

# MTBiz

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## Global Economic Prospects Spillovers amid Weak Growth



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## Global Economic Prospects Spillovers amid Weak Growth



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## Global Economic Prospects

### Spillovers amid Weak Growth

Global growth again fell short of expectations in 2015. Growth is projected to edge up in 2016-18 but the forecast is subject to substantial downside risks. Key points are spillovers from a slowdown in major emerging markets; the potential macroeconomic implications of the Trans-Pacific Partnership; and the links between exchange rate regimes and capital controls in emerging and developing countries.

Global growth again fell short of expectations in 2015, decelerating to 2.4 percent from 2.6 percent in 2014. The disappointing performance mainly reflected a continued growth deceleration in emerging and developing economies amid post-crisis lows in commodity prices, weaker capital flows and subdued global trade. Global growth is projected to edge up in the coming years, but at a slower pace than envisioned in June 2015, reaching 2.9 percent in 2016 and 3.1 percent in 2017-18. This pickup is predicated on continued gains in major high-income countries, a gradual tightening of financing conditions, a stabilization of commodity prices, and a gradual rebalancing in China. The forecast is subject to substantial downside risks, including a disorderly slowdown in major emerging market economies, financial market turmoil arising from sudden shifts in borrowing costs amid deteriorating fundamentals, lingering vulnerabilities in some countries, and heightened geopolitical tensions. Weakening growth and sharply lower commodity prices have narrowed the room for policy makers to respond, especially in commodity-exporting countries, should risks materialize.

Specifically, a 1 percentage point decline in growth in BRICS (Brazil, Russian, India, China, and South Africa) is associated with a reduction in growth over the following two years by 0.8 percentage points in other emerging markets, 1.5 percentage points in frontier markets, and 0.4 percentage points in the global economy. Spillovers could be considerably larger if the growth slowdown in BRICS were combined with financial market turbulence.

On October 4, 12 Pacific Rim countries concluded negotiations on the Trans-Pacific Partnership. The agreement could raise GDP in member countries by an average of 1.1 percent by 2030. It could also increase member countries' trade by 11 percent by 2030. Among emerging and developing countries, some countries might rely on exchange rate flexibility as a buffer, some might aim to minimize currency fluctuations, and some might consider measures to limit capital flows as they seek to keep some degree of Metals: The slump in metal prices, which reached their

lowest levels in more than 6 years in November, reflects well-supplied markets as well as weaker growth in major emerging markets. New mining capacity came into operation in several countries, especially Australia, adding to already abundant supplies.

Agricultural commodities: Grain and oilseed prices dipped in 2015, mostly in response to well-supplied markets, with the agricultural price index standing 33 percent below its early -2011 high as of November. The stocks-to-use ratio (a measure of how well supplied markets are) for key grains remains well above its 5- and 10-year average levels.

	2013	2014	2015e	2016f	2017f	2018f
<b>Developing Countries</b>	<b>5.3</b>	<b>4.9</b>	<b>4.3</b>	<b>4.8</b>	<b>5.3</b>	<b>5.3</b>
East Asia and Pacific	7.1	6.8	6.4	6.3	6.2	6.2
China	7.7	7.3	6.9	6.7	6.5	6.5
Indonesia	5.6	5.0	4.7	5.3	5.5	5.5
Thailand	2.8	0.9	2.5	2.0	2.4	2.7
Europe and Central Asia	3.9	2.8	2.1	3.0	3.5	3.5
Kazakhstan	6.0	4.4	0.9	1.1	3.3	3.4
Turkey	4.2	2.9	4.2	3.5	3.5	3.4
Romania	3.5	2.8	3.6	3.9	4.1	4.0
Latin America and the Caribbean	3.0	1.5	-0.7	0.1	2.3	2.5
Brazil	3.0	0.1	-3.7	-2.5	1.4	1.5
Mexico	1.4	2.3	2.5	2.8	3.0	3.2
Colombia	4.9	4.6	3.1	3.0	3.3	3.5
Middle East and North Africa	0.6	2.5	2.5	5.1	5.8	5.1
Egypt, Arab Rep.	2.1	2.2	4.2	3.8	4.4	4.8
Iran, Islamic Rep.	-1.9	4.3	1.9	5.8	6.7	6.0
Algeria	2.8	3.8	2.8	3.9	4.0	3.8
South Asia	6.2	6.8	7.0	7.3	7.5	7.5
India	6.9	7.3	7.3	7.8	7.9	7.9
Pakistan	4.4	4.7	5.5	5.5	5.4	5.4
Bangladesh	6.1	6.5	6.5	6.7	6.8	6.8
Sub-Saharan Africa	4.9	4.6	3.4	4.2	4.7	4.7
South Africa	2.2	1.5	1.3	1.4	1.6	1.6
Nigeria	5.4	6.3	3.3	4.6	5.3	5.3
Angola	6.8	3.9	3.0	3.3	3.8	3.8

Source: World Bank

#### Major economies

The recovery in major high-income countries gained traction last year. This has been increasingly driven by stronger domestic demand, particularly in the United States, where employment conditions are robust. In the Euro Area, credit growth is picking up and unemployment is declining. The recovery remains fragile in Japan despite substantial policy stimulus. With external demand negatively affected by a slowdown in large emerging market economies, growth forecasts across major high-income economies in 2016 have been shaded down, but growth should still show some improvement from 2015. The tightening cycle of the U.S. Federal Reserve is projected to be very gradual,

while policy accommodation will likely continue in the Euro Area and Japan. China's gradual slowdown and rebalancing continued in 2015, as further deceleration in sectors with excess capacity was partially offset by robust growth in services.

### United States

Robust consumer spending and investment in the non-oil private sector supported above-trend growth in 2015, and should continue to be the main drivers of growth in 2016. The unemployment rate has dropped to lows seen during previous recoveries, but labor participation and growth in productivity have been declining, constraining potential output. A strengthening U.S. dollar and weakening external demand are weighing on exports and manufacturing activity. This points to a very gradual tightening cycle by the U.S. Federal Reserve. The decline in net exports is a principal factor dampening growth at present. This is the result of the strength of the dollar and the softness in external demand, particularly from large emerging markets.

### Euro Area

The recovery in the Euro Area in 2015 has been supported by both strengthening domestic demand and exports. Pickups in credit and intra-European trade growth point to a broadening recovery. Deflation concerns have receded, but core inflation and wage growth remain subdued among economies with high long-term unemployment rates. For the year as a whole, Euro Area growth is estimated at 1.5 percent, in line with previous expectations, with activity firming in Spain, somewhat disappointing in Germany, and still lagging (albeit gradually recovering) in France and Italy. Low oil prices and favorable financing conditions are supporting consumer spending and investment. The impact may vary depending on the underlying factors driving currency movements, results from a number of macroeconomic models indicate that a 7 percent euro appreciation reduces Euro Area GDP growth by between 0.2-0.4 percentage point, and inflation by 0.1-0.5 percentage point.

### Japan

Growth in Japan remains fragile, with private consumption and investment failing to pick up in 2015. Growth is expected to recover moderately to 1.3 percent in 2016, from 0.8 percent in 2015. Past offshore investments have helped raise sales and profit by overseas subsidiaries, but restrained exports. Skill shortages continued to increase, raising prospects of a gradual acceleration in wage growth. Rising female participation has boosted employment rates and is helping to offset demographic pressures. Long-term inflation expectations remain below the 2 percent inflation target, despite further policy easing by the

Bank of Japan. Overall, GDP growth is estimated at 0.8 percent for 2015, 0.3 percentage point lower than projected in June. Private consumption contracted in 2015 and investment was stagnant, which was only partially offset by positive but relatively subdued export growth.

### China

The growth slowdown in China has been most noticeable among enterprises operating in the manufacturing and real estate sectors. Growth forecasts have been revised down to 6.9 percent in 2015 and 6.7 percent in 2016. In evidence of the rebalancing of China's economy, the share of services employment has increased, supporting real incomes and contributing to robust private consumption. A drop in equity prices and a change in exchange rate policy led to market turbulence, but foreign reserves remain plentiful and the current account is in surplus, reducing risks associated with capital outflows. The robust expansion of consumer spending and services has helped boost the economy, and is in line with the rebalancing sought by policymakers. Even so, forecasts for 2016-17 have been downgraded, with growth expected to reach 6.5 percent by 2017. Downside risks to Chinese growth have risen, debt levels are elevated and continued to increase despite decelerating credit growth. Total debt as a percent of GDP is now significantly larger than in most other emerging and developing economies. However, ample policy buffers, large international reserves and current account surpluses limit the risk of sharp adjustment. Should the slowdown be more abrupt than currently predicted, other emerging and developing economies and, in particular, commodity exporters would be most affected.

