In this file photo, a Deliveroo logo on a bicycle in London. British regulators said on Dec 27, they are launching a full-scale investigation of Amazon's plan to purchase a stake in Deliveroo to determine if it would dampen competition. (AP)

UK launches full probe of Amazon investment in Deliveroo

British regulators said Friday they are launching a full-scale investigation of Amazon's plan to purchase a stake in Deliveroo to determine if it would dampen competition.

The Competition and Markets Authority said the two parties had failed to provide evidence addressing concerns that Amazon's investment in the British food delivery platform could be bad for customers, restaurants and grocers.

The market authority said the companies had not provided requested information by a Dec. 18 deadline and would now face a thorough probe. The agency's in-depth "phase two" review could take up to six months.

The watchdog has been investigating the deal since Amazon announced a planned 450 million pound ($590 million) investment in London-based Deliveroo in May.

The Competition and Markets Authority said the online retailer's investment could lead to a "substantial lessening of competition" in the expanding online food delivery market.

Deliveroo, which operates in several other European countries, said it was confident it could convince the market authority the investment would not be detrimental to competition.

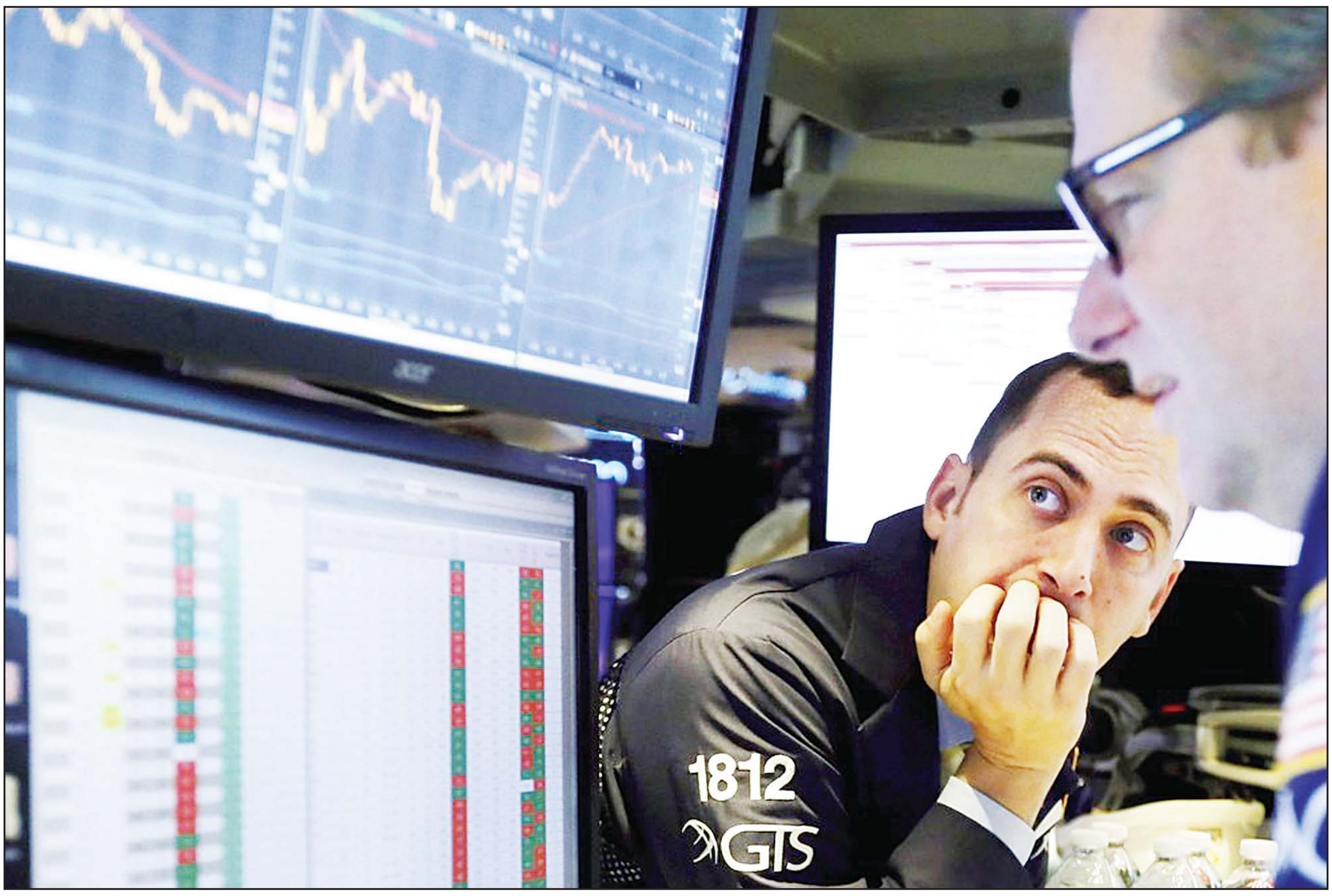
Amazon failed to get its own restaurant delivery business going in the United Kingdom, shutting it down for good late last year. It faced tough competition from Deliveroo, as well as its other rivals in the UK, such as Just Eat and UberEats.

