US manufacturing output flat as auto production falls

Mining production drops 0.8%; utilities up

WASHINGTON: US manufacturing output was unchanged in March after two straight monthly declines, leading to the largest quarterly decrease in production since 2017.

The Federal Reserve said yesterday manufacturing production last month was restrained by weak motor vehicle and wood products output. Data for February was revised up to show output at factories falling 0.3 percent instead of declining 0.4 percent as previously reported. Economists polled by Reuters had forecast manufacturing output edging up 0.1 percent in March.

Production at factories dropped at a 1.1 percent annualized rate in the first quarter. That was the first quarterly drop since the third quarter of 2017 and followed a 1.7 percent pace of increase in the October-December period. Motor vehicles and parts production dropped 2.5 percent last month after increasing 2.3 percent in February. An inventory overhang in the automobile sector is weighing on production, contributing to factory employment declining in March for the first time since July 2017.

Excluding motor vehicles and parts, manufacturing output rose 0.2 percent in March, lifted by increases in the production of primary metals, and computer and electronic products, after falling 0.5 percent in February. The outlook for the manufacturing sector, which accounts for about 12 percent of the economy, is cloudy.

A survey from the New York Fed on Monday showed a measure of future business activity in New York state dropped to a more than three-year low in April, with companies downbeat about new orders and shipments. Manufacturing is slowing as stimulus to capital spending from last year's $1.5 trillion tax cut package diminishes. Activity is also being hobbled by a trade war between the United States and China as well as by last year's surge in the dollar and softening global economic growth, which are hurting exports.

The softness in manufacturing is in tandem with a moderation in the broader economy. Gross domestic product growth forecasts for the first quarter are between a 1.6 percent and 2.3 percent annualized rate. The economy grew at a moderate 2.2 percent rate in the fourth quarter after expanding at a brisk 3.4 percent pace in the July-September period.

The flat manufacturing output in March, together with a 0.8 percent drop in mining, lead to a 0.1 percent dip in industrial production. Industrial output edged up 0.1 percent in February. It fell at a 0.3 percent rate in the first quarter after rising at a 4.0 percent pace in the fourth quarter. Mining production was unchanged in February. Oil and gas well drilling rebounded 0.3 percent in March after tumbling 1.3 percent in February. Utilities output gained 0.2 percent in March after surging 3.7 percent the prior month.

Capacity utilization for the manufacturing sector, a measure of how fully firms are using their resources, slipped to 76.4 percent last month, the lowest in a year, from 76.5 percent in February. Overall capacity use for the industrial sector fell to 78.8 percent from 79.0 percent in February.

It is 1.0 percentage point below its 1972-2017 average. Officials at the Fed tend to look at capacity use measures for signals of how much "slack" remains in the economy - how far growth has room to run before it becomes inflationary. — Reuters

US manufacturing production in March was restrained by weak motor vehicle and wood products output.

Turkish Airlines adds Marrakech to its network

KUWAIT: Successfully completing its "Great Move" process and transferring all of its passenger operations to its new hub, Istanbul Airport, Turkish Airlines now adds Marrakech, tourist city of Morocco, to its flight network. As the national flag carrier's first inaugural flight from its new home, Marrakech became Turkish Airlines' second destination in Morocco while becoming its 308th destination globally. Starting on April 15th, Istanbul - Marrakech - Istanbul direct flights will be commenced five days of a week as Turkish Airlines reinforces its title of flying to more international destinations than any other airline.

The inaugural flight from Istanbul Airport, landed in Marrakech Menara Airport, was welcomed by the customary water cannon salute in a formal ceremony, to which attended by the executives both from the global carrier and Marrakech Menara Airport, and press members as well.

Commenting on this inaugural flight, Turkish Airlines Chief Marketing Officer (CMO), Ahmet Olmustur stated that: "With Istanbul Airport, a new era has begun in the global aviation. Our new operation center offers an important opportunity for us to develop our globally unparalleled flight network performance even further. Thus, we are working on new strategies to capitalize on this opportunity. Marrakech will always hold a special place for us as it is the first destination we added from our new home. We are happy to carry our passengers to this crimson city with our privileged travel experience."

Known as the "Crimson City" due to the color of its soil, Marrakech offers tourists and travelers the opportunity to experience the entire allure of North Africa in a single location. Bringing historical buildings, famous mosques and colorful flower gardens together at the foothills of Atlas Mountains, Marrakech is well on its way to become one of the favorite tourism centers of the world. As the first capital of Morocco, whose name means "Land of God" in the Berber language, Marrakech's streets are teeming with the historical heritage of various cultures.

Passengers, travelling to Marrakech with the privileged travel experience of Turkish Airlines, will be able to visit various significant locations for cultural tourism while experiencing different activities such as nature and wildlife tours.

EU lawmakers okay minimum rights for gig economy workers

STRASBOURG: The European Parliament yesterday approved a law setting minimum rights for workers in the "gigeconomy", a move that may benefit Uber drivers, Deliveroo and Just Eat food couriers and others. Gig workers are usually treated as independent contractors with none of the employment rights guarantees in more regular jobs, something the companies say gives flexibility to all but which critics say often results in exploitation.

