FINANCIAL TIMES

FRIDAY 19 AUGUST 2022 INTERNATIONAL NEWSPAPER OF THE YEAR ASIA

TikTok's time
Rise of Chinese app weakens US grip on internet — JOHN THORNHILL, PAGE 17

Seoul searching
Korean buyout groups are flush with cash and on the hunt — BIG READ, PAGE 15

Gene genie
First drug using Crispr technology is almost out of the bottle — PAGE 9

Ukraine talks
Nuclear plant leads agenda

Turkish presidential press service/AFP

Recep Tayyip Erdoğan, left, sits with Volodymyr Zelenskyy, centre, and UN secretary-general António Guterres, right, in Lviv yesterday during the Turkish president's first face-to-face meeting with his Ukrainian counterpart since Russia's full-blown invasion began nearly six months ago.

Zelenskyy said the three had discussed the situation at the Zaporizhzhia nuclear power plant in southern Ukraine, which was captured by Russian forces in March but is still operated by Ukrainian staff. Both sides have accused the other of shelling the site. "We don't want to live through another Chernobyl," Erdoğan warned.

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Turkey rate cut page 6

Quant funds help push US stocks higher with bets on equities rally

- Bearish positions unwound
- Reversal despite slowdown signs
- Market value up by $7tn

ERIC PLATT — NEW YORK

Quant funds are increasing their bets on US stocks, helping fuel a sharp rally that has added $7tn in value to markets since June even as economic data point to a slowdown in the world's largest economy.

In many cases, the funds — which look for trends in the market and then attempt to ride the momentum — have quickly unwound positions taken in late 2021 and this year that were structured to benefit from falling stock markets.

As they have closed out those bearish bets, they have helped push stock prices higher — and then followed the new trend by making fresh wagers that benefit from the rally.

Charlie McElligott, a strategist at Nomura, said quant funds "moved fast and unemotionally" to shift their stance, catching "a very bearish market . . . very flat-footed".

These funds have spent tens of billions of dollars on futures, helping push the benchmark S&P 500 and the tech-heavy Nasdaq Composite up double digits from recent lows, according to traders and analysts.

Nomura estimates that trend-following hedge funds and volatility control funds have purchased $107bn of global stock futures since markets hit a low in late June with a large portion of that used to close short positions.

"With positioning basically at the low, there was a lot of cash on the sidelines and so, as the market stabilised and started to rally, more and more of this flow has come back into the market," said Glenn Koh, head of equities trading at Bank of America.

The role of the computer-driven funds helps to partly explain the head-scratching advance in the $47tn US stock market. Whether the "risk-on" shift can last depends in part on whether the US Federal Reserve can raise rates to damp economic activity and stamp out inflation without pushing the world's largest economy into recession.

Investors moved to the sidelines en masse as stocks slid this year and many trend-following hedge funds placed short bets on the market as they predicted further declines.

Markets were pummelled by Russia's invasion of Ukraine in February, surging commodity prices and the threat of economic slowdowns in China, the US and western Europe just as central banks raised interest rates to snuff out inflation. But after the S&P 500 fell into a bear market in June, the market snapped back, recouping more than half its losses this year.

JPMorgan strategist Marko Kolanovic said the rally had reached most corners of the market. About 88 per cent of S&P 500 stocks are trading above their average over the past 50 days, up from just 2 per cent in mid-June.

Fund managers have also grown more optimistic. After polling portfolio managers this month, Michael Hartnett, strategist at Bank of America, said they were "no longer apocalyptically bearish".

Wall Street's Dr Doom page 10

Buy signal: New York Stock Exchange benchmarks such as the S&P 500 and tech-heavy Nasdaq Composite are up double digits from recent lows

Seth Wenig/AP

Briefing

▸ China backs coal as power demand rises
Beijing has said it will offer support for the fossil fuel as a months-long heatwave and a lack of rain starve dams of water in Sichuan, a province of 80mn people that relies on hydropower.— PAGE 4

▸ Berlin to cut VAT on gas to aid families
German chancellor Olaf Scholz has announced a cut from 19 per cent to 7 per cent, adding that more moves would be set out in coming weeks. The cut will offset a levy that starts in October.— PAGE 2

▸ Covid curbs and chip shortage hit Geely
The carmaker has said its profits more than halved as production was disrupted in the latest sign of the impact of persistent lockdowns on China's once high-flying companies.— PAGE 8; LEX, PAGE 18

▸ Australian wine group puts faith in UK
Treasury Wines Estates, which owns brands such as Penfolds and Lindeman's, has said inflation is hitting the lower end of the market but many were not cutting back.— PAGE 6

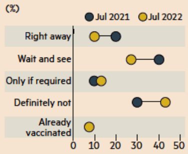
▸ Embracer makes most of games scarcity
The Swedish dealmaker has defied a downturn in the sector as it announced six acquisitions and posted a rise in first-quarter sales and profits despite a drought in game releases.— PAGE 6

▸ Oslo unveils second rate rise this year
Norway has increased interest rates to 1.75 per cent and plans another rise next month to counter what the central bank described as "persistent global price pressures".— PAGE 2; MARKETS INSIGHT, PAGE 11

▸ Time running out for forever chemicals
Scientists have discovered a simple method for destroying harmful chemicals — compounds known as PFAS or simply "forever chemicals" — which were thought to be almost indestructible.— PAGE 4

Datawatch

Jab fears
Will you get your under-fives vaccinated? (%)



Source: KFF Covid-19 Vaccine Monitor

US authorities in June approved Covid-19 vaccines for children as young as six months. Four in 10 parents now say they will not get their youngsters inoculated, citing concerns over lack of testing and possible side effects

Student makes $110mn from bet on meme stock

Analysis ▸ PAGE 10

Trump executive's guilty plea in tax case adds to legal woes of former president

LYDIA TOMKIW — NEW YORK

Allen Weisselberg, the former chief financial officer of the Trump Organization, has pleaded guilty to criminal charges in a tax fraud case relating to his time working for former US president Donald Trump's family business.

Weisselberg pleaded guilty to all 15 counts in the indictment yesterday. Under a deal struck with Manhattan prosecutors, he was promised a jail sentence of five months, along with a possible five years' probation contingent on his testifying truthfully in the upcoming trial of the Trump Organization if he is called upon. He faced up to 15 years in prison if convicted of the charges against him.

The case against the Trump Organization is continuing, and jury selection is scheduled for October 24.

The Trump Organization and Weisselberg, one of its most loyal and long-time employees, were charged last year in connection with what prosecutors alleged was a 15-year scheme in which company officials avoided paying taxes by receiving benefits "off the books".

Prosecutors said Weisselberg had not paid taxes on $1.7mn in income and perks including a Manhattan apartment, Mercedes-Benz cars and private school tuition for family members.

"Today, Allen Weisselberg admitted in court that he used his position at the Trump Organization to bilk taxpayers and enrich himself," said district attorney Alvin Bragg. "This plea agreement directly implicates the Trump Organization in a wide range of criminal activity and requires Weisselberg to provide invaluable testimony in the upcoming trial against the corporation."

Weisselberg must also make tax, interest and penalty repayments to New York City and the state totalling more than $1.9mn, Bragg said.

The Trump Organization's financial practices have been under legal scrutiny for years. Cyrus Vance, the former Manhattan district attorney, launched an investigation after Michael Cohen, Trump's former lawyer, testified before Congress about Trump's businesses.

However, the probe has hit several snags. Two prosecutors leading the investigation into Trump, Carey Dunne and Mark Pomerantz, resigned this year, throwing into question whether the office would continue the probe.

Trump, who is facing numerous other legal woes as he contemplates another run for the White House in 2024, has repeatedly denounced accusations against him as a partisan witch hunt.

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

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World Markets

STOCK MARKETS

	Aug 18	Prev	%chg
S&P 500	4283.70	4274.04	0.23
Nasdaq Composite	12985.38	12938.12	0.37
Dow Jones Ind	33956.60	33980.32	-0.07
FTSEurofirst 300	1733.24	1726.35	0.40
Euro Stoxx 50	3774.78	3756.06	0.50
FTSE 100	7541.85	7515.75	0.35
FTSE All-Share	4162.11	4146.49	0.38
CAC 40	6557.40	6528.32	0.45
Xetra Dax	13697.41	13626.71	0.52

CURRENCIES

Pair	Aug 18	Prev	Pair	Aug 18	Prev
$/€	1.013	1.016	€/$	0.987	0.984
$/£	1.200	1.204	£/$	0.833	0.830
£/€	0.844	0.844	€/£	1.185	1.185
¥/$	135.210	135.465	¥/€	136.960	137.666
¥/£	162.305	163.154	£ index	79.408	79.615
SFr/€	0.967	0.969	SFr/£	1.146	1.148

CRYPTO

	Aug 18	Prev	%chg
Bitcoin ($)	23334.31	23336.89	-0.01

GOVERNMENT BONDS

Yield (%)	Aug 18	Prev	Chg (b/p)
US 2 yr	3.21	3.35	-0.14
US 10 yr	2.86	2.91	-0.05
US 30 yr	3.12	3.16	-0.04
UK 2 yr	2.54	2.51	0.03
UK 10 yr	2.31	2.29	0.02
UK 30 yr	2.62	2.62	0.00
JPN 2 yr	-0.09	-0.09	0.00
JPN 10 yr	0.19	0.18	0.01
JPN 30 yr	1.09	1.06	0.03

Dubai

Nikkei	28942.14	29222.77	-0.96
Hang Seng	19763.91	19922.45	-0.80
MSCI World $	2822.87	2844.42	-0.76
MSCI EM $	1015.59	1014.22	0.13
MSCI ACWI $	655.07	659.44	-0.66
FT Wilshire 2500	5571.49	5618.88	-0.84
FT Wilshire 5000	43522.88	43897.73	-0.85

Ethereum	1861.66	1833.99	1.51

COMMODITIES

	Aug 18	Prev	%chg
Oil WTI $	89.70	87.69	2.29
Oil Brent $	95.98	93.65	2.49
Gold $	1767.20	1774.85	-0.43

GER 2 yr	0.73	0.72	0.02
GER 10 yr	1.10	1.08	0.02
GER 30 yr	1.29	1.29	0.01

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

Lviv talks

Erdoğan backs Ukraine peace negotiations

Turkey president offers to mediate between two sides after meeting Zelenskyy

MEHUL SRIVASTAVA AND ROMAN OLEARCHYK — KYIV
AYLA JEAN YACKLEY — ISTANBUL

Turkish president Recep Tayyip Erdoğan has said he is ready to support peace talks between Kyiv and Moscow after meeting Ukrainian president Volodymyr Zelenskyy in Lviv yesterday.

Erdoğan, who has acted as an intermediary, was making his first trip to Ukraine since Russia's invasion on February 24 and said he would soon consult Russian president Vladimir Putin.

"The main focus . . . was how to conclude the war," Erdoğan said. "The international community must take on responsibility to revive the diplomatic process. I continue to have faith that the war will end at the negotiating table. Mr Zelenskyy and Mr Putin are of the same opinion. The whole matter is determining the shortest and fairest path to the negotiating table." He added that Turkey was ready to mediate.

Erdoğan has pursued a balancing act with Turkey's Black Sea neighbours, condemning the invasion and selling Ukraine combat drones but refusing to join Nato partners in sanctioning Russia, on which his country depends for gas, oil and tourism. He met Putin in Sochi earlier this month and pledged to deepen trade links, raising concerns in western capitals that Ankara could help Moscow sidestep some sanctions.

Erdoğan's trip yesterday coincided with a visit by UN secretary-general António Guterres to check on the progress of a grain corridor brokered by the Turkish president and the UN between Russia and Ukraine. This has allowed about 30 ships to navigate a narrow lane in the Black Sea in and out of the port of Odesa, partially ending a six-month blockade.

> 'I continue to have faith that the war will end at the negotiating table'
> Recep Tayyip Erdoğan

The deal is expected to facilitate exports of 20mn tons of grain trapped in Ukrainian silos and help forestall a global food crunch. Erdoğan said he discussed ways of increasing the flow of grain and said the arrangement showed how Turkey and the UN could encourage co-operation between Ukraine and Russia.

The leaders met as tensions simmered over control of a nuclear power plant in southern Ukraine. In March, Russian forces captured the Zaporizhzhia plant, Europe's largest nuclear power station, which is still operated by Ukrainian staff. Both sides have accused the other of shelling the site. "We don't want to live through another Chernobyl," Erdoğan said, referring to the world's worst nuclear power plant disaster, which occurred in Ukraine in 1986.

A visit to the plant by the UN's International Atomic Energy Agency has been delayed by disagreement between Kyiv and Moscow over which side would arrange the trip. Russia's foreign ministry has said creating a demilitarised zone around the plant would make it "more vulnerable" but said the IAEA visit would happen "in the near future".

Zelenskyy said: "The UN must ensure the security of this strategic object, its demilitarisation and complete liberation from Russian troops."

Erdoğan told Zelenskyy that Turkey was ready to help rebuild Ukraine after the war. Turkish broadcaster HaberTurk said the two sides had signed a deal on reconstruction but did not provide details on the size of the agreement. Ukraine has estimated that rebuilding the country will cost $750bn.

Conflict zone. Exports

Odesa dares to hope after Russia lifts blockade

Main port has started to rebuild following grain ships deal but war risks remain

MEHUL SRIVASTAVA — ODESA

To cheers, the Razoni slipped its moorings on August 1 and with its horn blaring became the first ship to leave the Ukrainian port of Odesa after an almost six-month blockade by Russia's navy.

"These are the sounds of a working port," said Gennadiy Trukhanov, the city's mayor. "It's difficult for the city to live without these sounds."

Ships had been stranded in Ukrainian ports since Russia's February 24 invasion, caught between defensive naval mines and Russia's Black Sea fleet. Global food prices leapt as the international supply route for grain was choked off, and Odesa, Ukraine's main port, was deprived of much of its livelihood.

"When the port shut down due to the war, it felt like not just the windows were closed but also the shutters," said Trukhanov.

About 200,000 people fled the city in the first weeks of the war, many to Moldova or further into Europe. In the following months, Russian missiles hit Odesa repeatedly, killing civilians and destroying the runway at the airport.

But with the signing of a multilateral humanitarian agreement on July 22 to open the shipping lanes, a tentative optimism has returned.

About 30 vessels have navigated the narrow corridor out of Odesa since the Black Sea Grain Initiative, brokered by Turkey, the UN, Russia and Ukraine, was agreed. António Guterres, UN secretary-general, is visiting Odesa today in a sign of hope the deal will hold.

Ships are escorted by Ukrainian tugs to the edge of the defensive minefield before heading for Istanbul, where Turkish and Ukrainian officials check for weapons, and are then cleared for their onward passage.

The deal has raised hopes that Odesa, established as a freeport by Russia's Catherine the Great at the end of the 18th century, will be spared the destruction inflicted on other Ukrainian cities by Russian forces.

"The port is the reason Odesa exists," said Roman Morgenstern, a director of Ukrferry, operator of two cargo vessels and passenger ferries sailing between Odesa and Istanbul that were trapped. "For us it was a mortal hit. Hundreds of employees, a big organisation we had built up over 25 years — what should we do in these circumstances?"

Bulk carrier: locals watch as Navi Star leaves Odesa loaded with corn this month
STR/NurPhoto

The port is now preparing to resume operations even though the threat remains. Four missiles struck the port on July 24, hitting what Moscow said was a Ukrainian naval vessel.

The blockade severely hit Ukraine's economy. The bulk of exports by value, including steel, use Odesa and its two smaller neighbours, also blockaded, to reach faraway markets.

Until war erupted, Odesa was the centre of a logistics network that took millions of tonnes of grain to the Black Sea, from where it was exported as far as Africa and south-east Asia.

With ports blockaded, grain silos filled and the local market for food deliveries collapsed, leaving farmers unsure if they would recoup their costs if they planted a crop this autumn.

"When the seaports were closed the price for local production made no sense for winter planting," said Taras Kachka, junior economy minister and chief trade negotiator. A fraction of Ukraine's exports went by road, rail and even on the Danube but "logistics ate up all the profits", said Kachka.

> 'When the seaports were closed the price for local production made no sense for winter planting'

About 20mn tonnes of grain remain trapped in inland silos but one haulage operator said it had rerouted trucks from routes to Poland in the expectation farmers would start booking deliveries to the port. The clogged arteries of the logistics network are, however, taking time to clear. Dozens of ships still need to find a way out, and the grain initiative applies only to food and fertiliser.

Gaurav Srivastava, chair of Harvest Commodities, watched in relief as two of the trader's vessels sailed from Odesa and Chornomorsk with about 100,000 tonnes of corn.

Life had been "really tough" for the crew trapped on board, he said. "Very quickly this became a humanitarian issue for the crew, farmers, the world."

Until more vessels leave, there will be no space for ships to pick up grain. And war still looms over hopes for Odesa's revival. "I can't plan even one day in advance," said Trukhanov. "How can one talk about restoring the city when things are still precarious. We can't even find enough crews for the ships, even if the port is somewhat open."

Morgenstern said: "If we don't get our vessels out, we have no market, no ability to make a return on our investments. Suddenly, with this deal, it's like we finally have some air in our lungs."

Levy offset

Germany will cut gas sales' VAT to ease burden on households

MARTIN ARNOLD — FRANKFURT

Germany has unveiled plans to cut tax on natural gas sales to soften the blow of soaring energy costs for many households by offsetting the impact of a new gas levy that starts in October.

Chancellor Olaf Scholz announced the cut in value added tax on gas sales from 19 per cent to 7 per cent yesterday, adding that more measures would be set out in the coming weeks to deal with Germany's mounting energy crisis.

"The question of justice is crucial for the country to stick together in this crisis," Scholz said, adding that gas suppliers should pass on the tax cut in full to customers. "You'll never walk alone," he said, repeating his often used mantra.

The move will lower energy costs for German households and reduce inflationary pressures, but it is also likely to dilute the incentive provided by higher prices to reduce consumption.

German authorities aim to cut total gas usage by a fifth this year to avoid having to ration supplies for heavy industrial users if Russia keeps throttling its gas flows to Europe.

"Reducing VAT on gas prices is really counterproductive," said Klaus Adam, economics professor at the University of Mannheim. "It's never a good idea to mess with the price mechanism. It's better to subsidise in a targeted fashion."

The VAT cut will come into effect in October and offset the impact of an extra levy starting at the same time that was announced earlier this week and will add 2.419 cents per kilowatt hour to gas bills to compensate suppliers for sharply higher wholesale prices.

Jörg Krämer, chief economist at German lender Commerzbank, estimated that the move would reduce German inflation by 0.3 percentage points.

"This announcement sounds a bit like a desperate move," said Carsten Brzeski, head of macro research at Dutch bank ING. "Prices have increased by so much that it is no longer about incentives to reduce gas but rather about how households can actually still pay their energy invoice in the winter."

Analysts at Germany's Deutsche Bank estimated in a blog yesterday — before the VAT cut announcement — that the new levy would cost industrial groups €5bn extra per year.

The chemicals industry, one of Germany's biggest consumers of gas, complained that it would not benefit from the VAT cut, adding that Berlin had increased its burden with extra gas levies yesterday. "Companies don't pay VAT, so the relief doesn't do them any good," said Wolfgang Grosse Entrup, head of the country's chemical industry association.

Roughly half of German households rely on gas for heating and the government has estimated that an annual gas levy would cost an extra €484 a year — excluding VAT — for the average family of four with an annual gas consumption of 20,000 per kWh.

Germany relies heavily on Russian gas, which until Moscow's invasion of Ukraine accounted for 55 per cent of its imports.

But Russia has cut flows through the Nord Stream 1 pipeline to Europe to only 20 per cent of capacity.

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Balkans

Crisis talks between leaders of Kosovo and Serbia deadlocked

HENRY FOY — BRUSSELS

The EU's top diplomat said there had been "no compromise" during crisis talks between Kosovo and Serbia over a dispute that sparked a border disturbance last month and fears of instability in the Balkans, already reeling from the effects of Russia's war against Ukraine.

"I couldn't say that there was exactly progress [today] . . . No compromise at the moment," said Josep Borrell, the EU's chief diplomat who chaired the talks between Serbian president Aleksandar Vučić and Kosovo prime minis-

Monetary policy

Norway raises rates to combat 'persistent price pressures'

LEKE OSO ALABI — LONDON
MARTIN ARNOLD — FRANKFURT

Norway has raised interest rates for a second time this year to 1.75 per cent with a third rise planned next month because of what the central bank said were "persistent global price pres- raised rates aggressively in response to inflation, which is at multi-decade highs in several economies following a surge in global food and energy costs.

Norges Bank cautioned there was a possibility of a sharper slowdown in global growth, noting a rise in rates and high inflation could cool down the hous-

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Leaders of the two countries held rare face-to-face talks, moderated by the EU, in Brussels yesterday.

This followed a move by Kosovo that required ethnic Serbians living in the country to possess car registration plates issued by the province of Pristina, which resulted in barricades being erected on the border and shots fired at police in late July.

Belgrade does not recognise the sovereignty of Pristina, which declared independence in 2008 after a war that was ended by Nato bombing of Serbia, and claims its former province discriminates against Serbs living there.

The EU and Nato are concerned the increasing tension could spill over into conflict at a time when Europe is

Josep Borrell, the EU's top diplomat, said both leaders agreed the talks would resume in the next few days

ter Albin Kurti. "Today there is not an agreement, but we don't give up . . . The process will continue," Borrell said after more than six hours of talks. "But it is not the end of the story . . . Both leaders agreed that the discussion will resume in the next few days."

Following the disturbances, Pristina delayed the implementation of the new car registration rules by a month to September 1.

sures".

The central bank lifted borrowing costs 0.5 percentage points yesterday, following a similar move in June. It plans another increase next month to counter inflation which is 6.8 per cent, more than three times higher than the central bank's target of 2 per cent. "A markedly higher policy rate is needed to ease the pressures in the Norwegian economy and to bring inflation down towards the target," said Ida Wolden Bache, governor of Norges Bank.

The accelerated pace of rate rises would reduce the risk of inflation from entrenching at a high level, the monetary policy and financial stability committee said yesterday.

Central banks around the world have

ing market and household consumption. The more aggressive messaging from the central bank led analysts to change their forecasts for interest rates.

"We now expect the bank to make it a hat trick of 50 basis-point hikes at the next meeting in September," said Jack Allen-Reynolds of Capital Economics. "With price pressures looking strong, further rate increases are likely to follow."

Economists at the US bank Goldman Sachs raised their forecast for how quickly Norges Bank would increase rates in the future yesterday, predicting it would lift its policy rate by a quarter percentage point at every meeting until it reached 3 per cent in March 2023.

See Markets Insight

INTERNATIONAL

Cheney shrugs off defeat with vow to prevent Trump return

Ousted Republican launches campaign to stop ex-president winning in 2024

JAMES POLITI — WASHINGTON
CAITLIN GILBERT — NEW YORK

Liz Cheney had long expected to lose the Republican primary race in Wyoming — and with it her seat in the US House of Representatives — to Harriet Hageman, the challenger backed by Donald Trump.

So when the moment arrived on Tuesday night, she was prepared to shift quickly to a new political mission for herself and others who have been purged from the party for daring to antagonise the former president.

Cheney is planning to launch a political movement, which will probably be called "The Great Task", whose primary purpose will be to prevent Trump from winning the White House again in 2024, as he remains the Republican party's frontrunner.

"I'm going to make sure people all around this country understand the stakes of what we're facing, [and] understand the extent to which we've now got one majority political party — my party — which has really become a cult of personality," she told NBC on Wednesday.

Cheney, the daughter of former vice-president Dick Cheney, faces a lonely battle within the party to achieve that goal, as the vast majority of its lawmakers either staunchly support Trump or refrain from criticising him.

"Cheney will continue to identify as a Republican, sure, but she would definitely be on the fringes of her party: what was once fringe is now centre and the centre is on the fringe," said Matt Continetti, a senior fellow at the American Enterprise Institute.

It is also unclear if traditional Republicanism has sufficient grassroots support nationwide to succeed in mobilising conservative voters to turn their backs on Trump or even provide a launch pad for Cheney's own hinted-at rival presidential run in 2024.

But Cheney, who established herself as the most prominent Republican critic of Trump as vice-chair of the congressional panel investigating the January 6, 2021 attack on the US Capitol, has acquired a standing in politics that will be hard to ignore.

In September, she will preside over public hearings of the committee delving into the insurrection, which will put her back at the centre of the political debate. Meanwhile, an array of conservative donors in finance and business are willing to bankroll her efforts as part of a last-ditch effort to restore the party's institutional roots.

"This is not the last you've heard of Liz Cheney, and frankly, this is not the last you've heard of us," said Peter Kellner, the founder and managing partner of investment firm Richmond Global, who donated to Cheney as well as David McCormick and Jaime Herrera Beutler this year, all Republicans who lost primary races to Trump-endorsed rivals.

"We are an angry group, but we have more pride than we have anger, in terms of our patriotism," he added. "If I were Liz, I would feel very good about myself. And I would sleep comfortably knowing there are many of us who look to her as one of the most important Americans of our generation."

Doug Heye, a Republican strategist, said Cheney's effort may not be entirely quixotic. Primary races have shown that while in Wyoming the grip of Trumpism remains tight, in some swing states, such as Pennsylvania, Trump-backed candidates prevailed but not by huge margins.

Yet her path will probably be narrow. Cheney's familial association with the George W Bush administration, as well as her staunchly rightwing positions on issues such as abortion, may alienate some voters on the centre left, even though respect for her among liberals has grown as she has fought to hold Trump to account.

