Mutual Trust Bank Ltd
10
A Decade of Service
1999 - 2009

MTBiz

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Monthly Business Review

Debit Cards

Banking and Financial Indicators

National Economic Indicators

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INTERNATIONAL NEWS

FINANCE AND ECONOMY

World Bank report on trade logistics efficiency

Bangladesh has emerged as an over- performing country in proving efficiency of trading goods around the world, according to a new World Bank survey. Bangladesh ranked 79th in the global Logistics Performance Indicators (LPI) study released in January 2010. It was in the 87th position in the 2007 survey. The LPI is an "interactive benchmarking tool" created to help countries identify the challenges and opportunities in their performance in trade logistics, the WB says. The LPI 2010 allows for comparisons across 155 countries. It is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics 'friendliness' of the countries in which they operate and those with which they trade. Nine other most significant over performers are: China, Democratic Republic of Congo, India, Madagascar, the Philippines, South Africa, Thailand, Uganda, and Vietnam. Germany is the top performer among the 155 economies followed by Singapore, Sweden and the Netherlands. According to the LPI, high income economies dominate the top logistics rankings, with most of them occupying important places in global and regional supply chains. By contrast, the 10 lowest performing countries are almost all from the low and lower income groups. Although the study shows a substantial "logistics gap" between rich countries and most developing countries, it finds positive trends in some areas essential to logistics performance and trade. Some are the modernization of customs, use of information technology and development of private logistics services. **(Source: The Daily Star)**

Taiwan allows $500m Chinese capital in market

Taiwan will allow Chinese investors to invest up to 500 million dollars in the island's stock market, in a further step towards closer economic ties, the government said January 16, 2010. Starting January 18, 2010, Chinese institutional investors can own up to a 10 percent stake in local gas, financial or other companies controlled by the economic ministry, said Taiwan's Financial Supervisory Commission. However, there is an 8 percent ceiling for shipping firms while Chinese investors are barred from buying airlines, air cargo, futures, construction, real-estate and broadcasting stocks, it said. **(Source: AFP: Taipei)**

US inflation outpaces wages

The spending power of families is being squeezed, government data showed in January, 2010, it's about consumers' ability to drive the economic rebound. For some families, the overall inflation rate last year -- 2.7 percent -- understates their burden. Many are struggling with surging costs for health care and college tuition, both of which have been galloping far above the overall inflation rate. Economists expect core inflation to remain tame in 2010, giving the Federal Reserve leeway to keep interest rates at record lows to try to invigorate the economy. Inflation and wages remain low because employers can't or won't raise pay in an economy that's shed 7.2 million jobs since the recession began two years ago. The unemployment rate is 10 percent, and the number of jobless has hit 15.3 million, up from 7.7 million when the recession started in at the end of 2007. The 1.6 percent drop in average weekly earnings for non-supervisory workers was the worst yearly performance since a 2.5 percent fall in 1990. Inflation-adjusted pay has sunk in five of the past seven years, underscoring the pressures households felt even before the recession. (Unadjusted for inflation, weekly wages rose 1.9 percent last year.) **(Source: AP, Washington)**

Bargain hunting lifts Asian stocks

Investor concerns that China will move to further rein in lending were brushed aside in Asia on January 14, 2010 as bargain-hunters moved in following losses that morning. Technology plays were big gainers after US bellwether Intel, the world's biggest chipmaker, posted a profit surge of almost 900 percent. Chinese shares fell early on but ended 0.27 percent higher as investors picked up cheap property and banking stocks. Seoul was 0.95 percent, or 16.03 points, up at 1,701.80. Bellwether Samsung Electronics gained 1.8 percent to 842,000 won, hitting a record price, and Hynix Semiconductor climbed 2.6 percent to 26,100, a fresh 52-week high. Singapore closed flat, the Straits Times Index edging down 1.10 points to 2,908.42. "The muted reaction to Intel's good results suggests that the market is more afraid of bad news than reacting to good news," said AmFraser senior vice president of equity sales Gabriel Gan. Singapore Airlines fell eight cents to 14.38 dollars, United Overseas Bank tumbled 12 cents to 19.42 and property firm City Developments was down eight cents to 11.66. Taipei rose 0.61 percent, or 66.91 points, to 8,356.89, its best level since June 10 2008. AU Optronics added 1.6 percent to 40.95 Taiwan dollars and Innolux rose 5.0 percent to 56.90, both boosted by the Intel data. Kuala Lumpur was 0.30 percent, or 3.87 points, higher at 1,298.58. "Techs continued to rally on expectations of better earnings, but latex glove plays finally succumbed to profit-taking after a good run," a dealer said. Among technology firms, MPI added 7.0 percent to 7.50 ringgit while Unisem was up 6.0 percent to 2.49. Top Glove slid 3.1 percent to 11.38. Jakarta was flat, rising 1.91 points to 2,647.09. Telkom advanced 1.6 percent to 9,500 rupiah, while rival Indosat jumped 7.9 percent to 5,450 rupiah. Bangkok gave up 0.39 percent, or 2.90 points, to close at 746.52. Coal producer Banpu fell 8.00 to 628.00 baht and Siam Cement was off 3.00 to 228.00 baht. Manila lost 0.11 percent, or 3.44 points, to 3,118.47 on profit-taking. Wellington fell 0.62 percent, or 20.38 points, to 3,257.95. Mumbai eased 0.17 percent, or 30.57 points, to 17,554.30. India's largest private aluminium producer Hindalco fell 2.6 percent to 166.6 and the nation's second largest mobile phone firm Reliance Communications rose 4.76 percent to 191.5. **(Source: AFP, Hong Kong)**

JPMorgan kicks off bank earnings on strong note

JPMorgan Chase opened the earnings season for banks January 14, 2010 reporting a hefty jump in profits, highlighting renewed health in a sector under intense scrutiny for its pay practices. The New York-based financial giant quadrupled its fourth quarter net earnings to 3.27 billion dollars and doubled its profits for the full year to 11.7 billion dollars. The results reflected new vigor in the industry after more than a year of crisis, but were expected to fuel public resentment over hefty profits and compensation in a sector bailed out by the government and at a time when much of the US economy continues to struggle and unemployment remains high. **(Source: AFP, Washington)**

China's overseas investment up 6.5pc

China's overseas investment in non-financial sectors rose 6.5 percent last year from 2008 despite the economic downturn, the government, as the nation kept up its global hunt for resources. Overseas investment in mining, manufacturing and other non-financial sectors reached 43.3 billion dollars last year, Commerce Ministry spokesman Yao Jian said at a news conference. The growth, however, was far more modest than a 63.6-percent annual jump in 2008, when investment hit 40.65 billion dollars. "Acquiring foreign advanced technologies, distribution networks and energy and resources became the new focus of acquisition investment," the ministry said in a statement after the briefing. **(Source: AFP, Beijing)**

Eurozone trade surplus falls to 4.8b euros

The 16-nation Euro zone's trade surplus with the rest of the world fell to 4.8 billion euros (6.9 billion dollars) in November. The narrowing -- the October surplus was a revised 6.6 billion euros -- came as exports edged down 0.4 percent month-on-month. Analyst Howard Archer of IHS Global Insight said the latest data "reinforces concerns that the Euro zone is having trouble developing recovery after exiting recession in the third quarter of 2009." He has already said the European Central Bank may even have to wait until into 2011 before raising interest rates, and reiterated that "hopefully, Euro zone exporters will gain some help from the retreat in the euro" after it hit a 15-month high of 1.5145 dollars in late November. That said, he underlined, "it is the strength of global growth over the coming months that will be most important to them." The November surplus compared with a 7.0-billion-euro deficit in the corresponding month one year earlier. The trade deficit for the European Union as a whole swelled to 5.8 billion euros from 4.8 billion euros in October. In November 2008, the deficit was 24.4 billion euros. **(Source: AFP, Brussels)**

4 more US banks shuttered

Regulators shut down banks in Illinois, Minnesota and Utah bringing to four the number of bank failures so far in 2010, following 140 closures last year amid the weak economy and mounting loan defaults. The Federal Deposit Insurance Corp took over Barnes Banking Co, based in Kaysville, Utah, with $827.8 million in assets and $786.5 million in deposits. The agency also seized two smaller banks: St Stephen State Bank of St. Stephen, Minnesota, with $24.7 million in assets and $23.4 million in deposits, and Town Community Bank and Trust, based in Antioch, Ill, with $69.6 million in assets and $67.4 million in deposits. The FDIC and First State Bank of St. Joseph agreed to share losses on $20.4 million of St. Stephen State Bank's loans and other assets. The agency and First American Bank agreed to share losses on $56.2 million of Town Community Bank and Trust's assets. The failure of Barnes Banking is expected to cost the federal deposit insurance fund $271.3 million. That of St. Stephen State Bank is estimated to cost $7.2 million; that of Town Community, $17.8 million. **(Source: AP, Washington)**

Oil slides under $78

Oil prices fell further on weak energy demand and news the US commodity and options regulator was looking to tighten controls in the energy futures market, analysts said. In a report, the International Energy Agency said oil demand in 2010 will be "sluggish" in the developed world, with emerging markets accounting for any increases and top producers switching supplies to eastern growth markets. Brent North Sea crude for March delivery dropped 1.02 dollars to 77.55 dollars a barrel in afternoon London deals. New York's main futures contract, light sweet crude for delivery in February, slid 95 cents to 78.44 dollars a barrel. Oil prices slipped on Thursday as traders weighed weak energy demand in the United States that raised concern about the strength of a fragile recovery in the world's largest economy. In a choppy week, New York crude hit a 15-month high of 83.95 dollars on Monday after robust Chinese data but subsequently tumbled on news that Beijing was tightening money supply to tame economic growth. **(Source: AFP, London)**

POLITICS

U.S. Mortgage Plan Aided 7 Percent of Borrowers

Mortgage payments have been permanently lowered for more than 66,000 borrowers under the Obama administration's $75 billion program to protect homeowners from foreclosure, according to new federal data released in January, 2010.

The figure represented "a significant acceleration" in the rate of loan modifications, officials said, but it remained a minuscule number compared with the administration's goal of permanently reducing monthly payments for three million to four million homeowners by 2012 by giving cash incentives to mortgage lenders.

As of the end of December, they said, more than 853,696 homeowners were actively in the modification program, with a median payment reduction of at least $500 a month. The figure includes 787,231 trial modifications and 66,465 permanent modifications. Of those who have received trial modifications, 46,056 have been offered permanent loan reductions and are "awaiting only the borrower's signature," officials said. **(Source: New York Times)**

India and Nepal sign 4 MoUs

External Affairs Minister SM Krishna signed four agreements with his Nepalese counterpart Sujata Koirala to strengthen ties between the two countries. These MoUs were signed in different fields like road construction, development of science and learning centers, electrification of five villages and investment in the stock market. Krishna also called on the Nepal Prime Minister Madhav Kumar and discussed various bilateral issues. **(Source: ANI, Kathmandu)**

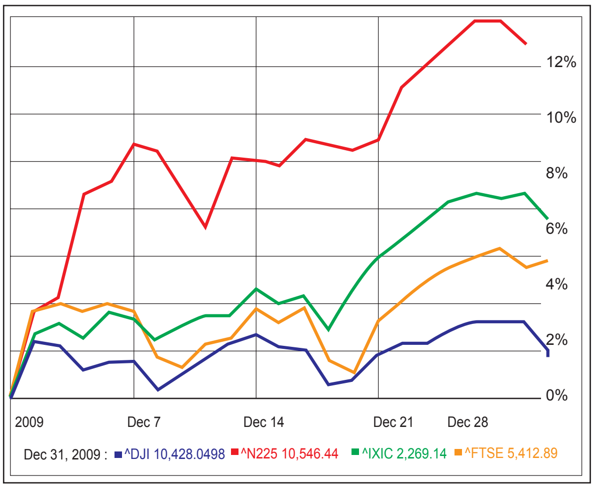
JYOTI BASU PASSES AWAY

Veteran Marxist leader and India's longest-serving chief minister Jyoti Basu died in Kolkata on January 17, 2010 after battling for life for 16 days. A beacon to Indian communist movement, Basu was 95 and is survived by his only son Chandan Basu. The condition of the patriarch of Communist Party of India (CPI-M) at AMRI Hospital in Salt Lake locality was extremely critical with all his vital organs--lungs, heart, kidney, brain and liver--turning dysfunctional. The news of his death was announced to the media by an emotional CPI (M) leader Biman Bose at around 12:30 hours. As soon as his death news broke, the entire Indian political circle plunged into deep mourning and gloom. President Pratibha Patil, Prime Minister Manmohan Singh, Congress chief Sonia Gandhi and a galaxy of other Indian leaders condoled the death of Basu, describing him as one of the tallest communist leader of the country. Born in 1914, Basu became a member of Bengal provincial assembly in 1946. And he had stridden the Indian political scene like a colossus for more than 60 years. He had played a significant role in the signing of Ganges water sharing treaty between Bangladesh and India. Basu was deputy chief minister of United Front government of West Bengal twice between 1967 and 1970 and became chief minister in 1977. Even after he stepped down as chief minister due to old age and indifferent health in 2000, Basu continued to be the mentor, guide and patriarch of CPI (M). Manmohan Singh said, "During his more than 20 years at the helm of affairs in West Bengal, he proved himself to be one of the most able administrators and politicians of independent India." **(Source: The Daily Star)**

INTERNATIONAL CAPITAL MARKETS

SELECTED GLOBAL INDICES

Global Indices Round-up



U.S. stocks ended 2009 with their best gains since 2003, driven by optimism about the economy's recovery and a brighter outlook for profits. The benchmark, Standard & Poor's 500 index rose 23.5 percent for the year, while the Dow climbed 18.8 percent and the NASDAQ jumped 43.9 percent from its close on December 31, 2008. It was the market's first annual advance in two years. In 2008, the S&P 500 slid 38.5 percent when the economic crisis led to Wall Street's worst year since the Great Depression. Most of the year's advance is the result of a nine-month rally, led by gains in technology and materials shares on expectations the economic recovery will spur capital spending and increase demand for energy, metals and other natural resources. Britain's leading share index, the FTSE 100, gained 0.3 percent after a subdued half-day trading session on New Year's Eve, registering a 22 percent increase for 2009, its biggest annualized gain since 1997. The German index DAX also gained ground over last month, closing at 5957.43 a 5.89% increase. Over in Asia, the Hong Kong HANG SENG closed at 21872.52 a 0.23% increase from last month. It was Hong Kong's Hang Seng index was down 0.2 percent at midday on New Year's Eve on worries that China will rein in bank lending and property purchases to prevent possible asset bubbles from forming. India's SENSEX was also up by a 3.18% from November. Japanese government bonds (JGBs) fell on January 4th, 2010, the first trading day of the year, dented by a rise in the Nikkei stock average and the yen's drop to a four-month low against the dollar. JGBs were also hurt after U.S. Treasuries retreated on the previous week after lower-than-expected weekly U.S. jobless claims bolstered expectations of an economic recovery. Even then, Japan's Nikkei average booked a 19 percent gain for 2009, with shares of high-tech exporters having led a rebound rally on a weaker yen and as economic stimulus measures helped turn around its fledging economy.

