FINANCIAL TIMES

TUESDAY 23 AUGUST 2022 | INTERNATIONAL NEWSPAPER OF THE YEAR | ASIA

A tough lesson
Schools do little to reduce inequality
SAM FREEDMAN, PAGE 14

Trustbusters
Biden is targeting private equity. Who's he gonna call? — BIG READ, PAGE 13

Big cities, big rent
Why the pandemic did nothing to stem prices — SARAH O'CONNOR, PAGE 15

Trickle charge
Hydropower hit in China

EPA-EFE/Shutterstock

Children catch crabs on the dried-out riverbed of the Jialing River, a major tributary of the Yangtze, in Chongqing, on Sunday.

China is experiencing its worst drought in 60 years, with farm crops, power supplies and shipping routes hit as water levels reach record lows.

The empty rivers and dams in Hubei and Sichuan provinces, which rely on hydropower, have had a cascading effect on electricity supplies. Chongqing has ordered lights to be dimmed, air conditioning units to be turned down and the use of lifts suspended. Electric-vehicle owners are also suffering, with most recharging stations closed.

China steps up measures page 4
Lex page 16

Moscow says Ukrainian bomber killed daughter of Putin supporter

- Victim's father demands reprisals
- FSB says suspect fled to Estonia
- Kyiv rejects 'fiction'

POLINA IVANOVA — BERLIN
MAX SEDDON — RIGA

Russia's FSB security service has blamed Kyiv for the car bombing that killed the daughter of a prominent supporter of Vladimir Putin's, accusing a Ukrainian woman of planting the car bomb before fleeing to Estonia.

Nationalist commentator Daria Dugina, 29, was killed on Saturday when a bomb exploded under the driver's seat of a vehicle that belonged to her father, Alexander Dugin, a far-right ideologue.

Dugin, who has long campaigned for Moscow to rebuild its empire, joined other nationalists in demanding reprisals against Ukraine. Some also called for retribution against Estonia, the Baltic nation that has been one of Kyiv's strongest supporters in Europe.

Ukraine denied any involvement in the attack. Officials suggested that Russia had staged it as a pretext for what Kyiv fears could be an intense assault ahead of the country's independence day tomorrow, which will also mark six months since the Russian invasion.

Mykhailo Podolyak, a senior adviser to Ukraine's president Volodymyr Zelenskyy, said the accusations came from a "fictional world" and claimed "vipers in Russian special services started an intraspecies fight".

The FSB said a 43-year-old Ukrainian named Natalya Vovk was responsible for the killing. It claimed she entered Russia on July 23 with her 12-year-old daughter, rented a flat in Dugina's building in Moscow and followed her in a Mini Cooper, regularly changing its number plates. Vladimir Dzhabarov, a senior member of Russia's upper house of parliament, demanded that Estonia hand over the alleged suspect.

"If Estonia refuses to extradite criminal Natalya Vovk to Russia . . . there is every reason for Russia to take tough action against the Estonian state that is harbouring the terrorist," he wrote on the Telegram messaging app.

Margarita Simonyan, editor of the Kremlin-funded RT news channel, where Dugina was a frequent guest, suggested that Russia should find "professionals who want to take in the spires in the suburbs of Tallinn".

The comment was a reference to Simonyan's own notorious interview with suspects in the poisoning of former spy Sergei Skripal in the UK cathedral city of Salisbury in 2018, for which Russia has always denied responsibility.

Daria Dugina was killed on Saturday. Russia's security service offered no evidence for its explanation of how she was killed

Estonia's police said Russia had not made any official requests about Vovk.

Putin condemned the killing as a "despicable, cruel crime", saying the young woman "honestly served the people, the Fatherland and proved by her actions what it means to be a patriot of Russia".

The FSB alleged that Vovk and her daughter followed Dugina to a festival of "traditional values" where the elder Dugin gave a lecture, then fled over a land border to Estonia. The FSB did not publish evidence. Its allegations have not been independently verified and the Financial Times was not able to reach Vovk for comment.

Russia visa block opposed page 2
Gideon Rachman page 15

Briefing

▸ **Körner beefs up Credit Suisse board**
The Swiss bank has appointed two new executive members as recently installed chief Ulrich Körner starts his overhaul of the lender whose shares have fallen 45 per cent this year.— PAGE 5; LEX, PAGE 16

▸ **Somalia piracy threat downgraded**
An industry group including the International Chamber of Shipping has declared that piracy is no longer a threat, after a decade of efforts to prevent attacks that upset trade and raised costs.— PAGE 4

▸ **Ford axes 3,000 roles in electric push**
An internal memo from the carmaker's leaders has warned of job cuts that will be spread across the US, Canada and India but concentrated around the group's south-east Michigan headquarters.— PAGE 5

▸ **Odinga challenges Kenya election result**
Presidential contender Raila Odinga has filed a petition to the country's top court asking it to nullify William Ruto's win in this month's election and demanding a rerun.— PAGE 3

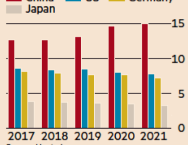
▸ **UAE to return ambassador to Tehran**
Abu Dhabi has said Saif Al Zaabi will return "in coming days", as a regional rapprochement gathers pace. The move follows fellow Gulf state Kuwait's decision to reinstate its envoy this week.— PAGE 2

▸ **Norway fund highlights cyber threat**
Cyber security has eclipsed tumultuous markets as the biggest concern for Norges Bank Investment Management, the biggest sovereign fund, as it faces three "serious" attacks each day on average.— PAGE 6

▸ **EU warned on green hydrogen ambition**
Mark Hutchinson, who leads the clean energy business of Australian billionaire Andrew Forrest, has warned Brussels it will struggle to meet targets unless it can match US climate subsidies.— PAGE 2

Datawatch

The world's factory
% of global goods exports



Source: Unctad

China's share of global goods exports increased to 15 per cent by the end of 2021, from 13 per cent in 2019. The shares of its competitors shrank over the same period, suggesting that the country's gains came at the expense of others

Johnson & Johnson seeks to extend 'Texas two-step'

Analysis ▸ PAGE 6

Apple staff cite 'exceptional work' from home as they resist back-to-office order

PATRICK MCGEE — SAN FRANCISCO

Apple staff are pushing back against the iPhone maker's call for workers to return to the office next month, arguing that they have shown they can perform "exceptional work" during two-plus years of flexible arrangements.

Apple Together, a group of workers that formed last year when offices around the globe were forced to work remotely because of the pandemic, began circulating a petition internally on Sunday, demanding "location flexible work".

The petition, seen by the Financial Times, is in response to an order from chief executive Tim Cook last week telling employees at its Cupertino headquarters to return to the office three days a week. Cook said he wanted to preserve the "in-person collaboration that is so essential to our culture".

Apple Together counters that a "uniform mandate from senior leadership" fails to respect the "many compelling reasons" why some employees are "happier and more productive" working outside of traditional office arrangements.

The group is demanding that Apple allows staff to work with their "immediate manager" to decide their working arrangements, and that they should not be subject to "high-level approvals" and "complex procedures".

An employee within hardware engineering in Cupertino helping to organise the petition told the FT that Apple Together intended to collect signatures this week before verifying and sending the results to executives.

"At this juncture we will not be releasing any specific names of individuals publicly or to exec leadership to protect our colleagues, especially in light of retail union busting and recent reports of allegations of retaliation from HR," this person said.

Apple declined to comment.

On Slack, the internal messaging platform used by Apple, more than 10,000 Apple employees have joined the group "Remote Work Advocacy".

Whether work should return to pre-Covid norms in Silicon Valley has become a contentious issue, with some tech groups touting their flexible policies to lure and retain talent. Last year Spotify introduced a "Work from Anywhere" policy, saying it would support work-life balance.

Apple has thrived during the pandemic, with its market value doubling from \$1.4tn in February 2020 to \$2.8tn today. Some employees argue that proves that the lack of in-office culture is not hampering their work.

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 22	Prev	%chg
S&P 500	4160.73	4228.48	-1.60
Nasdaq Composite	12458.00	12705.22	-1.95
Dow Jones Ind	33253.36	33706.74	-1.35
FTSEurofirst 300	1708.45	1722.17	-0.80
Euro Stoxx 50	3653.42	3730.32	-2.06
FTSE 100	7533.79	7550.37	-0.22
FTSE All-Share	4136.51	4157.79	-0.51
CAC 40	6378.74	6495.83	-1.80
Xetra Dax	13230.57	13544.52	-2.32

CURRENCIES

Pair	Aug 22	Prev	Pair	Aug 22	Prev
$/€	0.997	1.004	€/$	1.003	0.996
$/£	1.179	1.180	£/$	0.848	0.847
£/€	0.845	0.851	€/£	1.183	1.175
¥/$	137.185	137.115	¥/€	136.726	137.684
¥/£	161.748	161.837	£ index	78.482	79.306
SFr/€	0.960	0.963	SFr/£	1.136	1.132

CRYPTO

	Aug 22	Prev	%chg
Bitcoin ($)	21340.00	21514.75	-0.81

GOVERNMENT BONDS

Yield (%)	Aug 22	Prev	Chg
US 2 yr	3.31	3.25	0.06
US 10 yr	3.02	2.98	0.04
US 30 yr	3.26	3.22	0.04
UK 2 yr	2.70	2.60	0.10
UK 10 yr	2.51	2.41	0.10
UK 30 yr	2.84	2.71	0.13
JPN 2 yr	-0.07	-0.09	0.01
JPN 10 yr	0.23	0.20	0.03
JPN 30 yr	1.13	1.07	0.06

Dubai

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Nikkei	28794.50	28930.33	-0.47					GER 2 yr	0.89	0.81	0.08
Hang Seng	19656.98	19773.03	-0.59	Ethereum	1579.00	1617.31	-2.37	GER 10 yr	1.30	1.23	0.08
MSCI World $	2787.71	2826.41	-1.37	COMMODITIES				GER 30 yr	1.45	1.40	0.05
MSCI EM $	1001.46	1009.58	-0.80		Aug 22	Prev	%chg				
MSCI ACWI $	646.81	655.39	-1.31	Oil WTI $	89.15	90.44	-1.43				
FT Wilshire 2500	5507.03	5584.88	-1.39	Oil Brent $	95.22	96.72	-1.55				
FT Wilshire 5000	43018.87	43630.96	-1.40	Gold $	1750.75	1765.55	-0.84				

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

Ukraine war

Top EU diplomat opposes Russia visa block

Borrell's call for 'more selective' approach echoed by Washington

HENRY FOY — BRUSSELS
RAPHAEL MINDER — WARSAW

The EU's chief diplomat said he opposes a blanket ban on EU visas for Russians before talks between the bloc's officials next week on demands from some countries to restrict the granting of travel permits.

Countries including Finland, Estonia and the Czech Republic have called for Brussels to implement an EU-wide ban on new tourist visas for Russians to enter the EU's Schengen free travel area as punishment for Moscow's war against Ukraine, echoing calls by Ukrainian president Volodymyr Zelenskyy.

The Biden administration also came out against blanket visa bans yesterday, with a spokesman for the US state department saying that Washington believes "it is important to draw a line between the actions of the Russian government and its policies in Ukraine, and the people of Russia".

"To forbid entrance to all Russians is not a good idea," Josep Borrell, the EU's high representative for foreign affairs, said yesterday at a conference in Spain. "We have to be more selective."

That statement comes ahead of a meeting of EU foreign ministers in Prague next week to discuss the issue, which Borrell will chair.

The European Commission said there was no established EU position on the issue. "As regards the issue of possible restrictions to the issuance of visas for Russian citizens, discussions are taking place at EU level with [member states] to update on latest developments and ensure co-ordinated action," said Nabila Massrali, a foreign affairs spokesperson for the commission. Some EU member states have unilaterally suspended visas for Russians, but have complained that Russians are entering their territory using visas issued by other EU countries, under the Schengen rules.

'Many Russians want to flee the country because they don't want to live in this situation'

Separately, the state department said that while the US was "looking at all tools to hold the Kremlin to account", Washington "wouldn't want to close off pathways to refuge and safety for Russia's dissidents or others who are vulnerable to human rights abuses".

The US has imposed visa restrictions on nearly 5,000 people in response to Russia's invasion of Ukraine, the state department added. Russia's foreign ministry last week described a potential blanket ban on visas as an "expression of xenophobia and neo-Nazism".

The issue has divided member states, with some larger countries, including Germany, cautioning against a complete ban. They argue that the EU should not cut all ties with the Russian people, some of whom are opposed to the war.

"To the oligarchs we must not open the door, of course . . . We have to block the entrance to these Russians," Borrell said. "But there are many Russians who want to flee the country because they don't want to live in this situation."

More than 300,000 Russians have fled their country since President Vladimir Putin ordered the invasion of Ukraine almost six months ago, Borrell said.

The Czech Republic, which holds the EU's six-month rotating presidency, giving it greater clout over policy direction and bloc priorities, has said it backs the move for the entire EU to suspend Russian tourist visas.

Gideon Rachman see Opinion

Politics. Snap election

Italy's centre left opens door to far-right Meloni

After just five days, alliance falls apart in recriminations following Draghi's departure

AMY KAZMIN — ROME

The alliance between two of Italy's most prominent politicians was sealed with smiles, handshakes and a kiss for the camera. It lasted less than a week.

Enrico Letta of the centre-left Democratic party (PD) and reformist Carlo Calenda of the pro-European Action party had pledged to fight the snap election together. The pact was touted as giving the centre left a fighting chance against a rightwing coalition led by Giorgia Meloni's Brothers of Italy by winning over voters wary of the far right.

But five days after it was unveiled this month, Calenda said he had changed his mind, blaming Letta and the PD for overtures to two small leftwing parties.

"Twist in the soap opera of the centre left," Meloni scoffed on Twitter. "Calenda no longer marries Letta. Perhaps he runs away with [centrist former prime minister Matteo] Renzi. Letta ditched on the altar thinks of his old love [Five Star leader Giuseppe] Conte."

The shortlived tie-up reflects the crisis of Italy's centre left as it heads towards the September 25 election.

Centre-left parties were caught off guard, and deeply riven, by last month's sudden implosion of Prime Minister Mario Draghi's government, of which the PD was among the most enthusiastic, committed supporters. Letta has said Draghi's government, still highly popular when it collapsed, had been making important progress.

The PD has vowed to carry on with the reformist policies, what it describes as the "Draghi agenda", that have been admired by Italy's European allies and global financial markets.

Polls suggest the PD is almost as popular as Brothers of Italy but has failed to forge a broad coalition to compete effectively against the rightwing block of Meloni, Matteo Salvini's League and Silvio Berlusconi's Forza Italia.

"It's a mess," said Roberto D'Alimonte, a political science professor at Rome's Luiss University. "With all these splits and divisions, the left is not competitive."

The centre left's disarray will have a decisive impact on the 37 per cent of parliamentary seats won through first-past-the-post races in geographic constituencies. Analysts forecast that centre-right candidates will secure at least 75 per cent of those seats against multiple squabbling ideological rivals.

Taunt: Giorgia Meloni, right, leader of Brothers of Italy, tweeted that Democratic party leader Enrico Letta, left, would no longer be marrying a fellow centre-left leader — Carofei/Fotogramma/Ropi

"You have one front, which is united — the right — and another front that is way more fractured," said Lorenzo Pregliasco of YouTrend, a pollster. "Having the centre left basically divided into three different coalitions puts the right in a very favourable position."

That edge in first-past-the-post seats is expected to help the right, which polls suggest is favoured by about 45 per cent of voters, secure a clear majority when added to seats allocated by share of the vote. Pregliasco said the centre right was likely to secure about 60 per cent of the total parliament seats.

Though shy of the two-thirds majority needed to change the constitution, it would be a "super majority the size of which we haven't seen for a political government in three decades", he said.

Until last month's crisis, the PD had been expected to go into the general election with the anti-establishment Five Star Movement, the largest party in the outgoing parliament. But Letta ruled out a tie-up in light of Five Star's role in triggering the crisis that undermined Draghi's government.

"The PD cannot say, 'we are going to run the election with the party that caused the downfall of Mr Draghi'," said D'Alimonte. Instead, the PD tried to tack to the centre, with Calenda, a former economic development minister and another Draghi loyalist, hoping to woo moderates dismayed by Draghi's downfall. "It was a useful alliance . . . it would give the signal to voters that even moderate, centrist liberal parties were joining this alternative to the right," Pregliasco said of the PD-Action union.

Voters would have received such an alliance as a "more competitive" alternative to the Meloni-led bloc, Pregliasco said. But the strategy faltered after Calenda rebelled — a problem that analysts attributed to mistakes by Letta in the coalition-building process.

'Letta thought he could ally himself with Calenda and the far left. He messed things up'

"The PD could not make up its mind about allying between the far left or the centre," D'Alimonte said. "Letta thought he could ally himself with Calenda and the far left . . . He messed things up."

Since then, the centrists and leftists have spent nearly as much time attacking each other as their rightwing rivals. Calenda, as forecast by Meloni, has tied up with Renzi's Italia Viva to create a tiny centrist alliance that polls suggest could win about 5 per cent of the vote.

Analysts said that even if the PD had managed to build meaningful alliances, it was unlikely to have prevented a conservative victory, given Meloni's surging popularity, but could have pared the right's majority in parliament.

Daniele Albertazzi, political scientist at Surrey university in the UK, said Letta's stand on Five Star, expected to win about 10 per cent of the vote, suggested the PD was resigned to a rightwing victory. "The PD have decided that it's OK to lose this time and . . . come out as a good loser," Albertazzi said.

"The data is clear. Unless there is some kind of miracle, there is no way they are going to win."

Bilateral relations

UAE to restore full diplomatic ties with Iran following six-year pause

SIMEON KERR — DUBAI

The United Arab Emirates has said it plans to return its ambassador to Tehran after a six-year gap, restoring full diplomatic relations with Iran as a regional rapprochement gathers pace.

The UAE foreign ministry in a statement said its ambassador, Saif al-Zaabi, would go back to Tehran "in the coming days".

His return follows three years of tentative diplomacy as the UAE has sought to ease tensions that had deepened after former US president Donald Trump abandoned the nuclear deal with Iran in 2018.

The UAE, an important US ally, was keen to improve relations after commercial shipping was attacked near UAE waters close to the strategic Strait of Hormuz.

US officials also blamed Iran and its proxies for drone and missile attacks that struck at the heart of Saudi Arabia's oil infrastructure in 2019, temporarily knocking out about half the kingdom's crude output.

The UAE and Saudi Arabia have long accused Shia Iran of being a destabilising force in the region. The rivals found themselves on opposing sides of regional conflicts, notably Yemen, where the Gulf states intervened in 2015 after Iran-allied Houthi rebels ousted the internationally recognised government.

Ambassador's return follows three years of diplomacy as the UAE has sought to ease tensions

But after tensions soared in the wake of Trump's decision to abandon the nuclear deal and pursue a policy of maximum pressure against Iran, the UAE, worried about its own vulnerability to an Iranian attack, sought to repair relations with Tehran and bolster economic ties with the republic.

The restoration of diplomatic ties follows fellow Gulf state Kuwait's decision to reinstate its ambassador in Tehran last week. Saudi Arabia has also held several rounds of talks with Iran over the past year in an effort to improve its relations with the Islamic republic.

The UAE recalled its ambassador in 2016 following Riyadh's decision to sever ties with Iran in the wake of protests in Tehran that targeted the Saudi mission in the republic's capital. Iranian demonstrators stormed the Saudi embassy in Tehran after the kingdom executed an influential Shia cleric.

Western powers have been seeking to negotiate a revival of the nuclear pact with Iran that would lead to the US rejoining and easing sanctions on the republic, in return for Tehran's agreeing to strict limits on its nuclear activities.

The UAE and its Arab allies have been concerned that efforts to revive the 2015 pact have failed to take into consideration efforts to stymie Iran's ballistic missile programme and what they regard as Iranian interference in the Arab world through proxy militias. But the Gulf state also wants to maintain relations with Tehran and develop its economic links with the republic.

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Climate concerns

France targets private jets in push to limit global warming

VICTOR MALLET — PARIS

French transport minister Clément Beaune has called for flights by private jets to be restricted because of their outsize contribution to climate change, joining an increasingly heated debate in France about measures needed to

outright ban on private jet use by business leaders and the wealthy and say they want to propose a draft law in autumn.

I Fly Bernard, one of several recently launched Twitter accounts, has garnered more than 60,000 followers for its

Incentives

Europe warned against losing green hydrogen funding to US

NEIL HUME — LONDON

Europe will struggle to meet its ambitious targets for green hydrogen and reduce its dependence on Russian gas unless it can match the US's new climate subsidies, says the executive leading the clean energy business of Aus-

gen atoms from water, using electrolysers. It is a main plank of the EU's plan to reduce its reliance on Russian gas but has yet to be produced anywhere at large scale due to the cost of production and transport issues.

Fortescue struck a non-binding agree-

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save energy and limit global warming.

"Without resorting to demagogy or launching *ad hominem* attacks, there are some behaviours that are no longer acceptable," Beaune, who is close to President Emmanuel Macron, told Le Parisien newspaper at the weekend.

"I think we should act to regulate flights by private jets."

While there might be urgent business trips, private jet flights could not be taken "just for the comfort of individuals", given the efforts demanded of ordinary people by Macron, Beaune said.

Some Green and leftwing politicians, who make up the largest opposition bloc in the French National Assembly since the June elections, have called for an campaign to track flights and name and shame the users of private jets. The account's name is a reference to LVMH founder Bernard Arnault, Europe's richest person.

"It's time to ban private jets," Julien Bayou, the national secretary of the Greens, said last week. "It's the measure that would penalise the smallest number of people for the biggest and most immediate impact in favour of the climate," he told Libération newspaper.

Macron and his ministers have called on citizens to save energy and are preparing legislation to accelerate investment in renewables. They are anxious not to be seen to be asking ordinary people to make sacrifices while allowing the wealthy to live their lives unaffected.

Green transition see Opinion

tralian billionaire Andrew Forrest.

Mark Hutchinson, the head of Fortescue Future Industries and former head of GE Europe, said the funds to finance large-scale green hydrogen projects could bypass Europe and flow to the US to take advantage of the tax credits offered in Joe Biden's flagship climate, tax and healthcare bill, known as the Inflation Reduction Act.

Hutchinson said if Brussels was serious about replacing Russian gas, it would need to improve its incentives. "Otherwise, what is going to happen? All the green capital is going to be flowing into the US and you are just going to miss out," he said.

Green hydrogen uses renewable energy to separate oxygen and hydro- ment in March to provide Germany with enough green hydrogen to replace about a third of its gas imports from Russia, or 5mn tonnes a year by 2030. Fulfilling that agreement is a priority after first cracking the task of making green hydrogen at scale, Hutchinson said.

Under its new energy blueprint, dubbed RepowerEU, Brussels plans to use 20mn tonnes of the fuel by 2030. While Europe has many large hydrogen projects planned, final investment decisions have been taken on only a few.

Although the EU has announced plans for a green hydrogen subsidy based on contracts for difference — a mechanism that has been used to support renewable energy generation by guaranteeing a minimum price — it has yet to outline all the details.

INTERNATIONAL

Soaring fertiliser prices deepen Africa food crisis

Increased costs are forcing farmers on the continent to reduce output

ANDRES SCHIPANI — OTHAYA, KENYA
EMIKO TERAZONO — LONDON
HEBA SALEH — CAIRO

Evans Luvaga, a maize farmer in Bungoma, western Kenya, has been hit hard by rapidly rising fertiliser prices.

"Previously, we used to get inputs at affordable prices, especially fertiliser, but since the Ukraine war, fertiliser has doubled in price," he said.

