Nearly all Berlin flights cancelled due to strike

FRANKFURT/BERLIN: Tens of thousands of passengers were stranded in Berlin yesterday as a strike by ground staff led to the cancellation of nearly 700 flights operated by airlines including Air Berlin, Ryanair and Lufthansa.

Berlin Airport, which operates Tegel and Schoenefeld airports, said almost all flights from the German capital had been grounded, with 466 flights cancelled at Tegel and 204 at Schoenefeld as of 0900 GMT. The strike by ground staff, who want an increase in their hourly pay to 12 euros ($12.71) from 11 euros, is due to run for 25 hours from 0400 local time (0300 GMT) yesterday. Enrico Ruemker, strike leader at trade union Verdi, told Reuters TV that workers were ready to take further strike action if they did not receive a "reasonable" offer, although the union remained open to talks at any time. The industrial action comes as many trade visitors try to make their way home from the world's biggest tourism trade fair, the ITB, which ends in Berlin on March 12.

Some delegates left the trade fair early to avoid the strike while others told Reuters they faced long train journeys or detours to other German airports such as Hamburg or Dresden. Air Berlin said it had cancelled 202 flights, with only long-haul routes and flights to and from Duesseldorf still operating. It offered passengers vouchers for train tickets to their German destinations or flights from Hanover. Irish budget carrier Ryanair cancelled 77 flights to or from Berlin and said it was offering customers a full refund, free transfer onto the next available flight or a free transfer onto an alternative flight route.

German flagship Lufthansa said it had had to cancel 68 flights between Berlin, Frankfurt and Munich, affecting about 10,000 passengers, who could rebook or cancel for free. "Everything should return to normal on Saturday," a Lufthansa spokesman said. — Reuters

Dollar hits 7-week high, focus on US jobs data

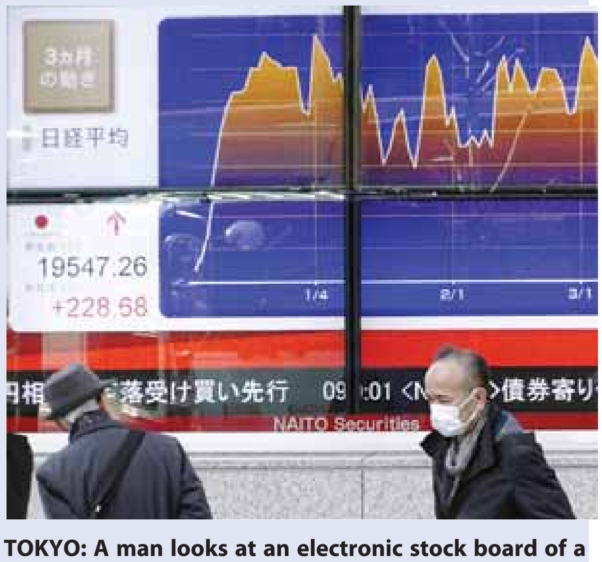
LONDON: The dollar firmed to seven-week highs against the yen yesterday, as investors awaited US jobs data ahead of next week's Federal Reserve meeting, while weak inflation figures pushed the Norwegian crown to four-month lows against a stronger euro. The single currency rose a third of a percent to a four-day high of $1.0619, having been boosted by comments from European Central Bank head Mario Draghi on Thursday that investors saw as somewhat hawkish.

The ECB removed from its statement a reference to using all available measures to induce growth and inflation, driving markets to price in an interest rate hike in early 2018, on expectations the ECB will wind down its stimulus program as the European economy improves.

"It (the euro) is not going to run away to the top side because we're waiting to see what wage growth does today in the States, and what the Fed statement tells us next Wednesday," said ING currency strategist Chris Turner in London. A surprisingly robust private US jobs report from ADP on Thursday heightened bets for a strong monthly non-farm payrolls release due at 1330 GMT, further strengthening the case for a US interest rate hike at the Fed's policy meeting next week.