### Renewed decline in commodity prices

Commodity prices fell further in the second half of 2015. By November, the three industrial commodity price indexes—energy, metals, and agricultural raw materials—were down, on average, 45 percent from their 2011 peaks. Abundant supplies, due in part to investment during the decade-long price boom, and softening demand are the main factors behind the continued weakness. The appreciation of the U.S. dollar, the currency in which most commodities are traded, has also contributed to the price weakness.

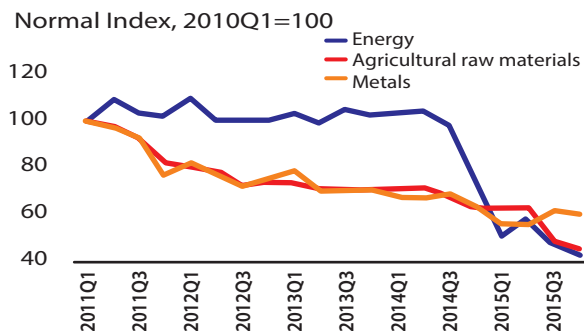
**Oil:** The price of oil dropped below \$40 per barrel towards the end of 2015. Prices have been driven lower by high stocks in OECD economies, ample global supplies, and expectations of slower global demand (particularly from large emerging markets). U.S. crude oil production has begun to decline due to lower investment and drilling but was resilient for most of 2015. OPEC production increased further, reaching a three year high, with much of the increase coming from

Saudi Arabia and Iraq.

**Metals:** The slump in metal prices, which reached their lowest levels in more than 6 years in November, reflects well-supplied markets as well as weaker growth in major emerging markets. New mining capacity came into operation in several countries, especially Australia, adding to already abundant supplies.

**Agricultural commodities:** Grain and oilseed prices dipped in 2015, mostly in response to well-supplied markets, with the agricultural price index standing 33 percent below its early -2011 high as of November. The stocks-to-use ratio (a measure of how well supplied markets are) for key grains remains well above its 5- and 10-year average levels. Spillovers from G7 excluding Japan

## A. Commodity Prices



## Spillovers from G7 excluding Japan

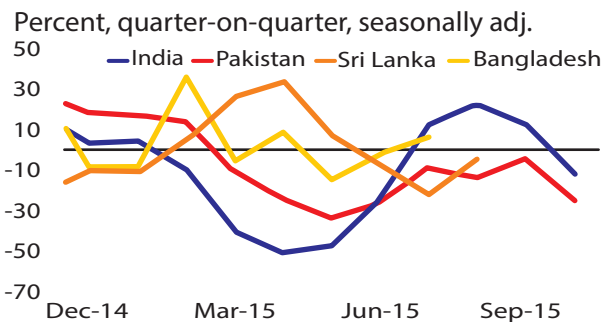
Spillovers from the G7 (excluding Japan) are larger than spillovers from China and Japan, especially for the highly open economies of Hong Kong SAR, China; Korea; Malaysia; Singapore; and Thailand. China's growth bolstered EAP growth during the pre-crisis years, but has since weighed on regional growth. Since 2010. The slowdown in China and Japan growth has accounted for a significant portion of the slowdown in the rest of EAP region, especially in 2014 and 2015.

## South Asia

GDP growth in South Asia rose from 6.8 percent in 2014 to 7.0 percent in 2015, the fastest rate among developing regions, as recovery took hold in India, and as the region benefited from lower oil prices and improved resilience to external shocks. A moderate further acceleration in economic activity is projected, with regional growth rising to 7.5 percent in 2018, buoyed by strengthening investment and a broadly supportive policy environment. Risks are mainly domestic. Key include reform setbacks in the reform momentum in India, political tensions or conflicts in smaller economies, and, over the longer term, the commitment of governments to the necessary fiscal adjustment. South Asia may also face external headwinds from an increase in interest rates in the

United States, although vulnerabilities are greatly reduced since the "taper tantrum" of 2013. Key policy challenges include the substantial non-performing bank loans in several countries, and the need for further reforms—in particular, to improve the ability of firms to do business within and outside the region, and to fully harness the ongoing demographic dividend. In Bangladesh and Sri Lanka, public sector wage increases and an easing of political tensions or uncertainty should bolster private consumption.

## B. Export growth



Concerns about the growth outlook and prospects of rising U.S. interest rates led to a tightening in financing conditions for many developing countries and contributed to a significant slowdown in capital inflows in 2015. Commodity exporters, and countries with heightened domestic challenges, are especially affected. The widespread slowdown in emerging market economies contributed to a contraction in global trade in the first half of the year, adding headwinds to the global recovery. The broad weakness in commodity prices in 2015 is expected to persist in 2016, maintaining pressure on commodity exporters while supporting real income gains among importers.

Since 2010, a synchronous growth slowdown has been underway in emerging markets, especially in some of the largest ones. Given the size and integration with the global economy of the largest emerging markets—the BRICS (Brazil, the Russian Federation, India, China, South Africa)— a synchronous slowdown in these economies could have significant spillovers to the rest of the world through trade and finance. Specifically, a 1 percentage point decline in BRICS growth is associated with lower growth in other emerging markets by 0.8 percentage point, in frontier markets by 1.5 percentage points, and in the global economy by 0.4 percentage point over the following two years. Spillovers could be considerably larger if the BRICS growth slowdown were combined with financial market stress. Adverse growth spillovers present challenges that need to be addressed with both fiscal and monetary policies as well as structural reforms.

# NATIONAL NEWS

## BB issues risk management guidelines for NBFIs



The central bank recently issued the Integrated Risk Management Guidelines for non-bank financial institutions (NBFIs) to help strengthen their overall risk-management framework amid growing challenges. Under the latest guidelines, the NBFIs are getting

some avenues in deferring the insolvency ratio to some extent, a senior official of the BB told. Along the pathways shown, some NBFIs will move forward into green zone from the existing tenuous positions in yellow or red ones. The BB has already issued several guidelines and directives on risk management along with five core risk guidelines in view of the ongoing challenges arising out of increased competition, introduction of new products and services and expansion of diversified financial business of the NBFIs. The guidelines are prepared to involve the NBFIs in adopting improved policies and procedures in line with international best practices for their risk-management framework.

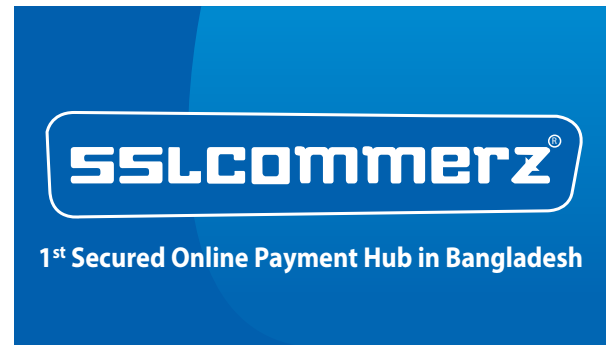
## Banks asked to install anti-skimming devices at ATM booths



Bangladesh Bank recently asked the scheduled banks to set up anti-skimming device at their automated teller machines to tackle fraudulent. The BB move came after a number of clients of three leading private banks EBL, UCBL and The City Bank in the country had become victims of an ATM scam

as unidentified skimmers withdrew money from their clients' accounts by forging their debit and credit cards data. The central bank asked the banks to take measures to refund the money to the victims within the shortest possible time. The BB asked the banks to monitor the video footages of the ATM booths on regular basis to tackle such fraudulent act. It also asked the banks to keep watch that no unauthorised person can set up any ATM machine or repair it. The dedicated security guards for ATM machine will have to inform the bank concerned to verify the persons who set up new machine or repair the ATM machine.

## BB has awarded PSO license to SSL Wireless



Software Shop Limited (also known as SSL Wireless) has been awarded the PSO (Payment System Operator) license by Bangladesh Bank under the Bangladesh Payment and Settlement Systems Regulation 2014 (BPSSR-2014). This license has been awarded to SSL Wireless after going through the regulator's rigorous evaluation process for the payment gateway services operated under the brand name SSLCOMMERZ. SSLCOMMERZ was the country's first payment gateway service which was launched in the formal E-commerce service inauguration ceremony organized by Dutch-Bangla Bank in collaboration with Bangladesh Bank in the year 2010. Getting awarded the PSO license from Bangladesh Bank is another milestone for SSL Wireless through which SSL will be able to introduce and offer more innovative payment services to the customers and merchants of E-commerce in future.

## Anti-money laundering deal signed with 3 countries



Bangladesh Financial Intelligence Unit (BFIU) has signed a pact with three more countries, Nigeria, Lebanon and Kazakhstan, to share information about money laundering and financing terrorism. Bangladesh Bank (BB) source confirmed the matter adding that the treaty has recently been signed in a meeting among financial intelligence units of Egmont Group held in Monaco.

BFIU operational head (managing director) Debprasad Debnath on behalf of Bangladesh government and the representatives of the three countries were present during the signing ceremony. BFIU will work together with 41 countries including the three new partners.

