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Employment gains seen accelerating in February IN USA

U.S. employers likely stepped up hiring in February, in a sign of labor market strength that could further ease fears the economy is heading into recession and allow the Federal Reserve to gradually raise interest rates this year.Nonfarm payrolls probably increased by 190,000 jobs last month in the U.S. Labor Department's report due on Friday, with the unemployment rate holding at an eight-year low of 4.9 percent, according to a Reuters survey of economists.

The labor market gained 151,000 jobs in January, after the warmest temperatures in years boosted hiring in weather-sensitive sectors like construction, helping payrolls to rise by an average 279,000 jobs per month in the fourth quarter last year."The employment data should reinforce that the recession debate is premature and overdone, and could strengthen the case for the Fed not waiting too long," said Ryan Sweet, senior economist at Moody's Analytics in Westchester, Pennsylvania.

Fears of a recession in the wake of poor economic reports in December and slowing growth in China sparked a global stock market rout at the start of the year, causing financial market conditions to tighten.Financial markets have priced out bets of an interest rate rise at the Fed's March 15-16 policy meeting and the probabilities for rate increases for the rest of the year remain rather small.Significant data such as consumer and business spending improved strongly in January though, leading to predictions that economic growth in the first quarter could rise by at least a 2.5 percent at an annualized rate. The economy grew at a 1.0 percent pace in the fourth quarter of 105.Economists say the improved growth outlook, together with signs of inflation creeping up, could prompt the U.S. central bank to lift borrowing costs in June. The Fed raised its key overnight interest rate in December for the first time in nearly a decade.

There is a risk, however, that payroll gains could come in below expectations after a survey on Thursday showed employment in the services sector fell in February for the first time in two years.Still, economists say any below-forecast number should not be interpreted as a sign of labor market weakness as companies are struggling to find qualified workers to fill open positions."Despite the weaker services survey, we still expect solid payroll gains in February. However, we should not be too surprised about a slowdown as the labor market approaches full employment," said chief U.S. economist at UniCredit Research in New York.

Fed Chair Janet Yellen has said the economy needs to create just under 100,000 jobs a month to keep up with growth in the working age population. The labor force participation rate, or the share of working-age Americans who are employed or at least looking for a job, is near four-decade lows.While wage growth is expected to have moderated in February, economist say it would be largely payback for January's jump, which was driven by a calendar quirk. Wage growth is seen accelerating as the labor market settles into full employment.

Average hourly earnings are forecast increasing 0.2 percent after surging 0.5 percent in January.In February, employment gains were likely concentrated in the services sector, with mining probably losing more jobs and manufacturing reversing some of January's surprise increase. Mining payrolls have declined by 146,000 jobs since peaking in September 2014, with three-quarters of the losses in support activities. More losses are likely after oilfield services provider Halliburton Co (HAL.N) said last month it would cut a further 5,000 jobs because of a prolonged slump in oil prices.A rebound is expected in private education jobs after a record 39,000 plunge in January."There are large seasonal swings in that component caused by winter holidays at private universities that probably weren't adjusted for properly in January. There weren't actually mass firings of college professors that we're aware of," said Ted Wieseman, an economist at Morgan Stanley in New York.A further moderation is expected in construction employment after the hefty weather-driven gains in the fourth quarter.

Here's Why Interest Rates Could Be Locked in Until 2018

Everybody thought interest rates were heading upward in 2016. But one global bank, BNP Paribas, now thinks that the Fed may be stuck in place for the next two years. When the Federal Reserve decided that it was time to start normalizing interest rates back in December, the debate over the wisdom of the decision was generally limited to whether the central bank should have waited a few more months and started moving off the zero bound sometime in 2016.Now, however, with the state of the economy in serious question, analysts are beginning to question whether there will be any more movement in rates before 2018.

On Thursday, BNP Paribas analysts released a markedly pessimistic assessment of the US economy's short-term future and the effect it will have on interest rates.The benchmark fed funds rate had been at zero since December of 2008, and the Federal Open Market Committee's decision to hike it by one quarter of a percentage point two months ago wasn't exactly a shock. BNP itself had previously predicted seven additional rate increases before the end of 2017.