If she runs for president, the wrath against her from the right will only intensify, whether she pits herself against Trump for the Republican nomination or on an independent ticket.

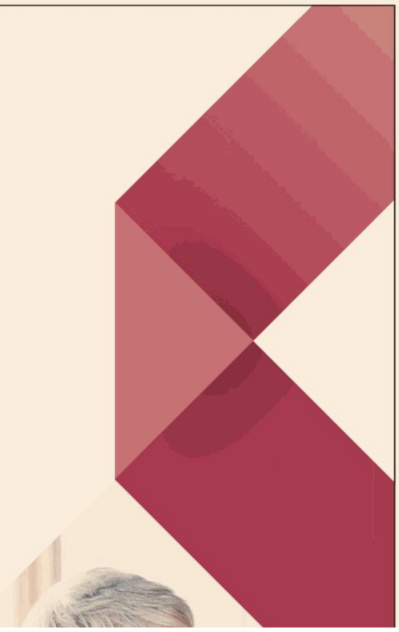
"Cheney's most successful avenue is maintaining platforms by which she can continue to be outspoken in her criticism of Trump and in her opposition to his restoration. That may be more immediate than a political campaign," said Continetti. "If she decides to run for president, she probably would be tempted to run in the Republican party only for the chance to appear on stage with Donald Trump in one of the debates. I also believe that the institutional Republican party, should Donald Trump run, will do everything in its power to prevent that from happening."

Beaten: Liz Cheney speaks to supporters in Jackson on Tuesday. Left, a session of the January 6 panel in Washington
David Stubbs/Reuters; Shawn Thew/AFP/Getty Images

> 'Many of us look to her as one of the most important Americans of our generation'

Heye said that although Cheney had signalled she wanted to keep the fight against Trump alive, she still needed to refine her plan and her goals.

"We don't know what the strategy behind it will be. Last night, she said that she was not going to stop in her efforts to prevent Donald Trump from being president again. That's very different than wanting to become the next president," Heye said. "And a lot of people who run for president aren't running with the expectation that they're going to be president."



INTERNATIONAL

Energy

Beijing backs coal to cope with heatwave

Move to keep factories open comes as drought hits hydropower plants

PRIMROSE RIORDAN AND GLORIA LI
HONG KONG

China will offer assistance to coal plants to maintain electricity supplies as demand for the fuel surges in the wake of extreme heat and droughts in the south-west.

A months-long heatwave and a lack of rain have starved dams of water in Sichuan, a province of 80mn that relies mostly on hydropower, forcing authorities there and in the neighbouring municipality of Chongqing to ask companies to shut factories temporarily.

China's vice-premier Han Zheng said on Wednesday that Beijing would provide support for coal after the planning ministry said daily consumption of the fuel by power plants was up 15 per cent in the first two weeks of August compared with the same period last year.

"[We need to] guarantee safe electricity supply for the people . . . and key sectors," he said during a visit to the State Grid Corporation of China.

The government would "enhance policy support [and] take multiple measures to help coal plants ease actual difficulties", he said without elaborating.

David Fishman, an analyst who covers Chinese energy at The Lantau Group, said Sichuan would inevitably turn to coal, which has become more expensive because of high demand. Government support could include a price cap, he added.

"[Provinces where] coal capacity [is] deployed to support hydropower in the dry season will be looking to maximise usage of their coal capacity as hydro production drops," said Fishman. "Under these conditions, there's no choice but to run the coal plants at maximum capacity."

Citic Securities said the power shortages could spread to other provinces if droughts and hot weather continued, although Fishman said the heatwave had not caused problems in the southern manufacturing hub of Guangdong. "The weather would have to be quite a bit hotter for quite a bit longer to endanger Yunnan hydro and, subsequently, Guangdong power supply," he said.

During the drought, some local governments along the Yangtze river, China's most important waterway which fell to a record low last week, have tried to influence the weather.

Cities along dried-out parts of the river, including Chongqing and Wuhan, have fired metal canisters into the air to seed clouds and induce condensation.

US electric carmaker Tesla and state-owned SAIC Motor said the power shortages in Sichuan had led to supply chain problems.

Homes, subway stations and shopping centres have also been hit by the power shortages.

Chinese social media site Weibo has been flooded with local residents' complaints about the lack of air conditioning at homes, offices and dim lighting at subway stations. "I felt like I was being cooked," read one post.

Additional reporting by Cheng Leng in Hong Kong

High and dry: a boy climbs in the riverbed of Chongqing's Jialing river, a tributary of the Yangtze, which has record low water levels
Thomas Peter/Reuters

East Asia. US-China relations

Taiwan tension forces rethink by multinationals

Businesses step up plans for different scenarios in belief invasion is now more likely

FT REPORTERS

Multinational companies are drawing up contingency plans in the event of a US-China military conflict after Beijing launched an unprecedented series of exercises around Taiwan this month.

Intensified planning by business leaders in the US, Europe, Japan and elsewhere is a signal that investors in China no longer consider an invasion of Taiwan to be merely a low probability "black swan" risk to the world's second-biggest economy.

"There's a lot of scenario thinking going on . . . 'What shall we do in case there is a war? Should we close our China operations? How can we sustain our business and overcome possible

Washington and its allies to diversify away from the mainland market.

Business leaders say the lack of an exodus by foreign companies highlights the dearth of alternatives to the world's biggest consumer market and most important manufacturing base. But some US companies are among those considering moving parts of their operations out of China, threatening economic ties between the superpowers.

Eric Zheng, president of the American Chamber of Commerce in Shanghai, said that for many US manufacturers with global supply chains, the Taiwan crisis was compelling them to consider building factories in other countries. "The popular thinking is 'China plus one' or even 'China plus two' — meaning China will still be the primary base for manufacturing but you have an alternative south-east Asian country, just in case," he said.

Another US business executive, who asked not to be named, stressed that the

Strait. The episode also came against a backdrop of western criticism of China's refusal to condemn the Russian invasion of Ukraine, as well as Beijing's crackdowns in Xinjiang and Hong Kong. US president Joe Biden, who has said Washington would defend Taiwan if China invaded, is rallying allies to counter Beijing's regional assertiveness.

Trade

Washington and Taipei to begin formal talks

The US and Taiwan have agreed to begin formal trade and investment talks. The move stems from a joint initiative announced in June and talks are expected to begin in the early autumn. They aim to deepen engagement in agriculture, digital trade, climate and other areas.

The announcement falls short of

Still, Zheng said many large US companies, including Disney and Elon Musk's Tesla, had made long-term commitments to be "in China, for China", and remained highly dependent on access to its 1.4bn consumers.

The most serious confrontation over Taiwan in almost two decades has also increased political pressure on companies that rely on exports to China.

David Mahon, a western investment manager and adviser based in Beijing since 1985, said that for groups such as New Zealand dairy exporter Fonterra, diversification away from their most important market would not be easy.

"They've been advised to diversify. The question is, where? Do I just stop taking profit for the next five years? There's nowhere to go," said Mahon.

Fonterra said it closely monitored geopolitical developments and that "China continues to be a profitable market with excellent prospects".

Noriaki Yamaga, managing executive

Perkins Coie, said the pace at which companies might shift operations out of the country could hinge on the upcoming 20th Chinese Communist party congress, at which Xi is expected to be reappointed as head of the party and its Central Military Commission.

"If [there are] no policy changes on multiple fronts — and I don't expect there to be — we might be seeing an accelerated level of strategic reshoring, nearshoring or offshoring to more friendly countries," said Zimmerman.

The head of Asia execution at a Wall Street investment bank said investors had been asking about strategies to hedge against Taiwan risk since Russia's invasion of Ukraine.

"People are not at all certain that there will be fallout. It's more about understanding what the escalation points are," the person said.

Zheng of AmCham Shanghai said tensions could only be eased once Xi and Biden were able to meet in person.

Pollution

Scientists find way to destroy 'forever chemicals'

CLIVE COOKSON — LONDON

Scientists have discovered a simple method for destroying harmful chemicals previously thought to be almost indestructible, which pose a growing pollution problem and health risk.

Synthetic compounds known as per- and polyfluoroalkyl substances, or PFAS, but commonly known as "forever chemicals", have been used for decades in industrial and consumer products, from waterproof fabrics and firefighting foams to non-stick cooking pans.

They accumulate in the environment, because of their chemical stability, potentially posing a threat to human and animal health.

Chemists from Northwestern University in Illinois and the University of California Los Angeles have developed an inexpensive low-energy process that breaks down two of the most important classes of PFAS into harmless chemicals. The discovery was published in the journal Science yesterday.

"PFAS have become a major societal problem," said William Dichtel, Northwestern's project leader. "Just a tiny amount of PFAS causes negative health

'We wanted to use chemistry to create a solution that the world can use'

effects and it does not break down [in the environment]. We can't just wait out this problem."

Exposure to PFAS depresses the immune system, decreases infant and foetal growth and increases the risk of kidney cancer in adults, according to a report by the US National Academies of Sciences, Engineering and Medicine published last month. It found evidence that suggested links with other cancers.

"We wanted to use chemistry to create a solution that the world can use," said Dichtel. "It's exciting because of how simple, yet unrecognised, our solution is."

The process involves heating PFAS to about 100C with sodium hydroxide in dimethyl sulfoxide, a common solvent. This sets off a series of reactions that destroy the otherwise unbreakable chemical bonds between carbon and fluorine atoms that make PFAS so stable. The products are harmless, small organic molecules and fluoride ions.

A study published this month by environmental scientists at Stockholm University and ETH Zurich found that rainfall samples from around the world exceeded the latest guidelines from the US Environmental Protection Agency for PFAS levels in drinking water.

Based on these guidelines, "rainwater everywhere would be judged unsafe to drink", said Ian Cousins of Stockholm University. "Although in the industrial world we don't often drink rainwater, many people around the world expect it to be safe to drink and it supplies many of our drinking water sources."

Water companies can filter PFAS out of drinking water but the chemicals then need to be disposed of — and the only methods available today involve blockades?'" said Jörg Wuttke, head of the EU Chamber of Commerce in China. "This little island that was always sort of simmering . . . all of a sudden is perceived in many headquarters like it's going to be the next Ukraine."

Even before tension soared over Taiwan this month, multinational companies active in China faced increasing reputational risk and pressure from

contingency planning did not reflect an "anti-China" position but rather a prudent response to the realities and potentially catastrophic ramifications of the increased risk of military conflict.

President Xi Jinping's decision to conduct military exercises in response to this month's visit to Taipei by US House Speaker Nancy Pelosi has dramatically altered the status quo in the Taiwan

Taiwan's hopes for a bilateral free trade deal but officials said the talks were important in keeping trade ties open, and they hoped to negotiate such a deal in the future.

The move is likely to further inflame tensions with China, which opposes US efforts to deepen ties with Taiwan. *Felicia Schwartz*

officer at shipping company Kawasaki Kisen Kaisha, questioned the extent to which economic and trading ties between the US and China could be weakened despite the temporary disruption to business from events such as Pelosi's visit. "Is it realistically possible for the global economy to have a US-China decoupling?" he said.

James Zimmerman, a China lawyer at

"You don't want to see decoupling happening. You don't want to isolate China. And you don't want to see these countries going totally separate ways. The bottom line is the US-China leaders have to work out their differences."

Reporting by Edward White in Seoul, Tom Mitchell in Singapore, Kana Inagaki in Tokyo and Hudson Lockett in Hong Kong

See Opinion

high temperatures or pressures. Incineration may release some PFAS into the air, said Dichtel, while buying them in landfills is "just guaranteeing that you will have a problem 30 years from now because it's going to slowly leach out".

The Northwestern-UCLA process will also need PFAS to be captured or concentrated from water and contaminated sites before they can be destroyed.

Peninsula ties

South Korea divided over repatriation of fishermen murder suspects to North

CHRISTIAN DAVIES AND KANG BUSEONG
SEOUL

When South Korean officials boarded a stray North Korean fishing vessel in 2019, they were confronted with 16 corpses, two suspects and an acute political dilemma.

Three years later, footage emerged of the two fishermen, who confessed to killing their fellow crew members, being handed over to the North Korean authorities and near certain execution.

The resulting controversy has pitted South Korea's conservative administration against its left-leaning predecessor, raising doubts over South Korea's respect for human rights, how Seoul handles relations with Pyongyang and a decades-old cycle of political revenge and recrimination.

"This case is an example of what happens when both the law and the facts are interpreted in a partisan way," said Jeongmin Kim, lead analyst at Seoul-based information service Korea Pro.

"It suggests that South Korean democracy is more dysfunctional than many people assume."

On Tuesday, prosecutors conducted a series of raids on the homes of directors of South Korea's National Intelligence Service, who served under left-leaning former president Moon Jae-in, over their handling of the fishermen's repatriation. According to the South Korean constitution, all Koreans, whether from the North or South, are citizens of the Republic of Korea governed by Seoul. There is no extradition treaty between the two countries.

Defenders of the Moon government, which was in office at the time of the incident, argued that the two fishermen were "heinous criminals". They added that the fishermen's requests to defect to South Korea had been "insincere" and that the government's decision to hand them over to Pyongyang after just three days of investigation was made in the interests of public safety.

Moon Jae-in: the former president's administration has been accused of capitulating to Pyongyang

But critics have pointed out that the Moon administration was pursuing a policy of engagement with the North at the time of the arrests. They have cast the decision as a shameful and misguided capitulation to Pyongyang as well as an affront to the rule of law.

The ultimate fate of the fishermen is unknown. Last month, the administration of President Yoon Suk-yeol, who assumed office in May, accused the former government of committing a "crime against humanity".

The South Korean public is split on the issue. A poll conducted by Gongjung Public Opinion Research last month found that 49.9 per cent of respondents thought it was "wrong" to send the fishermen back to North Korea, with 40.2 per cent saying the move was correct and 9.9 per cent unsure.

Yoon, a former prosecutor, built his popularity on a reputation for fearless law enforcement, including the jailing of Samsung heir Lee Jae-yong and Park Geun-hye, the former conservative president, over a bribery scandal.

But experts have questioned both the methods and the motives of his administration in reigniting the controversy.

The images of the fishermen being handed over to the North Koreans, with one of the men appearing to physically resist his transfer, were published by the conservative Chosun Ilbo newspaper last month, having been "discovered" by the unification ministry shortly after Yoon assumed office.

Sung Il-jong, a ruling People Power party lawmaker, said that the repatriation proved that "the Moon administration was a friend of the Kim Jong Un regime".

Karl Friedhoff, a fellow at the Chicago Council on Global Affairs and an expert in South Korean politics, said that Korean conservatives had long sought to portray their liberal opponents as willing to "sell out" their country's democratic values and national security.

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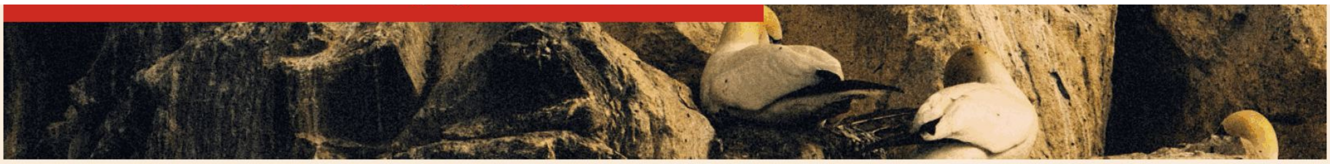
FT Weekend

The tragedy of the birds:
the virus decimating global wildlife



Simon Schama: the sacred right to free speech

Wine: Why the older vintage may not always be the better bottle

How **legal marijuana** is changing New York City

Lunch with **Starling Bank founder Anne Boden**

Dr Doom Economist Henry Kaufman fears a sluggish, timid Fed is failing to fight inflation with Volcker-type resolve ➜ MARKETS

Companies & Markets

Turkey defies 80% inflation with sharp cut to interest rate

- Currency slides on loosening policy
- Effort to spur growth before election

AYLA JEAN YACKLEY — ISTANBUL

Turkey rocked markets yesterday with a 100 basis point interest rate cut despite inflation of nearly 80 per cent, as the central bank loosens policy further to spur growth ahead of a general election next year.

The bank had been expected to keep the rate at 14 per cent, which had already pushed real Turkish yields deep into negative territory, a poll by broadcaster Bloomberg HT said.

Instead, policymakers lowered the rate to 13 per cent, saying they were concerned about the possibility of slowing economic growth. "Leading indicators for the third quarter point to some loss of momentum in economic activity," the bank said yesterday.

> 'With inflation at 80%, this recipe [by the central bank] only spells disaster'
>
> Cristian Maggio, TD Securities

"It is important that financial conditions remain supportive to preserve the growth momentum in industrial production and the positive trend in employment in a period of increasing uncertainties regarding global growth as well as escalating geopolitical risk."

The lira dropped about 1 per cent to as low as 18.14 against the US dollar, the weakest level on an intraday basis since a severe slide late last year. The currency has tumbled more than 25 per cent in 2022 as scorching inflation and

governor, supports President Recep Tayyip Erdoğan's unusual theory that high interest rates cause inflation, while mainstream economists subscribe to the opposite view.

"Instructions may have come down for a cut amid signs growth may be slowing," said Ceyhun Elgin, a professor of economics at Boğaziçi University in Istanbul. "The aim may be to carry things forward, for better or for worse, until the election."

Erdoğan's ruling party has seen its support tumble to historical lows amid widespread unhappiness with the cost of living in Turkey, less than a year before the election. The president is betting that the weak lira will help manufacturers export more goods and cheap credit will boost investment and jobs.

Kavcioğlu, who took the helm at the bank last year, began easing monetary policy in September, cutting rates from 19 per cent. That has unleashed Turkey's highest inflation in a quarter of a century. Rates, until yesterday, had been unchanged at 14 per cent since December. In recent weeks, the central bank has recorded a sharp rise in its foreign currency reserves, helped by inflows from governments abroad, according to the finance minister.

This may have encouraged Kavcioğlu to cut rates, giving the bank more of a buffer if it has to intervene to support the lira, Elgin said. But the bank's coffers remain about $61bn in the red, when liabilities to other banks are accounted for, according to Goldman Sachs estimates.

"With this decision, the central bank of Turkey drops any residual pretence

Betting on bigger Gaming group Embracer bolsters its stable despite market downturn

New game releases such as 'Saints Row' are expected to improve sales further — Deep Silver Volition/Embracer Group

ANNA GROSS — LONDON

Prolific gaming dealmaker Embracer Group defied a wider downturn in the sector as it announced six new acquisitions and posted a rise in first-quarter sales and profits despite a scarcity of new game releases.

The Swedish group, which has become the biggest gaming company in Europe after a four-year buying spree, has entered into agreements to purchase US group Limited Run Games, karaoke group Singtrix, PC game studio Tuxedo Labs, the intellectual property rights to *The Lord of the Rings* and *The Hobbit* literary works, as well as another company whose identity was kept confidential.

The initial cost of the acquisitions was SKr6bn, but the total consideration would be SKr8.1bn ($570mn),

below consensus estimates. The group reiterated its forecast for the full year, announcing it would be aiming for 25-30 per cent organic growth. Embracer's share price dipped 0.3 per cent yesterday.

Its results come as gaming companies face weakening sales and lower engagement in recent months, as players returned to real-world pursuits post-pandemic and cut back on spending. Analysts had been forecasting a tougher period for smaller studios that specialise in independent games, such as the majority of those owned by Embracer.

Embracer did report a particularly light performance in console gaming and entertainment and services, which was offset by strength in tabletop and mobile games. The highest contributor to Embracer's revenue

the market growth in all of our business segments.

"We are eagerly scouting for strong IPs as well as talent and capabilities that make our ecosystem stronger," Wingefors said about possible future acquisitions. "We are prudent and increasingly selective in order to ensure that we allocate our shareholders' investments wisely."

The only new release that made a notable financial contribution to the group's performance was *Evil Dead* but the group expects a strong roster of games releases throughout the year, including the popular action-adventure game *Saints Row* this month and the newest iteration of *Goat Simulator* in September.

Analysts at Citigroup said "the balance will be between comfort on the [full year] outlook" and the "slight

Australian winemaker puts faith in UK drinkers

NIC FILDES — SYDNEY

The head of one of Australia's largest wine producers has put his faith in Britons continuing to turn to his products as they struggle with a cost of living crisis.

Tim Ford, chief executive of Treasury Wines Estates, which owns brands including Penfolds, Wolf Blass and Lindeman's, said rising global inflation and higher household expenses were putting pressure on the lower end of the wine market.

But in UK, where inflation has climbed to a 40-year high of 10.1 per cent, Ford said there was no sign that consumers were cutting back on wine spending. "We haven't seen that shift in the UK. The £6-£8 a bottle price point continues to be pretty strong," he said.

Ford predicted that at-home consumption of lower-end wine would prove resilient. "That pandemic trend has really stuck," he said, referring to how people started drinking more at home after pubs and bars were closed because of lockdowns.

Phillip Kimber, a consumer analyst with E&P Financial Group, said that during the pandemic and the 2008 financial crisis, in many markets, including the UK, consumption of alcohol at home increased. "Supermarket sales went crazy," he said.

Ford said that Treasury Wine Estates would not raise the price of cheaper brands as the market could not absorb the higher cost, though the winemaker has raised prices for some of its popular luxury and premium brands. "These are not just lazy price rises. We can only do it where demand exists," he said.

TWE suffered a severe blow when China introduced punitive tariffs on the Australian wine industry in November 2020. China was its most lucrative market at the time and the company was forced to restructure and cut costs to deal with the impact of the tariffs.

TWE's full-year results for the year ending June 2022 showed pre-tax profit increasing just over 4 per cent to A$372.9mn ($259mn).

The business grew in the second half

deep concern over the central bank's unorthodox monetary policy have prompted foreign investors to flee the market.

Turkey has been bucking the trend of other central banks that are raising borrowing costs to rein in global inflation.

Şahap Kavcioğlu, the central bank to be targeting inflation and reveals its overarching goal of supporting growth. With inflation at 80 per cent, however, this recipe only spells disaster," Cristian Maggio, head of emerging markets strategy at TD Securities, said.

The central bank has an official inflation target of 5 per cent by end-2022.

the company said.

Embracer reported yesterday a year-on-year doubling of sales in the three months to June 30 to SKr7.1bn, though it was below consensus expectations of SKr7.3bn. It also reported a 3 per cent increase in operating profit to SKr1.32bn, though again this was was the tabletop gaming group Asmodee, which experienced strong demand for trading cards.

"The first quarter was relatively quiet, albeit a record quarter for the group in financial terms," said chief executive Lars Wingefors. "We believe we are well placed to outpace disappointment" in the company's first-quarter performance. They added that the company's results "do enough to reassure and should be well received".

Embracer has 120 game development studios, up from 10 four years ago, and more than 12,750 employees.

as its plan to target the US, UK and non-Chinese Asian markets took hold. "It has been an exciting year, geopolitics aside," said Ford.

TWE has maintained a presence in China and will introduce a Chinese version of Penfolds next month. Shares in TWE rose 4 per cent after the results.

Appeal of lofty tech rhetoric is waning but opportunities remain

INSIDE BUSINESS
TECHNOLOGY

Richard Waters

Have investors had enough of the grand visions and lofty rhetoric that did much to fuel the tech boom?

When stocks were riding high, it seemed every tech start-up wanted to change the world. Big claims were used to justify big bets. They were also used to get investors to look beyond the loss-making present — where often there was not even a plan for how to get to profit — and focus instead on the sunny uplands far in the future.

These days, only cryptocurrency start-ups still seem to cling wholeheartedly to the revolutionary rhetoric — though after the market meltdown that set in late last year, even the email pitches on behalf of new crypto projects arrive in the inbox with an almost apologetic shrug.

It is unclear how much this merely represents a stylistic change to suit the times, and how much it is a genuine retreat from the kind of risk-taking that characterised the long tech boom.

The language that floated a thousand start-ups is being refashioned. Finding a new rhetoric — and investment approach — to match the new mood is a work in progress.

One of the starkest signs of this change has been the startling retreat by Masayoshi Son, the SoftBank chief executive who has long been the arch-exponent of the visionary style. Son played on his reputation as a tech seer to justify some his biggest bets, even when his explanations were nebulous.

A humbled Son last week declared himself "ashamed" of the glee he had felt over SoftBank's earlier investment gains — many of which only existed on paper. It was unclear whether he was laying the ground for a complete reversal that will see one of the biggest risk-takers of the tech boom adopt a purely defensive strategy from now on, or whether the new humility was mainly for public consumption as SoftBank licks its wounds and prepares for its next iteration.

Some other investors who fuelled the boom — though with less overt cheerleading than Son — have also been lining up their mea culpas. Tiger Global, the US investment firm that placed more bets than anyone on late-stage tech start-ups, disclosed its latest losses this month, including that its long-only fund was down more than 60 per cent this year. In a letter to investors, it admitted to having overestimated the power of technology to keep inflationary forces in the economy at bay. Apparently this was a case of believing too much in the supposedly transformative nature of the very companies it was backing.

> Backers are focusing on shorter-term questions such as whether there is a demonstrable demand for a new idea

If this new tone of chagrin is the order of the day, it has not been adopted universally. When venture capitalist Marc Andreessen this week disclosed a big investment in the latest start-up from Adam Neumann, founder of WeWork, it brought together two figures who embodied the expansive style of the tech boom. To their fans, they have a clearer view than most of the big opportunities thrown up by today's technology shifts, and are willing to place bigger bets as a result. To their critics, on the other hand, their sweeping pronouncements represent the apotheosis of hype.

