Md Ahsan-uz-Zaman, managing director of Midland Bank, and Mohammed Rashid, director of Placid NK Corporation, exchange signed documents of an agreement on remittance services at the bank's head office in Gulshan recently. PHOTO: MIDLAND BANK

Midland Bank, Placid NK to offer remittance services

STAR BUSINESS DESK

Midland Bank Ltd recently signed an agreement with Placid NK Corporation, a global money transfer company, to establish remittance drawing arrangements fostering seamless and secure cross-border fund transfers.

Md Ahsan-uz-Zaman, managing director and CEO of the bank, and Mohammed Rashid, director of the money transfer company, inked the deal at the bank's head office in Gulshan, said a press release.

Under the deal, the bank will be able to disburse remittances from its branches and agent banking centres sourced through this global money transfer company.

Among others, Khondkar Towfique Hossain, head of international division of the bank, Nazmul Ahsan, head of treasury division, Nafisa Chowdhury, head of NRB banking unit, and Faroque Helaly, Bangladesh country head of the money transfer company, were present.

Prime Bank, Bida sign MoU

STAR BUSINESS DESK

Prime Bank Ltd recently signed a memorandum of understanding (MoU) with Bangladesh Investment Development Authority (Bida) to provide one stop banking service to foreign investors.

Shams Abdullah Muhaimin, deputy managing director of the bank, and Jibon Krishna Saha Roy, director general of the Bida, signed the MoU in this regard at the latter's office in Agargaon of Dhaka, said a press release.

"This partnership with Bida will open up the doors for Prime Bank to proudly contribute to the facilitation of investment in Bangladesh," said Muhaimin.

This partnership will facilitate the foreign investors with a sophisticated banking solution that ranges from online bank account and temporary bank account opening to an exclusive transactional service to ease their operations.

Among others, Lokman Hossain Miah, executive chairman of the Bida, was present.

Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and Jibon Krishna Saha Roy, director general of Bangladesh Investment Development Authority, sign a memorandum of understanding on one-stop banking services at the latter's office in Agargaon of Dhaka recently. PHOTO: PRIME BANK

PHOTO: EASTERN BANK

M Khorshed Anowar, deputy managing director of Eastern Bank, Syed Zulkar Nayen, head of business, Sarmin Atik, head of liability and wealth management, Tasnim Hussain, head of cards, Mohammad Salekeen Ibrahim, head of asset, and Tanzeri Hoque, head of priority and women banking, attend the launching programme of the "EBL Visa Women Signature Cards" for women entrepreneurs at the bank's head office in Dhaka yesterday.

EBL launches credit card for women entrepreneurs

STAR BUSINESS DESK

Eastern Bank Ltd launched an EBL women signature credit card during a panel discussion styled "Women in Start-up: A Journey towards Smart Bangladesh" at the bank's head office in Dhaka yesterday.

Tailored for women entrepreneurs, the VISA credit card features a diverse range of exclusive lifestyle benefits among many others, and a comprehensive risk assurance programme as well.

Ziaul Karim, head of communications and external affairs of the bank, moderated the programme, where Russell T Ahmed, president of Bangladesh Association of Software and Information Services, Sadia Haque, co-founder and CEO of ShareTrip, Achia Nila, founder and CEO of Women In Digital, and Tasnuva Shelley, CEO and founder of Legalized Education Bangladesh Ltd, were present.

Dollar on guard

REUTERS, *London/Singapore*

The dollar rose on Monday after a mixed US jobs report on Friday sent the US currency to a one-week low, with market focus turning to inflation data from the world's two largest economies due this week.

The euro weakened after data on Monday showed German industrial production dropped more strongly than forecast in June, underlining the challenges faced by the manufacturing sector amid a downturn in Europe's largest economy.

The dollar recovered from a one-week low hit on Friday in the aftermath of the data showing the US economy added fewer jobs than expected in July, with its daily losses limited by signs of solid wage gains and a decline in the unemployment rate.

That suggested the Federal Reserve may need to keep rates higher for longer.

The US dollar index, measuring the greenback against a basket of other major currencies, was last 0.25 percent higher at 102.31, moving away from Friday's low of 101.73.

US inflation data is due on Thursday, where expectations are for core inflation of 4.7 percent on an annual basis in July.

"We are seeing a cooling of the labour market, but it's not collapsing. It's doing what we hoped it would do," said Pepperstone's Head of Research Chris Weston.

