



Traffic Congestion in Bangladesh

Crude Oil Price

Movements - OPEC™ monthly
oil market report

Metals Commentary

BNP Paribas Fortis/VM Group™ metals
monthly report



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INTERNATIONAL NEWS

ECONOMY AND FINANCE

ASIAN AUTOMAKERS GET OVER HALF US AUTO SALES

Asian automakers gobbled up more than half of US auto sales for the first time in August as a government-funded "Cash for Clunkers" program spurred demand for their fuel-efficient vehicles, industry data showed. General Motors, Ford and Chrysler first saw their share slip below 50 percent in July 2007 after steadily losing ground to foreign rivals for decades. European brands saw their share slide 0.5 points to 6.9 percent in August, according to Autodata. The surge from Asian automakers came as US auto sales posted their first monthly gain since October 2007, rising one percent to 1.26 million vehicles from 1.25 million in August 2008. Hyundai, Ford, Toyota and Honda were the big winners after posting double-digit gains while General Motors and Chrysler continued to report sharp losses despite the increased showroom traffic. August's seasonally-adjusted annualized rate of 14.09 units, the highest since May 2008, was up from an adjusted rate of 11.24 million in July and 9.69 million in June, but still well below the 16 to 17 million vehicles sold every year for the past decade. Sales remain down 27.9 percent for the year to date, according to Autodata. The three-billion-dollar "Cash for Clunkers" program sparked nearly 700,000 auto sales (before it expired at the end of August) by offering owners of old gasoline guzzlers up to 4,500 dollars toward a new, more-efficient vehicle. But analysts cautioned that the nation's weakened economy will continue to drag on auto sales and that the clunkers program may have simply encouraged people already planning to buy a new vehicles, to buy them a month or two earlier. (Source: AFP)

BANK OF AMERICA REJECTS SEC CLAIMS



Bank of America CEO, Kenneth Lewis

Bank of America Corp formally denied US Securities and Exchange Commission claims accusing it of misleading shareholders about bonuses it let Merrill Lynch & Co pay employees before the companies' Jan. 1 merger, and said it is seeking an order dismissing the regulator's complaint. The bank's response, in a filing done on the 25th of September, was expected, and came 11 days after US District Judge Jed Rakoff rejected its \$33 million settlement with the SEC over the \$3.6 billion of bonus awards. Rakoff, who is still handling the case, was upset that the accord did not require disclosure of the names of executives and lawyers who vetted the bonuses and the decision not to disclose them, and yet left shareholders on the hook for a fine. In its answer to the SEC's complaint, Bank of America maintained that the proxy statement for the merger did not contain false or misleading statements, or omit key facts. It also said it was not negligent in preparing the proxy statement. Earlier this week, Rakoff agreed to a schedule to bring the case to trial by March 1, 2010, one month later than he earlier had wanted. Bank of America, based in Charlotte, North Carolina, faces many lawsuits and investigations by lawmakers and regulators over the Merrill merger, which made it the largest US bank. New York Attorney General Andrew Cuomo has threatened to sue bank officers, perhaps including Chief Executive Kenneth Lewis. (Source: Reuters)

BARCLAYS IN TALKS TO BUY CITI'S ASSETS IN PORTUGAL

As reported by The Wall Street Journal, Barclays Plc is in talks to buy some of Citigroup Inc's retail-banking assets in Portugal, including the American bank's credit-card portfolio there. It was unclear how much the assets would sell for, but citing people familiar with the plans, the report said they would be less than USD

100 million. The deal, which could be announced as early as next week, would increase Barclays's retail presence in southern Europe, it noted. Barclaycard, the bank's credit-card business, has suffered fewer impairment charges than many of its peers since the onset of the financial crisis, the daily noted. The move comes at a time when Barclays Capital, Barclays's investment bank have been expanding in the US, Europe and Asia. The sale could auger more disposals by Citigroup as it exits pieces of its European businesses. In a recent presentation, Citigroup Chief Executive Vikram Pandit classified the bank's Western Europe retail banking and cards portfolios as non-core assets. (Source: Agencies)

CITI SUES MORGAN STANLEY OVER CDS

Citigroup Inc sued Morgan Stanley on Friday for breach of contract, saying the Wall Street firm owed it \$245.4 million for protection it bought on a loan. Citibank bought a credit default swap (CDS) from Morgan Stanley & Co International in 2006 on a \$366 million revolving credit facility it provided to an issuer of collateralized debt obligations (CDO), according to the complaint filed in US District Court in Manhattan. The swap obliged Morgan Stanley to pay Citibank the money as a result of a payment default on the credit facility to the CDO, known as Capmark VI, it said in the complaint. Liquidating the CDO collateral did not cover the entire amount, and Citibank said it exercised its right under the CDS to have Morgan Stanley make up for the shortfall, but it refused, according to the complaint. Citibank paid Morgan Stanley about \$750,000 for the CDS, according to the complaint. (Source: Reuters)

CRACKDOWN ON TAX CHEATS HERALDS GLOBAL BANK TRANSPARENCY

A US-led crackdown by wealthy countries on cross-border tax cheats will promote greater transparency and benefit Singapore and other global financial centers, bankers and analysts said. A landmark settlement last month under which Swiss banking giant UBS agreed to reveal the names of some 4,450 American clients suspected of hiding assets sends a message that foreign confidentiality laws can no longer shield anyone from the taxman, they said. Members of the Organization for Economic Co-operation and Development (OECD), the industrialized nations' club, have also launched their own efforts against citizens who avoid paying taxes by stashing their wealth overseas. Singapore, a regional centre for banking, foreign exchange and insurance, has nurtured its wealth management industry as a way of tapping into Asia's growing affluence. The Monetary Authority of Singapore (MAS) said that in 2007, assets under management in the island-state totaled 814 billion US dollars, up 32 percent from 2006. Figures for 2008 were not yet available. About 86 percent of the total was sourced overseas, including from Europe, the United States, Middle East and the Asia-Pacific region. Earlier this year, the OECD listed Singapore as one of the countries that have not yet fully implemented global standards on the exchange of tax information needed to pursue suspected evaders. The MAS said in a statement to AFP that Singapore endorsed the OECD Standard for Exchange of Information in March and local laws are being amended to comply with them. Singapore is also negotiating new tax accords while existing treaties, including with the OECD, are being amended to incorporate changes allowing for better access to tax information. (Source: AFP)

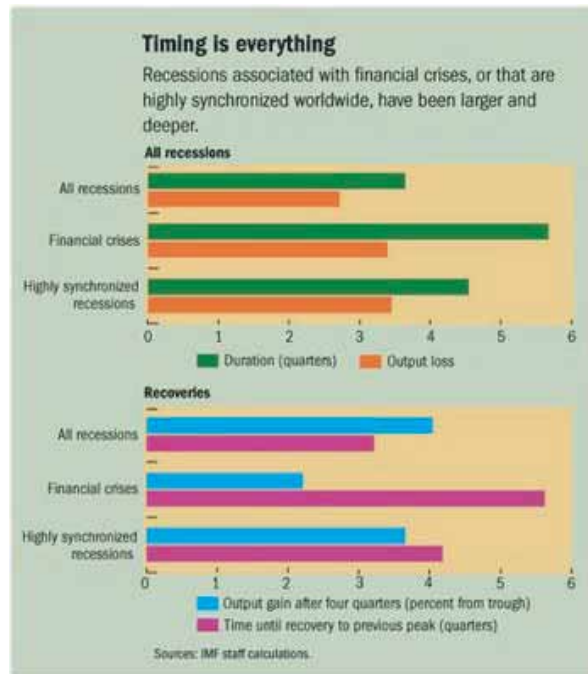
G-20 TO MAINTAIN ECONOMIC STIMULUS

Top finance officials from rich and developing countries agreed to curb hefty bankers' bonuses, but the proposed crackdown on excessive payouts so far falls short of European demands after the US and Britain shied away from imposing a cap. The Group of 20 finance ministers also pledged to maintain stimulus measures such as extra government spending and low interest rates to boost the global economy, warning that the fledgling recovery that provided the backdrop to their meeting here is by no means assured. The G-20 joint statement issued at the end of their London meeting said that fiscal and monetary policy will stay "expansionary" for as long as needed to reduce the chances of a double-dip recession. The International Monetary Fund has said that the global economy is beginning a sluggish recovery from its worst recession since World War II, raising its estimate for global economic growth in 2010 to 2.5 percent, from an April projection of 1.9 percent. But the IMF also downgraded its forecast for this year, saying it would shrink by 1.4 percent, instead of 1.3 percent. The group also pushed ahead with plans to reform the financial system, including tougher action against tax havens and giving developing countries a greater say in global governance. Curtailing bankers' pay and bonuses has been seen as key by some countries after the risk-promoting payment culture was blamed for fuelling the current financial crisis. British Treasury chief and meeting host Alistair Darling said that there must be no more cases in which "people are being rewarded for reckless behavior." Heading into



the talks in the British capital, European countries had pushed for the G-20, which represents 80 percent of the world's economic output, to enforce an official cap on both individual payouts and collective bonus pots at financial institutions. Britain supported the general effort to reign in bonuses, but not the cap, while the United States was more intent on pushing its proposal for a global accord to force banks to hold more capital reserves.

IMF STUDY GIVES HIGH MARKS TO ITS CRISIS SUPPORT



International Monetary Fund support of 15 emerging market countries in the global financial crisis helped them weather the worst of the turmoil, according to an internal IMF study published on the 24th of September. A mix of increased resources, policy flexibility, and more focused conditionality on financing had allowed the IMF to provide improved support, the 186-nation institution said. In the report "Review of Recent Crisis Programs," the IMF said the fund-supported programs were delivering the kind of policy response and financing needed to help cushion the blow from the worst financial crisis since the 1930s Great Depression. "What this study tells us is that, with IMF support, many of the severe disruptions characteristic of past crises have so far been either avoided or sharply reduced," IMF managing director Dominique Strauss-Kahn said in a statement. (Source: AFP)

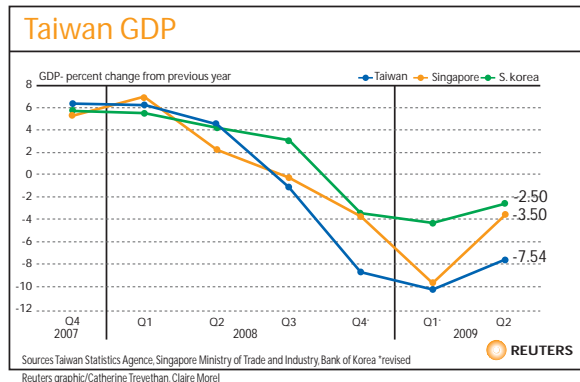
AI G SELLS ASSET MANAGEMENT UNIT FOR US\$ 500M

On the 26th of September, US insurance giant AIG announced the sale of part of its investment advisory and asset management business to a subsidiary of Hong Kong-based Pacific Century Group for 500 million dollars. AIG said it would receive a cash payment of 300 million dollars under the agreement with Bridge Partners LP. The insurance company said in a statement that it will continue to operate its in-house investment group, which currently oversees around 480 billion in assets. The units being sold to Bridge Partners operate in 32 countries and manage approximately 88.7 billion dollars in investments belonging to institutional and retail clients, AIG said in a statement. AIG was the largest single recipient of US bailouts, with the government pumping more than 170 billion dollars into the firm in late 2008 to keep it afloat and taking a controlling stake in the group in the process. The company was on the verge of collapse last year after backing trillions of dollars in risky financial products amid a home mortgage meltdown that triggered financial turmoil. (Source: AFP)

TAIWAN'S RECESSION EASES

Taiwan's recession-hit economy showed further signs of improvement as key indicators used to forecast quarterly growth showed increases for the seventh month in a row, the government said. The August index of leading indicators rose 1.9 percent from July, when it posted a revised 3.1 percent monthly increase, the Council for Economic Planning and Development said. The index, used to forecast economic performance in the coming three- to -six months,

showed an increase in overtime hours in manufacturing and service sectors, a rise in construction license issuances, and an improvement in export orders, share prices and money supply, the council said. The August index of coincident indicators, which tracks the current pace of economic activity, rose 0.6 percent from a month earlier, compared with a rise of 1.9 percent in July. (Source: AFP)



POLITICS

VICTORIOUS MERKEL WARNS OF HARD WORK AHEAD



Angela Merkel is set to work on a new centre-right coalition after clinching a second term, but warned Germans of a hard road ahead to revive the sickly economy and rescue jobs. Merkel secured a new four-year mandate Sunday with election results allowing her to dump an awkward "grand coalition" with the Social Democrats (SPD) for an alliance with the pro-business Free Democrats (FDP). Voters rewarded the 55-year-old leader, dubbed most powerful woman on Earth by Forbes magazine, for shepherding Europe's biggest economy through its worst downturn since World War II. Although the popular Merkel savoured her victory, the daily Tagesspiegel said the 33.8-percent result by the CDU and its Christian Social Union (CSU) affiliate, their worst since 1949, marked a "black eye" for the chancellor.

It took the FDP's record 14.6-percent score to give the new coalition a majority in parliament. The champions of free trade and lower taxes will return to power for the first time since conservative Helmut Kohl led Germany 11 years ago. FDP leader Guido Westerwelle aims to become the country's first openly gay foreign minister. Merkel's bloc and the FDP have a comfortable 332 seats in the 622-member parliament. The chancellor and Westerwelle were to meet behind closed doors with a coalition expected to be formed within a month. Leaders of both parties said they wanted to spur the economy with tax relief as soon as possible. (Source: AFP)

SENATE PANEL REJECTS OBAMA HEALTH REFORM PLAN

In what is the first setback for US President Barack Obama in a centerpiece policy issue, the Senate Finance Committee overwhelmingly voted to throw out the government-run health insurance plan, dubbed the "public option" The proponents of the plan lost twice, first by 15 to 8 and next by 13 to 10, attempts at adopting the "public option" on September 29, Three Democratic Party senators - Chairman Max Baucus of Montana, Kent Conrad of North Dakota, and Blanche Lincoln of Arkansas - voted against both proposals. Under the proposed plan, the government can agree on rates with physicians, hospitals, and other health providers as an alternative to another proposal which would have linked the plan's rates to those paid by Medicare for two years. Medicare is a US government social insurance program for providing medical care, especially to the aged and the disabled. A White House spokesman, Reid Cherlin, said that while the president still believes in making a public option available to those without health insurance, Obama is "open to other constructive ideas of increasing choice and competition." The Democrats hold a majority in the Senate, with 60 out of the 100 seats. (Source: ZAP/HGL)

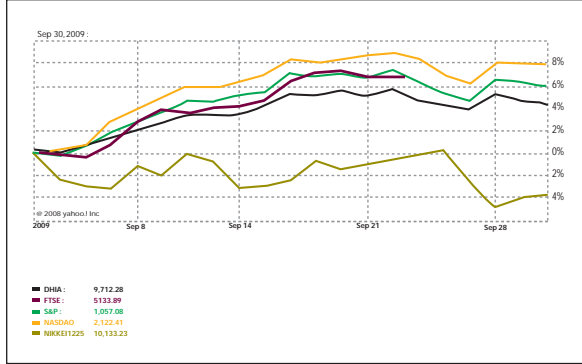


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INTERNATIONAL CAPITAL MARKETS

SELECTED GLOBAL INDICES

Global Indices Round-up



US stocks fell slightly on Wednesday, the 30th of September, after a surprising contraction in an index of Midwest business activity, but buying of technology bellwethers like Cisco Systems Inc at the end of a strong quarter limited losses. For the month, the Dow rose 2.27% the S&P 500 added 3.6% and the NASDAQ climbed 5.6%. These monthly gains ran counter to the historic trends showing September to be a miserable month for U.S. stock market. Even so, the Dow - up 15% - marked its best quarterly performance since the fourth quarter of 1998, while the S&P 500 notched its second straight quarterly advance of 15%. The NASDAQ gained 15.7% for the third quarter. Volume was heavy on the New York Stock Exchange, where about 1.77 billion shares changed hands, above last year's estimated daily average of 1.49 billion. On the NASDAQ, about 2.76 billion shares traded, above last year's daily average of 2.28 billion. Declining shares outnumbered advancing ones by a ratio of about 3 to 2 on the NYSE, while on the NASDAQ, more than eight stocks fell for every five that rose. European shares look set to finish the third quarter with their best performance in nearly a decade on expectations of economic recovery. German unemployment fell for a third consecutive month in September. U.S. non-farm payrolls data is due on Friday and will do much to dictate market direction in the short-term before the third quarter company earnings seasons gets into gear. The FTSE closed at 5,133.89 on the last trading day of the month, a 4.58% increase from the previous month. The CAC 40, too, gained ground over last month, closing at 3,795.41, a 3.88% increase. Over in Asia, the Hong Kong HANG SENG closed at 20,955.25, a 5.62% increase from last month. India's SENSEX was also up by a significant 7.62% from August. Equities rose in early trade on October 1st, led by top telecoms firm Bharti, which rallied more than 11 per cent a day after its proposed \$24 billion deal with South Africa's MTN collapsed, removing worries over a likely impact on earnings. However analysts believe that the broader market was weighed down by a surprise drop in manufacturing in the U.S. heartland that raised concerns about the strength of a global. The BSE Sensex crossed 17,000-point level on the 30th of September for the first time since May last year. Japan's Nikkei share average hit its lowest close in two months on Thursday, the 1st of October, with shares of exporters hurt by a stronger yen, while uncertainty about the policies of the country's new government dampened investor confidence. The benchmark Nikkei N225 began the second half of Japan's fiscal year on a weak note, sliding 5.41% to 9,978.64, its lowest finish since July 24. (Source: Yahoo! Finance and Reuters)

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INTERNATIONAL MARKET MOVEMENTS

INDEX	VALUE (AS of Sep 30th)	1 MONTH AGO (AS of Aug 31st)	CHANGE	% CHANGE
DJIA	9,712.28	9,496.28	216.00	2.27%
S&P 500	1,057.08	1,020.62	36.46	3.57%
NASDAQ	2,122.41	2,009.06	113.35	5.64%
FTSE 100	5,133.89	4,908.90	224.99	4.58%
CAC 40	3,795.41	3,653.54	141.87	3.88%
NIKKEI 225	9,978.64	10,549.64	-571	(5.41%)
BSE SENSEX	17,101.76	15,891.05	1,210.71	7.62%
HANG SENG	20,955.25	19,840.27	1,114.98	5.62%



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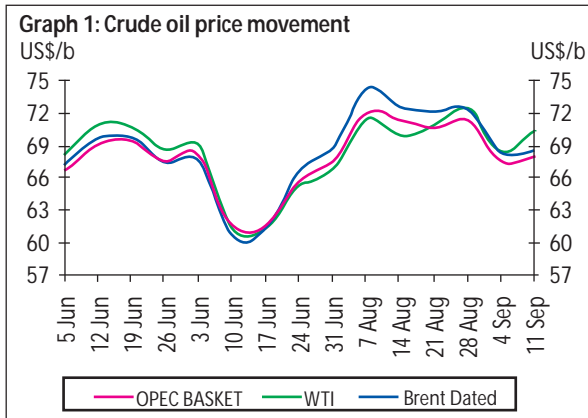


COMMODITIES REVIEW

CRUDE OIL PRICE MOVEMENTS - EXTRACTED FROM "OPEC MONTHLY OIL MARKET REPORT™"

OPEC REFERENCE BASKET

A combination of bullish reports on the US manufacturing sector and European banking industry as well as a relatively strong performance of the Chinese economy boosted market sentiment, lifting oil prices in early August. The depreciation of the US dollar and equity price rallies on improved US GDP growth in 2Q09 also supported crude prices. Following these developments, OPEC Basket prices soared to above \$72/b on 13 August from \$66.42/b on 30 July. WTI and Dated Brent crude prices also jumped to \$71.01 and \$73.76 respectively from \$67.12 and \$68.90/b on 30 July (see Graph 1). Dubai crude prices increased to \$72.31 from \$68.90/b. In the middle of August, market sentiment changed slightly after bullish reports on US jobless claims which triggered more interest for the US dollar and dampened traders' interest in commodities. This movement, along with technical sell-offs for profit-taking, exerted downward pressure on crude prices. The OPEC Reference Basket price slid by almost \$4/b in a few days to reach \$68.04/b on 17 August from \$72.22/b on 13 August. WTI and Brent crude followed the same trend slipping to \$66.66/b and \$68.87/b respectively from \$71.01/b and \$73.76/b over the same period.