Details about the new company, which will be involved in residential property, are scarce. But in a blog post, Andreessen said that what was needed was a "seismic shift" and "rethinking the entire value chain" in "the world's biggest asset class".

Silicon Valley hasn't always relied on such language to promote potentially world-changing ideas. Take Google's announcement, in 1999, that it had raised $25mn in its only round of venture capital. It used the news to declare what, in retrospect, seems a relatively modest ambition: to build "the best search experience on the web".

True, co-founder Sergey Brin added that a "perfect" search engine — which Google hoped to be one day — would be able to "process and understand all the information in the world". But the focus was squarely on a single technology goal, to make search better.

Despite the retreat in tech stocks, the long-term investment opportunities offered by the rise of the digital economy haven't changed. But the appetite for lofty claims has diminished, as backers focus on shorter-term questions such as whether there is a demonstrable demand for a new idea, and whether it has a sound economic foundation. The winners in a less overheated investment climate will be the companies that keep the long-term opportunity squarely in their sights, but which can also find a new way to convey how they plan to get there.

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COMPANIES & MARKETS

Recovery snags

Covid and chip shortage hit Geely Auto

Profits fall 55% thanks to Beijing's lockdowns and global tech supply issues

OLIVER TELLING — SINGAPORE
PETER CAMPBELL — LONDON

Geely Auto said profits had more than halved as a semiconductor shortage and Covid-19 restrictions hit demand for vehicles and disrupted production.

Pre-tax profits dropped 55 per cent to Rmb1.3bn ($191mn) in the first six months of the year, compared with the same period in 2021, the Chinese carmaker said yesterday. Total vehicle sales fell 3 per cent to 613,845, though revenues rose 29 per cent to Rmb58.2bn.

Car sales were one-third of its annual target of 1.65mn vehicles, but the group expected demand to recover during the second half of the year and said it planned to hit its target.

Shares in Geely Auto, the Hong Kong-listed subsidiary of one of China's largest carmakers, dropped as much as 4 per cent following the earnings report.

The profits fall is the latest sign of the impact of China's Covid-19 lockdowns on its once high-flying companies. Geely was also hit by a chip shortage that has shaken the global auto industry.

The carmaker faced "huge disruption to the supply chain, especially in the first half of 2022 thanks to sporadic outbreak of the pandemic", said chief executive Gan Jiayue.

During April and May there was "almost a total halt in the supply chain for the auto industry", he added.

Boss Gan pointed to 'huge disruption to the chain, especially in the first half of 2022'

Despite the hit in the first half, Geely Auto expected pandemic-related disruption to subside, with a recovery in demand in the second half, it said.

It said it would strive to hit its target of increasing the number of vehicles sold 24 per cent to 1.65mn in 2022.

The group also plans to increase exports of its Chinese-made cars, which include its electric group Zeekr and subscription brand Lynk & Co. Exports last year rose more than 60 per cent to 88,000 cars. "We always hope to go more international," said Gan.

Geely expects more than half of its vehicles will be electric or hybrid next year. About a quarter of cars sold in the first half were classed as "new energy vehicles", a label China applies to battery or plug-in hybrid models. Geely expects that more than 30 per cent of its cars will be NEVs in the second half of the year. Geely's owner, Li Shufu, has amassed an array of international brands, from investments in Mercedes-Benz to control of Lotus and Volvo Cars.

The company is also in the process of listing parts of its network. Volvo Cars floated last year, while Polestar, the electric car brand owned by Geely and Volvo, floated through a special purpose acquisition company this year.

In May ECARX, which makes in-car displays and is backed by Li, announced a $3.8bn Spac deal, while there are also planned listings for the Zeekr brand, and shares in a branch of Lotus that will make electric sport utility vehicles in China.

See Lex

Technology. Sector risk

China lithium champion walks a fine line

Ganfeng mints cash but faces hazards as Beijing tightens grip on strategic industries

HARRY DEMPSEY — LONDON
EDWARD WHITE — SEOUL

Last month Tesla founder Elon Musk complained that lithium refiners were "minting money" and making "software-like margins".

Close to the heart of lithium processing sits Ganfeng Lithium, a highly profitable China group that is pivotal to carmakers' dreams of going electric but

Airlines

Emirates halts Nigeria flights over block on taking cash out of the country

AANU ADEOYE — LAGOS

Emirates Airlines plans to suspend all flights to and from Nigeria because of an inability to repatriate funds from the country, the carrier said yesterday.

The Dubai-based airline is suspending services from September 1 after securing no progress in its efforts to move funds, reported to be $85mn, out of the west African country.

"Emirates has tried every avenue to address our ongoing challenges in repatriating funds from Nigeria and have made considerable efforts to initiate dialogue with the relevant authorities for their urgent intervention to help find a viable solution," the Gulf carrier said. "There has been no progress."

Emirates said it would re-evaluate its decision if there were positive developments in the coming days.

Nigeria's central bank has implemented tight foreign currency controls as it seeks to ease pressure on dwindling reserves. Ninety per cent of Nigeria's foreign exchange earnings come from oil exports but production has dipped below its daily Opec quota because of theft, pipeline vandalism and a lack of infrastructure, even as oil prices rise following Russia's invasion of Ukraine.

Nigeria's central bank operates multiple exchange rate windows, including

'Emirates has tried every avenue to address our ongoing challenges in vulnerable to state influence as Beijing tightens control over strategic sectors.

With customers including Tesla, BMW and Volkswagen, Ganfeng's every move faces mounting scrutiny. In recent weeks, the group has hit the headlines for an insider trading probe launched by Beijing's regulator, its near-$1bn acquisition of lithium mines in Argentina, and for a subsidiary's participation in a joint venture to explore for lithium in Xinjiang, a region central to accusations of rights abuses.

The heightened attention underlines how the second-largest lithium processor by production volume after Chilean rival SQM is walking a fine line between keeping Beijing on its side and establishing itself in regional electric vehicle supply chains in the west.

"It's a Chinese company undergoing a global expansion," said Sam Jaffe, vice-president of battery storage solutions at E Source, a research group. "But I think the state does want to have influence over that company because they have become so important to the lithium ion battery chain."

Ganfeng declined to comment on the probe and said it did not yet have specific exploration plans for Xinjiang.

Founded by Li Liangbin in Jiangxi in 2000, the group has become one of the most important companies for overcoming a bottleneck in the rollout of electric cars: turning raw materials into battery-grade lithium compounds.

In the first quarter of this year, Ganfeng's operating profit rose almost eightfold to Rmb4bn ($592mn) on revenues that more than trebled to Rmb5.4bn, resulting in margins of about 75 per cent. Lithium prices have multiplied 13 times in two years to $67,050 per tonne of lithium carbonate in July, according to Benchmark Minerals Intelligence, a pricing agency.

Ganfeng's roots are in chemical processing but the group, listed in Hong Kong and Shenzhen, says its focus is developing mining in Argentina, Mexico, Australia and Mali for materials to refine into lithium hydroxide or lithium carbonate. But it comes amid rising geopolitical tensions, localisation of EV supply chains and development of domestic lithium processing by western nations, factors that could limit the feedstock available for China refiners.

Lithium supplier and battery maker Ganfeng's project in Xinyu, Jiangxi. Top right, founder Li Liangbin at the Hong Kong listing ceremony in 2018 — Ganfeng/Xiao Qiang/Imagine China

Ganfeng's rise to a market capitalisation of $26bn marks a remarkable achievement for Li and business partner Wang Xiaoshen. The pair together own just over a quarter of the group, according to bourse filings. Ganfeng declined to comment on its ownership structure.

Alex Payette, chief executive of Cercius Group, a China risk consultancy, says "relatively low-profile" Li has kept Beijing onside despite the fact that "Li and his business undoubtedly benefited" from ties to some of president Xi Jinping's earlier political rivals. "Given the strategic importance of lithium in China and the sheer size of Ganfeng Lithium's market position, the party would have a vested interest in maintaining the status quo with Li insofar as he does not step out of bounds."

Industry insiders praise the founders' vision. Some call Li the "rain man" for his ability to read the market and make counterintuitive bets, including shipping brine — from which lithium can be extracted — from Chile to China to cut costs. "Ganfeng foresaw the mineral shortage and started investing aggressively many years ago," said Susan Zou, battery materials analyst at research company Rystad Energy. When lithium prices slumped in 2019, the group kept investing, said John Kanellitsas, executive vice-chair of Lithium Americas, in which Ganfeng owns 20 per cent. "There was no wavering of their vision."

Despite the seeming neutrality and affability of the founders, Ganfeng faces the spectre of influence by an increasingly authoritarian Beijing. Joe Lowry, a former supplier to Ganfeng through US group FMC and friend of Li and Wang, said: "Ganfeng keeping its independence might be an issue. It depends on how the Chinese government views its battery and electric vehicles ambitions."

Analysts say there is a growing risk that Beijing asks Ganfeng to prioritise China EV makers if the lithium shortage deepens. Some suggest a state-owned mining group such as Zijin Mining could be directed to take Ganfeng over.

But executives at Ganfeng's partners argue it might thrive even if Beijing tightened the screw. "For Ganfeng, limiting the flow of material out of China would create an opportunity, as they are developing chemical processing globally, where the Chinese government doesn't have jurisdiction," said one.

So far, Beijing's main gripe with the sector had been the risk that the price rise dented the market for electric cars, said Daisy Jennings-Gray, an analyst at Benchmark Minerals.

> 'I think the state does want to have influence over that company'
> Sam Jaffe, E Source

Ganfeng said resource shortages and price spikes were mostly caused by the "mismatch between supply and demand" and the best solution was "accelerating exploration and development of upstream resources".

The west's increasingly hawkish view of China is causing the company complications. Vancouver-based Lithium Americas is considering spinning off a Nevada project, potentially ridding it of Chinese ownership and easing its access to US government support.

Mexico, where Ganfeng is developing a project, has moved to nationalise lithium assets.

Such pressures look set to intensify. The US climate change bill passed by Congress last week appeared to target China groups by requiring a threshold of raw materials in batteries to be extracted, processed or recycled in the US or by a trade agreement partner.

Lowry said Ganfeng would find it increasingly difficult to navigate between increasing hostility towards China companies in the west and meeting demands from Beijing. "Ganfeng is going to be treading a fine line."

Additional reporting by Maiqi Ding in Beijing

> ongoing challenges in repatriating funds'

an importer and exporter window, where large institutions access dollars for their business.

Ikenga Kalu, a foreign exchange trader at Aza Finance, a forex facilitating company in frontier markets, said Emirates' decision was because of the central bank's failure to meet the demand for dollars by many institutions operating in Nigeria.

The airline's suspension of its activities was not "the best signal" to foreign companies that invested their dollars in Nigeria, he said. He warned that other foreign entities with Nigerian operations could follow suit and suspend their business in the country until there was an alignment in all the various foreign exchange windows and the market started trading freely again.

Emirates had announced earlier this month it would reduce its weekly flights from 11 to seven because of the problems. The complete suspension illustrates the airline's growing concern over trapped revenues.

Emirates is not the only carrier with that problem. In June, the International Air Transport Association, Iata, the trade body, said foreign airlines operating in Nigeria had $450mn in revenues they could not repatriate.

A spokesperson for Nigeria's aviation minister Hadi Sirika said Emirates' suspension was "concerning", adding: "The minister of aviation has been trying what's humanly possible to assist them. Not just Emirates, but all airlines involved. The issue of repatriation of funds does not fall within the purview of the ministry. The little he [the aviation minister] can do is talk to all those who can help."

The central bank's policies were unlikely to change soon, said Adedayo Ademuwagun of Songhai Advisory, a consultancy.

Transport. Logistics

Demand for air freight continues to grow even as supply bottlenecks ease

Cargo volumes increase despite higher costs and concern over emissions

BEN GLICKMAN — NEW YORK

The use of air freight soared during the pandemic as shippers leapfrogged bottlenecks plaguing surface transport networks to get their goods to free-spending consumers.

Yet even as those bottlenecks start to ease, demand for planes to move cargo is growing. The trend is squeezing shippers' bottom lines, lifting the fortunes of airlines and boosting the most carbon-intensive form of freight transport.

Global air passenger traffic is forecast to be about a fifth lower in 2022 than in 2019, according to the International Air Transport Association. Yet air cargo volumes will be 11.7 per cent higher than in 2019 and 4 per cent more than in 2021, the airline trade group estimates.

How long reliance on costly air shipments lasts has become "a multimillion-dollar question", said Todd Ingledew, chief financial officer of luxury brand Aritzia. The Canadian company forecasts its profit margins will be as much as three percentage points lower this year than last because of higher costs from expedited air freight from overseas manufacturing sites, he told analysts earlier this month.

Levi Strauss, the jeans manufacturer, said higher air freight costs "to support delivery of seasonal merchandise" took 0.8 percentage points off its gross profit margin in the latest quarter, while Lululemon Athletica's margin guidance for its current quarter included 1.5 percentage points of "pressure from air freight costs due to port congestion and capacity constraints".

Gap took a $50mn charge from air freight this quarter, which contributed to the apparel retailer cutting its profit expectations. Another apparel group, PVH, took a $12mn hit in its latest quarter related to air freight.

Air freight is much more carbon intensive than shipping by sea. In 2019, ships moved nearly 350 times more cargo than planes but accounted for only five times more carbon dioxide emissions, according to the International Transport Forum.

But air freight is faster and has proved more reliable than alternatives as ports have been backlogged, truck drivers have been scarce and warehouses have filled up during the pandemic. Global supply chain pressures have declined from a peak in December, but they remain historically high, according to an index published by the Federal Reserve Bank of New York.

A wider range of businesses are now opting to ship by air — Drew Angerer/Getty Images

Industries such as fast fashion had long relied on air freight to keep up with the latest trends, said Zvi Schreiber, chief executive of logistics booking service Freightos. Now a wider range of companies were shipping by air: for example, the safety and technical equipment manufacturer Brady said it shipped crucial parts by air in its latest quarter.

Even as shippers suffer, demand for air freight enabled Delta Air Lines earlier this month to report its highest second-quarter cargo revenue, a rise of 46 per cent compared with 2019. "Supply chain disruptions are still pretty significant. I don't see them being resolved in a material way for the next 12 months," said Ed Bastian, Delta's chief executive. "So I think the outlook for air freight should be fairly, fairly good."

Cargo as a share of global airline revenue more than tripled between 2016 and 2021, said Marie Owens Thomsen, chief economist at Iata, although she said the share was likely to drop as passenger demand returned to pre-pandemic levels.

Others expect elevated demand for air freight to last. US aircraft manufacturer Boeing has forecast the size of the global freighter fleet to be 80 per cent higher over the next two decades. Airbus, Boeing's rival, expects the number of freighters to increase by half by 2041.

Ocean shipping lines are also buying into the air freight boom. Denmark-based Maersk announced a new air cargo wing in April, while France's CMA CGM has ordered six planes for its air shipping division since November 2021.

Additional reporting by Steff Chávez in Chicago

COMPANIES & MARKETS

Gene editing technology speeds from lab to clinic with promise to transform treatment

First Crispr drug will be with regulators this year as start-ups race to exploit revolutionary scientific discovery

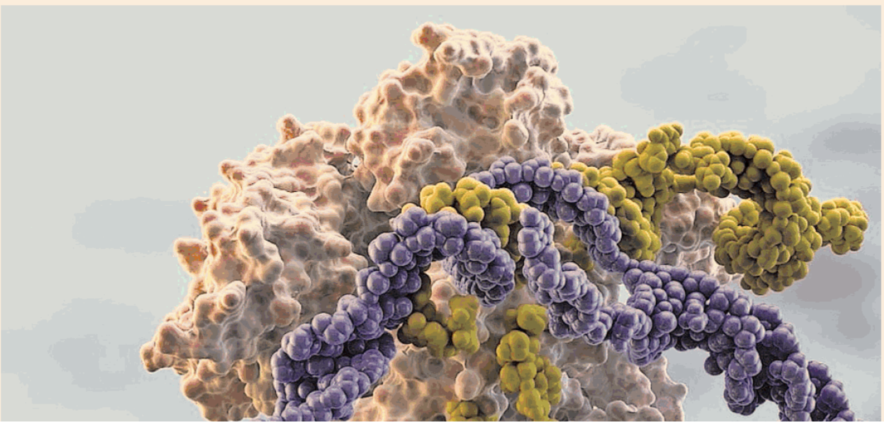
HANNAH KUCHLER — LONDON

Just a decade after Crispr was invented, the first drug to make use of the revolutionary gene editing technology will be with regulators by the end of the year, with the promise that it will eventually transform the treatment of genetic diseases.

In 2012, Nobel Prize winners Jennifer Doudna and Emmanuelle Charpentier published a scientific paper proving a key part of the bacterial immune system could be used to cut DNA: disrupting, deleting or correcting genetic errors.

Their discovery started a race by start-ups to create transformative — and possibly even curative — treatments, which has developed much faster than previous advances in biology.

The first to close in on success is Crispr Therapeutics which, in partnership with biotech group Vertex, expects to submit late stage trial data seeking approval for its treatment for the inherited blood diseases sickle cell anaemia and beta thalassaemia to EU and UK regulators at the end of this year.



base editing, Beam's specialism, is even more precise.

Still, some scientists would like to wait for more data on how Crispr edits affect patients over the long term.

Luigi Naldini, a gene therapy pioneer at the Vita-Salute San Raffaele University in Milan, said the outlook for Crispr was "positive" but argued that companies should scrutinise data for longer. "I don't want to be a Cassandra but in gene therapy, we have prior experience, follow-up data over a long time. Adverse events at the level of the genome don't come up instantly," he said.

This week there was some good news for gene therapies when Bluebird Bio's treatment for beta thalassemia received FDA approval. It has a US list price of $2.8mn, making it the most expensive single dose drug ever.

Gene therapies may have provided key building blocks for Crispr — but they did not solve the problem of how to pay for one-off potentially curative drugs. Drugmakers argue that the high prices — Novartis' one-off gene therapy Zolgensma to treat spinal muscular atrophy

Its latest data show all sickle cell patients were free of symptoms and that the vast majority of beta thalassaemia patients were no longer reliant on transfusions.

Doudna said it was "extraordinary" that sickle cell patients such as Victoria Gray, who was treated in the first trial three years ago, had already been "effectively cured of genetic disease".

She told the Financial Times: "One of the most surprising and exciting things to me is just how rapidly it's been possible to apply it in the clinic. It has been the foundation for multiple companies, created tens of billions of dollars in value and many, many thousands of jobs."

Accordingly, big pharma groups such as Pfizer, Bayer and Regeneron have taken note, forming partnerships with the pioneers. Analysts predict drugmakers will soon be in the market to buy Crispr companies, partly in the hope of acquiring the tool to improve treatments for cancer.

But the development of Crispr also raised questions about the ethics of gene editing and its long-term effects. Many scientists condemned a Chinese researcher who revealed in 2018 that he had edited the genetic code of recently born twin girls. There have also been intellectual property lawsuits, debating the relative contributions of Doudna and Charpentier, and the Broad Institute's Feng Zhang, who wrote a paper showing how Crispr works in humans.

> 'It is going to blow up in the next 10 years [and] greatly expand the number of diseases that we can treat'

For the start-ups working on Crispr drugs, the general slump in biotech stocks, some failed trials and safety concerns in the adjacent field of gene therapy, have made life more difficult. It has become harder to convince investors that this revolution has staying power.

And when the first Crispr drugs are approved, there is the question of persuading insurers and governments to pay the high price tags, just as drug pricing reform is back on the agenda in the US, the world's largest pharmaceutical market.

Vijay Pande, a partner at venture capital firm Andreessen Horowitz, compares Crispr to the invention of the transistor, which revolutionised computers. "We are just at the very earliest stages. I think where we are now is maybe akin to the 1960s in computers," he said.

The biggest remaining scientific challenge is delivering Crispr to other organs, beyond the relatively easier areas of the blood, liver and eyes. Kiran Musunuru, a gene editing specialist at the University of Pennsylvania, said researchers were already starting to make some progress. "It's going to blow up in the next 10 years," he said. "That's going to be transformative because it is going to greatly expand the number of diseases that we can treat with Crispr."

Crispr's scientific success is partly because it can use or adapt technology developed and applied in gene therapy, a method of delivering missing genes to patients that has been used to treat life-threatening conditions such as spinal muscular atrophy.

It has also benefited from the explosion of data on the human genome, which helps scientists to understand which genes to target. "The thing about Crispr that's so remarkable is that the timing was right," Doudna said.

Scientists quickly built on the original discovery. About five years ago, they created base editing, which can make more precise changes. Pfizer has partnered with base editing company Beam Therapeutics in a deal worth up to $1.35bn, hoping to deploy its expertise in lipid nanoparticles, developed from its work on the Covid-19 vaccine, as a way of delivering Crispr treatments.

While most trials are still targeting rare diseases, base-editing company Verve recently treated its first patient in a study targeting a genetic condition that causes high cholesterol, which could one day be used in a market of millions of patients.

Crispr is also being used to enhance a type of individually tailored cancer treatment called CAR-T therapy, which could be what tempts pharmaceutical companies into acquiring smaller specialist biotechs, according to Jefferies analyst Maury Raycroft.

Big pharma groups are sitting on huge cash piles and a number of them need to develop their drug pipelines before significant patent expiries at the end of the decade. John Leonard, chief executive of Intellia, which conducted the first in-body Crispr delivery (rather than removing cells, modifying and returning them) as part of its trial for a liver disease treatment, said it was "essentially a foregone conclusion" that every large pharmaceutical company would have to have some Crispr capability.

Not everyone is persuaded. After a buoyant two years during the pandemic, the biotech sector is suffering. Generalist investors are less focused on healthcare and specialists fear too many companies went public too early, often without any clinical data.

The Nasdaq biotech index fell 21 per cent in the past year — but Crispr companies are down further. Shares in Intellia have fallen 61 per cent in the past year, Verve 42 per cent, Editas 73 per cent, and Beam Therapeutics and Crispr Therapeutics have each lost about 40 per cent of their market capitalisation.

Nooman Haque, Emea managing director of life science and healthcare at specialist lender Silicon Valley Bank, said 2019 and 2020 were record years for the sector, and for gene therapies in particular, but now investors were coming to realise there were still challenges ahead. "There's a realism that while the technology might be wonderful and awesome, the cold hard reality of the business is: what am I going to get paid for it? Am I going to be substantially better than the competition and in what particular patient group?" he said.

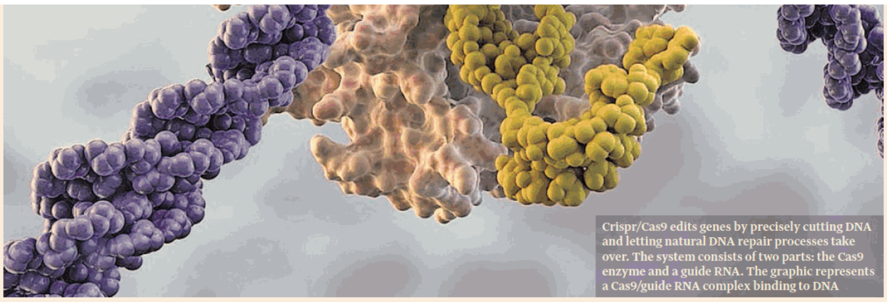
> 'The technology might be wonderful [but] the reality of the business is: what am I going to get paid for it?'

The market has also been shaken by several setbacks in trials for gene therapies, though not Crispr specifically.

In 2020, the US Food and Drug Administration rejected a haemophilia therapy from BioMarin, asking for more data, though it has since received a conditional approval in the EU. More recently, VBL's gene therapy for ovarian cancer did not prove better than standard existing care, while Biogen wrote down more than $500mn after two gene therapy trials failed.

Even more worrying to some investors were the trials paused because of safety concerns. Last year, the FDA halted several trials because of fears that the therapies could increase the risk of cancer. The most high profile were two by BlueBird Bio. One trial was restarted after the case of leukaemia in a participant was found to be unrelated to the drug. But in another, a link was made, although the regulator's advisers have concluded that the drug's benefits still outweigh the risks, and it is waiting for approval to restart.

Crispr companies stress that their technology is significantly different from conventional gene therapies, which involve delivering, rather than editing, a gene. John Evans, chief executive of Beam Therapeutics, said in some kinds of gene therapy you could not always control where the gene was added but with Crispr you could — and



Crispr/Cas9 edits genes by precisely cutting DNA and letting natural DNA repair processes take over. The system consists of two parts: the Cas9 enzyme and a guide RNA. The graphic represents a Cas9/guide RNA complex binding to DNA

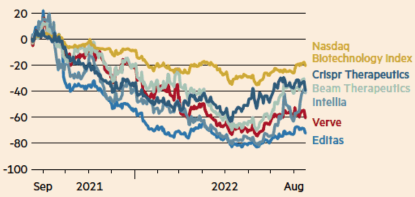
has a US list price of $2.1mn — are good value because they save years of healthcare costs for seriously ill patients.

Steve Seedhouse, an analyst at Raymond James, said the industry was discussing how to make high prices more acceptable, including by spreading payments over five years, or charging only if a treatment works. "It is not entirely clear in the long run if the high price tag itself will be palatable," he said.

If its sickle cell treatment is approved, possibly next year, Crispr Therapeutics will be the first to test the market for a Crispr drug. Samath Kulkarni, the company's chief executive, said it and Vertex would have to "lay the groundwork for an entire new class of medicines". He added: "Ultimately, it will change the face of the industry."

