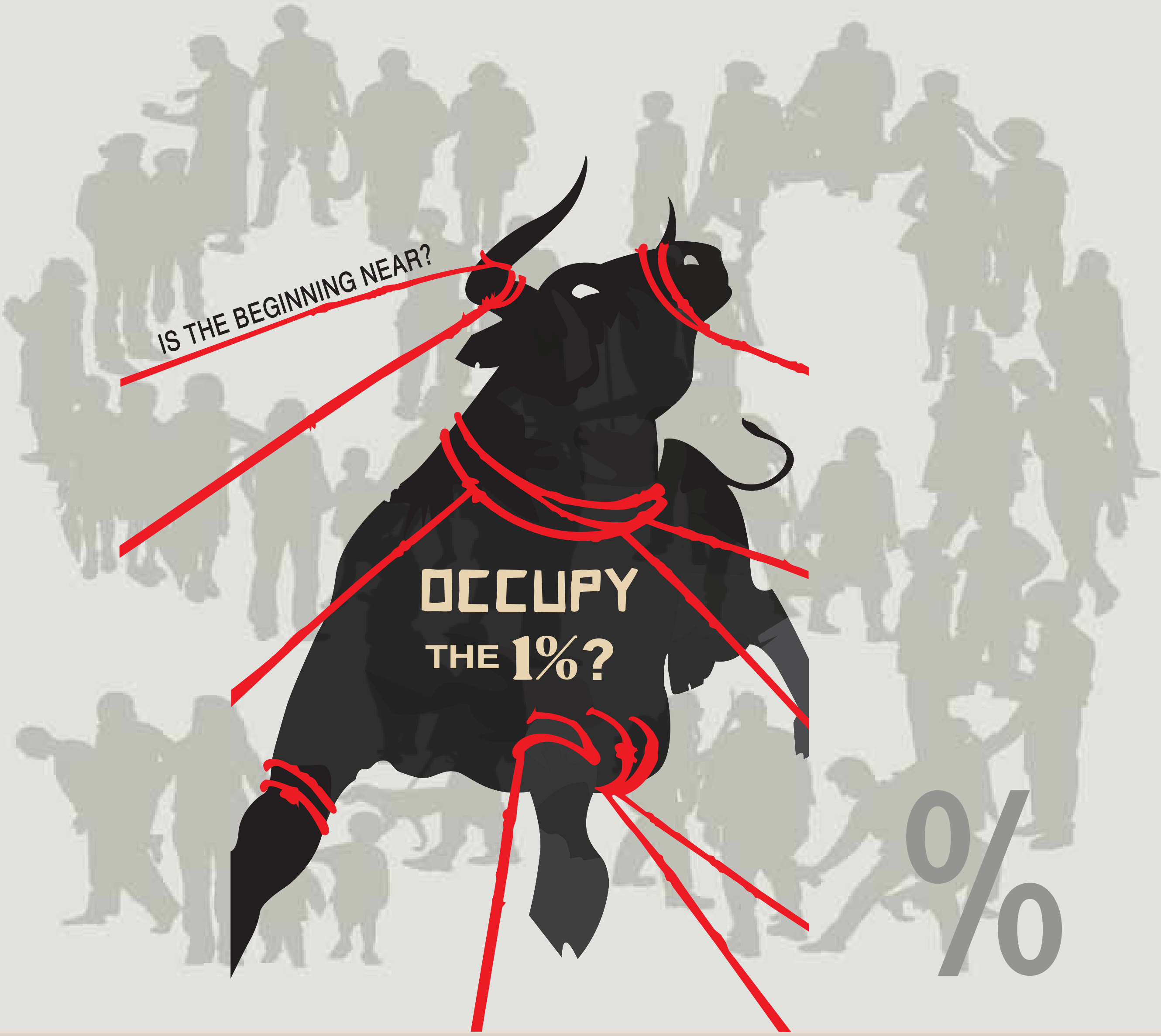
MTBiz

Monthly Business Review, Volume: 03, Issue : 04, November 2011

Economic Control or Reform or Structural Change?



নিচের যেকোনো একটি সার্ভিস নিলেই আপনি পাচ্ছেন এমটিবি রিওয়ার্ড

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

বিস্তারিত জানতে যেকোনো শাখায় যোগাযোগ করুন, অথবা
০১৭ ৩০৩৪ ৩৭৫৪-৫, (০২) ৮৮১ ৫০২১, info@mutualtrustbank.com
www.facebook.com/Mutual.Trust.Bank

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

www.mutualtrustbank.com

MTBiz content

Developed and Published by:
MTB R&D Department

Please Send Feedback to: mtbiz@mutualtrustbank.com

Design & Printing: Preview

Disclaimer

Economic Control or Reform or Structural Change

In gloomy days, people seek for hope. The world of financial markets is in a critical junction with its economies long battered by the worsening euro crisis. While chunk of investors ventured out from safe-haven bonds into riskier assets; concurrently, stock prices are bumping and America's economy is limping along and the summer slump in share prices while consumer spending has been forecasted to go weak. On this very moment world's decision makers are yet to finalize a concrete way out or an effective strategy towards sustainable long-term recovery. Still the world citizens are waiting for a direction with deep hope. This paper is going to discuss some of the latest hot talks around the globe and precisely about the risks of current global financial systems and operations. Firstly, the main problem of the current global financial system has been discussed in light of contemporary phenomenon. And how the central banks of different economies and the overall global financial system interacts between them and what duties are binding the central banks to keep respective economies off the heat of global financial risks or meltdown. Afterwards, this paper has presented evidence of risks from current financial risks and how it has hurt the economies of the world, both at large economies as well as at emerging ones. Later paragraphs discusses on a paper presented by a Professor. Lately in Aug (2011), Cornell University's Eswar Prasad (Prasad), the Tolani Senior Professor, offered a fresh road map to reform the international monetary system. He argued that emerging markets should be protected from financial shocks through a global insurance scheme rather than by "self-insuring" through purchasing government securities of the advanced economies.

Current Global Financial System

Despite the current economic turbulence, the emerging markets are going through some rapid growth. In future we are moving into a world where global growth will be powered by emerging economies, rather than held back by them. In this current world economy the emerging markets are not at all secluded from financial shocks those have been occurring especially since 2007-08 crises or even ahead of that in the advanced economies of the world. In most cases, emerging economies with no fault of their own face twisting troubles to run their economy smoothly at the time of financial crisis in the advanced economies. In practice, the central banks of emerging markets ensure themselves through buying bonds from advanced economies which in turn cause the emerging markets to run with deficit budget. This deficit in the emerging markets is financed by taking loan from their commercial banks creating liquidity crisis and slow growth prospect for the respective country. To solve this dilemma, global liquidity insurance has been suggested and it would force a quicker adjustment of global imbalances instead of the Bretton Woods system that prevails in global economy currently. In the above mentioned current financial system exists globally, central banks act as the fiscal agents of respective governments. They also issue notes to be used as legal tender, supervise the operations of the commercial banking system, and implement monetary policy. By increasing or decreasing the supply of money and credit, they affect interest rates, thereby influencing the economy…Their aim is to maintain conditions that support a high level of employment and production and stable domestic prices. Central banks also take part in cooperative international currency arrangements designed to help stabilize or regulate the foreign exchange rates of participating countries.[1]

All Financial Institutions (FIs) and commercial banks of any country are licensed and insured by respective central banks in this process. These banks and FIs keep deposit and buy government treasury bill/bond from respective central banks. Whereas the central banks of emerging markets are insured through buying bond from the advanced economies central banks i.e. Federal Reserve System. In the current arrangement, the central banks of advanced economies can easily avail pull of debt through selling government bonds to the central banks of emerging economies incurring very low cost of fund to finance their huge budget deficit every year. Through this process the advanced markets have already taken a huge debt making them overburdened. For example, Currently Italy has 120% debt of their total GDP and which is the highest in the world. This high level of public debt has even increased the cost of public borrowing of such countries, slowing down the country's growth rate (to 0.3% in Italy and also one of the lowest in the world). In this regard EU has gathered bailout fund to protect the slumping economies (i.e. Greece, Italy, Ireland and Portugal). But this process cannot go on.

On the other hand, unlike developed economies, emerging economies finance their budget deficit through taking loans at a much higher rate from their own commercial banks creating liquidity crises in the economy. These commercial banks keep required deposits in the central banks at a much lower rate whereas they collect deposits from the households and institutions at a significantly higher rate due to lesser and lesser flow of money in the economies resulted from everlasting and increasing budget deficit every year. Again, emerging countries require huge fund from the Bretton Woods organizations (WB, IFC) for different development projects they undertake for infrastructural improvement in their own countries. These economies take huge loan from the organizations at a high cost of fund. From every aspect they are bound to take the fund as they lack the same due to injecting fund in buying bonds of advanced economies to insure respective countries economy or financing their own deficit budgets. Consequently, above incidents those take place in the emerging economies lead the banks and FIs of emerging markets lending money to their customers (both corporate and retail users) at a much higher rate than any developed a country. This high cost of fund affect the emerging economies even worse than before causing both Inflation and slower growth rate. Inflation makes life costlier and slower pace of industrialization adds more and more unemployed people to these economies every year.

So in today's world economy World Bank and IMF (International Monetary Fund) plays the role of financial facilitator along with Central Banks. If we look back the emergence of World Bank and IMF it all started from the 'Bretton Woods System'.

The Role of World Bank and IMF

This Bretton Woods system of monetary management established the rules for commercial and financial relations among the world's major industrial states in the mid 20th century. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent nation-states…Setting up a system of rules, institutions, and procedures to regulate the international monetary system, the planners at Bretton Woods established the IMF and the International Bank for Reconstruction and Development (IBRD), which today is part of the World Bank Group. These organizations became operational in 1945 after a sufficient number of countries had ratified the agreement. The chief features of the Bretton Woods system were an obligation for each country to adopt a monetary policy that maintained the exchange rate by tying its currency to the US dollar and the ability of the IMF to bridge temporary imbalances of payments.[2]

These organizations were established with different aims. According to the World Bank, "The World Bank is a vital source of financial and technical assistance to developing countries around the world. Our mission is to fight poverty with passion and professionalism for lasting results and to help people help themselves and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors."[3]

The World Bank offers a wide range of lending and non-lending solutions to meet the world's development challenges i.e. investment and development policy operations, banking products, trust funds and grants, guarantees & non-lending activities etc. On the other wing, according to IFC, "IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. We create opportunity for people to escape poverty and improve their lives. We do so by providing financing to help businesses employ more people and supply essential services, by mobilizing capital from others, and by delivering advisory services to ensure sustainable development."[4]

IFC provides investment services, advisory services and asset management services to their clients in emerging markets. Both organizations also ensure guidance and accountability throughout the project implementation. Any discrepancy of agreement regarding diversification of fund, meeting time limit, use of resources, corruption etc may lead to termination of contract.

Prasad's 'Global Insurance System'

According to Prasad at heart it is a really simple idea, till now, the issue hasn't been framed this way, and most people have simply looked at tweaking the existing financial system. But there is a lot of institutional baggage out there that makes emerging markets reluctant to rely on the IMF, even though the IMF is supposed to offer protection to emerging markets. His scheme strips the problem down to its bare essentials and what the solution ought to be. His proposed 'Self-Insurance System' that prevails in the current global financial system tends to be costly for emerging markets that have to tie up resources in advanced economy government bonds rather than using it to meet their own physical capital investment needs. Another cost involves the higher yields paid on government bonds used to sterilize the liquidity effects of foreign inflows relative to the low yields earned on reserves held as advanced economy bonds. Some economies limit their sterilization costs through financial repression. Such insurance may also prove expensive in the long run in terms of an eventual capital loss from the anticipated depreciation of advanced economy currencies relative to those of emerging markets or if advanced economy governments drive down the real value of their bonds through inflation.[5]

Accounting all these prevailing problems in the global economy, the current system needs to be improved through taking several measures. Global insurance scheme can be used as a role reversal of the current financial system. This system has been talked by both Prashad, senior professor of Cornell University and IMF. Prasad's insurance scheme would provide a safety net for countries that run into trouble because of global shocks, often through no fault of their own. This scheme would also require countries with higher risk to pay higher premiums up front, when they need the payout, no new strings would be attached to the money. The plan would provide a temporary respite for countries with deep fiscal problems. According to Prasad, global liquidity insurance scheme suggests possible solution that would provide a safety net for countries that run into trouble because of global shocks, often through no fault of their own and a quicker adjustment of global imbalances. This scheme would also require countries with higher risk to pay higher premiums up front, when they need the payout, no new strings would be attached to the money. The plan would provide a temporary respite for countries with deep fiscal problems. The major risk emerging markets face from rising financial openness are no longer related to dependence on foreign finance, but arise because capital flows heighten homegrown vulnerabilities and exacerbate the costs of weak domestic policies and institutions. Again, in the current system the developed economies can finance its large budget deficit by selling government bonds at a much lower rate as to the emerging economies those insure themselves against financial crisis. But Prasad's plan would force the developed economies to be disciplined in their fiscal policies and control their budget deficits along with reducing the demand for US or EU government bonds by the emerging markets.[6]

MAJOR FOREIGN HOLDERS OF TREASURY SECURITIES

(Billions of USD)

Country	August 2011	July 2011	June 2011	May 2011	April 2011	March 2011
China (main)	1137.0	1173.5	1165.5	1159.8	1152.5	1144.9
Brazil	210.0	210.0	207.1	211.4	206.9	193.5
Taiwan	150.3	154.3	154.4	154.4	154.5	156.1
Russia	97.1	100.7	110.7	115.2	125.4	127.8
India	37.7	37.9	38.9	41.0	42.1	39.8

Source: Department of the Treasury/Federal Reserve Board, Oct 18, 2011

Prasad includes, emerging markets have cast off their original sin--their external liabilities are no longer dominated by foreign-currency debt and have shifted sharply towards direct investment and portfolio equity. Their external assets are increasingly concentrated in foreign exchange reserves. Given the deteriorating public debt trajectories of reserve currency economic areas, the long-term risk on emerging markets' external balance sheets is shifting to the asset side. Still, emerging markets are looking for more insurance against balance of payments crises even as adverse debt dynamics in advanced economies increase the potential costs of self-insurance through reserve accumulation. Prasad proposes a mechanism for global liquidity insurance that would meet this need with fewer domestic policy distortions and force a quicker adjustment of global imbalances. It also argues that the big risks most emerging markets face from rising financial openness are no longer related to dependence on foreign finance but arise because capital flows heighten home-grown vulnerabilities and exacerbate the costs of weak domestic policies and institutions.[7]

To make the short term solution work, Prasad has also suggested required reserve that would be desirable to keep by the emerging economies. Conventional criteria suggest a level adequate to cover 6 months of imports or the stock of short-term external debt maturing over the next year (the Greenspan-Guidotti rule). By these criteria, most major emerging markets had accumulated more than sufficient reserves by the early 2000s. The insurance pool suggested by Prasad for the world's major economies would be formed—mainly but not necessarily just for the emerging markets. Each country would pay a modest entry fee between USD 1 and 10 billion, depending on its size as measured by GDP, to provide an initial capital base. It would then pay an annual premium for buying insurance that it could call upon in the event of a crisis… A country running large budget deficits or continuing to accumulate large stocks of external debt in successive years would pay rising premiums in each of those years. In this way, their contributions to rising global risks would be accounted for.[8]

The premiums accumulated through the above mentioned process would be invested in a mixed portfolio of government bonds of the US, Euro area and Japan. In return, the Federal Reserve, ECB and Bank of Japan would be obliged to backstop the pool's lines of credit in the event of a global crisis. This would simply institutionalize ex-ante swap arrangements of the sort that major central banks opened up ex-post during the crisis to provide liquidity to other central banks. The insurance payout would be in the form of a credit line open for a year rather than an outright grant. The interest rate would be non-punitive and based on the yields on short-term government securities in the countries backing up the insurance pool. The country drawing on this insurance would be required to pay back the borrowed amount within the one-year period in the same hard currency that it gets for the loan. So if a country's currency depreciated in the ensuing year, it would have a higher debt burden in domestic currency terms, which to some extent would be a disincentive for the country to persist with bad policies under the protection provided by the credit line. The country would not be able to buy additional insurance until there was a full repayment of the initial draw from the insurance pool. Premiums would be raised substantially if a country wished to renew its insurance in the next period after drawing on the credit line without any improvements in its policies. Thus, the insurance would only be suitable for liquidity crises. This system would also bring broader benefits i.e. help discipline advanced economies' fiscal policies by raising their borrowing costs. This would also tamp down private capital flows to emerging markets, an added benefit for those countries in that group concerned the low cost debt in the US and other advanced economies is flowing disproportionately to them and causing complications in their domestic macroeconomic management. This scheme would help get the incentives right. First, it reduces the incentives for emerging market economies to self-insure; in the event of a liquidity crisis, they would have access to a large insurance pool with no conditions attached. This would allow them to conduct better macroeconomic policies rather than focus on accumulating reserves. Second, it mitigates the risk of spiraling global macroeconomic imbalances and the attendant risks of crises and their spillover effects. Third, it creates a transparent mechanism by which the global costs of a country's policies would be internalized to some extent or, at a minimum, made more visible. Lately, IMF proposed an 'EU-wide deposit insurance scheme' who called for a scheme a more coordinated regulation of the continent's banks to prevent contradictory national regulation from exacerbating its debt crisis. It will work as a common bank crisis management system, a supra-national resolution regime and common deposit insurance rules would help significantly stabilize the banking system, said Ajai Chopra, the deputy director of the IMF's European Department. The IMF believes a deposit insurance scheme should be introduced in parallel to an increased harmonization of deposit insurance schemes in the member states to ensure sovereign problems don't trigger destabilizing bank runs, he said. The scheme could be funded by a harmonized bank levy on selected bank liabilities or a financial activity tax, he said.[9]

Limitation

No model can perfectly capture all the idiosyncratic factors that will constrain or boost an economy's development of the world overnight. One of the most significant matters regarding this proposed model is, re-investment of the fund in developed economy, as said, 'the premiums accumulated through the above mentioned process would be invested in a mixed portfolio of government bonds of the US, Euro area and Japan'. Prasad's theory of re-investment of the fund in the developed economy is in contrast, to the idea that, if the developed countries fail, the developed country's bonds won't help protecting the economy of the emerging countries.

