FT Weekend
Asia edition
INTERNATIONAL NEWSPAPER OF THE YEAR
SATURDAY 24 SEPTEMBER / SUNDAY 25 SEPTEMBER 2022

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Pound slumps below $1.09 after UK unveils £45bn of tax cuts

- Lowest point in 37 years
- Borrowing forecast to top £190bn
- Doubt cast on sustainability

GEORGE PARKER AND CHRIS GILES
LONDON

Sterling tumbled against the dollar to below $1.09, hitting its lowest point since 1985, after UK chancellor Kwasi Kwarteng unveiled a £45bn debt-financed tax-cutting package that sparked a historic increase in borrowing costs.

Kwarteng's political and economic gamble includes the biggest set of tax cuts for 50 years, with the end of the 45p additional rate for the highest earners as well as a sharp reduction in levies on dividends.

But concern over the amount of debt required to finance the tax cuts triggered a frenetic day of trading that raised doubts on whether Britain's new economic approach was sustainable.

"The UK is behaving a bit like an emerging market turning itself into a submerging market," former US Treasury secretary Larry Summers told Bloomberg TV. "Britain will be remembered for having pursued the worst macroeconomic policies of any major country in a long time."

The Institute for Fiscal Studies forecast that public borrowing would top £190bn this year, the third-highest peak since the second world war.

The new borrowing to finance the tax cuts and emergency energy subsidies will be more expensive for the UK, with the two-year cost of borrowing rising to 4 per cent from 0.4 per cent a year ago, as investors sold off government bonds.

Kwarteng has staked the political fortunes of the Conservative party on the bet that the radical tax cuts and deregulation will raise Britain's sluggish growth rate to 2.5 per cent.

"This is a new approach for a new era focused on growth," he told MPs in the Commons, to a chorus of Tory cheers and jeers from the Labour benches.

In contrast with previous big tax cuts in the 1980s, Kwarteng will borrow tens of billions of pounds to fund his plans, adding to demand at a time when the Bank of England is raising interest rates to bring inflation under control.

IFS director Paul Johnson said: "The plan seems to be to borrow large sums at increasingly expensive rates, put government debt on an unsustainable rising path and hope we get better growth."

The National Institute of Economic and Social Research said that due to the additional borrowing, a UK recession would now be shorter and shallower than was feared. But to keep inflation under control, it said, the BoE would have to raise interest rates to 5 per cent and keep them there until at least 2024.

The basic rate of income tax will be cut from 20p in the pound to 19p next April and national insurance will be reduced, as will taxes on dividends. Stamp duty will be cut to help first-time home buyers and a planned corporation tax rise will be scrapped.

The reductions in income tax mean that an individual earning £200,000 stands to make annual tax savings of nearly £4,500 in 2023-24 compared with 2022-23. A worker on a salary of £20,000 will save £218.

Kwasi Kwarteng presents his fiscal plans to the House of Commons yesterday: 'This is a new approach for a new era focused on growth'
Jessica Taylor/UK Parliament

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Iran's traditionalist women join anti-hijab law protest

Hijab backlash ▸ PAGE 3

Berlusconi under fire for defending Putin's war as Italians go to the polls

SILVIA SCIORILLI BORRELLI — MILAN
AMY KAZMIN — ROME

Three-time Italian prime minister Silvio Berlusconi has faced a backlash after defending Vladimir Putin's invasion of Ukraine as campaigning for Italy's general election draws to a close.

Speaking on the public broadcaster Rai's flagship political talk show on Thursday evening, the 85-year-old politician said the Russian leader "only wanted to replace [Ukrainian president Volodymyr] Zelenskyy with a government made up of decent people" but had encountered "unexpected resistance" on the ground.

Berlusconi's rightwing party Forza Italia is part of a coalition led by Giorgia Meloni's far-right Brothers of Italy that is predicted to form the government after Sunday's election.

The comments, which were made as Putin is escalating the war on Ukraine with a military draft, annexation votes in occupied regions and threats of nuclear attack, will revive concerns in Brussels and other EU capitals that the next Italian government might be softer on the Kremlin than that headed by Mario Draghi.

In Italy, they have prompted angry reactions from the opposition and put Berlusconi's coalition partners in a delicate position. Centre-left politicians attacked Berlusconi's words, with MEP Carlo Calenda, who leads a small liberal centrist party, calling him "subversive".

Hard-right League leader Matteo Salvini, an ally of Berlusconi who has previously criticised the west's sanctions against Russia, said he did not want to "interpret Berlusconi's words but we are against the war".

In his television interview, Berlusconi appeared sympathetic to Putin, suggesting the Russian leader had been inadvertently ensnared in the conflict. Putin and Berlusconi have been friends for more than two decades and have taken holidays together.

"Putin was encouraged to launch this special operation by the Donbas separatists who went to Moscow and told him Zelenskyy had killed 16,000 people and begged him to defend them," Berlusconi said. "The troops were supposed to enter, reach Kyiv in a week, replace the Zelenskyy government with decent people and a week later come back."

Berlusconi said his comments had been "misinterpreted", adding: "I was referring to what other people think."

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China	RMB30
Hong Kong	HK$45
India	Rup260
Indonesia	Rp48,000
Japan	¥650(inc JCT)
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World Markets

STOCK MARKETS

	Sep 23	Prev	%chg
S&P 500	3682.50	3757.99	-2.01
Nasdaq Composite	10847.96	11066.81	-1.98
Dow Jones Ind	29517.86	30076.68	-1.86
FTSEurofirst 300	1545.21	1581.20	-2.28
Euro Stoxx 50	3347.64	3427.14	-2.32
FTSE 100	7018.60	7159.52	-1.97
FTSE All-Share	3848.68	3924.91	-1.94
CAC 40	5783.41	5918.50	-2.28
Xetra Dax	12284.19	12531.63	-1.97

CURRENCIES

Pair	Sep 23	Prev	Pair	Sep 23	Prev
$/€	0.971	0.982	€/$	1.030	1.019
$/£	1.090	1.126	£/$	0.917	0.888
£/€	0.890	0.872	€/£	1.123	1.147
¥/$	143.285	142.095	¥/€	139.066	139.473
¥/£	156.223	160.028	£ index	76.468	76.592
SFr/€	0.953	0.964	SFr/£	1.070	1.106

CRYPTO

	Sep 23	Prev	%chg
Bitcoin ($)	18595.90	19404.52	-4.17

GOVERNMENT BONDS

Yield (%)	Sep 23	Prev	Chg
US 2 yr	4.19	4.12	0.07
US 10 yr	3.74	3.68	0.06
US 30 yr	3.64	3.61	0.04
UK 2 yr	3.98	3.57	0.41
UK 10 yr	3.83	3.49	0.34
UK 30 yr	4.04	3.77	0.27
JPN 2 yr	-0.06	-0.06	0.00
JPN 10 yr	0.24	0.24	0.00
JPN 30 yr	1.31	1.31	0.00

BAIN & COMPANY
NEW RECESSION. NEW RULES.

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

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Nikkei	27153.83	27313.13	-0.58
Hang Seng	17933.27	18147.95	-1.18
MSCI World $	2489.36	2516.59	-1.08
MSCI EM $	922.61	932.08	-1.02
MSCI ACWI $	579.55	585.85	-1.07
FT Wilshire 2500	4889.51	4942.72	-1.08
FT Wilshire 5000	38183.88	38606.41	-1.09

Ethereum	1280.63	1325.84	-3.41

COMMODITIES

	Sep 23	Prev	%chg
Oil WTI $	78.33	83.49	-6.18
Oil Brent $	85.73	90.46	-5.23
Gold $	1671.85	1671.75	0.01

GER 2 yr	1.90	1.83	0.07
GER 10 yr	2.02	1.96	0.06
GER 30 yr	1.87	1.87	0.00

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Data provided by Morningstar

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INTERNATIONAL

WORLD
WEEK IN REVIEW

Hong Kong drops hotel quarantine requirement for new arrivals

Hong Kong is ditching its stringent hotel quarantine for incoming travellers. The policy, which at one point required visitors and residents to quarantine in a hotel for as long as three weeks, had been in place for two-and-a-half years, effectively cutting the city off from the rest of the world.

John Lee, the city's chief executive, said the requirement would be ended from Monday but travellers would be subject to testing and monitoring for three days after landing. Hong Kong had been forced to practise a version of Beijing's stifling zero-Covid policy, although it has escaped the strict lockdowns that have paralysed Chinese megacities.

The decision followed intense lobbying from both the international and local business community.

Banks in Lebanon to stay closed 'indefinitely' after depositor heists

Lebanon's banks will remain closed "indefinitely" following a spate of armed robberies by angry depositors. The banking association said banks would stay shut "in the absence of assurances" about security.

Banks shut their doors to customers after heists at seven branches as the nation's three-year financial crisis deepens. Customers wielded handguns, replica and pellet guns, demanding tellers hand over their deposits. Some handed over bags of cash to family before being taken into custody or going into hiding. Others were arrested.

The banking sector has frozen deposits for more than two years and put limits on how much money people can withdraw. Three-quarters of the population is in poverty.

One dead and dozens injured after typhoon hits south-west Japan

A landslide covers a road in the town of Mimata after south-west Japan was pummelled by Typhoon Nanmadol. It made landfall on Sunday. One person died, dozens were injured and more than 300,000 households were left without power.

US ratifies global pact to phase out fridge and air conditioner gases

The US Senate approved an international climate treaty to phase out the use of potent greenhouse gases that are used in both refrigerators and air conditioners.

It means the US will join the 2016 Kigali Amendment, alongside 137 other countries, aimed at reducing the production and use of hydrofluorocarbons.

Lawmakers last month passed US president Joe Biden's flagship $369bn Inflation Reduction Act, a bill that contained some of the most significant climate change legislation enacted in the US.

The US Chamber of Commerce, a business lobbying group, had also signalled its support for the Kigali Amendment as a boon for industry.

Economic outlook

Survey gloom drags euro to 20-year low

Business activity suffers big contraction while price pressures rise sharply

MARTIN ARNOLD — FRANKFURT

The euro hit a fresh 20-year low against the dollar yesterday after a survey of companies in the eurozone showed activity suffered its biggest contraction for 20 months, while price pressures rose at their sharpest pace since June.

S&P Global's flash eurozone composite purchasing managers' index, a key gauge of business conditions, fell 0.7 points to 48.2 this month, its lowest level since January 2021 and the third month in a row below the 50 mark that separates growth from contraction.

The reading is the strongest evidence yet that the energy crisis caused by Russia's invasion of Ukraine has pushed the bloc into recession, along with sending inflation to record highs.

Eurozone bond and share prices plunged while the euro fell 0.9 per cent against the dollar to 97.5 cents yesterday, its lowest since October 2002. Germany's 10-year yield rose above 2 per cent for the first time in 11 years, while the Dax-40 share index of blue-chip German companies fell 1.4 per cent to its lowest for nearly two years.

The slowdown in activity underlines the challenge facing monetary policymakers, who are expected to continue raising borrowing costs to fight inflation. "The stagflationary shock is real, and it is intensifying," said Claus Vistesen at Pantheon Macroeconomics.

The European Central Bank has raised rates by 125 basis points to 0.75 per cent since early summer and is expected to increase borrowing costs again at its October and December meetings.

Russia's war is squeezing natural gas supplies to Europe, causing record eurozone inflation, eroding household spending and hitting industrial output.

Deutsche Bank economists this week slashed their forecasts, saying the energy crisis had already caused the eurozone to start shrinking and predicting it would contract by a cumulative 3 per cent from the third quarter of this year to the second quarter of 2023.

The PMI results were as expected by a Reuters poll, although Germany was weaker than France, underlining the challenges confronting the eurozone after businesses reported falling factory output, declining new orders, soaring energy prices and falling expectations.

"The survey's forward-looking indicators point to a steepening economic decline for the eurozone in the fourth quarter, adding to the likelihood of the region falling into recession," said Chris Williamson at S&P Global.

> 'Indicators point to a steepening economic decline for the eurozone in the fourth quarter'

The bloc has done better than expected this year, growing 0.8 per cent in the second quarter thanks to a recovery in tourism, but most economists think it is slowing sharply, with many of them warning of a recession this winter.

The PMI survey painted a gloomy picture of business conditions at the end of the third quarter, with manufacturers reporting a fourth consecutive decline in factory output and "some evidence of energy market developments also limiting production capabilities". Jobs growth was unchanged from August, when it slowed to a 17-month low.

Companies in all sectors reported the steepest increase in costs since June.

See FT Big Read and Opinion

Europe. General election

Italy's right unites in appeal to weary voters

Coalition hopefuls stage joint rally to pledge effective government and restore pride

AMY KAZMIN — ROME

Italy's would-be prime minister, Giorgia Meloni, vowed to bring back Italians' "pride" and deliver five years of strong government in a rare shared appearance with her rightwing partners before a general election tomorrow.

At their only joint rally of the campaign, Meloni and her allies, Matteo Salvini, leader of the League, and media tycoon Silvio Berlusconi set aside their personal rivalry to present a united front and appeal to Italians' hunger for political stability and effective government.

"We are ready to give freedom, pride and greatness back to Italy," Meloni, leader of Brothers of Italy, thundered to cheering supporters in Rome's historic Piazza del Popolo. "We are free citizens and not subjects. The Italian state has treated people as subjects for too long."

Salvini expressed confidence a coalition of their parties could deliver a stable government, something that has long eluded Italy, insisting it would not take orders from abroad.

"We will win and govern for five years together," he said. "Paris and Brussels will have to deal with it."

The rally follows a bad-tempered campaign that could have hardly come at a worse time for the country, triggered by the premature collapse of Mario Draghi's national unity government this summer.

When they vote tomorrow, after one of the shortest campaigns in the country's history, Italians are expected to deliver a decisive mandate to a Meloni-led rightwing coalition, whose fractious rivals failed to forge a united front to put up a more effective fight.

But the results, expected on Monday, could surprise: the anti-establishment Five Star Movement, on the verge of collapse, has recently clawed back lost ground, vowing to defend its flagship "citizens' incomes" welfare scheme threatened by the right.

Many pollsters expect an all-time low voter turnout, reflecting Italians' disillusion with the political choices on offer and pessimism over the state of their democracy.

Stage shared: from left, Matteo Salvini, Silvio Berlusconi and Giorgia Meloni attend a closing rally in Rome before tomorrow's general election
Gregorio Borgia/AP

"People are disenchanted and angry," said Roberto D'Alimonte, a political science professor at Rome's Luiss University. "In the past 15 years, they've seen their economic situation has not really improved. People are fed up and say, 'Nothing has changed, so why bother going to vote?'"

While rising energy bills and living costs are voters' biggest concerns, parties have struggled to offer a coherent response to the crisis during the campaign. Instead, centre-right parties have pledged to stop illegal immigration, cut taxes and defend Italian identity, while several centrist and leftist parties tried to suggest a vote for them was a vote to keep Draghi, although he has ruled out any return to the premiership.

"The cost of energy is top of mind for everybody, but it's not an issue that creates a division between parties," said Lorenzo Pregliasco of You Trend, a pollster. "Every party says the same but they don't give precise recipes. It's quite difficult to read this campaign through the lens of issues."

Draghi, a former European Central Bank president tapped to lead Italy during the pandemic, still held high public approval ratings and the confidence of most Italians when his government collapsed in a political crisis in July.

That drama had significant repercussions for the dynamics of this election, as Enrico Letta, leader of the centre-left Democratic party (PD) and a Draghi supporter, scrapped a long-planned alliance with Five Star, whose leader, Giuseppe Conte, triggered the series of events that led to the government's fall.

Divisions among the centre left have given a major structural advantage to the rightwing grouping, given that a third of the seats in parliament are won through first-past-the-post races.

During his campaign, Letta sounded what he called "an alarm for democracy", urging Italians fearful of the implications of a rightwing government to support the PD as "the only alternative".

Carlo Calenda, leader of the small, centrist Azione party, who had agreed to ally with the PD before changing his mind, claimed a vote for his party could also extend Draghi's tenure.

"Draghi will be in charge until there is another government. If I get 12 per cent [of the vote], nobody is going to win," he said earlier this month. "My proposal will be, there is a stalemate, let's go on with Draghi. It's the only solution."

In her rally on Thursday, Meloni accused the left of trying to whip up fears about the right. "We mounted a campaign trying to describe our vision for the country for the next five years," she said. "The left only talked about us."

Yet the centre-right allies have also sniped at each other as much as at rivals. Meloni told television recently: "[Salvini] sometimes seems more polemical with me than with our opponents."

Additional reporting Giuliana Ricozzi

Person in the News see Opinion

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Energy crisis

Germany's toilet paper makers stretched by rising gas costs

MADELEINE SPEED AND MARTIN ARNOLD
FRANKFURT

Making a two-metre-wide "mother roll" of toilet paper at Germany's Essity plant in Mainz-Kostheim, where the Main river meets the Rhine, uses 700 kilowatt hours of natural gas, enough to heat a home for weeks in the winter.

With energy costs surging and fears of power shortages mounting, Essity has

"The lifeline of industry is energy, and if energy costs are not sustainable, companies and people cannot afford it any more," said Henrik Follmann, chief executive of Follmann Chemie, which supplies chemicals to paper makers.

"At [the current] price level, it will mean an automatic deindustrialisation for Germany," he said, adding that his main factory in Minden had already stopped work at weekends as it was no

Earlier this month, chancellor Olaf Scholz announced a €65bn relief package funded by a windfall tax on electricity producers to soften the blow. It includes one-off payments to help households with energy bills, as well as an extension of the €5bn aid package for energy-intensive companies, first introduced in July. In August, Scholz also announced a cut in value added tax on gas sales from 19 per cent to 7 per cent.

has already filed for insolvency, blaming soaring energy prices, high pulp prices, transport costs and the strong dollar. By the time Hakle had struck a new price with its retail partners to absorb higher overheads, prices had risen again.

"It pressed us too much and we were losing too much," said Volker Jung, Hakle managing director. "I don't think the wave of insolvencies can be stopped unless we have an [energy price] cap."

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letters.editor@ft.com

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power shortages mounting, Essity has had to raise prices and switch to other sources of fuel. Germany's energy crisis has put toilet paper producers under pressure. Some have already gone under or cut output, and economists fear the broader impact on growth.

"From what we hear, this crisis is likely to be more severe for manufacturing industries than Covid was," said Carsten Rolle, head of energy and climate policy at the BDI business body.

The war in Ukraine has led Russia to suspend flows through the Nord Stream 1 pipeline running under the Baltic Sea to the country, one of the main sources of Europe's gas. Since the invasion, prices have soared, sending eurozone inflation to a record high. Fears of rationing abound.

stopped work at weekends as it was no longer economically viable.

A survey by the German Chambers of Industry and Commerce, the DIHK, in July found that 16 per cent of the 3,500 companies polled were scaling back production or pausing operations.

Reinhold von Eben-Worlée, president of Die Familienunternehmer, an association of German family businesses, said: "It is hitting companies of all sizes, from the smallest bakery on the street corner to the biggest companies, like BASF."

The impact of the energy crisis has added to fears that what was once the eurozone's economic powerhouse will soon enter a recession. Economists have slashed their forecasts for Europe's largest economy; Deutsche Bank now predicts it will shrink 3.5 per cent next year.

gas sales from 19 per cent to 7 per cent.

But those in the paper industry say despite the support, plants will struggle.

One of Germany's best-known toilet paper brands, Düsseldorf-based Hakle,

Sanitary products maker Essity is feeling the pinch of high gas prices

unless we have an [energy price] cap."

Energy costs have risen to the extent that Essity believed it had no alternative but to raise prices for products such as Lotus toilet roll, Libero nappies and Bodyform sanitary towels by as much as 18 per cent. Essity had already secured cheaper prices for 70 per cent of its natural gas and electricity, chief executive Magnus Groth said. It is also rethinking its reliance on natural gas and has permits to adapt its plants to other fuels.

In Mainz-Kostheim, pulp enters a natural gas-guzzling heating cylinder. Early next year, that could run with liquefied natural gas from the US and Qatar and new pipes for hydrogen from Mainz will arrive. Even so, the industry fears rationing could force companies to pick which production lines are critical.

INTERNATIONAL

Middle East. Protests

Iran's conservative women join hijab backlash

Even the regime's supporters are questioning the need to enforce strict dress codes

NAJMEH BOZORGMEHR — TEHRAN

A supporter of the Islamic republic, Fatemeh wears a black chador. Her brother died a martyr's death during the war with Iraq and she is married to one of the elite Revolutionary Guards.

Yet, after the death in detention of 22-year-old Mahsa Amini, arrested for allegedly not observing the dress code, Fatemeh, 53, believes women should no longer be forced to wear the hijab.

"Amini's death must lead to modification of the hijab law. And religious people like me should only trust in God and hope that women will choose the hijab themselves," said Fatemeh.

With at least 12 dead, this week's demonstrations are the biggest and most violent since the 2019 street protests against rising fuel prices. At least eight protesters died, Amnesty International has reported, half of them "from injuries sustained from security forces firing metal pellets at close range".

The death of Amini, visiting Tehran as a tourist from the northwestern Kurdish town of Saqqez, was a blow to many brought up under the Islamic system. She was arrested by the morality police despite wearing a long black coat and scarf. Authorities say she had a heart attack in detention. Her family claims she was beaten up by the police.

The authorities have sympathised with Amini's family and promised a full inquiry. They also say the opposition has killed protesters to fan the crisis.

The hijab has been a key image of the theocratic state, which after the 1979 Islamic revolution made it compulsory for women to cover their hair and body. Some Muslims do not want to see the ban overturned but say women should not face violence for refusing to wear the hijab. Others say the circumstances of Amini's death are damaging to Islam.

"With Amini's death, the hijab law will be completely sidelined in practice," said Mohammad-Sadegh Javadi-Hesar, a reformist politician. "Those who didn't believe in hijab are now emboldened to fight against it and those who believed in it think its implementation damages Islam and makes the life of women with hijab more difficult."

Grassroots anger: people protest in Tehran after the death of Mahsa Amini, 22, following her arrest by the morality police — Getty Images

Ghazal, 45, is religious and her husband's family have links with the regime. "Islam says you can help promote virtue and say it to people only once. If women don't listen, just leave them alone," she said. "Is it good now that the death of this innocent girl has caused everyone to say the worst things about our religion?"

Some clerics have also expressed dissatisfaction. Morteza Javadi Amoli, a cleric from an influential family in the holy city of Qom, said this week it was a "strategic mistake to deal with religious and cultural issues through security and police measures".

Masoumeh, a 58-year-old housewife who has been wearing the chador since a teenager, says "everything is falling apart. That's our economy and this is our society." She adds the obligation to wear a hijab should no longer be enforced; her daughter, 20, opposes it.

In Tehran and other Iranian cities, protesters, many of whom look about the same age as Amini, have shown little fear of security forces. "We will kill anyone who has killed our sister," is one popular slogan. Videos and pictures of the protests in social media show young people face to face with the riot police, throwing stones and chasing soldiers.

Others have set fire to state buildings and police vehicles. Women without scarves are shown in front of security forces shouting at them, chanting slogans or burning their scarves. Another popular protest slogan is: "Women, life, freedom."

'Is it good that the death of this innocent girl has caused everyone to say the worst things about our religion?'

After this week's events, Fatemeh is clear that the Islamic republic should promote Islam only through cultural activities. "Islam is a religion of compassion and mercy and would never authorise violence against women. The current approach can put people against each other."

US politics

Trump's legal problems pile up in 'terrible week'

STEFANIA PALMA — WASHINGTON
JOSHUA CHAFFIN — NEW YORK

Even for an extraordinarily litigious person, one well acquainted with lawsuits and courtrooms, this was a momentous legal week for Donald Trump.

