FINANCIAL TIMES

THURSDAY 13 OCTOBER 2022 — INTERNATIONAL NEWSPAPER OF THE YEAR — ASIA

The five perils facing the Truss reset
ROBERT SHRIMSLEY, PAGE 19

Old-school CVC faces new scrutiny in listing
BIG READ, PAGE 17

Nato scrambles to meet Ukraine's demand for missile defence systems

● US says 'will' is not lacking ● 50 nations at alliance meeting ● Call to source arms from stockpiles

HENRY FOY AND FELICIA SCHWARTZ — BRUSSELS

Nato allies are struggling to secure sufficient air defence systems to meet Ukrainian demands for additional support, western officials have admitted, as Kyiv requests greater protection from Russian missile attacks.

Ukraine has identified the procurement of air defence systems from the west as its top priority in the wake of Monday's mass barrage of its big cities.

Germany this week shipped the first of four air defence systems to Ukraine, while US president Joe Biden pledged to provide "advanced" air defence following talks with Ukrainian president Volodymyr Zelenskyy this week.

Officials from almost 50 countries met in Brussels yesterday to co-ordinate how to keep meeting Kyiv's need to protect its citizens and troops from attacks.

Attendee governments have pledged to provide Ukraine with close to $40bn in weapons and defence funding since February, when Russian president Vladimir Putin launched his full invasion of Ukraine. Zelenskyy this week urged G7 leaders to speed up supplies and help create an "air shield" for Ukraine.

"It's certainly not a question of lack of will," US defence secretary Lloyd Austin said, when asked at a press conference why allies were not sending air defence systems faster. "Countries will do whatever they can, if they can to generate additional capabilities."

He pointed to US and German pledges to send air defence technology and said some countries had volunteered to send ammunition for the US system.

General Mark Milley, chairman of the US joint chiefs of staff, said the US was asking allies to commit to providing systems from their stockpiles, including older air defence technology.

He called on the countries represented at the conference to "chip in, and help [Ukraine to] rebuild and sustain an integrated air and missile defence system, specifically older systems".

Sourcing older air defence systems is one of the biggest challenges for western nations. The US and allies are working to locate systems that could be moved, two senior western officials said, in the face of production shortages in the west and stretched inventories.

"Countries have already provided some, but there is a shortage of production capacity," said one of the officials. The person added that some Nato members were facing years of delays for their own air defence platforms.

Nato countries including Poland and the UK have provided air defence systems to Ukraine since February, from handheld missile launchers to more complex truck-mounted systems. This has created a patchwork network of protection alongside Ukraine's own post-Soviet systems such as the S-300.

The US has promised to deliver two platforms of its advanced National Advanced Surface-to-Air Missile System (Nasams) in the next two months, as well as six more that will arrive over the longer term, officials have said.

While Ukraine's existing systems were able to shoot down 41 of the more than 80 missiles Russia fired at its cities on Monday, officials and analysts have said that there are not enough to protect civilian centres and troops on the front line from Russian attacks.

Nato secretary-general Jens Stoltenberg said yesterday: "Allies have provided air defence, but we need even more. We need different types of air defence . . . different systems for different tasks."

He added: "Ukraine is a big country [with] many cities. So we need to scale up to be able to help Ukraine defend even more cities and more territory against horrific Russian attacks against their civilian populations."

Putin gas pipeline hint page 2

Mikoyan MiG 29 jets from the Polish Air Force take part in a Nato exercise over Lask, Poland yesterday
Omar Marques/Getty Images

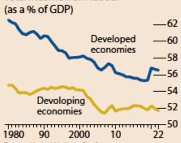
'He's a tough guy who knows how to run a war. He's a real beast, not some dumb, vodka-drinking guy or a pseudo-intellectual. He's a real fighter'

Putin's 'General Armageddon' Page 2

Briefing

Datawatch

Workers lose out
Total income from labour (as a % of GDP)



Source: United Nations Conference on Trade and Development

Labour's share of gross domestic product indicates the proportion of output that is paid as wages to employees compared with that paid to capital in the production process. The decline in developed economies has been most pronounced

Rise of the virtual idols as Beijing rejects celebrities

Analysis ▸ PAGE 10

Human tissue implanted in rat brains boosts research into psychiatric illness

CLIVE COOKSON — LONDON

Scientists researching ways to treat psychiatric diseases have successfully implanted human brain tissue into newborn rats, where it grew neural connections that stimulated the rodents' awareness of the outside world.

The experiments at Stanford University are the most successful attempts yet to get human neurons to thrive and function inside the brains of animals, after more than two decades of research.

In one test, the human cells in the rat brains became electrically active in synchrony with puffs of air blown at their whiskers. In another, pulses of blue light were directed towards the human neurons in the hybrid brain to train the rats to associate this with the availability of drinking water. After two weeks, light directed into the human neurons sent the rodents straight to the water spout, showing that the implanted cells were engaging with the reward-seeking circuits of the rat brains and influencing their behaviour in a specific way.

"Our mission is trying to understand psychiatric diseases at the biological level so we can find effective therapies," said Sergiu Pașca, project leader and Stanford's professor of psychiatry and behavioural sciences.

Madeline Lancaster, group leader at the MRC Laboratory of Molecular Biology in Cambridge who was not involved in the research, called it an "exciting" system for modelling brain disorders and neural development.

The work builds on more than a decade of research into human brain organoids, sometimes called "mini-brains" though neuroscientists dislike the term.

These three-dimensional cerebral structures are produced from stem cells derived from skin, which are treated with a biochemical cocktail. The organoid assembles into a structure with many of the features of a real brain. But the absence of a blood supply or sensory input in a lab dish stops them developing beyond a certain point. This led the Stanford team to implant them into rats.

Cells from the rat brain then migrated into the human tissue, forming blood vessels. The organoids formed connections with structures in the host brain including the thalamus that relays sensory information to the cortex.

Although human neurons filled about 30 per cent of one brain hemisphere, they produced neither improvement nor deterioration in the rodents' memory and cognitive functioning.

The research was published yesterday in Nature magazine.

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Indonesia	Rp45,000
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World Markets

STOCK MARKETS

	Oct 12	Prev	%chg
S&P 500	3602.95	3588.84	0.39
Nasdaq Composite	10471.30	10426.19	0.43
Dow Jones Ind	29401.25	29239.19	0.55
FTSEurofirst 300	1531.73	1538.75	-0.46
Euro Stoxx 50	3337.08	3340.35	-0.10
FTSE 100	6826.15	6885.23	-0.86
FTSE All-Share	3712.50	3749.50	-0.99
CAC 40	5818.47	5833.20	-0.25
Xetra Dax	12172.26	12220.25	-0.39

CURRENCIES

Pair	Oct 12	Prev	Pair	Oct 12	Prev
$/€	0.970	0.971	€/$	1.031	1.030
$/£	1.107	1.109	£/$	0.903	0.902
£/€	0.876	0.876	€/£	1.141	1.142
¥/$	146.855	145.735	¥/€	142.457	141.494
¥/£	162.598	161.562	£ index	76.070	75.824
SFr/€	0.969	0.968	SFr/£	1.106	1.106

CRYPTO

	Oct 12	Prev	%chg
Bitcoin ($)	19101.90	19058.85	0.23

GOVERNMENT BONDS

Yield (%)	Oct 12	Prev	Chg
US 2 yr	4.30	4.27	0.03
US 10 yr	3.92	3.90	0.02
US 30 yr	3.89	3.88	0.01
UK 2 yr	3.93	4.20	-0.27
UK 10 yr	4.41	4.43	-0.02
UK 30 yr	4.80	4.78	0.02
JPN 2 yr	-0.06	-0.06	0.00
JPN 10 yr	0.25	0.25	0.00
JPN 30 yr	1.48	1.44	0.04

Dubai

Nikkei	26396.83	26401.25	-0.02
Hang Seng	16701.03	16832.36	-0.78
MSCI World $	2376.29	2395.61	-0.81
MSCI EM $	864.66	884.81	-2.28
MSCI ACWI $	552.10	557.51	-0.97
FT Wilshire 2500	4681.10	4710.46	-0.62
FT Wilshire 5000	36568.67	36792.60	-0.61

Ethereum	1294.62	1279.68	1.17
COMMODITIES			
	Oct 12	Prev	%chg
Oil WTI $	86.61	89.35	-3.07
Oil Brent $	91.88	94.29	-2.56
Gold $	1664.70	1676.55	-0.71

GER 2 yr	1.81	1.82	-0.02
GER 10 yr	2.31	2.29	0.02
GER 30 yr	2.34	2.29	0.06

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

South Asia

Sri Lanka pivots to discounted Russian oil

Inflation and strong dollar force stressed nations to cut import costs

SHOTARO TANI — LONDON
BENJAMIN PARKIN — NEW DELHI

Crisis-hit Sri Lanka has begun importing large quantities of oil from Russia, highlighting how cash-strapped countries are increasingly taking advantage of price discounts created by western sanctions on Moscow.

Sri Lanka, which in effect ran out of fuel earlier this year because of a financial crisis, has since May sourced more than half of its crude from Russia, according to analytics providers Refinitiv and OilX. It is the first time Sri Lanka has imported Russian oil since at least 2013, according to research firm Kpler.

Analysts say Sri Lanka's pivot to discounted Russian oil reflects a growing trend as inflation and a strong dollar force financially stressed countries to cut import costs.

After President Vladimir Putin's full-scale invasion of Ukraine in February, the G7 nations said they would phase out or ban the import of Russian oil.

India and China have become major buyers of Russian oil, increasingly joined on a smaller scale by inflation-hit countries including Pakistan, Bangladesh and Cuba. All these buyers as well as Sri Lanka abstained on a UN General Assembly resolution in March that condemned the Russian invasion.

Sri Lanka was "a bellwether of what we can expect poorer nations to look to be doing over the next few months", said Neil Crosby at OilX. "They're trying to reduce their import costs, they're under financing pressure and in that context Russian barrels look very tempting."

Since February, Russian Urals crude has on average traded at a discount of about $30 a barrel to the North Sea dated benchmark price, according to data provider Argus Media. All of Sri Lanka's 7.1mn barrels of crude oil imports last year came from the United Arab Emirates, but Russia has accounted for 2.6mn barrels since May, around 79 per cent of the total ordered, according to Refinitiv. Data from OilX showed 60 per cent of Sri Lanka's crude imports since May are from Russia.

Thanh-Long Huynh, chief executive of data analytics firm QuantCube, said the sales to Sri Lanka underscored how Russian oil was finding new markets as the EU tried to restrict imports.

"The first two Russian shipments arrived from Primorsk and Novorossiysk, ports in the Baltic Sea and Black Sea, respectively," he said. "Since these ports historically served European ports, they indicate the development of new trade routes for Russian energy."

Sri Lanka, which defaulted on its debts in May, has struggled with shortages. Energy supplies ran so low earlier this year that blackouts lasted up to 10 hours and drivers queued days for fuel.

A rationing system has eased shortages, while government revenues from exports have also helped fund imports.

Sri Lanka's state-owned sole crude oil refinery shut earlier this month, but is set to reopen when a Russian crude shipment arrives, an industry executive said. Analysts said it was unclear whether Sri Lanka was buying directly from a Russian oil company, which would suggest a government-to-government deal, or buying spot cargoes.

President Ranil Wickremesinghe's office did not comment.

Energy supplies

Putin hints at restored gas exports to Europe via Nord Stream 2

POLINA IVANOVA — BERLIN
MAX SEDDON — RIGA
DAVID SHEPPARD — LONDON

Vladimir Putin has suggested Russia could supply gas to Europe this winter using one section of the Nord Stream pipelines that remains intact, and that other lines could be repaired if their future use were guaranteed, and suggesting rerouting volumes via Turkey.

In a speech railing at western plans to introduce a price cap on Russian oil in response to Moscow's invasion of Ukraine, the Russian president both blamed the EU for rising global energy prices and hailed a recent decision by the Opec+ producers' cartel to cut oil output in order to keep prices high.

Speaking at an energy forum in Moscow yesterday, Putin blamed attacks on the Nord Stream 1 and 2 pipelines on those who "benefit" in the west, hinting at Washington, Kyiv or Warsaw.

Putin described the attacks as setting "a most dangerous precedent" and warned other infrastructure could be at risk, in what may be viewed in the west as a thinly veiled threat. The US and its allies suspect Russia of sabotaging the pipelines near Denmark, leading to huge gas leaks in the Baltic Sea, and European countries have stepped up patrols to protect energy infrastructure.

"Any critical piece of transportation, energy or utility infrastructure [is] now at risk," Putin said, "no matter what part of the world it is located in, whether it is lain over the seabed or over land."

The damage to the pipelines could be repaired, Putin said. "But this will only make sense in case of their further economically viable operation."

He added: "If we and the Europeans come to a common decision to supply gas along the surviving branches, one branch of Nord Stream 2 appears to have survived. There is still pressure in the pipe."

Russia has long pushed for NS2's start-up, which was delayed by US sanctions and then blocked from entering service by Germany shortly before Russia's full-scale invasion of Ukraine.

The German government responded to Putin, Reuters reported, by saying that Berlin ruled out accepting gas from NS2, which it has never certified. It added that Russia could resume deliveries via NS1. Both NS1 pipelines, however, remain damaged.

Putin also suggested creating a gas hub in Turkey that could supply Europe. "We could move the lost volumes . . . to the Black Sea region. And in this way, we could make the main routes for the delivery of our fuel and natural gas to Europe via Turkey," he said.

Construction of the TurkStream and Nord Stream pipelines was seen by eastern European countries as an attempt to weaken Ukraine, the traditional main gas transit route for Russian exports.

Alexei Miller, head of Russian state gas giant Gazprom, said that even if "one week or five days will be abnormally cold", then "entire cities, entire lands may freeze" without Russian supplies. Putin noted European consumers had started stockpiling firewood "as in the Middle Ages".

European gas storage facilities have been filled above 90 per cent, according to data from Gas Infrastructure Europe.

Ukraine. Battlefield leadership

Kremlin unleashes 'General Armageddon'

Russian president names 'the fierce one' Surovikin as commander of invasion forces

MAX SEDDON — RIGA
CHRISTOPHER MILLER — LONDON

Vladimir Putin gave a clue this week about the mastermind behind Russia's heaviest missile onslaught since the early days of its invasion of Ukraine.

In a television address lauding the operation and warning of more to come, the Russian president said Monday's strikes on cities across Ukraine, launched in retaliation for the attack on the Kerch bridge linking Russia to the annexed Ukrainian peninsula of Crimea, were ordered "at the defence ministry's suggestion".

The remark pointed to Sergei Surovikin, a hardline general named as commander of Moscow's invasion forces two days earlier.

In appointing a man known as "the fierce one" or "General Armageddon", Putin has signalled he will react to Russia's battlefield failures by intensifying the war, analysts say.

"Surovikin is like Marshal Zhukov," commander of the Soviet Union's Red Army in the second world war, said Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies, a Moscow defence think-tank.

"He's a tough guy who knows how to run a war. He's a real beast, not some dumb vodka-drinking guy or a pseudo-intellectual. He's a real fighter who isn't scared to tell the higher-ups the truth."

Formerly head of Russia's air force, Surovikin took command as Moscow's seven-month campaign reached its lowest ebb. In recent weeks, Ukraine has reclaimed territory from Russian occupation despite Putin's decision to annex four regions in the south-east, putting Moscow in the position of losing land it had claimed as part of Russia days before.

The Kremlin has since sanctioned a wave of public criticism of the armed forces as the military's problems with manpower, munitions and logistics, as well as an unpopular mobilisation drive, become too glaring to ignore.

"Russian military problems are not the kind that can be resolved by appointing a different commander," said Michael Kofman, director in the Russia Studies Program at CNA, a US defence think-tank. "But if you look at [Surovikin's] performance since the summer [when he commanded troops on the southern front], Russian forces in the south have fared the least worst."

Under fire: Dnipro residents inspect a missile crater on Monday. Below, General Sergei Surovikin with Vladimir Putin
Dimitar Dilkoff/AFP/Getty Images

'He's a tough guy who knows how to run a war. He's a real beast'

Surovikin, 56, is notorious for his campaigns in Syria, where he served two stints as commander of Russian forces supporting Bashar al-Assad's regime. Human Rights Watch named him among officials who "may bear command responsibility" for attacks on civilians, alleging in a 2020 report he had ordered attacks on homes, schools and hospitals. Russian missiles on Monday and Tuesday hit civilian infrastructure, including a playground in Kyiv, despite claims by Moscow that only military sites were targeted.

Ukrainian officials have claimed the appointment and recent air strikes are part of an intimidation campaign.

"Every escalation, they bring in more dangerous people. This guy was known as the Butcher of Syria. They brought in a bad guy to scare us. But we won't be," said Vadym Prystaiko, Ukraine's envoy to the UK. "They finally understood they can't do anything on the ground . . . So they brought in an air forces guy to try. To me, this means Putin is really frustrated, really desperate."

The appointment may also appease Russian hardliners who have called for strikes on Ukraine's critical infrastructure, say analysts.

He has had a reputation for ruthlessness since a 1991 coup attempt by Soviet hardliners, when he led an army unit sent to quell pro-democracy protests. The putsch failed and Surovikin was jailed for six months after troops under him killed three unarmed demonstrators. But the charges were dropped and he was released and promoted.

Surovikin's subsequent career was marked by brutality and lawbreaking gone unpunished, said Ilya Venyavkin, a historian. "He's someone who is ready to fulfil orders no matter what and never admits any mistakes," he said. "And they will say he did everything right so he'll be even more cruel next time."

In 1995, Surovikin was arrested for arms trafficking and given a suspended sentence that was later overturned. In 2004, a subordinate accused him of beating him up, while another killed himself after Surovikin criticised him. During Russia's campaign in Chechnya in the mid-2000s, Surovikin vowed to kill three Chechens for every soldier he lost. Memorial, Russia's human rights organisation, accused his unit of war crimes, including torture, forced disappearances and at least one murder.

Yet Surovikin has shown a capacity for inspiring his men, said Pukhov, of the Center for Analysis of Strategies and Technologies. "He's been through everything, including two stints in prison, and even that didn't break him. That means he can inspire the troops and has a reputation across the armed forces."

The reputation has helped win over some of the army's fiercest critics, including Chechen strongman Ramzan Kadyrov and Evgeny Prigozhin, founder of Russian mercenary group Wagner.

Kadyrov said he was "100 per cent satisfied" with the conduct of the war after Monday's strikes, while Prigozhin called Surovikin "legendary".

"Surovikin didn't have time to get all of his ammunition into his tank in August 1991," Prigozhin posted on social media app Telegram at the weekend. "If he had, we'd be living in a different country, one 10 times more powerful."

The praise from hardliners suggests Surovikin shares their demand for the mobilisation of Russia's reserves as "cannon fodder", said Kirill Rogov, a visiting fellow at the Institute for Human Sciences in Vienna.

Putin's decision backfired at home, with more people fleeing to Kazakhstan to escape the draft than have been conscripted into the army. But calling up an extra 200,000 men allows Russia to fight on without worrying about high casualties, Rogov pointed out.

Putin appears to have decided that "the Soviet Union collapsed because they didn't have people ready to use extreme force", Venyavkin added. "So now . . . they are ready to use any force they deem appropriate."

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Major powers

US security strategy warns of 'decisive decade' for China links

DEMETRI SEVASTOPULO — WASHINGTON

Joe Biden has warned the US faces a "decisive decade" in its rivalry with China, as he unveiled a national security strategy that singled out Beijing as having the intent and capability to reshape the international order.

In the first such document of his presidency, Biden yesterday wrote that his administration was "clear-eyed about ... priorities we pursue today will set us on a course that determines our competitive position long into the future," the security strategy said.

Biden's national security strategy, which comes fives years after the US released its previous iteration, outlines his view of the strategic challenges facing the country and the key priorities for American national security officials.

The document said the US goal was to ...

It also comes just two months after China conducted large-scale military exercises, including firing missiles over Taiwan, in response to US House Speaker Nancy Pelosi's visit to Taipei.

Beijing accuses Washington of interfering in its domestic affairs and creating anti-China coalitions with US allies.

'China [has] the intention

... tral to the global economy and was an important player in terms of efforts to deals with climate change and global public health issues. It said the US and China would still "coexist peacefully" despite the challenges.

Biden recently said the US would defend Taiwan if it came under attack from China, in his fourth such statement, which has reinforced concerns about a possible war breaking out in the ...

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Representative, Anjali Mahindroo

administration was "clear-eyed about the scope and seriousness" of the challenge posed to the international order from China and Russia.

"China harbours the intention and, increasingly, the capacity to reshape the international order in favour of one that tilts the global playing field to its benefit," he wrote in the 48-page text.

Biden added that Russia had "shattered peace in Europe" with the invasion of Ukraine and was endangering the global non-proliferation regime with its "reckless nuclear threats".

In terms of competition with China, which the Pentagon calls the "pacing challenge" for the US, Biden said the next decade would be decisive.

"We stand now at the inflection point, where the choices we make and the

The document said the US goal was to have a "free, open, prosperous and secure international order". It said the US would try to achieve that by investing in US power and influence, building strong coalitions to "shape the global strategic environment", and strengthening the US military to ensure it was "equipped for the era of strategic competition with major powers" while also having the capability to counter terror threats to the US.

The focus on China comes as relations between Washington and Beijing are mired in their worst state since the countries established diplomatic relations in 1979. The US is concerned about everything from the rapid modernisation of the Chinese military to its aggressive activity around Taiwan.

> and, increasingly, the capacity to reshape the international order'

In recent days, China has criticised the US for introducing export controls designed to slow Chinese progress in artificial intelligence, super computers and advanced chips.

The security strategy presented Beijing as posing the most serious challenge to the US, but also said Washington would take steps to make sure it was "outcompeting the People's Republic of China in the technological, economic, political, military, intelligence and global governance domains".

It also recognised that China was cen-

about a possible war breaking out in the Indo-Pacific region.

The strategy release came days before President Xi Jinping is expected to secure a third term as China's leader at the Communist party's 20th congress. US and Chinese officials are also negotiating a possible first in-person meeting between Biden and Xi when the two leaders attend the G20 summit in Bali, Indonesia, next month.

The security strategy had been expected earlier this year but was delayed because of the Russian invasion of Ukraine.

Its publication paves the way for the Pentagon to release its "national defence strategy" and for the administration to release a highly anticipated "nuclear posture review".

INTERNATIONAL

Saudi Arabia tests US ties after Opec+ cuts output

Riyadh's gamble in following self-interest has pushed Biden into relationship reset

SAMER AL-ATRUSH AND SIMEON KERR
DUBAI
ANDREW ENGLAND — LONDON
FELICIA SCHWARTZ — WASHINGTON

This way: Crown Prince Mohammed bin Salman guides US president Joe Biden for a photo in Jeddah, Saudi Arabia, in July
Mandel Ngan/AFP/Getty Images

As US politicians lined up to lambast Saudi Arabia after the Opec+ alliance slashed its oil production targets last month, the kingdom sent one of its most seasoned diplomats to say on American television: this is not about you.

"The idea that Saudi Arabia would do this to harm the US or to be in any way politically involved is not correct at all," Adel al-Jubeir, minister of state for foreign affairs and a former ambassador to the US, told Fox News at the weekend.

The message from Riyadh was that it had acted on the basis of market conditions and in its own interests as it sought to preserve oil prices to fund massive state spending plans.

But its words fell on deaf ears as Democrats raged against the kingdom, a traditional US ally, for ignoring Washington's pleas not to cut output.

President Joe Biden said on Tuesday "there will be consequences" for Saudi Arabia, without elaborating. He was speaking after John Kirby, for the National Security Council, said the administration was re-evaluating ties with Riyadh in "light of the Opec decision". Kirby told CNN that Biden was willing to work with Congress on punitive steps against Saudi Arabia.

The cuts highlighted how under Crown Prince Mohammed bin Salman, the kingdom is increasingly willing to pursue its own agenda even if it risks upsetting its partners. But it was also a gamble as the decision by Opec+, which includes Russia, to cut output targets by 2mn barrels a day has further damaged Saudi Arabia's image in the US. "They [the Saudis] were trying to suggest the relationship between Washington and Riyadh is no longer a vertical one and mutual interests need to be taken into account," said Sanam Vakil, a Gulf expert at think-tank Chatham House. "They are saying if you want us on side, our relationship needs to be nurtured."

But in Washington, the move was considered a snub of Biden ahead of midterm elections and amid high global energy inflation. The deal also underlined US concerns about Riyadh's relationship with Moscow as Russia president Vladimir Putin stepped up his war against Ukraine.

On Monday, Bob Menendez, Democratic chair of the Senate foreign relations committee, sought to "immediately freeze all aspects of our co-operation with Saudi Arabia, including any arms sales and security co-operation".

"I will not greenlight any co-operation with Riyadh until the kingdom reassesses its position [on] the war in Ukraine," he said. "Enough is enough."

The decision also unsettled a Saudi ally closer to home. Riyadh insisted all 23 Opec+ members were supportive of the cut, but the United Arab Emirates, its closest Arab partner, as well as Iraq, had expressed misgivings, according to several people briefed on the talks.

When the UAE's concerns failed to gain traction, it suggested a delay, but to no avail, the people said. The UAE's energy minister and his Iraqi counterpart later agreed to go along with the cut and defended it after the meeting.

As with Saudi Arabia, the UAE has sought to pursue a neutral stance on Russia's invasion. Both Gulf states are dependent on US arms and weapons and have pushed for greater security commitments from Washington.