However, BNP analysts argue that in hindsight, given low oil prices and a slowing global economy, not only was the December rate hike the wrong call, but that the number of rate hikes expected in the next two years is no longer seven, but also zero. “Our overall conclusion is that, for a variety of reasons connected with US policy and developments abroad, US policy has tightened prematurely and has reached neutral too rapidly,” analysts wrote. “This development is not adequately captured by looking at the fed funds rate alone. We believe current policy is consistent with growth in line with the 1.5 percent trend, but no more.”

“The current boost to consumer demand from lower oil prices is giving a false sense of security on the economy,” they continued. “We believe a slowdown is coming (though not in Q1 2016) to growth of 1.5 percent in 2017. In light of this, no further tightening of fed funds is warranted this year or next.”The Fed, of course, doesn't take its marching orders from international bankers. But the fact that the global economic slowdown is affecting the US is hard to dispute, and at least raises the possibility that interest rates could remain at historic lows for several more years.

Big Banks Just Got Serious About Bitcoin Technoloy

A group of 40 major banks, including Goldman Sachs and Barclays, have tested a way to trade fixed income assets using the blockchain, the technology that underpins bitcoin, in a move that highlights how serious the world's biggest lenders are about the technology.

Blockchain works like a huge, decentralized ledger for the digital currency bitcoin, recording every transaction and stores this information on a global network so it cannot be tampered with. However, most experts agree that the technology is not close to mass adoption and is still just in the trial phase.The technology can be potentially be applied to wide array of uses and, for financial firms, some of the most interesting areas involve the clearing of trades. Experts say the blockchain will allow a large number of transactions to be settled in a matter of minutes or even seconds as well as being more secure, since each transaction is recorded and cannot be tampered with. At the moment, the process of settling some trades can take days.

Underpinning this is the idea of "smart contracts" — a computer code that would only execute when the terms of a contract are met. For example, a trade may be carried out once the money from the buyer has been received. This would all be done automatically and would not be up for dispute since it would be recorded in the blockchain.

For this trial, a number of distributed ledger companies worked with the banks — Chain, Eris Industries, Ethereum, IBM and Intel. The institutions did an assessment of each company's smart contract solution to trade fixed income."This development further supports R3's belief that close collaboration among global financial institutions and technology providers will create significant momentum behind the adoption of distributed ledger solutions across the industry," R3 CEO David Rutter said in a statement.

"These technologies represent a new frontier of innovation and will dramatically improve the way the financial services industry operates, in much the same way as the advent of electronic trading decades ago delivered huge advancements in efficiency, transparency, scalability and security."Banks are not the only ones looking into the technology. Last month, Nasdaq used the block chain to allow international residents of Estonia to vote in shareholder meetings even when they are abroad. Nasdaq also tested the block chain for trading shares.

USA Job Creation

Amid fears that the U.S. could be joining a global slowdown, the economy added a better-than-expected 242,000 jobs in February while the unemployment rate held steady at 4.9 percent. Economists were expecting 190,000 new positions and no change in the jobless figure.Despite the strong headline number, the closely watched average hourly wages actually declined for the month, falling 3 cents and equating to a 2.2 percent annualized jump, down from 2.5 percent in January. Fed policymakers are looking at wages for evidence of inflation. The average hourly work week also declined 0.2 hours to 34.4.

The bulk of the job gains came from health care, retail and bars and restaurants, which added 57,000, 55,000 and 40,000 new positions, respectively. Construction added 19,000 but mining-related industries lost 19,000 jobs.Job quality was titled toward part time, which the household survey indicated grew by 489,000, while full-time positions increased by just 65,000.A separate unemployment gauge that includes those not actively looking for a job or at work part-time for economic reasons fell to 9.7 percent, the lowest reading since May 2008. A declining labor force participation rate had played a big role in the decline of the headline jobless number, but the gauge rose in February to 62.9 percent, its highest level since January 2015, as the civilian labor force increased by 555,000.Revision to previous months added 30,000 jobs, with December going from 262,000 to 271,000 and January pushed up to 172,000 from 151,000.

