# MTBiz

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## INTERNATIONAL TRADE GLOBALIZATION BANGLADESH

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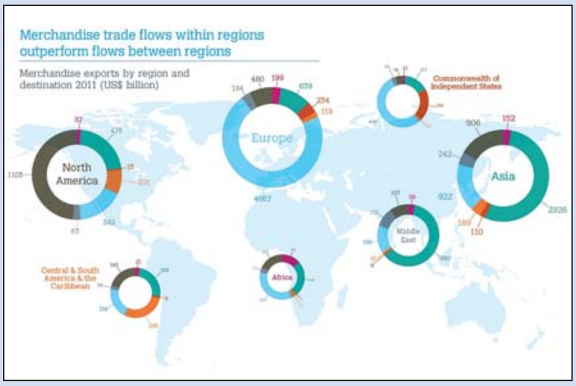
Article of the Month page 02

**BANGLADESH IN INTERNATIONAL TRADE:**
**A COMPARISON TO WORLD & COMPARABLE ECONOMIES**

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## BANGLADESH IN INTERNATIONAL TRADE: A COMPARISON TO WORLD & COMPARABLE ECONOMIES

Since Globalization of International Trade expanded, different economies started reducing tariff barriers to foreign products and easy access to their markets. Certainly it increased total Global International Trade Volume and resulting less priced products to end consumers. However, the more economies opened up, the more, they became part of a virtual single economy and therefore, a systemic risk has arisen to show, impact in one economy spreading across the whole system and worldwide. For example, many countries got access to large developed economies like US and EU and their export income grew than ever before and gradually their GDP dependency on export to those countries were dependant and hence vulnerable to any problem to the importing countries.

Since the Great Recession of 2007, the world has seen declining growth rate of the World GDP. As of Q3, 2012, EU and US are still suffering and WB and UN have forecasted lower growth for these economies. China has still been able to keep its growth rate to some extent stable, yet, analysts suggest that, China may fall on its GDP Growth in near future, by 2020. According to WTO, World trade expanded in 2011 by 5.0%, a sharp deceleration from the 2010 rebound of 13.8%, and growth will slow further still to 3.7% in 2012, WTO economists project. They attributed the slowdown to the global economy losing momentum due to a number of shocks, including the European sovereign debt crisis.[1]

This paper primarily examines the international trade position and its trend of Bangladesh. Lately, an impulse is being sensed and much talk is loud in the media about declining import and especially import of capital machinery to Bangladesh. Secondary objective of this paper is to assess the length and depth of this assumption of declining trend in capital machinery as well as, to explore reasons behind it, if any. Finally, this paper would examine and compare trend of International Trade of Bangladesh to World's International Trade as well as to the Asian economies and to the LDCs to find how Bangladesh is performing in International Trade compared to Region, LDC cluster as well as whole world, and to ascertain whether current trend of International trade of Bangladesh is better compared to its Region, LDC Cluster and the globe.

### INTRODUCTION

Growth lies at the core of business. Reaching out to customers with the speed and flexibility to best meet their needs and managing the cost base to deliver a sustainable return is the central challenge of management. That challenge has a growing global dimension: entering new markets, optimizing operations across borders, finding the right value and cost mix, and seeking skills and funding from the global pools of both capital and talent. No longer just a trend, globalization is now the dominant business environment.

Trade lies at the heart of globalization. The pursuit of growth has converted businesses into natural pioneers growing beyond their current competitive and geographic boundaries. When free to compete, businesses from all countries have crossed borders to seek new opportunities and to pose new competitive threats to domestic players. But companies from some countries have been disadvantaged — by politics, regulation or lack of resource — and for much of the past century, companies from the developed world have been the most active in taking the largest share of the new global market.

New patterns of trade have clearly emerged in this era. The sources of raw materials and low-cost workers have now become highly skilled and wealthy markets in their own right. Today, there is a net redistribution of wealth away from the developed economies — a process accelerated by the financial downturn and the economic recession that it has caused. Companies from those rapid-growth markets are now challenging the titans of the Fortune and Forbes lists.

*1 World Trade 2011, Prospects for 2012, May 10, 2012*

A great rebalancing of the global economy is therefore in motion. We are witnessing a surge of investment from West to East, some of it speculative, but much of it the result of individual business decisions. Yet this flow of capital is not the only force behind the great opening up of the global economy. There is also East to East and growing East to West dimension of trade flows. In parallel to high volume of trade to India and China, there lies significantly a greater increase that is happening within regional blocs closer to home markets.[2]

Over the past 20 years, there has been a dramatic rise in international trade. From a period of stability in the 1980s, total global exports accelerated from just under 20% of GDP in 1990 to reach 30% by 2010, meaning that, on average, world trade grew by around two percentage points faster than world GDP.

This exceptional growth has been driven by a variety of factors: Lower trade barriers, Regional trade agreements, and the active directives of the World Trade Organization. Other factors, behind the growth include, Falling costs of global transport and communications, and Financial innovation, deregulation and the opening of markets such as China and Russia to foreign companies.

The degree of change — if it comes to pass — in both scale and direction of trade will have a profound impact on the competitive environment for all companies, wherever they are located around the world.

### THE PROMISE AND PERIL OF GROWTH

PROMISE OF GROWTH

The rising demand for products and services tailored to Asian consumers will have a diverse impact on intra-regional trade and market sectors. Every rapid-growth market has its own unique characteristics that create market sector specialization. Following section outlines specific specialization of the Asian markets to grow:

- Emerging, or rapid-growth, markets will continue to surge in importance between now and 2020. Although growth of demand will primarily be concentrated in Brazil, Russia, India and China (the BRICs), there is also a new wave of emerging markets appearing on the horizon.
- Strong income growth in rapid-growth markets means that final demand — as opposed to production-location decisions — will increasingly drive trade patterns into and between emerging markets.
- Regional companies will need to align and integrate a strong talent management approach with their business performance.
- Goods trade will predominantly be in machinery and transport equipment.
- Information and communication technology (ICT) equipment will account for most of the growth, although South Korea's shipbuilding industry will also expand rapidly.
- Exports of lower value-added products, including clothes and shoes, will also continue to increase.
- Service exporters will seek to satisfy fast growing demand within Asia-Pacific.

*2 Jay Nibbe, Ernst & Young; The emergence of new pattern of International Trade; published in collaboration with Oxford Economics*

- Economic growth will be slower in advanced economies, but the US and Eurozone countries will remain important markets for exporters.
- Key downside risk scenarios are a US recession, a hard landing in China and a second global financial crisis triggered by Eurozone defaults.

POSSIBLE PERILS OF THE GROWTH

Lou Pagnutti[3] thinks, while there are clearly winners in the expansion of RGMs, potential outcomes can have unintended consequences, which he narrates in two potential alternative growth scenarios.

The first looks at a faster-than-expected expansion of Asia's middle class, which would drive an increase in consumer spending, producing a virtual circle of growth. The higher demand for products would trigger higher levels of inter-regional trade, stimulating export growth. This would lead to increased investment in productive capacity, sparking the creation of more jobs. More jobs would attract the rural population to cities, swelling the ranks of the middle class.

The second, a move up the value chain too quickly by one country over the others in the region, could reduce intra-regional trade, a key driver of overall regional trade. For example, if China were to produce more high-tech products, its demand for parts and components from other Asian countries would decrease. The economies of East and Southeast Asia would be negatively affected in terms of exports. On the other hand, the economies relatively unaffected by this scenario — those prospering from the void in production left by China — would be RGMs (Rapid Growth Markets) with strengths in other manufacturing segments.

**TRENDS IN INTERNATIONAL TRADE: THE WORLD**

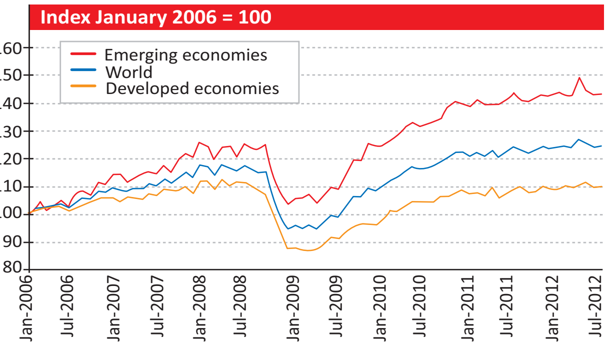
Four years after the eruption of the global financial crisis, the world economy is still struggling to recover. During 2012, global economic growth has weakened further. A growing number of developed economies have fallen into a double-dip recession. Those in severe sovereign debt distress moved even deeper into recession, caught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens, and financial sector fragility. Growth in the major developing countries and economies in transition has also decelerated notably, reflecting both external vulnerabilities and domestic challenges. Most low-income countries have held up relatively well so far, but now face intensified adverse spillover effects from the slowdown in both developed and major middle-income countries. The prospects for the next two years continue to be challenging, fraught with major uncertainties and risks slanted towards the downside.

The slowdown is synchronized across countries of different levels of development. For many developing countries, the global slowdown will imply a much slower pace of poverty reduction and narrowing of fiscal space for investments in education, health, basic sanitation and other critical areas needed for accelerating the progress to achieve the Millennium Development Goals (MDGs). This holds true in particular for the least developed countries (LDCs); they remain highly vulnerable to commodity price shocks and are receiving less external financing as official development assistance (ODA) declines in the face of greater fiscal austerity in donor countries (see below). Conditions vary greatly across LDCs, however. At one end of the spectrum, countries that went through political turmoil and transition, (like Sudan and Yemen) experienced major economic adversity during 2010 and 2011; while strong growth performances continued in Bangladesh and a fair number of African LDCs.

**Sharp slowdown of world trade**

After plunging by more than 10 per cent in the Great Recession of 2009, world trade rebounded strongly in 2010. Since 2011, the recovery of the volume of world exports has lost momentum. Growth of world trade decelerated sharply during 2012, mainly owing to declining import demand in Europe, as the region entered into its second recession in three years, and anemic aggregate demand in the United States and Japan. Developing countries and economies in transition have seen demand for their exports weaken as a result.

**World Merchandise Exports Volume January 2006 – August 2012**




*Source: CPB Netherlands Bureau of Economic Policy Analysis rebased by UN/DESA*

The monthly trade data of different regions and countries showed a clear sequence of the weakening demand that originated in the euro area transmitting to the rest of the world. Import demand in Greece, Italy, Portugal and Spain started to decline in late 2011 and fell further during 2012, but the weakness in trade activity has spread further to the rest of Europe as well, including France and Germany. In tandem, imports of the United States and Japan also slowed significantly in the second half of 2012. East Asian economies that trade significantly with the major developed countries have experienced commensurate declines in exports. For example, the Republic of Korea, and Taiwan Province of China registered considerable drops in exports during 2012. China's exports also decelerated notably. Further down the global value chain, energy and other primary-exporting economies have seen demand for their exports weaken as well. Brazil and the Russian Federation, for instance, all registered export declines in varying degrees in the second half of 2012. Lower export earnings, compounded by domestic demand constraints have also pushed down GDP growth in many developing countries and economies in transition during 2012. This has led to flagging import demand from these economies, further slowing trade of developed countries. At the same time, a rise in international protectionism, albeit modest, and the protracted impasse in the world multilateral trade negotiations, have also adversely affected international trade flows. In the outlook for 2013 and 2014, the continued weak global growth outlook and heightened uncertainties lead to expectations that world trade will continue to expand at a rather tepid pace of 4.3 per cent in volume terms in 2013 and 4.9 per cent in 2014, compared to 3.3 per cent in 2012 and 6.8 per cent during 2005-2008.

**Uncertainties and risks**

The baseline outlook presented above is subject to major uncertainties and risks, mostly on the downside. The economic crisis in the euro area could continue to worsen and become more disruptive. The slowdown in a number of large developing countries, including China, could well deteriorate further, potentially ending in a "hard landing". Geopolitical tensions in West Asia and elsewhere in the world might spiral out of control. Given dangerously low stock-use ratios of basic grains, world food prices may easily spike with any significant weather shock and take a toll on the more vulnerable and poorest countries in the world. The discussion in this section focuses on the likelihood of the occurrence of the first three of these risks and what impact there would be on the global economy should they materialize.

*to be continued to next issue*

*3 Lou Pagnutti (2012), Asia-Pacific Area Managing Partner, Ernst & Young*

## FINANCE AND ECONOMY

### Bangladesh's GDP to slow to 6.1pc: IMF

Bangladesh's economic growth will slow down to 6.1 percent in 2012 and 2013 due to the gloomy global economy, forecast the International Monetary Fund yesterday. The country's GDP grew by 6.3 percent in the last fiscal year despite the global crisis and the government's target is 7.2 percent for the current fiscal year. The growth of the export-dependent economy will slow down as low growth in advanced economies is affecting emerging and developing economies through exports. Over 70 percent of the country's exports go to the USA and the European Union, most hard-hit by the economic crisis. Last week, Asian Development Bank also said Bangladesh's economic growth may come down to 6 percent in the current fiscal year due to sluggish exports and a decline in domestic demand. The IMF, however, said Bangladesh's inflation would ease down to 6.9 percent this year and to 6.4 percent next year from 10.6 percent in 2011. The prediction came from the Washington-based lender in its latest World Economic Outlook unveiled in Tokyo yesterday ahead of the IMF-World Bank 2012 Annual Meetings.

Blanchard presented a gloomier picture for the global economy than predicted a few months ago, saying prospects have deteriorated further and risks increased. Overall, the IMF's forecast for global growth was marked down to 3.3 percent this year and 3.6 percent for 2013. The economist urged countries to continue with accommodating monetary policy which he said was a very powerful force for growth on its own. Over 10,000 central bankers, ministers of finance and development, private sector executives, academicians, and journalists have gathered at the Japanese capital to discuss global economic issues.

*Source: The Daily Star, October 10, 2012*

### Slow exports to pull down GDP growth to 6pc: ADB

Bangladesh's economic growth may come down to 6 percent in the current fiscal year due to sluggish exports and a decline in domestic demand, the Asian Development Bank has said. The lender launched its Asian Development Outlook 2012 in Bangladesh and throughout Asia Pacific yesterday. GDP (gross domestic product) rose by 6.3 percent and the government's target is 7.2 percent for the current fiscal year. However, the ADB said inflation will fall by 2 percentage points and stand at 8.5 percent on average in the current fiscal year compared to that in the last fiscal year. "Export growth is expected to remain low in the first half of fiscal 2013," said ADB Country Director Teresa Kho at a press conference at the organization's office in Dhaka yesterday. Growth in domestic demand is also likely to stay limited because of the central bank's continued credit tightening, Kho said.

Mohammad Zahid Hossain, principal economist of the ADB in Bangladesh, made a presentation on the latest situation of Bangladesh's economy at the press conference. Hossain said a financial crisis in the European Union is affecting Bangladesh's exports. Echoing the view of the ADB country director, he said credit tightening by the central bank will slow domestic demand. "The expected rise in remittances will not be strong enough to fully offset it." Hossain said sectoral GDP growth in the services and industries sectors will be slow in the current fiscal year but growth in the agriculture sector will almost double compared to that in the last fiscal year. About inflation, he said upward adjustments in the fuel and electricity prices at home will lift non-food inflation. But inflationary pressures will be contained as central bank's credit tightening measures take hold. He also said the international prices of commodities, including that of fuel, are expected to be broadly stable. Hossain said food prices are expected to fall in the first half with comfortable domestic supply, but will go up in the second half as drought in a number of major agricultural suppliers cuts global supplies. The ADB said remittance growth will be 12 percent in the whole year as more workers leave for the Middle East countries.

The prevailing oil prices support the construction projects in those countries that engage the bulk of unskilled Bangladeshi workers. However, the ADB said several downside risks could upset the projections. It said fiscal management could come under pressure if the revenue target is not realized and planned foreign financing does not materialize. If political pressures quash the expected increases in fuel and electricity prices, it may also strain fiscal management, the ADB said. The lender also said the monetary discipline could be undermined if the government increases bank borrowing to finance subsidy spending. Finally unfavorable weather or political unrest could affect economic activities, it said. The ADB country director said it is important to enhance macroeconomic stability in the short-term and strengthen internal and external balances. Kho also said ensuring adequate credit for the private sector is a priority. Policy actions at the same time should focus on keeping inflationary pressures in check, she added.