But the contrasting narratives highlighted strains in a decades-old relationship between Riyadh and Washington. Ties have centred on personal relations between the president and the king, but today it is blighted by mistrust, tensions and misunderstanding, analysts say.

Prince Mohammed, the de facto ruler, had good relations with former president Donald Trump and his son-in-law, Jared Kushner, despite Saudi agents murdering Jamal Khashoggi in 2018.

But the crown prince has virtually no relationship with Biden, who campaigned vowing to turn Saudi Arabia into a "pariah" over the journalist's murder, which Riyadh blamed on a rogue operation, and for other rights abuses. His administration froze sales of "offensive weapons" to Riyadh over its military intervention in Yemen, reinforcing the Saudi perception that the US was no longer a predictable partner.

"The personal touch is not there and they don't have enough understanding of each other's needs, political climate and culture on either side," Vakil said.

After a July meeting between Prince Mohammed and Biden, US officials were optimistic the kingdom was willing to raise oil production. But Saudi officials said Riyadh made no such pledge.

In August, as the US approved a $3bn missile sale for the kingdom's Patriot air defence systems, Opec+ raised its output target by just 100,000 b/d, one of the smallest increases in its history. In September, it started announcing cuts.

"What Saudi Arabia promised was to do its best to stop oil from going to $200 and it did that by increasing production in the summer," said Ali Shihabi, a Saudi commentator close to the royal court. "The kingdom never committed to allow[ing] the price of oil to collapse."

> 'The personal touch is not there and they don't understand each other's needs'

> 'It smacked of payback for the comments Biden made during the campaign'

Before the Opec+ meeting, US officials had proposed delaying the cuts until after the midterm election, Shihabi said, an idea Saudi Arabia rejected.

A US official said it was "categorically false" that the administration sought a delay in connection with the midterms.

Saudi officials and commentators view criticism of the output cut as a symptom of US domestic politics.

Saudi foreign minister Prince Faisal bin Farhan al-Saud said the US remained the kingdom's top security partner. "When politicians in America assess the relationship, they will recognise . . . the benefits it brings and continue to co-operate," he told Saudi-owned broadcaster Al-Arabiya on Tuesday night.

But Jon Alterman, director of the Middle East programme at the Center for Strategic and International Studies, said: "This smacked of payback for the comments Biden made during the campaign and the lectures he delivered during his visit to the kingdom. That could get messy for the Saudis quickly as they don't have many friends in Congress."

INTERNATIONAL

Energy crisis

Germany fears recession because of conflict

Growth forecasts slashed for next two years on back of soaring gas prices

MARTIN ARNOLD — FRANKFURT
GUY CHAZAN — BERLIN

The German government has joined economists in warning that the energy crisis caused by Russia's invasion of Ukraine will push Europe's largest economy into recession next year.

The government yesterday slashed its growth forecasts for the next two years and now expects output to shrink 0.4 per cent next year, following lukewarm growth of 1.4 per cent this year.

The new forecast is a sharp downgrade from Berlin's previous prediction of growth of 2.2 per cent this year and 2.5 per cent next year.

Robert Habeck, vice-chancellor and economy minister, said the "substantial economic downturn" would be "above all, concentrated in the third and fourth quarters of this year and the first quarter of 2023".

Soaring prices, shortages of energy and supply chain bottlenecks would cause gross domestic product to contract in the next three quarters, before an expected rebound, with growth estimated at 2.4 per cent.

Russia's decision to cut gas supplies to Europe after its invasion of Ukraine has plunged Germany into its worst energy crisis since the second world war. Soaring gas prices have forced many companies to reduce production or even shut down, while households are bracing themselves for higher heating bills.

Habeck said: "We must not let [Russia president Vladimir] Putin win with his strategy of endangering our economic prosperity." The expected downturn "could have been worse if the government had not acted" by providing almost €300bn to cushion the blow of higher energy prices. Relief measures "succeeded in stabilising the economy".

"If you recall, economists at the start of the year said that if Russia stopped supplying gas then the economy would shrink by 3 to 9 per cent," he said. "The measures we have taken . . . have gained us time, and they have worked."

Chancellor Olaf Scholz last month announced a €200bn "protective shield", financed by new borrowing, to soften the effects of the energy crisis, following a €100bn package earlier in the year. Under his plans, the state will cap the cost of gas for private households and industrial companies.

Economists have predicted the cap will lower inflation and boost growth in the short term but could mean prices keep rising rapidly for longer, which is likely to put more pressure on the European Central Bank to raise interest rates further.

ECB president Christine Lagarde told an Institute of International Finance event in Washington yesterday that if fiscal policy and monetary policy were not co-ordinated, it would have to be "even more determined and more decisive in its fight against inflation".

Habeck forecast German inflation would average 8 per cent this year and 7 per cent next year, before falling to 2.4 per cent in 2024.

The government's forecasts are slightly more pessimistic than those released by the IMF this week, which predicted German GDP would grow 1.5 per cent this year before shrinking 0.3 per cent next year, the worst performance of any big economy except Russia.

Global economy. Rising pressures

IMF gloom underlines scale of challenges

Multilateral lender warns the 'downside risks remain elevated' for world's finances

COLBY SMITH AND CHRIS GILES
WASHINGTON

After the outbreak of war in Ukraine, inflation spiralling dangerously out of control and punishing waves of coronavirus lockdowns, the IMF this week had more bad news: the pain is far from over and the worst is yet to come.

At the onset of its annual meetings, held jointly with the World Bank, the multilateral lender warned that the "darkest hour" lay ahead. Next year could feel like a recession in much of the world and further sell-offs in markets could not be ruled out. The twin threats — to growth and financial stability — underscored the scale of the challenge facing policymakers from central banks and finance ministries who are gathering in Washington over the coming days.

"Downside risks remain elevated and policy trade-offs are becoming hugely challenging," Pierre-Olivier Gourinchas, the IMF's chief economist, said on Tuesday. "The risk of monetary, fiscal or financial policy miscalibration has risen sharply at a time of high uncertainty and growing fragilities."

The IMF again downgraded its outlook for global growth for next year to just 2.7 per cent. More worryingly, the fund's economists see high odds that the economy could fare even worse, with a 25 per cent chance growth would fall below 2 per cent and as high as a 15 per cent chance it could be under 1 per cent.

Nor is inflation expected to moderate quickly, with advanced economies expected to face annual consumer price growth of 7.2 per cent this year and 4.4 per cent next year, a level more than double the longstanding 2 per cent targets. As borrowing costs soared, the financial system's fragility was also likely to be exposed, acknowledged Tobias Adrian, head of monetary and capital markets at the IMF.

Other analysts shared the fund's gloomy prognosis. "The worst of the slowdown is ahead of us, not behind us," said Seth Carpenter, chief global economist at US bank Morgan Stanley. "We see a really big slowdown and outright recession in important economic blocs, [such as] the UK and the euro area. To the extent that there is a recovery, it is only in the emerging markets. And, even then, [it is] somewhat tepid."

Stocking up: traders at the Paloquemao market in Bogotá, Colombia. Next year could feel like a recession in most of the world, says the IMF
Luisa Gonzalez/Reuters

2.7%
The IMF's downgraded outlook for global growth next year

25%
Likelihood the IMF sees of global growth falling below its 2% target

15%
Likelihood the IMF sees of global growth undershooting to less than 1%

7.2%
Consumer price growth expected in advanced economies this year

There is also mounting concern that officials' policy responses will come with pernicious side-effects.

Almost every central bank has turned to sharply higher interest rates to tame inflation. The US Federal Reserve has led the charge, embarking on the most aggressive campaign to tighten monetary policy since the early 1980s after initially misdiagnosing the problem.

The fund did not remotely think the job had been done, urging monetary policymakers to have a "steady hand" and "stay the course". Gourinchas stressed that, at this stage, the risk of "over-tightening" and causing a recession was smaller than the risk of allowing high inflation to become ingrained.

The speedy surge in interest rates has threatened to exacerbate a wave of sovereign defaults that has already forced the IMF to enter into talks with members such as Sri Lanka and Zambia. With markets already on edge, the UK government's decision to unveil £45bn of unfunded tax cuts led to a surge in the country's cost of financing and threatened to trigger a financial crisis until the Bank of England stepped in and said it would buy sovereign bonds.

Adrian acknowledged that the risks of other economies falling victim to similar financial stability problems would mount. "There could certainly be financial stability problems and market dysfunction in other countries as well," he said on Tuesday. The challenge for highly indebted emerging and developing economies will be even more immense, and likely to result in a wave of additional defaults.

He said monetary authorities should be prepared to follow the BoE's example, intervening to ensure financial stability and fulfil their roles as "lenders of last resort" to the financial system.

Increasingly, there are calls for central banks to moderate the pace of tightening, mostly directed at the Fed, which is considering a fourth straight 0.75 percentage point rise at its meeting in early November. The EU's chief diplomat, Josep Borrell, complained this week that "everybody has to follow [the Fed's higher interest rates] because otherwise their currency will be [devalued]". World Bank economists have also warned about the negative global repercussions of the Fed's actions.

'The worst of the slowdown is ahead of us, not behind us'

Others argue that by the time central banks' increases have fully worked their way into every corner of the economy, much of the world could be in recession.

Robin Brooks, chief economist of the Institute of International Finance, a trade body for global finance, said there was a need to at least discuss a global "pivot" away from supersized rate rises because he foresaw a much sharper downturn across Europe and a weaker global economy than the IMF.

Policymakers increasingly appear more attuned to these concerns. Lael Brainard, vice-chair of the Fed, on Monday said the central bank should raise rates, but do so "deliberately and in a data-dependent manner". This was, she said, due to "elevated global economic and financial uncertainty".

Edward Luce see Opinion

UK central bank

BoE ramps up bond-buying in battle against fresh gilts sell-off

TOMMY STUBBINGTON, ADAM SAMSON AND JASMINE CAMERON-CHILESHE

The Bank of England battled a renewed sell-off in UK government bonds yesterday after its vow to end its emergency gilt-buying programme unsettled markets already unnerved by the fiscal plans of Prime Minister Liz Truss.

The central bank bought £4.4bn of gilts from investors, its biggest intervention since it entered the market last month to prevent "fire sales" by UK pension funds in the wake of government plans for unfunded tax cuts. The sell-off had intensified earlier in the day after the BoE insisted the programme would end tomorrow, in line with Tuesday night comments by Andrew Bailey, governor, that pensions funds had "three days left" to shore up their positions.

The government's 30-year borrowing costs leapt to as high as 5.1 per cent, before receding to 4.9 per cent in the wake of the BoE purchases. They ended last week at 4.39 per cent. In a sign of heightened volatility, the London Stock Exchange said from today it would let market makers quote a wider-than-usual spread in prices on gilts until further notice. Such a move is rare and normally only lasts a day.

The central bank added yesterday it had "made absolutely clear in contact with the banks at senior levels" that it would end its scheme this week. The Financial Times reported earlier in the day that BoE officials had briefed lenders in private that it was prepared to extend the programme beyond tomorrow if market volatility flared again.

The BoE has now bought nearly £8bn of bonds since it expanded its operation to include inflation-linked debt on Tuesday, more than in the first nine days of the operation combined. But investors have signalled underlying concerns about the health of UK public finances, with the government under pressure to show how it will get back to a sustainable fiscal trajectory.

Truss said in parliament yesterday that the government would not reduce expenditure — leaving open the question of how it plans to finance its intended £43bn in tax cuts.

"What we will make sure is that over the medium term the debt is falling," Truss said. "But we will do that not by cutting public spending but by making sure we spend public money well."

Yesterday, Huw Pill, the BoE's chief economist, said the bank should remain focused on its principal goal of fighting inflation. He added that the BoE was likely to decide on a big increase in interest rates next month in response to the government's fiscal plans.

Finance minister Kwasi Kwarteng's tax cut package sent sterling and the gilt market into a tailspin, triggering a liquidity crisis in pension funds. The BoE's bond-buying scheme, announced on September 28, initially soothed markets but volatility picked up again. The BoE this week staged two further emergency interventions, increasing the maximum size of its purchases and including inflation-linked bonds.

Additional reporting by Josephine Cumbo and Philip Stafford

See FT View, Opinion & Markets Insight

Communist party

China security crackdown intensifies as national congress nears

FT REPORTERS

"Fortress Beijing" is ready. More than 1mn alleged criminals have been arrested; travellers on the Chinese capital's trains are being forced to prove their water bottles do not carry dangerous substances by taking sips; and airports across China are redoubling surveillance of ethnic minorities.

With just days until the Chinese Communist party's most important political meeting in a decade, President Xi Jinping's security lieutenants are intensifying a months-long crackdown.

Stricter security precautions are common in the capital around big political events, but the significance of this year's congress, at which Xi is expected to secure an unprecedented third term as party leader and head of its military commission, has inspired greater zeal.

Under the Ministry of Public Security's "100-day operation", which started in June, more than 1.4mn people have been arrested across the country.

Qiu Baoli, head of the ministry's public security administration bureau, said the special operation had laid a "solid foundation" for safeguarding the quinquennial party congress, scheduled to open on Sunday.

The crackdown, he added, had been enforced with an "iron fist" but had boosted the "people's sense of happiness and security".

Security efforts have been tightened in parts of the country that Beijing considers higher risk because of large ethnic minority populations.

At the main airport in Baotou, a city in Inner Mongolia, security staff have been on high alert and received additional training to search for prohibited items on travellers.

The central government views the northern region as a threat since mass protests broke out among ethnic Mongol communities two years ago over China's repressive policies towards the non-Han minorities.

In Beijing, the security net around sensitive sites is especially tight, including the Great Hall of the People, on the western edge of Tiananmen Square, where the congress will be held, and the Jingxi Hotel, where many of the thousands of delegates will stay.

Logistics networks are under strain after postal groups were ordered to run more inspections and disinfect deliveries in the capital, as well as other areas, from the start of the month until the congress closes.

Businesses have been told to expect additional spot checks.

Taobao, the ecommerce platform owned by Jack Ma's Alibaba, has warned that "all express logistics in and out of Beijing are significantly affected".

Staff working at large state-owned enterprises in Beijing have been told to cancel travel plans in and out of the city in October.

The stringent security measures, coupled with the relentless enforcement of mass Covid-19 testing and snap lockdowns under Xi's zero-Covid policy, have deepened frustrations among Chinese citizens.

"Travelling outside Beijing is like gambling these days," said a lawyer who asked not to be named.

On alert: military personnel stand guard in central Beijing yesterday

After leaving the capital during last week's national holiday, the lawyer was one of the thousands whose personal health apps suggested they were at risk of spreading Covid.

The lawyer was only able to return after submitting paperwork to health officials proving Beijing residency and that their local Communist party neighbourhood committee was willing to accept them.

Migrant workers, who are not officially residents of Beijing, have fewer avenues to bypass the security checks.

"My nanny left Beijing to visit her family during the holiday. Now she cannot return," said the mother of a one-year-old boy.

Some experts had hoped that the party congress would mark a turning point in Xi's zero-Covid strategy.

However, the People's Daily, the party's official newspaper, on Tuesday issued a reminder that the policy was the best option for protecting the health of the country's 1.4bn people, underlining Beijing's prioritisation of controlling Covid outbreaks over the economy.

Reporting by Edward White in Seoul and Maiqi Ding and Xinning Liu in Beijing

Emissions

New Zealand farmers reject plan for livestock methane tax

NIC FILDES — SYDNEY

Jacinda Ardern's plan to cut methane emissions by imposing a tax on New Zealand's cows and sheep has provoked a furious reaction from its farmers.

The prime minister, who is trailing in opinion polls for an election to be held next year, this week proposed a world-first system to levy taxes on farmers based on the level of emissions from their herds. The amount due would depend on the number of animals kept, the size of the farm, the type of fertiliser used and any methods used to mitigate methane production.

There are more than five times as many sheep and twice as many cattle as people in New Zealand. Livestock forms the backbone of the country's large dairy and meat industries but contributes about half of its total emissions. The methane is generated by the ruminants' digestion and the use of synthetic nitrogen fertilisers in the grass they eat.

Ardern said all money raised by the introduction of the tax in 2025 would be put into research and incentives for farmers struggling to reduce the methane contribution of their herds. She also argued that it would put "New Zealand on the best possible footing" to capture a price premium for carbon-neutral meat and dairy products.

A plan to tax farmers over livestock methane was first broached in New Zealand 20 years ago when a government led by Helen Clark approved a similar scheme. Dubbed the "fart tax" by its opponents, it was abandoned after a tractor protest outside parliament.

James Clairmont, who runs the Craggy Range Sheep Dairy in Hawke's Bay on New Zealand's North Island, told the Financial Times that similar demonstrations could recur as Ardern had become "hell-bent" on reducing methane emissions at a time when fuel and farm input costs had risen sharply.

Dairy company Fonterra, one of New Zealand's biggest corporations, said it supported the introduction of farm-level levies because farmers would directly benefit from decisions they made on their farms. However, it added that it had reservations about the methane tax proposal, including how the government would set the price of the levy.

Techies unite European and Korean staff at TikTok form works councils in drive for better pay and conditions ➔ COMPANIES

Companies & Markets

KPMG's Dubai boss to depart after months of turbulence

- Haffar will not run in leadership poll
- Claims of nepotism and 'fear culture'

MICHAEL O'DWYER AND MADISON MARRIAGE — LONDON
SIMEON KERR — DUBAI

The head of KPMG's Dubai business has announced his resignation from the firm, as a wave of allegations of nepotism, cronyism and partner discontent have engulfed the business since July.

Nader Haffar told partners yesterday that he planned to step down as chair and chief executive of KPMG Lower Gulf and that he would not contest a forthcoming election to lead the 1,300-person business.

The election was called in July after the Financial Times revealed partner unrest over governance issues, including the fact that Haffar had extended his tenure until 2027 without offering an opportunity for opponents to run against him.

> Dissenters were allegedly sidelined while the board was hit by accusations of a lack of independence

Haffar had pledged to stand in the election but reversed his position yesterday. He will leave the firm at the end of the year.

He said his decision was "driven by my desire to protect the interests of the firm, our clients and my colleagues.

"The current speculation about various issues related to KPMG Lower Gulf's governance is a distraction for the firm, unsettling for our people, and has an impact upon the firm's reputation."

their candidacy had been extended from this week until October 24, one of the people added.

Gupta and Pera did not immediately respond to requests for comment.

Law firm Freshfields had been called in to oversee the election process and was reviewing the firm's governance, said current and former partners. Freshfields was set to be paid about $1.5mn for its work, one of the partners said.

Haffar's resignation comes less than two weeks after Dubai's regulator announced a provisional $2mn fine for KPMG Lower Gulf and one of its partners over its audit of Abraaj, the emerging markets private equity group that collapsed in 2018 with $14bn under management.

KPMG Lower Gulf has endured months of turmoil sparked by the removal of two partners who raised governance concerns over Haffar's appointment of his brother-in-law to a position at the firm.

Haffar was accused of creating a "culture of fear" in the firm and sidelining dissenters, while the board was accused of lacking independence, partly because of the unusually high salaries paid to some of the independent directors.

Haffar had attempted to shore up his position by promising to hire a law firm to review governance. He sent a letter last month to KPMG Lower Gulf's 3,400 clients in the UAE and Oman in which the firm's 30 partners said that they remained united.

The client letter came after a call by an anonymous group of partners to

Last-minute try Premiership Rugby club Wasps in final push to avoid administration

Tough game: Wasps once claimed to generate more revenue than any rugby club in Europe — David Rogers/Getty Images

SAMUEL AGINI

The 155-year-old English Premiership Rugby club Wasps warned yesterday it was likely to enter administration within days, becoming the second side to do so within weeks.

The rugby union club pulled out of a league match against Exeter scheduled for Saturday as it fights to survive. It said it was "confident" of finding new owners to save the group and its rugby and netball teams.

Wasps, based in Coventry, has struggled financially after losing out on revenues because of the pandemic and becoming more indebted.

ball teams, which command billions of pounds in broadcast income.

The UK government provided £88mn in loans to Premiership Rugby clubs in March 2021 under a so-called Sport Survival Package.

Wasps, the two-time European champions, would be the second rugby union side in little over two

> 'The reality is that they have insufficient cash at this time to continue to fund operations'

the 12 members of Premiership Rugby, the highest level of the game in England. But their financial struggles have plunged the game into crisis.

Rugby Football Union, the governing body, suspended Worcester after the club failed to provide evidence of insurance cover, funds to meet monthly payroll and a "credible plan" to take the club forward.

Wasps, which once claimed to generate more revenue than any rugby club in Europe, raised £35mn through a retail bond issue in 2015. The bonds were due to be repaid in May. The UK government is also a creditor.

"While the companies within the

BASF seeks €1bn in cost cuts as energy crisis bites

PATRICIA NILSSON

BASF plans to cut costs by about €1bn over two years, as the world's largest chemicals company by revenue warned of "significantly weaker earnings in Europe".

The German company said yesterday it had initiated a cost-saving scheme in "non-production areas", such as IT, communications and R&D. It hopes to save €500mn next year and in 2024, and said it was talking to "employee representatives in the relevant bodies".

BASF, which produces a wide range of chemicals such as solvents, glues and basic petrochemicals, is among many European companies that have suffered a blow from the energy crisis that has engulfed the continent.

The company said it expected net income to reach €909mn in its third quarter, compared with €1.25bn in the same period last year. This, it added, was "considerably" below the average analyst consensus of €1.1bn.

Its cost savings would "focus on Europe and particularly Germany due to deteriorating framework conditions", with more than half affecting its headquarters in Ludwigshafen. BASF said it was also planning to restructure its chemical sites in the region, and will reveal plans in the first quarter of 2023.

The hit to profits, which the company said would not affect its full-year guidance for earnings before interest and tax of €6.8bn to €7.2bn, was partly the result of a €740mn writedown on its stake in oil and gas group Wintershall Dea. Shares were up by just under 2 per cent yesterday. Sebastian Bray, analyst at Berenberg, attributed the "modest rally" to results being "without big hiccups, notwithstanding the expectedly weaker volumes".

This is not the first time that BASF has been burnt by its exposure to Russia. Wintershall Dea, which is a shareholder in the Nord Stream 1 gas pipeline and helped finance the building of Nord Stream 2, said this year it would have to write off the €1.1bn it had lent to the Nord Stream 2 project, which was in effect cancelled by the German govern-

Former partners said this week that they expected Haffar would have lost if he had stood in the election.

Deals partner Anshul Gupta and former head of audit Emilio Pera were expected to run, said people familiar with the details.

The deadline for partners to declare

have him suspended and replaced temporarily by an executive from KPMG's international operations.

KPMG has been criticised for failing to act on whistleblower reports from within KPMG Lower Gulf. It has said that it acts on all whistleblower reports.

Wasps Holdings made a net loss of £7.4mn on revenues of £13mn in 2021, following a net loss of £11.1mn on revenues of £21mn in 2020.

Rugby teams were left exposed when Covid restrictions prevented live crowds at games because they are more reliant on ticket sales than foot-

weeks to enter administration, following Worcester Warriors.

Negotiations to save Wasps' teams are continuing, the club said, though it has so far been unable to obtain bridge financing from investors to avoid administration.

Wasps and Worcester are among

group all represent strong and viable businesses, the reality is that they have insufficient cash at this time to continue to fund operations until these complex negotiations have concluded," Wasps said.

Wasps, originally based in London, last won the Premiership in 2008.

ment days before Russia's full-scale invasion of Ukraine.

BASF's chief executive, Martin Brudermüller, has been one of the most vocal opponents of an embargo on Russian gas, having warned it would plunge Europe's largest economy into its greatest crisis since the second world war.

VW's complex structure presents potential snags for Germany

INSIDE BUSINESS
EUROPE

Olaf Storbeck

With 295,000 employees in Germany and 24 plants across its home country, it is hard to overstate Volkswagen's importance for Europe's largest economy. The Wolfsburg-based conglomerate is one of Germany's biggest industrial employers and a centre of gravity for a network of suppliers.

From a short- to medium-term perspective, the Volkswagen empire has just become much more stable. Last month's listing of a minority stake in sports car maker Porsche generated a high-value currency in case it needs to raise funds. Volkswagen still owns 75 per cent of Porsche's voting and non-voting stock. It could easily raise billions of cash should the group need it for something such as paying for the transition to electric vehicles.

However, the Porsche initial public offering could prove a major headache in the long run, as it makes the conglomerate's already cumbersome corporate governance even more complex. Is that good for Germany?

After the listing of Porsche AG, investors seeking exposure to the Volkswagen empire can now choose between buying equity in four different listed entities: the overall group (Volkswagen AG), its sports car brand (Porsche AG), its trucks business (Traton SE) and a holding company that owns the Porsche-Piëch clan's voting stock in Volkswagen AG and Porsche AG (Porsche SE).

These are bound together in a web of cross-shareholdings effectively controlled by the Porsche-Piëch family through its grip on voting shares. The listed companies are notionally independent and run by separate executive boards overseen by their respective supervisory boards. But be in no doubt — the shots are called by the Porsche-Piëch clan.

A overlap in personnel across the group's eight different boards highlights and reinforces this grip. Eleven individuals — nine of them men — hold positions on boards of at least two different companies.

Five of them are even on at least three different boards. Hans Dieter Pötsch chairs the supervisory boards of Volkswagen and Traton, is the chief executive of Porsche SE and sits on the supervisory board of Porsche AG. Oliver Blume doubles up as CEO of Volkswagen and Porsche AG. Volkswagen's head of legal Manfred Döss is also in charge of compliance at Porsche SE while being a member of Traton's supervisory board.

