US weekly jobless claims rise; import prices increase

Weekly jobless claims rise 6,000 to 229,000

WASHINGTON: The number of Americans filing applications for unemployment benefits increased more than expected last week, suggesting the labor market was slowing, but probably not to the extent implied by a near-stall in job growth in February. While other data yesterday showed import prices rising by the most in nine months in February, the trend in imported inflation remained weak. Import prices dropped on a year-on-year basis for a third straight month in February. The stream of data remains broadly supportive of the Federal Reserve's pledge to be "patient" before raising interest rates further this year.

"Right now the labor market looks distinctly cooler than it did last year," said Chris Rupkey, chief economist at MUFG in New York. "If Fed Chair (Jerome) Powell is waiting for inflation to pick up before resuming that gradual pace of rate hikes, today's (import prices) report isn't going to impress him much." Initial claims for state unemployment benefits rose 6,000 to a seasonally adjusted 229,000 for the week ended March 9, the Labor Department said yesterday. Data for the prior week was unrevised. The Labor Department said no states were estimated.

Economists polled by Reuters had forecast claims rising to 225,000 in the latest week. Claims have been hovering in the middle of their 200,000-253,000 range this year. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, slipped 2,500 to 223,750 last week. The labor market is slowing as workers become more scarce. Hiring is also being constrained by a weakening economy as stimulus from a $1.5 trillion tax cut diminishes.

Washington's trade war with Beijing, slowing demand overseas and uncertainty over Britain's exit from the European Union are also hurting economic activity. The government reported last week that nonfarm payrolls increased by only 20,000 jobs in February, the weakest since September 2017, in part as payback after hefty gains in the prior two months. But the unemployment rate dropped two-tenths of a percentage point to 3.8 percent and annual wage growth was the strongest since 2009. US financial markets were little moved by the data yesterday.

Labor market slows; workers become scarce

Imported food prices tumble

In another report yesterday, the Labor Department said import prices rose 0.6 percent last month, boosted by increases in the costs of fuels and consumer goods. That was the biggest gain since May and followed an upwardly revised 0.1 percent rise in January. Economists polled by Reuters had forecast import prices rising 0.3 percent in February after a previously reported 0.5 percent drop in January. In the 12 months through February, import prices fell 1.3 percent. That followed a 1.6 percent decline in January.

The report came on the heels of data showing tame producer and consumer inflation readings in February. The jump in the monthly import prices probably does not change economists' expectations that inflation will remain moderate through the first half of 2019, and allow the Fed to stay pat on interest rates. The US central bank raised rates four times last year Last month, prices for imported fuels and lubricants rose 4.9 percent after increasing 4.1 percent in January. Prices for imported petroleum increased 4.7 percent after rebounding 7.1 percent in January.

But food prices fell 0.8 percent in February after decreasing 0.4 percent in the prior month. Excluding fuels and food, import prices rebounded 0.2 percent last month after falling 0.3 percent in January. The so-called core import prices fell 0.3 percent in the 12 months through February. Increases in core import prices have been curbed by last year's strength in the dollar.

Prices for imported consumer goods excluding automobiles rose 0.3 percent in February, reversing January's drop. The cost of goods imported from China were unchanged in February after dropping 0.3 percent in the prior month. Prices of Chinese imports dropped 0.7 percent in the 12-months through February, the biggest decline since October 2017.—Reuters

BOSTON: In this file photo job seekers speak with potential employers at a City of Boston Neighborhood Career Fair on May Day in Boston, Massachusetts. —AFP

India's Reliance caps Venezuelan oil purchases

MUMBAI: India's biggest private oil refiner Reliance Industries has capped crude imports from sanction-hit Venezuela, the company said yesterday, following pressure from the United States. The energy-to-telecoms conglomerate has also stopped exporting diluents to the crisis-hit South American country, it said. The announcements come after US Secretary of State Mike Pompeo asked India to halt all crude imports from Nicolas Maduro's regime, which the United States does not recognize.

"Our US subsidiary has completely stopped all business with Venezuela's state-owned oil company, PdVSA, and its global parent has not increased crude purchases," Reliance said in an emailed statement. "Reliance has halted all supply of diluents to PdVSA and will not resume such sales until sanctions are lifted," added the company, which is owned by India's richest man Mukesh Ambani. Venezuela-a once-rich oil-producing nation-is in the grip of an economic and political crisis and analysts said ending diluent exports would hamper Venezuela's output.

"Venezuelan oil is thick and needs these raw materials for processing crude," PetroWatch editor Madhu Nainan told AFP. Venezuela is reeling from an unprecedented, week-long nationwide blackout and inflation is projected to reach 10 million percent this year, according to the IMF. The country's infrastructure has degraded over years because of a lack of investment, a significant brain drain, and the government's practice of putting the military in charge of key civilian facilities and companies.

The situation has worsened with successive rounds of US sanctions against Maduro's government, including steps that have severely curbed its oil exports. India became the top importer of crude from Venezuela in February after US President Donald Trump issued a de facto ban on imports. The US and European Union recognises opposition leader Juan Guaido as Venezuela's interim president.

On Tuesday, Pompeo asked India to stop buying crude from Venezuela, so as not to provide an "economic lifeline" to Maduro's regime. The following day, New Delhi warned oil companies that they faced "undisclosed consequences" if they continued to buy Venezuelan oil. "We will continue a constructive dialogue with the US government to ensure Reliance remains in compliance," the conglomerate, which operates the world's biggest refining complex, added in its statement. —AFP

Giant UAE port operator posts rise in 2018 profit

DUBAI: Dubai port and logistics giant DP World said yesterday its net profit for 2018 rose over five percent on increased trade and higher returns from new acquisitions. The global provider, which runs port operations in over 40 countries, said in a statement that it posted a net profit of $1.27 billion in 2018, compared to $1.21 billion the previous year. "This robust performance has been delivered in an uncertain trade environment, once again highlighting the resilience of our portfolio," said DP World chairman and CEO Sultan Ahmed bin Sulayem.

He said DP World had made new acquisitions worth $2.5 billion last year, strengthening its presence around the world. They included Berbera port in Somaliland, Continental Warehousing Corp. in India, Cosmos Agencia Maritima in Peru, and the Unifeeder Group in Denmark, as well as the pan-European logistics business P&O Ferries. The state-owned company said its revenue for the year rose 20 percent to $5.65 billion, with important contributions from new acquisitions. —AFP