

Economics

# ECB Cuts Rates, Revives QE to Lift Growth as Draghi Era Ends

By [Yuko Takeo](#) and [Piotr Skolimowski](#)

September 12, 2019, 4:52 AM PDT

Updated on September 12, 2019, 8:26 AM PDT

- QE plus rate cut comes despite resistance from core governors
- Bonds rallied before giving up gains, euro erased initial drop

## ECB Restarts QE, Lowers Deposit Facility Rate to -0.5%



ECB's Draghi Says Euro-Area Needs 'Highly Accommodative' Policy

The European Central Bank cut interest rates further below zero and revived bond purchases after President Mario Draghi overcame critics of his stimulus policies to make a final run at reflation the euro-area economy.

The ECB reduced the deposit rate to minus 0.5% from minus 0.4%, and said it'll buy debt from Nov. 1 at a pace of 20 billion euros (\$22 billion) a month for as long as necessary to hit its inflation goal.

02/21/2020 11:12:29 [BN] Bloomberg News

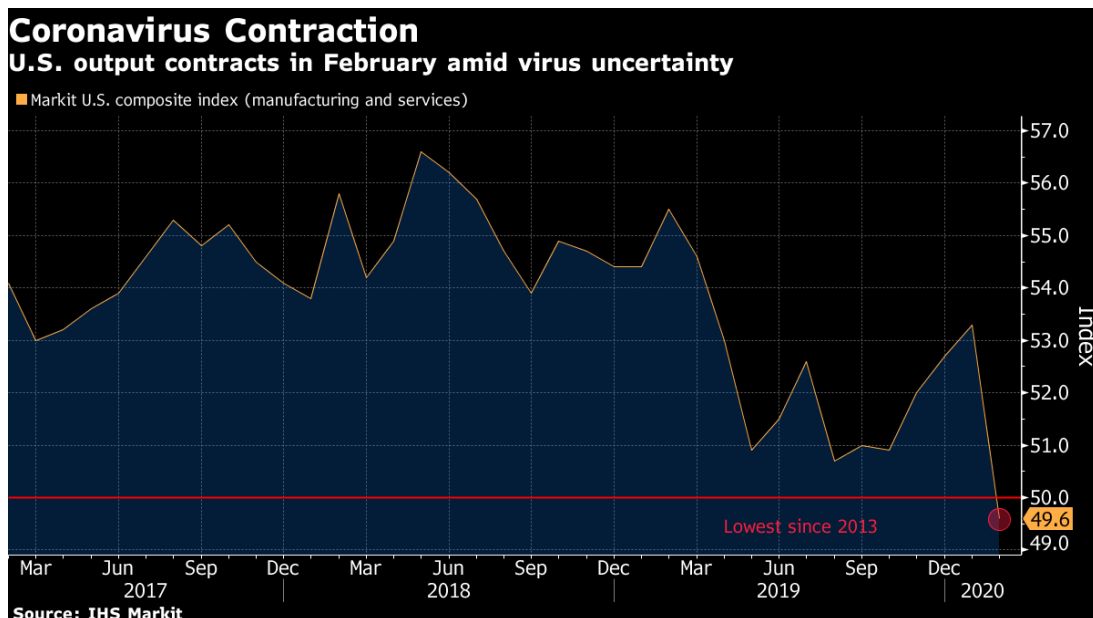
## U.S. Business Gauge Tumbles to Lowest Since 2013 on Virus

- IHS Markit composite PMI falls by 3.7 points to 49.6
- Service gauge slumps amid disruptions to travel, tourism

By Katia Dmitrieva

(Bloomberg) -- U.S. business activity shrank in February for the first time since 2013 as the coronavirus hit supply chains and made firms hesitant to place orders, a warning sign that the outbreak is starting to dent the world's largest economy.

The IHS Markit purchasing managers' index measuring composite output at factories and service providers fell by 3.7 points to 49.6, the lowest level since October 2013, when the U.S. government shut down, according to preliminary figures released Friday. Readings below 50 indicate contraction.



The 30-year Treasury yield touched a record low and U.S. stocks extended declines in the minutes following the release. The S&P 500 index was on track to record its first weekly drop this month.

It's the first major piece of U.S. economic data to show a sizable hit from the coronavirus. Economists see the virus as generally cutting more into Asian countries' growth. Similar indexes in Japan and Australia also weakened, likely cementing the disease's economic impact as a key topic at this weekend's meeting of Group of 20 finance chiefs.

The deterioration "was in part linked to the coronavirus outbreak, manifesting itself in weakened demand across sectors such as travel and tourism, as well as via falling exports and supply chain disruptions," IHS Markit economist Chris Williamson said in a statement.

02/03/2020 16:32:51 [BN] Bloomberg News

## Alphabet Reports Revenue That Misses Wall Street Estimates

- Company discloses YouTube and Cloud sales for the first time
- YouTube quarterly ad sales rose 31% from a year earlier

By Gerrit De Vynck

(Bloomberg) -- Alphabet Inc. reported revenue from the key holiday quarter that missed Wall Street estimates, suggesting the company's Google advertising business is struggling to maintain growth in the face of rising competition.