> The web of crossholdings, share listings and individual responsibilities can raise questions over conflicts of interest

This complex web of crossholdings, share listings and individual responsibilities does more than just create additional overhead costs. It can raise questions over conflicts of interest.

Just take a look at the roles of Lutz Meschke, chief financial officer of Porsche AG. It might be in Porsche AG's interests to keep dividends low to preserve cash. But as head of investment management at Porsche SE, he might want to receive as much payments from Porsche AG as possible. Advisors to the group state that the relationship between Volkswagen, Porsche and the other entities is clearly legally defined. Before the Porsche AG IPO, a legal agreement that gave Volkswagen full control over the cash flows and day-to-day decisions at Porsche AG was cancelled. Without such a pact, the management is required under German law to pursue the best interest of the whole corporation.

However, the Porsche-Piëch clan and VW could put a new agreement in place with the stroke of a pen given its voting rights. This might be a purely theoretical option as such a move would be likely to hit investor confidence. But should the preferences of the family change, there might be little external shareholders can do against it.

External investors basically have a limited voice. In Porsche SE and Porsche AG, the voting shares are not publicly traded at all. In VW's case, the state of Lower Saxony and Qatar's sovereign wealth fund also have significant holdings of voting shares. Lower Saxony's government wields special veto rights on issues such as takeover offers. And the feisty IG Metall metal workers union has a big influence at VW.

Owning stock in Porsche AG requires faith in the management capabilities of a corporation that has a spotted record in areas such as compliance with emissions rules as well as capital market communication. For now, investors have chosen to ignore the potential pitfalls, lured by Porsche's growth and profitability. Should this bet go wrong, it would not just be painful for them. Given Volkswagen's sheer size and scope, it would be a blow to the wider German economy.

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COMPANIES & MARKETS

Media

Twitter reviews policy on user bans

Tools explored that would bring moderation more in line with Musk vision

HANNAH MURPHY — SAN FRANCISCO

Twitter is reviewing its policies on permanently banning users, potentially bringing its content moderation more in line with Elon Musk's vision for the social media platform, regardless of whether the Tesla chief becomes its owner.

The Silicon Valley company has been assessing whether there are other content moderation tools that could replace its harshest penalty for the violation of certain rules, according to multiple people familiar with the situation.

But any change is unlikely to pave the way for a return to the platform for Donald Trump, two of the people said, as removing bans for the breaching of its policy against inciting violence is not under consideration. The former US president was issued a lifetime ban soon after a mob of his supporters invaded the US Capitol on January 6 last year.

Instead, staffers are looking at areas where they feel Twitter may have been disproportionately heavy-handed in cutting off users from its services for lesser offences, such as around the sharing of misleading information.

The review, which began months ago and has not yet reached any conclusions, comes amid renewed focus on the policy following the temporary locking of US rapper Kanye West's account after he posted an anti-Semitic message on Saturday.

A relaxation of the permanent bans policy has been touted by Musk, who made a surprise declaration last week that he wanted to buy Twitter for $44bn after agreeing to do so in April but later attempting to back out of the deal, sparking a high-profile legal dispute.

On Friday, the Delaware judge overseeing the case, set for trial on October 17, agreed to stay the legal action until November to give more time for the two sides to reach a resolution.

Musk, who describes himself as a "free speech absolutist", has previously said that if he takes over the platform, he would relax Twitter's moderation rules and move away from bans towards "time outs" or suspensions.

He has also suggested reducing the visibility of offensive content in users' feeds or allowing them more choice over what they see. "I think being able to dial the content you see from 'warm & fuzzy' all the way to 'bring it on mf!' is the way to go," he wrote on Twitter last week.

Twitter said the company was "always examining the rules that govern our service and the tools and features that can encourage healthy conversation".

According to its website, San Francisco-based Twitter issues permanent suspensions to users who have violated its rules "in a particularly egregious way" or have "repeatedly violated them even after receiving notifications from us".

Twitter's policies do not allow users to share violent threats, terrorism, harassment and hate speech, for example. On top of bans, Twitter also issues temporary account suspensions, and labels or reduces the visibility of content that breaks its rules.

A move away from permanent bans would be welcomed by Republicans, many of whom have complained about censorship of conservative voices on social media platforms — allegations the platforms deny.

Twitter is an outlier in its treatment of Trump. Rival Meta has said it will lift its ban on Trump from January if and when the risk of violence has decreased, while YouTube has made a similar statement.

In May, Musk told the Financial Times that he would reverse the ban on Trump, adding that he had the support of Twitter's co-founder, Jack Dorsey.

Technology. Labour rights

TikTok staff organise to demand better conditions

Formation of works councils in Europe and South Korea marks growing movement

CRISTINA CRIDDLE — LONDON

TikTok staff are quietly forming works councils, marking a growing movement among employees at the Chinese-owned social media platform to organise and demand better conditions.

A works council in Berlin was due to hold its first election today, and similar

Energy

EDF close to cut-price deal for GE nuclear unit facing sanctions risk

SARAH WHITE — PARIS

French power operator EDF has renegotiated a deal to buy a nuclear turbine maker from General Electric, cutting its offer price for a business seen as strategic for France's atomic industry but exposed to sanctions risk because of orders from Russia's Rosatom.

State-controlled EDF, which is on the cusp of being fully renationalised, was encouraged into making a move on the turbine company by the French government in a deal announced by President Emmanuel Macron early this year.

The acquisition was touted as a way of recovering French control of the technology as EDF gears up to build new reactors, while also securing the future of a large factory in eastern France at a time when GE was exploring asset sales and looking to cut jobs.

But the business has since been caught in the fallout from Russia's invasion of Ukraine, even though its dealings with state-owned Rosatom, one of the world's biggest nuclear plant developers, have not faced sanctions so far.

EDF is moving ahead with the turbine deal but is close to an agreement to shave 10-20 per cent off the enterprise value, originally set at about $200mn, due to sanctions risks, according to two people familiar with the discussions.

A memorandum of understanding was agreed in February, weeks before representative bodies have been formed in Poland, France and South Korea over the past 18 months, in moves not reported previously.

It comes as TikTok staff in Europe and the US have complained of an aggressive working culture.

TikTok said its teams worked flexible hours to collaborate with colleagues around the world and were supported through health and wellbeing offerings.

TikTok increased turnover in Europe nearly sixfold in 2021 to $990mn but posted an $896mn loss, up a third compared with 2020, driven largely by hiring more than 3,000 staff.

The formalisation of the councils reflects a push by employees to ensure they are officially represented and consulted on issues including restructuring, working conditions, and pay.

Martha Dark, director at tech justice group Foxglove, called it a "milestone" for tech workers "fighting for a fair deal from bosses."

Social media companies rarely recognise labour movements. Twitter and Meta, which owns Facebook and Instagram, do not have trade unions but staff at Google parent Alphabet, which owns YouTube, formed a union last year in what it called the first of its kind.

It is rare for private Chinese companies to have organised labour groups internationally, though some state-owned enterprises have branches of their union overseas. TikTok is owned by Beijing-based ByteDance.

Works councils are a legal right in many EU countries for companies of a certain size, though their rights differ from state to state. They are designed to ensure that staff have input on issues such as wages, hours and conditions. They represent all employees except executives — unlike unions, which act for the interests of their members and can organise strikes.

Former and current staff in Germany and Poland have said they frequently work unsocial hours and overtime. They feel unrealistic targets are set, their concerns regarding working practices are not listened to, and they are reprimanded for failing to meet goals.

Employees at the platform in Berlin, helped by the Verdi union, below, have begun an effort for representation and consultation on such issues as restructuring and pay, with a works council due to hold its first election today
Sean Gallup/Getty Images

TikTok's Berlin branch of more than 400 employees will elect 11 members who will be consulted on wages, hours and working conditions, as well as operations such as changes to tech. Berlin staff have sought to form a council since 2020, but have been opposed by management, who appealed against previous efforts in the German labour courts. The law requires elections to be held in person, and initial efforts were organised virtually during the pandemic.

Executives were accused of trying to disrupt proceedings by joining the virtual elections using false names, people involved said. In Germany, an employee who campaigned for the works council left TikTok after reportedly being pressed by management to quit, according to people familiar with the departure. Another employee helping to form the council was paid a settlement and asked to leave, two former staff said.

Under German law, employees who initiate the election process and works council members are protected against dismissal for the duration of their term of office and for one year after. In exceptional circumstances, their employment can be terminated with the consent of the works council.

TikTok said it did not comment on individual employees.

German union Verdi, which has been helping TikTok staff create the council, said it would seek to form a nationwide body. The platform has two main offices in Germany, in Hamburg and Berlin.

"Since Verdi got involved, TikTok has completely changed its attitude, became co-operative, and stopped trying to block the works council," said Hikmat El-Hammouri, a Verdi official. "If you are a smart company, you know you cannot block this process because it is part of democracy and protected in the German constitution."

Germany's works councils are among the most powerful in the EU. Employers are obliged to hear their opinions before reaching certain decisions and to take the works council's views into account. The council has some veto powers, which can be challenged in court.

> 'If you are smart you know you cannot block this because it is part of democracy, protected in the German constitution'

In Poland, staff have the right to be told in advance of the company's business and any changes to structure, pay or contractual relations. Unlike Germany, they are not informed or consulted on individual dismissals of employees and cannot stop company decisions.

The works council was formed in July this year, with a senior HR representative offering to lead the formation of the council which some employees were critical of, one person said.

"TikTok fully supported the establishment of a works council in Poland and adhered to the correct legal process from start to finish," the company said.

It said a works council was formed in France in May last year and a labour management council in South Korea last December.

The company said it "fully supports employee rights" and promoted open lines of communication through internal forums and anonymous surveys. It declined to put the Financial Times in touch with employees from South Korea or France, and the FT was unable to reach any of them independently.

Additional reporting by Madeleine Speed, Yuan Yang, Akila Quinio and Song Jung-a

> in February, weeks before the Russian invasion

The plant makes the 80-metre Arabelle steam turbines used by EDF and Rosatom, which has construction contracts from Turkey to Egypt and overseas projects in which western companies' participation has been allowed to continue.

A memorandum of understanding was agreed in February, weeks before the Russian invasion, but a deal was never signed. EDF has also been in discussions about putting €800mn of cash into the business, the people said, and an agreement to cement the acquisition is close. EDF declined to comment, while GE did not respond.

The possibility of escalating US sanctions in particular was hanging over the business, one of the people said, while there was also a risk the company could be hit by any further cancellations of projects linked to Rosatom.

A Finnish-led consortium ended its contract with Rosatom to build the country's third nuclear power plant in May, with a knock-on effect on Arabelle orders.

Rosatom supplies nuclear fuel to several plants across Europe, including in Bulgaria and Hungary, although France, which has the region's biggest fleet of reactors, has alternative supplies.

That dependence might help shield the sector from European sanctions, one of the people familiar with the turbine acquisition said. "The Europeans would have to really buy extra thick sweaters for this winter if they went down that route," the person said.

The Arabelle turbine business, which employs about 1,800 people at a factory in Belfort, was sold to GE by France's Alstom as part of a much bigger €9.7bn disposal of its power business in 2015.

EDF, which is struggling with losses as reactor outages hit its nuclear power output, was pushed by the French state to take back the Arabelle maker, two people familiar with the matter said.

Pharmaceuticals

BeiGene calls Beijing's failure to import mRNA Covid jabs 'mind-boggling'

JAMIE SMYTH — NEW YORK
ELEANOR OLCOTT — HONG KONG

One of China's most prominent biotech companies said it was "mind-boggling" that Beijing has not allowed sales of Covid-19 vaccines using technology pioneered by Moderna and BioNTech/Pfizer.

BeiGene's research chief told the Financial Times it was "unfortunate" that Chinese authorities had not approved messenger RNA shots, which provide longer-lasting and higher levels of protection than vaccines made by home-grown rivals.

China is the only big economy that has maintained strict quarantine for international arrivals and lockdowns to curb outbreaks of the virus.

The pandemic policies have stunted the country's economic growth and disrupted global supply chains. Experts said China's low elderly vaccination rate and reliance on domestic jabs have prompted Beijing to stick to its controversial zero-Covid policy.

"It's mind-boggling. I don't fully understand why they are doing that," said Wang Lai, BeiGene's global head of R&D, in an interview in New York.

Wang said he thought Chinese authorities wanted to "somewhat protect some of the China vaccines . . . which is unfortunate".

Several Chinese pharmaceutical companies are developing mRNA alternatives to the Moderna and BioNTech vaccines, but they have struggled to adapt to new variants.

Beijing has not approved any mRNA vaccines, and the mass production of this type of technology is more complex than China's existing inactivated shots made by Sinopharm and Sinovac, which produce a weaker immune response.

BeiGene, which was founded in Beijing in 2010, is rapidly expanding its international operations and is listed on the Hong Kong, Shanghai and Nasdaq exchanges.

The company has begun developing its own mRNA technology but Wang said it had no ambition to work on Covid vaccines because the field was already crowded. Instead, it plans to use mRNA technology to make cancer vaccines.

It has signed partnerships in the field with US-based Strand Therapeutics and InnoRNA, a Shenzhen-based start-up, he said.

BeiGene's US-listed shares have fallen 63 per cent over the past 12 months, part of a sector-wide plunge after biotech stocks soared at the start of the coronavirus pandemic.

It reported a net loss of $571.4mn for the quarter ending June 30, compared with $480.3mn in the same quarter last year. Revenue in the second quarter was $341.6mn, up from $150mn a year earlier.

> Authorities want to 'somewhat protect some of the China vaccines . . . which is unfortunate'

Wang said Covid lockdowns in Shanghai and Beijing this year had an impact on the company's research functions in those cities but the reaction of BeiGene employees helped minimise the disruption.

He said some scientists had formed strong "bonds", living and working in the company's labs during lockdowns. "Believe it or not, they actually liked it . . . We had places for them to stay, we had tents and we had food."

China's zero-Covid policy has delayed US approval of one of BeiGene's best growth prospects, the cancer drug tislelizumab.

In July, the company said the US Food and Drug Administration had been unable to conduct inspections of facilities in China and was deferring action on its application.

"The FDA doesn't want to send people over there [China] and then they end up in a hotel for three weeks," said Andrew Berens, analyst at SVB Securities.

BeiGene was one of about 200 Chinese companies trading in New York that faced possible delisting for failing to meet US regulators' demands to inspect their audits. In August, Washington and Beijing reached an audit deal, though whether it will resolve all the issues remains unclear.

Wang, who lived in the US for more than a decade before joining BeiGene, said the company had been responsive to Washington's audit concerns, including by switching from the China-based Ernst & Young Hua Ming to the US-based EY.

"We have really taken a proactive approach to solving this problem and I don't think this is an issue any more," he said.

Wang said the pharma industry must remain above politics because an economic decoupling between China and the US would be a "disaster".

"You don't want just because two countries have issues that you prevent patients' access to novel medicine — that is just not right."

COMPANIES & MARKETS

China tech groups bank on virtual influencers

Computer-generated avatars are considered a safer option by businesses as Beijing cracks down on human celebrities

GLORIA LI — HONG KONG

China's celebrity influencers Viya and Li Jiaqi — alias Austin Li, the "lipstick king" — used to attract millions of shoppers to ecommerce platforms, but scandals and their subsequent disappearances exposed the risks of crossing the Chinese Communist party.

Enter the virtual idols. Computer-generated avatars are considered a safer option by companies as Beijing cracks down on human celebrities deemed politically outspoken or with questionable morals.

Over the past year, Chinese investment and tech groups, including Tencent and ByteDance, have ploughed hundreds of millions of dollars into companies that develop digital influencers. China's virtual idol industry is predicted to jump sevenfold from

In August, Beijing became the first city in China to roll out a dedicated development plan for the "digital human industry", with the goal of building it into a sector worth Rmb50bn and cultivating 10 companies with an annual revenue of more than Rmb1bn by 2025.

"They [virtual idols] don't age, the IP lasts forever, they don't get sick, or tired. Fictional characters do not have the risk of scandalous personal behaviour, they are potentially less expensive to produce," said Tom Nunlist, a senior analyst at consultancy Trivium China.

"The controllability of virtual idols may also be attractive to Chinese officials, from a censorship and propaganda perspective," Nunlist added.

But the industry is not scandal-proof. Accusations of worker exploitation against ByteDance emerged following the suspension of a core member of vir-

Rmb6.2bn ($870mn) in 2021 to Rmb48bn in 2025, according to Guangzhou-based iiMedia Research.

ByteDance this year bought a 20 per cent stake in Hangzhou Li Weike Technology, the start-up behind popular virtual character LA. WK. Last November, Alibaba led a $20mn Series A financing round of DGene, a virtual reality developer with offices in Shanghai and Silicon Valley. A month later, Tencent invested in Facegood, a Shenzhen-based software developer focusing on 3D facial animation.

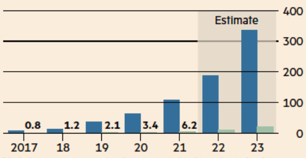
Xmov, a Shanghai-based start-up that owns multiple digital influencer IPs and has the goal of building "virtual world infrastructure", announced in April that it raised a total of $130mn in its Series B and C funding rounds from investors including Sequoia China and SoftBank.

"I rarely socialise with people in real life, but I feel happy when I see my idols' vibrant performance on the screen," said Babol, a fan of A-Soul, China's most popular animated girl group, which was jointly launched by ByteDance's gaming unit Nuverse and artist management firm YH Entertainment in 2020. "Every time I watch their live-streaming shows, I couldn't help smiling."

All made up: Ling, a virtual influencer developed by Xmov, a SoftBank-backed start-up — Xmov

China virtual idols market

Total value (Rmb bn)



* Includes ecommerce, merchandise, augmented reality and virtual reality, among others

Source: iiMedia Research

Virtual influencers have demonstrated an ability to monetise connections with fans. Vox Akuma, a virtual YouTuber owned by Japanese virtual idol agency AnyColor, made his China debut on video-streaming site Bilibili in May. During his 100-minute live-streaming session, Vox Akuma gained tips totalling Rmb1.1mn from about 40,000 fans.

The gains are still far below what human influencers used to earn. Li and Viya sold a total of Rmb20bn worth of goods during their livestream sessions on the first day of presales leading up to Alibaba's "double 11" shopping festival in November last year.

Still, international fashion brands are increasingly hiring virtual idols as ambassadors in China as they cut ties with celebrities forced to quit public life because of scandals during Beijing's crackdown on the country's entertainment industry.

Danish jewellery maker Pandora ended its collaboration with Chinese actor Zhang Zhehan in August last year, after state media denounced him for "hurting the nation's feelings" by taking photos in front of Tokyo's Yasukuni Shrine, which controversially venerates Japan's 2.5mn war dead.

In March, Pandora posted portraits of SAM, a virtual idol owned by lifestyle magazine Elle, wearing the brand's Marvel-themed bracelets and necklaces.

Bulgari invited Ling, a virtual influencer developed by SoftBank-backed Xmov, to showcase a new series of handbags last November. The Italian luxury house had terminated its contract with Kris Wu in July last year, after the Chinese-Canadian pop star was accused of sexual assault.

Local governments in China are hoping to capitalise on the nascent industry.

... tual girl group A-Soul.

In May, A-Soul announced the dismissal of a virtual member named Carol in a social media statement, citing "health and education reasons".

Fans researched the actress behind the character and found her personal blog posts, which they believed to be evidence of underpayment and workplace bullying.

Local labour authorities in Hangzhou conducted an investigation into the case and said no evidence of underpayment or forced employment was found. The group also denied the accusations in a written reply to the Financial Times.

After Carol's departure, Babol said he no longer watches the group's live-streaming shows. "I felt like something was missing," he said.

Beijing is monitoring the evolution of the virtual idol sector, warning against celebrity culture and excessive "fandom".

A commentary in the People's Daily, the Chinese Communist party's official newspaper, criticised fervent A-Soul fans for "blurring the line between the virtual world and reality", echoing Beijing's apprehension towards "chaotic" fan culture.

A think-tank owned by the state-backed newspaper also called for scrutiny of the industry in a research report published earlier this year.

"Compared to traditional real icons, virtual idols have advantages such as a more stable and controllable personality but, after all, they are arts characters created by human beings and exposed to depravity risks," said the report.

Financials

Binance made 'grossly inaccurate' UK filings, joint venture partner alleges

JOSHUA OLIVER AND SCOTT CHIPOLINA

Binance has been accused by the co-owner of a UK subsidiary of filing a "grossly inaccurate" annual report for one of the British entities associated with the world's largest crypto exchange.

The directors of Dimplx, a UK company formed as part of a joint venture with Binance, said the 2020 financial statements for one of Binance's UK companies "do not accurately report" the nature of its business, its turnover, assets and liabilities, "including potential tax liabilities".

Dimplx, which made the allegation in its own filings this month to Companies House, the government's main business registry, raised questions over the role UK companies played in Binance's sprawling global operations in the run-up to the Financial Conduct Authority's scathing warning against the crypto group last year.

The City regulator has repeatedly raised concerns about Binance, warning that its "complex and high-risk financial products [pose] a significant risk to consumers". The FCA last year issued a consumer warning against Binance Markets Ltd, another UK subsidiary of the wider Binance Group, banning it from any regulated activities.

The FCA later said Binance had failed to provide basic information about its global operations, such as "trading names and functions for all group entities globally". The exchange has said it intends to repair relations with the FCA and reapply for UK supervision.

Dimplx's accusations turn the spotlight on to a second UK entity, Binance Digital, and the nature of its activities in the UK running up to the exchange's clash with the FCA. The claims against Binance by its former subsidiary co-owner have not been proved.

Binance and Dimplx embarked on a UK joint venture in 2019, but relations between the companies have since soured. Dimplx said it intended to sue Binance over disputes arising from their business dealings, but declined to provide details of its claims.

Binance said: "In light of threats of litigation from the minority shareholders, Binance is not able to respond fully to the allegations. However, we understand that the minority shareholders are disappointed that the joint venture did not bear fruit."

UK regulators have repeatedly raised concerns about Binance — Charlie Bibby/FT

Binance Digital was incorporated in the UK in November 2019 as a "payment processing facilitator", according to its annual reports. It is 20 per cent owned by Dimplx, a UK company created by two South Africa-based entrepreneurs, who describe it as a "joint venture company". Binance founder Changpeng Zhao owns the majority stake.

Simon Dingle, a director of Dimplx, served on Binance Digital's board until December 2020. In Dimplx's annual report for the year to February 2021, Dingle and fellow director Joshin Raghubar allege a spate of inaccuracies in Binance Digital's accounts for 2020.

The unit had been named as the entity "responsible for transactions" between crypto and all national currencies except the Turkish lira, according to archived copies of its terms and conditions on binance.com, the main website of the crypto exchange, which is used by investors to buy and sell cryptocurrencies such as bitcoin.

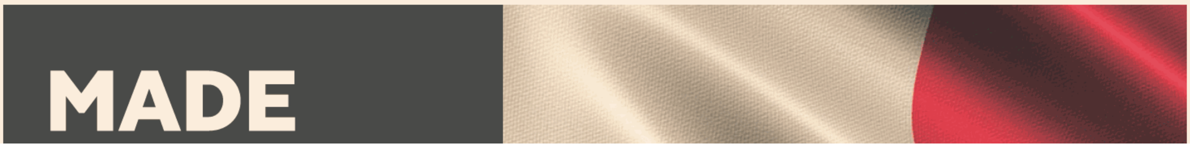
Binance's filing suggested Binance Digital held roughly £100mn in "cash and/or bank balances" at the end of 2020, and that the same sum was owed to "creditors".

The Dimplx directors said they believe that the £100mn represented balances held "on behalf of Binance Digital customers who had visited binance.com". They said customers transacting on binance.com, would be "liable to pay transaction fees".

However, Dimplx said, the financial statements recorded "zero turnover or fees in relation to any transactions conducted with any customer during the financial year".

Binance would not say whether Binance Digital collected transaction fees from customers dealing on binance.com, and it declined to explain the source of the £100mn. Binance Digital's 2020 accounts say that no turnover or revenue was recognised during the year, and the company paid no UK tax.

Dimplx declined to comment.



COMPANIES & MARKETS

Currencies. Monetary policy

Hedge funds bet on further lucrative gains for dollar

Currencies

Yen falls into intervention zone with new

lucrative gains for dollar

Brevan Howard and peers pile on trades despite greenback soaring almost a fifth this year

LAURENCE FLETCHER

Hedge funds are betting that the dollar still has further to rise after big gains this year, propelled higher by the US Federal Reserve's determination to curb inflation with tighter monetary policy.

Hedge funds are running more wagers on the greenback advancing against the Canadian dollar, Japanese yen and euro than they are on it falling, according to data from the US Commodities and Trading Commission.

Brevan Howard, one of the world's biggest macro funds, is among the firms that has been betting on dollar strength, according to a recent investor letter.

Such trades are being made despite the US currency climbing 18 per cent against a basket of six peers already this year — putting it on course for its biggest annual gain on record on the back of rising interest rates and a darkening economic outlook.

The Fed has raised borrowing costs by an extra-large 0.75 percentage points over each of its past three meetings and signalled more aggressive action to come as it battles annual consumer price growth above 8 per cent.

