FT Weekend

Asia edition

INTERNATIONAL NEWSPAPER OF THE YEAR

SATURDAY 15 OCTOBER / SUNDAY 16 OCTOBER 2022

- Economic strategy shredded after U-turn on corporation tax
- Hunt named as chancellor but moves fail to soothe markets

Truss sacks Kwarteng in bid to save premiership

GEORGE PARKER, SEBASTIAN PAYNE AND JASMINE CAMERON-CHILESHE — LONDON

Liz Truss sacked her chancellor Kwasi Kwarteng and shredded her economic strategy yesterday but her effort to salvage her premiership failed to win over markets and Conservative MPs.

In a cursory Downing Street press conference Truss announced that Jeremy Hunt, former foreign secretary, would be her new finance minister and backtracked on her promise to avoid an £18bn corporation tax increase.

"We need to act now to reassure the markets of our fiscal discipline," she said, as she acknowledged that parts of last month's "mini" Budget, which contained £45bn of unfunded tax cuts, "went further and faster than markets were expecting".

But on the day that a Bank of England emergency bond-buying programme ended, Truss's comments were followed by a big sell-off in the gilt market.

Yields on long-term UK government bonds, the focus of the central bank's scheme to shore up gilt-exposed pension funds, rose sharply as prices fell, with investors concerned about the stability of the country's outlook. The 30-year yield ended the day at 4.81 per cent, up 0.27 percentage points.

Truss told the Number 10 press conference: "I want to be honest — this is difficult but we will get through this storm." She left after eight minutes, with one journalist shouting: "Are you out of your depth, prime minister?"

Citigroup criticised the government for not making a broader change to policy, saying it did not expect "financial concerns to abate as a result of today's action . . . Instead, we believe further market instability likely lies ahead."

Many Tory MPs maintain that Truss cannot survive yesterday's U-turn, in which she conceded that corporation tax would rise from 19 per cent to 25 per cent next April — as planned by ex-chancellor Rishi Sunak, her former rival for the party leadership.

While Truss said the move would raise £18bn, helping to fill the £45bn fiscal gap created by the "mini" Budget, the corporation tax cut featured prominently in her Tory leadership campaign.

The government had already been pushed by MPs into a £2bn U-turn on its plan to axe the 45p top rate of tax.

One veteran Tory told the Financial Times: "The problem is she's only got around 25 per cent of the parliamentary party backing her — if that. She's got a lot of disgruntled MPs to manage."

The government's record-low standing in polls — in one survey the opposition Labour party enjoy a 34-point lead — has increased the pressure on Truss from within her own party.

The prime minister said the corporation tax reversal was a "downpayment", suggesting that other tax cuts could be reversed before Hunt is due to present a new medium-term plan to cut debt on October 31, although Number 10 said no new changes were planned.

Truss insisted that Hunt shared her vision of a "low-tax, high-growth economy". She also suggested that she would cut public spending plans in an attempt to reassure markets that debt was under control, announcing that "spending will grow less quickly than previously planned".

Her retreat signals an apparent return of Treasury "orthodoxy". In August, the prime minister told the FT that the finance ministry was obsessed with the "abacus economics of making sure that tax and spend add up".

Truss said she was "incredibly sorry" to lose Kwarteng, who she sacked as chancellor soon after he arrived back in London on an overnight flight from Washington, where he had been attending IMF meetings.

One Tory MP who spoke to the former chancellor said Kwarteng was in a "state of shock". A day earlier he had said he was "not going anywhere", but he flew back into a political storm.

Kwasi Kwarteng arriving in Downing Street yesterday to be fired as finance minister by Liz Truss, who later held a press briefing
Henry Nicholls/Reuters

Inside

Kyiv's Twitter war targets global decision makers

Analysis ▶ PAGE 3

Putin announces end to army draft as Ukraine forces continue to progress

MAX SEDDON — RIGA
CHRISTOPHER MILLER — KYIV

Vladimir Putin has said Russia's mobilisation drive to bolster its forces fighting in Ukraine will end within two weeks but defended the army from criticism of the draft.

Russia's president yesterday said about 220,000 men had been drafted into the army since he called up reserves and moved to annexe four occupied regions of south-eastern Ukraine, a sufficient effort to bolster forces, he said.

"Nothing additional is being planned," Putin added, saying he did not "see any need" to further strengthen the 1,100km frontline in Ukraine. Russia's military continues to flail nearly eight months after Putin first sent troops into Ukraine and his initial plan of a blitzkrieg to capture Kyiv failed.

Western officials say that Putin's mobilisation of men unfit for combat, even if the figures are in the hundreds of thousands, is unlikely to shift momentum in Russia's favour soon, as Ukraine presses on with its counteroffensive.

The draft has also proved deeply unpopular in Russia, from which more men fled to Kazakhstan alone in the first two weeks following Putin's decree than joined the army.

In some regions, draft officers and police have press-ganged people off the street to join the army, while several men have already died at the front — apparently skipping the basic training Putin promised they would be offered.

Despite Putin's threat that he would use nuclear weapons to defend the Ukrainian regions he now considers part of Russia, Ukraine's forces have continued to advance. Yesterday a western official, speaking anonymously on intelligence matters, said "it is conceivable" that Ukrainian forces could recapture much of the southern Kherson region by the end of next week.

On Monday, Russia responded to the setbacks and the bomb attack on the bridge linking the occupied Ukrainian peninsula of Crimea to Russia with its largest aerial assault since the early days of the war. The response was spearheaded by the Russian forces' new commander, Sergei Surovikin, known as "General Armageddon".

Putin said there was "no need" for further strikes on such a scale after he claimed that the army hit 22 of the 29 Ukrainian infrastructure targets. The western official said that Ukraine's allies "do not think that Russia's mobilisation will affect the battlefield situation" between now and winter.

Australia	A$10.00(inc GST)
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China	RMB30
Hong Kong	HK$45
India	Rup260
Indonesia	Rp48,000
Japan	¥650(inc JCT)
Korea	W5,000
Malaysia	RM12.50
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World Markets

STOCK MARKETS

	Oct 14	Prev	%chg
S&P 500	3608.01	3669.91	-1.69
Nasdaq Composite	10417.04	10649.15	-2.18
Dow Jones Ind	29787.45	30038.72	-0.84
FTSEurofirst 300	1549.64	1543.50	0.40
Euro Stoxx 50	3390.74	3362.40	0.84
FTSE 100	6858.79	6850.27	0.12
FTSE All-Share	3740.85	3732.93	0.21
CAC 40	5931.92	5879.19	0.90
Xetra Dax	12437.81	12355.58	0.67

CURRENCIES

Pair	Oct 14	Prev	Pair	Oct 14	Prev
$/€	0.975	0.972	€/$	1.025	1.029
$/£	1.125	1.124	£/$	0.889	0.890
£/€	0.867	0.865	€/£	1.154	1.156
¥/$	148.365	147.375	¥/€	144.708	143.197
¥/£	166.963	165.575	£ index	77.193	76.044
SFr/€	0.979	0.976	SFr/£	1.129	1.128

CRYPTO

	Oct 14	Prev	%chg
Bitcoin ($)	19319.85	19379.20	-0.31

GOVERNMENT BONDS

Yield (%)	Oct 14	Prev	Chg
US 2 yr	4.51	4.45	0.06
US 10 yr	4.01	3.96	0.05
US 30 yr	3.98	3.93	0.05
UK 2 yr	3.84	3.75	0.08
UK 10 yr	4.33	4.19	0.14
UK 30 yr	4.79	4.54	0.25
JPN 2 yr	-0.05	-0.05	0.01
JPN 10 yr	0.25	0.25	0.00
JPN 30 yr	1.46	1.47	-0.01

Francisco, Tokyo, Hong Kong, Singapore, Seoul, Dubai

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Nikkei	27090.76	26237.42	3.25
Hang Seng	16587.69	16389.11	1.21
MSCI World $	2411.69	2367.69	1.86
MSCI EM $	854.53	865.34	-1.25
MSCI ACWI $	558.71	550.37	1.51
FT Wilshire 2500	4782.08	4667.58	2.45
FT Wilshire 5000	37358.04	36463.20	2.45

Ethereum	1303.73	1287.10	1.29
COMMODITIES			
	Oct 14	Prev	%chg
Oil WTI $	86.13	89.11	-3.34
Oil Brent $	92.03	94.57	-2.69
Gold $	1648.10	1670.65	-1.35

GER 2 yr	1.94	1.92	0.02
GER 10 yr	2.35	2.28	0.07
GER 30 yr	2.39	2.29	0.10

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

WORLD WEEK IN REVIEW

Saudi Arabia rejects claim Opec+ production cut was targeted at US

The Saudi Arabian government said an Opec+ decision to slash oil supply was taken unanimously by the cartel and was not influenced by the kingdom's stance on Russia's invasion of Ukraine, following a backlash from the US.

The Saudi intervention suggested that Riyadh was stung by Washington's reaction to the cuts, with President Joe Biden warning of "consequences" for the kingdom. The Saudi foreign ministry expressed "total rejection" that the cut "was politically motivated against the United States of America".

After the oil producer group's decision last week to slash 2mn barrels a day from its output quotas to bolster prices, the US said Opec+ had "aligned with Russia", Riyadh's ally in the cartel.

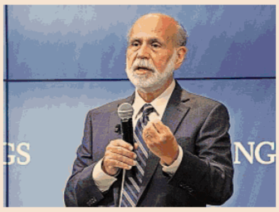
Bank of Japan's ultra-loose policy backed by Kishida despite yen fall

Fumio Kishida has signalled his support for the Bank of Japan's ultra-loose monetary policy despite the yen's plunge to its lowest level in real terms since the 1970s.

The Japanese prime minister said the central bank needed to maintain its policy until wages rose and urged companies that did increase prices to raise pay as well. Kishida said he would continue to "work closely" with Haruhiko Kuroda, ruling out talk he would end the BoJ governor's term prematurely or apply political pressure to end negative rates.

"I am not thinking of shortening his term," Kishida said, referring to Kuroda's 10-year tenure, which will end next spring. "I will look to . . . April next year in my deliberations on choosing the right person."

Ex-Fed chair Bernanke shares Nobel Prize in economics for banks study



Former Federal Reserve chair Ben Bernanke has been awarded the Nobel Prize in economics with Douglas Diamond of the University of Chicago and Philip Dybvig of Washington University for their work on the role of banks in the economy and financial crises.

Researchers successfully implant human brain tissue in newborn rats

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 in 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.

EU divisions

Germany denies energy plan 'selfish'

Deputy chancellor turns on critics, saying aid package beneficial to bloc

GUY CHAZAN — BERLIN

Germany's deputy chancellor has hit out at critics of the €200bn energy support package Berlin unveiled last month, denying it was "selfish" and insisting it would help protect the whole European economy.

"If Germany were to experience a really deep recession, it would drag the whole of Europe down with it," Robert Habeck said in an interview. "We are not being selfish, we are trying to stabilise an economy at the heart of Europe."

Some EU member states reacted with surprise and irritation at the German relief package, saying it risked distorting the bloc's single market. Berlin was accused of failing to properly co-ordinate its response to the energy crisis with its European partners.

The centrepiece of the plan, financed by new borrowing, is a "gas price brake" on energy costs both for companies and private households. Chancellor Olaf Scholz called it a "double ka-boom".

The package was greeted with relief by hard-pressed German consumers spooked by double-digit inflation and energy prices that have soared since Russia drastically reduced gas supplies to Europe in the summer. Some companies have shut down or reduced production and the government expects Germany to enter a recession next year.

But some European countries saw the "double ka-boom" as a typical "Germany-first" response to the crisis. Comparisons were even drawn with Berlin's initial actions during the Covid-19 pandemic when it banned the export of medical protection gear.

Two EU commissioners, Thierry Breton and Paolo Gentiloni, wrote in the Irish Times this month, that the German plan "raises questions", adding such moves risked "fragmenting the internal market, setting up a race for subsidies and calling into question the principles of solidarity and unity that underpin our European project".

Habeck, who is deputy chancellor and economy minister, said the criticism was unfair. "A lot of countries have already taken measures" to cap energy prices, he said.

Scholz last week named Italy, Spain and France as countries that were operating price caps. "France does it on a large scale, largely by subsidising state-owned companies," he said. "The German programme fits in with all of that quite well." His irritation is widely shared in the German government. "For the past 10 years, we have been lambasted for not investing enough, and now we do, everyone criticises us," said one official. "It is like we are damned if we do, damned if we don't."

> 'A lot of countries have already taken measures [to cap energy prices]'
> Robert Habeck

Habeck said Germany had a "good chance" of getting through the winter without blackouts and energy rationing, but only if private households curbed their gas consumption.

"It is really astonishing that we have succeeded in filling storage without Russian gas and in bringing down prices," he said. "We are not quite where we need to be, but the price of gas was at €350 per megawatt hour [in the late summer] and now it's at €160 [per megawatt hour]."

See Lex

Islamic republic. Demonstrations

Iran protesters mourn teenage 'martyrs'

Mystery surrounds the deaths of girls and young women as dress code anger spreads

NAJMEH BOZORGMEHR — TEHRAN

Nika Shakarami, an Iranian teenager who lost her life during anti-regime protests, holds a microphone and sings a pop song to amuse her giggling friends. "Part of my heart says 'go'; part of my heart says 'don't go'. My heart cannot endure [life] without you."

Videos and pictures of Shakarami, 16, have been shared on social media since her death in mysterious circumstances last month.

She was one of half a dozen teenage girls and young women who have died as protests have swept Iran since mid-September after the death in custody of 22 year-old Mahsa Amini, who had been arrested for not fully observing the Islamic dress code.

Young people, including many teenagers and schoolgirls, have dominated the protests, the biggest and longest lasting in Iran for several years. While more men have died in the crackdown, the dead girls have become martyrs, symbols of the struggle for equal rights.

"My heart is being ripped out of my chest whenever I see videos of innocent girls like Nika," said a female protester who was joined by her 16-year-old son. "This can happen to any of us; my son, any teenager in the protests."

At least 41 have died since the protests began, according to state television. Authorities and hardline media say that the deaths of Shakarami and other women are unrelated to the protests. They claim their deaths have been exploited by enemies of the theocracy.

The protesters' decision to publicise these deaths was "a strategy of the enemy", said Iran police chief Hossein Ashtari this month, in a clear reference to the US, Israel and the overseas opposition. He said his force did not use bullets to curb protests, but bird shot. Some of the victims had not even attended protests, he added.

In the case of Shakarami, Judge Mohammad Shahriari, head of Tehran's criminal prosecutor's office, said they first received a report of a dead body on September 21. "She [Shakarami] was thrown into this building's yard from the nearby building," he said this month, according to state news agency IRNA. "The autopsy showed fractures in her head, upper and lower bodies, hands and legs which proved she had fallen from a height," he added. "Medical exams showed no traces of bullets and bird shot in her body."

Cry freedom: a rally in Düsseldorf, Germany, this month, over the death of Nika Shakarami
Ying Tang/NurPhoto/Getty Images

However, the young woman's mother said her daughter was killed by security forces. In a video she sent to the Prague-based, US-funded Radio Farda, Nasrin Shakarami said Nika left home on September 19 to join demonstrations against the obligatory wearing of the hijab.

She spoke to her daughter at around midnight. Her mobile was cut off as she was running away from security forces. "Her arms and legs and body were totally fine . . . Her teeth and the back of her head were hit so severely her skull was damaged. She was killed in this way," she told Radio Farda.

The death of Sarina Esmaeilzadeh, a 16-year-old student, in the city of Karaj, west of Tehran, has also shocked Iranians. At midnight on September 24 the police received a call about a body, according to Hossein Fazeli Harikandi, head of the judiciary in Alborz province.

Esmaeilzadeh had gone to the fifth-floor roof of her grandmother's house then to a neighbour's roof, he said. "Initial investigations suggest she committed suicide," he said, adding she had attempted suicide before by taking pills.

He dismissed opposition media claims that Esmaeilzadeh had been killed by security forces as "a sheer lie".

Esmaeilzadeh's mother, in a video recorded by the judiciary, also said her daughter had not been beaten.

"My daughter was not into these things [protests]."

Despite her mother's statement, protesters see Esmaeilzadeh as a martyr and videos of her articulating her hopes have gone viral on social media. "What are the needs of a 16-year-old teenager? To love and to be loved. We need happiness, good spirit, good vibes, and all these need freedom.

"This makes our discussion a bit dark now because of some restrictions we face like obligatory hijab and not being able to go to football stadiums," Esmaeilzadeh said on Instagram.

Mohammad Javad Akhavan, managing editor of the Javan daily paper, affiliated to the Republican Guard, said the opposition's desire to create martyrs was to "provoke the public" and give the protests "fresh fuel". "Those who spread lies about their deaths should be held legally accountable," he added.

Even so, relatives continue to question the official narrative. Hadis Najafi, 22, was one of the first women to die during the protests on September 21. Her sister told Radio Farda that authorities told them she had taken fright and died of a heart attack. It was not clear what had frightened her.

Her father said he did not believe she was killed by police, adding "my daughter was into music, not into riots, no way".

In a video on social media, her mother said: "My daughter died because of [protesting against the] hijab, because of Mahsa Amini . . . She was killed in the protests with three bullets, one in the heart, one in her belly and one in her neck. When I put aside the shroud to look at her face, her whole face and body were also full of bird shot."

In such fraught situations, with authorities and protesters unable to agree on the cause of death, even burials have become contested.

Nika Shakarami's mother decided to bury her daughter in their home town of Khorramabad, western Iran, but security forces, she said, "stole" her daughter's body and buried it in a remote village. Hardline media said this burial site was next to her late father's grave.

October 3 would have been Nika Shakarami's 17th birthday. In a Twitter video, her mother said: "I tell you Nika, your martyrdom is being honoured."

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Petrol crisis

France battles to avoid winter of discontent amid fuel strikes

SARAH WHITE — DUNKIRK

In the northern French city of Dunkirk, near a vast fuel depot hit by strikes for the past three weeks, shortages at petrol stations have become so severe that taxi driver Saïd Fertakh has seen his earnings dwindle as he spends time trying to find somewhere to fill up his car.

"It [is] becoming a struggle," Fertakh said. "I spent an hour in a queue last

risk for the state is that the industrial action spreads to other sectors or morphs into a repeat of the citizen-led *gilets jaunes* (yellow vest) anti-government protests that blighted president Emmanuel Macron's first term

With hard-left unions leading the charge, "it is always hard to know if something like this will lead to a broader social movement", said Dominique Andolfatto, a University of Burgundy

so," prime minister Elisabeth Borne told the senate this week.

But it also resorted to rarely used legal orders to force some fuel workers back to the depots. The move led the CGT to extend its strike to another refinery.

The emergency orders have had some effect. Fuel deliveries are starting to resume, with tanker trucks leaving the Dunkirk depot for the first time in three weeks. Striking workers can face six-

power reactors was halted on Wednesday due to CGT-led walkouts. That will cause further delays to state-controlled utility EDF's attempts to get more plants back online and boost power supplies.

CGT-affiliated workers at Total have called for a backdated 10 per cent increase in salaries for this year, much higher than the 3.5 per cent rise previously agreed. They have so far shunned a deal struck with the CFDT and CFE-

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Representative, Anjali Mahindroo

said. "I spent an hour in a queue last week. I have had to say no to some customers because I needed to find somewhere to refuel."

Strikes by oil refinery workers demanding higher wages, led by the hard-left CGT union, have become a big test for the government as it grapples with the fallout from Europe's energy crisis caused by Russia's invasion of Ukraine.

The walkouts at some TotalEnergies and ExxonMobil sites left a third of petrol stations reporting shortages, forcing France to buy expensive diesel imports, while the state's efforts to limit soaring energy prices with subsidies caused runs on some petrol stations.

With few quick or cheap fixes to the high costs of fuel and other goods, the

Andolfatto, a University of Burgundy political scientist. "[But] there are a lot of worries provoked by the increase in prices and especially energy prices."

Some of the ingredients are present for broader unrest. Emboldened by the fuel dispute, the CGT and other unions have called for a one-day general strike next week, rallying transport operators such as train group SNCF and student groups. The left-leaning political alliance Nupes is adding to the calls for a wider movement, with a march protesting against the rising cost of living planned this weekend.

As well as bringing in price caps on energy bills, the government has tried to shield households by appealing for help from businesses. "All the companies that are able to raise salaries should do

weeks. Striking workers can face six-months in prison and fines if they do not comply with the orders.

In another sign of spreading pressure, maintenance work at eight nuclear

Outcry: trade unionists and strikers at a TotalEnergies site this week

a deal struck with the CFDT and CFE-CGC unions for a 7 per cent rise, and pursued strikes at refineries yesterday.

Elsewhere, there were signs of breakthroughs. Exxon, via its French branch Esso, reached a deal this week with two other unions to raise salaries by 6.5 per cent next year and add bonuses, and even CGT workers called off some strikes at Esso sites.

In Dunkirk, some residents support the walkouts despite the inconveniences, citing Total's record profits on the back of soaring commodities prices.

"They are right to strike," said Lynda Soulatge, a worker at a car dealership that has also suffered fuel shortages. "Everybody has noticed that life is more expensive now."

Additional reporting by Akila Quinio

INTERNATIONAL

Ukraine blends humour and tragedy in potent media messages

Military's creative Twitter output aims to win 'hearts and minds' of influencers

MEHUL SRIVASTAVA, CHRISTOPHER MILLER AND ROMAN OLEARCHYK — KYIV

Earlier this week, a small group of Ukrainians with expertise in video editing, communications and advertising decided to thank France for the weapons it had sent to the country's military.

"It's France, so we knew we had to do something romantic," said Anna, who helps create content for the team that manages the Ukraine defence ministry's Twitter account and who asked that her real name not be used. "But it also had to remind them that they can do more."

The resulting clip was posted on the ministry's Twitter feed on Wednesday. Set to Serge Gainsbourg and Jane Birkin's recording of classic French ballad "Je t'aime moi non plus (I Love You, Me Neither)", the video features images of chocolates and flowers that segue into footage of French-donated Caesar 155mm howitzer artillery firing on Ukraine's battlefields. "Thank you France," the text reads. "Send us more."

The clip racked up 1.5mn views and 31,000 retweets within 24 hours.

> Decision makers, journalists and ordinary pro-Ukrainian westerners seem clearly hooked

As its battle against Russia enters its eighth month following Moscow's full-scale invasion in February, Ukraine's military appears to have conquered Twitter with an effective mix of posts that blend humour and tragedy. The aim is to "win hearts and minds" across the globe and keep international allies onside, said Anna.

The defence ministry's feeds intersperse grim reminders of the toll the war has taken on Ukraine with slickly produced and often irreverent messages, creating a narrative that Ukrainians are stoic in war, wry in difficult circumstances and magnanimous on their route to a victory made possible by western weapons.

Their posts have spread across the Twitter feeds of their target audience — international decision makers, influential journalists and ordinary pro-Ukrainian westerners — who seem clearly hooked. Even as energy costs soar across Europe, such accounts help maintain popular backing for the Ukrainian war effort, say observers.

"Videos like that help set a narrative that influences what's possible in the policy world," said a western diplomat.

The defence ministry's account has 1.5mn followers but its influence is far wider. Followed by top officials around the world, including at the US state and defence departments and the CIA, its output — and that of other non-official pro-Ukraine sites — helps drum up support, while "the humour and creativity help stave off [the west's] war fatigue," said another western diplomat.

Behind the output is a diverse group of volunteers, including graphic designers, video editors and copywriters, who feed their creative efforts to a strategic communications company staffed by veterans of Ukraine's political scene. That team operates the Twitter accounts of the country's defence ministry and the defence minister Oleksii Reznikov.

They have become the voice of the country's armed forces, drowning out their enemy's staid messaging with trolling, irreverent jokes and an understanding of the culture of the countries they are targeting.

When using a map of Japan to show the length of Ukraine's front line, the team included the Kuril Islands, the subject of a territorial dispute between Tokyo and Moscow. The comments exploded with Japanese users, surprised and grateful that Ukrainians were aware of the issue.

Some contributors work in the US, fine-tuning content for one of their core targets, the American taxpayer. Some of the material pays homage to the 2000 hit film *Gladiator* — known to be particularly popular among American men of the generation that now holds influence.

In another, a cartoon Himars — the guided rocket system donated to Ukraine by the US — floats on a rubber boat, its missiles pointed at Vladimir Putin's signature Crimean infrastructure project, the Kerch Bridge, foreshadowing last weekend's explosion that partly destroyed the structure.

Those involved in the Twitter content asked not to be identified out of concern for their physical safety and the possibility of a cyber attack from Russia. "It's tempting to take credit," said Anna. "But maybe after the war."

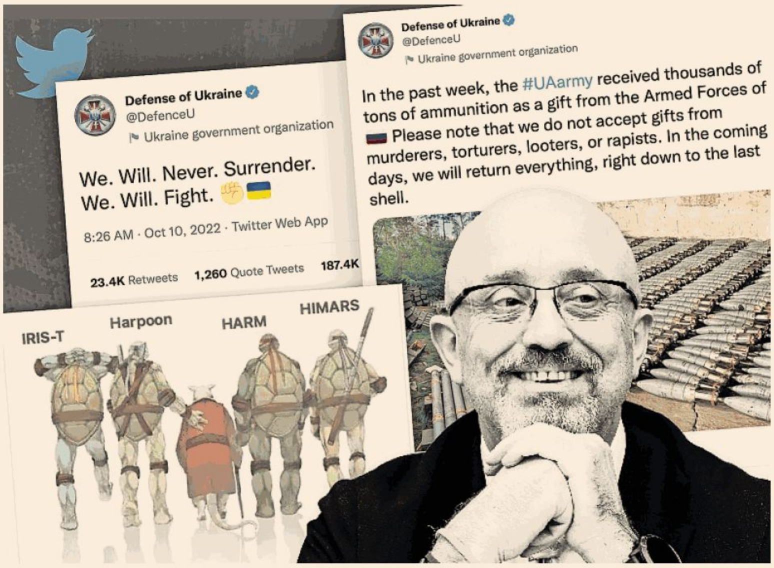
The creatives work in separate silos, using an encrypted messaging app to stay in touch with the dozen or so people who approve and post the messages.

