581	4,921	7.42
Current account balance	762	-14,	
Overall balance	-584	-978	

The central bank said the pressure on foreign exchange reserves would ease in the coming months due to a fall in the opening of new letters of credit and restraints on domestic credit environment that is expected to limit import growth further.

The Bangladesh Bank said the number of LC openings fell 8 percent in January compared to the same period a year ago.

A more restrained domestic credit environment will cut down import growth; the BB said in its Monetary Policy Statement for the second half of the current fiscal year.

The weaker BDT will support export and remittance growth, the central bank said in the MPS released.

The central bank said the recent trends suggest that the pressure on foreign exchange reserves would ease in the coming months. We expect that new external sector equilibrium will be reached soon," the BB said.

On January 18, foreign currency reserve was at USD 9.04 billion, down from USD 10.91 billion on June 30 last year.
The BB also said the external sector is facing a challenging environment, and addressing this is an integral part of the bank's monetary stance.

Export growth, which was 14.7 percent during July-December last year, lagged behind the import growth at 22 percent between July and November, partly due to the projected 57 percent rise in petroleum imports in fiscal 2012 compared to the previous year.
November 2011 witnessed a negative current account balance for the first time in recent years as the negative trade balance was not compensated by remittances that grew by a robust 9.3 percent in the first six months of the current fiscal year, the BB said.

It said a sharp decline in net foreign aid (total aid minus payments) is another major reason behind the mounting pressures on the balance of payments.

The net aid for the July-November period in 2011 was USD 69 million, which accounted for only 7 percent of that received in July-November 2009.

"As a result of these multiple pressures, the exchange rate has depreciated, with the BDT's value falling by around 15 percent vis-a-vis the US dollar in the twelve months preceding mid January 2012. The foreign exchange reserves have also fallen from USD 10.1 billion in to 9.2 billion during this period."

The central bank said remittances appear to have responded positively to the depreciation of the BDT.

Migrant workers sent home a monthly record of USD 1.15 billion in December last year. Data from the first half of January points to a similar figure repeating itself, the BB said.

The central bank also said the fiscal stance is supportive of the government's growth strategy but the lack of foreign aid and unanticipated spending pressures have led to rapid growth of borrowing from the banking sector.

This reflects significant shortfalls in foreign borrowing, higher-than-expected subsidy payments and low levels of non-bank borrowing.

The non-bank borrowing can be enhanced if upward revisions to the interest rates on national savings schemes are made, the BB said.

The rising subsidy costs are piling up pressures on the government's domestic financing requirement, as state-owned enterprises providing fuel and electricity continue to make large losses, despite recent fuel and electricity price increases.

The subsidy is estimated at 3.4 percent of GDP or 19.1 percent of total spending in fiscal 12 compared to 1.3 percent of GDP or 8.8 percent of total spending in fiscal 2010.

Inflation, which was 10.7 percent in December, is much higher than the 7.5 percent average projected in the current budget due to a number of factors including higher food prices globally, high domestic credit growth and recent upward adjustments in energy and petroleum prices.

Point-to-point inflation declined from a peak of 11.97 percent in September to 10.63 percent in December. However, non-food inflation is still steadily increasing, partly due to energy and petroleum price adjustments.

The BB suggests that the focus on curbing inflation to single digit levels needs to continue. (27 January, The Daily Star)

BB ASKS GOVT TO BUY FUEL OIL ON CREDIT

The central bank suggested the government should take special credit from oil exporting countries to buy fuel to reduce mounting pressure on the country's foreign exchange, a top official said.

We've already conveyed the message to the government for the special credit for Bangladesh Petroleum Corporation (BPC), the official said, asking not to be named.

However, BPC Chairman Abu Bakar Siddique said he was not aware of any new move. Siddique said BPC received special credit from the Islamic Development Bank and a syndicate of three foreign banks operating here. I have no further information.

Bangladesh Bank is in trouble trying to maintain a benchmark reserve of foreign exchange.

The local currency has been depreciating fast and reached nearly BDT 83 for the dollar from around BDT 70 a year ago.

The BB said the government may initiate talks to Qatar, Kuwait and other oil exporting countries to give it a credit line or a deferred facility to support its oil imports.

This kind of credit facility is not new. Many countries take such credit when in need. Sri Lanka got interest-free credit in 2009 and 2010 for crude oil import from Iran.

The pressure on the economy now stems from oil imports to feed rental power plants. The import of fuel oils rose by 92.44 percent to USD 2.20 billion in the first five months of the current fiscal year from USD 1.15 billion in the same period the previous year, according to BB data.

The oil import bill would cross USD 6 billion at the end of this fiscal year compared to less than USD 3.5 billion last year.

We fear if the oil prices go up due to the Iran issue, things will worsen further, said the BB official.

Iran has threatened last month to shut the Strait of Hormuz, a transit point for a fifth of oil traded worldwide, if sanctions are imposed on its crude exports. The BB fears the fiasco may fuel oil prices and pile pressure on its reserve.

Bangladesh raised fuel prices last month, which was the fourth such hike since May in a bid to reduce subsidy burden, ignoring that it would add to the rising inflation. (10 January, The Daily Star)

BB TIGHTENS GRIP ON CONSUMER LOANS

Central Bank asks Banks to Keep Spread within 5pc

Bangladesh Bank tightened loans to buy cars and homes in an effort to rein in credit to the unproductive sector.

The BB has made car loans dearer by raising the buyer's portion to 70 percent from the previous 50 percent, according to a statement released. It means a would-be buyer will have to pay BDT 14 lakh out of his own wallet and can borrow a maximum of BDT 6 lakh from a bank for a BDT 20 lakh car.

A prospective home buyer can borrow 70 percent of his finance from a bank, down from 80 percent earlier, according to the statement.

The move will slow down the flow of money to the unproductive sector and help curb inflation, a senior BB official said.

The use of cars has been rising and successive governments could not rein in the trend by imposing high tariff on car imports. Importers have to pay more than 200 percent tax for a 1,500cc (engine power) car. Tariff rates go up depending on the engine capacity.

Lenders also hailed the move saying it would help curb inflation and the city's traffic congestion.

It will help contain inflation, said Anis A Khan, managing director of Mutual Trust Bank. On the home loans, Khan said it is not easy to get.

One has to demonstrate a cash flow and meet conditions to take home loans, he said.

The BB in separate circular asked commercial banks to keep the spread, which is a gap between lending and deposit rates, within 5 percent

But risky consumer credit such as credit cards and loans to small and medium enterprises has been kept out of the directive, the central bank said.

The BB took the decision following complaints from businesses against banks charging higher rates for loans. Many banks have increased lending rates by 4 percentage points, even for old loans. (23 January, The Daily Star)

CONSUMERS SPENT 13pc MORE IN 2011: CAB

Consumers spent 13 percent higher prices on average for buying essential commodities and services in 2011, compared to the previous year, the Consumers Association of Bangladesh (CAB) said in a statement.

The CAB estimate excludes the cost of education, healthcare and real transportation. It feared that the recent hike in fuel prices will push up prices of essentials, putting further squeezes on the wallets of people.

The sudden hike in fuel prices will also push up the prices of the commodity prices which were relatively reasonable earlier," CAB said. The government raised prices of fuel by BDT 5 per liter for the third time in less than four months.

"Consumers have become helpless in the face of rise in costs of essentials. The pressure of increased costs is coming from all fronts," said CAB that tracks and analyses market data ranging from essentials foodstuffs and commodities to clothes, house rent, electricity to transport costs.

The body blamed losses in value of BDT against the US dollar for hike in cost of various imported essential commodities.

Spiralling petroleum prices also fuel hiking prices of essentials, said CAB claiming that rising costs are forcing a section of consumers to cut consumption while many are liquidating their savings to survive, it said.

According to the CAB, cooking oil was on top of hike in prices of essential commodities in the immediate past year. Edible oil prices rose 26 percent in the year 2011 from the previous year.

Prices of vegetables, salt, spices, sugar, soap, milk products and fruit also increased along with clothes of both men and women. Water and utility bills also increased in the year 2011, according to CAB.

But prices of the staple rice declined 10 percent. Flour prices also dropped, it added.

CAB said bus fares were kept stable. But in reality, it is not possible for commuters to have trips at government fixed rates. On other hand, it is difficult to persuade a CNG three-wheeler operator or a taxi driver to go on a trip at government rates.

"A chaotic situation prevails in this sector," said CAB. "House rents are also soaring keeping pace with rise in cost for essential commodities, transport, gas and water."

During the year 2011, house rent has increased by 16 percent, said the association adding that home owners raised rents on the ground of increase in prices of essential items, holding tax, gas and water. Income disparity between the rich and the poor is rising. On the other hand, inconsistency between income and expenditure increases frustration among people."

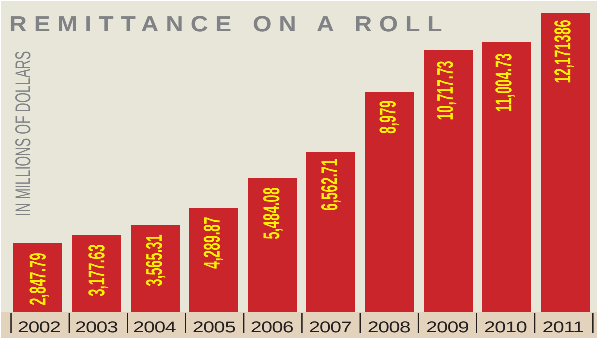
"A general disorder prevails in the health sector," said CAB, criticizing the government for not giving consumers the right to seek justice in the court directly in the consumers' right protection law.

To safeguard the right of consumers, the body demanded that the government revise the law, pass the competition law and policy to foil the designs of any cartels.

It also urged the government to establish a national price commission to keep prices of essentials within the purchasing capacity of people.(2 January, The Daily Star)

REMITTANCE HITS 10-YEAR HIGH

Migrant Workers Remit more to Cash in on Falling BDT against Dollar



Remittance inflows hit a decade high of USD 12.17 billion in the just concluded year, offering the government a much-needed cushion against dwindling foreign exchange reserves and exchange rate volatility.

Remittances grew 10 percent in 2011 from the previous year. According to data from Bangladesh Bank, remittances rose 26 percent to USD 1.14 billion in December, compared to the previous month.

"An increase in the outflow of workers and the depreciation of the BDT has bolstered the inflow," the central bank said in a statement.

A migrant worker now gets BDT 82 for a US dollar, up from BDT 70 a year ago, according to treasury officials.

The latest growth in remittances comes as more workers are joining the bandwagon of more than 7.6 million Bangladeshi migrants, 80 percent of whom working in the oil-rich Middle East.

During 2011, the outflow of migrant workers surged 45 percent to a two-year high at 568,000 due to opening of new jobs.

Key Middle East countries need more foreign workers now as they are taking more development projects, inspired by high oil prices at around USD 100 a barrel.

After 2008, the outflow of new migrants slumped due to a slowdown in demand. But it rose again last year, enabling Bangladesh to emerge as the eighth largest remittance earning country, according to a World Bank survey released last month.

The growth in remittances, the second biggest foreign currency earning sector after exports, gives a much needed cushion to the government to face a rising pressure on the country's balance of payments (BOP).

"It gives a breathing space. The growth is very much needed considering the falling foreign exchange reserve situation and volatility in exchange rate," said Zahid Hussain, a senior economist at the World Bank's Bangladesh office.

"The growth will help policymakers face the pressure on the balance of payments," he said.

Hussain linked the spiral in remittances to a rise in the outbound workers.
He said this growth should continue at least in the next six months.

"It is important to focus on sending more skilled workers to raise earnings per worker," said Hussain.

Otherwise it will be tough to retain the pace of growth.

He said the demand and wages for skilled workers will go up with the development of host countries. (11 January, The Daily Star)

BANKS' PROFITS GO UP DESPITE STOCK DEBACLE

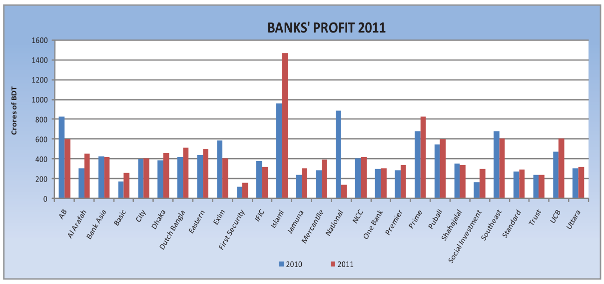
Private commercial banks weathered a steep downswing in the stockmarket last year to continue their profit growth.

