



BANGLADESH ASSET MANAGEMENT COMPANY LTD.

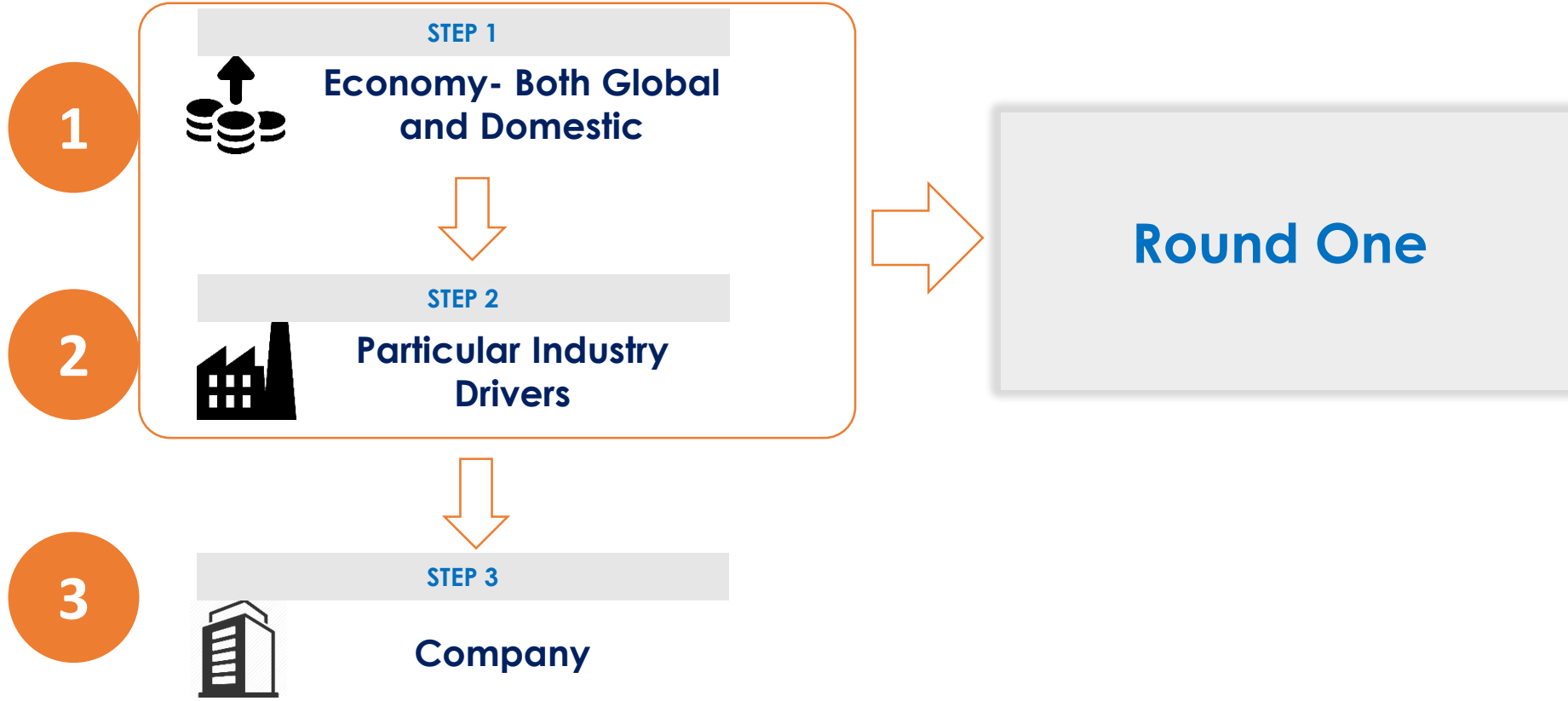
MACROECONOMIC ANALYSIS

As an Asset Manager, what will you do?

