

## Business

# US spending deal clinched, could avert govt shutdown

## Speaker Ryan hails \$1.3 trillion spending bill

WASHINGTON: US congressional budget negotiators said on Wednesday they had reached a deal on federal spending for the remainder of fiscal 2018, two days before a deadline to fund the government or risk a shutdown.

The \$1.3 trillion spending bill was hailed by House Speaker Paul Ryan, Congress's top Republican, as marking "the beginning of a new era for the United States military," while Senate Minority Leader Chuck Schumer said it would fulfill Democratic goals. "This critical funding bill fulfills our pledge to rebuild the nation's military," Ryan said.

"It also addresses many of our national priorities, such as school safety, infrastructure, and fighting the opioid epidemic." The monster measure, backed by President Donald Trump thanks in part to a last-minute sales pitch by Ryan at the White House



Wednesday, was introduced with precious little time to act. Government funding expires at midnight Friday night, and the House of Representatives and Senate will need to scramble if both chambers are to pass the bill and get it signed by Trump by the deadline.

The deal signals an end-or at least a pause-to the deeply partisan feuding over funding that has roiled Congress for months. Five times since October, lawmakers have had to pass stopgap funding

## Dollar, shares buffeted by trade war worries

LONDON: The threat of a global trade war and a steady message from the Federal Reserve on US interest rates pushed the dollar to its lowest in over a month yesterday, and took Europe's main share markets into the red. It was the dollar's third decline in four sessions and helped Britain's pound to a six-week high after a Bank of England policy meeting laid the foundations for another UK rate increase in the coming months.

The Fed raised its key rate by 25 basis points to 1.75 percent on Wednesday and flagged at least two more increases were likely this year. But it stopped short of pointing to the three that some economists had been predicting.

China also nudged up its borrowing costs overnight, as Beijing braced for new tariffs from US President Donald Trump on Chinese imports worth as much as \$60 billion. Not all Fed bulls were discouraged, though. "Over the balance of the year we do think they will move to four hikes," said JP Morgan Asset Management's Seamus Mac Gorain, highlighting the impact of recent fiscal stimulus.

legislation to keep the government's lights on. Twice this year the government was allowed to slip into shutdown. A third lapse would be deeply embarrassing for a Republican-controlled Congress facing mid-term elections in November.

The bill sets defense spending levels, including a 2.4 percent raise for troops, at \$700 billion for the year—an increase of \$61 billion over the 2017 cap. Non-defense domestic spending will reach \$591 billion, an increase of about 10 percent. Among the sensitive issues addressed in the bill is gun safety, which has been the focus of prominent

### House aims to vote on bill today

#### Wall in, Obamacare funding out

Eleventh-hour snags on multiple issues, including immigration enforcement, border security and health care payments nearly ground negotiations to a halt. The bill includes nearly \$1.6 billion for construction of almost 100 miles (160 kilometers) of physical barriers and fencing along the US-Mexico border, part of Trump's promised wall. But it fails to address protections against deportation

Trade tariffs were a risk but more open economies such as Mexico or the euro zone could be more at risk than the United States, he said. Those jitters, plus weaker-than-expected German business confidence data, caused European shares to fall 1 percent to a two-week low.

US stocks were also set to open lower, with S&P 500 futures down 0.7 percent in pre-market trades. Shares in tech giant Facebook were set to fall for a third successive day after its chief executive Mark Zuckerberg apologized for a "major breach of trust" over how it had handled data belonging to 50 million users. In the currency market, the British pound hit a high of \$1.4216, its highest in more than a month.

The Bank of England kept rates steady on Thursday but two of its policymakers unexpectedly voted for an immediate rate rise, in a statement that will boost investors' confidence that borrowing costs will rise in May.

Bond yields - which move inversely to price - fell broadly. Borrowing costs on 30-year German debt hit their lowest level of the year.

Two-year US yields slipped to 2.305 percent from 9 1/2-year high of 2.366 percent. The 10-year yield fell below 2.85 percent, its biggest move in three weeks. "The threat of protectionism is dampening the mood in the German economy," said Clemens Fuest, the chief of the Munich-based Ifo institute, which published the business sentiment data. —Reuters



NEW YORK: Traders work on the floor of the New York Stock Exchange (NYSE) after the Federal Reserve raised interest rates, a move that investors expected on Wednesday in New York City. —AFP

for more than a million immigrants who arrived in the country illegally as children, an outcome likely to cause a clutch of Democrats to oppose passage.

"I will not vote for funding that continues Trump's war on immigrants," House Democrat Luis Guterrez said. Another casualty of the last-minute haggling was a bipartisan effort to fund health care subsidies granted to insurance companies serving low-income patients. That all but ensures that the fiery debate over Obamacare will continue into the November elections.

Moderate Republican Senator Susan Collins said it was "extremely disappointing" that the provision was left out of the bill. "This proposal—which would lower health insurance premiums by up to 40 percent—should have been included because the stakes are so high for millions of Americans whose insurance rates will skyrocket if Congress fails to act," she said. Several lawmakers began expressing alarm that such sweeping legislation which will touch every aspect of American life had yet to be filed by mid-day Wednesday. —AFP

## US weekly jobless claims increase slightly

WASHINGTON: The number of Americans filing for unemployment benefits unexpectedly rose last week, but the increase was marginal, suggesting strong job growth in March that should underpin consumer spending. Initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 229,000 for the week ended March 17, the Labor Department said yesterday. Data for the prior week was unrevised. Claims dropped to 210,000 during the week ended Feb. 24, which was the lowest level since December 1969. Economists polled by Reuters had forecast claims dipping to 225,000 in the latest week. Claims have now been below the 300,000 threshold, which is associated with a strong labor market, for 159 straight weeks. That is the longest such stretch since 1970, when the labor market was much smaller.

The labor market is considered to be near or at full employment. The jobless rate is at a 17-year low of 4.1 percent, not too far from the Federal Re-

serve's forecast of 3.8 percent by the end of this year. The US central bank raised interest rates on Wednesday and forecast at least two more hikes for 2018, in a vote of confidence in the economy. The Fed said it expected that "labor market conditions will remain strong."

The Labor Department said claims for Maine and Colorado were estimated last week. It also said claims-taking procedures in Puerto Rico and the Virgin Islands had still not returned to normal after the territories were devastated by Hurricanes Irma and Maria last year.

The four-week moving average of initial claims, viewed as a better measure of labor market trends as it irons out week-to-week volatility, rose 2,250 to 223,750 last week. The claims data covered the survey period for March nonfarm payrolls. The four-week average of claims fell 1,750 between the February and March survey periods, suggesting another month of solid job gains. The economy created 313,000 jobs in February. Economists are optimistic that tightening labor market conditions will start boosting wage growth in the second half of this year. That should help to support consumer spending, which slowed at the start of the year.

The claims report also showed the number of people receiving benefits after an initial week of aid declined 57,000 to 1.83 million in the week ended March 10. —Reuters