By comparison, the Bank of England and European Central Bank have been less vigorous in their tightening activity, while the Bank of Japan has drifted away entirely from the global trend — keeping rates in negative territory.

Higher interest rates typically draw in foreign capital as investors seek out better returns.

At the same time, the dollar has also benefited in recent months from its traditional status as a haven asset during bouts of market stress.

The US currency has hit a succession of fresh 20-year highs and the three months to September marked its largest quarterly gain since 2016.

Still, a number of hedge fund managers believe the dollar has further to soar and are reluctant to sell out of the trade until there are clear signs that the Fed is ready to take its foot off the tightening pedal.

"I think there's further legs in the strong dollar trade," said a senior executive at one major US hedge fund that has been profiting from bets on the dollar rising against peers including sterling.

The executive added that the trade was likely to continue to be profitable until the Fed signalled that it had tightened policy enough to tame inflation. Much of the bullish positioning stems from computer-driven hedge funds trying to latch on to market trends.

Such funds, which manage $360bn in assets according to research house HFR, use complex algorithms to try and spot patterns in financial markets and have already been big winners from the dollar this year.

Bets on the dollar accounted for three of the six biggest winning positions late last month at Progressive Capital Partners' Tulip Trend fund, according to an investor update.

And London-based Aspect Capital, which manages about $9bn in assets, is still long the dollar against the yen and euro, according to a letter to investors seen by the Financial Times, and also against sterling and other currencies, the firm's director of investment solutions, Razvan Remsing, said.

Its Diversified fund is up about 44 per cent this year, according to the letter. Currencies have been one of its most profitable asset classes in recent weeks.

King dollar: US currency surges against its peers

US Dollar index

Source: Refinitiv

Tough road: the US Federal Reserve has signalled more aggressive action to come as it battles consumer price inflation above 8 per cent — Graeme Sloan/Sipa USA/Reuters

'I think there's further legs in the strong dollar trade'

The broader quant industry is still betting on the dollar rising against the yen, euro, sterling and other leading currencies, according to Société Générale's Trend Indicator, which models these vehicles' positions.

For Kier Boley, chief investment officer of alternative investment solutions at UBP, bets on dollar strength reflect a "combination of wider views on global central bank tightening and trades on specific central bank policy and political issues".

Even after taking some profits, macro hedge fund traders are still long the dollar against currencies including sterling, the euro and Chinese renminbi, he said.

Bolstering the dollar even further, war in Ukraine and fears of a big economic slowdown have persuaded investors to ditch emerging market and European assets in favour of dollar-denominated trades, seen as a safer home for their cash.

But despite the strength of the dollar wiping billions off US corporate earnings and helping drive up inflation in other countries, the Fed has repeatedly pushed back on speculation that it could pause its aggressive tightening.

Markets are now pricing in expectations of a fourth consecutive rise of 0.75 percentage points in the federal funds rate next month.

"I've been very dollar bullish," said Lee Robinson, founder of Altana Wealth and previously co-founder of Trafalgar Asset Managers.

Dollar strength would persist "until something breaks and the Fed has to ease off", he said.

24-year low

KANA INAGAKI AND LEO LEWIS — TOKYO
HUDSON LOCKETT — HONG KONG

The yen has hit a fresh 24-year low against the US dollar, moving past the ¥145.90 level that prompted Japanese authorities to intervene last month to strengthen the currency for the first time since the late 1990s.

In afternoon trading yesterday in London, the currency fell to ¥146.95 as the US dollar surged. The yen has lost more than 20 per cent of its value against the dollar this year.

The Japanese government spent $20bn to prop up the yen but analysts warned that such interventions would have little effect as long as the interest rate differential between the ultra-dovish Bank of Japan and the hawkish US Federal Reserve continued to widen.

"The market is in price discovery mode," said Benjamin Shatil, foreign exchange strategist at JPMorgan. "The question is how far can the yen move before intervention happens."

Shatil added: "The focus is on both the pace and the breadth of the move — if we move a few big figures in the space of a few hours and the move is judged to be specific to the yen as opposed to a broader dollar shake out, then the finger moves closer to the trigger."

In an interview with the Financial Times this week, Fumio Kishida, Japan's prime minister, signalled his support for the BoJ's loose monetary policy, saying that the central bank needed to maintain its policy until wages rose.

'The market is in price discovery mode. How far can the yen move before intervention'

Kishida said he would continue to "work closely" with BoJ governor Haruhiko Kuroda, ruling out speculation that he would end Kuroda's term prematurely or apply political pressure to cease negative rates.

The dollar has strengthened following Friday's robust jobs data and ahead of an inflation report due today.

The US consumer price index is expected to register an annual rise of 8.1 per cent for September, which would mark a slight easing from 8.3 per cent growth in August. That is unlikely to stop the Fed from raising rates to tame inflation, according to analysts.

"The risk is not significant that the yen weakness becomes truly out of control during this cycle," Bank of America strategists wrote in a report.

They noted that, at the end of September, the country held $1.2tn in foreign reserves, the bulk of which they estimated to be US dollar assets.

But they added that only about $130bn of that total was likely to be short-dated securities with maturities of less than a year, or roughly 6.5 times the amount spent defending the yen in September. Along with limited repatriation by Japanese investors, this was likely to keep support for the yen "passive and limited" until the dollar strength abated, they said.

Property

Failure to cut building emissions risks writedowns, industry body cautions

GEORGE HAMMOND

Property groups across Europe risk significant writedowns unless they take urgent steps to reduce carbon emissions from buildings they own, according to an industry research group.

European property owners, investors and valuers have failed to account for the cost of transitioning to net zero, the Urban Land Institute said, resulting in a widespread overvaluation of offices, shops and residential property, which it describes as a "carbon bubble".

The ULI, which has a membership of 46,000 people working in real estate and urban development, said: "If transition risk costs are not factored in now by owners, then the industry could face a major crisis."

A change in regulation or an economic shock could quickly expose the mispricing of older, less green buildings and cause "values to fall quickly", it warned.

Standing buildings and new construction are responsible for about two-fifths of energy-related CO_2 emissions, the World Green Building Council says.

There have been steps towards decarbonising real estate but these have largely been driven by deep-pocketed property owners improving the energy efficiency of their stock to attract tenants willing to pay a premium.

Large property investors and owners have set their own targets for hitting net zero over the next two decades but the vast majority of property has been relatively untouched.

Efforts to decarbonise will also be hit by rising interest rates and inflation, which have slowed office sales and eaten into the amount European property owners are able or willing to invest in bringing buildings up to standard.

New construction adds significantly to energy-related CO_2 emissions

The ULI will this week publish a methodology for assessing the costs of decarbonisation and highlight the risks for property owners and investors.

It hopes this will help put a price on the transition to net zero and encourage property owners and public bodies to invest in retrofitting existing buildings to stave off a bigger hit to values later.

The institute said that the current flawed approach to decarbonisation in the real estate industry "could lead to our investment markets polarising and an increased risk of stranding assets in parts of our cities that require more investment, not less".

Lisette van Doorn, chief executive of ULI Europe, said: "We think that by introducing the guidelines, we can prevent a real shock from happening. If regulations come in, there will be a shock because a large part of the market needs to be adjusted in a very short amount of time. If we don't act on real estate valuations, our industry's significant contribution to climate change will continue."

Commodities

Rio warns of 'excesses of globalisation' hitting supply chains for critical metals

HARRY DEMPSEY

The boss of Rio Tinto has warned of the "excesses of globalisation" in critical mineral supply chains as the Anglo-Australian miner and Canadian government plan a C$737mn ($537mn) investment to loosen China's grip on metals vital to aerospace and defence.

Rio announced on Tuesday that it would modernise the Sorel-Tracy site in Quebec to bolster the supply of minerals controlled by China while reducing emissions at the site by introducing a new smelter technology.

The mining group will start producing titanium metal and quadruple scandium oxide output to 12 tonnes annually; the materials are essential to aerospace, medical products and fuel cells.

China produces three-quarters of finished titanium products and 61 per cent of scandium globally, according to Project Blue, a consultancy.

The investments over the next eight years, backed by up to C$222mn of government funds, will transform the 70-year-old facility built after the second world war from its focus on steel, metal powders and titanium dioxide towards supplying materials crucial for national security and the energy transition.

Rio chief executive Jakob Stausholm said the push by the west to reduce its dependence on China for materials processing and Canada's abundant hydropower resources had encouraged it to invest in new technology to smelt ilmenite — an ore used in the production of titanium. It is planned that these techniques could cut emissions by up to 70 per cent and diversify output.

'To address climate change you need much more of the critical minerals that you can produce here'

"It's the second chapter in [Sorel-Tracy's] history that we are writing today," he said. "After years where you have had excesses of globalisation of various materials, in order to address climate change you really, really need much more of the critical minerals that you can produce here."

Through the investment, Rio will strengthen North America's first production capacity for titanium metal, a lightweight but strong material important to aerospace and defence groups such as Boeing and Lockheed Martin.

Despite Stausholm's warning on supply chain concentration, Rio depends heavily on China to buy its iron ore, aluminium and copper, generating 57 per cent of its $68bn in revenues from the country in 2021.

This investment is only the latest in a string in Canada's mining and battery sector. Cathode producers such as Germany's BASF, Belgium's Umicore and Korea's Posco have signalled in recent months their intention to invest billions of dollars in building plants there.

Over the summer, German and South Korean politicians visited Canada to court the government and mining sector to secure supplies of minerals such as nickel and cobalt used in electric cars.

The charm offensive came after US climate legislation that provides tax credits for electric vehicle buyers if their battery uses raw materials extracted or processed from the US, from trade partner countries or through recycling.

The day in the markets

What you need to know

- US stocks directionless as investors brace for earnings season
- Inflation data analysed for clues about direction of Fed policy
- European stocks and Hong Kong's Hang Seng retreat

Wall Street stocks struggled for direction yesterday after five straight sessions of losses as investors assessed economic data and central bank signals about monetary policy ahead of a rush of earnings reports.

The S&P 500 edged up 0.1 per cent in choppy trading while the technology-heavy Nasdaq Composite was broadly flat by the early afternoon in New York.

Those moves came as fresh data showed that US producer prices rose 8.5 per cent in the year to September, down from 8.7 per cent in August but above the 8.4 per cent expected by economists.

Investors have scrutinised inflation data this year for clues about how vigorously the US Federal Reserve and its global peers will tighten monetary policy.

Signs of still-hot price growth have fuelled concerns that the US central bank will raise interest rates more aggressively, moving so far and fast that it compounds a protracted slowdown.

Such fears have weighed heavily on equity markets with the S&P in September concluding its longest streak of quarterly losses since the 2008 financial crisis.

Markets are pricing in expectations that the Fed will implement another three-quarter point increase at its November meeting, following three consecutive 0.75 percentage point rises.

US wholesale inflation eases in September

Producer price index (year-on-year % change)

Source: FactSet

Wednesday's PPI report will be followed today by a widely anticipated consumer price index reading for September with economists polled by Reuters expecting a rise of 8.1 per cent.

Market participants were also waiting yesterday for the publication of the minutes of the Fed's latest monetary policy meeting, which could offer further insights into the decision-making process of chair Jay Powell and his colleagues on the central bank's policy-setting board.

US earnings season kicks off in earnest this week with Wall Street banks leading the charge.

Companies' financial statements will be analysed closely for signs of strain from high prices and rising borrowing costs.

Reflecting the challenges facing companies as they navigate an increasingly gloomy economic backdrop, Netherlands-based health technology group Philips issued a profit warning yesterday, noting that supply chain challenges were "more significant than anticipated" during the third quarter.

The pan-regional Stoxx Europe 600 stock gauge closed 0.5 per cent lower and Hong Kong's Hang Seng index lost 0.8 per cent. **Harriet Clarfelt**

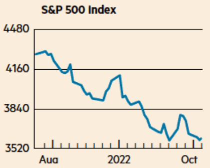
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3603.03	1531.73	26396.83	6826.15	3025.51	114827.12
% change on day	0.40	-0.46	-0.02	-0.86	1.53	-0.96
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	113.291	0.970	146.855	1.107	7.164	5.300
% change on day	0.062	-0.103	0.769	-0.180	-0.214	1.599
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.922	2.313	0.249	4.413	2.736	12.557
Basis point change on day	2.270	2.000	-0.070	-1.900	-0.900	1.500
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	364.49	91.88	86.61	1664.70	19.40	3581.40
% change on day	0.10	-2.56	-3.07	-0.71	-2.17	-0.24

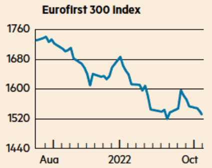
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

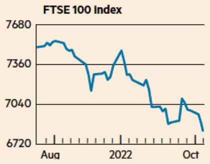
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Norwegian Cruise Line Holdings Ltd	8.51	A.p. Moller - Maersk B	3.20	Rentokil Initial	2.64
	Royal Caribbean	6.76	Swatch	3.20	British American Tobacco	1.25
	Carnival	6.40	Solvay	2.32	Astrazeneca	1.12
	Pepsico	4.49	Basf	2.10	Diageo	0.98
	Zebra	3.91	Lvmh	2.05	Pershing Square Holdings Ltd	0.57
Downs	Albemarle	-6.66	Philips	-12.78	Jd Sports Fashion	-10.32
	T Rowe Price	-4.50	Tenaris	-4.69	Persimmon	-6.18
	Sba Communications	-4.18	Omv	-4.53	Lloyds Banking	-5.80
	Steris	-3.07	Galp Energia	-4.28	Harbour Energy	-5.31
	Nvr	-2.99	Saipem	-4.05	B&m Eur Value Retail S.a.	-5.17

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

A licensing deal sent **Autolus Therapeutics** rallying with the biopharma group announcing that peer Moderna had exercised an option to license its proprietary technology.

Under the agreement, Autolus would be eligible to receive development and commercial milestone payments and royalties on potential net sales.

An upgrade to its outlook helped lift **PepsiCo**, the soft drink and convenience food group, which forecast earnings per share of $6.73 for its fiscal 2022 year, up from an earlier estimate of $6.63.

A trimming of its full-year guidance weighed on **Owens & Minor** with the medical supplies distributor forecasting net income per share in the range of $2.50 to $2.60, down from a previous estimate of $2.85 to $3.15.

Edward Pesicka, chief executive, said the downgrade was due to high inventory levels among its customers and weakness in its products and healthcare services segment, which had been hit by unfavourable macroeconomic conditions that showed "no signs of abating".

Housebuilders such as **PulteGroup** and **Meritage Homes** retreated after data from the Mortgage Bankers Association showed that the average interest rate on the popular 30-year home loan rose last week to its highest level since 2006. *Ray Douglas*

Europe

A profit warning pushed **Philips** sharply lower with the medical equipment maker revealing a €1.3bn impairment charge in the third quarter in relation to its sleep and respiratory care business.

The Dutch multinational had said last year that there were "possible risks to users related to [a] type of foam" present in some its sleep apnoea devices, leading to a recall of the affected products.

Souring sentiment further was a quarterly sales forecast of €4.3bn, which fell short of the €4.5bn analysts expected.

Consensus-beating guidance lifted **Chr Hansen**, the Danish group that develops ingredients for the food, pharma and agricultural sectors.

For its new financial year, Chr Hansen forecast organic growth of between 7 and 10 per cent, which comfortably beat Jefferies' 4.2 per cent target and a broader estimate of 6.6 per cent among analysts.

Fourth-quarter operating profit of €91mn also beat the broker's €85mn forecast "despite a volatile macroeconomic and geopolitical environment", said chief executive Mauricio Graber.

Swiss lender **Credit Suisse** slid following a Bloomberg report that the US Justice Department was looking into whether the bank had helped clients hide assets. *Ray Douglas*

London

Housebuilder **Barratt** sank after chief executive David Thomas warned that private reservations had slid "as customers react to the wider economic uncertainty".

Between July and October this year, buyers were reserving an average of 188 homes per week compared with 281 in the past financial year.

The news pushed Barratt's rivals lower including **Persimmon**, **Bellway**, **Taylor Wimpey**, **Berkeley** and **Vistry**.

Biotech group **Sareum** dived on announcing that a subsidiary of GSK intended to return the rights for its experimental cancer treatment SRA737 to the CRT Pioneer Fund.

CRT had acquired worldwide commercial rights to the programme in 2013 as part of a co-development agreement with Sareum. Soo Romanoff, healthcare analyst at Edison Investment, saw this "as a mild setback for Sareum given that GSK's support could have accelerated development activity on the drug, triggering a $550,000 payment to Sareum from first patient dosing in a new clinical trial".

Pharma group **DeepVerge** tumbled on revealing that there could "be no guarantees that sufficient equity funds" could be raised to help it repay loans and "reach profitability and cash generation during 2023". *Ray Douglas*

Four steps the BoE must take to calm gilt trading

Steven Major

Markets Insight

British government bond yields have been trading at their highest levels since the global financial crisis and their volatility has made them hard to trade.

This is not because there are serious questions about the creditworthiness of the UK government. Rather, it is because fundamental and technical factors have combined in such a way to cause the market to malfunction, leading to forced sales and sharp price falls. Can the gilt market be repaired?

Already, the Bank of England has stepped in to provide some stability by buying gilts. This reflects the reality that there are real-life implications from bond market dislocation.

Sharp volatility in what is normally a stable corner of the financial markets could spill over into the real economy.

This can come in the form of higher borrowing costs and knock-on effects on sentiment.

Central banks have acted as buyers of last resort many times before in such moments. A recent example is March 2020 when the US Federal Reserve had to buy a huge amount of bonds to help dealers stuck with illiquid Treasury bonds nobody wanted.

They didn't do this as a favour for the banks and the dealing rooms. It was because of the potential ramifications for the real economy.

The point of this is that there are real people in the real world who have savings and mortgages. Many have a large proportion of their wealth stored in pensions and houses. All of this will be directly affected by what's happening in the UK gilt market unless steps are taken to calm things down.

Most of the population won't own gilts and, if a fund manager holds them on their behalf, they may not even know it.

Then there is the impact on consumer confidence and how this feeds back into the economic data. Already dealing with high energy prices, the last thing UK households need is a sharp increase in mortgage rates. Faced with the anticipation of a drop in disposable income and an economic downturn, people change their behaviour. They become more risk-averse, less risk-seeking.

So is the BoE's intervention enough? It may be that further steps have to be taken to calm the gilt markets down.

As well as further central bank action,

> Sharp volatility in what is normally a stable corner of the markets could spill over into the real economy

there may need to be adjustments by the Debt Management Office, which sells the bonds on behalf of the British government. Here are four possible next steps.

First, shift issuance to shorter dated maturities to ease supply pressures. As an issuer, the UK currently has the highest average maturity of any government bond market. At 13.5 years, this is almost double the US Treasury market and much more than the eurozone.

Granted, there is a lot of debt to be financed but locking UK taxpayers into extremely high rates by recent standards would be far from ideal.

Second, intervention in the market for longer term gilts may need to be open-ended. An interesting step was just taken with the announcement that bonds that have returns linked to the inflation rate will be included in the gilt purchases. Previously, unlike other central banks, the BoE had not included the "linkers" in its quantitative easing programme of bond buying for fear of distorting the market. Now they need to buy them as the greatest selling pressure is coming from pension schemes.

By including a wider range of bonds, the actions appear broader and can signal to markets that the BoE will continue to be active until markets stabilise.

It makes sense to the UK taxpayer, too, when the central bank, acting on its behalf, buys a safe asset at 10 per cent when the BoE's benchmark policy rate is 2.25 per cent.

Third, the BoE could restructure quantitative tightening, the reversal of QE. Active QT has been long planned but has already been postponed as circumstances have changed.

It remains desirable for the BoE to reduce the size of its balance sheet but it may now make sense to concentrate sales on bonds with shorter terms.

Indeed, we see no reason why it is not possible for a backstop at the "long end" to exist while active QT is taking place at the "front end" of the yield curve.

Fourth, and to be consistent with the other three proposals, signalling on the path of interest rates may need to be reconsidered. Markets have been implying at least another 1 percentage point of hikes in the BoE's policy rate.

But if recent developments have increased the probability of recession, then rates may not have to go as high as previously projected. A quick fix is unlikely to be enough.

Steven Major is global head of fixed income research at HSBC

MARKET DATA

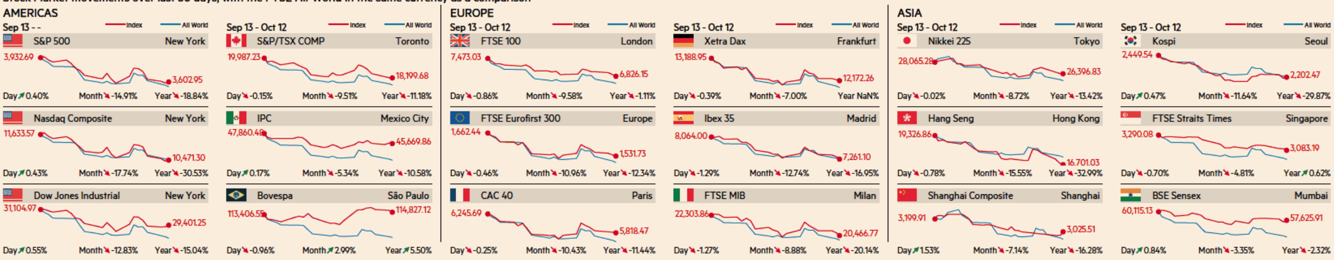
WORLD MARKETS AT A GLANCE

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 $
0.40%	0.43%	0.55%	-0.86%	-0.46%	-0.02%	-0.78%	0.10%	-0.103%	-0.180%	0.769%	No change	0.11%	-0.71%

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	136223.15	136982.37
Australia	All Ordinaries	6842.30	6844.30
	S&P/ASX 200	6647.50	6645.00
	S&P/ASX 200 Res	5362.50	5422.80
Austria	ATX	2684.48	2719.15
Belgium	BEL 20	3313.82	3345.31
	BEL Mid	8574.27	8657.15
Brazil	IBovespa	114827.12	115940.64
Canada	S&P/TSX 60	1099.55	1100.82
	S&P/TSX Comp	18190.22	18216.68
	S&P/TSX Div Met & Min	1333.16	1331.04
Chile	S&P/CLX IGPA Gen	26613.17	26995.58
China	FTSE A200	10174.22	10046.55
	FTSE B35	9000.71	8988.96
	Shanghai A	3170.52	3122.75
	Shanghai B	292.40	285.71
	Shanghai Comp	3025.51	2979.79
	Shenzhen A	2018.47	1968.70
	Shenzhen B	1131.78	1119.06
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1141.30	1133.93
Denmark	OMXC Copenhagen 20	1575.50	1561.52
Egypt	EGX 30	9867.23	9948.53
Estonia	OMX Tallinn	1693.92	1695.65
Finland	OMX Helsinki General	9922.03	9940.18
France	CAC 40	5818.47	5833.20
	SBF 120	4468.55	4484.14
Germany	M-DAX	21894.40	22192.30
	TecDAX	2664.44	2691.14
	XETRA Dax	12172.26	12220.25
Greece	Athens Gen	817.00	808.98
	FTSE/ASE 20	1972.82	1949.15
Hong Kong	Hang Seng	16701.03	16832.36
	HS China Enterprise	5692.42	5729.58
	HSCC Red Chip	3279.48	3328.04
Hungary	Bux	38817.30	38718.68
India	BSE Sensex	57625.91	57147.32
	Nifty 500	14829.95	14721.90
Indonesia	Jakarta Comp	6909.21	6939.15
Ireland	ISEQ Overall	6332.74	6411.75
Israel	Tel Aviv 125	1903.10	1878.20
Italy	FTSE Italia All-Share	22314.99	22546.06
	FTSE Italia Mid Cap	34430.09	34859.97
	FTSE MIB	20466.77	20730.50
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	26396.83	26401.25
	S&P Topix 150	1598.65	1598.43
	Topix	1930.17	1935.49
Jordan	Amman SE	2502.20	2491.59
Kenya	NSE 20	1676.77	1677.36
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1080.84	1075.12
Lithuania	OMX Vilnius	897.86	899.03
Luxembourg	LuxX	1260.90	1271.04
Malaysia	FTSE Bursa KLCI	1380.57	1386.82
Mexico	IPC	45871.56	45792.99
Morocco	MASI	11724.44	11738.69
Netherlands	AEX	631.18	636.31
	AEX All Share	860.75	867.24
New Zealand	NZX 50	10873.23	10956.71
Nigeria	SE All Share	47351.43	47260.89
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	42007.14	42155.48
Philippines	Manila Comp	5853.63	5847.37
Poland	Wig	46060.41	46217.66
Portugal	PSI 20	5190.28	5288.80
	PSI General	3975.22	4077.19
Romania	BET Index	10644.37	10664.99
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11530.37	11566.45
Singapore	FTSE Straits Times	3083.19	3105.00
Slovakia	SAX	345.23	345.23
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	64528.23	64588.09
	FTSE/JSE Res 20	61190.66	61483.38
	FTSE/JSE Top 40	58177.44	58208.74
South Korea	Kospi	2202.47	2192.07
	Kospi 200	287.09	284.96
Spain	IBEX 35	7261.10	7355.90
Sri Lanka	CSE All Share	8853.27	8744.61
Sweden	OMX Stockholm 30	1834.36	1834.10
	OMX Stockholm AS	697.83	700.40
Switzerland	SMI Index	10199.32	10207.83
Taiwan	Weighted Pr	13081.24	13106.03
Thailand	Bangkok SET	1560.78	1562.68
Turkey	BIST 100	3533.36	3571.55
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2168.90	2209.70
	FTSE 100	6826.15	6885.23
	FTSE 4Good UK	6087.09	6151.38
	FTSE All Share	3712.50	3749.50
	FTSE techMARK 100	5725.36	5820.74
USA	DJ Composite	9889.24	9846.41
	DJ Industrial	29401.25	29239.19
	DJ Transport	12696.61	12539.79
	DJ Utilities	853.23	866.66
	Nasdaq 100	10858.32	10791.35
	Nasdaq Cmp	10471.30	10426.19
	NYSE Comp	13626.72	13608.09
	S&P 500	3603.03	3588.84
	Wilshire 5000	36030.94	35911.76
Venezuela	IBC	9424.83	9284.47
Vietnam	VNI	1034.81	1006.20
Cross-Border	DJ Global Titans ($)	388.17	386.03
	Euro Stoxx 50 (Eur)	3337.08	3340.35
	Euronext 100 ID	1114.09	1119.72
	FTSE 4Good Global ($)	8648.35	8610.12
	FTSE All World ($)	364.49	364.13
	FTSE E300	1531.73	1538.75
	FTSE Eurotop 100	3021.93	3029.91
	FTSE Global 100 ($)	2272.30	2262.85
	FTSE Gold Min ($)	1433.52	1458.15
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2363.08	2410.56
	FTSE World ($)	659.59	659.00
	FTSEurofirst 100 (Eur)	4016.36	4038.54
	FTSEurofirst 80 (Eur)	4552.27	4571.42
	MSCI ACWI Fr ($)	552.10	557.51
	MSCI All World ($)	2376.29	2395.61
	MSCI Europe (Eur)	1567.27	1577.39
	MSCI Pacific ($)	2326.44	2361.60
	S&P Euro (Eur)	1511.48	1520.11
	S&P Europe 350 (Eur)	1568.94	1575.91
	S&P Global 1200 ($)	2621.85	2617.16
	Stoxx 50 (Eur)	3348.60	3348.26