The simplest messages often work best, said Taras. He singled out a photo of four soldiers and a scowling cat in a Humvee, which his team found on Telegram and tweeted. "Five of us," read the message, which struck a chord with the public and was retweeted 110,000 times.

The team's most effective weapon has turned out to be the merciless trolling of their foe. After Ukrainian forces seized ammunition and armour from the Russian army during its chaotic retreat from the Kharkiv region in late summer, Taras and his colleagues tweeted: "We do not accept gifts from murderers, torturers, looters or rapists . . . we will return everything, down to the last shell."

"Trolling is the best way," said Anna. "If you ridicule your enemy, then there is less fear. Russia has been trying to convince the whole world that they are the mightiest army. Now we see that they are weak, badly equipped, demoralised, and trolling helps us show that the king has no clothes."

See Notebook

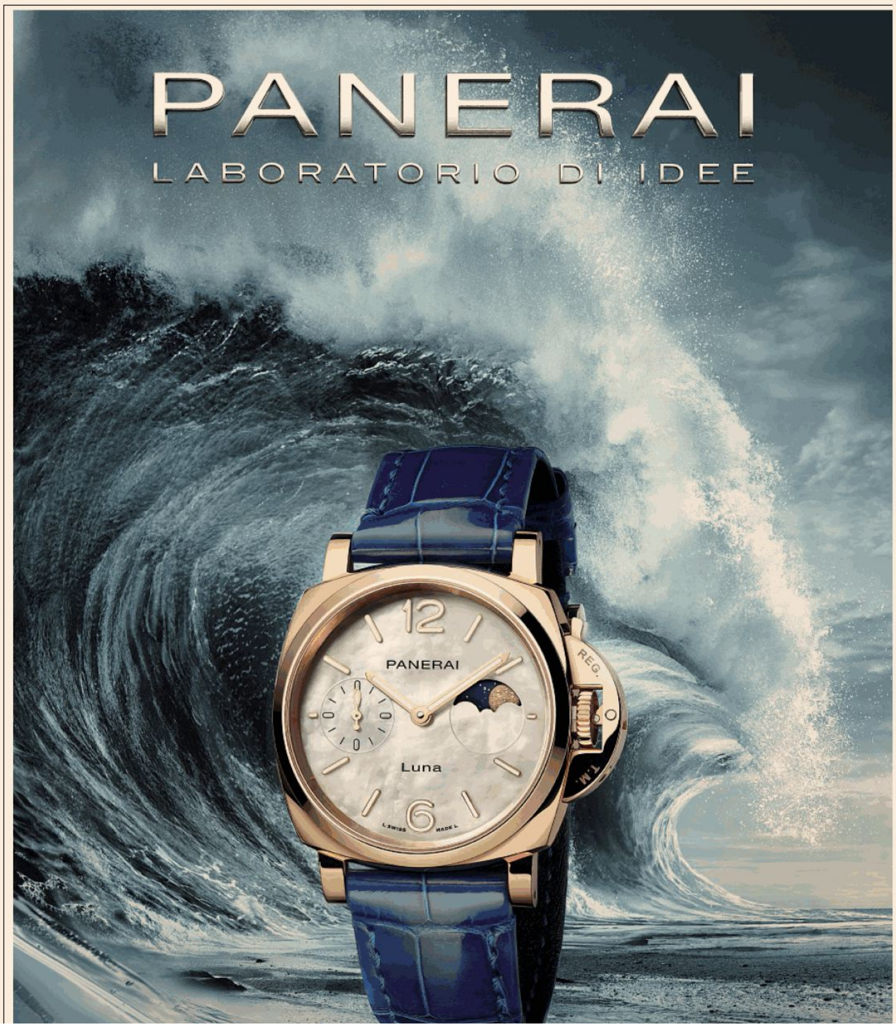


'Now we see that [Russia is] weak, badly equipped, demoralised and trolling helps us show that the king has no clothes'

Tweet attacks: a selection of Ukraine defence ministry messages. Inset Oleksii Reznikov

Starlink

Pentagon in talks with Musk over war zone internet access



over war zone internet access

RICHARD WATERS — SAN FRANCISCO
FELICIA SCHWARTZ — WASHINGTON

The Pentagon said it was in talks with Elon Musk's Starlink mobile internet system to keep connectivity for Ukrainian forces, after the billionaire Tesla chief complained he was burning through nearly $20mn a month funding the service.

News of the negotiations followed a report by CNN that SpaceX, Musk's private space company, had written to the defence department last week asking for financial support to fend off the financial strains on its satellite network.

"I can confirm that the department has been in communication with SpaceX regarding Starlink," the Pentagon said. "We are working with our partners and allies trying to figure out what is best."

"There are certainly other Satcom [satellite communication] capabilities that exist out there," it added. "There is not just SpaceX, there are other entities that we can certainly partner with when it comes to providing Ukraine with what they need on the battlefield."

Musk appeared to confirm the request for cash, tweeting it was "insanely difficult" for a low-earth-orbit "communications constellation to avoid bankruptcy — that was the fate of every company that tried this before".

Musk won acclaim after intervening to bring internet service to Ukraine, but the move became politically explosive this week after he called for a negotiated settlement to end the war. His proposal was denounced by Ukraine's leaders.

The Financial Times also revealed that some Starlink terminals used by the country's military had stopped working in areas recently liberated from Russian occupation, raising questions about whether Starlink was blocking the service to some parts of the country.

Mykhailo Podolyak, an adviser to the Ukrainian president, defended the Starlink founder. "Like it or not, @elonmusk helped us survive the most critical moments of war. Business has the right to its own strategies," he said on Twitter.

INTERNATIONAL

Global economy. Outlook

World Bank and IMF fear instability

Policymakers face unfamiliar set of challenges as financial problems spill across borders

CHRIS GILES AND COLBY SMITH
WASHINGTON

In one of the bleakest meetings of the IMF and World Bank since the financial crisis, Sri Mulyani Indrawati, Indonesia's finance minister and chair of the Group of 20 leading economies, summed up the mood.

"The global economic situation has become more and more challenging," she said in her closing remarks to the gathering of the finance ministers and central bank governors in Washington, DC, on Thursday. "The world is in a dangerous situation."

Indrawati and others were full of talk of geopolitical disagreements, negative economic spillovers from one country to another, and the unintended side-effects flowing from the IMF's message that countries should "stay the course" on fighting inflation by raising borrowing costs fast.

Kristalina Georgieva, managing director of the IMF, said the world was witnessing a transition from a world of predictability, where interest rates and inflation were low, to one of instability.

"Shock upon shock upon shock," she said, characterising the situation facing participants. "We have to really work on changing our mindset to be much more precautionary and be prepared for much more uncertainty."

She pleaded with countries "to identify [the] problems and then muster the will to solve them". There was action on the former, at least.

Participants shared the IMF's view that the global economy was in a tough spot and that the worst was yet to come. Indeed, many thought the fund's latest projections for growth of 2.7 per cent next year, downgraded substantially from estimates in the spring, were still too optimistic. The world economy was heading towards a recession, which could be amplified by financial instability of the sort witnessed recently in the UK. Inflation would remain uncomfortably high into 2023, too, forcing central banks to keep tightening.

"We're seeing developments and challenges that are either entirely new or are unlike anything that's been around for at least decades," said Nathan Sheets, chief economist at US bank Citi. "It is creating stresses and difficulties for policymakers as they devise approaches to be able to achieve their objectives, including inflation, macro stability and financial stability."

A key problem globally, almost everyone agreed, was the rapid rise in US interest rates. While the Federal Reserve had aimed at taming soaring domestic prices, the impact on the dollar's strength was causing difficulties beyond US borders, driving up inflation elsewhere and raising the prospect of market volatility.

"What is necessary is a comprehensive understanding of the [cross-border] spillovers of policy," said Mark Carney, former Bank of England governor.

However, the Fed is poised to extend its string of supersized interest rate increases for yet another meeting, after new data on Thursday showed a worrying acceleration in underlying inflation. It next meets in early November.

Economists now consider a fourth consecutive 0.75 percentage point rate rise — it would shift the federal funds rate to a new target range of 3.75 to 4 per cent — a foregone conclusion. The Fed is also expected to keep interest rates at a level that actively restrains the economy for longer than first expected.

Bringing inflation back down to the central banks' longstanding 2 per cent targets will take time, warned Marcelo Carvalho, BNP Paribas global head of economics, and prove hard to do.

The general view was that central banks, including the Fed, should continue raising interest rates. However, economists acknowledged that finding the right balance between containing price pressures and destroying demand was fraught with difficulty. Policymakers must proceed with "a lot of hope and heart, because you really don't know what is going to work", Sheets said.

Some economists think that the action taken by policymakers so far has even been counterproductive.

The measures they have used in combating high inflation, a slowing economy, an energy and food crisis and the lingering effects of Covid-19 have amplified volatility and economic difficulties, according to Mohamed El-Erian, chief economic adviser to Allianz.

Nowhere did El-Erian's view apply more than in the UK. The shambles that has followed the new government's "mini" Budget has been the talk of Washington, cited universally as a perfect case study in what can happen if governments are not careful with the co-ordination of fiscal and monetary policy. The IMF had urged the UK to make modifications quickly. "Don't prolong the pain," Georgieva said.

By yesterday morning, UK Chancellor Kwasi Kwarteng had flown home early to face the sack as Prime Minister Liz Truss heeded the advice.

Rising prices: a woman shops in Alhambra, California. The Federal Reserve is focused on taming inflation
Frederic J Brown/AFP/Getty Images

'The world is in a dangerous situation'

Sri Mulyani Indrawati, Indonesian finance minister

Bank intervention

Hungary puts up interest rate in bid to halt forint fall

MARTON DUNAI — BUDAPEST

Hungary's central bank has launched a series of measures, including a 9.5 percentage point rise in one of its key interest rates, to stem a fall in the forint and shield the currency from further speculative attacks.

The National Bank of Hungary raised the interest rate on its overnight collateralised loan facility, through which it lends money to banks, from 15.5 per cent to 25 per cent yesterday.

The central bank also launched a one-day foreign exchange swap, aimed at lowering volumes of forint trades, with an interest rate of 17 per cent. The interest rate on a one-day quick deposit tender was put at 18 per cent to make holding the forint more attractive for short-term investors and deter short sellers.

Squeezed by investors' bets and the soaring volume of foreign exchange transactions by energy suppliers, which must pay for their imports of power in euros or dollars, the forint hit record lows against most major currencies this week. To stem the market pressure coming from the energy imports, the central bank said it would offer suppliers foreign currency directly.

The fall in the forint, which dropped as much as 5 per cent against the euro over the past two weeks, hampered the central bank's ability to rein in inflation, which passed 20 per cent in September.

"We can't just watch idly," said deputy governor Barnabás Virág in an online briefing. The central bank was prepared to use the tools "as long as necessary", he said, adding that he hoped it would not take more than a few days for the market to stabilise.

The forint recovered some of its recent losses, posting its biggest daily gains in more than a decade, rising about 3 per cent to around 418 per euro, according to Bloomberg. The benchmark five-year government bond yield soared 120 basis points to 12.89 per cent.

Government turmoil

Truss names Hunt as UK chancellor

JASMINE CAMERON-CHILESHE — LONDON

Britain's new chancellor Jeremy Hunt is "one of the most experienced and widely respected government ministers and parliamentarians", prime minister Liz Truss said yesterday as she announced a U-turn on her £43bn tax-cutting "mini" Budget.

In July, Hunt threw his weight behind Truss's rival former chancellor Rishi Sunak in the Conservative party leadership race to succeed Boris Johnson. "Politics is really about character," he said, arguing that Sunak was "one of the most decent, straight people" he had ever met in Westminster.

Months later, Hunt is now apparently a full convert to the prime minister's vision for the country. "Jeremy Hunt as chancellor is somebody who shares my desire for a high-growth, low-tax economy, but we recognise because of current market issues we have to deliver

ment in 2005 representing the South England seat of South West Surrey, is now the UK's fourth finance minister this year, following the departures of Sunak and Nadhim Zahawi and yesterday's sacking of Kwasi Kwarteng.

Hunt, 55, twice failed to win the party leadership, coming second to Johnson in 2019 and losing in the first round of the contest that Truss won this summer. He hails from a relatively affluent background, having been educated at fee-paying Charterhouse School and Oxford university, where he obtained a degree in Philosophy, Politics and Economics.

'It's an impossible job and a poisoned chalice that I'm surprised he has chosen to drink'

As a businessman, his educational

"He's a moderate, he's socially liberal, but let's not forget he's a hard-nosed businessman," one senior Tory observed yesterday. "That will come through during his chancellorship."

Hunt first joined the cabinet in 2010 under then prime minister David Cameron, serving as culture secretary. He was later foreign secretary under Theresa May, between 2018 and 2019.

But it was his role as health secretary for six years from 2012 that resulted in his rise to prominence within the party and in the public eye.

Truss hopes that the experienced moderate will calm financial markets, and Tory MPs. "It's an impossible job and a poisoned chalice that I'm surprised he has chosen to drink," another veteran MP said. "But he's a thoroughly decent man with a great sense of duty."

One backbencher said the appointment was "sensible", but was sceptical about the longevity of Truss's premier-

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"the mission in a different way," Truss told reporters in Downing Street.

Hunt, who was first elected to parlia-

publishing group Hotcourses employed more than 200 people and was sold in 2017, netting Hunt £14mn in profit.

ship, saying it was ultimately "doomed" regardless of the change in personnel.

See Big Page and The FT View

Politics

Italy elects pro-Putin Eurosceptic as Speaker

AMY KAZMIN AND GIULIANA RICOZZI
ROME

Italy's parliament has elected a Eurosceptic admirer of Russian president Vladimir Putin as its new Speaker, stoking fresh concerns about Italy's foreign policy direction under a new rightwing government.

Lorenzo Fontana, a close ally of Matteo Salvini in his populist League party and a socially conservative opponent of homosexuality and migration, was elected Speaker with 222 votes.

The vote paves the way for Giorgia Meloni's fractious three-party rightwing coalition that won September's election to move ahead with forming a government.

But the process has highlighted the deep tensions and personal rivalry between the key leaders — Meloni, Salvini and media tycoon and former prime minister Silvio Berlusconi.

Analysts said Fontana's election as Speaker — the third most powerful position in Italian politics after the president and Senate Speaker — reflects the strong influence of the pro-Russia wing of Salvini's League, on which the stability of the new government will depend.

Meloni, who is expected to be asked by president Sergio Mattarella to become the new prime minister, has vigorously denounced Russia's invasion of Ukraine, and pledged Italy's continuing support for Kyiv. But during the election campaign, Salvini openly complained about the heavy price that Italians were paying for the economic sanctions against Russia, highlighting tensions within the rightwing alliance.

Doubts about the new government's ability and commitment to continue the course followed by Mario Draghi — who has been at the forefront of Europe's tough response to the invasion of Ukraine — will be amplified by Fontana's election.

"It's a very nasty signal," said Francesco Galietti, founder of Policy Sonar, a Rome-based political risk consultancy. "For all Meloni's effort to position herself as a staunch Atlanticist, she is not fully in control." Yet Galietti said Meloni could not resist Fontana as Speaker, as she is also fighting with Berlusconi over ministerial appointments.

Addressing parliament after his victory, Fontana said Italy needed to "get back a bit of pride". The deeply conservative Speaker, who once hailed Brexit as "the start of a new era" that could transform the EU, has called Putin's Russia a "model" society, describing it as "a shining light, even for us in the west".

Legal Notices

In the High Court of Justice (England and Wales) No. 71 of 2021
JÉRÔME ALEXANDRE ALAIN ZODO (In Bankruptcy)
Date of birth: 16/07/1979. Occupation: Art Dealer, trading as Jerome Zodo Fine Art Limited and JZ Modern Art Limited
Trading addresses: 71-75 Shelton Street, Covent Garden, London, WC2H 9JQ, England and 1 Hay Hill, London, W1J 6AS, England

Notice is hereby given that Nicholas Myers and Adam Stephens of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG, England were appointed as Joint Trustees in the bankruptcy of Jérôme Alexandre Alain Zodo ("Bankrupt") on 1 October 2021 by the Secretary of State for Business, Energy and Industrial Strategy.

All persons having in their possession any of the assets of the Bankrupt and all parties who owe any debt payable to the Bankrupt must notify the Joint Trustees as a matter of urgency.

If any creditors or interested parties are aware of any matters relating to the business activities, assets and liabilities of the Bankrupt which may be of relevance to the Joint Trustees, please contact Lynn Morse and Jonathan Draper of this office as soon as possible.

Creditors of the Bankrupt who have not already done so should submit details of their claims to Lynn Morse and Jonathan Draper of the Joint Trustees' office as soon as possible to the postal address and/or email addresses provided below.

For further details telephone +44 (0)20 7131 4000
or e-mail Lynn Morse (lynn.morse@evelyn.com) or
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FT BIG READ. UK POLITICS

Can anything save Truss?

The prime minister is facing political ruin after the collapse of her economic agenda and the sacking of her chancellor. But Conservative MPs do not have an obvious successor they can start to rally around.

By George Parker

I am not going anywhere," Kwasi Kwarteng declared on Thursday, shortly before he rushed out of a reception at the UK ambassador's residence in Washington on a rainy night to catch the last plane back to London.

By Friday lunchtime, the chancellor had been sacked after his debt-fuelled "mini" Budget panicked markets and created political carnage. His 38 days in office was the second shortest tenure in almost two centuries, pipped only by a politician who died of a heart attack.

By cutting her ties with Kwarteng, prime minister Liz Truss insisted she was acting decisively to restore economic stability as she reversed a decision to block a previously planned increase in corporation tax.

"The way we are delivering our mission right now has to change," she said in a short address on Friday that acknowledged little direct responsibility for the financial turmoil of recent weeks. "We need to act now to reassure the markets of our fiscal discipline."

But just over a month after she took office promising a new radical, tax-cutting Conservative government, Truss now faces political ruin, her signature economic policy rejected by markets, voters and her own MPs.

Ominously, Sir John Curtice, a leading pollster, says Truss is now as unpopular as former premier John Major was in the aftermath of the Black Wednesday currency crisis, the Conservative party's last encounter with economic disaster in 1992. It took the Tories 18 years to win another election.

Former chancellor Kwasi Kwarteng defended the original package of tax cuts

As Truss begins dismantling the "mini" Budget that was unveiled only three weeks ago, the question being asked by Conservative MPs, the markets and the wider public is how long

funds, has said it will end its life-support operation on Friday. Truss needed to provide some reassurance to markets before Monday that the situation is under control.

But after that? Truss will hope the political situation will also stabilise and some Tory MPs believe that she might stagger on into the new year. "We would look absurd changing the leader again," says one. But many Conservatives now believe that Truss is finished politically.

Sir Keir Starmer, Labour opposition leader, had warned colleagues over the summer that Truss might enjoy a honeymoon period and that the Tories might be ahead in the polls by Christmas. Instead a YouGov survey this month found that just 14 per cent of the public had a positive impression of Truss compared with 73 per cent who saw her in an unfavourable light.

Labour believes that voters will remember the chaotic events of the past few weeks and how Truss's government made a bad economic situation even worse. "Don't forgive, don't forget," Starmer said.

Keir Starmer's Labour party now has a large lead in the opinion polls as a result of the economic turmoil

Although Truss has sacked her chancellor and announced a reversal of key parts of her economic policy, many Tory MPs believe she can only survive until the party has worked out a way of replacing her that does not plunge it into another chaotic leadership contest.

"The mood is already shifting from anger at the sheer stupidity of the prime minister and chancellor to one of sadness," said one well-connected Tory MP before Kwarteng was fired. "We face annihilation at the next election. It's only a question now of when the party gets rid of her."

While Tory moderates are furious with Truss, there is perhaps even more anger on the right. Its dream of turning a can this government survive?

Truss, who succeeded Boris Johnson as prime minister on September 6, came to power determined to prove to what she calls the “anti-growth coalition” that a rigorous programme of tax cuts and red-tape shredding could jolt the British economy out of its low-growth torpor.

But after three weeks of market chaos, soaring interest rates and plummeting poll ratings — her Conservatives are now between 20 and 30 points behind the Labour opposition — she has discovered that opponents to her vaunted growth strategy include many of her own MPs.

“It seems like the anti-growth coalition is everyone except the right wing of the Conservative party,” says one Tory MP. A former cabinet minister adds: “She has fucked the party, fucked the country and fucked our prospects at the next general election.”

'The mood is already shifting from anger at the sheer stupidity of the prime minister to one of sadness. We face annihilation at the next election'

Massive political damage

At a meeting between Truss and her MPs at Westminster on Wednesday, she was repeatedly warned that her policies were not just causing economic pain — mortgages rates have soared after a big sell-off in UK government gilts — but also massive political damage.

In one searing moment, Truss was accused by Tory MP Robert Halfon of having “trashed” a decade of work by successive Conservative leaders to win over working-class voters. One ally of Truss says that on Wednesday the prime minister was in “a pretty hardline place — she was against any U-turn”, but that the mood changed after that meeting of the backbench 1922 committee.

The prime minister could see from the atmosphere in the room — and was warned explicitly by allies afterwards — that party discipline had broken down and unless she retreated immediately the pressure to remove her from Number 10 could become unstoppable.

The grim politics of the situation were also colliding with the economics. The Treasury and Number 10 had been taking soundings from market participants and received a very clear message.

“They said that unless the government reversed the tax cuts, there would be a very bad market reaction,” said one person briefed on the discussions. “They made it clear that they did not believe the gap could be closed by spending cuts alone.”

On Thursday morning the great unravelling began. Truss, who had taken a hard line just 24 hours earlier, was wobbling. While Kwarteng, who fiercely defended the original tax package, was in Washington extolling its virtues, his boss in Downing Street was starting to unpick it. “Everything was on the table,” said one person briefed on the fraught discussions.

A massive support package for energy bills — initially costing £60bn — will survive, but Truss did not go into politics to offer what she once called “handouts” to people. She wanted to cut taxes, but now her cherished plan to hold down corporation tax and to axe the higher rate of tax were binned. Some in the Treasury believe the new chancellor Jeremy Hunt, may have to raise other taxes to make the sums add up when he lays out the new government economic plan on October 31.

Truss conceded on Wednesday to her MPs she had not “laid the groundwork” for her plan sufficiently, but many Tory MPs put the debacle down to an arrogance based on the ideological certainty of a group of rightwingers, fuelled by rightwing think-tanks like the Institute of Economic Affairs. “When facile statements meet real life — boom!” says one former cabinet minister.

Truss’s problems are not just about communication: in the view of many MPs in her own party, her rightwing solutions to Britain’s problems are not even popular with Tory voters.

“We’re giving people a load of tax cuts that they didn’t ask for and having to do a load of unpopular things to pay for them,” laments one minister.

Truss is under heavy Tory fire for planning to cut the benefits of Britain’s poorest people during a cost of living crisis, while Conservative MPs have been deluged with complaints from angry voters facing crippling increases in their mortgage costs.

Conservation groups — including the 5.3mn-member National Trust — have vowed to resist Truss’s free-market planning reforms and attempts to restart shale gas fracking, which they claim threaten wildlife habitats.

“This is the biggest attack on nature, certainly in my lifetime and let alone my career,” says Hilary McGrady, head of the National Trust, a body that looks after stately homes and is hardly a bastion of the radical left. Suddenly Truss’s anti-growth coalition is starting to look like the whole country.

When she met the new monarch King Charles III on Wednesday night, Truss was caught on camera saying: “It’s a great pleasure.” The King could only mutter: “Dear, oh dear . . . anyway.” The Daily Star on its front page invited bets on which had a longer shelf life: Liz Truss or a 60p lettuce from Tesco, the supermarket chain.

Reversing course

Truss’s U-turn on corporation tax — the increase is expected to raise £18bn — might buy her some time, especially if it reassures the markets that she is finally listening. The gyrations of the currency and bond markets since the September 23 “mini” Budget have been part of a negative feedback loop into Westminster, exacerbating a sense of crisis.

The Bank of England, forced into an emergency intervention in the gilts market to avoid a collapse in pension

Truss has seen her signature economic policy rejected by markets, voters and her own MPs

FT montage: Hollie Adams/Bloomberg/Dreamstime

post-Brexit Britain into a low-tax, low-regulation economy — “rightwing nuttery” in the words of one former Tory cabinet minister — is disappearing in front of its eyes.

Truss will hope that her MPs recoil from the prospect of another Tory leadership contest. Voters are unlikely to look kindly on a party agonising over the choice of a third prime minister since Boris Johnson won the 2019 general election with an 80-seat majority.

Since David Cameron resigned as prime minister after the 2016 Brexit vote, the UK has started to resemble Italy in terms of its rotating cast of leaders, with Theresa May, Johnson and Truss all entering Number 10.

Few Tory MPs relish the idea of giving the Conservative party’s membership, described by one senior Tory as “a load of loons in Maidenhead”, another say in choosing the prime minister.

The fact that there is no obvious successor may yet buy Truss some time. Rishi Sunak, the former chancellor who warned that Truss’s policies would end in market chaos, would be a favourite among MPs, but other candidates will also fancy a shot including Penny Mordaunt, leader of the House of Commons, and Suella Braverman, the rightwing home secretary.

As the new chancellor, Hunt could yet emerge as a safe pair of hands.

“They only thing keeping her there is we can’t work out what to do,” says one veteran Tory MP.

