FINANCIAL TIMES

THURSDAY 8 SEPTEMBER 2022 INTERNATIONAL NEWSPAPER OF THE YEAR ASIA

Coffee culture war
Starbucks' new boss caught in the crosshairs — BROOKE MASTERS, PAGE 15

Embittered oligarchs
Riches frozen, ostracised in the west and impotent at home — BIG READ, PAGE 13

Truth antisocial
Short stay on Twitter clone reveals a sad Trump — JEMIMA KELLY, PAGE 14

Seeds of doubt
Putin disdain for grain deal

Vladimir Putin greets attendees at the Eastern Economic Forum in Vladivostok yesterday. Russia's president used the event to cast doubt on the grain deal signed with Ukraine that had eased a global food crisis.

Blaming global shortages on the deal rather than on Moscow's invasion of Ukraine, Putin said that shipments had been hijacked by rich EU nations. "It may be worth considering how to limit [food exports] along this route," he said.

UN data show that of the 87 cargoes under the deal, 57 have gone to non-EU countries, including China, Egypt, India, Iran, Lebanon and Turkey.

Deal at risk page 2
Scholz battles page 3
Jens Stoltenberg page 15

Vladimir Smirnov/Tass Host Photo Agency/AFP via Getty Images

Brainard adds to chorus of Fed hawks urging inflation vigilance

- Vice-chair speaks out
- Expectations of big rate rise grow
- Price-wage cycle feared

COLBY SMITH — NEW YORK

A leading Federal Reserve official has warned that the US central bank must hold its nerve as it tries to tame soaring inflation, adding her name to a long list of policymakers sounding a hawkish note on future rate rises.

Lael Brainard, vice-chair of the Fed, reinforced expectations that the US central bank would opt for a third consecutive 0.75 percentage point rate rise at its meeting this month, when she said: "We are in this for as long as it takes to get inflation down".

Brainard said the Fed had to maintain public confidence in its ability to keep inflation in check in the long-run. But she added that at some point the risk of overtightening monetary policy would become more of a focus. The forceful intervention from Brainard, generally seen as a dove on monetary policy, comes as investors ramped up their bets on another 0.75 percentage point increase when the Fed meets on September 21.

Futures markets yesterday implied an 81 per cent chance that the Fed would opt for another large increase.

Expectations of further big rate rises have propelled the dollar higher in recent months, contributing to downward pressure on other currencies.

A measure of the dollar against six peers has jumped almost 15 per cent so far this year. Sterling has slumped by the same magnitude to hover near its weakest level since 1985.

At the same time, the widening gulf between the Fed's tightening programme and the Bank of Japan's continuing implementation of ultra-loose monetary policy has driven the yen to its lowest level in 24 years. The currency has tumbled by a fifth this year to pass through Y144 against the dollar.

Brainard said recent rate rises had started to cool some sectors of the US economy but she warned that it would take many months of low inflation before the central bank considered moving to a less aggressive approach.

The Fed would need to see "several months of low monthly inflation readings to be confident" that price growth was moving towards the central bank's 2 per cent target, she added.

Brainard's focus on inflation expectations underscores the Fed's fear that

Fed vice-chair Lael Brainard says the Fed has to maintain public confidence in its ability to keep inflation in check in the long-run

persistently high inflation will result in a vicious cycle, with companies raising prices and workers demanding higher wages. That could force the Fed to take even more aggressive action.

The US labour market remains tight, with August's unemployment rate at 3.7 per cent — near a multi-decade low.

Thomas Barkin, president of the Richmond Fed, told the Financial Times he had a "bias in general towards moving more quickly [on interest rates] rather than more slowly, as long as you don't inadvertently break something".

Echoing chair Jay Powell's hawkish message last month, Brainard yesterday said that monetary policy would need to be restrictive "for some time to provide confidence that inflation is moving down to target".

Briefing

▸ **Boost for Musk in Twitter pullout bid**
Tesla chief Elon Musk has won a victory in his legal battle to ditch his $44bn purchase of the social media group, after a Delaware judge said she would consider recent whistleblower allegations.— PAGE 5

▸ **Truss borrowing spree batters pound**
Sterling has touched a 37-year low to the dollar as markets braced for new UK premier Liz Truss to embark on a huge borrowing spree to fund an energy rescue.— PAGE 3; ROBERT SHRIMSLEY, PAGE 15

▸ **Chinese trade suffers amid Covid curbs**
August exports have missed forecasts, shrinking the country's trade surplus as demand from overseas flattened and another wave of Covid-19 restrictions at home disrupted production and logistics.— PAGE 4

▸ **Microsoft invests in Kalanick food group**
Microsoft is the first US-based investor in Uber known to have backed the "dark kitchen" start-up run by the ride-hailing group's co-founder Travis Kalanick.— PAGE 5

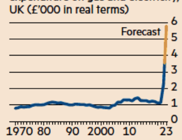
▸ **Brussels seeks to halve energy rates**
A draft proposal from the European Commission seeks to move ahead with a windfall levy on power companies by setting a threshold at less than half the current market rates for electricity.— PAGE 2

▸ **'Humongous challenge' in Pakistan**
Prime minister Shehbaz Sharif has warned that his country faces severe struggles as catastrophic floods coincide with a financial crisis and strife between the government and ex-leader Imran Khan.— PAGE 4

▸ **Repsol to sell chunk of exploration arm**
Spain's biggest oil company has said it will sell a 25 per cent stake to US energy and infrastructure investor EIG for $4.8bn as it seeks to raise funds for renewables investments.— PAGE 6; LEX, PAGE 16

Datawatch

Highly charged
Historical and forecast household expenditure on gas and electricity, UK (£'000 in real terms)



Source: Resolution Foundation

Energy bills in Britain have largely kept pace with general inflation over the past 50 years — but recent rises have placed an unprecedented burden on households, as a chart from the Resolution Foundation shows

Song catalogue investor dances to a different tune

Analysis ▸ PAGE 7

Kardashian's latest makeover takes shape with private equity venture

MARK VANDEVELDE — NEW YORK

Kim Kardashian has launched a private equity firm to buy stakes in media and consumer companies as she aims to convert her celebrity and influence with 329mn Instagram followers into financial returns.

The new firm, SKKY Partners, is a collaboration between the reality TV star turned business mogul and Jay Sammons, a former Carlyle Group executive who has carved out a niche investing in celebrity-backed ventures.

It reflects the increasing financial sophistication of a generation of entertainers who have greeted fragmenting audiences and the rise of online platforms as an opportunity to monetise their personal brands without ceding value to the media companies that once served as gatekeepers.

Sammons is a pioneer of the strategy. At Carlyle, he took a multibillion-dollar private equity firm into the unfamiliar world of show business, reaping strong returns from star-studded deals, including an investment in the headphone maker Beats by Dre.

But his 2019 acquisition of a stake in Big Machine Records attracted criticism when one of the label's biggest stars, Taylor Swift, complained that the deal had handed control of the master recordings of six of her multi-platinum albums to a man she viewed as her nemesis, the music executive Scooter Braun.

Sammons' latest venture aligns him with a family that has provided a steady stream of drama after attaining fame in 2007 with the reality TV show *Keeping Up with the Kardashians*.

Since then, they have proved adept at monetising their ability to add a sheen of celebrity to consumer brands, including shapewear label Skims and KKW, a make-up brand in which cosmetics maker Coty invested at a $1bn valuation in 2020.

SKKY announced its arrival in a tweet, stating that its "target sectors include consumer products, digital and ecommerce, consumer media, hospitality and luxury". The firm did not respond to a request for comment. No funds have been raised, according to the Wall Street Journal, which disclosed that Kardashian's mother, Kris Jenner, would also be a partner.

Other firms have tested institutional demand for celebrity-backed investments. Marcy Venture Partners, a firm co-founded by the rapper Jay Z, last year began raising money for a second institutional fund with a target of $200mn, securities filings show.

World Markets

STOCK MARKETS

	Sep 7	Prev	%chg
S&P 500	3942.38	3908.19	0.87
Nasdaq Composite	11665.83	11544.91	1.05
Dow Jones Ind	31367.80	31145.30	0.71
FTSEurofirst 300	1626.29	1635.12	-0.54
Euro Stoxx 50	3506.84	3500.14	0.19
FTSE 100	7237.83	7300.44	-0.86
FTSE All-Share	3976.83	4005.61	-0.72
CAC 40	6105.92	6104.61	0.02
Xetra Dax	12915.97	12871.44	0.35

CURRENCIES

Pair	Sep 7	Prev	Pair	Sep 7	Prev
$/€	0.995	0.991	€/$	1.005	1.010
$/£	1.147	1.153	£/$	0.872	0.867
£/€	0.868	0.859	€/£	1.153	1.164
¥/$	144.495	142.715	¥/€	143.750	141.352
¥/£	165.679	164.536	£ index	77.596	77.300
SFr/€	0.977	0.975	SFr/£	1.126	1.134

CRYPTO

	Sep 7	Prev	%chg
Bitcoin ($)	18886.80	18786.95	0.53

GOVERNMENT BONDS

Yield (%)	Sep 7	Prev	Chg
US 2 yr	3.46	3.51	-0.05
US 10 yr	3.28	3.34	-0.06
US 30 yr	3.44	3.48	-0.05
UK 2 yr	3.05	3.24	-0.19
UK 10 yr	3.03	3.10	-0.07
UK 30 yr	3.37	3.41	-0.05
JPN 2 yr	-0.09	-0.09	0.00
JPN 10 yr	0.24	0.24	0.01
JPN 30 yr	1.30	1.25	0.05

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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Dubai

Nikkei	27430.30	27626.51	-0.71
Hang Seng	19044.30	19202.73	-0.83
MSCI World $	2584.97	2596.70	-0.45
MSCI EM $	965.24	967.80	-0.26
MSCI ACWI $	602.32	604.93	-0.43
FT Wilshire 2500	5088.86	5111.53	-0.44
FT Wilshire 5000	39749.62	39931.75	-0.46

Ethereum	1543.09	1557.70	-0.94
COMMODITIES			
	Sep 7	Prev	%chg
Oil WTI $	83.15	86.88	-4.29
Oil Brent $	89.22	92.83	-3.89
Gold $	1702.60	1710.95	-0.49

GER 2 yr	1.08	1.09	-0.02
GER 10 yr	1.57	1.64	-0.06
GER 30 yr	1.67	1.75	-0.08

Prices are latest for edition
Data provided by Morningstar

A Nikkei Company

INTERNATIONAL

Agriculture

Putin puts grain deal with Ukraine at risk

Russian leader says terms brokered in July, not war, caused global shortages

POLINA IVANOVA — BERLIN
ROMAN OLEARCHYK — KYIV
HENRY FOY — BRUSSELS

Vladimir Putin has criticised a grain deal signed with Ukraine that unblocked agricultural products trapped in the country by his government's military assault, threatening an agreement that had eased a growing global food crisis.

In a speech yesterday, the Russian president blamed global grain shortages, which have particularly affected poorer countries, on the terms of the deal brokered in July rather than on the war launched by Russia against Ukraine, a big grain exporter.

He claimed that grain shipments released by the deal, which ended Russia's blockade of Ukraine's Black Sea ports in the Odesa region and enabled cargo vessels carrying grain and other food to restart deliveries, were not heading to poor countries.

"If we exclude Turkey as an intermediary country, then practically all the grain exported from Ukraine is sent not to the poorest developing countries but to EU countries," Putin said at an economic forum in the far-eastern Russian city of Vladivostok.

"It may be worth considering how to limit the export of grain and other food along this route," he said, adding that he would discuss the issue with his counterpart in Turkey, Recep Tayyip Erdoğan. All Black Sea grain shipments are logged by the UN, which brokered the deal. According to its public logs, more than 2mn metric tonnes of grain have been transported from Ukrainian ports on 87 ship voyages since the deal was signed.