## Banks now open to set up business ties with Iran



Bangladesh Bank has said that the country's scheduled banks, non-governmental organisations, and other financial organisations are now able to operate business with Iranian organisations in

line with United Nations Security Council's resolutions. The BB issued a circular to managing directors and chief executive officers of all financial institutions including banks and NBFIs on February 11 saying that the UN had recently withdrew sanction on Iran. Due to the sanction list of the UN, Bangladesh was not allowed to operate its normal business with Iran as it (Bangladesh) is a member country of the UN. The UN earlier imposed sanction on Iran in line with its anti-terrorist regulation.

## BB seeks info on treasury bonds from banks



The central bank has sought information on treasury bonds from the commercial banks as the government has planned to buy back its securities from the market. Bangladesh Bank (BB) has asked the

commercial banks to submit the details of their treasury bonds and wanted to know whether they intend to sell them in the current market price. Currently, the government holds around BDT 60 billion in excess liquidity in its accounts. The decision on buy-back of the treasury bonds will be finalised on the basis of the BB's recommendation. The central bank will submit a feasibility report in this regard to the MoF shortly. At present, five government treasury bonds with the tenures of two, five, 10, 15 and 20 years respectively are traded on the market.

## BB plans to speed up financial inclusion with agent banking



After the success of Mobile Banking Services (MFS), Bangladesh Bank (BB) is now moving to reach the rest of unbanked people with agent banking and speed up financial inclusion to make Bangladesh a middle income country within the stipulated time. At the end of September 2015, the number of total agents was 533,485, and the number of registered customers was almost 29.2 million, of which active accounts were almost 11.27 million under Mobile Financial Services (MFS). The number of total transactions was 10.64 crore in September 2015 while the amount of total transactions was BDT 15.07 thousand crore at the end of the same month.

## BB to train up 10,200 youths for SME sector



Bangladesh Bank has taken a programme to train up some 10,200 youths in order to improve their skills for the country's growing small and medium enterprise (SME) sector. Eight NGOs which were hired by the central bank will provide the training to the youths in the next three years in 12 trades of five industrial sectors, including ICT, garment, light engineering, automobile and industrial electrical maintenance. Bangladesh Bank's deputy governor SK Sur Chowdhury and additional secretary to the Finance Ministry Jalal Ahmed were present at the function at Bangladesh Bank with BB executive director Nirmal Chandra Bukt in the chair.

## BB lines up USD 200m green fund for textile, leather makers

Bangladesh Bank is set to form a USD 200 million fund to provide low-cost loans to textile and leather industries for switching to environment-friendly production. The move comes to help that the export-oriented industries take advantage of the current proclivity towards green products in the western world. Textile and leather sectors will initially enjoy low-cost loans from the 'Green Transformation Fund', which will be made open to the other sectors later, he said. Industrialists are likely to get loans for water conservation and management, waste management, resources efficiency and recycling, renewable energy and energy efficiency.



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আর তোমার  
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- অ্যাকাউন্ট মেইনটেনেন্স একদম ফ্রি
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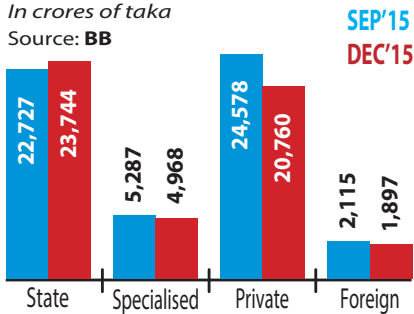
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# NATIONAL NEWS

## Default loans decline slightly

### BANKS' DEFAULT LOANS

In crores of taka  
Source: BB



Banks' default loans dropped 6.22 percent to BDT 51,300 crore in the last quarter of 2015 mainly due to restructuring of big loans. On December

31 last year, bad loans accounted for 8.79 percent of the total loans in the banking system, which was 9.89 percent on September 30. The amount of total default loans at the end of September last year stood at BDT 54,708 crore. The default loans of state banks rose 4.47 percent, or BDT 1,017 crore, to BDT 23,744 crore, according to central bank statistics. In percentage terms, 21.46 percent of the state banks' loans were defaults, which is high in the context of Bangladesh and beyond. Default loans of each of the private, foreign and government-owned specialised banks dropped. Default loans of private banks fell 15.53 percent to BDT 20,760 crore. Their default loans on December 31 last year were 4.85 percent of their total outstanding loans. Foreign banks' default loans in the September-January period decreased 10.30 percent to BDT 1,897 crore. Their default loans accounted for 7.77 percent of their outstanding loans. Bad loans of foreign banks are higher than that of the private banks, even though they are much cautious about giving loans.

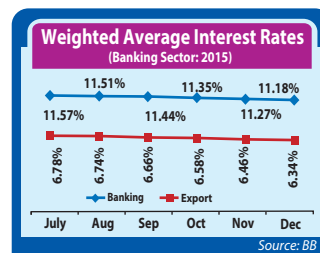
### Bank interest spread rises

Overall interest rate spread in Bangladesh's banking sector increased slightly in December as the interest rate on deposit was decreased more than that of lending, bankers said. The weighted average spread between lending and deposit rates offered by the commercial banks rose to 4.84 per cent in December 2015 from 4.81 per cent in the previous month, says latest statistics of Bangladesh Bank. The spread was 4.77 per cent in October of 2015. On the other hand, the weighted average rates on deposits came down to 6.34 per cent during the period under review from 6.46 per cent in November 2015 while interest rates on lending dropped to 11.18 per cent from 11.27 per cent. The spread being maintained by 21 commercial banks out of 56 still ranges between more than 5.0 per cent and 9.58 per cent, the Bangladesh Bank (BB) data showed.

## Home loan interest rates down to a record low

Interest rates on home loans have plunged to the lowest on record in a climb-down which gives realtors hope for a boom of the property market after a prolonged slump. In the wake of emergence of a highly competitive credit market, the commercial banks have also reduced lending rates on other personal loans, including car loans. The private commercial banks and non-bank financial institutions (NBFIs) involved with home loans cut down their rates by 2.0 to 3.0 per cent in recent weeks, mostly effective from this February. The lending rate on home loan by some private commercial banks came to down to single digit-- 9.0 to 9.50 per cent. Lending rates charged by the NBFIs also fell to 10.50 per cent to 11 per cent, also down by 2.0 to 3.0 per cent from previous rates.

## Banks slash rates on deposits, lower lending rates for selective areas



Most banks slashed the interest rates on deposits by 50 basis points this month while lowered lending rates only for selective areas, particularly corporate entities, bankers said. Most of

the private commercial banks (PCBs) re-fixed their interest rates on term deposits on average at 5.75 per cent from 6.25 per cent while the average rates on deposit of state-owned commercial banks (SoCBs) came down to 6.75 per cent from 7.25 per cent. The central bank of Bangladesh earlier had slashed its policy rates by 50 basis points aiming to spur investment, particularly in productive sectors, for achieving maximum economic growth by the end of this fiscal year. Thus interest rate on repurchase agreement (repo) came down to 6.75 per cent from 7.25 per cent on 14 January last while the reverse repo rate was re-fixed at 4.75 per cent from 5.25 per cent earlier.

## BRAC Bank, Le Méridien Dhaka sign agreement



BRAC Bank Limited recently signed a Memorandum of Understanding (MoU) with Le Méridien Dhaka for offering special discount

and other facilities for the cardholders of the bank. Under the agreement, BRAC Bank Signature, Platinum & Gold Cardholders will enjoy "Buy One Get One Free" Buffet offer at the "Latest Recipe" restaurant at Le Méridien Dhaka.

## BRAC Bank launches Women's Forum "Tara"



BRAC Bank Limited launched a Women's Forum titled "Tara" for facilitating career development and professional excellence through sharing of experience and networking among women bankers of the bank. The objective of the forum is to make BRAC Bank the most woman friendly bank in Bangladesh. With more than 1,150 members, Tara is the largest private sector women bankers' network in the country. Rokia Afzal Rahman, former Advisor to the Caretaker Government, and Selim R.F. Hussain, Managing Director, BRAC Bank Limited, formally launched the BRAC Bank Women's Forum at Bashundhara Convention City in Dhaka. Tara will be a platform where BRAC Bank's female employees will share challenges and concerns that they may face within or outside the bank. A Tara website will be launched where the women community will get information and expert assistance on education, career, health, household, lifestyle and other realms of women's lives.

## City Bank signs agreement with DPDC



City Bank and Dhaka Power Distribution Company Ltd (DPDC) has recently signed a utility bill

collection agreement at City Bank's Head Office. In presence of Faruq M. Ahmed, Additional Managing Director, City Bank and Brig Gen. Md. Nazrul Hasan (Retd.), DPDC; the agreement was inked by Sheikh Mohammad Maroof, DMD & Head of Wholesale Banking, City Bank and Md. Aminul Islam, GM (Finance), DPDC.