(Source: Compiled from Yahoo! Finance and Reuters)

INTERNATIONAL MARKET MOVEMENTS

INDEX	VALUE (As of Dec 31, 2009)	1 MONTH AGO (As of Nov 30, 2009)	CHANGE	% CHANGE
DJIA	10428.05	10344.84	83.21	0.80%
S&P 500	1115.10	1095.63	19.47	1.78%
NASDAQ	2269.15	2144.60	124.55	5.81%
FTSE 100	5412.90	5190.70	222.20	4.28%
DAX	5957.43	5625.95	331.48	5.89%
NIKKEI 225	10546.44	9345.55	1200.89	12.85%
BSE SENSEX	17464.81	16926.22	538.59	3.18%
HANG SENG	21872.50	21821.50	51.00	0.23%

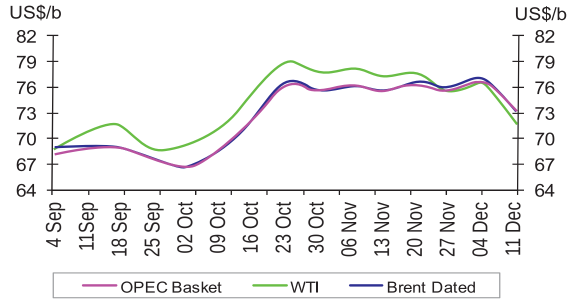
COMMODITIES REVIEW

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

OPEC Reference Basket

Consolidating perceptions for economic growth for the coming year and the positive impact on demand along with the depreciation of the US dollar against other currencies have heightened bullish market sentiment in November and lifted prices across the world. However, over the last few weeks, amid a lack of substantial seasonal stock draws on both crude and products, market sentiment has turned, exerting pressure on prices. The weekly OPEC Basket price jumped to $76.36/b in the week ended 6 November from $67.88/b on 9 October. Over the same period, WTI and Dated Brent crude prices also surged to $78.98/b and $76.56/b respectively from $71.03/b and $67.79/b ***(see Graph 1).*** The Dubai crude price followed a similar trend rising to $77.49/b from $68.31/b. In the following week, the market lost part of its earlier strength, as data showing US unemployment rising to 10.2% triggered profit-taking by fund managers. Appreciation of the US dollar has also contributed to adverse price movements. These developments have led to lower weekly average prices of the OPEC Reference Basket which fell by 11¢ to reach $76.25/b on 13 November from $76.36/b a week earlier. WTI and Brent crude prices also declined to $78.16/b and $76.34/b respectively on 13 November from $78.98/b and $76.56/b the previous week. But due to higher demand in Asia, the Dubai crude price did not follow other benchmark crude and instead rose 29¢ compared to the previous week to record $77.78/b. Later on, the shut-in of oil and natural gas production on the US Gulf Coast due to Hurricane Ida along with a jump in equity prices and depreciation of the US dollar underpinned bullish market sentiment again ending in higher oil prices. Following these circumstances, the weekly average price of the OPEC Reference Basket rose to $76.77/b on 20 November from $76.25 the previous week. WTI and Dated Brent crude prices also increased to $78.36/b and $77.19/b respectively from $78.16/b and $76.34/b in the same period. The Dubai benchmark crude price hiked to $78.19/b from $77.78/b. However, the market lost ground in the latter part of November due to technical sell-offs prior to the Thanksgiving holiday, bearish developments in US stock movements, rising concerns about future demand due to downward revisions to US GDP in 3Q09 as well as Dubai's debt woes. The OPEC Reference Basket price fell to $75.79/b on 27 November from $76.77/b the previous week. The other benchmark crude, especially WTI, slipped further amid stock builds at Cushing, Oklahoma, the delivery point of the WTI Nymex contract. Considering rising concerns about world oil demand growth next year along with unusual seasonal behavior of petroleum inventories across the globe and higher non-OPEC supply as well as the slow recovery in demand, there is a risk that the influence of external factors, including both rising equity prices and depreciation of the US dollar, will decline in the coming month and persisting bearish fundamentals weigh further on the market and prices. In light of these developments, the OPEC Basket lost momentum and decreased by more than $7 since the beginning of December to average $70.69/b on 14 December. In the spot market, US crude differentials for both light sweet and medium sour grades surged significantly compare to last month. This was mainly attributed to a distortion in WTI front month prices and fewer arbitrage cargoes from the other side of the Atlantic. Light Louisiana Sweet crude differentials, which were around $1/b in early November, rose further to reach more than $2/b on WTI later that month. Mars sour crude differentials, which also traded at minus $3/b versus WTI in early November, rose almost to parity with WTI by the end of the month. Furthermore, due to a crude stock build in crude at Cushing, Oklahoma, the WTI crude price slid below Brent with the North Sea benchmark trading at more than $2/b against WTI (see Graph 1). These developments are likely to have an adverse impact on West African crude differentials in the cash market amid fewer arbitrage cargo movements from Europe to the US. With regard to West African crude, differentials for various grades have declined amid increasing supplies from Nigeria and reduced interest from American refiners for West African crude. Nigerian Benchmark crude Qua Iboe differentials against Dated BFOE recently fell to around $1/b from about $1.50/b in the latter part of October. Middle East crude market sentiment weakened in November amid higher supplies from major suppliers, including Saudi Arabia, lower refining runs and margins as well as less demand for spot cargoes. A cargo of Murban crude for loading in January was sold at a discount to ADNOC late November, whereas seasonally it should be at a premium at this time of year. The front-month Brent/Dubai exchange for swaps (EFS) for January also narrowed significantly leading to increasing West African supplies to Asia. Meanwhile, rising naphtha demand and cracks provided support for light sweet grades, especially for Asian crude.

Graph 1: Crude oil price movement



The sour/sweet crude spread

Increasing Iraqi exports from Ceyhan, lower refinery runs and weakening of fuel oil cracks along with higher exports of Urals, particularly in Northwest Europe, exerted pressure on Urals crude differentials and widened the discount level against the Brent benchmark ***(see Graph 2).*** The spread currently reached around 35¢/b in favour of Brent. Due to ample supplies of North Sea crude and a limited arbitrage window for transferring those barrels to the other side of the Atlantic, Brent may lose part of the current strength in the future, narrowing the persisting gap between Urals and Brent. In Asia, market circumstances were substantially different, and the Dubai benchmark crude spread against Brent widened sharply. This is partly attributed to higher demand for Middle East crude from China and the relative strength of the fuel oil market. As ***Graph 2*** shows, Brent prices remained below Dubai crude prices in November and the spread versus Dubai crude sometimes widened to more than minus $3/b. The persistent spread between physical Dubai and Brent should encourage traders to further export western barrels to Asia.

Graph 2: Brent Dated vs. Sour grades (Urals and Dubai) spread

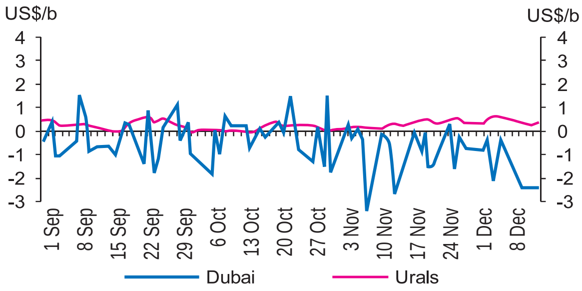


Table 1: OPEC Reference Basket and selected crudes, US$/b

	Oct 09	Nov 09	Change Nov/Oct	Year-to-Date 2008	Year-to-Date 2009
OPEC Reference Basket	**72.67**	**76.29**	**3.62**	**99.40**	**59.85**
Arab Light	73.36	76.54	3.18	100.15	60.17
Basrah Light	72.63	75.55	2.92	96.94	59.33
Bonny Light	74.41	77.96	3.55	105.70	62.09
Es Sider	72.71	76.61	3.90	101.70	60.25
Girassol	72.97	76.89	3.92	100.54	60.63
Iran Heavy	72.54	76.72	4.18	96.33	59.34
Kuwait Export	72.50	76.54	4.04	96.00	59.58
Marine	73.61	77.78	4.17	99.61	61.17
Merey	66.90	70.09	3.19	-	54.71
Murban	75.06	79.00	3.94	103.98	62.56
Oriente	68.57	70.05	1.48	90.40	54.62
Saharan Blend	73.36	77.16	3.80	104.7	61.17
Other Crudes					
Minas	76.43	80.51	4.08	105.87	63.62
Dubai	73.15	77.79	4.54	98.58	60.57
Brent	72.76	76.66	3.90	102.43	60.51
W Texas Intemediate	75.73	77.84	2.11	105.19	60.71
Urals	72.67	76.32	3.65	99.73	60.04
Differentials					
WTI/Brent	2.97	1.18	-1.79	2.76	0.20
Brent/Dubai	-0.39	-1.03	-0.64	3.85	-0.06

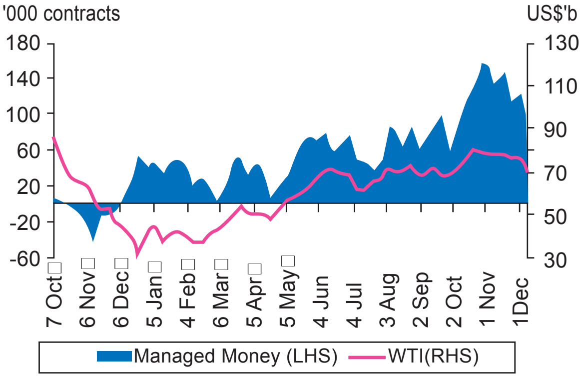
Note: As per the request of Venezuela and as approved by the 111th ECB, the Venezuelan crude BCF-17 has been replaced by Merey as of 2009. ORB has been revised as of this date.

Source: Platt's, Direct Communication and Secretariat's assessments.

The oil futures market

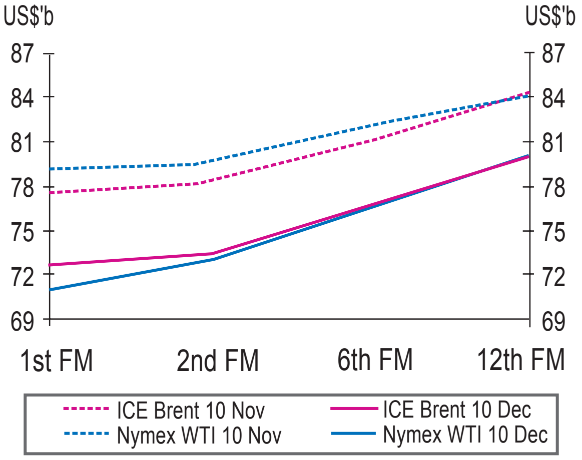
Growing concerns about the pace of global economic growth and its impact on oil demand along with continuation of fundamental weakness due to surging non-OPEC supplies and low refinery throughputs undermined the earlier strength of the futures market as market players tried to reduce netlong positions in November. Following these developments, money managers liquidated long positions and net long positions fell from 157,661 lots late October to 134,224 contracts in the week ended 13 November. These developments resulted in lower prices for crude (see Graph 3). However, market sentiment has improved slightly later on due to a precautionary shut-in for oil and natural gas production on the US Gulf Coast ahead of Hurricane Ida as

Graph 3: Managed money net positions: Nymex WTI futures and options



well as a jump in equity prices and depreciation of the US dollar. Following these bullish developments, money managers boosted long positions which increased their net-long positions by 13,754 lots to 147,978 contracts in the week ended 20 November. The market lost ground in the latter part of November due to technical sell-offs prior to the Thanksgiving holiday, bearish developments on US stock movements and downward revisions to US GDP growth in the third quarter as well as Dubai's debt problem. Under these circumstances, speculators cut long positions significantly and net positions held by money managers slipped from 147,978 lots on 20 November to 114,973 contracts in the last week of the month. These developments have also exerted pressure on crude prices, pushing benchmark WTI below $75/b during his period. The relatively bullish developments in the futures market have also adversely affected forward market prices. The absolute price level of the front-month Nymex WTI plunged to $70.94/b on 10 December from $79.95/b on the same date of the previous month. The inter-month spread between front month WTI versus the 12th month also widened to $9.09/b on 10 December from $5.01/b on the same day of previous month (see Graph 4). The European futures market followed suit and the absolute price level of Brent crude for the first month on ICE plummeted to $72.55/b on 10 December from $77.50/b on the same day a month before. Due to increasing concerns about future supplies, the inter-month spread between the Brent first month versus Brent 12th month also widened to $7.45/b in early December from about $6.55/b early last month.