Let's Have a Quick Quiz



Top-Down Approach

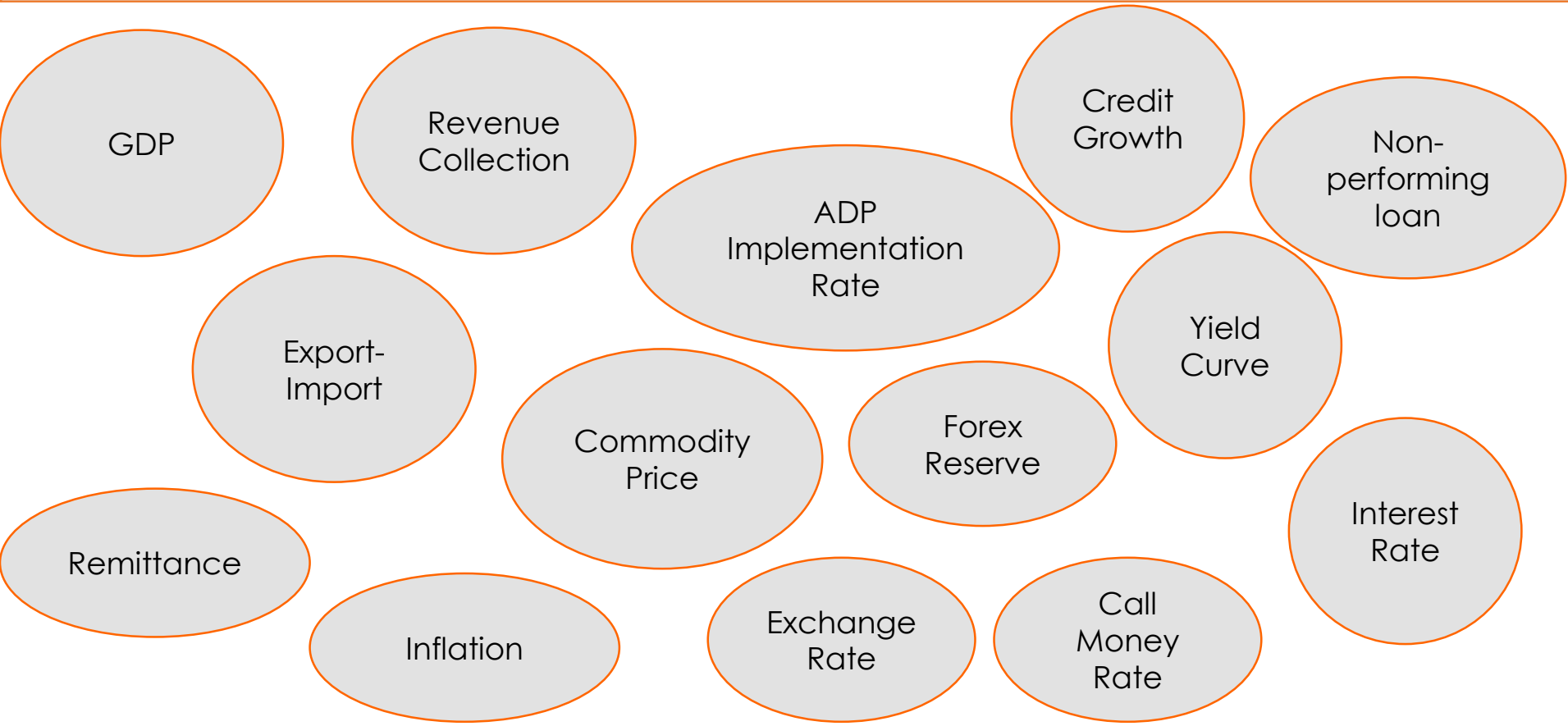


1



Economic Analysis- Global and Domestic

Some Indicators of Interest in Domestic Economy



Indicators in Details

	Jul- Jun 2017-18	Jul- Jun 2016-17	% Change
Export (mn \$) (Jul-Oct)	11,506	10,750	7.0%
Import (mn \$) (Jul-Sep)	13,184	10,269	28.4%
Remittances (mn \$) (Jul-Oct)	4,550	4,257	6.9%
Tax Revenue (NBR) (mn \$) (Jul-Sep)	5,401	4,498	20.1%
Total Domestic Credit (mn \$) (Sep)	112,758	99,965	12.8%
Credit to the Private Sector (mn \$) (Sep)	98,917	83,968	17.8%
Broad Money M2 (mn \$) (Sep)	127,000	115,003	10.4%
LC Opening of Industrial Raw Material (mn \$) (Jul-Sep)	4,405	3,796	16.1%
LC Opening of Capital Machinery (mn \$) (Jul-Sep)	1,321	1,037	27.4%
Current Account Balance (mn \$) (Jul-Sep)	(1,791)	539	-432.3%
Net Sales of National Savings Certificates (mn \$) (Jul-Sep)	1,567	1,438	9.0%
	This Week	Last Week	Change
Foreign Exchange Reserve (mn \$)	32,380	33,468	-3.3%
Call Rate (Weighted Average Rate)	3.87	3.83	1.0%
Taka-Dollar Exchange Rate (Avg)	81.00	80.90	0.1%

Structuring Your Analysis

Monetary Affairs

- Broad Money
- Reserve Money
- Excess Liquidity
- Credit Growth
- Interest Rate
- LIBOR Rate
- Inflation
- Exchange rate

Fiscal Management

- Government Revenue
- Government Expenditure
- Budget Deficit

Financial Sector

- Credit Growth
- Asset Quality
- Capital Position

External Factors

- Export
- Import
- Remittance
- Current Account Balance

Demand & Supply Side

- Consumption
- Savings
- Investments
- Unemployment
- Agriculture
- Manufacturing
- Service

Your job is to make the best educated guess!

Other Factors to Look for

Finance ministry devising way to cure ills of SoBs

FE Report

The government is working on devising a strategy to mitigate the sorry state of the state-owned banks (SoBs), struggling with building of non-performing loans (NPLs) and misappropriation of public money, officials said.