Many thought that the banks' operating profit would come down due to the debacle in the stockmarket, as the key index of the Dhaka bourse plunged by around 37 percent in the year.

But the banks proved them wrong. Of the 30 private banks in Bangladesh, however, nine banks saw profits decline in the year.
The profit before tax mainly came, riding on their core banking business, financing of buoyant export and import, and channeling of still stable remittances.

In 2010, the banks made a profit of BDT 2,497 crore from the stockmarket. Out of them, the private banks made BDT 2,205 crore.

Four state banks -- Janata, Rupali, Sonali and Agrani -- also logged



higher profit in the just concluded year compared to the previous year.

Janata Bank's profit stood at BDT 1,500 crore, while Rupali and Sonali logged BDT 325 crore and BDT 1,458 crore respectively. Agrani Bank's figures could not be known. (2 January, The Daily Star)

BB Circulars/Circular Letters

Publish Date	Name of Department	Reference	Title
1-Jan-12	Banking Regulation and Policy Department	BRPD Circular Letter No. 01	Loan Classification and Provisioning
3-Jan-12	Department of Financial Institutions and Markets	DFIM Circular Letter No. 01	"Financial Institutions under City Corporation area of Comilla to remain closed on the occasion of City Corporation election"
4-Jan-12	Banking Regulation and Policy Department	BRPD Circular No. 02	Fixing rate of interest on lending
5-Jan-12	Monetary Policy Department	MPD Circular No. 01	Re-fixation of Repo and reverse repo rate of Bangladesh Bank
9-Jan-12	Department of Financial Institutions and Markets	DFIM Circular Letter No. 02	Mainstreaming Corporate Social Responsibility (CSR) in Financial Institutions
16-Jan-12	Department of Off-Site Supervision	DOS Circular No. 01	Submission of information/ statements related to DOS in rationalized input templates through Web Portal
18-Jan-12	Department of Off-Site Supervision	DOS Circular Letter No. 01	Scheduled banks under Municipality area of Narsingdi to remain closed on the occasion of Municipality by-election
19-Jan-12	Department of Off-Site Supervision	DOS Circular Letter No. 02	Marking to market based revaluation of treasury bills and bonds held by the banks
22-Jan-12	Banking Regulation and Policy Department	BRPD Circular Letter No. 01	Rationalization of rate of interest on deposit and lending
22-Jan-12	Banking Regulation and Policy Department	BRPD Circular No. 03	Prudential regulations for consumer financing
25-Jan-12	Banking Regulation and Policy Department	BRPD Circular No. 04	Submission of statements/ information to Banking Regulation and Policy Department through web portal of the enterprise data warehouse of Bangladesh Bank
26-Jan-12	Department of Financial Institutions and Markets	DFIM Circular No. 01	Submission of data through web portal using rationalized input template
30-Jan-12	Department of Off-Site Supervision	DOS Circular Letter No. 03	Uniform accounting procedure for REPO transaction
31-Jan-12	Department of Financial Institutions and Markets	DFIM Circular No. 02	Investment in Capital Market by Financial Institutions

FINANCE AND ECONOMY

BUSINESS LEADERS TO CONFRONT INCOME GAP, DEBT CRISIS RISKS IN '12

Growing income gap and global debt crisis are among the top risks confronting the business leaders and policy managers in 2012 and over the next decade, the World Economic Forum (WEF) in a forecast said. If these problems are not wrangled with urgency it could be" a dystopian future for much of the humanity".

This report will be placed before the annual meeting of the WEF, beginning in Davos, Switzerland on January 25. This very high profile and very expensive gathering is attended by government and business leaders, central bank governors, policy planners and academics.

Signs of outrage was in evidence in much of the outgoing year with occupy Wall Street movement in New York gathering momentum and spreading to other US cities and Europe. Deeper problems are brewing all over the world where government face political, economic and demographic pressures, the New York Times (NYT) in a recent report said.

The other potential risks are natural disasters. A devastating tsunami hit Japan, killing thousands and wrecking the economy in March last year. It was world's first trillion dollar disaster, an analyst said. It was one of the flip sides of globalization. A local event can become a global event.

The world has become more vulnerable to events like terrorists attack, natural disasters and global economic meltdown because of rise of internet. Internet can magnify and spread the effects of a disaster in another way. Wild rumors spread quickly on internet ever before accurate news can be communicated.

One potential area of friction that could put the entire global economy into jeopardy is Iran. Military action between Iran and US or Iran and Israel over blockade of the Strait of Hormuz will sharply increase the oil price.

Three other crises that could send the global economy topsy turvy are: severe global credit squeeze, social upheaval in India and possibly in China, and double dip recession.

Few major global players like the US, France, and Russia are set to face elections in 2012. There will be transition of leadership in China as well. The wind of elections though not due before 2014 is blowing in India

Tailpiece: To all political parties and politicians. "Fear not to negotiate but do not negotiate out of fear" - John Fitzerald Kennedy. (16 January, The Financial Express)

DAVOS ELITE CONFRONTS CRISIS OF WESTERN CAPITALISM

Leaders of the global business elite were confronted with the fear that the Western model of capitalism has failed and is about to be shoved aside by emerging powers.

'I think we have three to four years in the West to improve the economic model that we have, and if we don't do that soon I think we've lost the game,' warned David Rubenstein, managing director of the Carlyle investment fund. He warned that the West needs to get its deficits under control and return to growth. 'If we don't do that soon, when we are here in three to four years ... the game will be over for the type of capitalism that many of us have lived through and thought was the best type of capitalism,' Rubenstein said.

Global labor leader Sharan Burrow, general secretary of the International Trade Union Confederation, urged corporations and governments to work with workers to develop a new economic model - and warned of a backlash.

But on the same panel, Raghuram Rajan, a professor of University of Chicago, warned the 20th century strength of the western economy had already failed to live up to its promises to rich world workers.

'Some countries, the UK and the US, tried to revive it through deregulation and managed for a while, but in general growth is too slow in the industrial world relative to the promises we have made,' he said.

For Ben Verwaayen, chief executive of French telecoms giant Alcatel-Lucent, the citizens and consumers of the West are in for a rude awakening.

'The consumer goes to the grocery shop and buys globalisation and then he leaves the shop with his two bags full of globalisation and turns to the government and says: 'Protect me from the results of this',' he said.

Some 40 heads of government will join the titans of commerce and industry in Davos to discuss everything from the eurozone crisis to Iran's nuclear programme as well as trends in science and the arts.

Just the title of the debates captures the tone, with the first posing the question: 'Is 20th Century Capitalism Failing 21st Century Society?'

While US treasury secretary Timothy Geithner will ponder the challenges for the US economy, a sizeable contingent from emerging powers including India and South-east Asian nations will consider: 'Is this truly the Asian century? (26 January, The New Age)

CHIEFS OF IMF, WB JOIN IN WARNING ON AUSTERITY, GROWTH

The heads of the IMF and World Bank have joined other influential figures in calling on countries to implement free trade, reform their economies and protect economic growth.

They warned that austerity programmes should "promote rather than reduce prospects for growth".

The warning came in a "call to action" in the run-up to the World

Economic Forum in the Swiss resort of Davos. Leaders warned the world faced slowing growth and rising unemployment. They also called for world leaders to take action to tackle inequality.

The signatories included Mark Carney, chairman of the Financial Stability Board, World Health Organization boss Margaret Chan, OECD secretary general Angel Gurria, dWorld Trade Organization director general Pascal Lamy, International Monetary Fund head Christine Lagarde, World Bank president Robert Zoellick, and the leaders of the International Labour Organization, World Food Programme and three regional development banks.

However, the signatories, who sit on the World Economic Forum's Global Issues Group, said their statement did not necessarily reflect the views of their organisations.

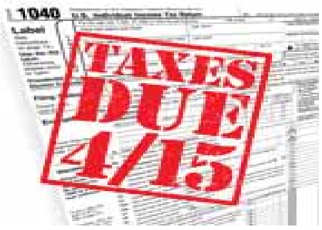
In the short term, the statement said, leaders should remove trade barriers, provide capital to the banking system, make government finances more sustainable and focus on youth and long-term unemployment.

However, they warned that "fiscal consolidation" programmes should be applied in a "socially responsible" manner, in order to promote growth and employment.

In the longer term, the statement called for action on labour market reforms to boost employment, inequality and green growth.

"Rising inequality calls for heightened consideration of more inclusive models of growth. We must deliver tangible improvements in material living standards and greater social cohesion," it said. (21 January, The Financial Express)

US TAXPAYERS STILL OWED USD 132.9b FROM BAILOUT



A government watchdog says US taxpayers are still owed USD 132.9 billion that companies haven't repaid from the financial bailout, and some of that will never be recovered.

The bailout launched at the height of the financial crisis in September 2008 will continue to exist for years, says a report issued by Christy Romero, the acting special inspector general for the USD 700 billion bailout. Some bailout programs, such as the effort to help homeowners avoid foreclosure by reducing mortgage payments, will last as late as 2017, costing the government an additional USD 51 billion or so.

The gyrating stock market has slowed the treasury department's efforts to sell off its stakes in 458 bailed-out companies, the report says. They include insurer American International Group Inc, General Motors Co and Ally Financial Inc.

If treasury plans to sell its stock in the three companies at or above the price where taxpayers would break even on their investment - USD 28.73 a share for AIG, USD 53.98 for GM - it may take a long time for the market to rebound to that level, the report says.

It will also be challenging for the government to get out of the 458 companies as the market remains volatile and banks struggle keep afloat in the tough economy, it says.

Congress authorised USD 700 billion for the bailout of financial companies and automakers, and USD 413.4 billion was paid out. So far the government has recovered about USD 318 billion. The bailout is called the Troubled Asset Relief Programme, or TARP.

'TARP is not over,' Romero said in a statement. She said her office will maintain its commitment to protect taxpayers for the duration of the programme.

Treasury spokesman Matt Anderson said the department 'has made substantial progress winding down TARP and has already recovered more than 77 percent of the funds disbursed for the programme, through repayments and other income.'

In Romero's quarterly report to Congress, she said her office has uncovered and prevented fraud related to TARP. Investigations by her office have resulted in criminal charges against 10 people and three convictions, the report notes. (26 January, The New Age)

BANK DEPOSITS AT ECB HIT FRESH HIGH

Commercial banks' overnight deposits at the European Central Bank (ECB) hit a new high of 482 billion euros, as concern about the debt crisis kept them opting for safety rather than lending to each other for higher returns.

Banks are awash with cash after taking an unprecedented 489 billion euros in the ECB's first-ever three-year liquidity operation late last month, and they are still mulling what to do with the money in the longer term.

The ECB pays 0.25 percent interest for overnight deposits, well below the 0.372 percent at which banks could lend out their spare cash on interbank markets.

In another sign of flight to safety, investors paid to lend Germany money for the first time at a regular debt auction, with six-month yields falling to -0.0122 percent.

Overnight deposits, hitting a fresh record for the third day in a row, tend to rise towards the end of the month-long reserves maintenance period, which ends on January 17, when banks have fewer options to juggle their funding as they have to show they have the funds required of them.

With total ECB lending at 685 billion euros, banks are returning 70 percent of the money back to the central bank.

While banks deposited less than 300 billion euros at the ECB in the last two reserves maintenance periods, those deposits still amounted to about two-thirds of ECB-provided liquidity back at the central bank, close to the same proportion as now.

Before the financial crisis started, banks made scant use of the deposit facility, giving the ECB less than 100 million euros on most days.

Emergency overnight borrowing edged up to 1.519 billion euros from 1.391 billion euros the previous day, which was the lowest since November 7, 2011. (22 January, The Financial Express)

WORLD FACES A 600-MILLION JOBS CHALLENGE: ILO

International Labour Organization

The world faces a daunting challenge of creating 600 million productive jobs by the next decade to generate sustainable growth and maintain social cohesion, according to the International Labour Organisation (ILO).

After three years of continuous crisis conditions in global labour markets and against the prospect of a further deterioration of economic activity, there is a backlog of global unemployment of 200 million, says the ILO in its annual report.