Crispr lags behind wider US biotech sector

Share prices rebased



Source: S&P Capital IQ

COMPANIES & MARKETS

Equities. Well-timed sale

Student makes $110mn after bet on meme stock favourite

Fixed income

Country Garden swept up in China's real estate debt crisis

GARY JONES — HONG KONG
EDWARD WHITE — SEOUL

Chinese developer Country Garden estimated that first-half profits fell as much as 70 per cent in the first half as the country's largest real estate group by sales was drawn into a crisis that has raged through the indebted sector.

The company in a filing yesterday said core profit was between about Rmb4.5bn ($634mn) and Rmb5bn in the first six months of 2022, down from Rmb15.2bn a year earlier.

Country Garden, which lost its last

Freeman, 20, amassed a big stake in Bed Bath & Beyond before its share price soared

ANTOINE GARA AND MADISON DARBYSHIRE — NEW YORK

A 20-year-old university student has made a roughly $110mn gain by selling a stake in struggling retailer Bed Bath & Beyond after its stock price soared during a month of frenzied trading reminiscent of last year's meme stock boom.

Jake Freeman, an applied mathematics and economics major at the University of Southern California, acquired nearly 5mn shares in Bed Bath & Beyond in July, according to regulatory filings, after dismal earnings and the ousting of its chief executive sent its stock price plummeting.

Freeman bought his stake at under $5.50 a share. On Tuesday, Bed Bath & Beyond surged to more than $27 a share.

As the stock soared, Freeman sold more than $130mn worth of stock from his TD Ameritrade and Interactive Brokers accounts.

Freeman's sale was well-timed. Shares in Bed Bath & Beyond tumbled more than 20 per cent yesterday after the investor and meme stock champion Ryan Cohen disclosed on Wednesday evening that he intended to sell his entire stake of almost 12 per cent in the company.

"I certainly did not expect such a vicious rally upwards," Freeman said in an interview on Wednesday. "I thought this was going to be a six months-plus play . . . I was really shocked that it went up so fast." After selling the shares, Freeman went for dinner with his parents in the suburb of New York City where they live and on Wednesday he flew to Los Angeles to return to campus, he said.

Freeman's initial stake cost about $25mn, which he said was mostly raised from friends and family.

He has invested for years with his uncle, Dr Scott Freeman, a former pharmaceutical executive.

The two recently built an activist stake in a publicly traded pharmaceutical company called Mind Medicine.

Freeman also said he had interned for years at a New Jersey hedge fund, Volaris Capital.

Just before his 17th birthday, Freeman and its founder, Vivek Kapoor, a former Credit Suisse executive, published a paper titled *Irreducible Risks of Hedging a Bond with a Default Swap*.

Freeman amassed his more than 6 per cent position in Bed Bath & Beyond via Freeman Capital Management, a fund registered in the cowboy town of Sheridan, Wyoming, according to the filings.

Upon disclosing his position in July, Freeman sent an uncompromising message to the retailer's board.

The company, he said, was "facing an existential crisis for its survival".

It needed "to cut its cash-burn rate, drastically improve its capital structure, and raise cash", he added.

Shares of the New Jersey-based chain — known for operating cavernous stores full of vacuums, towels and kitchen gadgets — have risen fivefold over the past month even after the grim earnings report on June 29.

It reported sales had plunged 25 per cent in the second quarter compared with the same period of 2021 while its net loss widened to $358mn from $51mn. Its cash position had dwindled to $107mn from $1bn at the start of the year.

Bed Bath & Beyond is one of a handful of meme stocks that became popular at the start of 2021 but has garnered less attention than GameStop, the video game retailer chaired by Cohen, and AMC, the cinema chain.

The increase in its share price has been driven by interest from retail investors attracted by the stock's small free float — or the number of shares available to the public for trading — and a significant number of short sellers betting the price will fall.

Those two characteristics tend to draw interest from retail investors frequenting Reddit forums.

It means they can try to engineer a "short squeeze" by driving the share price higher and forcing professional investors to unwind their bearish positions, which only propels the stock even higher. Bed Bath's potential as a meme stock was core to Freeman's interest in the company.

When Freeman disclosed his survival plan for Bed Bath & Beyond in July, it mixed ordinary corporate finance proposals standard to any complex business restructuring with strategies that signalled he believed a recent spate of often inexplicable, meme-inspired trading surges offered new ways for the home goods retailer known for its oversized coupons to survive.

It was a separate disclosure on Monday from Cohen, who is also co-founder of pet food retailer Chewy, that sent the stock on a tear on Tuesday.

He disclosed that he had purchased a large number of call options in Bed Bath & Beyond — derivatives that can deliver a windfall if a stock rises in value.

Cohen did not respond to a request for comment.

Bed Bath & Beyond morphs into a meme stock sensation

Share price ($)

Source: Refinitiv

Sweet dreams: struggling retailer Bed Bath & Beyond, known for its oversized coupons, became a favoured target for meme stock champions — John Greim/LightRocket/Getty

'I thought this was going to be a six months-plus play. I was really shocked that it went up so fast'

investment grade rating after Fitch downgraded it to junk on Tuesday, cited a downturn, the effects of the pandemic and foreign exchange losses.

Unlike a growing number of its highly leveraged peers, Country Garden has not defaulted on its debts.

The Chinese sector has been rattled by a liquidity crisis following last year's collapse of Evergrande, the world's most indebted developer.

Country Garden had managed to retain access to offshore bond markets for refinancing, helping it keep some stability at a time when tens of thousands of China homebuyers are refusing to pay mortgages on unfinished flats.

As Beijing has sought to revive the sector with loans, there are signs that confidence in Country Garden is receding. The Hong Kong-listed shares fell as much as 15 per cent during a single session in July, wiping about $1.7bn from its market value after it announced a heavily discounted capital raising.

'Country Garden couldn't basically proceed with pre-sales because the contagion is so extreme'

Alicia García Herrero, chief economist for Asia-Pacific at Natixis, said Country Garden was suffering from worsening sentiment to the sector.

There are fears of falling prices as demand wanes and new flats stay unfinished with developers running out of money. "Now even Country Garden couldn't basically proceed with pre-sales for new projects because the contagion is so extreme," she said.

China's planners have for months been moving to unwind efforts to deleverage the sector and encourage people to buy new houses. Shares in Chinese property groups including Country Garden rose sharply this week on reports that Beijing might order state groups to guarantee some developer bonds issued in the onshore market.

While García Herrero expected that such policy loosening would continue, investors were watching for clearer signs of direct state support.

She added: "The government's strategy is not to extend the bailout to the worst performers . . . Will they go beyond this for good names? My sense is that it's going to be very risky because it's a humongous moral hazard, which will then go into other sectors."

Equities

Wall Street's 'Dr Doom' warns Fed to toughen up and deliver investor shocks

GARY SILVERMAN — NEW YORK

Some 40 years ago, former Salomon Brothers economist Henry Kaufman helped start one of history's great bull markets.

Known as "Dr Doom" for his bearish views, he roused investors by changing his stance and forecasting a fall in interest rates after a punishing US Federal Reserve campaign to tame inflation.

Now aged 94, Kaufman remains focused on financial affairs and in a recent interview was sufficiently spry to hold forth at length on his book of last year, *The Day the Markets Roared*, which recounts his fateful rate call on August 17 1982. Asked how he was doing, he answered: "So far, so good."

His views on US monetary policy are less sanguine. He fears that today's Fed under Jay Powell is failing to combat inflation with the resolve displayed by Paul Volcker, who aggressively raised interest rates while leading the central bank in the 1970s and 1980s.

"I am still waiting for him to act boldly — 'boldly' means he has to shock the market," Kaufman said of Powell.

"If you want to change someone's view, if you want to change someone's action, you can't slap them on the hand, you have to hit them in the face."

Kaufman said the Fed chair erred after he made his pivot on inflation last November. Months passed between the time Powell warned of "persistently higher inflation" and the start of Fed interest rate increases in March.

"His forecast was right, his inaction was wrong," Kaufman said.

As a result, markets are facing a far different situation than they were when Kaufman distributed his legendary Salomon memo predicting that interest rates would head lower.

"Today, the inflation rate is higher than interest rates. Back then, interest rates were higher than inflation rates. It's quite a juxtaposition," he said. "We have a long way to go. Inflation has to come down or interest rates will go higher."

Interest rates had already started falling before Kaufman issued his celebrated 1982 forecast but it was his prediction of a sustained decline that moved the markets.

His impact stemmed from his status as the late-20th century equivalent of a social media influencer. Kaufman was so renowned for his pessimism that once investors learned of his new view, stocks soared.

Having touched a cyclical bottom only days before, the Dow Jones Industrial Average rose 38.81 points, or 4.9 per cent, to 831.24, its biggest point gain in history at that time.

"I had bearish views for a long time . . . When I changed my mind, it induced a reaction," Kaufman said.

Henry Kaufman: a 1980s equivalent of today's social media influencers

Technology

Battle over engineering group turns spotlight on Nintendo's family office

KANA INAGAKI AND LEO LEWIS — TOKYO

After decades of building fantasy worlds in video games, the heirs of Nintendo's founding family are deploying their $1.5bn war chest for a completely different mission: to rebuild planet earth.

Nintendo's family office burst on to Tokyo's financial scene in April with a surprise buyout proposal for a 93-year-old marine engineering company called Toyo Construction, in which it had built a 27 per cent stake via funds registered in the Cayman Islands.

A heated public battle unfolded as Toyo Construction tried to sell itself at a lower price to a rival and made a failed attempt to install a poison pill to block the Nintendo family's bid.

The stand-off has turned the spotlight on Yamauchi No 10 family office, which lays out its investment vision on a quirky homepage designed like a video game. There, accompanied by a gaming tune, it promises to invest the wealth built from Nintendo's rich portfolio of franchises including *Donkey Kong*, *Super Mario* and *Legend of Zelda* "in the future of the children of the world".

The office was launched in 2020 by Banjo Yamauchi, the grandson of former Nintendo president Hiroshi Yamauchi, who transformed the Kyoto-based company from a maker of playing cards into a global gaming titan behind the Switch console.

Using the Nintendo family's wealth, the office manages nearly ¥200bn ($1.5bn) in assets and its investment returns are used to finance philanthropic activities and efforts to help start-ups.

'We want to actively invest in people who are defying common sense to tackle profound global challenges'

"We want to actively invest in people who are defying common sense to tackle profound global challenges" for society, Hirowaka Murakami, a former Goldman Sachs banker and chief investment officer of the family office, said in an interview.

Murakami said Toyo Construction's maritime technology could be used for making the ocean cleaner and sustainable. The company is one of dozens backed by the family office with businesses that have the potential to transform into next-generation technology.

"The company [Toyo Construction] will need to shift from public works projects to selling its technology globally in the private sector and that's what we want to help them with," Murakami said.

The office's proposal to buy Toyo Construction at ¥1,000 a share — 30 per cent higher than the rival offer by Infroneer — and its plans to improve its performance have raised questions over whether it is acting like an activist investor. But the office has ruled out going directly to Toyo's shareholders with a hostile bid, saying it was focused on reaching a deal through dialogue.

Toyo Construction has criticised the office for what it describes as a "strong-armed approach" but, in June, the family office was forced to abandon its plans for a shareholder vote on anti-takeover measures.

Murakami said: "We just want to create value together. The returns will follow only when that value is created."

COMPANIES & MARKETS

The day in the markets

What you need to know

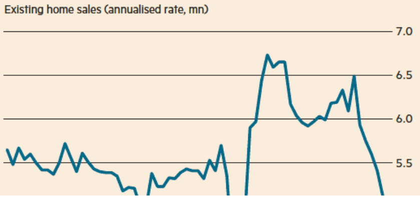
- Wall Street stocks edge higher after latest round of mixed economic data
- US Treasuries make gains in wake of Fed meeting minutes
- Dollar trades at highest level since late July in haven buying

Wall Street stocks edged higher yesterday after disappointing US home sales data followed better than expected labour market and manufacturing reports, adding to the sense of global economic uncertainty.

The broad S&P 500 gauge was up 0.2 per cent by the early afternoon in New

US housing market continued cooling in July

Existing home sales (annualised rate, mn)



It's time to ask Norway for cut in Europe's gas price

David Sheppard

Markets Insight

In the gas crisis, there has been one bright spot. Norway — democratic, friendly, reliable Norway — has stepped up to help keep the

goes by pipeline to Europe, making up about a quarter of the continent's supplies. For the UK, they account for an even higher 40 per cent of supplies

both parties is to commit to long-term contracts at prices significantly lower than today's spot price but well above the historical average," he said.

per cent by the early afternoon in New York. The tech-heavy Nasdaq Composite was up 0.3 per cent.

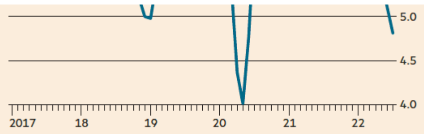
Across the Atlantic, the pan-regional Stoxx Europe 600 rose 0.4 per cent.

Those moves came after unemployment data for the week ending August 13 painted an optimistic picture with US weekly jobless claims coming in 15,000 lower than expected at 250,000.

Then fresh data showed that sales of previously owned homes in the world's largest economy clocked in at an annualised rate of 4.81mn units in July, down almost 6 per cent from the previous month and lower than consensus estimates of 4.89mn.

Separately, a Philadelphia Federal Reserve survey of manufacturing activity in the US gave a reading of 6.2 for August, far surpassing the previous month's figure of minus 12.3 and topping expectations for a reading of minus 5.

Details of the survey "were mixed and not particularly amazing on net", wrote JPMorgan analysts, but "this report sent a much more upbeat signal about



Sources: FactSet; National Association of Realtors

manufacturing conditions than the very downbeat August Empire State manufacturing survey [from the New York Fed] that was released earlier in the week".

In government bond markets, the yield on the policy-sensitive two-year US Treasury note slipped 7 basis points to 3.23 per cent, reflecting a rise in the price of the debt instrument. The benchmark 10-year US yield fell 4bp to 2.86 per cent.

A day earlier, minutes from the latest US Federal Reserve meeting signalled that restrictive interest rates would be in place "for some time".

Details of the discussion indicated that the central bank's officials supported raising rates to a point at which they acted as a drag on economic growth, said Salman Ahmed, global head of macro and strategic asset allocation at Fidelity.

But he noted that they did not "notch up the hawkishness" as much as expected by some traders.

The US dollar — typically perceived as a haven asset that rises in line with expectations of higher interest rates — added 0.6 per cent against a basket of six other currencies to trade around its highest level since late July. **Ian Johnston**

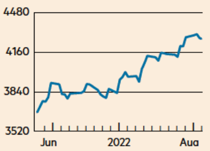
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4283.70	1733.24	28942.14	7541.85	3277.54	113438.20
% change on day	0.23	0.40	-0.96	0.35	-0.46	-0.24
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	106.568	1.013	135.210	1.200	6.792	5.174
% change on day	-0.006	-0.295	-0.188	-0.332	0.243	0.078
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.857	1.098	0.195	2.307	2.614	12.717
Basis point change on day	-5.100	1.600	1.390	2.200	-1.700	17.300
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	431.76	95.98	89.70	1767.20	19.91	3818.60
% change on day	-0.01	4.02	3.64	-0.43	-1.09	-0.84

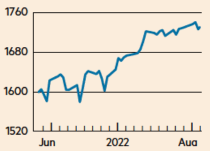
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

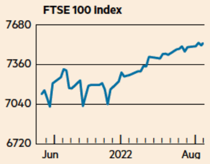
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Cisco Systems	6.42	Tenaris	4.27	Antofagasta	2.59
	Keysight	5.75	Thyssenkrupp	3.15	BP	2.58
	Devon Energy	4.29	Wartsila	2.67	Prudential	2.46
	Apa	4.28	Repsol	2.61	Glencore	2.37
	Valero Energy	3.27	Kone	2.34	Fresnillo	2.30
Downs	Walgreens Boots Alliance	-5.78	Kbc	-2.93	Aviva	-4.23
	Amcor	-3.88	Casino Guichard	-2.79	Legal & General Group	-4.14
	United Rentals	-3.65	Philips	-2.67	Hikma Pharmaceuticals	-3.32
	Verizon Communications	-2.72	Grifols	-2.62	JD Sports Fashion	-2.81
	Perkinelmer	-2.67	Saint Gobain	-2.24	Abrdn	-2.50

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

Forecast-beating results buoyed networking conglomerate **Cisco**.

It posted quarterly revenue of $13.1bn, above the consensus of $12.7bn, as easing supply constraints drove better growth.

For the following quarter, Cisco expected its revenue to rise between 2 per cent and 4 per cent, the midpoint of which topped the Refinitiv-compiled estimate.

A cut to its guidance weighed on **Kohl's**, the department store chain, which was having to navigate higher inflation and softer consumer spending.

The retailer now expected earnings per share of $2.80 to $3.20 for the full year, down sharply from the $6.45 to $6.85 range stated in April. Michelle Gass, chief executive, said Kohl's was reducing stock levels and lowering expenses "to account for a softer demand outlook".

Social media platform **Snap** climbed following reports that it would stop developing its Pixy flying selfie camera, a pocket-sized drone that was launched to the press this year.

The Wall Street Journal reported that the product was being scrapped as the group reprioritised its resources.

Richard Branson's **Virgin Galactic** slid after Bank of America cut its price target for the space tourism group owing to its "track record of pushing back launches".
Ray Douglas

Europe

News that it was returning money to investors sent Denmark's **Dampskibsselskabet Norden** rallying.

The shipping company announced an interim dividend of DKr30 per share and a share buyback of up to $40mn.

This move followed what Jan Rindbo, chief executive, described as a "fantastic second quarter" in which Norden was able "to capitalise on the exceptional product tanker rates".

Online pharmacy chain **Zur Rose** climbed after saying it was in a position to accelerate its "path to profitability", a development described as "very positive" by Jefferies.

The Swiss group expected to break even in 2023, one year ahead of schedule, through a programme that included "structural cost savings" and improving productivity.

An earnings miss weighed on **Adyen** with Citi noting that the Dutch payments provider was 3 per cent short of expectations on revenue.

The gap for core profits and cash flow was even wider at between 8 per cent and 12 per cent. The broker also flagged the lack of full-year guidance.

Better than expected results lifted Swiss pharma group **Siegfried**, which reported first-half revenue of SFr586.7mn ($617mn) — 7 per cent higher than RBC Europe's estimate. *Ray Douglas*

London

Electricals retailer **AO World** rallied despite swinging to a loss of £37mn for the 12 months ending March 31, down from a £20mn profit the previous year.

Jefferies noted that, with AO World's exit from Germany alongside its £40mn fundraising, the retailer's "profit-centric pivot" looked set to drive earnings ahead of the broker's previous estimates.

AO World expected adjusted core profits to land between £20mn and £30mn for the full year, above the Refinitiv-compiled estimate of £17.8mn.

Furniture retailer **Made.com** sank during a choppy session, only to edge up by the close of trade.

In reply to media reports about it possibly raising more capital, the company confirmed that an equity capital raise was among the options it was considering in order to strengthen its balance sheet.

Clive Black, analyst at Shore Capital, noted that this was "all very worrying" for Made.

Headlines around solvency were "a nightmare for a big-ticket retailer", said Black, "as it creates understandable nervousness on behalf of the shopper as to whether or not their big-ticket order will arrive, so further deflecting custom away from a brand just when order flow and working capital are really needed".
Ray Douglas

stepped up to help keep the lights on in Europe, maximising production even at the expense of its own oil output to try and replace every molecule it can of Russian supply.

But as the price of gas has continued to soar, more than doubling since Russia started openly choking exports in June, there are quiet rumblings in the industry. They suggest that it is time to ask Norway to do more, even something that might once have seemed unthinkable: Norway should agree to cut the price at which it sells its gas.

Before howls of protest from Oslo and complaints from free market purists, it is worth saying this is nowhere near a formal proposal. But that these views are even being aired privately by hardened oil and gas executives outside Norway suggests they are worth exploring.

The argument is as follows: Europe, whether it wants to admit it or not, is embroiled in an economic war as a result of Russia's invasion of Ukraine.

The greatest threat to Europe's support for Kyiv, well understood by Vladimir Putin, is that the energy crisis becomes an economic crisis and western voters turn inward. Gas prices are no longer just high but rapidly becoming economic weapons.

However nice the gas windfall that Norway is reaping seems today — and at the equivalent of almost $400 a barrel of oil it is mind-bogglingly huge — it is not in the country's strategic interests to see its neighbours fall into a deep recession or to have an emboldened Russia pushing up against the EU's borders.

The hard numbers are enlightening. Most of the gas that Norway supplies an even higher 40 per cent of supplies.

The Norwegian government forecast in May that its revenues from oil and gas would already approach €100bn this year. In a country of 5.4mn people, that is about €18,000 per person or more than total UK government public spending per capita in 2020-21.

Gas prices have doubled since then and now trade at more than 10 times the level that they averaged over the previous decade. Norway clearly has significant fiscal headroom. Revenues from oil and gas were less than €30bn last year.

> It is not in Norway's strategic interests to see its neighbours fall into a deep recession

If Oslo was to agree to cap the price at something like the equivalent of $150 to $200 a barrel of oil — more than Norway earned on average in the first half of this year when state-backed energy champion Equinor enjoyed record profits — that would still be painful but manageable for European economies.

Long-term investors in the country's energy sector, including the government, would still be rewarded. Aslak Berg, an economist who has worked for the Norwegian government and the European Free Trade Association, said that, while any cut in the price might be politically difficult to swallow, Oslo had an interest in contributing to a stable European economy and to supporting Ukraine.

"An option that could make sense for the historical average," he said.

Such a solution would not be a panacea. European gas market prices would probably remain high to attract cargoes of liquefied natural gas away from Asia. There are risks to interfering with normal market signals. But it would help to bring down bills for bailing out Europe's households and industry this winter.

Norway is more exposed to swings in the global economy, in large part driven by volatile energy prices this year, than is apparent. Its $1.2tn sovereign wealth fund, which invests proceeds from decades of oil and gas output, lost 14.4 per cent or $174bn in the first half of this year: more than the government stands to make from record oil and gas prices.

Norway is also aware of the threat to long-term gas demand from this crisis. Its desire to build a future energy economy based on renewables such as offshore wind and "blue" hydrogen relies on co-operation with its neighbours, too. High-level executives in Norway speak candidly of the dangers of being seen to pursue a "Norway first" approach.

It is crucial for Europe to avoid falling into the resource nationalism trap, which would play into Putin's hands.

No one should suggest that Norway be treated as a profiteer or its contribution to European energy security forgotten. But it is worth at least debating if anything can be done to bring down prices.

Turning up the taps to full capacity is already appreciated. Doing it at a price that helps soothe the pain for European economies might be in Norway's interests, too.