Revenue, excluding payments to partners, was \$37.6 billion in the fourth quarter, less than analysts' projections of \$38.4 billion, according to data compiled by Bloomberg. Ad revenue in the quarter rose 17%, slower than the 20% year-over-year growth from in the same quarter a year earlier.

The stock jumped about 16% in the past three months, hitting a record late last month. That set a high bar for Monday's results.

Amazon.com Inc. has become a major digital advertising rival in recent years, grabbing more valuable shopping-related searches from Google. The e-commerce giant saw a surge in revenue from its ads business during the holiday quarter. Alphabet is seeking new sources of growth as the expansion of its ad business slows, and cloud computing is one of the major opportunities.

The company disclosed YouTube and Google cloud revenue for the first time -- a major change in how the company reports results. YouTube advertising revenue rose 31% to \$4.7 billion in the fourth quarter. Some analysts had pegged that number as significantly higher.

Cloud sales, including computing power and internet-based productivity software, totaled \$2.6 billion, up 53% from a year earlier. Google is pouring money into this business to try to catch up with Amazon and Microsoft Corp. Under cloud boss Thomas Kurian, the internet giant is also making acquisitions, buying four companies in the booming sector last year.

Until now, cloud and YouTube had been bundled together in an opaque Google metric known as Other Revenue.

(Updates with YouTube and Cloud results in final paragraphs.)

Related ticker:

GOOGL US (Alphabet Inc)

To contact the reporter on this story:

Gerrit De Vynck in New York at gdevynck@bloomberg.net

To contact the editors responsible for this story:

Alistair Barr at abarr18@bloomberg.net

Jillian Ward

09/13/2019 00:00:01 [BN] Bloomberg News

## Forget Corn! Soybeans Are the 'Unheralded Winner' of This Season

- Traders had been focusing on the impact of wet weather on corn
- Latest USDA forecasts have a bigger influence on soybeans

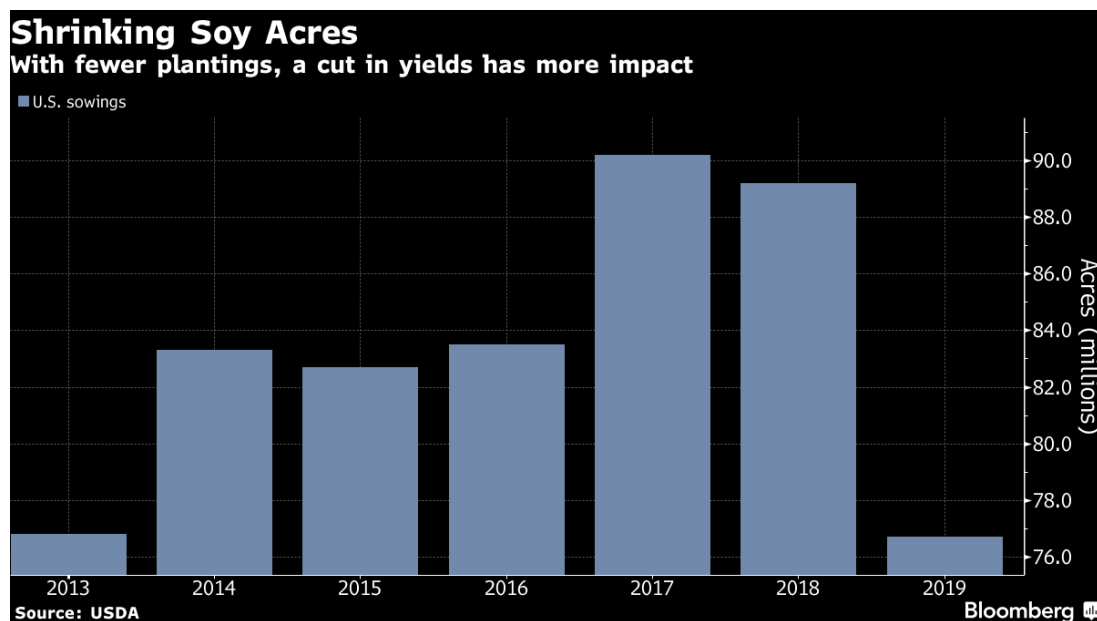
By Isis Almeida

(Bloomberg) -- For months, global grain traders have been focusing on the fallout from wet weather for the U.S. corn crop. It turns out the soybean market could end up seeing the bigger impact.

The U.S. Department of Agriculture cut its domestic yield forecast for both crops Thursday, but the reduction is much more important for soybeans. That's because the area planted with the oilseed is already at a six-year low, and the outlook for smaller yields has helped push the forecast for inventories not only much below the August projection, but also below the average analyst expectation.

"I've been consistently of the opinion that soy was the unheralded winner of high U.S. corn acres," said Michael Magdovitz, a London-based analyst at Rabobank International Ltd., one of the top lenders to agricultural commodity firms. "That's why I was more bullish on soy and less on corn."

A deluge that delayed U.S. corn plantings by the most on record sent the grain soaring earlier this year. That's until the USDA poured cold water on the market, forecasting a bigger than expected planted area in June. While the agency took the relatively rare step of resurveying farmers, the results didn't change significantly.



While corn area rose, soybean plantings dropped as the crop has been caught up in the U.S.-China trade war. Now with a lower yield outlook on smaller acreage, it looks like supply could start to tighten.