MTBiz

MONTHLY BUSINESS REVIEW
VOLUME: 07 ISSUE: 06
JULY 2016

BREXIT
THE AFTERMATH


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Contents

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MTB Group R&D

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BREXIT: THE AFTERMATH

Brexit - British Exit

Brexit, as crowd-sourced open dictionary elaborates, is a blend of the words 'British' and 'exit' which refers to the Great Britain leaving (‘British exit’) the European Union; it refers to the June 23, 2016 referendum by British voters to exit the European Union (EU). The referendum roiled global markets, including currencies, causing the British pound to fall to its lowest level in decades.

This article would delineate the economic impact of Brexit on the economy of EU and UK. It would focus on the dynamics of economy emphasizing bank margins, exchange rate, oil price, consumer confidence, port economy, growth forecast etc. to narrate the post-Brexit economic discourse of EU and UK.

The Aftermath

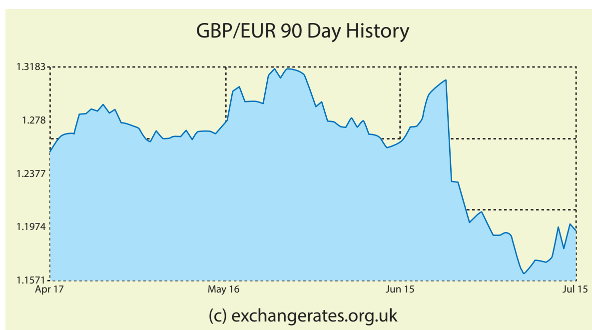
The UK economy shows early signs of stress in the wake of the Brexit vote with a consumer spending and productivity index slipping to multi-year lows last month. Business activity in the second quarter of the year fell to three-year lows, according to Lloyds Bank’s tracker for manufacturing and services, with London emerging as a key casualty of the political and economic uncertainty caused by the referendum. Lloyds said that for the first time since 2012, London saw a decline in growth, causing the capital to tumble down the index to its lowest reading since 2009. As a result job creation slowed across England in June to its weakest rate since early 2013.

Meanwhile consumer spending continues to hold to 27 month lows due to a stark cut-back in spending on leisure activities as consumer confidence is left rattled by Brexit fears. Credit card provider Visa said spending in hotels, bars and restaurants rose by a meagre 3.3% in June, and its lowest growth since January 2013. The sector’s slowdown is particularly marked after leading UK spending growth over the last year.

Pressure on EU Bank Margins

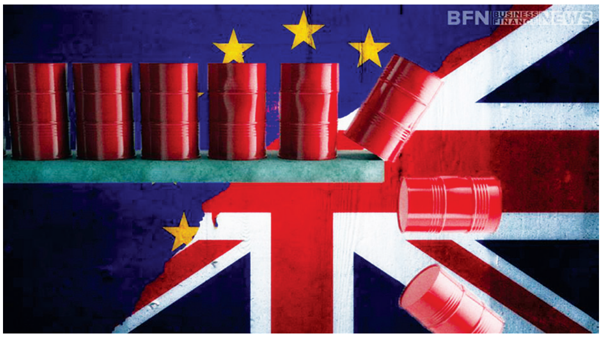
Direct fallout from the U.K. vote to leave the EU includes more pressure on U.K. bank margins, confirmed by the Bank of England’s (BOE) acknowledgement that further stimulus, including rate cuts, would almost certainly be required. This has ramifications for banks’ revenues, with U.K.-focused lenders Lloyds, RBS, Barclays and challenger banks all affected. Other concerns include future investment from the European Investment Bank, real estate valuations and a reopening of the debate on euro clearing. BOE data show that loans against commercial and retail property, and the construction industry, neared USD 2 trillion in May. The U.K.’s distancing from the EU regulatory debate may also diminish the ability of Swedish, Danish and Dutch institutions to push back certain bank-system harmonization efforts.

British Pound to Euro Exchange Rate



The GBP/EUR spot rate is currently trending in the region of a 2-year low as Brexit uncertainty continues to weigh on Sterling. British stocks have also taken a battering as foreign exchange investors shy away until more is known regarding the UK’s future. Growing inter-party rifts in UK politics will only add to trader anxieties. The fallout from the UK’s historical vote has also significantly dented demand for the euro exchange rates. This is partly as a result of fears that other EU member states will hold referendums, but mostly in response to falling bond yields.

Derailing Oil Recovery

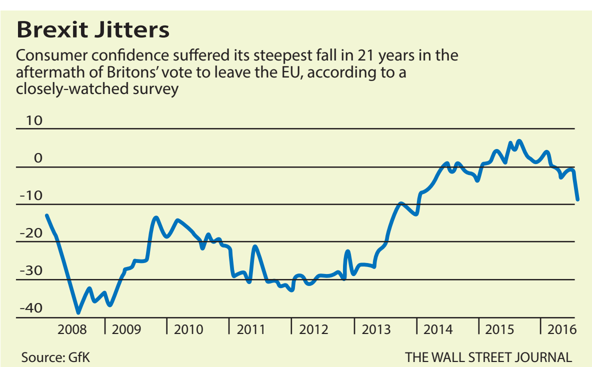


After three months of raising oil-price forecasts, analysts say the U.K. vote to leave the European Union could crimp crude demand and weigh on prices next year. A survey of 14 investment banks by The Wall Street Journal sees Brent crude, the international oil-price benchmark, averaging USD 57 a barrel in 2017, broadly unchanged from the survey in May. The banks expect West Texas Intermediate, the U.S. oil gauge, to average USD 55 a barrel next year. Oil prices are up more than 65% since earlier this year, when they hit lows of more than a decade on a global glut, as a spate of production outages dented supply and U.S. production declined.

Analysts said Britain's referendum outcome could derail that recovery. Investors are concerned about the effect of the vote on the U.K. and Eurozone economies and the uncertainty that it introduces across the world. Crude is down about 10% since the referendum, as investors have fled risky assets such as commodities. Recently, Brent crude fell 4.9%, to USD 46.40 a barrel on ICE Futures Europe, while oil traded on the New York Mercantile Exchange lost 4.8%, to USD 45.14.

Barclays estimates that Brexit will knock off 100,000 barrels a day of global oil demand this year and in 2017. While that is a small chunk of the 96 million barrels-a-day global market, oil prices usually react disproportionately when market sentiment sours.

UK Consumer Confidence Plunges



British consumers saw their confidence in the UK's economy fall at the sharpest rate in almost 22 years after the vote to leave the European Union, according to the latest survey from market research firm Gfk. In a special survey commissioned in the week or so after the Brexit vote, Gfk found that consumer confidence in the UK fell by 8 points following the referendum. It's the biggest drop since late 1994, when Britain was in the middle of a recession and a housing crash.

On a region-by-region basis, confidence took the biggest hit in the north of England and Scotland, falling more than 10 points. In the south, including London, it eased just two points. 16-29 year olds were the most optimistic consumers overall, despite their confidence falling 13 points. The most hard-hit sectors of consumer spending in the post-Brexit economic landscape are those products that are so-called "discretionary" purchases — basically stuff people want and can buy when times are good, but don't actually need. Things like holidays, new clothes, meals out and so on. As Joe Staton, Gfk's head of market dynamics noted, according to the FT, analysis suggests that in the immediate aftermath of the referendum, sectors like travel, fashion and lifestyle, home, living, DIY and grocery are particularly vulnerable to consumers cutting back their discretionary spending.

Brexit threatens EU port throughput statistics

The Brexit will have a very visible impact on EU port throughput statistics, according to award-winning port economist Theo Notteboom. Currently, UK ports handle about 14% of the total EU port throughput, while the country's share in total EU population and EU GDP amounts to 12.8% and 17.6% respectively. Mr Notteboom said that UK ports are particularly important in the ro-ro business as a result of the many cross-channel ferries, services to Ireland and within the UK, and ro-ro lines to the rest of Europe. The UK's share in liquid bulk cargo, meanwhile, amounts to 15.6%. Additionally, just over 9% of total EU container throughput passes via UK ports.

