PRIME BANK

Prime Bank Chairman Tanjil Chowdhury chaired its 26th annual general meeting over a digital platform recently. The bank approved 15 per cent cash dividend for 2020. Former Chairman and President of the Bangladesh Association of Publicly Listed Companies Azam J Chowdhury and Prime Bank Managing Director and CEO Hassan O Rashid were also present.

NRBC BANK

NRB Commercial Bank Chairman SM Tomal Parvez presided over a meeting of the board of directors through a digital platform recently. Managing Director Golam Awlia, independent directors Dr Khan Mohammad Abdul Mannan and Abu Eshrar and Alternative Director Dr Kutub Uddin were also present.

China vows to crack down on bitcoin mining, trading activities

REUTERS, *Hong Kong*

China will crack down on bitcoin mining and trading activities as part of efforts to fend off financial risks, the State Council's Financial Stability and Development Committee said on Friday.

The country will also clamp down on illegal activities in the securities market, and maintain the stability of stock, bond and forex markets, the committee said in a meeting chaired by Vice Premier Liu He.

The statement, which comes just days after three Chinese industry bodies tightened a ban on banks and payment companies providing crypto-related services, marks a sharp escalation of moves against virtual currencies.

Liu is the most senior Chinese official to publicly order a crackdown on bitcoin, and it is the first time the state council has explicitly targeted crypto mining activities.

Bitcoin prices fell sharply again on the news and are on course for weekly losses of more than 15 per cent, as is Etherium .

Investor protection and prevention of money laundering are particular concerns of governments and financial regulators who are grappling with whether and how they should regulate the cryptocurrency industry.

Earlier, Hong Kong proposed the city's market regulator license cryptocurrency exchanges and only allow them to provide services to professional investors.

"While some degree of crypto regulation is inevitable, these overly restrictive policies will result in stifled opportunity and industry flight away from Asia," said Jehan Chu, managing partner at Hong Kong blockchain venture capital firm Kenetic Capital.

China's state broadcaster CCTV on Friday warned against "systemic risks" of cryptocurrency trading in a commentary on its website.

"Bitcoin is no longer an investment tool to avoid risks. Rather, it's a speculative instrument," the broadcaster said, adding the cryptocurrency is a lightly-regulated asset often used in black market trade, money-laundering, arms smuggling, gambling and drug dealings.

REUTERS/FILE

A representation of virtual currency Bitcoin is seen in front of a stock graph in this illustration taken on March 15, 2021.

Boeing plans new 737 MAX output jump in late-2022

REUTERS, *Seattle*

Planemaker Boeing Co has drawn up preliminary plans for a fresh sprint in 737 MAX output to as many as 42 jets a month in fall 2022, industry sources said, in a bid to extend its recovery from overlapping safety and Covid-19 crises.

The plans would lift output beyond an early 2022 target of 31 a month, which the sources said Boeing aims to reach in March.

But implementation will depend on a cocktail of factors including demand, the uncertain capacity of some suppliers and Boeing's success in reducing a surplus of jets already built.

Boeing declined to comment and pointed to its latest guidance. Last month it reaffirmed plans to raise MAX output from an unspecified "low" rate to 31 a month by early 2022.

Shares in the planemaker rose as much as 3.7 per cent in early trading, outpacing a slightly firmer US market.

Production was halted in 2019 after Boeing's fastest-selling model was grounded in the wake of fatal crashes. It resumed last May at a fraction of its original pace while Boeing navigated regulatory approvals and a fragile supply chain.

It is still awaiting the go-ahead from China after winning Western approvals late last year. Chief Executive Dave Calhoun has warned that the timing of remaining approvals will influence the shape of Boeing's final production ramp-up.

As an interim step, Boeing hopes to speed monthly output from single digits now to about 26 a month at the end of 2021 at its Renton factory near Seattle, two of the sources said.

Higher production could inject much-needed cash into the supply chain and reduce Boeing's component costs.