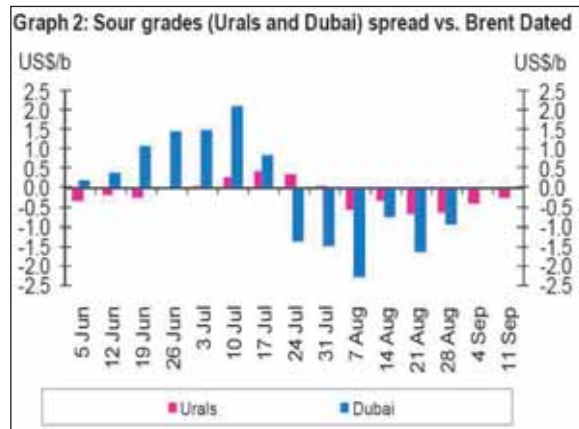


Similarly, Dubai crude price plummeted to \$68.42/b from \$72.31/b during the same time. On 14 September, the Basket price averaged \$66.47/b. Later on, market sentiment turned positive again after bullish statements by Fed policymakers about the US economy and improvements in the financial markets as well as an increase in German and France GDP growth figures in 2Q. This bullish movement was consolidated by large crude stock draws in the US. Following these developments, the OPEC Reference Basket price surged to above 70/b and remained around that level up to the end of August. WTI and Dated Brent crude prices also soared to above \$73/b in the latter part of the same month. The Dubai crude price jumped to over \$70/b in the last decade of August. US dollar movement against other major currencies and technical sell-offs for profit-taking capped the upward movement of crude prices in the latter part of August and recently exerted pressure on crude prices. Since market fundamentals are still weak, it is expected that in the absence of a major shift in economic sentiment, the volatile circumstances in the market will persist. Apart from crude oil price movements, US crude differentials for both light-sweet and medium-sour grades on the spot market were strong in the first half August. Light Louisiana Sweet crude differentials soared up to \$4.5/b above WTI and Mars sour crude was also trading at premium to WTI in the first half of August. In the second half of the same month, after narrowing of the spread for the prompt month, differentials for US crude fell and in the latter part of August Mars crude traded at about a \$2/b discount versus WTI. Furthermore, following the start of stock draws at Cushing, the spread between WTI and rent crude narrowed again and WTI crude has been selling at a premium to Brent crude since 25 August. This premium level reached over \$2/b in the last few days (see Graph 1). With the end of the maintenance schedule in North Sea, the current premium of WTI against Brent crude is likely to continue in the future. However, potential stock building at Cushing could adversely affect WTI prices and the spread against Brent crude. Market sentiment for West African crude, especially for Nigerian grades, was weak in the first decade of August but has improved since, amid increasing interest by US buyers, Nigerian Benchmark crude Qua Iboe differentials against Dated BFOE rose from \$1.20 in early August to above

\$1.90/b in the latter part of the same month. Sour benchmark crude including Urals and Dubai generally were weaker than the previous month and most Middle East crude traded at a discounted level in the first half of August. Following the announcement of an official selling price for September and increasing demand for stock building prior to the peak winter demand season, Middle East crude market sentiment improved and differentials for different grades rose in the second half of August. Middle East crude differentials are also expected to remain relatively strong in the coming months.

THE SOUR/SWEET CRUDE SPREAD

Bullish reports about the US and European economies have positively impacted Atlantic Basin benchmark sweet crude and widened the Brent crude spread against Urals and Dubai grades. As Graph 2 shows, the Urals crude spread versus Brent crude switched from positive territory in July to negative in August. Despite this positive movement in favor of Brent crude, Urals crude still performed well as the grade continue to benefit from a lower level of Middle East crude to the region. Looking ahead, the market for Urals is likely to remain strong amid tight supplies of medium-sour crude and a reduced loading schedule for September. Dubai benchmark crude also lost its earlier strength compared to Brent crude amid ample West African crude flows to Asia and lower regional demand for Middle East crude. The spread between Dubai and Brent crude plummeted from \$2/b in the middle of July to minus \$1.66/b in the middle of August. This spread level narrowed again over the last weeks in favor of Dubai crude due to higher prices of fuel oil and falling of Brent prices, resulting from the completion of North Sea maintenance and increasing outputs. This situation would increase the risk of further arbitrage cargoes from West Africa to Asia and, with a time lag, could once again exert pressure on Dubai crude prices in the future.



P-04

	Jul 09	Aug 09	Change Aug/Jul	Year-to-Date 2009	2009
OPEC Reference Basket	64.59	71.25	6.76	109.54	35.24
Arab Light	64.92	71.42	6.50	110.45	55.50
Bahrain Light	64.32	70.73	6.41	106.64	54.00
Bonny Light	66.31	73.84	7.53	116.30	57.70
Es Sider	64.51	72.89	8.38	112.14	55.72
Grassol	65.02	72.66	7.64	110.70	56.13
Iran Heavy	64.79	71.53	6.74	106.43	54.60
Kuwait Export	64.74	70.97	6.23	105.08	54.95
Marsa	65.31	72.02	6.71	109.65	56.59
Mery	60.11	66.78	6.67	-	60.21
Mutban	66.80	73.51	6.71	114.59	58.01
Oriente	58.10	65.26	7.16	100.39	48.76
Saharan Blend	65.21	72.94	7.73	114.64	56.78
Other Crudes					
Miras	67.23	75.88	8.65	116.04	59.04
Dubai	64.82	71.36	6.54	109.70	55.92
Jahrom	63.70	71.04	7.34	110.06	56.06
T.J. Light	62.68	69.83	7.15	105.89	53.88
Brent	64.61	72.84	8.23	112.67	56.06
W Texas Intermediate	64.23	71.05	6.82	114.73	55.96
Urals	64.85	72.27	7.42	109.49	55.51
Differentials					
WTI/Brent	-0.36	-1.79	-1.41	1.87	-0.50
Brent/Dubai	-0.21	1.48	1.69	4.16	0.14

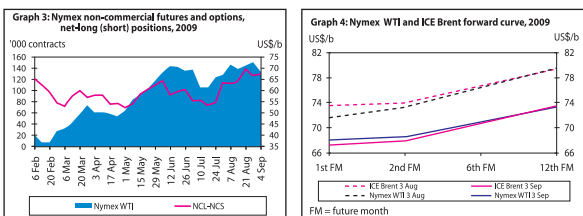
Note: As per the request of Venezuela and as approved by the 11th ECN, the Venezuelan crude BCF-17 has been replaced by Mery as of 2009. CRB has been revised as of this date.
Source: Platts, Direct Communication and Secretariat's assessments.

THE OIL FUTURES MARKET

A combination of bullish reports about world economic growth especially for the US, Europe, Japan and Chinese economies along with crude stock draws in the



US lifted futures market sentiment and encouraged market players, particularly speculators, to increase long positions in the different derivative markets including the futures market. Following these developments, non-commercial net-long positions on Nymex surged from about 77,000 contracts on the week ending 24 July to over 138,000 contracts on 21 August (see Graph 3). In the latter part of August, technical sell-offs for profit-taking along with US dollar movements against other major currencies capped the upward movement and undermined trader activity on riskier assets, including crude oil. This situation has led to a liquidation of positions in the futures market and resulted in lower prices for crude in the last few days. On 4 September, non-commercial net-long positions slipped to 128,000 contracts from 138,000 contracts on 21 August. These developments have affected absolute price levels for WTI and Brent crude, as well as inter-month and inter-crude spreads in the futures market on both sides of the Atlantic Basin. The absolute price level of the first month on Nymex declined to \$67.96/b on 3 September from \$71.58/b on 3 August. The inter-month spread between WTI front month versus the 12th month also narrowed to \$5.27/b in early September from about \$7.61/b at the start of the previous month (see Graph 4). The European futures market followed suit and the absolute price level of the first month on ICE slipped to \$67.12/b on 3 September from \$73.55/b on 3 August. However, the inter-month spread between the Brent front month versus the 12th month widened to \$6.33/b in early September from about \$5.83/b on 3 August. Meanwhile, as Graph 4 shows, the contango especially for WTI crude in the nearby months narrowed significantly over the last few weeks, reducing the incentive for a further build in crude stocks either on-shore or off-shore.



P-05

Table 2: Nymex WTI and ICE Brent forward price, US\$/b

Nymex WTI	1st FM	2nd FM	3rd FM	6th FM	12th FM
3 Aug 2009	71.58	73.18	74.27	76.53	79.19
3 Sep 2009	67.96	68.55	69.15	70.80	73.23

ICE Brent	1st FM	2nd FM	3rd FM	6th FM	12th FM
3 Aug 2009	73.55	73.98	74.70	76.61	79.38
3 Sep 2009	67.12	67.85	68.60	70.51	73.45

FM = future month

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**METALS COMMENTARY - EXTRACTED FROM BNP PARIBUS
 FORTIS/VM GROUP™ METALS MONTHLY REPORT**

INTRODUCTION

A strong US recovery is now crucial to maintain the rally in base metal's prices, as most other factors, including Chinese demand, have already been factored in. Prospects of such a recovery happening are improving, at least according to the International Monetary Fund (IMF), whose managing director, Dominique Strauss-Kahn, suggested on 18th September that 1H 2010 could see the end of the recession, although he added that a full recovery would depend on easing unemployment levels, which will take rather longer. In the meantime base metal's prices are somewhat directionless, not least because LME warehouse stocks are rising on still weak demand. Although the tail end of the recession was always going to be tough, resurgence in industrial activity outside of China is becoming evident and this should encourage core industries to re-build inventories. This restocking phase could rapidly deplete existing metal inventories, which apart from aluminum and nickel are now at historically low levels compared with the ending periods of previous recessions. With Asian growth levels remaining powerful, a V-shaped recession is looking more likely, although it will not feel like that for months to come.

**GOLD
 News**

Sept 18th: The IMF's executive board approved the sale of 403t of gold from its reserves. It said it would inform the market before any on-market sales happened and report regularly on their progress.

Sept 8th: Barrick Gold, the world's largest gold miner, announced that it had cut 2.4 Moz from its hedge book between 1st July - 7th September and that it would cut the remaining 3.0 Moz within 12 months. This would leave it unhedged for the first time in 22 years.

Sept 1st: Indian gold imports were about 13t in August, down 85% from the 98t imported in August 2008, according to the Bombay Bullion Association. In the first eight months of the year India's imports were 84.6t, down 68% compared to the same period of 2008.

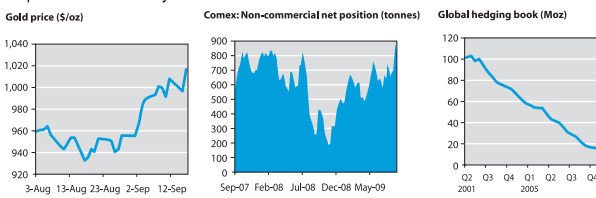
ANALYSIS

\$1,000/oz again, but how sustainable is it?

When the London afternoon gold fix on 1st September pinned the price at \$955.50/oz few considered that a break-through of \$1,000/oz was imminent. Yet only a week later it fixed in London at \$1,000.75/oz, only the fourth time in history it had breached \$1,000/oz. By the 11th it had fixed at \$1,008.25/oz, and, after a small wobble on 16th September, it reached a new all-time high of \$1,018.50/oz on the 17th September in intra-day trading, its high remains that of March 2008. The latest rally in gold's dollar price has clearly been helped by a decline in the dollar by 17th September the dollar was trading at 1.473 to a euro, compared with 1.390 in June, when gold reached \$980/oz, its previous highest since February. Back then it hit \$989/oz, with dollar/euro at just 1.284. The dollar's moves against most other currencies have been similar. So, in many currencies the February 2009 price remains the all-time high, even ahead of March 2008, when the dollar was extremely weak (1,572 against the euro). Nevertheless, the dollar remains about 10% higher than the lows seen in March and April 2008 and, given the turnaround in the US economy there is a growing chance that the US Federal Reserve will begin tightening monetary policy by raising interest rates in 1H 2010 which would in turn strengthen the dollar and inevitably knock the gold price.

OUTLOOK

Barrack's news reminded us that there is a world beyond what happens to the dollar and inflation. If Barrack's buy-backs were mostly concentrated in August, or even September, then gold's rally suddenly becomes far more explicable. But gold has held onto those gains and, although speculators are piling in (the ratio of longs to shorts in the CFTC's new managed money category is 251), the market doesn't seem feverish. A limited pullback is the most likely short-term move, but in the mid-term a rally far beyond where we are today will largely depend on inflationary trends.



Source: London Bullion Market Association Source: VM Group Source: VM Group

**SILVER
 News**

Sept 17th: Buenaventura, the Peruvian miner, lowered its estimate for silver output in 2009, to 17.5 Moz v. a previous forecast of 19.5 Moz, the same level of output as in 2008.

Aug 8th: Canadian miners Silver Wheaton and Barrick Gold agreed a deal in which Silver Wheaton will take 25% of silver production from Barrick's Pascau-Lama mine and the silver output from three mines Lagunas Norte, Pierina and Veladero until at least 2013 (when Pascau-Lama should be operable). The deal will cost Silver Wheaton \$625m over three years plus a maximum of \$3.90/oz of silver received.

ANALYSIS

Silver storms higher; is it undervalued or overvalued?

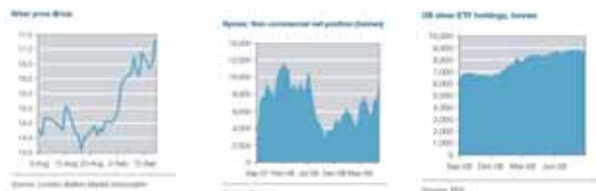
Silver is singing to gold that old refrain .anything you can do, I can do better. In the three weeks between 27th August - 17th September, gold's dollar price



climbed 8%, impressive by any standard. Yet in the same period the silver price surged from \$14.20/oz to 17.38/oz, an astonishing 22.3%. This knocked the gold/silver ratio down to 58.57, the most it has been in favor of silver since mid-August 2008. Yet a closer look reveals this is less tasty than first appears. When the gold price was last over \$1,000/oz, indeed the only other time in history, March 2008, silver was above \$20/oz, nearly 20% higher than its current level. The explanation is that this time last year silver plunged, when an outright global economic depression appeared a real possibility, and it has yet to fully recover. The dilemma is - will 'undervalued' (at least relative to gold) silver play catch up, or has it rallied too far, too fast? On a day-to-day basis, silver looks to gold for its direction, much more than to copper, or indeed any other commodity. Silver tends to rally harder than gold when both are rallying, and it falls more when both are falling. That silver is more of an industrial metal than gold is something that seems to affect their relative prices only at pivotal moments, such as when silver collapsed dramatically this time last year. So if gold shifts higher, then silver will continue to outperform. On the other hand, a gold pullback, which is quite conceivable, should see it under perform. Of course there are some specific differences that might matter. Silver does not have the impact (or, soon to be the lack of impact) of gold hedging/dehedging. And, unlike gold, there is hardly any official sector activity in silver. So in essence silver supply is more predictable than that of gold, especially given its lower above-ground stocks, and demand is correspondingly more important to its price outlook.

OUTLOOK

If gold goes down, so will silver, and by more. We expect a retreat in silver prices in the short-term, but then further gains in the medium-term as gold resumes its upward path. Whether silver can take out its 2008 high of over \$20/oz is debatable, however; at current relative prices it will probably require a gold price in excess of \$1,100/oz. Not impossible, but unlikely to be seen in a hurry.



PLATINUM

News

September 14th: National Union of Mineworkers (NUM) employees agreed a one-year wage deal at Anglo Platinum, with increases of between 9% and 10%. However they rejected a two-year deal.