1. *http://www.answers.com/topic/central-bank*
2. *http://en.wikipedia.org/wiki/Bretton_Woods_system*
3. *http://web.worldbank.org/wbsite/external/*
4. *http://www1.ifc.org/wps/wcm/connect/*
5. *http://prasad.dyson.cornell.edu/doc/*
6. *Ibid*
7. *Ibid*
8. *Ibid*
9. *http://articles.economictimes.indiatimes.com/2011-10-15/*

FINANCE AND ECONOMY

NO CRISIS IN ECONOMY, SAYS BB GOVERNOR

Bangladesh Bank (BB) Governor Dr. Atiur Rahman said there is nothing to be worried about the overall economic condition of the country. "There's no crisis in the economy and nothing to worry about. The economy is now in a stronger position," Rahman told the news agency over phone. On the government's bank borrowing, the central bank governor said there is no reason to worry about it either. The chief of Bangladesh Bank (BB) came up with these observations in the wake of concern voiced by different quarters over the current state of the national economy. According to BB officials, the government borrowed BDT 8,130.58 crore in the first quarter of the current fiscal year, which is higher than the same period last fiscal year. A BB senior official said it is less than half of the targeted loan of the current fiscal year (BDT 19,000 crore). The official, preferring not to be named, said it is untrue that increased government borrowing from the banking sector is contributing to inflation. "A major part of public sector expenditure, being used as subsidy, helps ease inflation." Meanwhile, a BB report said there is no evidence of a low flow of credit to the private sector for the government borrowing from the banks. The government has kept BDT 23,600 crore in deposits from the public sector's credit balance of BDT 79,267 crore, which is being used by the banks in providing loans to the private and public sectors. The report also said the pressure of paying import bills mounts pressures on the exchange rate but it will not exceed tolerable levels. (14 October, The Daily Star)

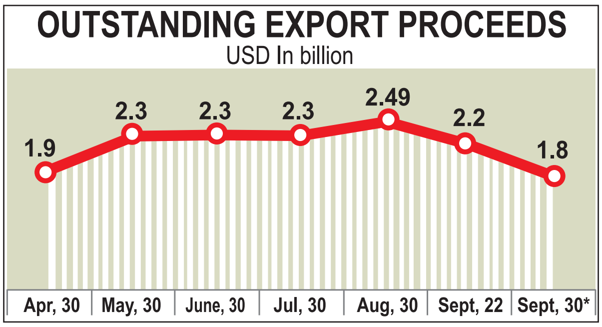
THE WORLD CAN FOLLOW BANGLADESH'S GROWTH MODEL: DR. ATIUR

Bangladesh's approach to financial development and inclusive growth could be replicated in other countries, the central bank governor said. "With this alignment and orientation of corporate ethos in the financial sector with their social and environmental obligations, banks are now spontaneous and proactive in innovating efficient, cost effective modes of reaching out to the excluded and under-served population segments," said Dr. Atiur Rahman. "We believe the approach of financial development and inclusive growth adopted in Bangladesh is of broader relevance beyond borders," he said. Global success in maintaining broad-based economic and social growth with commodity price stability and financial stability hinges on similar reorientation of corporate goals and objectives of all banks and financial institutions, Rahman said. His comments came at the Global Policy Forum 2011, which was held in the Riviera Maya of Mexico on September 27-30. The Alliance for Financial Inclusion organised the event, where more than 300 policymakers including governors and deputy governors from developed and emerging economies gathered to share their experiences on financial inclusion in their countries. The governor was one of the panelists in the session titled "Moving toward a more inclusive financial future: making commitments". Other panelists included governors of Bank of Zambia, Central Bank of Nigeria, Bank of Tanzania, Reserve Bank of Malawi and President of CNBV, Mexico. Njuguna Ndung'u, governor of Central Bank of Kenya, moderated the discussion. In Bangladesh, Rahman said, the government's programmes and policies seek to accelerate inclusive economic growth, focusing public expenditure outlays in developing the social and physical infrastructure, crowding in private investments in output activities. (2 October, The Daily Star)

BB LAUNCHES DEBIT TRANSACTION SERVICES

Bangladesh Bank is now offering debit transaction facility under its electronic fund transfer network to provide people an easy, faster and hassle-free service, especially for giving tax, utility bills and remittance transfer. Debit transaction facility is a new addition to Bangladesh Bank's EFT system that was introduced from February this year under Bangladesh Electronic Fund Transfer Network. BB also introduced automated clearinghouse under BEFTN last year to settle cheque quickly. 'Debit transaction facility is now on operation. This paperless service will not only ease payment of tax and various bills but also reduce transaction cost for both organizations and their clients,' said BB executive director Dasgupta Asim Kumar. 'It is faster and less expensive,' he said, adding that for example, if a bank charges BDT 100 for providing a service, it will come down to only BDT 5 under this new transaction system,' he added. Large public utility service providers such as WASA, Titas and Power Development Board can easily collect their bills from their hundreds of thousands of consumers under debit transaction service. Their consumers, the ultimate sufferers, will not have to stand in queue in bank concerned at the end of each month to clear bills, the BB official said. (2 October, The New Age)

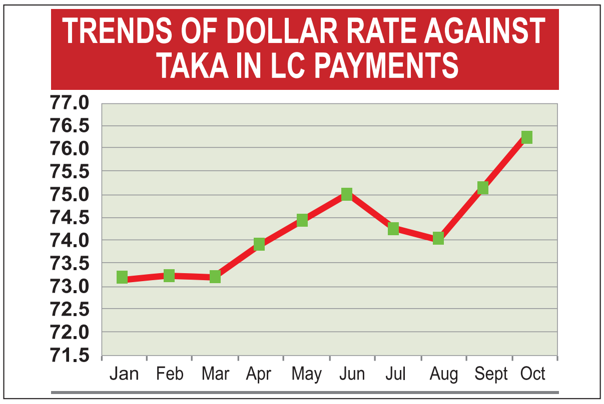
BB ASKS BANKS TO BRING BACK EXPORT PROCEEDS FAST
Bid to Ease Pressure on Forex Reserve



In the face of a mounting pressure on the foreign currency reserve, the Bangladesh Bank directed all commercial banks to quickly bring back their export proceeds. BB Deputy Governor Ziaul Hasan Siddiqui along with other high officials sat with the chief executive officers of the commercial banks at the central bank. The central bank at the meeting also directed the exchange houses of the commercial banks to refrain from any unhealthy competition so that the BDT-dollar exchange rates do not go up abnormally. Last month, the visiting International Monetary Fund mission also expressed concern over the falling balance of payments (BoP) and foreign exchange reserve of the country. The IMF team also recommended the government take a good number of steps in this regard. The government has also started feeling the pressure and sought fresh support of USD 1 billion from the IMF about which the finance minister presented the government's case in the World Bank (WB) and IMF annual meeting last month. The foreign currency reserve was at USD 9.88 billion, down from USD 10.91 billion in June.

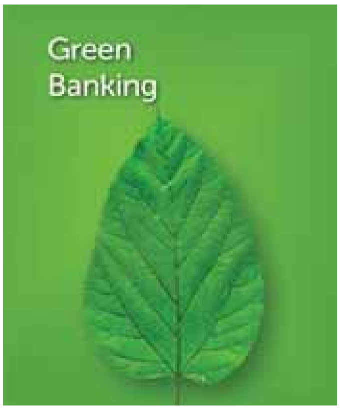
The reserve crossed the USD 10 billion mark in October 2009 and at one point it reached USD 11 billion last year. However, the IMF said the foreign exchange reserve of Bangladesh may dip to USD 8.2 billion at the yearend due to the pressure on the BoP. The pressure on the BoP also pushed up the BDT-dollar exchange rate. On September 27, the exchange rate was on an average BDT 75.18, up from BDT 74.23 in June last year. On September 27 last year, the exchange rate was BDT 69.86. The high exchange rate is a concern for the central bank as the rising trend pushes up inflation further and directly hit the poor. An official of the central bank said the BB is taking various steps to reduce the pressure on the BoP, and sat with the banks as part of the ongoing process. The official said export proceeds usually reach the country within 120 days of export. The BB has advised the banks to bring in the export proceeds before the deadline so that the banks can make the import payment from their own income. Outstanding export proceeds, except those from the export processing zones, reached USD 2.49 billion in August. However, the amount came down to USD 1.8 billion on September 30. The central bank also observed that the exchange houses of some banks are quoting high rates for bringing in money from expatriates through their banks, which in many cases is heating up the market. In a bid to ease the stress on imports, which will help reduce the pressure on the BoP, the BB also asked the banks not to go for any unnecessary import. However, BB Governor Dr. Atiur Rahman told The Daily Star that the central bank has not put any stress on the banks. The BB has advised the banks so that their role does not distort the market. The central bank governor also said the BB has taken several steps to reduce the pressure on the BoP. The pressure would ease significantly by the yearend, the governor added. Dr. Atiur said rice import has come down and the prices of different commodities are falling on the international market. As a result, a good situation is expected in near future, he said. On the declining foreign currency reserve, Dr. Atiur said: “It will sometimes increase and sometimes mark a fall.” He said, “The reserve is built up so that it can be utilized at the time of need and the issue has to be seen in that light.” (6 October, The Daily Star)

BB-SET DOLLAR RATE CROSSES BDT 76 FOR FIRST TIME



The exchange rate of dollar, set by the Bangladesh Bank on a daily basis, crossed BDT 76 for the first time as BDT continued to lose ground, pushing up further the already high inflation. Officials of the central bank said that the huge demand of dollar for import of fuel oil to run the rental power plants and large procurement of the greenback by Hajj pilgrims continued to push up the rate of dollar. Buying rate of dollar stood at BDT 76.08 and selling rate BDT 76.13, up from around BDT 75.70-BDT-75.80 last week. The rate was BDT 75.48 and BDT 75.50 on October 10. The exchange rate of dollar set by commercial banks in inter-bank exchange also remained high at around BDT 77-78 while in the kerb market the rate varied between BDT 79 and BDT 81. BB officials said that the latest decline in foreign exchange reserve amid soaring import of fuel oil contributed to the rise in dollar rate. The average dollar exchange rate, set by BB, was BDT 70.35 on October 18, 2010 and it was BDT 74.23 on June 30 this year. The foreign exchange reserve came down to USD 10.08 billion on October 18 from around USD 11.32 billion in March. The reserve was USD 11.21 billion on October 18, 2010. Officials said that the fuel oil import for costly rental power plants, set up recently, continued to increase every month. ‘The settlement of letters of credit for fuel oil import increased by 150.88 percent to USD 887.60 million in the first two months of current fiscal year from that of USD 353.82 million in July-August last fiscal year,’ said an official. Besides, the settlement of LCs for capital machineries, mostly power plant equipment, also rose to USD 404 million in July-August from that of USD 280.61 million during the same period last year. He said that dollar rate also increased as many of the Hajj pilgrims were taking dollars with them to perform Hajj in Saudi Arabia. Bangladesh Institute of Development Studies director general Mustafa K Mujeri told New Age that the exchange rate of dollar had been increasing for last few months because of pressure on foreign exchange reserve due to higher imports and lower growth in remittances.’ The further rise in exchange rate of dollar will push the import cost higher, resulting in higher inflation,’ he warned. Mujeri said that if the coming Aman rice cultivation yields good harvest, the inflation might not increase further, but the external factors like the higher import cost, lower remittance growth and pressure on foreign exchange reserve have been a matter of concern. The latest Bangladesh Bureau of Statistics data showed that inflation increased to 11.97 percent (on point-to–point or monthly count) in September, the highest in 10 years. The BBS data showed that food inflation, which was 12.7 percent in August, had increased to 13.75 percent in September while food inflation in urban areas increased to 14.69 percent in September from 12.94 percent in August. (27 October, The New Age)

BANGLADESH BANK TAKES STEP ON GREEN BANKING



Bangladesh Bank (BB) governor Dr. Atiur Rahman has said the central bank has taken steps to encourage green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management(ERM). “The central bank introduced BDT 2.0 billion refinance line for financing solar energy, biogas and effluent treatment plant (ETP) at only 5 percent interest rate,” he said while addressing the Global Policy Forum 2011 at the Riviera Maya of Mexico. The Alliance for Financial Inclusion (AFI) arranged the event where more than 300 policymakers including governors and deputy governors from developed and emerging economies have gathered to share their experiences on financial inclusion in their countries, according to a message received here. Dr. Atiur said steps have also been taken to set up solar power system at the rooftop of BB Head Office, encouraging banks and financial institutions in minimizing paper transactions and installing solar power system, opening up refinance line for solar energy, bio-gas and effluent treatment plant (ETP) at reduced interest rates. He said Bangladesh Bank is actively encouraging engagement of banks, microfinance institutions and mobile phone and/or smart card IT platforms in partnerships innovating financial service delivery models responding to the diversity of existing and emerging new needs in the fast developing market. "Receipt and delivery of inward remittances from workers abroad are now largely electronic, and the electronic mode has made large inroads also in payments of utility bills." The central bank governor said use of credit and debit cards for e-payment at vendor site POS terminals is spreading steadily. "Mobile phone and/or smart card based online purchases of goods and services are catching on in popularity, with growing hassles from traffic snarls and jams in physical visits to vendor outlets in cities." (1 October, The Daily Star)

BD'S GROWTH OUTLOOK UNCERTAIN, SAYS WB

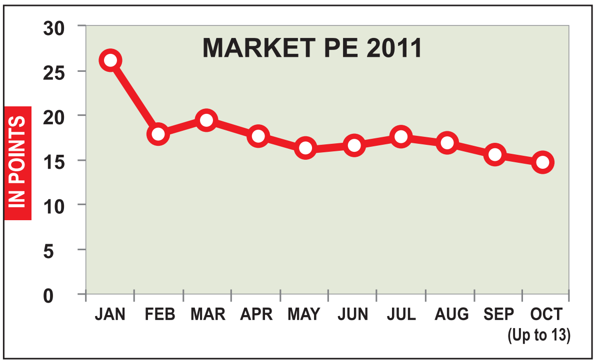
Improved Fiscal and Monetary Discipline, Reforms are Critically Important