## DBBL organizes free Plastic Surgery for cleft-lipped Childs at Dhaka

Under the Smile-Brighter program, Dutch-Bangla Bank has organized plastic surgery operation campaign at Dhaka Trauma Center and Specialized Hospital, Shyamoli, Dhaka. It is free of cost for the poor cleft-lipped boys and girls to bring back the endearing smile on their faces. A plastic surgery team headed by eminent plastic surgeon Dr. Shareef Hasan successfully

operated a total of 20 boys and girls. KS Tabrez, Managing Director of Dutch-Bangla Bank visited the operation camp and inquired about the cleft-lipped boys and girls at the hospital. Dr. Mohammad Jahangir Alam, Managing Director of the hospital was also present. It is mentionable that, DBBL has been continuing this cleft-lip surgery program for the poor boys and girls at free of cost across the country round the year under the banner "Smile Brighter" since 2003.

## SJIBL, HAAB ink MoU



President of HAAB M o h a m m a d Ibrahim Bahar and Deputy Managing Director of SJIBL M Akhter Hossain

exchanging documents on behalf of their respective organisations after signing an MoU in the city recently. Shahjalal Islami Bank Limited (SJIBL) has signed a Memorandum of Understanding (MoU) with Hajj Agencies Association of Bangladesh (HAAB). President of the HAAB Mohammad Ibrahim Bahar and Deputy Managing Director of SJIBL M Akhter Hossain signed the MoU on behalf of their respective organisations in the city recently. Under the MoU, all Ballottee and Non-Ballottee Hajji and Umrah Pilgrims can deposit their Hajj & Umrah registration fees through 93 branches of the SJIBL from all over the country.

## PBL card-holders to get discount at Hotel Sea Palace



Credit and debit card-holders of Pubali Bank Limited (PBL) will get 25 per cent discount on rack rates at peak time, 50 per cent discount on rack rates at off peak time and 10 per cent discount on during various cultural and religious festivals (Eid-ul-Fiter, Eid-ul-Azha, December 31 Night, February 21, March 26 etc.) while staying at Hotel Sea Palace Limited (HSPL) in Cox's Bazar. In this connection, a memorandum of understanding (MoU) has recently been signed between PBL and HSPL at the bank's head office in the capital. The bank's Deputy Managing Director and Chief Technical Officer Mohammad Ali and HSPL Chief Executive Officer (CEO) Mohammad Nasimul Azim signed the MoU on behalf of their respective organisations along with other senior officers from both the organisations.

## Prime Bank signs MOU with Picasso Restaurant

A MoU between the Prime Bank Limited and the Picasso Restaurant was signed at the Prime Bank Head Office recently. Lt Gen Masud Uddin Chowdhury, ndc, psc (Retd), chairman, Picasso Hospitality & Entertainment and Wg Cdr Md. Tabarak Hossain Bhuiyan, psc (Retd), DMD, Prime Bank signed the MoU on behalf of the Picasso Restaurant and the Prime Bank respectively. Other officials of both the organizations were present at the ceremony. Under the agreement, Prime Bank cardholders will enjoy 15% discount on A-la-Carte, 25% discount on swimming pool and Jacuzzi at Picasso.

## UCBL, GPH Ispat sign for foreign loan



United Commercial Bank Limited (UCBL) recently signed an agreement with GPH Ispat Ltd. to act as Lead Arranger & Security Agent to raise USD 154 million (Foreign currency 140 million & local currency 14 million) equivalent to total BDT1232.00 crore for setting up a new integrated steel mill by GPH Ispat Ltd. Muhammed Ali; Managing Director of United Commercial Bank Limited and Mohammed Jahangir Alam; Chairman, GPH Group & Managing Director, GPH Ispat Ltd. signed the agreement on behalf of respective organizations. Moreover, Chairman of GPH Ispat Ltd Md Alamgir Kabir and Additional Managing Director of GPH Ispat Ltd Mohammed Almas Shimul along with senior officials of both the organizations were present at the event.

## Multi-Channel Utility Bill Payment Service for Mercantile Bank Ltd.



Mercantile Bank Limited with technical collaboration of Software Shop Limited (SSL Wireless), a leading Mobile Solution Provider of the country, has launched the “Multi-Channel Utility Bill Payment Service” for its account holders and also for walking customers. A signing ceremony was organized on the occasion at Mercantile Bank Limited’s Head Office Recently. The account holders and general public will be able to pay

Mercantile Bank Limited with technical collaboration of Software Shop Limited (SSL Wireless), a leading Mobile

the monthly bills of DPDC and DESCO in a very convenient process. Mr. Kazi Masihur Rahman, Managing Director & CEO, Mr. Monindra Kumar Nath, Additional Managing Director & Mr. A. K. M. Atiqur Rahman, Executive Vice President & Head of Information Technology of the Bank were present at occasion. Mr. Sayeeful Islam, Managing Director of SSL Wireless, Mr. Ashish Chakraborty, General Manager of SSL Wireless along with other high officials of both organizations was also present in the ceremony.

## StanChart, BRAC stand by former enclave people



Standard Chartered Bangladesh and BRAC recently launched two separate initiatives to improve livelihoods of the people of former enclaves, and to provide financial literacy to adolescents. The livelihood empowerment scheme will be carried out among the former enclave people in Patgram of Lalmonirhat, a bordering district in the northwest. Under the second initiative, adolescents, especially girls and secondary school students in Chittagong, will be trained on financial literacy so that they can manage money properly and improve their habit of saving. Training will be given to 775 people in former enclaves on income generating activities such as livestock and poultry farming and vegetable cultivation. Some 400 sanitary latrines will also be built under the initiative. Standard Chartered and BRAC said the financial literacy programme will benefit 1,040 secondary school students directly and 5,000 indirectly.

## UCB donates BDT 2.5m to DNCC



Director of UCB Showkat Aziz Russell handing over the cheque for BDT 2.5 million to Mayor of DNCC Annisul Huq in the city. United Commercial Bank (UCB) has donated BDT 2.50 million (25 lakh) to Law and Order Coordination Committee of Dhaka Metropolitan Police. The money was donated for installing CCTV cameras at Gulshan, Banani, Niketan and Baridhara residential and diplomatic zones. Director of UCB Showkat Aziz Russell handed over the cheque to Mayor of Dhaka North City Corporation (DNCC) Annisul Huq in the city. Among others, Managing Director of UCB Muhammed Ali and additional managing directors M Shahidul Islam and Mirza Mahmud Rafiqur Rahman were present on the occasion. The bank donated the money as part of corporate social responsibility (CSR) activity.

Standard Chartered Bangladesh and BRAC recently launched two separate initiatives to

Director of UCB Showkat Aziz Russell handing over the cheque for BDT 2.5 million to Mayor of DNCC Annisul Huq in the

# MTB ANNUAL BUSINESS CONFERENCE 2016



Mutual Trust Bank Ltd. (MTB) held its Annual Business Conference 2016 (MABC 2016) on January 30, 2016 at a local hotel in Dhaka. MTB Chairman, Rashed A. Chowdhury, Founding Chairman, Syed Manzur Elahi, Vice Chairman, M.A. Rouf JP, MTB Directors, Dr. Arif Dowla and Khwaja Nargis Hossain and Independent Director Anwarul Amin attended the Annual MTB Event. MTB Managing Director & CEO, Anis A. Khan, Additional Managing Director & Chief Operating Officer, Md. Hashem Chowdhury, Deputy Managing Director & Chief Risk Officer, Md. Zakir Hussain and Deputy Managing Director & Chief Business Officer, Syed Rafiqul Haq were also present at the daylong program.

The theme for 2016, “Smart Banking”, was unveiled at the conference. MTB Chairman Rashed A. Chowdhury appreciated the hard work by all MTBians for bringing about significant progress in 2015 in terms of the network, infrastructure, products and services. The MTB Founding Chairman congratulated the Management and MTBians for keeping the trust of the customers and a successful closing of the financial year 2015.

Venue : Le Méridien, 79/A Commercial Area, Airport Road, Dhaka 1229

Date : January 30, 2016

## M. A. ROUF JP, ELECTED CHAIRMAN AND MD.HEDAYETULLAH ELECTED VICE CHAIRMAN OF MTB



**M. A. Rouf JP**  
Chairman, Mutual Trust Bank Ltd.

M. A. Rouf JP, one of the sponsor directors of MTB and also the Chairman of Britannia Group comprising Britannia Properties Ltd., Britannia Holdings & Management Ltd. Britannia Developments Ltd. and Britannia Asset and Equity Management Ltd. has been elected Chairman of Mutual Trust Bank Ltd. (MTB) on February 24, 2016 at the 189<sup>th</sup> meeting of the Board of Directors.