'Practically all the grain exported from Ukraine is [not sent] to the poorest developing countries'

Of these, 30 have travelled to the EU, while 57 shipments have gone to other countries including China, Egypt, India, Iran and Lebanon, and 32 of those to Turkey. "The first major purchases now of grain from Ukraine come from the [UN] World Food Programme," said James O'Brien, sanctions co-ordinator at the US state department. He said in previous years Ukraine had contributed about half of WFP annual food supplies.

Ukrainian's infrastructure minister described the Russian leader's claims as "fake". Oleksandr Kubrakov said in a tweet: "Threats and fakes are typical for Russian politics."

Putin's remarks were part of his broader attempt to reframe the narrative around the invasion of Ukraine and the fallout for Russia. He presented the war as beneficial for Russia in political terms, and not as damaging economically as most observers believe it to be.

Russia's economy, Putin said, would decline by only about 2 per cent this year, although most economists believe the drop will be many times sharper, after sweeping sanctions roiled its supply chains and left it isolated from the global economy.

"We have not lost anything," Putin said. "The main gain has been the strengthening of our sovereignty." Sanctions, he said, were harming the west more than Russia. He said Moscow was finding it easy to find other buyers, for example in China.

Ursula von der Leyen, president of the European Commission, said yesterday Russian pipeline gas now accounted for just 9 per cent of the EU's gas imports, down from 40 per cent before the war. "Our work is paying off," she said.

See Opinion

Power levy

Brussels proposes windfall tax trigger below market rate

ALICE HANCOCK — BRUSSELS

Brussels is seeking to move ahead with a windfall levy on European electricity companies by setting a threshold at less than half the current market rates.

In draft proposals, the European Commission recommends governments impose a levy on revenues generated by non-gas electricity producers when market prices exceed €200/MWh. The current spot price for electricity in Germany, the regional benchmark, is above €450/MWh. Excess revenues would be redistributed to help companies and households.

Wholesale electricity prices have rocketed because they are pegged to the price of gas, whether or not the power is produced from gas or other sources. Gas prices are about 10 times higher than they have been compared with averages over the past decade as a result of Russia's supply cuts in response to western support for Ukraine.

Ursula von der Leyen, commission president, said yesterday that low-carbon energy producers were making "enormous revenues, revenues they never calculated, revenues they never dreamt of and revenues they cannot invest as fast". These "unexpected profits" should be channelled to member states to support vulnerable consumers and businesses, she said.

The windfall tax is part of a set of five measures put to member states in response to the widening energy crisis.

The proposals include a mandatory reduction in peak electricity demand, a price cap on Russian gas, changes to collateral requirements for electricity companies and tweaks to state aid rules to allow governments to bail out companies on the brink of collapse.

An official paper outlining the options did not give specific figures for the level of the windfall threshold, but a senior EU official said they would be set out after an emergency meeting of energy ministers tomorrow. The preliminary draft suggested that the cut to peak electricity use should be set at 5 per cent.

The Kremlin warned on Monday that gas supplies through the Nord Stream 1 pipeline would be halted until sanctions were lifted. Gas imports from Russia to the EU have fallen from about 40 per cent of the bloc's total usage last year to about 9 per cent.

Henning Gloystein, director of energy and climate at Eurasia Group, said a €200/MWh limit on non-gas power generators was "sufficiently high to achieve the intended demand reduction . . . this winter, while giving industry and small consumers at least some assurance that costs won't spiral up further".

Several EU diplomats and analysts said a blanket threshold for non-gas producers did not account for coal producers incurring higher costs than wind or solar power generators. The use of coal in the EU has been rising to compensate for gas cuts.

EU capitals generally favour plans to encourage reductions in demand but are split on how to address surging energy. One senior diplomat said the plan had been "well met" but several states, including Poland, Greece and Italy, oppose a specific price cap on Russian gas, fearing Moscow will impose further supply cuts.

Fossil fuel

Germany turns to coal for a third of its electricity

VALENTINA ROMEI — LONDON
MARTIN ARNOLD — FRANKFURT

Germany is relying on highly polluting coal for almost a third of its electricity, as the impact of government policies and the war in Ukraine leads producers in Europe's largest economy to use less gas and nuclear energy.

In the first six months of the year, Germany generated 82.6 kilowatt/hours from coal, up 17 per cent from the same period last year, according to data from Destatis, the national statistics office, published yesterday. The leap means almost a third of German electricity generation now comes from coal-fired plants, up from 27 per cent last year.

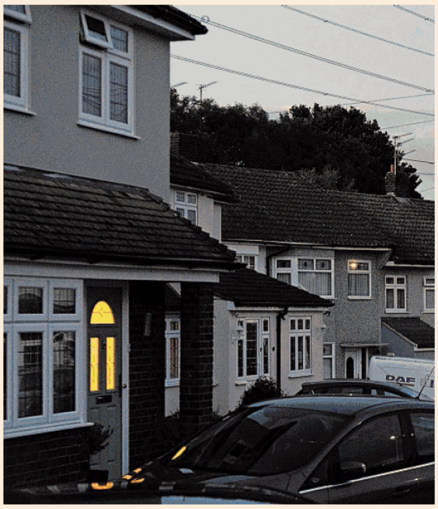
Production from natural gas, which has tripled in price to €235 per megawatt/hour since Russia's invasion in late February, fell 18 per cent to 11.7 per cent of total generation.

Destatis said the shift from gas to coal was sharper in the second quarter. Coal-fired electricity increased by an annual rate of 23 per cent in the three months to June, while electricity generation from natural gas fell 19 per cent.

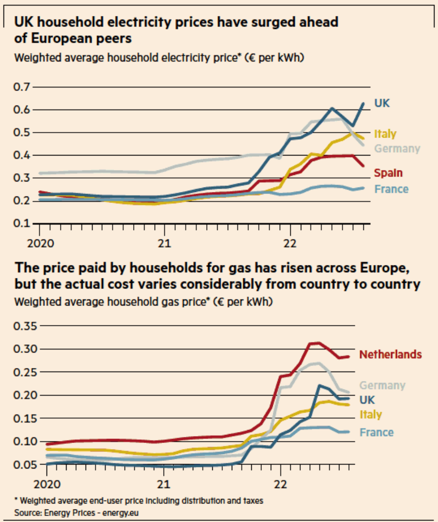
The figures highlight the challenge facing European governments in meeting clean energy goals after the Kremlin announced this week the Nordstream 1 pipeline that takes gas to Germany would remain closed until Europe lifted sanctions on Russian oil.

Germany has been trying to reduce its reliance on coal, which releases almost twice as many emissions as gas and more than 60 times those of nuclear energy, according to the Intergovernmental Panel on Climate Change estimates. But generation from nuclear energy has already halved after three of the six nuclear plants in operation at the end of 2021 were closed in the first half of this year. Berlin said on Monday it would keep on standby two of its remaining three nuclear sites, which were due to close at the end of the year.

A bright spot was the rise in the use of renewable energy. The proportion of power generated from wind rose 18 per cent to 25 per cent of the total, and from solar 20 per cent.



The UK generates about 40 per cent of its power from gas — Chris Ratcliffe/Bloomberg



Energy UK bills higher than for European neighbours

ALAN SMITH AND DAVID SHEPPARD
LONDON

The average UK household electricity price is at least 30 per cent higher than in many of its European neighbours, with the country's greater reliance on natural gas for power generation hitting consumers hard.

Europe is experiencing a continent-wide energy crisis caused by reduced oil and gas flows from Russia, but the direct impact on households varies widely depending on the energy mix of the country, according to electricity and gas pricing from Energy Prices, a Dutch consultancy.

Levels of government support, pricing mechanisms and taxation are also important factors, with countries such as France capping the amount electricity prices can rise. The EU has proposed a cap on Russian gas prices and a levy on energy companies to protect households and businesses, and many European countries have announced individual measures such as tax cuts.

"Russia's invasion of Ukraine has shifted the energy axis. There can be no other way out of this other than government intervention," said Sumit Bose, founder of Future Net Zero, a low-carbon advocacy group

But the cost of electricity is still expected to rise across Europe this winter as high gas prices continue to feed through to the power market, while supplies from other sources are down due to issues such as widespread maintenance problems at France's nuclear power plants and dry weather conditions affecting hydropower.

The UK generates about 40 per cent of its electricity from burning natural gas after moving faster than many peers to reduce its reliance on coal.

While that helped cut the country's emissions — coal generates about twice as much CO_2 as gas when burnt — it has left the UK more exposed to surging gas prices after Russia cut supplies in retaliation for western sanctions imposed after its full-scale invasion of Ukraine.

The UK's household electricity price is about 30 per cent higher than Italy, the next most expensive country. That is partly down to various levies the UK government adds to bills to support renewable power and poorer households. The UK has said it is less exposed to Russian gas cuts because it has no direct pipeline connections to the country, but cannot completely escape increases in wholesale prices.

The data shown for each country are a weighted average that reflects domestic energy supply. Some households in the UK and Europe have recently signed new energy contracts, while others continue to pay prices according to previous supplier agreements. As a result, new contracts are likely to be more expensive than the average prices shown here.

In the UK, the price cap that governs most household energy bills was set to rise about 80 per cent in October, but Liz Truss, the new prime minister, is set to introduce a price freeze that will cap typical household bills at £2,500 a year.

Higher wholesale prices are expected to feed through to household bills in some European countries this winter.

In gas, households in the Netherlands pay the highest costs followed by Germany. Both countries were heavily reliant on Russian supplies. The Netherlands has also largely shut down the Groningen gasfield, which was once Europe's largest, because its depletion was causing earthquakes in the town.

The UK has the third most expensive household gas prices, despite the wholesale price trading at a lower level than the European benchmark for most of this summer, primarily as a result of the UK's higher level of liquefied natural gas import capacity and domestic production from the North Sea. UK companies have been sending imported LNG to mainland Europe via pipeline to help countries fill their storage facilities.

Hungary had the lowest household gas costs by a large margin until August. The country has secured a number of deals with Russia. But Hungary has still seen gas import costs rise as prices have soared and is removing subsidised price caps on household usage above the average rate of consumption.

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Scandinavia

Norway willing to discuss EU gas price cap, says premier

RICHARD MILNE — OSLO

Norway is open to discussing potential long-term gas agreements and price caps with European partners to help alleviate the energy crisis, its prime minister has said.

The Scandinavian country, which is not ... ardising energy supplies as Europe prepared for a tough winter.

Some oil and gas executives outside Norway have argued that the wealthy nation should do more to help Europe ahead of a tough winter. Støre said the responsibility for any deals lay with companies such as Equinor, the state oil ...

Europe

Farmers warn of winter food shortages and cost increases

ANDY BOUNDS — BRUSSELS
JUDITH EVANS — LONDON

Farmers and food producers in Europe have warned of seasonal shortages and big price increases across a wide range of everyday products this winter, as they called for government support to ...

Pekka Pesonen, secretary-general of Copa-Cogeca, said European shoppers would face even higher prices and shortages of many fruit and vegetables this winter. "It is something we have never seen before," he said. "Nobody saw this coming and having such wide consequences."

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Representative, Anjali Mahindroo

The Scandinavian country, which is not in the EU, has become one of the biggest winners of the fallout from Moscow's full-scale invasion of Ukraine, replacing Russia as Europe's biggest supplier of gas and as a significant seller of oil and electricity across the continent.

"I fully understand that Europe now has a profound debate about how energy markets work, how they can secure more affordable prices for citizens, families, industries, how this shortfall of gas after [Russian president Vladimir] Putin's aggression can be handled," said Jonas Gahr Støre, prime minister. "Norway is not closing doors to any such discussion."

But Støre warned the EU and member state governments had to be careful not to adopt measures that ended up jeopardising ... companies such as Equinor, the state oil group. Equinor and other companies are in discussion with customers about potential long-term contracts that could lock in a gas price lower than the present level but higher than that of a year ago, said people familiar with the talks.

Asked whether Norway could agree to a voluntary price cap, Støre said: "I am not closing the door to any ideas that can take Europe forward. It is in Norway's profound interest that we reduce instability, that we increase reliability for our allies and partners."

