

ECB facing high core inflation in the near term: Lagarde



Underlying inflation in the eurozone will stay high in the near term so a 50-basis point European Central Bank interest rate increase later this month is increasingly

certain, ECB President Christine Lagarde told Spanish media group Vocento. The ECB has already raised rates by 3 percentage points since July

and essentially promised another half a percentage point increase on March 16 but investors have recently speculated on an even bigger move given poor inflation data,

Reuters reported. Lagarde said the flagged increase is now "very very likely" but she also warned that underlying inflation, which filters out volatile food and fuel prices, could stay uncomfortably high even as the overall inflation rate drops in the coming months.

"In the short term, core inflation is going to be high," Grupo Vocento quoted Lagarde as saying on Sunday. Several policymakers have warned recently that ECB rate hikes need to continue until core inflation turns around and starts falling towards the ECB's 2% target.

Underlying inflation rose to a record high 5.6% last month and some policymakers fear that the increase is now due to a surge in wages in the services sector, which makes price growth more durable and difficult to break.

"We must continue to take whatever measures are necessary to bring inflation back to 2%. And we will do so," Lagarde said.

She added that the euro zone economy is holding up better than feared and output should accelerate from near stagnation in the closing quarter of 2022.



President of the European Central Bank Christine Lagarde
● WOLFGANG RATTAY/REUTERS

NEWS IN BRIEF

France faces massive strikes over pension reform



AFP – French trade unions are heading for what is expected to be a decisive showdown with President Emmanuel Macron over pension reform, with massive strikes from Tuesday aiming to bring the country "to a standstill".

After five separate days of protests so far this year, this week's stoppages herald a new phase in the battle between the centrist government and opponents of the changes, which includes an overwhelmingly majority of French voters.

Amazon shutting down eight cashierless stores



● ELAINE THOMPSON/AP

GEEKWIRE – Amazon is closing down two cashierless Go stores in New York City, two in Seattle and four in San Francisco on April 1. The e-retail giant made the announcement on the same day it admitted that it's pausing construction on its second headquarters in Arlington, Virginia as it reassesses its office needs in the face of more and more people preferring to work remotely.

As Bloomberg notes, these are Amazon's latest cost-cutting moves amidst slowing sales growth.

Train fares in England and Wales to rise by 5.9% despite poor service

Fares in England and Wales will rise by up to 5.9% on average, adding hundreds of pounds to the cost of many annual season tickets.

The annual fares rise is the largest since a 6.1% hike across Britain in 2012, according to a PA news agency analysis of Office of Rail and Road (ORR) data, The Guardian reported.

Rail minister Huw Merriman said the increase is "well below inflation and delayed", but Labour described it as "savage" and public transport groups claimed passengers are not getting value for money.

Examples of potential increases in ticket prices based on a 5.9% rise in-

clude an annual season ticket from Woking to London increasing from £3,664 to £3,880.

An off-peak return from Birmingham to Cardiff will rise from £67.30 to £71.27, while an anytime day single ticket from Liverpool to Leeds will rise from £39.90 to £42.25.

Separate ORR figures show the equivalent of one in 25 train services were cancelled in the year to February 4, representing the worst reliability in records dating back to 2014.

Shadow transport secretary Louise Haigh said: "This savage fare hike will be a sick joke for millions reliant on the Conservative's broken rail system.

"People already facing soaring taxes and bills will now be clobbered with an eye-watering rise in the cost of the daily commute." Latest research by watchdog Transport Focus shows fewer than half of passengers think they get good value for their fares.

Transport Focus's chief executive, Anthony Smith, said: "After months of unreliable services and strike disruption, it's clear that too many passengers are not getting a value for money service.

In March last year, rail fares increased across England and Wales by an average of 3.8%.

The cap on increases in regulated rail fares in En-

gland, Scotland and Wales is set by the Westminster, Scottish and Welsh Governments respectively.

Britain's railways have been disrupted by a series of issues such as staff shortages and sickness, industrial action, severe weather and infrastructure failures.

Merriman said: "I understand it has been a difficult year and people are feeling the pinch which is why – through the biggest ever government intervention – we capped the rise well below inflation and delayed it coming into force."

A spokesperson for Rail Delivery Group, which represents train operators, said: "The government's



● KIRSTY O'CONNOR/PA

decision to hold fares down below current inflation is understandable. It is important that fares are set at a level that is appropriate for both the industry and its customers.

China sets modest growth target of about 5% as parliament opens

China set a modest target for economic growth this year of around 5% on Sunday as it kicked off the annual session of its National People's Congress (NPC), which is poised to implement the biggest government shake-up in a decade.

The economy gave one of its weakest performances in decades last year, when gross domestic product (GDP) grew by just 3%, squeezed by three years of COVID controls, a crisis in the vast property sector and a crackdown on private enterprise, Reuters reported.

In his work report, outgoing Premier Li Keqiang

stressed the need for economic stability and expanding consumption, setting a goal to create around 12 million urban jobs this year, up from last year's target of at least 11 million, and warned that risks remain in the real estate sector. Li set a budget deficit target at 3.0% of GDP, widening from a goal of around 2.8% last year.

"Global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain China are escalating," Li said during his speech to open the parliament, which will run through March 13.

"At home, the foundation for stable growth needs to be consolidated, insufficient demand remains a pronounced problem, and the expectations of private investors and businesses are unstable," he said.

This year's growth target is at the low end of expectations, as policy sources had recently told Reuters a range as high as 6% could be set. It is also below last year's target of around 5.5%.

Alfredo Montufar-Helu, Beijing-based head of the China Center at the Conference Board, said setting a higher growth target would have required massive stimulus and

"exacerbated the structural imbalances that China is trying to deal with to achieve its long-term development goals." The lower target is more achievable, he said, and "recognises that the Chinese economy will be dealing with significant economic headwinds this year".

China's state planner said it aims to increase the incomes of low earners and bring more people into the middle-income group. The planner unveiled measures to spur consumption, but stopped short of direct spending, such as cash handouts.

To bolster growth, the government plans to

stick with its playbook of spending on infrastructure, increasing funding for big-ticket projects with 3.8 trillion yuan (\$550b) in special local government bonds, up from last year's 3.65 trillion yuan.



Chinese President Xi Jinping and other officials applaud at the opening session of the National People's Congress (NPC) at the Great Hall of the People in Beijing, China, on March 5, 2023.
● THOMAS PETER/REUTERS



Cuba's president meets CEO of Russia's Rosneft amid fuel shortage

REUTERS – Russian oil firm Rosneft's CEO Igor Sechin met with Cuba's President Miguel Diaz-Canel late on Saturday, the island's leader said, amid an acute fuel shortage that has service stations temporarily shuttered and hours-long gasoline queues.

Several tweets on Cuba's Presidency account emphasized the good relations between the two countries, but did not specify the reason for the visit by the state-run oil firm's boss.