*Source: The Daily Star, October 04, 2012*

### JICA bankrolls BDT 450cr project for SMEs

The government yesterday rolled out a project to lend BDT 450 crore to help the country's cash-starved small and medium enterprises. Under the scheme funded by Japan International Cooperation Agency (JICA), SMEs will be able to borrow between BDT 5 lakh and BDT 5 crore, or up to 90 percent of the investment a business will make. The financing horizons would be: long-term loans for six to eight years, with two years of grace period; medium-term loans for two to five years, with one year of grace period; and working capital for one year, renewable for up to 5 years. The disclosure came at a programme co-organised by Bangladesh Bank and SME Foundation at the latter's office in the capital. ABM Khorshed Alam, managing director of the foundation, said SMEs normally receive bank loans for short-terms. "But this financing will give them opportunity to obtain loans for medium to long terms." Sukamal Sinha Choudhury, general manager of SME & Special Programmes Department of BB, said the bank would go to district levels to create awareness of the scheme. The SME & Special Programmes Department will serve as the implementing agency for the project on behalf of the finance ministry. They will make loans to financial institutions, who, in turn, will lend to end-borrowers. Officials said that there are no specific sectors being targeted and SMEs in all sectors are eligible under the scheme. Similarly, there are no conditions set on the geographical location of the businesses. The items eligible for financing under the scheme are fixed assets, including machinery and equipment factory buildings and related civil works, technical know-how, consulting services, training, and initial working capital, which is associated with the investment loan. Purchase of land or land use rights are not eligible for financing under the scheme, said an official of SME Foundation.

*Source: The Daily Star, October 03, 2012*

### WB approves BDT 5.6b for ICT development

The World Bank has approved USUSD 70 million (BDT 560 crore) loan to catalyze the growth of Bangladesh's IT industry for employment generation and export diversification as well as establishing basic e-government foundation. "The WB assistance would be approved in favour of a project titled Bangladesh Leveraging ICT for Growth, Employment and Governance," said ICT Minister Mostofa Faruk Mohammad when a delegation of Khulna Division Journalists' Forum-Dhaka led by its president Madhusudhan Mondal paying a call on him at his office in Agargaon on Monday.

The delegation was also consisted of Forum's Vice-Presidents Syed Safi and Harun Jamil, General Secretary Rafiqul Islam Sabuj, Joint Secretary Fasih Uddin Mahatab and Organising Secretary Morsalin Nomani. During the meeting the minister informed that the loan of the World Bank would be repaid in 40 years with 10 years grace period.

*Source: The Independent, October 02, 2012*

## Foreign direct investment: Reflecting the reality

The growth of foreign direct investment (FDI) in the last three decades has been phenomenal. FDI can take the form of a foreign firm buying a firm in a different country or deciding to invest in a different country by building operations there. With FDI, a firm has a significant ownership in a foreign operation and the potential to affect managerial decisions of the operation.

While developed economies still account for the largest share of FDI inflows, recent data show and indicate that stock and flow of FDI has not only jacked up, but moving towards developing economies also - more specifically to the fast emerging economies, globally. Apart from using FDI as investment channel plus a method of reducing operation costs, many blue chips are looking at FDI as one of the ways to internationalize. Side by side, the reality is that the movement from developed to developed zone still remains higher, compared to that between developed to developing or developing to developing zone. Still, the stock and flow of FDI has gone up and moving towards developing zone and more so in the emerging economies.

The positive side of FDI must not be missed as otherwise any analysis on this score is bound to be biased. The sole important thing is whether the economy loses control or allows it to act in a way which is detrimental to economy's well being and interest.

One of the advantages of FDI is that it helps in the economic development of the particular country where the investment is being made. This is especially applicable for developing economies. During the 1990's FDI was one of the major external sources of financing for most countries that were growing economically. It is a fact that foreign direct investment helped several countries when they faced economic hardship. Economies like China, South Korea, Singapore and Philippines availed maximum benefits of FDI that helped them to fly high.

Global FDI flows exceeded the pre-crisis average in 2011, reaching USD1.5 trillion despite turmoil in the global economy. However, it still remains some 23 percent below its 2007 peak. Leading indicators retreated in the first five months of 2012. In fact, FDI inflows increased across all major economic groupings in 2011 - flows to developed countries increased by 21 percent, to USD748 billion. In developing countries FDI increased by 11 percent, reaching a record USD684 billion, while FDI in the transition economies increased by 25 percent to USD92 billion. Developing and transition economies, respectively, accounted for 45 percent and 6 percent of global FDI.

*Source: The Financial Express, October 04, 2012*

## Tax collection from capital mkt declines

Tax collection from the country's capital market showed a sharply declining trend in the current fiscal.

Only an amount of BDT 310 million in taxes could be realized from transactions in stock market in the first quarter (July-September) of the fiscal year (FY), 2012-13, against BDT 430 million during the corresponding period of the last fiscal. The National Board of Revenue (NBR) collected BDT 190 million in July, BDT 60 million in August and BDT 70 million in September, this year.

The NBR officials fear that given the trend during the first quarter of the current fiscal, aggregate tax collection from share market transactions may drop to a marked extent this year. DSE (Dhaka Stock Exchange) general index shed 400 points in the July-September period compared to that of the same period in the last fiscal. In FY 2010-11, stock market index stood at 4846 point that dropped to 4446 points in FY 2011-12.

Tax collection also declined to BDT 1.72 billion from BDT 3.22 billion in the last fiscal compared to that of the corresponding period following sharp price decline in share market last fiscal. NBR deducts tax at source from each of the share transaction by stock exchange members at the rate of 0.05 percent. The board has found the tax collection trend is declining sharply with the downward trend of transactions in the capital market.

Rate of tax on transaction of share/debenture by stock exchange members has been increased to 0.05 percent from 0.025 percent in fiscal 2010-11. At first the government had proposed to increase threefold the tax rate on members of share market, to 0.1 percent from 0.025 percent, but later it cut it down to 0.05 percent following pleadings of the bourses. There are 238 brokerage houses under Dhaka Stock Exchange (DSE) and 148 in Chittagong Stock Exchange (CSE).

Experts are not in favour of increasing the tax rate on share transactions as they fear brokerage houses might increase their commission on share transactions to pay the additional tax burden, affecting adversely the small investors. Presently, a brokerage house deducts commission at a maximum of 1.0 percent for investors in the stock market. The tax at source on commission of stock exchange members was raised to 0.025 percent from 0.015 percent in fiscal 2009-2010.

*Source: The Daily Star, October 07, 2012*

## Non-food inflation up by 1.0pc in Sept

The country's non-food inflation edged up by nearly 1.0 percent to 10.18% in September last, which analysts suggest, is mainly attributable to rise in prices of utilities. Bangladesh Bureau of Statistics (BBS), the country's national statistical organization, Sunday released the data of consumer price index (CPI) and the state of the situation about inflation for the month of September. The rate of inflation at the national level, measured on the basis of CPI, remained almost the same at 4.96 percent last month, with 2005-06 as the base year. However, the rate of food inflation at the national level decreased to 1.75 percent on a point-to-point basis in September. The non-food inflation sharply increased in urban areas to 10.36 percent in September against 8.10 percent during the same period in 2011.

However, the rate of inflation at the national level measured on the basis of the old base year-1995-96-dropped to 7.39 percent against 11.97 percent in the same period in 2011. The non-food inflation also increased under the old baseline by 1.18% to 9.95% in last month. The BBS has been preparing CPI on two base years since July last to help avoid confusion. It will prepare CPI only on the basis of the new base year -2005-2006- from January next.

*Source: The Financial Express, October 08, 2012*

## Inflation drops on stable food prices

Inflation eased for the third month in September thanks to stable prices of food, but spiralling electricity prices, transport cost and house rents pushed up non-food inflation. Overall inflation slipped to 7.39 percent in September, compared with 7.93 percent in August, according to data released by Bangladesh Bureau of Statistics yesterday. Food inflation dropped to 6.16 percent in September from 7.10 percent a month ago. Non-food inflation soared to 9.95 percent last month from 9.59 percent in August, said the statistical agency that calculated inflation taking 1995-96 as the base year.

In a press briefing at its office in Dhaka, BBS Director General Golam Mostafa Kamal linked higher non-food inflation to a power price hike. The government increased power tariff 15 percent to BDT 5.75 a unit on September 1 to cut subsidy on power. As per the BBS estimate based on 1995-96 base year, inflation dropped in both rural and urban areas because of a decline in food price index. Stable prices of food, mainly rice, contributed to the falling inflation, said Zaid Bakht, research director of Bangladesh Institute of Development Studies. In its calculation based on the revised base year, 2005-06, inflation declined in September from a month ago. But non-food inflation accelerated 10.18 percent last month from 9.29 percent in August.

*Source: The Daily Star, October 08, 2012*

## Sept exports rise 32pc, but quarter data dismal

Exports rose about 32 percent in September from the same month a year ago, but overall growth in the first quarter continued to remain sluggish amid weak demand in major markets in Europe and USA.

Companies shipped USD1.9 billion worth of goods overseas in September, up from USD1.44 billion in the same month a year ago, according to the Export Promotion Bureau. But total export receipts grew only 2 percent to USD6.29 billion in July-September from the same quarter a year ago, the data shows. Shipments of woven garments, which account for 39 percent of the total exports receipts in the first quarter of the current fiscal year, grew about 10 percent to USD2.45 billion in July-September, compared to the previous year.

Export earnings from other major sectors -- knitwear, frozen fish and shrimp and leather -- fell in July-September.

Knitwear, which contributes 40 percent to the national export basket, slipped 1.54 percent to USD2.53 billion in July-September from what it was a year ago. Export receipts from frozen foods, the third biggest contributor in the export basket after clothing and jute, slumped 74 percent to USD129 million in July-September driven by shrimps, which are shipped mainly to Europe and the USA.

*Source: The Daily Star, October 10, 2012*

### US to provide USD200m for sustainable development

The US government will provide USUSD200 million assistance to Bangladesh for reducing poverty and achieving sustainable development for 2012 fiscal year. The development assistance would be disbursed through United States Agency for International Development (USAID) for carrying out development activities in five major areas, including health and education, democratic institutions, food security, climate change and humanitarian assistance.

The assistance, which is an increase of approximately USUSD 17 million from the previous fiscal year, would help achieving long-term development objectives as reflected in the Bangladesh government's Sixth Five Year Plan.

While announcing the US commitment in development assistance, US Ambassador to Bangladesh Dan Mozena said, "Our partnership in Bangladesh is growing. Our support this year is a nearly ten percent increase over last year. Of the total fund, USUSD 6 million would be used to build capacity for democratic representation, strengthen its institutions of good governance, promote human rights and support a culture of tolerance.

Besides, USUSD 74 million would be invested in health programmes to promote voluntary family planning, improve maternal and child health, support better water and sanitation practices and prevent and treat tuberculosis and HIV/AIDS, among other diseases.

In addition, USAID will provide approximately USUSD 4 million for basic education.

In support of food security, the USAID will provide USUSD 52 million to increase agricultural production, build links to markets, raise incomes, and stimulate economic growth. Under its climate change programme, the USAID will provide more than USUSD 19 million to promote energy efficiency, improve the resilience of communities to the negative impacts of climate changes and promote conservation of biodiversity.

On the other hand, USUSD 45 million will be given in humanitarian assistance to improve availability of food, basic health and nutrition services to highly vulnerable population. USAID Bangladesh Mission Director Richard Greene, acting Economic Relations Division (ERD) secretary Shafiqul Azam and other officials were also present at the conference in the city on Thursday.

*Source: The New Nation, October 12, 2012*

### Local investment proposals drop by 19pc in Q1

Local investors are reluctant to undertake new ventures causing a plunge in investment proposals by nearly 19 percent in the first quarter of the current fiscal compared to the previous three months (April-June). The Board of Investment (BoI) received investment proposals from local entrepreneurs worth BDT 116.24 billion against 372 industries in July-September period, according to the data of the BoI released Monday. In April-June period, BoI received investment proposals worth BDT 143.10 billion. Local entrepreneurs say inadequate energy and infrastructure, liquidity shortage in the market due to Hall-Mark scam are the two major reasons that discourage them to invest. Metropolitan Chamber of Commerce and Industry (MCCI) president Maj Gen Amjad Khan Chowdhury (Retd) said power shortage and liquidity crisis in the market are the major causes of sluggish trend of investment proposals in BoI. BoI received 420 investment proposals worth BDT 148.76 billion in the first quarter of the current fiscal, dropped by three percent than that of previous three months. In the previous three months (April-June) BoI received investment proposals worth BDT 153.53 billion. Joint venture and foreign investment proposals increased to 211.89 percent in the July-September period. A total of 49 foreign and joint venture companies were registered with their investment proposals worth BDT 10.43 billion in the BoI. BoI received the highest investment proposals from the service sector entrepreneurs that contributed 38.48 percent of the investment proposals followed by textile sector 34 percent, chemical sector 9.0 percent, agriculture industry 8.0 percent and other sectors 11 percent. The investment proposals could generate employment for a total of 82,314 people.

*Source: The Financial Express, October 23, 2012*

### WB lowers BD's economic growth forecast to 6.0pc

The World Bank (WB) lowered Bangladesh's economic growth forecast to around 6.0 percent from the government's projection at 7.2 percent with the sharp fall in the growth rate attributed mainly to the domestic investment constraints and the weak external demand. In its report released on Sunday, the global lender said there were concerns that Bangladesh's economic growth could slow mainly because of the weak external demand and the domestic investment constraints. But the Bretton Woods institution termed the growth healthy in the context of the ongoing unfavorable global economic conditions. WB Country Director Ellen Goldstein said: "This (real GDP growth) might be 6.2 percent, 6.1 percent or 5.9 percent in the fiscal '13." The country's Gross Domestic Product (GDP) grew 6.3 percent in 2012 from a year earlier.

But the weak exports to the largest export destination eurozone and the lower domestic investment growth might slow down the pace to around 6.0 percent in the fiscal '13. Dr Zahid Hussain, senior economist at the WB's Dhaka office, said the government's projection of economic growth at 7.2 percent in the current annual budget would not be achieved due to the eurozone crisis and the lower investments in the country.

The report said the opening of letters of credit (LC) for import of capital machinery in the June-August period last declined 7.9 percent compared to the corresponding period in 2011 indicating weak investments in manufacturing. According to the report, Bangladesh's economy is healthy compared to other south Asian nations and it is 35th among the 150 countries in terms of growth as per the IMF ranking. Dr Zahid said Pakistan is likely to grow 3.3 percent, Nepal 3.6 percent, Malaysia 4.7 percent, Vietnam 5.9 percent, India 6.0 percent, Sri Lanka 6.7 percent and China 8.2 percent. Earlier, the Manila-based Asian Development Bank forecast the growth rate for Bangladesh at 6.0 percent and the other Bretton Woods institution IMF put it at 6.1 percent.

*Source: The Financial Express, October 22, 2012*

### Only 12pc of ADP implemented in Q1

The annual development programme implementation trend remains sluggish as usual in the first quarter of the current fiscal year as the government agencies and ministries used only 12 percent of the ADP allocations in July-September. In July-September, the government agencies could spend only BDT 6,381 crore or 12 percent of the allocation, according to data released on Monday by IMED. In the same period of last fiscal year, the ADP utilization rate was 11 percent or BDT 4,835 crore. Of the total expenditure, the share of the government funding was BDT 4,307 crore or 13 percent and the share of foreign loans and grants was BDT 2,074 crore or 10 percent. During the period, the implementation rate of the government funded projects declined by two percent from 15 percent while the implementation rate of foreign-funded projects increased by 6 percent from 4 percent compared to July-September of 2011-12, IMED data showed.

Among the 54 ADP implementing agencies, legislative and parliamentary affairs division and public service commission secretariat failed to spend even a single BDT in the first three months of the fiscal year.

The implementation status of another five ministries and divisions remained below one percent. The ministries and divisions are labor and employment ministry, civil aviation and tourism ministry, bridges division, internal resources division and roads division.

Officials said that development works in the field level would be higher than what the expenditure shows as most of the agencies carry on the physical developments of the projects without resource disbursement.

Usually resource disbursement takes time, they said, adding that IMED calculates implementation status based on expenditure, not physical development.

In July-September, the government released BDT 8,316 crore or 25 percent of the total allocation, the data showed. The size of current fiscal year's ADP is BDT 55,000 crore. Of the amount, BDT 33,500, or 61 percent, will be allocated from the government fund and BDT 21,500, or 39 percent, will be available from foreign assistance in the form of loans and grants.

Among the ministries and divisions that spent more than 20 percent of their allocations, planning division topped the list with 30 percent, followed by commerce ministry and religious affairs ministry with 24 percent, expatriates' welfare and overseas employment ministry with 23 percent, rural development and co-operatives division and power division with 22 percent.

