THE FINANCIER

APRIL 2020, ISSUE 4

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BEST HOLIDAY DESTINATIONS IN JULY

THE IMPORTANCE OF FOREX EDUCATION

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THE IMPORTANCE OF FOREX EDUCATION

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Zoom - The Best Conference Call Services of 2020

By Bruce Markey

Not even Eric Yuan's closest friends, oldest advisers and earliest investors thought Zoom needed to exist. It was 2011, and the market was littered with videoconferencing systems from Google, Skype, GoToMeeting and Cisco, where Yuan had been leading WebEx's engineering team.

"He came to a market that everybody said was done," said Dan Scheinman, Cisco's former head of corporate development who's now an angel investor and Zoom board member. "He was competing with free and some pretty big incumbents."

Yuan, who emigrated from China to Silicon Valley in 1997 at age 27, says the problem with those products is that nobody enjoys using them, adding that the buggy code he wrote for WebEx two decades ago is still running today. As a software engineer with multiple patents related to real-time collaboration, he also knew that our smartphones and tablets could do so much more with videoconferencing than what was available.

So Yuan ignored the skeptics and instead listened to users. His wager is paying off.

Following Zoom's stock market debut on Thursday, the company is valued at $15.9 billion. The stock climbed 72% in its first day of trading to $62, after the company raised $356.8 million in its IPO.

Zoom's rich valuation — about 48 times sales — is a reflection of 118% revenue growth in 2018 coupled with an unusual quality for an emerging software company: profit. Thousands of businesses use Zoom's software, with many taking advantage of the free product alongside 344 companies that pay over $100,000 a year.

Yuan, who owns 20% of the shares, is tech's newest billionaire, with a stake worth about $2.9 billion.

It's been an epic journey for Yuan, 49, from founding a small software start-up in Beijing to the stage of the Nasdaq and CEO of one of the country's 10 most valuable cloud software companies. There are plenty of Chinese developers with senior engineering roles, but you don't see them starting companies and leading them through IPOs. In fact, none of the 50 companies in the Bessemer Nasdaq Emerging Cloud Index have Chinese CEOs.

Yuan had to beat the odds just to get to Silicon Valley, as his visa application was denied eight times.

He finally made it in 1997, where he got a job building the early WebEx online meeting system. He barely spoke English at the time.

"For the first several years, I was just writing code and I was extremely busy," Yuan said in an interview from New York on Thursday at the Nasdaq, where he was celebrating with about 80 employees, customers and investors. Yuan said he opted not to spend the time going through formal English training and, "I just learned it from my teammates."

"For the first several years, I was just writing code and I was extremely busy," Yuan said in an interview from New York on Thursday at the Nasdaq, where he was celebrating with about 80 employees, customers and investors. Yuan said he opted not to spend the time going through formal English training and, "I just learned it from my teammates."

He rose to become the company's head of engineering and held that position through Cisco's $3.2 billion acquisition in 2007. He left the company four years after that.

In April 2011, Yuan called Scheinman to invite him for tea and a demo of his new idea.

Scheinman had also left Cisco that month and was well aware of Yuan's background in video and collaboration. They'd struck up a friendship while working at Cisco, where Yuan established himself as a strong and reliable operator in addition to his engineering credentials. But for Scheinman to know for sure that he wasn't backing a closeted lunatic, he made two reference calls on Yuan, including one on his drive to the meeting.

By the time he arrived at Coupa Cafe in Palo Alto, Scheinman says, he had a signed a $250,000 check, and just needed Yuan to tell him what name to put on it because there's wasn't yet a company.

As of the market close on Thursday, Scheinman's investment has multiplied by over 700-fold to just under $176.5 million, though he's locked up from selling for six months.

"I said, 'I believe in you and I don't care what's in that presentation, because this is about you,'" Scheinman said, in an interview. "He said, 'For both of our sakes, can I show you the presentation?'"

Yuan says that other investors had committed capital but Scheinman "was the first one to wire transfer the money to the bank." Scheinman also introduced Yuan to his cousin, Jim Scheinman, founding partner of Maven Ventures.

Jim not only became an investor and adviser, but helped Yuan come up with four possible names for the company: Zippo, Hangtime, Poppy and Zoom. They ended up picking the last one.

For the first two years of Zoom's history, the company was just a small team – mostly engineers from WebEx. The first version of the product was released in 2013, and there were still so few people outside the engineering group that Yuan took it upon himself to email any user who canceled a subscription.

Yuan said he would try and get them on a Zoom call to talk through their problems and see how he could fix them. Sometimes those users would stick around and even turn into evangelists, Yuan said.

Some of the smartest people I know wouldn't take a meeting with Eric. He changed his screensaver to 'It can't be done' and kept working.

Zoom started getting viral adoption through the combination of a free product that anyone could use from their smartphones and, on the other side of the market, a suite of tools to sync mobile video with traditional conferencing systems. Rather than using Google Hangouts or Skype on mobile, WebEx or GoToMeeting from a PC and Cisco or Polycom gear for big conference rooms, Zoom wanted to provide all of it, with monthly subscriptions that worked for businesses of any size.

By the time Emergence led a $30 million round in 2015, the company was growing rapidly, with 65,000 companies using some version of the product. Santi Subotovsky, a partner at Emergence, said that two years earlier he couldn't get investors excited because the prevailing view was that the market had been commoditized and that Skype and WebEx had it covered.

"Some of the smartest people I know wouldn't take a meeting with Eric," Subotovsky wrote in an email on Thursday. "He changed his screensaver to 'It can't be done' and kept working."

Oded Gal, who worked for Yuan at Cisco and left in 2011, says that Zoom not only had to go up against massive incumbents but also faced competition from a new crop of start-ups aiming to modernize the videoconferencing experience.

Gal was working at one of those start-ups, BlueJeans Network, around the end of 2015, when a friendly meal with Yuan immediately turned into a recruiting effort. Gal said he was torn on whether to leave because BlueJeans had much more market traction and had already raised about $175 million, quadruple the amount Zoom had raised.

He made the move in March 2016 to join what he called the core group of 14 founding engineers at Zoom – all people he worked with at WebEx and Cisco.

"I knew that team and knew it was the best team in the world at building such a service," Gal said in an interview on Thursday.

Bay Area tech companies are full of fluffy catch phrases that define their mission and rally employees. Zoom appears to fit right in with a motto of "delivering happiness," which also happens to be the title of a 2013 book written by Zappos CEO Tony Hsieh.

But Yuan has convinced the people closest to him that he means it. Last year, Yuan was awarded the top big company CEO honor by jobs site Glassdoor, which said the executive has a 99% approval rating among employees. Among other perks, employees get reimbursed for any book they purchase for themselves or family members, including children's books.

"We want to hire people who are self-learners," Yuan said.

Yuan's commitment to people shows up in other ways, too. His oldest son just finished his senior season playing high school basketball and as a junior broke the conference's single season record for three pointers made, despite not picking up the game until after fifth grade.

Yuan was there to see almost every basket, and he attended most practices too.

"Out of a team of 15 kids, Eric was the most involved parent from day one," said Gabe Fodor, who coached Yuan's son on a Silicon Valley club team several years ago.

"A lot of these CEOs and founders barely have time to hang out with their kids. This guy didn't only go to the games, but he was at the practices."

Yuan notes that he travels a lot less than many CEOs. He prefers to hold meetings with clients and recruits using Zoom, so that he can show off the product and get real-time feedback on what works and where users get tripped up

But he also said he's committed to his family.

"No matter how busy you are you've got to spend time with your family," said Yuan, who has another son in high school and a younger daughter. "I do not want to miss any important moments."