In recent days, the former US president's defences appeared to crumble in a high-stakes fight with the Department of Justice over his alleged mishandling of classified documents at his Mar-a-Lago estate.

Meanwhile on Wednesday, the New York attorney-general who has been pursuing him for years at last released the fruits of a near three-year investigation. The civil suit filed by Letitia James claimed to be a debunking of the myth of business acumen that is key to the Trump brand. If she prevails, the Trump family business may be in ruins.

"She's basically trying to give his business the death penalty," said Michael Bachner, a former prosecutor who is now a New York defence lawyer.

The US appeals court decision on Wednesday to allow the DoJ to continue its inquiry into classified papers seized by the FBI from the ex-president's Florida estate means Trump again faces the spectre of a probe into possible crimes under the Espionage Act.

David Alan Sklansky, a professor at Stanford Law School, said of the former president: "He had a terrible week."

The latest moves have piled pressure on Trump at a time when he was already facing legal challenges on multiple fronts, from a congressional committee scrutinising his role in the January 6 2021 riots to a grand jury in Georgia probing potential electoral wrongdoing following the 2020 vote.

They also threaten to slow his momentum with the Republican base ahead of November's midterm elections.

The escalation represents a sharp turnround in Trump's fortunes. Just a few weeks ago, the DoJ faced defeat in the documents probe when a Trump-appointed judge granted his request to appoint a "special master" to review the seized files, which would have delayed the investigation.

However, a panel of three judges at the appeals court, two of them appointed by Trump, wrote the US the special master's approach showed "Trump is going to be treated like an ordinary litigant". He said: "He's not going to be given special leeway to delay the investigation just because he used to be president."

The DoJ and a lawyer for Trump did not respond to requests for comment.

In February, Trump had reason for relief in his home state of New York, when the two veteran prosecutors at the Manhattan district attorney's office overseeing a criminal investigation into the former president and his family business resigned.

But on Wednesday, James issued a forceful reminder that Trump and his empire are still in legal jeopardy, claiming the Trumps had for years enriched themselves by inflating the valuations of their properties to help them secure financing on advantageous terms, and then deflating them for tax purposes.

A Trump spokesperson denied the charges, calling the suit "an abhorrent abuse of power" by a Democratic attorney-general.

The New York attorney-general's case will be decided in court. But it could prompt potential lenders and business partners to shy away from the Trump empire. "Institutions don't generally like to lend money to businesses whose livelihood is seriously threatened by governmental lawsuits," said Mark Zauderer, a New York attorney.

'There are difficulties with [the attorney-general's] case, but parts of it are problematic for Trump'

Valuation cases were often difficult to prove, Bachner noted, but in this case many of the Trumps' claims appeared so outrageous as to be indefensible.

Trump, for example, in 2015 valued his penthouse at $327mn, far more than any Manhattan flat had ever sold for. It was an exaggeration of about $200mn, his chief financial officer admitted under oath. According to James, it was based on a bogus claim that the apartment was nearly three times its size.

Another problem for Trump is that he invoked his fifth amendment right

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would "suffer irreparable harm" if the DoJ were unable to access the files, 103 of which were marked classified. The blows "make it difficult to see how he's going to proceed", said Carl Tobias, a University of Richmond law professor.

The former president may challenge the latest ruling with the court's full set of judges. But Tobias argued Wednesday's order and the speed at which it was handed down suggest it is unlikely to be overturned. "I think they're going to defer to those three judges who have already been involved in it," he said.

According to Sklansky, the ruling and

Donald Trump: former president faces legal battles on several fronts

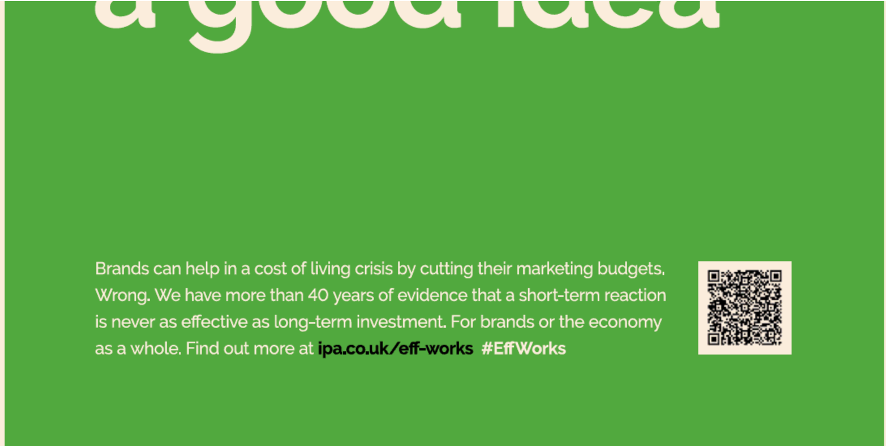
against self-incrimination when questioned. That silence cannot be used against him in a criminal case, but can in a civil one such as that filed by James. Prosecutors will claim it implies guilt, and jurors may interpret it as such.

"There are difficulties with [the attorney-general's] case but there are also parts of it that are very problematic for Trump," Bachner concluded.

It is unclear how Trump's latest woes will play with voters. Each time he is pursued by the authorities, his supporters tend to rush to his aide with renewed vigour. But there may also be signs of Trump fatigue: in recent months, fundraising for one of the biggest political action committees linked to him has all but dried up.

While several Trump-backed candidates have won primary elections comfortably this year, the latest battles may affect Republican candidates in November's midterm elections. These are being shaped by voters' pushback against the decision by the US Supreme Court to overturn Roe vs Wade, the 1973 ruling that enshrined the constitutional right to an abortion.

Additional reporting by James Politi



Putin mobilisation brings home stark reality of war in Ukraine to Russians

Many reservists and their families seek to flee country, while activists say conscription has begun

MAX SEDDON — MOSCOW
POLINA IVANOVA — BERLIN

After Vladimir Putin ordered the invasion of Ukraine in February, Nadezhda urged her son to flee the country, fearful he would be conscripted into the Russian army.

He ignored her advice. Now, days after the Russian president announced a "partial" mobilisation to add as many as 300,000 men to the military, he is desperately seeking a way out over the border to avoid fighting against his cousin, who serves in Ukraine's armed forces.

"This is a war of brother against brother. My son is supposed to go to war against my nephew," said Nadezhda, 64, whose full name the Financial Times has chosen not to disclose.

"It just looks like they're going to pick everyone up. Everyone will get snatched off the street."

Putin's decision to bolster Russia's army with its reserves has brought the war close to home for people such as Nadezhda's son, who had largely managed to carry on living as before for the first six months of the war.

The FT spoke to eight people who had been called up to the Russian army, feared they soon would be, or had close relatives who faced conscription. Their names are partially or fully withheld because they face up to 15 years in prison for spreading "fake news" about the military.

In interviews, they painted a picture of a population fearful of being used as cannon fodder — and possibly facing a broader draft than Putin announced.

The mobilisation announcement on Wednesday prompted widespread panic among Russia's population and sporadic protests across the country. It shattered an unspoken social contract in which the public tacitly supported the invasion, branded a "special military operation" by Putin, as long as the fighting stayed far from daily life.

"Everyone is very scared now," said Danil, 22. "If you could find a way to ignore it before, now there's no way."

Flights out of many major Russian cities for the coming days sold out fast and long queues of cars have appeared at land borders. Human rights lawyers reported thousands of requests for help from people who fear being called up.

Though the Kremlin insists the mobilisation is "partial" — limited to those who have served in the armed forces before and have combat experience — analysts and lawyers say the text of the decree has been left vague so authorities can scale up the recruitment drive.

"Mobilisation is called 'partial', but no parameters of this partiality, neither geographical nor in terms of criteria, are specified," Ekaterina Schulmann, a Russian political scientist, wrote on social media. "According to this text, anyone can be drafted, except for workers of the military-industrial complex."

One paragraph of the decree was redacted, the numbered list of rulings skipping from point six to eight. The hidden ruling, the Kremlin's spokesman later explained, referred to the total number of Russians that could be conscripted. This information, he said, could not be disclosed, though he repeated the 300,000 figure.

Arrested: Moscow police detain a man protesting against the partial mobilisation announced by Vladimir Putin. Below, cars coming from Russia wait at the border checkpoint at Vaalimaa, Finland, on Thursday
Alexander Nemenov and Olivier Morin/AFP/Getty Images

In some parts of the country, particularly Russia's more remote and poorer regions, military authorities have started conscripting men of fighting age regardless of their background, according to activists and direct witnesses.

"It doesn't matter how many children you have, whether you have combat experience or whether you served in the army or not. Conscription notices are being handed out to everyone," said one woman in the far eastern province of Buryatia, a region with a large ethnic minority population that has already suffered significant losses in the war.

Her husband, a father of five with no military experience, received a phone call on Wednesday evening, hours after mobilisation was announced, saying officials were coming to hand him his conscription papers. In another recorded call, which the FT was able to listen to, her husband was given more instructions: he was to come to a meeting point by 4am that night, and by 2pm would be on a train to a military base.

The couple switched off their phones and left the city. But they soon found themselves running out of options. Conscription officers had already come looking for them and checked for them inside their house, friends said. Their home village was not safe either: relatives warned them that men had been rounded up there that night.

They thought of trying to leave Russia by driving from Buryatia to Mongolia but feared they were too late. Friends in the long queue of cars told her conscription officers had begun working the line.

"It seems crossing the border is no longer an option for us," she said. As she spoke, army trucks with the word "people" painted on the side — used to transport recruits — sped past their car. "It's going to be very hard to hide," she said.

On the Telegram messenger app, tens of thousands of people have joined mutual support groups, sharing tips about the situation on the land borders and whether border police were letting men of fighting age leave.

According to Russian law, once mobilisation has begun, men on the military roll are not allowed to leave their area of residence, let alone the country. But, so far, this has not been clearly enforced.

Videos began to circulate on social media on Thursday showing scenes from across Russia of young and middle-aged men bidding farewell to their families and boarding conscription buses.

> 'This is the last dying breath of the system as it collapses, the final death throes'

More than 1,000 people were detained at protests that took place in several Russian cities on Wednesday evening.

On Moscow's Arbat street, protesters chanted for Putin to go to the trenches himself, before police violently dispersed them. At least 1,386 people were arrested at protests in 38 cities, said OVD-Info, an independent monitor.

"This is the last dying breath of the system as it collapses, the final death throes. It's trying to show that it's still in control, but this is an illusion," said Egor, a 38-year-old protester.

In addition to the sentences of up to 15 years in prison protesters face for "discrediting the Russian armed forces", some were handed draft notices by police after their arrest, OVD-Info said.

Dmitry Peskov, Putin's spokesman, said reports of Russians fleeing the country en masse to avoid the draft were "very much exaggerated". Peskov said police were within their rights to hand people draft notices at police stations.

Vladimir Tsmilyansky, a spokesman for Russia's general staff, said 10,000 people had come to recruitment offices without a summons on Thursday. Russia's priority was to call up men with experience using rifles, tanks and artillery, as well as drivers and mechanics, Tsmilyansky said.

Those on the list of reserve forces are the most at risk for conscription. In the Siberian city of Irkutsk, one reservist told the FT he had been called up for training pre-emptively, four days before mobilisation was even announced.

Opinion see the FT View page

Moscow polls

'Referendum show' treated with scorn in occupied east and south

BEN HALL — KYIV
MAX SEDDON — MOSCOW

Voting began yesterday in four provinces in southern and eastern Ukraine in hastily convened referendums on whether to join Russia, to the delight of pro-Moscow officials and the disgust of those residents whose allegiance still lies with Ukraine.

For the Russian-installed officials marshalling the vote, the event is a milestone in the Kremlin's invasion of the country launched seven months ago — even though none of the Donetsk, Luhansk, Zaporizhzhia and Kherson regions are under their full control.

"This is a historic event where we can express our free will and make a choice that will benefit not just us but also our children and grandchildren, choosing a happy and bright future, which absolutely must tie us to the Russian Federation," said Alexander Saulenko, the Russia-appointed head of the port city of Berdyansk in the Zaporizhzhia region.

But for many living under Russian occupation, the vote is about as far as possible from an expression of free will. "Bullshit. Everyone knows it. Everyone understands it. The result is predicted," said a logistics entrepreneur who fled Berdyansk this month.

"I have no information on how the referendum will be conducted and I don't think even the local [occupation] administration does," said a man from the southern city of Kherson. "This instruction has come from Moscow. It will be a propaganda show."

Like other residents of occupied regions contacted for this article, they declined to give their name for fear of possible reprisals.

The referendums are seen by Ukraine as a fig leaf that allows Russia to in effect annex large parts of southern and eastern Ukraine. Moscow also hopes the move will put an end to its battlefield reversals by deterring Ukraine from counteroffensives.

"Russia can't give up people close to her to be torn apart by executioners and fail to respond to their desire to determine their own fate," President Vladimir Putin said on Wednesday after the referendums were announced.

Ukraine has vowed to continue its fight to retake the territories in the face of Russian threats to retaliate.

With the vote under Russia's complete control, the result is a foregone conclusion. "Next week, four regions will join Russia," Olga Skabeyeva, host of a current affairs programme on state-owned television, said on Wednesday.

Occupation authorities are now pulling out the stops to ensure a good turnout. In Donetsk and Luhansk, ballot boxes will be brought to housing blocs for the first four days and open in polling stations only on the last. In Kherson, there will be a mix of online and in-person voting, although residents who spoke to the Financial Times had no information on how to take part.

Evgeny Balitsky, the Russia-appointed head of Zaporizhzhia province, said police would be going from house to house to "invite" people to vote.

Additional reporting by Polina Ivanova and Veronika Samborska

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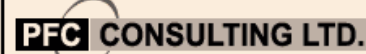

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Climate change

Pakistan needs debt relief to deal with flood crisis, says UN

BENJAMIN PARKIN — NEW DELHI

Pakistan should seek to suspend international debt repayments and restructure loans after devastating floods triggered a humanitarian emergency and imperilled the country's finances, a UN policy memorandum has argued.

The draft paper from the UN Development Programme, seen by the Financial Times, proposes that Pakistan negotiate debt relief with creditors to "stem the climate change-fuelled crisis".

Pakistan's largest creditors include Chinese lenders, to whom Islamabad owes more than $30bn accumulated through Beijing's Belt and Road Initiative, along with countries such as Japan and France, the World Bank and commercial bondholders.

The memorandum, which the UNDP was due to share with Pakistan's government by the end of this week, argues creditors should consider debt relief so Islamabad can prioritise financing its disaster response over repaying loans.

Pakistan's payments could be "suspended at the earliest to free up fiscal space for urgent disaster response and recovery, social protection and development needs", the draft says.

It also proposes some restructuring or debt swaps, whereby creditors would forgo repayments in return for Pakistan agreeing to invest in climate change-resilient infrastructure.

Pakistan, whose external debts total about $100bn, was struggling to repay loans even before the unprecedented flooding. The country, which has been particularly hard hit by the global surge in commodity prices, received a $1.1bn bailout from the IMF last month.

The disaster has amplified the challenges, affecting more than 30mn people and causing an estimated $30bn in damage.

The UNDP memo argues Islamabad and its creditors should find a longer-term solution to lower Pakistan's debts "to a sustainable level".

Sakib Sherani, head of research firm Macro Economic Insights in Islamabad, said it would be in Beijing's self-interest to assist Pakistan. "When a particular debtor is not in a position to pay, then sometimes it makes sense for the lender . . . to go softer for a while."

Sovereign debt

Sri Lanka kicks off talks with creditors over IMF bailout

BENJAMIN PARKIN — NEW DELHI

Sri Lanka has begun debt negotiations with its bilateral and private creditors, saying it aims to make enough progress in talks to unlock a $2.9bn IMF loan by the end of this year.

In a presentation to creditors yesterday, Sri Lanka's finance ministry and central bank said they hoped to receive final approval for an IMF loan by mid-December. They said Sri Lanka would then aim to complete a restructuring agreement with other creditors by the middle of next year.

The timeline was unveiled as the island of 22mn people battles its worst economic crisis in decades.

Sri Lanka, which in May became the first nation in the Asia-Pacific region to default in more than two decades, received preliminary approval for the IMF bailout programme this month.

President Ranil Wickremesinghe's government now needs to make progress in debt relief talks with other creditors, which include private bondholders as well as countries such as China, Japan and India.

Under IMF rules, Sri Lanka must demonstrate financing assurances from bilateral creditors and "good faith" talks with private creditors before the fund can finalise the bailout.

Analysts do not expect negotiations to be easy. Among other things, they will require a degree of co-operation between arch-rival creditors such as China and India, both of which compete fiercely for geopolitical influence on the island.

With sovereign debt distress spreading, exacerbated by high inflation and slowing growth, investors and policymakers globally have taken a keen interest in Sri Lanka's ambitions.

In their presentation, the Sri Lankan authorities urged bilateral creditors to form an ad hoc "platform", or committee, in order to streamline negotiations and "increase trust and build an environment for constructive discussions".

Sri Lanka's foreign debts total about $50bn, according to the presentation, with the largest portion owed to private bondholders at almost $20bn. Sri Lanka owes more than $7bn to China, and smaller sums to Japan and India.

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FT BIG READ. ECONOMICS

With sharp rises in interest rates and currency interventions, central banks around the world are struggling to bring inflation under control, whatever the cost. But have they gone too far, too fast?
By Chris Giles and Valentina Romei

The escalating fight against inflation

With their bills sharpened and talons on display, the world's central banks fully adopted the posture of the hawk this week. Backed by sharp rises in interest rates and currency intervention, they have used pointed language to advertise their singular aim of defeating the scourge of inflation.

In one of the most sudden shifts in global economic policymaking in decades, central bankers say they have had enough of rapid price rises and insist they are prepared to act to restore price stability, almost at any cost.

But after a week of dramatic announcements from central banks around the world, at least some economists are beginning to ask — are they going too far, too fast?

The US Federal Reserve has been by far the most important actor in this shift of temperament. On Wednesday, it raised its main interest rate by 0.75 percentage points to a range between 3 and 3.25 per cent. At the start of the year, this rate had been close to zero.

The Fed signalled that this was far from the end of its monetary policy tightening, with members of its interest rate-setting committee predicting rates would end 2022 between 4.25 and 4.5 per cent — the highest since the 2008-09 financial crisis.

In the summer, Fed chair Jay Powell talked about higher borrowing costs ending with a "soft landing" for the economy without a recession and a gentle glide down in inflation rates. On Wednesday, he admitted that was unlikely. "We have got to get inflation behind us. I wish there were a painless way to do that," Powell said.

The Fed's plan to curtail consumer

1:25 Ratio of banks that are cutting interest rates to those that are raising them

4.6% Expectation of what the policy rate in the US will be in June

and business spending in a bid to reduce domestic inflation has been replicated elsewhere, even if the

'Monetary policy

and limit the rise in import prices. It took what it called "decisive action" to address US dollar strength that was

inflation, they will be sufficiently "forceful", to use the Bank of England's word, to bring inflation down.

decisions that come with much risk and this feels better if everyone else is doing it. The result is a synchronised tighten-

Christine Lagarde, Jay Powell and

bility. "On balance they feel . . . that is a risk they have to take."

An added complication is the models that central banks use — which did not foresee such rapid price rises as the pandemic eased and the war in Ukraine began — are no longer working well in describing economic events.

Ellie Henderson, economist at Investec, worries that "the usual tools and models, which would typically guide such [central bank] analysis, can no longer be relied upon as they are now operating in parameters outside ranges of which they were estimated".

In this uncharted world, Jennifer McKeown, head of global economics at Capital Economics, believes it is difficult to argue that central banks are going too far.

"While this is the most aggressive tightening cycle for many years, it is also true that inflation is higher than it has been for decades," she says. "Inflation expectations have risen and labour markets are tight, so central banks are rightly concerned about the potential for second-round effects from energy prices to wages and underlying inflation."

But an increasing number of economists, led by some big names such as Maurice Obstfeld, former chief economist of the IMF, think central banks are now being excessive in their actions to raise interest rates and that the effect of all this tightening will be a global recession. The World Bank also expressed similar concerns this week.

Markets are pricing that by June, UK policy rates will rise to 5.3% under Bank of England head Andrew Bailey

Antoine Bouvet, an economist at ING, says that "central banks have lost faith in their ability to forecast inflation accurately", which has led them to focus more on today's actual rates of inflation.

"Combine this with the fact that they seem to think that the cost of overshooting in their policy tightening is lower than undershooting and you have a rec-

causes of high inflation are different. In Europe, the extraordinary prices of natural gas have sent headline rates of inflation to similar levels as in the US, but core inflation is significantly lower. In emerging economies, declining currency values against the US dollar, which hit a 20-year high this week, have driven import prices higher.

The Swedish Riksbank kicked off the copycat action on Tuesday with a 1 percentage point increase in its interest rate to 1.75 per cent, its biggest interest rate rise in three decades.

Switzerland, Saudi Arabia and the UAE also announced a 0.75 percentage point increase each, which for Switzerland meant ending the period of negative rates that started in 2015. The Bank of England on Thursday raised its main rate by 0.5 percentage points to 2.25 per cent, the highest since the financial crisis, with a near promise of further rate rises to come.

Even in Japan, which has long adopted negative interest rates, the authorities felt the need to act to tame inflation. Its finance ministry intervened in currency markets to prop up the yen on Thursday

> works with a lag, [so] the risk is that the Fed will notice only belatedly that it has gone too far if it now raises rates well beyond 4 per cent'

pushing the country's underlying inflation rate to a highly unusual 2.8 per cent rate in August.

Economists at Deutsche Bank noted that for every one central bank around the world that is currently cutting interest rates, there are now 25 banks that are raising rates — a ratio that is way above normal levels and has not been seen since the late 1990s, when many central banks were given independence to set monetary policy.

Nathan Sheets, global head of international economics at Citi and a former US Treasury official, says central banks are "moving so rapidly that as they put these rate hikes in place, there really hasn't been enough time for them to judge what the feedback effects are on the economy".

Central bankers have been reluctant to admit they made errors in keeping interest rates too low for too long, pointing out that these assessments are much easier to make with the benefit of hindsight than in real time.

But they now want to take action to demonstrate that even if they were tardy in beginning to take action against

Powell was clear that the US central bank would not fail on the job. "We will keep at it until we're confident the job is done," he said on Wednesday. Sweden's Riksbank was characteristically blunt in its assessment. "Inflation is too high," it said. "Monetary policy now needs to be tightened further to bring inflation back to the target."

The new stance on monetary policy has been developing through 2022 as the inflation problem became more persistent and difficult for central bankers. By the time many gathered at Jackson Hole in August for their premier annual conference, the mood had shifted decisively towards the greater action that is now being played out around the world.

Christian Keller, head of economics research at Barclays Investment Bank, says that "since Jackson Hole, central bankers have decided that they want to err on the side of hawkishness".

"For the first time in perhaps decades they have become afraid of losing control of the [inflation] process," says Keller, highlighting how central bankers now say they want to avoid the mistakes of the 1970s. Central banks "are taking

ing.

With the new attitude, markets are pricing that by June next year policy rates will rise to 4.6 per cent in the US, 2.9 per cent in the eurozone and 5.3 per cent in the UK — projections that are between 1.5 and 2 percentage points higher than at the start of August.

By raising interest rates, central bankers are not seeking to lower the peak rates of inflation that have been caused outside the US by soaring gas and food prices, but they are aiming to ensure inflation does not stick at a rate that is uncomfortably higher than their targets. This could happen if companies and employees begin to expect higher inflation, leading to price rises and demands for higher wages.

They are willing to ensure that there is pain in terms of an economic downturn to demonstrate their credibility in hitting their inflation targets.