*Source: The New Age, October 23, 2012*

**NBR earnings go up 15pc**

Revenue receipts grew 15.49 percent in the July-September period of the current fiscal year, breaking a sluggish trend in the first two months of the year.

The collection of the National Board of Revenue (NBR) rose to BDT 20,894 crore in the first quarter of 2012-13, up from BDT 18,091 crore in the same period last year, fuelled by a rise in earnings from customs duty, value-added tax and income tax. The tax administrator logged a 10 percent growth in the July-August period of the current fiscal year, according to NBR data. Submission of tax returns by individual taxpayers ahead of the deadline accelerated income tax receipts. Income tax collection soared by 24.50 percent to BDT 5,593.49 crore this year, up from BDT 4,492.59 crore last year. A rise in imports in September also buoyed the customs duty collection. Receipts from customs duty, which was down 4.46 percent in the July-August period, grew 10 percent to BDT 3,201.24 crore in July-September. VAT and supplementary duty collection at domestic level also went up.

Increased revenue from cigarettes manufacturers is one of the main reasons behind the rise in VAT and supplementary duty, said Mohammad Ahsanul Haque, first secretary for VAT at the tax administrator. VAT receipts at domestic level rose 20 percent to BDT 5,007.54 crore in three months to September of the ongoing fiscal year, from BDT 4,175.02 crore last year.

*Source: The Daily Star, October 26, 2012*

**FDI inflow to Bangladesh records USD430m**

Bangladesh received 'relatively high' foreign direct investment (FDI) in the first half of 2012 when the global investment inflows declined by 8.0 percent, a recent Unctad report said, reports BSS. The "Global Investment Trend Monitor" of the United Nations' Conference on Trade and Development (Unctad), released on October 23, shows about USD 430 million FDI inflow to Bangladesh in the first six month of 2012, which was only 2.04 percent lower than the investment in 2011.

The rate of FDI fall in Bangladesh was much lower than the regional falling trend. South Asia during this period suffered 40.1 percent decline when the investment inflow fell by 42.8 percent to India.

In the first half of 2012, global FDI inflows reached USD 668 billion, a decline of USD 61 billion or 8 percent compared with the same period of 2011, as the economic recovery suffered new setbacks in the second quarter of 2012. The USD61 billion fall was mainly caused by a decline of USD 37 billion in inflows to the United States and a USD 23 billion fall in inflows to BRIC countries -Brazil, Russian Federation, India and China.

The declines were caused by steep falls in both greenfield investment projects (-40 percent) and cross-border M&A (merger and accusation) transactions (-60 percent), which are also visible in the reduced importance of the equity component of FDI inflows.

Developing countries for the first time absorbed half of global FDI inflows due to the steep fall in flows to the United States and a moderate decline in flows to the EU. Despite a slight decline in FDI inflows, China became the largest recipient country in the first half of 2012, followed by the United States Compared to the full-year forecast of FDI inflows published in July, Unctad now projects that FDI flows will, at best, level- off in 2012 at slightly below USD 1.6 trillion. The slow and bumpy recovery of the global economy, weak global demand and elevated risks related to regulatory policy changes continue to reinforce the wait-and-see attitude of many transnational companies (TNCs) toward investment abroad. Unctad's longer term projections still show a moderate rise. However, the risk of further macroeconomic shocks in 2013 can impact FDI inflows negatively.

Meanwhile, drops in foreign direct investment (FDI) entering the United States and the European Union (EU) opened the way for developing countries – for the first time – to absorb half of global FDI flows, the United Nations trade and development agency said in a report released. But global FDI nevertheless declined by eight percent in the first half of 2012 as economic recovery suffered new setbacks in the second quarter of the year, the UN Conference on Trade and Development (UNCTAD), stated in its tenth Global Investment Trend Monitor. In the developing world, FDI inflows decreased by five percent.

The report finds that global FDI fell USD 61 billion, with the decline mainly caused by a drop of USD 37 billion in inflows to the US and a fall of USD 23 billion in inflows to BRIC countries – Brazil, Russian Federation, India and China. China nevertheless emerged as the world's largest recipient of FDI in the first half of 2012, followed by the United States, the report notes.

It adds that FDI flows to the US might be stronger in the second half of 2012 because the value of cross-border mergers and acquisitions in the third quarter of the year was "double those of the first half of the year," and some further acquisitions are "already taking place or announced in the fourth quarter."

One example cited by the report is the acquisition by the Japanese telecommunication company SoftBank of US firm Sprint Nextel for more than USD 20 billion. This will mark the largest investment ever by a Japanese company, the report says.

The position held by developing countries was made possible by the "steep fall" in FDI flows to the US and a "moderate decline" in flows to the EU, the report notes. In developed countries, the rise in flows to Europe and developed countries was not enough to compensate for the decline in flows to North America, the report says. Compared to the full-year forecast of FDI inflows published in July, UNCTAD says it now projects that FDI flows will, at best, level-off in 2012 at slightly below USD1.6 trillion.

*Source: The News Today, October 30, 2012.*

### China, India consumer spending to triple by 2020: study

Consumer spending in emerging market powerhouses China and India is expected to triple by 2020 to a combined USD10 trillion a year, potentially helping to boost economic growth and corporate profits in the developed world, researchers said on Tuesday. The study by Boston Consulting Group (BCG) is based on a survey of 24,000 consumers as well as interviews with business leaders. The business strategy consultancy predicts consumers in China and India will spend a combined total of USD64 trillion on goods and services in the decade leading up to 2020. Annual spending on consumer goods will be three times the level spent in 2010, according to "The USD10 Trillion Prize: Captivating the Newly Affluent in China and India". "We are at a turning point in history where relative wealth will shift from the West to China and India, but absolute wealth, including in the West, should increase," said Michael J. Silverstein, a senior partner at BCG and the book's co-author. Some of the enthusiasm for India, China and other emerging markets has dimmed in recent months due to slowing economic growth, weak progress with structural reforms and political risks. Emerging equities have also not performed as well in recent years as their developed peers. But the book's authors played down these worries, saying India and China were experiencing the inevitable volatility in emerging economies. The middle class in the two countries is expected to reach 1 billion by 2020, BCG said, noting that in India, the proportion of middle-class people is expected to grow to 45 percent in 2020 from 28 percent in 2010. BCG said Western companies need to win over the growing middle class of the two countries via long-term strategies adapted to the future spending habits of these new consumers. It named Kraft, Yum! Brands, PepsiCo, Gucci, LVMH, BMW, and Pernod Ricard as companies that have deployed successful strategies in these countries.

*Source: The Daily Star, October 03, 2012*

### WB, IDB sign MoU to encourage expansion of Islamic finance globally

The World Bank (WB) and Islamic Development Bank (IDB) Sunday signed a Memorandum of Understanding (MoU) to set out a framework for collaboration between the two parties and lend support to global, regional and country efforts in the development of Islamic Finance, reports UNB.

The MoU adopts the following principals - knowledge sharing to identify and disseminate sound practices in the Islamic financial services industry, cross fertilization of ideas that would foster the development of Islamic finance that is critical for growth, efficiency and financial inclusion, encourage research and promote awareness of appropriate risk management framework for Islamic financial institutions in particular and the Islamic finance industry in general; and capacity building in the Islamic financial services industry with a view to fostering financial stability and promoting increased access to Islamic financial services in markets around the world.

World Bank Managing Director Dr Mahmoud Mohieldin stressed the importance of the memorandum for increased capacity-building and knowledge-sharing between the two organizations.

*Source: The Financial Express, October 15, 2012*

### IMF to share USD1.1b gold profits with Bangladesh, others

The International Monetary Fund (IMF) is going to distribute over one billion dollar, it profited from gold sales, to low-income countries including Bangladesh to help them withstand the global recession.

It will distribute SDR (special drawing rights) 700 million (about USUSD1.1 billion) in reserves to its members in order to boost its concessional lending capacity for low-income countries during the global crisis.

The distribution is a key element of a 2009 plan to boost concessional lending capacity to USUSD17 billion over the five years to 2014, according to a message received in Dhaka from IMF on Saturday, reports UNB.

The decision authorizing the distribution was taken by the Executive Board in February 2012, to become effective only after IMF members have provided satisfactory assurances that new amounts equivalent to at least 90 percent of the amount distributed -- i.e. SDR 630 million -- would be transferred or otherwise provided to the IMF's concessional lending vehicle, the Poverty Reduction and Growth Trust (PRGT).

The 90 percent threshold has been reached with assurances received from the member countries, meaning the distribution can now take place. The countries include Bangladesh, India, Sri Lanka, Algeria, Pakistan and Guinea.

The IMF will continue to seek contributions from remaining members in order to maximize concessional lending capacity. In addition, as agreed on September 28, the Fund is starting a process for seeking assurances on a separate distribution of the remaining gold sales windfall profits of USUSD2.7 billion.

"This is a wonderful achievement that demonstrates our members' determination to ensure the IMF has the wherewithal to support its low-income members through this crisis," IMF managing director Christine Lagarde stated.

"For many countries this process has involved complex legal or legislative steps, and it is a tribute to our membership that we have arrived at the required level in just a few months."

Because gold sales profits are part of the IMF's general resources available for the benefit of the entire membership, they cannot be placed directly in the PRGT, which is available only to low-income member countries.

Accordingly, using these resources for PRGT financing required a distribution of the resources to all IMF member countries in proportion to their quota shares, on the expectation that members would direct the Fund to transfer these resources (or would provide broadly equivalent amounts) to the PRGT as subsidy contributions.

The resources raised through the operation will count towards the 2009 package's target of raising an additional SDR 1.5 billion (USUSD2.3 billion) in PRGT subsidies. The balance is being raised from other sources, including additional bilateral contributions which the IMF continues to seek from member countries.

The IMF sold 403.3 metric tons of gold in 2009-10 as part of a plan to ensure the long-term financing of the IMF's day-to-day operations through the creation of an endowment using anticipated gold sales profits of some SDR 4.4 billion (USUSD6.8 billion).

High world gold prices during the sales period, over and above the USUSD850 an ounce envisaged when the sales were originally planned, generated "windfall" profits of some SDR 2.45 billion (about USUSD3.8 billion).

The first SDR 700 million of those windfall profits will now be distributed to the membership in proportion to their IMF quota shares.

Meanwhile, on September 28, 2012, the IMF Executive Board approved a second distribution of the remaining SDR 1.75 billion (USUSD2.7 billion) in windfall gold sales profits in a similar strategy to raise resources to make the PRGT concessional lending capacity sustainable.

That second distribution is also conditional on receiving satisfactory assurances from members that new amounts equivalent to at least 90 percent of the amount distributed -- i.e. SDR 1.575 billion -- will be transferred or otherwise provided to the PRGT.

*Source: The New Nation, October 14, 2012*

### The global economy, Slower and slower

The International Monetary Fund's new World Economic Outlook is out this week, and the latest global growth projections are dismal, if expected. A few things stand out. One is the steady downshift in global growth since 2010 (which, to be fair, was one of the best annual global growth performances ever). The IMF forecasts an acceleration in growth in 2013, but I'm not sure how many of us would bet on that. Another is the extremely ugly outlook for Spain and Italy—the IMF now forecasts another year of serious recession for Spain in 2013—which suggests that political and economic tensions within the euro zone will remain high. A third is the big downward revision to growth in emerging market economies and India especially.

Not pictured in this chart is the forecast for a steady deceleration in world trade, including a large downward revision to forecasts for emerging-market imports and exports. The overarching view is a world in which troubles are propagated around the world, exacerbating local economic challenges. Europe's sinking economy is socking emerging markets, frustrating efforts at rebalancing and reform.

If the multipliers underlying the growth forecasts were about 0.5, as this informal evidence suggests, our results indicate that multipliers have actually been in the 0.9 to 1.7 range since the Great Recession. This finding is consistent with research suggesting that in today's environment of substantial economic slack, monetary policy constrained by the zero lower bound, and synchronized fiscal adjustment across numerous economies, multipliers may be well above 1.

This will probably fuel an intellectual debate concerning the relative importance of fiscal and monetary policy and the extent to which central banks can offset fiscal cuts. My inclination is to argue that Mr Blanchard is right to pinpoint the zero bound as a constraint on central banks that is likely to raise fiscal multipliers, but this constraint is more institutional than technical. I suspect the debate will unfold in a fairly unsatisfying manner, with some suggesting that the economies that have done most poorly amid austerity are those where nominal output growth has fallen most below trend, indicating that central banks have failed, while the other side will question how a central bank can hope to maintain steady nominal output growth when austerity is crushing demand. I'll chip in my own contribution to this unsatisfying exchange. American fiscal consolidation hasn't been that different from shifts in, for instance, France, but American nominal output has held steady while France's has sunk, along with real output. And it seems clear that the zero lower bound has not been the main constrain on the European Central Bank over the past two years.

The more important point is that one need not resolve this intellectual debate to improve conditions across the global economy. The pace of fiscal consolidation in many economies simply isn't justified; a combination of less short-term fiscal consolidation and more reform would make a great deal of sense. Similarly, advanced-economy central banks are vastly behind the curve, worrying far too much about inflation given current economic dynamics. A bigger commitment to asset purchases would help, in Europe especially, but the best thing that could happen to rich economies right now might be an acknowledgement across central banks that a few years of inflation between 3% and 5% might be beneficial on net and would therefore be tolerated.

Above all, governments and central banks should try to avoid dragging the world economy into recession. At this point it should be clear that excessively miserly behaviour by governments and central banks can have nasty feedback effects, leading to a slow constriction of growth that worsens political, social, and structural economic problems and makes a future disaster more probable. Sovereign debt loads are disconcertingly large in many countries and will need to be addressed. It is difficult to avoid the conclusion, however, that the current approach is both bad for growth and counterproductive to the goal of reducing sovereign indebtedness.

*Source: The Economist, October 9, 2012.*

### OECD says higher energy prices boosting inflation

Higher energy prices forced annual inflation in advanced economies to rise to 2.0 percent in August from 1.9 percent in July, the OECD said. "Energy price inflation accelerated sharply to 3.5 percent in August, up from 0.7 percent in July, while food price inflation slowed to 2.1 percent in August, compared with 2.3 percent in July," said the Organization for Economic Cooperation and Development in a statement. Excluding food and energy, the annual inflation rate slowed to 1.6 percent in August compared with 1.8 percent in July, according to the data for the 34-member OECD. By individual countries, inflation gained pace in Germany, reaching 2.1 percent in August from 1.7 percent in July, while in the United States it advanced to 1.7 percent from 1.4 percent.

In Japan, however, consumer prices dipped 0.4 percent in August. Outside the OECD area, annual inflation accelerated in India to 10.3 percent in August from 9.8 percent in July. Inflation also rose in Russia to 5.9 percent from 5.6 percent and in China to 2.0 percent from 1.8 percent, the organisation said. Annual inflation was stable in Brazil from July to August at 5.2 percent and Indonesia at 4.6 percent.

*Source: AFP, October 2, 2012*

### No recovery until 2018, IMF warns

The International Monetary Fund's chief economist has warned that the global economy will take a decade to recover from the financial crisis as the latest snapshot of the UK economy suggested that growth in the third quarter will be at best anaemic.

Olivier Blanchard said he feared the eurozone crisis, debt problems in Japan and the US, and a slowdown in China meant that the world economy would not be in good shape until at least 2018. "It's not yet a lost decade," he said. "But it will surely take at least a decade from the beginning of the crisis for the world economy to get back to decent shape.

Blanchard made his comments on a Hungarian website Portfolio.hu ahead of the IMF meeting next week in Tokyo. Germany is expected to defend its handling of Europe's debt problems at the meeting, but Blanchard said there was more that Europe's largest economy could do to support Spain and other struggling eurozone nations. In particular, he urged Berlin to accept a rise in inflation and wages that would make it less competitive with its trading partners.

He said there was no risk of hyperinflation in Europe. Higher inflation in Germany, though, would be beneficial: a somewhat higher inflation rate in Germany should simply be seen as a necessary and desirable relative price adjustment, he said. Blanchard's comments came as figures from Markit showed that the UK's important services sector grew in August but slipped back by September as the Olympics factor waned. According to industry figures from Markit the services activity index dropped from 53.7 to 52.2 and employment fell, adding to gloomy surveys of the construction and manufacturing sectors earlier in the week. Markit, which compiles a monthly index based on figures from the Chartered Institute of Purchasing and Supply, said it was now clear that the bounce back from the slump in the first half of the year was weaker than expected and could result in the UK economy growing by just 0.1% in the third quarter.