Bangladesh has insufficient fiscal leeway to cushion the impact of a global slowdown and its growth outlook for the year to June 2012 is uncertain, the World Bank said, reports Reuters. Areas of concern include an increasing fiscal deficit, high and volatile inflation, overshooting of monetary targets, financial sector weaknesses and growing external imbalances, it said. The country's year to June 2011 growth rate of 6.7 percent, helped by strong performance in the manufacturing and construction sector and a bumper harvest, can only be sustained if exports continue to grow, according to the World Bank's bi-annual economic update. What would work in Bangladesh's favour are lower international commodity prices, particularly oil and food, the report said. Bangladesh's government is grappling with high inflation and aims to bolster economic growth to 7.0 percent in the 2011-12 fiscal years, driven by exports and inflows of remittances. Exports, largely garments, rose 22 percent year on year in the three months to September while funds from Bangladeshis working abroad rose 9.0 percent, a slower pace of growth than the previous year. AFP adds: Global economic uncertainty looks set to scupper Bangladesh's ambitious plans for 7.0 percent economic growth in the current fiscal year, the World Bank said. The impoverished South Asian country had unveiled the growth target -- the highest since the mid-1970s -- in the budget in June, after it clocked 6.7 percent growth in the previous 2010-11 fiscal year. The World Bank said the same level of expansion "can only be repeated" if exports continue to grow. The report, however, noted the country's strong performance in FY11 can only be repeated if exports continue to grow, apparel exports gain from the recent India-Bangladesh agreement, and remittances continue to recover and the investment is boosted by improved infrastructure services, particularly power. The economic update noted a protracted global economic slowdown could affect Bangladesh through several channels. Meanwhile, another multilateral capital donor -- the Asian Development Bank (ADB) -- in its latest development outlook said Bangladesh's economy is expected to grow at 7.0 percent rate in the current fiscal due to continuous export growth and expansionary domestic demand for rising remittance and income flows. (26 October, The Financial Express)

REMITTANCE INFLOWS IRREGULAR: BMET

Robust inward remittance flow has slowed down in the last three years, reveals the Bureau of Manpower Employment and Training (BMET) data. A central bank statistics also show Bangladeshi expatriates sent home a total of USD 843 million in last September, lower than the monthly receipt of remittance at USD 1101 million in August, although the amount is slightly higher than the remittance (USD 837 million) received in September 2010. According to BMET, the remittance flow was USD 11 billion in 2010, USD 10.7 billion in 2009, USD 8.98 billion in 2008, USD 6562 million in 2007 and USD 5,484 million in 2006. About slow growth of remittance, BMET Director Nurul Islam said at one stage, the flow was not at the same pace as happened earlier. He termed the current trend normal. Ali Haidar Chowdhury, secretary general of Bangladesh Association of International Recruiting Agencies, said it is natural that wage earners send remittance more before an Eid festival. After the religious festival, migrant workers send a small amount of remittance, he added. Haidar hoped that the remittance flow would increase. The BMET data shows manpower export to different countries is increasing gradually. A total of 52,000 overseas job aspirants have gone abroad in September this year, 46,435 in August, 50,307 in July, 49,739 in June, 47,825 in May, 43,002 in April, 44,604 in March, 33,403 in February and 32,924 in January. Officials said major labour-receiving countries like Saudi Arabia, Kuwait, Libya and Malaysia have stopped hiring workers from Bangladesh, although the nations are hiring workers from India, the Philippines, Nepal and Sri Lanka. (4 October, The Daily Sun)

MARKET PE HITS 5-YR LOW



The market PE (Price-Earnings) ratio has come down to almost five-year low to 14.59, a level that indicates that the stockmarket has become less risky and more attractive for investment. After December 2006, the PE ratio came to this point for the first time due mainly to a continuous downtrend in share prices. At the end of December 2006, the overall market PE stood at 14.51, according statistics available from Dhaka Stock Exchange, the premier bourse. The PE ratio determines the time an investor needs to wait to get back the invested amount. It is an indicator for considering the extent of risks an investment might entail. The PE ratio means a valuation ratio of a company's current share price compared to its earnings per share. The indicator is also important to better understand what happens in the market after a large gain or decline. It is also one of the best gauges to know how expensive or cheap the overall stockmarket is at a certain moment. "Although the existing PE ratio suggests that the market has become attractive for investment, it cannot draw the investors' attention," said Prof Salahuddin Ahmed Khan, who teaches finance at Dhaka University. The continuous downward trend not only pulled down the PE ratio to a record low, but also eroded the investors' confidence, he said. The overall market PE ratio hit the highest level at 30.58 at the end of February 2010. The ratio dropped drastically in February this year, when the market was bearing the brunt of a two-month price debacle, which was unavoidable following an abnormal rise in share prices. From March, the market started recovering and it rose to a 6,700 points level on July 7 from the 5,200-point level on February 28. After July 7, the market again entered the red zone and since then a bearish trend is remaining in the market, with an exception of occasional rises. Until yesterday (16 Oct), the market lost more than 2,300 points. (17 October, The Daily Star)

BANKS LAUNCH BDT 5,000cr FUND

29 Banks Pledge to Contribute BDT 20 Crore Each to Stabilize the Stockmarket

BY THE NUMBERS

Total fund size
Tk **5,000** crore

Initial fund from sponsors
Tk **1,000** crore

Pre-IPO placement
Tk **2,750** crore

IPO size
Tk **1,250** crore

Maturity period
10 years

Minimum sponsor size for banks
Tk **20** crore

Minimum sponsor size for listed firms
Tk **10** crore

Owners of commercial banks decided to launch a BDT 5,000 crore fund in an effort to give financial support to the stockmarket now facing a severe liquidity crisis. As a sponsor, the banks will initially pump BDT 1,000 crore into the market through the fund -- Stock Market Stabilisation Fund. "Owners of 29 banks have promised to contribute at least BDT 20 crore each to the fund, and they will take permission from their own boards within next one week," said Nazrul Islam Mazumder, president of Bangladesh Association Banks (BAB). It will be a closed-end fund in nature having 10 years in maturity period. "The total fund size, however, may be increased," he said. The pre-IPO (initial public offering) placement will be for BDT 2,750 crore, while the rest BDT 1,250 crore will be raised from public through IPO. The BAB, a platform of the commercial banks, sat at a meeting to find out the details of the fund including its formation and structure. Their announcement came after a platform of top executives of the banks -- Association of Bankers, Bangladesh (ABB) -- last week pledged to start fresh investment from this week. Apart from banks, he said, insurance companies, non-bank financial institutions and listed firms can also sponsor the fund. AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry, on September 29 announced a concept paper on the market stabilization fund after a meeting with private sector stakeholders, the stock exchanges and a group of retail investors. "The purpose of the fund is to mitigate the financial losses of retail investors, especially those who trade on credit," Azad had said. However, Mazumder said the new fund will positively impact the market. "We will go to the Securities and Exchange Commission for permission after the banks receive a go-ahead from their boards to sponsor the fund," he added. (24 October, The Daily Star)

BD SET TO GET FIRST-EVER CARBON CREDIT

German Bank to Provide Waste Concern USD 0.136m Per Year

Bangladesh is set to receive the first-ever carbon credit from the global Carbon Development Mechanism (CDM) initiative for a waste management project that helps reduce methane gas emission, sources said. "We are very close to receiving the credit. We can get it at any day," Iftekhar Enayetullah, director of Waste Concern, the enterprise, recycling the organic wastes into fertilizer, told the FE. "All the processes for receiving the credit are over. Our project was scheduled to receive it some months earlier. Since there are a number of such projects with the UNFCC, it is taking time. The carbon credit will come from the CDM initiative under the Kyoto Protocol," he said. The Waste Concern operates a recycling project in Rupganj, Narayanganj, where it produces fertilizer through composting vegetable wastes, collected from two markets of Dhaka. Mr Enayetullah said: "Every day we collect some 100 tons of vegetable waste from two city markets and recycle in our plant. If those wastes were dumped elsewhere, they could have emitted a substantial volume of methane gas." The plant began operations in November 2008, and is currently producing 15,000 tons of compost annually. These organic fertilizers are being sold to the farmers. The Kyoto Protocol has committed that the industrialized nations will patronize the efforts of reducing greenhouse gas emissions to some extent by investing in emission-reducing projects in the developing nations. The projects that receive credit under the CDM can trade with the industrialized countries. The Waste Concern will receive credits for reduction of greenhouse gas emission by 9,500 tons per year. The KfW, the German government's development bank, will buy the credit and provide Waste Concern USD 136,000 per year. Mr Enayetullah earlier told the FE that the money it would receive from the carbon trading would be invested for further expansion of the plant's capacity to process 700 tons of waste per day. "As soon as we receive the fund and get electricity connection from the national grid, we will expand the plant," he said. "At present we have to depend on diesel generator due to acute power shortage that has decreased the plant's capacity of annual emission reduction to 95 percent of the original target." (6 October, The Financial Express)

BB Circulars/Circular Letters

Publish Date	Name of Department	Reference	Title
2-Oct-11	Department of Financial Institutions and Markets	DFIM Circular Letter No. 15	Specimen signature of Md. Anwarul Islam, Deputy General Manager
3-Oct-11	Foreign Exchange Policy Department	FEPD Circular No. 18	Jurisdiction of Bangladesh Bank, Rajshahi Office
17-Oct-11	Foreign Exchange Policy Department	FEPD Circular Letter No. 15	Regarding notification of Ministry of Finance dated 27/09/2011
19-Oct-11	Foreign Exchange Inspection & Vigilance Department	FEIVD Circular Letter No. 01	Publication of phone no. & e-mail address of "Complaint Cell" of the scheduled banks in their respective web-site and display of the same in the visible place of every bank branch
20-Oct-11	Department of Off-Site Supervision	DOS Circular Letter No. 18	Scheduled banks under Municipality area of Pakundia to remain closed on the occasion of by-election of Municipality
23-Oct-11	Department of Off-Site Supervision	DOS Circular Letter No. 19	Scheduled banks under City Corporation area of Narayangonj to remain closed on the occasion of City Corporation election
24-Oct-11	Department of Financial Institutions and Markets	DFIM Circular No. 12	Relating to the newly licensed Financial Institutions under the Financial Institutions Act. 1993
24-Oct-11	Department of Financial Institutions and Markets	DFIM Circular Letter No. 16	Submission of liquidity profile statement
25-Oct-11	Department of Financial Institutions and Markets	DFIM Circular Letter No. 17	Financial Institutions under City Corporation area of Narayangonj to remain closed on the occasion of City Corporation election
26-Oct-11	Department of Financial Institutions and Markets	DFIM Circular No. 13	Formation of audit committee of the Board of Directors of Financial Institutions
26-Oct-11	Department of Financial Institutions and Markets	DFIM Circular Letter No. 18	Responsibility and accountability of the Board of Directors and Chief Executives/ Managing Directors of the Financial Institutions"
26-Oct-11	Debt Management Department	DMD Circular No. 06	Online transaction of T.bill & T.bond through MI module
30-Oct-11	Department of Off-Site Supervision	DOS Circular Letter No. 20	Extending the banking services for the garments industry sector on the eve of forthcoming Eid-ul-Azah.
31-Oct-11	Banking Regulation and Policy Department	BRPD Circular Letter No. 12	Duty draw back against direct exported goods through commercial banks

FINANCE AND ECONOMY

US BUSINESS LEADERS CALL FOR MORE INVESTMENT FROM INDIA, CHINA

US officials and business leaders stressed the need to encourage China, India, Brazil and other countries to increase their investments in the United States as a means to create US jobs. "In 2009 the United States attracted 12 percent of total global investment, down from 25 percent over a decade ago," Acting Commerce Secretary Rebecca Blank told President Barack Obama's Council on Jobs and Competitiveness. "That's despite having the world's largest consumer market, a highly educated workforce, strong intellectual property protection and fluid capital markets," she told the forum chaired by Secretary of State Hillary Clinton. "In the face of increased competition, we need to step up our game," Blank said, adding the United States has a total of USD 2.3 trillion in foreign direct investment. Clinton said: "We need to show not only that we are open for business, but to use every tool in our tool box to attract it." Antonio Perez, a member of Obama's jobs council as well as chairman and chief executive officer of the Eastman Kodak Company, echoed what he called a "troubling" trend in the US declining share of global investments. "Even more troubling than that is the fact that out of the 12 percent, only two and a half percent comes from the combination of Brazil, India and China," he said, adding that "does not bode well for the future of this country." Jeffrey Immelt, chairman and CEO of the General Electric Company who heads the jobs council, underlined the same concerns before a gathering of top US executives and those from US affiliates of firms based in other countries. "Our direct investment from places like China, India, Brazil, the people that really have a hot hand, are minuscule, almost non-existent," Immelt said. "And there's no reason why those countries shouldn't be investing more broadly in the US than they are today," he told executives from Germany's Daimler Trucks and Siemens as well as France's Air Liquide and others. Executives of foreign-based firms said the United States produced top-notch engineers, but needed to improve its workers vocational skills. They also complained of costly and complicated visas for non-American executives or skilled workers, rising health care costs for workers and declining infrastructure as competitive disadvantages. "The fundamental question is, will America step up and invest in infrastructure, because that will bring jobs quickly," said Peter Loescher, the American chief executive officer of Siemens. "When you think about what Singapore does or what other countries do to attract investment in their countries, there's no reason why we shouldn't be a lot more aggressive and lot more competitive and a lot more welcoming, and a lot hungrier, quite honestly, as a country," Immelt said. (9 October, The Financial Express)

CHINA HOPES TO INCREASE INVESTMENTS IN US

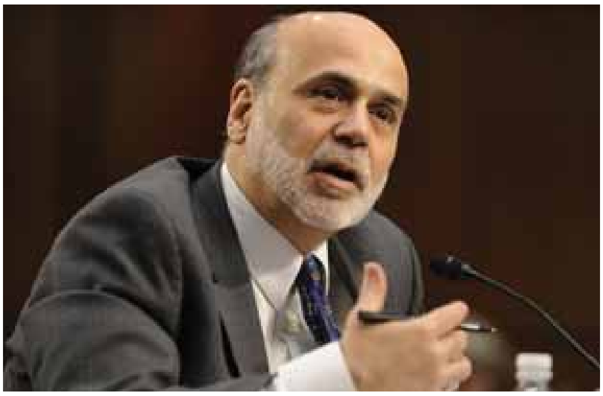
China hopes to increase investments in the United States, which will boost the country's economy and create jobs, said China's top diplomat to the US. Speaking at the fifth China-US Relations Conference, Zhang Yesui, the Chinese ambassador to the US, said that potential sectors for investment include clean energy, environmental protection and infrastructure. The biannual conference aims to promote, strengthen and expand academic and business collaborations between the two countries. Zhang reiterated in his opening remarks that politicizing the China-US trade imbalance through legislation will only lead to a "trade war". He called for a friendlier investment environment in the US for Chinese investors. Chinese investment in the US currently accounts for only a small portion in China's overall foreign direct investments. "I am confident that there will be more Chinese investments in the US, which is not only good for investors, but also helps your economy and creates jobs in this country. This is very, very important," Zhang said. Responding to a question on the US trade deficit with China, he said the trade imbalance is a combination of complicated factors and that China "does not believe that legislation is the appropriate mechanism", referring to a bill approved by the US Senate on Oct 11, which threatens to punish China for allegedly undervaluing its currency with retaliatory tariffs on imports from China. According to Zhang, causes for the imbalance between the two countries include differences in structural trade and investment, saving and consumption behavior, and the international division of labor. He said if China and the US continue to look at each other with a Cold War mind-set, the two countries will be drawn into confrontation and conflict. However, "if we work together as partners, we would both emerge as winners", Zhang said. To help spur exports to China and boost domestic employment, six US governors visited China to explore trade opportunities last week. Their visit follows the attendance of four Chinese provincial leaders at the US-China Governors Forum in Utah's Salt Lake City in July. Zhang also called for the two countries to improve strategic mutual trust. "It is imperative to have an accurate understanding of each other's strategic intention and policy objectives," he said. China and the US have launched many dialogue mechanisms, including the Strategic and Economic Dialogue, Strategic Security Dialogue and Asia-Pacific Affairs Consultation. President Hu Jintao and US President Barack Obama have met nine times since the US president's first visit to China in 2009, with three more meetings ahead - the November G20 summit in France, the APEC summit in Hawaii, and the East Asia Summit in Indonesia. "We should take advantage of the dialogue mechanisms we have put in place and use them fully and wisely in order to communicate in a prompt way and minimize the chances of conflicts and strategic surprises," Zhang said. In the 40 years, bilateral relationships have been smooth and stable when both sides take into account the other party's core interests and rocky and strained when they do not, the Chinese diplomat said. (26 October, The Financial Express)

ASIA VITAL FOR 'US TRADE, ECONOMY'

The role of Asia is "absolutely central" for the American economy and trade in particular, US under secretary of commerce for international trade Francisco Sanchez said. Leading a delegation of 14 US biotechnology companies to promote trade in Hong Kong, Sanchez told media the Asia-Pacific region is "absolutely critical" to achieving US President Barack Obama's goal of doubling its exports by the end of 2014. According to Sanchez, Trans-Pacific Partnership (TPP) is one of the top trade policy agendas of the US government. TPP is an