Yuan is involved with the NBA as well, but for a very different reason.

In 2016, Zoom signed a three-year deal with the Golden State Warriors, providing the budding dynasty with video technology to communicate with fans online, putting Zoom conferencing rooms in Oracle Arena and, perhaps most importantly, plastering Zoom's brand across digital signs and on the scoreboard.

Janine Pelosi, Zoom's chief marketing officer, said the campaign is part of the company's "practical approach" to marketing.

"People don't wake up in the morning thinking about brands," Pelosi said. "Sports marketing is fantastic because you can get masses of people enjoying the event, you get TV coverage and you take advantage of the hospitality. We definitely leverage that for bringing in prospects and customers."

Momentum is now clearly on Zoom's side and, after the IPO, the company has hundreds of millions of dollars in the bank and a hefty market value it can use to invest in marketing, acquisitions and to tinker with artificial intelligence. Yuan said he's excited about the prospect of developing smart features that provide meeting participants with automated summaries.

Yuan has also started considering what to do with his money, now that he's joined the billionaire class. Yuan said that Microsoft co-founder Bill Gates, Facebook's Mark Zuckerberg and Salesforce's Marc Benioff are all role models for him in finding productive ways to use wealth for good. Yuan has already pledged to donate money to schools.

For now, he's enjoying the moment. On Thursday night, the dozens of employees and partners who were in New York for the IPO went to dinner at Gabriel Kreuther, an upscale French restaurant in midtown Manhattan. Yuan woke up on Friday to fly back to California for a celebration with his team at the company's headquarters in San Jose.

Then it's back to business, a message he uttered to his employees before seeing the stock pop dramatically on Thursday.

"I told our team after we finalized the price, we're done with that," Yuan said. "The price is out of our control. Anything out of our control, let's not think about that."
CNBC

Macroeconomy

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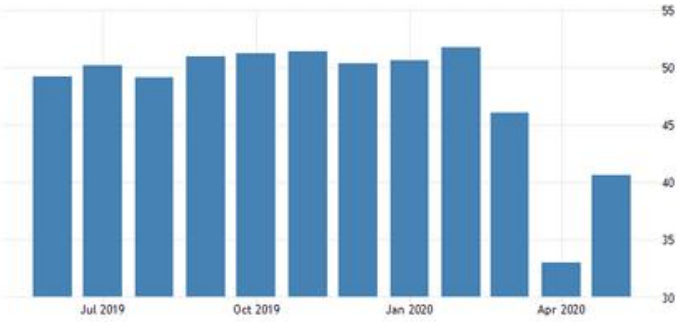
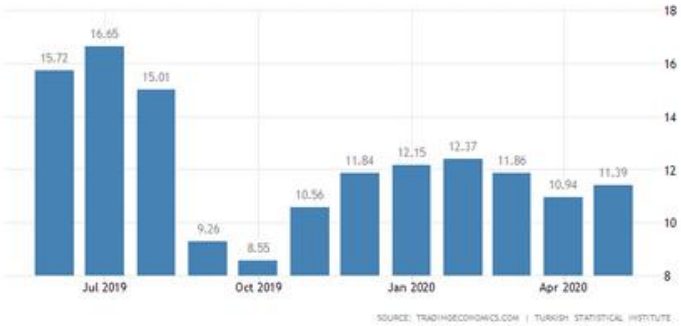
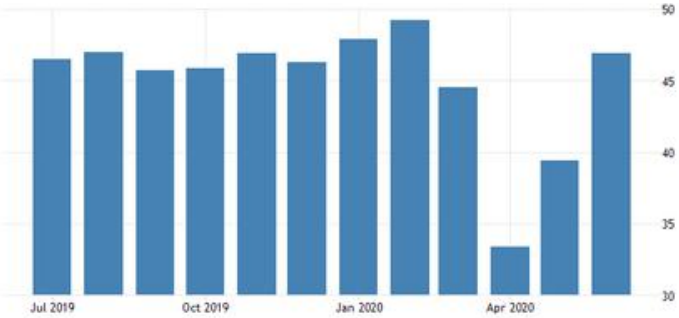


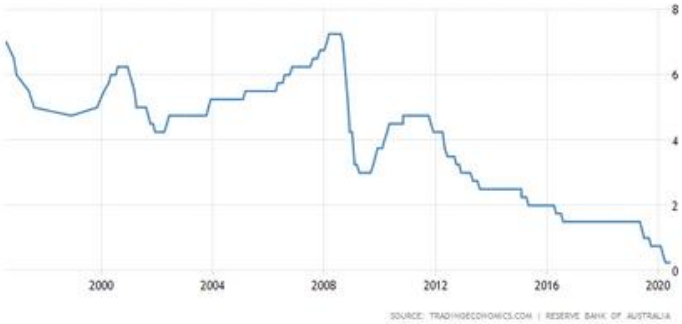
CANADA MANUFACTURING PMI



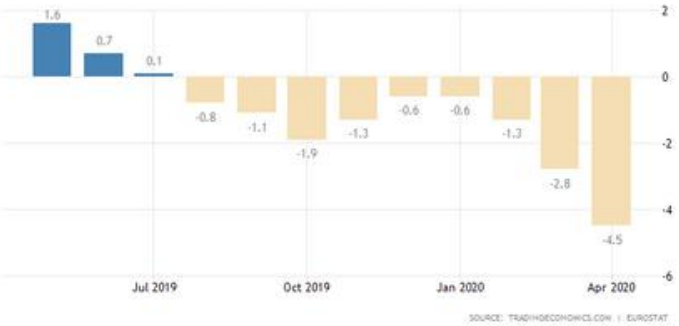
TURKEY INFLATION RATE



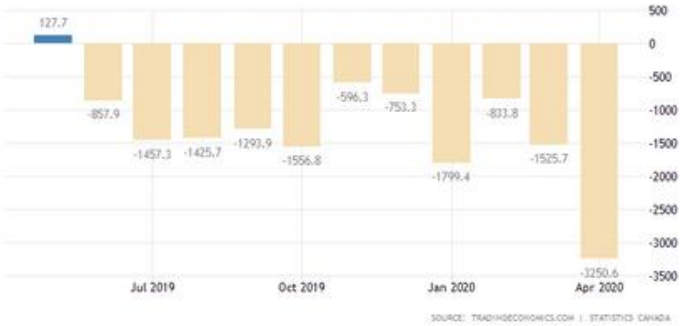
EURO AREA MANUFACTURING PMI



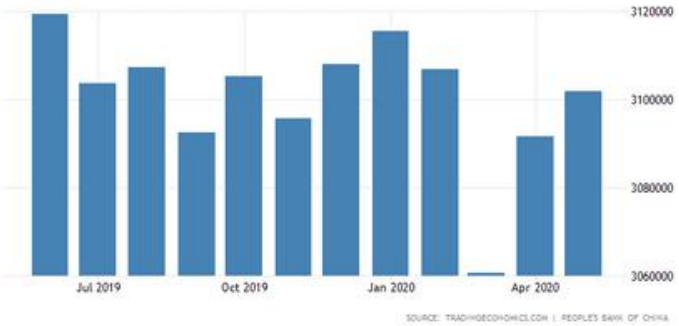
AUSTRALIA INTEREST RATE



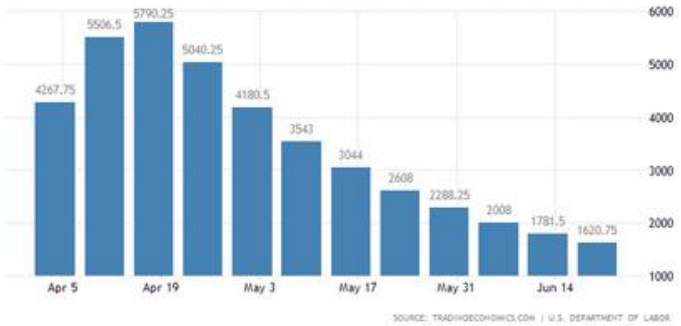
EURO AREA PRODUCER PRICES CHANGE



CANADA BALANCE OF TRADE



CHINA FOREIGN EXCHANGE RESERVES



UNITED STATES JOBLESS CLAIMS 4-WEEK AVERAGE

Importance of FX Aducation

BY JOHN RUSSELL

If you've looked into trading forex online and feel it's a potential opportunity to make money, you may be wondering about the best way to get your feet wet and learn how to get started in forex trading.