The report -- Global Employment Trends 2012: Preventing a deeper jobs crisis -- was released globally.

The report said more than 400 million new jobs will be needed over the next decade to absorb the estimated 40 million growth of the labour force each year.

The UN agency also said the world faces the additional challenge of creating decent jobs for the estimated 900 million workers living with their families below the USD 2 a day poverty line, mostly in developing countries.

Despite strenuous government efforts, the jobs crisis continues unabated, with one in three workers worldwide -- or an estimated 1.1 billion people -- either unemployed or living in poverty," said ILO Director-General Juan Somavia.

The report said the recovery that started in 2009 has been short-lived and that there are still 27 million more unemployed workers than at the start of the crisis.6 ptThe fact that economies are not generating enough employment is reflected in the employment-to-population ratio, which suffered the largest decline on record between 2007 (61.2 percent) and 2010 (60.2 percent).

At the same time, there are nearly 29 million fewer people in the labour force now than would be expected based on pre-crisis trends.

If these discouraged workers were counted as unemployed, then global unemployment would swell from the current 197 million to 225 million, and the unemployment rate would rise from 6 percent to 6.9 percent.

The report painted three scenarios for the employment situation in the future. The baseline projection shows an additional 3 million unemployed for 2012, rising to 206 million by 2016.

If global growth rates fall below 2 percent, then unemployment would rise to 204 million in 2012.In a more benign scenario, assuming a quick resolution of the euro debt crisis, global unemployment would be around 1 million lower in 2012, said the report.

Young people continue to be among the hardest hit by the jobs crisis. Judging by the present course, the report said, there is little hope for a substantial improvement in their near-term employment prospects.

The ILO report said 74.8 million youth aged 15-24 were unemployed in 2011, an increase of more than 4 million since 2007.It adds that globally, young people are nearly three times as likely as adults to be unemployed. The global youth unemployment rate, at 12.7 percent, remains a full percentage point above the pre-crisis level. (24 January, The Daily Star)

WORLD BANK TO RECOMMEND CHINA FINANCIAL REFORMS

The World Bank (WB) will recommend reforms to China's domestic financial system as part of broader proposals to help wean the country from a dependence on exports to sustain economic growth, World Bank President Robert Zoellick said.

Those changes could have the benefit of increasing confidence among Chinese authorities that the nation's economy will not be destabilized by foreign exchange reforms, Zoellick said. US and other international authorities have long urged China to let its yuan currency, also called the renminbi, to float more freely on foreign exchange markets.

"China's policy on the exchange rate will depend in significant part on whether Chinese officials believe the structure of the economy can adjust to the price signals of changed exchange rates," Zoellick said.

"The Chinese recognize that this reform agenda, including a stronger and more flexible financial sector would move hand in hand with the internationalization of the renminbi," he said.

China's government realizes that the export-led growth model that has been so successful for the past 30 years will not work in decades ahead, the World Bank chief said at the annual meetings of the Allied Social Science Associations.

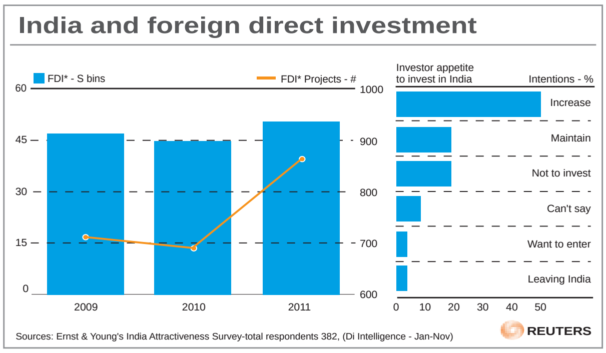
The World Bank, in a series of recommendations due to be released in February 2012, will suggest changes including fewer but stronger fiscal institutions that are more transparent and more accountable, Zoellick told the economists' conference. The bank's proposals are part of a year-and-a-half collaborative project with the Chinese government.

While Beijing has allowed its yuan currency to float in recent years, critics say Beijing has not permitted it to appreciate enough. The US Treasury last month avoided formally naming China a currency manipulator under law but chided Beijing for not moving quickly enough on reforms.

Some US politicians argue China has gained an unfair edge in global markets by keeping the yuan artificially low to boost exports. Pressure has mounted in Congress for President Barack Obama to take stronger action against China, but the administration has preferred a diplomatic approach.

The bank will recommend China moves away from controls on savings and interest rates that have subsidized state-owned enterprises. It will also urge a move toward market interest rates, deeper capital markets and more financial instruments, all the while accompanied by high standards for disclosure. (9 January, The Financial Express)

INDIA STILL A FOREIGN INVESTMENT HOT SPOT: E&Y



Foreign direct investment in India is set to swell in coming years as investors' stomach a lack of transparency, poor infrastructure and policy paralysis in their search for growth, professional services firm Ernst & Young (E&Y) said in a report.

Overseas investment in Asia's third-largest economy rose for the first time in three years in 2011, the report noted, as global investors put their faith in rising salaries, an expanding middle-class and a large and cheap labour force.

The fundamentals that make India attractive to investors remain intact, Farokh T Balsara, head of markets at Ernst & Young India, wrote in the report released.

However, our respondents continue to cite inadequate infrastructure and a lack of governance and transparency as major obstacles to investment.

Foreign direct investment in India rose 13 percent to USD 50.81 billion in the first 11 months of 2011 from a year earlier.

Foreign direct investment (FDI) in India rose 13 percent to USD 50.81 billion in the first 11 months of 2011 from a year earlier (see chart below), while the total number of projects rose 25 percent to 864, the report said, citing data from the Financial Times' FDI Intelligence service.

Business confidence in India has declined over the past year, as economic growth slowed from an annual rate of 8.5 percent in 2010/11 to about 7 percent, and corruption and policy paralysis discouraged investment in big projects.

Just over half of chief executives in India are still very confident of revenue growth in the next 12 months, down from 88 percent a year ago, according to a recent survey by PricewaterhouseCoopers.

The majority of companies surveyed by E&Y were confident in the long-term prospects for investment in India, given sluggish growth in the United States and debt problems in Europe.

Almost 70 percent of 382 international companies surveyed said they plan to increase or maintain their operations in India, said the report, which was prepared for the World Economic Forum gathering in Davos, Switzerland.

Just 19 percent said they had no plans to enter the country or were preparing to withdraw.

Robust domestic demand, cost competitiveness and a cheap, ever-growing labour force were cited India's key benefits.

Although the ongoing global uncertainty (has) prompted some discomfort among global investors to make long-term commitments, India's inherent advantages and its proven resilience to counter macroeconomic challenges far outweigh these concerns, Balsara said.

Automakers led the way in investing in India last year, boosting spending by 46 percent, E&Y said.

Technology and life sciences companies were other big spenders, while spending by foreign companies on infrastructure and retail projects declined.
Ford Motor Co, which said this month it would spend USD 142 million on its Indian operations, and the Renault-Nissan alliance are among companies that are stepping up investment in India.

Other companies, particularly retailers, are not so sure. Sweden's IKEA, the world's biggest furniture retailer, said this week that would be difficult to set up shop in India because of complex government sourcing rules announced recently.

Plans by companies such as Wal-Mart were set back in December when the government, under pressure from political allies, abandoned a long-mooted policy to open up the supermarket sector to direct investment by foreign companies. (30 January, www.firstpost.com)

EURO HITS 16-MONTH LOW VS DOLLAR

The euro hit 16-month lows against the dollar and sterling and hovered near an 11-year low versus the yen, with further declines expected as worries grow about a worsening euro zone debt crisis and sovereign funding pressures.

Next week's Italian and Spanish government bond sales are seen as the year's first big tests of fragile euro zone countries' abilities to raise funds and are likely to keep the market on edge and the euro under pressure.

US jobs data could provide some optimism on the outlook for the US economy after a measure of private-sector hiring surged in December. They are expected to show a rise of 150,000, but many think the figure may be higher.

Strong US jobs data could help risk sentiment but many analysts expect this may weigh further on the euro versus the dollar as investors focus on the divergence between the two economies, with the euro zone seen heading towards recession. (7 January, The Financial Express)

KODAK FILES FOR BANKRUPTCY

Eastman Kodak Co, which invented the hand-held camera and helped bring the world the first pictures from the moon, has filed for bankruptcy protection, capping a prolonged plunge for one of America's best-known companies.

The more than 130-year-old photographic film pioneer, who had tried to restructure to become a seller of consumer products like cameras, said it had also obtained a USD 950 million, 18-month credit facility from Citigroup to keep it going.

The loan and bankruptcy protection from U.S. trade creditors may give Kodak the time it needs to find buyers for some of its 1,100 digital patents, the key to its remaining value, and to reshape its business while continuing to pay its 17,000 workers.

At end September, the group had total assets of USD 5.1 billion and liabilities of USD 6.75 billion.

Kodak said it and its U.S. subsidiaries had filed for Chapter 11 business reorganization in the U.S. Bankruptcy Court for the Southern District of New York. Non-U.S. subsidiaries were not covered by the filing and would continue to honor all obligations to their suppliers, it added. (29 January, The Daily Star)

GOLD PRICES MAY TOUCH USD 2,000 AN OUNCE IN 2012: STUDY

Gold prices are likely to increase for the third consecutive year and would touch a record high of USD 2,000 an ounce in 2012, said a survey.

According to the annual London Bullion Market Association (LBMA) survey which covered 26 precious metal analysts, the average forecast for the precious metal for 2012 is USD 1,766 per ounce.

The average forecast for gold this year (USD 1,766 per ounce), a 12.34 percent rise from average price in 2011 and a 10.2 percent increase compared to the price in the first week of January, 2012.

Out of the 26 contributors to the survey, 19 expect gold to cross the USD 2,000 per ounce level in 2012.

Gold soared to an all time high in 2011 on strong demand as precious metals are considered as a 'safe-haven investment' in times of economic turmoil and rising inflation. (9 January, The Financial Express)

MTB News & Events

DR. ARIF DOWLA HAS BEEN ELECTED CHAIRMAN & RASHED A. CHOWDHURY VICE CHAIRMAN OF MTB

Dr. Arif Dowla
Chairman
Mutual Trust Bank Ltd. (MTB)

Rashed A. Chowdhury
Vice Chairman
Mutual Trust Bank Ltd. (MTB)

CONDOLENCE MEETING ON LATE MTB GROUP CHAIRMAN SAMSON H CHOWDHURY

Date: January 09, 2012

Venue: Board Room, Sun Floor, MTB Centre
Gulshan 1, Dhaka 1212

ANNUAL BUSINESS CONFERENCE 2012: INAUGURAL SESSION

Date: January 21, 2012

Venue: Pan Pacific Sonargaon Hotel, Dhaka 1215

Inaugurated by: Dr. Arif Dowla, Chairman, MTB

Founding Chairman Syed Manzur Elahi, MTB Directors M. A. Rouf JP, Khwaja Nargis Hossain, Yasmeen Haque, and Anjan Chowdhury also attended the event.

ANNUAL BUSINESS CONFERENCE 2012: AWARDS SESSION

Date: January 21, 2012

Venue: Pan Pacific Sonargaon Hotel, Dhaka 1215

MTB recognized high performing branches.

3rd BOARD MEETING OF MTB EXCHANGE (UK) LTD. HELD AT MTB CENTRE

Date: January 09, 2012

Venue: Sun Floor, MTB Centre , Gulshan 1
Dhaka 1212

Meeting Chaired by: Founding Chairman MTB, Syed Manzur Elahi & Director MTB Exchange (UK) Ltd.

MTB OPENS BOOTH AT DEPARTURE LOUNGE OF HSIA, DHAKA

Date: January 26, 2012

Venue: Hazrat Shahjalal International Airport (HSIA) Dhaka 1229

Inaugurated by: Md. Atharul Islam, Secretary, Ministry of Civil Aviation & Tourism (CAT), GoB.

Special Guests: Chairman of the Civil Aviation Authority of Bangladesh, Air Commodore Mahmud Hussain ndc, psc, Director, HSIA, Wing Commander Anisul Islam, psc, MTB Chairman Dr. Arif Dowla and Vice Chairman Rashed A Chowdhury.