Asia-Pacific regional trade agreement being negotiated among the United States and eight other partners, namely Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam. "TPP should become a platform that stands beyond the nine nations that are currently negotiating it. It should be a platform for other countries in the region to join on," he argued. In order to foster United States-Hong Kong partnerships, Hong Kong Trade Development Council launched in November 2010 the Pacific Bridge Initiative (PBI) which tapped potential markets in Asia, particularly the Chinese mainland. Presenting the Peace through Commerce Award to Fred Lam, executive director of the Hong Kong Trade Development Council for his works to promote PBI, Sanchez commented that "Hong Kong is a great place to do business and a great partner to the United States in commerce and trade." As for the unique role of Hong Kong, Sanchez said the city has become a global beacon for the benefits of free and fair trade, for rule of law, for intellectual property protection and for dynamic, private-sector driven development. In terms of trade protectionism, Sanchez said the US leadership knows well that protectionism will jeopardize trade and economy on the whole. "It is the interest for both the US and China to strive for level playing field," he continued. When asking about the on-going European debt crisis, Sanchez said it is vital not only for Europe but for other countries to understand that the world is highly interconnected in terms of trade and economy. He emphasized that countries should try to create markets and lower trade barriers in order to have more opportunities to engage in trade. The US trade mission delegates were introduced to distributors, public and private buying agents and other potential business partners during their Hong Kong visit. Additionally, one- on-one meetings were arranged with potential agents, distributors, and partners, enabling US companies to position themselves to enter or expand their presence in the region. (19 October, The Financial Express)

BERNANKE WARNS CONGRESS AGAINST HURTING RECOVERY



Federal Reserve Chairman Ben Bernanke said the United States may face yet more slow jobs growth, as he warned short-term budget cuts and financial turmoil could further threaten the economy. In an address to Congress, Bernanke said recent indicators "point to the likelihood of more sluggish job growth in the period ahead," as he urged lawmakers to do what they can to boost the recovery amid the ongoing crisis in Europe. The Fed chief told lawmakers that a credible plan to cut long-term deficits was needed urgently, but one that should "avoid fiscal actions that could impede the ongoing economic recovery." Appearing amid growing criticism from the Republican Party that the Fed's effort to boost growth risks stoking inflation, Bernanke called on lawmakers to do their part. "Monetary policy can be a powerful tool, but it is not a panacea," he said, urging sensible budget policy decisions that "avoid fiscal actions that could impede the ongoing economic recovery." With many clamoring for immediate and severe budget cuts of the like seen in Europe, Bernanke warned that could hit a recovery that "has been much less robust than we had hoped." "There is evident need to improve the process for making long-term budget decisions, to create greater predictability and clarity, while avoiding disruptions to the financial markets and the economy," he said. His comments also come amid heightened concern that Europe's debt crisis could spill over to the continent's banks and beyond. (5 October, The Daily Star)

BIG BANKS UNDER PRESSURE IN EUROPE CRISIS

Big banks found themselves under pressure in Europe's debt crisis, with finance chiefs pushing them to raise billions of euros in capital and accept huge losses on Greek bonds they hold. The continent's biggest financial institutions were at the centre of talks as leaders entered marathon negotiations in Brussels, at the end of which they have promised to present a comprehensive plan to take Europe out of its crippling debt crisis. 'Between now and we have to find a solution, a structural solution, an ambitious solution and a definitive solution,' French president Nicolas Sarkozy said as he arrived in Brussels. 'There's no other choice.' In addition to new financing for Greece, leaders want to make the banking sector fit to sustain worsening market turmoil and turn their bailout fund into a strong safety net that will stop big economies like Italy and Spain from falling into the same debt trap that has already snapped Greece, Ireland and Portugal. But before the final deadline, they have to overcome many obstacles. (24 October, The New Age)

IMF CALLS FOR PAN-EUROPEAN DEPOSIT INSURANCE

The International Monetary Fund called for an EU-wide deposit insurance scheme and more coordinated regulation of the continent's banks to avoid contradictory national regulation exacerbating the region's debt crisis. Global markets have been rocked in recent weeks by fears the euro zone sovereign debt crisis could cause a pan-European banking crisis, prompting some European leaders to call for the joint recapitalization of the continent's largest banks. A common bank crisis management system, a supra-national supervisory regime and common deposit insurance rules would significantly stabilize the continent's banking system, said. Ajai Chopra, the deputy director of the IMF's European Department. "These elements are mutually reinforcing and their adoption would help address the deep intertwining between sovereign and domestic banks' balance sheets that has proved so damaging to financial stability," Chopra said during a speech in Kenmare, a small town in southwestern Ireland. "Market tensions are fuelled by a perceived lack of cohesion by European policy makers and concerns about the resilience of banks and the speed of adjustment at the country level." Chopra is in Ireland for the country's latest quarterly review under its 85 billion Euros EU-IMF bailout. The outcome of the review will be published late next week. He said a deposit insurance scheme should be complimented by an increased harmonization of deposit insurance schemes in the member states. EU leaders should introduce a binding bank crisis management and resolution regime, he added. A European resolution authority covering all banks and backed by a common backstop at the EU level would end the need for national financing, he said. To boost pan-EU regulation, the European Banking Authority should be granted supervisory authority and potentially resolution authority for all banks with cross-border activities, Chopra said. (15 October, The Economic Times)

IMF AND EU AT ODDS OVER GREEK DEBT SUSTAINABILITY

The International Monetary Fund disagrees with EU projections on Greece's debt sustainability and wants to wait until a clearer outlook emerges before signing off on the next tranche of financial support to Athens, EU officials said. The IMF, which together with the European Commission and the European Central Bank comprises the 'troika' of inspectors in Greece, believes the EU's debt projections are too optimistic and wants to wait until after a euro zone summit to see if discussions there produce a clearer picture on how the debt levels can be made more sustainable. "The IMF thinks that estimates by other parts of the troika are over-optimistic," one source said, while another added: "The IMF will definitely want to see what the Eurogroup and the European Council come up with first," referring to this weekend's meetings. The IMF was not immediately available to comment. The troika was expected to publish its latest report on Greece. The report is expected to indicate whether Greece is doing enough to cut its budget deficit to justify receiving the next, 8 billion euro installment of aid. If summit agrees on a deeper involvement by the private sector in helping reduce Greece's debt burden, that may make the debt stock more sustainable and allow the IMF to sign off on the release of the next tranche, possibly in November, the sources said. (21 October, The Financial Express)

UK INFLATION HITS THREE-YEAR HIGH IN SEPTEMBER

Inflation in Britain hit a three-year high in September driven by soaring gas and electricity bills, data showed, adding to a severe squeeze on Britons' living standards as wages fail to keep up with rising prices. The jump highlights the risk to the Bank of England's recent move to revive the faltering economic recovery with a fresh dose of quantitative easing, which could add to inflation already way above the BoE's two percent target. The central bank expects inflation to drop sharply next year when one-offs, like this year's value-added tax rise fall out of the equation and the weak economy dampens wage and price increases. Consumer prices rose 0.6 percent last month, taking the annual inflation rate to 5.2 percent, the highest since September 2008, the Office for National Statistics said. CPI has never been above 5.2 percent since the introduction of the measure in January 1997. Analysts had expected the annual rate to jump to 4.9 percent from 4.5 percent a month earlier. The retail price inflation gauge, which includes more housing costs and is the benchmark for many wage deals, rose 5.6 percent year-on-year, its highest level since June 1991. Gilt futures pared gains briefly on the data, and economists said that high numbers were unlikely to affect the BoE's commitment to pump billions of pounds of newly-printed money into the economy over the next four months to forestall longer-term deflationary risks. "Absolutely zero," was Scotia Capital economist Alan Clarke's assessment of the effect the data would have on monetary policy. The ONS said the price rises of four of the six large utility companies have been factored into the inflation figure. The other two will be reflected in the October print. Bills for gas, electricity and other fuels rose 18.3 percent on the year in September, while transport costs were up 12.8 percent. Food prices were 6 percent higher than last year. Clarke said that an upward push to inflation from higher fuel prices had been expected, but less so a rise in the underlying rate of inflation, which increased to 3.3 percent from 3.1 percent. "What is surprising is that core inflation has picked up. There's misery on the high street, the economies on the verge of recession, but retailers are managing to raise prices," Clarke said. (19 October, The Financial Express)

SPAIN'S UNEMPLOYMENT HITS 15-YEAR HIGH

Spain's unemployment rose to its highest level since the end of 1996 in the third quarter after a strong tourist season was overshadowed by a stagnant economy, while consumer prices held well above the European Central Bank's target. Spanish unemployment rose to 21.5 percent from 20.9 percent a quarter earlier, data showed, as the number of people out of work came close to 5 million. "The lack of job creation is likely to linger well into 2012. The austerity measures are cutting into the number of public-sector jobs, while private-sector employment is expected to fall well short of picking up the slack," economist at Global Insight Raj Badiani said. "The mix of still dismal employment prospects in conjunction with a surprisingly stable labor force points to an unemployment rate above 20 percent for most of 2012." The euro zone's fourth largest economy is not expected to grow in the third quarter, while many analysts say a recession cannot be ruled out over the next six months. It has been under intense scrutiny by investors, concerned it will struggle to control its finances after its fiscal deficit leapt to above 11 percent in 2009, forcing a run of spending cuts and tax hikes. The collapse of a property boom in 2008 put hundreds of thousands of low-skilled laborers out of work while straining the country's financial system, which has been forced to recapitalize, strangling credit flows to businesses. The size of the workforce remained relatively unchanged, the data showed, with the number of people available for work falling just 2,100 people in the third quarter, while unemployment rose by 144,700 workers to 4.98 million. Employment dropped in construction, services and agriculture, though held steady in industry, the National Statistics Institute (INE) said. Meanwhile, European-Union harmonized consumer price rises held steady at 3 percent October while national inflation was also 3 percent after 3.1 percent a month earlier, INE reported. Economists expect Spain's consumer inflation to fall toward the end of the year and into 2012 as the sluggish economy and low domestic demand weigh on spending. The euro zone is expected to report a 2.9-percent rise in prices in October, according to a survey, down from 3 percent a month earlier though remaining well above the ECB's definition of price stability. (29 October, The Financial Express)

RUSSIA CAPITAL FLIGHT REACHES USD 50b: CENTRAL BANK

Russia reported USD 18.7 billion in capital outflows in the third quarter that far outweighed state estimates and underscored the uncertainty that has gripped the country in recent months. The Central Bank said the poor quarter came on top of the USD 30.6 billion that had left Russia between January and August. The nine-month total has now reached USD 49.3 billion, compared to USD 16 billion just one year ago. Government officials have blamed the capital flight on a fragile investment climate in which investors complain of red tape and corruption as well as the inability to defend their rights in court. But some economists said that even more money has headed for safer harbors in the second half of the year because investors could not decipher whether Prime Minister Vladimir Putin was intent on returning to a Kremlin post he held in 2000-2008. (7 October, The Daily Star)

ARAB WORLD NEEDS JOBS, INVESTMENT: WEF

The popular uprisings that have swept the Arab world this year have slowed economies across the region, and jobs, better governance and investment are needed, speakers at the World Economic Forum (WEF) in Jordan said. Jordanian King Abdullah said at the opening of the forum on unemployment, economic stagnation and other problems some of which sparked the uprisings across the Middle East and North Africa that the region needs to create 85 million jobs soon. “This year’s events have opened the way to positive change, but in many places, also created painful economic dislocations. Strategies are urgently needed, and they must take place across the board - in economic life, in politics and policies, in social life and cultural values,” he said. In Yemen, for example, where two in three people survive on less than USD 2 per day, 40 percent of the population suffers from illiteracy and high unemployment. (24 October, The Daily Star)

OIL, GOLD, COPPER RISE ON EUROPEAN DEBT AGREEMENT

Commodities rose, led by crude oil and metals, after European leaders reached a deal with private holders of Greek debt to write down half their holdings and also boosted the region’s financial stability fund. “The headlines provide some solace to markets,” said Thomas Lam, Singapore-based group chief economist at OSK-DMG, a venture between OSK Holdings and Deutsche Bank. Euro zone leaders struck a deal with private banks and insurers for them to accept a 50 percent loss on holdings of Greek government bonds as part of a plan to lower Greece’s debt burden and try to contain the two-year-old euro zone crisis. Three-month copper on the London Metal Exchange rose 1.7 percent to USD 7,813.25 a tonne, after rising 2 percent and touching a one-month high in the previous session. The metal is also being supported by labor disputes at two Freeport MacMoRan Copper & Gold mines that led to a declaration of force majeure at the company’s Grasberg mine. Copper had lost a quarter of its value in the three months through September, making it one of the worst performers among commodities during that period. The industrial metal has rebounded as strikes disrupted output, with prices already up 11 percent so far this quarter. “Encouraging headlines on an agreement on measures to find a solution to the euro zone sovereign debt crisis seems to be the main driver,” said Citigroup analyst David Thurtell. Spot gold rose 0.3 percent to a one-month high of USD 1,728.11 an ounce, heading for its fifth session of consecutive gains, the longest winning streak in more than two months. The release of the US third-quarter gross domestic product figures will be on investors’ radar for any sign of economic expansion in the world’s largest economy. (28 October, The Financial Times)

INDIA TO LAUNCH ‘WORLD’S CHEAPEST’ TABLET COMPUTER

India unwraps what has been dubbed the world’s cheapest tablet computer, to be sold to students at the subsidised price of USD 35 to expand digital access in the Asian giant that lags peers such as China and Brazil in connectivity. The government says the device, called Aakash, which means sky, will initially be available in a pilot run of 100,000 units before being rolled out to millions of students over the next few months. “Soon, a USD 35 computer will be made available to every child in school. The tablet shall help enhance the quality of learning of children,” Telecoms and Education Minister Kapil Sibal told reporters last week. The tablet will be officially launched later, by the minister and DataWind, the small British-based company that developed it. The expected price tag is 1,750 rupees. Two years in development, the Aakash is due to be assembled in India and may help the government’s goal of incorporating information technology in education, although critics were doubtful the device would live up to expectations. India trails fellow BRIC nations Brazil, Russia and China in the drive to get its 1.2 billion populations connected to technologies such as the Internet and mobile phones, a report by risk analysis firm Maplecroft said this year. The number of Internet users grew 15-fold between 2000 and 2010, according to another recent report. Still, just 8 percent of Indians have access. That compares with nearly 40 percent in China. Some 19 million people subscribe to mobile phones every month, making India the world’s fastest growing market, but most are from the wealthier segment of the population in towns. Bharat Mehra, an expert on the use of communications technology for development, said the budget tablet could be used to deliver distance learning in rural areas and among students. “If they are able to deliver what they promised it will make a huge difference,” said Mehra, who teaches at the University of Tennessee. The launch last week of Amazon’s Kindle Fire shook up the global tablet market, with its USD 199 price tag and slick browser a serious threat to Apple Inc’s iPad. Like the Kindle Fire, the Aakash uses the Google Android operating system, but market watchers were skeptical the Indian-made device will have mass appeal. Full specifications were not available pre-launch, but low-end devices often use resistive LCD displays rather than full touch screens. Media reports said the device will connect via wireless broadband, unavailable in most areas. “The thing with cheap tablets is most of them turn out to be unusable,” said Rajat Agrawal, executive editor at technology reviewers BGR India. “They don’t have a very good touch screen, and they are usually very slow.” (6 October, The Financial Express)

MTB News & Events

11th NATIONAL AWARDS 2011 FOR BEST PUBLISHED ACCOUNTS AND REPORTS 2010

Date : October 04, 2011

Venue : Pan Pacific Sonargaon, Dhaka 1215

Chief Guest : Faruk Khan, Honorable Commerce Minister of People's Republic of Bangladesh

Awarded By : Institute of Chartered Accountants of Bangladesh (ICAB)

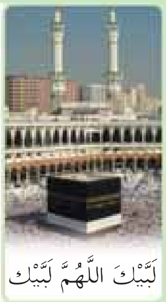
Quamrul Islam Chowdhury, Deputy Managing Director (DMD), MTB (Mutual Trust Bank) received the 'Certificates of Merit' on behalf of MTB.

INAUGURATION OF MTB HAJJ BOOTH

Date : October 06, 2011

Venue : Hajj Camp, Dhaka 1229

Inaugurated By :
Md. Hashem Chowdhury,
DMD, MTB



MTB SIGNS REMITTANCE AGREEMENT WITH ISLAMIC EXCHANGE QATAR

Date : October 10, 2011

Venue : MTB Center, Gulshan – 1, Dhaka 1212

Quamrul Islam Chowdhury, DMD, MTB and Yusuf P Hameed, CEO (Chief Executive Officer) of Islamic Exchange Qatar signed the agreement on behalf of their respective organizations.

