Facebook shuts down controversial Ovano VPN app

Responding to a continued backlash over its data collection practices, Facebook pulled the plug on its Ovano VPN app. Ovano, which promised users an added level of privacy while using public Wifi hotspots, was used by Facebook for market research purposes.

Facebook removed the app from the Google Play store Friday, and the company is getting ready to disable it for users who already have the app installed on their phones. "We are shifting our focus to reward-based market research which means we're going to end the Onavo program," a Facebook spokesperson told Techcrunch, which was first to report about the changes.

Ovano was developed by an Israel-based startup close to a decade ago. Facebook acquired the company in 2013, and subsequently used the app to gather information on the way people were using their mobile phones. Data gathered by Ovano included the names of apps installed on its users' phones, which reportedly helped the company to identify the growing popularity of Whatsapp early on. These insights ultimately prompted Facebook to acquire Whatsapp for $19 billion in 2014.

Facebook's use of Ovano to collect user data had gotten push-back for some time; Apple forced Facebook to remove the app from its App Store last summer.

The last straw may have been a separate market research program: Last month, news broke that Facebook had been paying some users $20 a month to install another market research app on their phones. Facebook ended that program after a clash with Apple, which led to Apple briefly disabling all of Facebook's internal iOS apps. (AP)

This file photo shows the Facebook app icon on an iPhone in New York. The Wall Street Journal is reporting that several phone apps are sending sensitive user data to Facebook, including health information, without users' consent. The report says an analytics tool called 'App Events' allows app developers to record user activity and report it back to Facebook, even if the user isn't on Facebook. (AP)

Business Plus

Officials suggest emergence of consensus that rates will likely never return to pre-crisis levels

A Fed pivot, born of volatility, missteps, and new reality

Trader Michael Milano works on the floor of the New York Stock Exchange on Feb 22. The Federal Reserve's promise in January to be 'patient' about further interest rate hikes, putting a three-year-old process of policy tightening on hold, calmed markets after weeks of turmoil that wiped out trillions of dollars of household wealth. (AP)

By Howard Schneider and **Jonathan Spicer**

> 'I hate to say we were right. But we have been warning for quite some time that...the structure of the economy has changed dramatically.'

The Federal Reserve's promise in January to be "patient" about further interest rate hikes, putting a three-year-old process of policy tightening on hold, calmed markets after weeks of turmoil that wiped out trillions of dollars of household wealth.

But interviews with more than half a dozen policymakers and others close to the process suggest it also marked a more fundamental shift that could define Chairman Jerome Powell's tenure as the point where the Fed first fully embraced a world of stubbornly weak inflation, perennially slower growth and permanently lower interest rates.

Along with Powell's public comments, Fed minutes, and other documents, the picture emerges of a central bank edging towards a period of potentially difficult change as it reviews how to do business in light of that new reality. One question, for example, is whether to make crisis-fighting policies a part of the routine toolkit. Another is whether to try to prepare the public to accept higher inflation from time to time.

Policymakers have debated for years how well traditional central banking fits a world transformed by the global financial crisis a decade ago. But it was a brief Oct 3 remark by Powell that set off the chain of events which helped settle the matter.

"We're a long way from neutral now, probably," Powell said at a Washington think-tank event, referring to a level of interest rates that neither cool or boost the economy.

Though Powell was effectively summarizing what the Fed had just concluded at its Sept 25-26 policy meeting, when it raised rates amid stronger than expected US growth, his characterization touched a nerve.

Investors dumped stocks and bonds, fearing the Fed aimed to drive rates higher than they felt the economy could withstand.

It was the beginning of weeks of volatility that led the Fed to recalibrate its message, with more than one misstep along the way.

In doing so, the central bank went beyond fine-tuning its language or adjusting to changing conditions. Interviews with officials as well as analysis of Fed minutes and policymakers' public statements suggest the emergence of a long-elusive consensus that interest rates would likely never return to pre-crisis levels, and that once established relationships, such as inflation rising when unemployment fell, no longer worked.

Concern that years of solid economic growth and falling unemployment would inevitably rekindle inflation or threaten financial stability have been a staple of Fed debates, but had largely disappeared by the Fed's Dec 18-19 meeting, according to a review of Fed meeting minutes and officials' public statements.