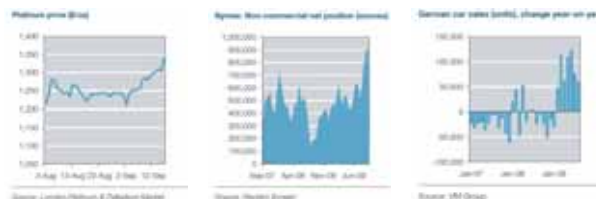
ANALYSIS

Investment remains strong

Platinum fixed in London on 14th September 2009 at \$1,309/oz, the first time it had risen above \$1,300/oz since 8th September 2008. Two years ago, on 14th September 2007, it was trading at almost precisely the same level, at \$1,294/oz. Of course the price has not stayed still between those three dates it surged to over \$2,000/oz and then collapsed down to \$763/oz, but the continuity is quite remarkable, given how different the fundamental demand outlook appeared from the vantage points of September 2007, September 2008 and September 2009. Today we are firmly in recovery mode, although questions remain about its robustness. Platinum demand has been relatively strong in both of the two major sectors, auto catalysts and jewellery. EU27 car sales in August were 3% higher than in the same month of 2008, a remarkable performance given the economic recession, and clearly very supportive to the platinum price. That this improvement in new car sales is largely due to government incentives is however a big concern, as many of the schemes, including the most lavish and successful, that of Germany, have expired or will do so shortly. The extent to which jewellery sales have picked up is more opaque, but Chinese imports remain strong, and turnover on the Shanghai Gold Exchange (SGE), which is often seen as a proxy for jewellery demand, remains robust, by 14th September cumulative turnover had almost equaled the whole of 2008, itself a record year. These factors are enticing investors. Exchange traded fund (ETF) holdings as of 11th September were at an all-time high of 521,140 oz, about one month's global mine production (and the UK ETF added more the following week). However, this is only a few thousand ounces higher than they were in June, despite the listing of the ETF Securities fund on the Tokyo Stock Exchange. Much larger gains have been seen on the New York futures market, with the Nymex noncommercial and non-reportable net long position at 1,048,250 oz, an all-time high, and 600,000 oz higher than it was in May. Yet if the economic recovery truly is underway this will not prove to be an unsustainable bubble.

OUTLOOK

Platinum is back where it was in September 2007, when the economic turmoil of the last two years was still only about to begin. This is testament to strong demand and continuing supply problems. With prices and investor interest high, there is always a risk of a profit-taking retreat; but the medium-term outlook remains relatively strong unless EU car sales fall back sharply as incentive schemes reach an end or lose their appeal.



PALLADIUM

News

Sept 2nd: North American Palladium, the Canadian miner, pulled a planned offering of \$50m of convertible notes, due to the unattractive terms available.

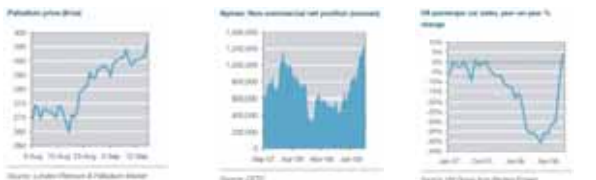
ANALYSIS

Above \$300/oz

Palladium popped above 300/oz in mid-September, with its highest London fix \$299/oz, on the 17th of the month. A rally in other precious and base metals, together with a general sense of economic optimism and renewed commodity investment inflows, all helped push palladium prices to their highest since August 2008. More specific positive factors were a strong August for US car sales and a continuing car boom in China, both of which are palladium-biased auto catalyst markets. The US reclaimed its mantle as largest single car market, with passenger vehicle sales of 1.17m units in August, up from 935,250 units in July and the highest monthly figure since May 2008. It was also 3.9% higher year-on-year, a remarkable turnaround from earlier this year, when year-on-year sales were at one point some 40% down. Of course, as has been the case in other countries, these US sales were boosted by government incentives, in this case the 'cash for clunkers' scheme. That program ended on 24th August, so what September sales figures reveal will be critical. There seem to be no such concerns in China (although it too has its own incentive schemes), with August seeing sales of 858,300 passenger vehicles, 90% higher year-on-year. That comparison is flattered by a weak August 2008, but it was nevertheless the second highest month for car sales on record, beaten only by June 2009. Judging by the steady expansion of exchange-traded funds, palladium holdings, investors continue to like what they see in prospect for palladium. Total ETF holdings as of 18th September were above 1 Moz, with the UK ETF Securities, ETF held 498,212 oz and the Swiss ZKB ETF 546,424 oz, up collectively over 100,000 oz from the position at the end of August, with almost all the fresh inflows into the UK ETF. The ratio of palladium ETF ounces held to platinum hit 1.98, the most in palladium's favour since March this year.

OUTLOOK

Palladium's rally is all down to the rebound in the major car markets, and investors have taken note. But the risks are evenly balanced right now. If the September figures for US new vehicle sales are perceived to be disappointing, then \$300/oz will be difficult to cling onto, even with the current boom in Chinese sales. And, having reached \$300/oz, some investors may decide to take some profits. After all, palladium has found cracking \$300/oz difficult, even as platinum has kept on rising, the ratio between the two widened from a low of 4.25 on 2nd September to 4.47 by the 17th.



ALUMINUM

News

Sept 11th: Japanese aluminum port stocks rose in August v. July, when they fell to their lowest level in at least 14 years. Stocks increased by 10%, to 192,200t, in the ports of Yokohama, Nagoya and Osaka.



ANALYSIS

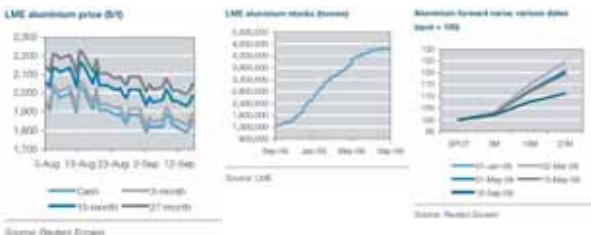
The prolonged paradox

High exchange stocks, yet a relatively high price. What a paradoxical recession this has been for aluminum. This paradox is unlikely to unravel in a hurry however, simply because some producers have been canny enough to strike deals to take metal off the market. LME aluminum warehouse stocks rose by more than 3.4 Mt at the end of August 2008, to a record of 4.625 Mt on 19th August 2009. Inventories have since eased slightly, with cancelled warrants falling from a high of 181,250t on 22nd July to 116,400t as of 21st September. With 4.6 Mt of aluminum currently sitting in LME warehouses, there ought in principle to be plenty of metal available, and premiums ought similarly to be at much lower levels than the current \$115/t above the prevalent LME benchmark price. But physical buyers are being forced into paying these elevated premiums because about 75% of aluminum held in LME warehouses is locked into long-term financing deals; Rusal has sold much of its production in Q3 to metal trader Glencore International, and China has removed at least 1 Mt of metal into off market stocks. The consequence of this stock withholding is that, despite having the least bullish global supply-demand fundamentals of all base metals, the three-month aluminum price reached more than \$2,000/t in early August and averaged \$1,862/t in the first two weeks of September. Physical buyers are paying the price for behaving rationally in the past year, by their rapid destocking; now demand, in the form of restocking, has picked up, getting hold of metal is not easy. Stocks held by producers were at an all-time low of 1.205 Mt in July, according to the International Aluminum Institute, from 1.707 Mt in August 2008, which testifies to the level of de-stocking that occurred throughout the supply chain during the worst of the recession.

OUTLOOK

Such has been the deterioration in stocks throughout the supply chain since Q4 2008 that re-stocking is likely to be extremely sharp. But with most of the record LME warehouse stocks unavailable, the re-stocking phase is already beginning to squeeze metal availability. This rather artificial market dynamic is supporting aluminum prices. This may prove to be short-term fiesta for aluminum producers, the bill for which they will have to pay over the longer-term, unless global economic recovery is swift and strong. But even then, some aluminum producers may have acquired a taste for withholding metal. In a truly rational world the price would weaken from here for a lengthy period, but we are living in topsy-turvy times.

P-07



COPPER

News

Sept 11th: Chinese production of refined copper hit 364,900t in August, up almost 9% from July.

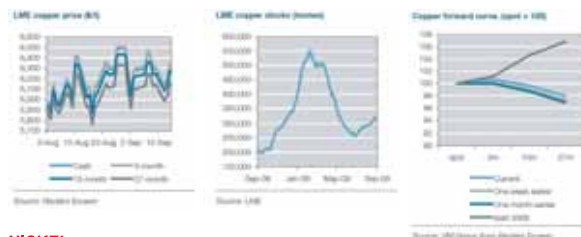
ANALYSIS

It's going higher, but more slowly
China remains important in determining copper's price direction, but its influence is starting to become diluted, with the metal markets' attention now a bit more focused on the shape of Western economic recovery. The decline in Chinese imports of unwrought copper and copper products in July and August symbolizes this changed sentiment. After successive monthly increases since October 2008 (apart from a minor blip in January 2009), July and August saw a reversal of that trend. China's copper imports in August were 325,098t, down by 20% from July, and 32% lower than June. This was the sharpest two-month decline in Chinese copper imports since records began in 1993. Copper scrap imports also fell in August, to 390,000t, from 448,258t in July. We have been forecasting such a decline and thus are not too surprised, given that China's copper imports have been so very strong since September 2008. What is surprising however has been the failure of the LME copper price to fall on this slackening of the pace of China's imports. Given that refined copper stocks on the Shanghai Futures Exchange are up to a five-year high of 104,248t in the week ending 18th September, then the persistently elevated LME price becomes even more

difficult to justify on purely fundamental terms. Chinese refined copper production rose 15.4% in August (v. July 2009), to a record 364,900t, and the rising local stocks and weaker imports suggest demand is finding it hard to keep up. There is more to come: China's production of copper concentrate was up 11%, to 94,300t, in August, implying a further ramp-up in domestic mine supply, offering up the distinct possibility that refined copper imports could again fall in September. It's conceivable that the LME copper price held its ground in the face of such negative data from China because other factors, not least a weaker dollar and stronger than expected US consumer sentiments were powerful countervailing influences. Moreover, there are prospects of supply disruption in the months ahead due to the threat of strikes in Canada, Chile, Peru and the US. Altogether, we estimate a total of 3.4 Mt/year of copper production could be jeopardized (2.7 Mt in Chile alone), if all the threatened strike action materializes. The concentrate market already appears to be tight, as demonstrated by falling spot smelter processing fees, which currently stand at multiyear lows of \$10/t (treatment) and \$0.01/pound (refining).

OUTLOOK

The copper price has astonished so far in 2009, largely thanks to China's imports. These imports are likely to slow in Q4 2009 and the price therefore ought to stabilize. But if the global recovery genuinely proves to be V-shaped, then Western world demand and restocking could push the copper price above \$7,500/t in early 2010; and longer-term the failure to invest in new world-class projects will create significant deficits.



NICKEL

News

Sept 14th: Brazilian miner Vale restarted operations at its Thompson nickel mine and processing complex in Canada after a one month maintenance shutdown.

Sept 4th: Norilsk Nickel produced 140,751t of nickel in 1H 2009, down 1.9% year-on-year. Full 2009 output is expected to be 285,000t-300,000t.

ANALYSIS

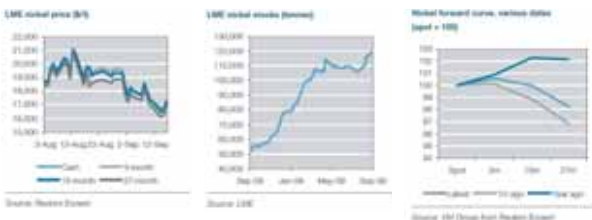
Nickel awaits a Western pick-up

Rising Chinese imports, alongside the raft of supply cuts in Q4 2008 and Q1 2009, have supported the view that supply-side tightness could again ignite a price rally by the end of 2009. But appearances can be misleading. After all, hopes that the stainless steel sector, which accounts for about two-thirds of nickel off take, has started to go into restocking overdrive are being contradicted by the trend of rising LME nickel stocks. LME nickel stocks were >118,000t/year as of 18th September, from ~105,000t in early August. As with many base metals, the price strength so far this year has been reliant on China, where the economic boom has merely stumbled, rather than collapsed. And in China, the view is that 2009 will be yet another strong year for nickel consumption, up by as much as 25% year-on-year to more than 400,000t this year. But this is only superficially bullish for the price. China has no shortage of nickel to cater for this apparent strong demand, as it imported record quantities of nickel in the first seven months of the year, a total of 167,758t, which is a year-on-year increase of 123%. China also holds an estimated 130,000t of nickel in off-market warehouses. It is also likely to produce 240,000t of primary nickel in calendar year 2009, of which a third could come from the country's rejuvenated nickel pig iron sector, again profitable since break-even costs are currently when nickel is around \$12,000/t. LME nickel last traded at that price in May 2009, since when it has reached as high as \$21,225/t, on 13th August. On the demand side, Chinese stainless steel production may reach 9.12 Mt in 2009, up from 8 Mt in 2008, but an oversupply situation is looming, given that end-users inventories are now rising. The same cannot be said for Western world stainless steel mills, whose inventories are critically low. If Western stainless steel mills start nickel restocking in earnest, in preparation for the expected recovery in demand, then LME stocks will be rapidly depleted, given that outside of China there is little available metal besides that in the LME.



OUTLOOK

The speed at which Western stainless steel producers start restocking will be key to the price direction for the remainder of this year, given that the pace of China's nickel imports is likely to slow. We currently estimate a nickel supply surplus of just 20,000t in 2009, but this will ultimately depend on the level of demand recovery, as well as the swing factor of nickel pig iron production. Longer-term the nickel market is likely to swing into significant deficit, but that could be a couple of years away.



LEAD AND ZINC

News

Sept 17th: Votorantim, the Brazilian corporation, said the expansion of its Cajamarquilla zinc refinery in Peru would come on-stream at the start of 2010, doubling the refinery's capacity to 320,000t/year.

Sept 14th: Nystar will buy Glencore's East-Tennessee zinc mine complex for \$126m. The operation has been suspended since February 2009.

Sept 11th: Chinese production of lead and zinc was 364,800t and 415,000t respectively in August, up by 5.6% and 10% month-on-month.

ANALYSIS

Lead flying high, zinc follows

The lead price has made hefty gains since mid-August on the back of supply-side disruptions. The LME three-month contract hit a 16-month high of \$2,511/t on 8th September, although it has since fallen back to trade between \$2,050/t-\$2,350/t. This rally was slightly overdone and the correction lower entirely justified. In the short-term lead's price direction will in part be determined by the action Beijing takes in dealing with the issue of old, polluting lead smelters. China's political leadership is highly sensitive to the need to respond to public anger over lead pollution, but how this translates into plant closures is unclear, since Chinese output is still rising, regardless of the toxic leaks. Lead's near term demand profile is encouraging for the price, but there should be enough supply to meet this, unless the Chinese government does something drastic. Our view is that China will attempt to manage the ugly public relations, while keeping open as many smelters as possible. Zinc has also benefited from the lead smelter closures, on speculation that zinc smelters, with many producing lead as a by-product, would also be forced to close. This hasn't happened so far and we don't think it will. Zinc is therefore faced with a potential oversupply problem, as China ramps up output and smelters begin to restart in the West. Already Boliden, Tech, Horsehead and Nystar have signaled that they will restart idled capacity, with Nystar suggesting it will also restart Glencore's East Tennessee zinc mine complex as soon as possible after its acquisition. Against that threatened supply increase there is some good news on the demand side, as implied by rising Chinese galvanized sheet exports, up 50,000t in April to 89,500t in August. But overall, the stocks. Position ought to prevent any speculative investment rush of blood to the head, we estimate upwards of 750,000t of zinc is held in off-market stocks in China alone. Together with rising LME stocks, of more than 435,000t in September, the global zinc market surplus could widen to more than 300,000t by year-end.

OUTLOOK

The lead rally was overdone, but uncertainty as to what China will do lingers on. The zinc price for now will track lead, but a chunky zinc surplus is looming, as suppliers ramp up production while demand remains weak.



TIN

News

Sept 18th: Thaisarco, the Thai tin smelter owned by AMC, said it had suspended taking deliveries of tin ore from the Democratic Republic of Congo, as a consequence of the negative publicity surrounding the tin trade in the DRC.

Sept 2nd: Bolivian state miner Empresa Minera Huanuni expects to produce 9,000t of tin in 2009, v. 7,875t in 2008.

Aug 19th: Indonesian tin exports were 8,778t in July, down 11% month-on-month.

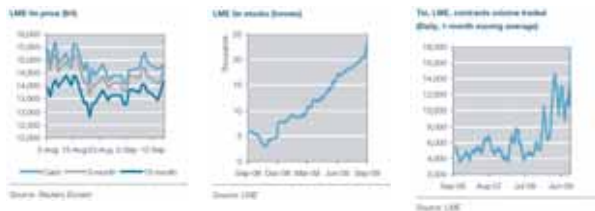
ANALYSIS

Indonesia fails to boost price

Once again, the Indonesian authorities have been trying to crack down on allegedly illegal tin ore mining on the islands of Bangka and Belitung, moving against a number of operations in August. The situation is unclear, but we believe that almost 3,000/month of refined tin has been lost through the closures of several small tin smelters. If these closures extend throughout the rest of 2009, then we calculate that about 11,500t of tin output could be lost. But according to local reports these operations could quite quickly re-open. Indonesia's largest tin smelters, PT Timah and PT Koba, have both stated that their output has been unaffected, but while Indonesian production may be lower than previously expected, at 100,000t in 2009, Chinese production is marching ahead. China's tin output rose 26% year-on-year in August, to 12,364t. And while in the eight months to September the country's production was down 0.5% (v. the same period of 2008), to 83,596t, by the end of 2009, Chinese output could very well outstrip its 2008 output, of 129,544t. Furthermore, Bolivian tin mining is also increasing, albeit modestly compared to Indonesian and Chinese output levels. All this higher tin production does is throwing more emphasis on the need for demand to pick up. On this score we consider that it would take a prolonged Indonesian crackdown, or a much more vigorous cross-commodity rally, to boost tin prices above their June high of \$15,725/t. Demand for all forms of tin except tinplate remains very weak.