Luvaga usually cultivates eight acres of land but this season has cut down his planted area by half due to the higher costs. "Farmers cannot afford it, that is the reason why the cost of maize production has gone up. And now there is a scarcity of maize, which is a major food crop here."

The price of nitrogen-based fertilisers, which use gas as feedstock and typically provide up to two-thirds of the nutrients used to grow crops, has risen in line with natural gas prices in the wake of Russia's invasion of Ukraine. The imposition of sanctions on Russia, which accounts for about 15 per cent of global crop nutrient supplies, sent prices to record highs.

Growers worldwide have cut fertiliser usage in response to the price rises, a move that threatens to reduce food production and deepen the global food crisis. Analysts said smallholder farmers in Africa, the world's poorest continent, were likely to be worst hit.

African countries typically use less fertiliser than other parts of the world but the price rises would hit them harder, said analysts, because they rely on homegrown food production. Several countries, such as Cameroon, rely on imports of Russian fertilisers.

"For Africa, removing what little fertiliser is traditionally applied has a disproportionate effect on crop production, resulting in food shortfalls that are being compounded by current drought levels," said Will Osnato, analyst at commodities data and research group Gro Intelligence.

Analysts said the war's disruption to the supply of commodities including fertilisers, coming on top of the coronavirus pandemic and droughts, could cause social unrest on the continent. "The consequences of a looming food crisis may be more pronounced than during the 2007-08 global food crisis and the 2010-11 food price hikes that contributed to the Arab spring," said McKinsey, the consultants.

In some countries, such as Ivory Coast and Cameroon, the price of fertiliser has risen by more than 50 per cent since the February invasion of Ukraine, according to Dutch non-profit organisation IDH, which supports sustainable trade in developing countries.

"There is a huge, huge crisis in food security [in] sub-Saharan Africa," said Jonas Mva Mva, Africa director at IDH.

While most farmers in Ghana would usually have carried out a full application of fertiliser to their fields by August, a survey by Farmerline, an African agritech company, showed more than half of the 178 growers questioned had applied no fertiliser this year. Only a tenth had carried out a full application.

Gro Intelligence forecast that the high price of fertilisers would result in a global production loss of about 1.8 per cent of total corn, wheat, rice and soyabean production in the 2022-23 crop year. African output was predicted to fall by as much as 12 per cent.

In Kenya, which relies on exports of agricultural crops including coffee, tea, and flowers, lower use of fertilisers could reduce crop production by up to 6 per cent, said Gro.

"Higher prices, particularly for fertiliser" would reduce gross domestic product by 0.8 per cent in Kenya, putting an estimated 1.4mn additional people below the poverty line, according to a June study by the International Food Policy Research Institute.

High prices are taking a toll on Africa's crop exporters. Charles Gatere, a Kenyan coffee farmer said he had never seen fertiliser prices this high in nearly five decades in the profession.

The price "has more than doubled", Gatere said, from Ks2,800 ($23) a 50kg bag before the war in Ukraine to between Ks6,500 and Ks7,000.

Gatere said he produced 3,000kg of Arabica beans last year during the October to December season, but with the fertiliser shortage, he was concerned about his output levels. "We need fertiliser to boost productivity . . . a hungry tree cannot grow well," he said.

High energy prices mean fertiliser prices are set to stay high. For the next five months to a year, "we don't see how [fertiliser] prices can come down", said John Baffes, senior agricultural economist and head of the commodities unit at the World Bank.

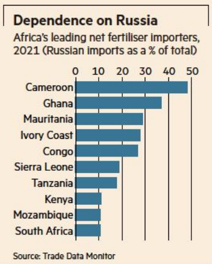
As part of its $1.5bn emergency food production facility approved this year, the African Development Bank will provide fertiliser to 20mn smallholder farmers across the continent over the next four growing seasons.

Some fertiliser producers, including Yara of Norway and Morocco's OCP, have offered discounts to African farmers. OCP said it was donating 180,000 tonnes of fertiliser to smallholders in sub-Saharan countries and supplying another 370,000 tonnes at a discount to help more than 4mn farmers in Africa.

But even with discounts, the prices are unaffordable for many growers, said IDH's Mva Mva. "To put it bluntly, farmers' pockets are empty."

Alloysius Attah, Farmerline's co-founder, warned that lower yields would mean higher food prices and increased dependency on imports for food security. "There may not be enough food for everyone," he said. "It is more serious now than ever before."

Coffee farmer Charles Gatere: 'We need fertiliser to boost productivity. A hungry tree cannot grow well' — Andres Schipani



Kenya

Odinga challenges poll result

ANDRES SCHIPANI — NAIROBI

Kenya's presidential contender Raila Odinga yesterday filed a petition to the country's top court challenging William Ruto's victory in this month's election and demanding a rerun.

In the petition, Odinga and his running mate, former magistrate Martha Karua, asked the supreme court to order a "nullification of the declaration of results" that made Ruto the winner because of "irregularities and improprieties" that "were so substantial and significant and that they affected the result".

This included a failure by IEBC, the electoral commission, to tally ballots from 27 constituencies and a mismatch between the turnout and the final result, they said.

Last Monday, Wafula Chebukati, IEBC chair, said Ruto won 50.5 per cent of the vote, while former prime minister and veteran opposition leader Odinga secured 48.8 per cent. This is the fifth time Odinga has run for president.

A day later, Odinga said that "the figures announced by Mr Chebukati are null and void and must be quashed by a court of law". According to the petition, Odinga and Karua claim the "electoral process has not been transparent, impartial, neutral, efficient, accurate and accountable".

The IEBC, Chebukati and Ruto have four days to respond to the claims. "There will be court processes, we will engage in those because we are democrats and we believe in the rule of law," Ruto said last week.

This is the third time in a row that 77-year-old Odinga has challenged the result of presidential elections.

Last Monday, four out of seven electoral commissioners distanced themselves from Chebukati, disowning the results. Odinga and Karua said the commissioners' decision was valid, adding that Chebukati was "unfit" to hold public office. Chebukati claimed that just before the release of results, the four breakaway commissioners were attempting to force a rerun.

INTERNATIONAL

Maritime attacks

Somali piracy threat to ships declared over

Shipping industry group says attempts to deter raiders have worked

HARRY DEMPSEY — LONDON
ANDRES SCHIPANI — NAIROBI
AANU ADEOYE — LAGOS

Piracy in the waters off Somalia is no longer a threat to global shipping, an industry group said yesterday, after more than a decade of efforts to prevent the attacks.

The group of six international shipping groups, which includes the International Chamber of Shipping (ICS) said from next year the Indian Ocean would no longer be considered high risk, as there had been no attacks on merchant vessels off Somalia since 2018.

"This announcement is a testament to nearly 15 years of dedicated collaboration to reduce the threat of piracy in the Indian Ocean," it said.

A vital thoroughfare for energy exports from the Middle East to Europe, the coast of Somalia was deemed high risk after piracy and ransom demands surged from 2008 and peaked three years later. Just under 10 per cent of global seaborne petroleum trade goes through the Gulf of Aden, the waterway between Yemen and the Horn of Africa, according to the US Energy Information Administration.

John Stawpert, senior manager of environment and trade at ICS, said removing Somalia's designation as a high-risk area would probably reduce the number of private armed guards deployed on ships travelling through the region. "It is very strange to be standing here saying piracy is suppressed when we went through so many years of them being able to operate indiscriminately."

But insurance premiums for voyages in the region are influenced by separate security assessments made by the Joint War Committee, a marine insurance advisory board whose guidance is watched closely by underwriters.

Dimitris Maniatis, chief commercial officer at Seagull Maritime, a private maritime security firm, said private guards together with naval deployments had helped to reduce piracy.

About a third of all daily shipping in the world passes the north-east edge of Africa, where the water narrows to a chokepoint between Yemen and Djibouti on its way to the Suez Canal and the Red Sea. Djibouti is home to a handful of military stations, including from the US, France and China's first overseas military base.

Operation Atlanta, the EU's first naval operation, and the Combined Maritime Forces, a 34-nation coalition focused on counter-terrorism and counter-piracy that operates out of Bahrain, had helped combat piracy in the region.

In December, the UN Security Council said there were no successful pirate attacks off the coast of Somalia last year. There had been no successful ship hijackings for ransom since 2017. But it warned that "suspicious approaches towards merchant vessels in the region were observed . . . indicating that progress achieved in combating piracy could be reversed if not consolidated".

Maniatis said Somali clans that had been engaged in piracy were now focused on smuggling weapons and people in and out of Yemen.

"I don't anticipate any immediate rebound of Somali piracy anytime soon," he said.

The Gulf of Guinea off west Africa has emerged as the world's piracy hotspot.

Power supplies

China steps up measures to deal with heatwave and drought

PRIMROSE RIORDAN AND GLORIA LI
HONG KONG

Chinese authorities have increased emergency measures to deal with extreme heat and a crippling drought in the south-west of the country that has forced cities to dim lights and left electric vehicle drivers struggling to recharge cars.

A record months-long heatwave, with temperatures reaching a high of 43.4C in Chengdu on Sunday, has emptied rivers and dams in Hubei and Sichuan provinces, which rely on hydropower.

The situation has had a cascading effect on electricity supplies in other parts of the country, just as the economy has been hammered by Beijing's zero-Covid restrictions and a crisis in the property sector.

Officials in Sichuan have declared the event a "level 1" emergency incident, the highest possible, and at least 50 mobile generators from other provinces have been dispatched to help stabilise the local power supply, according to the State Grid Corporation of China.

Authorities have suspended power supplies to several factories, forcing manufacturers such as Toyota and Foxconn to interrupt operations in Sichuan, a province of 84mn people and a hub for lithium mining and solar panel production.

Lier Chemical, a Shenzhen-listed pesticide manufacturer, said in a filing yesterday that local officials had extended the industrial power cuts until Thursday.

The cities of Chongqing and Chengdu have ordered lights to be dimmed and shopping malls and office buildings have turned off illuminated outdoor advertising and suspended the use of lifts. Office staff in Chengdu have been urged to set their air conditioners to 27C in an attempt to reduce energy use.

Electric vehicle owners in Sichuan and Chongqing have complained that recharging stations have closed. Tesla said only two of its 14 charging stations in Chengdu were open on August 17.

"[I am] either charging my car or looking for an available charging pile," an electric vehicle owner in the city wrote on Weibo, China's Twitter-like microblogging platform.

The extremely hot weather is forecast to last for the rest of the month and analysts said the high temperatures would heap more pressure on the economy.

"With Covid restrictions . . . still a day-to-day issue for the country . . . and a real estate sector that is undergoing critical rehabilitation, a black swan event has occurred with a record two-month-long heatwave," said Jefferies, the analyst.

"The drought has created a vicious spiral as hydroelectric power becomes scarce which in turn cuts electricity production for industry."

Morgan Stanley analysts Simon Lee and Leo Deng wrote in a research note: "Sichuan is now facing the hottest temperatures and the worst drought of the past 60 years, with hydropower resources down 51 per cent." They added that the government expected the situation to last to the end of August.

They said 19 provinces were experi-

Pakistan

Khan charged with terror offences after weekend rally

FARHAN BOKHARI — ISLAMABAD
BENJAMIN PARKIN — LAHORE

Pakistani police have filed terrorism charges against Imran Khan over comments he made in a speech at the weekend, stoking political tensions as the former prime minister's loyalists vow to resist efforts to arrest him.

Khan's lawyers said they would challenge the charges, while hundreds of his supporters gathered outside his home in Islamabad denouncing what they called an effort by Prime Minister Shehbaz Sharif to silence his main political rival.

"The terrorism-related charges against Imran Khan are completely biased," said Iftikhar Durrani, a senior leader from Khan's Pakistan Tehreek-e-Insaf party. "We are going to court to contest these charges."

Khan said at a rally in Islamabad that his supporters "won't spare" the officials responsible for detaining Shahbaz Gill, one of his allies, this month.

The police alleged Khan "terrorised" the officials, while Pakistan's information minister, Marriyum Aurangzeb, accused the former prime minister of "inciting the people to violence, lawlessness, rebellion and riot".

Pakistan's media regulator barred television channels from broadcasting Khan's speeches and the former prime minister claimed a talk of his was blocked from YouTube.

Khan was ousted as prime minister in April in a no-confidence vote, bringing a coalition led by Sharif's Pakistan Muslim League (N) into power.

But the former cricketer's popularity has surged since he left office. He has toured the country trying to force early elections, alleging without evidence that his removal was the result of a US-backed conspiracy in retaliation for his warm relations with Russian president Vladimir Putin.

Khan has also tapped into public frustration with Pakistan's dire economic situation, despite many of the problems starting while he was in office.

Huma Baqai, a political analyst in Karachi, said the government's actions

Military drills

S Korea and US war games add to tension

Equipment check: South Korean soldiers look over their tanks at Paju, north of Seoul, yesterday

South Korea and the US began their first large-scale joint military exercises in four years yesterday, amid growing tension over North Korea's nuclear weapons programme and regional concerns about the future of Taiwan.

The exercises, which will include joint aircraft carrier strike drills and amphibious landing training, represent the first large-scale drills since 2018, when the exercises were scaled down ahead of a summit between North Korean leader Kim Jong Un and then-US president Donald Trump.

South Korea also launched a four-day civil defence exercise yesterday involving 480,000 people from about 4,000 public institutions.

"Only exercises that are identical to an actual battle can firmly defend the lives of our people and the security of our nation," said Yoon Suk-yeol, South Korean president. "In order to maintain peace on the Korean peninsula, our watertight security posture must serve as the basis."

Kim has blamed the exercises for bringing the Korean peninsula to the "brink of war" and cited the "hostile policy" of South Korea and the US as

The drills are being held at a time of growing tension in the region, after a visit to Taiwan by US House Speaker Nancy Pelosi provoked a furious response from China. The People's Liberation Army conducted an unprecedented series of drills close to Taiwan, and the US and China have conducted separate war games in south-east Asia.

'I don't know what kind of flashy plan Seoul will come up with, but we will never, ever consider them'

Pyongyang has also angrily rejected an offer from Yoon of economic assistance in exchange for steps taken towards North Korea's denuclearisation.

Yoon said the offer did not mean South Korea would give security guarantees to the North Korean regime but that it did not seek regime change.

"The most important thing is settling sustainable peace between the South and the North," Yoon said. "And if assistance, we would welcome that change."

Kim Yo Jong, Kim's sister and a high-ranking official, described the South Korean president as a "naive little child" for offering a "copy" of similar failed initiatives of the past.

"I don't know what kind of flashy plan Seoul will come up with in the future, but I declare now that we will never, ever consider them," she said.

Most experts concurred that Yoon's proposal had little prospect of success with Kim. Pyongyang has blamed Seoul for a coronavirus outbreak this year, alleging that South Korea deliberately flew balloons that were contaminated with Covid-19 over the demilitarised zone dividing the peninsula.

"Think of how the fearful clouds of death roamed above our people's heads, how many people suffered from high fever and pain, and how people struggled in pain and fear, terrified of losing beloved children and blood families," said Kim Yo Jong at an event to declare North Korea's "victory" over the virus.

"are strengthening Imran Khan every minute. His narrative seems to be selling like hot cakes."

ahead of exercises with the US

Yonhap/EPA-EFE

justification for advancing the North's nuclear programme.

North Korea naturally changes as a result of our economic and diplomatic

Christian Davies, Seoul

See Opinion

encing record-high power demand as a result of the high temperatures.

See Lex

Medical research

Brain stimulation boosts memory in elderly

CLIVE COOKSON — LONDON

Electrical brain stimulation improved both immediate and long-term memory in elderly volunteers with the benefits lasting for more than a month, in experiments carried out at Boston University.

Robert Reinhart, the project leader, said the findings could form the basis for treatments that do not involve drugs or invasive neurotechnology, to boost the cognitive performance of people developing Alzheimer's disease and other disorders characterised by failing memory.

The Boston researchers directed weak alternating currents to specific regions of the brain, using electrodes in skull caps worn by the participants.

They worked with 150 people aged over 65, who received 20 minutes of stimulus a day over four days and heard lists of words which they were asked to recall.

Short-term or working memory — indicated by immediate recall of words — improved by 65 per cent after the four days and was still 40 per cent better a month later without further stimulus.

Long-term memory — recalling words minutes or more after hearing them — was 50 per cent better after four days and 37.5 per cent better after a month. Results were published yesterday in the Nature Neuroscience journal.

Reinhart sees non-invasive neurostimulation as a potential treatment for memory loss in older people. No adverse side-effects were reported, apart from "a bit of itching and tingling sensation for approximately 30 to 60 seconds at the beginning of the stimulation and for 30 to 60 seconds at the end".

Masud Husain, neuroscience professor at Oxford university who was not involved in the research, said "these are very exciting results" but pointed out that the trial was limited in scope.

LGBT+ rights

Activists dismiss Singapore gay sex ban repeal

MERCEDES RUEHL — SINGAPORE

LGBT+ activists have dismissed Singapore's decision to repeal a law banning sex between men as window dressing that has failed to substantially soften the country's restrictions on gay rights.

The Asian city-state on Sunday said it would scrap the colonial-era law criminalising gay sex, but also announced plans to amend the constitution to prevent same-sex marriage.

How Singapore's government intends to make the changes is still unclear but the constitutional amendment will make it more difficult for any future government or court to legalise gay marriage.

"This was a replacement of a discriminatory law with another discriminatory law," said Roy Ngerng, a Singaporean blogger and activist now based in Taiwan, who described the repeal as "window dressing".

While many rights activists in Singapore cheered the move to scrap section 377A, in effect legalising homosexuality, the planned constitutional amendment underlined remaining hostile attitudes towards gay rights in the global finance hub.

The ruling People's Action party maintains that Singapore is a conservative society and social benefits are heavily linked to marital status. Young people who want to apply for government subsidised housing, for instance, need to either be married or wait until they are 35 years old.

> 'This is one step forwards and two steps back. I am not sure what the repeal actually does'

Jolovan Wham, a social worker and activist, said the plans put the LGBT+ community in a worse-off position. "This is one step forwards and two steps back. I am not sure what the repeal actually does," he said. Authorities have said the law banning sex between men is not enforced.

"When you enshrine discrimination in the constitution the ramifications are pretty profound. You are saying it is OK to treat us as second-class citizens," Wham said, adding it would make it difficult to mount legal challenges on issues such as housing, employment and adoption rights.

A statement by 22 groups including Pink Dot SG, Ready 4 Repeal and Sayoni said any constitutional amendment that signalled LGBTQ+ people were unequal citizens would be "disappointing".

Experts said the government's attempt to compromise was inevitable. "There is no way the government could have secured or have the buy-in of the population for the repeal without indicating there will be other amendments as well," said Eugene Tan, an associate professor at Singapore Management University.

Adrianna Tan, a Singaporean professional working for a digital services firm in San Francisco, said there was a disconnect between the government's stance on gay rights and its desire to attract talent.

"I am an educated and skilled Singaporean who tried for a long time to stay and left entirely because of sexuality," she said.

Bathed in acclaim Student tyro wins the approbation of seasoned trading peers after $110mn Bed Bath & Beyond gain PAGE 8

Companies & Markets

Credit Suisse names leaders to help Körner steer overhaul

- Bank hires Deutsche treasurer Joshi
- Tainted lender tries to turn new leaf

STEPHEN MORRIS — LONDON
OLIVER TELLING — SINGAPORE

Credit Suisse has appointed two executive board members as Ulrich Körner, chief executive, starts his overhaul of the scandal-hit Swiss lender.

Dixit Joshi, treasurer at Deutsche Bank, becomes chief financial officer in October, replacing David Mathers, who had announced previously he was stepping down following more than 11 years in the role.

Francesca McDonagh, chief executive of Bank of Ireland, becomes chief operating officer next month, overseeing an "operational and cost transformation", the Swiss bank said yesterday. She had originally been hired as chief of Europe, Middle East and Africa, but Francesco De Ferrari, the head of the wealth management unit, will now perform that role.

> During his almost 12 years at Deutsche, Joshi was credited with stabilising the German lender

Körner, who was promoted from head of asset management last month and is known as "Uli the knife", has taken over after a series of scandals took the bank's shares to a three-decade low. The shares have fallen 45 per cent this year, far underperforming UBS, its domestic rival.

He has promised investors a new strategy in October in which the investment bank will be cut back along with costs in the lender's support and operational functions.

The bank and its clients lost billions in scandals involving Greensill Capital, the specialist finance group, and Archegos, the family office, which collapsed within weeks of each other last year.

It was also fined for its role in the $2bn Mozambique "tuna bonds" scandal and became the first Swiss bank to be found guilty of a corporate crime after it was discovered to have laundered money for a Bulgarian cocaine cartel run by a former professional wrestler.

Thomas Gottstein stepped down as chief executive last July, and the Greensill and Archegos scandals happened on Mathers' watch as head of the UK subsidiary.

During his almost 12 years at Deutsche, Joshi was credited with stabilising the German lender and restoring a degree of trust with regulators and investors when it faced a similarly turbulent period of losses, scandals and credit rating downgrades.

Joshi faces significant challenges at Credit Suisse, which lost SFr2bn ($2.1bn) in the fourth quarter last year, a further SFr1.9bn this year and has issued profit warnings in six of the past seven periods.

Its credit has been downgraded by Moody's, the rating agency, and its outlook changed to negative by S&P Global Ratings.

"Dixit has an impressive turnround track record, with a broad experience across a range of investment banking businesses," Körner said in a statement that indicated the cuts soon to be imposed on the division.

This "will be invaluable on our journey in transforming the investment bank into a highly competitive banking and more sustainable markets business that complements wealth management and the Swiss bank", Körner added.

Joshi previously worked for Credit Suisse in New York and London from 1995 to 2003.

The bank has announced two internal job moves. Michael Rongetti becomes interim head of asset management and Michael Bonacker has been appointed group head of transformation.

See Lex

Adidas shake-up Search is on for chief to fill Rørsted's shoes as China sales woes take toll

Kasper Rørsted, Adidas chief, will depart in 2023, three years before his contract is up — Simon Dawson/Bloomberg

JOE MILLER — FRANKFURT

German sportswear group Adidas will replace its chief executive Kasper Rørsted next year — three years before his contract is up — as it continues to suffer from shrinking sales in China and the effects of the war in Ukraine.

The Dax-listed company announced yesterday that Rørsted, who took over in 2016, had agreed to hand over the position during 2023, adding that a successor had not yet been identified.

Shares in Adidas fell more than 5 per cent in Frankfurt.

Rørsted, a former executive of cleaning products manufacturer Henkel, would stay on to "ensure a smooth transition at the helm of the company", Adidas said.

The company did not elaborate on why he was leaving early.

Adidas chair Thomas Rabe said Rørsted had "strategically repositioned the company and fast-forwarded its digital transformation". The executive had expanded Adidas's online business "by a factor of more than five" and doubled sales in North America.

But he also said that "after three challenging years that were marked by the economic consequences of the Covid-19 pandemic and geopolitical tensions, it is now the right time to initiate a CEO transition and pave the way for a restart".

Rørsted said that his tenure had "been marked by several external factors that disrupted our business significantly" and that it "required huge efforts" to master these challenges.

"This is why enabling a restart in 2023 is the right thing to do — both for the company and me personally," he said.

Adidas last month lowered its earnings guidance for 2022 by at least half a billion euros, because of a substantial decline in its profitable China business, after already lowering its forecasts in May.

Sales in the key market, which Adidas has historically been more exposed to than rival Nike, shrank 35 per cent in the last quarter compared to 2021, amid widespread lockdowns and supply chain chaos.

It also announced that supply chain constraints in Russia and surrounding countries had cost the company €300mn in sales.

The company has faced a nationalist backlash in China after it announced that it had asked its suppliers not to buy cotton from the Xinjiang region, because of human rights concerns.

China is accused by the US and others of committing genocide against the Muslim Uyghur minority in the area.

