

Flared natural gas latest prize in bitcoin miners' energy quest

AFP, Washington As the value of bitcoin soars and concerns rise about the energy-intensive process needed to obtain it, cryptocurrency entrepreneurs in the United States believe they have found a solution in flared natural gas.



A handout photo from Giga Energy Solutions shows a natural gas generator powering a bitcoin mining centre in north Texas in May.

Profitably creating, or mining, bitcoin and other cryptocurrencies requires masses of computers dedicated to solving deliberately complicated equations -- an endeavor that globally consumes more electricity than entire nations, but for which these start-ups say the jets of flaming gas placed next to oil wells are perfect power sources.

"I think the market is enormous," said Sergii Gerasymovych, CEO of EZ Blockchain, which has six different data centers powered off natural gas in the US states of Utah and New Mexico, as well as in Canada.

Across the country, companies like EZ Blockchain are setting up shipping containers where racks containing hundreds of computers mine cryptocurrency, fueled by natural gas from oil wells that otherwise would be burned in the open. Interest in their work has grown over the past year.

But a backlash has formed against the digital assets' energy usage, fueled by concerns it relies on carbon-emitting power sources that contribute to climate change. This week, Tesla boss Elon Musk criticized bitcoin's power consumption, particularly of energy produced from coal, and said he would no longer accept the cryptocurrency as payment for his electric cars.

While entrepreneurs in the fledgling industry say using natural gas that is otherwise wasted represents a solution to these concerns, its ability to actually cut emissions remains to be seen, said Tony Scott, managing director of analysis at oil and gas research firm BTU Analytics.

"In the grand scheme of things and relative to other load, yes, it's small," Scott said. "They are creating economic value (but) they're not necessarily significantly changing the emissions profiles."

Huge numbers of processors worldwide are dedicated to the task of mining bitcoin. The activity uses 149.6 terawatt-hours per year, according to the Cambridge Bitcoin Energy Consumption Index (CBECI). That is slightly less than all the electricity consumed by Egypt.

As the most popular cryptocurrency, bitcoin is undoubtedly valuable, trading at around \$50,000 in mid-May from less than \$10,000 a year ago, giving miners incentive to find the cheapest source of power to increase their margins.

"Miners tend to be based around areas where there tends to be surplus power. What is new... is this whole concept of taking gas flaring," said Jason Deane, bitcoin analyst at Quantum Economics.

Banking stocks suffer despite higher dividends

FROM PAGE B1 A moratorium on bank loan payments was offered in March last year after the economy started suffering from the effects of the pandemic.

The support was initially expected to last until the end of June. But, later, it was extended up to December as the crisis showed no signs of abating.

In 2020, banks were able to provide much higher dividends. But many banks retained some of their profits as safekeeping for the coming years, Chowdhury said, adding that the banks were apprehensive of what was to come in the coming months.

According to the banker, it was not normal for banking stocks to trade at lower prices because the central bank strictly monitored banks. As a result, they fared comparatively better than many other companies.

The price-to-earnings (P/E) ratio of the banking sector is the lowest among all the sectors, giving some explanation as to why the prices of the stocks in the sector were the lowest despite the generation of higher profits.

The P/E ratio of the banking sector is 6.9, whereas, for fuel and power, it is 11.8, pharmaceuticals 18 and textile 18.8, according to data of the Dhaka Stock Exchange (DSE).

Apart from this, the stock price of 21 banks was less than Tk 20, and for some, it is hovering around the face value of Tk 10.

"Stock prices are not reliant on dividends; rather, future profitability is the main influencer," said Arif Khan, vice-chairman of Shanta Asset Management.

Investors have a common perception that most banks failed to get back what they had loaned out in the past year, so there would be an impact on the balance sheet in the coming years.

"Investors fear that the bad loan portfolio of banks will be larger in the coming years, thus their provisioning requirements will increase," said Khan, also a former commissioner of the Bangladesh Securities and Exchange Commission.

The second wave of infections might also have an impact on the banking sector in the coming months, he added.