IMF Cuts Growth Predictions for Eurozone

The International Monetary Fund (IMF) has cut its growth outlook for the Eurozone on the back of the Brexit vote, warning that a new climate of uncertainty across the single currency bloc will dent confidence, fan financial market volatility and spill over into other economies. The Fund used a regular healthcheck on the Eurozone to warn it would suffer an economic slowdown and more political uncertainty as a result of referendum result. It is the latest body to warn that fresh cracks could emerge in the region as it grapples with the fallout of the UK's decision to depart the EU. GDP in the Eurozone is now expected to grow 1.6% this year and just 1.4% in 2017, a slowdown from a 1.7% expansion last year, "mainly due to the negative impact of the UK referendum", the IMF said. That compares with IMF forecasts before the June vote of 1.7% growth for the Eurozone this year and next. The IMF had repeatedly warned before the referendum of dire economic consequences from Brexit, much to the anger of leave campaigners.

Resurgence in pro-EU leanings across Continent

Two weeks after Britain's EU referendum, Europe has defied predictions that the UK's vote to leave would inspire a surge in copycat breakaway movements, with establishment parties enjoying gains and populists dropping points in the polls.

In Germany, the Brexit aftermath has seen Angela Merkel's popularity ratings surge to a 10-month high, almost returning to the level the chancellor enjoyed before the height of the refugee crisis last September. An Infratest Dimap poll published recently also marks a two percentage point gain for Merkel's party, the centre-right CDU, and a one point gain for the centre-left Social Democratic party.

In a Gallup poll on 5-6 July, 52% of Austrians said they would choose to stay in the EU if given a vote, while only 30% would vote to leave. A similar poll the previous week had shown a more balanced picture, with 51% in favor of remain and 49% in favor of leave. In Denmark, support for EU membership has risen to 69%, up from 59.8% in a poll held before the British referendum, while support for a membership vote has fallen from 40.7 to 32%.

Conclusion

Digesting the full implications of the United Kingdom's "Brexit" referendum will take Britain, Europe, and the world a long time. The most profound consequences will, of course, depend on the European Union's response to the UK's withdrawal. Most people initially assumed that the EU would not 'cut off its nose to spite its face'. The benefits of trade and economic integration between the UK and EU are mutual, and if the EU took seriously its belief that closer economic integration is better, its leaders would seek to ensure the closest ties possible under the circumstances.

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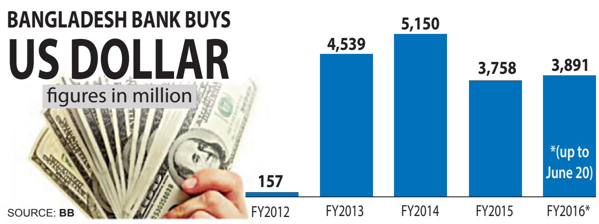
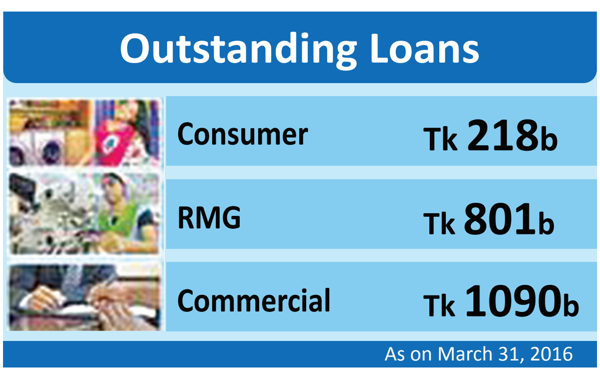
NATIONAL NEWS

BB steps in to keep exchange rate stable



Bangladesh Bank (BB) is continuing to purchase US dollars from commercial banks to keep the exchange rate stable. The central bank went on a buying spree recently amid an increase in the inflow of the greenback ahead of Eid-ul-Fitr, the biggest festival of Muslims. The move is also helping banks to avoid crossing the limit for their foreign currency holding. Recent data shows that the central bank has purchased around USD 350 million from different commercial banks to take this fiscal year's tally to USD 3.9 billion. BB data shows imports grew only 4.8 percent in July-April of the outgoing fiscal year. On the other hand, exports rose nearly 9 percent in the first 11 months of the fiscal year. Remittance is stable and the inflow will go up this month because of Eid spending. BB has been buying dollars for the past four fiscal years to manage the exchange rate and prevent the greenback from falling against the local currency. If the greenback falls, exporters and remitters would lose out on value, while importers would benefit. The BB bought dollars worth USD 3.75 billion in 2014-15, USD 5.15 billion in 2013-14 and USD 4.54 billion in 2012-13. With purchase of the greenback, Bangladesh's foreign exchange reserves are surging to new heights every year; the reserves currently stand at nearly USD 29.5 billion, which is enough to meet import bills of more than eight months.

Central bank assessing sectoral flow of pvt sector credit



The central bank is scrutinizing the flow of commercial banks' credit to different sectors and assessing its impact in the context of the country's economic growth. The most part of the total 'outstanding' loans until March 2016 went to consumers financing, readymade garment (RMG) and other commercial activities, according to initial findings of the study. The total 'outstanding' consumer loans grew by nearly 15 per cent to BDT 218 billion as on March 31 last from BDT 190 billion in the same period of the previous calendar year while the 'outstanding' loans of RMG sector increased by more than 15 per cent to BDT 801 billion from BDT 696 billion during the same period. The total 'outstanding' loans for commercial purposes rose by nearly 23 per cent to BDT 1090 billion over a period of one year from BDT 887 billion in March 2015, the BB data showed. The total 'outstanding' loans with the private sector rose to BDT 6364.42 billion in March 2016 from BDT 5526.69 billion in the same month of 2015. The central bank took the latest move after exceeding the private sector credit growth target set by it in its monetary policy, for the January-June period of the ongoing fiscal year. The central bank had projected that the private sector credit would grow at 14.8 per cent in June 2016 from 13.8 per cent in December 2015. The private sector credit growth has already reached at 15.59 per cent in April last on a year-on-year basis from 15.16 per cent in March, 2016. The credit growth was 15.11 per cent in February. The central bank has already asked the commercial banks to ensure the quality of credit for helping lessen the amount of non-performing loans (NPLs) in the country's banking sector.

BB recognises shrurjoMukhi as e-payment operator

SHURJO MUKHI

ShurjoMukhi Ltd, a leading Payment Gateway Services Provider, has been awarded "PSO (payment service operator) Status" by Bangladesh Bank under the "Bangladesh Payment and Settlement Systems Regulation, 2014". After successful evaluation of key criteria required for qualification as well as evaluating existing experience as a Payment Gateway Services Provider, Bangladesh Bank has conferred this licence upon shurjoMukhi Ltd. shurjoMukhi Ltd has been operating its "shurjoPay" ePayment Gateway for many years in Bangladesh. Dozens of partners are already working together with shurjoMukhi to deliver a seamless platform of online purchases and ecommerce services.

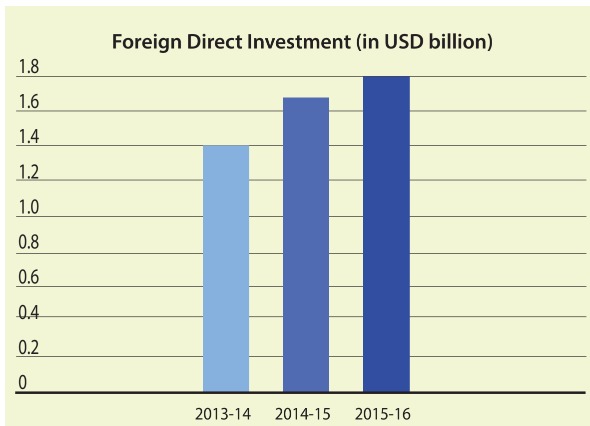
BB cuts interest rate ceiling on farm credit

The central bank has slashed the ceiling on agricultural credit by 1.0 percentage points considering the declining trend of interest rates on both lending and deposits. Under the revised provisions, the banks are allowed to charge maximum 10 per cent interest rate on agriculture credit instead of 11 per cent. The revised interest rate on agriculture credit will come into effect from July 1, 2016, according to a circular, issued by the Bangladesh Bank (BB). "The central bank has reduced the interest on farm credit aiming to facilitate agriculture activities across the country," a BB senior official explained. The central bank slashed maximum ceiling on agricultural credit by 2.0 percentage points to 11 per cent from 13 per cent on December 21, 2014 on the same ground. Credits at a reduced rate of interest -- 7.0 per cent -- are being provided to all areas of exports since January 2004, the central banker said, adding that it will remain unchanged. With a view to establishing a market-oriented financial system under the Financial Sector Reforms Programme (FSRP), the administered interest rate regime was earlier abolished giving the banks full freedom for selection and management of their credit portfolios. The central bank introduced in 1989 a flexible interest rate regime through issuance of a circular in line with the FSRP. Under the FSRP, the banks are free to charge or fix their deposit and lending rates excepting the rate of interest on export credits.