Prior to his new role, Rouf was the Vice Chairman of the bank. M.A. Rouf JP also serves as the Chairman of Balaka Group, Balaka Bangladeshi Food Ltd. and Diamond properties in the UK. He is the Director of Tiger Tours Ltd. and Vice Chairman of Sonata Shipping Lines Ltd. and Asian Light Engineering Manufacturing Co. Ltd. Rouf has been serving as the elected Regional President for the Bangladesh British Chamber of Commerce in the UK for Scotland, for the last 15 years, and was appointed as a Delegate for the Department of British Trade Mission of Bangladesh. He is a Justice of Peace (JP) for Scotland. Rouf obtained an Associate Degree in Textile Engineering and Management from the then East Pakistan Institute of Textiles. He is a life time member of The University of St. Andrews and also a member of St. Andrews Golf Club, which is considered to be the home of golf. He has also held the post of Vice Chairman of University of St. Andrews Union Debating Society for the last 16 years and currently is the President of St. Andrews University Cricket Club.



**Md. Hedayetullah**  
Vice Chairman, Mutual Trust Bank Ltd.

Md. Hedayetullah, the Chairman of the Executive Committee of MTB and also the Director of FB Footwear Ltd. (a Italian joint venture) has been elected as the Vice Chairman of the bank at the 189<sup>th</sup> meeting of the Board of Directors.

Hedayetullah is also serving as the Chairman of Hedayetullah Securities Ltd., Director of Apex Tannery Ltd and Apex Property Development Ltd. He is the Managing Director of BW International Ltd. (a Chinese joint venture) and RYT Joint Co. Ltd. (a Japanese joint venture). He obtained B.Sc. (Honors) degree in Leather Technology from the British School of Leather Technology, Northampton, UK and M.A. in International Business from Regents College (London), Webster University, UK.

## MTB CHAIRMAN DISTRIBUTES BLANKETS TO THE COLD AFFECTED PEOPLE OF JESSORE



Venue: MTB Jessore Branch, Jessore 7400  
Date: January 25, 2016

MTB Chairman Rashed A. Chowdhury along with Managing Director and CEO, Anis A. Khan, Head of Banking Operations, Swapan Kumar Biswas, Head of Other Division Branches, Azad Shamsi and other officials are seen handing over blankets to the poor and cold affected people of Jessore at the MTB Jessore Branch premises.

As part of MTB's annual winter clothes distribution program, the bank has already distributed blankets to the people of Feni, Thakurgaon, Dinajpur, Naogaon, Gaibandha, Rajshahi, Kushtia, Sirajganj, Lalmonirhat, Dhorkora Bazar, Kadair Bazar, Gournodi and Tangail in addition to providing 20,000 blankets to the Prime Minister's Relief Fund.

## MTB CHAIRMAN AND MANAGING DIRECTOR & CEO'S VISIT TO MTB KHULNA BRANCH

MTB Chairman, Rashed A. Chowdhury, Managing Director and CEO Anis A. Khan along with Head of Banking Operations, Swapan Kumar Biswas and Head of Other Division Branches, Azad Shamsi visited MTB Khulna Branch recently.



Venue: Sonadanga, Khulna 9000  
Date: January 24, 2016

## TRAINING PROGRAM ON ANTI MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM



Venue : MTB Training Institute (MTBTI), Dhaka 1208  
Date : January 12 & 20, 2016

MTB organized a two day training program on "Anti Money Laundering and Combating the Financing of Terrorism" recently.

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



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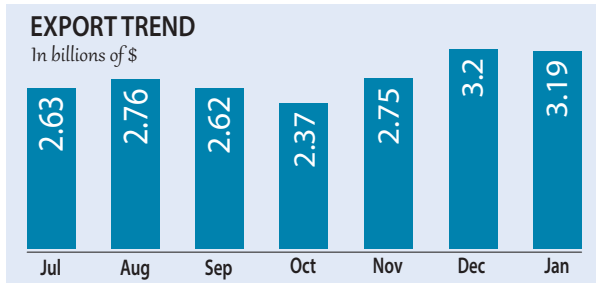
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## Exports keep momentum in January



SOURCE: EPB

Exports raked in USD 3.19 billion in January, the second highest in the country's history, on the back of a surge in garment shipments. The amount is an increase of 10.38 percent year-on-year but a slight drop of 0.63 percent from the previous month, which saw a record sum. In December 2015, USD 3.20 billion was received in export earnings, the highest in the nation's history. January's earnings were also 5.17 percent higher than the month's target of USD 3.02 billion, according to Export Promotion Bureau. Garment exports raked in USD 2.63 billion last month, up 3.95 percent year-on-year but down 1.5 percent month-on-month. China, the largest apparel supplier worldwide, now has a market share of more than 38 percent, followed by Bangladesh at 5.09 percent. Last year, Bangladesh exported USD 5.5 billion worth of garment products to 11 new destinations: Australia, Japan, South Korea, Russia, Brazil, Chile, China, India, Turkey, Mexico and South Africa. Export earnings during July-January stood at USD 19.27 billion, 2 percent higher than the target for the period. Earnings from jute and jute goods were also remarkable during this period: USD 494 million.

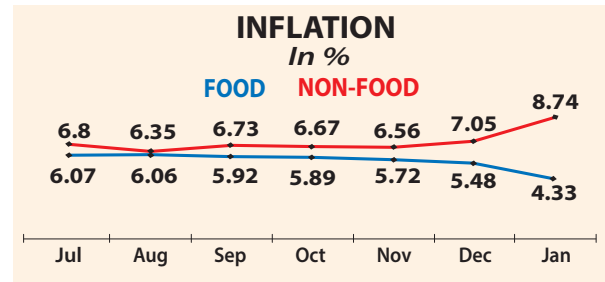
## Telcos welcome Robi-Airtel merger



Four telecom operators recently welcomed the proposed merger between Robi and Airtel, but two of them expressed concern over spectrum use at the same time. The two top operators – Grameenphone and Banglalink – raised concerns over spectrum holding, technology neutrality for spectrum and the numbering schemes of the merged entity, while state-run Teletalk and Citycell unconditionally welcomed the initiative. Bangladesh Telecommunication Regulatory Commission took the opinions of the competitors at a meeting. Grameenphone and Banglalink stressed ensuring a level-playing field and an opportunity to acquire more

spectrums, according to officials present at the meeting. The joint entity of Robi and Airtel will have around four crore subscribers with a combined spectrum of 39.8 MHz in the three bands.

## Inflation edges down in January



Inflation fell 3 basis points to 6.07 percent in January, propelled by a decline in food inflation, which was the lowest in 38 months. Food inflation stood at 4.33 percent, down 115 basis points from a month earlier, according to data from Bangladesh Bureau of Statistics. Non-food inflation accelerated 169 basis points to 8.74 percent, the highest in 36 months. While the overall inflation is unchanged, there is a major change in the composition of inflation in January, said Zahid Hussain, lead economist of the World Bank's Dhaka office. Food inflation has declined by more than one percentage point, while non-food inflation increased by the same magnitude.

## Dhaka-Yangon air link to open up new business opportunities



Direct air connectivity between Dhaka and Yangon will usher in new opportunities for Bangladeshi traders to explore untapped market of mineral-rich Myanmar that remained isolated in the last 50 years. Bishi, who is chairman of Medcom communication of Myanmar, said Bangladeshi pharmaceuticals companies have already secured a stronghold in the Myanmar's medicine market as this gateway to South Asia has no pharmaceuticals plant of its own. Presently, Bangladesh Biman and private airliner Novoair are operating six weekly flights, three for each between Dhaka and Yangon. Managing Director of Bay Line Shipping PTE Limited Quamruddin Ahmed laid emphasis on establishing direct shipping links, so that Bangladesh can gain maximum benefit utilising its proximity with Myanmar.

## SMC revenue rises by 15.5 pc



The revenues of Social Marketing Company and the SMC Enterprise Limited have increased by 15.5 percent in 2015 in comparison with 2014. It was announced in the annual company conference for 2015 held at hotel Sonargaon in the city. SMC general manager (sales) Sayedur Rahman presented the

performance of 2015. He said the company's revenue was BDT 3,759 million in 2015 as against BDT 3,256 million, a year earlier. SMC's general manager (programme) Taslim Uddin Khan said SMC successfully developed partnership with the government to improve health care and family planning in the country. In 2015, SMC distributed 41.81 million cycles of oral contraceptive pills, over 127 millions condoms and 1.62 million vials. Besides, it also sold 562 million sachets of ORSaline-N, 1.3 million packs of MoniMix micro-nutrient powder, 0.57 million Zinc blister packs, 2.58 million Joya sanitary napkins and around 0.17 million safe delivery kits in the year.

## MCCI seeks duty waiver for fire-safety equipment

Against the backdrop of grim workplace tragedies, a leading trade body has sought duty waiver on import of fire-safety equipment for all export-oriented industries. The Metropolitan Chamber of Commerce and Industry (MCCI) placed the plea with government's revenue authority, apparently as the dry season is slowly on the advent with usual risk of fire incident. Fire alarm, in the meantime, practically began ringing with Gazipur factory blaze. In its fire-safety list the MCCI mentioned leather and leather goods, jute, processed agricultural goods, pharmaceuticals, poultry, plastic and such other industries that produce export items. The zero-rated duty on imports, is an imperative to facilitate procurement of adequate safety gear by the factory owners. In a recent letter to the National Board of Revenue (NBR), the metro chamber sought the facility of duty-free import of fire-resistant doors, sprinkler system and equipment, emergency light with exit sign and double heads.