It's important to have an understanding of the markets and methods for forex trading so that you can more effectively manage your risk, make winning trades, and set yourself up for success in your new venture.

The Importance of Getting Educated

To trade effectively, it's critical to get a forex education. You can find a lot of useful information on forex here at The Balance. Spend some time reading up on how forex trading works, making forex trades, active forex trading times, and managing risk, for starters.

As you may learn over time, nothing beats experience, and if you want to learn forex trading, experience is the best teacher. When you first start out, you open a forex demo account and try out some demo trading. It will give you a good technical foundation on the mechanics of making forex trades and getting used to working with a specific trading platform.

A fundamental thing you may learn through experience, that no amount of books or talking to other traders can teach, is the value of closing your trade and getting out of the market when your reason for getting into a trade is invalidated.

It is very easy for traders to think the market will come back around in their favor. You would be surprised how many traders fall prey to this trap and are amazed and heartbroken when the market only presses further against the direction of their original trade.

The famous and painfully true statement from John Maynard Keynes states, "The market can stay irrational, longer than you can stay solvent." In other words, it does little good to say the market is acting irrationally and that it will come around (meaning in the direction of your trade) because extreme moves define capital markets in the first place.

Use a Micro Forex Account

The downfall of learning forex trading with a demo account alone is that you don't get to experience what it's like to have your hard-earned money on the line. Trading instructors often recommend that you open a micro forex trading account or an account with a variable-trade-size broker that will allow you to make small trades.

Trading small will allow you to put some money on the line, but expose yourself to very small losses if you make mistakes or enter into losing trades. This will teach you far more than anything that you can read on a site, book, or forex trading forum and gives an entirely new angle to anything that you'll learn while trading on a demo account.

Learn About the Currencies You Trade

To get started, you'll need to understand what you're trading. New traders tend to jump in and start trading anything that looks like it moves. They usually will use high leverage and trade randomly in both directions, usually leading to loss of money.

Understanding the currencies that you buy and sell makes a big difference.1 For example, a currency may be bouncing upward after a large fall and encourage inexperienced traders to "try to catch the bottom." The currency itself may have been falling due to bad employment reports for multiple months. Would you buy something like that? Probably not, and this is an example of why you need to know and understand what you buy and sell.

Currency trading is great because you can use leverage, and there are so many different currency pairs to trade.2 It doesn't mean, however, that you need to trade them all. It's better to pick a few that have no relation and focus on those. Having only a few will make it easy to keep up with economic news for the countries involved, and you'll be able to get a sense of the rhythm of the currencies involved.

After you've been trading with a small live account for a while and you have a sense of what you're doing, it's ok to deposit more money and increase your amount of trading capital. Knowing what you're doing boils down to getting rid of your bad habits, understanding the market and trading strategies, and gaining some control over your emotions. If you can do that, you can be successful trading forex.

Managing Risk

Managing risk and managing your emotions go hand in hand. When people feel emotional, greedy or fearful, that is when they make mistakes with risk, and it's what causes failure. When you look at a trading chart, approach it with a logical, objective mindset that only sees the presence or lack of potential; it shouldn't be a matter of excitement. If pulling the trigger on a trade feels emotional in any way, you should re-evaluate why you're not able to be objective

CORE ADVANTAGES

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All trades are placed automatically without dealing desk intervention. All requests will be executed without delay, refusal or requote.

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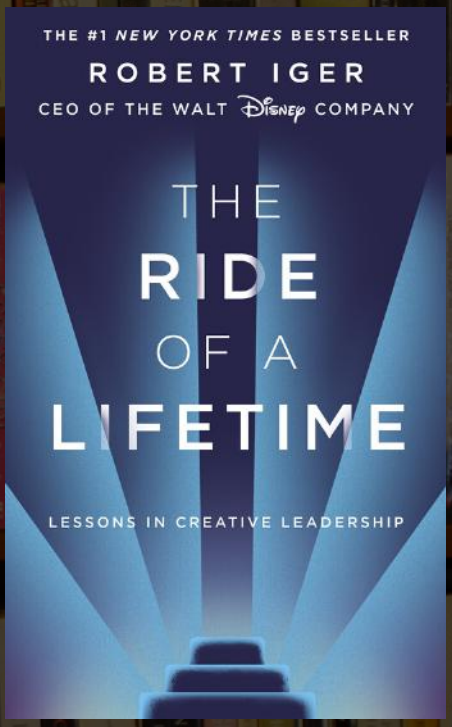
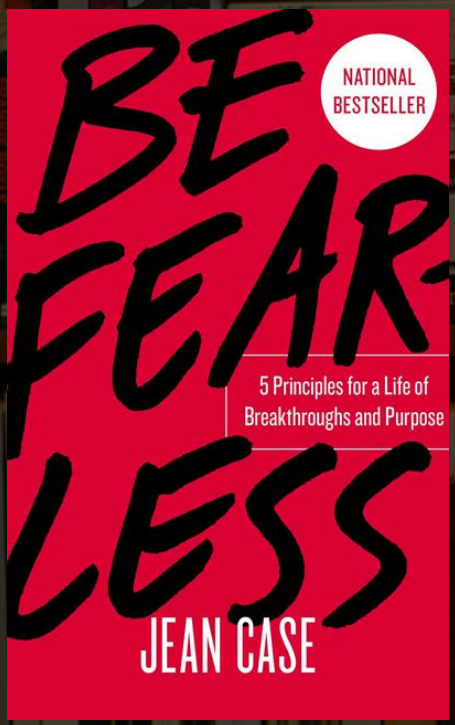
Top 5 books for financeirs



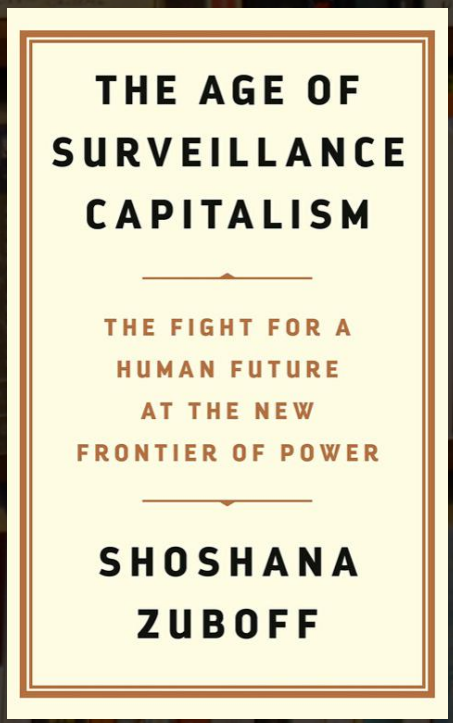
The Ride of a Lifetime is about how good leaders should always remain optimistic. Even when faced with difficult decisions, true leaders know their team won't be motivated by pessimists, so they remain positive. Iger also emphasizes the importance of courage, focus, and thoughtfulness. Something he wrote that resonated with me was that if you believe something can be better (like SPF!), then put the effort in to change it.