Hopes that the Queen's diamond jubilee and the £9bn spent on the Olympics would lift sales over the longer term have largely been dashed as growth slows and the outlook, though robust with a growing order book, remains subdued. The Bank of England's monetary policy committee, which began a two-day meeting on Wednesday, is on Thursday expected to keep interest rates at 0.5% and maintain the stock of bonds in its quantitative easing programme at £375bn. Most economists believe it is possible the lacklustre figures will persuade the MPC to add a further £50bn at its November meeting when the first estimate of the third quarter figures is available.

*Source: The Guardian, October 3, 2012*

## East Asia Growth Seen at 11-Year Low on China Slowdown: Economy

The World Bank said policy makers in Asia's emerging economies have room to provide more fiscal stimulus as China's slowdown drags the region's growth to an estimated 11-year low in 2012. Growth in developing East Asia, which excludes Japan and India, will probably ease to 7.2 percent from 8.3 percent in 2011, the Washington-based lender said in a report today. That is the slowest pace since 2001, according to World Bank data, and lower than a forecast in May of 7.6 percent.

The International Monetary Fund is set to reduce its global forecast for this year tomorrow at an annual meeting in Tokyo where officials will tackle a slowdown triggered by Europe's sovereign-debt crisis. Central banks are stepping up efforts to protect the worldwide recovery, with the U.S. expanding monetary easing, the Bank of Japan boosting its asset purchases and the Bank of Korea forecast to cut interest rates this week.

Asian stocks and commodities fell before European finance ministers meet today, with the MSCI Asia Pacific excluding Japan Index losing 0.9 percent at 1:33 p.m. in Hong Kong. Australia's dollar slid to the lowest level in almost three months before a report this week that may show unemployment increased, while the yuan touched its strongest level since 1993 on speculation policy makers will take more steps to spur the Chinese economy.

### Adding Stimulus

India's central bank held interest rates last month while unexpectedly reducing the amount of deposits lenders must set aside as reserves, and South Korea announced 5.9 trillion won (USD5.3 billion) of spending and tax relief as officials acted to shield their economies. Manufacturing from Europe to China contracted in September, and the Asian Development Bank last week lowered its inflation and expansion forecasts for the region excluding Japan for this year and next. To shield growth, Philippine President Benigno Aquino is increasing spending to a record and seeking more than USD16 billion of investments in roads and airports, and Malaysian Prime Minister Najib Razak is also boosting disbursements. The Philippine government is confident it will be able to sustain expansion, "focusing on investment in infrastructure, making sure that governance continues to improve", Finance Secretary Cesar Purisima, said in a Bloomberg Television interview today. Growth in developing East Asia was 7.5 percent in 2009 during the global financial crisis, according to World Bank data.

### 'Significant Slowdown'

China will use "preemptive policy" to bolster growth in Asia's biggest economy, Premier Wen Jiabao said last month, after expansion slid to a three-year low in the second quarter. "China's slowdown this year has been significant," the World Bank said. "Economic momentum is expected to be weak during the coming months with limited policy easing, a property market correction, and faltering external demand." Asia's exports have slipped as slower global growth crimps demand for the region's goods. China's shipments abroad rose less than estimated in August, while Thailand, Singapore and Malaysia have reported declines.

How soon the global economy can right itself will be debated at this week's meeting of the IMF, which monitors worldwide trade and finance imbalances. Delegates will be greeted by the news that the lender anticipates even worse growth this year than the 3.5 percent it projected in July.

### Social Welfare

China may announce additional tax cuts and spending on infrastructure, public housing and social welfare to boost domestic demand and counter external weakness, economists at HSBC Holdings Plc led by Qu Hongbin said in a report last week. "The recent disappointing data, in particular the collapse in export growth and rising pressure on the labor market, has acted as a wake-up call to Beijing policymakers, prompting the acceleration of easing policy," they wrote. In Europe's day ahead, a government report may show Switzerland's unemployment rate rose to an 18-month high of 3 percent from 2.9 percent in August, according to a survey of economists. German industrial production probably fell in August from July, when it unexpectedly rose, according to the median forecast in a Bloomberg survey.

China's service industries expanded at a faster pace in September as output increased at the quickest pace since May, with the purchasing managers' index climbing to 54.3 from 52 in August, HSBC Holdings Plc and Markit Economics said today. New home prices rose for a fourth month in September, according to SouFun Holdings Ltd.

### Inflation Eased

Crude oil has fallen about 9 percent this year, helping ease inflationary pressure, the World Bank said. Price gains in the Philippines unexpectedly slowed in September, while in Indonesia they eased for the first time in four months. Global food-price increases pose less of a risk now after bountiful rice harvests in Cambodia, Vietnam and the Philippines, the World Bank said. Still, renewed monetary stimulus in Europe, Japan and the U.S. could trigger capital inflows into the region, reigniting inflationary pressures and increases in asset prices. Growth in developing East Asia will accelerate to 7.6 percent next year, with China expanding 8.1 percent, as domestic demand is boosted by accommodative policies, the World Bank said.

*Source: Bloomberg, October 8, 2012*

## IMF Sees 'Alarmingly High' Risk of Deeper Global Slump

The International Monetary Fund cut its global growth forecasts as the euro area's debt crisis intensifies and warned of even slower expansion unless officials in the U.S. and Europe address threats to their economies.

The world economy will grow 3.3 percent this year, the slowest since the 2009 recession, and 3.6 percent next year, the IMF said today, compared with July predictions of 3.5 percent in 2012 and 3.9 percent in 2013. The Washington-based lender now sees "alarmingly high" risks of a steeper slowdown, with a one-in-six chance of growth slipping below 2 percent.

The IMF's 188 member countries convene in Tokyo this week as low growth damped by fiscal consolidation in the richest economies hurts developing counterparts from China to Brazil. As the IMF urged measures to boost confidence, uncertainties out of Europe show no sign of abating, with leaders still divided over a banking union and Spain resisting a bailout.

### Confidence Fragile

European stocks were little changed as the region's finance ministers met in Luxembourg to discuss the sovereign-debt crisis. The Stoxx Europe 600 Index slipped less than 0.1 percent at 11:02 a.m. in London.

In Seoul, World Bank President Jim Yong Kim told a forum today that he saw mildly encouraging signs in Europe. In Tokyo, IMF Chief Economist Olivier Blanchard indicated that yields on Spanish and Italian bonds, which decreased after the European Central Bank's bond-buying plan announcement, could rise if the countries don't request bailouts.

The IMF report called for U.S. policy makers to find an alternative to planned automatic tax increases and spending cuts that would trigger a recession. Europeans must follow on their commitments for a more integrated monetary union, and many emerging markets can afford to cut interest rates or pause tightening to fight off risks to their economies, the IMF said.

The 17-country euro area economy will contract 0.4 percent this year, 0.1 percentage point worse than forecast in July, and grow 0.2 percent in 2013, less than the 0.7 percent predicted three months ago, the IMF said. The U.S. is seen expanding 2.2 percent this year, higher than an earlier forecast, and growing 2.1 percent next year, less than previously predicted. Japan's estimate was cut to 2.2 percent this year and to 1.2 percent in 2013. Spain's economy will shrink 1.3 percent next year, 0.7 percentage point worse than predicted in July. German growth is seen at 0.9 percent each year, with the 2013 estimate half a percentage point less than previously forecast. "Spain and Italy must follow through with adjustment plans that re-establish competitiveness and fiscal balance and maintain growth," Blanchard wrote in a foreword to the report. "To do so, they must be able to recapitalize their banks without adding to their sovereign debt. And they must be able to borrow at reasonable rates."

**Emerging Economies**

Growth forecasts were also lowered for emerging markets, where domestic factors add to external constraints, the IMF said. Brazil had some of the steepest cuts, with growth seen at 1.5 percent this year from 2.5 percent and 4 percent next year. India's economy may grow 4.9 percent this year and 6 percent next year, lower than previous forecasts of 6.2 percent and 6.6 percent respectively. China's estimate was cut by 0.2 percentage point each year to 7.8 percent in 2012 and 8.2 percent in 2013. Monetary policy should remain accommodative in developed economies, with expectations for slower inflation giving the European Central Bank "ample justification for keeping policy rates very low or cutting them further," the IMF said. The Bank of Japan may need to ease further, it said.

Other risks to the global economic outlook in the short term include a renewed increase in oil prices and an inability to raise the U.S. debt ceiling, it said. The IMF forecasts assume oil at USD106.18 a barrel this year and USD105.10 next year, based on the average prices of U.K. Brent, Dubai and West Texas Intermediate crudes. That compares with estimates of USD101.80 and USD94.16 in July.

**Japan's Trade**

In economic releases in the Asia Pacific region today, Japan reported a larger-than-estimated 454.7 billion yen (USD5.8 billion) current-account surplus. In Australia, business confidence recovered in September as the prospect of interest- rate reductions overshadowed weaker sentiment among miners and manufacturers, a private survey showed. In South Korea, the central bank said today that the nation's economy faces increased external risks and the finance ministry said it will step up efforts to boost growth. In Europe, the U.K. may report today that industrial production fell in August, a Bloomberg News survey of economists indicates.

*Source: Bloomberg, October 12, 2012*

## Trade Slows Around World

Declining Growth in Exports Dims Prospects for U.S. Economy; Europe Cuts Imports. Global trade is stalling, dimming prospects that exports will buoy the U.S. economy in the coming months. Trade rebounded after its collapse in the recession. Now several indicators of export activity are flashing red as Europe's recession, anemic U.S. growth and the slowing Chinese economy damp exports world-wide.

The World Trade Organization just projected the global volume of trade in goods would expand only 2.5% this year, down from 5% last year and nearly 14% growth in 2010. A Dutch government agency, the CPB Netherlands Bureau for Economic Policy Analysis, estimates it fell outright in June and July. "The problems of the advanced economies, particularly the euro zone, are being spread around the world," said Andrew Kenningham, senior global economist at Capital Economics, a London-based consulting group. "Everybody is being dragged down."

The trade shift could take a particularly big toll on the U.S. economy. Exports had been, until recently, "a stunningly strong driver of growth," said Tom Porcelli, chief U.S. economist at RBC Capital Markets. Exports have accounted for almost half of U.S. growth during this recovery, compared with an average of 12% of growth in economic cycles over the past four decades, he said. The slowdown also could thwart the Obama administration goal of doubling U.S. exports in the five years following the end of the recession in 2009. President Barack Obama has held up the goal as key in his effort to boost U.S. manufacturing and create more jobs.

The trade slowdown could worsen as momentum slips across the global economy. The International Monetary Fund is lowering its forecast for global economic growth to just over 3% this year, according to projections to be released at its annual meeting in Tokyo next week. Europe is the epicenter of the weakness radiating through the global economy. Chinese exports to the European Union—until last year its largest export market—have fallen 5% so far this year through August. Weak exports have exacerbated a slowdown in China's domestic economy, which economists project will grow around 7.5% this year, which would be the weakest annual expansion since 1990.

China's manufacturing sector contracted for the second straight month in September, the government reported Monday, underscoring the troubles in the world's second-largest economy. A separate HSBC/Markit survey of China's manufacturers released Saturday found orders for new exports in September hit a 42-month low. This slowdown is curbing exports to China from other Asian countries, such as Singapore and Thailand, which provide components for goods that end up in the hands of European consumers. Japanese exports to Europe also are tumbling. U.S. exports to the European Union fell in July after largely holding up for two years, while overall export growth slowed to a trickle this summer. The Port of Los Angeles, the nation's largest, said the volume of loaded outbound containers fell 10.5% in August from a year earlier.

U.S. manufacturers' new export orders declined for three straight months through August, ending three straight years of expansion, according to a survey from the Institute for Supply Management. While Europe is the main problem, demand also is slowing elsewhere. China is struggling to boost domestic demand while preventing broader economic damage from an overheated real-estate sector. The U.S. remains under strain as households cut debt and limit their spending, while concerns about U.S. budget policy hang over businesses. Japan's sluggish economy is being weighed down by a climbing currency that makes its exports more expensive overseas.

Global trade had grown an average of 6% a year over the past two decades, faster than the overall global economy, as globalization opened markets and led to integrated global supply chains. Outright declines in world trade volumes are rare. Apart from the severe 12% drop in 2009, total world trade declined only three other times in the past half century. Unlike 2009, when trade seized up globally, there are pockets of strength today.

The U.S. market has been a relative bright spot for China. Exports from China to the U.S. are up 10% so far this year. While that is slower than in past years, it is enough to make the U.S. China's biggest export destination so far this year, beating out the EU for the first time since 2006. Still, at China's biggest ports, volumes are falling. Shanghai, the world's largest port by volume, saw a 6% decline in shipping containers passing its quays in August compared with the year earlier. "Exports continue to be a challenge," said Ming Mei, chief executive of Global Logistic Properties, which owns warehouses in China and Japan.

Similar pressures can be seen elsewhere in Asia. Sri Lanka had been experiencing strong export growth since the end of the civil war in 2009 and a shift of production away from China where wages are rising quickly. But now it appears the island nation's apparel exports will drop this year, said A. Sukurman, head of Sri Lanka's Joint Apparel Association Forum, a trade group, and owner of Star Garments Ltd., a supplier to brands such as Abercrombie & Fitch, Ann Taylor and Lands' End.

*Source: The Wall Street Journal, October 1, 2012*

# MTB NEWS & EVENTS

## MTB WINS A MERIT CERTIFICATE FROM ICAB FOR THE BEST PUBLISHED ANNUAL REPORT 2011

Minister Abul Maal Abdul Muhith is handing over the Best Published Annual Report 2011 award to Md. Ahsan-uz Zaman, Additional Managing Director (AMD) of MTB. Commerce Minister Golam Mohammad Kader was also present in the event.

**Date:** October 01, 2012
**Venue:** Hotel Pan Pacific Sonargaon, Dhaka

## 3rd AGRO BANGLADESH FAIR 2012

Honorable Agriculture Minister Motia Chawdhury inaugurated the three-day fair and visited MTB's stall.


**Date:** October 04, 2012
**Venue:** Bangabandhu International Conference Centre, Dhaka

## MTB CELEBRATES ITS 13th FOUNDING ANNIVERSARY

Chairman of MTB Dr. Arif Dowla and Founding Chairman Syed Manzur Elahi cutting a cake commemorated the 13th founding anniversary of Mutual Trust Bank Ltd.

MTB Managing Director & CEO Anis A. Khan, senior officials were also present at the event. A voluntary blood donation program was also organized on the occasion.


**Date:** October 23, 2012
**Venue:** MTB Sky at MTB Centre, Dhaka

## LAUNCHING CEREMONY OF MTB CARE

Chairman Dr. Arif Dowla, Rashed Ahmed Chowdhury, Vice Chairman, M.A Rouf, Director, Managing Director & CEO Anis A. Khan of MTB and MTB top management were present in the event.


**Date:** October 17, 2012
**Venue:** MTB Sky at MTB Centre, Dhaka

# MTB NEWS & EVENTS

## SIGNING CEREMONY OF SYNDICATED TERM LOAN BDT 8460M FOR GP

Md. Ahsan-uz Zaman, Additional Managing Director (AMD), MTB and few other senior officials attended the ceremony along with Grameenphone's CEO Tore Johnsen and top management of the company were present in the event.

grameenphone

**Date:** October 07, 2012
**Venue:** The Westin, Dhaka


## MTB TOP MANAGEMENT VISITS TAATI FASHION APPARELS LTD.

Md. Ahsan-uz Zaman, Additional Managing Director (AMD), MTB and other senior officials visited the place for business opportunities.

**Date:** October 16, 2012
**Venue:** Rupganj, Narayanganj

## INAUGURATION CEREMONY OF MTB ATM AT CHOKORIA

Mohammad Ali Chowdhury, SEVP, Head of MTB Ctg Div Branches, M. Fakhrul Haider, Office of the Head of CTG and other officials were present in the occasion.

**Date:** October 18, 2012
**Venue:** Chokoria Branch, Chittagong

## SENIOR MANAGEMENT TEAM OF MTB VISITS CITY GROUP

MTB Managing Director & CEO Anis A. Khan, Md. Ahsan-uz Zaman, Additional Managing Director (AMD), MTB and other senior officials visited the place for business opportunities.

**Date:** October 10, 2012
**Venue:** Rupganj, Narayanganj

# NATIONAL ECONOMIC INDICATORS

### Total Tax Revenue

Total tax revenue collection in July, 2012 stood at BDT 6778.15 crore which is higher by 17.68 percent against the collection of BDT 5845.80 crore in July, 2011. NBR tax revenue collection during July-September 2012 was BDT 20894.12 crore which is higher by BDT 2802.85 crore or 15.49 percent against the collection of BDT 18091.27 crore during July-September 2011. Target for NBR tax revenue collection for FY 2012-13 set at BDT 112259.00 crore.

