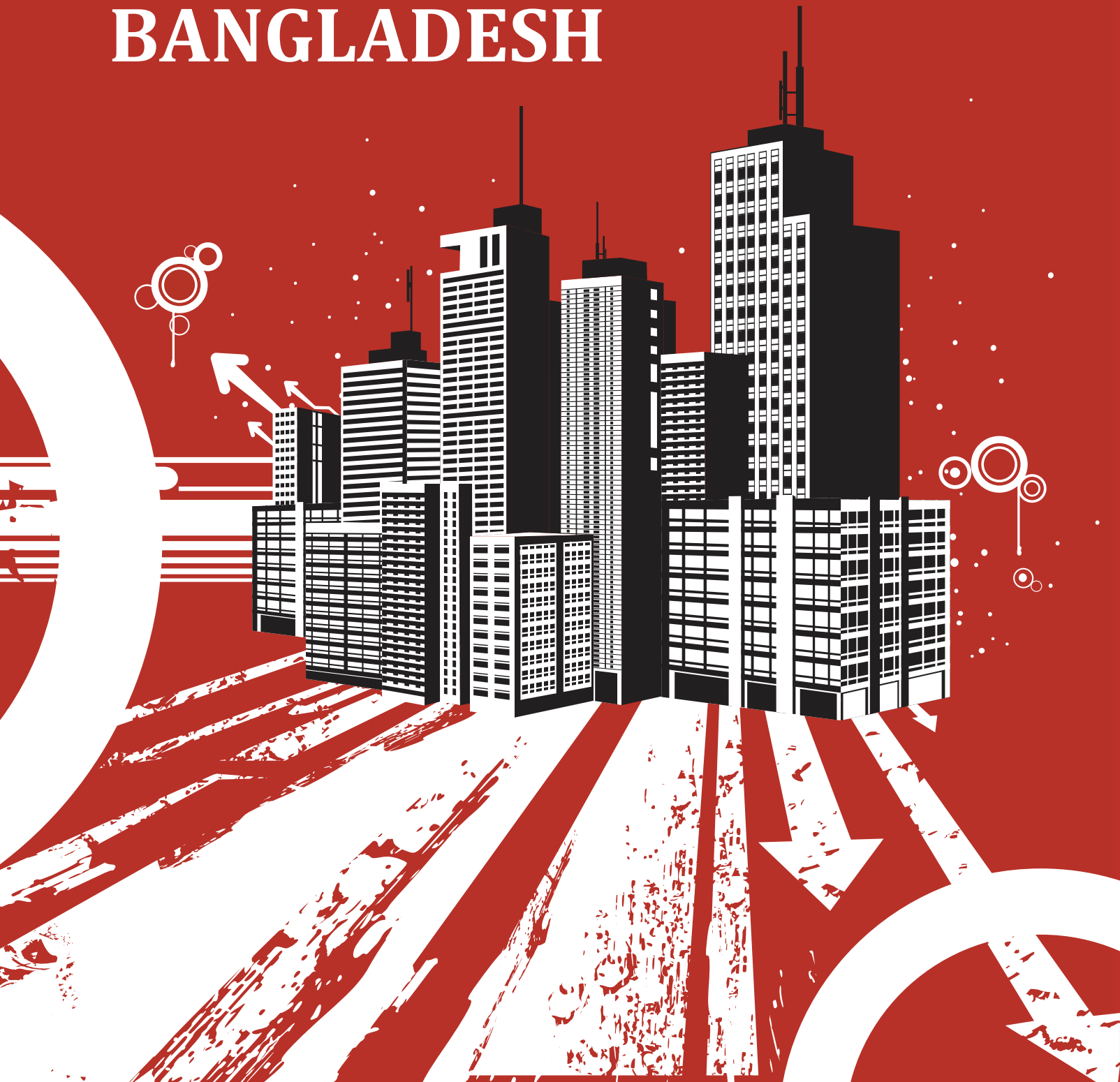


# MTBiz

MONTHLY BUSINESS REVIEW  
VOLUME: 08 ISSUE: 04  
MAY 2017

## REAL ESTATE MARKET BANGLADESH






















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Iftar	Iftar	Sehri & Iftar	Iftar	Iftar	Iftar	Iftar	Iftar	Iftar	Iftar

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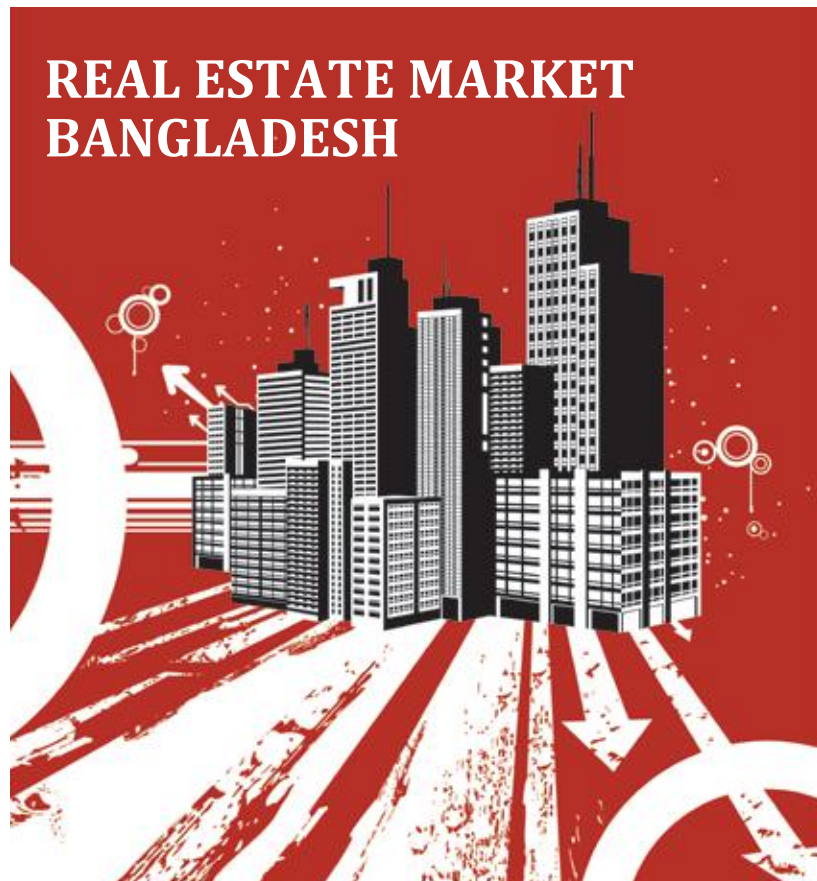
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MTB Group R&D

Please send feedback to:  
[rnd@mutualtrustbank.com](mailto:rnd@mutualtrustbank.com)

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# REAL ESTATE MARKET BANGLADESH



## URBANIZATION AND REAL ESTATE



## DEMAND SIDE AND SUPPLY SIDE

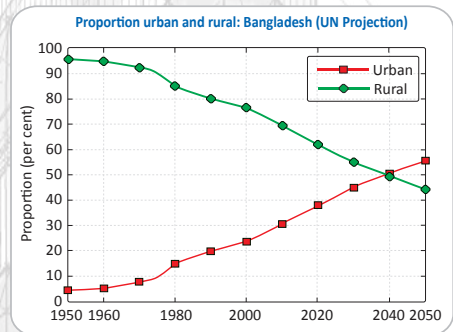


Bangladesh experienced faster urbanization in South Asia between 2000 and 2010. Over that period, the share of its population living in officially classified urban settlements increased by 1.69 percent a year, according to World Bank (2015). This pace of urbanization increases the demand for housing.

In Bangladesh, real estate emerged as a crucial sector of our economy. It has a huge multiplier effect on economic activities. It is one of the largest employment-generating sectors after agriculture and garments. It also stimulates demand for allied industries, for example steel, cement, tiles and sanitary ware, cable and electric wire, paint, glass and aluminium, brick, building materials, and consumer durables. Contribution from this sector has been very significant and over the last two decades it contributed on an average 8.24% on the overall GDP of the country.

The growth of real estate is firmly associated with the growth of urbanization. According to Census 1991, 22% of the population was in urban and 40% people of the country will be urbanized within 2020, according to United Nation (2014). Moreover, compare to the South Asian countries, Bangladesh has enormous potentiality when it comes to urban growth.

From the early 1980s, real estate started to flourish and showed robust growth. By 1988, there were 42 developers in business in Bangladesh. As of now, Real Estate & Housing Association of Bangladesh (REHAB), the biggest association for the country's realtors, has 1073 registered members. Apart from REHAB members, some other non-registered realtors are also operating in the market.



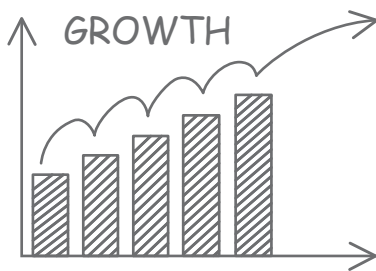
With the progression of economic growth of the country, standard of living has improved quite significantly. People of increased income bracket have higher tendency to own a flat in recent time. Moreover, number of city corporations have increased and realtors are eyeing on these new areas too. Some of the real estate companies have already started their operation in district level areas.

