

# US growth hits 3-year low in Trump's first quarter

AFP, Washington

US growth slid to its lowest level in three years in the first quarter, a disappointing start to Donald Trump's presidency as it reaches the 100 day mark.

GDP increased 0.7 percent in the first three months of the year as consumer spending and government expenditures tumbled to their lowest levels in years, the Commerce Department reported Friday, presenting preliminary data.

Though only slightly below the 0.8 percent increase in the same quarter of last year, the result was down sharply from the 2.1 percent expansion seen in the fourth quarter of 2016.

It was well below analysts' expectations of 1.1 percent GDP growth. The last time first quarter expansion was more disappointing was a 1.2 percent drop in 2014.

Trump, who marks 100 days in office Saturday, rose to power on a message of nationalist economic revival. He has also taken credit for increased consumer and business confidence, growing employment and record gains for stocks in recent months.

But "just because people feel happy doesn't mean they will act on those feelings, and they clearly didn't during the first quarter," economist Joel Naroff said in a commentary on the report.

The White House has been promising a return to three percent economic growth, which it says will generate the revenue needed to pay for multi-trillion-dollar tax cuts unveiled this week.

But economists question the likelihood that the economy can -- or should -- grow that fast, especially without fueling high inflation.

But the GDP report was replete with record lows.

Consumer spending fell to its lowest level in nearly eight years, adding only 0.3 percent, with



Donald Trump

spending on services at their lowest in four years, and durable goods orders their lowest since 2011, as auto sales fell 0.45 percent.

Defense spending contracted by four percent, its lowest pace in nearly three years, helping drive down overall government expenditures by 1.7 percent, the lowest quarterly result in almost four years.

Spending on non-durable goods also contracted 2.5 percent, the lowest reading since 2011.

Commerce Secretary Wilbur Ross said the low growth meant the United States should adopt the Trump administration's proposals to slash taxes and regulation.

"We need the president's tax plan, regulatory relief, trade renegotiations and the unleashing of American energy sector to overcome the dismal economy inherited by the Trump administration," Ross said in a statement.

But it remained unclear how many recent economic events could be credited to -- or blamed on -- the president.

Economists note that first quarters in recent years have trended below average.

Growth has averaged one percent in first quarters over the last seven years, well below average growth in other quarters, accord-

ing to Jim O'Sullivan of High Frequency Economics.

In addition, preliminary estimates of GDP are subject to revisions of an average of 0.6 percentage points.

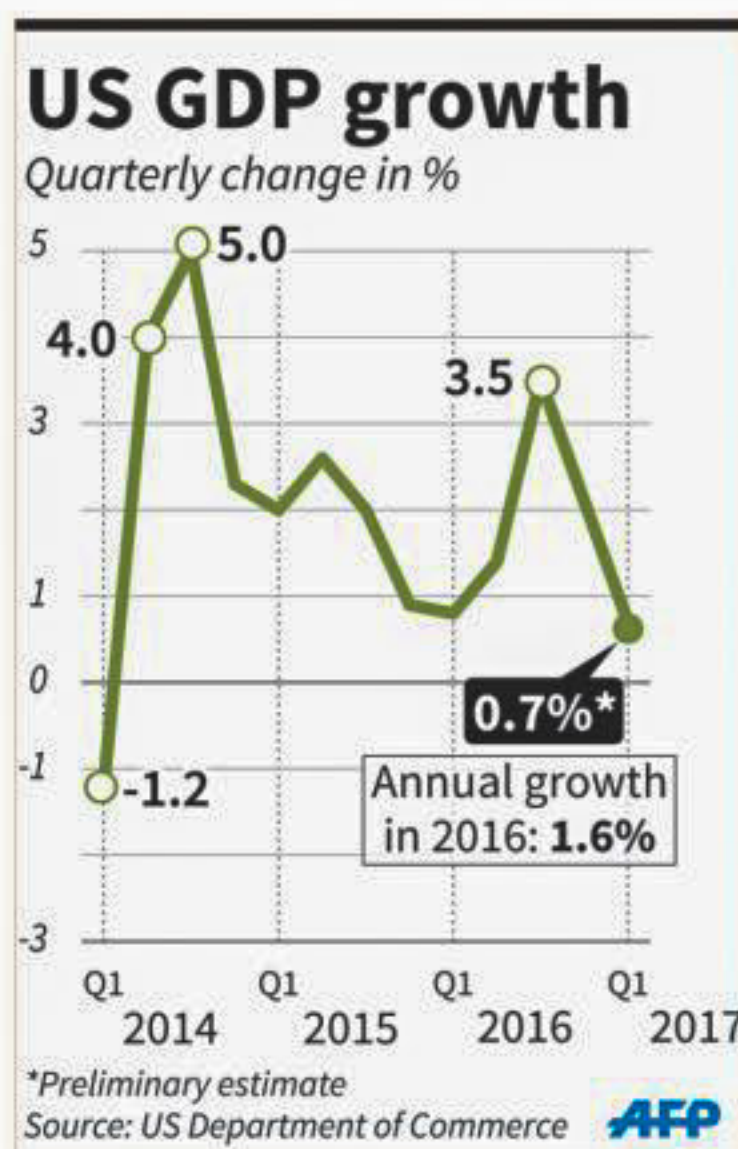
Analysts also cautioned that the most recent numbers may have suffered some distortion, with a rebound likely in the next quarter.