It was a conclusion hiding in plain sight. After a year when the Trump administration pumped around $1.5 trillion of tax cuts and public spending into a full employment economy, the Fed in 2018 would miss its 2 percent inflation target yet again.

"I hate to say we were right," Dallas Federal Reserve President Robert Kaplan told reporters on Jan 15 in Dallas. "But we have been warning for quite some time that...the structure of the economy has changed dramatically."

Technological innovation, globalization, and the Fed's commitment to its inflation target all held down prices, and "those forces are powerful and they are accelerating," he said.

His arguments echoed those made by St Louis Fed President James Bullard and Minneapolis Fed President Neel Kashkari. New Fed Vice-Chairman Richard Clarida and Governor Lael Brainard have flagged similar issues.

Later in January, the Fed's policy meeting jettisoned mention of any further rate increases and cited "muted inflation" among the reasons, largely aligning the Fed with the prevailing sentiment among investors who saw conditions weakening.

At first, it was investors who appeared to have overreacted to Powell's "long way from neutral" remark in early October.

Global markets had absorbed nearly two years of quarterly Fed rate increases in stride, but yields on US 10 year Treasury bonds spiked a tenth of a percentage point that day and stocks started a slide that wiped out 10 percent of the S&P 500's value by late November.

If sustained, It was the type of environment, with asset values falling and borrowing conditions tightening, that could hurt the Main Street economy and not just the investor class.

The initial response from Powell and others at the Fed was that the US economy remained strong, and that it was not the central bank's job to coddle Wall Street.

"We watch markets very carefully," Powell said at a mid-November event in Dallas. "But it is one of many, many factors that go into a very large economy."

But investors were not just reacting to the Fed and the prospect of higher rates. Weakening business and consumer confidence, slowing global growth, and potential disruptions from President Donald Trump's trade war with China also factored in.

Over the next few weeks the Fed tried to build those concerns into its policy stance, but it became clear the situation was more fragile than they had divined.

In early December a portion of the bond yield curve "inverted," with short term rates rising above long term ones in what can be seen as a loss of faith in economic growth.

For months, Fed officials had debated whether to discount such developments as the clash and clang of daily trading or to treat them as a significant warning. Some, including Bullard, warned against ignoring what markets seemed to be saying, and both he and Kashkari said the Fed should stop raising rates or risk trouble.

When the Fed met in December, policymakers thought they could square the circle.

Officials proceeded with another quarter-point rate increase, as expected at the time, and released updated projections showing two more rate hikes for 2019 – one less than in September, but still heading higher.

The Fed hoped, though, that between a small change in its policy statement and Powell's follow-up news conference, things would stay calm, a strategy Fed officials spelled out after the fact in interviews and in minutes of the December meeting.

By replacing the phrase that the Fed "expected" further rate hikes with one saying it "judged" them likely, the central bank tried to show it was now less committed to tighter policy.

But that nuance was lost on markets, and Powell's assurance at the news conference of a newly "patient" Fed got lost as well when he described the Fed's monthly rundown of as much as $50 billion in assets as on "automatic pilot."

To investors, that undermined the intended message, since the regular decline in the Fed's asset holdings effectively worked to tighten financial conditions.

The S&P 500 fell another 7.5 percent in the days that followed.

Investors felt the Fed was "not fully appreciating" how market turbulence and "softening global data" put the US itself at risk, the Fed's January minutes concluded in reviewing how the December statement was perceived.

"It was a delicate time," New York Fed President John Williams told Reuters on Tuesday. The tweak in the December statement "was a pretty subtle message. That's one of the challenges of trying to communicate a very complicated and complex situation in just one page."

Over the next few weeks, the Fed eschewed subtlety for a more public acknowledgement that its view of economic reality had changed.

For a Jan 4 question-and-answer session at the American Economic Association Powell came armed with written notes and a core message that the Fed was "always prepared to shift the stance of policy and to shift it significantly" if conditions weakened.

After the January meeting that message became official. References to the new "patient" approach and "muted inflation," words cited in minutes of the December meeting, became part of the Fed's policy statement. A longstanding mention of the need for higher rates was deleted.

The changes drew no dissent, with even those who have worried most about inflation and financial risk falling silent.

It was a significant moment of unanimity at a central bank that has spent the last decade wondering when, rather than whether, inflation or financial risks would re-emerge. Throughout that era some group of officials – including Powell early in his central banking career – has consistently warned that the combination of falling unemployment, cheap money, and trillions of dollars injected by the Fed's crisis era policies would inevitably cause problems.

