FINANCIAL TIMES

WEDNESDAY 14 SEPTEMBER 2022 INTERNATIONAL NEWSPAPER OF THE YEAR ASIA

Debt monsters The companies flashing red warning signals — COMPANIES, PAGE 8

Mourning bell
Funeral plans take shape

Rehearsals under way early yesterday morning on Parliament Square in London for today's procession of Queen Elizabeth's coffin from Buckingham Palace to Westminster Hall, where she will lie in state until her funeral on Monday.

Yesterday, King Charles made his first visit to Northern Ireland since succeeding as monarch.

He pledged to follow the "shining example" of his mother in seeking "the healing of long-held hurts" in the province, riven by violent divisions until the 1998 Good Friday peace deal.

Alex Maskey, Northern Ireland Assembly speaker and a republican interned under British crackdowns twice in the 1970s, said: "Queen Elizabeth showed that a small but significant gesture — a visit, a handshake, crossing the street or speaking a few words of Irish — can make a huge difference in changing attitudes and building relationships."

Commonwealth test faced page 4
Anjana Ahuja page 16

Danny Lawson/PA

Inflation rises more than expected sparking fears of US hard landing

- CPI up by 0.1% in August
- Wall St caught off guard
- Investors bet on robust Fed response

COLBY SMITH AND JAMES POLITI — WASHINGTON

Hopes that the Federal Reserve can engineer a soft landing for the US economy took a hit yesterday when a crucial measure of inflation came in higher than forecast and triggered a sharp selloff on Wall Street.

The consumer price index increased 0.1 per cent for August, above economists' expectations for a 0.1 per cent drop. Most worryingly for policymakers, core inflation, which strips out volatile items such as energy and food, rose by 0.6 per cent for an annual increase of 6.3 per cent, compared with 5.9 per cent recorded for July.

The figures from the Bureau of Labor Statistics brought an end to a brief respite for Fed officials after July's reading showed that prices had not risen compared with the prior month.

Wall Street was caught off guard by the hotter-than-expected inflation figures. The S&P 500 tumbled 3.1 per cent during morning trading yesterday, while the Nasdaq Composite, stacked with technology companies more sensitive to changes in interest rate expectations, fell more than 4 per cent.

In government debt markets, the yield on the 2-year US Treasury, which is more sensitive to interest rate expectations, surged by 0.20 percentage points at 3.78 per cent, having traded at 3.52 per cent before the release of the data.

The odds that the Federal Reserve would opt for a full percentage point rate rise in September rose to 22 per cent, according to CME Group, versus 0 per cent at the start of the week. Most economists are forecasting another 0.75 percentage point rate rise, which would lift the fed funds rate to a new target range of 3 per cent-3.25 per cent.

Yesterday's data, combined with rising wages and a tight labour market, meant the Fed was "not going to produce the soft-landing fairy tale", said Steven Blitz, chief US economist at TS Lombard.

Brian Coulton, chief economist at Fitch Ratings, said: "We don't really see anything in here that would make the Fed want to opt for a slower pace of rate hikes this month."

President Joe Biden and his economic advisers had also been hoping for a reduction in the headline figure, going so far as to schedule a "celebration" yesterday of his recently passed Inflation Reduction Act, a package of healthcare and climate policies.

Core inflation, which does not include volatile items such as food and energy, rose 0.6% for an annual increase of 6.3%, up from 5.9% in July

"You can't make it up; hours after this terrible inflation report, the White House is hosting an 'inflation reduction' celebration," Mitch McConnell, the Senate minority leader, wrote on Twitter.

"Democrats have spent our economy into disaster and now they're partying while families pay. They could not look more out of touch if they tried."

The jump in inflation came despite a fall in petrol prices. Earlier this summer, they topped a record $5 a gallon following a jump in oil prices after Russia's invasion of Ukraine. The current national average is $3.70, according to the American Automobile Association.

Markets pages 10 & 11

Briefing

▸ US senators to vote on Taiwan arms bill
The US Senate foreign relations committee is poised to vote on a bill that would for the first time finance weapons exports to Taiwan and recast Washington-Taipei relations amid pressure from China.— PAGE 4

▸ Nikola founder 'distorted stock price'
Trevor Milton masterminded a scheme to cheat "innocent investors" by driving up his electric-vehicle group's shares, prosecutors alleged at the start of his criminal fraud trial in New York. — PAGE 6

▸ Serbia asks IMF for help over debt costs
Belgrade has asked the IMF and the UAE for help in handling its soaring debt costs. The move highlights the impact of higher interest rates and the economic downturn on Europe's emerging markets.— PAGE 2

▸ Pioneering film director Godard dies
Jean-Luc Godard, pioneer of the 1960s Nouvelle Vague cinema movement in France, has died peacefully at his home in Rolle, Switzerland, at the age of 91.— PAGE 2

▸ Germany sets up €67bn energy support
A Covid-19 fund has been repurposed so that state development bank KfW can deploy €67bn to back ailing energy groups, amid fears that high gas prices will trigger insolvencies.— PAGE 3; FT VIEW, PAGE 16

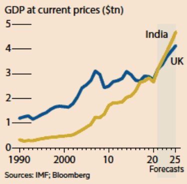
▸ JPMorgan warns of revenue decline
The Wall Street lender's third-quarter investment banking revenues, out on October 14, could be as much as 50 per cent down on last year's, one of the bank's top executives has warned.— PAGE 6

▸ Debt-hit Evergrande to restart projects
The world's most indebted developer, working to pacify a mortgage boycott in China, has pledged to resume construction of all remaining stalled property projects by the end of this month.— PAGE 10

▸ EU defers plans to cut pesticide use
Plans to halve the use of pesticides in the bloc by 2030 have been delayed after an impact assessment raised fears over output cuts and price rises.— PAGE 2

Datawatch

Overtaken
GDP at current prices ($tn)



Sources: IMF; Bloomberg

India is set to replace Britain, its former colonial power, as the fifth largest economy in the world in dollar terms. India's GDP was a third of the UK's at the turn of the millennium, but is set to be a fifth larger by 2027.

Russia's military fragility exposed by broad retreat

Kharkiv rout ▸ PAGE 3

Whistleblower says Twitter put profits before security as Musk seeks deal exit

HANNAH MURPHY — SAN FRANCISCO

The former Twitter security chief central to Elon Musk's attempt to back out of buying the social media company has accused its leadership of prioritising "profits over security".

In an appearance at the US Senate judiciary committee, Peiter "Mudge" Zatko said that Twitter was "over a decade behind industry security standards".

His testimony has opened the company's cyber security practices to scrutiny and could shape the future of Musk's high-stakes legal battle to get out of his $44bn takeover agreement.

Zatko, who was fired by Twitter in January and filed a whistleblower complaint to US authorities in early July, accused its executives of "misleading the public, lawmakers, regulators and even its own board of directors" over its security practices. The security lapses were so severe that they threatened national security, he told lawmakers.

The accusations have been seized upon by Tesla co-founder Musk, who is already suing Twitter to get out of the takeover deal, arguing that Twitter underestimated and misled regulators on the number of bots on the platform.

Twitter shareholders yesterday voted to approve Musk's takeover bid, according to a preliminary count.

In his opening statement, Senator Charles Grassley said Twitter chief executive Parag Agrawal had refused to attend the hearing, claiming it would "jeopardise the ongoing litigation" with Musk. "If these allegations are true, I don't see how Mr Agrawal can maintain his position at Twitter," he added.

Twitter has previously said that Zatko was peddling a "false narrative" about the company. It did not immediately respond to a request for comment.

Zatko, who has held senior cybersecurity positions at Google and the US defence department, described Twitter as failing to address its cyber vulnerabilities as it lurched from crisis to crisis.

Staffers did not "know what data they have, where it lives" and "have too much access to too much data", he said.

Leaders "lacked the competency to understand the scope of the problem, but, more importantly, their executive incentives led them to prioritise profits over security", he added.

Lawmakers also homed in on Zatko's allegations that foreign agents were able to get inside the company. Zatko said the FBI had told Twitter that at least one Chinese operative was on its payroll, but that it was struggling to log and track suspicious activity on its platform.

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

	Sep 13	Prev	%chg
S&P 500	3980.27	4110.41	-3.17
Nasdaq Composite	11770.58	12266.41	-4.04
Dow Jones Ind	31480.15	32381.34	-2.78
FTSEurofirst 300	1662.44	1686.54	-1.43
Euro Stoxx 50	3587.64	3646.51	-1.61
FTSE 100	7385.86	7473.03	-1.17
FTSE All-Share	4056.12	4108.19	-1.27
CAC 40	6245.69	6333.59	-1.39
Xetra Dax	13188.95	13402.27	-1.59

CURRENCIES

Pair	Sep 13	Prev	Pair	Sep 13	Prev
$/€	1.002	1.013	€/$	0.998	0.987
$/£	1.154	1.171	£/$	0.866	0.854
£/€	0.868	0.866	€/£	1.153	1.155
¥/$	144.235	142.375	¥/€	144.459	144.240
¥/£	166.505	166.657	£ index	77.677	77.274
SFr/€	0.962	0.964	SFr/£	1.109	1.114

CRYPTO

	Sep 13	Prev	%chg
Bitcoin ($)	20733.30	22399.24	-7.44

GOVERNMENT BONDS

Yield (%)	Sep 13	Prev	Chg
US 2 yr	3.75	3.55	0.19
US 10 yr	3.44	3.30	0.14
US 30 yr	3.55	3.45	0.10
UK 2 yr	3.17	3.09	0.08
UK 10 yr	3.16	3.08	0.08
UK 30 yr	3.49	3.45	0.04
JPN 2 yr	-0.08	-0.08	0.00
JPN 10 yr	0.24	0.25	-0.01
JPN 30 yr	1.22	1.28	-0.06

Dubai

Nikkei	28614.63	28542.11	0.25
Hang Seng	19326.86	19362.25	-0.18
MSCI World $	2719.01	2682.90	1.35
MSCI EM $	979.05	970.29	0.90
MSCI ACWI $	631.00	622.92	1.30
FT Wilshire 2500	5362.76	5306.45	1.06
FT Wilshire 5000	41886.59	41447.15	1.06

Ethereum	1592.59	1716.68	-7.23

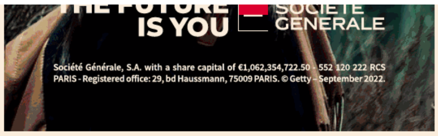
COMMODITIES

	Sep 13	Prev	%chg
Oil WTI $	86.44	87.78	-1.53
Oil Brent $	92.26	94.00	-1.85
Gold $	1726.40	1713.40	0.76

GER 2 yr	1.38	1.30	0.08
GER 10 yr	1.73	1.65	0.08
GER 30 yr	1.79	1.75	0.05

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company



INTERNATIONAL

Financing crisis

Serbia seeks support over debt costs

Belgrade given $1bn loan from UAE and urges IMF to help as interest rates rise

MARTON DUNAI — BUDAPEST
JONATHAN WHEATLEY — LONDON

Serbia has turned to the IMF and the United Arab Emirates for help in handling its soaring debt costs, in a move that highlights the impact of higher interest rates and the economic downturn on Europe's emerging markets.

The IMF yesterday confirmed that Belgrade had called for discussions on a so-called standby arrangement. Such a move would allow Serbia to draw on IMF support in the event that Belgrade could not sell its bonds to investors.

Authorities hope that having the fund's assurances in place will avert further rises in borrowing costs on international markets, which have more than tripled since early in the year from less than 2 per cent to more than 6 per cent.

"You don't want to have a standby arrangement with the IMF if you're a stable country but maybe it's better to eat humble pie now to make sure you are not refinancing at more than 6 per cent," said Tamara Basic Vasiljev, senior economist at Oxford Economics.

News of the IMF request comes after Abu Dhabi offered Serbia a $1bn loan at 3 per cent. "If we were to enter the financial market, it would cost us at least two-and-a-half times more," said Aleksandar Vučić, Serbia's president, on Monday, adding that Belgrade was facing "resistance by all investors, because it's mostly western financial investors".

Serbia is one of several countries in central and eastern Europe, including Hungary and Romania, that has seen its borrowing costs soar after the US Federal Reserve and the European Central Bank's sharp increases in interest rates.

Serbia's most liquid euro-denominated bond was trading with a yield of 6.3 per cent yesterday, compared with 1.8 per cent at the end of last year.

While financing costs have risen across Europe, riskier borrowers such as Serbia have seen yields soar at a far faster rate. The gap between Serbia's yields and those of Germany has widened, from 2.2 percentage points in January to just under 5 percentage points.

Credit rating agencies have warned Belgrade that its government and banking sector are exposed to funding risk owing to a high share of foreign currency loans. The outlook is becoming more downbeat. Its central bank believes a downturn in the eurozone, Serbia's biggest trading partner, is likely to weigh on growth, while the war in Ukraine has triggered a rise in inflation to 13.2 per cent in the year to August.

Serbia has also become more politically isolated from the rest of Europe since the onset of Russia's invasion after it refused to join western sanctions against Moscow. The European parliament in its June report on Serbia urged Belgrade to "reassess its economic co-operation with Russia".

> 'Maybe it's better to eat humble pie now to make sure you are not refinancing at more than 6 per cent'

Vučić, who was re-elected for a new term as president in April, insists on keeping diplomatic channels to Moscow open even as Serbia continues to angle for eventual EU membership.

Abu Dhabi is already a major investor in Serbia, with UAE companies holding a stake in the national airline and developing a $3.5bn project on the Danube riverfront in Belgrade.

Talks with the IMF will continue in coming weeks. The IMF and Belgrade will assess the situation and decide the size of overall financing needs as well as an appropriate response, the fund said. Serbia agreed a three-year, $1.2bn standby arrangement with the fund in February 2015 but did not draw on it.

Cinema. Pioneer's death

Film director Godard dies aged 91

'Breakout star' of France's New Wave movement hailed as inspiration for generations

LEILA ABBOUD — PARIS

French-Swiss director Jean-Luc Godard, who pioneered the Nouvelle Vague cinema movement with the 1960 film *À Bout de Souffle (Breathless)*, has died aged 91.

Godard died "peacefully" and "surrounded by those close to him" yesterday in his home in Rolle, Switzerland, his family and producers told Agence France-Presse.

Libération, the French newspaper that first reported the death, cited sources close to the family who said the director was not ill and had chosen to die with medical assistance as is permitted under Swiss law.

"He was a breakout star of French cinema," President Emmanuel Macron said in a tweet. "Then he became a master. Jean-Luc Godard, the most iconoclastic film-maker of the New Wave, invented an art that was resolutely modern and intensely free. We have lost a national treasure, the vision of a genius."

Critics have hailed Godard as one of the great postwar film directors who, during a particularly productive stretch in the 1960s, produced 15 features that challenged the visual style and narrative conventions of Hollywood. Hand-held cameras, jump cuts, and sometimes wandering dialogue became the trademark of Nouvelle Vague, a movement that influenced generations of filmmakers.

Godard was born in Paris in 1930, the son of a doctor and a banker's daughter. He was raised in Nyon, Switzerland, and returned to Paris for university. He started out as a film critic in the Latin Quarter where he and a group of friends that included future cinema greats such as François Truffaut and Éric Rohmer would watch several films a day. Godard wrote for the Cahiers du Cinéma journal that helped to shape the New Wave movement.

With *À Bout de Souffle*, his first film, Godard made a star of the actor Jean-Paul Belmondo, who played a criminal on the run, and furthered the career of the American actress Jean Seberg in the role of his girlfriend.

On the run: Jean-Paul Belmondo with Jean Seberg in a scene from 'À Bout de Souffle' directed by Jean-Luc Godard, below
Nana Productions/SIPA Shutterstock

Godard and his work were often radical and tinged with political ideas pulled from Marxism and anti-imperialism in vogue on the left in the 1960s and 1970s. Later in his career, he would criticise the ever-growing role of television, saying it was an inferior art.

"Cinema is a forgetting of reality," he told Le Monde in 2014.

He went on to make films throughout his life, and theorised and wrote about film history. In the eight-part video documentary *Histoire (s) du cinéma* released from 1988 to 1998, Godard created an impressionistic collage of quotes, interviews and sequences that showed his essence as a cinephile.

Godard influenced many filmmakers including Martin Scorsese and Quentin Tarantino. American director Jim Jarmusch said he had been inspired by *À Bout de Souffle* when he made the film *Stranger Than Paradise* to turn the constraints of having little money into an artistic advantage.

Figures from across the film business paid tribute to the director. Brigitte Bardot, the French actress who starred in Godard's 1953 film *Le Mépris (Contempt)*, posted a black-and-white photo of them walking down a set of stairs together. "By making *Contempt* and *Breathless*, Godard joined the firmament of the last great creators of stars," she said.

Antonio Banderas, the Spanish actor and director, tweeted: "Thank you monsieur Godard for expanding the boundaries of the language of cinema."

Calling Godard the "Picasso of cinema", Gilles Jacob, a critic who headed the Cannes film festival from 2001 to 2014, said the film world had been orphaned by the director's passing. "Ahead of his time, he played with words, images, sound, and colour," he said.

As a young man, Godard was no fan of the Cannes film festival, leading a march to disrupt the event to support the May 1968 student protests that were then raging in Paris. "We should be demolishing the structures of Cannes," he said, according to an AFP report at the time. "I'm talking to you about solidarity with the students and workers and you're talking to me about tracking shots and close-ups!"

Godard did go on to win awards at Cannes, for two of his late-career films, and also won an Oscar for his lifetime achievements.

Godard was married twice, to two actresses who appeared in his films — Anna Karina and Anne Wiazemsky — and is survived by his partner Anne-Marie Miéville.

GLOBAL INSIGHT

ROME

Amy Kazmin

Italy's rightwing 'frenemies' poised for turbulent coalition

In the photograph disseminated on social media, they look like a couple on a sun-drenched beach holiday — his arm is wrapped protectively around her shoulder, her head cocked demurely towards him.

But Matteo Salvini and Giorgia Meloni are in no intimate relationship. The two rightwing leaders are political "frenemies" working together in a joint quest for power in Italy's general election this month.

"We leave divisions, anger and controversy to the left. United, you win," Salvini said, sharing the seaside image on Twitter.

Polls suggest that the coalition between Meloni's Brothers of Italy, which has fascist roots, Salvini's far-right League and former prime minister Silvio Berlusconi's centre-right Forza Italia is on course for a decisive parliamentary victory over a fragmented opposition.

But the fraught relationship between Meloni and Salvini means stability and coherence are far from guaranteed if the coalition wins. Although they are eager to project a united front, many warn of turbulence ahead.

"It is not going to be an all-out War of the Roses between the League and the Brothers, but it will be a conflict of attrition," said Roberto D'Alimonte, a professor of political science at Rome's Luiss university. "They are competing even now, and they will compete even more after the election."

The two leaders have experienced dramatic changes of fortune in recent years. In 2018 parliamentary elections, the League won 17.6 per cent of the vote, finishing second behind the Five Star Movement. Meloni's party won just 4.3 per cent.

With Salvini enjoying a surge in popularity in 2019, the League won 34.4 per cent of the vote in European parliament elections, the highest of any Italian party. But his subsequent gambit to force snap elections by withdrawing from the ruling coalition with Five Star backfired. Instead, a new coalition was formed without him.

> Personal rivalry will not be the only problem. Policy differences are also increasingly visible

Meanwhile, Meloni's decision to remain out of Mario Draghi's national unity government, formed last year, allowed her to monopolise the opposition space and dramatically increase her visibility.

Surveys now show Brothers of Italy enjoys the support of 25 per cent of Italian voters, against just under 13 per cent for the League. Though the rightwing leaders have agreed that the largest party in their bloc would be entitled to nominate the prime minister, Salvini, campaigning with a logo reading "Salvini premier", may not easily reconcile to his status as a junior partner in a Meloni-led government.

Personal rivalry will not be the only problem. Policy differences are also increasingly visible. Meloni has criticised Russia's invasion of Ukraine from the start, expressing support for Nato and the EU's punitive measures against Russia.

Salvini, who has not hidden his admiration for Russian president Vladimir Putin, has bemoaned the social and economic costs Italy is bearing because of sanctions.

Fiscal discipline is another friction point. With Italians reeling from rising energy prices, Salvini has pushed for Draghi's caretaker government to undertake additional public borrowing to fund new measures to shield consumers. Meloni, meanwhile, has urged caution and prudence, citing Italy's huge public debt.

Such disputes are likely to become more apparent as a new administration confronts Italy's economic and geostrategic challenges.

Daniele Albertazzi, a politics professor at the University of Surrey, predicted that Salvini would seek opportunities to carp about the government, to rebuild his own position while stoking disaffection against Meloni.

"I do not think he can afford to let Meloni play the part of the successful rightwing leader," said Albertazzi. "He is going to spoil the party. He would have to show that he is nobody's poodle."

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Environment

EU delays cut in pesticide use citing crop output and price fears

ANDY BOUNDS — BRUSSELS

The EU is delaying plans to halve the use of pesticides over fears the move could cut food production and raise prices of critical products in the bloc.

The Sustainable Use of Pesticides regulation intends to halve chemical use by 2030. But an impact assessment found implementation would probably reduce output. Russia's war in Ukraine has

and say richer EU states can afford less harmful alternatives.

Poland has led a group of 10 states that have demanded exemptions to the law. Janusz Wojciechowski, the EU agriculture commissioner, is Polish.

Even countries usually more sympathetic to green measures argue that the move to cut usage when companies had yet to develop more sustainable replacements was irresponsible, said one EU

not do it overnight," the diplomat said. "The situation has changed since the green agenda was designed. It is not acceptable to cut production. We have to reform but this is not the way to do it."

Copa-Cogeca, the EU farmers' lobby group, is pushing for a host of green initiatives to be delayed or abandoned. It says farmers are already reducing the amount of crops they plant because of rising costs, mostly caused by soaring

a fall of 7 per cent compared with 2021. Imports from Ukraine and Russia have also fallen because of the war.

Christiane Lambert, co-president of Copa-Cogeca, said on Monday that the pesticide cut was "not realistic".

"We may not be able to meet consumption demand if we see some of those products being removed due to the directive," she said. "It is important that this decision should be taken based

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Representative, Anjali Mahindroo

output. Russia's war in Ukraine has increased energy costs for food producers and cut imports from those countries of grain and other produce.

The European Commission made the proposal in June but the Council of the EU, representing member states that must approve it along with the European parliament, is dragging its feet, said four people familiar with the issue.

"This is a toxic topic," said one. "In countries such as Spain if you impose a 50 per cent cut in the usage, you would have a major cut in output. Even inside the commission, there have been some indications of misgivings. We hope the council will torpedo it."

The regulation is particularly unpopular in eastern Europe, where countries generally use lower levels of pesticide

ments was irresponsible, said one EU diplomat.

"The time and the way to implement it has to be discussed. We need to ensure that there are alternatives and we can-

rising costs, mostly caused by soaring energy prices and drought conditions across much of Europe.

The group estimates that the EU grain harvest will be 269mn tonnes this year,

Pest control: a farmer sprays chemicals on a potato crop in the Somme department of northern France Hemis/Alamy

that this decision should be taken based on science, not politics."

The regulation also includes a ban on all chemical pesticides in areas such as public parks or gardens and other urban spaces.

The Czech Republic, which holds the rotating presidency of the EU, has said it would not find a compromise on the directive before year-end. "Discussion has only just started," said the EU diplomat. "It's a difficult file, which will take time and compromise but things are moving," said another.

"It is a priority but member states have a lot of comments so we have to go through all of them," said a third EU diplomat.

The commission declined to comment.

INTERNATIONAL

Ukraine steps up north-east counteroffensive

Forces battle for string of towns in Donbas region as Moscow troops retreat but Washington warns of tough fight ahead

ROMAN OLEARCHYK — KYIV

Ukraine's armed forces are battling for control of a string of towns in the Donbas region, as Kyiv's counteroffensive pushes east against Russian troops.

Serhiy Hayday, the exiled Ukrainian head of the Luhansk region, said yesterday that fierce battles were under way in Lyman, a town east of Izyum, a big military command post from which Russian forces fled days earlier.

The region, from Izyum to northern parts of Luhansk, had been used by Russia for months as a staging area for its push to capture the last corner of Donbas not yet under its control. If Kyiv retakes the area, it would make it all but impossible for Russia to encircle Ukrainian forces there.

"We are monitoring the situation in Lyman — the liberation of which is key for our region, fighting is still going on around the city," Hayday said in a Telegram post yesterday.

Ukrainian soldiers on Monday posted photographs of themselves in the nearby town of Svyatohirsk, claiming they had fully recaptured it.

Ukrainian military officials have said in recent days they have taken more than 3,000 sq km of terrain in what has become Moscow's biggest military setback since it was forced to scrap plans to conquer Kyiv. But late on Monday night, President Volodymyr Zelenskyy practically doubled those claims as Ukraine's forces continued to advance.

"From the beginning of September through today, our soldiers have already liberated more than 6,000 sq km of Ukrainian territory — in the east and south," he said. "The movement of our troops continues."

Serhiy Kuzan, a defence ministry adviser, said that after capturing Izyum and Kupyansk, the railway hub to its north, Ukrainian forces could sever a big supply line for Russian forces in the Luhansk towns of Severodonetsk and Lysychansk.

The capture of both towns — then the last Ukrainian-controlled cities in Luhansk — in the summer was a big symbolic victory for Moscow after months of grinding artillery battles.

Hayday suggested Russian troops had also started leaving the town of Kreminna, 25km north of Severodonetsk, but warned they had returned to the town of Svatove, which is further to the north, after initially fleeing.

> 'Our soldiers have already liberated more than 6,000 sq km . . . The movement of our troops continues'

Some western officials have been emboldened by Ukraine's progress, saying recent advances have bolstered the case for Nato countries and partners to provide Kyiv with lethal aid.

A senior US defence official said Washington and its allies were discussing Ukraine's longer-term needs, such as air defences, and whether it might be appropriate to give Kyiv fighter aircraft in the "medium to longer term". To date, the US and its allies have not done so.

Karine Jean-Pierre, White House press secretary, said the US and its allies had "worked to fulfil the Ukraine request for what they need to be successful on the battlefield — and that's what we're going to continue to do".

The US has already allocated much of the $40bn aid package for Ukraine that President Joe Biden signed into law in May, a package meant to last until the end of September. Biden has asked Congress for about $13bn more in assistance for the country, including lethal aid, and Washington is expected to announce another weapons package within days.

But Washington considers that Ukraine still faces a tough fight. US secretary of state Antony Blinken said that while Ukrainian forces had made "significant progress" in their counteroffensive, it was "too early to tell exactly where this is going".

The Russian defence ministry has acknowledged its troops have pulled back in the Kharkiv region, but authorities have avoided calling it a retreat.

Conflict in Europe. Retreat backlash

Kharkiv rout exposes Russia's military weakness

Pro-war pundits rail at Putin for reluctance to strengthen invasion force through call-up

BEN HALL — LONDON
POLINA IVANOVA — BERLIN

When Russian forces retreated from north-eastern Ukraine this past weekend, military bloggers and pro-war commentators knew what to blame: President Vladimir Putin's reluctance to conscript more soldiers.

Russia is fighting in Ukraine, "but we are doing it without engaging the HUGE CAPACITY of the RUSSIAN STATE!" Yuri Kotenok, a pro-war blogger, wrote on Telegram. "And you can't win doing things by halves."

Kotenok continued: "The state must be mobilised for war and for victory. That's the only way . . . Everyone must work, from the last man to the first man. Everyone must be focused on winning this war."

The retreat of Moscow's forces in north-eastern Ukraine has again exposed the weaknesses of the Russian military machine and its shortcomings in terms of manpower, morale, intelligence and command.

As when Ukrainian resistance forced the invading troops from Kyiv's outskirts in March, criticism of the Russian high command and of Putin's refusal to intensify the war effort with a general conscription has spilled into the open, with pro-war commentators and military bloggers venting their anger.

"We have to be honest, we've been defeated in the battle (full stop)," wrote Yuriy Podolyaka, a Crimea-based video blogger whose daily battlefield updates have garnered him a following of almost 2.4mn on Telegram.

"The current defeat in Kharkiv is the result of the fact that so far many in the defence ministry are trying to ignore the problems that were revealed during the first months of the war," Podolyaka said in a post on Saturday amid reports of Russia's retreat from the region.

Russian military bloggers, some of whom are embedded with frontline troops, raised the alarm about a build-up of Ukrainian forces north of Balakliia in late August. But Russian commanders appear to have not responded by bringing in reinforcements.