Additional reporting by Chris Giles

Obituary

Genre-defying star known for her range and depth of roles

Angela Lansbury
Actor
1925-2022

Daunted by the ghost of Ethel Merman’s legendary performance as Rose, the stage-mother from hell in the 1959 musical *Gypsy*, Angela Lansbury spent a year turning down the part for the show’s 1973 London premiere. But having finally capitulated to the pleas of its producers and writers, her mesmerising performance won her the London Theatre Critics’ award not for Best Actress in a musical, but Best Actress.

Herdetailed, drivenwork on the role was typical of an actor who, although most famous as television’s no-nonsense sleuth Jessica Fletcher in *Murder, She Wrote*, maintained a healthy scorn for restrictive ideas about genres. The actress, who died in Los Angeles last week, five days shy of her 97th birthday, enjoyed an immensely varied acting career across eight decades.

Born in London in 1925 to actor Moyna MacGill and Edgar Lansbury, son of Labour party leader George Lansbury, she attended South Hampstead High School for Girls. Aged 12, she saw Pygmalion three times and subsequently trained for a year at London’s Webber Douglas Academy of Dramatic Art. Escaping both the Blitz and a fiercely strict stepfather (her father died when she was 9), Lansbury, her two brothers and mother fled to America in 1940. She had further training in New York but it was their move to Los Angeles that ignited her career.

The same day Lansbury won the role of innocent Sibyl Vane in *The Picture of Dorian Gray*, she auditioned to play the insolent maid in George Cukor’s remake of *Gaslight*. She had previously earned $18 a week at Bullock’s department store — now, aged 18, she was on a $500-per-week, seven-year contract with MGM.

Both films won her Oscar nominations, in 1944 and 1945. Hollywood, however, couldn’t decide what to do with her. As she later observed, “I wasn’t a big screen beauty.”

The actor was relegated to playing older sister to bigger stars — including Elizabeth Taylor in *National Velvet* and Hedy Lamarr in *Samson and Delilah*. She then played Elvis Presley’s mother in *Blue Hawaii* before giving her finest screen performance in *The Manchurian Candidate* as the ice-cold manipulator who hypnotises her son. He was played by 33-year-old Laurence Harvey. The eerily convincing Lansbury was just 36.

In 1964, she switched genres and sang as the gloriously conniving mayoress at the dark heart of Sondheim’s musical *Anyone Can Whistle*. He kept her first-night card, signed “Angie” and brimming with gratitude. It ushered in an almost 60-year friendship — despite the show being critically mauled and closing after just nine performances.

Two years later, at 41, she caused a Broadway sensation as the high-kicking, barely-off-stage star of smash-hit musical *Mame*. It netted her the first of four Tony awards for musicals — most unforgettably as amoral, gleeful gorgon Mrs Lovett in Sondheim’s *Sweeney Todd*.

But it was 264 episodes of *Murder, She Wrote*, which premiered in 1984, that cemented her reputation. The networks hadn’t rated the chances of a series about a murder-solving, middle-aged, meddlesome mystery writer but its 12-year run, during which she became executive producer, brought her 12 consecutive Emmy nominations and made her one of the richest women in television history. She was absolutely clear about the character. “I’m not like her. My imagination runs riot. I’m not a pragmatist. Jessica is.”

After a nine-month marriage to an actor who turned out to be gay — he left but they remained friends — she married Peter Shaw in 1949. When their two children became addicted to heroin and her daughter fell briefly in thrall to Charles Manson, Lansbury took a career break and moved the family to Ireland. She credited Sondheim with luring her back to work by playing her the opening song of his score for Sweeney Todd.

Lansbury was best known as Jessica Fletcher in TV’s ‘Murder, She Wrote’

‘Mame’ netted her the first of four Tony awards for musicals — most unforgettably as Mrs Lovett in ‘Sweeney Todd’

At a London film festival in her honour in 2014 after receiving her damehood, Lansbury, who was proud of her political heritage, announced, “I’m an actress, but I’m also a socialist.” On *Murder, She Wrote* she routinely bucked youth-focused casting, hiring older actors to ensure they didn’t lose health insurance. A high-profile Aids campaigner, she also supported victims of domestic violence.

Famously gracious yet lively company, her professional range remained extensive. Her gloriously high-camp, scene-stealing turn as Salome Otterbourne in *Death on The Nile* remains a joy; she relished playing the foil to Emma Thompson’s Nanny McPhee; and won millions of young fans as motherly Mrs Potts singing the title song of Disney’s *Beauty and the Beast*. Her lifetime achievement Oscar in 2013 brought long overdue recognition of a much-loved talent.

David Benedict

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

Truss’s desperate bid to save her sinking premiership

Sacking her chancellor and a policy U-turn may not be enough to secure her future

Liz Truss’s UK government has already set a record. At 38 days, Kwasi Kwarteng is the shortest-serving chancellor of any to leave office alive for almost 200 years. The big question now is whether Truss herself can last much longer.

Her government has got off to the worst start of any in Britain’s postwar history, and been forced into a devastating U-turn. Firing her finance minister and reversing a tax cut that was central to Truss’s pitch to lead her party may open a path, with other measures, to closing the hole in UK finances. Yet gilt yields rose again after a prime ministerial press conference that was unapologetic about her disastrous “mini” Budget, and suggested markets had overreacted. Truss is a premier who has been stripped of much of her economic plan, and her authority.

To jettison her ideological soulmate, who fronted what was in reality her own programme, was a striking retreat. The prime minister had little choice after an earlier U-turn, on abolishing the 45p tax rate for higher earners, failed to calm markets. Jeremy Hunt, Kwarteng’s successor, lacks Treasury experience but he is a heavyweight politician who has run three departments.

He will still find it very hard to make the public finance numbers add up. Reversing the pledge not to increase corporation tax from 19 to 25 per cent should save around £18bn, on top of £2bn from keeping the top income tax rate. But before Friday’s U-turn, the Institute for Fiscal Studies estimated the government had to find £62bn by 2026-27 to meet its aim of putting debt on a sustainable path in the medium term. Truss suggested public spending would rise less quickly than planned. But anything that resembles a return to Conservative “austerity” will be politically poisonous.

Where there is reassurance, for investors and international partners, is in the restoration of the checks and balances of UK democracy. Institutions whose job is to ensure fiscal discipline — the bastions of economic “orthodoxy” — have emerged strengthened from an effort to weaken them.

No future government is likely to launch radical proposals without forecasts from the Office for Budget Responsibility, the fiscal watchdog. The Bank of England governor Andrew Bailey gambled by insisting he would not extend beyond Friday a gilt-buying operation designed to help pension funds facing a liquidity crunch. His aim was surely to avoid any appearance of the Bank being used by the government as an instrument of monetary financing. Yet Truss arguably would not have U-turned as she did had she not faced this deadline.

If institutions have been bolstered, however, Truss’s fledgling government is immeasurably weakened. Her whole leadership platform was to go all-out for growth, in large part by reducing a tax burden at a 70-year high. Reversing track leaves her badly wounded politically. Her only hope may be to attempt to mend fences with defeated leadership candidates and their supporters, and pursue preferable supply-side reforms in hope of stimulating growth.

She faces a monumental struggle to convince her MPs she is capable of rehabilitating her own and her party’s image, and of leading Britain forward

Yet voters have a record of dumping UK governments that lose their reputation for economic competence, even at elections some years later. Truss faces a monumental struggle to convince her MPs she is capable of rehabilitating her own and her party’s image, and of leading Britain forward.

If they conclude she cannot — and some seem already to have made up their minds — they may move against her quickly. That would be a welcome development. But the question of who is the next leader of the country should then be settled not by the Conservative party, for a third time since 2019, but by voters at a general election.

Opinion Middle East

Iran’s women have fought this fight for a long time

Rory Griffiths/FT/Getty Images

Letters

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Tory top-rate tax U-turn reveals a Labour lesson unlearnt

Tony Blair, still to date the only Labour leader to win a UK general election in nearly half a century, promised that the top personal income tax rate would not go above the 40 per cent rate he inherited (“Seven days that shook the UK”, Big Read, FT Weekend, October 1). There it stayed until the last month of Labour’s 13 years in office, when Labour’s political moderation, helping to make his party electable. Today exactly the same idea is regarded as dangerously extremist by all in the Labour party and many, if not most, Tory politicians. Quite possibly a change in the centre of gravity of public opinion on this subject has been correctly detected by the political class.

Nobody actually knows (though many will think they do) whether the current 45 per cent top rate would raise more revenue than 40 per cent on a long-term sustainable basis — or even after two or three years from a change.

Based on what happened over a period from the early 1980s, when three widely differing top tax rates had nowadays internationally mobile, in a highly competitive world for their business sectors.

Politically there will probably never be a good time to cut the top tax rate. Yet in terms of a sensible fiscal policy, there may never be a good time to keep it where it is at present. In both public and political opinion it seems that a

Tara Aghdashloo

When I was a 13-year-old in Tehran in 2001, I campaigned for the right to remove our headscarves at school. I argued with my principal that since it was an all-girls institution, why must we hide our hair? I even took in an article about how essential Vitamin D was for my age group. The principal caved. They mounted a thick curtain at the entrance, and from then on we took off our hair coverings upon arrival.

But she was an exception. The issue of hijab has less to do with its religious connotations, and more to do with control. It has been weaponised since the Islamic revolution in 1979. Now, 20 years after my small victory, viral videos capture young Iranian girls burning their headscarves, swearing at photos of the supreme leader and chanting death to the dictator . . . on

> For totalitarian systems, a congruent visual identity sends a powerful message: everyone thinks the same

school premises. Even with the threat of expulsion or arrest. This generation, seemingly, is no longer afraid.

Recently, young girls have been able to do more with fewer repercussions, compared to the early days after the revolution. But these small signs of progress sometimes give the illusion of freedom. At core, the state's political ideology never caught up with society's demands. The morality police is one manifestation of this lag: a draconian, omniscient organisation whose job is to make you feel like you've never left school. This is the organisation who arrested Mahsa Amini, a 22-year-old Iranian-Kurdish girl visiting Tehran, whose death in detention sparked this entire movement.

From the beginning of the Islamic revolution, hijab was one of the "pillars" of the new regime. For totalitarian systems, a congruent visual identity sends a powerful message: everyone thinks the same. If uniforms are an authoritarian fantasy, then the freedom to choose how you present yourself is a direct challenge.

Mandatory hijab has gone through many iterations in Iranian history. In 1936 Reza Shah Pahlavi, inspired by Turkey's Ataturk, issued a decree for all women to take off their hijab in a forceful and controversial attempt at modernisation. More than 40 years later, Ayatollah Khomeini introduced mandatory hijab as a way of painting a brand new aesthetic for the new Islamic republic. Once again, women were not part of that decision.

Over the past 43 years Iranian women have continued to push the boundaries of what they are meant to look like. About 60 per cent of Iran's university graduates are women; they are active in the workforce, tour the world in sports competitions, go to raves and sunbathe on their rooftops, are in underground bands and work in medicine — they are online, informed, contemporary and unafraid of being seen. Of course, this is not all women — there are conservatives who campaign for mandatory hijab, and principals who would never have agreed with the younger me. But increasingly, those demanding change are willing to take major risks in voicing their discontent.

Even during the 1979 revolution Iranian women protested against Khomeini's hijab decree — they chanted "we didn't have a revolution, to go back in time". Since then, they've been told there are "more pertinent" causes to fight for, and the matter of hijab will come later. There are certainly plenty of other archaic laws: abortion is a crime, divorce and custody laws are all in favour of men, women can't be judges or leave the country without their husband or father's permission.

And yet, we are now witnessing the largest anti-government protests in the history of the Islamic Republic of Iran, crossing class and ethnic lines. Men have followed their sisters, wives, or mothers on to the street. Dissent is seeping through society in different ways: an old lady buying bread without her hijab, students not showing up to class, shops closing down, hashtags trending on Twitter, the state TV getting hacked for a few seconds, graffiti artists tagging towns with names of those who have been killed. And although slogans are created every day, "Woman, life, freedom" remains the beating heart of the movement.

This is not the first mass protest in Iran. In 1999, there were widespread student demonstrations under then president Mohammad Khatami. In 2009, the Green revolution broke out as the public pushed back against alleged rigged elections. The 2017 and 2019 riots focused mostly on a post-sanctioned, ailing economy. Now, the chants are directed at the supreme leader and the regime itself. Even Iran's state TV offered a (relatively two-sided) debate on the concept of morality police. Some officials voiced that perhaps hijab can be a personal choice, while others favour continued crackdowns. But Iranians, and Iranian women, have been fighting this fight for a long time. And it's not yet over.

The writer is an author and film-maker born in Iran

under his successor Gordon Brown it was raised to 50 per cent, perhaps in an unsuccessful attempt to avoid political defeat in the 2010 general election.

Blair's stance on tax was widely commended as an example of New

However, the effects of a tax rate imposed on a relatively small number of current and potential taxpayers are not determined by either public or political opinion, but by the behaviours of those affected.

each been in operation for at least seven years, my own hunch is that the sustainable revenue-maximising top UK personal tax rate is nearer to 40 than 45 per cent, and possibly even below 40. Most top earners are

short attention span is now in vogue, and each generation is doomed to unlearn some lessons slowly learnt during previous ones.
Andy Thompson
Worcester Park, Surrey, UK

Use film to show Russians the true horrors of war

According to accounts of his administration, Ronald Reagan was deeply affected by the movie *The Day After*, which depicted the effects of a nuclear attack on American cities.

This fictional film reportedly contributed to Reagan's embrace of arms control, such as the Intermediate-Range Nuclear Forces Treaty signed during his second term as president.

In contrast, as Rose Gottemoeller notes ("Nuclear diplomacy with Russia could avert the threat of Armageddon", Opinion, FT Weekend, October 8), Russian commentators have laughed and joked about the "day after" an attack on London.

Maybe western media outlets should be showing historical footage of the sieges of Stalingrad or Leningrad during the second world war to remind Russians of the true, horrible costs of war.
Dan Caldwell
Distinguished Professor of Political Science Emeritus, Pepperdine University
Malibu, CA, US

A bit twee maybe, but it's how millions want to live

I think Janan Ganesh should think carefully about "wishing the car well" in urban neighbourhoods (Opinion, Life & Arts, October 8).

Cities need cars and other motor vehicles (especially public transport) so that millions can move around daily. But with finite space, the opportunity costs of encouraging more car use are significant: buses stuck in congestion become unattractive and commercially unviable, the safety of walkers and cyclists worsens and numerous public health problems ensue.

In London's Tower Hamlets, thousands of us (many of them car drivers) are fighting to keep our safer, friendlier and healthier streets amid council plans to "reopen the roads".

We like how the new planters, seats and trees have created places to dwell, meet neighbours and play with friends and family. I guess a flâneur might find this all a bit twee, but it's how millions want to live in cities.
Juliette Tuke
London E2, UK

Golf reveals a man's cloven hoof like no other sport

John Gapper writes about cheating at games, citing Sir Hugo Drax playing bridge in *Moonraker*. Auric Goldfinger cheats at golf in another James Bond novel, something that wouldn't have surprised PG Wodehouse, who observed: "The only way of really finding out a man's true character is to play golf with him. In no other walk of life does the cloven hoof so quickly display itself." (*The Clicking of Cuthbert*.)
Christopher Bellew
London W6, UK

Lynn's fans have no doubts about her signature song

I beg to differ with Jurek Martin's obituary of Loretta Lynn (FT Weekend, October 8) when he states "she never had a memorable signature song".

Mention Lynn to any country music fan and they will immediately associate her name with her signature song "Coal Miner's Daughter".
Tony Barnes
Dublin, Ireland

When playing yourself, it's best done without a script

Whoever hired Henry Mance to play himself in the TV show *Industry* and then provided him with a script missed a trick ("My bit part in the golden age of TV", Life & Arts, October 1).

When I was hired to play myself conducting interviews for an *Afternoon Play* on BBC Radio 4 many years ago, the director simply gave my "interviewees" and me a rough story outline and told us to get on with it, using our own words.

I was rewarded by a review that described my portrayal of myself doing what I was paid to do as "pitch perfect".
Robin Lustig
London N10, UK

How to denote UK 'mini' Budget was anything but

When is a mini-Budget not really a mini-Budget? When it is referred to by the FT as a "mini" Budget.
Vishal Kakar
London EC2, UK

The defiance of Ukraine's railways and how they #KeepRunning

Notebook
by Gillian Tett

Shortly after Russian missiles rained down on Kyiv and other Ukrainian cities on Monday, Oleksandr Kamyshin, head of the state-owned Ukrainian Railways, posted a solemn tweet. "As of 21.00 we have 42 trains delaying [sic]," he observed after a missile landed next to Kyiv's main station.

Kamyshin went on to explain that 14 trains were more than an hour late, two trains were delayed by between 30 and 60 minutes, and 26 trains by less than 30 minutes. "I feel sorry for [the] inconvenience," he added. "We do our best to get back on schedule."

If the situation in Ukraine were not so ghastly — and Russia's attacks not so brutal — this might read like satire. Particularly for readers in the UK, where trains are routinely held up by "leaves on the line", or in the US, where the parlous state of Amtrak has long been the butt of jokes and political fights. But Kamyshin is utterly serious, and it is humbling to watch.

In the past, Ukraine's railways were tainted by scandal. But now, keeping trains running on time and informing everyone of delays has become a foundational component of Ukraine's civil society. It is a defiant mark of normality. It reflects a desperate effort to keep the economy afloat. It is also essential to moving people around, be they refugees, the injured, diplomatic delegations or troops. Rolling wheels, in other words, are part of the country's military and psychological fight.

I saw this first-hand during my recent visit to Ukraine, where I briefly met Kamyshin and his colleague Serhiy Leshchenko, a government adviser, at Kyiv railway station. The two men were young, cheery and unassuming. Kamyshin, who sports a hipster man-bun and beard, wouldn't look out of place in a rock band. But since Russia invaded in February, their team has been consumed with logistics.

In the first phase of the assault on Kyiv, senior rail managers took different sleeper trains across the country, to avoid being captured, or injured or killed in a missile strike. Later, after Russia withdrew from Kyiv, rail managers continued to tour the country, frantically trying to repair broken tracks and maintain morale with deft social media posts in both Ukrainian and English.

When Russian missiles knocked out the power station near Kharkiv in September, for example, Kamyshin took an intercity train there from Kyiv, quickly announcing that "out of 6 trains delayed, as of night only 2 are still delaying, +36 and +48 minutes". A few days later, he gave a further update. "#Kharkiv is heavily shelled. Railway infrastructure damaged . . . One train departed +28 min and another one departed +9 min. #KeepRunning." And when the Ukrainian army's lightning offensive in the east seized back villages such as Balakliya, Kamyshin's team tweeted to explain how a service car was moving along the tracks removing mines, broken tracks, phosphorus bombs and other unexploded munitions.

The tweets and accompanying images are compelling. (When they found a Soviet-era Russian bomb on the tracks, Kamyshin grimly joked that it was dated 1976, "which is older than me".) Then, a few days later, another triumphant post: "20+ passengers travel by train from #Kharkiv to #Balakliya this morning. #KeepRunningOnSchedule." Below was a photograph of passengers sitting in a railway car, as if it was the most normal thing in the world.

This courage has come with a very heavy human cost. Two military engineers were killed by mines when they cleared the tracks to Balakliya. Indeed, more than 240 railway workers have perished since February.

And the struggle intensifies. In revenge for the attack on the Kerch bridge, President Vladimir Putin announced plans to destroy more of Ukraine's civilian infrastructure, which suggests more missile strikes on railway sites. But Ukrainians remain defiant. "Even after the shelling of our capital by dozens of cruise missiles @Ukrzaliznytsia are doing our best to transport the passengers in time," declared Leshchenko late on Monday. Another colleague added, "Even 100 rockets won't stop us! Keep moving!"

A few days before Monday's missile strikes, Kamyshin posted a haunting photograph taken through the window of the train he had slept on. "Another morning starts in #NightTrain. Look how beautiful . . . " he remarked of the golden autumn trees swathed in fog, somewhere in his war-torn land.

Opinion

There will be a risk premium on UK assets while Truss remains

Duncan Weldon

Not since 1976 has a British government been forced by market pressure into such an abrupt U-turn on its fiscal policy. On that occasion Denis Healey, then the chancellor, had at least only reached the departure lounge at Heathrow airport on his way to the annual IMF meetings when he was summoned back to Downing Street. Kwasi Kwarteng, by contrast, had to endure the humiliation of flying back early from those very same meetings in Washington only to be fired on arrival.

No postwar British fiscal event has received so brutal and prompt a mauling from financial markets as the "mini" Budget of September 23. Investors had been expecting a planned rise in corporation tax, from 19 per cent to 25 per cent, to be revoked and a recent rise in national insurance contributions to be reversed. That would have amounted to tax cuts worth about £30bn a year. Instead, the government delivered a package of tax cuts initially totalling £45bn on top of a large energy market intervention. A sharp sell-off in gilts, exacerbated by leveraged pension funds facing margin calls, was enough to trigger a two-week-long Bank of England intervention beginning just days after the fiscal update.

A promised plan outlining how the Treasury intended to get the ratio of government debt to gross domestic product falling in the medium term was brought forward from November to late October in an attempt to reassure markets. But over the past week it has become apparent that there is no appetite among either Conservative MPs or the general public for the scale of spending cuts required if the tax changes were to remain. On Friday, after sacking her chancellor, Truss announced that the corporation tax rise — estimated to raise about £18bn — would go ahead after all. With a promised cut in the top rate of tax on earnings above £150,000 already having been dropped, the unfunded tax cuts now amount to about £25bn.

Gilts rallied sharply on Thursday as news of the forthcoming reversal began to seep out of Whitehall. For the bond markets, the U-turn is welcome on several grounds. It materially reduces the government's borrowing requirements in the coming year and, more significantly, should lower the expected pace of interest rate rises from the Bank of England. The Monetary Policy Committee had already raised Bank Rate from 0.1 per cent last December to 2.25 per cent before the "mini" Budget and markets were expecting it to rise to about 4.5 per cent by next summer. In the aftermath of the larger than expected tax giveaway on September 23, investors feel the need to tighten even further to offset the fiscal largesse. The expected peak in Bank Rate rose above 6 per cent. That should now be scaled back.

Much harder to quantify than the changes in substance are the shifts in style. The adverse market reaction to the Truss agenda was at least partially driven by the talk of throwing out the established Treasury orthodoxy, by the questioning of the Bank of England's remit and by the lack of forecasts and costings from the Office for Budget Responsibility. Jeremy Hunt, Britain's new chancellor, is a much more establishment figure and his appointment is no doubt intended to signal that this government takes fiscal conservatism more seriously.

> The reputation of British policymaking has been diminished at a difficult time for global markets

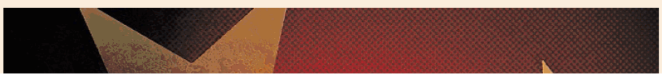
But, as the saying goes, you cannot put the toothpaste back in the tube. Even if the entire "mini" Budget had been reversed, the gilt market was unlikely to return to its September 22 levels. The credibility of UK policymaking has been seriously diminished at a difficult time for global markets. Sacking the chancellor may have given Liz Truss a political scapegoat, but the agenda and approach is intrinsically associated with her. For as long as she holds office, international investors will be applying a new risk premium on UK assets.

Counterintuitive as it may sound, tighter than expected fiscal policy in this case may actually support growth on a one-to-two-year view. While businesses would no doubt have preferred a lower rate of corporation tax, it was never likely to spur much in the way of new investment in the short term given the dire outlook for the British economy. By contrast, the sudden spike in interest rates experienced over the past three weeks was a clear and present threat to growth.

In the medium term, though, it is hard to see anything that has happened over the past month as a positive for the British economy. Lacking a direct mandate from a general election and having only secured the support of a third of her own MPs in this summer's leadership election, the prime minister's reserves of political capital never looked especially well stocked. They are now empty. The chance of meaningful but politically contentious supply-side reforms in areas such as planning, housing and infrastructure is negligible. The default setting of policy will be drift and the path of least resistance.

Even before this self-inflicted disaster, the UK was heading into recession. Inflation was uncomfortably high, real disposable household income was undergoing its largest fall in decades and interest rates were rising. The odds on Truss's fiscal gamble paying off always looked very long. It has failed miserably and left the economy in a worse place than it was a month ago.

The writer is the author of 'Two Hundred Years of Muddling Through: The Surprising Story of the British Economy'



Luxury's grand illusion

Companies & Markets
FINANCIAL TIMES

Kirkland snag Office affairs at HK business lead to probe of partners' behaviour — PAGE 12

Cash race Pension schemes prop up defence against volatility ahead of BoE cut-off — PAGE 13

JPMorgan profits fall 17% after $1.5bn provision for bad loans

- Decline less severe than expected
- Lender begins US bank earnings season

Kroger faces big hurdles in $25bn Albertsons deal

JAMES FONTANELLA-KHAN, ORTENCA ALIAJ, ANTOINE GARA AND SUJEET INDAP — NEW YORK

Kroger has agreed to acquire rival Albertsons for $24.6bn in a deal that would create one of the US's largest grocery store chains if it can overcome significant antitrust hurdles.

The Cincinnati-based company has agreed to pay $34.10 per Albertsons share, an almost 33 per cent premium to the group's share price on October 12.

groups as well as spinning off a whole chunk of Albertsons' business.

Lina Khan, the pro-competition chair of the Federal Trade Commission, has said concentration in the supermarket industry has hurt consumers and suppliers. "Family ranchers and small farmers told us about their struggles to get their products to market because of the anti-competitive practices of large supermarket chains and dominant agribusiness firms," Khan told a congressional committee last month.

The price includes $4.7bn in debt.

