FINANCIAL TIMES

TUESDAY 11 OCTOBER 2022 INTERNATIONAL NEWSPAPER OF THE YEAR ASIA

Rising threat to free speech in Modi's India
BIG READ, PAGE 13

The public is indifferent to economic growth
SARAH O'CONNOR, PAGE 15

Putin retaliates for Crimea bridge explosion with Ukraine-wide attack

- Kyiv, Lviv and Zaporizhzhia targeted
- Civilian infrastructure hit
- Kremlin 'brutality' condemned

ROMAN OLEARCHYK AND MEHUL SRIVASTAVA — KYIV
MAX SEDDON — RIGA
CHRISTOPHER MILLER — LONDON

Vladimir Putin has described Russia's air strikes on Ukraine, its most extensive since the early weeks of his seven-month invasion, as retaliation for the bombing of a bridge linking Russia to the Ukrainian peninsula of Crimea.

Speaking yesterday at a meeting of his security council, Russia's president accused Kyiv of a "terrorist attack" at the Kerch bridge, hit by an explosion on Saturday, and said "leaving such a crime without a response is just impossible".

Although Putin claimed the targets were military, energy and communications assets, early footage and evidence of the damage showed that a playground and a bridge in central Kyiv were hit, as well as civilian infrastructure across the country. Russia's defence ministry said its strikes "hit all the assigned targets".

The Russian army has been losing ground in regions of south-eastern Ukraine that Putin unilaterally claimed as part of Russia last month, with the attack on the bridge — a symbol of the 2014 Russian annexation of Crimea — the latest blow to Moscow.

Dmytro Kuleba, Ukraine's foreign minister, said on Twitter: "Putin is desperate because of battlefield defeats and uses missile terror to try to change the pace of war in his favour."

Ukraine's air force said more than 80 missiles had been fired, adding that "high-precision ground, sea and air-based wing missiles" were used. Air defences intercepted at least 41, said Valerii Zaluzhnyi, commander-in-chief of Ukraine's armed forces.

The missiles also hit Lviv, in the west; Dnipro, in the centre of the country; and other cities, including Zaporizhzhia and Mykolayiv in the south, near the front-line. There were reports of explosions in the Black Sea port of Odesa, and air raid alerts went off all over Ukraine, other than occupied Crimea.

Ukraine's president Volodymyr Zelenskyy said Russia wanted "panic and chaos, they want to destroy our energy system. They are hopeless."

Burning cars in central Kyiv in the aftermath of the Russian missile strikes yesterday that killed at least 10 people
Gleb Garanich/Reuters

Putin warned that he was prepared to repeat the strikes if Ukraine continued to hit Russian infrastructure targets. "If attempts to carry out terrorist attacks on our territory continue, Russia's response will be severe and at the level of the threats facing it. Nobody should be in any doubt," he said yesterday.

> Since international law says parties 'must distinguish between civilians and combatants', it is hard not to see this as the latest of the Kremlin's war crimes
>
> FT View
> Page 14

Ukraine has not claimed responsibility for the Kerch bridge attack, although officials gloated on social media and the post office issued a stamp commemorating the blast.

Three cruise missiles launched from Russian ships in the Black Sea crossed Moldova's airspace yesterday, according to Moldova's foreign minister Nicu Popescu. He has summoned Russia's ambassador to Chișinău, the capital.

The strikes killed at least 10 and injured at least 60, said Maryanna Reva, a spokesperson for Ukraine's police.

Russia's missile attacks on Ukrainian cities "amount to war crimes", the EU said, while Nato secretary-general Jens Stoltenberg called them "horrific and indiscriminate", vowing that the alliance would support Ukraine against Russia for "as long as it takes".

US president Joe Biden said the attacks showed the "utter brutality of Putin's illegal war". Echoing Stoltenberg, he said: "These attacks only reinforce our commitment to stand with the people of Ukraine for as long as it takes."

The strikes came two days after Russia appointed Sergei Surovikin, a former air force general known for his ruthlessness in Russia's operations in Syria, as commander of its Ukraine invasion.

Bridge blast & grain deal page 2
UAE leader to meet Putin page 3
Alexander Gabuev & Jeffrey Sonnenfeld page 17

Briefing

EU flags Fed rates risk
Josep Borrell, the bloc's top diplomat, has warned that the US central bank is leading a global charge to raise rates that risks tipping the world into a recession. — PAGE 4; RICHARD BERNSTEIN, PAGE 9

Fresh unease over UK
New moves by the Bank of England and government have failed to reassure investors, who pushed long-term borrowing costs higher.— PAGE 2; LEX, PAGE 16

Berlin urged to pay bills
Experts have proposed that the German government should pay household gas bills in December and subsidise residential and industrial prices next year.— PAGE 2

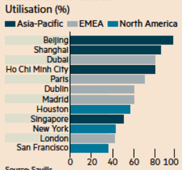
Windhorst investigated
Berlin prosecutors have told the FT they are pursuing a criminal probe into Lars Windhorst almost a year after the financier claimed to have settled "disputes".— PAGE 5

'Green' gas challenge rises
Vienna has filed a lawsuit against Brussels that adds momentum to the backlash over an EU system labelling gas and nuclear as "green" investments.— PAGE 4

AZ nasal Covid spray fails
A spray version of the vaccine has failed in an early-stage trial, dealing a blow to hopes for a more effective way to prevent transmission of the virus.— PAGE 5

Datawatch

Back to the office
Utilisation (%)



Source: Savills

Office utilisation has risen to 59 per cent on average across the world, the highest since the pandemic began. Occupation levels vary widely, from more than 90 per cent of workers back in the office in Beijing to less than 40 per cent in London

EY accused of whitewash over suspicious trades

Analysis ▸ PAGE 7

Former Fed chief Bernanke wins Nobel Prize for insights into financial crises

DELPHINE STRAUSS — LONDON

Ben Bernanke, the former US Federal Reserve chair, has been awarded this year's Nobel Prize in economics together with Douglas Diamond of the University of Chicago and Philip Dybvig of Washington University for their work on the role of banks in the economy and financial crises.

The committee handing out the SKr10mn ($886,000) award said the laureates' work, which began in the early 1980s, had "improved our ability to avoid both serious crises and expensive bailouts". The trio will share the prize equally.

"We didn't know it at the time, but 15 years ago, much of the world stood at the brink of a devastating economic crisis. Most of us were unprepared for it. A few academic economists were both prepared and worried," said Hans Ellegren, secretary-general of the Royal Swedish Academy of Sciences, yesterday.

The committee took an unusual step in awarding the prize to an economist better known for his role in policymaking than for his academic contributions. But Bernanke, who oversaw the Fed's response to the 2008 global financial crisis, was already known for his analysis of the Great Depression of the 1930s — in which he showed that bank runs had been a decisive factor in causing the crisis to be so deep and prolonged.

His insight, which went against conventional wisdom at the time, underpinned "crucial elements of economic policy" not only in the Fed's response to the 2008 crisis but also in the measures taken to avert a more severe global downturn when the coronavirus pandemic hit in 2020, the committee said.

Bernanke, who led the Fed from 2006 to 2014, was criticised in some quarters for failing to foresee the 2008 crisis or tackle the problems in property markets, and for deploying vast sums of public money to rescue Wall Street companies from the consequences of their bets on subprime mortgages.

Diamond and Dybvig laid the foundations of modern bank regulation with their development of theoretical models showing why banks exist, why they are vulnerable to rumours of impending collapse and how this vulnerability can be addressed, the committee said.

Speaking yesterday, Diamond said the improved regulation put in place as a result of the 2008 crisis had left the system much less vulnerable.

But he warned: "Crises can show up anywhere in the financial sector — it doesn't have to be commercial banks."

World Markets

STOCK MARKETS

	Oct 10	Prev	%chg
S&P 500	3619.36	3639.66	-0.56
Nasdaq Composite	10556.12	10652.41	-0.90
Dow Jones Ind	29243.10	29296.79	-0.18
FTSEurofirst 300	1548.09	1553.62	-0.36
Euro Stoxx 50	3361.35	3375.46	-0.42
FTSE 100	6959.31	6991.09	-0.45
FTSE All-Share	3791.94	3814.26	-0.59
CAC 40	5840.55	5866.94	-0.45
Xetra Dax	12272.94	12273.00	0.00

CURRENCIES

Pair	Oct 10	Prev	Pair	Oct 10	Prev
$/€	0.970	0.979	€/$	1.031	1.022
$/£	1.105	1.113	£/$	0.905	0.898
£/€	0.878	0.879	€/£	1.139	1.138
¥/$	145.745	145.140	¥/€	141.409	142.027
¥/£	161.019	161.592	£ index	75.882	76.170
SFr/€	0.970	0.971	SFr/£	1.105	1.104

CRYPTO

	Oct 10	Prev	%chg
Bitcoin ($)	19182.54	19443.40	-1.34

GOVERNMENT BONDS

Yield (%)	Oct 10	Prev	Chg
US 2 yr	4.31	4.30	0.01
US 10 yr	3.89	3.86	0.03
US 30 yr	3.84	3.82	0.02
UK 2 yr	4.32	4.15	0.17
UK 10 yr	4.47	4.23	0.24
UK 30 yr	4.67	4.38	0.29
JPN 2 yr	-0.07	-0.07	0.00
JPN 10 yr	0.25	0.25	0.00
JPN 30 yr	1.36	1.36	0.00

Australia	A$7.00(inc GST)
China	RMB30
Hong Kong	HK$33
India	Rup220
Indonesia	Rp45,000
Japan	¥650(inc JCT)
Korea	W4,500
Malaysia	RM11.50
Pakistan	Rupee 350
Philippines	Peso 140
Singapore	S$5.80(inc GST)
Taiwan	NT$140
Thailand	Bht140
Vietnam	US$4.50

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Nikkei	27116.11	27311.30	-0.71
Hang Seng	17216.66	17740.05	-2.95
MSCI World $	2417.72	2478.42	-2.45
MSCI EM $	897.74	910.57	-1.41
MSCI ACWI $	563.00	576.45	-2.33
FT Wilshire 2500	4748.55	4887.39	-2.84
FT Wilshire 5000	37089.80	38173.44	-2.84

Ethereum	1304.31	1322.77	-1.40
COMMODITIES			
	Oct 10	Prev	%chg
Oil WTI $	92.29	92.64	-0.38
Oil Brent $	97.20	97.92	-0.74
Gold $	1696.15	1714.20	-1.05

GER 2 yr	1.89	1.86	0.03
GER 10 yr	2.34	2.19	0.15
GER 30 yr	2.31	2.14	0.18

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

Government debt

UK gilts sell off as BoE fails to calm market

Bond yields rise despite central bank intervention and new lending facility

ADAM SAMSON, TOMMY STUBBINGTON AND JOSEPHINE CUMBO

A sell-off in UK government bonds pushed the country's long-term borrowing costs to their highest point since the Bank of England stepped in to avert a financial market collapse, as new measures by the central bank and government failed to reassure investors.

The fall in gilts yesterday came despite the BoE announcement earlier in the day of a new short-term funding facility to avoid a "cliff edge" when the central bank's £65bn emergency bond-buying programme ends this week.

On a day when the UK government also sought to reassure markets by bringing forward the date of a debt-cutting plan, the 30-year gilt yield jumped 0.29 percentage points to 4.68 per cent. The gilt market has been unsettled since the government announced unfunded tax cuts last month.

"We suspect the new measures are insufficient and do not fully recognise the long-term nature of the challenges," said Daniela Russell, head of UK rates strategy at HSBC, who called the BoE's moves a "sticking plaster". She added: "The market reaction so far has been far from encouraging and is a sign of how precarious the situation may still be."

In a separate attempt to assuage market concerns, Chancellor Kwasi Kwarteng announced he would publish a new medium-term fiscal plan and accompanying official forecasts on October 31, rather than November 23.

The government also sought to signal its fiscal credibility by announcing that James Bowler, a Treasury veteran of more than 20 years, would head the department. But the administration of Prime Minister Liz Truss faces a challenge in convincing the markets it is putting debt on a downward path, since its fiscal plan is likely to contain highly contentious spending cuts.

Yesterday's rise was the biggest increase in yields since the BoE launched its emergency plan to prevent the pension system from collapsing because of a previous disorderly slide in the gilt markets. Long-term borrowing costs are nearing the 5.1 per cent peak they hit before the BoE initially stepped in to shore up the market.

In its statement yesterday, the central bank said it was prepared to step up the pace of purchases before its bond-buying programme expires.

But it bought just £853mn on the day, far short of its new £10bn limit. Gilt selling intensified following the announcement of its purchases.

The big move in gilts suggested possible further "forced selling" by pensions funds. Nervous gilt investors interpreted the BoE's measures as confirmation the market may become unstable again when its bond-buying scheme ends on Friday.

On Monday, the BoE also announced a new short-term lending facility to ease strains on pension funds that use the liability driven investing strategies at the centre of the market turmoil. It said it would allow a broad range of collateral, including investment-grade corporate bonds, to be used in a new repo facility to ease liquidity pressures.

Additional reporting by Mark Wembridge, Adrienne Klasa and Delphine Strauss

See Markets and Lex

Crimea. Infrastructure strike

Cause of Kerch bridge blast puzzles experts

Theories range from truck bomb to missile as Ukraine keeps Kremlin guessing

MEHUL SRIVASTAVA AND ROMAN OLEARCHYK — KYIV

The attack on the Kerch bridge to Crimea on Saturday stunned both Ukrainians and Russians with its scale and ingenuity, leaving experts wondering who was responsible and how it was achieved.

From truck bomb to underwater attack, military experts have put forward several theories on what caused the explosion on the 12-mile road and rail link to the peninsula annexed by Russian president Vladimir Putin in 2014, though their findings are not conclusive. "It is too early to be definitive about the cause of the blast based on the publicly available information," said NR Jenzen-Jones, an arms and munitions specialist at Armament Research Services.

The bridge has been an obsession of Ukrainians since it was built in 2018. Viktor Andrusiv, an adviser until July at Kyiv's interior ministry, said he had taken part in a task force with the military to research viable options for destroying it. "It is not an easy task, not at all," said Andrusiv. "It is a very well protected object from the air, from the sea, from the ground."

Was a missile used?

Most defence experts think this type of attack was unlikely. The bridge was out of the reach of Kyiv's US-supplied Himars, a medium-range guided artillery rocket system, and US defence officials had warned that they were not to be used on the bridge, according to both a US and a Ukrainian official.

But homegrown Neptune anti-ship missiles were used to destroy the Moskva, the flagship of Russia's Black Sea fleet, in April, indicating Ukraine's ability to effectively use this type of airborne attack against Russia, albeit at shorter distances.

Those surprisingly accurate hits suggested western allies might be helping to fine-tune Ukrainian weapons, analysts said. Ukrainian requests for longer-range US missiles that can be fired from Himars have been turned down so far.

"Check for cloudy weather — thunder, rain?" said a western official, when asked what brought down a section of the bridge. This was perhaps a cryptic reference to the Grim2, a Ukrainian missile with a theoretical range of up to 500km that has been under development for decades. Grim, and the missile's earlier name, Grom, are Ukrainian words for thunder. Ukrainian president Volodymyr Zelenskyy also described the weather in Crimea as "cloudy" in his nightly broadcast on Saturday.

Troubled waters: the Kerch bridge lies badly damaged off Crimea and mainland Russia AFP/Getty Images

'[The bridge] is a very well protected object from the air, from the sea, from the ground'

Was a truck bomb the cause?

The most popular theory is a bomb blast from a white truck identified in online footage. "There was something in the truck that exploded," said a structural engineer, now in a specialised branch of the Ukrainian military, who analysed the videos. "Something special."

A fireball appeared on cameras just as the truck was parallel to a train carrying fuel. If it was a truck bomb, the engineer said, it might have been followed either from the air or by another vehicle whose pilot or driver could relay the optimal time to detonate.

Russia said three people were killed in the blast, but it is not known whether they were participants or bystanders.

Serhiy Kuzan, an adviser to the Ukrainian defence ministry, disagreed, noting two adjoining strikes in his analysis of the publicly available footage. "We see that the support construction of the roadway bridge is destroyed in two locations," he said, adding that blaming it on a truck allows Russia to define it as terrorism rather than a targeted military strike.

But Andrusiv reached the same conclusion as the structural engineer-turned-soldier. "It was a truck bomb, and quite likely the truck was also carrying agricultural chemicals," he said.

Is an underwater attack plausible?

The graininess of available footage has resulted in various, less plausible theories. Some videos appeared to show a vessel travelling under the bridge at the time of the explosion. "Possibly a remote-controlled boat-borne explosive with a sensor for detonation when it passed under a structure?" tweeted Osint Amateur, a small open-source investigative group.

But a photograph of the underside of the collapsed bridge, shared on social media, showed no burn marks or crumpled metal that would indicate a blast travelling up from the water's surface.

Photos of an unmanned maritime drone washing up on the shores of Crimea were shared on social media earlier this year, indicating that Ukraine may be able to carry out a submersible strike.

Who carried out the strike?

Military experts believe Ukraine's intelligence services are the most likely branch of Kyiv's security apparatus to have carried out the assault.

Andrusiv said the joint task force had considered missiles, unmanned aerial vehicles, underwater drones, stealth boats and a truck bomb. Ukrainian missiles do not have precision at that range, and the other options require specialised weapons they do not have. They did not reach a conclusive assessment.

One western adviser described the intelligence services as having adopted a combination of Nato-like capabilities and Mossad-style mystique for their covert operations during the seven-month long conflict with Russia.

But the strategy of disinformation, evasiveness and counteraccusation from Ukraine and its allies about the audacious attack allows them to sow disinformation or at least confusion — and keeps the Kremlin guessing at Ukraine's capabilities.

Mykhailo Podolyak, an adviser to Zelenskyy, even suggested that the infighting between different power centres in Moscow was behind the attack. "This is a concrete material manifestation of the conflict between the [intelligence services] on the one hand and the [military] on the other," he told the Financial Times.

As evidence, he pointed to the fact that the truck seen in the videos was driving from Russia to Crimea. "The logistics of the detonation . . . all this clearly points to the Russian trail."

Jenzen-Jones said the signal sent by the strike was stronger than its physical impact since only one of the two rail lanes appears to be destroyed.

"If the damage to the Kerch bridge did indeed result from a Ukrainian strike, it represents a propaganda victory more than an operational one."

See The FT View and Opinion

Experts commission

German panel backs €91bn gas subsidies for residents and business

GUY CHAZAN — BERLIN

The German government should pay all private households' gas bills in December and subsidise residential and industrial gas prices for more than a year from early 2023, a commission of experts has proposed.

The 21-member commission of leading economists, business and trade union representatives said the measures would cost about €91bn.

The idea of a gas price brake was floated late last month by Chancellor Olaf Scholz as part of a €200bn "protective shield", financed by borrowing. It was the largest aid package adopted by a European government since Russia's invasion of Ukraine lifted energy costs.

But some EU member states have said the move undermines efforts to forge a common approach on lowering prices.

Members of the commission rejected suggestions that the German plan risked undermining European unity. "We want a solution of solidarity for Europe, which Germany will be part of," said Michael Vassiliadis, leader of the IG BCE union and a member of the panel. "If we don't give anything to German tenants, tenants in Greece will also get nothing," he added. "If we help German tenants, that doesn't mean we don't want to help people in [the rest of] Europe."

'If we don't give anything to German tenants, tenants in Greece will also get nothing'

Veronika Grimm, an economics professor at the University of Erlangen-Nuremberg, another member of the commission, said the plans reflected the "new normal" of higher energy costs.

The commission is proposing a two-stage relief package beginning with the €5bn move to cover all private households' gas bills for December.

In the second stage, private households and small and medium-sized enterprises would pay a subsidised price of 12 cents per kilowatt hour for 80 per cent of their gas consumption, for 14 months from March next year, with all gas use above that level charged at market prices. The commission also proposed that industrial companies should pay just 7 cents/kWh for 70 per cent of their gas consumption from January next year, for 16 months.

Grimm said gas prices had soared since Russia's invasion of Ukraine in February, with contracts being "increased across the board, sometimes to 20, 25, 30 cents/kWh from 7 cents originally". Vassiliadis said the proposals would both provide "effective protection" to consumers while preserving "incentives to save [gas]".

The €91bn figure includes €66bn to cover the cost of subsidising private gas bills for private households and small businesses and €25bn for subsidies to industry. The 12 cent/kWh price figure "is the price level that we would expect in the future", Grimm said. This "will be much higher than the price level we had before February 24" — the day of Russia's invasion of Ukraine, said Siegfried Russwurm, head of the BDI business lobby and commission member.

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Black Sea

Grain vessels backlog frustrates Kyiv and strains export deal

LAURA PITEL — ANKARA
ROMAN OLEARCHYK — KYIV
EMIKO TERAZONO — LONDON

A UN-backed grain deal that has enabled Ukraine to export millions of tonnes of wheat is under strain as a surge in the number of cargo ships has caused a backlog of vessels aiming to cross the Black Sea.

The number of ships waiting to sail to or ...

much grain as possible to create space in its silos for newly harvested crops. It has grown increasingly anxious about the backlog, according to two officials familiar with the workings of the deal.

"There is a bit of frustration in that the Ukrainians clearly would like to export as much as possible," said one.

Amir Abdulla, the UN official in charge of co-ordinating the Black Sea grain initiative, conceded that the five ...

The Kremlin did not respond to a request for comment on the number of inspectors.

UN officials said the backlog was a testament to the success of the grain deal, which was signed by Ukraine and Russia in July after mediation efforts by the UN and Turkey, with up to 16 new vessels a day being signed up to collect shipments as part of the agreement.

"There are more ships arriving for ...

positive side of why we've got as many ships joining."

Insufficient preparedness by some crews and ship owners has also caused some ships to fail their inspections, adding to the inspectors' workload.

But the backlog comes at a highly sensitive time, with the 120-day deal up for renewal on November 19. "Everyone's edgy and aware that big things are going on [in the conflict] that could derail the ...