He said Norway had increased gas supplies to Europe by 10 per cent this year and it wanted to be recognised as a "predictable and long-term" partner.

Additional reporting by David Sheppard and Tom Wilson in London

... offset surging energy costs.

Copa-Cogeca, the EU farmers' union, and FoodDrink Europe and PFP, two of the big food producer associations, said their members had begun to close operations and reduce output, as they asked for the food chain to be exempt from any European plans to ration energy.

"The latest increases in energy prices, especially natural gas and electricity, threaten the continuity of agri-food production cycles and therefore the ability to continue delivering essential agricultural commodities, food products and feed materials," they said.

Energy prices have surged due to Vladimir Putin's war in Ukraine, with Russia reducing gas flows to the continent in retaliation for sanctions.

... quences.

Energy is used throughout food production from fertiliser to harvesting to refrigeration. Butter prices in the EU have surged 80 per cent in the year to July, with milk powder up more than 50 per cent and beef up 28 per cent, according to European Commission data. But farmers say costs are rising ever faster.

Many fruit and vegetable growers are reducing plantings for the next harvest, with some saying the higher cost of operating their greenhouses outweighed the money they could make.

Alexander Formsma, energy specialist at Glastuinbouw Nederland, which represents the sector, said: "You will probably not see lit crops of tomatoes and cucumbers in the winter, because it is not financially feasible."

INTERNATIONAL

Scholz battles to allay German fears about impact of Russia's energy war

Chancellor concedes times are tough but assures town hall meeting country will survive winter

GUY CHAZAN — ESSEN

Germany's legions of clubs and associations are, according to Thomas Schröer, the "glue holding society together". How, he asked, would the government prevent them being killed off by soaring energy costs?

Schröer, 60, posed the question at a town hall meeting in the western city of Essen last week that revealed the deep angst felt by ordinary Germans exposed to one of the worst energy crunches in their country's history.

The man they wanted answers from was Olaf Scholz, Germany's chancellor. In power for less than three months when Russia's invasion of Ukraine threatened Europe's energy security, he must now figure out how to keep the lights on this winter while staving off a cost of living crisis that could plunge millions into poverty.

What, asked many of the 150 people gathered in a university building in Essen, was Scholz doing to prevent Germans becoming collateral damage in Russia's energy war with the west?

Such concerns intensified after Moscow announced a complete halt to gas flows through the Nord Stream 1 pipeline. That pushed benchmark European gas prices up by 35 per cent when markets reopened on Monday. Both gas and German year-ahead electricity prices are trading at roughly 10 times their 2019 levels.

Responding to Schröer, Scholz acknowledged that times were tough for Germany's 620,000 registered societies, which cater for everyone from scything enthusiasts to rabbit breeders. They were also hard for hospitals, care homes, bakeries and all small businesses. "Everyone's worried about the next bill," he said.

But Germany now had, he said, enough alternatives lined up ahead of the heating season. "Even if it's tight, we'll get through winter," he said, citing higher storage levels than in 2021. "That's a huge achievement . . . A year ago it wouldn't have been possible."

A softly spoken Social Democrat, Scholz won last September's election on a modest programme of tweaks to Germany's welfare state, a push to green the economy and a promise of more "respect" for working people.

Instead he has become a war chancellor, seizing on the dislocation caused by Russia's invasion to drive through far-reaching policy changes. Calling the war a *Zeitenwende*, or turning point, Scholz broke with decades of political orthodoxy by announcing a massive rise in military spending, and pledging to send Ukraine weapons and wean Germany off its dependence on Russian energy.

Yet since then, Germany's economic problems have mounted. With Russian gas flows declining, Scholz has been forced to search for substitute supplies while battling inflation, preventing a recession and protecting millions of hard-pressed consumers from soaring energy bills.

In a heated debate in parliament yesterday over who was to blame for the country's energy crisis, Friedrich Merz, leader of the opposition Christian Democrats, accused the government of failing to think strategically by idling its remaining nuclear power stations.

Scholz blamed the "irresponsible policy" of the previous government, in particular its "decision to exit coal and nuclear energy", which increased Germany's reliance on Russian gas. Scholz was finance minister during the previous grand coalition between his SDP and the centre-right CDU.

On Sunday he announced a new €65bn programme of relief measures, to be funded partly through a levy on energy companies' windfall profits. It contains big one-off payments to pensioners and students, an expansion of housing and child allowance and higher welfare handouts, as well as modest tax cuts for the middle classes.

Scholz has promised to revive — in one form or another — the popular summer travel scheme that allowed Germans to ride all local and regional buses, trams and trains for just €9 a month.

But the town hall in Essen, a big city in Germany's Ruhr industrial heartland, served a warning that some of his policies remain controversial with the wider public. Some people appeared alarmed by the rise in defence spending, with one woman criticising the new €100bn investment fund for the armed forces.

"How can you just shake that out of your sleeve . . . when there's so little money for welfare and education and low-income families?" she asked, adding: "How will you ensure that we can get out of this militarism again? . . . How do we create a world where things are more peaceful?"

Bernhard Funke, a pensioner from the nearby city of Duisburg, took issue with the heavy weapons Germany has sent to Ukraine, saying an escalation of the war could lead to a "nuclear plant exploding" or "atomic weapons being deployed . . . isn't the risk too great?"

The chancellor replied that if other countries behaved like Russia and tried to seize territory from their neighbours, "we'll have 300 years of war".

Scholz defended his support for Ukraine, insisting he would do his utmost to avoid a direct confrontation between Moscow and the west.

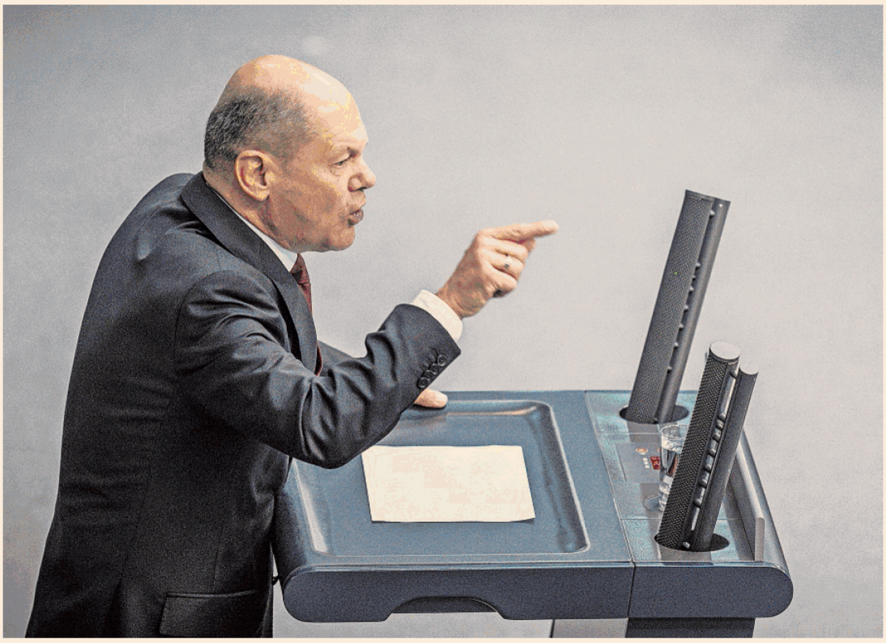
"I found him very authentic," said Petra Haberhausen, a dental assistant, of Scholz. "I'm glad we've got someone like him in charge."

But others expressed disappointment at his remarks about the issue uppermost in their minds — energy. "There wasn't enough detail," said Otfried Priegnitz, a retired hospital manager.

Scholz said his government had pushed for the building of import terminals for liquefied natural gas. It was expanding renewable power, helping companies switch from gas to oil and restarting coal-fired power stations.

But among the audience in Essen, big fears remained. "A lot of people — pensioners, students, people with large families — are going to be wondering if they should heat or eat this winter," said Haberhausen. "I would never have thought such a thing was possible in Germany."

See FT Big Read and Opinion



Point to prove: Olaf Scholz addresses the Bundestag yesterday in a heated debate over who was to blame for Germany's energy crisis
Michael Kappeler/DPA

'Even if it's tight, we'll get through winter. A year ago it wouldn't have been possible'
Olaf Scholz

Currency

Concerns over UK borrowing spree push sterling to 37-year low

FT REPORTERS

Sterling touched a 37-year low against the US dollar yesterday as markets were braced for a big borrowing spree by new UK prime minister Liz Truss's government to fund an energy rescue package for homes and businesses.

Truss, who took office on Tuesday, will today give details of the state intervention, which will see households and companies shielded from soaring bills. Government insiders said the total cost over two winters could hit £150bn.

Truss told the House of Commons she would give people "certainty to make sure that they are able to get through this winter", but ministers were yesterday still trying to finalise the details of the business support sector.

Average household bills will be capped at about £2,500 a year in a move that could cost £90bn over two years, based on assumptions of future wholesale gas prices, with the business package perhaps costing £60bn. The cost will be funded by government borrowing, adding to demand in the economy at a time when inflation is above 10 per cent and the markets are already nervous about rising interest rates.

Sterling sank as low as $1.1406 yesterday, according to data from Bloomberg, its weakest level since 1985 and beyond the low point of the wake of the vote to leave the EU in 2016 and the depths of March 2020, when global markets convulsed in response to the Covid crisis. The pound has now fallen 15 per cent against the dollar this year.

Chris Turner, global head of markets at ING, the investment bank, said concerns about the level of borrowing meant that even touching a 37-year low "we do not think sterling is particularly cheap at these levels".

Yesterday new chancellor Kwasi Kwarteng met Andrew Bailey, Bank of England governor, to try to demonstrate harmony and as much co-ordination between monetary and fiscal policy as possible. Kwarteng would reinstate weekly meetings between the governor and chancellor. He told leading City figures he would impose fiscal discipline "over the medium term".

Bailey earlier told MPs there was little that could be done to stop the UK falling into recession this year, saying it would "overwhelmingly be caused by the actions of Russia and the impact on energy prices".

Truss told MPs she would not try to recover some of the cost of the energy bailout by imposing a windfall tax on energy companies, in spite of demands for it from the Labour opposition.

"I am against a windfall tax," she told the Commons. "I believe it is the wrong thing to be putting companies off investing in the United Kingdom just when we need to be growing the economy."

Robert Shrimsley see Opinion

Rule of law. **Document seizure**

Legal experts query Trump-appointed judge's order

Ruling gives former president special status and threatens to delay DoJ investigation

KIRAN STACEY — WASHINGTON

When judge Aileen Cannon approved Donald Trump's request for a court offi-

Khardori, a former federal prosecutor, said: "She is explicit that she views Trump's legal status as a former president as categorically distinct from others and requiring a bespoke legal analysis." Norm Eisen, a former White House lawyer, said: "For special consideration to be given to someone because they are a former president — that runs contrary to the American principle that

The DoJ said in an earlier court filing that it had already reviewed all of the documents in question. But it is now unclear what officials can do with the information they have gleaned.

"That injunction is extraordinary," said Jennifer Rodgers, a former federal prosecutor and lecturer at Columbia Law School. "If DoJ officials saw a name in those documents, are they allowed to

But it has also raised concerns about her role in overseeing a case involving the man who appointed her.

Brad Moss, a partner at Mark Zaid, the law firm, said: "Time and again the decision carves out exceptions to issues of jurisdiction and judicial authority premised on the idea that Mr Trump is a unique criminal suspect who is essentially entitled to greater benefits of 'fair-

Inflation fight

Canada warns of further rate rises following sharp increase

LYDIA TOMKIW — NEW YORK
JAREN KERR — TORONTO

Canada's central bank raised its key interest rate by 0.75 percentage points to 3.25 per cent and warned of further increases in its fight to prevent high inflation from becoming entrenched.

omitted such language in a short release yesterday.

Canada's inflation rate moderated slightly in July as a result of lower petrol prices, but consumer prices were still up 7.6 per cent that month against a year earlier, Statistics Canada reported last month.

cial to review documents he may have taken illegally from the White House, she explicitly gave special treatment to the man who put her in place.