Graph 4: Nymex WTI and ICE Brent forward curve, 2009



FM= future month

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

	1st FM	2nd FM	3rd FM	6th FM	12th FM
Nymex WTI					
10 Nov 2009	79.05	79.64	80.27	82.04	84.15
10 Dec 2009	70.94	72.85	73.68	76.90	80.03
ICE Brent					
2 Oct 2009	77.50	78.28	79.04	81.06	84.05
2 Nov 2009	72.55	73.42	73.61	76.68	80.00

FM = future month

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

BNP PARIBAS FORTIS

GOLD

News

Dec 1st: Barrick announced they had closed out the remaining 1.9 Moz of their hedge book. The company had 24.1 Moz hedged at the end of 2001. The move brings global gold hedging down to well under 10 Moz.

Nov 25th: Sri Lanka purchased 10t of IMF gold at prices prevailing on 23rd November ($1,169.50/oz). This follows purchases by Mauritius (2t) and India (200t) earlier in the month.

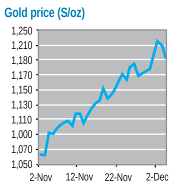
Analysis

Gold slips, but what chance $3,000/oz?

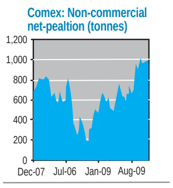
Is that it? Gold saw its largest one-day correction since October 2008 between Friday 4th December and Monday 7th December, shedding $66.50/oz to $1,142.50/oz. Earlier it had traded to a new all-time high of over $1,225/oz in intra-day trading. The catalyst for the price fall was better than expected US economic data and a consequent dollar rally. The severity of the price fall was probably due to the weight of gold longs, who decided to take profits and exit. Given that much of the additional investment seen in October/November must have been over-the-counter (as ETF and coin purchases were steady but not spectacular), it is hard to be sure how much has been liquidated and whether there are further falls to come. Gold's earlier surge when it peaked it had risen by $200/oz in two months raised expectations that the price could be about to take off into the stratosphere, with some bulls suggesting $3,000/oz or more was possible. Is there any chance of this? In nominal terms, which is, after all, how most short-term forecasts are made, there is one simple way in which this could come about high inflation in the US. A gold price of $1,200/oz, as today, would, if it maintained its value, equal $3,000/oz after 10 years of 10% inflation, or 5 years of 20% inflation. This might be what some investors are fearing/hoping for. But at the moment inflation seems quiescent, and other forecasts for gold in the thousands of dollars are based (if implicitly) on the real price rising to that level. There are a number of reasons why this is unlikely. Historically the price has never been at that level the highest it has ever reached was about $2,331oz if you take the 1980 peak of $850/oz and inflate it by the US CPI (and then only for one day . on a monthly basis the price in today's money averaged about $1,800/oz in January 1980). Similarly, gold's historical price movements do not suggest it is about to leap to $3,000/oz. Running a random simulation of possible gold outcomes based on historical average price movements finds there is only a 10%-20% chance that gold will be at $3,000/oz by 2018.

Outlook

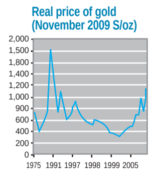
Investors who bought above $1,200/oz will be nervously watching their trading screens after gold's latest correction. If it stabilizes here, then by historical standards this correction will have been a relatively mild one.



Source: Location Bullion Market Association



Source: Comex



Source: VM Group

SILVER

News

Nov 17th: Peru's mining and energy minister said the country's output of silver in 2009 will be 6% higher than 2008. Peru is the world's largest silver producer.

Analysis

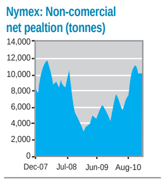
Mixed fortunes

Silver broke through the $19/oz level on 2nd December, at which point it was a remarkable 102% higher year-on-year. This is far better than gold (55%) managed over the same 12 months, or even platinum (83%), although it lagged behind palladium (128%). Despite this, we continue to stress that silver has proved somewhat of a disappointment in the last few months. The chart below left shows the relationship between silver and gold prices and how they have evolved since the start of 2008; from the beginning of November 2009 they moved onto a new relationship, one that was less in silver's favor. If they had still been on the course charted between February 2009 and October 2009, silver would now be about $22/oz. Last month's prices reinforced this trend silver broke through $19/oz but at that point the silver/gold ratio was 63.25, higher than in early September, when silver was just $15/oz. We argue the two reasons for this are: gold has received a one-time boost from a belief (in our view somewhat overstated) that the official sector has now moved from being a heavy net seller of bullion to a buyer; and because base metals have somewhat lagged gold since September the ratio of gold prices to the LME's basket of base metal prices, LMEX, has risen from 0.33 to 0.37 over that time. Silver has not suffered from a lack of investor interest, however, at least if the exchange-traded funds are anything to go by. The leading US silver ETF, from BGI, saw inflows of 661t in November, the most since December 2007, and 3rd December saw another 114t. In total at the end of November there was 11,823t in the four physically-backed silver ETFs.

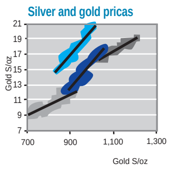
Outlook

What do the fundamentals tell us about the silver price? Probably that it should be lower. Yet that is to ignore keen investor interest, and while this cannot keep the price high forever, it perhaps can provide a bridge until industrial and jewellery demand are firmly in recovery mode. Silver's longterm future, we believe, rests on new industrial applications, and these are much more likely to happen in a recovering economy rather than a depressed one. In the meanwhile, the silver price will take its cues from gold as seen on 4th December, when it plunged along with the yellow metal back to $18/oz. Short-term London fix: $17.00/oz-$18.75/oz.

Source: Location Bullion Market Association



Source: Comex



Source: VM Group from company data

Aluminum

News

Dec 3rd: UC Rusal secured an agreement with creditors that will allow the company to raise about $2bn in a share issue.

Nov 26th: Western world unwrought aluminum stocks fell to 1.207 Mt in October, from a revised 1.209 Mt in September and 1.626 Mt in October 2008, according to the International Aluminum Institute.

Analysis

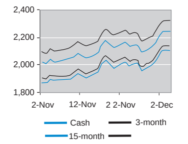
Prices rise even as surplus widens

Global aluminum production reached a daily rate of 105,200t in October, only slightly down from 106,200t in October 2008 so does that mean that most of the smelting capacity that was closed following the financial collapse in Q4 2008 has now been restarted? Not exactly. While most of the smelters that were idled in the developed world remain closed, China's production has mushroomed from an annualized rate of 13 Mt in October 2008 to 15.2 Mt in October 2009. Not only has China restarted most of its previously suspended aluminum production capacity it has also been busily bringing even more capacity on-stream. We therefore expect China's annualized output in November will be more than 16.3 Mt. This will put considerable pressure on those Western world smelters that have been behaving much more cautiously. It also should be negative for prices, since China will soon become a net exporter of aluminum. Put this together with rising Indian aluminum production, thanks to the start up of the new Jharsuguda smelter in Orissa state, and the imminent start-up of the Qatalum smelter in Qatar and EMAL smelter in the UAE, and we feel increasingly skeptical that global demand will recover quickly enough to stave off another huge surplus in 2010. Indeed, we expect the surplus to widen, despite Chinese aluminum demand rising by an estimated 15% in 2010, to 15.9 Mt. There is also the matter of the vast, visible aluminum inventories held in LME and SHFE warehouses, as well as other huge volumes held off market.

Outlook

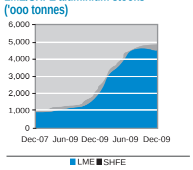
Aluminium.s rally to a 13-month high of $2,165/t on 2nd December is out of kilter with what remain weak supply-demand fundamentals. Chinese demand may be strong, and demand elsewhere improving slightly, as implied by rising premiums; but the huge inventories of surplus metal and the ramp-up in Chinese production remain very bearish price indicators. We expect Chinese production capacity to continue to overshoot domestic demand, leaving Western smelters in the difficult position of trying to calculate the rates of improving demand and the rise of Chinese exports. In the short-term, aluminum prices will follow market momentum, but prices in 2010 hinge on demand recovering sufficiently to begin to make inroads on the surplus. This will be a tall order, but speculative investment may continue to defy what for us is crystal clear logic.

LME aluminium price (S/T)



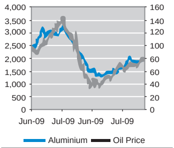
Source: Revters Ecowin

LME/SHFE aluminium stooks ('ooo tonnes)



Source:LME, SHFE

Aluminium and crude oil price since start 2009 (S/t and S/b)



Source: Revters Ecowin

Copper

News

Dec 7th: Xstrata will permanently shut down its Kidd copper and zinc metallurgical plant in Canada. The Kidd mine and concentrator will continue to operate.

Nov 30th: Chile's copper output in October rose 9.8% year-on-year, to 496,217t. In the first ten months of 2009 Chile produced 4.439 Mt.

Analysis

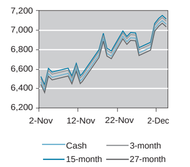
Risk appetite re-ignites rally

Copper's inexorable rise to a 14-month high of $7,161/t on 2nd December has been a function of its inverse relationship with the US dollar and, significantly, a great deal of speculative investment. It contrasts starkly with the metal's poor near-term fundamentals, which include slowing Chinese imports, rising exchange stockpiles, the conclusion of most wage strikes at large mines and the smooth negotiation of others and, as yet, little real improvement in demand. But supply-demand fundamentals are playing second fiddle to speculative investment, as they have for much of 2009. The recent admission by Dubai World of its debt problems, for example, did nothing to halt copper's rise; in fact it merely to investors appetites for tangible assets to hedge against risk. On the brighter side, macroeconomic indicators are at long last starting to point in the right direction, and along with copper's positive longer-term fundamentals these are going to keep the price well supported. Data from the OECD economies suggest that recovery is picking up pace while in the US improving car sales, a ninth straight monthly rise in home sales, slowing job losses and continued growth in manufacturing are all creating a picture of strong recovery in 2010.

Outlook

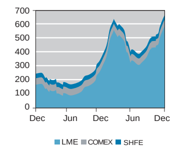
The risk of a significant correction in the price of copper is fading; even the 70% rise in LME copper stocks this year, implying that demand is still weak, has done little to dampen the rally. It's the prospect of an imminent recovery in OECD economies and continued Chinese strength that is discouraging investors from shorting the copper price, not immediate demand. The move into backwardation in the far forward section of the LME copper spread suggests that the consensus is that real tightness is ahead, so any price correction will be short-lived. We estimate the global market will be in surplus in Q4 2009 by as much as 150,000t, as opposed to a surplus of 72,000t in Q3. We forecasts the LME three-month price will average $6,970/t in 2010, with risk to the upside. For copper to surprise to the downside, sentiment regarding the prospects for a strong global recovery would need to go into reverse. We expect Chinese demand for copper imports to remain weak in Q1 2010, but to pick up in Q2 2010, as suggested by the rise in the back end of the SHFE copper spread above LME levels and narrowing of the nearby differential.

LIME copper price (S/t)



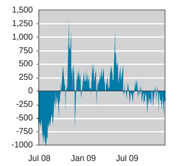
Source: LIME

Total exchange Copper Stocks ('000 tonnes)



Source: LIME

Copper arbitrage (SHFE-LME), S/t



Source: VM Group

Tin

News

Dec 2nd: Indonesia's director for mineral and coal production at the energy and mining ministry said the government would impose a limit on tin output in 2010 of less than 100,000t, from 105,000t in 2009.

Dec 1st: Australian authorities approved the purchase by China's Yunnan Tin Group of up to 60% of Metals X Ltd's Tasmanian tin assets.

Nov 23rd: China's refined tin imports fell 40% year-on-year, to 1,041t, in October, according to customs data. In the first ten months the country's tin imports were 83% higher than the same period of 2008, at 21,153t, with Indonesia providing 11,544t.

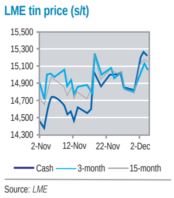
Nov 20th: Draft legislation to control imports of products containing tin, tantalum and tungsten originating in the Democratic Republic of Congo was introduced in the US House of Representatives. Under the proposed new legislation, the US would seek to identify commercial goods that could contain .conflict minerals. which might eventually lead to restrictions being imposed.

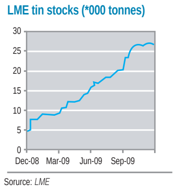
Analysis

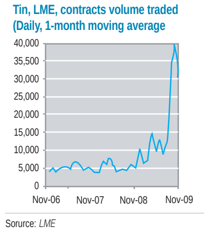
2010 bullish scenario emerging

The tin price has witnessed little of the frothiness seen in the other base metals, with the LME three-month contract trading between $13,650/t-$15,250/t since the end of July. The price has gone up by just 1% over this period, compared with copper's rise of 17%, and lead, zinc and even aluminium's gains of 27%, 31% and 9%, respectively. This has largely been a function of the fact that demand has been very weak for electronic goods and tin has suffered as a result. But fundamentals are now looking more positive. Indonesian production has lowed from H1 2009 levels, aided and abetted by the crackdown on illegal tin mining operations on the islands of Bangka and Belitung in August, while monthly Chinese output has stabilized below 12,600t in the three months to October, having hit a high of 18,865t in July. There is also increasing pressure on national governments to restrict purchases of tin and other products from the DRC, in an effort to stamp out so-called .conflict minerals, much in the same way as the Kimberly process has done in the diamond industry. Although fairly insignificant amounts of tin are produced in the DRC, a decision to restrict purchases from the DRC could help determine whether tin in 2010 is in surplus or deficit. Put that together with yet another threat by Indonesia to cap its output and a more price-supportive scenario is likely to be seen in 2010. Electronics demand for tin as a lead-free solder, accounting for more than 50% of off take is already picking up and should continue to do so, as OECD economies recover in 2010.