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Representative, Anjali Mahindroo

The number of ships waiting to sail to or from Ukrainian ports reached a record high of 120 at the end of last week, prompting growing frustration in Kyiv and accusations aimed at Moscow of stalling tactics at a time when Russia is struggling to repel Ukraine's counter-offensive in occupied regions.

The time that ships are having to wait for inspections at a monitoring centre in Istanbul has risen to between 10 and 15 days since mid-September, according to grain research firm SovEcon, up from five to six days in the first six weeks of the deal. The delays have prompted calls for more inspectors to be added to meet demand from the large number of craft using the route.

Ukraine, one of the world's largest wheat producers, is eager to export as grain initiative, conceded that the five teams of inspectors — which include representatives from Russia, Ukraine, Turkey and the UN — were struggling to meet the demand. "We basically need to get all parties to agree we need to add inspectors," Abdulla said.

The people familiar with the deal, which is up for renewal next month, said Russia had been reluctant to send additional inspectors to help clear the backlog. That has angered Ukrainian officials.

"For the moment there is no decision from all [monitoring centre] members to increase the numbers of inspections in order to avoid further congestion of the vessels waiting for inspection," said Yuriy Vaskov, Ukraine's deputy infrastructure minister.

There are more ships arriving for this than any of us predicted," Abdulla said, adding that close to 7mn tonnes of grain had been exported from Ukraine since the start of August. "That's the

Ship-to-ship transfer: cargo vessels in the Kerch Strait, off Crimea

on [in the conflict] that could derail the grain deals," said one person involved in indirect negotiations between Ukraine and Russia.

There is increasing nervousness among grain traders that the deal will not be extended — with worrying implications for global food security. "If the export corridor is not renewed the [grain] market will explode again," said Alex Sanfeliu at agricultural trading company Cargill.

Black Sea freight rates have risen almost 10 per cent in the past week, according to pricing agency Agricensus, a spike that traders blamed on the increased risk that intensified military activity may jeopardise the deal.

Additional reporting by Polina Ivanova and Max Seddon

INTERNATIONAL

Iranian celebrities join Amini protests in a 'social revolution in the making'

Figures from music and sport add their voices to a groundswell against the theocratic regime

NAJMEH BOZORGMEHR — TEHRAN

When Iranian musician Shervin Hajipour sang about young Iranians' desire "for a normal life" and "for freedom", he had little idea his words would become a manifesto for anti-regime demonstrators.

But the 25-year-old musician's use of social media to highlight Iranian protests over the death of a young woman in the custody of the morality police quickly went viral.

The video on his Instagram page was viewed more than 40mn times in two days and earned him one week's detention in prison before his release on bail. He was widely seen to be articulating the concerns of a younger generation, who want a modern lifestyle and do not identify with the ruling theocracy.

"In the absence of established political parties, this young man announced what young protesters want," said Hamid-Reza Jalaeipour, a sociologist. For the past three decades, change has been happening in Iranian society, even if slowly, he said, but now there is a "social revolution in the making".

Protests over the death of Mahsa Amini have widened to include calls for a secular, democratic government. The unrest has been amplified by social media and, in some cases, celebrities with large online followings.

The protests continued over the weekend, with one of the biggest bouts of unrest seen on Saturday, when protesters entered Tehran's Grand Bazaar for the first time and urged shopkeepers to shut their businesses.

Meanwhile, anti-regime activists hacked into a live broadcast on state television to show an image of supreme leader Ayatollah Ali Khamenei surrounded by flames and linking him to Amini's death.

Iranian leaders blame foreign governments for fanning the protests. Celebrities have encouraged street protests, said Iran's judiciary chief, Gholam-Hossein Mohseni-Ejei, saying "those who have become famous with the support of this system now echo the enemy's voice". With videos of young people engaged in stand-offs with riot police going viral, Iranian leaders have limited access to Instagram and WhatsApp.

Hediyeh Tehrany, a prominent actress, said on her Instagram account she had received "the warning" from security officials, indicating that she should be careful about what she posts to her 967,000 followers.

People who are fed up do not need her "to call on them [to protest]", she said, telling security forces "you are the host of this bloody feast" while "my only way to communicate with people is the streets" where protests happen.

Mehdi Mahdavikia, a former football star who this month resigned as head coach of Iran's national under-23 football team, has blamed authorities for sending their own children abroad to enjoy "absolute welfare" and expect people to "eat stale bread" while mistreating women such as Amini.

Last week, Mahdavikia criticised security forces for attacking Tehran's prestigious Sharif University and arresting its students.

For decades they have made "the intellectual elite and national human capitals flee the country by suppressing and beating students", he said. "The important positions are held by illiterate people, which is why the country is in such a mess."

The mysterious disappearance and death in recent weeks of Nika Shakarami, a 17-year-old protester, who authorities say fell from a building, has also stirred anger. Mahtab Keramati, an actress and Unicef Iran goodwill ambassador, shared pictures of nine teenagers killed, injured or arrested during the protests, including Shakarami. She removed her post on Friday, fuelling suspicions that she did so under pressure from security forces.

Unrest: women flee from police during a protest in Tehran last month. Below, singer Shervin Hajipour
AP and Khaled Desouki/Getty Images

Ali Karimi, a former football star with 13.3mn followers on Instagram who has recently left Iran, is encouraging people to demand their rights.

"My dear Nika! All Iranians are ashamed of the way you were killed. Rest in Peace my daughter," said one of his posts on Thursday.

The celebrities' actions have been criticised in state media and some have been banned from leaving the country. Javan newspaper, affiliated to the Revolutionary Guard, said celebrities from football players to movie stars were neither ready to "pay the price for their silence" for fear of losing popularity "nor are ready to accompany" protesters for fear of losing their jobs.

The supreme leader said the words of "a few sport and art figures" who sided with the protesters "are not worth" any attention and "are not significant".

For many, the protests underline the gulf between ordinary Iranians and the regime. Gholam-Ali Haddad Adel, a former Speaker of parliament, warned fellow professors at Tehran University that society was "going speedily towards being polarised" between pro- and anti-regime forces.

'The important positions are held by illiterate people, which is why the country is in such a mess'

Ali Tayebnia, a former economy minister, said young people "see no bright future and have nothing to lose". They want "to drive good cars, dress nicely, have good jobs and have welfare", Fatemeh Rakei, a reformist politician, told Etemad daily newspaper. She added: "These demands will not materialise with [US] sanctions, mismanagement and fraud."

What is clear is that young people dominate the protests. Ali Fadavi, deputy commander of the Revolutionary Guard, said this week that the average age of those arrested was 15 years old. He described them as "victims" and "addicts" of social media and hence "delicious bites for the enemy".

In one video, high school girls without hijabs sing along to Hajipour's lyrics. They want freedom, they sing, "For dancing in the alley. For being afraid of kissing one another . . . For changing brains which have got rotten. For being embarrassed. For being moneyless. For yearning for a normal life."

Diplomacy

UAE leader to meet Putin after Opec+ cuts daily oil production

SIMEON KERR — DUBAI
LAURA PITEL — ISTANBUL

The UAE's president is to meet Vladimir Putin in Moscow as the Russian leader steps up his attacks on Ukraine with a series of missile strikes.

The visit of Sheikh Mohammed bin Zayed al-Nahyan, known as MBZ, follows last week's decision by the Opec+ cartel and allied producers, including Russia, to cut the group's daily production target by 2mn barrels.

The move, designed to boost global oil prices, will financially help Moscow, further undermining strained relations between Washington and its traditional Gulf allies.

The White House declared Opec+ had "aligned with Russia", even as Moscow was escalating its offensive against Ukraine. US treasury secretary Janet Yellen criticised the decision as "unhelpful and unwise" for the global economy. Putin and Sheikh Mohammed, who is also the Abu Dhabi ruler, will discuss regional and international issues of common interest, the UAE's state-run WAM agency said.

'[UAE president] can talk to Putin rationally and stop the drift to a nuclear confrontation'

Three people briefed on the UAE's position said Sheikh Mohammed's visit to Moscow was in line with his determination to engage with all sides in the Ukrainian conflict and was made in the spirit of mediation. The Gulf state privately opposed the cut during the Opec+ meeting, only to be overruled by other members, it insisted.

The UAE, a close US ally, has sought to take a neutral stance over the war in Ukraine. In the early days of Russia's invasion in February, it irritated its western allies by abstaining on UN votes criticising Moscow. But last month it backed a UN Security Council resolution condemning Russia's annexation referendums in four Ukrainian regions staged by Kremlin proxies as "illegal."

Sheikh Mohammed is one of the global figures able to maintain a line of communication with Putin, analysts say. "MBZ can talk to Putin rationally and stop the drift to a nuclear confrontation," said Abdulkhaleq Abdulla, an Emirati commentator.

The UAE has in recent years played a role of mediator in disputes in the Middle East and normalised diplomatic and trade ties with Israel.

Putin may also meet Recep Tayyip Erdoğan this week, according to Kremlin spokesman Dmitry Peskov. The Turkish president has served as a mediator between Kyiv and Moscow to seal a deal to resume grain shipping in the Black Sea.

Both Putin and Erdoğan are expected to visit Kazakhstan for a summit on Russia and Central Asia on Friday.

Additional reporting by Felicia Schwartz in Washington

Jobs data. Monetary policy

Hiring frenzy begins to slow on both sides of Atlantic

Decline viewed as good news for central banks as they try to

1980s as they try to combat soaring prices.

Officials are concerned that a rush to attract workers could trigger a 1970s-

housing market is slowing markedly now. We will see that in the broader economy and inflation next year."

US data published on Friday showed

sively to bring down inflation," he said.

Data due in the UK this week are expected to paint a similar picture of a slowing but still tight jobs market in

Southern Africa

Diamond magnate set to be Lesotho PM after poll victory

JOSEPH COTTERILL — JOHANNESBURG

of Lesotho's central bank and other professionals as candidates and promised bring inflation under control

DELPHINE STRAUSS AND VALENTINA ROMEI — LONDON

The hiring frenzy that has gripped developed economies during the pandemic is starting to ease, as employers worry about rising costs, falling demand and a darkening economic outlook.

On both sides of the Atlantic, unemployment rates remain low. But data published in the past week suggest vacancies are falling from historically high levels and companies are becoming more cautious about taking on staff.

If it persists, this combination is good news for central bankers, who are keen to cool wage growth in their battle with high inflation, without triggering a surge in unemployment.

"In all advanced economies, we are at peak labour market tightness," said Simon MacAdam at the consultancy Capital Economics. The US jobs market in particular shows the strongest signs of "coming off the boil", he said.

Central banks on both sides of the Atlantic are engaged in the most aggressive rate-raising cycle since the early

style wage-price spiral, where inflation lingers for years to come.

In the US, data released last week showed openings fell at their sharpest rate since the start of the pandemic. In the eurozone, the closely watched purchasing managers' index surveys for September showed job creation had dropped to an 18-month low across the bloc, with employment in services no longer growing.

In the UK, vacancy numbers have dropped from record highs, and surveys suggest hiring activity is slowing despite staff shortages.

Central bankers face a delicate balancing act. Some economists argue that the pace and scale of the monetary tightening risks leaving millions without work, notably in the US, where the Federal Reserve has increased borrowing costs 0.75 percentage points at each of its past three policy meetings.

"Inflation is a hardship, especially for those living pay cheque to pay cheque, but no pay cheque is a disaster for families," said Claudia Sahm, founder of Sahm Consulting and former Federal Reserve economist, adding that it was time for the Fed to be patient. "The

the economy added 263,000 positions in September — half the pace of jobs growth seen over the course of 2021, but still well above pre-pandemic averages. Meanwhile unemployment fell to its pre-pandemic low for an unwelcome reason: a renewed rise in the number of

> 'Monetary policy can and must be used aggressively to bring down inflation'
> Chris Waller, Federal Reserve

people choosing not to search for jobs, suggesting labour shortages would persist, even with fewer vacancies.

Chris Waller, a Federal Reserve governor, said last week that a payrolls increase in the region of 260,000 would show "that the labour market is slowing a bit but is still quite tight", supporting his view that it might be possible to reduce vacancies — and wage pressures — without big lay-offs.

"We currently do not face a trade-off between our employment objective and our inflation objective, so monetary policy can and must be used aggres-

which many older workers are standing on the sidelines. Dave Ramsden, Bank of England deputy governor, has described this rise in inactivity among older workers as "one of the most significant legacies of the pandemic".

However, economists are revising up their 2023 unemployment forecasts for most countries. In the US, the annual unemployment rate next year is forecast at 4.2 per cent, up from the 3.5 per cent that was forecast in February, according to Consensus Economics, a company that averages leading private forecasters.

Economists have also revised up their German 2023 unemployment forecast 0.6 percentage points to 5.5 per cent over the same period. This contributed to pushing the eurozone rate above 7 per cent in September's forecast, up from below 6.8 per cent only a few months before.

In the UK, the 2023 unemployment rate was being revised to 4.5 per cent, up from 4.1 forecast in February, even before the government's "mini" Budget sent interest rate expectations up, leading many economists to predict a deeper recession.

One of Lesotho's richest people is set to become the southern African mountain kingdom's prime minister after his new party won elections, falling just short of the country's first parliamentary majority in more than a decade.

Sam Matekane's months-old Revolution for Prosperity gained 56 of 120 seats in last week's election, according to results released yesterday, after the All Basotho Convention that had headed Lesotho's ruling coalition was routed.

Matekane, a diamond magnate, has said he wants to prevent the enclave of about 2mn people, which is surrounded by South African territory, from becoming a "failed state". Instability in Lesotho has at times spread beyond its borders, with politically connected gangs from the country linked to illegal gold mining in South Africa.

More than 50 parties contested the elections and Matekane is in the strongest position in years to form a government. With a turnout of just 37 per cent, the election reflected widespread unhappiness with years of dysfunctional coalition governments.

Matekane launched his party only this year but drew in a former governor

to revive foreign investment.

The businessman made his fortune as a contractor for Lesotho's Letšeng diamond mine, which has the world's highest deposits of the gems. London-listed Gem Diamonds owns most of Letšeng, while the state has a 30 per cent stake. Matekane has said that if he becomes prime minister, he will step back from his business interests to avoid conflict.

The next government will be under pressure from donors and the Southern African Development Community, a regional bloc, to revive flagging constitutional reforms, but analysts say resistance is strong. "The same people who would pass the reforms would be the ones whose power would be gutted by it," said John Aerni-Flessner, an associate professor and historian of Lesotho at Michigan State University.

Moeketsi Majoro, the outgoing prime minister, declared a state of emergency in August in order to recall parliament to pass the political reforms. The constitutional court threw it out. The judges said that since the onset of multi-party democracy in 1993, Lesotho has been mired in "convulsions of instability caused by a cocktail of factors".

INTERNATIONAL

Monetary policy

EU top diplomat warns of global recession

Borrell says central banks are following Fed's lead to avoid currency crises

SAM FLEMING AND HENRY FOY
BRUSSELS
COLBY SMITH — WASHINGTON

The Federal Reserve is leading a worldwide rush of central bank rate rises that risks tipping the world into a recession, the EU's top diplomat said, as he warned the bloc that it was not fighting its corner in the world.

Josep Borrell, the high representative of the 27-member bloc, said central banks were being forced to follow the Fed's multiple rate rises to prevent their currencies from slumping against the dollar, comparing the US central bank's influence to Germany's dominance of European monetary policy before the creation of the euro.

"Everybody has to follow because otherwise their currency will be [devalued]," Borrell said to an audience of EU ambassadors. "Everybody is running to increase interest rates, this will bring us to a world recession."

The unguarded comments on the Fed came in a wide-ranging speech in which he criticised the EU for failing to listen to foreign countries and seeking to "export" its governance model and standards on to others, and admitted that the bloc failed to anticipate Russia's full-scale invasion of Ukraine despite warnings from Washington.

Borrell's words on US monetary policy follow the World Bank's warning last month that rate rises by multiple central banks could trigger a global downturn in 2023, as it argued the "degree of synchronicity" by central banks was unlike anything seen in five decades.

His warnings come as the World Bank and IMF kick off a week of joint meetings in Washington, where officials will discuss the multiple threats to the global economy. The fund is expected to downgrade its global economic forecasts for the fourth consecutive quarter.

The Fed is debating whether to deliver a fourth consecutive 0.75 percentage point interest rate increase at its meeting in November, a move that would lift the federal funds rate to 3.75 per cent-4 per cent. Facing inflation of 10 per cent, the European Central Bank has raised its deposit rate by 1.25 percentage points at its last two policy meetings and markets are pricing in a further 0.75 percentage point rise on October 27.

Top Fed officials have recently more directly acknowledged that their campaign to tighten monetary policy — the most aggressive since the early 1980s — risks creating "spillovers" that could imperil weaker economies. But they underscore that their chief concern remains bringing US inflation under control, suggesting that the global ramifications of their plans are secondary considerations.

Lael Brainard, vice-chair of the Fed, last month insisted the central bank had to continue raising rates despite warning specifically about the risks posed to highly indebted emerging markets as borrowing costs rapidly rise. She noted, however, that the Fed was "attentive to financial vulnerabilities that could be exacerbated by the advent of additional adverse shocks".

Following the Fed's most recent policy meeting in September, chair Jay Powell said the central bank was in "pretty regular contact" with its global counterparts.

See Markets Insight

Oil & gas. Supply threat

US searches for ways to counter Opec+ move

White House considers laws against cartel and possible talks with pariah countries

FELICIA SCHWARTZ — WASHINGTON
TOM WILSON — LONDON

The US has promised to respond to the Opec+ decision to slash oil production but President Joe Biden has few meaningful options to lessen the impact of the historic cuts, analysts warned.

Last week's move by the Opec cartel and allied producers to reduce the group's daily production target by 2mn barrels has already pushed up oil prices. Biden, who is trying to move the US away from fossil fuels, wants to keep domestic petrol prices down, especially before the midterm elections next month, but must also consider the impact on Europe of any action.

Washington could revive anti-cartel legislation against the Saudi-led group and make additional releases from the national strategic petroleum reserve. It could also limit US energy companies' exports if shortages emerge or loosen sanctions on pariah oil producers such as Venezuela and Iran.

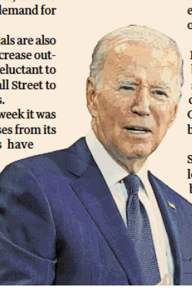
However, Karen Young, senior research fellow at Columbia University's Center on Global Energy Policy, said many of these interventions were forms of price manipulation that did not solve longer-term global energy needs.

"All of these mechanisms are all forms in one way or another of market manipulation," she said. "It doesn't focus on what might be better for all of us to do — to think about the demand side, how do we really go about reducing demand for oil and gas."

Biden administration officials are also urging US oil producers to increase output, though they have been reluctant to do so amid pressure from Wall Street to return profits to shareholders.

The White House said last week it was considering additional releases from its strategic reserve. Analysts have credited the millions of barrels released so far this year with helping to bring down prices, but say they are a temporary fix that does not help create new production or spur investment, and ultimately the US will have

Filling up: Joe Biden, below, is keen to stop US petrol prices rising before midterms
Frederic J Brown/AFP/Getty Images



Brian Deese, director of the National Economic Council, credited previous releases from the reserve as "one of the most significant drivers of blunting oil price increases over the last set of three or four months".

Biden has presided over large releases from the SPR and the US is nearing levels it may be unable to go beyond without violating international agreements.

Efforts to pass legislation known as Nopec, which has long been considered by US lawmakers, are also gaining steam. This would allow the US justice department to sue members of the Opec+ cartel for anti-competitive behaviour.

US Senate majority leader Chuck Schumer said the administration was looking at Nopec legislation and other bills "to best deal with this appalling and cynical action", referring to the Opec+ cut.

However, penalising oil-producing countries such as Saudi Arabia could also be counter-productive, resulting in a further disruption of

Helima Croft, head of commodities strategy at RBC Capital Markets, said the EU embargo on Russian crude that comes into force on December 5 would require Middle Eastern producers to increase supply to fill the shortfall.

"When you want to think about the White House perspective, it might feel good in the moment to talk about Nopec and talk about reducing Opec power, but you are going to need potentially every molecule come December," she said.

In August the US energy department told US refiners to build domestic inventories rather than export more, increasing suspicion that the Biden administration could seek to limit or block exports to bring down US pump prices.

However, Europe's energy crisis would probably be worsened by such a move, as the continent imports fuel from the US and is soon to halt all seaborne Russian oil imports.

The US is also engaged in various diplomatic efforts that could result in sanctions being eased against unfriendly oil-producing countries Venezuela and

> 'The US has limited options to reduce prices, so maybe there's an incentive for it to push [for a deal with Iran]'

Iranian oil return to global markets.

"Suddenly the forces are aligned in a different way," said Jorge León, a former Opec official now at energy consultants Rystad. "The US has limited options to reduce prices, so maybe there's an incentive for it to push [for a deal with Iran] as soon as possible to try to counterbalance the cut from Opec."

Separately, the US has engaged in quiet talks with the government of Nicolás Maduro in Venezuela, which it does not officially recognise, that could allow its oil to return to American and European markets if progress was made on human rights and democracy.

The recently passed Inflation Reduction Act, which includes measures that will help the US transition away from fossil fuels, will eventually reduce US exposure to global oil prices but will not help address the current problem, analysts said.

Young added: "This is meant to be a stimulus for domestic energy needs and it's not a short-term solution, but it is a more thoughtful way to go about it, try-

Fuels classification

Austria begins legal action against bloc over 'green' investments

CAMILLA HODGSON — LONDON

The challenge to an EU system labelling gas and nuclear as "green" investments has gained momentum with a lawsuit filed by Austria against the European Commission.

The commission is already facing two separate legal challenges from environmental groups — Greenpeace and a coalition including Client Earth and the WWF — over the classification of the fuels as sustainable for investment purposes. Austria has formally submitted its complaint to the Court of the European Union, asking for the rules under the EU's "taxonomy", or financial classification system, to be quashed.

"We need to safeguard the trust of consumers and investors," which must be sure that if a product "is labelled green, it's actually green in content," said Austria's minister for climate action and Green politician, Leonore Gewessler.