The Puget Sound aerospace industry has already started to pick up steam. Sources say Boeing has been placing parts orders again, while fuselages can be seen heading by rail to the Seattle area from Spirit AeroSystems' Wichita factory.

That comes as demand for medium-haul jets such as the 737 MAX and competing Airbus A320neo begins to recover from the effects of the Covid-19 pandemic, boosted by widespread vaccinations, especially in the busy US domestic market.

However, several US and European suppliers view output plans of both planemakers as optimistic, saying that concerns remain over the health of the global aerospace supply chain.

"The biggest risk that we can see with Boeing's plans is the inability of the supply chain to keep up," Vertical Research Partners analyst Rob Stallard wrote in a client note about Reuters' story.

Boeing's efforts to restore production are also tied to the pace at which it offloads an inventory of parked airplanes that swelled during the nearly two years the MAX was grounded.

The published target of 31 a month has already slipped from late 2021 to early 2022.

In Europe, Airbus has ordered suppliers to get ready for higher output while warning them over quality glitches that can reflect overstretched supply chains.

Both plane giants are embarking on their steepest ever climb in output, drawing reassurance from accumulated parts inventory and the fact that their plants had already covered the same territory in the past, albeit at slower rates of increase.

But neither yet feels ready to return to the record volumes seen before recent shocks to the industry. Before the 2019 grounding, Boeing was producing 52 MAX a month on its way to a target of 57. Airbus was making close to 60 of its A320neo airplanes a month before last year's lockdowns.

Airbus plans to raise output from 40 to 45 airplanes a month by end-2021. Reuters reported last week it had asked suppliers to prepare for 53 a month by end-2022.

Output of larger long-haul jets remains depressed by a business travel slump and is not expected to recover soon.

REUTERS/FILE

A Boeing 737 MAX airplane lands after a test flight at Boeing Field in Seattle, Washington, US.

This is an RFL-Walton story too!

FROM PAGE B4

If one visits a household of a middle-class family or even an upper-middle-class today, one will hardly come across any household durables that are not produced in the country. A large number of import-substituting manufacturers have emerged, spearheaded largely by RFL, Walton and a few others, producing a wide range of consumer goods. Here, RFL and Walton are used as examples to represent the electronics and light engineering industries.

The emergence and growth of this consumer durable sector have some unique characteristics, unlike garment. First, this industry has sprung during the time when China remains omnipresent in the global manufacturing market. India, being the overarching neighbour, has always been a threat to the growth of local industries. Local industries have emerged and thrived competing with the cheap Chinese and Indian imports in a very liberal tariff regime.

Second, this sector had to challenge the natural comparative advantage of the country, which is the cheap unskilled labour, and invested in discovering the 'latent' comparative advantages.

Importantly, these apparent comparative-advantage-defying activities have not been the outcome of direct government's aspiration to create 'national champions' – the hyper-nationalistic drives that resulted in numerous failed cases in the past across the globe (e.g. China, Senegal and Zambia's failed experiments with automobiles during 1950-1970). The process of 'self-discovery' of the electronics sector, for example, has been completely a private sector-led initiative.

Third, unlike readymade garments, which were "born to export", a large number of the firms have followed the full sequence of transformation or a part of it to become manufacturers and exporters from retailer, importer/ wholesaler, and assembler.

This path is painstakingly long and risky; only a few win the race and reach the last stage to become exporters. The transformation from assembler to the manufacturer is the hardest hurdle as it involves the creation of new value through technology and skill up-gradation.

Walton started its journey as a retailer under the name of "Rezvi and Brothers" in 1977 and went through all the steps of the full sequence of transformation to become a manufacturer in 1999 and exporter in 2010.

RFL started its journey in 1980, producing cast iron products and later diversified into plastics, electronics and a wide range of other consumer durables. In this case, the transformation from one stage to the next varies with product lines. This kind of up-gradation of products and processes at a mass scale is something that the country's manufacturing sector has not seen before.