WORKSHOP ON PREVENTION OF MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

Date : October 15, 2011

Venue : MTBTI (MTB Training Institute), MTB Square, Dhaka 1208

Key Resource Persons :
Debaprosad Debnath, General Manager, AMLD (Anti Money Laundering Department), Bangladesh Bank and Farzana Akhter, Deputy Director, AMLD, Bangladesh Bank.

LAUNCHING OF MTBSL WEBSITE

Date : October 23, 2011

Venue : MTB Center,
Gulshan – 1,
Dhaka 1212

website: www.mtbsecurities.com

Officially Launched By :
Anis A. Khan
MD (Managing Director) & CEO, MTB

MTB 12th FOUNDING DAY ANNIVERSARY

Date : October 24, 2011

Venue : MTB Center, Gulshan–1, Dhaka 1212

MTB PARTICIPATES AT IUB JOB FAIR 2011

Date : October 25, 2011

Venue : Independent University Bangladesh (IUB), Bashundhara R/A, Dhaka 1229

SIGNING OF CORPORATE FACILITY AGREEMENT BETWEEN MTB & REGENT AIRWAYS

Date : October 27, 2011

Venue : MTB Center,
Gulshan –1, Dhaka 1212

Md. Nurul Islam, SEVP (Sr. Executive Vice President) & Group Head of HR (Human Resources), MTB and M. Monirul Islam, AGM (Asst. General Manager), Sales & Marketing, Regent Airways signed the agreement on behalf of their respective organizations.

National Economic Indicators

Total Tax Revenue

Total tax revenue collection in August, 2011 increased by BDT 439.54 crore or 7.77 percent to BDT 6096.05 crore, against BDT 5656.51 crore in August, 2010. The NBR and Non-NBR tax revenue collection during July-August, 2011-12 were BDT 11505.91 crore and BDT 530.49 crore respectively, against BDT 9938.62 crore and BDT 513.95 crore respectively during July-August, 2010-11.

NBR tax revenue collection in September, 2011 stood higher by BDT 697.42 crore or 11.88 percent to BDT 6570.42 crore against BDT 5873.00 crore collected in August, 2011. This was also higher by BDT 818.14 crore or 14.22 percent against collection of BDT 5752.28 crore in September, 2010. Total NBR tax revenue collection during July-September, 2011-12 increased by BDT 2385.43 crore or 15.20 percent to BDT 18076.33 crore against collection of BDT 15690.90 crore during July-September, 2010-11. Target for NBR tax revenue collection for FY 2011-12 is fixed at BDT 91870.00 crore.

Liquidity Position of the Scheduled Banks

Total liquid assets of the scheduled banks stood higher at BDT 102141.99 crore as of end September, 2011 against BDT 100564.96 crore as of end June, 2011. However, excess liquidity of the scheduled banks stood lower at BDT 32490.92 crore as of end September, 2011 against BDT 34071.21 crore as of end June, 2011. Scheduled banks holding of liquid assets as of September, 2011 in the form of cash in tills & balances with Sonali bank, balances with Bangladesh Bank and unencumbered approved securities are 5.99 percent, 31.79 percent and 62.22 percent respectively of total liquid assets.

Bank Group	As on end June, 2011 (BDT in crore)		As on end September, 2011P (BDT in crore)	
	Total Liquid Asset	Excess Liquidity	Total Liquid Asset	Excess Liquidity
State Owned Banks	30146.85	10918.77	30421.09	10215.79
Private Banks	47857.65	13265.90	50259.41	14960.23
Private Islamic Banks	13418.07	7031.74	11053.49	3131.73
Foreign Banks	7969.63	2696.34	9132.12	3940.07
Specialized Banks	1172.76	158.46	1275.88	243.10
Total	**100564.96**	**34071.21**	**102141.99**	**32490.92**

Imports

Import payments in August, 2011 stood lower by USD 385.00 million or 13.11 percent to USD 2552.80 million, against USD 2937.80 million in July, 2011. However, this was higher by USD 125.40 million or 5.17 percent than USD 2427.40 million in August, 2010. Of the total import payments during July-August, 2011-12 imports under Cash and for EPZ stood at USD 5359.70 million, import under Loans/Grants USD 25.50 million, import under direct investment USD 19.30 million and short term loan by BPC USD 86.10 million.

Exports

Merchandise export shipments in September, 2011 stood lower by USD 929.27 million or 39.10 percent at USD 1447.47 million as compared to USD 2376.74 million in August, 2011 according to EPB data. However, this was higher than USD 1415.12 million of September, 2010. The year-on-year growth stood at 2.29 percent in September, 2011.

Remittances

Remittances in September, 2011 stood lower at USD 855.44 million against USD 1101.79 million of August, 2011. However, this was higher by USD 17.73 million against USD 837.71 million of September, 2010. Total remittances receipts during July-September, 2011 increased by USD 313.87 million or 11.80 percent to USD 2972.81 million against USD 2658.94 million during July-September, 2010-11.

Foreign Exchange Reserve (Gross)

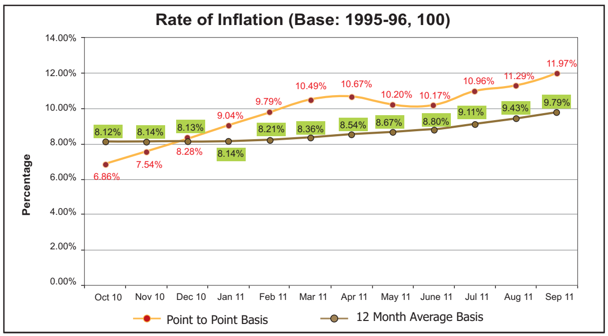
The gross foreign exchange reserves of the BB stood lower at USD 9883.59 million (with ACU liability of USD 419.61 million) as of end September, 2011, against USD 10931.88 million (with ACU liability of USD 697.05 million) by end August, 2011. The gross foreign exchange reserves, without ACU liability is equivalent to import payments of 3.29 months according to imports of USD 2879.68 million per month based on the previous 12 months average (September-August, 2010-11).

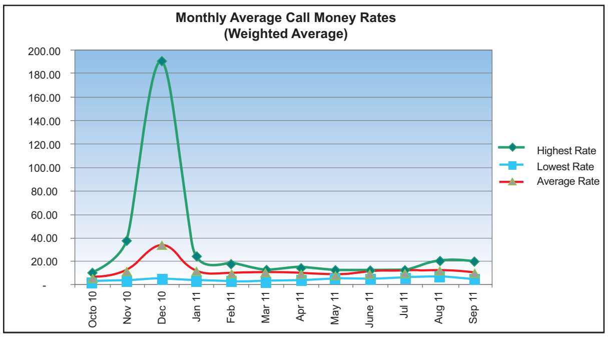
The gross foreign exchange balances held abroad by commercial banks stood lower at USD 991.10 million by end September, 2011 against USD 1083.22 million by end August, 2011. However, this was higher than the balance of USD 508.90 million by end September, 2010.

Exchange Rate Movements

Exchange rate of Taka per USD increased to BDT 75.23 at the end of September, 2011 from BDT 74.15 at the end of June, 2011. Taka depreciated by 1.44 percent as of end September, 2011 over end June, 2011.

Source: Major Economic Indicators: Monthly Update, October 2011





Rate of Inflation on CPI for National (Base: 1995-96, 100)	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	June 11	Jul 11	Aug 11	Sep 11
Point to Point Basis	6.86%	7.54%	8.28%	9.04%	9.79%	10.49%	10.67%	10.20%	10.17%	10.96%	11.29%	11.97%
12 Month Average Basis	8.12%	8.14%	8.13%	8.14%	8.21%	8.36%	8.54%	8.67%	8.80%	9.11%	9.43%	9.79%

Source: Major Economic Indicators

Monthly Average Call Money Market Rates (wt avg)	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	June 11	Jul 11	Aug 11	Sep 11
Highest Rate	9.50	37.00	190.00	24.00	18.00	12.00	14.00	12.00	12.00	12.00	20.00	20.00
Lowest Rate	2.00	3.50	5.00	3.75	3.00	3.00	4.00	4.75	4.75	6.00	6.50	5.00
Average Rate	6.19	11.38	33.54	11.64	9.54	10.35	9.50	8.64	10.93	11.21	12.03	10.41

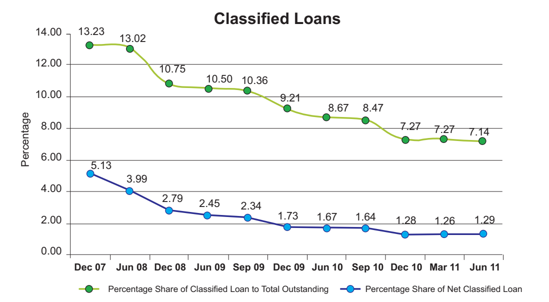
Source: Economic Trends Table XVIII (Call Money)

Banking and Financial Indicators

Classified Loans	Dec 06	Jun 07	Dec 07	Jun 08	Dec 08	Jun 09	Sep 09	Dec 09	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11
Percentage Share of Classified Loan to Total Outstanding	13.15	13.96	13.23	13.02	10.79	10.50	10.36	9.21	8.67	8.47	7.27	7.27	7.14
Percentage Share of Net Classified Loan	7.13	5.41	5.13	3.99	2.79	2.45	2.34	1.73	1.67	1.64	1.28	1.26	1.29

Monetary Survey				Percentage Change (%)	
	September, 2010	June, 2011	August, 2011 P	Sept. 11 over Sept.10	FY 2010-2011 P
Reserve Money (BDT crore)	82422.00	97500.90	105972.30	17.70%	21.09%
Broad Money (BDT crore)	379095.60	440,520.00	453845.40	19.60%	21.34%
Net Credit to Government Sector (BDT crore)	53643.30	73436.10	76824.80	50.37%	34.89%
Credit to Other Public Sector (BDT crore)	15612.80	19377.10	19806.00	20.99%	28.72%
Credit to Private Sector (BDT crore)	287242.60	340712.70	345561.90	21.98%	25.84%
Total Domestic Credit (BDT crore)	356498.70	433525.90	442192.70	26.21%	27.41%

L/C Opening and Settlement Statement (USD million)					Percentage Change (%)	
	July-September, 2010-2011		July-September, 2011-12		Year over Year	
	Open	Sett.	Open	Sett.	Open	Sett.
Food Grains (Rice & Wheat)	606.01	352.3	224.57	341.07	-62.94%	-3.19%
Capital Machinery	799.69	462.05	501.80	597.44	-37.25%	29.30%
Petroleum	566.19	592.08	1173.65	1195.52	107.29%	101.92%
Industrial Raw Materials	3289.02	2704.22	3896.07	3127.28	18.46%	15.64%
Others	3708.82	2814.32	4117.81	3269.15	11.03%	16.16%
Total	**8969.73**	**6924.97**	**9913.90**	**8530.46**	**10.53%**	**23.18%**



Yearly Interest Rates

End of Period	Bank Rate	Call Money Market's Weighted Average Interest Rates on Borrowing	Lending	Scheduled Banks' Weighted Average Interest Rates on Deposits	Advances	Spread
2011*	5.00	10.41	10.41	….	….	….
2010	5.00	8.06	8.06	6.08	11.34	5.26
2009	5.00	4.39	4.39	6.29	11.51	5.22
2008	5.00	10.24	10.24	7.09	12.40	5.32
2007	5.00	7.37	7.37	6.84	12.78	5.95
2006	5.00	11.11	11.11	6.99	12.60	5.61
2005	5.00	9.57	9.57	5.9	11.25	5.35
2004	5.00	4.93	5.74	5.56	10.83	5.27
2003	5.00	6.88	8.17	6.25	12.36	6.11
2002	6.00	9.49	9.56	6.49	13.09	6.60

*: data upto month of August 2011.

Interest Rate Development *1/

Period	Treasury Bills			BGTB				Repo	Rev. Repo	Call Rate	Lending Rate	Deposit Rate
	91-Day	182-Day	364-Day	5-Year	10-Year	15-Year	20-Year	1-2 Day	1-2 Day			
2009-10												
December	2.30	3.54	4.60	7.8	8.75	8.69	9.10	4.50	2.50	5.05	12.80	7.33
January	2.33	3.55	4.61	7.8	…	8.74	….	4.50	2.50	4.83	12.43	7.06
February	…	3.56	4.62	7.82	8.75	8.74	9.11	4.50	2.50	4.51	12.33	7.14
March	…	3.54	4.63	7.85	8.76	8.75	9.15	4.50	2.50	3.51	12.41	7.13
April	2.34	3.42	4.15	7.85	8.77	8.77	9.17	4.50	2.50	4.36	12.37	7.20
May	2.37	3.52	4.20	….	8.77	8.77	9.19	4.50	2.50	5.18	12.30	7.13
June	2.42	3.51	4.24	7.87	8.78	8.80	9.15	4.50	2.50	6.46	12.37	7.40
2010-11 *r												
July	2.43	3.51	4.24	7.88	8.79	8.84	9.20	4.50	2.50	3.33	12.58	7.25
August	…	…	…	7.88	8.82	8.86	9.23	5.50	3.50	6.58	12.29	7.21
September	…	…	…	7.93	8.85	8.91	9.24	5.50	3.50	7.15	11.76	7.22
October	2.94	3.75	4.45	7.96	8.85	8.94	9.25	5.50	3.50	6.19	11.81	7.22
November	3.72	4.16	4.65	8.00	8.89	9.05	9.41	5.50	3.50	11.38	11.78	7.25
December	4.58	4.85	5.50	8.10	9.45	9.11	9.56	5.50	3.50	33.54	12.20	7.32
January	5.11	5.39	5.94	8.25	9.50	….	9.60	5.50	3.50	11.64	12.64	7.59
February	5.25	5.5	6.00	8.25	9.45	9.12	9.60	5.50	3.50	9.54	12.51	7.55
March	5.48	5.63	6.20	8.26	9.36	9.20	9.63	6.00	4.00	10.59	12.82	7.67
April	5.98	6.03	6.67	8.26	9.45	9.30	9.65	6.25	4.25	9.50	12.83	7.98
May	6.45	6.63	6.97	8.26	9.45	9.35	9.65	6.25	4.25	8.64	12.85	8.45
June	6.75	7.00	7.30	8.26	9.45	9.35	9.65	6.75	4.75	10.93	13.39	8.85
2011-12 *p												
July	7.04	7.28	7.60	8.26	9.45	….	10.00	6.75	4.75	11.21	13.74	9.09
August	7.40	7.65	7.90	8.30	9.50	9.65	10.25	6.75	4.75	12.02	13.61	9.33
September	7.73	8.30	8.65	8.35	9.53	10.30	10.85	7.75	5.25	10.41	13.71	9.45
October@	8.10	8.40	8.65	8.50	9.55	10.99	….	7.75	5.25	9.55	….	….