Under cover: Russian artillery in action at an undisclosed location in the Kherson region of southern Ukraine in a photo provided by Moscow Russian Defence Ministry press service/EPA/EFE

Source: Institute for the Study of War, AEI's Critical Threats Project, WorldPop, FT research Updated 8am GMT September 13

Mykola Bielieskov, research fellow at the National Institute for Strategic Studies in Kyiv, said Russia lacked the numbers for a multi-layered defence in the north-east after it redeployed troops to prepare for a Ukrainian counter-offensive in the south around Kherson. Once Ukrainian forces broke through around Balakliia, there was nothing to stop them surging forward.

Bielieskov estimates Russia has sent 200,000 to 250,000 troops to Ukraine. The US estimated last month that 70,000 to 80,000 of that force had been killed or wounded since the invasion on February 24. Moscow's troops, deployed along a 1,300km front line, are stretched too thin. By contrast, Ukraine now claims total armed forces of 1mn.

"The one thing [the counter-offensive] shows is that they're having trouble generating soldiers. They simply didn't have enough to hold the line," said Phillips O'Brien, professor of strategic studies at the University of St Andrews.

Russia's forces have also become weaker since their peak strength at the start of the invasion, O'Brien said, while Ukraine's are becoming stronger, adding trained troops and advanced western weaponry.

Putin maintains that Russia is conducting only a "special military operation", so unlike Ukraine, is not officially at war. As such, Moscow is not supposed to be deploying regular conscripts to the front and has instead sought to assemble volunteer battalions and relied on other forces, such as the Rosgvardia domestic militarised police force.

News outlets have reported that the Wagner mercenary group, which is also fighting in Ukraine, is recruiting in Russia's prisons and penal colonies.

"Russia lost the best parts of its army during the first weeks, and the remaining best parts are overexploited and exhausted," said Dimitri Minic, an expert on the Russian military at the French Institute of International Relations, a think-tank.

The problems do not end there, he said. "Things are going equally badly in terms of military material: Russia has already lost too much advanced military hardware and, contrary to the Ukrainian army, is condemned to increasingly use old and low-performance equipment of which it has vast quantities."

> 'Russia has already lost too much advanced military hardware'

The haste with which Russian troops in the Kharkiv region last week abandoned their positions and equipment, including tanks and caches of weapons, provides more evidence of low morale. The Institute for the Study of War said Ukraine had used its western-supplied long-range rockets, known as Himars, to degrade Russian supply lines.

Several bloggers embedded with Russian battalions in the east decried poor communications and the difficulties caused by the army's hierarchical, bureaucratic nature. Podolyaka, the Crimea-based video blogger, pinpointed a lack of co-ordination between Russian aviation and artillery.

But for pro-war commentators, the biggest issue remains the lack of Russian troops, even though many western commentators say it would take months to add trained soldiers on a large scale.

Mass conscription has been introduced only in the Russia-backed separatist areas of Donetsk and the Luhansk People's Republic. There, men have been sent to the front lines within days of being picked up by recruiters off the street. Several unit commanders have complained that they are leading men with no experience of war, that equipment is poor and morale is low.

Igor Girkin, a former Russian intelligence officer who led separatist forces in the conflict Moscow fomented in eastern Ukraine in 2014, has said the government is setting itself up for defeat by not going in for a full-blown war. On Monday, he shared a video from July in which Andrey Turchak, a senior Russian politician, visited the eastern Ukrainian city of Kupiansk, which had just been captured by Russian troops.

"Clearly, Russia is here forever," Turchak said, speaking to the camera.

Ukrainian forces recaptured Kupiansk last week.

Black Sea route

Kyiv and Kremlin urged to agree fertiliser deal

LAURA PITEL — ANKARA
HENRY FOY — BRUSSELS

If successful, such a deal would allow 2mn tonnes of the chemical component

tary setback Kyiv has inflicted on Russian forces will weigh on the talks.

Gas crisis

Germany sets up €67bn energy backstop

GUY CHAZAN — BERLIN

port to electricity producers, to avert what the Finnish economy minister

ministry granted the government the authority to borrow billions of euros for

The UN is pressing Russia and Ukraine to agree a deal on chemical exports through the Black Sea in a bid to ease global fertiliser prices and solidify Vladimir Putin's commitment to the current shipment agreement on grain.

Diplomats from the UN have called on Kyiv and Moscow to reopen a pipeline carrying ammonia, an ingredient in nitrate fertilisers, from Russia to Ukraine's Black Sea coast, said three people briefed on the talks.

Rebeca Grynspan, the UN official leading the task force, said: "Talks are moving in the right direction and every effort is being made by all parties at every level to ensure a positive outcome." The negotiations were continuing "urgently" with the aim of averting "a food crisis on a global scale".

The proposal is part of an agreement on food and fertiliser promised to Putin in exchange for backing a grain deal between Moscow and Kyiv in July. It would allow Russian ammonia to use the same sea corridor as almost 3mn tonnes of wheat, corn and other foodstuffs shipped from previously blockaded Ukrainian ports.

worth about $2.4bn at current prices, to be shipped each year from Russia, said people briefed on the talks.

Negotiators hope it could help assuage a global food crisis as well as bolster the existing deal on grain by giving Putin more of a stake in its success.

'Every effort is being made by all parties at every level to ensure a positive outcome'

Discussions have intensified in recent weeks.

The Kremlin and the Ukrainian governments did not immediately respond to requests for comment.

Putin criticised the grain deal last week, raising fears it could collapse. His complaints, in which he wrongly claimed most of the grain was not headed for poor countries, were echoed by Turkey's president Recep Tayyip Erdoğan, who helped to broker the grain deal. The two leaders are meeting in Samarkand, Uzbekistan, this week.

It is unclear whether the recent mili-

Russia was supplying 20 per cent of the world's seaborne cargos of ammonia before Moscow's invasion of Ukraine, according to research company ICIS.

Fertiliser prices have more than doubled in the past year, said the UN, partly because a pipeline linking Samara in south-west Russia and the Ukrainian port of Pivdennyi was halted in February. The pipeline used to carry about 2.3mn tonnes of ammonia a year, according to data provider Argus Media.

The UN is also seeking the release of 20,000 to 40,000 tonnes of ammonia from Pivdennyi, said two of the people.

Kyiv would benefit from revenues in the "high tens or low hundreds" of millions of dollars in transit and port fees, said one. The UN is also pushing Moscow to allow grain shipments from Mykolayiv, which has been under heavy Russian artillery fire and is close to a Ukrainian offensive around Kherson.

A sticking point is how to share the revenues, and whether to hold them in an escrow account until the war is over.

Additional reporting by James Politi in Washington, Emiko Terazono in London, Polina Ivanova in Berlin and Roman Olearchyk in Kyiv

Germany has repurposed a Covid-19 bailout fund to support struggling energy companies, amid concerns that soaring gas prices will trigger a wave of insolvencies across the European energy sector.

KfW, the state development bank, will be able to deploy €67bn in loan guarantees and liquidity assistance, according to officials, drawing on access to funds that were originally earmarked for companies hit by the pandemic.

Governments across Europe are under pressure to support their domestic energy companies after Russia's decision to suspend gas shipments through the Nord Stream 1 pipeline, which connects the country to Germany. The move, which followed EU and US sanctions on Russia after its invasion of Ukraine, has pushed up prices.

Many European energy firms have appealed to their governments to help protect them from default or failure. Earlier this month, Switzerland's largest renewable electricity producer Axpo and Finnish utility Fortum both secured big new state-backed credit lines.

Around the same time, Finland and Sweden unveiled €33bn in liquidity sup-

called "all the ingredients for the energy sector's version of Lehman Brothers".

The new German measure is not the first intervention by Chancellor Olaf Scholz's government to help gas importers forced to pay higher prices.

Uniper, the biggest casualty of the

Rescue effort: Olaf Scholz's government is fighting to stop companies falling into insolvency

energy crunch so far, has been granted a government bailout now totalling €19bn. Last week VNG, another big gas importer, also asked the government for help to stay afloat.

Scholz's government plans to use the "economic stabilisation fund" (WSF) that was set up in 2020 at the start of the pandemic to help companies pushed to the brink of insolvency by repeated lockdowns and other public health measures. It was the government's mechanism for bailing out Lufthansa after the airline failed in 2020.

During the pandemic, the finance

the WSF. This authorisation will now be transferred to the KfW to allow it to support the energy sector.

This "expands the [KfW]'s ability to provide stabilisation aid to energy suppliers", officials said. "We're talking about a minimally invasive measure which can be implemented quickly."

The KfW has emerged as one of the German government's main instruments in helping energy companies survive the gas crisis.

It is already providing them with funds to allow them to fill up gas storage ahead of the winter heating season and to build import infrastructure for liquefied natural gas (LNG).

It has also provided credit lines for energy companies faced with rising collateral demands.

Norwegian oil and gas group Equinor has estimated that European energy companies need at least €1.5tn to cover the extra collateral payments on their trades, known as margin calls.

Scholz's government is expected to approve the loan guarantee plan, which was first reported by the Handelsblatt newspaper, at a regular cabinet meeting today.

INTERNATIONAL

Military aid

US weighs impact of Taiwan security bill

Senate vote spurs debate on policy towards Taipei and the response of China

DEMETRI SEVASTOPULO — WASHINGTON

The US Senate foreign relations committee is poised to vote on a bill that would finance weapons exports to Taiwan for the first time and dramatically reshape relations with Taipei amid rising pressure from China.

The Taiwan Policy Act contains dozens of measures to boost Taiwanese security and deter a China attack. It would also force the White House to impose sanctions on big Chinese financial firms in response to any "escalating hostile actions in or against Taiwan".

The bill, to be voted on today, would provide Taiwan with $4.5bn in weapons and security assistance over the next four years — a change that goes far beyond existing policy under which Taiwan pays for arms approved for export by the US administration. The TPA would also create a $2bn loan facility to help Taiwan buy more weapons and make it eligible for a war reserve stockpile programme.

Coming on the heels of China's military exercises in response to House Speaker Nancy Pelosi's trip to Taipei last month, the bill has sparked debate in the US about how to support Taiwan. Its backers say the US must do more to help, while some worry that certain provisions will antagonise China yet do very little to secure Taiwan.

"If the bill passes in its current form, we're really in for a major crisis," said Bonnie Glaser, a China expert at the German Marshall Fund. "China will feel compelled to respond very strongly." Supporters such as Republican congressman Michael Gallagher said the TPA was long overdue. "The failure of deterrence in Ukraine shows that we cannot wait until the shooting has started to provide critical weapons to Taiwan," he said.

Robert Menendez, the Democratic head of the Senate foreign relations committee who co-sponsored the bill, has called it the "most comprehensive restructuring" of US policy towards Taipei since the 1979 Taiwan Relations Act, which requires Washington to provide Taiwan with weapons to maintain a "sufficient self-defence capability".

The Chinese embassy in Washington said the TPA would change the long-standing US "One China" policy and was "extremely egregious". Under the policy, the US recognises Beijing as the government of China and acknowledges — without endorsing — its view that Taiwan is part of China. "Once passed as law, it will have a subversive impact on China-US relations and send a gravely wrong signal to the 'Taiwan independence' separatist forces," said Liu Pengyu, the embassy spokesperson.

The bill would also amend the Taiwan Relations Act to say that Washington must provide weapons to Taiwan to help it implement a strategy "to deny and deter acts of aggression" by the People's Liberation Army.

The TPA includes several symbolic elements, such as formally designating Taiwan as a "major non-Nato ally". While US law already treats Taiwan as such, Glaser said China viewed a formal designation as akin to resurrecting the US-Taiwan mutual defence treaty that ended in 1979, when the US switched diplomatic recognition from Taipei to Beijing. The bill would also let Taiwan rename its de facto embassy in Washington, the Taipei Economic and Cultural Representative Office, as the Taiwan Representative Office.

Jessica Drun, non-resident fellow at the Atlantic Council, said the symbolic parts of the bill "may do more harm than good, especially if they are viewed [by China] as a further 'hollowing out' of existing US policy towards Taiwan".

Monarchy. Diplomacy

Charles faces Commonwealth test at funeral

King to meet leaders of countries that question the institution's relevance

WILLIAM WALLIS AND JAMES BLITZ
LONDON

Old ties: the then Prince Charles meets well-wishers in the Cayman Islands in 2019. The future of the Commonwealth has come into fresh focus with his ascension to the throne
Phil Noble/PA

King Charles faces a delicate task ahead of his mother's funeral stewarding leaders of the 56-member Commonwealth who have questions about the future of the organisation on their mind.

The Commonwealth has evolved and expanded since its creation from the ashes of the British empire, and has been held together in part by Queen Elizabeth, who saw sustaining the organisation as a central part of her role.

But King Charles comes to the throne and becomes head of the organisation at a time when critics say it has lost some of its sense of purpose, with Britain's influence in the world in decline and republican voices strengthening in some of the 14 member states that have the British monarch as head of state.

While expressions of sympathy from Commonwealth states have poured in since the Queen's death, opinion within them is divided over what the organisation stands for and what the role of a British hereditary monarch should be on a global platform in the 21st century.

"There is this whole question of 'what does it do for us?'" said an African official who has been involved with the Commonwealth for years. "It doesn't give aid. It no longer provides scholarships. We are not sitting around discussing democracy in Zimbabwe. The one thing younger people do see is the Commonwealth Games."

For King Charles to consolidate his own role in the organisation, the official added, he would have to spend time with its leaders, in particular those from smaller states such as Fiji or Lesotho, for whom the association helps amplify their voices on the international stage.

"The Queen always seemed to make a point of it. If a leader was in town it was either an official visit or she would have them to tea," he said. "It remains to be seen how much priority King Charles will be giving it."

Before his mother's death, the then Prince of Wales told Commonwealth

look forward to their deepening in the years ahead". When Elizabeth came to the throne in 1952, the Commonwealth in its current form had been in existence for only three years. It brought together the former nations of the empire as London was pressing ahead with decolonisation. In the decades since, the organisation has strengthened links between member countries and offered practical diplomatic and economic support, from election monitoring to promoting security co-operation.

Although the Queen was careful not to interfere in political matters in Britain, she at times used her influence on issues relating to the Commonwealth.

According to one of her biographers, Ben Pimlott, she played an important behind-the-scenes role during the 1979 Commonwealth summit in Lusaka, bringing together Margaret Thatcher, then the new prime minister, with southern African leaders. The meeting was a precursor to the Lancaster House

Philip Murphy, professor of British and Commonwealth history at the University of London, has also documented the Queen's strong opposition to Britain's commercial dealings with South Africa during the apartheid era. She was said to be disturbed by Thatcher's hostility to sanctions in the 1980s.

"I don't think anyone can command the respect that the Queen did in the Commonwealth and beyond," said Richard Uku, former director of communications at the Commonwealth secretariat and a national of Nigeria, Trinidad and Tobago and Britain. "(King Charles) has other interests but I think he also has a deep understanding and appreciation of what his mother has put into the Commonwealth to sustain it."

In her final years, the Queen was determined that her heir should also succeed her as Commonwealth head, despite scepticism from some of its leaders who felt the role should rotate in future. Charles gradually became more

'It remains to be seen how much priority King Charles will be giving it'

from the Queen at a summit in 2018.

He takes over with some of the ties that held the organisation together fraying, particularly in the Caribbean. In July, he told Commonwealth leaders in Rwanda that it was up to each member to decide whether to keep the monarch as head of state, adding that "arrangements such as these can change, calmly and without rancour".

Barbados last year elected to become a republic and soon after Prince William and his wife, Catherine Middleton, had a difficult tour of the region, facing calls for slavery reparations.

On Friday, one Jamaican newspaper suggested the Queen's death the previous day would make it easier to "break with the monarchy".

Helen Clark, the former prime minister of New Zealand, was more hopeful. "King Charles has also travelled very widely in the Commonwealth and I think it will be a priority for him also to be out and about renewing the ties in his

Environment

Congress poised for battle over energy project approvals

AIME WILLIAMS — WASHINGTON

A US push to speed up environmental reviews for power lines, gas pipelines and other energy infrastructure is running into resistance in Congress, with some lawmakers wary of enabling fossil fuel production even if legislation also supports a cleaner power grid.

Democratic Senator Joe Manchin extracted a pledge to reform energy permitting in return for his vote for his party's $700bn climate and tax law passed last month. Congress is likely to debate the reforms this month.

The pace of review under US environmental laws, and litigation that often follows, has long frustrated oil and gas pipeline companies. A government survey found that between 2010 and 2018, the median time to complete a federal environmental review was 3.5 years.

But regulatory obstacles also irk developers of carbon-free power sources such as solar and wind farms. Projects such as new long-distance transmission lines are critical for delivering their electricity to markets.

Manchin's published wish list includes a maximum two-year permitting review for big projects, a statute of limitations for court challenges to regulatory approvals and enhanced federal permitting authority for interstate power lines, which require the assent of a patchwork of states in their path.

Clean-energy advocates say there is a dire need to reform the way power lines are permitted. Gregory Wetstone, chief executive of the American Council on Renewable Energy, compared the construction of interstate power lines with the building of the interstate highway system decades ago.

"We don't have that ability to build an interstate transmission line. If this is how we tried to build our highway system in the 50s, we would have 50 different road systems that cannot connect to one another," said Wetstone. "It doesn't work."

The National Environmental Policy Act, passed in 1970, imposed rigorous reviews of the impact of highways and other big infrastructure projects under federal purview.

Climate advocates worry that the early proposal offered by Manchin and Chuck Schumer, the Senate majority leader, will also fast-track oil and gas projects that add to carbon emissions.

A leaked copy of draft legislation that has been circulating among climate groups, seen by the Financial Times, specifies that president Joe Biden would need to pick five fossil fuel projects to expedite as part of the bill.

"This bill is a travesty," said Kassie Siegel, director of the Climate Law Institute at the Center for Biological Diversity. "The purpose of this legislation is to benefit the fossil fuel industry."

Climate campaigners opposed the two-year limit on reviews and amendments to reviews of projects under the Clean Water Act, which states and environmental groups have used to stop energy infrastructure.

In the Senate, the leftwing Bernie Sanders of Vermont last week railed against what he called Manchin's "side deal," calling it a "huge giveaway to Big leaders he treasured "the friendships we have built over these past 70 years, and

accord that led to Rhodesia achieving independence as Zimbabwe.

active in the organisation and his succession was endorsed after pleading

new capacity . . . he will bring his own touch to it," she told the BBC.

Oil to drill, produce and sell more fossil fuels".

Contracts & Tenders

Philanthropy

Gates warns of war's toll on foreign aid and green goals

ANDREW EDGECLIFFE-JOHNSON — NEW YORK
SARAH NEVILLE — LONDON

The Ukraine war is straining Europe's commitment to international aid and climate action, said Bill Gates, warning the world is on track to miss most of the UN Sustainable Development Goals its leaders committed to meet by 2030.

"This is the toughest set of challenges global development has faced," said the co-chair of the world's largest private philanthropic organisation. He hoped Liz Truss's new UK government would not cut the overseas aid budget further.

EU countries contribute almost half of all official development assistance. Gates said the costs of donor countries' pandemic response had made the politics of aid harder, but "the Ukraine war, I'd say, is even worse" because of Europe's outsized spending in areas from food security to gender equality.

The war was stretching their budgets with defence, refugee and shipping costs and electricity subsidies.

As deadlines near to replenish the Aids, malaria and TB-fighting Global Fund, and the Global Polio Eradication Initiative, "our goal is . . . to highlight that these budgets shouldn't be cut if at all possible".

The UK, the biggest donor to the Gavi vaccine alliance, cut overseas aid spending from 0.7 per cent of gross national income to 0.5 per cent in 2020, citing the Covid-19 crisis. Rishi Sunak, then chancellor, said last year that the cut would be reversed in 2024-25.

"In the near term we're not going to get an increase back to 0.7 [per cent], but we're hoping to maintain the 0.5 per cent," Gates said.

In 2015, almost 200 countries signed up to UN targets to address hunger and climate change. In their annual progress report yesterday, Gates and Melinda French Gates, his ex-wife, said: "Seven years in, the world is on track to achieve almost none of the goals." As matters stood, "we'd need to speed up the pace of our progress five times faster to meet most of our goals", they added.

Pandemic

WHO says 17mn people in Europe suffered long Covid

JAMIE SMYTH — NEW YORK

At least 17mn people in Europe experienced long Covid during the first two years of the pandemic, World Health Organization modelling suggests, highlighting the scale of the public health challenges posed by a condition that encompasses cognitive problems, fatigue and shortness of breath.

The modelling, based on data compiled by researchers at the University of Washington, also showed women were twice as likely as men to experience the condition, which is typically defined as symptoms experienced for 12 weeks or more after a Covid-19 diagnosis.

Researchers found a three-fold rise in new long Covid cases identified between 2020 and 2021. The findings, published yesterday, suggest the rise was driven by a surge in Covid infections in late 2020 and throughout this year.

"In the first two years of the pandemic, at least 17 million individuals across the 53 member states of the WHO European region may have experienced post COVID-19 condition, also known as long Covid," the WHO said. The modelling, conducted by the Institute for Health Metrics and Evaluation at the University of Washington, represents estimates rather than actual numbers.

Long Covid is a broad term covering symptoms that IHME researchers divided into three groups: fatigue with bodily pain and mood swings, cognitive problems and shortness of breath. The modelling suggests almost 145mn people around the world suffered from any of the three main long Covid symptoms in 2020 and 2021, according to Christopher Murray, IHME director.

Dr Hans Henri P Kluge, WHO regional director for Europe, said the new data highlight the urgent need for more analysis, investment and support.

"Millions . . . are suffering debilitating symptoms many months after their initial Covid-19 infection," said Dr Kluge. "They cannot continue to suffer in silence. Governments and health partners must collaborate to find solutions based on research and evidence."

Tighter corner There are fears the Fed's unwinding of bond purchases could destabilise the Treasuries market ➔ MARKETS

Companies & Markets

Nikola founder pumped stock, prosecutors say in fraud trial

- Milton made 'false' claims, court told
- Trucks entrepreneur denies charges

CLAIRE BUSHEY — CHICAGO
ORTENCA ALIAJ — NEW YORK

Trevor Milton, the founder of Nikola, masterminded a scheme to cheat investors by driving up his electric vehicle company's shares, prosecutors alleged at the start of his trial on criminal fraud charges.

Nikola's former chief executive sat in a grey suit during opening arguments in Manhattan yesterday, as assistant United States attorney Nicolas Roos told jurors that he had lied to "innocent investors" and become a billionaire overnight by doing so.

The battery-powered truck company had been a darling of investors, with a valuation of $30bn that briefly surpassed that of Ford Motors. Its stock price began to plummet in September 2020 after Hindenburg Research, a short selling group, issued a report claiming that Nikola was an "intricate fraud".

> Milton was accused of promulgating lies on platforms where he knew investors were listening

Milton, who resigned as executive chair and chief of the Arizona manufacturer two years ago, is charged with four counts of fraud. He is accused of misleading investors as he touted Nikola on Twitter and in interviews, driving the value of his own shares from $844mn when the New York-listed company

"Trevor Milton was committing securities fraud and wire fraud to pump his company's stock so he could get rich," Roos said.

Roos set the tone for how prosecutors will try the case, repeatedly accusing Milton of lying about his company's capabilities and purposefully promulgating the lies on platforms where he knew ordinary investors were listening.

The prosecutor said Milton had made multiple "false and misleading statements". He had said that customers had placed binding orders worth billions in revenue, rather than reversible reservations, and that Nikola had developed batteries and other components when it was buying them from suppliers.

Jurors were told about a now-notorious marketing video for an early Nikola prototype that appeared to be driving forward but in fact lacked a propulsion system and was rolling downhill.

Nikola agreed in December to pay a $125mn penalty to settle a civil fraud case brought by the US Securities and Exchange Commission. The company neither admitted or denied wrongdoing.

Marc Mukasey, an attorney for Milton, called the lawsuit "prosecution by distortion," as a definition of the word was projected to the room.

He highlighted that Milton had hired "the best and the brightest" to work at Nikola as well as "great accountants" EY, all of whom shared his belief and faith in the company.

Without naming Hindenburg Research, Mukasey said the company had been attacked by a report that was

War chest UBS to raise dividend and share buyback after dropping Wealthfront deal

Investor uplift: UBS says it is likely to upgrade its share repurchases and dividend — Jose Cendon/Bloomberg

OWEN WALKER
EUROPEAN BANKING CORRESPONDENT

UBS has proposed raising its dividend and buying back more shares just days after scrapping a $1.4bn acquisition of US financial technology company Wealthfront.

The Swiss lender said yesterday it would seek approval from shareholders to increase its ordinary dividend for 2022 to $0.55 a share, a 10 per cent increase from last year.

The bank also said it planned to exceed its goal of buying back $5bn of shares this year, having already bought more than $4.1bn in 2022.

a deal for Wealthfront, which would have been its biggest acquisition since the financial crisis.

The bank did not provide an explanation for terminating the deal for Wealthfront, a robo-adviser with close to 500,000 customers and $27bn of assets under management.

A person close to the deal said a significant factor in its decision was the steep drop in valuations for tech companies. A Financial Times analysis this summer revealed that recently listed fintechs had fallen an average of more than 50 per cent since the start of the year, compared with a 29 per cent drop in the Nasdaq Composite.

by UBS as part of chief executive Ralph Hamers' strategy to focus on the US mass affluent market, targeting clients with $250,000—$2mn of assets. The fintech would also have brought a high number of millennials and Generation Z customers — a traditionally hard group to attract for wealth managers.

Analysts had welcomed the termination of the Wealthfront deal as they had grown frustrated at the lack of disclosed financial information from the fintech, making the merits of the deal hard to quantify.

"Given the fall in fintech valuations year to date and better alternatives to

JPMorgan warns of slide in investment banking fees

JOSHUA FRANKLIN — NEW YORK

JPMorgan Chase's third-quarter investment banking revenues could be as much as 50 per cent down on last year's, one of the bank's most senior executives warned yesterday.

Speaking at an industry conference, JPMorgan president and head of the corporate and investment bank Daniel Pinto said he expected third-quarter investment banking fees to be down 45-50 per cent on the $3.3bn achieved a year earlier, having fallen 44 per cent in the first six months of 2022. The bank will announce its results on October 14.

The gloomy forecast for the largest US bank by assets underscores the anxiety on Wall Street over a dealmaking slowdown amid economic uncertainty, war in Ukraine and unsupportive debt markets for leveraged buyouts.

The slump in fees follows a blockbuster 2021 and has raised the spectre of lower bonuses and potential lay-offs on Wall Street. Goldman Sachs is planning to start a job-cutting programme in the coming weeks.

Pinto said JPMorgan would "adjust over time to whatever we believe is a medium-term structure needed, and overall banking business size needed, to cater to that wallet size".

"You need to be very careful when you have a bit of a downturn, to start cutting bankers here and there, because you will hurt the possibility for growth going forward," Pinto said. "So if anything in an environment like this, there may be some very, very top bankers that you could not access or hire in the past and now they're available to be hired."

Given that the bulk of pay is made up of performance-based remuneration, Pinto said the bank can "adjust not just letting people go, you can adjust by reducing comp[ensation]".

He added that JPMorgan's trading business, which has benefited this year from volatile equity, credit and commodity markets, was on track to be up about 5 per cent year on year in the current quarter. In the first six months of the year, trading revenue was up 4 per cent year on year.

went public to $8.5bn at their peak. Milton has pleaded not guilty.

With one of the fraud charges, prosecutors alleged that Milton misrepresented the value of Nikola's stock when he used it to help buy a ranch in Utah. The property was one of two he later used to post a $100mn bond in court.

intended to "short and distort" and called it a "hit job".

That basis of the defence's argument appeared to be that all material information about the company was publicly available to investors both on the US Securities and Exchange Commission's website and Nikola's own page.

we will provide guidance on next year's capital return at our fourth-quarter earnings presentation and expect to continue to have share repurchases and a progressive dividend," UBS said in a statement.

The pledge to lift shareholder returns comes after UBS pulled out of

In announcing the collapse of the deal early this month, Wealthfront chief executive David Fortunato said the two companies were still exploring ways to work together and that UBS had given his company $70mn in financing at a $1.4bn valuation.

The Wealthfront deal was described

use this $1.4bn of capital, we think it'll be positively received by investors, though the lack of clarity around the reason for this cancellation is unhelpful," said Jefferies analyst Flora Bocahut after the deal was scrapped.

UBS shares rose 1 per cent in early trading yesterday.

Pinto also said rate rises by the Federal Reserve, increasing loan demand and higher revolving balances at its cards business would boost lending activity more than the bank had anticipated. JPMorgan's latest guidance for full-year net interest income, excluding its trading business, was $58bn-plus.

