Macron's ratings fall further after a month of protests

'Yellow vest' protests lose momentum on decisive weekend

PARIS: A month of "yellow vest" protests have taken a further toll on the popularity of French President Emmanuel Macron, a new poll showed yesterday, with analysts saying he will be forced to change his style of governing.

Around 66,000 protesters turned out again on Saturday on the fifth round of anti-government demonstrations, which sprung up over fuel tax hikes last month. The figure was about half the number of the previous weekend, suggesting momentum was waning and the most acute political crisis of Macron's 19-month presidency was coming to an end.

"It is calming down, but what remains of it all is a strong feeling of hatred towards Macron," said veteran sociologist Herve Le Bras from the School of Advanced Studies in the Social Sciences (EHESS). A major poll by the Ifop group published in Journal du Dimanche newspaper showed Macron's approval had slipped another two points in the last month, to 23 percent.

The proportion of people who declared themselves "very dissatisfied" by his leadership jumped by six points to 45 percent. Many of the protesters have targeted Macron personally, calling on him to resign or attacking his background as an investment banker and his alleged elitism.

Le Bras said the protests had underlined the depth of dislike for Macron's personality and style of governing, which critics see as arrogant and too distant.

'Context has changed'

Until last week, a clear majority of French people backed the protests, which sprung up initially over high taxes before snowballing into broader opposition to Macron. In a bid to end the standoff, he announced a package of measures for low-income workers on Monday in a televised address, estimated by economists to cost up to 15 billion euros ($17 billion).

The 40-year-old also acknowledged widespread animosity towards him and came close to apologizing for a series of verbal gaffes seen as dismissive of the poor or jobless. Two polls published last Tuesday-in the wake of Macron's concessions-suggested the country was now split broadly 50-50 on whether the protests should continue.

"It's a movement that has succeeded in forcing back what looked like a strong government," Jerome Sainte-Marie, a public opinion expert at the Pollingvox group, said.

"People have confidence in themselves now, so things won't return to how they were on November 15" before the protests started, he said. "The context in which Emmanuel Macron holds power has changed," he added. The former investment banker had until now styled himself as a determined pro-business reformer who would not yield to pressure from protests like his predecessors.

"Macron has given an indication that he is more open to dialogue," Jean-Daniel Levy from the Harris Interactiv polling group said. The government has announced a six-month consultation with civil society groups, mayors, businesses and the "yellow vests" to discuss tax and other economic reforms.

Hikes in petrol and diesel taxes, as well as tougher emissions controls on old vehicles-justified on the grounds of environmental protection-were what initially sparked the "yellow vest" movement. Macron "won't necessarily change the overall course of his reforms, rather the way he carries them out," Levy added.

Calls for calm

In Paris on Saturday, more than 8,000 police on duty easily outnumbered the 2,200 protesters counted by local authorities. There were 168 arrests by early evening, far fewer than the 1,000 or so of last Saturday. Tear gas was occasionally fired, but only a fraction compared with the weekends of December 8 or December 1 when graffiti was daubed on the Arc de Triomphe in scenes that shocked France.

At Toulouse, in the southwest, police said they had arrested 31 people and were still detaining 26 after clashes during 'yellow jacket' protests in the city.

Two motorway tollbooths at Narbonne and Perpignan in the south were burned overnight Saturday to Sunday, fire services reported. Both had been targetted in previous protests.

Richard Ferrand, the head of the National Assembly, welcomed the "necessary" weakening of "yellow vest" rallies on Saturday, adding that "there had been a massive response to their demands".

Losing momentum

Groups of defiant "yellow vest" demonstrators faced off with tens of thousands of police around France on Saturday, but the protest movement appeared to have lost momentum on a fifth and decisive weekend.

President Emmanuel Macron, facing the biggest crisis of his presidency, announced a series of concessions on Monday to defuse the explosive "yellow vest" crisis, which swelled up from rural and small-town France last month. The package of tax and minimum wage measures for low-income workers, coupled with bitter winter weather this weekend, appeared to have helped bring calm to the country after more than a month of clashes and disruption.

France was also hit by a fresh deadly terror attack on Tuesday night when a gunman opened fire at a Christmas market in Strasbourg, leaving four dead and leading the government to urge people to stay at home to spare the stretched security forces.