Bangladesh expats remit USD 1.206b in May

The country received USD 1.206 billion in remittance in May this year, said Bangladesh Bank statistics. It also showed that four state-owned commercial banks – Agrani, Janata, Rupali and Sonali – received USD 379.12 million from expatriate Bangladeshis while four state-owned specialised banks got USD 12.33 million. The maximum remittance came through private commercial banks as they received USD 797.08 million while the nine foreign banks USD 17.11 million. Among the private commercial banks, Islami Bank Bangladesh Limited (IBBL) led the chart as it received USD 279.44 million, followed by National Bank Limited (NBL) with USD 51.40 million. Of the four state-owned banks, Agrani Bank received USD 138.88 million, Sonali Bank USD 115.07 million, Janata Bank USD 105.49 million and Rupali Bank 19.68 million. Among other private banks, Dutch-Bangla Bank received USD 49.93million while Bank Asia USD 42.96 million, Uttara Bank USD 40.95 million, Pubali Bank USD 40.96 million, Prime Bank USD 27.09 million, Mercantile Bank 24.35 million, NCCBL 23.99 million, Southeast Bank USD 22.13 million, Trust Bank USD 20.27 million, BRAC Bank USD 22.37 million, AB Bank USD 19.24 million and Social Islam Bank USD 16.39 million.

FDI jumps 21 per cent in July-April 2015-16



Source: Bangladesh Bank

Foreign Direct Investments in the ten months of the outgoing FY 15-16 has clocked USD 1.82 billion, up 21 per cent over the corresponding period in previous fiscal year. The latest balance of payment (BoP) figures released by the central bank shows a net FDI between July and April in the current FY was USD 1.82 billion against USD 1.50 billion in FY 14-15. Most of the FDIs coming in last year were from the US, UK, South Korea, Australia, the Netherlands, Malaysia, Hong Kong, Singapore, Japan and India. The sectors that attracted foreign investors the most were gas and petroleum, textiles, banking, telecom, power, food, cement, leather and leather goods. Net FDI inflow is calculated by deducting the disinvested amount from the Gross flow. FDIs in Bangladesh come as equity capital, reinvested earning and intra-company loan, making up the gross flow. Bangladesh's gross flow crossed USD 2 billion for the first time in 2014 and the net flow that year was a little over USD 1.5 billion. In 2015, the net flow stood at USD 2.2 billion.

NATIONAL NEWS

Export earnings increases by 9pc in 11 months

Bangladesh's export earnings increased by 8.95 per cent in the first 11 months of the current fiscal 2015-2016. According to statistics of the Export Promotion Bureau (EPB), the country earned USD 30.66 billion (3,066.42 crore) against the target of USD 3,022 crore. The export earning in the first 11 months from July 2015 to May 2016 is 1.47 per cent more than the target fixed. The export income in the corresponding period last year was USD 2814.43 crore. The export earnings in the month of May this year increased by 6.54 per cent compared to the earnings recorded in the corresponding period in 2015. The total export earning in May was USD 302.69 crore against the target of USD 311cr. The earning in May last year was USD 284.11 crore. Analysts and business people opined that constant good performance of readymade garments sector has sustained the growth in the export income.

BD economy to show strength despite lower global forecast

Bangladesh economy would continue to show strength despite lower forecast for most of the developed countries, according to the latest economic update of the World Bank (WB). The Global Economic Prospects report of the WB, released recently, downgraded the global economic growth forecast to 2.4 per cent from earlier 2.9 per cent. The WB attributed the growth cut to the sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. It, however, said the South Asian economy including in Bangladesh would perform better.

Credit growth beats expectations

Private sector credit growth continues to beat expectations in 2016, suggesting borrowers are eager to take advantage of the low interest rates. In April, private sector lending, which includes home, personal and business loans, rose 15.59 percent year-on-year, according to Bangladesh Bank data. It stood at 15.16 percent in March and 15.11 percent in February. However, credit growth in the first ten months of the fiscal year stood at 12.21 percent, much lower than the target of 14.8 percent. Lenders attributed the recent spike in private credit growth to the turnaround in economic activities after a gap of three years. Mega projects floated by the government and declining cost of funds are also pushing the credit growth up. This pushed the lending rate down to 10.91 percent in February compared to 12.23 percent a year earlier. Deposit rate also saw a sharp fall as banks are still awash with excess liquidity. The interest rate on deposit came down to 6.1 percent in February from 7.19 percent a year earlier.

Siemens wins power network contract

The government has awarded a BDT 1,112-crore project to German industrial giant Siemens to help Bangladesh import an additional 500 megawatts of electricity from India through the existing grid network. Under the project, Siemens will upgrade the capacity of the existing Bheramara-Baharampur grid interconnection in 24 months. The first phase of the project of the existing 500MW power station was also completed by Siemens in 2013. The project was implemented under an India-Bangladesh power exchange programme funded by the Asian Development Bank. Bangladesh now imports 600MW of power from India, with 500MW coming through Bheramara-Baharampur grid interconnection. Ashraf Hossain, company secretary of Power Grid Company of Bangladesh, the state-run transmission company, and Wolfgang Richard Klear, senior director of Siemens, signed the deal at a programme at Sonargaon Hotel in Dhaka. Power Secretary Monowar Islam and PGCB Managing Director Masum-Al-Beruni were also present.

BSRM Steels raises BDT 245cr through zero-coupon bonds

BSRM Steels, a unit of Chittagong-based BSRM Group, raised BDT 245 crore through what has been the largest issue of zero-coupon bonds by a company in Bangladesh yet. A zero-coupon bond, also known as discount bond or deep discount bond, is bought at a price lower than its face value, with the face value repaid at the time of maturity. The proceeds of the bonds will be utilised for BSRM Steels' capital expenditures, refinance and equity investment in its subsidiary company. Ten institutions invested in BSRM Steels' zero-coupon bonds, arranged by Standard Chartered Bank. Of the institutions, 66 percent were corporate, 21 percent banks and non-bank financial institutions, 7 percent insurance companies and 5 percent asset management companies. The subscription closing ceremony took place at the Westin Hotel and was attended by BSRM Group Managing Director Aameir Alihussain, who is also the managing director of BSRM Steels.

Govt opens e-learning platform

Bangladesh Computer Council recently launched an e-learning platform—www.eshikkha.net—that offers lessons on computer programming in Bangla. The site will get a complete look in six months with the inclusion of lessons in English and lessons on physics, mathematics, chemistry and basic science, State Minister for ICT Zunaid Ahmed Palak said at the launching ceremony at the BCC auditorium in Dhaka. People living in remote rural areas can now easily learn computer programming through the platform, he said. The government will start using the platform for educational purposes primarily by this month, Palak said. All the upazilas are now connected through fibre optic cables and all the unions will be covered soon, which will boost ICT use in the country, he said. Palak also talked about Bangladesh origin Salman Khan, who developed world famous Khan Academy, an internet-based non-profit educational organisation. ICT Secretary Shyam Sunder Sikder and Prof M Kaykobad of Bangladesh University of Engineering and Technology were also present.