Non-performing loans stood at Tk 88,734 crore last year, which was 7.66 per cent of the outstanding loans of Tk 11,58,775 crore as of December, showed data from the Bangladesh Bank.

The higher profits of banks were not expected due to the lower interest rate regime and the pandemic plaguing the economy, said stock investor Abdur Rahim.

From April 1 of last year, the lending rate was capped at 9 per cent, for which the interest income of banks dropped.

The stocks of banks are not preferable for investment because the asset quality is not good, while they also have a huge amount of non-performing loans, the investor added.

Boro output to decline

FROM PAGE B1 The output is also expected to go up by 3.5 per cent to 3.58 crore tonnes, it said, on the assumption of favourable weather conditions, sufficient supply of seed and fertilizers, proper irrigation, and continued support from the agriculture ministry and the DAE.

The USDA raised its projection on the production of pre-monsoon crop Aus, and rain-fed Aman rice.

The government continued to encourage farmers to produce hybrid and some high-yield rice varieties such as BRRI Dhan-50, BRRI Dhan-54, and BRRI Dhan-84 and distributed hybrid seeds and fertilizers to boost domestic production of the grain to contain prices.

"The Covid-19 pandemic and its associated lockdown measures have led to consumers stocking personal allocations

of rice, thereby driving up domestic prices. Speculation in the market is also driving up prices," said the USDA.

High prices have led to greater returns for farmers, but the farmers are faced with rising labour costs, so the profit increases are minimal this year, it said.

"Weather conditions over the next month will be important to monitor. Farmers were late to plant this year's Boro rice crop, so the upcoming monsoon season could dramatically impact this year's harvest."

The USDA said approximately 50 per cent of Boro rice would be harvested by the second week of May when the monsoon season was expected to start.

It forecast a decline in rice import to 500,000 tonnes in anticipation of a strong harvest and increased rice production in the upcoming Aus and Aman seasons.

US retail sales flat, inflation fears on the rise

AFP, Washington

The US economic recovery showed signs of hitting some turbulence as shoppers curbed their spending last month and manufacturing slowed due to supply bottlenecks.

After a rush of shopping in March, US retail sales were flat in April, and while auto sales rose, vehicle production fell amid a global semiconductor supply crunch, according to government data released Friday.

Meanwhile, a private survey showed consumer confidence fell due to concerns about rising prices as the reopening of the world's largest economy drives speculation of a sustained rise in inflation.

Officials in President Joe Biden's administration have tried to downplay the fears of a slowing recovery, but acknowledged there could be some bumpy months ahead.

"This was an unprecedented economic downturn... where we completely powered down the economy," said Cecilia Rouse, chair of Biden's Council of Economic Advisers.

FROM PAGE B1 Moreover, the implementation was delayed because of separate procurement rules of the government and the development partners.

The rate of implementation of the Covid-related projects are rising now thanks to the relaxations of some of the rules, the official added.

The health sector is not efficient to implement the project and the ADP, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

The sector is not corruption-free and not transparent in procurement related activities, he said.

He suggested implementing health related projects with the help of experts instead of doctors.

He also recommended allocating Tk 16,000 crore for vaccine procurement in the next year and implement the vaccination programme smoothly.

Otherwise, proper and rapid

implementation will not be ensured in the health sector, Mansur noted.

In the 10 months to April this year, only 49 per cent or Tk 102,730 crore of the total outlay of Tk 209,272 crore was spent.

In the last fiscal year, the rate of implementation was the same with the spending hitting Tk 98,841 crore.

Development spending was picking up pace since January after a bumpy ride in the first half of the fiscal year.

The average monthly implementation rate in the first nine months of the fiscal since July was at 4.66 per cent.

Following more than two months of a countrywide shutdown till June last year, movement restrictions were gradually lifted and activities started returning to pre-pandemic level by October.

The monthly ADP implementation rate reached 7.17 per cent in April when the expenditure stood at Tk 14,996 crore while it was Tk 8,136 crore in the same month last fiscal year.

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Merkel rejects bringing forward Germany's exit from coal German Chancellor Angela Merkel on Saturday rejected demands to bring forward an exit date for ending coal generation in Germany, currently set at 2038.

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