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MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.23%	0.37%	-0.07%	0.35%	0.40%	-0.96%	-0.80%	-0.01%	-0.295%	-0.332%	-0.188%	No change	1.41%	-0.43%

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

AMERICAS

Jul 19 - - Index All World
S&P 500 New York

Jul 19 - Aug 18 Index All World
S&P/TSX COMP Toronto

EUROPE

Jul 19 - Aug 18 Index All World
FTSE 100 London

Jul 19 - Aug 18 Index All World
Xetra Dax Frankfurt

ASIA

Jul 19 - Aug 18 Index All World
Nikkei 225 Tokyo

Jul 19 - Aug 18 Index All World
Kospi Seoul

Dow Jones Industrial	New York
31,874.84	33,893.86
Day -0.07% Month -5.23%	Year -10.21%

Bovespa	São Paulo
98,286.83	114,046.35
Day -0.24% Month -11.14%	Year -21.26%

Country	Index	Latest	Previous
Argentina	Merval	128744.46	125962.94
Australia	All Ordinaries	7357.70	7381.10
	S&P/ASX 200	7112.80	7127.70
	S&P/ASX 200 Res	5453.20	5453.80
Austria	ATX	3044.79	3043.65
Belgium	BEL 20	3804.09	3820.65
	BEL Mid	10134.07	10107.47
Brazil	IBovespa	113438.20	113707.76
Canada	S&P/TSX 60	1225.58	1221.33
	S&P/TSX Comp	20256.06	20181.44
	S&P/TSX Div Met & Min	1333.64	1343.01
Chile	S&P/CLX IGPA Gen	28271.92	28858.82
China	FTSE A200	11125.40	11224.44
	FTSE B35	9000.71	8988.96
	Shanghai A	3434.24	3450.03
	Shanghai B	307.73	308.51
	Shanghai Comp	3277.54	3292.53
	Shenzhen A	2339.78	2345.95
	Shenzhen B	1255.86	1267.67
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29

Country	Index	Latest	Previous
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1230.33	1238.77
Denmark	OMXC Copenahgen 20	1709.18	1732.68
Egypt	EGX 30	10058.12	9914.71
Estonia	OMX Tallinn	1873.88	1874.16
Finland	OMX Helsinki General	11044.76	10981.68
France	CAC 40	6557.40	6528.32
	SBF 120	5068.79	5047.42
Germany	M-DAX	27529.91	27543.16
	TecDAX	3138.82	3134.03
	XETRA Dax	13697.41	13626.71
Greece	Athens Gen	897.00	894.37
	FTSE/ASE 20	2174.74	2164.67
Hong Kong	Hang Seng	19763.91	19922.45
	HS China Enterprise	6700.42	6755.31
	HSCC Red Chip	3616.17	3634.39
Hungary	Bux	43099.47	42980.64
India	BSE Sensex	60298.00	60260.13
	Nifty 500	15404.60	15379.05
Indonesia	Jakarta Comp	7186.56	7133.45
Ireland	ISEQ Overall	7215.33	7213.90
Israel	Tel Aviv 125	2104.18	2104.57

(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	46.4	912.73	0.74
Apple	27.4	173.63	-0.92
Nvidia	20.2	184.61	1.26
Advanced Micro Devices	19.6	98.38	0.11
Microsoft	14.1	289.90	-1.42
Amazon.com	12.0	141.30	-0.80
Cisco Systems	6.4	49.66	3.00

LONDON ACTIVE STOCKS	stock traded m's	close price	Day's change
Glencore	137.7	486.70	0.00
Shell	107.5	2182.00	0.00
Bp	77.3	430.90	0.00
Astrazeneca	67.0	11002.00	0.00
Haleon	52.7	258.40	0.00
Gsk	41.8	1415.40	0.00
Rio Tinto	41.2	4888.50	0.00

EURO MARKETS ACTIVE STOCKS	stock traded m's	close price
Adyen	280.1	1686.40
Asml Holding	171.1	552.60
Totalenergies	145.5	52.83
Nestle N	139.4	120.55
Roche Gs	129.8	329.37
Intesa Sanpaolo	120.4	1.84
Novartis N	113.7	83.79

UK MARKET WINNERS AND LOSERS

CURRENCIES

Currency	Dollar Closing Mid	Day's Change	Euro Closing Mid	Day's Change	Pound Closing Mid	Day's Change
	135.2047	-0.2656	136.9585	-0.7096	162.3050	-0.8546
Kenyan Shilling	119.5500	0.0500	121.0976	-0.3442	143.5071	-0.4185
Kuwaiti Dinar	0.3070	-0.0001	0.3110	-0.0011	0.3685	-0.0013
Malaysian Ringgit	4.4740	0.0060	4.5319	-0.0087	5.3706	-0.0107
Mexican Peso	20.0513	-0.0173	20.3108	-0.0838	24.0694	-0.1011
New Zealand Dollar	1.5925	-0.0018	1.6131	-0.0071	1.9116	-0.0085
Nigerian Naira	425.7500	-	431.2615	-1.4069	511.0677	-1.7050
Norwegian Krone	9.6947	-0.0286	9.8202	-0.0610	11.6375	-0.0732
Pakistani Rupee	214.5000	-0.4150	217.2768	-1.1305	257.4845	-1.3588
Peruvian Nuevo Sol	3.8468	0.0015	3.8966	-0.0111	4.6177	-0.0135
Philippine Peso	55.8800	0.0050	56.6034	-0.1796	67.0780	-0.2178

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

FTSE ACTUARIES SHARE INDICES

Non Financials (339)	**5055.95**	**0.49**	**4666.99**	**5031.28**	**5048.30**	**4952.93**	**3.35**	**1.67**	**17.89**	**128.53**	**9074.69**

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7544.78	7535.63	7522.47	7514.48	7512.22	7509.35	7511.50	7512.35	7510.58	7545.68	7502.41
FTSE 250	20361.03	20305.54	20270.65	20255.90	20212.68	20194.83	20160.41	20123.90	20035.71	20382.88	19996.68
FTSE SmallCap	6653.88	6630.09	6626.67	6617.88	6612.28	6608.95	6605.37	6597.95	6591.86	6653.88	6588.26
FTSE All-Share	4171.10	4164.81	4157.70	4153.46	4151.01	4149.09	4148.94	4148.07	4144.43	4171.39	4141.37

Time of FTSE 100 Day's high:07:12:15 Day's Low10:30:45 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:07:12:00 Day's Low15:16:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3862.39(07/03/2022)
Further information is available on http://www.ftse.com © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

FT 30 INDEX

	Aug 18	Aug 17	Aug 16	Aug 15	Aug 12	Yr Ago	High	Low
FT 30	2595.00	2596.20	2620.20	2610.90	2604.80	0.00	2880.10	2300.60
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2596.2	2595.5	2591.4	2595.3	2594.4	2596.9	2599.1	2594	2593.2	2600.8	2586.9

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

FT WILSHIRE 5000 INDEX SERIES

	Aug 17		Aug 17
FT Wilshire 5000	43522.88	FT Wilshire Mid Cap	5771.07
FT Wilshire 2500	5571.49	FT Wilshire Small Cap	5253.97
FT Wilshire Mega Cap	5580.76	FT Wilshire Micro Cap	5264.22
FT Wilshire Large Cap	5612.74		

Source: Wilshire. Wilshire Advisors LLC (Wilshire) is an investment advisor registered with the SEC. Further information is available at https://www.wilshire.com/solutions/indexes . Wilshire® is a registered service mark. Copyright ©2022 Wilshire. All rights reserved.

FTSE SECTORS: LEADERS & LAGGARDS

FTSE 100 SUMMARY

	Closing Price	Day's Change		Closing Price	Day's Change
Halma PLC	2312	34.00	St. James's Place PLC	1238.5	9.50
Hargreaves Lansdown PLC	963.60	7.40	Standard Chartered PLC	595.40	2.40
Hikma Pharmaceuticals PLC	1441	-49.50	Taylor Wimpey PLC	121.20	2.10
Howden Joinery Group PLC	658.80	2.80	Tesco PLC	270.70	1.80
HSBC Holdings PLC	540.70	-4.40	Unilever PLC	3938	-2.50
Imperial Brands PLC	1910.5	-3.50	Unite Group PLC	1152	-
Informa PLC	583.80	-3.00	United Utilities Group PLC	1145	7.00
Intercontinental Hotels Group PLC	5070	34.00	Vodafone Group PLC	121.56	-0.22
Intermediate Capital Group PLC	1516.5	8.00	Whitbread PLC	2623	15.00
International Consolidated Airlines Group S.A.	118.62	1.52	Wpp PLC	811.00	-8.20

FTSE GLOBAL EQUITY INDEX SERIES

Aug 18 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	9375	734.92	-0.7	9.6	-13.2	1171.08	-11.9	2.2
FTSE Global All Cap	9375	734.92	-0.7	9.6	-13.2	1171.08	-11.9	2.2
FTSE Global Large Cap	1867	658.57	-0.6	9.1	-13.3	1081.79	-11.9	2.2
FTSE Global Mid Cap	2246	940.49	-1.0	10.5	-12.3	1409.09	-11.1	2.2
FTSE Global Small Cap	5262	980.00	-1.2	11.8	-14.4	1405.06	-13.3	1.9
FTSE All-World	4113	431.79	-0.7	9.4	-13.1	728.62	-11.8	2.2
FTSE World	2666	783.02	-0.7	9.8	-12.8	1772.84	-11.5	2.2
FTSE Global All Cap ex UNITED KINGDOM In	9082	777.39	-0.7	9.7	-13.3	1215.14	-12.1	2.1

Aug 18 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Real Estate Investment Trusts	101	519.79	-0.4	9.6	-12.9	1203.72	-11.2	3.2
FTSE Global Large Cap	1867	658.57	-0.6	9.1	-13.3	1081.79	-11.9	2.2

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

UK STOCK MARKET TRADING DATA

	Aug 18	Aug 17	Aug 16	Aug 15	Aug 12	Yr Ago
Order Book Turnover (m)	45.46	105.18	52.69	47.83	47.83	47.83
Order Book Bargains	559373.00	641426.00	550569.00	618163.00	618163.00	618163.00
Order Book Shares Traded (m)	1210.00	1194.00	1052.00	1106.00	1106.00	1106.00
Total Equity Turnover (£m)	4227.44	7494.51	4851.48	5677.80	5677.80	5677.80
Total Mkt Bargains	717587.00	802921.00	701303.00	772051.00	772051.00	772051.00
Total Shares Traded (m)	3656.00	4830.00	4918.00	4094.00	4094.00	4094.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

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

UK RIGHTS OFFERS

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

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

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
AO World	Pre	1557.300	1660.900	37.200L	20.200	6.330L	3.730	0.00000	0.00000	-	0.000	0.000
Foresight Solar & Technology VCT	Pre			13.594	0.836L	38.300	1.800L	0.00000	0.00000	-	0.000	0.000
Global Opportunities Trust	Int			9.578	4.288	29.900	10.900	0.00000	0.00000	-	5.000	6.000
Helios Towers	Int	265.400	212.400	122.200L	43.600L	0.119L	0.051L	0.00000	0.00000	-	0.000	0.000
Inspecs Group	Int	138.359	125.746	0.769	3.513L	0.030L	0.040L	0.00000	0.00000	-	1.700	0.000
Intelligent Ultrasound Group	Int	5.900	3.639	1.367L	2.352L	0.380L	0.750L	0.00000	0.00000	-	0.000	0.000
Marshalls	Int	348.389	298.141	23.923	38.850	7.900	15.300	5.70000	4.70000	Dec 1	15.300	9.000
Rank Group (The)	Pre	644.000	329.600	74.300	107.300L	14.200	16.500L	0.00000	0.00000	-	0.000	0.000
SDX Energy	Int	22.333	27.108	1.948	6.407L	0.004L	0.049L	0.00000	0.00000	-	0.000	0.000
Westminster Group	Int	3.916	3.477	0.787L	0.929L	0.240L	0.320L	0.00000	0.00000	-	0.000	0.000

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

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
07/29	10.00		FCM	First Class Metals PLC	9.25	-0.63	11.00	9.00	607.5
07/13	50.00		TRA	Tertre Rouge Assets PLC	0.00	-	0.00	0.00	0.0
07/08	5.00		SPMU	Spiritus Mundi PLC	4.50	0.00	6.90	4.00	221.9

§Placing price. *Intoduction. ‡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.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Denso	7847	-83.00	9575	6584	1.86	21.17	45728.9
EastJpRwy	6976	-40.00	7938	6373	1.49	-6.89	19498.98
Fanuc	24075	-455.00	27060	18740	1.95	28.19	35951.25
FastRetail	86630	-1500.00	88230	54310	0.63	40.03	67962.14
Fuji Hvy Ind	2463.5	-21.00	2611	1664.5	2.37	27.86	14014.24
Hitachi	6928	-62.00	7460	4750	1.73	10.00	49628.47
HondaMtr	3667	-32.00	3724	3043	3.66	7.64	49127.35
JapanTob	2345.5	-13.00	2441	2000	6.06	11.75	34694.18
KDDI	4205	-12.00	4636	3237	2.97	13.87	71659.45
Keyence	56580	-670.00	76210	44880	0.37	46.54	101772.73
MitsbCp	4323	-27.00	4845	3131	3.32	9.49	47502.27
MitsubEst	1908.5	-31.00	2043	1546	1.58	18.29	19640.83
MitsubishiEle	1438	-19.00	1629	1225.5	2.89	12.65	22836.15
MitsuiFud	2858	-53.50	3023	2211	1.60	17.14	20162.06
MitUFJFin	727.50	-6.80	828.30	586.20	3.72	7.26	71464.04
Mizuho Fin	1583.5	-10.50	1675	1397	5.13	7.45	29738.2
Murata Mfg	7840	-55.00	10535	7008	1.59	15.49	39184.97
Nippon T&T	3738	7.00	4055	2825.5	2.92	11.58	100133.73
NipponTT	3738	7.00	4055	2825.5	2.92	11.58	100133.73
Nissan Mt	529.30	-9.70	654.30	436.50	-	16.54	16522.62
Nomura	511.90	-4.30	586.00	460.30	4.68	-33.88	12242.14
Nppn Stl	2140	-27.00	2381	1690.5	3.89	3.25	15040.96
Panasonic	1137	-19.00	1541	1018.5	2.29	11.06	20636.51
Seven & I	5592	-69.00	6083	4552	1.91	20.48	36661.37
ShnEtsuCh	17280	-365.00	21480	14360	1.75	15.93	53250
Softbank	5815	13.00	7680	4210	0.79	4.81	74099.36
Sony	11750	-210.00	14745	10220	0.53	14.44	109590.35
SumitomoF	4162	-25.00	4461	3672	5.00	7.79	42315.4
Takeda Ph	3864	20.00	4063	2993	4.85	13.34	45217.55
TokioMarine	7731	3.00	8362	5293	2.96	12.09	38880.85
Toyota	2143.5	-39.50	2375.5	1772.8	2.48	9.30	258643.45
Mexico (Mex$)							
AmerMvl	19.07	-0.32	22.49	17.26	1.78	14.83	40635.95
FEMSA UBD	132.38	0.67	180.66	120.63	1.59	104.07	14268.27
WalMrtMex	72.60	-0.21	82.93	65.31	0.72	34.79	63222.85
Netherlands (€)							
ASML Hld	557.20	13.30	777.50	403.45	0.60	43.23	229419.56
Heineken	95.62	-0.26	100.95	77.50	1.02	16.66	55790.37
ING	9.27	-0.02	14.00	7.90	6.44	7.58	35385.85
Unilever	46.67	-0.01	48.87	39.36	3.07	23.96	142579.8
Norway (Kr)							
DNB	196.75	-0.80	220.50	168.40	8.62	12.90	31646.39
Equinor	368.55	3.75	373.90	178.80	1.30	16.31	120717.47
Telenor	113.80	-1.00	159.95	112.50	7.71	19.73	16427.36
Qatar (QR)							
QatarNtBk	22.72	0.69	27.00	18.40	2.21	18.40	57623.86
Saudi Arabia (SR)							
AlRajhiBnk	89.40	1.40	117.40	74.63	2.39	17.04	95248.24
Natnlcombnk	72.80	0.10	82.00	58.50	1.77	27.47	86831.02
SaudiBasic	107.00	1.40	141.40	93.50	2.70	15.65	85499.67
SaudiTelec	104.80	0.20	137.80	95.20	3.39	20.82	55827.82
Singapore (S$)							
DBS	32.44	0.19	37.49	29.18	3.45	13.81	60351.64
JardnMt US$	51.81	0.35	62.10	49.50	2.94	9.73	14995.63
OCBC	12.39	0.10	13.54	10.98	3.08	12.83	40256.18
SingTel	2.70	0.01	2.88	2.31	2.52	47.32	32226.7
UOB	27.00	0.15	33.33	25.28	3.33	12.48	32685.93
South Africa (R)							
Firstrand	70.38	0.33	73.61	53.25	3.48	13.47	23521.59
MTN Grp	144.26	-2.65	211.49	51.69	-	20.80	16195.19
Naspers N	2521.52	-67.31	2853.25	1421.74	0.22	14.34	65426.82
South Korea (KRW)							
HyundMobis	211000	-6500.00	281500	190000	1.87	8.36	15109.35
KoreaElePwr	21550	-150.00	25500	20050	5.60	-12.78	10474.99
SK Hynix	95700	-1400.00	134000	86300	1.58	6.95	52752.19
SmsungEl	61500	1100	80800	55700	2.31	10.81	277990.15
Spain (€)							
BBVA	4.86	0.03	6.29	3.97	7.61	6.65	31428.09
BcoSantdr	2.62	0.00	3.48	2.32	2.90	5.28	44579.4
CaixaBnk	3.04	-0.02	3.64	2.22	0.88	20.08	24813.41
Iberdrola	10.91	-0.04	11.49	8.47	3.85	18.81	70308.96
Inditex	25.04	-0.30	32.63	18.55	0.88	26.54	79051.23
Repsol	13.00	0.34	16.23	9.23	4.59	7.96	19118.22
Telefonica	4.27	0.02	5.06	3.61	8.06	3.13	24973.63
Sweden (SKr)							
AtlasCpcoB	105.90	2.16	133.60	22.08	7.06	6.96	15794.15
Ericsson	80.89	2.47	117.32	70.05	2.85	11.74	23746.73
H & M	130.10	-1.34	191.86	110.10	4.96	17.65	18157.73
Investor	186.44	2.06	228.75	162.62	1.92	7.89	32456.67
Nordea Bk	102.38	-1.28	114.64	85.25	14.62	11.76	36714.07
SEB	110.70	-2.25	141.85	91.64	9.34	9.11	22789.76
SvnskaHn	91.00	-0.70	108.15	80.88	5.63	8.79	16909.97
Swedbank	140.00	-0.30	196.70	124.50	10.65	7.36	15142.87
Telia Co	38.23	0.20	41.70	33.61	5.36	13.28	14938.97
Volvo	182.08	0.72	218.65	148.24	3.65	11.68	27635.77
Switzerland (SFr)							
ABB	28.87	0.37	35.30	24.85	2.68	14.18	59435.42
CredSuisse	5.25	0.04	10.18	4.99	1.77	-8.44	14582.11
Nestle	116.42	-0.44	128.90	105.64	2.19	20.70	335469.17
Novartis	81.10	-0.13	88.42	72.84	3.45	9.02	204266.57
Richemont	112.85	0.80	146.10	90.28	1.61	27.55	61725.47
Roche	319.95	3.30	404.20	298.30	2.55	21.95	235537.21
Swiss Re	75.06	0.30	102.20	70.18	7.31	18.57	24971.29
Swisscom	513.60	5.60	590.40	491.10	3.98	15.64	27878.11
UBS	16.08	0.17	19.90	13.10	2.00	8.47	59368.72
Zurich Fin	427.20	-2.10	461.70	374.60	4.36	14.57	67351.16
Taiwan (NT$)							
Chunghwa Telecom	122.50	-0.50	132.50	109.00	3.36	27.76	31664.11
Formosa PetChem	85.60	0.50	106.00	81.30	0.66	17.17	27170.32
HonHaiPrc	112.00	-0.50	116.00	99.50	3.43	11.76	51735.3
MediaTek	702.00	-1.00	1200	597.00	5.07	10.40	37404.41
TaiwanSem	520.00	-7.00	655.00	433.00	1.97	21.55	449287.66
Thailand (THB)							
PTT Explor	37.25	-0.50	41.25	32.75	5.12	10.41	29899.46
United Arab Emirates (Dhs)							
Emirtestele	27.90	-	37.84	11.22	2.55	29.32	66058.45
United Kingdom (p)							
Anglo American	2907	-59.50	4996.8	2350	6.13	5.76	49014.68
AscBrFd	1630	-8.50	2066	1462.5	0.38	26.94	15490.23
AstraZen	11014	12.00	11289.62	8029	1.88	1864.88	167438.93
Aviva	439.40	-19.40	606.58	341.92	4.86	57.82	21167.96
Barclays	168.50	-0.18	209.45	140.06	1.78	4.09	34514.19
BP	442.00	11.10	456.00	286.10	3.56	16.04	105746.88
BrAmTob	3437.5	-3.00	3645	2507.5	6.27	11.63	76933.8
BT	157.25	0.15	201.40	134.85	-	15.27	18728.78
Compass	1969.5	27.50	1970.5	1408.5	0.71	47.92	38880.98
Diageo	3902.5	14.00	4364.1	3282.5	1.86	30.02	117930.66
GlaxoSmh	1402	-13.40	2753.96	1371	5.71	16.19	82765.15
Glencore	498.25	11.55	548.30	302.55	1.78	18.24	86273.8
HSBC	540.70	-4.40	567.20	329.55	2.99	11.81	130135.99
Imperial Brands	1910.5	-3.50	1945.84	1434.23	7.23	6.39	21872.55
Jardine Mathes.	62.50	-	60.50	50.06	2.44	11.73	18089.69
LlydsBkg	45.72	-0.07	54.50	38.10	5.62	6.35	39549.24
LSE Group	8532	98.00	8589	5995.57	0.90	87.24	35436.49
Natl Grid	1167.5	2.50	1271.45	880.60	4.21	27.21	47040.96
Natwest Group	263.20	0.40	264.10	182.85	3.99	10.36	37805.83
Prudential	973.00	23.40	1566	881.00	1.21	15.80	30219.04
ReckittB	6514	-98.00	6824	4905.16	2.68	-28.19	55064.35
RELX	2418	29.00	2634.82	2056	1.97	31.90	55735.74
RioTinto	4946.5	58.00	6343	4354	10.16	5.17	79638.1
RollsRoyce	83.60	0.10	161.91	77.87	-	56.87	1866.41
Shell PLC	2217.5	35.50	2459.23	1282.78	2.73	11.69	122369.92
StandCh	595.40	2.40	641.00	406.20	1.49	13.35	23562.56
Tesco	270.70	1.80	304.10	241.33	3.38	13.78	26605.74
Unilever	3938	-2.50	4169	3267.5	3.68	20.22	58227.49
Vodafone	121.56	-0.22	141.60	106.30	6.36	-271.95	38922.42
WPP	811.00	-8.20	1231.5	753.60	3.27	15.45	12325.83
United States of America ($)							
21stC Fox A	36.08	-0.10	44.95	31.33	1.15	16.48	11056.17
3M	146.13	-1.30	198.81	125.60	3.59	16.29	83236.22
AbbottLb	109.77	-0.78	142.60	101.24	1.45	31.44	192231.39
Abbvie	141.23	-0.22	175.91	105.56	3.26	24.71	249699.43
Accenture	319.43	0.98	417.37	261.77	1.03	36.60	212161.67
Activision Bli.	80.40	-0.14	84.54	56.40	0.52	26.37	62893.54
Adobe	440.16	2.34	699.54	338.00	-	48.86	205994.88
Advanced Micro	100.57	2.30	164.46	71.60	-	44.15	162352.41
AEP	105.17	0.84	105.48	80.22	2.53	23.92	54029.4
Aflac	64.31	0.41	67.20	51.28	1.82	11.36	40638.55
AirProd	267.70	-0.30	316.39	216.24	1.99	31.73	59375.59
Allstate	132.45	0.41	144.46	106.11	2.17	8.80	35800.65
Alphabet	120.62	1.07	151.55	101.88	-	1.21	725562.16
Altria	45.39	-0.07	57.05	41.00	6.87	38.22	81730.37
Amazon	142.48	0.38	188.11	101.26	-	2.48	1451522.81
AmerAir	14.95	-0.01	22.35	11.93	-	-4.50	9715.2
AmerExpr	164.51	0.61	199.55	134.12	1.00	18.03	123337.26
AmerIntGrp	57.00	0.31	65.73	48.40	1.99	5.94	43343.72
AmerTower	275.38	-2.08	303.72	220.00	1.68	54.90	128213.32
Amgen	249.29	-1.29	258.45	198.64	2.50	27.36	133352.91
Amphenol Corp	80.04	0.40	88.45	61.67	0.86	35.98	47610.88
Analog Devices	171.85	1.72	191.95	138.50	1.44	65.11	89328.67
Anthem	482.58	12.71	-	-	-	-	-
Aon Cp	300.71	0.31	341.98	246.21	0.59	61.14	63427.42
Apple	174.37	-0.18	182.13	129.04	0.44	32.63	2802257.03
Applied Materi.	109.11	3.11	167.06	82.67	0.77	16.98	94919.95
Aptiv	106.56	0.46	180.81	84.14	-	61.98	28870.4
ArcherDan	87.12	0.77	98.88	58.44	1.51	20.52	48836.12
AT&T	18.45	0.03	21.53	16.62	9.99	7.54	131447.62
Autodesk	229.60	1.40	344.39	163.20	-	114.56	49885.7
AutomData	260.52	-0.17	261.54	192.26	1.30	45.50	108250.48
AutoZone	2319.41	-9.19	2362.24	1503.3	-	23.65	45199.73
Avago Tech	559.63	21.04	677.76	462.66	2.38	35.66	225988.22
BakerHu	25.20	0.45	39.78	19.84	2.61	65.80	25491.15
Bank of NY	44.15	-0.67	64.63	39.78	2.61	12.03	35673.72
BankAm	36.19	-0.23	50.11	29.67	1.91	11.44	290755.12
Baxter	60.56	-0.82	89.70	57.49	1.59	27.01	30498.67
BectonDick	263.19	-1.04	277.29	229.24	1.13	51.38	75060.5
BerkshHat	455463.89	-1813.61	544389.26	396500	-	8.64	273243.72
Biogen	216.46	-1.12	351.86	187.16	-	23.48	31411.17
BlackRock	742.84	-0.38	973.16	575.60	1.97	21.93	111997.05
Boeing	168.68	1.48	233.94	113.02	-	-26.62	100164.07
Booking Holdings	2138.13	8.48	2715.66	1669.34	-	85.64	84897.12
Bristol-Myers	74.21	-0.36	80.59	53.22	2.40	26.84	158446.61
Broadcom	559.63	21.04	677.76	462.66	2.38	35.66	225988.22
Cadence Design	191.95	0.95	194.97	132.32	-	86.63	52569.35
CapOne	113.52	-0.09	175.98	98.54	1.56	4.75	43570.99
CardinalHlth	68.86	-0.25	71.45	45.85	2.52	40.26	18765.2
Carnival	10.46	-0.11	27.39	8.10	-	-1.40	10398.71
Caterpillar	196.64	0.71	237.90	167.08	1.93	18.76	103808.05
Centene Corp	94.88	0.05	98.53	59.67	-	46.95	54231.59
CharlesSch	75.44	-0.02	96.24	59.35	0.85	30.08	137134.39
Charter Comms	461.80	-3.48	825.62	407.75	-	21.29	74190.36
Chevron Corp	158.46	2.18	182.40	92.86	2.97	21.97	311344.34
Chipotle Mexic.	1706.32	0.83	1958.55	1196.28	-	84.07	47375.37
Chubb	201.63	0.69	218.99	171.96	1.40	11.81	84209.04
Cigna	289.74	-1.86	293.50	191.74	1.22	20.78	88404.37
Cintas Corp	439.89	0.79	461.44	343.86	0.73	43.51	44511.63
Cisco	49.61	2.95	64.29	40.82	2.67	19.87	205433.23
Citigroup	53.27	-0.49	73.90	43.44	3.39	5.93	103173.36
CME Grp	208.40	1.95	256.94	185.79	1.53	32.26	74905.9
Coca-Cola	64.94	0.06	67.20	52.28	2.29	32.57	280841.42
Cognizant	69.04	0.14	93.47	63.26	1.23	19.23	35747.87
ColgtPlm	82.16	-0.01	85.18	72.20	1.93	36.35	68531.31
Comcast	38.84	-0.42	61.80	36.57	2.28	14.42	171043.36
ConocPhil	104.40	3.04	124.08	51.41	1.66	19.41	135036.13
Constellation	250.93	0.78	261.53	207.35	1.08	-1274.87	39981.83
Corning	36.86	0.48	43.47	30.63	2.31	32.49	31158.43
Corteva	62.47	0.60	64.03	40.72	0.76	29.73	45209.54
Corteva	62.47	0.60	64.03	40.72	0.76	29.73	45209.54
Costco	557.37	1.05	612.27	406.51	0.51	50.20	246894.26
CrownCstl	181.13	-0.35	209.49	153.70	2.67	76.54	78434.24
CSX	34.34	-0.14	38.63	27.60	1.01	21.40	73530.22
CVS	103.60	-1.32	111.25	81.78	1.71	19.65	136009.06
Danaher	293.18	-4.09	333.96	233.71	0.27	37.74	213272.43
Deere	365.40	0.71	446.76	283.81	0.95	22.64	111679.27
Delta	34.48	-0.07	46.27	28.10	-	46.68	22105.3
Devon Energy	66.56	2.42	79.40	24.46	2.62	17.92	43583.49
Digital Realty	130.61	-1.60	177.43	119.63	3.15	24.81	37537.91
DiscFinServ	108.81	0.29	133.78	88.02	1.53	6.89	29723.77
Disney	122.85	0.04	187.58	90.23	-	80.59	223962.65
Dollar General	255.77	0.23	262.21	183.25	0.59	28.11	58059.03
DominRes	85.80	0.18	88.78	70.37	2.60	30.35	71428.74
DukeEner	112.90	0.87	116.33	95.48	3.06	25.84	86921.76
DuPont	61.95	-	84.08	52.57	1.72	21.64	31030.87
Eaton	152.84	0.85	175.72	122.50	1.76	32.29	60876.17
eBay	48.49	-0.08	81.19	40.52	1.32	143.98	26638.85
Ecolab	175.07	0.12	238.93	143.82	0.99	50.52	49893.06
Edwards Lifesc.	98.94	-1.59	131.73	85.58	-	46.91	61337.17
Eli Lilly	316.72	-0.10	335.33	220.20	0.95	58.39	300939.37
Emerson	90.03	1.17	105.99	76.16	2.00	22.18	53234.74
EOG Res	117.19	3.50	147.99	62.81	1.22	16.55	68678.56
Equinix	703.18	-3.72	885.26	606.12	1.45	143.48	64042.25
EquityResTP	79.77	-0.80	94.32	67.48	2.68	26.27	30002.95
Exelon	46.48	0.23	50.71	29.10	2.92	30.14	45567.46
ExxonMb	94.25	2.05	105.57	52.10	3.28	19.73	392813.06
Fedex	233.60	0.18	277.63	192.82	1.09	14.18	60714.43
Fidelity NIS	100.16	-1.44	135.62	85.00	1.38	168.68	60895.13
Fiserv	109.65	0.93	119.86	87.03	-	62.17	70130.42
FordMtr	16.04	0.01	25.87	10.61	0.55	4.07	63348.14
Franklin	28.38	-0.02	38.27	22.61	3.53	8.47	14143.37
GenDyn	243.64	0.95	254.99	188.64	1.70	23.80	66815.98
GenElectric	79.48	-0.44	116.17	59.93	0.36	-27.60	87158.98
GenMills	76.82	-0.32	78.24	56.67	2.38	22.90	45762.46
GenMotors	38.52	0.12	67.21	30.33	-	6.49	56164.05
GileadSci	65.37	-0.66	74.12	57.17	3.85	14.96	81926.36
GoldmSchs	353.14	-0.60	426.16	277.84	1.63	6.70	120546.43
Halliburton	29.30	1.10	43.99	17.82	0.79	18.58	26573.47
HCA Hold	214.42	5.43	279.02	164.47	0.79	11.43	61543.86
Hew-Pack	35.05	0.74	41.47	26.11	2.12	7.14	36246.54
Hilton Worldwi.	138.33	0.87	167.99	108.41	-	106.90	37940.8
HiltonWwde	138.33	0.87	167.99	108.41	-	106.90	37940.8
HomeDep	323.94	-1.82	420.61	264.51	1.82	23.31	332930.94
Honywell	203.46	0.68	233.56	167.35	1.64	29.02	137069.44
HumanaInc	494.41	-1.31	502.01	365.34	0.50	24.61	62569.41
IBM	138.91	1.12	146.00	114.56	4.18	30.08	125460.78
IDEXX Laborato.	373.75	-0.26	695.18	318.50	-	49.04	31116.07
IllinoisTool	216.00	0.03	248.11	173.52	1.94	28.64	66876.74
Illumina	209.37	-3.65	524.99	173.45	-	46.87	32892.03
Intcntl Exch	112.68	0.98	139.79	90.05	1.04	17.71	62924.28
Intel	36.25	0.47	56.07	34.40	3.40	8.42	148842.5
Intuit	476.08	-2.22	716.86	339.36	0.48	67.27	134291.23
John&John	166.69	-0.89	186.69	155.72	2.23	24.08	438258
JohnsonCn	58.64	0.11	81.69	45.52	1.74	30.21	40391.84
JPMrgnCh	121.30	-1.29	172.96	106.06	2.78	8.91	355721.03
Kimb-Clark	136.57	-0.26	144.53	117.32	3.06	28.92	46109.08
KinderM	18.83	0.26	20.20	15.01	5.23	45.89	42412.74
KLA Corp	382.81	7.72	442.44	282.83	0.90	22.23	54283.9
Kraft Heinz	37.92	-0.28	44.87	32.79	3.74	52.18	46468.68
Kroger	49.17	0.62	62.78	38.22	1.42	25.33	35184.1
LasVegasSd	37.54	0.09	48.27	28.88	-	-28.05	28686.42
LibertyGbl	21.27	-0.04	30.58	20.18	-	1.02	3687.42
Lilly (E)	316.72	-0.10	335.33	220.20	0.95	58.39	300939.37
Linde	310.28	0.82	346.50	265.12	1.21	47.83	154630.38
Lockheed	440.88	-0.71	479.99	324.23	2.23	21.36	116900.31
Lowes	216.01	0.64	263.31	170.12	1.24	20.05	138058.22
Lyondell	91.28	1.47	117.22	82.14	4.31	6.14	29776.08
Marathon Ptl	100.58	1.96	114.35	53.47	2.04	56.18	50153.35
Marsh&M	172.61	-0.23	183.14	142.80	1.38	29.96	86632.82
MasterCard	358.09	2.76	399.92	303.65	0.56	46.12	343292.25
McDonald's	266.49	-0.33	270.17	217.68	1.75	29.95	196061.3
McKesson	365.23	-2.15	375.23	193.89	0.43	46.67	52493.96
Medtronic	94.80	-0.11	135.89	86.70	2.33	29.19	127183.41
Merck	91.18	0.14	95.72	70.89	2.57	21.17	230984.46
Meta	196.64	0.99	384.33	169.00	-	15.41	450997.53
Metlife	67.74	0.27	73.18	57.05	2.49	10.46	55086.57
Microsoft	291.13	-0.19	349.67	241.51	0.70	34.98	2171216.81
Mnstr Bvrg	91.83	0.32	99.81	71.78	-	40.31	48381.26
MondelezInt	65.33	-0.18	69.47	57.63	1.80	24.25	89539.08
Monsanto	9.89	0.01	9.95	9.64	-	51.15	247.25
MorganStly	91.55	0.20	109.73	72.05	2.03	12.86	157175.45
Netflix	245.06	3.91	700.99	162.71	-	24.60	108979.6
NextEraE	90.51	0.31	93.47	67.22	1.59	134.15	177822.34
Nike	116.40	-0.64	179.10	99.53	0.89	34.33	147089.17
NorfolkS	258.03	0.23	298.75	217.00	1.43	24.04	60604.45
Northrop	492.97	0.46	497.20	344.89	1.11	12.78	76268.03
NXP	184.46	4.24	239.91	140.33	1.08	30.65	48438.91
Occid Pet	64.62	1.65	74.04	21.62	0.05	35.39	60561.28
Oracle	79.65	0.40	106.34	63.76	1.44	33.98	212261.36
Pepsico	180.25	0.03	181.07	149.48	2.09	37.05	248730.89
Perrigo	40.76	1.13	50.90	31.32	2.09	-46.93	5487.03
Pfizer	49.07	-0.20	61.71	40.94	2.82	14.09	275419.99
Phillips66	88.40	-1.47	111.28	63.19	3.63	33.58	42524.92
PhilMorris	100.48	-0.69	112.48	85.64	4.32	19.45	155760.41
PNCFin	173.09	-0.25	224.52	146.39	2.46	15.38	70988.36
PPG Inds	133.64	-0.55	172.78	107.06	1.58	33.09	31405.05
ProctGmbl	148.95	-0.30	165.35	129.50	2.13	28.56	355912.1
Prudntl	104.87	0.30	124.22	89.73	3.89	6.07	39011.64
PublStor	353.36	-1.91	421.76	292.32	2.01	40.40	62024.91
Qualcomm	150.86	2.33	192.68	118.23	1.58	19.50	169415.78
Raytheon	94.74	0.30	106.02	79.00	1.88	41.43	139877.56
Regen Pharm	632.09	-4.25	747.42	538.01	-	9.91	67753.84
S&P Global	387.68	-0.05	484.21	311.87	0.70	34.97	129291.28
Salesforce	187.94	-0.02	311.75	154.55	-	141.93	187000.3
Schlmbrg	36.36	0.96	49.83	25.90	1.22	31.08	51427.16
Sempra Energy	171.13	1.54	173.28	119.56	2.28	48.15	53787.9
Shrwin-Will	249.27	-1.60	354.15	214.22	0.78	40.30	64606.56
SimonProp	113.31	0.47	171.12	93.06	5.59	18.69	37092.22
SouthCpr	49.24	1.08	79.32	44.70	5.76	12.66	38067.07
Starbucks	88.64	0.29	120.76	68.39	1.84	27.03	101705.54
StateSt	73.47	-0.49	103.76	58.80	2.63	11.53	27008.99
Stryker	220.50	-0.94	281.16	188.84	1.04	47.75	83381.08
Sychrony Fin	35.32	0.12	52.49	27.22	2.27	5.25	17015.73
T-MobileUS	146.66	1.11	147.68	101.51	-	68.66	183917.69
Target	172.86	-2.48	268.98	137.16	1.64	13.70	80154.56
TE Connect	136.74	1.33	166.44	107.12	1.28	20.96	43734.78
Tesla Mtrs	915.95	3.96	1243.49	620.57	-	210.92	956700.63
TexasInstr	179.95	3.24	202.26	144.46	2.07	24.58	164421.64
TheTrvelers	173.53	-0.43	187.98	145.40	1.85	12.07	41180.95
ThrmoFshr	592.88	-3.16	668.94	497.83	0.16	34.38	232283.84
TJX Cos	67.33	-1.21	76.94	53.69	1.38	27.87	78886.25
Truist Financial Corp	51.21	0.01	66.10	44.68	3.22	12.93	67924.61
Twitter	44.24	0.25	68.41	31.30	-	-178.25	33850.66
UnionPac	240.82	-0.07	278.94	195.68	1.70	25.11	150386.94
UPS	206.75	1.77	232.31	165.34	1.75	15.89	151310.85
USBancorp	48.79	-0.24	63.01	43.75	3.20	10.79	72491.4
UtdHlthcre	544.74	-0.26	553.29	383.12	0.91	34.00	509540.38
ValeroEngy	119.62	1.87	146.81	58.85	2.90	59.46	47126.73
Verizon	44.18	-1.16	56.07	43.77	5.09	9.37	185543.39
VertexPharm	294.78	-4.45	305.95	176.36	-	36.92	75599.13
VF Cp	46.39	-0.74	78.91	43.08	3.76	17.16	18022.34
Visa Inc	215.32	0.80	236.96	185.91	0.55	40.22	352051.35
Walgreen	38.32	-2.56	54.15	36.57	4.44	6.26	33113.99
WalMartSto	138.88	-0.64	160.77	117.27	1.42	31.87	380694.76
Walt Disney	122.85	0.04	187.58	90.23	-	80.59	223962.65
Waste Manage.	174.64	-0.65	175.98	138.58	1.17	45.93	72184.95
WellsFargo	46.04	-0.10	60.30	36.54	1.49	10.50	174632
Williams Cos	35.04	0.74	37.97	23.53	4.15	31.88	42697.3
Workday	175.63	-0.26	307.81	134.10	-	1635.85	3336.97
Yum!Brnds	118.10	-1.02	139.85	108.37	1.50	25.58	33603.04
Zoetis	171.89	-0.57	249.27	154.18	0.52	45.42	80468.34
Zoom	103.55	1.17	357.93	79.03	-	25.72	26063.85
Venezuela (VEF)							
Bco de Vnzla	1.10	-	594.00	0.32	107.18	-	672.82
Bco Provncl	2.39	-0.03	798000	1.70	-	0.00	150.16