Unseasonably warm weather in the first two months of the year drove down spending on utilities, and delayed tax refunds also put less cash in consumers' pockets, all of which weighed on consumption.

Ian Shepherdson of Pantheon Macroeconomics said if these distortions were excluded, growth would probably have been closer to two percent. He said he expects three percent growth in the second quarter "as the statistical and weather issues unwind."

Business investments were a bright spot, increasing 4.3 percent for the quarter. But that was a significant slowdown from the brisk 9.4 percent in the prior quarter.

A recovery in oil prices helped sustain growth in this category, with mining, exploration, shafts and wells skyrocketing by 449 percent, an all-time record, up from 23.7 percent in the prior



# Enabling businesses with drones

ARIJIT CHAKRABORTI

**D**RONES, or unmanned aerial vehicles, were first commercially used in the early 1980s when a farming group in Japan tried to fly pilotless helicopters over their fields to spray pesticides.

The available technology at that time was expensive and difficult to deploy.

However, over the decades, technology has progressed and regulations have become more accommodative, thereby opening up quite a few new possibilities for the use of drones.

Several sectors in Bangladesh could benefit from this new technology and adopt it to transform themselves -- agriculture and infrastructure are foremost among these.

Over the last couple of years, the capabilities of drones have increased to a great extent. While they still retain two categories of shape -- one with wings and one with multiple rotors -- developments in modern software have given them the ability to fly without any human intervention from the ground. As a result, drones cannot only fly themselves but also fly beyond the line of sight.

Additionally, drones can perform a wide range of tasks. A drone can climb and crawl. It can grab objects using its robotic arms. It can communicate with each other using mounted communication devices. A drone can yield each other space when operating in closed areas.

It can also recognise objects using facial recognition software.

The evolving drone-powered solutions offer a host of advantages to organisations across sectors.

**Better precision:** Drones can perform certain tasks with higher precision than humans. They can inspect bridges, telecom towers, flooded farmlands, and assets in open areas. For example, drones can assess the damage due to floods in a village in Bangladesh and identify areas that require detailed human inspection, thus eliminating the need for a human inspector to survey the whole area. Government agencies can assess damages and arrange relief measures accordingly.

Similarly, insurance companies can estimate the claims to be settled based on an assessment by drones.

**Improved productivity:** With better precision and speed of operations, drones help improve the productivity of human workers. For instance, a fully automated

drone would be able to inspect twice the number of telecom towers that a human inspector could. The associated computer software would be able to highlight the areas that require human assessment, thereby enabling a human inspector to accomplish more.