As the Fed's January meeting minutes showed, not all officials have sworn off further rate increases and some noted that a possible turn for the better - a resolution of trade tensions for example – could lead them to raise rates again.

But to veteran Fed watchers, the bar is now higher. The January statement, JP Morgan analyst Michael Feroli wrote recently, showed the Fed "subtly but profoundly evolving" to a new view of the world where a variety of forces have changed the way inflation and interest rates work, and have now changed how the central bank responds. (RTRS)

Millennial Money ... having a plan is always key

Make your funds move at the speed of life

> 'Having this conversation does three things: First, it breaks the money silence. Second, it helps you understand each other's money mindsets, and third, you get buy-in on how you're going to pay bills and take on financial challenges.'

NEW YORK, Feb 23, (AP): Change is constant – especially when you're young. Chances are you'll cycle through a few moves, job changes and romantic relationships as you establish your life as a young adult.

Each development in these three big areas of your life brings financial challenges, too. You might need a new wardrobe for the dream job you just landed. Dating isn't cheap and moving is almost always expensive, no matter how far you go. Here are ways to manage the cost of change.

Housing changes

Moving is a logistical and financial challenge, but you can mitigate some of the stress and expense.

"Having a plan is always key," says Lacey Langford, an accredited financial counselor. "Think through the steps of your move and the costs that go along with it." The earlier you start planning, the more time you have to research, minimize and save for expenses you identify.

Try out a few easy ways to save money:

Compare movers

Prices vary among moving companies. Some will require more movers to haul your stuff or higher hourly rates, which can drive up the price. Check the prices of three to five before choosing.

Think beyond DIY moving trucks

Hauling stuff on your own? Rather than using one of the go-to truck rental companies, check out rental car companies. See whether you can save money by selling or donating nonessential items and moving only what fits in a rental van. Depending on your move, you could save hundreds.

Shop used

Rather than buying a new sofa or area rug, check out local antique shops or secondhand stores. You may be able to save money and get a unique item at the same time.

Relationship changes

Relationship changes could mean your and your partner's money is moving closer together – or further apart. Whether you're shacking up or breaking up, the key to managing finances is communication.

Joining finances

First, have a deep, honest conversation. Talk about your money history, including things like how your parents managed their money, your current financial standing and your future financial goals, advises wealth psychology expert Kathleen Burns Kingsbury.

"Having this conversation does three things: First, it breaks the money silence. Second, it helps you understand each other's money mindsets, and third, you get buy-in on how you're going to pay bills and take on financial challenges," Burns Kingsbury says.

Next, plan how you want to handle your joint finances. Burns Kingsbury suggests checking in every six months or so to keep the dialogue going and ensure the plan is working for both of you.

Separating finances

Breaking up has added complexity when you've commingled finances. But a level head – and outside help if needed – can make it less painful.

Sit down and talk through each account you share, Burns Kingsbury advises. Come to an agreement about how you'll handle things like co-signed loans and authorized usership on accounts. Consider bringing in a third-party mediator to facilitate the conversation if you can't do it amicably. A trusted friend or financial coach could be helpful.

A new job

Job changes can advance your career and bump up your pay. But there may be financial trade-offs.

"A new job can be exciting, but take the time to not make an impulsive decision," says Thomas Nitzsche, communications lead at Money Management International, a credit counseling agency.

Think through potential costs to see if you'll come out ahead, including:

■ Benefits

Consider total compensation. The new job might bring a bump in pay, but lesser benefits may offset it. For instance, if the medical coverage isn't as robust as your former employer's, you may end up forking over more for co-pays and prescriptions.

■ Lifestyle changes

A new job can change your day-to-day life drastically, including what you wear, how you eat and how much time you spend traveling.

Consider how a new commute could cost you – in both money and time. The less time you have to make dinner after work, for example, the more you may end up eating out. Also, think about whether you need a new wardrobe. Run through your budget and make sure you've accounted for expenses that could pop up.

■ Your retirement account

Don't leave your retirement account languishing with your former employer. You'll likely want to roll it into your new employer's plan. But check the fees and investment options that come with it; you might be better off with a second retirement account to contribute to after you get the company match.