

## Business

The **Federal Reserve** confirmed that it is to unwind the \$4.2trn portfolio of Treasury bonds and mortgage-backed securities that it has accumulated since the financial crisis. The Fed will reduce its holdings very slowly, at first by \$10bn a month for three months, and then by a further \$10bn every quarter to a maximum of \$50bn a month. The announcement had been long heralded; markets were not that surprised.

### A rate rise this year?



The **pound** surged to its highest level against the dollar since the vote in Britain last year to leave the European Union, after a member of the Bank of England's Monetary Policy Committee said that the "moment was approaching" when interest rates would have to rise. The bank has kept votes low since the financial crisis. But Gertjan Vlieghe, one of the most doveish members of the MPC, thinks record low unemployment, rising wages and robust household spending all indicate that the economy has strengthened. He also pointed out the risks from uncertainty about the Brexit negotiations.

**Ukraine** returned to the international sovereign-bond market for the first time since restructuring its debt in 2015. It issued a 15-year note that raised \$3bn, which was said to be three times oversubscribed. Some observers worry that successfully tapping markets for credit will weaken Ukraine's resolve to follow through on the package of economic reforms it has agreed with the IMF.

**Portugal's** borrowing costs in the bond markets fell sharply when it regained an investment-grade standing from one of the big credit-rating agencies for the first time since the euro-zone crisis. Standard & Poor's raised its rating for Portuguese government bonds above junk status in part because of the economy's improving prospects.

**Toshiba's** board of directors approved the sale of its memory-chip business to a consortium led by **Bain Capital** and which includes Apple, for \$18bn. The agreement could be challenged in the courts by Western Digital, Toshiba's American chipmaking partner, which has sought to prevent the sale.

### Dial a friend

In a boost to its nascent smartphone business, **Google** struck a deal with **HTC** in which 2,000 people who work on R&D at the Taiwanese smartphone company will be transferred to Google. Some years ago HTC briefly challenged Apple's and Samsung's dominance in the market, but has since fallen way behind.

**Snap** removed **Al Jazeera** from its app in Saudi Arabia at the request of the government.

The Saudis have accused **Al Jazeera** of broadcasting terrorist propaganda. Snap's decision to restrict access to **Al Jazeera** is the latest instance of a social-media firm censoring content in a country to comply with repressive media laws.

**John Chambers** decided to retire as chairman of **Cisco**. Mr Chambers was one of Silicon Valley's trailblazers in the 1990s, building Cisco's dominant position in the market for networking equipment during the internet's rapid expansion. For a brief time, Cisco surpassed Microsoft to become the world's most valuable company.

This year's run of big acquisitions in the defence and aerospace industry continued with **Northrop Grumman's** deal to buy **Orbital** for \$9.2bn. Orbital developed the Cygnus spacecraft that delivers cargo to the International Space Station.

Following lengthy negotiations, **Tata Steel** and **Thyssenkrupp** agreed to merge their European steelmaking businesses. The deal between the Indian and German companies is the latest example of consolidation in the steel industry, where profits have waned because of the glut in

cheap steel imports from China and elsewhere. To seal the merger, **Tata Steel** had to promise regulators in Britain that the pension rights of its workers there were secure.

Admitting it was a "mess of our own making", **Michael O'Leary** apologised for the abrupt cancellation of 2,100 **Ryanair** flights over the next six weeks. The budget airline's boss has belatedly tried to improve its image as the butt of jokes about shoddy service. The latest cancellations won't help. They became necessary in part because of a new holiday rota system that has left the airline short of pilots.

### Toys were us

**Toys "R" Us** filed for bankruptcy protection. The company's giant stores killed off many smaller toy retailers in the 1980s, but by the turn of the century it was under pressure from Walmart and Amazon. It was bought out by a private-equity consortium in 2005, and ran up debts that top \$5bn. Disappointed children will be pleased to hear that Toys "R" Us expects to keep nearly all its stores open over the Christmas shopping season.

Other economic data and news can be found on pages 76-77

