Airbus recovers as Boeing reels

AFP, *Paris*

The aviation industry is slowly recovering from last year's Covid-induced downturn, but European aircraft maker Airbus is having a smoother ride than American rival Boeing, which has endured a series of crises.

The world's dominant aerospace companies will seek new business as they attend the five-day Dubai air show on Sunday, the industry's first major event since the pandemic started last year.

But while Airbus has returned to profit and delivered 460 aircraft in the first 10 months of the year, Boeing remains in the red and has supplied just 268 planes.

Boeing's 737 MAX returned to the skies last year after the entire fleet was grounded for 20 months following two crashes -- in Ethiopia and Indonesia -- that left 346 people dead.

Almost 370 of the planes remain in inventory and Boeing chief executive David Calhoun has said that it will take two years to sell them all.

The 737 MAX has also yet to be re-certified in China, a major market for aircraft makers. Boeing's production plans will depend on access to the Chinese market, Calhoun says.

The 787 Dreamliner has had its share of problems which is estimated to have cost the company $1 billion.

The company halted deliveries of the 787 in May following a series of issues with the plane -- the second suspension in the past year.

Boeing announced in July that it had spotted additional problems near the nose of the plane and was working to fix them.

A delay for the first deliveries of its new wide-body 777X plane -- which were pushed back from 2022 to late 2023 -- is costing the company $6.5 billion.

"There's been so many problems that it's very difficult to say they're over," Richard Aboulafia, analyst at aerospace consultancy Teal Group, told AFP.

Covid has also hit Boeing's strong point -- long-haul aircraft -- as international travel has been curbed by pandemic restrictions, said Remy Bonnery, an analyst at Archery Strategy Consulting.

International air traffic is only expected to return to pre-pandemic levels between 2023 and 2025.

Domestic air travel, meanwhile, is doing better -- which benefits Airbus and its A320 family of narrow-body aircraft.

Airbus will display its latest single-aisle plane, the A321neo, in Dubai.

The company aims to release the long-range version of the aircraft in 2023, the A321XLR, which can fly for 10 hours -- a feat only achieved by bigger planes until now.

"Airbus is alone in the single-aisle, long-haul market," said Bonnery at Archery Strategy Consulting.

"The next 10 years, we will have more plane deliveries by Airbus than Boeing," he said.

Boeing decided last year to hold off on launching its New Midsize Aircraft (NMA) project.

The plan was to deliver by 2025 an aircraft that could transport up to 275 passengers nearly 9,000 kilometres (5,600 miles).

The US company "is losing 10 points of market share, largely due to the A321neo. Losing 10 points of market share is a road towards being a marginal player," Aboulafia said.

Boeing would have to launch a new plane to claw back market share, said Michel Merluzeau, an analyst at AIR consultancy. "It must really staunch the bleeding against Airbus," Merluzeau said.

Regaining a place on the market "is very complicated and very expensive" -- at least $15 billion -- he said.

Boeing's debt has increased five-fold in less than three years to $62 billion.

It would be hard for Boeing to get a new plane out before 2028-2029, according to Merluzeau.

Calhoun indicated in October that the company has put a team together to design a new plane and production system.

AFP/FILE

Emirati and foreign delegates gather around an Airbus A380 passenger jet on a runway at the 2007 Dubai air show.

Global stocks rise in week dominated by inflation fears

AFP, *London*

Global stock markets mostly climbed on Friday, edging up over a week in which the threat of inflation spooked investors -- but not enough to scuttle the rally.

US major benchmarks all gained by lunchtime in New York, paring their losses for the week and taking their cue from Europe, where the FTSE was notable in bucking the bullish Friday feeling.

The euro dropped to a 15-month low versus the dollar before steadying, with the US currency benefiting from expectations the under-scrutiny Federal Reserve will begin a series of rate rises to stamp out surging inflation in the world's biggest economy.

"Inflation is running super-hot," said Neil Wilson, chief markets analyst at Markets.com, pointing to multi-decade highs of key gauges in the US, Japan and China.

Friday saw yet more evidence with German wholesale prices jumping 15.2 per cent year-on-year in October, the fastest clip since March 1974 and an acceleration from the previous two months, he said.

