Vietnam inflation up sharply in Q1

HANOI: Vietnam's inflation rate rose sharply in the first quarter of 2016 according to official figures released yesterday, a turnaround for the communist country which saw inflation dwindle to zero last year. Year-on-year consumer price inflation was 1.25 percent in the first quarter, the General Statistics Office (GSO) said in a statement posted on its website, a sharp increase compared to the same period in 2015.

For the month of March, consumer prices rose 1.69 percent compared to 2015, the GSO added. For decades, Vietnam has suffered from runaway inflation-with triple digit increases in the 1980s and rates as high as 28.3 percent as recently as August 2008.

Taming inflation has been a key priority for the Vietnamese government, which has repeatedly increased official interest rates in an effort to prevent the economy overheating. But as inflation slowed sharply in 2014 and 2015, the government for the first time expressed concerned about deflation-a broader trend affecting the region.

During the first three months of 2016, the highest consumer price increases were in the health sector (up 11.88 percent) and in education (up 3.63 percent), the GSO said. "It is not a good sign because this trend shows the weaknesses of an economy whose development is not stable," economist Bui Kien Thanh told AFP. Experts believe that inflation could exceed the official target of five percent this year, after hitting a record low of 0.63 percent in 2015, the lowest for 14 years.

Vietnam's economy in 2015 grew at its fastest pace in five years, thanks to strong exports and record foreign investment, bucking the woeful regional economic trend. The communist nation recorded a GDP growth rate of 6.68 percent, easily surpassing the government's 6.2 percent target. Official figures for GDP growth for the first quarter of 2016 are expected in the coming days. — AFP

Dollar heading for 5th day of gains, best run since April

LONDON: The dollar was on its best run in almost a year yesterday, pressuring commodities and shares after yet another Federal Reserve official talked up the chance of more than one hike in US interest rates this year. If the dollar can keep its footing going into the long Easter weekend it will notch up a near 2 percent gain, and the first weekly rise in a month against the world's other major currencies.

The hot streak extended after St. Louis Fed President James Bullard joined a chorus of officials in highlighting the chance of at least two rate rises this year, with the first perhaps as soon as April.

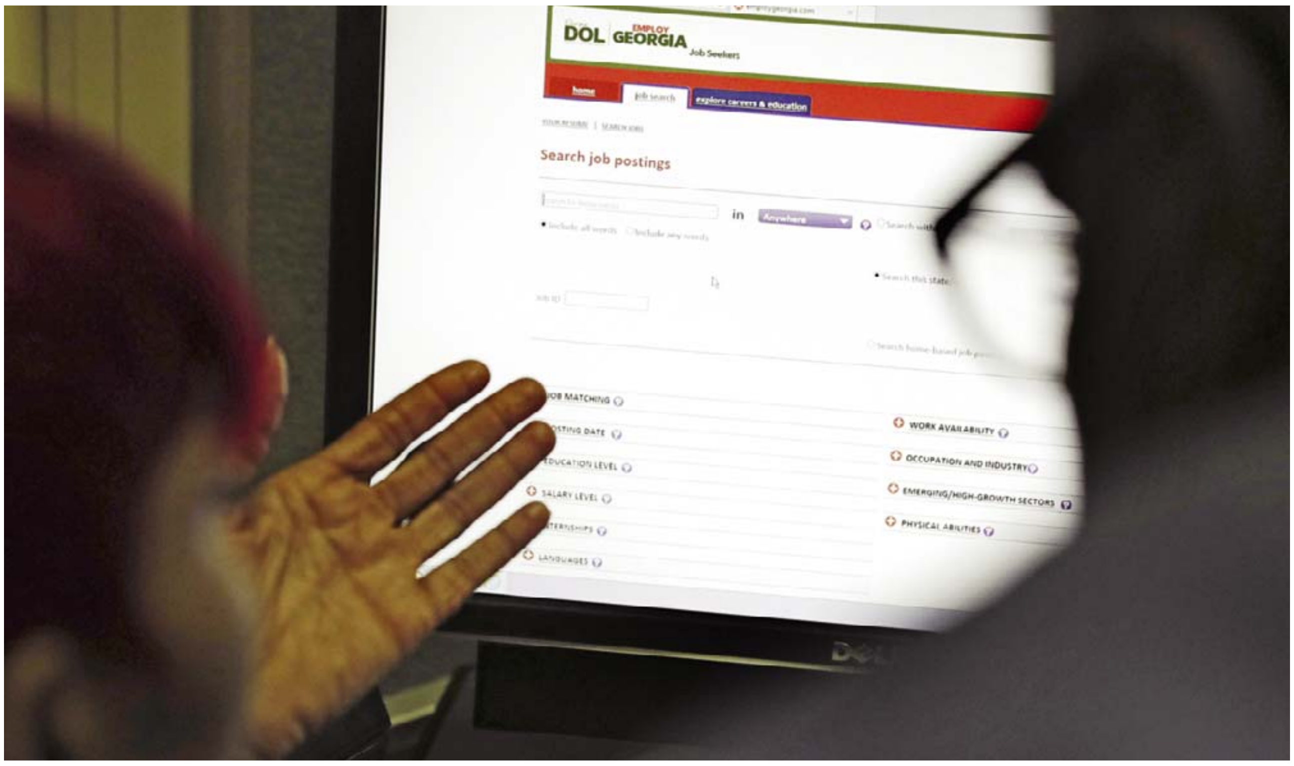
Markets now imply only one increase and dealers suspect an orchestrated attempt by the Fed to shift that thinking. Equity investors tend to dislike any hint of tighter US policy and European shares were down over 1 percent, their biggest tumble in over a week, as they faced a fourth straight session in the red. Wall Street was also looking at a difficult start as oil slipped back under \$40 a barrel and rekindled jitters about emerging market producer countries and firms.