By Robert Iger
CEO and founder, Supergoop
Published on Sept. 23, 2019



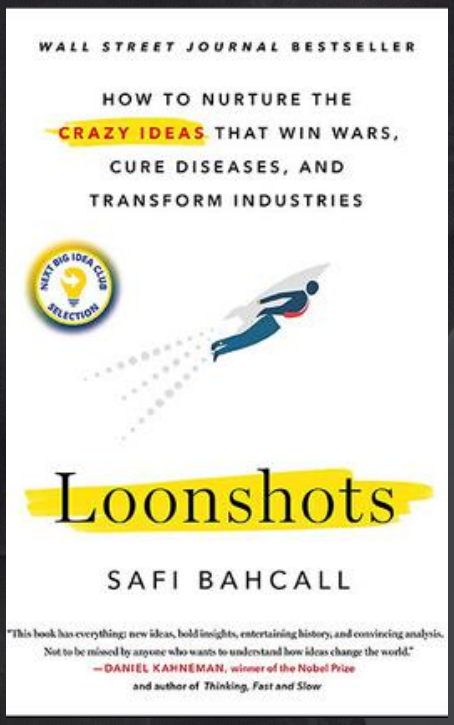
I recommend this book to anyone looking to start a new business or break through to the next level of their career. It's full of inspiration and tools needed to be fearless and push forward when you're ready to make a big change. I wish I had it by my side when starting Warby Parker.

By Jean Case
Co-founder and co-CEO, Warby Parker Retail Inc.
Published on Jan. 8, 2019



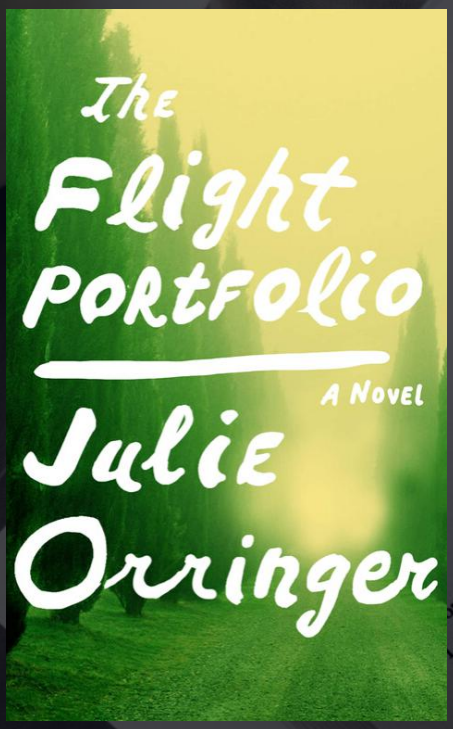
This book forces the reader to think about the challenges of our current internet data model and focus on how the data we leave behind online is used to sell to us and predict and influence our behaviour. Everyone should read it, but particularly business leaders who, like me, are committed to models that use personal data to empower people and to ensure real competition and transparency that truly allows consumer choice.

By Shoshona Zuboff
Executive chairman, Banco Santander SA
Published on Jan. 15, 2019



I inhaled Loonshots, by physicist-turned-entrepreneur Safi Bahcall. The book considers the factors that allow good ideas—and especially, good, crazy ideas—to get off the ground. Bahcall borrows from physics, writing that most organizations exist in discrete phases. Some are good at the new; some are better at refining what's worked already. What I especially liked was his analysis of those occasions when an organization straddled the line between the two, managing to create the future while keeping pace with the here and now.

Stephanie Cohen
Chief strategy officer, Goldman Sachs Group Inc.
Published on March 19, 2019



This is a compelling historical fiction based on a remarkable individual, Varian Fry, who bravely worked to smuggle artists out of France during World War II. Orringer evokes a vivid sense of Marseilles, the Vichy functionaries, and the remarkable people committed to save the lives and the cultural legacy of notable artists (Marc Chagall, Hannah Arendt, among them). The clever schemes to organize escape routes across the Pyrenees and the Atlantic carry the gripping narrative, but the insightful exploration of the inner lives of the characters lifts this novel to a different level. Highly recommended as an escape to a different time and place when principles and lives were on the line every day, and personal choices really mattered.

By Julie Orringer
Chairman and CEO, Clayton Dubilier & Rice LLC
Published on May 7, 2019

BEN BERNANKE
The new tools of monetary policy

This constraint on policy became especially concerning during and after the global financial crisis, as the Federal Reserve and other major central banks cut short rates to zero, or nearly so. With their economies in freefall and their traditional methods exhausted, central banks turned to new and relatively untested policy tools, including quantitative easing, forward guidance, and others. The new tools of monetary policy—how they work, their strengths and limitations, and their ability to increase the amount of effective "space" available to monetary policymakers—are the subject of my American Economic Association presidential lecture, delivered January 4, 2020, at the AEA annual meetings in San Diego. As I explain below, my lecture concludes that the new policy tools are effective and that, given current estimates of the neutral rate of interest, quantitative easing and forward guidance can provide the equivalent of about 3 additional percentage points of short-term rate cuts. The paper on which my lecture is based is here. Below I summarize some of the main conclusions.

Central bank purchases of longer-term financial assets, popularly known as quantitative easing or QE, have proved an effective tool for easing financial conditions and providing economic stimulus when short rates are at their lower bound. The effectiveness of QE does not depend on its being deployed during a period of market turbulence.

Quantitative easing works through two principal channels: by reducing the net supply of longer-term assets, which increases their prices and lower their yields; and by signaling

policymakers' intention to keep short rates low for an extended period. Both channels helped ease financial conditions in the post-crisis era.

Studies that control for market expectations of the level and mix of planned asset purchases find that later rounds of QE remained powerful, with effects that did not diminish during periods of market calm or as the central bank's balance sheet grew.

Early rounds of QE, like the Fed's QE1 program in early 2009, had big market impacts when announced, but announcements of later rounds, like that of the QE2 program in November 2010, involved much smaller market moves. This difference led some to conjecture that QE is only effective when deployed during periods of market turbulence, as in early 2009, but not at other times—casting into doubt the usefulness of QE for normal policymaking. However, as my paper documents, most of the research literature supports an alternative explanation, that later rounds of QE were largely anticipated by market participants; as a result, the expected effects of the programs were already incorporated into market prices by the time of the formal announcements. Studies that control for market expectations of the level and mix of planned asset purchases find that later rounds of QE remained powerful, with effects that did not diminish during periods of market calm or as the central bank's balance sheet grew.

ther research, based on models of the term structure of interest rates, finds that the effects of asset purchases on yields were long-lasting and economically significant. For example, a particularly careful study found that the cumulative effect of the Fed's asset purchase on 10-year Treasury yields exceeded 120 basis points at the time that net purchases ended. Studies of asset purchase programs in the United Kingdom and the euro area find financial-market effects that are quantitatively similar to those in the United States. The signaling channel of QE was also important, and it remained powerful —as shown in a negative way by the taper tantrum of 2013, when hints from me, as Fed chair, that asset purchases might slow led market participants to expect much earlier increases in the short-term policy rate.

Forward guidance, though not particularly effective in the immediate post-crisis period, became increasingly powerful over time as it became more precise and aggressive. Changes in the policy framework could make forward guidance even more effective in the future.