"As a function of plaintiff's former position as president of the United States, the stigma associated with seizure is in a league of its own," Cannon wrote in her decision.

"A future indictment, based to any degree on property that ought to be returned, would result in reputational harm of a decidedly different order of magnitude," said the Trump-appointed judge in Florida's southern district.

Many legal experts were surprised when Cannon on Monday ordered the appointment of a so-called special master to look over the documents seized in an FBI search of Trump's Mar-a-Lago estate last month. The documents, of which 103 were marked as classified, are central to the Department of Justice's probe into whether the former president mishandled government information on leaving office.

Inquiries are likely to be held up while a special master is appointed and carries out a review. But some legal experts warn of wider ramifications. Ankush

everyone is equal under the law."

The DoJ inquiry into whether Trump mishandled classified information after leaving office is the most immediate legal threat he faces. He is also under scrutiny from Congress for his role in fomenting last year's attack on the US Capitol and by a grand jury in Georgia over his attempts to overturn the state's 2020 election result.

When FBI agents carried out the search they seized 27 boxes containing thousands of documents, including 54 marked "secret" and 18 "top secret".

Trump then requested a special master to consider whether any of those documents were subject to attorney-client privilege or the privilege granted to members of the executive branch to communicate privately.

Before this week, Trump's request looked to have backfired, resulting in the justice department having to disclose far more than it otherwise would have about what he kept at his resort.

Cannon's decision not only hands him a legal victory but has the potential to hold up the inquiry indefinitely, given she has told officials to stop using the documents until further notice.

reach out to that person now and question them? Can they review subpoenas relating to them?"

Bill Barr, Trump's former attorney-general, told Fox News on Tuesday the ruling was "totally wrong".

But the element of the order that has caused most consternation is that in justifying her decision, Cannon has given Trump almost unique legal status. The notion was central to her argument that an unusual intervention was warranted even before charges had been brought.

Raid: a police officer keeps watch outside Mar-a-Lago last month

ness' than any other criminal suspect at this stage in a criminal investigation."

The DoJ now faces a decision over whether to appeal. Some believe it has solid grounds to do so but point out that six of the 11 active judges on the court where an appeal would be heard were appointed by Trump.

Even if the government lost an appeal or decided not to proceed, it should still be able to proceed with the case using documents approved by a special master, experts said.

Rodgers of Columbia said: "Trump's lawyers have had a good week but I don't think at the end of the day it makes much of a difference except by pushing everything back a little bit."

But others believe Cannon has paved the way for judges sympathetic to Trump to put up similar legal hurdles, even to drag the case out indefinitely.

Khardori, the former federal prosecutor, said: "This potentially points to more obstacles along these lines. It tells us a lot about what it will be like for the government to try and litigate this investigation in this political and legal environment."

Jemima Kelly see The FT View page

The rise brings the key interest rate above 3 per cent for the first time since mid-2008 and into so-called restrictive territory, where monetary policy hampers economic growth.

"Given the outlook for inflation, the Governing Council still judges that the policy interest rate will need to rise further," the Bank of Canada said in a statement yesterday. "Quantitative tightening is complementing increases in the policy rate."

The BoC said it would assess how much higher interest rates would need to rise to return to its inflation target of 2 per cent.

The rate increase is the central bank's fifth this year, and was in line with economists' expectations, according to Refinitiv polling.

It brings the cumulative tightening so far this year to 3 percentage points — "the fastest pace since the mid-1990s", said Bank of Montreal economist Benjamin Reitzes.

BoC governor Tiff Macklem had previously spoken about a so-called soft landing where the bank would attempt to curb inflation without causing a recession. The central bank

The central bank said it remained concerned about "a further broadening of price pressures", particularly in services. The bank's core measures of inflation moved up to a range of 5-5.5 per cent in July.

"The longer this continues, the greater the risk that elevated inflation becomes entrenched," the bank said.

Officials highlighted that indicators of domestic demand — consumption and business investment — remained "very strong".

Yesterday's rate rise comes after the BoC caught some market observers off guard in July by raising its key interest rate by 1 percentage point to 2.5 per cent. This was the largest rate increase since 1998.

"This is a short and sweet statement that buys time for them to reassess the outlook with new forecasts and surveys of inflation expectations into the October decisions," said Derek Holt, the head of capital markets economics at Scotiabank.

Scotiabank and the Bank of Montreal both expect a 0.5 percentage point rate rise from the BoC at its next scheduled meeting on October 26.

A liquidity crunch in the property sector, which accounts for about a third of gross domestic product, has already hit

senior fellow at the Council on Foreign Relations, a think-tank.

"In the smaller cities there is a gaping

she said. "They're not treating us like human beings."

See Opinion

2.3 per cent, or less than half the previous target.

See The FT View

Legal threat

Gulf states warn Netflix over 'un-Islamic' content

SAMER AL-ATRUSH — DUBAI

Gulf states led by Saudi Arabia have threatened legal action against streaming group Netflix if it continues to broadcast shows they deem un-Islamic.

The statement from a Saudi-led committee of the Gulf Cooperation Council follows a campaign in local media accusing the leading streaming content provider in the region of promoting "homosexuality".

The statement did not elaborate as to which shows were problematic, aside from saying that they ran counter to Islam and the law in Gulf countries, and that they included content for children.

"The relevant authorities will monitor the platform's compliance with these directives and will take the necessary legal measures if the content continues to broadcast," the statement said.

Homosexuality is banned in most Arab countries and is widely viewed by their populations as a taboo. Authorities in several nations periodically crack down on what they consider LGBT+ behaviour or culture, often after media campaigns.

An official Saudi television channel had aired a report on Tuesday calling on the government to act against Netflix.

"Pay to subscribe to Netflix, and in return your child will watch scenes such as this that violate morality, yes scenes that promote homosexuality among children," a voiceover says, before showing a blurred image of two female cartoon characters kissing.

The scene was taken from Netflix's *Jurassic World Camp Cretaceous* animated show. The report separately referred to *Cuties*, a French film about a Muslim girl who joins a dance group and "arouses paedophiles".

Netflix was forced to apologise in 2020 over promotional material for *Cuties* after a petition accused the channel of sexualising adolescents.

The company's shares collapsed early this year after it reported losing subscribers. The shares have recovered on third-quarter earnings and growth in subscriptions, although they are still well below last year's prices.

The company has retained its leading position in the Middle East, where it faces competition from regional streaming groups such as Shahid and Starz Play.

It was not immediately clear what legal measures the Gulf countries could take against Netflix, or how the company intended to react. They already block access to some media companies and sexually explicit content.

Netflix was not available immediately for comment.

Additional reporting by Alex Barker in London and Simeon Kerr in Dubai

Children's books

Hong Kong speech therapists guilty of sedition

CHAN HO-HIM — HONG KONG

A Hong Kong court has convicted five speech therapists of sedition after they published a series of illustrated children's books about cartoon animals, in a case critics say highlights tightening restrictions on freedoms.

The disbanded General Union of Hong Kong Speech Therapists, an industry group, in 2020 and 2021 published stories about a "sheep village" that was bullied and attacked.

Prosecutors alleged the stories were allegories that amounted to "indoctrinating" children to support separatism and hatred of Beijing.

The speech therapists face up to two years in prison, with sentencing expected on Saturday.

"Seditious intention stems not merely from the words, but from the words with the proscribed effects intended to result in the mind of children," said Hong Kong district judge Kwok Wai-kin as he handed down his verdict yesterday.

The therapists' defence lawyers had argued the offence charged was "unconstitutional on the ground that it is inconsistent with their freedom of expression, speech and publication".

The case has been seen as a sign of vanishing freedoms in the financial hub since Beijing imposed a national security law in 2020 after mass pro-democracy protests the previous year. Hong Kong courts have taken an increasingly tough line against democracy activists.

Media mogul Jimmy Lai, the 74-year-old founder of the pro-democracy newspaper Apple Daily, lost a bid last week to prevent national security officers from searching his mobile phones, including journalistic materials, a decision that could be a precedent for other cases. Lai was recently denied a jury trial.

Three of the children's books that feature sheep dealing with wolves

A non-jury trial was also ordered for 47 opposition politicians accused of subversion in connection with attempts to select candidates to run in an election for the Legislative Council, the city's de facto parliament, two years ago. Many in the group have been held in custody since 2021 and 29 of them have indicated they would plead guilty.

Thomas E Kellogg, executive director of the Centre for Asian Law at Georgetown University, said the speech therapists' case represented "a significant expansion of the category of seditious speech . . . [as it] criminalises speech that comments indirectly on politics".

Ronson Chan, chair of the Hong Kong Journalists Association, was arrested yesterday for allegedly obstructing a police officer and causing disorder in a public place. Chan was held while covering a news event, according to Channel C HK, the online media outlet where he is deputy assignment editor. He had earlier revealed he planned to leave Hong Kong in late September to attend a journalism programme in the UK.

Yen freefall Tokyo is dropping hints about 'necessary' action as the currency, continues its descent ● PAGE 8

Companies & Markets

Musk cleared to use Twitter whistleblower claims in court

- Judge lets tycoon amend complaint
- Tesla chief says deal contract invalid

HANNAH MURPHY — SAN FRANCISCO
SUJEET INDAP — NEW YORK

Elon Musk has won a victory in his legal battle against Twitter to pull out of his $44bn purchase of the social media company, after a Delaware judge said she would consider recently revealed whistleblower allegations by Twitter's former security head as part of the case.

After a three-hour hearing on Tuesday, Kathaleen McCormick, chancellor of the Delaware Court of Chancery, agreed yesterday to allow the billionaire Tesla chief to amend his complaint to include claims brought by former executive Pieter Zatko against Twitter.

Zatko, who was fired by Twitter this year and is represented by Whistleblower Aid, filed a complaint to authorities in July alleging that the social media group had misled users and regulators about its lax cyber security practices.

> 'Zatko's complaint reveals extensive misconduct . . . in Twitter's 2021 10-K'
>
> Elon Musk's court filing

Since July, Musk has sought to back out of buying Twitter, arguing it has underestimated the number of bots on the platform and misled regulators on the matter, in breach of the merger agreement struck in April. But last week his team asserted that, if true, Zatko's allegations would constitute fresh grounds to cancel the deal.

In granting the request, McCormick noted that the bar to revise a complaint was "low".

However, she sided with Twitter in keeping the trial date for the week of October 17, instead of granting the deferral to November that Musk had asked for.

"I am convinced that even four weeks' delay would risk further harm to Twitter too great to justify," she wrote.

The decision could open Twitter up to fresh scrutiny over its cyber security controls, which have previously come under fire after hackers peddling a crypto scam took over the official accounts of hundreds of public figures and companies in July 2020.

"We are hopeful that winning the motion to amend takes us one step closer to the truth coming out in that courtroom," said Musk lawyer Alex Spiro, following the ruling.

Twitter said: "We look forward to presenting our case in court beginning on October 17 and intend to close the transaction on the price and terms agreed upon with Mr Musk."

In a court filing released on Wednesday alongside the decision, Musk alleged that the grievances Zatko first published in the Washington Post in July revealed Twitter's 2021 annual report to be inaccurate. Musk argues this nullifies the merger contract.

"Zatko's complaint reveals extensive misconduct and misrepresentations in Twitter's 2021 10-K related to Twitter's compliance with binding FTC orders, mass intellectual property violations and inadequate security systems, among other matters," Musk's complaint said.

Twitter has accused Musk of simply getting cold feet over the deal given the market downturn, and repeatedly using "pretexts" to find a way out of it.

During Tuesday's hearing, lawyers for Twitter said Zatko had raised his concerns over the company's cyber security practices internally early in 2022 and that these were investigated and "determined to be without merit".

Chancellor McCormick ordered Musk to limit his new discovery demands on Twitter. "Discovery can be made through targeted document discovery and minimal additional experts and fact witnesses," she wrote in her opinion.