Paytm's IPO debacle has helped to fuel a reversal for Indian tech

INSIDE BUSINESS
ASIA

Benjamin Parkin

It has been a humbling year for a new crop of Indian tech groups and for Vijay Shekhar Sharma, the billionaire founder of flagship fintech group Paytm, in particular.

Paytm has become a focal point for many investor frustrations with the cohort of companies that has joined the stock market in the past 18 months.

Its listing in November was a debacle with shares plunging after debut, sending its market value from $20bn at the initial public offering pricing to current levels of about $6bn. The group has bled financially with losses nearly doubling to Rs6.4bn ($81mn) in the quarter ending in June from a year earlier. And it has faced regulators' scrutiny, while law enforcement officials this month searched Paytm offices in a probe of illicit Chinese loan providers. (Paytm denies impropriety, saying the searches were related to independent parties.)

Investor discontent with the company prompted proxy advisers last month to recommend that shareholders vote against reappointing Sharma chief executive and against his pay package, arguing that he has consistently failed to fulfil pledges to become profitable.

One of the proxy advisers, Institutional Investor Advisory Services (IIAS), noted that Sharma's annual remuneration of Rs8bn ($101mn) was higher than all chief executives of companies in the Bombay Stock Exchange's Sensex index and that the lack of disclosure on the vesting of share options displayed "no alignment with the interests of shareholders".

Sharma survived the votes, thanks in part to the help of longtime investors such as SoftBank and Alibaba, which along with the founder hold most of the equity. But in a sign of the extent of the concerns of other shareholders, the majority of public institutions voted against his pay.

Sharma defended his company, reiterating that Paytm was building world-class technology. But the experience should be a wake-up call for India's listed tech companies. Since Paytm went public to much fanfare last year, investors are growing tired of inconsistent messages and struggles to turn a profit.

> While the stocks are partly victims of the global rout, the sell-off has fed unease over business models and management styles

Last year's new-age IPOs marked a historic moment for Indian tech. The start-up sector thrived, with billions of dollars pouring in from foreign venture capitalists drawn to India's tech talent and large, upwardly mobile population.

The first opportunity for the wider public to participate in that growth was the listing in July 2021 of Zomato, a food delivery group. Its shares doubled from their issue price in the months after, with co-founder Deepinder Goyal telling investors he hoped the IPO "inspires millions of Indians to dream bigger". Beauty ecommerce group Nykaa and SoftBank-backed insurance aggregator Policybazaar followed with listings.

But Paytm's IPO helped trigger a big reversal. Investors baulked at its high valuation and questioned whether the group had a meaningful edge over its digital payment competitors. The global environment also soon turned and India's tech stocks are now trading at steep discounts, with Zomato down 60 per cent from its November high. While the stocks are partly victims of the global tech rout, the sell-off has exacerbated unease over the companies' business models and management styles.

Zomato, for example, has struggled with challenging unit economics and slowing user growth. The approach of the group — which plans to restructure and rebrand its parent group as "Eternal" — to transparency also unnerved analysts, with management initially declining to do quarterly earnings calls before reversing course after a backlash.

But there have been some improvements in the sector, with Zomato reporting higher revenues and smaller losses in its June quarter earnings. But Amit Tandon, IIAS's co-founder, points to a concerning divide between founders and their private equity backers on the one hand and public investors on the other. "The governance standards for a lot of these public-market investors are higher than what we see in the private equity space," he said. Even as newcomers vote for change, private equity firms seem "happy to keep the founder who helped them make so much money humoured".

Despite surviving the votes, Sharma cannot get too comfortable. He now says Paytm will become "operationally" profitable by September 2023. While he and his allies remain in control, the end of a shareholder lock-in period in November could lead to more outside investors coming in. They may prove less forgiving if he fails to meet the target again.

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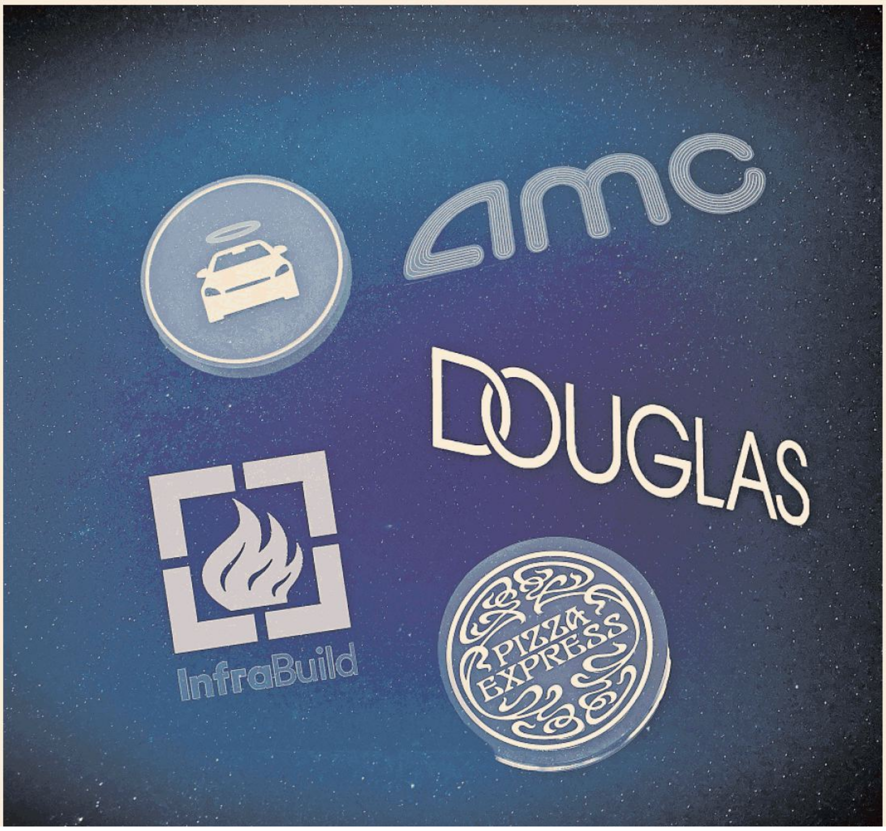
DEBT MONSTERS

Rising rates pose danger for hundreds of debt-laden businesses

Investors are fretting over issuers with 1,000bp spreads over sovereign bonds



FT Reporters
Data, design and visualisation by Carolina

Vargas and Patrick Mathurin

Rock-bottom interest rates have long allowed companies to paper over cracks in their business models.

As central banks raise rates to tame surging inflation, scores of debt-laden companies suddenly face the uncomfortable prospect of trying to service higher interest bills with crimped cash flows.

To assemble our list of debt monsters, we chose a market metric: companies with debt trading more than 10 percentage points (1,000 basis points) above government bonds, drawn from Ice's Global High Yield index.

Although this does not capture companies turning to private debt markets or bank loans, it produces a diverse range of 207 companies whose bond spreads are flashing a red warning signal. The top is dominated by Chinese property companies, which until recently had seemed to defy the laws of financial gravity.

But the disparate group shows just how widespread corporate distress has become in 2022, taking in a French supermarket chain, an Irish aircraft lessor, an Indian miner, a Belgian toilet maker and Britain's largest chicken producer. We have chosen to examine in more detail a sample of 35 companies from the list.

Bond investors are professional worriers and in uncertain times the market can reflect their darkest thoughts. Plenty of companies on the list have defied previous prophecies of doom, while many have already pushed out the day their debt comes due far into the future.

Consider this as a tour of businesses that debt markets are fretting over, rather than a collection of condemned companies.
Robert Smith and Tom Braithwaite

Communication services

Digicel
Spread over government bonds (bp): 2,058
Sector: Telecoms
Headquarters: Jamaica

Founded in 2001 by Irish billionaire Denis O'Brien, Digicel faces a "significant refinancing risk", on debt due next March, according to Fitch.

The telecoms group sold its Pacific business to Australia's Telstra in a $1.6bn deal and will use the proceeds to pay off a chunk of its debt. But the cash will not stretch to all of the 2023 obligations; a "coercive exchange" may loom for bondholders who have already endured two bruising restructurings.
Jude Webber

Gannett
Spread over government bonds (bp): 1,080
Sector: Printing & publishing
Headquarters: US

The largest newspaper publishing company in the US, Gannett's earnings dropped more than half in the second quarter, with revenues falling and the costs of labour, print and fuel increasing.

The owner of USA Today is cutting jobs and closing newspapers as it searches for a sustainable structure.
Abby Wallace

Ligado Networks
Spread over government bonds (bp): 7,874
Sector: Telecoms
Headquarters: US

Ligado Networks was born out of the bankruptcy of billionaire hedge fund manager Philip Falcone's telecoms group LightSquared. It holds some useful radio spectrum for 5G mobile networks and a commercial mobile satellite. The heavily indebted company's revenues have declined as its debt load has swollen. In 2020, the company issued a $1bn three-and-a-half year bond with a 17.5 per cent coupon, the highest interest rate on a corporate bond since 2011.
Anna Gross

Consumer discretionary

Bed Bath & Beyond
Spread over government bonds (bp): 5,464
Sector: Specialty retail
Headquarters: US

The US retailer has recorded net losses and declining sales for each of the past four years. In June the board ousted chief executive Mark Tritton, but it ended its latest quarter with just $100mn of free cash on hand, just as consumer demand is weakening. Chief financial officer Gustavo Arnal died by suicide in a fall from a Manhattan skyscraper this month.
Ben Glickman

Carvana
Spread over government bonds (bp): 1,244
Sector: Specialty retail
Headquarters: US

The promise of buying a used car online, without the hassle and haggling, has spawned several new businesses. Carvana, one of the earliest and the largest in the US, rode an initial wave of investor excitement during the pandemic that propelled its stock price. But carmakers are increasingly moving to control their own used vehicles, especially with battery cars, and Carvana faces questions about cost control.
Peter Campbell

Douglas
Spread over government bonds (bp): 1,055
Sector: Specialty retail
Headquarters: Germany

At first glance Douglas (pronounced doo-glass) appears to have refinanced in the nick of time, issuing €1.3bn of five-year bonds and agreeing a €600mn term loan in March 2021. But the Düsseldorf-based beauty products retailer, owned by CVC, is vulnerable to cost inflation and customers' squeezed wallets just as it transitions further towards ecommerce. It also has €475mn of expensive payment-in-kind debt outstanding.
Jonathan Eley

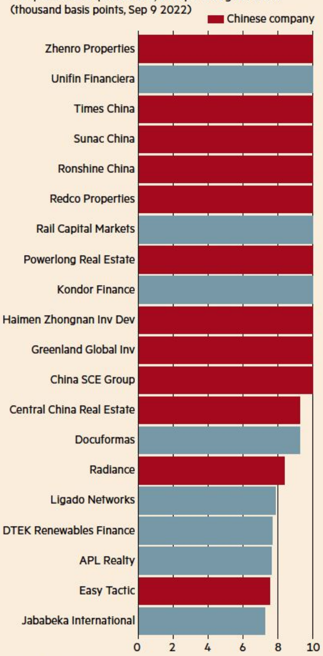
Liberty Interactive
Spread over government bonds (bp): 1,018
Sector: Specialty retail
Headquarters: US

Liberty Interactive is part of the Qurate Retail Group, the John Malone-backed owner of home shopping channels such as QVC and HSN. Along with the economic slowdown and decline of traditional television, a fire tore through one of its main warehouses in Rocky Mount, North Carolina. To steady its performance, Qurate in June unveiled Project Athens, a three-year turnround plan to reverse revenue declines, and has sold and leased back some properties to pay down debts.
Alex Barker

MGM China
Spread over government bonds (bp): 1,141
Sector: Gaming
Headquarters: Macau

With its Macau properties hit by Beijing's zero-Covid isolationism, MGM China's casinos have been cash-starved, out of reach for both overseas and mainland gamblers. On top of that, Beijing has chosen their moment of pain to unleash a broad crackdown on the sector, undermining the ability to attract high rollers and demanding they hold 5bn patacas ($618mn) in cash to qualify for new 10-year licences.
Primrose Riordan

Indebted companies with elevated bond yields
Companies with spreads at 1,000bp+ over govt bonds (thousand basis points, Sep 9 2022)



Source: Bloomberg

Party City
Spread over government bonds (bp): 1,917
Sector: Specialty retail
Headquarters: US

The balloons and costumes retailer suffered heavy losses in 2020 due to Covid-cancelled celebrations. It was able to refinance debt in early 2021 so that most of its $1.4bn in loans does not come due until 2025 and 2026. The company expects to generate more cash flow before then, but costs for everything from workers to helium have been rising as consumer spending has wavered.
Ben Glickman

Very
Spread over government bonds (bp): 1,270
Sector: Specialty retail
Headquarters: UK

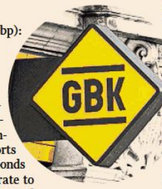
Very Group, owned by the Barclay family, sells general merchandise online to poorer UK consumers. High-cost credit supports about four-fifths of sales but the bonds that fund those loans are separate to those of the group. Very refinanced £575mn of debt last year but rating agencies consider its liquidity tight and market conditions are worsening. An initial public offering, mooted in 2021, looks unlikely given the state of equity markets.
Jonathan Eley

PizzaExpress (Wheel Bidco)
Spread over government bonds (bp): 1,004
Sector: Restaurants
Headquarters: UK

PizzaExpress, which was founded in Soho in 1965 by the late Peter Boizot, was taken over by its bondholders through a debt-for-equity swap in 2020 after Chinese private equity group Hony Capital failed to find a buyer. Under the deal, the senior secured debt was reduced to £335mn, alongside a new facility to support the business. The company's resulting voluntary arrangement led to the closure of dozens of restaurants and the loss of up to 1,100 jobs.
Dan Thomas

Wynn Macau
Spread over government bonds (bp): 1,087
Sector: Gaming
Headquarters: Macau

While "VIP" gaming had been softening over the years, it was still a big earner for Wynn Macau compared with some of its competitors. Covid shutdowns produced a grim situation, with ballooning losses just as the casino needs cash to keep paying staff and comply with new laws forcing operators to hold large reserves. In June it was forced to borrow $500mn from US parent Wynn Resorts, fuelling speculation that casinos were struggling to secure bank financing.
Primrose Riordan



Bigger burdens: warning signals are flashing for more than 200 businesses including PizzaExpress, Iceland, Boparan unit Gourmet Burger Kitchen, QVC owner Liberty Interactive and Bed Bath & Beyond — FT montage

Consumer staples

Asda (Bellis Finco)
Spread over government bonds (bp): 1,112
Sector: Food & drug retailers
Headquarters: UK

February's £2.75bn refinancing of supermarket chain Asda after its takeover was the UK's largest — and possibly best-timed — high-yield issue. Its owner locked in low rates on five-year debt and although Asda has since lost some market share, the below-par price of bonds is more a reaction to the travails of rival Wm Morrison, whose banks are struggling to refinance an even more highly leveraged takeover. *Jonathan Eley*

Casino Guichard-Perrachon
Spread over government bonds (bp): 2,994
Sector: Food & drug retailers
Headquarters: France

Jean-Charles Naouri put Rallye, the holding company via which he controls food retailer Casino, into restructuring in 2019, buying time to save his operations by selling assets and renegotiating with creditors. The pandemic made it harder to carry out deleveraging but the court extended a payment deadline by two years to 2025. Naouri, who has a reputation as a savvy financier, looks to have weathered another crisis — for now.
Leila Abboud

Iceland
Spread over government bonds (bp): 1,233
Sector: Food & drug retailers
Headquarters: UK

UK frozen food retailer Iceland has operated with debt of about five times underlying profit since the founding Walker family reacquired control through a buyout in 2012. But the reliability of its cash flow and ability to refinance — most recently in February 2021 — have kept it out of trouble. Consumer spending and profit margins are now under pressure but the next maturity, a chunky £550mn, is not until 2025.
Jonathan Eley

Rite Aid
Spread over government bonds (bp): 1,062
Sector: Food & drug retailers
Headquarters: US

The lossmaking US pharmacy chain, which lacks the scale of CVS and Walgreens, was struggling under $3bn of debt at the end of its latest quarter. Chief executive Heyward Donigan has spearheaded turnround efforts, closing stores and cutting costs. Rite Aid this year bought back $194mn of debt coming due in 2025, but S&P Global, which rates the bonds CCC+, deemed the below-par purchase a distressed exchange. *Andrew Edgecliffe-Johnson*

DEBT MONSTERS

Energy

Petrofac
Spread over government bonds (bp): 1,348
Sector: Oil services
Headquarters: UK

The launch of a corruption probe into Petrofac's activities in 2017 triggered a tumultuous five years for the group. Petrofac agreed to pay $95mn in penalties as part of a plea deal in October 2021 but the Serious Fraud Office investigation had, meanwhile, hampered its ability to win contracts. Net debt more than doubled in the first half of 2022, in part due to payment of the SFO penalty.
Nathalie Thomas

Transocean
Spread over government bonds (bp): 1,070
Sector: Oil services
Headquarters: US

One of the world's largest offshore oil platform operators, Transocean has been hammered by the sharp slowdown in investment in new deepwater oil and gas megaprojects. As revenues dried up, investors increasingly doubted the company's ability to cover more than $6bn in debt. In recent months, however, Transocean's fortunes have been buoyed by surging commodity prices and the potential revival of some offshore oil and gas projects.
Justin Jacobs

Tullow Oil
Spread over government bonds (bp): 1,456
Sector: Oil exploration
Headquarters: Ghana

Tullow's troubles go back to the 2014 oil price crash, when it had already committed to a $4bn project off the coast of Ghana as its revenues plummeted. In 2019 production undershot expectations and it narrowly avoided insolvency in 2021 with a $1.8bn refinancing. In June Tullow announced a merger with rival Capricorn Energy that would alleviate its debt woes but Capricorn is considering other options after several of its shareholders contested the deal.
Nathalie Thomas

Financials

Adler
Spread over government bonds (bp): 2,420
Sector: Real estate
Headquarters: Germany

Adler borrowed heavily to transform itself from a little-known landlord into a sprawling conglomerate that owned 70,000 apartments across Germany. But over the past year a governance scandal surrounding the company's ties to a controversial property tycoon has snowballed into an existential crisis. Adler is now struggling to appoint a new auditor and lenders are braced for losses, with bonds in its more than €7bn debt pile trading at little over 50 cents on the euro.
Robert Smith

Country Garden
Spread over government bonds (bp): 5,070
Sector: Real estate
Headquarters: China

Unlike a growing number of its peers, Country Garden has not defaulted on any debt and maintains access to offshore bond markets. This gives the company crucial stability at a time when tens of thousands of Chinese are refusing to pay their mortgages on unfinished apartments. But as Beijing's economic planners and central bankers look for new ways to stem a spiralling property market crisis, there is increasing pressure on the Guangdong-based group.
Ed White

Greenland
Spread over government bonds (bp): 10,000
Sector: Real estate
Headquarters: China

Greenland Holdings, a Shanghai-based developer that counts on municipal governments and local state businesses as its main backers, was established in 1992 to develop metropolis projects around the city, later expanding into one of the top 30 biggest developers countrywide. Greenland is also the first state-backed developer to extend a dollar-bond payment since China's property sector plunged into a debt crisis.
Cheng Leng

Metro Bank
Spread over government bonds (bp): 1,605
Sector: Banking
Headquarters: UK

In 2019, amid a misreporting scandal that led to the departure of its chair and chief executive, UK lender Metro had to pay a record 9.5 per cent coupon to attract bond investors. But its fortunes have since improved, with rising interest rates helping it to trim losses and it is predicted to break even by next year after four years of losses.
Siddharth Venkataramakrishnan

Debt monsters by sector
Count of companies with spreads of over 1,000bp

Based on 207 companies
Source: Bloomberg

Sunac China
Spread over government bonds (bp): 10,000
Sector: Real estate
Headquarters: China

As Evergrande's difficulties deepened in 2021, the market started to worry about other heavily indebted Chinese developers. In January, the Tianjin-headquartered Sunac's $530mn stock sale was a signal of a cash crunch. While still viewed more favourably than some of its peers, Sunac's Hong Kong listing and international debt has kept up the pressure. Sunac defaulted on its debt in May.
Robert Smith

WeWork
Spread over government bonds (bp): 1,827
Sector: Real estate
Headquarters: US

Since an abortive attempt to go public at a $47bn valuation in 2019, WeWork has been battling back from the brink. The US co-working pioneer slashed costs, ditched expensive leases and listed at a $9bn valuation via a special purpose acquisition company during the pandemic. But WeWork remains lossmaking and carries $1bn in long-term debt, as well as lease obligations of more than $16bn. The management promises that profitability is around the corner, while WeWork's market cap has plummeted below $3bn.
George Hammond

Industrials

Allen Media
Spread over government bonds (bp): 2,598
Sector: Advertising
Headquarters: US

Byron Allen, a comedian-turned-entrepreneur, has used high-yield debt to build a media empire. His company, Allen Media, owns The Weather Channel and dozens of local television stations in the US. The group last year borrowed $550mn to buy stations from Gray Television and in June bought News Channel out of bankruptcy for $11mn. Allen's acquisitive streak has taken a toll on the company's balance sheet.
Anna Nicolaou

AMC Entertainment
Spread over government bonds (bp): 1,339
Sector: Theatres & entertainment
Headquarters: US

AMC expanded too quickly — taking on Carmike, Odeon and Nordic cinema chains in rapid succession — and the company is weighed down by debt and lease liabilities.

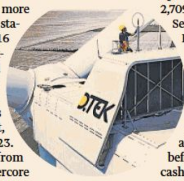
But AMC has one big advantage over competitors such as Cineworld: it has been embraced by retail investors as a "meme stock". With scant regard for the fundamental state of the business, shareholders are willing to pump in more cash.
Oliver Barnes

Boparan
Spread over government bonds (bp): 1,715
Sector: Food — wholesale
Headquarters: UK

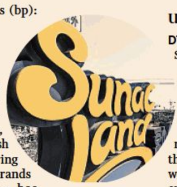
"Chicken king" Ranjit Boparan built 2 Sisters into the UK's largest chicken producer. A separate restaurant arm operates Slim Chickens, Gourmet Burger Kitchen and Carluccio's. But 2 Sisters' parent Boparan Holdings has long carried a debt load — a net £516mn in April — that forced it to sell businesses including Fox's Biscuits. It warned last year that cost inflation might imperil its solvency, but £60mn of fresh financing provided a reprieve.
Judith Evans

Diebold Nixdorf
Spread over government bonds (bp): 4,175
Sector: Support services
Headquarters: US

The maker of cash dispensers and, more recently, electric vehicle charging stations, was formed by the 2016 merger of Diebold and Wincor Nixdorf. Losses at the Ohio-based company have widened this year amid supply chain issues and negative exchange-rate moves. It is saddled with about $2.4bn in debt, which begins to mature in 2023. After securing covenant relief from lenders through 2022, it hired Evercore and Sullivan & Cromwell to advise on a refinancing plan.
Joshua Franklin

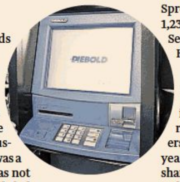


Ideal Standard Int'l
Spread over government bonds (bp): 2,183
Sector: Building materials
Headquarters: Belgium



Toilet maker Ideal Standard has had a difficult history of managing its debt load. Moody's downgraded its credit rating in June, citing higher-than-expected cash burn, inflation and restructuring costs. The company — whose brands include Armitage Shanks — has endured a string of debt restructurings, including a debt-for-equity swap that led to its previous lenders taking control of the company in 2018. Ideal Standard then took on more than €300mn in fresh debt through a bond sale in July 2021.
Abby Wallace

InfraBuild Australia
Spread over government bonds (bp): 1,168
Sector: Steel producers/products
Headquarters: Australia



Steel magnate Sanjeev Gupta has long considered InfraBuild to be his crown jewel. But while the Australian metals recycling business was a rare corner of his empire that was not heavily reliant on funding from failed finance firm Greensill Capital, it is still burdened with high-cost debt. If InfraBuild cannot refinance a A$250mn loan due next month, rating agency Moody's has said it will be left with an "unsustainably low level of liquidity".
Robert Smith

Sector strains: businesses operating in the energy, financial, industrial and utility segments are among those that will face a challenge servicing their debt — FT montage

Interpipe
Spread over government bonds (bp): 3,875
Sector: Steel producers/products
Headquarters: US

Before Russia's invasion of Ukraine, Interpipe exported steel pipes to Texas oil businesses and railway wheels for European trains. The start of the war forced the company — founded in 1990 by Ukrainian billionaire Victor Pinchuk — to suspend operations. In April, rating agency Fitch downgraded the company's debt, citing the suspension and constrained transport options. Production and exports have since restarted but volumes remain low.
Sylvia Pfeifer

Vedanta Resources
Spread over government bonds (bp): 2,709
Sector: Metals & mining
Headquarters: India

London-headquartered miner Vedanta Resources should be on a commodities supercycle high — its revenues for the year to March 2022 were 50 per cent up on 2021, and it hit record high earnings before taxation of $6.3bn. But that free cash flow has not been enough to stop investors worrying about tycoon Anil Agarwal's ability to service his company's debt pile as interest rates rise.
Chloe Cornish

Utilities

DTEK Renewables
Spread over government bonds (bp): 7,684
Sector: Electric generation
Headquarters: Ukraine

Moody's downgraded DTEK's credit rating in May, citing a greater risk that the wind and solar power generator would default as a result of the drop in energy demand, output and prices in Ukraine, as well as higher costs linked to damaged infrastructure. The problem was made worse by the fact that outstanding debt had to be paid in US dollars.
Abby Wallace

YPF Energia Electrica
Spread over government bonds (bp): 1,232
Sector: Electric generation
Headquarters: Argentina

Argentina's state-owned oil company YPF narrowly averted defaulting on $6.2bn in debt last year after a restructuring deal with foreign backers. The rise in commodity prices this year has turned it profitable and its share price has ticked up. But its financial fortunes remain tightly bound up with the government's, which is struggling with a weak currency and inflation running at more than 70 per cent.
Justin Jacobs

COMPANIES & MARKETS

Fixed income. Monetary policy

Fed's faster balance sheet cut threatens US bond liquidity

Property

Debt-laden Evergrande to restart stalled developments

CHENG LENG — HONG KONG

China Evergrande has pledged to resume construction of all remaining stalled property projects by the end of this month, as the world's most indebted developer works to pacify a nationwide mortgage boycott.

The developer will resume the construction of 38 remaining projects by the end of September and accelerate 62 restarted projects to "normal level", according to a company statement that cited its chair, Hui Ka Yan.

Among Evergrande's 706 pre-sold projects nationwide that need to be completed, 668 had resumed construc-

Hold on to your hats: Federal Reserve chair Jay Powell has admitted to the uncertainty surrounding the effects of its asset-shrinking programme on the US Treasury market — Daniel Slim/AFP via Getty Images

Central bank's acceleration of quantitative tightening adds to fears of systemic strain

ETHAN WU AND KATE DUGUID
NEW YORK

The Federal Reserve's more rapid exit from crisis-era policies is set to place the $24tn US government bond market under more strain, heightening concerns about the bedrock of the global financial system.

The ease with which traders can get deals done in the Treasury market has declined to the lowest levels since the early days of the pandemic in March 2020, according to a Bloomberg index. Gaps between prices where traders buy and sell have yawned wider and huge moves in price, unthinkable even a year ago, have become commonplace.

The Fed is this month accelerating winding down the nearly $9tn balance sheet it built for more than a decade to cushion the economy from shocks. It aims to shrink the total by $95bn a month — double the August pace.

As a result, "we could have a problem of liquidity stress in the banking system", said New York University economist Viral Acharya. "And whenever banks are stressed, it usually spreads over to non-banks and Treasury markets and other [funding] markets."

Bank of America has described Treasury market strains as "arguably . . . one of the greatest threats to global financial stability today, potentially worse than the housing bubble of 2004-07".

Two recent precedents loom large: the 2019 crisis in the short-term lending market known as repo, and the 2020 Treasury market meltdown. In the first episode, the overnight market where banks lend cash to other institutions in exchange for high-quality collateral such as Treasuries froze. Then, in March 2020, the Treasury market gummed up as firms rushed to get cash, in part by selling US government bonds. Both cases imperilled the global financial system, drawing in the Fed to stop the rot.

Both episodes also reflected the impact of the Fed's move to reduce the size of its balance sheet — a process known as quantitative tightening — according to a paper presented by Acharya and co-authors at the Fed's recent annual Jackson Hole symposium.

The widely circulated paper, co-written with former Reserve Bank of India governor Raghuram Rajan, centred on how quantitative tightening and easing affects market liquidity. In the 2019 and 2020 crises, QT "was the likely deeper cause that left the system vulnerable", they wrote.