MTB OPENS TWO ATM BOOTHS AT SQUARE PHARMA AND SQUARE TEXTILES

Date: January 19, 2012

Venue: Square Pharmaceuticals, Kaliakoir Gazipur, Dhaka 1750

Inaugurated by: Tapan Chowdhury, Managing Director of Square Pharmaceuticals Ltd. and Square Textiles Ltd.

REGISTRATION OF SALE DEED OF THE SUN FLOOR, MTB CENTRE

Date: January 01, 2012

Venue: Sun Floor, MTB Centre, Gulshan 1
Dhaka 1212

Signed by: Syed Ali Jowher Rizvi, Managing Director, Nekan Alliance PEB Ltd. and Anis A. Khan, Managing Director & CEO, MTB.

WORKSHOP ON IMPLEMENTATION OF RIT (RATIONALIZED INPUT TEMPLATES)

Date: January 14, 2012

Venue: MTB Training Institute, MTB Square
Tejgaon, Dhaka 1208

Key Resource Person: Mr. Md. Abdul Bari, Deputy General Manager, Statistic Department, Bangladesh Bank (BB).

HANDING OVER DEATH BENEFIT CHEQUE

Date: January 25, 2012

Venue: MTB Centre, Gulshan 1, Dhaka 1212

Mr. Quamrul Islam Chowdhury, DMD (Deputy Managing Director) & Group Company Secretary handed over a Cheque of BDT 5 lacs to Mrs. Azmatun Nahar mother of Late Mr. Hossain Mohammad-Ul-Anam, Senior Officer of MTB Panthapath Branch from MTB Death Benefit Plan. Mr. Anam left us on December 12, 2011.

National Economic Indicators

Total Tax Revenue

Total tax revenue collection in November, 2011 increased by BDT 1051.78 crore or 17.84 per cent to BDT 6947.27 crore, against BDT 5895.49 crore in November, 2010. The NBR and Non-NBR tax revenue collection during July-November, 2011-12 were BDT 31698.35 crore and BDT 1306.01 crore respectively, against BDT 27035.38 crore and BDT 1210.84 crore respectively during July-November, 2010-11.

NBR tax revenue collection in December, 2011 stood higher by BDT 691.54 crore or 10.32 percent to BDT 7392.47 crore against BDT 6700.93 crore collected in November, 2011. This was also higher by BDT 843.37 crore or 12.88 percent against collection of BDT 6549.10 crore in December, 2010. Total NBR tax revenue collection during July-December, 2011-12 increased by BDT 5402.60 crore or 16.09 percent to BDT 38987.08 crore against collection of BDT 33584.48 crore during July-December, 2010-11. Target for NBR tax revenue collection for FY 2011-12 is fixed at BDT 91870.00 crore.

Liquidity Position of the Scheduled Banks

Total liquid assets of the scheduled banks stood higher at BDT 114170.68 crore as of end December, 2011 against BDT 100564.96 crore as of end June, 2011. Excess liquidity of the scheduled banks also stood higher at BDT 40302.60 crore as of end December, 2011 against BDT 34071.21 crore as of end June, 2011.

Scheduled banks holding of liquid assets as of December, 2011 in the form of cash in tills & balances with Sonali bank, balances with Bangladesh Bank and unencumbered approved securities are 6.52 percent, 30.96 percent and 62.53 percent respectively of total liquid assets.

Bank Group	June 2010 (BDT in Crore)		As on end December, 2011 P	
	Total Liquid Asset	Excess Liquidity	Total Liquid Asset	Excess Liquidity
State Owned Banks	30146.85	10918.77	37646.78	17021.06
Private Banks	47857.65	13265.90	52918.16	15528.89
Private Islamic Banks	13418.07	7031.74	11825.53	3658.20
Foreign Banks	7969.63	2696.34	9272.47	3581.36
Specialized Banks	1172.76	158.46	2507.74	513.09
Total	**100564.96**	**34071.21**	**114170.68**	**40302.60**

Imports

Import payments in November, 2011 stood higher by USD 164.30 million or 5.52 percent to USD 3141.30 million, against USD 2977.00 million in October, 2011. This was also higher by USD 441.70 million or 16.36 percent than USD 2699.60 million in November, 2010.

Of the total import payments during July-November, 2011-12 imports under Cash and for EPZ stood at USD 14285.40 million, import under Loans/Grants USD 69.60 million, import under direct investment USD 45.40 million and short term loan by BPC USD 506.50 million.

Exports

Merchandise export shipments in December, 2011 stood higher by USD 473.61 million or 29.76 percent at USD 2064.85 million as compared to USD 1591.24 million in November, 2011 according to EPB data. This was also higher than USD 1988.35 million of December, 2010. The year-on-year growth stood at 3.85 percent in December, 2011.

Remittances

Remittances in December, 2011 stood higher at USD 1147.22 million against USD 908.79 million of November, 2011. This was also higher by USD 178.12 million against USD 969.10 million of December, 2010.

Total remittances receipts during July-December, 2011-12 increased by USD 517.77 million or 9.33 percent to USD 6068.30 million against USD 5550.53 million during July-December, 2010-11.

Foreign Exchange Reserve (Gross)

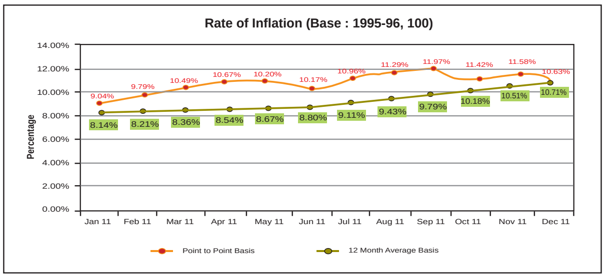
The gross foreign exchange reserves of the BB stood higher at USD 9634.85 million (with ACU liability of USD 746.12 million) as of end December, 2011, against USD 9285.20 million (with ACU liability of USD 377.78 million) by end November, 2011. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 2.94 months according to imports of USD 3025.90 million per month based on the previous 12 months average (December-November, 2010-11).

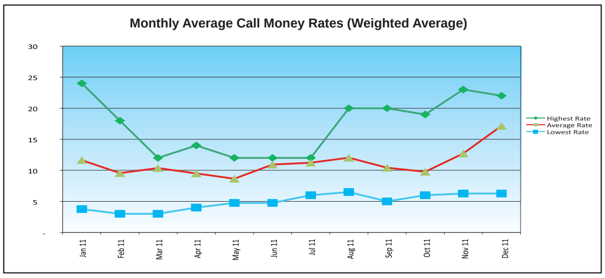
The gross foreign exchange balances held abroad by commercial banks stood lower at USD 930.81 million by end December, 2011 against USD 949.54 million by end November, 2011. However, this was higher than the balance of USD 538.07 million by end December, 2010.

Exchange Rate Movements

Exchange rate of Taka per USD increased to BDT 81.85 at the end of December, 2011 from BDT 74.15 at the end of June, 2011. Taka depreciated by9.41 percent as of end December, 2011 over end June, 2011.

(Source: Major Economic Indicators: Monthly Update, January 2012)





Rate of Inflation on CPI for National (Base:1995-96,100)	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	June 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Point to Point Basis	3.46%	4.69%	4.60%	6.71%	7.24%	8.51%	8.99%	9.06%	8.78%	8.54%	8.65%	8.70%	7.26%	7.52%	7.61%	6.86%	7.54%	8.28%	9.04%	9.79%	10.49%	10.67%	10.20%	10.17%	10.96%	11.29%	11.97%	11.42%	11.58%	10.63%
12 Month Average Basis	6.04%	5.60%	5.15%	5.11%	5.21%	5.42%	5.67%	5.95%	6.26%	6.51%	6.78%	7.31%	7.63%	7.87%	8.12%	8.12%	8.14%	8.13%	8.14%	8.21%	8.36%	8.54%	8.67%	8.80%	9.11%	9.43%	9.79%	10.18%	10.51%	10.71%

Source: Major Economic Indicators

Monthly Average Call Money Market Rates (wt avg)	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Mar 10	Apr 10	May 10	Jun10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	June 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Highest Rate	10.00	3.50	12.00	7.00	8.75	8.50	6.50	7.65	13.50	12.50	7.50	12.00	15.00	9.50	37.00	190.00	24.00	18.00	12.00	14.00	12.00	12.00	12.00	20.00	20.00	19.00	23.00	22.00
Lowest Rate	0.05	0.10	0.10	0.25	2.00	2.50	2.00	2.15	2.45	2.00	2.50	2.50	3.50	2.00	3.50	5.00	3.75	3.00	3.00	4.00	4.75	4.75	6.00	6.50	5.00	6.00	6.25	6.25
Average Rate	1.07	0.74	4.47	2.80	4.35	5.04	3.51	4.35	5.07	6.62	3.33	6.36	6.97	6.19	11.38	33.54	11.64	9.54	10.35	9.50	8.64	10.93	11.21	12.03	10.41	9.77	12.70	17.15

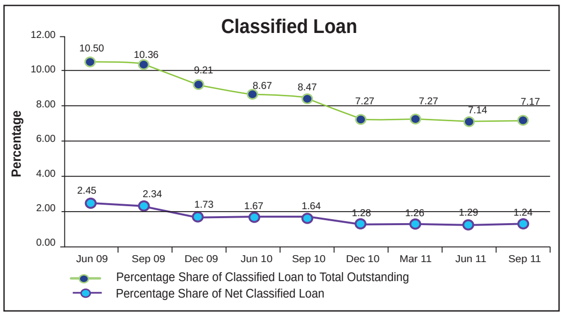
Source: Economic Trends Table XVIII (Call Money)

Banking and Financial Indicators

Classified Loans	Jun 08	Dec 08	Jun 09	Sep 09	Dec 09	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11	Sep 11
Percentage Share of Classified Loan to Total Outstanding	13.02	10.79	10.50	10.36	9.21	8.67	8.47	7.27	7.27	7.14	7.17
Percentage Share of Net Classified Loan	3.99	2.79	2.45	2.34	1.73	1.67	1.64	1.28	1.26	1.29	1.24

Monetary Survey	November, 2010	June, 2010	November, 2011P	Percentage Change (%) Nov.11 over Nov.10	FY 2010-2011P
Reserve Money (BDT crore)	85537.50	97500.90	99158.30	15.92%	21.09%
Broad Money (BDT crore)	394652.00	440,520.00	464521.90	17.70%	21.34%
Net Credit to Government Sector (BDT crore)	54726.70	73436.10	90714.40	65.76%	34.89%
Credit to Other Public Sector (BDT crore)	17211.90	19377.10	19935.00	15.82%	28.72%
Credit to Private Sector (BDT crore)	303218.90	340712.70	361838.60	19.33%	25.84%
Total Domestic Credit (BDT crore)	**375157.50**	**433525.90**	**472488.00**	**25.94%**	**27.41%**

L/C Opening and Settlement Statement (USD million)					Percentage Change (%)	
	July-Dec 2010-11		July-Dec 2011-12		Year over Year	
	Open	Sett.	Open	Sett.	Open	Sett.
Food Grains (Rice & Wheat)	1107.49	807.5	422.80	552.52	-61.82%	-31.58%
Capital Machinery	1603.99	975.05	1043.23	1202.39	-34.96%	23.32%
Petroleum	1138.63	1441.76	2315.55	2418.07	103.36%	67.72%
Industrial Raw Materials	7971.93	5839.83	7279.88	6623.93	-8.68%	13.43%
Others	7510.80	5948.93	7145.65	6631.99	-4.86%	11.48%
Total	**19332.84**	**15013.07**	**18207.11**	**17428.9**	**-5.82%**	**16.09%**



YEARLY INTEREST RATES

End of Period	Bank Rate	Call Money Market's Weighted Average Interest Rates on Borrowing	Lending	Scheduled Banks' Weighted Average Interest Rates on Deposits	Advances	Spread
2011*	5.00	17.15	17.15			
2010	5.00	8.06	8.06	6.08	11.34	5.26
2009	5.00	4.39	4.39	6.29	11.51	5.22
2008	5.00	10.24	10.24	7.09	12.40	5.32
2007	5.00	7.37	7.37	6.84	12.78	5.95
2006	5.00	11.11	11.11	6.99	12.60	5.61
2005	5.00	9.57	9.57	5.9	11.25	5.35
2004	5.00	4.93	5.74	5.56	10.83	5.27
2003	5.00	6.88	8.17	6.25	12.36	6.11
2002	6.00	9.49	9.56	6.49	13.09	6.60

*: data upto January, 2012.