As part of the effort, the ministry of finance (MoF) reviewed Wednesday some recommendations made at a banking division seminar

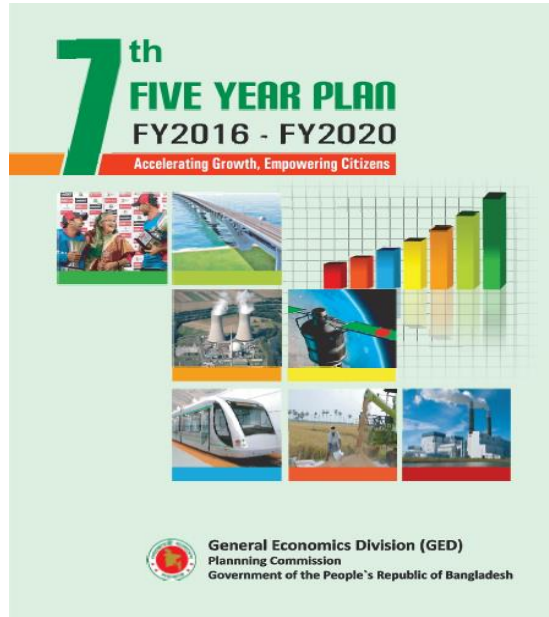
two months ago for bringing major policy changes relating to the banks.

Senior secretary of the banking division Eunusur Rahman chaired Wednesday's meeting, attended by senior ministry officials and bankers from the central bank and SoBs.

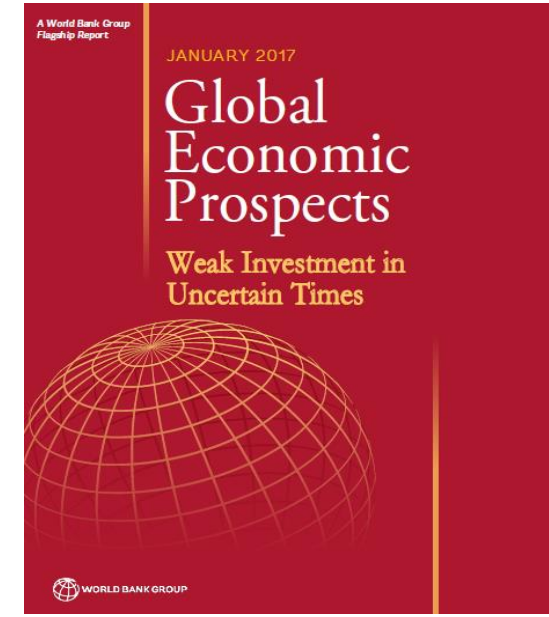
After the meeting, Mr Rahman told the newsmen that some 39 recommendations were on table for

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Economic News



Government Policies



Economic Reports

What NOT To Do



Considering old data is as a predictor of future



Blindly Following Trends



Fitting Presumption into Data Forcibly

2



Particular Industry Drivers

Industry Analysis

STEP 1



Which Industries will benefit the most from the shifting trends in the macro economy?

STEP 2



Components of Industry Analysis



- **Competitive Structure**
- **Phase of Life Cycle**
- **Vulnerability to External Shock Factors**
- **Regulatory and Tax Conditions**
- **Labor Condition**
- **Historical Performance of the sector**

Identify most important factors and assign weights to each of the factor

Important Sectoral Indicators

Financial Services

- Credit Growth
- Trade Growth
- Inflation
- Regulatory Issues
- Asset Quality
- Remittance
- Political Unrest

Pharma

- Per capita health expense
- Population Growth Rate
- Life expectancy
- Aging Population
- Child Mortality
- Chronic Disease

Consumer Goods

- Urbanization
- Per Capita GDP
- Fiscal Incentives
- Restrictive policies

Construction Materials

- Implementation of ADP
- Real Estate Sector
- Cost of Raw Materials
- Energy Supply

Telecom

- Demographic Trends
- Price Controls
- Regulatory Issues
- New Revenue Streams
- Seasonality
- Per Capita Data Consumption

Electricity Utility

- Electricity generation
- Gas production
- Oil import and international oil price
- Tariff rate
- Foreign Currency movement
- Inflation
- Regulatory issues

Where To Find the Data

- **Global Economic outlook (Source: “The Global Monthly” by World Bank, “ The World Economic Outlook” by IMF)**
- **Bangladesh Development Update (<https://openknowledge.worldbank.org/handle/10986/26642>)**
- **Latest Economic Indicators (Source: “Selected Indicators” by Bangladesh Bank)**
- **Latest GDP Data by BBS**
(http://bbs.portal.gov.bd/sites/default/files/files/bbs.portal.gov.bd/page/057b0f3b_a9e8_4fde_b3a6_6daec3853586/Rev3_GDP_2016_17_Website.pdf)
- **Bangladesh Bank Economic Data (<https://www.bb.org.bd/econdata/index.php>)**
- **The World Bank Databank (<https://data.worldbank.org/indicator>)**
- **LR Global Macro Insights (<http://www.lrglobalbd.com/2017/07/23/bangladesh-economy-2017/>)**

Thank You!