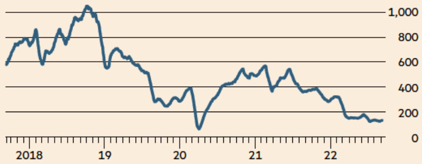
They argued that the central bank's purchase of assets, known as quantitative easing, stimulates growth in bank deposits and lines of credit. Reversing it does not lead banks to rein in those commitments, even as it sucks cash out of the financial system, the paper said.

Instead, the risk is that, in a moment of stress, market participants all rush to claim short-term funding — for instance, tapping credit lines — when there is not enough to go around. The paper "echoes our long-held fears that quantitative tightening may have more effects than central banks will 'fess up to", said Michael Howell, chief executive at CrossBorder Capital, a London-based research and investment house.

Even the Fed has admitted it is unsure what the impact of QT will be. "I would stress how uncertain the effect is of shrinking the balance sheet," Fed chair Jay Powell told reporters after the central bank's May meeting, although he later said that "by all assessments, the markets should be able to absorb this".

Trading conditions in the vast Treasury market are worsening

Market depth* ($mn)



* JPMorgan metric of depth in 2-, 5-, 10- and 30-year Treasuries, converted to 10-year equivalents
Source: JPMorgan

The Treasury market, suffering from longstanding structural flaws, as well as uncertainty about the path forward for the Fed's monetary tightening, is facing some of the choppiest trading conditions in years. A measure of market depth calculated by JPMorgan that looks at two, five, 10 and 30-year Treasuries shows the worst liquidity since the spring of 2020. Bid-ask spreads — a measure of liquidity that captures the gap between buying and selling prices — have in recent months reached the widest levels since May 2020.

Poor liquidity has meant higher volatility. The ICE-BofA Move index of implied Treasury market volatility is hovering near March 2020 levels, well above its long-term average.

QT could inflame the situation, analysts warn. Now, when bonds held by the Fed mature, the central bank churns that money back into the market. When it stops doing that, investment banks — known as dealers — must mop up any excess paper in the system on top of any new bonds that the US Treasury issues. It is not certain that the commercial sector has the stomach for this.

> The paper 'echoes our long-held fears that QT may have more effects than central banks will 'fess up to'

"Dealers will inevitably be holding more Treasury inventory. They're going to have to finance that, which puts upward pressure on repo rates that over time will probably contribute to more volatile Treasury markets, potentially worsening Treasury liquidity," said Mark Cabana, head of US rates strategy at Bank of America.

In the extreme, a Treasury market struggling to absorb additional inventory could lead to a "cascading" effect, said Scott Skyrm, a repo trader at Curvature Securities. With supply flooding the market, Treasury buyers could pull back in the expectation of better pricing in the future. Potential breaking points could come at quarter-end or year-end, as banks withdraw from funding markets to pretty up balance sheets for reporting deadlines.

FT

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tion, it said.

"We have to work hard and put our nose to the grindstone to ensure the delivery of projects. Only in this way can we satisfy the homebuyers, resume sales, resume operations, repay all types of debts and get out of the predicament," Hui said at the meeting.

Evergrande has been at the centre of a liquidity crisis gripping the Chinese property sector. Chinese developers, unable to sell more debt, have been forced to suspend projects, prompting hundreds of thousands of homeowners to stop making mortgage payments on unfinished properties in protest.

The boycott has come at a critical time for Beijing, ahead of a Communist party meeting in mid-October, and has put pressure on the Rmb367.7tn ($53.1tn) banking system.

> 'Only in this way can we satisfy the homebuyers, repay all debts and get out of the predicament'

To curb the broader fallout from the property crisis, Chinese authorities have launched special loan schemes to help support struggling developers.

Zhengzhou, capital of central Henan province, which is most exposed to the mortgage revolt, pledged to mobilise loan resources and policy tools to help restart all stalled projects in the city before October 6.

Evergrande, which defaulted on its offshore debt in December and missed a July deadline to unveil a preliminary plan to restructure its $300bn of liabilities, did not elaborate on how it would secure funding to resume construction. Last week, it said it would sell its remaining stakes in China's Shengjing Bank for $1.1bn.

The company is under increasing pressure from creditors. Its Hong Kong headquarters building has been seized by a receiver, probably appointed by lender China Citic Bank International, after the developer twice failed to sell the building to repay a HK$7.6bn ($968.3mn) pledged loan, according to company documents.

Evergrande is also fighting a winding-up petition filed in the Hong Kong courts by one of its creditors, Top Shine Global, which argues that the developer did not honour a financial obligation of HK$863mn. The court hearing has been adjourned until November 28.

Commodities

Opec blames 'erroneous signals' for oil sell-off as it sticks to demand forecasts

TOM WILSON

Opec said the recent oil sell-off was the result of "erroneous signals" as the cartel pushed back against predictions that slowing economic growth and monetary policy tightening would weigh on global crude demand into 2023.

Oil market fundamentals were "unchanged", the producer group argued, yet hedge funds and other money managers had continued to close out bets on rising prices in the two major oil futures contracts "amid a market narrative of worsening economic and demand outlook".

"The paper and physical markets have become increasingly more disconnected," the cartel said in its monthly oil report yesterday.

"This is creating a type of yo-yo market and sending erroneous signals at times when greater visibility and clarity and well-functioning markets are needed more than ever."

The cartel's comments echoed those made recently by Saudi Arabia, the group's de facto leader, ahead of the last Opec meeting in September when it agreed to cut 100,000 barrels a day from supply from October.

While "volatility and thin liquidity [was] sending erroneous signals" to oil markets, Opec+, the group that includes the cartel and other big producers such as Russia, had the means to deal with the problem, "including cutting production at any time", Saudi energy minister Abdulaziz bin Salman said in August.

Brent crude, the international benchmark, closed August at $96.49 a barrel, having reached a high of almost $140 earlier in 2022. Prices dropped again last week, falling below $90 a barrel for the first time since February, when Russia invaded Ukraine. West Texas Intermediate, the US marker, dropped to a low of just over $81 a barrel last week, its lowest since January.

Opec and its allied producers could cut output to support oil prices

The decline had been driven by "heavy sell-offs in futures markets, elevating market volatility", Opec argued in yesterday's report.

Participants in the main oil futures markets for Brent and WTI, respectively ICE and Nymex, were net sellers of about 104mn barrels in the third week of August compared with the last week of July, it said.

Despite the sell-off, Opec kept its oil demand forecast for 2022 and 2023 unchanged from last month.

Global oil demand was expected to grow by a "healthy" 3.1mn barrels per day in 2022 and by a further 2.7mn b/d in 2023.

"Oil demand in 2023 is expected to be supported by a still solid economic performance in major consuming countries, as well as potential improvements in Covid-19 restrictions and reduced geopolitical uncertainties," it said.

Equities

Grindr picks new leadership team as it prepares to go public in Spac merger

CRISTINA CRIDDLE — LONDON
ORTENCA ALIAJ — NEW YORK

Grindr has named a new management team as the gay dating app prepares to go public through a special purpose acquisition company merger pencilled in for later this year.

George Arison, founder of online car sales group Shift, will become chief executive on October 19, while Vanna Krantz has been appointed chief financial officer, having previously held the same position at fintech company Passport and Disney Streaming Services.

The California-based company announced in May a deal to go public through a merger with Tiga Acquisition Corp, a Spac set up by Ashish Gupta in 2020, which it said at the time gave the business an implied valuation of $2.1bn.

Arison, who has been on Grindr's board since May, is confident that going public through a Spac is the right move for the dating app.

"The IPO market is more or less shut down right now, so the Spac was a way to get that done," he said, admitting it was hard to predict what the redemptions rate would be in the current climate.

"We have an amazing business that can scale so much, so my goal will be to drive that . . . [and] build a team that is ready to run a public company."

Spacs have experienced a frenzy over the past couple of years with investors contributing more than $250bn to blank-cheque companies since the start of 2020. But recently, they have lost their shine after a series of high-profile flops and a crackdown by regulators.

> 'We have an amazing business that can scale so much, so my goal will be to drive that'

That, combined with the current downturn in the market, has led to a high redemption rate on mergers, where shareholders opt to redeem shares and cash in on the IPO proceeds rather than receiving stock in the newly merged public company.

If the deal goes ahead, existing shareholders will own 78 per cent of Grindr. The dating app will receive $384mn in proceeds as part of the transaction with Tiga, $137mn of which will be used to pay down Grindr's debt. The estimated merger valuation is more than triple what San Vicente Acquisition paid for Grindr two years ago, when US regulators forced its then-Chinese owner, gaming group Beijing Kunlun Tech, to divest the company over national security concerns.

Arison founded ride-hailing app Taxi Magic, now known as Curb, which was bought by Verifone in 2015. He also has a history of investing in tech start-ups.

Dating apps have been struggling to acquire new users as people favour in-person interactions after global lockdowns. Last month, Tinder said it was focusing efforts on attracting new Gen Z users after sign-ups failed to return to pre-pandemic levels.

Although figures from mobile app analysts Data.ai suggested app downloads of 13-year-old Grindr were falling, the platform has a younger user base, with 80 per cent under the age of 35.

Grindr, which serves the LGBT community, has more than 11mn monthly active users, 723,000 of whom are paying customers. Subscriptions grew 30 per cent year on year in 2021 to $147mn.

COMPANIES & MARKETS

The day in the markets

What you need to know

- US tech stocks hit by inflation surprise
- Investors braced for big rate increase
- Government bond yields rise

Tech stocks slumped on Wall Street and the dollar climbed after closely watched US inflation data for August came in higher than expected, prompting fears of more aggressive interest rate rises to combat rising prices.

The broad S&P 500 share gauge fell 3.1 per cent, while the Nasdaq Composite dropped 4.2 per cent, putting it on course for its worst daily fall since mid-June.

The tech-heavy index is more sensitive

US inflation data cause traders to ramp up Fed rate rise bets

Two-year Treasury yield (%)

European stocks do better when currencies are up

Sharon Bell

Markets Insight

The effects of Europe's energy crisis can be seen across all assets, not least currencies. The euro has

ings per share. We have seen the effect of the foreign exchange moves on European corporate earnings this year. The earnings estimates of European compa-

deteriorating. Also, smaller companies and domestic companies are suffering from higher input costs and lower margins. The price of imported goods for a

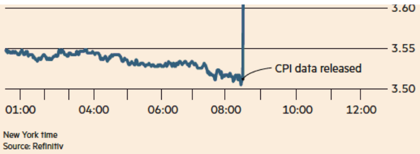
The tech-heavy index is more sensitive to changes in interest rate expectations, with Facebook owner Meta, chipmaker Nvidia and Amazon among the largest fallers in morning trading in New York, down 7.6 per cent, 7.2 per cent and 5.8 per cent respectively.

Those moves came after a report yesterday showed US consumer prices ticked up 0.1 per cent in August from the previous month, compared with expectations for a fall of 0.1 per cent. The annual rate came in at 8.3 per cent, down from 8.5 per cent in July, but higher than the 8.1 per cent Wall Street economists had predicted.

Core consumer price growth — which strips out volatile items such as energy and food — rose from 5.9 per cent to 6.3 per cent.

Investors are beginning to consider that the Federal Reserve will raise rates by a full percentage point at its next monetary policy meeting this month, according to data from CME Group.

The market consensus is that the Fed makes a third consecutive 0.75 percentage point rise and makes further rate increases in November and December. The Fed's current target range stands at 2.25 to 2.50 per cent.



New York time
Source: Refinitiv

The prospect of higher interest rates prompted a jump in the dollar, up 1.2 per cent against a basket of six peers, as the euro and the pound slipped back, both shedding about 1.3 per cent.

In government debt markets, the yield on the two-year US Treasury note jumped 0.18 percentage points to 3.75 per cent, reflecting a steep drop in the price of the bond. The 10-year yield rose 0.08 percentage points to 3.44 per cent.

The selling cascaded into eurozone bonds, with Germany's two-year Bund yield up 0.09 percentage points to 1.39 per cent and the 10-year yield rising 0.09 percentage points to 1.73 per cent.

In Europe, the regional Stoxx 600 share gauge fell 1.5 per cent, having climbed 1.8 per cent in the previous session. London's FTSE 100 lost 1.2 per cent.

China's mainland CSI 300 index rose 0.4 per cent and Hong Kong's Hang Seng slipped 0.2 per cent as markets in greater China reopened following a national holiday. Japan's Topix rose 0.3 per cent.
Ian Johnston and Hudson Lockett

... currencies. The euro has been bumpy around parity with the dollar, a two-decade low. Sterling is hovering around the lows seen at the worst point of the pandemic.

This strength of the dollar in recent months is partly a function of monetary policy tightening by the Federal Reserve but it's also a function of the US economy's greater resilience. Or, put another way, Europe's fragility. The average US household may consume a lot more energy than the average European one but, in contrast to Europe, the US enjoys energy independence.

That said, these foreign exchange adjustments can have some benefits. The collapse in Europe's currencies should have a plus side, especially for large-cap international companies. The Stoxx 600 derives only 40 per cent of its sales revenue from Europe itself. Around a quarter comes from North America, slightly over 20 per cent from Asia-Pacific and the remainder from other emerging markets. Indeed, as a single country, the US is the largest exposure for big-cap listed European companies, larger than German and French sales exposure combined.

For international companies, currency declines mean two things. First, the sales and profits you make on your overseas businesses, when translated back to your home currency, are likely to look very good indeed. Second, if you do produce in Europe and export into the US (and other dollar markets), you should find your cost competitiveness improves. Historically, each 10 per cent fall in European currencies has added about 2 to 3 per cent to Stoxx 600 earnings estimates of European companies with high US sales exposure have risen 10 per cent, substantially above more domestic-exposed companies. Indeed, the overseas earnings of large-cap companies constitute one of the reasons European EPS has held up so well this year, despite sharply deteriorating business and consumer sentiment.

If anything, the impact is even bigger in the UK. FTSE 100 companies make three-quarters of their sales and profits outside the UK, with a substantial share of this in dollars. Investors gain directly as well given that roughly 40 per cent of FTSE 100 dividends are paid out in dollars. Compounding this currency advantage, the UK stock market has a relatively high exposure to commodity-related companies, which have gained from soaring prices in recent months. It's no surprise therefore that the FTSE 100 has outperformed most other international blue-chip benchmarks this year, even though the UK economy has decidedly not.

> Falling currencies mean customers are suffering from higher prices due to imported goods

But, the good news should be tempered. The falls in Europe's currencies are a function of the loss of competitiveness that the region is incurring given the rising cost of energy. The euro has weakened but this has not aided Germany's trade position, which has been ... gins. The price of imported goods for a German business has risen 40 per cent compared with the level at the start of 2020. For a US business, the price of imported goods is up just 16 per cent over the same period.

Moreover, falling currencies mean that your customers are also suffering from higher prices due to all the imported goods and energy in their shopping baskets. The MDax, the German mid-cap index, is down 26 per cent year-to-date in euros.

Taking a step back, when Europe's currencies are strong, investors often ask whether this will be a drag on profits and competitiveness in the region. The truth is that European currencies are usually strong when economic growth is strong and risks are low, money is flowing into Europe and investors are enthusiastic about the opportunities. In addition, strong currencies tend to bring inflation under control. These are usually opportune moments to invest in European stock markets.

The reverse is also true: when European currencies weaken, as they have done this year, the positive for competitiveness or the translation effect on overseas earnings is not enough to offset the reasons for the currency decline in the first place. These reasons are usually weak growth and heightened risks, such as sovereign or energy concerns. For most investors, businesses and consumers in Europe, currencies regaining some lost ground would be welcome news.

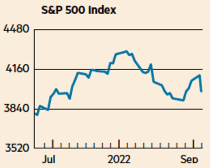
Sharon Bell is European strategist at Goldman Sachs

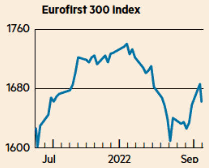
Markets update

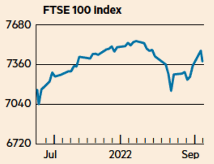
	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3980.27	1662.44	28614.63	7385.86	3263.80	111345.99
% change on day	-3.17	-1.43	0.25	-1.17	0.05	-1.82
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	107.816	1.002	144.235	1.154	6.931	5.165
% change on day	-0.474	-1.086	1.306	-1.452	0.189	0.791
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.438	1.726	0.240	3.164	2.650	12.586
Basis point change on day	13.680	7.600	-0.590	8.400	0.700	28.500
World Index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	405.16	92.26	86.44	1726.40	19.22	3763.40
% change on day	-2.57	-2.88	-2.57	0.76	2.40	1.66

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	Corteva	1.80	Rwe	3.24	Aveva	3.08
	Cf Industries Holding	1.54	Oci	2.10	Haleon	0.98
	Albemarle	1.16	Mapfre	1.35	Bp	0.81
	Mosaic (the)	0.99	Hann.rueck	1.26	Bae Systems	0.43
	Twitter	0.24	Jeronimo Martins	1.22	Shell	0.26
Downs	Eastman Chemical	-7.78	Ageas	-5.47	Ocado	-14.59
	Nvidia	-7.34	Casino Guichard	-4.98	Scottish Mortgage Investment Trust	-4.97
	Advanced Micro Devices	-7.22	Ses	-4.51	Int Consolidated Airlines S.a.	-4.37
	Western Digital	-7.12	Alstom	-4.41	Segro	-4.29
	Align Technology	-6.74	Dassault Systemes	-4.02	Melrose Industries	-3.99

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

Fitness bikes and treadmills group **Peloton** fell sharply on news that co-founders John Foley and Hisao Kushi were stepping down.

The departure of its executive chair and chief legal officer comes as the group contends with sales that have weakened since the height of the pandemic.

Facebook parent **Meta** dived following a report that suggested its short-video feature, Reels, was struggling to compete against rival TikTok.

According to internal documents seen by the Wall Street Journal, users of Instagram, which is owned by Meta, were spending far less time watching Reels compared with videos consumed by fans of the Chinese-owned competitor.

Rent the Runway, the ecommerce platform that allows users to hire and buy designer clothes, plummeted after an unexpected miss in its active subscribers.

Credit Suisse expected "solid" consumer demand during a period that coincided with "peak" social events season. Instead, there was a slide in active customers, which fell to 124,000 for the three months ending July 31, down from 135,000 in the previous quarter.

This suggested that Rent was "more susceptible to macro pressure on the aspirational consumer than we expected", said the broker, which downgraded it to "neutral" from "outperform". *Ray Douglas*

Europe

UBS stock rallied after the Swiss investment bank announced plans to boost its dividend and buy back more shares. The bank said yesterday that it wanted to increase the dividend by 10 per cent to $0.55 for 2022 and would ask shareholders' permission. It also said it wanted to strengthen its share buyback programme.

The latest plans come after it recently abandoned a deal to acquire Wealthfront in what would have been the bank's largest acquisition since the 2008 financial crash.

Shares in pharmaceutical group **Vitrolife** fell after it announced that chief executive Thomas Axelsson would step down. Axelsson, who has led the Swiss company since 2011, will remain in place until a new chief is selected, the company said.

A negative sales prediction sent shares in bike helmet safety system manufacturer **Mips** tumbling. The company announced on Monday that a slump in demand from retailers and excess inventory would knock sales for the rest of the year. "We assess that this is a short-term negative trend in the bike sector that may continue throughout the year and the first part of 2023 until inventory levels are balanced again," chief executive Max Strandwitz said.
Abby Wallace

London

Ocado shares tumbled after the company cut its sales outlook for the year to November.

The group said yesterday that it expected to see a "small decline" in annual sales and "close to break-even" underlying profitability as customers scaled back orders.

The online supermarket reported an increase in sales during the third quarter, but said that profitability would be offset by the rising price of energy and dry ice, which is used in the transportation of frozen food.

Shares in supermarket groups **Tesco** and **J Sainsbury** also slipped back yesterday.

Elsewhere, shares in the fashion chain **Joules** tumbled by more than 49 per cent to just over 10p on the news that discussions about Next acquiring an equity stake in the British retailer had ceased.

The company had been in talks with Next about a potential investment but said in August that there was "no certainty" that an agreement would be reached.

The retailer said yesterday that it was continuing "to develop and execute its strategy and turnaround plan" and that it would consider other ways of bolstering its finances, including through an equity raise. *Abby Wallace*

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 $
-3.17%	-4.04%	-2.78%	-1.17%	-1.43%	0.25%	-0.18%	-2.57%	-1.086%	-1.452%	1.306%	0.231%	1.37%	0.76%

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

AMERICAS
Aug 14 - - — Index — All World
S&P 500 New York
Aug 14 - Sep 13 — Index — All World
S&P/TSX COMP Toronto

EUROPE
Aug 14 - Sep 13 — Index — All World
FTSE 100 London
Aug 14 - Sep 13 — Index — All World
Xetra Dax Frankfurt

ASIA
Aug 14 - Sep 13 — Index — All World
Nikkei 225 Tokyo
Aug 14 - Sep 13 — Index — All World
Kospi Seoul

4,280.15	3,980.27	
Day -3.17%	Month -6.98%	Year -10.91%

Nasdaq Composite New York

13,047.19 → 11,770.58

Day -4.04% Month -9.78% Year -22.08%

Dow Jones Industrial New York

33,761.05 → 31,480.15

Day -2.78% Month -6.65% Year -9.62%

20,179.81 → 19,766.33

Day -1.25% Month -2.10% Year -4.41%

IPC Mexico City

48,853.37 → 47,429.11

Day -0.77% Month -2.73% Year -7.72%

Bovespa São Paulo

112,764.26 → 112,167.13

Day -1.82% Month -1.14% Year -4.23%

7,500.89 → 7,385.86

Day -1.17% Month -1.46% Year 4.57%

FTSE Eurofirst 300 Europe

1,736.72 → 1,662.44

Day -1.43% Month -3.88% Year -7.67%

CAC 40 Paris

6,569.95 → 6,245.69

Day -1.39% Month -4.70% Year -6.27%

13,816.61 → 13,188.95

Day -1.59% Month 3.36% Year NaN%

Ibex 35 Madrid

8,427.00 → 8,064.00

Day -1.59% Month -3.94% Year -7.20%

FTSE MIB Milan

22,970.73 → 22,303.86

Day -1.36% Month -2.77% Year -13.05%

28,871.78 → 28,614.63

Day 0.25% Month 0.29% Year -5.76%

Hang Seng Hong Kong

20,175.62 → 19,326.86

Day -0.18% Month -4.13% Year -26.19%

Shanghai Composite Shanghai

3,276.89 → 3,263.80

Day 0.05% Month -0.40% Year -11.86%

2,527.94 → 2,449.54

Day 2.74% Month -3.10% Year -21.63%

FTSE Straits Times Singapore

3,256.82 → 3,290.08

Day 0.47% Month 0.64% Year 6.17%

BSE Sensex Mumbai

59,262.86 → 60,571.08

Day 0.76% Month 1.85% Year 3.88%

Country	Index	Latest	Previous
Argentina	Merval	143525.09	144714.11
Australia	All Ordinaries	7253.70	7208.20
	S&P/ASX 200	7009.70	6964.50
	S&P/ASX 200 Res	5512.40	5478.60
Austria	ATX	2995.86	3033.27
Belgium	BEL 20	3639.58	3722.45
	BEL Mid	9503.54	9664.53
Brazil	IBovespa	111345.99	113406.55
Canada	S&P/TSX 60	1193.38	1207.79
	S&P/TSX Comp	19738.12	19987.23
	S&P/TSX Div Met & Min	1367.50	1359.94
Chile	S&P/CLX IGPA Gen	30222.41	30073.60
China	FTSE A200	10980.51	10929.83
	FTSE B35	9000.71	8988.96
	Shanghai A	3420.26	3418.38
	Shanghai B	314.58	313.99
	Shanghai Comp	3263.80	3262.05
	Shenzhen A	2223.09	2215.83
	Shenzhen B	1215.46	1212.26
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1241.11	1223.84
Denmark	OMXC Copenhagen 20	1676.16	1708.93
Egypt	EGX 30	10434.10	10356.31
Estonia	OMX Tallinn	1792.86	1809.24
Finland	OMX Helsinki General	10609.01	10792.82
France	CAC 40	6245.69	6333.59
	SBF 120	4821.53	4892.75
Germany	M-DAX	25317.44	26186.80
	TecDAX	2943.66	3035.40
	XETRA Dax	13188.95	13402.27
Greece	Athens Gen	840.00	849.89
	FTSE/ASE 20	2023.59	2051.03
Hong Kong	Hang Seng	19326.86	19362.25
	HS China Enterprise	6633.05	6628.14
	HSCC Red Chip	3703.93	3697.51
Hungary	Bux	41575.55	41624.90
India	BSE Sensex	60571.08	60115.13
	Nifty 500	15669.85	15577.40
Indonesia	Jakarta Comp	7318.02	7254.46
Ireland	ISEQ Overall	7018.83	7181.04
Israel	Tel Aviv 125	2066.10	2037.92
Italy	FTSE Italia All-Share	24316.32	24616.47
	FTSE Italia Mid Cap	37851.42	38380.91
	FTSE MIB	22303.86	22610.40
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	28614.63	28542.11
	S&P Topix 150	1706.52	1701.45
	Topix	1930.17	1935.49
Jordan	Amman SE	2494.48	2497.71
Kenya	NSE 20	1787.48	1792.42
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1111.74	1100.61
Lithuania	OMX Vilnius	914.26	912.01
Luxembourg	LuxX	1407.08	1435.88
Malaysia	FTSE Bursa KLCI	1487.84	1497.96
Mexico	IPC	47489.59	47860.48
Morocco	MASI	12128.37	12157.42
Netherlands	AEX	684.23	696.87
	AEX All Share	934.80	951.30
New Zealand	NZX 50	11762.15	11813.21
Nigeria	SE All Share	49695.12	49652.25
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	42001.34	41862.29
Philippines	Manila Comp	6701.81	6593.74
Poland	Wig	50188.34	51295.23
Portugal	PSI 20	6025.52	6080.75
	PSI General	4765.61	4780.46
Romania	BET Index	11924.88	11881.08
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	12022.12	11940.36
Singapore	FTSE Straits Times	3290.08	3274.72
Slovakia	SAX	346.86	344.57
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	68273.71	69772.41
	FTSE/JSE Res 20	62862.66	64642.97
	FTSE/JSE Top 40	61706.56	63111.95
South Korea	Kospi	2449.54	2384.28
	Kospi 200	318.56	309.12
Spain	IBEX 35	8064.00	8194.30
Sri Lanka	CSE All Share	9749.09	9813.18
Sweden	OMX Stockholm 30	1938.23	1974.54
	OMX Stockholm AS	765.64	783.76
Switzerland	SMI Index	10891.54	10990.75
Taiwan	Weighted Pr	14894.41	14807.43
Thailand	Bangkok SET	1661.09	1665.74
Turkey	BIST 100	3600.08	3649.21
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2437.80	2489.40
	FTSE 100	7385.86	7473.03
	FTSE 4Good UK	6667.58	6757.54
	FTSE All Share	4056.12	4108.19
	FTSE techMARK 100	6216.63	6286.38
USA	DJ Composite	10867.88	11151.08
	DJ Industrial	31480.15	32381.34
	DJ Transport	13865.97	14252.66
	DJ Utilities	1047.31	1061.77
	Nasdaq 100	12196.84	12739.72
	Nasdaq Cmp	11770.58	12266.41
	NYSE Comp	14978.13	15352.18
	S&P 500	3980.27	4110.41
	Wilshire 5000	39827.45	41146.42
Venezuela	IBC	8599.53	8727.34
Vietnam	VNI	1248.40	1249.62
Cross-Border	DJ Global Titans ($)	431.60	446.33
	Euro Stoxx 50 (Eur)	3587.64	3646.51
	Euronext 100 ID	1207.59	1225.79
	FTSE 4Good Global ($)	9484.08	9796.87
	FTSE All World ($)	405.16	415.85
	FTSE E300	1662.44	1686.54
	FTSE Eurotop 100	3248.43	3291.24
	FTSE Global 100 ($)	2510.74	2598.56
	FTSE Gold Min ($)	1521.58	1498.99
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2717.40	2677.32
	FTSE World ($)	732.09	752.80
	FTSEurofirst 100 (Eur)	4344.64	4407.37
	FTSEurofirst 80 (Eur)	4942.79	5024.03
	MSCI ACWI Fr ($)	631.00	622.92
	MSCI All World ($)	2719.01	2682.90
	MSCI Europe (Eur)	1712.66	1684.92
	MSCI Pacific ($)	2568.86	2543.99
	S&P Euro (Eur)	1649.15	1677.79
	S&P Europe 350 (Eur)	1705.69	1730.60
	S&P Global 1200 ($)	2908.90	2990.31
	Stoxx 50 (Eur)	3555.67	3593.57