Projected Avg. Annual Rate of Change(%) Urban, 2015-2050							
Country	2015-2020	2020-2025	2025-2030	2030-2035	2035-2040	2040-2045	2045-2050
Bangladesh	2.08	1.80	1.54	1.28	1.06	1.00	0.95
India	1.21	1.26	1.28	1.28	1.24	1.18	1.12
Pakistan	1.22	1.24	1.20	1.14	1.08	1.02	0.96
Sri Lanka	0.45	0.88	1.28	1.65	1.93	1.91	1.84

Dhaka is now growing in a great pace accommodating over 0.6 million people per year. On the basis of that more than 0.12 million units are required to house the added population in Dhaka (REHAB). Realtors sliced prices by a significant margin in the last few years to attract investors. On the other hand, commercial banks pulled down interest rates of housing investment products gradually. Reduced price and declining home loan interest rate may influence the real estate demand. The bigger portion of our population is young generation. Their level of education and life style may push them to have an apartment with different facilities.



## MARKET SIZE AND GROWTH

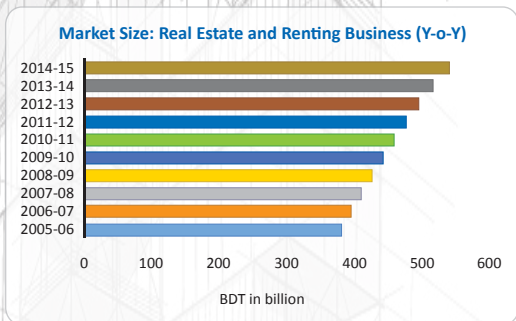


Cost of living in Bangladesh has been increasing over the years and factors like rent, price of utilities (gas and electricity) playing important role behind this. This increasing cost of rent along with increasing income level may push a significant portion of dwellers to purchase own apartments. The REHAB conducted a study in 2012 that found an estimated demand for flats in three years to 2015 around 75,000 to 100,000. In 2017, the demand will grow to around 90,000 to 125,000, as an overwhelming majority of townsmen still do

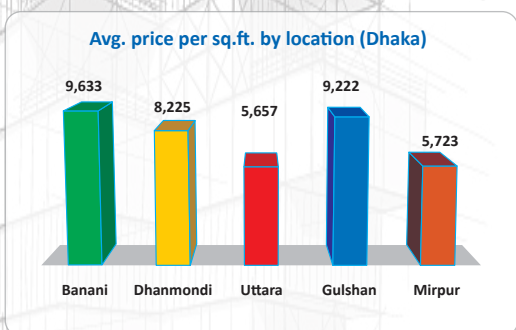
Cost of living in Bangladesh (Avg. price in BDT)					
Particulars	2011	2012	2013	2014	2015
Building (Rent)	12,800	13,440	15,395	17,368	18,150
Gas (2 Burner)	450	450	450	450	450
Electricity - Household (one unit)	4.47	5.86	6.37	6.81	6.99

not have a roof of their own over their head and live in rented residences. REHAB data shows (2016) that number of unsold flats has come down to 27,185 from 35,000 across the country where Dhaka has 12,185 ready flats are to be sold. Though some factors affected potential growth of real estate in last couple of years yet the experts are anticipating a shiny movement considering economic growth and development goals of the country.

Market size of real estate and renting business was BDT 540 billion in 2015. In last ten years, the market size grew by 42.40% with an average growth of more than 4% (year-on-year). Market size is expected to increase, especially as a result of improved per capita income (USD 1,602) and rise in the middle class, along with buoyant GDP growth that influence market expansion.

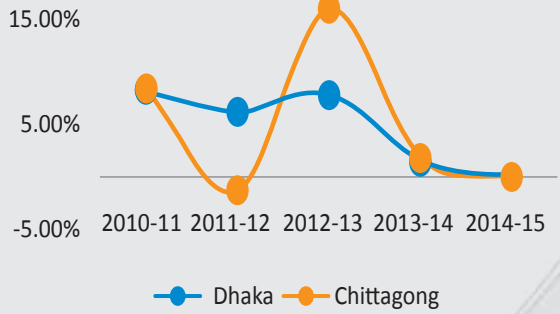


Market prices of apartment or flat varies depending upon their locations and sizes. Flats in Banani area are offered at BDT 9,633 per square feet on an average of all sizes. Gulshan area charges BDT 9,222 per sq. feet on an average all sizes of flats.

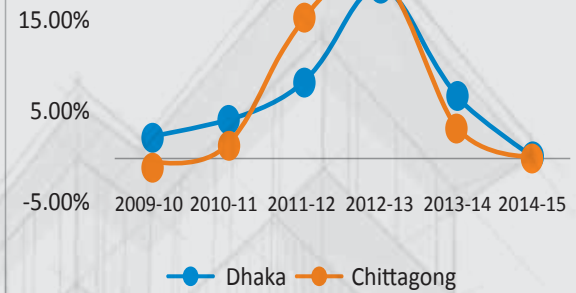


Dhanmondi area charges on an average BDT 8,225 per sq. feet. Mirpur and Uttara comparatively ask lower price than these three areas and on an average BDT 5,600 per sq. feet is the regular price for these two areas. From REHAB data, it shows most of the members cut their price by 25% in the last three years to attract investors. In 2012, the price per sq. feet in some posh areas of Dhaka city was over BDT 12,273 per square feet on an average but recent price level is near to BDT 9000 on an average. Generally, small flats are available more in middle-class populated areas like Mirpur and Uttara while big flats are available more in higher middle class and upper class populated areas like Banani, Gulshan, Dhanmondi etc.

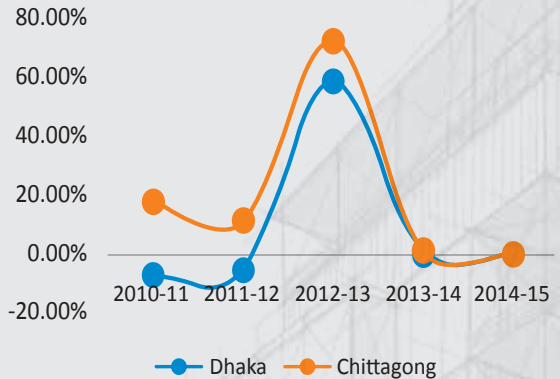
**Bricks: price growth**



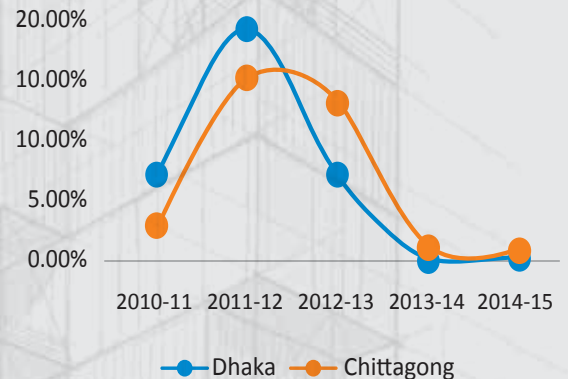
**Cement (local): price growth**



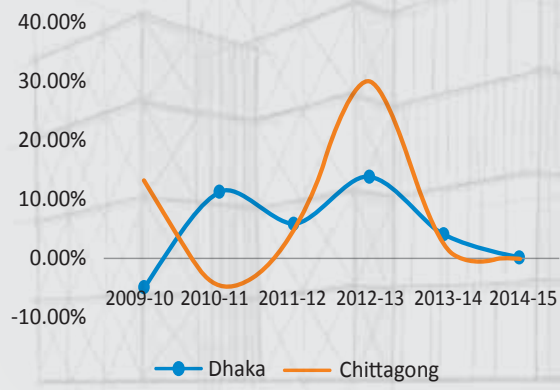
**Sand: price growth**



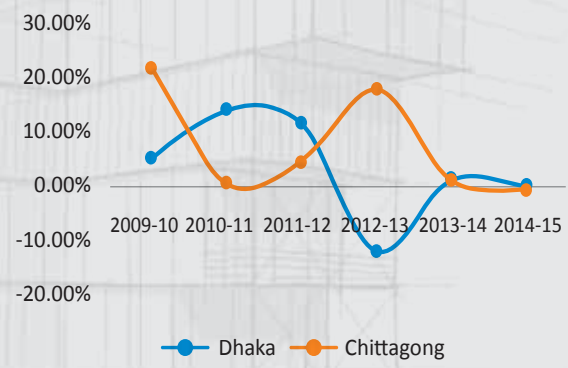
**Iron: price growth**



**Paint: price growth**



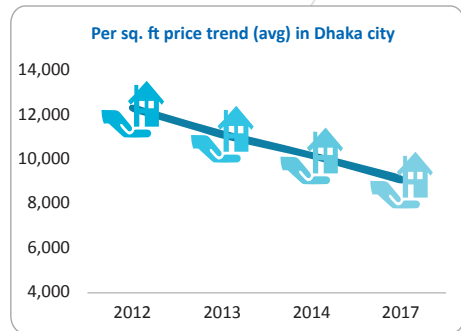
**Timber: price growth**



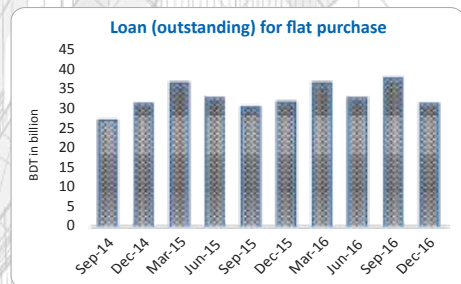
PRICE GROWTH IN ALLIED INDUSTRY



Raw materials such as cement, bricks, sand, iron, paint etc. are important factors to determine the price of a flats. Interestingly, most of the raw materials had a price hike between 2011 and 2013 both in Dhaka and Chittagong. Prices of Sand, Iron and Cement followed a more or less similar trend over the years while prices of Bricks, Paints and Timber somehow posted a price differences. In recent years, the declining price mood in allied industry may inspire the realtors and the potential buyers to this sector.



