FINANCIAL TIMES

TUESDAY 16 AUGUST 2022 · INTERNATIONAL NEWSPAPER OF THE YEAR · ASIA

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How to encourage long-term thinking — STEPHEN BUSH, PAGE 16

Sinking chip
The UK is in danger of missing out in the semiconductor race — BIG READ, PAGE 15

Abuse at work
Who pays the price for sexual harassment? — SARAH O'CONNOR, PAGE 17

One year on
Taliban trade on open roads

Taliban fighters chant victory slogans close to the US embassy in Kabul yesterday as they celebrate the first anniversary of their return to power in Afghanistan.

The end of the troubled nation's 20-year war last August has led to a drop in violence on the roads, if only because the Taliban — who as insurgents had long been the aggressor on Afghanistan's travel routes — are unchallenged militarily.

The Taliban's tight control of the road network has become a vital way for them to consolidate their power, from directing trade and the economy to enforcing their draconian ideology by restricting women's freedom to travel.

Making routes secure page 3

Wakil Kohsar/ AFP

Briefing

▸ **Evergrande unit faces Hong Kong probe**
The city's accounting watchdog has launched an investigation into Evergrande Property Services and its auditor PwC over a $2bn loan scheme that led to an executive clear-out last month.— PAGE 6

▸ **Beijing announces new Taiwan exercises**
China has boosted its bid to isolate the island after a visit by a US delegation. Fears are rising that China seeks to impose a status quo in which foreigners are dissuaded from engaging with Taipei.— PAGE 4

▸ **Deputy president declared Kenya winner**
William Ruto has been declared the victor in the presidential contest but supporters of main rival Raila Odinga, and some election commissioners, disputed the result.— PAGE 4

▸ **Britain approves Omicron-tailored jab**
The UK has become the first country to authorise a Covid-19 vaccine formulated to combat the variant, setting the stage for boosters using Moderna's shot that targets it and the original strain.— PAGE 2

▸ **Andreessen Horowitz backs Neumann**
The venture capital firm has backed WeWork founder Adam Neumann's new real estate group, Flow, saying the entrepreneur had "fundamentally redesigned the office experience".— PAGE 6

▸ **European office market faces debt test**
Rising interest rates and a surge in building costs have presented the sector with its toughest test since the financial crisis as owners' debt servicing costs rise above their rental income.— PAGE 8

▸ **UK lender licensed for 50-year mortgage**
Perenna has been granted a licence to offer home loans with long terms in a move aimed at helping borrowers manage soaring inflation. The average price of a home in Britain is £365,173.— PAGE 8

China cuts lending rate as retail sales and factory output decline

● Sinking demand rattles Beijing ● Zero-Covid policy takes toll ● Housing sector in 'free fall'

WILLIAM LANGLEY — HONG KONG
EDWARD WHITE — SEOUL

China has cut a crucial lending rate in an effort to shore up growth as the world's second-biggest economy is buffeted by repeated Covid-19 lockdowns and a worsening property crisis.

The People's Bank of China yesterday made an unexpected reduction to its medium-term lending rate, for one-year loans to the banking system, by 10 basis points to 2.75 per cent, the first cut since January.

The decision highlighted deepening anxiety in Beijing as it tries to combat a decline in consumer demand triggered by its zero-Covid policy, as well as the fallout from cash-strapped property developers and slowing global growth.

Official statistics reflected worse than expected consumer and factory activity and a rise in youth unemployment to a record 19.9 per cent, piling more pressure on Xi Jinping's administration to reinvigorate the economy.

Retail sales, an important gauge of consumption, rose 2.7 per cent year on year in July compared with economists' expectations of a 5 per cent rise, while industrial production increased 3.8 per cent against forecasts of 4.6 per cent.

Despite Beijing's plans to inject hundreds of billions of dollars of stimulus to boost growth, China's economy only narrowly escaped a contraction in the second quarter. Experts expect economic slowdown to prompt looser monetary policy and fiscal stimulus but some are pessimistic for the scale and speed of Beijing's response.

"China's growth in [the second half] will be significantly hindered by its zero-Covid strategy, the downward spiral of the property markets and a likely slowdown of export growth," said Ting Lu, Nomura's chief China economist. "Beijing's policy support could be too little, too late and too inefficient."

Analysts said the rate cut was a signal that Beijing would maintain efforts to stimulate the economy via monetary policy rather than pivoting to focus on rising prices, after the PBoC highlighted the risks of growing inflationary pressure in its quarterly report last week.

"I would say the [rate] cut is a way to pledge Beijing's continued support," said Jing Liu, chief economist for greater China at HSBC, adding that some had thought last week's report was "the beginning of monetary tightening".

Industrial production rose 3.8 per cent year on year in July compared with economists' expectations of 4.6 per cent. Retail sales rose only 2.7 per cent

Société Générale described the July data as "simply bad", with deceleration across production, investment and consumption "under the crushing weight of the zero-Covid policy" and with the "housing sector in free fall".

"Policymakers have started to communicate their concerns about over-stimulating the economy, while the real risk is exactly the opposite in our view: too little easing and too weak a recovery," Société Générale's analysts said. Xingdong Chen, chief China economist at BNP Paribas, added: "China is definitely in a very desperate situation."

Additional reporting by Gloria Li and Primrose Riordan in Hong Kong

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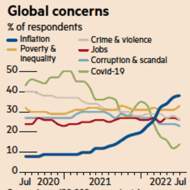
Day in markets page 11

Datawatch



Source: Ipsos (20,000 respondents)

Inflation is the top worry in the world for the fourth month in a row, having risen for 12 consecutive months. Social inequality and poverty follows as the next most important fear. Covid-19 has dropped down the league

Gaming industry drops a level after pandemic

Analysis ▸ PAGE 8

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

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Third Point has second shot at Disney as Loeb lobbies for sweeping changes

CHRISTOPHER GRIMES — LOS ANGELES
SARA GERMANO — NEW YORK
JAMES FONTANELLA-KHAN — LONDON

Activist investor Dan Loeb is agitating for sweeping changes at Disney, including a spin-off of sports TV network ESPN, a board shake-up and aggressive cost-cutting after rebuilding a stake in the entertainment and media group.

The head of the Third Point hedge fund also recommended that the company take full control of streaming service Hulu by buying a minority stake from rival Comcast. Disney shares rose 2.8 per cent to $125 early yesterday.

Disney's costs are "among the highest in the industry", Loeb wrote in a letter to Bob Chapek, the company's chief executive, adding that "a strong case can be made that the ESPN business should be spun off to shareholders" to reduce Disney's debt. ESPN broadcasts live sport in the US including the National Football League, National Basketball Association and Major League Baseball.

Disney has invested heavily to build its video streaming service, Disney Plus, and is expected to spend roughly $18bn on content this year. Last week Chapek said Disney remained on track to reach its goal of achieving profitability at Disney Plus by 2024 as the company reported quarterly net profit of $1.4bn.

Loeb said he did not mean to single out individuals to be removed from Disney's 11-member board but did say that Third Point had identified candidates.

Disney said it welcomed "the views of all our investors" but pushed back against Loeb's criticism. "Our independent and experienced board has significant expertise in branded, consumer-facing and technology businesses as well as talent-driven enterprises," it stated.

Third Point previously took a position in Disney in the second quarter of 2020, not long after Disney Plus was launched as a rival to Netflix, and then sold it off as the stock rose. Shares in Disney increased 70 per cent from May 2020 until August 2021, when Third Point first disclosed the previous position.

Disney's shares had fallen 21 per cent this year, though they have risen 30 per cent over the past month before Loeb disclosed his new stake yesterday.

The billionaire hedge fund manager's move appeared friendly, as he praised Disney's shift to streaming and its recent third-quarter results, which topped Wall Street estimates. "Disney's complex transformation is succeeding and our confidence in Disney's current trajectory is such that we have . . . repurchased a significant stake," he wrote.

World Markets

STOCK MARKETS

	Aug 15	Prev	%chg
S&P 500	4288.45	4280.15	0.19
Nasdaq Composite	13099.08	13047.19	0.40
Dow Jones Ind	33865.58	33761.05	0.31
FTSEurofirst 300	1736.72	1730.57	0.36
Euro Stoxx 50	3787.60	3776.81	0.29
FTSE 100	7509.15	7500.89	0.11
FTSE All-Share	4155.09	4149.90	0.13
CAC 40	6569.95	6553.86	0.25
Xetra Dax	13816.61	13795.85	0.15

CURRENCIES

Pair	Aug 15	Prev	Pair	Aug 15	Prev
$/€	1.020	1.025	€/$	0.981	0.976
$/£	1.208	1.212	£/$	0.828	0.825
£/€	0.844	0.845	€/£	1.185	1.183
¥/$	132.985	133.705	¥/€	135.572	136.975
¥/£	160.647	162.018	£ index	79.362	79.619
SFr/€	0.962	0.967	SFr/£	1.140	1.144

CRYPTO

	Aug 15	Prev	%chg
Bitcoin ($)	24228.90	24308.05	-0.33

GOVERNMENT BONDS

Yield (%)	Aug 15	Prev	Chg (b/p)
US 2 yr	3.17	3.24	-0.07
US 10 yr	2.78	2.86	-0.08
US 30 yr	3.08	3.13	-0.06
UK 2 yr	2.12	2.15	-0.03
UK 10 yr	2.01	2.11	-0.10
UK 30 yr	2.43	2.54	-0.10
JPN 2 yr	-0.10	-0.09	0.00
JPN 10 yr	0.18	0.18	0.00
JPN 30 yr	1.11	1.10	0.01

Dubai

Nikkei	28871.78	28546.98	1.14
Hang Seng	20040.86	20175.62	-0.67
MSCI World $	2834.51	2802.23	1.15
MSCI EM $	1016.83	1014.29	0.25
MSCI ACWI $	657.57	650.71	1.05
FT Wilshire 2500	5586.63	5491.96	1.72
FT Wilshire 5000	43648.28	42897.39	1.75

Ethereum	1916.06	1935.30	-0.99
COMMODITIES			
	Aug 15	Prev	%chg
Oil WTI $	88.60	92.09	-3.79
Oil Brent $	94.41	98.15	-3.81
Gold $	1792.10	1796.70	-0.26

GER 2 yr	0.52	0.60	-0.08
GER 10 yr	0.90	0.98	-0.09
GER 30 yr	1.15	1.23	-0.08

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

Covid

UK first to approve two-strain booster jab

Moderna's coronavirus shot will target both the original strain and BA.1

HANNAH KUCHLER — LONDON

The UK has become the first country to authorise a Covid-19 vaccine tailored to the Omicron variant, setting the stage for an autumn booster campaign using Moderna's two-strain shot.

The Medicines and Healthcare products Regulatory Authority, which was the first in the world to approve an original Covid-19 jab, has granted a conditional authorisation to the vaccine, which targets both the original strain of the virus and Omicron BA.1.

The vaccine is authorised for use in people aged 18 or over but the UK plans to focus its booster programme to prepare for rising cases over the winter on the over 50s and those at higher clinical risk of developing severe Covid-19.

Steve Barclay, health and social care secretary, said the NHS would begin to contact people eligible for the booster from early September.

"This safe and effective vaccine will broaden immunity and potentially improve protections against some variants," he said.

Stéphane Bancel, Moderna's chief executive, said the authorisation highlighted "the dedication and leadership of the UK public health authorities in helping to end the Covid-19 pandemic".

Moderna plans to deliver the first two-strain vaccines in the next two weeks because it began manufacturing months before the authorisation. All of the remaining doses under its 29mn vaccine contract with the government will be of the Omicron-targeted jab.

The Boston-based company submitted data to regulators in the UK, EU, Australia and Canada in early July and expects other countries to authorise the vaccine shortly. Darius Hughes, Moderna's UK general manager, said the MHRA was the regulator that "turned it around the quickest".

> The vaccine 'will broaden immunity and potentially improve protections against some variants'

The government hopes that the regulator, newly independent from the EU after Brexit, will be quicker and more agile, attracting life sciences investment to the UK. The UK also recently signed a £1bn deal with Moderna to build the country's first mRNA vaccine manufacturing centre.

But the break from the EU has also led to job cuts at the regulator and made the UK market less attractive to some drugmakers.

The approval of the new vaccine is based on clinical trial data that showed it elicited an eight-fold increase in antibodies to tackle the Omicron variant when given after three doses of the original shot, compared with pre-booster levels.

It produced 1.75 times more antibodies than people given a fourth booster of the existing vaccine, and is better at tackling the BA.4/5 Omicron variants than the original shot.

The Joint Committee on Vaccination and Immunisation, the UK government's vaccine advisers, stressed that getting a booster in good time before the winter season was more important than the type of shot received. It said that a shot tailored to BA.4/ 5 was unlikely to be approved and readily available by the autumn.

The committee said all the vaccines offered good protection against severe disease and that the studies of Moderna's two-strain jab showed it produced a "marginally higher immune response".

Africa

Nigerian inflation soars as rising food and energy costs take toll

AANU ADEOYE — LAGOS

Annual inflation in Nigeria, Africa's largest economy, rose sharply in July on the back of soaring energy, transport and food costs, along with a fall in the value of the naira currency.

The National Bureau of Statistics said that in July inflation rose for the sixth consecutive month this year to 19.6 per cent, up from 18.6 per cent in June.

The latest rise means inflation is now double the Central Bank of Nigeria's target of 9 per cent and raises the prospect of another increase in interest rates next month.

The statistics agency pointed to an increase in the price of gas, fuel, air and road transport costs, along with food prices. Food inflation rose to 22 per cent, caused by an increase in the cost of bread, cereals and food products such as potatoes, yam, meat, fish, oil and fat.

In a sign price pressures are becoming broader, core inflation, which excludes the changes in volatile food and energy products, quickened to 16.3 per cent.

The central bank has lifted interest rates by 250 basis points since May to 14 per cent. Policymakers are due to meet on September 26.

Razia Khan, chief economist for Africa and the Middle East at Standard Chartered, a bank, said that Nigeria might have fewer tools to combat soaring inflation than other countries.

"The action [tightening of monetary policy] remains overshadowed by greater reliance on the central bank's financing of government," Khan said, referring to the Nigerian government's announcement earlier this month that it owed $47bn to its central bank, according to a report by the budget office.

The money is owed to the central bank as part of the so-called Ways and Means Advance, a law contained in the Central Bank Act which allows the monetary guardian to fund the government when it experiences a shortfall in revenue.

Nigeria's official oil earnings have also not increased, despite the surge in oil prices following Russia's invasion of Ukraine. Theft, pipeline vandalism, years of under-investment in infrastructure and the increasing cost of petroleum subsidies have prevented Nigeria from profiting.

Nigeria's economy is import-dependent and heavily relies on the US dollar. But importers have struggled to access dollars because of tight restrictions by the central bank.

The central bank stopped selling dollars to retail forex traders in July 2021 to ease pressure on its dollar reserves and support its artificially low exchange rates. The naira is reported to be overvalued by between 10 and 20 per cent against the greenback. The lack of dollar funds from the central bank has raised the cost of importing goods, forcing businesses to increase prices.

"Until official forex markets see greater turnover, the difficult-to-regulate parallel market, itself prone to overshooting, will continue to play a disproportionate role in price-setting behaviour," Khan said.

Most importers access dollars on the black market, where the currency is freely traded.

Growth data

Japan and Thailand in vanguard of Asia rebound

KANA INAGAKI — TOKYO
GEORGE RUSSELL — HONG KONG

Japan and Thailand are leading the economic rebound in Asia thanks to the lifting of pandemic restrictions, driving up consumer spending and tourism.

Growth in Japan in the second quarter was weaker than expected, according to preliminary figures released by the cabinet office yesterday. But Asia's largest advanced economy has expanded for the third consecutive quarter after lagging well behind other developed nations in recovering from Covid-19 disruptions.

Japan's gross domestic product grew at an annualised rate of 2.2 per cent in the April to June period, following a 0.1 per cent increase during the previous quarter. Economists had expected an expansion of 2.6 per cent.

Growth was mainly driven by a pick-up in private consumption, which rose 1.1 per cent from the same period a year earlier as spending on clothes and other goods increased.

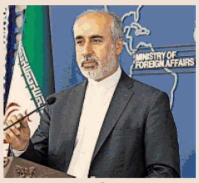
But economists warn the economy faces major headwinds in the coming quarters because of a resurgence in Covid cases at home, rising cost of import goods and the slowdown in the US and other key trading partners.

Thailand's economy also grew at a slower pace than expected in the second quarter, as inflation overshadows the country despite a rebound in tourist arrivals. South-east Asia's second-largest economy expanded 2.5 per cent year on year in the three months to June, the National Economic and Social Development Council said yesterday.

That fell short of a 3.1 per cent rise expected by analysts in a Reuters poll but exceeded the 2.3 per cent growth in the March quarter. This was due to more tourists as Covid-19 controls were eased. Private consumption spending also rose 6.9 per cent, up from a 3.5 per cent rise in the previous quarter. The NESDC forecast headline inflation this year at between 6.3 per cent and 8.8 per cent. Thailand's current account is projected to record a deficit of 1.6 per cent of GDP, it added.

Rushdie case

Iran denies links to attack on writer



Main picture: Hadi Matar in court on Saturday, and above, Nasser Kanaani in Tehran — Gene J. Puskar/AP

Iran has denied involvement in last week's attack on Salman Rushdie, placing the blame on the author for insulting Muslims.

Hadi Matar of Fairview, New Jersey, has denied attempted murder and assault after the attack on Rushdie on Friday at a literary event in Chautauqua county, New York.

Nasser Kanaani, Iran's foreign ministry spokesman, said yesterday that the Islamic republic "definitely and seriously" had no links with Matar, 24.

Kanaani told a press conference: "We have followed this news and heard about it in the media like you [journalists]." He said: "Nobody deserves to be condemned or blamed other than" Rushdie and his supporters. "He insulted the Islamic sanctities . . . of 1.5bn Muslims."

Rushdie, 75, is in a critical condition following the attempt on his life. More than three decades ago, he sparked anger in the Muslim world for the depiction of the Prophet Mohammed in his book *The Satanic Verses*. In 1989, Iran's then supreme leader Ayatollah Ruhollah Khomeini issued a fatwa on the author authorising Muslims to kill Rushdie for his alleged blasphemy.

The Islamic regime cut diplomatic relations with Britain over its support for Rushdie, an Indian-born British national. But in 1998, when reformists took office in Tehran, Iran said it had no intention of sending assassins to kill Rushdie. This helped normalise ties between Tehran and London.

The attack comes at a sensitive time for relations between Iran and the west. The EU is mediating between Tehran and the Biden administration to help revive the 2015 nuclear deal, abandoned by the US under Donald Trump in 2018.

Hossein Amirabdollahian, Iran's foreign minister, said he would respond to the EU's draft agreement late yesterday and said the foreign ministries of Iran, the US, UK, France, Germany and Russia — initial signatories of the deal — could meet soon if Iran's demands were met. Hardliners in Tehran and hawks in Washington oppose any nuclear agreement.

The attack on Rushdie also came after the US Department of Justice said last week that an Iranian national was behind a plot to assassinate John Bolton, Trump's former national security adviser, on US soil for $300,000. Bolton had backed regime change in Tehran and the tearing up of the nuclear accord.

"These two incidents come at a time when the nuclear deal's serious opponents inside and outside the country pursue the same goal of blocking an agreement even if they are not co-ordinated," said Mohammad-Ali Abtahi, a former reformist vice-president. "Rushdie was a good case [for opponents] to make a deal difficult as Iran cannot oppose the move [the attack] even if it doesn't take responsibility for it."

Analysts believe Iran's diplomats in the government of president Ebrahim Raisi are keen to ink a deal but hardliners have made clear their opposition to an agreement.

Many hardliners supported the attack on Rushdie. Although Iran has made a diplomatic commitment not to implement the religious decree to kill the writer, some state-affiliated hardline institutions have collected about $4mn as a bounty for anyone who carries out the killing. *Najmeh Bozorgmehr*

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Balkans

Kosovo seeks western help to further Nato and EU ambitions

MARTON DUNAI — BUDAPEST

Kosovo has urged western powers to help it achieve its ambition to join the EU and Nato by convincing reluctant governments to recognise the country's independence and pressing Serbia to resolve decades-long tensions over its statehood.

Kosovo unilaterally declared independence from Serbia in 2008. Since then ... violated a peace agreement made at the end of the Yugoslav wars of the 1990s, in which Nato intervened, bombing Belgrade in 1999. Tension between the countries regularly threatens to undermine stability in the Balkans.

Seemingly mundane issues have led to violent flare-ups, most recently last month, when Serbs clashed with police after Pristina said Serbian licence plates would no longer be legal for Kosovo citi-

Calling on Serbia to put nationalism aside, he said: "Here, I think is the problem with Belgrade. They simply keep on going with old dreams, which become nightmares for the neighbours of Serbia and for Serbian people as well."

A "symmetry of minority rights" — the same rights for Serbs in Kosovo and Kosovars in Serbia — would best combat nationalism, he added.

Kurti said there was a risk of Russian involvement in Serbia-Kosovo relations, elevating the chances of conflict, adding: "We are worried but not afraid. How the situation develops will depend a lot on the stance and the pressure of western democracies on Belgrade."

Petar Petković, the Serbian government's top official for Kosovo issues, said in a written reply to FT questions that Belgrade was pursuing an "inde-

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ence from Serbia in 2008. Since then, more than 100 nations, including the US and most EU members, have recognised the country as an independent state. But several EU and Nato nations — Spain, Greece, Cyprus, Slovakia and Romania — have yet to do so.

"We need the help of our allies and partners — the UK, the US, Germany, France, Italy and others — to help us with non-recognisers," Kosovo prime minister Albin Kurti told the Financial Times, speaking ahead of a summit with Serbian president Aleksandar Vučić in Brussels scheduled for this week.

Belgrade continues to view Kosovo, whose population is about 90 per cent ethnic Albanian and less than 10 per cent Serb, as a province of Serbia. It says Kosovo's declaration of independence would no longer be legal for Kosovo citizens, including ethnic Serbs. Individuals entering Kosovo from Serbia were also required to use temporary IDs. Kurti has argued that the clashes bore the hallmarks of the Serbian government. Belgrade has denied involvement.

The EU on Sunday said that "both parties must immediately put an end to mutual hostilities and dangerous statements and act responsibly" ahead of the Brussels talks.

Kurti, who spoke to the FT before the EU called for an end to the use of inflammatory rhetoric, is due to meet Vučić on Thursday, when they plan to discuss a road map to resolve bilateral links. Any resolution, he said, must be centred on mutual recognition. "It will not be the only item . . . but the centrepiece."


Albin Kurti: the Kosovo premier is due to meet Serbia PM Aleksandar Vučić in Brussels this week

Kurti said Russia's full-scale invasion of Ukraine in February had highlighted conflicting allegiances in the Balkans.

While Kosovo was among the first countries to join sanctions against Russia, Serbia has close ties with Moscow and the country's energy sector is heavily reliant on Russian resources. Belgrade backed several UN declarations supporting Ukraine's sovereignty after Moscow's February invasion. But it declined to join western sanctions. that Belgrade was pursuing an "independent national and security policy, by co-operating in a balanced manner with both the east and the west". Belgrade's ultimate goal was EU membership, he said, but added that Kosovo and Kurti were pushing an agenda under the "pretext" of the Ukraine war.

However, Kurti said: "What Serbia wants is to get EU funds, Russian weapons, Chinese investments and American tolerance. If western democracies disallow that, a solution will be very easy to achieve. But if [Serbs] are allowed to play this game, this tension will continue."

The Kosovo leader added he wanted to show that Nato's 1999 intervention had created a lasting state that was a loyal western ally.

INTERNATIONAL

Taliban focus on making roads safer to help drive recovery

'Lifeblood' of Afghanistan is more secure but women face travel curbs

BENJAMIN PARKIN — NEW DELHI

Mohammad Daud had not visited his relatives for about five years. The 32-year-old in the south-eastern Afghan city of Jalalabad avoided the long trip to their rural district, fearing he might be harassed, kidnapped or killed by thieves or the Taliban along the way.

In recent months, however, he has visited repeatedly, going to meet his family, inspecting their ancestral lands or simply for a day out with friends. "Earlier it was impossible . . . People were scared of getting abducted," he said. "Now I can travel anywhere."

The end of Afghanistan's 20-year war last August, when the Taliban toppled the western-backed government, has led to a drop in violence on the roads, if only because the group — who long menaced travel routes as insurgents — are largely unchallenged militarily.

Amid this change, the Taliban's control of the road network has become one of the most important ways for them to consolidate power, from asserting control over trade and the economy to furthering their draconian ideology by restricting women's freedom to travel.

"These roads and routes have always been central" to power in Afghanistan, said Graeme Smith, a senior consultant at Crisis Group. Roads are "the lifeblood of the country and fundamental to how Afghans see their own government".

In addition to barring teenage girls from school and ordering women to cover their faces in public, the Taliban have begun ordering women to travel with a *mahram*, or male escort. A 21-year-old woman who lives in Kabul made several trips outside the city alone or with female relatives after the Taliban's takeover, only to become increasingly rattled as the militants aggressively questioned her at checkpoints. "They asked us, 'Where is your man? Where is your owner?'" she said.