Interior Minister Christophe Castaner said Saturday that eight people had now died in incidents linked to the demonstrations, and called on protesters to halt their blockades across the country. —AFP

PARIS: A protester wearing a yellow vest (gilet jaune) holds a placard reading "here lies democracy" during a demonstration against rising costs of living they blame on high taxes on the place de la Republique, in Paris. —AFP

Wall Street Week Ahead

Market looks to Fed outlook for early Christmas gift

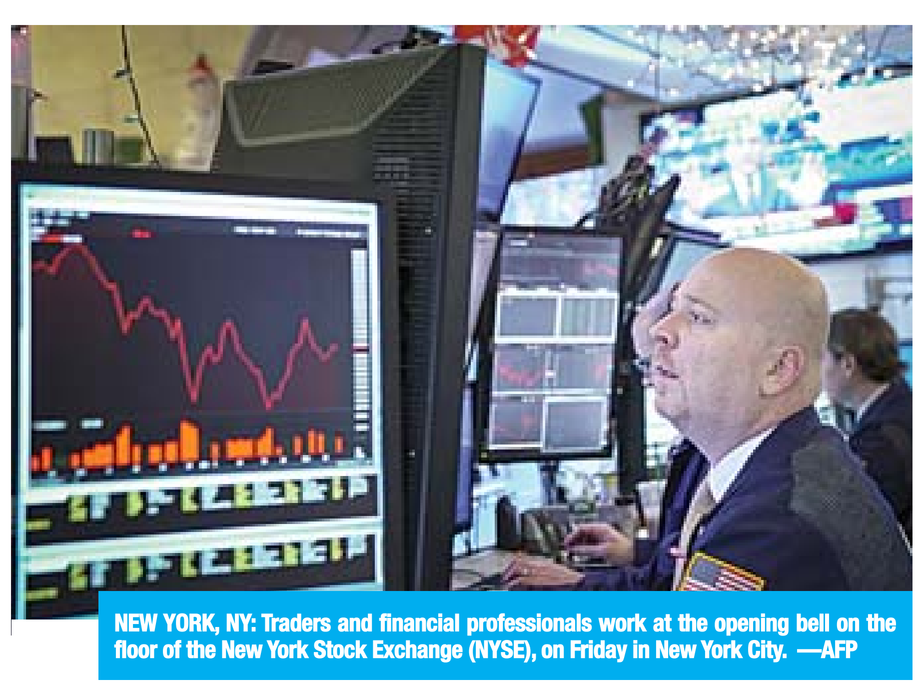
NEW YORK: Investors are eager for a touch of Christmas cheer from the US Federal Reserve next week, hoping for signs the central bank may ease up on interest rate hikes next year and spark a Santa Claus rally. US stocks are having their worst December performance in 16 years with the S&P 500 notching a 5 percent drop so far this month.

The Fed's ongoing reversal of easy-money policy is a major overhang, and it is expected to raise rates more at the end of its two-day meeting on Wednesday. That would mark a fourth consecutive December increase since 2015 when it started gradually lifting them. The question on investors' minds is whether it could be the last. "It's imperative (the Fed releases) a dovish statement and an accommodative Q&A session," said Bucky Hellwig, senior vice president at BB&T Wealth Management in Birmingham, Alabama.

"If not, that would put stocks at risk again." "The Fed's the key to a strong December, and it's getting late in the year." Recent comments from policymakers have fueled expectations for a timeout signal when the rate-setting committee's statement is released along with officials' individual projections for how much further they will rise in 2019 and beyond. "The market's been under incredible pressure, concerned that the Fed is just going to go charging ahead," said Stephen Massocca, senior vice president at Wedbush Securities in San Francisco. "The Fed understands that and from their latest commentary they're starting to walk it back a little bit." US markets have been highly sensitive to any hint that the Fed is ready to slow down or even take a pause. The central bank has lifted rates eight times since December 2015 in a bid to restore them to normal after having slashed borrowing costs to near zero to combat the financial crisis a decade ago.

Last month, when Fed Chairman Jerome Powell said rates were near the range of policymakers' estimates of "neutral" - the level at which they neither stimulate nor impede the economy - the S&P jumped by the most in eight months. "There's no doubt there's been a shift in sentiment towards a more dovish Fed," said Charlie Ripley, senior market strategist for Allianz Investment Management in Minneapolis. Other FOMC members have recently weighed in. Earlier this month, Fed Governor Lael Brainard nodded to growing risks to growth overseas and in corporate debt markets at home.