Most of the private commercial banks, Non-Banking Financial Institutes (NBFIs), Bangladesh House Building Finance Corporation and few other institutions of Bangladesh provide housing finance to the clients.

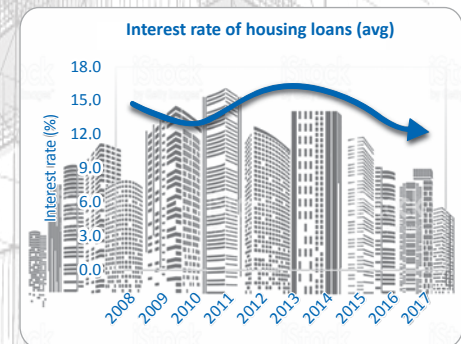


HOUSING FINANCE STATISTICS



In December 2016, total outstanding home loans in private commercial banks was BDT 31.81 billion while it was BDT 27.67 billion in September 2014. Interest rate of home loan has been in decreasing mood in recent years. In 2008, the industry average interest rate was 14.7%; in 2009 and 2010, it declined slightly but from 2011 the interest rate was in a flying mood and till 2014, it was above 16%. From 2015, the industry average interest rate started to mow down and it has been declining from 14.5% to 12.3% in 2017.

The sector has extensive potential to attract investment in its various associated sectors. Foreign remittances from Non-resident Bangladeshis (NRBs) have started flowing in the real estate markets. In 2015, about 10% of the total foreign remittances is invested in land and house/flat purchase. At the national level, the lion's share (74.78%) of the total investment from remittance is invested in construction or reconstruction of house/ building/ flat/ others etc. Expansion of urbanization and inflow of foreign remittances in land and flat purchase may shine the future of real estate not only in Dhaka and Chittagong city but also in other divisional towns of the country.



In nutshell, buoyant growth in GDP, notable transformation towards urbanization, increased per capita income, growing standard of living, declining price trend in allied industry, along with falling rate of housing finance are the most influential determinants that shall boost the real estate market in the days ahead.

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# NATIONAL NEWS

## BB receives 73 proposals worth USD 435m for long-term financing



Bangladesh Bank has so far received 73 project proposals involving USD 435 million from export-oriented companies to facilitate long-term financing under the World Bank-funded Financial Sector Support Project. BB has already sanctioned 27 proposals with USD 109.77 million, of which USD 50.79 million of 18 proposals has been disbursed, the rest of the sanctioned amount is under the process of disbursement. BB has signed separate Participating Financial Institutes agreement with 31 banks to distribute the long term finance among the country's export-oriented industries. Of the total amount, World Bank will provide USD 300 million and rest of the amount will provide from BB's own fund. The tenure of the project is July 1, 2015 to March 31, 2021. Under the FSSP fund for long-term financing, the banks can lend money for ventures in the industrial productive sectors for tenures of five to 10 years, under the condition that the banks would pay interest rate between 2.50 per cent and 3.50, including LIBOR (London Inter Bank Offered Rate) depending on the category of banks.

## BB seeks BDT 6.0b for agro-based projects

The Bangladesh Bank (BB) has sought a budgetary allocation of BDT 6.0 billion for implementation of agro-based projects under the Equity and Entrepreneurship Fund (EEF) in the next fiscal year (FY) 2017-18. The Bank and Financial Institutions Division (BFID) has sent a letter to the Finance Division, asking them to take necessary steps in this regard. Currently, over BDT 21.04 billion is urgently needed for sanctioned agro-based projects. Agro-processing sector has only BDT 2.32 billion against the demand for funds of over BDT 20 billion until January 31, 2017, according to the latest data available from Bangladesh Bank (BB). The government has allocated BDT 37.0 billion during the period between the fiscal year 2000-01 and the fiscal year 2016-17 for the EEF.

## BB allows foreign cos to issue Taka bond



Foreign companies operating in Bangladesh have been allowed to issue Taka bonds for mobilising funds from the local sources as the central bank relaxed further the foreign-exchange transactions regulations. This is, however, subject to prior permission of Bangladesh Securities and Exchange Commission (BSEC). Bangladesh Bank (BB) relaxed the guidelines to encourage inflow of foreign direct investment (FDI) into the country, according to a notification BB issued recently. The foreign companies have been permitted to take long-term loans from the local banks and non-banking financial institutions (NBFIs) to meet their business requirements. On the other hand, individuals and local companies were eligible to invest in the foreign companies through purchasing their Bangladesh Taka (BDT) bonds. Earlier no person resident in Bangladesh could lend any money or security to any foreign owned/controlled company other than banking company except with the general or specific approval of the central bank.

## BB now contemplates joining BRICS bank

The emerging BRICS bloc has offered Bangladesh to join its recently-installed New Development Bank (NDB) as a member with equal voting rights. Ministry of Finance (MoF) officials said NDB President K. V. Kamath in Washington recently held out the offer for Bangladesh to join in a pool of 15 new members to be inducted soon. The offer came at a bilateral meeting between the NDB President, Mr Kamath, and Finance Minister AMA Muhith on the sidelines of the International Monetary Fund (IMF)-World Bank spring meet in Washington, DC, late April. The bloc of emerging economies like Brazil, Russia, India, China, and South Africa (BRICS) formally set up the NDB in July 2015. The initial authorised capital of the China-initiated bank is USUSD 100 billion divided into one million shares having a par value of USD 100,000 each. And its initial subscribed capital is USD 50 billion divided into paid-in shares of USD 10 billion and callable shares USD 40 billion. The initial subscribed capital of the bank was equally distributed among the founding members.

# NATIONAL NEWS

## Retail, wholesale trade contributes 14pc to GDP



The contribution of the retail and wholesale trade, along with motor repair, is estimated to stand at 13.94

per cent of the country's Gross Domestic Product (GDP) in the ongoing fiscal year (FY17). The provisional estimation of the Bangladesh Bureau of Statistics (BBS) also shows that contribution of this sector to GDP actually remained unchanged from the past year. The ratio of contribution to GDP by the sector was 13.99 per cent in the FY16 at constant price. The value of the output of this service sector is, however, going to increase in the current fiscal year. The provisional estimation of the BBS put the value at BDT 1268.27 billion in the current fiscal year which was BDT 1186.65 billion in FY16. The national economic census of 2013, the latest of its kind, shows that there are some 3.58 million economic establishments of wholesale and retail trade, repair of motor vehicles and motorcycles across the country. This sector has a direct employment of at least 8.4 million people, according to the economic census. The wholesale, retail and repair of motor vehicles is considered as the largest service sector of the economy. The sectoral growth rate is also estimated at 6.88 per cent.

## NBFIs mark impressive loan growth in 2016

When commercial banks faced jolt from sliding interest rates and lower credit growth, non-bank financial institutions (NBFIs) marked an impressive 37.94 per cent growth in 2016- compared to banking growth of 15.32 per cent thanks to their innovative approaches. Industry experts, NBFIs have become an alternative source of financing for many entrepreneurs and integral part of Bangladesh financial market over the years. Leading 28 companies disbursed loans amounting to BDT 112,483.69 million in 2016, which is 37.94 per cent higher than the loan disbursed by the companies in 2015, according to Bangladesh Leasing and Finance Companies' Association (BLFCA), the apex body of NBFIs in operating Bangladesh. Of the total loans of NBFIs, home loan growth was 35.45 per cent to BDT 33,985.16 million while the growth of auto loan was 32.45 per cent to BDT 7,494.32 million, SME loan at 28.38 per cent to BDT 56,614.25 million, factoring loan at 26.02 per cent to BDT 11,402.69 per cent. More than 80 percent of the loans disbursed by NBFIs were term lending as their capital structure provides better support for term financing rather than working capital financing. the country's expanding economy.

## Supermarket chains move to e-commerce

Supermarket chains are stepping into the e-commerce bandwagon, to meet the growing demand for convenience in



shopping for perishables and other consumer goods. On April 18 leading supermarket chain Meena Bazar launched its online platform, meenaclick.com, while Shwapno and Agora are gearing up to roll out their e-stores. All the products that are available in the brick-and-mortar stores will be available on the e-store as well. Chaldal.com, the pioneer in grocery delivery service in Bangladesh, began its operations in 2013. It does not have a physical store. The market leader receives about 1,000 orders a day, which yields about BDT 12 to BDT 13 lakh on average. The e-commerce site currently delivers to addresses in Dhaka city but it has plans to expand to Chittagong and Sylhet soon, he added. Pran-RFL too is after a slice of the pie. The group launched its e-commerce site othoba.com last year, where it also sells grocery items. Othoba.com monthly sales come to about BDT 50 lakh a month. There are more than 2,000 e-commerce platforms in Bangladesh, of whom, only a handful are selling groceries.

## Reliance Power signs project agreements with PDB



Reliance Power has signed project agreements with Power Development Board (PDB) for Phase 1 of 750 MW LNG based combined cycle power project at

Meghnaghat, Dhaka, which include Power Purchase Agreement (PPA) and Implementation Agreement (IA). The agreement was signed in New Delhi in presence of Prime Minister Sheikh Hasina during her four-day visit to India recently. Also, an MoU has been signed with Petro Bangla to set up 500 mmscfd LNG terminal at Kutubdia Island near Chittagong. The definitive agreements for setting up the LNG terminal will be executed with Petro Bangla shortly. Full LNG terminal capacity will be used by Petro Bangla to meet huge demand for power and other industries and replace costly and highly polluting fuels. Reliance Power will relocate its 2,250 MW combined cycle power project at Samalkot in Andhra Pradesh, India to Bangladesh in a phased manner.