OUTLOOK

Earlier this year we forecast a 10,000t tin surplus in 2009, so if Indonesian output were to lose 11,500t due to the latest attempt to stamp down on illegal tin-ore mining, then the market could end the year in almost balance. We expect the price to be well supported by the Indonesian action, with price risk to the upside, until the situation becomes clearer.



STEEL

News

Sept 21st: World crude steel production rose 2.5% in August from July, to 106.5 Mt, according to the World Steel Association.

Sept 7th: Tata Steel of India, the world's eighth largest by production volume said its sales in August rose 25% v. the same month in 2008, to 492,000t.

Sept 2nd: Spot iron ore vessel bookings to China in August from Australia and Brazil fell to a 9-month low.

ANALYSIS

Steel steps out

It's a positive sign when steel producers begin to ramp up production and even restart previously idled capacity; they think demand is picking up. Steel prices have trended up in the past month, despite a slight correction in mid-September on demand concerns. However, there are a number of reasons why demand will rise soon, the most supportive being the various government fiscal stimulus measures. Car scrapping schemes have prompted automakers to boost 2009 production, after a long period of inventory cuts. This increase in steel demand has encouraged steel makers to switch on idled capacity. According to the World Steel Association, world crude steel production climbed to 106.5 Mt in August from 103.86 Mt in July and 99.67 Mt in June, compared with a low of 84.7 Mt in February. However, despite the positive signs, the steel sector will have to cope



you can bank on us

with the high raw material costs by passing them down to customers via higher steel prices, and this could crimp the fragile rise in demand. The steel sector therefore still has some way to go before we can signal a full recovery is underway. The absence of producer discipline in China is a good example of how steel mills can jump the gun and overproduce, with its prices for steel products such as coil, rebar and plate declining by as much as 12.5% in September, what is China's problem today - oversupply - will fast become a global problem tomorrow, as excess Chinese steel capacity will find its way out onto the world market, exerting pressure on the already struggling Western steel sector. Chinese exports of steel products has increased sharply from May's lows of 1.35 Mt, with August exports at 2.08 Mt from July's of 1.81 Mt and June's of 1.43 Mt, although that's still relatively low compared to the >7 Mt in August 2008. We expect September's figures to show an even greater rise.

OUTLOOK

There is one glimmer of hope right now that could more than soak up excess Chinese demand, and indeed rising global steel output, and that is the recovery in US demand for steel. With US retail sales jumping at the fastest pace in 3½ years in August - albeit helped by the car scrappage scheme - demand recovery in the world's largest economy is seemingly at hand. This should buoy the steel market and prices for now, but producer discipline will be critical in determining the longer-term price outlook.



OUTLOOK

Much like the steel sector, the plastics' industry has produced too much too soon. Prices will now have to fall after steadily increasing by as much as 40% since the start of the year. We expect production will have to close for supply to meet demand. This has not yet been factored into the LME prices, but we anticipate a corrective period ahead.



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P-09

PLASTICS News

Sept 9th: Japan's ethylene production rose 3.6% in August, to 628,200t v. August 2008, s 606,100t a year ago. Output in July was 553,800t.

Sept 5th: LyondellBasell raised prices of its polyethylene and polypropylene grades in Europe, to keep up with rising feedstock prices. The price for PE was raised by €120/t and by €125/t for PP.

Sept 4th: Exxon Mobil Corporation plans a one-month maintenance shutdown at its 296,000 bpd Singapore refinery, starting in May 2010.

ANALYSIS

Oversupply heading this way

The oil price is hovering around \$70/barrel, precisely where OPEC said it wanted it to be earlier this year. There's no incentive for OPEC to shift its production policy right now and we envisage crude oil prices rising steadily towards \$82/barrel by the end of the year, as the economic recovery continues and demand picks up. The International Energy Agency revised up its estimate for 2010 global demand for a second consecutive month, to 85.7m bpd. This has yet to be factored into naphtha prices, which have continued to deteriorate in Asia, to around \$627/t (cfr Japan) in the week ending 14th September, from \$650/t in the week ending 12th August. A persistently strong crude oil price is being quickly passed down into plastic feedstock prices, but with demand for plastics remaining subdued, these higher costs may well have to be taken on board by producers rather than be passed down to customers. This is because other factors are at play, including an anticipated supply glut emanating from the Middle East, as Saudi Aramco's 44,000 bpd hydro cracker restarts after a three-month outage, bringing to the markets 150,000t/month of A310 grade naphtha and 50,000t-100,000t/month of A180 light grade. Qatar will also export an extra 200,000t/month from October, as its new condensate splitter is to start producing light fuels in September. Linear low-density polyethylene prices have deteriorated over the past month, to \$1,245/t in the week ending 14th September, from \$1,295/t in early August. This is owed to falling demand and excessive stocks, but also to speculation that Chinese lending conditions may tighten. Likewise, polypropylene prices have also declined, to \$1,145/t in Asia, from \$1,200/t a month ago, due to lack of interest. Remarkably, the illiquid LME PP and LL contracts have both risen, with the former up by 3% to \$1,055/t over the same period and the latter up by 5.5% to \$1,045/t.

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INTERNATIONAL ECONOMIC FORECASTS - WELLS FARGO SECURITIES ECONOMICS GROUP™ REPORT

U.S. OVERVIEW

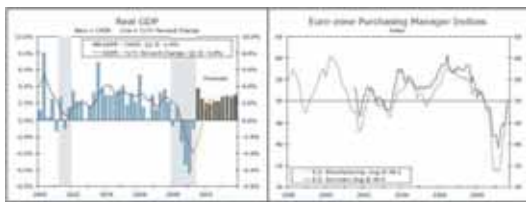
THE RECOVERY WILL TAKE TIME TO BUILD MOMENTUM

Forecasts for economic growth during the second half of this year and 2010 have been steadily ratcheted up as most of the monthly economic indicators have come in better than expected. We have raised our own estimate modestly. We now see real GDP rising at a 3.7 percent annual rate, which is 0.3 percentage points higher than one month ago. Estimates for real GDP growth during the fourth quarter and 2010 are essentially the same as they were one month ago, and our first look at 2011 calls for real GDP to rise 2.5 percent. The long string of real GDP gains seems a bit odd coming just as the unemployment rate approaches 10 percent. Much of the near-term improvement comes from a narrowing of the trade deficit and a smaller inventory drawdown. Inventories are "only" expected to decline by \$100.0 billion in the current quarter, less than the prior quarter's \$159.2 billion plunge. The smaller decline will add 1.8 percentage points to third-quarter growth and 1.7 percentage points to the fourth-quarter numbers. There is also some real improvement taking place. Stronger economic growth overseas is boosting demand for exports, helping further narrow the trade deficit. Fiscal stimulus dollars are also flowing a little more freely. Federal government spending is expected to average a 6.0 percent pace for the next three quarters, helping offset continued weakness of state & local government and the private sector.

INTERNATIONAL OVERVIEW

HAS THE GLOBAL ECONOMY TURNED THE CORNER?

Following five consecutive quarters of contraction, it appears that real GDP growth in the euro area is turning positive again. However, there are a few important countries in the Euro-zone in which consumers became highly geared over the past few years. Therefore, growth in the overall euro area could be held back somewhat over the next year or so as these consumers delever. With inflation benign and the sustainability of the recovery still in question, the European Central Bank will likely refrain from tightening policy. The British economy, which plunged into its deepest recession in decades, is also exhibiting incipient signs of recovery. Like their counterparts in some continental economies, British consumers levered up earlier this decade. Therefore, it seems that a period of consumer retrenchment is in store. In our view, the Bank of England will also be on hold well into next year. If there is a region of the world where recovery has clearly taken hold already, it would be Asia. China is leading, but most other Asian economies have also posted positive rates of GDP growth, at least on a sequential basis. Asian central banks likely will be the first institutions to hike rates, but policy tightening probably won't get under way in the region until sometime next year. Inflation is benign in most Asian economies, and the outlook for many western economies, which are important trading partners for the region, remains uncertain.



THE ECONOMY STILL FACES SIGNIFICANT HEADWINDS

The recent moderation in the rate of job losses along with a host of upbeat reports has raised hopes the recovery might turn out to be stronger than expected. As much as we would like to join that camp, we believe the economy still faces significant headwinds that will make it difficult to sustain the relatively robust gains we are likely to see over the next couple of quarters. Much of the improvement merely reflects a bounce back in motor vehicle production and a reduction in the rate of inventory liquidations. Federal stimulus programs, including aid to state & local governments, the cash-for-clunkers program and the \$8,000 tax credit for first-time homebuyers, are also helping drive activity in the near term.

Private final domestic demand, or "core" GDP, remains exceptionally weak. "Core" GDP is expected to grow at just a 0.5 percent pace over the next year. The weakness in private demand means overall growth will decelerate once the inventory drawdown is complete and stimulus programs end.

While we are forecasting a substantial deceleration in overall growth, we do not expect a double dip. Overall growth is expected to remain in positive territory throughout the forecast period thanks mostly to continued narrowing in the trade deficit and increases in federal government outlays. Private domestic demand should gradually build momentum, but there are a number of hurdles that need to be overcome before robust growth returns to the private sector.

Consumer spending got a temporary boost during the third quarter from the cash-for-clunkers program, which helped boost motor vehicle sales to around an 11.6 million unit rate for the third quarter, up from a 9.6 million unit pace in the prior quarter. The gain in new vehicle sales did not carry over into spending for other items. Spending for nondurable goods likely declined during the quarter, and outlays for services likely posted only a modest increase. Consumers are only willing to spend if they are presented with a bargain.

We are expecting a modest payback from the cash-for-clunkers program and look for sales to slip back below a 10 million unit annual rate later this year. Spending for other goods and services will also likely remain exceptionally modest, reflecting a 5.0 percent drop in wages and salaries over the past year and continuing concerns about job security. Personal income is holding up better than that, thanks to government transfer payments. Even when income turns back up, spending will likely continue to lag. Consumers are still deleveraging and trying to rebuild savings. As a result, spending will likely lag behind real after-tax income for the next several quarters.

Residential construction is finally showing some positive signs. Single-family housing starts have risen in each of the past five months, which should push real outlays for residential construction back into positive territory during the third quarter. Home sales and construction have been helped out a good bit by the \$8,000 tax credit for first-time homebuyers. Once the tax credit program ends, the rebound in new home sales and construction may level back out.

Even if first-time homebuyer tax credits are extended, there is not much immediate upside for the housing market. Delinquency rates are surging for both prime and subprime mortgages. As a result, underwriting will remain exceptionally tight, while sales and new construction will remain near historic lows.

The Federal Reserve is expected to keep short-term interest rates near current levels until it feels confident that there is little risk of the economy sliding back into recession. Once it feels the coast is clear, the pace of interest rate hikes will likely be surprisingly fast until they bring the Federal Funds rate back in line with the core inflation rate. This means we should see a 1.50 percent Federal Funds rate by the end of 2010.

EUROPE NOT COMPLETELY OUT OF THE WOODS YET

The purchasing managers' indices (PMIs) in the Euro-zone collapsed late last year, but both manufacturing and service sector PMIs have recently returned to the demarcation line that separates expansion from contraction (see graph on front page). Therefore, it appears that real GDP growth in the Euro-zone is about to turn positive again following five consecutive quarters of contraction. Does this mean that there is nothing but blue skies ahead for the euro area?

Although the worst is probably over, we believe that the economic skies above the Euro-zone will remain partly cloudy for some time. As we wrote recently, there are a few economies, namely Greece, the Netherlands, Portugal and Spain, in which consumers are fairly indebted. (See "Will Debt Restrain Euro-zone Consumer Spending?", which is posted on our Website.) In our view, lackluster growth in consumer spending in these economies will help to restrain real GDP growth in the overall euro area well into next year. This point was reinforced by the recent release of Euro-zone GDP data for the second quarter as real consumer spending in Spain plunged nearly six percent relative to the same period last year (left chart).

Consumer prices in the Euro-zone were down 0.2 percent on a year-over-year basis in August. Although the collapse in oil prices over the past year overstates the drop in underlying inflationary pressures, inflation is just not much of an issue at present. (The "core" rate of inflation fell to only 1.3 percent in July, the lowest rate in four years.) The combination of a sluggish recovery and benign inflation should keep the European Central Bank on hold well into next year.



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NATIONAL ECONOMIC INDICATORS

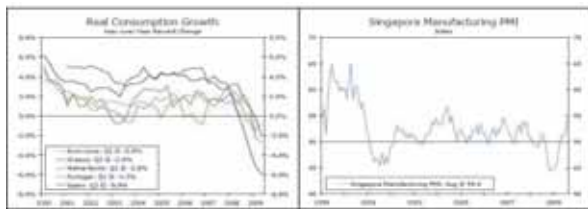
Positive economic growth in the United Kingdom appears to be imminent as well, following that economy's five-quarter slide. Like the Euro-zone, British PMIs are nearing the break-even demarcation line. Like their counterparts in some continental economies, British consumers became highly geared earlier this decade, and a period of consumer retrenchment appears likely. Therefore, the Bank of England probably will keep its benchmark policy rate, which currently stands at only 0.50 percent, unchanged for a considerable period of time.

BONA FIDE SIGNS OF RECOVERY IN ASIA

If there is a region of the world where recovery has clearly taken hold already, it would be Asia. Yes, most Asian economies experienced significantly slower growth, if not outright contraction, late last year and earlier this year when global trade imploded. However, the financial systems of most Asian economies were not leveraged to the same extent as their western counterparts, so they were not hammered as badly during the global credit crunch. In addition, most Asian governments were quick to implement fiscal stimulus programs, which have contributed to the pick-up in economic activity this year.

The region is being led by China, where the year-over-year GDP growth rate has risen from 6.1 percent in the first quarter to 7.9 percent in the second quarter. However, even the most open economies in the region, which were dealt a body blow by the implosion of global trade, have bounced back. The manufacturing PMI in Singapore has returned to "normal" territory (right chart). In Taiwan, industrial production has climbed more than 60 percent from its low in January.

At some point, Asian central banks will begin to tighten policy again. However, inflation is benign across the region, so policy tightening is not imminent. Moreover, Asian central banks will probably want some clarity on the sustainability of the incipient recoveries in western economies before hiking rates. We are looking for higher rates in Asia next year.



World's Largest Economies: Real GDP Growth, Real GDP, and Real GDP Per Capita

Country	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
U.S.	0.1%	1.1%	3.1%	4.1%	4.7%	4.1%	3.5%	3.5%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Japan	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Germany	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
U.K.	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
France	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Canada	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Wells Fargo International Economic Forecast

	GDP			CPI		
	2009	2010	2011	2009	2010	2011
Global (PPP weights)	-0.9%	3.6%	4.1%	2.4%	3.2%	3.9%
Global (Market Exchange Rates)	-2.2%	2.4%	2.9%	n/a	n/a	n/a
Advanced Economies ¹	-3.4%	2.2%	2.6%	-0.5%	0.9%	1.8%
United States	-2.5%	2.1%	2.5%	-0.6%	1.3%	2.0%
Eurozone	-3.9%	1.9%	2.6%	0.2%	1.0%	1.9%
United Kingdom	-4.1%	2.1%	2.6%	2.0%	1.6%	1.7%
Japan	-5.7%	1.6%	1.6%	-1.4%	-0.8%	0.5%
Korea	-1.0%	3.9%	3.0%	2.7%	2.0%	2.9%
Canada	-2.3%	2.6%	3.1%	0.1%	1.9%	1.9%
Developing Economies ¹	2.1%	5.3%	5.8%	6.0%	5.9%	6.3%
China	8.4%	8.8%	9.0%	-0.9%	1.0%	2.0%
India	5.8%	7.0%	8.0%	8.7%	6.8%	6.1%
Mexico	-7.2%	2.2%	2.5%	5.3%	3.7%	3.9%
Brazil	-0.7%	3.5%	3.6%	4.9%	4.7%	4.8%
Russia	-7.7%	2.6%	3.6%	12.3%	8.9%	9.8%

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FOREIGN EXCHANGE RESERVE

Foreign Exchange Reserve has increased to US\$ 9,355.55 million on September 29, 2009, from US\$ 9,155.74 million as reported on August 31, 2009 registering 2.18% growth. At the end of June'09, the reserve was US\$ 7,470.96 million. The year-over-year increase in September 29, 2009 is also quite significant (60.72%) as the foreign exchange reserve on September 29, 2008, was at US\$ 5,820.75 million.

EXCHANGE RATE MOVEMENTS

The average Taka-Dollar exchange rate of BDT 69.0600 reported as on September 29, 2009, has remained unchanged from the previous month, as reported on August 31, 2009. On a year-over-year basis, the exchange rate has experienced an increase from the September 29, 2008, figure of BDT 68.5148 showing that dollar has become stronger against the Taka in FY2009.

WAGE EARNER'S REMITTANCE

Bangladesh received \$937.913 million as inward foreign remittance in August 2009 registering 5.81% growth over the previous month and 29.92% growth over August 2008. However, the remittance amount for the month of July, 2009 was reported at US\$ 886.40 million, which was an 8% increase from July, 2008 figure of US\$ 820.71 million.

IMPORTS

Total Import L/C opened in July 2009 was US\$ 1,727.00 million as compared to US\$ 2071.40 million in July, 2008, a -16.63% decrease year-over-year. Imports for FY2008-09 stood at US\$ 22,507.00 as compared to US\$ 21,629.00 for FY 2007-08, a 4.06% increase year-over-year.

EXPORTS

Export figure for July 2009, is reported as US\$ 1,438.18 million, also a -6.80% decrease from the previous year. Yet, the YTD figure was reported at US\$ 15,565.19 million, a 10.31% increase from the previous year.