(c) Closed. (u) Unavaliable. † Correction. ♥ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA / LONDON / EURO MARKETS / TOKYO

ACTIVE STOCKS, BIGGEST MOVERS, Ups: [illegible]

AMERICA Downs	Close price	Day's change	Day's chng%
Zebra	259.79	9.78	3.91
Albemarle	254.80	-18.19	-6.66
T Rowe Price	98.73	-4.65	-4.50
Sba Communications	244.56	-10.67	-4.18
Steris	163.49	-5.18	-3.07
Nvr	4043.00	-124.69	-2.99

Based on the constituents of the S&P500

LONDON Downs	Close price	Day's change	Day's chng%
Bbgi Global Infrastructure S.a.	152.20	3.20	2.15
Wood (john)	104.50	-13.75	-11.63
Jd Sports Fashion	89.20	-10.26	-10.32
Paragon Banking	366.00	-36.40	-9.05
Future	1145.00	-104.00	-8.33
Synthomer	88.85	-7.55	-7.83

Based on the constituents of the FTSE 350 index

EURO MARKETS Downs	Close price	Day's change	Day's chng%
Basf Se Na O.n.	42.33	0.87	2.10
Philips Kon	13.50	-1.98	-12.78
Siemens Health.ag Na O.n.	42.75	-2.34	-5.19
Vonovia Se Na O.n.	19.41	-0.90	-4.43
Cs N	4.34	-0.19	-4.20
Amadeus It	48.14	-1.73	-3.47

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO Downs	Close price	Day's change	Day's chng%
Sapporo Holdings	3330.00	80.00	2.46
Tokyo Electron	35090.00	-1610.00	-4.39
Mitsubishi Motors	467.00	-19.00	-3.91
Nexon Co.,	2572.00	-99.00	-3.71
Screen Holdings Co Ltd	7600.00	-250.00	-3.18
Mitsui Chemicals,.	2748.00	-86.00	-3.03

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100 / FTSE 250 / FTSE SmallCap / Industry Sectors — Winners: [illegible]

FTSE 100 Losers	Oct 12 price(p)	%Chg week	%Chg ytd	FTSE 250 Losers	Oct 12 price(p)	%Chg week	%Chg ytd	FTSE SmallCap Losers	Oct 12 price(p)	%Chg week	%Chg ytd	Industry Sectors Losers	Oct 12 price(p)	%Chg week	%Chg ytd
St. James's Place	920.00	-10.6	-	Moonpig	127.80	-20.6	-66.0	Dwf	72.00	-13.3	-	Gas Water & Multiutilities index	4756.19	-20.8	-20.2
Rolls-royce Holdings	66.24	-10.4	-	Future	1145.00	-17.6	-	Harworth	101.00	-12.9	-	Household Goods	8469.73	-20.1	-
Persimmon	1138.50	-10.1	-	Tullow Oil	38.38	-16.9	-	Capita	24.36	-12.2	-	Banks	2816.62	-16.2	-7.7
Kingfisher	203.80	-9.6	-	Bridgepoint	173.90	-14.6	-	Saga	79.00	-11.5	-	Life Insurance	5606.34	-15.2	-
Legal & General	204.10	-9.6	-	Vistry	519.50	-13.8	-56.2	Pantheon Infrastructure	89.00	-11.4	-	Food Producers	4813.10	-13.7	-
Schroders	358.80	-9.2	-	Osb	375.40	-13.2	-	Tt Electronics	140.20	-11.3	-45.7	Chemicals	10798.40	-11.7	-
Intermediate Capital	976.00	-9.0	-	Ti Fluid Systems	111.00	-13.1	-	Xp Power	1482.00	-11.3	-	Construction & Materials	5977.89	-11.4	-29.1
Lloyds Banking	39.09	-8.8	-19.1	Puretech Health	212.00	-13.1	-	Abrdn Property ome Trust	53.00	-11.2	-	Travel & Leisure	5478.39	-10.7	-

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

CURRENCIES

Oct 12	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	151.0195	0.2930	146.4971	0.1565	167.2086	0.1135
Australia	Australian Dollar	1.5948	0.0039	1.5470	0.0025	1.7657	0.0021
Bahrain	Bahrainin Dinar	0.3772	0.0000	0.3659	-0.0003	0.4176	-0.0005
Bolivia	Bolivian Boliviano	6.9100	-	6.7031	-0.0059	7.6507	-0.0097
Brazil	Brazilian Real	5.2999	0.0834	5.1412	0.0765	5.8680	0.0850
Canada	Canadian Dollar	1.3785	-0.0045	1.3372	-0.0055	1.5262	-0.0069
Chile	Chilean Peso	936.8500	0.1700	908.7956	-0.6290	1037.2794	-1.1225
China	Chinese Yuan	7.1641	-0.0153	6.9496	-0.0210	7.9321	-0.0270
Colombia	Colombian Peso	4611.9750	-13.5000	4473.8686	-17.0156	5106.3760	-21.4189
Costa Rica	Costa Rican Colon	628.6400	-2.1600	609.8150	-2.6300	696.0296	-3.2742
Czech Republic	Czech Koruna	25.3188	0.0350	24.5606	0.0126	28.0330	0.0034
Denmark	Danish Krone	7.6694	0.0073	7.4397	0.0006	8.4916	-0.0026
Egypt	Egyptian Pound	19.6843	0.0303	19.0948	0.0127	21.7944	0.0060
Hong Kong	Hong Kong Dollar	7.8500	-	7.6149	-0.0067	8.6915	-0.0110
Hungary	Hungarian Forint	446.0338	3.6092	432.6771	3.1261	493.8482	3.3771
India	Indian Rupee	82.3125	-0.0250	79.8476	-0.0940	91.1363	-0.1429
Indonesia	Indonesian Rupiah	15357.5000	-	14897.6235	-13.0170	17003.8242	-21.4806
Israel	Israeli Shekel	3.5736	-0.0066	3.4665	-0.0094	3.9566	-0.0123
Japan	Japanese Yen	146.8550	1.1200	142.4573	0.9629	162.5977	1.0361
..One Month		146.8545	1.1191	142.4572	0.9627	162.5973	1.0354
..Three Month		146.8532	1.1166	142.4568	0.9618	162.5961	1.0330
..One Year		146.8478	1.1057	142.4537	0.9557	162.5973	1.0273
Kenya	Kenyan Shilling	120.9000	-	117.2796	-0.1025	133.8604	-0.1692
Kuwait	Kuwaiti Dinar	0.3104	0.0001	0.3011	-0.0002	0.3436	-0.0003
Malaysia	Malaysian Ringgit	4.6825	0.0095	4.5423	0.0053	5.1845	0.0040
Mexico	Mexican Peso	20.0355	0.0273	19.4355	0.0095	22.1833	0.0022
New Zealand	New Zealand Dollar	1.7832	-0.0046	1.7298	-0.0060	1.9743	-0.0076
Nigeria	Nigerian Naira	441.5000	-	428.2790	-0.3742	488.8284	-0.6178
Norway	Norwegian Krone	10.7621	0.0148	10.4398	0.0052	11.9157	0.0013
Pakistan	Pakistani Rupee	217.1500	-0.2250	210.6473	-0.4025	240.4283	-0.5533
Peru	Peruvian Nuevo Sol	3.9819	0.0049	3.8627	0.0013	4.4088	-0.0002
Philippines	Philippine Peso	58.9770	0.1070	57.2109	0.0539	65.2993	0.0361
Poland	Polish Zloty	4.9930	-0.0022	4.8435	-0.0064	5.5282	-0.0095
Romania	Romanian Leu	5.0922	0.0057	4.9398	0.0012	5.6381	-0.0008
Russia	Russian Ruble	64.7500	0.1500	62.8110	0.0908	71.6911	0.0757
Saudi Arabia	Saudi Riyal	3.7580	-0.0010	3.6455	-0.0042	4.1609	-0.0064
Singapore	Singapore Dollar	1.4363	-0.0015	1.3932	-0.0027	1.5902	-0.0037
South Africa	South African Rand	18.2950	0.1663	17.7471	0.1459	20.2562	0.1587
South Korea	South Korean Won	1424.8000	-10.4000	1382.1337	-11.3049	1577.5374	-13.5229
Sweden	Swedish Krona	11.3223	-0.0193	10.9832	-0.0283	12.5360	-0.0372
Switzerland	Swiss Franc	0.9986	0.0013	0.9687	0.0004	1.1056	0.0000
Taiwan	New Taiwan Dollar	31.8510	-0.0080	30.8972	-0.0348	35.2654	-0.0534
Thailand	Thai Baht	38.0750	-0.0900	36.9348	-0.1197	42.1566	-0.1531
Tunisia	Tunisian Dinar	3.3357	0.0123	3.2358	0.0092	3.6933	0.0090
Turkey	Turkish Lira	18.5848	0.0015	18.0282	-0.0143	20.5770	-0.0243
United Arab Emirates	UAE Dirham	3.6731	-	3.5631	-0.0031	4.0668	-0.0051
United Kingdom	Pound Sterling	0.9032	0.0011	0.8761	0.0003	-	-
..One Month		0.9033	0.0011	0.8760	0.0003	-	-
..Three Month		0.9034	0.0012	0.8756	0.0003	-	-
..One Year		0.9029	0.0012	0.8737	0.0004	-	-
United States	United States Dollar	-	-	0.9701	-0.0008	1.1072	-0.0014
..One Month		-	-	0.9698	-0.1385	1.1073	-0.0014
..Three Month		-	-	0.9693	-0.1386	1.1074	-0.0014
..One Year		-	-	0.9676	-0.1386	1.1069	-0.0013
Vietnam	Vietnamese Dong	23940.0000	5.0000	23223.1395	-15.4346	26506.3562	-27.9925
European Union	Euro	1.0309	0.0009	-	-	1.1414	-0.0004
..One Month		1.0307	0.0009	-	-	1.1412	-0.0004
..Three Month		1.0301	0.0009	-	-	1.1408	-0.0005
..One Year		1.0284	0.0009	-	-	1.1390	-0.0004

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Oct 12	Day's chge%	Euro Index	£ Strlg Oct 11	£ Strlg Oct 10	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	6826.15	-0.86	6072.07	6885.23	6959.31	7130.23	3.95	1.94	13.05	234.13	6977.50
FTSE 250 (250)	16611.16	-1.73	14776.14	16904.06	17125.29	22468.90	3.55	1.25	22.58	455.55	13758.38
FTSE 250 ex Inv Co (174)	16674.89	-2.18	14832.83	17045.67	17209.51	23427.95	3.75	1.52	17.62	492.49	14096.90
FTSE 350 (350)	3747.48	-0.98	3333.50	3784.65	3826.63	4076.68	3.89	1.85	13.88	124.85	7601.32
FTSE 350 ex Investment Trusts (271)	3689.11	-1.00	3281.58	3726.39	3765.90	3976.75	3.96	1.92	13.16	125.41	3867.34
FTSE 350 Higher Yield (131)	3247.35	-1.25	2888.62	3288.51	3331.85	3221.92	5.43	1.87	9.85	138.04	7409.13
FTSE 350 Lower Yield (219)	3860.12	-0.70	3433.69	3887.19	3921.66	4688.63	2.27	1.81	24.36	86.91	4747.16
[illegible]											

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	6894.96	6868.33	6893.58	6903.61	6883.44	6858.79	6825.35	6832.42	6828.65	6916.91	6795.20
FTSE 250	16874.86	16594.73	16686.65	16866.02	16803.91	16762.94	16716.47	16719.69	16647.02	16890.96	16579.37
FTSE SmallCap	5757.30	5713.64	5716.36	5731.53	5726.74	5714.73	5705.65	5700.03	5691.03	5757.66	5686.86
FTSE All-Share	3752.94	3731.50	3745.85	3756.17	3745.00	3732.33	3715.53	3718.75	3714.66	3762.76	3699.80

Time of FTSE 100 Day's high:09:30:00 Day's Low13:33:15 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6881.59(29/09/2022)
Time of FTSE All-Share Day's high:09:30:00 Day's Low13:34:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3745.11(29/09/2022)
Further information is available on http://www.ftse.com © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

FT 30 INDEX

	Oct 12	Oct 11	Oct 10	Oct 07	Oct 06	Yr Ago	High	Low
FT 30	2168.90	2209.70	2236.10	2232.20	2249.50	0.00	2880.10	2174.60
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2209.7	2178.4	2196.2	2203.4	2196.9	2184.1	2173	2173.1	2171.4	2209.7	2160.9

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FT WILSHIRE 5000 INDEX SERIES

[illegible]

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

Real Estate Investment Trusts	108	398.32	0.8	-18.9	-33.2	928.91	-31.5	4.2		
FTSE Global Large Cap	1907	554.63	-1.0	-11.2	-27.0	914.21	-25.6	2.5		

The FTSE Global Equity Series, launched in 2003, contains the FTSE Global Small Cap Indices and broader FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/mid cap) - please see https://research.ftserussell.com/Products/indices/Home/indexfiltergeis?indexName=GEISAC&currency=USD&rtn=CAP&segment=global-developed-emerging. The trade names Fundamental Index® and RAFI® are registered trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LLC (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719; Patent Pending Publ. Nos. US-2006-0149645-A1, US-2007-0055598-A1, US-2008-0288416-A1, US-2010- 0063942-A1, WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "EDHEC™" is a trade mark of EDHEC Business School As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please see www.ftse.com/icb. For constituent changes and other information about FTSE, please see www.ftse.com. © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence.

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Oil & Gas Producers	38.05	Mobile Telecomms	-12.87	Life Insurance	-26.62
Oil & Gas	37.26	Electricity	-12.91	Support Services	-27.31
Tobacco	22.20	Media	-15.38	Food Producers	-28.38
Aerospace & Defense	11.08	Telecommunications	-16.16	FTSE 250 Index	-29.26
Mining	4.36	Software & Comp Serv	-17.85	Construct & Material	-29.44
Pharmace & Biotech	0.25	Technology	-18.30	Household Goods & Ho	-29.45
Beverages	31.66	Utilities	-18.31	Oil Equipment & Serv	-31.62
Health Care	-0.62	Travel & Leisure	-18.73	Industrial Eng	-31.77
Personal Goods	-2.68	Nonlife Insurance	-19.53	Electronic & Elec Eq	-34.80
[illegible]					

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1062	-19.50	International Consolidated Airlines Group S.A.	100.76	-1.54
Admiral Group PLC	1892.5	-18.00	Intertek Group PLC	3636	-36.00
Airtel Africa PLC	123.80	-3.40	Jd Sports Fashion PLC	89.20	-10.26
Anglo American PLC	2651.5	-56.50	Kingfisher PLC	203.80	-7.20
Antofagasta PLC	1074.5	-18.50	Land Securities Group PLC	488.90	-11.30
Ashtead Group PLC	4116	-43.00	Legal & General Group PLC	204.10	-8.20
Associated British Foods PLC	1250	-25.00	Lloyds Banking Group PLC	39.09	-2.41
[illegible]					

UK STOCK MARKET TRADING DATA

[illegible]

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
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POWERED BY MORNINGSTAR

UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Angling Direct	Int	38.898	38.404	1.129	3.737	1.140	3.720	0.00000	0.00000	-	0.000	0.000
Fidelity Asian Values	Pre			15.690	107.719	18.520	141.290	14.00000	8.80000	Dec 7	14.000	8.800
JPMorgan Multi-Asset Growth & Income	Int			5.251L	7.761	6.870L	9.060	1.10000	1.02500	Nov 4	2.125	2.025
Kin and Carta	Pre	190.277	128.919	15.852L	5.836L	5.630	1.640	0.00000	0.00000	-	0.000	0.000
Target Healthcare REIT	Pre			49.103	43.876	8.200	9.230	1.69000	1.68000	Aug 26	3.380	3.360

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
10/07	10.00		ACG	ACG Acquisition Company Ltd	9.90	0.10	10.10	10.00	0.0
10/04	1.00		MII	Milton Capital PLC	1.10	-0.05	1.20	1.00	110.0
09/02	11.00		ZAMZ	Zamaz PLC	10.00	1.10	12.00	10.50	7080.6

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	Low	Yld	P/E	MCap m
AutomData	227.14	0.87	261.59	192.26	1.38	43.01	94329.35
AutoZone	2252.79	-14.72	2362.24	1649.59	-	24.90	43901.47
Avago Tech	434.94	4.18	677.76	425.58	2.83	30.05	176149.31
BakerHu	22.45	0.20	39.78	20.42	2.70	63.56	22713.88
Bank of NY	38.41	-0.07	64.63	37.94	2.77	11.35	31039.24
BankAm	30.22	0.45	50.11	29.48	2.11	10.35	242784.75
Baxter	55.40	-0.41	89.70	53.78	1.60	26.79	27900.03
BectonDick	222.13	-0.52	277.29	217.68	1.24	47.01	63350.39
BerkshHat	403545	708.9954	4389.2639	5202.25	-	8.30	242096.33
Biogen	253.12	-0.95	288.59	187.16	-	29.77	36731.01
BlackRock	536.94	5.80	973.16	526.94	2.52	17.19	80953.77
Intuit	397.02	13.54	716.86	339.36	0.53	60.82	111907.98
John&John	163.77	1.04	186.69	155.72	2.09	25.65	430580.79
JohnsonCn	51.36	0.31	81.69	45.52	1.83	28.69	35377.3
JPMrgnCh	104.39	2.43	172.96	101.28	2.98	8.31	306131.23
Kimb-Clark	113.77	2.40	144.53	108.74	3.39	26.12	38411.29
KinderM	17.08	-0.08	20.20	15.01	5.32	45.13	38476.07
KLA Corp	276.96	-3.96	442.44	275.18	1.15	17.44	39275.09
Kraft Heinz	35.58	0.64	44.87	32.73	3.68	53.08	43601.15
Kroger	46.63	0.95	62.78	38.22	1.38	26.04	33378.05
LasVegasSd	36.31	-0.05	48.27	28.88	-	-29.42	27746.51
LibertyGbl	15.82	-0.03	30.42	15.58	-	0.83	2742.59
Venezuela (VEF)							
Bco de Vnzla	1.25	0.13	2.14	0.32	119.74	-	552.07
Bco Provncl	3.05	0.05	798000	1.70	-	0.00	138.51

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
SK Hynix	94000.00	90200.00	3800.00	4.21	7800.00	9.0	-2.49
CNNC Intl	6.28	6.29	-0.01	-0.16	0.43	7.4	-5.28
Imperial Brands	2020.00	2027.00	-7.00	-0.35	123.00	6.5	5.76
EastJpRwy	7940.00	7837.00	103.00	1.31	450.00	6.0	13.98
Renault	30.68	30.73	-0.05	-0.16	1.72	5.9	4.52
Amgen	247.65	245.44	2.21	0.90	13.83	5.9	-1.34
Softbank	5500.00	5451.00	49.00	0.90	265.00	5.1	-4.44
Hunng Pwr	3.56	3.68	-0.12	-3.26	0.17	5.0	-16.36
Kraft Heinz	35.58	34.94	0.64	1.83	1.69	5.0	-7.81
AIA	68.55	67.30	1.25	1.86	3.20	4.9	-9.48
Altria	44.95	44.35	0.60	1.35	2.05	4.8	-1.19
Pwr Cons Corp	7.29	7.14	0.15	2.10	0.32	4.6	-0.95
Westpac Bank	22.41	21.60	0.81	3.75	0.98	4.6	1.04
Kroger	46.63	45.68	0.95	2.08	2.03	4.6	-5.82
HaitongSecs	4.02	3.96	0.06	1.52	0.17	4.4	-23.96
CntJpRwy	17440.00	17075.00	365.00	2.14	725.00	4.3	9.28
Petrobras	36.74	37.10	-0.36	-0.97	1.44	4.1	4.05
ChMinsheng	2.30	2.30	0.00	0.00	0.09	4.1	-9.09
Cielo	5.77	5.67	0.10	1.76	0.22	4.0	5.48
PetroChina	3.34	3.39	-0.05	-1.47	0.12	3.7	-2.62

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 %
KLA Corp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Advanced Micro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SHOP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LasVegasSd	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AmerTower	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Applied Mat	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Qualcomm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ChinaMBank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CrownCstl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NXP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bausch Health	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CVS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASML Hld	414.10	414.90	-0.80	-0.19	-52.40	-11.2	-24.10
Cadence Design	150.65	148.04	2.61	1.76	-19.05	-11.2	-19.91
Workday	142.46	142.70	-0.24	-0.17	-16.99	-10.7	-15.33
Equinix	516.90	524.30	-7.40	-1.41	-61.51	-10.6	-25.82
Brookfield	53.62	53.57	0.05	0.09	-6.27	-10.5	-20.01
RollsRoyce	66.24	69.49	-3.25	-4.68	-7.68	-10.4	-18.30
Fresenius SE	20.23	20.57	-0.34	-1.65	-2.32	-10.3	-20.48
Avago Tech	434.94	430.76	4.18	0.97	-49.87	-10.3	-20.70

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Oct 12	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24	0.00	0.12	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Colombia	01/26	4.50	-	Baa2	BBB-	109.50	2.33	0.16	0.52	1.28
Brazil	04/26	6.00	-	Ba2	BB-	115.15	2.78	-0.01	0.65	1.73
Poland	04/26	3.25	-	A2	A-	111.22	0.98	0.03	0.16	-0.07
Mexico	05/26	11.50	-	Baa1	BBB-	149.00	1.61	0.00	-0.12	0.56
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Turkey	03/27	6.00	-	B2	BB-	102.88	5.43	0.14	0.83	4.38
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

Oct 12	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	96.46	5.02	0.00	0.02	-
Euro										
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	137.45	0.82	-0.01	0.10	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	121.70	0.93	0.00	0.02	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	124.42	0.68	0.00	-0.11	-
Finland	04/31	0.75	AA+	Aa1	AA+	111.08	-0.27	0.00	-0.05	-0.87
Yen										
Mexico	06/26	1.09	-	Baa1	BBB-	98.73	1.34	-0.02	-0.14	0.27
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

Oct 12	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	0.59	0.89	0.52	0.82	0.75	1.05	1.12	1.42	1.65	1.95	2.20	2.50
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	2.89	3.09	2.93	3.13	3.26	3.46	3.98	4.18	4.42	4.62	4.75	4.95
Japanese Yen	-0.15	0.05	-0.20	0.00	-0.20	0.00	-0.15	0.05	-0.10	0.20	-0.05	0.25

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA.

