

# MTBiz

Monthly Business Review, Volume: 06, Issue: 01, January 2015

## Economic Outlook 2015

*Global & Bangladesh Perspectives*





## SME Bank of the Year & Women Entrepreneurs' Friendly Bank of the Year

Mutual Trust Bank Ltd. (MTB) rejoices along with its customers, shareholders, stakeholders, regulators, patrons and well-wishers, on receiving the **SME Bank of the Year** and **Women Entrepreneurs' Friendly Bank of the Year** Awards.

The recognition was made at the '**SME Banking Award 2014**' ceremony jointly organized by Bangladesh Bank and the SME Foundation. With this achievement, MTB becomes the first-ever best SME bank of the year for its contribution to the development of small and medium enterprises (SMEs).



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Article of the Month page 02

## Economic Outlook 2015

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Developed and Published by  
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# Economic Outlook 2015

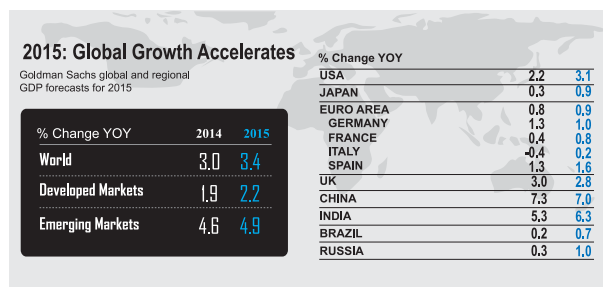
## Global & Bangladesh Perspectives

### Introduction

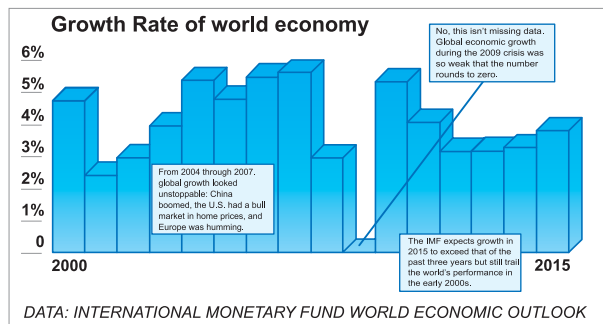
Lots of guesses are out there! Economists, investors, entrepreneurs, policy makers, all are planning their next move with the experience of many political and economic tensions over the year (2014). Political crisis, Ebola breakout, bailout, terrorism, formation of economic bloc open up a big horizon of thoughts for economic analysts and policy makers. However, many counter arguments are also there to show the shining ray of hope with evidence, prediction and projection. Whatever the outlooks are, some countries are found common in all predictions: Russia, China, Japan, US, India and Western Europe. This article would come up with a world economic outlook explaining thoughts of global thinkers about the future of giant economic players of the world. It would end up with a portrayal of the economy ahead of Bangladesh in 2015 by analyzing the economic trend of the country.

### Global Economy

A Financial crash in Russia; falling oil prices and a strong dollar; a new gold rush in Silicon Valley and a resurgent American economy; weakness in Germany and Japan; tumbling currencies in emerging markets from Brazil to Indonesia; an embattled Democrat in the White House. Is that a forecast of the world in 2015 or a portrait of the late 1990s? (The Economist, Dec 20, 2014) Russia is in crisis; there are concerns about the Eurozone.



Japan is struggling to emerge from stagnation. The Anglo-Saxon economies are outpacing the other developed economies of the west. The International Monetary Fund called global growth “mediocre” in October 2014 in its latest outlook. Chief Economist Olivier Blanchard wrote that “secular stagnation in advanced economies remains a concern,” and emerging markets can’t grow as fast as they used to without inflation. Global economy is taking longer than expected to recuperate from the bursting of the debt bubble during the last decade. Three years ago, the IMF projected that the world economy would be back on track by 2015, growing at 4.8%. The U.S. has pretty much met the IMF’s expectations. IMF, for obvious reason, reduces its forecast for 2015 global



*The U.S. economy would continue to grow with household and corporate balance sheets nearly fully recovered and with more stable Federal and state and local fiscal policy. Core inflation in the U.S. is expected to remain steady at about 1.5%. The Anglo-Saxon economies are outpacing the other developed economies of the west. Europe faces a major threat of outright deflation, which if it occurs, could trigger another debt crisis. British elections in May 2015 may have impact on the European Union.*

*Russia's economy is set to shrink in 2015 as a lower oil price takes its toll. The economy will contract 0.7% with the average oil price at USD 78 a barrel. Japan is struggling to emerge from stagnation. Expected focus is on ending deflation. IMF projects 0.8% growth for Japan in 2015. China has projected 7.1% growth which would be the country's lowest in 15 years. Democracy movement of Hong Kong would have some impact on Japan economy. India is fighting high inflation. A rate cut may be seen early in 2015 if inflation remains under control. Improvement in cyclical rebounds in Indian economy is expected.*

growth to 3.2%. It projects 3.1% growth for the U.S., just 1.3% in the euro area, and 0.8% for Japan. China’s projected 7.1% growth, high compared with other nations’, would be the country’s lowest in 15 years.

China isn’t geared for such a slowdown: Indebted investors such as property developers could default on a large scale if expansion comes in much below their expectations. The disparity in growth rates among the big four economies—the U.S., China, Japan, and the euro zone—was what Treasury Secretary Jacob Lew was referring to in October 2014, “You need all four wheels to be moving, or it isn’t going to be a good ride” (Bloomberg Businessweek, Nov 6, 2014).

### The Bull Market and the Bear Market

Bank of America (BofA) Merrill Lynch Global Research released its outlook for the markets in 2015, forecasting that the bull market in global equities will continue next year (2015) but returns will slow to single-digit rates.

Strong fundamentals and healthy growth in the U.S. economy support a case for investor optimism and opportunism; however, in the lower-return, higher-volatility environment projected ahead, selective allocation and defensive portfolio moves will be crucial for performance (Bank of America, Dec 9, 2014).

# ARTICLE OF THE MONTH

## Inflation, disinflation and deflation

Low inflation is driving policies in every country. Core inflation in the U.S. is expected to remain steady at about 1.5%, well below the Federal Reserve's 2% target. Meanwhile, the global backdrop is disinflationary. In 2015, BofA expects Japan to focus on ending deflation, while Europe faces a major threat of outright deflation, which if it occurs, could trigger another debt crisis. Stephen King, Chief Economist, HSBC, thinks deflationary pressures were well established long before oil and other commodity prices fell, suggesting the global economy is in relatively poor shape. "Faced with continuously high debt levels, monetary policy appears to have limited traction," King said.

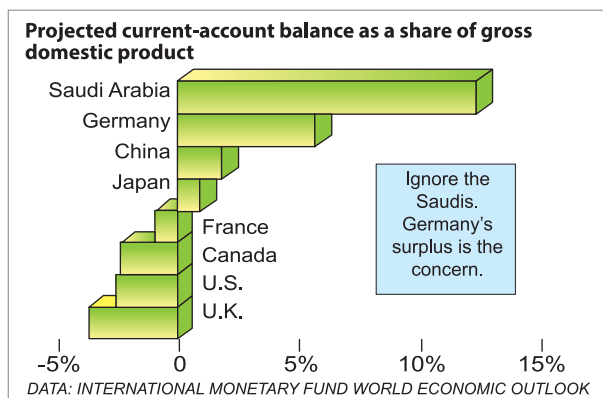
## Commodities: Near-term headwinds

Moving into 2015, BofA Merrill Lynch Global Research sees downside risks to energy prices on the back of OPEC's decision to allow the market to "stabilize itself." This could result in lower oil prices but also higher price volatility. BofA Merrill Lynch Global Research's Brent crude oil forecast is reduced for an average of USD 77 per barrel, and West Texas Intermediate (WTI) forecast is reduced to USD 72 per barrel in 2015. The combination of a strong U.S. dollar, higher interest rates and relatively subdued growth should keep other commodity prices in check in 2015 (Bank of America, Dec 9, 2014).

## U.S. energy boom

Total U.S. energy production continues to be driven by substantial shale production; however, most shale oil projects generate very little free cash flow, which means that output is highly price-sensitive (Bank of America, Dec 9, 2014). The oil boom is a victory for drilling technology, much of which was invented in the U.S. and is being deployed worldwide. Great new technologies could set off a burst of capital spending by convincing CEOs they must have the next new thing to get ahead of the competition or avoid falling behind it (Bloomberg Businessweek, Nov 6, 2014).

## Current-account balance

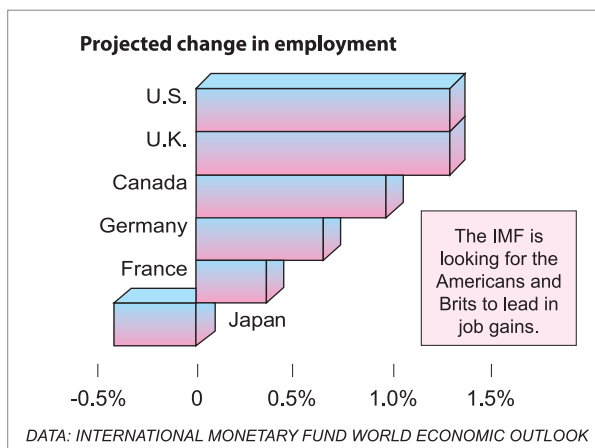


Capital spending is the most volatile sector of the economy and often what turns slumps into booms. Michael Englund, chief economist of Action Economics in Boulder, Colo., says there's rapidly rising demand for drilling and mining technology, medical gear, and efficient passenger jets. It so happens that U.S. companies such as Halliburton (HAL), Medtronic (MDT), and Boeing are leaders in those areas, but the benefits accrue to the buyers of the new technologies around the world, not only to the sellers (Bloomberg Businessweek, Nov 6, 2014).

## Global rates and currencies

The U.S. dollar should remain strong in 2015 as the U.S. economy outperforms and the Fed moves to the exit. Rates outside the U.S. are expected to remain low, or even decline, with the five-year German government bond yield potentially falling to zero and the euro/U.S. dollar and U.S. dollar/yen reaching 1.20 and 1.23, respectively, by the end of 2015. A Fed hike could affect growth, inflation, and exchange rates around the world. All else equal, higher interest rates in the U.S. would tend to attract more investment to the country, pushing up the value of the dollar vs. other currencies. If U.S. rates rise, countries such as India and Brazil that are fighting high inflation might be forced to raise their own rates to keep their currencies strong and avoid a spike in import prices. On the other hand, Europe and Japan, which have no fear of inflation, might welcome a drop in their currencies, which could spur exports and raise growth (Bloomberg Businessweek, Nov 6, 2014).

## Unemployment



For the U.S. economy, the most critical unknown is whether 2015 will be the year the Federal Reserve finally begins to raise the federal funds rate, which it has locked at zero to 0.25% since the end of 2008. The lowest funds rate in history was perceived as an emergency measure during the financial crisis, but the economy still hasn't shown that it can thrive without it. Critics say that cheap money is inflating asset bubbles and that the unemployment rate—5.9% in September—is as low as it can get without generating dangerous wage inflation (Bloomberg Businessweek, Nov 6, 2014).

## Russian Economy

According to World Bank outlook on the country's growth projections, Russia's economy is set to shrink next year (2015) as a lower oil price takes its toll. The economy will contract 0.7% in 2015 with the average oil price at USD 78 a barrel, the Washington-based lender recently. It projected a 0.3% growth rate for Russia in its baseline scenario in September 2014. Russia's economy is expected to rebound to 0.3% growth in 2016 with the price of oil rising to USD 80 a barrel, the World Bank said in its report.

Brent crude, which is priced close to Russia's Urals main export blend, was at USD 66.63 a barrel, up 45 cents, in London. The world's largest energy exporter is being battered by a tailspin in oil prices, a 40% plunge in the ruble against the dollar in 2014, and sanctions imposed by the U.S. and its allies over the conflict in Ukraine. Oil and gas contribute about 50% of Russia's budget revenue (Bloomberg Businessweek, Nov 6, 2014).

# ARTICLE OF THE MONTH

## Abenomics and Japan's Economy in 2015

Prime Minister Shinzo Abe won the December 14, 2014 general election by a landslide. The ruling Liberal Democratic Party and the Komeito coalition have kept intact a two-thirds majority, thus paving the way for Abe to be appointed as prime minister once again. The new government is expected to approve a supplementary budget of around JPY 3 trillion (USD 25 billion)

on 26 December in an attempt to rekindle an economy that entered into technical recession in Q3. Growth prospects remain subdued as the Abe administration will have to manage a tough balance in 2015 between reining in Japan's ballooning debt burden and propping up the economy. FocusEconomics panelists see GDP expanding 1.0% in 2015, which is unchanged from the previous month's estimate. The panel projects economic growth of 1.4% in 2016.