The inclusion of nuclear and gas in the taxonomy "increases the risk of greenwashing" and of an uptick in investments into projects "that do not help us reach our climate ambition", she said.

The EU passed a law in July deeming the two fuels to be sustainable energy sources, in a system designed to help direct investments into clean-energy projects. The system is part of a broader package of legislation to support the EU's goal of reaching net zero greenhouse gas emissions by 2050.

The decision came after months of tense discussions — and as European legislators scrambled to wean the continent off Russian gas and accelerate the shift to renewable energy.

The commission did not originally include nuclear and gas in its proposed legislation for the taxonomy, and only added them in January this year.

Austria and Luxembourg flagged their intention to challenge the law, and Austria, an anti-nuclear country since a referendum in 1978, has been the first to follow through by filing its case.

The taxonomy "is not a question of energy policy" but a matter of "whether consumers and investors . . . can trust if they have a green investment product", said Gewessler. Given the EU's net zero target, "there's an inherent and quite big risk of stranded [fossil fuel] assets".

The complaint argues that nuclear and gas energy do not fulfil taxonomy requirements because green technologies must not cause significant environmental or climate-related harm. It says certifying gas as green could delay Europe's transition to clean energy by encouraging fossil fuel investment.

The complaint says the last-minute inclusion of the fuels in the taxonomy is unlawful, since "procedural requirements, such as a required impact assessment, public consultation and timely consultation of member states, were insufficiently met". A senior European development finance official said there was a role for new gas infrastructure under "limited circumstances" but "we would not claim it is green".

Brussels has said only gas and nuclear-related activities that meet certain criteria may be labelled "green". Conditions include that the fuels be used to to refill those reserves, potentially at higher prices.

supply to Europe at a time when western consumers need more oil not less.

Iran. Talks on reviving the 2015 nuclear deal between six world powers and Iran have largely stalled, but a deal could see

ing to help us need oil and gas less and to produce what we have more cleanly and efficiently."

move away from dirtier fossil fuels such as coal, and that gas projects limit their emissions to a certain intensity.

Annual meetings

Washington and Berlin lead calls for reform of World Bank to help tackle climate change

CAMILLA HODGSON — LONDON
AIME WILLIAMS — WASHINGTON

The US and Germany are leading calls from shareholders in the World Bank for an overhaul of its business model to boost action on climate change at this week's annual meetings.

The bank, a leading provider of loans and grants to poorer nations, has come under increasing pressure to provide greater financial support to developing countries to help them grow while coping with the consequences of climate change.

Germany is the latest to join those countries pushing for reforms and is expected to propose a series of actions to make the bank better able to deal with global crises, including climate change.

The World Bank's leadership has come under fire for lagging behind in its efforts, with a renewed attack on David Malpass, its president, after he refused to say whether he believed in human-caused climate change. He later clarified that he did.

"We are in a climate crisis. We expect more from the bank. We also expect more from David Malpass. He is heading this institution which is key to saving the planet," said one senior German official. "The question is, can we make better use of the bank's balance sheet?"

Measures the bank could take include spurring action on climate change with better borrowing terms and using its money to take the risk out of clean energy investments in developing nations.

Svenja Schulze, German federal minister for economic co-operation and development as well as the country's representative on the World Bank's board of governors, said the bank "must get fitter for the great challenges of the future".

The bank's model was primarily based on the demands of individual countries, she said, and this needed to be adapted in a time of global crises.

US Treasury secretary Janet Yellen last week called on the bank to develop an "evolution road map by December", and said "deeper work" should begin by the spring, in effect setting it a deadline.

According to two senior development officials, the US has stepped up pressure on the World Bank and other multilateral development lenders this year. The US is the bank's largest shareholder and traditionally appoints its president.

Yellen suggested the development banks broadly should make greater use of concessional finance, including grants, to fund investments where the benefits were shared globally, and specifically to middle-income countries to help them shift their economies away from coal.

Development banks could lend to subsovereign entities, such as green city initiatives, she said, and should adopt stronger targets for mobilising private finance. A broader array of instruments, including insurance products and guarantees, could be used.

The proposals for how the bank should change come ahead of the COP27 UN climate summit next month, where the thorny subject of international climate finance is set to dominate debate.

As a result, the issue has risen sharply up the global policy agenda. Mia Mottley, the prime minister of Barbados, has become the most high-profile advocate of efforts by smaller, less wealthy nations to secure funds related to climate change.

Mottley put forward several suggestions to be enacted by the World Bank and IMF, including the redistribution of \$100bn in special drawing rights and the new issuance of long-term, low-interest debt instruments to help finance clean energy projects.

Some policymakers increasingly favour the banks using more of their funds to guarantee investments by acting as first investors and de-risking projects that could then attract private investors.

International financial institutions "must overhaul their business model and approach to risk" and "intensify" their efforts to leverage private sector finance, said the UN secretary-general António Guterres recently.

Last week, climate activist groups hit out at the World Bank for its continued financing of certain fossil fuel projects. Although the bank said it would not finance new oil and gas production, it has made no commitment over gas distribution and said "natural gas may be useful in accelerating the transition away from coal".

The World Bank said it had delivered a record amount of climate-related financing this year and looked forward to "working with our shareholders during the annual meetings to hear their ambitions and priorities for the World Bank Group in a changing world".

The German official said there was "now much more appetite" from shareholders to reform the bank, and that the institution itself was also more amenable to change.

But Joe Thwaites, international climate finance advocate at the Natural Resources Defense Council, said Malpass was "not out of the woods", adding: "There is going to be a lot of pressure on him to show how the World Bank is working, and it needs to go beyond him just apologising."

Green agenda: the US wants the bank to help in the shift away from coal

Rush for cash Moves by UK pension funds weaken an already shaky sterling-denominated corporate debt environment ● MARKETS

Companies & Markets

Berlin pursues Windhorst for alleged bank law breaches

- Criminal complaint filed by BaFin
- Potential unlicensed activity probed

OLAF STORBECK — FRANKFURT
ROBERT SMITH AND CYNTHIA O'MURCHU
LONDON

Berlin prosecutors are pursuing a criminal investigation into Lars Windhorst almost a year after the German financier and football investor claimed to have settled "pending legal disputes" over the matter.

The prosecutors have been investigating potential breaches of the German banking act after a criminal complaint filed by Germany's financial watchdog BaFin.

BaFin was concerned the 45-year-old might have engaged in banking activities without the required licences, a criminal act under German law carrying a potential punishment of up to five years in prison.

> 'The investigation is ongoing and a conclusion of the matter is currently not yet in sight'

Windhorst tweeted last November that he had repaid €132.5mn in loans that he said "BaFin believes would have required a licence under the German Banking Act", adding that "the repayment settles the pending legal disputes" with the regulator.

However, public prosecutors in Berlin said that "the investigation is ongoing and a conclusion of the matter is currently not yet in sight".

BaFin declined to comment other than to say Windhorst "ran a deposit-taking business without the necessary regulatory approval" and unwound the operations at its behest.

A spokesperson for Windhorst said that "BaFin notified us in writing that the probe against Lars Windhorst has been finished and the case has been concluded".

Asked about the criminal investigation, which is separate from BaFin's probe, the spokesperson said it would "also eventually be closed" as a consequence of the settlement with BaFin.

A person familiar with the investigation said that this was "wishful thinking", adding: "The criminal investigation is independent, open-minded, and ongoing."

The legal woes were triggered by the activities of Windhorst's investment vehicle Evergreen Funding, according to people familiar with the matter.

Evergreen was set up to buy back bonds from H2O, a €12bn French investment firm that poured client money into illiquid securities linked to Windhorst.

French regulators later froze a series of funds at H2O over "valuation uncertainties" on their bond holdings.

In June 2020 Evergreen issued a €1.25bn bond, offering investors a hefty 12.5 per cent annual interest rate. The Luxembourg-based vehicle's annual accounts for 2020 show that it provided high-interest-rate loans worth €272mn to Windhorst and held just €263.5mn of bonds on its balance sheet.

BaFin subsequently froze Evergreen's bank account in Germany and notified criminal prosecutors in Berlin, where Windhorst's holding company Tennor has offices.

A spokesperson for Windhorst said last year that the company was "absolutely certain" that all the BaFin allegations over potential illegal banking activities were without merit.

Windhorst has returned to the public eye after a public fallout with the management of Bundesliga football club Hertha Berlin, in which he owns a majority stake.

The club has launched an investigation into allegations first reported by the Financial Times that he had hired spies to try to force out the club's president.

Eastern charge Tesla hits fresh China sales high as Beijing praises chief's Taiwan plan

Red China: Tesla's electric cars in the country are under pressure from local rivals — Costfoto/Future Publishing via Getty Images

EDWARD WHITE — SEOUL
GLORIA LI — HONG KONG

Tesla's sales in China have hit a new monthly high just as Elon Musk won praise from Beijing for proposing to resolve the crisis over Taiwan by placing it in a special administrative zone similar to Hong Kong.

The US electric-vehicle maker reported sales of 83,000 cars in September, up 8 per cent from the previous month, according to the China Passenger Car Association.

The record tally suggested supply-chain bottlenecks in the country were easing and upgrades at its Shanghai facility were boosting production.

The strong performance comes at a critical juncture for Musk and his relationship with China.

After receiving special treatment from Chinese regulators in the late 2010s, Tesla's grip on the luxury EV market is being loosened by a clutch of local rivals.

Separately, over the weekend Beijing praised comments that Musk made on Taiwan in an interview with the Financial Times. China's ambassador to the US thanked Musk for the remark, saying in a tweet that the proposal was "the best approach to realising national reunification".

Beijing has offered Taiwan a "one country, two systems" policy as a route to unification with China. However, Beijing has not ruled out annexing the island by force.

Under the one country, two systems model, Hong Kong was guaranteed a high degree of autonomy, although critics say this has since been eroded.

Bi-khim Hsiao, Taiwan's de facto ambassador in Washington, responded: "Our freedom and democracy are not for sale."

Tesla's sales data follow a bruising period for its stock, which has fallen almost 16 per cent in October and more than 36 per cent this year. Analysts have been monitoring for signs Tesla's growth is slowing in China.

"We believe Tesla is passing through its 'peak China' dependency stage over the next 12 months," Morgan Stanley analysts said in a recent note.

"Tesla China is facing its biggest ever competition in China from domestic Chinese EV companies."

They added that they expected a "natural dilution" of Tesla's position in China as the company fell in line with US and EU efforts to reduce reliance on Chinese industry.

Tesla's September sales were fewer than half of the more than 201,000 vehicles sold by rival BYD, though many of the Chinese carmaker's models are plug-in hybrid vehicles, which use a large battery in addition to a traditional engine for longer journeys.

Chinese automakers, including Geely, BAIC, SAIC and Changan Automobile, are launching their own premium EV brands. Shanghai-based Nio has also targeted the top end of China's EV market with luxury models. It sold 10,878 cars in September, a nearly 30 per cent jump year on year.

Nasal version of Covid-19 vaccine fails in early trial

DONATO PAOLO MANCINI — LONDON

A nasal version of the Oxford/AstraZeneca Covid-19 vaccine has failed in an early-stage trial, dealing a blow to hopes for a more effective way to prevent transmission of the virus.

Oxford university will say today a nasal formulation of the vaccine elicited mucosal antibody responses in a "minority of participants" and systemic immune responses were weaker compared with intramuscular vaccination.

The setback highlights the complexity of designing a nasal formulation against coronavirus, which spreads through tiny particles in the air.

Researchers have posited that targeting the airways could effectively prevent transmission of the disease.

Currently available vaccines, delivered as intramuscular injections, offer only limited protection against contagion, although they retain significant effectiveness against more severe outcomes.

Oxford's Sandy Douglas, chief investigator on the trial, said that the spray, which used the same formulation as the intramuscular version of the vaccine, did not perform as well as researchers had hoped.

"We believe that delivery of vaccines to the nose and lungs remains a promising approach, but this study suggests there are likely to be challenges in making nasal sprays a reliable option," said Douglas. He said that it was possibly because the majority of the spray ended up being swallowed and destroyed in the stomach, although targeted delivery into the lungs could avoid that.

Oxford said that a possibility for the future would be to develop formulations made specially for nasal administration, for example with higher concentrations or elements that help the spray stick in the upper airways rather than being swallowed.

There were no adverse events or safety concerns reported in the phase 1 study, which also explored administering the spray as a booster.

There are more than a dozen Covid-19 nasal vaccine candidates currently in trials. China recently approved a nebulised Covid-19 vaccine made by CanSino, although the delivery mechanism was slightly more complex. India recently approved an intranasal vaccine made by Bharat Biotech.

AstraZeneca, Oxford's partner for the Covid-19 vaccine, funded the study.

Unique case shows Musk difficulty of walking away from Twitter

INSIDE BUSINESS
FINANCE
Sujeet Indap

It turns out that once-disgraced generic drugmaker Akorn will, most likely, remain a unicorn in Delaware law.

The company was the hapless star of a court battle that set an important legal benchmark for US mergers and acquisitions after German healthcare group Fresenius Kabi signed a $4bn deal to buy it in 2016.

Two years after that agreement, a Delaware state court allowed Fresenius to walk away from the deal. It is the first and last time in the state's history that a buyer was allowed to terminate a merger agreement over a so-called "material adverse effect", a degradation of a target company so grave that a buyer would not get the company they bargained for.

The decision has been pored over in recent months by many a lawyer to see if would provide an escape hatch for Elon Musk to dissolve his $44bn deal to buy Twitter.

Before suddenly indicating last week that he wanted to complete the buyout on the original terms, Musk had apparently been wavering on the deal, with the Tesla boss questioning Twitter over allegedly fake accounts, violations of government orders and false securities filings.

But the Akorn case shows how hard it would be for Musk, or any corporate acquirer in similar circumstances, to walk away. A key lesson of the Delaware decision is to not just examine the deterioration of a selling company but also how a buyer acts in the process of first trying to close, then terminating a deal.

Such conduct is crucial as a buyer seeking termination cannot first be in breach of their own obligations. The judge in the Akorn case ruled Fresenius, by and large, carefully did its part to close the initial transaction and not breach its obligations to do so, something Musk may not be able to match.

Musk's erratic actions since signing the Twitter deal in April include trashing the company's management in his tweets as well as seemingly trying to slow-walk the closing, according to disclosed texts and tweets. These alone would do him no favours in any trial.

Even last week, Twitter said in a filing that a deposition witness testified on Thursday that Musk still had not fully commenced the process of drawing on the committed debt financing even as he insisted days before that he now wanted to close.

> Twitter's stock price has moved up since Musk's termination attempt, a decent indicator of the quality of his grievances

There are other substantive differences between the Twitter and Akorn battles. After Fresenius and Akorn announced their deal, a whistleblower alleged huge data integrity problems at Akorn's manufacturing facilities. Fresenius was separately getting nervous as Akorn had badly missed its forecast for revenue and profits.

On the manufacturing problems, a subsequent lengthy investigation by Fresenius uncovered enough red flags — including submitting false data to the Food and Drug Administration — to motivate it to terminate the deal. According to the ruling, a consultant testified at the trial that "Akorn's data integrity failures were so fundamental that he would not even expect to see them 'at a company that made styrofoam cups'".

The cost to remedy the problems — $900mn, or a fifth of the deal value — was substantial enough that the judge let Fresenius escape even as Akorn argued that the German company had accepted the risk of operational problems.

As at Akorn, a whistleblower emerged at Twitter after Musk had signed his deal. The former head of security at the company, Peiter Zatko, alleged that Twitter had not been complying with government decrees on data security. Musk's lawyers seized on the parallels to the Akorn case, writing in his filings, "[a]s in Akorn, Defendants [Musk] are entitled to investigate those allegations and others in Zatko's complaint to verify the accuracy of representations".

Twitter's stock price has steadily moved up since Musk's termination attempt in July, a decent indicator of the quality of his grievances. But his antics are also likely a part of the calculus that Musk will either lose in court or settle first.

Fresenius had hired lawyers to investigate their ability to exit Akorn. But the trial record showed that Fresenius had been careful to listen to its lawyers' advice and make sure its own house was in order.

The Delaware court has said Musk has until October 28 to complete the deal or otherwise face a legal process that he suddenly decided he wanted to avoid. It is his best chance to show that he can live up to what he signed for.

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COMPANIES & MARKETS

Aerospace & defence

Air France and Airbus deny crash claim

Pair reject 'involuntary manslaughter' allegation over 2009 jet tragedy

AKILA QUINIO — PARIS

Air France and Airbus have rejected responsibility for a plane crash that killed all 228 of its passengers over a decade ago, at the start of a French criminal court trial over allegations of corporate manslaughter.

Both groups denied allegations of "involuntary manslaughter" yesterday for their involvement in what remains the deadliest crash in the history of Air France. A passenger jet flying from Rio de Janeiro to Paris hit the Atlantic on June 1 2009 after it stalled in a thunderstorm, killing its 216 passengers and 12 crew members.

The trial, set to end on December 8, could result in fines of up to €225,000 for both Airbus and Air France. Air France merged with Dutch airline KLM in 2004 but charges have only been brought against the French side of the company.

In his opening statement yesterday, Airbus chief executive Guillaume Faury said the group did not "recognise" claims that it had a criminal responsibility in the accident. "We sincerely think that those grievances are not justified," said Faury, rejecting claims that Airbus had underestimated what the prosecutors called the "gravity of its technical deficiencies" and failed to appropriately flag them to airlines.

> The French trial, set to end on December 8, could result in penalties of up to €225,000 for both groups

Air France chief executive Anne Rigail said the group would throughout the nine-weeks trial "maintain that it had not committed criminal faults in this accident."

As both chief executives expressed their condolences, some of the victims' families shouted "shame" and that the sentiments were 13 years too late. The group of 476 plaintiffs, mainly friends and families of victims, will be given time to testify during the trial.

The longstanding case revolves around Air France pilots' response to the Airbus A330 passenger jet's external airspeed sensors being blocked with ice. The blockage stalled the plane's autopilot function, forcing its pilots to take manual control.

Prosecutors have said that Air France had not implemented "appropriate training" to prepare pilots for what unfolded. They blamed Airbus for its alleged failure to take all necessary steps to "urgently inform" carriers and airlines of potential technical deficiencies.

Whether Airbus and Air France would face a trial over the crash has been subject to more than a decade of legal wrangling. In 2019, judges decided to not pursue charges against the companies despite the fact that prosecutors had recommended them.

That decision was overturned last year, paving the way for the companies to now stand trial.

"It was a long battle and the victims' families worked hard for this but at least now we have obtained a trial," said Claire Durousseau, one of the plaintiffs whose niece died in the plane crash at the age of 26 with her husband.

Travel & leisure

Qataris move into multi-club ownership with SC Braga stake deal

JOSH NOBLE — SPORTS EDITOR

The Qatari investment fund that owns Paris Saint-Germain has bought a stake in a top-tier Portuguese football team, marking its first foray into multi-club ownership championed by Abu Dhabi.

Qatar Sports Investments, a state-backed fund, will pay about €19mn for a 22 per cent stake in SC Braga, who sit third in Portugal's top division.

Owning stakes in several football clubs is increasingly common across Europe, with almost half the English Premier League's 20 teams now linked to a broader network in some way. There are more than 70 multi-club groups operating, more than double the number from five years ago, according to Deloitte.

The biggest is Abu Dhabi-backed City Football Group, which owns or holds stakes in 12 clubs including English champions Manchester City, Girona FC in Spain and Japanese side Yokohama F Marinos.

Todd Boehly, the new co-owner of Chelsea FC, said recently that he was looking to build a multi-club group, while RedBird Capital, which acquired AC Milan earlier this year, also owns Toulouse FC in the French league.

Portugal has become a particular target for international football investors, attracted by the strong links to South America that have helped several clubs turn strong profits from player trading.

> 'As an investor and partner, we look forward to the club innovating, growing and developing'

In the past five years, Benfica has netted almost €500mn from transfers, according to figures from Transfermarkt. SC Braga made a profit of almost €180mn over the same period.

QSI was attracted by what it sees as SC Braga's potential for growth, according to a person familiar with the process. The club is hoping to break the hold of Portugal's traditional top three teams, and so secure a place in the lucrative European Champions League.

Nasser al-Khelaifi, chair of QSI and president of Paris Saint-Germain (PSG), said: "As an investor and partner, we

Telecoms. Upgrade costs

Big Tech faces calls to pay more for networks

March of streaming brings a decade-long debate over infrastructure into the open

ANNA GROSS — LONDON

On the morning of September 28, Europe's competition chief Margrethe Vestager met one of the people leading the battle to reduce the global market dominance of Big Tech companies.

Brendan Carr, the senior Republican at US regulator the Federal Communications Commission, was trying to rally support for his campaign to make technology giants pay struggling telecoms companies on both sides of the Atlantic for the huge investments they are making in their networks.

Such efforts to compel tech companies to make what proponents term a "fair contribution" to network costs are far from new, the debate having rumbled on for a decade. But now there are signs regulators in Europe and the US are becoming more in favour of the argument — and, as momentum builds, a debate between operators and tech groups is spilling into public view.

In September, the European Commission said it would review whether tech companies should bear more of the cost of telecoms networks. Vestager herself said the issue needed to be considered with "a lot of focus", adding that tech groups "have not been contributing to

Europe's competition chief Margrethe Vestager says tech groups

which prohibits broadband providers from throttling users' access to the web.

The widening debate comes amid a crackdown on Big Tech's market dominance and instances of anti-competitive

cal innovation and former Vodafone chief executive, told a Financial Times panel last month.

At the same event, Christel Heydemann, chief executive of Orange, admit-

> 'We've not been able to increase

invested in helping telecoms operators store content locally to deal with traffic spikes, he told the FT.

Some analysts say any redistributive measure would fail to tackle the root enabling the investments in the rollout of connectivity".

Meanwhile, the governments of France, Italy and Spain — which are heavily subsidising network upgrades — sent a joint paper to the European Commission in August calling on it to develop a legislative proposal swiftly.

"It's a ripe issue and it's at a pivot point," Carr said in an interview with the Financial Times. "The time where Big Tech was untouchable has passed."