Forward guidance is central bank communication about its economic outlook and policy plans. Forward guidance helps the public understand how policymakers will respond to changes in the economic outlook and allows policymakers to commit to "lower-for-longer" rate policies. Such policies, by convincing market participants that policymakers will delay rate increases even as the economy strengthens, can help to ease financial conditions and provide economic stimulus today.

The Fed's forward guidance in 2009-10 was qualitative in nature and did not succeed in convincing market participants that rates would stay lower for longer. However, beginning in 2011, more explicit guidance that tied rate policy first to specific dates, then to the behavior of unemployment and inflation, persuaded markets that rates would stay low. Guidance became more explicit, sophisticated, and aggressive in other major central banks as well. For example, the Bank of England also tied rate guidance to economic conditions, and the European Central Bank has used guidance to help the public understand the relationships among its diverse set of policy tools.

Forward guidance could be made even more effective if it were incorporated into the central bank's formal policy framework.

Forward guidance could be made even more effective if it were incorporated into the central bank's formal policy framework. For example, the Fed's current consideration of "makeup policies," which promise to compensate for periods in which inflation is below target with periods of overshoot, amounts to putting forward guidance in place in advance of the next encounter with zero rates. This advance preparation would make the guidance clearer, more predictable, and more credible when it is needed.

Some major foreign central banks have made effective use of other new monetary policy tools, such as purchases of private securities, negative interest rates, funding for lending programs, and yield curve control.
Each of these tools has costs and benefits but has proved useful in some circumstances. The Fed has not used new tools other than QE and forward guidance, but, within the bounds of its legal authorities, it should not rule out other options. For example, yield curve control—at a shorter horizon than used by the Bank of Japan, say two years—could be used to augment the Fed's forward guidance, as recently suggested by Fed Governor Lael Brainard. Funding for lending programs might be of value in situations in which constraints on bank lending and credit availability are impeding monetary policy transmission. The Fed should also consider maintaining constructive ambiguity about the future use of negative short-term rates, both because situations could arise in which negative short-term rates would provide useful policy space; and because entirely ruling out negative short rates, by creating an effective floor for long-term rates as well, could limit the Fed's future ability to reduce longer-term rates by QE or other means.

For the most part, the costs and risks of the new policy tools have proved modest. The possible exception is risks to financial stability, which require vigilance.
Uncertainty about the costs and risks of the new policy tools made policymakers cautious about their use, at least initially. For the most part, these costs and risks—including the possibilities of impaired market functioning, high inflation, difficulty of exit, increased income inequality, and capital losses on the central bank's portfolio—have proved modest. For example, worries about high inflation were based on a crude monetarism, which did not adequately appreciate that the velocity of base money would fall in the face of low interest rates. If anything, of course, inflation has recently been too low rather than too high. The international literature on the distributional effects of monetary policy finds that, when all channels of

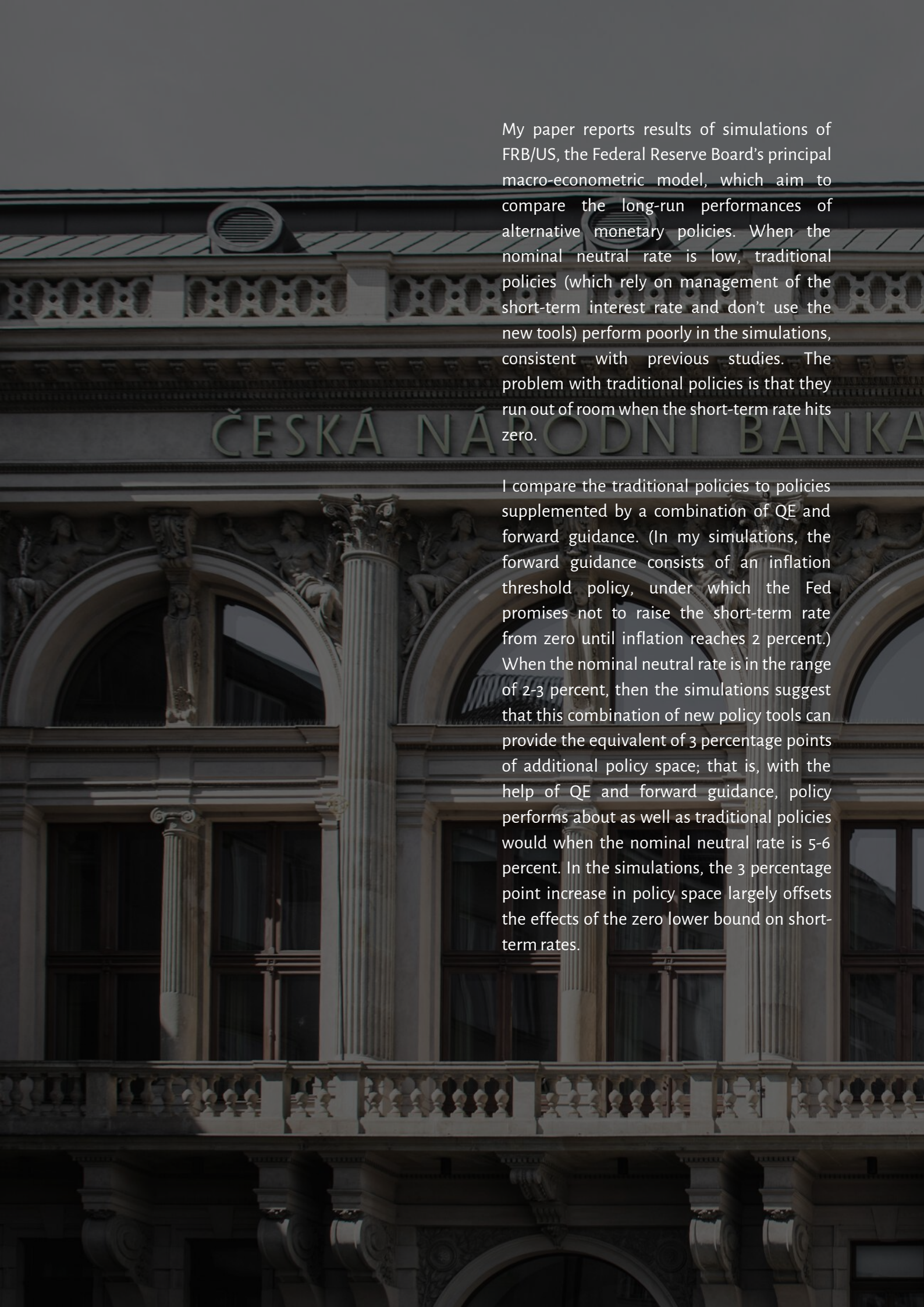
policy influence are included, monetary easing has small and possibly even progressive distributional effects. The risk of capital losses on the Fed's portfolio was never high, but in the event, over the past decade the Fed has remitted more than $800 billion in profits to the Treasury, triple the pre-crisis rate.

There is more uncertainty about the linkages between easy money and low rates, on one hand, and risks to financial stability, on the other. Monetary easing does work in part by increasing the propensity of investors and lenders to take risks—the so-called risk-taking channel. In periods of recession or financial stress, encouraging investors and lenders to take reasonable risks is an appropriate goal of policy. Problems arise when, because of less-than-perfectly rational behavior or distorted institutional incentives, risk-taking goes too far. Vigilance and appropriate policies, including macroprudential and regulatory policies, are essential.

A related but still important question is whether the new monetary tools pose greater stability risks than traditional policies or, for that matter, than the generally low rate environment expected to persist even when monetary policy is at a neutral setting. There is not much evidence that they do. For example, QE flattens the yield curve, which reduces the incentive for risky maturity transformation; removes duration risk, which increases the private sector's net risk-bearing capacity; and increases the supply of safe, liquid assets.