Ford prepares to shed 3,000 employees and contract staff

CLAIRE BUSHEY — CHICAGO

Ford plans to shed 3,000 employees and contract workers, citing a need to reshape its labour force as it invests tens of billions of dollars in making electric vehicles.

The company plans to cut the jobs of 2,000 salaried employees and another 1,000 contract workers, according to an internal memo yesterday from chief executive Jim Farley and executive chair Bill Ford. The cuts, while spread across the US, Canada and India, will be concentrated around the carmaker's headquarters in south-east Michigan.

The executives said Ford's cost structure was "uncompetitive" compared to other carmakers, including legacy producers and upstarts in the EV market.

"We have an opportunity to lead this exciting new era of connected and electric vehicles," their memo said. "Building this future requires changing and reshaping virtually all aspects of the way we have operated for more than a century." This meant "redeploying resources and addressing our cost structure", they said.

In March Ford split operations into separate businesses, with one focusing on internal combustion engines and another on EVs. The company had 183,000 employees at the end of 2021, down from 186,000 at the end of 2020.

The company still expects its internal combustion engine business to grow. But Farley has said that Ford's workforce needs to change, noting in July that "we have skills that don't work anymore" as the company orientates itself towards electric vehicles. Ford's US group plans to derive one-third of overall sales from EVs by 2026, rising to half by the end of the decade. In Europe, where there were extensive job cuts under the previous chief executive, the company has committed to making all passenger cars electric by 2030.

In June, Ford warned of "significant" staffing cuts, even as it chose a plant in Spain to make electric cars.

The Dearborn automaker also committed in March to spending $50bn by 2026 as it ramps up its EV business, building factories and hiring more software and electrical engineers in an increase from the original $30bn it pledged.

The company is investing billions to build or upgrade assembly and battery plants in Tennessee, Kentucky and across the Midwest.

Global scope of EU's greenwashing crackdown spooks Wall Street

INSIDE BUSINESS
FINANCE

Laura Noonan

Global warming is a global problem. But the worldwide scope of the EU's latest climate change effort — to end the practice of describing things as greener than they are — is causing alarm on Wall Street.

The Corporate Sustainability Reporting Directive, agreed in principle with little fanfare earlier this summer and due to come into force from next June, compels all "large" companies that operate in the EU or have listed securities in the bloc to produce extensive new reports on the effects of their business, and of their parent companies, on the environment.

"It's deliberately global in application," said Chris McGarry, lawyer at White Case. "That obviously makes sense because we're talking about global issues." Andrew Hobbs of EY said that the rules had become more extraterritorial than the EU's original proposals.

For a bank such as Morgan Stanley or JPMorgan, it means producing reports for businesses that sprawl across dozens of regions and are many times the size of their EU-based entities. Some bankers say it is off-putting for clients. An Asian company that lists a single debt instrument in the EU will have to produce reams of audited information about its entire business. "The extraterritoriality is bonkers," a policy expert at a large US institution said. One of his peers at another large US bank described the CSRD as one of the most pressing policy issues on his plate, even as the EU finetunes hundreds of pages of new capital rules this autumn.

The directive introduces mandatory audited corporate reporting on a vast range of environmental, social and governance impacts including emissions and internal risks and controls. On the environmental side, they include metrics such as climate change mitigation strategies, pollution, and the impact on biodiversity and ecosystems.

It is a big ask across businesses, say banks and their lobbyists, especially when the terminology may not be compatible with other global work, and the exact details of what they will have to report at group level have not been pinned down.

All big groups could make the same arguments, but banks feel particularly aggrieved by two elements.

> Reams of data about the entire business must be produced, with one expert hitting at the 'bonkers' extraterritoriality

First, the reports must capture the effects of companies, and of groups they do business with. Financial services companies' returns will have to capture the activities of clients. But financial and non-financial services groups must report on the same day. Banks are arguing that their deadline should be later.

"There is genuine concern around liability [for inaccurate information] particularly in the US . . around likely litigation if they don't have the availability and reliability of data they need to be able to make their own disclosures, because they can't get that from their clients", one lobbyist said.

The second bank-specific complaint is the imposition of the full whack of rules on foreign groups that list any instrument in the EU's markets, such as a Japanese company issuing a small bond that can only be sold to institutional investors in Paris or Amsterdam or Frankfurt.

The agreement in June will continue to grind its way through the EU machinery in September, when there will be a final plenary vote in the European parliament. Banks are hoping to get a hearing on claims that the most recent draft is unclear. The more optimistic policy experts think the tidying-up will mean groups whose only EU activity is issuing securities get the same reprieve as those offered to small and medium- sized listed businesses. These have been promised obligations that are "proportionate to the capacities and resources of SMEs . . . and relevant to the scale and complexity of their activities."

But they privately admit that the "ship has sailed" on the extraterritoriality, even if they are at odds with the greater European project of creating debt and equity markets as broad and deep as those in the US. "You're going to kill off European capital markets like this," the policy expert said. While there might be an argument for uniform information covering EU-listed equities, extending the requirement to all securities would drive companies away.

The policy expert expects groups that only use the EU's capital markets a little not to use them at all. London may be the beneficiary, since it offers a diverse source of funding without incurring the burden of the new rules. "This contradicts the goal for Capital Markets Union. They know that," the first banker said of the stance Brussels is taking. "There's not much you can do on that level . . . Climate takes supremacy."

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COMPANIES & MARKETS

Financials

Norway fund faces heightened cyber threat

Jump in attempted hacks replaces market volatility as entity's biggest worry

ADRIENNE KLASA — LONDON
ROBIN WIGGLESWORTH — OSLO

Cyber security has eclipsed tumultuous markets as the biggest concern for the largest sovereign wealth fund as it faces an average of three "serious" cyber attacks each day.

The number of significant hacking attempts against Norway's $1.2tn oil fund, Norges Bank Investment Management, has doubled in the past two to three years, according to its chief executive Nicolai Tangen.

The fund, which reported its biggest half-year dollar loss last week, suffers about 100,000 cyber attacks a year, of which it classifies more than 1,000 as serious, according to its top executives.

"I'm worried about cyber more than I am about markets," Tangen said. "We're seeing many more attempts, more attacks [that are] increasingly sophisticated."

The fund's top executives are concerned that concerted cyber attacks are becoming a systemic risk as markets become increasingly digitised.

Trond Grande, deputy chief executive, pointed to the 2020 attack on SolarWinds, a software provider, by Russian state-backed hackers that allowed them to breach several US agencies, including the Treasury and Pentagon, and a number of top companies including Microsoft, Intel and Deloitte.

He said: "They estimate there were 1,000 Russians [involved] in that one attack, working in a co-ordinated fashion. I mean, Jesus, that's our whole building on one attack, so you're up against some formidable forces there."

Cyber attacks targeting the financial industry have risen sharply in recent months. Malware attacks rose 11 per cent in the first half, but doubled at banks and financial institutions, according to security specialist SonicWall. Ransomware attacks fell 23 per cent but increased 243 per cent against financial targets in the same period.

Perpetrators can range from private criminal groups to state-backed hackers. Russia, China, Iran and North Korea are the most active state backers of cyber aggression, according to Bill Conner, executive chair at SonicWall. "As sanctions go up, the need for money goes up as well," he said. A cyber security expert who advises a different sovereign wealth fund said that the "threat landscape" for such groups was "massive".

He said: "When it comes to ransomware, about half of network intrusions are phishing attempts, and the other half are remote-access attacks using stolen credentials. You've also got insider threats — someone with a USB drive. And sometimes people with access are just bribed."

In the financial industry the vulnerabilities of banks, bourses and infrastructure such as clearing houses have been the main focus of security agencies, such as the US's twice-yearly cyber war gaming exercise, Quantum Dawn.

However, investment company executives have also grown increasingly worried about cyber security in recent years, with some warning that the dangers are under-appreciated and bemoaning the rising costs of guarding against attacks.

In the Nordic region, the rising tensions with Russia following its invasion of Ukraine have heightened the risks in the digital sphere. "With the financial situation that Russia finds itself in and as sanctions go up, the Nordics are part of that" bloc imposing penalties on Moscow, Conner said.

JPMorgan analysts highlighted a surge of cyber attacks following Russia's invasion of Ukraine in a recent report, and warned that "critical industries in the US are on high alert, particularly the energy and financial sectors".

Additional reporting by George Steer in London

Healthcare. Talc claims

Johnson & Johnson tries to extend Texas two-step

Attempt to block cases from New Mexico and Mississippi branded a legal 'mockery'

JAMIE SMYTH — NEW YORK

Johnson & Johnson used the "Texas two-step" bankruptcy strategy to halt 38,000 personal injury cases claiming its talc-based baby powder caused cancer.

Now the company wants to block cases from two states that claim it misrepresented the safety of a consumer product it sold for decades.

A New Jersey court is set today to consider a request by a J&J subsidiary to stop New Mexico and Mississippi from proceeding with their lawsuits against the parent.

Legal experts say the decision could set a precedent over whether and to what extent businesses can use the Chapter 11 process to manage lawsuits alleging violations of state consumer protection regulations.

Faced with a growing number of jury awards against it in talc-related personal injury cases, last year J&J, which has a market capitalisation of almost $440bn, carved itself up into separate entities and placed a subsidiary holding all its talc liabilities, known as LTL, into bankruptcy protection —

The business

tainted with cancer-causing asbestos, in

The states' cases involve similar fac-

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Technology

Thoma Bravo in $730mn deal for location data specialist

NIC FILDES — SYDNEY

Thoma Bravo has agreed its first Australian acquisition after the board of mapping company Nearmap recommended a A$1.06bn ($730mn) takeover by the US private equity firm that has been on a technology sector buying spree.

The purchase is also the latest in a string of deals for listed Australian companies that has driven mergers and acquisition activity to records, dispelling concerns that rising interest rates and a deteriorating global economic environment would slow the pace of takeover activity.

The A$2.10 a share cash offer represents a 67 per cent premium on the average Nearmap share price over the past six months.

Thoma Bravo, with $114bn of assets, is one of the most active acquirers of software companies.

The firm paid $12.3bn for email security company Proofpoint last year, one of the biggest tech deals of 2021, and agreed to pay $10.7bn for data platform provider Anaplan in March before negotiating a reduction on the price over a pay dispute.

It is considering a £2.7bn takeover bid for Darktrace, the UK cyber security developer.

Nearmap was founded in Perth in 2007 and has become one of the largest aerial imaging companies. The group

> It is the latest in a string of moves for listed Australian businesses that has driven M&A activity to records

provides 11,000 government departments and private sector companies with detailed cloud-based 3D images of terrains in the Pacific and North America.

The company is expected to expand in North America once the takeover is complete.

Nearmap chief executive Rob Newman said: "We expect the location intelligence and aerial imaging market in North America to undergo change and consolidation over the next few years, which will present organic and inorganic opportunities for Nearmap."

AJ Rohde, a senior partner at Thoma Bravo who led the deal, said: "We the Texas two-step.

Once in bankruptcy, the court allowed the subsidiary to stay the 38,000 personal injury cases that have been filed against J&J over talc.

Critics said that it would deny litigants a jury trial and pressure them to accept settlements, while J&J says it has helped it manage billions of dollars' worth of legal claims. J&J has established a $2bn trust to facilitate settlements in those cases.

J&J has ceased sales of talc-based powder in the US and Canada, and said recently it would phase out worldwide sales of its talc-based baby powder in 2023. It said its position — that the product is safe and does not cause cancer — has not changed.

In addition to the personal injury cases in bankruptcy court, some states have sued, alleging the company marketed and sold its talc to consumers despite knowing it was sometimes

has ceased sales of talc-based powder in the US and Canada Justin Sullivan/Getty Images

violation of consumer protection laws.

Some 40 US states and the District of Columbia are in talks with the LTL subsidiary for a potential settlement of consumer protection claims. Two others, New Mexico and Mississippi, are seeking to take their cases to trial in their respective state courts.

LTL has asked the bankruptcy court to issue an injunction preventing them from doing so.

Allowing the litigation to move ahead would interfere with the company's ability to resolve the personal injury cases through the bankruptcy process and undermine mediation efforts on similar issues with the other states, the company said.

"The continued pursuit of the state actions is not an exercise of the states' police power, but rather an effort to collect fines and penalties for past conduct from the debtor and other parties," it said in a filing.

tual allegations but are distinct from the personal injury claims, which represent individuals who allegedly developed cancer as a result of using J&J's talc-based baby powder.

New Mexico and Mississippi are seeking monetary damages and penalties, as well as the ability to exercise state consumer protection powers to prevent it from resuming talc sales.

Both states oppose the request to put their cases on hold, alleging that it makes a "mockery" of bankruptcy law and seeks to trample states' right to "exercise police and regulatory powers", according to court filings.

"This is a bridge too far in a case already replete with questionable manipulations of the bankruptcy code by one of the wealthiest corporations on earth," the states wrote in the filing.

"[LTL] apparently believes . . . the bankruptcy code is the ultimate trump card — the court can simply waive its

'bridge too far . . . by one of the wealthiest corporations on earth'

ish while a multibillion-dollar entity contorts the bankruptcy code to shield itself from the states' constitutional and statutory exercise of their police and regulatory powers."

Jared Ellias, a Harvard law professor, said a decision against the states "would be a precedent-setting order" for companies facing state law or consumer protection actions and hoping to use the bankruptcy system to block or stall those cases.

Several companies facing asbestos-related claims, including Georgia-Pacific, a US unit of France-based Saint-Gobain and Trane Technologies, have deployed the same Texas two-step bankruptcy scheme as J&J.

And last month 3M placed its Aearo subsidiary into Chapter 11 in a bid to resolve hundreds of thousands of claims linked to allegedly defective earplugs.

Claimants are challenging 3M's bankruptcy in a case that began yesterday.

believe Nearmap's insights are increasingly mission-critical to enterprises and the use cases rapidly evolving."

This was evidenced by the company's "accelerating adoption with blue-chip customers in North America."

Nearmap shares rose just over 5 per cent to A$2.07 yesterday following the announcement that the deal had been agreed, slightly below the offer price. The stock traded at more than A$4 in 2019 but has not recovered to those levels.

John Campbell, an analyst with bank Jefferies, said that results last week from Nearmap showed that the company was confident of achieving positive cash flow in fiscal 2024, which would have strengthened Thoma Bravo's resolve to buy the business.

"Whether any competing bidders emerge is obviously a key unknown," he wrote in a note.

Technology

Sony PlayStation confronts £5bn lawsuit

JANE CROFT

Sony PlayStation is being sued for up to £5bn over allegations that it breached competition law by overcharging millions of its PlayStation customers.

The lawsuit has been lodged by consumer rights champion Alex Neill in the UK's Competition Appeal Tribunal, which hears antitrust claims and, if successful, could lead to 8.9mn gamers being compensated.

Sony PlayStation is accused of abusing its market dominant position to impose unfair terms and conditions on PlayStation game developers and publishers, which resulted in allegedly unfair prices for consumers each time they bought digital games or in-game content from the PlayStation store.

"PlayStation users have lost out due to this unlawful anti-competitive conduct," the lawsuit claims, adding on a preliminary estimate that customers' aggregate losses suffered by the 8.9mn proposed members of the class action could be between £0.6bn and £5bn excluding interest.

According to the claim, anyone in the UK who has purchased digital games or add-on content on their console or via the PlayStation store since August 2016 is included in the lawsuit and could be eligible for compensation said to be between £67 and £562 per person excluding interest.

The lawsuit is the latest collective action to be filed at the Competition Appeal Tribunal which is currently experiencing a wave of US-style class action lawsuits — antitrust complaints filed on behalf of millions of consumers — against large companies such as BT, Apple and Qualcomm.

The CAT is able to hear such claims after the 2015 Consumer Rights Act allowed collective lawsuits to be filed on behalf of consumers and businesses over alleged breaches of competition law. However each individual claim, including the Sony case, must first be certified by the CAT as eligible to proceed to trial.


The claim is of abuse of dominant position to impose unfair terms

The number of lawsuits filed at the CAT has increased since a landmark Supreme Court ruling in late 2020. This allowed a £10bn lawsuit brought by former financial ombudsman Walter Merricks on behalf of 46.2mn people against payments company Mastercard to proceed.

The increase in cases has been underpinned by cash-rich litigation funders keen to back collective lawsuits in return for a slice of any compensation.

The Sony lawsuit, which was filed on Friday, is being backed by Woodsford, a litigation funder.

Neill, chief executive of the Resolver Group, a consumer technology organisation, said: "Collective proceedings like this are vital because they provide the opportunity for us to hold large companies to account on behalf of consumers."

Sony PlayStation has not yet responded to the claim and has been contacted for comment.

Pharmaceuticals

Pfizer and BioNTech seek US green light on jab

JAMIE SMYTH — NEW YORK

Pfizer and BioNTech have applied to US regulatory authorities for emergency authorisation of a Covid-19 vaccine specifically tailored to target the most dominant strain of the Omicron variant ahead of a nationwide booster programme planned for the autumn.

The companies said yesterday that they had rapidly increased production of the newly developed shot targeting the fast- spreading BA.4/BA.5 coronavirus sub-variants, and stood ready to deliver doses from September.

Shipping could begin immediately if regulators authorised the new "bivalent" vaccine, which targets the original Covid-19 strain and contains the genetic code to tackle the now dominant sub-variants, they said.

Last month the US Food and Drug Administration asked vaccine makers to tweak their shots to target the BA.4/BA.5 sub-variants, which together make up more than 90 per cent of coronavirus infections.

For the first time since the pandemic began, the regulator told companies it might authorise the latest generation of boosters without requiring clinical data from tests on the new jab, to accelerate distribution.

In contrast, EU regulators say they want to review clinical data before authorising the latest generation of boosters.

Pfizer and German partner BioNTech said their application followed FDA guidance to include clinical data from the companies' previous trials of a bivalent shot developed to target previous Omicron sub variant BA.1. It also contains pre-clinical trials on mice and manufacturing data from the companies' new jab.

The pair have rapidly increased production of the shot targeting Covid sub-variants

Albert Bourla, chief executive of Pfizer, said the agility of BioNTech/Pfizer's mRNA platform and their extensive clinical experience with Covid-19 vaccines had enabled the companies to develop, test and manufacture the updated shots with "unprecedented speed".

He said: "Having rapidly scaled up production, we are positioned to immediately begin distribution of the bivalent Omicron BA.4/BA.5 boosters, if authorised, to help protect individuals and families as we prepare for potential fall and winter surges."

US authorities are preparing a booster campaign in a bid to strengthen immunity levels among the public ahead of the winter, when respiratory viruses tend to spread rapidly as people move indoors.

But some health experts have questioned whether the jabs should be approved before clinical data demonstrating their effectiveness at preventing people from developing Covid-19.

Eric Topol, founder and director of the Scripps Research Translational Institute, said that the companies should provide evidence of a neutralising antibody response, which could be generated easily and quickly.

Authorising the jabs "based only on data from mice will diminish public trust — the last thing we need", he said.

COMPANIES & MARKETS

Chips industry caught in Sino-US crossfire

Pressure grows to align with an increasingly hawkish Washington, which aims to check China's advance as a tech force

CHRISTIAN DAVIES AND SONG JUNG-A
SEOUL

Last December, Korean semiconductor company Magnachip reluctantly announced the demise of its proposed $1.4bn merger with Chinese private equity firm Wise Road Capital.

Apart from its listing on the New York Stock Exchange and a nominal corporate presence in Delaware, Magnachip has no substantive operations — in manufacturing, research & development or sales — in the US.

That did not stop the Committee on Foreign Investment in the United States (Cfius), a body initially set up in the 1970s to screen purchase of US strategic assets by Opec countries, from intervening in the merger.

In a move that took the semiconductor sector by surprise, Cfius ruled that the transaction posed a potential risk to US national security, effectively killing the deal and casting a chill over the industry.

Cfius had been involved in traditional security issues such as ports and infrastructure, "yet it blocked the takeover of this relatively small chip firm that had hardly any US presence at all", said Chris Miller, assistant professor at Tufts University and author of *Chip War: The Fight For The World's Most Critical Technology*. "That was a really important signal for the entire industry."

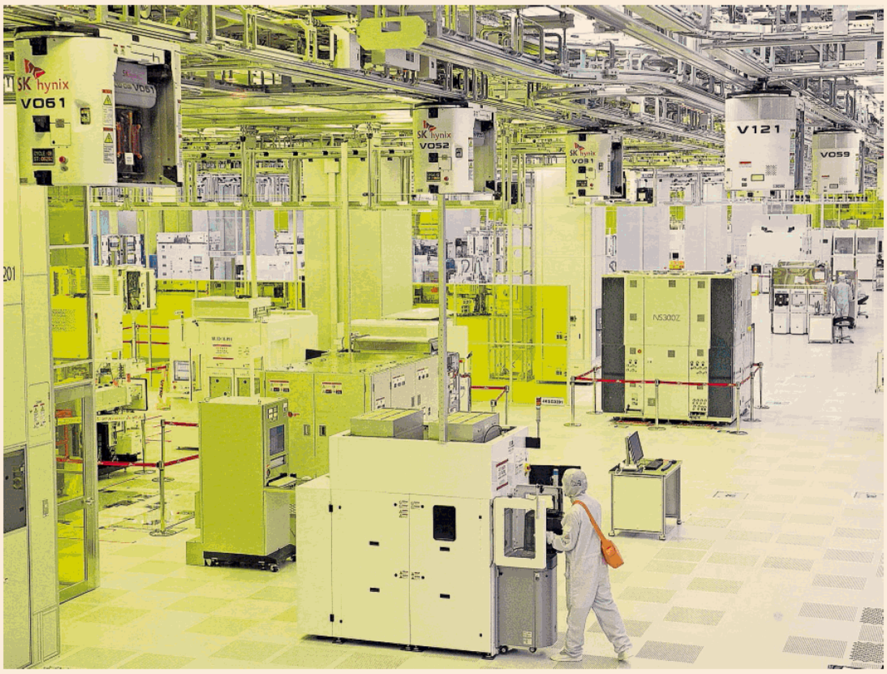
The Magnachip case is an example of how mounting US-China tensions are affecting chipmakers, which are increasingly being pressed to align with

What is dubbed by US officials 'friendshoring' has sparked increasingly vocal opposition from Beijing

Washington as it seeks to counter China's rise as a technological power.

The companies are vying for billions of dollars in US grants through the $280bn Chips and Sciences Act, and do not want to be caught out by restrictions from an increasingly hawkish White House.

The Financial Times reported this



A facility in Incheon, South Korea, of SK Hynix, which along with Samsung Electronics is re-evaluating investments in China — Kim Min-Hee/epa

Korean semiconductor exports
$bn

the semiconductor production process".

The companies include US chip design software providers Cadence, Synopsys and Mentor Graphics, now Siemens EDA, US equipment makers Applied Materials and Lam Research, and ASML in the Netherlands, which makes the extreme ultraviolet lithography tools needed to produce cutting-edge Dram memory chips.

close down their Dram plant; they are more likely to convert it into a Nand facility. But that is an area where they and Samsung will face the stiffest local competition."

The dilemma for Korean and other chipmakers is how to execute their pivot away from China and towards the US without provoking a backlash from Beijing, which has grown increasingly vocal in its opposition to what US officials describe as "friendshoring".

An editorial last month in state-owned China tabloid newspaper the Global Times read: "Decoupling with such a large market is of no difference from commercial suicide. The US is now handing South Korea a knife and forcing it to do so."

Yet Patel said China's continued dependence on chips and tech from foreign groups meant its leverage was limited. "Beijing needs these chip imports for their own manufacturing industries. What are they going to do, stop having electronics manufactured in China?"

He said Washington could increase the pressure further by banning the export of chipmaking equipment used to manufacture advanced Nand memory chips to Chinese plants, including those owned by foreign companies. Samsung and SK Hynix both have Nand memory chip plants in China.