As part of the deal, Albertsons will pay a special cash dividend of about $6.85 a share, worth about $4bn, to its shareholders that will be subtracted from the overall cash offer.

The cash portion will also be reduced by the shares Albertsons shareholders receive in a newly spun-off entity that will house between 100 and 375 stores divested by the two companies.

While a combination would help the pair compete with the likes of Walmart and Amazon, the deal is expected to face severe scrutiny from regulators at a time when US consumers are already feeling the pinch from high inflation.

Jointly the two companies employ more than 710,000 people across 4,996 stores in 48 US states. The companies said they were prepared to make significant concessions to address potential antitrust risks, including selling some stores to rival grocers or private equity

Kroger said it would invest about

The deal will draw severe regulatory scrutiny at a time when consumers are feeling the effects of inflation

$500mn generated from cost savings to cut prices for customers and spend $1bn to boost employee wages and benefits.

For private equity backer Cerberus Capital Management and a consortium of real estate investors, the merger marks a potential windfall after they began to acquire grocers in 2005 with their purchase of 655 Albertsons stores and 100 distribution centres. Cerberus will receive $5.2bn for its Albertsons shares, depending in part on how the spun-off company trades. Cerberus did not respond to requests for comment.

See Lex

Rocky quarter: JPMorgan kicked off the US bank earnings season alongside Morgan Stanley, Citigroup and Wells Fargo — Nina Westervelt/Bloomberg

JOSHUA FRANKLIN — NEW YORK

JPMorgan Chase reported a 17 per cent year-on-year drop in quarterly net income, a smaller decline than analysts had expected as record income from lending helped offset the continued slowdown in investment banking and a $1.5bn provision to cover bad credit.

The largest US bank by assets said yesterday that net income for the third quarter was $9.7bn, down from $11.7bn in the same period last year.

The fall was less severe than analysts' estimates for net income of $8.9bn, according to Bloomberg data. Revenues were up 10 per cent at $33.5bn, as Federal Reserve interest rate increases enabled JPMorgan to earn record income from making loans.

Net interest income — the difference between what banks pay on deposits and what they earn from loans and other assets — was $17.6bn, up 34 per cent year on year. JPMorgan also lifted its target for net interest income for 2022, excluding its trading division, to about $61.5bn, from more than $58bn.

"'Blowout' quarter would be an understatement," analysts at Oppenheimer wrote of the bank's earnings. JPMorgan's stock was up 2.7 per cent in midday trading in New York.

While banks such as JPMorgan are benefiting from the rising rate environment now, there are growing worries that this action by the Fed will tip the US economy into a recession. That is the main reason why the bank is lifting reserves to cover potential bad loans.

JPMorgan said credit conditions were "still healthy" but warned that excess savings in consumers' chequing accounts would be spent by the middle of 2023.

"And then, of course, you have inflation, higher rates, higher mortgage rates, oil, volatility, war," JPMorgan's chief executive Jamie Dimon told analysts. "So those things are out there, and that is not a crack in current numbers. It's quite predictable. It will strain future numbers."

In addition to the credit loss provisions, JPMorgan also took a $959mn loss on its own investments, which finance chief Jeremy Barnum said was "a result of repositioning the portfolio by selling US Treasuries and mortgages".

JPMorgan began the US bank earnings season alongside Morgan Stanley, Citigroup and Wells Fargo.

Wells showed a more than 30 per cent decline in profit during its third quarter,

> 'You have inflation, higher rates, higher mortgage rates, oil, volatility, war . . . It's quite predictable'

while profits at Citi were down 25 per cent. Morgan Stanley reported a 30 per cent year-on-year fall in net income, its longest streak of declines since 2019 as it continues to suffer from a drop in investment banking fees.

The bank said yesterday that its third-quarter net income was $2.6bn, down from $3.7bn, in the same period last year. Analysts had forecast quarterly net income of $2.7bn, according to data compiled by Bloomberg.

"While investment banking and investment management were impacted by the market environment, fixed income and equity navigated challenging markets well," said chief executive James Gorman.

At JPMorgan, investment banking revenue fell 43 per cent to $1.7bn, compared with analysts' estimates of $1.6bn.

Revenues in JPMorgan's trading division, which has benefited from heavy activity during the recent market volatility, rose 8 per cent to $6.8bn, remaining above pre-pandemic levels. Analysts had forecast revenue to be $6.6bn.

The bank said its common equity tier one (CET1) capital ratio at the end of the quarter was 12.5 per cent, up from 11.9 per cent three months earlier and in line with a new higher requirement. JPMorgan in July suspended its share buyback to meet the higher benchmark for financial strength.

Dimon said the bank aimed to reach its 13 per cent CET1 target in the first quarter of 2023 and that "we hope to be able to resume stock buybacks early next year".

Food producers

Danone looks to shed Russian business with hit of up to €1bn

LEILA ABBOUD — PARIS

Danone is seeking an exit from its dairy and yoghurt business in Russia in a transaction that could result in a write-off of up to €1bn for one of the world's biggest makers of consumer goods.

Almost eight months since Russia's full-scale invasion of Ukraine, the French group said yesterday that it would "initiate a process to transfer the effective control" of the business, which includes 13 factories, 7,200 employees and accounts for 5 per cent of its annual sales of about €24bn.

It remains unclear who will take over the business whose most popular brand is a local one called Prostokvashino, or if there would be proceeds from a sale. The move would not represent a complete exit from Russia though as Danone will continue to sell baby formula in the country. "Danone considers that this is the best option to ensure long-term local business continuity, for its employees, consumers and partners," it said in a statement.

Like other consumer goods companies, Danone came under pressure from shoppers and activists to quit Russia as the EU and US applied sanctions in response to Moscow's aggression.

Danone's chief executive Antoine de Saint-Affrique initially said just after the invasion that staying in Russia was the right thing to do because the company had a responsibility to "the people we feed, the farmers who provide us with milk, and the tens of thousands of people who depend on us".

But his position has evolved as the corporate exodus from Russia gathered pace and operating there has become more difficult.

The decision to go or stay was complicated for consumer goods makers and retailers because many had significant manufacturing operations in Russia and employed thousands of local staff.

Some, such as French food retailer Auchan and its sister company, hardware store Leroy Merlin, remain in the country, while others, including L'Oréal and Philip Morris International, took an intermediate route of "suspending operations" or "halting investments" in Russia while continuing to manufacture and sell local brands there.

Travel & leisure

International investors hunt smaller European clubs to ride football boom

JOSH NOBLE — LONDON
JOE MILLER — NEW YORK

Sitting mid-table in the second division of Spanish football, Sporting Gijón operates in a different financial league to the likes of Chelsea FC and AC Milan, elite teams that secured record-breaking price tags earlier this year.

Yet clubs such as Sporting in the northern coastal city of Gijón are now at the forefront of a wave of international investment chasing teams outside Europe's top five leagues. In June, the club was acquired by Grupo Orlegi, a Mexican investment fund seeking to build a global network of sports teams, for about €40mn.

"It's not a matter of size", said Alejandro Irarragorri, a former metals trader who founded Orlegi. "We looked at first division teams, but none of them provided us with the potential for the future that Gijón does."

He plans to turn the team's youth academy into one of the best in Europe. "I'm sure that in the next weeks and months you'll be hearing about Sporting in a very different way," he says.

The Sporting Gijón takeover is just one of a flurry of recent deals involving clubs in smaller leagues, with stakes changing hands at teams in Portugal, Belgium and the Netherlands, and in the lower divisions of Spain, France and England.

Each country offers something slightly different. Portugal is a hotbed for developing players and selling them for profit, Spain's tight spending limits have kept a lid on costs, while in England some chase the dream of reaching the Premier League.

But target clubs often share certain characteristics such as up-to-date infrastructure, the possibility of swift promotion, an established youth development system — and proximity to somewhere foreign investors might like to spend time. For example, Venezia in Italy's Serie B is controlled by Duncan Niederauer, former chief executive of NYSE.

"US investors have a fundamental thesis that European football is undervalued commercially," said Tim Bridge, lead partner of the sports business group at Deloitte, adding that teams in smaller leagues come at a price many found "quite compelling".

Last month, Mark Attanasio, owner of the Milwaukee Brewers baseball team, purchased a minority stake in Norwich City, a second-tier English club, while Vitesse Arnhem in the Dutch league was taken over by Common Group, a New York-based investment group.

Club Deportivo Leganés, a second-tier Spanish side, was bought in June by Blue Crow, a Texas-based investment fund led by Jeff Luhnow — the former general manager of Major League Baseball's Houston Astros, who left the sport after a cheating scandal. Local press say the takeover valued the club at just under €40mn.

Braga: Portugal is a hotbed for developing players — Anders Bjuro/TT Nyhetsbyrån/AFP/Getty

"The cost of buying into a big five team is pretty high — we knew that wasn't going to be the aisle we'd be shopping in," said Luhnow, whose investment fund also owns Mexican team Cancún FC.

French Ligue 2 club FC Girondins de Bordeaux, once home to Zinedine Zidane but recently plagued by financial difficulties, is among the teams now being targeted by investors, according to people familiar with the matter.

US investors are the most active, but others are also looking to buy. This week Qatar Sports Investments, which owns French champions Paris Saint-Germain, paid €19mn for a 22 per cent stake in SC Braga, a top-tier Portuguese team.

Much of the interest stems from the range of opportunities available, in contrast to the US where sports franchises are rarely sold and fetch very high prices when they do. The Denver Broncos NFL team sold earlier this year for more than $4.6bn, a record for a sports team anywhere in the world.

With the value of top-tier football clubs also surging — Chelsea FC sold for £2.5bn this year — many buyers have been drawn into lower leagues by price, often in the low tens of millions of euros, for clubs they see as having high potential for growth.

The new arrivals join a growing band of international investors, mainly from the US, with overseas shareholders now present at more than two dozen teams playing in Europe's smaller leagues.

US private equity billionaire David Blitzer's list of football investments include Alcorcón in Spain, ADO Den Haag in the Netherlands and Waasland-Beveren in Belgium. Michael Eisner, former chief executive of Disney, owns Portsmouth in the third tier of English football. More are expected to join them, in part thanks to the dollar's surge against both the euro and sterling.

"We're representing prospective investors . . . pursuing second and third division clubs in attractive cities with devoted fan bases as well as potential stadium or real estate development opportunities," said Charles Baker, partner at US law firm Sidley, who has represented Chelsea owner Todd Boehly.

Although majority-owned by Kyril Louis-Dreyfus, Sunderland could be the next big target, according to Neil Barlow, a private equity partner at Clifford Chance, who recently advised US investment firm Sixth Street on its deal to acquire a slice of Barcelona's TV rights.

At CD Leganés, on the outskirts of Madrid, Luhnow hopes to deploy data analytics techniques widely used to improve scouting and on-pitch performance in baseball to help the club push for promotion to Spain's top division. "We are very focused on finding and developing talent — and using those players to win games and win competitions and ultimately generate resources to reinvest back in the club," he said.

COMPANIES & MARKETS

'Time bomb' LDI strategy also saved a pension scheme

The Top Line
Tom

In 2005, the head of the General Motors pension scheme hit out at the fashion for "liability-driven investing". Encouraged by the dotcom crash and new accounting and tax rules, schemes were overhauling portfolios. No longer would they try to generate a decent return from shares; they would be laser-focused on matching investments with their obligations to future retirees, which implied buying mainly long-dated government securities.

"I struggle to understand why locking in the lowest possible rate of return is a good idea," GM's Allen Reed told Institutional Investor. He liked stocks, hedge funds and private equity that brought more risk but promised higher returns.

Now that LDI has blown up in the UK, other critics have emerged. They include Next boss Lord Simon Wolfson

bomb", and Fundsmith founder Terry Smith, who said it was "an explosive mixture of inappropriate accounting and a misguided investment strategy".

But that is not the full story. At the same time as GM was rubbishing LDI, UK retailer WHSmith went all in. The fund fired the managers who were heavily overweight equities and hired Goldman Sachs. Like many companies, WHSmith was incentivised to move to LDI because accounting rules had begun forcing it to recognise volatile pension liabilities on its balance sheet.

One problem. "Because we were so underfunded, we couldn't possibly afford to buy enough gilts in order to achieve the funding stability that we wanted," recalls Jeremy Stone, chair of the pension trustees.

Goldman instead brought out the finest derivatives available to humanity. This shiny portfolio was 94

interest rate-hedged investments" and 6 per cent in equity call options. "This was a useful technology," says Stone. "We had an immense risk . . . in that [the fund] was in substantial deficit and also wildly mismatched because it had a very equity-heavy portfolio. Coming over the horizon was the likelihood that very large amounts of money would have to be put in." It was unclear that the chain could afford it.

There was a host of complexities. The fund had to hold cash to be able to pay collateral on swings in value of its derivatives. In 2008, it was not only worrying for the first time about the solvency of its counterparty Goldman but also, says Stone, "we discovered that cash in cash funds isn't necessarily cash". The "cash" was in "monoline-enhanced asset-backed bonds", which were shaken by the crisis and generated a temporary loss of more

> WHSmith's fund had people who knew what they were doing

It later incurred another temporary £100mn hit when the repo market, where securities are exchanged for cash on short-term loans, froze.

But the strategy worked. In August this year, the WHSmith pension fund was sold to Standard Life in a £1bn bulk purchase annuity deal. The retirement income of the members is assured.

The WHSmith fund had people who knew what they were doing, such as Stone, a banker with Rothschild and Lazard. Funds that have been stricken in the current crisis are usually trapped in pooled LDI investments where they have less control and often less understanding of the strategies.

In GM's case, the strategy mattered little in 2009 when the carmaker collapsed; the US government bailed out the pensions.

Braithwaite

who described the strategy as a "time

per cent "invested in inflation and

than £100mn, says Stone.

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VW's powerful labour chief signs up for electric offensive

Spotlight

Daniela Cavallo
Works council head, Volkswagen

Daniela Cavallo faces the test of incorporating production of electric vehicles, which are less profitable than combustion engine models
Susanne Hübner/Imago/Reuters

Applauding as the bell rang for Porsche's listing in Frankfurt last month were rows of executives from the brand's owner, Volkswagen.

Yet the two key figures in every big decision at the second-largest carmaker were nowhere to be seen: Herbert Diess, former VW boss and architect of a multibillion-euro push into electric vehicles, and the person partly responsible for his abrupt departure, Daniela Cavallo.

The 47-year-old head of VW's works council remained at her desk at the group's Wolfsburg headquarters, where about 60,000 employees face an uncertain future as the industry undergoes a rapid and unprecedented tech transformation.

"The claim coming from Diess's corner, that there are 30,000 excess jobs at Volkswagen in Germany or even in Wolfsburg alone, was completely out of touch with reality," Cavallo said, recalling skirmishes in the lead-up to Diess's exit.

"It really defied description. We expect [the transition] to be handled responsibly, not by creating unrest in the workforce."

The removal of Diess in July by Volkswagen's supervisory board — which thanks to Germany's co-determination system is dominated by works council representatives and their informal allies from the state of Lower Saxony — was a reminder that the country's core industrial group is governed in a manner unlike any foreign rival.

In the words of one former VW employee, the episode proved "who really runs that company, and it is not the board of management".

Instead, the maxim goes, Volkswagen is run by its 660,000 employees, or more accurately by its almost 300,000 heavily unionised staff in Germany.

Diess, who took over in 2018 when VW was reeling from the emissions cheating scandal, repeatedly stressed that the carmaker would have to cut costs and its workforce to compete with the likes of Tesla.

He made a point of highlighting that collective bargaining governed everything from the price of coffee to the rules for the use of bicycles at its Wolfsburg operation, and allowed unionised landscape gardeners to be replaced with robot lawnmowers.

But Cavallo — the first woman to hold one of the most powerful offices in European industry — was full of praise for her nemesis's early recognition that electric vehicles were the way forward. "We had many conflicts [with management] over the past few years even though we were not that far apart in our objectives," she said.

> 'We see what's necessary. If we don't succeed in this now, we will jeopardise our jobs'

It was Diess's communication style that upset employees. With Oliver Blume, the Porsche boss who took over as head of VW in September, "we now have a different management style at the top", Cavallo said, and the company's electric offensive could even pick up pace. "Even if some believe that we at the works council have a tendency to step on the brakes, that's not the case, because we see what's necessary. If we don't succeed in this transformation now, we will also jeopardise our jobs".

For now, Volkswagen has managed to avoid the swingeing cuts that suppliers such as Continental have made. Although some roles have been abolished at VW's Audi and MAN subsidiaries, virtually no jobs have been lost in Wolfsburg, which is where the Golf and Tiguan brands are made.

But Cavallo and the works council know that the plant is under more pressure than it has been for decades. The site is set up to produce close to 1mn vehicles a year, but no more than 400,000 rolled off its four assembly lines last year thanks to a shortage of semiconductors in particular. This year, only 300,000 vehicles were produced in the first nine months, even as supply bottlenecks eased.

Then there is the challenge of incorporating the production of electric cars, which are less profitable.

"At some point, we will reach a point where we can't always go further or higher," Cavallo said of staff levels at Wolfsburg, even after the works council pushed for an entirely new electric factory to be built near the group's under-utilised HQ. "But at least when there are staff reductions . . . we can do so in a socially responsible way" — referring to early retirement packages and other voluntary redundancy measures.

Works council officials point to arrangements at Volkswagen, such as a multimillion-euro project that allows employees who cannot work a normal shift pattern for health reasons to put together car instrument panels on height-adjustable workstations, with on-site physiotherapy.

The council prides itself on the breadth of on-site services at Wolfsburg. "VW produces more curry sausages per year than cars," a press release boasted. "The agreement between the works council and management on staff catering in the company restaurants is 97 pages long."

Some say these facilities are possible only because they are subsidised by the company's more profitable divisions. "China is what pays for jobs in Wolfsburg," said Arndt Ellinghorst, a former car analyst who covered Volkswagen for several years. Business in China, VW's largest and most lucrative market, was slowing at an alarming rate because of domestic competition. Cavallo acknowledged that China was a "pillar" of VW's business, but called for the group to hedge its bets by expanding in Europe and the US.

She defended VW's decision to maintain a plant in Xinjiang, where China has been accused of committing genocide against the Uyghur Muslim minority. Volkswagen has always insisted that it has been presented with no evidence of problems at its factory, which is run with a local joint venture partner, SAIC. While Cavallo said VW should do all it can to ensure its employment standards were adhered to at the plant, she agreed with management that pulling out of the region would be a mistake.

Is the VW structure too complex for the good of Germany?

"We were also in South Africa for many years, during apartheid, and the people who worked there also had some prospects thanks to our jobs," she said. "If we now say that we are withdrawing, then the people from our plant there will lose their job prospects. I don't know whether that is better."

In the coming weeks, attention will turn to VW's German workers, as unions enter the final stages of a closely watched pay bargaining round.

"At the end of the day we'll have to see what we can achieve," Cavallo said of union IG Metall's demand for an 8 per cent salary increase. Annual inflation is running at more than 10 per cent.

She dismissed suggestions that large pay rises would push inflation higher. "We have to make sure that employees' purchasing power remains strong, because otherwise we run even more into the danger of a recession, because everybody is afraid to spend money."

Cavallo's bigger fear is that Germany, which is in the middle of a serious energy crisis, could become a less attractive place to do business.

"There always is a real danger, with this fierce competition, that jobs could come under pressure and might be lost here. Volkswagen is no exception and never has been."

Yet worker pay was not the problem. "Even in the past, our labour costs were higher than in other countries. Yet we were successful. It's not like these are mutually exclusive."

Joe Miller and Patricia Nilsson

Travel & leisure

Aramco cricket sponsorship deal marks Riyadh's latest sport move

JOSH NOBLE AND TOM WILSON
LONDON

Saudi Aramco has agreed a sponsorship deal with international cricket's governing body, marking the latest push by the Gulf kingdom and the oil industry into global sport.

Under the agreement, which runs until the end of 2023, the world's biggest oil exporter will sponsor several big international cricket tournaments, including the men's World Cup in India next year. In a joint press release yesterday, the two parties said the partnership "reflects a shared focus on sustainability and innovation".

The deal with the Dubai-based International Cricket Council comes days after UK-headquartered Shell announced an eight-year partnership with British Cycling, the sport's governing body in the UK, which drew sharp criticism from environmental groups.

Saudi Aramco, which buoyed by rising oil prices overtook Apple this year as the world's most valuable company, has existing commercial deals with the Indian Premier League, Formula One, and women's golf. The Saudi government remains the largest shareholder in the company, owning 94 per cent after it listed just under 2 per cent of its shares in Riyadh in 2019 then passed another 4 per cent to the Saudi Public Investment Fund this year.

The PIF is also a big backer of international sport. Last year it bought English Premier League football club Newcastle United for just over £300mn and has earmarked $2bn towards LIV Golf, a rival circuit taking on the PGA Tour. The sovereign wealth fund recently said it had committed more than $2bn this year on football club sponsorships.

Human rights groups have criticised such contracts as "sportwashing", accusing the kingdom of using sponsorships of popular events to divert attention from the country's human rights record.

Green campaigners have also rounded on the deal between Shell and British Cycling.

> Rights groups brand such contracts 'sportwashing'

"After being booted out of museums and other cultural institutions, Big Oil are looking at sports as the next frontier for their brazen greenwash," said Greenpeace.

An open letter calling for the partnership with Shell to be cancelled has attracted hundreds of signatures from individuals and organisations, while British Cycling faced a fierce backlash on social media.

Shell remains Europe's biggest oil and gas producer but is also investing in clean energy technology such as electric vehicle charging and low-carbon fuels, as it seeks to transform itself into a leading green energy provider.

BUSINESS
WEEK IN REVIEW

Poor form

- A senior **Deloitte** partner is to leave the firm after an investigation into inflammatory comments — described by witnesses as sexist, racist and bullying — he made during a drunken tirade at a work event at Royal Ascot in June.

The Big Four accounting firm informed staff that Stephen Cahill, who leads its executive compensation practice in the UK, would retire following 14 years at the practice.

- **Twitter** said Elon Musk is under investigation by US authorities for his conduct in connection with the $44bn acquisition of the social media company, according to a court filing.

- Shares in Amazon-backed US electric truckmaker **Rivian** tumbled more than 7 per cent to a three-month low after it announced a recall of almost all of its vehicles due to a defect.

- Leading chip equipment suppliers, including **Lam Research**, **Applied Materials** and **KLA Corporation**, suspended sales to semiconductor manufacturers in China as new US export controls disrupt the Chinese tech industry and global companies' operations.

- **Apple** is to launch a no-fee, high-yield savings account with **Goldman Sachs** for its credit card customers, underlining its ambitions to offer more financial products to its billion-plus iPhone users.

> Goldman Sachs warned that billions of pounds could be wiped off the value of UK commercial property because of the sharp rise in borrowing costs

- **Venture capital** dealmaking in the US has stayed at historically high levels despite this year's decline in tech stocks. Data from PitchBook and the National Venture Capital Association showed investors have poured $151bn into the sector in the first nine months of this year, topping the previous full-year record of $147bn set in 2021.

- **Westinghouse Electric**, a US nuclear power company, is being bought by a private equity-backed consortium in a $7.9bn deal as the war in Ukraine spurs fresh interest in the industry.

- A top executive at **BeiGene**, one of China's most prominent biotech companies, said it was "mind-boggling" that Beijing had not allowed sales of Covid-19 vaccines using mRNA pioneered by Moderna and BioNTech/Pfizer to combat the virus.

- **Goldman Sachs** warned that billions of pounds could be wiped off the value of UK commercial property because of the sharp rise in borrowing costs following the government's "mini" Budget.

7%
Fall in the shares of Rivian after a recall of its electric vehicles

$151bn
Record level of venture capital flows in 2022's first nine months

- Western governments have made a global oil and gas crunch worse by "doubling down" on climate policies that will make energy markets "more volatile, more unpredictable, more chaotic", said Mike Wirth, head of US supermajor **Chevron**.

- **Lazard**, the boutique investment bank, has set up a new unit of advisers to counsel chief executives and company directors on geopolitical risks.

- The plummeting value of sterling means that "everything in the UK is on sale", Blair Jacobson, co-head of European credit at US private markets giant **Ares Management**, told the Financial Times' Due Diligence Live event in London.

COMPANIES & MARKETS

Kirkland's conquest of Asia comes unstuck

Office affairs at HK unit lead to probe of partners' behaviour as returns from regional growth strategy are questioned

TABBY KINDER — HONG KONG

ity are central to the culture of our Hong Kong office, which is committed to fos-

Kirkland & Ellis plundered the senior ranks of rival law firms in Hong Kong, peeled off work advising the world's largest buyout groups, and prioritised China over other countries.

The aggressive push over the past decade has turned Chicago-based Kirkland into one of the largest global law firms in Asia, with 115 lawyers and 39 partners.

But in the past 12 months, the wheels have come off, according to current and former staff and other people familiar with the situation.

Sexual affairs between some staff sparked an internal investigation that probed partners' behaviour during client events. The return on investment of the Asia growth strategy is also being questioned.

Kirkland opened its first Asia office in Hong Kong in 2006, but for five years it was heavily reliant on a tiny number of clients, including Boston-based Bain Capital, and employed fewer than 20 lawyers while its competitors built teams 10 times its size.

In the US, Kirkland had prospered by hitching itself to a boom in private equity deals. But it was behind the curve in 2011 when Hong Kong saw record buyout investment and its stock exchange beat London and New York for initial public offerings for the third year in a row, including the $2.1bn listing of Italian designer Prada.

As it played catch-up, Kirkland

> Vital to a decade of supercharged growth has been the 'eat what you kill' pay model

launched a lightning raid in 2011 of eight senior corporate partners from three of its biggest rivals, including Nicholas Norris, who was poached from Skadden and became the centre of Kirkland's Asia funds practice.