Sheets says that, having misread inflation last year, central banks would rather overdo it now. They are balancing the prospects of a recession against the risk of a sustained inflationary episode that would undermine their credi-

Haruhiko Kuroda, above. 'We have got to get inflation behind us,' says Powell

FT montage/Getty Images

ipe for over-tightening," he explains. "I would characterise this policy choice as almost overshooting by design."

According to Holger Schmieding, chief economist at investment bank Berenberg, "monetary policy works with a lag, [so] the risk is that the Fed will notice only belatedly that it has gone too far if it now raises rates well beyond 4 per cent", resulting in unnecessarily long and deep recessions.

But as many economists explain, no one really knows what is too far and not far enough in this environment. Central banks therefore want to ensure they eradicate inflation, allowing them to correct course and lower interest rates later if necessary.

Krishna Guha, vice-chair at Evercore ISI, says there is a "serious risk" that central banks are overdoing the tightening, but he contends the Fed is right to err in the direction of doing too much.

"At the global level, as well as at the US level, it is probably better to overdo it than underdo it and risk a 1970s redux," says Guha. "But that of course only makes the outcome of overdoing it more likely."

Obituary

A garlanded novelist who understood her craft

Hilary Mantel
Author and critic
1952-2022

"Writing", Hilary Mantel told me in an interview at the end of 2020, "is the arena of peril." The author, who has died at the age of 70, wrote 17 books with style and vast imagination. She had a knack for the intricacies of the human psyche and spun life and closeness into historical fiction.

Her 12th book, *Wolf Hall*, the first in her Thomas Cromwell trilogy, catapulted her to unquestionable fame. She was in her late fifties when it won her the Booker Prize in 2009. The second Booker would arrive with her follow-up, *Bring up the Bodies*. *The Mirror and the Light*, published in 2020, brought her that rare book-world fanfare, queues lining the streets.

She was a brilliant novelist, short story writer and critic, one who understood closely her own sense of craft. She knew the necessity of practice and routine, while never denying the elusive magic that snakes its way through. As a person, she was decent, generous, sly, honest. She read contemporary fiction by younger writers with interest, paid attention to the news cycle.

Mantel was born in Glossop, Derbyshire, and grew up in Hadfield, a small town near Manchester, then Cheshire, where she attended a convent school. She was brought up by her mother and stepfather (whose surname she took). She transferred from the LSE to the University of Sheffield to study law, where she met her husband Gerald McEwan (who she married twice). "The story of my own childhood is a complicated sentence that I am always trying to finish, to finish and put behind me", she wrote in her 2003 memoir *Giving up the Ghost*.

In that bracing yet playful book, she describes the beginning of a life-long struggle with endometriosis that began as a teenager and remained undiagnosed until her late twenties, when searching through a textbook she recognised her illness on the page. Her university doctor had sent her to a mental health clinic, convinced she was imagining her symptoms. When he caught her writing, he decided her stories were dark evidence of madness and told her to stop. Mantel has campaigned to raise awareness and research for the disease.

Gerald's job as a geologist led them to Botswana in the 1970s for five years and Saudi Arabia for four. She described Saudi Arabia as "an intensely lonely kind of life. My mind often goes back there." Gerald gave up his job to work for Mantel. In 2010, they bought a flat in Budleigh Salterton, Devon, where they have lived and worked ever since, Mantel setting off up the hill to her office every day, keeping her writing and living neatly separated.

Mantel was president of the literary festival there, and recently auctioned her desk for more than £4,000 to provide funds for its literacy outreach work. But they had plans to move to Ireland — "Brexit is making me very unhappy", she told me in 2020. "I think it would actually break my heart to leave here. But there are considerations that make me uncomfortable in England now."

A recurring theme in her writing was death, or alternatively, how the dead survive: the aliveness of the past, what is forgotten and what returns. Her 2005 novel *Beyond Black*, about a medium called Alison, "was all about how can the dead speak?"

A penetrating and funny critic, she had published pieces in the London Review of Books since 1987. She received a damehood in 2015 but has been outspoken about the monarchy. A lecture she gave at the British Museum in 2013 made the front pages of national

Mantel was a wise, but cheeky, writer who saw through authority

> She knew the necessity of practice and routine, while never denying the elusive magic that snakes its way through a story

newspapers, when she described Kate Middleton as a "shop-window mannequin". The (shrewd) criticism of the monarchy, and what is expected of women in the public eye, was twisted into a personal attack. A short story about the imagined assassination of Margaret Thatcher, 20 years in the writing, courted controversy too. A gracious, wise writer, but a cheeky one too, she saw through authority, whether it was the Catholic church, the monarchy or the Conservative party.

Meeting writers can be a disappointment, but Mantel was everything you wanted her to be. Her first and only agent, Bill Hamilton, said: "We will miss her immeasurably, but as a shining light for writers and readers she leaves an extraordinary legacy."

Mantel believed in things beyond our understanding and had an openness to possibilities. In a recent Q&A with the FT, she was asked if she believed in the afterlife. "Yes", she said. "I can't imagine how it might work. However, the universe is not limited by what I can imagine." Her imagination was vast, yet beyond what she could imagine, she believed, was still more.

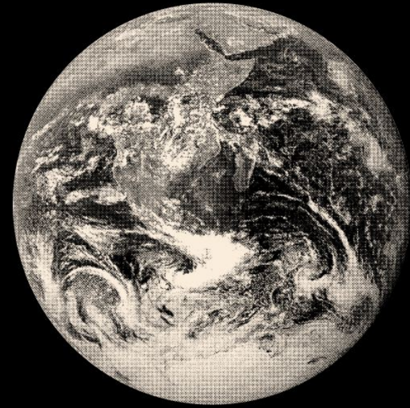
Rebecca Watson

REGULATORS, WAKE UP!

The IPCC have declared a climate change code red for humanity.

Corporate climate action has potential, but it's currently voluntary... and failing.

The very people giving the seal of approval to business climate action – like the Science Based Targets initiative (SBTi) – are allowing companies to write their own questionable rules, without checking whether those rules are even being followed.



FASHION WEEK SHOWS

Inflation hits the catwalk

FASHION
Lauren Indvik

In Milan, Prada hints at a shift to stealth luxury while Moschino opts for air-filled inflatable collars

Prada has had a remarkable turnround over the past three years, which it owes partly to Raf Simons, the former Calvin Klein designer it hired as co-creative director on the eve of the pandemic — as well as to an improved digital communications strategy. Sales were up 22 per cent year-on-year to €1.9bn in the first half of 2022, exceeding expectations.

Can Prada keep the magic going? Its latest show in Milan, titled "Touch of Crude", suggests that it can: the designers lined the walls of their showspace at the Prada Fondazione in black craft paper punctured with windows, behind which moved luridly lit images of interiors shot by Nicolas Winding Refn, director of the 2011 film *Drive*.

Adding to the eeriness were the clothes themselves: wool boiler suits in industrial grey, some topped with boxy coats or blazers, and graphite- and bark-coloured knit jumpers and pencil skirts exposed, and thigh-high slits were ripped into the fabric rather than cut and sewn. In their show notes, Simons and Prada said they wanted to reflect "a sense of the hand, a touch of the crude, a rawness that evokes fragility".

Playing on the other definition of "crude" were pastel jumpers and long, narrow skirts sheer enough to show the models' underwear beneath — but in a season of so much exposed skin, they looked relatively demure.

Industry watchers look to Prada perhaps more than any other show to see where fashion is heading next, and this collection hinted at a shift to a quieter luxury — subtler and less decorative.

Colours were similarly muted at Tod's, where designer Walter Chiapponi mixed svelte brown suede dresses and aubergine-coloured leather coats with sporty canvas jackets and khaki trousers. The brand has continued to underperform in spite of Chiapponi's aesthetic reboot, which has established the brand in ready-to-wear and ushered in new handbag and shoe styles, many stamped with a gold "T". Earlier this week, Italian market watchdog Consob approved founder Diego Della Valle's bid to take the group private where, one hopes, its fortunes will improve.

At Gucci, financial analysts have been waiting for the magic to stop for years. Its ascent under creative director Alessandro Michele and chief executive Marco Bizzarri was so steep and swift — sales last year hit €9.73bn from €3.5bn in 2014, making it one of the sector's three highest-grossing brands — that a fall has seemed inevitable.

Above from left: Prada's subtle luxury; a look from Moschino's inflation-inspired collection; muted colours at Tod's

Left: identical twins in Gucci's new collection
Monic; Allfonso Catalano; Carlo Scarpato; Getty Images for Gucci

was not immediately clear. Models walked out in looks that drew from east and west, high fashion and folkloric costume: tailored skirt suits cut from a print of wrenches and missiles, red sequin pyjamas and cheongsam dresses, prairie skirts and platform wooden clogs, paisley-print flares and woollen blazers. Social-media catnip in the form of gremlin dolls were tucked into and latched to handbags; one was worked into a sapphire blue evening dress.

The connection with twins became clear midway, when the show's photographic backdrop was cranked up to the ceiling, revealing that an identical show — shown on identical twin models — had been taking place on the other side. The models then took another lap for both audiences, this time hand-in-hand.

Twins, Michele wrote, "are well aware of not being at the centre of the universe", and that twinship shows us "the sense of co-belonging and sisterhood that should guide our trip through this planet". At a time of war and political division, Michele appeared to want to remind the audience that we as humans are thoroughly alike, sharing, in his words, a "common creatural destiny".

In recent years critics and audiences have come to expect designers to weave big statements into their collections — the overturning of Roe vs Wade and the war in Ukraine being recent examples.

Jeremy Scott took up that challenge head-on. "Everyone has been talking about inflation — housing, food, gas," the American designer observed before his show for the Italian label Moschino. "So I brought inflation to the runway!"

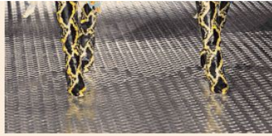
It was a thoroughly camp take: air was pumped into inflatable collars, lapels, pockets and boots; the peplum of a trim rubber-duck-yellow sheath dress was moulded into the shape of an inflatable ring, floor-length evening dresses were stacked with colourful pool floaties. Topping these confections were hats in the shape of life preservers courtesy of the milliner Stephen Jones.

It was a fun, and funny, subversion of the cultural heft fashion designers are now expected to wield. Scott believes

sharply creased at the elbows and hips as if they had been worn for weeks. Swaths of paper-like fabric trailed dresses and blazers, and moto-style jackets and pencil skirts were cut from distressed black leather.

The most memorable pieces were the sheets of dyed silk tacked on to dresses — the bleeding edges of the dye were left

The fact that it hasn't fallen is largely due to good marketing and a seemingly endless arsenal of ideas from Michele. His Milan show delivered again. Calling it "Twinsburg", he wrote in his notes about having "two mothers" — his mother is a twin, and instilled in him an "eternal fascination for the double". What that had to do with the collection



simply that his role is to spark optimism and joy. "I think myself and a lot of other people feel we're drowning in negativity and delusion [right now]," he said.

Is he worried about inflation affecting his business? "A little," Scott replied. "It makes everything hard for everyone."

Lauren Indvik is the FT's fashion editor

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FINANCIAL TIMES HTSI

London Fashion Week — keeping calm, carrying on and getting creative

The Queen's state funeral didn't stop British designers delivering one of the best seasons in recent memory. *Lauren Indvik* reports

In the 24 hours after Queen Elizabeth II passed away, it looked as though London Fashion Week would not go ahead. Burberry announced that it would pull its Saturday show (now rescheduled for September 26), followed by Raf Simons. Dinners and parties were called off .

In the end, shows that overlapped with Monday's state funeral were moved or scrapped, but most designers stayed the course — "After two-and-a-half years of Covid, we couldn't afford not to," said designer Michael Halpern.

Instead designers acknowledged the Queen's passing by dedicating their collections to her, commencing with a moment of silence — or, in the case of Richard Quinn, sending out 22 black looks with film montages of the late monarch as a backdrop.

It was good that they did carry on, because it was a standout season. In spite of soaring inflation and the setbacks of the past two-and-a-half years, designers delivered strong collections that laid the foundations for future business growth.

Having made a name in womenswear with her darkly romantic clothes and reasonably priced accessories, Simone Rocha debuted her first full menswear collection. She fused feminine with utilitarian, softening a black nylon bomber jacket with full blouson sleeves over a frilly white skirt; embroidering a white shirt with pink camomile flowers.

It was a display, Rocha said backstage, of "trying to harness all of the emotions of the last two years". The customer for gender-fluid men's clothing is niche at best, but even if men don't take it up, her female clients certainly will.

Women have already been shopping from Steven-Stokey Daley's two-year-old menswear label SS Daley. The designer, whose brand is steeped in the lore of the early 20th-century English upper classes, began this season with the letters that aristocratic author Vita Sackville-West and her childhood friend Violet Trefusis sent each other during their lengthy, tumultuous love affair, and so he peppered his show with a wider range of women's looks.

Artificial turf with white flowers called to mind Sackville-West's garden at Sissinghurst, and models walked in what Daley calls "chic gardening gear": a striped seersucker suit stencilled with bluebells, botanical-print shirts layered over canvas trousers and shorts, and a full-sleeved blouse under an apron-like black dress. These were fitted on a range of bodies, including larger men — while the women's catwalks have become more size-inclusive, the same has not happened on the men's, and this was a welcome step forward.

Daley is the most recent recipient of the LVMH Prize for young designers, and the superior fabrics and finishes of this collection are one good outcome of the €300,000 prize money. Another is the "quadruple" surge in interest from buyers wanting to place orders.

Designers Emma Chopova and Laura Lowena, who already have a considerable industry following, made their catwalk debut with a fun, eclectic — if not universally flattering — mish-mash of cartoon-drawn shirts, leather-belted kilts, tinsel vests and ruffled party dresses. Nensi Dojaka, who won the LVMH Prize in 2021, has been carefully plotting the growth of her nascent brand, adding to her signature black bra-top dresses and suits slinky dresses in pink and lilac, spliced denim and two styles of shoes.

In the early stages of the pandemic, most designers had to prune back their collections, homing in on reliable bestsellers. Now experimentation is again in the air. There was a wonderful simplicity to the lightweight dresses and softly draped cotton skirts that Molly Goddard showcased — a departure from the bright, voluminous tulle confections she is known for.

Halpern presented sleek cocktail dresses in black and leopard-print velvet and sinuous, semi-sheer tulle dresses. A customer who might have once found his rainbow-sequinned and feathered dresses too daring could easily find something to wear here.

Simone Rocha — Ben Broomfield

While some were more pared-back in their approach, Erdem Moralıoğlu went in the opposite direction. He and his team spent time observing art restorers at museums, including London's V&A and the National Gallery, and he showcased clothes that were sumptuous in their excess of fabric and decorative detail. There was a floor-grazing trench coat cut from 20 metres of chartreuse cotton faille and embroidered in an 18th-century floral design, dresses cut from fringe cloth digitally printed to look like shredded paintings, and beaded flapper dresses shrouded in organza as if pulled from storage at the V&A. These were not clothes for selling in shops, but collectors' items.

In contrast, Korean designer Rejina Pyo's muted, softly tailored suits were just right for the professional women who are her customers, but her high-slit and buttoned dresses and skirts were too sheer and strained uncomfortably on the models.

Christopher Kane was back for the first time since the pandemic and his show at the Roundhouse theatre in Camden was a reminder of his immense talent. His clothes are conversation starters. Using Roe vs Wade as a starting point, he drew on female anatomy and medical illustration, incorporating anatomical drawings of arms and legs on silk evening dresses. He took the theme further by highlighting in silver glitter the breasts on a semi-sheer black vinyl dress, and designing clear plastic bodices whose bands echoed the shape of the models' lungs underneath. It was, he said, a "brutal beauty".

It has been 10 months since Virgil Abloh died and Louis Vuitton has yet to announce his replacement as artistic director for menswear. Louis Vuitton CEO Michael Burke added fuel to the speculative fires by appearing at Jonathan Anderson's show held at a Soho video arcade.

Anderson, creative director at LVMH-owned Loewe, has been grappling with questions around our relationship with digital technology, as well as the meeting of "fake and natural". And so he printed stock photos of dolphins and palm trees on to bodysuits, and strung keyboard letters stamped with his initials on slim, sporty dresses of crinkled silk. There were also one-shouldered dresses that looked as if they had been fashioned from a plastic bag carrying a goldfish, and a sculpted steel minidress shaped like the back of Apple's candy-coloured iMacs from the early 2000s. It was food for thought in a week of resilience and renewed creativity.

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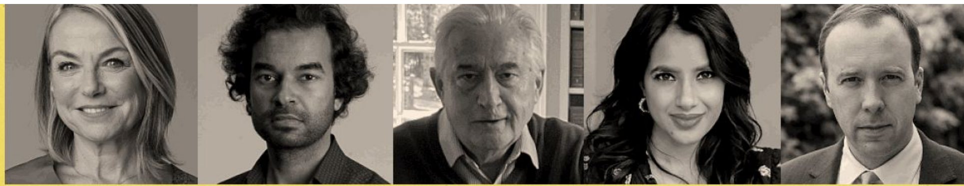

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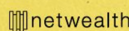

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'Without fear and without favour'

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The Truss government's big economic wager

Chancellor Kwarteng's fiscal statement has set economy down a hazardous path

So much for a "mini-budget". Barely two weeks into his new job as UK chancellor, Kwasi Kwarteng announced the biggest tax cuts in half a century. This will be a tax-cutting, regulation-slashing and energy-subsiding government on a historic scale — funded by borrowing and the hope of future economic growth. Fiscal discipline will take second place to stoking the economy. With growth sluggish since the 2008 financial crisis and inflation near 40-year highs, Britain's economic model needs a revamp. Yet this opening salvo in "Trussonomics" represents a hefty political and economic gamble.

True, the growth plan was pro-business, offering up lower taxes, improved investment reliefs and reduced red tape. The Liz Truss government aims to build on Britain's strengths in financial services and accelerate infrastructure development, and acknowledges the importance of simplifying the tax system. Striving for higher growth is a good thing. But relying entirely on achieving such growth to fix the hole in public finances that the overall economic strategy will create carries huge risks.

Some fiscal easing was necessary to tackle the cost of living crisis, but the chancellor's splurge borders on the spendthrift. Britain's economy is fragile. Debt as a percentage of economic output is at its highest since the early 1960s. Upward pressures on borrowing costs are worrying: the Bank of England this week signalled further interest rate rises — partly in anticipation of higher borrowing — and will sell gilts, via its quantitative tightening programme. The £45bn of newly announced tax cuts, alongside the package already unveiled to help consumers and businesses with soaring energy costs, will leave the country with debt on an unsustainable path. Rigidly sticking to fiscal orthodoxies in a crisis is not always wise, but boldness must be balanced with the need to maintain confidence in the UK's economic credibility. Sterling has been tumbling, auguring more imported inflation. It fell again, to a 37-year low against the dollar of below $1.09, following Kwarteng's statement. Gilt yields jumped too. Plugging Britain's record current account deficit also relies on international financiers buying British assets or lending to it. Presenting such a radical plan without independent forecasts from the Office for Budget Responsibility is not reassuring.

This makes the specific measures in the growth plan all the more pivotal. Raising trend growth significantly is one way to put the public finances back on a solid footing, but the odds are stacked against achieving this. In the short run, tax cuts will only stimulate demand in an already supply-constrained economy. This will stir up price pressures, which the BoE will push back down on, setting up potential tensions with the government.

Raising trend growth significantly is one way to put the public finances back on a solid footing, but the odds are stacked against achieving this

Measures that raise the economy's supply capacity will be more important. New Investment Zones could bolster capital expenditure, but will take time to develop — and may simply displace activity from elsewhere. Accelerating infrastructure projects and supporting business investment is commendable, but will also take time to lift potential growth. The plan contains little to boost skills and reverse the surge in economic inactivity since the onset of the pandemic.

While the details are yet to be finalised and policies may evolve, it will now be up to the government to prove that it can deliver its growth ambitions. The need to meet other spending commitments — including on stretched public services and defence — will only test the strategy further. Financial markets will continue to pile on the pressure. This fiscal statement has set the British economy down a hazardous path.

Opinion Russia

Putin has overplayed his hand in Ukraine

Rory Griffiths/FT/Getty Images

Alexander Gabuev

Two weeks after Russian president Vladimir Putin launched his invasion of Ukraine last February, he assured the women of Russia that neither conscripts nor reservists would be sent to the front. Only professional military personnel would be fighting, he promised.

This week, however, he announced a mobilisation that could send up to 1mn Russian men to the battlefields in Ukraine in coming months. The Kremlin has also announced sham referendums in the Ukrainian territory occupied by Moscow that may result in those areas being annexed to Russia next week, and Putin has threatened to use nuclear weapons to defend them.

The Russian leader's reckless moves have one goal: to turn the tables in a war that he is losing. These actions are unlikely to deliver victory, but they do increase the risk of a potential collision between Russia and Nato.

> The president's reckless moves have one goal: to turn the tables in a war that he is losing

Putin's original plan — to take Ukraine in three days — was thwarted by the fierce resistance of the Ukrainians and by western support for Kyiv. Now we are seeing plan B, formed in response to developments on the ground. During the summer, Russia concentrated its forces and firepower in the Donbas, in eastern Ukraine. Annexing this region and other occupied territory in the south will allow Putin to claim he can now use all means necessary — including nuclear weapons — to protect these new regions of Russia, should Kyiv try to retake them.

The Kremlin hopes that this combination of annexation and nuclear blackmail will make the US and European leaders rein in their military support for Ukraine, and that the west will advise Kyiv to abort its counteroffensive.

If no peaceful negotiation can be reached which legalises Russia's occupation, the Kremlin won't be sorry: it can continue to attack random targets in Ukraine with the single goal of preventing the country's reconstruction. Western interest in the conflict, it is hoped, will soon dwindle because of the energy war unleashed by Russia, and the US could give up on Ukraine altogether should Donald Trump or someone like him win the White House in 2024. A broken and dysfunctional Ukraine would ensure Putin's victory.

The spectacular success of the Ukrainian counteroffensive in early September has prompted the Russian president to fast-track his plan: even the complete occupation of the Donbas looks unattainable with the resources currently available to the Kremlin. Since the annexed territories will be declared Russian as of next week, the Kremlin will be able to send conscripts to the front lines to fill the gap while the mobilised force is being equipped and trained, which could take four to six months.

Now the choice facing many Russian men is to go to prison for refusing to fight or to enter the fray — with a high chance of getting killed. Protests against the mobilisation have broken out across the country but, for now, the scale of resistance is too small to present a real danger to Putin.

A far bigger challenge for the Russian president's plan B is Ukraine itself. The Kremlin believes the Kyiv government is controlled by the west, and that pragmatic leaders in the US and Europe could avoid escalation and the risk of a collision between Nato and Russia, if they so wished, by halting the Ukrainian advance and pushing president Volodymyr Zelensky to accept Putin's terms. The reality, however, is that Ukraine has both agency as a highly-motivated fighting force and nearly unlimited moral capital in the west. Not only will the Ukrainian army not vacate the territories annexed by Moscow, it is very likely to redouble its efforts to liberate more territory before the Russian reinforcements arrive.

Putin has boxed himself in, and will have no option but to keep going. While the manpower may not be available right now, he could ramp up air power and missiles to bombard Ukraine's critical infrastructure. If that doesn't stop Kyiv, he could threaten the use of tactical nuclear weapons.

Given the Russian president's impulsive manner and how much he believes is at stake for his regime and his legacy, any decisions are unlikely to be a result of dispassionate discussions in the Kremlin. Also worrying is that the communication channels between Russia and the west are broken, including between senior military leaders. As we enter the most frightening chapter of this crisis yet, Nato leaders face difficult choices.