David Hanke, partner at Washington law firm ArentFox Schiff, who advises on China competition issues, said chipmakers would be wise to heed the spirit of the Chips Act and not just the letter.

'There will be a big optics problem for those playing it too close to the edge of what the legislation allows'

"How much a company has been contributing to China's technological development will be scrutinised," said Hanke, noting that grants to chipmakers would be reviewed every two years by the US department of commerce. "There will be a big optics problem for companies that play it too close to the edge of what this legislation allows."

He said companies should also consider the possibility of Washington taking an even more hawkish turn in the near future. Republicans are tipped to recapture the House and possibly the Senate in November's midterms.

"When it comes to circumventing US regulations, China moves like water around rocks. So it shouldn't come as a surprise if people on Capitol Hill start to say in a year or two's time that the present guardrails were too weak."

Additional reporting by Kathrin Hille in Taipei

The Financial Times reported this month that Korean semiconductor groups Samsung Electronics and SK Hynix were re-evaluating their investments in China in response to "guardrails" in the legislation that prohibit recipients of US federal funding from expanding or upgrading their advanced chip capacity in China for 10 years.

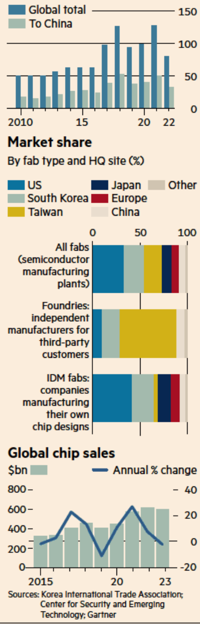
Competitors including Taiwan's TSMC and US chipmakers Intel and Micron, all of which have manufacturing operations in China, are also under pressure to boost domestic US production while making it harder for Beijing to obtain advanced semiconductor tech.

The pressure is likely to build as the US attempts to rally allies South Korea, Taiwan and Japan behind a "Fab 4 chip alliance" designed to co-ordinate policy on research & development, subsidies, and supply chains.

Korean chipmakers, historically reluctant to take sides in the tech rivalry between the US and China, have acted as a bellwether for the direction of the semiconductor industry.

Samsung and SK Hynix have boosted investments in US production facilities even as they remain heavily exposed to the Chinese market. South Korea exported $50bn of chips to China last year, up 26 per cent from 2020 and accounting for nearly 40 per cent of the country's chip exports, according to the Korea International Trade Association.

But they share a near-total dependence on a small number of US, Japanese and European chip designers and equipment makers for the tech required to produce advanced chips, giving Washington leverage over what Miller described as the "main choke points in



Sources: Korea International Trade Association; Center for Security and Emerging Technology; Gartner

edge Dram memory chips.

"China has the market but the US has the technology," said Yeo Han-koo, who was South Korea's trade minister until May. "Without technology, you have no product. Without a market, at least you can find a way to diversify and identify alternatives."

Neither Samsung nor SK Hynix, which both specialise in Dram and Nand memory chip production, manufacture their most advanced semiconductors in China.

China's largest chipmaker, Semiconductor Manufacturing International Corp, announced last month that it had started shipping advanced 7-nanometre semiconductors. However, analysts said that without access to the most sophisticated equipment, SMIC would struggle to close the gap with Samsung and TSMC, which are big suppliers of 5nm and 4nm chips.

A person close to TSMC, which dominates the market for foundry chips, said the US bill was unlikely to have a dramatic effect as the Taiwan government already had restrictions on producing advanced chips in mainland China.

But Dylan Patel, chief analyst at SemiAnalysis, said that US restrictions on exporting cutting-edge equipment to China would have an impact on Korean memory chipmakers.

The share of their production in China was "likely to reduce substantially over time. It will be impossible for SK Hynix to use EUV in China, and if they use older technology, then their operations will become uneconomical. So for them and all the other leading chipmakers, Dram in China is dead.

"That doesn't mean that they will

Airlines

BA to cut 10,000 flights from winter schedule

PHILIP GEORGIADIS
TRANSPORT CORRESPONDENT

British Airways is to cut more than 10,000 flights from its winter schedule, in one of the clearest signs yet that airline bosses expect staff shortages and disruption that have plagued the industry to last into next year.

The cuts to short-haul journeys amount to 8 per cent of BA's flight schedules between October and March, and come after the airline was forced to slash its summer flying plans to shore up its flagging operations.

The airline has also axed hundreds of long-haul flights.

The aviation industry cut thousands of jobs during the pandemic, and companies have struggled to rehire quickly enough to meet resurgent demand for flying this year.

John Holland-Kaye, chief executive of London's Heathrow airport, has forecast it will take 12-18 months for aviation to fully recover capacity, while Qatar Airways boss Akbar Al Baker has said the sector faces a "couple of years" of supply chain problems. These range from staff shortages to delays in aircraft deliveries from manufacturers and a lack of spare parts.

By cancelling flights in advance, executives at BA hope to avoid the chaos and disruption that occurred in the early summer, when staff shortages led to last-minute cancellations by airlines and overcrowded airports.

Since then, the situation has significantly improved, with cancellation rates falling to historically normal levels at the beginning of August after airlines including BA cut back their schedules, and busy airports moved to impose unprecedented caps on passenger numbers.

BA has also cut 629 more flights from its summer schedule over the next two months, in response to Heathrow airport's decision to extend its cap on passenger numbers to the end of October.

The airport imposed a limit of 100,000 departing passengers a day to manage operational disruption during the summer, extending it last week to cover the busy October half-term school holidays.

BA is the profit engine of its Spanish parent company International Airlines Group, which owns a stable of airlines including Aer Lingus and Iberia.

The company last month forecast a return to profit this year, despite the problems at BA, but conceded the operational challenges in the UK had been "acute".

COMPANIES & MARKETS

Equities. Windfall

How a 20-year-old student made $110mn riding the meme stock wave

Applied mathematics major rewarded for bet on ailing retailer Bed Bath & Beyound

ANTOINE GARA AND MADISON DARBYSHIRE — NEW YORK

At the age of 18, Jake Freeman ran for US president, collecting signatures, forming a campaign committee and registering his bid with the Federal Election Commission.

"He wanted to be the youngest on the ballot," said Eray Sabuncu, a friend who attended the same suburban New Jersey high school and signed the 2020 election filing in the capacity of treasurer. "I didn't know then that he was going to be famous."

The presidential bid predictably went nowhere, but Freeman, now 20, has become one of the youngest investors to generate a nine-figure windfall by trading the meme stock frenzy. Last week, the Financial Times reported that the student of applied mathematics and economics, who is studying at the University of Southern California, had crystallised a $110mn gain after selling shares of ailing retailer Bed Bath & Beyond.

On Tuesday, Freeman sold his more than 6 per cent stake in the retailer, which operates cavernous stores stuffed with household goods and gadgets, for roughly $27 per share. He had amassed it just a few weeks earlier when the stock

Bed Bath, a one-time meme stock favourite that had plummeted in value amid a sales slide and cash crunch that threatened its survival as a going concern. "I noticed how with the right sort of realigning of their debt, they could really reduce their bankruptcy thesis," Freeman said.

The novel solution he proposed for Bed Bath involved using the high volatility in its stock price to offer bondholders a deal that would lighten its senior debt load from $1.2bn to $500mn. The plan hinged on the company offering stock warrants and convertible notes to debt holders in exchange for reducing the company's leverage. If the company repaired its balance sheet and the share price recovered, the warrants would go up in value.

The unconventional suggestion was similar to a strategy attempted by rental car agency Hertz in 2020, which tried to issue new shares after filing for bankruptcy, a plan that was thwarted when the US Securities and Exchange Commission blocked the manoeuvre.

On July 20, Freeman disclosed his Bed Bath investment in a securities filing, attached to which was a nine-page letter recommending the company urgently pursue his proposed debt exchange. Without such action, he believed Bed Bath would soon go bankrupt.

He then began discussing his investment on Twitter, Reddit and a site called GMEdd.com. "He wanted to articulate his plan to retail investors," said Rod was trading below $5.50.

"I originally was expecting it could maybe go to $8 or $9 a share," Freeman told the FT on Wednesday as he waited for the shuttle bus from Los Angeles airport to the university campus. "I was really shocked that it went up so fast."

After building his stake in July, Freeman wrote a letter to the company's directors suggesting that they use a complex financial strategy that would capitalise on the retailer's status as a meme stock to raise cash and cut its existing debt load by more than half.

"I can leverage the mathematics side to make statistically-driven plays," he said.

The FT report of Freeman's windfall on Wednesday set off a media storm, with outlets the world over picking up the story as social media sites lit up with the news. But the tale of a university student hitting the meme stock jackpot also prompted widespread scepticism.

On Twitter and Reddit, questions abounded, from whether Freeman really existed or was acting as a proxy for someone else to how a young, amateur investor could have made so much money on a highly concentrated bet in such a short space of time.

Chief among the questions was how he had raised $27mn of capital in the first place through a vehicle registered in the cowboy town of Sheridan, Wyoming, a state that has become a magnet for people setting up limited liability companies because of its low taxes and strict privacy rules.

Freeman was no stranger to such doubts. After disclosing his stake in July, he was the subject of a sleuthing campaign on Reddit, where traders tried to find out his identity. "There were conspiracy theories that ranged from I don't actually exist to I am a front for a Taiwanese amusement park," he said.

Jake Freeman suggested a way for Bed Bath & Beyond to reduce its leverage, but the stock took off before his plan could be tested
FT Montage/Christopher Dilts/Bloomberg

But the response to news he had made such a big gain was of a different magnitude. In an email on Friday, declining further interview requests, Freeman said he had been "overwhelmed" by the hurricane of press coverage.

In interviews with Freeman's classmates, mentors and teachers, a portrait emerges of a precocious young adult unburdened by the normal pressures on his generation, who spent his teenage summers interning at a quantitative investment fund.

There is little doubt that Freeman is who he says he is. Before publishing its story, the FT asked for a copy of his driving licence, which had an address matching the one on his Bed Bath filings. The registrar at USC confirmed that Freeman was in his senior, or final year, meaning he has skipped a year and is on track to finish his degree early.

What is less clear is how Freeman raised so much start-up capital. He declined to disclose the names of his investors, citing confidentiality agreements, but said he had tapped friends, family and other people in his orbit.

Freeman has interned at New Jersey-based Volaris Capital Management under the mentorship of its founder Vivek Kapoor, who said he was not involved in the Bed Bath trade. The pair have published two academic papers examining complex theories on debt defaults and options contracts. More recently, they studied Latinised Sanskrit together.

"He is not of the typical mould that the schools are conspiring to transform our young children into," said Kapoor. "Jake is a smart, sharp guy with a dense set of neurons that can address any problem without dogma."

It was Freeman's uncle, Scott, who first introduced him to trading. A pharmaceuticals executive who helped found a publicly listed company focused on hallucinogens, he started making investments with his nephew when Jake was 13 years old. Their first wager was worth $500. Over time, his parents gave him more money. He described their support as "substantial".

Raised in Summit, New Jersey, a wealthy suburb populated by New York City commuters, Freeman is described by former high school classmates as clever and mature for his age. "He was always really smart and ambitious, even in high school," said Sabuncu, the friend who signed the presidential filings.

> 'Jake is a smart, sharp guy with a dense set of neurons that can address any problem without dogma'

The pair were part of a team that won an entrepreneurship competition in 2020 for a project that used plant enzymes to break down plastics in household waste. Freeman was also in a local robotics club that went to the world championships.

"What I remember about Jake is he was totally optimistic, very confident and willing to go his own way," said Jeremy Morman, Freeman's high school physics teacher. After his senior year exams, Freeman took an additional physics class with Morman on relativity. "He just wanted to learn as much as possible from everyone."

Morman recalls other students peppering Freeman with questions about investing. "If you asked him what is buying on margin, how does this work or what does that mean, he was always very open and happy to talk," he said.

Freeman started assembling the trade that would make him famous this summer in the wake of a market rout that had pummelled once-soaring meme stocks such as AMC, GameStop and Bed Bath. The value of these stocks has at times soared thanks to retail traders, many of whom frequent message boards on Reddit, even though the companies have struggled financially.

By bidding the shares higher, these day traders have managed to engineer "short squeezes" on hedge funds that wagered the stock prices would fall. They revelled in the pain felt by professional investors and what they perceived as a rare victory of Main Street over Wall Street.

Freeman believed that the volatility in these stocks — which was evident in the price of options on the shares — could be used as a survival mechanism.

He began to search for an ailing retailer to invest in, where the market had badly underestimated its odds of survival. In June, Freeman bought debts in the pharmacy chain Rite Aid, but the opportunity evaporated when the company announced a tender offer that sent its bonds and stock soaring.

Freeman then turned his attention to

Alzmann, a cofounder of the site.

In August, Bed Bath shares started soaring following renewed momentum on Reddit, where moderators of the WallStreetBets channel had lifted a ban on discussing the stock. It catalysed a furious rally in Bed Bath shares that Freeman said caught him off guard. "[People] were really hyping it up on WallStreetBets, which just led to more and more fear of missing out," he said.

At the start of last week, the shares climbed higher still after Ryan Cohen, the chair of GameStop and a meme stock figurehead, filed documents with the SEC on Monday detailing a previous purchase in February and March of a large number of call options in Bed Bath — derivatives that can deliver a windfall if a stock rises in value.

Freeman decided that the rally had pushed Bed Bath's shares far beyond their intrinsic value and liquidated his entire stake. His timing was fortunate. The following day, Cohen disclosed plans to also sell his holding of roughly 12 per cent, and the shares plunged. By the end of the week they were worth just $11. Freeman says that he has never spoken to Cohen, although he did send him an email once that went unanswered. Cohen declined to comment.

Freeman's exit from the Bed Bath shareholder register means that his piece of complex financial engineering will go untested. He hit the meme stock jackpot not because of his smart idea, but by following a much simpler investment maxim: buy low, sell high.

"I thought this was going to be a six-months-plus play," he told the FT last week, adding that the trade had "worked out well for me and the people who trusted me".

Currencies

Euro hits lowest level in two decades as gas prices surge over supply concerns

DAVID SHEPPARD AND ADAM SAMSON

The euro dropped to its lowest level since 2002 yesterday as a surge in gas prices heightened worries over the region's economy.

Europe's common currency slid as much as 1 per cent to as low as $0.9934, leaving it as one of the worst performers among big currencies on the day.

The fall came as the benchmark TTF gas price in Europe rallied more than 10 per cent to a high of €292.50 per megawatt hour ($85 per million British thermal units), before easing slightly to €278, leaving it on course to notch up its highest closing price on record. In the UK, gas prices for next-day delivery surged as much as 33 per cent to £4.80 a therm ($57 per million BTU).

The rise in European TTF prices to more than 14 times their average of the past decade could hit industrial production in mainland Europe and push the region into recession, traders and economists have said.

Widespread fears of shortages this winter have led gas users to try to lock in supplies, pushing up prices even as fears of a severe economic slowdown grow.

The euro initially breached parity with the US dollar in July, but had rebounded. The latest fall reflects both concerns about the energy crisis and also a broad rise in the dollar turbocharged by expectations that the US Federal Reserve will raise interest rates much more aggressively than the European Central Bank.

"The end of summer sees the euro back under pressure, partly because the dollar is [rising] and partly because the Damoclean sword hanging over the European economy isn't going away," said Kit Juckes from Société Générale.

Gazprom's maintenance notification has sparked fears of a long shutdown

The latest surge in gas prices was triggered by an announcement by Russia's state-backed gas monopoly late on Friday that it was planning maintenance on the Nord Stream 1 pipeline to Germany early next month, traders said.

Gazprom has already cut capacity on the line to just 20 per cent of normal levels, triggering a more than doubling in gas prices in mainland Europe since June, with European officials accusing Moscow of "weaponising" supplies following the invasion of Ukraine.

There are fears that any maintenance could be used as a pretext for a prolonged shutdown of the line, with Moscow having blamed the capacity reduction on western sanctions interrupting its normal maintenance schedule.

"There are some in the market who expect flows on Nord Stream 1 to not return after the September maintenance," said James Waddell at Energy Aspects.

Property

China slashes 5-year mortgage rate to ease burden on debt-laden sector

HUDSON LOCKETT — HONG KONG

China has slashed its mortgage lending rate for the second time this year as the country's central bank seeks to limit the fallout from a liquidity crisis in the property sector.

The five-year loan prime rate was lowered to 4.3 per cent from 4.45 per cent yesterday, exceeding the median forecast from economists polled by Bloomberg and equalling a rate cut in May that was the largest on record.

The reduction in the benchmark loan prime rate will cut borrowing costs on new mortgages nationwide and boost the country's debt-laden real estate sector, which accounts for almost a third of annual economic output.

The LPR is based on the rates offered by domestic and foreign lenders to their best customers in mainland China, but is subject to various channels of influence from the People's Bank of China. These include unofficial guidance and the central bank's so-called medium-term lending facility rates, which serve as floors for lending benchmarks. The one-year LPR, which is also based on Chinese lending rates and primarily used to price corporate loans, was cut to 3.65 per cent from 3.7 per cent.

The larger than expected cut to the benchmark mortgage rate helped bolster the Hang Seng Mainland Properties index in Hong Kong, which rose 1.4 per cent yesterday. But it did little to boost wider markets, with the benchmark CSI 300 index of Shanghai- and Shenzhen-listed stocks up just 0.7 per cent.

> It showed the central bank was 'particularly concerned about problems in the housing market'

Analysts at Capital Economics said the cut to the five-year LPR would not affect most outstanding mortgage rates until next year, but the move suggested the PBoC was "particularly concerned about problems in the housing market".

Strategists warned the rate cut was unlikely to address a crisis of confidence faced by Chinese developers, many of which are struggling to finish incomplete "pre-sold" homes for which downpayments have already been received.

"So far, lower mortgage rates haven't translated into higher property sales due to lack of confidence in large developers and the pre-sales model," said David Chao at Invesco. "Policymakers may need to implement more non-traditional measures or even some kind of intervention in order to restore faith in the property market."

Last week, Country Garden, the country's largest real estate group by sales, estimated first-half profits fell as much as 70 per cent, in the latest sign that a financing crisis once limited to high-risk developers such as China Evergrande had spread to the rest of the industry.

Analysts said the central bank was likely to cut the five-year LPR at least once more this year. "When the market sees progress in the construction of uncompleted projects, we may see an improvement in home buying sentiment and home prices should stabilise," said Iris Yang at ING.

COMPANIES & MARKETS

The day in the markets

What you need to know

- Fear of hawkish Fed hits US and European shares
- Euro's value slips below dollar
- China stocks bounce on rate cut

US and European stocks slid yesterday as the outlook for large global economies darkened, with tech shares hit hard by fears the Federal Reserve will adopt a hawkish tone at a central bank summit this week.

Wall Street's tech-focused Nasdaq Composite gauge fell more than 2 per cent, with streaming company Netflix dropping more than 6 per cent.

Amazon, Tesla and semiconductor group Nvidia also lost about 3 per cent, as concerns mounted over higher interest rates reducing the value of future cash flows and earnings.

"The Nasdaq is the epicentre of interest rates uncertainty in the stock markets," said Julian Howard, lead investment director at GAM. "[The Fed] is talking up hawkishness, which is making the market quite nervous. The job isn't done [on inflation]."

Wall Street's broad S&P 500 index was down 1.6 per cent by late morning in New York, after snapping a four-week winning streak on Friday.

Market gyrations in the US in recent weeks have been propelled by hedge funds closing out bearish bets and traders warned that the recent expiration of a large block of options on Friday could

Euro falls back to dollar parity

€ per $

Chart shows daily lows for €-$
Source: Refinitiv

two decades. Worries over possible Russian energy supply cuts led European gas and power prices to surge, adding to fears the continent could see a recession.

The regional Stoxx Europe 600 equity gauge closed 1 per cent lower, with Germany's Dax down 2.3 per cent.

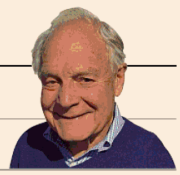
The growing sense of gloom comes ahead of the Fed's annual gathering in Jackson Hole, Wyoming, which the central

The dollar added 0.9 per cent and has climbed almost 3 per cent this month against a basket of currencies, nearing the two-decade high it reached in July.

Many investors have questioned the durability of the recent global rally in stocks given powerful headwinds.

Mainland China shares bounced after the People's Bank of China slashed its mortgage lending rate for the second

Congress should reconsider US tax on share buybacks



Charley Ellis

Markets Insight

Surprisingly, prominent people in government and the media continue to express concern, even alarm, over public corporations repurchasing their shares on the open market.

While almost anything can be done in the wrong way for the wrong reasons, share repurchases have much to recommend them and should be encouraged as a superb discipline in corporate finance.

Times change. A century ago, only tangible assets were thought an appropriate basis for evaluating public companies. Then, earning power was recognised as a sensible basis for public share ownership, and companies such as Sears Roebuck became market leaders. The Depression and second world war made capital tight and norms got established, including treasuring equity capital.

The discipline of corporate strategy is to maximise returns on limited

Assume the business has been skilfully optimised and there are no major opportunities to invest? When Warren Buffett was asked why he was so successful as an investor, his answer was: "I'm rational." That is well worth contemplating in this context.

Sure, it's rational to reduce debt to a comfortable level. It makes no sense to burden a business with too much debt, just as it makes no sense to get sloppy with capital expenditures.

Corporate strategy should aim to optimise risk and reward. Financial strategy should strive to optimise both the mix and the magnitude of capital. When

> At 1 per cent on buybacks, the tax it is too small to change any sensible corporate decision

justified by business conditions. So, what did they do? They put the money where it would do most good for their owners: they repurchased stock to maintain good governance discipline in the structure of their corporate capital.

While some may laugh and say there's no direct connection, many might wonder whether the new tax on share repurchases was driven or "justified" by congressional spite. The tax — bundled into a climate, tax and healthcare bill known as the Inflation Reduction Act — is the second illustration of the dangers of legislative dabbling. At 1 per cent on buybacks, it is too small to change any sensible corporate decision. Business choices are seldom so elegant that a 1 per cent tax on a capital decision would make the difference between go and no go.

Meanwhile, more and more corporations will continue to optimise the mix of debt and equity in their capital structures, particularly those that increase their earnings each year largely through amplify volatility in the days ahead.

In currencies, the euro dropped almost 1 per cent against the dollar to $0.994, slipping below $1 after hitting parity with the greenback in July for the first time in

bank often uses to make big policy announcements. Fed chief Jay Powell is expected to signal it will continue aggressively to increase interest rates as it battles elevated inflation.

time this year, in an effort to support its debt-laden real estate sector. The CSI 300 gauge of Shanghai and Shenzhen-listed stocks closed up 0.7 per cent.
Ian Johnston and Eric Platt

resources. That's why, during rationing, candy bar makers changed their products to maximise returns on their limited resource: sugar. For most corporations in the 20th century, equity capital was their strategically limited and limiting resource. But with the growing importance of intangibles like brands, patents or technologies, more corporations are not limited by needed capital.

One way to deploy capital effectively is to develop new or improved products, or new markets, or make astute acquisitions. Of course, as we all learned during the era of conglomerates, many acquisitions — if not a majority — destroy value, so caution is advised. The same with new products and new markets. Building better businesses is not easy!

So, what should a great leader do?

marginal earning power is driven by factors other than capital, increasing numbers of corporations will generate more capital than needed in the business.

Then the question is whether to return capital to owners via dividends or share repurchases. The latter are, of course, much more flexible and less subject to tax. No wonder they have become increasingly popular.