Govt puts 8 power sector projects on 'fast track'

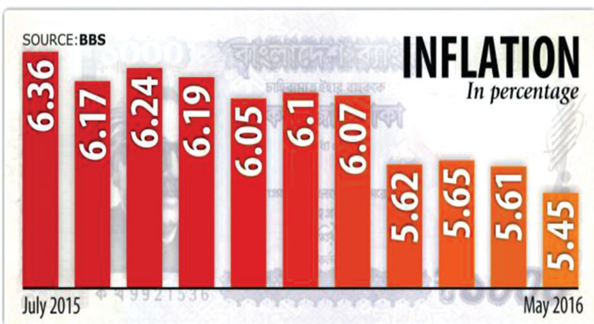
The government put eight power sector projects on 'fast track' giving an allocation of BDT 114.17 billion in the 2016-17 fiscal year. The government's budget document titled “Kathamo Rupantare Brihat Prokalpo: Probriddhi Sanchare Natun Matra” (Large Projects in Transformation of Structure: New Dimension in Spreading Growth) revealed the information on the fast track projects. According to the document, the 1320 MW Rampal power project which was named as 'Moitree (Friendship) Super Thermal Power Project' received the highest allocation of BDT 25.4 billion. The total project cost was estimated to be BDT 150 billion. Indian power company Bharat Heavy Electricals Ltd (BHEL) was selected as its EPC contractor to set up the project at a cost of about USD 1.5 billion. Of the cost, Indian Exim Bank is expected to finance the contractor while Bangladesh state-owned PDB and Indian state-run NTPC will provide 323.08 million for implementation of the project as equity investment. Rampal project is followed by 1200 MW Matarbari Ultra Super Critical Coal-fired Power Project which got an allocation of BDT 24.00 billion against its total project cost of BDT 359.84 billion. Japan International Cooperation Agency (JICA) is providing BDT 289.39 billion for the project while Bangladesh government BDT 70.45 billion.

NATIONAL NEWS

Transit gets operational

Transit between Bangladesh and India is set to become fully operational with the first Indian consignment reaching Ashuganj tomorrow on its way to north-eastern Indian state of Tripura. Anbis Development Ltd, a Bangladeshi operator, hired the ship to carry the goods from Kolkata to Ashuganj, said its General Manager Mahmud-ur Rahman Siddiqui. To make the transshipment a reality, the two countries signed a revised river protocol in Dhaka in June last year. Under the transit system, goods would be carried from Kolkata to Ashuganj through a river route and then from Ashuganj to Agartala, the capital of Tripura, through a land route. The transshipment fee for carrying goods would be BDT 192.25 per tonne, said Mofizur Rahman, director (traffic) of Bangladesh Inland Water Transport Authority (BIWTA). Apart from the regular transit fee, India would have to pay other charges, he said. If the Bangladesh side provides security for consignments, it would cost the Indian side an additional BDT 50 for transport of a tonne of goods from Ashuganj to Akhaura, said the BIWTA official. The Indian side would give BDT 10 for shipment of one tonne of goods through the two canals, the Mongla Ghosiakhali canal and the Gabkhan Canal.

Inflation lowest in 43 months



Inflation decelerated 16 basis points month-on-month to 5.45 percent in May- the lowest in 43 months. May's figure takes the 11-month mean inflation to 5.96 percent, which is below the full-year target of 6.2 percent. Inflation declined as the prices of commodities and food fell both internationally and domestically. Boro production was bumper and crop production was also good as well and they helped in lowering inflation. Last month, food inflation dropped 3 basis points to 3.81 percent and non-food inflation 42 basis points to 8.34 percent on the back of the decline in commodity prices, according to the Bangladesh Bureau of Statistics. The inflation goal is in line with what was suggested by economists and development partners. However, both the WB and the International Monetary Fund recently said inflation is expected to edge up from fiscal 2015-16 through to fiscal 2017-18 on account of higher public sector wages and a one-off effect of the introduction of the new VAT law. High inflation hits the poorest the hardest, particularly those with fixed income.

Govt, World Bank sign deal for financing of economic zones

The World Bank

The government recently signed a USD 130 million loan agreement with the World Bank (WB) to scale up support for economic zones (EZs). The deal was signed under 'Private Sector Development Support Project (PSDSP)' as additional loan financing to develop new EZs through identifying, licensing and negotiating Public-Private Partnership (PPP). Govt, World Bank sign deal for financing of economic zones. The agreement was signed by Economic Relations Division (ERD) Additional Secretary Kazi Shofiqul Azam and WB Acting Country Director Rajashree Paralkar at the ERD in the city's Sher-e-Bangla Nagar area. With this additional financing, the World Bank's support to the project stands at USD 170 million. The credit from the WB's International Development Association its low-interest loan has a 38-year term, including a six-year grace period, and a service charge of 0.75 per cent. Different government agencies have been implementing the PSDSP from July 2011 with the finance from WB and Department for International Development (DFID). There are four sub-projects under PSDSP, which are -- support to capacity building of Bangladesh Export Processing Zones Authority (BEPZA), capacity building of Bangladesh Economic Zones Authority (BEZA), Bangladesh Economic Zones Development Project (phase-1) and development of Kaliakoir Hi-Tech Park. The WB's support to the PSDSP stands at USD 170 million with additional financing scheme. The total cost of additional loan financing programme is USD 137 million of which WB will provide USD 130 million and the rest of USD 7 million will be funded by the government.

Wedding Diary

FlexiPay

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For Details: +88 019 7331 1177 or +88 019 7555 6633

MTB CONTRIBUTES BDT 15 MILLION TO THE PRIME MINISTER'S RELIEF FUND

Mutual Trust Bank Ltd. (MTB) Chairman M. A. Rouf, JP, along with MTB Director, Md. Abdul Malek is seen with the Honorable Prime Minister of Bangladesh, Sheikh Hasina after handing over a cheque of BDT 15 million for the Prime Minister's Relief Fund at a simple ceremony held at Gana Bhaban in Dhaka recently.

Date: June 26, 2016
Venue: Gana Bhaban, Dhaka 1207

INAUGURATION OF FIRST ECO-LIBRARY AT THE SUNDARBANS ORGANIZED BY MTB AND BizCare

Date: June 04, 2016
Venue: Nekjania High School, Shyamnagar, Satkhira 9450

MTB, in collaboration with BizCare, has commissioned an Eco-Library at Nekjania High School at Shyamnagar upazila in Satkhira district, as part of a CSR project named “The Mangrove Children”. The library, with solar powered learning tools and environment related books, is the first of its kind in the country. It is intended to help children of the remote villages located at the edge of the Sundarbans to know about the mangrove forest, its usefulness, sustainability, climate change and disaster risk reductions.

The ceremony was attended by Bhobotosh Kumar Mondol, Chairman of the local union, Mohiuddin Babar, Chief Executive, BizCare, Shivashish, Headmaster of Nekjania High School, Azad Shamsi, Head of MTB Other Division Branches, managers of nearby MTB Branches, teachers, students and people from different strata.

MTB AND NORTHERN TOSRIFA GROUP SIGN PAYROLL BANKING CONTRACT

MTB has recently signed a contract with Northern Tosrifa Group (NTG) at MTB Centre, Dhaka, for providing exclusive payroll banking solution to its employees.

Anis A. Khan, Managing Director & CEO, MTB and Mohim Hassan, Managing Director & CEO of NTG signed the contract on behalf of their respective organizations. Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, Tarek Reaz Khan, Head of SME & Retail Banking, MTB and Rafiq Hassan, Director, Md. Zillur Rahman, FCMA, Group CFO & CS, NTG, along with other senior officials of both the organizations were also present at the occasion.

Date: June 09, 2016
Venue: MTB Centre, Gulshan 1, Dhaka 1212

MTB OPENS AGENT BANKING CENTRES AT FENI

Date: June 27, 2016
Venue: Momtajmiar Haat, Dhalia, Feni 3900

Date: June 27, 2016
Venue: Bagerhat, Dhalia, Feni 3900

MTB has recently opened its 2nd and 3rd Agent Banking Centres at Momtajmiar Haat and Bagerhat, Dhalia, Feni to provide Agent Banking services to hitherto the unbanked citizens of the country.

MTB Director & Former Chairman, Rashed Ahmed Chowdhury and MTB Managing Director & CEO, Anis A. Khan inaugurated the centres through separate formal ceremonies. MTB Deputy Managing Director & Chief Business Officer, Syed Rafiqul Haq, Head of Retail & SME, Tarek Reaz Khan, Head of Dhaka Division Branches, Syed Rafiqul Hossain, Head of MTB Agent Banking Division, Madan Mahan Karmoker along with managers of nearby MTB branches, other MTB senior officials, dignitaries, members of local business associations, existing and prospective customers and people from different strata were present during the inauguration program.

