News: Bloomberg

ECB Cuts Interest Rates Again as Inflation Fades and Economy Stumbles

"The European Central Bank lowered interest rates for the second time this year with inflation receding toward 2% and concerns about the economy building."

The European Central Bank lowered interest rates for the second time this year with inflation receding toward 2% and concerns about the economy building. The key deposit rate was cut by 25 basis points to 3.5% on Thursday, as all analysts polled by Bloomberg predicted. The ECB reiterated that it can't commit to a specific path for borrowing costs.

"Based on the Governing Council's updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission, it is now appropriate to take another step in moderating the degree of monetary policy restriction," it said in a statement.

Like its global peers, the ECB is getting more confident that consumer-price growth is returning to target following its historic spike. The euro zone's 20-nation economy, meanwhile, is losing momentum. Households are failing to sustain an early-year rebound and manufacturers remain in the doldrums due to soft foreign demand.

That weakness prompted the ECB to trim its forecast for 2024 gross domestic product, now seeing expansion of 0.8% compared with 0.9% in the last round of quarterly projections. The inflation outlook was broadly unchanged.

Two other rates at which banks can borrow money from the ECB were reduced by 60 basis points each as part of a long-term strategic shift that will have few immediate consequences.

Source: https://www.bloomberg.com/news/articles/2024-09-12/ecb-cuts-rates-again-as-inflation-fades-and-economy-stumbles

News: Bloomberg

JPMorgan to Cap Junior Banker Hours, BofA Tempers Workloads

"Two of largest investment banks are rolling out measures that may ease junior bankers' workloads amid industry complaints about weekly hours exceeding 100."

Two of Wall Street's largest investment banks are rolling out measures that may ease junior bankers' workloads amid complaints across the industry that weekly hours are increasingly creeping past 100.

JPMorgan Chase & Co. will limit junior banker hours to 80 per week in most cases, the Wall Street Journal reported, citing people familiar with the matter. Exceptions may include extra work to complete live deals, it said.

Bank of America Corp., meanwhile, is launching a new internal platform this month that will more closely monitor individual workloads, according to a person with knowledge of the plan. The firm began testing the so-called banker diary earlier this year.

Demands on Wall Street's rank and file have swelled in recent months as executives race to capture an upswing in corporate deals, testing promises made by their firms just a few years ago to give junior staff more breaks. The death in May of Bank of America associate Leo Lukenas from a heart attack stirred a debate across the industry over whether workloads are too often unhealthy.

Bank of America has said its executives take junior bankers' health seriously and that the firm frequently reviews policies to ensure they're protected.

Still, some of its junior bankers described to Bloomberg in June how they were shaving down their reported worktime to avoid breaching 100-hour weekly limits. They worried that crossing that line would trigger questions from human resources and draw the ire of managers.

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This month, the Charlotte, North Carolina-based firm is rolling out a new system for monitoring trainees' work, with hours reported on a daily basis, rather than weekly, according to a person with knowledge of the matter. Part of the idea is to spot who's busiest and who else has capacity, spreading assignments.

"We successfully piloted this improved technology platform earlier this year to help our team more efficiently serve our investment banking clients," a Bank of America spokesperson said in an emailed statement.

The weekly cap on hours at JPMorgan is a first for the bank and is in line with New York state curbs on hours worked by medical residents, according to the Journal, which also reported earlier on Bank of America's new platform. A JPMorgan spokesperson had no immediate comment.

Source: https://www.bloomberg.com/news/articles/2024-09-12/jpmorgan-bofa-to-curb-young-banker-work-hours-wsj-reports、

News: Bloomberg

China Strongly Advised Its Carmakers to Keep Key EV Technology at Home

"China has strongly advised its carmakers to make sure advanced electric vehicle technology stays in the country, people familiar with the matter said."

China has strongly advised its carmakers to make sure advanced electric vehicle technology stays in the country, people familiar with the matter said, even as they build factories around the world to escape punitive tariffs on Chinese exports.

Beijing is encouraging Chinese automakers to export so-called knock-down kits to their foreign plants, the people said, meaning key parts of a vehicle would be produced domestically and then sent for final assembly in their destination market.

The instructions come as companies from BYD Co. to Chery Automobile Co. firm up plans to build factories in Spain to Thailand and Hungary as their innovative and affordable EVs make inroads in foreign markets.

China's Ministry of Commerce held a meeting in July with more than a dozen automakers, who were also told they shouldn't make any auto-related investments in India, the people said asking not to be identified discussing matters that are private, in another attempt to safeguard the know-how of China's EV industry and mitigate regulatory risks.

In addition, carmakers wanting to invest in Turkey should first notify the Ministry of Industry and Information Technology, which oversees China's EV industry, and the local Chinese embassy in Turkey. Representatives from the Ministry of Commerce, or MOFCOM, didn't respond to a request for comment.

China's directive comes at a time most major Chinese carmakers are looking to localize manufacturing so as to avoid tariffs on Chinese-made EVs. MOFCOM guidelines that demand key production should remain within China could hurt automakers' efforts to globalize as they search for new customers to offset fierce competition and sluggish sales at home that are cutting into their bottom lines.

News: Bloomberg

It could also come as a blow to those European nations wooing Chinese carmakers in the hopes their presence will bring jobs and a local economic boost. BYD is planning on building a factory in Turkey, for example, that's expected to have an annual capacity of 150,000 cars and employ up to 5,000 people.

During the meeting, MOFCOM noted that the countries inviting Chinese automakers to build factories are usually those enacting or considering trade barriers against Chinese vehicles. Officials told attendees that manufacturers shouldn't blindly follow trends or believe such calls for investment from foreign governments, according to the people.

Several Chinese companies have already begun opening plants in the European Union to avoid duties. But Valdis Dombrovskis, an executive vice president of the European Commission, warned recently that such moves would only work if the firms meet rules-of-origin requirements that dictate a minimum level of value must be created in the EU.

"How much of the value added is going to be created in the EU, how much of the know-how is going to be in the EU? Is it just an assembly plant or a car manufacturing plant? It's quite a substantial difference," Dombrovskis told the Financial Times last month.

Turkish politicians said in July that BYD has agreed to construct a $1 billion plant in the west of the country. Any new factory is expected to improve BYD's access to the European Union, because Turkey has a customs-union agreement with the bloc. Turkey in June introduced a 40% tariff on vehicle imports from China. BYD declined to comment.

Source: https://www.bloomberg.com/news/articles/2024-09-12/china-asks-its-carmakers-to-keep-key-ev-technology-at-home