The amount of policy space the new monetary tools can provide depends importantly on the level of the nominal neutral interest rate. If the nominal neutral rate is in the range of 2-3 percent, consistent with most estimates for the United States, then model simulations suggest that QE and forward guidance together can add about 3 percentage points of policy space, largely compensating for the effects of the lower bound on rates. For this range of the neutral rate, using the new policy tools is preferable to raising the inflation target as a means of increasing policy space.

The neutral interest rate is the interest rate consistent with full employment and inflation at target in the long run. On average, at the neutral interest rate monetary policy is neither expansionary nor contractionary. Most current estimates of the nominal neutral rate for the United States are in the range of 2-3 percent. For example, the median projection of FOMC participants for the long-run federal funds rate is 2.5 percent. Models based on macroeconomic and financial data currently give estimates of the U.S. neutral rate between 2.5 and 3.0.



My paper reports results of simulations of FRB/US, the Federal Reserve Board's principal macro-econometric model, which aim to compare the long-run performances of alternative monetary policies. When the nominal neutral rate is low, traditional policies (which rely on management of the short-term interest rate and don't use the new tools) perform poorly in the simulations, consistent with previous studies. The problem with traditional policies is that they run out of room when the short-term rate hits zero.

I compare the traditional policies to policies supplemented by a combination of QE and forward guidance. (In my simulations, the forward guidance consists of an inflation threshold policy, under which the Fed promises not to raise the short-term rate from zero until inflation reaches 2 percent.) When the nominal neutral rate is in the range of 2-3 percent, then the simulations suggest that this combination of new policy tools can provide the equivalent of 3 percentage points of additional policy space; that is, with the help of QE and forward guidance, policy performs about as well as traditional policies would when the nominal neutral rate is 5-6 percent. In the simulations, the 3 percentage point increase in policy space largely offsets the effects of the zero lower bound on short-term rates.

5 best cities to visit in September

1. Amsterdam

Amsterdam

Forget spring flowers and songs about tulips: autumn is the time to visit Amsterdam. The city is at its best as the summer gently fades, as leaves on the trees along the canals turn shades of brown and drop to reveal even better views of historic gables, and as people slowly withdraw from terraces into the softly lit warmth of wood-panelled cafés. This autumn works by two great artists known for their subtle play with light and dark, Rembrandt and his Spanish contemporary Velázquez, hang side by side alongside other Dutch and Spanish masters in the Rijksmuseum for Rembrandt-Velazquez (until January 19, 2020), a massive exhibition held in conjunction with Madrid's Prado Gallery.

Autumn in Amsterdam is just as enticing as spring

Autumn in Amsterdam is just as enticing as spring CREDIT: SERGEY BORISOV/SERGEY BORISOV

2. Barcelona

Autumn is when Barcelona really comes alive, with a full programme of events and exhibitions. The V&A-produced Opera: Passion, Power & Politics is a dramatic and immersive musical journey through eight countries and four centuries at the CaixaForum (until January 26, 2020). In the run up to Christmas, don't miss the fairy-tale market huddled around the Cathedral (December 11-24).

3. Berlin

Why go?Berlin is at its most charming during autumn, thanks mainly to the city's abundant parks (around 2,500), public gardens and tree-lined streets, which transform into a blaze of reds, oranges and yellows. It's a busy time for events too. During October you can visit the Festival of Lights (until October 20) and the annual Jazzfest (October 31-November 3). This year will also see the 30th anniversary of the fall of the Berlin Wall, with a week of festivities from November 4-10.

4. Bruges

Why go?The crowds have thinned, the low, golden sun catches the spires and gables, fallen leaves skitter over the cobbles, and restaurants and hotels light their log fires – it's a lovely time to visit Bruges. The festive Christmas market runs this year from November 22 to January 5, when the historic city centre glows with low-lit stalls – clustered around an ice-rink – selling crafts and seasonal snacks, interspersed with genial pop-up bars offering Glühwein and jenever gin. A new feature, the "Light Walk", has been designed to guide walkers through illuminated parts of the city during the same period.

5. Copenhagen

Why go?Crisp autumn days are the perfect time to explore Copenhagen's many lovely parks – they're ablaze with colourful foliage at this time of year and there's every chance of spotting red squirrels foraging among the fallen conkers. Cafés and cocktail bars hit peak hygge, all cosy and candlelit, and Hallowe'en season at Tivoli (until November 3) sees the gardens decked out with suitably spooky decorations and countless pumpkins. From mid-November the city goes into full-on festive mode, with fairy lights everywhere and gløgg-scented Christmas markets selling handicrafts, decorations and seasonal foods.

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AI in Finance

By Utsav Pathak

Financial services were one of the first sectors to understand the promise of the Big Data revolution, and the wave of new technology that has come with it – including Artificial Intelligence (AI). AI is a powerful tool that is already widely deployed in financial services. It has great potential for a positive impact if companies deploy it with sufficient diligence, prudence, and care.

AI is on its way to becoming mainstream in Financial Services within the short term. FinTech companies are more widely leveraging AI to create new products and services while Incumbents mainly use it to enhance existing ones. A larger share of FinTechs is pursuing a more product-oriented approach to implementing AI, by selling AI-enabled offerings as a service.

In contrast, Incumbents tend to focus more on leveraging AI capabilities to foster process innovation within existing product portfolios. There is a trend towards AI mass adoption, with half of all AI Leaders having simultaneously implemented AI in several key areas such as generating new revenue potential, process automation, risk management, customer service, and client acquisition. All AI Leaders expect to be mass adopters within two years, solidifying the hypothesis that there are significant economies of scale in the application of AI in Financial Services.

While FinTechs currently place more emphasis on the strategic importance of AI to their business, the majority of both Incumbents and FinTechs expect AI to become a significant business driver within two years.

AI has the potential to super-charge financial services and transforms the way services are delivered to customers. It could allow more informed and tailored products & services, internal process efficiencies, enhanced cybersecurity and reduced risk.

Approached properly this can provide significant benefits for the firm, its customers and wider society. Disruptive technology is a fact of life and it is not the strongest businesses that survive but the most adaptable to change.

While innovation in finance is not a new concept, the focus on technological innovations and its pace have increased significantly. Fintech solutions that make use of Big Data analytics, Artificial Intelligence, and Blockchain technologies are currently introduced at an unprecedented rate. These new technologies are changing the nature of the financial industry, therefore creating opportunities for Fintech startups to offer more inclusive access to financial services.

The advantages notwithstanding, Fintech solutions leave the door open for many challenges such as underestimation of creditworthiness, market volatility, cyber-attacks, fraud and money laundering which represent central points of interest for regulators and supervisory bodies.

Artificial intelligence (AI) is in the process of transforming a variety of models in the global financial services industry. AI is changing how financial institutions generate and utilize insights from data, which in turn propels new forms of business model innovation, reshapes competitive environments and workforces, engenders new risk dynamics and poses novel challenges to firms and policy-makers alike.

There are many benefits of using AI in financial services. It can enhance efficiency and productivity through automation; reduce human biases and errors caused by psychological or emotional factors; and improve the quality and conciseness of management information by spotting either anomalies or longer-term trends that cannot be easily picked up by current reporting methods.

AI is transforming the Financial Services industry and we can expect widespread adoption to continue. As the technologies give way to new revenue streams and transform business functions, it's increasingly important for organizations to focus on the long-term implications of AI adoption. Artificial intelligence is leading the next wave of applications and services for the financial services industry.