Tuchel tackled New US owners of Chelsea sack head coach after bumpy start to season

Out: firing Thomas Tuchel is a big bet by Clearlake Capital and financier Todd Boehly — Glyn Kirk/AFP via Getty Images

SAM AGINI AND JOSH NOBLE
LONDON

The new US owners of Chelsea Football Club have sacked head coach Thomas Tuchel after a poor start to the season, just over a year after he guided the club to a Champions League triumph.

Tuchel was dismissed yesterday, hours after Chelsea suffered a humiliating defeat at the start of this year's European campaign on Tuesday, losing 1-0 to Dinamo Zagreb.

"As the new ownership group reaches 100 days since taking over the club, and as it continues its hard work to take the club forward, the new owners believe it is the right time to make this transition," Chelsea said.

Firing Tuchel is a big bet by US financier Todd Boehly and private equity group Clearlake Capital after leading the £2.5bn acquisition in May of Chelsea from sanctioned Russian oligarch Roman Abramovich. Chelsea was the biggest spender in Europe during the summer transfer window, splashing out more than £250mn on new players, bolstering the squad with the likes of England forward Raheem Sterling and Wesley Fofana from Leicester City.

Tuchel, who previously managed Paris Saint-Germain, joined Chelsea in January 2021 and led the club to the Champions League final that year, winning the most prestigious club tournament in Europe 1-0 against Manchester City.

Under his leadership, Chelsea also won the Super Cup and the Club World Cup. Those titles meant he would "rightly have a place in Chelsea's history", the club said.

However, the new season has got off to a rocky start. Chelsea have lost two of their opening six fixtures, drawing once and winning three. The revamped team has often looked disjointed, while communication between the manager and the players has been deteriorating, according to one person familiar with the matter.

Tuchel's own frustrations have been increasingly visible. He was fined and given a one-match touchline ban earlier this season after a pitchside bust-up with Tottenham Hotspur head coach Antonio Conte.

He was shown a yellow card during Tuesday's game in Zagreb. In the post-match press conference, he offered a gloomy assessment of the team. "I don't really know where this performance today comes from . . . we are clearly not where we want to be."

Tuchel's dismissal was confirmed after a face-to-face meeting with Boehly and Behdad Eghbali, Clearlake's co-founder, at the club's training ground yesterday morning.

Bookmakers identified Brighton coach Graham Potter as the strong favourite to replace Tuchel.

Uber backer Microsoft bets on Kalanick's CloudKitchens

DAVE LEE — SAN FRANCISCO
TIM BRADSHAW — LONDON

Microsoft is the first US-based investor in Uber known to have backed CloudKitchens, the "dark kitchen" start-up run by the ride-hailing company's controversial co-founder Travis Kalanick, according to two people with knowledge of the investment.

The investment was part of CloudKitchens' $850mn funding round that closed in November 2021, a combination of debt and equity that valued the Los Angeles-based company at $15bn, the people said.

Since receiving the cash boost, CloudKitchens has been able to supercharge its growth globally, as reported by the Financial Times on Tuesday, with more than 4,000 employees across the US, Latin America, the UK and the Middle East. CloudKitchens buys or leases warehousing space, converting the premises into dark kitchens — units that can be rented by restaurant businesses to cook food to be sold via delivery apps such as DoorDash or Uber Eats.

CloudKitchens has also started using surplus space in the facilities to store convenience goods, such as pet food or over-the-counter medicine.

Microsoft's involvement follows its investment of about $100mn in Uber in 2015, when the ride-hailing service was valued at about $50bn. But the software company's decision to again support Kalanick, whose exit from Uber in 2017 was prompted by a series of ethical scandals and management failings, appears to set Microsoft apart from the other major Silicon Valley investors who last backed the entrepreneur.

Four former employees told the Financial Times that CloudKitchens suffered from many of the cultural issues that were found at Uber and was experiencing a high staff-attrition rate as a result. One ex-senior figure, who had also previously worked at Uber, described CloudKitchens as "the most toxic place I've ever seen or experienced".

Another former employee said: "If they want to be a successful company, there needs to be a very big cultural change. People need to be valued as people within the company." CloudKitchens declined to comment on its culture.

Microsoft and CloudKitchens declined to comment. Initial details of the round's existence were first reported by Business Insider.

Business will be reluctant to pay the price of supersonic flight

INSIDE BUSINESS
AEROSPACE

Peggy Hollinger

Here is a question for busy executives, dealmakers and time-starved travellers. If you could save three hours flying from London to New York on a supersonic jet, but knew your journey would generate two to eight times the carbon of a flight on a conventional aircraft, would you do it?

Two weeks ago, American Airlines put down an undisclosed deposit for 20 supersonic aircraft being developed by Colorado start-up Boom. Blake Scholl, Boom's founder, believes there are enough of you out there to fill "hundreds if not thousands of these aeroplanes". I am not so sure.

Twenty years ago, when Concorde was guzzling twice the fuel of a 747 to carry a quarter of the passengers, companies did not have to measure their carbon footprints. Today they are under pressure from investors, regulators and customers to reduce the climate impact of doing business.

Even assuming Boom overcomes the noise problem, supersonic travel will be one of the least green and most expensive options for air passengers.

Dan Rutherford, aviation programme director of the International Council on Clean Transportation, calculated that flying on a Boom-like supersonic jet powered by conventional jet fuel would emit eight times the carbon of an economy-class passenger on a subsonic plane, or twice the carbon attributed to someone in business class.

Boom says its Overture will fly on 100 per cent sustainable aviation fuels, although it does not yet have an engine.

A very clean SAF would enable it to generate up to 24 per cent fewer carbon emissions per seat km than an aircraft flying on conventional fuel, according to a study by the ICCT and Massachusetts Institute of Technology. But that research also concludes that supersonic's non-carbon climate impact, from agents such as nitrogen oxide and water vapour, could be worse because of the higher altitude at which these aircraft fly.

Moreover, if Overture can fly on SAF, so can other aircraft. All conventional jet engines are capable of flying on 100 per cent sustainable fuel, with a few minor tweaks. It is regulators that have restricted use to 50 per cent.

> The executive travel outlook is not what it was when Boom was launched in 2014, thanks to the rise of videoconferencing

Boom's claim to sustainability also presumes that there will be enough reasonably priced green fuel to power the aircraft, which is due to fly in 2029. But that is far from certain. Iata, the airline industry trade body, estimates that aviation uses roughly 450bn litres of fuel a year. Current investment plans suggest production of only 5bn SAF by 2025, Iata says.

It notes that effective government incentives could take this to 30bn a year by 2030, still far short of the industry's needs. That shortfall means that SAF is likely to be more expensive than jet fuel for some time.

Conventional fuel accounts for roughly 30 per cent of an airline's operating costs. Why would carriers use a more costly option for a supersonic aircraft that will consume significantly more fuel than a modern subsonic aircraft? My guess is that they won't.

Even if a carrier did go down that path, tickets would have to be so prohibitively priced, that only a select few could afford them.

High fuel costs and the small size of a very niche market contributed to the grounding of Concorde in 2003, according to John Strickland, an aviation consultant who was involved in network planning for the British Airways Concorde.

"We could only make it work on the London to New York route by getting premium traffic," he said. "It was a very small number of people doing repeat business" such as executives, dealmakers and "a few celebrities".

Since then, the economics of supersonic travel have not obviously changed, but much else has. For a start, the business-travel outlook is not what it was when Boom was launched in 2014, thanks to the rise of videoconferencing post-Covid. And those passengers who once prized time savings over cost have to factor in the environmental impact of their journeys.

"Clients will say, 'We don't want you using it. It's bad for our carbon footprint,'" said one mergers and acquisitions lawyer who often used Concorde.

"I can see major investment banks simply saying their bankers will not use the aircraft."

Flying faster than the speed of sound is a thrilling concept. But business travellers will have to weigh up whether saving a few hours' journey time is really worth the damage that could be done to their reputations, and to the environment.

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COMPANIES & MARKETS

Oil & gas

Repsol offloads a quarter of upstream unit

Sale to EIG for $4.8bn will bolster the Spanish group's renewables shift

TOM WILSON AND ROBERT WRIGHT
LONDON

Repsol will sell a 25 per cent stake in its exploration and production operations to EIG for $4.8bn as Spain's biggest oil company seeks to raise funds for renewables investments.

The deal, the result of an approach by the US energy and infrastructure investor, is one of the most creative efforts by a sector keen to transition to greener forms of energy while providing needed hydrocarbons.

Repsol said the deal, which values its upstream arm at about $19bn, just under the company's market cap of $19.4bn, would "crystallise value" in the division while freeing up capital to scale up renewables investments.

Josu Jon Imaz, chief executive, said: "Our ambition is to lead the energy transitio. This pioneering agreement allows us to maintain the strategic direction of the upstream unit" while effecting the "transformation of the company and its multi-energy profile to achieve zero net emissions by 2050".

Repsol in 2019 was among the first in the sector to set a net zero target and has begun building wind, solar and hydro plants in Spain, the US and Chile. EIG is a big oil and gas investor.

In 2014 it founded Harbour Energy, which is the largest oil and gas producer in the UK's North Sea.

The oil industry, which is under pressure to slash emissions by reducing production, is wrestling with how to fund investments in cleaner energy while retaining sufficient profits from legacy assets to continue to pay shareholders.

Some investors and industry veterans have called on the biggest companies to spin off their oil and gas divisions, which face a higher cost of capital than pure renewables businesses.

So far, most competitors, including Shell and BP, have argued that they will be better able to succeed as integrated companies.

Italian oil group Eni was preparing to list a minority stake in its retail and renewable power business in June before delaying the offering due to market conditions.

The Repsol deal is the first attempt by a big oil and gas company to cash in on the value of its entire legacy business. The unit produces an average of 570,000 barrels a day of oil equivalent from fields in the Americas, Europe, Asia and Africa.

About 70 per cent of that production is natural gas, prices for which have soared this year.

Biraj Borkhataria, head of oil and gas equity research at RBC, described the deal as positive for Repsol and the industry.

"We see this deal as good for the sector in unlocking value for the majors," he said.

Despite record profits from soaring oil and gas prices, the value of energy majors' legacy businesses has become more uncertain as pressure mounts on fossil fuel producers to curb output.

Repsol, which was advised on the deal by PJT Partners, said it would retain operational control of the unit.

The transaction laid the foundation for a potential initial public offering of the business in the US in 2026 or later.

The transaction would help fund Repsol's long-term plans to build out its low-carbon business, and should be a "significant positive catalyst" for Repsol shares, Borkhataria said.

See Lex

Technology

Spotify chief uses Brussels visit to lobby against Apple

JAVIER ESPINOZA — BRUSSELS

The founder of music streaming app Spotify has used a rare visit to Brussels to apply personal pressure on the European Commission for a case against Apple's practices to be accelerated.

Swedish billionaire Daniel Ek said he spoke with competition commissioner Margrethe Vestager about what he sees as Apple's "anti-competitive conduct".

"It's a picture of a company that keeps zigging and zagging to avoid doing anything", he said, adding that other regulators, including in Japan, the Netherlands and South Korea, "have come down pretty hard on" Apple over similar issues. He urged the commission to do the same.

"I was asking [her] what I can do to make sure this case moves faster. As an entrepreneur you always want anything to happen yesterday. These regulatory processes take time so, so far, I guess normal but that doesn't mean that one shouldn't try to accelerate them or try to make more progress."

Ek said he hoped his visit would speed the probe against Apple, which has already taken almost four years.

"I'm hoping [my visit] raises the awareness and the attention on the

Cash crunch

EU smelters

Pressure is building on the EU to launch emergency action to support the strategically important European smelting industry as another plant announced big production cuts.

The move to halve smelter output at the Rheinwerk plant near Düsseldorf to 70,000 tonnes a year from next month comes a day after Aluminium Dunkirk, Europe's largest primary smelter for

semiconductor chips for cars," said Milan Vesely, managing director of the Slovalco smelter in Slovakia, which has halted production. "Europe should take action and

Travel & leisure

Cineworld files for US bankruptcy protection

ALEXANDRA WHITE — NEW YORK
JUDITH EVANS — LONDON

Cineworld, the world's second-largest cinema chain, has filed for bankruptcy protection in the US after buckling under a debt load worsened by pandemic closures.