## Economy 2015: Bangladesh Perspective

Political instability of 2013 hindered the overall economy of Bangladesh and resulted in a stagnant investment situation all over the year. Therefore, the question raised regarding the uncertainty in investment at the beginning of 2014 has been dealt with realistic pro-investment policy initiatives taken by Government and Bangladesh Bank. Post-election stable political situation provides a good ground for economic turnaround. Government and Bangladesh bank took necessary steps to make local and foreign financing available for investors.

### Foreign remittance

Table: Foreign Remittance growth

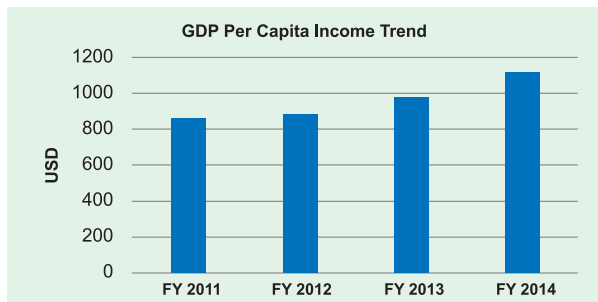
FY Year	Amount
2009	USD 10 billion
2014	USD 14 billion

Flow of foreign remittance showed a good sign. In FY 2009, total amount of foreign remittance was USD 10 billion and in FY 2014, it was USD 14 billion. The foreign remittance earning increased 1.5 time between FY 2009 and FY 2014. In FY 2013-14, it increased three-fold and amounted to USD 14.23. Central bank expects 10% growth in FY 2015.

### Export revenue

In FY 2009, the export revenue of Bangladesh was USD 16 billion and it earned USD 30 billion in Fiscal Year (FY) 2014. However, central bank anticipated a bit low growth in current fiscal year (FY 2015) as it counts the post-recession weak demand of Europe and America. Export growth rate will slightly be down for current FY.

### Per Capita Income



Source: Metropolitan Chamber of Commerce & Industry (MCCI)

Per capita income of Bangladesh has been on a consistent positive trend over the years. In FY 2011, per capita income was USD 860 and it reached USD 1115 in FY 2014. The trend forecasts a good growth for the year ahead.

### Employment & SME

For creating employment, new entrepreneurs and women empowerment, Bangladesh Bank emphasized financing SME. Bangladesh Bank disbursed BDT 334000 crore SME loan to 22 lac entrepreneurs between 2010 and September 2014 while 5% of the total entrepreneurs is woman entrepreneur.

### Banking Sector

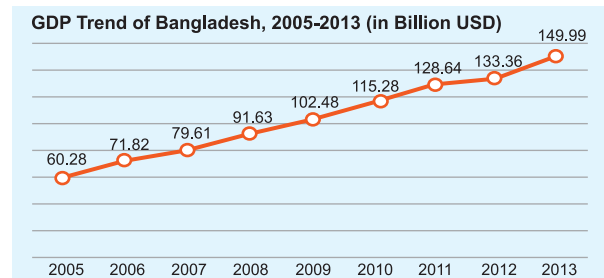
Conversion of sizeable part of profit into capital in last five years strengthened the capital-base of banking sector. Banks ensured 11% capital reserve of its risk-based assets in September 2014. Amount of capital reserve was BDT 21000 crore by December 2008 and it increased to BDT 65000 crore by September 2014.

### Mobile banking

The total number of mobile banking A/C doubled in November 2014 and it increased to 2,33,00,000. 19 banks have been providing the services through 5,19,000 agents. The average daily transaction is about BDT 300 crore.

### GDP Growth 2005 - 2013

In FY 2009, GDP growth was 5.14% while in FY 2014, it was 6.12%. Average GDP growth of last five years is 6.14%. Central bank expects a GDP growth well above 6%, provided the political situation remains stable and rate of inflation remains with tolerable range.



Source: World Bank

### Financial inclusion

By September 2014, the number of total bank branches is 8849 and 57% of them is rural branch. The number of bank branches increased by 17% in last five years. Under the umbrella of financial inclusion, the number of bank A/C of poor people that includes farmers' Ten- taka bank account, social safety-net program privileged ultra-poor's account, poor freedom fighters' account and RMG laborers' account, is 1.43 crore where 70% of it is possessed by farmers.

### Bangladesh 2015

Considering the improvement of major economic indicators of Bangladesh in past several months, the Asian Development Bank (ADB) has lately revised its economic growth forecast for Bangladesh from 6.2% to 6.4% for the current fiscal year (FY 2015). It has also projected a current account surplus and said inflation will remain within the target of the government. If the good investment climate continues, a clear projection of growth in all economic indicators, especially, in export, incoming foreign remittance, per capita income and employment generation is evident for Bangladesh in 2015.



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## BB governor awarded as Asia's best



Bangladesh Bank (BB) Governor Dr. Atiur Rahman has been named the best central bank governor in the Asia Pacific region for promoting socially and environmentally responsible financing without compromising on macroeconomic stability. The Banker, a UK-based magazine owned by the Financial Times Group, announced the winners of the Central Bank Governor of the Year, Asia-Pacific for 2015 recently. The Banker's award recognizes the

officials who have best managed to stimulate growth and stabilize their economies. Rahman's work exemplifies how central banks can play essential roles in providing capital for environmentally- and socially-aware development without compromising on growth or macroeconomic stability.

Rahman's inclusive, green financing initiatives have earned him a few other recent accolades and awards, like the Indira Gandhi Gold Plaque from India, Gusi International Peace Prize from the Philippines, WHO anti-tobacco award, and membership of an elite small global United Nations Environment Programme advisory panel on designing a sustainable global financial system. The Gusi Peace Prize foundation termed Rahman as the Poor Man's Economist in the award citation.

## Banks asked to keep min LCR, NSFR

The central bank has asked the commercial banks to maintain the minimum standard for Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for implementation of the Basel-III roadmap. The Bangladesh Bank (BB) issued a circular in this connection recently, and asked the chief executives of all scheduled banks to submit information on both LCR and NSFR to its Department of Off-site Supervision (DOS) in the prescribed format. Under the new provision, the minimum standard for LCR is equal to or greater than 100, and for NSFR it is greater than 100. LCR is a ratio of the stock of high-quality liquidity assets to the net cash outflow within 30 calendar days. On the other hand, NSFR is a ratio of the available amount of stable fund (stable source of fund) to the required amount of stable fund (use of fund).

## Banks to deposit 3% of undisbursed farm loan in central bank

Bangladesh Bank recently said scheduled banks would have to deposit in the central bank 3% fund of their undisbursed farm loans against their target amount for a certain financial year in a bid to speed up the BB's agriculture loan disbursement program. The BB issued a circular to Managing Directors and Chief Executive Officers of all banks saying that the central bank would repay the 3% fund to the respective banks if they distribute the undisbursed amount with their fresh targets for the next financial year. The central bank will not give any interest on the 3% as the BB will bring the fund under its custody as financial penalty against the failing banks. The BB will also repay the partial fund of the 3% if the banks disburse the partial amount of the undisbursed amount. The circular said that the banks would be able to preserve the undisbursed amount of their quarterly farm loan target with their BB's current accounts for one year if they desired.

## BB branches to set up units for SME lending to women

Bangladesh Bank recently asked its branch offices to set up Women Entrepreneurs Development Units to expedite the SME loan disbursement among women entrepreneurs. The BB issued a circular to its all branches



saying that the new units would conduct its activities under the existing SME and Special Program Department. The new units will monitor and operate the SME refinance scheme for women entrepreneurs and will provide the women entrepreneurs with the business related services. The new units will also receive complaints from women entrepreneurs and take measures to settle the complaints. The units will take fresh promotional program to develop women entrepreneurship. The new units will be set up at the BB branch offices in Chittagong, Rajshahi, Khulna, Mymensingh, Bogra, Barisal, Rangpur and Sylhet.

## Clients to be charged double on inter-bank ATM transactions

Clients will have to count double charge of BDT 20 from existing BDT 10 on each inter-bank transaction through automated teller machines under National Payment Switch Bangladesh project. Bangladesh Bank is going to impose the double charge on the clients on inter-bank ATM transactions, bowing down to repeated pressure by the scheduled banks, an official of the central bank told recently. The BB will issue a fresh circular to the banks in this regard in the quickest possible time, he said. The BB had issued a circular to all banks on March 18, 2014 asking them to impose maximum charge of BDT 10 for each inter-bank transaction by clients through ATM under its NPSB as it had no directive in this connection. The BB circular had said the card (debit or credit card) issuer banks would have to pay BDT 20 to the ATM owner banks for each inter-bank transaction.

## BB sells USD 45 million to three banks directly

The central bank sold USD 45 million more to three commercial banks directly recently to meet the growing demand for the greenback. According to a senior official of BB, it has sold the US dollars to the banks to settle their import payment obligations. He also said the central bank will provide such foreign currency support to the banks continuously in line with the market requirement. The US dollar was quoted at BDT 77.72 in the inter-bank foreign exchange market Monday against BDT 77.70 of the previous working day, market operators said. Earlier on November 24, 2014, the central bank resumed intervention in the foreign exchange market through selling the US dollar to the commercial banks directly after nearly two years and a half to keep the market stable. As part of the move, the BB has so far sold USD 115 million to the commercial banks to meet the growing demand for the greenback.

## Banks asked to push importers to use jute sacks for wheat, rice

Bangladesh Bank (BB) has directed all the scheduled banks to enforce stringent initiatives at the time of opening Letters of Credits (LC) ensure that the importers both in public and private sectors use jute packaging for imported wheat and rice. The central bank issued the directive following a request from the ministry of jute and textile recently in this regard. State Minister for Jute and Textile Mirza Azam said there is a law in force on use of jute sacks for imported wheat, flour, rice and maize seeds, but the importers have not been following the law. The objective of the law was to promote use of jute sacks in view of protecting the local jute industry.



## Bangladesh Bank signed an agreement with SJIBL and FSIBL



Recently Bangladesh Bank signed an agreement with Shahjalal Islami Bank Ltd. (SJIBL) and First Security Islami Bank Ltd. (FSIBL) on Participatory Refinance against Islamic Shariah-Based Financing to support Agro-based industry, Small Entrepreneurs (including women Entrepreneurs), new Entrepreneurs in Cottage, Micro and Small Enterprise Sector. General Manager of SME and Special Program Department of Bangladesh Bank Mr. Masum Patwary and Managing Director of Shahjalal Islami Bank Ltd. Mr. Farman R Chowdhury signed on that Agreement while Deputy Governor of Bangladesh Bank Mr. Abul Kashem was present in the occasion.

## BB intensifies monitoring on agri loan disbursement



According to BB officials, the central bank has intensified its monitoring and supervision on sanctioning and disbursement of agri credit to ensure its proper utilization. The latest move aims to ensure that at least 60% of farm credit goes to crop production. BB have asked the banks to monitor flow of agri loan disbursement so that farming is not

hampered due to fund shortage. Banks have been asked to make sure loans are going to real farmers so that non-performing loans are not increased. The quantum of classified loans increased 11.58% to BDT 572.91 billion in the third quarter (Q3) of 2014 (July-September) from BDT 513.44 billion in the previous quarter.

## Digitized banking effective for women: BB governor

Bangladesh Bank Governor Dr. Atiur Rahman recently said the digitized banking system encourages the country's women to participate more in the financial services, narrowing the gender disparity down. The rapidly digitized banking enabled mobile financial services to encourage the women more to participate in the financial services narrowing the gender disparity down since it may not even require their physical presence in the financial institutions to receive financial services. The BB governor made the remark while addressing the inaugural session of the Annual Banking Conference 2014 organized by Bangladesh Institute of Bank Management (BIBM) at Mirpur.

## BB changing techniques of supervision on banks

Bangladesh Bank (BB) is making strategic changes to the existing techniques of its supervision on banks for ensuring financial stability in the banking sector that saw some deviations. Governor of the central bank Dr. Atiur Rahman spoke about the initiative recently while inaugurating the annual banking conference 2014 organized by the Bangladesh Institute of Bank Management (BIBM). The central bank is reported to have taken the latest move against the backdrop of some recent financial irregularities in the state-owned banks in particular, which threaten to taint image of the country's banking system and its regulator, too. As part of its effort to ensure good corporate governance in bank management, monitoring has been heightened in the areas of responsibility and accountability of the management gurus of banks. They include the chairman, directors and the chief executives.

## BB allows non-residents to make outward remittance from NRTAs

Bangladesh Bank recently said it would allow the non-residents to make outward remittance from their non-resident taka accounts. The central bank took the move as part of its foreign exchange liberalization programmer. The BB issued a circular to all banks, non-bank financial institutions and stakeholders in this connection saying that from now on the non-residents would be allowed to make outward remittance from their NRTAs maintained with the local banks after taking approval from the central bank. The taka accounts maintained with banks in Bangladesh by individuals, firms and companies stationed outside the country are known as non-resident taka accounts. The BB circular said that the non-residents would be able to make outward remittance from the NRTAs to maintain their emergency expenses in the foreign countries.