**Moody's retains B'desh Ba3 credit rating**



Global credit rating agency Moody's Investors Service said it has retained its rating (Ba3) for Bangladesh's sovereign credit. The country maintained the stable outlook on the ratings, the agency said in its report 'Global Credit Research-2017. Moody's also affirmed Bangladesh's Ba3 issuer, senior unsecured ratings and NP short-term issuer ratings. The rating is driven by strong growth, macroeconomic stability and access to concessional funding, the report said. According to the report, Bangladesh's Baa3 local currency bond and deposit ceilings remain unchanged. Ba2 country ceiling for foreign currency debt and B1 country ceiling for FC bank deposits also remain unchanged. Bangladesh's Ba3 government bond rating is supported by the country's robust and stable growth performance, a core credit strength, and relatively low government debt burden, the report said. Private consumption is a key contributor to Bangladesh's economy, accounting for about 70 per cent of total GDP. In addition, exports and remittance are important drivers of growth of the country. Moody's expects remittance flows to stabilise near current levels, and potentially pick up in line with future increases in global oil prices and an increase in Bangladeshi overseas worker emigration in 2016.

**Industry's contribution to GDP up**



Overall industry's contribution to the country's Gross Domestic Product (GDP) is estimated to be enhanced in the ongoing fiscal year (FY17). The provisional estimation to the Bangladesh Bureau of Statistics (BBS) shows that broader industry's contribution to GDP stands at 32.48 per cent in the current fiscal year which was 31.54 per cent in the past fiscal year. The BBS also

estimates that value of overall industrial output reaches at BDT 2.95 trillion in the current fiscal year which was BDT 2.67 trillion in FY16 at constant price. Thus, broader industry registers 10.50 per cent growth in the current fiscal year over the past year. The growth is, however, slightly lower than the past year's growth of 11.09 per cent. There are four main sectors under the category of broader industry. These are: mining and quarrying; manufacturing; electricity, gas and water supply; and construction. The BBS will finalise the estimation of national account by the end of October. The current estimation is prepared on the basis of nine months data.

**Pharma sector records phenomenal growth**



Bangladesh's pharmaceutical market marked a phenomenal growth with its annual turnover reaching USD 2.25 billion at the end of December last. Drug-manufacturers, however, equate the pharmaceutical sector's growth with the country's economic performance. US-based health-intelligence IMS Health has diagnosed the health of Bangladesh's medicine industry on the basis of its retail sales figures. The size of the market, in terms of value, has nearly doubled over the past five years since 2011 from approximately USD 1.3 billion. The increase in the prices of drugs is seen by many as a prime reason for such rapid expansion. The US pharma intelligence audit found Square Pharma having maintained its lead position on the domestic market with its share at 18.19 per cent, followed by Incepta at 10.38 per cent. Beximco stands third with a share of 8.35 per cent, as of 2016. Oponin's share stands at 5.6 per cent and Renata Limited booked 4.96 per cent. Industry-insiders told that the top 20 pharmaceutical companies expanded tremendously over the time under review. The companies are now offering different incentives to their sales teams and other stakeholders to boost their retail sales. There are nearly 250 pharmaceutical companies in Bangladesh, and about 30 of them are dominant on the market.

# NATIONAL NEWS

**Bangladesh economy will grow 6.8 per cent in 2017, says World Bank**



**THE  
WORLD  
BANK**

The World Bank has forecast Bangladesh gross domestic product (GDP) will grow 6.8 per cent in the

fiscal year 2016-17. In its Bangladesh Development Update, the global lender said, "Declining export growth and fall in remittance have ended the resilience of Bangladesh's growth prospect." Such calculation comes in contrast with 7.2 per cent GDP the government projected for the same financial year. The growth the World Bank shows for the South Asian country in its development update is a slight fall from 7.1 per cent in last year. Bangladesh has weathered global uncertainties well aided by strengthening investment and a recovery of exports.

**MoU signed for extending loan facilities to fish farmers**



A Memorandum of Understanding (MoU) was signed between Bangladesh Shrimp and Fish Foundation (BSFF) and Bangladesh Commerce Bank Ltd (BCB) at Dilkhusha Yunus Trade Centre in the capital recently. BSFF Chairman Syed Mahmudul Huq and BCB Managing Director RQM Forkan signed the MoU on behalf of their respective enterprises. BCB Chairman Engineer Rashid A Chowdhury, Department of Fisheries Director General Syed Arif Azad, IFC Managing Director and former Commerce Secretary Md. Ghulam Hussain were also present along with other high officials. The MoU is expected to help develop credit products for fish farmers in Bangladesh and it was signed with the objective of assessing the credit needs of the small fish farmers in Bangladesh who play an important role in the fish production and its national growth and development of Bangladesh. Under the MoU, BSFF and BCB would work together to develop business models and credit products from private financial institutions which can be taken advantage of small fish farmers.

**Economy may grow at 6.9pc this year: IMF**



Bangladesh's economy is expected to grow at 6.9 per cent this year, according to a latest report. The growth in GDP (Gross Domestic Product) is forecast to be even better to grow at 7.0 per cent next year (2018), said the World Economic Outlook (WEO)

released by the International Monetary Fund (IMF) ahead of the World Bank and IMF's Spring Meetings that begins in Washington DC. The WEO projection is, however, not better than the government's target to achieve it at 7.2 per cent in the current fiscal year, but little better than the latest World Bank's projection at 6.8 per cent. The World Bank's latest forecast on Bangladesh's economic growth for the next year is even gloomier (6.4 per cent) and showed much slower growth rate as compared with that of the WEO. The WB forecast is a part of its biennial report titled 'South Asia Economic Focus' which, in its latest edition, explores whether South Asian countries should worry about mounting protectionist pressures. According to the WEO, the global economic activity was picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. The world economy gained speed in the fourth quarter of 2016 and the momentum is expected to persist. It expected the world growth to rise from 3.1 per cent in 2016 to 3.5 per cent in 2017 and 3.6 per cent in 2018.

**GDP-investment ratio increases to 30.27pc**



Planning Minister AHM Mustafa Kamal said the GDP-investment ratio of Bangladesh rose to 30.27 per cent

in FY 2016-17. The ratio was 29.65 per cent in the previous year. The minister said this while briefing reporters after the National Economic Council meeting at the Planning Commission in Dhaka. According to Bangladesh Bureau of Statistics data, 23.01 per cent GDP-investment ratio was materialised from the private sector, while 7.26 per cent occurred from the public sector. The government is working to improve the country's GDP-investment ratio, the minister further added.

# NATIONAL NEWS

## Reliance to set up 750MW plant in N'ganj



Indian Reliance Group has drawn up a plan to set up a 750 megawatt power plant, to be run on imported liquefied natural gas (LNG), at Meghnaghat of Narayanganj. The Power Division has sent a proposal to the Cabinet Division in this regard for approval by the cabinet committee on purchase. According to the proposal, the government will purchase electricity from Reliance at 7.31 US cents (BDT 5.85) per KW/h. The Indian company seeks to set up the power plant after relocating some machinery from its plant in South India to Bangladesh. The Reliance had put forward a proposal to the government to set up a 3,000 MW power plant in Bangladesh based on imported LNG. In June 2015, Bangladesh Power Development Board had signed a memorandum of understanding (MoU) with Reliance Power Ltd in this regard. According to a power ministry official, the Reliance has to build a floating terminal in Moheshkhali of Cox's Bazar to facilitate import of LNG from the Middle East. The Reliance will have to unload the LNG and convert it into natural gas in Moheshkhali. The company would require a pipeline to supply the gas to Meghnaghat from Moheshkhali.

## Apparel exporters gear up to make sportswear

**KEY POINTS**

- Local garment makers are investing in sportswear production
- Global size of the sportswear market is \$ 207b
- Bangladesh supplies jerseys during mega sports events like World Cup football and cricket
- The EU and the US are the major sportswear markets
- A few factories inside EPZ now export high-end sportswear

Local garment makers are gearing up with fresh investment to enter the global sportswear markets, as demand for the items is on the rise with changes in taste and fashion. Although Bangladesh is the second largest garment exporter worldwide after China, it has little presence in the global sportswear market worth USD 270 billion. China and Vietnam are currently dominating the market. Abdus

Salam Murshedy, Managing Director of Envoy Group, a leading garment exporter said that they are setting up a big factory in Gazipur on 50 bighas of land to produce specialised garment items, including sportswear, wind jackets, denim items and swimwear. The group is investing BDT 500 crore in the proposed plant,

Murshedy added. KM Rezaul Hasanat, Chairman of Viyellatex Group, said sportswear has two segments – fashion and functional. Mohammad Hatem, former Vice-president of Bangladesh Knitwear Manufacturers and Exporters Association, said he supplied eight lakh pieces of jerseys to 10 football playing nations, including Brazil, Germany, France, Portugal and Argentina, during the last football world cup. Hatem sold the jerseys between USD 2 and USD 2.50 a piece. Hatem said many factories in Bangladesh supply jerseys to different football clubs in Europe, like Barcelona, Real Madrid, Manchester United and FC Bayern Munich. Some factories inside the export processing zones export high-end functional sportswear items to renowned retailers and brands like Adidas and Puma.

## Lankan co to build power station in Bangladesh



A Sri Lankan company will construct a 114 Mega Watt(mw) thermal power plant in Bangladesh. Sri Lanka's Lakdhanavi, the power generation arm of LTL Holdings, has been awarded the contract by Bangladesh Power Development Board (BPDB). The award was through international competitive bidding process, the company said a statement, according to a report by [www.lankabusinessonline.com](http://www.lankabusinessonline.com) The Company says the project will require an investment of USD 100 million approximately. The company expects to get a project loan from international development finance institutions under very competitive terms and the sponsor's equity contribution. The thermal power plant will use Heavy Fuel Oil (HFO) on build, own and operate basis to supply electricity to the national grid of Bangladesh for 15 years. This will be the 5th power plant that will be built in Bangladesh by LTL. The company will sign the relevant Power Purchase Agreement (PPA) and Implementation Agreement (IA) with BPDB and the Ministry of Power Energy and Mineral Resources (MPEMR) of Bangladesh soon and complete the construction work within the prescribed tenure of 18 months.