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.

♦ ex-dividend

■ ex-capital redistribution

price at time of suspension

FT 500: TOP 20

FT 500: BOTTOM 20

BONDS: HIGH YIELD & EMERGING MARKET

BONDS: GLOBAL INVESTMENT GRADE

Aug 18	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	96.46	5.02	0.00	0.02	-

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

BOND INDICES

VOLATILITY INDICES

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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

How an adult kidded his way into class

This week's new film releases reviewed by Raphael Abraham and Leslie Felperin

My Old School
Jono McLeod
★★★★☆

Free Chol Soo Lee
Julie Ha & Eugene Yi
★★★☆☆

Girls Can't Surf
Christopher Nelius
★★★☆☆

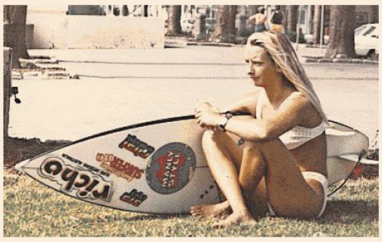
I Came By
Babak Anvari
★★☆☆☆

The truth-based fiction film has in recent years been joined by a shadowy counterpart: the untruth-based non-fiction film. Joining the ranks of *Capturing the Friedmans*, *Catfish* and *The Imposter* comes documentary **My Old School**, the story of a 30-year-old Scotsman who returned to his alma mater in 1993 posing as a 17-year-old orphan.

Bearsden Academy, on the fringes of Glasgow, already seemed out of step with the times, with a headmaster clad in long black gown and a deputy who incited pupils to mark her arrival with a borderline-fascistic salute. Into this setting arrived a walking anachronism in old-fashioned blazer and briefcase. He came with a Canadian twang, an exotic back-story — a globetrotting opera singer mother with whom he'd seen the world before her untimely death — and the audacious name Brandon Lee (this only months after the actual Brandon Lee, actor son of Bruce, had been killed on the set of *The Crow*).

One of the many surprises is that not only was the visibly more mature pupil not shunned by his smart-mouthed Scots schoolmates, he appears to have become something of a social butterfly, befriending bullies and their prey alike, throwing parties, taking his cohorts out clubbing. Teachers were similarly taken, gushing over his knowledge and eloquence, handing out A grades. The final *coup de théâtre* was the end-of-year production of *South Pacific*, in which the ostensible introvert took the lead role and wowed the crowds.

Could it be that his ruse went rather too well? What began as a plan with a clear objective — get in, keep a low profile, get out again with good grades — may have been derailed by the seductive glare of popularity, leading the conjuror to overplay his hand. What fascinates most is the question of at what point illusion tipped over into delusion.



Top: Alan Cumming in 'My Old School'. Above: surfer Layne Beachley in 'Girls Can't Surf'

Key to this is the testimony of the real man behind the myth, Brian MacKinnon, who now talks to camera but is never seen, his words lip-synced instead by Alan Cumming. The actor gives a slyly chameleonic performance, slipping between bruised vulnerability, smirking creepiness and charismatic bravado. Or is that in fact the magic of MacKinnon, whom we are told had a knack for mesmerism?

This interview footage and that with MacKinnon's now fortysomething classmates are woven together with animated reconstructions of key events, the ginger trickster looking like a young Malcolm McLaren. These cartoon segments not only add jollity, they are perfectly fitting for the *Scooby-Doo* ending we know is to come.

Beyond the captivating surface yarn lie deeper layers: insights into the slipperiness of subjectivity and how fact can twist into myth. "He sang like an angel," recalls one classmate; videotape reveals less than divine vocals. The climactic kiss, which all concerned remember as an affectionless peck, turns out to be something more ambiguous and, in the word of MacKinnon's young female co-star, "icky". Yet the overall tone of Jono McLeod's film is admirably unsensationalist: what could be easy fodder for character assassination becomes reflective and, as MacKinnon's real life story is revealed, flecked with empathy.

It's a reminder that none of us are exactly what we seem. Who knows what secrets we carry? The FT itself is no stranger to such bizarre antics. It has been alleged that, in the 1950s, Brendan Bracken, one of the paper's founding fathers and a onetime adviser to Churchill, founded a school (also in Scotland), where he posed as a 16-year-old in flannel shorts in order to be caned by prefects. He was 54. **RA**
In cinemas now

Julie Ha and Eugene Yi's multi-faceted documentary **Free Chol Soo Lee** recounts a fascinating true crime story that keeps delivering surprises, with sharp storytelling skills and ace editing. Chol Soo Lee, a handsome, charismatic Korean immigrant victim of injustice and horrific bad luck, is seen here in archive footage telling his own story, supplemented by readings from his memoir read in voiceover by Sebastian Yoon.

After a troubled youth in San Francisco where he was one of the few Korean people in a teeming Asian community composed mostly of people of Chinese and Japanese descent, he was wrongly identified by a bungled police investigation as the killer in a gangland shooting and sent to prison.

Things only got worse for him when he ended up killing a neo-Nazi in a prison fight (he claimed it was self-defence), resulting in a death sentence.

Lee finally caught a break when journalists and lawyers took up his cause, writing articles, staging protests and building support from California's many Asian communities. In the end, his exoneration hinged on confronting white people's tendency to think all Asians look alike, as well as a simple ballistics check.

The film captures the activist spirit of the 1970s and 1980s and the many characters involved in Lee's story, while refraining from any kind of hagiography of its central character. That's just as well: the film's shocking third act proves he was a complicated character whose bad luck never ran out. **LF**
In UK and US cinemas now

female athletes still earn a lot less than men in many fields. It's a struggle to equalise the pay scales, even when teams and individuals do better in international competitions than their male counterparts.

Lively documentary **Girls Can't Surf** is supposedly a general history of women in surfing from the 1970s onwards, but its real throughline is that same struggle for equity and recognition. The stakes may not be as high as they are in, say, tennis, but the challenges of endurance and determination — not to mention sexism, eating disorders and homophobia — are just as dramatic and stark.

Several of the interviewees here recount how the competition for resources wasn't always about money. Sometimes it was over the field of play itself, with the women fighting for the right to surf at the correct time of day, a small window of opportunity at some beaches. Tales are told of being jostled in the water during training by male athletes who take manspreading to a whole new level. But although competitive surfing mostly pits athletes rather than teams against each other, the women managed to join forces, at one point staging a sit-down strike on the beach during a competition.

These women were also scrappy and sharp-elbowed with one another. Wendy Botha recalls being happy for one long-term rival when the latter finally took a title from her, a feeling of generosity that was memorable because Botha felt it so rarely. It's striking too how many of the women here recount how surfing was an escape from impoverished and abusive childhoods.

For some, touring was a kind of semi-sponsored homeless lifestyle, eked out in the backs of broken-down estate cars and vans. But even viewers who have never set foot on a board can appreciate how exciting it all was when they see the surfers in action in the many minutes of grainy, salt-smeared archive footage, skimming the swells with exquisite grace and tenacity. **LF**
In UK cinemas now

Hoodie-clad Toby (George MacKay) and his best friend Jay (Percelle Ascott) think of themselves as social-justice class warriors. That's why they go to elaborate lengths to break into rich people's homes and spray the tag "I came by" in huge graffiti letters on walls, although this kind of prankish vandalism seems a little 2012-ish. In any case, when Toby infiltrates the house of retired high court judge Hector Blake (Hugh Bonneville), he finds a nasty surprise in the basement that rather belies Blake's reputation as a saintly champion of immigrants.

It's just the first of several shock twists **I Came By** has in store, all of them variations on games Alfred Hitchcock was playing at a masterly level decades ago. The problem is that when a thriller keeps twisting in the same direction three or four times in a row it stops being surprising and just becomes a weird slog, like a donkey treading in circles to

> In 'My Old School', Alan Cumming slips between bruised vulnerability, smirking creepiness and charismatic bravado

work a millstone. Fans of writer-director Babak Anvari's innovative debut *Under the Shadow* will be disappointed in the weedy screenwriting here, credited to Anvari and co-writer Namsi Khan, and the film's over-reliance on stale jump-scares and fakeout surprises.

There are a few things to admire, such as the always welcome Kelly Macdonald as Toby's mum Liz, who spends a lot of time sitting in cars sucking furiously on cigarettes in an interesting break with cinema's current tendency to make all spaces smoke-free. Bonneville seems to be having fun too, rocking a silver fox hair-do and an ascot tie as he channels predatory smugness. But the choppiness of the storytelling may leave viewers of *I Came By* wondering when it will ever get up and go. **LF**
In UK cinemas now and on Netflix in the US from August 31

Left: George MacKay in 'I Came By'. Below: 'Free Chol Soo Lee' tells the story of Lee, centre, a victim of mistaken identity
Nick Wall/Netflix; Grant Din

Women in hitherto male-dominated sports (such as football in the UK and basketball in the US) are finally getting the mainstream recognition they deserve after years of tokenistic attention from administrators, sponsors and the media. But professional

FT BIG READ. ASIA

Twenty-five years after the Asian financial crisis, the country's private equity companies are flush with cash, cutting billions of dollars in deals and helping domestic corporations expand overseas.
By Christian Davies

South Korea's buyout boom

Private equity growth in Korea reflects the country's wider fortunes so far this century
FT montage: Renan Gicquel/Getty Images/Dreamstime

Michael Byung Ju Kim still recalls the conversation that convinced him to set up a private equity firm in his native South Korea.

Educated in the US, Kim worked on Wall Street for Goldman Sachs and Salomon Brothers before joining global private equity giant Carlyle, where as Asia president he led the firm's Asian push in the early 2000s.

But a meeting in 2005 with Ho Ching, then chief executive officer of Singaporean state holding company Temasek, inspired him to strike out on his own.

"Ho Ching, whom I greatly admire, encouraged me to create an Asian firm, owned and operated by Asians, for Asia," says Kim. "But rather than set up shop in Singapore, the Korean in me won out, so we set up here in Seoul."

Seventeen years later, Kim's private equity firm MBK Partners is sitting on $25.6bn of assets under management — an annual increase of 29 per cent since it was founded shortly after his conversation with Ho. Its sale of a 12.5 per cent stake to New York-based Dyal Capital earlier this year valued the company at $10bn — equivalent to publicly listed TPG, America's fifth-largest PE firm.

The rise of MBK, which invests in Korea, Japan and China, illustrates the dramatic growth in scale and sophistication of the South Korean private equity market in the decades since the Asian financial crisis of 1997.

In 2021, South Korea's private equity deal value doubled to a record high of almost $30bn, exceeding neighbouring Japan by about $2bn and trailing only China and India in terms of total deal value in the region, according to estimates by Bain & Company. Investor exits also jumped 225 per cent from the previous year to $21bn.

"Korea has assumed disproportionate importance as a buyout market in the past few years," says Iain Drayton, head of Goldman Sachs' investment banking division in Asia ex-Japan.

> 'The country has become a magnet for private equity — it's one of the best-kept secrets in Asia'

"The financing is there, the conglomerates are restructuring, and you have a lot of family-owned businesses going through succession. As a result, the country has become a magnet for private equity — it's one of the best-kept secrets in Asia."

Private equity's growth in Korea reflects the transformation in the country's once tumultuous relationship with foreign capital, as it liberalised its economy and adopted financial practices from abroad. It also mirrors the wider fortunes of the country itself, 25 years after international creditors suddenly withdrew the short-term financing upon which Korean industry had come to depend, leaving banks and overleveraged conglomerates on their knees.

Today, local private equity firms set up less than 20 years ago are going toe-to-toe with global players as Korean companies, now flush with cash, plot new forays into foreign markets.

Kim, known as the "godfather of Asian private equity," says firms like his have helped the country carve out a valuable and distinct niche for itself in the region. "When we began in 2005, global institutional investors would scratch their heads and say, 'We get China, we get Japan, but why Korea?'" he says. "Now they understand that compared to the larger markets of China and Japan, Korea is not too risky and not too low-growth. That's why we call Korea the Goldilocks country."

'A period of shame'

regarded by many in Seoul as the jewel in the crown of Korea's banking system.

"Lone Star became synonymous with what many saw as a period of shame and leakage of national wealth," says one Korean financier. "It got really ugly."