Amazon's service, called Amazon Restaurants, still operates in several US cities. (AP)

Business Plus

US economy and consumers' appetite for spending remain resilient

Markets in 2019: record stocks, lower rates, so-so IPOs



In this file photo, a pair of specialists work on the floor of the New York Stock Exchange. Investments around the world were all winners in 2019 as central banks unleashed more stimulus to bolster the global economy against the damage created by President Donald Trump's trade war. (AP)

By Alex Veiga

On Jan 3, the S&P 500 sank 2.5% when Apple warned of sagging demand for the iPhone, an inauspicious start to 2019 following a 14% drubbing in last year's fourth quarter.

On Jan 4, Federal Reserve Chairman Jay Powell said the central bank would be "patient" with its interest rate policy following four increases in 2018. The S&P 500 soared 3.4% and by the end of the month was up nearly 8%.

January's swing helped set the tone for a year in which the market responded to every downturn with a more sustained upswing. Along the way, stocks kept setting records - 32 of them for the S&P 500 by Dec 20, and 19 for the Dow Jones Industrial Average.

By its final policy meeting in December, the Fed had completely reversed course and cut rates three times in what Powell called a pre-emptive move against any impact a sluggish global economy and the US-China trade war might have on US economic growth. The stock market, and most Fed observers not named Trump, approved of the Fed's actions.

Investors' uncertainty over trade policy eased by December as Washington and Beijing reached a modest, interim agreement that averted a new round of tariffs on $160 billion worth of Chinese imports and reduced existing import taxes on about $112 billion in other Chinese goods.

While the pact left unresolved some of the thorniest issues between the two countries, investors appeared happy to have a de-escalation in trade tensions now and push off lingering concerns until 2020.

Through it all, the US economy and consumers' appetite for spending remained resilient, supporting the market's record-shattering, year-end rally.

‘Analysts tend to set low expectations that most companies are able to beat, so investors aren't panicked by the slower profit growth’

Almost everything's a winner

Investments around the world were winners in 2019 as central banks unleashed more stimulus to bolster the global economy against the damage created by President Donald Trump's trade war. Not only did US stocks rise, so did high-quality bonds, low-quality bonds and foreign stocks. Among the few losers: junk bonds with the very lowest credit ratings, but a better performance from bonds with bad but not the worst ratings meant high-yield indexes still generally made gains.

Keeps on ticking

The US economy withstood a number of challenges in 2019. President Trump's trade war with China intensified as both sides increased tariffs. Fears of recession spiked in late summer and fall as exports fell and businesses, facing higher costs on imported goods, cut back spending on new machinery and equipment. Overseas economies also stumbled, with Germany nearly falling into recession and growth in the UK slowing amid Brexit uncertainty. Still, the US consumer kept spending as the unemployment rate hit a 50-year low and wage growth picked up for workers outside managerial ranks. Most economists expect modest growth in 2020.

Mixed reviews

For initial public offerings, 2019 was like a year in Hollywood: There were some phenomenal successes and some notable flops. Ride-hailing giant Uber and rival Lyft were huge disappointments. Video-conference company Zoom and workplace messaging company Slack each soared on their first day of trading, but while Zoom kept zooming Slack, well, slacked off after that. For non-tech companies, Beyond Meat and its plant-based burgers hit the spot while SmileDirectClub produced mostly frowns. WeWork's botched IPO signaled a change in IPO investors' mindset.

Tech is chipper

Technology stocks soared in 2019 and far outpaced every other sector in the S&P 500. Chipmakers, including Advanced Micro Devices and Lam Research, made some of the biggest gains, despite a trade war that threatened business in China. Apple and Microsoft had their biggest share gains in a decade and each topped $1 trillion in market value. Energy stocks gained the least amid concerns that oil supply is outpacing demand.

Earnings ease up

Corporate profits hit the brakes in 2019, a year after a big tax cut helped juice results. On top of no longer getting the benefit of the first year of lower tax rates, a slowing global economy weighed on company revenues. If S&P 500 companies end up reporting four straight quarters of declines for 2019, as analysts expect, it would be the first time that's happened since 2015-16.

‘Analysts tend to set low expectations that most companies are able to beat, so investors aren't panicked by the slower profit growth’.

Can negative be a positive?

Would you pay someone to lend money to them? The practice has become more common around the world - $13 trillion in bonds globally had negative yields as of November, according to Deutsche Bank. Much of that total is from Japan, France and Germany, countries that account for nearly a quarter of all the world's bonds. It's the result of shock-therapy by the European Central Bank and others to try to jolt their economies and inflation higher.

The Fed's U-Turn

The Federal Reserve changed course on interest rate policy this year, cutting its benchmark rate three times after more than two years of increases. Chairman Jerome Powell portrayed those cuts as "insurance" against a slowdown resulting from weak global growth. Prior to late 2015, the Fed had been keeping rates at a record low near zero to stimulate the economy.

