

Business

Euro tumbles as ECB vows to keep rate down

Battered EM currencies enjoy relief

LONDON: The euro fell a full cent against the dollar and government borrowing costs dropped yesterday, after the European Central Bank vowed not to raise euro zone interest rates before the middle of next year. The bank said it was pulling the plug on its 2.55 trillion euro stimulus program but after the Federal Reserve raised US interest rates for the second time this year on Wednesday the ECB rate promise came as a relief. The pan-European STOXX 600 index raced back into positive territory after a morning in the red, though basic resources stocks stayed down more than 1 percent after weak data from big metals consumer China. Germany's DAX and France's CAC40 led the stocks rebound, while the euro tumbled back towards \$1.17 from well over \$1.18. Euro zone government borrowing costs slid too as traders recalibrated prices for a longer period of sub-zero ECB rates.

"The Governing Council expects the key ECB interest rates to remain at their present levels at least through the summer of 2019 and in any case for as long as necessary (to get inflation back to near 2 percent)," the ECB said. Germany's Bunds were offering 0.46 percent

compared with 0.49 percent before the ECB statement. US Treasuries meanwhile were down to 2.94 percent having briefly topped 3 percent overnight after the Federal Reserve had pushed up its interest rates.

"I think its pragmatic for the Fed to take these moves, because if you are not going to make them now, when are you going to take them?" Kully Samra, European managing director at \$3 trillion US asset manager Charles Schwab, said. The ECB had probably been too slow to reduce stimulus, Samra added, though recent weaker data showed Europe still had underlying issues. The bank's chief Mario Draghi holds a news conference at 1230 GMT to explain the decision. His biggest complication is the increasingly murky economic European outlook, a developing trade war with the United States, a populist challenge from Italy's new government and softening export demand.

Shares in S Korea fall over 1.8 percent



Also keeping investors in check were concern about US threats to impose tariffs on \$50 billion of Chinese goods. US President Donald

Trade tensions

Trump will meet with his trade advisers later to decide whether to activate the tariffs, a senior administration official said on Wednesday. In Asia, surprisingly soft Chinese retail sales and investment data had also hit sentiment. China's central bank then left its interest rates on hold, rather than follow the Fed as it sometimes does. MSCI's broadest index of Asia-Pacific shares outside Japan lost 1 percent.

Wall St wants more female traders, but old perceptions die hard

NEW YORK: As a biomedical engineering student at Duke University, Priya Karani thought she did not have the right skills to break into the heavily male-dominated field of Wall Street trading. "I was never interested in a career in trading at a bank because I didn't know it was an option," Karani said. A decade later, Karani is a director at Barclays PLC in New York where she trades healthcare derivatives and helps the bank's effort to attract more women to trading by talking to female college students about her job.

Despite such efforts Karani still represents a small minority since few women apply for jobs in trading, deterred by its decades-old reputation as an "alpha-male territory" and misconceptions about skills it requires. "Trading is a hard one to crack," said Jon Regan, a head of global markets for executive search firm Sheffield Haworth. "I don't think it has changed

much, although firms are working hard to improve their gender ratios."

The firm, which works for many leading investment banks and conducts studies on behalf of its clients, found women generally account for 12 to 15 percent of trading roles, he said. There are no industry-wide data but the Financial Industry Regulatory Authority, which oversees US brokerages, said women accounted for about 28 percent of individuals registered with it at the end of 2017. Those numbers include not just traders, but also investment advisers.

Banks' efforts to change that have intensified over the past year with the emergence of the #MeToo movement and growing shareholder calls for disclosures on workforce diversity. For example, Citigroup Inc and Bank of America Corp released information on diversity and gender pay gap for the first time this year in response to calls from an investment advisory firm. Since last year, major employers have also been obliged to report gender pay gap data for their British operations, which for banks showed women underrepresented in higher earning roles.

Coaching, networking and mentoring

Barclays' Sophomore Springboard program that Karani supports is one of several initiatives banks have introduced recently to make trading rooms more diverse. Citigroup Inc does college recruitment focused on informing young women about trading careers and offers them interview coaching, while JPMorgan Chase & Co has been running an internal program for the past two



HONG KONG: A pedestrian walks past a stocks display showing the Hang Seng Index at 30725.15, down 1.22 percent after the close of trading in Hong Kong.—AFP

years called Women Who Trade, which offers networking for female traders of all levels, including potential recruits.

"We are doing a better job at ensuring analyst classes have a better intake (of women)," said Claudia Jury, global co-head of currencies and emerging markets at JPMorgan and a senior sponsor for the program. The bank has hired around 30 women through the program since 2016, it said. Goldman Sachs Group Inc started its Trader Academy in London last year, offering eight months of mentoring, networking and job shadowing for 16 female college students. The bank plans to expand the program to the Americas this year and Asia soon after.

Goldman has said it wants women to eventually make up half of its overall workforce, but acknowledges trading is far from that goal. "Having women in particular from a trading perspective has always been a challenge for us," said Janine Glasenberg, the bank's head of graduate recruiting in Europe, the Middle East and Africa. Banks are so keen to improve their diversity ratios that one declined to make young female traders available for interviews out of fear they might get poached by competitors.

Shareholder pressure aside, managers and some studies say hiring more women simply makes business sense. David Hesketh, chief executive of a London-based startup TradingHub said trading simulations the company ran in 2014 and 2015 for hundreds of interns as part of banks' recruitment programs showed women made fewer trades and took fewer risks. They would also break the rules less than half as often

Shares in South Korea and Taiwan fell over 1.8 and 1.4 percent, Japan's Nikkei dropped 1 percent while mainland China's Shanghai composite index hit a 20-month closing low. Another event markets were gearing up for was the start of soccer's World Cup in Russia. Russia's time-zones mean there will be more matches during European or US and Latin American trading hours than any previous tournament.—Reuters



Priya Karani

as men. In all, having more women on a team could translate into savings on brokerage fees, loss provisions and fines. "That is kind of nuts, if you think some firms are getting fines in the hundreds of millions of dollars," Hesketh said.

Boys club vibe

Yet former female traders interviewed by Reuters describe an industry, which has left behind discriminatory attitudes common only a decade ago, but where women remain heavily outnumbered and can sometimes feel like outsiders in a "boys' club." Simmy Grover, who worked as an equity trader at Morgan Stanley in London between 2006 and 2009, recalled how just over a decade ago one investment bank was ready to offer her a job, but just could not imagine her on the trading floor.—Reuters