**Improved safety:** Drones can easily operate in areas that are difficult and unsafe for humans to reach and work in, like windmill and telecom towers. In the case of human inspection, these towers have to be switched off for safety reasons. Such precautions do not need to be taken in the case of drones. The towers can continue to function without interruption as the drones operate from a reasonable distance.

**More scalability:** In areas like e-commerce and transportation of critical supplies, drones can help businesses scale up their operations by allowing them to ramp up their delivery speed. Some of the large e-commerce companies are experimenting with drone-powered delivery of ordered goods. Similarly, aid organisations are experimenting with the use of drones for faster delivery of medical supplies to remote or flood-affected areas.

While the functions of drones are still improving and the associated technologies continue to mature, the future of drone-powered solutions is quite promising.

Many companies in different countries are exploring ways of applying drones to improve their business performance.

For example, commercial farming organisations are using drone technology to assess damage in case of natural calamities like floods.

These organisations are also using drone technology to acquire crop pictures and estimate the crop yield using computer software.

In agrarian countries like Bangladesh, successful application of such technology will bring significant benefits to farmers.

Similarly, enterprises across sectors are trying to visualise their business as a drone-enabled one. They are also equipping their workforce with the necessary knowledge to learn and apply drone technologies in their business.

Drone-powered solutions have enormous potential for growth in Bangladesh. Sectors like agriculture, infrastructure and financial services will benefit greatly from the use of drone technology in the coming years.

The writer is an executive director at PwC. The views expressed here are personal.

# Indian gold demand seen higher ahead of key festival



A goldsmith works on a gold bangle at a workshop, on the occasion of Akshaya Tritiya, a major gold buying festival, in Kolkata, India on Friday.

REUTERS, Mumbai/Bengaluru

**D**EMAND for gold in India was seen higher ahead of an auspicious day for gold purchases on Friday compared to last year, with lower prices also acting as a catalyst.

"Sentiment is very good in the market. Jewellers are reporting higher footfalls," Somasundaram PR, head of the India unit of the World Gold Council, told Reuters, adding he expected sales to show double-digit growth over the same day last year. Gold prices were up to 3.7 percent lower on Akshaya Tritiya, the second-biggest gold-buying occasion in India after Dhanteras, which falls in October-November.

"Sales could be 20-25 percent higher than last year. Bullion dealers and retailers were well stocked in advance and we are looking for very good sales in jewellery as well as coins," said Chirag Thakkar, a director at gold wholesaler Amrapali Group in the western Indian city of Ahmedabad.

Bouyant demand from the world's second-biggest consumer could support global prices, which are up about 10 per-

cent so far this year.

Dealers in India were charging a premium of up to \$1.50 an ounce this week over official domestic prices, compared with a premium of \$1.00 last week. Domestic prices of gold include a 10 percent import tax.

Two-thirds of gold demand in India comes from villages, where investment in jewellery is seen as a hedge in times of distress.

"Demand has improved from rural areas due to good monsoon rains (last year)," said a Mumbai-based dealer with a private bank. In top consumer China, premiums rose to around \$8-\$10 an ounce over the international benchmark, from \$3-\$4 an ounce last week.

"The demand in China continues to be stable. We saw huge gold imports as banks wanted to cash in on the premiums," a Shanghai-based banker said.

China's net-gold imports via main conduit Hong Kong more than doubled month-on-month in March, data showed on Tuesday.

In Singapore, gold premiums were at 50-80 cents, while in Japan prices continued to remain at a discount of 50 cents.

# Boeing wants dumping probe against Canada's Bombardier

AFP, Washington

Boeing has filed a petition with the US Commerce Department complaining that Canada's Bombardier is selling its CSeries passenger jet in the United States for less than it costs to make them.

The US aerospace giant asked the Department's International Trade Commission on Thursday to look into Bombardier's "illegal and unfair business practices" and impose anti-dumping duties on the sale of those airplanes.