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	186.82	-0.98	-0.93	-15.00	-5.27	-13.91
Corporates(£)	291.79	-0.40	-3.22	-26.28	-9.99	-24.96
Corporates(€)	203.72	-0.02	-0.57	-15.65	-3.68	-15.90
Eurozone Sov(€)	209.60	0.12	-1.07	-17.62	-3.93	-17.69
Gilts(£)	247.08	0.09	-6.32	-31.27	-11.56	-28.33
Overall(£)	255.41	-0.01	-5.37	-29.44	-10.87	-26.93
Overall(€)	204.51	0.09	-1.00	-17.09	-3.95	-17.18
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	540.53	-12.23	-	-	-23.62	-28.55
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	634.80	-6.85	28.51	-	688.92	584.73
Europe 5Y	132.78	-1.88	5.96	-	142.08	121.70
Japan 5Y	108.00	-2.00	1.19	-	119.29	100.33
Senior Financials 5Y	148.26	-2.17	5.54	-	155.06	133.08
Markit CDX						
Emerging Markets 5Y	322.05	5.18	23.23	-	333.56	288.27
Nth Amer High Yld 5Y	594.78	12.60	36.93	-	625.47	556.25
Nth Amer Inv Grade 5Y	103.26	1.72	5.26	-	110.98	97.12

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

VOLATILITY INDICES

	Oct 12	Day Chng	Prev	52 wk high	52 wk low
VIX	33.26	-0.37	33.63	38.93	14.73
VXD	29.09	-3.06	32.15	45.37	3.27
VXN	39.20	-0.18	39.38	44.05	15.70
VDAX	31.42	0.07	31.35	93.30	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility. ‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/22	2.25	99.95	2.67	0.01	-0.05	-0.20	2.62
	05/32	1.25	78.03	4.03	0.17	0.31	0.14	-
	02/50	1.00	84.77	2.12	0.22	0.38	0.15	1.80
Austria	02/29	0.50	87.27	2.71	-0.03	0.38	0.08	2.81
	02/47	1.50	72.38	3.14	0.00	0.44	0.21	2.49
Belgium	06/27	0.80	93.11	2.37	-0.03	0.37	0.13	2.71
	06/47	1.60	71.79	3.29	0.01	0.41	0.20	2.40
Canada	03/25	1.25	93.75	4.02	0.03	0.34	0.29	3.08
	06/30	1.25	85.06	3.50	0.08	0.37	0.29	1.98
	12/48	2.75	89.21	3.37	0.07	0.21	0.24	1.31
Denmark	11/29	0.50	86.32	2.64	-0.03	0.39	0.15	2.68
	11/39	4.50	121.82	2.87	0.01	0.44	0.25	2.53
Finland	09/24	0.00	96.31	1.97	-0.08	0.22	0.04	2.58
	09/29	0.50	85.97	2.75	-0.04	0.41	0.19	2.85
France	05/28	0.75	91.12	2.46	-0.04	0.36	0.10	2.65
	05/48	2.00	79.33	3.19	0.00	0.39	0.19	2.33
Germany	08/29	0.00	86.50	2.14	-0.04	0.38	0.15	2.43
	08/50	0.00	52.82	2.32	0.00	0.41	0.22	1.97
Greece	01/23	3.50	100.65	1.31	-0.01	0.11	0.02	1.65
	01/28	3.75	96.77	4.44	0.04	0.50	0.18	4.07
Ireland	10/22	0.00	99.94	4.19	0.84	2.26	2.35	4.79
	05/26	1.00	96.12	2.14	-0.04	0.30	0.04	2.55
	02/45	2.00	81.03	3.20	0.01	0.38	0.18	2.42
Italy	02/25	0.35	93.91	3.11	-0.03	0.35	0.03	3.25
	05/30	0.40	87.25	2.24	-0.02	0.35	-0.03	3.09
	03/48	3.45	83.02	4.59	0.02	0.45	0.20	2.79
Japan	04/25	0.05	100.01	0.04	0.01	0.01	-0.01	-0.04
	12/29	0.10	99.10	0.23	0.02	0.06	0.01	0.21
	12/49	0.40	78.69	1.34	0.05	0.07	0.02	0.67
Netherlands	07/27	0.75	93.44	2.22	-0.06	0.34	0.11	2.60
	01/47	2.75	101.33	2.67	0.01	0.42	0.23	2.33
New Zealand	05/31	1.50	79.08	4.46	0.13	0.32	0.19	2.36
	09/40	2.50	113.45	2.65	0.04	0.21	0.08	1.87
Norway	08/30	1.38	84.61	3.67	0.16	0.38	0.38	1.97
Poland	01/23	2.50	98.70	7.21	0.17	-0.26	-0.21	6.08
	07/27	2.50	78.79	8.01	0.34	0.85	0.61	5.84
	04/47	4.00	64.42	7.10	0.33	0.38	0.44	4.61
Portugal	04/27	4.13	106.72	2.52	-0.05	0.32	0.08	2.81
Spain	10/22	0.45	99.96	1.37	-0.13	0.10	0.35	1.96
	10/29	0.60	84.61	3.06	-0.04	0.40	0.13	2.84
	10/46	2.90	86.49	3.76	0.00	0.38	0.19	2.53
Sweden	06/30	0.13	112.95	-0.09	-0.01	0.07	0.05	1.70
	03/39	3.50	117.55	2.22	0.08	0.29	0.12	1.48
Switzerland	04/28	4.00	114.49	1.25	-0.06	0.51	0.25	1.55
	06/29	0.00	91.65	1.31	-0.05	0.52	0.26	1.50
United Kingdom	07/23	0.75	97.68	3.81	-0.11	0.27	-0.02	3.35
	07/27	1.25	85.98	4.55	-0.10	0.47	0.15	3.73
	07/47	1.50	51.80	4.87	0.06	0.81	1.02	3.34
United States	-	-	-	-	-	-	-	-
	03/25	0.50	91.11	4.34	-0.01	0.23	0.10	3.60
	02/30	1.50	84.12	4.02	-0.01	0.35	0.14	2.50
	02/50	0.25	65.42	1.87	-0.07	0.13	-0.01	-

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company.

GILTS: UK CASH MARKET

Oct 12	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 0.75pc '23	97.86	3.58	-5.29	-0.83	29.71	713.64	100.82	97.34	34.36
Tr 0.125pc '24	95.14	4.00	-4.76	0.00	30.72	614.29	99.44	94.34	34.76
Tr 2pc '25	94.13	4.17	-3.70	1.96	44.79	561.90	105.99	93.15	39.04
Tr 0.125pc '26	87.10	4.37	-1.80	4.55	48.64	524.29	98.77	86.33	34.53
Tr 1.25pc '27	86.21	4.49	-0.88	6.90	52.20	468.35	104.30	85.65	40.07
Tr 0.875pc '29	78.67	4.44	0.00	9.09	50.51	353.06	102.36	78.21	42.65
Tr 4.25pc '32	98.27	4.47	1.13	11.75	46.56	282.05	135.62	98.13	39.43
Tr 4.25pc '36	94.91	4.77	0.85	13.57	42.39	264.12	145.94	94.91	30.97
Tr 4.5pc '42	93.79	4.99	1.63	16.32	43.80	248.95	169.96	93.79	27.72
Tr 3.75pc '52	82.51	4.87	2.10	16.51	42.40	238.19	180.27	82.51	24.55
Tr 4pc '60	87.95	4.69	2.40	17.25	42.99	244.85	213.01	87.32	24.57

Gilts benchmarks & non-rump undated stocks. Closing mid-price in pounds per £100 nominal of stock.

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Nov	89.45	0.10	Corn♦	Dec	690.75	-2.25
Brent Crude Oil‡		91.88	-2.41	Wheat♦	Dec	892.50	-8.50
RBOB Gasoline†	Dec	2.65	0.02	Soybeans♦	Nov	1374.00	-2.25
Natural Gas†	Nov	6.71	0.11	Soybeans Meal♦	Dec	403.80	-2.20
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)⊕	Dec	1945.00	-26.00
Aluminium		2343.50	92.00	Cocoa (ICE US)♥	Dec	2333.00	-14.00
Aluminium Alloy		1675.00	-905.00	Coffee(Robusta)⊕	Nov	2144.00	-22.00
Copper		7538.50	-58.00	Coffee (Arabica)♥	Dec	212.65	-5.20
Lead		2042.00	17.50	White Sugar⊕		556.30	-1.70
Nickel		22415.00	370.00	Sugar 11♥		18.79	0.05
Tin		20025.00	-250.00	Cotton♥	Dec	87.10	-1.76
Zinc		2938.50	4.00	Orange Juice♥	Nov	190.10	-0.30
Precious Metals (PM London Fix)				Live Cattle♣	Oct	145.85	1.15
Gold		1664.70	-11.85	Feeder Cattle♣	May	134.88	-
Silver (US cents)		1939.50	-43.00	Lean Hogs♣	Dec	79.63	0.03
Platinum		895.00	-17.00				
Palladium		2187.00	-66.00		Oct 11	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		96.97	-0.38	S&P GSCI Spt	638.02	-4.58	18.65
Baltic Dry Index		1873.00	-31.00	DJ UBS Spot	114.70	-6.24	17.57
Richards Bay ICE Futures		248.50	6.50	TR/CC CRB TR	303.10	-3.01	28.39
				LEBA EUA Carbon	58.91	-1.98	129.94
				LEBA UK Power	1048.00	-37.43	-39.60

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ⊕ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BONDS: INDEX-LINKED

	Price Oct 11	Yield Oct 11	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	110.04	1.720	1.669	-0.92	5.25	69142.27	8
Fr 0.25%' 24	103.19	-1.500	-1.487	0.28	17.92	240058.45	17
Swe 1.00%' 25	124.35	-0.705	-0.710	0.74	35.38	212949.75	6
UK 0.125%' 24	101.06	-0.603	-0.275	-0.95	15.24	464836.74	31
UK 2.50%' 24	361.78	0.270	0.706	-1.14	6.82	464836.74	31
UK 2.00%' 35	206.99	1.485	1.489	-13.99	9.08	464836.74	31
US 0.625%' 24	98.22	2.066	1.991	0.59	40.98	1557769.35	46
US 3.625%' 28	109.21	1.857	1.838	0.57	16.78	1557769.35	46

Representative stocks from each major market Source: Merill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	4.03	1.89	0.01	Netherlands	2.22	0.08	-1.80
Austria	2.71	0.56	-1.31	New Zealand	4.46	2.31	0.44
Canada	3.50	1.36	-0.52	Norway	3.67	1.52	-0.35
Denmark	2.64	0.50	-1.38	Portugal	2.52	0.38	-1.50
Finland	2.75	0.61	-1.27	Spain	3.06	0.92	-0.96
Germany	2.14	0.00	-1.88	Sweden	-0.09	-2.23	-4.11
Italy	2.24	0.09	-1.78	Switzerland	1.31	-0.83	-2.71
Japan	0.23	-1.92	-3.79	United States	4.02	1.88	0.00

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company.

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Oct 12	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	79.59	0.28	2287.79	-2.70	-6.71	4.27
2 5 - 10 Years	139.13	-0.10	2929.52	-9.09	-19.33	4.47
3 10 - 15 Years	141.94	-0.58	3261.30	-13.46	-28.38	4.71
4 5 - 15 Years	138.80	-0.23	3008.54	-10.31	-22.03	4.56
5 Over 15 Years	183.50	-1.23	3134.54	-21.61	-45.51	4.82
7 All stocks	124.70	-0.37	2769.94	-11.87	-27.71	4.69

Index Linked	Oct 12	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	315.37	0.39	-1.33	1.04	2659.69	-1.31	2.18
2 Over 5 years	449.06	1.73	-25.52	-47.19	3418.34	-25.48	-46.98
3 5-15 years	399.17	0.85	-15.32	-23.54	3223.26	-15.28	-22.97
4 Over 15 years	485.52	2.37	-31.39	-56.82	3588.69	-31.35	-56.71
5 All stocks	437.19	1.48	-22.03	-42.12	3394.42	-21.99	-41.84

Yield Indices	Oct 12	Oct 11	Yr ago		Oct 12	Oct 11	Yr ago
5 Yrs	4.34	4.37	0.74	20 Yrs	4.93	4.86	1.47
10 Yrs	4.60	4.57	1.14	45 Yrs	4.53	4.47	1.31
15 Yrs	4.83	4.78	1.37				

Real yield	inflation 0% Oct 12	Dur yrs	Previous	Yr ago	inflation 5% Oct 12	Dur yrs	Previous	Yr ago
Up to 5 yrs	0.42	1.52	0.67	-3.41	-0.15	1.53	0.10	-3.75
Over 5 yrs	1.30	17.97	1.39	-2.26	1.27	18.02	1.37	-2.28
5-15 yrs	1.30	8.47	1.40	-2.72	1.22	8.48	1.31	-2.81
Over 15 yrs	1.30	24.77	1.39	-2.21	1.29	24.78	1.38	-2.22
All stocks	1.28	15.03	1.38	-2.28	1.25	15.11	1.34	-2.30

See FTSE website for more details www.ftse.com/products/indices/gilts

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar, its suppliers, or the FT. Neither the FT, nor Morningstar's suppliers, warrant or guarantee that the information is reliable or complete. Neither the FT nor Morningstar's suppliers accept responsibility and will not be liable for any loss arising from the reliance on the use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

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POWERED BY MORNINGSTAR

ARTS

Faced with the unspeakable

THEATRE

Sarah Hemming

We probably are good," says David Tennant's Halder, meditatively, towards the end of CP Taylor's *Good*.

That's something we all want to believe of ourselves, but never want tested by circumstance. Up step three brilliant pieces of drama to test it for us: to probe and unsettle our consciences and to pitch individual morality against social responsibility. This is drama as ethical and emotional workout: bracing, riveting, galvanising.

Each play is pinned to the stage by a scintillating central performance as a character goes through the mill. In *The Doctor*, Juliet Stevenson's physician is trapped in a web of medical ethics and identity politics; in *Iphigenia in Splott*, Sophie Melville's Effie confronts us with the true costs of austerity. And in **Good**, Tennant plays an academic sucked into horror in 1930s Germany.

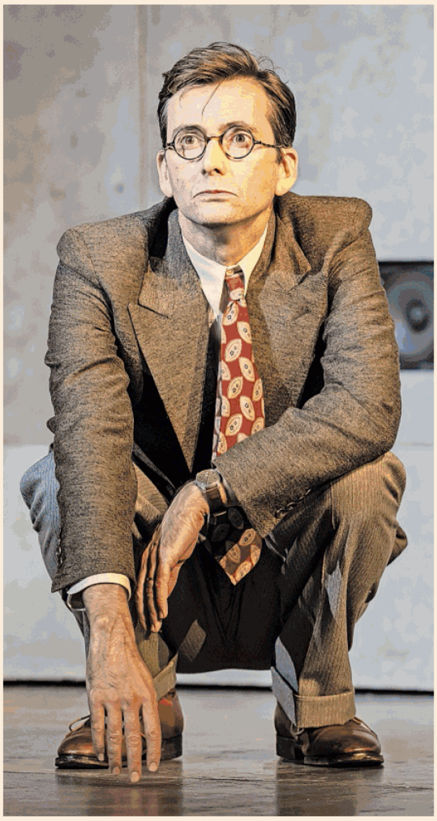
Taylor's 1981 play is quietly terrifying. Over the course of two hours, he charts how an intelligent, sensitive, decent professor, whose best friend is Jewish, slips, by degrees, into arguing for the Final Solution. Shrewdly, Taylor shows us all this not in real time, but through memory, as Halder wrestles with his conscience and relives key moments.

The splintered structure can make it challenging to follow, but it works by accumulation, plunging us into the process with him, rather than letting us judge safely from outside. It's an astute analysis of the incremental steps towards accepting the unacceptable.

The arguments are frighteningly familiar, as Halder tries to reassure himself that he's doing the right thing. Inertia is seductive; reason a flawed tool. We watch him slide into accepting increasing extremism as the norm. We see how his personal flaws — professional vanity, impatience with his messy wife and his ailing mother, a certain emotional detachment — lay him open to manipulation. In ordinary times, these might remain just his own flaws but, levered open by flattery, they lead him down the path to monstrosities.

We also see, in Dominic Cooke's deftly modulated production, flashes of evidence — in his Jewish friend Maurice's horrified expression, in the glimpses of flames, in the band music that haunts Halder — that deep in his conscience is the truth. Meanwhile, Vicki Mortimer's

clinical set with its wall benches and hatch-windows asks: where exactly are we? In a government building? A medical institution? A prison cell? Somewhere worse? Zoe Spurr's clever lighting keeps changing the atmosphere, drawing links between the answers.



Above: David Tennant plays a 1930s German academic in 'Good'.
Above left: Sophie Melville rails against austerity in 'Iphigenia in Splott'
Johan Persson; Jennifer McCord

Tennant is riveting: witty and intensely human but also brilliantly precise, shifting between private and public self, affability and irritation, all the while evolving from reasoned detachment towards chilling self-preservation. His physicality is superb — as angular and taut as a coat hanger — his body suggesting what his mind refuses to admit. Elliot Levey and Sharon Small, both excellent, play everyone else, bringing shape to characters who are coloured by Halder's memories of them.

It's a demanding play. It's also terribly sad and a salutary warning about complacency and seeing only what you want to see.
To December 24, goodtheplay.com

Easy answers come under scrutiny again in Robert Icke's **The Doctor**. The pandemic delayed its transfer to the West End from the Almeida but, if anything, the intervening years, and the raging arguments about lockdowns and vaccination, have only sharpened its relevance. Icke remodels Arthur Schnitzler's 1912 drama into a play for today, focusing on a female Jewish physician, Ruth Wolff, whose decision to refuse a Catholic priest access to a dying teenager becomes a political football.

Here, Ruth's action pitches her into the toxic world of culture wars and instant online judgment. Soon, the future of the clinic that Ruth built from scratch is under threat, together with its pioneering work on dementia. Should she apologise and make the whole thing go away? Is it integrity or obstinacy that makes her refuse?

While public opinion rages, the play shows us the reasoning behind Ruth's decision. As a doctor, she argues, she had to protect her patient's state of mind: allowing the priest in would have alerted the girl to the gravity of her condition and could have killed her.

Ruth is genuine, but is she right? Her assertion that her decisions are purely clinical are undermined by what we learn of her personal life: the play allows us to understand her motives perhaps better than she does herself.

Icke's drama plays out like a thriller, balancing principle against pragmatism and faith against reason, spinning a cat's cradle of personal ambitions and agendas. He and director Anthony Almeida cleverly extend that to the audience with casting choices that pull the rug from under us, making us re-evaluate our assumptions. And, while the production starts over-emphatically, it is soon gripping, with the skilful cast shifting our sympathies and Hildegard Bechtler's revolving set literally changing our perspective.

Stevenson enriches this complexity. Her Ruth is fiercely intelligent and mercilessly unsentimental: she has an unwavering integrity and refuses to pity herself. She can also be brittle, patronising and blinkered. But what is superb about Stevenson is the way she wrongfoots you at the end, again leaving you to rethink what you thought you knew.
To December 11, thedoctorwestend.co.uk

Good
Harold Pinter Theatre, London
★★★★★

The Doctor
Duke of York's Theatre, London
★★★★★

Iphigenia in Splott
Lyric Hammersmith, London
★★★★☆

"You all know me," says Sophie Melville's Effie in **Iphigenia in Splott**, fixing the audience with a defiant, provocative stare. "I strut down the street and your eyes dive for the ground."

And it's probably true. Effie, drunk, loud, foul-mouthed, swaggering, is exactly the sort of person most of us would swerve around. But she's about to make us look and look hard — and what we'll see is a stark, searing indictment of an unequal society.

Gary Owen's tremendous monologue was written as a response to prime minister David Cameron and chancellor George Osborne's austerity policies: Splott, in Cardiff, south Wales, was the sort of deprived area that bore the brunt of cuts and closures. This revival arrives amid a political storm about possible cuts in public spending by Liz Truss's government. That the play has only gained in resonance is shocking, and Melville's outstanding performance blazes with ferocious despair.

Key to the play's power is that, like Stevenson's Ruth, Melville's Effie initially pushes us away. Spiky and scornful, she defies pity, revelling in grisly

> David Tennant is riveting in 'Good': witty and intensely human but also brilliantly precise

details as she treats us to an account of her chaotic lifestyle: one-night stands, drinking binges, three-day hangovers. But gradually her scattered narrative takes shape, focusing itself around the great, heartbreaking tragedy that has sliced through Effie's life: a moment of hope snatched away by lack of resources in her local hospital. Her story, we realise, is her way of claiming back what has been ripped from her.

On a set of neon lights and broken blinds, Rachel O'Riordan's staging pulses with rage and sorrow while Melville prowls the space like a caged cheetah: sensuous, proud, vividly alive then shockingly still. "It seems, it's always places like this, and people like us who have to take it, when the time for cutting comes," she says. "What is gonna happen when we can't take it any more?"

Three wonderful performances; three gripping plays, each asking searching questions about moral responsibility.
To October 22, lyric.co.uk

Juliet Stevenson, left, and Juliet Garricks in 'The Doctor' — Manuel Harlan

Inside Kurt Cobain's disintegrating mind

OPERA

Last Days
Linbury Theatre, Royal Opera House, London

Tamerlano
English Touring Opera

Richard Fairman

Did Kurt Cobain ever see his life in operatic terms? It seems unlikely, though in retrospect his descent into depression and suicide mirrors some of opera's most desolate characters, from Donizetti's Lucia to Britten's Peter Grimes.

exasperated agent come across as incomprehensible gabble. Even the sound of breakfast cereal going into a bowl becomes amplified, electronic music in Leith's hallucinatory score.

Aside from some humorous observations on the absurdity of everyday life, everything is about Blake's slow-motion decay into nothingness, and the opera stands or falls by that. The production is imaginatively directed by Matt Copson and Anna Morrissey, extravagantly costumed by Balenciaga and well sung by a good cast. Jack Sheen conducts the 12 Ensemble in a score that is hardline contemporary with no hint of Nirvana about it.

In no way are the unbroken 90 min-

autumn season. As often in recent years, this comprises three operas by Handel: *Ottone*, *Agrippina* and a new production of *Tamerlano*, composed in Handel's golden year of 1724.

The strong dramatic grip exerted by *Tamerlano* makes it the most compelling of the three. Director James Conway's no-nonsense production focuses on the emotional conflicts of the central characters without any distractions. A decent cast is headed by two fine, contrasting countertenors, Rodrigo Sosa Dal Pozzo as macho Tamerlano and James Hall as the lyrically sensitive Andronico. The conductor, Jonathan Peter Kenny, draws plenty of dramatic energy out of the score and the Old

Whatever Cobain might have thought, composer Oliver Leith clearly saw operatic potential in Gus Van Sant's 2005 film *Last Days*, a fictionalised account of the Nirvana frontman's death. Leith's opera of the same name has just been given its premiere by the Royal Opera in partnership with the Guildhall School of Music.

The introspective and fatalistic mood of the film hangs powerfully over the opera. Do not expect biography here. Cobain has become Blake, a successful musician, and nothing concrete is said about him or his life. Instead, we look inside the singer's disintegrating mind as he retreats into an inner cocoon of isolation. Playing Blake, French actress Agathe Rousselle barely gets to speak, merely whimpering from time to time, almost inaudibly.

From Blake's disconnected standpoint reality gets skewed into surrealism. Visitors, such as a DHL delivery person and a pair of Mormons, become part of his fevered imagination, joining in an ensemble that slowly winds down as if everybody is caught in a contracting time warp. Telephone calls from Blake's

utes an easy sit. The opera is well advanced on Blake's slow-motion trajectory towards oblivion even before curtain-up — but stick with it. There is a hypnotic quality to *Last Days* that worms its way into one's mind. ★★★★☆

For the next four weeks, English Touring Opera is out on the road with its

Seumas Begg and Agathe Rousselle (as Blake) in 'Last Days'
Camilla Greenwell

Street Band has earned its place among period ensembles. Even so, after so much Handel, it is surely time to reward ETO's regional audiences with a change of direction. ★★★☆☆

'Last Days' run has finished. ETO touring to November 12, englishtouringopera.org.uk

FT BIG READ. INTERNATIONAL BUSINESS

The decision by CVC, Europe's largest private equity company, to go public brings it into line with larger US rivals. But will the move dilute the high-risk, high-reward model that is fundamental to its culture?
By Kaye Wiggins and Arash Massoudi

The dealmaker's dilemma

When plans for a money-spinning "Super League" of Europe's top football clubs collapsed in a furious outcry last year, billionaire tycoons were forced into grovelling public apologies. But behind closed doors, Europe's largest private equity firm had long since walked away.

CVC Capital Partners abandoned the project after early stage talks about a possible investment. Then, after its collapse, the buyout firm stepped up to buy a stake in La Liga, Spain's football league, for €2.1bn, giving it a share of broadcasting and commercial revenues for up to 50 years.

If those revenues keep growing at present rates, CVC could treble or even quadruple its money in the next decade. "It's the best deal in the history of private equity", a rival football dealmaker says. "They are not going to lose money here."

CVC has made tens of billions of euros buying stakes in household-name brands from Debenhams to Formula One to the maker of PG Tips tea, all while remaining largely hidden from public view.

Now, almost three decades since it spun out of Citibank's London office, the 700-person firm with €133bn in assets is at a crossroads. By the beginning of this year, its top executives had finally decided to take the firm public.

That would bring it into line with its larger rivals, such as Blackstone, KKR and Carlyle; allow it to stay ahead of European competitors such as EQT, which has grown rapidly since 2019; and permit the founders who oversee the firm to one-day cash in their stakes.

But it would also attract a level of scrutiny that it is not used to, and risks watering down the high-risk, high-reward model that is fundamental to CVC's culture — reducing its rainmaker executives to a smaller part of a sprawling institution.

Those plans have been on hold since the invasion of Ukraine derailed markets. Now, the conditions that made private equity a significant force in the global economy over the past decade have gone into reverse. But CVC's stock market listing will be revived, insiders say: the only question is when.

CVC's listing will test whether one of Europe's oldest buyout groups, which is run almost entirely by men and has not moved far from its original model, can modernise. As private equity firms have transformed into a more powerful force in finance since the 2008 crash, CVC's bigger competitors have evolved into publicly traded asset managers where leveraged buyouts are not necessarily the largest part of the business.

This account of the company, at a pivotal moment in the history of both it and the private equity industry, is based on conversations with 20 insiders, advisers, investors, rivals and former staff — many of whom spoke on condition of anonymity — as well as court filings.