## MTB DONATES BDT 40 MILLION TO THE PRIME MINISTER'S FUND



Mutual Trust Bank Ltd. (MTB) Chairman M. A. Rouf, JP and Vice Chairman Md. Hedayetullah are seen handing over a cheque of BDT 40 million to Sheikh Hasina, the Honorable Prime Minister of Bangladesh, for the 'Prime Minister's Education Assistance Trust' and the 'Jatir Janak Bangabandhu Sheikh Mujibur Rahman Memorial Trust' at a simple ceremony held at Gana Bhaban in Dhaka on Monday, May 15, 2017.



## MTB SIGNS AGREEMENT WITH SME FOUNDATION

MTB has signed an agreement with SME Foundation for Credit Wholesaling of BDT 50 million to support women entrepreneurs at a signing ceremony held on Monday, April 17, 2017 at MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212. Under the pre-finance scheme, women entrepreneurs involved in manufacturing and services sectors will have access to finance through a tailor made product "MTB Gunabati".

Md. Shafiqul Islam, Managing Director, SME Foundation and Anis A. Khan, Managing Director & CEO, MTB signed the agreement on behalf of their respective organizations. Md. Nazeem Hassan Sattar, Deputy General Manager & Board Secretary, SME Foundation and Md. Hashem Chowdhury, Additional Managing Director & Chief Operating Officer, Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, Tarek Reaz Khan, Head of SME & Retail Banking, MTB along with other officials of both the organizations were also present at the ceremony.



MTB OPENS AGENT BANKING CENTRES AT KISHOREGANJ, BARGUNA AND COMILLA



MTB has inaugurated its 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> Agent Banking Centres at Hossainpur Bazar, Kishoreganj 2320 on Wednesday, March 29, 2017, Kakchira Bazar, Patharghata, Barguna 8721 on Wednesday, April 26, 2017 and Kalabagan Bazar, Chaudhagram, Comilla 3550 on Saturday, May 13, 2017 respectively.

Md. Hashem Chowdhury, Additional Managing Director and Chief Operating Officer, MTB inaugurated the Kalabagan Bazar Agent Banking Centre at a simple ceremony held at the centre premises.

Goutam Prosad Das, Deputy Managing Director & Head of Internal Control & Compliance, MTB inaugurated the Kakchira Bazar Centre and Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, MTB inaugurated the Hossainpur Bazar Centre of MTB agent Banking.

As part of the bank's Corporate Social Responsibility (CSR) program "Swapno Sarathi" 60 bicycles were presented to meritorious students of local schools & colleges.





## MTB FINANCES PLUMMY FASHIONS FOR USD 1.88 MILLION UNDER FSSP



MTB has recently extended a long term financing facility worth of USD 1.88 million under Financial Sector Support Project (FSSP) of Bangladesh Bank to Plummy Fashions Ltd. (PFL). FSSP finances are expected to serve the need for a long term source of financing in foreign currency for the manufacturing sector and to contribute to job creation and economic growth.

Md. Fazlul Hoque, Managing Director, Faisal Golam Hossain, Director, Finance, Plummy Fashions Ltd. and Anis A. Khan, Managing Director & CEO, Md. Zakir Hussain, Syed Rafiqul Haq and Goutam Prosad Das, Deputy Managing Directors, MTB along with other senior officials from both the organizations were present at the closing ceremony of the deal held on Sunday, May 07, 2017 at MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212.



## MTB ORGANIZES 'AGRI LOAN SANCTION LETTER HAND-OVER' PROGRAM

MTB has organized an "Agri Loan Sanction Letter Hand-Over" ceremony for its Taka Ten Account Holders on Wednesday, April 05, 2017 at the Samson H. Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.

M. Abul Bashar, General Manager, Financial Inclusion Department, Bangladesh Bank graced the program as Chief Guest while Md. Zakir Hussain, Deputy Managing Director and Chief Risk Officer, MTB was present as Special Guest. Md Rezaul Karim Sarker, Deputy General Manager, Financial Inclusion Department, Bangladesh Bank and senior officials from both the organizations also attended the program.



## MTB INKS DEAL WITH THE STRUCTURAL ENGINEERS LTD.



MTB has signed an agreement with The Structural Engineers Ltd. (SEL) at a simple ceremony held at SEL Centre, 29, West Panthapath, Bir Uttam Kazi Nuruzzaman Road, Dhaka 1205 on Wednesday, March 01, 2017. Under this agreement, the customers of The Structural Engineers Ltd. (SEL) will enjoy special offers for of MTB Home Loan.

Engr. Md. Abdul Awal, Managing Director, The Structural Engineers Ltd. (SEL) and Syed Rafiqul Haq, Deputy Managing Director & Chief Business Officer, MTB signed the agreement on behalf of their respective organizations. Md. Shajahan Mia, General Manager & Head of Marketing & Finance, The Structural Engineers Ltd. (SEL) and Tarek Reaz Khan, Head of Retail & SME Banking, MTB along with other senior officials of both the organizations were also present at the occasion.



## MTB INKS DEAL WITH ASGAR ALI HOSPITAL

MTB has signed an agreement with Asgar Ali Hospital at a simple ceremony held on Wednesday, May 04, 2017 at MTB Centre, Gulshan 1, Dhaka 1212. Under this agreement, MTB Privilege Customers, MTB VISA Signature Cardholders, MTB MasterCard World Cardholders, MTB VISA Platinum Cardholders, MTB MasterCard Titanium Cardholders and MTB VISA Gold Credit Cardholders will enjoy up to 10% discount at Asgar Ali Hospital on diagnostic services, patient care and special discount on OPD pharmacy.

Kabir Uddin Tusher, General Manager, Marketing & Business Development, Asgar Ali Hospital and Tarek Reaz Khan, Head of Retail & SME Division, MTB signed the agreement on behalf of their respective organizations. Engr. Md. Yousuf Ali Proshan, Senior General Manager & Head of Engineering, Gazi J. U. Ahamed, Deputy General Manager, Asgar Ali Hospital, Mohammad Anwar Hossain, Head of Cards and Alternate Delivery Channel (ADC), MTB along with other senior officials from both the organizations were also present at the occasion.

# NATIONAL NEWS

## New AMD of Mercantile Bank



Mati ul Hasan has been promoted as Additional Managing Director (AMD) of Mercantile Bank Limited. Prior to this promotion he was the Deputy Managing Director (DMD) of the Bank. Mati ul Hasan started his career as probationary officer in IFIC Bank

Limited at 1984. He held various positions in different branches, head office including Branch-In Charge of local office at Motijheel. He was posted at overseas branches of IFIC Bank Limited at Pakistan & Nepal. He attended many seminars, workshops, training courses on Banking and Finance at home & abroad.

## Agrani Bank gets new DMD



Md Ali Hossain Prodhania has been promoted to the post of Deputy Managing Director of Agrani Bank Limited. The Bank and Financial Institutions Division under the Finance Ministry recently issued an order in this regard. Prior to this promotion, he

was working as the General Manager of the same bank and he performed major assignments in the capacity of Head of International Trade, Treasury, CAMLCO and Public Relations. He also discharged his duties as Head of Dhaka Circle-1, Chittagong Circle and Khulna Circle as additional responsibility during his incumbency as General Manager.

## One Bank re-elects its Chair



Sayeed H Chowdhury has recently been re-elected Chairman of ONE Bank for another one-year term. It may be noted that Chowdhury previously held the office of the Chairman of ONE Bank Limited from 2002 to 2008. Chowdhury is the founder, Chair and CEO of the conglomerate HRC. He is a member of the British Institute of Management. He also the Chairman of Media New Age Ltd and Information Services Network Ltd. He is also the honorary adviser of the Bangladesh Ocean Going Ship owners' Association. Sayeed is the Chairman of the editorial board of the Bangla daily Jajaidin.

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## Citi gets new Country Officer



N Rajashekar has recently been appointed as the New Country Officer of Citi for Bangladesh. Rajashekar succeeds Rashed Maqsood who has served the bank for 22 years. Rajashekar is a 32-year banking veteran and has

previously worked as Country Business Manager for Citi's global consumer banking business in China, Thailand and India and as the Chief Risk Officer for Citi bank Korea. N Rajashekar brings extensive experience across all client segments to this important role and post all regulatory approvals, look forward to partnering with him to grow our franchise in Bangladesh.

## Kamal made SIBL's RMC Chairman



Md Kamal Uddin has been elected Chairman of Risk Management Committee of Social Islami Bank Limited (SIBL) in its 390th board meeting recently. Kamal Uddin is the proprietor of CBM Consortium, Chairman of Mercantile Insurance

Company Limited and Managing Director of Chittagong Builders and Machinery Limited, Merchant Securities Limited and Sifang Securities Limited. He is also the Director of Human Resources Development Co Ltd, Central Hospital (PVT) Limited, ASM Chemical Industries Limited and Universal Health Services and Research Limited.

## One Bank gets new DMD



Mahmoodun Nabi Chowdhury has joined One Bank as Deputy Managing Director and Head of Corporate Asset Marketing. Prior to joining One Bank, he worked as the Head of Corporate Banking at BRAC Bank. Chowdhury started his

career as an investment analyst at Equity Valuation Research and Distribution in 1995 and banking career at Standard Chartered in 1997. He has 20 years of experience in the banking sector.