The UK-based owner of chains such as Regal Cinemas said in a filing yesterday that it was seeking to cut debt and shore up its balance sheet through a restructuring of its UK, US and Jersey businesses. The process is set to all but wipe out equity holders.

The company has secured a debtor-in-possession financing facility of almost $2bn from its lenders, which include US investment managers Invesco, Eaton Vance and State Street.

The lenders are expected to take control during the bankruptcy process. Cineworld said it would set out further restructuring plans "in due course". Its London-listed shares will not be suspended.

A deal to reduce the group's debt and lease liabilities, which amounted to almost $9bn at the end of 2021, would "result in very significant dilution of equity interests in the group", said Cineworld, warning that "there is no guarantee of any recovery for holders of existing equity interests".

The filing follows a years-long struggle with a debt pile incurred through expansion including the 2017 acquisition of Regal, while ticket sales have been hit by the rise of streaming along with Covid-19 closures. Chief executive

> 'This latest process is part of our ongoing efforts to strengthen our financial position'

Mooky Greidinger twice agreed rescue packages with lenders to avoid bankruptcy during the pandemic.

The group's London-listed shares have shed more than 90 per cent of their value over the past year as the group floundered.

"The pandemic was an incredibly difficult time for our business, with the enforced closure of cinemas and huge disruption to film schedules that has led us to this point," said Greidinger.

agenda and that the priority becomes even higher."

His remarks followed meetings with senior officials — including Vestager, commissioner Vera Jourova and the cabinet of internal markets commissioner Thierry Breton — to make his case for a speedy resolution on an antitrust probe against Apple.

Spotify filed a complaint with European regulators in 2019 claiming that Apple was taking a 30 per cent cut of its subscription fees for featuring it in the App Store and denying the streaming service the right to tell its users that other ways of upgrading were available. The commission formally charged Apple with breaking EU law this year.

Ek said that Vestager told him she shared his frustration over the pace of the investigation. The commission did not immediately comment after the meeting.

There is no fixed deadline for the commission to issue its final ruling and officials have not indicated when it might be given. Whoever loses the case is likely to appeal to the EU courts.

call for help with costs

Industry meltdown: aluminium cans await recycling at a Speira facility. The group has been forced to cut output — Imago/Panama Pictures/Reuters

Germany's Speira is the latest aluminium producer to slash output because of soaring energy costs as the crisis deepens.

The cuts add to calls for help to save a sector facing an "existential threat" from soaring power prices and come ahead of a meeting of EU energy ministers tomorrow that aims to soften the pain for households and business through emergency interventions.

In a letter to EU leaders, Eurometaux, the non-ferrous metals trade body, said the industry's problems, which have led to "unprecedented" cuts to smelter production in the past year, would deepen unless the EU intervened.

"We are deeply concerned that the winter ahead could deliver a decisive blow to many of our operations," the body and 40 chief executives warned.

The cost of energy has become far higher in Europe than Asia and the US after Russia slashed gas supplies to the continent, which is threatening to wipe out corners of the region's industry.

the metal, said it would reduce output by just over a fifth.

Speira chief executive Einar Glomnes said energy prices had become too high to maintain production.

"We are facing similar challenges as many other European aluminium smelters," he said. "This development requires us to curtail 50 per cent of our smelter production until further notice to sustain value for Speira."

The latest wave of cutbacks follows indefinite shutdowns of Norsk Hydro's aluminium smelter in Slovakia and a zinc smelter in the Netherlands run by Nyrstar, which is controlled by commodity trading group Trafigura.

Europe only accounts for 6 per cent of global aluminium production but the metal is of strategic importance because of its use in aerospace, defence and the motor sector, as well as in buildings and to produce drinks cans.

"Europe should realise that if we don't produce aluminium, we will be dependent on aluminium that is imported. It will be the same story as decide whether aluminium is a strategic material."

Known as "solid electricity", aluminium is one of the most vulnerable sectors to the surge in prices that shot up after Russia choked gas supplies to Europe.

Before the crisis, electricity was about 40 per cent of an aluminium smelter's costs with one tonne taking about 15 megawatt hours of electricity to produce, enough to power the average UK home for about five years.

Producers have said it is nearly impossible to sign long-term power supply deals when their contracts expire, with electricity prices up more than 10-fold of their average over the previous decade. Gas, which is used to generate power, heavily influences electricity prices.

Last year Europe produced 4.3mn tonnes of aluminium. That is set to fall to 3.4mn tonnes this year, according to Wood Mackenzie, a consultancy. *Harry Dempsey*

This latest process is part of our ongoing efforts to strengthen our financial position and is in pursuit of a deleveraging that will create a more resilient capital structure and effective business," he added.

Cineworld plans to discuss improving US cinema lease terms with landlords and said it expected to emerge from Chapter 11 during the first quarter of 2023. Employees will continue to be paid, while its chains, which also include Cinema City, Picturehouse and Yes Planet, will carry out business as usual.

The company, which operates 747 sites and employs about 28,000 people globally, also faces a potential $1bn payout to Canadian rival Cineplex over an acquisition attempt that was abandoned in 2020. Cineworld is appealing against the decision in Canadian courts.

It is not the only cinema group facing severe financial difficulties. Lenders to Vue International, the UK's third-largest cinema chain, took control of the group in a £1bn debt restructuring in July. AMC meanwhile has more than $5bn of debt.

Personal goods

Richemont investors brush aside activist plan

LEILA ABBOUD — PARIS

Richemont shareholders have rejected activist Bluebell's campaign to shake up the board of the Swiss luxury group, handing a victory to founder Johann Rupert.

In a vote yesterday, shareholders overwhelmingly voted against Francesco Trapani, a luxury executive whom Bluebell had nominated as a board director, preferring Richemont's choice, Wendy Luhabe, who was already on the board.

They voted down two other resolutions proposed by Bluebell that sought to restore more power to holders of the A shares, which carry fewer voting rights than the B shares owned by Rupert's family holding company.

Bluebell, which has been part of successful campaigns at foodmaker Danone and chemicals group Solvay, had accused Rupert of behaving like a *padre padrone* (father-master) who made most decisions at Richemont while owning only 9.1 per cent.

The family holding company's B shares carry 50 per cent of the voting rights in the owner of Cartier and Van Cleef & Arpels.

"I'm happy to see that our shareholders trust the management," said Rupert, who serves as chair of Richemont, after the vote, according to Reuters.

> Rupert 'does not own the company and must answer to shareholders'
> Giuseppe Bivona, Bluebell

Richemont's management, as well as shareholder advisory groups ISS and Glass Lewis, had recommended voting against Bluebell's resolutions, including the nomination of Trapani.

The company had argued that the former Bulgari and Tiffany & Co executive was too closely associated with rival LVMH, which owns both brands.

Bluebell executive Giuseppe Bivona said the fund planned to continue to push for changes at Richemont.

"We are very patient," he said. "We will stay as shareholders as long as it takes for Rupert to realise that he does not own the company and must answer to shareholders."

He cast the outcome as a small step forward as Richemont had nominated a board member to represent the A shareholders for the first time, as required by the company's bylaws.

Bluebell had criticised Richemont's strategy and called for the group to focus on jewellery and watches instead of its unprofitable ecommerce operation and fashion brands such as Chloé.

Richemont shares have delivered returns of about 60 per cent in the past five years, compared with roughly 200 per cent at rivals Hermès and LVMH and 80 per cent for Kering, according to Refinitiv data.

Technology

Tencent takes 49.9% passive stake in Ubisoft

LEILA ABBOUD — PARIS
ANNA GROSS — LONDON

Ubisoft shares closed down 17 per cent yesterday after Chinese conglomerate Tencent increased its investment in the French gaming group, dashing investor hopes of an imminent takeover of the family-controlled business.

A wave of consolidation in video gaming over the past three years has led to independent studios being snapped up by technology groups, leading to speculation that the developer of *Assassin's Creed* would be next.

Ubisoft is Europe's second-largest gaming company by market capitalisation and one of the few remaining independent participants making big-budget titles.

However, the founding Guillemot family has protected the company's independence and fended off a raid by media and communications group Vivendi that began in 2015.

Under the agreement announced on Tuesday, the Chinese tech group agreed to pay €300mn to buy a 49.9 per cent stake in Guillemot Brothers Limited, a vehicle that holds some of the family's shares, but will have only 5 per cent voting rights in the entity and no board representation.

Tencent has the option to increase the 4.5 per cent direct stake it has owned in the maker of *Just Dance* since 2018 to up to 9.99 per cent.

Yves Guillemot: chief says Ubisoft's governance 'will remain unchanged' after the deal with the Chinese group

The deal implies a valuation of €80 per share for Ubisoft, which is significantly higher than the closing price on Tuesday of €43.50.

"The speculative appeal diminishes, in our view," analysts at Kepler Cheuvreux wrote in a note yesterday.

The agreement between Ubisoft and Tencent stipulates that Tencent be allowed to increase its direct stake in Ubisoft and launch a full takeover bid should a third party bid for the company.

The pair would act in concert under a shareholders' pact, they said in a joint statement.

"As a result of this transaction, Ubisoft's governance will remain unchanged and Tencent will not have any operational veto rights," said Ubisoft chief executive Yves Guillemot.

Tencent has signed a standstill agreement that it will not sell its Ubisoft shares for five years nor raise its stake past 9.99 per cent for eight years.

"We are excited to expand our engagement with the founders, the Guillemot family," said Tencent president Martin Lau, adding that Tencent planned to "bring some of Ubisoft's most well-known AAA franchises to mobile".

See Lex

COMPANIES & MARKETS

Tide is high for Blackstone-backed music rights group Hipgnosis after market turns

Songs fund strays into deeper water as aggressive interest rate increases pose a challenge to its breakneck expansion

ANNA NICOLAOU — NEW YORK
KAYE WIGGINS — LONDON

When Merck Mercuriadis, a former manager of stars such as Beyoncé and Elton John, set up an investment vehicle and floated it on the London Stock Exchange in 2018, he had an audacious pitch.

Songs were a better investment than oil or gold as the music streaming business continued to boom, he said. He had the "extensive relationships in the music industry" needed to take advantage of the revolution and, if investors trusted him with their money, they could get in on the ground floor.

Hipgnosis raised more than £1bn and, for a time, snapped up catalogues at breakneck pace from the likes of Blondie and Neil Young.

Since embarking on the buying frenzy, Hipgnosis has pledged to transform popular music into a dependable asset class. The royalties from the songs it owned would be packaged into a regular income stream in the form of dividends for investors including the Church of England and Investec's wealth management arm.

But Hipgnosis Songs Fund, which took shape in an era of rock-bottom interest rates and soaring stock markets, has since become an example of what can happen to exotic investments when the market turns.

To fuel its growth, HSF has repeatedly tapped investors for cash to make new acquisitions, but it has since burnt through its funds and is unable to raise more because its stock price has fallen.

Pro forma royalty revenues from its catalogue — a measure that strips out the boost from acquisitions — have fallen for the past two years and the cost of servicing its $600mn of debt is rising. It has not bought a new song for more than a year. Some artists who had hoped to sell their catalogues to Mercuriadis are growing impatient.

In addition to shareholders of the

Pop royalty: Blondie's songs were among those acquired by Hipgnosis in a business model that sees it channel earnings to investors — Goddard Archive/Alamy

In the six months starting October last year — when Blackstone took control of HSM — the London-listed vehicle has reported that "aborted deal expenses" increased to $1.6mn, four times higher than the previous level. That includes the cost of doing due diligence on potential deals that the fund did not sign.

Stephen Schwarzman, Blackstone's billionaire founder, has been dragged into a dispute between Mercuriadis and a Grammy Award-winning artist,

spent about six months trading below HSF's $2.2bn net asset value — an equity valuation derived from a third-party agent's assessment of the fund's assets, which HSF has presented to investors. That means raising new equity would dilute existing shareholders and as HSF says, "destroy value".