MTB HAS DISTRIBUTED ABOUT 1000 BICYCLES TO MERITORIOUS STUDENTS ACROSS THE COUNTRY

"Swapno Sarathi" is a brand for MTB's CSR campaign of bicycle distribution amongst the underprivileged students, first inaugurated by the then Bangladesh Bank Governor on October 25, 2015. Since the first distribution of bicycles at former enclaves in Garati, Panchagarh, MTB has so far presented about 1000 bicycles.

Date : June 27, 2016
Venue : Momtajmiar Haat, Dhalia, Feni 3900

Date : June 27, 2016
Venue : Bagerhat, Dhalia, Feni 3900

MTB has recently distributed bicycles to meritorious students of different schools and madrasahs at Momtajmiar Haat and Bagerhat, Dhalia in Feni, under its Corporate Social Responsibility (CSR) Programme, titled "Swapno Sarathi", to facilitate their going and coming from their home to schools.

Students from the following schools & madrasahs received bicycles:

- Momtajmiar Haat Meherunnesa Islamia Dakhil Madrasah
- Doulatpur Salamatia Alim Madrasah
- Tahera Begum Girls' High School
- Bagerhat High School
- Fakir Haat Abu Bakar High School
- Sundorpur S. R. High School

MTB Director & Former Chairman, Rashed Ahmed Chowdhury and MTB Managing Director & CEO, Anis A. Khan distributed the bicycles through two separate formal ceremonies. MTB Deputy Managing Director & Chief Business Officer, Syed Rafiqul Haq, Head of Retail & SME, Tarek Reaz Khan, Head of Dhaka Division Branches, Syed Rafiqul Hossain, Head of MTB Agent Banking Division, Madan Mahan Karmoker along with managers of nearby MTB branches, other MTB senior officials, dignitaries, members of local business associations, existing and prospective customers and people from different strata were present during the program.

WORKSHOP ON AML & CFT AT RAJSHAHI

Date: June 03, 2016
Venue: MoonLight Convention Centre, Borokuthe, Rajshahi 6000

MTB organized a daylong workshop on "Anti Money Laundering (AML) & Combating the Financing of Terrorism (CFT)" recently at Borokuthe, Rajshahi.

MTB Additional Managing Director & Chief Operating Officer, Md. Hashem Chowdhury inaugurated the workshop. MTB Senior Executive Vice President & Chief Anti Money Laundering Compliance Officer (CAMLCO), Swapan Kumar Biswas and other senior officials also attented the workshop.

WORKSHOP ON ACCOUNT OPENING AND OPERATING PROCEDURE

MTB organized a day-long training session on "Account Opening and Operating Procedure" recently.

MTB Additional Managing Director and Chief Operating Officer, Md. Hashem Chowdhury inaugurated the program. MTB Senior Executive Vice President & Chief Anti Money Laundering Compliance Officer (CAMLCO), Swapan Kumar Biswas facilitated the training.

Date: June 14, 2016
Venue: MTB Training Institute (MTBTI), Tejgaon, Dhaka 1208

CUSTOMER AWARENESS PROGRAM ORGANIZED BY MTB BRANCHES

Date: June 06, 2016
Venue: MTB Shah Mokhdum Avenue Branch, Uttara, Dhaka 1230

Date: June 05, 2016
Venue: MTB Jessore Branch, 10 R N Road, Jessore 7422

NATIONAL NEWS

Syed Nasim Manzur elected as BUILD Chairman

Syed Nasim Manzur, President of Metropolitan of Chamber of Commerce and Industry and Managing Director of Apex Footwear Ltd., has recently been elected as the Chairman of the Trustee Board of Business Initiative Leading Development (BUILD) for the year 2016 and 2017 in the 9th Trustee Board Meeting held in BUILD Conference room. Currently he is member of the boards of Pioneer Insurance Limited, Guardian Life Insurance Co., International Publications Limited, Society for Promotion of Bangladesh Art and Friendship, a nongovernmental development organization, Savar Golf Club, and an independent Director of the Board of Western Marine Shipyard Limited.

Prime Bank's new Chairman for Executive Committee

Prime Bank has recently elected Mafiz Ahmed Bhuiyan as the Chairman of its Executive Committee. Bhuiyan is a Sponsor Director of the bank. He is a life member of Eastern University, South East University and a Director of Australian International School. He is also Managing Director of IPE Technology Limited, Shepherd World Trade Limited, Shepherd Consultant & Management Ltd. and Representative Director in the Board of Citizen Securities & Investment Limited as Chairman.

New RMC Chairman of Prime Bank

Dr. G.M. Khurshid Alam has been appointed as the Chairman of the Risk Management Committee (RMC) of Prime Bank Limited. Dr. Alam is an Independent Director of the bank. Currently Mr. Alam is serving as a Director with Policy Research Institute (PRI), a leading policy and economic research think-tank of Bangladesh. Prior to that he served for 17 years with the World Bank, as Senior Private Sector Development Specialist in its South Asia Private Sector and Finance (SASFP) Department, from where he retired in August 2012. He started his professional career entering Government services in 1981 as a member of the Bangladesh Civil Service (Administration cadre).

Ali Reza Iftekhar's contract renewed untill 2019

The Board of Directors of Eastern Bank has extended the service contract of its CEO Ali Reza Iftekhar till August 2019. He became the CEO of the bank in 2007. In his 30-year-long career, Iftekhar has also worked with Standard Chartered Bangladesh and AB Bank. He achieved CEO of the Year 2012 award by Asian HR Leadership Award, and Credit Specialist Certificate by Omega in UK. The bank has achieved the Best Retail Bank in Bangladesh from the Asian Banker, the IFC Global Award for the Best Partner for Working Capital Systemic Solution and the Best Financial Institution 2010 at the DHL-Daily Star Bangladesh Business Award. He was also the chairman of the Association of Bankers, Bangladesh, the highest body for banking professionals in the country.

New Chairman for Mercantile Bank

MS Ahsan has recently been elected as the Chairman of Mercantile Bank Limited. Ahsan is one of the sponsor Directors of the bank. He is the Chairman of AG Limited, AG Green Property Developments Limited, AG Property Development Limited, AG Agro Industries Limited, Regent Holdings Development Limited, AG High-Tech Limited, AG Ceramics Industries Limited, RNS Corporation, Friends Traders, Raima Fashion Limited, AG Fashion & Textile Limited, AG Ship Breaking Industries. He is the Sponsor Director of Mercantile Bank Limited, Mercantile Bank Securities Limited and National Credit Ratings Limited.

New DMD for National Bank

Md. Farid Uddin Ahmed, Manager of Dilkusha branch of National Bank, has recently been promoted as the Deputy Managing Director of the bank. Prior to the promotion, he was the Senior Executive Vice President of the bank. He started his career at National Bank as a Probationary Officer in April 1984. In his long banking career, he attended several local and foreign trainings, workshops, and seminars.

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INTERNATIONAL NEWS

Sunil Bharti Mittal elected Chairman of ICC

Sunil Bharti Mittal, Founder and Chairman, Bharti Enterprises has been elected as the Chairman of the International Chamber of Commerce (ICC), one of the world's oldest and most respected global business organizations. He is the third Indian business leader to hold this prestigious position in ICC's near -100 year history. Sunil Bharti Mittal serves on many international bodies and think-tanks. He is currently the Chair of the World Economic Forums (WEF) Telecommunications Steering Committee, Member: International Business Council-WEF, GSMA Board, Telecom Board of International Telecommunication Union (ITU), Commissioner of the Broadband Commission, International Advisory Panel of the Monetary Authority of Singapore and Prime Minister of Singapore's Research, Innovation and Enterprise Council. He is a Trustee of the Carnegie Endowment for International Peace and on the Board of Qatar Foundation Endowment. He is closely associated with spearheading the Indian industry's global trade, collaboration and policy- he has served on the Prime Minister of India's Council on Trade & Industry. He is also a member of the India-US, India-UK and India-Japan CEO Forums. He is Co-Chair of the India-Africa Business Council and India-Sri Lanka CEO Forum. Sunil Bharti Mittal is a recipient of the Padma Bhushan, one of India's highest civilian honors, awarded to individuals for demonstrating distinguished services of high order.