Norris helped prise away private equity firms from rivals such as Simpson Thacher & Bartlett, which enjoyed a near-monopoly on big KKR and Blackstone deals.

In 2017, Kirkland lured another Skadden star, Daniel Dusek, who led the firm's work on the $8.7bn take-private deal of China's largest online classifieds marketplace, 58.com.

Earlier this year, it recruited China M&A veteran Peng Yu from Ropes & Gray, whose clients include Jack Ma's Alibaba, and Brian Ho, who previously ran the corporate finance division at the Securities and Futures Commission, the Hong Kong financial regulator.

"From a relatively late start, Kirkland did a good job catching up," said a partner who left this year.

It quickly overtook its peers, focusing on hiring in its private equity practice and the business lines that supported it, such as debt finance, capital markets, and restructuring.

Vital to the last decade of supercharged growth had been bringing to Hong Kong Kirkland's "eat what you kill" pay model — which rewards performance over hierarchy — to attract fiercely competitive star lawyers.

Lavish client entertainment, a global tactic of Kirkland, proved particularly successful in Hong Kong, where the Chinese notion of *guanxi* prizes close personal relationships in business and where conducting deals at private clubs or on corporate pleasure cruises — known as "junks" — is the norm.

But the culture drew scrutiny in a probe by management after a partner's wife posted a message on LinkedIn in October that referenced a number of office affairs. The post, deleted hours later, quickly went viral in Hong Kong's village-like business community.

Suddenly Kirkland was forced to confront consensual sexual relationships between certain high-ranking male and more junior female staff in its key private equity practice, where partners are responsible for some of the most valuable clients.

Two partners involved were reprimanded by the firm for not disclosing office relationships. One left earlier this year while another remained at Kirkland. A third partner involved has since left in connection with the episode.

Kirkland's management examined partners' behaviour at client events such as a ski trip in Niseko, Japan, and at the Singapore Grand Prix, after concerns that they had been used to facilitate the workplace affairs.

The ensuing spotlight on the firm upset some who had previously raised concerns about the relationships, according to several people close to the matter.

Some raised concerns about a "boys' club" of heavy drinking and "intense" entertainment of clients. On one occasion, clients were taken to a "private lounge" in Hong Kong's Lan Kwai Fong nightlife district called "The Boardroom", according to a person with direct knowledge.

A person close to the matter said: "I thought this was a thing of myths from the 1980s or '90s. I didn't think it happened any more. A very insular group of people made [this behaviour] OK."

Andrew Horowitz, a partner at US firm Obermayer who handles employment claims at professional services firms, said: "Every equity partner is an owner, so in many ways it is their show and no one is ever going to tell them 'No'."

Global law firms are already on notice about the risk of sexual harassment at work after a string of incidents in the industry. The question of where to draw the line on relationships between colleagues has become more sensitive, particularly where there are nuanced issues about power.

A former partner said: "If you're a senior partner at Kirkland, everyone is more junior than you in seniority and influence. It's the nature of the place, the imbalance in earnings that brings."

Kirkland said: "Respect and collegial-

> 'Every equity partner is an owner, so in many ways it is their show'

tering that environment. Beyond noting that the firm and those involved disagree with the inferences in your inquiry, we do not comment on our policies or personnel matters."

The highest-grossing law firm, Kirkland had a record year in 2021, with revenues climbing to more than $6bn, meaning its 490 equity partners earned an average of $7.4mn. In Hong Kong, some partners received close to $10mn, according to people close to the firm.

Yet despite having grown a far larger Asia partnership than most of its rivals, and having won the mandate to advise international bondholders on the bankruptcy of Evergrande, China's largest corporate restructuring, Kirkland has failed to grab the headline spot on the region's biggest deals.

Kirkland advised on 12 deals worth $3.5bn in Asia in the first half of this year, and nine deals with a similar value in the same period of 2021. Its work was dwarfed by Simpson Thacher & Bartlett, which holds a leading relationship with private equity group Blackstone in Asia and advised on deals worth $21bn in the first half of 2022, and by Latham & Watkins, which advised on deals worth $14.7bn.

Kirkland is considered the number two option for some of the largest funds in Asia, such as KKR, Carlyle and Blackstone, according to some of the firm's partners. One described the strategy as being "diversified", meaning its relationships were spread across several buyout groups and the firm was not "desperately trying to maximise our revenue".

The person said: "The secret sauce of our global success is doing a lot of private equity deals that aren't necessarily the biggest deals, but the clients pay and the deals are complicated. Rather than doing a $10bn deal which is straightforward and making $500,000, we do the $100mn deals where they pay $5mn."

Like all large US corporate law firms, Kirkland does not break down its revenues and profits by region. Partners at the firm said that it preferred to measure its performance by sector: more than three-quarters of its fees are deal-related.

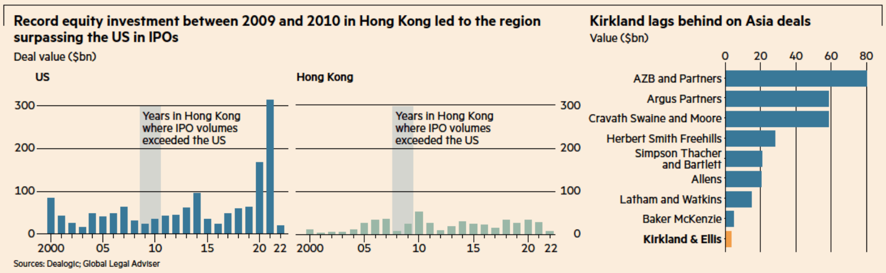
The Hong Kong office is profitable, according to several people close to it, but the Asia hub, like its Europe offices, is dwarfed by Kirkland's immense US practice, where its biggest mandates are typically corporate bankruptcies. The firm's single balance sheet means its Hong Kong partners benefit from this success.

But they are also operating in increasingly uncertain waters. Kirkland is heavily exposed to China; unlike most of its rivals it does not have offices in Singapore, Seoul or Tokyo. And now, just as some of its biggest clients are forced to pull money out of China amid escalating geopolitical tensions, Kirkland's Hong Kong office has to prove that its efforts have been worth the costs.

"The problem for Kirkland in Hong Kong is . . . they may be profitable but proportionately it is so small," said one of the former partners. "Even in our strongest billing year, where we billed tens of millions," the office only made number nine in the firm's list of highest-earning assignments.

Another of the firm's former partners said: "Ten years is a long time. [The leadership] is no longer seeing it as an investment. They want to see results."

Lavish client entertainment has proved successful in Hong Kong, where the notion of guanxi prizes close personal ties and where doing deals at clubs or on 'junks' — cruises — is the norm — FT montage/Dreamstime



Media

KKR-led funding values Skydance at $4bn

CHRISTOPHER GRIMES — LOS ANGELES

Skydance Media, the Hollywood production company behind blockbuster film *Top Gun: Maverick*, has received a cash injection of $400mn, led by KKR.

The investment, which also included existing shareholders the Ellison family, RedBird Capital Partners and Tencent, gives Skydance a valuation of more than $4bn. The funding will back new initiatives in sports and interactive entertainment, and help build the company's fledging animation division.

The capital injection comes as the public market capitalisations of big media groups, including Netflix, Warner Bros Discovery and Disney, have experienced sharp declines.

After a few heady years when private equity and other investors flocked to assets exposed to the entertainment business, the mood has shifted sharply because of concerns about the cost and growth potential of the streaming video business.

But despite the industry gloom, Skydance has enjoyed a strong run this year, with the launch of its first animated feature for Apple TV Plus and the success of *Top Gun: Maverick*, which has raked in more than $1.4bn at the box office and become the fifth highest-grossing film ever in the US. People close to the investment note that the fundraising began before it was clear *Top Gun: Maverick* would break box office records.

Founded in 2010 by David Ellison, son of billionaire Oracle co-founder Larry Ellison, Skydance has expanded from films into gaming, television production

> The funding will back new initiatives in sports and interactive entertainment, and its animation division

and animation. The Ellison family remains the largest shareholder in the company. KKR's previous media and entertainment investments include ByteDance, Epic Games and Axel Springer.

Ted Oberwager, who leads gaming, entertainment, media and sports for KKR's Americas group, said: "We look forward to supporting the Skydance team as they continue to build their business across TV, film, animation, gaming and sports."

Private equity groups have been active in Hollywood in recent years, with Blackstone backing Candle Media, led by former Disney executives Tom Staggs and Kevin Mayer. RedBird invested in a content company formed by professional basketball player LeBron James and sports marketing executive Maverick Carter last year.

Besides *Top Gun: Maverick*, Skydance has backed several other film franchises, including two Mission Impossible sequels, *Star Trek Into Darkness*, and *Jack Reacher: Never Go Back*.

This summer, Apple TV Plus released Skydance's *Luck*, its first animated feature film, which was co-produced by former Pixar executive John Lasseter. Skydance has been moving aggressively to build the animation group, which is the largest division at the company with 900 staff.

The move puts the independent company in direct competition with animation heavyweights such as Disney, DreamWorks, Illumination and Pixar.

The company also sells content to streaming companies including Netflix, Amazon and Apple. Its show *Grace and Frankie* was the longest-running show on Netflix.

Media

Hipgnosis begins buyback after shares slide

KAYE WIGGINS — LONDON
ANNA NICOLAOU — NEW YORK

Hipgnosis Songs Fund, the London-listed trust that has bought song catalogues from artists such as Blondie and Neil Young, has launched a debt-funded share buyback scheme after its stock fell 30 per cent in six weeks.

The fund, backed by US private equity group Blackstone, made the move after the tumbling share price left its market value at half of what Hipgnosis had said its catalogues were worth.

It will finance the share buybacks using new debt from a refinancing at the beginning of this month. The company would not disclose how many shares it intends to buy.

When music mogul Merck Mercuriadis listed the Hipgnosis Songs Fund on the London Stock Exchange in 2018, at a time of low interest rates and soaring stock markets, he pitched it to investors as a way to cash in on the revival of music revenue, saying songs were a better investment than oil or gold.

Hipgnosis grew fast after the listing by repeatedly raising new money and using it to buy more catalogues at a breakneck pace, sending its headline revenue figures soaring. But it has not bought a catalogue for more than a year, and the underlying revenues generated by its current song portfolio have been falling since they were first disclosed. It is under further pressure from rising interest rates, which push up the cost of its debts and eat into the value of its catalogue.

"This is a surprising announcement to us," analysts at investment bank Stifel said in a note. "Effectively the fund will be borrowing at just under 6 per cent to buy back stock . . . the market is essentially indicating a lack of credibility over valuations."

Hipgnosis has bought catalogues from artists such as Blondie

Shares were up 7 per cent in afternoon trading following the announcement.

The falling share price has left Hipgnosis Songs Fund in effect unable to raise new equity with which to buy more song catalogues, as doing so would dilute existing shareholders.

Blackstone last year bought a majority stake in Hipgnosis Song Management, which advises Hipgnosis Songs Fund. Blackstone also has a separate $1bn fund, Hipgnosis Songs Capital, which is privately held and advised by HSM.

The listed fund this month took on a facility from City National Bank which lets it borrow up to $700mn at an interest rate of between 2 and 2.25 per cent above the Secured Overnight Financing Rate, which is a daily interest rate based on transactions in the financial markets.

"We were expecting the additional headroom gained from the recent refinancing . . . to be used as a cushion to provide comfort that near-term dividend payments can be met," the Stifel note pointed out.

The share purchase programme began yesterday and will run until December 8, Hipgnosis said.

Asset management. Debt turmoil

UK money funds attract 'gigantic' flows as pensions build defences

Hurried march: the Bank of England launched its intervention to avert 'fire sales' by UK pension funds — Tolga Akmen/EPA-EFE/Shutterstock

Schemes in race to assemble war chests against volatility before BoE bond-buying ends

CHRIS FLOOD, JOSEPHINE CUMBO AND ADRIENNE KLASA

Sterling money market funds gathered £53bn in just a fortnight as UK pension schemes rushed to build defences against market volatility before the Bank of England's emergency bond-buying programme was due to end yesterday.

The UK pensions industry has been in a dash for cash to avoid a fresh liquidity crisis if there is a repeat of the chaotic moves in the gilt market caused by former chancellor Kwasi Kwarteng's package of unfunded tax cuts in his September 23 "mini" Budget.

The powerful inflows into money market funds, which act in a similar way to a bank account for institutional investors, are one of the clearest signs yet of how schemes are selling assets in order to build a war chest that they hope will be big enough to weather any new collateral calls.

The pension schemes need quick access to cash since many use liability-driven investment strategies to match their assets and liabilities — vehicles that required large injections of collateral after Kwarteng's fiscal statement sent gilts tumbling. At the end of last year, LDI schemes covered about £1.4tn in defined-benefit pension fund liabilities, according to The Pensions Regulator.

Larry Fink, chief executive of BlackRock, a major player in the LDI industry, said on Thursday that it appeared "much of the reconstruction of these products may have been done and the market may be . . . a little more normalised".

Emma Hudson, investment consultant at Isio, added yesterday that "there are early positive signs from the market this morning but, given the volatility experienced in the last few weeks, pension schemes are holding their breath".

The inflows into sterling money market funds "have been gigantic", said Peter Crane, president of Crane Data, a specialist service focused on the money market sector.

"The growth for sterling money market funds has been far stronger than for the dollar and euro-denominated funds that trade in Europe, which indicates that specific UK issues are driving the increase," he added.

Sterling money market fund assets registered £251bn on October 11, a 27 per cent rise from September 28, the day the BoE launched its intervention to avert "fire sales" by pension funds.

Holdings of the most liquid assets in sterling money market funds have also risen this month, according to Fitch, the rating agency.

"This suggests the managers of these funds are anticipating large withdrawals related to LDI collateral calls to pension schemes or to build liquidity cushions in light of the extreme gilt market volatility," said Minyue Wang, an analyst at Fitch.

The majority of the inflows have gone to sterling funds run by BlackRock, Legal & General Investment Management and Insight Investment, the asset managers that oversee the biggest LDI portfolios.

Pension managers' efforts to shore up their positions come ahead of the "cliff edge" yesterday when the central bank's bond-buying programme was due to end.

Gilt prices rallied strongly towards the end of the week on expectations that Liz Truss's government would unwind at least some of its £43bn in unfunded tax cuts, giving some respite to the pressure on the pensions sector.

"While the current fall in yields is helpful to increase the resilience pensions funds have going into next week, with so much uncertainty still present it could be a while before the markets are considered 'calm' again," said Hudson.

Indeed, while yesterday's trading started in calmer fashion with Truss scrapping corporation tax cuts and appointing Jeremy Hunt to replace Kwarteng as chancellor, there was a renewed gilts sell-off at the end of the day that threatened to put fresh pressure on pension schemes.

Such schemes had also encountered multiple "pinch points and blockages" that had slowed their efforts to raise cash, said Nikesh Patel, head of client solutions at Van Lanschot Kempen, a Dutch private bank and LDI investor.

> 'There have been enormous strains on the resources of asset managers, consultants, banks and scheme trustees'

"There have been enormous strains on the resources of asset managers, consultants, banks and scheme trustees," added Patel. "The financial sector is simply not geared to dealing with simultaneous urgent requests from thousands of pension schemes."

Hudson said the practical challenges confronting schemes were significant. "Many investment funds have dealing windows that might be open once a week or once a month. So schemes might only have one chance (in that time window) to deal."

The tight deadline has forced some schemes to ask for help from their corporate sponsor with short-term loans. "We are also seeing companies with more than one pension scheme in their group requesting inter-scheme loans," said Jacqui Reid, a partner with law firm Sackers.

A portfolio manager who asked not to be named said: "Loans from corporate sponsors are an absolute last resort."

Fixed Income

Processing delays at key custody bank added to gilts crisis

OWEN WALKER
EUROPEAN BANKING CORRESPONDENT

Northern Trust, a large US custody bank, was overwhelmed by margin calls during the UK government bond market turmoil, hampering the ability of pension funds to raise cash, according to several people involved in the trades.

Processing hold-ups forced Northern Trust to redeploy staff from its US headquarters to help with the workload, according to two people with knowledge of the bank's operations.

Northern Trust acts as a depository for two of the biggest liability-driven investment managers caught up by the gilt sell-off, Legal & General Investment Management and Insight Investment.

UK pension funds were faced with sudden and escalating demands for cash following a steep sell-off in gilts after former chancellor Kwasi Kwarteng's ill-fated "mini" Budget on September 23.

This forced the schemes and their LDI managers, who use derivatives to help pension schemes manage risks stemming from long-term liabilities, into a rush for cash to meet margin calls, leading to further selling of gilts.

The Bank of England responded with a series of market interventions, including a gilt-buying programme that it has insisted publicly would end yesterday.

> 'Aside from the liquidity risk issue, there was a huge human resources processing component'

While the lack of liquidity in pension fund investment portfolios was the principal reason for the market volatility, these problems were intensified by processing backlogs at some of the custody banks that administer the assets.

"Aside from the liquidity risk issue, there was a huge human resources processing component," said a senior banker involved in the trades, adding that Northern Trust's manual processing was a key blockage in the system. "They have diverted a lot of US resources to the UK over the past two weeks to deal with what is going to come next."

Another banking executive said: "They were overwhelmed with trade volumes, particularly for margin calls."

Though often overlooked, custody banks provide a vital administrative function for investment funds, safekeeping their assets, settling trades, keeping records and exchanging currencies.

An executive at a rival custody bank said Northern Trust used more manual processing than others.

Another competitor said Northern Trust's role as depository for two of the largest LDI managers created a concentration of stress on its operations.

Northern Trust, which is headquartered in Chicago, declined to comment.

Additional reporting by Joshua Franklin in New York

Asset management

Harvard warns of markdowns to private equity and venture capital holdings

ANTOINE GARA

The managers of Harvard University's $51bn endowment have warned of substantial markdowns to come in its private equity and venture capital portfolio, predicting heavy losses for institutional investors.

The largest US university investment fund expects "meaningful adjustments" to its private fund holdings at the end of the year, it said on Thursday, as annual audits force private equity and venture capital funds to cut valuations of unlisted assets.

Harvard's endowment lost 1.8 per cent for the year ended June 30 2022, although it still outperformed the S&P 500, which fell 11 per cent, as its portfolio of private assets mitigated a sharp drop in public stock markets.

The outbreak of war in Ukraine and surging interest rates have caused publicly listed stocks to plunge in value this year, creating big holes in the portfolios of large endowments and pensions.

Private funds, however, have not been adjusted to reflect new market conditions and many have gained in value through to the end of mid-year — a disconnect that Harvard predicts will hit portfolios later.

"[Private] managers have not yet marked their portfolios to reflect general market conditions," Narv Narvekar, chief executive of Harvard Management Corporation, said in a message to the university. "We expect that the end of the current calendar year might present meaningful adjustments to these valuations, as investment managers audit their portfolios."

Buyout and venture capital funds were Harvard's best-performing asset, said Narvekar.

Harvard's endowment lost 1.8 per cent for the year ending June 2022

He highlighted the endowment's venture capital holdings, which gained "high single digits" for the fiscal year, as particularly prone to markdowns.

Managers' norm of marking venture investments at their latest financing round "may slow the process of moving existing valuations to fair value", said Narvekar, who noted that the endowment was "cautious about forward-looking returns in private portfolios".

Harvard sold $1.1bn of private equity funds in the summer of 2021 amid a market it characterised as having "significant ebullience", a manoeuvre that it believes avoided large discounts.

While Harvard's endowment lost ground, the Yale endowment gained 0.8 per cent for the year ended June 30. The endowment for Columbia University lost 7.6 per cent, it said on Wednesday.

Harvard blamed some of its losses on a decision that the university made to divest of fossil fuel-based investments.

Narvekar said a number of large investors "leaned into the conventional energy sector" in a strategy that added "materially to their total return".

Commodities

American lawmakers push for regulator crackdown on carbon offsets trading

CAMILLA HODGSON

US lawmakers are pushing the federal regulator to crack down on the market for carbon offsets and draw up new rules for its oversight.

A group of Democratic party senators, including former presidential contenders Bernie Sanders, Elizabeth Warren, Cory Booker and Kirsten Gillibrand, have asked the Commodity Futures Trading Commission to address the schemes used by companies to offset their carbon emissions.

In a letter to the CFTC, obtained by the Financial Times, the senators said that the purchase of offsets allowed companies "to make bold claims about emission reductions and pledges to reach 'net zero', when in fact they are taking little action to address the climate impacts of their industry".

Each carbon credit in theory represents a tonne of carbon either avoided or removed from the atmosphere. In practice, the offsets were often derived from dubious sources, and both pricing and verification lacked transparency.

Trading in the offsets market jumped from about $520mn in 2020 to $2bn in 2021, according to data group Ecosystem Marketplace.

The senators said offsets that did not deliver the environmental benefits they promised constituted "fraudulent investments" that were "a convenient and profitable way to market climate consciousness without requiring real action to reduce emissions".

The letter was sent in response to the CFTC's public call for information on climate-related financial risks.

> The CFTC is considering whether the offsets market is 'susceptible to fraud and manipulation'

Carbon offsets, such as tree planting schemes, are generated by a range of projects designed to capture carbon emissions or avoid pollution being emitted in the first place. While they have grown increasingly popular, criticism about a lack of standards in the market has also grown louder.

The market is fragmented and unregulated, although a number of private sector initiatives are working to draw up rules aimed at improving credibility.

But the rules for voluntary carbon markets proposed by a group backed by Mark Carney, the former Bank of England governor, have received criticism as participants argue that they risk further complicating the market.

As part of its work to better tackle climate-related financial risks, the CFTC is considering whether the offsets market is "susceptible to fraud and manipulation".

In their letter, the senators asked the CFTC to develop standards for offsets, investigate cases of potential fraud and convene a working group to study the risks to investors of offsets and derivative products.

This week, the UK's Climate Change Committee, which advises the government, warned that, without reform, the offsets market risked undermining net zero emissions plans.

Scott O'Malia, head of the International Swaps and Derivatives Association, told the FT this week that greenwashing could destroy the offsets market. "We cannot risk having greenwashing or double counting," he said.

On Wall Street

Hedge funds look to exploit pick-up in M&A

Laurence Fletcher

Huge moves in currency markets look set to provide one group of hedge fund managers with a rich seam of trading opportunities again. So-called merger arbitrage funds, which bet on the likelihood of corporate mergers and acquisitions closing, have had fewer deals to trade this year as global economic uncertainty and higher interest rates have weighed on dealmaking.

But the dollar's relentless march higher against sterling, the yen and the euro could change all this.

With dollar-based companies or funds now able to pick up foreign companies for a lot less than before, "everything in the UK is on sale", as one US private equity executive put it this week. Merger arbs smell an opportunity.

"UK companies are a lot cheaper than a few weeks ago," said Pierre di Maria, head of event-driven at Cheyne Capital in London. "We expect a pick-up in UK M&A to be triggered by weakness in the pound."

Priced in sterling but with a high proportion of dollar earnings, FTSE companies are a natural target.

Some managers, such as Kite Lake's Jamie Sherman, believe the market is not pricing such stocks correctly.

Felix Lo, a former Millennium trader who now runs a merger arb fund at Trium Capital, has built a screening tool to monitor the effect that these currency moves are having on cross-border deals. He expects US firms to be active.

"Both the price paid and the target's value can materially change in a very short period of time," said Lo. "CEOs across the globe are generally cautious in this environment but US CEOs are the most bullish and eager to do deals," he added.

Any pick up in activity will be a welcome fillip to merger arbs, who have found their opportunities set constrained by a darkening economic outlook. After last year's record M&A, global deal volumes were down 34 per cent year on year in the first nine months of this year, while US volumes were down 40 per cent, according to Refinitiv.

Deal activity has also been overshadowed by concerns that the Department of Justice and Federal Trade Commission will take a tougher approach to takeovers. The head of the DoJ's antitrust unit, Jonathan Kanter, has said it will take a tougher stance on private equity deals, while FTC chair Lina Khan has said regulators should be "sceptical" when private equity firms try to buy businesses divested by companies that are merging.

> That is a world away from the so-called 'arb-ageddon' of March 2020 when deal spreads exploded

While managers such as Kite Lake's Sherman argue such regulatory risk is "more bark than bite", it has nevertheless increased the uncertainty around deals.

Reflecting that uncertainty, average annualised deal spreads — the gap between the deal price and the share price — have risen from 8.1 per cent at the start of the year to 17.6 per cent, according to data from UBS Special Situations, which takes into account deals with a spread of between zero and 50 per cent.

The change in conditions is showing up in some funds' performance numbers. While some funds such as Trium and Kite Lake's KL Special Opportunities are up double-digits, merger arbs as a whole are up an underwhelming 0.7 per cent on average in the first nine months of this year, according to data group HFR.

That is a world away from the so-called "arb-ageddon" of March 2020 when deal spreads exploded during the onset of the coronavirus pandemic and merger arbitrage funds lost nearly 10 per cent on average in a month. But it is still a marked slowdown from last year's buoyant 10.6 per cent gain.

But while a pick-up in cross-border M&A will be welcomed, there will of course be hurdles. The UK's financial chaos is likely to make US boards wary of committing to deals just yet.

Moreover, UK companies often seek to ensure they have enough dollar revenues to match the costs of their dollar debt. That can leave them in a "delicate" situation, according to Cheyne's di Maria, as their debt rises in dollar terms while their revenues are hit by a slowing global economy. However, he believes that this is a problem that can be "easily fixed" if the acquirer is a private equity that can then replace dollar debt with local currency paper.

While they wait for an upswing in M&A in the UK and elsewhere, there are at least some deals they can trade.

Chief among these is Elon Musk's extraordinary takeover battle for Twitter, which has been a profitable trade for many managers.

The vagaries of the deal, which is currently back on after Musk this month U-turned and offered to go ahead at the initially agreed price of $44bn, have provided plenty of media entertainment but have also given arbs the chance to trade in and out.