Outlook
The tin price may finally find some reason to surge higher, given potential supply issues ahead and rising demand. We expect our estimated surplus of 18,000t in 2009 could easily move into deficit by the end of 2010.



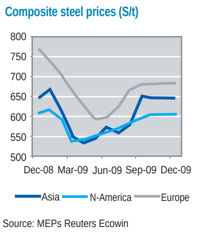


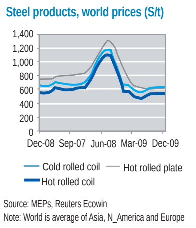


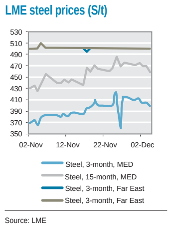
Steel
News
Dec 1st: The Russian government extended for nine months customs import tariffs on various types of steel products and steel tubes.
Nov 25th: Xstrata made its first entry into the iron ore sector, by putting at least $50m towards prospecting and a pre-feasibility study of the Zanaga project in the Lekoumou district in the Democratic Republic of Congo.

Analysis
Prices firm, but glut threatens
Rising Chinese steel prices belie the structural overcapacity in the sector and a traditional lull in demand during the winter, but sentiment is strongly focused on much stronger demand growth in 2010. Rising raw material costs and electricity costs are partly to blame for prices inching up, but margins are sufficient in our view to support further hikes in output, giving rise to already bloated stockpiles estimated at more than 12 Mt for steel long products and plate alone, in China. These stockpiles will almost certainly weigh on prices in Q1 2010 and are likely to be sold on the international market, making recovery that much harder for US and European steel makers. Global crude steel output rose by 13.1% year-on-year in October, to 112.177 Mt; just as significant was the monthly rise, of 4.8% over September. Global steel output is now up by 12.6% from June this year. Much of this higher output is down to China. Its steel production in October rose to 51.747 Mt, up 2% against September, and is now certain in our view to reach more than 573 Mt in 2009. In the first ten months of 2009 China produced 471.5 Mt of crude steel, up 11% from the same period in 2008. On a year-on-year basis, Chinese production has grown each month since May this year, rising to 44% above year-on-year levels in October. China's strong steel output has already sparked a raft of protectionist measures from the US and EU, concerned that cheap Chinese steel products would crimp recovery in their own steel sectors. But judging by the level of inventories in the US, down 40% year-on-year in November to approximately 5.4 Mt, and by extension the EU, the restocking phase ought to be fierce. Whether it will be robust enough to allow much of the idled steel production capacity to be restarted, on top of potential Chinese supply, is questionable.

Outlook
Chinese production has been largely unchecked. China now accounts for 46% of global production, as of October, but it may not necessarily spell doom for US and EU steelmakers, at least in the short term. The restocking phase could surprise to the upside, but it is in the longer term, once real demand normalizes to pre-recessionary levels that pressure may mount on OECD steel producers from cheaper steel products from emerging economies.







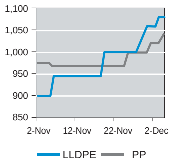
Plastics
News
Dec 4th: China Petroleum & Chemical Corporation will expand the capacity of its Maoming plant by 33% to meet rising fuel demand. Capacity will rise to 360,000 bpd of oil from 270,000 bpd
Dec 4th: BASF restarted its 220,000t/year ethylene cracker at Ludwigshafen in Germany; it had been idled since April 2009.
Dec 2nd: LyondellBasell said it would shut its 110,000t/year polypropylene line in Weaseling, Germany.
Nov 27th: Qatofin's linear low-density polyethylene (LLDPE) plant with capacity to produce 422,000t/year was been inaugurated at Mesaieed in Qatar.
Nov 25th: Siam Cement signed a deal with Qatar Petroleum International to invest as much as $4bn in a petrochemical complex in the southern province of Ba Rai Vung Tao, in Vietnam. The project will comprise a 1.4 Mt/year olefins cracker that will be highly flexible between gas and naphtha feedstock and will be fully integrated into downstream products.

Analysis
Rising feedstock prices crimp margins
Rising feedstock prices are squeezing polypropylene (PP) and linear low-density polyethylene (LL) producers, margins, as supply outpaces demand, leaving PP and LL prices trailing behind rising input costs. Prices for naphtha rose by 5% in November, to $720/t in Asia, on the back of demand from Asian petrochemical makers and a healthy downstream market in China, while prices for ethylene and propylene feed stocks have climbed 18% and 9%, respectively, to $1,065/t and $1,110/t. Supporting factors have been the trickle of exports from Iran, which have declined to about 450,000t in 2009 from 700,000t in 2008, and also delayed plant start ups, which had been expected to flood the market in H2 2009. Polypropylene (PP) prices in Asia spiked to $1,185/t at the end of November on escalating propylene feedstock prices, but the month-on month rise was just 5%, pushing most producer margins into negative territory. If this continues, we expect PP supply volumes to decline, should demand remain at current levels. A similar story is occurring in the LL market, with margins squeezed as prices rise by just 5% in November, to $1,310/t.

Outlook

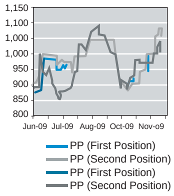
Strong oil prices are buoying feedstock prices but causing misery to downstream PP and LL producers, as demand remains weak. We expect the situation to ease slightly in early Q1 2010 as demand should strengthen, but the market will still be oversupplied, especially as new capacity finally comes online. We are however positive on PP and LL prices in 2010, as feedstock costs will continue to rise, and PP and LL supply will be adjusted down should demand remain weak. LME PP and LL prices have risen in unison with Asian prices, and should continue to do so to reflect rising oil prices, estimated to average $118/barrel in 2010 and consequently feedstock prices.

Plastics Prices, nearest contract , LME (s/t)



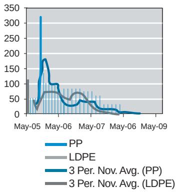
Source: Reuters Ecowin

Plastics Prices, various contracts , LME (s/t)



Source: LME

Plastics volume traded on LME, lots



Source: VM Group from LME data

P-09

THE MTB FAMILY MOURNS THE LOSS OF OUR BELOVED DIRECTOR

MR. SIADUR RAHMAN (RATAN)

(1956 – 2009)

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INTERNATIONAL ECONOMIC FORECASTS - WELLS FARGO SECURITIES ECONOMICS GROUPTM REPORT

U.S. OVERVIEW

A Five-Handle for Fourth Quarter Real GDP?

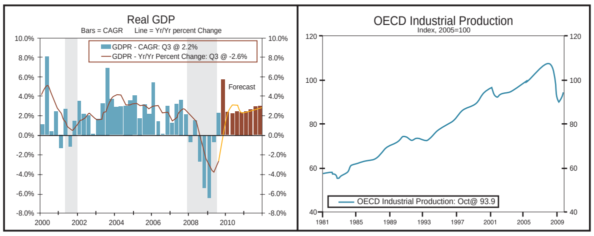
WELLS FARGO SECURITIES

Our estimate for fourth quarter real GDP has been raised significantly as a result of October and November's stronger inventory numbers. We are still expecting a $20 billion drop in inventories, so there is some upside risk. The slower pace of inventory liquidations is expected to add around 4 percentage points to real GDP growth during the fourth quarter, which should send the headline GDP number up at a 5.6 percent pace. Fourth quarter GDP growth in the 5 percent plus range will lead to plenty of proclamations that the recession is over. That would not mark a significant change, however, as we have stated repeatedly we believe the recession ended around the middle of 2009. Any further conclusions, however, are decidedly less clear. One thing certain is the unusually long inventory cycle that began shortly after housing prices peaked in 2006 is finally drawing to an end. Inventories will likely move back into positive territory in coming quarters, but the impact on the quarterly GDP numbers will diminish. Following a blowout number for the fourth quarter, real GDP growth will more closely follow final sales. Final sales are expected to rise at around a 1.5 percent annual rate through the middle of 2010. That pace is still close to our earlier forecast. Final demand continues to be restrained by weak employment conditions. Unemployment is expected to remain above 10 percent for all of 2010. Nonfarm employment will likely move back into positive territory this spring, helped by the hiring of hundreds of thousands of temporary Census workers.

INTERNATIONAL OVERVIEW

Global Recovery Has Continued into 2010

After falling into its deepest recession in decades, the global economy started to grow again in mid-2009 and most indicators suggest that the expansion continued into the fourth quarter of last year. That said, economic activity in most countries remains well below peaks that were reached in early 2008, and it likely will be some time before these previous peaks are surpassed. Asia is leading the way in the global recovery. Not only did most Asian governments respond to the financial crisis with large fiscal stimulus programs, but the financial systems of most Asian economies did not blow up in

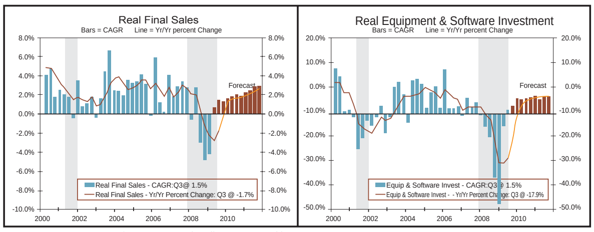


Source: OECD, U.S. Department of Commerce and Wells Fargo Securities, LLC

the autumn of 2008 because they were not highly levered at that time. Most central banks in Asia probably will start to tighten policy over the next few months. Many economies in South America are also bouncing back. Europe appears to be lagging other regions at present. Although purchasing managers' indices have been in expansion territory for a number of months, "hard" data have generally been less encouraging. Indeed, real retail spending in the Euro-zone has not yet broken the downward trend that has been in place since May 2008. Due to the weak economy and the benign rate of inflation, we believe that the ECB will not hike rates until late this year. Likewise, the Bank of England likely will refrain from tightening until the second half of the year because the British economy is only now emerging slowly from its six quarter slump.

So Much Growth, Yet So Few Jobs

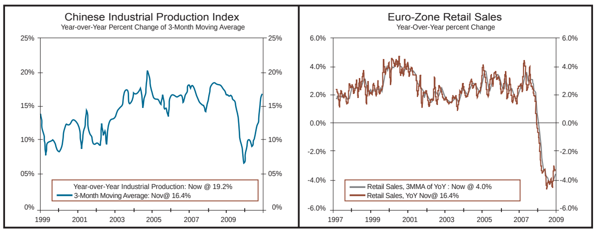
Real GDP growth is expected to rise at a 5.6 percent annual rate during the fourth quarter, as a dramatic slowdown in the rate of inventory liquidations adds around 4 percentage points to growth. Stronger real GDP growth did not translate into employment gains. Nonfarm employment fell by 208,000 jobs during the fourth quarter and the unemployment rate averaged 10 percent, up from 9.6 percent during the previous quarter. There were a few rays of hope in the employment data. The rate of decline in nonfarm payrolls slowed significantly during the fourth quarter and November actually now shows a 4,000-job gain. Unfortunately, the benchmark revisions scheduled to be released next month are expected to significantly increase the size of earlier job losses. After the revisions, we expect nonfarm payrolls to show a net loss of 8.1 million jobs since the recession began, which is a loss of 830,000 more jobs than currently reported. Our forecast now calls for a slight gain in employment during the first quarter of 2010, marking the first positive quarter for nonfarm employment since the fourth quarter of 2007. Employment gains during 2010 will be helped by the hiring of hundreds of thousands of temporary Census workers. As a result, the apparent improvement in employment will likely produce only minor gains in wage and salary income. Aside from the hiring of Census workers, overall job growth is expected to remain exceptionally lean. Businesses are still concerned about the staying power of the recovery and are also uncertain as to what the outcome of the health care legislation will be. The health care debate has put hiring and investment decisions in a holding pattern. Once a plan is passed or it is determined that a bill will not pass, hiring and investment will both likely increase and we have a gradual recovery in nonfarm payrolls building momentum over the forecast period. A similar situation occurred during the buildup to the Iraq War and activity picked up once hostilities began and businesses knew what the operating environment would be. Weak employment conditions will continue to restrain income and spending. After a slightly better-than-expected holiday shopping season, real personal consumption expenditures are expected slow during the first quarter and growth is expected to average just a 1.4 percent pace for all of 2010. Consumers face a number of hurdles going into the New Year. In addition to high unemployment and sluggish income growth, prices have picked up for a number of key household necessities, including food, gasoline and household utilities. State and local taxes and user fees are also expected to rise more rapidly. We expect consumer spending to gradually build momentum over the course of 2010, reflecting a slight improvement in nonfarm employment. Spending for big-ticket discretionary items will not likely improve meaningfully until the unemployment rate starts declining in 2011. The outlook for business fixed investment has improved slightly from our previous forecast. Spending for equipment and software is benefitting from strong demand for handheld communications devices. Spending for structures remains depressed, however, with double-digit declines expected through the middle of 2010. Outlays for other business equipment, including trucks and commercial airliners, should boost investment spending in 2011. We have slightly raised our interest rate projections to incorporate our improved forecast for 2011 economic growth and slightly higher inflation. Core inflation should remain well behaved early in the forecast period but is expected to gain momentum in 2011. Bond yields are expected to rise in anticipation of stronger economic growth. The Fed is expected to hike short-term interest rates in late 2010, possibly at the November FOMC meeting, which ends the day after the mid-term elections.