Before, "security was not good, but we didn't have any fear about what we should wear", she added. Now, travelling is "hard and it's terrible to go alone anywhere". To avoid scrutiny when travelling by bus or shared taxi, she sometimes wears a burka and asks a man to pretend to be with her.

Landlocked Afghanistan, which lacks railways, has always relied on its roads. Cities such as Kabul or Herat were important stops along ancient Silk Road trade routes that facilitated the spread of goods and ideas, from gold and spices to Buddhism and Islam.

Militant Islamists in southern Afghanistan formed the Taliban in the 1990s partly to wrest control of the roads from warlords who used checkpoints to extort and brutalise locals.

But after they were ousted from power in a US-led invasion in 2001, the Taliban adopted similar strategies, using makeshift roadblocks to tax trucks and attack travelling government officials, troops or foreigners.

For international organisations in Afghanistan, travel during the conflict often involved negotiating with warring sides to cross battle lines safely with supplies such as food and medicine.


Postwar rebuild: locals gather outside a bread shop in Kabul. Below, trucks use a road in Baghlan province
Oriane Zerah

Travelling anywhere was dangerous, said Philippe Kropf, head of communications for the UN World Food Programme in Afghanistan. "They'd need to know we're coming with a food convoy that needs to be let through . . . that we're not military," he said.

Between January and May, the UN recorded an almost 80 per cent drop in armed clashes, explosions and other security incidents compared with the same time a year earlier, according to a June report to the organisation's Security Council. After a devastating earthquake in June, the WFP was even able to travel at night — previously unthinkable — to speed up delivery of aid.

But parts of the country, such as Panjshir province, remain destabilised by an anti-Taliban insurgency.

Control of the country's roads is also central to the Taliban's economic project. Since coming to power, they have set about dismantling police and military checkpoints that were used to extort traders and travellers. A UK Foreign Office-funded study last month estimated that these checkpoints collected about $650mn a year in bribes.

This has helped ease trade in lucrative commodities such as coal, boosting tax revenues for the Taliban's government. It has also removed opportunities for local commanders to accumulate independent wealth and power through smuggling, limiting their ability to challenge the group's authority. For traders and truck drivers, checkpoints "created a degree of uncertainty, with regards to not just cost [of bribes] but the potential for violence as well", said David Mansfield, an author of the study. Now "they're not being shaken down . . . There is this consistent message that the roads are more secure."

> 'Earlier it was impossible. People were scared of getting abducted. Now I can travel anywhere'

But another, more mundane obstacle remains: Afghanistan's poor infrastructure. Truckers and locals must navigate everything from potholes to bomb craters as they travel. The Taliban have pledged to upgrade the transport networks. "Our roads are destroyed all across Afghanistan," said Esmatullah Burhan, speaking for the mining ministry. "Firstly, we need to collect the money to build them."

But it is unclear how their sanctioned government will find the funds. "The roads are going to be key to the economic revival that is so necessary," Smith said. "It's really a matter of life or death. They need to fix those roads in order to get those trucks rolling."

INTERNATIONAL

East Africa

Ruto declared winner of Kenya election

Supporters of main rival and some electoral officials contest result

ANDRES SCHIPANI — NAIROBI

Deputy president William Ruto has been declared winner of the presidential election in Kenya, but his main rival's supporters and some election commissioners disputed the result.

After a fiercely-fought electoral campaign, Ruto won 50.5 per cent of the vote, while Raila Odinga, former prime minister and veteran opposition leader, who was backed by Uhuru Kenyatta, the outgoing president, won 48.8 per cent with all the votes counted, according to official results released yesterday.

The election, a test of Kenya's stability, is widely seen as one of the most significant on the African continent this year.

Wafula Chebukati, chair of Kenya's Independent Electoral and Boundaries Commission, declared Ruto president of Kenya "in accordance with the constitution and the law".

"It is a wonderful evening," Ruto said at the tallying centre after he was declared winner. "We have raised the bar in this election, which has been more about the issues" than "ethnic" affiliations, which in previous polls contributed to post-election violence.

"I will work with all leaders in Kenya so that we can fashion a country that leaves nobody behind," he added.

In a sign of voter weariness, the IEBC said that voter turnout dropped to almost 65 per cent from about 80 per cent in recent presidential elections.

A former street chicken hawker who became one of Kenya's richest businessmen, Ruto alluded to his humble pedigree in his campaign. He sought to contrast his rise to the top of politics with that of Odinga and Kenyatta, both sons of prominent leaders who spearheaded the independence movement from Britain in 1963.

But the outcome is being contested by supporters of veteran opposition leader Odinga. Electoral authorities, international observers and diplomats were whisked out of the room minutes before Chebukati announced the contested results, following a fracas between supposed Odinga supporters and the police.

Odinga, who has stood for election five times and has not yet conceded defeat, is expected to appeal to the Supreme Court. It could be weeks before a new president is sworn in, spurring fears of unrest.

"We have intelligence and reports that the system was penetrated and hacked and that some of the IEBC officials actually committed electoral offences and some of them ought to be arrested if they were not arrested," Saitabao Ole Kanchory, Odinga's chief electoral agent, told reporters before results were released, calling the national tallying centre in Nairobi a "crime scene".

Juliana Cherera, deputy chair of the IEBC, also questioned the outcome in a separate press conference. "As the commission we have done a good job. But some things need to be put outside there. This is because of the opaque nature how the last phase of the general election has been handled," she said.

About 14mn Kenyan voters went to the polls to select the president, deputy and members of parliament against a backdrop of soaring food prices and high levels of public debt.

Public health. Infectious disease

Polio exploits gaps in rich nations' jab coverage

Disruption caused by Covid and Ukraine war has also played a part in rising cases

JAMIE SMYTH AND CAITLIN GILBERT
NEW YORK

Public health authorities in wealthy economies are racing to head off a return of polio after the virus was detected in several countries where it had been all but stamped out.

Polio was detected in samples taken from New York City's sewage system on Friday and last month the first case in the US since 2013 was diagnosed in a man in the suburbs.

In London, vaccine boosters are being offered to hundreds of thousands of children after the virus was detected in waste water. Israel has identified its first cases since 1988 and there has been a cluster in war-torn Ukraine.

For much of the 20th century, poliomyelitis killed and disabled tens of thousands of people every year. But vaccine development in the 1950s and a global campaign that began in 1988 reduced infections to 175 cases by 2019 and countries where it is endemic to just Pakistan and Afghanistan.

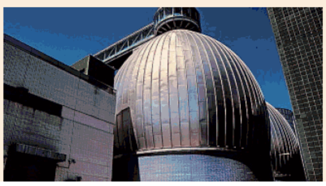
But its re-emergence in Europe and the US, along with disruption of inoculation programmes by the Covid-19 pandemic, and war in places such as Ukraine and Afghanistan, have caused public health officials to raise the alarm.

"There has been a huge dip globally in the routine immunisation coverage, as countries were engaged in the Covid-19 pandemic response. If you scratch the surface, this shows the vulnerability of countries' immunisation systems," said Siddhartha Datta, the World Health Organization's regional adviser for vaccine-preventable diseases in Europe.

Last month, the WHO and Unicef released data showing the largest sustained decline in childhood vaccinations in 30 years, with at least 25mn infants missing out on life-saving jabs in 2021. Almost 7mn missed their third polio jab last year when compared with 2019, before the coronavirus pandemic.

New York health officials said hundreds of people may have contracted the virus following the diagnosis of polio on July 21 in an unvaccinated man who developed paralysis in Rockland

Ouch: a girl receives her polio jab in 1963. Below, a waste water plant in Brooklyn. Polio has been found in the New York sewage system
Smith Collection/Gado/Getty Images; John Minchillo/AP



have set up vaccination hubs, urged people to get jabs and are considering offering polio booster shots.

Dr Mary Leahy, chief executive of Bon Secours Charity Health System, a hospital group in Rockland, said 75 per cent of infected people show no symptoms. "Only about 25 per cent develop flu-like symptoms . . . less than 1 per cent go on to develop paralysis," she said.

Genetic studies have linked the New York case to the viruses in Israel and London. The detected viruses are examples of vaccine-derived polio, a strain related to the weakened live poliovirus contained in the oral polio vaccine. They can cause illness and paralysis if allowed to circulate in populations with unvaccinated people for long enough and then mutate.

Rockland has a jab rate of 60 per cent for children at two years of age, against a statewide average of 78 per cent. The WHO says 95 per cent jab coverage is required to provide herd immunity.

A large and growing Orthodox Jewish community in the area had been sought out by anti-vaccine activists, said Dorit Reiss, professor of law at the University of California, Hastings College of Law.

"There is nothing in Judaism that is against vaccines, but some specific Jewish Orthodox communities have concerns," she said. "They live a closed life in multigenerational homes with large numbers of kids, so in a very real sense it is an area that is vulnerable."

The issue is sensitive after a measles outbreak in 2018 and 2019 that infected hundreds of people was centred on Rockland's ultra-Orthodox community.

'The reality is that once you get polio, the treatment now is no better than it was in the 1950s'

dox, although local health officials have not confirmed this.

A state senator last month identified the patient as an Orthodox Jew and alleged some Jewish schools had a history of non-compliance with vaccination regimes. He retracted his claims after objections from Jewish groups.

"One thing about this polio case is it's in Rockland country, which had a massive measles outbreak two years ago — so that suggests there is vaccine hesitancy," said Dr Marny Eulberg, a retired physician and polio survivor who has studied the disease for decades.

"These days many young parents haven't seen polio, it isn't part of their consciousness. And the reality is once you get polio, the treatment now is no better than it was in the 1950s, so the best response is to get vaccinated."

Health providers in Rockland say some hesitant people were coming forward in the county. Amanda Salzman of Refuah Health said the clinic had administered almost 500 polio vaccines so far, out of a total of 2,000 across the

Regional tension

China piles pressure on Taiwan amid US delegation visit to island

KATHRIN HILLE — TAIPEI

China announced a fresh round of military manoeuvres around Taiwan in reaction to the visit of a US congressional delegation, a move that ratchets up Beijing's efforts to isolate the island nation.

"This is a stern deterrence measure against the US and Taiwan continuing to play political tricks and undermining peace and stability across the Taiwan Strait," a Chinese military official said.

The announcement came after Democratic senator Ed Markey and four members of the US House of Representatives from both sides of the aisle landed in Taiwan on Sunday and met President Tsai Ing-wen yesterday morning.

The Chinese defence ministry said the visit flagrantly violated previous agreements and China's sovereignty and territorial integrity.

"[It] sends a wrong signal to the 'Taiwan independence' separatist forces, and fully exposes the true face of the US as a disrupter and destroyer of peace and stability in the Taiwan Strait," the ministry said.

Lawmakers from the US and other democracies often visit Taiwan and Taipei also less frequently receives government officials from those countries.

Beijing's fierce reaction to the latest US delegation is raising concerns in Taiwan and elsewhere that the Chinese leadership is trying to impose a new status quo under which foreign politicians and officials are dissuaded from engaging with the island's government.

The People's Liberation Army's new "multiple services joint combat-readiness patrols and exercises" come barely five days after it completed week-long drills that followed US House Speaker Nancy Pelosi's visit to Taiwan.

China said last week those drills had succeeded in "obliterating" the median line in the Taiwan Strait, an unofficial buffer zone, and that the PLA would from now on regularly patrol around the island.

Since then, PLA aircraft and warships have been conducting daily manoeuvres around Taiwan in numbers far exceeding those prior to Pelosi's visit and in areas close to Taiwan where they were not frequently active before the current crisis.

According to the Taiwanese defence ministry, 96 Chinese military aircraft were active around the island between last Thursday and Sunday, after Beijing had said its exercises were over, but that it would keep a "close eye" on Taiwan and the US and conduct frequent patrols in the area.

"That they are now announcing another exercise suggests that those numbers may go up further and their behaviour may become more aggressive," said a senior Taiwanese government official.

Taiwan said 30 Chinese military aircraft and six warships were active near the island yesterday and that 15 of the aircraft crossed the median line.

Kurt Campbell, White House co-ordinator for Indo-Pacific affairs, on Friday said China had used Pelosi's visit as a "pretext to launch an intensified pressure campaign against Taiwan and to try

county, north-west of New York City.
Rockland has one of the lowest immunisation rates in the US. Authorities

New York Jewish Week and other local media have reported the man who contracted polio in Rockland is Ortho-

county.
Additional reporting by Donato Paolo Mancini in London

to change the status quo, jeopardising peace and stability in the Taiwan Strait and in the broader region".

Exploration blocks

Congo oil and gas auction open to start-ups

KENZA BRYAN — LONDON

The Democratic Republic of Congo will allow carbon credit and cryptocurrency companies to bid in an oil and gas licensing round that has been criticised by environmentalists who say drilling in the country's rainforests and peatlands would risk releasing vast quantities of carbon dioxide.

Last month, Congo put 30 oil and gas exploration blocks up for auction. Some of the exploration areas are in Virunga National Park and the Cuvette Centrale, the world's largest tropical peatland, which naturally absorbs carbon from the atmosphere.

Didier Budimbu, the hydrocarbons minister, told the Financial Times he would accept bids for exploration rights in the rainforest and peatlands from carbon market start-ups with no links to oil and gas majors as long as they had solid financial backing.

Rather than explore for hydrocarbons, such groups propose keeping any oil and gas in the ground and instead generate revenue by selling carbon credits to companies looking to offset their emissions. "If it can help our economy and the country, why not?" Budimbu said.

"We're not doing this to destroy the rainforest, we're doing it for economic gain . . . With or without oil, what's important is that we earn [money]."

Congo produces about 25,000 barrels a day of crude oil from a small number of onshore and offshore blocks along its Atlantic coast. The government's long-held ambitions to produce oil in other parts of the country's interior have previously been held back by environmental concerns, corruption and a lack of export options.

Those challenges mean it remains uncertain how many oil and gas companies plan to participate in the licensing round. France's TotalEnergies, which has a project in neighbouring Uganda, and Italy's Eni, which is active in other parts of Africa, have both told the FT they will not bid.

Flowcarbon, a start-up co-founded earlier this year by WeWork co-founder Adam Neumann, is among the carbon credit groups to have expressed interest. Phil Fogel, Flowcarbon's head of cryptocurrencies, said the company had contributed staff and resources to RedemptionDAO, a campaign organised over messaging platforms Telegram and Discord and founded two days before the auction launched in July.

RedemptionDAO aims to buy at least one of the blocks in partnership with an oil company or through crowdfunding, and use it to issue "avoided emissions" carbon credits.

It hopes to raise at least \$50mn, but has so far raised \$2.57mn and obtained pledges of \$74,000, both in USDC, a so-called stablecoin digital currency pegged to the dollar.

Venture capitalist Thomas Annicq said he had contacted the Congolese government separately on behalf of another coalition of carbon market companies that wanted to mount a joint bid on the blocks.

Companies have until February to submit bids. However, there is at present no official methodology for bringing credits from forgone oil and gas exploration to market and analysts say that developing one could take up to two years.

Climate change

US warned of spreading 'extreme heat belt'

KATE DUGUID — NEW YORK
AIME WILLIAMS — WASHINGTON DC

A quarter of the US land area, home to more than 100mn people, will be subjected to perceived temperatures of above 52C in three decades, including states with rapid population growth such as Texas, a report forecasts.

The "extreme heat belt", in which heat indices exceed such temperatures, will expand from 50 counties in 2023 to more than 1,000 by 2053, according to a new report from First Street Foundation, a New York-based non-profit climate risk research group.

The findings point to an increasingly severe impact on US population centres and property markets as the planet is warmed by greenhouse gas emissions. Temperatures have risen 1.1C globally since preindustrial times.

Heatwaves have hit much of the US this summer, with record temperatures in Texas and near-record levels from the Pacific Northwest to the north-east last month, said the National Oceanic and Atmospheric Administration. "Extreme danger" is the term used by the National Weather Service for a heat index — a combination of temperature and humidity — of 52C or more, that elevates the risk of heatstroke, cardiovascular problems and death.

The number of people in the US exposed to such temperatures is expected to grow from 8mn in 2023 to 107mn in 2053, First Street said. The increase in extreme heat above 52C would be concentrated in the central US, stretching from northern Texas to states such as Indiana, Illinois and Iowa that are far from the cooling coasts, the report said.

> 'Households and businesses continue to flock to markets . . . despite increasing climate risks'

The cities most vulnerable to extreme heat days were St Louis and Kansas City, Missouri; Memphis, Tennessee; Tulsa, Oklahoma and Chicago, Illinois, the report said, incorporating government data and academic research. The report also examined locations by the number of days the heat index would exceed 38C. While five counties — four in Texas and one in California — presently have more than 100 such days each year, every county in the top 20 would by 2053, says research.

The areas adding the most days above 38C will overlap in large part with the Sunbelt, which extends from Florida to southern California. The Sunbelt also contains six of the 10 fastest-growing states by population, according to Census Bureau data. The south, followed by the west, has had the biggest increase in single-family home and apartment sales volumes since the start of the coronavirus pandemic, according to data from the National Association of Realtors.

"The Sunbelt continues to experience the fastest growth among major US markets," said Abby Corbett, a senior economist at CoStar, a commercial real estate research company. "Households and businesses alike continue to flock to markets throughout states like Texas, Florida, Arizona, Georgia and the Carolinas, despite the nation's ever-increasing climate risks and challenges."

The 5,000% question Obscure Hong Kong business AMTD under the microscope after its stock's spectacular Wall St rise ➲ PAGE 9

Companies & Markets

HK regulator launches fresh Evergrande and PwC probe

- Focus on $2bn loan plan at subsidiary
- China group has $300bn of liabilities

TABBY KINDER — HONG KONG
THOMAS HALE — LONDON

Hong Kong's accounting watchdog has launched an investigation into Evergrande Property Services, a major subsidiary of the embattled Chinese property developer, and its auditor PwC over a $2bn loan scheme that led to an executive clear-out last month.

The investigation will put more scrutiny on Evergrande, the world's most indebted real estate developer, after it failed to meet a self-imposed deadline to restructure its $300bn in liabilities at the end of July.

It also adds to pressure on Big Four auditor PwC, which repeatedly gave Evergrande's accounts a clean bill of health before the developer defaulted on its international debts late last year.

> The probe adds to pressure on PwC, which repeatedly gave Evergrande a clean bill of health before its default

Hong Kong's Financial Reporting Council said yesterday that it had identified potential concerns in the 2020 accounts of Evergrande Property Services, which is listed in Hong Kong.

The investigation is connected to how the Evergrande subsidiary and PwC classified "restricted bank deposits and other loans", the guarantees provided on those loans, and the disclosure of related party transactions, the FRC said.

The FRC said it would investigate the

after an internal probe found they had allowed $2bn in deposits that belonged to the property services unit to be pledged as collateral to lenders. The sum was later seized by banks when the unit did not meet its obligations, wiping out most of the subsidiary's net cash.

The seizure threatened to hit the remaining value of Evergrande's international bonds, which are trading at a fraction of their value following the company's default late last year.

The company said at the time that the loans secured by the pledges "were transferred and diverted back to the group via third parties and were used for the general operations of the group".

Evergrande has about $300bn of liabilities, including $20bn of international bonds, and is expected to undergo the largest corporate restructuring in China's history.

The FRC also said yesterday that it had "extended the scope" of a probe announced last October into Evergrande's group accounts and PwC's audit work on them after it had identified "questions about the adequacy of reporting on going concern". The FRC has expanded the October probe to include the impact of the $2bn transaction at the group. PwC signed off Evergrande's 2020 accounts as a going concern, an accounting term that shows a company has the resources to continue operating for at least 12 months.

But in Evergrande's interim financial statements for the first half of 2021 released in August last year, the developer said it risked defaulting on its debt.

Mine blow Rio Tinto rebuffed in plan to take control of Mongolia copper project

The Oyu Tolgoi copper mine at the centre of Rio Tinto's failed bid to take direct ownership — Taylor Weidman/Bloomberg

NEIL HUME — LONDON

Rio Tinto's plan to take direct ownership of a copper mine in Mongolia has hit the buffers after its $2.7bn buyout proposal was rejected.

Turquoise Hill Resources said a special committee had "terminated" its review of Rio's C$34-per-share cash offer, saying it did not "fully and fairly reflect" the value of its holding in Oyu Tolgoi. "A transaction at the price proposed by Rio Tinto would not fairly compensate minority shareholders for the fundamental, long-term value of the company's interest in Oyu Tolgoi," said Maryse Saint-Laurent, chair

year. It is one of several projects Rio chief executive Jakob Stausholm is trying to develop as he looks to position the group for the shift to a low-carbon economy.

Although Rio operates Oyu Tolgoi and is overseeing the underground expansion, it does not have a direct stake in it. It holds a 51 per cent stake in Toronto-listed Turquoise Hill, which owns 66 per cent of Oyu Tolgoi. The government of Mongolia owns the rest.

Turquoise Hill said yesterday that engagement between the parties had "not resulted in a consensus on value and price or in any improved proposal

posal. At the time, Bold Baatar, head of Rio's copper division, said the offer, which was pitched at a 32 per cent premium, would create a "simpler and efficient ownership" structure for Oyu Tolgoi. The price of copper has since fallen to about $8,000 a tonne.

When Rio reported half-year results last month, Stausholm was asked about the buyout offer, which he described as a "full-priced proposal". He also noted copper assets had fallen 40 per cent since March.

Saint-Laurent said the committee would now support Turquoise Hill in its efforts to raise at least $650mn in new equity by the year-end to shore

Ex-WeWork boss secures $350mn for Flow start-up

ANDREW EDGECLIFFE-JOHNSON AND
LYDIA TOMKIW — NEW YORK
RICHARD WATERS — SAN FRANCISCO

Adam Neumann has won the backing of Andreessen Horowitz, the Silicon Valley venture capital firm, for Flow, the residential property company that he has been building since resigning as WeWork's chief executive.

One person familiar with the matter said that Andreessen Horowitz had invested $350mn in Flow. It is the biggest external investment that Neumann has garnered since January 2019, when Masayoshi Son's SoftBank put a $47bn valuation on WeWork, the office space company that he co-founded that is now valued at $4bn.

Andreessen Horowitz in May invested an undisclosed sum in FlowCarbon, another group backed by Neumann and his wife that is trying to make carbon credit markets more transparent using blockchain technology.

In a blog post yesterday, co-founder Marc Andreessen heaped praise on Neumann as "a visionary leader who revolutionised the second largest asset class in the world — commercial real estate" — and now stood to shake up residential property, the only larger class.

"It's often under-appreciated that only one person has fundamentally redesigned the office experience and led a paradigm-changing global company in the process: Adam Neumann," he said.

In a nod to Neumann's WeWork history, Andreessen added: "We love seeing repeat-founders build on past successes by growing from lessons learned. For Adam, the successes and lessons are plenty."

Neumann, who left WeWork a billionaire, has disclosed few details of how Flow intends to change the residential housing sector: its website features only the words "live life in flow" and "coming 2023". Neumann's representatives declined to comment.

But in an interview with the Financial Times in March he said he was tapping into housing supply and affordability crises that were forcing more young Americans to rent rather than buy.

financial statements of the property services unit for the year ending December 31 2020 and the six months ending June 30 2021, as well as PwC's audit on the 2020 annual accounts of Evergrande Property Services.

In July, Evergrande replaced its chief executive and chief financial officer it started missing interest payments on its international bonds in November.

Evergrande's Hong Kong-listed shares have been suspended from trading since March after it failed to file its overdue annual report.

PwC and Evergrande did not respond to a request for comment.

of the special committee.

Located in the Gobi desert, Oyu Tolgoi is one of the world's biggest copper deposits. Once an underground expansion project is completed, it will be one of the world's biggest copper mines, with production in its early years of about 500,000 tonnes per from Rio Tinto".

The company launched its offer for Turquoise Hill in March just as the copper price hit a record high above $10,600 a tonne. Turquoise Hill responded by establishing the special committee of independent directors to review and consider the Rio pro- up its finances and complete development of the mine, where first production is due next year.

"While we are disappointed by this decision, we will continue to work constructively with the board of Turquoise Hill to advance the Oyu Tolgoi project," said Baatar.

He saw "tremendous opportunity" in providing a greater sense of community in multifamily accommodation, he said at the time, and was targeting cities such as Atlanta, Austin, Miami and Nashville which combine growing populations of young people with buoyant job markets, cultural attractions and good weather.

Climate and crypto fraught with challenges for watchdogs

INSIDE BUSINESS
REGULATION

Laura Noonan

A decade or so on from the financial crisis, the singular sense of purpose that drove a frenzy of regulatory interventions has faded.

Banks and insurers are so much safer now that regulators seem nonplussed about their resilience even as countries including the US and the UK flirt with recession, and the fallout from Russia's invasion of the Ukraine threatens untold damage.

For regulators trying to recapture the relevance and adrenalin of the post-crisis era, crypto and climate are tantalising. The wild west of crypto offers regulators a platform to save hapless consumers from scams and idiocy, while protecting underlying tech that could improve all our lives. Climate offers the more legacy-minded regulators the chance to, literally, save the world.