The IMF has trimmed its economic forecast for global growth for both 2016 and 2017

The International Monetary Fund has said that the global economy is "highly vulnerable" and urged the United States and other large nations to prepare contingency plans that could be rolled out quickly.The report was prepared for senior officials of the G20, the world's 20 largest economies, before a meeting in Shanghai later this week amid falling stock markets, volatile currencies and signs of economic weakness.The IMF report said a fragile global recovery has weakened further in the face of falling oil prices and diminished growth prospects in China and other emerging market countries."The G20 must plan now for coordinated demand support using available fiscal space to boost public investment," IMF staff said in the report.It added that G20 nations should also develop additional measures that could be implemented quickly if growth keeps wilting.The IMF last month trimmed its economic forecast for global growth by 0.2 percentage points for both 2016 and 2017, reducing its projection to 3.4 percent this year and 3.6 percent next year.The new report said a further downgrade is "likely" in April when the IMF's next forecast is released.

The organisation said that countries at the centre of the current Syrian refugee crisis and epidemics such as the Zika virus "are shouldering a burden for others and could be backed up by a coordinated global initiative". IMF chief Christine Lagarde renewed her call for greater taxation and fiscal reforms as a pathway to political stability in her second speech this week in the Middle East."I think the economic issues have to be at the table," Lagarde said in remarks at the Global Women's Forum in Dubai."We cannot stop the warriors, we cannot bring truce, but certainly we can help with good economic policies ... with a state that actually works for the benefit of people, that collects tax, that organises public spending in an efficient way for countries, that finances infrastructure projects where it's needed."Lagarde also said oil-dependent states face a "new reality" as global prices hover around $34 a barrel, down from more than $110 in mid-2014.

China warns 1.8-million coal and steel jobs to go

China expects to lay off 1.8-million workers in the coal and steel sectors as part of its efforts to reduce industrial overcapacity, an official at the human resources and social security ministry said on Monday.Yin Weimin, minister of human resources and social security, said capacity cuts would lead to some layoffs in 2016, but he was confident of keeping employment stable this year despite downward pressure on the economy.

No time frame was given for the 1.8-million figure cited.China aims to remove about 500-million tonnes of coal production capacity within the next three to five years and halt approvals of all new projects.

Chinese services trade deficit widens

China's trade deficit in services widened to $20.7bn in January from $18.6bn in December, the foreign exchange regulator said on Monday.January's deficit largely reflected a gulf in spending between Chinese and foreign tourists, the State Administration of Foreign Exchange said.China had a $55.7bn surplus on trade in goods in January, according to its data.

German retail sales rise

German retail sales, a closely watched measure of household confidence, rose in January, suggesting consumer sentiment in Europe's top economy remained robust, official data showed on Monday.

Retailers' sales expanded by 0.7% in January compared with December, the federal statistics office Destatis said in a statement. The previous month, retail sales had risen by 0.6%.On a 12-month basis, however, business decreased, falling by 0.8% in January compared with the same month last year. But that was because January 2016 had one fewer shopping day than January 2015, Destatis said.Last week, a leading consumer sentiment survey, conducted by the GfK market research institute, found consumer confidence was on the rise, shrugging off terrorism warnings and economic uncertainties regarding the influx of refugees.

Japan's factory output rises fastest in a year

Japan's industrial output rose the most in a year in January, tentatively signalling a pickup in factory activity, but the outlook remains far from assured given global market jitters and weakening demand both at home and abroad. The 3.7% month-on-month gain compared with economists' median estimate of a 3.3% gain in a Reuters poll, and followed a 1.7% drop in December, trade ministry data showed.

It was the fastest gain since January 2015, led by production of cars, electronics parts and general-purpose machinery, but manufacturers see poor prospects for industrial output in the coming months.Retail sales fell 0.1% in January year on year and 1.1% month on month, following a contraction in fourth-quarter gross domestic product, underscoring weakness in private consumption, which accounts for about 60% of the economy.Manufacturers surveyed by the ministry expect output to fall 5.2% in February and grow 3.1% in March. Based on these estimates, output would fall 0.3% over January-March from the prior quarter, a trade ministry official said.