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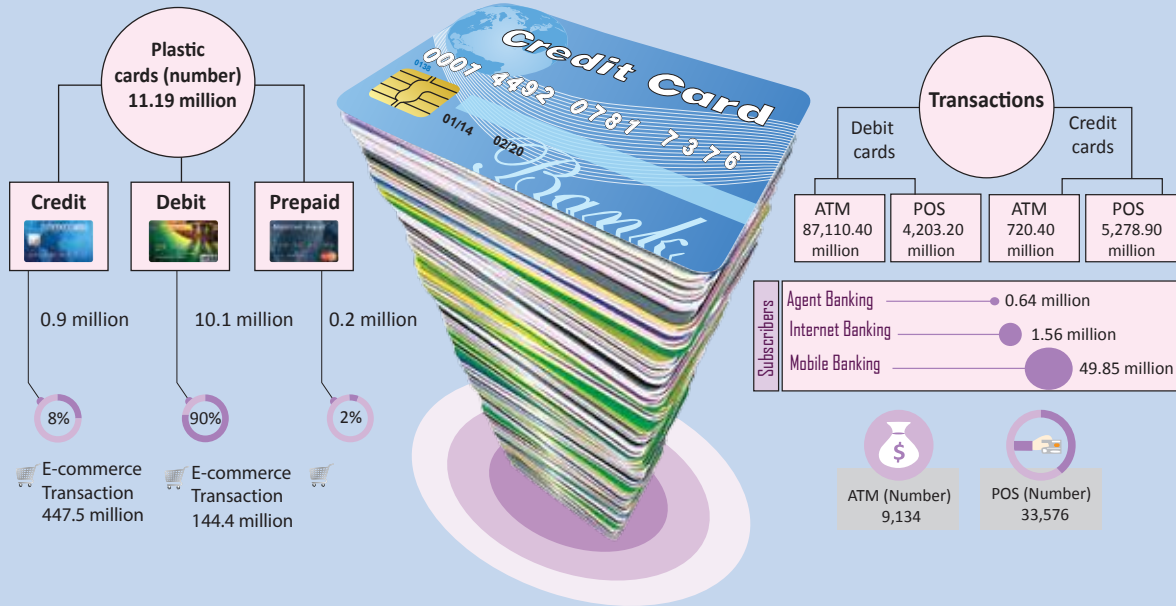
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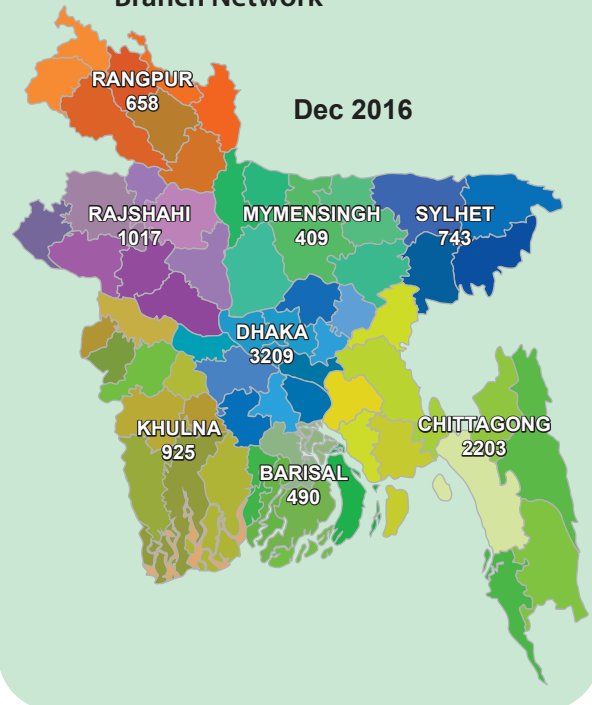


## Digital Payments



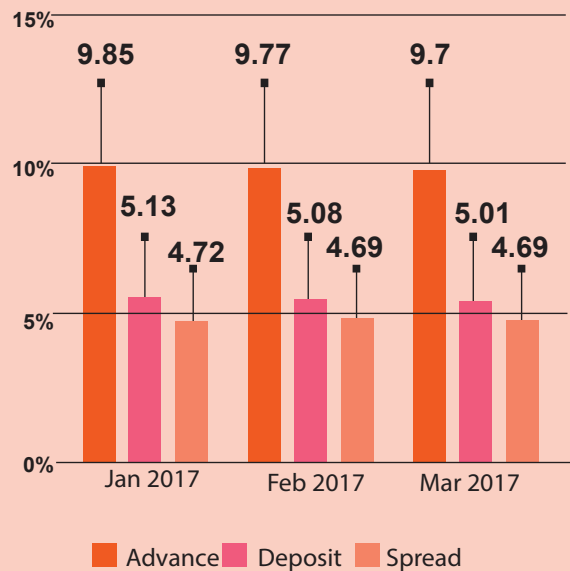
Source: Bangladesh Bank, Feb 2017; BTRC, Feb 2017  
Note: All figures are in million unless mentioned as "number".

## Scheduled Banks Branch Network



## Industry Rates

Deposit - Advance - Spread



Source: Bangladesh Bank

## Global



**Rice**  
USD 374.50/ metric ton  
Apr 2017



**Palm Oil**  
USD 623.21 metric ton  
Apr 2017



**Sugar**  
USD 633.16/ metric ton  
Apr 2017



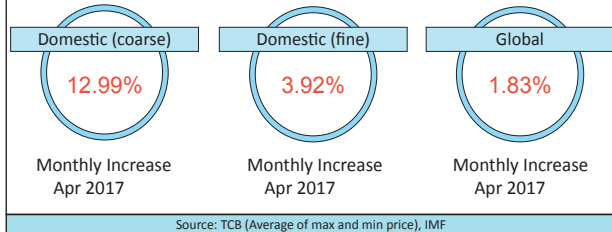
**Soybean Oil**  
USD 695.30/ metric ton  
Apr 2017

Source: IMF

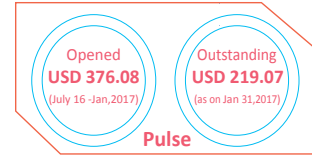
### Weekly Rice BDT/KG

Year 2017	May 16	May 17	May 18	May 19	May 20	May 21	May 22
Rate (Avg.)	43.50	43.50	43.50	43.50	43.50	44.00	44.00

### Monthly Price Change (%)



### Import L/C (in million) Bangladesh



Source: Bangladesh Bank

## Domestic



**Rice (fine)**  
BDT 51.97 per kg  
Apr 2017



**Palm Oil**  
BDT 71.00 per kg  
Apr 2017



**Sugar**  
BDT 64.28 per kg  
Apr 2017



**Rice (coarse)**  
BDT 41.08 per kg  
Apr 2017

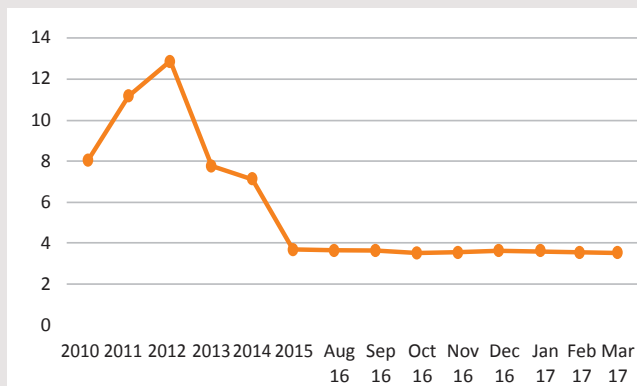


**Soybean Oil**  
BDT 83.33 per kg  
Apr 2017

Source: TCB (Average of max and min price)