"Yet investors don't seem that bothered," Wilson said.

"Ultimately, the market remains fairly comfortable with fundamentals" and with central banks keeping rates -- and with them, bond yields -- artificially low, "equities remain the only game in town".

While inflation headwinds are clearly spooking some, persistently low interest rates are leaving yield-hungry investors with few options other than to keep their faith in stocks -- a scenario analysts dub TINA -- there is no alternative.

"Equities can't continue to hold firm against this backdrop but in a TINA world, stranger things have happened," said Oanda analyst Craig Erlam, pointing to surging gold prices and the strengthening dollar.

Gold futures in New York were little changed at a five-month high of $1,864.3 per ounce as the precious metal's traditional value as protection against inflation meant "investors turned to an old friend in time of need", Erlam said. Markets are looking to see if the global inflation spurt will ease as supply chain disruptions and wage hikes normalise and businesses recover from their pandemic hit.

Musk sells nearly $7b worth of Tesla shares this week

Reuters

Tesla CEO Elon Musk offloaded a combined $6.9 billion worth of shares in the electric car company this week, taking advantage of a meteoric rally that vaulted the firm's value to over $1 trillion.

The billionaire sold 1.2 million shares held by his trust for more than $1.2 billion on Friday, the latest in a flurry of his stock transactions, according to a US securities filing released later in the day.

The world's richest person and Tesla's top shareholder last Saturday tweeted that he would sell 10 per cent of his shares if users of the social media platform approved the move.

The 10 per cent would be about 17 million shares at the time of his tweet.

He has sold 6.36 million shares this week - around 37 per cent of 17 million.

He now needs to offload about 10 million more shares to fulfill his pledge to sell 10 per cent of his holdings.

Shares of Tesla Inc closed lower on Friday, down 2.8 per cent at $1,033.42, snapping an 11-week winning streak.

The shares are up more than 46 per cent this year following a sharp rally in October.

The stock sales, which marked the first time that Musk cashed out on a stake of that size since the company was founded in 2003, were massive by capital market standards, eclipsing the initial public offerings of most companies.

By getting Twitter users to green-light the move, he has blunted potential criticism of cashing out at a time when Tesla's valuation has become frothy and shares are at record highs.

Tesla shares fell 15.4 per cent this week and lost some $187 billion in market value, more than the combined market capitalizations of Ford Motor Co and General Motors Co.

Despite the week's losses, Tesla is still the most valuable automaker in the world. Recent strong gains in the stock have underscored demand for shares of electric vehicle (EV) makers.

After the blockbuster market debut of Rivian Automotive Inc on Wednesday, the two most valuable US automakers are EV companies.

In a veiled jab at the Irvine, California-based rival, Musk tweeted on Thursday: "There have been hundreds of automotive startups, both electric & combustion, but Tesla is (the) only American carmaker to reach high volume production & positive cash flow in past 100 years."

Musk had previously said he would have to exercise a large number of stock options this year, which would create a big tax bill.

Selling some of his stock could free up funds to pay the taxes.

Prior to the sale, Musk owned a stake of about 23 per cent in Tesla, including stock options.

After his exercise on 2.15 million stocks on Monday, he has options for 20 million more shares he needs to exercise by next August.

"We expect the share sales will continue, as Musk holds millions of options worth billions of dollars that would otherwise expire worthless, and he has also prearranged share sales under 10b5-1 plans," said Jason Benowitz, senior portfolio manager at the Roosevelt Investment Group LLC in New York.

Number of Americans quitting jobs reaches record high

Reuters

The number of Americans voluntarily quitting their jobs rose to a record high in September while job openings stayed stubbornly above pre-pandemic levels, a sign that businesses may have to continue to raise wages in order to attract workers.

The Labor Department's monthly Job Openings and Labor Turnover Survey, or JOLTS report, released on Friday, reflects an uneven economy with strong demand grinding against labor and goods shortages, driving overall inflation to its biggest annual gain in 31 years.

Wage inflation shows few signs of abating even as the daily case rate of coronavirus infections ebbs, with employers in almost every industry competing to lure workers and three million fewer people in the labor force compared to pre-pandemic levels.