Source: MRP, DMD, Statistics Dept., Bangladesh Bank, *1/ Weighted Average Rate, *p Provisional, *r Revised, @> = upto 23rd October, 2011, …. Data Unavailable

Domestic Capital Markets Review

CAPITAL MARKET – DSE
(For the weeks October 02 to 27, 2011)

Weekly Summary Comparison

	Oct 23 - Oct 27	Oct 02 - Oct 05	% Change
Total Turnover			
in mn BDT	20,738	13,319	55.71
Daily Average			
Turnover in mn BDT	4,148	3,330	24.57

Category-Wise Turnover

Category	Oct 23 - Oct 27	Oct 02 - Oct 05	% Change
A	94.45%	87.60%	0.069
B	0.32%	2.10%	(0.018)
G	0.00%	0.00%	0.000
N	3.29%	4.28%	(0.010)
Z	1.94%	6.02%	(0.041)

Scrip Performance in the Week

	Oct 23 - Oct 27	Oct 02 - Oct 05	% Change
Advanced	21	58	(63.79)
Declined	243	204	19.12
Unchanged	2	3	(33.33)
Not Traded	5	6	(16.67)
Total No. of Issues	271	271	0.00

Top 10 Gainer Companies by Closing Prices, October, 2011

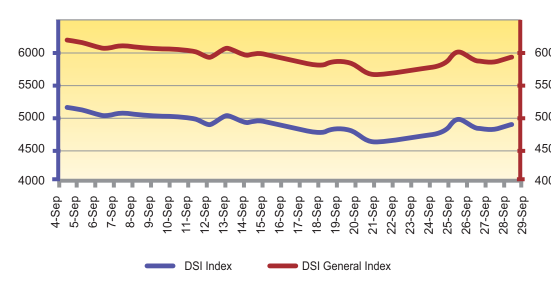
Sl	Names	Category	% of Change	Deviation % (High & Low)
1	Grameenphone Ltd.	A	12.66	15.79
2	City Bank	A	6.12	5.57
3	ICB M.F.	A	5.64	13.33
4	Jamuna Bank Ltd.	A	3.95	11.15
5	Bank Asia Ltd.	A	3.23	7.54
6	ICB M.F.	A	2.84	5.18
7	Standard Insurance Ltd.	A	2.60	10.84
8	Samorita Hospital	A	2.59	8.69
9	ACI 20% Convertible Zero Coupon Bonds	A	1.67	2.88
10	Dhaka Bank Ltd.	A	1.61	9.00

Top 10 Loser Companies by Closing Prices, October, 2011

Sl	Names	Category	% of Change	Deviation % (High & Low)
1	Imam Button	A	(39.58)	64.18
2	Alltex Industries Ltd.	Z	(34.71)	59.03
3	Libra Infus ions Ltd.	A	(31.77)	55.62
4	Meghna Cement	A	(23.14)	42.17
5	BD.Autocars	B	(23.05)	34.07
6	Anlima Yarn Dyeing Ltd.	A	(19.98)	29.07
7	Delta Life Ins urance	Z	(18.92)	1.92
8	Federal Insurance	A	(17.56)	34.80
9	H.R.Textile	A	(17.12)	28.76
10	Rahima Food	A	(16.96)	29.32

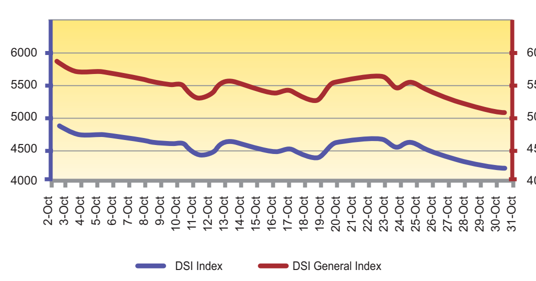
Average Monthly Trend

DSE Price Indices for September-2011

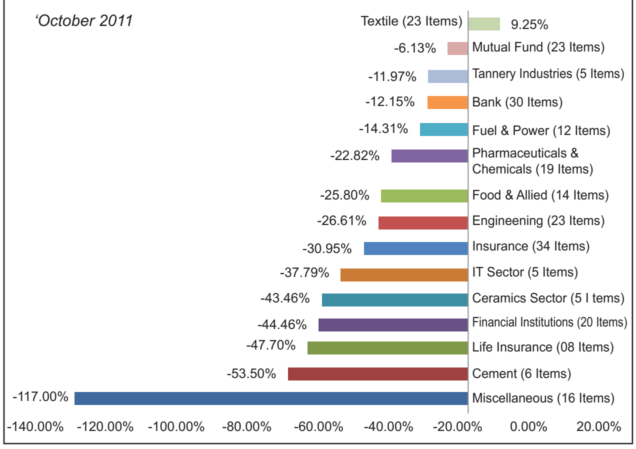


Average Monthly Trend

DSE Price Indices for October-2011



DSE SECTOR WISE MOVEMENT BY STOCK CLOSING PRICE (% CHANGE)



Dhaka stocks extended losing streak to fourth week for the month as the panic stricken retail investors found their 'last hope' that the commercial banks would inject fresh fund into the ailing market was dashed. The benchmark general index of the Dhaka Stock Exchange, or DGEN, lost 14.78 percent, or 873 points, in Twenty one highly volatile trading sessions throughout October 2011 to close at 5,308.79 points. After all government and regulatory prescriptions failed to stabilize the market, the ray of hope, which emerged for the investors in the last trading session of the previous week following the commercial banks' assurance that they would start injecting fresh fund last week, but till last week of the month banks did not injected new funds. The Association of Bankers, Bangladesh, on October 20 announced that commercial banks that had investment in the stock market below the allowable limit of 10 per cent of their liabilities would increase their investment up to the limit to increase liquidity supply in the market. But the Bangladesh Association of Banks, announced that they would form a mutual fund with an initial amount of BDT 1,000 crore to invest in the market creating confusion among the investors who thought that the banks' new investment would be much higher than the amount announced by BAB. During the month and the highest peak 5,901 points was recorded on October 02. Meanwhile average daily turnover lesser by substantial 19.72% in the month compared to the first week with the last week at DSE.

CAPITAL MARKET - CSE
(For the Month of October, 2011)

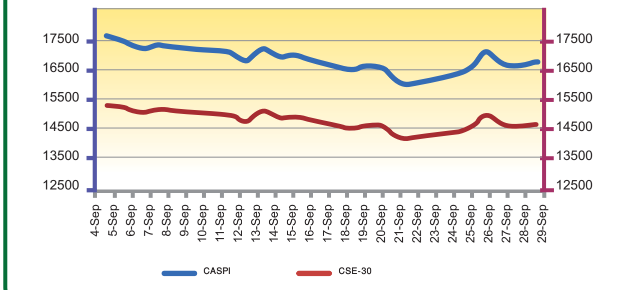
Top 10 Gainer Companies by Closing Price, October, 2011

Names	Category	Week Difference	Opening	Closing	Turnover (BDT)
Usmania Glass	A	12.04	1,320.00	1,479.00	48,420.00
Pragati Insurance	A	7.87	749.00	808.00	93,062.00
Marico Bangladesh Ltd.	N	5.76	399.00	422.00	21,100.00
Grameenphone Ltd.	A	4.03	156.30	162.60	125,602,480.00
Eastland Insurance	A	4.01	790.00	821.75	1,069,360.00
Prime Islami Life Insurance Ltd.	A	3.50	251.20	260.00	62,020.00
IBBL Mudaraba Perpetual Bond	A	2.56	955.50	980.00	478,997.50
Bangas Ltd.	A	2.43	1,563.00	1,601.00	8,005.00
Hakkani Pulp & Paper Mills Ltd.	B	1.61	37.20	37.80	263,300.00
Paramount Insurance Co. Ltd	A	1.52	360.25	365.75	230,175.00

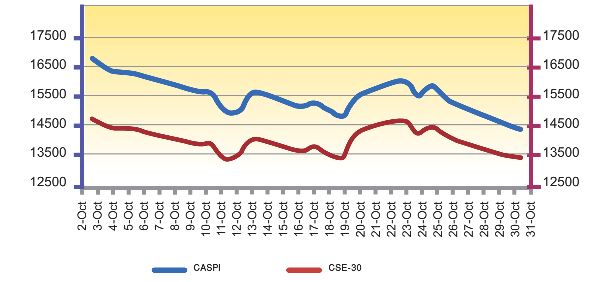
Top 10 Loser Companies by Closing Price, October, 2011

Names	Category	Week Difference	Opening	Closing	Turnover (BDT)
Alltex Ind.	Z	-33.21	216.75	144.75	10,982,850.00
Imam Button	A	-27.00	275.00	200.75	919,525.00
Meghna Cement	A	-21.20	165.50	130.40	2,497,410.00
Janata Insurance	A	-18.40	485.00	395.75	408,705.00
Fine Foods Ltd.	A	-18.30	63.90	52.20	638,250.00
Malek Spinning Mills Ltd.	A	-17.33	52.50	43.40	32,291,500.00
Confidence Cement	A	-17.08	135.20	112.10	12,437,301.00
Rahima Food Corp. Ltd.	A	-16.42	420.00	351.00	3,132,712.50
Federal Insurance	A	-16.05	49.20	41.30	5,525,656.00
Metro Spinning Ltd.	A	-15.94	55.80	46.90	2,589,250.00

CSE Price Indices for September-2011



CSE Price Indices for October-2011



INTERNATIONAL CAPITAL MARKETS

SELECTED GLOBAL INDICES

GLOBAL INDICES ROUND-UP

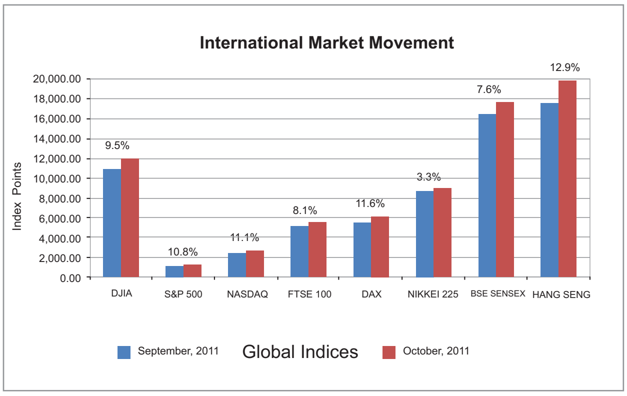
World stocks end stellar month with a fall, as investors continued to scrutinize the eurozone debt deal, but it was an impressive month for the market. The Dow (DJIA) rallied almost 10% in October, and the S&P 500 and Nasdaq surged about 11%. The gains helped the Dow clock its best monthly performance since October 2002, while the S&P 500's climb was its best since December 1991. The Nasdaq's rally in October was its best since September 2010. Stocks had been rallying on the promise of deal to tackle Europe's debt saga since the start of October. While investors were initially encouraged when that long-awaited promise was delivered, they are growing increasingly nervous as questions and doubts about the deal continue to emerge. Other hand the U.S. government reported that the American economy grew at a 2.5 percent annual rate from July through September on stronger consumer spending and business investment. That was nearly double the 1.3 percent growth in the previous quarter. Overall this month the Dow Jones Industrial Average gained 1041 points, the S&P 500 increased 121 points, and the Nasdaq Composite added 269 points. European stocks finished sharply higher. FTSE 100 rose 8.1%, the DAX (DAX) in Germany achieved 11.6%. In October Asian markets also ended on a higher note. Maximum gain was the Hang Seng in Hong Kong increased 12.9%, The BSE Sensex moved up 7.6% and among all Japan's Nikkei was the least performer which gained only 3.3%.

INTERNATIONAL MARKET MOVEMENTS

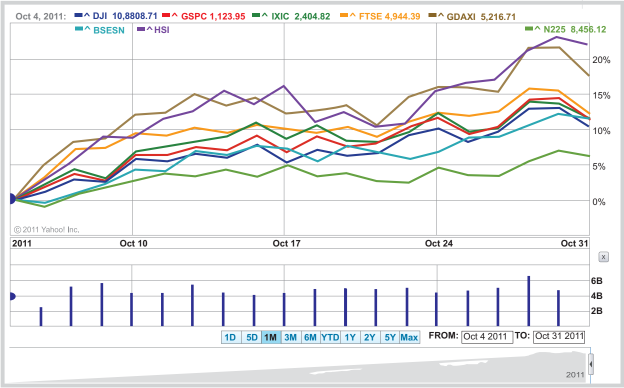
INDEX	VALUE (As of Oct 31, 2011)	VALUE (As of Sept 30, 2011)	CHANGE	% CHANGE
DJIA	11,955.01	10,913.38	1041.63	9.5%
S&P 500	1,253.30	1,131.42	121.88	10.8%
NASDAQ	2,684.41	2,415.40	269.01	11.1%
FTSE 100	5,544.20	5,128.50	415.7	8.1%
DAX	6,141.34	5,502.02	639.32	11.6%
NIKKEI 225	8,988.39	8,700.29	288.1	3.3%
BSE SENSEX	17,705.01	16,453.76	1251.25	7.6%
HANG SENG	19,864.87	17,592.41	2272.46	12.9%
Arithmetic Mean				**9.4%**

DOUBLE VIEW

Month to Month Percentage (%) Change



October 2011



(Compiled from Yahoo! Finance)

WELLS FARGO SECURITIES ECONOMICS GROUP™ MONTHLY OUTLOOK

WELLS FARGO SECURITIES

US OVERVIEW

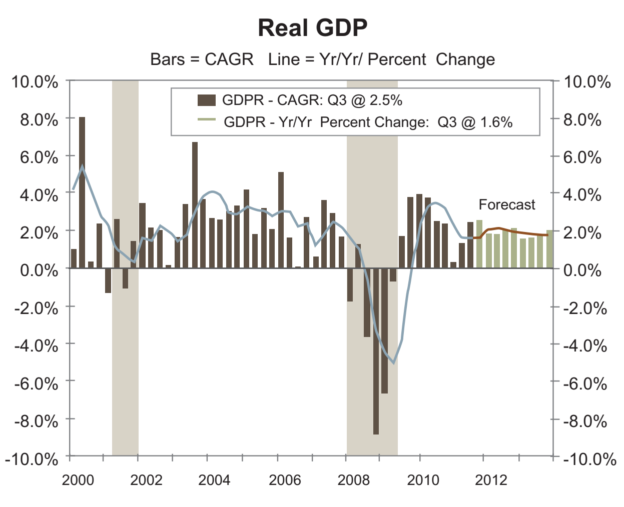
Strong Headwinds Remain in Place

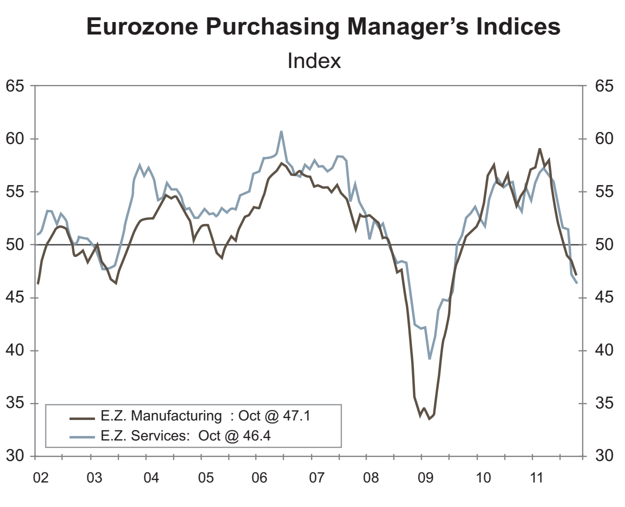
Fears about a double-dip recession have given way to the begrudging realization that economic growth will remain sluggish for quite some time. Growth in the fourth quarter appears to be on pace to match the third quarter's 2.5 percent pace, with solid gains in consumer spending and business fixed investment. Moreover, the recent slowdown in business inventory growth should provide some downside protection to the manufacturing sector and may provide the impetus for stronger production later next year. We now expect real GDP to rise 1.8 percent in 2011 and 2.o percent in 2012. While the near-term outlook has improved slightly, considerable risks remain in place. The most obvious and immediate is the European sovereign debt crisis which threatens to spill over into Italy and would greatly raise the stakes for the rest of Europe. Efforts to reduce the U.S. budget deficit also come to a head again this month, with the Super Committee decision due on Nov. 23. Manufacturers also may face some supply disruptions in the next few months from the recent flooding in Thailand. Another looming risk is that real income has been severely lacking in recent months, which has led to a pullback in the saving rate. If this all sounds familiar, then it is easy to see why 2012 will likely look much like 2011, with fairly weak growth in the first half of the year, followed by a slight acceleration to 2 percent during the second half of 2012. With growth this sluggish, there is little room for error, which means businesses and consumers will likely remain exceedingly cautious.

INTERNATIONAL OVERVIEW

Italy at the Tipping Point

In last month's report, we wrote that the Eurozone appears to be entering recession, and data released over the past few weeks seem to confirm this view. The purchasing managers' indices have slipped further, and "hard" data from Germany, which has been one of the strongest economies in the euro area, also point in the direction of economic contraction. Notably, Mario Draghi, the new president of the ECB, acknowledged that the economy likely would experience a mild recession in the quarters ahead. The European sovereign debt crisis has entered a more dangerous phase now that Italy has reached "the tipping point." Whereas Greece can be rescued, the €2 trillion worth of outstanding Italian government debt makes the country too big to "bail out." If the Italian government is unable to roll its maturing securities at less onerous rates, it will need to restructure its debt. In that event, financial institutions in Europe would be forced to write down hundreds of billions of euros worth of Italian debt. Given the interconnected nature of the global financial system, strains in Europe would be transmitted to the United States via higher LIBOR rates. In order to solve the crisis, Italy needs to enact structural reforms, most importantly to its inflexible labor market, to ensure that the economy grows again. The situation is very fluid at present. Let us hope for the sake of the global economy that E.U. leaders make the right decisions in the weeks and months ahead.