St. Louis Federal Reserve President James Bullard chimed in that investors were nervous that the Fed had gone too far. According to their latest projections in September, the median view among policymakers was for three rate hikes in 2019. Interest rate futures used to gauge the probability of further hikes now reflect almost no chance of that happening. "If you look back at even as late as September, there were probably three rate hikes priced in to 2019, where now there's right around one," Ripley said. Some recent US economic data, including an underwhelming jobs report and tepid inflation numbers, along with pressures such as the ongoing US-China trade skirmish, also appear to support an argument for a pause in Fed tightening in 2019. It is a mixed picture, though, as robust retail sales data for November showed consumer spending remained on solid ground, which could suggest no need for the Fed to let up. How the rest of December plays out likely comes down to how Fed officials communicate their view of a complex economic picture, said Oliver Pursche, vice chairman and chief market strategist at Bruderman Asset Management in New York. "If you get a dovish-sounding (Fed) statement that stresses the fact that the economy is good, but given that there's no inflation to worry about we can take a pause, that could lead to a 7 to 8 percent rally into year-end." —Reuters


NEW YORK, NY: Traders and financial professionals work at the opening bell on the floor of the New York Stock Exchange (NYSE), on Friday in New York City. —AFP

Fears of slowdown put Fed tightening under microscope

WASHINGTON/SAN FRANCISCO: In June 2006, the US Federal Reserve raised interest rates for a 17th consecutive time but cushioned the increase with a strong signal that officials were ready to stop the tightening cycle.

Each rate increase in the previous two years had come with a cue that the US central bank would continue to lift borrowing costs, but at that policy meeting the Fed said any additional hikes would "depend on the evolution" of the economy. Now, as 2018 winds down with three rate increases on the books and another expected at the end of the Dec. 18-19 policy meeting, the Fed may be similarly preparing to call time on a rate hike cycle that has proved remarkable for its tepid pace.

Although the Fed had hoped to return its benchmark overnight lending rate to "normal" when it embarked on its tightening cycle three years ago, it may end up stranded at about half the 2006 level and well below the average from the 1950s to 2007. The Fed has raised rates eight times since 2015.

Investors and leading Fed analysts have spent the last month adjusting their outlooks as a familiar set of risks took root. Oil prices have plunged. Stock markets are wobbly. There are fears slowing global growth will weigh on a US economy already expected to decelerate. Inflation, watched closely by the Fed, may be weakening.

A Reuters poll on Friday showed economists marking up the probability of a US recession in the next two years to 40 percent from 35 percent previously. They now expect the Fed to both pare its three anticipated rate increases for next year to two or even fewer. The central bank may also ditch its longstanding pledge that "further gradual increases" in rates will be needed to keep the economy on track and inflation under control. —Reuters

USTR Lighthizer, tough negotiator in Trump's shadow

WASHINGTON: He stays out of the limelight but shares President Donald Trump's mistrust of China and the threat it posed to US economic power. US Trade Representative Robert Lighthizer has emerged as the US strongman in the ongoing trade negotiations, determined to force changes in Beijing's economic policies.

A day after signing a new free trade agreement with Canada and Mexico after over a year of tough negotiations, Trump tapped the 71-year-old Lighthizer to lead this time the delicate trade talks with Beijing, with perhaps more at stake for the global economy.

Trump previously entrusted that mission to Commerce Wilbur Ross and Treasury Secretary Steven Mnuchin. Without success. The title of US Trade Representative (USTR) makes him a full member of the "cabinet", that is to say the government gathered around the US President and the US representative in the World Organization Trade (WTO).

And Lighthizer is a veteran of trade negotiations, having served as deputy USTR under Republican President Ronald Reagan in the 1980s, and dealt with Japan, the trade power at the time.

Like Trump, Lighthizer believes free trade cannot be unfettered and must be reciprocal.

In the talks with China, the objectives are clear: to force the Asian giant to put an end to trade policies the US deems "unfair," especially the theft or forced transfer of American technology, and state subsidies for industry. The countries agreed to a 90-day truce through March 1, but without at agreement, Trump will continue to impose punitive tariffs on Chinese goods imported into the United States. "Technology is the most important advantage that Americans have economically," Lighthizer said in a recent, and rare, television interview.