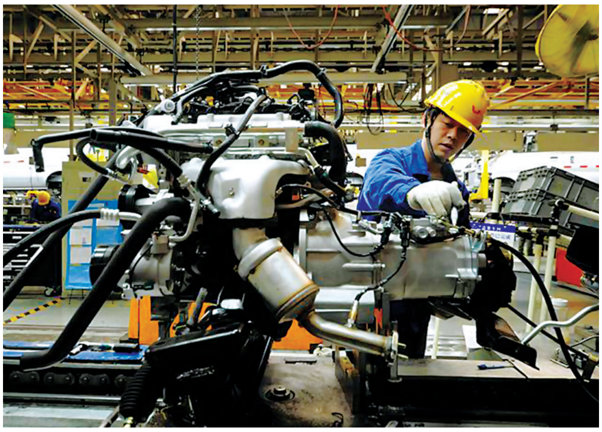
India plans 25pc tax on sugar exports

India plans to introduce a 25 per cent tax on sugar exports to maintain local supplies. Sugar output in India, the world's no. 2 producer behind Brazil, is expected to decline this year due to a drought in major growing regions, while global prices have risen to two-and-a-half-year highs. Food Minister Ram Vilas Paswan said that the levy was aimed at curbing the country's exports and would help keep local prices under control in the world's top consumer of sugar.

Traders and experts said the new tax could push up global sugar prices, even though India was already expected to become a net importer in the year from

October 1 following back-to-back drought years. "Since we are the world's second largest sugar producer there could be a 5 per cent impact on global prices but not more," said Aurobinda Prasad, vice president research, Kotak Commodities.

China auto sales increase in May



Car sales in China, the world's top auto market, increased at a faster pace in May than the previous month, an industry group reported recently, despite continued woes in the country's economy. A total of 2.09 million vehicles were sold in China last month, up 9.8 percent from a year ago, the China Association of Automobile Manufacturers (CAAM) said. The numbers were an increase on the 6.3 percent gain posted in April. The pickup came despite protracted weakness in the world's second-largest economy, where growth slowed to 6.7 percent in the January-March period, the worst quarterly expansion in seven years. Key economic indicators further deteriorated in May, with official figures released this week showing the increase in fixed-asset investment, a main gauge of infrastructure spending, has slowed to its weakest pace in 16 years.

INTERNATIONAL NEWS

South Korea cuts key rate to record low

South Korea’s central bank cut its key interest rate to a record low on in a move that took market watchers by surprise. South Korean central bank policymakers lowered the policy rate by a quarter of a percentage point to 1.25 per cent for the month of June. The move is the first rate cut since June last year. The bank lowered the key interest rate twice in 2015 to aid the slowing economic recovery. South Korean economy shows "no clear trends of improvement in domestic demand," the central bank. There are "considerable downside risks surrounding the future growth path, such as corporate restructuring and the slowdown in global trade. Asia's fourth-largest economy eked out a mere 0.5 per cent of growth during the first quarter from the previous three months, the slowest pace since spring last year. South Korea's government is focusing on restructuring shipbuilders and shipping industries that have been in losses due to a slowdown in global trade, supply gluts and the steep fall in oil prices. Debt restructuring of shipbuilders and shipping companies is expected to increase job losses and depress the economy in the southern region, where most shipyards, an important source of jobs, are located.

Fitch cuts outlook on Japan over sales-tax delay

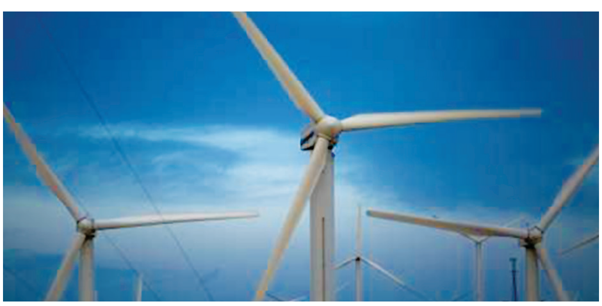
Fitch recently cut its outlook for Japan, citing Tokyo's decision to postpone a sales tax hike seen as critical to paying down one of the world's biggest national debts. The company said it was changing its view to negative from stable but left Japan's "A" credit rating unchanged, after downgrading the heavily indebted country last year. Delaying the tax rise undermined Japan's commitment to paying a debt mountain that has grown to more than twice the size of an economy, Fitch said. "The consumption tax increase was an important element in the government's" budget plans. Fitch also said Tokyo had not supplied details about how it would make up for revenue lost by not boosting the tax rate to 10 percent from the current eight percent. However, the agency noted that stable, wealthy Japan still had plenty of funding options. Much of the country's debt is held domestically at low interest rates which have allowed the country to avoid a Greek-style cash crunch. But a loss of confidence in Tokyo's ability to pay its debts could send interest rates soaring and increase the risk of a bankruptcy.

INTERNATIONAL NEWS

Gwen Mwaba appointed Director of trade finance at African Exim Bank

The African Export-Import Bank (Afreximbank) has appointed Gwen Mwaba of Zambia as its new Director of Trade Finance. She takes over the position from Kanayo Awani, who was recently appointed Managing Director of the Intra-African Trade Initiative. Until her appointment, Mwaba was the Regional Manager for Anglophone West Africa in charge of Afreximbank's Abuja Branch Office, a position she held since May 2015. A Zambian national, the new director joined Afreximbank from Standard Bank Plc., where she worked as Executive Vice-President for Structured Trade Finance and Syndications for Africa, based in London. Prior to that, she worked variously with Stanbic Bank Zambia Ltd as Head of Vehicle and Asset Finance and as Head of Corporate Banking; at Standard Bank of South Africa as Head of Corporate Banking; at the African Banking Corporation as Corporate Banking Manager; and at Stanbic Bank Zambia Ltd as account manager for Financial Services. Mwaba holds a Bachelor of Applied Accounting degree from Oxford Brooks University of Britain and a Master of Business Administration degree from Heriot-Watt University, also in Britain.

Cheap gas, coal won't hobble renewables: energy report



Weak coal and gas prices will not stop record investment in renewables over the coming decades as the cost of generating clean energy drops, a key energy report said. Renewables are set to attract USD 7.8 trillion (6.9 trillion euros) by 2040, nearly four times as much as carbon-based power over the same period, the New Energy Outlook 2016 forecast said. The impact of cheap gas and coal will be offset, it projected, by drops of 41 and 60 percent, respectively, in the price of power from wind and solar panels. Compared to a year ago, the report projects "significantly lower" coal and gas prices, said Jon Moore, chief executive of Bloomberg New Energy Finance, the research unit which conducted the study. The shift, however, to a low-carbon energy sector will not happen quickly enough to keep global warming below two degrees Celsius (3.6 degrees Fahrenheit), much less the more ambitious goal embraced by the world's nations last December, the analysts warned. The Paris Agreement calls for capping Earth's average surface temperature at "well below" 2.0C to stave off severe climate impacts. To achieve even the two-degree target, additional investment of USD 5.3 trillion in zero-carbon power -- on top of the projected USD 7.8 trillion -- would be needed by 2040, the report concludes. The energy sector accounts for two-thirds of the greenhouse gas emissions that drive global warming. Currently, 80 percent of global energy consumption is drawn from fossil fuels.

Nokia signs framework deal with China Mobile

Nokia has signed a 1.36 billion euro one-year framework deal with China Mobile, the Finnish company said recently, easing fears that it would lose market share while it merges operations with Alcatel-Lucent. Shares in the company were up 0.2 per cent versus a Helsinki bourse down 1.42 per cent. Nokia's network equipment sales fell more than expected in the first quarter as buyers held off due to the Alcatel integration process. China Mobile is Nokia's biggest customer in China. They've managed to hold on to the positions of old Nokia and old Alcatel," said Nordea analyst Sami Sarkamies, who holds a 'buy' rating on the stock. He added that North America remained a concern. Nokia bought Franco-American firm Alcatel-Lucent earlier this year in an all-share deal worth 15.6 billion euros. The deal is seen helping it more broadly compete with Sweden's Ericsson and China's Huawei in both fixed-line and mobile network equipment. The company is expected to cut 10,000 to 15,000 jobs globally, or up to 14 per cent of its workforce.