The Korean financial authorities attempted to declare Lone Star's acquisition of KEB illegal, in effect killing a proposed sale of the bank to HSBC. Prosecutors also accused Lone Star executives of tax evasion and stock price manipulation, sending country manager Paul Yoo to prison in 2008. The finance ministry official who approved the transaction was imprisoned.

In 2012 Lone Star fought back, taking action at the World Bank's international arbitrator to demand $4.7bn from the Korean government in losses incurred from its delay of the HSBC deal and the unfair imposition of taxes. A ruling is expected this year.

But while parts of Korea's establishment were seeking to make an example of Lone Star, others saw in the activities of the foreign private equity groups something to emulate.

These advocates say the foreign PE firms recapitalised Korea's leading banks at their own risk, introducing modern risk assessment systems and credit discipline to financial institutions that for decades had lent recklessly to politically connected conglomerates.

They were rewarded with handsome profits in the process: Carlyle more than doubled its money, selling its stake in KorAm to Citibank in 2004, while Newbridge made a $1bn profit selling its stake in Korea First Bank to Standard

raise "blind pools" of cash to deploy as they saw fit.

These new Korean-registered "general partnerships" enjoyed tax advantages over their foreign competitors, as well as greater freedom to acquire assets subject to foreign ownership restrictions. Two months after the law came into force, Kim and his former team from Carlyle launched MBK.

The new firms also benefited from the willingness of Korea's giant pension funds, including the mighty public National Pension Service (NPS), to invest in local players even if they had limited experience in the industry.

This was due in part to the weak performance of Korea's public markets, weighed down by investor concerns over poor corporate governance. The NPS increased its PEF investments more than tenfold between 2007 and 2017, according to a McKinsey study.

"The Capital Markets Law enabled the creation of funds, but if there was no sizeable institutional investor supporting that, it would have been impossible," says Park Chung Ho, Korea co-lead for US-based investment firm KKR.

Michael Byung Ju Kim: 'Ho Ching encouraged me to create a firm, owned and operated by Asians, for Asia'

He adds that the NPS's emergence as a key institutional investor in global private equity since 2005 had "changed the narrative" about the sector in Korea

ities. There was a lot of idle capacity that was ready to churn when the market picked up."

When the global financial crisis struck towards the end of the 2000s, there was a new round of opportunities as multinational corporations headed for the exit.

It was in this context that KKR's newly minted Seoul office acquired South Korea's Oriental Brewery from a debt-laden Anheuser-Busch InBev in 2009. KKR would go on to make a fivefold return on its investment, selling Oriental Brewery back to AB InBev in a $5.8bn deal in 2014 and helping to propel Joseph Bae, then head of KKR in Asia, to the position of global co-chief executive.

The $1.8bn deal, executed in partnership with Hong Kong-based Affinity Equity Partners, marked the return of global private equity to the Korean market and forced global investors, many of whom had been put off Korea by the Lone Star saga, to give the country a second look. The following year MBK bought Korean retailer Homeplus from Tesco for $6.1bn — the largest M&A transaction in Korean history.

A busy future

Traces of the Lone Star controversy remain in Korea's public discourse. During his nomination process earlier this year, Korean prime minister Han Duck-soo was forced to deny any involvement in the Lone Star case when working for the Texas fund's Korean law firm.

But Young Ki Kim, head of investment banking for JPMorgan in Seoul, says that local private equity's rise since

ing the workforce is often a condition for their acquisition due to the rigid labour market," says Sung.

Sung adds that private equity is viewed relatively favourably in Korea because of the memory of the cronyism and outdated practices of the country's banks in the lead-up to the Asian financial crisis.

Private equity firms both local and global have bought up chunks of highly diversified conglomerates such as SK Group, Hanwha Group and Doosan Group, while increasing investments in the Korean credit, real estate and insurance sectors. Industry executives say medium-sized Korean companies in sectors ranging from consumer goods, infrastructure and manufacturing to ecommerce, fintech and software offer potential pickings for the future.

But financiers say that investors hoping to feast on giant carve-outs from leading *chaebol* such as Samsung, Hyundai and LG are likely to be disappointed. In part, this is because unlike their Japanese counterparts, the Korean conglomerates already went through a period of acute disruption in the aftermath of the Asian financial crisis.

Instead, says Drayton of Goldman Sachs, the next frontier for private equity in South Korea is likely to be partnerships with Korean firms as they look to deploy their own capital abroad.

Spooked by regulatory caprice in China, restricted by western export controls and enticed by the prospect of US and European subsidies, Korean companies are making a push into western markets in sectors ranging from semiconductors to EV batteries and defence equipment. The *chaebol* are leading the charge. Samsung Electronics, the world's largest memory chipmaker, is investing $17bn in a new foundry in Texas, for example, while SK Group chair Chey Tae-won has announced $52bn in US investments by 2030.

> 'Compared to the larger markets of China and Japan, Korea is not too risky and not too low-growth'

Speaking before his abrupt resignation this month as global chief executive of Carlyle, Kewsong Lee told the Financial Times that "an enormous amount of capital will be required when it comes to semiconductors, to energy transition, to alternative forms of energy and electric batteries, to the next generation of mobility."

Lee said that there were "constant conversations" going on between global PE firms and a younger generation of *chaebol* leaders, many US-educated, who are "very open to these kinds of partnerships".

"Korean corporates . . . are looking for growth outside of Korea, and the US is offering a compelling strategy," says Park Chung Ho of KKR, citing his firm's $2bn investment last year in SK Group's plans to expand its share of the global hydrogen market.

Local private equity firms are also hoping to take advantage of the corporates' foreign push. Song In-jun, founder and CEO of IMM, points to its acquisition of Air First, formerly German Linde Group's Korean industrial gas business, a key supplier to Samsung's chip plants in Korea and potentially abroad, as an example of how Korean funds will start to enter foreign markets in the *chaebols'* slipstream.

A new generation of boutique Korean PE firms has also sprung up to take advantage of the trend. Bricks Capital Management, a private equity start-up seeded by leading Korean companies in the EV battery sector, launched earlier this year to identify investment and acquisition targets for their budding

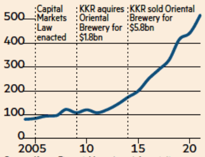
In the aftermath of the Asian financial crisis, a range of foreign funds swooped in to take over distressed Korean financial institutions.

In January 1999, the Newbridge Capital joint venture paid approximately $500mn for a 51 per cent stake in Korea First Bank, which had been nationalised two years before. The following year, a consortium headed by Carlyle paid $412.3mn for 40 per cent of KorAm, another leading South Korean bank.

To Korean critics, these foreign "vulture funds" were feasting on the country's misfortune at a moment of acute vulnerability. Public anger erupted after Texas private equity firm Lone Star Funds paid $1.2bn in 2003 for a controlling stake in Korea Exchange Bank,

Private equity's portfolio in South Korea has grown sixfold since 2004

Institutional private equity funds' net asset value ($tn won)



Source: Korea Financial Investment Association
FT Data: Andy Lin/@mandylin2

Chartered in 2005. Lone Star would eventually sell its stake in Korea Exchange Bank to Hana Financial Group for $3bn in 2012.

"The sales reflected the value that was created," says Kim. "The authorities recognised the contribution made by private equity and, in the face of a cultural backlash against the foreign firms, set their sights on fostering a local PE industry. It was a direct outgrowth from the financial crisis."

Birth of an industry

Until 2005, Korean investment groups had been restricted to raising money from investors on a project-by-project basis. But after the enactment of a new capital markets law, they were able to itself. "Private equity was no longer outside the realm of what Korean institutions or Korean players had access to. It started to be seen as something from which the country could benefit."

Most importantly, there were deals to be made. South Korea had rebounded from the Asian financial crisis so quickly that the country paid off its 15-year loans within two years. The crisis had also forced radical restructuring on the surviving Korean conglomerates, creating opportunities for carve-outs.

"The capital that had been invested in these export-oriented manufacturing businesses over decades didn't just disappear during the Asian financial crisis," says Park. "It was in assets, in infrastructure and in production capabil-

the 2005 capital markets law has long since transformed the way the industry is perceived by Korean business owners.

"When PE was involved primarily with distressed assets, there was a certain stigma for founders — it was associated with failure," he says. "But now it is associated with success — the talk of 'vulture funds' is long gone."

Sung Tae-yoon, professor of economics at Yonsei University in Seoul, adds that the industry has adapted to Korea's regulatory, economic and social environment by avoiding the kinds of cost-cutting practices and lay-offs that have tainted the industry's reputation in other parts of the world.

"They have been less aggressive about corporate restructuring because retain-

supply chain in the US.

For Korean financiers who remember the Asian financial crisis, and the foreign acquisition of the country's financial institutions in the early 2000s, this Korean push into foreign markets constitutes a gratifying inversion of the narrative of a quarter of a century ago.

"People in the west forget that in the late 1990s Korea, the 10th largest economy in the world, was effectively in sovereign default," says Kim. "Then when we set up in 2005, it was said that the centre of the global economy was shifting to Asia. It was just an aspiration then — today it's a reality."

Additional reporting by Hudson Lockett, Song Jung-a and Kang Buseong

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

Truss's retro regulatory plans are a backwards step

Merging UK financial regulators again would be a costly distraction

Another week, another questionable historical throwback from Liz Truss's campaign to be the UK's prime minister. To date she has often focused on the 1980s, borrowing from Margaret Thatcher's playbook (and wardrobe) to cement her rightwing credentials, and underpin her plan to overturn what she argues is the failed orthodoxy of the Treasury and the Bank of England. But Truss's idea to review the remit of the UK's financial regulators with a view to merging them, is one last tried by Labour in 2001. It was then unwound by a Conservative-led coalition a decade ago following the financial crisis.

It is a plan best consigned to the dustbin of history. Not necessarily because one organisational model is better; since 2001 the UK has tried two regulatory structures, with each having pros and cons. Rather, rearranging deckchairs achieves little other than uncertainty and cost, for both regulators and the regulated, when watchdogs and policymakers need more than ever to focus on the substance of their jobs.

The idea could be dismissed as yet another publicity stunt in the quasi-presidential contest between Truss and Rishi Sunak, the former chancellor. But Truss is polling 32 points ahead of Sunak in the latest survey of Tory party members, who select their new leader and thus the country's prime minister. It is dangerously feasible that pledges made on the campaign trail by Truss — to differentiate herself from both Sunak and the status quo — actually take root.

The current UK regulatory system houses the Prudential Regulation Authority, overseeing the safety and soundness of big banks and insurers, within the BoE. Meanwhile, the Financial Conduct Authority focuses on consumer protection and professional behaviour across the financial services industry. This "twin peaks" model was created out of the old Financial Services Authority, split up following accusations that its light-touch approach exacerbated the financial crisis — which Truss seems to have forgotten.

It is reasonable to review regulators' performance and remit. Consumer scandals, such as the London Capital & Finance minibonds episode, and low staff morale, continue to dog the FCA (as they did the FSA). Truss has already pledged a similar review for the BoE and its monetary policy. Andrew Bailey, the BoE governor (and former FCA boss) — who is in politicians' crosshairs over the UK's double-digit inflation — has said he would welcome such a review. But Truss has to be clear what problem she is seeking to solve, and how merging regulators yet again might remedy it.

There are intellectual arguments for both systems: a consolidated model should improve communication and joined-up thinking; a twin peaks model

The idea could be dismissed as yet another publicity stunt in the quasi-presidential contest between her and Sunak

gives equal weight to both headline-grabbing enforcement fines and closed-door supervision of financial soundness. The latter in particular appears a success under the PRA. Yet the Financial Times argued against splitting the FSA a decade ago, not out of ideology but precisely because organisational reform distracts from thornier, and perhaps more incremental, changes that would actually make a difference.

Perhaps that is the point: Truss is critical of what she sees as regulatory overreach and red tape. Both she and Sunak favour a competitiveness mandate for watchdogs, meaning that they regulate in a way to boost UK plc; an objective of the doomed FSA. This wrong-headed notion of regulatory responsibility, in combination with unnecessary organisational change, is a sure-fire way to prevent regulators from doing what they are actually there for: taming wilder animal spirits, protecting consumers and ensuring market stability. That is the history lesson Truss should really heed.

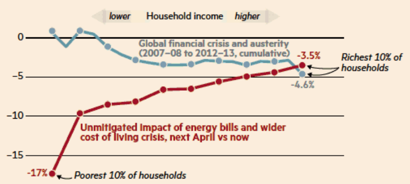
Opinion Data Points

The energy bills emergency has barely begun

John Burn-Murdoch

Without more support, the energy bills squeeze will hit UK households far harder than the global financial crisis did, especially those on middle and low incomes

Change in net disposable income after housing costs (%), by household income



Sources: Tony Blair Institute for Global Change; IFS; FT analysis
FT graphic: John Burn-Murdoch / @jburnmurdoch

When I graduated from university in the summer of 2011, I landed straight into the aftermath of the global financial crisis and the height of the Conservative government's austerity programme. UK unemployment was at its highest level in 16 years, real disposable incomes had just fallen by 2 per cent, and in August, riots erupted in London and a handful of other cities.

For those of us who came of age during that period, it felt like a generation-defining economic shock. Unfortunately, I now realise it may not even come close to holding on to that title.

Over the full five-year slump from 2007-08 to 2012-13, British living standards declined by a cumulative 3.4 per cent, with the hardest hit group

To avert disaster, fresh support packages must be rolled out well in advance of next spring

— the highest earners — squeezed by almost 5 per cent. Fast forward 10 years and UK inflation has hit a 40-year high of 10.1 per cent while the

However, the latest projections from industry analysts at Cornwall Insight and Auxilione place the peak of charges in April, when annual tariffs could climb as high as £5,000.

In the absence of any new support come the spring, disposable income after housing costs would fall by almost 7 per cent in real terms across the population as a whole, according to analysis by the Tony Blair Institute for Global Change. This is by far the biggest contraction since records began in 1961.

Monthly outgoings for the poorest tenth of households would be £155 higher next April than today, instantly wiping out 17 per cent of net income. For a group whose post-tax income already falls short of covering essential spending, this would be nothing short of catastrophic. The typical household in this bracket has just over £1,000 in liquid financial wealth to fall back on. They would burn through those reserves in just five months at April-level prices with no scope to cut back elsewhere short of choosing between heating and eating.

Far from being a problem exclusive to those at the bottom of the income spectrum, a Citizens Advice survey this week found that one in four British households will be unable to pay its energy bills after the anticipated near-

Letters

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Why Americans are impervious to plight of ordinary Afghans

As much as my heart goes out to the desperate situation found in Afghan society ("Engagement with Afghanistan will promote broader US strategic goals", Opinion, August 15), I have to wonder how much more must we give?

Trillions of dollars, thousands of US lives lost and much blood shed, and to what end? What did 20 years of US involvement build? Show me where the money went! If fighting international terror meant buttressing corrupt regimes and siphoning off tax dollars to political elites, warlords and tribal leaders with no end in sight, then we are well rid of it.

Nowhere in the article by Annie Pforzheimer, a former acting US deputy assistant secretary of state for Afghanistan, does she mention the blatant, pervasive corruption that was endemic throughout the civil, military and tribal culture.

Just like Saigon before the "fall", we were complicit in this failure. The US-trained military simply melted away before the advances of the Taliban.

Why? I don't expect a simple answer, but decades and decades of war breeds a mindset that is near impossible to change. And that kind of mindset makes for hard men impervious to the cries of hungry children.

Ted Gaffney
Waterford, CT, US

Don't forget Ireland has a say in reunification too

In reference to Henry Mance's interview with Michelle O'Neill ("What I won't allow is the unravelling of the Good Friday Agreement", August 15), I believe most sensible Irish people around the world do not see O'Neill and Sinn Féin as representative of the citizens of Ireland.

The party may represent its voters in Northern Ireland, but that is literally and legally part of a different country.

This is not mere opinion. A December 2021 Ipsos MRBI poll found that 62 per cent of people in Ireland were in favour of Irish unity as a concept, but 76 per cent deemed a poll on the issue either not very important or not a priority.

More than that, 77 per cent of those living in the state (I didn't get the call as I work in the US) oppose a new flag, 72 per cent are against a new national anthem (the one used at rugby internationals is questionable as it is) and 71 per cent reject rejoining the British Commonwealth.

The future of Northern Ireland is indeed in flux, due increasingly to the English nationalist approach of the London government, but it should not be forgotten that we, the Irish people, have a say in this matter too.

Forcing the ball into the court of the Irish government in Dublin is not only reckless — it's also insensitive. At the end of the day, those living in county Kerry have far more in common with their counterparts living in Kent, while the Cornwall shanties aren't too different to the songs sung in Cork.

More importantly, though, we reserve our rivalry with the English for the rugby field — it's much sweeter (and grown up) that way.

Tom O'Sullivan
Kenmare, County Kerry, Ireland
New York, NY, US

Badenoch's popularity

By-elections for new ministers is an old idea

You suggest that MPs rather than party members should elect a party leader and prime minister ("This is not the way to choose Britain's next prime minister", FT View, August 16). A modified selection process could revive the requirement for ministerial by-elections. Winston Churchill lost such a contest in Manchester North West in 1908 when he was appointed President of the Board of Trade. He was later elected as the MP for Dundee.

A prime ministerial by-election would not change the outcome of the current contest but hustings might be more interesting than those involving Liz Truss and Rishi Sunak.

David Baulcombe
Norwich, Norfolk, UK

Politicians could copy way companies pick leaders

I could not agree more that "this is not the way to choose Britain's next prime minister" as your leader puts it (FT View, August 16).

Charities need same loan access as small businesses

This month the UK government's vital scheme offering state-backed loans to small businesses goes live for a further two years (Big Read, August 9). This is very welcome news and will make a big difference in getting finance into communities across the UK that struggle to obtain it.

It is vital that this critical support is not limited to businesses but can also be accessed by charities. The need for charities has soared with the cost of living crisis and with the UK facing levels of economic inequality not seen for decades. However, charities who earn less than 50 per cent of their income from trading will not be able to access the scheme beyond Christmas. We also encourage government to work towards a longer-term commitment to enable enterprises and investors to plan for the long-term.

Social Investment Business, a UK charity and trading company that offers loans, grants and other financial products to charities and social enterprises, has raised £46.5mn of funds backed by the government guarantee which has to date provided loans to 95 social enterprises and charities which have struggled to access finance from mainstream banks. These loans have already had a significant impact, benefiting communities across the UK, ranging from a charity providing digital skills training for tens of thousands more people, to a charity finding accommodation and training for homeless people.

We urge the government to make the policy changes needed well in time for Christmas, so charities do not find themselves in the unenviable position of being locked out of the scheme on January 1. By using the specialist expertise of social impact investors, we are confident that not only will these loans continue to be paid back, but also that they will continue to create jobs

Japan's drinks ploy smacks of policy incoherence

It is scarcely believable that the Japanese tax agency with its "Sake Viva!" campaign (Report, August 18) is encouraging greater alcohol consumption, in a bid to generate greater tax revenues to deal with the high level of debt which the finance ministry is reported to be fretting over.

Have they not heard about the importance of policy coherence? It is not even sure if this move will help debt reduction that much, as extra revenues may be accompanied by extra expenditures due to alcohol-related health issues.

In Japan, they worry about generational changes but do they really want to encourage behaviour damaging to the wellbeing of all generations. The report says that the health ministry did not co-operate on this issue. They should have fought tooth and nail to prevent it.

Andrew Dean
Paris, France

Next up, let's bring back the Zanzibar leopard

Although some people believe "de-extinction" plans are playing God and others have voiced concerns over benefit-cost ratios, I cannot help being fascinated by the prospect of bringing back extinct species. And I must say the thylacine, the official name of the Tasmanian tiger that was the Australian island's apex predator, is an excellent candidate ("Biotech experts vow to recreate extinct tiger", Report, August 17).

Assuming that the good people from Colossal Biosciences read quality newspapers like the FT, can I humbly suggest they look at the Zanzibar leopard as one of their next contenders.

My wife and I visited the east African island in 1997 and much later read that the last sighting (not by us) of this year high of 10.1 per cent while the average energy bill is on track to more than double by next spring. The coming months are on course to deliver the largest cut to real disposable household incomes in Britain since records began, while brutally inverting the gradient of who suffers the most.

Even in the middle of summer, before the anticipated rise in energy bills for the fourth quarter, huge numbers of British households are being pushed to the brink. During July alone, 2,271 people told the charity Citizens Advice that they could not top up their prepayment energy meter, leaving them unable to turn on the fridge or cook food. The equivalent figure at the height of last winter was 1,444.

With longer, cooler nights on the horizon and the announcement of the October bills increase just a week away, most attention has focused on how to mitigate the icy grip of the winter months, but the worst may not arrive until spring.

Both the existing government support packages and Labour's proposed freeze on bills only span the six months from October to next March.

energy bills after the anticipated near-doubling of the price cap in October. More than half this group are ineligible for the two £325 support payments the government is providing to people on benefits. Such pervasive precarity underscores how little headroom many British households have. Even in the fourth decile of income distribution, in which households were saving about £150 a month before the cost of living crisis hit, April's bill rise would see all those savings and more evaporate in the absence of significant cutbacks on discretionary spending, tipping them into a deficit. Even in a comfortably-above-average household with gross income of around £45,000, the April increase could wipe out as much as two-thirds of monthly savings.

Millions of British households are already financially underwater and a tsunami is bearing down. To avert disaster, fresh support packages must be rolled out well in advance of the spring, and they must far exceed what is already on the table for October.

john.burn-murdoch@ft.com

belies Tory stereotypes

Tory members may be “older, richer, more male, more southern-based and far more predominantly white than the general population”, as your editorial states (“This is not the way to choose Britain's next prime minister”, FT View, August 16), yet the Conservative Home website and external polling, when the list still comprised eight prime ministerial hopefuls, indicated that comfortably the favourite among Tory voters was Kemi Badenoch, a 42-year-old female black immigrant from Nigeria, whose striking moral courage, articulacy, grace, effectiveness as a minister and patriotism they embrace with palpable pride.

Perhaps if MPs had consulted their local associations more closely (in a process without hustings or a membership vote, as your editorial recommends) Badenoch could have been swiftly appointed to take forward the general election manifesto to which all candidates are already committed in a non-presidential party-based system.

Rupert Boswall
Staplehurst, Kent, UK

View, August 16).

When a company appoints a new officer, whether a chair or chief executive, it is the responsibility of the board. So members of the Conservative party (shareholders) should trust their elected MPs (board members) to choose the right person, and if they do not agree, then they do not vote that person back as their representative.

It is simple and more representative of the mood of the party.

Nic Stones
Jersey, The Channel Isles

Algo designers seem assured of pole position

Regarding the Datawatch graphic on the trustworthiness of various professions in the paper on August 15 — had they been included in the survey, where do you think the designers of computer algorithms would rank? Given that these algorithms are created to manipulate data I would wager that, by design, their designers would rank at the top.

John Douglas Pappas
Corpus Christi, TX, US

that they will continue to create jobs, boost growth and help people struggling with the cost of living crisis.

Sarah Gordon
Chief Executive, Impact Investing Institute
Stephen Muers
Chief Executive, Big Society Capital
Nick Temple
Chief Executive, Social Investment Business
Theodora Hadjimichael
Chief Executive, Responsible Finance
Alastair Davis,
Chief Executive, Social Investment Scotland
Fran Sanderson
Chair, Social Investment Forum

Dismissing NHS reform requires a second opinion

Mark Peaker writes that “there will never be reform of the NHS, for what on earth would politicians talk about should it ever happen” (Letters, August 11).

Much as I appreciate his diagnosis, could I please have a second opinion?

Jan Harrington
New York, NY, US

the last sighting (not by us) of this springer spaniel-sized leopard was also 1997.

The Zanzibar museum contains various remains, which should prove helpful, including a taxidermist's original.

Robert Boston
Kingshill, Kent, UK

PwC partner pay would fail the Firebird test

While working in advertising in the 80s a colleague who owned a Pontiac Firebird used to park it in the local municipal car park when we went to client meetings and walk the rest of way. He believed the Firebird would only result in the finance director wondering whether our fees needed review in a downward direction.

I was reminded of this when reading in your newspaper (Report, August 18) that the average pay at PwC was north of £1mn for its almost 1,000 partners. If I was a PwC client I would be reviewing the fees.

Mark Vidler
London SW14, UK

Opinion

Europe must use all its financial firepower for green transition

MARKETS
Megan Greene

Europe is fully united on something: it's hot. Records have been set everywhere I've travelled this summer: Madrid, Rome, Brussels, Helsinki and London (where I had the pleasure of being on the all-time hottest day recorded in UK history). Half the EU is suffering from drought. The Rhine is so low barges can't transit. Anyone fretting about an oncoming climate crisis is missing the one Europe is already in. The good news is that there is a plan to deal with climate change. The bad news is that it's not going to help much now, and it's difficult to assess how well it's going to work eventually.

The stakes are high for the European Commission and the European Central Bank. When the pandemic hit, the commission put together a landmark Recovery and Resilience Fund (RRF), comprised of grants and loans for which EU member states could apply. At least 37 per cent of the money had to be used for climate objectives.

Yet it doesn't seem using the funds for the green transition has been a pressing priority. Payments of the funds are connected to the fulfilment of specific targets in six different pillars. A recent commission report suggests that of these pillars, payments for fulfilled green transition targets ranked only fourth.

It's also not clear how actual absorption of the funds is going. Each national project has to be tracked to know how much is spent on what and when. Only seven countries provided an annual breakdown of planned spending in their RRF plans. With the money to be doled out throughout 2026, it's too early to see if most countries are on track. And there are plenty of reasons to worry some will fall behind. EU countries on average spent just under half of the Cohesion and Development Funds from Brussels in 2020.