## Nolte products hit Bangladesh market



Nolte, a Germany-based kitchen, bedroom and living room solution brand, has started its journey in Bangladesh. Its first showroom in the country was inaugurated at Jamuna Future Park. HATIL, a local furniture manufacturer and retailer, has teamed up with Nolte to market the German brand products in Bangladesh market. Officials of the two companies said the showroom on an 8,200 square feet floor-space would display the latest trends in kitchen, bedroom and living room solutions made in Germany. Commerce Minister Tofail Ahmed, German Ambassador in Bangladesh Thomas Prinz, Hatil Chairman and Managing Director Selim H Rahman and Nolte FZE Managing Director Selva Kumar, among others, were present at the opening ceremony.

## Mini Mart celebrates 20 years in business



Mini Mart, a chain shop set up and run by women entrepreneurs, celebrated its 20th founding anniversary. It not only created market access for women but also fostered entrepreneurship and leadership. The first Mini Mart, financed by MIDAS Financing Ltd, was set up in Dhanmondi in 1996. The chain shop was established after Rokia Afzal Rahman, chairman of MIDAS Financing and one of the leading women entrepreneurs of Bangladesh, found that women in the city did not have showrooms to display the merchandise they made. They could only supply their items to markets such as New Market, Chandni Chowk and Gausia. This prompted her to come up with the idea of setting up a chain shop so that women could display and sell their products easily and get better prices. Shafique-ul-Azam, managing director of MIDAS Financing, said Mini Mart is a history of dedication of the entrepreneurs. Since inception, MIDAS Financing has lent BDT 222 crore among 1,500 women entrepreneurs, said Azam.



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# NATIONAL NEWS

## Abu Asad joins Sonali Bank as DMD



Syed Abu Asad has recently joined Sonali Bank Limited as its Deputy Managing Director. Prior to his new assignment, he was the general manager of the state-owned Rupali Bank Limited. During his 32-year banking career, Abu Asad worked in different

capacities in Rupali Bank's industrial credit division, credit administration division, establishment and welfare division, and planning and research division.

## Shahjahan new DMD of Sonali Bank



AAM Shahjahan joined state owned Sonali Bank Limited as Deputy Managing Director in the city recently. Prior to this, he was General Manager of Agrani Bank Limited. He started his banking career at Agrani Bank Limited as Senior Officer in 1983. He served

as General Manager of industrial credit division, rural credit division and SME credit division of the bank. Mr Shahjahan attended various banking related seminars in home and abroad.

## Pijush new DMD of Janata Bank



Pijush Chandra Bhowal has joined Janata Bank Limited as Deputy Managing Director recently. He started his career in Bangladesh Krishi Bank in 1982 as Probationary Officer (Senior Officer). He served as General Manager in Khulna, Mymensingh

and at Dhaka divisional office and different departments of head office. He took part in the various trainings, seminars and symposiums held at home and abroad.

## Palli Shanchay Bank gets new DMD



Feroj Khan has joined state owned Palli Shanchay Bank as Deputy Managing Director (DMD) recently. Prior to the joining, he was GM of Bangladesh Krishi Bank. He started his career in the same bank in 1982. He took part in the various trainings, seminars and

symposiums held at home and abroad.

## NRB Commercial reappoints MD



Dewan Mujibur Rahman, a senior banker, has been re-appointed Managing Director and CEO of NRB Commercial Bank Limited. Mr. Rahman has been performing as Managing Director and CEO since opening of the bank. Mr. Rahman started career with Agrani Bank as a

Senior Officer. Mr. Rahman travelled to the USA, the UK, South Korea, China, India, Malaysia, the UAE, Thailand, Cambodia, Oman, Hong Kong and Qatar for advanced trainings and workshops. He is a life member of Bangladesh Economic Association. He is a life member of Bangladesh Economic Association, Dhaka University Alumni Association and IBA Alumni Association.

## Mamun made Standard Bank AMD



Mamun-Ur-Rashid has been promoted to the post of Additional Managing Director (AMD) of Standard Bank. Mr. Mamun started his banking career by joining National Bank as a Probationary Officer in 1984. He joined Standard Bank as Deputy Managing Director (DMD) in 2013. Prior to joining

Standard Bank, he was the DMD of United Commercial Bank (UCB) and Premier Bank. In his 33-year-long banking career, Mr Mamun also served NCC Bank, Prime Bank, UCB and Premier Bank in various capacities. Mr Mamun attended a number of seminars, workshops and training programmes at home and abroad. He visited many countries including the USA, the UK, France, Italy, Singapore, Malaysia, Thailand, China, the UAE, Saudi Arabia, Egypt, Qatar and Mauritius.

## Arif Khan elected ICMAB president



Mr. Arif Khan FCMA was elected President of the Institute of Cost and Management Accountants of Bangladesh (ICMAB) in its meeting held recently. The Council also elected Mr. Jamal Ahmed Choudhury FCMA and Prof. Mamtaz Uddin Ahmed FCMA as

Vice-Presidents, Mr. Md. Abdur Rahman Khan FCMA as Secretary and Prof. Dr. Swapan Kumar Bala FCMA as Treasurer of the Institute. Prior to his new role, Mr. Arif Khan FCMA was elected Vice President of ICMAB for two terms. He served the Institute as Secretary and Treasurer in different terms. Mr. Khan also served as Commissioner of BSEC.

# INTERNATIONAL NEWS

## German growth keeps eurozone economy steady



Solid growth in powerhouse Germany kept the eurozone economy steady in late 2015 despite the buffeting from global

market turmoil and a sharp slowdown in China. Analysts said the figures were "something of a relief" after recent weakening data had suggested a modest recovery in the 19-nation single currency bloc was running out of steam. The Eurostat statistics agency said the eurozone grew 0.3 percent in the last three months of 2015, the same pace as in the previous quarter and in line with analyst forecasts. German gross domestic product (GDP) growth, at 0.3 percent, offset weaker performances from southern countries by virtue of its sheer size. "The economic situation in Germany was characterised by solid and continuous growth in 2015," federal statistics office Destatis said. Bailed out Greece fell back into recession as its economy contracted by 0.6 percent, however that was a distinct improvement from a 1.4 percent contraction the previous quarter.

## US retail sales edge higher in January



US retail sales rose modestly for the third straight month in January despite falling gasoline prices, according to the Commerce

Department. Shoppers spent 0.2 percent more on retail and food services, following an upwardly revised 0.2 percent increase in December. Retail sales totaled USD 449.9 billion in January, up 3.4 percent from a year ago. Auto sales rose 0.6 percent; ex-auto, retail sales were up a meager 0.1 percent. Sales in general merchandise stores rose 0.8 percent, almost wiping out December's decline, but department stores saw sales fall 0.8 percent. Online retailers rang up a 1.6 percent gain in January. The retail sales data offer a gauge on the health of consumer spending, the main driver of the US economy, and for Ian Shepherdson of Pantheon Macroeconomics, the January report "looks like a solid start" for the first quarter of the year.

## PepsiCo revenue beats estimates as North America sales rise



PepsiCo Inc reported better-than-expected quarterly net revenue, as higher sales of snacks and beverages in North America helped reduce the impact of a strong dollar. The company increased its 2015 annual dividend to USD 3.01 per share from USD 2.81 per share and said it would return about USD 7 billion to shareholders through dividends and buybacks in 2016. Revenue from PepsiCo's North America beverages business, which the company started breaking out from the third quarter, rose 2 percent in the fourth quarter ended Dec. 26, accounting for 31.5 percent of total revenue. Revenue from its snacks business, which includes Frito-lay and Doritos chips, also increased 2 percent in the region. Frito-Lay North America and North America Beverages were the only two businesses to report revenue growth in the quarter.

## Airbus profit rises



Airbus says earnings grew 15 per cent last year as airlines' demand for the European aerospace and defense giant's A320 and A330

jets helped boost deliveries and top arch-rival Boeing in the race for new orders. Airbus made 2.7 billion euros (USD 3 billion) last year, up from 2.3 billion euros in 2014, the company said. The maker of the A380 super-jumbo says it expects to deliver more than 650 aircraft this year, up from 635 in 2015. It also forecast a growing order book in 2016, a year after it took in 1,080 orders, well over Boeing's 768. Airbus and Boeing have prospered in recent years as suddenly flush airlines ordered hundreds of planes. Airbus shares rose 0.3 percent to 55.41 euros on the Paris stock market early.