Analysts at Barclays forecast that if the law was changed to make tech companies pay for half of network capacity costs, it could bring the sector a €3bn-€4bn annual benefit.

Telecoms companies are spending tens of billions on upgrading existing copper networks to fibre to cope with increased data usage and the shift to 5G.

Tech groups argue they already contribute generously to internet infrastructure by investing in data centres and subsea cables, as well as developing the services that customers want to use on smartphones and computers.

They also say the proposal undermines the principle of "net neutrality",

'... have not been contributing to enabling the investments in the rollout of connectivity'

Kenzo Tribouillard/AFP/Getty Images

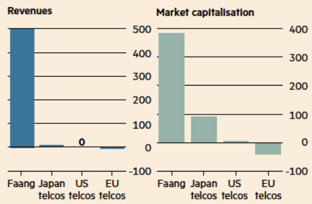
behaviour in the US and Europe.

The debate hinges fundamentally on the divergent fortunes of telecoms groups and some of the biggest tech and streaming giants. The latter group saw their share prices soar during the pandemic as more relied on their services.

"I look at the European situation and I see a big imbalance," Vittorio Colao, Italy's outgoing minister of technologi-

Tech vs telecoms

2015 vs 2021 (% change)



Sources: Axon; ETNO; Stoxx Europe 600 Telecommunications; Nasdaq

ted that operators had struggled to get customers to pay more for greater quantities of traffic. "When you look at 2G, 3G, 4G, we've not been able to increase the price paid by consumers, so that means we have a highly competitive market in Europe," she said, arguing that if telecoms companies did not find a way to charge Big Tech groups for the infrastructure they used, they would be forced to reduce their investments.

Operators and some lawmakers argue that the explosion of video streaming, which has dramatically increased the data burden on telcos, has made addressing the issue more urgent.

Last year, 56 per cent of global traffic was generated by just six companies — Google, Meta, Netflix, Apple, Amazon and Microsoft — according to a report released by Europe's telecom lobby group ETNO earlier this year.

But Matt Brittin, president of business and operations in Europe for Google, said tech groups had invested heavily in internet infrastructure. Google had spent €12bn on six large data centres in Europe, built 20 subsea cables globally, including five in Europe, and had

'... the price paid by consumers, so that means we have a highly competitive market'

causes of European telecoms groups struggles to monetise their expenditure.

"Forcing content providers to pay for telecoms networks without a direct commercial return effectively amounts to a punitive tax on the very digitalisation that policymakers are endeavouring to promote," wrote Hosuk Lee-Makiyama, director of the European Centre for International Political Economy.

He and others have warned that a tax of this kind could erode tech groups' incentives to invest in new technologies. Others suggest there is a risk that extra costs could be passed on to consumers.

One of the most pressing sticking points in the debate is that no one has developed a clear proposal for how tech companies could contribute.

A possibility would be direct payments from tech groups to telecoms companies, but how regulators determine which groups make the contribution is unresolved. Alternatively, a third-party fund or tax could be collected by governments and distributed to telecoms operators, but this may be too controversial and hard to ringfence.

Additional reporting by Javier Espinoza

look forward to the club innovating, growing and developing further across the men's and women's teams, on the commercial and brand side . . . as SC Braga continues its ambitious path."

There is also scope for increased television revenue when the Portuguese league begins selling rights centrally rather than on a club-by-club basis, which it is due to start in the next few years.

Since buying PSG in 2011, Qatar has poured money into the project to help attract top players and has won eight of the past 10 French league titles, but the ultimate prize of winning the Champions League has proved elusive.

"We believe that this is the right shareholder to accelerate our growth and expansion, helping us deliver on our amazing potential as a club," said SC Braga's president António Salvador.

Qatar, which is due to host the World Cup next month, does have other interests in European football. Belgian club K.A.S. Eupen is owned by the Aspire Zone Foundation, an entity linked to the country's elite sports academy. Al-Khelaifi is also chair of the European Club Association, a group of elite teams.

Technology

Getir in talks to take over app rival Gorillas

TIM BRADSHAW — LONDON

Grocery delivery app pioneer Getir is in talks to take over its heavily lossmaking rival Gorillas, according to people familiar with the deal, as investor sentiment cools on one of the pandemic's hottest tech trends.

Getir and Gorillas entered into exclusive negotiations in recent days and the start-ups intend to close the acquisition by the end of next month, these people said, although due diligence is still at an early stage and the deal might fall apart.

Shareholders in Berlin-based Gorillas would receive about $100mn in cash as well as stock worth 12 per cent of the combined entity, in a rescue deal that is likely to value the company far below the $2.1bn price tag it was given by investors a year ago.

Getir and Gorillas declined to comment on the talks, which were first reported by Bloomberg.

The deal would combine two of the most prominent start-ups to expand across Europe over the past two years, after each invested heavily in marketing and promotions to build their brands and win over customers to a new way of buying daily essentials.

Istanbul-based Getir and Gorillas were among the first companies promising to deliver groceries and convenience goods in as little as 10 minutes, from a network of small warehouses or "dark stores" dotted around a city.

But while these delivery apps saw rapid growth during pandemic lockdowns, it has proved harder to sustain as competition emerged from existing food delivery apps such as Uber and Deliveroo, in addition to well-funded US group GoPuff arriving in Europe.

Getir's valuation jumped to $11.8bn in March, when it raised almost $800mn in new funding, even as share prices of publicly listed food delivery companies such as Deliveroo and Just Eat Takeaway.com were declining. The round left Getir — which counts Sequoia Capital, Mubadala and Tiger Global among its investors — as one of the best-funded players in a market that was already starting to consolidate, despite rapid delivery apps in the US and Europe raising billions of dollars during 2021.

Gorillas was valued at $2.1bn just over a year ago, when Delivery Hero invested $235mn, joining existing investors including Tencent, Coatue and DST.

But as investors' appetite waned this year for lossmaking ecommerce start-ups, Gorillas has been frantically searching for a buyer. The company had talked to several companies about selling some or all of its business before discussions about a full buyout became more serious with Getir this month, people familiar with the situation said.

After raising more than $1.3bn to build a network of more than 100 "dark stores" in Europe and the US, Gorillas has already been forced to pare back and cut hundreds of staff.

Mining

De Beers taps Equinor's Cook for CEO role

HARRY DEMPSEY AND ANJLI RAVAL

De Beers has appointed Al Cook to the top job as one of the world's largest diamond producers, hiring externally from the oil and gas industry to replace Bruce Cleaver after his seven years at the helm.

Cook, whose 25 years in the energy industry most recently included heading Norwegian oil major Equinor's exploration and production business, will join as chief executive early next year, the diamond group said yesterday.

Cleaver will become co-chair after navigating a tricky period for the diamond industry in which he focused on introducing technology to prove the provenance of De Beers' stones and revamping its sales agreements.

Duncan Wanblad, chief executive of De Beers' owner Anglo American, said Cleaver had "successfully steered De Beers through a period of considerable change".

Cook will become the third chief executive of De Beers since 2012 when Anglo bought the Oppenheimers' stake, bringing an end to 80 years of control under the South African billionaire family. Before joining Equinor, Cook spent 20 years at BP.

The handover comes after a difficult period for De Beers, whose share of Anglo's earnings has shrunk to 5 per cent from 23 per cent in 2016, according to Berenberg, with diamond prices

Uncertainty over Russian gemstones has boosted demand for De Beers

declining on weaker demand in China and oversupply for polishers and cutters.

"De Beers has underperformed from a return on capital standpoint for many years after being one of the pillars that kept Anglo American supported in a really terrible time around 2015," said Richard Hatch, analyst at Berenberg.

The diamond market is under pressure as China continues to pursue its "zero-Covid" policy and inflation squeezes consumer spending in the west. But uncertainty over Russian gemstone supply has boosted demand for De Beers' diamonds in recent months, helping earnings before tax and interest almost double to $718mn in the first half of the year.

Analysts and investors said Cook would bring an ability to manage relations with governments in South Africa, Botswana and Namibia, where De Beers operated, but noted that he lacked a background in luxury consumer goods.

COMPANIES & MARKETS

Whistleblowers accuse EY of trades whitewash

Two deals for a workers' co-op and a mystery €120,000 payment are central to internal row at French fintech Leonteq

DAN MCCRUM — LONDON
VICTOR MALLET AND LEILA ABBOUD
PARIS

EY's London headquarters. Whistleblowers said the trades should have been reported to French authorities as suspect on grounds of potential money laundering and tax evasion — Sergio Rojo/Alamy

Whistleblowers have accused EY of whitewashing suspicions of money laundering and tax evasion in an investigation it conducted this year for longstanding client Leonteq.

At the heart of the whistleblower complaints are two trades that the company, a listed fintech that designs bespoke investment products, created for a French workers co-operative society at the start of 2021.

The whistleblowers said the trades should have been reported to French authorities as suspect on grounds of potential money laundering and tax evasion, after it was discovered that large commissions were routed to a British Virgin Islands company instead of the broker in France that sold the investments on Leonteq's behalf.

They have also accused Leonteq and its internal auditor EY of failing to take basic steps to investigate.

Documents and recordings related to the trades, reviewed by the Financial Times, raise questions about weak controls, a culture of rule breaking and poor governance at Leonteq, which traded SFr29bn (£24bn) of structured products last year.

Files raise questions about weak controls, a culture of rule breaking and poor governance at Leonteq

Leonteq said it had "a strict zero tolerance policy regarding non-compliant business behaviour", and that all allegations were "managed, monitored and reported with due care and process". It said "all investigations found that there were no material shortcomings" and that it was "committed to upholding the highest standards of integrity and compliance".

Leonteq commissioned EY to look into the two trades and related issues. The accounting firm's report described

An audit trail of official communications related to the transactions, a regulatory requirement, could also not be found by Leonteq's compliance team; Ladoga Capital was not authorised to distribute investment products within the EU; and Leonteq's Middle East sales team had no official relationship with i-Kapital.

Whistleblowers said the missing information was partly the result of a work environment where informal messaging was common. "A lot of peo-

clients without all of the appropriate paperwork.

This problem caused laughter when it was discussed on a call for compliance officers on March 10, 2021, on a recorded line. "We're breaking all sorts of rules in Dubai by continuing to operate," said one.

The head of compliance for Europe, the Middle East and Africa replied: "We know that, it's suboptimal."

Leonteq said it "takes its regulatory duties very seriously and no material

legal obligations: the group is required to file a suspicious transaction report for any sums or transactions that it knows, suspects, or has good reason to suspect originate from tax fraud.

Then this year, in a memo dated January 20, Leonteq compliance concluded that filing a suspicious activity report in relation to the two trades was "not deemed necessary". EY endorsed that conclusion in a February 15 2022 "issue report", even though it had not established who sold the securities to ID Formation and how they did so.

The firm found that six trades, including the two for ID Formation, had "problematic aspects", that "uncertainty remained about the distribution chain" and that it was not possible to confirm some suspicions raised due to "an absence of email and phone-record evidence".

EY seemed to accept that Ladoga was a bad actor in the affair — that it had possibly distributed products into France without the contractual or regulatory right to do so. What EY did not establish was the identity of the other parties to the two trades — i-Kapital, Eurocap Finance and ID Formation. Its report also did not consider why i-Kapital would use Ladoga as an intermediary when it had its own direct relationship with Leonteq in Paris.

'Turning a blind eye to potential money laundering is to become complicit'

What EY did find was that, if business was conducted as the Middle East sales team described, this would mean Leonteq "would have no control" over whether the companies distributing its products were breaking its rules.

That verdict came five days after Leonteq published its annual report, in which EY was again said to provide the board with "independent and objective assurance of the adequacy and effectiveness of the internal control system." EY declined to comment, citing client confidentiality. One whistleblower said: "It's a complacent investigation by EY. That's the problem right there. Controlling the distributors is a regulatory requirement, but weak controls attracts shitty business. Turning a blind eye to potential money laundering is to become complicit."

problems with internal controls and "an absence of email and phone-record evidence", but said "no indication exists that would justify the allegations of money laundering or tax evasion".

Although the firm has for several years advised Leonteq's board on the "adequacy and effectiveness" of internal controls, and whether the group complies with "applicable policies, procedures and the rules and regulations", according to annual reports, EY's report on the matter indicated it did not take steps to verify or establish some basic facts about the trades.

"All EY had to do was call the co-operative," commented one whistleblower.

When the FT did that, it heard a version of events that suggested the whistleblowers were right that something was awry.

The co-operative is ID Formation. Based in Lille with branches all over France, it trains workers and job seekers. President Eric Faidherbe told the FT: "I'm involved in a bit of a crazy story here."

He said the co-op holds some of its assets as structured products, and was joined on the call with the FT by the man whose small firm manages such assets, Marc Pruvost.

In March 2021, ID Formation purchased two €750,000 securities related to the share prices of telecoms group Orange and steelmaker ArcelorMittal, both of which were issued by Leonteq. The sale of the two products was a regulated transaction, with the securities held by a French custodian.

Pruvost said he arranged the trades for the co-operative through a Paris brokerage called i-Kapital. Such brokers are at the heart of Leonteq's business model, selling its bespoke securities to clients in return for commissions.

What made the two trades unusual is that neither Pruvost nor i-Kapital were paid fees. Pruvost told the FT he waived his to achieve better terms for ID Formation as a good client, and that the broker was supposedly doing the same to win Pruvost's business for the first time: "i-Kapital told me they wouldn't take a commission," he said.

But somebody was paid. Leonteq sent €120,000 offshore, equivalent to an 8 per cent cut on the two trades, to a company in the British Virgin Islands called Ladoga Capital, which had a relationship with Leonteq's Middle East sales team. This fact was uncovered only in June 2021, following a review of emails by Leonteq compliance when a junior employee in Paris abruptly left.

Yet the paperwork for the securities listed only the involvement of Pruvost's Lille business Eurocap Finance, and i-Kapital in Paris. At the same time, Leonteq's systems credited its Middle East team with arranging the trades, not the Paris office that had a relationship with i-Kapital.

ple internally and externally communicate by WhatsApp," one said.

Use of unofficial messaging channels in the financial services industry is currently in the sights of regulators; the US government recently announced a $1.8bn settlement with 11 banks and brokers related to "pervasive off-channel communications".

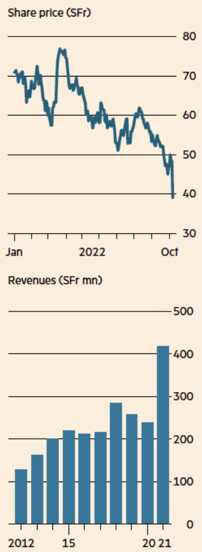
> Leonteq said it 'takes its regulatory duties very seriously and no material shortcomings occurred'

Leonteq said WhatsApp and other messaging apps "are not allowed for conducting business with clients", and that "any breaches would result in appropriate disciplinary actions".

Whistleblowers also claimed there seemed to be a culture where commercial interests sometimes trumped compliance.

For instance, they said that the Middle East team credited as arranging the two trades by Leonteq had relocated from London to Dubai at the start of 2021 but continued to service existing

Leonteq



Source: S&P Capital IQ

shortcomings occurred".

Then, during the summer last year, a row developed inside Leonteq's compliance team about whether the trades for ID Formation were suspicious and should be reported to Tracfin, the French financial intelligence agency.

A compliance officer questioned the offshore payment in a June 15 2021 email: "Is it a free service for someone . . . a way to layer funds?"

Layering is a process that can be used to disguise the source of funds by passing money through layers of transactions or financial instruments.

A whistleblower told the FT that "we know the end investor is in France. The BVI is a smokescreen." The person said that it raised the question of whether the arrangements were to avoid disclosing the commissions as taxable French income.

In another recorded call, conducted in September 2021, a Leonteq compliance officer appeared to share that concern. He said: "Ladoga was not involved in that trade, that is my fear. We have seen it in another case five years ago. My fear is that Dubai talked to either Eurocap or i-Kapital."

Leonteq told the FT that "compliance is an absolute priority".

As compliance investigated, a September 2021 email from Pruvost muddied the water: it said that i-Kapital appeared on documents for the trades by mistake.

Pruvost told the FT that he wrote the email at the request of i-Kapital, which asked him to obscure its involvement in the two trades due to what he called "an internal commercial war between Leonteq Paris, Switzerland and England". He said i-Kapital did not want to upset the Leonteq Paris salesman that it was supposed to trade with.

i-Kapital did not respond to questions it asked to receive by email. Ladoga was placed into voluntary liquidation by a Panamanian liquidator in August, after the FT contacted other parties to the alleged suspect trades. It could not be reached for comment.

In October 2021, the internal argument about what to do and how thoroughly to investigate was escalated to Leonteq's board in an email that alleged that parts of the organisation had resisted a thorough review of several suspect trades, including the two for ID Formation, to protect a high-performing salesperson in Dubai, and to avoid conclusions that would show a "complete failure of our legal and compliance framework".

The board appointed EY in Switzerland to probe the suspect trades, a move one whistleblower compared to marking its own homework. Leonteq said the investigation was not conducted by its usual EY internal audit team.

As the saga played out Leonteq was advised by a law firm about its French

COMPANIES & MARKETS

Fixed income. Borrowing costs

Pension schemes' dash for cash shakes UK corporate bonds

Winging it: engineering company Rolls-Royce could

> Ripples from the gilts shock push investors away from

UK corporate borrowing costs surge

Sterling corporate index (yield, %)

8

its new fiscal plans. "Lots of investors have turned their backs on the sterling market," said Tatjana Greil Castro, co-head of public markets at Muzinich

Equities

Chinese chipmaker stocks hit by US export controls

HUDSON LOCKETT — HONG KONG

Shares in top Chinese chipmakers shed $8.6bn in market value yesterday as new US export controls threatened to obstruct Beijing's plans for technological self-sufficiency.

Semiconductor Manufacturing International Corp, China's largest chipmaker, fell 4 per cent in Hong Kong yesterday while Hua Hong Semiconductor tumbled 9.4 per cent and Shanghai Fudan Microelectronics 20.2 per cent.

The sharp losses came after Washington unveiled new export controls on Friday that restrict the sale of semiconductors made with US technology unless vendors obtain an export licence.

The controls also bar US citizens or entities from working with Chinese chipmakers without explicit approval and limit the export of manufacturing tools that would allow China to develop its own equipment.

The US commerce department said on Friday that it had added 31 companies to its "unverified list" in an effort to make it more difficult for Chinese companies to manufacture or obtain advanced computer chips vital to cutting-edge technologies.

Shenzhen-listed Naura Technology,

> 'Most of the new companies are not listed

other forms of sterling debt

IAN JOHNSTON

A rush for cash by UK pension funds has weakened the already shaky sterling-denominated corporate debt market and pushed up borrowing costs for companies across the country.

UK government bonds fell sharply in price last month as investors recoiled at chancellor Kwasi Kwarteng's plans for unfunded tax cuts, with the debt remaining under pressure in the early days of October.

Pension funds have been forced to sell more gilts to maintain their hedged positions, forming a spiral that the Bank of England intervened to halt.

But pension schemes also offloaded corporate debt in sterling during this volatile episode. Fund managers say this knocked assets including bonds for companies like Virgin Media and Rolls-Royce.

"What you're seeing in the corporate bond market is a fire sale," said Paola Binns, a sterling corporate bond portfolio manager at Royal London Asset Management.

This means investors demand a higher return for holding British companies' debt.

"You had this before, with Brexit — UK borrowers were having to pay a premium to access corporate bond markets. It's coming back now," said Binns. "The government will say that interest rates are going up everywhere but they are going up much more aggressively in the UK than anywhere else."

To ease the pressure, the BoE stepped up its support for pension schemes yesterday by expanding the range of collateral that could be pledged at its new short-term funding facility.

The assets that will be accepted include UK corporate bonds. "This should reduce the amount of forced sales in these markets and so reduce contagion," said Antoine Bouvet, a rates strategist at ING.

By expanding the type of collateral to some sterling corporate bonds, the measure could support pension schemes still in need of cash — forming a "nice trickle-down effect", said Simon Matthews, a senior portfolio manager at Neuberger Berman.

Binns added that prices in sterling-denominated bonds improved at the open yesterday but that it was unclear how the measure would play out.

As of Friday's close, the average yield on an Ice Data Services index of high-grade corporate bonds denominated in sterling had risen from 5.6 per cent before the "mini" Budget to 6.7 per cent.

Supermarket group Iceland, restaurant owner Boparan and Bracken, the owner of specialist mortgage provider Together, are among the businesses whose already high debt yields have shot higher since the "mini" Budget.

Iceland's bonds maturing in 2025 are now trading with a yield of 16.8 per cent, up from 15.8 per cent before Kwarteng's September 23 speech. Yields rise when prices fall.

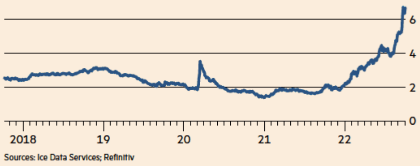
The yield on a sterling-denominated Rolls-Royce bond maturing in 2026 shot 2 percentage points higher after the "mini" Budget to over 10 per cent, and has stayed higher.

Dollar debt has fared better; a Rolls-Royce dollar bond is trading at a similar level to before Kwarteng's intervention.

In future, international businesses like engineering company Rolls-Royce could seek to plug funding gaps by borrowing in other markets, said Matthews, which would weaken trading in the sterling market further.

The UK corporate debt market is already small compared with Europe's and few banks have dedicated sterling trading desks, making this a tricky market for investors to navigate.

Some had trimmed exposure well before the government released



Sources: Ice Data Services; Refinitiv

seek to plug funding gaps by borrowing in other markets
Nathan Laine/Bloomberg

'Our exposure is naturally dwindling and we're happy to run it down to zero'

& Co, a fixed-income asset manager. "Our exposure is naturally dwindling and we're happy to run it down to zero," she added.

Lack of demand means it is "trading by appointment only on vast swaths of sterling high-yield", said Matthews. "[Demand] is bordering on pathetic. It was bad before the Budget but this has made it even worse."

This will push borrowing costs higher and will hit mid-cap companies that do much of their business in the UK harder than international companies, which can seek funding in euro or dollar-denominated debt, investors said.