INVESTMENTS IN NATIONAL SAVINGS CERTIFICATES

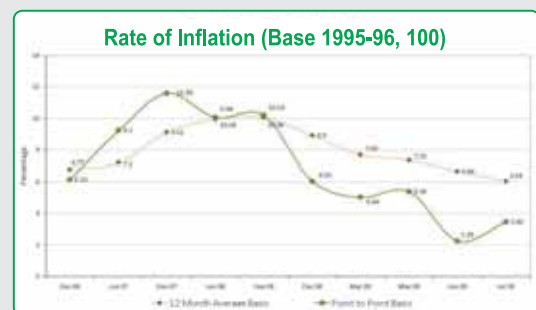
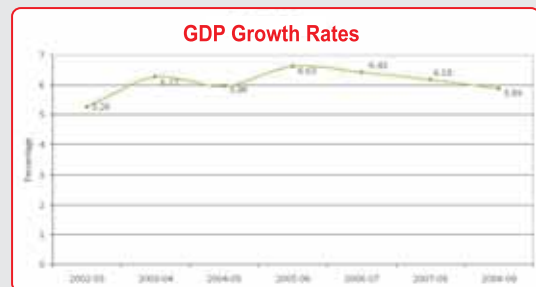
The July 2009 figure of sales of National Savings Certificates was reported as BDT 914.58 crore, a significant increase from July 2008 figure of BDT 421.24 crore. The YTD figure stands at BDT 3633.32 crore. The total certificates outstanding for July 2009 were BDT 50705.37 crore, a 8.8% increase from the figure reported on the previous year.

Recent Exchange Rate Information
8th October, 2009

Currency	Buying	Selling
USD	69.06	69.07
Cross Rates		
SEK	9.85	9.86
JPY	0.78	0.78
GBP	110.12	110.17
EUR	101.36	101.39
CAD	65.03	65.07
AUD	61.42	61.44

USD/BDT Rates (based on inter-bank transaction)

(Source: Bangladesh Bank)





NATIONAL NEWS

Standard Chartered Named the Best Foreign Bank by Financeasia

Standard Chartered Bank has been named the "Best Foreign Commercial Bank in Bangladesh 2009" by Financeasia, a leading financial publication in the region, said a press release. The bank received this prestigious award as part of Finance Asia 2009 Country Awards for Achievement. This year the bank also received the same award for India. Osman Morad, CEO of Standard Chartered Bangladesh commented on the occasion, stating, "This award is a fantastic achievement; it highlights our success story and is a testament to our strong performance in the country and continued commitment to this market. The award is a collective win for the Bank which reinforces our strategy to continue focusing on our customers and deepening relationships with our stakeholders. Standard Chartered Bangladesh also received the "Best Retail Bank in Bangladesh" award in 2007 from 'The Asian Banker: Excellence in Retail Financial Services' program for its performance in 2007. Standard Chartered Bank is the largest international bank in Bangladesh with 25 Branches and 57 ATMs; employing over 1,300 people. (Source: The Daily Star)

Excess Liquidity Punishes Banks

The country's banking sector is comprised of 48 banks, among which 30 private, 9 foreign, 4 state-owned and 5 specialized, all with large deposit bases. Surplus liquidity reached BDT 34,762 crore in June 2009 from BDT 12,989 in June 2008, the finance ministry reported recently. Investment sluggishness remains a big concern for Bangladesh, said an Asian Development Bank (ADB) report. State owned banks are bearing heavier portion of excess liquidity more than private banks because of slow-moving investment demand. Loan against deposits stood at 59 percent for state banks against 87 percent for private banks, thus depicting a gloomy investment scenario for the SCBs, according to central bank data. Private Banks are witnessing greater transactions than state banks despite higher interest rates and charges. Finance Minister AMA Muhith said the high quality of prompt services; diversified products and quick loan disposals are some factors that contributed to the rise in the number of private bank clients. The four state-owned commercial banks; Sonali, Janata, Agrani and Rupali, play a dominant role in the industry because of strong asset and deposit bases and countrywide networks. But due to the ongoing global recession and poor energy situation in the country has negatively affected profitability of all banks. According to Bangladesh Bank (BB) data, state-owned bank deposits reached BDT 83,992 crore in June 2009, Sonali at about BDT 25,000 crore, Janata BDT 20,000 crore and Agrani BDT 15,000 crore, while loans amounted to BDT 49,501.58 crore. At the same time, private bank deposits stood at BDT 1,60,015 crore against BDT 1,38,776.39 crore in loans, according to BB data. Banks are not receiving large investment proposals. As a result they have unutilized money, blaming the energy crisis for the lack in investment demand. However upbeat on revival in the fourth quarter of 2009 is expected. (Source: The Daily Star)

Citi Bank Introduces new automated e-Alert System

Global financial giant Citibank, N.A. has introduced its new automated e-alert system in the country, with which the company would ensure secured financial information flow to its clients. Through this service, account statements and transaction advises would be delivered instantly to the client's e-mail addresses, Citi NA authority informed. "We strongly believe that this innovation will help contribute to the 'Green City' movement by eliminating paper-based advises, protecting and preserving our environment for next generation," Abrar A Anwar, Head of Global Corporate and Commercial Bank in Bangladesh and acting Citi Country Officer said. Previously, Citi also introduced a number of exclusive Internet banking services like CitiDirect online banking for Cash and Trade, Citibanker.com, Infopool, Host-to-Host Solution and Treasury vision for its clients in Bangladesh. The Bank introduced its online banking services in Bangladesh almost a decade ago and currently 70 percent of its total transaction in the country takes place online, the officials informed. At the same time, it is hoped that the inter bank transaction online would be easier once the automated clearing house gets into operation. (Source: The Financial Express)

HSBC to Raise Largest Facility for Poultry Project

Eighteen banks have agreed to arrange BDT 180 crore syndicated loan for Kazi Grand Parents Limited (KGPL), a concern of Kazi Farms Group, to raise its capital for expansion of product lines. The group, founded in 1996, is now the largest participant of Bangladesh's poultry industry. The Hong Kong and Shanghai Banking Corporation (HSBC) is the lead arranger of the loan, the biggest-ever poultry sector financing. "The loan has already been raised. Only documentation remains pending," Mahbub-ur Rahman, head of corporate affairs of HSBC said. Industry insiders say the BDT 7,000-BDT 8,000 crore industry is expanding rapidly on an increased demand for the protein source. Chicken is now replacing fish and other meat. Big players, such as Kazi Farms, CP Bangladesh, Aftab and Paragon entered the market in the past few years. Kazi Farms Group's market share is 25 percent for the day-old chicks (DOC) and 20 percent for broiler feed. But no company has the capacity to produce "poultry grandparents" that breed flocks for the production of broiler parents hatching eggs and DOC. Production of such grandparents is now under KGPL's business expansion plan. The group has over 50 breeding farms, hatcheries, feed mills and sales offices across the country. It is also the

Bangladesh franchisee of Cobb-Vantress USA for the Cobb 500 broiler. (Source: The Daily Star)

DBBL Branches to Reach 79, ATMS 850 by Year-end

Dutch-Bangla Bank Ltd (DBBL) will open five new branches across the country as an initiative to trigger businesses. The bank started operation as Bangladesh's first joint venture bank in 1995. The bank has won numerous international awards because of its unique approach as a socially conscious bank. The Bank has installed 581 ATMs, the highest in the country and the total number of ATMs will be 850 by the end of this year to accommodate the needs of customers at their doorsteps. Clients are enjoying online facilities in all the branches of the bank. (Source: The Daily Star)

Remittance Flashes Remittance Signs

Inward remittance has moved upward as expatriates are sending more money to their relatives on the eve of Eid-ul Fitr. The growth of inward remittance points to pre signs of a pull through from the world economy from the financial crisis. According to Central bank statistics, the remittance inflow soared 30 percent to \$937.91 million in August, up from \$721.92 million in the same period last year. The remittance inflow increased by 18.22 percent in the first two months of the current fiscal year which Bangladesh Bank officials described as moderately good. The central bank's foreign currency reserves reached \$9,149.57 million, partially boosted by remittance growth. From July to August period of the current fiscal year, the total remittance inflow was \$1,823.29 million, a rise from \$1,542.63 million in the same period a year earlier. (Source: The Daily Star)

SCBs Likely to Go Public by End of Year

State-owned commercial banks (SCBs) are likely to go public as part of their effort to mobilize capital to be adequate in meeting the requirement of Basel-II accord. The BASEL-II accord is to strengthen the banks' financial health and mitigating risks to make them more shock absorbent. The three SCBs - Sonali, Janata and Agrani-would first issue rights share, declare stock dividends and increase reserve from the profit, and then go for the public offer to meet shortfall. "The SCBs will start the capital mobilization process under an action plan by the end of this year," said Agrani Bank former MD & CEO Syed Abu Naser Bukhtear Ahmed. He said the SCBs would issue public offer only for a certain amount of money that would fall short after issuing rights share and stock dividends. Earlier, the three banks have been corporatized with a view to making them financially sound and efficient, and then offload shares to the stock market. Bangladesh Bank asked the country's commercial banks to comply with the Basel-II accord, including capital adequacy, by January 2010 as they are still far from adequate capital. (Source: The Financial Express)

Bangladesh Moves Down Ranks despite Reforms

Bangladesh fell four steps lower to the 119th position in a survey of 183 nations, mainly because of slower reforms, according to the Doing Business 2010 report released globally. The slip came despite three major reforms undertaken in the reported period (June 2008 to May 2009). Despite successful reforms in the three areas, the country slipped a few places in the global ranking. This is because these reforms were not aggressive enough. The World Bank explains that Bangladesh has reformed in three areas, but other countries have done more. Among South Asian nations, Pakistan tops the list with the 85th position, followed by the Maldives at 87, Sri Lanka at 105, Nepal at 123, Bhutan at 126, India at 133 and Afghanistan at 160. Of the 183 countries considered for this year's report, a record 133 nations carried out over 200 reforms. The report covers 10 indicators affecting

Position	Country	Area of Reform
85	Pakistan	Starting a business
87	Maldives	Employing workers
105	Sri Lanka	Getting credit, dealing with insolvency
119	Bangladesh	Starting a business, getting credit, dealing with insolvency
123	Nepal	Registering property
126	Bhutan	No major reforms were recorded
133	India	Starting a business
160	Afghanistan	Starting a business, registering property and getting credit

businesses: dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Bangladesh has been recognized as the most active reformer in South Asia, implementing three reforms; introduction of an online company registration system, corporate income tax cuts and expedited cross-border trade by automating customs clearance systems. The report said Bangladesh has simplified business start-up by implementing an online company registration system, reducing the time required from 35 days to just a day. Bangladesh also reduced the corporate income tax rate from 40 percent to 37.5 percent, while increasing the capital gains tax rate from 5 percent to 15 percent. The time required to acquire a bonded warehouse was reduced by three months, while the time needed to register property dropped by nearly 200 days. Trade was expedited by an automation of customs clearance at the Chittagong Port as it condensed the time required to clear goods, the report mentioned. However, the report suggests Bangladesh needs to adopt a more strategic and professional approach to regulatory reforms to keep up with an increasingly competitive global environment where other countries are reforming fast. (Source: The Daily Star)



SEC opens market for Junk Shares

Dhaka Stock Exchange (DSE) has introduced a separate trading floor for junk shares. Shares of companies that will be removed from the main board will be traded on the new floor to be known as "over the counter" (OTC) market. SEC Chairman Ziaul Haque Khondker has inaugurated the OTC market. However the companies whose shares will be removed from the main board and will be placed on the OTC market are yet to be decided. DSE officials said the bourse has no plan to place all the 'Z' category shares in the OTC market. "Non-operational and non-performing companies will be brought to the OTC market," said an official. Out of more than 90 companies now listed under the 'Z' category, traces of many are not found, while some have gone out of operations. But trading of shares of those companies is taking place, as many retail investors are unaware of the companies' present status. (Source: The Financial Express)

Marico Goes Public

Marico Bangladesh (MBL), a wholly-owned subsidiary of the renowned Indian FMCG group Marico, got listed with both the bourses; Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Its subscription opened on August 2, and closed on August 6 for resident Bangladeshis and on August 16 for non-resident Bangladeshis. The company's total paid up capital is BDT 315 million. Initially, the company got permission to float five per cent or 1,492,100 ordinary shares to raise funds to the tune of BDT 135 million from stock market to pay the loan owned to the several local banks. Beginning operation in Bangladesh in 2002, its share price was fixed at BDT 90 a share with the face value of BDT 10 and premium BDT 80. Of the IPO portion, 0.5 percent has been kept for employees of the company. Marico markets well-known brands such as Parachute, Saffola, Sweekar, Hair & Care, Nihar, Shanti, Mediker, Revive, Manjal, Kaya, Aromatic, Fiancee, HairCode, Caivil and Black Chic. Apart from India and Bangladesh, Marico's products are present in other South Asian countries, the Middle East, Egypt and South Africa. (Source: The Financial Express)

Exclusive Tourist Zone

The government is to taken initiative to build an elite tourist zone, informed by the Civil Aviation and Tourism Minister GM Quader. The government is working extensively to design and plan development of the country's tourism sector to attract both in house and out house tourists, the Minister said while addressing a meeting of the re-constituted Tourism Advisory Committee at the ministry. The minister said that work is already in process to devise new laws and course of action on tourism and to identify the tourism spots. Highlighting the importance of the Sundarbans, the world's largest mangrove forest, he said the government would make necessary arrangements so that the tourists could enjoy the scenic beauty of the Sundarbans. In this regard, Quader stressed formation of Tourist Police. Home Secretary Abdus Sobhan Sikdar, Information Secretary Dr Kamal Abdul Naser Chowdhury, Cultural Affairs Secretary M Sharful Alam, Environment and Forests Secretary Dr Mihir Kanti Majumder, Civil Aviation and Tourism Secretary Hedayetullah Al Mamun and Parjaton Corporation Chairman M Hemayet Uddin Talukder were also present in the meeting. (Source: The Daily Star)

Gloom Deepens Over Exports

The country's monthly export earnings started declining after the global recession struck RMG shipments from Bangladesh. Exports slipped 6.80 percent in July, influenced largely by the garment sector that opened up gloomy data. The latest gloomy data came at a time when the world economy was showing signs of recovery from the financial crisis. Overseas shipments of woven garments shrank 4.66 percent in the first month of the current fiscal year, earning only \$521.78 million, down from \$547.30 million in the same period a year earlier, according to Export Promotion Bureau statistics. The other key export earning areas that present depressing data are home textile, leather, frozen food, pharmaceuticals, raw jute and jute goods. To deal with the global economic crisis, the government has set aside BDT 6,000 crore in the current budget as a motivator package for the affected sectors. (Source: The Daily Star)

Tech Products Drive Banks Profitability

Technology-driven business models are helping banks increase profitability by reducing capital mobilizations costs.



Almost 90 percent of all private commercial bank (PCB) branches have become tech-savvy in the past few years. State-owned commercial banks have also joined the bandwagon. Technology driven products include automated teller machines (ATM), credit cards, and debit cards, point of sales (POS), phone banking, internet banking and SWIFT (an international network for the banking community for faster international business). Banks are progressively more reliant on these alternative business models and a major portion of bank payments and transactions take place via these models. Dutch-Bangla Bank Limited (DBBL), which has the largest ATM network in the country transacts an average of BDT 700 crore a month that has doubled from last year, said Deputy Managing Director Abul Kashem Md Shirin. It is estimated that cost of a transaction

through the technology driven channel is a 10th of the cost of the transaction through the manual channel. A recent Bangladesh Bank (BB) study on "Innovative Technology and Bank Profitability: The Bangladesh Experience", also shows banks that adopt technology are more profitable and reduce risks as they gain maturity in offering such services. The use of technology-driven products by local banks does not date back long. Even in 1998, one PCB had credit card facilities, while there were no debit card facilities, ATMs or POS. Another foreign bank operated credit cards and ATM service at the time. In 2006, 14 out of 30 PCBs launched credit card services, 17 launched debit cards, 17 had ATM services, 7 had POS, 3 had internet while 22 had online banking. Three out of the four state-owned banks introduced debit cards in 2006. Now, almost all private banks have the technology-driven business model to give better and faster services to their clients. The number of debit and credit card users jumped to 6 lacs and 2.25 lacs respectively at the end of 2006. The use of debit cards continues to rise rapidly and the number reached 12 lacs in August 2009, according to data collected from several banks. In the market for debit cards, BRAC Bank rules over nearly a third, followed by DBBL with 2.5 lacs and Standard Chartered Bank with 1 lacs customers. Other major players in this market are -- Eastern Bank, The City Bank and Prime Bank. According to the latest BB data, payments and transactions by credit card were nearly BDT 1,100 crore in June 2008, which was BDT 2,000 crore for debit card, 4,060 crore for ATMs and 180 crore for POS. Establishment of the Bangladesh Automated Cheque Processing System is expected to boost payment and transactions through technology-driven products. (Source: The Daily Star)

POLITICS

Saifur Rahman No More

The country's longest serving finance minister M Saifur Rahman died in a car crash on the 5th of September. The Bangladesh Nationalist Party (BNP) stalwart was traveling to the capital when his



car spun out of control after the driver tried to skirt a cow on the busy Dhaka-Sylhet highway. Instead, it fell into a five-foot deep ditch with the 77-year-old leader tied up under a seat belt. Local people rescued the ailing leader unconscious but he was declared dead as his body was rushed to Brahmanbaria Sadar Hospital at 3.00pm.

A professional chartered accountant who completed his higher study in London, Saifur Rahman was hurtled in politics by the late president Ziaur Rahman during the crucial rebuilding period of the nation in late 1970s. Mr. Rahman who co-owned the famed accountancy firm Rahman Rahman Haque had since placed 12 national budgets during his three separate tenures at the helm of the finance ministry. Mr. Rahman was the first to introduce VAT (value added tax) in the country in 1992 as part of expanding the tax net and orchestrated major banking reform in early 1990s. He sought to divest all four state-owned banks including the largest Sonali Bank and privatized scores of loss making state-owned enterprises that have been a big drag on the government's expenditure. A deft economic policy planner, Mr. Rahman was elected to parliament for four times, serving both Sylhet and his Moulvibazar constituencies. His role, however, became controversial during the army-backed caretaker government when he joined the reformist group within the BNP, which briefly strained his relations with the party head Begum Zia.