One way banks are using artificial intelligence is to improve customer service and engagement. Many have rolled out chatbots for real-time customer service and information purposes, leveraging their customer's presence on the major chat platforms. Others have developed full virtual assistants, similar to Apple's Siri or Amazon's Alexa — to help customers find products or conduct financial transactions.

However, if organizations do not exercise enough prudence and care in AI applications, they face potential pitfalls. These include bias in input data, process and outcome when profiling customers & scoring credit, and due diligence risk in the supply chain. Users of AI analytics must have a thorough understanding of the data that has been used to train, test, retrain, upgrade and use their AI systems. This is critical when analytics are provided by third parties or when proprietary analytics are built on third-party data and platforms. There are also concerns over the appropriateness of using big data in customer profiling and credit scoring.

Many banks are also using AI to automate their own internal activities, such as filling out forms, filing records and receipts, and assessing risks.

Financial Services is also a popular sector for a large number of AI startups. In many cases, start-ups are aiming to disrupt the traditional businesses of large banks. In other cases, they are looking to provide advanced new services to the banks to allow them to improve their product offerings.

Several major themes have emerged among AI startups in the financial services sector: fraud detection, advisory services, personal financial management and trading assistance and execution.

Always keen to develop and exploit a new competitive edge, in recent years the financial sector has put the latest technology to work driving operational changes, increasing rates of fraud detection, improving customer services and developing new products.

The wave of technological change that has swept across the financial sector, and society at large, since the arrival of the internet, has changed things forever – and not just in good ways.

Thankfully, where technology brings new problems, it also offers new solutions.

Another challenge facing the financial services industry is the wave of disruptive start-ups that have emerged, and keep emerging. These newcomers are often carving themselves a slice of the customer base by leveraging data-driven technology in an agile way. Customers take a chance when moving their business away from traditional service providers, gambling that a less established innovator will raise the bar when it comes to customer service, convenience or value.

These disruptors include banks that operate primarily through smartphone apps and websites rather than high street branches – reducing overheads, which means they can pass on savings to the customer through lower fees. Adopting data-driven business models means more efficient decisions can be made when it comes to offering loans and investments.

For the customer, it means services such as verifying transactions are not fraudulent, reviewing recent transactions, making instant purchases and transferring money to friends or family are at their fingertips, 24 hours a day. The growth in popularity of these services means that last year, 38% of personal loans were made by businesses classified as "fintech start-ups" rather than traditional banks and lenders.

AI is also changing how organizations interact with regulators. As the sophistication of algorithms and the volume of data rises, the uses of AI in finance are expanding, and so are pertaining risks. With these additional and unknown challenges, there are also implications for user trust. As the industry continues to transform, regulation will be integral to managing the risks, appropriately regulating the use of AI and instilling trust in consumers.

While regulation may increase costs and ultimately delay product development, it also provides a pathway to user trust. In particular for new entrants, regulation provides reassurance for users and investors as they do not have an established brand name. Fully understanding how business models, regulatory practices and talent needs have shifted as a result of the adoption and application of AI is essential to gain insights into the current Financial Services ecosystem.

Another way to gain policy space is to increase the Fed's inflation target, which would eventually raise the nominal neutral interest rate as well. However, to match the 3 percentage points of policy space achievable with QE and forward guidance would require an increase in the inflation target of at least 3 percentage points, from 2 percent to 5 percent. That approach would involve both important transition costs (including the uncertainty and volatility associated with un-anchoring inflation expectations and re-anchoring them at the higher level) as well as the costs of a permanently higher level of inflation. At least when the neutral interest rate is in the 2-3 percent range or higher, active use of the new monetary tools seems preferable to raising the inflation target.

There is, however, an important caveat: If the nominal neutral interest rate is much less than 2 percent, then the new tools don't add enough policy space to compensate for the effects of the lower bound. In that case, other measures to increase policy space, including raising the inflation target, might be necessary.

My relatively upbeat conclusions about the new monetary tools depend importantly on the neutral interest rate being in the range of 2-3 percent or above. In the simulations, when the nominal neutral rate is much below 2 percent, all monetary strategies become significantly less effective. In this case, although QE and forward guidance still provide valuable policy space, the new tools can no longer compensate fully for the effects of the lower bound. Moreover, in that case, any monetary policy approach, with or without the new tools, is likely to involve extended periods of short-term rates at the lower bound, as well as longer-term yields that are often zero or negative—a situation that may pose risks to financial stability or other costs.

However, as I've noted, estimates of the neutral interest rate are in the 2-3 percent range, implying that policy today is mildly accommodative.

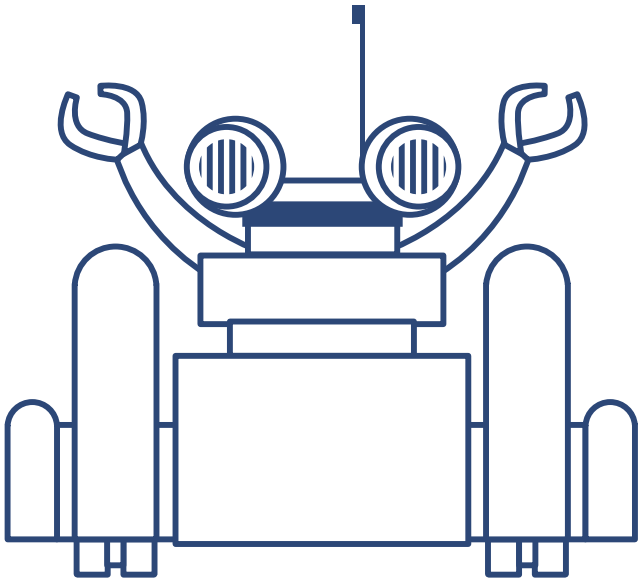
Currently, actual short-term and long-term rates in the United States are below 2 percent. However, as I've noted, estimates of the neutral interest rate are in the 2-3 percent range, implying that policy today is mildly accommodative. My simulation results depend on the neutral rate, not the current level of rates. There is, nevertheless, considerable uncertainty about the current and future levels of the nominal neutral rate. If it does ultimately prove to be lower than 2 percent or so, then there would be a case for a modest increase in the inflation target and perhaps a more central role for fiscal policy in responding to economic slowdowns as well. For now, a cautious approach could include making plans to increase the countercyclicality of fiscal policy, for example, by increasing the use of automatic stabilizers.

A bottom-line lesson for all central banks: Keeping inflation and inflation expectations close to target is critically important.

My simulations apply only to the United States, and the quantitative conclusions can't be directly extended to other countries. Two conclusions do apply elsewhere, though: that (1) the new monetary tools, including QE and forward guidance, should become permanent parts of the monetary policy toolbox; and (2) monetary policy in general is less effective, the lower the neutral interest rate.

In Europe and Japan, where monetary policy is straining to achieve its objectives, much of the problem arises from inflation expectations that have fallen too low, which in turn has depressed nominal neutral interest rates and limited the available space for monetary policy. In those jurisdictions, fiscal as well as monetary policy may be needed to get inflation expectations up. If that can be done, then monetary policy, augmented by the new policy tools, should regain much of its potency.

In the last decades of the twentieth century, the principal challenges for monetary policymakers were high inflation and unstable inflation expectations. Fed chairs Paul Volcker and Alan Greenspan won that war, bringing inflation down to low levels and anchoring inflation expectations. Benign inflation in turn promoted economic growth and stability, in part by giving policymakers more scope to respond to fluctuations in employment and output without worrying about stoking high inflation. We have come almost full circle: In a world in which low nominal neutral rates threaten the capacity of central banks to respond to recessions, low inflation can be dangerous. Consistent with their declared "symmetric" inflation targets, the Federal Reserve and other central banks should defend against inflation that is too low as least as vigorously as they resist inflation that is modestly too high. Although the new monetary tools have proved their worth and can be made more effective in the future, keeping inflation and inflation expectations close to target is critically important for preserving or increasing available policy space.