"It's a real issue for companies with revenues in sterling not being able to come to market in euros and dollars," said Greil Castro.

One consolation is that few businesses have immediate borrowing needs, after they secured capital in recent years when interest rates were low.

That allows time for the UK economy to grow before many businesses seek to refinance debt.

But the prospect of a more protracted recession in the UK than elsewhere in Europe will probably mean investors keep demanding higher returns, hurting business investment and Prime Minister Liz Truss's plans to grow the UK economy, said Binns.

"For businesses, your margins are getting squeezed while your borrowing costs go up," she added. "So any liquidity that you have, you're just going to hold back and manage in a more efficient way. You're not going to be expanding your business."

Additional reporting by Robert Smith

but the restrictions are still affecting overall sentiment'

which said one of its units had been added to the list, fell the maximum 10 per cent allowed in Shenzhen yesterday. Other big losers in mainland Chinese markets included ACM Research Shanghai and Advanced Micro-Fabrication Equipment.

"Most of the new companies are not listed but the restrictions are still affecting overall sentiment in the market," said Dickie Wong, head of research at Kingston Securities in Hong Kong.

The restrictions had already sent the Philadelphia Stock Exchange Semiconductor index down more than 6 per cent on Friday as analysts warned that Chinese chip producers would take a substantial hit from the new restrictions.

The Chinese semiconductor market, based on end users, accounts for almost a quarter of global demand.

"The tensions between China and the US are not going to ease up so any addition to any entity list is not going away," Wong added. "We have to expect that in the near term, more companies will be added to the list as well."

The falls for Chinese chipmakers outstripped losses for broader Chinese markets as traders returned from a week-long national holiday in the mainland.

"Washington is never going to back down on this," said Andy Maynard, a trader at brokerage China Renaissance, adding that share price volatility was being exacerbated by low turnover.

See Lex

Equities

Amazon-backed Rivian sinks after recalling almost all electric trucks

CLAIRE BUSHEY — CHICAGO

Shares in Amazon-backed electric truckmaker Rivian tumbled more than 10 per cent to a three-month low yesterday after the company announced a recall of almost all of its vehicles due to a defect.

The California-based company is recalling about 12,200 vehicles because of a loose nut, according to a filing Rivian made with the National Highway Traffic Safety Administration.

Rivian has made about 13,000 trucks since production began in late 2021.

The defect, which the company estimates is present in 1 per cent of the vehicles, could result in noise and vibration and, in the most extreme instances, cause the driver to lose steering control.

The company is one of the most high-profile US electric vehicle start-ups.

A 2019 deal with Amazon to supply 100,000 electric trucks helped buoy Rivian's initial public offering in 2021. But it has suffered setbacks this year.

Amazon, now its second-largest shareholder, agreed to buy trucks from a rival and Rivian raised prices on pre-orders in March while halving production targets.

Rivian said that, by September 28, it had discovered seven vehicles that were affected by the loose nut. The repair "takes a few minutes to complete" and the company expects to finish the recall in 30 days.

"The safety of our customers will always be our top priority," Rivian said in a statement. "To date, we are not aware of any injuries that have resulted from this issue."

Although recalls are common in the automotive industry, this marks the second in a month by an electric vehicle start-up after Arizona-based Nikola recalled all 93 of the trucks it has built because of an improperly installed seatbelt.

Rivian's recall is a setback at a time when consumer demand for electric vehicles is on the rise.

"The last thing any Rivian investor wants to see in a shaky market is a broad recall that hurts the brand," Wedbush analyst Dan Ives said. "Rivian is under a bright spotlight for [Wall] Street and in major 'prove me' mode for RJ [Scaringe, chief executive] and team, with this latest news a slight step back the company must overcome."

Rivian said a week ago that it remains on track to hit its lowered production target of 25,000 trucks for the year.

The company's shares hit a three-month low of $30.16 during trading in New York yesterday or a drop of as much as 11.2 per cent from its close of $33.95 on Friday.

Rivian has a market capitalisation of more than $30bn, about one-third of the valuation that it reached when it floated last November.

Rivian's recall is a setback at a time when demand for EVs is on the rise

Commodities

Hydrogen fund Hy24 raises €2bn as investors seek to tap clean energy shift

SHOTARO TANI

A fund backed by global companies and financial institutions including TotalEnergies, Baker Hughes and Axa has raised €2bn to invest in green hydrogen projects as it seeks to tap into growing adoption of the zero-carbon fuel.

The amount raised exceeds the €1.5bn target that Paris-based Hy24 had set when it launched in October. Hy24 is a joint fund between French private equity group Ardian and Zurich-based FiveT Hydrogen, an investment manager specialising in hydrogen investments.

The fundraising reflects rising investor interest in hydrogen and comes weeks after fund manager Copenhagen Infrastructure Partners announced a €3bn close on its own clean hydrogen fund.

Hy24's fundraising drew investors including Airbus, Snam, Air Liquide, Japanese trading house Itochu and South Korean group Lotte Chemical.

Financial institutions such as Société Générale, BBVA and the Japan Bank for International Cooperation also participated. Green hydrogen uses renewable energy to power electrolysers that separate water into its atomic constituents of oxygen and hydrogen.

In Europe, the fuel is increasingly viewed as a viable replacement for some Russian gas.

Under the EU's new energy blueprint REpowerEU, Brussels plans to use 20mn tonnes of hydrogen by 2030, half of which would be produced within the bloc. The European Commission in July approved €5.4bn in funding for hydrogen projects of "common European interest".

'The only way to import a massive scale of renewable power is to transform it into a storable form'

Hy24 has until "the end of the decade" to deploy the capital raised, chief executive Pierre-Etienne Franc told the Financial Times.

The fund will look to co-invest globally in 15 to 20 projects, with Franc claiming it will help mobilise €20bn in investment into hydrogen projects.

The fund would look to invest "through the whole value chain," Franc said, from production, storage and distribution to transportation and industrial usage.

In countries such as Japan and South Korea that lack natural resources, "the only way to import a massive, gigawatt scale of renewable power is to transform it by electrolysis into energy in a storable form, which is hydrogen, and ship it or pipe it", Franc said.

He added that hydrogen could serve as a seasonal store of energy in a way batteries were not yet able to do and that decarbonisation of energy-intensive heavy industries would also require hydrogen.

Interest in green hydrogen has been growing across the globe with a wave of investments planned in countries with an abundance of solar and wind.

Consultancy Rystad Energy said in a recent report that Egypt, the host of this year's COP27 climate summit, was "well on its way to being a hydrogen powerhouse as a swath of project announcements have pushed estimated investments in the North African country's sector past $100bn".

COMPANIES & MARKETS

The day in the markets

What you need to know

- **Wall Street stocks drop ahead of fresh round of corporate earnings**
- **UK government bonds sell off across all maturities**
- **Chinese chipmakers hit after US announces new export controls**

Wall Street stocks fell yesterday as investors braced themselves for the start of another US corporate earnings season, set against an increasingly gloomy economic backdrop.

The broad S&P 500 gauge was down 0.7 per cent by the early afternoon in New York. The technology-focused Nasdaq Composite index was down 1 per cent with the Philadelphia Semiconductor index dropping more than 4 per cent after Washington launched new export controls to restrict Beijing's plans for technological self-sufficiency.

The restrictions limit the sales of semiconductors made with US technology, unless vendors obtain an export licence.

The declines in US equities yesterday followed a sell-off on Wall Street in the previous session. The S&P had closed down 2.8 per cent on Friday after a labour market report pointed to persistently strong jobs growth.

Such data have been scrutinised in recent months for clues about how aggressively the US Federal Reserve will raise interest rates with signs of robustness in the labour market fuelling financial statements for evidence of stress from stubbornly high inflation and rising borrowing costs with fears intensifying this year that central banks will hoist interest rates into a recession — putting businesses across many sectors under even more strain.

The US Treasury market was closed yesterday for a holiday. UK government bonds came under acute pressure across

Chipmakers under pressure

Philadelphia Semiconductor index

Source: Refinitiv

The yield on the 10-year UK government bond added 21 basis points to 4.45 per cent while the 30-year yield added 28bp to 4.67 per cent.

Elsewhere in equity markets, the Stoxx Europe 600 index ended the day down 0.4 per cent.

Hong Kong's Hang Seng had earlier closed down 3 per cent while China's mainland CSI 300 gauge dropped

Avoid knee jerk rush to speculative assets on Fed pivot fervour

Richard Bernstein

Markets Insight

So many recent market moves have been driven by the intense examination of the public statements of US Federal Reserve board members for clues regarding the possibility of a "pivot" by the central bank.

This relentless parsing has caused short-term volatility spikes as investors rush to buy or sell speculative assets like technology stocks and cryptocurrencies at even the remotest suggestion from the Fed that they might curtail or maintain tight monetary policies.

Such speculative fervour seems very premature. First, the benchmark fed funds rate, after taking into account inflation, remains near historically negative levels. With inflation near 40-year highs and the Fed's credentials to fight such rising prices at risk, it is unlikely to ease monetary conditions soon because today's real rates would, in most cycles, be considered very stimulative.

Second, it's not all about the Fed. ating means both primary inputs to valuation are worsening. Yet, overall market valuation remains expensive.

Consensus equity portfolios do not reflect this undesirable combination of rising rates and decelerating earnings. A popular debate centres on the relative attractiveness of cyclicals versus growth — stocks more exposed to the economy compared with companies that have superior secular profits growth.

Unfortunately, history suggests neither of those two groups lead performance when profits decelerate.

Rather, defensive sectors tend to lead during profits recessions. Consumer

It's not all about the central bank. Investors seem to have forgotten the importance of earnings

broad earnings growth turns negative.

Credit has been very popular among fixed income investors but lower quality bonds tend to underperform higher quality ones during profits recessions — because the cash flows of the companies that issue them deteriorates, making it hard to pay debt obligations.

Many have suggested the current strength in corporate balance sheets implies "this time is different" for corporate credit investing and that lower quality bonds will perform unusually well. However, similar claims have been made at the peak of nearly every profits cycle when balance sheets always look strongest.

It seems unrealistic to assume that lower quality credits will go untouched by tighter monetary conditions.

After all, isn't that the whole point to tightening? Indeed, credit spreads have already begun to widen as the Fed has raised rates and a profits recession in 2023 will certainly cause credit spreads

expectations of tighter monetary policy.
Yesterday's downbeat trading activity also came ahead of a flurry of third-quarter corporate earnings results.
Investors will analyse companies'

all maturities, even after the Bank of England unveiled measures to ease strains on UK pension funds, including an increase to the limits on purchases within its emergency gilt-buying programme.

2.2 per cent. Overall, Chinese chipmakers shed $8.6bn in market value on Monday after Washington unveiled its new export controls. **Ian Johnston and Hudson Lockett**

There are two inputs to any classic valuation formula: interest rates and earnings. And investors seem to have forgotten the importance of earnings.

The likelihood of a full-blown profits recession — at least two quarters of negative year-on-year earnings growth — seems high during early 2023.

Whereas there were numerous fillips to US corporate profits growth as the worst effects of the pandemic receded, many of those forces are now reversing.

Corporations are facing the troublesome combination of weakening demand, rising labour costs, a very strong dollar and the simple maths of difficult comparisons with 2021-22's strong earnings growth.

The combination of the Fed tightening monetary policy and profits decelerating have historically been the most bearish scenario for equities. Consumer staples, healthcare and utilities have historically been the three best performing sectors during such periods.

One needs to remember that, no matter what goes on in the economy, people still eat. They might switch from steak to bologna, however, so necessities rather than dreams and desires usually dominate successful investment themes during profits recessions.

Relative earnings growth is a primary driver of stock returns. Earnings growth in stocks that are more defensive in downturn look very boring and too stable when the economy revs up and investors shift portfolios to more cyclical investments when economic and profits growth accelerate. But boring and stable becomes quite attractive during profits recessions when

to widen further.

There comes a point in every cycle during which investors believe the markets will "look beyond the recession".

This provides comfort to those holding more cyclical assets but the markets have never ignored a profits or economic recession. One must remember the cycle, by definition, is determined by cyclicals.

Investors should resist the knee jerk reaction of rushing to speculative assets based solely on the Fed potentially reversing course. Their portfolios also need to reflect the realities of an approaching profits recession.

Richard Bernstein is chief executive and chief investment officer of Richard Bernstein Advisors

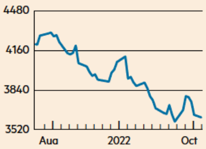
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3619.36	1548.09	27116.11	6959.31	2974.15	115500.47
% change on day	-0.56	-0.36	-0.71	-0.45	-1.66	-0.75
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	112.995	0.970	145.745	1.105	7.143	5.209
% change on day	0.177	-0.919	0.417	-0.719	0.731	-0.078
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.888	2.340	0.249	4.470	2.741	12.446
Basis point change on day	2.640	14.800	0.000	24.000	-1.500	1.700
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	368.14	97.20	92.29	1696.15	20.63	3577.10
% change on day	-0.87	-0.74	-0.38	-1.05	0.41	-2.05

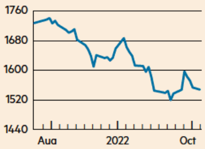
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

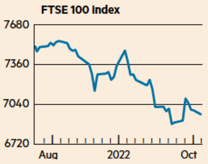
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Walgreens Boots Alliance	4.80	Basf	6.55	Smith (ds)	12.12
	Mosaic (the)	3.76	Evonik Industries	5.72	Smurfit Kappa	6.73
	Twitter	2.93	Deutsche Post	5.49	Mondi	4.17
	Carmax	2.81	Heidelbergcement	5.18	Kingfisher	3.21
	Merck & Co	2.73	Thyssenkrupp	4.78	M&g	2.86
Downs	Wynn Resorts	-11.51	Saipem	-4.21	Haleon	-2.92
	Las Vegas Sands	-8.61	Casino Guichard	-4.05	Centrica	-2.68
	Norwegian Cruise Line Holdings Ltd	-7.68	Asml Holding	-3.43	Rolls-royce Holdings	-2.42
	Ford Motor	-6.89	Pernod Ricard	-3.31	Segro	-2.41
	Arista Networks	-6.73	Fresen.med.care	-3.28	Diageo	-2.34

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Wall Street

Casino operators **Wynn Resorts** and **Las Vegas Sands** sank to the bottom of the S&P 500 index after China revealed a jump in the number of Covid-19 cases.

Beijing on Sunday reported more than 1,700 cases over the previous 24 hours, more than triple the figure from the previous week, following a week-long national holiday.

Both groups have properties located in Macau, a narrow peninsula off the south coast of China.

Ford joined Wynn and Sands near the foot of the blue-chip index after UBS downgraded the auto group from "neutral" to "sell".

The manufacturer's "European business could become lossmaking against a difficult macro backdrop", said the broker.

The analysts added that rival General Motors was "likely to catch up fast" to Ford in the area of electric vehicles owing to its "big Ultium-based product offensive" — GM's EV platform that aimed to use common parts to produce a broad range of vehicles.

Another auto group, **Rivian**, dived after the National Highway Traffic Safety Administration revealed that the EV maker was recalling nearly all of its vehicles owing to "a loose steering knuckle fastener" that could increase "the risk of a crash". *Ray Douglas*

Europe

Renault rallied following the release of a statement in which the carmaker revealed that it was "engaged in trustful discussions around several initiatives" with its Japanese partner Nissan.

Its Asian peer has a 15 per cent stake in Renault while the French group owns 43.4 per cent of Nissan, according to the data from Refinitiv.

Among the issues rumoured to be debated was the possibility of Renault reducing its €6.1bn stake in Nissan, said Jefferies — a move looked upon favourably by the broker.

"We view reducing excess capital tied up in Nissan as positive to improve capital allocation, be it to shareholders or electric vehicle investment," said the bank's analysts.

Sweden's **Munters** climbed after Berenberg initiated coverage of the dehumidification and cooling solutions specialist with a "buy" recommendation.

Munters had "a growing exposure to the high-growth markets of lithium-ion batteries and data centres", said the broker.

A slide in sales weighed on Norway's **TGS**.

Preliminary results from the energy data and intelligence group pointed to net revenues of about $135mn for the third quarter, down from $200mn for the same period a year earlier. *Ray Douglas*

London

A guidance upgrade sent **DS Smith** to the top of the FTSE 100 benchmark with the packaging business expecting "overall performance for the current full financial year . . . to be ahead of our previous expectations".

Like-for-like corrugated box volumes were "slightly lower" following an uptick in demand during the pandemic, boosted by a boom in online shopping.

Revenue growth was nevertheless "very strong", said DS Smith, aided by "effective cost mitigation".

Packaging sector peers **Smurfit Kappa** and **Mondi** rallied as a result of this unscheduled update.

Drugs company **Evgen Pharma** soared after signing a licensing deal with Switzerland's Stalicla for the global rights of SFX-01, its medicine to treat patients with a form of autism.

The agreement included milestone payments of up to $160.5mn and potential sales royalties "in the low to medium double-digit range", it said.

Business publisher **Bonhill** tumbled on the news that it was considering putting itself up for sale.

Its board had "decided to undertake a strategic review, which may or may not result in the sale of the group as a whole", it said within an update that forecast a loss of around £350,000 for the year. *Ray Douglas*

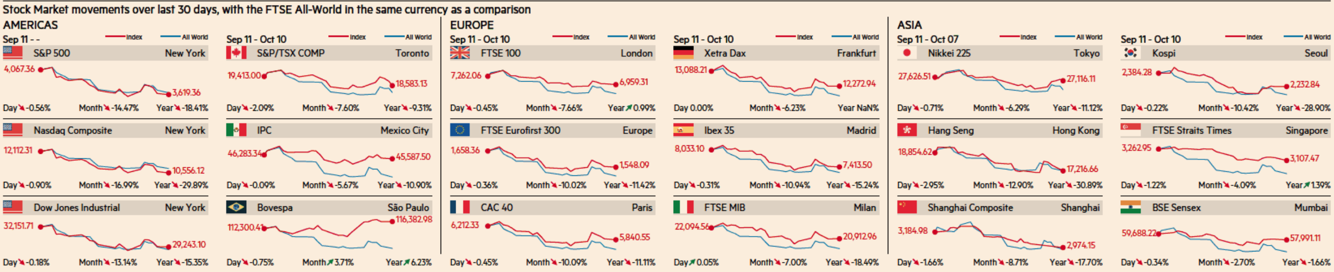
MARKET DATA

WORLD MARKETS AT A GLANCE FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-0.56%	-0.90%	-0.18%	-0.45%	-0.36%	-0.71%	-2.95%	-0.87%	-0.919%	-0.719%	0.417%	-0.114%	-0.38%	-1.05%

Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison



Country	Index	Latest	Previous
Argentina	Merval	144645.33	146722.87
Australia	All Ordinaries	6872.00	6976.10
	S&P/ASX 200	6667.80	6762.80
	S&P/ASX 200 Res	5456.40	5504.90
Austria	ATX	2747.25	2755.78
Belgium	BEL 20	3363.53	3366.12
	BEL Mid	8720.40	8775.18
Brazil	IBovespa	115500.47	116375.25
Canada	S&P/TSX 60	1122.55	1144.64
	S&P/TSX Comp	18583.13	18979.01

Country	Index	Latest	Previous
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1152.90	1168.74
Denmark	OMXC Copenahgen 20	1559.66	1563.67
Egypt	EGX 30	9940.86	10010.78
Estonia	OMX Tallinn	1703.80	1693.37
Finland	OMX Helsinki General	9939.67	9969.16
France	CAC 40	5840.55	5866.94
	SBF 120	4491.14	4512.78
Germany	M-DAX	22476.26	22530.96
	TecDAX	2696.29	2730.39

Country	Index	Latest	Previous
Italy	FTSE Italia All-Share	22771.92	22728.57
	FTSE Italia Mid Cap	34866.60	35060.51
	FTSE MIB	20912.96	20901.56
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27116.11	27311.30
	S&P Topix 150	1630.04	1643.85
	Topix	1930.17	1935.49
Jordan	Amman SE	2482.54	2479.74
Kenya	NSE 20	1676.77	1677.36
Kuwait	KSX Market Index	6633.44	6603.51

Country	Index	Latest	Previous
Philippines	Manila Comp	5832.58	5932.19
Poland	Wig	46070.95	46911.05
Portugal	PSI 20	5313.11	5354.70
	PSI General	4120.66	4166.41
Romania	BET Index	10865.61	10908.72
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11757.79	11770.32
Singapore	FTSE Straits Times	3107.47	3145.81
Slovakia	SAX	344.95	344.95

Country	Index	Latest	Previous
Taiwan	Weighted Pr	13702.28	13892.05
Thailand	Bangkok SET	1570.57	1579.66
Turkey	BIST 100	3591.13	3567.60
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2236.10	2232.20
	FTSE 100	6959.31	6991.09
	FTSE 4Good UK	6211.56	6243.48
	FTSE All Share	3791.94	3814.26
	FTSE techMARK 100	5886.55	5928.86
USA	DJ Composite	9852.23	9839.15

Country	Index	Latest	Previous
Cross-Border	DJ Global Titans ($)	390.57	393.87
	Euro Stoxx 50 (Eur)	3361.35	3375.46
	Euronext 100 ID	1126.00	1133.21
	FTSE 4Good Global ($)	8675.36	8761.67
	FTSE All World ($)	368.14	371.38
	FTSE E300	1548.09	1553.62
	FTSE Eurotop 100	3045.87	3061.42
	FTSE Global 100 ($)	2283.15	2304.25
	FTSE Gold Min ($)	1485.18	1538.14
	FTSE Latibex Top (Eur)	4440.00	4432.20

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	85.7	224.91	1.84
Apple	45.7	140.47	0.38
Nvidia	40.4	116.61	-4.15
Advanced Micro Devices	32.7	57.88	-0.56
Microsoft	28.1	229.18	-5.06
Amazon.com	20.4	114.02	-0.54
Netflix	11.8	229.34	4.59
Paypal Holdings	10.1	85.08	-5.09
Occidental Petroleum	8.4	67.38	-2.42
Lam Research	7.2	351.69	-23.15