## Nasdaq to acquire news distributor Marketwired



Nasdaq Inc said it would acquire newswire operator and press release distributor Marketwired LP for an undisclosed sum, adding to the exchange

operator's corporate services offerings. The deal, which is subject to regulatory approval, would be funded through a mix of debt and cash and is expected to close in the first quarter of 2016, Nasdaq said. At the time, Marketwired was said to be valued at as much as USD 200 million, sources familiar with the situation told Reuters. The deal is expected to add to Nasdaq's earnings within a year of closing and should have no material impact on Nasdaq's financial leverage or capital return strategy, the company said. Marketwired, with offices in both Canada and the United States, has more than 8,500 clients, including Forbes 2000 companies, private corporations and public relations agencies. Nasdaq said its corporate services clients would benefit from access to Marketwired's social media targeting tools and analytics. The deal strengthens Nasdaq's position in North America, and particularly in Canada.

## Indonesia plans "big bang" opening of economy to foreign investment



Indonesian President Joko Widodo unveiled plans for a "big bang" loosening of restrictions on foreign investment in nearly 50 sectors to encourage competition in an economy long dominated by powerful vested interests. The president's proposal,

which will ease rules in the e-commerce, retail, healthcare, movie and several other industries, could pit a relative newcomer on the political stage against an establishment resistant to change. It would be the most far-reaching yet in a string of stimulus packages rolled out over the past six months to drive industry and employment beyond the economy's traditional mainstays of agriculture and mineral extraction. His trade minister, Tom Lembong, told Reuters separately that the planned overhaul of the so-called 'Negative Investment List' signalled a greater openness to foreign investment and would partly prepare the country for free trade agreements, including eventually the Trans-Pacific Partnership (TPP).

## Yuan Strengthens Sharply on Central Bank Cue



China's currency hit its strongest level this year after the central bank guided it sharply up against a tide of stumbling global financial

markets. After opening stronger against the U.S. dollar, the yuan traded as much as 1.2% higher than the previous close, the largest such move since 2005. The yuan strengthened to 6.4988 against the U.S. dollar and last traded at 6.5014 against the U.S. dollar. The central bank fixed the yuan almost 1% stronger at 6.5118 than where it closed against the U.S. dollar on Feb. 5, making it the strongest daily reference rate since Jan. 4. China's central bank sets a daily reference rate and the yuan is allowed to trade 2% above or below this rate. After vowing to make the daily rate more market-driven in August, in recent months the central bank has sought to guide investors away from this daily reference rate against the U.S. dollar and toward a trade-weighted basket of currencies it unveiled at the end of last year. The index fell to its lowest level since the end of 2014 on Feb. 5. Meanwhile, stocks in China fell, catching up to losses in markets around the world last week as the mainland reopened following the Lunar New Year holiday.

## Iran Launches First Oil Shipments to Europe in Three Years

The first shipment of Iranian crude oil to the European Union in more than three years is poised to depart. A tanker chartered by French energy giant Total SA is expected to sail with 2 million barrels. Two others will carry 1 million barrels each for Spain's Compañía Española de Petróleos, or Cepsa, and Litasco, the trading arm of Russia's Lukoil. The ships are carrying a portion of a flood of new oil that Iran says it is producing since world powers agreed to lift Western sanctions related to the country's nuclear program. Those sanctions crippled Iran's oil industry, reducing its export capacity by more than 1 million barrels a day. Iran's crude-oil production had increased by 400,000 barrel each day. The new Iranian oil has weighed on crude prices, which already were struggling. Iran is a member of the Organization of the Petroleum Exporting Countries, which produced an additional 280,000 barrels a day last month, said the International Energy Agency, which tracks oil and gas data for industrialized countries. As a result, inventories will build by 2 million barrels a day in the first three months of 2016.

**New Credit Extended by Chinese Banks Hits Monthly High**



New credit extended by Chinese banks hit a monthly high in January, as lenders front-loaded lending at the beginning of the year while Chinese companies cut foreign-currency debt and increased local borrowing as the yuan weakened. Chinese lenders extended 2.51 trillion yuan (USD 385.5 billion) worth of new yuan loans in January, more than four times December's 597.8 billion yuan data from the People's Bank of China showed recently. The figure was also above the 1.9 trillion yuan median forecast of 13 economists polled by The Wall Street Journal. Some economists said the surge of new loans could provide a boost to the real economy down the line. However, others cautioned against such optimism. Like the previous years, banks are willing to step up lending at the start of the year after being granted new loan quota, said HSBC economist Ma Xiaoping. On the other hand, as the yuan weakens further, many Chinese companies moved to adjust their debt structure by paying off foreign debt in advance and taking out more yuan loans at home.

**Boeing sees new aircraft demand worth USD 550b in Southeast Asia over 20 years**

Southeast Asia requires 3,750 new aircraft worth USD 550 billion in 20 years from 2015, a senior Boeing executive told a press conference ahead of the Singapore Airshow. Of this, 76 percent will be for single-aisle aircraft like the Boeing 737 and Airbus A320, said Dinesh Keskar, senior vice-president for Asia Pacific and India sales at Boeing. This will be largely driven by low-cost carriers, and the growth of markets such as Indonesia, Myanmar and Vietnam, he added. Southeast Asian passenger traffic has grown by more than 9 percent since 2010, with intra-Southeast Asian traffic projected to increase by 7.7 percent over the next 20 years, said Keskar. The total pie and the number of people traveling is still very low, he added. The Asia Pacific region as a whole will absorb 14,550 aircraft, more than a third of the 39,050 aircraft that are required globally, according to Boeing's forecast. IATA director general Tony Tyler said that record plane orders placed by ambitious Southeast Asian airlines could be at risk in an environment of intense competition, low profitability and turmoil in financial markets.

**HSBC bank stays in London, snubbing Hong Kong**



EUROPE'S largest bank HSBC informed the financial markets it would remain headquartered in Britain, rejecting a move to Hong Kong despite concerns about increased regulation in the UK. The Hongkong and Shanghai Banking Corporation said in a note to the London Stock Exchange following a board meeting that London's many advantages meant it was "ideally positioned" to provide a home base. It made no reference to growing fears in Hong Kong that the city's freedoms are being eroded by an increasingly influential China, a trend observers say could damage its status as a freewheeling finance hub. The bank began its review of where to put its headquarters in April last year, two weeks before a British general election, amid growing calls for a crackdown on a sector seen by many voters as feckless. It also cited as a reason for the review the British bank levy introduced in 2010 -- a tax based on the size of any British-based banks' global balance sheet which has since been scaled down.

**Bundesbank sees German growth picking up in Q1**

German economic growth could pick up again modestly in the first three months of 2016, driven by robust domestic demand, the country's national central bank said. "In the first quarter of this year, the German economy could expand at a slightly stronger rate than at the end of last year, powered particularly by increasing internal economic momentum," the Bundesbank wrote in its latest monthly report. According to the preliminary data released last week, Germany's gross domestic product (GDP) expanded by 0.3 percent in both the third and fourth quarters of 2015 after growing by 0.4 percent in each of the preceding quarters. In the final quarter, the positive impulses came primarily from domestic demand, with state spending up sharply and private household growing modestly, while lower exports had a dampening effect, the federal statistics office Destatis said. The Bundesbank predicted that "increased momentum will come from consumer spending" at the start of this year. With oil prices falling further at the turn of the year, households' purchasing power would provide additional impulses, the central bank said.

## Thai growth accelerates in 2015 but economy remains fragile

Thailand's economic growth accelerated in 2015, official figures showed, after the junta boosted spending to pump up an economy that has wilted amid years of political turmoil. High household debt, weakening exports, slumping foreign investment and low consumer confidence have cramped growth in what for years was Southeast Asia's flagship economy. The ruling military has tried to spend its way out of the malaise, especially on farmers who have been hit by slumping global commodities prices and now face severe drought. As a result gross domestic product rose 2.8 percent last year, according to data from the Office of the National Economic and Social Development Board, rebounding from 0.8 percent in 2014, its slowest rate in three years. While state spending will likely continue, analysts have cooled expectations for 2016. "Thailand's unstable political situation will continue to hang over the outlook for private investment, while high levels of household debt will keep private consumption growth subdued." Exports are also on the wane in line with a tailing-off in global demand, she added. It also faces stiff competition from increasingly attractive neighbours like Vietnam, Cambodia and Myanmar.

## Lagarde named for 2nd term to lead IMF



France's Christine Lagarde, who battled financial fires across Europe as managing director of the International Monetary Fund, was officially named recently to a new

term at the global emergency lender. But with the world economy slowing, and a number of emerging economies plunging into crisis, Lagarde's second five years are not likely to be any quieter than her first term. Greece and Ukraine, two of the Fund's largest liabilities, remain on the precipice, and new challenges are cropping up as a consequence of China's slowdown and the global commodities collapse, war in the Middle East, and fears of return to recession in developed countries. The former French finance minister, 60, was unopposed for the position, and approved 'by consensus' by the IMF executive board. It keeps her in charge of the institution's staff of 2,600 and more than USD 1 trillion in resources to be used to support struggling countries and, when needed, rescue them and shepherd them through often difficult reforms.