Interest Rate Development *1/

Period	Treasury Bills 91-Day	182-Day	364-Day	BGTB 5-Year	10-Year	15-Year	20-Year	Repo 1-3 Day	Rev. Repo 1-3 Day	Call Rate	Lending Rate	Deposit Rate
2009-10												
March		3.54	4.63	7.85	8.76	8.75	9.15	4.50	2.50	3.51	12.41	7.13
April	2.34	3.42	4.15	7.85	8.77	8.77	9.17	4.50	2.50	4.36	12.37	7.20
May	2.37	3.52	4.20	.	8.77	8.77	9.19	4.50	2.50	5.18	12.30	7.13
June	2.42	3.51	4.24	7.87	8.78	8.80	9.15	4.50	2.50	6.46	12.37	7.40
2010-11 *r												
July	2.43	3.51	4.24	7.88	8.79	8.84	9.20	4.50	2.50	3.33	12.58	7.25
August				7.88	8.82	8.86	9.23	5.50	3.50	6.58	12.29	7.21
September				7.93	8.85	8.91	9.24	5.50	3.50	7.15	11.76	7.22
October	2.94	3.75	4.45	7.96	8.85	8.94	9.25	5.50	3.50	6.19	11.81	7.22
November	3.72	4.16	4.65	8.00	8.89	9.05	9.41	5.50	3.50	11.38	11.78	7.25
December	4.58	4.85	5.50	8.10	9.45	9.11	9.56	5.50	3.50	33.54	12.20	7.32
January	5.11	5.39	5.94	8.25	9.50	.	9.60	5.50	3.50	11.64	12.64	7.59
February	5.25	5.5	6.00	8.25	9.45	9.12	9.60	5.50	3.50	9.54	12.51	7.55
March	5.48	5.63	6.20	8.26	9.36	9.20	9.63	6.00	4.00	10.59	12.82	7.67
April	5.98	6.03	6.67	8.26	9.45	9.30	9.65	6.25	4.25	9.50	12.83	7.98
May	6.45	6.63	6.97	8.26	9.45	9.35	9.65	6.25	4.25	8.64	12.85	8.45
June	6.75	7.00	7.30	8.26	9.45	9.35	9.65	6.75	4.75	10.93	13.39	8.85
2011-12 *p												
July	7.04	7.28	7.60	8.26	9.45	.	10.00	6.75	4.75	11.21	13.74	9.09
August	7.40	7.65	7.90	8.30	9.50	9.65	10.25	6.75	4.75	12.02	13.61	9.33
September	7.73	8.30	8.65	8.35	9.53	10.30	10.85	7.75	5.25	10.41	13.71	9.45
October	8.12	8.40	8.65	8.50	9.55	10.99	11.50	7.75	5.25	9.77	13.94	9.35
September	8.73	8.90	9.13	8.50	9.55	11.00	11.50	7.75	5.25	12.70	14.00	10.32
December	9.50	9.18	10.00	8.50	9.55	11.00	11.50	7.25	5.25	17.75	13.87	10.56
January	10.50	10.63	10.88	9.00	11.25	11.50	11.95	7.75	5.75	19.67	.	.

Source : MRP, DMD, Statistics Dept., Bangladesh Bank, *1/ Weighted Average Rate, *p Provisional,
*r Revised, . Data Unavailable

Domestic Capital Markets

CAPITAL MARKET - DSE
(For the Month January 2012)

Weekly Summary Comparison

	Jan 22-26, 2012	Jan 01-05, 2012	% Change
Total Turnover			
in mn BDT	12,057	34,598	(65.15)
Daily Average			
Turnover in mn BDT	2,411	6,920	(65.15)

Category-Wise Turnover

Category	Jan 22-26, 2012	Jan 01 - 05, 2012	% Change
A	93.18%	93.65%	(0.005)
B	2.44%	0.65%	0.018
G	0.00%	0.00%	0.000
N	2.80%	3.93%	(0.011)
Z	1.58%	1.77%	(0.002)

Scrip Performance in the Week

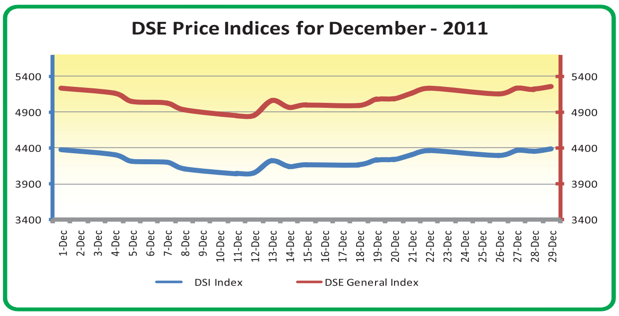
	Jan 22 - 26, 2012	Jan 01-05, 2012	% Change
Advanced	7	222	(96.85)
Declined	261	45	480.00
Unchanged	0	2	(100.00)
Not Traded	4	3	33.33
Total No. of Issues	272	272	0.00

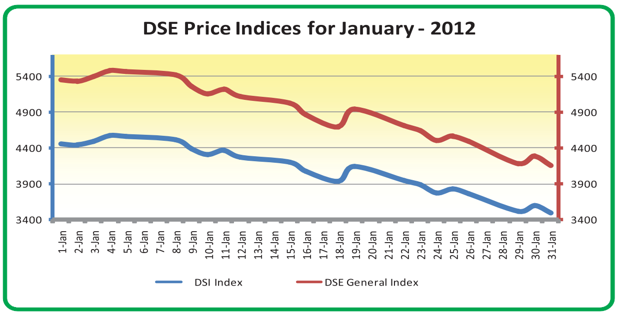
Top 06 Gainer Companies by Closing Prices, January, 2012

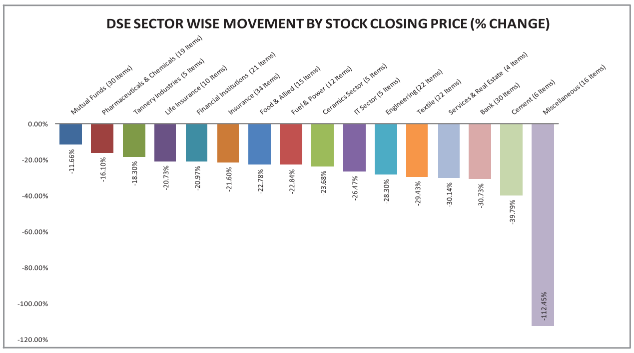
Sl	Names	Category	% of Change	Deviation % (High & Low)
1.	Rupali Life Insurance Company Ltd.	A	8.89	18.40
2.	ICB AMCL 1st M.F.	A	6.38	15.38
3.	EBL NRB Mutual Fund	A	2.27	0.00
4.	IBBLP BOND	A	1.19	7.14
5.	Marico Bangladesh Ltd.	A	1.09	7.20
6.	Jamuna oil	A	0.52	7.81
7.	N/A	N/A	N/A	N/A
8.	N/A	N/A	N/A	N/A
9.	N/A	N/A	N/A	N/A
10.	N/A	N/A	N/A	N/A

Top 10 Loser Companies by Closing Prices, January, 2012

Sl	Names	Category	% of Change	Deviation % (High & Low)
1.	Fine Foods Ltd.	A	(23.61)	29.49
2.	R. N. Spinning Mills Ltd.	A	(22.82)	34.13
3.	Heidelberg Cement BD	A	(22.45)	27.23
4.	Delta-Brac Housing	A	(20.79)	35.91
5.	DESCO	A	(19.84)	23.08
6.	Maksons Spinning Mills Limited	A	(18.24)	26.45
7.	Metro Spinning	A	(17.58)	25.52
8.	ILFSL	A	(16.22)	24.68
9.	MIDAS Financing Ltd.	A	(16.04)	26.97
10.	The Dacca Dyeing	A	(15.88)	27.85







The benchmark general index of the Dhaka Stock Exchange-DGEN, the yardstick of the market, came down below 4,500-point level to 25-month low. The Dhaka Stock Exchange (DSE) also passed another testing month that ended Thursday (Jan 26, 2012) and declined for the three straight weeks with significantly declining turnover value.

The market analysts said trading was quite volatile throughout the month due to confusions following a government notification regarding public servants' investment in the stock market and central bank's announcement of monetary policy. The lack of confidence among the general investors and liquidity crisis also took a heavy toll during the month. The central bank's probable tighten monetary policy intensified the investors' fear, according to market expert.

The central bank unveiled a 'restrained' monetary policy Thursday aiming to bringing down inflation to a single digit from the current level at 10.7 per cent through discouraging credit flow to unproductive sectors.

The last week witnessed DGEN plunged 459.51 points or 9.29 per cent to close at 4,486.98 to come down to 25-month low since December 27, 2009. The broader All Shares Price Index (DSI) slipped 376.11 points or 9.09 per cent to close at 3,824.78. The DSE-20 Index comprising blue-chip shares also dropped 241.84 points or 6.49 per cent to close at 3,507.68. The turnover value also declined significantly last week compared to the previous week as Thursday's turnover value was only BDT 1.90 billion which was almost three months low.

Domestic Capital Markets

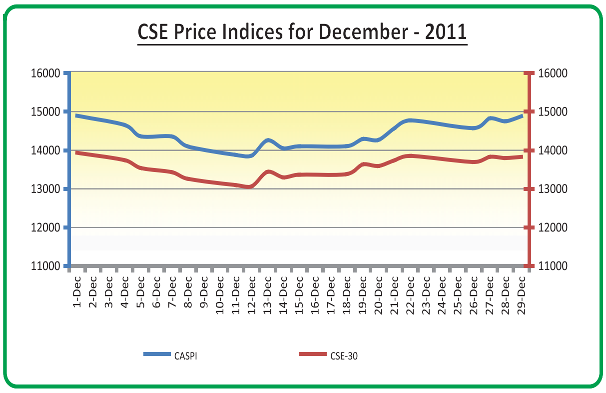
CAPITAL MARKET - CSE
(For the Month January 2012)

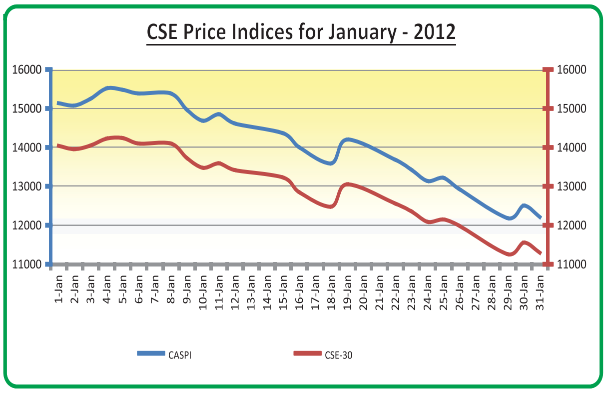
Top 10 Gainer Companies by Closing Price, January, 2012

Names	Category	Week Difference	Opening	Closing	Turnover (BDT)
Marico Bangladesh Ltd.	A	12.25	359.00	403.00	303,870.00
LR Global Bangladesh Mutual Fund One	A	9.41	8.50	9.30	4,650.00
Prime Finance First Mutual Fund	A	4.18	19.10	19.90	679,200.00
Aramit Cement Ltd.	N	3.89	95.00	98.70	96,850.00
Jamuna Oil Company Ltd	A	3.77	166.90	173.20	6,086,820.00
Meghna Petroleum Ltd.	A	1.93	129.20	131.70	3,106,850.00
IBBL Mudaraba Perpetual Bond	A	1.80	998.00	1,016.00	477,195.00
Cvo Petrochemical Refinery Ltd.	A	1.49	335.00	340.00	2,691,500.00
Convertible Zero Coupon Bonds	B	1.36	807.50	818.50	65,576.00
Northern general insurance co. Ltd.	A	1.12	44.60	45.10	276,900.00

Top 10 Loser Companies by Closing Price, January, 2012

Names	Category	Week Difference	Opening	Closing	Turnover (BDT)
I.C.B.	A	-20.17	1,879.00	1,500.00	75,000.00
Fine Foods Ltd.	A	-20.13	45.20	36.10	2,115,825.00
Apex Food	A	-18.75	80.00	65.00	82,000.00
R. N. Spinning Mills Ltd.	A	-17.86	61.00	50.10	40,120,902.50
Heidelberg Cement Bangladesh Ltd.	A	-16.63	250.10	208.50	87,380.00
Delta Brac Housing Finance Corporation Ltd.	A	-16.60	100.00	83.40	4,379,370.00
Eastern Ins	A	-16.16	62.50	52.40	202,560.00
Dhaka Electric Supply Co. Ltd.	A	-14.10	96.40	82.80	987,550.00
Maksons Spinning Mills Ltd.	A	-13.31	32.30	28.00	42,388,412.50
Metro Spinning Ltd.	A	-13.03	33.00	28.70	2,054,895.00





SELECTED GLOBAL INDICES

GLOBAL INDICES ROUND-UP FOR THE MONTH JANUARY

U.S. stocks rallied January, as investors cheered a much stronger-than-expected jobs report. The Dow Jones industrial average (DJIA) gained 415 points, or 3.4%, the S&P 500 added 54 points, or 4.4%, and the Nasdaq composite (NASDAQ) increased 208 points, or 8.0% throughout the month. The rally pushed the Dow to its highest level since May 2008. The Nasdaq climbed to its highest level since December 2000. The S&P 500 has gained almost at a six-month high. The rally was sparked by the Labor Department's monthly jobs report, which showed that the U.S. economy added 243,000 jobs in January, far exceeding expectations. The unemployment rate dropped to 8.3%, the lowest since February 2009. Economists surveyed by CNNMoney had expected the government to report an increase of just 130,000 jobs in January. The unemployment rate was expected to rise to 8.6%.