The author is a senior fellow at the Carnegie Endowment for International Peace

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Remembering an era when British fashion dressed to thrill

The article "The making of an It dress" (HTSI, September 10) persuaded me to write to you with a small, and I suppose fairly insignificant, snippet of information that might be of interest.

In my dressing room at home I have a now cancelled royal warrant, with my name on, for Horrockses Fashions Dress Makers to HM the Queen. The photograph positioned alongside it is for a dress from Mary Quant's Ginger Group. Both of these companies were owned by my family business Alexon Group, which regrettably no longer exists and where I was once chief executive.

I am long since retired and am now in my 80th year, but the pride in a company founded by my late grandfather, and in the British clothing industry, is as fierce as ever.

When I left our business in the early 1980s, we employed over 1,500 people making clothes in factories in South Wales, County Durham and London and exported them all over the world.

Sadly the British clothing industry is no longer the powerhouse it once was, but the memory lingers on and to see two of our dresses in your selection of dresses that defined an era was thrilling. On behalf of all of us who worked for that great company I thank you for your recognition.

Anthony Stanbury
Southrop, Gloucestershire, UK

Predictive text really gets its knickers in a twist

I read with interest the article in Life & Arts on how the Uniqlo brand is starting a repair and mending service as part of its sustainability plans (September 17).

This is commendable, but will the technology be able to cope?

During lockdown, I emailed my cousin to say I was "darning my vest" and I could feel our fierce grandmother looking over my shoulder. Only to discover my phone's predictive text had changed the email to "earning my best". By the time my cousin and I had finished educating Mr Predictive on underwear, if we keyed in "liberty" he hastened to add "bodice" — what we will all probably be wearing this winter.

Jane Swan
Delabole, Cornwall, UK

Observations on Britain jarred with this visitor

After reading Simon Kuper's observations on current day Britain, which he seems to think is worse than the dystopic world of Stanley Kubrick's *A Clockwork Orange* ("Despair, decay, disaster. Enter Liz Truss", Spectrum, September 3), I was amazed by how much he knows about a country he hasn't lived in for 20 years.

My frequent travels in England paint a slightly brighter picture. No evidence that I could see of the country "turning into Brazil". Quite the contrary. That said, I promise to look more closely during my next visit.

Eric A Anderson
New York, NY, US

It's not just the Left who want UK to be a republic

Matthew Engel dismisses two different templates for a republic (The Weekend Essay, Life & Arts, September 17). First, where the president is both head of state and political leader, as in France and the US, Engel writes about a "megalomaniac" former American president who has become an "idolatrous cult".

Second, where the president's role lies above party politics, as in Germany and Italy. This option could result in a "figure off the telly" becoming president of Great Britain, according to Engel.

Of course, there is a cultural bias here. A French writer might amuse himself imagining the ridiculous spectacle of a dandified pretender to the vanished French throne turning France into a monarchy.

With the passing of Queen Elizabeth II, a serious debate needs to start. Engel rightly flags the remarkable absence of a constitution in Great Britain. We also need to examine the desirability of the monarchy itself.

It is perfectly possible to combine mainstays of contemporary British conservatism — subscribing to a small state, cautious immigration policies and unfettered freedom of speech — with wanting our country to modernise and become a republic. Support for a republic in Great Britain is not the exclusive preserve of the left.

My guess is that British monarchists will be surprised at how many republicans are out there, and how diverse their backgrounds — republicans who, until now, and especially during the later years of the Queen's reign, have held their tongue.

Nick Foster
Brussels, Belgium

More Prince, fewer princes

What a lovely piece by Robert Armstrong on male fashion at the Venice Film Festival (Life & Arts, September 17): humane, topical, provocative in the very best sense.

Perhaps you could invite him to write more widely for the FT Weekend. Reading a literary imagination with more Prince and fewer princes would be quite wonderful.

Gareth Jones
Hong Kong

Royal funeral has business winners and losers too

Emma Jacobs highlights the missteps of businesses and organisations ("The best royal tribute would be to keep calm and carry on", Opinion, September 17) in the midst of a royal funeral.

It has been odd how this has played out. Center Parcs has gained the reputation as an unreliable provider of holiday accommodation and the organisers of The Guinea Pig Awareness Week have garnered awareness that they could only previously have dreamt of.

Perhaps the real winners of this week's news are the manufacturers of ballpoint pens, which never leak.

David Coombs
Corby, Northamptonshire, UK

What are you giving Dad for Christmas, Harry?

In "The Aesthete" (HTSI, September 17) Harry Lambert, the man behind Harry Styles' wardrobe, is asked what was the best gift he had given recently. "Two boxes of clothes that I didn't wear any more to my dad," he said. Such generosity. Mr L senior "was very excited about it". Roll on Christmas.

Tom Mooney
Screen, County Wexford, Ireland

Business needs selfish reasons to be green — on the quiet

Notebook

by Gillian Tett

This week world leaders have been flocking to the United Nations General Assembly, known as UNGA, in New York, keen to do business face to face after years of disruption. The last time they were gathered at the summit in 2019, global politicians were accused by 16-year-old Greta Thunberg of failing the world's youth with their response to global warming. This time around, a contrasting figure attempted to take the high ground in the climate debate.

On Monday, Andrew "Twiggy" Forrest, a pugnacious Australian mining magnate with an estimated fortune of US$15.6bn, announced that his metals group Fortescue would spend more than $6bn to stop using fossil fuels in the next few years. These would, he said, be replaced with renewable energy sources, such as green hydrogen.

Some are sceptical about the green transformation of a businessman who admits his environmental record is far from blameless. And mining traditionalists might have doubts over whether the still-young technology behind green hydrogen is up to the task. But the plain-speaking Forrest not only insisted that it made sense for companies to become less exposed to the vagaries of global energy markets, but that the transition would slash energy costs in the long term. Not to mention boost the fortunes of companies such as Fortescue.

"Disconnecting from the global energy market removes a lot of risk," he told me. "We are looking at initial returns of 14 per cent, rising to 25 per cent." Even Warren Buffett would leap out of bed for that, he added.

If this turns out to be true, then hooray for him. But this year it's striking that relatively few other executives are following Forrest in trumpeting their green commitments.

Back when Thunberg was excoriating sceptical politicians such as Donald Trump, corporate leaders were all too eager to proclaim their environmental virtues. A couple of years ago, my colleagues and I were inundated by pitches from hyperactive public relations executives who wanted us to feature their environmentally conscious CEOs. Many of those executives are currently keeping their heads down, talking quietly about their commitments or preferring to act through collective industry groups.

Forrest partly blames the shift on the Russian invasion of Ukraine. "Everyone is whingeing about inflation not climate change [so] chief executives are going a bit quiet," he says.

Politics is poisoning the debate too. In the US, Republican leaders such as Mike Pence, the former vice-president, have lambasted pro-green policies as "woke capitalism", and some Republican-controlled states are introducing new rules that would penalise investment companies with green products, such as BlackRock.

With the midterm elections looming, few CEOs want to offend Republican politicians slated to win.

There's another, subtler factor too: many executives fear that if they boast about their green strategies too loudly, it will prompt activists to become extra-vigilant about scrutinising their companies. This raises the chances that they will be accused of "greenwashing" if the company's claims do not entirely match their practices.

There is an irony here. Even as the political backlash against ESG swells in some quarters, behind the scenes there is a feverish amount of activity being devoted to developing renewable energy sources. On the edge of this year's UNGA there was much dealmaking and fundraising, as financiers scoured the event looking for the hot new thing, be that hydrogen or lithium.

Moreover, while companies are quieter, there is little evidence that they are abandoning their sustainable strategies. Almost no CEOs today will actually stand up and say that they are opposed to getting greener.

In some senses this shift in the zeitgeist is a victory for activists such as Thunberg; not that they will necessarily celebrate it. Green warriors correctly complain that decarbonisation is still proceeding too slowly to avert damaging climate change; many dislike the fact that it is profit — not just fear — that is motivating those such as Forrest.

The truth is that, if we're going to fix this problem, both will need to play their part.

Opinion

Central bankers fighting inflation need good fortune as well as skill

MARKETS

Merryn Somerset Webb

It is hard not to feel sorry for Arthur Burns, chair of the US Federal Reserve, when you look back at the unpleasant inflationary years of the 1970s. He clearly felt his failure

industrial markets to terminate inflation with little delay".

That it did not was a function of two things. First, politics. The Fed was "caught up in the philosophic and political currents that were transforming American life and culture" — in particular, the idea that "provision for bad times" was no longer a private but a public responsibility. Add the consequent bias to deficit spending to the rise in regulation across the economy and the high taxes that discouraged business investment and the result was inevita-

stage of the process of making monetary policy".

In the audience in Belgrade sat Paul Volcker, the new Fed chair, and the man now known for doing exactly what Burns felt he could only do in abstract: slaying inflation. By mid 1981 monetary policy's hard man had interest rates up to near 20 per cent and inflation on the run. By the time he left in 1987 it was knocking around 3.5 per cent.

A few years later Volcker gave a talk titled "The Triumph of Central Banking?" No wonder today's central bank-

moment in the battle against the wage-price spiral. There was also a sharp rise in low tax-incentivised investment in the US, alongside a very helpful productivity boom. Add to all that the eventual oil price crash of 1986, the dawn of globalisation and the beginning of the computer age, and you get the picture: Volcker got lucky.

> The Bank of England may be about to get

labour market still very tight, the risk of a (not unjustified) wage price spiral remains very high.

If you are using the 1980s as a reference point for the speed at which inflation can be slain by smart central bankers, you might want to bear the lessons of Volcker and Burns in mind. Central banking success is more a matter of luck than skill.

Outside the US you might also want to keep a close eye on UK prime minister Liz Truss. There is something of the Reaganomics in the tax slashing, regula-

remind us that we must build in some insurance.

That is almost impossible to do in the US. The S&P 500 is trading on a forward price-to-earnings ratio of around 17 times — a bit above the historical average at a time when most other things are rather worse than average.

You could argue it is just about fair value if you assume interest rates won't go beyond 5 per cent and think in terms of earnings yields. But nothing else quite works: the current 7-year forecast from GMO suggests an annual real return for

1970s. He clearly felt his failure deeply (and it was a failure — inflation ran at an average of 6.5 per cent a year during his tenure) if the title of a lecture he gave in 1979 in Belgrade is anything to go by. He called it "The Anguish of Central Banking". It is useful reading today for any investor wondering where to put their money in an era in which inflation is climbing again.

The problem, Burns said, was that the Fed had "in the abstract" the power to "have restricted money supply and created sufficient strains in financial and

investment and the result was inevitable: an automatic "inflationary twist".

Second, monetary policy is very tricky. Contrary to the belief of most central bankers, there is no definitive model that works: "monetary theory . . . does not provide central bankers with decision rules that are at once firm and dependable", as Burns put it. We might know that "excessive creation of money" will cause inflation, for example, but this knowledge "stops short of mathematical precision". The result? Surprises and mistakes at "every

ing." No wonder today's central bankers all want history to remember them as a Volcker not a Burns. But note the question mark in his title. A recent paper from the analysts at Ned Davis Research points out that Volcker had the kind of back up from domestic and global politics Burns could barely have dreamt of. Volcker had Ronald Reagan's supply side revolution.

Reagan slashed regulation and broke the air traffic controllers union in 1981, firing 11,359 air traffic controllers in one go. Volcker saw this as a "watershed"

lucky with Truss as the Fed did with Reagan

This history matters. Look at the environment in which current Fed chair Jay Powell is operating and you might wonder how he can be a Volcker without Volcker's luck. There seems little chance of a low-tax, low-regulation productivity boom under President Joe Biden. There is no scope for another burst of globalisation and, with the US

Reaganomics in the tax slashing, regulation ripping, productivity pumping rhetoric her government offers — as Friday's mini-budget unveiled by chancellor Kwasi Kwarteng demonstrated. The Bank of England may be about to get lucky.

None of this helps us particularly in knowing where inflation will end up: given most forecasts have been wrong so far, we must I am afraid ignore most forecasts. But the fact that we cannot know does help us a little with our investments — in that it should

GMO suggests an annual real return for US equities of minus 1 per cent. Anguish indeed.

There is, however, a market where things look rather better. The UK, with the help of Trussonomics, is on a forward P/E of 9 times. Earnings will be downgraded of course, note JPMorgan, who now consider the UK their top developed market pick. But this still represents a significant "valuation cushion." Investors should use it.

The writer is editor-in-chief of Money Week

Person in the News | Giorgia Meloni

A far-right firebrand poised to lead Italy

This charismatic and formidable politician is on her way to becoming the country's first female PM, writes *Amy Kazmin*

Three years ago, Italian firebrand Giorgia Meloni was in Rome's largest piazza, promising tens of thousands of supporters that she would defend "God, the fatherland and the family" from the threat of illegal immigrants, Islamisation and leftist politicians "bent on their knees, licking the feet of the French and Germans."

Today, Meloni, president of the Brothers of Italy party, stands on the cusp of history, tipped to become Italy's first ever female prime minister — and its first leader with far right roots since fascist dictator Benito Mussolini. She plunged into Italy's neo-fascist movement as an introverted and volatile teenager who had been raised by a single mother; now, as the country's likely new premier, she will inherit an unenviable set of new challenges.

Italy's economic outlook has darkened considerably since Russia's invasion of Ukraine, and concerns are mounting about the sustainability of its massive public debt. The EU also faces an existential test as it tries to rally a united response to Russia's aggression.

Meloni has long been a charismatic anti-globalisation rabble-rouser, lashing out at the international financial markets, the EU's "anti-democratic drift", the "LGBT lobby", and others she accuses of trying to "destroy our identity and our civilisation to turn us into undefined citizens of the world."

More recently, Meloni has sought to tone down her rhetoric and present herself as a pragmatic, mainstream conservative who will continue incumbent prime minister Mario Draghi's policies, including the supply of weapons to Ukraine and effective implementation of a €200bn, EU-funded economic reform programme.

For many Italians going to vote on Sunday, Meloni, a high school graduate who lives with her partner and young daughter, is just the latest novelty in a crowded political market that has delivered nothing but years of political instability, economic stagnation and declining living standards. "The wind is blowing in favour of this young woman, who is seen as different," said Roberto D'Alimonte, a political science professor at Rome's LUISS University. "The sentiment is, they've tried everybody except Meloni so let's try her as a last resort. But it's without much enthusiasm."

Born in Rome, Meloni spent her first years in a well-heeled neighbourhood, but moved to the blue-collar Garbatella district near her maternal grandparents after her father abandoned the family. While Garbatella had a strong leftist tradition, the youth wing of the Italian Social Movement — founded by Mussolini loyalists just after second world war — also had a branch office near her family's flat.

In 1992, as Italy's political establishment was rocked by a massive corruption scandal and mafia violence, Meloni, then 15, joined up with the neo-fascist youth militants — many of them also social misfits from troubled homes — who considered themselves warriors against a rotten society.

In her autobiography *I am Giorgia*, Meloni, an avid childhood reader of fantasy fiction, recalls finding a "second family" and sense of belonging among the young activists. They revered Tolkien's *Lord of the Rings* — with its heroic hobbits battling malevolent forces who threatened their pastoral idyll — as a sacred text and even dressed up as its characters during community outreach efforts. In this crowd, Meloni stood out for fiery speeches that belied her diminutive stature. She was, according to her friend and longtime political ally Marco Marsilio, "a very serious person, very committed and above all very loyal . . . She kept her word, you could always count on her being there."

While Meloni was rising rapidly through the far right youth movement, her mother party was rebranded and welcomed into the mainstream by Prime Minister Silvio Berlusconi. She was elected to parliament in 2006, aged 29, and two years later, Berlusconi tapped her to become Italy's youngest ever minister, awarding her the youth portfolio.

Meloni's riskiest gambit came six years later, when she and a few others broke from Berlusconi's sleaze-tainted mainstream conservative movement — which was supporting the government's austerity measures — to launch

> 'The wind is blowing in favour of this young woman, who is seen as different'

Brothers of Italy, which was closer to her ideological roots. Through her sheer charisma, networking ability and tireless work ethic, Meloni turned the tiny political start-up (which won just 4 per cent of the vote in the 2018 general election) into Italy's most formidable political force. She shrewdly stayed in the opposition party during the tenure of Draghi, an uber-technocrat. The world is now waiting to see which Meloni will emerge as premier: the pragmatistic or the far-right ideologue who has made a virtue of refusing to compromise on her values. "Giorgia Meloni always had these two faces — she has always been very able to mix an institutional façade with strong far-right values," said Valerio Alfonso Bruno, a fellow at the UK-based Centre for the Analysis of the Radical Right. "She is transgressive in a way that is similar to Donald Trump — this strongman personality. She has been able to normalise these conspiracy theories that were not seen in Italian politics."

But Meloni will find herself walking a difficult tightrope if she does come to power. "It's easy not to make compromises when you are in the opposition," Bruno warned. "But when you are in the executive, it's more complicated."

Additional reporting by Giuliana Ricozzi
amy.kazmin@ft.com

Sums no longer add up for the Phantom of Broadway

John Gapper
All Consuming

The stage chandelier will fall for the last time when *The Phantom of the Opera*, the longest running musical on Broadway, shuts in February after 35 years. The curtain is descending on Andrew Lloyd Webber's work, with its 130 cast members, crew and orchestra, 230 costumes and 6,000-bead replica of the Paris Opera House light.

The entire production defies gravity. Musical theatre has been the mainstay of Broadway since the 19th century, and London's recent revival of *Cabaret* shows how important it is to the West End. But the business of running grand musicals that require huge audiences to pay steep ticket prices is a gamble.

Cameron Mackintosh, joint producer of *Phantom* with Lloyd Webber's Really Useful Group, is fond of quoting Alan Jay Lerner, the American musical librettist. "You know what a *succès d'estime* is, don't you? A success that runs out of steam." Mackintosh and Lloyd Webber's financial achievement with shows such as *Cats* and *Phantom* was to stop them from doing so.

Phantom had been seen by almost 20mn people on Broadway by earlier this month, grossing $1.3bn. It is still running in the West End, after closing temporarily during the pandemic, and has played to 145mn people in 41 countries since opening in London in 1986. It might not match classical operas as a work of art, but you cannot argue with a cash machine.

However, the machine can suddenly break down, as *Phantom* has found on Broadway since it returned post-pandemic last year, with a $10mn grant from a US government fund to revive theatres. "Phantom is an enormous beast of a show, with a lot of staff and performers, and costumes and wigs," Mackintosh told me. "To start it today from scratch would be prohibitive."

The biggest difficulty is not the initial investment in a new production, enormous though this can be; it is that musicals are very costly to keep going. Mackintosh compares them with yachts. "It is like owning a boat: the happiest days are buying and selling it. It is extremely expensive to run."

Musicals are a prime example of the "cost disease" in performing arts identified by the economist William Baumol in 1966. Rising salaries and other costs cannot be offset by higher labour productivity because each performance requires the same number of people for the same output. Short of losing the chandelier, it is a struggle to make *Phantom* more financially efficient.

The drag has become greater with high inflation. Mackintosh estimates that the weekly cost of putting on *Phantom* on Broadway has risen from about $850,000 before the pandemic to nearly $950,000, with further rises in energy and other expenses to come. Since it has been grossing only an average of $850,000 weekly this year, the sums no longer add up.

This is reinforced by the fact that long-running musicals in cities such as London and New York tend to become increasingly dependent on tourists. Locals will be attracted to limited runs of new shows, and revivals such as *The Music Man*, but shows such as *Phantom* rely more on visitors. Fewer have been visiting New York than before Covid hit, particularly from Asia.

As demand falls, tickets get discounted and the economics of the older musical sag. *Phantom* has played to 71 per cent capacity audiences on Broadway this year, compared with *Hamilton*'s 96 per cent, at an average ticket price of $93 against *Hamilton*'s $213. Announcing that it will shut in February should make it a hotter ticket as the deadline approaches.

This will probably not be the last New York has seen of the lovestruck masked man; *Phantom* may be revived in the future, perhaps in a more viable form. It will carry on touring the world for limited runs in cities from Sydney to Vienna. If the tourists will not come to *Phantom*, it will come to them.

"The Broadway musical is not dead but things will be tougher. There will be more pressure to have smaller casts and orchestras," says Matthew Rousu, a fan of musicals and professor of economics at Susquehanna University. The band will play on, but with fewer players.

> Long-running musicals in cities such as London and New York tend to become dependent on tourists

That raises an existential question about the future of spectacular musicals on the scale of *Phantom* or *Les Misérables*. Musicals tend to be venture financed, with a syndicate of investors bearing the high risk of closure before a new production earns back its initial outlay, for a small chance of getting very rich (*Cats*' original London investors received a 60-fold return).

The halo effect of a huge hit on Broadway has historically been enormous: it is the reason why there are so many productions of *Phantom*. Making musicals smaller will limit the risks, but it will also reduce the chance of a new one becoming a global phenomenon and generating cash for decades.

Mackintosh did very well at the peak of the grand musicals business: his production company paid him a £35mn dividend at the end of 2019, before the pandemic and today's inflation surge, then none as the crisis struck. When the curtain finally falls on *Phantom*, he may shed a tear.

john.gapper@ft.com

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Companies & Markets

FINANCIAL TIMES

Cannes-do attitude Buyout groups find reasons for optimism on the Riviera — PAGE 14

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Apple poised to smash iPhone price records with new launch

● Clamour for 'Pro' models ● Average $940 spend looms ● Boost for margins

Selling points: the iPhone 14 Pro and Pro Max models feature a faster chip, a 48-megapixel camera and a new information hub — Brittany Hosea-Small/AFP/Getty Images

PATRICK MCGEE — SAN FRANCISCO

Apple is expected to break its average iPhone price record twice in the coming months as customers choose to buy costlier "Pro" models that boost the tech giant's margins.

Demand for the new iPhone 14 unveiled this month is already robust enough to project that the global "average selling price" — or ASP — will rise to a record $892 in the September quarter and $944 in the December quarter, according to Counterpoint Research, a data provider, which bases its projections on consumer demand, market intelligence, and talks with suppliers.

The current record is $873, achieved in the fourth quarter of last year.

The average selling price of iPhones is a key Apple metric for Wall Street, as smartphone sales still account for roughly 50 per cent of the group's revenues. The upward trajectory of these prices — from just $690 in late 2015 — is all the more significant given that Apple opted not to increase prices of its devices this month at its flagship annual product release, a decision some analysts called the event's biggest surprise.

What's driving the trend is the popularity of iPhone 14 Pro and Pro Max models, which feature a faster chip, a 48-megapixel camera and a new information hub called "Dynamic Island".

When research group Evercore ISI surveyed some 4,000 consumers this month it found that 56 per cent of likely iPhone buyers planned to buy a Pro model, versus 41 per cent last year. It anticipated that ASPs in the next year would be around $940, about 10 per cent higher than in the iPhone 13 cycle.

"We are increasing our iPhone revenue estimates for the next four quarters on the back of stronger than expected ASPs," Evercore analyst Amit Daryanani told clients.

The figures suggest Apple finds itself in a much better position today than in January 2019, when it was forced to issue its first revenue warning in 16 years on the back of iPhone sales weakness in China.

It has since taken greater market share in China thanks to the launch of 5G-enabled iPhones in 2020 and the downfall of Huawei, which has been hobbled from selling 5G phones following US sanctions. Between late 2020 and late 2021, Apple's market share in China rose from 15.9 per cent to 23 per cent, according to Counterpoint.

"Other Android manufacturers — Vivo, Oppo and Honor — all have entered the premium segment, but premium brand status cannot be built overnight," said Counterpoint analyst Archie Zhang.

Globally, the premium market for phones costing above $400 has outperformed overall sales for nine straight quarters, with Apple taking 57 per cent market share last quarter, Counterpoint data shows.