A number who have done their homework on Delaware law feel quietly confident that, whatever the two parties tweet at each other in the meantime, Musk will eventually be forced to follow through on the deal. That, for now, should be enough to keep the arbs busy.

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Investigation required to hold those behind UK pension crisis to account

John Ralfe
Markets Insight

Within just a few days of September's "mini" Budget, the UK's company pension system seemed to be in meltdown with apocalyptic headlines about scheme solvency, all blamed on so-called liability-driven investment.

To calm things, the Bank of England announced it would buy up to £65bn of gilts — the long-term government IOUs that are the mainstay of UK pension fund investments.

Although the nuts and bolts of how LDI works are complex and opaque, the big picture is clear.

The extreme stress was not because pension schemes — and the company sponsors guaranteeing them — were simply trying to match their promises to pay pensions with assets that delivered income when those liabilities came due.

This strategy, which UK chemist chain Boots pioneered in 2001 when I was head of corporate finance, involves selling equities and buying matching long-dated bonds, providing both fixed and inflation-linked returns.

LDI has evolved from that into something quite different from just hedging liabilities to pay pensions.

What we see now is happening because pension schemes have been speculating — investing in equities, private equity and hedge funds, with disguised borrowings or leverage — not hedging. By increasing leverage, many UK pension schemes have been operating as badly run hedge funds, increasing risk for themselves and the whole financial system. This greed, stupidity and laziness was encouraged by investment consultants, who get paid for complexity.

Some pension schemes have bought "leveraged gilt funds" — the clue is in the name. These instruments create leverage through derivatives and gilt repos, which allow holders to exchange government bonds for cash. The economic risk is taken on by the pension schemes. If a fund has a typical three times leverage for every 10 per cent fall or rise in the value of the underlying gilt, the value of the fund falls or rises 30 per cent.

> Use of leverage, however cleverly disguised, should be banned. We also need better accounting

What was the trigger for the meltdown? As gilt interest rates rose following the "mini" Budget, UK government bond prices fell and the value of the leveraged units fell even more. This triggered calls for pension schemes to stump up more collateral on their trades.

The danger was that, to meet the collateral calls, pension schemes sold their most liquid assets: gilts. This aggravated the fall in gilt prices, further increasing collateral calls in a "doom loop".

We are left in a position in which the taxpayer has in effect had to bail out pension schemes via the Bank of England intervention. This is moral hazard writ large: "Heads we win, tails we come asking for a taxpayer bailout . . . "

Taxpayers should not be bailing out companies that have benefited from pension scheme leverage and holding equities, allowing them to make lower cash contributions to their pension schemes. Companies should be getting out their cheque books, accelerating their deficit contribution payments or meeting margin calls directly on behalf of their schemes.

Since leverage is the cause of the whole problem, pension funds should be banned from using leverage, however cleverly disguised. (Pension funds can't generally borrow.)

We also need better accounting so shareholders and pension scheme members can see exactly what is going on in pension schemes.

Higher gilt yields have helped pension schemes by reducing the value of their liabilities and improving funding levels. Pension funds will now be selling equities to switch to gilts and lock in surpluses. Of course, this will in turn increase demand for gilts and put pressure on equity prices.

Over the next few months, we will also see pension schemes selling less liquid assets, especially those in private equity. Some companies with well-funded schemes will be able to offload their pension risks entirely with buyouts from third-party insurers.

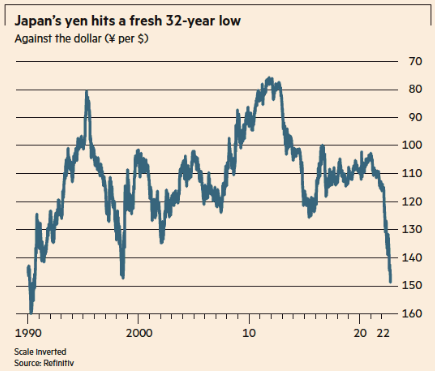
Given the scale and speed of the leveraged LDI turmoil, the BoE, the Treasury and the Pensions Regulator should have an urgent investigation to pool information and hold those responsible for this mess to account.

John Ralfe is an independent pension consultant

The day in the markets

What you need to know

- Stocks lose steam as survey points to higher US inflation pressures
- Falls come even as JPMorgan gains on better than feared earnings report
- Sterling and gilts slide after UK government U-turn



Wall Street stocks fell yesterday, reversing earlier gains after a downbeat survey on consumer inflation expectations cast a pall over the start of the widely anticipated US earnings season.

The broad S&P 500 gauge was down 1.6 per cent by the early afternoon in New York. The Nasdaq Composite, which is stacked full of technology shares that are more sensitive to interest rate expectations, lost 2.3 per cent.

Across the Atlantic, the Stoxx Europe 600 gauge closed up 0.6 per cent.

Those moves came after a survey from the University of Michigan showed that US consumer sentiment had improved, delivering a reading of 59.8 for October — above consensus expectations for a figure of 59 and higher than August's 58.6.

However, respondents had also cranked up their inflation expectations, the survey showed, taking their one-year forecast to 5.1 per cent from a previous projection of 4.7 per cent.

Hot inflation readings have typically darkened the mood in stock markets this year, fuelling expectations that the Fed and other global central banks will tighten monetary policy more aggressively.

Several investors said there was no single explanation for the sudden negative swing in sentiment, with some arguing that markets had already sold off significantly in recent weeks, flushing out bearish investors.

Investors were also responding to a fresh batch of US banks' financial statements, with JPMorgan and peers beginning the new earnings season.

Corporate reports will be scrutinised in the coming days for signs of strain from high prices and rising borrowing costs.

JPMorgan's shares rose after it revealed that third-quarter net income had dropped 17 per cent — a decline less severe than analysts' expectations.

Yesterday's market moves also came after Prime Minister Liz Truss sacked chancellor Kwasi Kwarteng and reversed a planned cut in UK corporation tax.

Gilts came under renewed selling pressure, reversing a rally earlier in the session. The 30-year yield added 26 basis points to 4.8 per cent as its price fell.

The pound slid 1.3 per cent against the dollar to $1.1180, having rallied as high as $1.1365 overnight.

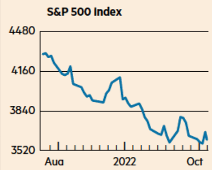
The dollar added 0.6 per cent against a basket of six peers and Japan's yen hit a new 32-year low against the dollar at ¥148.69. **Ian Johnston and Harriet Clarfelt**

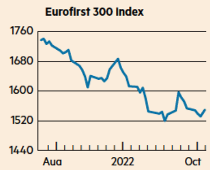
Markets update

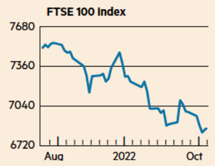
	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3608.01	1549.64	27090.76	6858.79	3071.99	113012.67
% change on day	-1.69	0.40	3.25	0.12	1.84	-1.13
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	113.095	0.975	148.365	1.125	7.192	5.290
% change on day	0.651	0.309	0.672	0.089	-0.022	-0.116
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	4.013	2.345	0.249	4.331	2.699	12.557
Basis point change on day	5.440	6.800	0.280	14.300	-2.800	1.200
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	365.72	92.03	86.13	1648.10	19.18	3615.80
% change on day	-0.70	-2.69	-3.34	-1.35	-0.05	0.50

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







Biggest movers

%	US		Eurozone		UK	
Ups	Wells Fargo & Co	3.59	Coloplast	3.97	Ocado	4.82
	Delta Air Lines	2.73	Endesa	3.85	Segro	3.88
	Jpmorgan Chase & Co	2.56	Snam	3.55	Unite	2.92
	Citigroup	1.79	Kerry Grp	3.52	Rentokil Initial	2.73
	Norwegian Cruise Line Holdings Ltd	1.70	Terna	3.44	United Utilities	2.50
Downs	First Republic Bank	-14.64	Oci	-5.97	Harbour Energy	-5.02
	Mosaic (the)	-9.68	Tenaris	-3.83	Fresnillo	-3.57
	Cf Industries Holding	-7.87	Asml Holding	-3.37	Bae Systems	-3.51
	Lam Research	-6.11	Philips	-3.08	Rio Tinto	-2.59
	Northrop Grumman	-5.95	Saipem	-2.26	Prudential	-2.31

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

Better than expected results pushed **Wells Fargo** to the top of the S&P 500 benchmark with the bank reporting revenue of $19.5bn for the third quarter, beating the Refinitiv-compiled estimate of $18.8bn.

But the lender had to set aside $2bn during the quarter "related to litigation, customer remediation and regulatory matters", said chief executive Charlie Schar.

Since 2016, the fourth-biggest bank in the US by assets has been trying to draw a line under a fake accounts scandal.

JPMorgan, the largest US bank by assets, also rallied after posting a smaller fall in quarterly profits than Wall Street expected.

Providing a further fillip was a 34 per cent jump in net interest income — the difference between what JPMorgan pays on deposits and what it earns from loans and other assets — to $17.6bn, aided by this year's aggressive rise in interest rates by the US Federal Reserve.

Europe

A chunky earnings miss pushed Switzerland's **Temenos** down sharply.

The banking software group reported third-quarter revenue of $212mn, missing consensus estimates by 14 per cent, while operating profit of $40.8mn was way off the $84mn Citi had expected.

Max Chuard, chief executive, said he was "disappointed by our results . . . which were severely impacted by banks delaying signing decisions in the last weeks of the quarter due to uncertainties linked to the worsening macro environment".

TomTom, the maker of car navigation equipment, fell sharply after lowering its free cash flow guidance to break-even.

Automakers Stellantis, BMW, Renault and Volkswagen are among the Dutch group's customers.

Swedish real estate group **Atrium Ljungberg** jumped after posting an 11 per cent year-on-year rise in rental income of SKr1.88bn ($166mn) for the third quarter.

Annica Ånäs, chief executive, said the

London

Guarantor loans provider **Amigo** surged more than 40 per cent on news that it had received approval from the UK financial watchdog to resume "lending, under certain agreed conditions, with immediate effect".

Amigo stopped lending in November 2020 owing to "uncertainty surrounding Covid-19" and has been embroiled in a tussle over compensation for historic mis-selling.

International Distributions Services, formerly Royal Mail, slid after threatening to cut up to 10,000 full-time jobs.

The postal group said its position had "deteriorated" due to the impact of industrial action, "macroeconomic headwinds" and an inability to deliver on the productivity improvements agreed with its employees' main union.

The news came as IDS reported a half-year loss of £219mn, down from a £235mn profit a year earlier.

Hipgnosis Songs, a publishing company that buys music rights, rallied

A trimming of its annual sales guidance weighed on **Beyond Meat**, the plant-based food group, which also announced a 19 per cent cut to its workforce.

It blamed the downgrade on "softness" in its food category, increased competition and higher inflation. *Ray Douglas*

letting business had maintained a "high pace, although we have noticed that the market has become slightly more cautious than it was before the summer".

The update spurred a rally across the sector, lifting **Wihlborgs Fastigheter**, **Sagax**, **Fabege**, **Fastighets** and **Wallenstam**. *Ray Douglas*

on announcing a share repurchase programme that would run until December 8 this year.

How many shares it planned to purchase was not disclosed. RBC Europe said this was "a sensible decision given that, we believe, the shares are significantly undervalued". *Ray Douglas*

MARKET DATA

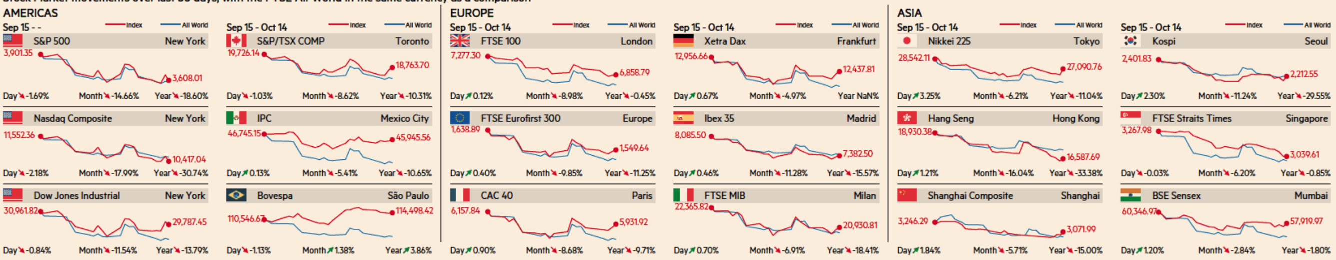
WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-1.69%	-2.18%	-0.84%	0.12%	0.40%	3.25%	1.21%	-0.70%	0.309%	0.089%	0.672%	0.231%	-1.86%	-1.35%

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	137741.36	140763.77
Australia	All Ordinaries	6948.60	6834.50
	S&P/ASX 200	6758.80	6642.60
	S&P/ASX 200 Res	5426.90	5330.30
Austria	ATX	2749.82	2743.09
Belgium	BEL 20	3387.10	3346.80
	BEL Mid	8691.77	8568.46
Brazil	IBovespa	113012.67	114300.09
Canada	S&P/TSX 60	1114.99	1125.31
	S&P/TSX Comp	18421.28	18613.63
	S&P/TSX Div Met & Min	1393.80	1356.50
Chile	S&P/CLX IGPA Gen	26783.61	26696.31
China	FTSE A200	10306.84	10073.12
	FTSE B35	9000.71	8988.96
	Shanghai A	3219.29	3160.94
	Shanghai B	295.03	292.10
	Shanghai Comp	3071.99	3016.36
	Shenzhen A	2075.87	2023.45
	Shenzhen B	1140.02	1127.38
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1147.15	1133.58
Denmark	OMXC Copenahgen 20	1591.96	1557.66
Egypt	EGX 30	9853.74	9800.64
Estonia	OMX Tallinn	1674.43	1681.17
Finland	OMX Helsinki General	10119.53	10018.25
France	CAC 40	5931.92	5879.19
	SBF 120	4557.68	4518.31
Germany	M-DAX	22332.63	22225.91
	TecDAX	2714.89	2694.35
	XETRA Dax	12437.81	12355.58
Greece	Athens Gen	832.00	816.02
	FTSE/ASE 20	2013.88	1968.42
Hong Kong	Hang Seng	16587.69	16389.11
	HS China Enterprise	5629.30	5560.80
	HSCC Red Chip	3298.10	3263.70
Hungary	Bux	39603.36	38787.95
India	BSE Sensex	57919.97	57235.33
	Nifty 500	14815.10	14730.30
Indonesia	Jakarta Comp	6844.62	6880.63
Ireland	ISEQ Overall	6559.33	6450.57
Israel	Tel Aviv 125	1898.38	1880.24
Italy	FTSE Italia All-Share	22826.11	22601.13
	FTSE Italia Mid Cap	35182.38	34907.27
	FTSE MIB	20930.81	20785.82
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27090.76	26237.42
	S&P Topix 150	1626.90	1587.61
	Topix	1930.17	1935.49
Jordan	Amman SE	2508.50	2506.05
Kenya	NSE 20	1682.58	1667.75
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1076.25	1080.25
Lithuania	OMX Vilnius	900.41	900.45
Luxembourg	LuxX	1274.05	1267.83
Malaysia	FTSE Bursa KLCI	1382.47	1373.36
Mexico	IPC	45826.14	45766.94
Morocco	MASI	11661.28	11782.08
Netherlands	AEX	630.58	633.01
	AEX All Share	860.24	864.05
New Zealand	NZX 50	10868.09	10817.48
Nigeria	SE All Share	47531.84	47565.92
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	41948.50	42085.72
Philippines	Manila Comp	5904.75	5895.64
Poland	Wig	46471.30	45621.39
Portugal	PSI 20	5340.00	5253.96
	PSI General	4060.32	3993.42
Romania	BET Index	10670.83	10546.34
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11551.34	11514.26
Singapore	FTSE Straits Times	3039.61	3040.45
Slovakia	SAX	343.80	345.23
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	64271.36	64392.43
	FTSE/JSE Res 20	59946.97	61159.32
	FTSE/JSE Top 40	57844.49	57960.88
South Korea	Kospi	2212.55	2162.87
	Kospi 200	289.36	282.57
Spain	IBEX 35	7382.50	7348.80
Sri Lanka	CSE All Share	9093.37	9148.55
Sweden	OMX Stockholm 30	1869.02	1856.86
	OMX Stockholm AS	712.85	706.14
Switzerland	SMI Index	10329.34	10227.90
Taiwan	Weighted Pr	13128.12	12810.73
Thailand	Bangkok SET	1560.78	1562.68
Turkey	BIST 100	3630.78	3553.43
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2232.70	2219.70
	FTSE 100	6858.79	6850.27
	FTSE 4Good UK	6130.57	6114.21
	FTSE All Share	3740.85	3732.93
	FTSE techMARK 100	5779.13	5770.87
USA	DJ Composite	9927.44	10037.01
	DJ Industrial	29787.45	30038.72
	DJ Transport	12566.00	12744.39
	DJ Utilities	847.14	860.61
	Nasdaq 100	10787.34	11033.58
	Nasdaq Cmp	10417.04	10649.15
	NYSE Comp	13699.08	13888.97
	S&P 500	3608.01	3669.91
	Wilshire 5000	36059.96	36672.74
Venezuela	IBC	9378.74	9424.83
Vietnam	VNI	1061.85	1050.99
Cross-Border	DJ Global Titans ($)	389.37	394.15
	Euro Stoxx 50 (Eur)	3390.74	3362.40
	Euronext 100 ID	1127.81	1124.25
	FTSE 4Good Global ($)	8697.55	8786.80
	FTSE All World ($)	365.72	368.30
	FTSE E300	1549.64	1543.50
	FTSE Eurotop 100	3048.71	3039.70
	FTSE Global 100 ($)	2277.16	2309.09
	FTSE Gold Min ($)	1407.79	1436.83
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2401.49	2358.94
	FTSE World ($)	662.19	667.61
	FTSEurofirst 100 (Eur)	4064.79	4060.54
	FTSEurofirst 80 (Eur)	4620.37	4592.01
	MSCI ACWI Fr ($)	558.71	550.37
	MSCI All World ($)	2411.69	2367.69
	MSCI Europe (Eur)	1568.89	1559.64
	MSCI Pacific ($)	2286.75	2311.34
	S&P Euro (Eur)	1536.12	1525.88
	S&P Europe 350 (Eur)	1586.44	1580.82
	S&P Global 1200 ($)	2632.90	2660.11
	Stoxx 50 (Eur)	3371.77	3355.60

(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

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	93.9	209.30	-12.42
Apple	55.9	139.61	-3.38
Nvidia	42.2	113.28	-6.32
Advanced Micro Devices	29.6	56.34	-2.60
Amazon.com	29.4	109.26	-3.27
Microsoft	27.6	230.19	-4.05
Jpmorgan Chase & Co	22.3	112.17	2.80
Netflix	19.0	232.97	0.46
Unitedhealth	12.9	517.66	7.75
Alphabet	9.8	97.13	-1.93

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Wells Fargo & Co	43.90	1.52	3.59
Delta Air Lines	31.21	0.83	2.73
Jpmorgan Chase & Co	112.17	2.80	2.56
Citigroup	43.72	0.77	1.79
Norwegian Cruise Line Holdings Ltd	13.17	0.22	1.70
Downs			
First Republic Bank	115.00	-19.73	-14.64
Mosaic (the)	46.96	-5.04	-9.68
Cf Industries Holding	98.61	-8.42	-7.87
Lam Research	319.80	-20.81	-6.11
Northrop Grumman	471.60	-29.85	-5.95

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Shell	267.0	2270.00	-32.50
Astrazeneca	192.0	9818.00	38.00
Bp	191.6	455.05	-3.20
Hsbc Holdings	164.4	458.80	-0.45
Unilever	155.3	3882.00	44.00
Glencore	148.8	484.35	-3.95
Rio Tinto	109.4	4751.50	-126.50
Relx	97.1	2175.00	18.00
Reckitt Benckiser	88.5	5808.00	48.00
Flutter Entertainment	84.3	10420.00	160.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Wizz Air Holdings	1482.00	115.00	8.41
Pagegroup	406.00	25.60	6.73
Workspace	370.80	23.00	6.61
Hipgnosis Songs Fund	86.40	4.10	4.98
Ocado	456.80	21.00	4.82
Downs			
Int Distributions Services	187.75	-21.95	-10.47
Ferrexpo	114.00	-7.50	-6.17
W.a.g Payment Solutions	79.30	-4.70	-5.60
Harbour Energy	399.10	-21.10	-5.02
Tbc Bank	1710.00	-90.00	-5.00

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Roche Gs	428.9	333.53	4.09
Asml Holding	416.2	397.45	-13.85
Nestle N	399.0	107.97	0.69
Totalenergies	350.8	52.20	0.90
Novartis N	344.9	77.65	0.45
Lvmh	279.2	625.20	7.70
Unicredit	242.2	11.05	0.12
Sap Se O.n.	217.3	87.91	1.86
Ing Groep N.v.	206.0	9.23	0.15
Novo Nordisk B A/s	205.7	107.41	1.61

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Vonovia Se Na O.n.	20.26	1.16	6.05
Vestas Wind Systems A/s	18.93	0.80	4.40
Sartorius Ag Vzo O.n.	382.60	14.60	3.97
Essilorluxottica	155.35	4.80	3.19
Lonza N	505.51	15.23	3.11
Downs			
Asml Holding	397.45	-13.85	-3.37
Philips Kon	13.48	-0.43	-3.08
Neste	44.43	-1.03	-2.27
Infineon Tech.ag Na O.n.	23.77	-0.47	-1.96
Bayer Ag Na O.n.	49.00	-0.79	-1.60

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Fast Retailing Co.,	1367.5	85290.00	6610.00
Softbank .	1166.8	5650.00	181.00
Tokyo Electron	799.6	36660.00	900.00
Toyota Motor	637.2	2008.00	24.50
Sony	491.3	9705.00	400.00
Nintendo Co.,	462.3	6169.00	139.00
Mitsubishi Ufj Fin,.	422.6	659.20	13.20
Nippon Yusen Kabushiki Kaisha	357.1	2650.00	42.00
Eisai Co.,	313.6	8247.00	413.00
Keyence	313.0	49710.00	910.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Fast Retailing Co.,	85290.00	6610.00	8.40
Daiichi Sankyo ,	4402.00	252.00	6.07
Olympus	3049.00	153.50	5.30
Ntt Data	2007.00	101.00	5.30
Eisai Co.,	8247.00	413.00	5.27
Downs			
Nh Foods Ltd	3645.00	-5.00	-0.14
Softbank	1456.50	4.00	0.28
West Japan Railway	5804.00	24.00	0.42
Takashimaya ,	1803.00	8.00	0.45
Ana Holdings	2836.50	13.50	0.48

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Oct 14 price(p)	%Chg week	%Chg ytd
Winners			
Smith (ds)	266.10	10.0	-31.3
Int Consolidated Airlines S.a.	109.86	8.5	-
Next	4727.00	6.1	-
Ocado	456.80	5.7	-
Dechra Pharmaceuticals	2656.00	5.4	-
Rentokil Initial	500.20	5.3	-
Smurfit Kappa	2580.00	5.2	-36.5
Sainsbury (j)	178.65	5.0	-
Coca-cola Hbc Ag	1988.00	4.3	-
Unite	829.50	4.3	-
Associated British Foods	1301.00	4.2	-
Mondi	1403.50	3.7	-
Losers			
Harbour Energy	399.10	-11.3	13.8
Fresnillo	702.20	-10.8	-
Endeavour Mining	1465.00	-7.9	-9.3
Intermediate Capital	981.20	-7.3	-
Hargreaves Lansdown	812.40	-6.6	-
Bae Systems	790.80	-6.5	43.9
Anglo American	2593.00	-6.5	-
Rio Tinto	4751.50	-6.2	-3.0
Standard Chartered	541.60	-6.1	21.0
Prudential	872.20	-5.5	-
Scottish Mortgage Investment Trust	723.40	-4.7	-
Rs	937.50	-4.3	-

FTSE 250	Oct 14 price(p)	%Chg week	%Chg ytd
Winners			
Indivior	1526.00	438.8	19.6
Coats	57.60	8.9	-
Playtech	510.50	8.1	-30.4
Pagegroup	406.00	7.7	-
Dunelm	796.00	6.9	-
Carnival	558.00	6.1	-
Pets At Home	280.20	6.1	-
Marks And Spencer	99.40	5.9	-
Hays	108.50	5.9	-
Moneysupermarket.com	191.00	5.8	-
Tui Ag	117.95	5.7	-
Harbourvest Global Private Equity	2230.00	5.4	-21.8
Losers			
Moonpig	126.50	-15.6	-
Tullow Oil	37.98	-14.8	-
Wood (john)	112.85	-14.0	-
Synthomer	88.00	-12.1	-
Molten Ventures	263.40	-11.7	-
888 Holdings	86.15	-11.0	-
Marshalls	225.40	-10.5	-67.5
Bridgepoint	177.80	-9.6	-
Ferrexpo	114.00	-9.5	-
Target Healthcare Reit	80.80	-9.5	-31.0
Wetherspoon (J.d.)	458.40	-9.2	-51.4
Osb	391.40	-9.1	-