INTERNATIONAL NEWS

Laurel for Zurich Ins

Zurich Insurance has been honoured with the Best Customer Experience Management of the Year award at the 14th Annual Customer Relationship Excellence Awards. Organised by the Asia Pacific Customer Service Consortium (APCSC), the Awards recognises industry leaders for their customer-centric service innovation and outstanding effort. Having gone through a stringent application and screening process, Zurich is extremely delighted that the longstanding customer centric commitment is celebrated. Zurich places customers at the heart of every action. Eric Hui, Chief Executive Officer of Zurich Insurance Company Ltd, General Insurance Hong Kong, said, It has always been difficult to quantify the service quality output of our customer-facing units. The coveted award is a testament to all of our staff's hard work, and gives validation that customer centricity is in the DNA of each and every Zurich staff.

India's May retail inflation hits near 2-year high

India's annual consumer price inflation accelerated to a near two-year high in May, driven by surging prices of food products such as pulses and sugar, which could dampen hopes of a rate cut at least during next monetary policy review in August. After leaving rates unchanged last week, Governor Raghuram Rajan said the Reserve Bank of India, which has targeted inflation at 5 percent by March 2017, was looking for room to reduce interest rates, but there were concerns over upward pressure on food and commodity prices. Annual consumer prices, which the RBI closely tracks to set its interest rate policy, rose by 5.52 percent in May. Food inflation picked up to 7.55 percent in May from an upwardly revised 6.40 percent in the previous month, as prices of vegetables, sugar and pulses rose between 11 percent and as much as 32 percent from a year ago. It had hit 7.03 percent in August 2014. The government has also hiked taxes by 0.5 percentage point on services like telecoms, travel and eating out from June 1. Asia's third largest economy grew 7.9 percent in the quarter to March, outpacing China's 6.7 percent growth, and is projected to expand by around 7.75 per cent in the current fiscal year that started on April 1.

Apple expected to showcase new powers for Siri at developer event

Apple Inc is expected to show off new abilities for its Siri digital assistant by debuting tools to let developers work with the company's artificial intelligence. Apple's iPhone sales have begun to level off and it is turning increasingly to services for growth. Key to that is satisfying developers of apps, who want more from Apple: high on their list is better use of Siri. Apple has been working on letting Siri work directly with applications created by outside developers and hopes to have such tools ready in time for its Worldwide Developer Conference, technology publication The Information has reported. Apple hopes to expand Siri's capabilities well beyond Apple apps and searching the Web. An example might be to allow the personal assistant to book a ride through a ride-hailing app listed in Apple's App Store. Siri is the most visible aspect of Apple's artificial intelligence program, or AI. Rivals such as Microsoft Corp and Alphabet Inc's Google are investing heavily in their own digital assistants, analysts say.

Sri Lanka approves capital gains tax after IMF loan

Sri Lanka's cabinet recently approved the introduction of a capital gains tax for the first time in 14 years. Prime Minister Ranil Wickremesinghe's tax plans come after the International Monetary Fund (IMF) recently released the first tranche of a USD 1.5 billion loan in support of the island's reform agenda. A 25 percent rate had been slapped on property sales before the tax was abolished in 2002. As part of the deal to secure the IMF money, the government promised to increase tax collection, cut state expenditure and reform loss-making state enterprises, according to documents released by the IMF. The country last month increased value added tax (VAT) from 11 to 15 percent. However, the government faced a balance of payments crisis after it went on a huge spending spree to implement its election pledges of higher public sector salaries and lower prices.

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  Maximum 60 years

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  - Business/Self-employed personnel: Minimum 2 years

- **Monthly income:**
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INTERNATIONAL NEWS

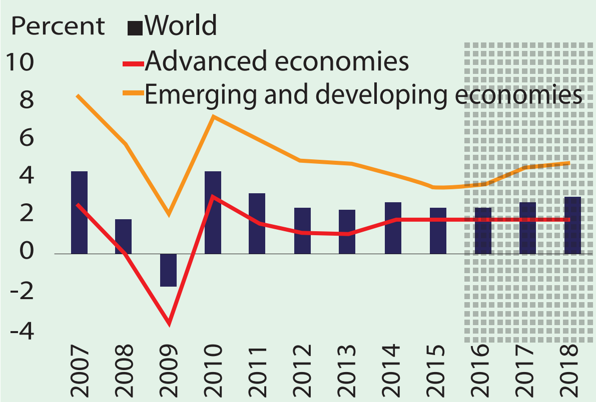
GLOBAL OUTLOOK: Divergences and Risks

Growth prospects have weakened throughout the world economy. Global growth for 2016 is projected at 2.4 percent, unchanged from the disappointing pace of 2015, and 0.5 percentage point below the January forecast. Emerging market and developing economies (EMDEs) are facing stronger headwinds, including weaker growth among advanced economies and persistently low commodity prices, as well as lackluster global trade and capital flows. Divergences between commodity exporters and importers persist. Conditions remain markedly challenging for commodity exporters, which continue to struggle to adjust to the new era of depressed prices.

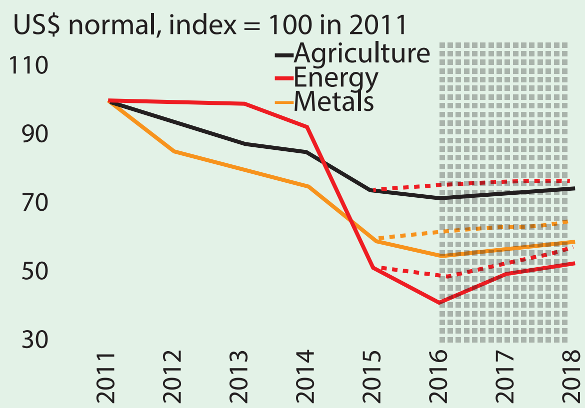
Global growth is projected to pick up slowly to 3.0 percent by 2018, as stabilizing commodity prices provide support to commodity exporting EMDEs. Downside risks have become more pronounced. While policy space for monetary and fiscal stimulus is narrow, structural reforms could boost growth both in the short and the long term.

Global growth this year is likely to remain unchanged relative to the disappointing pace of 2015. Growth for 2016 is now forecast at 2.4 percent, down 0.5 percentage point from January projections. EMDEs account for about half of this downward revision, in large part due to a significant downgrade to the growth forecasts for commodity exporters, amid heightened domestic uncertainties and a more challenging external environment.

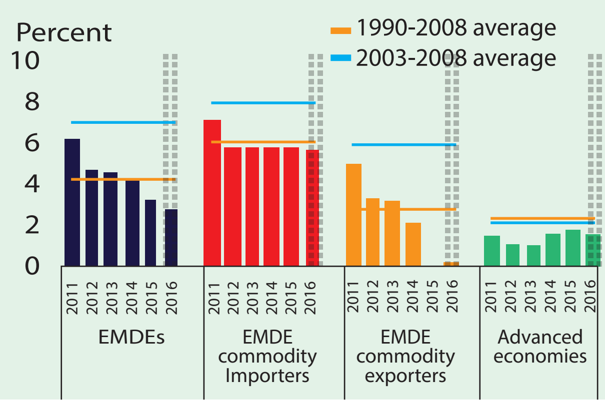
A. Global growth



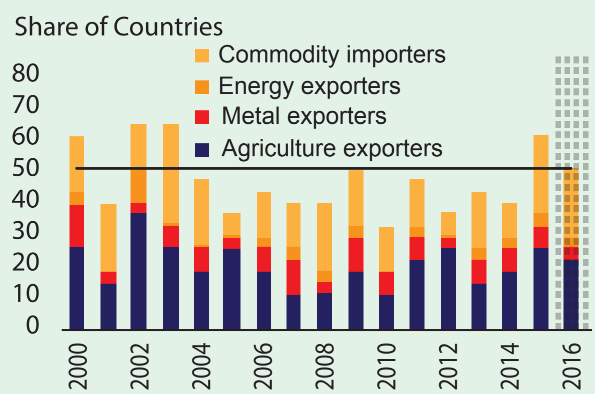
B. Commodity price forecasts



C. Growth by country group



D. LICs with growth below long-term average



Sources: World Bank, Haver Analytics.
A. B. Shaded area indicate forecasts., B. Solid lines show the current forecasts, dotted lines show the World Bank January 2016 GEP assumptions. F. Long-term growth averages calculated over the period 1996-2008. Sample includes 28 low-income countries.