HSF pays an annual dividend yield of 4.6 per cent, according to investment bank Stifel, funded by royalties that are paid when songs are streamed, played

London-listed fund is that a third-party agent has marked up its net asset valuation, allowing it to report strong returns to investors. Barry Massarsky, a veteran music economist who values catalogues, including HSF's, said its 65,413 songs were worth $2.69bn in March, up from $2.55bn in September 2021. That was partly because Massarsky concluded that the songs were not decaying by as much as expected, a person familiar with the matter said.

A higher valuation means the company could borrow more money, which it could potentially use to fund the dividend. HSF can borrow up to 30 per cent of its catalogue's value and, based on the $2.2bn valuation derived from Massarsky's numbers, it could increase debt from $600mn to $660mn before hitting the limit. If Massarsky were to mark down the fund's value, it would prevent HSF from borrowing more. One reason for doing so would be to factor in the effect of interest rate rises by adjusting the "discount rate" Massarsky uses in his calculations. HSF said in July that a 0.5 per cent increase in the discount rate would reduce the value of its catalogue to $2.02bn, a fall of about 10 per cent.

HSF is still being valued using the same discount rate as it was a year ago, even after central banks have since embarked on rate rises to stem the worst inflation in decades.

"If we were to make changes with every ripple in the market, then that would create instability in our market," Nari Matsuura, a partner at Citrin Cooperman, which acquired Massarsky Consulting, said in July.

Matsuura told Music Business Worldwide in May that her firm was "protecting all of our clients" by not raising the discount rate because it meant that "valuations will not go down".

She told the Financial Times: "We have refreshed our calculation for the current direction of interest rates, and the 8.5 per cent discount rate still accommodates for that rise."

If HSF were to face financial difficulties, Blackstone could buy its portfolio either outright or in parts. "There is a scenario where the listed fund has to cut the dividend due to its leverage issues", in which case the share price would suffer "severely", Stifel analysts wrote last month.

In any case, Blackstone "comes out on top", the analysts said, given that it can either buy assets at attractive prices or collect fees paid to HSM, the advisory vehicle that sits atop the web of companies. HSM generated $16.5mn in fees from HSF last year.

The note was titled "Blackstone: Heads I win, tails you lose".

In addition to shareholders of the London-listed fund, Mercuriadis has a new investor to answer to: the world's biggest private equity group, Blackstone.

Dizzying growth

By late August 2021, HSF had run out of firepower.

A month earlier, it had raised £156mn for deals, the ninth time in three years it had tapped investors. But the dizzying pace of fundraising and dealmaking has made it difficult to assess the company's underlying performance. At the time of the July 2021 fundraising, Mercuriadis told investors that he would not ask for more cash for at least a year.

Within weeks, he spent the entire haul on songs by artists including the Red Hot Chili Peppers, Kaiser Chiefs and Elliot Lurie, the lead writer for Looking Glass, the early '70s US pop-rock band.

During the self-imposed moratorium, Mercuriadis turned elsewhere for cash. In October last year, he sold his private management company, The Family (Music), to Blackstone. The vehicle, which is paid advisory fees by the London-listed fund, was renamed Hipgnosis Songs Management.

Blackstone did not disclose the terms of its investment in HSM, which is still run by Mercuriadis, who retains a minority stake.

Blackstone also set up a private $1bn fund — with $350mn of equity and $650mn of debt — giving Mercuriadis a fresh pot of capital to buy more song copyrights. The fund, called Hipgnosis Songs Capital, also pays fees to HSM.

However, in recent months, several artists have complained that Mercuriadis has failed to complete potential transactions that were being discussed, according to people briefed on the negotiations. Mercuriadis blamed the delays on the US Federal Reserve's implementation of a string of interest rate rises, the people said.

A Grammy Award-winning artist, according to two people briefed on the tussle. The songwriter — who asked to remain anonymous because negotiations were still live — told Mercuriadis that they had approached Schwarzman about a stalled deal to buy their catalogue, the people said.

"We have a fiduciary responsibility to our investors to always ensure our underwriting is accurate," Mercuriadis said. "Changes in interest rates has meant some deals have had to be under-written again and re-priced. This is not unique to Hipgnosis or the music industry." He added: "We believe in straight communication with the songwriters and we give them the actual facts. Our reputation in the songwriting community is based on actions not words. We have the trust of the songwriting community and are their preferred choice because we have made our success with them and not at their expense."

> 'There is a scenario where the listed fund has to cut the dividend due to its leverage issues'

Blackstone declined to comment.

Difficulties mount

Mercuriadis has used Blackstone's $1bn fund to sign deals with Leonard Cohen, Justin Timberlake, Nile Rodgers, Nelly Furtado and country singer Kenny Chesney. He will also use it to buy Pink Floyd's back catalogue, which he has long coveted, if he wins an auction that is expected to close soon.

But his original London-listed fund faces mounting challenges.

To buy more songs, it needs to raise new equity. But it is in effect precluded from doing so because of the decline in its share price. By the time the pause on new fundraising expired, its shares had

paid when songs are streamed, played on the radio, performed live, covered by another artist or used in a television show, advertisement or video game.

Those yields were attractive when interest rates were near zero but are less enticing when investors can make higher returns than before from lower-risk assets such as government bonds.

If HSF's costs were to remain constant, its revenues would need to rise about 20 per above their level in 2021 to cover its dividend payment for the year to March 2023, according to Stifel.

"The dividend is one of the key attractions for shareholders," said Sachin Saggar, an analyst at Stifel. "[Hipgnosis] would not cut it unless it was a last resort."

HSF said last month that it intended to keep targeting a 5.25p dividend for the year to March 2023.

HSF executives believe operating costs will fall because it is not signing deals, and the fund is reviewing its debt structure to cut its interest payments, said a person close to the group.

Executives expect revenues to be boosted by the still live growth in music streaming as well as the impact of the reopening of bars and clubs and the return of live shows after lockdowns, the person said. The company is also in line to receive a windfall from a US court ruling that increased royalty payments.

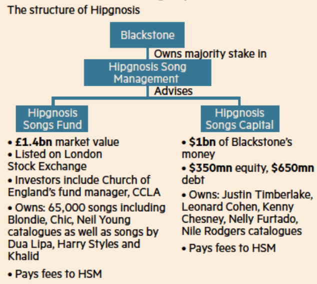
But part of the decline in revenues is probably tied to the "decay" effect, said Saggar. New songs tend to generate higher royalty payments in the first six or so years after they are released. HSF is exposed to newer songs: at the end of December, 43 per cent of revenues were generated by songs under 10 years old.

Some critics argue that investors that were attracted by the dividend did not fully appreciate the inherent riskiness of the business. Michael Sukin, a long-time entertainment lawyer said some investors "have really no idea how music catalogues make money".

One apparent bright spot for the

Blackstone's bet on song royalties

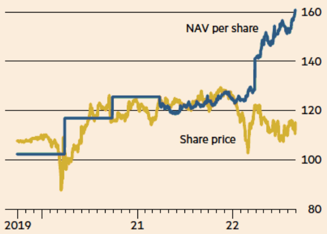
The structure of Hipgnosis



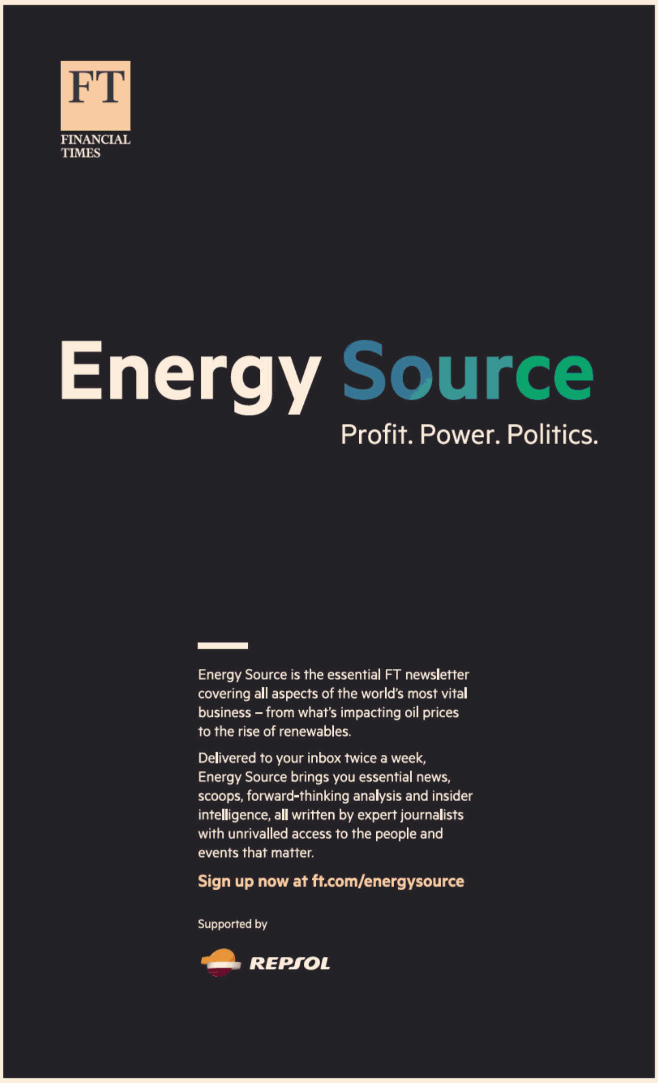
Sources: FT research; Stifel

The market value of Hipgnosis Songs Fund is far below the company's own valuation

Pence



From Mar 2021 onwards the NAV has been converted from USD to GBP



COMPANIES & MARKETS

Currencies. Yield differentials

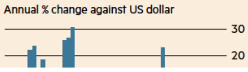
Yen hits 1998 low even after Japan's verbal intervention

Rising sum: analysts have warned that the dollar strengthening towards ¥150 did 'not look impossible' if the rhetoric around the yen remained unchanged — Kim Kyung-Hoon/Reuters

Selling in Asian forex spreads as South Korean won reaches its weakest level since 2009

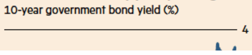
Japan's yen in historic drop

Annual % change against US dollar



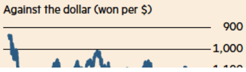
Gulf between US and Japanese yields widens as monetary policy diverges

10-year government bond yield (%)



South Korea's currency slides

Against the dollar (won per $)



Equities

AIG lowers valuation of life and asset management unit in listing

NICHOLAS MEGAW AND BROOKE MASTERS — NEW YORK

AIG is planning to cut the valuation of Corebridge, its life and asset management business, by more than 30 per cent as the carved-out company attempts to reopen the US market for initial public offerings with the first major listing since May.

The US insurance group on Tuesday said it aimed to sell 80mn Corebridge shares at between $21 and $24 a share, raising between $1.7bn and $1.9bn. The company plans to list on the New York Stock Exchange later this month.

Such a price would value the company at between $13.5bn and $15.5bn compared with the $22.2bn valuation that it secured in an investment from private equity group Blackstone last November.

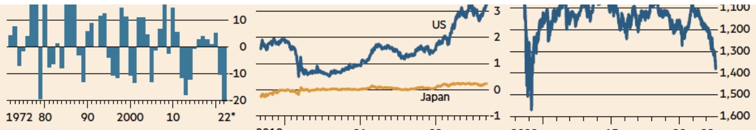
The lower price reflects the broader slide in equity prices rather than a material change in Corebridge's business.

The S&P 500 stock index has fallen about 15 per cent since the deal with Blackstone was struck and shares in recently listed companies have been particularly badly hit. The Renaissance IPO index was down 44 per cent in the first eight months of the year.

The US IPO market has been almost

> 'It's a well-known company with a solid business. We

LEO LEWIS AND KANA INAGAKI — TOKYO
SONG JUNG-A — SEOUL



* Year to date
Sources: Bloomberg; FactSet; Refinitiv

The yen fell further against the dollar yesterday, leaving it down a fifth this year, as Japan's government stepped up its verbal intervention aimed at stemming an acute sell-off in the currency.