But the two Cs that have replaced capital in regulators' hearts and minds are fraught with difficulties.

Crypto is an area that many financial regulators cannot avoid getting involved in. There are rules prohibiting most individuals from putting their money into various bonds and complex products; it's hard to argue that the same logic should not apply to volatile crypto offerings.

There are also anti-money laundering issues that most regulators, and their governments, must address to make it harder for crypto to be used by criminals, tax dodgers and terrorists. And there are efforts to lay down parameters for the use of crypto in the mainstream markets world.

The challenge for regulators is that crypto is moving so fast it's almost impossible for them to keep pace.

In Europe, the long awaited Markets in Crypto-Assets Act legislation governing EU crypto activity is still being hammered out and will not come into force until 2024. European Central Bank president Christine Lagarde is already privately pushing officials to start work on a second iteration to capture recent developments outside Mica's scope, like the digital collectibles known as non-fungible tokens.

Doing something but not enough to prevent catastrophe risks popularising crypto by offering a veneer of respectability. Regulators could also be held accountable for a crypto blow up that the rules were not broad enough to prevent.

> Every minute being spent on things nothing can or should be done about is a minute not being spent on their core jobs

Climate change presents different challenges. In banking, the most that regulators can do to protect the environment is to discourage lenders from backing "brown" polluting projects, and encourage the support of greener ones. But the effectiveness of this is far from clear — banks are not the only sources of funding in town.

One of the tools regulators have been using to drive behaviour is stress testing. A construct that hit its stride in the post-crisis era, stress testing is a "what if?" exercise that examines the impact of imagined crises. The problem with climate stress tests is the wide range of scenarios is infinite and the timelines stretch out for decades, so the outcomes depend entirely on where in the air the scenario-setters choose to stick their fingers.

The ECB recently found that 41 of the eurozone's biggest banks could be underestimating their short-term climate impact by €70bn. They could just as easily have come up with a number of€170bn.

The Bank of England ran its climate stress tests assuming that banks changed nothing about the composition of their lending for three decades, as seas rose, temperatures soared and industries were obliterated, an assumption so divorced from reality it made it easy to dismiss the exercise.

With such limitations in mind, José Manuel Campa, chair of the European Banking Authority, told the Financial Times he was arguing against quantitative outcomes in the EU's first-ever climate stress tests, since the methodology would not be robust.

A former regulator says Campa's view is the right one, and not just to prevent the climate stress tests results being mocked. The bigger danger is that a flawed climate stress test could undermine the normal stress tests the EBA runs to reassure investors about European banks' resilience.

The former regulator, along with one of his crisis-time peers, see an even more important risk. That danger is the opportunity cost — every minute being spent on things regulators cannot and should not do anything about is a minute not being spent on their core jobs. And those collective minutes could become important if it turns out that the financial system is not as safe as regulators think it is.

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FT FINANCIAL TIMES

ESSENTIAL BUSINESS READING

THE LONGLIST

The Financial Times is delighted to announce the longlist for the **Business Book of the Year Award 2022**. We will select up to six finalists for a shortlist, to be announced live on FT Live Twitter on Thursday 22 September.

- **The Long Shot**: The Inside Story of the Race to Vaccinate Britain, by Kate Bingham and Tim Hames - *Oneworld Publications (UK & US)*
- **Butler to the World**: How Britain became the servant of tycoons, tax dodgers, kleptocrats and criminals, by Oliver Bullough - *Profile Books (UK), St. Martin's Press (US)*
- **Dead in the Water**: Murder and Fraud in the World's Most Secretive Industry, by Matthew Campbell and Kit Chellel - *Atlantic Books (UK), Portfolio (US)*

- **The Price of Time**: The Real Story of Interest, by Edward Chancellor - *Allen Lane (UK), Atlantic Monthly Press (US)*
- **Influence Empire**: The Story of Tencent and China's Tech Ambition, by Lulu Chen - *Hodder & Stoughton (UK & US)*
- **Power Failure**: The Rise and Fall of General Electric, by William D. Cohan - *Allen Lane (UK), Portfolio (US)*
- **Talent**: How to Identify Energizers, Creatives, and Winners Around the World, by Tyler Cowen and Daniel Gross - *Nicholas Brealey (UK), St. Martin's Press (US)*
- **Slouching Towards Utopia**: The Economic History of the Twentieth Century, by J. Bradford DeLong - *Basic Books (UK), Profile Books (US)*
- **The Rise and Fall of the Neoliberal Order**: America and the World in the Free Market Era, by Gary Gerstle - *Oxford University Press (UK & US)*
- **Direct**: The Rise of the Middleman Economy and the Power of Going to the Source, by Kathryn Judge - *HarperBusiness (UK & US)*
- **The Power Law**: Venture Capital and the Art of Disruption, by Sebastian Mallaby - *Allen Lane (UK), Penguin Press (US)*
- **Chip War**: The Fight for the World's Most Critical Technology, by Chris Miller - *Simon & Schuster (UK), Scribner (US)*
- **Flying Blind**: The 737 MAX Tragedy and the Fall of Boeing, by Peter Robison - *Penguin Business (UK), Doubleday (US)*
- **Disorder**: Hard Times in the 21st Century, by Helen Thompson - *Oxford University Press (UK & US)*
- **Nomad Century**: How to Survive the Climate Upheaval, by Gaia Vince - *Allen Lane (UK), FlatIron Books (US)*

The winner's ceremony will take place at the V&A Museum on Monday 5 December. Further details on how to register for this event, the Award, the judges and previous winners, can be found at **businessbook.live.ft.com**. For news and features about the Award, please visit **ft.com/bookaward**.

#BBYA22

COMPANIES & MARKETS

Property

Europe's office market under pressure

Interest rate rises threaten recovery as debt servicing costs outpace rent income

GEORGE HAMMOND

Europe's office market faces the toughest conditions since the financial crisis, experts have warned, as rising interest rates and a surge in building costs threaten to choke off its recovery from the pandemic.

Higher interest rates and a broader tightening in financial conditions have driven the cost for office owners of servicing their debt above the rental income they receive for the first time since 2007, according to an analysis by Bank of America. Rising base rates have added to office owners' debt servicing costs. But that is merely the tip of the iceberg, according to Marc Mozzi, a real estate analyst at BofA.

"When people are talking about interest rates, that represents only about a quarter of the cost of borrowing for European real estate companies. The credit spread is the hidden part of the iceberg," said Mozzi, referring to a measure of how much more a company has to pay to borrow compared with a sovereign issuer.

Over the past 12 months, credit spreads have doubled for UK-listed real estate companies and almost tripled for European groups, calculations from BofA show, indicating that bond investors are increasingly anxious about the companies' creditworthiness.

The deteriorating outlook comes after the Bank of England earlier this month made the biggest rise in its key interest rate in more than a quarter of a century, as it steps up the fight against inflation.

The office market had a buoyant start to the year but has sunk since. In London, the value of deals completed in the first quarter of the year was 105 per cent above the 10-year average; but in the second quarter it was 27 per cent below that level, according to Mark Ridley, chief executive of estate agency Savills.

Executives say the challenge could get tougher when buyers have to refinance the debt they used to buy buildings.

"Look at the financial crisis and what happened: the pinch points were the refinancing moments, that's where the squeeze can come," said Adam Goldin, head of the UK business for CC Land, a Chinese developer.

"If you simply don't have the money to refinance then you don't have the money . . . There are plenty of organisations out there, [such as] funds that are closed-ended and can't put more money in, so their one direction is to sell. We will then find out how much capital is there to buy," he added.

A survey by the Royal Institution of Chartered Surveyors found about half of the estate agents, surveyors and consultants from across Europe and the US who responded "view the market as having slipped into the downturn phase of the property cycle".

Office landlords are also contending with a jump in the cost of building materials, the persistence of hybrid working and the additional costs required to meet environmental regulations.

Nevertheless, they say the level of leverage in the sector today is far lower than it was before the financial crisis, and that other investors and buyers will step in once prices fall further.

But Mozzi is sceptical. "Why would anyone buy something that returns less than they are paying for it?" he said.

Technology. Entertainment

Players press pause on video game demand

Return to real-world activities after lockdowns hurts console makers and software groups

ANNA GROSS

Gaming companies have been hit with weakening sales and engagement in recent months, as players returned to real-world pursuits post-pandemic and began cutting back on their spending amid the cost of living crisis.

Console producers, video game publishers and gaming-chip makers have reported a fall in demand in the latest

Financials

Specialist UK lender secures licence to offer 50-year fixed rate mortgages

EMMA DUNKLEY

A new lender has been granted a licence by UK regulators to offer mortgages with fixed rates of up to 50 years in a move aimed at helping borrowers manage soaring inflation.

Specialist lender Perenna is initially planning to provide home loans that lock in rates for 30 years, before rolling out products with even longer terms.

Its approval comes as the Bank of England raises rates in an attempt to tackle rising inflation, which has reached a 40-year high of 9.4 per cent in Britain.

Longer-term mortgages have been mooted as a way to help younger people on to the housing ladder as property prices remain high.

Boris Johnson, the outgoing prime minister, last month explored plans for longer mortgages that could be handed down between generations.

House prices in the UK reached a record last month, although data from property site Rightmove yesterday showed the average value had dipped 1.3 per cent in August to £365,173.

Banks typically provide mortgages with rates fixed for up to 10 years, with the most popular products lasting two and five years, according to Ray Boulger, senior manager at broker John Charcol.

Perenna could offer rates of 4-4.5 per

'Normal people can't buy a house. This is not the case quarter, challenging the belief that gaming is one of the most recession-proof forms of entertainment.

The slowdown comes after the sector saw a surge in demand and bumper profits during the pandemic, as global lockdowns drove a spike in consumers' appetite for virtual entertainment, which, in turn, saw dealmaking rise sharply within the industry.

Console makers Sony and Microsoft were the harbingers of a downturn in gaming, posting sales declines from their gaming businesses. Last month, Sony reported a 15 per cent drop in PlayStation engagement year-on-year.

Nvidia, a heavyweight in gaming-chip production, also reported lower second-quarter revenue because of weakness in its gaming business. Gaming revenue in the second quarter fell 44 per cent from the previous quarter and 33 per cent from a year earlier to $2.04bn.

Strauss Zelnick, chief executive of Take-Two Interactive, the company behind *Grand Theft Auto*, has said that he does not believe "the entertainment business is recession proof or even necessarily recession resistant". His company's sales forecast for the second quarter and the full year fell short of analysts' estimates, causing its share price to drop 5 per cent.

"If you are feeling the pinch of inflation, specifically with regard to non-discretionary expenditures like fuel and food, you could imagine that if you're playing a game, you might choose to spend a bit less or spend a bit less frequently," said Zelnick.

Activision Blizzard, which is being bought by Microsoft for $69bn, posted a 15 per cent drop in adjusted sales in the second quarter compared with the same period last year, driven in large part by weaker demand in the console and PC market and a poor response to the latest release of its *Call of Duty* shooter game.

Electronic Arts, famous for its *Fifa* franchise as well as *Sims*, gave a revenue

Appetite has reduced for games including 'Call of Duty' and 'Grand Theft Auto', as users spend less time on their PlayStations. Chipmaker Nvidia has also experienced falling demand

FT montage/Bloomberg/Rockstar Games

forecast for the second quarter that missed analyst estimates.

The biggest post-pandemic impact appears to be on the mobile segment of the gaming market, which has been the focus of dealmaking in recent years.

Take-Two completed a $13bn acquisition of Zynga this year, while EA bought a 3D mobile gaming company called Glu for $2bn last year. EA said mobile bookings were down 2.5 per cent from the previous quarter, with legacy titles — excluding *Fifa Mobile* — performing quite poorly.

Andrew Wilson, chief executive at EA, said that there was one "open question" the industry was facing: "In a world where you can engage deeply without spending, how will we see spending through this period?"

Roblox, the game-making platform behind *Jailbreak* and *MeepCity*, saw its shares slide more than 12 per cent after it reported a 4 per cent drop in net bookings and a slowdown in daily user growth.

It has lost more than 50 per cent of its value since the start of the year.

David Baszucki, chief executive, dismissed the impact of a gaming downturn on the company's results, however, asserting that it was more of a "future human experience platform" than a gaming company and adding: "We've been through these cycles before, and we've been relatively immune to them."

Some groups have been let down by weak game releases — normally the catalyst behind stellar growth figures — in part because the pandemic unsettled pipelines. EA is still suffering from the lukewarm reaction to its hotly anticipated *Battlefield 2042* game in November, while Take-Two pushed back one of its most significant title releases.

Activision Blizzard has struggled after its flagship *Call of Duty* title received a lacklustre reception late last year, which it attributed to the choice of a second world war setting that failed to resonate with its audiences.

'We are still waiting for the next must-have blockbuster game'

"For growth to accelerate in the industry, you need compelling games," said Neil Campling analyst at Mirabaud Equity Research, noting that audiences had become more selective now that they had a more options for leisure. "We are still waiting for the next must-have blockbuster game."

Patrick O'Luanaigh, chief executive of NDreams, a virtual reality publisher, said there had been a "marked slowdown in big releases", adding: "It's relatively sparse, which is frustrating for some people."

Nonetheless, executives are positive about mid to long-term prospects, pointing to steady growth in the number of gamers worldwide.

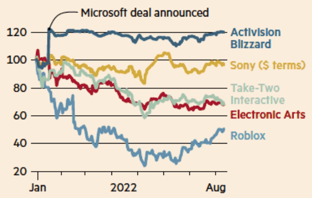
Wilson highlighted how an expansion into mobile gaming, irrespective of whether users are opting for free games right now, "represents a way for us to access players in markets that our traditional business does not", pointing to an estimated 3.5bn players worldwide.

Zelnick said evidence suggested the next generation of gamers would be "more engaged and play more".

"So I have to believe that interactive entertainment will continue to grow disproportionately to the rest of the audio-visual entertainment businesses."

Valuations

Share prices rebased



Source: Refinitiv

in other markets such as the US and Denmark'

cent on the 30- to 50-year loans, although this would be affected by gilt yields at the time of launch.

Arjan Verbeek, chief executive and founder of Perenna, said longer-term rates should help borrowers during the cost of living crisis and in an environment of rising interest rates.

"Rates are going up and if you have a household budget to manage, you need to know what you're paying on your mortgage every month. With inflation running high, this will take a chunk of the stress out. Mortgages are broken in the UK because normal people can't buy a house. This is not the case in other markets such as the US and Denmark, where stability is being provided by long-term mortgages."

Gerard Lyons, an economist and former adviser to Johnson, wrote in a paper for think-tank Policy Exchange last week that "one of the critical areas for a new prime minister is to address the challenges in the housing market, and to help turn Generation Rent into Generation Buy".

Unlike banks, which fund much of their mortgage lending through customer deposits, Perenna will issue covered bonds to pension funds and insurers for longer-term financing.

Few lenders have issued such lengthy home loan deals, with the longest fixed offer stretching to four decades. Last year, specialist lender Kensington launched a 40-year fixed rate mortgage with insurer Rothesay.

Boulger said: "This is a major event for borrowers interested in longer-term mortgages. A player coming into this market will clearly enhance awareness and increase competition.

"The fact Perenna is using covered bonds for funding, while Kensington is using pension annuities, is also positive for diversification in the market."

Mining

Thungela lines up large payout amid coal boom

NEIL HUME

Investors in South Africa's largest exporter of thermal coal will enjoy a bumper payday amid a boom in prices for the highly polluting fossil fuel.

Thungela Resources, a spin-off from Anglo American, declared a dividend of R60 a share as profits for the six months to June surged more than 3,000 per cent on the back of record coal prices and premiums.

The payout is nearly three times higher than Thungela's share price on its first day of trading 14 months ago and underscores the huge profits being generated from coal.

Glencore, the world's biggest exporter of thermal coal, this month revealed earnings from its coal business had surged almost 900 per cent to $8.9bn in the first six months of the year. Chinese and Indian producers have also reported soaring profits. The results are the latest evidence of a remarkable turnround for an industry shunned by many investors and banks amid a global push towards cleaner fuels.

Thungela said demand for "affordable" energy sources had escalated following Russia's invasion of Ukraine, which has sent shockwaves through global energy markets. "Coupled with supply constraints in major coal-producing regions, this resulted in the price of thermal coal increasing to unprecedented levels," said chief executive July Ndlovu.

South African coal shipped from Richards Bay is trading at almost $320 a tonne, according to Argus Media, up from $140 this time a year ago.

A full ban on Russian coal shipments has just come into effect in Europe, boosting demand for alternative sources of supply. It comes as Germany fires up coal-fired power stations ahead of the winter after Russia cut gas supplies to the continent.

"We expect an even larger dividend of R67 per share at the full-year results, assuming there is no merger and acquisition activity," said Ben Davis, analyst at Liberum.

In the six months to June, Thungela reported net income of R9.6bn ($578mn), up from R351mn in the same period a year ago on revenue up 160 per cent to R26.1bn

It also lowered guidance for shipments as rail constraints continue to hamper its ability to move coal from its mines to Richards Bay, one of the biggest coal terminals in the world.

Thungela expects to export 13mn-13.6mn tonnes of the fossil fuel this year, up from an initial projection of 14mn-15mn.

The company also approved the R2bn Elders project, a proposed underground coal mine in Mpumalanga province, although Ndlovu said that it would not add incremental tonnes to its production profile but replace production from another mine that was reaching the end of its life.

Financials

Saudi prince bet big on Russia as war kicked off

SAMER AL-ATRUSH — RIYADH

Kingdom Holding, the Saudi investor, poured hundreds of millions of dollars into Russian energy groups about the time of the invasion of Ukraine, the company has disclosed.

Majority-owned by Prince Alwaleed bin Talal, Kingdom made the investments as western leaders sought to increase pressure on Moscow and threatened sanctions, which they began imposing in late February.

The roughly $500mn investments included $364mn in Gazprom in February, with the rest going into Rosneft and Lukoil that month and in March. Vladimir Putin ordered the invasion on February 24.

Prince Alwaleed was detained in 2017 at a Riyadh hotel with other tycoons and royals. Critics said it was a power play by Crown Prince Mohammed bin Salman to consolidate his position against an old guard. The state said it retrieved $100bn in funds. Prince Alwaleed was freed after reaching a deal with the government; he has not disclosed the details. Other tycoons were released after transferring funds or partially ceding control of businesses to the government.

Saudi Arabia's sovereign wealth fund, the Public Investment Fund, said it acquired a 16.8 per cent stake in Kingdom in May, months after the investments. It would be unlikely for a large Saudi company to conduct big investments in Russia without the government's blessing.

Investor group Kingdom is majority-owned by Prince Alwaleed bin Talal

Other investments disclosed include a $220mn investment in Phoenix, a UK pensions and savings company, and $221mn in investment manager M&G. It made investments in Uber, Lyft, Alibaba and BlackRock TCP Capital. Kingdom said these were part of a three-year strategy totalling $3.4bn. The company has investments in the Four Seasons hotel chain and owns a stake in Twitter.

Saudi Arabia has fostered ties with Russia, co-operating in Opec+.

Its ties to Washington have been strained since Joe Biden came to office with the vow to turn Saudi Arabia into a pariah over Jamal Khashoggi's murder. The CIA said Prince Mohammed was responsible for the operation to "capture or kill" Khashoggi. Biden has had to backtrack: he visited the country in July, meeting Prince Mohammed as he pushed for more oil production.

See Lex

COMPANIES & MARKETS

Riddle of HK minnow's 5,000% Wall Street rise

AMTD Digital, led by a former banker facing a two-year watchdog ban, at one point exceeded Goldman's market value

MERCEDES RUEHL — SINGAPORE
PRIMROSE RIORDAN — HONG KONG

For an ex-banker facing a two-year ban by Hong Kong's watchdog, Calvin Choi is riding high. Two weeks after the founder of AMTD Digital rang the opening bell on the New York bourse, his obscure Hong Kong-based group made history. It had the fastest share price rise of a US-listed company after an IPO, according to data from Dealogic.

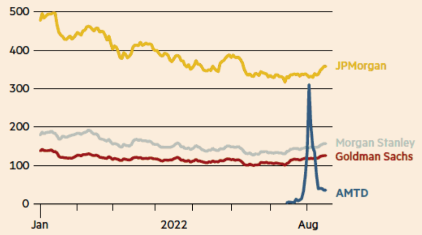
After listing at $7.80 on July 15, AMTD Digital hit $400 on July 29, up more than 5,000 per cent. The stock touched a peak of 2,555.30 in August. Its market value at one point exceeded that of Goldman Sachs, despite revenues of $21.5mn for the 10 months to February 2022 and with only 50 employees.

AMTD Digital said it had no idea about the reason for the surge. Analysts said there was no clear factor, with debate over whether it could have been a meme stock rally. The group's low free float — 19mn out of 185mn shares were offered in the IPO — meant the stock was open to manipulation, they said.

AMTD Digital's rise is the more remarkable for coming amid a crackdown on China groups listed in the US, with over 200 mainland and Hong Kong groups facing delisting in 2024 if they do not comply with audit requirements.

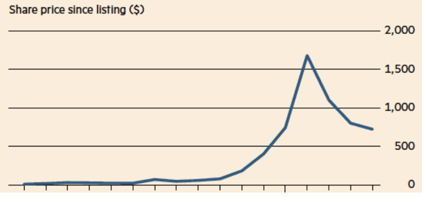
World-famous for 15 minutes

Market capitalisation ($bn)



The AMTD Digital bubble

Share price since listing ($)



ary this year, decided to ban him from the industry for two years. The SFC did not disclose the nature of Choi's alleged relationship with L.R. But shortly after the Morgan Stanley sale, he took over as chair of AMTD Group. His appeal is scheduled for December.

AMTD Group claims to be a "leading investment firm", underwriting 16 US initial public offerings since Choi joined and raising $13.4bn, according to figures from Dealogic. Shares in all of those companies are trading at an average of 75 per cent below their IPO price.

AMTD Group has had to restructure $718mn in bonds raised since 2019, with bondholders in February agreeing to extend the notes' maturity by three years and reduce interest payments. One of AMTD's bonds was originally due in March. Its $500mn bond is trading at 46 cents on the dollar.

CK Hutchison disavowed the company this month, saying it had no dealings with AMTD Digital and was selling the "less than 4 per cent" of shares it had in AMTD Group. Other projects appear stalled. Together with Xiaomi, AMTD won a digital banking licence in Hong Kong in 2019 but industry insiders are confused by the bank's strategy.

"They are the most inactive of the virtual banks," an adviser to Hong Kong's

Jul 2022 Aug

AMTD Group was founded in 2003 by Hong Kong tycoon Li Ka-shing's CK Hutchison and Commonwealth Bank of Australia. With its subsidiaries AMTD Idea and AMTD Digital, it offers investment banking, asset management, insurance brokerage and digital financial services. AMTD Digital's main product is its "SpiderNet", which it defines as a "superconnector ecosystem".

Choi joined AMTD Group in 2016 as chair after five years at UBS. He set up AMTD Digital and became involved in charitable foundations and trusts. A regular attendee at events such as the World Economic Forum in Davos, Choi cultivated ties with companies including Xiaomi, and business families. Andrew Chiu, grandson of the late Hong Kong magnate Deacon Chiu, was previously vice-chair of what is now AMTD Idea. Choi praises the Communist party and Xi Jinping's goal of the "great rejuvenation of the Chinese nation".

AMTD Digital founder Calvin Choi rings the bell on the floor of the New York Stock Exchange during an earlier IPO of a business in the group
Richard Drew/AP

AMTD Digital's July IPO was the third international listing of a group company that Choi has engineered in as many years. The group's investment bank, AMTD Idea — formerly AMTD International, the main stakeholder in AMTD Digital — was listed on the NYSE in 2019 before completing a secondary listing in Singapore the following year.

The New York-listed shares of AMTD Idea rose 525 per cent after AMTD Digital's listing. A 2017 application to list insurance unit AMTD Strategic Capital was rejected by Hong Kong's bourse. The group is facing regulatory scrutiny over the stock rally. The Singapore bourse said a subsidiary was in communication with NYSE on the volatility.

"Choi is a master marketer. He gets close to major institutions such as Singapore's Monetary Authority and political figures such as [ex-Hong Kong leader] Carrie Lam, but it was always style over substance," said a person involved in due diligence on AMTD. Choi and AMTD did not respond to requests for comment.

Choi is battling regulators in Hong Kong. He is appealing against a ban by the city's Securities and Futures Commission related to a share sale at AMTD Group in 2015. Choi was still at UBS, which was the financial adviser for the sellers including Morgan Stanley Private Equity Asia, then a big shareholder of AMTD Group. The SFC found Choi was involved "in the business" of one of the buyers, L.R. Capital, according to an AMTD website. He "directed the decision-making" at L.R. in connection with the sale and "exceeded the scope of a typical coverage banker". This was not disclosed to Morgan Stanley or UBS, placing him in potential conflict of interest, the SFC said. The regulator accused him of a conflict of interest again involving L.R. in an IPO in 2014 and, in Janu-

'Choi is a master marketer but it was always style over substance'

virtual banks said. "They have no real marketing in Hong Kong. People in the industry wonder what they are doing."