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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	98.3	291.01	-13.41
Apple	74.8	156.31	-7.12
Nvidia	41.2	134.40	-10.65
Amazon.com	39.2	128.40	-8.05
Advanced Micro Devices	29.3	78.53	-6.11
Microsoft	28.0	255.19	-11.46
Albemarle	300.41	3.44	1.16
Mosaic (the)	52.96	0.52	0.99
Twitter	41.51	0.10	0.24
Downs			
Eastman Chemical	87.49	-7.38	-7.78
Nvidia	134.40	-10.65	-7.34
Advanced Micro Devices	78.53	-6.11	-7.22
Western Digital	40.19	-3.08	-7.12
Align Technology	249.75	-18.05	-6.74

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Avast	618.4	716.60	-3.60
Meggitt	223.9	798.80	0.20
Shell	191.2	2327.50	6.00
Bp	167.9	461.55	3.70
Glencore	150.8	497.70	-1.65
Rio Tinto	144.3	4909.00	-35.50
Lancashire Holdings	547.50	20.00	3.79
Aveva	3050.00	91.00	3.08
North Private Equity Opportunities Trust	420.00	10.00	2.44
Downs			
Ocado	679.20	-116.00	-14.59
Ferrexpo	157.60	-16.10	-9.27
Aston Martin Lagonda Global Holdings	157.25	-15.50	-8.97
Bridgepoint	258.60	-22.80	-8.10
Integrafin Holdings	255.40	-18.80	-6.86

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Nestle N	382.4	116.45	0.23
Roche Gs	377.4	335.86	0.62
Novartis N	285.2	82.52	-0.75
Intesa Sanpaolo	268.6	1.88	-0.01
Asml Holding	249.7	481.45	-18.35
Ubs N	238.3	16.86	0.11
Ubs N	16.86	0.11	0.68
Henkel Ag+co.kgaa Vzo	63.48	0.40	0.63
Orsted A/s Dk 10	13.13	0.08	0.59
Downs			
Adyen	1408.80	-107.80	-7.11
Sika N	227.55	-14.23	-5.89
Neste	45.20	-2.82	-5.87
Lonza N	523.04	-29.92	-5.41
Vonovia Se Na O.n.	25.64	-1.23	-4.58

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Nintendo Co.,	1160.3	62210.00	3250.00
Nippon Yusen Kabushiki Kaisha	503.8	10100.00	100.00
Tokyo Electron	492.6	43900.00	450.00
Softbank .	467.5	5654.00	17.00
Toyota Motor	379.7	2067.00	-3.00
Mitsui O.s.k.lines,	374.8	3440.00	55.00
Sumitomo Metal Mining Co.,	4596.00	174.00	3.93
Kawasaki Kisen Kaisha,	8350.00	290.00	3.60
Tdk	5270.00	180.00	3.54
Downs			
Mazda Motor	1189.00	-47.00	-3.80
Subaru	2580.00	-72.50	-2.73
Olympus	3114.00	-63.00	-1.98
Mitsubishi Motors	615.00	-12.00	-1.91
Takashimaya ,	1678.00	-29.00	-1.70

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Sep 13 price(p)	%Chg week	%Chg ytd
Winners			
Airtel Africa	143.70	7.9	7.6
Fresnillo	736.60	7.7	-
Antofagasta	1210.00	7.7	-9.5
Aveva	3050.00	7.4	-
Sse	1793.00	6.3	8.6
Natwest	269.70	5.8	10.6
Ocado	679.20	-7.6	-
Next	5828.00	-5.8	-
B&m Eur Value Retail S.a.	352.80	-4.5	-
Tesco	245.30	-4.1	-
Intermediate Capital	1245.50	-4.1	-
Vodafone	109.10	-3.6	-2.8
Persimmon	1460.00	-2.5	-
Unite	1029.00	-2.2	-6.0
M&g	199.85	-2.0	-0.4
Segro	906.00	-2.0	-

FTSE 250	Sep 13 price(p)	%Chg week	%Chg ytd
Winners			
Ncc	236.50	19.4	1.1
Jtc	844.00	19.2	-9.8
Future	1818.00	16.2	-
Energean	1435.00	15.4	65.4
Genus	2760.00	15.3	-
National Express	191.70	13.3	-25.2
Bridgepoint	258.60	-14.0	-46.9
Computacenter	2134.00	-11.6	-
Integrafin Holdings	255.40	-6.5	-53.9
Balanced Commercial Property Trust	93.40	-6.2	-11.2
Marks And Spencer	121.90	-6.0	-
Investec	394.10	-5.6	-3.5
Safestore Holdings	982.00	-4.9	-
Vistry	770.50	-4.9	-
Hipgnosis Songs Fund	106.00	-4.7	-
Tate & Lyle	718.80	-4.5	-6.7

FTSE SmallCap	Sep 13 price(p)	%Chg week	%Chg ytd
Winners			
Avon Protection	910.00	23.1	-
Trustpilot	71.60	22.1	-
Luceco	110.00	20.6	-
Petra Diamonds	110.00	17.0	53.8
Halfords	154.10	15.4	-
Sig	35.25	12.6	-
Carr's	110.00	-12.0	-
Zotefoams	262.00	-10.6	-
Anglo-eastern Plantations	786.00	-10.3	17.0
Dwf	88.00	-10.2	-24.1
Porvair	500.00	-9.9	-
Trifast	85.00	-9.5	-45.0
Fuller, Smith & Turner	500.00	-9.1	-
Ten Entertainment	183.00	-8.0	-
Lsl Property Services	316.00	-7.9	-
Pendragon	20.50	-7.7	-8.9

Industry Sectors	Sep 13 price(p)	%Chg week	%Chg ytd
Winners			
Electricity	11152.37	7.0	10.7
General Retailers	3382.22	4.7	17.0
Personal Goods	29196.65	4.5	-
Industrial Engineering	13691.61	4.1	-
Nonlife Insurance	3208.75	4.0	-2.1
Mining	10088.83	4.0	-
Household Goods	10649.83	-1.4	-
Real Estate Investment Trusts	2539.82	-1.0	-
Pharmaceuticals & Biotech.	19365.87	-0.5	3.2
Automobiles & Parts	1556.93	0.0	-
Health Care Equip.& Services	11008.19	0.3	33.7
General Financial	12825.33	0.3	10.8
Software & Computer Services	1889.76	0.5	-
Tobacco	37027.67	0.5	26.4
Gas Water & Multiutilities index	5999.56	0.8	1.1
Banks	3358.67	0.9	10.3

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

CURRENCIES

Sep 13	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	142.5770	0.3020	142.7983	-1.3404	164.5911	-1.9488
Australia	Australian Dollar	1.4759	0.0237	1.4782	0.0070	1.7038	0.0039
Bahrain	Bahrainin Dinar	0.3770	-	0.3775	-0.0044	0.4352	-0.0061
Bolivia	Bolivian Boliviano	6.9100	-	6.9207	-0.0798	7.9769	-0.1116
Brazil	Brazilian Real	5.1646	0.0406	5.1726	-0.0186	5.9620	-0.0359
Canada	Canadian Dollar	1.3111	0.0132	1.3131	-0.0017	1.5135	-0.0057
Chile	Chilean Peso	910.0500	10.5600	911.4628	0.1900	1050.5629	-2.3343
China	Chinese Yuan	6.9313	0.0131	6.9420	-0.0668	8.0014	-0.0966
Colombia	Colombian Peso	4428.0000	76.3000	4434.8750	26.1685	5111.6904	17.8102
Costa Rica	Costa Rican Colon	635.1950	-7.4050	636.1811	-14.8366	733.2699	-18.9250
Czech Republic	Czech Koruna	24.5120	0.3100	24.5501	0.0310	28.2967	-0.0329
Denmark	Danish Krone	7.4248	0.0844	7.4363	-0.0002	8.5711	-0.0211
Egypt	Egyptian Pound	19.3422	0.0123	19.3722	-0.2109	22.3287	-0.2979
Hong Kong	Hong Kong Dollar	7.8492	0.0006	7.8613	-0.0900	9.0611	-0.1260
Hungary	Hungarian Forint	396.1111	4.4419	396.7260	-0.0738	457.2711	-1.1969
India	Indian Rupee	79.1538	-0.3775	79.2766	-1.2964	91.3752	-1.7200
Indonesia	Indonesian Rupiah	14851.5000	9.5000	14874.5776	-161.8633	17144.6010	-228.6956
Israel	Israeli Shekel	3.4238	0.0598	3.4291	0.0210	3.9524	0.0147
Japan	Japanese Yen	144.2350	1.8600	144.4589	0.2189	166.5051	-0.1519
..One Month		144.2346	1.8592	144.4588	0.2187	166.5047	-0.1526
..Three Month		144.2337	1.8574	144.4585	0.2181	166.5038	-0.1543
..One Year		144.2284	1.8473	144.4558	0.2127	166.5047	-0.1589
Kenya	Kenyan Shilling	120.4000	-	120.5869	-1.3903	138.9899	-1.9442
Kuwait	Kuwaiti Dinar	0.3087	0.0006	0.3092	-0.0030	0.3564	-0.0043
Malaysia	Malaysian Ringgit	4.5080	0.0045	4.5150	-0.0475	5.2040	-0.0675
Mexico	Mexican Peso	20.0535	0.2603	20.0846	0.0321	23.1498	-0.0192
New Zealand	New Zealand Dollar	1.6596	0.0337	1.6622	0.0150	1.9159	0.0127
Nigeria	Nigerian Naira	428.7500	-	429.4156	-4.9508	494.9495	-6.9234
Norway	Norwegian Krone	10.0562	0.2218	10.0718	0.1085	11.6088	0.0972
Pakistan	Pakistani Rupee	232.0000	1.7500	232.3602	-0.9060	267.8211	-1.6978
Peru	Peruvian Nuevo Sol	3.8582	-0.0248	3.8641	-0.0697	4.4539	-0.0914
Philippines	Philippine Peso	56.7775	-0.0875	56.8656	-0.7443	65.5440	-1.0193
Poland	Polish Zloty	4.7110	0.0744	4.7183	0.0210	5.4383	0.0111
Romania	Romanian Leu	4.9122	0.0620	4.9198	0.0060	5.6706	-0.0068
Russia	Russian Ruble	60.4750	0.0500	60.5689	-0.6476	69.8124	-0.9180
Saudi Arabia	Saudi Riyal	3.7585	0.0004	3.7643	-0.0429	4.3388	-0.0602
Singapore	Singapore Dollar	1.4054	0.0102	1.4075	-0.0058	1.6223	-0.0107
South Africa	South African Rand	17.3800	0.2788	17.4070	0.0817	20.0635	0.0456
South Korea	South Korean Won	1373.6000	-7.1500	1375.7325	-23.1047	1585.6854	-30.5501
Sweden	Swedish Krona	10.6290	0.1484	10.6455	0.0276	12.2701	0.0021
Switzerland	Swiss Franc	0.9609	0.0095	0.9624	-0.0015	1.1093	-0.0044
Taiwan	New Taiwan Dollar	30.8930	-0.0040	30.9410	-0.3608	35.6629	-0.5035
Thailand	Thai Baht	36.2575	-0.1125	36.3138	-0.5326	41.8557	-0.7172
Tunisia	Tunisian Dinar	3.2315	0.0339	3.2365	-0.0030	3.7304	-0.0125
Turkey	Turkish Lira	18.2500	0.0255	18.2783	-0.1849	21.0678	-0.2648
United Arab Emirates	UAE Dirham	3.6731	0.0000	3.6788	-0.0424	4.2402	-0.0593
United Kingdom	Pound Sterling	0.8663	0.0120	0.8676	0.0021	-	-
..One Month		0.8663	0.0120	0.8675	0.0021	-	-
..Three Month		0.8665	0.0120	0.8672	0.0021	-	-
..One Year		0.8667	0.0121	0.8658	0.0021	-	-
United States	United States Dollar	-	-	1.0016	-0.0115	1.1544	-0.0161
..One Month		-	-	1.0013	-0.1690	1.1545	-0.0161
..Three Month		-	-	1.0009	-0.1690	1.1546	-0.0161
..One Year		-	-	0.9991	-0.1691	1.1549	-0.0160
Vietnam	Vietnamese Dong	23558.0000	33.0000	23594.5883	-238.5984	27195.4181	-341.7915
European Union	Euro	0.9984	0.0114	-	-	1.1526	-0.0028
..One Month		0.9982	0.0114	-	-	1.1525	-0.0028
..Three Month		0.9978	0.0114	-	-	1.1522	-0.0028
..One Year		0.9960	0.0112	-	-	1.1509	-0.0028

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

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Sep 13	Day's chge%	Euro Index	£ Strlg Sep 12	£ Strlg Sep 09	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7385.86	-1.17	6629.58	7473.03	7351.07	7068.43	3.66	1.93	14.16	225.59	7540.45
FTSE 250 (250)	19167.21	-1.78	17204.56	19513.87	19188.03	23775.73	2.93	1.32	25.88	407.92	15833.56
FTSE 250 ex Inv Co (176)	19501.02	-1.81	17504.19	19859.58	19482.61	24916.93	3.05	1.57	20.88	440.69	16439.05
FTSE 350 (350)	4092.77	-1.26	3673.68	4144.91	4077.03	4088.93	3.56	1.85	15.19	119.31	8289.86
FTSE 350 ex Investment Trusts (274)	4025.27	-1.21	3613.09	4074.66	4006.70	3982.61	3.62	1.91	14.47	120.06	4213.84
FTSE 350 Higher Yield (129)	3540.36	-0.74	3177.84	3566.67	3511.09	3162.52	4.97	1.87	10.73	130.88	8060.49

FT 30 INDEX

	Sep 13	Sep 12	Sep 09	Sep 08	Sep 07	Yr Ago	High	Low
FT 30	2437.80	2489.40	2439.60	2405.90	2426.40	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
2489.4	2473.9	2478.5	2579	2579.7	2581.8	2588.4	2460.7	2441.5	2491.1	2437.8

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

FT WILSHIRE 5000 INDEX SERIES

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Oil & Gas Producers	42.11	Mobile Telecomms	-3.42	Consumer Services	-16.96
Oil & Gas	41.52	Health Care Eq & Srv	-3.49	Industrials	-18.20
Tobacco	26.42	FTSE All{HY-}Share Index	-3.61	FTSE 250 Index	-18.37
Aerospace & Defense	12.26	Telecommunications	-6.26	Food Producers	-18.64
Electricity	10.55	Beverages	-6.94	Household Goods & Ho	-18.65
Banks	10.11	Nonlife Insurance	-8.26	Construct & Material	-20.00
Mining	7.79	Financials	-8.99	Support Services	-21.77
Pharmace & Biotech	3.25	Oil Equipment & Serv	-9.51	Leisure Goods	-23.70

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1163	-32.00	Intertek Group PLC	4078	-16.00
Abrdn PLC	149.20	-5.60	Jd Sports Fashion PLC	127.20	-4.30
Admiral Group PLC	2230	-41.00	Kingfisher PLC	247.20	-9.70
Airtel Africa PLC	143.70	-0.30	Land Securities Group PLC	627.80	-17.40
Anglo American PLC	2920.5	-70.00	Legal & General Group PLC	262.30	-3.50
Antofagasta PLC	1210	-5.50	Lloyds Banking Group PLC	46.47	-0.50
Ashtead Group PLC	4326	-132.00	London Stock Exchange Group PLC	8004	-94.00