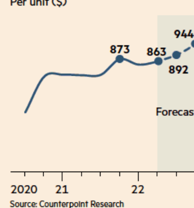
The ultra-premium segment — phones above $1,000 — nearly doubled last quarter from a year ago, with Apple capturing 78 per cent of the market.

The upward trajectory in the iPhone's ASP reflects the success of a strategy Apple began in 2018 when it stopped reporting how many iPhones it was selling each quarter. That move had sparked "peak iPhone fears," whereas Apple argued it was shifting focus from volume to revenues and margins.

Today, analysts believe Apple is in another transition to shift from ASPs towards "lifetime user value" — a strategy of increasing revenues from its more than 1bn iPhone users with an expanding array of services.

Average iPhone selling price to exceed $900 for first time

Per unit ($)



Source: Counterpoint Research

Citi to curb PE lending as stricter capital rules bite

JOSHUA FRANKLIN AND ANTOINE GARA — NEW YORK

Citigroup is dramatically scaling back the amount it lends to asset managers including private equity firms as the US bank races to meet tough new capital rules, according to people familiar with the matter.

The type of lending from which Citi is backing away is known as subscription-line financing, a niche but important business for Wall Street banks that want to develop deep ties with dealmaking clients, especially private equity groups.

Citi's existing book totals roughly $65bn and the bank is preparing to slash that to about $20bn in the coming months, one of the people said.

There is high demand for the lending from buyout groups in particular, which use money pledged by fund investors as collateral for the short-term bank loans to close deals in advance of receiving cash from their backers.

Citi declined to comment.

The group's move underscores the impact of new capital requirements implemented by the Federal Reserve that threaten to curtail lending by large US banks. This week Jamie Dimon, chief executive of JPMorgan, warned that the rules posed a "significant economic risk" that would restrict the flow of credit to US companies and consumers.

Citi, like JPMorgan and Bank of America, is being forced to increase its buffers this year because it has been designated as a global systemically important bank, requiring it to hold more capital relative to its risk-weighted assets.

Banks can meet the requirements by retaining more profits or raising new equity, but most are opting to reduce the amount of assets on their balance sheet.

It comes in the middle of a restructuring of the bank under chief executive Jane Fraser. The lender is grappling with a 2020 consent order with US banking regulators under which it agreed to upgrade its processes and technology.

Jane Fraser: chief executive is racing to meet tough new capital rules while overseeing a restructuring

Citi has started to alert some of its biggest private equity clients about the impending changes, according to people briefed on the conversations.

One buyout executive said that most large Wall Street banks were still committed to subscription-line financing but that Citi, which has been a top-three player in the business, was scaling back.

Another buyout executive interpreted the move as a sign that Citi may be embarking on a broader reconsideration of its role in the lucrative but risky market for providing credit to private equity groups.

Aerospace & defence

Airbus holds to delivery target despite supply chain squeeze

SYLVIA PFEIFER — LONDON

Airbus has backed itself to meet its target of delivering about 700 aircraft by the end of the year but warned it would be "anything but a walk in the park" as the aviation industry continues to battle supply chain constraints.

The world's largest plane maker said yesterday it was grappling with "multiple crises" but that issues with the supply chain were its greatest challenge.

Like other global manufacturers, Airbus has struggled with shortages of raw materials and electronic components and the availability of labour as demand rebounded in the wake of the pandemic. Soaring inflation, uncertainty over the war in Ukraine and energy costs have deepened the pressure.

Dominik Asam, Airbus chief financial officer, said the company had delivered 382 aircraft through to the end of August, leaving about 320 planes still to be delivered to meet the target.

The company, Asam told a capital markets briefing, was "fully engaged" to deliver on its commitments, "yet against the backdrop of disruptions in global supply chains, delivering around 700 aircraft in 2022 is anything but a walk in the park".

Airbus in July cut its original year-end delivery target from 720 to "around 700" aircraft. The company said it was targeting a monthly production rate of 65 in early 2024 — some six months later than originally forecast. Airbus said at the time, however, that it was sticking with its plan to reach a monthly rate of 75 jets by 2025.

Guillaume Faury, chief executive, yesterday reiterated the rate of 75 jets a month. Airbus expects to produce about 50 a month by the end of this year.

"Based on the visibility we have now from the supply chain, we think it's manageable, but I will not tell you that it's easy," Faury said of the 700-plane target.

The bottleneck in the supply of engines, however, which has caused friction between Airbus and engine makers including CFM International, is easing. The number of "gliders" — aircraft that have been built but are sitting in storage without engines — had declined to single figures, said Faury, from 26 in July.

Personal & household goods. **Beauty products**

Chinese male cosmetics customers defy derision of 'sissy boy' culture

Fledgling market for men is set to double over three years despite Beijing's crackdown

EDWARD WHITE AND JUNE YOON — SEOUL
GLORIA LI — HONG KONG
ERI SUGIURA — TOKYO

Chinese president Xi Jinping has attempted to halt the rise of "sissy boys", the pejorative term for young men judged to be effeminate, as he attempts to reform the country's youth culture and encourage masculinity.

But as Xi approaches his second decade in power, he might have to get used to Chinese men with a penchant for smoky eyeliner and fake eyelashes — and the companies catering to them.

"I think I'm more masculine than most straight guys," said Xi Er, a 28-year-old using a nickname for anonymity. "I dare go to work wearing a skirt. Dare they? They're restrained by their biases."

Following several years of double-digit growth, China's fledging male beauty market is expected to top $10bn this year, and double again over the next three years, as local and foreign businesses target hundreds of millions of new customers.

Xi Er, who works in the tech sector and lives in the southern megacity of Shenzhen, said he started wearing make-up on a trip to Thailand in 2017 to celebrate graduating from university.

He now uses Xiaohongshu — a Chinese super app that is a blend of Pinterest, Instagram, Amazon and TripAdvisor — to post videos on topics such as the "benefits of wearing press-on nails at [the] workplace as a dude". Xi Er rates a clutch of new Chinese brands among his favourites.

Men's beauty is still a fraction of the broader Chinese market but is expanding quickly in line with other Asian markets including South Korea and Japan. Goldman Sachs has forecast total cosmetics spending in China will hit $120bn by 2026, from about $82bn in 2021.

In China, the beauty market has been dominated by a clutch of foreign brands including France's L'Oréal, South Korea's AmorePacific, Japan's Shiseido and American group Estée Lauder.

Despite the threat posed by Xi's crackdown, analysts said China remained a critical market for beauty companies.

"China is the only region in the world that is growing, so cosmetics companies need to manage these political challenges and continue to sell their products," said Yu Sato, a cosmetics industry analyst in Tokyo at SMBC Nikko, the Japanese brokerage.

The boom in men's beauty comes as homegrown Chinese companies are winning market share from foreign rivals. Chinese brands including DearBoyFriend and Make Essence are booming, reports Jing Daily, a specialist publication covering China's luxury market, in part because they directly market to first-time make-up users, initiating them into the beauty world.

Mark Tanner, managing director of China Skinny, a Shanghai-based market research group, pointed out a paradox: younger Chinese consumers are increasingly patriotic but "toe the line less". This means many prefer to support local brands but shrug off the "sissy boy" crackdown.

"The post-95s are among the most nationalistic of the consumers we've seen in a long time. At the same time, they are much more independent . . . and not being too conforming," Tanner said.

The trend poses a challenge to beauty industry incumbents. For years, South Korean beauty groups led by AmorePacific and LG Household & Health Care benefited from the massive popularity of K-pop and Korean dramas. In 2015, South Korea overtook the US and Japan in China's cosmetics market to become the second-biggest player after France.

Today, LG Household & Health Care and AmorePacific make more than 30 per cent of their sales in China. Brands including AmorePacific's Hera, Innisfree, Laneige and Sulwhasoo have long been household names in China, but waning demand is taking its toll. Hera is reported to have closed nearly all its stores in the country and Innisfree, Amore's core mid-market brand, is slashing its locations from 600 to 140.

Tech worker Xi Er posts content on products including press-on nails

Overseas groups hope ecommerce will help them to retain market share, but analysts warn bigger challenges are emerging. Domestic brands are often better at understanding local tastes and quicker to act on new trends.

Tanner said that for the Korean and Japanese cosmetic groups in China, the "golden years are over". He added: "Korea, in particular, was ahead of the curve for the 'effeminate men' craze . . . It is not just a case of showing up any more with a 'Made in Korea' sticker on the back. But it is like this with just about every category, and every foreign brand . . . you've got to work a lot harder."

Japanese luxury giant Shiseido is among the brands doubling down on China bets, as is its toiletries unit, which spun off last year

Yuki Takahashi, chief operating officer of the new company, Fine Today Shiseido, which sells men's mass-targeted skincare items in China, said Beijing's drive to eradicate coronavirus was a bigger problem for sales than Xi's anti-"sissy boy" crackdown.

"The largest China risk for us right now is logistics under the government's zero-Covid strategy. We have handed over power to the local team to deal with these business continuity plans, so that they can handle issues with speed."

Meanwhile, many business leaders are trying to recover from last year, when Xi's common prosperity campaign wiped hundreds of billions of dollars off the value of Chinese companies.

Despite that threat, Xi Er's experience points to signs of greater acceptance among ordinary Chinese.

On the day that Shenzhen lifted a Covid lockdown in late March, Xi Er met a group of clients. Usually, his make-up routine involves primer, foundation and Kim Kardashian-inspired contouring before applying brushstrokes of salmon-pink blush to his cheeks.

Complementing his dyed red hair, Xi Er added a pop of glitter to his red smoky eye and wore a Marvel-themed T-shirt with a pair of pink sequinned trousers. "All the clients I met on that day complimented my fashion sense," he said.

Additional reporting by Maiqi Ding in Beijing

French investors

Brexit was supposed to awaken a latent | the relative decline in valuations and | Telekom. But this is a trickle versus the | Despite this | record label EMI went to Vivendi in

2022/9/25 22:55 All pages from Financial Times (Asia), Saturday, September 24, 2022

French investors are first in line at the UK bargain bin

The Top Line
Tom Braithwaite

buccaneering spirit, unshackling entrepreneurs and companies to roam the globe pillaging other countries' assets. And so it has. For the French.

This week billionaire Xavier Niel grabbed a £750mn slice of Vodafone; the UK's biggest telecom group. France's Schneider Electric announced it would swallow one of the UK's oldest tech companies, Aveva; and French utility Suez paid £2bn for a UK recycling company.

The flurry of cross-Channel deals on a single day followed telecoms entrepreneur Patrick Drahi buying 18 per cent of BT last year, while French satellite group Eutelsat is preparing to acquire the UK's OneWeb.

Is this a dastardly plot orchestrated by former Rothschild banker Emmanuel Macron, the French president branded a frenemy of the British state? Bankers point instead to currency since the 2016 Brexit vote.

The current burst of French inbound M&A to the UK is unusually large. Data from Refinitiv suggests the highest volume in at least a decade and the highest value since 2013.

But there have been decades of such deals. Vodafone's sale of mobile operator Orange to France Telecom in 2000 tops the league table, according to Bloomberg data, at £31bn. Ad group Publicis paid more than £1bn for smaller rival Saatchi & Saatchi that same year. Both were top-of-the-market deals compared with today's rummage sale.

Activity in the other direction is far less common. UK-based private equity firms such as CVC, Permira and Bridgepoint have done some deals. BT paid £12.5bn in 2014 for mobile operator EE, a joint venture between France Telecom and Deutsche French wave.

France is always quick to worry about foreign takeovers, most notoriously branding yoghurt maker Danone a strategic asset to thwart a bid from Pepsi in 2005. In 1997 the president of the French National Assembly got it backwards, complaining that "although it is very difficult for French companies to buy large foreign companies, the reverse is not true". At that moment, French cement group Lafarge was pulling off a hostile takeover of British building materials company Redlands.

In the UK, there is usually little angst as even iconic British brands are flogged to France. Luxury group LVMH, run by Niel's father-in-law Bernard Arnault, is a repeat customer, with deals ranging from shirtmaker Thomas Pink in 1999 to distiller Glenmorangie in 2004. The Beatles'

Despite this flurry of deals, the US is the real threat in Britain — as a listing destination and as the home of potential acquirers

2011. Gatwick airport went to Vinci in 2018.

But is the UK any more rational? In 2016 then prime minister Theresa May celebrated the UK's only internationally significant tech company, Arm, by Japan's SoftBank. Conservative governments have since embarked on a badly received begging campaign to persuade SoftBank to relist the chip designer in London.

If Arm does end up being floated, SoftBank naturally prefers New York, which offers a deeper market and higher earnings multiples. The US is the real source of the threat to the UK — not just as a listing destination but as the home of potential acquirers. With the ammunition of a strong dollar, expect American companies to join the French at the UK's bargain bin.

tom.braithwaite@ft.com

Swiss banking boss pressed to deliver as markets turn

Spotlight

Ralph Hamers
Chief executive, UBS

Ralph Hamers: aborted acquisition of Californian start-up Wealthfront has dealt a blow to ambitious US growth plans — Jason Alden/Bloomberg

Weeks after announcing that UBS, the world's biggest wealth manager, would be embarking on a major push into the crowded US market late last year, chief executive Ralph Hamers received an interesting proposition.

Advisers for Wealthfront, a Californian start-up that uses artificial intelligence to sell investment products, suggested UBS should buy the business.

A deal would allow Hamers, who made his name as a digital champion running Dutch lender ING, to put his stamp on the bank with its first big acquisition since the financial crisis.

Yet after agreeing to pay $1.4bn in cash for Wealthfront, UBS ditched the deal this month without an explanation. Days later the bank announced it would return more money to shareholders, though senior executives said the two decisions were unconnected.

Hamers, who was picked two years ago by then UBS chair Axel Weber to succeed Sergio Ermotti, has made growing its presence in the US and developing a digital wealth manager for so-called mass affluent customers a central plank of his strategy.

But the aborted acquisition has set back those plans and now the 56-year-old Dutchman is under pressure to deliver, along with three influential executives at the bank's top table.

Colm Kelleher, the bank's internationally respected chair, Naureen Hassan, the recently installed tech-savvy head of the bank's US business, and the fiercely ambitious Iqbal Khan, whose role as wealth management chief has just been expanded and is widely seen as a future CEO, all have a keen interest in the strategy for the American market.

> 'The market is closely watching how the dynamic will play out'

"There are a lot of internal politics going on," said a banking executive close to the UBS hierarchy. "The market is closely watching how the dynamic will play out."

By several measures, Hamers has enjoyed a successful first two years at the helm. The Swiss bank emerged from the pandemic with a series of record-breaking results as its wealthy clients benefited from central banks pumping liquidity into the system.

The turmoil at its fierce rival Credit Suisse has also been helpful, allowing Hamers to settle into the role without too much scrutiny. Although outwardly it appeared to be business as usual, Hamers has spent the time reorganising his executive team and making internal structural changes.

"Everyone in Switzerland has been focused on Credit Suisse for the past two years," said a Zurich-based banker. "No one has been too concerned by UBS because it has been delivering through the cycle."

When UBS announced an $861mn trading loss tied to the collapse of family office Archegos last April, for example, the news was overshadowed by the $5.5bn loss at Credit Suisse.

Hamers began unveiling his grand strategy for the bank last October. When Kelleher was named chair a few months later, his experience as a former president of Morgan Stanley was heralded as a good fit for the strategy, given the US bank's leading role in the country's wealth market.

Kelleher has taken Hamers under his wing, according to people familiar with their relationship. The 65-year-old Irishman has coached Hamers in how to talk with international investors, who are less interested in an agile working culture and more focused on three-year profit targets.

At their weekly hour-long catch-ups, the plain-speaking Kelleher has banned Hamers from using buzzwords such as "ecosystems" and "purpose", the people said.

The pair embarked on a US roadshow to persuade more US asset managers to become top shareholders in an attempt to drive the bank's valuation closer to Wall Street peers. The feedback, according to people with knowledge of the talks, is that investors were receptive, but they are waiting to see Hamers deliver on his strategy. UBS declined to provide a comment for this article.

Analysts viewed the Wealthfront acquisition as more symbolic than transformative, given the lack of clarity over the fintech's financials and its $27bn of assets under management compared with UBS's $3.9tn.

The bank made the case to investors that Wealthfront would provide investment services to UBS's Workplace Wealth Solutions platform and also bring in hard-to-recruit tech staff, according to people briefed on those discussions.

But the tumbling fintech valuations this year left Wealthfront's $1.4bn price tag looking expensive.

Hamers' record on previous tech deals has also come under recent scrutiny. This year ING completed the wind-down of a controversial payments subsidiary, Payvision, that Hamers bought in 2018 for €360mn. ING has also closed down Yolt, a personal finance app launched in 2016.

With the long bull run in stock markets over and the global economy slowing, Hamers must now execute his strategy against a far less forgiving backdrop. *Owen Walker*

Under the hood Aldi kicks Morrisons out of the Big Four supermarket club

German discounter's focus on price and improved ranges has helped it win UK share and break into the elite retailers category

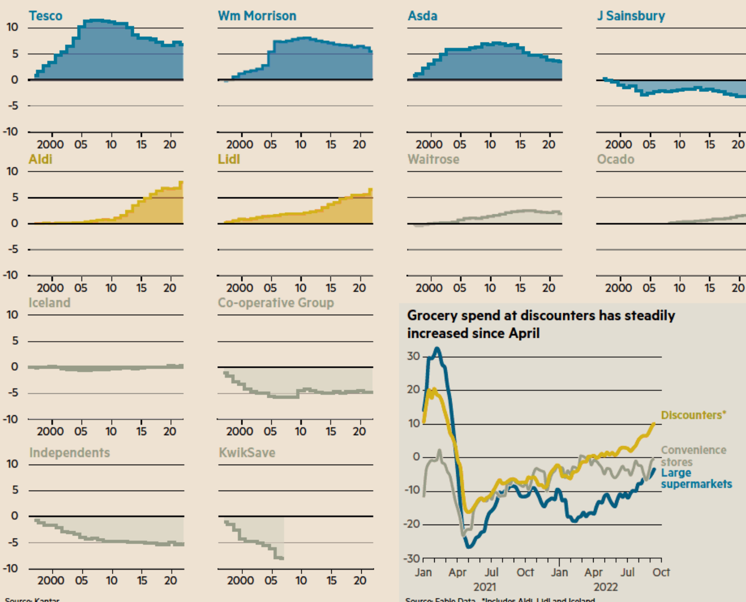
The Big Four supermarkets are no more. Discounter Aldi has surpassed Wm Morrison to become the UK's fourth-largest supermarket as measured by Kantar's rolling 12-week market share data.

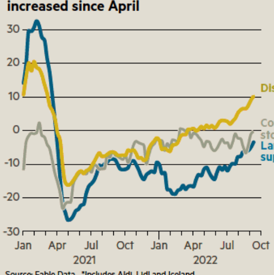
The development spells the end of a long period when Tesco, J Sainsbury, Asda and Morrisons — the "Big Four" — dominated UK grocery retailing with a model generally based on wide choice and large out-of-town superstores.

Most of German-owned Aldi's market share gains have come since the financial crisis. They were in no small part down to strategic miscalculations by the Big Four, which chose to prioritise profitability over preserving sales volumes at a time when household incomes were under acute pressure.

Aldi's market share today is very similar to that of KwikSave, a homegrown discounter, in 1993. KwikSave traded from a similar number of stores and its business model — high sales volumes across limited product ranges, low prices, operational simplicity — had much in common with Aldi's. Yet its market share crumbled with startling speed and it finally collapsed in 2007.

And while KwikSave was the only significant discounter in the early 1990s, Aldi has a wingman. Compatriot Lidl has also expanded in the UK and in recent months has grown market share at an even faster pace. Taken together, Aldi and Lidl are now second only to Tesco in terms of market share.
Jonathan Eley and Patrick Mathurin





BUSINESS
WEEK IN REVIEW

Spac surrender

● **Chamath Palihapitiya**, one of the big boosters of special purpose acquisition companies, has thrown in the towel, returning $1.5bn to investors after failing to find targets. The former **Facebook** executive, who once labelled himself the Warren Buffett of his era, said this week that two of his vehicles would liquidate, blaming valuations and volatility for his inability to find deals. Palihapitiya, pictured, became the face of the boom in blank-cheque companies, partnering with British venture capitalist Ian Osborne to launch several Spacs as the market took off. He used **Twitter** to promote his deals and rally retail investors who saw a way to get access to public companies that often had no revenue or even a product.

● Jamie Dimon, chief executive of **JPMorgan**, has warned US lawmakers that capital requirements for large banks pose "a significant economic risk" that is curtailing their capacity to lend to homebuyers and other customers. Dimon said "the continued upward trajectory" of capital requirements is making it harder for banks to meet customer needs just as "storm clouds" are gathering on the horizon for the US economy. Dimon lamented that JPMorgan, the largest US bank with $3.8tn in assets, must set aside more than $200bn in additional capital because of the impact of new rules. Dimon's remarks reflect the tension US regulators have faced since the aftermath of the 2008 financial crisis, when steps were taken to address weaknesses in the banking system. Critics such as Dimon have complained that capital requirements rules are now too strict.

> JPMorgan chief, Jamie Dimon, says capital requirements for large banks pose 'a significant economic risk' that curtails lending capacity

● The German government is to nationalise **Uniper** in a deal that takes the utility's bailout cost to €29bn after it was brought to the brink of insolvency following Russia's invasion of Ukraine. Berlin's lifeline for the country's biggest importer of natural gas is the biggest corporate bailout in Germany since the global financial crisis in 2008, when the government provided a €480bn lifeline to the banking sector. Germany, which had already planned to take a 30 per cent stake, is now completely "buying out" Uniper's previous owner **Fortum** for €480mn. Berlin will also take on a €7.5bn credit line previously provided by the Finnish energy company to Uniper.

● **Blackstone** has agreed a £300mn deal to sell **Butlin's** back to one of the families that it bought the UK resort group from last year. The US private equity group will sell Butlin's, which operates holiday centres in Skegness, Minehead and Bognor Regis, to the Harris family. The family is one of three that founded Bourne Leisure, the parent company of Butlin's, in 1964. They sold Bourne, which also operates the **Haven** and **Warner Leisure** holiday businesses, to Blackstone last year for about £3bn, while keeping a minority stake. The Harris family is buying back the Butlin's operating business, which accounts for about 15 to 20 per cent of Bourne's earnings, a person with knowledge of the matter said. Haven and Warner Leisure will remain in Blackstone's hands. The new deal will mean that Blackstone has taken back about £600mn of the £3bn it paid for the group. In July the private equity group offloaded Bourne's real estate assets in another £300mn deal with the UK's biggest private pension fund, the Universities Superannuation Scheme.

$1.5bn
Amount returned to investors by Chamath Palihapitiya

£300mn
Value of deal for Blackstone to return Butlin's to the Harris family

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COMPANIES & MARKETS

Dealmakers relax on the Riviera, defy the gloom and target retail investors

Private equity conference exudes confidence as industry model faces biggest test since 2008 crisis

KAYE WIGGINS — CANNES

On the golden sands of the French Riviera, just along the beach from an evening game of volleyball, dark-suited private equity executives crowded into a marquee for a drinks reception and did their best to ignore the crisis hitting their industry.

Cocooned at a conference this week in one of Europe's most exclusive destinations, top dealmakers exuded confidence even as the conditions that fuelled a decade-long private equity boom went into reverse.

For years, almost everything has gone right for the buyout industry's billionaire bosses. Now, as rates rise and their model faces its biggest test since at least the 2008 crash, private equity is looking to what dealmakers hope will be their next revolution: an unprecedented wave of money from retail investors.

"When the markets stabilise it will be a tremendous time for private equity" and an influx of retail money is "a matter of when", not if, Verdun Perry, global head of Blackstone Strategic Partners, said on the conference's main stage this week.