AMTD's share price has begun to fall, but analysts said regulators should look more closely at the company. Nate Anderson of Hindenburg accused the NYSE of ignoring "glaring issues" and focusing on collecting listing fees over protecting the integrity of US markets. The NYSE declined to comment.

The US Securities and Exchange Commission's "antennae should have been up", said Mak Yuen Teen, a professor of accounting at the National University of Singapore. Having so many shares held by the parent was a red flag. "All considered, why were they allowed to list?"

Additional reporting by Hudson Lockett and Tabby Kinder in Hong Kong

Fixed income. Riskier assets

Junk bonds rebound strongly on easing inflation worries

Crypto

Galaxy Digital commits to Nasdaq listing after ending BitGo deal

SCOTT CHIPOLINA

Galaxy Digital, one of the biggest investment managers in the cryptocurrency market, is to press on with a planned listing on Nasdaq even as it called off plans to buy digital asset custody platform BitGo for $1.2bn.

The Canadian-listed group said yesterday that it was pulling out of the cash and shares deal, citing BitGo's failure to provide audited financial statements for the year to December 2021.

The deal's failure is a blow to Galaxy, which had hoped to interest more

fund managers in the benefits of digital assets and blockchain technology with the deal for BitGo, which specialises in securely holding crypto investors' assets.

The value of crypto assets has tumbled in the period since the deal was initiated with the price of tokens such as bitcoin down by two-thirds since November. Galaxy recorded a $555mn loss in the second quarter.

The agreement between Galaxy and BitGo was one of the industry's largest deals when it was announced in May last year, in part contingent on Galaxy Digital receiving regulatory and shareholder approval to reorganise as a Delaware-listed company.

"We are still full steam ahead with

> Crypto assets tumbled since the deal was initiated with bitcoin down two-thirds since November

listing," Mike Novogratz, founder and chief executive, said in an interview.

However, Galaxy did not provide a specific timeframe for when it intends to list on the Nasdaq. A listing will still require approval from the Securities and Exchange Commission for its reorganisation in Delaware.

"We haven't given any guidance on when the process will be completed," Galaxy Digital said.

But the tie-up began to hit hurdles when Galaxy did not receive regulatory sign off from the SEC to reorganise as a Delaware-based entity in the timeframe it expected. By March 2022, some deal terms were renegotiated including the number of Galaxy shares to be received by BitGo shareholders.

BitGo did not respond to a request for comment. Galaxy will not have to pay a termination fee, which could have topped $100mn, the company added.

The digital assets investment firm has also thus far been unsuccessful in convincing the US markets watchdog to approve its application for a bitcoin exchange-traded fund, first filed in April 2021.

Galaxy Digital is not the only company in the crypto industry having to push back an intended public listing. Pending SEC approval, crypto exchange Bullish has also delayed plans to list on the New York Stock Exchange through a deal with a special purpose acquisition company Far Peak Acquisition Corp.

Amount of US debt trading at distressed levels tumbles in unprecedented recovery

IAN JOHNSTON — LONDON
ERIC PLATT — NEW YORK

One of the riskiest corners of global financial markets has made an unprecedented recovery in the past month with prices of junk bonds rebounding as investors bet that the Federal Reserve's efforts to tame inflation will avoid triggering a deep recession.

The amount of US bonds trading at levels signalling severe investor concern has dropped rapidly over the past five weeks, in a reflection of increased optimism from investors about the state of the US economy.

Just 6.2 per cent of high-yield bonds are now trading at distressed levels compared with 11.6 per cent on July 5, according to analysis by Marty Fridson, chief investment officer of Lehmann Livian Fridson Advisors.

Investors had backed away from US high-yield corporate debt earlier this year, fearing that aggressive interest rate rises by the Fed would force the world's largest economy into a protracted slowdown — hitting the country's weakest companies hardest.

But signs that the pace of price growth may be steadying — with inflation data last week coming in lower than forecast — have contributed to a recovery in the price of those assets.

"Over a strikingly short interval, high-yield investors [have come] around to believing inflation is sufficiently under control that the Fed [will] not have to hike interest rates dramatically enough to trigger a deep recession," said Fridson.

"Time will tell whether they were correct in changing their views on that matter," he added.

A lack of demand before the bounce-back in junk bond prices had pushed up the premium investors received for holding high-yield bonds relative to government benchmarks, also known as the spread.

The amount of bonds trading with a spread of 10 percentage points or above, a sign that they are distressed, more than doubled from January to May.

"Credit, like equities, is a simple animal," said Michael Hartnett, chief investment strategist at Bank of America Global Research. "As interest rates were going up and corporate earnings were going down, the first six months of this year was an environment where spreads widened dramatically."

The rocky conditions prompted some companies to postpone planned borrowings as central banks withdrew their support for debt markets and inflation damped demand.

But several data releases have suggested that inflation has stabilised in the US economy, meaning expectations that the Fed will bring in a third consecutive 0.75 percentage point rate rise in September have eased.

A renewed sense of optimism about the economic outlook has sent traders back into debt markets.

Money has been pumped into investment grade, high-yield and emerging market debt funds in recent weeks after sustained outflows since January, according to flows tracked by EPFR.

With banks delaying planned junk bond sales until after the summer holiday in the US, investors keen to increase their holdings have instead had to gobble up existing debt.

Yields on junk-rated US corporate bonds have fallen from an average of 8.94 per cent at the end of June to 7.45 per cent on Friday.

That fall has been driven largely by a drop in the premium investors demand to lend to lower rated companies compared to the borrowing costs secured by the US government, rather than by a broader decline in yields.

The spread has tightened from 5.99 percentage points on July 5 to 4.25 percentage points on Friday.

Most striking is the pace of this "extraordinary" turnround, said Fridson. It has previously taken at least four months for the spread on the Ice Data Services high-yield index to move from 6 percentage points to the current level of 4. The recent drop has taken just over one month, Fridson's data show.

"Without a sense of inevitability of a near-term recession, investors are predisposed to take a bullish view of any good news," he said, although some traders remain reluctant.

Gabriele Foà, a portfolio manager at Algebris Investments, said conditions for the corporate bond market are likely to improve further. "This is the tip of the iceberg of what credit can do . . . the levels were crazy and priced for a very big storm. Now they're not priced for a very big storm but they're still quite cheap."

Still, Adam Abbas, the co-head of fixed income at Harris Associates, cautioned that, when debt issuance accelerates later this year, pressure could once again build on junk bonds just as investors are confronted with weakening economic data.

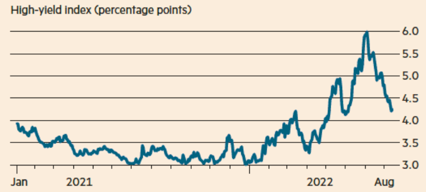
"There needs to be a fair degree of scepticism built into credit analysis," he said. "A dovish pivot from [Fed chair Jay] Powell, one good employment report and [softer than expected rise in consumer prices], those are certainly good. But the verdict is still out for us."

Further inflation and jobs data will be published before the Fed's rate decision next month. Signs that inflation is creeping up again or a larger than expected rate rise could push more bonds back into distressed territory.

The longer term outlook means that analysts are wary of predicting a new bull market for credit.

"If you believe corporate earnings are going up and interest rates are going to come down — winner, winner chicken dinner. If, like myself, you think it's not going to be easy as that, the expected returns don't look as attractive," said Hartnett.

US junk bond spreads have fallen back from recent highs
High-yield index (percentage points)



Sources: Ice Data Services; Refinitiv

In the long run: the US Federal Reserve's efforts to beat inflation are being viewed in more upbeat fashion by debt markets
Al Drago/Bloomberg

> 'This is the tip of the iceberg of what credit can do. The levels were crazy'

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ft.com/markets

Equities

Chinese state-run groups to delist from Wall Street amid rising Sino-US tension

HUDSON LOCKETT, CHENG LENG AND TABBY KINDER — HONG KONG

Five Chinese state-owned companies have announced plans to delist voluntarily from Wall Street before the US forces them out in 2024 over an audit dispute, marking an escalation in the financial decoupling of the world's two largest economies.

The announcements by state-owned groups including PetroChina, Asia's largest oil and gas producer, and China Life Insurance Company, one of the country's biggest state insurers, come as Beijing and Washington struggle to reach a deal that would halt the delisting of about 200 US-listed Chinese companies worth more than $1tn.

Other state-run companies that announced plans to delist from the New York Stock Exchange included Aluminium Corporation of China, the country's largest aluminium producer, China Petroleum & Chemical Corp, or Sinopec, and Sinopec's petrochemicals subsidiary.

The listings have a combined market capitalisation of more than $318bn, although analysts said most trading in the companies' shares already took place in Hong Kong or mainland China.

"This is a tactical, political move," said Dickie Wong, head of research at Kingston Securities in Hong Kong.

Wong said that other Chinese state-owned companies were likely to delist as tension between Washington and Beijing worsens.

"But for the privately owned companies like Alibaba, we'll have to wait and see," he added.

The US has demanded that Chinese companies and auditors make their financial audits available for inspection every three years by the Public Company Accounting and Oversight Board, the audit watchdog, or face a ban on trading in their US-listed securities.

In a statement released immediately after the delisting announcements, the China Securities Regulatory Commission said the companies in question had "strictly abided by the US capital market rules and regulatory requirements since their listing in the country, and the delisting choices were made out of their own business considerations".

Beijing has typically resisted allowing Chinese companies to provide data to foreign regulators on national security grounds but has made some concessions over its data-secrecy rules in an attempt to prevent the mass delisting.

In April, it modified a decade-long rule that restricted the data-sharing practices of overseas companies.

The Financial Times reported in July that Chinese regulators were examining a categorisation system for companies based on the sensitivity of their data, which would result in some voluntary delistings.

PetroChina is among the companies stepping back from Wall Street

Equities

Inflation cheer alongside clean energy hopes boost meme and thematic ETFs

STEVE JOHNSON

Meme and thematic stock exchange traded funds have made significant gains in recent weeks, buoyed by signs of a possible peak in inflation and legislation paving the way for a boom in clean energy.

The meme stock ETFs that were emblematic of the growth stock-fuelled market rallies of 2020 and 2021 have surged with the Roundhill Meme ETF up 24 per cent since its low on July 26, after plunging 60 per cent since its December launch.

The VanEck Social Sentiment ETF is up 17 per cent, partially reversing a 49 per cent slide from its November highs, and the SoFi Social 50 ETF up 16 per cent after a 43 per cent slump.

The optimism buoying meme ETFs has also lifted those targeting renewable energy stocks, housing, infrastructure and robotics, which have enjoyed strong inflows, in many cases after having endured chunky outflows since equity markets peaked late last year.

Ark Invest's Innovation ETF, a barometer of enthusiasm for a swath of technology stocks often trading at speculative valuations, has also gained 14.8 per cent since July 26, recovering a slice of its 65 per cent loss since November.

The funds all undershot the S&P 500's slide on the way down but have beaten its 7.4 per cent rise since late July, living up to their billing as sentiment-driven, high-beta investments beloved by the Reddit WallStreetBets crowd.

Several renewable energy ETFs have also ridden the same wave, with the Invesco Solar ETF jumping 21 per cent since July 26, the iShares Global Clean Energy ETF rising 20 per cent and the First Trust Nasdaq Clean Energy Index Fund firming 22 per cent.

> 'Investors are more comfortable that the US Federal Reserve is going to be able to avoid recession'

"These funds tend to be high beta so it shouldn't be too surprising that as the US equity market has ticked up again, that these funds too have recovered some ground over recent weeks," said Kenneth Lamont, senior fund analyst for passive strategies at Morningstar.

The primary catalyst appears to be mounting expectations that runaway US inflation is close to peaking or has already done so, potentially allowing the Federal Reserve to ease up on its interest rate-raising cycle this year and begin cutting rates in 2023.

This in turn feeds through into a lower interest rate used to discount the future profits expected for high-growth groups.

"Investors are more comfortable that the Federal Reserve is going to be able to slow the economy and avoid recession and these investors are willing to take on more risk heading into the fourth quarter and 2023," said Todd Rosenbluth, head of research at VettaFi.

A second driver appears to have been US Senate approval of the Inflation Reduction Act, which among other things clears the way for the largest single investment in clean energy and climate programmes in US history.

"Legislation supporting clean energy efforts has been a benefit to related stocks, perhaps tempting tactical or growth-oriented investors off the sidelines," said Lois Gregson, senior ETF analyst at FactSet.

COMPANIES & MARKETS

The day in the markets

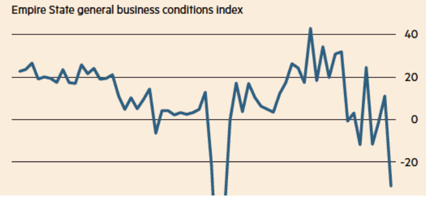
What you need to know

- Crude oil slides after weaker than expected data weighs on riskier assets
- Disappointing economic reports from US and China provoke slowdown fears
- US Treasuries gain as government debt attracts haven buyers

Oil prices fell yesterday as disappointing economic data from the US and China complicated the economic outlook, driving a shift away from riskier assets.

International oil benchmark Brent crude dropped as much as 5.5 per cent to $92.78 a barrel as gloomy economic reports from the world's two leading

New York factory activity contracts sharply in August
Empire State general business conditions index



Fed may already be at 'neutral' on monetary policy

Edward Yardeni
Markets Insight

Most Fed watchers seem to spend more time criticising the US Federal Reserve than watching it

deeds than the European Central Bank and the Bank of Japan. Both of their official interest rates are still at or near zero.

As a result, the value of the dollar has

That would happen by swapping the Fed's MBS for Treasuries in addition to letting them run off as they matured under QT. This would have further reports from the world's two leading economies added to worries that a slowdown in global growth will hit industrial and consumer demand.

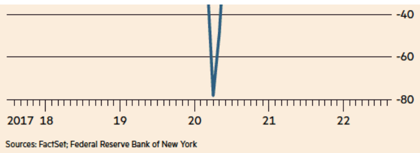
US marker West Texas Intermediate slipped as much as 5.7 per cent to $86.82, its lowest level since early February — before Russia invaded Ukraine. Both indicators later trimmed their losses.

"The oil markets struggle to catch a break as weak macro data continues to put downward pressure on [them]," said analysts at Oilytics.

Yesterday's moves came after Chinese economic data showed that retail sales rose 2.7 per cent year-on-year in July while industrial production was 3.8 per cent higher. Economists had forecast larger increases of 5 per cent and 4.6 per cent, respectively.

Analysts at Goldman Sachs said the data indicated that the growth recovery since lockdowns in April and May spurred by the Omicron Covid variant "stalled and even slightly reversed in July".

In a bid to boost growth, China's central bank yesterday cut its medium-term



Sources: FactSet; Federal Reserve Bank of New York

lending rate, through which it provides one-year loans to the banking system, by 0.1 percentage points to 2.75 per cent.

Fresh data from the US added to the sense of gloom.

A New York Federal Reserve survey of manufacturers registered minus 31.3 for August, from 11.1 the previous month. Economists polled by Reuters had forecast a reading of 5.

The unexpected slump in the Empire State gauge marked the second-largest monthly fall for the index on record.

On Wall Street, US stocks made muted gains after starting the session lower. The S&P 500 was up 0.2 per cent at midday in New York while the technology-heavy Nasdaq Composite rose 0.3 per cent.

In bond markets, the yield on the 10-year US Treasury note fell 7 basis points to 2.78 per cent as the price of the benchmark instrument rose. US government debt is typically seen as a haven asset in times of economic stress.

The dollar gained 0.6 per cent against a basket of six leading currencies.

Across the Atlantic, the pan-regional Stoxx Europe 600 share index gained 0.3 per cent. **Ian Johnston, Harriet Clarfelt and Myles McCormick**

Reserve than watching it.

It's easy to do. Anyone can play the game and attacking the Fed is like shooting at sitting ducks: officials at the central bank can't respond directly given their public role.

Recently, Fed chair Jay Powell has been skewered by his critics for claiming that the federal funds rate was now at "neutral" at his July 27 press conference just after the policy-setting Federal Open Market Committee had voted unanimously to raise its benchmark federal funds rate range by 0.75 percentage points to 2.25 to 2.50 per cent.

His suggestion that the Fed is on the borderline of restrictive territory and therefore closer to being done tightening was well received by both bond and stock investors but not by Fed critics.

Former Federal Reserve Bank of New York president William Dudley said on Wednesday that, given the level of uncertainty, "I'd be a bit more sceptical" in saying policymakers had reached neutral.

Two days later, former US Treasury secretary Lawrence Summers was more critical. He accused Powell of engaging in "wishful thinking" similar to the Fed's delusion last year that inflation would be transitory.

He accused Powell of saying things "that, to be blunt, were analytically indefensible". He added: "There is no conceivable way that a 2.5 per cent interest rate, in an economy inflating like this, is anywhere near neutral."

In fact, there is a conceivable way that Powell might be right after all. The Fed's critics are ignoring that the central bank has been more hawkish in words and

As a result, the value of the dollar has soared by 10 per cent this year. In my opinion, that is equivalent to at least a 50 basis point rise in the federal funds rate. Furthermore, the Fed has just started its "quantitative tightening" programme to unwind its massive asset purchases to support markets and the economy in recent years.

During June through August, the Fed will reduce its balance sheet by running off maturing securities, which will drop its holdings of Treasury securities by

> QT and the strong dollar are equivalent to at least a 1 percentage point rise in the federal funds rate

$30bn a month and its holdings of government agency debt and mortgage-backed securities by $17.5bn a month.

So that's a decline of $142.5bn over those first three months of QT.

Starting in September, the runoff will be set at $60bn for Treasury holdings and $35bn for agency debt and MBS. That's $95bn a month or $1.14tn through August 2023.

There's no amount set or termination date specified for QT. In my opinion, QT is equivalent to at least a 0.50 percentage point increase in the federal funds rate too. Furthermore, in the December 2021 minutes of the FOMC released on January 5 of this year, investors learnt that "some participants" on the committee favoured getting out of the mortgage financing business entirely.

under QT. This would have further raised the supply of MBS for the market to absorb, adding upward pressure on mortgage rates relative to Treasuries.

No wonder that the 30-year mortgage rate jumped from 3.30 per cent at the start of this year to a high of 6 per cent on July 15 and 5.46 per cent currently.

I conclude that the peak in the federal funds rate during the current monetary tightening cycle will be lower than otherwise because the combination of QT and the strong dollar are equivalent to at least a 1 percentage point increase in the federal funds rate.

In addition, the extraordinary jump in both short-term and long-term interest rates in the fixed income markets has already accomplished much of the tightening for the Fed.

The markets have already discounted a peak federal funds rate of 3 to 3.25 per cent — which is where it soon will be assuming that the Fed raises the rate by 0.75 percentage points again at the end of September as widely expected.

By the way, on October 1 2020, Dudley when he was at the Fed justified a second round of quantitative easing amounting to $500bn of securities purchases saying it was equivalent to a 0.50 to 0.75 percentage point cut in the federal funds rate.

The Fed undoubtedly has some estimates from its in-house models on the equivalent rate rises represented by the strong dollar and QT. If so, they should share that information with the public.

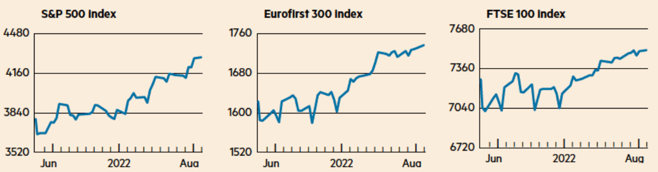
Edward Yardeni is president of Yardeni Research and author of Fed Watching for Fun & Profit

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4288.49	1736.72	28871.78	7509.15	3276.09	112833.56
% change on day	0.19	0.36	1.14	0.11	-0.02	0.06
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	106.114	1.020	132.985	1.208	6.763	5.092
% change on day	0.457	-0.488	-0.538	-0.330	0.427	-0.028
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.779	0.896	0.182	2.013	2.658	12.646
Basis point change on day	-8.240	-8.800	-0.230	-9.600	-7.600	-17.900
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	433.81	94.41	88.60	1792.10	20.27	3902.30
% change on day	0.09	-3.82	-4.29	-0.26	-1.34	-1.81

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	Illumina	9.92	Telecom Italia	6.04	Rs	5.06
	Gilead Sciences	4.32	Deutsche Boerse	3.04	London Stock Exchange	3.13
	Take-two Interactive Software	4.19	Lindt	2.91	Astrazeneca	2.33
	Tesla	2.92	Unicredit	2.66	Admiral	2.30
	Walt Disney (the)	2.87	Casino Guichard	2.50	Int Consolidated Airlines S.a.	2.10
Downs	Diamondback Energy	-4.28	Aegon	-2.56	Gsk	-3.03
	Freeport-mcmoran	-3.45	Continental	-2.51	Rio Tinto	-2.24
	Halliburton	-3.42	Repsol	-2.37	Anglo American	-2.09
	Schlumberger	-3.20	Galp Energia	-2.07	Mondi	-1.82
	Apa	-3.11	Arcelormittal	-1.74	Haleon	-1.80

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

Rivian Automotive sank on news that investor George Soros had cut his stake in the electric-truck and van maker.

SEC filings revealed in February that he had bought almost 20mn shares in the Californian group during the quarter ending December 30 last year. That holding had now been trimmed to 17.8mn, according to the most recent filings.

Slot-machines group **PlayAGS** rallied after disclosing that it had received a non-binding cash offer of $10 per share from a "third party", thought to be Inspired Entertainment.

PlayAGS said that it had rejected the bid but that it remained in "preliminary" talks with the suitor. On Friday, when Reuters first broke news of a potential takeover, PlayAGS leapt more than 25 per cent.

A strong revenue performance alongside a cost-cutting scheme lifted **Weber**, the grill manufacturer.

It generated sales of $528mn for its third quarter, edging past the Refinitiv-compiled estimate of $526mn, while a new management plan promised to result in "at least $110mn of cash benefit, net of restructuring costs, in fiscal year 2023", it said.

Metal miners tracked a slide in the price of copper, leaving **Freeport-McMoRan** and **Teck Resources** lower. *Ray Douglas*

Europe

Scandinavian Airlines owner **SAS** rallied on news that it had secured $700mn in bridge financing from Apollo Global Management, the US private equity firm.

Carsten Dilling, chair of the group that filed for Chapter 11 bankruptcy protection in July, said: "With this financing, we will have a strong financial position to continue supporting our ongoing operations throughout our voluntary restructuring process in the US."

SAS warned in May that it would "not be able to support its existing capital structure and current liquidity levels" if its turnround plan was not successful.

Some positive remarks regarding its outlook lifted Germany's **HelloFresh**.

Chief executive Dominik Richter reportedly told analysts that the meal-kit delivery group could possibly hit its December guidance.

HelloFresh cut its full-year revenue and earnings outlook in July owing, at the time, to "accelerating inflation . . . the war in the Ukraine and a material reduction in consumer confidence".

However, Reuters reported that Richter was now "cautiously optimistic for the second half" of this year.

In a quarterly statement announced yesterday, Richter said HelloFresh was "largely mitigating inflation effects without passing on the higher costs in full to our customers". *Ray Douglas*

London

Positive trial data lifted drugmaker **AstraZeneca**.

Results from a late-stage study showed its experimental drug Enhertu demonstrated a "clinically meaningful improvement" in progression-free survival in patients with advanced breast cancer.

The trial also met its key secondary target of improved overall survival.

RS Group, formerly Electrocomponents, rallied following rumours it could be a takeover target.

The Times said there was "chat that there may be a £15-a-share bid coming" for the supplier of industrial and electronic products. That would represent a 38 per cent premium on Friday's closing price.

A cut to its guidance sent fragrances and flavouring manufacturer **Treatt** plummeting.

It expected pre-tax profit of between £15mn and £15.3mn for its fiscal full year, down from £21.7mn stated in May.

Treatt said it was contending with several headwinds, including a deterioration in consumer confidence in the US, input cost inflation and a "rapid devaluation of sterling against the dollar".