"It's hard to see the pullback being big across the dollar pairs, because fundamentally the US has still got the best growth, you (have) a central bank which is still very much data dependant," said Weston.

"I think there are risks this week that the CPI number comes out above expectations."

Against the dollar, the euro fell 0.34 percent to $1.0975, marching towards a one-month low.

"This morning's... weaker than expected Germany industrial production data is a reminder of the headwinds facing the euro zone economy and the possibility that ECB (European Central Bank) rates may have already peaked," said Jane Foley, head of FX strategy at Rabobank.

Also, due this week is China's July inflation print on Wednesday, with traders on the lookout for further signs of deflation in the world's second-largest economy.

MUFG analysts said in a note that they expected the country's headline CPI to register deflation after growth in consumer prices stalled in June.

"While the narrative of soft recovery in China likely remains intact in the short term, continued support from the Chinese government should boost the yuan."

The Chinese yuan hovered near a two-week low, with its offshore counterpart last 0.2 percent lower at 7.2012 per dollar.

Yuan loses core support as firms leave China

ANALYSIS

REUTERS, *Shanghai/Sydney*

Since China opened to foreign investment in 1978 under Deng Xiaoping, global firms have ploughed in hundreds of billions of dollars to buy and build factories for market access and cheap labour, bolstering the Chinese currency.

A gentle downtrend in foreign direct investment gave way to a steep drop last quarter and inflows to China slammed to their lowest since records began 25 years ago, raising the prospect that the long-term trend is turning.

Corporate leaders and their advisers say a shift is under way and the political concerns behind investment decisions are long term, which leaves the yuan facing pressure from what was long one of its staunchest supports.

"FDI has historically not been a huge swing factor in the exchange rate's value, because you typically had surpluses of $50 to $100 billion a year," said Logan Wright, director of China Markets Research at analytics firm Rhodium Group.

"But when that swings to a deficit, which is where it is right now ... that's a pretty big adjustment."

Foreign direct investment (FDI) inflow slowed to less than $4.9 billion for the second quarter, while Chinese companies' investments abroad sent net direct investment to a record deficit of $34.1 billion, figures published last week by China's State Administration of Foreign Exchange (SAFE) showed.

Investors and analysts say the decline is the result of firms' nervousness over the direction of competitive and political friction between China and the West which has already led to trade and investment restrictions and a diplomatic chill.

Sources have told Reuters the Biden administration is likely to adopt new outbound investment restrictions on China in the coming weeks. Japan, the US and Europe have already restricted the sale of high-tech chipmaking tools to Chinese companies while China has hit back by throttling exports of raw materials.

Diplomatic tensions aside, business confidence had already been eroded by three years of Beijing's strict "zero-Covid" policy of quarantines and lockdowns that disrupted manufacturing and supply chains.

China's regulatory crackdowns on some industries and raids on US consulting firms have also been unnerving, leading businesses to fret over when and where the next hit was coming.

"I don't have one client wanting to invest in China. Not a single client," said John Ramig, partner at law firm Buchalter, who specialises in international business deals and structuring of manufacturing.

"Everyone is looking to either sell their Chinese operation, or if they're sourcing products in China, they're looking for an alternative place to do that," he said. "That's dramatically different from what it was even five years ago."

Oxford Economics' analysts say greenfield flows into new production capacities, probably best capture the forward-looking sentiment and have been sliding for years to total just $18 billion in 2022 from running around $100 billion a year in 2010-2011.

The slide in China FDI has been eye-catching because it has for so long been taken for granted as a fact of global trade and its unravelling portends deeper shifts.

Unlike more fickle portfolio flows from investors, companies' spending, while cyclical, tends to be stickier and steadier as firms establish and expand production -- meaning economic consequences are likely as it unravels.

Pressure on the exchange rate is already being felt.

Dollar purchases via Chinese banks for outbound direct investment has consistently exceeded yuan purchases for foreign inbound investment this year, resulting in six consecutive months of outflows, according to latest SAFE data.

That trend was also captured by Ministry of Commerce data, which showed that paid-in FDI fell 5.6 percent during the first five months of the year, the biggest decline in three years.

The yuan is down about 4 percent on the dollar this year, even as the US currency has fallen elsewhere, and has only found support as the central bank has guided its trading range off lows and state banks have been buying in the spot market.