Buyout groups have spent the past few years striking record numbers of deals at often eye-watering valuations, using growing amounts of debt. Now they are holding businesses whose borrowing costs are rising just as their earnings fall.

Investors specialising in distressed debt could barely contain their glee at the prospect of these companies falling into trouble.

"For the first time since the global financial crisis and for very different reasons, we are beginning to see cracks in a real way across the board," said Matt Wilson, a managing director at Oaktree, during a panel discussion at the event.

"The confluence of lower earnings, lower cash flow and higher borrowing costs is going to be a very challenging situation. We're very excited about what we see in front of us right now . . . it's hard to see a path to a soft landing."

And as some argue that the top of the market has been reached, others are becoming concerned about the industry's practices.

Mikkel Svenstrup, chief investment officer at Denmark's largest pension fund ATP, compared private equity with a pyramid scheme.

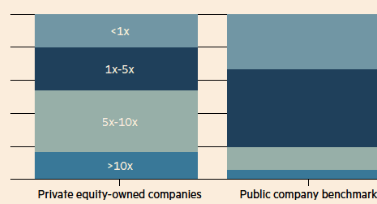
He complained about the industry's use of "continuation funds", a fast-growing model in which a private equity group sells a company to itself by shifting it between two of its own funds. And he said he was "looking very carefully" at "all those tricks they do to kind of manipulate" returns figures.

That has not damped all dealmakers' spirits. Speaking privately on the sidelines, a top executive at a European buyout group said he was confident that "the golden age of private equity is just beginning".

One of the main reasons for optimism is the hunt for cash from individuals, in contrast to the pension funds, endowments and sovereign wealth funds that have so far propelled the industry's growth — what senior figures describe as the "democratisation" of private equity.

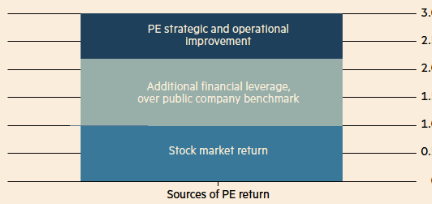
Some of that money will come from the very wealthy. Morgan Stanley and Oliver Wyman said in a report last year that people with between $1mn and $50mn to invest would commit an extra $1.5tn to private markets by 2025.

Private equity-owned companies'* higher debt burden
Debt to ebitda ratio (% of companies)



* Includes some former portfolio companies that private equity groups have sold
Source: EY/BVCA

How private equity makes its money
Gross equity return and sources of return, 2005–20 index



Cannes do: dealmakers gathered on the Riviera, where Ariane de Rothschild, below, spoke of the need for strong governance when ordinary investors were brought in
Artur Bogacki/Alamy

But the industry is also targeting people further down the income ladder. "We're talking real democratisation," Virginie Morgon, chief executive of the buyouts group Eurazeo, said at the conference. The industry would raise money from people with €5,000 or €10,000 to invest, she added.

Ariane de Rothschild, who chairs the Franco-Swiss private bank and asset manager Edmond de Rothschild, warned of the need for "a strong governance framework in order to avoid misunderstandings and potential reputational damage" when ordinary investors were being brought in.

Amid the parties and panels, executives warned that the industry was caught in limbo as private valuations — of the companies buyout groups own and of unlisted private equity firms themselves — have not fallen in line with public markets.

"It's been a very tough year for a lot of [stock market] investors," said ATP's Svenstrup. "It's kind of interesting, right, because private markets seem to still keep their valuations . . . Eventually they will converge. Whether that's to the upside or the downside, time will show."

During the conference, Goldman Sachs' Petershill Partners, a London-listed group that owns minority stakes in private equity firms, reported an accounting loss as it marked down the value of its investments.

The move highlighted how rising interest rates have made buyout firms — which receive a steady stream of cash from the management fees they charge investors — less valuable. Shares in Blackstone, Apollo Global Management, KKR, Carlyle Group, EQT and Bridgepoint have all fallen this year by more than the S&P 500.

But the valuations of privately held buyout groups have not necessarily followed. "One thing we've been asked about a lot recently is, has our valuation, our approach changed with what's happening in the public markets?" said Tiffany Johnston, a managing director at Blue Owl, which buys minority stakes in private equity firms. "And it really hasn't . . . we've found we've just been able to be very consistent."

> 'You buy a great business when you can. Our industry's not about buying high and selling higher, it's never been about that'

As even insiders question the industry's model — amid hopes to lure in retail investors — private equity is formulating its defence.

George Osborne, the UK's former Chancellor of the Exchequer who was at the conference as a partner at his brother's venture capital firm, 9Yards Capital, said the industry had to invest "for the longer term", looking through the energy crisis, inflation and the "tragic problem" of the war in Ukraine.

Orlando Bravo, co-founder of buyouts group Thoma Bravo, which ploughed tens of billions of dollars into software deals at the peak of the market in the past few years, was among the most bullish at the event.

"You buy a great business when you can . . . our industry's not about buying high and selling higher, it's never been about that," he said.

He dismissed Svenstrup's comparison of private equity to a pyramid scheme, saying: "Oh my gosh, the opposite. It's the best way of ownership in the world!"

Additional reporting by Chris Flood

Banks

Dublin sheds final shares in rescued lender BoI

JUDE WEBBER — DUBLIN

Thirteen years after pumping in cash to rescue Bank of Ireland, the government has finally exited the country's largest lender, the first of the three institutions bailed out during the financial crisis to return to private hands.

BoI hailed the move as a "milestone" and Paschal Donohoe, the finance minister, said it freed taxpayers' cash for "more productive purposes".

"The gradual disposal of the state's investment in Bank of Ireland into a rising market has been successful in delivering on this objective for our citizens," he said in a statement.

The government invested €4.7bn in BoI between 2009 and 2011 in a sector-wide crisis sparked by a reckless mortgage lending spree that ended up crashing the entire Irish economy.

The government had now recovered almost €6.7bn, the ministry confirmed, with the price for its phased disposals rising to an average of €6.17 per share from an initial €4.96.

Shares in the bank were up 1.37 per cent at €7.53 in afternoon trading yesterday.

"The completion of the sale of the state shareholding in Bank of Ireland is a very positive moment for Irish taxpayers, for Bank of Ireland, and for the sector as a whole," said Gavin Kelly, interim group chief executive.

"This is a milestone moment for Bank of Ireland as we move conclusively beyond the financial crisis, and is a very important step towards full normalisation of our relationship with the state," he added.

The government exit was expected to trigger renewed calls from the lender for an executive pay cap and employee bonus ban imposed after the crisis to be quashed, one senior official at the bank said.

Bankers have long argued the measures crimp their ability to attract and retain talent

Francesca McDonagh, who stepped down as chief executive and moved last month to Credit Suisse, has been vocal in calling for the legislation to be changed.

However, the other two banks that still count the government as an investor, Allied Irish Banks and Permanent TSB, would take a dim view of the BoI being exempted if they were not, despite them still remaining majority state-owned.

AIB, Ireland's second-biggest bank, is still 63.5 per cent state-owned. PTSB is 75 per cent state-owned, however that will decline to 62.4 per cent later this year when the lender issues new shares in part exchange for the Ulster Bank assets it is buying from NatWest Group.

Ulster Bank and KBC are in the process of exiting the Irish market, a shake-up hailed by the sector as a "once-in-a-generation" growth opportunity. Donohoe said the state's stakes in PTSB and AIB were together still worth more than €4.9bn.

Despite its return to private hands, BoI has one piece of unfinished business: it is the only one of the three big lenders yet to be fined for its part in a tracker mortgage scandal.

The bank is expected to receive a hefty penalty.

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Commodities. Demand surge

European appetite for LNG leaves emerging nations starved of gas

Power dynamics: Pakistan has been facing an acute gas shortage as high prices of LNG have been particularly painful for countries in south Asia
Rehan Khan/EPA-EFE

Developing economies face energy crises that prolong a reliance on dirtier types of fuel

SHOTARO TANI — LONDON
BENJAMIN PARKIN — NEW DELHI

An overwhelming appetite from Europe for liquefied natural gas to replace Russian pipeline exports is leaving developing countries starved of gas and creating a market for traders to profit from a rush to secure supplies.

China, India, Brazil, Pakistan and Bangladesh will have the highest rate of decline in demand for liquefied natural gas this year, down 34.5mn tonnes compared with last year's forecast, according to data from the commodity analytics firm ICIS, compiled for the Financial Times.

That equates to roughly 9 per cent of global LNG supplies in 2021.

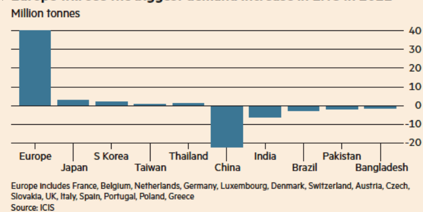
Increasingly, they are being outbid for expensive LNG by richer countries trying to fill the hole left by Russia curbing its energy exports.

Demand in Europe, Japan, South Korea, Taiwan and Thailand is expected to increase by a total of 46.6mn tonnes this year. Europe, including the UK, accounts for 85 per cent of the increase in demand, according to ICIS.

That imbalance not only threatens to push many emerging economies into energy crises that may prolong their reliance on dirtier forms of fuel. LNG traders are also looking to profit from differences in prices on global markets because these countries often use the spot market to buy the commodity.

Countries such as Pakistan and Bangladesh "have been hanging on and been paying as much as they can in this bidding war, mainly with Europe, on spot cargoes", said Alex Siow, lead Asia gas analyst at ICIS. "We still hear them going out trying to bid at lower prices and sometimes they do get that odd cargo here and there. Unfortunately, it is not enough for all."

Europe will see the biggest demand increase in LNG in 2022
Million tonnes



Europe includes France, Belgium, Netherlands, Germany, Luxembourg, Denmark, Switzerland, Austria, Czech, Slovakia, UK, Italy, Spain, Portugal, Poland, Greece
Source: ICIS

With the level of LNG demand increase outstripping the declines destroyed, "it is safe to say that [the LNG market] will continue to be tight until 2025-26 when some of the bigger LNG supply plants come online," Siow added.

That squeeze has lifted the average price for the Asian benchmark spot, or cash, market this year nearly 140 per cent higher than last year. Some traders have now spotted an opportunity in the market.

Long-term contracts that had been signed years ago are linked to benchmark prices that are far lower than the current prices.

Even if LNG traders pay penalties to skip a contracted delivery, they can make a hefty profit by selling in the spot market where prices are much higher.

The spotlight recently fell on a former Singapore-based unit of Gazprom, which had an obligation to supply Gail, India's state-run gas distributor, for 20 years under a deal signed in 2012.

In its earnings call in early August, Gail revealed that it had not been receiving the contracted amount of LNG from the former Gazprom unit — now called SEFE Marketing & Trading after Germany took control of its parent — since May, with LNG traders suspecting it is selling the cargoes meant for Gail on the spot market.

SEFE, which stands for Securing Energy For Europe, said in a statement to the Financial Times that this was because it was managing its LNG stocks as it was "currently without a considerable part of its gas supplies" after what it called "Russian sanctions" on the group.

"With European markets getting even tighter, [the Singapore unit] is using the contractual mechanisms in its agreements to manage the situation," it said.

One LNG trader said that, since the summer of last year, when gas prices started to rise in both Asia and Europe, he has seen "several instances" of industry performers cancelling their long-term contracts and selling the cargoes on the spot market at a higher margin despite "risk of completely destroying trust".

Toby Copson, global head of trading and advisory at Trident LNG, a gas trading company, said if traders could make more profit by cancelling the cargoes and selling it on to someone else at a hefty uptick, "they are going to do that every time." He added: "The provisos in the contract do allow for this . . . It is nothing new. If you are on the other end of that trade it is frustrating, and with the market being so tight now, it will have disastrous consequences."

The developing countries that have not been able to secure LNG are increasingly turning to dirtier forms of fuel.

Consultancy Wood Mackenzie said small industries in India are switching to fuel oil and liquefied petroleum gas for heating while oil-fired power generation has surged fivefold in Pakistan and 45 per cent in Bangladesh.

The high prices of LNG and other fuel sources have been particularly painful for countries in south Asia, which are heavily dependent on imported natural gas for electricity generation.

Both Pakistan and Bangladesh, for example, have experienced widespread power outages in recent months.

In Pakistan, the fuel shortages have prompted a surge in demand for alternatives such as coal from neighbouring Afghanistan, where the Taliban has promoted exports to its energy-starved neighbour.

Some researchers estimate that Afghanistan's coal exports to Pakistan have doubled this year.

> 'Countries in emerging Asia are going to grasp at any opportunity they can to keep the lights on'

"European and Japanese storage is filling up significantly but there are questions about how long that's going to last," said Sam Reynolds, energy finance analyst at Institute for Energy Economics and Financial Analysis.

If Europe does not cut gas consumption, "come March of next year, we could be at the exact same place where it has to be soaking up more LNG", Reynolds added. "And so countries in emerging Asia are going to grasp at any opportunity they can to keep the lights on and that may mean dirtier fuels, that may be greater imports from nearby countries."

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Currencies

Investors retain short bets against yen despite BoJ action

KATE DUGUID — NEW YORK

The Bank of Japan's intervention to prop up the yen comes as hedge funds and asset managers have built up large short positions against the currency. With billions of dollars on the line, many say they are staying put for now.

The yen has fallen victim to the remarkably strong dollar this year, reaching its weakest level against the US currency in 24 years yesterday, just before the BoJ's move. It has been losing value since the start of the year, especially after the Federal Reserve signalled its intention to implement rate rises at one of the fastest clips in years.

That weakness has attracted bets from investors wagering the yen still has further to go. And despite the BoJ's attempt to strengthen the currency, investors and analysts said they did not expect a massive unwinding of the short positions any time soon.

They argued the only way the yen would appreciate meaningfully for a sustained period was if Japan's central bank raised rates or if the Fed loosened monetary policy. Neither is widely expected.

The $1.2tn of foreign currency reserves that the BoJ holds is likely to provide a buffer. But investors stressed the reserves were limited and provided a temporary solution. "The BoJ may succeed in dislodging some quantity of short interest in the short term, but longer term it is not a sustainable policy," said David Rossmiller, head of portfolio management at Bessemer Trust.

> 'The core reason why the yen has been weak is the [BoJ's] monetary stance, and that hasn't changed'

Speculators have a net short position worth roughly $7bn against the yen, according to data from the Commodity Futures Trading Commission — the largest since early June.

"It doesn't change anything because the core reason why the yen has been weak is the [BoJ's] monetary stance, and that hasn't changed, despite interest rates going up materially in the rest of the world," said a hedge fund trader who has shorted the currency.

The dollar has this year risen to its strongest level in decades as the Fed embarked on its monetary tightening campaign. The dollar index, which measures the greenback against a basket of six rivals, hit a fresh 20-year high on Wednesday after the US central bank raised interest rates by 0.75 percentage points for the third time in a row.

Higher interest rates on US Treasuries have attracted foreign investors, also bolstering the dollar. Japan has been particularly hard hit because its central bank has held interest rates in negative territory since the great financial crisis.

However, some analysts predict the BoJ will do more to arrest the sliding yen, viewing this week's intervention as the first of multiple steps.

Property

Deutsche Bank's London HQ deal shows tumbling prices for commercial space

GEORGE HAMMOND

Deutsche Bank's new London headquarters is being sold after having its price cut significantly, a disposal that lays bare the impact rising rates have had on commercial property prices.

Lendlease, the Australian developer that redeveloped the capital's Elephant and Castle neighbourhood, has struck a deal with UK landlord Landsec to buy 21

The office block is not scheduled to be completed until early next year and Landsec will finish it before handing it on. The company estimates it will have turned a profit of £145mn on 21 Moorfields once the sale completes shortly.

Even at a discount, the deal is welcome evidence for property agents and investors in London that a step-up in costs has not totally killed the market.

"[The] investment in the City of

in the world's key gateway cities," said Neil Martin, European chief executive of Lendlease.

Landsec chief executive Mark Allan signalled to the Financial Times earlier this year his intention to sell off London offices to trim a debt pile of about £4bn and reinvest in development projects.

Beyond a smattering of deals, the London office market is moving slowly, said Beckham.

Derivatives

Brussels casts doubt on intervention to help stretched energy groups

PHILIP STAFFORD — LONDON
ALICE HANCOCK AND SAM FLEMING — BRUSSELS

European authorities have played down their ability to intervene in the region's derivatives markets to help stretched energy companies after privately admitting energy price volatility was not due to the "market malfunctioning".

EU capitals, which had been looking at ways to intervene in Europe's energy markets to tackle six months of volatile and soaring prices.

The cost of buying and selling gas, electricity and power has fluctuated wildly since Russia's invasion of Ukraine and been exacerbated by water droughts across the continent and the breakdown of about half of France's

from third parties and was also considered the benchmark for the global natural gas market.

Large utilities that consume and produce vast quantities of energy have particularly felt the squeeze as they rely on futures markets to help guarantee the price they will receive, and ensure that power and electricity is supplied to millions of homes.

To open and maintain their positions,

Moorfields, Deutsche's City of London base, for £809mn.

The deal displays the chilling impact of rate rises and an expected recession on the market.

Landsec was hoping to raise closer to £1bn from a sale, according to office agents in the capital, and 21 Moorfields was valued at almost £900mn only in March this year.

Since then, rising rates and inflation have added to the costs facing investors and developers and seen the market seize up.

"It's a large-scale deal [but] 12 months ago [21 Moorfields] would have been a lot pricier," said James Beckham, head of central London investment at estate agent CBRE.

London reflects the global appetite for premium and sustainable office assets

The 21 Moorfields site in the City of London under construction in 2021

A similar impact has been felt across commercial real estate sectors with activity stalling in recent months as many sellers opt to withdraw buildings from the market rather than accept lower prices. Where deals are being struck, discounts are the norm.

Last week, Prologis, the world's biggest warehouse owner, agreed the purchase of a portfolio of last-mile logistics facilities in Europe from real estate investment manager MARK for €1.6bn.

MARK had sought more for the portfolio but, according to the company's boss Marcus Meijer, it opted to sell directly to Prologis at a discount rather than launch a long competitive process against an unstable geopolitical and economic backdrop.

The European Commission said that stress in markets such as electricity futures "seems to reflect acute uncertainty on market fundamentals" such as supply and demand, according to a presentation to diplomats on Wednesday that was seen by the Financial Times.

Underscoring the lack of options, the European Securities and Markets Authority also on Thursday recommended the commission look at ways of clarifying existing standards on collateral to help ease the demands on energy producers.

However, officials raised doubts about the degree to which collateral rules could be broadened.

The conclusions will come as a blow to

Stress in sectors such as electricity futures 'seems to reflect acute uncertainty on market fundamentals'

nuclear fleet, raising the cost for households and businesses.

Last month, Ursula von der Leyen, Commission president, said the crisis had exposed the limitations of Europe's electricity market design and it needed a new market model that "really functions and brings us back into balance".

Wednesday's presentation pointed out that the EU's benchmark gas contract, called TTF, was based on market transactions with no judgments

they have to make regular margin payments to clearing houses, the utilities that sit between two parties in a trade and prevent a default from infecting the rest of the market.

As prices have soared, the demands for utilities that have hedged their power sales — often months or years in advance — have ballooned to the point where few can afford to post more money, so creating a liquidity crisis.

Some countries, such as Sweden, Finland and Germany, have had to step in and provide credit guarantees to local utilities to help them through the pinch.

One EU diplomat said any intervention needed to be made with caution. "Let's not spill over from energy markets into financial markets," they said.

On Wall Street

Heat is on stablecoins to deliver original promise

Scott Chipolina

When stablecoins emerged in the crypto world, they were touted as an answer to the inherent volatility of many digital assets. Most stablecoins would be backed by hard assets such as a currency, anchoring its value.

For some stablecoins, it has clearly not quite worked out like that, with one very prominent token named terraUSD imploding in spectacular fashion and another, tether, facing continued questions over its asset backing.

Confidence in the sector is not high, it is fair to say, with some critics even questioning whether stablecoins should exist. The crypto industry is now under pressure from the courts, regulators and lawmakers to show more transparently that it is delivering on the original promise of stablecoins of firm asset backing.

Gary Gensler, the Securities and Exchange Commission chair, reiterated a call this month that stablecoins need more regulation, saying he would work with Congress to develop it. In a more immediate move, a New York court this week has struck a blow to crypto industry giant Tether over the disclosure of information on the reserves backing its own eponymous stablecoin.

Tether's USDT token is widely used in cryptocurrency markets for trading bitcoin and other major digital assets. It is the largest stablecoin in circulation with a market value of about $70bn. But there have been long-running questions over the quality of its asset backing.

Rather than publish a formal audit of its assets, Tether provides attestations of their value. In 2021, both Tether and sister crypto exchange Bitfinex paid an $18.5mn penalty after New York's attorney-general accused them of covering up "massive" financial losses. "Tether's claims that its virtual currency was fully backed by US dollars at all times was a lie," Letitia James said at the time. Tether and Bitfinex admitted "no wrongdoing".

The New York court ruling turns up the heat on the company once again. A lawsuit, filed in the US District Court for the Southern District of New York in June 2019, alleges Tether and Bitfinex shared false information about the tether stablecoin and engaged in market manipulation. Tether has called the case meritless. This week, Judge Katherine Polk Failla ordered Tether and Bitfinex to produce information in line with plaintiff requests, describing said documents as "undoubtedly important, as they relate to the backing of tether and crypto commodities transactions".

> 'Tether's claims that its virtual currency was fully backed by US dollars at all times was a lie'

Charley Cooper, chief executive of R3, a blockchain firm, said: "A court of law has now weighed in and said you have to turn over these documents to prove you were backed the way you said you were. It's no longer a please, it's a you have no choice."

Bitfinex declined to provide comment on the court ruling.

Tether has said the court ruling was a "routine discovery order and does not in any way substantiate plaintiffs' meritless claims". The company added that it had already agreed to produce documents "sufficient to establish the reserves backing USDT, and this dispute merely concerned the scope of documents to be produced". In August, Tether said it would focus on moving to releasing attestations from a quarterly to a monthly basis, working with accounting firm BDO Italia.

Tether also said this represented the "next step in the company's path toward a complete audit".

Meanwhile, the court's decision also comes at a time when a draft stablecoin bill is being negotiated by Congressman Patrick McHenry and Congresswoman Maxine Waters, who serves as chair of the House Committee on Financial Services.

According to a copy of the draft bill seen by the Financial Times, regulators would consider the ability of an issuer to maintain reserves for tokens on "at least a one to one basis" in any application to operate in the US. And reserves would have to comprise assets such as the US currency, Treasury bills, repurchase agreements and central bank reserve deposits. Stablecoins backed by code and algorithms — similar to the now infamous terra stablecoin that imploded — would be out in the cold.

"It reflects the widely held view among regulators and lawmakers that there is too much risk in the sector and the sector should not be relied on to self-regulate," said Charlie Steele, a former US government lawyer and now partner at Forensic Risk Alliance, a regulation consultancy.

Individuals familiar with the draft say it is unlikely the bill will become law this year, with one person suggesting that would take "an act of God". However, the draft stands to inform how the 118th Congress — to be elected in November — approaches stablecoin regulation.

"Rather than start fresh after the midterms, we're already somewhere in the game," said Cooper. "It is serious to the extent that it will serve as the framework around stablecoins next year."