In the US, there has been an amusing two-part illustration of the old rule that legislators should avoid dabbling in corporate management. The first came a few years ago when Congress passed a corporate tax cut. Contrary to Congress's expectations, most companies did not make increased capital expenditures. They were already making all the investments in plant and equipment

marketing and technology, which are not capital intensive.

Apple — arguably America's most successful company — is also one of the most active in share repurchases. It has bought back more than $500bn of shares in the past decade. The correlation is strong and, I believe, instructive.

Congress should reconsider the tax, particularly in the national interest of making US companies more competitive. Appropriate discipline in one area correlates with good discipline in other areas of corporate management and should be encouraged to keep America competitive.

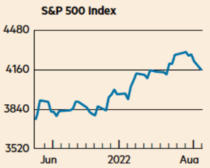
Charley Ellis is founder of Greenwich Associates, an author of 19 books and a former board member of Vanguard

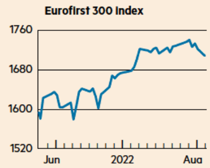
Markets update

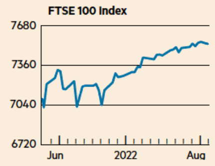
	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4160.74	1708.45	28794.50	7533.79	3277.79	110702.87
% change on day	-1.60	-0.80	-0.47	-0.22	0.61	-0.71
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	108.363	0.997	137.185	1.179	6.839	5.187
% change on day	0.179	-0.697	0.051	-0.085	0.427	-0.408
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.022	1.304	0.226	2.514	2.626	12.833
Basis point change on day	3.980	7.700	3.020	10.300	0.500	-6.800
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	419.98	95.22	89.15	1750.75	19.23	3850.20
% change on day	-1.48	-2.53	-2.48	-0.84	-3.00	0.42

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

Main equity markets







Biggest movers

%	US		Eurozone		UK	
Ups	Cf Industries Holding	2.84	Fresenius	4.39	Haleon	2.81
	Mosaic (the)	2.84	Novo Nordisk	4.11	Centrica	1.91
	Albemarle	1.65	Eni	1.61	Astrazeneca	1.69
	Cboe Global Markets	1.33	Telefonica	1.36	Endeavour Mining	1.60
	Kroger Co (the)	1.00	Snam	1.34	Standard Chartered	1.44
Downs	Netflix	-6.15	Thyssenkrupp	-6.51	Scottish Mortgage Investment Trust	-4.57
	Aptiv	-4.91	Volkswagen	-6.44	Int Consolidated Airlines S.a.	-4.53
	Ford Motor	-4.69	Saipem	-6.04	Abrdn	-4.35
	Ingersoll Rand	-4.15	Porsche	-5.40	Hargreaves Lansdown	-4.26
	Dxc Technology	-4.05	Commerzbank	-5.10	Ocado	-4.10

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

Takeover target **Signify Health** surged following a report that a bidding war had broken out for the healthcare platform.

The Wall Street Journal said retailer Amazon, healthcare group UnitedHealth and "another corporate buyer" had joined pharmacy CVS Health in weighing bids.

There was no guarantee a deal would be struck but the Journal reported earlier this year that Signify was "exploring strategic alternatives including a sale".

The **Bed Bath & Beyond** sell-off, triggered when a big investor offloaded his stake, continued. Sentiment soured further when Bloomberg reported suppliers were restricting or pausing shipments because the home furnishing retailer had fallen "behind on payments".

Regulatory developments sent **Minerva Neurosciences** soaring. The biopharma group said it had submitted a drug application to the Food and Drug Administration for roluperidone, its schizophrenia treatment.

Fintech group **Computer Services** surged on news it was being bought by private investment firms Centerbridge and Bridgeport for $58 per share — a 53 per cent premium on Friday's closing price.

Upon completion of the all-cash transaction, which valued the group at $1.6bn, Computer Services would go private. *Ray Douglas*

Europe

Denmark's **Scandinavian Tobacco** dived after acknowledging that its most recent results were "disappointing and below our expectation".

For the second quarter, the cigars and pipe tobacco maker delivered core profit before special items of DKr544mn ($73.2mn) — short of the Refinitiv-compiled estimate of DKr619.5mn.

It also cut full-year guidance for organic core profits owing to a "lack of improvement in the productivity of our supply chain".

The group said its production backlog was "not being reduced as planned" and while it expected improvements during the second half of the year, the delay would "impact full-year costs negatively".

Luxembourg-based consumer goods distributor **B&S** sank after revealing its margins were squeezed in the first half. This was because of "supply chain challenges and product scarcity", said Tako de Haan, chief executive.

A core profit margin of 4.1 per cent was down from 4.8 per cent (excluding a one-off provision) for the same period in 2021.

German utility **Uniper**, under pressure following a large reduction in gas deliveries from Russia, slid on news of further disruption to supplies. Russian state-owned monopoly Gazprom said on Friday it would shut its gas deliveries to Europe for three days. *Ray Douglas*

London

Theatre chain **Cineworld**, which plummeted on Friday following reports it was preparing to file for bankruptcy, sank again after confirming the news.

Among the options it was considering as part of a restructuring was "a possible voluntary Chapter 11 filing in the US and associated ancillary proceedings in other jurisdictions", said Cineworld.

Russ Mould, investment director at AJ Bell, said the group's problems stemmed "from an overly aggressive growth strategy which relied on using huge amounts of debt to buy US chain Regal".

This made Cineworld the world's second-largest cinema chain, "but bigger isn't necessarily better and the pandemic swiftly exposed the company's strained balance sheet", added Mould.

Cambridge's **CyanConnode**, which specialises in smart mesh networks, surged on announcing that its Indian subsidiary had received its largest ever order.

John Cronin, executive chair, said: "This single order will almost double the number of modules we have deployed in India to date".

More new business sent **Open Orphan** rallying. The group, which tests infectious and respiratory disease products, said its subsidiary had signed a £10.4mn contract with an unnamed "top-five global pharmaceutical client". *Ray Douglas*

MARKET DATA

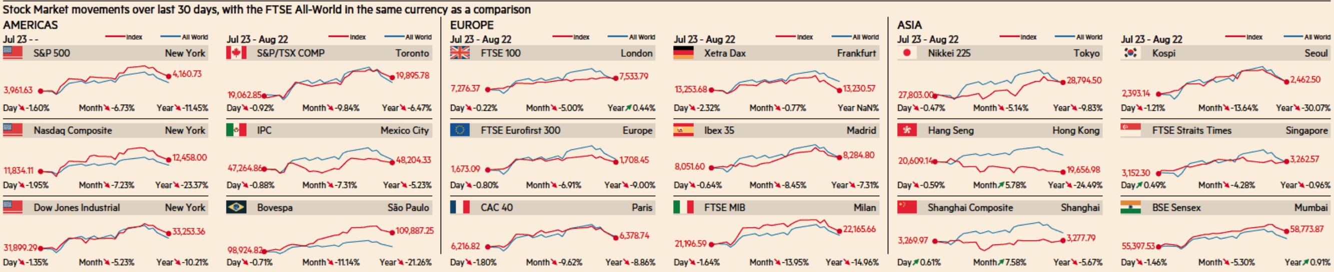
WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-1.60%	-1.95%	-1.35%	-0.22%	-0.80%	-0.47%	-0.59%	-1.48%	-0.697%	-0.085%	0.051%	-0.705%	-0.39%	-0.84%

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



Country	Index	Latest	Previous
Argentina	Merval	131387.26	131009.08
Australia	All Ordinaries	7287.20	7358.70
	S&P/ASX 200	7046.90	7114.50
	S&P/ASX 200 Res	5495.30	5542.10
Austria	ATX	2954.65	3013.07
Belgium	BEL 20	3736.60	3769.74
	BEL Mid	9933.22	9992.86
Brazil	IBovespa	110702.87	111496.21
Canada	S&P/TSX 60	1207.40	1217.93
	S&P/TSX Comp	19926.09	20111.38

Country	Index	Latest	Previous
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1201.19	1221.54
Denmark	OMXC Copenahgen 20	1738.43	1728.45
Egypt	EGX 30	10339.58	10094.16
Estonia	OMX Tallinn	1816.01	1855.44
Finland	OMX Helsinki General	10825.82	10962.14
France	CAC 40	6378.74	6495.83
	SBF 120	4926.95	5018.46
Germany	M-DAX	26009.69	26984.97
	TecDAX	3041.49	3109.61

Country	Index	Latest	Previous
Italy	FTSE Italia All-Share	24198.97	24646.64
	FTSE Italia Mid Cap	39156.47	39978.19
	FTSE MIB	22165.66	22534.57
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	28794.50	28930.33
	S&P Topix 150	1715.45	1715.98
	Topix	1992.59	1994.52
Jordan	Amman SE	2566.13	2564.06
Kenya	NSE 20	1779.19	1789.45
Kuwait	KSX Market Index	6633.44	6603.51

Country	Index	Latest	Previous
Philippines	Manila Comp	6704.41	6863.86
Poland	Wig	53451.36	54398.69
Portugal	PSI 20	6269.44	6263.53
	PSI General	4935.56	4915.72
Romania	BET Index	12457.73	12647.66
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	12554.50	12621.73
Singapore	FTSE Straits Times	3262.57	3246.51
Slovakia	SAX	358.06	357.35

Country	Index	Latest	Previous
Taiwan	Weighted Pr	15277.86	15408.78
Thailand	Bangkok SET	1615.82	1625.92
Turkey	BIST 100	3068.91	3020.20
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2533.40	2572.60
	FTSE 100	7533.79	7550.37
	FTSE 4Good UK	6824.11	6855.36
	FTSE All Share	4136.51	4157.79
	FTSE techMARK 100	6002.98	6105.09
USA	DJ Composite	11357.46	11512.34

Country	Index	Latest	Previous
Cross-Border	DJ Global Titans ($)	454.66	463.03
	Euro Stoxx 50 (Eur)	3653.42	3730.32
	Euronext 100 ID	1243.37	1261.05
	FTSE 4Good Global ($)	10062.22	10221.63
	FTSE All World ($)	419.98	426.29
	FTSE E300	1708.45	1722.17
	FTSE Eurotop 100	3342.56	3364.00
	FTSE Global 100 ($)	2650.01	2695.12
	FTSE Gold Min ($)	1531.57	1559.50
	FTSE Latibex Top (Eur)	4440.00	4432.20

STOCK MARKET: BIGGEST MOVERS

UK MARKET WINNERS AND LOSERS

CURRENCIES

Currency	Closing Mid	Day's Change	Closing Mid	Day's Change	Closing Mid	Day's Change		Currency	Closing Mid	Day's Change	Closing Mid	Day's Change	Closing Mid	Day's Change
Kenyan Shilling	119.7500	0.0500	119.3490	-0.8474	141.1913	-0.0910	South Korea	South Korean Won	1339.1000	13.2500	1334.6158	3.2673	1578.8669	13.9619
Kuwaiti Dinar	0.3076	-0.0001	0.3065	-0.0024	0.3626	-0.0004	Sweden	Swedish Krona	10.6943	0.0992	10.6585	0.0195	12.6091	0.1038
Malaysian Ringgit	4.4850	0.0085	4.4700	-0.0251	5.2880	0.0044	Switzerland	Swiss Franc	0.9633	0.0040	0.9600	-0.0032	1.1357	0.0035
Mexican Peso	20.1745	-0.0238	20.1069	-0.1751	23.7868	-0.0533	Taiwan	New Taiwan Dollar	30.0990	0.0650	29.9982	-0.1603	35.4882	0.0390
New Zealand Dollar	1.6201	0.0020	1.6147	-0.0102	1.9102	0.0003	Thailand	Thai Baht	36.0625	0.3900	35.9417	0.1213	42.5195	0.4152
Nigerian Naira	425.7500	-	424.3243	-3.1914	501.9808	-0.5332	Tunisia	Tunisian Dinar	3.2329	0.0238	3.2220	-0.0003	3.8117	0.0240
Norwegian Krone	9.8316	0.0245	9.7986	-0.0491	11.5919	0.0166	Turkey	Turkish Lira	18.1060	0.0018	18.0454	-0.1340	21.3479	-0.0206
Pakistani Rupee	214.6250	-0.4250	213.9063	-2.0356	253.0537	-0.7704	United Arab Emirates	UAE Dirham	3.6730	-0.0001	3.6607	-0.0276	4.3307	-0.0047
Peruvian Nuevo Sol	3.8756	0.0202	3.8626	-0.0088	4.5695	0.0190	United Kingdom	Pound Sterling	0.8481	0.0009	0.8453	-0.0055	-	-
Philippine Peso	56.2000	0.2600	56.0118	-0.1602	66.2626	0.2365	..One Month		0.8482	0.0009	0.8452	-0.0055	-	-

The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

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	7522.26	7504.32	7509.76	7515.36	7530.50	7532.26	7516.99	7529.96	7521.48	7543.41	7491.54
FTSE 250	19842.71	19670.48	19656.73	19605.78	19612.23	19585.86	19532.34	19559.89	19497.01	19850.33	19495.63
FTSE SmallCap	6574.72	6554.06	6540.17	6528.83	6525.69	6516.29	6507.61	6505.06	6486.31	6574.72	6483.69
FTSE All-Share	4143.48	4129.65	4131.45	4132.21	4139.23	4139.05	4130.31	4137.00	4130.88	4151.51	4121.01

Time of FTSE 100 Day's high:11:24:00 Day's Low08:35:30 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:07:07:00 Day's Low13:23:00 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 22	Aug 19	Aug 18	Aug 17	Aug 16	Yr Ago	High	Low
FT 30	2533.40	2572.60	2595.00	2596.20	2620.20	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
2572.6	2546.8	2547.4	2579	2579.7	2581.8	2588.4	2539.1	2533.1	2572.6	2532.2

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

FT WILSHIRE 5000 INDEX SERIES

	Aug 19		Aug 19
FT Wilshire 5000	43018.87	FT Wilshire Mid Cap	5714.09
FT Wilshire 2500	5507.03	FT Wilshire Small Cap	5198.04
FT Wilshire Mega Cap	5513.48	FT Wilshire Micro Cap	5199.73
FT Wilshire Large Cap	5547.14		

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

Year to date percentage changes

Oil & Gas Producers	37.19	NON FINANCIALS Index	-0.53	Equity Invest Instr	-14.97
Oil & Gas	36.63	Personal Goods	-0.85	Technology	-15.44
Tobacco	26.53	FTSE All{HY-}Share Index	-1.70	Software & Comp Serv	-15.58
Aerospace & Defense	14.54	Beverages	-3.76	Industrials	-16.25
Electricity	14.19	Fixed Line Telecomms	-4.60	FTSE 250 Index	-16.96
Pharmace & Biotech	12.05	Health Care Eq & Srv	-6.58	Real Est Invest & Tr	-18.52
Health Care	10.80	Media	-6.92	Construct & Material	-19.17
Utilities	10.09	Financials	-7.59	Support Services	-19.88
Banks	9.03	Travel & Leisure	-9.49	Leisure Goods	-20.23
Gas Water & Multi	8.71	Financial Services	-10.12	Food & Drug Retailer	-20.70
Mining	6.05	Food Producers	-10.46	Real Est Invest & Se	-21.98
Mobile Telecomms	5.57	Nonlife Insurance	-11.63	Chemicals	-26.32
Telecommunications	2.69	Oil Equipment & Serv	-12.12	Industrial Eng	-27.77
FTSE 100 Index	2.02	FTSE SmallCap Index	-13.07	Electronic & Elec Eq	-28.89
Consumer Goods	0.15	Tech Hardware & Eq	-13.63	General Retailers	-31.34
Basic Materials	0.02	Life Insurance	-14.07	Industrial Transport	-34.91
Beverages	31.66	Consumer Services	-14.59	Automobiles & Parts	-54.36
		Household Goods & Ho	-14.80	Industrial Metals &	-79.83

FTSE GLOBAL EQUITY INDEX SERIES

Aug 22 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	9373	725.46	-1.4	5.7	-14.4	1156.27	-13.0	2.2
FTSE Global All Cap	9373	725.46	-1.4	5.7	-14.4	1156.27	-13.0	2.2
FTSE Global Large Cap	1867	650.07	-1.3	5.5	-14.4	1068.12	-13.0	2.2
FTSE Global Mid Cap	2246	929.19	-1.4	6.2	-13.4	1392.43	-12.1	2.2
FTSE Global Small Cap	5260	966.16	-1.8	6.6	-15.6	1385.42	-14.5	1.9
FTSE All-World	4113	426.29	-1.3	5.6	-14.2	719.52	-12.9	2.2
FTSE World	2666	772.93	-1.4	6.0	-13.9	1750.42	-12.6	2.2
FTSE Global All Cap ex UNITED KINGDOM In	9080	767.51	-1.3	5.9	-14.4	1199.88	-13.2	2.1

Aug 22 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil Equipment & Services	23	271.82	-0.7	3.8	16.2	498.66	19.5	4.3
Basic Materials	373	583.06	-1.6	6.8	-13.3	1060.89	-10.7	5.0
Chemicals	182	813.85	-1.6	6.3	-16.0	1429.40	-14.3	2.9
Forestry & Paper	20	271.18	-0.7	4.1	-11.2	544.74	-8.7	3.6
Industrial Metals & Mining	94	454.85	-1.8	8.1	-17.8	861.70	-14.4	8.8
Mining	77	876.80	-1.5	7.4	-5.8	1672.62	-2.2	6.5
Industrials	780	503.65	-1.4	8.1	-16.1	799.49	-14.9	2.0
Construction & Materials	146	575.59	-1.4	5.9	-22.1	965.38	-20.8	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.

FTSE 100 SUMMARY

	Closing Price	Day's Change		Closing Price	Day's Change
Haleon PLC	263.30	7.20	Sse PLC	1862	20.50
Halma PLC	2226	-63.00	St. James's Place PLC	1171.5	-49.50
Hargreaves Lansdown PLC	912.00	-40.60	Standard Chartered PLC	591.20	8.40
Hikma Pharmaceuticals PLC	1394.5	-44.00	Taylor Wimpey PLC	115.00	-4.05
Howden Joinery Group PLC	611.80	-22.80	Tesco PLC	270.40	-0.50
HSBC Holdings PLC	538.20	1.40	Unilever PLC	4006	2.00
Imperial Brands PLC	1922	12.00	Unite Group PLC	1102	-23.00
Informa PLC	567.60	-14.60	United Utilities Group PLC	1141	7.00
Intercontinental Hotels Group PLC	4966	-60.00	Vodafone Group PLC	119.88	-1.86
Intermediate Capital Group PLC	1427.5	-41.50	Whitbread PLC	2555	-31.00
International Consolidated Airlines Group S.A.	107.46	-5.10	Wpp PLC	783.80	-31.60

UK STOCK MARKET TRADING DATA

	Aug 22	Aug 19	Aug 18	Aug 17	Aug 16	Yr Ago
Order Book Turnover (m)	44.92	68.43	68.43	45.46	42.01	105.18
Order Book Bargains	654984.00	622095.00	622095.00	559373.00	660393.00	641426.00
Order Book Shares Traded (m)	1471.00	1681.00	1681.00	1210.00	1413.00	1194.00
Total Equity Turnover (£m)	3491.92	5755.74	5755.74	4227.44	3878.45	7494.51
Total Mkt Bargains	831446.00	795320.00	795320.00	717587.00	823692.00	802921.00
Total Shares Traded (m)	4057.00	4310.00	4310.00	3656.00	4144.00	4830.00

† 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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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	
Dev Clever Holdings	Pre	7.355	1.255	2.536L	1.056L	0.460L	0.220L	0.00000	0.00000	-	0.000	0.000
JPMorgan US Smaller Companies IT	Int			42.693L	26.414	65.810L	41.430	0.00000	0.00000	-	2.500	2.500
Marechale Capital	Pre	0.622	0.400	2.562	0.246	2.950	0.390	0.00000	0.00000	-	0.000	0.000
Smoove	Pre	19.168	16.926	5.365L	2.389L	7.890L	26.790	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	0.14	11.00	9.00	607.5
07/13	50.00		TRA	Tertre Rouge Assets PLC	0.00	-	0.00	0.00	0.0

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

Tuesday 23 August 2022 ★ FINANCIAL TIMES 11

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Hunng Pwr	4.26	4.28	-0.02	-0.47	0.64	17.7	5.41
Equinor	385.65	374.95	10.70	2.85	34.05	9.7	-6.17
ShenwanHong	0.16	0.17	0.00	-2.40	0.01	8.7	19.05
Pwr Cons Corp	7.77	7.36	0.41	5.57	0.60	8.4	-0.25
Occid Pet	69.17	71.29	-2.13	-2.98	4.83	7.5	-14.17
Devon Energy	68.03	68.51	-0.48	-0.70	4.46	7.0	-27.94
Repsol	13.21	13.08	0.14	1.03	0.86	7.0	-9.20
BHP Group	41.35	41.55	-0.20	-0.48	2.52	6.5	-10.82
CNNC Intl	6.69	6.63	0.06	0.90	0.39	6.2	-3.86
ValeroEngy	118.71	118.55	0.16	0.13	6.76	6.0	-18.54
Glencore	492.20	487.15	5.05	1.04	27.70	6.0	-19.09
EOG Res	118.51	118.75	-0.24	-0.20	6.23	5.5	-20.23
BP	449.00	447.80	1.20	0.27	23.50	5.5	-11.20
ChShenEgy	24.00	23.50	0.50	2.13	1.25	5.5	-14.80
Seven & I	5745.00	5632.00	113.00	2.01	295.00	5.4	-2.79
Kroger	50.00	49.50	0.50	1.00	2.48	5.2	-6.25
Marathon Ptl	100.48	100.45	0.03	0.02	4.69	4.9	-18.70
China Vanke	14.76	14.72	0.04	0.27	0.68	4.8	13.14
HondaMtr	3723.00	3713.00	10.00	0.27	166.00	4.7	0.35
Fresenius SE	25.70	24.62	1.08	4.39	1.13	4.6	5.73

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
SHOP	43.39	44.43	-1.04	-2.34	-8.61	-16.6	-9.35
Zoom	97.75	99.50	-1.75	-1.76	-15.48	-13.7	3.08
Illumina	197.61	202.75	-5.14	-2.54	-28.98	-12.8	-18.78
UnibailR	53.70	56.11	-2.41	-4.30	-7.10	-11.7	-26.44
Carnival	9.51	9.87	-0.36	-3.65	-1.20	-11.2	-34.52
KBC Grp	47.21	49.17	-1.96	-3.99	-5.77	-10.9	-11.17
AmerAir	13.77	14.17	-0.41	-2.86	-1.57	-10.2	-24.06
Workday	161.24	168.18	-6.94	-4.13	-18.31	-10.2	-9.08
Continental	60.22	63.06	-2.84	-4.50	-6.82	-10.2	-1.51
Aptiv	98.68	103.77	-5.10	-4.91	-10.12	-9.3	-14.95
Mercedes-Benz	55.35	58.09	-2.74	-4.72	-5.58	-9.2	-21.35
Netflix	226.34	241.16	-14.83	-6.15	-22.78	-9.1	-6.72
Sant Gbn	41.68	43.23	-1.55	-3.59	-4.14	-9.0	-26.56
Walgreen	37.42	38.22	-0.80	-2.09	-3.65	-8.9	-10.86
MTN Grp	137.42	138.47	-1.05	-0.76	-13.06	-8.7	-17.80
Adobe	412.59	425.06	-12.47	-2.93	-38.43	-8.5	-11.88
Deut Bank	8.29	8.50	-0.21	-2.42	-0.77	-8.5	-5.39
Bausch Hlth	7.04	7.08	-0.04	-0.56	-0.65	-8.5	-17.10
Volkswgn	180.90	193.35	-12.45	-6.44	-16.60	-8.4	-3.41
Unicred	9.32	9.65	-0.32	-3.33	-0.85	-8.3	-16.82