FTSE SmallCap	Oct 14 price(p)	%Chg week	%Chg ytd
Winners			
Dignity	425.00	19.2	-
Zotefoams	299.00	15.9	-
Treatt	600.00	7.7	-
Superdry	121.60	7.0	-57.6
Hostelworld	80.10	6.2	15.5
Costain	41.50	5.5	-
Galliford Try Holdings	158.60	5.0	-
Chrysalis Investments	58.70	5.0	-
Headlam	258.00	4.5	-
Cqs New City High Yield Fund	51.90	4.3	-7.1
Artemis Alpha Trust	280.50	4.1	-
Carr's	97.00	4.1	-
Losers			
Rank	56.90	-15.1	-
Hunting	230.00	-14.0	43.8
Palace Capital	200.50	-12.6	-22.0
Secure Trust Bank	682.00	-12.6	-
Seraphim Space Investment Trust	53.05	-12.2	-
Int Personal Finance	79.40	-11.8	-
Abrdn Asia Focus	231.00	-11.7	-
Harworth	104.00	-11.5	-
Octopus Renewables Infrastructure Trust	92.60	-11.3	-
Xaar	157.60	-10.2	-
Pphe Hotel	1240.00	-9.5	-
Residential Secure ome	91.00	-9.5	-

Industry Sectors	Oct 14 price(p)	%Chg week	%Chg ytd
Winners			
Aerospace & Defense	4587.62	-1.4	10.5
Oil & Gas Producers	7907.32	-1.8	38.5
Personal Goods	28682.44	-2.1	-
Beverages	27918.35	-3.5	-10.2
Health Care Equip.& Services	10599.10	-3.6	28.7
Tobacco	35446.77	-4.1	21.2
Pharmaceuticals & Biotech.	18656.62	-4.3	-0.4
Industrial Transportation	3051.63	-4.8	-
Industrial Metals	6533.47	-5.1	2.7
Media	8452.91	-5.3	-
General Retailers	3168.20	-6.1	9.7
Electronic & Electrical Equip.	8018.77	-6.3	-
Losers			
Automobiles & Parts	1090.14	-34.0	-
Real Estate & Investment Servic	1928.05	-22.0	-
Real Estate Investment Trusts	2055.07	-21.6	-
Electricity	9019.46	-19.1	-
Gas Water & Multiutilities index	4864.90	-18.6	-
Household Goods	8921.31	-16.0	-
Banks	2923.69	-12.8	-3.8
Chemicals	10638.10	-12.6	-
Life Insurance	5823.97	-12.0	-
Mining	8939.93	-12.0	-
Construction & Materials	6007.11	-11.2	-
Food Producers	4979.16	-10.4	-

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

CURRENCIES

Oct 14	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	151.6130	0.3137	147.8761	0.8667	170.6181	0.6343
Australia	Australian Dollar	1.6022	-0.0062	1.5627	-0.0001	1.8030	-0.0040
Bahrain	Bahrainin Dinar	0.3771	-	0.3678	0.0014	0.4244	0.0007
Bolivia	Bolivian Boliviano	6.9100	-	6.7397	0.0256	7.7762	0.0128
Brazil	Brazilian Real	5.2903	-0.0061	5.1599	0.0136	5.9535	0.0029
Indonesia	Indonesian Rupiah	15426.5000	65.0000	15046.2824	120.3077	17360.2672	101.6888
Israel	Israeli Shekel	3.5455	-0.0398	3.4581	-0.0255	3.9899	-0.0381
Japan	Japanese Yen	148.3650	0.9900	144.7082	1.5117	166.9630	1.3880
..One Month		148.3645	0.9891	144.7081	1.5114	166.9626	1.3872
..Three Month		148.3632	0.9865	144.7077	1.5106	166.9614	1.3848
Poland	Polish Zloty	4.9270	-0.0429	4.8055	-0.0235	5.5446	-0.0391
Romania	Romanian Leu	5.0585	-0.0229	4.9338	-0.0035	5.6926	-0.0163
Russia	Russian Ruble	62.7500	-1.2500	61.2034	-0.9820	70.6159	-1.2877
Saudi Arabia	Saudi Riyal	3.7580	0.0008	3.6654	0.0147	4.2291	0.0078
Singapore	Singapore Dollar	1.4242	-0.0124	1.3890	-0.0068	1.6027	-0.0113
..Three Month		0.8889	-0.0015	0.8662	0.0019	-	-
..One Year		0.8886	-0.0014	0.8644	0.0018	-	-
United States	United States Dollar	-	-	0.9754	0.0037	1.1254	0.0019
..One Month		-	-	0.9751	-0.1481	1.1254	0.0019
..Three Month		-	-	0.9746	-0.1481	1.1256	0.0019

FTSE ACTUARIES SHARE INDICES

FT 30 INDEX

FT WILSHIRE 5000 INDEX SERIES

FTSE SECTORS: LEADERS & LAGGARDS

FTSE GLOBAL EQUITY INDEX SERIES

FTSE 100 SUMMARY

UK STOCK MARKET TRADING DATA

Data provided by Morningstar | www.morningstar.co.uk

FTSE 250	17165.83	17103.90	17048.87	17042.13	17157.31	17160.23	17320.72	17268.73	17116.52	17346.95	17005.18
FTSE SmallCap	5693.97	5712.15	5720.32	5720.25	5732.40	5741.19	5764.72	5761.15	5734.18	5769.78	5693.97
FTSE All-Share	3778.64	3770.07	3761.05	3768.75	3781.40	3765.86	3797.10	3784.84	3748.05	3803.90	3739.74

Time of FTSE 100 Day's high:13:39:45 Day's Low15:18:45 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6826.15(12/10/2022)
Time of FTSE All-Share Day's high:13:40:00 Day's Low15:20:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3712.50(12/10/2022)
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.

[illegible]

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

[illegible]

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier. For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

[illegible]

§Placing price. *Introduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir For a full explanation of all the other symbols please refer to London Share Service notes.

MORNINGSTAR®

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
[illegible]							
PngAnBnk	11.53	0.19	20.59	11.35	1.46	7.11	31110.78
Pwr Cons Corp	7.27	-0.02	9.81	5.99	1.18	15.60	11110.77
SaicMtr	14.56	0.37	23.45	13.95	3.96	7.52	23653.17
ShenwanHong	0.09	-	0.18	0.05	-	2.92	103.24
ShgPdgBk	7.03	0.03	9.13	6.95	6.34	4.64	28691.46
Sinopec Corp	3.37	0.05	4.28	3.25	3.84	4.37	10952.92
Sinopec Oil	1.87	0.01	2.60	1.70	-	641.81	3528.17
Denmark (kr)							
DanskeBk	95.86	0.96	133.25	91.28	2.02	6.78	10838.51
MollerMrsk	15155	455.00	24070	13185	2.17	2.55	16640.04
NovoB	798.90	12.00	863.60	604.40	1.13	39.76	182563.03
[illegible]							
Italy (€)							
Enel	4.11	0.04	7.37	3.96	8.63	19.75	40784.96
ENI	11.78	0.09	14.85	10.43	5.54	5.12	41434.09
Generali	14.24	0.18	21.55	13.67	10.00	8.26	21951.8
IntSPaolo	1.71	0.01	2.92	1.58	2.07	54.79	32452.57
Unicred	11.05	0.12	15.93	7.75	1.05	16.94	24116.79
Japan (¥)							
AstellasPh	2004	83.00	2205	1739	2.46	28.87	24797.27
Bridgestne	4996	115.00	5509	4042	3.56	10.87	24032.87
Canon	3277	67.00	3516	2467	3.19	15.17	29459.39
CntJpRwy	17230	165.00	17770	14660	0.81	-30.91	23923.3
[illegible]							
H & M	112.34	-0.30	191.86	98.25	5.80	15.08	14545.42
Investor	164.18	-	228.75	158.22	2.21	6.88	26515.05
Nordea Bk	98.15	1.15	113.78	85.25	15.41	11.16	32499.97
SEB	108.65	1.80	141.85	91.64	9.62	8.85	20750.53
SvnskaHn	92.60	0.70	108.15	80.88	5.59	8.85	15963.2
Swedbank	147.55	2.35	196.70	124.50	10.21	7.68	14805.63
Telia Co	32.25	0.51	41.70	31.37	6.42	11.09	11691.03
Volvo	167.20	-1.14	218.65	148.24	4.02	10.61	23542.5
Switzerland (SFr)							
ABB	25.53	-0.16	33.86	23.84	2.98	12.72	49992.47
CredSuisse	4.42	-0.05	10.18	3.52	2.07	-7.21	11669.25
Nestle	105.66	0.68	128.90	103.42	2.38	19.06	289594.86
[illegible]							

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
BOE Tech	0.73	0.65	0.08	12.31	0.08	12.3	-22.08
Walgreen	33.61	33.65	-0.05	-0.13	3.09	10.1	-12.11
Deut Bank	8.61	8.36	0.25	3.00	0.79	10.1	-3.59
Amgen	251.41	251.66	-0.25	-0.10	22.38	9.8	-0.10
Kraft Heinz	35.85	35.78	0.07	0.18	2.82	8.5	-7.15
Hunng Pwr	3.77	3.80	-0.03	-0.79	0.29	8.3	-11.92
CNNC Intl	6.32	6.28	0.04	0.64	0.47	8.0	-4.68
MollerMrsk	15155.00	14700.00	455.00	3.10	1105.00	7.9	-22.93
AmerAir	13.14	13.05	0.09	0.65	0.96	7.8	-7.26
DeutsPost	33.26	32.76	0.50	1.53	2.41	7.8	-8.40
H & M	112.34	112.64	-0.30	-0.27	8.00	7.7	-11.88
Westpac Bank	23.50	23.07	0.43	1.86	1.56	7.1	5.95
FastRetail	85290.00	78680.00	6610.00	8.40	5550.00	7.0	-0.19
Altria	45.70	45.89	-0.19	-0.41	2.88	6.7	0.49
BASF	43.32	42.97	0.36	0.83	2.63	6.5	-0.38
SK Hynix	95500.00	94900.00	600.00	0.63	5600.00	6.2	-0.93
Delta	31.21	30.38	0.83	2.73	1.82	6.2	-6.15
Pepsico	171.54	174.61	-3.07	-1.76	9.93	6.1	-4.82
Carnival	7.17	7.10	0.07	0.92	0.41	6.0	-27.15
JPMrgnCh	112.17	109.37	2.80	2.56	6.19	5.8	-5.25

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 %
SandsCh	16.24	16.74	-0.50	-2.99	-5.01	-23.6	-2.98
ChinaMBank	30.65	30.10	0.55	1.83	-7.05	-18.7	-24.10
LasVegasSd	34.73	35.75	-1.02	-2.85	-7.77	-18.3	-7.41
ShenwanHong	0.09	0.09	0.00	0.00	-0.02	-16.4	-44.91
KLA Corp	265.03	278.54	-13.51	-4.85	-49.13	-15.6	-28.69
HK Exc&Clr	246.60	258.40	-11.80	-4.57	-37.80	-13.3	-25.91
KoreaElePwr	17100.00	17250.00	-150.00	-0.87	-2450.00	-12.5	-20.47
Midea	0.39	0.42	-0.03	-7.23	-0.06	-12.5	-10.47
Bausch Hlth	8.92	8.94	-0.02	-0.22	-1.26	-12.4	26.27
ASML Hld	397.45	411.30	-13.85	-3.37	-49.80	-11.1	-27.09
Tencent	249.20	246.20	3.00	1.22	-28.60	-10.3	-20.63
Naspers N	2127.19	2103.49	23.70	1.13	-241.41	-10.2	-14.00
NXP	137.39	143.17	-5.78	-4.04	-14.36	-9.5	-23.62
China Vanke	13.82	13.56	0.26	1.92	-1.38	-9.1	-5.57
SHOP	37.61	36.11	1.50	4.15	-3.71	-9.0	-18.73
TaiwanSem	412.00	395.00	17.00	4.30	-39.00	-8.6	-20.62
Applied Materi.	75.76	79.42	-3.66	-4.61	-6.84	-8.3	-27.44
Qualcomm	111.35	112.86	-1.51	-1.34	-9.56	-7.9	-24.59
Kweichow	1737.61	1699.99	37.62	2.21	-134.89	-7.2	-8.31
Ambev	15.05	15.01	0.04	0.27	-1.10	-6.8	-4.02

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
[illegible]										
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

[illegible]

INTEREST RATES: OFFICIAL

Oct 14	Rate	Current	Since	Last
US	Fed Funds	3.00-3.25	21-09-2022	2.25-2.5
US	Prime	6.25	22-09-2022	5.50
US	Discount	2.50	27-07-2022	1.50
Euro	Repo	0.374	20-09-2022	0.141
UK	Repo	2.25	22-09-2022	1.75
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25

INTEREST RATES: MARKET

Oct 14 (Libor: Oct 13)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	3.06171	-0.003	0.005	0.073	3.41214	4.07914	4.53857	5.10600
Euro Libor	-0.64957	-0.064	0.000	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	0.000	-0.001	2.61830	3.48840	4.46990	0.81363
Swiss Fr Libor				-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor				0.000	-0.06005	-0.02494	0.04699	0.04867
Euro Euribor				-0.009	0.84500	1.37800	2.01200	2.66100
Sterling CDs				0.000	0.50000	0.63000	0.78500	
US$ CDs				0.030	3.48000	4.08000	4.73000	
Euro CDs				0.020	0.98000	1.31000	1.85000	

Oct 14	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	0.60	0.90	0.54	0.84	0.83	1.13	1.16	1.46	1.70	2.00	2.22	2.52
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	3.38	3.58	3.98	4.18	4.63	4.83	4.99	5.19
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	187.17	-0.25	-0.74	-14.84	-5.24	-13.77
Corporates(£)	294.62	1.35	-2.28	-25.56	-9.35	-24.99
Corporates(€)	202.83	-0.19	-1.01	-16.02	-4.06	-16.19
Eurozone Sov(€)	209.01	0.29	-1.35	-17.85	-4.23	-18.12
Gilts(£)	252.09	2.66	-4.42	-29.87	-9.92	-28.47
Overall(£)	259.87	2.28	-3.72	-28.21	-9.46	-27.03
Overall(€)	203.95	0.16	-1.27	-17.32	-4.19	-17.54
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	549.37	9.06	-	-	-22.53	-27.53
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	627.05	7.90	-9.57	-	688.92	584.73
Europe 5Y	131.29	0.74	-0.69	-	142.08	121.70
Japan 5Y	105.07	-3.43	0.08	-	119.29	100.33
Senior Financials 5Y	144.94	-1.51	-0.89	-	155.06	133.08
Markit CDX						
Emerging Markets 5Y	327.87	3.33	20.52	-	333.56	288.27
Nth Amer High Yld 5Y	581.70	-11.42	17.06	-	625.47	556.25
Nth Amer Inv Grade 5Y	101.12	-1.43	2.66	-	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 14	Day Chng	Prev	52 wk high	52 wk low
VIX	32.60	0.66	31.94	38.93	14.73
VXD	28.75	0.44	28.31	45.37	3.27
VXN	38.71	0.44	38.27	44.05	15.70
VDAX	29.68	-0.23	29.91	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	99.96	2.67	0.01	0.03	-0.20	2.62
	05/32	1.25	78.28	4.00	0.06	0.23	0.10	-
	02/50	1.00	85.17	2.10	0.07	0.33	0.13	1.87
Austria	02/29	0.50	87.27	2.71	-0.03	0.18	0.09	2.82
	02/47	1.50	72.00	3.17	-0.05	0.32	0.24	2.58
Belgium	06/27	0.80	93.00	2.40	0.00	0.19	0.16	2.72
	06/47	1.60	71.32	3.32	-0.06	0.30	0.24	2.47
[illegible]								

GILTS: UK CASH MARKET

[illegible]

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

GILTS: UK FTSE ACTUARIES INDICES

[illegible]

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Nov	87.45	-1.66	Corn♦	Dec	694.50	-3.25
[illegible]							

BONDS: INDEX-LINKED

	Price Oct 13	Yield Oct 13	Yield Prev	Month return	Value stock	Market	No of stocks
[illegible]							

BONDS: TEN YEAR GOVT SPREADS

[illegible]

Tradeweb

FINANCIAL TIMES SHARE SERVICE

Main Market

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
OxfordIn	1874	28.00	2830	1600	0.91	25.60	46.5
Renishaw	3402	30.00	5360	3238	1.94	19.41	49.7
Spectris	2716	-26.00	3952	2371	2.56	8.93	406.1
TT Elect	143.00	-1.20	272.50	135.20	4.55	19.86	488.2
XP Power	1500	36.00	5740	1402	6.13	8.01	76.2
Financial General							
3i	1080	-4.50	1477	1042	3.56	3.74	1632.3

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
BarrtDev	347.00	5.20	752.40	313.00	8.47	5.42	5411.9
Bellway	1770	43.00	3513	1572	6.64	5.32	436.5
Berkeley	3357	52.00	4919	3120	0.27	8.74	447.2
Burberry Gp	1841.5	-13.50	2074	1473.5	2.31	15.85	1238.4
Cairn Homes	78.50	1.70	109.80	69.40	2.84	16.12	596.5
CtrySide	193.50	-1.00	495.00	187.00	-	14.12	8461.8
Crest Nicholson	186.00	-0.20	384.20	170.50	2.20	6.76	663.1
GamesWk	6105	85.00	10650	1640	4.18	16.81	68.6

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Gleeson	395.00	5.00	862.22	371.00	3.80	6.18	29.3
Headlam	258.00	-1.00	502.00	230.00	3.02	11.12	45.4
McBride	23.20	-0.10	72.60	15.25	-	-4.14	433.2
Persimn	1211	14.50	2906.18	1113.5	19.41	4.93	1397.5
Philips €	13.48	-0.43	42.01	12.99	6.11	20.76	6353.3
PZCusns	192.60	-1.20	227.00	177.80	3.16	22.21	409.3
Redrow	397.20	-	713.00	367.40	6.17	4.93	1054.5
Superdry Plc	121.60	10.80	330.00	96.00	-	-5.48	1091.5
Vistry Group	530.50	-9.00	1236	502.00	7.54	4.65	1853.8
Industrial Engineering							
Bodycote	484.60	5.40	884.50	452.40	4.04	15.53	253.4
Castings	310.00	1.00	380.00	272.00	4.92	14.98	0.9
Goodwin	3100	140.00	3800	2350	3.30	17.13	1.0
Hill&Sm	953.00	-3.00	1890	859.00	3.10	22.42	76.9
IMI	1157	-13.00	1878	1069	1.98	15.81	720.6
MelroseInd	100.60	-0.75	173.25	94.82	1.57	-10.48	8548.5
Renold	22.00	-	34.94	19.19	-	7.86	41.8
RHIM	1584	-78.00	3634	1557	7.95	3.74	138.5
Rotork	238.80	-2.00	375.60	225.20	3.62	25.96	1334.0
Severfd	50.00	-0.40	76.00	46.65	5.80	8.93	98.1
Trifast	73.00	2.00	165.00	70.00	2.19	12.07	34.2
Weir	1437.5	-17.50	1936.5	1321	0.80	24.28	595.1
Industrial General							
Coats Group	57.60	2.60	82.40	50.30	2.45	12.85	5544.9
Macfrlne	88.60	2.60	143.00	85.29	3.07	10.28	267.5
Smith DS	266.10	2.20	397.70	238.10	4.55	15.12	4380.5
Smiths	1506	-12.00	1618	1323	2.50	23.94	1078.1
SmurfKap	2580	47.00	4150	2415	3.80	11.77	370.7
Vesuvius	313.20	-6.40	498.60	282.37	6.55	8.35	199.6
Industrial Transportation							
Braemar	286.00	5.50	347.00	198.00	1.75	9.49	29.7
Fisher J	274.50	-0.50	819.00	257.00	-	-4.97	13.0
OceanWil	895.00	5.00	1075	795.00	8.94	4.56	17.4
RoyalMail	207.00	10.60	524.80	177.15	4.83	2.37	5033.5
Insurance							
Admiral	1923	24.50	3254	1691.5	7.88	9.81	322.7
Aviva®	394.30	3.00	606.58	341.92	5.41	51.88	11172.2
Chesnar	263.50	-1.50	334.40	253.63	8.41	14.64	165.8
Direct Line	192.00	3.05	312.70	171.70	11.61	7.97	2925.8
Eccles prf	127.00	3.00	159.00	121.00	6.79	-	133.7
Hansard	38.50	2.20	53.90	32.40	11.56	13.28	137.4
Hiscox	866.20	16.80	1002	769.40	0.98	21.45	418.3
Lancashire	491.40	6.20	576.00	342.40	2.34	-25.60	756.5
Leg&Gen	218.60	1.30	299.60	201.40	8.15	6.71	16636.4
Old Mut	46.45	-0.50	82.00	44.05	5.94	6.74	304.9
PhoenixGrp	522.40	0.60	692.80	501.00	9.23	-6.05	2554.2
Prudntl®	872.20	-20.60	1516.5	847.20	1.35	14.16	5118.8
StJmsPl	969.40	18.00	1710	904.60	6.32	18.46	1063.4
LEISURE							
PhotoMe International Plc	107.00	5.00	109.00	55.70	-	18.67	655.5

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Media							
4imprint	3280	-100.00	4090	2175	0.34	55.35	31.9
Auto Trader Group PLC	523.60	1.00	751.40	490.20	0.95	25.83	2307.8
DlyMailA	270.00	-2.50	1178	264.50	8.96	10.31	111.0
Hyve Group	54.75	-1.25	123.40	43.86	-	-9.78	17.6
Informa	551.00	2.40	628.00	459.80	-	-24.38	2911.3
ITV	61.70	-0.04	127.19	53.97	-	6.63	9869.8
Pearson	900.00	-3.60	932.60	571.00	2.20	43.06	3107.9
MEDIA							
Reach PLC	70.00	-1.00	354.58	64.40	10.01	77.78	16185.4
Media							
RELX PLC®	2175	18.00	2634.82	2056	2.19	28.69	4465.9
Rightmove PLC	466.60	9.80	803.16	437.80	0.96	26.41	4278.5
STV Grp	253.00	6.00	368.00	235.00	3.83	6.17	13.3
WPP®	740.20	3.40	1231.5	713.00	3.58	14.10	2367.0
Mining							
AngloAmer®	2593	-56.00	4996.8	2487.5	6.87	5.13	1964.3
AngloPacif	157.00	-0.60	192.67	125.00	5.76	11.81	467.3
AnGoldA R	228.48	-8.82	434.78	219.10	3.52	10.20	1330.1
Antofagasta	1077.5	2.50	1799.5	971.20	4.94	11.15	1019.0
BHP Group	2181	-30.00	3040	1846.6	-	9.54	883.4
Fresnillo	702.20	-26.00	997.60	610.60	3.47	16.63	912.1
Glencore®	484.35	-3.95	548.30	346.40	1.83	17.73	30718.6
Harmony R	46.15	-0.68	89.13	34.71	2.81	15.91	2933.4
Petropvlsk#	1.20	-0.19	26.00	0.78	-	1.66	26359.1
PolymtIntl	210.00	3.00	1520.5	92.02	46.45	-	267.5
Rio Tinto®	4751.5	-126.50	6343	4354	10.57	4.97	2301.9
Troy Res A$	0.04	0.00	0.20	0.03	-	-0.94	3131.9
Oil & Gas							
BP®	455.05	-3.20	471.19	310.53	3.46	16.51	42102.3
Capricorn Energy	243.40	-1.40	261.00	177.40	-	1.93	631.3
ExxonMb $®	100.15	-1.72	105.57	57.96	2.90	22.36	6373.0
Gazprom PJSC ADR $#	0.58	-	10.97	0.02	54.95	0.28	3213.3
GeoPark $	13.70	-0.49	18.52	10.13	0.75	16.66	26.0
HellenPet €	6.50	-	7.70	5.78	1.49	6.10	38.9
ImpOil C$®	64.83	-1.53	72.96	40.96	1.45	20.41	489.8
Shell PLC®	2270	-32.50	2459.23	1534.2	2.67	11.96	11763.7
TrnCan C$®	56.53	-0.45	74.44	54.60	5.62	33.30	813.8
Wood Group (John) PLC	112.85	2.25	255.00	102.05	-	-4.64	1958.4
Pharmaceuticals & Biotech							
AstraZeneca®	9818	38.00	11540	8090.32	2.11	1662.38	1955.8
Dechra	2656	42.00	5405	2506	1.52	39.66	473.8
GlaxoSmh®	1350.2	19.20	2753.96	1280.92	5.93	15.59	5791.6
HikmaPhm	1262.5	-24.50	2496	1179	3.03	9.46	528.3
Oxfd Bio	327.00	-3.00	1608	309.00	-	14.70	157.5
RichterG $	18.60	0.50	29.20	16.40	3.06	9.66	0.0
Real Estate							
REITs							
Assura	49.96	0.46	74.60	47.43	5.80	9.99	7262.7