The dollar climbed almost half a percent to 115.495 yen , its highest since Jan. 20, leaving it up nearly 1-1/2 percent for the week. The dollar index, which tracks the greenback against a basket of six major rivals, was flat at 101.85. It was on track for its fifth straight week of gains - its best run in eight months - after a quarter-of-a-percent rise this week.

Markets are now pricing in an almost 90 percent chance of a Fed hike next week, according to Reuters data."In the near term it's going to be quite tough for there to be further dollar strength, given how well-priced the Fed meeting is next week, and also just how much the market has priced for the year now as a whole," said currency strategist Hamish Pepper at Barclays in London. The Norwegian crown fell to four-month lows against the euro after data showed consumer prices in Norway fell to four-year lows in February, putting pressure on the central bank to keep monetary policy loose. — Reuters



TOKYO: A man looks at an electronic stock board of a securities firm showing the chart of Tokyo's Nikkei 225 stock index movement in the past three months in Tokyo yesterday.—AP

PARIS: Wilhelm Hubner (C), president of the board of Auchan Holding, flanked by Auchan Holding secretary general Xavier de Mezerac (L) and Immochan affiliate head Benoit Lheureux (R) pose during a presentation of the group's 2016 results in Paris yesterday. —AFP

German imports soar in Jan, CA surplus shrinks

Imports up 3% on the month, exports up 2.7%

BERLIN: German imports soared more than expected in January, outperforming a surprisingly strong rise in exports in a further sign that Europe's biggest economy fired on all cylinders at the start of 2017. Data released by the Federal Statistics Office yesterday, also showed the current account surplus fell sharply on the month suggesting vibrant domestic demand is helping to slowly re-balance Germany's traditionally export-driven economy. "Germany's domestic demand will remain strong this year and we expect imports to rise faster than exports in 2017," said Sal. Oppenheim economist Ulrike Kastens. "This should help to contain the trade surplus, although it is likely to remain high," Kastens said, adding that German companies would have to invest more to further fuel imports and significantly reduce the trade surplus.

"But many firms are still holding off investments due to a series of political risks and uncertainties," she added, pointing to the threat of a protectionist US trade policy and the unclear outcome of several major elections in Europe. Seasonally adjusted imports rose by 3.0 percent on the month, while exports increased by 2.7 percent, the data showed. Both figures came in much stronger than expected.

A breakdown of unadjusted trade figures showed that exports to countries outside the European Union rose the sharpest while imports were particularly strong from EU countries outside the euro zone. "After their lacklustre performance in the past year, exports are rebounding in 2017," DIHK economist Volker Treier said, adding demand from emerging markets such as China, Brazil, Russia and India was rising.

Despite the jump in imports, the seasonally adjusted trade surplus stood at 18.5 billion euros ($19.6 billion), up slightly from 18.3 billion euros in December. Analysts put the discrepancy mainly down to one-off factors at the turn of the year. The wider current account surplus nearly halved, however, to 12.8 billion euros after a revised 24.8 billion euros in December, the data showed. On the year, it shrank by 1.8 billion euros.

War of words

In 2016, German exports rose 1.2 percent on the year to hit a record 1.2 trillion euros while imports edged up 0.6 percent to reach an all-time high at 955 billion euros. This propelled the trade surplus to 252.9 billion euros, also a record high. The European Commission and the International Monetary Fund (IMF) have repeatedly urged Germany to take advantage of record-low borrowing costs and increase investment as a measure to reduce the country's large trade and current account surpluses.

US President Donald Trump's trade adviser on Monday described the US trade deficit with Germany as "one of the most difficult" issues, calling for bilateral discussions to reduce it outside of European Union restrictions. Peter Navarro's comments followed his complaints that Germany was exploiting a weak euro to gain a trade advantage. The criticism was firmly rejected by Finance Minister Wolfgang Schaeuble on Tuesday who said Germany's trade surplus was the result of high demand for its products and this had nothing to do with any form of currency manipulation. The war of words has set the stage for a heated debate on trade and tax policies when G20 decision-makers meet in the German town of Baden-Baden next week. — Reuters