## Banks asked not to close dormant accounts

Bangladesh Bank recently directed banks and financial institutions not to close dormant accounts. Rather, the central bank asked them to regularise these accounts through updating the Key Your Customer (KYC) procedures. The circular, issued by the Bangladesh Financial Intelligence Unit (BFIU) of central bank, said it is observed that banks and financial institutions were asked to complete the KYC procedures by March 31, 2010 for those accounts which were opened before April 30, 2002. In this case, the due procedures must be followed by the banks and financial institutions and they have to contact their concerned customers through sending letters or other means. If the KYC procedures of these accounts were not completed by that time, these accounts will be declared as "Dormant" where customers can deposit money, but cannot withdraw.

## Central bank cuts agriculture, rural credit rates

Bangladesh Bank (BB) recently cut the interest rate of agriculture and rural credit by 2% to 11%. The Banking Regulation and Policy Department of the central bank in a circular said that from January 1, 2015, the annual interest rate against agriculture and rural credit would be 11% instead of the current 13%. According to the circular, after considering the declining deposit and lending rates, the interest rate for the agriculture and rural credit have been reduced as a priority sectors. Earlier in July 2014, BB announced the agriculture and rural credit policy for the current 2014-15 financial year with a target of disbursing BDT 15 thousand 550 crore, which was 6.54% up over the target of the 2013-14 fiscal year. In the policy, the central bank said that disbursement of agriculture and rural loan would be considered an integral part of assessing the performance of the country's banks as agriculture loans ensures financial stability.

## BB guidelines on CSR bar terror financing

The central bank issued recently guidelines on Corporate Social Responsibility (CSR), strictly prohibiting the financing of militancy and terrorist activities. According to BB, every bank/financial institution/its foundation shall exercise utmost care in ensuring that the CSR support allocations do not end up aiding or abetting the financing of militancy and terrorism. It also said any suspected event of such abuse of CSR assistance must be reported to law-enforcement authorities, stopping the CSR assistance forthwith. Failure to do so will attract penal proceedings under the Anti-Money Laundering (AML) and the Combating Financing of Terrorism (CFT) laws and regulations, the regulator cautioned. The banks and non-banking financial institutions (NBFIs) are allowed to expend around 30% and 20% of total CSR funds to facilitate education and healthcare supports respectively.

## Export-import growth and foreign exchange reserves ignite optimism: Anis A. Khan



“Political calm, the start of the Padma bridge construction work and an improved energy situation resulted in higher investment in capital machinery in 2014,” said Anis A Khan, Managing Director of Mutual Trust

Bank. Khan, also a vice chairman of the Association of Bankers Bangladesh, a platform of chief executives of banks, sees optimism in export-import growth and healthy foreign exchange reserves at more than USD 22 billion in the just-concluded year. Falling lending rates could be a boon for businesses and consumers in 2015, bankers said. Bank borrowing costs came down to its lowest level in the last two years. All banks are now offering loans for the corporate sector at 13 percent, which goes down further to single digit for short-term working capital. At the beginning of 2014, borrowing cost for the corporate sector was 15-16 percent. The overall situation, including political stability, gave bankers a sense of optimism, and they believe it will bring better growth for the sector this year.

### Rupali Bank launched real time online banking

Rupali Bank Ltd recently launched real time online banking. Acting chairman of the bank Amalendu Mukharjee and Managing Director M Faird Uddin formally launched the service at Northsouth Road and Badamtoli branches in the city.

### Operating profits of most banks rise in 2014

#### BANKS' OPERATING PROFIT

In crores of TK

Bank	2013	2014*	Bank	2013	2014*
BDBL	131	175	Al Arafah	470	645
AB	**	890	Jamuna	312	350
Rupali	310	300	Shahjalal	300	250
Pubali	815	790	South Bangla	14	32
National	780	811	Union	25	42
Islami	1,598	1,724	NRB Commercial	10	33
First Security	201	221	Meghna	6	16
NCC	404	386	Farmers Bank	3	14
UCB	711	885	Midland	4	17
Southeast	680	820	Modhumoti	10	51
Prime	850	710	One	**	387
Mercantile	425	530	BASIC	178	-98
Exim	510	625	Brac Bank	**	680
Mutual Trust	211	280	IFIC	403	408
Social Investment	325	450			

SOURCE: PRELIMINARY DATA COLLECTED FROM VARIOUS BANKS

According to senior officials of scheduled bank, operating profits of most of the scheduled banks in the country increased slightly in the just-concluded year due to lower rate of interest on deposit against higher rate on lending in the maximum period of 2014. They said that the banks had also made write-offs and rescheduling to decrease their defaulted loans that played a positive role in increasing their operating profits.

A number of scheduled banks faced a burden of excess liquidity in the last year due to lower credit demand from the private sector amid political uncertainty which compelled the banks to decrease their rate of interest on deposits, said BRAC Bank Managing Director Syed Mahbubur Rahman. The banks, however, reduced their interest rate on lending later but they had enjoyed a large gap to decrease the rate between deposit and lending. The profit of United Commercial Bank increased to BDT 885 crore in the last year from BDT 710 crore in 2013 while the Pubali Bank's profit decreased to BDT 790 crore from BDT 815 crore. The profit of The

City Bank increased to BDT 520 crore in the last year from BDT 414 crore in 2013 while the EXIM Bank's profit rose BDT 625 crore from BDT 520 crore. The profit of Southeast Bank increased to BDT 832 crore in 2014 from BDT 680 crore in 2013 while that of Al-Arafah Islami Bank rose to BDT 645 crore from BDT 457 crore in 2013.

### City Bank handing over sample of blankets to PM



Managing Director & CEO of City Bank Limited Sohail RK Hussain handing over sample of blankets to Prime Minister Sheikh Hasina as donation to the Prime Minister's Relief and Welfare Fund for distribution among

the cold-affected people in the country at a programme in the city recently.

### NCC Bank opens new logo, bank bhaban

NCC Bank Limited unveiled its new logo and opened 22-storied newly-built corporate head office in the city recently. Minister for Planning AHM Mustafa



Kamal unveiled the new look and inaugurated NCC Bank Bhaban as the chief guest. NCC Bank Chairman Md Nurun Newaz Salim presided over the function, while Deputy Governor of Bangladesh Bank SK Sur Chowdhury was present as special guest. Chairman of Bangladesh Association of Banks (BAB) Md Nazrul Islam Mazumder, FBCCI President Kazi Akram Uddin Ahmed and Vice-chairman of NCC Bank ASM Mainuddin Monem also spoke on the occasion.

### Meghna Bank signs agreement with trans-fast



Mr. Mohammad Khairuzzaman, Country Head of Trans-Fast has handed over the Agreement to Mr. Mohammed Nurul Amin, Managing Director and CEO of Meghna Bank Limited at a simple ceremony at Meghna Bank Head Office recently. Mr. Md. Mohashin Miah, AMD, Mr. Arif Quadri, DMD, Mr. Md. Nazrul Hossain, DMD, Mr. A.F. Shabbir Ahmad, SEVP and Head of Operations and other Officials from both organizations were present at the ceremony.

### Modhumoti Bank organised 'Customer Night-2015'



Modhumoti Bank Limited recently organised 'Customer Night-2015' in the city. Managing Director & CEO of the bank Md Mizanur Rahman, Additional Managing Director Md Shafiu Azam, Deputy

Managing Director Md Touhidul Alam Khan, Director Md Abul Hossain and other senior officials of the bank were present on the occasion. Customers of the bank exchanged their views with the bank management team at the programme.



## First Security Islami Bank handed over blankets to Bangladesh Bank for cold hit people



First Security Islami Bank Ltd. handed over blankets to Bangladesh Bank for cold hit people of the country recently. Mr. A.F.M Asaduzzaman, General Manager, Governor's

Secretariat of Bangladesh Bank received those blankets from Mr. Azam Khan, Head of Marketing, Development and Public Relations Division of First Security Islami Bank Limited. Among others Mr. Amirul Islam, Officer, Marketing and Development Division of First Security Islami Bank Ltd and other officials of Bangladesh Bank were also present on the occasion.

## SJIBL distributes blankets among cold-hit people

Hazi Mohammad Selim, MP, President of the Dhaka Mahanagar Samity, hands over a blanket to a cold-hit poor man at the premises of Dhaka Samity in the city recently. Shahjalal Islami Bank Limited with the help of Dhaka Mahanagar Samity distributed 1000 blankets among cold-hit people. Shahjalal Islami Bank Ltd. distributed one thousand blankets among the cold-hit and destitute people at the premises of Dhaka Samity at Old City in the capital recently.



## Modhumoti Bank start a new deposit scheme named 'Modhumoti Prottyasha'



Managing Director & CEO of Modhumoti Bank Ltd. Md Mizanur Rahman seen at the inaugural ceremony of a new deposit scheme named 'Modhumoti Prottyasha' in the city recently. Additional Managing Director Md Shafiqul Azam, Deputy Managing Director Md Touhidul Alam Khan, Head of Operations Khandoker Rahimuzzaman, Senior Executive Vice President SK Talibur Rahman, Head of SME & Retail Banking Md Shaheen Howlader and other high officials of the bank were present on the occasion.

## SBACB handed over blankets to PM



Hafizur Rahman Babu, Director and Dilwar Hossain Bhuiyan, Deputy Managing Director (DMD) of South Bangla Agriculture & Commerce Bank Limited (SBACB) handed over blankets to Prime Minister

Sheikh Hasina to her relief fund at Ganabhaban in Dhaka recently for helping cold stricken people of the country.

## EBL and Dusai Resort & Spa sign a customer benefit agreement

M Nazeem A Choudhury, Head of Consumer Banking, M Khorshed Anowar, Head of Customer Proposition of Eastern Bank Ltd. (EBL) and Regina Nasser, Director, Sales & Marketing of Dusai Resort & Spa, Sylhet signed a customer benefit agreement in the city



recently on behalf of their respective organization. Under the agreement, Dusai Resort & Spa will offer up to 30 per cent discount on room rack rate, 15 per cent discount on food and other benefits to priority customers, Signature and Platinum cardholders of EBL.

## MoU signed between BPC and DBBL



From now on, all the guests of hotel-motels of Bangladesh Parjatan Corporation can pay their bill through any credit card. An MoU was signed between Bangladesh Parjatan Corporation and Dutch-Bangla

Bank Ltd in this regard. Chairman of BPC inaugurated the system in Hotel Abakash at Mohakhali, Dhaka operated by Bangladesh Parjatan Corporation.

## Union Bank gives blankets to cold-hit people

As part of Corporate Social Responsibility (CSR), Union Bank Limited distributed blankets among the cold-hit people at different places across the country. As a part of the programme, the bank distributed blankets at Gulshan slum in the city recently. Managing Director Md. Abdul Hamid Miah, Deputy Managing Director Syed Abdullah Mohammed Saleh, and Senior Executive Vice President SAM Salimullah, attended.



## FSIBL start tele marketing campaign project



Azam Khan, Head of Marketing & Development Division of First Security Islami Bank Limited (FSIBL) Wahid Sharif, Managing Director of Digicon Technologies Limited and other officials of Digicon

Technologies Limited inaugurated the FSIBL tele marketing campaign project recently. Digicon Technologies promoted the FSIBL Mudaraba Students Saving Account (ANKUR) (School Banking) for school going students & FSIBL Mudaraba New Generation Savings Account (Projonmo) and FSIBL Mudaraba New Generation Deposit Scheme (Uddipon) for College & University going students.

## Jamuna Bank donates blankets to Prime Minister

Chairman of Jamuna Bank Foundation Nur Mohammed handing over blankets to Prime Minister Sheikh Hasina at Ganabhaban in the city recently. Jamuna Bank donated 5000 blankets to the PM's Relief Fund to



distribute those among the cold-hit poor people across the country.

## BRAC Bank raises BDT 1.06m from marathon



For the first time since its inception in 2011, the bank has invited members from different echelons of society - such as guests from embassies, other banks, multinational companies and

international development entities to participate in the mini marathon. This is the first such marathon initiative by a bank in the country and unique in serving the humanity. A total of 4,000 employees from BRAC Bank participated in the marathon that started from Police Plaza Point of Hatirjheel Point and ended at the same point covering 5.6km. On the occasion, the employees raised a fund of more than BDT. 1.06 million, and the company doubled it to BDT. 2.12 million from its own fund. BRAC Bank donated BDT. 1 million to Subarta Trust that works for the welfare and healthcare of old-aged people of the country. After the marathon, Syed Mahbubur Rahman, Managing Director & CEO, BRAC Bank Limited, handed over the cheque to Selina Akhtar, General Secretary and CEO, Subarta Trust.