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# INTERNATIONAL NEWS

## Commodity Market Outlook 2016

Commodity prices continued to fall in the fourth quarter of 2015, reflecting abundant supplies, weaker growth prospects in emerging economies, and a strong U.S. dollar. Energy prices dropped more than 13 percent in the fourth quarter of 2015. U.S. crude oil production continued to fall from its peak in April 2015, but the decline has been slower than expected owing to efficiency gains and cost reductions. On the demand side, the oil price drop of 2015 encouraged consumption growth, but this was tempered in the fourth quarter by mild temperatures in the northern hemisphere reducing heating oil demand. Natural gas and coal prices fell 9 and 15 percent in the quarter on ample supplies, high stocks, falling imports to China and India, and policies to reduce coal consumption in power generation.

Non-energy commodity prices fell 4 percent in the

suffering losses, which could bring production cuts that offset additional capacity coming to the market. Third, demand is expected to strengthen somewhat with a modest pickup in global growth.

Significant downside risks to the energy price forecast include higher-than-expected output from OPEC producers that prolongs the surplus in the global oil market, particularly if accompanied by weaker demand from emerging market economies. On the other hand, higher prices could result from supply disruptions among key OPEC producers mostly because of conflict.

Non-energy prices are expected to fall 3.7 percent in 2016. Metals prices are projected to decline 10 percent, following last year's 21 percent drop, due to weaker demand prospects in emerging market economies and new capacity. The largest decline is expected for iron ore (-25 percent). Downside price risks include a further

**TABLE Nominal Price Indices (Actual and Forecasts) and Forecast Revisions**

	Price Indices (2010=100)						Change (%)		Revision	
	2012	2013	2014	2015	2016F	2017F	2015-16	2016-17	2016F	2017F
Energy	128	127	118	65	49	62	-24.7	25.8	-17.0	-8.3
Non-Energy	110	102	97	82	79	81	-3.7	2.2	-4.6	-4.3
Metals	96	91	85	67	60	63	-10.2	4.2	-9.2	-8.5
Agriculture	114	106	103	89	88	89	-1.4	1.6	-2.5	-2.5
Food	124	116	107	91	89	91	-1.7	1.9	-3.1	-2.8
Grains	141	128	104	89	86	88	-3.4	2.6	-5.0	-4.5
Oils and meals	126	116	109	85	83	86	-2.2	2.9	-4.2	-3.6
Other food	107	104	108	100	100	101	0.1	0.3	-0.1	0.0
Beverages	93	83	102	94	93	92	-0.9	-0.9	0.6	0.5
Raw Materials	101	95	92	83	83	85	-0.5	2.2	-2.6	-2.5
Fertilizers	138	114	100	95	92	92	-3.9	0.9	-3.3	-2.5
Precious Metals	138	115	101	91	83	83	-8.0	-0.3	-7.5	-6.7

fourth quarter of 2015, to a level almost 40 percent below their early 2011 highs, on continued large inventories and ample supplies. Agriculture prices fell 2.3 percent, marking the seventh consecutive quarterly decline. Metal prices fell 8 percent on softening growth prospects in China and continued increases in supply due to earlier investments. Cost reductions, notably for energy, and exchange rate depreciation in many producing countries have delayed closure of higher-cost mines. Fertilizer prices fell on surplus production capacity and slower seasonal demand. Precious metal prices fell marginally on weaker investment demand.

Energy prices are expected to fall 25 percent from 2015, with oil prices projected to average USD 37/bbl in 2016. From their current lows, however, a gradual recovery in oil prices is expected over the course of the year for several reasons. Second, higher-cost oil producers are

growth slowdown in China and larger than-expected production associated with cost reductions and exchange rate depreciation in producing countries.

Agricultural prices are projected to decline 1.4 percent in 2016, compared with the October 2015 forecast of a 1.3 percent increase, with prices falling in almost all main commodity groups. This agricultural price outlook reflects adequate production (despite intensification of El Niño), comfortable levels of stocks for most commodities, lower energy costs, and plateauing demand for biofuel use. The largest price drop is for grains (-3.4 percent), followed by oils and meals (-2.2 percent); beverage and agricultural raw material prices are forecast to fall marginally. Fertilizer prices could retreat 4 percent, reflecting weakening growth prospects in emerging market economies and capacity expansion.

Source : World Bank

# INTERNATIONAL NEWS



## U.S. Overview

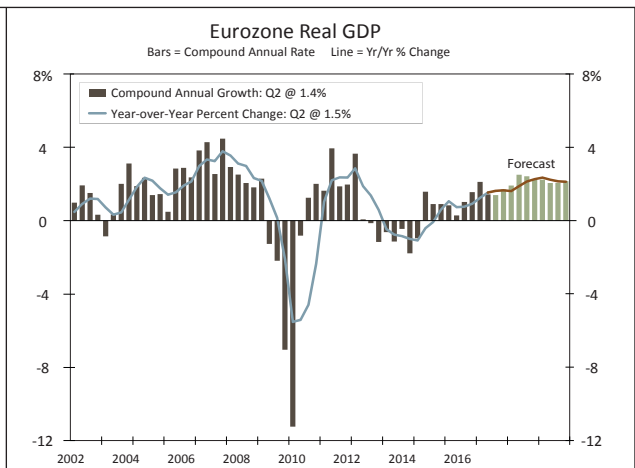
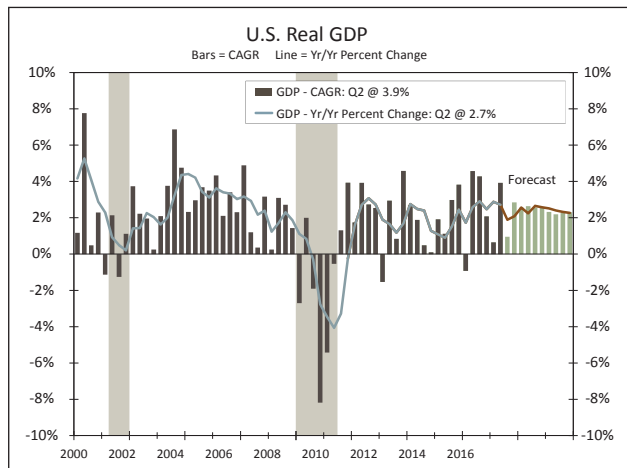
### The Economic Divide Continues to Widen

The growing economic divide between domestic demand and global economic influences was the central feature of annual economic outlook and has figured prominently during the first few weeks of 2016. Growing concerns about slowing global economic conditions have caused businesses, policymakers and investors to become more risk averse. Sales and earnings expectations have been lowered, credit spreads between government and corporate bonds have increased and the S&P 500 has tumbled more than 9 percent since the start of the year. Wells Fargo has slightly lowered forecast for U.S. economic growth and now look for real GDP to rise at just a 1.8 percent pace this year and a 2.3 percent pace in 2017. The drivers of growth remain the same. Domestic demand is holding up relatively well, with consumer spending and homebuilding growing solidly. Government spending should also make a modest contribution to

## International Overview

### Slow Global Growth to Continue

Much of the volatility in financial markets since the beginning of the year has been linked to concerns about the global economic outlook. Wells Fargo expects the global economy grew roughly 3 percent in 2015, marking the fourth consecutive year in which global GDP growth has been below its long-run average of 3.5 percent per annum. In Wells Fargo's views, the outlook for global growth in 2016 is for continued weakness. With the notable exception of Brazil and Russia, real GDP growth rates in many developing economies have slowed but they generally have not turned negative. The Indian economy is growing in excess of 7 percent, and Wells Fargo looks for real GDP in China to grow roughly 6 percent per annum in 2016 and 2017. Slow economic growth in the developing world does not help growth prospects in the developed world, but it is not likely, by itself, to lead to recession in advanced economies. The expansions that have been in



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

growth this year. Areas tied to the global economy are weakening even more, however, particularly investment tied to energy and mining. In addition, the widening trade deficit is expected to subtract 0.5 percentage points from growth this year. While expectations for economic growth have been reduced, Wells Fargo continues to look for the Federal Reserve to attempt to normalize short-term interest rates. Falling interest rates overseas will make this a difficult mission for the Fed, however, and the rate outlook will continue to be influenced by global forces beyond the Fed's direct control.

place in most advanced economies should remain in place, although the pace of GDP growth in these major economies likely will be lackluster. The combination of slow growth in real GDP and lack of pricing power means that nominal GDP growth on a global basis continues to slow, and it likely will remain lackluster for the foreseeable future. Consequently, the operating environment for many businesses probably will remain challenging. Furthermore, in an environment of slow growth in nominal GDP, sovereign bond yields in most economies are not likely to rise significantly anytime soon.

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

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

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



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