CVC has made tens of billions of euros buying stakes in familiar brands from Formula One to the maker of PG Tips tea, all while remaining fiercely private
FT montage

pounds in carried interest. But Clarry had also worked on a deal involving the UK vending machine company Autobar, in which CVC's fund lost the entire €400mn of equity it had invested. He personally had to cover millions of euros of those losses by sacrificing the carried interest he had made from CVC's investment in the luggage company Samsonite, and some of his return from the Formula One deal.

This is in stark contrast to CVC's rivals, which pool risks and rewards so that one rainmaker's gains offset a colleague's losses. Some CVC executives are critical of rivals for what they call a "heads I win, tails you lose" model in which wealthy executives almost never lose out. If dealmakers are putting pension funds' money at risk, they say, they themselves should be on the hook when things go wrong.

Internally, as in much of the finance industry, the money is a conduit for status. Losing money is one thing, insiders explain. But losing money and having to sacrifice your carried interest payouts from your next one or two deals to make up for it, in full view of your colleagues, is something else altogether.

Advocates say the model forces dealmakers to fight to rescue the companies they have bought when times get tough, meaning its deals rarely lose money.

At Samsonite's lowest ebb, when prof-

How CVC's dealmakers make money

If a deal generated £1bn in net profit after fees and costs, here's how it would be shared out*

tiny of the firm's working environment, which one of the few women to have held a senior executive position at CVC said went beyond aggressive dealmaking to harassment and gender discrimination.

In 2016, a managing director at CVC alleged in court filings that six years earlier Chris Stadler, the head of the company's North American business, had "grabbed and embraced" her and two female colleagues at a Christmas party, "forcing them to dance with him in a physically inappropriate manner and fondling their rear ends".

CVC denied her claims in its court filings. It reached a confidential agreement to settle her employment and human rights law claim with no admission of wrongdoing by CVC, the firm said in 2016. It said recruiting a "diverse talent pool" was important, and it would "consult with [her] over the com-

Stadler, who led the acquisition, was a co-chair of Global Citizen's board and had attended the same party. Despite a growing media storm over Kelly's behaviour, CVC stayed silent about the leadership of the company it had invested more than $450mn in.

The company is almost exclusively led by men. Of 34 managing partners and co-founders at CVC, just one is female: Cathrin Petty, who joined from JPMorgan in 2016, shortly after the legal complaint was filed. Its board of directors is made up of 16 men, corporate filings show. Insiders say it has been recruiting more junior women for years, which they expect will in future lead to more diversity at the top.

But change is overdue, says one CVC investor. "You go to their meetings, they talk about unconscious bias and extra HR people, so they're putting a lot of attention on it," he says. "But a lot of the same people are still there" from the time when the complaint was raised, he adds.

Planning for the future

Listed private equity groups are pulled in two directions by two different types of investor. Those who buy into their funds expect highly profitable dealmaking. But shareholders are more concerned about how much money they manage than how successfully they invest it. They prize the roughly 2 per cent management fees that private equity groups charge from their fund investors.

Private equity firms that go public often focus less on the profits from individual deals and more on accumulating hundreds of billions of dollars in assets by raising more and bigger funds.

CVC has started the process of accumulating assets. It set up a credit business in 2005, which now has €34bn under management. Last year it bought Glendower Capital, a specialist "secondaries" business that buys stakes in other private equity funds and facilitates deals where buyout groups sell companies to themselves. And it aims to raise a new main buyouts fund worth more than €22bn next year.

But CVC's dealmakers look askance at how some listed rivals who have gone further down that path pay their staff. At Apollo Global Management, co-presidents Scott Kleinman and Jim Zelter and chief executive Marc Rowan do not even receive carried interest, the antithesis of CVC's model where deal profits are prized above all.

To the extent that the firm's dealmakers have got comfortable with the idea of going public, they have done so on the basis that its culture of prizing high performance on deals can be maintained, one insider says, though they acknowledged it was not clear how easily that could be balanced with public shareholders' expectations.

Listing on a European exchange, as CVC plans to do, brings less onerous disclosure requirements than in the US. Smaller European rivals such as Bridgepoint and EQT have gone public without

A 'dog-eat-dog' culture

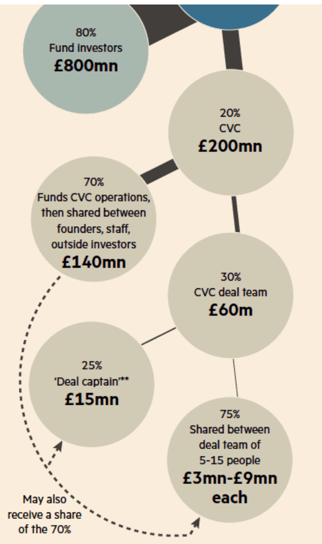
The Citi venture capital unit that spawned CVC was an early pioneer of the investment model in London during the Thatcher years, recalls Jon Moulton, who worked for the company in the early 1980s. "Your returns were unbelievable . . . it was marvellous," he says. The first meeting of the private equity industry's UK lobby group took place in the Citi unit's London office in 1981, he says.

But by the early 1990s a recession was setting in and a leveraged buyout boom was going bust. Staff elsewhere at the bank had long been in "revolt" about the carried interest payouts — a share of profits on successful deals — made by the venture capital business, Moulton says. "It became impossible to operate within Citi." The unit was spun off in 1993, overseen by Michael Smith, who chaired CVC until 2013.

Since its early days, a defining feature of CVC has been its individualistic pay mechanism that rewards winners and makes losers suffer. Even young executives can make life-changing sums of money if their deals go well, since about a third of CVC's share of the profits is handed out in low-tax payments to the small group directly involved.

One day in 2006, CVC's co-founder Donald Mackenzie declared he wanted the firm to buy into Formula One. A junior colleague in his early thirties, Nick Clarry, offered to work on the project.

When the deal later became the most lucrative in CVC's history, Clarry was in line for a personal payout of millions of



*The exact proportions vary from deal to deal; this is only a guide
**'Deal captain' in charge of the deal (some deals have more than one captain). He/she can recommend how the team's share should be split, but this needs senior-executive approval
Source: FT research

its fell more than 60 per cent after the 2008 crisis, CVC wrote off the more than €750mn of equity it had invested in the US-based luggage manufacturer.

But it ultimately made one-and-a-half times its money after restructuring the business and listing it in Hong Kong in 2011. Insiders question whether other buyout firms would have fought so hard to turn things around.

"It's a tough culture — it's dog eat dog," one of its investors says. "But we want the best people investing our money."

For much of the firm's history, one of its most powerful figures has been Mackenzie. The 65-year-old Scot is not well-known: a Google search for his name reveals an Inverness used car dealership and a 19th-century fur trader before pointing to the financier.

"They want to keep a low profile because they're making a lot of money," says one rival dealmaker who knows CVC executives well. "It's a cultural thing. The Americans are more outgoing and philanthropic; some of these Europeans try to be more low key." Nobody at CVC wants to be named on a "rich list", insiders say.

In the public eye

Executives at the buyouts group, which has its headquarters in Luxembourg even though London is its largest base and its historic home, have long championed the benefits for companies of staying in private hands, such as freedom from quarter-to-quarter scrutiny by analysts and the press.

Going public may attract more scru-

ing months regarding matters of diversity and inclusion".

CVC found "no corroborating evidence from any of the other guests at the party", the firm's lawyers told the Financial Times, saying the other women with whom the female executive said he was dancing inappropriately denied that he acted inappropriately.

The manager who filed the complaint left CVC in 2015. In court filings, the firm said her employment was "terminated . . . in connection with a wider restructuring", that she "had fractured relationships with her co-workers" and that she had sent an email "asserting gender discrimination" after learning her employment was at risk. She said in filings that CVC "fostered an environment that disfavors female employees", which CVC denied.

Stadler remains in charge of the firm's North American business, and co-chairs its committee for ESG, or environmental, social and governance issues.

As a public firm, CVC would also find itself accountable to shareholders over the reputation of companies in its portfolio.

One of the most significant stories CVC became embroiled in last year was a scandal involving Teneo, a US public relations company in which it owned a majority stake. Teneo's co-founder Declan Kelly resigned after the FT published allegations he had drunkenly touched several women at a party linked to a fundraising concert put on by Global Citizen, a campaign group whose board he sat on.

'They want to keep a low profile because they're making a lot of money. It's a cultural thing. The Americans are more outgoing'

fully disclosing how much money their chief executives make. That is an attractive proposition for CVC.

But it is not a good moment to list a company, let alone a private equity firm. Many of the companies that buyout groups own are themselves facing a period of turmoil, as debt costs rise and economies contract. Shares in listed European private equity groups EQT and Bridgepoint have fallen more than 50 per cent since the start of this year.

Goldman Sachs's Petershill Partners, a London-listed group that owns stakes in private equity firms, highlighted in its earnings this month that the value of those firms — which is based largely on their steady stream of management fees — is falling as interest rates rise.

CVC was planning to give shareholders exposure mostly to those steady fees, keeping its other big income stream — carried interest — largely to itself. Raising the funds that generate those fees is harder now than at any time since the 2008 crisis. A fall in the value of pension funds' other assets has left many overexposed to private markets and reluctant, or unable, to commit more cash to them.

But CVC may have little choice but to test the market next year. "I haven't met anyone who's ever said, I'm so glad I'm public," one insider says. But "if you want CVC to grow up and have the tools other private equity firms have . . . it would be nice to know the next generation is going to have that."

Data visualisation by Liz Faunce

The FT View

FINANCIAL TIMES
'Without fear and without favour'
ft.com/opinion

UK credibility crisis risks tainting the Bank of England

Counter-productive messaging hinders efforts to calm financial markets

Some long-dated gilts have crashed more than bitcoin this year. UK 10-year borrowing costs are near those of Italy. A deeply unhelpful rift — more reminiscent of emerging markets than a G7 economy — is growing between ministers and the central bank over who caused turbulence in financial markets. In short order, Liz Truss's government has presided over less Britannia Unchained — the book she and her chancellor, Kwasi Kwarteng, co-authored — and more Britannia Unhinged.

The Bank of England is in the invidious position of trying to clean up the mess left by Kwarteng's unfunded "mini" Budget last month. He chose to announce the biggest tax cuts in 50 years when markets were already jittery about rising inflation and interest rates.

There were bound to be consequences. But the BoE and its governor, Andrew Bailey, have not helped themselves. Through counter-productive and at times contradictory messaging this week, they risk making an already febrile situation worse, imperilling the very financial stability the central bank is meant to protect.

The world is watching. Fundamentals affecting the British economy even before Kwarteng's hand grenade — steep energy costs caused by war in Ukraine, lockdowns' lingering effects, and the end of free money and low interest rates — are common problems, as is the tension between monetary and fiscal policy. The IMF warned this week that the worst is yet to come.

Tomorrow is set to mark the end of the BoE's emergency gilt-buying operation, introduced two weeks ago to try to help pension funds, which were facing a liquidity crunch following turbulence exacerbated by the "mini" Budget. The BoE has since intervened twice more, introducing a new repurchase facility, and extending bond-buying to index-linked government debt for the first time. But the operations were little used before Wednesday (when the BoE bought £4.4bn of gilts) prompting questions about their design. Despite buying some initial calm, their effectiveness is also in doubt: gilts are again sustaining acute swings, with yields touching the level that first prompted intervention.

Pension funds have called for more time but Bailey has stressed that intervention is just temporary. No doubt trying to allay concerns over moral hazard, or that the BoE is attempting yield-curve control, he reminded the funds on Tuesday that they had just three days left, sparking even more market volatility. While the BoE has consistently stated that emergency measures would end tomorrow, policymakers are said to have signalled to senior bankers in private that it may be more flexible.

It is possible, albeit tricky, to take a rigid public position and strike a more

While the BoE has consistently stated that emergency measures would end tomorrow, policymakers are said to have signalled to senior bankers in private that it may be more flexible

flexible tone in private, but Bailey has made life harder by underscoring the deadline — and tomorrow's cliff-edge. The BoE already faced a dilemma by having to buy gilts to protect financial stability while promising to sell them to tame inflation. Bailey's ultimatum leaves the BoE with less room for manoeuvre, and him with a credibility problem, should financial stability demand that it intervene once more.

The BoE did not cause the crisis. Its remedies are sticking plasters at most. Restoring confidence in the sustainability of UK finances will require a more substantive rowing back by the government from its promised tax cuts, particularly as Truss also rules out spending cuts. There are concerns over whether the BoE's duties to protect both price and financial stability are in conflict. But as the 2008 financial crisis proved, clinging to such ideological purity is dangerous. As Truss's government can testify — and the BoE must remember: credibility is hard won and easily lost.

Opinion Psychology

Procrastination will not boost your creativity

Ben Hickey

Jemima Kelly

Excuse the impertinent question, but why are you reading this column? Is it because you've made a considered decision to spend time with the Financial Times today, or are you looking for a way not to have to do the thing — you know, *that thing* — that you're meant to be doing?

If it's the latter then it is possible that you, like me — and about 20 per cent of the population, according to the American Psychological Association — are a procrastinator.

Because of the fact that everyone procrastinates at least to some extent,

And the procrastination zone is not the happy, productive place that Grant seems to have been inhabiting during his experiment. It is instead what Tim Urban, in a famous post on his *Wait But Why* blog, describes as the "dark playground".

"The fun you have in the Dark Playground isn't actually fun because it's completely unearned and the air is filled with guilt, anxiety, self-hatred, and dread," Urban writes. His examples of the "fun" activities you can partake in include the "refreshing phone email again and again rollercoaster thrill ride" and "looking at all 1,200 Facebook photos of high school person you were never friends with adventure volcano".

I know this playground so well. There are few moments of inspiration to be had here, just rising anxiety and probably, at some point, sheer panic.

While procrastination is often

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Health tech industry wants action on post-Brexit regulations

Peter Foster (Britain after Brexit Newsletter, FT.com, October 6) detailed the boardroom headaches stemming from the current inertia and uncertainty surrounding the development of new regulations the UK will have to introduce post Brexit.

This is something well recognised by the health tech industry, an employer of 138,000 in the UK, with these issues likely to provide additional challenges for a sector identified in the government's "life sciences vision" document as an engine to drive the future health and wealth of our country. We agree that there needs to be urgent action on completing the necessary legislative processes. The current dual regulatory regime recognising both EU and UK certificates is helpful and our members wonder why it is not an arrangement that might be made more permanent.

Regulation exists to protect consumers and, in our sector at least, the content is 80 per cent the same across the world. It would make sense then to consider extending unilateral recognition to other trusted jurisdictions such as the US and others who are part of existing internal collaborations.

There are around 600,000 medical devices registered in Europe and they are all available to the NHS. We must consider the potential impact on the supply of life-saving and enhancing technologies if we are creating additional and costly bureaucratic hurdles for what is a relatively small market. The current deadline of June 2023 for the introduction of a fully operational UK "Conformity Assessed" marking — which post Brexit replaces the old CE Mark used across the EU — remains in legislation, but the date is ever more unrealistic.

Brexit offers us certain regulatory freedoms and there is an opportunity to use them to our advantage, but to protect our NHS and the patients we serve, and to grow this key sector, action must be decisive and rapid.

Peter Ellingworth
Chief Executive, Association of British HealthTech Industries, London W1, UK

GDP is a diagnostic device that has lost its usefulness

In March 1968 the US presidential candidate Senator Robert Kennedy made a speech in Kansas where he noted that growth figures measured everything "except that which makes life worthwhile".

More than 50 years later, it is therefore unsurprising that your columnist Sarah O'Connor observes most people don't know what gross domestic product growth is, let alone care about it ("Most people don't know what GDP growth is", Opinion, October 11).

GDP can be a useful diagnostic device for government to understand what's going on in the economy. But it is insensitive to everything from carbon emissions to the share of people with caring responsibilities. The public outcry associated with the abolition of the top rate of income tax in the UK government's plan for growth shows

"GILTS ARE KEEPING PACE WITH INFLATION"

political leaders across the world understand that the growth imperative must be balanced with

Why Orbán's stance on Ukraine is perplexing

I am perplexed by Viktor Orbán apparently criticising the US for becoming a party to the Ukraine conflict by supplying money and weapons to Kyiv ("Hungary premier believes only Trump can end war", Report, October 12).

As a former correspondent to Budapest, I recall how Hungarian historians and politicians, including from Orbán's Fidesz party, have frequently complained about being left alone by western powers during the revolution there in 1956. The revolution ended, of course, with a brutal Soviet clampdown, and more than 30 years were to pass before the Red Army left the country, in no small measure because of Orbán insisting on a withdrawal.

Perhaps the prime minister could explain why it is wrong for America, and others, to take sides in the Ukraine

Schiller's stability quote

Reacting to the article by Andrew Large ("UK government must remember that debt matters", Opinion, October 4), I am reminded of what Karl Schiller, West Germany's finance minister 1966-72, said: "Stability is not everything, but without stability, everything is nothing."

Charles Asubonten
Washington, DC, US

Is Nobel a tad premature?

It might have been better for the Nobel committee to await the full impact of unwinding quantitative easing before jointly awarding the economics prize to QE's chief architect, Ben Bernanke (Report, October 11).

Martin Allen
London N1, UK

Correction

you will find many people who claim this label: inglorious though it may be, it appears to have some kind of humble-braggy social capital. But it is only a select group of us for whom the condition is chronic, who are tormented

The label appears to have some humble-braggy social capital. But it is only chronic for a select group

sufficiently by the malady to have really earned the badge.

So are we incorrigible or can we do something about it? Should we? Or is it an important "part of the creative process", as a friend put it to me recently as he tried to reassure me that it was acceptable — admirable, even, I fancied — that I had spent the entire day avoiding what I was meant to be doing?

Many people make this argument. The organisational psychologist Adam Grant, for instance, wrote a 2016 New York Times op-ed under the headline "Why I Taught Myself to Procrastinate". Grant describes how, rather than sitting down and typing, he instead just waited. And inspiration did indeed strike: "While procrastinating (ie, thinking) . . . it dawned on me."

"Procrastination (ie, thinking)" strikes me as a non sequitur; what Grant describes is not procrastinating. Delaying a task because you think doing so may actually benefit you, or make you more creative, should not be conflated with procrastination. Tim Pychyl, a psychologist and author of *Solving the Procrastination Puzzle*, gives me a useful definition of the latter: "the voluntary delay of an intended action, despite expecting to be worse off for the delay". Grant was doing the opposite.

thought to be about poor time management, it's more a question of poor emotion management. It allows us, temporarily, to avoid uncomfortable feelings — stress, fear of failure, boredom — but it also leads to low self-esteem.

"There's this collateral damage on our well being," Fuschia Sirois, professor of social and health psychology at Durham University, tells me. "When we know we're not following through with things, and we're breaking promises to ourselves and others, we don't feel good." Given that procrastination stems from wanting to avoid negative feelings in the first place, we then find ourselves stuck looking for more and more ways to escape our emotions, which in turn keep worsening.

This self-sabotaging cycle is grimly familiar. But could there be a "cure"? Some practical things help, such as breaking down large tasks into smaller ones, making things easier for yourself by preparing, and eliminating distractions.

The more important work, though, is at the emotional level. The first step is to acknowledge that this behaviour is perfectly normal and perfectly OK, and you are not a bad person. The second step is to try to stop.

I have been gratingly aware, in writing this column, of every time I stray off track. But funnily enough, being more aware of it than usual — more "in the present", as mindfulness gurus might say — and realising that self-compassion rather than self-flagellation is the kinder, more productive option seems to have made me procrastinate less than usual.

I hope reading it has not felt like a depressing ride in the dark playground. But I also hope that, if you have something else you'd like to be getting on with, you'll take a deep breath, forgive yourself, and crack on.

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the limitations of an approach that doesn't sufficiently recognise priorities beyond simple growth, such as reduced inequality.

That's why forward-thinking

other social, environmental and democratic priorities.

Sarah Davidson
Chief Executive, Carnegie UK
Dunfermline, Fife, UK

war when it would have been right to do so with Hungary in 1956. Do special rules apply for Hungarians?

Michael Kuttner
Stege, Denmark

● Jon Lezamiz Cortázar is global head of public affairs at Siemens Gamesa, not Siemens as wrongly stated in an article on October 12.

OUTLOOK

ASIA

As Hong Kong scrapped its Covid curbs, I boarded the bus to lock-up

by William Langley

I was bullish on Hong Kong reopening. Scrapping Covid-19 travel restrictions seemed like an easy win for a territory on a three-year losing streak. But just as the city's leader John Lee announced the end of hotel quarantine at the end of last month, I was the only passenger on a fire department bus headed for seven more days of isolation.

In one of my all-time worst bets, I had booked a trip outside Hong Kong at a time when travellers were still required to spend three days confined to a hotel on arrival. I reckoned that a few days in a smart hotel was much better than the two-week lock-ups I'd completed in the past, or the 21-day isolation stints required at various points over the past three years.

But on the final day of what turned out to be one of the city's last ever hotel quarantines for inbound travellers, there was an ominous phone call. "Mr Langley has tested positive for Covid-19," a health department official told my bemused partner, sending me headlong back into 2020.

Returning to Hong Kong from overseas during the pandemic was always surreal. PPE-clad workers at the airport would funnel passengers between testing stations and vaccination record checks, before sending them to hotel confinement. This obstacle course, completed with dossiers of documents in tow, was a reminder of how the virus continued to dominate life in the city.

But this time, my three nights of hotel quarantine were followed by seven extra days in a community isolation facility operated by Hong Kong's security bureau. The arrival of meals was announced via phone calls from hotel staff, as if even knocking on my highly sterilised door might unleash a fresh wave of the virus.

Colleagues, meanwhile, were toasting the end of quarantine with champagne in the office. Friends celebrated "Hong Kong's return" by booking their first overseas flights in nearly three years.

At some point during my isolation I calculated that I had completed a total of 46 full days in hotel quarantine. At 26-and-a-half years old, that equals a not-statistically insignificant 0.475 per cent of my life.

I got off lightly though. I have never had to complete one of the dreaded 21-day runs required for large parts of the pandemic. Only once did I have to "wash out" in a third country when direct arrivals from the UK were outright banned. And I never experienced the desperation of parents separated from their children by quarantine orders. Nor was I ever sent to a struggling hospital as the city battled its devastating Omicron wave this year.

City officials are hoping the eased restrictions — which come just in time for the long-delayed rugby sevens tournament and a landmark banking conference — will remind the world it is an international finance centre and premier tourist destination.

But those who do return to the city after its Covid hiatus will find a surreal place. Arrivals who test positive may still be issued with isolation orders of seven days or more. Spectators at the rugby sevens will still have to wear masks. They will be allowed to drink alcohol, but banned from consuming food — an interesting crowd management technique for the notoriously raucous event.

They may also encounter new political realities. The city's police filmed crowds at Hong Kong's men's football fixture against Myanmar last month — one of the first international sporting events since the pandemic began. The contentious national anthem ordinance, passed two years ago after years of debate and the 2019 citywide protests, criminalised "insults" to the Chinese national anthem, including failing to "stand solemnly" as it is played.

The city's tourism board has just released a series of promotional videos featuring the Australian former rugby player Nick Cummins. These followed Cummins as he strolled maskless around Hong Kong's streets, dined in a now-closed restaurant and visited the city's famous sites without once scanning a QR code on his contact-tracing app or displaying a negative Covid test.

The videos, which were likely filmed pre-pandemic, were a vision of a city that once was. The tourism board may dream, but it looks unlikely to return.

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Opinion

The world is starting to hate the Fed

AMERICA

Edward Luce

A French leader once called the dollar America's "exorbitant privilege". Today's world might go for blunter language. Vector of pain, anyone? Green monster?

Whatever we call it, the strong dollar's victims have one culprit in mind — the Federal Reserve. Even Josep Borrell, the EU's foreign policy chief, is joining in. This week he warned that the Fed was exporting recession in the same way the euro crisis was imposed by Germany's post-2008 dictates. Much of the world is now in danger of becoming Greece.

Such finger-pointing is mostly unfair to the Fed. The US central bank clung for too long to its "team transitory" dismissal of inflation and is thus tightening at speed to restore its credibility. But it is only following the rules. It is hard enough to achieve full US employment with low inflation. Adding foreigners' wellbeing to its mandate would make the job paralysingly complex. The Fed is nevertheless the engine of global contraction. Monetary pain is America's fastest growing export.

The big unknown is, who will pick up the pieces. Here, as the world's leading power, the US has often been prone to neglect. In today's so-called polycrisis world it also risks missing a chance to restore America's brand. The Fed has one tool — monetary policy. Higher US interest rates are spreading at pandemic speed.

As a whole, the US has many options. One such lever is the Bretton Woods institutions — the IMF and the World Bank, which are holding their annual meetings in Washington this week. The question is whether the US wants to cushion the blow to the developing world as its debt servicing costs go through the roof?

History tells President Joe Biden which road not to take. The Fed's last period of steep tightening started under Paul Volcker in the late 1970s. Higher US rates helped trigger far deeper recessions in the global south. Africa and Latin America both suffered a lost decade of growth that was deepened by the IMF's punitive bailout conditions. Structural adjustment was a cure worse than the disease. The 1970s had been awash with recycled Opec capital that made dollar borrowing hard

Biden has many options to cushion the global blow, but the US central bank has only one — monetary policy

to resist. The Fed's quantitative easing has had the same effect over the past decade.