### Call Money Market

W. Avg Interest Rate (%)



Source: Bangladesh Bank

### Monetary Policy

89.73%

Domestic Credit

93.09%

Private Sector Credit

72.19%

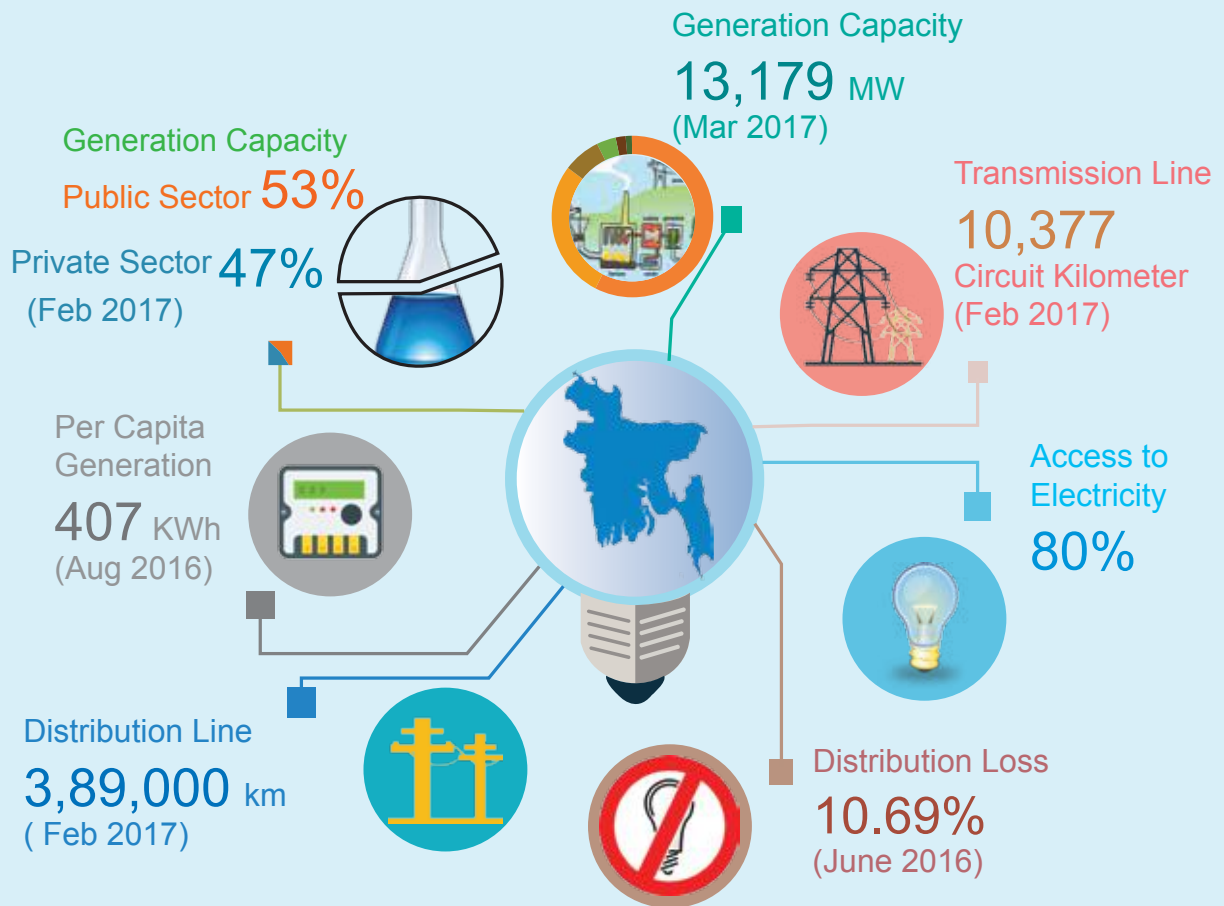
Public Sector Credit

90.50%

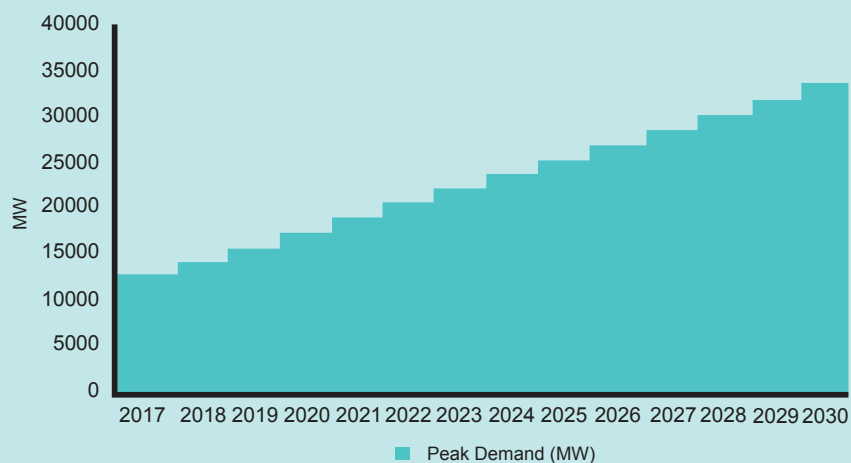
Broad Money

\* Figures projected for June 2017 & achieved up to Jan 2017

## POWER SECTOR OF BANGLADESH AT A GLANCE



## BPDB'S DEMAND FORECAST ( 2017-2030)



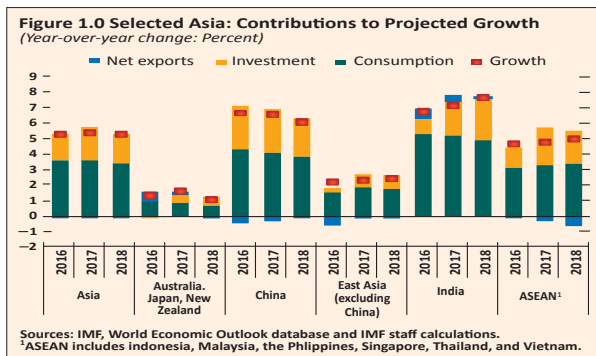
Source:  
Bangladesh Power Development Board (BPDB)  
Power Cell

# INTERNATIONAL NEWS

## Near-Term Regional Outlook: IMF

### Asia's growth outlook remains strong, with expectations of benign but rising inflation:

• GDP growth is forecast to reach 5.5 percent in 2017 and 5.4 percent in 2018 (Figure 1.0 and Table 1.1). Growth in 2017 was revised up by 0.1 of a percentage point compared to the forecast in the October 2016 World Economic Outlook. Accommodative policies will underpin domestic demand, offsetting tighter global financial conditions.



• The aggregate outlook for the region, however, masks significant revisions in a number of countries. For example, projected growth in China and Japan for 2017 was revised upward owing to continued policy support and strong data toward the end of 2016, with part of the upward revision in Japan due to the comprehensive revision of the national accounts in 2016. Asia's projected growth, excluding India and Korea, was revised upward in 2017 by 0.3 of a percentage point compared to the projection in the October 2016 World Economic Outlook. Over the near term, moderating growth in China is expected to be partially offset by a rebound in India.

**Table 1.1. Asia: Real GDP**

(Year-over-year percent change)

	Actual Data and Latest Projections					Difference from October 20 World Economic Outlook		
	2014	2015	2016	2017	2018	2016	2017	2018
Asia	5.6	5.6	5.3	5.5	5.4	-0.1	0.1	0.0
Emerging Asia <sup>2</sup>	6.8	6.8	6.8	6.4	6.4	-0.1	0.1	0.0
Industrial Asia	0.8	1.5	1.3	1.6	1.1	0.3	0.6	0.1
East Asia	6.7	6.2	6.1	6.0	5.7	0.1	0.3	0.1
South Asia	7.0	7.7	6.7	7.1	7.5	-0.7	-0.4	0.0
ASEAN	4.7	4.7	4.8	4.9	5.1	0.0	-0.1	-0.1
Pacific island countries and other small states <sup>2</sup>	3.2	3.6	3.4	3.4	3.8	0.4	0.1	0.1

Sources: IMF, World Economic Outlook database; and IMF staff estimates and projections.

1. Emerging Asia includes China, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

2. Simple average of Pacific island countries and other small states which include Bhutan, Fiji, Kiribati, Maldives, the Marshall Islands, Micronesia, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

• Asian trade is expected to recover, with net exports projected to be less of a drag on growth for most economies in the region owing to the improved global growth outlook and higher commodity prices.

• Domestic demand remains resilient, with robust labor markets, healthy disposable income growth, and continued policy support. In addition, in most economies, real incomes are being boosted by continued low inflation.

Country-specific factors will continue to play an important role in shaping dynamics in the region (Tables 1.1):

• In China, the near-term growth outlook has been revised up due to continued policy support (especially the rebound in the real estate market), and inflationary pressure is picking up. However, continued rapid credit growth exacerbates already-high vulnerabilities. GDP growth is projected to remain robust but continue to slow gradually to 6.6 percent in 2017 and 6.2 percent in 2018.

• In Japan, growth momentum is set to continue into 2017, but weaken thereafter as the effects of fiscal stimulus fade. Growth is projected at 1.2 percent, with the contribution from net exports expected to narrow as imports recover from exceptionally weak levels in 2016, while exports are boosted by foreign demand. The fiscal stimulus, combined with the postponement of the hike in the value added tax (from April 2017 to October 2019), generated a slightly expansionary 2016–17 fiscal stance, supporting 2017 growth through higher consumption and private investment.

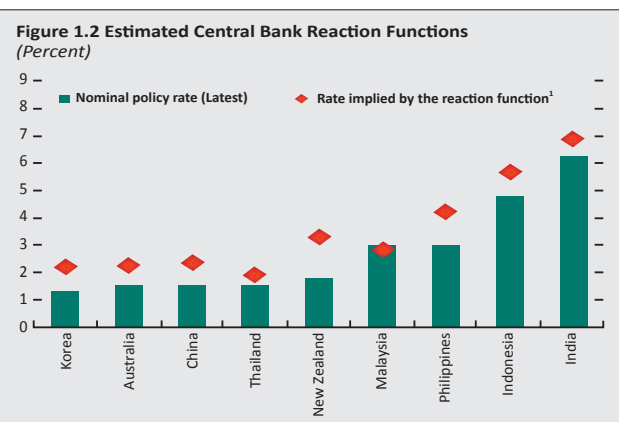
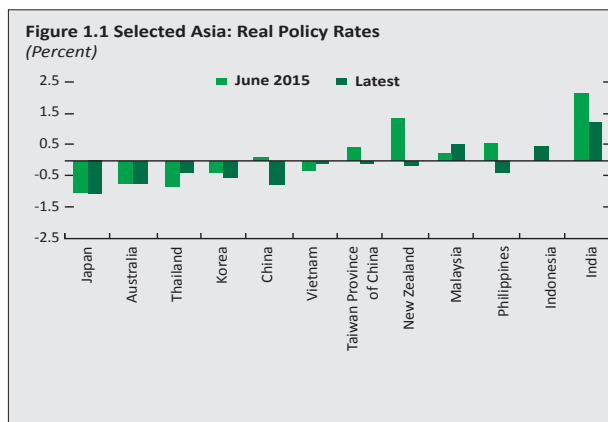
• In India, growth is projected to rebound to 7.2 percent in FY2017–18 and further to 7.7 percent in FY2018–19. The temporary disruptions (primarily to private consumption) caused by cash shortages accompanying the currency exchange initiative are expected to gradually dissipate in 2017 as cash shortages ease.