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

Global Recovery Has Continued into 2010

As we have written previously, the global economy endured its deepest recession in decades during the last two years. Between the peak in February 2008 and the trough in March 2009, industrial production (IP) in the 30 economies that comprise the Organization for Economic Cooperation and Development (OECD)—essentially the 30 most advanced economies in the world—plunged 18 percent. Through October, IP in the OECD countries had bounced back only 5 percent, leaving it 14 percent below its pre-recession peak (see graph on front page). That said, the global economy is growing again, and it is unrealistic to expect it to immediately climb out of the deep hole into which it fell in the aftermath of the global financial meltdown. Moreover, purchasing managers' indices suggest that the manufacturing and service sectors in most economies continued to expand through the rest of the fourth quarter. Asia appears to be the strongest economic region of the world at present. For example, growth in Chinese IP has come roaring back (bottom chart). Not only did most Asian governments respond to the financial crisis with large fiscal stimulus programs, but the financial systems of most Asian economies did not blow up in the autumn of 2008 because they were not highly levered at that time. Therefore, bank lending in most countries in the region has remained fairly strong. Growth has also returned to many South American economies as well. In Brazil, IP in the October-November period was up 3.8 percent (not annualized) relative to the third quarter, which in turn had shot up 4.8 percent relative to the second quarter. The Central Bank of Chile's economic activity index, which is a close proxy for GDP growth, was up 3.1 percent on a year-ago basis in November. In contrast, growth in Europe has not been as strong. In the Euro-zone, the sequential rate of real GDP growth in the third quarter printed at 0.4 percent (not annualized), and the purchasing managers' indices suggest that growth remained positive in the fourth quarter. However, "hard" data have been less encouraging. Industrial orders in the overall euro area were flat on balance between July and October, and lackluster orders have translated into softness in IP. Part of the problem with euro-area production reflects sluggish consumer spending (bottom chart). Indeed, the volume of retail sales in the Euro-zone has not yet broken the downward trend that has been in place since May 2008. Greece has endured a horrific 20 percent drop in real retail sales over that period. Monetary Tightening Will Not Be Synchronous As the global economy crawls further out of its hole, it is natural to ask when central banks will begin to take back the extraordinary amount of stimulus they applied in late 2008 and early 2009 to keep the global financial system from imploding. Actually, some central banks have already begun to tighten policy. For example, the Norwegian central bank has lifted its main policy rate by 50 bps since late October, and the Reserve Bank of Australia has hiked rates by 75 bps. Given the underlying strength of most Asian economies, central banks in the region will tighten policy sooner or later. Because inflation rates in some Asian countries are beginning to creep higher again, we look for tightening cycles to commence over the next few months. However, we maintain that it will be some time—probably late this year—before the European Central Bank contemplates a rate hike. As noted above, economic activity in the euro area remains weak, and the core rate of CPI inflation has declined to a nine-year low of only 1.0 percent. Likewise, the Bank of England likely will refrain from tightening until the second half of the year because the British economy is only now emerging slowly from its six quarter slump.



Source: IHS Global Insight and Wells Fargo Securities, LLC

Wells Fargo International Economic Forecast

(Year-over-Year Percent Change)	GDP			CPI		
	2009	2010	2011	2009	2010	2011
Global (PPP weights)	-0.7%	4.0%	4.2%	2.7%	4.1%	4.1%
Global (Market Exchange Rates)	-1.9%	2.8%	3.0%	n/a	n/a	n/a
Advanced Economies[1]	-3.3%	2.4%	2.6%	-0.3%	1.7%	1.8%
United States	-2.4%	2.7%	2.5%	-0.3%	2.3%	2.1%
Eurozone	-3.9%	1.6%	2.6%	0.3%	1.5%	1.5%
United Kingdom	-4.8%	1.7%	2.5%	2.1%	2.5%	2.0%
Japan	-5.2%	2.2%	1.6%	-1.3%	-0.6%	0.5%
Korea	0.4%	5.2%	3.6%	2.8%	2.7%	2.9%
Canada	-2.6%	2.2%	2.8%	0.3%	2.3%	1.9%
Developing Economies[1]	2.4%	5.9%	6.0%	6.4%	6.9%	6.9%
China	8.5%	9.4%	9.0%	-0.7%	2.3%	2.8%
India	7.0%	8.1%	8.3%	11.1%	10.3%	7.7%
Mexico	-6.9%	2.8%	3.1%	5.3%	4.0%	4.2%
Brazil	-0.9%	2.9%	3.5%	4.9%	4.8%	4.8%
Russia	-7.3%	3.0%	4.1%	11.8%	7.0%	9.0%

Forecast as of: January 13, 2010

[1]Aggregated Using PPP Weights

Wells Fargo International Interest Rate Forecast

(End of Quarter Rates)	3-Month LIBOR						10-Year Bond					
	2010				2011		2010				2011	
	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2
U.S.	0.30%	0.35%	0.55%	0.80%	1.50%	0.30%	3.80%	4.00%	4.20%	4.40%	4.50%	4.60%
Japan	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	1.30%	1.35%	1.45%	1.55%	1.60%	1.70%
Euroland	0.70%	0.80%	1.00%	1.50%	0.70%	2.00%	3.30%	3.50%	3.90%	4.25%	4.40%	4.45%
U.K.	0.60%	0.65%	0.90%	1.45%	0.60%	2.20%	3.80%	3.90%	4.20%	4.50%	4.60%	4.75%
Canada	0.50%	0.60%	1.00%	2.00%	0.50%	3.00%	3.50%	3.60%	4.00%	4.30%	4.40%	4.45%

Forecast as of: January 13, 2010

Source: Wells Fargo Securities, LLC

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NATIONAL NEWS

FINANCE AND ECONOMY

Tourism on a Turn as Funds Pour In

The hospitality industry witnessed rapid growth; receiving Tk 5,000 crore in 2005-2009, said the civil aviation and tourism ministry. The funds went mostly into the development of hotels, motels, resorts, amusement parks and restaurants at popular tourist destinations. From 2005 to 2009, around 500 hotels have been built at popular tourist destinations, including Dhaka, Cox's Bazar, Chittagong, Sylhet, Bogra and Khulna that created around 40,000 new jobs. At the same time, around 40 resorts and 15 amusement parks were also built across the country in the same period. Most investment came from the private sector to tap the growing trend of traveling to tourist destinations by the urban middle class, according to the ministry. The government spent around Tk 30 crore in the same period to build accommodation facilities, increase product quality, renovate tourist destinations and identify new tourist spots. Most hotels and motels were built in Cox's Bazar. Around 180 hotels were built there in the last five years. Industry insiders said the investment flow started to grow from 2001, with many new investors entering the sector. **(Source: The Daily Star)**

No Credit Facilities for Polluting Units

In an initiative to protect environment and combat climate change, the government has decided to restrict credit facilities for polluting industries. "No more credit facilities for the industries which will pollute environment," Bangladesh Bank Governor Dr. Atiur Rahman said while he was speaking at a seminar on 'Climate Change Management' for the central bank officials at Bangladesh Bank Training Academy in the city. Dr. Atiur said action would be taken against those banks which would provide credit facilities to the industries responsible for environment pollution. He said Bangladesh Bank has created a fund of Tk 200 crore to address the environmental issues and climate change. Every industry might have Tk 1 crore loans for setting up Effluent Treatment Plant (ETP) from the fund, he said. The central bank is ready to increase the size of the fund and give up to Tk 5 crore if the industrialists agree, he said urging the schedule banks to come up with more credit facilities for environment-friendly industries. He said the central bank has taken an initiative to create fund to help farmers produce organic fertilizer. Any people to take any such project with at least four cattle heads might get credit from the fund, he said. **(Source: The Daily Star)**

Getting Rid of Notebooks

Law enforcers seized huge notebooks and guidebooks worth Tk 1.20 crore from two book markets in Chittagong city and a printing press and two bookshops in Jessore town. In Chittagong, a mobile court aided by members of the Rapid Action Battalion (Rab) seized banned notebooks and guidebooks of class-1 to class-X. The law enforcers took the seized books to Firingi Bazar Fishery Ghat and burnt them. Magistrate Khandaker Nurul Haque said they carried out the drives in the two markets taking Bangladesh Book Publishers and Sellers Association Chittagong unit General Secretary Nur Mohammad with them and seized huge notebooks and guidebooks worth around Tk 1 crore. **(Source: The Daily Star)**

Bharti Airtel Seeks Approval for Investment

Bharti Airtel has sought approval from the central bank to inject a $300 million initial investment as part of its move to buy a 70 percent stake in Warid Telecom. On the last day of his visit to Dhaka, Sunil Bharti Mittal, Chairman and group Chief Executive Officer of Bharti Enterprises met Ziaul Hasan Siddiqui, Deputy Governor of Bangladesh Bank. Mittal asked Siddiqui about how to open a foreign currency account to channel investment into Bangladesh, said central bank officials. Earlier, the Airtel team visited the Board of Investment and Bangladesh Telecommunication Regulatory Commission (BTRC). However, Airtel and Abu Dhabi Group, the owning company of Warid did not sign a memorandum of understanding yet. Warid officials said Airtel asked for some more documents from Warid before signing a MoU. "It may take some more time to reach a deal. We are working on it," said a Warid official. Partnership is crucial to Warid as its investment cost is higher than other operators' because of 'discrimination' in frequency allocations, said the officials of the company. **(Source: The Financial Express)**

SME Unit Opens at BB

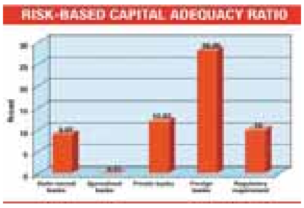
A separate SME department in Bangladesh Bank has been opened aiming to boost finance for small and medium enterprises. Governor Atiur Rahman formally inaugurated the department, which a general manager is supposed to run. "Besides farm loan, we target strengthening SME loans in future. The new department is being opened for the purpose," the central bank boss told. Describing SME loan as a tool for quick employment generation, he also announced incentives for the banks providing such loans more. **(Source: The Financial Express)**

Soaring Green Tech

The use of green technology showed a significant rise last year, covering some new areas from rural farming to city restaurants, corporate houses and government offices. Industry insiders said a fall in prices of green technology-based products on the global market caused by recession has attracted more entrepreneurs to such business, which ultimately pushed the growth up. Infrastructure Development Company Ltd (IDCOL), a major financier for green technology in Bangladesh, says it receives at least five new proposals for green technology-based business every day. Installation of solar home system increased to 17,000 per month in 2009 from around 10,000 a month in 2008. Solar irrigation pumps, water pumps, telecom base stations, and solar panels were the major hit last year. Experts termed the trend as a 'hidden revolution'. However, they suggested introducing a monitoring system to ensure sustainability of such technology. According to IDCOL, installation of solar home system by 15 partner organizations increased to 421,202 until November 2009. The number was 300,000 in 2008. A total of 9,500 biogas plants were set up until September 2009. Thirty partner organizations of IDCOL and some private entrepreneurs are engaged in this business. The company has a target to finance 12 biomass gasification-based power plants equivalent to 5-MW capacity by 2012. Some brick kilns also started using environment-friendly solutions to make bricks in 2009. Around 4,000 brickfields produce more than 12 billion bricks a year, and the number is increasing by 10 percent a year due to a boom in real estate. United Nations Development Program took a project under which 31 energy efficient brick kilns will initially be set up in different parts of the country. **(Source: The Financial Express)**

Banks Step into Basel II

Bangladesh entered the Basel II regime, the latest version of risk-based capital standards set for banks worldwide, on the first day of 2010. In a circular on the regulator, Bangladesh Bank reminded all scheduled banks to follow the guidelines on risk-based capital adequacy (RBCA) from January 1. "Accordingly, instructions regarding minimum capital requirement (MCR), adequate capital and disclosure requirement as stated in the guidelines have to be followed by all scheduled banks for the purpose of statutory compliance," the BB said. According to the accord, a bank's minimum capital must be Tk 400 crore by August 11 next year. Of the amount, Tk 200 crore must be in paid-up capital. On the other hand, the RBCA ratio has to be a minimum 10 percent of assets. "This is good for the country's banking industry. An increase in capital will strengthen the sector," said Muhammad A Rumee Ali, former deputy governor of the central bank and current chairman of BRAC Bank. The Basel II accord has been prepared on the basis of three pillars: minimum capital requirement, supervisory review process and market discipline. And three types of risks credit risk, market risk and operational risk have to be considered under the minimum capital requirement. Earlier in 2009, Bangladesh Bank allowed commercial banks to raise their capital even by subordinated debt. There are challenges for the banks to implement the accord. BB has made it mandatory for banks to rate corporate clients under Basel II. **(Source: The Daily Star)**



BB Governor Backs Easy Loan for Hill Districts

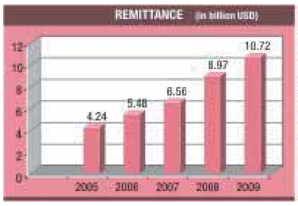
Bangladesh Bank Governor Dr. Atiur Rahman asked banks to go to borrowers' doorsteps and give loans on easy terms to build the agro-based industry. About changing banking practices, Rahman said the central bank might make separate rules for loan disbursement in hill districts, if necessary. He was speaking at a loan distribution ceremony, chaired by Bandarban Deputy Commissioner Mizanur Rahman. He distributed loans among 173 farmers at Balaghata Government Primary School field in Bandarban. Rahman directed bank officials to give up the old habit and get close to the farmers, which will ultimately encourage them to take loans. "It is true that people are afraid of going to banks for loans. It will be an easy way for them to get loans if the banks go to their doorsteps," he told his audience. The central bank governor advised the bank officials to change their mindset and come out of the cocoons of old-fashioned banking. He emphasized the development of services in Bandarban considering its importance as a tourist district. **(Source: The Financial Express)**