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

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

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UK COMPANY RESULTS

UK RECENT EQUITY ISSUES

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Finland (€)							
Nokia	5.06	-0.04	5.71	4.12	-	18.04	28879.25
SampoA	46.19	0.65	48.74	35.85	3.58	10.15	24660.33
France (€)							
Airbus Grpe	97.50	-2.19	120.36	88.91	-	18.46	76962.57
AirLiquide	124.72	-1.44	153.40	120.02	2.13	23.78	65371.01
AXA	25.43	-0.10	29.09	20.34	5.44	8.85	59495.03
BNP Parib	50.29	-0.27	68.07	40.67	5.15	7.48	62170.9
ChristianDior	629.00	-9.50	733.50	513.00	1.08	23.72	113715.49
Cred Agr	9.70	-0.02	14.27	8.09	7.98	5.47	29555.62
Danone	51.52	-0.41	60.56	46.48	3.64	18.11	34870.63
EDF	11.98	0.01	12.67	6.64	3.94	9.52	46633.53
Engie SA	13.26	0.37	14.61	9.79	3.87	9.65	32351.76
EssilorLuxottica	153.05	-4.05	195.00	132.70	0.68	48.22	68584
Hermes Intl	1298.5	-19.00	1678	957.60	0.34	57.59	137294.69
LOreal	348.20	-4.20	433.65	300.45	1.11	43.83	187179.12
LVMH	650.90	-8.00	741.60	535.00	1.04	28.15	328078.72
Orange	10.23	0.03	11.94	8.93	5.68	3508.10	27254.62
PernodRic	188.90	-2.05	214.50	166.60	1.60	29.46	48801.9
Renault	29.70	-0.94	38.07	20.47	-	-22.91	8796.59
Safran	104.02	-1.90	123.12	87.85	0.40	1074.88	44510.75
Sanofi	81.48	-0.95	106.08	76.45	3.80	17.02	103434.52
Sant Gbn	41.77	-0.82	64.82	39.03	3.15	10.32	21756.71
Schneider	126.58	-3.02	173.78	110.02	1.99	23.07	72401.16
SocGen	24.24	-0.08	37.68	18.34	2.21	4.23	20633.16
Total	50.02	-0.58	57.41	36.83	5.23	9.93	131212.32
UnibailR	51.43	-2.25	73.09	45.69	-	-7.57	7147.49
Vinci	95.36	-0.97	103.74	80.74	2.73	21.85	57071.93
Vivendi	8.79	-0.11	12.16	6.22	6.61	-16.21	9754.95
Germany (€)							
Allianz	174.48	-1.92	232.50	164.46	5.32	11.39	71378.36
BASF	44.21	-0.71	69.15	39.33	7.22	7.56	40668.98
Bayer	53.86	-0.23	67.99	43.91	3.59	54.56	52995.5
BMW	74.86	-0.92	97.60	67.58	2.46	4.12	45135.32
Continental	57.00	-2.22	113.50	54.50	-	9.08	11418.04
Deut Bank	9.02	-0.19	14.64	7.53	-	9.17	18679.52
Deut Tlkm	19.25	-0.13	19.61	14.47	3.02	22.86	96128.35
DeutsPost	36.84	-0.68	61.29	33.44	3.63	9.63	45717.81
E.ON	9.13	-0.03	12.54	7.72	4.98	5.24	24147.39
Fresenius Med	34.70	0.03	63.66	32.21	3.74	10.83	10183.03
Fresenius SE	26.06	-0.24	42.50	23.40	3.35	8.51	14577.16
HenkelKgaA	61.25	0.05	75.80	56.55	2.89	16.83	15937.2
Linde	288.30	-1.80	315.35	244.00	1.25	46.28	143901.85
Mercedes-Benz	58.26	-1.02	77.90	50.19	2.24	6.02	62425.49
MuenchRkv	267.00	1.70	282.25	205.15	3.55	13.18	37464.48
SAP	86.68	-1.12	129.74	83.01	2.07	20.08	106652.05
Siemens	104.56	-3.02	156.98	93.67	3.24	16.25	89013.97
Volkswgn	194.20	-3.10	301.40	162.40	2.39	6.78	57395.41
Hong Kong (HK$)							
AIA	73.50	-1.25	95.75	70.15	1.56	19.66	111758.43
BOC Hold	26.95	0.30	32.75	22.20	3.95	14.46	36301.53
Ch OSLnd&Inv	22.80	-0.10	27.35	15.42	4.52	5.92	31792.37
ChngKng	52.80	-0.50	57.00	41.35	2.88	12.63	24509.81
Citic Ltd	8.20	-	10.24	6.96	5.63	3.97	30390.6
Citic Secs	15.80	0.04	21.32	15.32	2.60	8.50	5274.11
CK Hutchison	48.80	0.95	60.45	47.10	4.01	6.46	23839.88
Denso	7503	138.00	9575	6584	1.99	19.73	40988.32
EastJpRwy	7520	305.00	7938	6373	1.42	-7.24	19704.31
Fanuc	22935	-245.00	27060	18740	2.10	26.17	32105.88
FastRetail	85100	-90.00	88230	54310	0.66	38.33	62584.45
Fuji Hvy Ind	2580	-72.50	2684	1664.5	2.32	28.44	13758.62
Hitachi	6986	-21.00	7460	4750	1.76	9.83	46912.63
HondaMtr	3653	-61.00	3755	3043	3.77	7.42	45877.54
JapanTob	2388	-6.00	2441	2000	6.11	11.66	33112.62
KDDI	4375	-53.00	4636	3237	2.93	14.07	69891.39
Keyence	55020	30.00	76210	44880	0.39	44.12	92774.2
MitsbCp	4429	13.00	4845	3355	3.33	9.48	45621.85
MitsubEst	968.82	0.30	972.04	876.51	-	-	-
MitsubishiEle	1390	-	1629	1225.5	3.07	11.92	20692.69
MitsuiFud	885.62	-1.16	949.18	684.38	-	-	-
MitUFJFin	727.50	2.20	828.30	601.40	3.82	7.08	66992.39
Mizuho Fin	1640	3.00	1675	1397	5.08	7.52	28872.11
Murata Mfg	7756	133.00	10535	7008	1.65	14.94	36339.54
Nippon T&T	3937	-25.00	4055	3050	2.85	11.89	98865.48
NipponTT	3937	-25.00	4055	3050	2.85	11.89	98865.48
Nissan Mt	548.20	-4.70	654.30	436.50	-	16.70	16041.84
Nomura	511.30	3.60	586.00	460.30	4.80	-32.99	11462.69
Nppn Stl	2302	14.00	2381	1690.5	3.71	3.41	15167.2
Panasonic	1139.5	-11.50	1541	1018.5	2.34	10.81	19387.78
Seven & I	5983	-40.00	6083	4552	1.83	21.36	36770.43
ShnEtsuCh	16790	75.00	21480	14360	1.84	15.09	48502.57
Softbank	5654	17.00	7217	4210	0.83	4.56	67539.65
Sony	10765	5.00	14745	10220	0.60	12.90	94121.02
SumitomoF	4323	-3.00	4461	3672	4.94	7.89	41202.13
Takeda Ph	3919	25.00	4063	2993	4.90	13.19	42991.58
TokioMarine	7722	-40.00	8362	5658	3.04	11.78	36405.59
Toyota	2067	-3.00	2375.5	1805	2.63	8.75	233806.5
Mexico (Mex$)							
AmerMvl	17.12	-0.37	22.49	17.01	1.90	13.84	36381.02
FEMSA UBD	135.85	0.28	180.66	120.63	1.49	111.04	14640.64
WalMrtMex	74.90	-0.12	82.93	64.81	0.67	37.31	65218.51
Netherlands (€)							
ASML Hld	479.45	-20.35	777.50	403.45	0.68	38.25	195186.72
Heineken	93.42	-0.52	100.95	77.50	1.02	16.73	53893.7
ING	9.57	-	14.00	7.90	6.07	8.04	36108.91
Unilever	46.30	-0.13	48.81	39.36	3.10	23.77	136131.48
Norway (Kr)							
DNB	181.60	-2.30	220.50	168.40	9.31	11.94	28159.7
Equinor	365.60	5.65	410.95	198.58	1.31	16.22	115446.95
Telenor	105.65	-1.65	149.00	105.15	8.28	18.36	14702.72
Qatar (QR)							
QatarNtBk	20.30	0.60	27.00	18.40	2.41	16.91	51486.07
Saudi Arabia (SR)							
AlRajhiBnk	88.70	1.80	117.40	75.13	2.34	17.38	94410.68
Natnlcombnk	67.90	0.90	82.00	59.60	1.85	26.34	80907.97
SaudiBasic	96.80	-2.20	141.40	93.50	2.90	14.55	77274.12
SaudiTelec	39.90	-0.05	54.00	38.08	8.67	8.15	53086.05
Singapore (S$)							
DBS	33.63	0.14	37.49	29.18	3.25	14.65	61583.86
JardnMt US$	54.38	-0.61	62.10	49.50	2.70	10.62	15739.48
OCBC	12.27	0.08	13.54	10.98	3.03	13.00	39274.41
SingTel	2.73	0.01	2.88	2.31	2.43	48.97	32066.57
UOB	27.56	0.14	33.33	25.28	3.19	13.03	32840.38
South Africa (R)							
Firstrand	64.54	-1.85	79.34	53.25	3.78	12.41	20830.61
MTN Grp	135.45	0.15	211.49	121.24	-	19.62	14684.94
Naspers N	2444.11	-61.92	2853.25	1392.5	0.23	13.96	61244.93
South Korea (KRW)							
HyundMobis	217000	-2500.00	275000	190000	1.82	8.59	14940.57
KoreaElePwr	19950	300.00	25500	19500	6.05	-11.83	9323.81
SK Hynix	94800	4400	134000	86300	1.60	6.88	50243.61
SmsungEl	58100	2500	80800	55600	2.45	10.21	252507.53
Spain (€)							
BBVA	4.89	-0.07	6.29	3.97	7.35	6.87	31260.12
BcoSantdr	2.58	-0.06	3.48	2.32	2.87	5.33	43312.76
CaixaBnk	3.42	-0.07	3.64	2.22	0.76	23.20	27569.83
Iberdrola	10.82	0.01	11.49	8.47	3.78	19.17	68912.87
Inditex	21.95	-0.43	32.63	18.55	0.98	23.92	68516.73
Repsol	12.90	-0.25	16.23	9.44	4.50	8.13	18765
Telefonica	3.95	-0.01	5.06	3.61	8.48	2.98	22847.59
Sweden (SKr)							
AtlasCpcoB	99.28	-2.08	133.60	22.08	7.36	6.68	14579.33
Ericsson	78.63	-0.56	117.32	70.05	2.86	11.68	22728.63
H & M	112.74	-4.58	191.86	106.30	5.59	15.66	15493.1
Investor	173.30	-3.26	228.75	162.62	2.02	7.51	29705.68
Nordea Bk	102.58	-1.08	114.64	85.25	14.25	12.06	36220.62
SEB	110.05	-0.50	141.85	91.64	9.18	9.27	22307.87
SvnskaHn	91.06	-0.22	108.15	80.88	5.49	9.01	16661.16
Swedbank	148.75	0.10	196.70	124.50	9.79	8.01	15842.11
Telia Co	35.45	-0.40	41.70	33.61	5.64	12.61	13639.78
Volvo	171.20	-1.58	218.65	148.24	3.80	11.24	25585.2
Switzerland (SFr)							
ABB	27.39	-0.52	35.30	24.85	2.73	13.89	56001.21
CredSuisse	5.15	-0.19	10.18	4.86	1.75	-8.55	14200.59
Nestle	112.08	0.22	128.90	105.64	2.21	20.58	320745.1
Novartis	79.42	-0.72	88.42	73.01	3.42	9.12	198661.26
Richemont	106.45	-1.75	146.10	90.28	1.65	26.84	57824.96
Roche	323.25	0.60	404.20	298.60	2.45	22.90	236332.17
Swiss Re	83.16	-0.32	102.20	70.18	6.39	21.24	27476.01
Swisscom	498.00	0.70	587.40	488.50	3.97	15.66	26845.69
UBS	16.23	0.11	19.90	13.10	1.92	8.83	59511.11
Zurich Fin	431.10	4.20	461.70	374.60	4.18	15.19	67499.22
Taiwan (NT$)							
Chunghwa Telecom	121.00	-	132.50	110.00	3.36	27.70	30383.9
Formosa PetChem	82.90	0.40	106.00	80.10	0.68	16.80	25562.53
HonHaiPrc	110.00	1.50	116.00	99.50	3.46	11.66	49361.67
MediaTek	626.00	-1.00	1200	597.00	5.62	9.37	32403.18
TaiwanSem	493.00	6.50	650.00	433.00	2.06	20.64	413805.04
Thailand (THB)							
PTT Explor	37.00	-0.25	41.25	32.75	5.05	10.55	29147.97
United Arab Emirates (Dhs)							
Emirtestele	24.40	0.82	38.98	11.60	2.83	26.39	57773.14
United Kingdom (p)							
Anglo American	2920.5	-70.00	4996.8	2350	6.10	5.78	47355.61
AscBrFd	1360	-46.00	2066	1314.38	0.46	22.48	12429.17
AstraZen	10328	-294.00	11540	8029	2.00	1748.73	150994.32
Aviva	442.30	-2.50	606.58	341.92	4.83	58.20	20491.28
Barclays	171.94	-2.02	209.45	140.06	1.74	4.17	33869.52
BP	461.55	3.70	469.60	296.94	3.41	16.75	106193.33
BrAmTob	3495	-14.00	3645	2507.5	6.17	11.82	75223.71
BT	142.75	-1.75	201.40	134.85	-	13.86	16350.4
Compass	1928	2.00	1970.5	1435	0.73	46.91	36603.39
Diageo	3804	-31.50	4364.1	3282.5	1.91	29.26	110549.64
GlaxoSmh	1359.4	-18.20	2753.96	1321.2	5.88	15.70	77175.57
Glencore♦	497.70	-1.65	548.30	305.07	1.78	18.22	82876.63
HSBC	529.60	-6.40	567.20	329.55	3.05	11.57	122580.7
Imperial Brands	1947	-5.00	1966.5	1434.23	7.09	6.51	21436.37
Jardine Mathes.	62.50	-	60.50	50.06	2.34	12.20	18089.69
LlydsBkg	46.47	-0.50	54.50	38.10	5.53	6.45	38657.74
LSE Group	8004	-94.00	8612	6230	0.96	81.84	31969.8
Natl Grid	1080	2.00	1271.45	880.60	4.55	25.17	41848.11
Natwest Group	269.70	0.20	284.42	196.92	3.89	10.62	37255.15
Prudential	959.20	-17.20	1519	877.20	1.23	15.58	28649.05
ReckittB	6564	-64.00	6824	4905.16	2.66	-28.40	53361.05
RELX	2287	-23.00	2634.82	2056	2.09	30.17	50668.01
RioTinto	4909	-35.50	6343	4354	10.23	5.13	76006.18
RollsRoyce	78.27	-2.40	161.91	69.57	-	53.24	1680.46
Shell PLC	2327.5	6.00	2459.23	1282.78	2.60	12.27	123519.02
StandCh	612.20	-15.00	641.00	406.20	1.45	13.73	23299.15
Tesco	245.30	-7.80	304.10	237.40	3.73	12.49	23185.57
Unilever	4017.5	-3.00	4109.5	3267.5	3.60	20.62	57126.98
Vodafone	109.10	-1.46	141.60	106.30	7.09	-244.07	33594.32
WPP	784.60	-13.00	1231.5	719.60	3.38	14.94	11467.71
United States of America ($)							
21stC Fox A	33.94	-0.87	44.95	31.33	1.18	16.12	10400.31
3M	122.66	-1.60	187.92	115.98	4.11	14.22	69864.77
AbbottLb	106.22	-3.07	142.60	101.21	1.44	31.63	186014.56
Abbvie	140.68	-1.56	175.91	105.56	3.15	25.59	248735.81
Accenture	285.38	-9.88	417.37	261.77	1.10	34.00	189546.05
Activision Bli.	77.32	-0.82	82.34	56.40	0.52	26.37	60484.03
Adobe	375.68	-20.68	699.54	338.00	-	43.36	175818.24
Advanced Micro	78.53	-6.11	164.46	71.60	-	35.85	126772.62
AEP	103.80	-1.38	105.60	80.22	2.46	24.55	53325.59
Aflac	61.36	-1.14	67.20	51.28	1.83	11.27	38774.4
AirProd	258.76	-4.74	316.39	216.24	1.98	31.89	57392.7
Allstate	124.92	-2.18	144.46	106.11	2.21	8.63	33765.32
Alphabet	105.30	-5.56	151.55	101.88	-	1.10	631378.8
Altria	43.90	-1.25	57.05	41.00	6.83	38.44	79056.15
Amazon	128.40	-8.05	188.11	101.26	-	2.32	1308082.04
AmerAir	13.80	-0.67	22.35	11.93	-	-4.32	8967.87
AmerExpr	157.35	-5.10	199.55	134.12	1.01	17.93	117972.81
AmerIntGrp	55.09	-1.45	65.73	48.40	1.98	5.97	41887.52
AmerTower	258.56	-6.53	298.42	220.00	1.72	53.60	120382.15
Amgen	229.98	-7.64	258.45	198.64	2.61	26.25	123023.4
Amphenol Corp	74.97	-1.43	88.45	61.67	0.89	35.04	44594.27
Analog Devices	150.41	-5.24	191.95	138.50	1.58	59.26	77362.11
Anthem	482.58	12.71	-	-	-	-	-
Aon Cp	286.39	-7.62	341.98	246.21	0.59	60.54	60406.97
Apple	156.31	-7.12	182.13	129.04	0.47	30.41	2512019.25
Applied Materi.	91.74	-4.56	167.06	82.67	0.88	14.85	78924.78
Aptiv	97.68	-2.07	180.81	84.14	-	59.08	26464.53
ArcherDan	87.82	-0.39	98.88	58.60	1.44	21.51	49228.52
AT&T	17.06	-0.32	21.53	16.62	10.39	7.25	121569.56
Autodesk	207.68	-7.48	335.48	163.20	-	107.75	44829.61
AutomData	239.12	-4.83	261.59	192.26	1.37	43.43	99358.42
AutoZone	2173.83	-46.55	2362.24	1540.98	-	23.05	42362.73
Avago Tech	508.15	-20.91	677.76	463.91	2.52	33.67	205801.49
BakerHu	25.27	-0.19	39.78	22.30	2.50	68.62	25567.03
Bank of NY	44.28	-	64.63	39.78	2.50	12.55	35782.81
BankAm	34.31	-0.96	50.11	29.67	1.94	11.28	275689.05
Baxter	58.74	-1.04	89.70	54.45	1.57	27.24	29582.09
BectonDick	259.54	-4.70	277.29	229.24	1.10	52.68	74018.11
BerkshHat	423831.52	-9230.73	544389.26	396500	-	8.36	254266.7
Biogen	205.12	-7.76	306.46	187.16	-	23.14	29765.59
BlackRock	653.66	-43.15	973.16	575.60	2.15	20.07	98551.49
Boeing	150.64	-8.08	233.94	113.02	-	-24.72	89451.71
Booking Holdings	1939.64	-73.68	2715.66	1669.34	-	80.79	77015.83
Bristol-Myers	71.50	-0.86	80.59	53.22	2.40	26.89	152670.74
Broadcom	508.15	-20.91	677.76	463.91	2.52	33.67	205801.49
Cadence Design	168.51	-6.51	194.97	132.32	-	79.08	46149.83
CapOne	103.95	-5.84	174.65	98.54	1.64	4.53	39897.85
CardinalHlth	67.30	-1.73	72.28	45.85	2.48	40.91	18340.08
Carnival	10.23	-0.37	27.39	8.10	-	-1.43	10174.92
Caterpillar	186.91	-5.49	237.90	167.08	1.95	18.54	98671.5
Centene Corp	91.03	-1.87	98.53	59.84	-	46.84	52031
CharlesSch	73.22	-1.70	96.24	59.35	0.84	30.36	133098.89
Charter Comms	394.13	-12.32	804.80	391.81	-	18.90	63318.86
Chevron Corp	159.97	-2.53	182.40	93.31	2.83	23.06	314311.21
Chipotle Mexic.	1705.53	-42.41	1958.55	1196.28	-	87.38	47353.44
Chubb	195.22	-1.76	218.99	171.96	1.39	11.89	81531.95
Cigna	289.63	-4.52	296.29	191.74	1.18	21.60	88370.81
Cintas Corp	416.64	-12.27	461.44	343.86	0.74	42.85	42515.71
Cisco	44.75	-1.65	64.29	40.82	2.85	18.64	183870.78
Citigroup	49.59	-1.28	73.73	43.44	3.51	5.74	96033.88
CME Grp	197.00	-3.21	256.94	185.79	1.56	31.71	70808.36
Coca-Cola	61.31	-1.20	67.20	52.28	2.34	31.97	265121.39
Cognizant	63.65	-2.67	93.47	61.59	1.29	18.44	32957.01
ColgtPlm	76.33	-1.57	85.18	72.20	2.00	35.12	63668.39
Comcast	34.32	-1.37	60.85	33.74	2.48	13.25	151138.21
ConocPhil	112.95	-1.44	124.08	56.30	1.47	21.83	146095.13
Constellation	241.58	-6.46	261.53	207.59	1.08	-1276.26	38492.07
Corning	33.13	-1.20	43.47	30.63	2.47	30.36	28001.16
Corteva	63.23	1.12	64.03	40.72	0.72	31.29	45759.55
Corteva	63.23	1.12	64.03	40.72	0.72	31.29	45759.55
Costco	522.55	-16.97	612.27	406.51	0.52	48.94	231470.33
CrownCstl	171.90	-4.93	208.69	153.70	2.71	75.54	74439.45
CSX	31.79	-1.05	38.63	27.60	1.05	20.60	68070.06
CVS	101.71	-1.33	111.25	81.78	1.68	20.06	133527.82
Danaher	284.49	-9.03	331.69	233.71	0.27	38.08	206947.29
Deere	368.58	-5.46	446.76	283.81	0.91	23.75	111243.17
Delta	32.01	-1.14	46.27	28.10	-	45.07	20524.75
Devon Energy	69.41	-1.78	79.40	27.40	2.42	19.44	45449.67
Digital Realty	121.32	-5.43	176.53	117.56	3.26	23.96	34868.32
DiscFinServ	99.78	-3.51	133.40	88.02	1.61	6.57	27257.03
Disney	112.22	-4.17	185.90	90.23	-	76.55	204583.54
Dollar General	243.23	-3.91	262.21	183.25	0.59	27.80	54864.68
DominRes	83.46	-0.74	88.78	70.37	2.57	30.70	69480.68
DukeEner	109.60	-1.28	116.33	95.48	3.03	26.08	84381.09
DuPont	57.55	-2.00	84.08	52.57	1.78	20.90	28826.91
Eaton	144.21	-3.40	175.72	122.50	1.80	31.69	57438.84
eBay	43.65	-1.87	81.19	40.52	1.41	134.77	23979.91
Ecolab	168.05	-6.85	238.93	143.82	0.99	50.43	47892.44
Edwards Lifesc.	94.68	-2.69	131.73	85.58	-	46.67	58693.11
Eli Lilly	308.24	-6.98	335.33	220.20	0.94	59.09	292881.89
Emerson	83.39	-2.17	101.30	76.16	2.07	21.36	49308.51
EOG Res	124.22	-2.19	147.99	69.08	1.11	18.24	72798.45
Equinix	644.57	-20.90	873.77	606.12	1.52	136.76	58704.33
EquityResTP	75.51	-2.05	94.32	67.48	2.72	25.86	28400.69
Exelon	44.96	-1.15	50.71	29.10	2.90	30.32	44082.04
ExxonMb	95.96	-1.65	105.57	52.96	3.10	20.89	399926.38
Fedex	207.78	-6.06	262.96	192.82	1.18	13.11	54003.61
Fidelity NIS	91.04	-2.02	126.20	85.00	1.46	159.42	55347.33
Fiserv	107.72	-1.33	112.17	87.03	-	63.51	68896.03
FordMtr	14.91	-0.63	25.87	10.61	0.57	3.93	58874.67
Franklin	25.05	-1.70	38.27	22.61	3.84	7.78	12483.85
GenDyn	230.73	-4.71	254.99	188.64	1.73	23.44	63276.83
GenElectric	71.95	-3.37	116.17	59.93	0.38	-25.97	78897
GenMills	75.42	-0.73	78.54	57.47	2.33	23.38	44928.47
GenMotors	41.01	-1.04	67.21	30.33	-	7.18	59794.59
GileadSci	65.94	-2.07	74.12	57.17	3.67	15.69	82647.05
GoldmSchs	331.02	-11.56	426.16	277.84	1.67	6.53	112995.64
Halliburton	29.55	-0.73	43.99	19.12	0.76	19.48	26800.2
HCA Hold	216.09	-6.28	279.02	164.47	0.76	11.98	62021.75
Hew-Pack	27.20	-1.06	41.47	26.11	2.63	5.76	27361.54
Hilton Worldwi.	132.18	-4.47	167.99	108.41	-	106.22	36255.31
HiltonWwde	132.18	-4.47	167.99	108.41	-	106.22	36255.31
HomeDep	284.25	-13.29	420.61	264.51	2.00	21.27	290994.24
Honywell	188.23	-3.80	228.26	167.35	1.71	27.92	126809.1
HumanaInc	473.01	-13.13	504.99	363.73	0.50	24.48	59861.16
IBM	128.62	-2.04	146.00	114.56	4.34	28.97	116167.06
IDEXX Laborato.	352.36	-24.23	689.95	318.50	-	48.07	29335.28
IllinoisTool	203.84	-3.74	248.11	173.52	1.97	28.10	63113.29
Illumina	200.56	-11.93	461.08	173.45	-	46.69	31507.98
Intcntl Exch	101.18	-2.91	139.79	90.05	1.11	16.53	56504.8
Intel	30.03	-1.53	56.07	29.91	3.95	7.25	123303.18
Intuit	434.47	-20.90	716.86	339.36	0.50	63.84	122464.01
John&John	162.82	-2.82	186.69	155.72	2.19	24.46	428083.07
JohnsonCn	57.19	-1.67	81.69	45.52	1.71	30.64	39393.06
JPMrgnCh	117.37	-3.21	172.96	106.06	2.76	8.97	344196.02
Kimb-Clark	125.12	-1.79	144.53	117.32	3.21	27.55	42243.3
KinderM	18.34	-0.40	20.20	15.01	5.16	46.48	41320.04
KLA Corp	345.50	-11.97	442.44	282.83	0.96	20.86	48993.2
Kraft Heinz	36.04	-0.69	44.87	32.79	3.78	51.57	44164.97
Kroger	50.09	-0.45	62.78	38.22	1.34	26.83	35842.42
LasVegasSd	38.48	-0.27	48.27	28.88	-	-29.90	29404.73
LibertyGbl	19.34	-0.48	30.58	18.82	-	0.97	3351.96
Lilly (E)	308.24	-6.98	335.33	220.20	0.94	59.09	292881.89
Linde	288.47	-6.04	346.50	265.12	1.25	46.24	143763.52
Lockheed	415.03	-3.61	479.99	324.23	2.28	20.91	110046.12
Lowes	198.03	-8.37	263.31	170.12	1.30	19.12	122917.33
Lyondell	81.82	-3.49	117.22	79.34	4.63	5.72	26690.18
Marathon Ptl	98.11	-1.83	114.35	56.08	2.02	56.99	48920.01
Marsh&M	162.97	-4.42	183.14	142.80	1.40	29.41	81796.88
MasterCard	330.46	-7.96	399.92	303.65	0.58	44.26	316804.03
McDonald's	256.37	-4.00	269.72	217.68	1.75	29.96	188615.84
McKesson	352.99	-10.74	375.23	193.89	0.43	46.90	50735.41
Medtronic	91.07	-0.99	132.58	85.66	2.33	29.16	121045.99
Merck	86.89	-1.27	95.72	70.89	2.59	20.98	220116.69
Meta	196.64	0.99	384.33	169.00	-	15.41	450997.53
Metlife	67.13	-1.39	73.18	57.05	2.41	10.77	54590.51
Microsoft	255.19	-11.46	349.67	241.51	0.77	31.89	1903179.43
Mnstr Bvrg	91.03	-2.53	99.81	71.78	-	41.56	47962.39
MondelezInt	60.56	-1.34	69.47	57.63	1.87	23.37	83001.48
Monsanto	9.86	-0.02	9.95	9.65	-	53.03	246.50
MorganStly	87.82	-2.34	109.73	72.05	2.04	12.83	150763.1
Netflix	221.70	-14.83	700.99	162.71	-	23.14	98591.23
NextEraE	89.94	-0.87	92.91	67.22	1.54	138.62	176712.24
Nike	107.69	-4.69	179.10	99.53	0.93	33.03	136082.75
NorfolkS	245.32	-5.26	296.87	217.00	1.45	23.77	57619.2
Northrop	477.83	-4.47	497.20	344.89	1.10	12.88	73925.7
NXP	159.92	-9.15	239.91	140.33	1.20	27.63	41994.75
Occid Pet	64.89	-1.91	77.13	24.96	0.05	36.96	60814.32
Oracle	76.53	-0.55	106.34	63.76	1.44	33.95	203946.79
Pepsico	169.92	-3.98	181.07	149.48	2.13	36.31	234473.7
Perrigo	39.41	-1.28	50.90	31.32	2.08	-47.18	5305.3
Pfizer	46.62	-1.14	61.71	40.94	2.85	13.92	261647.84
Phillips66	87.20	-2.36	111.28	63.19	3.54	34.45	41947.66
PhilMorris	95.35	-2.31	112.48	85.64	4.38	19.19	147808.07
PNCFin	161.82	-4.46	217.60	146.39	2.53	14.95	66367.17
PPG Inds	126.21	-5.37	172.78	107.06	1.60	32.49	29659.02
ProctGmbl	139.26	-1.84	165.35	129.50	2.19	27.77	332204.66
Prudntl	97.15	-2.61	124.22	89.73	4.04	5.84	36139.8
PublStor	330.50	-7.01	421.76	292.32	2.06	39.29	58012.31
Qualcomm	127.05	-5.95	192.68	118.23	1.80	17.08	142677.15
Raytheon	85.34	-2.47	106.02	79.00	2.00	38.81	125998.33
Regen Pharm	705.15	-5.60	754.67	538.01	-	11.50	75584.62
S&P Global	361.95	-9.55	484.21	311.87	0.73	33.95	120710.33
Salesforce	159.28	-6.36	311.75	150.48	-	125.07	159275
Schlmbrg	39.16	-0.99	49.83	26.64	1.09	34.81	55387.44
Sempra Energy	173.55	-2.10	176.47	119.56	2.16	50.78	54548.56
Shrwin-Will	233.78	-9.20	354.15	214.22	0.80	39.30	60590.52
SimonProp	100.88	-4.37	171.12	93.06	6.04	17.30	33023.24
SouthCpr	48.53	-1.02	79.32	44.31	5.62	12.97	37518.18
Starbucks	86.81	-2.26	120.15	68.39	1.81	27.53	99605.79
StateSt	72.86	-1.33	103.76	58.80	2.55	11.89	26784.75
Stryker	227.10	-4.73	279.28	188.84	0.97	51.14	85878.79
Sychrony Fin	32.25	-2.05	52.49	27.22	2.39	4.98	15536.73
T-MobileUS	140.71	-4.44	148.04	101.51	-	68.50	176456.14
Target	169.64	-4.21	268.98	137.16	1.60	13.98	78078.95
TE Connect	127.37	-3.69	166.44	107.12	1.32	20.30	40736.29
Tesla Mtrs	291.01	-13.41	414.50	206.86	-	69.68	904460.6
TexasInstr	165.39	-5.19	202.26	144.46	2.17	23.49	151118.06
TheTrvelers	163.57	-1.76	187.98	145.40	1.89	11.83	38817.31
ThrmoFshr	562.72	-16.47	668.94	497.83	0.16	33.93	220467.48
TJX Cos	65.67	-1.32	76.94	53.69	1.36	28.27	76240.54
Truist Financial Corp	47.68	-1.86	66.10	44.68	3.32	12.52	63242.44
Twitter	41.51	0.10	68.41	31.30	-	-173.94	31765.37
UnionPac	228.82	-5.34	278.94	195.68	1.72	24.81	142893.19
UPS	195.47	-4.70	233.72	165.34	1.78	15.62	143055.54
USBancorp	45.91	-1.65	63.01	43.75	3.27	10.56	68212.34
UtdHlthcre	518.13	-13.12	553.29	383.12	0.92	33.62	484649.84
ValeroEngy	112.73	-1.52	146.81	61.86	2.96	58.27	44412.28
Verizon	42.24	-0.53	55.51	40.71	5.12	9.31	177374.95
VertexPharm	285.02	-8.47	305.95	176.36	-	37.11	73094.8
VF Cp	42.59	-1.46	78.91	40.06	3.94	16.38	16545.98
Visa Inc	202.18	-4.45	236.96	185.91	0.56	39.27	330567.26
Walgreen	35.78	-0.86	53.46	34.53	4.57	6.08	30918.78
WalMartSto	136.65	-1.42	160.77	117.27	1.39	32.61	370900.61
Walt Disney	112.22	-4.17	185.90	90.23	-	76.55	204583.54
Waste Manage.	172.55	-1.16	175.98	138.58	1.14	47.19	71321.08
WellsFargo	43.45	-2.08	60.30	36.54	1.51	10.30	164808
Williams Cos	33.16	-0.71	37.97	24.51	4.22	31.38	40406.46
Workday	161.52	-8.24	307.81	134.10	-	1564.32	32464.52
Yum!Brnds	114.52	-2.74	139.85	108.37	1.49	25.79	32585.8
Zoetis	162.09	-4.27	249.27	154.18	0.53	44.54	75878.24
Zoom	79.13	-4.95	300.28	77.79	-	20.44	19859.66
Venezuela (VEF)							
Bco de Vnzla	1.10	-	594.00	0.32	138.60	-	503.60
Bco Provncl	2.72	-0.11	798000	1.70	-	0.00	128.04

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

FT 500: TOP 20

FT 500: BOTTOM 20

BONDS: HIGH YIELD & EMERGING MARKET

Sep 13	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24	0.00	0.12	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34

BONDS: GLOBAL INVESTMENT GRADE

Sep 13	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

BOND INDICES

VOLATILITY INDICES

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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

Succession in the City

The makers of 'Industry' talk to Henry Mance about their whip-smart TV drama, which returns to screens this month

After Konrad Kay and Mickey Down created the banking drama *Industry* in their late twenties, they became two of the youngest showrunners that HBO has ever had. Their depiction of Gen Z graduates being ritually humiliated and betrayed was based on their own time failing in the City; the first series, which aired in 2020, won plaudits from critics and bankers alike. Down heard that the president of one large bank summoned his global head of HR to demand the show somehow be taken off air.

Yet Kay and Down had a "dissonant reaction" to success. They felt the show failed to put their characters through true tests of morality; it also lacked a central storyline. Harper, the mesmerising protagonist played by Myha'la Herrold, "was doing some interest rate trade over here, she was dealing with this client here, it wasn't very joined up," says Kay. Down is blunter: the series was "a mess".

So the second series tries to give stock-trading the same thread as a sports or action movie. "We were slightly scared that we were not capable of writing it," says Kay. There is less novelty in seeing finance accurately depicted on screen — although which other drama shows an alpha male clipping his toenails at his desk? — but there is more narrative (as well as, bizarrely, a brief cameo from your correspondent).

The plot revolves around maverick US investor Jesse Bloom, nicknamed "Mr Covid" for increasing his money 200-fold during the pandemic. We're told that, as the pandemic hit, Bloom bet on stocks falling and went on CNBC proclaiming the apocalypse, thereby causing stocks to tank. He then took the profits and re-bought stocks on the cheap. That sounded so much like real-life hedge fund titan Bill Ackman that HBO's lawyers intervened, insisting that Ackman was referenced as a separate figure who "followed" Bloom. Bloom, played by Jay Duplass, goes on to look for another big trade, which turns out to involve healthcare.

The show remains compulsive viewing, even though the characters, like those in fellow HBO drama *Succession*, can seem like awful people, even to each other. In the first series, Yasmin (Marisa Abela), one of the more likeable characters, rages at Harper for being "a bit of a cunt". By series two, she has reached acceptance: "We're all cunts, aren't we? So let's just lean into it, yeah?" Are these bad people who went into finance, or did finance make them bad? "That is a central question in the show and one we talk about constantly," says Down, who quit banking after a year. "When we hear people say they're terrible, we're like, 'They're us! They're composites of people we know!'"

Industry majors in two Fs, one of which is finance. As for the other, it is hard to keep track of who hasn't slept with whom. Do the writing team debate how much sex to include? "There's no debate, everyone agrees there should be loads," laughs Down, although his own father-in-law has told him he'd like a button to skip through it. The quantity of sex and drugs is intended to illustrate the characters' stunted development. "All the characters, to stop themselves having to ask tough questions about their identity and their personhood and their own insecurities, they're chasing the next time they can get that rush," says Kay.

Above, from main: Myha'la Herrold, centre, as Harper; Jay Duplass as Jesse Bloom, reading a renowned business newspaper
Simon Ridgway; Bad Wolf/HBO, Nick Strasburg

Industry has been criticised for its characters' lack of introspection. The trading floor of the fictional bank, Pierpoint, is arguably even more claustrophobic in the second series: the young bankers often seem to have no friends or family who can stabilise them, their colleagues are their only company. "The lie of the sellside is that your colleagues aren't your competitors," as the billionaire Bloom puts it.

When occasionally a character insists "it's just business", they protest too much — because their whole identity has come to revolve around the trading floor. Yasmin, wanting to prove herself as a private banker, ends up trying to enlist her wealthy father as a client. Harper exchanges one office father figure, her boss Eric, for another, Bloom. This series does delve into the graduates' back stories. But part of the realism is that these characters don't spend hours discussing their emotions or motivations; if they did, they wouldn't have got their jobs in the first place.

What Down and Kay excel in is keeping the show contemporary: from the return-to-the-office weirdness to the rutting to establish status ("I was actually talking to your boss."). *Industry* is not precisely *Succession* — the budget presumably lacks a zero — but the dialogue exudes the same whip-smart cynicism: "I think about you less than I think about climate change"; "Nobody reads that email. It's getting denser than Dostoevsky and less fun."

Some finance people will love this sexed-up take on their reality, others will nitpick. The writers are alive to their own shortcuts. "Rishi is a really good example of a character who is totally unrealistic, in the sense that he's a market-maker, he's a prop trader, he basically trades every product under the sun, he seems the font of all liquidity in the market," says Kay. "There's no Chinese wall. Pierpoint doesn't seem to have an equity division. Of course there are things that you have to compress."

But he insists the fundamental truths are there, for example in the way that the bankers approach their clients and, within the bank, how traders treat salespeople. There are "lines in the sand" in terms of accuracy. A dramatic trade by Harper early in series two is legally possible, even if it appears unethical. "That's kind of the grey area that we always want the show to play in."

It's now a decade since Kay and Down worked in the City. Neither is financially minded today. Down managed to lose money on meme stock GameStop: "I bought the dip, and it dipped again. I realised that a) I don't have a brain for this, and b) I should just not have any investments in anything that requires me checking on a phone, because I become obsessed with it." But the pair had "a very, very good consultant" on series two, who does not want to be named, "but is still very much in the business, and is quite high up in it. He fed us a lot of information."

One dynamic in *Industry* is New York seeking to impose control over London

> Some finance people will love this sexed-up take on their reality, others will nitpick

("We could say London drinks too much and leaves too early. But none of us are saying that," a US emissary tells the desk). HBO sent over Jami O'Brien as an executive producer to "babysit" Down and Kay. Is this in fact a depiction of the TV industry — the tussle between the writers, the BBC and HBO? "There is an unconscious analogue," laughs Down.

Ultimately, however, *Industry* remains the creation of two men who were chewed up by the City and didn't lose their sense of humour or desire for competition in the process. "It's amazing how much leeway [HBO] give us. Amazing," says Kay. "They're usually saying to us: 'Make it *more* fucked up.'"

On BBC1 and iPlayer in the UK later this month and on HBO Max in the US now

The writers: Konrad Kay and Mickey Down

When video games meet religion

GAMING
Tom Faber

There is a dissenter in my cult. He's refusing to work and I suspect that soon he'll turn the other cultists against me. I have several options to neutralise this threat: I could be gentle and "re-educate" him; put him in prison; or murder him to serve as an example. I opt for something splashier: ritual sacrifice. Ascending my infernal altar, I direct him to the centre of the pentagram. Demonic tentacles rise to claim the dissenter and my cult's faith level receives a healthy boost. My cultists cheer and go back to work.

In indie hit *Cult of the Lamb*, you play a sacrificial victim who turns the tables on those leading him to the slaughter by building his own demonic sect. The game is an original genre hybrid, half cult-management simulation and half rogue-like dungeon crawler. While its Satanism at first scans as a simple pastiche, with time it raises deeper questions as you select your doctrines, drawing links between fringe cults and organised religion. Its cosy sense of community shows how sliding into a cult might be easier than you'd think.

The title stands out because it's rare for games to grapple with religion. While questions of morality, politics and war are regularly interrogated, faith is gaming's final taboo. Gamers and real-world religions have long harboured a hostility for one another: gaming communities tend to be aggressively secular, while over the decades games such as *Diablo* have been accused of encouraging [...] towards ancient mythology — they can say whatever they want about Odin or Ares and nobody complains.