It was never going to be the relaxing pre-Easter holiday session some traders may have been hoping for. A deluge of data had already started with a fall in durable goods orders highlighting the strains a strong dollar exerts. "We are going defensive again," said Hans Peterson, SEB investment management's global head of asset allocation.

"I think it could be a slow adjustment downwards (in risk assets) for a month or two months but its hard to guess. The dollar is rising and macro demand and stronger demand in commodities is not really there." Asia shares had dropped overnight too as the relapse in commodity prices and sharp move in China's yuan took their toll.

In Europe, figures showed German consumer morale has dipped while UK retail sales fell, albeit slightly less than expected, as a comparatively warm British winter hit clothes retailers. The euro eased to \$1.1150, leaving it well off last week's top of \$1.1342. Sterling also slid as low as \$1.4064 and was set for its biggest weekly drop against a basket of currencies in six years due to concerns that this week militant attacks in Brussels could aid the campaign for Britain to leave the European Union in a June vote. — Reuters

PARIS: A banner which translates as "Hollande to the Job Centre" is displayed as French youths and activists of various youth organizations march past during a demonstration against proposed changes to labor laws in Paris yesterday during a day of action opposing the implementation of new labor legislation. — AFP



Georgia Department of Labor services specialist Louis Holliday (right) helps a woman with a job search on a computer at an unemployment office in Atlanta. — AP

More Americans seek jobless aid, yet applications still low

US durable goods orders fall

WASHINGTON: More people sought US unemployment aid last week, but applications are still at a low level consistent with steady job growth.

THE NUMBERS: The Labor Department said yesterday that weekly applications for unemployment benefits rose 6,000 to a seasonally adjusted 265,000. The four-week average, a less volatile figure, increased just 250 to 259,750. The number of people receiving benefits fell to 2.18 million from 2.22 million the previous week. That is 8.3 percent lower than a year earlier.

THE TAKEAWAY: Applications are a proxy for layoffs, so the data indicates that businesses are holding tightly onto their staffs, despite overseas economic turmoil and modest growth in the US. Applications have been below 300,000, a historically low level, for 55 straight weeks, the longest stretch since 1973. Many businesses say they are having trouble finding new employees with the skills and experiences they need, so that may contribute to their reluctance to lay off any of their current staff.

KEY DRIVERS: When businesses are cutting few workers, they are more likely to step up hiring. Employers added a healthy 242,000 jobs last month, while the unemployment rate remained at 4.9 percent. Modest consumer spending growth and some recovery in housing is sustaining the US economy, even as weakness overseas and cutbacks in business spending has dragged down manufacturing.

In a separate report yesterday, the Commerce Department said that orders for big-ticket manufactured goods fell 2.8 percent in February. The drop was led by a sharp decline in orders for commercial aircraft. Still, excluding transportation goods, orders fell 1 percent, a sign that manufacturing may struggle for a second year after a weak 2015.

Sales of existing homes dipped in February, but followed two solid readings in December and January. And new home sales rose 2 percent last month, though all the increase occurred in the West.

US durable goods orders fall

New orders for long-lasting US manufactured goods fell in February as the sector continues to struggle with the lingering effects of a robust dollar and lower oil prices. While other data yesterday showed an increase in the number of Americans filing for unemployment benefits last week, revisions to the prior weeks' figures showed the labor market was much stronger than previously thought.

The labor market resilience underscores the economy's strength, which has helped calm concerns of a looming recession. That could keep the Federal Reserve on course to gradually raise interest rates this year. The Commerce Department said orders for durable goods, items ranging from toasters to aircraft meant to last three years or more, declined 2.8 percent last month after a downwardly revised 4.2 percent increase in January. Non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, decreased 1.8 percent after advancing by a downwardly revised 3.1 percent in January. These so-called core capital goods orders were previously reported to have increased 3.4 percent in January.

Economists polled by Reuters had forecast durable goods orders falling 2.9 percent last month and orders for core capital goods slipping 0.1 percent.

The dollar dipped against a basket of currencies after the data. US stock futures were down, while prices for Treasuries were mixed. — Agencies