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

Commodity Markets Trend

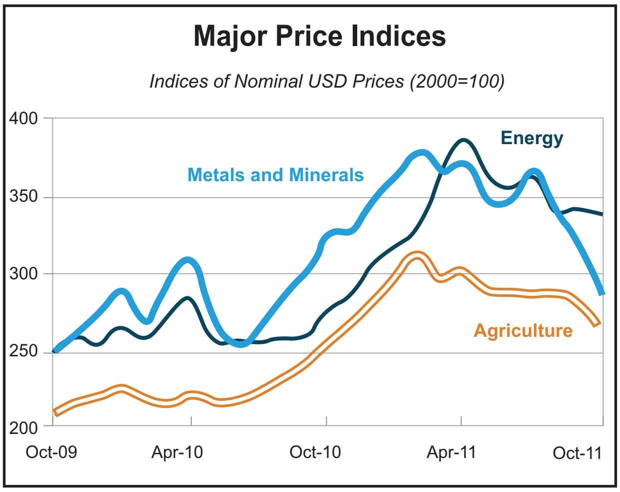
Non-energy commodity prices fell by 7.6 percent in October—a third straight monthly decrease—on growing worries about demand, and in part due to dollar appreciation (up 0.9 percent against a broad group of US trading partners). Declines were heaviest for metals due to concerns about global industrial production, but agriculture prices also fell sharply on improving supplies. Oil prices slipped below $100/bbl on slowing demand growth and supply gains, but light/sweet crude and distillate markets are tight ahead of peak winter demand.

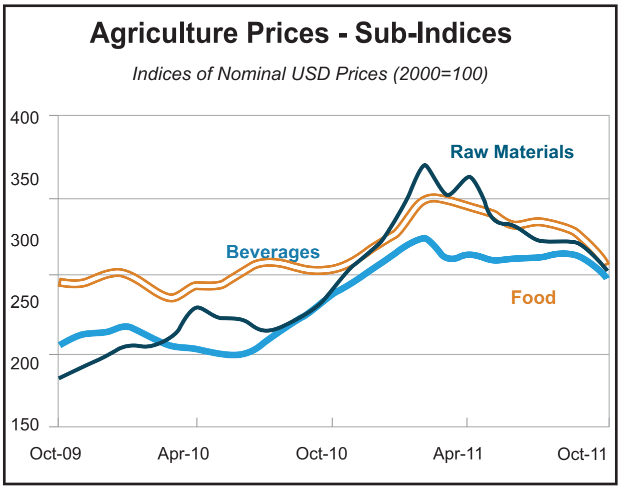
Crude oil prices declined 1.0 percent in October with the World Bank average price at USD 99.9/bbl, but low stocks and rising seasonal demand continue to underpin prices. The spread between Brent and WTI, which reached USD 30/bbl during September, nearly halved in early November. WTI prices rose following stock draws in the bottlenecked mid-continent, as producers shipped crude to Gulf coast refiners by rail, barge and truck—an arbitrage opportunity made profitable by the large discount. Meanwhile Brent prices eased as production in the North Sea began to stabilize and Libyan crude output recovered faster than expected to—more than 0.5 mb/d at month-end (still well below pre-crisis levels of 1.6 mb/d). Libyan exports have been limited thus far but 0.4 mb/d are expected to be shipped in November. Despite improving crude production, distillate supplies (heating oil and diesel) remain tight approaching peak winter demand, as light/sweet crude losses this year reduced both distillate production from refineries and inventories.

Natural gas prices in the United States dropped by 8.5 percent in October as more gas flowed into storage due to moderate temperatures and rising shale gas production. However, prices in the U.S. at USD 3.6/mmbtu are less than one-third European import prices—where prices are indexed to oil—and barely one-fifth of Japanese LNG import prices—where strong demand following nuclear outages earlier this year tightened seaborne LNG markets and drove up spot prices.

Agriculture prices fell by 5.9 percent in October the fifth decrease over the past six months—on steadily improving supply conditions. The largest decline was for raw materials, down 9 percent, as rubber prices dropped on concerns over Chinese demand, while cotton prices slid on improved global supply prospects and weaker textile demand. Beverage prices fell 7 percent on expected record coffee crops in Brazil and Viet Nam, and a cocoa surplus for 2010/11. Fats and oils prices also fell 7 percent, amid higher production of palmkernel oil in Malaysia, and ample exports of soybean oil in South America and palmoil in Malaysia. Grains prices fell 5 percent following a USD A report of a higher global maize crop. Wheat production is also increasing in Australia, Canada, Russia and the Ukraine, and Argentina is experiencing favorable weather.

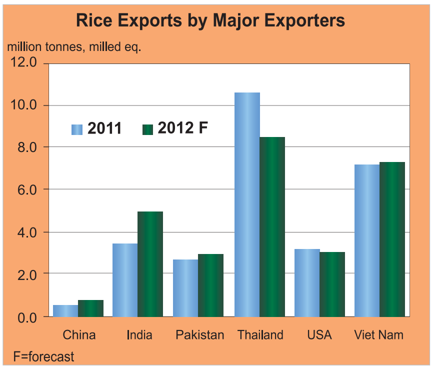
Metals and minerals prices plunged 11.2 percent in October on worries about global demand. The largest decline was for silver on investor liquidation and slowing industrial demand. Iron ore prices fell 15 percent on slowing demand from steel producers in China and Europe. Iron ore prices may also have declined because of an expected shift from contracts based on lagged quarterly prices to spot pricing, which caused traders to temporarily vacate the spot market. Lead, copper and zinc prices fell 10 percent or more on an uncertain demand outlook. Copper's decline occurred despite falling stocks, rising Chinese imports, and strikes at major mines. Stocks fell for all metals except lead as battery plants in China undergo environmental inspection.





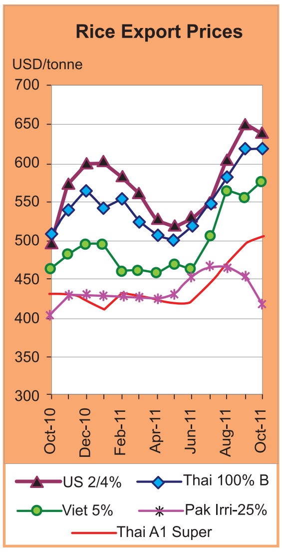
Prepared by Share Streidel, John Baffes and Betty Dow, World Bank.

Notwithstanding reports of extensive floods in Asia since August, which have been associated to a resurfacing of La Niña weather anomaly, FAO has raised its July forecast of global paddy production in 2011 by 2.4 million tonnes to 721 million tonnes. The revision reflects improved output expectations, mainly in Bangladesh, China (Mainland), India, Viet Nam, and, outside Asia, Egypt, which more than outweighed a worsening of prospects in Indonesia, the Republic of Korea, Madagascar, Myanmar, Pakistan, the Philippines and Thailand.



At the current forecast of 721 million tonnes (481 million tonnes, milled basis), world paddy production would be 3.0 percent larger than in 2010 and breach last year's record. The increase reflects expectations of a 2.2 percent rise of the area harvested, to 164.6 million hectares, and a modest 0.8 percent gain in yields to 4.38 tonnes per ha. Much of the world output growth mirrors progress in Asia, in spite of consecutive storms in the Philippines and severe inundations in Cambodia, Lao People's Democratic Republic, Myanmar and Thailand, which marred crop prospects in those countries. The region is now anticipated to produce 651 million tonnes (435 million tonnes, milled basis), 3.0 percent above the already good 2010 outcome. Forecasts of strong gains in both China (Mainland) and India are behind much of the expected growth, with Bangladesh, Pakistan and Viet Nam also anticipated making sizeable contributions. On the other hand, Afghanistan, Indonesia, the Republic of Korea and Japan all garnered smaller crops this season. FAO has raised production forecast in Africa to 26.0 million tonnes (17.0 million tonnes, milled basis), or 3 percent more than in 2010. Prospects of a significant output recovery in Egypt, the largest producer in the region, are behind the revision and much of the expected regional growth. Egypt's upturn, combined with anticipated gains in Western African countries, more than offset an anticipated production fall in Eastern and Southern Africa. In Latin America and the Caribbean, the production outlook remains unchanged at around 29.6 million tonnes (19.8 million tonnes, milled basis), 12 percent, above the low 2010 outcome. The recovery was led by the largest producer in the area, Brazil, but also by Argentina and Uruguay, which harvested record crops, amid favourable climatic conditions, as well as Colombia, Guyana, Paraguay and Venezuela. By contrast, Ecuador and Peru faced a contraction. In the other regions, abundant water boosted output in Australia. In the EU-27, progress in Italy is expected to fuel an overall recovery, while the Russian Federation harvested a bumper crop. By contrast, output in the United States looks set to fall to its lowest level since 1998, amid unfavourable weather.

FAO has upgraded its forecast of international rice trade in 2011 by about 1 million tonnes, to 34.3 million tonnes (milled basis), 9 percent more than in 2010 and an all time high. The expansion from last year was fuelled by strong import demand chiefly in Asia (Bangladesh, China, Indonesia, and the Islamic Republic of Iran) and Africa (Cote d'Ivoire, Madagascar, Mali, Nigeria, Senegal). Much of the increase in demand is foreseen to be met by larger exports by Thailand, but also India, which relaxed, in September, its four year-long ban on non-basmati rice exports. Abundant supplies also enabled Argentina, Australia, Brazil, Myanmar, Uruguay and Viet Nam to boost deliveries, while China (Mainland), Egypt, Pakistan and the United States curbed theirs. Although very preliminary, the outlook for international rice trade in 2012 points to a small decline in volumes to 33.8 million tonnes, driven by a weakening of demand, particularly, from traditional Asian importing nations, which seat on comfortable domestic supplies. As for exports, the drop would principally stem from lower deliveries by Thailand, which may see its competitiveness eroded by the high domestic producer price policy conducted under the government rice pledging programme. Much of the shortfall in Thai deliveries is likely to be met by larger shipments from India, following the lifting of export restrictions. Australia, China (Mainland), Pakistan and Viet Nam are also foreseen to raise exports next year, while Argentina, Brazil, Myanmar, the United States and Uruguay may witness a contraction.



Between June and September, international rice export prices continued to manifest strength on most market segments, influenced by reports of flood-related crop losses and, especially, by the announced high price policy in Thailand. The FAO Rice Price Index passed from an average of 251 points in July to 260 in August and September before dropping to 255 in October. Until September, gains were underpinned by increasing prices of Aromatic rice as well Indica rice, while quotations for medium-grain rice lost ground, on increased supplies from the Russian Federation and Australia. Largely reflecting a continued weakening of prices of Low Quality Indica, following the return of Indian supplies to the market, and of Japonica rice, the price strength subsided in October. On an annual basis, international quotations over January-October averaged 13 percent above its corresponding value in 2010. Prospects for prices in the coming months remain highly uncertain, although they will be very much influenced by the unfolding of crops to be harvested in the second quarter next year. However, policy developments, especially in Thailand and India, will continue to weigh heavily on the market.

Source: Food and Agriculture Organization of the United Nations (FAO)

Credit Rating Agency of the Month

Credit Rating Information and Services Limited (CRISL)

History

Muzaffar Ahmed
President & CEO, CRISL

CRISL is a company that started its journey to implement a Concept in Bangladesh – "Credit Rating". Before CRISL, "Credit Rating" was text paper word for the teachers and students of Bangladesh. CRISL is the first ever joint venture rating agency operating in Bangladesh since 1995. It is a joint venture of Malaysia Berhad (RAM), JCR-VIS Credit Rating Company of Pakistan, few financial institutions and a host of celebrated professionals of Bangladesh. With a license from the Securities Exchange Commission (SEC) under Credit Rating Companies Rules 1996, CRISL now appears as the flagship organization of Bangladesh. CRISL is a founder member of the Association of Credit Rating Agencies in Asia (ACRAA) which is sponsored by the Asian Development Bank, where CRISL has significant contribution towards the development of the profession of rating agency in the Asian region. CRISL is a public limited company dedicated for credit rating and related services and is being recognized by Bangladesh Bank as the External Credit Assessment Institution (ECAI) to offer its services to the banking community for banking client rating. CRISL provides its services with high business and ethical code as approved by the International Organization of Securities Commission (IOSCO), Securities and Exchange Commission of Bangladesh and Bangladesh Bank ECAI recognition Criteria.

Vision
To implement global standards of credit rating services at the national level in order to enhance the image of corporate Bangladesh and eventually to upgrade the corporate, economic and financial management of Bangladesh to international level.

Mission
In order to achieve the above vision, we set our business targets with high degree of professional standard and appropriate business and ethical code.

Virtues
- Excellence
- Independence
- Integrity
- Objectivity
- Transparency
- Accountability
- Responsiveness
- Forward Vision

Values
CRISL, being a value based organization provides a common framework for:
- Decision
- Actions
- Behavior

Keeping our values alive, we require meeting higher standards & corporate behavior in all aspects of our business. CRISL is a credit rating agency and as such its services are within the credit rating and related areas.

Credit Rating Services
CRISL offers various rating services. The major services cover:
- Corporate/ entity rating for direct listing or for IPO at premium
- Bank/ financial institution rating
- Insurance claim paying ability rating
- Bank counter party rating
- Bank loan exposure/ Facility rating
- Rating of the structured products such as Zero Coupon Bonds. Mortgage backed or asset backed securities, debentures, preference share financings, subordinated debt products.
- Securitized transactions
- Project financing ratings
- Micro Finance rating
- MFI- social impact rating
- Educational Institution Rating
- Corporate Governance Rating

Rating Methodology
While rating a particular organization, CRISL follows specific sector-wise rating methodology. The methodologies have been designed after due consideration to the specific insights of each sector with appropriate weightage to both qualitative and quantitative factors of each sector. The qualitative and quantitative factors are converted to specific traits with appropriate weightage for highest performance, lowest performance, industrial average etc. to arrive at a meaningful rating of an organization. CRISL methodologies covers Banks, Financial institutions, Micro Finance Institutions, Insurance Sector (both General and life), Telecommunication sector, Mortgage Back securitization, Asset backed Securitization, Zero- Coupon Bonds etc.

Rating Process
- Primary discussion with the Client interested for rating
- Execute Rating Contract with the client stating the terms and conditions including Fees
- Assign the task to an Internal Rating Team (IRT)
- IRT formally approach the client for primary information through a set Questionnaire with a given timeframe
- IRT collates and analyzes information collected from the client as well as from CRISL Database and identifies the gaps of further information from Market and Client
- IRT interacts with clients, visits site and analyzes data submitted by the Client
- IRT organizes interview with various professional group and simultaneously interact, exchange views with them and prepare Draft Report and forwards the same to the Internal Review Committee (RC)
- IRC forwards a copy of the report to the client for comment and factual confirmation in the report with full supporting data/ information
- The Internal Review Committee reviews the Report, takes into consideration of the comment of the client, proposes an initial rating and forwards the detailed Report to the Rating Committee.
- The Rating Committee reviews the report, awards final ratings and forwards the report to the client. If the client accepts the report, it is published
- If the client is not satisfied with the rating, it may submit appeal, with the reasons for not accepting the rating.
- Rating Committee considers the appeal if it has validity and convenes a meeting having at least a new member in the Committee
- The Rating Committee awards the final rating

Advancements Made
CRISL started its journey with a paid up capital of BDT 5 Million in 1995. In order to develop its human resources, logistics, hard and soft infrastructure it was required to increase the paid up capital to 20 million. CRISL started earning profit with effect from the year 2006, recovered its earlier losses, and fully paid the amount payable to the technical partners for human resource development and rating technology. The present internal capital generation will assist CRISL to remain independent of the rating fee, issuers, and it will place CRISL to stand on its own, and keep its quality services in line with international standard.

Contact
Credit Rating Information and Services Limited (CRISL)
Nakshi Homes (4th & 5th Floor)
6/1A, Segunbagicha, Dhaka – 1000, Bangladesh
Tel: (02) 717 3700-1, (02) 9514767-8 , Fax: (8802) 956 5783
Email: crisldhk@crislbd.com, crislbd@gmail.com
Web: http://www.crislbd.com/

Nitol Niloy Group

About Nitol Niloy Group

Abdul Matlub Ahmad
Chairman, NNG

From a trading company in early eighties, Nitol-Niloy Group (NNG) has become a household name in less than twenty years. While it began its journey with Nitol Motors Ltd. as a marketer of TATA Motors' commercial vehicles, the company has now expanded its activities into a wide range of sectors in order to ensure excellent service to the customers. Because of its continuous diversification, it has metamorphosed into a true conglomerate from its original identity as a transport based organization.

Business Sectors

- Nitol Motors Ltd.
- Nitol Bay-Resort
- Nitol Insurance Company Ltd.
- Nita Company Ltd.
- Centerl Properties Ltd.
- Nitol Cement Industries Ltd.
- VIP-Nitol Industries Ltd.
- NITS Service (Pvt.) Ltd.
- Nreach Net
- Nitol Tours & Travels
- Nitol Aviation Services Ltd.