Treatt also disclosed that two of its directors — chair Timothy Jones and chief executive Daemmon Reeve — had purchased shares. *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 $
0.19%	0.40%	0.31%	0.11%	0.36%	1.14%	-0.67%	0.09%	-0.488%	-0.330%	-0.538%	-0.118%	-5.14%	-0.26%

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

AMERICAS | EUROPE | ASIA

Jul 16 - - Index All World S&P 500 New York | Jul 16 - Aug 15 Index All World S&P/TSX COMP Toronto | Jul 16 - Aug 15 Index All World FTSE 100 London | Jul 16 - Aug 15 Index All World Xetra Dax Frankfurt | Jul 16 - Aug 15 Index All World Nikkei 225 Tokyo | Jul 16 - Aug 15 Index All World Kospi Seoul

Nasdaq Composite	New York
Dow Jones Industrial	New York
IPC	Mexico City
Bovespa	São Paulo
FTSE Eurofirst 300	Europe
CAC 40	Paris
Ibex 35	Madrid
FTSE MIB	Milan
Hang Seng	Hong Kong
Shanghai Composite	Shanghai
FTSE Straits Times	Singapore
BSE Sensex	Mumbai

Country	Index	Latest	Previous
Argentina	Merval	125979.57	123333.93
Australia	All Ordinaries	7324.90	7288.80
	S&P/ASX 200	7064.30	7032.50
	S&P/ASX 200 Res	5379.20	5359.50
Austria	ATX	3084.82	3087.54
Belgium	BEL 20	3866.09	3844.21
	BEL Mid	10192.30	10164.17
Brazil	IBovespa	112833.56	112764.26
Canada	S&P/TSX 60	1217.23	1217.99
	S&P/TSX Comp	20148.72	20179.81
	S&P/TSX Div Met & Min	1326.08	1280.43
Chile	S&P/CLX IGPA Gen	28902.64	28350.74
China	FTSE A200	11144.85	11150.28
	FTSE B35	9000.71	8988.96
	Shanghai A	3432.65	3433.36
	Shanghai B	308.50	307.89
	Shanghai Comp	3276.09	3276.89
	Shenzhen A	2319.75	2308.88
	Shenzhen B	1266.33	1264.95
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1250.96	1261.73
Denmark	OMXC Copenahgen 20	1740.32	1724.17
Egypt	EGX 30	9984.44	9988.84
Estonia	OMX Tallinn	1901.75	1870.08
Finland	OMX Helsinki General	11045.58	11084.53
France	CAC 40	6569.95	6553.86
	SBF 120	5083.47	5070.82
Germany	M-DAX	27908.14	27907.48
	TecDAX	3188.31	3192.17
	XETRA Dax	13816.61	13795.85
Greece	Athens Gen	878.76	882.77
	FTSE/ASE 20	2121.10	2129.72
Hong Kong	Hang Seng	20040.86	20175.62
	HS China Enterprise	6814.47	6857.48
	HSCC Red Chip	3579.36	3601.19
Hungary	Bux	43034.16	43662.95
India	BSE Sensex	59462.78	59262.86
	Nifty 500	15140.55	15095.15
Indonesia	Jakarta Comp	7093.28	7123.02
Ireland	ISEQ Overall	7282.00	7215.14
Israel	Tel Aviv 125	2093.65	2076.30
Luxembourg	LuxX	1494.92	1509.61
Malaysia	FTSE Bursa KLCI	1504.01	1506.19
Mexico	IPC	48894.96	48853.37
Morocco	MASI	12162.75	12083.36
Netherlands	AEX	728.88	725.76
	AEX All Share	992.92	989.19
New Zealand	NZX 50	11789.03	11730.52
Nigeria	SE All Share	49664.07	50014.60
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	43621.82	42857.57
	FTSE/JSE Res 20	63315.32	64047.52
	FTSE/JSE Top 40	64021.60	63996.11
South Korea	Kospi	2527.94	2523.78
	Kospi 200	330.67	329.92
Spain	IBEX 35	8427.00	8400.40
Sri Lanka	CSE All Share	9191.52	9027.48
Sweden	OMX Stockholm 30	2036.67	2032.51
	OMX Stockholm AS	821.28	822.38
Switzerland	SMI Index	11171.54	11128.24
	DJ Utilities	1044.14	1041.56
	Nasdaq 100	13633.86	13565.87
	Nasdaq Cmp	13099.08	13047.19
	NYSE Comp	15763.77	15804.39
	S&P 500	4288.49	4280.15
	Wilshire 5000	42934.98	42867.31
Venezuela	IBC	7397.45	7281.07
Vietnam	VNI	1274.20	1262.33
	FTSEurofirst 100 (Eur)	4538.04	4527.87
	FTSEurofirst 80 (Eur)	5211.12	5197.10
	MSCI ACWI Fr ($)	657.57	650.71
	MSCI All World ($)	2834.51	2802.23
	MSCI Europe (Eur)	1751.40	1749.94
	MSCI Pacific ($)	2717.15	2699.53
	S&P Euro (Eur)	1738.82	1734.36
	S&P Europe 350 (Eur)	1787.39	1780.39
	S&P Global 1200 ($)	3121.76	3119.63
	Stoxx 50 (Eur)	3677.61	3666.47

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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	136.8	926.40	26.31
Apple	44.1	173.05	0.95
Nvidia	41.4	188.66	1.57
Advanced Micro Devices	33.8	101.08	0.25
Amazon.com	27.7	142.98	-0.57
Microsoft	25.1	292.74	0.83
Walt Disney (the)	18.8	125.06	3.49
Alphabet	10.6	122.07	0.39
Exxon Mobil	9.5	92.20	-1.80
Chevron	7.2	156.91	-2.94

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Illumina	229.00	20.68	9.92
Gilead Sciences	65.68	2.72	4.32
Take-two Interactive Software	128.30	5.16	4.19
Tesla	926.40	26.31	2.92
Walt Disney (the)	125.06	3.49	2.87
Downs			
Diamondback Energy	127.43	-5.70	-4.28
Freeport-mcmoran	30.53	-1.09	-3.45
Halliburton	28.54	-1.01	-3.42
Schlumberger	35.95	-1.19	-3.20
Apa	33.62	-1.08	-3.11

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Gsk	193.3	1406.00	-44.00
Shell	181.3	2182.00	-33.00
Bp	166.5	425.50	-5.05
Astrazeneca	124.8	10962.00	250.00
Unilever	100.0	3932.50	27.00
Rio Tinto	98.6	4735.50	-108.50
Glencore	87.1	464.50	-7.90
Haleon	82.9	266.70	-4.90
London Stock Exchange	75.6	8440.00	256.00
Barclays	73.7	171.56	-0.04

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
888 Holdings	156.60	13.90	9.74
Wizz Air Holdings	2532.00	176.00	7.47
Rs	1143.00	55.00	5.06
Icg Enterprise Trust	1126.00	42.00	3.87
Pets At Home	365.80	13.00	3.68
Downs			
Auction Technology	897.00	-44.00	-4.68
Energean	1238.00	-49.00	-3.81
Aston Martin Lagonda Global Holdings	524.40	-19.80	-3.64
Cmc Markets	253.00	-9.00	-3.44
Tullow Oil	50.35	-1.65	-3.17

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Nestle N	231.7	120.18	1.10
Novartis N	225.8	83.61	0.36
Stellantis	202.2	14.83	0.15
Asml Holding	182.1	558.50	5.30
Intesa Sanpaolo	175.6	1.85	0.01
Roche Gs	168.0	330.37	3.01
Totalenergies	142.7	50.77	-1.16
Zurich Insurance N	134.9	449.46	-8.52
Novo Nordisk B A/s	128.9	104.41	0.87
Unicredit	120.1	10.17	0.26

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Orsted A/s Dk 10	14.51	0.42	3.00
Unicredit	10.17	0.26	2.66
Safran	111.88	2.14	1.95
Dsv A/s	166.07	2.96	1.81
Sika N	257.31	4.36	1.73
Downs			
Totalenergies	50.77	-1.16	-2.23
Zurich Insurance N	449.46	-8.52	-1.86
Allianz Se Na O.n.	178.38	-2.70	-1.49
Bnp Paribas Act.a	49.79	-0.64	-1.27
Volvo, Ab Ser. A	17.78	-0.22	-1.22

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Softbank .	1478.5	5900.00	290.00
Nippon Yusen Kabushiki Kaisha	660.7	10760.00	-280.00
Daiichi Sankyo ,	577.8	4211.00	534.00
Kawasaki Kisen Kaisha,	527.2	9550.00	-340.00
Mitsui O.s.k.lines,	470.8	3765.00	-60.00
Tokyo Electron	465.8	46750.00	330.00
Fast Retailing Co.,	418.9	85170.00	780.00
Recruit Hldgs Co Ltd	350.8	5010.00	-172.00
Sony	311.9	11585.00	130.00
Toyota Motor	274.4	2132.50	-2.50

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Daiichi Sankyo ,	4211.00	534.00	14.52
Softbank .	5900.00	290.00	5.17
Dena Co.,	1927.00	93.00	5.07
Trend Micro orporated	8840.00	390.00	4.62
Gs Yuasa	2535.00	81.00	3.30
Downs			
Citizen Holdings Co.,	579.00	-30.00	-4.93
Kawasaki Kisen Kaisha,	9550.00	-340.00	-3.44
Recruit Hldgs Co Ltd	5010.00	-172.00	-3.32
Nippon Yusen Kabushiki Kaisha	10760.00	-280.00	-2.54
Nippon Express Holdings,	8030.00	-200.00	-2.43

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Aug 15 price(p)	%Chg week	%Chg ytd
Winners			
Flutter Entertainment	10685.00	20.6	-
Admiral	2310.00	16.4	-
Aviva	467.70	14.0	-
Mondi	1674.00	10.4	-
Rs	1143.00	10.0	-
Entain	1419.50	7.2	-
Aveva	2494.00	6.3	-
Ocado	944.80	6.0	-
Legal & General	284.30	4.7	-
Coca-cola Hbc Ag	2043.00	4.4	-27.8
Unite	1178.00	3.7	-3.8
Hargreaves Lansdown	983.00	3.5	-
Losers			
Gsk	1406.00	-15.3	10.1
Haleon	266.70	-13.7	-
Airtel Africa	143.50	-5.7	3.8
Antofagasta	1130.50	-4.9	-
Rio Tinto	4735.50	-4.5	-0.6
Jd Sports Fashion	129.25	-3.2	-
Hikma Pharmaceuticals	1554.50	-3.1	-
Centrica	80.96	-2.5	14.0
Next	6406.00	-2.3	-
Smith & Nephew	1064.50	-2.0	-
Unilever	3932.50	-1.7	-4.3
Anglo American	2901.00	-1.6	-6.6

FTSE 250	Aug 15 price(p)	%Chg week	%Chg ytd
Winners			
4imprint	3955.00	19.5	-
Network Int Holdings	241.40	15.0	-
Tp Icap	155.30	13.8	-
Wizz Air Holdings	2532.00	12.0	-
Tbc Bank	1670.00	10.7	-
Bridgepoint	281.60	9.7	-
Darktrace	414.80	9.2	-
Hg Capital Trust	414.00	9.1	-
Discoverie	805.00	8.8	-
Bank Of Georgia	1828.00	8.6	-
Diversified Energy	135.60	8.5	5.9
Pets At Home	365.80	8.3	-
Losers			
Iwg	176.40	-8.6	-
Jupiter Fund Management	119.10	-8.0	-
Asos	964.50	-7.6	-
Baltic Classifieds	149.40	-6.0	-
Qinetiq	359.00	-5.7	40.7
Auction Technology	897.00	-5.6	-
Firstgroup	128.90	-4.9	26.4
Quilter	114.60	-4.7	-
Trainline	373.90	-4.4	3.8
Savills	1060.00	-4.2	-
Drax	736.50	-4.1	7.9
Jlen Environmental Assets	127.40	-4.1	16.4

FTSE SmallCap	Aug 15 price(p)	%Chg week	%Chg ytd
Winners			
Rps	204.00	74.4	-16.8
Fisher (james) & Sons	400.00	26.8	-
Zotefoams	308.50	25.9	-
Nanoco	48.30	22.9	76.6
Independent Investment Trust	475.50	17.4	-
Trustpilot	89.65	15.6	-
Pharos Energy	25.00	13.6	-
S & U	2380.00	13.3	-
Lsl Property Services	352.00	12.1	-
Videndum	1492.00	11.3	-
Topps Tiles	42.00	10.2	-
Ricardo	451.00	9.9	-
Losers			
Treatt	533.00	-33.0	-
Seraphim Space Investment Trust	59.00	-15.2	-
Hostelworld	83.70	-13.6	34.4
Secure Trust Bank	1027.50	-9.1	-
Xaar	210.00	-8.3	2.8
Pod Point Holdings	102.00	-7.3	-
Metro Bank	86.90	-6.9	-
Ao World	40.46	-6.0	-
Stv	275.00	-5.2	-
Eur Assets Trust	92.40	-5.1	-
Me Int	103.50	-5.0	24.2
Card Factory	49.75	-4.7	-

Industry Sectors	Aug 15 price(p)	%Chg week	%Chg ytd
Winners			
Aerospace & Defense	4770.75	5.4	18.4
General Retailers	3412.92	1.9	4.7
Electricity	11237.54	1.6	3.1
Industrial Engineering	14526.92	1.2	-
Gas Water & Multiutilities index	6328.50	0.9	-0.7
Life Insurance	6996.48	0.6	-
Food & Drug Retailers	4218.13	0.5	-7.9
Health Care Equip.& Services	11045.06	0.3	24.2
Oil & Gas Producers	7554.80	0.3	24.4
Pharmaceuticals & Biotech.	20401.32	0.2	15.4
Tobacco	35653.45	0.0	26.2
Mobile Telecommunications	2989.68	-0.1	10.8
Losers			
Automobiles & Parts	1916.60	-12.7	-
Real Estate Investment Trusts	2941.02	-6.1	-
Mining	10253.73	-5.2	-50.7
Industrial Metals	6551.74	-4.9	-0.6
Travel & Leisure	6561.44	-4.6	-
Personal Goods	29845.34	-4.5	-
Beverages	29493.94	-4.0	-
Software & Computer Services	1877.93	-3.7	-
Real Estate & Investment Servic	2699.14	-3.2	-
Electronic & Electrical Equip.	9113.28	-2.4	-
Food Producers	6247.11	-2.1	-
Household Goods	12602.66	-1.4	-

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

CURRENCIES

Aug 15	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	134.5955	0.1129	137.2135	-0.5577	162.5923	-0.3676
Australia	Australian Dollar	1.4208	0.0128	1.4484	0.0060	1.7163	0.0102
Bahrain	Bahrainin Dinar	0.3770	-0.0001	0.3843	-0.0019	0.4554	-0.0015
Bolivia	Bolivian Boliviano	6.9100	-	7.0444	-0.0346	8.3473	-0.0259
Brazil	Brazilian Real	5.0916	-0.0015	5.1906	-0.0270	6.1507	-0.0208
Canada	Canadian Dollar	1.2912	0.0113	1.3163	0.0052	1.5597	0.0089
Chile	Chilean Peso	875.7550	-7.3450	892.7895	-11.9056	1057.9179	-12.1821
China	Chinese Yuan	6.7631	0.0287	6.8946	-0.0044	8.1699	0.0095
Colombia	Colombian Peso	4162.0050	-32.2750	4242.9622	-53.8846	5027.7304	-54.7067
Costa Rica	Costa Rican Colon	667.5000	-4.5600	680.4837	-8.0107	806.3445	-8.0269
Czech Republic	Czech Koruna	24.0144	0.2221	24.4815	0.1074	29.0096	0.1792
Denmark	Danish Krone	7.2949	0.0340	7.4367	-0.0017	8.8122	0.0138
Egypt	Egyptian Pound	19.1515	0.0210	19.5240	-0.0743	23.1351	-0.0463
Hong Kong	Hong Kong Dollar	7.8374	-0.0006	7.9898	-0.0398	9.4676	-0.0301
Hungary	Hungarian Forint	391.6966	7.0267	399.3155	5.2390	473.1721	7.0468
India	Indian Rupee	79.6575	-	81.2069	-0.3985	96.2268	-0.2985
Indonesia	Indonesian Rupiah	14742.5000	75.0000	15029.2770	3.0939	17809.0584	35.6410
Israel	Israeli Shekel	3.2775	0.0384	3.3413	0.0229	3.9592	0.0342
Japan	Japanese Yen	132.9850	-0.7200	135.5717	-1.4029	160.6468	-1.3708
..One Month		132.9847	-0.7206	135.5717	-1.4029	160.6465	-1.3714
..Three Month		132.9840	-0.7221	135.5716	-1.4032	160.6458	-1.3727
..One Year		132.9799	-0.7303	135.5702	-1.4060	160.6465	-1.3762
Kenya	Kenyan Shilling	119.4000	-0.0500	121.7225	-0.6485	144.2360	-0.5080
Kuwait	Kuwaiti Dinar	0.3067	-	0.3126	-0.0015	0.3704	-0.0011
Malaysia	Malaysian Ringgit	4.4595	0.0153	4.5462	-0.0067	5.3871	0.0018
Mexico	Mexican Peso	19.8505	-0.0497	20.2366	-0.1503	23.9795	-0.1347
New Zealand	New Zealand Dollar	1.5678	0.0134	1.5983	0.0059	1.8939	0.0104
Nigeria	Nigerian Naira	425.7500	-0.2500	434.0313	-2.3860	514.3088	-1.8984
Norway	Norwegian Krone	9.7013	0.1081	9.8900	0.0622	11.7192	0.0946
Pakistan	Pakistani Rupee	213.8750	-1.5000	218.0351	-2.6066	258.3624	-2.6191
Peru	Peruvian Nuevo Sol	3.8661	-0.0175	3.9412	-0.0373	4.6702	-0.0357
Philippines	Philippine Peso	55.8350	0.1900	56.9211	-0.0847	67.4491	0.0210
Poland	Polish Zloty	4.5983	0.0424	4.6877	0.0205	5.5548	0.0342
Romania	Romanian Leu	4.7887	0.0150	4.8818	-0.0086	5.7847	0.0002
Russia	Russian Ruble	61.4000	0.2750	62.5943	-0.0254	74.1716	0.1031
Saudi Arabia	Saudi Riyal	3.7551	0.0001	3.8282	-0.0186	4.5362	-0.0139
Singapore	Singapore Dollar	1.3770	0.0047	1.4038	-0.0021	1.6634	0.0005
South Africa	South African Rand	16.4100	0.1812	16.7292	0.1036	19.8234	0.1581
South Korea	South Korean Won	1302.4500	-	1327.7843	-6.5156	1573.3683	-4.8809
Sweden	Swedish Krona	10.3142	0.0963	10.5148	0.0470	12.4596	0.0780
Switzerland	Swiss Franc	0.9439	-0.0004	0.9623	-0.0051	1.1402	-0.0040
Taiwan	New Taiwan Dollar	29.9880	0.0060	30.5713	-0.1439	36.2257	-0.1051
Thailand	Thai Baht	35.5050	0.3175	36.1956	0.1476	42.8903	0.2517
Tunisia	Tunisian Dinar	3.1547	0.0079	3.2160	-0.0077	3.8108	-0.0023
Turkey	Turkish Lira	17.9630	0.0167	18.3124	-0.0727	21.6994	-0.0470
United Arab Emirates	UAE Dirham	3.6731	-	3.7445	-0.0184	4.4371	-0.0138
United Kingdom	Pound Sterling	0.8278	0.0026	0.8439	-0.0015	-	-
..One Month		0.8279	0.0026	0.8438	-0.0015	-	-
..Three Month		0.8281	0.0026	0.8435	-0.0015	-	-
..One Year		0.8287	0.0025	0.8422	-0.0016	-	-
United States	United States Dollar	-	-	1.0195	-0.0050	1.2080	-0.0037
..One Month		-	-	1.0192	-0.1923	1.2081	-0.0037
..Three Month		-	-	1.0188	-0.1923	1.2083	-0.0038
..One Year		-	-	1.0166	-0.1923	1.2089	-0.0038
Vietnam	Vietnamese Dong	23405.0000	8.0000	23860.2553	-108.8917	28273.4267	-77.9949
European Union	Euro	0.9809	0.0048	-	-	1.1850	0.0021
..One Month		0.9807	0.0048	-	-	1.1848	0.0021
..Three Month		0.9802	0.0048	-	-	1.1846	0.0021
..One Year		0.9780	0.0048	-	-	1.1832	0.0021

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 Aug 15	Day's chge%	Euro Index	£ Strlg Aug 12	£ Strlg Aug 11	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7509.15	0.11	6936.19	7500.89	7465.91	7218.71	3.53	1.95	14.48	192.85	7632.69
FTSE 250 (250)	20382.76	0.22	18827.53	20338.96	20245.43	23788.45	2.72	1.39	26.43	361.62	16797.10
FTSE 250 ex Inv Co (176)	20852.82	0.08	19261.72	20837.04	20720.26	24969.36	2.80	1.47	24.30	390.88	17533.74
FTSE 350 (350)	4189.75	0.13	3870.07	4184.46	4164.99	4160.37	3.41	1.88	15.58	102.40	8451.65
FTSE 350 ex Investment Trusts (274)	4113.78	0.10	3799.89	4109.60	4089.35	4057.34	3.47	1.93	14.96	102.97	4288.41

FTSE Sector Indices

Non Financials (339)	**5028.46**	**0.12**	**4644.78**	**5022.65**	**4998.06**	**4973.09**	**3.40**	**1.66**	**17.78**	**122.32**	**9014.20**

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	7529.22	7512.57	7509.40	7499.35	7493.69	7479.57	7465.79	7498.83	7502.66	7538.62	7463.77
FTSE 250	20375.13	20350.90	20363.01	20371.41	20363.41	20333.62	20327.19	20390.05	20360.95	20393.85	20327.19
FTSE SmallCap	6630.24	6615.48	6611.14	6610.27	6610.11	6606.25	6609.11	6615.99	6613.99	6630.24	6605.58
FTSE All-Share	4164.05	4155.49	4154.35	4150.03	4147.21	4139.81	4133.41	4150.47	4151.27	4168.46	4132.65

Time of FTSE 100 Day's high:07:06:15 Day's Low12:43:45 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:07:06:00 Day's Low12:44:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3862.39(07/03/2022)

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FT 30 INDEX

	Aug 15	Aug 12	Aug 11	Aug 10	Aug 09	Yr Ago	High	Low
FT 30	2610.90	2604.80	2585.80	2599.20	2558.00	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
2604.8	2601.3	2601.9	2604.1	2601.4	2598.9	2597.1	2608.6	2607.8	2614	2595.9

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

FT WILSHIRE 5000 INDEX SERIES

FTSE GLOBAL EQUITY INDEX SERIES

Sector	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Real Estate Investment & Services	148	271.71	0.8	4.7	-17.4	525.17	-15.8	3.1
Real Estate Investment Trusts	101	522.24	1.1	10.3	-12.4	1208.91	-10.8	3.2
FTSE Global Large Cap	1867	660.24	1.0	10.0	-13.0	1084.30	-11.7	2.2

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

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Oil & Gas Producers	32.24	FTSE All{HY-}Share Index	-1.26	FTSE 250 Index	-13.19
Oil & Gas	31.75	Personal Goods	-2.26	Household Goods & Ho	-13.33
Tobacco	21.73	Basic Materials	-2.36	Technology	-13.40
Aerospace & Defense	13.68	Fixed Line Telecomms	-3.61	Industrials	-13.54
Banks	11.54	Health Care Eq & Srv	-3.82	Real Est Invest & Tr	-13.61
Electricity	11.40	Financials	-4.33	Software & Comp Serv	-13.71
Pharmace & Biotech	8.76	Beverages	-5.15	Construct & Material	-17.00

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1251.5	-7.50	Intertek Group PLC	4235	5.00
Abrdn PLC	175.55	-0.05	Jd Sports Fashion PLC	129.25	0.15
Admiral Group PLC	2310	52.00	Kingfisher PLC	250.60	1.70
Airtel Africa PLC	143.50	-0.80	Land Securities Group PLC	735.40	10.20
Anglo American PLC	2901	-62.00	Legal & General Group PLC	284.30	1.60
Antofagasta PLC	1130.5	-14.00	Lloyds Banking Group PLC	45.87	0.21

UK STOCK MARKET TRADING DATA

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

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UK RIGHTS OFFERS

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

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

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
DG Innovate	Pre	**0.000**	0.000	**3.903L**	0.377L	**0.000**	0.000	**0.00000**	0.00000	-	**0.000**	0.000
Horizonte Minerals	Int	**0.000**	0.000	**3.848**	3.242L	**0.020**	0.040L	**0.00000**	0.00000	-	**0.000**	0.000
Phoenix Group Holdings	Int	**28897.000L**	10246.000	**1179.000L**	628.000L	**92.000L**	73.300L	**24.80000**	24.10000	Sep 12	**49.600**	48.200
Safestay	Pre	**5.810**	3.375	**6.107L**	9.539L	**0.930L**	11.880L	**0.00000**	0.00000	-	**0.000**	0.000
TP Group	Pre	**44.255**	38.673	**7.950L**	3.589L	**2.440L**	1.640L	**0.00000**	0.00000	-	**0.000**	0.000

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

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
07/29	10.00		FCM	First Class Metals PLC	9.63	-0.38	11.00	9.03	632.1
07/13	50.00		TRA	Tertre Rouge Assets PLC	0.00	-	0.00	0.00	0.0
07/08	5.00		SPMU	Spiritus Mundi PLC	4.50	0.00	6.90	4.00	221.9
07/06	75.00	AIM	LIFS	LifeSafe Holdings PLC	54.50	0.00	79.50	50.30	1204.9