Fourth, as we know, the success of readymade garment was due to a combination of luck, dynamic entrepreneurship, and government support. The imitative entries were possible due to the low tech nature of the industry. But this kind of imitation and replication are very unlikely to take place in more sophisticated industries such as light engineering and electronics. Hence, the strategic partnership with the government is more important to steer this industry to grow both horizontally and vertically.

Moreover, the participation in regional and global value chains will take place only when the country will have a large number of industries achieving a certain level of efficiency in producing these high value-added goods, even if it is only for the local market.

The history of industrialisation has never been a pure market-driven process. The government supported industrialisation in many forms depending on the stage of development and the structure of the economy. These include protection (England protected its manufacturing for more than 350 years, the US for about 100 years, and South Korea for 30 years), mass procurement by the government (e.g. Indian IT), and allowing a few industries to become large (e.g. South Korea's Chaebols).

The industrial policies in the neoclassical framework pioneered by Dani Rodrik, Justin Yifu Lin, and Joseph E Stiglitz suggest that the government should allow rooms for the first movers to fail so that they can take the risks of new ventures and undertake 'self-discovery'. Win or lose, such initiatives create externalities – other firms can learn from the failed cases too, and the whole society eventually benefits. This justifies supporting the first movers by the government and helping direct the paths of industrial upgrading and diversifications.

The consumer durable industry in our country is now populated by a few first movers, and their growth potentials critically depend on where the government wants to see them in the next 10 years.

The trying time of the pandemic also reminds us of the importance of the expansion of the technological base of the country. Light engineering and electronics sectors are surely the starters.

I hope the ensuing budget will uphold the aspiration of becoming an industrialised country by 2041. Only 20 years to go!

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Fed officials, new data start lowering expectations for US jobs

REUTERS, *Washington*

Federal Reserve officials and new Dallas Fed data have begun lowering expectations for May jobs growth in the United States as business hiring plans continue to outrun the supply of people able or willing to work.

Dallas Federal Reserve president Robert Kaplan said Friday that hiring difficulties have continued through May, and will likely lead to another weak jobs report following the lower-than-expected 266,000 positions added in April.

A survey published by the Dallas Fed earlier in the day, meant to provide a mid-month check on national employment trends, pointed to weakening job growth as well.

That has been attributed to a number of factors including ongoing unemployment benefit payments and a lack of child care, and "these structural issues, which we saw in the report for April...all those tensions are not going to go away" immediately, Kaplan said at a Dallas Fed conference on technology. "We think you are going to see another odd or unusual report...Businesses are telling us they got plenty of demand but they cannot find workers either skilled or unskilled."

Fed officials had hoped to see a "string" of months in which a million or more new jobs were added to U.S. payrolls, helping the country quickly claw back the 8.2 million positions still missing from before the pandemic.

St. Louis Fed president James Bullard earlier this week however called that figure "hyped up," and said a "more realistic" expectation was for perhaps half a million jobs a month.

The comments highlight a growing dilemma at the Fed as it wrestles over how long to keep emergency levels of economic support in place as the pandemic ebbs and the economy revs up for what may be the strongest year of economic growth since the early 1980s.

Philadelphia Fed President Patrick Harker on Friday became the second Fed official, along with Kaplan, to urge a faster start to talks over when and how quickly to reduce the central bank's $120 billion in monthly bond purchases.

"It is something that, in my mind, we should start to have a conversation about sooner rather than later," Harker said at a virtual event organized by the Washington Post.

Atlanta Fed president Raphael Bostic and Richmond Fed president Thomas Barkin, speaking at the same event with Kaplan, both stuck to their positions that more hiring needs to take place before they'd be ready to discuss a bond purchase "taper."

"Right now we are not in a position where that's in play for moves," Bostic said, a view that is currently a near consensus at the Fed, even as some begin to warn of a possibly overheating economy.