Based on the FT Global 500 companies in local currency

INTEREST RATES: OFFICIAL

Aug 22	Rate	Current	Since	Last
US	Fed Funds	1.5-1.75	15-06-2022	0.83
US	Prime	4.75	15-06-2022	4.00
US	Discount	1.00	05-05-2022	0.50
Euro	Repo	-0.64	19-05-2022	0.00
UK	Repo	1.75	04-08-2022	1.25
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25

INTEREST RATES: MARKET

Aug 22 (Libor: Aug 19)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	2.32114	0.003	1.396	0.019	2.38671	2.95771	3.54757	4.01586
Euro Libor	-0.64957	-0.064	-0.224	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	-0.043	0.002	1.79620	2.32270	2.98740	0.81363
Swiss Fr Libor				-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor				0.000	-0.04632	-0.01014	0.04351	0.04867
Euro Euribor				0.023	0.02600	0.43000	0.86200	1.25800
Sterling CDs				0.000	0.50000	0.63000	0.78500	
US$ CDs				0.000	2.36000	2.85000	3.31000	
Euro CDs				0.080	0.14000	0.41000	0.81000	

Aug 22	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.22	0.08	-0.21	0.09	-0.01	0.29	0.26	0.56	0.66	0.96	1.06	1.36
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	2.16	2.36	2.19	2.39	2.26	2.46	2.75	2.95	3.21	3.41	3.54	3.74
Japanese Yen	-0.15	0.05	-0.20	0.00	-0.20	0.00	-0.15	0.05	-0.10	0.20	-0.05	0.25

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

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	202.15	-0.28	-0.07	-8.03	1.34	-7.82
Corporates(£)	341.86	-0.83	-3.06	-13.63	0.04	-15.80
Corporates(€)	217.05	-0.69	-2.05	-10.14	0.97	-11.74
Eurozone Sov(€)	225.61	-1.01	-2.87	-11.32	0.14	-13.68
Gilts(£)	301.58	-1.08	-4.29	-16.10	-0.72	-18.45
Overall(£)	307.00	-0.99	-3.93	-15.19	-0.60	-17.48
Overall(€)	219.61	-0.93	-2.61	-10.97	0.37	-13.11
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	718.29	8.26	-	-	-4.57	-12.91
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	552.63	28.16	88.73	19.26	630.88	330.24
Europe 5Y	110.18	6.86	17.73	5.35	127.35	70.55
Japan 5Y	81.26	3.39	6.90	-9.79	115.50	57.71
Senior Financials 5Y	118.97	7.69	18.83	2.31	139.21	79.74
Markit CDX						
Emerging Markets 5Y	322.82	12.36	42.93	-33.90	387.80	219.01
Nth Amer High Yld 5Y	470.92	22.99	49.67	-29.03	589.25	421.25
Nth Amer Inv Grade 5Y	80.95	3.69	7.38	-5.24	102.64	63.80

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

BONDS: HIGH YIELD & EMERGING MARKET

Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Turkey	03/27	6.00	-	B2	BB-	102.88	5.43	0.14	0.83	4.38
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

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

VOLATILITY INDICES

	Aug 22	Day Chng	Prev	52 wk high	52 wk low
VIX	23.18	2.58	20.60	38.94	14.73
VXD	18.95	1.51	17.44	45.37	3.27
VXN	29.16	2.42	26.74	44.05	18.01
VDAX	29.57	3.38	26.19	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/22	2.25	99.99	2.29	0.00	0.01	-0.02	2.29
	05/32	1.25	82.19	3.41	0.07	-0.02	-0.10	-
	02/50	1.00	97.66	1.47	0.06	-0.04	-0.23	1.52
Austria	02/29	0.50	93.90	1.49	0.15	0.32	0.03	1.91
	02/47	1.50	89.74	2.04	0.12	0.16	-0.09	1.77
Belgium	06/27	0.80	97.86	1.26	0.13	0.29	0.02	1.83
	06/47	1.60	85.48	2.38	0.12	0.18	-0.09	1.84

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Oct	90.09	-0.35	Corn♦	Sep	628.00	2.00
Brent Crude Oil‡		95.22	-2.47	Wheat♦	Sep	753.50	0.25
RBOB Gasoline†	Oct	3.00	-0.02	Soybeans♦	Sep	1500.25	11.50
Natural Gas†	Sep	9.91	0.57	Soybeans Meal♦	Sep	457.90	9.20
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)⊕	Sep	1746.00	-13.00
Aluminium		2392.00	-1.50	Cocoa (ICE US)♥	Sep	2384.00	22.00
Aluminium Alloy		1675.00	-905.00	Coffee(Robusta)⊕	Sep	2235.00	9.00
Copper		8052.00	-34.50	Coffee (Arabica)♥	Sep	220.90	4.95
Lead		2006.00	-42.00	White Sugar⊕		549.80	-0.30
Nickel		22395.00	295.00	Sugar 11♥		17.94	-0.15
Tin		24500.00	-205.00	Cotton♥	Oct	121.43	1.68
Zinc		3510.50	20.00	Orange Juice♥	Sep	169.50	-0.25
Precious Metals (PM London Fix)				Live Cattle♣	Aug	141.48	0.20
Gold		1750.75	-14.80	Feeder Cattle♣	May	134.88	-
Silver (US cents)		1923.00	-59.50	Lean Hogs♣	Oct	93.10	-0.20
Platinum		904.00	-22.00				
Palladium		2126.00	-44.00				

Bulk Commodities				Aug 19	% Chg Month	% Chg Year
Iron Ore	105.64	-0.41	S&P GSCI Spt	668.52	-9.37	33.04
Baltic Dry Index	1270.00	-9.00	DJ UBS Spot	123.07	-11.80	23.70
Richards Bay ICE Futures	333.25	5.45	TR/CC CRB TR	312.51	-8.70	36.52
			LEBA EUA Carbon	58.91	-1.98	129.94
			LEBA UK Power	1048.00	-37.43	-39.60

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

BONDS: INDEX-LINKED

	Price Aug 19	Yield Aug 19	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	113.36	1.045	1.037	-1.87	5.25	73513.52	8
Fr 0.25%' 24	108.56	-3.936	-3.891	0.90	17.92	262327.75	17
Swe 1.00%' 25	125.25	-1.323	-1.373	0.07	35.15	219847.68	6
UK 0.125%' 24	107.68	-4.483	-4.285	1.78	15.24	683209.15	31
UK 2.50%' 24	386.23	-3.793	-3.570	1.66	6.82	683209.15	31
UK 2.00%' 35	282.28	-1.400	-1.467	-1.00	9.08	683209.15	31
US 0.625%' 24	99.91	0.687	0.572	-0.56	40.98	1663697.79	46
US 3.625%' 28	117.48	0.487	0.411	-1.27	16.78	1663697.79	46

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

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	3.41	2.39	0.43	Netherlands	1.16	0.13	-1.82
Austria	1.49	0.47	-1.49	New Zealand	3.54	2.51	0.56
Canada	2.95	1.92	-0.03	Norway	3.08	2.05	0.10
Denmark	1.49	0.47	-1.49	Portugal	1.46	0.44	-1.52
Finland	1.50	0.47	-1.48	Spain	1.93	0.91	-1.05
Germany	1.03	0.00	-1.95	Sweden	-1.11	-2.13	-4.09
Italy	0.74	-0.29	-2.24	Switzerland	0.54	-0.48	-2.44
Japan	0.10	-0.93	-2.88	United States	2.98	1.95	0.00

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

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

ARTS

Club culture lights up the park

POP

Kraftwerk/The Chemical Brothers

CLASSICAL MUSIC

BBC Proms
Royal Albert Hall, London

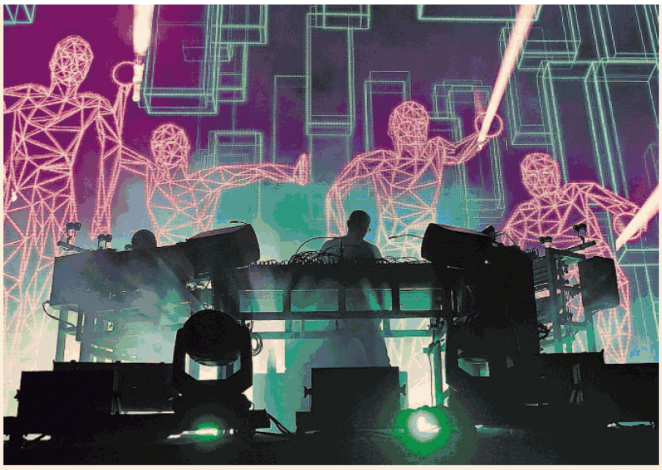
Alastair Macaulay

The Proms of Friday and Saturday evenings, both choral events, were slightly offbeat. Friday's concert, with Sofi Jeannin conducting

drew the large hall into the soft, sweet spell of "Et incarnatus" and "Benedictus", suspending Smyth's high-lying lines like shining gossamer. Robert Murray, tenor, sang glowingly but strenuously; his finest moment came in the calm hush with which he sang the final "Dona nobis pacem" of the Agnus Dei. The mezzo Bethan Langford brought eloquence to lines that probably call for greater

All Points East, Victoria Park, London
★★★★☆

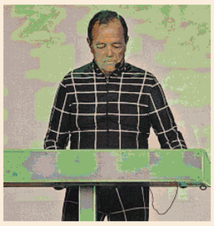
Arwa Haider



Kraftwerk are established nightlife icons, and watching the German electronic music pioneers emerge before sunset in Victoria Park felt rather surreal. This was a long-awaited appearance; the quartet's London date was originally scheduled for 2020, around the time when their creative legacy was being explored in an excellent exhibition at London's Design Museum, *Electronic: From Kraftwerk to the Chemical Brothers*. Now the two acts were heavyweight co-headliners at the multi-stage All Points East presents Field Day festival.

While Kraftwerk's catalogue stretches back to the early 1970s, their club culture status (influencing genres from electro to synth-pop to techno) has informed their music since the 1990s, accompanied by an increasingly sleek visual aesthetic. They commenced this live set with the digital funk blitz of "Numbers/Computer World", before cruising through further seminal anthems: the commanding vocoder of "The Man Machine"; the hypnotic sashay of "The Model"; a tense burst of "Radioactivity". Kraftwerk's musical motifs are unmistakable, and their crisp 3D projections have for years been showcased in concerts and galleries around the globe (including MoMA and Tate Modern), yet they retained a scintillating energy here, entrancing young revellers and older fans alike.

The festival setting brought highs and lows. Field Day's bill was superbly programmed overall, with multi-genre standouts including London rave's rising star Jasper Tygner, Detroit techno-soul dons Carl Craig and Moodymann, and "K-house" DJ/producer Peggy Gou. However, the event was marred by shaky sound (Kraftwerk's opening tracks had to compete with on-site fairground noise) and careless attendees who littered the ground with detritus, including 3D specs wrappers. The only answer was to grit your teeth and keep dancing; this music deserved full focus.



Top: The Chemical Brothers at All Points East. Above: Kraftwerk's Ralf Hütter — Jim Dyson/Getty

Kraftwerk have often assumed automaton guises, and proto-techno groove "The Robots" was a precision banger here. Yet a very human charm prevailed when co-founder Ralf Hütter (who turned 76 on Saturday) left his tech podium to wave "*auf Wiedersehen*" to the cheering throng.

Lasers gleamed through the now dark sky, urging the crowds towards The Chemical Brothers' stage. The Grammy-winning British duo (Tom Rowlands and Ed Simons) also qualify as club culture elders, despite being considerably younger and more frenetic than Kraftwerk. Their set took flight with the explosive "Block Rockin' Beats" (a crossover hit in 1997) and covered catchy hooks from across their nine albums (most recently, 2019's *No Geography*). Again, the sound quality was variable, but this didn't quell the audience euphoria; "Hey Boy Hey Girl"'s refrain prompted a mass chant-along: "Superstar DJs, here we go!"

Like Kraftwerk, The Chemical Brothers have been both a precursor to commercial EDM and a refreshing antidote to it; they maintain massive mainstream appeal alongside an avant garde edge. Although their records often feature high-profile guests such as US hip-hop hero Q-Tip and Scandi-pop singer Aurora, their live shows centre on the hyper-surreal digital art of their long-time collaborators Smith & Lyall rather than live vocalists. Each tune here featured gorgeous yet unnerving big-screen visuals, ranging from sci-fi combat (for "Eve of Destruction") to amorphous dancers in perpetual motion.

The air of clubbing abandon could only go so far at an event with a strict 11pm curfew. The Chemical Brothers accelerated through their material: "Do It Again" was frustratingly rushed, though there was a joyous blend of "Star Guitar" with New Order's classic "Temptation". The closing blast of "Galvanize" didn't feel like the end. The night was still young and these rhythms were timeless.

allpointseastfestival.com

the BBC Singers and the English Concert, was *Solomon*, which is nobody's favourite Handel oratorio, even though every moment of it is very fine. Saturday's, with Sakari Oramo conducting the BBC Symphony Chorus and BBC Symphony Orchestra, began with Debussy's *Nocturnes*, which is only choral in the last of its three sections — and is wordless then — and went on to the Mass in D Major of Ethel Smyth, who, though never wholly forgotten, has long been marginalised by virtue of her gender. The Handel had its premiere in 1749; the Debussy and Smyth — utterly dissimilar — are both compositions of the 1890s.

Smyth's Mass was being given in the Royal Albert Hall, where it premiered in 1893, though this was its Proms debut. Its opening Kyrie, starting with a quietly winding descent for the basses, introduces, group by group in accumulation, the four main sections of the choir, and opens up the intensely expressive imagination of Smyth's conception. At every point, you feel an interpretative, contemplative, assured mind powerfully at work.

It's a mind that keeps moving through multiple meanings within the Mass; Oramo's great achievement is in showing a sense of architectural purpose within music that keeps moving, sometimes fast, between mystery and exaltation, rapture and force. Smyth has a striking range of vocal-orchestral combinations, not least when the high women's voices in the Sanctus are accompanied by low brass. A fascinatingly multi-faceted work.

The soprano Nardus Williams contralto depth; bass Božidar Smiljanić's warmly authoritative line made many wish his part was larger.

As played by Oramo and the BBC Symphony on Saturday, Debussy's three *Nocturnes* (1897-99) seemed misnomers: wonderfully full of daylight with no loss of musical impressionism. These are very separate works: *Nuages* (*Clouds*) is serene, often suspending time, here summery; *Fêtes* is energetic, excited, full of joyous ceremonies; *Sirènes* is a magically mysterious seascape. ★★★★☆

The musical progression of Handel's *Solomon* has little to do with narrative drama. The score passes its account of the wise ruler, marvellously, through changes of light and mood that show Handel's mastery. We're never on the edge of our seats; we're never bored. Iestyn Davies (Solomon) and Anna Dennis (his Queen, and the first harlot) produced exquisite, exemplary vocalism amid which very few words could be heard.

Although Wallis Giunta (changing dresses between her vehement, glamorous second harlot and her gorgeously regal Sheba) and Benjamin Hulett (Zadok) were not more mellifluous, but made stronger impressions by making their words register.

Still, Sofi Jeannin's account was a *Solomon* more for St Martin-in-the-Fields than for the Albert Hall; and the singing of the BBC Singers was lovely rather than communicative. ★★★☆☆

bbc.co.uk/proms

Mezzo-soprano Wallis Giunta sings Handel's 'Solomon' at the Royal Albert Hall
Chris Christodoulou

Electronic dancers seek a connection

An experimental project on the theme of loneliness aims to combine robotics and dance. Louise Levene reports

The three robots due to co-star in Neon Dance's *Prehension Blooms* are something of a work in progress. To the untrained eye (mine) they are little more than a daisy chain of plastic sharks' teeth, a pack of AA batteries and a tangle of wire. All three would fit comfortably inside a large shoe box. They look as though they might need defusing; they don't (yet) look like key elements in a dance performance.

The project, on the theme of loneliness, began life when dancemaker Adrienne Hart was in Japan as part of the Setouchi Triennial, which seeks to bring art and art lovers to the beautiful but depopulated islands of Japan's inland sea. "They are really trying to reverse the destiny of some of these locations — young people leaving the towns and going to the major cities," says Hart. The production, part-funded by the triennial, will be performed in the small coastal town of Tadotsu in November after a UK tour in September and October.

Japan's ageing population and its enduring fascination with technology have already led to the development of companion robots, but Hart wanted something more original: "There's a lot of stuff utilising what already exists in the robotics industry and interacting with it, which is . . . interesting," she says; but a bespoke design offers far more scope.

"I started a conversation with Hemma Philamore from Bristol Robotics Lab," Hart continues. "How can we create a companion species that will help us connect better to others? These [*Prehension* robots] have a little camera on board that can detect and read people's hands. They can also be tele-operated. People who can't attend a live performance can operate a robot through a very simple Zoom-like scenario.

"They will perform in sand, so we've been looking at different designs inspired by nature and we've got a turtle-like design. A sand painting emerges — beautiful patterns. It leaves a trace of itself."

The three robots will be tracking and following Fukiko Takase and Travis Clausen-Knight. Both dancers are used to sharing a dressing room with machinery, having performed in Wayne McGregor's *+/- Human* at London's Roundhouse in 2017 with a flock of balloons powered by tiny drones. When one of these failed during a performance, Clausen-Knight had to improvise: "It was, like, dying and it wouldn't re-boot and I had to take it off." He mimes cradling the dead balloon. "People thought it was part of the performance. It's the same with this robot: there's a sentience to it and you start to get very attached to it as if it were a pet." (He has named his "Leon".)

The team have yet to decide on a 3D-printed casing, conscious that colour, shape and texture will have a major impact on how the scuttling creatures are perceived. "People react in different ways," says Philamore. "Some, like Travis, find them cute. Some will be disturbed."

When I ask how the mix of mammal and machine will match up against, say, my cat riding the robot vacuum cleaner, both Hart and the engineers are united in their belief in the collaboration: "Working with people from different disciplines to create something you couldn't create alone".

Touring to Bristol and London, September 28-October 21, neondance.org; setouchi-artfest.jp

A workshop event for Neon Dance's 'Prehension Blooms' — Oliver Holms

FT BIG READ. US BUSINESS

The extended influence of buyout groups on American industry has sparked closer scrutiny of the business by antitrust officials, marking what some see as a more aggressive competition policy.
By Stefania Palma and James Fontanella-Khan

Biden takes on private equity

FT montage: Bloomberg/ Stephen Voss/FT/New America/Flickr /CC

Almost 60 years ago the US Department of Justice argued before the Supreme Court that two large grocery store chains in Los Angeles should not be allowed to merge. The government argued that the livelihood of ordinary Americans was at risk and that the case was a chance to set a legal precedent to pre-empt market saturation.

The 1966 case was not about proving existing concentration. It was about showing that the industry was beginning to "turn the corner to oligopoly". The tie-up between Von's Grocery Company and Shopping Bag Food Stores would have dealt the final blow, authorities argued. "You can't force the government to wait in intervening in a merger movement until the market has ceased to be competitive," said the DoJ, which ultimately won the case.

More than half a century later the antitrust landscape is emerging from years of more lenient policy. And US judges could soon hear similar arguments again as antitrust agencies under the Biden administration seek to crack down on private equity to prevent it from "rolling up" vast chunks of American business.

Since the 1980s, when private equity groups shattered the stuffy Wall Street consensus with their "Barbarians at the Gate" approach to buyouts, they have taken control of large swaths of the US economy, deploying trillions of dollars across sectors from healthcare and housing to manufacturing and the food industry. As their dealmaking has grown more frenetic and their portfolios have swollen, their influence on US industry has never been greater.

This outsized role in almost every facet of American commerce coupled with a clubbier spirit of co-operation among buyout houses that were once arch rivals has caught Washington's attention, with a new generation of antitrust officials setting their sights on what they see as blatantly anti-competitive behaviour.

To curb corporate power, US president Joe Biden has picked Jonathan Kanter to head the DoJ's antitrust unit; Lina Khan to lead the US Federal Trade Commission; and Tim Wu to advise the White House on competition policy. It means the most powerful antitrust officials in the US — the top enforcer, regulator and a special presidential aide — all now share similar philosophies on anti-competitive conduct.

They are set to test competition laws for the first time in decades, seeking new readings or interpretations of statutes that were written many years before the advent of America's first private equity firms in the wake of the second world war.

These groups came of age in the 1980s as a band of young and aggressive financiers took over large companies thanks to the availability of cash triggered by the junk bond boom. Private equity firms have grown into vast diversified investment groups — ranging from buyout arms to credit units acting as shadow banks — that resemble the conglomerates they once tore apart.

The private equity industry holds almost $10tn in assets under management, according to a McKinsey study.

"Private equity has changed the way the world does business," Kanter, who joined the DoJ in November, told the Financial Times earlier this year. "It changed the way companies are run and bought and sold."

In 2021, private equity firms announced a record $1.2tn worth of deals. So far this year, private equity dealmaking represented 25 per cent of all transactions, an all-time high, according to Refinitiv data.

"They're sitting on huge piles of cash so even as we see some uncertainty hit the dealmaking space . . . we can imagine private equity continuing to [be active]," Khan, who joined the FTC in June 2021, told the FT in May.

'A new thread of law'

The pledge to crack down on buyout groups could usher in one of the biggest shifts in the history of US competition policy, say antitrust experts.

Targeting private equity firms as deal sponsors would be "new territory", says Charles Rule, a partner at Rule Garza Howley, a Washington-based antitrust law firm. He served as head of the DoJ's antitrust division under President Ronald Reagan in the 1980s, when the department favoured deregulation.

Challenging the private equity model itself "would be revolutionary in the sense that you're not really turning the clock back to pre-1980 [an era of tighter antitrust regulation], you're really generating a new thread of law," Rule adds.

This new generation of "trust busters" has sparked fear in large corporations say lawyers, bankers and chief executives. Kanter was a corporate lawyer who made his name on high-profile antitrust cases against Google; Khan was propelled to fame by an academic paper she wrote calling for the break-up of Amazon; and Wu, a professor at Columbia Law School, wrote a seminal book titled *The Curse of Bigness: Antitrust in the New Gilded Age*.

'They are sitting on huge piles of cash so even as we see some uncertainty hit the dealmaking space . . . we can imagine private equity continuing to [be active]'
Lina Khan, FTC

Their arrival has also had an impact on the antitrust establishment: academics, officials and lawyers who for decades backed the notion that companies' growth be tolerated as long as consumers are not harmed.

Detractors have accused the trio of politicising competition policy. Days after Kanter warned of an impending crackdown on private equity, Lawrence Summers, a former US Treasury secretary, expressed concern over what he called a new era of "populist antitrust policy".

"The DoJ and FTC aren't following the normal antitrust review guidelines when looking at M&A activity," says Drew Maloney, president of the American Investment Council, a private equity lobby group. "We . . . are concerned that they are applying a new political lens to the treatment of private capital in the marketplace."

Makan Delrahim, Kanter's predecessor under Donald Trump, has criticised the agencies' stance on private equity. "Taking legal aim at an industry, or any particular actor," he says, "rather than taking aim at the effects of the specific conduct or transaction is counter to the way law enforcement should be conducted."

Progressives, however, have hailed the trio for standing up to corporate heavyweights. Elizabeth Warren, the Democratic senator from Massachusetts, celebrated their appointments and has urged the DoJ to probe private equity deals that "could shallow out" entire markets.

The 'buy, strip and flip' model

The FTC and DoJ argue that the traditional application of antitrust laws — focusing on single, bilateral acquisitions — misses buyout groups' anti-competitive behaviour as their portfolios involve multiple acquisitions that relate to each other in ways that are not immediately apparent.

Individual private equity deals that go unnoticed when they fall below the pre-merger reporting threshold — which the FTC set at $101mn for 2022 — could instead harm competition across sectors, critics say.