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

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	Low	Yld	P/E	MCap m
PngAnBnk	12.11	-0.27	21.20	11.94	1.41	7.40	34747.53
Pwr Cons Corp	7.32	0.15	9.96	5.28	1.19	15.56	11896.43
SaicMtr	16.34	-0.05	23.45	14.63	3.56	8.36	28227.83
ShenwanHong	0.16	0.01	0.18	0.05	-	4.75	179.79
ShgPdgBk	7.21	-0.03	9.48	7.06	6.24	4.72	31291.76
Sinopec Corp	3.62	-0.11	4.28	3.25	3.83	4.38	11784.4
Sinopec Oil	1.90	-0.02	2.90	1.70	-	646.00	3812.18
Denmark (kr)							
DanskeBk	101.30	-0.70	133.25	93.56	1.96	6.97	11972.74
MollerMrsk	19895	-135.00	24070	15965	1.70	3.26	22834.65
NovoB	776.50	6.50	863.60	604.50	1.20	37.64	185487.16
Italy (€)							
Enel	5.04	0.04	8.04	4.61	7.23	23.58	52440.96
ENI	11.63	0.04	14.85	9.98	5.76	4.93	42958.5
Generali	15.49	0.13	21.55	13.80	9.43	8.76	25081.56
IntSPaolo	1.85	0.01	2.92	1.58	1.96	57.85	36900.98
Unicred	10.17	0.26	15.93	7.75	1.17	15.21	23313.92
Japan (¥)							
AstellasPh	2050	15.50	2205	1736	2.31	30.69	28300.15
Bridgestne	5447	101.00	5482	4042	3.14	12.32	29232.73
Canon	3408	-1.00	3429	2467	2.95	16.40	34180.29
CntJpRwy	15950	-120.00	18110	14660	0.84	-29.74	24707.3
Investor	185.20	1.72	228.75	162.62	1.92	7.91	32714.53
Nordea Bk	102.30	-0.18	114.64	85.25	14.51	11.85	37224.42
SEB	110.95	-0.15	141.85	91.64	9.24	9.21	23176.85
SvnskaHn	91.30	-0.74	108.15	80.88	5.56	8.89	17215.01
Swedbank	140.50	-0.55	196.70	124.50	10.52	7.45	15420.25
Telia Co	37.39	0.05	41.70	33.61	5.43	13.10	14825.41
Volvo	181.28	-1.16	218.65	148.24	3.64	11.72	27918.61
Switzerland (SFr)							
ABB	28.81	0.02	35.30	24.85	2.67	14.22	59968.54
CredSuisse	5.42	-0.06	10.18	4.99	1.70	-8.76	15220.94
Nestle	115.64	1.06	128.90	105.64	2.20	20.65	336910.7

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Disney	125.06	121.57	3.49	2.87	15.95	14.6	-11.95
Walt Disney	125.06	121.57	3.49	2.87	15.95	14.6	-11.95
Aviva	467.70	467.90	-0.20	-0.04	57.60	14.0	-6.58
CharlesSch	76.13	75.00	1.13	1.51	7.68	11.2	-8.12
Devon Energy	63.72	65.55	-1.83	-2.79	6.20	10.8	-27.94
CardinalHlth	67.89	69.32	-1.43	-2.06	6.40	10.4	-4.20
Booking Holdings	2147.82	2120.98	26.84	1.27	192.02	9.8	-21.02
Allstate	128.81	129.44	-0.63	-0.49	10.52	8.9	-2.97
21stC Fox A	36.40	36.50	-0.10	-0.27	2.93	8.8	-5.13
AmerIntGrp	56.78	57.41	-0.63	-1.10	4.51	8.6	-10.06
BlackRock	756.03	751.83	4.20	0.56	59.76	8.6	-6.63
Fanuc	24780.00	24455.00	325.00	1.33	1870.00	8.2	-1.36
Aflac	64.25	64.03	0.22	0.34	4.67	7.8	-5.97
BankAm	36.12	36.30	-0.19	-0.51	2.63	7.8	-13.94
Workday	179.64	176.23	3.41	1.93	12.84	7.7	-9.08
Prudntl	104.78	105.49	-0.71	-0.67	7.48	7.7	-7.50
HondaMtr	3629.00	3557.00	72.00	2.02	258.00	7.7	0.35
Netflix	251.23	249.30	1.93	0.77	17.74	7.6	-6.72
Bausch Hlth	7.79	7.69	0.10	1.30	0.55	7.6	-17.10
Occid Pet	64.59	65.73	-1.14	-1.73	4.55	7.6	-14.17

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 %
GlaxoSmh	1406.00	1450.00	-44.00	-3.03	-253.40	-15.3	4.29
Sanofi	85.62	85.46	0.16	0.19	-11.23	-11.6	-2.89
Petrobras	33.91	34.88	-0.97	-2.78	-3.61	-9.6	-6.38
Ch OSLnd&Inv	19.50	19.88	-0.38	-1.91	-1.50	-7.1	7.79
JardnMt US$	50.13	51.20	-1.07	-2.09	-3.66	-6.8	-10.81
SK Hynix	93300.00	93300.00	0.00	0.00	-5200.00	-5.3	-18.22
RioTinto	4735.50	4844.00	-108.50	-2.24	-222.00	-4.5	-15.38
Continental	65.36	67.04	-1.68	-2.51	-2.72	-4.0	-1.51
MollerMrsk	19895.00	20030.00	-135.00	-0.67	-795.00	-3.8	-19.16
IDEXX Laborato.	391.80	396.43	-4.63	-1.17	-15.20	-3.7	-3.03
Zoom	110.51	109.52	0.99	0.90	-4.23	-3.7	3.08
ChMrchSecs	13.56	13.84	-0.28	-2.02	-0.48	-3.4	11.40
China Vanke	13.98	14.08	-0.10	-0.71	-0.46	-3.2	13.14
DeutsPost	40.44	40.01	0.43	1.07	-1.32	-3.1	2.43
HK Exc&Clr	346.80	348.60	-1.80	-0.52	-11.20	-3.1	16.87
PingAnIns	44.20	44.90	-0.70	-1.56	-1.35	-3.0	10.64
Nokia	4.97	5.06	-0.09	-1.72	-0.15	-2.9	-6.82
John&John	165.78	165.30	0.48	0.29	-4.42	-2.6	1.02
Tencent	300.40	304.20	-3.80	-1.25	-7.20	-2.3	4.27
Novartis	80.45	80.10	0.35	0.44	-1.83	-2.2	-8.03

Based on the FT Global 500 companies in local currency

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

Aug 15	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.22	0.08	-0.22	0.08	-0.16	0.14	0.13	0.43	0.51	0.81	0.86	1.16
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	2.16	2.36	2.19	2.39	2.26	2.46	2.75	2.95	3.21	3.41	3.54	3.74
Japanese Yen	-0.15	0.05	-0.20	0.00	-0.20	0.00	-0.15	0.05	-0.10	0.20	-0.05	0.25

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

BOND INDICES

Europe 5Y	92.45	0.30	-7.43	-29.99	127.35	70.55
Japan 5Y	74.36	-2.86	-7.48	-27.74	115.50	57.71
Senior Financials 5Y	100.14	0.75	-7.68	-34.06	139.21	79.74
Markit CDX						
Emerging Markets 5Y	279.89	-7.11	-37.52	-95.20	387.80	219.01
Nth Amer High Yld 5Y	421.25	-19.96	-42.79	-109.00	589.25	421.25
Nth Amer Inv Grade 5Y	73.57	-3.93	-7.21	-16.89	102.64	63.80

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

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Sep	87.36	-4.73	Corn♦	Sep	623.50	-16.25
Brent Crude Oil‡		94.41	-3.75	Wheat♦	Sep	787.25	-18.75
RBOB Gasoline†	Oct	2.92	-0.13	Soybeans♦	Sep	1498.25	-36.75
Natural Gas†	Sep	8.49	-0.28	Soybeans Meal♦	Sep	459.50	-5.20
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)⊕	Sep	1752.00	5.00
Aluminium		2410.50	-22.50	Cocoa (ICE US)♥	Sep	2372.00	20.00
Aluminium Alloy		1675.00	-905.00	Coffee(Robusta)⊕	Sep	2262.00	10.00
Copper		7996.00	-116.00	Coffee (Arabica)♥	Sep	222.30	-4.30
Lead		2169.50	-3.50	White Sugar⊕		561.80	1.70
Nickel		22045.00	-970.00	Sugar 11♥		18.59	-0.01
Tin		24720.00	-580.00	Cotton♥	Oct	119.44	5.00
Zinc		3585.00	-24.50	Orange Juice♥	Sep	178.10	-2.95
Precious Metals (PM London Fix)				Live Cattle♣	Aug	140.30	-0.30
Gold		1792.10	-4.60	Feeder Cattle♣	May	134.88	-
Silver (US cents)		2026.50	-27.50	Lean Hogs♣	Oct	100.00	-1.08
Platinum		957.00	-10.00				
Palladium		2260.00	-18.00		Aug 12	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		109.71	-0.70	S&P GSCI Spt	657.23	-9.37	33.04
Baltic Dry Index		1404.00	-73.00	DJ UBS Spot	121.16	-11.80	23.70
Richards Bay ICE Futures		313.00	1.00	TR/CC CRB TR	313.90	-8.70	36.52
				LEBA EUA Carbon	58.91	-1.98	129.94
				LEBA UK Power	1048.00	-37.43	-39.60

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

BONDS: INDEX-LINKED

	Price Aug 12	Yield Aug 12	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	114.59	0.788	0.831	-1.03	5.25	74136.17	8
Fr 0.25%' 24	108.17	-3.718	-3.736	0.34	17.92	264078.29	17
Swe 1.00%' 25	125.63	-1.532	-1.527	0.36	35.15	221353.64	6
UK 0.125%' 24	106.15	-3.553	-3.609	0.13	15.24	671750.48	31
UK 2.50%' 24	379.94	-2.910	-2.934	-0.04	6.82	671750.48	31
UK 2.00%' 35	280.29	-1.338	-1.445	-1.72	9.08	671750.48	31
US 0.625%' 24	100.13	0.530	0.502	-0.66	40.98	1663006.60	46
US 3.625%' 28	118.02	0.407	0.427	-1.18	16.78	1663006.60	46

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

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	3.44	2.66	0.60	Netherlands	0.87	0.10	-1.97
Austria	1.17	0.40	-1.67	New Zealand	3.49	2.72	0.65
Canada	2.74	1.97	-0.10	Norway	2.84	2.07	0.00
Denmark	1.23	0.45	-1.61	Portugal	1.13	0.36	-1.71
Finland	1.24	0.47	-1.60	Spain	1.63	0.86	-1.21
Germany	0.77	0.00	-2.07	Sweden	-1.28	-2.05	-4.12
Italy	0.54	-0.23	-2.30	Switzerland	0.32	-0.45	-2.52
Japan	0.09	-0.68	-2.75	United States	2.84	2.07	0.00

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

BONDS: HIGH YIELD & EMERGING MARKET

BONDS: GLOBAL INVESTMENT GRADE

VOLATILITY INDICES

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

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

Coppélia 2.0: now comes with AI

DANCE

Coppélia
Festival Theatre, Edinburgh
★★★★☆

Laura Cappelle

Ballet has found a vehicle to tackle the allure of sentient robots. In three years, two companies have reinvented *Coppélia*, an 1870 comedy inspired by automated dolls, for that purpose. After Jean-Christophe Maillot's *Coppél-i.A.* for Les Ballets de Monte-Carlo, it is Scottish Ballet's turn to delve into artificial intelligence, with an Edinburgh Festival world premiere masterminded by Morgann Runacre-Temple and Jessica Wright, also known as Jess and Morgs.

There are similarities between these two new *Coppélias*, starting with sterile all-white sets and the notion that humanoids are the next frontier for mad inventors. In keeping with the theme, however, Scottish Ballet's version is technologically more ambitious than Maillot's. Jess and Morgs specialise in dance films, and they've woven pre-recorded scenes and live filming into the show, projected over the sets.

Dr Coppélius, once a lonely doll maker, is recast here as a baby-faced tech guru in a turtleneck, founder and chief executive of a company called NuLife. He gets a visit from journalist Swanhilda, who questions him about his ethical negligence. Their conversations happen in voiceover while the dancers attempt, and don't quite manage, to act them out credibly. Soon enough, Swanhilda finds herself wandering the halls of NuLife, encountering the company's many lab creatures and, at one point, turning into one. (How? Don't ask.)

Does it make for a truly augmented ballet? Yes and no. The action is clear and fast-paced, helped along by Mikael Karlsson and Michael P Atkinson's propulsive mix of orchestral and electronic music, which features witty nods to Léo Delibes' scintillating 1870 score. Live filming tricks are already overused in contemporary theatre but they are relatively new to ballet, and camera operator Rimbaud Patron followed the fluid but somewhat repetitive choreography seamlessly.

It's lo-fi dramaturgy that trips up this *Coppélia*. In the 19th-century libretto, Swanhilda had a fiancé, Franz, who became obsessed with a doll. Jess and Morgs have contrived an improbable storyline to keep him around: the 21st-century Franz shows up with his journalist girlfriend to her work event, holding her hand throughout. The two open and close the ballet, but their relationship has no context or substance.

Constance Devernay-Laurence, a dancer of penetrating dramatic intelligence, has more to say as Swanhilda opposite Dr Coppélius. As NuLife's founder, Bruno Micchiardi leans at times into evil-genius comedy, in a way the production could have explored further.

His creatures are saddled with plastic diapers and assorted crop-tops, but the scenes in which they come alive are the most inventive from a choreographic standpoint, with eerily distorted classical steps for Scottish Ballet's fiercely committed dancers.

Despite its inconsistencies, this *Coppélia* is an ambitious effort on the company's part — and shows that ballet is perfectly capable of 21st-century theatrical experimentation.

To August 16, then touring Scotland, scottishballet.co.uk

Simon Schligen and Claire Souet in Scottish Ballet's 'Coppélia' — Andy Ross

MUSIC

Øya festival
Tøyen Park, Oslo

Richard Milne

City festivals are becoming ever more popular, allowing the music fan to watch several days of concerts while sleeping in the comfort of their own bed. Øya festival, which ran August 9-13, is one of the best established: it has long since left the island it was named after and is now held in a park in Oslo. This year it touted its progressive credentials with a 50-50 male-female bill.

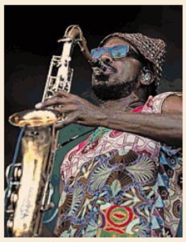
Three acts from London outside the festival's usual rock and pop focus provided some of the highlights. Sons of Kemet may nominally be jazz, but their other influences, from dancehall to grime, mean they are perfectly suited to rousing a drowsy, sun-soaked audience. Their unusual but inspired line-up of two drummers (one of whom, Tom Skinner, now plays in The Smile with Radiohead's Thom Yorke and Jonny Greenwood), tuba player Theon Cross and saxophonist Shabaka Hutchings soon had the crowd bouncing along. Hutchings plays almost guitarlike riffs on his saxophone and, propelled by the interplay between the twin drummers, the music has a frenetic, relentless quality that makes them one of the few jazz bands capable of sparking up a mosh pit.

The Øya crowd, bunching up in shady spots under trees on Norway's hottest day of the year so far, was welcoming but also overly talkative. Conversation didn't stand much chance against Sons of Kemet, whose material was mostly drawn from their two last albums *Black to the Future* and *Your Queen Is a Reptile*, with Cross igniting things every time the crowd's attention started to drift. The group have suggested this tour will be their last in their current form; if so, it was a fitting lap of honour for a band at the heart of jazz's recent rejuvenation.

Another crucial figure in the rise of London's jazz scene is saxophonist Nubya Garcia. She is less raucous than Sons of Kemet, using a more conventional keyboard-bass-drums backing trio and imbuing several of her songs with a Latin feel. Songs such as "Pace" and the title track of her most recent album *Source* highlighted the beautiful, clear tone of her saxophone as the evening sun dipped. "It's so hot, I don't know how to deal with it," she said at one point.

There may have been no direct sun in the nearby circus tent but the packed crowd for rapper Little Simz made the temperature soar. Rap at festivals can be hit or miss, but she put in one of the most powerful performances I've seen. She was helped not just by a five-piece live band, who were far better than the backing tracks many rappers rely on, but also by the strength of her songs.

Starting with the fabulous and symphonic "Introvert", Little Simz was soon spitting her rhymes



Shabaka Hutchings, sax player with Sons of Kemet, at Øya

at a breakneck pace. Her confidence was sky-high: "I'm Jay Z on a bad day/Shakespeare on my worst days," she rapped on "Offence". Little wonder she is one of the favourites for this year's Mercury Prize.

She showed impressive stagecraft, too, engaging the audience and even getting them to sing happy birthday in Norwegian to her bass player. On "101 FM" she jumped into the audience and wandered around, lapping up their energy, before finishing with a fiery "Venom" that underscored her growing status as one of the most impressive of UK musicians.

oyafestivalen.no

Stagecraft: Little Simz at Oslo's Øya festival — Helge Brekke

Harpist with an earthbound touch

JAZZ

Brandee Younger
Ronnie Scott's, London
★★★★☆

Mike Hobart

Brandee Younger is the go-to harpist of her generation, with credits ranging from veteran saxophonist Pharoah Sanders to John Legend, Drake and drummer/producer Makaya McCraven. At this intimate first-house set, she held the audience in her spell with a well-worked and original blend of subtle R&B and soulful modal jazz. Songs from her highly praised Impulse! album *Somewhere Different* dominated, alongside covers of songs by the two pillars of jazz-harp lineage, Dorothy Ashby and Alice Coltrane.

Younger plays to the harp's strengths rather than seeking to mimic more conventional jazz instruments, and steers the celestial ripples and sonic resonance firmly towards earth. At this performance her melodic snippets, glistening runs and artfully placed modal voicings were accompanied by close-worked trio support. Serenity was maintained, and contemplation too. But with drummer Allan Mednard conjuring the bustle and chatter of urban life, moods were rooted more in the day-to-day world than in fantasy or escape. It was like being angles while cymbals hissed. Younger's "Love & Struggle" came next, with bass and harp playing a unison line; as the song evolved, sparse hip-hop acquired stabbed modal chords and a bass solo raised the crowd.

The two-part "Unrest", written in 2020 and inspired by the protests Younger witnessed from her Harlem apartment, conjoined an extended feature for solo harp with a groove-switching scamper of funk and fast walking-bass swing.

As the performance progressed, Younger's clarity of vision stood out. She changed Ashby's "Afro-Harping" from Sixties soul to a hip-hop groove, transposed the decorative twists of Alice Coltrane's "Turiya and Ramakrishna" from piano to harp and made both feel like a natural shift.

Younger dampens the harp's stark sonorities with a subtle technique that is made more effective by her trio's empathetic support. Bassist Douglas is a master of the funky riffs and vamps the holding role demands and Mednard adds percussive cut and thrust.

The balance, drive and understated panache continued when Douglas switched to bass guitar for his composition "Spirit U Will", the first of three originals to end the set. The slow-burning "Tickled Pink" was the closer with solos for all, an insistent riff and a perfect fadeaway ending.

It took time to coax an encore from the trio. The polyrhythmic pulse of an Alice Coltrane cover only left the audience wanting more.

ronniescotts.co.uk

invited into an urban rooftop garden.

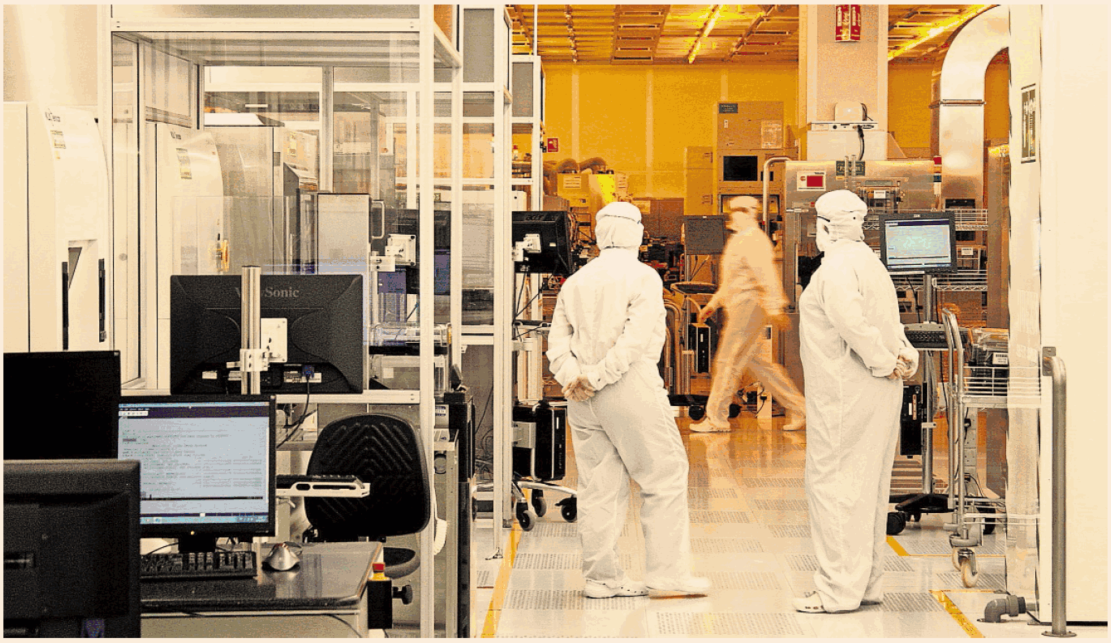
The evening opened with Younger gently swaying in time as she transported the orchestrated detail of Alice Coltrane's "Rama Rama" to jazz-trio harp. Melodies got a rippling response, double bassist Dezron Douglas underpinned with a riff and rimshots came at

Rippling: Brandee Younger on stage at Ronnie Scott's — Monika S Jakubowska

FT BIG READ. TECHNOLOGY

The takeover of Newport Wafer Fab by a Chinese group has forced the government to reconsider how best to protect the semiconductor industry at a time of economic nationalism and supply chain woes.

By Andrew Hill



Newport Wafer Fab laboratories in south Wales. Britain's largest semiconductor producer was bought last July by Nexperia, a company controlled by China's Wingtech Technology

The UK fight for the chip industry

Richard Rogers' buildings are known for their inside-out architecture. The Inmos microprocessor factory in Newport, South Wales, completed in 1982, is no exception. Like the Pompidou Centre in Paris and the Lloyd's headquarters in the City of London, the factory's services run on the building's exterior through multicoloured pipework, freeing the chipmaking "clean rooms" of columns.

It does not take much imagination, though, to see the ageing factory as an expression of the UK's inside-out, upside-down policy on semiconductors.

It belongs to Britain's largest semiconductor producer, Newport Wafer Fab, which was bought last July by Nexperia, a semiconductor maker controlled by China's Wingtech Technology. The company's fate has sparked debate over whether a policy to support the British semiconductor industry with grants, takeover protections or direct investment is necessary.

At a time of renewed economic nationalism and supply disruption, the global chipmaking industry has been caught in a geopolitical storm, affecting the production of smartphones, cars and computers. The US, EU and China are all scrambling for what may be an illusory goal of chip resilience.

Semiconductors range from ubiquitous silicon chips, of which the most

Kwasi Kwarteng, UK business secretary, has to decide if the Newport Wafer Fab takeover is 'a risk to national security'

advanced are made by big companies such as Taiwan Semiconductor Manufacturing Co, South Korea's Samsung and Intel of the US, to chips made from other materials and used in products such as electric cars or solar panels.

Tensions between the US and China have intensified since former US president Donald Trump blacklisted the Chinese telecoms group Huawei in 2019 citing national security fears, a move that resulted in a ban on global chip supplies to the company. This month Chinese military drills around Taiwan, home to TSMC, which accounts for 90 per cent of the world's cutting-edge chip capacity, have underlined the rest of the world's dependency on a few large manufacturers mostly based in Asia.

Western countries have sought to boost domestic manufacturing in response. In July, the US passed the Chips and Science Act that included $52bn in grants to support advanced chipmaking and research and development. The EU has its own Chips Act — a €43bn plan to subsidise production in the trading zone. That plan was in the spotlight last month after STMicroelectronics and GlobalFoundries combined to build a semiconductor factory in France, with hefty government support.

In the UK, political attention has focused on the Nexperia takeover of Newport Wafer Fab, one of four companies that made up the Welsh compound semiconductor "cluster", alongside IQE, SPTS Technologies and Microchip. A government inquiry into the deal decided in April that it should be allowed to stand — only for a retrospective probe under new national security legislation to be set in motion that could yet unwind the agreement.

Last month Kwasi Kwarteng, secretary for business, enterprise and industrial strategy, extended that inquiry. He must rule by early September on whether there is a reasonable suspicion that the takeover "may give rise to a risk to national security".

Americo Lemos, chief executive of IQE, which makes semiconductor materials in Wales, says that while "every government has started to put measures in place to support the industry . . . the UK is behind, and I'm sure they know that, in terms of coming out with concrete policies to support the sector".

Tom Tugendhat, chair of the UK parliament's foreign affairs select commit-

bucket of sand or you can start with what you've got."

Buckets of sand

The original Rogers-designed factory is now mostly empty. Newport Wafer Fab's production of delicate silicon sheets that are chopped up into individual chips takes place in a neighbouring building staffed by some 500 technicians in protective glasses and full-length white "bunny suits".