The new rules will apply to those who work a minimum of three hours per week and 12 hours per four weeks on average, including casual or short-term workers, those who work on-demand and paid trainees and apprentices. The rights include informing workers about the working conditions such as duration and remuneration from day one.

Workers will also be able to refuse, without consequences, an assignment outside predetermined hours or be compensated if the assignment is not cancelled in time. Employers will not be allowed to hinder workers from working for other companies and will have to provide free mandatory training. "All workers who have been in limbo will now be granted minimum rights thanks to this directive, and the European Court of Justice rulings. From now on no employer will be able to abuse the flexibility in the labor market," lawmaker Enrique Calvet Chambon from the ALDE liberal group, said. EU governments, which have agreed to the rules, will have three years to enforce them. —Reuters

Markets rise on optimism over trade talks

LONDON: Global stock markets mainly rose yesterday on optimism over trade talks between Beijing and Washington, with earnings results also heartening investors.

"Equity markets in Europe are higher as the positive move in Asia overnight has rubbed off on European sentiment," said CMC Markets UK analyst David Madden. "Firmer property prices in China combined with continued optimism surrounding the US-China trade talks drove Chinese stocks higher. The bullish sentiment spilled over to Europe." Asian equities rose, on the eve of vital Chinese first-quarter economic growth data, as investors brushed off a weak lead from Wall Street on Monday.

High-level talks between China and the United States aimed at ending their long-running trade war are also being closely followed, with most observers optimistic they would reach a deal.

Both sides have sounded positive, and expectations for a deal have been a key driver of a rally in global markets this year and in offsetting worries about the outlook for the world economy. Wall Street rose at the opening bell, with corporate performance cheering investors.

"US stocks are higher in early action, courtesy of upbeat earnings results from Dow members Johnson & Johnson and UnitedHealth" said analysts at Charles Schwab brokerage. Johnson & Johnson shares climbed 1.6 percent after reporting a 3.9 percent increase in operating revenue in the first quarter, far outpacing its earlier forecast for a nearly stagnant 2019. In Europe, London's FTSE 100 won 0.6 percent, helped by news that British employment has reached a record-high level, shaking off uncertainty surrounding Brexit.

And Frankfurt's DAX 30 index climbed 0.7 percent to make it the best performing market in Europe, winning a boost from rising investor confidence, dealers said. A closely-watched German measure of investor confidence has clambered back into positive territory, data showed Tuesday, pointing to a brighter outlook. The ZEW institute's barometer added 6.7 points for a reading of 3.1 in April, it said after its regular monthly polling of around 200 financial players and analysts.

That was the first positive reading for the indicator in just over a year, a period in which threats to growth like Brexit, trade wars and weakness in emerging markets have plagued investors.

Key China data looms

Investor focus turns now to China's economic growth figures on Wednesday, which come after a number of upbeat readings on the world's number two economy-including factory activity, inflation, new loans and trade-that have given some cause for optimism. "China has implemented a huge amount of stimulus into the economy more recently to deal with the impact of trade wars and a general synchronized slowdown," said analyst Sam Buckingham at Thomas Miller Investment. — AFP

NEW YORK: A trader works ahead of the closing bell on the floor of the New York Stock Exchange (NYSE) in New York City. — AFP

German investors see brighter outlook in April

FRANKFURT: A closely-watched measure of investor confidence in Germany has clambered back into positive territory, data showed yesterday, pointing to a brighter outlook ahead even as views of the present situation grew gloomier. The ZEW institute's barometer added 6.7 points for a reading of 3.1 in April, it said after its regular monthly polling of around 200 financial players and analysts.

It was the first positive reading for the indicator in just over a year, a period in which threats to growth like Brexit, trade wars and weakness in emerging markets have plagued investors.

The uptick "is based above all on hope that the global economic context will develop less badly than previously supposed," ZEW chief Achim Wambach said in a statement. "A contribution to the improved expectations will have come from the delay to the date of Brexit" to October 31 at a European summit last week, he added.

Export-oriented Germany has suffered from a global trade slowdown and uncertainty over possible new barriers to trade with major markets in Britain and United States. Brexit could create new hurdles where trade with the island nation has so far been frictionless. And US President Donald Trump has threatened taxes on imports of European cars if his own trade demands are not met.

Looking at other elements of the ZEW survey, respondents' expectations for the 19-nation eurozone also pushed into the positive, adding 7.0 points for a reading of 4.5.

But financial players' view of the present state of both the German and eurozone economies worsened. "The latest figures for new orders and production in German industry produce a picture of rather weak development in the business situation," Wambach said.

German Economy Minister Peter Altmaier is widely expected to present yesterday updates that further reduce the forecasts for 2019 economic growth, after a drastic 0.8-point cut in January to just 1.0 percent. — AFP