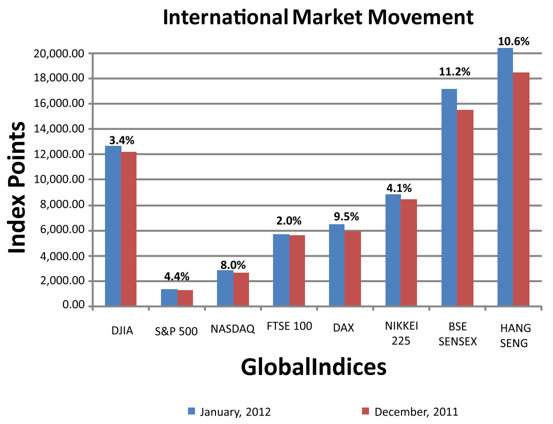
European stocks ended sharply higher. Britain's FTSE 100 rose 2.0%, while the DAX in Germany jumped 9.5%. Asian markets also ended significantly higher. The HANG SENG rose 10.6%, Japan's Nikkei (NIKKEI 225) rose 4.1% and BSE Sensex soared 11.2%.

INTERNATIONAL MARKET MOVEMENTS

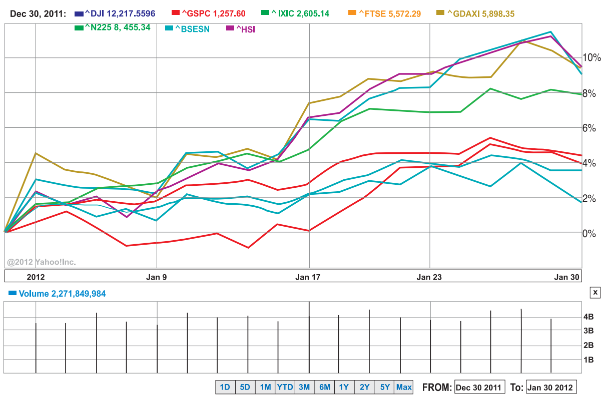
INDEX	VALUE (As of Jan 31, 2011)	VALUE (As of Dec 30, 2011)	CHANGE	% CHANGE
DJIA	12,632.91	12,217.56	415.35	3.4%
S&P 500	1,312.41	1,257.60	54.81	4.4%
NASDAQ	2,813.84	2,605.15	208.69	8.0%
FTSE 100	5,681.60	5,572.30	109.3	2.0%
DAX	6,458.91	5,898.35	560.56	9.5%
NIKKEI 225	8,802.51	8,455.35	347.16	4.1%
BSE SENSEX	17,193.55	15,454.92	1738.63	11.2%
HANG SENG	20,390.49	18,434.39	1956.1	10.6%
Arithmetic Mean				6.7%

DOUBLE VIEW

Month to Month Percentage (%) Change



January 2012



(Compiled from Yahoo! Finance)

Wells Fargo Securities Economics Group" Report

WELLS FARGO SECURITIES

US OVERVIEW

Domestic Expansion in the Face of Global Risks

Real economic growth of 2 to 2.5 percent, with moderate inflation, characterizes the expansion as has been the story for some time. One result of this outlook is our expectation that the Federal Reserve will continue with its low federal fund rate benchmark for this year. Long-term benchmark rates are expected to rise, as the risk-on trade increases with fewer expectations for a double-dip recession in the United States and a collapse in Europe.

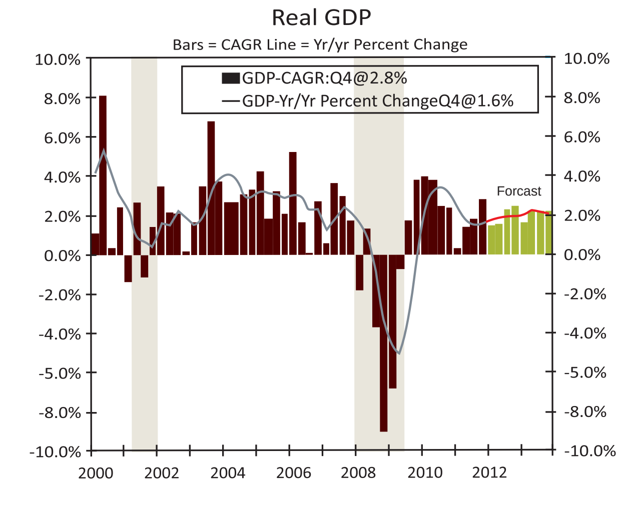
Despite the cyclical recovery, structural problems remain in the labor, housing and state and local government sectors. After two-plus years of recovery, these structural issues remain a damper on the strength of the recovery. Meanwhile, the global economy remains challenged with the cyclical weakness in the European economy combined with the emergence of significant risks with respect to the Middle East and the outcome of the U.S. election this fall. We believe a European recession is in swing right now that should lower export growth and earnings for some U.S. companies, at least in the near term.

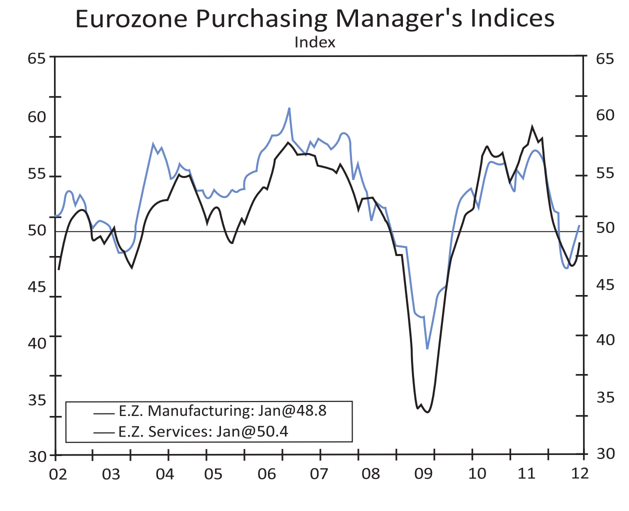
Tensions in the Middle East could lead to a spike in oil prices in the short-run and possibly an extended period of uncertainty that might limit the supply of oil in a pattern reminiscent of the 1970s. Meanwhile, election uncertainties will likely begin to weigh on business decision making, as potential significantly different fiscal policy options would be associated with alternative election outcomes. Such uncertainties should weigh on economic, business investment and employment growth.

INTERNATIONAL OVERVIEW

Global Economy: Coming in for a Soft Landing?

The global economy revealed a bit more resilience at the start of the year. In January, the easing of global monetary policy and the improvement in global financial conditions has helped lift manufacturing and service sentiment in much of the world. However, our view of global growth for 2012 remains hardly altered. Global growth is still expected to slow to around 3.1 percent in 2012 from a 3.5 percent growth rate in 2011. The Eurozone crisis is far from solved, but financial conditions in Europe are much improved from the past month, giving fiscal authorities more breathing room to get a handle on their existing debt and solvency issues, and European banks a chance to improve their liquidity and capital positions. The main driver of the financial improvement has come from the European Central Bank's (ECB) new three-year long-term refinancing operations (LTRO) that European banks have utilized liberally, helping themselves to about 500 billion in loans so far. The staunching of the European bank liquidity problems in the near term have given investors the confidence to snap up the distressed debt of Spain and Italy. Ten-year government bond yields in Italy have fallen below 6 percent from a November peak of 7.50 percent, but yields for the Italian government and other highly indebted European countries still remain elevated in a historical context. In addition, there is no guarantee that the ECB LTRO operations will help avoid a bank credit crunch in Europe that could deepen and prolong a European economic downturn. For now the economic data suggest that the global growth slowdown appears gradual.





Source : US Department of Commerce, IHS Global Insight and Wells Fargo Secruities LLC

Together we'll go far

Commodity Markets Review

The dollar price of non-energy commodities rose by 2.9 percent in January the first increase in six months on various weather-related supply constraints, improving macro sentiment, and in part due to dollar depreciation (down 0.6 percent against a broad group of major trading partners). The largest increases were for metals on expectations of higher demand, while several agriculture prices rose due to drought conditions, notably in South America. Crude oil prices moved higher on rising geopolitical tensions.

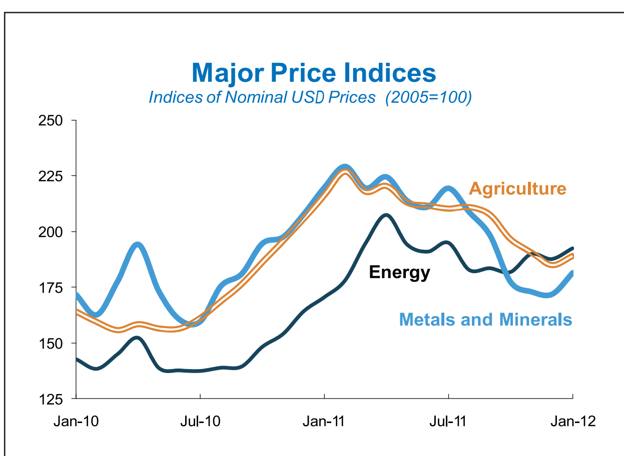
Crude oil prices (World Bank average) rose by 2.7 percent in January to USD 107.1/bbl on rising geopolitical tensions in a number of oil producing countries (e.g., Iran, Iraq, Nigeria, South Sudan and Yemen) and improving macro indicators. The spread between Brent and WTI averaged USD 10/bbl but widened sharply in early January to near USD 20/bbl due to increasing stocks at Cushing OK. Reversal of the Seaway pipeline was delayed until June that will then move crude from the U.S. mid-continent to the Gulf coast. Meanwhile the price of Brent moved above USD 118/bbl in early January on extremely cold weather in Europe that is boosting heating oil demand. Prices have also been supported by unexpected production outages in the North Sea and elsewhere, and by European refiners arranging to replace Iranian crude ahead of the EU embargo and U.S. sanctions (on banks dealing with Iran) that will come into full force July 1st. Saudi Arabia has pledged to offset any losses from Iran, and has also stated that it now prefers to keep oil prices at $100 per barrel.