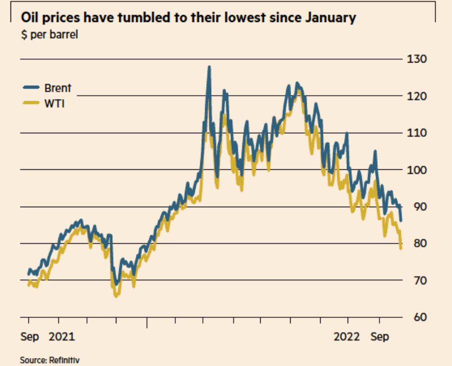
scott.chipolina@ft.com

GLO BAL
MAKE SENSE OF IT ALL

The day in the markets

What you need to know

- Stocks and oil slide at end of turbulent week for global markets
- Barrage of central bank rate increases spooks investors
- UK mini-Budget pushes up gilt yields by historic magnitudes and pound slides



Source: Refinitiv

Stocks tumbled at the end of a tumultuous week and oil prices recoiled to levels last seen before Russia's full-scale invasion of Ukraine as fears over the health of the global economy rippled through financial markets.

Wall Street's S&P 500 and the tech-heavy Nasdaq Composite both lost about 2 per cent, putting the indices on course for a fourth consecutive daily fall.

Across the Atlantic, the Stoxx Europe 600 dropped 2.3 per cent to close more than 20 per cent below its January high, putting the regional gauge in "bear market" territory.

Those sharp moves came days after the US Federal Reserve fired the starting gun on another round of interest rate rises by international central banks.

Concerns have intensified in recent months that authorities will turn the screws on monetary policy so aggressively that they squash demand, compounding an economic slowdown.

Those worries have fuelled volatile trading this week with emphatic swings in stock prices and bond yields.

Rising US interest rates and the looming threat of a recession in the world's largest economy prompted Wall Street bank Goldman Sachs to cut its year-end forecast for the S&P 500 index to 3,600 — implying a decline of about 4 per cent from Thursday's closing level.

In a further sign of recessionary fears gripping markets, international oil benchmark Brent crude slid more than 5 per cent to its weakest level since January, at below $86 a barrel — pushed lower by expectations of waning demand.

Meanwhile, in an announcement that weighed acutely on UK markets, new chancellor Kwasi Kwarteng unveiled a "mini-Budget" including details of a package aimed at stimulating growth in Britain's stagnating economy.

London's FTSE 100 closed down 2 per cent. UK government bond yields jumped by historic magnitudes across all maturities in a reflection of concerns over the cost of the government's borrowing strategy, which will be financed in large part by selling gilts.

The 10-year gilt yield soared 33 basis points to 3.83 per cent, bringing its rise for the week to more than 60bp — one of the biggest increases on record.

In currencies, the pound slid more than 3 per cent against the dollar to below $1.09, its weakest point since 1985.

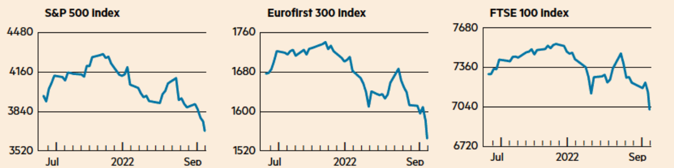
The dollar rose 1.4 per cent against a basket of six peers to hit a fresh 20-year high. **Harriet Clarfelt, Chris Flood, Nicholas Megaw and Colby Smith**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3682.50	1545.21	27153.83	7018.60	3088.37	111060.54
% change on day	-2.01	-2.28	-0.58	-1.97	-0.66	-2.64
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	112.108	0.971	143.285	1.090	7.111	5.239
% change on day	0.678	-1.120	0.837	-3.197	0.422	1.084
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.737	2.021	0.240	3.828	2.693	12.329
Basis point change on day	6.150	5.900	0.000	33.800	1.700	-8.500
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	374.01	85.73	78.33	1671.85	19.59	3655.30
% change on day	-2.18	-4.81	-5.77	0.01	0.38	0.22

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	Domino's Pizza	3.97	Ucb	3.73	Haleon	4.30
	Sherwin-williams (the)	1.34	Novo Nordisk	0.92	Experian	1.94
	Udr	1.31	Sanofi	0.52	Halma	1.78
	Fidelity National Information Services	1.17	Beiersdorf	0.48	Pershing Square Holdings Ltd	1.64
	Allegion	1.16	Dassault Systemes	0.43	Intertek	1.35
Downs	Apa	-10.82	Tenaris	-8.31	Jd Sports Fashion	-6.65
	Marathon Oil	-10.43	Omv	-8.07	Harbour Energy	-6.12
	Halliburton	-10.03	Grifols	-7.86	Natwest	-6.05
	Schlumberger	-9.40	Galp Energia	-7.31	Anglo American	-5.94
	Hess	-9.07	Renault	-6.79	Land Securities	-5.93

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Wall Street

A setback for one of its experimental treatments pushed **Ionis Pharma** lower.

The healthcare group said results from a phase 2 study on the efficacy of its drug

Europe

Germany's **Hypoport** tumbled after suspending its forecast for the current financial year.

The holding company, made up of

London

Online furniture retailer **Made.com** dived after it withdrew full-year guidance and announced a formal review of its "various strategic options", which included "a

A snapshot of global inflation

Annual % change in consumer price indices

Sources: Refinitiv, national statistics offices. Latest figures available as at 18 August 2022.

INFLATION

FT FINANCIAL TIMES

THE NEW AGENDA

a phase 2 study on the efficacy of its drug for treating hypercholesterolaemia — excess of cholesterol in the blood — achieved statistically significant results.

But Ionis added that these results did not meet the "pre-specified efficacy criteria" of collaborator AstraZeneca, so a phase 3 trial would not proceed.

A cautious appraisal weighed on **Wayfair** after UBS cut its price target for the online furniture store.

The broker said it was operating against a challenging backdrop marked by high customer acquisition costs.

T2 Biosystems, which specialises in the detection of pathogens that cause sepsis — a life-threatening response to an infection — jumped on announcing an exclusive distribution agreement for the Baltic region.

The group's rapid test instruments would now be sold in Lithuania, Latvia and Estonia — an area that had a higher than average incidence of sepsis per population than western Europe, said T2.

Gold miners tracked a slide down for the precious metal, which fell to its lowest level in more than two years.

Newmont, Barrick, Kinross and **Gold Fields** all retreated. *Ray Douglas*

The holding company, made up of groups servicing the real estate, credit and insurance industries, said consumers in its main market of residential mortgage finance were "holding back on property purchases because of … soaring interest rates, extreme inflation and fears of recession".

German battery maker **Varta** plummeted as it withdrew its guidance.

Projections for its financial year and the third quarter of 2022 were pulled owing to further increases "in the cost of energy and the prices of raw materials".

Swiss lender **Credit Suisse** dived following a report that it was sounding out investors for a new injection of capital.

Reuters said the lender had contacted investors to gauge interest in a fresh capital raise and was even exploring a US exit for its investment bank.

This speculation did not wholly surprise analysts at Citi, who recalled that Credit Suisse's "outgoing chief executive and chief financial officer [had] confirmed plans to 'attract third-party capital' for the securitised products business".

Credit Suisse later denied that it was planning to leave the US. *Ray Douglas*

strategic options", which included "a potential sale of the group".

The retailer said macroeconomic conditions had "radically changed over the 15 months since Made's IPO", reflected in a decline in discretionary consumer spending and the "destabilisation of supply chains".

AJ Bell said no matter what option Made picked, it looked "like existing shareholders may be wiped out or be left with a mere fraction of their original investment". Made listed at about 200p but was now trading below 5p.

Oil and gas group **Egdon Resources** rose sharply on news that the UK government was lifting the fracking ban in England.

Brendan Long, analyst at broker at WH Ireland, said Egdon was set to benefit from the policy as it was "one of the largest holders of onshore acreage in the UK prospective for hydraulic fracking".

TheWorks.co.uk, which sells arts, crafts and stationery, soared after swinging to a pre-tax profit of £10.2mn for the year ending May 1, up significantly from a loss of £2.8mn a year earlier.

It also reinstated its dividend with a payment of 2.4p per share. *Ray Douglas*

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-2.01%	-1.98%	-1.86%	-1.97%	-2.28%	-0.58%	-1.18%	-2.18%	-1.120%	-3.197%	0.837%	2.064%	-2.87%	0.01%

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

Region	Index	City	Aug 24	Sep 23	Day	Month	Year
AMERICAS	S&P 500	New York	4,140.77	3,682.50	-2.01%	-12.93%	-16.94%
AMERICAS	Nasdaq Composite	New York	12,431.53	10,847.96	-1.98%	-14.61%	-27.89%
AMERICAS	Dow Jones Industrial	New York	32,969.23	29,517.86	-1.86%	-12.36%	-14.59%
AMERICAS	S&P/TSX COMP	Toronto	20,021.38	18,598.10	-3.07%	-8.40%	-10.09%
AMERICAS	IPC	Mexico City	47,974.03	45,923.65	-2.39%	-6.77%	-11.94%
AMERICAS	Bovespa	São Paulo	112,897.84	111,716.93	-2.64%	-0.37%	2.06%
EUROPE	FTSE 100	London	7,488.11	7,018.60	-1.97%	-7.18%	1.51%
EUROPE	FTSE Eurofirst 300	Europe	1,710.52	1,545.21	-2.28%	-10.29%	-11.68%
EUROPE	CAC 40	Paris	6,381.56	5,783.41	-2.28%	-10.97%	-11.98%
EUROPE	Xetra Dax	Frankfurt	13,271.96	12,284.19	-1.97%	-6.14%	NaN%
EUROPE	Ibex 35	Madrid	8,187.50	7,583.50	-2.46%	-9.02%	-13.41%
EUROPE	FTSE MIB	Milan	22,454.43	21,066.55	-3.36%	-6.44%	-17.99%
ASIA	Nikkei 225	Tokyo	28,452.75	27,153.83	-0.58%	-6.07%	-10.90%
ASIA	Hang Seng	Hong Kong	19,268.74	17,933.27	-1.18%	-9.20%	-27.96%
ASIA	Shanghai Composite	Shanghai	3,215.20	3,088.37	-0.66%	-5.21%	-14.54%
ASIA	Kospi	Seoul	2,477.26	2,290.00	-1.81%	-8.13%	-27.08%
ASIA	FTSE Straits Times	Singapore	3,247.80	3,227.10	-1.10%	-0.45%	5.23%
ASIA	BSE Sensex	Mumbai	59,085.43	58,098.92	-1.73%	-2.53%	-1.49%

Country	Index	Latest	Previous
Argentina	Merval	144014.79	149480.84
Australia	All Ordinaries	6788.70	6921.40
	S&P/ASX 200	6574.70	6700.20
	S&P/ASX 200 Res	5226.20	5259.10
Austria	ATX	2731.46	2833.20
Belgium	BEL 20	3420.99	3499.15
	BEL Mid	8914.40	9189.64
Brazil	IBovespa	111060.54	114070.48
Canada	S&P/TSX 60	1118.89	1152.82
	S&P/TSX Comp	18418.42	19002.68
	S&P/TSX Div Met & Min	1284.95	1252.20
Chile	S&P/CLX IGPA Gen	28210.87	28681.08
China	FTSE A200	10348.76	10376.76
	FTSE B35	9000.71	8988.96
	Shanghai A	3236.52	3257.87
	Shanghai B	299.04	308.41
	Shanghai Comp	3088.37	3108.91
	Shenzhen A	2054.16	2083.63
	Shenzhen B	1166.65	1179.69
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1168.13	1198.71
Denmark	OMXC Copenahgen 20	1528.77	1540.07
Egypt	EGX 30	9933.05	9955.85
Estonia	OMX Tallinn	1709.00	1718.46
Finland	OMX Helsinki General	9967.99	10167.55
France	CAC 40	5783.41	5918.50
	SBF 120	4450.34	4555.74
Germany	M-DAX	22541.58	23267.31
	TecDAX	2656.28	2702.86
	XETRA Dax	12284.19	12531.63
Greece	Athens Gen	798.00	817.61
	FTSE/ASE 20	1916.25	1968.97
Hong Kong	Hang Seng	17933.27	18147.95
	HS China Enterprise	6114.40	6195.90
	HSCC Red Chip	3509.53	3543.08
Hungary	Bux	38657.41	39548.71
India	BSE Sensex	58098.92	59119.72
	Nifty 500	15057.65	15335.30
Indonesia	Jakarta Comp	7178.58	7218.91
Ireland	ISEQ Overall	6443.78	6621.14
Israel	Tel Aviv 125	1992.90	1983.52
Italy	FTSE Italia All-Share	22872.36	23629.88
	FTSE Italia Mid Cap	34646.72	35375.79
	FTSE MIB	21066.55	21799.11
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27153.83	27313.13
	S&P Topix 150	1642.33	1645.38
	Topix	1930.17	1935.49
Jordan	Amman SE	2496.83	2480.79
Kenya	NSE 20	1737.96	1739.08
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1101.42	1096.09
Lithuania	OMX Vilnius	905.64	905.08
Luxembourg	LuxX	1294.45	1320.17
Malaysia	FTSE Bursa KLCI	1424.98	1439.16
Mexico	IPC	45219.65	46324.92
Morocco	MASI	12231.15	12212.00
Netherlands	AEX	639.28	657.40
	AEX All Share	870.68	896.77
New Zealand	NZX 50	11434.82	11518.32
Nigeria	SE All Share	49421.91	49445.31
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	40620.21	40927.95
Philippines	Manila Comp	6259.54	6341.69
Poland	Wig	48109.83	49765.47
Portugal	PSI 20	5487.44	5678.63
	PSI General	4369.95	4500.07
Romania	BET Index	10898.37	11185.17
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11461.09	11503.60
Singapore	FTSE Straits Times	3227.10	3263.07
Slovakia	SAX	345.85	345.85
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	63416.66	65276.97
	FTSE/JSE Res 20	56318.85	60516.96
	FTSE/JSE Top 40	57109.52	58852.41
South Korea	Kospi	2290.00	2332.31
	Kospi 200	297.74	301.65
Spain	IBEX 35	7583.50	7774.70
Sri Lanka	CSE All Share	9964.80	10001.19
Sweden	OMX Stockholm 30	1817.96	1837.91
	OMX Stockholm AS	702.40	708.56
Switzerland	SMI Index	10137.78	10297.65
Taiwan	Weighted Pr	14118.38	14284.63
Thailand	Bangkok SET	1631.71	1645.29
Turkey	BIST 100	3286.93	3295.27
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2280.50	2336.00
	FTSE 100	7018.60	7159.52
	FTSE 4Good UK	6338.71	6444.54
	FTSE All Share	3848.68	3924.91
	FTSE techMARK 100	5964.96	6014.99
USA	DJ Composite	9975.91	10178.14
	DJ Industrial	29517.86	30076.68
	DJ Transport	12050.15	12355.26
	DJ Utilities	974.24	990.92
	Nasdaq 100	11299.66	11501.65
	Nasdaq Cmp	10847.96	11066.81
	NYSE Comp	13745.19	14116.59
	S&P 500	3682.50	3757.99
	Wilshire 5000	36675.06	37483.15
Venezuela	IBC	8602.77	8688.99
Vietnam	VNI	1203.28	1214.70
Cross-Border	DJ Global Titans ($)	401.87	409.87
	Euro Stoxx 50 (Eur)	3347.64	3427.14
	Euronext 100 ID	1119.80	1151.54
	FTSE 4Good Global ($)	8842.84	9003.04
	FTSE All World ($)	374.01	382.35
	FTSE E300	1545.21	1581.20
	FTSE Eurotop 100	3035.11	3104.01
	FTSE Global 100 ($)	2337.28	2384.72
	FTSE Gold Min ($)	1422.58	1424.88
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2479.60	2507.32
	FTSE World ($)	675.74	691.08
	FTSEurofirst 100 (Eur)	4053.77	4173.28
	FTSEurofirst 80 (Eur)	4604.06	4709.49
	MSCI ACWI Fr ($)	579.55	585.85
	MSCI All World ($)	2489.36	2516.59
	MSCI Europe (Eur)	1607.88	1633.43
	MSCI Pacific ($)	2456.96	2445.66
	S&P Euro (Eur)	1531.50	1567.75
	S&P Europe 350 (Eur)	1582.52	1619.65
	S&P Global 1200 ($)	2684.90	2746.93
	Stoxx 50 (Eur)	3335.89	3406.42

(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	LONDON ACTIVE STOCKS	stock traded m's	close price	Day's change	EURO MARKETS ACTIVE STOCKS	stock traded m's	close price	Day's change	TOKYO ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	92.6	277.72	-10.87	Shell	359.1	2214.50	-124.00	Nestle N	420.1	112.39	-0.31	Softbank .	654.9	5343.00	-110.00
Apple	67.6	150.26	-2.48	Bp	313.4	433.10	-25.15	Novartis N	372.7	78.04	-0.72	Toyota Motor	536.2	2028.00	28.00
Nvidia	38.7	124.02	-1.59	Glencore	234.9	461.55	-28.45	Roche Gs	346.7	324.62	-2.41	Sony	482.8	10070.00	-100.00
Microsoft	36.7	238.22	-2.76	Rio Tinto	171.1	4677.50	-150.50	Unicredit	269.5	10.80	-0.45	Tokyo Electron	471.2	40410.00	20.00
Amazon.com	35.1	114.28	-3.03	Astrazeneca	167.9	10016.00	82.00	Asml Holding	236.7	444.95	-2.30	Nippon Yusen Kabushiki Kaisha	460.5	9610.00	-120.00
Advanced Micro Devices	29.4	67.72	-1.79	Hsbc Holdings	145.3	510.00	-5.00	Totalenergies	228.1	46.55	-2.36	Mitsubishi Ufj Fin,.	414.8	723.50	-8.40
Alphabet	13.4	98.73	-1.41	Unilever	130.1	4026.50	-28.00	Intesa Sanpaolo	214.3	1.76	-0.09	Nintendo Co.,	414.2	61320.00	220.00
Costco Wholesale	12.1	472.90	-14.27	Natwest	110.7	242.40	-15.60	Eni	211.3	10.80	-0.54	Mitsui O.s.k.lines,	388.2	3285.00	-45.00
Exxon Mobil	10.3	85.70	-4.87	Gsk	105.9	1313.20	17.20	Lvmh	205.0	605.80	-19.10	Fast Retailing Co.,	375.8	81280.00	-820.00
Alphabet	10.2	99.18	-1.39	Diageo	93.6	3771.00	12.00	Zurich Insurance N	191.0	424.75	-15.11	Keyence	327.1	49930.00	-310.00
BIGGEST MOVERS	**Close price**	**Day's change**	**Day's chng%**	**BIGGEST MOVERS**	**Close price**	**Day's change**	**Day's chng%**	**BIGGEST MOVERS**	**Close price**	**Day's change**	**Day's chng%**	**BIGGEST MOVERS**	**Close price**	**Day's change**	**Day's chng%**
Ups				**Ups**				**Ups**				**Ups**			
Domino's Pizza	332.85	12.71	3.97	Haleon	277.45	11.45	4.30	Sartorius Sted Bio	314.20	4.60	1.49	Mitsubishi Motors	610.00	18.00	3.04
Sherwin-williams (the)	210.84	2.79	1.34	Bh Macro	5120.00	200.00	4.07	Atlas Copco Ab Ser. A	9.43	0.11	1.16	Mitsubishi Heavy Industries,	5221.00	107.00	2.09
Udr	42.56	0.55	1.31	Experian	2627.00	50.00	1.94	Umg	18.52	0.18	0.99	Ihi	3490.00	65.00	1.90
Fidelity National Information Services	81.46	0.95	1.17	Halma	2061.00	36.00	1.78	Novo Nordisk B A/s	100.76	0.91	0.92	Subaru	2530.00	46.50	1.87
Allegion	91.69	1.06	1.16	Pershing Square Holdings Ltd	2790.00	45.00	1.64	Atlas Copco Ab Ser. B	8.43	0.04	0.53	Mazda Motor	1188.00	18.00	1.54
Downs				**Downs**				**Downs**				**Downs**			
Apa	33.10	-4.02	-10.82	Warehouse Reit	123.20	-11.20	-8.33	Cs N	4.27	-0.60	-12.40	Kawasaki Kisen Kaisha,	7320.00	-220.00	-2.92
Marathon Oil	22.03	-2.57	-10.43	Tritax Eurobox	67.60	-6.10	-8.28	Totalenergies	46.55	-2.36	-4.82	Toho Z Co.,	2310.00	-66.00	-2.78
Halliburton	24.22	-2.70	-10.03	Petershill Partners	195.00	-17.50	-8.24	Intesa Sanpaolo	1.76	-0.09	-4.75	Recruit Hldgs Co Ltd	4205.00	-110.00	-2.55
Schlumberger	34.64	-3.60	-9.40	Playtech	390.80	-35.00	-8.22	Volkswagen Ag Vzo O.n.	140.36	-7.00	-4.75	Taiyo Yuden Co.,	3985.00	-85.00	-2.09
Hess	104.02	-10.38	-9.07	Moonpig	168.90	-14.80	-8.06	Eni	10.80	-0.54	-4.74	Gs Yuasa	2415.00	-51.00	-2.07

Based on the constituents of the S&P500 and the Nasdaq 100 index. Based on the constituents of the FTSE 350 index. Based on the constituents of the FTSEurofirst 300 Eurozone index. Based on the constituents of the Nikkei 225 index.