Sale of NSD during July-September 2012 stood at BDT 5997.05 crore which is 35.34 percent higher than the amount of sale in the same period preceding year. Net borrowing of the government through NSD certificates during July-September 2012 stood at BDT 453.12 crore against BDT 498.41 crore during July-September 2011.

Outstanding borrowing of the government through NSD certificates as of end September 2012 stood at BDT 64370.46 crore which was higher by 0.68 percent against the amount outstanding at the end September 2011.

### Liquidity Position of the Scheduled Banks

Total liquid assets of the scheduled banks stands higher at BDT 126879.53 crore as of end August 2012 against BDT 125444.21 crore as of end June 2012. Required liquidity of the scheduled banks also stands higher at BDT 83464.03 crore as of end August 2012 against BDT 79768.02 crore as of end June 2012.

Scheduled banks holding of liquid assets as of end August 2012 in the form of Cash in tills & Balances with Sonali bank, Balances with Bangladesh Bank, and Unencumbered approved securities are 6.39 percent, 31.82 percent and 61.78 percent respectively of total liquid assets.

| Bank Group | As on end June, 2012 (BDT in crore) | | As of end August, 2012 P (BDT in crore) | |
|---|---|---|---|---|
| | Total Liquid Asset | Required Liquidity (SLR) | Total Liquid Asset | Required Liquidity (SLR) |
| State Owned Banks | 38239.19 | 22207.68 | 36333.25 | 23594.90 |
| Private Banks | 60224.32 | 40217.94 | 61570.27 | 41790.42 |
| Private Islamic Banks | 13386.17 | 9188.21 | 13445.20 | 9704.72 |
| Foreign Banks | 10222.31 | 5893.93 | 12247.13 | 5938.96 |
| Specialized Banks | 3372.22 | 2260.26 | 3283.68 | 2435.03 |
| **Total** | **125444.21** | **79768.02** | **126879.53** | **83464.03** |

- **Imports**

Import payments in August 2012 stand lower by USD 358.60 million or 14.48 percent to USD 2476.50 million, against USD 2835.10 million in July 2012. This is also lower by 3.07 percent compared to August 2011 position. Import payments during July-August 2012 stand lower by 3.30 percent to USD 5311.60 million against the amount of the same period of the previous fiscal.

Of the total import payments during the period under review, imports under Cash and for EPZ stand at USD 4875.90 million, imports under Loans/Grants USD 3.80 million, imports under direct investment USD 18.90 million and short term loan by BPC USD 413.00 million.

- **Exports**

Merchandise exports in September 2012 stands lower by USD 50.59 million or 2.59 percent at USD 1900.89 million as compared to USD 1951.48 million in August 2012. However, the September 2012 earning is higher by 31.33 percent than the export value of September 2011, exceeding the target by 1.33 percent.

- **Remittances**

Remittance receipts in the first quarter of FY13 increased by 19.71 percent to USD 3558.63 million compared to the growth of 11.80 percent during the same period of FY12. In September 2012, remittances was USD 1.18 billion, recorded an increase of 37.80 percent over September 2011.

- **Aid Disbursement**

Aid disbursements in the first two months of FY13 was higher by USD 196.14 million to USD312.90 million which will also reduce BOP pressure and will help build up reserves.

- **Foreign Exchange Reserve (Gross)**

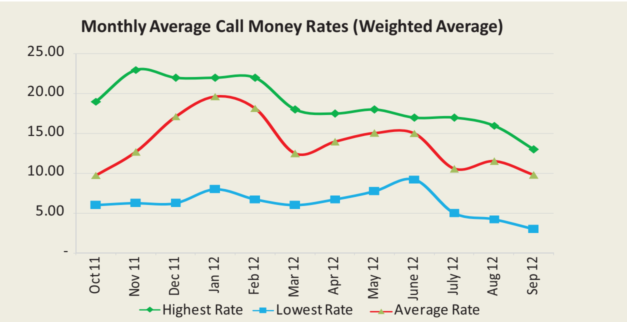
Gross foreign exchange reserves of the BB stood at USD 12244.70 million as on 29 October 2012, against USD 11252.06 million at the end of September 2012.

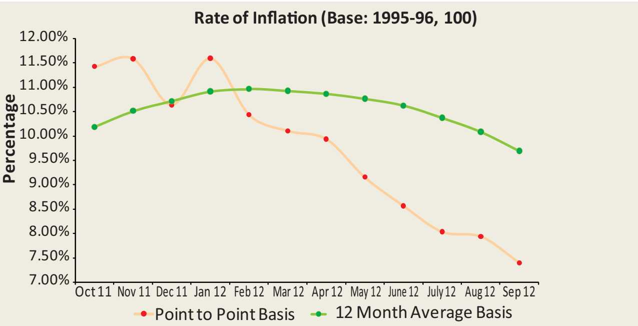
The gross foreign exchange balances held abroad by commercial banks stood higher at USD 1287.88 million by end September 2012 against USD 1192.34 million by end August 2012. This was also higher than the balance of USD 991.10 million by end September 2011.

- **Exchange Rate Movements**

At the end of September 2012 Taka has appreciated by 0.28 percent from its level at the end of June 2012 resulted from moderate growth in remittances, foreign aid, and low import pressures. On the other hand, during the same period, Indian Rupee appreciated by 5.18 percent.

*(Source: Major Economic Indicators: Monthly Update, October 2012)*




| Rate of Inflation on CPI for National (Base: 1995-96, 100) | Aug 11 | Sep 11 | Oct 11 | Nov 11 | Dec 11 | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | June 12 | July 12 | Aug 12 | Sep 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Point to Point Basis | 11.29% | 11.97% | 11.42% | 11.58% | 10.63% | 11.59% | 10.43% | 10.10% | 9.93% | 9.15% | 8.56% | 8.03% | 7.93% | 7.39% |
| 12 Month Average Basis | 9.43% | 9.79% | 10.18% | 10.51% | 10.71% | 10.91% | 10.96% | 10.92% | 10.86% | 10.76% | 10.62% | 10.37% | 10.08% | 9.69% |

*Source: Major Economic Indicators*

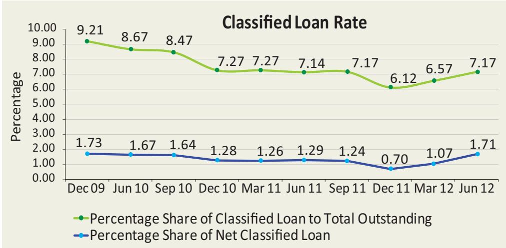
| Monthly Average Call Money Market Rates (wt avg) | Aug 11 | Sep 11 | Oct 11 | Nov 11 | Dec 11 | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | June 12 | July 12 | Aug 12 | Sep 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Highest Rate | 20.00 | 20.00 | 19.00 | 23.00 | 22.00 | 22.00 | 22.00 | 18.00 | 17.50 | 18.00 | 17.00 | 17.00 | 16.00 | 13.00 |
| Lowest Rate | 6.50 | 5.00 | 6.00 | 6.25 | 6.25 | 8.00 | 6.75 | 6.00 | 6.75 | 7.75 | 9.25 | 5.00 | 4.25 | 3.00 |
| Average Rate | 12.03 | 10.41 | 9.77 | 12.70 | 17.15 | 19.66 | 18.18 | 12.51 | 13.98 | 15.05 | 15.02 | 10.58 | 11.51 | 9.81 |

*Source: Economic Trends Table XVIII (Call Money)*

# BANKING AND FINANCIAL INDICATORS

| Classified Loans | Dec 09 | Jun 10 | Sep 10 | Dec 10 | Mar 11 | Jun 11 | Sep 11 | Dec 11 | Mar 12 | Jun 12 |
|---|---|---|---|---|---|---|---|---|---|---|
| Percentage Share of Classified Loan to Total Outstanding | 9.21 | 8.67 | 8.47 | 7.27 | 7.27 | 7.14 | 7.17 | 6.12 | 6.57 | 7.17 |
| Percentage Share of Net Classified Loan | 1.73 | 1.67 | 1.64 | 1.28 | 1.26 | 1.29 | 1.24 | 0.70 | 1.07 | 1.71 |

| | | | | Percentage Change (%) | |
|---|---|---|---|---|---|
| Monetary Survey | August, 2011 | June, 2012 | August, 2012P | Aug 2012 over 2011 | Jul-Aug 2012-13P |
| Reserve Money (BDT crore) | 96408.10 | 97802.70 | 103450.30 | 7.3 | 5.77 |
| Broad Money (BDT crore) | 453845.30 | 517,109.50 | 533173.50 | 17.48 | 3.11 |
| Net Credit to Government Sector (BDT crore) | 78225 | 91906.70 | 93278.70 | 19.24 | 1.49 |
| Credit to Other Public Sector (BDT crore) | 19806.00 | 18406.00 | 18582.80 | -6.18 | 0.96 |
| Credit to Private Sector (BDT crore) | 345561.9 | 407901.60 | 414420.50 | 19.93 | 1.6 |
| Total Domestic Credit (BDT crore) | 443592.90 | 518214.30 | 526282.00 | 18.64 | 1.56 |




| "L/C Opening and Settlement Statement (USD million)" | | | | | Percentage Change (%) | |
|---|---|---|---|---|---|---|
| | July-August, 2011-12 | | July-August, 2011-13 | | Year over Year | |
| | Open | Sett. | Open | Sett. | Open | Sett. |
| Food Grains (Rice & Wheat) | 77.50 | 277.94 | 106.21 | 125.99 | 37.05 | -54.67 |
| Capital Machinery | 356.50 | 404.72 | 348.31 | 334.1 | -2.3 | -17.45 |
| Petroleum | 736.67 | 815.5 | 572.91 | 768.76 | -22.23 | -5.73 |
| Industrial Raw Materials | 2480.23 | 1932.52 | 2241.60 | 2106.42 | -9.62 | 9 |
| Others | 2702.31 | 2049.97 | 2209.76 | 2038.53 | -18.23 | -0.56 |
| **Total** | 6353.21 | 5480.65 | 5478.79 | 5373.8 | -13.76% | -1.95% |

**YEARLY INTEREST RATES**

| End of Period | Bank Rate | Call Money Market's Weighted Average Interest Rates on | | Schedule Banks' Weighted Average Interest Rates on | | Spread |
|---|---|---|---|---|---|---|
| | | Borrowing | Lending | Deposits | Advances | |
| 2012* | 5.00 | 9.40 | 9.40 | | .... | .... |
| 2011 | 5.00 | 11.16 | 11.16 | 7.46 | 12.80 | 5.34 |
| 2010 | 5.00 | 8.06 | 8.06 | 6.08 | 11.34 | 5.26 |
| 2009 | 5.00 | 4.39 | 4.39 | 6.29 | 11.51 | 5.22 |
| 2008 | 5.00 | 10.24 | 10.24 | 7.09 | 12.40 | 5.32 |
| 2007 | 5.00 | 7.37 | 7.37 | 6.84 | 12.78 | 5.95 |
| 2006 | 5.00 | 11.11 | 11.11 | 6.99 | 12.60 | 5.61 |
| 2005 | 5.00 | 9.57 | 9.57 | 5.90 | 11.25 | 5.35 |
| 2004 | 5.00 | 4.93 | 5.74 | 5.56 | 10.83 | 5.27 |
| 2003 | 5.00 | 6.88 | 8.17 | 6.25 | 12.36 | 6.11 |

**: data upto month of October, 2012.*

**Interest Rate Development *1/**

| Period | Treasury Bills | | | BGTB | | | | Repo | Rev. Repo | Avg Call Money Rate | Lending Rate | Deposit Rate |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 91-Day | 182-Day | 364-Day | 5-Year | 10-Year | 15-Year | 20-Year | 1-3 Day | 1-3 Day | | | |
| **2010-11 *r** | | | | | | | | | | | | |
| September | ... | ... | ... | 7.93 | 8.85 | 8.91 | 9.24 | 5.50 | 3.50 | 7.15 | 11.17 | 6.00 |
| October | 2.94 | 3.75 | 4.45 | 7.96 | 8.85 | 8.94 | 9.25 | 5.50 | 3.50 | 6.19 | ... | ... |
| November | 3.72 | 4.16 | 4.65 | 8.00 | 8.89 | 9.05 | 9.41 | 5.50 | 3.50 | 11.38 | ... | ... |
| December | 4.58 | 4.85 | 5.50 | 8.10 | 9.45 | 9.11 | 9.56 | 5.50 | 3.50 | 33.54 | 11.19 | 6.08 |
| January | 5.11 | 5.39 | 5.94 | 8.25 | 9.50 | .... | 9.60 | 5.50 | 3.50 | 11.64 | 11.34 | 6.39 |
| February | 5.25 | 5.5 | 6.00 | 8.25 | 9.45 | 9.12 | 9.60 | 5.50 | 3.50 | 9.54 | 11.41 | 6.54 |
| March | 5.48 | 5.63 | 6.20 | 8.26 | 9.36 | 9.20 | 9.63 | 6.00 | 4.00 | 10.59 | 11.95 | 6.81 |
| April | 5.98 | 6.03 | 6.67 | 8.26 | 9.45 | 9.30 | 9.65 | 6.25 | 4.25 | 9.50 | 12.02 | 7.06 |
| May | 6.45 | 6.63 | 6.97 | 8.26 | 9.45 | 9.35 | 9.65 | 6.25 | 4.25 | 8.64 | 12.17 | 7.24 |
| June | 6.75 | 7.00 | 7.30 | 8.26 | 9.45 | 9.35 | 9.65 | 6.75 | 4.75 | 10.93 | 12.42 | 7.27 |
| **2011-12 *p** | | | | | | | | | | | | |
| **July** | 7.04 | 7.28 | 7.60 | 8.26 | 9.45 | .... | 10.00 | 6.75 | 4.75 | 11.21 | 12.55 | 7.32 |
| August | 7.40 | 7.65 | 7.90 | 8.30 | 9.50 | 9.65 | 10.25 | 6.75 | 4.75 | 12.02 | 12.63 | 7.40 |
| September | 7.73 | 8.30 | 8.65 | 8.35 | 9.53 | 10.30 | 10.85 | 7.75 | 5.25 | 10.41 | 12.72 | 7.42 |
| October | 8.12 | 8.40 | 8.65 | 8.50 | 9.55 | 10.99 | 11.50 | 7.75 | 5.25 | 9.77 | 12.80 | 7.46 |
| September | 8.73 | 8.90 | 9.13 | 8.50 | 9.55 | 11.00 | 11.50 | 7.75 | 5.25 | 12.70 | 12.83 | 7.53 |
| December | 9.50 | 9.18 | 10.00 | 8.50 | 9.55 | 11.00 | 11.50 | 7.25 | 5.25 | 17.75 | 13.01 | 7.55 |
| January | 10.50 | 10.63 | 10.88 | 9.00 | 11.25 | 11.50 | 11.95 | 7.75 | 5.75 | 19.67 | 13.43 | 7.86 |
| February | 11.00 | 11.23 | 11.31 | 11.25 | 11.35 | 11.60 | 12.00 | 7.75 | 5.75 | 18.18 | 13.63 | 7.95 |
| March | 11.00 | 11.20 | 11.25 | 11.3 | 11.40 | 11.65 | 12.03 | 7.75 | 5.75 | 12.51 | 13.69 | 8.11 |
| April | 11.21 | 11.29 | 11.33 | 11.37 | 11.50 | 11.70 | 12.07 | 7.75 | 5.75 | 14.18 | 13.72 | 8.17 |
| May | 11.34 | 11.36 | 11.37 | 11.40 | 11.56 | 11.75 | 12.10 | 7.75 | 5.75 | 15.05 | 13.70 | 8.25 |
| June | 11.37 | 11.40 | 11.40 | 11.45 | 11.60 | 11.80 | 12.12 | 7.75 | 5.75 | 15.02 | ... | ... |
| July | 11.36 | 11.42 | 11.39 | 11.48 | 11.65 | 11.85 | 12.12 | 7.75 | 5.75 | 10.90 | ... | ... |
| August | 11.29 | 11.30 | 11.36 | 11.50 | 11.75 | ... | ... | 7.75 | 5.75 | 12.23 | ... | ... |
| September | 11.12 | 11.35 | 11.37 | 11.55 | 11.75 | 11.88 | 12.16 | 7.75 | 5.75 | 9.81 | 13.93 | 8.4 |
| October@ | 10.13 | 11.20 | 11.34 | 11.55 | 11.80 | 11.93 | 12.16 | 7.75 | 5.75 | 9.38 | | |