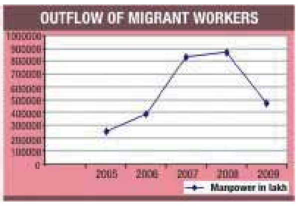
Dense Fog Disrupts Communication

A blanket of dense fog and sharp fall in temperatures in most parts of the country disrupted road, river and air communication. Thousands of passengers need to wait hours to travel on ferry and launch services on Paturia-Doulatdia, Mawa-Kewrakandi and Chandpur-Shariatpur routes. Seven flights at Zia International Airport were delayed by 60 to 90 minutes due to a lack of visibility caused by the fog, said ZIA sources. According to the Met Office, Jessore experienced the lowest nation-wide temperature of 8.6 degrees Celsius this month while Dhaka experienced a low of 11 degrees. Temperatures below ten degrees were recorded by the Met Office in Chuadanga, Dinajpur, Saidpur, Rangpur, Ishwardi, Srimangal and Tangail. **(Source: The Observer)**

2009 Remittance Sets New Benchmark

Remittance crossed $10 billion mark for the first time in Bangladesh history in the year 2009 because migrants, a main driver of the country's economic progress, sent more money home despite all odds during global recession. With 20 percent growth, remittance inflow reached $10.72 billion last year, although the year marked a fall in manpower exports. In 2008, the remittance was $8.97 billion. The overseas employment ministry data shows that the number of migrant workers declined 46 percent to 475,278 persons in January-December of 2009. In 2008, the number was 875,055. The monthly average number of the workers going abroad with jobs almost halved last year from around 80,000 persons in 2008. Still, the remittance inflow grew 20 percent, turning down World Bank forecast of 12-15 percent such growth for 2009. The international lender in a recent report expressed its fear about low growth on the basis of the declining trend of manpower exports. Economists and bankers think the financial crisis worldwide has opened up the scope for Bangladesh expatriates to send more money home, as they lost confidence in depositing hard-earned money with foreign banks during their stay in Middle Eastern and other countries. Meanwhile,





uncertainty has loomed over future manpower export, as big manpower markets Saudi Arabia, Kuwait and Malaysia stopped hiring workers from Bangladesh. However, some new markets have emerged, which include Iraq and Libya. The government is continuing dialogue with these countries but any positive signal is yet to come. **(Source: The Daily Star)**

Facebooking on Stocks Warned

The Securities and Exchange Commission (SEC) said it will take actions against those who will be found responsible for spreading rumor about stock market and price influencing opinions by using such social network services as Facebook. The decision was taken as the surveillance team of the regulatory body found that a section of people were advising investors through Facebook to buy and sell shares of certain companies. "Such activities go against the rules of the SEC. The SEC has been empowered to take punitive actions against the persons who will be found influencing the investors," said SEC Executive Director Farhad Ahmed at a press briefing. He said if anybody wants to give opinion about share price in any public domain or wants to be a consultant, he or she must have license for this purpose, which is recognized worldwide. Ahmed said the SEC is continuing awareness campaigns for the investors for not buying or selling shares being influenced by distorted information or rumor. "But, still some people are influencing the market price through spreading rumor, and so the regulatory body has decided to go for punitive actions," he said. The SEC official said they have already shut down some sites and warned some individuals who have hosted sites that are harmful for the market. The SEC formed an enquiry team to trace out the persons who are spreading rumor about stock market and price influencing opinions by using such social network services as Facebook. The team headed by SEC Executive Director ATM Tariquzzaman has been asked to submit its findings and recommendations by January 25. SEC will seek help from the Facebook authorities to track down the wrongdoers. **(Source: The Financial Express)**

New SEC Instructions for Bourses

The Securities and Exchange Commission (SEC) formally instructed both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) authorities to calculate the index point of a debutant company from the second day of trading on the bourses to put the practice on international standard. Recently, SEC, DSE and CSE were criticized by different quarters and stock market experts for counting the index points, the market barometer, in a wrong method. The fresh decision came after a meeting of SEC Chairman Ziaul Haque Khandker with the chief executive officers (CEOs) of the two bourses at its office to explain the complexities arisen with regard to index counting. According to the new rules, the bourses will count the index point on the basis of first day's last trading price of the debutant company with the average index points of the second day to remove any complexities in such counting, said SEC Executive Director Farhad Ahmed. He said both CSE and DSE will follow the rules from now on, meaning the next debutant company's index counting will be brought under the new method. The SEC chief said if the bourses count a company's trading debut with the previous day's average benchmark points, the index rises “very high”, which is a wrong calculation. The result is, the investors especially the new comers feel tempted to invest, influenced by the higher position of the index. On the debut day of Grameenphone, the DSE counted in the face value of Tk 10 instead of Tk 70 per share. As a result, the index point increased manifold. DSE General Index (DGEN), the benchmark index, skyrocketed by more than 764 points, or more than 22 percent on Grameenphone's debut. The lone telecom company on stock market added more than 700 points alone. **(Source: The Observer)**

POLITICS

PM Speaks About “Green and Blue Bangladesh”

Prime Minister Sheikh Hasina has vowed to build a 'Green and Blue Bangladesh' through massive afforestation and preserving the country's rivers, canals and water bodies. The premier also stressed the need for regular talks with neighboring India over Bangladesh's share of water in 54 common rivers including the Teesta. Bilateral talks with India

has taken place last month various levels soon over the two countries' share in the common rivers. She said the rivers are just like arteries of human body. When the arteries are blocked, the way people struck by heart attack, we as a nation may suffer heart attack if we fail to save our rivers, she said. The PM revealed a special plan for building a modern Dhaka by expanding its peripheries and developing four suburbs surrounding the capital. Besides, she said, the government is going to take initiatives soon to clean up the riverbeds of the Shitalakhya, Buriganga, Balu and Turag to save the rivers from deadly pollution. She also said the government will clean up polythene and coconut groves from the Buriganga River, and raise and construct its banks, including constructing walkways for people. Hasina said there are over 700 rivers in Bangladesh and they are the lifelines of the country. About the repeated incidents of tree felling in the country's coastal areas, the PM said the miscreants will have to be given such punishment so that they never dare to damage the country's environment. **(Source: The Financial Express)**

Bangladesh to Witness Huge Investment This Year

Industries Minister Dilip Barua hopes Bangladesh would see huge investment in its industrial sector in 2011. “There'll be huge investment in the industrial sector in 2011,” Barua said at a meeting with the newly elected leaders of Dhaka Chamber of Commerce and Industry (DCCI) at his office. The minister said an industry-friendly atmosphere created in the country over the last one year due to various steps taken by the government. “Investors both from home and abroad have shown their keen interest to invest in Bangladesh.” He said a research and development cell would be set up in his ministry to help local and foreign entrepreneurs. He also proposed various businesspeople and entrepreneurs sign a memorandum of understanding (MoU) to increase public-private partnership. The DCCI delegation led by its President Abul Kasem Khan welcomed the steps taken to alleviate poverty in the draft industrial policy. The trade body also highlighted the importance of modernizing Bangladesh Standards and Testing Institute (BSTI) and river and rail network, and setting up of special economic zones with support from private entrepreneurs. In response, the minister assured the DCCI of providing all possible cooperation from his ministry. **(Source: The Daily Star)**

Successful Border Talks with Myanmar

A Bangladeshi delegation during its five-day visit to Myanmar held a series of meetings with different authorities on nine specific issues, including cross-border crime, deployment of military forces and smuggling. BDR official sources said six delegates, led by Bangladesh Rifles (BDR) Director General Maj Gen Md Mainul Islam, held several fruitful meetings. Other delegation members include BDR Chittagong Range Commander Col Habibur Rahman, BDR HQ Staff Officer Lt Col Nasimul Alam, Deputy Secretary Afroza Parveen, Senior Assistant Secretary AS Wahiduzzaman and ADC to BDR DG Capt Adnan Kabir. The team held separate meetings with the high-ups of Myanmar police, border force Nasaka, immigration, home ministry and foreign ministry. **(Source: The Daily Star)**

DOMESTIC CAPITAL MARKETS REVIEW

CAPITAL MARKETS - DSE
(For the week Jan. 10th to Jan. 14th, 2010)

Weekly Summary

Total Turnover (BDT mil.):	60,212.9
Volume of Share (Nos.):	196,844,937
Weighted Avg. P/E Ratio	26.53
Total Scrip Traded	246

Category-wise turnover

Group	Turnover Value (BDT mil.)	% of Total
A	51,865.19	86.14%
B	905.05	1.50%
N	5,838.45	9.70%
Z	1,604.21	2.66%

Script Performance in the Week

Advanced	122
Declined	122
No Change	2
Total Traded Issues	246

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

Sl. No.	Name	Category	Deviation % (High & low)	Turnover BDT Tk. (million)
1	PEOPLES INSURANCE	A	29.33%	538.39
2	BEACH HATCHERY LTD	A	21.75%	385.04
3	SONALI AANSH	B	16.97%	1.63
4	EASTLAND INSURANCE	A	16.32%	537.05
5	KARNAPHULI INSURANCE	A	15.87%	387.67
6	MEGHNA PETROLEUM LTD.	A	14.42%	1,545.36
7	5TH I.C.B. MUTUAL FUND	A	13.69%	4.65
8	ARAMIT	A	13.56%	329.81
9	NATIONAL LIFE INSURANCE	A	12.34%	61.54
10	FU-WANG FOODS LTD	A	12.01%	206.93

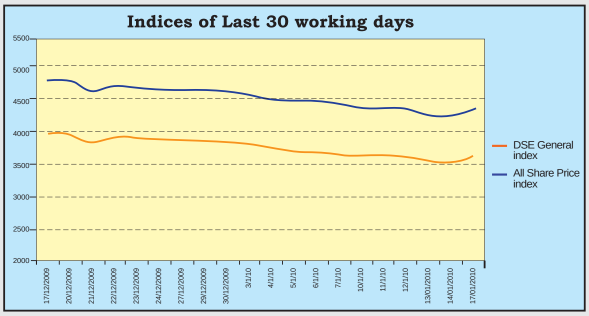
Top 10 Losers of the Week (by Closing Price of all Companies

Sl. No.	Name	Category	Deviation % (High & low)	Turnover BDT Tk. (million)
1	S ALAM COLD ROLLED STEELS LTD.	A	-20.60%	652.12
2	MONNO JUTEX	B	-12.62%	1.36
3	UTTARA FINANCE	A	-6.93%	464.85
4	MEGNHA CEMENT	A	-6.91%	147.42
5	SAMORITA HOSPITAL	A	-6.55%	5.27
6	FIRST LEASE FINANCE & INVESTMENT LTD.	A	-6.17%	582.58
7	APEX FOODS	A	-5.63%	10.97
8	STANDARD INSURANCE LTD.	B	-5.61%	64.39
9	PHOENIX FINANCE	A	-5.59%	241.93
10	RUPALI BANK LTD.	Z	-5.37%	25.23

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

Sl. No.	Name	Deviation % (High & low)	Turnover BDT Tk. (million)
1	BEXIMCO	3,594.74	11,124,100
2	GRAMEENHONE LTD	3,071.55	15,158,000
3	JAMUNA OIL	2,261.01	4,855,300
4	POWERGRID COMPANY BANGLADESH LTD	1.742.40	2,160,750
5	LANKABANGLA FINANCE COMPANY	1,595.01	4,951,500
6	TITAS GAS TRANSMISSION AND DISTRIBUTION	1,550.16	2,195,400
7	MEGNA PETROLEUM LTD	1,545.37	5,179,000
8	DESCO	1,414.84	890,500
9	AB BANK LTD	1,362.08	1,212,480
10	PRIME BANK LTD	1,167.18	1,772,150

DSE Market Round Up



Bull is unrestrained in the market. At the end of the last week benchmark DSE general index crossed 4800 mark and market capitalization touched new milestone of Tk 2tr. Liquidity flow is also in spate. Average daily turnover recorded Tk 12.04b. Trading in bourses was very cheering in first three trading session of the outgoing week. But in fourth trading day market witnessed a dramatic 90 points fall as investors triggered panic selling following a rumor that SEC is going to restrict margin loan and suspend financial adjustment facility. That lately proved false and unearthed that a section of market manipulators deliberately cooked and spread the rumor to avail of buying stock at low price at the cost of small investors' bleeding. If these heinous activities go unpunished, market has a bad time ahead. However stocks made U-turn in last trading day as rumors dispelled out. DSE General Index reached at 4838.06 rose by 115.96 points or 2.46% from the previous week. Total turnover reached at Tk 60,212.90m with 10.83% increase from the last week's Tk 54,330.84m. On the other hand, market capital rose by 2.53% and stood at Tk 1,651b ($23.77b) at the weekend against Tk 1610.21b. DSE-20 has moved upward by 18.33 points (0.67%) and closed at 2762.85 points against 2744.52 points. Last week weighted average Market PE was 26.53 which was 2.42% higher than previous week's 25.90. During the week, DSE General Price Index was above of both 9 and 18-day moving average line. **(Source: AIMS Weekly Newsletter)**

CAPITAL MARKETS - CSE
(For the week Jan. 10th to Jan. 14th, 2010)

Weekly Summary

Total Turnover (BDT mil.):	4,373.73
Volume of Share (Nos.):	24,894,441
Total Contact (Nos.)	106,449
Total Scrip Traded	197

Category-wise turnover

Group	Turnover Value (BDT mil.)	% of Total
A	3,428.92	78.36
B	58.48	1.34
N	681.86	11.23
Z	204.47	4.67

Script Performance in the Week

Advanced	98
Declined	97
No Change	2
Total Traded Issues	197

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

Sl. No.	Name	Category	Deviation % (High & low)	Turnover BDT (million)
1	CTG. VEGETABLE	Z	28.57%	0.31
2	ANWAR GALVANIZING	Z	9.63%	0.57
3	PEOPLES INSURANCE	A	2.26%	26.63
4	BEACH HATCHERY LTD	A	42.49%	63.56
5	DELTA LIFE INSURANCE	Z	0.10%	0.25
6	EASTLAND INSURANCE	A	1.40%	7.77
7	I.C.B.	A	0.54%	9.68
8	FU-WANG FOODS LTD.	A	24.36%	9.86
9	MEGHNA PETROLEUM LTD.	A	4.48%	225.57
10	PADMA CEMENT LTD.	Z	49.45%	13.38