Bill Baer, former head of the DoJ's antitrust division under Barack Obama, says that the approach of Khan and Kanter recognises "that private equity is a special kind of buyer in the M&A context and that some . . . firms have a record of buying assets or companies and then diminishing their competitive significance".

This marks a departure from competition policy in recent decades, where "the general view was: if it's a private equity deal it would not get the same attention as a deal that [impacts the structure of a market]," says Rule.

Among the agencies' main concerns are private equity's roll-up strategy and its buy, strip and flip model, whereby undervalued companies are acquired, restructured and quickly sold off. "We have very real questions around those acquisitions," Khan says.

Both the FTC and DoJ have sounded the alarm on buyout groups acquiring assets that companies have been ordered to divest to complete another tie-up. Kanter has said private equity's involvement often exacerbates antitrust issues. It is a stark about turn from the DoJ under Trump, which argued private equity divestiture buyers "may be preferred".

US president Joe Biden has picked the trio to curb corporate power including that of the buyout groups

The agencies are also scrutinising "interlocking directorates", where private equity executives sit on boards of competing companies, which Kanter has said could violate existing antitrust legislation. And they are considering broadening disclosures in pre-merger notification forms, including on private equity's involvement, and overhauling merger guidelines with tougher measures against unlawful deals and stronger focus on buyout groups.

In June, the FTC ordered JAB Holdings to divest veterinary clinics twice in less than a month and to seek regulatory approval before acquiring similar assets for the next 10 years in order to close two proposed mergers, an unprecedented move for a private equity-backed deal.

But antitrust bodies have yet to bring legal challenges of the kind that could shape case law, which Kanter thinks has calcified around bad precedents due to a lack of enforcement. Now the DoJ is investigating ways to challenge private equity on monopoly grounds, a violation of section two of the 1890 Sherman Antitrust Act, which could entail criminal charges.

"In addition to examining whether a single acquisition violates the law, certain industry roll-ups have the potential to constitute attempted monopolisation as well when examined as a whole," says Kanter, adding: "Antitrust enforcement must evolve to keep pace with market realities."

Reviving monopoly charges

The most recent monopoly case of significance dates back to a lawsuit against Microsoft two decades ago. The US government won after alleging the company had used its Windows dominance to quash web browser pioneer Netscape. Kanter represented Microsoft while the company complied with the final decision and settlement giving him a front-row seat to what became known as the "antitrust case of the century".

The suggestion that the DoJ might revive criminal monopoly charges has rattled some defence lawyers who act in antitrust cases. But winning such actions is notoriously difficult.

Some antitrust experts see the pledge by Khan and Kanter to challenge private equity as an attack on the industry model rather than on deals that could alter a market's structure.

"I think the courts would say, 'Maybe that's a problem, but that's not a reduction in competition. It's just a difference in the approach different owners take in running the company'," says Rule, adding that a case of this kind would probably struggle to win in court.

Baer argues that a probe focused on a buyout group eroding the competitiveness of a takeover target remained "legitimate" as it asks "the same basic question": will competition be diminished? Showing a pattern of anti-competitive conduct "could be persuasive evidence to a judge".

Kanter says that companies whose business model involves conduct that violates antitrust laws must be held accountable. "If the business model is built around roll ups . . . [and] involves common ownership and [interlocking directorates] . . . then the antitrust laws will apply as they should," he adds.

"In order to understand how to apply the antitrust laws in a modern economy, you have to understand the business models of major market participants and private equity is a major market participant," Kanter says.

'Private equity has changed the way the world does business. It changed the way companies are run and bought and sold'
Jonathan Kanter, DoJ

The agencies have also warned against buyout groups' impact on the lives of ordinary Americans. Khan has highlighted an FTC study showing a jump in mortality after nursing homes were acquired by buyout groups. Rule counters that private equity's impact on social groups was "not what the antitrust laws were written to address".

Natalia Renta, senior policy counsel at Americans for Financial Reform, a not for profit organisation, says: "The private equity lobby is bound to throw up smokescreens about what antitrust law can and cannot do, but that misses the point entirely. Higher prices and lower-quality care leading to increased mortality — both characteristics of sectors where private equity has amassed a presence — are indicators of market power, and that is precisely what antitrust law addresses."

Kanter and Khan have already made it clear they are not afraid to lose in court. If parties "know that we're not going to be afraid to take on a tough fight against well-resourced opponents," he said earlier this year, "they're going to think twice".

Private equity firms have avoided criticising the regulators for fear of antagonising them further. However, private equity executives are taking the matter seriously behind the scenes, with many hiring lawyers to manage potentially tougher scrutiny of their deals and public relations specialists to lobby the media in countering the stance of the DoJ and FTC.

Two senior PR executives say they were hired by prominent private equity firms to "correct the narrative" after Kanter told the FT that buyout deals were "top of mind" for him. Law firm Paul Weiss wrote in a memo that Kanter's FT interview indicated how some aspects of the deal approval process "may be more onerous" in future.

Companies are abandoning "deals on the drawing board . . . that probably don't violate existing law because of the [regulatory] uncertainty," says a senior antitrust lawyer. "I've probably seen more in the last two years than I have in the previous 40 years."

The outcome of the Von's Grocery case was among those that sobered dealmakers back in the 1960s, a period of tough competition policy. But if today's antitrust officials have their way and courts welcome their readings of competition law, it may transform private equity's drawing board altogether.

Meet the officials

Lina Khan, centre
Chair, Federal Trade Commission
Khan rose to fame with a 2017 academic paper arguing for the break-up of Amazon. The 33-year-old was an associate professor at Columbia Law School before her appointment as head of the FTC where she had previously worked as legal adviser to former commissioner Rohit Chopra.

Jonathan Kanter, right
Assistant attorney-general, Department of Justice, Antitrust Division
Kanter, 49, has devoted his legal career to antitrust, rising through the ranks of private practice before joining the DoJ. He made his name on high-profile tech cases, including representing Microsoft, Yelp and others against Google.

Tim Wu, left
White House adviser on competition policy
A professor at Columbia Law School, Wu, 50, became known in the early 2000s for crafting the term "net neutrality". He later emerged as an advocate for tougher antitrust enforcement. "Over the span of a generation, the law has shrunk to a shadow of itself and somehow ceased to have a decisive opinion on the core concern of monopoly," Wu wrote in his 2018 book *The Curse of Bigness: Antitrust in the New Gilded Age*.

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

A pivotal moment for the world's central banks

Policymakers should use Jackson Hole meeting as a time to reflect on mistakes

Central bankers will be in the line of fire at their annual symposium in Jackson Hole this week — and they should be ready to engage with their critics. Last year, US Federal Reserve chair Jay Powell used his keynote speech to suggest price pressures would be "transitory". Annual inflation in the US was then just above 5 per cent. Last month it reached 8.5 per cent. Elsewhere, Eurozone inflation hit 8.9 per cent, and Citigroup now forecasts UK inflation will hit 18.6 per cent in January — nine times the Bank of England's 2 per cent target.

Price pressures have proved anything but ephemeral, and interest rates are rising sharply to bring them down. Central bankers need to engage in some soul-searching if they are to usher economies back towards price stability, and safeguard their own, vital, independence.

Politicians are now putting the blame firmly on central bankers for the inflation numbers. Liz Truss, frontrunner to become UK prime minister, has made criticism of the Bank of England a plank of her platform. Australia has already launched a review of its central bank. This may help governments to distract from their own shortcomings. But it further saps the reputations of central banks, which had already been damaged by the financial crisis.

The danger now is that monetary policy will be subsumed further into government hands. History offers ample proof that politicians cannot be trusted with deciding monetary policy. Rather than simply parrying criticism and hiding behind their previously largely successful track records since gaining independence, it is in central bankers', and the public's, best interest for them to set about restoring their reputations.

To blame monetary policymakers wholly for the cost of living crisis would be unfair. A lot has been outside their control, and shrouded in uncertainty. The unprecedented pandemic made it hard to judge where exactly demand and supply capacities were in relation to one another. Supply chain disruptions and new Covid-19 waves muddied estimations further. Vladimir Putin's unforeseen invasion of Ukraine led to historic surges in oil, gas, and food prices. In hindsight, the mistakes look more obvious than they did at the time.

Nonetheless, both the technicalities and legitimacy of independent monetary policy are now under scrutiny. With credibility such a vital tool in anchoring inflation expectations of households and businesses, this year's Jackson Hole meeting should catalyse a re-evaluation of central bank models, approaches, and philosophies.

Central banks also need to become more adaptable. The past two years have shown that traditional economic models offer little help when geopolitical, public health and supply chain factors become so decisive. The wisdom of offering forward guidance has been cast further into doubt. And reliance on historic trends — such as the previous decade of low and stable inflation — must not blind policymakers to the idiosyncrasies of present and future trends. Indeed, the Fed and ECB both amended their strategies during the pandemic, essentially making them more tolerant of higher inflation. Visible efforts to learn the lessons will go some way to restore confidence.

> Central bankers need to engage in some soul-searching if they are to usher economies back towards price stability, and safeguard their own, vital, independence

The former Fed vice-chair Alan Blinder is said to have described price stability as when ordinary people stop talking and worrying about inflation. Right now, that is a distant prospect. Europeans are struggling to pay energy bills, US rents are surging, and politicians are circling monetary policymakers like sharks. Central bankers need to reflect on where mistakes were made and show they can get a grip on the consequences.

Opinion Education

The truth is schools do little to reduce inequality

Ewan White

Sam Freedman

One casualty of Covid was the UK exam season, which was cancelled for two years due to lockdowns. A-level grades were set by schools instead, with little external moderation and, unsurprisingly, shot up, meaning a lot more young people than usual found themselves at highly selective universities. This year, the government began the painful job of resetting and deflating the system. Inevitably, that meant more missed university offers, causing angst for students and parents caught up in the mess.

It's important to remember, though, that the post-Covid resumption of this annual bunfight over places at the most selective or "high-tariff" institutions predominantly affects only a small portion of society. Around five times more students from the highest-income quintile will end up at these high-tariff universities, with all the future benefits that brings, than will make it from the lowest income one.

> The most equal countries are those with more redistributive social policies

A comprehensive overview from the Institute for Fiscal Studies earlier this month showed just how embedded social inequality is in the education system. There has been virtually no change in the school "disadvantage gap" between children on free school meals and their peers in the past 20 years. The belief that education can somehow "fix" inequality seems unfounded.

That doesn't mean education policymakers shouldn't consider inequality in their decisions. It's certainly possible to make society even less fair by making it easier to buy access to premium institutions. We can see this in the remaining parts of the UK with grammar schools, which are dominated by the children of parents who can afford tutors, and where those from low income families do particularly poorly. And, of course, we which makes it harder to mitigate inequalities. Austerity has also taken its toll: the financial gap between private and state schools has doubled since 2010. But even if there was, as there should be, an entirely comprehensive system, funded at a substantially higher level, it would not come close to fixing inequality.

For a start in a free, liberal society it is not possible or desirable to prevent parents doing whatever they can to support their children, and inevitably those with more resources will find ways to play the system and gain advantage. The UK is not going to follow China in attempting to ban private tuition. It's also the case that any improvement in state schools will benefit all pupils, rich and poor. Overall, the school system has got better over the past few decades, but the disadvantage gap has stayed the same. We can hardly expect schools deliberately to withhold support from better-off students.

Politicians, from all parties, love the idea that education is the answer to inequality. It's intuitively plausible, appeals to those who see personal merit and hard work as the primary cause for differences in wealth, and avoids having to talk about the real problems. But the reality is that states can only meaningfully reduce inequality by providing substantial financial support to those who need it, through either the welfare system or labour market interventions. The most equal countries are not those with the best education systems but those with more redistributive social policies.

At the moment, financial support in England is getting less generous. Arbitrary benefits caps introduced by the government in 2016 are combining with an inflationary crisis to push ever more people into very deep poverty and destitution. It is ludicrous to expect schools to salvage a situation in which children are going hungry and cold in overcrowded, dilapidated housing. If, as a society, we genuinely care about reducing poverty, we have some obvious levers to pull that we are choosing to leave untouched.

None of this means that education is not vital to society and the economy. Under-investment, particularly in upper secondary and tertiary vocational education, is one cause of the UK's multi-faceted productivity challenge. A better-educated citizenship is a noble goal that brings many benefits to a society. But, once a country has moved past full access to schooling, education will do little to reduce

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Victory for Meloni's coalition could be a game-changer for Italy

Though the media are aghast at the prospect of Giorgia Meloni becoming Italy's next prime minister, the parliamentary elections on September 25 will reinforce the hallowed principle of popular sovereignty — the proposition that the ultimate authority of the state resides with the people ("The new face of the radical right is on display in Italy", Opinion, August 19).

As modern polities go, the "seed of Aeneas" is a serious republic with a sophisticated, well-educated electorate.

And the notion that Italians cannot be entrusted to elect their own leaders — a belief held by more than a few in Brussels — is as repugnant as it is anti-democratic.

Yes, Meloni's Fratelli d'Italia party (Brothers of Italy) is decidedly rightwing, but the party's fealty to Atlanticism, a market economy and the EU remains rock-solid. Moreover, unlike her coalition partner Matteo Salvini, whose Lega Nord began as a secessionist northern movement, the Brothers of Italy is genuinely nationalistic. Whereas the Lega's founder, Umberto Bossi, was once convicted for insulting the Italian flag, Meloni fervently embraces the *tricolore*.

As for the spectre of Il Duce, Meloni is no modern-day Mussolini. Despite the commentariat's rhetoric about a resurgence of the blackshirt ethos, there are no *squadristi* anywhere on the Italian peninsula.

Fascism in Italy has long since been cast into the ash-heap of history. Indeed, as Ben Hall notes "it would be a stretch to say the Brothers are a fascist party".

More importantly, a victory for Meloni's coalition might prove a game-changer in Italian politics. Should her rightwing alliance secure a two-thirds parliamentary majority, Meloni and co. could bring about the creation of a directly elected presidency via a constitutional amendment.

Plus, if she ascends to Palazzo Chigi, Meloni would be the Italian republic's first female premier, underscoring a major feminist triumph.

Rosario A. Iaconis
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US politics is a road paved in gold for consultants

I agree with Edward Luce that there is "electoral gold" for the right in the contempt America's cultural elites show towards the ignorant ("The truth that set Cheney free", Opinion, August 18). However, one should not ignore the regular gold. There is money in electoral outrage, for both candidates and perhaps especially their consultants.

For example, are the profits from the sales of Republican Marjorie Taylor Greene's "Defund the FBI" T-shirts, going to Greene's campaign or the consultants who design and sell the shirts? The same question applies to the small money contributions made to candidates. What percentage goes to the telemarketers and what goes to the candidates? And even money going to the candidate is probably just going to consultants for more ads and more "advice".

It may be my natural cynicism, but I think it is a mistake, when looking at the ever-growing political divide in America, to not follow the money.

There's gold in outrage, and the more outrage, the more gold — especially for the grifters, the swindlers on both sides who are feeding off the evermore bitter politics of the US in 2022.

Patrick J Allen
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Mining Myanmar's rare earths prompts EV rethink

I am now radically rethinking the green tech supply chain and my own electric car use and welcome the FT coverage, filling in the story of the supply chains behind companies like Tesla, VW and other "green tech" market leaders and their deeper impacts ("China lithium champion walks a fine line", Report, August 19).

Many Chinese companies (but China is not solely implicated in this) are outsourcing the mining of rare earths to forest zones across the border in Myanmar.

The disturbing irony of moving to electrification in the automobile industry is that green tech parts depend on ransacking and toxifying formerly carbon-neutralising, mineral-rich, water-supplying lands. It also depends on unregulated trading of these rare earths and, at the start of the supply chain, on a manual labour force in life-threatening danger both from human conflict and pollutants.

Laetitia Erskine
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Why the Bank of England has a case of the hiccups

Former Bank of England governor Mervyn King's "nice" era of non-inflationary consistent expansion ended with the global financial crisis. Searching for a similarly succinct description of the current period we suggest "hiccup" or high inflation, continued crisis and underlying problems (such as demographics and productivity). Hiccups are often the result of overindulgence but normally prove transitory (Report, August 18).

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John Leggott Sixth Form College Scunthorpe, Lincolnshire, UK
Founder, The Backseat Economist
Paul Temperton
Tier Company, Chalfont St Giles Buckinghamshire, UK

Correction

- Alcoa has curtailed production at a smelter in Indiana, not shut production as wrongly stated in an article on August 20.

OUTLOOK

AMERICA

A dark era in treatment of indigenous children comes to light

Ramona Klein remembers the severe haircut and the kerosene combed through her hair to kill lice. That was when she was seven, in 1954, but to this day the sound of keys clanking on a ring, the scent of Brylcreem hair gel, or a halo of light thrown by a torch can trigger memories of the matron's son who sexually abused her. "He touched my body like no child's body should be touched," she says.

Klein, who spoke to me from her home in North Dakota, is a survivor of America's indigenous boarding schools, where Native American children suffered abuse and sometimes even death, as part of a programme of forced assimilation into white society.

For 150 years, thousands of Native American children were torn away from their homes and forced to attend 408 federally run or funded "Indian boarding schools". A US interior department report published in May found that more than 500 indigenous children died in such schools between 1819 and 1969. That number is expected to rise with the investigations now taking place: 53 schools had marked or unmarked burial sites.

The founder of the most famous of these schools, the Carlisle Indian White Hawk, President of the Board of Directors of the National Native American Boarding School Healing Coalition and author of the forthcoming book *A Child of the Indian Race: A Story of Return*, told a US Senate committee recently.

"Children frequently received corporal punishment for speaking their language . . . " she said. "Methods of punishment included: solitary confinement, flogging, whipping, slapping, cuffing, and devising methods to engage children to administer punishments to each other."

The issue has garnered increasing attention in the US and in Canada, where Pope Francis last month went on a "penitential pilgrimage" to apologise for abuses in the country's church-run residential schools. The Canadian government later said his mea culpa did not go far enough. The final report of Canada's Truth and Reconciliation Commission, published in 2015, said it had identified 3,200 deaths at indigenous boarding schools.

I was in secondary school when the US federal Indian boarding schools were closed or handed over to Native American control in 1969, though some church-run schools endured longer. But I knew nothing about them. I grew up on traditional American children in it). Yet I was never taught about the atrocities my (white) people committed with the aim of forcing the Potawatomi to become just like me.

Klein's father attended such a school, as did all seven of her siblings — at one time, five of them were there together. "It never ceases to amaze me [that people] do not know that type of treatment was going on with their next door neighbours," she told me. "Our childhoods were stolen and we will never get that back," she said, adding that "the social impact is generational" and some people treat the pain by self-medicating with drugs or alcohol.

John Low, a Potawatomi academic at Ohio State University, welcomes the trend of apologising for, or at least acknowledging such atrocities, but asks "Therefore what? We acknowledge the indescribable horror of boarding schools and their impact on native peoples, but we are waiting for the 'therefore what'".

Deb Haaland, the US secretary of the interior, who is Native American, referred in recent testimony before the Senate Committee on Indian Affairs to proposed legislation that would provide "national survivor resources to address intergenerational trauma".

see it with the ongoing power wielded by those who have been educated privately.

Moreover, as the IFS point out, the funding system for English schools has become significantly less progressive over the past decade and the adult skills system is a mess, all of

inequality if all the main drivers of that inequality are left in place. Pretending it can do so is preventing us from acknowledging what really needs to change.

The writer is a senior fellow at the Institute for Government

by Patti Waldmeir

Industrial School, summed up his institute's philosophy as "Kill the Indian in him, save the man".

"Our children had their hair chopped, their clothes stripped, and their names replaced with English ones or often, just a number," Sandra

Potawatomi Indian territory outside Detroit and currently live in a condominium building that stands on land identified on an 1804 map as home to a Potawatomi village. As a girl, I belonged to the "Potawatomi" Brownie troop (there were no Native

Klein stresses that time is of the essence: "we survivors are at the end of life, we only have a short time to get the stories out".

The writer is a contributing columnist, based in Chicago

Opinion

Why I couldn't have been more wrong about big city rents

SOCIETY

Sarah O'Connor

In the early days of the pandemic, I thought one long-term silver lining would be to make expensive cities like London cheaper for young renters. I reckoned the shift to hybrid work was going to persist. This would allow office workers to spread further out from overheated urban centres. Plenty of young people would still want the bright lights, but they might not have to pay quite so much to get them.

I couldn't have been more wrong. Housing costs in London did fall for a while, but now the scramble for rental property is more intense than ever. Advertised rents are shooting up. They are 6 per cent higher than pre-pandemic levels in inner London and 8 per cent higher in outer London, according to data from property website Zoopla. It is the same story in other big cities, from New York and Miami to Dublin and Sydney.

Where did I go wrong? It's not that working patterns have reverted to normal. Between 2019 and 2022, the number of people in the UK who work from home more than doubled to almost 10mn, according to the Office for National Statistics. An official survey this year found that 84 per cent of those who had to work from home during lockdowns planned to do hybrid work in future.

The Pret index, which compares transactions data from Pret A Manger stores with their pre-pandemic average, confirms the shift. Transactions have settled at about 80 per cent of pre-Covid levels in office worker districts such as the Square Mile and Canary Wharf.

So what explains the rise in city rents? Some people did spread out: Londoners to places such as Dartford and Margate; New Yorkers to the Hudson Valley. But I underestimated how many would want to stick around in big cities — keen to enjoy their pleasures even if they weren't going to the office every day.

That said, what is happening now isn't just about people wanting to be in flashy capitals. In the UK, rents are on the rise in cities across the country from Brighton to Manchester and York. It is a nationwide trend in the US, as well.

On the demand side, one widespread phenomenon is that people decided they didn't want to live so crammed together after the claustrophobia of lockdowns. Economists at the US Federal Reserve have noted that relatively fewer adults in the US are now living with roommates and more are living alone. The resulting rise in the number of households has contributed to the recent "huge increase" in housing demand, they say.

> Housing costs did fall for a while, but now the scramble for rental property is more intense than ever

The same phenomenon has happened in Australia. There isn't enough data to say if it's true of the UK too, though it seems likely. As well as that longer-term trend, there is the short-term fact that economies have reopened: students are back; migrants are coming again; necessary moves delayed by Covid have all happened at once.

Meanwhile, supply has dropped. In many places, people are renting for longer than usual (perhaps because buying has become more expensive) which means fewer places coming on to the market at any given time. In the UK, landlord associations also say some people have sold up because of rising tax and regulation. Zoopla told me there are about 50 per cent fewer homes available for rent per lettings branch in London than there were between 2017 and 2021 and 30 per cent fewer in the rest of the country.

It's possible that rents will soon hit the limit of what people can afford, given the wider cost of living crisis. Private renters spend an average 31 per cent of their household income on rent, compared with 27 per cent for social renters and 18 per cent for homeowners with mortgages. That means they have less flexibility to cope with rising energy costs. Alternatively, people might start sharing housing more with others again to cut their rent bills. Whether or not rents stabilise or fall in the UK, it won't happen soon enough to stop a rise in homelessness this year. It might sound foolish to end a column about being wrong by making another prediction, but sadly I think this is firm ground.

A long-term failure to build enough social housing means about a quarter of those in the private rented sector rely on housing benefits to help pay the bill. But housing benefit has been frozen since April 2020, so it becomes less adequate as time goes on. When landlords sell up or people need to move, those reliant on housing benefit will increasingly struggle to find places they can afford.

More than 70,000 families and individuals were homeless or threatened with being so and eligible for help in England in the first quarter of this year. The number of this group who were in full-time work was the highest since the data began. Rough sleeping in London is on the rise already. As Matt Downie of the homelessness charity Crisis told me: "We're not waiting for it to happen — it *is* happening."