Yet inside the older building, information panels still trumpet its potential as an "innovation village" — an open-access facility that UK start-ups could use to scale up the next-generation compound semiconductors that underpin power systems, self-driving cars and quantum computers.

The debate over the future of Newport Wafer Fab reflects a broader concern about the destiny of another British company: the internationally known chip designer, Arm.

It is generally agreed that Arm — at the opposite end of the chip supply chain from Newport Wafer Fab — is a valuable asset. It operates a high-margin business model, licensing its intellectual property to some of the world's largest mobile phone companies. Its designers could as easily work out of Silicon Valley as Silicon Fen, the technology cluster near Cambridge where Arm is headquartered.

Yet in 2016, days after the UK voted to leave the EU, Japanese tech investor SoftBank swooped in to buy Arm. At the time, Theresa May's government seemed more relieved than preoccupied, heralding it as a vote of confidence in post-Brexit Britain. But many champions of British technology countered that that attitude was a mistake.

The UK government now sees a chance to correct course. Facing troubles of its own, SoftBank first tried to sell Arm to Nvidia of the US. That deal met opposition from competition authorities and was abandoned earlier this year. Now, SoftBank hopes to float Arm on the stock exchange, keeping a majority stake. Defenders of Arm want to protect it better this time.

The UK government is trying to persuade SoftBank to list Arm at least partially in London and has considered invoking the new national security legislation to convince it to do so. But after Boris Johnson's resignation as prime minister caused political turmoil, SoftBank put the London IPO of Arm on hold. Meanwhile, some chipmakers, including America's Qualcomm and Intel, have expressed an interest in forming a consortium to buy shares when Arm is floated, to maintain its neutrality and safeguard part of their supply chain.

Tugendhat describes the sale of Arm to SoftBank as one of "the two worst strategic mistakes" made by the government in the past decade (the other being that of DeepMind to Google). He believes the UK should buy a "golden share" in the group to allow it to defend against an unwanted future bidder.

Hermann Hauser, veteran technology entrepreneur, was closely involved in the founding of Arm and objected to its sale in 2016. He says the golden share idea may be "a little ambitious", but adds drily that he is "quite impressed that the technologically illiterate [political] class has finally woken up" to the threats to the industry.

For decades, he says, starting during Margaret Thatcher's premiership in the 1980s, "we really screwed things up royally". Thatcher brought in an era of openness to international takeover activity based on a free market in deals. Domestic semiconductor manufacturers such as GEC, Plessey, Ferranti and Inmos withered or failed to scale up.

It is impossible to tell whether Inmos's innovative "transputers" could have been part of a powerful British chip industry had the government not privatised it in the 1980s. But the allergy to subsidising or protecting "national champions" helped inform the attitude to Arm's sale in 2016.

As one former UK security official points out "the Americans, French and Germans would have stopped it".

The perils of fence-sitting

The government's decision in relation to Newport Wafer Fab's purchase by a Chinese-controlled company could mark the end of that era of non-intervention.

"A lot depends on how politics evolve

now a senior fellow at the Institute for Government think-tank. "There wasn't a settled methodology for trading security against investor certainty," he says.

The National Security and Investment Act, which came into force in January, is one step towards trying to establish that methodology. It identifies several "sensitive areas" of the economy — from advanced materials including semiconductors, to artificial intelligence and quantum technologies — in which buyers will have to notify the government about acquisitions.

The Newport decision (which fell under the retroactive provisions of the act) will be an early test of the government's insistence that it will use the legislation to safeguard national security rather than as an industrial policy tool to protect broader economic interests.

A select committee of MPs is conducting an inquiry into the UK semiconductor industry and supply chain. The Department of Digital, Culture, Media and Sport is also running a review of the sector, to be published later this year, examining how to ensure a reliable and trusted supply of chips.

Industry figures agree that it makes sense for the government to take the time to shape a coherent semiconductor strategy: "Buying time would be a sensible option while constructing a consistent policy," says James Lee, chief executive of Wave Photonics, a Cambridge-based start-up that wanted to use Newport Wafer Fab's facility to help develop its compound chips.

But there are risks. One is that the delay drives companies to decamp and invest elsewhere. Anke Lohmann, whose company, Anchored In, advises business in the quantum computing and photonics chip sector, says the government needs to decide what it wants. "Just sitting on the fence is neither one thing or the other," she says. "The biggest problem is if you just buy more time and don't make a decision."

Boiling frogs

"There is a certain amount of frustration about policy inconsistency and lack of policy clarity," says the former security official. He points to the risk of a "boiling frog" outcome, whereby China

> 'A lot depends on how politics evolve in this country in the next six to 12 months. Are we going to shift decisively away from the open market for foreign takeovers or not?'

> 'If you want to have a domestic microchip

Andrew Rickman, founder of Rockley Photonics, whose chips process, transmit and sense information optically, told a recent parliamentary committee that the UK was "not going to catch up any time soon" with advanced silicon chipmakers such as TSMC. It would make sense, he suggested, to instead use Newport Wafer Fab as an open-access foundry to scale up next-generation chips.

"Let's not look in the rear-view mirror," he said. "What is coming up next? From my perspective in the field of photonics . . . the future is extraordinary in things like quantum computing."

Political uncertainty also complicates policymaking. Both of the current candidates to be the next prime minister, Liz Truss and Rishi Sunak, have talked tough on the threat posed by China, raising the prospect of a redefinition of trade policy. Yet the interdependence of those chains makes it impossible for any one country or trading bloc to become self-sufficient in semiconductors.

Any UK policy seems bound to involve other friendly partners, notably the US and the EU. Since Brexit, though, the UK has adopted a semi-detached relationship with the EU's semiconductor programmes. The link survives because of mutual interest in the UK's strength in compound semiconductors.

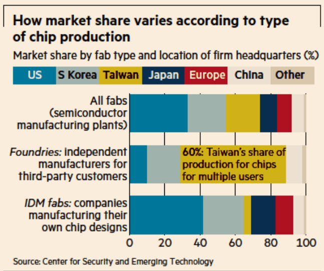
Intensifying collaboration with the EU is "an open goal" for the government, says Wyn Meredith, director of the Compound Semiconductor Centre, a joint venture between IQE and Cardiff university. Yet both Truss and Sunak have tied themselves to the Brexit mast, making alliances with the EU difficult.

A final risk to a more muscular industrial policy is that overzealous security concerns could impede the cross-border investment deals that are the lifeblood of many early-stage companies. TechUK, the industry lobby group, warns that use of the NS&I act has already led to "the cancellation of what should be considered low-risk investments, with projects being moved to European competitors".

Hauser, too, detects an "anti-China hysteria" in the British approach. "My feeling is that the only sensible strategy with the Chinese, as long we have the tee, has flagged the risk that Newport Wafer Fab's new Chinese owners could close it down. But Nexperia, which also operates a semiconductor plant in Manchester, has said it is "here to stay".

Tugendhat concedes that Newport Wafer Fab is not a cutting-edge silicon chipmaker. Even the most ardent advocates of British semiconductor design and manufacture do not believe the UK will ever be able to match Asian giants TSMC or Samsung in silicon chip manufacture. It may even be a stretch for the US and EU to scale up to that level.

But, he says, "If you want to have a domestic microchip capability, you have to start somewhere. You can start with a couple of 18-year-olds and a



in this country in the next six to 12 months," says Sir Geoffrey Owen, former editor of the Financial Times and author of a recent report on the UK semiconductor industry for Policy Exchange, the think-tank. "Are we going to shift decisively away from the open market for foreign takeovers or not?"

There are plenty of pitfalls in trying to select industries, let alone individual companies, to ringfence. "I used to use semiconductor manufacturing as [an example of] the sort of thing where the government could have made a gigantic industrial strategy mistake," says Giles Wilkes, a former adviser to May.

Treasury officials once objected that any state intervention could undermine inward investment, says Wilkes, who is

gradually outstrips its rivals without the UK feeling the need, or having the capability, to respond.

The government says it is committed to supporting the industry and "building on its global strengths in areas such as design". It says it is reviewing UK capability "so we can protect and grow our domestic sector and ensure greater supply chain resilience".

The south Wales compound semiconductor companies are lobbying for support for their specialised subset of the industry. Chips made from compounds such as silicon carbide or gallium nitride have many advanced applications and compound semiconductors offer an opportunity for more cost-effective investment, they argue.

capability, you have to start somewhere. You can start with a couple of 18-year-olds and a bucket of sand or you can start with what you've got'

technology lead in some areas, is to use that as a bargaining chip — if you want the wafer, you have to build the factory in the UK, employ a certain number of people," he says. "If you don't allow the Chinese [to invest in Newport Wafer], the company withers on the vine and then, in the end, you have got nothing."

Meanwhile, as the UK's reviews and probes continue, businesses in the sector are looking for other ways to grow and sustain their supply chains, even if that involves investing overseas.

"I would suggest [the government accelerates] this process, because there's a window by which we have to get things done," says Lemos of IQE. "Otherwise, the business would take a different course."

The FT View

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

This is not the way to choose Britain's next prime minister

For parties in government, replacing the leader should be a job for MPs

Britain's cost of living crisis is deepening by the day. Millions worry about how they will pay their winter heating bills. The UK government, meanwhile, is frozen in inaction as it waits for the result of a two-month, presidential-style campaign to elect the next Conservative party leader and prime minister. The two candidates have sparred in national TV debates, yet only 150,000 or so Conservative party members — 0.32 per cent of the 46.5mn electorate — will vote. After Boris Johnson's elevation in 2019, this is the second time in three years that a UK prime minister has been chosen this way. It would be better not to repeat it.

On the face of it, rank-and-file votes seem preferable to MPs' conclaves in the smoke-filled rooms of Westminster lore. Until 1981 and 1998, respectively, Labour and Conservative leaders were elected by their MPs. Before 1965, Tory leaders simply "emerged" from discussions among party grandees.

Party-wide leadership polls are said to enhance internal democracy and entice members. Parties in parliamentary democracies such as Canada and Australia have also introduced them, though in some cases MPs' and membership votes are given a 50-50 weighting. The UK Labour party's shift to an entirely one-member-one-vote system in 2014 was billed as removing trade unions' disproportionate power under its previous electoral college model.

But in the UK serious flaws have emerged. As in 2019, nearly two months will pass this year between one Tory premier's resignation and the naming of the next — far longer than the 25 working days stipulated for a general election. Yet Tory MPs both times took less than two weeks to whittle down a dozen or so hopefuls to two candidates to put to the membership.

Candidates must then spend weeks pandering to a narrow and deeply unrepresentative slice of voters. A 2020 study found Tory members are older (39 per cent are over 65), richer, more male, more southern-based and far more predominantly white than the general population. The longer the campaign goes on, the more the leadership contenders are sucked into populist pitches aimed at this micro-electorate.

Liz Truss has doubled down on the have-your-cake-and-eat-it tax cuts she has been promising since the MP voting stage. Rishi Sunak, who initially presented himself as the voice of economic reason, has become more reckless as he found "doomster" messages played badly. In a sign of the extent to which he has been drawn into playing to the grassroots, Sunak has proposed widening the definition of "extremism" to include people who "vilify Britain".

Similar objections would hold true whichever party were in power, and

The longer the campaign goes on, the more the contenders are sucked into populist pitches aimed at this micro-electorate

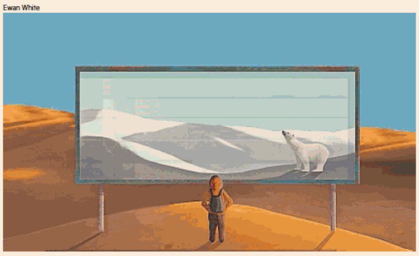
whoever the candidates. A long hiatus in government is damaging. Aside from the bounce in Labour's numbers before its 2015 poll elected Jeremy Corbyn as leader, moreover, party-wide votes have in reality done little to reverse the decades-long decline in party memberships. And Labour's 2015 vote produced a leader who struggled to command a majority among his own MPs.

Parties in opposition may be entitled to use a party-wide vote to choose a leader, who will then face the broader electorate. For a party in government, whose programme has been endorsed in a general election, the job of replacing a leader midterm should be returned to MPs. Party members could be given a say by requiring MPs to consult local associations. But in Britain's parliamentary democracy, MPs are elected by constituents to take decisions on voters' behalf. It is logical and consistent that they decide who should lead them — allowing the government quickly to get back to managing the crises of the day.

Opinion Society

Persuading people about longtermism is not easy

Ewan White



Stephen Bush

If I scatter broken glass on the ground and someone else walks over it and cuts their feet, does it matter "when" they cut their feet?

That's the thought experiment at the start of the philosopher William MacAskill's forthcoming book, *What We Owe The Future*.

MacAskill's argument is that harm is harm, whether my littering causes cut feet later today, next week or in 10,000 years. He believes that we should consider harm to future people as equal in severity to that inflicted upon the living. And because the potential number of future people is far greater than those who are currently alive, this should change how we think about problems and risks in the present day.

MacAskill wants to make the case for "longtermism": to guard against catastrophic risks that may either eliminate human life or permanently reduce human flourishing. If we consider the rights and safety of future people, how we think about risk in the shorter term changes. A 1 per cent chance in any given year of a cata-

Far from being inspired by human potential, the prospect of catastrophes can make us give up now

That MacAskill does not draw this conclusion tells us something important about the usefulness of his thought experiment. We should, of course, care about long-term risks. But the problem with MacAskill's approach is that we know it doesn't work very well. Many people hear that there is, say, a one in six chance of a catastrophic risk and they either think they'll take those odds or they sink into despair. Comparatively few people hear it as a call to arms. Far from being inspired by a greater sense of human potential, the prospect of centuries of possible catastrophes can make people feel as if they might as well give up here and now.

Longtermism's intellectual ancestors are utilitarianism and so-called effective altruism. MacAskill's thought experiment recalls the work of the Australian philosopher Peter Singer, who aimed to show that mere distance should not influence our concerns about doing harm.

But the success of effective altruism has been not in persuading people that they ought to give to charity or to care about harm, but in convincing them that, if they are giving money to charity, they will do more good by handing over their cash for things that work — like malaria nets or deworming. Thinking long-term, however, inevitably involves being more open to missing gaps in information and to accepting that we can't know for sure what will work or what won't.

Furthermore, to secure the long-term future requires persuading people who don't already subscribe to the belief that it matters. It's true to say that the world's current trajectory on climate change is a lot like playing Russian roulette: the longer you play

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Time to unlock investment in community enterprises

Peter Foster cites evidence to show that England's poorest areas are those least supported by charities (Report, August 8). That's just one of the reasons why the work of social enterprises is so vital. Analysis by the Social Investment Forum finds that 43 per cent of social investment deals have gone to so-called levelling up priority 1 areas, totalling £520mn across nearly 2,000 deals.

The government has recently launched a consultation on how best to use the almost £1bn of dormant assets residing in the UK financial system. The scheme has already brought to life over £800mn of investment in positive change across the UK and recipient organisations are delivering jobs — growing staff numbers by 50 per cent on average within three years — while addressing complex social and economic problems in their communities.

Alongside investment in a community wealth fund to more aggressively tackle regional inequalities, a new community enterprise growth plan would create further jobs, boost growth and support levelling up by unlocking new investment for community enterprises — the community-based businesses, social enterprises and trading charities taking entrepreneurial approaches to tackling social problems.

A new prime minister will soon be trying to tackle a formidable range of challenges. Putting dormant assets to optimal use through social enterprises would be a smart place to start.

Nick Hurd
Chair, Access — The Foundation for Social Investment, London EC4, UK

How America's zoning laws retard social intermingling

Kudos to Anjana Ahuja for highlighting the benefits of intermingling the lives of rich and poor (Opinion, August 10).

In the US, a large barrier is the zoning laws; they essentially segregate by income. Rich and poor get separated in daily lives, especially in schools.

Jane Jacobs, author *of The Death and Life of Great American Cities*, talked about the need for old buildings, arguing they are cheaper and hence attract a more diverse set of income classes. In typical suburbs, this would translate to mixing of lot sizes, housing types and commercial locations; all of which zoning laws typically don't allow.

It's not just the poor that benefit. I would argue that exposure to those less well off helps children of those well off understand the world better and — going by my teenager's attitude at times — appreciate what they have.

Abigail Perez
Edinburgh, UK

" HE HATES IT WHEN HIS GLASSES SLIDE DOWN HIS NOSE "

Drax biomass plant is 'bonkers' on both counts

Your Lex note "Drax/Kwarteng: wood you believe it" (August 12) states that ransacking forests in America's south-east, as the US pellet maker Enviva does, to ship the product to Europe for burning is "bonkers". It becomes even more bonkers if the UK business secretary Kwasi Kwarteng, and other backers, factor in the pollution — at sea and in the air — that the conveyor belt of ships cause getting the pellets from the US to the UK's Drax power station.

James Hanshaw
Zurich, Switzerland

UK has reputation to keep on financial regulation

In response to the financial crisis, governments made a co-ordinated effort to enact regulatory reforms. Some of these reforms are good, some not so good. A lot of it was rushed; a lot made sense in theory but has less practical utility and consequently should be removed. Regulators should be democratically accountable but a proposal ("New powers to override City regulators win Truss's backing", Report, August 10) to allow the UK government to override regulators if they hold back on post-Brexit reform is deeply misguided.

The UK is fortunate in having world-class regulators that understand the complexities of the post-financial crisis regulatory landscape and understand that reforming regulation can have unintended consequences.

The City of London is respected precisely because (unlike many other countries) UK regulators have a degree of autonomy and freedom to act which is independent of the political establishment. Why sacrifice all of this to allow the government to intervene for reasons of political expediency?

James Godwin
London TW1, UK

Biden is right to stay aloof of any Trump indictment

On whether to prosecute Donald Trump, Edward Luce pens a thoughtful column about precedent (Opinion, July 30). Yet the idea attorney-general Merrick Garland would have to ask Joe Biden for permission to indict Trump is reckless at best, and a potential obstruction of justice at worst.

America's chief lawman needs no green light, and if Biden gave one for the recent raid by federal agents on Trump's Mar-a-Lago home or for a future incursion, he would stand accused of the same sort of interference as Nixon and Trump.

Donald WF Conkey
Wilmette, IL, US

Correction

- Swedish truckmaker Volvo AB has borrowed €500mn via a corporate bond, not the Swedish carmaker Volvo as incorrectly stated in an article on August 13.

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Fact-checking SBF's circle jerk
FTX's Sam Bankman-Fried's latest thoughts
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OUTLOOK
INDIA

Delhi's drinkers face a dry summer

Dinner parties in the Indian capital tend to start late and end late, sometimes stretching into the wee hours. In the posher households, the seemingly endless rounds of snacks are typically washed down with generous measures of premium booze.

But Delhi, one of India's megacities (population more than 18mn) is running short of places to buy wine and spirits. Liquor shops are closing

country dealing with weightier issues. But Delhi's booze bust is a sign of the perennial struggles between the states and Narendra Modi's central government.

Attitudes towards alcohol vary widely in India: the country's constitution mentions prohibition as a "directive principle" of the republic, though not a requirement. Some Indian states, such as Bihar and Modi's former bailiwick Gujarat, are officially "dry". But while some Indian social

Indian state. It is run by the Aam Aadmi party (AAP), an up-and-coming opposition party. But last year the central government watered down the city administration's powers by passing an amendment in parliament that gave supremacy to a lieutenant-governor. He has a say over how the capital region's government conducts its business — including, apparently, how it sells booze.

In today's liquor brawl, some facts are disputed, but at the end of July strophic event — such as our climate hitting an irreversible tipping point or a full-blown nuclear exchange — may feel like an acceptably low level of risk, but when we take into account the risk to future generations, it becomes intolerable. Or so the theory runs.

But does it work? One inevitable problem here is reproductive freedom. MacAskill rules out limiting access to abortion, much less mandating people to have children.

But from an actuarial standpoint, it's hard to argue that my choice to remain childless so that my partner and I can fritter away our disposable income on fancy restaurants, watching Arsenal Football Club or nice holidays is anything other than immoral when you consider the potential benefits to future generations of our having children.

Surely every top-rate taxpayer ought to have to adopt or have children themselves, given that, statistically speaking, those children will be given better opportunities and these opportunities will last longer than my alternate life plan?

Russian roulette: the longer you play, the more likely you are to lose.

But perhaps a better way to get people to stop playing Russian roulette is to explain that there is a good chance they will blow their heads off today rather than that there is an even better chance that they will blow their heads off eventually.

With climate change, it is a problem for future generations, yes, but also a problem here and now for many people all over the world, near and far. The long-term risks we can actually do more to address are, almost by definition, the ones whose contours are the most obvious to us in the present.

Giving greater weight to the rights of those yet to be born doesn't really illuminate these problems any better than illustrating the real risks they carry today.

A better way to convince people to tackle long-term problems is to point out the short-run risks — not try to sell them on a thought experiment that even its author doesn't wholly endorse.

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a dry summer under new alcohol rules

by John Reed

and spirits. Liquor shops are closing left and right.

The city's local government is rolling back a liquor licensing set-up introduced last year, which liberalised alcohol sales and expanded the number of licensees. From September 1, the capital's region will move back to an old excise regime, under which state-controlled shops will wrest back the alcohol trade until a new licensing arrangement takes effect.

In the first few days of this month, 126 liquor "vends", as Indians call them, closed down as shop owners sought to cut their losses as licences neared expiry. By one count, the cull left Delhi with just 342 liquor shops open.

Some of Delhi's drinkers have been flocking to stores just over state borders, such as Gurgaon, in Haryana state, or Noida, in Uttar Pradesh. "The cross-border trade is growing as we speak," says Rajiv Singhal, editor of Fine Wine and Champagne India. "People need to consume their alcohol, and their parties can't wait."

This matter might seem trivial for a

ary". But while some Indian social conservatives — including in the ruling Bharatiya Janata party — eschew liquor, governments of all ideological stripes like the tax revenue from booze. The current BJP government, for example, this year signed a free trade agreement with Australia, the benefits of which include cheaper imported wine.

"The Indian state has a very unhealthy dependence on alcohol because of taxation," says Yamini Aiyar, CEO of the centre for Policy Research, a think-tank. "And state governments have a large dependency on sin taxes, which has created a lot of perverse incentives."

In India's federal structure, liquor laws are set at the local level, and excise duties are collected by states. Taxes are high: a bottle of mediocre Chilean wine that might cost $8 in Europe or the US can easily set you back by Rs1,200 ($15) or more.

Delhi presents a special case. It is classified as the "national capital territory", with its own government but a status that falls just short of an

are disputed, but at the end of July Delhi's deputy chief minister Manish Sisodia announced a rollback of the current policy, introduced in 2021, under which both private and government-owned liquor vendors could sell alcohol.

BJP officials in central government say that the state's revenues from alcohol went down, despite the expansion of licensed stores, and are describing what happened as a "scam" — the lieutenant-governor VK Saxena last week suspended 11 officials over what he called "serious lapses" in the implementation of excise policy.

The outcome for Delhi residents is that, for now, there are fewer places to buy liquor. Indian Express, a national newspaper, sent a reporter to comb the capital. Out of the 15 stores she visited, just two were open. Pity the bourgeois Delhi residents deprived of their tipple as they complain of having to stock up on Prosecco between flights at Terminal 3 of the airport — one of the few places it's on sale.

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Opinion

It's not always the perpetrator who pays for sex harassment at work

EMPLOYMENT

Sarah O'Connor

The #MeToo movement has made people pay much more attention to the problem of sexual harassment and violence at work. The stories that hit the headlines are often about powerful men who managed to avoid career repercussions for years. Now, economists are beginning to use real-world data to study incidents of everyday harassment and assault in ordinary workplaces which never make the news. As with the rich and famous, they are finding that it's not always the perpetrators who pay the highest price.

One study by academics in Sweden combines anonymised responses from a Swedish government survey with employment data to study workplace sexual harassment. They found that about 13 per cent of women and 4 per cent of men reported sexual harassment in the previous 12 months. The more male-dominated the workplace, the more likely female workers were to have been harassed. Conversely, the more female-dominated the workplace, the more likely male workers were to have been harassed.

The highest rates for women were in industrial jobs, while the highest rates for men were in service and sales jobs. Power dynamics seem to play a role here: both men and women self-reported more sexual harassment when their supervisor was of the opposite sex.

Women who self-reported harassment were more likely to switch to new workplaces with more female colleagues, where the pay tended to be lower. Interestingly, male victims didn't switch to more male environments where pay tends to be higher. The researchers conclude that sexual harassment is helping to perpetuate gender segregation in parts of the labour market by disincentivising people from working in places where they are in the gender minority.

What of the consequences for perpetrators? On that question, a new working paper offers some tentative answers. It links information on every police report in Finland between 2006 and 2019 to administrative records on employment, income and demographic characteristics.

Abi Adams-Prassl, an economics professor at Oxford, and her co-authors identified over 5,000 cases of violence

> A study finds that when wrongdoers are more senior, they suffer fewer career consequences

between colleagues who shared a workplace. The vast majority of the perpetrators were men, while victims were evenly split between men and women. Following a violent incident, both perpetrators and victims suffered drops in income and employment.