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Walgreens Boots Alliance	31.99	1.47	4.80
Mosaic (the)	52.98	1.92	3.76
Twitter	50.62	1.44	2.93
Carmax	64.06	1.75	2.81
Merck & Co	89.99	2.39	2.73
Downs			
Wynn Resorts	64.68	-8.41	-11.51
Las Vegas Sands	38.84	-3.66	-8.61
Norwegian Cruise Line Holdings Ltd	11.91	-0.99	-7.68
Ford Motor	11.36	-0.84	-6.89
Arista Networks	108.58	-7.84	-6.73

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Shell	199.4	2327.50	-18.00
Astrazeneca	163.3	9826.00	-204.00
Lloyds Banking	155.0	42.19	-0.49
Bp	144.8	462.45	-6.65
Glencore	130.6	493.40	-0.45
Hsbc Holdings	108.4	462.75	-4.25
Rio Tinto	88.8	5120.00	54.00
Anglo American	87.1	2752.50	-21.50
British American Tobacco	81.9	3319.00	5.50
Unilever	79.6	3910.00	-17.50

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Smith (ds)	271.10	29.30	12.12
Moneysupermarket.com	194.10	13.50	7.48
Smurfit Kappa	2617.00	165.00	6.73
Mondi	1410.00	56.50	4.17
Kingfisher	212.20	6.60	3.21
Downs			
Syncona	162.60	-19.00	-10.46
Molten Ventures	271.80	-26.60	-8.91
Greencoat Uk Wind	138.30	-12.70	-8.41
Nextenergy Solar Fund	101.00	-8.60	-7.85
Bluefield Solar ome Fund	124.50	-10.00	-7.43

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Roche Gs	443.8	330.76	-3.71
Nestle N	338.0	109.23	-0.04
Novartis N	317.9	77.89	0.03
Asml Holding	242.1	431.90	-15.35
Unicredit	155.9	10.90	0.19
Santander	154.6	2.50	-0.03
Basf Se Na O.n.	150.1	43.36	2.67
Eni	146.1	11.78	-0.06
Enel	141.6	4.19	0.07
Lvmh	137.7	610.30	-7.90

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Basf Se Na O.n.	43.36	2.67	6.55
Deutsche Post Ag Na O.n.	32.55	1.69	5.49
A.p. M__ller - M__rsk B A/s	1951.19	62.51	3.31
A.p. M__ller - M__rsk A A/s	1868.51	53.77	2.96
Vi	83.10	1.92	2.37
Downs			
Volkswagen Ag Vzo O.n.	125.68	-4.60	-3.53
Adyen	1273.00	-46.40	-3.52
Asml Holding	431.90	-15.35	-3.43
Sartorius Ag Vzo O.n.	380.90	-13.30	-3.37
Pernod Ricard	176.90	-6.05	-3.31

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Softbank .	924.8	5504.00	10.00
Tokyo Electron	665.7	38830.00	-310.00
Toyota Motor	552.9	1985.50	-14.50
Mitsubishi Ufj Fin,.	481.5	652.70	-15.00
Sony	427.1	9891.00	-34.00
Nippon Yusen Kabushiki Kaisha	419.2	2563.00	-68.00
Fast Retailing Co.,	366.2	79890.00	150.00
Keyence	334.4	51930.00	-250.00
Nintendo Co.,	310.3	6056.00	0.00
Mitsui O.s.k.lines,	296.4	2775.00	-47.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Central Japan Railway	16940.00	350.00	2.11
East Japan Railway	7663.00	142.00	1.89
West Japan Railway	5671.00	101.00	1.81
Keisei Electric Railway Co.,	4020.00	60.00	1.52
Credit Saison Co.,	1823.00	27.00	1.50
Downs			
Sharp	859.00	-38.00	-4.24
Seven & I Holdings Co.,	5486.00	-199.00	-3.50
Ihi	3145.00	-95.00	-2.93
Sumitomo Osaka Cement Co.,	3210.00	-95.00	-2.87
Toppan Printing Co.,	2205.00	-61.00	-2.69

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Oct 10 price(p)	%Chg week	%Chg ytd
Winners			
Int Consolidated Airlines S.a.	101.74	8.6	-
Imperial Brands	2006.00	7.8	24.0
Informa	546.80	5.7	5.6
Coca-cola Hbc Ag	1959.00	5.7	-
Intermediate Capital	1054.50	5.5	-
Whitbread	2439.00	5.2	-
Flutter Entertainment	10180.00	5.0	-
Bae Systems	837.60	4.8	52.5
Ashtead	4314.00	4.7	-
Prudential	922.00	4.5	-
Bp	462.45	4.5	38.8
Smith (ds)	271.10	3.9	-
Losers			
Unite	812.00	-6.9	-
Next	4529.00	-6.3	-
Ocado	437.80	-6.0	-
United Utilities	847.20	-5.8	-
British Land	335.50	-5.7	-
Kingfisher	212.20	-5.6	-
Severn Trent	2267.00	-5.5	-
Sse	1494.00	-5.0	-9.6
Land Securities	504.80	-4.9	-
Persimmon	1215.00	-4.9	-
Segro	720.00	-4.8	-
Frasers	646.00	-4.5	-

FTSE 250	Oct 10 price(p)	%Chg week	%Chg ytd
Winners			
Wetherspoon (J.d.)	484.00	24.2	-
Hilton Food	616.00	12.6	-
Chemring	313.00	9.1	6.8
Plus500 Ltd	1767.00	7.5	30.3
Just	62.50	7.4	-22.9
Aj Bell	296.40	6.4	-
Investec	393.20	5.3	-3.7
Hill & Smith Holdings	971.00	5.1	-
Playtech	466.20	4.8	-
Jpmorgan Global Growth & ome	413.50	4.6	-
Videndum	1258.00	4.3	-
Direct Line Insurance	193.15	4.1	-
Losers			
Aston Martin Lagonda Global Holdings	90.12	-18.0	-
Marshalls	249.60	-14.8	-
Uk Commercial Property Reit	53.90	-12.4	-
Molten Ventures	271.80	-12.3	-
Drax	532.50	-11.6	-
Vistry	543.50	-11.1	-
Synthomer	97.95	-10.1	-
Balanced Commercial Property Trust	72.70	-10.1	-
Wizz Air Holdings	1374.00	-10.0	-
Bluefield Solar ome Fund	124.50	-9.1	0.6
Greencoat Uk Wind	138.30	-8.9	-2.2
Foresight Solar Fund	108.00	-8.5	6.5

FTSE SmallCap	Oct 10 price(p)	%Chg week	%Chg ytd
Winners			
Halfords	166.50	21.9	-
Headlam	264.00	13.8	-
The Gym	122.00	13.0	-52.3
Wanton	326.00	11.3	-9.4
Enquest	30.00	10.3	60.6
Kin And Carta	190.00	10.2	-
Dignity	374.00	10.0	-37.0
Hollywood Bowl	210.00	8.8	-9.9
Fisher (james) & Sons	303.50	8.8	-
Severfield	52.00	8.3	-
Pharos Energy	23.60	8.3	-8.3
Restaurant	32.28	7.5	-
Losers			
Motorpoint	151.00	-14.7	-
Abrdn Eur Logistics ome	76.60	-13.4	-
Abrdn Property ome Trust	57.00	-11.8	-
Oxford Biomedica	317.00	-9.7	-
Custodian Reit	90.00	-9.6	-
Residential Secure ome	97.00	-9.3	-
Schroder Real Estate Investment Trust	42.60	-9.3	-
Picton Property ome Ld	76.90	-9.1	-
Helical	314.50	-8.8	-
Empiric Student Property	79.20	-8.8	-7.6
Newriver Reit	69.10	-8.5	-
Avon Protection	991.50	-7.7	-

Industry Sectors	Oct 10 price(p)	%Chg week	%Chg ytd
Winners			
Aerospace & Defense	4780.21	2.1	14.4
Oil & Gas Producers	8095.62	0.3	41.4
Industrial Metals	6848.23	-0.2	8.0
Industrial Transportation	3147.93	-1.9	-
Personal Goods	28669.24	-2.0	-
Tobacco	35732.18	-3.0	22.5
Media	8646.23	-3.2	-
Health Care Equip.& Services	10639.27	-3.3	29.0
Beverages	27734.70	-4.0	-
Pharmaceuticals & Biotech.	18625.30	-4.4	-0.5
Electronic & Electrical Equip.	8166.02	-4.9	-
Industrial Engineering	13193.46	-4.9	-
Losers			
Automobiles & Parts	1075.83	-35.2	-
Real Estate & Investment Servic	1933.74	-21.9	-
Real Estate Investment Trusts	2050.44	-21.7	-
Electricity	9174.90	-17.7	-9.0
Gas Water & Multiutilities index	4936.81	-17.7	-
Household Goods	8866.55	-16.6	-50.2
Banks	2946.65	-12.0	-3.0
Food Producers	4912.42	-11.8	-
Nonlife Insurance	2908.29	-9.2	-
Travel & Leisure	5577.83	-9.2	-
Construction & Materials	6169.28	-8.5	-26.7
Life Insurance	6036.99	-8.4	-

Based on last week's performance. †Price at suspension.

CURRENCIES

Oct 10	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	149.1915	0.0025	144.7534	-1.2356	164.8270	-1.2726
Australia	Australian Dollar	1.5915	0.0303	1.5441	0.0165	1.7583	0.0201
Bahrain	Bahrainin Dinar	0.3774	-0.0001	0.3662	-0.0032	0.4170	-0.0033
Bolivia	Bolivian Boliviano	6.9100	-	6.7044	-0.0573	7.6342	-0.0591
Brazil	Brazilian Real	5.2090	-0.0040	5.0540	-0.0472	5.7549	-0.0490
Canada	Canadian Dollar	1.3753	0.0064	1.3344	-0.0051	1.5194	-0.0046
Chile	Chilean Peso	938.1750	-2.6750	910.2663	-10.4027	1036.4971	-10.9984
China	Chinese Yuan	7.1431	0.0519	6.9306	-0.0085	7.8917	-0.0033
Indonesia	Indonesian Rupiah	15312.5000	60.0000	14856.9866	-68.3642	16917.2964	-64.0920
Israel	Israeli Shekel	3.5636	0.0236	3.4575	-0.0065	3.9370	-0.0042
Japan	Japanese Yen	145.7450	0.6050	141.4094	-0.6174	161.0193	-0.5724
..One Month		145.7445	0.6041	141.4093	-0.6177	161.0189	-0.5732
..Three Month		145.7433	0.6017	141.4089	-0.6184	161.0178	-0.5754
..One Year		145.7379	0.5908	141.4058	-0.6246	161.0189	-0.5811
Kenya	Kenyan Shilling	120.8500	-	117.2550	-1.0028	133.5153	-1.0331
Kuwait	Kuwaiti Dinar	0.3105	0.0003	0.3012	-0.0023	0.3430	-0.0023

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Twitter	50.62	49.18	1.44	2.93	8.08	19.0	15.01
CanNatRs	75.36	74.24	1.12	1.51	11.06	17.2	4.10
Suncor En	45.04	45.11	-0.07	-0.16	6.14	15.8	6.25
Petrobras	37.66	37.44	0.22	0.59	4.58	13.8	6.54
Halliburton	29.72	30.41	-0.69	-2.27	3.34	12.7	1.22
Softbank	5504.00	5494.00	10.00	0.18	604.00	12.3	-4.30
Renault	31.59	30.68	0.91	2.97	3.15	11.1	7.80
CredSuisse	4.35	4.44	-0.09	-2.05	0.41	10.5	-13.75
Schlmbrg	42.07	42.59	-0.52	-1.22	3.77	9.8	13.47
SK Hynix	91200.00	89900.00	1300.00	1.45	8100.00	9.7	-5.39
BASF	43.36	40.70	2.67	6.55	3.76	9.5	-0.62
Phillips66	92.26	92.50	-0.24	-0.26	7.68	9.1	4.59
Denso	7159.00	7154.00	5.00	0.07	573.00	8.7	-9.61
ImpOil	64.92	65.97	-1.05	-1.59	5.11	8.5	5.49
Keyence	51930.00	52180.00	-250.00	-0.48	4030.00	8.4	-8.87
Devon Energy	70.70	72.04	-1.34	-1.86	5.37	8.2	3.29
ExxonMb	99.19	101.03	-1.84	-1.82	7.27	7.9	5.57
ShnEtsuCh	15455.00	15620.00	-165.00	-1.06	1125.00	7.9	-10.63
Imperial Brands	2006.00	1991.00	15.00	0.75	144.50	7.8	5.39
Illumina	201.37	206.18	-4.81	-2.33	14.13	7.5	-0.57

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Advanced Micro	57.88	58.44	-0.56	-0.96	-8.23	-12.4	-39.40
AmerTower	192.77	194.63	-1.86	-0.96	-24.40	-11.2	-29.71
CrownCstl	133.62	134.35	-0.73	-0.54	-14.09	-9.5	-25.82
VF Cp	28.47	28.87	-0.40	-1.39	-2.81	-9.0	-37.40
Cadence Design	155.22	158.90	-3.68	-2.32	-15.06	-8.8	-17.26
CVS	89.17	88.25	0.92	1.04	-8.59	-8.8	-13.95
Fresenius Med	26.51	27.41	-0.90	-3.28	-2.52	-8.7	-20.43
DominRes	64.97	64.39	0.58	0.90	-6.12	-8.6	-23.99
Applied Materi.	78.94	82.60	-3.66	-4.43	-7.31	-8.5	-24.42
EquityResTP	62.48	62.53	-0.05	-0.08	-5.61	-8.2	-20.33
Digital Realty	92.20	92.45	-0.25	-0.27	-8.25	-8.2	-29.24
Carnival	6.31	6.76	-0.45	-6.66	-0.54	-7.9	-35.92
Fresenius SE	20.26	20.91	-0.65	-3.11	-1.69	-7.7	-20.01
Centene Corp	74.22	74.82	-0.60	-0.80	-5.78	-7.2	-23.29
Tesla Mtrs	224.91	223.07	1.84	0.83	-17.49	-7.2	-24.03
PngAnBnk	11.47	11.84	-0.37	-3.13	-0.82	-6.7	-8.59
IM Baotou Stl	1.83	1.84	-0.01	-0.54	-0.13	-6.6	-14.08
Sinopec Oil	1.84	1.84	0.00	0.00	-0.13	-6.6	-2.63
ChShpbldng	3.41	3.41	0.00	0.00	-0.24	-6.6	-10.73
SingTel	2.49	2.53	-0.04	-1.58	-0.17	-6.4	-6.39

Based on the FT Global 500 companies in local currency

INTEREST RATES: OFFICIAL

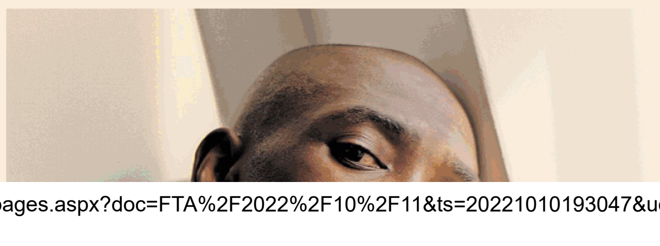
Oct 10	Rate	Current	Since	Last
US	Fed Funds	3.00-3.25	21-09-2022	2.25-2.5
US	Prime	6.25	22-09-2022	5.50
US	Discount	2.50	27-07-2022	1.50
Euro	Repo	0.374	20-09-2022	0.141
UK	Repo	2.25	22-09-2022	1.75
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	189.21	-0.56	0.34	-13.91	-3.47	-13.04
Corporates(£)	298.46	-0.51	-1.01	-24.59	-8.14	-23.82
Corporates(€)	204.79	-0.44	-0.05	-15.21	-3.41	-15.72
Eurozone Sov(€)	210.87	-0.77	-0.47	-17.12	-4.33	-17.53
Gilts(£)	253.92	-0.65	-3.73	-29.36	-10.19	-27.14
Overall(£)	261.93	-0.58	-2.96	-27.64	-9.45	-25.80

ARTS

A life story told through dance



of south-west Cameroon and Mbi's name within his family.

Now 36, Mbi spent his first 12 years in Cameroon but a change in financial circumstances prompted a move to Dagenham in east London. A key episode in *Enowate* was inspired by a return to Cameroon in 2016 to judge a popping competition. While there, he travelled from Douala to his home village 800 miles away to attend a family funeral.

It was unquestionably a homecoming

Choreographer and dancer Dickson Mbi's new one-man show crosses genres – and continents. He talks to Louise Levene

Somewhere in a parallel universe there is another Dickson Mbi with a steady job in IT but, thanks to a chance collision with the world of dance in 2004, the Londoner's career took a very different path.

This weekend sees the premiere of his one-man show, *Enowate*, about his life. Speaking during a break in rehearsals, Mbi recalls the afternoon when his life changed track. "This girl I met was going to a class at Pineapple Studios. I went with her to learn dance and I realised it was really *hard*, so I walked out and met a group of guys outside. They were doing a style called popping . . . That's how my journey began."

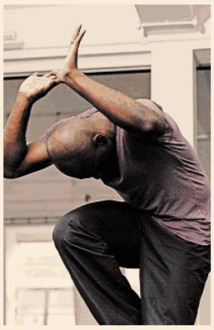
Mbi hadn't done dance or gymnastics at school and, while he was fast and fit, playing for West Ham United's under-16s football team ("They let me go at 16 so I wasn't *that* good"), he had a lot of catching up to do.

"I practised at home, I practised at lunchtime at the IT firm" and every Saturday he and his new friends would be on the streets of Covent Garden with a boom box fine-tuning their moves. "People would say 'shall we give you guys money?' And we said 'no, we're just *doing* this.'"

Years passed with Mbi happily leading a double life until a dance teacher, Stuart Thomas, spotted that, for all his dazzling ability to isolate and flex every individual sinew in rhythm, the young "popper" had his limitations. "Being 22, I was on top of the world, winning a few competitions. I had a reputation in the street dance world so when Stuart said 'Can you touch your toes, mate?' I said 'I don't need to touch my toes to dance.'"

Mbi agreed to take some classes ("just to prove him wrong") but after three months Thomas encouraged him to move on. "He filled out an application form for Lewisham College and then he *lied* to me. He said, 'My friend is teaching a class there'. I didn't know it was an audition." With the support of his mother and a sideline teaching hip-hop, he managed to give up his IT career and stay the course – "the hardest two years of my life".

The curriculum at Lewisham and then at the London Contemporary Dance School broadened his dance horizons: Graham and Cunningham technique, jazz, even ballet. "I only did ballet for two or three years. I can't point my feet," he confesses. But, despite his minimal training, his teacher, Patricia Rianne, put him in the top group. "I wasn't that good in terms of my technique but my *expression* was what she kept pushing. Everyone was saying: 'Watch Dickson.'"



Above and left: Dickson Mbi, photographed for the FT by Ollie Adegboye

While doing some hip-hop improvisation at Sadler's Wells's annual Breakin' Convention, he was offered a job by a passing choreographer. LCDS was unimpressed by his plans to drop out until he named his new boss: Russell Maliphant, the Royal Ballet-trained contemporary dancemaker who enjoyed a globetrotting partnership with the ballerina Sylvie Guillem. "They said, 'Dickson you need to *go*!'"

During his eight years with Maliphant, Mbi maintained a parallel career in international street dance, but he was always eager to explore possibilities in pop music, theatre and TV, building up a string of contacts. While choreographing *Unstrung*, the *Petrushka*-esque winning routine on the BBC's 2019 *Young Dancer*, he met choreographer Kenneth Tindall, who introduced him to David Nixon, Northern Ballet's artistic director from 2001 to 2022.

Nixon promptly commissioned Mbi to create a one-act ballet, *Ma Vie*, which can be seen at the Royal Opera House's Linbury Studio next month. The piece could be seen as an attempt to fill in the blanks in Tindall's *Casanova* (2017), a handsome but slightly one-dimensional take on the life of the Italian adventurer and author. "Focusing on him being a womaniser wasn't what I wanted," says Mbi. "Casanova was such a nuanced person." Staged using costumes from the original production, the result is both elegant and intriguing. "One of the coolest pieces I've made," smiles Mbi. "It's a lot of joy." After *Ma Vie* he will be working on a Nelson Mandela musical for the Young Vic as well as a 2023 commission for Scottish Ballet.

Mbi's action-packed CV has meat enough for a biopic. But for now it's just an hour-long dance solo: *Enowate*, "truth stands" in the Kenyang language – "I learned about my name, I learned about my culture" – but Mbi also recognises that Dagenham had a hand in moulding him. "When I go to Cameroon I'm an outsider: the way I spoke, the way I dressed." The same humility that makes him name-check every teacher, mentor and collaborator made him anxious to avoid culturally appropriating the funeral rites of his homeland. "I felt that this . . . was something quite secret. It's the hardest, most personal piece I've ever done."

His collaborators for *Enowate* include Simon McBurney of British theatre company Complicité, who helped him give theatrical shape to his multi-faceted life story. It forms part of a short season showcasing the work of black dancemakers and helping further broaden Sadler's Wells's audience base. Mbi is the ultimate crossover artist. "I'm fortunate to be part of two worlds: a street dance world and a contemporary dance world and I'm trying to break those barriers."

Among Friday's audience will be 50 students from his alma mater: Mayfield School in Dagenham. "I think it's really important that this work is seen by the area that I'm from, for the young people to see that you can do whatever you want. When I look around, I don't see a lot of ethnic minority choreographers. There are people I look up to but not from my demographic. I'm from *Dagenham* – know what I mean? I've got to connect back to where I'm from."

'Enowate' October 14 & 15, sadlerswells.com
'Ma Vie' November 1-3, Linbury Studio Theatre, roh.org.uk

Minju Kang in Dickson Mbi's 'Ma Vie', which opens in London next month
Emma Kauldhar

Berlin Ring that will go down in history

OPERA

Der Ring des Nibelungen
Staatsoper Unter den Linden, Berlin
★★★★☆

Shirley Apthorp

This should have been Daniel Barenboim's *Ring*. That he is not on the podium is an indication of just how unwell he is; and halfway through the cycle, he announced that he was retiring from conducting, having been diagnosed with "a serious neurological condition". It is the end of an era.