Source: MRP, DMD, Statistics Dept., Bangladesh Bank, *1/ Weighted Average Rate, *p Provisional, *r Revised, @ = upto October, 2012, .... Data Unavailable

## CAPITAL MARKET – DSE
## (For the Month of October, 2012)

**Weekly Summary Comparison:**

| | October 30-November 01, 2012 | September 30-October 04, 2012 | Change |
|---|---|---|---|
| Total Turnover in mn BDT | 10,266 | 42,530 | -75.86% |
| Daily Average Turnover in mn BDT | 3,422 | 8,506 | -59.77% |

**Category-wise Turnover**

| Category | October 30-November 01, 2012 | September 30-October 04, 2012 | Change |
|---|---|---|---|
| A | 89.72% | 88.43% | 1.46% |
| B | 3.16% | 3.55% | -10.99% |
| G | 0.00% | 0.00% | - |
| N | 6.40% | 7.34% | -12.81% |
| Z | 0.72% | 0.68% | 5.88% |

**Scrip Performance in the Week:**

| | October 30-November 01, 2012 | September 30-October 04, 2012 | Change |
|---|---|---|---|
| Advanced | 78 | 114 | -31.58% |
| Declined | 189 | 163 | 15.95% |
| Unchanged | 8 | 5 | 60.00% |
| Not Traded | 9 | 2 | 350.00% |
| Total No. of Issues | 284 | 284 | 0.00% |

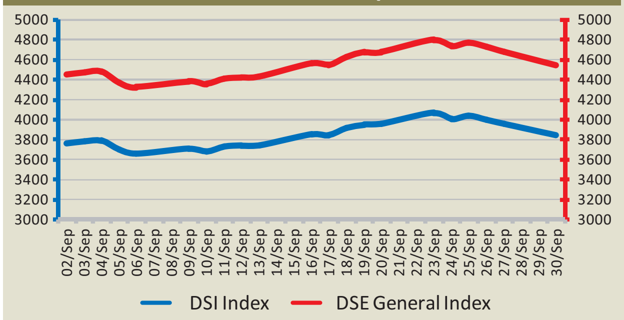
**Top 10 Gainer Companies by Closing Prices, October, 2012**

| Sl | Names | Category | % of Change | Deviation % (High & Low) |
|---|---|---|---|---|
| 1 | Prime Finance First Mutual Fund<br>ICB Employees Provident | A | 39.90 | 43.59 |
| 2 | Mutual Fund One | A | 37.23 | 44.44 |
| 3 | 6th ICB M.F. | A | 32.70 | 38.04 |
| 4 | Grameen One: Scheme2 | A | 32.21 | 44.66 |
| 5 | ICB AMCL Islamic M.F. | A | 31.25 | 32.74 |
| 6 | Southeast Bank 1st Mutual Fund | A | 27.17 | 33.33 |
| 7 | 4th ICB M.F. | A | 26.03 | 31.11 |
| 8 | Phoenix Finance 1st Mutual Fund | A | 25.56 | 39.08 |
| 9 | 8th ICB M.F. | A | 25.28 | 35.20 |
| 10 | Trust Bank 1st Mutual Fund | A | 23.96 | 33.33 |

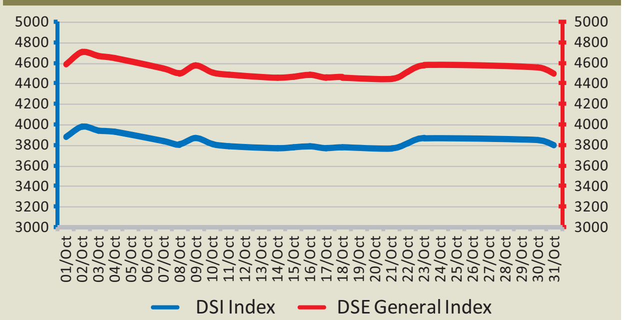
**Top 10 Loser Companies by Closing Prices, October, 2012**

| Sl | Names | Category | % of Change | Deviation % (High & Low) |
|---|---|---|---|---|
| 1 | Aamra technologies Ltd. | N | (23.83) | 35.80 |
| 2 | Imam Button | Z | (18.75) | 27.56 |
| 3 | ICB | A | (18.17) | 27.75 |
| 4 | Pharma Aids | A | (14.87) | 23.32 |
| 5 | United Airways (BD) Ltd | A | (13.65) | 26.87 |
| 6 | Dulamia Cotton | Z | (13.64) | 26.02 |
| 7 | Sonargaon Textiles | A | (12.96) | 22.39 |
| 8 | Rahim Textile | A | (12.52) | 10.92 |
| 9 | Jute Spinners | A | (12.40) | 21.81 |
| 10 | Bangladesh Submarine Cable Company Limited | N | (12.22) | 19.85 |

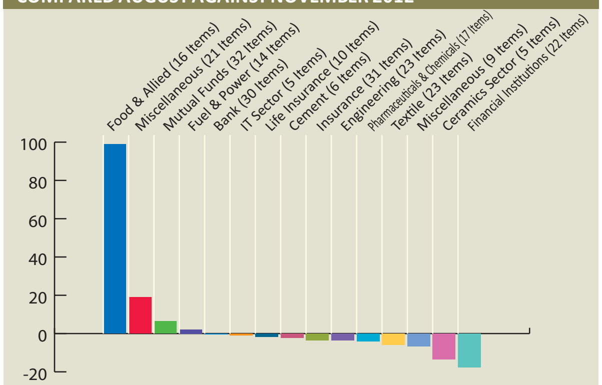
**DSE Price Indices for September -2012**




**DSE Price Indices for October-2012**




**DSE SECTOR WISE MOVEMENT BY STOCK CLOSING PRICE (% CHANGE) COMPARED AUGUST AGAINST NOVEMBER 2012**




Poor performance of banks sent the key index of Dhaka Stock Exchange (DSE) down by 59 points on the last day of the month. DGEN, the benchmark general index of the premier bourse, plunged by 1.29 percent to close at 4,494 points at the end of the four-hour trading session on the day. Consequently, 27 out of 30 scripts of banks declined with the sector shedding 2.96 percent, stated IDLC Investment in its regular market commentary. Alongside, the non-banking financial institutions continued the downhill of the previous session. Cumulatively, the poor earnings of financial sector created gloomy session over the bourse, IDLC stated. The market declined due to sell pressure as investors became disappointed by the performance of the banking sector in the third quarter, said a merchant banker. Banks earnings were lower than that of the investor's expectation which prompted to sell of stocks, he added.

The DSE broader All Share Price, DSI, also lost 49 points or 1.27 percent to end at 3,799 points, while the DSE-20 Index including blue chips shares declined by 13 points to 3,507 points.

Of the total issues traded on the DSE floor Wednesday, 93 advanced, 162 declined and 15 remained unchanged. Most of the major sectors ended in red with Banks losing 2.98 percent, followed by non-banking financial institutions 1.72 percent, Telecommunication 1.36 percent and Pharmaceuticals 0.20 percent. However, the Power sector posted gain, going up by 0.39 percent. Day's turnover at the DSE stood at BDT 4.1 billion, rising by 51.6 percent from previous trading session. United Airways, which lost 1.7 percent, was the most traded stock of the day with a total turnover of BDT 284.4 million. Bangas was the highest gainer of the day with a gain of 8.66 percent. Beacon Pharmaceuticals, which declined 21.8 percent, was the biggest loser on the day following its declaration of no dividend.

(source: The Daily Sun, November 01, 2012)

# DOMESTIC CAPITAL MARKETS

## CAPITAL MARKET – CSE
## (For the Month of October, 2012)

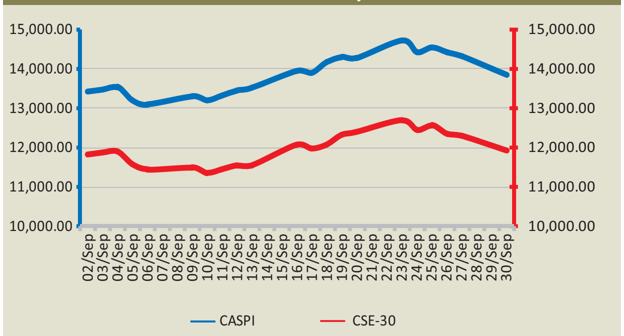
### Top 10 Gainer Companies by Closing Price, October, 2012

| Sl | Names | Category | Week Difference | Opening | Closing | Turnover (BDT) |
|---|---|---|---|---|---|---|
| 1 | IMAM BUTTON INDUSTRIES LTD. | Z | 12.82 | 11.70 | 13.20 | 115,800.00 |
| 2 | BANGAS LIMITED | A | 12.79 | 297.00 | 335.00 | 925,430.00 |
| 3 | KOHINOOR CHEMICAL CO (BD) LTD. | A | 11.64 | 268.70 | 300.00 | 106,920.00 |
| 4 | DELTA SPINNERS LTD. | A | 11.00 | 43.60 | 48.40 | 14,860,260.00 |
| 5 | RUPALI LIFE INSURANCE COMPANY LTD. | A | 9.86 | 115.60 | 127.00 | 44,160.00 |
| 6 | ACI FORMULATIONS LTD. | A | 9.63 | 66.40 | 72.80 | 1,708,485.00 |
| 7 | MITHUN KNITTING AND DYEING LTD. | A | 9.60 | 128.00 | 140.30 | 2,221,550.00 |
| 8 | APEX FOODS LTD. | A | 9.39 | 64.90 | 71.00 | 56,800.00 |
| 9 | GRAMEEN MUTUAL FUND | A | 7.40 | 63.50 | 68.20 | 3,699,300.00 |
| 10 | ASIA PACIFIC GENERAL INSURANCE COMPANY LTD. | A | 6.66 | 37.50 | 40.00 | 591,600.00 |

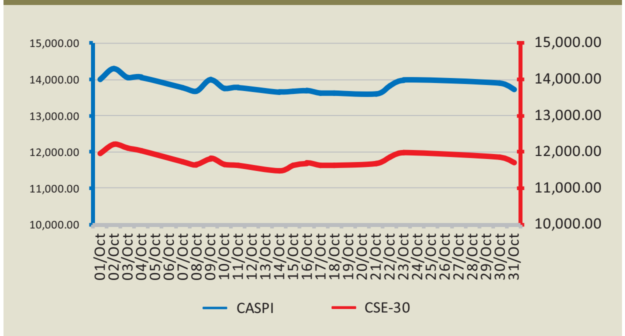
### Top 10 Loser Companies by Closing Price, October, 2012

| Sl | Names | Category | Week Difference | Opening | Closing | Turnover (BDT) |
|---|---|---|---|---|---|---|
| 1 | BEACON PHARMACEUTICALS LTD. | B | -26.03 | 24.20 | 17.90 | 52392535.00 |
| 2 | THE DACCA DYEING & MANUFACTURING CO. | A | -13.88 | 39.60 | 34.10 | 22216900.00 |
| 3 | FU-WANG CERAMIC INDUSTRY LTD. | A | -10.92 | 36.60 | 32.60 | 2218500.00 |
| 4 | AGNI SYSTEMS LTD. | A | -10.87 | 37.70 | 33.60 | 9011010.00 |
| 5 | PRIME FINANCE & INVESTMENT LTD. | A | -10.82 | 43.40 | 38.70 | 2,174,099.00 |
| 6 | UNITED COMMERCIAL BANK LTD. | A | -10.58 | 29.30 | 26.20 | 94182761.20 |
| 7 | ALLTEX INDUSTRIES LTD. | Z | -10.37 | 10.60 | 9.50 | 1418150.00 |
| 8 | KAY & QUE (BD) LTD. | B | -10.25 | 31.20 | 28.00 | 469380.00 |
| 9 | GREEN DELTA INSURANCE COMPANY | A | -10.00 | 95.00 | 85.50 | 8550.00 |
| 10 | PIONEER INSURANCE COMPANY LTD. | A | -10.00 | 88.00 | 79.20 | 39600.00 |

### CSE Price Indices for September -2012




### CSE Price Indices for October -2012



# INTERNATIONAL CAPITAL MARKETS

## SELECTED GLOBAL INDICES

### GLOBAL INDICES ROUND-UP FOR THE MONTH OF OCTOBER, 2012

**Better than expected quarterly earnings of corporate and improved risk appetite uplifts market Equities**

Equities marginally gained during the first trading day of the last week of the month as gains due to hopes that the new petroleum minister will bring in more reforms in the petroleum sector were offset by less than expected quarterly earnings of some large corporate firms.

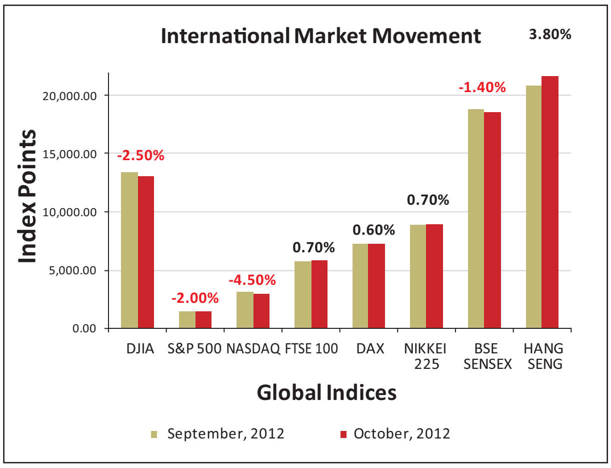
Indian stock markets however declined during October 30, 2012 after the RBI left the repo rate unchanged and increased the amount of provisioning against restructured assets of the banks.

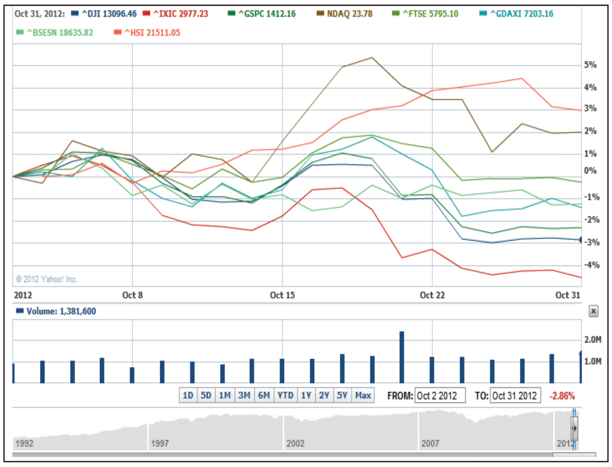
The stock markets once again gained during October 31, 2012 due to better than expected quarterly earnings of some large corporate firms. Indian equities continued to gain during the last two trading days of the week due to better than expected car sales data for the month of September 2012 and improved risk appetite of investors on the back of better-than-expected US economic data.

The BSE Sensex ended the week at 18,755.45, a gain of 0.70% as compared to the previous week's close. FIIs were net buyers in equities to the tune of Rs 440 mn (USD 7.8 mn) (upto November 02, 2012) while mutual funds were bought to the extent of Rs 17.17 bn. The S&P 500, Dow Jones and Nasdaq concluded the month of October returning (2.0%), (2.5%), and (4.5%), respectively.

| International Market Movements | | | | |
|---|---|---|---|---|
| **INDEX** | **VALUE (As of October, 2012)** | **VALUE (As of September, 2012)** | **CHANGE** | **% CHANGE** |
| DJIA | 13,096.46 | 13,437.13 | -340.67 | -2.5% |
| S&P 500 | 1,412.16 | 1,440.67 | -28.51 | -2.0% |
| NASDAQ | 2,977.23 | 3,116.23 | -139 | -4.5% |
| FTSE 100 | 5,782.70 | 5,742.10 | 40.6 | 0.7% |
| DAX | 7,260.63 | 7,216.15 | 44.48 | 0.6% |
| NIKKEI 225 | 8,928.29 | 8,870.16 | 58.13 | 0.7% |
| BSE SENSEX | 18,505.38 | 18,762.74 | -257.36 | -1.4% |
| HANG SENG | 21,641.82 | 20,840.38 | 801.44 | 3.8% |
| **Arithmetic Mean** | | | | **-0.6%** |

## DOUBLE VIEW




*(Compiled from Yahoo! Finance)*

## International Economic Forecasts: Wells Fargo Securities Economics Group™ Monthly Outlook (November, 2012)

WELLS FARGO SECURITIES

### US OVERVIEW

#### Economy—Early Post-Election, Q4 Still Subpar

The outlook is for subpar 1.4 percent growth in the fourth quarter, and unless there is a sharp change in policy, it is expected sub-2 percent growth in the first half of next year as well. Current strength in consumer spending is not sustainable, in view, since real income growth remains weak due to modest job gains and weak wage increases, while some current spending has been financed by a decline in the saving rate. Going into 2013, there are a set of tax increases that may also hinder consumer and business spending. Meanwhile, core capital goods orders are down 23.2 percent on a 3-month average annualized rate in September; the bonus depreciation on capital equipment ends this year, and federal funding for extended unemployment benefits winds down.