Market

Putting forward their motto "One History-One Brand-One Industry", Nitol Niloy Group has grown to become the largest seller of commercial vehicles in the country. The company has a formidable presence in a wide range of product markets, while it also operates in the service sector. The diversity of its market presence is apparent in its marketing of mass-sold products like commercial vehicles as well as being in the notably niche market of helicopter transportation services. Nitol Motors Ltd., one of the major concerns of the conglomerate, began its journey in 1983, quickly becoming an important marketer of commercial vehicles in Bangladesh. In 1989, Nitol Motors Ltd. became the sole distributor of TATA vehicles in Bangladesh. Since then, it never had to look back as it is currently the market leader in this sector. In 1991 a joint venture company named Nita Company Ltd. was formed between TELCO and NITOL for assembly of TATA vehicles in Bangladesh. This company is a flagship enterprise of Nitol Group and is in the business of assembling commercial vehicles. Chassis of trucks, buses and minibuses that are imported in completely knocked down condition (CKD) are assembled by this company. It is currently one of the leading vehicle assembling organizing corporations in the country today.

Brand Values

The core value of Nitol Niloy Group is trust. Especially when marketing high involvement products such as tractors in remote locations of the country, it is only by gradually building trust through solid products and genuinely efficient after-sales service can a brand excel. The brand also stands for teamwork, not only within its wide network of employees but also business partners at both supplying and marketing ends.

Achievements

In the August 2010 issue of TATA Motors' international publication 'Strides', the cover story featured Nitol Motors Ltd. and the remarkable success of its Project 500 – selling more than 500 trucks per month on a sustained basis. Nitol Motors was on the verge of a major expansion and had begun the year 2009 with a focus on projects that would create more employment opportunities in Bangladesh. Project 500 fit the bill perfectly and the company had no hesitation in creating an exclusive division for Ace. Nitol Niloy Group became the highest seller of the TATA Ace models worldwide. In addition to that, the company's market contribution to Bangladesh was no. 1 in all of TATA Motors.

Recent Developments

The company has recently acquired a sugar mill in Kaliachapra as well as a paper mill in Sylhet, from the government. This paper mill has acquired a 70-tonne capacity paper production setup from Scotland, capable of 60-350 gm paper production. It has also started its work to launch operations in the footwear and denim industries. Recently the company launched NITS Service, a company providing human and vehicle tracking services on a commercial basis. Using this service, any vehicle or any person with a mobile phone can be pinpointed.

Financial Glimpse

- Annual Turn Over Approx. BDT 350 Crore, in USD, 50 Millions
- Investment Approx. BDT 335 Crore, in USD, 48 Millions
- Approx. 1300 Direct Employees

Some Facts about Nitol Niloy Group

- NITS Service (Pvt.) Ltd., one of the conglomerate's subsidiaries, was the first company in Bangladesh to introduce human and vehicle tracking system in Bangladesh. This service installs a minute device inside a mobile phone or vehicle. Then, upon the customer's request, the company uses its custom designed 3D mapping system to notify the customer of the exact location of a person or vehicle.
- Due to its sustained expansion over the past few years, Nitol Niloy Group had to purchase new premises for its operations on a continuous basis. This has led to such massive growth that currently the company owns 0.1% of the entire area of Bangladesh.
- The company's recently purchased equipment from Scotland for its paper mill in Sylhet will enable it to become the first producer of security paper in Bangladesh. Even now, all paper of this category has to be imported.

Contact

NITOL CENTER
71, Mohakhali Commercial Area,
Dhaka-1212, Bangladesh
Phone: 880 2 9887074-6
Fax: 880 2 9883121
Email: nita@citechco.net,
Web: www.nitolniloy.com.bd

CSR & Appointments

DBBL SCHOLARSHIP AWARDING CEREMONY

Muhith Asks Banks, Corporate Bodies to Contribute More in CSR Activities

Finance Minister AMA Muhith called upon banks and corporate entities to contribute more in the CSR arena. Addressing a scholarship awarding ceremony of Dutch-Bangla Bank Ltd (DBBL) in the city, the Finance Minister said, other banks should follow the DBBL which spends 5.0 per cent of its net profit every year to the development of education and other social segments of the country. Mr Muhith handed over the letters to the recipients in a programme held in the city. As part of DBBL's BDT 1.02 billion scholarship package, the bank distributed scholarship awarding letters to a total of 3008 students who passed SSC examination in 2011 and studying at HSC level in different colleges in the country. (23 October, The Financial Express)

PUBALI BANK DONATES BDT 60m TO HEART FOUNDATION, SYLHET

Board of Directors of Pubali Bank Ltd has donated an amount of BDT 60 million to National Heart Foundation-Sylhet at a simple ceremony in Pubali Bank Head Office recently. Chairman, Board of Directors of Pubali Bank Ltd. Hafiz Ahmed Mazumder, MP, handed over the donation cheque on behalf of the bank and said that development of health sector is necessary for achieving overall progress of the nation and the latest donation of Pubali Bank will help a lot in this regard. He further said that the outflow of a huge fund from Bangladesh to other countries on account of better treatment must be stopped with concerted efforts from all quarters. (24 October, The Financial Express)

SUMMIT GROUP'S CSR

Summit Group, as part of its Corporate Social Responsibility (CSR) made a donation of BDT 1.4 million to Ashokti Punorbashon O Nibash (APON), a non-profit non-government organisation. APON was established in 1994 at Shingair of Manikganj, with a purpose of providing treatment and rehabilitation for drug addicts in Bangladesh through construction of a new shelter for addicted boys and girls at APONGAON. (4 October, The Financial Express)

PRIME BANK CONTRIBUTES TO RANGPUR JAIL

Prime Bank Ltd. former director Shahadat Hossain handing over the televisions and ceiling fans to Deputy Commissioner of Rangpur District BM Enamul Hoque for the prisoners of Rangpur Jail under the bank's CSR programme at a function on Jail premises recently. Prime Bank Managing Director Md Ehsan Khasru, Deputy Managing Director Md Golam Rabbani, Senior Jail Super Mohammad Saiful Islam and Jailer Md Anowar Hossain were present on the occasion. (30 October, The Financial Express)

SONALI BANK LTD DONATES SEVEN LEGUNA CARS

Md Humayun Kabir, Managing Director and CEO of Sonali Bank Ltd. handing over keys of seven Leguna cars to Home Minister Sahara Khatun in a formal ceremony held at DMP Head Quarter recently. (26 October, The New Nation)

ONE BANK SCHOLARSHIP GIVING CEREMONY HELD

ONE Bank Ltd. under its CSR programme arranged a scholarship giving ceremony recently at the Auditorium of Shilpakala Academy in Maijdee Court, Noakhali. Mr. Zahur Ullah, Chairman of ONE Bank Limited distributed the scholarships among the selected students. ONE Bank has undertaken this program to ensure the education of the financially unsecured meritorious students and for the expansion of the education to facilitate social development. They also believe that this program will on one hand establish the right to education of the scholarship receiving students and on the other hand, they will play the role of development catalysts with their gathered knowledge, education and morality. (2 October, The Financial Express)

IBBL DONATES COMPUTERS TO CSDC

Islami Bank Bangladesh Ltd. (IBBL) has donated 15 computers to Campus Social Development Centre (CSDC) for training program of poor and meritorious students. Prof. Abu Nasser Muhammad Abduz Zaher, Chairman of the Bank handed over computers to Dr. Nazneen Ahmed, Research Director of CSDC at its Board Room. (24 October, The New Nation

New Appointments During October, 2011

BANKS, FINANCIAL AND OTHER INSTITUTIONS				
Name	**Current Position**	**Current Organization**	**Previous Position**	**Previous Organization**
M Anis Ud Dowla	Chairman	Bangladesh Crop Protection Association (BCPA)	N/A	N/A
Tofazzal Hossain	Chairman (Re-elected)	Islami Insurance Bangladesh Ltd.	Chairman	Islami Insurance Bangladesh Ltd.
Mahabub Hossain	President	Asian Society for Agricultural Economists (ASAE)	N/A	N/A
Shaikh Abdul Aziz	Managing Director (MD)	Uttara Bank Ltd.	Additional Managing Director (AMD)	Uttara Bank Ltd.
Faizur Rahman Khan	MD	Building Technology & Ideas Ltd (bti)	N/A	N/A
SA Farooqui	MD (Reappointed)	Standard Bank Ltd. (SBL)	MD	SBL
Md. Ahsan-uz Zaman	Additional Managing Director	Mutual Trust Bank Ltd.	DMD	Mutual Trust Bank Ltd.
Abdul Haque	Chief Executive Officer (CEO)	Partex Star Group	Chairman & MD	Reckitt Benckiser Bangladesh Ltd.
Mafizuddin Sarker	CEO	Bangladesh Finance & Investment Company Ltd.	N/A	N/A

MTB Network

MTB Dhaka

Aganagar Branch
02-7762226, 02-7762227
Babu Bazar Branch
02-7314821, 02-7314822
Banani Branch
02-9883831, 02-9883861
Baridhara Branch
02-8818666, 02-9892826
Bashundhara City Branch
02-9120982, 02-9124021
Chandra Branch
06822-51968
Chawk Moghaltuli Branch
02-7318698, 02-7319637
Dhanmondi Branch
02-8155607, 02-8158334
Dholaikhal Branch
02-7172542, 02-7172602
Dilkusha Branch
02-7171301, 02-7171302
Elephant Road Branch
02-9611597, 02-9611596
Fulbaria Branch
02-9559842
Gazipur Branch
02-9293345, 02-9293305
Gulshan Branch
02-8837840, 02-9882473
Madaripur Branch
0661-62483, 0661-62482
Mohammadpur Branch
02-9128494, 02-9127887
MTB Centre Corporate Branch
02-8818451, 02-8818453
Mymensingh Branch
091-63944, 091-63945
Narayangonj Branch
02-7648209
Pallabi Branch
02-9016273, 02-8055630
Panthapath Branch
02-8613807, 02-8629887
Principal Branch
02-7113237, 02-7113238
Progati Sarani Branch
02-8411804, 02-8410948
Savar Branch
02-741452, 02-7741453
Shanir Akhra Branch
02-7551169, 02-7551195
Sonargaon Branch
038959-88105, 06723-88105
Sreenagar Branch
038942-88222
Tejgaon Branch
02-8817271, 02-8817397
Tongi Branch
02-9816250, 02-9816251
Uttara Model Town Branch
02-8924379, 02-8951474

MTB Securities Ltd.

Corporate Head Office
02-9570563, 02-9568163
Extension Office-Motijheel
02-9570563
Extension Office-Fulbaria
02-7116965
Extension Office-Fakirapul
02-7193252
Extension Office-Dilkusha
02-9570563
Banani Office
02-8814348, 02-8413082
Dhanmondi Office
02-8191487
Gulshan Office
02-9895969
Narayangonj Office
02-7648218
Pallabi Office
02-9015919
Progati Sarani Office
02-8834712
Uttara Office
02-8911248

SME/Agri Branch

Dhanbari
01819-134398
Gafor Gaon
01740-555438
Hasnabad
02-7763908
Kaliganj
06823-52194
Noria
06-0159129

MTB Booth

Hazrat Shahjalal Intl. Airport
01730-343782

MTB Capital Ltd.

Corporate Head Office
02-7170138, 02-7170138

MTB Rangpur

Rangpur Branch
0521-52325, 0521-52326
Thakurgaon Branch
0173-2380135

MTB Securities Ltd.

Rangpur Office
0521-54026

MTB Barisal

Gournadi Branch
04322-56266, 04322-56267

MTB Khulna

Jessore Branch
0421-66161, 0421-60105
Kushtia
071-71663, 071-71662

MTB Exchange UK Ltd.

+44-02086162214

MTB Rajshahi

Bogra Branch
051-78109, 051-78108
Joypurhat Branch
0571-63584, 0571-63585
Pabna Branch
0731-51829
Rajshahi Branch
0721-776203, 0721-776290

SME/Agri Branch

Belkuchi
07522-56353
Ishwardi
07326-64550, 07326-64551

MTB Securities Ltd.

Rajshahi Office
0721-811477, 0721-811407

MTB Sylhet

Habigonj Branch
0831-63192, 0831-63193
Moulvi Bazar Branch
0861-62840, 0861-62841
Shahparan Gate Branch
01711-973330
Sylhet Branch
0821-2830271, 0821-2830272

SME/Agri Branch

Syedpur
01911-747149

MTB Securities Ltd.

Sylhet Office
0821-2830319

MTB Chittagong

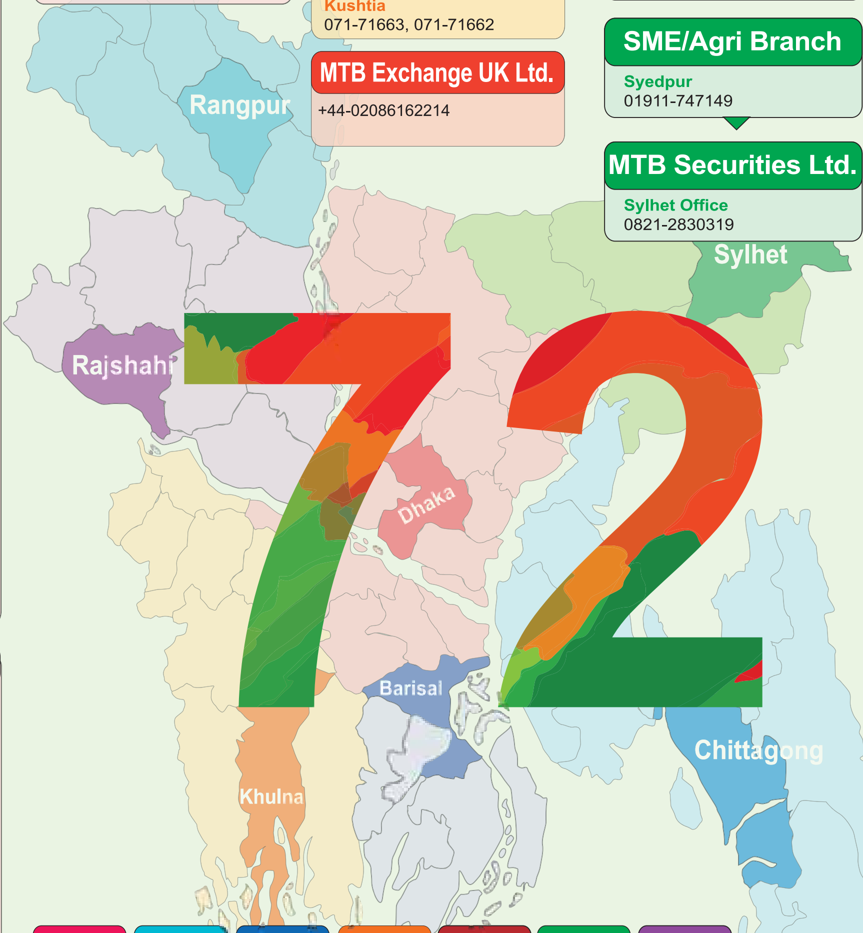
Agrabad Branch
0312523287, 0312524269
Alankar Mor Branch
031-2772617, 031-2772619
Aman Bazar Branch
031-681022, 031-2584331
CDA Avenue Branch
031-255567, 031-2555575
Chokoria Branch
03422-56502
Comilla Branch
081-64557, 081-64556
Cox's Bazar Branch
0341-52259, 0341-52257
Dhorkora Bazar Branch
01730-080633
Feni Branch
033161984, 033161985
Jubilee Road Branch
031-624922, 031-627533
Karnaphuli EPZ Branch
N/A
Kerani Hat Branch
03036-56669, 03036-56670
Khatungonj Branch
031-612254, 031-626966
Nazirhat Branch
0821-4483498, 0443-4483498
Oxygen Mor Branch
031-2583957
Raipur Branch
03822-56495

SME/Agri Branch

Dagon Bhuiyan
03323-79129
Haidergonj
01738095630
Laksham
08032-51042
Nazumeah Hat
031-2572841, 031-2572842
Ramchandrapur Bazar
01812-673337

MTB Securities Ltd.

Agrabad Office
031-2514797, 031-31000768
Alankar Mor Office
031-2772945, 031-2772946
CDA Avenue Office
031-2556729, 031-2556728



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

MTB 24/7 ATM Booth ATM 50+...

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

Corporate Head Office
MTB Centre, 26 Gulshan Avenue
Plot 5, Block SE (D), Gulshan 1, Dhaka 1212
Tel : 880 (2) 882 6966, 882 2429, Fax : 880 (2) 882 4303

MTB CAPITAL LTD. You can invest with us
MTB SECURITIES *you can grow with us*
MTB EXCHANGE UK LIMITED *you can remit with us*

http://www.facebook.com/Mutual.Trust.Bank
http://www.linkedin.com/company/mutual-trust-bank-ltd.
http://www.mutualtrustbank.com
MTBiz http://www.mutualtrustbank.com/info_mtbiz.php

MTBiz Online Sign Up Now