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
BigYellw	1033	33.00	1730.36	938.50	3.26	6.81	485.5
BritLand	333.50	3.40	553.60	317.80	4.51	45.68	3313.1
Cap&Reg	49.50	-0.40	67.00	48.00	-	-0.43	93.6
Civitas SH	60.30	1.50	97.70	58.00	9.02	10.29	1322.5
DrwntLdn	1961	41.00	3534	1783	3.85	8.74	261.6
Great Portland	735.50	-15.00	810.50	636.00	1.71	-9.22	515.5
LandSecs	507.00	3.00	812.80	459.30	6.71	-13.24	2706.2
LondonMtrc	169.30	3.80	285.20	157.76	5.17	3.61	2458.2
Palace Cap	200.50	5.50	297.00	195.00	5.49	9.59	6.8
PrimyHth	101.40	2.55	156.20	95.75	6.11	10.35	10452.5
SEGRO	739.40	27.60	1508	669.20	3.06	2.19	3790.5
Shaftbry	329.40	3.00	664.00	322.80	0.73	-6.33	863.8
TritaxBBOX	131.70	3.70	251.40	120.08	4.94	2.38	11574.1
Wkspace	370.80	23.00	887.00	335.20	4.79	-5.51	809.6
Real Estate Inv & Services							
Cap&Count	97.00	1.45	178.30	92.90	0.52	28.53	4020.8
CLS	133.20	1.80	235.50	130.40	5.67	4.55	781.6
Grainger	212.20	5.40	324.00	202.80	2.58	13.18	1679.7
Harworth Grp	104.00	-2.00	193.30	99.00	1.76	3.60	149.3
Helical	307.50	7.00	497.00	284.33	3.28	7.43	60.0
Lon&Assc	18.50	-	27.85	10.00	-	-2.52	12.4
MacauPrp	51.10	0.50	60.82	35.95	-	-6.63	5.8
Mntview	11500	-300.00	15200	11371.5	3.70	14.34	0.0
Safestre	830.00	31.00	1425	744.50	2.43	4.71	878.3
Savills	810.00	10.50	1472	750.00	2.84	8.12	312.6
SiriusRE	70.30	2.60	145.20	64.20	4.64	5.48	2887.5
Smart(J)	160.50	-	165.00	125.00	2.01	4.39	8.0
U+I	148.50	-0.50	151.50	58.51	-	-2.12	98.8
Retailers							
Caffyns	525.00	-25.00	650.00	465.00	-	7.63	1.0
Dunelm	796.00	16.50	1450	659.50	4.40	10.73	436.9
Halfords	172.80	5.30	374.40	124.00	2.89	5.76	725.1
Inchcape	711.50	-3.00	920.00	615.00	1.87	24.04	415.1
JDSportsF	95.50	1.50	235.70	88.40	0.30	11.54	20263.2
Kingfisher	212.80	-0.60	352.70	202.44	5.66	5.35	5837.7
Marks&Sp	99.40	0.96	249.99	91.56	-	76.46	9548.6
Ocado	456.80	21.00	1964.5	380.30	-	-15.14	5920.7
Saga	78.55	2.65	333.80	72.30	-	-8.39	655.0
Sainsbury (J)	178.65	2.00	307.80	168.70	5.93	15.01	6109.3
Tesco®	202.10	1.20	304.10	194.35	4.53	10.29	25781.3
Support Services							
AshtdGp	4187	-	7448.22	3269	1.08	20.38	494.0
Bunzl	2707	22.00	3249	2483	2.01	20.54	696.6
Capita	25.46	-0.68	49.58	19.89	-	1.94	3604.7
DCC	4673	6.00	6508	4525	3.42	15.44	191.9
DeLaRue	89.00	2.70	177.80	71.10	-	11.71	225.7
Diploma	2348	28.00	3504	2090	1.81	42.00	291.2
DWF Group PLC	75.20	2.60	124.00	70.20	5.98	-14.75	112.6
Essentra PLC	201.50	-1.50	348.50	168.60	2.63	22.64	432.2
Experian	2633	32.00	3689	2242	1.33	33.78	1271.1
Ferguson	9426	-74.00	13360	8602	1.91	13.92	389.9

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Hays	108.50	1.40	172.25	98.75	1.12	15.66	2531.7
Homesve	1182	-	1192	578.33	2.20	106.49	1058.7
HowdenJny	500.20	6.60	973.80	472.20	2.68	9.44	2180.0
Intertek	3641	20.00	5824	3485	2.91	20.47	438.3
Kin and Carta	195.40	-4.60	359.00	164.00	-	-162.83	60.7
MearsGp	193.00	7.00	245.00	175.00	1.30	16.78	43.1
Mitie	63.60	-0.70	81.00	44.70	-	31.80	1806.5
Rentokil	500.20	13.30	662.00	441.20	1.50	35.48	11946.4
Ricardo	444.50	-2.50	510.00	325.00	1.54	39.69	7.6
RbrtWlts	460.00	6.00	850.00	418.08	3.57	10.53	27.8
RS Grp	937.50	-7.00	1276	12.05	2.71	23.79	924.0
SIG	28.85	0.20	54.25	27.00	-	-12.02	645.3
Vp	710.00	-10.00	1020	690.00	3.52	17.49	1.5
Tech - Hardware							
SpirentCM	249.60	1.80	300.00	209.80	1.83	23.25	662.6
Tech - Software & Services							
Computcnt	1823	-50.00	3050	1789	3.03	11.33	200.4
MicroFoc	518.00	-0.20	524.62	256.00	3.44	-5.49	1133.5
NCC Grp	210.00	-1.50	262.00	162.80	2.21	70.00	1051.1
Sage	685.80	1.40	862.20	587.20	2.53	26.30	2493.5
TriadGp	122.50	-	180.00	101.00	1.63	13.45	0.0
Telecommunications							
Airtel Africa	125.70	0.30	173.10	1.58	2.59	11.20	3244.2
BT®	122.65	1.85	201.40	117.05	-	11.91	12228.5
TelePlus	2095	-	2300	1058	2.72	53.72	85.1
Vodafone Gp®	99.59	0.20	141.60	97.40	7.77	-222.80	55034.9
Tobacco							
BrAmTob®	3281.5	8.50	3645	2508	6.57	11.10	2169.9
Imperial Br®	2016	5.00	2032	1434.23	6.85	6.74	2308.7
Travel & Leisure							
Carnival	558.00	8.80	1709.6	498.90	-	-0.90	1251.2
Dalata Hotel	252.50	0.75	385.18	239.00	-	-107.40	1.0
easyJet	306.30	13.60	729.20	276.87	-	-1.93	6470.9
FirstGrp	106.30	1.00	145.66	83.75	-	25.31	860.6
Flutter Entertainment	10420	160.00	14685	7340	-	-44.06	808.8
Fuller A	451.00	7.00	738.00	410.31	-	-9.42	38.7
IntCon Htels Gp	4437	36.00	5386	4174	-	41.56	893.2
Intl Cons Air	109.86	1.06	184.25	90.47	-	-2.44	22226.5
Natl Exp	164.20	0.10	288.00	156.50	-	-9.77	892.1
PPHE Htl	1240	-25.00	1617.25	1243.75	-	-10.08	8.5
TUI	117.95	1.80	297.50	101.45	-	-1.23	3363.8
Whitbrd	2508	38.00	3649.99	2245.51	-	-20.36	875.7
Utilities							
Drax	517.50	14.00	845.89	478.80	3.44	38.33	2062.7
Natl Grid®	871.20	10.60	1271.45	844.29	5.64	20.31	8150.2
Pennon	783.50	19.00	1250	735.00	4.16	56.77	833.4
Severn Trent	2299	46.00	3228	2167.42	4.42	-85.46	789.8
SSE	1470	19.00	2166.93	1405	5.51	5.74	3608.8
UtdUtils	854.40	20.80	1186.88	813.20	5.06	78.39	3201.3

AIM

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Aerospace & Defence							
Cohort	476.00	16.00	630.00	426.73	2.33	42.31	12.6
Velocity Composites PLC	16.00	0.50	32.00	13.65	-	-5.33	25.0
Banks							
Caribbean Inv	26.50	-	45.40	24.03	-	3.05	138.6
Basic Resource (Ex Mining)							
CropperJ	995.00	-5.00	1650	825.00	-	30.34	1.1
Chemicals							
Directa Plus PLC	78.00	-	178.00	75.30	-	-18.17	2.6
Versarien PLC	12.26	-0.09	37.95	11.52	-	-3.51	135.6
Construction & Materials							
AccsysTch	59.80	5.40	183.83	54.40	-	-35.14	363.5
Electronic & Electrical Equip							
Checkit	18.00	0.50	53.00	17.00	-	-2.20	65.1
LPA	75.00	-	84.00	56.00	-	-277.78	0.2

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
ThorpeFW	392.50	-10.00	500.00	335.38	1.48	27.31	11.6
Zytronic	122.50	-	205.00	110.00	-	40.83	6.1
Financial General							
Appreciate Grp	28.50	-	33.40	21.10	3.51	12.39	6.5
Arbuthnot	825.00	-	1050	625.00	1.94	18.25	3.8
BP Marsh	286.00	-	363.00	272.25	0.85	7.88	9.5
Burford Capital Ltd	651.00	15.00	943.38	590.00	2.12	-2668.03	196.6
Gresham House Plc	740.00	-	1020	712.00	0.81	29.70	58.7
MattioliWds	605.00	-	908.00	590.00	3.47	-216.07	76.1
Numis	195.00	-7.00	361.00	195.00	6.15	3.97	149.4
Premier Miton Group	91.00	-7.00	200.00	90.67	9.01	10.16	368.4
STM Group	26.50	-0.90	36.00	22.05	5.28	10.20	1.8
Food & Beverages							
Camellia	5000	50.00	7000	4800	2.88	92.08	0.3
Fevertree Drinks	971.00	30.50	2779	804.50	1.63	25.43	532.1
FinsbryFd	84.00	-0.50	103.00	65.00	2.86	10.00	38.1
Nichols	1110	10.00	1565	957.00	1.68	-18.49	6.1

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Health Care Equip & Services							
AVO	22.50	-	40.00	20.00	-	-2.67	11.7
CareTech	750.00	2.00	773.00	530.00	1.70	27.29	424.3
Tristel	325.00	-	520.00	270.00	2.02	67.01	58.8
House, Leisure & Pers Goods							
Airea	25.50	-	33.00	23.00	-	9.44	20.0
Churchll	1300	-	1845	1020	-	154.76	3.1
Frontier Developments PLC	1174	6.00	2702.02	1066	-	33.83	28.2
Portmern	315.00	-15.00	713.00	305.00	4.13	13.41	20.4
Sanderson Design Grp	103.00	-	203.00	86.00	-	8.83	64.3
Industrial Engineering							
600 Grp	11.75	0.25	16.97	11.05	-	68.71	10.0
MS Intl	328.00	2.00	350.00	206.00	1.07	46.86	25.3
Pres Tech	31.00	-	103.00	23.20	-	-2.58	44.1
IT							
Keywords Studios	2250	60.00	3908	1950	0.03	62.35	150.9

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Learning Technologies Group	106.00	1.70	215.91	97.70	1.18	44.65	2100.3
Media							
Mission Group	43.00	1.00	71.84	41.00	5.42	7.29	141.4
Mining							
AMC	1.58	-0.05	4.01	0.61	-	-36.74	858.9
BotswanaD	0.93	-	1.39	0.85	-	-15.42	97.4
CentAsiaM	218.00	-0.50	284.50	187.47	7.42	6.39	359.8
Gemfields	17.10	-	19.90	12.00	-	-23.62	422.8
Oil & Gas							
BorSthnPet	3.20	-0.03	8.50	0.49	-	-31.37	739.4
ClontarfEn	0.06	-	0.80	0.05	-	-1.14	15212.3
Egdon Res	3.55	-0.40	10.00	1.20	-	-4.55	2229.0
Hurricane Energy	7.17	0.07	12.37	3.23	-	-0.72	3432.9
Phoenix Global	6.50	0.25	7.95	3.07	-	-1.63	53.0
UnJackOil	28.50	1.50	53.72	10.50	-	-14.77	570.1

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
Pharmaceuticals & Biotech							
Abcam	1344	28.00	1757	1013.57	-	203.64	242.5
Reneuron	26.50	-	124.60	25.00	-	-1.67	4.3
Sareum	135.00	-17.50	377.50	92.50	-	-45.00	458.2
Real Estate							
Lok'nStor	705.00	5.00	1090	674.00	2.13	21.38	28.6
Retailers							
ASOS	531.50	-10.50	2953	503.00	-	17.66	659.0
Boohoo Group PLC	38.74	0.16	211.71	30.00	-	8.35	11146.8
CVS Group PLC	1782	-2.00	2570	1220	0.36	49.92	146.4
Support Services							
Begbies	129.00	1.40	156.00	97.00	2.33	645.00	874.5
Christie	111.50	-	135.00	85.55	-	47.45	0.2
Gattaca	67.50	-	222.40	53.00	2.22	-51.92	25.5
Impellam	637.50	-2.50	700.00	406.00	-	34.84	1.6
JhnsnSrv	82.00	-0.50	167.00	69.00	-	51.25	612.3

	Price	+/-Chg	52 Week High	52 Week Low	Yld	P/E	Vol 000s
LonSec	2450	-	3940	2310	3.27	13.51	0.1
NWF	263.00	-1.00	276.00	185.00	2.74	131.50	7.4
Petards	9.00	-	13.80	8.50	-	16.36	300.2
Renew	580.00	1.00	874.00	550.00	2.27	14.34	72.3
Smart Metering Systems	691.00	-17.00	968.00	670.00	3.80	216.61	358.5
Tech - Hardware							
IQE	37.20	-0.45	51.60	27.67	-	-413.33	990.7
Tech - Software & Services							
BeBlue Prism Group PLC	1274	-	1392	747.50	-	-23.65	1869.0
Eckoh	41.50	-	63.88	37.00	1.47	40.69	71.6
Ingenta	115.50	1.00	117.75	67.00	1.30	67.54	2.7
Oxford Metrics	82.00	-	132.00	73.44	2.20	35.65	14.4
Travel & Leisure							
gamingrealms	25.50	2.00	40.00	20.39	-	-637.50	207.0
Jet2	701.80	15.40	1434.19	637.40	-	-3.77	816.6
MinoanGp	1.08	-	1.49	0.85	-	-7.62	3775.6

Investment Companies

Conventional (Ex Private Equity)	Price	+/-Chg	52 Week High	52 Week Low	Yld	NAV	Dis(-) or Pm
abrdnuksm	395.50	0.50	767.00	389.73	1.95	456.2	-13.3
3i Infra	299.00	-6.00	368.50	248.75	3.28	298.1	0.3
AbnAsianIn	199.00	2.50	236.00	196.50	4.67	227.8	-12.6
Abrdn Div I&G	83.20	-1.80	104.50	83.55	6.61	118.6	-29.8
AbnLatAmIn	54.75	0.25	62.00	44.20	6.39	65.7	-16.7

	Price	+/-Chg	52 Week High	52 Week Low	Yld	NAV	Dis(-) or Pm
CTMgdT	114.50	-6.50	149.00	113.57	5.55	113.2	1.1
CT Cp&I	302.00	7.00	341.00	269.56	3.84	274.1	10.2
CT UK HIT A	76.50	-	98.00	73.00	6.93	80.4	-4.9
CT UK HIT B	80.00	-	101.00	79.00	6.63	80.5	-0.6
CT UK HIT UNIT	305.00	-	392.00	294.00	-	321.3	-5.1
Dun Inc	258.00	3.00	340.67	250.75	4.96	265.6	-2.9
EcofinGlobal	196.75	6.25	252.00	165.00	3.35	198.0	-0.6

	Price	+/-Chg	52 Week High	52 Week Low	Yld	NAV	Dis(-) or Pm
JPM Amer	691.00	10.00	800.00	650.00	0.98	721.3	-4.2
JPM Asia	324.50	5.50	467.17	315.28	5.82	362.0	-10.4
JPM China	290.00	8.00	589.00	278.00	7.86	328.2	-11.6
JPMElct MC	102.00	-	105.00	99.00	0.39	103.0	-1.0
..MG	892.50	-	1115.3	886.25	1.79	930.3	-4.1
..MI	89.25	0.50	111.00	88.00	5.32	92.8	-3.8
JPM Emrg	98.00	-0.40	138.00	95.70	1.38	111.9	-12.4

	Price	+/-Chg	52 Week High	52 Week Low	Yld	NAV	Dis(-) or Pm
SchdrAsiaP	473.50	1.50	616.00	464.00	1.69	538.5	-12.1
SchdrEurReE	80.20	-0.60	119.50	80.20	6.84	119.5	-32.9
Schdr Inc	261.00	4.00	319.50	254.60	4.83	266.8	-2.2
SchdrJap	191.50	-2.00	226.20	185.95	2.56	227.4	-15.8
SchdrOrient	237.50	1.00	277.00	234.00	4.34	255.8	-7.2
SchdrRealEst	43.10	1.00	61.00	40.00	5.87	79.8	-46.0
SchdrUKMd	472.50	1.50	718.00	454.00	2.81	544.2	-13.2

	Price	+/-Chg	52 Week High	52 Week Low	Yld	NAV	Dis(-) or Pm
abrdnPropInc	53.40	0.80	90.00	50.82	6.40	111.1	-51.9
AEW UK REIT	90.10	2.00	135.00	83.77	8.88	126.9	-29.0
Bal ComPrp	76.70	2.80	124.20	68.53	5.57	148.5	-48.4
CTRealE	73.20	0.80	101.00	67.45	5.05	133.0	-45.0
Longbow	52.50	-	92.20	52.00	11.43	66.4	-20.9
TR Prop	284.50	13.00	526.00	263.00	4.99	294.1	-3.3
Tritax EuroBEUR €	0.73	0.03	1.41	0.66	6.58	1.4	-47.9

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UK tax: the trouncing of Trussonomics

For someone who believes in the power of markets, Liz Truss took a long time to appreciate their most volatile elements. Yesterday she capitulated, sacking her chancellor. Replacement Jeremy Hunt is a relative moderate.

The decision, and the partial reversal of the mini-Budget, marks the end of an ill-starred experiment in unorthodox economics.

With smoke still billowing out from the lab, markets will expect better chemistry from Truss and Hunt, himself a low-tax advocate. They must buff up the government's economic credibility. Yes, government bonds staged a recovery in anticipation of the U-turn on corporate tax. But reintroducing an £18bn increase reverses just two-fifths of the mini-Budget's £43bn unfunded tax cuts.

Businesses crave stability. They should welcome efforts to get a grip on public finances. But some, including banks, should face a higher burden after the reinstatement of the corporate tax rise next April from 19 per cent to 25 per cent. Nor is it just governments demanding a bigger share of profits. Workers too want more.

A relatively high headline rate will make Britain a less attractive place to do business. The UK was the enthusiastic proponent of using tax as a lever to attract inward flows of capital. It led the race to cut rates which have fallen 8.3 percentage points to 20 per cent in the 11 years to 2021, according to the OECD.

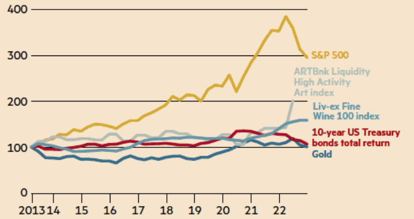
The final impact of a high headline corporate tax rate on investment decisions depends on the generosity of allowances. In the UK, these have in the past lagged behind other countries.

Businesses should demand more investment-friendly tax reliefs. That would soothe the burn of a rise in the headline rate. That percentage, though high internationally, is unlikely to drop again. The fallout from Trussonomics is likely to make corporate tax cuts a toxic topic in future election campaigns.

Art market: picture perfect

Fine art is outperforming in 2022

Returns (rebased)



Source: Refinitiv

Investors cope with recession, inflation and high-cost debt. Havens are few. Gold is down 9 per cent in the year to date. Is the art market worth a look? By rights, art should be shielded from the worst of economic winds: collectors tend to be wealthy and to fund purchases from income or savings. Recent auctions seem to bear this out. Combined sales from the top three houses were up more than 20 per cent in the first half, one survey found. The ARTBnK Index, which tracks prices fetched by active artists, has risen more than 50 per cent.

The indicators have limits. Auctions are less than half the art market. Indices that track them only count successes: no allowance is made for lots that are pulled or stay unsold. Every work is different. The price it fetches may say more about its size, colour or quality than about the state of the market. That said, the mood music is still positive.

The blue chips — Picassos, Monets, Basquiats — are assumed to be the safest bet. Buying them may be a once-in-a-lifetime chance. Going mainstream is a natural way for investors to try to limit the risk of these expensive and illiquid asset purchases. But where does that leave the more modest collector?

Enter fractional ownership. This gives investors the chance to own a bit of a Basquiat and sell it on without the work changing hands. Useful for those wishing to diversify assets, less so for those who want a painting.

Or buy art you like, and look elsewhere for investment. For all the buzz over collectable asset classes, it is easy to forget that over the past decade the S&P outperformed them by miles, even after its recent decline.

EU energy policy: an educated gas

Germany argues that its giant €200bn package to shield companies and households from high energy costs isn't selfish: the benefits to Europe's largest economy will trickle down to everyone else. Plus, everyone is at it. Spain, Portugal and France all have some measure of support in place.

But the issue is the package's relative size. Germany has the debt capacity to push through subsidies that fiscally constrained countries such as Italy will never be able to replicate. A piecemeal support should be as limited as possible. It is unwise to remove price signals from a market with insufficient supply. And debt needs to be paid back.

That is important considering the potentially large numbers involved. Look at the gas sector, first. The European market consumes roughly 4,000 terawatt hours yearly. Gas now costs about €145 per megawatt hour. Making up the difference between that and historical prices of about €20/MWh would cost €500bn a year. It would promote gas demand just when Europe needs to ration.

But focus a subsidy on industry — which accounts for about 20 per cent of European gas demand — and borrow Germany's proposed price cap of €70/MWh for 70 per cent of consumption — and the cost shrinks to a manageable €42bn. The remaining price exposure would also provide incentive to cut demand. That's crucial given Europe faces a tight winter and year ahead.

Kroger/Albertsons: bagging a rival

margins of 5 per cent at best. The entry of Amazon, Costco and Walmart exacerbated the cut-throat competition. A combination of Kroger, Albertsons and Safeway may pass regulatory scrutiny because of this encroachment by general retailers and the success of ecommerce.

Kroger plans to lighten its load when competition authorities review the deal. It has committed to create a new listed group, holding between 100 and 375 stores, with existing Albertsons investors getting shares in this spin-off. Kroger may divest other stores for cash as well. The SpinCo is a tax and time-efficient way to satisfy antitrust regulators keen to cut Kroger's regional market concentration.

How well such a diminutive chain is received by the public market is to be seen. But the mooted valuation ascribed by Albertsons and Kroger — three times ebitda from stores alone — is reasonable. While awaiting the regulatory review, Albertsons investors will be paid a fifth of the deal price in a special dividend as compensation.

Despite the brutal economics, private equity has minted fortunes in the grocery business. KKR's controversial

UK debacle shows central bank 'tough love' is here to stay

Katie Martin

The Long View

Over the past three weeks, the UK has provided the world with more "lessons to be learnt", in Bank of England-speak, than any market since the US in 2008.

Entire textbooks will come to be written about the stunning scenes in the UK's usually sedate bond markets since the "mini" Budget of September 23, with chapters entitled "Government policymakers: Don't Do This" and "Or This".

One of the key lessons that investors would be well advised to heed is that central banks really, truly mean it this time. They do not care how much money you are losing, even if global stocks are down 26 per cent this year without the usual counterbalance of higher returns from bonds.

They simply cannot be blown off course from a relentless rise in interest rates to quash the inflation they first failed to see coming and then swore was a blip. They are not in the mood for doing anything to foster moral hazard or to risk pushing inflation even further from their targets.

To recap on the UK for anyone lucky enough to have missed it: markets were looking grim globally, with inflation proving sticky and most big central banks slamming on the monetary brakes. On September 23, Kwasi Kwarteng — who was the chancellor when I started writing this column before he was sacked — stepped in with a "mini" Budget that included the biggest unfunded tax cuts in 50 years and a huge increase in borrowing, all predicated on growth assumptions that had not been subjected to independent external scrutiny.

UK government bond markets recoiled, prices fell fast and technicalities relating to hedging strategies meant certain pension funds had to sell more. The BoE halted this spiral by offering to buy gilts off them, later backing that up with further measures to enhance liquidity and buy inflation-linked bonds for a period ending yesterday. This had all already provided more excitement for gilt market veterans than, well, ever.

But a fresh shock came late on Tuesday this week, when BoE governor Andrew Bailey said he was serious: this support really would end yesterday. No rollovers of support.

Investors are hard coded, from the past decade-and-a-half, to believe that temporary assistance has a magical way of becoming semi-permanent, that central bankers will look after them. But speaking at an event in Washington, Bailey was blunt. "We've announced we will be out by the end of this week. My message to the [pension] funds is you've got three days left," he said.

> Central banks really, truly mean it this time. They do not care how much money you are losing

This went down like a cup of cold sick. The consensus was that disaster lay ahead. In fact, it turned out to be a master stroke. All of a sudden, take-up of the central bank's bond-buying facility shot up. Market participants realised they could not wait and hope for the BoE to buy bonds off them at a better price. They had to get it done — this is not a form of backdoor monetary support.

Against the odds, the central bank managed to get the market under control and cap what was looking like a disorderly ascent in yields. Any form of more lasting prop to market stability is likely to be very narrowly targeted.

"[The BoE] didn't want anyone to think they were getting bailed out," says Tomasz Wieladek, at T Rowe Price. "The bar for central banks to pivot is very high", given high inflation, he adds.

This is precisely the sort of tough love that investors must learn to live with. To quote the peerless Björk (no ridiculous quibbling on her immense talents will be entertained, so please don't bother emailing me): "Your rescue squad is too exhausted."

Some fund managers are finding it easier to adapt to this new reality than others. Ark Investment Management's Cathie Wood — the doyenne of growth stocks and a champion of innovation — is in the latter camp, perhaps unsurprisingly for someone whose flagship exchange-traded fund has fallen 63 per cent this year. This week, she penned an open letter to the US Federal Reserve "out of concern [it] is making a policy error that will cause deflation".

Wood sounded exasperated at the Fed's latest 0.75 percentage point rate rise, asking: "Unanimous? Really?" Three days after her letter, annual US inflation was reported to be running at 8.2 per cent, just a shade below the previous month's reading of 8.3 per cent. It is reasonable to wonder why aggressive rate rises are not yet showing any discernible success in pulling down inflation. But the answer has to be "yes, really".

The Fed does not operate in a vacuum. "Several participants noted that . . . it would be important to calibrate the pace of further policy tightening with the aim of mitigating the risk of significant adverse effects on the economic outlook," it said in its latest meeting minutes. But that is nowhere close to a serious suggestion it is considering a more lenient path. Bad news for economies and real life is often good news for markets, as it suggests central banks might be more generous to the financial system. But it is increasingly clear that we would need a truly dire shock for that to work now.

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