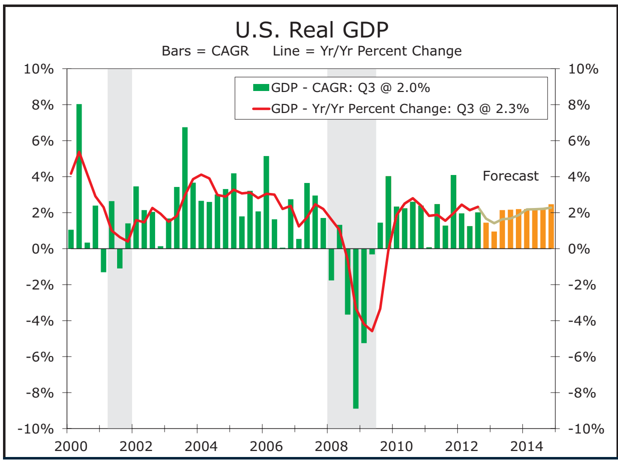
Residential investment will provide some offset to weaker business investment, but on net, it is foreseen growth remaining at 2 percent or less for 2013 given current trends. Both headline and core CPI inflation are up 2 percent year over year. As look to the fourth quarter and into 2013, a modest pickup in the pace of headline consumer inflation is seen. However, given the soft demand outlook, combined with ample economic slack that restrains income growth and the pass-through of commodity prices, no acceleration of inflation is in tow. It is expected the Fed to remain on autopilot with its open-ended MBS bond-buying program for the foreseeable future; the Fed is squarely intent on fostering a more receptive job-creating environment. As Operation Twist expires, the Fed is expected to step in and fill the USD 45 billion gap.

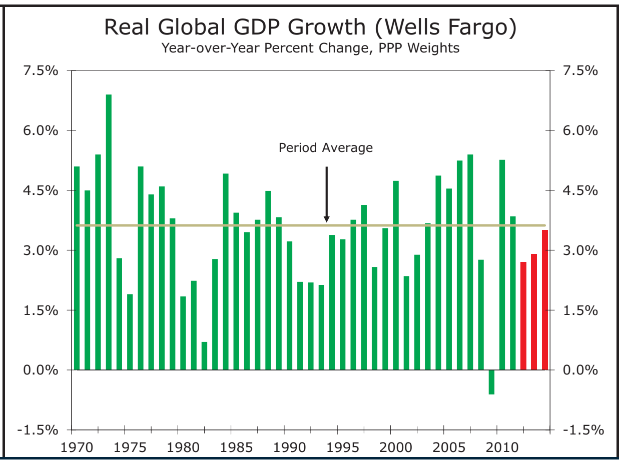
### INTERNATIONAL OVERVIEW

#### Weak Global Growth but Risks Beginning to Fade

In the past several months, it has been laid out case for a global growth environment that is weaker than the long-run average for global GDP growth. The forecast has also been consistently below the more optimistic forecast from the International Monetary Fund (IMF). It is still expected weak global growth this year and next, before returning to a more "normal" growth rate in 2014. There are still a number of obvious challenges for global growth, but fiscal and monetary authorities around the world are taking appropriate measures to mitigate the downside risk. It is not yet ready to signal the all clear. Europe is still in recession, growth in China will remain below trend for the next couple of years and the U.S. economy is still stuck in slow-growth mode. That said, things seem to be on firmer footing than they were in the summer months when European sovereign bond yields were testing multi-year highs, China was feared to be headed for a more substantial slowdown and some forecasters thought the U.S. economy was poised to slip back into recession.

For the first time since the global economy emerged from the 2009 recession, the various risks seem to be abating rather than growing. Europe has a more robust framework for dealing with sovereign debt problems, China's economy is stabilizing and, provided it can sidestep the fiscal cliff, the U.S. economy appears to be on firmer footing. The global outlook remains weak, but it is less risky, and it is on the mend.




Source: U.S. Department of Commerce, International Monetary Fund and Wells Fargo Securities, LLC



This report is available on wellsfargo.com/economics and on Bloomberg WFEC.

## ENTERPRISE OF THE MONTH

# Creation
PRIVATE LIMITED

Creation (Private) Limited is a business organization with corporate social responsibility based in Dhaka, Bangladesh. It focuses on manufacturing and exporting environment friendly semi-industrial and industrial items using natural jute fibre.

**Products:**

Rashedul Karim Munna (MD, Creation Private Limited)

Creation produces various Jute Products that include different types of the following: Jute Gardening Products: Different type and size of Jute gardening bags, Jute Hessian tape, Jute square sheet, Jute big roll, Jute felt, Jute geo textile, Jute braids, Jute yarn and twine (natural, bleached and colored), Basket hanger (shikka), Hammock, etc.

Jute Bag: Promotional bag, Shopping and gift bag, Wine bottle bag, Christmas Gift bag, Cotton bag, Gift packing bag, and customized designs and requirement as per buyer's requirement, etc.

Jute Gift Products & Packing Accessories: Gift wrapping set in a PP, Decorative spool/ yarn, Thick Jute rope and net, Cushion Cover, Curtain, Table Mat, Napkin, Coasters, Table Running Mat, Fashion Accessories, etc.

Industrial Jute Products: Jute fabric (Hessian, Carpet Backing Cloth, Fine Jute Fabric, Jute Blended Decorative Fabric, etc.), Jute packaging bags for food grade, Raw Jute fiber, etc.

Other: We have also different type of coconut fiber products like Coconut Fiber Spool, Coir Pith, Geo Textile, Fiber and Felt.

**Market Exposure:**

Its Main Export Market is in Europe, especially in Germany, Italy, Sweden, Denmark, Norway, Netherlands, Greece, Switzerland, Russia, Hungary, and also in Japan, Saudi Arab, UK and USA. It has already gained recognition and developed goodwill in all the markets it supplies to. The Company's Commitment to quality, dedication towards competitive developments and higher standards, and its skilled workforce has been an advantage towards reaching its goal of becoming a supplier of quality products at the right time. Support and loyalty from our buyers has provided a stable foundation, which has lead to the development of a sought after portfolio of quality products to meet the challenging demand of international markets. Our Delivery Period is 30 to 45 days, 45 to 60 days, and 60 to 90 days. This depends on the quantity. Participation in many International Fairs, mainly in Frankfurt International Trade Fair (Ambiente and Tendence) for the last 8 years and on an ongoing basis and Tokyo International Gift and House Ware Show has also been an added advantage.

Rashidul Karim Munna (MD) and Rubaiya Farhana (Chairperson, Creation Private Limited)

**Achievements:**

The company is now the third largest exporter of diversified jute products in Bangladesh. Creation won the HSBC Export Excellence Award 2009 under the SME (small and medium enterprise) category.


Our Achievements include: The Best Producer of Jute Diversified Products award (2005) from The Ministry of Jute and Textile of Bangladesh, DCCI Business Award (2005) for innovative manufacturing company from the Prime Minister of Bangladesh, and Arthakantha Business Award (2003) under the SME sector, and international media coverage in a documentary called "Asia's Who's Who" produced and broadcast by the Japanese National Satellite Television, NHK and national coverage in reputed print and electronic media.

**Creation Private Ltd.**
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## Way Ahead of Jute

A consortium of researchers in Bangladesh has successfully decoded the jute plant draft genome sequencing. The consortium consisted of Dhaka University, Bangladesh Jute Research Institute and software company DataSoft Systems Bangladesh Ltd. in collaboration with Centre for Chemical Biology, University of Science Malaysia and University of Hawaii at Manoa, USA. On June 16, 2010, Bangladeshi Prime Minister Sheikh Hasina had disclosed in the parliament that Bangladeshi researchers had successfully done draft jute genome sequencing which will contribute to improving jute fiber. (Source: wiki)

Lately, the same group scientists led by Dr Maqsudul Alam has decoded the genome of a most deadly fungus that causes havoc to global jute and soybean production. The fungus, macrophomina phaseolina, also causes seedling blight, root rot and charcoal rot of more than 500 crop and non-crop species. The gene sequencing of macrophomina phaseolina would particularly help Bangladeshi scientists to develop jute varieties capable of fighting the fungus that causes an annual yield loss of around BDT 4,000 crore damaging 30 percent of the country's precious natural fiber, experts said.

Jute is the second largest fiber crop next to cotton. And Bangladesh is the world's second-biggest producer of jute, next to India, and the biggest exporter of the natural fiber. Bangladesh's globally famed geneticist Dr. Maqsudul Alam led a 17-member team since early last year to decode the deadly fungus. The decoding has been done at a recently set up laboratory at Bangladesh Jute Research Institute (BJRI).

Genome sequencing helps scientists find genes much more easily and quickly. It allows scientists identify and understand how genes work together on a plant's various features like growth, development and maintenance as an entire organism. This allows them to manipulate the genes and enhance, reduce or add certain features of the plant.

Scientists involved in the jute genome and fungus genome sequencing said Bangladesh has so far filed five patent petitions and engaged three lawyers to get jute and fungus genome patented in Bangladesh's favor. Once that's done, Bangladesh would earn patent money whoever applies these innovations.

*(Source: The Daily Star, September 20, 2012)*

# ASSOCIATION OF THE MONTH

## BANGLADESH SOLAR & RENEWABLE ENERGY ASSOCIATION

**Dipal Chandra Barua**
President & Founder Chairman

Welcome to Bangladesh Solar & Renewable Energy Association (BSREA). With a vision of making Bangladesh the first solar nation I have been working and developing concepts to make solar system affordable to rural people for last fifteen years. I'm proud to inform you that with all our continuous and sincere effort we have installed more than 1.2 million solar systems to rural Bangladesh. Focusing on making Bangladesh a pollution free solar nation and to help make peoples' lives better, safer and healthier I hope BSREA will contribute endlessly.

### Mission and Vision

1. To promote Renewable Energy (RE) in Bangladesh and keep track with the fast growing RE industry around the world.
2. To help the government in policy formulation of RE sector.
- To bring discipline in RE sector in Bangladesh.
- To ensure the quality of RE system already installed and to be installed.
- To develop a world-class Testing Lab and make standardization of RE industry for all types of items, materials, equipments, panels, batteries etc for installation in Bangladesh.
3. To bridge with the government and the RE users to facilitate project implementation.
- To maintain a panel of members who are the leaders in the sector and presently engaged in this field of business.
- Research & Development of RE technology to keep in pace with the latest RE technology around the world.
- Arrange seminars, symposium, workshop, courses etc on RE and attend on invitation.
- To take advantage of (CDM) facility to get financial helps to Bangladesh RE industry by CO2 traders.
- To Liaise with the Government to use the fund related to climate change.
- Through institutional development, create skilled manpower in the field of RE and if possible to set up a training center.
- To arrange international fund to promote RE sector in Bangladesh.
- To help, negoti ate and advice government for fi xing the tariff and duti es of solar system and RE based industries in Bangladesh taking in considerati on of internati onal scenario.
- To make Bangladesh a Solar Nation.

### Launching Ceremony of the Association:

A platform for renewable energy products businesses, Bangladesh Solar and Renewable Energy Association (BSREA), was launched in Dhaka on April 04, 2012. Tawfiq-E-Elahi Chowdhury, energy adviser to the prime minister, inaugurated the association. BSREA's aim is to promote renewable energy in Bangladesh and keep track of the fast growing renewable energy industry around the world, said Dipal C Barua, president of the new body. He also said, fossil fuels are diminishing by the day, and solar energy is a complementary approach to lowering the consumption of fossil fuels. BSREA will also work for standardization and quality control of all the renewable energy products and services being sold in Bangladesh, leaders of the association said.

Bangladesh is the highest user of solar home systems (SHS). As of March, 14 lakh SHSs have been installed in the country, with electricity generation of up to 65 megawatts, according to Infrastructure Development Company Ltd. This is part of the government's plan to generate 500 megawatts or 5 percent of the total electricity

requirement from renewable energy sources by 2015 and 10 percent by 2020. About 53 percent of the entire population has access to electricity, according to Power Development Board. (Source: The Daily Star, April 05, 2012)

### Why Solar Energy:

The total solar energy absorbed by earth's atmosphere, oceans and land masses in one hour is more than the world's demand for energy a year. But it is untapped. Solar energy is being used in a natural way. The country's energy demand is actually growing annually at 14 per cent, and not as per government's estimation of 7.0 per cent. The renewable energy can bridge this gap.

Bangladesh needs to develop local infrastructure and not rely on costly imports to effectively harness solar energy. The government is not ensuring proper installations of solar panels on rooftops. People responsible for monitoring are not doing their jobs properly.

There is no denying that the world is heavily dependent on fossil fuels i.e. oil, natural gas and coal. As they take millions of years to form, fossil fuels are consumed much faster than they are produced. The world's energy reserve is being depleted at an alarming rate and in the future we might run out of all the types of fossil fuel.

In this context, the alternative energy concept is gaining popularity. Historically whenever there was a shortage and subsequent price hike of a dominant energy source, people searched and switched to an alternative. For example, coal replaced wood in the 16th century. Similarly petroleum was first commercialized after Whale oil, the dominant form of fuel for lamps in the early 19th century, was getting beyond affordability of general people. Nowadays various natural phenomena such as sunlight, wind, tides, geothermal heat etc. are of much interest because they are freely available in nature. Moreover, these resources are replenished constantly. If appropriate technology can be used, renewable energy can serve as an efficient and sustainable key to development.

There is a boundless possibility of using solar energy to solve energy crisis of the world. Solar-powered electrical generation relies on photovoltaics and heat engines.

In the meantime, country's parliament has drafted a new law to set up a 'sustainable and renewable energy development authority'. But surprisingly, the draft law has not given the proposed body enough power to gradually increase the use of renewable energy. The role of the authority has been largely confined to only encouraging the use of renewable energy and assisting the government in this regard. The real power lies in the hands of the government.

Such an authority should be independent if the government really wants to increase the share of renewable energy up to 10 per cent in the country's total energy consumption by 2020. Renewable energy represents 1.5 per cent of the country's total power consumption at present with 1.3 million solar home systems and 45,000 bio-gas plants. Considering global warming and excessive dependence on non-renewable energy resources, the government wants to increase the use of renewable energy and promote energy efficiency.

*(Source: The Financial Express, October 14, 2012)*

### Contact Us

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## Don't Sabotage Yourself

-by Susan David

We humans are funny. Often we create beliefs or engage in behaviors that seem to help us in the short term, only to discover they get in the way of the lives we really want to live, or the people we want to become.

Allow me to share the story of my friend, Erin. Over lunch one day, she told both her mentor and me about a division director job she had truly wanted. The role offered good challenges, the chance to develop her skills, fabulous travel, and unparalleled flexibility. It would have been "a dream come true".

But then Erin began to recite a litany of reasons why she hadn't gone after the job. She wasn't good in interviews, having never received the coaching that so many candidates are privy to these days. She was overweight, which would surely make a poor impression. On top of all this, due to the economic downturn, many people more qualified than she would apply. She thought she'd be great at the job if she could have made it beyond the interview, but all things considered, she "knew" she hadn't stood a chance.

"So I never applied," she told us. "Instead, I sent the advertisement to a peer and encouraged him to interview." She paused. "He got the job."

How was it that this bright, hardworking, lovely young woman also had such an aptitude for self-sabotage?

There are plenty of smart, even gifted, people like Erin. They are bonded by a common behavior psychologists call "selfhandicapping," which involves anticipating a real or imagined obstacle that might get in the way of success, and using that obstacle as an excuse.

Self-handicapping allows us to protect ourselves from the pain of assuming responsibility for our failures, and people do it all the time. In a groundbreaking 1978 study (http://psycnet.apa.org/journals/psp/36/4/405/) , psychologists Berglas and Jones found that participants who "succeeded" at a test (that was really just luck-based) were more likely to choose to take a performance-inhibiting drug before taking a second test. In other words, they actively set themselves up for failure on the second try. By doing this, they could blame their subsequent poor performance on the drug, and also protect their earlier feeling of success.