## AIBL approves BDT 300 crore Mudaraba Subordinated Bond



Al-Arafah Islami Bank Ltd. (AIBL) has approved 'AIBL Mudaraba Subordinated Bond' for BDT 300 crore to strengthen the bank's Tier-II capital. The approval came at the 17th extraordinary general meeting (EGM) of the bank at its head office in the city recently. The bank's Board of Directors' Chairman Badiur Rahman presided over the meeting. AIBL directors Abdus Samad and Khalid Rahim, Managing Director Md Habibur Rahman, deputy managing directors Md Mofazzal Hossain, Kazi Towhidul Alam, Md Golam Rabbani and Mohammad Abdul Jalil were present in the EGM.

## Jamuna Bank launched Mobile Financial Services



Jamuna Bank launched Mobile Financial Services by the assistance of Sure Cash recently. Shafiqul Alam, Managing Director of Jamuna Bank and Shahadat Khan, CEO of SureCash were also present at the ceremony.

## Islamic bonds hit the market

The government has finally introduced Sharia-based short-term investment bonds for institutions and banks which seek to invest in interest-free financial instruments. The first auction for this type of bonds took place on January 01, 2015. On the very first

day, bids amounting to BDT 856 million were offered by Sharia-based Islamic banks. All bids for the three-month bonds were accepted. Since the Islamic banks or the buyers of the bonds will have to share the profit from this investment, the ratio of such profit has been fixed at 90:10. That is, if we understand it correctly, the Islamic banks or the buyers of the bonds will receive BDT 90 and the government - the seller of the bond - will have the rest BDT 10 out of a profit of BDT 100. But this ratio may not remain fixed for the new bids in the coming months or years. The bond that was offered to be sold to Bangladesh's Islamic banks and non-banking financial institutions has been named as the Government Islami Investment Bond or GGIIB.

## IFIC Bank disburses BDT 1.5m loan among women entrepreneurs



IFIC Bank has recently disbursed loans of BDT 1.5 million among women entrepreneurs of Jessore, Kushtia and Khulna. The disbursement of loans took place following a training programme and a trade fair jointly organised IFIC Bank Limited and Association of Grassroots Women Entrepreneurs (AGWEB) at Jessore Zilla School in the town. State Minister for Youth and Sports Biren Sikder inaugurated the trade fair as the chief guest and disbursed the loans among women entrepreneurs.

## FSIBL Mobile Banking First Pay Sure Cash at Solar Intercontinental (Solaric)



First Security Islami Bank Ltd. has been inaugurated Mobile Banking Services FSIBL First Pay Sure Cash at Solar Intercontinental (Solaric) Ltd. recently. Mr. Taher Ahmed Chowdhury, Head of Information and Communication Technology Division of FSIBL, Dr. Shahadat Khan, CEO, Progoti Systems Limited, Mr. Didar Islam, Managing Director, Solar Intercontinental (Solaric) Limited signed an MOU in this regards. Among others Mr. Azam Khan, Head of Marketing and Development Division of FSIBL, Mr. Md. Abu Taleb, Chief Business Officer, Progoti Systems Limited were also present on the occasion. From now, Clients can purchase & pay installment amount of Solar Panel costs through FSIBL First Pay Sure Cash.

## BRAC Bank gets largest foreign loan

BRAC Bank has received USD 70 million (Taka around 546 crore) syndicated loan from the Dutch development bank FMO to expand its SME financing. The landmark transaction is the largest internationally syndicated loan for any bank in Bangladesh, said a BRAC Bank release. The syndicated facility with a tenor of five years will enable BRAC Bank to facilitate crucial trade finance support for small and medium enterprise (SME) and corporate entrepreneurs.



## Securities regulators of Bangladesh, India to sign MoU for co-operation

According to a senior finance ministry official, Bangladesh Securities and Exchange Commission is set to sign a memorandum of understanding with Indian Securities and Exchange Board for greater cooperation in diverse areas including tackling the market manipulation and insider trading. The signing is expected to take place sometime in January 2015 in Dhaka while the commission has been struggling for long to fix the capital market plagued by instability and manipulations. The memorandum has outlined at least five broad areas for mutual cooperation to make the regulators compliant and equipped to handle any worse situation, as far as regulating the market and boosting investments and schemes.

## DSE sees new 17 companies in 2014



A total of 17 new companies were listed on the Dhaka Stock Exchange (DSE) in the outgoing calendar year, highest in the last four years since market debacle in early 2011. According to statistics from the Dhaka Stock Exchange (DSE), these new securities raised an estimated BDT 9.98 billion from public through initial public offering (IPO),

including premium of BDT 5.50 billion in 2014. In 2010, a total of 23 firms were listed that raised around BDT 35 billion through IPO, so far, when the market was bullish. The DSE data showed that the figure was 14 in 2013 with a value of BDT 8.33 billion. In 2012, 14 new securities were listed and 15 securities listed in 2011. The new companies are: Mozaffar Hossain Spinning, AFC Agro Biotech, Emerald Oil Industries, Matin Spinning Mills, Hwa Well Textiles, FAR Chemical Industries, The Peninsula Chittagong, Shajibazar Power Company, Khulna Printing & Packaging, Tung Hai Knitting & Dyeing, Shurwid Industries, Far East Knitting & Dyeing, Saif Powertec, Ratanpur Steel Re-rolling Mills, Western Marine Shipyard, Khan Brothers PP Woven Bag Industries and Hamid Fabrics.

## BSEC okays BDT 61.25cr IPO of Bangladesh Steel Re-Rolling Mills

The Bangladesh Securities and Exchange Commission recently approved the initial public offering of Bangladesh Steel Re-Rolling Mills Ltd to raise BDT 61.25 crore from the capital market. The company will float 1.75 crore ordinary shares at an offered price of BDT 35 each including BDT 25 premium. The decision was taken at a regular commission meeting presided over by its chairman M Khairul Hossain. The company will fund its ongoing expansion works and repay its loan with the IPO proceeds. According to the audited financial statement, as of 31 December 2013 the earning per share of the company stood at BDT 5.06 and net asset value BDT 52.09. Alliance Financial Services Ltd is the issue manager of the company. The BSEC also allowed Union Capital Limited to float 50 Cumulative Redeemable Preference Share at a price of BDT 1 crore each.



## CSE reduces commission charge

According to the officials, Chittagong Stock Exchange (CSE) has reduced commission charge on daily share transaction with effect from December 23, 2014. The decision was taken at a board meeting held recently at its Dhaka office presided over



## Chittagong Stock Exchange Ltd.

by its Chairman Dr. Muhammad Abdul Mazid. Under the revised charge, the new commission on daily share transaction will be 0.018% on share transaction valued BDT 0 to BDT 50 million, 0.015% on transaction ranging from BDT 50 million to BDT 100 million and 0.013% on transaction valued above BDT 100 million, said CSE. The contract or hawla charge will be BDT 2 per contract. However, CSE brokers may charge per transaction BDT 8 or 1.0% (of total transaction value), whichever is higher.

## Shasha Denims offers IPO to fund expansion



Shasha Denims Ltd (SDL), a sister concern of Shasha Group and also one of the leading export-oriented

denim producers in Bangladesh, has planned to expand its monthly production capacity up to 2.8 million yards from the existing 1.8 million yards by the next one and a half years. The denim producing company needs a fund worth BDT 154 crore for its business expansion. To this extent, the company has offered the IPO (Initial Public Offering) subscription in the Dhaka Stock Exchange recently to raise its fund by BDT 1.75 billion, 88% of this fund will be expensed for expanding its monthly production capacity by 10 lakh yards. The company officials disclosed these before the reporters while they were visiting its plant at Dhaka Export Processing Zone in Savar recently.

## Hamid Fabrics gets DSE approval



## HAMID FABRICS LTD.

Hamid Fabrics Limited (HFL) got the listing approval from the Dhaka Stock Exchange (DSE). The approval came at a DSE board meeting held recently at the DSE board room chaired by its Chairman Justice Siddiqui Rahman Miah. Trading date of Hamid Fabrics will be announced soon, said a DSE official. Hamid Fabrics was the first in offering issues under the new IPO method through the stockbrokers and merchant banks which aimed to cut down the processing time to three weeks from more than five weeks. As many as 174 stockbrokers from the Dhaka Stock Exchange (DSE) and 73 from the Chittagong Stock Exchange (CSE) along with 37 merchant banks participated in the Hamid fabric's IPO. The public subscription of Hamid Fabrics, a sister concern of Mahin Group, was held September 28 to October 2, 2014 for resident Bangladeshi while October 11, 2014 for non-resident Bangladeshis.

## CSE revises trading charges

The Chittagong Stock Exchange (CSE) has revised trading charges in line with the Dhaka bourse. The port city bourse withdrew share transaction charges, commonly known as hawla, and increased the commission on trade to 0.03% from 0.02% earlier. Dhaka Stock Exchange revised its stock trading charges recently, following the recent introduction of a lot-free share transaction system, as those were slowing trade down. The issue of revising the charges came into consideration after the bourse replaced its 16-year-old trading system with a new mechanism, allowing investors to trade single shares instead of in lots.

## MTB ARRANGES COMMERCIAL PAPER FOR PRAN AGRO LTD



S K Sur Chowdhury  
Deputy Governor, Bangladesh Bank



Major General Amjad Khan Chowdhury (Retd.)  
CEO, PRAN-RFL Group

Mutual Trust Bank Ltd. (MTB) has arranged issue of Commercial Paper of BDT 450 Million covered by Bank Guarantee for Pran Agro Ltd., a concern of PRAN-RFL Group.

Shitangshu Kumar Sur Chowdhury, Deputy Governor, Bangladesh Bank, graced the program as the chief guest.



Ali Reza Iftekhar  
Managing Director & CEO, Eastern Bank Ltd.



Niaz Habib  
Managing Director, Dhaka Bank Ltd.

Major General Amjad Khan Chowdhury (Retd.), CEO, PRAN-RFL Group and Rashed A. Chowdhury, Chairman, Mutual Trust Bank were present as Special Guests.

MTB Managing Director & CEO, Anis A. Khan, MTB Deputy Managing Director & Chief Business Officer, Syed Rafiqul Haq were present at the event.



Mr. Zulfiker Ahmed Khan  
SVP & Head of International Division, NRB Global Bank Ltd.



S M Monirul Alam Ovee  
Director, Walton Hi-Tech Industries Ltd.

On behalf of the subscribers, Ali Reza Iftekhar, Managing Director & CEO, Eastern Bank Ltd, Niaz Habib, Managing Director, Dhaka Bank Ltd., Mr. Zulfiker Ahmed Khan SVP & Head of International Division, NRB Global Bank Ltd. and S M Monirul Alam Ovee, Director, Walton Hi-Tech Industries Ltd. were present at the event.

Date : December 11, 2014  
Venue : The Westin, Dhaka 1212



# MTB NEWS & EVENTS

## MTB BRANCH NETWORK EXPANSION



Date : December 24, 2014  
Venue : Borobari Super Market, Bagher Bazar, Gazipur 1700



Date : December 28, 2014  
Venue : Fatema Centre, 523 Sadar Road, Barisal 8200

## MTB INKS PAYROLL BANKING AGREEMENT



Engineer Nurul Akhter, Chief Executive Officer & Director, Energypac Electronics Ltd and Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, MTB

Date : November 25, 2014  
Venue : MTB Corporate Head Office, Gulshan 1, Dhaka 1212



Adnan Ataul Karim, Managing Director, Interspeed Group and Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, MTB

Date : December 4, 2014  
Venue : MTB Corporate Head Office, Gulshan 1, Dhaka 1212

## MTB SIGNS AGREEMENT WITH APOLLO HOSPITAL DHAKA



Date : December 3, 2014  
Venue : MTB Corporate Head Office, Gulshan 1, Dhaka 1212



## Tapan Chowdhury elected BTMA President



Tapan Chowdhury, Managing Director of Square Pharmaceuticals, Square Hospital and Square Textiles, has been elected uncontested President of Bangladesh Textile Mills Association (BTMA) for 2015 and 2016. He is also a Sponsor Director of 30 different establishments of Square Group. Chowdhury replaces Jahangir Alam, the outgoing president of BTMA. The elections were announced

at the BTMA's annual general meeting recently. Fazlul Hoque and Showkat Aziz Russel were elected Vice Chairmen, also uncontested. Hoque is Managing Director of Ishraq Spinning Mill and Ahmed Group, along with interests in shipping and travel companies. Russel is Chairman of Amber Group and Managing Director of Partex group.

## Standard Chartered gets new CEO

Standard Chartered Bank has appointed Abrar Anwar as its new Chief Executive Officer (CEO) for Bangladesh. The largest and oldest international bank in the country said recently that Mr. Abrar replaced Jim McCabe on January 1, 2015. McCabe will take up the role of the CEO in Sri Lanka. Mr. Abrar joined Standard Chartered Bank in January 2011 and had been the Head of Corporate and Institutional Clients. He has more than 23 years of experience in international banking in Bangladesh, India and the UK.