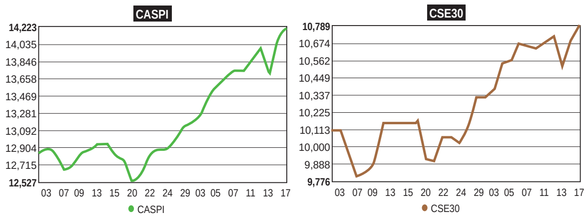
Top 10 Losers of the Week (by Closing Price of all Companies)

Sl. No.	Name	Category	Deviation % (High & low)	Turnover BDT (million)
1	JAGO CORPORATION	Z	-17.85%	0.03
2	INTERNATIONAL LEASING AND FINANCE	A	-0.86%	0.39
3	ICB AMCL 1ST MUTUAL FUND	A	-1.24%	0.19
4	IMAM BUTTON	B	-2.88%	0.20
5	FIRST LEASING FINANCE & INVESTMENT	A	-0.59%	0.96
6	IBN SINA LTD.	A	-1.19%	0.58
7	DELTA BRAC HOUSING FINANCE CORPORATION	A	-0.38%	4.26
8	SONAGAON TEXTILE	B	-1.70%	0.10
9	NATIONAL HOUSING FINANCE AND INVESTMENT	A	-0.58%	1.78
10	MIDAS FINANCING LIMITED	A	-0.76%	0.11

Top 10 Companies by Turnover for this Week

Sl. No.	Name	Turnover BDT (million)	Volume
1	GRAMEENPHONE LTD	479.23	2,365,000
2	BEXIMCO	311.62	966,551
3	MEGNA PETROLEUM LTD	225.57	758,170
4	BEXTEX LTD	189.51	2,218,813
5	AB BANK LTD	169.22	150,636
6	JAMUNA OIL COMPANY LTD	145.86	312,850
7	ACI LTD	101.07	197,232
8	NAVANA CNG LTD	97.85	461,100
9	TITAS GAS TRANSMISSION AND DISTRIBUTION	83.62	118,450
10	SHINEPUKUR CREAMICS LTD	80.17	942,140

Indices of Last 30 Working days



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NATIONAL ECONOMIC INDICATORS

Foreign Exchange Reserve:
The Foreign Exchange Reserve as of January 12, 2010, was registered at USD 10,105.91 from US$ 10,344.75 million, reported on December 30, 2009, a 2.00% decline. At the end of June 2009, the reserve was US$ 7,470.96 million. The year-over-year increase on January 12, 2010 is a significant 86% as the foreign exchange reserve last year on the exact date was US$ 5,438.79 million.

Exchange Rate Movements:
The average Taka-Dollar exchange rate of BDT 69.2151 reported on December 30, 2010, was a slight decrease from the previous month's exchange rate of BDT 69.2687, as reported on December 30, 2009. On a year-over-year basis, the exchange rate has experienced an increase from the January 12, 2009 figure of BDT 68.85 to the Dollar.

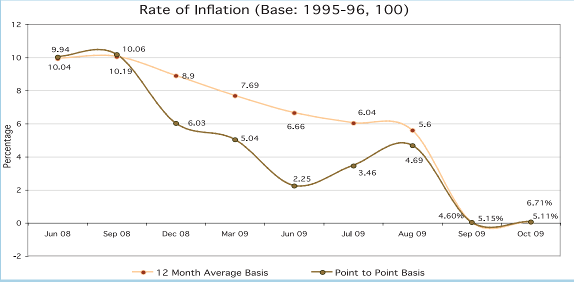
Wage Earner's Remittance:
Bangladesh received US$ 876.33 million as inward foreign remittance in December 2009 registering 15.61% growth over year-over-year. The remittance for the period of July – December 2009 stood at US$ 5,535.67 million, a 22.89% increase, year-over-year.

Import:
Import figures in November 2009 was US$ 1,820.50 million as compared to US$ 1,816.50.70 million in November 2008, a 0.22% decrease year-over-over. Imports for the quarter July – November 2009 stood at US$ 9,877.10 a -3.48% decrease year-over-year.

Export:
Export figures for November 2009, is reported as US$ 1,197.52 million, a decrease of -7.70% from the previous year. Yet, the figure for FY2008-09 was reported at US$ 15,565.19 million, a 10.31% increase from the previous year.

Investments in National Savings Certificates
The October 2009 figure of sales of National Savings Certificates was reported as BDT 1120.16 million, a significant increase from October 2008 figure of BDT 192.27 million. The July – October 2009 figure was reported to be BDT 3,930.12 million. The total certificates outstanding for July – October 2009 was BDT 537,20.91 million, a 14% increase from the figure reported on the previous year.

January 24, 2010	Currency	Buying	Selling
USD/BDT Rates (based on inter-bank transaction)			
	USD	69.15	69.16
Cross Rates			
	SEK	9.55	9.56
	JPY	0.77	0.77
	GBP	111.44	111.47
	EUR	97.72	97.78
	CAD	65.30	65.33
	AUD	62.28	62.32

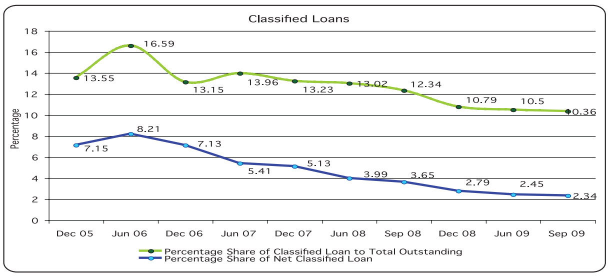


BANKING AND FINANCIAL INDICATORS

Classified Loans	Dec 05	Jun 06	Dec 06	Jun 07	Dec 07	Jun 08	Sep 08	Dec 08	Jun 09	Sep 09
Percentage Share of Classified Loan to Total Outstanding	13.55	16.59	13.15	13.96	13.23	13.02	12.34	10.79	10.5	10.36
Percentage Share of Net Classified Loan	7.15	8.21	7.13	5.41	5.13	3.99	3.65	2.79	2.45	2.34

				Percentage Change (%)	
	Nov 08	Jun 09	Nov 09	Jul-Nov 2009-10	FY 08-09
Reserve Money (BDT billion)	55151.10	69390.10	73326.20	567.00%	31.45%
Broad Money (BDT billion)	268,147.30	296,499.80	322,999.40	8.94%	19.17%
Net Credit to Government Sector (BDT billion)	53680.10	58185.20	51444.40	-11.59%	24.04%
Credit to Other Public Sector (BDT billion)	13444.80	12439.70	13859.10	11.41%	6.94%
Credit to Private Sector (BDT billion)	203307.60	217927.50	237325.10	8.90%	14.62%
Total Domestic Credit (BDT billion)	**270432.50**	**288552.40**	**302628.60**	**4.88%**	**16.03%**

					Percentage Change (%)	
	Jul-Sep 08-09		Jul-Sep 09-10		Year over Year	
L/C Opening and Settlement Statement (US$ million)	Open	Sett.	Open	Sett.	Open	Sett.
Food Grains (Rice & Wheat)	343.61	370.43	494.77	310.01	43.99%	-16.31%
Capital Machinery	550.36	670.37	684.08	574.43	24.30%	-14.31%
Petroleum	1,112.44	1,029.83	1,062.49	684.53	-4.49%	-33.53%
Industrial Raw Materials	4,058.61	4,027.91	3,967.13	3237.31	-2.25%	-19.63%
Others	3,706.11	3,486.55	4,872.93	3724.93	31.48%	6.84%
Total	9,771.13	9,585.09	11,081.40	8,531.21	13.41%	-10.99%



YEARLY INTEREST RATES						
End of Period	Bank Rate	Call Money Market's Weighted Average Interest Rates on		Schedule Banks' Weighted Average Interest Rates on		Spread
		Borrowing	Lending	Deposits	Advances	
2009*	5.00	4.35	4.35			
2008	5.00	10.27	10.27	7.31	12.31	5.00
2008	5.00	9.31	9.31	6.77	12.75	5.98
2007	5.00	7.17	7.17	6.98	12.99	
2006	5.00	8.41	8.41	5.90	11.25	5.35
2005	5.00	4.93	5.74	5.56	10.83	5.27
2004	5.00	6.88	8.17	6.25	12.36	6.11
2003	6.00	9.49	9.56	6.49	13.09	6.60
2002	7.00	8.26	8.57	6.75	13.42	6.67
2001	7.00	6.82	7.21	7.08	13.75	6.67

Interest Rate Development *a												
Period	Treasury Bills			BGTB				Repo	Rev. Repo	Call Rate	Lending Rate	Deposit Rate
	91-Day	128-Day	364-Day	5-Year	10-Year	15-Year	20-Year	1-2 Day	1-2 Day			
2008-09 *b												
July	7.78	8.01	8.51	10.6	11.72	12.14	13.06	8.5	6.5	8.27	....	....
August	....	....	....	10.6	11.72	12.14	13.07	8.5	6.5	9.88	....	....
September	7.81	8.06	8.53	10.6	11.72	12.14	13.07	8.75	6.5	9.89	12.34	7.71
October	7.87	8.08	8.56	10.6	11.72	12.14	13.04	8.75	6.5	7.64	....	....
November	7.91	8.12	8.57	10.6	11.72	12.14	13.04	8.75	6.75	7.56	....	....
December	7.91	8.16	8.58	10.6	11.72	12.14	13.02	8.75	6.75	10.42	12.31	7.31
January	7.93	8.16	8.59	10.6	11.72	12.14	13	8.75	6.75	9.82	....	....
February	....	8.16	8.6	10.6	11.72	12.14	12.99	8.75	6.75	9.25	....	....
March	....	8.16	8.6	10.6	11.72	12.14	12.98	8.5	6.5	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	11.87	7.01
2009-10 *c												
July	1.86	3.75	5.01	8.2	9.42	9.39	8.97	....	....	1.08	....	....
August	....	....	....	7.47	8.55	8.59	8.59	....	....	0.72	....	....
September	2.05	3.5	4.33	7.49	8.43	8.8	....	8.5	....	4.39	11.59	6.57
October	2.14	3.51	4.57	7.8	8.75	8.69	9.1	....	2.5	2.82	....	....
November	2.3	....	4.6	7.8	....	....	....	4.5	2.5	4.01	....	....
December	2.3	3.54	4.6	7.8	8.75	8.69	....	4.5	2.5	5.13	....	....

Source: MRP, DMD, Statistics Dept., Bangladesh Bank *a Weighted Average Rate *b Provisional *c Revised …. Data Unavailable

FINANCIAL INSTITUTION OF THE MONTH

Trust Bank

Registered Name: Trust Bank Limited

Trust Bank Limited is one of the leading private commercial bank having a spread network of 41 branches across Bangladesh and plans to open few more branches to cover the important commercial areas in Dhaka, Chittagong, Sylhet and other areas in 2008. The bank, sponsored by the Army Welfare Trust (AWT), is first of its kind in the country. With a wide range of modern corporate and consumer financial products Trust Bank has been operating in Bangladesh since 1999 and has achieved public confidence as a sound and stable bank.

Mr. M Shah Alam Sarwar
Managing Director & CEO

Incorporation Date: 1999

No. of Branches: 41

Corporate Head Office:
Peoples Insurance Bhaban
36, Dilkusha C/A (2nd, 16th & 17th Floor),
Dhaka-1000, Bangladesh

Financials as reported on Dec, 2008:

Total Assets: BDT 38,475 million
Total Deposits: BDT 32,920 million
Total Loans and Advances: BDT 27,528 million
Total Liabilities: BDT 8,780 million
Profit after Tax and Provision: BDT 463 million
Cost of fund: 7.84%

Earnings per Share: BDT 31.96 per share

ARTICLE OF THE MONTH

DEBIT CARDS

A few years ago when the debit card was introduced in Bangladesh many were unsure of the functionality as well as appropriateness of the service. In a culture where most transactions were made by cash or checks the transition to plastic was a gamble that banks took up hoping to make a stride towards progressive banking. Besides the young professionals and individuals who have lived abroad and hence were used to the benefits of a debit card, most resisted the change that came with 16 digits and could fit into the wallet.

But within a short period of time the larger cities of Bangladesh embraced the usage of debit cards giving banks a reason to expand their ATM booths around the country. People found it safer than carrying cash and appreciated its convenience. It was only a matter of time when the word got around and people duly filled out applications to get their own personalized debit cards. They no longer needed to stand in the long lines at the bank to cash or deposit a check, money, or transfer funds from one account to another. In a country where a huge chunk of time is spent in process, traffic jam, and waiting in lines, a debit card was bound to be a success.

As the debit card became more popular to promote consumerism, some stores started accepting debit cards side by side with cash or checks. This made life easier for all. One no longer had to carry cash to make a big purchase, in one swipe all sides were taken care of and satisfied.

Not to mention a smart buyer who has calculated their finances often, prefer to use the debit card instead of a credit card as the money is coming directly out of their checking accounts as oppose to owing it to the bank with an added amount of interest. So while a debit card offers most of the services of the credit card it additionally offers smart savings options as well.

As the world is shifting from paper trails to computerized digits Bangladesh is also coming on board by taking a leap into the new, smart banking and more people are joining everyday to make a difference towards modernization simply by using a debit card.