In a more recent set of experiments (http://psycnet.apa.org/journals/psp/95/2/274/) conducted by psychologist Sean McCrea atthe University of Konstanz in Germany, participants were asked to take several intelligence tests under a variety of conditions. The research showed that people who were encouraged to make excuses for their poor performance — blaming poor performance on loud noises, for example — maintained high self-esteem, but were also less motivated to improve.

This kind of behavior is often so subtle and habitual that we don't notice we're doing it. Think about the manager who has to give a big presentation and fails to practice ahead of the event, or people who procrastinate on work projects and wind up "not having enough time" to do a good job. In a 2010 HBR article (http://hbr.org/2010/07/power-play/ar/1), Jeffrey Pfeffer identified self-handicapping as one of three major barriers to building professional power: people avoid the pain of failure by never trying to build power in the first place.

What can you do to overcome self-handicapping? Here are four steps:

1. Watch for the warning signs. Drawing down your efforts, generating lists of excuses, or distracting yourself (music, alcohol, etc.) are signs that you're engaging in self-handicapping. Everyone needs to take breaks and manage energy during the work day, but these activities can be clues that you are veering onto the trail of self-sabotage. A mentor or colleague can often help steer you back on course.

2. Use "what-ifs" and "if-onlys" to help you generate goals instead of excuses. Research shows that the thinking people engage in during self-handicapping can just as easily be flipped to be motivational. When you ponder what could have gone better, or recognize obstacles in your way, you generate valuable information. Identify factors within your control, and see what you can do about them. Erin, for example, could have responded to the thought "I'm not great in interviews" by researching the right skills, practicing them, and requesting support from her mentor.

3. Recognize and manage your negative emotions. Research shows that when we use our "if-onlys" to motivate rather than excuse ourselves, we will also likely experience negative emotions, such as disappointment and self-directed anger. If you can notice these emotions and be kind to yourself in working through them, you're more likely to be able to move into positive, empowering behavior.

4. Go for mastery. Self-handicapping is most likely to kick in when we are trying to perform well in order to avoid negative feedback from external sources, such as criticism from colleagues. When we focus instead on developing mastery in a domain we care about, we tap into our inherent motivation to learn and grow. Recognize what matters to you, and brainstorm ideas to get yourself moving in that direction.

Going for what you really want takes considerable courage. Let's face it, even when you put forth your best effort, things don't always turn out as you would like. But by taking a risk you open yourself not only to the possibility of failure, but also the possibility of learning, growth, and real attainment. It's up to you to decide which is more perilous: the risk of disappointment, or the risk of never reaching your potential.

*Source: Harvard Business Review*

## Russia

The ability of Russian companies and investors to pursue foreign opportunities will depend in part on the long-term strength of the Russian economy and whether it can generate investment capital. And when it comes to the Russian economy, the ***outlook is decidedly mixed.***

In some ways, the prospects are bright. The market is already substantial. The economy, which will surpass USD 2 trn in 2012, according to Economist Intelligence Unit estimates, is already among the world's ten largest. For certain industries it is an essential location. For example, Andrey Lavrinenko, regional vice-president for Russia and the CIS at Alstom Power, the French energy company, says his business is there "because Russia has one of the biggest energy networks in the world. For us, this is a very strategic market."

Russia's high GDP is partly a function of its large population, currently about 142m people. But its GDP per head, forecast to be USD 14,200 this year, is the biggest of the BRIC countries (Brazil, Russia, India and China), and more than double that of China. The EIU sees substantial scope for growth in domestic, particularly household, spending. Its index of market opportunities ranks Russia sixth out of 82 countries—developing and emerging—and first for Central and Eastern Europe. Byron Smith, strategy and transformation director at Sweden-based AkzoNobel Pulp and Performance Chemicals, notes: "Russia is potentially a great market. It's the only really big market in Europe with strong expansion potential."

> The outlook of Russia's economy is decidedly mixed. The economy, which will surpass USD 2 trn in 2012, according to Economist Intelligence Unit estimates, is already among the world's ten largest. GDP per head, forecast to be USD 14,200 this year, is the biggest of the BRIC countries (Brazil, Russia, India and China), and more than double that of China. Russia is potentially a great market. It's the only really big market in Europe with strong expansion potential. But the real challenge in Russia is that [its legal environment] is unpredictable.

Survey respondents agree that the Russian economy has great potential. They tend to believe that the country will become Europe's largest market in volume terms (39% agree compared with 24% who disagree). They also expect that Russia will become a key export platform for both Europe and Asia (37% agree; 23% disagree). That's the good news.

The bad news is that many business barriers remain. For example, companies complain that interest rates remain too high for enterprises which might otherwise borrow to expand their businesses. Moreover, our survey respondents tend to see Russia as less promising than other major emerging markets. Slightly more agree than disagree that it will lag behind these (40% compared with 37%). As for China, 38% think that Russia will not rival it as an investment magnet, compared with 27% who believe that it will. Perhaps more striking is the level of uncertainty about these questions. Forty percent of respondents simply are unsure if the country will become an export platform, and 35% are unsure whether Russia will become the largest European market. Despite Russia's undoubted potential, reservations clearly abound.

"The real challenge in Russia is that [its legal environment] is unpredictable," says Carl Fey, professor of international business at the Nottingham University Business School in China and formerly with the Stockholm School of Economics in St Petersburg. This is particularly true with the political environment, where Russia sometimes follows an approach of extremes of legal enforcement to keep people and firms in line. "A better approach would be predictable, consistent enforcement of laws at less extreme levels," he adds.

Survey respondents agree: 44% believe that current levels of political risk are too high to allow significant investment (compared with 32% who disagree). Similarly, 46% agree that Russia will grow slowly because of a lack of reform (compared with 27% who disagree). Nearly one-third feel that the authorities will never open Russia to significant outside investment. EIU analysts see the political risks as almost as substantial as the economic opportunities. In the EIU's business environment rankings, Russia's political environment comes in 73rd out of 86 countries globally and 15th out of 16 in the region.

This does not make doing business impossible— Russian GDP is projected to grow at around 4% per year for the next four years—just a lot harder. Greg Thain, CEO of Agriculture Infrastructure Management Company, a property company, describes the situation succinctly: "The biggest problem in Russia is the complete dominance of the state. The barriers [to business] are official ones. But there are huge opportunities as well. Companies are making money there."

# CSR ACTIVITIES

## BAB donates BDT 200m to PM's relief fund

Bangladesh Association of Banks (BAB) donated BDT 200 million to the Prime Minister's Relief Fund. A delegation, led by the association's President who is also Chairman of Exim Bank Limited, Mr. Nazrul Islam Mazumder handed over the cheque to the Prime Minister (PM) at her office. While briefing to the journalists, PM's Press Secretary Abul Kalam Azad said the PM extended thanks to the bankers for the donation.

Bankers and well-off people donate money to the fund utilised for benevolent purposes including relief and rehabilitation of the victims of natural disasters and for the treatment of poor people, she said.

The BAB president said that they like to donate money to the fund as the fund money would be utilised properly.

Mercantile Bank Limited Chairman Abdul Jalil, Trust Bank Limited Chairman and Army Chief General Iqbal Karim Bhuiyan, IFIC Bank Limited Chairman Salman F Rahman, Standard Bank Limited Chairman Qazi Akram Uddin Ahmed, Bank Asia Limited Chairman Abdur Rauf Chowdhury, Islami Bank Bangladesh Limited Chairman Prof Abu Nasser Muhammad Abduz Zaher, National Bank Limited Chairman Joynul Abedin and Shahjalal Islami Bank Limited Chairman Anwar Hossain were present on the occasion. The Financial Express, October 24, 2012

## Citi launches twin projects to help underprivileged children

Citibank NA launched two community projects in the capital, aiming to improve the lives of about 800 underprivileged children. Michael Zink, Head of Asean and Citi Country Officer for Singapore, unveiled the projects at city's Sonargaon Hotel, as part of the bank's Corporate Social Responsibility (CSR) endeavors.

For one of the projects, Citi Bangladesh has partnered with Underprivileged Children's Education Program (UCEP) to launch the Citi-UCEP Pre-technical Education Project. The project will spend USD 30,000 to provide pre-tech education to 346 underprivileged children in the age group of 14 to 16 years. For the second project, Citi teamed with SEID Trust to provide education to some 450 underprivileged children who have autism, intellectual disability and or multiple disabilities. The service will be provided at SEID Trust's four centres at Shyamoli, Rayerbazar, Kamrangirchar and Hazaribagh. The Financial Express, October 01, 2012

## BRAC Bank extends help for BSMMU nursing education

BRAC Bank Ltd. has extended support for facilitating higher education in medical nursing at Bangabandhu Sheikh Mujib Medical University (BSMMU) for the second consecutive year. In this CSR initiative, the bank has donated BDT 3.6 lakh to BSMMU. Bank's Managing Director and CEO Syed Mahbubur Rahman handed over a cheque for the said amount to BSMMU Vice Chancellor Prof. Pran Gopal Datta at a simple program in the capital. Previously, BRAC Bank extended financial assistance for two generators to the department for uninterrupted power supply. The New Nation, November 01, 2012

## DBBL donates BDT 70 lakh to construct college

Dutch-Bangla Bank Limited (DBBL) has donated BDT 70 lakh for constructing a building for Sholakuri College, Modhupur, Tangail. KS Tabrez, Managing Director of the bank, has handed over a cheque for BDT 70 lakh to Yeakub Ali, Chairman, Organising Committee, Sholakuri College, in presence of other members of the organising committee as well as Senior Executives of the bank, recently at the head office of the bank.

Sholakuri union, with around 35,000 residents, mostly Garo and Kutch, has no college.

DBBL's social cause initiatives includes awarding BDT 102 crore in annual scholarships to promote the educational rights of neglected, insolvent and meritorious students. The Independent, November 01, 2012

## Citi Charity Dinner for children

More than BDT 7.5 lakh was raised at a charity dinner hosted by Citibank NA Bangladesh as part of its fund raising campaign for SEID Trust in Dhaka recently.

The fund raising programme, organized in partnership with SEID Trust, kicked off recently at a rally at Manik Miah Avenue to create awareness and promote educational rights of underprivileged children with autism, intellectual disabilities and or multiple disabilities; which finally culminated to this dinner. The event was attended by key GOB officials, members of the Bangladesh business community and officials of Citi Bangladesh and SEID Trust.

Fifteen of Citi's corporate clients generously donated to the cause, including (in reverse alphabetical order): United Commercial Bank Limited; Transcom Group; Robi Axiata Limited; Renata Limited; Pran-RFL Group; National Bank Limited; MJL Bangladesh Limited; Malek Spinning Mills Limited; M&J Group; Khulna Power Company Limited; Hameem Group; Flora Limited; Computer Source Limited; City Group and Akij Group.

Mr. Abul Quasem, Deputy Governor of Bangladesh Bank was among key officials who attended the charity dinner as the Chief Guest. The Deputy Governor formally handed over the contribution letter to SEID Trust on behalf of Citi and its' clients.

Citi's support in SEID Trust is part of its broader commitment to create awareness about the neglected part of the society and to encourage the business community to support such causes. The Financial Express, October 25, 2012

**New Appointments during October, 2012**

**BANKS, FINANCIAL & OTHER INSTITUTIONS**

| Name | Current Position | Current Organization | Previous Position | Previous Organization |
|---|---|---|---|---|
| Vosshidev Mondol | Deputy Managing Director | Rupali Bank Ltd. | in-charge in Khulna division | Bangladesh Krishi Bank Ltd. |
| A N M Abduz Zaher | Chairman | Islamic Banks Consultative Forum (IBCF) | Chairman | Islami Bank Bangladesh Ltd. (IBBL) |
| Mohammed Gofran | Additional Managing Director | Southeast Bank Ltd. | Deputy Managing Director | Southeast Bank Ltd. |
| Helal Ahmed Chowdhury | Managing Director (re-elected) | Pubali Bank Ltd. | Managing Director | Pubali Bank Ltd. (PBL) |
| Md Siddiqur Rahman | Deputy Managing Director | Sonali Bank Ltd. | Deputy Managing Director | Janata Bank Ltd. |
| AK Asraf Uddin Khan | Deputy Managing Director | Janata Bank Ltd. | Deputy Managing Director | Rupali Bank Ltd. |

# MTB NETWORK

**Corporate Head Office**

MTB Centre, 26 Gulshan Avenue, Dhaka 1212

Tel : 880 (2) 882 6966, 882 2429, Fax : 880 (2) 882 4303

13th Anniversary

## MTB Dhaka

Aganagar Branch
Babu Bazar Branch
Banani Branch
Baridhara Branch
Bashundhara Branch
Bashundhara City Branch
Chandra Branch
Chawk Moghaltuli Branch
Dhanmondi Branch
Dholaikhal Branch
Dilkusha Branch
Elephant Road Branch
Fulbaria Branch
Gazipur Branch
Gulshan Branch
Kakrail Branch
Kamrangir Char Branch
Kapasia Branch
Madaripur Branch
Meghna Branch, Sonargaon
Mohammadpur Branch
MTB Centre Corporate Branch
Mymensingh Branch
Narayangonj Branch
Narayanganj BSCIC Branch
Pallabi Branch
Panthapath Branch
Principal Branch
Progati Sarani Branch
Savar Branch
Shah Mokhdum Avenue Branch
Shanir Akhra Branch
Sonargaon Branch
Sreenagar Branch
Tejgaon Branch
Tongi Branch
Uttara Model Town Branch

### MTB Securities Ltd.

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

### SME/Agri Branch

Dhanbari
Gafor Gaon
Hasnabad
Kaliganj
Noria
Sharulia Bazar

### MTB Booth

Hazrat Shahjalal International Airport
- Arrival Lounge
- Departure Lounge

## MTB Rangpur

Dinajpur Branch
Gabindaganj Branch
Rangpur Branch
Thakurgaon Branch

### MTB Securities Ltd.

Rangpur Office

## MTB Barisal

Gournadi Branch

## MTB Khulna

Jessore Branch
Kushtia

## MTB Capital Ltd.

Corporate Head Office

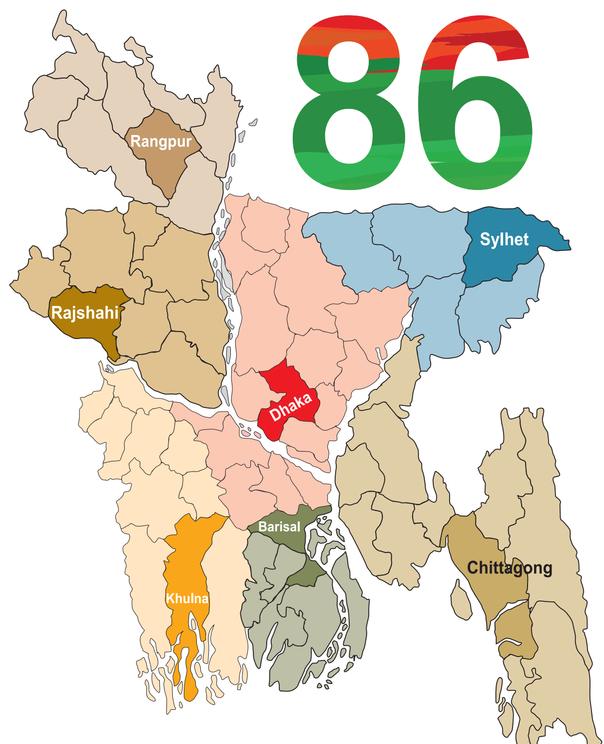
# 148
## MTB ATM

### MTB Contact Centre

24 HOURS a day | 7 DAYS a week | 365 DAYS a year

just dial **16219** or
096040 16219

# 86




## MTB BRANCHES

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

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Web: www.mtbexchangebd.com

## MTB Rajshahi

Bogra Branch
Joypurhat Branch
Naogaon Branch
Pabna Branch
Rajshahi Branch

### SME/Agri Branch

Belkuchi
Ishwardi

### MTB Securities Ltd.

Rajshahi Office

## MTB Sylhet

Habigonj Branch
Moulvi Bazar Branch
Shahparan Gate Branch
Sylhet Branch

### SME/Agri Branch

Syedpur

### MTB Securities Ltd.

Sylhet Office

## MTB Chittagong

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

### SME/Agri Branch

Dagon Bhuiyan
Haidergonj
Laksham
Nazumeah Hat
Ramchandrapur Bazar

### MTB Securities Ltd.

Agrabad Office
Alankar Mor Office
CDA Avenue Office

### MTB Booth

Shah Amanat International Airport