Mr. Rahman was born in Bahar Mordon village of Moulvibazar district in 1932 to an illustrious Muslim family. He joined politics in the early 1950s when as a vice president of Salimullah Muslim Hall he took part in the Language Movement of 1952, for which he was awarded the prestigious Ekushey Padak in 2005. After graduating from Dhaka University in 1953, he moved to the United Kingdom to pursue higher studies in accountancy. In his colorful career, Mr. Rahman served scores of local and international organizations, including the Institute of Chartered Accountants of Bangladesh (ICAB), the Bangladesh Institute of Law and International Affairs (BILIA) and Bangladesh Jatishangha Samiti. He presided over the golden jubilee conference of the World Bank and IMF as elected governor in 1994 held at the Spanish capital of Madrid.

His wife Durre Rahman passed away in 2006 after battling long with cancer. One of three sons M. Naser Rahman followed his father in politics but was detained for months on charges of graft during the previous caretaker government rule. Rahman's body buried at his village home in Moulvibazar on the 7th of September, in line with his final wishes, according to family members. (Source: The Financial Express)

Islamic banking to have separate laws

The finance minister has said there will be separate laws to govern general banking and Islamic banking in Bangladesh. "A recent cabinet meeting in principle approved the draft amended insurance law", AMA Muhith told reporters on Tuesday, the 9th of September, after a meeting with the Bangladesh Insurance Association representatives at the Economic Relations Division office.

The standing committee related to the finance ministry is now looking at it closely and after review, the draft law will be presented in parliament for passage. The draft mentions separate laws for governing the two insurance genres - Islamic and general. Similarly, separate and dedicated legal regimes will be formulated and put in place.

Muhith said "it has not been right to merge Islamic banking and general banking. Both banking systems are facing glitches while being administered under the uniform legal regime." "Separate laws will be made to get rid of these anomalies", he reiterated. Asked if the amended insurance act will be approved in the current parliamentary session, the minister said, "The session is a very brief one, so, we'll have to see what all can be squeezed in." (Source: Bdnews24.com)



DOMESTIC CAPITAL MARKETS REVIEW

CAPITAL MARKETS - DSE (For the week Sep. 27th to Oct. 1st, 2009) Forth Coming IPO Approved By SEC

R.N. Spinning Mills Limited
Subscription Open : Nov 22, 2009
Subscription Close : Nov 26, 2009

Golden Son Limited (RPO)
Subscription Open : Nov 08, 2009
Subscription Close : Nov 12, 2009

Dhaka Insurance Limited
Subscription Open : Dec 06, 2009
Subscription Close : Dec 10, 2009

Provati Insurance Company Ltd
Subscription Open : Nov 15, 2009
Subscription Close : Nov 19, 2009

	This week	Last week	% Change
Total Turnover for the Week	27,330,191,668	25,613,263,747	6.7
Category A (89.96%)	22,297,159,668	21,225,096,747	
Category B (2.98%)	1,846,327,000	1,346,180,000	
Category G (0.00%)	0	0	
Category N (4.60%)	2,090,889,000	2,164,115,000	
Category Z (2.47%)	1,095,816,000	877,872,000	

	This week	Last week	% Change
Daily Average Turnover In Tk.	6,832,547,917	5,122,652,749	33.38
Total Turnover Volume	158,701,434	175,722,531	-9.69
Daily Average Volume	39,675,359	35,144,506	
Total Howla	511,238	511,435	-0.04
Daily Average Howla.	127,810	102,287	
Wgtd. Avg. Price Earning Ratio	18.26	17.97	1.62

	This week	Last week
Total no. of Issues	303	303
Advanced	163	217
Declined	80	26
Unchanged	0	2
Not Traded	60	58

DSE 20		
	Current week	Last week
Opening day of this week	2,163.14	2,132.04
Closing day of this week	2,200.18	2,163.14
Change within a week (%)	1.71	1.46
Change within a week(Point)	37.04	31.10
All share Price Index		
	Current week	Last week
Opening day of this week	2,570.20	2,472.72
Closing day of this week	2,624.87	2,570.20
Change within a week (%)	2.13	3.94
Change within a week(Point)	54.67	97.48

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Sl No.	Names	Category	% Change	Deviation % (High & Low)	Turnover BDT (million)
1	Renwick Jajneswar	A	48.98	52.18	35.683
2	Mithun Knitting	B	38.91	41.02	50.887
3	Alltex Ind. Ltd.	B	35.06	40.21	180.41
4	Kohinoor Chemicals	A	32.02	28.28	9.224
5	Dulamia Cotton	B	31.94	42.11	31.118
6	Berger Paints	A	31.14	31.74	286.804
7	Anlima Yarn	B	29.61	39.07	47.671
8	Libra Infusions Limited	A	28.94	29.75	5.431
9	H.R. Textile	B	28.74	33.21	59.609
10	Imam Button	B	27.93	29.78	88.083

Top 10 Losers of the Week (by Closing Price of all Companies)

Sl. No.	Names	Category	% Change	Deviation % High & Low	Turnover BDT (million)
1	Apex Spinning	A	-6.06	17.97	63.981
2	Popular Life	A	-5.85	4.68	9.263
3	IFIC Bank	A	-5.51	7.04	137.18
4	BGIC	A	-5.25	8.60	122.248
5	Mercantile Bank	A	-4.29	6.29	25.974
6	Prime Finance	A	-4.28	5.31	119.113
7	ICB Islamic Bank Ltd.	Z	-4.12	5.05	16.865
8	Prime Islami Life	A	-3.95	4.57	33.127
9	Prime Bank	A	-3.64	3.33	25.23
10	Janata Insurance	A	-3.36	7.93	15.386



Top 10 Companies by Turnover for this Week

Sl. No.	Name	Category	Turnover in BDT (million)	Turnover Volume	% of Total Turnover	% Change
1	Titas Gas	A	1,319.43	1,935,150	4.83	1.12
2	Jamuna oil	A	973.02	3,393,700	3.56	9.76
3	Summit Alliance Port Limited	A	796.20	361,200	2.91	4.95
4	Navana CNG Limited	A	764.85	3,876,800	2.80	2.48
5	Lankabangla Finance Com	N	697.21	2,659,500	2.55	4.77
6	Square Pharma	A	695.49	256,393	2.54	5.44
7	BEXIMCO	A	639.53	2,322,300	2.34	-1.04
8	Summit Power	A	629.69	476,800	2.30	-1.24
9	Marico Bangladesh Ltd.	N	524.12	1,277,200	1.92	23.68
10	Keya Cosmetics	A	503.67	6,724,500	1.84	7.38
Total			7,543	23,283,543	33	

Top 10 Gainers by Closing Price (for the A Category)

Sl. No.	Name	% Change	Deviation %	Value in BDT (million)	Volume
1	Renwick Jaineswar	48.98	52.18	35.68	31,430
2	Kohinoor Chemicals	32.02	28.28	9.22	2,600
3	Berger Paints	31.14	31.74	286.80	587,550
4	Libra Infusions Limited	28.94	29.75	5.43	2,600
5	Pharma Aids	25.73	26.40	8.39	2,510
6	BSC	24.28	27.72	12.25	3,565
7	Saiham Textile	24.04	29.85	28.50	73,940
8	Daffodil Computers	20.04	24.78	277.35	5,264,000
9	Samorita Hospital	19.51	23.12	3.02	3,600
10	7th ICB M.F.	18.42	17.03	33.91	27,700

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Top 10 Gainers by Closing Price (for the-B,G, N & Z Category)

Sl. No.	Name	Category	% Change	Deviation % (High & low)	Value in BDT (million)	Volume
1	Chittagong Vegetable	Z	58.62	65.31	2.34	16,540
2	Samata Leather	Z	50.12	56.10	6.10	46,900
3	Therapeutics	Z	43.86	44.02	0.99	1,740
4	Niloy Cement	Z	38.96	43.68	33.54	159,450
5	Mithun Knitting	B	38.91	41.02	50.89	92,020
6	Tallu Spinning	Z	36.13	34.57	4.88	23,190
7	Alltex Ind. Ltd.	B	35.06	40.21	180.41	794,500
8	Monno Fabrics	Z	34.91	45.83	73.78	484,950
9	Dulamia Cotton	B	31.94	42.11	31.12	138,860
10	Anjima Yarn	B	29.61	39.07	47.67	211,300

Market Capitalization (BDT billions)	Current week	Last week	% Change
Opening day of this week	1,348.79	1,308.55	
Closing day of this week	1,372.56	1,348.79	1.76

Other Information	Current week	Last week
% of DSE 20 Market Capitalization	10.97	10.88
% of Multinational Companies M Cap	16.15	13.94
% of total M Cap Under CDS Company	67.65	67.96



Comparison of DSE Indices



DSE MARKET ROUND UP

There was a bullish momentum throughout the in the market last week in post Eid trade. Investors were in buying spree throughout the week passing 9 day holiday. General Index broke out psychological resistance of 3000 points and closed above of 3100 after 16 months pulled up by MNCs and small caps. Liquidity flow increased markedly and daily turnover backed to BDT 7 bil. level. Average daily turnover increased by 33% from the previous week. But trading were seen highly speculative evident by abnormal price hike of small cap, junk stocks and paper scripts. Bank and insurance continued fall while all other sectors advanced. Against this backdrop SEC stiffened margin loan policy to tame any irrational exuberance and also form a probe body to investigate unusual price rise of Marico BD.

DSE General Index reached at 3123.24 rose by 64.44 points or 2.11% from the previous week. Total turnover reached at BDT 27,330.19 mil. with 6.70% increase from the last

week's BDT 25,613.26 mil. On the other hand, market capital jumped by 2.29% and stood at BDT 1,061.29 bil. (US\$ 15.51 bil.) at the weekend against BDT 1,037.52 bil. DSE-20 has moved upward by 37.04 points (1.71%) and closed at 2200.18 points against 2163.14 points. Last week weighted average Market PE was 18.26 which was 1.62% higher than previous week's 17.97. During the week, DSE General Price Index was above of both 9 and 18-day moving average line.

CAPITAL MARKETS - CSE

(For the week Sep. 27th to Oct. 1st, 2009)

Weekly Summary

Total Turnover (BDT mil.)	2,314.28
Volume of Share (Nos)	21,605,625
Total Contact (Nos)	63,296
Total Scrip Traded	191

Category-wise turnover

Group	Turnover Value (BDT mil.)	% of Total
A	1,846.90	79.78
B	154.39	6.67
N	214.63	9.27
Z	98.36	4.25

Script Performance in the Week

Advanced	121
Declined	69
No Change	1
Total Traded Issues	191

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Top 10 Gainers of the Week (by Closing Price of all Companies)

SI No.	Names	Category	Deviation % (High & Low)	Turnover BDT (million)
1	CTG. Vegetable	Z	51.71	0.62
2	Samata Leather Complex	Z	15.76	3.23
3	Jago Corporation Limited	Z	43.12	0.27
4	Niloy Cement Indus. Ltd.	Z	36.55	4.10
5	Safko Spining Mills Ltd	Z	35.85	1.08
6	Mithun Knitting And Dyeing Limited	A	29.51	2.52
7	Anlima Yarn	B	26.69	2.55
8	Alltex Ind.	B	26.21	52.67
9	Monno Fabrics	Z	25.74	0.97
10	Fahad Industries Limited	Z	25.00	6.99

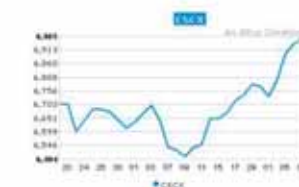
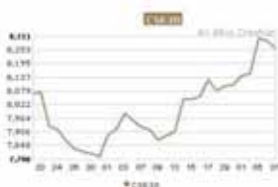
Top 10 Losers of the Week (by Closing Price of all Companies)

SI	Names	Category	Deviation % (High & Low)	Turnover BDT (million)
1	Central Insurance	A	-9.32	0.01
2	Aramit	A	-5.3	0.05
3	Olympic Industries	A	-4.25	6.80
4	Prime Finance & Investment Ltd.	A	-3.91	3.42
5	BGIC	A	-3.75	6.63
6	Golden Son Limited	A	-3.67	31.66
7	Sonargaon Textile	B	-3.59	0.04
8	IFIC BANK LTD.	A	-3.55	3.06
9	EBL First Mutual Fund	A	-2.89	56.94
10	Federal Insurance	A	-2.77	0.09

Top 10 Companies by Turnover for this Week

SI No.	Names	Turnover BDT (million)	Volume
1	Bextex Ltd	116.34	1,931,378
2	Navana Cng Limited	105.83	536,100
3	Keya Cosmetics Limited	100.13	1,336,750
4	BEXIMCO	92.61	336,762
5	Marico Bangladesh Limited	80.99	200,100
6	Aims First Guaranteed Mutual Fund	75.09	3,285,000
7	ICB AMCL Second Nrb Mutual Fund	74.88	322,750
8	Jamuna Oil Company Limited	69.17	242,300
9	Square Pharma	65.20	24,016
10	Lanka Bangla Finance Ltd	59.36	226,190

CHITTAGONG STOCK EXCHANGE LIMITED





you can bank on us

BANKING AND FINANCIAL INDICATORS

	Jul 08	Jun 09	Jul 09	Percentage Change (%)		
				FY 08-09	FY 07-08	FY 06-07
Reserve Money (BDT billion)	524.89	693.90	677.10	31.45%	19.78%	17.67%
Broad Money (BDT billion)	2,512.51	2,965.00	2,980.95	19.17%	17.63%	17.02%
Net Credit to Government Sector (BDT billion)	484.85	581.85	578.48	24.04%	30.16%	13.96%
Credit to Other Public Sector (BDT billion)	113.46	124.40	127.77	6.94%	-33.36%	15.24%
Credit to Private Sector (BDT billion)	1,921.76	2,179.28	2,195.50	14.62%	24.94%	15.12%
Total Domestic Credit (BDT billion)	2,520.07	2,885.52	2,901.75	16.03%	20.91%	14.92%

L/C Opening and Settlement Statement (US\$ million)	Jul 09		Jul 09		Percentage Change (%)		
	Opening	Settlement	Opening	Settlement	Jul 09 over Jul 08		FY 08-09 Settlement
					Opening	Settlement	
Food Grains (Rice & Wheat)	35.89	37.43	55.17	16.75	53.72%	-55.25%	-38.31%
Capital Machinery	173.24	163.05	163.38	115.39	-5.69%	-29.23%	-0.78%
Petroleum	202.35	181.41	171.80	166.5	-15.10%	-8.22%	-11.06%
Industrial Raw Materials	973.85	818.95	750.17	657.15	-22.97%	-19.76%	10.47%
Others	946.56	751.92	986.07	716.78	4.17%	-4.67%	14.16%
Total	2,331.89	1,952.76	2,126.59	1672.57	-8.80%	-14.35%	5.26%



a) 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			
2008-09^P												
July	7.78	8.01	8.51	10.60	11.72	12.14	13.06	8.50	6.50	8.27	...	...
August	...	...	...	10.60	11.72	12.14	13.07	8.50	6.50	9.88	...	...
September	7.81	8.06	8.53	10.60	11.72	12.14	13.07	8.75	6.50	9.89	12.34 ^R	7.17
October	7.87	8.08	8.56	10.60	11.72	12.14	13.04	8.75	6.50	7.64	...	...
November	7.91	8.12	8.57	10.60	11.72	12.14	13.04	8.75	6.75	7.56	...	...
December	7.91	8.16	8.58	10.60	11.72	12.14	13.02	8.75	6.75	10.42	12.31	7.31
January	7.93	8.16	8.59	10.60	11.72	12.14	13.00	8.75	6.75	9.82	...	...
February	...	8.16	8.60	10.60	11.72	12.14	12.99	8.75	6.75	9.25	...	...
March	...	8.16	8.60	10.60	11.72	12.14	12.98	8.50	6.50	8.31	12.34	7.52
April	6.53	7.48	8.31	9.97	11.68	11.79	11.48	...	...	1.95	...	...
May	3.97	5.43	6.16	10.01	10.22	10.57	11.09	...	...	3.28	...	...
June	3.54	4.24	5.96	9.21	10.05	10.09	10.07	...	...	1.79	...	...
2009-10^P												
July	1.86	3.75	5.01	8.20	9.42	9.39	8.97	...	...	1.08	...	...

Source: MPD, DMD, Statistics Department, Bangladesh Bank.

^{1/} Weighted average rate, P=Provisional, R=Revised.

... indicate that data are not available.

End of Period	Bank Rate	Call Money Market's Weighted Average Interest Rates on		Schedule Banks' Weighted Average Interest Rates on		Spread
		Borrowing	Lending	Deposits	Advances	
2009*	5.00	0.74	0.74			
2008	5.00	7.61	7.61			
2008	5.00	10.27	10.27	7.31	12.31	5
2007	5.00	9.31	9.31	6.77	12.75	5.98
2006	5.00	7.17	7.17	6.98	12.99	
2005	5.00	8.4	8.41	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	6.6
2001	7.00	8.26	8.57	6.75	13.42	6.67

*: data up to month of August of year 2009.

Source: Statistics Department, Bangladesh Bank



FINANCIAL INSTITUTION OF THE MONTH

IPDC

Industrial Promotion and Development Company of Bangladesh (IPDC)

IPDC is the first private sector Financial Institution of Bangladesh established in 1981 to promote the private sector industrialization of the country. Since its inception, IPDC has partnered in many landmark projects which were first of its kind in the country.



Humaira Azam, Managing Director, IPDC

Managing Director : Humaira Azam
Incorporation of the Bank : November 28th, 1981
No. of Branches : 2

Head Office:
Hosna Center (4th Floor)
106 Gulshan Ave.
Dhaka-1212, Bangladesh
Tel: 880-2-9885533-8
Fax: 880-2-9885532, 880-2-9885529
E-mail: email@ipdcdb.com
Website: www.ipdcdb.com

As reported on Dec, 2008

Total Advances : BDT 5,600.00 million
Total Deposits : BDT 2,535.00 billion
Total Operating Profit : BDT 159.43 million
Total Equity : BDT 1,745 million

Credit Rating : Single A rating in the
Long Term and
ST-2 rating in Short term
(December, 2005)

Earning per Share (EPS) : 14.58
No of Employees : 62

Investment Products:

1. Equity/quasi-equity Participation
2. Term Lending
3. Working Capital Financing
4. Lease Financing

IPDC provides value added services in the form of Project Appraisal, Local and International Investor/Financier Selection etc.