The scramble for workers boosted wage growth to an annual increase to 4.9 per cent in October, although this has been outstripped by overall inflation, leading to a fall in real earnings.

A separate survey by the University of Michigan, also on Friday, showed consternation among consumers with sentiment on the economy falling to a decade low, with few believing policymakers are taking sufficient steps to tackle inflation.

Quits rose by about 164,000 in September, lifting the total to a record high of 4.4 million. The quits rate is seen as a good measure of labor market confidence as workers leave when they are more secure in their ability to find a new job.

There were 56,000 people who quit in the arts, entertainment and recreation industry while 47,000 left in the other services category. State and local government education saw 30,000 departures.

"The continued surge in quits points to wage growth of between 4.5 per cent-5.0 per cent, well above rates that would be consistent with inflation falling sustainably back towards the Fed's 2 per cent target," said Michael Pearce, senior US economist at Capital Economics in New York, following the report.

The Federal Reserve has so far resisted calls to take stronger action to combat higher-than-expected inflation, arguing that it remains transitory even if it persists well into next year.

The central bank announced at its last meeting that it will begin to taper its massive bond buying program this month, seen as precursor move to raising interest rates from their current level near zero. Investors currently expect a rate liftoff in mid 2022.

Job openings, a measure of labor demand, edged down by 191,000 to 10.4 million on the last day of September. Hiring also remained largely unchanged at 6.5 million in September.

The number of job openings was little changed in all four regions with vacancies increasing most in healthcare and social assistance, and state and local government, excluding education.

The government reported last Friday that nonfarm payrolls increased by 531,000 in October after posting gains of 312,000 in September. Job growth has averaged 582,000 per month this year.

Labor shortages could persist a while longer even as the Delta wave of Covid-19 infections slide from their mid-September high.

All-time high savings fueled by government aid, as well as a strong stock market and record house price gains, look set to continue to provide a short-term buffer as workers weigh up when to re-enter the jobs market.

Higher-than-normal early retirements are also playing a role.

That said, there is hope that with infections declining and schools fully reopened for in-person learning, more people will rejoin the labor force once excess savings helped by the generous government aid, some of which has ended, is depleted.

REUTERS/FILE

A job posting is shown on the window of a retail store looking for seasonal workers at a shopping mall in Carlsbad, California on November 9.

RMG workplace safety lauded

FROM PAGE B1

He said Bangladesh was his second home for he had already spent half of his life, or 25 years, here as he very much loved the country for its environment, people and fabric of society.

Seidl, also a former anchor for CNN Germany's business news, was accorded the title "Brand Ambassador of Bangladesh" by Bangladesh's Ministry of Commerce for promoting and branding Bangladesh for decades.

The book is described to be an engaging, upbeat account of Seidl, describing the development and transformation of a country that had to fight hard for its liberty, emerging from the struggle for independence to become a global manufacturing hub with exceptional economic growth.