In December, the Fed said it was prepared to keep rates low at least through next year.

"Home" run

A strong labor market and a steady decline in mortgage rates stoked demand among would-be homeowners this year, driving US home sales higher. A persistently limited supply of previously occupied homes for sale at a time when millennials are increasingly seeking to become homeowners also helped to stoke demand, even though affordability remained a challenge in many markets. The housing trends favored US homebuilders, whose shares surged well above the broader market.

Clicks again outshine bricks

Retailers had a mixed year as they continued beefing up their online sales strategies amid declining foot traffic. Department stores, and Macy's in particular, fell sharply. Specialty retailers did much better, with electronics retailer Best Buy, car dealership chain CarMax and home improvement retailers Home Depot and Lowe's among those making sharp gains. As the year wound down, retailers were hoping that low unemployment, higher wages and the record-setting stock market would translate into a robust holiday shopping season.

Protein push

Plant-based meat has gone mainstream. Beyond Meat, which makes burgers and sausages from pea protein, had one of the most successful IPOs of the year. Burger King's soy-based Impossible Whopper was a big hit. Tyson Foods, Nestle and Kellogg all introduced plant-based meats. Health and animal welfare concerns are driving the trend. US plant-based meat sales jumped 10% this year, to nearly $1 billion; traditional meat sales rose 2% to $95 billion in that same time, Nielsen says. (AP)

Companies that use the data say it helps them better evaluate applicants

You may have to give more data to get personal loan

By Annie Millerbernd

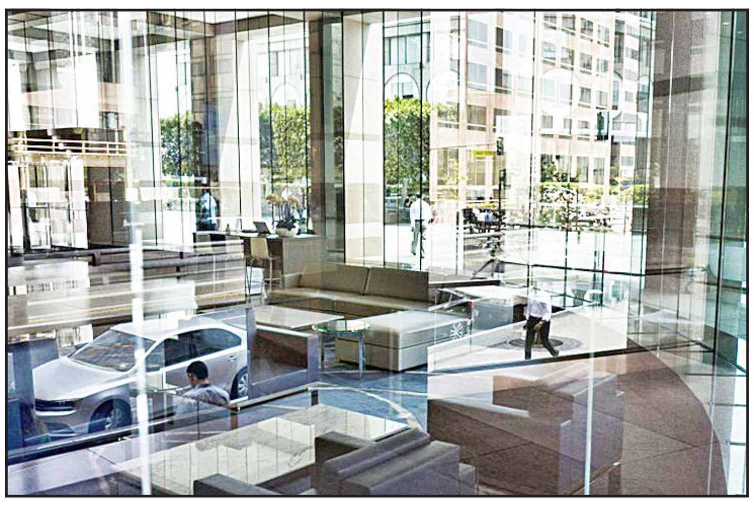
Would you feel comfortable disclosing your bank account information on a personal loan application? What about your work history? Your college major?

That's what it could take to borrow money from some loan companies that consider alternative data - which can be anything that isn't in your credit report - when deciding whether to approve your loan application.

Companies that use the data say it helps them better evaluate applicants by giving them insight beyond a credit report, which usually shows things like your name, address, Social Security number, and current and past credit accounts.

But some consumer advocates say that while certain types of alternative data can be promising for consumers, others have the potential to reinforce existing racial and economic disparities and limit access to money for low- and middle-income people.

‘But incorporating educational and occupational data in a loan application replicates existing inequality and it reinforces it.’



In this file photo, downtown Los Angeles buildings and officer workers are reflected in the front windows by a bank. When applying for a personal loan, some lenders may ask you for information that isn't on your credit report. (AP)

Does it help or hurt?

With the consumer's approval, using bank account information like credits and debits - which can show responsible financial behavior - on a loan application can be positive for those historically underserved by the credit system, says Chi Chi Wu, an attorney with the National Consumer Law Center, a consumer advocacy group.

But incorporating educational and occupational data in a loan application "replicates existing inequality and it reinforces it," she says.

Wu referenced racial disparities in occupational and educational attainment in testimony she gave to the US House Financial Services Committee about the use of alternative data in credit scoring and underwriting.

A 2018 Bureau of Labor Statistics report shows that 41% of employed white people and 54% of Asian people work in professional or management fields, while 31% of employed blacks and 22% of Latinos work in those fields.

But Dave Girouard, CEO and co-founder of online lending platform Upstart, which asks for financial information, education and work history on loan applications, says the company works closely with regulators to avoid unfair bias in its application decisions.

When tested against a model that uses traditional credit and application information, the combination of alternative data and machine learning that Upstart uses to assess borrowers approved applicants with 620 to 660 credit scores - bad-to-fair scores on the FICO scale - about twice as often, according to a post on the Consumer Financial Protection Bureau's website summarizing the test.

Girouard says that while many of the variables Upstart considers in an application decision have a clear connection to an applicant's financials, others are considered because the algorithms the company uses have deemed them relevant to someone's ability to repay. (AP)