Retail Products

Vanilla and Exotic Deposit Schemes supported by Lifestyle Benefit Programs Auto Loan with fastest processing time in market.

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REGULATORY AFFAIRS

BB OKAYS FINANCING POTATO SEED PRODUCTION THROUGH TISSUE CULTURE

Bangladesh Bank (BB), vide its ACSPD circular letter no. 06, dated 26th August, 2009, approved to finance potato seed production through Tissue Culture. However, this mode of finance is subject to local situation. A feasibility study should be undertaken considering the recommendations of local Agricultural Officer or Regional Department of Agricultural Extension, before determining the size of the credit, tenure and repayment schedule.

BB STRETCHED ON MONITORING OF AGRICULTURE CREDIT

Bangladesh Bank (BB) has given enhanced priority in disbursing agricultural credit. In this connection, BB has given emphasis on monitoring agriculture credit. Recently, Bangladesh Bank vide its ACSPD circular letter no. 07 advised all scheduled banks, BRDB and BSBL who disburse agricultural credit, either directly or through NGO linkage, to submit monthly agriculture credit disbursement report following Bangladesh Bank's prescribed format.

RENAMING

The name of "Ahsania Malayasia Hajj Investment And Finance Company" has been changed to "Hajj Finance Company Limited" vide Bangladesh Bank DFIM Circular No. 08, dated 7th September, 2009.

BANGLADESH BANK ANNOUNCED EXPORT INCENTIVES

In order to support country's export sector, Bangladesh Bank announced export subsidy/cash incentive on some selected items for the year 2009-10 vide its FI circular no. 14 dated 7th September, 2009. The items are: export oriented garments industry, frozen shrimp and other exportable fishes, leather goods, agriculture products (vegetables/fruits) and agro processing items, Potato, Bicycle, bone dust, jute products, Hatching eggs and day old chicks in poultry industry, exportable products made by fiber of sugarcane, Hogla (an aquatic grass), and straw, light engineering products, liquid glucose (particularly from Iswardi EPZ), and 100% halal meat. In addition, export subsidy will be given on plastic pet bottle flake and finished leather products.



ARTICLE OF THE MONTH

WHAT ARE MUTUAL FUNDS?

Mutual funds are professionally managed investment schemes that collect funds from small investors and invest in stocks, bonds, short term money market instruments, and other securities. This ensures a diversified portfolio for the investors at much less efforts than through purchasing individual stocks and bonds. Mutual funds are usually managed by fund managers who undertake trading of the pooled money and are responsible for managing the portfolio of holdings. Generally, mutual funds are organized under the law as companies or business trusts and managed by separate entities.

TYPES OF MUTUAL FUNDS

Mutual funds fall into two categories: open-end funds and closed-end funds. Open-end funds are those without restrictions on the amount of shares the fund will issue. If demand is high enough, the fund will continue to issue shares no matter how many investors there are. Open-end funds also buy back shares when investors wish to sell.

A closed-end fund is a publicly traded investment company that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. It is also known as a "closed-end investment" or "closed-end mutual fund."

Despite the name similarities, a closed-end fund has little in common with a conventional mutual fund, which is technically known as an open-end fund. The former raises a prescribed amount of capital only once through an IPO by issuing a fixed amount of shares, which are purchased by investors in the closed-end fund as stock. Unlike regular stocks, closed-end fund stock represents an interest in a specialized portfolio of securities that is actively managed by an investment advisor and which typically concentrates on a specific industry, geographic market, or sector. The stock prices of a closed-end fund fluctuate according to market forces (supply and demand) as well as the changing values of the securities in the fund's holdings.

MUTUAL FUNDS IN THE CONTEXT OF BANGLADESH

In Bangladesh, the number of mutual funds is small having low issued capital. At present, there are only 20 mutual funds of which nine are managed by the Investment Corporation of Bangladesh (ICB), six by ICB Asset Management Co. Ltd. - AMCL (a subsidiary of ICB), one by Bangladesh Shilpo Rin Shangstha (BSRS) and the remaining four are managed by the private sector (AIMS, Grameen-One and Grameen-One: Scheme Two, and EBL). Among these, two are open-ended of which one is managed by ICB and the other by ICB Asset Management Co. Ltd. Of these, 18 are listed in the Dhaka Stock Exchange (DSE).

STRUCTURE OF GENERIC MUTUAL FUNDS

A mutual fund comprises four separate entities, namely sponsor, mutual fund trust, AMC and custodian. The sponsor establishes the mutual fund and gets it registered with SEC.

The sponsor is required to contribute at least 10% of the minimum net worth of the asset management company. The board of trustees manages the MF and the sponsor executes the trust deeds in favor of the trustees. It is the job of the MF trustees to see that schemes floated and managed by the AMC appointed by the trustees are in accordance with the trust deed and SEC guidelines.

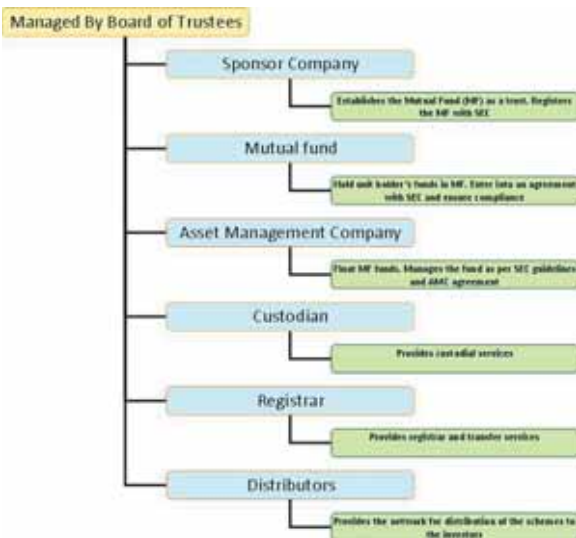


Figure 3.1.1: Structure of Mutual Funds and Key Functionaries

THE UNDERLYING INVESTMENTS

Although most funds permit themselves a range of investments, they generally specialize in a particular area, such as equities, bonds, currencies, particular geographical areas or market sectors. Hedge funds rely to an extent upon the use of derivative instruments. In addition, some funds may rely heavily on the use of leverage or trade upon margin in order to boost returns and are higher risk, in particular where these are also based upon derivatives.

Where the intended investments are relatively liquid, the typical fund will be an "open-ended" fund, in which investors can subscribe and redeem their shares for cash on a regular basis. If the intended asset classes are illiquid investments, such as real estate developments or film finance, then a "closed-ended" fund may be more appropriate.

A fund may intend to invest in a variety of asset classes and to offer investors a choice of portfolio mix, with the option to switch between asset classes at minimal cost. A common structure is the "Fund of Funds", "Umbrella Fund" or "Segregated Portfolio Fund". Sub-funds offer a menu from which investors can access on a pooled basis when they may have no access individually. A Segregated Portfolio Fund ensures that the risks of one class of investment does not affect investors in another class and if a fast growing choice of structure.

INVESTOR RETURNS

The typical fund is open-ended fund, issues redeemable shares and is intended to achieve capital growth. Subject to any limitations of the constitutional documents there is no restriction on the number of shares that the fund can issue. After the initial offering period subscriptions and redemptions are traded at the Net Asset Value. Being a growth fund, dividends are typically not paid.

The frequency of redemption is governed by the liquidity of the underlying investment and by the frequency of valuations. Typically redemption takes place on the last day of each month, with liquid investments and if the fund is prepared to bear the administrative costs, valuations can be weekly or even daily.

A closed-end fund will usually return capital on an irregular basis after the underlying asset is sold and is a suitable vehicle for property funds.

RECOMMENDATIONS

The ICB is the major institutional player in the mutual fund market and its activities are crucial to bringing transparency and stability in the market. Apart from ICB, the newly entered privately managed mutual funds are performing relatively well in the capital market mainly due to the provision for reserve of 10 percent quota of each IPO for mutual funds. The market price of all mutual funds remains much higher than their face values reflecting the investors' confidence and their expectations of future price hikes

For broadening the depth of the capital market, it is necessary to float more mutual funds since these are good instruments of mobilizing savings and providing investment opportunities to small savers. Although still small in size, mutual funds have contributed toward broadening the base of the country's capital market and helped the investors to gain high and relatively secure returns. Despite bright prospects of mobilizing savings and providing investment opportunities to small savers and the ability to meet different risk profiles through providing a wide range of products, one major factor as to why the mutual funds have not emerged as a preferred saving mode is the lack of availability of quality shares and the underdeveloped state of the capital market. The development of a well functioning capital market requires the adoption of a process approach, effective implementation of which depends on a number of pre-requisites. The experience of countries having vibrant capital markets shows that several features are important in creating a capital market friendly environment:

- a) A relatively large and expanding private sector with reliance on market provision of financing through equity and debt instruments.
- b) Integrated financial market having deregulated interest rates.
- c) Well developed government securities market providing benchmark yield curve for pricing of bonds. Quality outputs from credit rating agencies that avoid mispricing of risks along with institutional and legal frameworks to ensure that outputs do not get contaminated.
- d) Efficient clearing and settlement systems and well functioning depository system.
- e) Well articulated regulatory framework with laws to provide regulatory oversight and investor protection and ensure required disclosure, accounting standards, and governance.
- f) Transparent and well conceived government policy on bond market development.



In terms of the above requisites, Bangladesh's position is mixed. Although the country has a growing government securities market, it is yet to provide a dependable yield curve. The stock exchanges have created trading platforms for debt securities and the depository system is working well at present. The settlement system has improved in recent years; settlement of government securities now involves a delivery versus payment system and equity settlement cycle has been reduced. Efforts are underway to operate real time gross settlement for commercial bank transactions. Several rating agencies are working with good track records. The SEC and Bangladesh Bank have taken steps to develop the market and improve transparency through enacting prudent

regulations such as prescribing disclosure requirements for private placement by listed companies, compulsory holding of securities in dematerialized forms, and mandating the use of the order matching system of stock exchanges. More efforts, however, are needed in settling legal, regulatory, tax, and design issues in developing the corporate bond and securitization market.

Sources:
Bangladesh Bank Annual Report 2008;

Christine Benz, "Which Is the Right Fund Share Class for You?". Morningstar (registration required). <http://news.morningstar.com/article/article.asp?id=142323>.

CURRENT LIST OF MUTUAL FUNDS AND THEIR PERFORMANCE IN THE DHAKA STOCK EXCHANGE

Name	Year Listed	Market Lot	Face Value (BDT)	Market Capitalization		% Change
				Sep 09	Dec 08	
1st ICB Mutual Fund	1980	5	100	520.37	375.00	38.77%
2nd ICB Mutual Fund	1984	5	100	141.54	100.00	41.54%
3rd ICB Mutual Fund	1985	10	100	146.87	103.25	42.25%
4th ICB Mutual Fund	1986	10	100	146.22	100.78	45.09%
5th ICB Mutual Fund	1986	15	100	212.06	150.11	41.27%
6th ICB Mutual Fund	1987	50	100	361.00	257.50	40.19%
7th ICB Mutual Fund	1995	30	100	298.28	175.50	69.96%
8th ICB Mutual Fund	1996	5	100	354.88	237.75	49.27%
1st Prime Finance Mutual Fund	2009	500	10	826.00	n/a	n/a
1st ICB AMCL Mutual Fund	2003	50	100	686.00	374.75	83.06%
ICB AMCL Islamic Mutual Fund	2005	50	100	454.00	276.75	64.05%
1st ICB AMCL NRB Mutual Fund	2007	50	100	453.00	279.25	62.22%
2nd ICB AMCL NRB Mutual Fund	2008	50	100	2322.60	1972.50	17.75%
1 BSRS Mutual Fund	1998	50	100	623.88	413.13	51.01%
1 AIMS Mutual Fund	2000	2500	1	3432.24	2363.76	45.20%
Grameen Mutual Fund - One	2005	500	10	1504.50	1485.80	1.26%
Grameen Mutual Fund Two	2008	500	10	6600.00	7112.50	-7.21%
1st EBL Mutual Fund	2009	500	10	3010.00	n/a	n/a
TOTAL			1341	22093.44	15778.33	40.02%

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Table: Status of Mutual Funds in Bangladesh

Source: The Monthly Review, Dhaka Stock Exchange, various issues.

It is evident from the figures that market capitalization of all listed mutual funds during September 2009 and December 2008. Among the listed mutual funds, the market price of the 1st ICB AMCL Mutual Fund gained the most (83.06 percent). The ICB is the major institutional player in the mutual fund market and its activities are crucial to bringing transparency and stability in the market. Apart from ICB, the newly entered privately managed mutual funds are performing relatively well in the capital market mainly due to the provision for reserve of 10 percent quota of each IPO for mutual funds. The market price of all mutual funds remains much higher than their face values reflecting the investors' confidence and their expectations of future price hikes.

Code	Open	High	Low	Close	Prev. Close	Chg. [%]	Trade	Volume	Value of Chg. (BDT Millions)
1st BSRS	1649	1766	1632	1738.5	1616.5	7.54%	340	25150	4.2767
1st ICB	7300	7310	7200	7288	7250	0.52%	24	195	0.1422
1st PRIMFMF	44	44.2	43.5	43.7	43.4	0.69%	301	283000	1.2413
2nd ICB	2980	3100	2952.25	3030.25	2924	3.63%	23	240	0.0725
3rd ICB	1744	1780	1730	1759.75	1700.25	3.49%	70	725	0.1275
4th ICB	1716.5	1820	1716.5	1798.5	1712.75	5.00%	58	1730	0.3017
5th ICB	1702	1750	1688.5	1737.25	1698.25	2.29%	99	3320	0.5694
6th ICB	827	887	827	872.5	823.75	5.91%	437	15230	1.2947
7th ICB	1161	1286	1161	1270.75	1155.75	9.95%	107	7150	0.8767
8th ICB	825	897	824	880.75	819.5	7.47%	312	22250	1.8937
AIMS 1st MF	23	23.45	22.54	23.3	22.6	3.09%	820	3502500	8.1026
EBL 1st MF	30.9	31.4	30.6	30.7	30.9	-0.64%	1565	1691000	5.218
GRAMEEN 1	114	117.4	113	114.3	112.7	1.41%	849	710000	8.1807
GRAMEEN S2	54.9	56.2	54.2	55.5	54.6	1.64%	1920	1982500	10.9756
ICB	4150	4200	3960	3976.25	3992	-0.39	241	15550	6.2518
ICB 1st NRB	528	540	522.25	530	517.5	2.41%	547	60250	3.2088
ICB 2nd NRB	237.75	237.75	230.25	232.25	235	-1.17%	2529	474950	11.1568
ICBAMCL 1st	740	779	740	751.5	740	1.55%	91	7350	0.5587
ICB ISLAMIC	514.75	524	506.25	511.75	511.25	0.09%	309	30300	1.5661

Table 2.2.2: Performance of Mutual Funds as of September 30, 2009

All mutual funds in the DSE are categorized as A-grade, thereby being regarded as companies which good market reputations. As of the last trading day of September, price changes have been variable within a range of -1.17% to 9.95%, indicating that the shares are being traded at a fairly wide buy-sell spread. The total trades have recently been concentrated on the privately-managed funds, primarily on the recently floated EBL Mutual Fund and the AIMS Mutual Fund. However, the highest traded Mutual Fund is the 2nd ICB NRB Fund, constituting 2529 trades as of September 2nd.



CURRENT ISSUE

TRAFFIC CONGESTION

Dhaka city and traffic jams have become synonymous. Bored and exhausted dwellers of the city want prompt initiatives from the government to get rid of this metropolitan nuisance. Urban planners and communication experts have identified multidimensional causes behind traffic jams in Dhaka. The primary causes are rapid unplanned urbanization, high population rate, high rate of increase of vehicles, plying of different speeding vehicles in a single surface, unauthorized parking, illegal occupation of roads, non-compliance with traffic rules, lack of traffic rule enforcement, lack of coordination among different agencies and ministries for managing city traffic, reckless driving and frequent changes of policies. The more we wait to adopt a plan, the worse the problem eventually becomes. In order to free Dhaka city from traffic disturbance, the government has to take certain short and long term planning and this must be made after inviting suggestions from political parties and civil societies. We have seen that, through out the history of the country, different political governments took different initiatives regarding Dhaka city traffic jams and a huge amount of money was eventually poured in. But we are yet to see any improvement on that regard.



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Every day people spend hours stuck in a gridlock during the rush time. Apart from the time and energy lost, there is also the anxiety associated with arriving late for office or for an important appointment. It has been an endless problem climbing with the increase in vehicles and people on the streets. The government, for their part, has always announced over-ambitious plans such as the construction of elevated expressway in and around Dhaka, flyovers and a proposed metro rail. Dhaka dwellers have become tired of such promises by the policymakers for the last ten years. In reality nothing has happened except for the formulation of some plans. With no viable strategy to tackle the immediate traffic problem, the lives of the city dwellers are becoming increasingly unbearable. We may be hopeful that at least this time round, our government intends to implement all these expensive and time consuming projects.

Over 2 lakh buses, jeep, wagon vans, micro buses, taxi, buses, minibuses, trucks, three-wheelers, motor cycles and others now operate in only 250km long arteries of Dhaka's 2,200km roads. Each year on an average about 20,000 new vehicles are added to the roads. Moreover, around 400,000 rickshaws are operating in the capital. There are 30 rail crossings in the capital through which trains pass 84 times a day, contributing to the traffic jams. Railway stations constructed in the centre of the city is one of the major problems. Level crossings are more hazardous to traffic and the populace (as shown by the recent accidents) and they have to be replaced by overpasses or underpasses. There should be more trains connecting Narayanganj-Dhaka-Gazipur for the travelers. If the railway can provide quality service in this route, it may even make a good profit. It will rather reduce traffic congestions, since a huge number of commuters these days use the route. It is known that a mega plan is under consideration for underground rail. The plan can be speeded up. The World Bank, IMF and ADB or other donor agencies may be approached in a coordinated way to materialize the plan. Restriction on import of old and unnecessary vehicles can be imposed rigidly.