## Ismail made BKB Chairman



Mohammad Ismail has joined as the chairman of the Board of Directors of Bangladesh Krishi Bank (BKB). Earlier, he was an additional secretary. He was the chairman and CEO of BADC and chief controller of Imports and Exports. He also served as deputy commissioner in Bangladesh and District Officer in East Timor under the UN. Former bureaucrat Mohammad Ismail who went on voluntary

retirement, joined as the Chairman of the Board of Directors of Bangladesh Krishi Bank (BKB) recently.

## Al-Arafah Bank gets new Deputy Managing Director

Md. Rezaur Rahman has joined Al-Arafah Islami Bank Limited as Deputy Managing Director (DMD) recently. Prior to his new assignment, Md. Rezaur Rahman was on deputation from the bank as the Managing Director of AIBL Capital Market Services Limited, a subsidiary company of Al-Arafah Islami Bank Limited. Md. Rezaur Rahman is a Cost and Management Accountant. He is a member of ICMAB.

He is a Certified Management Accountant of ICMA Australia. Rezaur also is a member of Institute of Chartered Secretaries and Managers of Bangladesh. Md Rezaur Rahman has acquired special training on Project Planning Appraisal and Financing and Managing Investment Project of Bradford University, UK. He participated in a good number of professional training workshops at home and abroad. He visited USA, UK, Japan, India, Sri Lanka and Canada.



## Mosharraf Hossain elected Managing Director of PKB

Mosharraf Hossain Chowdhury has joined Probashi Kallyan Bank (PKB) as Managing Director recently. Prior to his joining the PKB, he was Deputy Managing Director of Janata Bank Limited and Rajshahi Krishi Unnayan Bank. He also worked as General Manager of Bangladesh Krishi Bank and DMD of House Building Finance Corporation. Mr Chowdhury was also awarded gold medal in banking diploma examination. He passed BCS examination (regular) and joined as assistant secretary (section officer) to the Ministry of Finance in 1982.



## New Managing Director of National Bank Limited

Shamsul Huda Khan has been appointed as Managing Director of National Bank Limited for three years. Prior to this appointment, he was Additional Managing Director of the Bank. Shamsul Huda was discharging duties as AMD and was looking after International Division, General Banking Division, Credit Risk Management Division, Credit Cards Division and Anti Money Laundering

Division. Shamsul Huda has been serving in National Bank Limited since 1985 when he joined this Bank as a Senior Officer. He has been successfully discharging his assignments while posted at various capacities of the Bank at home and abroad. Huda commenced his banking career in Pubali Bank Limited as Probationary Officer in 1980, where he served as Branch Manager before joining National Bank. Shamsul Huda Khan, who holds a Masters degree in Finance from the University of Dhaka attended many training courses and workshops at home and abroad.

## Prime Bank gets new Managing Director

Ahmed Kamal Khan Chowdhury has joined as Managing Director of Prime Bank. He was serving as acting Managing Director before the appointment. Chowdhury has experience as head of finance, risk management, head office credit review committee and worked on business development and business re-engineering process. Chowdhury holds a masters in Economics from Dhaka University, and an MBA in Finance. He has worked with several local and foreign commercial banks in different capacities during his 30-year career.



## Meghna Bank MD elected BAFEDA Chairman

Managing Director of Meghna Bank Limited Mohammed Nurul Amin has been elected Chairman of Bangladesh Foreign Exchange Dealers' Association (BAFEDA) for the tenure of 2015-2016. Managing Director of Islami Bank Bangladesh Limited Mohammad Abdul Mannan and Managing Director of Janata Bank Limited Md Abdus Salam have been elected Vice President and

Treasurer of the association respectively. They were elected in an election of the Executive Committee of the association in the city recently.





## Bangladesh Economy: Key Indicators

Bangladesh experienced <b>Steady Growth</b> last few years				
FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Target)
6.46%	6.52%	6.01%	6.12%	7.3%
The <b>size of GDP</b> of Bangladesh is increasing				
FY 2011	FY 2012	FY 2013	FY 2014	
USD 128 billion	USD 129 billion	USD 154 billion	USD 174 billion	
<b>Imports</b> are increasing except in FY2013				Figures in million
FY 2011	FY 2012	FY 2013	FY 2014	
USD 33,658	USD 35,516	USD 34,084	USD 40,693	
<b>Foreign Direct Investment (net)</b> are increasing except in FY2014				Figures in million
FY 2011	FY 2012	FY 2013	FY 2014	
USD 768	USD 1,191	USD 1,726	USD 1,550	
<b>Foreign Exchange Reserve</b> are increasing except FY2012				Figures in million
FY 2011	FY 2012	FY 2013	FY 2014	
USD 10,912	USD 10,364	USD 15,315	USD 21,508	

Social indicators are in the right direction. Life expectancy at birth (per thousand) rose to 69.4 years in 2012 from 66.8 years in 2008; neonatal mortality rate (per thousand) came down to 21 in 2012 from 31 in 2008; child (under-5) mortality rate (per thousand) fell to 42 in 2012 from 54 in 2008, total fertility rate (per woman) reduced to 2.12 in 2012 from 2.30 in 2008; maternal mortality rate (per thousand live births) came down to 2.03 in 2012 from 3.48 in 2008; total death rate (per thousand) stood at 5.3 in 2012 down from 6.0 in 2008, labor force participation rate increased to 59.3% in 2010 from 57.3% in 2002-03, literacy rate at 60% plus, primary enrolment leaping to nearly 100% with perceptible reduction in dropout rates. The country is poised to realizing the Millennium Development Goals (MDGs) set for 2015 as it has already reduced poverty to half (26%) ahead of schedule.

### Entrepreneurs urged to work more to boost economic growth

The entrepreneurs of the country's private sectors have been urged to play more proactive role to further accelerate the economic growth. Commerce Minister Tofail Ahmed made the appeal while speaking as the chief guest at the inaugural ceremony of a month-long Bangladesh International Trade and Export Fair-2014 (BITEF-2014) at Hali Shahar Garibe Newaz School field recently. The fair is being held with the support of the Chittagong Metropolitan Chamber of Commerce and Industry (CMCCI). With CMCCI President Khalilur Rahman in the chair, the inaugural function was also addressed, among others, by State Minister for Land Saifuzzaman Chowdhury Javed, former minister Dr Afsarul Ameen, MP, Mainuddin Khan Badal, MP, Mahzabeen Morshed, MP, and former mayor of Chittagong City Corporation ABM Mohiuddin Chowdhury. He said the government is working relentlessly to ensure a conducive and corruption-free business atmosphere in the country.

### 7th 5-year plan targets 8-10% GDP growth

The government is going to prepare the seventh five-year plan (SFYP) with a view to shifting the country's economy to investment-driven from the factor-driven development. Planning Minister AHM Mustafa Kamal said this while delivered a lecture on "Vision 2021: Prospect and Challenges for Bangladesh" to Staff Course members at Defence Services Command and Staff College in the city recently. Bangladesh want a change in production, and the Seventh Five-year Plan would focus both on internal and external investment to achieve 8-10% gross domestic product (GDP) growth. The targets which are yet to be achieved, will be fulfilled through the SFYP. The minister laid emphasis on different development aspects, including social protection, human development and energy security to achieve middle income status by 2021.

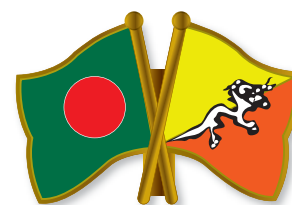
## Bangladesh and Malaysia ink 4 deals



Bangladesh and Malaysia signed four deals recently, one of which will open up doors to 12,000 Bangladeshi jobseekers. A joint statement said the deals would bring the two countries closer in each other's benefit. Malaysian Prime Minister Najib Tun Razak and visiting Bangladesh Prime Minister Sheikh Hasina witnessed the signing ceremony at Perdana Putra in Putrajaya. The four deals are: Protocol Amending the Memorandum of Understanding (MoU) of 2012 between Malaysia and Bangladesh on the Employment of Workers, MoU between Bangladesh and Malaysia on Cooperation in the Field of Tourism, Agreement between Bangladesh and Malaysia on the Partial Abolition of Visa Requirements and MoU between Bangladesh and Malaysia on Cultural, Arts and Heritage Cooperation.

### Bangladesh and Bhutan sign two deals

In a move to enhance bilateral trade and commerce, Bangladesh and Bhutan recently signed two deals, including one on trade that will allow Dhaka and Thimphu to enjoy duty-free export of 90 items to each other. Under another agreement, Dhaka will allocate a piece of land at the city's Baridhara to Bhutan for the construction of its permanent embassy. The two countries recently renewed the bilateral trade agreement. Commerce Minister Tofail Ahmed and Bhutan's Economic Affairs Minister Norbu Wangchuk signed the trade agreement for their respective countries, while Foreign Minister AH Mahmood Ali and his Bhutanese counterpart Rinzin Dorje inked the deal on the land allocation. The deals were signed following the official talks led by Prime Minister Sheikh Hasina and her Bhutanese counterpart Tshering Tobgay at the Prime Minister's Office (PMO).



### Super Star Group launches new product



Super Star Group (SSG) has recently launched its super star pro lighting with 360 degree lighting solution, services and maintenance at a function in the city. SSG Managing Director and Chief Executive Officer (CEO) Mohammed Ibrahim, CMO Aftab Mahmud Khurshid, Head of Professional Lighting Engineer Md Saimur Rahman and Manager (Lightings Marketing and Business Development) Kazi Mohiuddin Jilany were also present.

## MoU to launch online micro credit management system signed

An initiative has been taken to introduce an electronic micro credit management system to make the micro credit services easily available to the rural people. In this connection, a Memorandum of Understanding (MoU) was signed between Access to Information (A2I) Program of Prime Minister's Office (PMO) and several government organizations in the city recently. The a2i Program signed the MoU with the Liberation War Affairs Ministry, Directorate of Social Service, Department of Youth Development, Directorate of Women Affairs, Directorate of Cooperatives, Bangladesh Rural Development Board, Department of Fisheries, Directorate of Livestock and Bangladesh Small and Cottage Industries Corporation. Under the MoU, the a2i program will develop the electronic micro credit management system and it will carry out proof of concept at one district of the country. Later, all the respective organizations will implement the system across the country.

## BD signs deal with CERN



Bangladesh has moved one major step closer towards the advanced science and technology, particularly in the field of research of quantum and fundamental physics, by signing an 'International Cooperation Agreement' with CERN in Geneva. Bangladesh Ambassador and Permanent Representative in Geneva

M Shameem Ahsan signed the instrument of cooperation on behalf of Bangladesh with Director General of CERN (European Organization for Nuclear Research) Dr. Rolf Heuer recently. The CERN Director General remembered his recent successful visit to Bangladesh and praised the efforts of Bangladesh government for taking the benefits of science and technology to the doorstep of people. He assured CERN support in this regard and hoped the teachers, students and researchers of Bangladesh would be immensely benefited from this formal cooperation.

## Bancassurance: A state-of-the-art insurance distribution channel

Bancassurance is an alternative distribution channel for insurance products where a strategic business relationship is formed between a bank and an insurance company with a view to making use of the bank's sales channels as well as customer bases for the selling of insurance products to the bank's customers. Though the concept of Bancassurance is fresh in Bangladeshi financial services market, it has, since its introduction in 1980, gained enormous success in the USA, UK, EU and some Asian countries including India, Pakistan and Malaysia. A seminar on Bancassurance was held in August 2014 at CIDRAP auditorium in Dhaka which was organised by the Bangladesh Insurance Academy to highlight the prospects and working of Bancassurance in the country as an alternative insurance distribution route apart from the traditional agency system.



## Foreign commercial loans rises

Foreign commercial loans to private sector enterprises have risen significantly in the last five years, according to data available with the central bank. Economists and investors said the increase of

such loans for the private sector was an indication of the faith reposed in the country's corporate houses and Bangladeshi entrepreneurs. However, they also urged the Bangladesh Bank (BB) to be cautious when allowing local enterprises to receive foreign loans. They pointed out that frequent permissions to local ventures to obtain foreign loans may have an adverse impact on the economy in general and on the balance of payments in particular. During the last five years and a quarter, the corporate houses received commitment of a total of USD 8.45 billion from foreign sources. According to the half-yearly monetary policy statement (MPS), the external borrowing with domestic borrowing implies that total private sector credit growth for May 2014 was 15.7%. One existing channel is borrowing by businesses for term credit purposes with most having a maturity beyond five years – around US USD 2.6 was approved in FY14 while USD 2.4 billion was approved in FY13 compared with USD 1.8 billion in FY12.