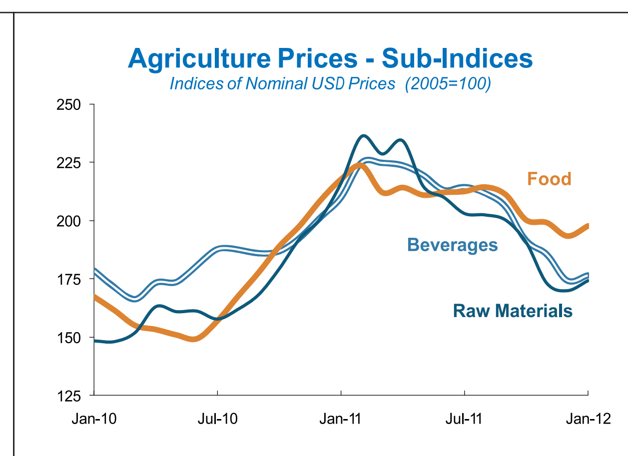
Natural gas prices in the US plunged 15.3 percent in January to USD 2.7/mmbtu (less than 1/5 Asian LNG prices) due to mild weather, surplus inventories, and steady rise in shale gas production. Companies have announced plans to curtail dry-gas shale production, and they also continue to shift investments toward liquids-rich or pure-oil shale developments.

Fertilizer prices fell 2.7 percent in January due to weak global demand and surplus supply. Major producers plan to cut output in 1Q 12.

Agriculture prices rose by 2.2 percent in January the first increase in five months on numerous supply concerns, notably drought conditions in Latin America and elsewhere. The largest gains were for raw materials, up 5 percent, with rubber prices climbing 7 percent on weather-related supply reductions in Asia, while cotton prices rose 6 percent on higher import demand in China. Fats and oils prices rose 4 percent, led by 5-7 percent gains in soybeans and soymeal due to an expected shortfall in Argentina s soybean output because of dry weather. Maize and sorghum prices rose 4-5 percent due to drought-related supply losses in South America and Mexico. Cocoa prices rose 5 percent on persistent drought in West Africa, especially in C te d Ivoire. The only product to record a large decline was rice, down 7 percent, on higher Indian exports.

Metals and minerals prices jumped 5.6 percent in January on expectations of higher demand and falling stocks for some metals. It follows very strong imports into China in 4Q 11. Tin prices rose 11 percent due to falling stocks and a sharp drop in Indonesia s exports because of seasonal rains. Nickel prices increased 9 percent on rising global stainless steel output, but large increases in global nickel capacity are coming on stream in the near to medium term. Copper prices rose 6 percent on declining inventories, while aluminum prices were also up 6 percent on a number of announced production cuts. Lead prices rose 4 percent on falling stocks, while zinc prices were also up 4 percent on higher Chinese imports.





Prepared by Shane Streifel, John Baffes and Betty Dow

Source: The World Bank

ENTERPRISE OF THE MONTH

Golden Harvest Group

Ahmed Rajeeb Samdani
Chairman & MD
Golden Harvest Group

Golden Harvest is a thriving and diversified local conglomerate operating into IT, Processed food, Commodity trading, Logistics and Property Development sectors. Headed by the group Managing Director, Rajeeb Samdani the company has benchmarked itself in each of the sectors establishing itself as a market leader with a highly satisfied clientele. Perfection and excellence is the main focus along with profitability concern of Golden Harvest, keeping social priorities on its business agenda.

Agro/Food

Golden Harvest Agro Industries Ltd. – A BRC 'A' Grade (British Retail Consortium) and ISO 9001-2008 certified frozen vegetable and food processing unit catering local and international market over 6 years. This unit is a trendsetter in the Bangladesh Market by introducing packaged processed foods and a very popular brand in International arena with its quality and product attributes. Golden Harvest Agro utilizes 100% indigenous raw materials mostly agricultural produces grown by local farmers. By achieving the highest possible quality standards, Golden Harvest has successfully secured customers like TESCO foods, World's 3rd largest Chain of Mega Store etc. Golden Harvest Seafood and Fish Processing Ltd. – An EU approved state-of-the-art value added frozen Seafood & Fish processing industry exporting to markets in USA, Canada, UK, Europe, and Australia. This unit also utilizes Bangladeshi seafood and fishes consequently these are processed and exported to customers around the world. Golden Harvest Organic and Aquaculture Holdings Ltd. – A backward linkage company involved in contract farming with emphasis on organic and good farming practices. Collaboration is extended to farmers and growers to build up awareness on the negative impact of insecticides. Emphasising on the natural food value aspects, this unit has established itself in the whole value chain process

Information Technology

Golden Harvest InfoTech Ltd. – One of the Largest Business Process Outsourcing Company in Bangladesh. Specialized in digitizing data from handwritten documents/manuscripts. 600 trained IT professionals work in this venture on a 24/7 basis with Industry best compensation package. This motivated team works for specialized and leading customers around the world and is highly skilled in processing data in multilingual forms like English, French and German. Bangladesh Electronics Payment Systems Ltd (BEPS). – A joint venture with Sunguard System Access (SSA), a fortune 500 company, providing Third Party Processing services to Banks and banking solutions to financial institutions in Bangladesh. 26 leading Banks are availing service from BEPS with a large number of ATM booths networking in the major cities around the country. In 2010, has merged with ITCL Ltd. and has become the largest electronic payment network in the country.

Commodities

Golden Harvest Commodities Ltd.– A commodity brokerage house supplying food grains, crude edible oils, raw and refined sugar, steel etc. Representing global trade leaders of commodities such as, Louis Dreyfus and Noble Grains, Stemcor UK, Musim Mas & Intercontinental Oils & Fats (ICOF). A core business in the company's business portfolio since its inception.

Golden Harvest Cottons Ltd. – A Joint set up of warehousing Raw Cotton in Bangladesh to serve the textile sector locally from ready sources in association with Allenberg Cotton USA. Competitive advantage of this unit is selling raw cottons from its climate controlled warehouse to the customer directly.

Real Estate

Golden Harvest Developers Ltd. – A very exclusive property developing company serving only the up-market for condominiums, statement/signature apartments with unique themes of architecture. This unit has its ongoing projects in Gulshan, Baridhara and Bashundhara in Dhaka. Each of this projects are constructed in the most exclusive and customized aesthetics. Designed by country best architects and run by highly professional operations team, Golden Harvest Developers is the future of development sector of Bangladesh. BrainTrain Ltd. – A well equipped architectural studio providing solutions to clients in Bangladesh as well as abroad. Braintrain is a creative common platform for portfolio architecture and interior designing in Bangladesh.

Logistics

Golden Harvest Logistics Ltd. – In partnership with Nippon Express of Japan, the 7th largest logistic company in the world with a global operation having offices in 38 countries, Golden Harvest Logistics is operating in Bangladesh under Japanese Management with an objective of setting up globally standardized business practice and procedures of Nippon Express, the Japanese Logistics Giant.

Corporate Social Responsibility (CSR)

Golden harvest realizes the importance of CSR from the beginning of its journey. With this view; it has aimed at serving the society in absolute non-profit business initiative. In each of these activities Humanitarian welfare is the main concern. Initiatives taken to fulfill such a cause include free medications, child rearing, scholarships and providing Hajj Pilgrimage and Donations to hospitals, NGO's etc. Major projects undertaken by the group has been mentioned below:

- Samdani Art Foundation
- Taher Ahmed Choudhury Charitable Hospital
- Alvina Samdani Trust
- Bangladesh Human Rights Foundation (BHRF)

Contact

Golden Harvest Group
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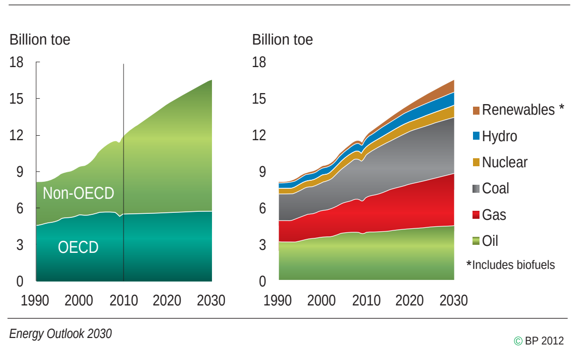
Email: contact@goldenharvestbd.com
Web: www.goldenharvestbd.com

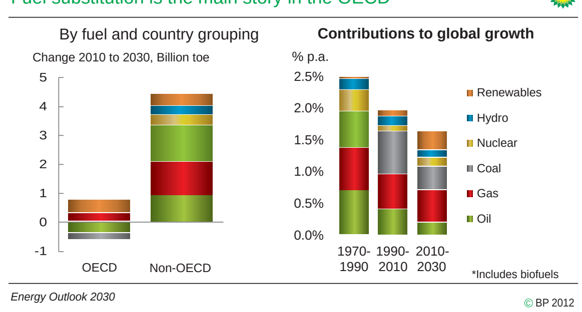
Energy Outlook 2030 by British Petroleum (BP) contains a series of projections for the future of energy over the next two decades. The Outlook aims at helping policy-makers, public and industries to have as clear a view as possible of the road ahead.

Non-OECD economies continue to drive consumption growth



Global energy demand is likely to grow by 39 percent by 2030, or 1.6 percent annually, almost entirely in non-OECD countries; consumption in OECD countries is expected to rise by just 4 percent in total over the period. Global energy will remain dominated by fossil fuels, which are forecast to account for 81 percent of global energy demand by 2030, BP forecasts, down about 6 percent from current levels. The period should also see increased fuel-switching, with more gas and renewables use at the expense of coal and oil.

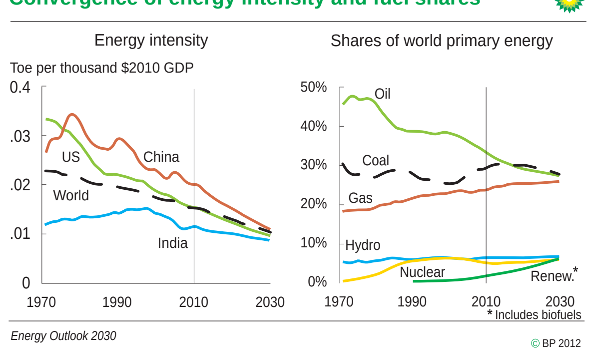
Fuel substitution is the main story in the OECD



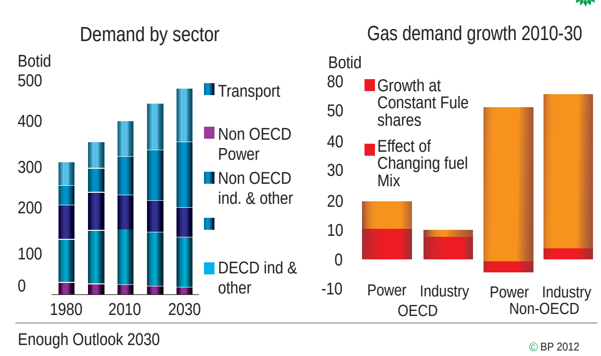
That gradual switching should see renewables, including biofuels, continue to be the fastest growing sources of energy globally, rising at an annual clip of more than 8 percent, much quicker even than natural gas, the fastest growing fossil fuel at about 2 percent a year over the period to 2030.

The Outlook argues that the impact of globalisation and competition will continue to deliver a remarkable convergence in energy intensity around the world, a measure of energy use per unit of national economic output. Oil, the world's leading fuel today, will continue to lose market share throughout the period although demand for hydrocarbon liquids will still reach 103 million barrels per day (b/d) in 2030, up by 18 percent from 2010. This means the world will still need to bring on enough liquids - oil, bio-fuels and others - to meet that forecast 16 million b/d of extra demand by 2030 and replace declining output from existing sources. While coal is expected to continue gaining market share in the current decade, growth will wane in the 2020-30 decade; gas growth will remain steady and non-fossil fuels are likely to contribute nearly half of the growth after 2020.

Convergence of energy intensity and fuel shares

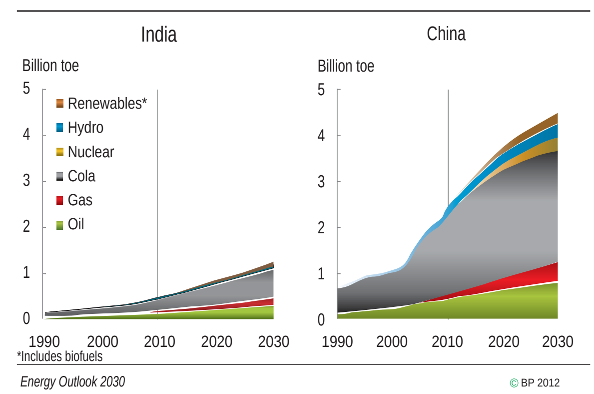


Fuel substitution in power andindustry



Power generation is expected to be the fastest growing user of energy in the period to 2030, accounting for more than half the total growth in primary energy use. And it is in the power sector where the greatest changes in the fuel mix are expected. Renewables, nuclear and hydro-electric should account for more than half the growth in power generation.