Italy and Greece are top candidates to fall short on RRF project spending. Italy faces an election on September 25, and still must meet 55 RRF targets by year-end to receive funds. Greece's main opposition party, Syriza, claims only 1 per cent of RRF funds have been used, with the rest creatively transferred between government agencies.

The difficulty in tracking absorption

> Each national project has to be tracked to know how much is spent on what and when

of RRF funds also affects a new initiative to phase out dependence on Russian fossil fuels by 2027. REPowerEU relies partly on RRF leftovers for funding (currently €225bn). To meet its target, the commission estimates REPowerEU will require an additional investment of €210bn. If not used, RRF funds could help accelerate the transition. But even with more firepower REPowerEU won't help in time for this winter; it is still making its way into legislation through the European parliament, and member states will have a month after that to request the loans.

There is a powerful source of funding for the green transition that could be deployed immediately and will mobilise private capital: the ECB's targeted longer-term refinancing operations (TLTROs). The ECB has formally included climate change in its mandate and could adjust this tool to subsidise the green transition.

The central bank launched the TLTROs in late 2019 and cut the rate to minus 1 per cent during the pandemic. To borrow at this concessionary rate from the ECB, banks committed to not shrinking their loan books. But with the deposit rate rising, the TLTROs have become incredibly generous. The TLTRO rate was increased to the deposit rate in June, but the actual rate on TLTROs is calculated as an average over their three-year life, which remains well below the deposit rate. According to Morgan Stanley, banks could earn up to €24bn of extra profit from this carry trade between now and the end of the scheme in December 2024.

Rather than wind the TLTROs down, the ECB should offer new ones that provide concessionary loans for banks that increase their lending to firms producing clean energy and improving energy efficiency. The biggest challenge with this is in asking banks to categorise their loan books, although under the EU taxonomy, banks will start collecting data on energy performance as early as next year.

Europe has earmarked significant funding for the green transition and to reduce its reliance on Russian energy. This summer has shown how urgent the climate crisis is, and so all tools must be mobilised. National authorities and the commission should make sure the aid already committed is being successfully absorbed by green projects. And while fiscal authorities are traditionally best placed to make decisions about which industries thrive, the ECB should be picking up a fire hose as well.

The writer is a senior fellow at Brown University and global chief economist at Kroll

Six lessons for US foreign policy from Afghanistan

Jane Harman

The manner in which the US exited Afghanistan a year ago has created doubt among its partners and allies around the world that it is reliable and competent. The decision to end the longest military mission in US history was the right one, but there are six crucial foreign policy lessons to be learnt from that chaotic departure.

First, is that the people of Afghanistan need continued US support — especially the women and girls whose dreams have been dashed by the rigid reimposition of the Taliban religious code, as well as the interpreters and staff whom we promised to protect. America is already the single largest humanitarian donor to Afghanistan. And the Special Immigrant Visas programme to resettle Afghan citizens who worked with US troops has also been streamlined and bolstered with additional resources.

Second, the US should show appropriate appreciation to its allies. A few months ago, I led a delegation of prominent women foreign policy experts to visit Al Udeid air base in Qatar. One story has left an indelible image. After the suicide bombing in Kabul airport on August 26 last year that left 13 US service members and an estimated 170 Afghans dead, a four-year-old boy was pushed toward an overcrowded C-130 plane. On his way, he picked up a small bundle in his path, which turned out to be a three-month-old baby. Now both children are healthy and being reunited with surviving family members.

What would we have done without

> The decision to end the longest military mission in American history was the right one

the Qataris, who processed and helped relocate 80,000 refugees? The Emir has been welcomed to Washington and his country granted “special status” as a major non-Nato ally — a designation that enhances our partnership with a key Middle Eastern country.

The third lesson is to be choosy with military missions. A better model is the role the US has adopted in response to the illegal Russian war against Ukraine. President Joe Biden was clear that there would not be US boots on the ground. Instead, he joined Nato and the EU to provide arms and aid.

A rare and welcome bipartisan action by Congress is the near-unanimous support for billions in military and economic assistance. The Biden administration has also continued the counterterrorism mission as evidenced by the killing of al-Qaeda leader, Ayman al-Zawahiri, in Kabul. These are examples of limited and achievable objectives.

Next, avoid the kind of “mission creep” that occurred once the limited

TikTok ushers in multipolar internet

Efi Chalikopoulou

TECHNOLOGY
John Thornhill

For anyone with shareable passions such as dance crazes, sea shanties, knitting patterns or Excel spreadsheets, TikTok is the place to be. The short-form, Chinese-owned video app has emerged as an accessible and playful global platform for 1bn users to indulge their obsessions, find an audience of like-minded followers and sometimes make money, too.

To those of a more conspiratorial mindset, however, the entertainment platform is an electronic Manchurian Candidate, creating the opportunity for the Chinese Communist party to manipulate public opinion, subvert democracies and peer into teenagers' bedrooms. In June 2020, India banned TikTok following a border clash with China, cutting off 200mn local users from the service. The following month, then US president Donald Trump also threatened to ban TikTok over national security concerns — but lost the election before he could enforce the plan. This month, the UK parliament closed down its own TikTok account fearing data leakage. “The prospect of Xi Jinping's

to be a cause for major concern,” MPs warned.

While rows rage about whether TikTok is either too trivial or too threatening, there is no doubt that it has become an extraordinary cultural and business phenomenon in more than 150 countries. The latest report from Pew Research Center found that TikTok had rocketed in popularity among American teenagers. Some 67 per cent of those surveyed said they used TikTok compared with just 32 per cent for the once-dominant Facebook. “TikTok isn't just in the zeitgeist. It is the zeitgeist,” wrote Jessica Lessin, founder of The Information tech site.

In becoming the coolest app for younger users, TikTok has left the West Coast's finest and fastest in the dust. Before the platform emerged, Twitter had failed to capitalise on Vine, its own short-form videos. Facebook, Instagram and Snap have also stumbled in staking claims to the digital territory that TikTok has now taken. According to Cloudflare's global traffic report, TikTok.com last year overtook Google.com to become the most popular internet domain. In Silicon Valley speak, TikTok has out-blitzscaled the blitzscalers.

There are perhaps two reasons for this huge popularity. First, the platform is extremely easy to use and highly addictive to view. With its tools and filters, TikTok's app enables users to make short videos, ranging from 15 seconds to 10 minutes, and helps them monetise

contractor, who looks uncannily like the actor Benedict Cumberbatch, has acquired 4.5mn TikTok followers by playing Dr Strange (@cumbermatch).

Second, TikTok promotes videos through a content graph rather than a social graph, as commonly used by other platforms. In other words, AI-trained algorithms promote content to those on the platform with similar interests rather than it being mostly spread via networks of followers. In theory, at least, the app allows more “nobodies” to become “somebodies”.

That said, TikTok increasingly suffers from some of the same pathologies as the US platforms. It has been accused of spreading disinformation harmful to democracy in Colombia, Kenya, France, the US and elsewhere, especially during

> To those of a conspiratorial mindset, the entertainment platform is an electronic

the war in Ukraine. TikTok says it deploys AI tools and employs “thousands” of moderators around the world to enforce strict content guidelines.

The company has also exhibited flashes of a tech bro culture with one senior manager in London claiming he “didn't believe” in maternity leave.

What about possible Chinese government influence? TikTok's parent company ByteDance, a private company last valued at $180bn in December 2020, has ring fenced its international operations by creating a separate corporate structure based in Singapore. TikTok says all its international users' data is held in the US and Singapore and — from 2023 — in Ireland, too. The company insists no personal data flows to the Chinese government, nor would it give Beijing access to such data.

In his well-researched book, *TikTok Boom*, Chris Stokel-Walker investigated these claims. He found no evidence for systematic leakage of personal data. But engineers in China did access some data

sleeper cell waiting to be activated remotely on millions of Westerners' phones,” he concluded. “The reality here is that there is no big con, but instead a little white lie.”

Even if that conclusion is correct, it might not help. Some US senators are still attacking TikTok as an instrument of Chinese soft power. There is a risk that the company might yet suffer the same fate as Huawei, the Chinese telecommunications equipment manufacturer blacklisted by the US.

But if TikTok can avoid becoming a geopolitical punchbag, it might come to symbolise a moment in the evolution of cyber space: the Sinicisation of the global internet, as tech analyst Ben Thompson calls it. In this digital world, more Chinese-style centralised control of content through recommendation algorithms becomes a feature, not a bug. For several decades, the US has dominated the norms, values and practices of the consumer internet. The rise of TikTok points to a more contested future.

government having access to personal data on our children's phones ought

their content by steering advertising their way. Even a former FT business

Manchurian Candidate

to test algorithms or spot bot attacks, for example. "TikTok isn't a social media

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military mission authorised by Congress after the 9/11 attacks was completed. Many of us had doubts about the "clear, hold, build" and "surge" strategies which put the US military in charge of building western-style institutions in Afghanistan and propping up a military command structure full of endemic corruption. A particularly egregious episode was the visible support for Ahmed Wali Karzai, the brother of former Afghan president Hamid Karzai, so he would keep peace in the Kandahar region.

Fifth, Congress must stay involved. The 2001 Authorization for Use of Military Force, which I and all but one member of Congress supported, has been the threadbare justification for 41 US military actions in 19 countries. Congress has never amended or replaced it. Updating the AUMF would be a great way to make the case to the American public for why and when US force should be used.

Finally, lesson six: a global strategy for US leadership is needed. It is past time to build a compelling case for American leadership in the post-cold war world. Understanding what the US did wrong in Afghanistan, finding ways to provide ongoing effective help there, and getting Ukraine and other challenges right would be a good start.

The writer was a ranking member of the US House Intelligence Committee after 9/11. She is author of 'Insanity Defense: Why Our Failure to Solve Hard National Security Problems Makes Us Less Safe'

The new face of the radical right is on display in Italy

WORLD AFFAIRS

Ben Hall

Europe's far right has a new, smiling face. Giorgia Meloni is on course to become Italy's first far-right leader since Benito Mussolini was deposed in 1943.

Meloni's party, the Brothers of Italy, has roots in the fascist-influenced politics of the extreme right that emerged after 1945. Now it looks likely to come first in parliamentary elections on September 25. Her rightwing coalition, formed with the League, led by nationalist Eurosceptic Matteo Salvini, and Silvio Berlusconi's Forza Italia, is set to win around 48 per cent of the vote against a divided left, according to an opinion poll for TV outlet SkyTG24.

Meloni stayed out of Mario Draghi's 17-month national unity government, which collapsed in July. She cannily attacked its political contradictions, saying it could have been even more ambitious, while capitalising on Italians' discontent with their political class. Support for the Brothers, which won only 4 per cent in the 2018 election, has risen sixfold, largely at the expense of the other rightwing parties which joined Draghi's government.

Meloni's objective during a torrid summer election campaign has been to reassure voters, Italy's establishment, the markets and its western partners that she is no extremist and would safeguard Italy's stability and its place in Europe. Last week she released a video in English, French and Spanish arguing that the Italian right had "handed fascism over to history for decades" and asserting her party was closer to Britain's Conservatives, US Republicans or Israel's Likud. The rightwing coalition's albeit sketchy common policy programme vows support for the EU, the Atlantic alliance and Ukraine's resistance to Russian aggression.

It would be a stretch to say the Brothers are a fascist party, but fascists are in it. A clip emerged on social media this week of a young Meloni praising Mussolini as a good politician. Nor has she disowned her party's origins in the National Alliance, the heir to the post-fascist Italian Social Movement. Meloni has retained the movement's tricolour flame symbol and talks about it as a source of pride. Detoxification has its limits and hard-right rhetoric still has its place. Speaking at a campaign rally for Spain's far-right party Vox, Meloni railed against mass migration, foreign criminals, Islamic radicalism and the LGBT lobby.

> Meloni's party looks likely to come first in parliamentary elections on September 25

Italy has strong independent institutions like the presidency, central bank and Treasury that act as technocratic guardrails for its populist politicians.

But the most important check on executive power, the presidency, is under threat. The rightwing coalition wants to change the constitution to create a directly elected presidency, akin to the French model.

The right has long yearned for a strong leader. This time it could happen. It is conceivable that Meloni and her allies could win a two-thirds parliamentary majority, allowing them to change the constitution. The proposal might also go to a referendum. Parliament's failed attempt in January to find a successor to Sergio Mattarella suggests the supposedly consensual appointment of the head of state has become politicised.

Reducing Italy's chronic government instability through orderly constitutional change has its merits. But when Berlusconi last week said Mattarella would have to resign if a reform was approved — rather than, say, serve out his seven-year term before the change was introduced — it caused a storm.

Berlusconi, a three-time premier who coveted the presidency for himself this year, said it was a statement of the obvious. Others saw it as a warning to Mattarella not to try to clip the wings of a rightwing government.

Berlusconi's comment was a gift to the centre-left, which depicts the dangers of a rightwing government as creeping authoritarianism and marginalisation in Europe akin to Viktor Orbán's Hungary rather than a fascist takeover. The Meloni camp was unimpressed.

It may have been a gaffe. Equally possible, Berlusconi, a pioneer of populist politics in Europe, was reminding Italians of his disruptive credentials. After all, he helped to pull the plug on the Draghi government. Although support for Forza Italia has shrunk to about 8 per cent, he sees himself as a kingmaker.

The election of a Mussolini admirer as Italian premier will create deep unease in EU capitals. The promise of large unfunded tax cuts — a big issue for Salvini's League — and unspecified "revisions" to Italy's €200bn EU recovery fund and reform programme will add to concerns. Meloni presents herself as disciplined and sensible. For Italy and for Europe, a government with three populist leaders is unlikely to be so.

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Accountancy: going, going, gone

Furniture from London-listed Made.com usually comes in bits. A pessimist could be forgiven for fearing that the company, co-founded by Brent Hoberman, is returning to that state.

Economic woes once again threaten businesses. Investors should look out for warning signals in results. These may include coded warnings from auditors, galvanised by heavy fines for past complacency. Made.com did not have these. In March, however, EY signed off the going concern statement in Made.com's 2021 report without obvious qualification. The directors looked ahead with confidence — despite mounting supply-chain and Ukraine-related risks — to June 2023 with more than sufficient cash.

Yesterday the furniture business admitted it might need to raise more capital after all. That knocked a tenth off shares 95 per cent below their peak, says Refinitiv. Trading has worsened since downbeat statements in mid-May and July. Ebitda losses could dip to as much as £70mn. Made.com is not alone in misjudging the risks of a weakening economy. White-goods purveyor AO World last month tapped the market for £40mn two days after reassuring investors that the partial withdrawal of its credit insurance would not lead to cash flow issues. Auditors' statements in company accounts tend to be written in jargon.

But UK digital bank Monzo got a thumbs-down when EY last year pointed to "material uncertainty" over going concern for the second straight year. Unfortunately, such warnings may come only after markets have discounted fears about a group's future.

Shares in Made.com were already falling steeply as directors stress-tested for the impact of the Ukraine war. They pointed to a worst-case scenario of gross sales falling 23 per cent as not challenging to going concern status.

The Financial Reporting Council late last year criticised the inconsistency of group viability reports that test going concern assumptions. Directors have a tendency to expect the best, which spares them the inconvenience of preparing for the worst. No company wants to talk down its prospects.

With insolvencies set to rise, auditors must earn their fees from investors by challenging doubtful going concern statements. They will get a pasting from regulators for any further failures in the mould of Carillion, which went bust in 2019. In almost 20 years, KPMG never once qualified its accounts.

Geely: wheely dealy

The first-half profits of Geely Auto are terrible. This might therefore seem a bad time for the business to turbocharge a global buying spree.

Instead, the strategy mirroring that of unlisted parent Zhejiang Geely should benefit the most international of China's carmaking groups.

Zhejiang Geely owns stakes in Volvo Cars of Sweden, the UK's Lotus Cars and Malaysia's Proton. It also has investments in Germany's Mercedes-Benz.

Geely Auto's first-half net profit fell 35 per cent to Rmb1.6bn ($236mn) despite a 29 per cent increase in revenue. Chinese lockdowns and a global chip shortage disrupted production. Vehicle sales fell 9 per cent, missing the company's target.

Shares are off more than a third in the past year. Operating margins have more than halved to just 1.8 per cent last year. Yet the shares trade at a steep 20 times forward earnings, more than four times global peer Volkswagen.

That is partly owing to rapidly growing sales of new-energy vehicles, which include battery electric and plug-in hybrid cars. These quadrupled, accounting for about a fifth of the total.

Growing exports are another reason. A fifth of all cars sold went abroad.

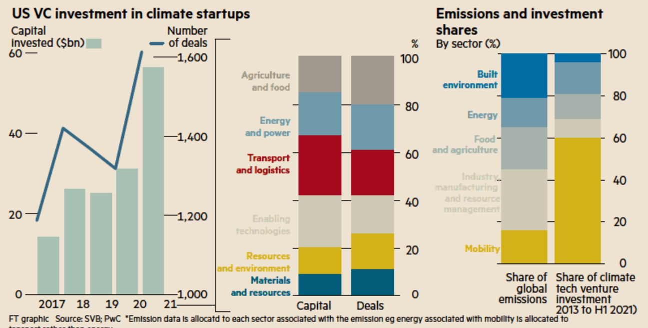
Geely Auto has an edge over local rivals: Zhejiang Geely's foreign stakes help with distribution. Geely Auto is following in its parent's footsteps. It has bought a 34 per cent stake in a South Korean joint venture between Renault and Samsung. Such deals are at times the only real option to enter saturated markets such as South Korea.

Many Chinese buying sprees have ended badly. HNA, whose offshore acquisitions included Hilton Worldwide, went bankrupt last year.

The car industry is different. The race for new technologies related to electric cars and batteries is gaining pace. Geely Auto and its parent can acquire and disseminate ideas via stakes in peers and joint ventures. Extra income should result. Skilfully done, the M&A drive should pay off.

Climate tech: a $370bn opportunity

Venture capital interest in clean energy and other climate start-ups is growing quickly. The largest amounts of money have gone into the transport and logistics as well as enabling-technologies areas. But the distribution of investment by sector does not necessarily match carbon emissions.



FT graphic Source: SVB; PwC *Emission data is allocated to each sector associated with the emission eg energy associated with mobility is allocated to transport rather than energy

Climate change has increased the severity of California wildfires, turning the skies above San Francisco and Silicon Valley dark red. Despite this, the tech sector's contribution to addressing climate change is mixed.

Electric vehicles are popular and companies such as Amazon and Meta have pledged to reach carbon neutrality. But the sector has yet to produce solutions to help slash emissions rapidly at scale. Subsidies for renewable energy will not change that, unless investor outlooks change.

US climate bill bounty adds up to almost $370bn. This includes $60bn to encourage more domestic manufacturing of devices such as solar panels and $27bn for green banks to help get clean tech projects off the ground. The hope is that by 2030, the US — the second biggest greenhouse gas emitter — will reduce emissions by 40 per cent compared with 2005 levels.

The private sector is showing signs of stepping up. US venture capital investment in climate tech companies reached $56bn last year, up 80 per cent on the previous year, Silicon Valley Bank says. Successful funding rounds benefited the likes of Afresh, a San Francisco company developing tech to prevent food waste.

But waste is noticeable too. A decade ago, a number of clean tech start-ups collapsed, including Solyndra, a solar-panel maker. Low prices for fossil fuels and China competition took a toll on incentives. VCs withdrew capital. This year, a broad slowdown has hit tech start-up funding as rising interest rates curb demand for risky ventures. PitchBook data show that the valuation of early-stage US start-ups fell between the first and second quarters.

The tech sector's contribution to addressing climate change depends on investor appetite for risk and long-dated plans. Clean energy tech start-ups tend to be expensive and R&D intensive. Traditional five-year investment horizons do not apply.

However, plenty of grants, tax exemptions and other incentives are also available. VCs can help start-ups claim these. Climate tech success will reward investors with flexibility and vision.

Estée Lauder/Tapestry: no gain, more pain

American companies once hugged China as a vital asset. Exposure to the world's second-biggest consumer market boosted group sales and share prices. Now the country risks becoming a liability. Investors may ascribe a China discount to corporate valuations for those which rely too heavily upon its consumer hordes.

Consider US cosmetics group Estée Lauder and Tapestry, owner of the Coach and Kate Spade fashion accessory brands. Both issued full-year earnings forecasts that fell below expectations yesterday, suffering hits to sales after repeated rounds of lockdowns in big Chinese cities.

Tapestry generates about a fifth of its sales from China. It said revenue there fell more than 30 per cent during the June quarter. Estée Lauder has even more exposure, about a third of group revenue. Its statement highlighting meant its Asia-Pacific income dropped more than a fifth. For companies operating in China, Beijing's insistence on zero-Covid keeps causing problems.

Worse, rising geopolitical tensions and China's economic slowdown also mean those buyers freed from lockdowns spend with less vigour on luxury goods than before.

China no longer provides ballast against any US slowdown for both groups. Americans, too, are prioritising spending on experience and essential goods rather than discretionary goods. Meanwhile, a strong dollar saps the value of earnings made overseas.

Yet the valuations of these two companies vary greatly. Although Estée Lauder shares have shed more than a fifth of their value since the start of the year, it still trades on a punchy 37 times forward earnings. It does have geographic sales diversity which Tapestry, on only 10 times, lacks. The US provides over half of turnover.

China's economy narrowly escaped contracting in the second quarter and talk of a rapid recovery is premature. Even so, any of that threat looks more priced into Tapestry's shares rather than those of Estee Lauder.

Carlsberg: can-brew spirit

Drinkers are familiar with the enjoyment that a glass or two of beer can bring on a hot summer afternoon. They know that sluggishness then results. The same applies to Carlsberg.

Input prices are soaring. The Danish group expects weaker earnings growth in the second half. The need to invest and a strong performance in the third quarter of last year will pull down growth rates. Strong first-half organic operating profits this week were the foam on top of good volume growth.

But the shares, down 12 per cent so far this year, remain weak. Higher inflation and slower economic growth will squeeze margins. Asian revenues, running at almost 75 per cent of those in western Europe, spread geographic risk. These operations benefited from loosening local Covid-19 restrictions.

The Ukraine war has meanwhile hit Carlsberg's central and eastern European operations. The business is divesting its Russian operations. The war also derailed rising sales volumes of alcohol-free brews, which Carlsberg said fell 3 per cent in the first half. Excluding Ukraine, alcohol-free volumes were up 4 per cent.

Carlsberg has a "premiumisation" strategy — encouraging consumers to switch from cheaper brands to pricier ones. The business reported good progress towards upgrading its product line in the first half. But the policy will now collide with the dwindling disposable incomes of drinkers. They will be trading down to back-to-basics beers. Lex's experience in previous downturns is that consumer businesses reflexively claim that strong brands give them pricing power and consequent defensive properties. If conditions deteriorate further, they will still suffer bottom line damage.

Carlsberg shares trade in line with rival Heineken at 19 times forward earnings S&P Global says. Performance will be a function of how bad recessions are in main markets. Increasing sales and profits is hard in the grey morning that follows a good beer the night before. No "probably" applies here.

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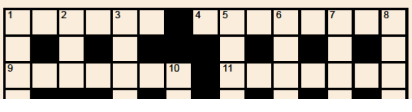
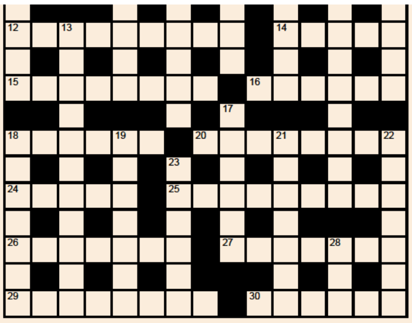


ACROSS
1 Buttonhole Bill Price (6)
4 Slight evidence of snake in Cockney's visage (4,4)
9 Regretted inspiring business expert to have danced (7)
11 Circulating victory whip-round (7)



12 Transport worker initially brings us down to venue for 4 (3,6)
14 Young couple from 5 like 20 does in 4 (5)
15 16 at end of 4 is weak, protected by young woman (8)
16 Game dog's skin covered in cheese (6)
18 Credit reserve for 5 in 4 reaches turning point (6)
20 Melt wax icons of smallest participant in 4 (8)
24 Issues about European sorcerers (5)
25 Second narrative theme disturbs old punter (9)
26 Formally inaugurate Pride, possibly without clothes (5,2)
27 Last of 5 daleks destroyed in northern valley (7)
29 Cook trout, say, from which letters can be taken (3-5)
30 Son with hand out beginning to sing songs (6)

DOWN

1 Chocolate bar writer's form of exercise (7)
2 Eccentric 16 in 4 (3)
3 Pirate captain to fight over what they do in 4 (7)
5 Nothing gets two crosses for 1 in 4 (6)
6 Help yourself to wake up in Turkey (7)
7 Got it in conjunction with dance – sweet! (7,4)
8 To swell recycling, go green (7)
10 Scheme to eradicate sin? (6)
13 Misprinted signs detail equipment for 4 (7,4)
17 German pensioner, 4 reserve for 2 16 (6)
18 Wakes up, thus grabbing tail of space traveller (5,2)
19 Sun Life possibly admitted being more certain (7)
21 Caresses men at the back in 4 (7)
22 Note says "Lunatics" (7)
23 Urge sheep turning up at 16 where 4 starts (6)
28 American with large bore (3)

JOTTER PAD

Solution 17,176