## Documentation, high risk main bar to SME financing



Small entrepreneurs see it difficult to submit papers for their loan backup to start their SME business while banks are reluctant to provide them with monetary support, apprehending

higher risk. New entrepreneurs and banks find it hard to cope with each other in dealing with small and medium enterprises. Small entrepreneurs see it difficult to submit papers for their loan backup to start their SME business while banks are reluctant to provide them with monetary support, apprehending higher risk. The two issues draw back both the bank and the clients to involve with small and medium enterprises, said the authorities concerned. A new entrepreneur Abul Kalam Azad, who started handicraft business two years back taking SME loan from Trust Bank, shared his experience at the fair. He said new entrepreneurs hardly have any access to the banks as they have no financial back up. Kalam added that despite having potential of an entrepreneur to do good business, he fails to do that due to lack of caution money, while banks seem to be reluctant to provide loan, taking risk.

## RMG set to be compliant and sustainable



The country's readymade garment sector is poised to become a compliant and environmentally sustainable one as the government, retailers and the BGMEA have undertaken a good number of initiatives to improve the overall condition of this sector. BGMEA has taken a series of initiatives including Zero Discharge of Hazardous chemical, Partnership for Cleaner Textile (PACT), establishing biological ETP, through which used water of the factories would be recyclable, establishing central ETP on the basis of the cluster to share the facility among the adjoining factories. It is also working on awareness building to use energy saving lights and other machinery. Environmental sustainability is about making responsible decisions that will reduce someone's business' negative impact on the environment. Currently, environmental sustainability is a topical issue that receives plenty of attention from the media and from different governmental departments.

## COEL provides training to 10,000 leather workers



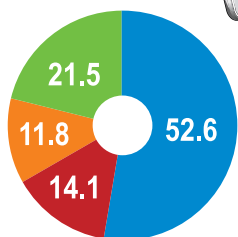
The Centre of Excellence for Leather Skill Bangladesh Ltd. (COEL), an organisation working for development of skill of workers in the leather sector, provided trainings to more than 10,000 apprentices including 4,146 females, of whom 6,375 were placed in jobs. The COEL has been

contributing to the leather sector in various ways and as part of its endeavour, it completed the first phase of its three-year operation under the Apprenticeship Model Program supported by Swiss Agency for Development and Cooperation. The 1st phase of apprenticeship held at COEL Facility Centre in Gazipur was concluded recently. Dr. Derek Mueller, Director of Cooperation, Swiss Agency for Development and Cooperation was present as at the concluding session as guests of honor. Representatives from the government, the leather sector, industry skills council, the European Union, the International Labor Organization, the GIZ and different associations attended the ceremony.

## Smartphone sales soar on low-cost brands

Sales of smartphones more than tripled year-on-year to 1.6 million units in July-September, led by low-cost devices. The number is a 128.6 percent rise from the April-June quarter when 700,000 units were sold, according to CyberMedia Research (CMR), a market research firm based in India. Sales of feature phones that lack advanced functionality of a smartphone also rose in the third quarter -- 6.4 million units were sold with 106.5 percent growth over the second quarter. On average, the country's handset market grew

### SMARTPHONE MARKET SHARE IN BANGLADESH



■ SYMPHONY ■ WALTON  
■ SAMSUNG ■ OTHERS  
SOURCE: CMR

108 percent in July-September compared to the previous quarter. About 7.9 million handsets of both types were sold in the third quarter with a 16 percent rise year-on-year. Bangladesh continues to show consistent growth in both feature and smartphone segments. This is among very few Southeast Asian markets where growth is seen in both segments, the CMR said in its quarterly mobile handsets market review. Smartphones account for more than 20 percent of the total handset sales in Bangladesh.

## Import rises 11.36% in July-November 2014

The country's overall import increased by more than 11% in the first five months of the current fiscal year (FY), 2014-15, mainly due to higher import of fuel oils and capital machinery. According to the central bank statistics, the actual import in terms of settlement of letters of credit (LCs) grew by 11.36% to USD16.20 billion during the July-November period of FY 15 from USD 14.55 billion in the corresponding period of the previous fiscal. On the other hand, opening of LCs, generally known as import orders, rose by 14.77% to USD 17.74 billion in the first five months of FY 15 from USD 15.45 billion in the same period of FY 14. Fuel oils import increased by 28.30% to USD 1.87 billion during the July-November period of FY 15 against USD 1.46 billion of the corresponding period of the previous fiscal. The import of petroleum products may fall in the coming months due to seasonal effect, the central banker explained. The import of

capital machinery or industrial equipment used for productions rose by 21.29% to USD 1.15 billion during the first five months of this fiscal against USD 948.73 million of the corresponding period of the previous fiscal.

## AK Khan Co to develop special economic zone

AK Khan Company will build a 200-acre special economic zone in Narsingdi, the first under the private sector. The work for the SEZ will start in January, and once completed, the zone will create about one lakh jobs. The Bangladesh Economic Zones Authority recently handed over the pre-qualification licence to the local conglomerate at a programme at its office in the capital. AK Khan Company will lease out plots to foreign investors, said Salahuddin Kasem Khan, managing director of AK Khan Company, adding that the main objective of the SEZ is to create jobs in the country. Foreign investors are put off from coming to Bangladesh due to the complications faced in securing land and head to Myanmar or Vietnam instead. AK Khan acquired the 200-acre land in the central district of Narsingdi, 50km north-east of Dhaka, over a period of 7-8 years.

## 76% rickshaw-pullers use mobile banking in city



Nearly 76% of rickshaw-pullers in Dhaka send money to their village home through mobile banking due to its safety and cost efficiency, according to a study. The study titled "Use of

electronic media: Remittance behavior of Rickshaw-pullers of Dhaka city" conducted by a teacher of Dhaka University. Dr. Salahuddin Aminuzzaman, a professor of the Public Administration Department of the university, conducted the study on 350 rickshaw-pullers to understand the pattern of internal remittance behaviour of the rickshaw-pullers in Dhaka as well as the use of the remitted money. The study conducted between March and June 2013 said 47% of the rickshaw-pullers send money home every week while 21% fortnightly. Majority of them use 'bKash' to send the money. An overwhelming number of respondents consider mobile money safe and cost effective. Around 100% of respondents said mobile money is safe while 85% said it is cost effective.

## Xpress Money sees 12% growth in Bangladesh

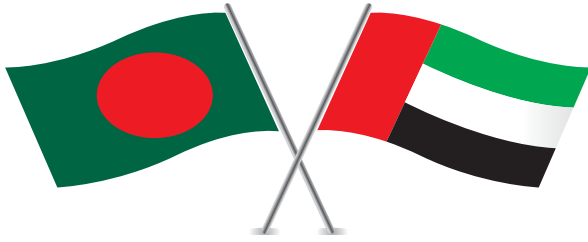
Xpress Money, one of the world's most dependable money transfer brands, witnessed a growth of 12% from July 2013 to June 2014 in Bangladesh. In the year, the total remittance inflows



to the country through legal channels stood at US USD 14.22 billion, of which approximately 10 percent was sent through the money transfer company. Districts like Chandpur, Brahmanbaria, Comilla & Greater Dhaka contributed nearly 50% of the total inflows to Bangladesh in the year. Other contributing districts include Greater Noakhali (9%), Greater Chittagong (8%), Greater Faridpur (6%) and Greater Mymensingh (6%), amongst others. To facilitate remittance inflows through formal channels, the brand has increased its network in the country by 27% as compared to last year. In 2014, out of the total 170,000 agent locations across the globe, Xpress Money has 11,000 agent locations in Bangladesh alone, up from 8644 in 2013.



## UAE cos to invest in Paira Bandar, Marine Drive project



Representatives of two leading UAE companies who are eager to invest in the country's third seaport, Paira Bandar, and Mirsarai-Teknaf, Cox's Bazar marine drive project will visit Bangladesh early 2015. During the visit, they will discuss various issues relating to their investment. Foreign Minister AH Mahmood Ali said this while updating newsmen on Prime Minister Sheikh Hasina's visit to the United Arab Emirates (UAE) in October 2014 in the city recently. He said DP World Chairman Sultan Ahmed Bin Sulayem met Prime Minister Sheikh Hasina during the visit. The Prime Minister urged the DP World chief to invest in the seaport in southern region and in constructing the 285-long marine drive from Mirsarai (Chittagong)-Teknaf. Later, the government sent those two proposals to the UAE government for consideration.

## Malaysia's Proton eyes car plant in Bangladesh



Malaysian automobile company Perusahaan Otomobil Nasional Sdn Bhd, widely known as Proton, hopes to open a production plant in Bangladesh soon, creating employment opportunities for Bangladeshis. Former Malaysian prime minister and newly-

appointed Chairman of Proton Mahathir Mohamad disclosed the information at a meeting with Prime Minister Sheikh Hasina in Kuala Lumpur recently. Mahathir was making a courtesy call on Hasina during her three-day official visit. The meeting was held at Hasina's suite at the Hotel Grand Hyatt. Press Secretary to the Prime Minister AKM Shameem Chowdhuri said Mahathir had highly praised Bangladesh's progress in all sectors. Proton has been eyeing Bangladesh as a manufacturing base for some time. Proton Senior Executive Norman Be Karidi and Executive Fatin Otsman visited Dhaka in September 2014 to discuss the car company's future plans in Bangladesh.

## DCCI, Gambia chamber join hands to explore trade, investment



Gambian entrepreneurs have been urged to import chemical, leather and leather goods, footwear, and light engineering and plastic goods from Bangladesh. DCCI President Shahjahan Khan made the appeal while receiving a delegation of Gambia Chamber of Commerce and Industry to Dhaka Chamber of Commerce and Industry (DCCI) in the city recently. The DCCI and Gambia Chamber of Commerce and Industry have agreed to work jointly in exploring trade and investment between the two chambers. In this connection, a Memorandum of Understanding (MoU) was also signed between the two chambers. DCCI Secretary AHM Rezaul Kabir and Chief Executive Officer of Gambia Chamber of Commerce and Industry Alieu Secka signed the MoU on behalf of their respective chambers. The MoU was signed when a 12-member delegation from Gambia, led by Minister for Trade, Investment, Regional Integration and Employment (MOTIE) Abdoulie Jobe, visited the DCCI and held a business meeting.

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## U.S. retakes the helm of the global economy



The U.S. is back in the driver's seat of the global economy after 15 years of watching China and emerging markets take the lead. The world's biggest economy will expand by 3.2 percent or more this year, its best performance

since at least 2005, as an improving job market leads to stepped-up consumer spending, according to economists at JPMorgan Chase & Co., Deutsche Bank AG and BNP Paribas SA. That outcome would be about what each foresees for the world economy as a whole and would be the first time since 1999 that America hasn't lagged behind global growth, based on data from the International Monetary Fund.

## U.K. manufacturing production rises

U.K. manufacturing output rose the most in seven months in November, as total industrial production suffered an unexpected decline due to maintenance at some North Sea oil fields. Factory production increased 0.7 percent from October, exceeding the 0.3 percent median forecast of economists in a Bloomberg News survey, according to data published today. Industrial output fell 0.1 percent, with oil and gas extraction dropping 5.5 percent, the most since January. The Bank of England left its key interest rate at a record-low 0.5 percent yesterday as a weakening euro area holds back U.K. economic growth and impedes rebalancing. Separate data today from the Office for National Statistics showed goods exports fell 0.4 percent in November, led by Europe.



## Dollar bulls' futures positions reach record on fed speculation

Traders increased futures positions that profit from a gain in the dollar to a record this week, ignoring warnings that positions are overstretched with the Federal Reserve planning to raise interest rates this year. Hedge funds and other large speculators boosted futures contracts on the U.S. currency's strength versus eight of its major peers to 431,961 as of Jan. 6, the most in data going back to 2003, according to Commodity Futures Trading Commission data compiled by Bloomberg. So-called net longs totaled 404,766 a week earlier. The dollar, which gained against all of its 31 major peers last year, is rallying as the Fed weighs timing for its first increase in borrowing costs since 2006, while central banks in Europe and Japan examine further stimulus.

## A stress test for Mario Draghi and the European central bank



Mr. Draghi, the central bank's president, told that early December 2014 afternoon that it was ready to deploy new weapons against the eurozone's dangerously low inflation rate. Though this 19-nation bloc is one

of the world's richest economies, it has never really recovered from the 2008 global financial crisis. And low inflation is one of the impediments to growth. Emphasizing every word, Mr. Draghi said that the bank's governing council had just agreed to prepare "for further measures, which could, if needed, be implemented

in a timely manner." Mario Draghi, president of the European Central Bank, at a news conference after the bank announced it would hold its benchmark interest rate steady. E.C.B.'s Draghi Hints at More Stimulus in Future for Europe December 4, 2014 Mario Draghi, the president of the European Central Bank, arrives for a European Parliament committee meeting on Monday. Draghi Pessimism on European Recovery Stirs Expectations of Stimulus September 22, 2014

## Commerzbank CEO sees mergers among smaller German banks

The chief executive of Commerzbank is predicting a wave of mergers among Germany's cooperative and savings banks. Martin Blessing, who heads Germany's second biggest bank, noted that there were still almost 2,000 banks in Germany, in contrast to about 20 in Spain. "I suspect the consolidation will largely take place within Germany and not in the private banking sector," Blessing told a business conference in Berlin recently. He said he could envisage mergers between smaller banks and their owners, for example between regional Landesbanken and local savings banks or cooperatives.