Energy consumption growth in India and China

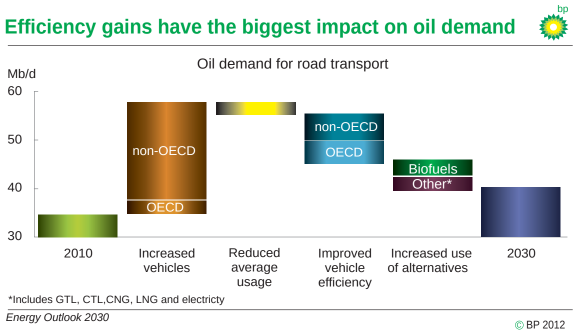


In China, growth of energy use is expected to slow significantly after 2020 as the economy matures. Although India's population is on track to exceed China's, its energy growth path is unlikely to replicate China's energy intensive growth path. It will more than double its energy use to 2030, heavily based on coal, but this will still result in consumption of some 1.3 billion tonnes of oil equivalent (toe), or just over one quarter of China's total.

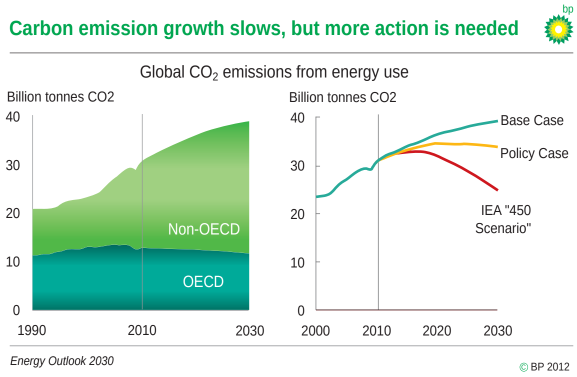
Transportation is likely to be the slowest growing sector for global energy consumption; significant improvements in fuel efficiency, including hybridization of vehicles will partly offset continued strong growth in vehicle sales in emerging markets.

Global Energy Outlook

Hybrid vehicles (including plug-ins) offer consumer flexibility and appear capable of meeting anticipated fuel economy

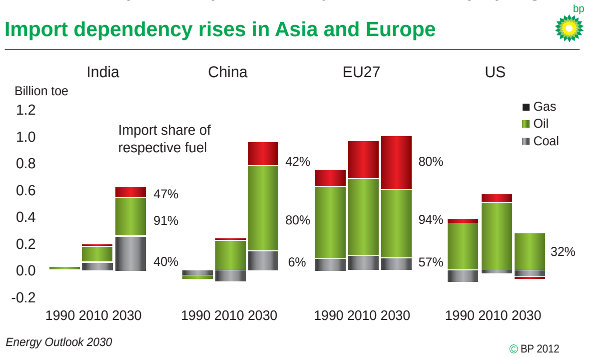


targets in 2030; oil is likely to account for 87 percent of transport sector energy use, down from 95 percent today, with biofuels filling most of the gap accounting for 7 percent of transport sector energy use. Global CO2 emissions are likely to rise by about 28 percent by 2030 - slower than the current rate of energy demand growth due to the rapid growth of renewables and

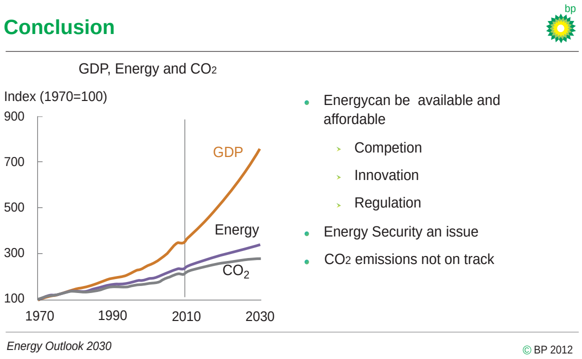


natural gas. If more aggressive policies than currently envisioned are introduced, global CO2 emissions could begin to decline by 2030.

By 2030 today's energy importers will need to import 40 percent more than they do today, but the experience will vary by region. In



Bolstered by supply growth from bio-fuels as well as unconventional oil and gas, North America's energy deficit will turn into a small surplus by 2030. In contrast, Europe's energy deficit remains at current levels for oil and coal but will increase by some two thirds for natural gas, supplied by LNG and pipelines from the Former Soviet Union. China's energy deficit across all fuels will widen by more than a factor of five and India's, mainly of oil and coal, will more than double in the period to 2030.



New Appointments During January, 2012

	BANKS, FINANCIAL & OTHER INSTITUTIONS			
Name	**Current Position**	**Current Organization**	**Previous Position**	**Previous Organization**
Kamran Kakr	Chairman & MD	Unilever Bangladesh	MD (Managing Director)	Unilever Nepal
SM Abu Mohsin	Chairman	Continental Insurance Ltd. (CIL)	N/A	N/A
Md Syful Islam	President	Institute of Chartered Accountants of Bangladesh (ICAB)	N/A	ICBA
Syed Nurul Islam	President	Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI)	N/A	N/A
Engr. Md. Enamul Haque	President	Gulshan Club	N/A	N/A
Andrew Tilke	Chief Executive Officer (CEO)	HSBC (Bangladesh)	Chief Risk Officer (CRO)	HSBC (China)
Mominul Islam	CEO	Industrial Promotion and Development of Bangladesh Ltd. (IPDC)	Head of Operations	IPDC
SM Mahbubul Karim	MD	Nitol Insurance of Company Ltd.	Company Secretary	Nitol Insurance Company Ltd.
Mohammad Obaidur Rahman	Country Director	Muslim Aid UK Bangladesh	N/A	N/A
Nazneen Sultana	Deputy Governor	Bangladesh Bank	N/A	N/A
Abu Hena Mohd Razee Hassan	Deputy Governor	Bangladesh Bank	N/A	N/A
Shitangshu Kumar Sur Chowdhury	Deputy Governor	Bangladesh Bank	N/A	N/A

CSR Endeavored by MTB

MTBians Stand For a Social Cause

The philosophy of Mutual Trust Bank (MTB) has always been looking beyond the traditional banking business and offering assistance to not only the community as a whole but also to people in need. The cold winter is often a source of misery for the downtrodden people of our country.

With this view, MTB took an initiative at its level best to alleviate sufferings of the underprivileged and started a winter clothing collection drive from all its branches. As a result, over 4,000 pieces of warm clothes and blankets were collected as direct donation of bank officials. The collected clothes were distributed in 32 locales including Jessore, Kushtia, Dhaka, Chittagong, Sylhet and other places during the month of January, 2012.

নিচের যেকোনো একটি সার্ভিস নিলেই আপনি পাচ্ছেন এমটিবি রিওয়ার্ড

সার্ভিসসমূহ	আপনার রিওয়ার্ড
অটো লোন	পার্সোনাল লোন-এ ১% ডিসকাউন্ট অথবা ক্রেডিট কার্ডের ১ বছরের ফি সম্পূর্ণ ছাড়
হোম লোন	পার্সোনাল লোন-এ ১.৫% ডিসকাউন্ট অথবা ক্রেডিট কার্ডের ১ বছরের ফি সম্পূর্ণ ছাড়
পার্সোনাল লোন	ক্রেডিট কার্ডের ১ বছরের ফি সম্পূর্ণ ছাড়
সেভিংস অ্যাকাউন্ট	লকার চার্জে ৫০% ডিসকাউন্ট

বিস্তারিত জানতে যেকোনো শাখায় যোগাযোগ করুন, অথবা
০১৭ ৩০৩৪ ৩৭৫৪-৫, (০২) ৮৮১ ৫০২১, info@mutualtrustbank.com
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Dilkusha Branch
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Fulbaria Branch
Gazipur Branch
Gulshan Branch
Madaripur Branch
Mohammadpur Branch
MTB Centre Corporate Branch
Mymensingh Branch
Narayangonj Branch
Pallabi Branch
Panthapath Branch
Principal Branch
Progati Sarani Branch
Savar Branch
Shah Mokhdum Avenue Branch
Shanir Akhra Branch
Sonargaon Branch
Sreenagar Branch
Tejgaon Branch
Tongi Branch
Uttara Model Town Branch

MTB Securities Ltd.

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Extension Office-Fulbaria
Extension Office-Fakirapul
Extension Office-Dilkusha
Banani Office
Dhanmondi Office
Gulshan Office
Narayangonj Office
Pallabi Office
Progati Sarani Office
Uttara Office

SME/Agri Branch

Dhanbari
Gafor Gaon
Hasnabad
Kaliganj
Noria
Sharulia Bazar

MTB Booth

Hazrat Shahjalal Intl. Airport

MTB Rangpur

Rangpur Branch
Thakurgaon Branch

MTB Securities Ltd.

Rangpur Office

MTB Barisal

Gournadi Branch

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Corporate Head Office

MTB Contact Centre

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365 DAYS a year

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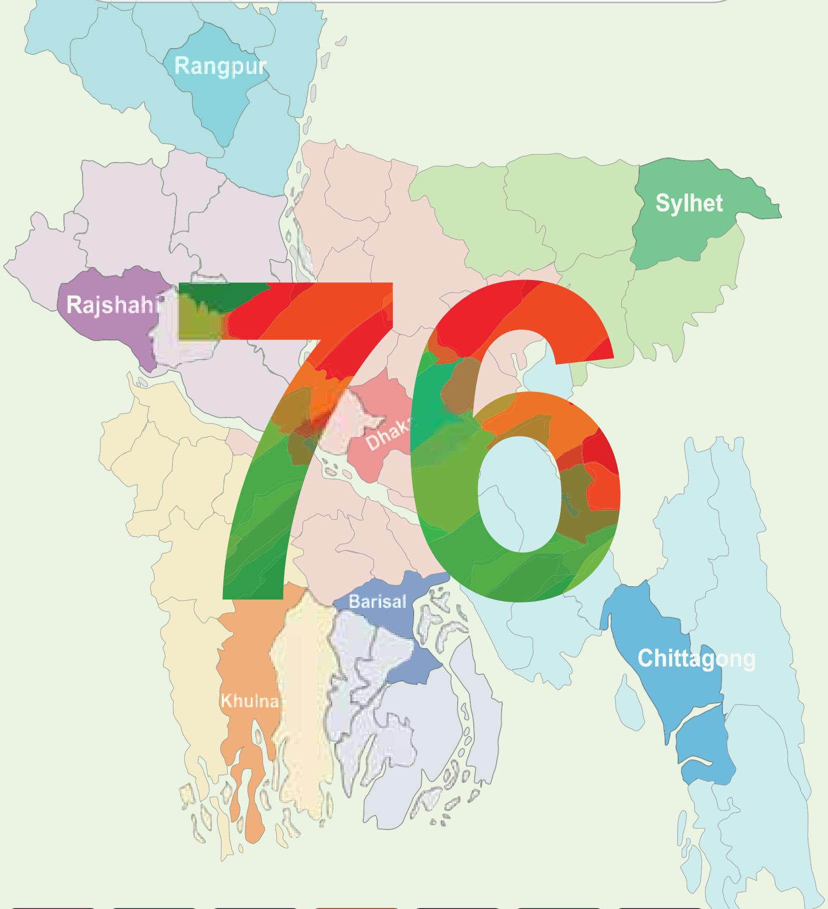

Dhaka	Rangpur	Barisal	Khulna	Rajshahi	Sylhet	Chittagong
Division	Division	Division	Division	Division	Division	Division

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Rajshahi Office

MTB Sylhet

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Syedpur

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Sylhet Office

MTB Chittagong

Agrabad Branch
Alankar Mor Branch
Aman Bazar Branch
Brahmanbaria Branch
CDA Avenue Branch
Chokoria Branch
Comilla Branch
Cox's Bazar Branch
Dhorkora Bazar Branch
Feni Branch
Jubilee Road Branch
Karnaphuli EPZ Branch
Kerani Hat Branch
Khatungonj Branch
Nazirhat Branch
Oxygen Mor Branch
Raipur Branch

SME/Agri Branch

Dagon Bhuiyan
Haidergonj
Laksham
Nazumeah Hat
Ramchandrapur Bazar

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