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Forex Regulators

According to recorded statistics, the foreign exchange market saw an average daily turnover of $5.1 trillion in 2016 – thereby defining it as the world's largest and most liquid financial market. As a result of its significant size and 24/5 accessibility, regulating this market presents unique challenges – after all, how do you go about supervising a digital market that's open all around the world, 24 hours a day? As such, there is no centralised body that governs the currency trading market. Instead, it is regulated by numerous independent and governmental bodies all over the globe.

Because of this, for those entering the forex market as novice traders, understanding its individual rules and regulations isn't always straightforward – often, the laws will differ depending on the country the individual is trading within. So, in this blog post, we'll take you through all you need to know before starting on your currency trading venture – exploring the various stipulations surrounding this sometimes volatile market to ensure you're safely in the know both before you open your account and throughout your trading career.

Forex market regulation

As aforementioned, due to the global scale of the currency market, there is no international organisation that is able to regularly and effectively monitor forex trading – instead, different countries have separate authorities set up to protect traders on a more local scale.

In the UK, the main financial regulatory body is the consumer watchdog agency, the Financial Conduct Authority (FCA), which is funded by all the companies that supply financial services in the UK – including forex brokers. As part of their role, the FCA is tasked with regulating and licensing UK entities and works closely with the Bank of England to ensure that all forex brokers are actively promoting and creating a healthy trading environment in which they act in the best interests of traders.

Other national supervisory bodies created to control and regulate trading in the FX market include, but are by no means limited to, the following:

- **Autorité des Marchés Financiers (AMF) in France**
- **Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in Germany**
- **Comisión Nacional de Mercado de Valores (CNMV) in Spain**
- **Financial Conduct Authority (FCA) in the UK**
- **European Securities and Markets Authority (ESMA) for the European Union**
- **Securities and Exchange Commission (SEC) and the National Futures Association (NFA) in the USA**
- **Australian Securities & Investments Commission (ASIC) in Australia**
- **The Financial Services Agency (FSA) in Japan**
- **The Securities and Futures Commission (SFC) in Hong Kong**
-

Forex broker regulations

Due to their authority in all UK financial markets, the FCA takes complete responsibility for safeguarding customers from immoral and, at times, corrupt forex brokers. As a result, all those brokers defined as being regulated in the UK have been named so with the seal of approval by the FCA and are obligated to follow their guidelines because of this. If they don't provide evidence that they are doing so, the FCA has the right to revoke their license and impose disciplinary measures against the company in question.

For new traders entering the currency market for the first time, therefore, it's crucial that you choose a licensed broker that has been approved by the FCA, as opposed to offshore, unregulated forex brokers. This will ensure your money is protected in the event of liquidation, fraud or bankruptcy. When searching for a regulated broker, be sure to check the company's regulatory status in the Financial Services Register, here.

Advantages of trading in a regulated market

Forex brokers regulated by the FCA offer currency traders peace of mind that their capital is protected on their platform, due to licensed brokers having to regularly provide evidence to the regulatory body to show that client funds and company funds remain segregated at all times. In addition to this, the FCA ensure that caps on leverage are implemented to limit a trader's potential loss if markets happen to suddenly move in the wrong direction.

necessary know-how on how to trade safely, find out more about our expert-led, award-winning free forex workshops.

In addition to the above, in an instance where you need to close your account and transfer your funds, licensed brokers are sure to offer a straightforward service and will happily help you ensure your funds are securely transferred. What's more, in the event of a problem, you will be protected and compensated by the official governing body for up to £50,000, courtesy of the Financial Services Compensation Scheme (FSCS) – allowing you to rest assured that your investments are safe.

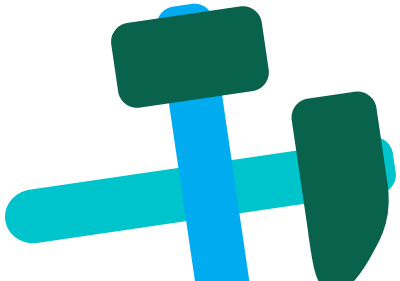
Financial laws surrounding forex taxation

For new forex traders in particular, the general hype surrounding the potential for uncapped profitability and success can allow them to bypass the 'legal stuff' – namely what their new endeavor as a forex trader means for their tax implications. In the UK, when opening your new account with a regulated forex broker, any profits you make will be analysed in three categories, dependent upon the amount of profit you earn – they are as follows:

Self-employed trader – for those classed as self-employed traders, you will be taxed as any other self-employed person liable to pay business taxes – for more information, see the UK government's self-employment guidelines here

Private investor – in the case where you're decided by the HMRC as being a private investor, your profits and losses will be taxed against the capital gains tax regime

Speculative – because there is no asset that is actually owned, many forex traders fall under this tax bracket and, as such, dodge capital gains tax due to profits from forex (as well



as spread betting and CFDs) being classified by the UK government as tax-free until the threshold has been surpassed. At present, in the tax year 2019 – 2020 the capital gains tax allowance is £12,000 – meaning that you can make a profit from an asset of up to this amount before any tax is payable

How to ensure you're taxed correctly

Naturally, even once you feel that you've done an ample amount of research, due to the speculative nature of taxation regulations for forex traders, you must always tread with care before beginning a career on the currency market. Most importantly, you need to act sensibly and follow these two main tips to ensure you're taxed correctly and legally:

Seek proper advice – no matter how much capital you invest in forex, you must ask yourself, is it really worth risking it all over a silly, avoidable error? The answer, we're sure you'll agree, is no. So, if you're still unsure about which tax bracket you fall under, contact the HMRC directly and seek clarification, where an advisor trained in day trader taxation will point you in the right direction to ensure you don't fork our sizeable sums later down the line.

Record everything – depending on your trading activity during the financial year, the bracket you fall under will vary between 'speculative', 'investing' and 'self-employed' activity – as a result, it's crucial that you record your trading activity throughout the year including; purchase and sale dates, entry and exit points, instruments and prices. With this information easily accessible to you, you'll be sure to save yourself hours of headaches when it comes to filing your tax return at the end of the year.

How to spot a forex scam

Unfortunately, given the scale of the market and without a sole international regulatory body, forex scams are more common than you might initially think. However, while in recent years the older, popular scams have ceased, there are many scams that continue to exist – with new ones popping up regularly.

In order to avoid falling for a scam that has the ability to empty your account, it's important that you know how to identify the following warning signs: No live track record – before choosing a forex broker, ensure they have evidence of verified statistics from active trading accounts. If this is a problem, or if they only have data recorded from demo accounts, you have reason to be wary

Not regulated by a national governing body – first and foremost, before you even consider selecting a forex broker you need to check their reputability and status with your national financial governing body. In the UK, for example, you are also able to check specific brokers against the FCA's warning list, and it goes without saying that if you find your prospective broker on this list, you should avoid using them

Pressure to deposit your funds – an authorised, regulated broker would ensure you felt comfortable with them before transferring over any of your capital. As such, if you find that a broker is pressuring you to deposit your money upon early conversations with them, it's highly likely they're trying to scam you

If you've already been scammed, it's of paramount importance that you report said scam to the appropriate governing body. For UK traders, you should report it to the FCA here.

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