Advanced economies are expected to expand by 1.7 percent in 2016, 0.5 percentage point below January projections. Investment continues to be soft amid weaker growth prospects and elevated policy uncertainty, while export growth has slowed reflecting subdued external demand. Despite an expected boost from lower energy prices, and the ongoing improvement in labor markets, growth is projected to level off in 2016 rather than accelerate.

For 2016, EMDE growth is forecast at 3.5 percent, 0.6 percentage point below previous projections. However, these numbers mask ongoing divergences between commodity exporters and importers. Commodity exporting EMDEs—in particular energy exporters—are struggling to adjust to persistently low commodity prices. In 2015, this group grew at a 0.2 percent pace—the slowest since the global financial crisis—and, for 2016, their growth forecast has been reduced to 0.4 percent, 1.2 percentage points below January projections. In contrast, commodity importing EMDEs have shown resilience to headwinds, reflecting solid domestic demand. For this group, growth is expected to remain steady at 5.8 percent throughout the forecast period.

In low-income countries (LICs), growth slowed to 4.5 percent in 2015. Although growth is projected to pick up to 5.3 percent this year, lower commodity prices and persistent security and political challenges have trimmed 0.9 percentage point from the previous forecast. While the difficult external environment confronting LICs will likely continue, projected growth is supported by resilience of domestic investment and the expected implementation of reforms.

Downside risks to the outlook have become more pronounced. Rising policy related and political uncertainties, geopolitical risks and eroding confidence in policy effectiveness could set back global growth and trigger financial market turbulence.

A synchronous slowdown in major advanced or key emerging market economies could have large negative spillover effects across EMDEs, while the impact of financial market stress could be acute among EMDEs with elevated private sector debt. Prolonged stagnation in advanced economies and weaker growth potential in EMDEs could exacerbate protectionist sentiments. The materialization of some of these risks could slow the catch-up of EMDE income per capita relative to advanced economy levels and set back poverty alleviation.

However, countries with diminishing fiscal space may have a limited ability to finance investments in infrastructure and human capital. International cooperation efforts could include commitments to implement expansionary fiscal policy if large downside risks materialize, channel pooled global resources into infrastructure, and strengthen international safety nets for the most fragile countries. In a context mediocre global demand and limited fiscal space across EMDEs, and amid extremely low global interest rates, multilateral organizations have an important role to play in the financing of infrastructure and human capital investment.

TABLE 1: Real GDP

							Percentage point differences from January 2016 projections			
	2013	2014	2015e	2016f	2017f	2018f	2015e	2016f	2017f	2018f
World	2.4	2.6	2.4	2.4	2.8	3.0	0.0	-0.5	-0.3	-0.1
Advanced economies	1.1	1.7	1.8	1.7	1.9	1.9	-0.1	-0.5	-0.2	-0.1
Emerging & Developing Economies (EMDEs)	4.7	4.2	3.4	3.5	4.4	4.7	0.0	-0.6	-0.3	-0.2
High-income countries	1.2	1.7	1.6	1.5	1.9	1.9	0.0	-0.6	-0.2	-0.2
Developing countries	5.3	4.9	4.3	4.3	4.9	5.1	0.0	-0.5	-0.4	-0.2
Low-income countries	6.5	6.1	4.5	5.3	6.3	6.6	-0.6	-0.9	-0.3	0.0
BRICS	5.7	5.1	3.8	4.2	5.1	5.3	-0.1	-0.4	-0.2	-0.1

INTERNATIONAL NEWS

U.S. Overview

Post Brexit, Pre-Election Forecast

In the midst of such headline volatility, the economic forecast is, of course, highly uncertain but also necessary to provide a path through the crosswinds and the fog of battle. As a benchmark, real final sales, led by consumer spending, residential investment and government spending, continue to drive growth. Meanwhile, inflation continues to inch upward. This combination of better growth and continued moderate inflation provides the Fed a basis for raising the fed funds rate—but without any sense of urgency. Given the modest inflation pace and global uncertainties, the yield curve remains relatively flat. Finally, modest nominal GDP growth in the face of rising unit labor costs has resulted in a negative path for profits.

Three tensions persist in our outlook. First, the Great Divide persists between several elements of strength astride weakness in business investment, structures and net exports. Second, the persistent, but very modest, increase in inflation provides a soft push to Fed action. However, the push is so soft that the tension persists between the Fed's dot plot and the continued downshifting of that same dot plot of Fed intentions over time. Finally, the flatter yield curve continues along with a stronger dollar that reflects the global tensions of disappointing global growth and what appears to be a historically modest, but relatively strong, pace of U.S. growth. None of these tensions are new, but their persistence in the conversation continues.

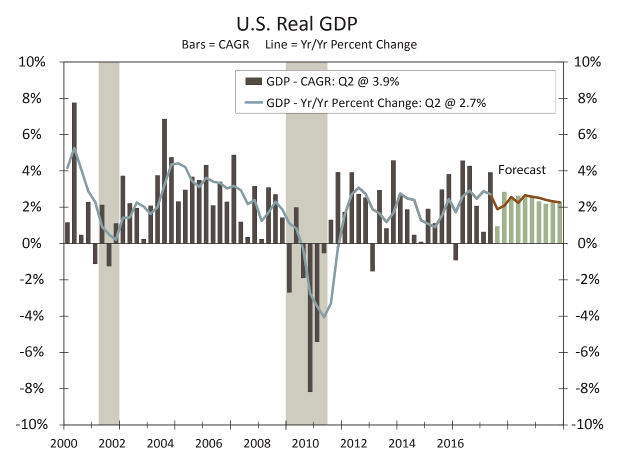
International Overview

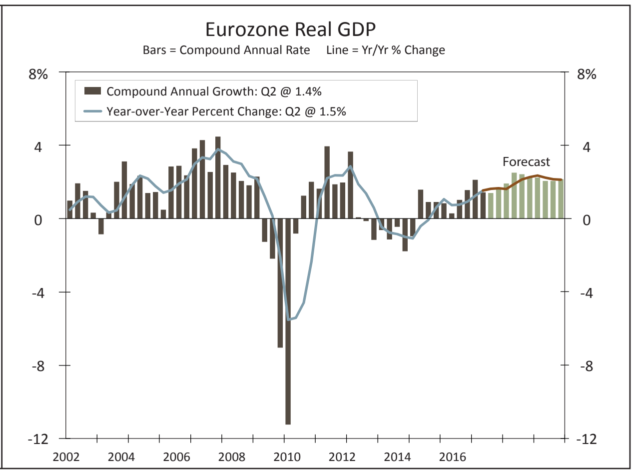
Will Brexit Cause a Global Recession?

Citizens in the United Kingdom shocked the world on June 23 when they voted to take the country out of the European Union (EU). Wells Fargo now looks for the British economy to slip into a modest recession later this year. In its view, uncertainty regarding the ultimate economic and financial relationships that the U.K. will have with the rest of the EU will depress British investment spending in coming quarters. Wells Fargo looks for the Bank of England to provide further monetary accommodation in coming months in an attempt to offset the economic weakness.

The U.K. accounts for only 4% of global GDP, so the direct economic effects of a modest British recession should be limited. The indirect effects should be limited as well. Financial markets have generally stabilized following their initial selloff, so negative wealth effects should not be as painful as some initially feared. Bank exposure to the U.K. accounts for only 4% of banking system assets in major economies, so any financial losses associated with a modest recession in the U.K. are not likely to trigger a global banking crisis.

Wells Fargo has made a minor downward adjustment to its global GDP forecast for 2017. If this proves to be correct, the global economy will have grown below its long-run average rate of 3.5% per annum for six consecutive years. An environment of slow global growth is not likely to produce meaningful inflation and significant monetary tightening by major foreign central banks anytime soon.





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

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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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