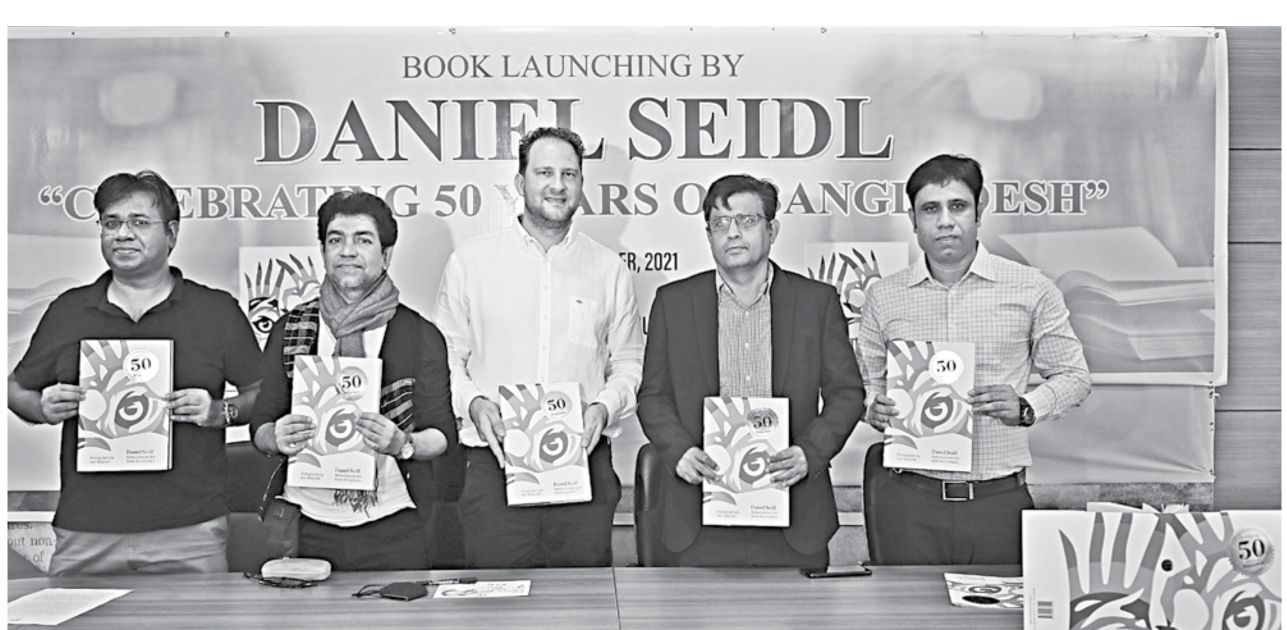
The author not only gave a general overview of facts worth knowing, but also addressed uncomfortable and future-relevant issues, albeit without raising an admonishing finger, it said.

"Bangladesh is portrayed as a poor country with natural disasters and bad working conditions. In this book we have gathered a list of 50 FACTS and 50 PERSONAL STORIES to present the success story of Bangladesh," it read.

"Pictures say more than a thousand words, and with this in mind, renowned photographer Abir Abdullah has enriched the book's chapters portraying this colourful and multifaceted land with realistic illustrations," it added.

This book has been endorsed and distributed by McKinsey & Company and amfori (former: Foreign Trade Association).

Abir Abdullah, Shafiqul Alam, Bangladesh bureau chief of the Agence France-Presse (AFP), and SM Rashidul Islam, general secretary to the ERF, also spoke at the ceremony.



STAR

Daniel Seidl, *centre*, a former executive director of the Bangladesh-German Chamber of Commerce and Industry, poses for photographs during the launch of his book "Celebrating 50 years of Bangladesh" at Economic Reporters' Forum in Dhaka yesterday.

Could we have avoided the fuel price hike?

FROM PAGE B4

It was also noticed that people in the border areas smuggle fuel products out of Bangladesh whenever the prices are comparatively low in the country to sell the fuel at a higher price in neighbouring nations.

In one sense, Bangladesh in using its hard-earned foreign currency to supply fuel to people in neighbouring countries, or at least the inhabitants of border areas.

So, some government officials were even heard saying that the prices were adjusted to prevent such smuggling.

The concerned ministry mentioned that due to the rising price of fuel in the international market, like neighbouring India and many other peer countries, Bangladesh has also decided to adjust local prices.

However, the sad part is that the government never reduced fuel prices when global prices were low.

We have heard former finance minister AMA Muhith saying that even when international fuel prices were low, they did not reduce the local prices in order to cover previous losses incurred by the BPC. This casts doubt on the recent decision to abruptly hike domestic fuel prices.

The way governments in the past and present have adjusted fuel prices were not at all aggressive in their intent for capacity building at the BPC and other fuel marketing companies or getting rid of corruption and inefficiency in the decision-making process.

For known reasons there have been, and most likely will be, more ups and downs in the international fuel market but countries that could partially or fully operate in the commodities futures market could book most of their fuel procurement deliveries at a lower or planned rates. However, this is something Bangladesh could not do due to age-old legal constraints.

Going forward, the government should be more focused on creating synergy in public sector undertakings; the public expenditure committee should apply more diligence in making their financial management strong, and make sure they are audited regularly by competent firms and audit objections are taken very seriously.

The possibility of engaging local or international private sector entities may also be considered in the import, refining and distribution of fuel.

Timing is of paramount importance for any government, especially in the way any change or shifts to the economy are being communicated to broader citizenry.

The author is an economic analyst.