## Most automakers see jump in US sales

US auto giants General Motors and Chrysler recently rode lower gasoline prices and aggressive holiday promotions to higher November sales, while Ford Motor reported another decline. The industry as a whole sold 1.3 million vehicles in the US in November, about 4.6 percent more than in the year-ago period, according to industry specialist AutoData. GM, the largest US automaker, sold 225,818 cars in November, up six percent from a year ago behind strong results for GMC Sierra and Chevrolet Tahoe trucks, as well as for some sedans. Chrysler, a unit of Fiat Chrysler, sold 170,839 cars, up 20 percent from November 2013. The company reported gains for larger vehicles, like the Ram Truck, as well as for some sedan models. Sales at GM and Chrysler exceeded projections from online site Edmunds.com. Japanese automaker Toyota reported a three percent gain in US sales to 183,346, also exceeding the Edmunds estimate.

## IFC to boost investment in Myanmar

The International Finance Corporation (IFC), a private investment arm of the World Bank Group, is striving to boost investment in Myanmar which is expected to reach about USD 400 million by the end of June 2015, up from 92 million dollars as of November this year, the semi-official Global New Light of Myanmar reported recently. It also sees increase with its investment in the country to over 1 billion dollars over the next three years with a focus on development of its private sector, IFC said in a statement. IFC vowed to continue to work with the Myanmar government and the banking sector to strengthen the country's infrastructure and financial market to boost sustainable growth. The funding agency is set to scale up its support for infrastructure and focusing more on such key sectors as power, telecommunication and transport, especially on Myanmar's Central Bank in developing at least one credit bureau by June 2016.

## Indonesia, Malaysia seen keeping crude palm exports duty-free in Jan 2015

Indonesia and Malaysia, the world's top palm growers, will probably keep shipments of crude palm oil duty-free in January as prices struggle to pull away from five-year lows, and some players expect that to continue through the first quarter of 2015. Benchmark palm oil prices on the Bursa Malaysia Derivatives Exchange were trading at 2,174 ringgit (USD 625) per tonne recently. The contract has lost more than 18% this year, hitting a low of 1,914 ringgit in September 2014. Mistry, who heads the vegetable oil trading arm at India's Godrej Industries, said the

threshold for Indonesian taxes to come into effect was unlikely to be reached for January if crude oil prices stayed weak. Indonesia decides on its monthly crude palm oil export tax rate by looking at average international and domestic prices. If these fall below USD 750 a tonne, the levy is dropped.

### UAE bank FGB plans to expand its operations in India

The UAE-based bank FGB (formerly known as First Gulf Bank) is planning to grow its international operations by expanding in India. "We aspire to capitalize on India's positive investment climate and play a key role in the development of the Indo-UAE corridor. As we expand our portfolio in the coming years, we would be proud to contribute to India's exceptional growth story," said Abdulhamid Saeed, Managing Director and Board Member of the UAE-based FGB. Internationally, FGB has branches in Singapore and Qatar, representative offices in India, Hong Kong, Seoul and London, and a subsidiary in Libya. Till date FGB has participated in 15 capital raising deals worth USD 9.2 billion for Indian companies in 2013 and 2014. Of this, deals worth USD 6 billion were completed in 2014. In November, FGB assisted the Tata Steel group to raise USD 3.2 billion, which was part of the Indian steel conglomerate's total debt refinancing exercise of USD 7 billion.

### IFAD, ADB sign deal to uplift rural areas in Asia, Pacific

The International Fund for Agricultural Development (IFAD) and the Asian Development Bank (ADB) recently signed a co-financing agreement to continue the agencies' ongoing collaborative work to transform rural areas into vibrant, productive and food secure communities in the Asia and the Pacific region. The countries outlined in the agreement include Bangladesh, Bhutan, India, Nepal and Sri Lanka in South Asia; Cambodia, Indonesia, Laos, the Philippines, Myanmar, and Viet Nam in South East Asia; Papua New Guinea, Samoa and Timor Leste in the Pacific; and Afghanistan, Armenia, Kyrgyzstan, Pakistan, Uzbekistan in Central West Asia.

### ECBs Coene supports govt bond purchases

The European Central Bank should start buying government bonds to tackle poor investor confidence and low inflation in the euro zone, governing council member Luc Coene said recently. The Belgian central bank chief said the bank had already waited too long, and that this could be one tool to spur economic activity in the 18-country euro zone and fight off deflationary pressures. Inflation in the single currency area was 0.3% year-on-year in November, well below the ECB's headline target of inflation below, but close to 2%.

### Intel Budgets USD 300 Million for Diversity



Over the last year (2014), Apple, Google and other big technology companies have faced mounting criticism by civil rights leaders about the lack of diversity in their work forces, which are populated mostly by white and Asian men. Now Intel, the giant chip maker, is taking more concrete steps to do something about it. Intel recently said the company's work force would better reflect the available talent pool of women and underrepresented minority groups in the United States within five years. If successful, the plan would increase the population of women, blacks, Hispanics and other groups at Intel by at least 14% during that period. In addition, Intel said it has established a USD 300 million fund to be used in the next three years to improve the diversity of the company's work

force, attract more women and minorities to the technology field and make the industry more hospitable to them once they get there. The money will be used to fund engineering scholarships and to support historically black colleges and universities.

### Samsung's Smart-Home Master Plan: Leave the Door Open for Others



Yoon Boo-Keun, president and co-chief executive officer of Samsung Electronics, speaks at a news conference during the 2015 Consumer Electronics Show in Las Vegas on January 5, 2015.

The most important product at the 2015 Consumer Electronics Show may not actually be a product at all. It's a policy. Samsung Electronics has pledged that 90 percent of all devices it creates, including televisions and mobile devices, will be Internet-enabled by 2017, just two short years away. The remaining 10 percent will come on board by 2020. Considering that in 2014 Samsung delivered more than 665 million products to consumers around the world, it's hard to understate how important this is to the overall move to turn the Internet of Things, the everything-is-connected tech Valhalla, from a plaything for early adopters into the mainstream of moms and microwaves.

### Euro hits fresh low before inflation trial, bonds boom



The euro hit a nine-year trough recently as collapsing oil prices and worries about the world economy drove skittish investors into the arms of safe-haven sovereign debt. From Japan to Germany to Australia, government borrowing costs reached all-time lows as oil fell 10 percent in just two days and investors wrestled with the risk of global deflation. Asian share markets did try to steady after recent steep falls and European bourses were projected to open a shade firmer, but the gains were hostage to euro zone inflation data due later. The figures are expected to show the first annual fall in consumer prices since 2009, piling pressure on the European Central Bank to launch all-out quantitative easing at its next policy meeting on Jan 22.

### Rolls-Royce enjoys record year with 4,000 plus cars sold

2014 was a bumper year for Rolls-Royce with sales up by 13 percent on the previous year as it delivered more than 4,000 vehicles for the first time ever. The British company, which is a wholly owned subsidiary of BMW, saw sales rise 30% in the United States, its biggest market. They were up by 40 percent in Europe and 20 percent in the Middle East. The luxury car maker said buyers are getting younger after it launched relatively smaller, more sporty cars. In China – its second largest market – it said the average customer is in their late 30s or early 40s, around 10 to 15 years younger than elsewhere. Given the company's product portfolio and the growth in its ultra-wealthy clientele, Chief Executive Torsten Mueller-Oetvoes said he was quietly confident about sales for 2015.

## Oil prices remain weak on supply glut, low Asian and European growth



Oil prices remained near five-and-a-half year lows in early Asian trading recently after prices saw yet more heavy falls in the previous session, and analysts said a supply glut meant that more falls were

likely before a rebound. Global oil markets recently slumped for a fourth straight session to five-and-a-half year lows as mounting worries about a supply glut pressured crude prices, which have fallen almost 10% were no signs of a turn-around, with Brent crude LCOc1 futures trading at USD 50.95 a barrel at 8.37 p.m. ET, down 15 cents from their last close, and U.S. futures CLc1 remained under USD 48 at USD 47.97 per barrel. The low prices are a result of high output clashing with sluggish demand, especially in Europe, which is still struggling with its debt crisis, and in Asia, where China's growth is slowing and Japan is battling recession.

## Coach adds luxury shoes to offerings with Stuart Weitzman buy

Coach Inc will buy women's luxury footwear company Stuart Weitzman Holdings LLC, as it looks to expand its high-end offerings to better compete with fast-growing rivals such as Michael Kors Holdings Ltd and Kate Spade & Co. Coach,



known for its Poppy handbags, said it would buy Stuart Weitzman Holdings from private equity firm Sycamore Partners in a deal valued at up to USD 574 million. Analysts, however, called Coach's first ever acquisition unnecessary and distracting, saying the deal could shift its focus from fixing its core handbags business. Any distraction will complicate matters during a critical turnaround phase, Stifel Nicolaus analysts wrote in a note.

## Burger chain Shake Shack files for IPO



Burger chain Shake Shack Inc, which grew out of a hot dog stand in New York's Madison Square Park, has filed for an initial public offering at a time when stock offerings by casual restaurants have

proven to be a big hit with investors. Shake Shack, known for its Shackburgers, flat-top hot dogs and eponymous shakes, has developed a cult following since it was founded by restaurateur Daniel Meyer in 2001. Meyer's Union Square Hospitality Group LLC also runs other popular New York eateries, including Blue Smoke, Gramercy Tavern and Union Square Cafe, which are not involved in the IPO. The planned IPO follows a string of successful offerings by casual dining chains this year, including El Pollo Loco Holdings Inc and Zoe's Kitchen Inc.

## Xiaomi revenue doubles in 2014

Chinese handset maker Xiaomi more than doubled its revenue in 2014. The firm's announcement comes just a week after it was named the world's most valuable tech start-up. Pre-tax sales for last year were up 135% from 2013 with the company reporting

it made almost 10 billion euros. Xiaomi is now the world's third largest maker of smartphones behind Samsung and Apple. It saw a 227 percentage rise in sales from 2013 with the number of phones sold topping the 61 million mark. The company announced it plans to unveil a new flagship device in January 2015.

## Intel Corp chief shows wrist-worn drone; promises to employ more women

Intel Corp Chief Executive Brian Krzanich showed off a computer built into a jacket button and a wristband that transforms into a selfie-snapping flying camera, as the chipmaker extends its push into smart wearable



gadgets. Speaking at the Consumer Electronics Show in Las Vegas on Tuesday, Krzanich also announced a five-year, USD 300 million investment in math-related education and other programs to help employ more women and minorities in the technology and the video game industries. Krzanich used most of his keynote to talk up Intel's efforts in computerized apparel and other sensor-packed gadgets - nascent markets that the chipmaker and other technology companies hope will fuel future growth as demand for smartphones and tablets loses steam.

## U.S. recalls may climb this year says car safety chief



A recent wave of auto recalls may lead to even more flaws being discovered this year as drivers become alert to design faults, the top U.S. car safety official said recently. Recalls of air bags and ignition

switches last year contributed to an increase in the number of consumers with car safety concerns, said Mark Rosekind, head of the National Highway Traffic Safety Administration. While the auto safety agency may get about 45,000 consumer complaints a year, Rosekind estimated there were about 75,000 in 2014. NHTSA has been accused of acting too slowly to prevent dangers involving Takata Corp air bags and General Motors Co ignition switches, and Rosekind said he must turn the agency around - fast.

## Latest business surveys show eurozone economy moribund

The eurozone seems set for more weak growth this year as we learned that the region's economy is barely expanding. Surveys of thousands of companies show they are limping along, failing to drive up business activity even as they cut prices further. Markit, the organisation that carried out those surveys says they indicate eurozone growth in the last three months of the year was just 0.1 percent, with the biggest economy, Germany, managing a stuttering performance. The second largest, France, is also a major worry according to Jeremy Stretch, Head of Forex Strategy, CIBC: "If we are going to see further weakness in the French economy, then I think that will really writ large the degrees of concern within the eurozone, very much at its heart. And I think that is very much going to be the primary concern. However, having said that, I think the outlook for Germany is not quite as doom-laden as some of the assumptions might have suggested in the back end of Q4."