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How Dugin's views went round the world

GLOBAL AFFAIRS

Gideon Rachman

With his extravagant beard and wild rhetoric, Alexander Dugin has found it easy to attract attention. Some have even labelled the far-right philosopher "Putin's brain" or "Rasputin". Other commentators, however, have dismissed the idea that Dugin is taken particularly seriously in the Kremlin, pointing to the fact that he lost his job at Moscow State University in 2014.

Still, somebody obviously took Dugin very seriously indeed. Last weekend, his daughter Daria Dugina, a nationalist journalist, was murdered by a car bomb outside Moscow. It is widely assumed that Dugin himself was the real target.

Whatever the personal relationship between Putin and Dugin, the Russian leader's decision to invade Ukraine brought to fruition ideas that Dugin has been pushing since the early 1990s. In his 1997 book, *Foundations of Geopolitics*, which was assigned reading at the Russian military's general staff academy, Dugin argued that "Ukraine as a state has no geopolitical meaning".

Asked about his influence on Putin at a 2018 lecture at Fudan University in Shanghai, Dugin was coy — but pointed out that he was arguing for the Russian annexation of Crimea in the 1990s, "long before Putin".

Dugin's presence in China was significant. He has capitalised on his supposed proximity to Putin — and his linguistic skills (he speaks fluent English and French) — to build himself a considerable international role.

In China, Iran and Turkey, Dugin has become a spokesman and co-ordinator for those who are seeking to destroy America's global hegemony. Meanwhile in Europe and the US, he has liaised with far-right forces, positioning himself as an ally in the battle against "globalism".

In his lectures at Fudan, Dugin argued that Russia and China must jointly build a "multipolar world order", ending US dominance. At a meeting in April the Russian and Chinese foreign ministers embraced this idea, with Sergei Lavrov assuring Wang Yi the two nations would work "together . . . move towards a multipolar, just, democratic world order".

In Dugin's worldview, the continental countries of the Eurasian landmass, centred on Russia, are naturally opposed to the maritime world led by the US and, before that, by the British. Dugin has praised the Nazi philosopher Carl Schmitt for his "clear understanding of the 'enemy' facing Europe, Russia and Asia that is the United States along with its . . . island ally, England".

These anti-western and illiberal ideas have also found a ready audience in Iran. Dugin has been a frequent visitor and is particularly popular with the hardline elements in the regime. In 2015, he flattered his Iranian hosts by telling them that Iran is "the main base of the war against modernity" (a good thing, apparently). Dugin has also regularly visited Turkey, sometimes as a guest of the ruling AKP, and has made common cause with anti-American forces in the government.

In Europe, meanwhile, Dugin and his sponsor, the Russian banker Konstantin Malofeev, have cultivated ties with hard-right parties such as Austria's Freedom Party, Italy's League and France's National Rally — maintaining links through conferences, lectures and meetings in Russia and western Europe.

In the US, Dugin's natural bedfellows are on the far right. Early in the Trump presidency, Dugin gave an interview to the conspiracy theorist Alex Jones, expressing his hopes for "Mr Trump, who I support with all my heart". He told Jones that pro-Trump and pro-Putin forces should unite against "our common enemy, the globalists".

> Extreme nationalist voices have long been calling for Russia to pursue even more ruthless tactics

Richard Spencer, the American far-right figure, who was filmed shortly after Trump's victory shouting "Hail Trump" and giving a stiff-armed salute, is also connected to the Russian nationalist. Spencer's wife has translated Dugin's work into English.

In a recent appearance with Chinese and Pakistani academics, Dugin assured his audience Russia would use nuclear weapons rather than accept defeat in Ukraine. One question now is whether last weekend's car bombing will lead the Kremlin into even more aggressive policies in the war and in domestic politics.

The Russian intelligence services, the FSB, now claim to have solved the case. They accuse Ukraine of commissioning the assassination and claim that the alleged killer has already escaped Russia and crossed the border into Estonia. These accusations may be used to justify intensified Russian bombing of Kyiv, including the targeting of key government buildings and officials. If the Kremlin decides to confront Estonia — by backing up its demand for the extradition of the alleged suspect with threats — then it will put Russia on a collision course with a Nato state.

The Ukrainian government has been swift to deny any connection to the bombing. But that will not change many minds in Moscow. Extreme nationalist voices, exemplified by the likes of Dugin, have long been calling for Russia to pursue even more ruthless tactics. Dugin specialises in violent and incendiary rhetoric — delivered in lecture halls and television studios, a safe distance from any actual fighting. But last weekend the front line came to Moscow. After enduring so much suffering, few Ukrainians will shed tears for Dugin, a man who in 2014 called for Russians to "kill, kill, kill" Ukrainians. Others, further from the conflict, may find it harder to believe that anyone deserves to see their child blown up in front of them.

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America must consider risk of a war over Taiwan going nuclear

Michael Auslin

The single most important question about a potential war over Taiwan between the United States and China is whether such a conflict could remain non-nuclear. Yet when President Joe Biden stated again in May that America would defend the island in the event of a Chinese attack, no one asked if that meant he was willing to risk a nuclear exchange with Beijing. If the fast-gelling opinion of Washington's foreign policy elite is correct — that such a war is no longer simply possible but likely — then assessing such a risk needs to be at the forefront of every discussion.

Since the first use of atomic weapons nearly eight decades ago, no nuclear-armed power has ever fought another in a major conflict. During the cold war, America and the Soviet Union fought both direct and indirect proxy wars but avoided direct conventional conflict that could have escalated out of control. The reliability of America's nuclear umbrella and promises of "extended deterrence" are regularly questioned by non-nuclear allies. It is also the reason that Nato was so circumspect in responding to Russia's invasion of Ukraine earlier this year.

Once the cold war ended, many in the US assumed that the era of the Cuban Missile crisis and "duck and cover" was over, emphasised by the shutting of the fearsome Strategic Air Command in 1992. Nuclear weapons never went away of course, and SAC eventually morphed into US Strategic Command. Yet the fears that civilisation could end in billowing mushroom clouds rapidly abated as the country turned to another generation of wars in the Middle East and against global terrorism.

> There can be no assurance that a conflict with China would remain conventional

But policymakers and the US public can no longer ignore the fact that a new nuclear age has dawned. Vladimir Putin's sabre-rattling in the early days of the Ukraine war revealed that nuclear-armed authoritarian aggressors may not be restrained. As Beijing considers Taiwan its sovereign territory, there can be no assurance that a conflict would remain conventional. Make no mistake about it, this would be no small clash. Control over Taiwan has been the primary foreign policy and strategic concern of the CCP since Mao Zedong took power in 1949.

Much would depend on how such a war broke out, whether it was intentional or accidental, and how committed Washington actually would be to defending the island. But all the old cold war questions about nuclear escalation control, signalling and off-ramps would immediately come into play.

War games are one thing but in the real world, as soon as one US missile hits Chinese territory, the question of escalation becomes critical. Retaliatory strikes by People's Liberation Army rocket forces against US territory almost inevitably would follow, sparking an escalatory spiral. It is possible the Chinese would not wait to find out if incoming US missiles were indeed conventional but would strike at America's land-based nuclear missile silos to prevent a full attack.

Any major clash would, in fact, be the first ballistic missile war between great powers. Americans long ago ceased any civil defence preparation and the public is entirely unprepared to come under missile attack. Such an escalation would put enormous pressure on US leaders to

The power of capital markets can be harnessed to drive the green transition

Emmanuel Faber

Government action is essential if we are to tackle

climate talks in Egypt there is debate around the $100bn funding commitment made by developed countries to support poorer nations in transitioning to lower carbon economies.

However, Pascal Lamy, former director-general of the World Trade Organization, has argued that the creation of the International Sustainability Stand-

brings together China, the EU, Japan, UK and USA — and specific bilateral dialogue, including with the EU. The need for international alignment is clear.

A recent EU directive states that the bloc's standards should "contribute to the process of convergence of sustainability reporting standards at global level" and integrate the ISSB's

Currently, there is a debate in the market around different approaches to "materiality" — in other words, what should be disclosed.

This concept, as it is used in accounting requirements and in the language employed in the capital markets, should not be ignored. The standards proposed by the ISSB require a company to

capital markets, policymakers and scientific researchers are making rapid advances in their assessment of the importance of sustainability.

In the standard accounting model, for example, we do not fully incorporate the fact that enterprise value, the measure of the total value of a company, is a function of the demand and supply of

G climate change. However, no single jurisdiction can succeed by only imposing rules on its local market participants. There must be a global approach but multilateral policymaking is currently at a low ebb.

To address challenges of this magnitude, nations must harness what Gelsomina Vigliotti, vice-president of the European Investment Bank, has called the "power and ingenuity" of markets.

Markets are the self-generating sources of financing that shape business models and transform economies. Properly harnessed, they can deliver solutions at scale.

Ahead of this November's COP27 ards Board (ISSB) is "a real breakthrough". Capital markets can move trillions if properly guided and informed.

But they can only play this pivotal role if they operate with high-quality, comparable sustainability information that can be relied upon to make investment decisions.

The ISSB, supported by G20 leaders and other international institutions, is responsible for providing such language and developing standards that establish a comprehensive global baseline of sustainability disclosures for the capital markets.

The ISSB has also created forums to deliver multilateral solutions — such as a Jurisdictional Working Group that

> What is considered 'material' in the area of sustainability is constantly evolving

global baseline if it is consistent with EU objectives.

The objectives of the European Green Deal will not be met without putting global capital markets to work, and this requires interoperability between the two approaches.

Conversely, there is a lot that the EU can contribute to the work of the ISSB.

clearly disclose information that provides a robust basis for investors to consider sustainability matters in making their investment and voting decisions.

This information will align with the established definition of materiality in accounting standards, ensuring completeness and clarity. The definition requires companies to disclose all information which, if missing, misstated or obscured, could reasonably have been expected to influence an investment decision. Its application requires judgment and regular analysis.

What is considered material in the area of sustainability is constantly evolving. The term "dynamic materiality" is an acknowledgment that capital, not disconnected from investors' choices. The multi-dimensional nature of sustainability might shed a different light on the nature of those choices.

This evolution is a necessary part of our work because what matters to investors is dynamic and changing. The consultation period on the ISSB's first two proposed sustainability disclosure standards has just finished.

The rich feedback we have already received will allow us to create a set of standards that can enable capital markets to be a true ally of global efforts to deliver a just climate transition.

The writer is chair of the International Sustainability Standards Board

strike back even harder at Chinese targets, thus risking an all-out confrontation, with the urge to go nuclear growing with each new setback.

The implications of a Taiwan war are enormous, but no US leader should blithely commit to defending the island without understanding that a conflict with China could be like no other fought in history. How far the US is willing to go must be openly debated and the risks of action as well as inaction equally assessed. We must think the unthinkable or we might wind up paying a tragic price.

The writer is a fellow at Stanford's Hoover Institution and the author of "Asia's New Geopolitics"

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Vodafone/Hungary: Orbán sprawl

Right now, Nick Read must be humming the Hungarian national anthem, which extols the land of the Danube and Tisza. His statement on the sale of Vodafone's Hungarian business will please local patriots and international investors. Hungary's mission to digitalise is praised alongside the healthy sale multiple.

Rarely can pressure for disinvestment from a populist government have met such a welcoming response. Growth has stalled at the UK-listed group. Activist Cevian is applying pressure for CEO Read to shrink European operations.

Other foreign operators, notably Deutsche Telekom, should be rattled by the Ft715bn (€1.8bn) disposal. They will note that a Hungarian state holding company is buying in partnership with local group 4iG.

Viktor Orbán, strongman leader since 2010, does not fear controversy. His policies are rightwing, nationalist and occasionally racist. EU leaders complain he channels subsidies and contracts to corporate allies to cement their support. The EU has accordingly withheld €7.2bn of financing.

Orbán's government decreed surtaxes on telecoms and some other industries in June. That would have hurt Vodafone Hungary. The nation's leading operator Magyar Telekom blamed the tax for missing its profit target in the second quarter. Deutsche Telekom is majority owner of that Budapest-listed business.

The acquirers of unlisted Vodafone Hungary are paying a decent price of 9.1 times trailing ebitda. European telecoms trade on an average at just over six times adjusted ebitda, say New Street analysts.

This deal looks timely and well priced, though small at 1.5 per cent of group ebitda. Vodafone will retain a call centre in Hungary. Its Vantage Towers offshoot will continue to operate mobile masts there.

One wonders how long it will be before Deutsche Telekom receives an offer for its stake in Magyar Telekom that it cannot refuse. The shares have slumped by a quarter since Russia invaded Ukraine. The business is valued at less than half Vodafone Hungary. Part acquirer 4iG will become a strong number two to Magyar Telekom, says Bernstein.

Vodafone is clever or lucky to get a good price. Other multinationals may need to extricate themselves from Orbán's orbit at greater cost.

Droughts: liquid assets

If water is priced wrongly, it will be valued wrongly. Widespread droughts are energising that proposition. Water is a new front in ESG investment, even as a battle rages over carbon. The Valuing Water Finance Initiative, an investor grouping, plans to scrutinise water-glugging corporates such as Nestlé, Chiquita and Levi Strauss.

Moves may follow to allocate water better via trading or pricing. But these will fail if they ignore elementary differences between carbon dioxide and H_2O. The gas adds to a global excess. The liquid is prone to local shortages, however widespread.

Property rights, essential for competitive markets, are often non-existent for water. There may be moral objections to assigning them. Pricing policies must recognise that access is a human right. Shanty towns should not lose out to golf courses.

To be sure, there are successful examples of schemes where users buy and sell surplus water. Water trading is well-established, though controversial, in Australia's Murray-Darling Basin. This has evolved into a market with an annual average value above $1.8bn.

Trading schemes are hard to establish partly because water is generally undervalued. Analysts at Barclays say the "true cost" is three to five times more than companies pay.

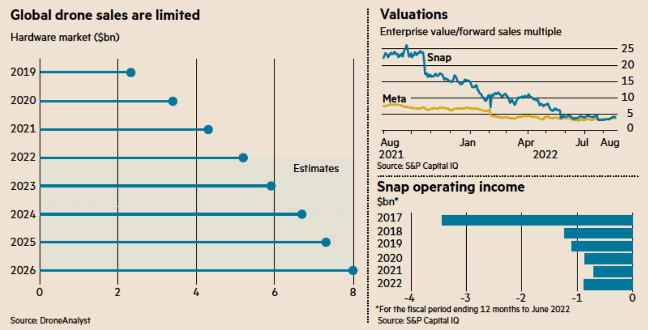
VWFI participants include Franklin Templeton and big retirement funds. They want business to pay more heed to water risks — like Constellation Brands' $666mn impairment for suspending a Mexican brewery project amid disputes over water rights.

Shortages will strand some assets, as faltering power from Yangtze hydro plants implies. Non-profit organisation CDP estimates that $15.5bn is at risk.

Carbon pricing and accounting are in their unregulated infancy. Water pricing and accounting will be trickier and even more controversial. But governments, businesses and investors must embrace both. When humans do not assign monetary value to natural resources, they waste them.

Snap: the little drone that couldn't

Although world sales of drones are rising, they remain well below forecasts. Snap's interest in consumer drones is a distraction for the company. The online ad market is in the midst of a downturn. The group's weak earnings and slowing revenue growth have dragged down its market value.



In less than four months, Snap's little yellow drone has fallen to earth. Sales of the Pixy will continue but development is over. Drones have been a disappointment for the tech industry as a whole.

That has hurt Snap's floundering efforts to add hardware to its suite of products. Its experiments on social media are popular. But the $250 Pixy selfie camera drone joins camera glasses and plush toys on the list of misfiring novelties. As the US social media group acknowledged when it joined public markets, its manufacturing experience is limited.

Snap is right to pull back from peripheral projects. The share price has dropped 75 per cent in the year to date, digital advertising has slowed and it has been adjusting to tighter privacy safeguards at Apple that make it tougher to collect user data.

Hardware such as Pixy has done little to help group revenue. Development has added to losses.

Some of the share price markdown is unfair. Snap is growing its user base at a faster clip than rivals such as Meta. Its experiments are small compared with Meta's investment in the metaverse, which lost nearly $6bn in the first half of the year. But Snap's penchant for new ideas has not helped it to achieve consistent quarterly profits. With advertising down, it has to focus on reducing operating losses. Especially as the company trades at a higher price to sales ratio than its big rival Meta. The drone market was always going to be difficult to crack. It is dominated by China's DJI. US companies account for less than a tenth of the market, according to research company Drone Analyst.

Drones have yet to live up to their promise. In 2016, Goldman Sachs predicted a $100bn global market opportunity by 2020, with $30bn in non-military spending. But Drone Analyst estimates that non-military drone sales that year were $3.5bn.

In the US, the Federal Aviation Administration's safety concerns have limited the number of unmanned aerial vehicles. Alphabet and Walmart have launched delivery drone services, but they remain limited. For now, the skies are mostly clear of drones of any colour.

Credit Suisse/Deutsche Bank: Wilde ambition

The less-quoted second half of Oscar Wilde's saying on imitation describes it as the tribute paid by the mediocre. Efforts by Credit Suisse and Deutsche Bank to emulate US investment banks backfired spectacularly. Both might now privately yearn to be seen as dull but decent again.

Ulrich Körner, new chief executive of Credit Suisse, may have had this in mind in appointing Dixit Joshi as finance chief. As global treasurer, Joshi had a correspondingly low profile at Deutsche Bank. Parallels between the two lenders are numerous

Körner, himself a relative unknown, last month replaced the underwhelming Thomas Gottstein. He and Joshi now have the job of turning round the scandal-hit bank. Finance veteran David Mathers finally gets to do something less pummelling.

A record low share price and valuation have prompted takeover speculation, as they once did at Deutsche Bank. Government resistance and a comparable litany of past misdeeds are likely to keep the feet of any potential buyers equally frosty.

The problems at both go back to the pre-financial crisis casino banking booms. Deutsche Bank shares are 91 per cent lower than their 2007 peak while Credit Suisse is down 94 per cent.

Deutsche Bank has paid $20bn in legal settlements since the financial crisis, according to S&P Capital IQ. Less than a tenth were on the watch of current CEO Christian Sewing. The total for Credit Suisse is about half that. The bank made $500mn of additional net new provisions in the second quarter of this year, taking total provisions to $1.6bn. That is ahead of the annual tally for Deutsche.

Banks are adept at applying a "legacy" label to settlements for misconduct, proved or merely alleged. The fact remains that these costs are material to the shares, both in forfeited cash and as tokens of toxic culture. As an ex-treasurer, Joshi will know how irksome the former is. As a new CFO, he must help Körner root out the latter.

Warren Buffett: the Occidental tourist

Shares of Occidental Petroleum have appreciated nearly nine times since 2020 lows. Despite this, the warrants that Warren Buffett owns in the oil driller, equivalent to under 10 per cent of the company, are barely in the money.

The post-pandemic rally in the value of energy assets has made Occidental a big winner. It took on heavy debts for a seemingly ill-timed $55bn buyout of rival Anadarko in 2019. That acquisition now looks smart thanks to soaring energy prices.

Buffett's warrants came with a $10bn preferred stock investment he made in Occidental to help fund the acquisition. But he missed out on the trough-to-peak share price jump.

Occidental stock is a mere 15 per cent higher than a warrant strike price set before shares tanked. Buffett may be playing a longer game. He has accumulated a fifth of the company, warrants aside. Last week, he received approval from US energy regulators to buy up to 50 per cent of Occidental. It is the kind of whale he covets.

At its share price bottom, Occidental's enterprise value of about $60bn was just 16 per cent in equity. The enterprise value has jumped to about $90bn. Equity value has risen by even more than that implies. Occidental has used cash flow to pay off debt. Its own calculations show two-thirds of the group's current enterprise value can be ascribed to equity.

In its most recent quarter, Occidental generated a whopping $4bn in free cash flow. It can now cut debt further to reclaim an investment grade rating, perhaps redeeming Buffett's preferred stock, which pays an 8 per cent dividend. Or it can raise payouts.

Buffett has long been intrigued by big, essential businesses. Two of Berkshire Hathaway's largest holdings include a railway and a power utility. A full acquisition of Occidental would require a premium. Still, the company trades below its stock price pre-Anadarko. It still could meet Buffett's requirement as a value play.

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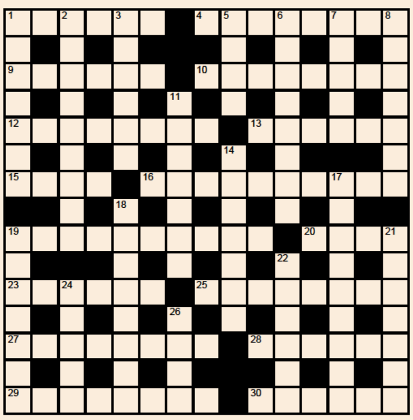
CROSSWORD

No 17,180 Set by SLEUTH



ACROSS
1 Remains in a hot place forgetting number for drinks (6)
4 Start to tease female with gold among a lot dressed excessively (2,1,5)
9 A British metropolis has part for money? That's sudden (6)
10 A Tamil disorientated in Germany and Austria or in Croatia (8)
12 Chairman working round estate, maybe, gets biscuit (8)
13 One with a request might use this place with facility (6)
15 Tennis players do not welcome this rule, it's said (4)
16 One detail misplaced about good group of representatives (10)
19 Consider overlooking lake in uncontaminated part of Japan? (10)
20 Modern artist observed in film ironically (4)
23 Note a tense expression almost in conversation (6)
25 Sick kid requiring treatment hugs European assistant (8)
27 Climate's varied for climber (8)
28 Priest penning unfortunate article needs support in church? (6)
29 Request made by conservationists in fancy eatery (8)
30 US actor has power and variable energy (6)

DOWN
1 College rector has tool first off as aid for

JOTTER PAD

Solution 17,179

F	O	R	E	G	O	■	S	T	R	U	M	P	E	T
O	■	O	■	I	■	B	■	R	■	N	■	A	■	I
R	E	C	O	V	E	R	■	A	N	D	A	N	T	E
E	■	K	■	E	■	O	■	P	■	E	■	■	■	R
M	I	T	E	■	B	O	R	D	E	R	L	I	N	E
A	■	H	■	O	■	K	■	O	■	S	■	N	■	D
S	T	E	P	P	E	■	C	O	N	T	A	C	T	■
T	■	B	■	P	■	M	■	R	■	O	■	O	■	S
■	P	O	O	R	L	A	W	■	B	O	N	N	E	T
L	■	A	■	O	■	G	■	L	■	D	■	T	■	R
A	N	T	I	B	O	D	I	E	S	■	D	I	V	A
B	■	■	■	R	■	A	■	F	■	P	■	N	■	D
O	L	D	B	I	L	L	■	T	A	I	L	E	N	D
U	■	O	■	U	■	E	■	Y	■	T	■	N	■	L
R	E	G	I	M	E	N	T	■	B	A	T	T	L	E

passing exams (7)

2 Instruction I've cited needs revision? About right (9)

3 Written account about Liverpool, say (6)

5 Precious material in address for mate? (4)

6 A militia without it in France is recognisable (8)

7 Extremist starts to undermine legal traditions regulating activities (5)

8 Tried an alternative for part-payment transaction (5-2)

11 Short story writer has rental property concealed by coast in Brittany (7)

14 Young rebel flips admitting criminal riot in US city (7)

17 Ground in Italy lit with no end of excitement in the beginning (9)

18 Do nothing productive, say, kept by one previously serving at back of store (8)

19 Old man with new longing for style (7)

21 A trek is arranged in borders of Oxfordshire to see part of forest? (3,4)

22 Priest that is beginning to welcome critical contribution (6)

24 Doctor to deal with special celebration? (5)

26 Scorer picked up in catalogue (4)