Religious iconography mostly serves as set dressing. Gamers will be familiar with figures such as Zeus and Lucifer popping up, while the word "priest" is used in role-playing games to connote a white-magic user who uses powers from heaven to heal and smite, but has no apparent inner spiritual life.

Christian iconography is most pervasive, with the books of Genesis and Revelation influencing games as diverse as *Shin Megami Tensei* and *Dragon Quest*.

> Questions of politics and war are regularly interrogated but faith is gaming's final taboo

The *Assassin's Creed* series engages religion as a historical force but not a metaphysical one, with flights of fancy including a fist-fight with a pope in *Assassin's Creed II*.

The nuances of religion's political role are more elegantly explored in strategy games. In the *Crusader Kings II* expansion *Sword of Islam*, you can explore the benefits of celebrating Ramadan. Long-running *Civilization* series has a system where you gather "faith" as a resource to accrue power, portraying religion as a force that can either spark conflict or bring communities together.

There are rare games that use fictional religions to dig into spiritual questions. *The Elder Scrolls* and *Dragon Age* present the role religion plays in society, while there are evocative ideas in *Fallout 3*'s Children of Atom, who worship an unexploded atomic bomb, and the neo-tribal faiths of the *Horizon* series.

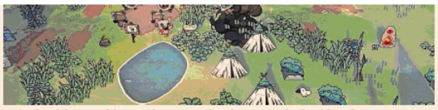
Rarer still are games that have something to say about real-world religions. *The Last of Us Part II* gives us a memorable conversation about Judaism in a synagogue, while Christian doctrine is interrogated for its connection to the US's racist past in *BioShock Infinite* and its history of child abuse in *The Binding of Isaac*, a nightmarish tale in which a boy flees his abusive zealot mother into the basement of his own mind.

Perhaps games and religions have more in common than we realise. Both tell complex stories of good and evil, asking: what happens after we die? What is the meaning of life? What does it mean to be good? The interactivity of gaming as a medium could mean exploring religion in a non-didactic way, but few have risen to this challenge.

When games do approach religious transcendence, such as *Journey*, a profoundly existential experience that has been played at Exeter Cathedral, or *That Dragon, Cancer*, which explores how faith sustains a couple through the death of their child, they count among the medium's most memorable moments. Developers need not fear engaging with religion — they just need to have a little faith.

ing Satanism. A shootout scene in a cathedral in *Resistance: Fall of Man* prompted legal threats from the Church of England and an apology from Sony.

Game developers are understandably anxious about provoking the ire of religious organisations, so when they want to explore religion they generally lean



In 'Cult of the Lamb', you play a sacrificial victim who builds a demonic sect

FT BIG READ. PRIVATE EQUITY

As streaming platforms took off, investors poured billions into buying song rights, creating a new asset class. But rising rates have soured the mood for asset managers seeking the next big thing. *By Anna Nicolaou and Kaye Wiggins*

How Wall Street stormed the music business

Merck Mercuriadis, front right, set up Hipgnosis as a way for investors to make reliable returns on music. The fund relies on Blackstone, led by Stephen Schwarzman, left, for funding

FT montage; Getty Images/ Hulton Archive/EPA/EFE

For Barry Massarsky, a specialist number cruncher for pop stars and record labels, the financialisation of music has been very good business.

"We are so busy. We are so unbelievably contracted with so many different players . . . new funds are coming in once or twice a week," Massarsky said in July. "[My business partner] is like: 'Hold the door shut!' It's wild . . . the market is scintillating."

People who have worked with Massarsky describe him as an eternal optimist — one former client compared him to the mentor in the film *Jerry Maguire* who says: "I clap my hands every morning and say, 'This is gonna be a great day!". But, until recently, the Cornell business school graduate had spent more than a decade toiling in an industry suffering from chronic malaise.

As an economist he calculated the value of music royalties for record labels, publishers and artists. When online piracy disrupted the industry in the 2000s, he earned his keep by calculating, for example, how much Bob Dylan stood to lose due to copyright infringement on the website mp3.com.

But in recent years, music streaming has resuscitated industry revenue, while central banks cut interest rates to historic lows, sending investors searching for new sources of returns. The result: the world's biggest investors poured billions into what had been a staid sector and music royalty payments were turned into a recognised asset class. Massarsky and his small team were the financial wizards behind billions of dollars in transactions.

Today, music executives, lawyers and agents say the influx of Wall Street cash is unprecedented. After a string of investments in the sector, Blackstone now earns money every time Justin Timberlake's "SexyBack" plays in a shopping mall. Apollo gets paid each time Luis Fonsi's "Despacito" is blasted through a nightclub.

The phenomenon was pioneered by a London-listed investment trust called Hipgnosis, named after an art group that designed album covers for Pink Floyd and others. In 2018 Merck Mercuriadis, a music obsessive who once managed Elton John, created the fund as a vehicle to buy songs, pitching them to institutional investors as a way to make reliable, bond-like returns.

In an era of rising interest rates, the nascent asset class faces its first real test.

"What you're buying is an anticipated future stream of cash flows. If rates go up, you discount those cash flows at those higher levels," says Dan Ivascyn,

> 'What you're buying is an anticipated future stream of cash flows. If [interest] rates go up, you discount those cash flows at those higher levels'

sang Leonard Cohen in his 1988 hit "Everybody Knows". Blackstone — the private equity titan whose chief executive, Stephen Schwarzman, made more than a billion dollars last year — not only owns rights to that song, but has packaged it up with a host of others and securitised it as collateral against hundreds of millions of dollars of debt.

The tale of how that happened traces the story of post-financial crisis capitalism. When Mercuriadis founded Hipgnosis in 2018, interest rates were low and the stock market was in its ninth year of a historic rally. As recently as 2019, only $368mn worth of music catalogue deals were announced publicly, according to Midia Research. But as investors made creative attempts to generate higher returns than the measly sums on offer from government bonds, an investment case for songs was developed. Music catalogue dealmaking ballooned to $5.3bn in 2021, says Midia.

The rationale went like this: by collecting a wide range of songs in one fund, their royalties — paid to copyright owners when a song is played — could be aggregated into a stream of cash flows from which to pay dividends.

Big investors such as Pimco and Apollo were lured into music royalties for the first time. Amid the rush, groups including Investec Wealth & Investment, Aviva Investors and the Church of England's fund manager, CCLA, gave their money to Mercuriadis's London-listed investment trust Hipgnosis Songs Fund, which has spent it buying copyrights to more than 65,000 songs.

"We think this investment will generate supernormal returns . . . it's less well known [than other asset classes] and we think we're early to this," says Paul Flood, a portfolio manager at Newton Investment Management, which as of HSF's 2022 annual report was its largest shareholder, with a 10 per cent stake.

Mercuriadis hired Massarsky as a third-party agent to calculate the song portfolio's "net asset value" to present to his shareholders. By Massarsky's calculations, Hipgnosis seemed to be making prophetically successful bets. Every six months, he calculated that the portfolio, to which songs were constantly being added, was worth more: from £128mn in March 2019 to $2.7bn at the end of March. (Hipgnosis's reporting currency changed from sterling to dollar.)

Meanwhile, Mercuriadis sealed his reputation as a friend to the stars, positioning himself as a bridge between stuffy investors and erratic musicians. He waxed lyrical in interviews about how songs were "better than gold or oil" as an investment. As his fund bought more songs it reported ever-rising revenues — from £7.2mn in 2019 to $168.3mn by March this year — and financiers rallied behind it. Four of the six banks that cover the stock — JPMorgan, the Royal Bank of Canada, Investec and Liberum — have a buy rating.

But the pace of acquisitions masked the underlying performance of the catalogues. The pro forma royalty revenue these songs generate — a measure that strips out the boost from new purchases — has been falling for at least the past two years, since it was first disclosed.

As of the end of August last year, Mercuriadis's London-listed fund had invested all the money it raised for song catalogues. It can no longer raise more without diluting shareholders — the share price is trading too far below the valuation that HSF derives from Massarsky's numbers. With that public fund in effective frozen, Mercuriadis now relies on Blackstone for funding.

Last year Blackstone bought Hipgnosis Song Management, Mercuriadis's management company, which advises the listed fund. Blackstone also set up a separate $1bn fund, Hipgnosis Songs Capital, from which to do more song deals, which HSM also advises. Mercuriadis used some of this cash to buy the catalogues of Cohen, Timberlake and others for the Blackstone fund.

In August Hipgnosis Songs Capital issued $222mn of asset-backed securities, or bonds that use song copyrights as collateral, to help finance its acquisitions. Chord Music Partners, backed by Blackstone's rival private equity group KKR, had arranged a similar securitisation in January, tied to about 62,000 songs. But HSC will have to pay more than 6 per cent a year for its debt, compared with just under 4 per cent paid by Chord, in a sign of how rising rates are already eating away at potential returns.

Blackstone is now imposing greater financial discipline, using data analytics to assess potential returns, say two people with knowledge of the matter.

"A lot of deals that were totally irrationally priced 12 months ago, the irrational behaviour . . . is out of the market," says Hartwig Masuch, CEO of music company BMG, which has partnered with KKR to buy $1bn of music rights. "There's been a little acknowledgment with some of the backers of financial vehicles that it's not enough that you're able to spend money. You have to make sense of what you buy."

A basket of good

Even as economic conditions sour, Wall Street giants are still competing for hit songs against traditional buyers — the major record labels — as well as smaller specialist funds. Blackstone has doubled down on its Hipgnosis investments. KKR re-entered the music business after a decade away, with a new billion-dollar fund. Carlyle, after helping finance a $300mn acquisition of Taylor Swift's former record label in 2019, has committed $500mn to buying songs.

"If you think about investing in a lot of other asset classes right now, it's pretty treacherous. There's inflation, there's supply chain risk, there's geopolitical risk," says a senior executive at a big private equity group. "Music is relatively immune to those things."

Massarsky's consulting practice, which was sold to the larger accounting group Citrin Cooperman in January, is involved in about three-quarters of all deals in the market. Hipgnosis's listed vehicle uses Massarsky's asset value calculation as a measure of success and also a determinant of its borrowing: the fund is allowed to borrow 30 per cent of the equity value derived from Massarsky's figures. Mark Mulligan, a music analyst for Midia, says this structure can create a "virtuous cycle" as Hipgnosis' catalogue is revalued every six months.

"Hipgnosis goes to the market and says: this is how much our asset has increased in value," says Mulligan. "Not how much income has increased, but how much the valuation . . . has increased. So much of what drives the value is simply: how much are people willing to pay? How much they are willing to pay is shaped by the valuations . . . It's this echo chamber."

The head of one major music buyer says Massarsky "validates a lot of valuations that we would not accept as a price". "Remember that problem of the rating agencies in 2007?" says Michael Sukin, a music lawyer who hired Massarsky as an economist for the American Society of Composers, Authors and Publishers in the 1980s, referring to the subprime mortgage crisis.

The Massarsky Group says its work is "strictly independent" and that the firm is "compensated solely for our expertise . . . We do not validate valuations, that is simply not part of what we do. We conduct independent valuations that reflect, to the best of our ability, what the market would bear."

The investment trust model, which benefited Hipgnosis in previous years, has become a problem for the company in recent months. Increasingly its public stock is trading out of line with what Massarsky's estimates say the portfolio is worth — a gap of about 30 per cent. Massarsky Group's calculation of the net asset value of a song catalogue is deter-

> When 10 different versions of the song 'Hallelujah' are added together they account for almost 13 per cent of the Blackstone catalogue's royalties

prevented from borrowing much, or any, more. It has already borrowed $600mn, about 27 per cent of its $2.2bn operational equity value, close to its upper limit of 30 per cent. A major markdown, from $2.2bn to $1.5bn, would risk putting the fund in breach of the terms of its loans from JPMorgan and forcing it to repay some debt.

Hipgnosis executives privately tout Blackstone's involvement as a reassuring factor for shareholders in the original, listed fund, saying that if the share price falls the Wall Street private equity group could step in and buy its catalogue, putting a floor, of sorts, on its value. But Flood, from Newton, is wary of giving Blackstone too easy a path to snap up the catalogues cheaply.

"If Blackstone made a cheeky bid, we would tell the board to see every record label on the planet and every other private equity firm" to get the highest possible price for the songs, he says.

When the music stops

A broader culture clash is being felt in the music industry as Wall Street enters a sector that had been used to operating more informally, with deals subject to the whims of big personalities and personal relationships.

Securitising songs has led to some unusual forms of financial analysis, such as a Kroll report that last month told bond investors a cover of Cohen's "Hallelujah" by Pentatonix, a US a-cappella group, accounts for more than three times as many Spotify streams as the original. It also beats Jeff Buckley's cover. When 10 different versions of the song "Hallelujah" are added together they account for almost 13 per cent of the Blackstone catalogue's royalties.

Retrieving royalty payments — the lifeblood of these deals — can be a cumbersome process. Blackstone executives believe they can extract more money through more sophisticated management, say people familiar with the matter. The rationale is songs can be managed in a similar way to other assets: returns can be boosted by, say, persuading filmmakers to use songs from your catalogue, or bringing in royalty payments more quickly and efficiently.

The question now is whether financiers can find a way to profit despite soaring inflation and higher interest rates — and what will happen to investors' cash if they find they cannot.

Private equity executives often cite Goldman Sachs in validating their music investments, calling the bank's annual music report the "bible" of the market. Goldman predicts music revenue will nearly double to $153bn by

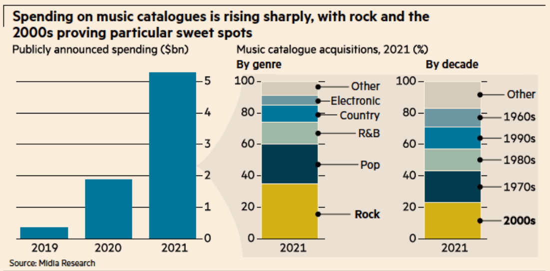
Pimco's chief investment officer. "Music IP, like other private markets, is an area where we haven't seen the markets fully react to the realities of what we're seeing in public markets. You're going to see transaction volumes slow down."

Under these conditions Massarsky's role will be crucial. If he were to start using higher interest rates as part of his calculations — reflecting rising real-world rates — the valuation of tens of thousands of songs would fall, potentially wreaking havoc for investors who have used debt towards the purchases. So far he has resisted.

The rich get rich

"Everybody knows the fight was fixed. The poor stay poor, the rich get rich,"

Spending on music catalogues is rising sharply, with rock and the 2000s proving particular sweet spots



Source: Midia Research

mined using a discount rate — an interest rate to help calculate the current value of future cash flows. The higher the discount rate, the lower the current value, and vice versa. Even as the Fed has aggressively raised interest rates this year, the group insists it does not need to increase its discount rate.

"We can't change [our rate] week to week, it would be irresponsible," says Nari Matsuura, a partner at Citrin Cooperman and member of Massarsky's team. "A proper discount rate takes both the present and future into account and our current discount rate accommodates for that, which is why we think it's appropriate for the time being".

If the group did mark down valuations, Hipgnosis Songs Fund would be

146
Music catalogues owned by Hipgnosis, featuring the work of Ariana Grande (above)

3,854
Songs that reached No 1 on the music charts that are in its portfolio

$2.7bn
Aggregate fair value of its portfolio, as determined by third-party assessment

2030, as streaming revenue rises 12 per cent per year on average.

But recent numbers tell a different story. Warner Music reported that second-quarter streaming revenue grew less than 3 per cent from a year ago, while market leader Universal said subscription streaming sales rose only 7 per cent after years of double-digit growth.

Yet through it all, Massarsky is bullish. He cites new ways of making money from songs, such as payments when they are played on Peloton bikes or TikTok. "We are absolutely amazed at the growth," he said in July, as stock markets lurched. "It is a basket of good."

Additional reporting by Brooke Masters and Harriet Agnew

The FT View

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

EU must stand together in the energy war against Russia

Joint steps are needed to balance demand and supply and prevent hoarding

The energy stand-off between Russia and Europe is reaching high noon. The Kremlin last week shut down indefinitely its main westwards gas pipeline, Nord Stream 1, cutting total Russian gas flows to a fraction of prewar levels and sending prices surging. Vladimir Putin's calculation is that European countries will prove less able to bear soaring winter energy bills and possible shortages than Russia can withstand western sanctions — and that their unity and resolve will shatter before the spring brings renewed military offensives in Ukraine. With Kyiv's forces starting to make breakthroughs, the coming energy battle is one that democratic Europe cannot lose.

As the EU thrashes out its joint response, there is cause for guarded optimism. Ursula von der Leyen, European Commission president, says Russian gas has fallen from 40 per cent of EU gas imports before the war to 9 per cent today. New suppliers of liquefied natural gas have been found, fuel sources switched and efficiency measures brought in. The EU's gas storage is 84 per cent full — ahead of the 80 per cent target it set for the end of October.

Prices, though volatile, have dropped below the level before the Nord Stream 1 closure was announced. Some analysts dare to whisper that, having already fired his main gas weapon, Putin may have limited ammunition left.

Yet there can be no false sense of security. Russia's NS1 closure makes the winter recession that has loomed over the eurozone an ever-growing reality. The already high risk of rationing and blackouts has increased, and a harsh cold snap could quickly drain gas stores. Not all countries will be affected equally: those traditionally most reliant on Russian gas, including Germany, Italy and central European nations, face a deeper economic downturn, which could impose strains on solidarity.

Super-high prices are still crushing households and industrial production, and higher interest rates will exacerbate the squeeze. Without robust action, German officials warned earlier this year of the potential for an "ice-cold winter", and thousands left out of work in industries that shut down, never to reopen. Progress has been made since then, but social unrest from the cost of living squeeze — as exemplified by recent protests in the Czech Republic — remains a risk. EU nations will be under pressure to spend even more to prevent such dislocation and avoid a backlash against the privations being demanded in the name of solidarity with Ukraine.

This makes the co-ordinated EU approach — which von der Leyen is due to outline on Wednesday — all the more critical. So far, countries have responded with varying policy prescriptions, including price caps, one-off payments and subsidised transport. Some €350bn has already been spent and pledged, stretching public finances. Agreeing a joint plan will not be easy. Splits remain over plans for a gas price cap and mechanism to capture windfall profits. But the spirit of co-operation, within the EU and with other international partners, is the only way forward.

> Super-high prices are still crushing households and industrial production, and higher interest rates will exacerbate the squeeze

The higher gas demand remains and the tighter the availability of alternative supplies, the stickier high inflation will be and the deeper the economic costs for the whole bloc. Joint demand and supply management will now be crucial; proposals for common efforts to cut power use and facilitate liquidity to energy companies are laudable.

These will need to be combined with efforts to strengthen energy infrastructure to help balance supply and demand, and co-ordination to prevent hoarding of supplies. Europe has held its ground well so far. But the economic war with Putin will finally be won or lost on how well the bloc can stick together.

Opinion Science

How grief can affect the health of those left behind

Andy Carter

Anjana Ahuja

The late Queen Elizabeth II spent the last 16 months of her life mourning the loss of Prince Philip, her beloved consort of 73 years whom she called her "strength and stay". The sovereign's sorrow reminded me of my mother's grief at losing my father, her husband and chief tea-maker for 52 years. Mum has not drunk a drop of tea in the two years since.

The death of a spouse is not merely a psychological trauma: evidence suggests it can measurably harm the physical health of the surviving partner. While it is never possible to determine the exact role that bereavement plays in the long-term health of a specific individual, large-scale studies point to a phenomenon called the "widowhood effect", in which the risk of a person dying rises after their spouse passes away.

> A malfunctioning immune system is a key link between saddened mind and weakened body

The findings form part of an emerging field of research called psychoneuroimmunology, focused on how psychological distress can trigger physical changes. That the sorrow of parting

O'Connor explains. "Even if it's a small increase, it's still happening on an older system." That pushes up the chance of a heart attack and stroke.

Widowed older people also show higher rates of sepsis, pneumonia and flu. A 2006 study by Anna Whittaker, now professor of behavioural medicine at Stirling university, found that bereavement in the year prior to flu vaccination was associated more strongly with a low antibody response than a person's level of social support. Those with the most severe grief symptoms, including depression, tend to suffer the most marked effects. It is the loss of a meaningful attachment that matters: there is no clear evidence, she says, on whether a longer marriage spells deeper grief, "but we do know losing an ex-spouse is not as impactful as losing a current spouse".

A malfunctioning immune system, then, is a key link between saddened mind and weakened body. Grieving spouses show higher than normal levels of cytokines, proteins that are marshalled in response to inflammation. Raised levels of the stress hormone cortisol may be the cause, with knock-on effects throughout the body. Bereaved partners have also often lost the person who reminded them to take their pills or attend medical check-ups, adding neglect to the factors that can subtly influence mortality (women tend to take the lead on family healthcare, which could partly explain the higher risk for bereaved men).

Consistent, quantitative findings on the link between bereavement and ill health, accumulating since the 1990s, have transformed the image of psychoneuroimmunology from a fringe discipline to one capable of offering

Letters

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Covid is here to stay and Beijing's policy needs to reflect that

Ezekiel Emanuel's op-ed "China's zero-Covid policy is self-defeating" (Opinion, September 8) describes well the damage done by the current China policy. However, such pitfalls in decision-making are not uncommon. Where China goes wrong is it makes the classic mistake of conflating the "complicated" with the "complex".

Research by the late Brenda Zimmerman, a renowned scholar of complexity science and adviser to the Plexus Institute in Washington, and more recently Dave Snowden's Cynefin framework, show that "complicated" problems require analytical solutions which can often be found by a linear controlled approach. "Complex" problems are very different, and for them linear analytical approaches do not work well.

The Wuhan strain (and Delta which followed), with an infection rate Ro, the basic reproduction number in a population with no immunity and no containment measures, of about three was a "complicated" challenge. One could predict through analysis how to control the outbreak. And so the initial China policy worked well. While the rest of the world suffered, China for two years had relative freedoms, and indeed kept the global economy on a fairly even keel. However, Omicron is far more complex. Its infection rate is a quantum leap. It is impossible to analyse and predict where it will occur.

It is interesting to note that the zero-Covid policy in China has evolved into a "dynamic" zero-Covid policy, with a localised lockdown of a compound here, a factory there, or a brief circuit breaker for a smaller town. However, the present approach to try to control the breakouts of Omicron is simply unsustainable, given the complexity. Covid, like flu or the common cold, is here to stay. Time will tell how much further the policy in China evolves, but it will necessarily change.

The sooner it does, the better it will be for China and the world economy.

Professor Nick Obolensky
European Centre for Executive Development (Cedep)
Insead, Fontainebleau, France

Tolerating Chinese drones will only encourage more

Since the developments described in Kathrin Hille's report "US tested by shortage of 'good options' on Taiwan as China resets military status quo" (Report, August 27), and in the follow-up article "Taiwan military shoots down suspected surveillance drone" (Report, September 2), the situation in Taiwan took another turn on September 2 when a drone from China dropped a parcel with some preserved food and a pen into Kinmen, the outlying island of Taiwan which has been repeatedly visited by Chinese drones.

Taiwan should demonstrate zero tolerance on intrusion into its airspace to establish a new normal in its relationship with China. If China can set a new status quo, so can Taiwan.

Drones are a cost-effective and low-risk means by which to create nuisance for another party and to test the waters. It is difficult to believe that an authoritarian government like China's would easily allow privately owned drones with surveillance capability and dropping capacity to fly around.

These "civilian" Chinese drones that intruded into Taiwan are believed to be military UAVs (unmanned aerial vehicles) in disguise. Beijing has long held the belief that Taiwan is afraid to confront China and would avoid war at all cost; while the US does not want to escalate the situation.

If Taiwan continues to tolerate these intrusions, Chinese drones will drop more and more dangerous items into Taiwan and Chinese fighter jets will venture deeper into Taiwan territories.

While China may have been successful in resetting a new status quo with such frequent intrusions, Taiwan should also set up another new normal

"WE DO THIS KIND OF THING SO WELL"

the 2005 floods. One can berate the slow pace of foreign aid to the millions of suffering Pakistani citizens but one can equally and justifiably criticise successive Islamabad governments and their hopelessly misguided and continuing obsession with nuclear weapons which has provided absolutely no protection to their people, and at unaffordable cost.

Nicholas Legh
Salisbury, Wiltshire, UK

New England governors' gas woes are self-inflicted

In the article "US gas pledge to Europe fuels domestic backlash" (Report, September 9) Justin Jacobs reports that the governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont have asked the Biden administration to help secure domestic supplies of liquefied natural gas from the Gulf of Mexico coast for

Provide Ofwat and Ofgem more funding, not a reset

Cat Rutter Pooley (Opinion, August 31) is right to argue that improvements are needed at both Ofwat and Ofgem regulators, but her suggestion of a reset by government will not achieve this. The issues she describes all result from giving greater priority to short-term issues such as keeping prices down and permitting excessive profit extraction rather than investing in the water industry, encouraging undercapitalised companies to compete so as to lower prices for domestic customers in electricity and gas.

This is largely to please government, ahead of the need for effective longer-term planning. The answer is not greater direction by government, which inevitably prioritises the short term, but reinforcing the regulators' independence from government and giving them the resources to do so. Ofwat, in particular, has been under-resourced ever since its inception.

Jon Bird
Bedlington, Northumberland, UK

Swiss show how utilities that are state-run can work

I take exception to the comments made by your correspondent Gregory Shenkman about state-owned industries (Letters, September 12).

Here in Switzerland, in the canton of Vaud, utilities are state-owned. The water is clean and there is no discharging of untreated sewage into Lake Geneva. My electricity supply comes entirely from renewable sources (Report, August 30). Public transport is efficient, affordable and widely used and the minimum download speed I can get from the state's telecoms company is 100 gigabytes a second. All

Additional questions on subject of 'quiet quitting'

In "The term 'quiet quitting' is worse than nonsense" (Opinion, September 13) Sarah O'Connor argues that: "You only need to ask three questions. Do you think your work is harming your health? Do you have a decent line manager? And do you think you're paid fairly?"

Unfortunately the answers are likely to be: yes, no and don't know. Not very useful. What is really needed are some follow-up questions. How do you think the work environment could be improved in a healthier direction? What needs to be done to improve your line manager's effectiveness? And what do you think would be a fair payment?

The answers to these questions would encourage positive organisational development, and learning, as well as greater engagement, which should lead to higher outputs. Assuming, of course, that relevant action is taken on the feedback.

Bruce Lloyd
Emeritus Professor of Strategic Management, London South Bank University, London SE1, UK

Cosset kids with creativity, learning and friendships

Reading Stephen Bush's "Cosseting our children is a good thing — mostly" (Opinion, September 6) I am reminded of the time in 2003 when I went to listen to James Lovelock, the scientist known for his Gaia hypothesis, discuss the climate crisis.

At the end of his talk, as the mother of two children under 10, I asked him what skills and attitudes he thought they would need. To my disappointment, he said he did not changes. That the sorrow of parting can leave its calling card in our bodies suggests that mental and physical health are more closely connected than many of us believe.

"We know that grief affects health in general and that the widowhood effect is real," asserts Mary-Frances O'Connor, who leads the Grief, Loss and Social Stress (Glass) Laboratory at the University of Arizona, and is author of *The Grieving Brain*. The phenomenon tends to affect men more than women, she explains, and the risk is highest immediately following bereavement. Widowed men are twice as likely to die as their married peers in the six months following their partner's death.

The trauma can potentially exert a modest but malign influence on health for longer (estimates, she points out, range from no effect to an increased mortality rate of 5-7 per cent a year after bereavement).

"Many [bereaved partners] lose weight, they become more frail and more susceptible to illness . . . immune function can decrease and blood pressure can increase," discipline to one capable of offering genuine scientific insight into the complex link between mind and body. Importantly, the fledgling science can shape practical guidance for those left behind.

Recognising the heightened risk should prompt vigilance: high blood pressure, for example, is easy to detect and treat. Relaxing activities, such as walking or yoga, offer the body a break from the physical burden of mourning. In addition, having multiple identities, whether as a colleague, volunteer or parishioner, seems to help cushion the loss of marital identity.

As for "grief-adjacent" children like me, O'Connor advises, we can soften a parent's loneliness but should recognise that their yearning for a vanished soulmate will linger. Being understanding and supportive matters, for however long it takes for the bereaved to adjust to their new reality.

I think it's time I stopped asking my mum whether she has had a cup of tea yet. Instead, I'll be there to drink it with her whenever she's ready.

The writer is a science commentator

should also set up another new normal — and establish that it has the resolve to face aggression and is not afraid to hit back. The best way to deal with aggression is to show both the will and capability to do so.

Kuan-Cheng Chen
Research Associate, Centre of Taiwan Studies, School of Oriental and African Studies, University of London
Singapore

Pakistan must end its nuclear weapons obsession

Your editorial "Pakistan's perfect storm is an urgent call to action" (FT View, September 8) seems to skirt around a glaring issue.