- In Korea, growth is expected to remain subdued at 2.7 percent in 2017 and increase to 2.8 percent in 2018. Lower consumption will weigh on growth, reflecting heightened uncertainty amid political turmoil.
- Australia's growth is expected to reach 3.1 percent in 2017 and 3 percent in 2018, with increasing contributions from domestic demand as the adjustment to the bust in commodity prices and rapid decline in mining investment advances further. In New Zealand, growth is expected at 3.1 percent in 2017 and 2.9 percent in 2018, supported by a strong pipeline of construction activity and sustained strength in migration inflows, as well as improved prices of key dairy exports.
- In Hong Kong SAR, growth is expected to recover gradually to 2.4 percent in 2017 and to 2.5 percent in 2018 on account of soft external conditions—with the U.S. rate cycle turning up, tepid global trade growth, and mainland China rebalancing—and the financial cycle turning. The pace of tightening of monetary conditions is now expected to be somewhat faster in

and imports, while exports are projected to strengthen along with external demand. However, overall net exports are expected to be a bigger drag on growth.

- In the Philippines, growth is projected at 6.8 percent in 2017 and at 6.9 percent in 2018, led by strong private domestic demand and a modest recovery in exports.
- Singapore's growth is projected at 2.2 percent in 2017 and 2.6 percent in 2018 on the back of recovering private domestic demand.
- In Vietnam, growth is projected at 6.5 percent in 2017 and 6.3 percent in 2018 owing to healthy domestic demand, a rebound in agricultural production, and strong manufacturing growth supported by foreign direct investment (FDI).

- Frontier economies and small states are expected to rebound in 2017 and 2018 owing to better global trade growth and a recovery in commodity prices. In Sri Lanka, GDP growth is projected to recover to 4.5 percent in 2017 and to 4.8 percent in 2018 as growth in manufacturing, construction, and services is expected to offset the drought-stricken agriculture sector.



line with changes in expectations of U.S. monetary policy tightening.

**• The outlook in ASEAN economies varies, reflecting the heterogeneity of those economies:**

- In Indonesia, growth is projected to accelerate slightly to 5.1 percent in 2017 and further to 5.3 percent in 2018. Private investment is expected to gradually recover in response to the recent rise in commodity prices.
- Growth in Malaysia is projected to improve to 4.5 percent in 2017 and further to 4.7 percent in 2018. Domestic demand remains the main driver of growth, while a small drag from net exports will remain in 2017 and disappear in 2018.
- In Thailand, growth is projected at 3 percent in 2017, increasing to 3.3 percent in 2018. Public investment is expected to increase, crowding in private investment

The inflation outlook remains benign but with upside risks. Headline inflation is projected to rise to 2.9 percent in 2017 and 2018. Estimated output gaps for some regional economies also suggest that there is sufficient slack across the region, which will put downward pressure on inflation.

Monetary and fiscal policies are broadly accommodative across most of the region. Policy interest rates are generally low in nominal and real terms. For example, with the exception of India, real rates are below 1 percent in all major regional economies and are negative in a number of them (Figure 1.1). In several economies, nominal policy rates are broadly in line with or slightly below the levels implied by augmented Taylor rules (which include exchange rates and foreign interest rates) (Figure 1.2). Fiscal stimulus, measured by changes in the cyclically adjusted fiscal balances, is expected to increase in 2017.

# INTERNATIONAL NEWS



## U.S. Overview

### Weakness in Q1 Not Expected to Persist

Weakness in U.S. economic growth in the first quarter of 2017 is not expected to persist or extend into the rest of the year. Weather and weather-related issues negatively affected U.S. consumers during the first quarter and made personal consumption expenditures very weak, growing by just 0.3 percent annualized during the first quarter of the year. The economy as a whole grew a scant 0.7 percent during the period, the slowest performance since the recovery from the Great Recession. However, the housing market contributed 0.5 percentage points to top-line growth as residential investment surged 13.7 percent due to the warm weather in some regions of the United States, but especially in the Northeast. This could put pressure on residential investment in the second quarter, but still believe the housing market will continue to contribute positively to economic growth during the rest of the year. Furthermore, Wells Fargo forecast has a very strong recovery in personal consumption expenditures, and this is fundamentally based on the continuous strength of the U.S. labor market, which created another 211,000 jobs in April and on a very low rate of unemployment, which hit 4.4 percent in April, a 10-year low. Productivity growth was another weak performer in Q1, declining 0.6 percent. Over the past year, productivity growth remains relatively flat, up only 1.1 percent. According to the chair of the Federal Reserve, Janet Yellen, U.S. economic growth could benefit from an increase in the participation of women in the labor force.

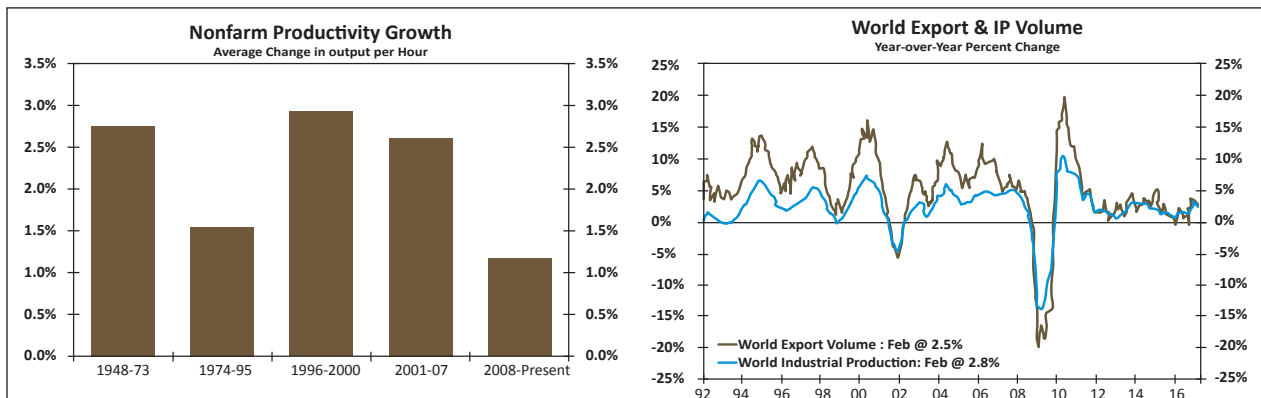
## International Overview

### Modest Pace of Global Expansion Should Continue

Some foreign economies have released their respective Q1 GDP growth figures in recent weeks, and the results generally suggest that the global economy is expanding at a modest pace at present. The Chinese economy grew 6.9 percent (year over year) in Q1, and real GDP in the Eurozone grew nearly 2 percent (annualized) on a sequential basis. The British economy continues to expand three quarters after the Brexit vote last June clouded its long-term economic outlook.

Rates of consumer price inflation have edged higher this year as energy prices have stabilized. That said, real GDP growth rates generally are not robust enough yet to lead to a significant increase in inflation. So, Wells Fargo forecasts that most major foreign central banks will keep their policy rates unchanged through 2017. The ECB may further dial back its monthly QE purchases later this year and likely will cease buying bonds altogether in 2018. But, in Wells Fargo's view, an ECB rate hike does not look likely until late 2018, at the earliest.

The election of Emmanuel Macron in the French presidential election eliminates a downside risk to the Eurozone economic outlook, because a Le Pen presidency would have called into question the very long-run viability of the European Union. There are still plenty of geopolitical risks in the world; but, assuming that the geopolitical environment generally remains "behaved," Wells Fargo forecasts that the modest pace of global expansion that has been underway over the past few years will generally continue.



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

Together we'll go far





**General Obligation Bond:** A municipal bond whose interest and principal payments are supported by the full faith and credit of the issuing authority.

**Zero Rated:** A term relating to value added tax (VAT). It refers to goods (for example, food and books) which are taxable but at a zero rate. The significance of this rating is that businesses selling such goods may claim back their input tax (the VAT which they have paid to their suppliers). Businesses which provide goods and services which are VAT exempt (for example, stamps and postal services) are not able to reclaim input tax.

**Wash Sales:** A process in which simultaneous purchases and sales are made in the same commodity futures contract, on the same exchange, and in the same month. No actual position is taken, although it appears that trades have been made. The intention is that the apparent activity will induce legitimate trades, thus increasing trading volume and commissions.

**Garnishee:** The recipient (typically a bank) to whom a garnishee order has been delivered. A garnishee order is a court order instructing a bank that funds held on behalf of a debtor (the judgment debtor) should not be released until directed by the court. The order may also instruct the bank to pay a given sum to the judgment creditor (the person to whom a debt is owed by the judgment debtor) from these funds.

**Full Faith and Credit:** An unconditional commitment to meet the payment of interest and repayment of principal of a bond issued by a government authority.

**Head and Shoulders Top:** In technical analysis, a common chart formation in which a share price reaches a peak and declines, rises above its former peak and again declines and rises again but not to the second peak and then again declines. The first and third peaks are shoulders, while the second peak is the formations head. When the price falls from the right shoulder and breaks through the neckline the head and shoulders top formation has been confirmed and is regarded by technical analysts as a signal to sell the share.

**Macaroni Defense:** A tactic used by a company as defense against a hostile takeover bid involving the issue of a large number of bonds that must be redeemed at a higher value if the company is taken over. It is called a 'macaroni defense' because the bonds' redemption price is said to expand like macaroni when cooked.

**Early Redemption:** Most fixed, capped and discounted mortgages, and those offering cash incentives, impose a financial penalty on customers who redeem their mortgages before the special deal comes to an end. This may be a percentage of the total advance, the sum repaid or the balance outstanding.

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