But there was a strikingly different pattern depending on the gender of the victim. After a male-on-male incident, employment rates fell by 10.6 percentage points for the perpetrator on average and 4.2 percentage points for the victim in the subsequent five years. But after a male-on-female incident, employment rates fell only 5.2 percentage points for the perpetrator and 8.4 percentage points for the victim. (As for incidents where women were the perpetrators, Adams-Prassl said there were too few of them to analyse.)

In common with the Swedish study, an imbalance of power helps to explain what is going on. The study on Finland finds that when perpetrators are more senior in the workplace, they suffer fewer career consequences. The researchers find that victims of male-female violence are relatively young and low-earning compared with their perpetrators. This is not the case for male-on-male violence, which tends to occur between relative equals in terms of age and income.

The impact of these incidents also spills out into the rest of the workplace. After a male-on-female incident, the gender composition of the workforce becomes significantly more male (there is no change after a male-on-male incident). This is driven both by more women leaving and fewer women joining. Yet there do seem to be ways to stop these spillovers from happening. Workplaces with more female managers (defined as a higher-than-average share of women in the top 20 per cent of earners) don't suffer a fall in the share of women in the workplace after an incident. They don't protect the victims' careers any better, but they do seem to punish the perpetrators more effectively, based on the fact they are more likely to suffer a fall in employment. The authors sum up: "Female managers do one important thing differently: fire perpetrators."

Much of this might sound intuitive, but having the hard data matters. The bad news is that harassment and violence between colleagues can have serious and uneven repercussions which spread well beyond the individuals involved. The good news is that we are at least beginning to calculate the scale of the cost and who pays it.

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Crypto poses serious challenges for regulators

Eswar Prasad

Whatever the fate of decentralised cryptocurrencies like Bitcoin, other forms of cryptocurrencies and blockchain technology are here to stay. Decentralised finance can create innovative ways of delivering and broadening access to financial products and services, while the added competition forces traditional institutions to improve their efficiency.

This creates challenges for regulators who recognise the potential benefits. How to facilitate innovation while keeping risks contained? Answering a few basic questions would help to harness the technology and improve the inevitable benefit-risk trade-offs.

First, is blockchain technology the best answer to extant deficiencies? Digital payments in the US, for instance, remain beset by high costs due to regulatory and other barriers. International payments everywhere are still costly, slow and difficult to track.

Blockchain technology is hardly the only or optimal solution. Mobile phone-based and other technologies are enabling broad and easy access to low-cost digital payments. Regulators should favour simpler technologies that best address the real needs of consumers and businesses, rather than those that promise speed and efficiency but make it harder to trace payments and facilitate illicit commerce.

Second, how to protect investors and consumers? Regulators cannot always constrain how much risk an investor should take on. But they must protect

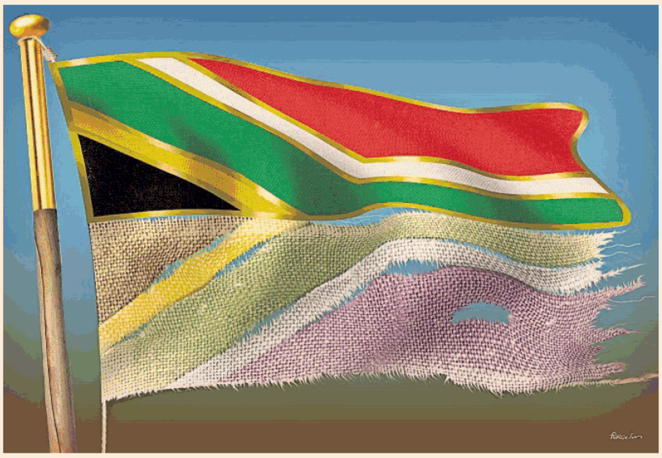
> The industry has an interest in muddying the waters, heightening the need for expeditious action

unsophisticated investors. Public blockchains are transparent and accessible, but that is no substitute for disclosure that renders downside risks comprehensible, backed up by steps to bolster financial literacy.

Third, how to prevent any one product or protocol from infecting the broader financial system? Stablecoins collateralised by government bonds and high-quality securities might not face panic-driven runs. Still, a wave of redemption requests could trigger large-scale liquidations of collateral, disrupt underlying securities markets and have a cascading effect across the financial system. Regulation should account for systemic risk that rises as the sector expands.

Fourth, how to avoid regulation that simply entrenches established players and intensifies market concentration by raising the cost of entry? Simpler, more transparent rules would enable newer and smaller firms to compete on a level playing field. Some degree of churn

South Africa's fear of state failure



GLOBAL AFFAIRS

Gideon Rachman

For a man who had been held up at gunpoint the previous evening, Mmusi Maimane was on surprisingly good form, when I met him in Cape Town this month. Maimane, one of South Africa's leading opposition politicians, was in a suburban restaurant when armed men entered, forced all the diners to lie on the floor and robbed them.

"I didn't sleep too well last night," he conceded, before pointing out that poorer South Africans are the main victims of crime. "On an average day 67 South Africans are murdered and the conviction rate is below 15 per cent," he notes.

A high crime rate is not surprising in a country where the official rate of unemployment is 34.5 per cent and youth unemployment is over 60 per cent. Power cuts are a part of everyday life and reached up to nine hours a day in Johannesburg, the commercial capital, this summer. After cross-country riots a year ago, there is a fear that South Africa is primed for further civil unrest. Thabo Mbeki, a former president, recently warned that South Africa could soon

agree that South Africa is now a failed state, his reply was carefully phrased, but quietly devastating: "It's an incompetent government leading a state that is about to fail."

The grim mood in South Africa reflects disappointment with the presidency of Cyril Ramaphosa. When he took over in 2018, there was hope that he could rescue the country from the depths it had descended into during the nine-year presidency of Jacob Zuma, when corruption was rampant.

But Ramaphosa himself has now been implicated in graft, after the alleged discovery of millions of US dollars, stuffed into sofa cushions on his game farm. Even those who are reluctant to believe that the president is personally corrupt often accuse him of laziness and an inability to get things done.

Ramaphosa talks eloquently about the need to repair the damage left behind by Zuma. But many key state institutions — from power generation to the police and railways — are still highly dysfunctional. Rich South Africans can often find a way around a crumbling state, relying on private electricity generators, private security and even private fire engines. But Siya Khumalo, a prominent writer, expresses a common view when he says that under Ramaphosa, "things are falling apart, faster than they are being fixed".

Ramaphosa clearly has his flaws. But he is hedged in by the corrupt and dysfunctional political party that he leads.

described as a "criminal organisation" by Songezo Zibi, a leading political commentator. Herman Mashaba, a former mayor of Johannesburg who leads the new political party Action SA, dismisses the ANC, saying: "I can't work with a criminal organisation."

The fact that Zibi and Mashaba can say this sort of thing is both good and bad. It is bad that the ANC is now so discredited. It is good that South Africa remains a free country, where opposition politicians can speak out without fear of retribution.

With crime so high and infrastructure crumbling, there are those in the middle class who mutter about the need for an enlightened dictator — a South African equivalent of Rwanda's Paul Kagame. But, in general, South Africans remain

> Ramaphosa is hedged in by the corrupt and dysfunctional political

attached to their democracy. They know that most African dictators are the unenlightened variety, like the late Robert Mugabe who brought neighbouring Zimbabwe to its knees.

South Africa is now thought to be host to more than a million migrants, who have fled Zimbabwe's collapsing economy and brutal government. This is a source of increasing tension in South Africa, with vigilante groups and populist politicians blaming immigrants for crime and unemployment and demanding mass expulsions.

The influx of Zimbabweans is both a warning for South Africa and a kind of compliment. It demonstrates the depths to which a "post-liberation" country can be brought. But it is also shows that South Africa, despite its high unemployment, remains the regional powerhouse and a magnet for those seeking work.

Despite his fears about state failure, Maimane can also tick off the strengths of South Africa: a strong financial sector, independent central bank and judiciary, wonderful scenery that make the country a magnet for tourists.

The fear remains that those real advantages could yet be frittered away. As confidence in Ramaphosa declines, many reformists are looking forward to the national elections due in 2024.

It is widely anticipated that, for the first time since the end of apartheid, the ANC's share of the vote will slip below 45 per cent. That would open the door for a coalition government.

The real pessimists argue that a coalition will be more chaotic and not necessarily more effective — pointing to the mixed results of such administrations that have already taken power in cities and provinces around South Africa.

But continued stagnation and decline under the current arrangements is not a viable option. The ANC has done great things for South Africa in the past. The best thing it could do for the country's future would be to lose the next election and leave power.

face the equivalent of an Arab Spring. When I asked Maimane if he would

The African National Congress, the party of Nelson Mandela, is now bluntly

dysfunctional political party that he leads

good roads, lots of qualified professionals, well-run private companies, an

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among financial institutions is not necessarily harmful, so long as it doesn't damage confidence in the system.

And finally, how to maintain market integrity? Decentralised architectures and governance, while appealing and secure in principle, open up vulnerabilities such as front-running of certain protocols. Technology hardly eliminates the need for effective oversight.

Definitional issues are also important. Is a stablecoin issuer a narrow bank or a money market mutual fund? Is Ethereum a commodity or a security?

The answers to such questions are crucial for determining what, when and how to regulate. The crypto industry has an interest in muddying the waters. This heightens the need for expeditious action, recognising that some innovative technologies are merely improving the packaging and delivery of existing products. Definitions also matter for emergencies. Classification as a bank would give a stablecoin issuer access to central bank liquidity facilities, for instance, but this should trigger capital requirements.

When an industry clamours for regulation, it typically craves the legitimacy that comes with it while trying to minimise oversight. That is the biggest risk regulators must guard against — giving the crypto industry an official imprimatur while subjecting it to light-touch regulation.

The writer is the author of 'The Future of Money: How the Digital Revolution is Transforming Currencies and Finance'

Short-term politics hobbles UK infrastructure projects

Andrew Adonis

What do a huge reservoir at Abingdon, new nuclear power stations in Anglesey and Cumbria, the electrification of the Transpennine inter-city railway and England's largest onshore wind farm, on Scout Moor in Lancashire, have in common?

All four are big, vital pieces of national infrastructure proposed in the last 15 years. But all four were rejected or deferred, victims of "Nimby" opposition upheld by the government, and/or of the hostility of the Treasury and its utility regulators to major infrastructure projects, particularly those requiring significant public investment.

Poignantly, the first two projects are now being revived, faced with the imperatives of net zero, climate change and Russia's attack on Ukraine, and with one of the hottest and driest summers on record. Rationing of both water and electricity — or self-rationing because of sky-high energy market prices — are the reality of the months ahead.

It is 30 years since a new reservoir was opened in England. Thames Water is seeking to revive the Abingdon project, rejected by the Cameron government in 2011 on the pretext that there was "no immediate need" for it, after a decade-long planning battle. Two more reservoirs are now planned for the south-east alone, and are set for lengthy planning battles. Yet even these huge storage facilities will make good only a third of the projected shortfall of water in 20 years' time, and they presuppose dramatic progress on reducing usage and leakage.

On nuclear power, the last Labour government had plans for 10 new power stations to replace 11 ageing nuclear reactors, the first of them also opened nearly 30 years ago. France, by comparison, has 56 nuclear reactors, providing three-quarters of its electricity — though much of it is offline at the moment for maintenance. Anglo-Saxon "wisdom" that the French nuclear power programme was Gaullist statism run riot is no longer so obvious, in the face of Vladimir Putin's aggression as well as net zero.

It is farcical for Boris Johnson to suggest that the UK could now open one nuclear power station every year after a short planning process. Hinkley Point C, the UK's one current nuclear power project, was initiated more than a decade ago and won't be commissioned for at least another five years. The complex £25bn private financing package, led by French energy giant EDF, took years to negotiate and has kept changing in a forlorn Treasury bid to limit risk. It is not replicable for future projects, yet no new blueprint either for financing or for accelerating the planning process is proposed for further projects.

> HS2 shows it is possible to execute large schemes provided there is strong government leadership

As for renewables, which are central to the UK's net zero ambition given the lack of nuclear capacity, politicians say and do entirely different things. Not only is Scout Moor still beyond the pale: both Liz Truss and Rishi Sunak have pledged in leadership hustings with Tory party members that there will be no new onshore wind farms of any size, yet they are among the most cost effective of renewable power sources.

The saga of "northern powerhouse rail" to link the cities from Liverpool and Manchester to Leeds, York and Hull is equally fraught. A decade after its announcement, there is still no proper scheme, let alone any construction.

It needn't be this way. HS2, currently under construction from London to Birmingham and Crewe just 12 years after the plan was first proposed, shows that it is possible to execute major schemes in Britain, provided there is strong government leadership and cross-party support. The same was true of the motorway system, built in the 1960s and 1970s, and the electricity and gas grids upon which we still rely.

The problem is that short-term politics, and a never-ending planning system, too easily subvert even the best proposals. Tellingly, HS2 is proceeding by way of parliamentary legislation conferring the planning consents directly, not through the conventional planning system. The same should happen with other national projects of strategic importance.

The establishment of the National Infrastructure Commission, to identify strategic priorities independently of the government, is another step in the right direction. But under the patronage of the Treasury, it is subject to some of the very forces it needs to counteract. Its biggest intervention of late was to recommend cutting the eastern leg of HS2 to Leeds in return for a bigger rail scheme in the north. Now, neither will happen.

The writer was founding chair of the UK's National Infrastructure Commission (2015-2018) and a former transport secretary

Lex.

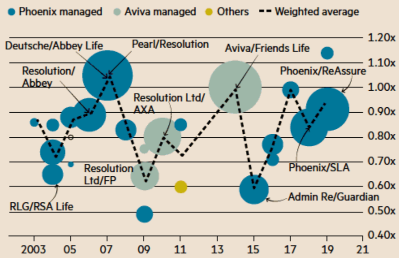
Twitter: @FTLex

M&G: resist the splittists

Rising prices for insurance assets are one reason for calls to break up M&G, the UK investment manager. A back book sale, however, would probably lead to smaller dividend payments. Fund inflows and outperforming shares suggest that a turnround is bearing fruit.

UK insurance back book deals

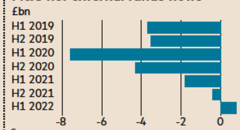
Price to enterprise value multiple



Sources: Company reports; RBC Capital Markets

M&G net external funds flows

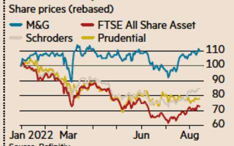
£bn



Source: company

M&G has outperformed

Share prices (rebased)



Source: Refinitiv

M&G's fund managers have backed numerous corporate demergers in the name of unlocking shareholder value. Indeed, the same logic was part of M&G's separation from Asia-focused insurer and savings group Prudential at the end of 2019.

That move popped the joint valuation for a while. After this, Pru slipped on China worries and M&G moved sideways.

Some investors are now mooting a further break-up of the UK savings and investments group. Schroders mulled a bid for M&G at the start of last year. It would have hung on to asset management while disposing of the life and pension units.

The deal foundered over concerns about a culture clash and slumping investment flows. These turned positive in the first half of this year for the first time since the demerger. A higher price for the group's most valuable division should be warranted.

At £5.6bn, M&G's market value is just a hair below its listing value. A group valuation multiple of 10 times forward earnings is well below 14 times for Schroders. M&G's lower rating reflects slower growth and its reliance on unfashionable savings and pension products. These include a large back book of annuities and with-profit insurance policies, along with the flagship PruFund, which remains open to new business.

The with-profits businesses might be worth 20 per cent of own funds, or £3bn. Other insurance units could attract £4.5bn, including net debt, equating to 76 per cent of own funds, think analysts at RBC. Add in £2.4bn for the asset management business on a 14 times multiple and any savings a consolidator might find. That implies 40 per cent upside from a break-up over the current price.

However, a deal would have to be all or nothing. A partial sale of the back book, for example, would scupper a dividend currently yielding over 8 per cent. Meanwhile, M&G is tipped to benefit from Solvency II rules. Its shares have outperformed peers this year by nearly 40 per cent.

Investors should wait and see whether a new chief executive can squeeze more value from M&G with lower risk than a break-up.

Saudi Aramco: behold now Behemoth

The Total Perspective Vortex, invented by writer Douglas Adams, tortured victims with their own insignificance. Saudi Aramco fulfils that function for oil supermajors.

It has just announced quarterly net income of $48.4bn, more than double Exxon's figure. The group is worth $2.4tn, six times the market capitalisation of the US company.

The comparison has implications beyond rubbernecking amazement. Saudi Aramco is the leading leviathan in a pod of national oil companies (NOCs), including PetroChina, Rosneft and Petrobras. High energy prices have strengthened the financial muscle they bestow on their controlling governments. The susceptibility of the latter to environmental lobbying is low.

Saudi Aramco has been talking up renewable energy plans, even so. These include ramping up blue hydrogen production. But the surging capital expenditure target of the state-run business, up by half from 2021 to $40bn-$50bn, underscores its likely position as one of the last oil producers in the energy transition. It spends more than ever on hydrocarbons. The figure for upstream oil and gas output rose 11 per cent year on year in the first half.

Meanwhile, the sum of upstream capex of the world's independent producers, including Chevron and Shell, will not exceed 2019 levels before at least 2025, says RBC.

High oil prices buoy Saudi Aramco's profits less than at supermajors. Riyadh extracts higher royalty rates from revenues as prices rise. The take jumps from 15 per cent to 40 per cent above $70 per barrel and doubles again when $100 is exceeded. You could call it a windfall tax. The thinly traded shares lag accordingly. The free float of just over 5 per cent includes the Saudi sovereign wealth fund. But the valuation of more than $2tn, decried by Lex a few years ago, looks more believable now that oil is dear.

While Saudi Aramco trumpets its bounty of free cash flow — more than $65bn in the first half — a dividend yield of just 3.1 per cent looks skimpy. Given the largesse, it will probably have to lift its dividend, says Bernstein.

Most foreign investors will continue to steer clear of Riyadh-listed Saudi Aramco. Apple, valued at almost $2.8tn, will appeal more.

But the profits of the group and other NOCs matter to the fate of nations and the planet. In comparison, the US device maker is a sideshow.

Digital advertising: Apple takes a bite

Apple's digital advertising business has turned the App Store into prime real estate for ads.

Like Google and Amazon, top search results tend to be paid for. Apple's advertising goals coincide with its crackdown on third parties who track users to show them personalised ads. That move has cost groups like Meta billions of dollars in lost ad revenue.

The contrast is awkward. But across the tech sector, many companies are attempting to add digital ads to their revenue stream. Ride-hailing groups Uber and Lyft now sell ads. Netflix is adding a subscription tier with adverts to its streaming service. So is Disney+.

Apple claims that its ads business is hitting new quarterly earnings records. Amazon's successful introduction of advertising suggests there is enough business to go around. But the only winners will be groups able to collect large amounts of data that can be used to match adverts to audience. In the second quarter, Amazon's ad sales rose 18 per cent on the year-ago figure. That is far faster growth than ads-led groups such as Twitter, Meta and Pinterest — all of which rely on third-party data.

Apple has 860mn users paying for its services and close to 2bn devices in use. That means it has a lot of data to employ. For now, advertising is limited to the App Store, news and stocks apps and during baseball games streamed via Apple TV. But it would make sense for ads to appear in other services, such as payments. The caveat is that this would not damage the user experience.

Apple's decision to position itself as a privacy-centric ad platform helps in this regard. Internet users are unhappy at having their movements tracked online and sold to shadowy buyers.

Apple hopes to make its services activities equal contributors to group profits alongside hardware sales. These businesses are reliant on fees charged to app creators, something regulators criticise. Replacing some of those fees with another source of high-margin revenue should be a priority.

Advertising fits the bill.

Reinsurance/natural disasters: not secondary

Despite the hurricane season getting off to a slow start, there is a 60 per cent chance of an above-normal, June-to-November Atlantic hurricane season this year, says the US National Oceanic and Atmospheric Administration.

The period causes jitters with reinsurers and their investors. Shares typically underperform in the spring and summer, picking up in the autumn when the probable earnings impact from the US hurricane season is clearer. Reinsurers can take the strain. Munich Re has historically taken the highest share — 3.4 per cent — of the industry's hurricane losses, says Berenberg. But its balance sheet shows it can cope. In the worst-case scenario, its excess capital of $16.2bn would be cut only by a third, say the analysts.

The focus on hurricanes reflects the extraordinary damage that ultra-high winds can inflict. Hurricane Katrina in 2005 still holds the record as the most expensive hurricane ever, costing the industry $87bn in 2020 prices.

But a focus on big events can mislead. The costs of less severe storms, fires and floods quickly add up, given that global warming increases their frequency and severity.

In 2021, secondary perils, including floods, accounted for more than 70 per cent of all insured losses, says the Swiss Re Institute. It was the first year that two separate secondary peril events — Winter Storm Uri in the US and July's floods in western and central Europe — each caused more than $10bn of losses.

There is a big unmet need for insurance. Over the past decade, 83 per cent of global economic losses from flooding were uninsured. But they are hard to model and predict, given that there is less data than exists for hurricanes or earthquakes.

That is changing, according to Swiss Re, which says that modelling capabilities have improved covering over half its secondary perils exposure.

That confidence needs testing. Climate change makes extreme events more likely. That trend, in turn, should bring opportunity for these insurers.

NYT/ValueAct: Times are a changing

Maybe getting subscribers is not the only hard part. Last week, investment fund ValueAct announced that it had bought 7 per cent of the common stock of the New York Times Company.

Shares in the business are down around a third this year. But the stock price has nearly doubled over the past five years. It now boasts more than 8mn digital subscribers. The venerable media group has done better than many competitors in coping with the switch online.

ValueAct is at the gentler end of the activist spectrum. Even so, it is less worried about how many users the NYT has accumulated than how much can they wring out of them. The NYT has a widening portfolio. Management is already focused on pricing its "bundle". This includes the core news business alongside sports coverage, the Wirecutter gadget review site as well cooking and games offerings.

The NYT news product now costs roughly $17 per month while the entire menu can be had for $25. It says there are more than 100mn people worldwide who are theoretical NYT subscribers. The balance it needs to find is to tap as many as readers as possible at the highest optimal price. News websites themselves are bundles of coverage on politics, business, sports and society. The NYT has doubled down on sports, buying The Athletic for $550mn even though its annual operating losses were around $50mn

In television streaming, the likes of Netflix and Disney have seen user growth moderating and resorted to raising monthly prices, betting that consumers will still see the value. The NYT, a general interest newspaper, is still relatively inexpensive compared with more specialised media.

But ValueAct should think twice before pushing for price rises. Gannett, the largest US local news provider, announced lay-offs last week. Its mix of subscriptions and advertising is little match for a time of high inflation and slowing growth. That is a signal to ValueAct to tread carefully at the NYT.

Lex on the web
For notes on today's stories go to www.ft.com/lex

CROSSWORD

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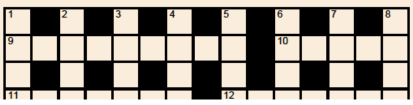
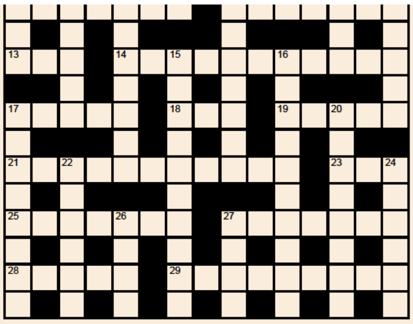


ACROSS
9 Vehicle's condition in speed trial, having flipped over (6,3)
10 Ring back about island shrub (5)
11 Managed to eat nuts before a period of fasting (7)



12 The sort of wedding the bride must be expecting to have? (7)
13 The girl in *Blue Velvet* (3)
14 Embargo involving everyone, initially, bar accountant (4,7)
17 Better holiday (5)
18 Confused losing son's share (3)
19 Search round for small jazz band (5)
21 Clubs ask too much for an entrance fee? (5,6)
23 Closely follow boxer, perhaps (3)
25 Remainder almost certainly having advantage (7)
27 Brittle paper inside dossier (7)
28 At one's office, bought gold bar? (5)
29 Rich person with the necessary reserves (9)

DOWN

1 Has news of European vehicle (6)
2 Ready for posting? Private, at the end, in a mad rush (8)
3 Car manufacturer – short report on English on making Rolls? (10)
4 Superstar's current disadvantage (4)
5 DA quietly got up, and confused court (10)
6 A length, therefore, could be further (4)
7 Small insignificant snub (6)
8 So, Racine changed storyline (8)
15 Clones are, anyway (3,3,4)
16 Any clue put out about lead in play? (5,5)
17 Family after dollars for suede leather (8)
20 Song produced by very enthusiastic Rhode Island girl (8)
22 House harbouring a harridan (6)
24 Oil from Greek facility (6)
26 Had a meal after all, ultimately long delayed (4)
27 Enjoyment shown by daughter in pool (4)

JOTTER PAD

Solution 17,173