The petition comes after Donald Trump's administration on Monday slapped tariffs on Canadian softwood lumber imports, and after the US president walked back his threat to exit the North American Free Trade Agreement, but said that the trade deal with Canada and Mexico had to be renegotiated.

Boeing believes that Canadian government subsidies allow Bombardier to sell its CSeries jets at an unfairly low price, undercutting sales of Boeing's own 737 passenger jets.

According to Boeing, Bombardier "has embarked on an aggressive campaign to sell C Series aircraft into the US market at absurdly low prices -- less than \$20 million for airplanes that cost \$33 million to produce, based on publicly available information."

The aircraft is sold in the United States "at prices that are millions lower than those charged in Canada -- the very definition of dumping".

One year ago Bombardier won a US\$5.6 billion order for 75 CSeries planes for Delta Air Lines.

# British economy slows as Brexit talks, election loom

AFP, London

**B**RTAIN'S economic growth slowed in the first quarter to the weakest pace in a year, official data showed Friday -- a blow for a nation facing heightened tensions over Brexit ahead of June's general election.

Gross domestic product expanded by 0.3 percent in the three months to the end of March, compared with 0.7 percent in the final quarter of 2016, the Office for National Statistics said in a statement.

Analysts' consensus forecast had been for first-quarter growth of 0.4 percent, with the worse-than-expected result mainly attributable to a slowdown in services sector output, the ONS said.

"This weakness is likely to be blamed on Brexit," said Alan Clarke, fixed income strategist at Scotiabank.

"That is probably fair, albeit in an indirect sense. The fears leading up to Brexit were that growth would stall due to a dive in confidence, hiring and investment," he said.

"That hasn't happened. What did happen is the pound dived, pushing inflation sharply higher and that is causing consumer spending and hence overall growth to slow," Clarke added in a note to clients.

The update comes as Britain awaits a general election on June 8 after Prime Minister Theresa May last week called for a snap vote.

The British leader is hoping to shore up her mandate for Brexit in the ballot ahead of two years of gruelling negotiations.

Tensions rose Thursday when May accused the other 27 EU countries of lining up to oppose Britain after Germany's Angela Merkel said the UK should have no "illusions" over the exit process.

EU nation leaders have stressed a united stance as they plan to meet Saturday to set down the



A shopper pushes a trolley in a supermarket in London.

REUTERS/FIFE

bloc's "red lines" -- although the talks will not begin until after the British election.

May started the process of leaving the EU last month, while opinion polls suggest her Conservatives will return to power in June with an increased majority.

EU President Donald Tusk has said Britain must first settle the key divorce issues of "people, money and Ireland" before any talks on a post-Brexit trade deal.

In a letter to leaders of the remaining 27 European Union countries ahead of the summit on Saturday, Tusk said that "before discussing our future, we must first sort out our past."

The EU says the key issues are the fate of three million EU citizens living in Britain and one million Britons resident in the EU, Britain's exit bill estimated at around 60 billion euros (\$66 billion), and the fate of the border between Ireland and the British province of Northern Ireland.

The huge forecasted exit bill comes as sharp falls for the pound since last June have pushed up import costs, resulting in higher UK inflation.

"2017 looks set to be a year of slower growth, as higher inflation puts the squeeze on consumers' real incomes ahead of June's general election and the start of Brexit negotiations," said Ben Brettell, economist at stockbroker Hargreaves Lansdown.

"The economy has surprised on the upside since last summer's referendum, powered by a resilient consumer, but it looks like households are now starting to feel the pinch from the current bout of inflation."

Despite higher costs for consumers, analysts expect the Bank of England to keep its main interest rate at a record low 0.25 percent in the face of weaker overall economic growth and uncertainty surrounding the Brexit negotiations.

The pound was up against the dollar after Friday's data, which weighed on London's benchmark FTSE 100 index, featuring a number of companies earning in the US currency.