UK MARKET WINNERS AND LOSERS

FTSE 100	Sep 23 price(p)	%Chg week	%Chg ytd	FTSE 250	Sep 23 price(p)	%Chg week	%Chg ytd	FTSE SmallCap	Sep 23 price(p)	%Chg week	%Chg ytd	Industry Sectors	Sep 23 price(p)	%Chg week	%Chg ytd
Winners				**Winners**				**Winners**				**Winners**			
Haleon	277.45	7.0	-	Bh Macro	5120.00	9.8	35.1	Ten Entertainment	214.00	13.8	-16.4	Aerospace & Defense	4641.40	-1.0	11.0
Bae Systems	795.80	4.1	44.8	Harbourvest Global Private Equity	2250.00	8.7	-	Avon Protection	936.50	12.0	-	Beverages	28603.41	-1.2	-8.0
Aveva	3155.00	3.4	-7.4	Pz Cussons	200.50	4.2	-0.5	Trustpilot	75.30	9.8	-	Health Care Equip.& Services	10766.02	-2.1	30.7
Halma	2061.00	3.1	-	Tp Icap	171.30	4.1	12.3	Esken	5.23	9.0	-	Equity Investment Instruments	11281.97	-2.8	-
Unilever	4026.50	2.1	1.5	Qinetiq	341.00	4.0	28.1	Ricardo	450.50	8.3	-3.1	Mobile Telecommunications	2617.32	-2.9	-9.0
Diageo	3771.00	0.7	-6.9	[illegible]				[illegible]				[illegible]			
Airtel Africa	136.60	0.6	1.9												
Croda Int	6464.00	0.5	-												
Homeserve	1188.00	0.0	34.3												
F&c Investment Trust	894.00	0.0	-4.1												
Vodafone	108.12	-0.2	-												
Coca-cola Hbc Ag	1910.00	-0.5	-												
Losers				**Losers**				**Losers**				**Losers**			
[illegible]				[illegible]				[illegible]				[illegible]			
Segro	768.80	-13.0	-	Moonpig	168.90	-15.6	-	Industrials Reit	143.50	-15.3	-	Industrial Engineering	12561.99	-10.1	-
Intermediate Capital	1055.50	-12.9	-	Tritax Eurobox	67.60	-15.4	-	Restaurant	37.52	-15.0	-	Chemicals	11061.65	-9.8	-
Land Securities	535.80	-12.5	-	Urban Logistics Reit	144.00	-14.5	-	Hyve	55.40	-14.9	-	Food Producers	5033.68	-9.7	-
British Land	361.90	-11.8	-	Royal Mail	196.45	-14.5	-	Abrdn Property ome Trust	59.70	-13.7	-	General Industrials	5410.51	-9.3	-23.6
Natwest	242.40	-11.2	-0.4	Warehouse Reit	123.20	-14.4	-	Oxford Biomedica	361.50	-13.6	-	Travel & Leisure	5593.43	-8.9	-
Entain	1083.00	-10.7	-	Tritax Big Box Reit	139.40	-14.4	-	Residential Secure ome	100.00	-13.0	-8.3	Real Estate & Investment Servic	2265.01	-8.6	-
Ashtead	3829.00	-10.2	-	Londonmetric Property	178.50	-14.3	-	Newriver Reit	70.40	-12.9	-	Mining	9344.33	-8.1	-
Melrose Industries	99.82	-10.0	-36.1	Darktrace	303.20	-14.3	-	Prs Reit (the)	88.80	-12.8	-	Gas Water & Multiutilities index	5574.52	-7.4	-6.7
Unite	901.00	-10.0	-	Puretech Health	216.00	-13.6	-27.6	Saga	140.30	-12.3	-	Construction & Materials	6259.27	-7.4	-25.8

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

CURRENCIES

Sep 23	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	145.4530	0.2905	141.1699	-1.3139	158.5872	-4.8951
Australia	Australian Dollar	1.5296	0.0215	1.4846	0.0042	1.6678	-0.0308
Bahrain	Bahrainin Dinar	0.3771	-	0.3659	-0.0041	0.4111	-0.0135
Bolivia	Bolivian Boliviano	6.9100	-	6.7065	-0.0760	7.5340	-0.2481
Brazil	Brazilian Real	5.2387	0.0562	5.0844	-0.0024	5.7117	-0.1248
Canada	Canadian Dollar	1.3586	0.0093	1.3185	-0.0058	1.4812	-0.0383
Chile	Chilean Peso	969.3250	20.2250	940.7817	9.9155	1056.8537	-12.0249
China	Chinese Yuan	7.1113	0.0299	6.9019	-0.0489	7.7534	-0.2217
Colombia	Colombian Peso	4437.3000	54.3250	4306.6378	4.5411	4837.9832	-98.1336
Costa Rica	Costa Rican Colon	635.2450	0.9000	616.5392	-6.1002	692.6067	-21.7941
Czech Republic	Czech Koruna	25.3496	0.2066	24.6031	-0.0758	27.6386	-0.6774
Denmark	Danish Krone	7.6619	0.0860	7.4363	0.0002	8.3538	-0.1782
Egypt	Egyptian Pound	19.4883	0.0287	18.9144	-0.1861	21.2481	-0.6674
Hong Kong	Hong Kong Dollar	7.8498	0.0003	7.6187	-0.0860	8.5586	-0.2815
Hungary	Hungarian Forint	418.3711	2.8802	406.0514	-1.7723	456.1494	-11.7774
India	Indian Rupee	80.9825	0.1250	78.5978	-0.7676	88.2951	-2.7668
Indonesia	Indonesian Rupiah	15037.5000	20.0000	14594.7050	-145.6872	16395.3778	-517.3693
Israel	Israeli Shekel	3.5108	0.0177	3.4074	-0.0212	3.8278	-0.1061
Japan	Japanese Yen	143.2850	1.1900	139.0657	-0.4072	156.2234	-3.8043
..One Month		143.2846	1.1892	139.0657	-0.4073	156.2231	-3.8050
..Three Month		143.2836	1.1872	139.0653	-0.4080	156.2221	-3.8068
..One Year		143.2782	1.1764	139.0623	-0.4140	156.2231	-3.8116
Kenya	Kenyan Shilling	120.5000	-0.1000	116.9517	-1.4229	131.3810	-4.4390
Kuwait	Kuwaiti Dinar	0.3096	0.0001	0.3004	-0.0033	0.3375	-0.0110
Malaysia	Malaysian Ringgit	4.5785	0.0115	4.4437	-0.0390	4.9919	-0.1514
Mexico	Mexican Peso	20.1555	0.1800	19.5620	-0.0449	21.9755	-0.5209
New Zealand	New Zealand Dollar	1.7354	0.0223	1.6843	0.0028	1.8921	-0.0372
Nigeria	Nigerian Naira	435.7500	-	422.9187	-4.7904	475.0976	-15.6450
Norway	Norwegian Krone	10.6118	0.1854	10.2993	0.0653	11.5700	-0.1722
Pakistan	Pakistani Rupee	239.5000	0.2500	232.4475	-2.3876	261.1265	-8.3174
Peru	Peruvian Nuevo Sol	3.9118	-0.0061	3.7967	-0.0489	4.2651	-0.1473
Philippines	Philippine Peso	58.4900	0.0050	56.7677	-0.6381	63.7716	-2.0944
Poland	Polish Zloty	4.8893	0.0316	4.7453	-0.0227	5.3307	-0.1400
Romania	Romanian Leu	5.0919	0.0557	4.9420	-0.0013	5.5517	-0.1201
Russia	Russian Ruble	57.3750	-2.2750	55.6855	-2.8638	62.5559	-4.6221
Saudi Arabia	Saudi Riyal	3.7625	-	3.6517	-0.0414	4.1022	-0.1351
Singapore	Singapore Dollar	1.4289	0.0091	1.3868	-0.0068	1.5579	-0.0411
South Africa	South African Rand	17.9107	0.2869	17.3832	0.0847	19.5280	-0.3200
South Korea	South Korean Won	1409.2000	-2.1000	1367.7039	-17.5533	1536.4488	-52.9604
Sweden	Swedish Krona	11.2618	0.1700	10.9302	0.0431	12.2787	-0.2129
Switzerland	Swiss Franc	0.9817	-0.0003	0.9528	-0.0110	1.0703	-0.0355
Taiwan	New Taiwan Dollar	31.6930	0.0750	30.7597	-0.2748	34.5548	-1.0534
Thailand	Thai Baht	37.4825	0.1025	36.3788	-0.3115	40.8671	-1.2303
Tunisia	Tunisian Dinar	3.2954	0.0122	3.1984	-0.0243	3.5930	-0.1046
Turkey	Turkish Lira	18.4100	0.0487	17.8679	-0.1545	20.0724	-0.6061
United Arab Emirates	UAE Dirham	3.6731	0.0001	3.5649	-0.0403	4.0048	-0.1318
United Kingdom	Pound Sterling	0.9172	0.0292	0.8902	0.0186	-	-
..One Month		0.9172	0.0292	0.8900	0.0186	-	-
..Three Month		0.9173	0.0291	0.8897	0.0185	-	-
..One Year		0.9172	0.0288	0.8879	0.0181	-	-
United States	United States Dollar	-	-	0.9706	-0.0110	1.0903	-0.0359
..One Month		-	-	0.9703	-0.1556	1.0904	-0.0359
..Three Month		-	-	0.9699	-0.1556	1.0904	-0.0360
..One Year		-	-	0.9682	-0.1556	1.0903	-0.0364
Vietnam	Vietnamese Dong	23710.0000	-	23011.8350	-260.6486	25851.0154	-851.2543
European Union	Euro	1.0303	0.0115	-	-	1.1234	-0.0240
..One Month		1.0301	0.0115	-	-	1.1232	-0.0240
..Three Month		1.0297	0.0115	-	-	1.1229	-0.0241
..One Year		1.0280	0.0116	-	-	1.1211	-0.0246

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 23	Day's chge%	Euro Index	£ Strlg Sep 22	£ Strlg Sep 21	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7018.60	-1.97	6151.16	7159.52	7237.64	7078.35	3.83	1.96	13.33	226.47	7166.37
FTSE 250 (250)	17972.69	-1.96	15751.44	18331.69	18714.67	23830.18	3.27	1.21	25.28	429.05	14863.52
FTSE 250 ex Inv Co (175)	18058.63	-2.22	15826.76	18468.37	18893.06	25014.27	3.43	1.40	20.84	462.91	15241.00
FTSE 350 (350)	3881.56	-1.97	3401.83	3959.43	4008.47	4095.31	3.75	1.86	14.33	120.40	7864.19
FTSE 350 ex Investment Trusts (272)	3812.82	-2.02	3341.60	3891.42	3938.33	3987.13	3.82	1.92	13.61	121.01	3992.40
FTSE 350 Higher Yield (131)	3381.75	-2.61	2963.79	3472.46	3490.54	3174.42	5.21	1.89	10.18	132.01	7701.86
FTSE 350 Lower Yield (219)	3975.38	-1.27	3484.06	4026.43	4107.60	4808.17	2.19	1.80	25.36	85.03	4886.61
[illegible]											

FT 30 INDEX

	Sep 23	Sep 22	Sep 21	Sep 20	Sep 16	Yr Ago	High	Low
FT 30	2280.50	2336.00	2373.90	2355.60	2384.10	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
2336	2328.2	2318.5	2299.6	2281.5	2275.6	2281.3	2272.8	2281.5	2341.9	2272.8

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

FT WILSHIRE 5000 INDEX SERIES

[illegible]

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Sector	%	Sector	%	Sector	%
Oil & Gas Producers	34.47	Beverages	-8.03	Consumer Services	-23.14
Oil & Gas	33.85	NON FINANCIALS Index	-8.04	FTSE 250 Index	-23.46
Tobacco	22.26	FTSE All{HY-}Share Index	-8.54	Industrials	-23.69
Aerospace & Defense	10.36	Telecommunications	-9.06	Household Goods & Ho	-24.45
Banks	5.63	Health Care Eq & Srv	-10.09	Food Producers	-24.92
Electricity	4.78	Nonlife Insurance	-13.27	Construct & Material	-25.79
Mining	0.38	Financials	-13.56	Support Services	-27.37
Pharmace & Biotech	0.17	Media	-15.32	Real Est Invest & Se	-31.09
[illegible]					

FTSE 100 SUMMARY

FTSE 100	Closing Price	Week's Change	FTSE 100	Closing Price	Week's Change
3I Group PLC	1087.5	-46.50	Intertek Group PLC	3761	-136.00
Admiral Group PLC	2070	-202.00	Jd Sports Fashion PLC	105.90	-19.40
Airtel Africa PLC	136.60	0.80	Kingfisher PLC	241.00	-6.30
Anglo American PLC	2670	-148.50	Land Securities Group PLC	535.80	-76.80
Antofagasta PLC	1042.5	-91.00	Legal & General Group PLC	246.20	-15.80
Ashtead Group PLC	3829	-433.00	Lloyds Banking Group PLC	46.23	-1.58
Associated British Foods PLC	1290	-34.50	London Stock Exchange Group PLC	7468	-318.00
[illegible]					

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7158.58	7117.47	7083.81	7051.47	7005.30	7005.70	7027.07	6988.74	7017.76	7163.75	6982.24
FTSE 250	18315.97	18312.61	18246.54	18092.55	17975.94	17903.56	17918.24	17925.31	17985.36	18334.34	17880.32
FTSE SmallCap	6161.49	6153.91	6146.29	6125.41	6110.39	6082.06	6078.25	6076.52	6081.86	6164.34	6073.51
FTSE All-Share	3924.01	3905.09	3887.62	3867.83	3842.98	3840.46	3850.56	3833.32	3848.45	3926.80	3830.88

Time of FTSE 100 Day's high:07:12:15 Day's Low11:11:15 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:07:12:00 Day's Low11:11:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3862.39(07/03/2022)
Further information is available on http://www.ftse.com © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

UK RIGHTS OFFERS

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

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

UK COMPANY RESULTS

Company: Aquis Exchange, Baillie Gifford Shin Nippon, Biome Technologies, Bluejay Mining, Brave Bison Group, Ceres Power Holdings, Clean Power Hydrogen, CVS Group, Forward Partners Group, Investment Company (The), JD Sports Fashion, Judges Scientific, PZ Cussons, Smiths Group

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
09/02	11.00		ZAMZ	Zamaz PLC	10.00	1.00	12.00	10.86	7080.6

Stock	Price	Chg	Stock	Price	Chg
Haleon PLC	277.45	18.05	St. James's Place PLC	1067	-26.00
Halma PLC	2061	61.00	Standard Chartered PLC	577.60	-24.60
Harbour Energy PLC	452.60	-27.40	Taylor Wimpey PLC	103.15	-4.40
Hargreaves Lansdown PLC	834.60	-19.80	Tesco PLC	220.20	-11.30
Homeserve PLC	1188	0.00	Unilever PLC	4026.5	82.50
HSBC Holdings PLC	510.00	-19.60	Unite Group PLC	901.00	-100.00
Imperial Brands PLC	1867	-43.50	United Utilities Group PLC	980.40	-51.10
Informa PLC	521.60	-29.80	Vodafone Group PLC	108.12	-0.24
Intercontinental Hotels Group PLC	4275	-395.00	Whitbread PLC	2464	-167.00
Intermediate Capital Group PLC	1055.5	-157.00	Wpp PLC	759.60	-7.40
International Consolidated Airlines Group S.A.	100.32	-5.66			

UK STOCK MARKET TRADING DATA

	Sep 23	Sep 22	Sep 21	Sep 20	Sep 16	Yr Ago
Order Book Turnover (m)	115.22	71.39	1039.20	37.28	303.16	303.16
Order Book Bargains	1049147.00	718067.00	797380.00	848023.00	848709.00	848709.00
Order Book Shares Traded (m)	1997.00	1841.00	1992.00	4472.00	3576.00	3576.00
Total Equity Turnover (£m)	6643.45	6351.16	20677.22	3289.57	7118.61	7118.61
Total Mkt Bargains	1263019.00	892161.00	979687.00	994172.00	1044665.00	1044665.00
Total Shares Traded (m)	5828.00	5879.00	6701.00	8812.00	8091.00	8091.00

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

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For all queries e-mail ft.reader.enquiries@morningstar.com

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MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
PingAnIns	42.00	-	69.40	41.70	5.36	7.41	39847.89
PngAnBnk	12.29	-	20.59	11.94	1.32	7.91	33537.44
Pwr Cons Corp	7.19	-0.08	9.96	5.99	1.15	16.11	11113.08
SaicMtr	14.77	-0.04	23.45	14.63	3.74	7.96	24266.31
ShenwanHong	0.12	0.00	0.18	0.05	-	4.04	138.04
ShgPdgBk	7.16	0.04	9.25	7.06	5.97	4.94	29553.24
Sinopec Corp	3.54	0.05	4.28	3.25	3.54	4.73	11505.8
Sinopec Oil	1.97	-	2.90	1.70	-	705.78	3758.99
Denmark (kr)							
DanskeBk	100.40	-4.40	133.25	93.56	1.88	7.29	11297.82
MollerMrsk	13835	-530.00	24070	13590	2.32	2.39	15118.43
NovoB	749.30	6.80	863.60	604.40	1.18	38.31	170413.96
TevaPha	29.28	-0.17	37.23	23.83	-	26.61	9394.17
Italy (€)							
Enel	4.64	-0.19	7.37	4.60	7.44	22.90	45823.77
ENI	10.80	-0.54	14.85	10.50	5.89	4.82	37800.77
Generali	14.43	-0.37	21.55	13.80	9.61	8.59	22143.02
IntSPaolo	1.76	-0.09	2.92	1.58	1.95	57.96	33266.12
Unicred	10.80	-0.45	15.93	7.75	1.05	17.00	23446.59
Japan (¥)							
AstellasPh	1904.5	-36.00	2205	1739	2.48	28.62	24605.94
Bridgestne	5027	11.00	5509	4042	3.39	11.41	25249.03
Canon	3277	-3.00	3516	2467	3.06	15.83	30759.31
CntJpRwy	16905	220.00	18110	14660	0.79	-31.64	24507.76
H & M	104.12	-2.92	191.86	104.32	6.05	14.45	13504.51
Investor	160.64	-1.40	228.75	158.94	2.18	6.96	25988.38
Nordea Bk	101.34	-2.86	114.64	85.25	14.44	11.91	33772.16
SEB	107.90	-3.85	141.85	91.64	9.37	9.08	20643.06
SvnskaHn	95.00	-1.16	108.15	80.88	5.27	9.39	16405.36
Swedbank	151.70	-2.60	196.70	124.50	9.60	8.16	15248.48
Telia Co	33.80	-0.32	41.70	33.61	5.92	12.01	12274.21
Volvo	158.56	-3.74	218.65	148.24	4.10	10.40	22364.7
Switzerland (SFr)							
ABB	25.20	-0.40	35.30	24.85	2.87	13.25	50434.53
CredSuisse	4.07	-0.58	10.18	4.04	2.13	-7.01	10992.36
Nestle	107.08	-0.30	128.90	105.30	2.23	20.37	299959.25

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
BOC Hold	27.55	26.55	1.00	3.77	1.55	6.0	1.28
SunPhrmInds	921.10	908.00	13.10	1.44	46.80	5.4	2.19
GenMills	79.21	80.78	-1.58	-1.95	3.96	5.3	1.63
ItauHldFin	23.78	24.22	-0.44	-1.82	1.08	4.8	5.07
Hind Unilevr	2682.05	2692.75	-10.70	-0.40	121.65	4.8	1.80
Bradesco	16.50	16.87	-0.37	-2.19	0.66	4.2	2.04
HangSeng	124.90	121.90	3.00	2.46	4.70	3.9	-0.87
ITC	346.40	345.05	1.35	0.39	12.30	3.7	11.03
AmerMvl	17.59	17.77	-0.18	-1.01	0.56	3.3	-8.50
SvnskaHn	95.00	96.16	-1.16	-1.21	2.20	2.4	4.01
Unilever	4026.50	4054.50	-28.00	-0.69	82.50	2.1	0.56
Sinopec Oil	1.97	1.97	0.00	0.00	0.04	2.1	3.68
KoreaElePwr	19750.00	20300.00	-550.00	-2.71	400.00	2.1	-8.14
TokioMarine	7915.00	7963.00	-48.00	-0.60	148.00	1.9	2.83
ANZ Bank	23.38	23.60	-0.22	-0.93	0.43	1.9	1.21
Nordea Bk	101.34	104.20	-2.86	-2.74	1.84	1.8	-0.86
SandsCh	17.64	18.38	-0.74	-4.03	0.30	1.7	5.60
JapanTob	2399.00	2383.00	16.00	0.67	37.50	1.6	1.27
WalMrtMex	74.12	74.73	-0.61	-0.82	0.96	1.3	4.82
Mizuho Fin	1661.00	1670.00	-9.00	-0.54	19.50	1.2	5.39

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
CredSuisse	4.07	4.65	-0.58	-12.40	-0.95	-18.8	-19.32
FordMtr	12.08	12.77	-0.70	-5.44	-2.65	-18.0	-23.84
Carnival	8.92	9.64	-0.73	-7.52	-1.85	-17.1	-9.18
DeutsPost	30.40	31.41	-1.01	-3.20	-5.37	-15.0	-16.51
UnibailR	44.65	45.82	-1.18	-2.56	-7.62	-14.6	-20.00
Halliburton	24.22	26.92	-2.70	-10.03	-3.97	-14.1	-17.59
SHOP	38.53	38.52	0.01	0.03	-6.27	-14.0	-13.30
Devon Energy	57.57	63.12	-5.55	-8.79	-9.25	-13.8	-15.90
Charter Comms	325.59	333.96	-8.37	-2.51	-51.99	-13.8	-28.30
Fresenius SE	22.00	22.55	-0.55	-2.44	-3.50	-13.7	-13.33
Renault	27.82	29.84	-2.03	-6.79	-4.17	-13.0	-5.03
AmerAir	12.03	12.71	-0.68	-5.37	-1.72	-12.5	-14.96
ShenwanHong	0.12	0.13	0.00	-3.15	-0.02	-12.1	-26.35
Fresenius Med	29.58	30.52	-0.94	-3.08	-4.01	-11.9	-11.20
GenMotors	35.33	37.38	-2.05	-5.48	-4.64	-11.6	-10.77
Advanced Micro	67.72	69.50	-1.79	-2.57	-8.80	-11.5	-29.39
Aptiv	82.65	86.87	-4.22	-4.86	-10.63	-11.4	-20.40
Booking Holdings	1663.66	1720.58	-56.92	-3.31	-212.79	-11.3	-20.12
Hunng Pwr	3.70	3.80	-0.10	-2.63	-0.47	-11.3	-13.32
Natwest Group	242.40	258.00	-15.60	-6.05	-30.50	-11.2	-14.02

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

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

BONDS: GLOBAL INVESTMENT GRADE

	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
Yen										
Mexico	06/26	1.09	-	Baa1	BBB-	98.73	1.34	-0.02	-0.14	0.27
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40

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

INTEREST RATES: OFFICIAL

Sep 23	Rate	Current	Since	Last
US	Fed Funds	3.00-3.25	21-09-2022	2.25-2.50
US	Prime	6.25	22-09-2022	5.50
US	Discount	2.50	27-07-2022	1.50
Euro	Repo	0.374	20-09-2022	0.141
UK	Repo	2.25	22-09-2022	1.75
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25

INTEREST RATES: MARKET

Sep 23 (Libor: Sep 22)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	191.72	-0.74	-3.69	-12.77	-4.64	-12.93
Corporates(£)	317.83	-1.06	-3.81	-19.70	-6.32	-20.95
Corporates(€)	207.60	-0.43	-2.16	-14.05	-3.80	-15.04
Eurozone Sov(€)	214.87	-0.46	-2.54	-15.55	-4.34	-16.89
Gilts(£)	270.72	-1.79	-6.42	-24.69	-9.28	-25.25
Overall(£)	278.63	-1.55	-5.65	-23.03	-8.37	-23.75
Overall(€)	209.47	-0.47	-2.40	-15.08	-4.15	-16.31
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-

VOLATILITY INDICES

	Sep 23	Day Chng	Prev	52 wk high	52 wk low
VIX	29.47	2.12	27.35	38.93	14.73
VXD	25.15	1.59	23.56	45.37	3.27
VXN	34.69	1.77	32.92	44.05	15.70
VDAX	30.82	2.17	28.65	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/22	2.25	99.92	2.78	0.00	0.15	0.44	2.77
	05/32	1.25	80.42	3.68	0.00	-0.01	0.15	-
	02/50	1.00	89.16	1.89	0.00	0.02	0.34	1.85
Austria	02/29	0.50	88.36	2.49	0.10	0.33	0.93	2.78
	02/47	1.50	80.18	2.61	0.05	0.16	0.53	2.17
Belgium	06/27	0.80	93.83	2.18	0.11	0.33	0.87	2.67
	06/47	1.60	78.74	2.80	0.02	0.14	0.36	2.09

GILTS: UK CASH MARKET

Sep 23	Price £	Red Yield	Change in Yield Day	Change in Yield Week	Change in Yield Month	Change in Yield Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 0.75pc '23	97.78	3.52	10.00	22.22	39.68	1203.70	100.88	97.78	34.36
Tr 0.125pc '24	95.04	3.95	10.96	25.80	35.27	939.47	99.44	95.04	34.76
Tr 2pc '25	94.66	3.94	14.87	32.21	51.54	795.45	106.08	94.66	39.04
Tr 0.125pc '26	87.85	4.05	15.06	31.92	54.58	710.00	98.77	87.85	34.53
Tr 1.25pc '27	87.92	4.03	13.20	30.84	57.42	583.05	104.30	87.92	40.07
Tr 0.875pc '29	81.37	3.92	11.36	27.69	56.18	422.67	102.36	81.37	42.65
Tr 4.25pc '32	103.59	3.80	8.57	21.02	45.59	317.58	135.62	103.59	39.43
Tr 4.25pc '36	102.78	3.98	6.70	17.40	37.24	275.47	145.94	102.78	30.97
Tr 4.5pc '42	105.69	4.08	5.97	15.91	36.45	245.76	169.96	105.69	27.72
Tr 3.75pc '52	95.33	4.02	6.35	16.52	39.58	240.68	180.27	95.33	24.55
Tr 4pc '60	102.82	3.86	6.63	16.97	39.86	250.91	213.01	102.82	24.57

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

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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