It is little consolation that inflation today looks less rampant than 40 years ago. In some respects emerging markets have it worse this time. Africa was neither responsible for the pandemic nor the war in Ukraine. The first is undoing years of human development gains. The second has unleashed a wave of food and energy inflation.

Now the Fed is adding a potential debt-servicing crisis to the cocktail. These upheavals did not originate in the global south but the costs will chiefly be borne there. That is without mentioning climate change, which is also harshest in those parts of the world least responsible for creating it.

Biden has so far found little bandwidth to confront these challenges. He had a chance to make US vaccine technology available to the developing world. Indeed, he initially vowed to suspend Covid vaccine patents. That now looks like an empty gesture since his administration did not follow up.

As a result, a third of the world's population has not yet had one vaccine while most westerners have had at least two — some as many as five. Had the US taken a stronger lead, the world's inflation-inducing supply bottlenecks would not have been as chronic.

Biden's $1.9tn stimulus — the American Rescue Plan — threw fuel on an inflationary fire that is coming back to haunt Democrats. If they lose control of Congress next month, that bill will partly be to blame. The same applies to the roughly half a trillion dollars of student loan forgiveness he announced in August.

Again, though, the brunt is felt by the rest of the world through imported austerity. The road to hell is paved with good intentions. Not for the first time, progressive-minded steps to help disadvantaged Americans are regressive for the world's disadvantaged.

The Fed has earned some of the resentment it is getting. It should have reacted earlier to inflation, which would have meant a less punitive response. It is not as if inflation was hard to spot. On that count, Jay Powell, the Fed chair, deserves some blame.

But America's big shortcoming is political not technocratic. The global face of the problem is the mighty dollar but its causes lie deeper. The US can be oblivious at big moments to the spillover effects of what it does at home, which often come back to bite it. Call it exorbitant indifference.

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Five M's threaten Truss economic reset

BRITAIN

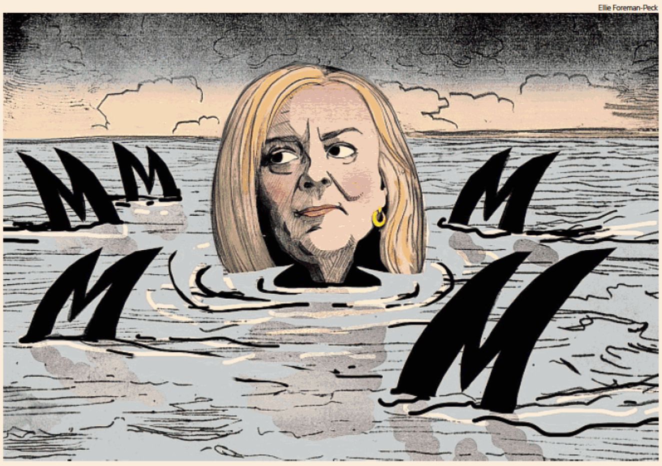
Robert Shrimsley

Treasury orthodoxy is back. After a "mini" Budget which spooked markets and sank gilts, reassurance is the mantra. In the past week, the Truss government which spent the summer denouncing the

to precede the Bank's next interest-rate-setting meeting in the hope of heading off excessive increases. The most politically egregious, though fiscally minor, tax cut, abolition of the top rate of income tax, has already been ditched in the face of a backbench revolt. Truss is now reaching out to MPs.

The prime minister has not abandoned her core strategy of borrowing to cut taxes. "We need to work closely with the OBR but we are not backing down. We do need to do things differently," said one close ally. But she has reluctantly accepted that credibility demands more than defiantly jabbing a

Ellie Foreman-Peck



harshest savings backloaded to the end of that period once, ideally, GDP is rising. The risk here is that neither the OBR nor the markets are impressed by

gage or loan face steep rises in monthly payments. While GDP growth is an abstract concept to voters, hits to household budgets are frighteningly real.

no premier, whatever their merits, can be an effective leader for long with no money, no majority and no mandate.

She must corral her MPs to calm mar-

Fintechs have made our lives unnecessarily complicated

Bill Harris

Money is too complicated, and we're to blame. Banks created a bewildering array of financial products. Fintechs made it worse. I should know. I've started several financial technology companies that built a number of new products. Together with those created by thousands of other financial start-ups, we've complicated people's money beyond comprehension.

In the days before computers, you would go to the bank, and they'd show you how much you had and how much you owed. Simple as that. Then, in the 1970s and 1980s, banks pioneered building different systems for each product — bank accounts, loans, credit cards, mortgages and the like. These once-innovative systems have calcified into inflexible silos that resist connectivity and product evolution.

Freed from legacy systems and processes, fintechs have built a blizzard of new products. Most are point products for specific purposes, such as online payments or high-yield savings. Most do not play well with others — different data in different apps from different companies.

We thought the solution was to put an aggregating layer on top — a personal finance manager — to consolidate all your information in one place. Great in theory. But, as baseball coach Yogi Berra is supposed to have declared, "In theory, there's no difference between theory and practice. In practice, there is."

For context, let's look at regular Americans, neither rich nor poor. Moderate

The proliferation of products across the digital domain creates confusion rather than clarity

and middle-income families — those making $25,000 to $75,000 a year — account for 46mn US households. Two-thirds of these families live pay cheque wrongheadedness of the economic establishment has gone out of its way to cleave to the very bodies it blames for the UK's decline.

Having derided and shut out the independent Office for Budget Responsibility from last month's calamitous and rushed fiscal statement, the chancellor Kwasi Kwarteng has now made it the arbiter of his entire fiscal strategy. The most senior official at the Treasury, chosen to replace the establishment veteran sacked a month ago, will not after all be a dynamic, heterodox outsider but a man who has spent most of his career there. The Bank of England has staged three interventions in a fortnight to shore up the gilt markets. The institutions Truss once rubbished now hold the mortgage on her future.

The medium-term fiscal plan — the how-we-pay-for-it part of the government's tax cutting strategy — has been brought forward to the end of October, finger at the Laffer curve.

Some Tory critics are encouraged by the change of tone. Mel Stride, a former Treasury minister, detected "a fundamental shift towards conciliation re the party and support re institutions". Others are less sanguine. "I just don't see a way out of this," says one ex-minister.

For this reset may no longer be enough. The Truss government's reboot is imperilled by a vicious circle of five M's — money, markets, mortgages, majority and mandate.

First, money: the government has deepened its deficit with tax cuts it cannot afford while spending tens of billions on an energy rescue package. Meanwhile the interest costs on its debt are increasing. To satisfy the OBR and hopefully the markets, the Institute for Fiscal Studies says Kwarteng must find up to £60bn in cuts or new tax rises.

Kwarteng's aim is to offer a five-year deficit reduction strategy with the growth projections or promises of savings down the line, while Tory MPs will fear an election fought under the shadow of looming cuts.

The market reacted to holes in public finances. But more troubling is investors are treating the UK as an outlier among western economies. Among G7 nations only Italy's 10-year Treasuries have a higher yield. A nation detached from the pack is more exposed.

This leads to mortgages. Even as the government's tax cuts promise more money in people's pockets, it is clobbering many through rising interest rates. Millions of homeowners with a mort-

> Regaining credibility demands more than defiantly jabbing a finger at the Laffer curve

This plays on the nerves of fractious and frightened Tory MPs and the reality that, despite her notional parliamentary majority of 69, Truss really has no majority. The mood is mutinous, not least among the numerous discarded ex-ministers. Loss of faith in the prime minister's judgment and terror prompted by plummeting opinion polls makes it hard to drive through contentious reforms. Few believe she has the votes for the real-terms cut to benefits ministers are considering. Truss was not elected by the country and was backed by fewer than a third of her MPs. This lack of a personal mandate means MPs elected under Boris Johnson's manifesto have fewer qualms about rebelling.

This completes the negative loop: political instability deepens market concerns since it increases doubts about Truss's ability to deliver savings. The incontrovertible law of politics — one that markets well understand — is that

kets. But one requires the other and few can see the big change that turns this vicious circle into a virtuous one without a harsh overcorrection from Kwarteng. So everything hangs on the fiscal plan, which is being hastily cobbled together and is still three weeks away. This requires a level of political and financial acumen not so far visible in this premiership.

Unless they find new ways to raise revenue, it may be that only a major retreat on some of the tax cuts (corporation tax perhaps) can restore market faith. But that is a last resort for Truss. It would create its own political crisis and probably require sacking the chancellor. She is truly hemmed in. One ex-minister argues she needs a slice of luck, a global event which changes the landscape. Alas, Truss does not look charmed and, besides, being lucky is not a plan.

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to pay cheque, and two-thirds report feeling "uneasy" about their financial situation. They worry about what they can anticipate ("bills") and what they can't ("unexpected expenses").

Money is the predominant source of stress in many lives within and beyond America's middle class. The explosion of financial products has saddled millions of ordinary Americans with traditional accounts, payment accounts and new or alternative offerings — too many complicated products with hidden fees that can cost hundreds of dollars a year.

Many customers in this segment of the market have accounts at both a traditional bank and an online neobank, with multiple debit cards. About 80 per cent have at least one credit card. And too many fall into the trap of expensive overdrafts — 18 per cent of all bank account holders pay 91 per cent of the fees. American households spent close to $11bn on overdraft fees last year.

There are a baffling number of ways to make payments — via an automated clearing house, prepaid cards, debit and credit cards and online payment accounts. New ways to pay at ecommerce sites add to the confusion. Half of Americans now use Buy Now Pay Later (BNPL) services like Affirm, Klarna and PayPal Credit.

Many use alternative financial products such as payday loans which, in addition to carrying effective interest rates of 400-600 per cent, typically consist of a series of two-week loans over multiple months.

Fintechs have brought this "short-term small-dollar" lending online. And some are peddling crypto to those who can least afford it.

The fintech explosion, which was heralded as a solution to the money problems of ordinary Americans, has too often made their difficulties worse. The proliferation of products creates confusion rather than clarity, and people have too many accounts and apps and bits of money strewn across the digital domain.

We need fewer, simpler products — single apps that address multiple needs and deliver a straightforward user experience. In other words, to return to the days of offering a central place to manage — and understand — how much you have and how much you owe.

The writer is the founding CEO of Nirvana Money and formerly founding CEO of PayPal and Personal Capital

Business and the prime minister are at cross-purposes

COMPANIES

Helen Thomas

In these troubled times, spare a thought for Alex Edmans of London Business School.

Edmans is the author of a book called *Grow the Pie*. As Liz Truss has repeatedly declared her determination to "grow the pie", Edmans has had to explain that, actually, hers isn't the same dish at all.

He is offering a slice of what the government might dismiss as "woke" capitalism. Companies don't need to choose between purpose and profit, he says: "If you start with how much value you create for society, then money comes as a byproduct." A bigger pie means there is more for communities, the environment, workers, customers and investors.

The Truss pie being served at the Conservative party conference last week left a very different taste in the mouth. The prime minister has correctly diagnosed that the UK has a growth problem. But her recipe for a bigger economy seems to pit monomaniacal profit generators and one faction of the Conservative party against all political opposition, the media, unions, Remainers, environmentalists, local communities, north Londoners, podcasters and pretty much everyone else.

In her battle against the "anti-growth coalition", business finds itself inside the tent against much of society — whether it likes it or not. "They love business their way, not our way", bemoans one business leader. "This Conservative leadership thinks they know better than most of the businesses in this country."

In part, the stench of chaos emanating from the party conference was simply off-putting: more than one chief executive told me they cancelled plans to go or left early. But there is also deeper discomfort. Much of what was announced in the "mini" Budget wasn't on the business agenda: most lobby groups weren't calling for a reversal of the hike to corporation tax or the removal of the cap on bankers' bonuses. No one was asking for the axing of the top rate of tax. Few see the benefit in ever more drastic pledges to exorcise EU rules from the statute book.

Many doubt the ability of the Truss government to deliver on the ideas they do like, not least because of the resistance of many Tory MPs and local coun-

> Even corporate leaders who applaud her pro-growth fervour despair of the tone-deaf delivery

cillors to solar farms, wind turbines, building houses, building anything else or letting more desperately needed workers into the country. Even business leaders who applaud Truss's pro-growth fervour despair of the tone-deaf delivery in a time of hardship, plead for consistency and stability above all else and see a politically enfeebled administration as incapable of providing it. One concern is that, in the absence of progress on supply-side reforms to immigration, infrastructure and planning, the temptation to reach for ideologically compliant but largely pointless wins will prove overwhelming.

Take the determination to relax ratios of children to staff in pre-school care despite the fact that nine in 10 providers say they won't implement them. Or the idea floated by the business department, alongside labour market reforms dismissed by Downing Street as "half-baked", to end gender pay gap or diversity reporting. "Nearly every business will still report it, otherwise you can't attract people," says Kevin Ellis, UK chair at PwC. "It's the most read section of our report by a mile. You're advertising your wares in a tight labour market."

Businesses from media to manufacturing complain about the need to mount a rearguard action to save important regulation from the promised torching of anything tainted by association with Brussels. Truss's small state convictions, and the increasingly urgent need to find substantial savings ahead of this month's fiscal plan, is prompting angst that publicly funded programmes, such as Help to Grow or technology scheme Made Smarter, will be axed.

More broadly, bosses bemoan the energy going into picking yesterday's fights. The 1980s alignment between government and enterprise for a sharp break to consensus doesn't exist today. "I cannot find you a serious employer anywhere who thinks it is good business to go after the trade unions. We employ these people. We value them," says Paul Drechsler, former CBI president and outgoing chair of BusinessLDN.

A Thatcherite mix of union busting, tax slashing and privatisation isn't a meaningful prescription today for a transformed economy and nor can 40 years of thinking about how business relates to society just be dismissed. Truss's government has shown remarkable commitment to its willingness to be unpopular. It's not clear why the business community would want to join them.

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Brookfield/Westinghouse: gone fission

Splitting companies and splitting the atom have their complexities. Brookfield has applied its expertise in the former métier to Westinghouse Electric, a specialist in the latter. The $7.9bn transaction breeds dollars rather than plutonium for the Canadian alternatives giant.

One of Brookfield's funds — stewarded by former Bank of England boss Mark Carney, no less — will buy part of the nuclear reactors group from Brookfield itself. Canadian uranium processor Cameco will acquire the balance. The asset manager snatched Westinghouse at an enterprise value of $4.6bn in a 2018 auction following the bankruptcy of owner Toshiba.

Seller Brookfield Business Partners said on Tuesday that its profits and those of co-investors would be $4.5bn, representing a juicy internal rate of return of 60 per cent or six times its money.

The $3.5bn of debt currently on Westinghouse's balance sheet is structured to be transferable. A share of it will therefore switch from BBP to buyer Brookfield Renewable Partners.

Nuclear power is having something of a renaissance. According to the International Energy Agency, global nuclear power capacity today of 415GW will need to nearly double to reach the organisation's 2050 net zero emissions goal. Even so, Brookfield would be hard-pressed to achieve the same lucrative glory with its second go-around of Westinghouse.

The ultimate steward of the nuclear group within BRP is the Brookfield Global Transition Fund, run by Carney. Such infrastructure vehicles often manage capital for longer than traditional buyout funds. Their return targets are lower, if steadier.

BBP and BRP both obtained opinions from investment banks that judged the transaction to be fair. This industry practice brings wry amusement to cynics who believe fees might conceivably influence advice. More conclusively, both entities will ask independent public shareholders to approve the deal.

might add that complexity mostly tilts asymmetries of information in their own favour. Either way, expect financial innovation to go on proliferating, unhindered by the laws of physics.

Socionext/chip cycle: peaky finder

A chip company has completed the biggest initial public offering in Japan this year. Shares in microprocessor designer Socionext rose more than 11 per cent on its Tokyo debut yesterday despite market declines. The pop is more a reflection of the lack of new listings in the local market than the long-term prospects of Socionext.

The company, which designs customised systems-on-chips, has enjoyed growing demand for its designs amid a boom in the automotive chip market in recent years. The gains come even after the shares priced at the top of the marketing range.

This is a surprisingly good time for Socionext to float in Japan, where there has been an 80 per cent decline in funds raised through public offerings this year. This means pent-up demand from investors, who have piles of cash to deploy. The yen fell to fresh 24-year lows yesterday, improving the competitiveness of exports. That should help Socionext overseas.

The shares remain fairly priced. Gains yesterday would give the company a valuation of more than ¥320bn ($2.2bn). Its enterprise value of around three times total revenues is less than a third of the industry average. It has few rivals at home. The outlook for chip designers as a group is less rosy. Recently announced US curbs on China's access to technology means a cut in demand. The market is saturated. It is dominated by chip designers STMicroelectronics, NXP Semiconductors and Arm.

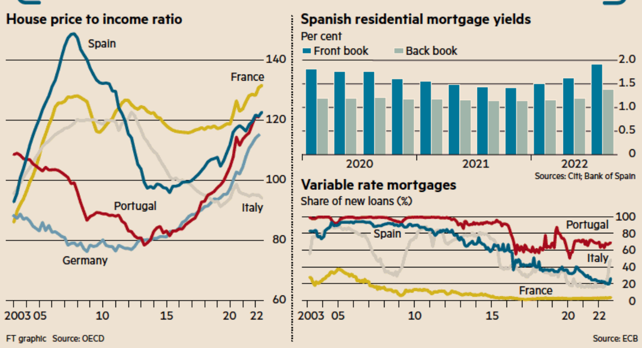
There are signs of an inventory glut for lower-end chips. Average contract prices for chips fell as much as 28 per cent in the third quarter.

That means companies will reduce spending on chip designs and production. Sector stocks look set to

conclusion investors should come to is that Socionext's peer group is expensive, not that Socionext is cheap.

European banks/mortgages: ceiling whacks

Mortgage payments for many borrowers in Spain remain tied to market interest rates, and they are rising. While the share of new borrowers with variable-rate deals has fallen, much of the stock remains fixed. Yet price-to-income ratios suggest a far more sustainable market today



FT graphic Source: OECD

Sources: Citi; Bank of Spain

Source: ECB

Turmoil in the British gilts market has had a knock-on effect on UK housebuyers. Fixed mortgage rates have shot up to average more than 5 per cent. On the continent, upward pressure has been exerting itself on the variable rate products that often predominate.

Reports that CaixaBank is proposing a year-long freeze in variable mortgage rates yesterday hit Spanish bank shares. They have a lot of home loans on their books. Poland has enacted a mortgage moratorium.

Lenders elsewhere may find themselves asked to help out those homeowners most at risk. For now, talk of any housing meltdown is premature. Unemployment is low.

Issuance of variable rate mortgages in Europe has been reduced sharply. In markets badly hit by previous housing crashes, such as Spain, house price to income ratios remain below previous peaks. Meanwhile, bank shareholders sit on ample capital reserves. Investors hoping for a windfall from rising rates should temper their expectations.

In Spain and Italy, variable rate mortgages accounted for just 22 per cent and 24 per cent of new lending, respectively, over the past year. A decade ago, it was closer to 80 per cent.

But the popularity of these products persists elsewhere, including in Iberia. Variable rate issuance in Poland is close to 80 per cent while in Portugal it accounts for 70 per cent of new loans.

Spain's largest lender, CaixaBank, has plenty of these products. Of its €114bn of residential loans outstanding, 73 per cent were variable rate loans at the end of last year, according to the Spanish Mortgage Association.

Earnings estimates for Spanish banks have been steadily rising over the past year, backed by higher interest rates. These are expected to add an extra 24 basis points to back book mortgage yields across the system in the third quarter, boosting net interest income by 5 per cent, said Citi. Better loan pricing should have offset Spain's windfall tax on banks.

That looks in doubt. A deferral of rate rises would slow earnings growth just as European economies are slowing. Householders will be pleased but long-suffering bank shareholders will not applaud.

LatAm assets: shine risks coming off

Latin America's commodity exporters have shone this year while almost everywhere else has been in darkness. Emerging market stocks in the benchmark MSCI index are down 30 per cent in the year to date; Latin American stocks have climbed 3.5 per cent. Petrobras, the Brazilian

Across emerging markets, Russia's attack on Ukraine has devastated many companies, especially those closest to the war. MSCI's EM eastern Europe index collapsed after the invasion and has stayed down, off more than 85 per cent this year. Those further away have suffered less.

But it is soaring commodity prices for food, fuel and raw materials that have lifted Latin America's markets and currencies. In a world dominated by the rising dollar, the Brazilian real has posted rare gains against the greenback this year, up more than 7 per cent.

Despite some recent weakness

closer to R$4.50 to the dollar rather than today's R$5.30, thinks Robin Brooks, chief economist at the Institute of International Finance.

The region's commodity-exporting currencies should be performing far better against the dollar. In fact, the real's gains this year — and the Mexican peso's more modest 2 per cent rise — can be explained as much by interest rate movements as exports. Brazil's central bank began raising rates a year ahead of the US.

But political risk has intervened. Brazil's knife-edge election drama, constitutional ructions in Chile and unrest elsewhere have diminished

Meta/VR: virtual mundanity

Entry to the metaverse has a new price: $1,499. Meta (formerly Facebook) is not positioning its new virtual reality headgear for mass appeal.

The Meta Quest Pro is aimed squarely at business. Forget PCs and laptops, Meta is trying to push VR headsets as a work tool. This is a change of pace from the Quest 2 headset, which sells for $399 and touts games such as *Beat Saber* as a selling point. Heavy losses at Meta's Reality Labs division ($5.8bn first-half operating loss) plus a 62 per cent share price slide this year may be speeding up plans to turn the metaverse into a moneymaking scheme.

A new Qualcomm chip means better graphics for the latest iteration of the Quest headset. Mixed-reality features will allow them to see the real world.

Price comparisons are tricky given the small size of the sector. Apple's VR hardware remains MIA. But when compared with other business-focused headsets, Meta's does not look out of place. Microsoft's HoloLens sells for up to $5,199. Magic Leap's latest version costs up to $4,999. Like Magic Leap, Meta seems to have started out by focusing on consumers before switching to business. The inclusion of Microsoft as a partner adds content such as Windows apps. If Meta wants businesses to buy its headset, it makes sense to get tie-ins from groups that sell software to businesses. Microsoft has 1.4bn Windows 10 and 11 operating system users around the world.

Why doesn't Microsoft stick to its own HoloLens mixed reality headset?

The Meta connection may be a way to outsource the high cost of development. In spite of a deal to produce HoloLens headsets for the US Army, development of a new version appears to have slowed. This year, the HoloLens lead developer left the company. It is not a good omen.

Meta has little choice but to keep going all in on virtual and mixed reality and trying to capitalise on its head start over Apple. Its reward is the sort of partnership that is only rarely seen between Big Tech titans.

approve the deal.
Private capital groups tout customised investment funds and intricate deal structures as good for themselves and fund investors. You

production. Sector stocks look set to continue their downward trend. This started in March. The valuation of bigger, more established peers will become more attractive. The

2.5 per cent. Petrobras, the Brazilian oil company, has notched up a more than 13 per cent return on the local exchange; Brazilian industrials are up nearly 18 per cent.

Despite some recent weakness, the real should hold up. Thanks to a healthy current account surplus and an unusual decelerating inflation rate this year, Brazil's currency should trade

unrest elsewhere have diminished the appetite for risk among global investors. For LatAm currencies, more factors are at play than commodity prices.

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CROSSWORD

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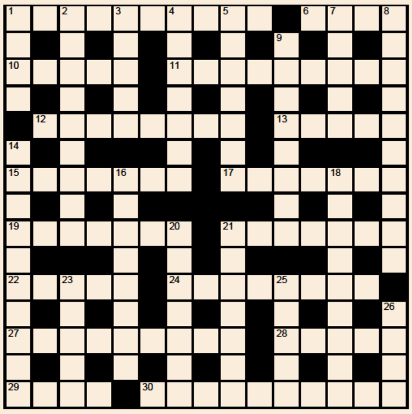

ACROSS
1 Greek character on boat interrupting traitor's cocktail (6,4)
6, 29 Target centres on popular drink (8)
10 Ways one can break fishing equipment (5)
11 Superhero saw someone male, so he says (9)
12 Cocktail muddle is unexpected (8)
13 Ivory way back across river (5)
15, 17 Drink runs equalities organisation (7,7)
19 Party's vocal disapprovals on the increase (5-2)
21 Nothing in box after second look for cocktail (7)
22 Drunk? I'm within the boundary (5)
24 Very ordinary Yankee, elderly, on a journey (8)
27, 28 Angry about fashionable clothes shop wanting support for arms cocktail (9,5)
29 See 6
30 Maybe Marvin, backed by a couple of unknowns, imbibing god-king's cocktail (5,5)

DOWN
1 Can inspiring resistance be Bloody? (4)
2 Band ordering us to squat (6,3)
3 Succeeds in eliminating our short time on board ship (5)
4 Roman empress abandons a large port (7)
5 Waits around to untangle solitaire without using AI (7)
7 Beautiful music saves genus of trees (5)
8 Jersey sort pines over levée breaking (4,6)
9 Possibly nightwatchman the Spanish asked to bat earlier (8)
14 During periods of inertia, goat reportedly reaches equilibrium (10)
16 Mixed drinks case tied up (4,4)
18 Books satellite in space, understanding stupid nit's purpose (9)
20 Dog-trainer needing a dessert (7)
21 Former PM said to be lacking authority in Cambridge celebration (3,4)
23 Staff try fruit (5)
25 Fill tank for American going up in space (3,2)
26 Enemy, gutted, straddles horse wearing whites? (4)

JOTTER PAD

Solution 17,223