Instead, we got Christian Thielemann, known for his Wagner, Strauss, Pfitzner and vocal support for rightwing political groups – an indication of just how grave Barenboim's illness must be. In better circumstances, it is hard to imagine him selecting such a clear rival for the task.

If this *Ring* were a job interview for Barenboim's position, Thielemann would be well on his way. The Staatskapelle was on its (considerable) best form for him, and the audience hailed him like the second coming. Regardless of what happened on stage, this will go down in history as Thielemann's Berlin *Ring*, for his absolute control over every note, his lush, full-cream sound, his vivisection of the score, laying bare all the details, even when doing so meant choosing painfully slow tempi.

Of course, it is also director Dmitri Tcherniakov's *Ring*. In accordance with Barenboim's wishes, the entire cycle was unveiled at once; it is far more common for a *Ring* to be built up gradually over months. To make a complete *Ring* is a huge task. Tcherniakov's approach has been to build a Herculean set, and treat the whole thing as a social experiment.

That set is the ESCHE laboratory (a pun on the Welt-Esche, or ash tree, from which Wotan carves his spear), where Wotan and his staff are running a series of elaborate experiments on human behaviour. There is a "Stresslabor" and a "Schlaflabor" (sleep lab), and an entire floor filled with caged rabbits (approved by animal welfare organisations). The set looks like a million euros, which is what it is rumoured to have cost. Room after room is exposed as the set slides, rotates and rises or sinks. All of the renovated Staatsoper's state-of-the-art stage machinery is tested to its limits. The outcome is breathtaking.

And Tcherniakov is right – the story of the *Ring* is also the story of one gigantic and doomed social experiment. Do you really need the magic elements to tell the tale? Tcherniakov does away with almost all of them. Wotan has no spear; Siegfried neither horn nor sword; Froh's rainbow bridge is a magic trick with handkerchiefs; there is no Rheingold. Brünnhilde draws her own fire with chalk on the backs of chairs from the conference room before dozing off in the sleep lab. Her horse, Grane, is a plastic My Little Pony with a red mane. There is neither love potion nor truth serum to account for Siegfried's infidelity and confession.

> The audience hailed conductor Christian Thielemann like the second coming

But there are murders. Wotan's laboratory recalls Netflix's *Squid Game*, an experiment in which players are expendable. Siegfried, having destroyed the Lego sculptures of his childhood bedroom, dispatches Mime, then Fafner, with no apparent repercussions. Hunding, Hagen and Brünnhilde survive.

Though Tcherniakov's concept seems threadbare at times, his handiwork is unimpeachable; every person on stage is a fully rounded, complex character, and the social dynamics are directed with scrupulous attention to detail.

The cast is formidable. Michael Volle's Wotan is strong-willed and nuanced, Vida Miknevičiūtė's Sieglinde radiant and winning, Mika Kares makes a wonderfully brutish Hunding. Andreas Schager is a superlative Siegfried, still full-throated after hours. Anja Kampe takes her voice to the far edges of its capabilities as Brünnhilde. With Thielemann carrying her on the palms of his hands, it is beautiful, intelligent, and profoundly moving.

Robert Watson's Siegmund is roundly booed, which seems almost as unjust as the storms of boos that greet Rolando Villazón for his Loge. Yes, Villazón's voice is not what it once was, but the amount of work that has gone into this role is very apparent, and he manages almost all of it surprisingly well.

The real booing was reserved for Tcherniakov and his team, who took their bow after *Götterdämmerung* – it was vociferous and lasting.

Thielemann left Berlin's Deutsche Oper in 2004 in a fit of pique. But he seems ready to return to the German capital. Will he succeed Barenboim as chief conductor of the Staatsoper? It is beginning to look likely.

To April 2023, staatsoper-berlin.de

Peter Rose, left, as Fafner in 'Das Rheingold' – Monika Rittershaus

Crackdowns by tax authorities, lawsuits against journalists and online intimidation have all contributed to the pressure on freedom of expression in a country that has taken pride in its clamorous public square.

By John Reed

India's silenced voices

The income tax officials arrived at the Bangalore office of the Independent and Public-Spirited Media Foundation on Wednesday, September 7, and stayed until 4:30am on Friday. They combed through records, took statements from staffers and removed laptops and mobile phones to clone the data. As they worked through the first night, the chief executive, Sunil Rajshekhar, caught a few hours' sleep in his office.

Across India, in the capital of Delhi, tax inspectors were simultaneously swooping on two more non-profits: Oxfam India and the Centre for Policy Research, a sober think-tank known for holding debates and publishing papers on such worthy topics as health and nutrition, federalism and the regulation of India's urban trees.

During what Oxfam described in a statement as "35-plus hours of nonstop survey", staff were not allowed to leave the building, the internet was cut off and their mobile phones confiscated. Oxfam said the tax team removed hundreds of pages of data pertaining to its finances and programmes, and cloned its server.

The crackdown was not uncommon for India, where fiscal and law enforcement agencies are known for conducting regular — and, critics say, overzealous or politically motivated — searches of individuals and organisations, from opposition politicians to Chinese smartphone makers. In 2020, Amnesty International was forced to suspend its operations in India after its bank accounts were frozen following the human rights group's criticism of Narendra Modi's government.

Yet it was the nature of the groups targeted this time that sent a chill through civil society. While the IPSMF supports independent news outlets that have faced intensifying legal and public pressure since prime minister Modi took power in 2014, Oxfam India and the CPR have no such connections. All three organisations declined to comment.

The searches were part of what liberal Indians decry as a clampdown on freedom of expression that, they say, has widened beyond media organisations and journalists to public intellectuals, think-tanks and comedians, too.

"There seems to be a new strategy of claiming financial impropriety — not just for journalists, but for other civil society organisations," says Naresh Fernandes, co-founder and editor of Scroll, a news website. "It immediately cloaks what is essentially a political attack and has been used against civil society and opposition politicians."

India's clamorous public square and disquisitive journalistic and intellectual culture has been a point of pride for many citizens. But the pressure on unfettered speech in the world's largest democracy is palpable. Lawyers, journalists and activists say they see editors and reporters increasingly pulling their punches on topics that could land them in trouble. Even as the country portrays itself as a counterweight to an increasingly authoritarian China, rumours of self-censorship extend to people in business, with potentially harmful consequences for economic development.

"Fewer and fewer people want to speak, and for good reason: there are consequences," says Vrinda Grover, a human rights lawyer practising in India's Supreme Court. Grover serves as defence counsel for Mohammed Zubair, co-founder of the non-profit fact checking website Alt News. He was arrested by police in June over a 2018 tweet "hurting religious beliefs" — and subsequently charged with criminal conspiracy, destroying evidence and receiving foreign funds among other charges.

Government officials reject the notion of any such crackdown. They ascribe the complaints to an entrenched culture of entitlement among liberal journalists and opinion-makers, which has been swept aside in a new India ruled by a popular, twice-elected prime minister whose supporters have pushed the old elites to the margins.

While some media described September's tax inspections as "raids", the government rejects this description. "I believe the technical term was 'survey'," says Kanchan Gupta, a senior adviser with India's Ministry of Information and Broadcasting. He adds that the government is "tough" in enforcing a new law restricting foreign funding for Indian NGOs, and that he understands the survey was meant to check the groups' compliance with it and tax law.

"Central government does not take punitive action against journalists," he says. "Some state governments are known to have done that, as it is their domain; in many cases the action is not linked to their journalism, but to other activities." Gupta says media groups have failed to keep up with the popular will of a changing India. "Media owners are angry because their fat-cat editors are no longer door openers and editors are unhappy that they are no longer door openers because that puts their jobs on the line," he says. "That culture has changed . . . If that doesn't work for some of the journalists — tough luck."

Critics of India's prime minister Narendra Modi, above, and his administration point to 'the use of ordinary criminal law against media or journalists' platforms for stories they have done, or social media posts'. Right: farmers celebrate after Modi agreed to repeal agricultural reforms that had sparked protests

FT montage; AFP/Getty Images/Dreamstime

Sedition and defamation

The most sinister example of curtailment of freedom of speech in many Indians' living memories happened in the 1970s, when then-prime minister Indira Gandhi imposed rule by special powers for almost two years. During that bleak period, known as "the Emergency", journalists were jailed, editors required to vet stories with the government and press freedom suspended.

Some in India's press corps have made comparisons with that time. But others dismiss the analogy as overdrawn in Modi's India, which has a diverse range of outlets, including the digital upstarts the IPSMF has been funding.

With lower overheads and donations from private individuals, nimble digital sites have managed to avoid the pressure increasingly faced by mainstream media from corporate or government advertisers to toe a non-confrontational editorial line, says Apar Gupta, executive director of the internet Freedom Foundation. "The established media have become more corporatised and more dependent on corporate and government advertising," he says. "They have always been beholden but the pressures have increased."

Online news sites have been unsparing in their coverage of some of the more draconian interventions of the present government's first two terms — from the overnight demonetisation of more than 80 per cent of the currency in 2016, to the strict national lockdowns imposed during the Covid-19 pandemic, which sent millions of urban migrant workers trudging back to their villages.

Yet some online outlets, and media watchdog groups, say they, too, work under the growing threat of prosecution, including for defamation (a criminal offence in India), sedition (a crime dating back to colonial rule) "incitement of hatred" or other charges. While many leading online news outlets are based in Delhi, the legal cases and investigations most often come from police, companies or individuals in India's states.

Journalists say they have been investigated after covering stories that touched a nerve, including last year's protests by farmers against proposed agricultural reforms — a rare setback for the government. "This is something unique to Modi's administration: the use of ordinary criminal law against media or journalists' platforms for stories they have done, or social media posts," says Siddharth Varadarajan, a founding editor of news website The Wire. The outlet has faced a string of defamation suits and other charges, including five filed by police in Uttar Pradesh, India's most populous state, ruled by Modi's Bharatiya Janata party.

In early 2021 after covering police violence at the farmers' protests, The Caravan, a monthly magazine based in Delhi, faced 10 sedition cases in five different states (four of which are BJP ruled), filed against its executive editor Vinod Jose and its owners, Paresh Nath and Anant Nath. The cases are still outstanding, but the Supreme Court has granted them bail. "This seems to be the script," says Jose. "They try to target journalists, public intellectuals, or human rights activists on the ground raising issues of civil importance, then book them on a case and send in the agencies, who are being weaponised against anyone who is working critically in the space of democracy."

Journalists, particularly those operating outside the confines of the English-language press, have valid reasons to fear for their personal safety. In 2017 Gauri Lankesh, a prominent critic of Hindu nationalism, was shot dead near her home in Bangalore. She had been convicted of defamation in 2016.

"On global indices, India has regressed considerably in terms of social, political and economic freedoms over a long period of time," says the IFF's Gupta. The most recent World Press Freedom Index from Reporters Without Borders (RSF) ranked India 150th out of 180 countries worldwide, down from 142nd the previous year. With more than 100,000 newspapers and 380 TV news channels, RSF described India's media scene as "a colossus with feet of clay".

Gupta believes the increased scrutiny on tax compliance at Indian NGOs will take a further toll: "These organisations don't have the funds and resources for sophisticated compliance, which includes expert advice from chartered accountants and financial planners."

Reporters arrested

Government critics say core Indian values of diversity and secularism are now under threat — and, with them, talented citizens' opportunities to rise to leadership roles. "We know this from history: that the people who led inventions and innovation were immigrants, minorities, kids with curiosity," says Jose. "What we are now doing as a country to our own people is killing all the opportunities for people of very diverse backgrounds to emerge and excel."

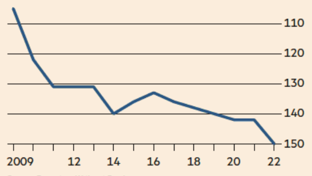
Several of those ensnared in recent legal cases have been Muslims. In a country where the BJP's majoritarian Hindu nationalism has widespread support, public anger whipped up by online commentators has played a role in punishing outspoken minority voices.

> 'There is a serious push through the political process to divide the country'

> 'People don't believe you . . . Journalists eventually become non-credible because of the trolling online'

The slow slide of press freedom in India

Reporters Without Borders' World Press Freedom index, ranking out of 180 countries



Source: Reporters Without Borders

When Zubair was arrested in June, the journalist and fact checker was charged with "hurting religious sentiments and inciting riots". The arrest, which followed a sustained online campaign, was made in connection with a 2018 tweet in which he had posted a still from a 1983 Bollywood film, which was interpreted by some as insulting to Hindus. A widely shared tweet offered cash rewards to anyone who could file police complaints against Zubair and Alt News, arrest him, or convict him to a jail sentence.

Police seized Zubair's laptop, mobile phone, a hard drive and tax invoices during a search of his house, although his lawyers pointed out that the devices were not needed to investigate tweets. He was released on bail after several days in detention. He still faces multiple outstanding legal cases. Zubair's lawyers believe the real reason for his arrest was another tweet in May in which the journalist published offensive remarks about the Prophet Mohammed made by a then-BJP spokesperson Nupur Sharma. The remarks created a furore in some Muslim-majority countries and Sharma was suspended from the ruling party, which denounced her comments.

Munawar Faruqui, a Muslim comedian, was arrested during one of his shows last year, under India's hate speech laws, by police in Indore in the state of Madhya Pradesh. The arrest followed accusations that he was making jokes about Hindu gods and goddesses and ruling officials.

"There is a serious push through the political process to divide the people of the country, and it is succeeding," says Grover, the human rights lawyer. "India has always had strong institutions that can withstand majoritarianism . . . But what we are seeing today is the independence and robustness of these institutions is being compromised."

The new normal

Gupta, the information ministry official, says the government's critics are guilty of lazy attempts at demonisation. "Contrary to what some people think, the Modi government doesn't have two horns and a tail," he says. Of Modi himself, he adds: "he's not a prime minister who is on the think-tank circuit or with the chattering classes."

The observation echoes the BJP's broader anti-elite ethos, which seeks to paint its rival, Congress, as a party of corruption and cronyism. Having handily won two elections on the promise of sweeping away the old guard, the BJP government can rely on supportive social media channels teeming with enforcers of the new norms.

"One of the biggest assaults is on the credibility of journalists," says Srishti Jaswal, a reporter from a Hindu family who lost her job at a national newspaper after a social media furore. "If you criticise Modi, people don't believe you . . . Journalists eventually become a non-credible voice because of the trolling that happens online."

In 2020 Jaswal was suspended, and then resigned, from the Hindustan Times after online critics unearthed a tweet in which she had made a flippant remark that was widely interpreted as an insult to Lord Krishna. OpIndia, a rightwing portal that frequently attacks what it sees as the enemies of Hinduism, denounced her as a "Hinduphobic journalist". It accused her of "vile social media posts making abusive rants against Hindu deities".

She now faces an ongoing blasphemy case in a court near Delhi — an offence that could carry a three-year prison sentence. Yet, she says, online critics had earlier taken offence at a poem she had posted about Jammu and Kashmir, the majority Muslim territory that the government stripped of its status as a state after winning re-election in 2019. "My reporting was in focus, but they could not find anything objectively wrong with it," she says. "However, it was easy to take my tweet out of context."

Jaswal says the legal threat is only one aspect of her ordeal. She adds that the space for free expression is increasingly being policed, not by the government itself, but by an army of supporters of its ideology who are using "extremely sophisticated software" to abuse journalists online. After the tweet was highlighted, she says she was hounded by thousands of strangers online, including in the form of "rape threats, death threats and pornographic content".

Jaswal says she is now doing a digital security course in an attempt to safeguard herself "because I am scared . . . I am scared of what's to come."

Additional reporting by Jyotsna Singh

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

Putin's brutal vengeance on Ukraine

Russia's bombing of targets across the country will only strengthen national resolve

Russia's Vladimir Putin wrongly called Saturday's partial destruction of a flagship bridge linking Russia to annexed Crimea a "terrorist act". His revenge was to unleash mass terror on cities across Ukraine yesterday, missiles raining destruction from the sky in the midst of the morning rush hour. The bombardment was the most wide-ranging since the early weeks of the war. Since international law states parties to conflict "must at all times distinguish between civilians and combatants" and not direct attacks against civilians, it is hard to see this as anything other than the latest in the Kremlin's grim catalogue of war crimes in Ukraine, one directly ordered by its president.

The explosion on the Kerch bridge — which Ukraine has celebrated but not claimed responsibility for — was without doubt a humiliation for Putin. It was a symbol of his seizure of Crimea, built on his orders, and breached on the day after his 70th birthday. That does not alter the fact it was a legitimate military target. It had been heavily used to supply Crimea and Russian forces in southern Ukraine. Civilians, moreover, were not deliberately targeted.

Putin insisted Russia had attacked Ukrainian "energy, military command and communications facilities". Some infrastructure sites were indeed hit, leaving several regions without power and water — causing inevitable public suffering. But Moscow's supposedly "precision" strikes also hit a city park popular with families with young children, a pedestrian bridge, museum and university buildings, and the German consulate in Kyiv — none of them military targets.

The brutality of the strikes was surely not unconnected with Putin's weekend promotion of General Sergei Surovikin to be commander of Moscow's invasion forces in Ukraine. Surovikin in the past led Russia's intervention in the Syrian conflict, including the barbaric bombardment of Aleppo.

Given Russia's use of dozens of cruise and short-range ballistic missiles, however, the fact it destroyed so few high-value military targets suggests either that civilian sites were purposely targeted or that the missiles were highly inaccurate. Either way, with Ukraine claiming to have shot down more than half of the 80-plus missiles fired, this was a militarily wasteful use of costly arms that are in short supply. If it was intended to signal the start of a destructive new tactic in the war, it is one Russia cannot sustain for long — at least, using this type of high-end weaponry.

One response by western democracies should be to rapidly supply Ukraine with the sophisticated defence systems it has long pleaded for. Failure to provide them only leaves Ukraine more vulnerable, and increases the torment

> It is hard to see the attack as anything other than the latest in the Kremlin's grim catalogue of war crimes in the country, one directly ordered by the president

its citizens endure — along with postwar reconstruction costs.

Immediate financial assistance as Ukraine grapples with the costs of war amid a huge economic contraction is also a priority. The EU, in particular, has been tardy in disbursing funds.

Despite the human misery of Russia's attacks, they are likely only to strengthen Ukraine's extraordinary resolve. Yet western democracies must also brace for potential efforts by Moscow to target their infrastructure, too. After explosions hit Russia's Nord Stream gas pipelines to Germany and unexplained sabotage of cables shut down part of Germany's rail network at the weekend, a reported cyber attack on websites of US airports yesterday was blamed on Russian hackers. As well as stepping up support for Ukraine, its allies need to increase surveillance of energy, transport and communications networks — and be prepared for the possibility that one of Putin's next moves may yet be an attempt to widen the war.

Opinion Culture

Does it matter who plays me on stage?

Ewan White

Stephen Bush

Is it necessary for an actor to be mixed race to play Stephen Bush? It's not a question I ever expected to have to answer, but a couple of months ago I received a phone call from Jonathan Freedland, whose verbatim play, *Jews. In Their Own Words*, features me as a character. The production wanted an all-Jewish cast but the Royal Court was struggling to find a mixed-race Jewish actor. Would I mind terribly if a Jewish actor who was not mixed race filled the part?

As it happens, the production company was able to find a talented young mixed-race actor called Billy Ashcroft, so my feelings were redundant either way. But the question of who should or could play Stephen Bush on stage is the smallest part of a debate roiling stage and screen the world over about casting.

So-called "colour-blind casting", in

> Colour-blind casting can be a good thing, but the debate is missing the key issue here: money

which actors are cast without regard to the race of the roles they are playing, is increasingly in vogue. Netflix's new adaptation of *Persuasion* features actors of Malaysian and Nigerian descent playing early 19th-century British aristocrats. In the world of fantasy, the presence of black actors has caused vicious internal debates among fans of *Game of Thrones*, *Lord of the Rings* and *Star Wars*. Marlee Matlin, who stars in Apple TV's Oscar-winning movie *CODA*, has insisted that "deaf is not a costume" and has argued that only deaf actors should play deaf roles.

The success of a string of black British actors, such as David Oyelowo and Daniel Kaluuya, playing African-American roles has been criticised by Samuel L Jackson due to the very different recent histories of race and racism in the US and UK. A forthcoming biopic of Golda Meir, Israel's first female prime minister, has been criticised for the casting of Helen Mirren, who is not Jewish, in the role of Meir.

Some of these issues are easier to answer. If someone complains that "there are no black Valyrians", what polite response can there be other than to say that there is no such thing as a Valyrian full stop? Given that to enjoy the ending of *Persuasion*, one has to turn a blind eye to the very real possibility that the Peninsular war makes a widow of Anne Elliot, while basic economics, geography and, at times, common sense are sometimes absent from the worlds of *Star Wars*, *Game of Thrones* and *Lord of the Rings*. A little bit of ethnic diversity is not going to hurt anyone and complainers should grow up a bit.

Jackson is right to say that the US and UK have very different histories of race and diversity. But ultimately we all have different histories: Ashcroft, who has Jewish and Jamaican heritage is, like me, mixed race, but our ethnic heritages are different, and we've led different lives. He does a terrific job playing me on stage because he's a great actor, not because we would both tick the same category in the UK census. When I hear Jackson speak, I'm irresistibly reminded of Laurence Olivier's inquiry to Dustin Hoffman on the set of *Marathon Man*: "My dear boy, why don't you just try acting?"

As so often in life, the debate around casting is missing something because of an unwillingness to talk about the key thing here: money. What really matters is that actors of all ethnicities, classes, ages and genders have enough opportunities to make ends meet. By reserving my role to a mixed-race actor, a young professional was given their stage debut.

Where Matlin is surely right is that a deaf actor cannot play a role as if they were not deaf. If an actor who can hear takes a role playing someone who can't, they are doing real and measurable economic harm to a deaf actor's prospects, which goes beyond the usual damage done when one actor beats another to a gig.