Unplanned construction of roads can never alleviate traffic jams, unless the management of traffic is also improved. A bus occupies three times more space than a private car, however, can carry at least 50 passengers smoothly. Quality city bus service can improve the situation a lot. Advance ticketing and comfortable service can attract people from all classes. Experts say there is no alternative but to discourage the use of private vehicles, since random parking creates terrible traffic congestions. Introducing flexible office hours to heal traffic in some particular hours of the day as

well as introducing more one-way streets should also assist in managing the traffic. For example, the traffic situation improved partially after introducing one way streets at Dhanmondi in 2008. For a better solution, there should be more one way feeder roads with flexible directions. This has been done in Kolkata and Delhi, where vehicles go one way in the morning and back from the opposite direction in the evening. If the system is followed properly, the situations will improve.

"Historically, Dhaka has been developed in an unplanned way and the trend is still continuing," says Professor Nazrul Islam, "We have only four major arterial roads connecting the northern and southern parts of Dhaka, while there is no connecting road from the eastern and western parts. People have constructed houses and converted residential areas to be used for multi-purposes including mixing up residential and commercial use. Then the government agencies constructed connective roads. Actually the system should be just reversed. As a result most of the people have to go through the centre of the city from one place to another. Just imagine an estimated eight million people move in only 142 square kilometer areas of Dhaka City Corporation." Referring to a study Professor Nazrul Islam adds that about 60 per cent of the total population in Dhaka does not use any mode of transportation whatsoever. Garment workers, for example, go to work on foot. But such a study has not been considered during the traffic management plans, he says. "Otherwise more emphasize could be given on the development of walker-friendly footpaths," Professor Islam comments, "Lack of pedestrian-friendly policies, poor planning and design of pavements and foot bridges are forcing large numbers of people to use roads." Even the existing footpaths, foot bridges and under passes are occupied by encroachers, beggars and hawkers. Moreover, these places are neither clean nor safe. Obviously the DCC is not doing its job of making sure that their pavements and foot bridges are useable. At the same time, the public must use these facilities instead of crossing busy roads risking of their lives and interrupting the traffic flow, he observes. According to the report of Accident Monitoring Cell of Bangladesh Road Transport Authority (BRTA) and Dhaka Metropolitan Police (DMP), 377 people died in 620 accidents in Dhaka metropolitan area in 2008 of whom 283 were pedestrians. Another 79 of walkers were seriously injured. Referring to the United Nations Centre for Human Settlements (UNHCS) forecast that Dhaka will be the sixth most populous city of the world by 2010 and second by 2015, Professor Islam says that there is no alternative but to decentralize of economic activities of Dhaka.

Again most of the educational institutions these days are located in these residential areas, introduction of school buses is essential. If there is no quality schools in all areas at present, students should use buses instead of using private cars, which significantly contributes to the traffic congestions in small areas.

We may dream of a clean city free from traffic jam one day. This is possible if the policy makers, city planners, and researchers sit together and find ways and means to address the problem. Coordination is very urgent and important. Office timings may be re-adjusted, depending upon the nature of job of the offices. No shop or other installation should be allowed on the footpaths and nearby. More and more awareness should be created to achieve the goal. Shifting of educational institutions, namely private universities, schools and colleges and other offices from residential zones to the outskirts of the city can partly help address the problem. Instead of solely looking at the government and its possible accomplishments, we all need to work together with diligence to bring in success towards a clean Dhaka city free from traffic jams.





CSR ACTIVITIES

RAMADAN STYLE

Banglalink, the Egyptian company launched the initiative on the first day of Ramadan with the aim to serve 90,000 people on the streets with Iftar items and 9,000 orphans of 45 orphanages with Iftar and dinner across the country during the month. It has set a mark through initiative for the month of Ramadan to offer Iftar to the orphans, and people going home right before or during the Iftar time.

BANGLALINK OBSERVES INTERNATIONAL COASTAL CLEAN-UP DAY

Banglalink, a mobile phone giant in the country, celebrated the 'International Coastal Clean-up Day 2009' in Cox's Bazar Sea beach. The day gets celebrated on the September 19 every year through various activities in more than 90 countries. The day has been celebrated in Bangladesh for the last two years under auspicious of Banglalink in line with its yearlong beach-cleaning project. The event began with a rally being carried out by volunteers, who then moved on to cleaning the beach.

GP EYE CAMP'S VISION FOR POOR PATIENTS

According to various statistics, Bangladesh has the highest number of blind people compared to its population, numbering around 750,000 adults as well as 40,000 children. In this circumstance, Grameenphone's has taken a mission is to eliminate blindness from the country by 2020, a tribute to help Bangladesh comply with signatory to the VISION 2020: Right to Sight, a global initiative jointly launched in 1999 by WHO and PAPB. As the country's leading corporate body, so far 18 eye camps have been conducted in the whole country under this programme has been installed by GP.

BEXIMCO DONATES SWINE FLU CAPSULES

Leading drug manufacturer Beximco Pharmaceuticals Ltd. (BPL) Sunday donated 5000 pcs. of Oseflu (Oseltamivir) capsule to ICDDR,B as a gesture of BPL's support for the swine flu affected community of the country. This donation was a part of BPL's ongoing CSR activities as a response to this major public health problem, said a press release. Beximco Pharma has also started a public awareness Programme against swine flu which comprises public awareness posters, inserts, patient information guide, sticker and advertisement in the newspaper.

PRIME BANK AWARDS MERITORIOUS STUDENTS

Prime Bank Limited has arranged an award giving ceremony for the poor and meritorious students at BIAM Foundation Auditorium in Dhaka on August 18, 2009. The programme was arranged in compliance with the bank's corporate social responsibility. A total of 198 students from different educational institutions of the country are receiving monthly stipend of BDT 1800 each for pursuing their graduation level studies.

JANATA BANK DONATES TO AMCH

Janata Bank Limited has recently donated BDT 2.5 M for the construction of Ahsania Mission Cancer Hospital (AMCH) at Uttara in Dhaka.

APPOINTMENTS

FINANCIAL INSTITUTIONS		
Name	Position	Organization
Dr. Mohammed Abdullah Mamun	Chief Executive Officer	Chittagong Stock Exchange
Sheikh Abdul Hye Bachhu	Chairman	Basic Bank
Qazi Baharul Islam	Chairman	Sonali Bank
Prof Abul Barakat	Chairman	Janata Bank
Prof Khandaker Bazul Haque	Chairman	Agrani Bank
Rear Admiral (Retd) A. Taher	Chairman	Ansar-VDP Unnayan Bank
Professor Dr. M. Khairul Hossain	Chairman	Investment Corporation of Bangladesh
Ferdous Amin	Chairman (Re-elected)	Prime Insurance Company Ltd
Abu Naser Muhammad Abdus Zaher	Chairman (Re-elected)	Islami Bank Bangladesh Ltd.
Nurul Alam	Chairman (Re-elected)	Federal Insurance Company Ltd.
Md. Nazrul Islam Mazumder	Chairman (Re-elected)	EXIM Bank
Jannat Ara Henry	Director	Sonali Bank
Simum Sarwar Kamol	Director	Sonali Bank
Satyendra Chandra Bhakta	Director	Sonali Bank
Lutfur Rahman Khan	Director	Sonali Bank
Zaman Romel	Director	Sonali Bank

FINANCIAL INSTITUTIONS		
Name	Position	Organization
Kashem Humayun	Director	Sonali Bank
Jahangir Akhand Selim	Director	Basic Bank
Sakhawat Hossain	Director	Basic Bank
Razia Begum	Director	Basic Bank
Bijoy Bhattacharya	Director	Basic Bank
Balaram Poddar	Director	Janta Bank
Nazibar Rahman	Director	Janta Bank
Shahajada Mohiuddin	Director	Agrani Bank
Barrister Md Zakir Ahme	Director	Agrani Bank
Shekhar Dutta	Director	Agrani Bank
Nagibul Islam Dipu	Director	Agrani Bank
Abdus Sabur	Director	Agrani Bank
Waqar A Choudhury	Managing Director and CEO	Green Delta Financial Services Ltd.
MA Majid	Managing Director and CEO	Meghna Life Insurance Company Ltd
Tapan Kumar Ghosh	Deputy Managing Director	Janata Bank Limited

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DIPLOMATIC APPOINTMENTS		
Name	Position	Organization
Tamotsu Shinotsuka	Ambassador	Japanese Embassy to Bangladesh
Dr Noor Mohammad	Assistant Representative	United Nations Population Fund (UNFPA)

OTHER INSTITUTIONS		
Name	Position	Organization
Prof Md Habibur Rahman	Pro-Vice Chancellor	Bangladesh University of Engineering Technology (BUET)
AHM Mustafa Kamal	President	Bangladesh Cricket Board (BCB)
Air Commodore (retd) Zakiul Islam	Managing Director	Biman Bangladesh Airlines
Mohammad Asad Ullah	President (Re-elected)	Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB)
Aftab ul Islam	Chairman	Small and Medium Enterprise Foundation
Michael Kuehner	MD & CEO	AKTEL



MTB NEWS AND AFFAIRS

MUTUAL TRUST BANK LAUNCHED AGRICULTURE LOAN PRODUCT "MTB KRISHI"

Mutual Trust Bank (MTB) has launched "MTB Krishi", a new loan product with farmers as the focus group. Samson H. Chowdhury, MTB Chairman, launched the new MTB product at a simple ceremony held on September 6, 2009 at the Corporate Head Office of the bank by handing over the first loan sanction letter to Farmer Siddiquir Rahman Moyez of Ishurdi. Anis



A. Khan, Managing Director & CEO of the bank, Quamrul Islam Chowdhury, Deputy Managing Director and Mohammad Iqbal, Head of SME Banking were also present at the event.

MTB will be granting loans directly to the agricultural sector under this loan scheme. The priority sectors are crops, fisheries, livestock and purchase of agricultural equipment. The MTB Krishi loans will range from Taka 2.00 lac to Tk.3.00 crore, per transaction, with Tk. 5.00 lac being collateral free. The interest rate is 13.00% p.a. and there is no processing fee or service charge. The tenor of the loans will range from 3 months to 60 months based on actual need. The terms and conditions have been made easy and hassle free. The new product will be helpful to meet the funding requirements of the farmers, enable productivity growth and contribute to food security of the country.

MUTUAL TRUST BANK (MTB) ARRANGED WORKSHOP FOR WOMEN ENTREPRENEUR IN ASSOCIATION WITH SME FOUNDATION

Mutual Trust Bank Limited (MTB) has recently arranged workshop titled "Workshop on Encouraging Women Entrepreneurs- Access to Finance, Inclination to Borrow and Compliance of Credit" in association with SME Foundation held at the SME Foundation's Conference Room, Dhaka.



Anis A. Khan, Managing Director & CEO of Mutual Trust Bank Limited (MTB) was present as chief guest, Md. Ahsan-uz Zaman, MTB Deputy Managing Director and Mohammad Iqbal, Senior Assistant Vice President of MTB SME & Consumer Banking Division attended the function as special guests. Dr. Momtaz

Uddin Ahamed, Managing Director & CEO, SME Foundation was present as Chairperson of the program. The program was attended by a large number of women entrepreneurs, who were provided with information on bank facilities available in Bangladesh.

MUTUAL TRUST BANK LTD (MTB) SIGNS AGREEMENT FOR BACH PROGRAM WITH SPECTRUM ENGINEERING CONSORTIUM LTD.

Mutual Trust Bank Limited (MTB) has signed an agreement with SPECTRUM Engineering Consortium Ltd, for implementation of BACH (Bangladesh Automated Clearing House) program, at a simple ceremony held at the MTB Corporate Head Office recently in Dhaka. Under the agreement, SPECTRUM will supply and install MICR (Magnetic Ink Character Recognition) cheque processing software and hardware, which will scan the MICR cheque and exchange data with PBM (Presenting Bank Module) of Bangladesh Bank for automated clearing program.



MTB Deputy Managing Director Md.

Hashem Chowdhury and Forkan Bin Quashem, Managing Director of SPECTRUM, signed the agreement on behalf of their respective organizations. Among others, MTB Senior Vice President Swapan Kumar Biswas, Vice President of MTB ICT Division Shah Alam Patwary along with other officials from both the organizations was present in the occasion. Md. Hashem Chowdhury, in his speech, said that MTB was in the process of becoming a world class bank with wide scale use of state-of-the-art technology, innovative products and convenient distribution channels within the frame work of regulations prevailing in the country, and as part of this program, this agreement was signed with SPECTRUM. This would allow prompt customer services to its customers.

Financial Glossary

LEVERAGE

The use of borrowed funds at a fixed rate of interest in an effort to boost the rate of return from an investment. Increased leverage also causes the risk on an investment to increase, it is the ratio of a company's long-term debt, typically bonds and preferred stock, to its equity in its capital structure. The greater the long-term debt, the greater the leverage.

MOVING AVERAGE CONVERGENCE/DIVERGENCE

A technical analysis indicator developed in the 1960s by Gerald Appel which uses moving averages to indicate buy and sell opportunities. In very simple terms, it works like this:

Take the difference between the 12 day moving average and the 25 day moving average over a period, and plot the figures on a chart.

Draw the 9 day moving average of the previous calculation for the same period on the same chart. (known as the 'trigger line')

Sell when the first line falls below the trigger line, and buy when it rises above.

MACD works best on volatile stocks, however an analyst would take other indicators into account before making a decision.

TACTICAL ASSET ALLOCATION

A strategy within a portfolio where asset allocations are modified based on short-term forecasts of changing valuations of one asset class relative to another. For example, predicted strength within one market sector or a market pricing anomaly.

HEDGING

A strategy employed in the futures, options and warrants markets to reduce risk by making a transaction in one market to protect against a loss in another. Traditionally a commodity producer would agree to sell his goods at a stated price at a stated time in the future, and the user of the commodity would agree to buy them. By agreeing on a price, quantity and delivery date, they introduce certainty into their operations and reduce risk. For the producer, the risk would be that prices drop, and for the processor that they would rise. In the financial markets, options and warrants can be used to hedge a portfolio position. In the case where shares have been sold, for example, the purchase of equivalent call options (the option to buy shares) means that if the shares rise in price, a corresponding rise in the value of the option will offset the notional loss expected on the underlying shares.

(Source: Financial-glossary.com)

MTB Networks

Dhaka Division

Principal Branch

Tel: 02-7113237, 02-7113238, 02-7119964, 02-7122049

Panthapath Branch

Tel: 02-8613807, 02-8629887

Babu Bazar Branch

Tel: 02-7314821, 02-7314822

Sonargaon Branch

Tel: 038959-88105, 06723-88105

Uttara Branch

Tel: 02-8924379, 02-8951474

Progati Sarani Branch

Tel: 02-8411804, 02-8410948

Sreenagar Branch

Tel: 038942-88222

Pallabi Branch

Tel: 02-9016273, 02-8055630

Dilkusha Branch

Tel: 02-7171301, 02-7171002, 02-7170137

Dhanmondi Branch

Tel: 02-8155607, 02-8158334

Bashundhara City Branch

Tel: 02-9124021, 02-9120982, 02-9111440, 02-8121071

Chandra Branch

Tel: 06822-51968

Gulshan Branch

Tel: 02-8837840, 02-8832343, 02-9882473

Savar Branch

Tel: 02-741452, 02-7741453

Fulbaria Branch

Tel: 02-9559842, 02-9559867

Madaripur Branch

Tel: 0661-62483, 0661-62482

Dholaikhal Branch

Tel: 02-7172542, 02-7172602

Aganagar Branch

Tel: 02-7762226, 02-7762227

Narayanganj Branch

Tel: 02-7648209

Banani Branch

Tel: 02-988-3831, 02-988-3861, 0666-2685833, 0666-2629407

Tongi Branch

Tel: 02-9816250, 02-9816251

Chittagong Division

Head of Chittagong Division Branches

Tel: 031-251668
Fax: 880-31-721091

CDA Avenue Branch

Tel: 031-623559, 031-625336

Khatungonj Branch

Tel: 031-612254, 031-626966

Jubilee Road Branch

Tel: 031-624922, 031-627533

Nazirhat Branch

Tel: 0821-4483498, 0443-4483498

Chakoria Branch

Tel: 034-2256502

Raipur Branch

Tel: 038-2256495

Aman Bazar Branch

Tel: 031-681022, 01713106375

Rajshahi Division

Pabna Branch

Tel: 0731-51829, 0731-51830

Joypurhat Branch

Tel: 0571-63584, 0571-63585

Rangpur Branch

Tel: 0521-52325, 0521-52326

Sylhet Division

Sylhet Branch

Tel: 0821-2830271, 0821-2830272, 0821-716820

Moulvi Bazar Branch

Tel: 0861-62840, 0861-62841

Khulna Division

Kushtia Branch

Tel: 071-71662, 071-71663

Barisal Division

Gournadi Branch

Tel: 04322-56266

SME Service Centers

Haidergonj Center

Tel: 01716224206

Dagonbhuiyan Center

Tel: 01714108862

Laksham Center

Tel: 01713304669

Noria Center

Tel: 01730080442

Kaliganj Center

Tel: 01718883140

Brokerage Houses

Main Office

Tel: 02-9570563, 02-9568163

Gulshan Office

Tel: 02-9895969, 066-62044390

Pallabi Office

Tel: 02-9015919, 066-62607136

Uttara Office

Tel: 044-76150106

Chittagong Office

Tel: 031-2514797, 037-31000768

Narayanganj Office

Tel: 02-7648210

Dhanmondi Office

Tel: Will be provided soon

Progati Sarani Office

Tel: 02-8840507

Sylhet Office

Tel: 081-2830319

Head Office

68 Dilkusha C/A
Dhaka-1000, Bangladesh
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