Will AI be an economic blessing

FROM PAGE B4

Such concerns are not unfounded. History shows the economic impact of technological advances is generally uncertain, unequal and sometimes outright malign.

A book published this year by Johnson and fellow MIT economist Daron Acemoglu surveyed a thousand years of technology - from the plough through to automated self-checkout kiosks - in terms of their success in creating jobs and spreading wealth.

While the spinning jenny was key to 18th century automation of the textiles industry, they found it led to longer working hours in harsher conditions. Mechanical cotton gins facilitated the 19th century expansion of slavery in the American South.

The track record of the Internet is complex: it has created many new job roles even as much of the wealth generated has gone to a handful of billionaires. The productivity gains it was once lauded for have slowed across many economies.

A June research note by French bank Natixis suggested that was because even a technology as pervasive as the Internet left many sectors untouched, while many of the jobs it created were low-skilled - think of the delivery chain for online purchases.

"Conclusion: We should be cautious when estimating the effects of artificial intelligence on labour productivity," Natixis warned.

In a globalised economy, there are other reasons to doubt whether the potential gains of AI will be felt evenly.

On the one hand, there is the risk of a "race to the bottom" as governments compete for AI investment with increasingly lax regulation. On the other, the barriers to luring that investment might be so high as to leave many poorer countries behind.

"You have to have the right infrastructure – huge computing capacity," said Stefano Scarpetta, Director of Employment, Labour and Social Affairs at the Paris-based Organisation for Economic Cooperation and Development (OECD).

"We have the G7 Hiroshima Process, we need to go further to the G20 and UN," he said, advocating the expansion of an accord at a May summit of Group of Seven (G7) powers to jointly seek to understand the opportunities and challenges of generative AI.

Innovation, it turns out, is the easy bit. Harder is making it work for everyone - which is where politics comes in. For MIT's Johnson, the arrival of railways in 19th century England at a moment of rapid democratic reform allowed those advances to be enjoyed by wider society, be it through faster transport of fresh food or a first taste of leisure travel.

Similar democratic gains elsewhere helped millions enjoy the fruits of technological advance well into the 20th century. But Johnson contends that this started changing with the aggressive shareholder capitalism that has marked the last four decades.

The automated self-checkout, he argues, is a case in point. Groceries do not become cheaper, shoppers' lives are not transformed and no new task is created - just the profit gain from the reduction of labour costs.

Worker groups, which have lost much of the clout they had before the 1980s, identify AI as a potential threat to workers' rights as well as employment, for example if there is no human control on AI-steered hiring and firing decisions.

Mary Towers, employment rights policy officer at Britain's Trades Union Congress, cited the importance of unions "having statutory consultation rights, having the ability to collectively bargain around technology at work".

That is just one of several factors that will help determine how AI shapes our economic lives - from antitrust policies that ensure healthy competition among AI suppliers through to re-training of workforces.

An OECD survey of some 5,300 workers published in July suggested that AI could benefit job satisfaction, health and wages but was also seen posing risks around privacy, reinforcing workplace biases and pushing people to overwork.

"The question is: will AI exacerbate existing inequalities or could it actually help us get back to something much fairer?" said Johnson.

China's exports

FROM PAGE B4

Chinese factory activity fell for a fourth straight month in July, threatening growth prospects for the third quarter and increasing pressure on officials to deliver promised policy measures to boost domestic demand, with the services and construction sectors teetering on the brink of contraction.

China's state planner hinted of stimulus over three press conferences convened last week, but investors were underwhelmed by proposals to expand consumption in the automobile, real estate and services sectors as well as extend loan support tools for small and medium-sized enterprises until the end of 2024.

As many of China's major markets grapple with higher borrowing costs amid a battle to bring down soaring inflation, authorities in Beijing are walking a tight rope in trying to boost domestic consumption without easing monetary policy too much lest it triggers large capital outflows.

Imports are expected to have shrunk by 5.0 percent, after a fall of 6.8 percent in June, reflecting slightly improved domestic demand.

But South Korean exports to China, a leading indicator for imports to the Asian giant dropped 25.1 percent in July from a year earlier, the sharpest in three months.

The median estimate in the poll indicated only marginal change in China's trade surplus, with analysts predicting it will come in at $70.60 billion, compared with 70.62 billion in June. China's trade data will be released on Tuesday.