The reason why colour-blind casting is a good thing in Austen adaptations or the latest sci-fi or fantasy property is that these productions are essentially the closest the worlds of stage and screen get to a steady job, along with soap operas. If you don't have casting opportunities that provide diverse roles for actors of different ages, classes and genders in these programmes, you won't have a very diverse group of actors for long.

And that, perhaps, is what the debate about colour-blind casting most has to teach us: that while talking about shared histories and traumas and the like is easier than talking

Letters

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China needs to invest in semiconductors as matter of survival

Your editorial "A new model for Chinese growth" (FT View, October 10) is right to say that China's economic future "may be very different from China's past three decades", but prescribing higher consumer spending to get out of the fix misses a deeper point.

While China has large domestic debt, it also has net international assets of $2tn and its financial system is solvent overall. Since the state is dominant in the domestic banking sector and experienced in dealing with large insolvencies, a sudden unravelling in the property sector is very unlikely.

Meanwhile, China has the world's largest industrial capacity, surpassing that of the US, Germany and Japan combined. But its value add is relatively small, possibly as low as 12 per cent. High-quality development aims for 30-40 per cent. Migration up this value chain, in semiconductors, life sciences, medical equipment, new energies and materials and their applications, requires colossal investment to improve the quality — even if not quantity — of China's gross domestic product.

The geopolitical tensions with the US have introduced new risks to this strategy, but also made it a national imperative for China to raise its game. It is now a matter of survival. China already dominates renewables because it invested early when there was no return and it is now closing in on electric vehicles for the same reasons.

Its vulnerability to semiconductor imports ($300bn a year) is forcing China to invest billions in its own capacity. Recent progress (see the FT report "China chips breakthrough presents a strategic dilemma", August 17) shows that there is at least a possibility that it will succeed. This cannot be achieved by boosting consumer spending.

Tim Clissold
Richmond
North Yorkshire, UK

NHS must prioritise nurses over doctors in IT reform

One often neglected issue in national healthcare, which could hamper UK prime minister Liz Truss's efforts to "deliver on the NHS" this autumn, is bad tech ("Routine care backlog reaches record 6.8mn", Report, September 9).

Across the UK, nurses, receptionists and other healthcare centre staff are still stuck navigating slow, error-prone and poorly designed software systems. The UK is not alone in this. Based on our qualitative research across Europe, the average nurse spends over an hour each day struggling with computers and IT systems.

That's frustrating and demotivating for the care staff, but it also increases backlogs in routine care and puts patients in danger.

The NHS has excellent plans to update and streamline its digital patient and provider platforms in the next three years. It should take care to build that new technology in consultation with all healthcare staff.

Doctors are usually prioritised when developing new care technology. However, it is nurses' administrative and manual tasks where technology has the greatest potential to streamline operations and deliver efficiency gains. There's no reason why the nurses' user experience shouldn't be similarly emphasised.

Riku Ruotsalainen
Head of Digital Transformations
Reaktor Health, Helsinki, Finland

Chancellor's tax changes make system too complex

As you report ("Recruitment frenzy slows to 19-month low", October 7) threshold freezes in tax are likely to make households worse off despite cuts to headline rates, but this is not the only worry we're facing as a result of the chancellor's recent changes.

Our current tax code is becoming increasingly complex as a result of the government's unexpected U-turns — ironic, perhaps, given the government's aim is to "simplify" the tax system.

It is now becoming difficult to pinpoint who will actually be affected the most by tax changes, and how they will be impacted — especially without an analysis from the Office for Budget Responsibility.

These measures were meant as a buffer for the economic difficulties we face, but additional costs for the government, businesses and individual taxpayers pile on the pressure.

We need simplicity, transparency and reassurance, not the complexity and uncertainty we've been left with.

Katharine Arthur
Head of Private Clients, Haysmacintyre
London, EC4, UK

Where QR codes put cards out of business

As the recipient of around 10,000 Chinese and China-related business cards from 1985 onwards (now at last sorted and filed), I was fascinated by the comments on QR codes and business cards of both Pilita Clark (Work & Careers, October 3) and Professor Chris Rowley (Letters, October 7).

When last I visited China, for about the 50th time, in 2019 — just before the onset of Covid and the lockdowns that followed — the exchange of personal QR codes via mobiles was already the new norm, and with no perceptible formality.

When I continued to proffer my own bilingual card, I was sometimes given the polite explanation "I have run out of cards".

Perhaps your readers and FT China columnists can enlighten us as to the current situation? And just how do I file my new collection of Chinese QR codes?

John Adams
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OUTLOOK

JERUSALEM

Inside Israel's ultra-Orthodox tech scene

At first glance, the Bizmax office in Jerusalem's Romema district looks much like any other start-up accelerator. Computer screens flicker in glass-fronted cubicles. In the kitchen, a young entrepreneur is dosing up on caffeine.

But Bizmax's mission is anything but generic: set up five years ago, its aim is to bring men from the ultra-Orthodox Haredi community — which has traditionally shunned many of the trappings of modern life — into Israel's tech-fuelled economy. And as I wander through the office, this melding of worlds is increasingly apparent.

Pictures of elderly rabbis and religiously-inspired motivational quotes adorn the walls. "Be Awesome," advises one placard. "Pray hard," says another. "Success is dependent on [God]," adds a third.

The task that Bizmax has set itself is a crucial one for Israel's economy. Today, the fervently devout Haredi — "those who tremble before God" in Hebrew — make up an eighth of the population. But with an average of seven children per family, the Haredim will account for nearly a quarter of Israeli citizens by 2050.

That shift will have far-reaching implications. In Haredi families, the Haredi community and integration into the workforce," says Yitzik Crombie, Bizmax's founder. "We try to show them that it is possible. And the way to show them that it is possible is to build role models . . . and one way to build role models is to help start-ups."

Few places are more fertile for entrepreneurs than Israel. Last year, the self-styled "start-up nation's" budding tech groups raised $25.4bn in funding and the sector now accounts for more than half of Israeli exports.

However, the long boom in Israeli tech has largely passed the Haredim by. Many of the community's religious schools do not teach maths or English. Its spiritual leaders have fought a rearguard action against modern technology such as smartphones and social media, and even TV. And since Haredi men tend not to do military service, they are outside the tech networks connected to Israel's elite cyber and intelligence units.

Bizmax's goal is to mitigate this by helping Haredi entrepreneurs build the business skills they lack, and linking them with investors in an environment that is attuned to the nuances of Haredi life. So far, says Crombie, 42 companies have taken part, raising $36mn and hiring 200 support from leading rabbis, a small group of ultraconservatives was outraged and waged a noisy campaign against it on Jerusalem's pashkevilim (huge public billboards where many ultra-Orthodox get their news). Bizmax understood the significance of this campaign, says Heller, as well as how his religious sensitivities interacted with his business. "That need would not be answered by any other accelerator," he adds.

There was a time when initiatives like Bizmax would have been unimaginable. But in recent years, habits in the Haredi community have begun to shift. Hillel Paley, a 22-year-old Bizmax alumnus whose company, Traffics, uses AI and variable speed limits to optimise traffic flow, says the number of young Haredi breaking with the community's strict lifestyle has made some leaders realise the need for change. "I would say most [of my friends] are still in the system, but even those who are staying have a need for something else," he says.

Crombie says that the key is to help ultra-Orthodox entrepreneurs in a way that does not force them to choose between their religion and their business. "We need to change the way Haredi people think about the tech industry, and especially how to

Ukraine, President Vladimir Putin's plans to stoke fears of a European freeze this winter are on the point of backfiring.

While Russia needs to sell the EU its natural gas, Europe no longer needs these supplies. Gas is becoming a buyer's market. The energy crunch should be no threat to unified support for Ukraine, let alone Europeans' comfort this winter, despite Putin's machinations.

Certainly the alleged sabotage of the active Nord Stream 1 pipeline and the unopened Nord Stream 2 pipeline has shut down two sources of Russian gas, but the EU no longer needs them. Similarly, Putin's fresh threats to cut off Russian gas still being sent through the

soning, however, means we should not forget the supply side.

Analysis of underlying supply patterns reveals that, contrary to common belief, Europe is securing enough gas and liquefied natural gas from global markets to fully substitute for lost Russian supplies already. What is more, it can fully replace every last bit of Russian gas without any need for demand destruction or even substitution away from gas.

Since the invasion of Ukraine in February, EU sourcing of Russian gas has plummeted from 46 per cent to 9 per cent. This pivot came partially through increased piped gas from Norway and Algeria. Even more noteworthy, the dramatic increases in shipped LNG imports

> Europe is securing enough energy from global markets to fully substitute for lost Russian supplies

duction field shows that this year alone, more than 100bn cubic metres of additional supply is expected to be brought online. This is a 20 per cent increase in total LNG supply.

With demand for LNG declining in the rest of the world, particularly in China, the new additions to global supply are enough to fully replace Europe's dependence on Russian gas from the

European governments are clearly already prioritising fiscal relief for consumers with respect to both building-heating (42 per cent of gas consumption across the EU) and electricity costs (28 per cent of gas consumption), with massive subsidies and transfer payments on an unprecedented scale.

European industry, which accounts for 30 per cent of gas consumption, has long feared structurally higher gas prices, but the data suggest that the potential economic impact is considerably less than feared.

The most natural-gas intensive sectors — metals, chemicals, paper, coke, fertilisers and refined petroleum/minerals processing — account for a quarter of the region's natural gas usage, but

sales annually.

Having undermined his country's reputation as a reliable energy supplier, which the Soviet Union maintained even at the height of the cold war, Putin has very little existing export capacity and faces difficulties in building more given icy conditions and the challenges of Arctic shipping. The single pipeline connecting Russia to China carries 10 per cent of the capacity of Russia's European pipeline network, and China is not rushing to build any new ones.

So the only losers from this gas blackmail are Putin and his enablers.

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the Kremlin considers him the only real head of the opposing coalition.

Close co-ordination with Ukrainian president Volodymyr Zelenskyy and Nato is essential. The sooner honest, closed-door conversations start, the higher the chance of climbing down the escalation ladder. Finally, given the irreconcilable differences between Moscow and Kyiv on core issues such as the status of Crimea and Donbas, as well as Ukraine's and the west's moral imperative not to trade territory for peace, only an armistice that will freeze the front lines can be agreed at this point, not a comprehensive solution to the war.

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Chip embargo: arrested development

A new round of US curbs on China's access to US tech has arrived. Previous sanctions on Huawei almost broke the Chinese smartphone and network-gear maker. The latest restrictions not only threaten entire sectors but Beijing's broader policy goals.

The latest US measures include curbs on the export of advanced chips used in artificial intelligence as well as curbs on the sale of chipmaking equipment to any Chinese company. The US has blacklisted more Chinese buyers.

Beijing has long wanted to achieve self-sufficiency in chipmaking. It aims to become the leading centre for innovation in AI by 2030. It targets leadership in electric cars. It wants to build a centralised data bulwark and network architecture, requiring stable access to the most advanced chips.

The timing is bad for China. Its largest chipmaker, Semiconductor Manufacturing International Corp, began mass-producing 14nm chips last month. These processors are generations behind the latest types made by peers such as Samsung and TSMC. Making them in volume reduces Chinese dependence on imports. It still has no alternative to importing the most advanced 3nm and 5nm chips.

Mass production of any type of chip will become difficult. Local makers have been catching up rapidly with design and development aspects of chipmaking. But the final stage — making chips and etching the precise patterns on silicon wafers — remains reliant on imported gear.

SMIC uses equipment made by US chip-gear makers Lam Research and Applied Materials. Secondary sanctions would extend to Dutch peer ASML, the biggest supplier of advanced chipmaking gear. The US is said to have been pressing the Netherlands to ban gear sales to China since July. It is unclear whether China could continue to import chips from Taiwan's TSMC, which also uses US equipment.

Shares in China's chipmakers, including SMIC and Shanghai Fudan Microelectronics, fell more than 4 per cent yesterday, while Hua Hong Semiconductor Group dropped more than 9 per cent.

Those losses are not yet large enough to reflect the risk that restrictions last more than just a few months. The arrested development of local AI, data centres, electric and smart cars sectors could easily prove to be the heaviest tech blow the US has meted out to China.

BoE/LDI: abseil of the century

When is monetary policy not monetary policy? When there is a crisis, it seems.

The Bank of England has recently been buying back gilts in the cause of financial stability rather than quantitative easing. It revealed further calming measures yesterday. These should mean the gilts market is even less likely to fall off a cliff edge amid more panic selling after the sovereign-bond purchase plan ends on Friday.

The bank has bought only about £5bn of gilts so far from a possible total of £65bn. That suggests the dangerous exposure of pension funds to liability-driven investment is smaller than first thought. The BoE is still not taking any chances. It will allow for bigger buys this week and introduce additional liquidity backstops. No one interprets this as a weaker commitment to fighting inflation, which matters crucially to Britain's financial health.

The BoE is doubling its maximum daily gilt purchases to £10bn for the rest of the week. It is creating a new liquidity scheme for banks with clients who use LDI, which includes derivative hedging against low interest rates. Rising rates recently triggered costly and destabilising margin calls.

Wobbly pension funds can park gilts and investment-grade corporate bonds in return for cash. Unlike gilt purchases, usage of the facilities will be balance sheet neutral for the BoE, says Paul Dales of Capital Economics.

Yields on 30-year gilt yields rose to just over 4.5 per cent yesterday, staying below levels recorded during the panic. They have been marching upwards since BoE intervention began. Steadily lower UK bond prices would bolster the credibility of the bank.

Hearteningly, the UK bond market has been predicting long-term inflation moving in line with the US and Europe. But the bank still needs to start quantitative tightening.

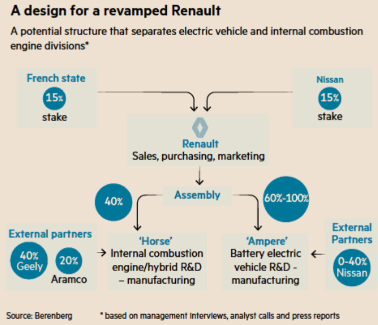
Fortunately, the longest-dated gilts make up only about a tenth of the BoE's £800bn of gilt holdings. There is plenty of scope for the bank to keep its promise of a smaller balance sheet.

Renault/Nissan: a realigned alliance

The carmaker is considering separating its electric-vehicle business from its legacy business. Despite a recent rally, the shares have performed poorly in recent years. The French company's low profitability, compared with its peers, is one factor that weighs on its valuation.

A design for a revamped Renault

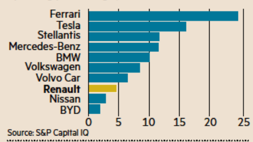
A potential structure that separates electric vehicle and internal combustion engine divisions*



Source: Berenberg * based on management interviews, analyst calls and press reports

Less profitable than many peers

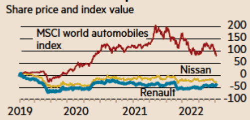
Operating profit margin, last 12 months (%)



Source: S&P Capital IQ

Shares have underperformed

Share price and index value



Source: S&P Capital IQ

Renault boss Luca de Meo has steered the French vehicles group competently since he took the wheel in 2020. Hopes are rising that he can now get past a recurring roadblock: a fraught relationship with Japanese alliance partner Nissan. Reports of "trustful discussions" about the alliance's future sent Renault's share price up 5 per cent yesterday.

There is plenty to discuss. Renault wants Nissan to agree to its plan to offload part of its combustion engine business — codenamed "Horse" — to China's Geely. It also hopes Nissan will invest in Renault's proposed electric vehicle unit, internally known as "Ampère". The restructuring would be aimed at boosting valuations, sharpening decision-making and improving access to capital.

In return, Nissan is pushing Renault to cut its 43.4 per cent stake, possibly to as little as 15 per cent. Nissan would then no longer be deemed to be under Renault's control. That might allow the Japanese group to exercise its voting rights on a 15 per cent stake in Renault.

Renault would benefit from reducing the capital it has tied up in Nissan. The stake now accounts for €6.1bn of its €9.4bn market value. That leaves a stub worth €10 a share, not much more than its €7 (ex Nissan) earnings per share, estimates Jefferies.

The valuation is weighed down by the complex shareholding structure, as well as operating profit margins below most peers. Renault lost its second-biggest market when it exited from Russia this year. The shares are up 45 per cent in the past six months, though are not back to their pre-invasion high.

The task of unpicking the alliance is complicated by Renault's multiple stakeholders, including the French state. But Renault may be able to announce the bones of a deal at its November 8 capital markets day.

The balance of power between the two companies has shifted since Renault bought its stake in a near-bankrupt Nissan at the turn of the century. Renault needs support for its restructuring plan, giving Nissan stronger bargaining chips.

The mutual desire for change has opened up a potential way forward.

Twitter/Musk: deal sealed

Twitter's share price reflects jangled nerves. Since Elon Musk agreed to honour his deal to buy the company the price has risen 10 per cent. Yet it still trades a tenth below the price Musk offered and which Twitter has (again) accepted.

The pair were due to go to court but now have until October 28 to close the acquisition. Mud slinging continues.

Musk claims the deal is contingent on receipts from debt financing — the $13bn financing package agreed when the takeover was first announced in April. Since then, the S&P 500 has fallen 17 per cent. As US interest rates have risen, the US 10-year benchmark Treasury yield has increased more than 100 basis points.

For banks, marketing this debt to other investors will be more difficult. But that is not a reason for the debt commitment to be terminated. Nor is the fact that Musk must once again convince equity co-investors to put up the $7.1bn they agreed to after the deal was announced.

Both sides know Twitter is a weaker company than it was in April. While stuck in deal limbo, the company has thrown a lot of ideas at the wall. The latest is an edit button rolled out to subscribers in the US, Canada, New Zealand and Australia. None has made much difference to performance.

User numbers have reached 237.8mn, up 17 per cent from the same period a year earlier. But of course 5 per cent — some 12mn — are likely to be fake according to Twitter's own estimates. The company blames the Musk melodrama for putting off advertisers but it is subject to the same pullback in digital ads that has affected Meta and YouTube. The company is also feeling the effects of its failure to diversify. Advertising accounts for over 90 per cent of revenue.

Twitter's shares have held up better than rivals because they are anchored to Musk's $54.20 offer price.

Once the deal closes there is no reason to expect Twitter's intrinsic value to remain there.

M&A boutiques: small no longer beautiful

It is just as well that most footloose deal bankers snagged guarantees when they switched team jerseys in 2021. Last year set a record in mergers and acquisitions propelled by low interest rates, soaring equity markets and a post-vaccine economic boom. It has been followed by a dire slump.

In the third quarter, global M&A volume fell to $650bn after a string of $1tn quarters. The rest of the year looks just as bleak.

This is a tough time for US-listed advisers focusing on M&A such as Evercore, Lazard, Moelis, PJT, Houlihan Lokey and Greenhill. Their stocks have dropped on average by 34 per cent this year.

The shares of Morgan Stanley and Goldman Sachs are down by just a fifth. The hiatus in equity and debt underwriting has hurt them too. But there are two key differences. First, the pair have resilient trading businesses. Second, their share prices are higher than they were at the end of 2020, unlike nearly all the boutiques.

Tight money may be the key factor in predicting dealmaking. High interest rates lower the valuations that sellers can expect to get. Few acquirers want to pay premium prices heading into a downturn. Boutiques will feel the impact of scarce transaction fees in 2023, when fees earned in boom times will have fully rolled off. The median estimated drop in 2022 earnings is a dispiriting 41 per cent for the half dozen specialist advisers.

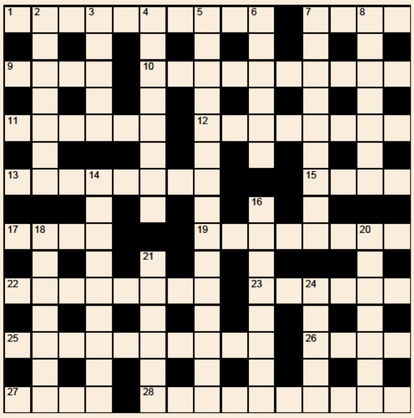
Banker pay, in the short to medium term, is mostly a fixed cost. That kind of operating leverage stings the bottom line. Remuneration soars from, say, a target of 55 per cent of firm revenue to sometimes more than 70 per cent.

The speed of this boom-to-bust makes mass lay-offs tricky and unwise. Instead, shareholders are left to guess when the bottom is plumbed, while hoping economies of scale provide a lift. Wise bankers who were lucky enough to secure years of guaranteed pay will have saved some of their first instalments for the rainy days ahead.

Lex on the web
For notes on today's stories go to **www.ft.com/lex**

CROSSWORD

No 17,222 Set by NEO



ACROSS

1 Something digital in code? Not quite! (4,6)
7 Musical note in two forms one plays in silence (4)
9 Culture medium needs Hindu music to return (4)
10 Observer from India sent back among eastern trees (3-7)
11 Black duck on watch in summerhouse (6)
12 Something annoying one's found in suspicion (8)
13 Elgar is bamboozled by love in harem (8)
15 Plain limitations in using lavatory (4)
17 Stylish welcome received in clubs twice (4)
19 Author in protest lacking books to give out (8)
22 Barsetshire writer to wallow in drink (8)
23 Toxic element runs for street in sports venue (6)
25 Deranged family that could cause downfall (6,4)
26 Medical man with drill causing misery (4)
27 Whirlpool seen in Gwynedd yesterday (4)
28 Bursars got confused in EU hub (10)

DOWN

JOTTER PAD

Solution 17,221

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2 Unappreciative person lighting fire here? (7)
3 Crowd in garden having to cross road (5)
4 Sucker perhaps needing money to buy diamonds? (3,5)
5 Flapper's duke to kiss, embraced by naive suitor? (5,10)
6 Fruit dried in the sun, painter's admitted? (6)
7 Little bloom in island's cut (9)
8 American impresario initially caught in bad French show (7)
14 Subordinate, romantically involved, shunning Tom? (9)
16 At last making ends meet, calls for minimal clothing (1-7)
18 University serious about a bible (7)
20 Cold meal's wrapped in foil (7)
21 Crowd surrounding soldiers in swampy region (6)
24 Nothing shown after silent film (5)