## BMW in payout to dealers in China

Luxury car maker BMW has agreed to pay dealers in China almost 700 million euros. The deal marks the end of a battle for compensation in the world's largest car market. BMW had been pressured to share the cost of overstocked showrooms after dealership groups in China had bought cars forecasting continued growth but it's expected figures will show the market halved to seven percent in 2014. The German car maker declined to give any details but an official from the China Automobile Dealers Association said it was the biggest such subsidy in the country because last year (2014) dealers had the highest level of stockpile.

## China fourth-quarter GDP growth may slow to 7.2%



China's annual economic growth likely slowed to 7.2% in the fourth quarter, the weakest since the depths of the global crisis, a Reuters poll showed, which would keep pressure on policymakers to head

off a sharper slowdown this year. The expected slowdown in growth of the world's second-largest economy, from 7.3% in the June-September quarter, means full-year would undershoot the

government's 7.5% target and mark the weakest expansion in 24 years. Growth of 7.2 pct in October-December would be the weakest since Q1 2009, when the economy grew 6.6 percent as the worst of the global crisis passed. Fourth-quarter GDP data will be announced on Jan. 20. The poll of 31 economists showed bank lending, fixed-asset investment and factory output growth may have steadied in December, but factory price deflation likely worsened and consumer price inflation hovered near five-year lows.

## Nissan says 2014 China sales up 0.5%

Nissan Motor Co Ltd and its Chinese joint venture partner sold 1.22 million vehicles in China in 2014, up 0.5% from the previous year, the Japanese carmaker said recently. In the month of December, Nissan sold 121,900 vehicles, down 9.1% from a year earlier, the sixth straight month the carmaker has seen sales decline in China. Japanese carmakers in China have faced the twin challenges of a slowing economy and political tension between Beijing and Tokyo over the past year. The growth rate of China's auto market, the world's biggest, halved to around 7% in 2014. Nissan, which operates a car venture in China with Dongfeng Motor Group Co Ltd, revised its 2014 China forecast in November to reflect slowing sales. Rival Toyota Motor Corp forecast on Tuesday that its pace of growth in China would halve to 6.8% in 2015 after it failed to meet last year's target.



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- Health clubs etc.

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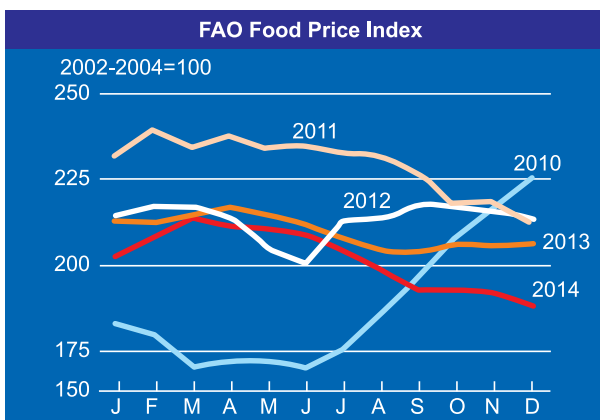


## The FAO Food Price Index



The FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices, weighted with the average export shares of each of the groups for 2002-2004. The FAO Food Price Index averaged 188.6 points in December 2014, down 3.2 points (1.7%) from November. The Index, which had been in a downward trend between March and September, remained fairly stable in October and November, before falling again in December.

Over the full year, the Index averaged 202 points, down 3.7% from 2013, with the sharpest year-on-year falls registered by cereals (12.5%), followed by dairy products (7.7%), oils (6.2%) and sugar (3.8%). Only the FAO Meat Price Index recorded an increase, advancing by 8.1% compared to 2013.



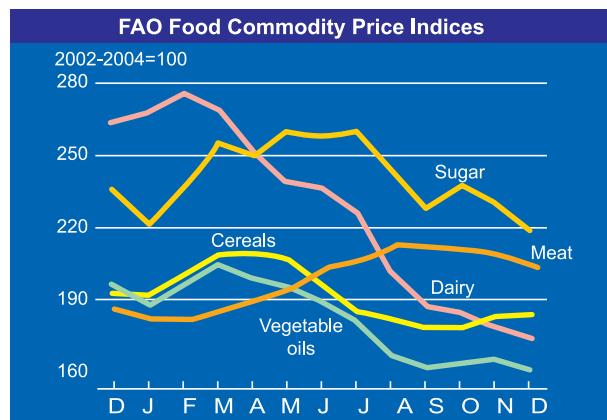
The FAO Cereal Price Index averaged 183.9 points in December 2014, up slightly (0.4%) from November, primarily driven by a rise in wheat prices which more than offset a decline in rice quotations. Worries about the possible introduction of restrictive export measures by the Russian Federation pushed up wheat prices although a general strengthening of the US dollar and weak trade activity limited the increase. Rice prices fell markedly, reflecting a combination of abundant export supplies and sluggish import demand. In 2014, the FAO Cereal Price Index averaged 192 points, down 12.5% from 2013, as international prices of all cereals subsided, driven by record production and large stocks.

The FAO Vegetable Oil Price Index averaged 161 points in December 2014, down 4 points (or 2.4%) from November. The drop in the index mainly reflects developments in the palm oil market, as the recent slump in crude oil prices depressed demand

for palm oil as a biodiesel feedstock, causing international palm oil values to weaken. Only towards the end of December prices recovered, as excessive rains slowed down harvesting and crushing operations in Malaysia amid higher than expected global export demand. For 2014 as a whole, the Index averaged 181 points, down 6% from 2013, with palm oil, the vegetable oil with the highest weight in the Index, falling to a 5-year low.

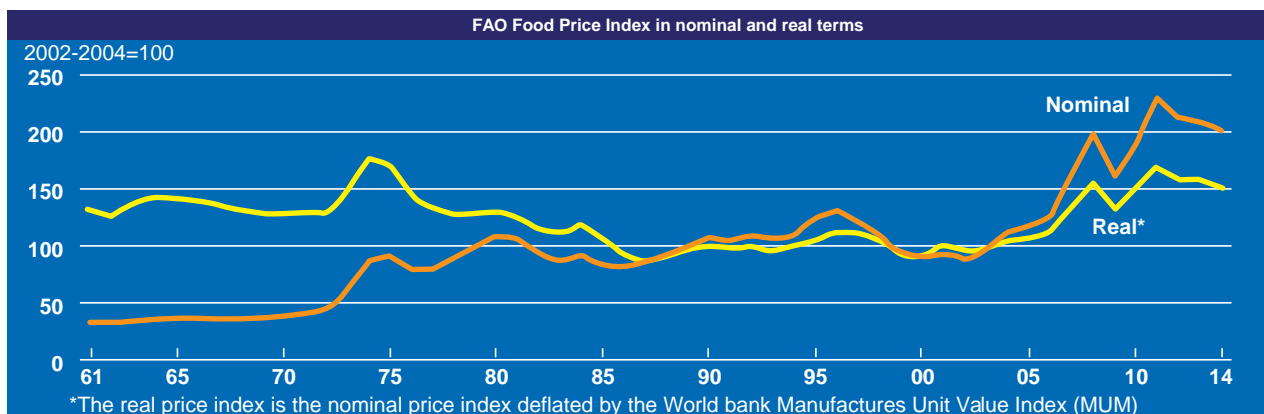
The FAO Dairy Price Index averaged 174 points in December 2014, down 4.1 points (2.3%) from November. Abundant export supplies continued to weigh on international prices in December. Over 2014, prices for international milk products averaged 224.2 points, down 7.7% from 2013. This fall has stemmed from increased export availability and a reduction in the pace of purchases by some of the leading importers, especially China and the Russian Federation. The decline in prices was most pronounced for milk powders, followed by butter and cheese.

The FAO Meat Price Index averaged 204 points in December 2014,



a reduction of 4 points (1.9%) from November, reflecting weaker quotations for bovine and ovine meat from Oceania and lower pigmeat prices from Europe. The stronger US dollar and a growth in export availability were among the main factors influencing prices. However, meat products were the only commodity group within the FAO Food Price Index to register an increase during 2014, up 8.1% from 2013.

The FAO Sugar Price Index averaged 219 points in December 2014, down 11 points (4.8%) from November 2014. Ample supplies in major sugar producing countries, including Brazil, the world's largest producer and exporter, and falling crude oil prices, which reduce the volume of sugar crops being converted into ethanol, weighed on international sugar quotations in December. Sugar prices were mostly under downward pressure over 2014, averaging 9.6 points, or 3.8%, lower than in 2013.



\*The real price index is the nominal price index deflated by the World bank Manufactures Unit Value Index (MUM)

## WELLS FARGO SECURITIES ECONOMICS GROUP REPORT



### U.S. Overview

#### It Will Be Harder to Score Pre-crisis Growth Rates

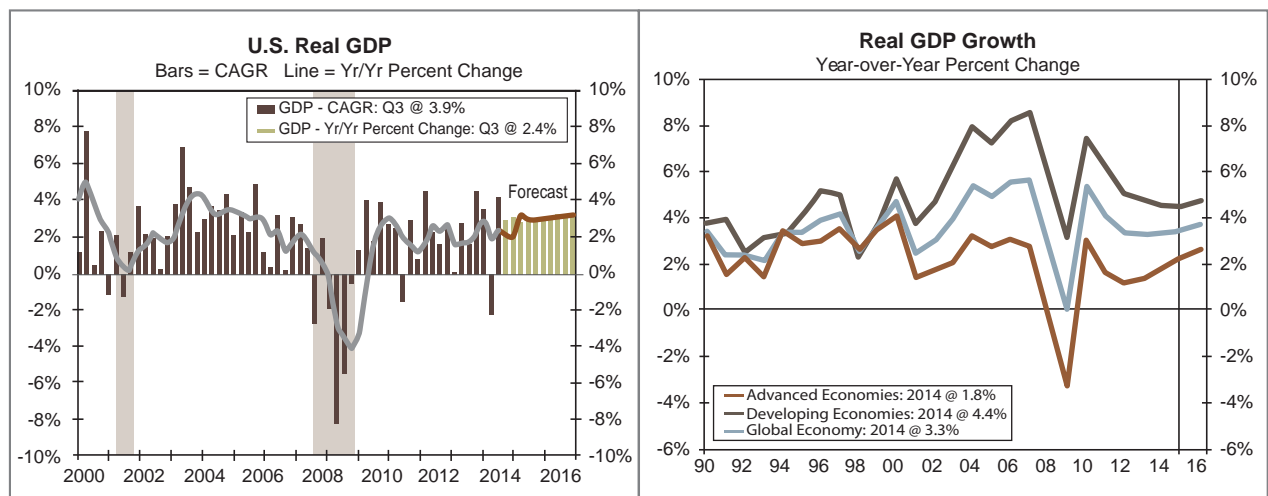
Five and a half years have now passed since the U.S. economy first emerged from its worst recession in the post-war era. Economic growth has averaged a solid, yet unspectacular, 2.3% during this period, a pace that has proved sufficient to allow the unemployment rate to drop back below 6% and pull capacity utilization back up near its long-run average of around 79%. The modest pace of economic growth has provided a false impression that the recovery is still in its infancy, even though the current economic expansion is already slightly longer than the average for the post-war period. Indeed, recent public opinion polls have shown that slightly more consumers believe the economy is still in recession than believe conditions are recovering. In fact, a whopping 78% of voters in November's midterm election noted that they were concerned or somewhat concerned about the economy. Following such a deep recession, sluggish income growth explains a great deal about consumers' frustration with the pace and composition of economic gains. Not only has economic growth been slower than in recent recoveries, but the gains appear to have been more uneven. This pace of economic growth has given rise to a new sense of urgency for monetary and fiscal policies to address growing issues. Years of modest GDP growth and extremely accommodative monetary policy have also reduced volatility in the financial markets.

### International Overview

#### Global GDP Growth: 3.4 Yards and a Cloud of Dust

Global GDP has grown below its long-run average of 3.4% per annum over the past few years. The good news is that global growth should strengthen somewhat, and Wells Fargo looks for it to slightly exceed its long-run average over the next two years. Wells Fargo forecasts that U.S. GDP growth will strengthen in 2015 and that it will remain solid during 2016. Stronger growth in the United States should help the Canadian and Mexican economies due to extensive trade ties among the three NAFTA partners. Economic growth in the Eurozone should tick up somewhat next year. Most developing countries, with the notable exception of China should also experience stronger growth over the next two years. Economic policy should help to contribute to this modest acceleration in global economic activity. Specifically, monetary policy remains accommodative on a global basis and many economies should experience less fiscal drag in the future.

Although most advanced economies likely will grow at a slower pace than they did in the past decade, the developing world represents the biggest reason for "disappointing" global growth in 2015 and 2016 relative to the boom years of 2004-2007. Growth in China, the second largest individual economy in the world, has been slowing over the past few years, and we forecast that real GDP in China will decelerate further over the next two years. Chinese authorities are attempting to rebalance the economy away from excessive investment spending in favor of more consumption expenditures.



Source: U.S. Department of Commerce, IMF, IHS Global Insight and Wells Fargo Securities, LLC

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