"We will protect that technology and get additional market access from China. If that can be done the president wants us to do it. If not we'll have tariffs."

Promises and action

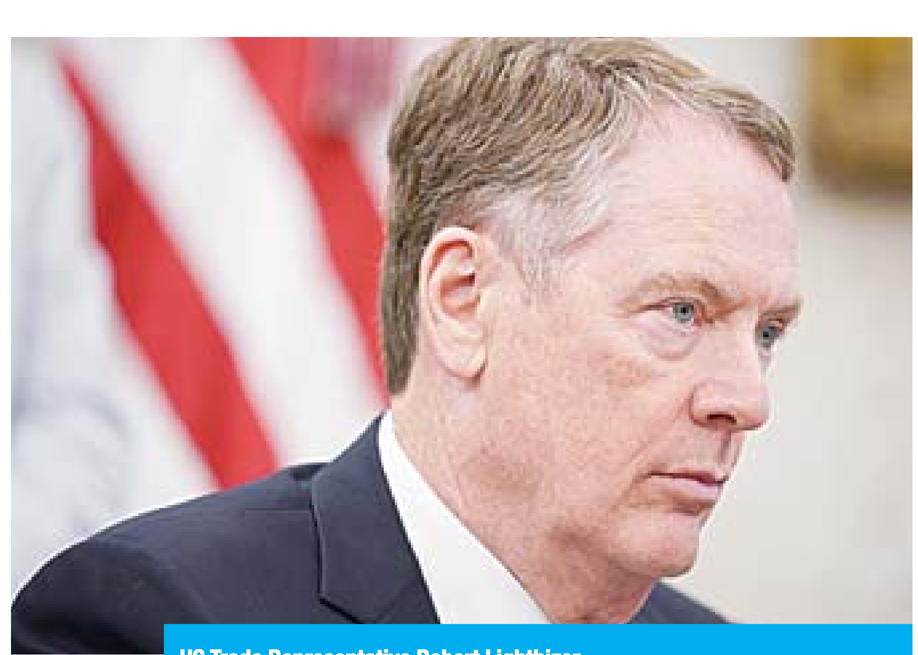
Lighthizer will not be satisfied with promises. He wants actions. Unlike Trump who revels the spotlight, Lighthizer keeps a low profile. During negotiations with Canada and Mexico his appearances were rare, his speeches parsimonious, his press releases distilled.

He makes it a point of honor not to expose in public what is happening behind the scenes. Lighthizer comes from an affluent family in Ashtabula, Ohio an important port on Lake Erie. It was used for coal and ore transport at the end of the 19th century, and the town's decline contributed to his skepticism about globalization and its drawbacks, according to relatives cited by The New York Times.

Prior to being named USTR in May 2017, Lighthizer, a father of two, was a partner in the Skadden law firm where he was a specialist in international trade law for more than 30 years.

Imposing stature, piercing gray-blue eyes, he is described as a man as "grumpy" in private as in public.

"He's very particular. Bombastic at times," said an official close to the US-Canada-Mexico talks. But he is "also charming, with a great sense of humor" and "tremendously respected his strong intellect." Like many of the Washington elite, Lighthizer attended Georgetown University both as an undergraduate and for law school. —AFP


US Trade Representative Robert Lighthizer

German railway reaches pay deal with main union

BERLIN: German railway operator Deutsche Bahn and its main union said Saturday they had reached a pay deal after strikes disrupted services earlier this week. The EVG union, which represents most of the 160,000 DB workers, agreed a 6.1 percent pay rise in all — 3.5 percent payable from July 2019 and 2.6 percent from July 2020.

EVG originally demanded a 7.5 percent pay hike while DB offered 5.1 percent. Employees will also get a one-off payment of 1,000 euros ($1,130) just before the first phase salary increase, EVG and DB said.

EVG negotiator Regina Rusch-Ziemba said the union had won comprehensively after strike action had "sent a clear sign" to the company of workers' determination.

The agreement "is an important sign of (DB's) esteem for its workers," DB human resources head Martin Seiler said in a statement.

DB will now be able to focus on improving its services, especially on punctuality, he said. —AFP