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#BUSINESS NEWS NOVEMBER 8, 2009 / 8:03 AM / 8 YEARS AGO

China hopes U.S. keeps deficit to appropriate size

Reuters Staff

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Chinese Premier Wen Jiabao talks at a session of the 4th Ministerial Conference of the Sino-African Forum in Egypt at in the Red Sea resort of Sharm El-Sheikh November 7, 2009. REUTERS/Amr Abdallah Dalsh

SHARM EL-SHEIKH, Egypt (Reuters) - China hopes that the United States will keep its deficit to an appropriate size to ensure basic stability in the U.S. dollar exchange rate, Chinese Premier Wen Jiabao said on Sunday.

“We have seen some signs of recovery in the U.S. economy ... I hope that as the largest economy in the world and an issuing country of a major reserve currency,

"Most importantly, we hope the United States will keep an appropriate size to its deficit so that there will be basic stability in the exchange rate, and that is conducive to stability and the recovery of the global economy," he added.

The premier had expressed concern in March that massive U.S. deficit spending and near-zero interest rates would erode the value of China's huge U.S. bond holdings.

China is the biggest holder of U.S. government debt and has invested an estimated 70 percent of its more than \$2 trillion stockpile of foreign exchange reserves, the world's largest, in dollar assets.

"I follow very closely Chinese holdings of U.S. assets because that constitutes a very important part of our national wealth. Our consistent principle when it comes to foreign exchange reserves is to ensure the safety, liquidity and good value of the reserves," Wen said.

Reporting by Ben Blanchard; Editing by Cynthia Johnston

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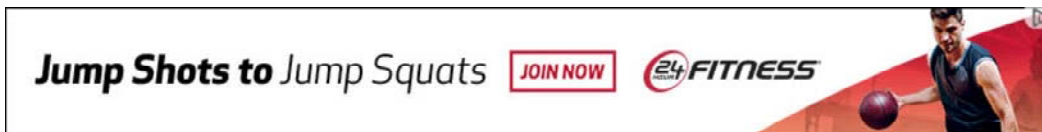
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#POLITICS SEPTEMBER 3, 2017 / 6:56 AM / 9 MINUTES AGO

Harvey victim funds may be delayed without debt limit increase: Mnuchin

Reuters Staff

3 MIN READ



U.S. Treasury Secretary Steve Mnuchin speaks during a news briefing at the White House in Washington, U.S., to announce sanctions against Venezuela, August 25, 2017. REUTERS/Yuri Gripas

WASHINGTON (Reuters) - U.S. Treasury Secretary Steven Mnuchin on Sunday put pressure on Congress to increase the government's debt limit by arguing that relief funding for hurricane-ravaged areas of Texas might be delayed if lawmakers do not act quickly.

"Without raising the debt limit, I am not comfortable that we will get money to Texas this month to rebuild," Mnuchin said on Fox News Sunday. U.S. President Donald Trump has requested nearly \$8 billion for initial relief for areas hit by Hurricane Harvey.

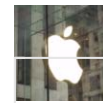
The United States is on track to hit its mandated debt limit by the end of the month unless Congress moves to increase it.

Senator Roy Blunt, a junior member of the Senate's Republican leadership, said it was possible lawmakers could tie legislation raising the U.S. debt ceiling - an unpopular step among some Republican conservatives - to legislation providing financial aid for recovery from Harvey.



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DID YOU KNOW? The Real Way to Calculate How Much House You Can Afford To teach him discipline, Donald Trump's parents sent him to the NY Military Academy when he was 13, from which he graduated in 1964.

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“That’s one way to do it,” Blunt said on NBC’s “Meet the Press.” Congressional leaders would have to look at

whether the votes are there, he said.

Congress returns this week from a month-long vacation, and one of the first measures it is expected to consider is the \$7.85 billion Trump has requested so far for Harvey aid.

Texas Governor Greg Abbott on Sunday estimated damage from Hurricane Harvey at \$150 billion to \$180 billion, calling it more costly than epic storms Katrina or Sandy and fueling the debate over how to pay for the disaster.

The U.S. government has a statutory limit on how much money it can borrow to cover the budget deficit that results from Washington spending more than it collects in taxes. Only Congress can raise that limit, and financial firms have been worried that Congress may fail to reach a deal to do so. Some conservatives want to link spending reforms to a debt ceiling hike.

Democrats said there should be bipartisan talks on how to handle the debt ceiling and government spending bills.

“Providing aid in the wake of Harvey and raising the debt ceiling are both important issues, and Democrats want to work to do both. Given the interplay between all the issues Congress must tackle in September, Democrats and Republicans must discuss all the issues together and come up with a bipartisan consensus,” House Democratic Leader Nancy Pelosi and Senate Democratic Leader Chuck Schumer said in a joint statement.

Blunt, on NBC, said Hurricane Harvey has created “another reason as to why you’d want to keep the government open” by passing legislation to fund the government this month.



Reporting by Joel Schectman and Susan Cornwell; Editing by Phil



Berlowitz and Mary Milliken



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