CSR ACTIVITIES

Berger Paints Comes Forward for Welfare of Autistic Children

Berger Paints Bangladesh Limited, the leading multinational paint company has added another dimension to its corporate social responsibilities. Berger Paints has selected five organizations: SEID Trust, Society for the Welfare of Autistic Children (SWAC), Autism Welfare Foundation (AWF), Tauri Foundation, and Scholars Special School to donate physiotherapy material, multimedia projector, yearly calendar, musical instruments and house rent cheque based on their need. **(Source: The Financial Express)**

Lafarge Surma Distributes Rice Seedlings Among Farmers in Plant Area

To expand its cooperation with the local community, Lafarge Surma Cement Limited (LSC) has distributed the first phase of rice seedlings to the farmers of Noarai Union of Chhatak Upzila, Sunamganj, said a press release. Mike Andrew Cowell, Managing Director of Lafarge Surma distributed the seedlings among the farmers at a ceremony held at the Community Development Center of the company's plant in Chhatak. **(Source: The Financial Express)**

GP Donates Blankets to Distressed

Grameenphone (GP) Limited has taken initiative to distribute blankets to the cold-hit distressed people of Dhaka and Rajshahi divisions, according to a press release. As a part of the Corporate Social Responsibility (CSR), high officials of GP distributed blankets among the distressed people at Kallaynpur in the city recently. GP distributed 1,000 blankets in Dhaka division and will also distribute 9,000 more blankets in 12 districts of Rajshahi division. **(Source: The Financial Express)**

Prime Bank Donates Microbus as CSR

As part of its CSR (corporate social responsibility) activity, Prime Bank Ltd has donated a microbus to Faujderhat Cadet College for emergency use by teachers and students of the college. Former cadet of Faujderhat Cadet College M Ehsanul Haque, Managing Director of Prime Bank Ltd, handed over the microbus on behalf of the bank. **(Source: The Financial Express)**

APPOINTMENTS

FINANCIAL INSTITUTIONS		
Name	**Position**	**Organization**
Dr. Ahmad Al Kabir	Chairman	Rupali Bank Ltd.
M Shah Alam Sarwar	Managing Director	Trust Bank Ltd.
Selim R.F. Hussain	CEO & Managing Director	IDLC Finance Ltd.
Niaz Habib	Additional Managing Director	Premier Bank Ltd.
S.M. Shamsul Alam	Deputy Managing Director	The Premier Bank Ltd.

DIPLOMATIC APPOINTMENTS		
Name	**Position**	**Organization**
Takashi Suzuki	Representative	Japan External Trade Organisation (JETRO)
Rajeet Mitter	High Commissioner	Indian High Commission

OTHER INSTITUTIONS		
Name	**Position**	**Organization**
Anis Ud Dowla	President	Metropolitan Chamber of Commerce and Industry (MCCI)
Najmul Huq	Chairman (Re-elected)	Bangladesh Jute Mills Association (BJMA)
Jamaluddin Ahmed	President	Institute of Chartered Accountants of Bangladesh (ICAB)
Salman F. Rahman	President	Bangladesh Association of Publicly Listed Companies (BAPLC)
AKM Azizur Rahman	Vice President	Bangladesh Association of Publicly Listed Companies (BAPLC)
Syed Nasim Manzur	Vice President	Metropolitan Chamber of Commerce and Industry (MCCI)
K. Mahmud Sattar	Chairmen	Association of Bankers Bangladesh (ABB)
Ahmad Bukhari Hamzah	General Manager	Dhaka Sheraton Hotel
Rubel Aziz	President	Gulshan Club Limited
Sadat Hossain Salim	President (Re-elected)	Dhaka Club Limited

MTB NEWS AND AFFAIRS

MTB participated in the SME Financing Fair 2009, which was inaugurated by Sheikh Hasina, the Honorable Prime Minister of the People's Republic of Bangladesh at a local hotel in Dhaka. The Fair was jointly organized by DCCI and SME Foundation with MTB being one it's major sponsors. MTB has an array of SME products with MTB Krishi, MTB Byabsha and MTB Bhagyabati being appreciated by the SME, Women and agricultural entrepreneurs. MTB also signed two agreements for project financing with two entrepreneurs – Ms. Monowara Begum for her 'tulshi' tea project and farmer Moyaz Uddin for producing bio-gas for his agricultural farm, during the inauguration ceremony of the fair in the presence of the Honorable Prime Minister.

MTB launched its calendar for the year 2010. MTB Founding Chairman Syed Manzur Elahi launched the calendar at a simple ceremony held on January 3, 2010 at a local hotel in Dhaka. MTB Managing Director & CEO Anis A. Khan, Managing Director of Expressions Ltd. Ramendu Majumdar were also present. Senior Officials of MTB, Journalists of print and electronic media, city elite attended the function.

MTB opened its 44th Branch at Alankar Mor in Chittagong, the commercial capital of Bangladesh. MTB Brokerage's Agrabad Branch was also relocated in new and expanded premises at Akhtaruzzaman Centre 21-22, Agrabad C/A, Chittagong. Both the branches were formally inaugurated by MTB Founding Chairman Syed Manzur Elahi on December 22, 2009 at simple ceremonies held at the respective branch premises. MTB Managing Director & CEO Anis A. Khan, Sufi Mizanur Rahman, Chairman of PHP Group, M A Malek, editor of Dainik Azadi, Taslim Uddin Chowdhury, editor of Dainik Purbakon were also present.

MTB launched "MTB Green Energy Loan", a new loan product for sustainable energy generation. Samson H. Chowdhury, MTB Chairman, launched the new MTB product at a simple ceremony held on December 29, 2009 at the Corporate Head Office of the bank by handing over the first loan sanction letter favouring Resource Development Foundation (RDF) to its Executive Director Golam Mostafa. MTB Founding Chairman Syed Manzur Elahi along with other Directors was also present on the occasion. Anis A. Khan, Managing Director & CEO of the bank and Mohammad Iqbal, Head of SME Banking were also present.

MTB will co-sponsor the 11th South Asian Games, Dhaka 2010 to be held from January 29, to February 9, 2010 in Dhaka. Anis A. Khan, MTB Managing Director & CEO, handed over a cheque of BDT 5 million to Md. Ziaul Haque Khondker, Convener, Marketing and Sponsors Committee -11th SA Games, at a simple ceremony held at the latter's office in Dhaka on January 6, 2010.

MTB distributed blankets to the severely cold affected less advantaged people of Sapahar in the district of Naogaon. Md. Hashem Chowdhury and Md. Ahsan-uz Zaman, MTB Deputy Managing Directors, distributed blankets to the people at a gathering held at the Shapahar Bidda Niketon ground of Shapahar, Naogaon.

FINANCIAL GLOSSARY

Junk Bonds

Bonds which offer high rates of interest but with correspondingly higher risk attached to the capital. In the US they carry a credit rating of BB and below. Junk bonds fell into disrepute in the late 1980s, and are now termed 'high yield bonds'.

Macaulay Duration

The weighted-average term to maturity of the cash flows from a bond, where the weights are the present value of the cash flow divided by the price.

Quote/quotation

The bid price and the offer price of a security quoted in a market at a particular time, but not necessarily the price at which a deal will be done.

Money Market

A market in which money and other liquid assets such as bills of exchange and Treasury bills, generally of less than 12 months maturity, can be lent and borrowed in order to satisfy the short-term (from overnight to several months) cash flow requirements of banks and other institutions. Personal investors with large sums of money to deposit can also gain access to the money market via the commercial banks.

Moratorium

The suspension or delay of payments of principle and/or interest by a borrower on a loan.

Paid In Capital

Capital subscribed by shareholders for a company's stock or shares. In the UK, known as paid up capital.

Parity

A term used to describe an option contracts total premium when that premium is the same amount as its intrinsic value. For example, when an options theoretical value is equal to its intrinsic value, it is said to be worth parity. When an option is trading for only its intrinsic value, it is said to be trading at parity. Parity may be measured against the stocks last sale, bid, or offer. The term is also used loosely to describe two currencies that are trading at one-for-one. For example, the euro has sometimes traded at parity with the US dollar when one euro equals one dollar.

MTB Network

Dhaka Division

Principal Branch
Tel: 02-7113237, 02-7113238

Panthapath Branch
Tel: 02-8613807, 02-8629887

Babu Bazar Branch
Tel: 02-7314821, 02-7314822

Sonargaon Branch
Tel: 02-038959-88105, 02-06723-88105

Uttara Branch
Tel: 02-8924379, 02-8951474

Progati Sarani Branch
Tel: 02-8411804, 02-8410948

Sreenagar Branch
Tel: 02-038942-88222

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: 02-06822-51968

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: 02-0661-62483, 02-0661-62482

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
02-0666-2685833, 02-0666-2629407

Tongi Branch
Tel: 02-9816250, 02-9816251

Shanir Akhra Branch
Tel: 02-7551169, 02-7551195

Mohammadpur Branch
Tel: 02-9127887, 02-9128494

SME Service Centers

Kaliganj Center
Tel: 01718883140

Rajshahi Division

Pabna Branch
Tel: 073151829

Joypurhat Branch
Tel: 0571-63584, 0571-63585

Rangpur Branch
Tel: 0521-52325, 0521-52326

Bogra Branch
Tel: 051-78108

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

Narayanganj Office
Tel: 02-7648210

Dhanmondi Office
Tel: 02-8913222

Progati Sarani Office
Tel: 02-8840507

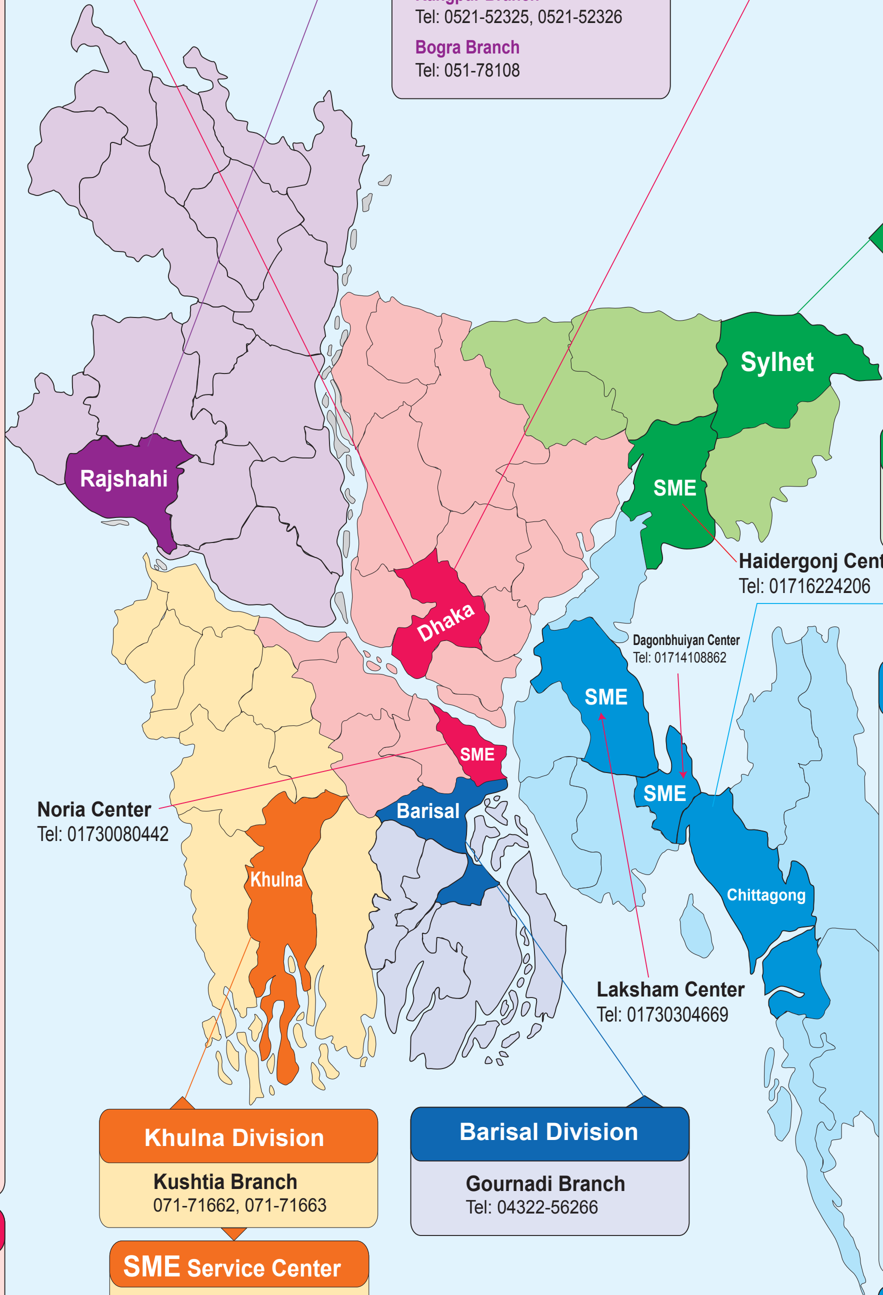
Sylhet Division

Sylhet Branch
0821-2830271, 0821-2830272
0821-716820

Moulvi Bazar Branch
0861-62840, 0861-62841

Brokerage Houses

Sylhet Office
Tel: 081-2830319



Chittagong Division

Office of the Head of Chittagong Br.
Tel: 031-2516681; 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
0821-4483498, 0443-4483498

Chakoria Branch
034-2256502

Raipur Branch
038-2256495

Aman Bazar Branch
031-681022, 01713106375

Agrabad Branch
031-2523287

Feni Branch
033-161984

Brokerage Houses

Chittagong Office
Tel: 031-2514797, 037-31000768

Khulna Division

Kushtia Branch
071-71662, 071-71663

SME Service Center

Kushtia SME Center
071-71662, 071-71663

Barisal Division

Gournadi Branch
Tel: 04322-56266

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