Surely Pakistan's main challenge is that it has no business being a nuclear state, which it has been since 1998, when a device was first tested.

It has an arsenal of 100-120 weapons, according to estimates by the Stockholm International Peace Research Institute, which costs over $1bn a year to maintain, money better spent on the nation's flood defences, especially given the damage caused by

gas from the Gulf of Mexico coast for their north-eastern New England region. This, Jacobs writes, is a move that "could divert US exports away from global markets".

Those governors have vast volumes of natural gas on their doorstep in the Marcellus region gasfields where there is an estimated 30-50 years of gas resources still waiting to be used.

Most, if not all of those governors have long presided over regulations that have stopped pipelines being built locally — infrastructure that would be able to transport all the gas they need without the requirement for LNG to be shipped around the coast.

Such ships pollute the seas, plus LNG requires huge investments in building the liquefaction and regasification plants at each end. LNG exports also reduce the US trade deficit.

The governors would do well to fix their own self-inflicted problem and leave the administration to help US friends in Europe through these tough times caused by Vladimir Putin, an enemy of all in the free world.

James Hanshaw
Zurich, Switzerland

company is 100 gigabytes a second. All of this comes at reasonable and competitive prices, with profits being reinvested.

Perhaps the notion that "however badly private-sector companies perform, state-owned ones would be much worse" is unique to the UK. In which case, this is what should be looked at, rather than the concept of the state owning industries being fundamentally bad.

Stuart Mansfield-Waterhouse
Lausanne, Switzerland

Even my uncle drew a line at one cube in his claret

Your Big Read ("The union revival brewing at Starbucks", September 5) describes a customer's demand: nine additions and modifications to a "Mango Dragonfruit Refresher", delaying the barista "by up to 15 minutes". One can only hope we have reached peak choice. Even my eccentric uncle never dared ask for more than one ice cube in his claret.

Nick Bradbury
Reading, Berkshire, UK

disappointment, he said he did not know. From which I decided that their future would require high levels of creativity, an insatiable capacity for learning and building strong relationships.

Creativity is all about risk and uncertainty; learning is what adaptation is all about, and friendships are sustaining at times of crisis.

Sadly, these qualities are the opposite of what most schools inculcate, so it must be the job of parents to fill these gaps.

Margaret Heffernan
Farrington Gurney, Somerset, UK

Correction

● Germany generated 82.6bn kWh of electricity from coal during the first half of 2022, not 82.6 kWh as wrongly stated in an article on September 8.

OPINION ON FT.COM
Tony Barber
The hard right's election breakthrough has upset the Swedish apple cart
www.ft.com/opinion

Opinion

US soft power grows as the alternatives become clear

AMERICA
Janan Ganesh

In 2020, according to the Pew Research Center, 31 per cent of French people had a favourable view of the US. (For reference, that is the same as it was the month when George W Bush launched an invasion of Iraq.) The number in Britain was a 21st century low of 41 per cent. In Japan, the same. In Germany, 26 per cent. South Korea, Canada, Italy and Spain all posted figures that were dire not just in absolute terms but even by the standards of the Donald Trump years.

Since then, those countries have been on what I believe is called a "journey". In the past two years, America's favourability score is close to having doubled in much of the rich world. Currently 9 out of 10 Poles and South Koreans are well-disposed to it. Germans are as smitten as they were in the first years of President Barack Obama. Brits are back on board.

What, besides human fickleness and whimsy, is at work here? The departure (for now) of Trump is part of it. But the timing and violence of the swing point to the pandemic being the machine element. In 2020, America's handling of that crisis seemed to discredit not just a nation but liberal individualism itself. Now? No one would extol the record, not with more than a million dead Americans. But one might reasonably prefer it to the untenable rigours of zero Covid.

China could cite the advantages of its strict model of government two years ago. That case is harder to make now. And this is before China's property bubble and other domestic ills are counted into the bargain. The omnipresent state is starting to provoke shivers or even titters in the west, not the grudging admiration that autocrats hope for.

Expect this to be the way of the future. The more visible the challengers to it become, the better the US will look. Nor is China even the most generous donor to America's global image. Russia's invasion of Ukraine has seen to that. Had the US said and done nothing, it would still have shone next to the violently revisionist Kremlin. Having sponsored Ukraine's ever more successful defence, it stands out as a benign and effective superpower, at least in the democratic world.

> It is hard to know what is more striking: the surge in the nation's popularity or how little it did to achieve it

Anti-Americanism is so often a luxury sport. It thrives when an alternative hegemon is too remote and ill-defined a prospect to merit scrutiny. The US is therefore compared to a perfect standard rather than the earthly options. Anyone can will a "multipolar" world into being (the French intelligentsia does it all the time) when the identity of those poles is unspecified.

Well, what China and Russia have done of late is define the choice. China, as it rises, will keep doing so. The price of great power status is scrutiny.

It is hard to know what is more striking: the surge in US popularity, or how little the nation has had to do to achieve it. Its arms donations to Ukraine are precious to that besieged republic but not even a rounding error in the American arsenal. "Don't be Russia or China" is as elaborate as Washington's soft power strategy has needed to be.

Popularity is not an idle asset. Over time, it will bring the US diplomatic leverage, the force-multiplying effect of alliances and (always the neatest definition of soft power) other nations wanting what it wants. In other words, there are compensations to imperial decline. What the US loses in relative raw power — naval fleet vs naval fleet, gross domestic product vs gross domestic product — it can hope to redress in the less tangible form of cultural attraction.

To put it another way, the unipolar moment after the cold war was never an unalloyed good for America. At home, the body politic was free to turn on itself. Abroad, the world was free to hold the nation to an impossible standard. There is no sign of the first of those curses fading. But the second one might be. I don't mean to suggest the world is seeing autocratic roughness and flinching from it out of principle. If that were true, the US would have gained in popularity during the Russian intervention in Syria in the past decade.

No, the story of the year is autocratic incompetence. "When people see a strong horse and a weak horse," Osama bin Laden is supposed to have said, "by nature they will like the strong horse."

This has been illiberalism's pitch through the ages: not that it is nobler or more moral, but that it works. In this telling, democracy is a well-meaning charter for chaos and weakness. This trope somehow survives the regimes that peddle it: Prussia, the Empire of Japan, the Soviet Union.

It seems to need refuting each generation or so. So far, at least, 2022 is obliging.

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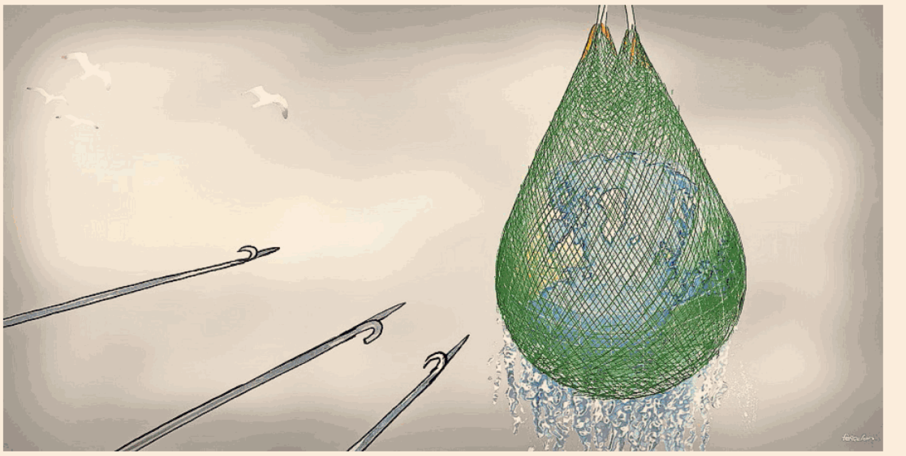
Globalisation is not dying, it's changing



Martin Wolf Economics

Trade in goods may be slowing, but the potential for technology-enabled trade in services remains huge

What is the future of globalisation? This is among the biggest questions of our time. In June, I argued that, contrary to increasingly widespread opinion, "Globalisation is not dead. It may not even be dying. But it is changing." Among the most important ways in which it is changing is via the growth of services provided at a distance.

Since the industrial revolution, we have, argues Richard Baldwin in his book *The Great Convergence*, seen three waves of opportunities to trade. First, industrialisation and the revolution in transport generated opportunities for trade in goods. More recently, new information technologies allowed "trade in factories": it became profitable to move entire factories to where labour was cheap. Today, however, the broadband internet allows "trade in offices": if one can work for one's employer from home, someone in India can do so, too.

Moreover, an important difference between the first and second waves, which need movement of objects, and the third, which moves information virtually, is that obstacles to physical trade are far easier to impose than those to virtual trade. It is not impossible to

view of the history of globalisation and trade is misleading on a number of dimensions. What then is that view? It is that after some two decades of very rapid growth, world trade in goods peaked in 2008, under the mortal blow of the financial crisis, as the world turned away from trade. (See charts.)

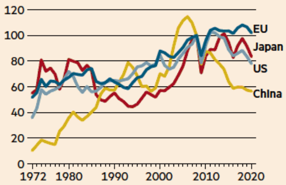
This view both of what happened and why is misleading.

First, the trade ratio of the world's second largest trader of goods, China, actually peaked before 2008 (in 2006). Those of the third and fourth largest goods traders, the US and Japan, peaked after 2008 (in 2011 and 2014). The ratio of the largest trader, the EU, has not peaked, though it has stagnated.

Second, the biggest fall in the trade ratio is in China. But this does not reflect protectionism abroad or a deliberate turning away from trade by China itself. China has merely normalised reliance on trade relative to its economic size.

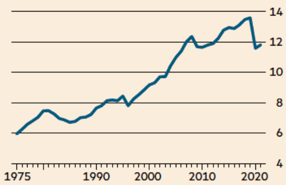
Third, in money terms, the biggest cause of the declining trade ratio was the fall in the price of commodities, not a reduction in the volume of trade. This price fall accounted for 5.7 percentage points of the 9.1 percentage points decline in the ratio of goods trade to world output between 2008 and 2020.

Peaks in openness to trade have not coincided across the big economies
Ratio of total trade to GDP (2008=100)



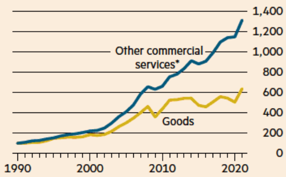
Sources: Richard Baldwin (VoxEU.org, CEPR), WTO, WDI

World trade in services continued to rise after trade in goods slowed
Global trade in services (% of GDP)



Source: Richard Baldwin (VoxEU.org, CEPR)

Trade in 'other commercial services' has grown faster than in goods
Trade indices (1990=100)



* Services excluding government services & transport/travel
Source: Richard Baldwin (VoxEU.org, CEPR)

cially China, the dominant one. Instead of assembling imported intermediates, China now produces them itself.

In all, there exist perfectly natural explanations for the fall in the ratio of world trade in goods to output. But the slowdown in supply chain unbundling is real. Among other explanations, many of the chains have shifted inside China.

Services are a different story. The ratio of trade in services to world output, though much lower than for goods, has continued to rise. Services are a very heterogeneous group of activities, some of which require movement of people (tourism, for example). But activities in the exceptionally dynamic category of "other commercial services" can, in large part, be supplied virtually. These include a highly diverse range of activities. The growth of trade in OCS is also exceptionally dynamic: between 1990 and 2020, trade in goods expanded five-fold while OCS multiplied 11-fold.

A crucial point is that the expansion of trade in such services has depended little on trade agreements. The regulation

Thus, a "US accountant can employ pretty much anybody to tally up a client's travel expenses and collate them with expense receipts". Examples of occupations that provide intermediate as opposed to final services include book-keepers, forensic accountants, screeners of CVs, administrative assistants, online help staff, graphic designers, copy-editors, personal assistants, X-ray readers, IT security consultants, IT help staff, software engineers, lawyers who check contracts, financial analysts who write reports. The list goes on.

class. But it will be hard to protect them.

In all, the evidence suggests that natural economic forces have largely been responsible for past changes in the pattern of world trade. Growing concern over the security of supply chains will no doubt add to these changes, though whether the result will be "reshoring" or "friendshoring" is doubtful. More likely is a complex pattern of diversification. Meanwhile, technology is opening up new areas of growth in services.

Needless to say, disasters may change this picture: Covid was disruptive; so, impose the latter, as China shows. But it requires great effort.

As Baldwin argues in four recent blogs, this analytical framework allows us to view the future of trade in a different light from the one now fashionable. In particular, what he calls the "lazy"

Finally, there is indeed evidence of an unwinding of cross-border supply chains, but the turning point seems to be in 2013, after the financial crisis, but before the election of Donald Trump. A key explanation is the shift of supply chains inside the new suppliers, espe-

A key explanation for the unwinding of cross-border supply chains is their shift inside the new suppliers

of service activities focuses on final services, not intermediate ones. There exist, for example, strict rules on selling accounting services in the US. Yet there are few rules on the qualifications of the workers that do the paperwork behind the provision of such services.

As Baldwin argues in *The Globotics Upheaval*, the potential for this sort of technology-enabled trade is huge. It will also be highly disruptive: the white-collar workers who provide these services in high-income countries are an important part of the middle

too, is today's energy crisis; and war or the threat of it would disrupt even more. Healthy global trade is a sign of peace, even if it may not cause it. Nobody sane would desire the grim alternatives.

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Artificial intelligence tries its hand at economics

TECHNOLOGY

Oliver Roeder

Over the next few months, you and your computer code can hatch a plan to save a planet. It's a fictitious artificial planet, granted, but one that simulates the economy, geopolitics and climate of our real world. And perhaps your ideas will soon prove useful here on warming Earth.

Launched last month, AI for Global Climate Cooperation is a competition organised by Mila (an artificial intelligence institute in Quebec) and Salesforce Research. The group, working at the intersection between AI and economics, is soliciting submissions in the form of novel climate agreements and negotiation protocols.

Academic economics is generally a conservative enterprise, but AI is slowly beginning to seep in. Instead of writing down and solving trusty formal mathematical models, with the assumptions and difficulties they carry, AI may allow economists to throw all their ingredients into a simulated stew and find out how it tastes.

When it comes to saving the planet, these ingredients will be plugged into "a multi-region integrated assessment model" called RICE-N, calibrated to the latest real world data. Each proposal will change the simulated world in some way, as its AI agents go about their self-interested business. The fictitious temperature will be checked and winners will be declared. But that's not where the work will end.

"That competition is just a vehicle for the community to quickly try out a lot of new solutions," said Stephan Zheng, a research scientist at Salesforce and a contest organiser. If the work passes ethical and peer review, "we can start

Simulating solutions could help real world policies but won't fix the most crucial problems on its own

thinking about communicating those results to the policymaking world, to the actual climate."

"We can do things that are hard to do analytically," said David Parkes, a member of the competition's jury. "Economic models tend to be highly stylised — maybe with AI we can get closer to the real problem."

The real economic problem in this instance is climate change. But a similar approach could shed light on other knotty challenges for economists — tax policy, contract design, trade deals or the supply chain.

The advantages are many. AI agents might be able to do some of the dirty work for us, playing out our proposals to their conclusions. They also mean that if we mess things up, we won't cause our own extinction. Let the simulation wrestle with the tricky business of geoscience, meteorology, macroeconomics, international politics and national interests.

AI for Global Climate Cooperation (perhaps an algorithm could invent a snappier name) builds off the earlier AI Economist project, in which AI citizens wander around a simulated two-dimensional digital world of houses, coins, wood and stone. An AI government keeps a watchful eye, aiming to maximise productivity and equality, learning as it goes about the behaviour of its digital constituency and responses to new policies such as a changes in the income tax rate. There are hopes that the growing influence of AI in economics might also address a trio of nagging difficulties in the field. The first is the sheer number of people that exist, with all their different interests. For tractability, economists often assume the existence of a Platonic "representative agent", or simply elide the fact that many real people make up the real world. With enough computational power, perhaps you can simulate them.

Second are the logistical, political and financial barriers that exist when it comes to experimentation. It's not often feasible to test a pet tax policy, social program or international agreement in the real world. But it's easy enough to change the laws and parameters of an artificial planet. The final hurdle is a conundrum at the heart of game theory. Just because an agreement is great for the collective, or the climate, doesn't mean that individual actors will adhere to it — the central result of the prisoner's dilemma. No single authority can enforce the optimal deal, so successful agreements — climate agreements included — must be upheld through a scaffold of supporting incentives. Perhaps a simulation can test many of these possible scaffolds without the risk of the whole thing falling apart.

But AI cannot solve the most crucial problems in economics — or anything else — on its own. The most interesting problems are multidisciplinary and require wisdom beyond the models and algorithms. And eventually real people will need to shake hands, sign agreements and pass laws. At some point, the humans will need to get involved.

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Inflation/consumer stocks: you give me fever

Inflation delivered a double helping of doom for consumer industries yesterday. UK food delivery group Ocado and Fever-Tree, which makes tonic water, both said rising energy costs would hurt their numbers.

Inflation is hitting consumer businesses differently as it works its way through the system. Cost pressures are easing as economies slow, but patchily. Some agricultural commodities are near normal levels. Energy prices are falling, but remain historically steep.

The fatter margins of brand holders cushion them better than the slim pickings retailers characteristically receive.

Both factors put Fever-Tree in a stronger position than Ocado Retail, the delivery group's joint venture with Marks and Spencer. The mixers specialist will meet profit expectations for the year. Ocado Retail will merely break even. Shares in parent Ocado fell more than a tenth. It is heavily exposed to higher energy prices and the soaring cost of dry ice used to transport frozen goods.

Together they may add as much as £45mn to group costs this year, wiping out the bulk of earnings from a top line of some £2bn. Sales are expected to fall for the first time this year as consumers trade down and reduce the size of their shopping baskets from pandemic-era levels.

Rising gas prices hurt Fever-Tree by increasing the costs of glass bottles. It said gross margins were 6.7 percentage points lower in the first half of the year. But it is managing to offset this with lower transatlantic freight costs as US capacity increases. A scarcity of workers is the biggest hurdle to that endeavour.

Both groups are still growing. Analysts expect sales at Fever-Tree to end the year up 15 per cent. Customer numbers grew 23 per cent to almost 1mn at Ocado. Capacity additions will add 200,000 of weekly orders to a total of 374,000 in the third quarter.

Unfortunately, inflation and higher interest rates are lowering the value of future earnings. Shares in both groups have lost at least half their value over the past year. Fever-Tree's earnings multiple is at 20 times compared with a long-term average of 35.

Consumer groups have little choice but to huddle in the corner and take a beating in markets. Tough economic conditions and weak stock markets will persist for months to come.

UBS/Ralph Hamers: opinion Colm

A goal of Swiss wealth manager UBS is to preserve capital. That applies to its shareholders as well as its clients. Breaking off a $1.4bn US acquisition of Wealthfront this month reflects good stewardship of investor equity.

That deal, agreed by newish chief executive Ralph Hamers in January, was to be UBS's largest since 2008. Its cancellation will instead generate a shareholder windfall. Yesterday, UBS promised to raise its dividend by a tenth to $0.55 a share and increase its proposed share buyback of $5bn for 2022. As a sop to Wealthfront, UBS has said it will invest $70mn into the robo-adviser at the same valuation. Markets shrugged, seeing these moves as a small positive.

Hamers, in charge since November 2020, is unlikely to benefit from this decision. The price he agreed — equal to 5 per cent of $27bn of reported client assets — looks silly today. Most fintech valuations have crumbled. Some such as Klarna have suffered "down rounds" of financing this year.

New chair Colm Kelleher may well have guided the bank's board away from buying a business that looks more about front than wealth. Its focus on younger investors with fewer assets today — $57,000 each on average — was meant to offer a base for later growth in the US wealth market.

Kelleher is a 30-year veteran of Morgan Stanley, which has transformed itself since 2008 into America's top wealth manager. His CV includes acting as chief financial officer and co-head of corporate strategy during the worst of the last financial crisis. Hamers, who has spoken of creating a Netflix-like interface for wealth clients, looks out of his depth in comparison. Since he took over as CEO the valuation gap between the two banks, measured on price to tangible book value, has doubled.

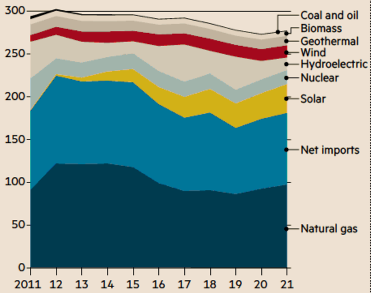
UBS's quarterly results have recently compared favourably with most peers, especially Credit Suisse. A change to this trend would cast deep shadows over Hamers.

California: power play

Renewables are playing a bigger role in California's electricity generation. They accounted for a quarter of last year's total. Intensive use of air conditioning during the recent heatwave put the state's grid under intense strain. Record demand and higher prices have propelled utility shares higher.

Solar generates a growing share of California's electricity

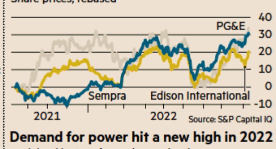
Total in-state generation and net imports ('000 GWh)



FT graphic Source: California Energy Commission

Utilities have recently jumped in value

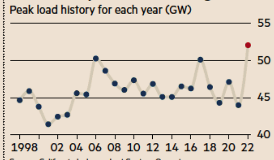
Share prices, rebased



Source: S&P Capital IQ

Demand for power hit a new high in 2022

Peak load history for each year (GW)



Source: California Independent System Operator

California prides itself on its green credentials. But extreme climate events are putting these ambitions to the test. The state's power grid nearly maxed out last week after an unprecedented September heatwave sent demand soaring to record levels.

But bad news for California may be good news for local utility companies. The share prices of two of the biggest — Sempra Energy, owner of San Diego Gas and Electric, and Edison International, which owns Southern California Edison — have climbed more than a fifth since June. PG&E, which emerged from Chapter 11 bankruptcy just two years ago, has booked an even steeper one-third jump in value over the period.

Some of these gains come from investors looking for shelter from higher inflation and interest rates. Utilities, with their stable cash flows and dividend payouts, offer that in spades. But record energy demand and higher prices also bode well for the sector's bottom line. Both Edison and Sempra are expected to more than double their net income this year. PG&E is on track to deliver its first annual profit in five years.

California's energy troubles are unlikely to dissipate. The state's green policies will increase electricity demand. One estimate reckons this could increase nearly 80 per cent by 2045. Policymakers have allowed too much fossil fuel capacity to be shut down without adequate renewable sources and large-scale back-up batteries. Last year California generated more than a quarter of its electricity from renewables. About 43 per cent of this came from solar farms. But production plunges near sunset, just as electricity demand peaks when people return home.

Healthy, growing utilities will be essential if California wants to achieve net zero emissions by 2045. In the near term this means consumers will continue to pay high prices for their electricity — already among the country's most elevated.

Wildfires are a very real risk for California utilities. But these vary by utility. Edison and Sempra are less exposed than PG&E, for example. Utilities investors that have avoided California should take a second look.

Woodford/Link: the other auditors

Fund administration, like auditing, is not the sinecure we thought. The UK's Financial Conduct Authority plans to land Link Fund Solutions with a bill of up to £306mn for its part in the Woodford scandal. Dye & Durham of Canada may therefore walk away from a takeover giving Link's Australian-listed parent an enterprise value of some A$3.2bn ($2.2bn).

Link Administration shares fell 20 per cent yesterday. Investors have evidently been as complacent about regulatory risk as fund paper shufflers.

LFS is one of a tight group of "authorised corporate directors" in the UK. They are supposed to monitor investment managers on behalf of fund investors. As with auditing, a conflict of interest is evident: scrutineers are beholden for their appointment and their fees to the asset manager.

For Link, this was Neil Woodford, a star stockpicker who lost his mojo. LFS was meant to monitor the liquidity his Equity Income Fund needed to cover sales by retail investors. Woodford funds collapsed in 2019. Investors lost out partly because Woodford favoured illiquid investments.

Dye & Durham said in scheme documents it could walk away from the Link Admin deal if the FCA imposed tough conditions. Until yesterday, Aussie investors underestimated the willingness of the watchdog to do so.

If the Canadian acquirer still wants to make the takeover, it should ask for a discount. Shares in Link Admin are a quarter below its base bid price. Costs may not be limited by the ceiling of £306mn proposed by the FCA. Woodford investors are bringing group lawsuits against LFS in the UK.

LFS had profits of only £7.2mn and net assets of just £30mn in the year to June 2021, according to Companies House. But if it failed financially, the FCA would surely ask Link Admin to cover any shortfall. Fund administrators should train a beadier eye on the investment managers they oversee. Link shows how costly that apparent complacency can be.

Wall Street jobs: cull of the mild

Just a year ago, Wall Street banks were busy boosting pay and perks to appease junior bankers. These days, they are debating how many to let go.

Goldman Sachs is preparing for a round of job cuts that could come as soon as next week. JPMorgan laid off hundreds at its mortgage arm in June.

Bank investors will be pleased. They have been griping about profligate pay. This ran up sharply last year.

Pity poor department heads, however well-remunerated. They furnish the C-suite with the scalps of the redundant at the opportunity cost represented by understaffing when markets and dealmaking rally.

But they are in a weak position to resist cost cuts and they know it. Investment banking activity is lacking. Last year's slew of IPOs and listings by special purpose acquisition companies is a distant memory.

JPMorgan, Bank of America, Citigroup, Goldman Sachs and Morgan Stanley collectively took in $19.1bn of revenue from their investment banks in the first six months of 2022, a 32 per cent drop from the prior year period.

Yet headcount at JPMorgan's corporate and investment bank, is, for example, up 17 per cent compared with 2019. That works out to a net addition of more than 10,000 positions.

Compensation consultant Johnson Associates expects investment bankers to see the biggest year-on-year fall in bonuses across the financial industry this year. These are projected to fall as much as 45 per cent in underwriting and 25 per cent for advisory. Trading desks and macro and quant-focused hedge funds are the only two groups that can expect a bump-up in bonuses.

Job losses and pay cuts are simply aspects of the deflated feeling that ensues when a big asset bubble pops. Bankers say the pandemic encouraged them to hang on to underperformers deficient in killer instincts. Wall Street is poised to release them back into the wilds of the jobs market. Kindness, much talked about in the wake of lockdowns, now seems a little old hat.

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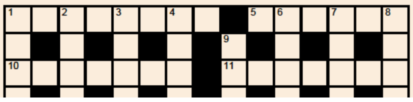
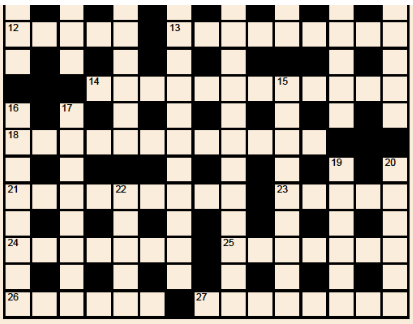
NIKKEI Asia The voice of the Asian century

CROSSWORD

No 17,199 Set by AARDVARK



ACROSS
1 Traveller always reflective about current suspension (8)
5 Part of Oxford perhaps to go over, except river (6)
10 Chap with tie, playing, related to a particular organ (7)



11 Worker and father, Republican to the end, relatively eager (7)
12 Dignitary some days filling in form (5)
13 Ordinary course on manipulation of toes this person offered? (9)
14 Actress and creator of fiction gets award right in middle of projects (5,7)
18 Spanish gent, sealing complex deal, expands London theatre (7,5)
21 Cry over Lothario, rejecting first two wanting dance (5,4)
23 Revolutionary loves festival site, making joyous shout (5)
24 Excessively elaborate deliveries in match given Oval cheer? (7)
25 Carry on regularly with milk round, initially needing alarm (7)
26 One leaving wants house as described by estate agent? (3,3)
27 Latest weapon to get through skin of drupe – Nancy's peeler (8)

DOWN

1 Again put up foreign capital to protect banks in Edinburgh (6)
2 Snapper always complemented by a fruit (6)
3 Rest of European football team reportedly dirty (9)
4 Former head of the country boozer frequently baked stuff (8,6)
6 Cap and old hat to put on (5)
7 Gallant character, with vital energy, lifted ladies over track (8)
8 Pick up funds to entertain Jasmine perhaps (8)
9 Poet's weight change, on tour, alarmed wife ultimately (6,2,2,4)
15 Right away, umbrella taken by driver shooting home (9)
16 Bob's tone possibly remains liberal during relationship (3-5)
17 Old adventurer's topless frame on ship uplifted Susan (8)
19 Horse in jumping races? (6)
20 Spring turned cold before start of Easter (6)
22 Sharp rise in healthcare testing (5)

JOTTER PAD

Solution 17,198