Japan's currency declined to ¥144 against the dollar, its weakest level since 1998, despite a shift in language by Japanese officials, which gave the strongest hints to date that they could take action if the currency continues to slide.

Finance minister Shunichi Suzuki said yen moves should be stable and reflect economic fundamentals, calling for stability in currency markets.

"We are concerned that the yen's depreciation has been one-sided," he told reporters. "We will take necessary action if this continues."

He declined to comment when asked what the "necessary action" entails.

Suzuki made the remarks after the yen continued its descent even after Hirokazu Matsuno, the chief cabinet secretary, expressed "concern" about the yen's rapid moves earlier in the day and issued a similarly worded warning of potential intervention.

But traders said the fundamentals behind the yen's descent remained the same as they had since March with the market pricing in a widening chasm between tightening monetary policy in the US and the ultra-loose stance of the Bank of Japan.

The Japanese central bank is still pursuing its policy of buying an unlimited amount of government bonds to hold 10-year borrowing costs under 0.25 per cent, which has created a massive gap against US yields, which are now sitting at 3.3 per cent.

In a sign that the pressure in Asian currency markets is spreading, the South Korean won also yesterday extended its losses for a fifth consecutive session to hit its weakest level since the 2009 global financial crisis, dragged down by the US Federal Reserve's aggressive monetary tightening and Seoul's ballooning trade deficits.

The South Korean currency fell as much as 0.9 per cent to Won1,389 per dollar, its weakest level since 2009.

Choo Kyung-ho, the country's finance minister, said yesterday that growing uncertainty in the currency markets was not desirable and authorities were closely monitoring the situation for any herd-like behaviour.

He added that the stronger dollar was a global phenomenon and South Korea held enough currency reserves to absorb any shock in the foreign exchange market.

Financial regulators also met local bank officials yesterday to discuss the recent market situation.

Concerns about Fed rate rises were fortified by stronger US economic data released on Tuesday, which market participants have interpreted as a sign that the central bank's rate-tightening cycle will continue and hence a bet against the yen remains a relatively safe trade.

In an interview with the Financial Times on Tuesday, Thomas Barkin, president of the Fed's Richmond branch, said the US central bank had to lift interest rates to a level that restrained economic activity and keep them there until policymakers were "convinced" that rampant inflation was subsiding.

The yen's dive beyond the ¥144 level against the dollar yesterday came after analysts warned on Tuesday that there was a growing prospect the market would soon test the late 1990s low of ¥147 against the dollar.

Japan has not stepped into the currency market by selling the dollar and buying the yen since 1998.

Foreign exchange analysts generally push against the theory that the Japanese authorities are likely to intervene to support the yen.

Unilateral action would have only a limited effect and the spectacle of a failed attempt to fight the market could unleash a consequent "feeding frenzy" by speculative investors that would push the yen lower.

'We are concerned that the yen's depreciation has been one-sided'

While government officials strengthened their tone, Kenta Tadaide, a senior foreign exchange strategist at Daiwa Securities, said the latest verbal warnings were still weaker than in June when the Bank of Japan, the Ministry of Finance and the Financial Services Agency released a rare statement expressing concerns over the sharpness of the yen's fall.

"The comments today were intended to signal intervention but markets still do not think that they will take such an action," Tadaide said, suggesting that the remarks may have actually accelerated the yen's slide as traders became more confident that the government was unlikely to intervene.

JPMorgan analyst Benjamin Shatil said that, if the rhetoric around the currency remained unchanged, a move towards ¥150 did "not look impossible".

Apart from verbal intervention, the Japanese government and BoJ were likely to stand on the sidelines even if the yen weakens further, said Naohiko Baba, Japan economist at Goldman Sachs, "given that there are currently very limited effective countermeasures at their disposal".

think the time is right and we are confident'

entirely frozen since the start of the year and Corebridge's offering will be closely watched by bankers and private companies as a test of investor appetite ahead of a wider restart.

Corebridge was widely seen as a prime candidate to reopen the market, with bankers hopeful that its large size, history of profitability and the backing of its parent company would make it a relatively safe bet compared with the lossmaking tech groups that have dominated IPOs in recent years.

"It's a well-known company with a solid business. We think the time is right and we are confident," said one person familiar with the process.

Corebridge reported revenue of $16bn in the first six months of 2022, with net income of $6bn. Just two companies have raised more than $500mn in US IPOs this year — private equity group TPG in January and healthcare group Bausch & Lomb in May.

Bausch had also been touted as a strong candidate to reopen the market but priced below its target range, and the poor performance led many companies to put their plans on hold for several more months.

AIG last month said it had delayed the listing of Corebridge because of the "high degree of equity market volatility" in May and June.

AIG has gone through several bouts of restructuring since its $185bn taxpayer rescue during the 2008 financial crisis.

See Lex

Commodities

Oil prices slide on global economic fears despite Opec+ cut in supply

SHOTARO TANI — LONDON
JUSTIN JACOBS — HOUSTON

Oil prices fell yesterday as a renewed fear over recession and a strong US dollar weighed on the commodity.

Brent crude, the international oil benchmark, fell as low as $88.50 a barrel, a 4.6 per cent drop on the day, and a seven-month low dating back to before the Russian invasion of Ukraine.

This was also the first time Brent had dropped below the $90 a barrel level since February.

West Texas Intermediate, the US marker, fell as much as 5.2 per cent to $82.37 a barrel, the lowest since January.

Yesterday's fresh falls come only days after Opec+'s decision on Monday to cut crude supply to prop up prices, which came despite calls from western governments battling to curb inflation in the face of a mounting global energy crisis.

The producer group will cut 100,000 barrels a day from supply from October.

While only a fraction of the 100mn b/d oil market, it reversed an earlier increase of the same amount agreed last month following a visit to Jeddah by President Joe Biden.

The decision came after a decline in oil prices in recent weeks amid growing fears of recession in Europe and weaker oil demand from China because of its Covid-19 lockdowns.

The message from Opec+ was it will protect oil prices, and crude rallied following that on Monday. But a drop in potential demand because of recession continues to weigh on traders.

"The spectre of a demand-sapping recession across the western world is closer to becoming reality as soaring inflation and rising interest rates dents consumption," said Stephen Brennock of PVM, a brokerage. "Simply put, the [Opec+] cut is being inferred by market players as a clear sign of the deteriorating demand outlook."

Oil has hit lows dating back to before the Russian invasion of Ukraine

The strength of the US dollar, which is typically seen as a headwind to commodity prices, is also weighing on oil. The US Dollar index, which tracks the greenback against a basket of currencies, has hit a two-decade high.

"Any rallies continue to get sold," analysts at Oilytics said. "The Opec cut was ignored." The strong dollar "continues to be the major headwind for most commodities," they added.

The drop in prices is being cheered by the Biden administration, however, as midterm elections loom in November.

Despite pledges to shift the US economy off fossil fuels, Biden has pushed domestic suppliers to increase output while releasing record amounts of crude from the nation's strategic stockpile in a bid to tame soaring prices at the pump.

The US national average petrol price has fallen sharply in recent weeks to $3.76 a gallon after topping $5 a gallon in June.

Fixed Income

China's biggest four banks feel property crisis pinch as overdue loans leap 50%

CHENG LENG — HONG KONG
EDWARD WHITE — SEOUL

China's biggest four banks have been hit by a more than 50 per cent increase in overdue loans from the property sector over the past year as the real estate market's liquidity crunch spills into the financial sector.

China's top lenders — the Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China — last week reported combined overdue property loans of Rmb136.6bn ($20bn) at the end of June, up from Rmb90bn ($13bn) at the same time last year.

The rise in bad loans from the deteriorating property crisis is worsening asset quality across China's Rmb367.7tn banking industry.

Beyond bad debts, the banks are also suffering from weakening loan demand from their best corporate and retail clients as growth slows in the world's second-biggest economy.

"We see multiyear structural [return on equity] decline as banks retreat from the property sector amid stalled projects, mortgage boycotts and heightened regulations," Macquarie analyst Dexter Hsu wrote in a note to clients.

China's "Big Four" lenders are systemically important institutions and the backbone of China's financial sector.

They are among the world's biggest banks, holding about 36 per cent of the country's deposits and issuing a third of its loans. The size and relatively stable health of the Big Four banks has given

'We have no incentive to beef up lending even though the regulator asked us to do so'

Chinese authorities confidence as they try to orchestrate a soft landing for failing companies in the property sector, which accounts for about 30 per cent of gross domestic product.

However, Hsu said that, while banks' loans to developers accounted for 4-9 per cent of their total loans, it will probably become "the major source" of new non-performing loans in the next two years, driving up banks' credit costs.

"We believe the real exposure to developers could be much bigger than reported because they extended credits to the developers via proprietary investments and off balance sheet credits like wealth management products, trust products, private funds and private bonds," he added.

Exacerbating the gloomy picture, Beijing's economic planners have called on state banks to take an earnings hit by offering lower interest rates to support homebuyers and businesses.

A senior official at one of the Big Four lenders said that the state of the current property market meant that the banks had "no incentive" to boost lending to the sector in spite of pressure from Beijing.

"Our cost of capital is still too high. We have no incentive to beef up lending even though the regulator asked us to do so. The more loans we issue, the more [non-performing loans] we will have," the person said.

According to the exchange filings, Agricultural Bank of China and China Construction Bank were the worst affected, suffering increases in bad loans to the sector of 152 per cent and 97 per cent from a year ago, respectively.

The day in the markets

What you need to know

- US stocks and bonds attract buyers as traders assess outlook for rate rises
- Moves follow downbeat China export and German industrial output data
- Short-dated UK gilts rally ahead of Truss announcement on energy prices

US stocks and government bond prices rose yesterday as traders attempted to decipher messaging about the future path of monetary policy against a gloomy economic backdrop.

Wall Street's broad S&P 500 share index was up 0.8 per cent by early afternoon in New York while the Nasdaq Composite, which is stacked full of tech stocks that are more sensitive to interest rate changes, was up 1 per cent.

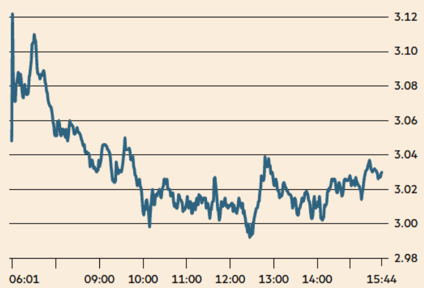
In bond markets, the yield on the 10-year US Treasury note — seen as a proxy for borrowing costs around the world — fell 6 basis points to 3.28 per cent as the debt instrument's price increased.

Treasuries had sold off along with UK gilts in the previous session after a positive survey on the services industry in the world's largest economy fuelled expectations of aggressive monetary policy tightening by the US Federal Reserve.

Markets are pricing in the possibility of the Fed raising interest rates by 0.75 percentage points at its late-September meeting, which would mark the third consecutive increase of such magnitude.

Elsewhere, short-dated UK gilts rallied

UK government bond yields ease from recent highs
10-year gilt yield (%)



Times in GMT
Source: Refinitiv

the newly appointed UK prime minister, was poised to announce a package this week to alleviate the pressure of soaring energy prices on households and businesses, which some analysts believe could reduce near-term inflationary pressures.

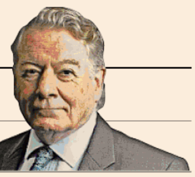
"I think it's a short-term recovery," said James Athey, investment director at Abrdn. "In general, the set-up for gilts

from China, showing that it had exported less than expected in August.

The figures were a "sign that slowing global growth and the normalisation of consumption patterns is weighing on demand for Chinese goods", wrote Sheana Yue, China economist at Capital Economics.

German industrial output contracted 0.3 per cent on a monthly basis in July

The Great Reversal brings us a warning of high inflation era



John Plender

Markets Insight

This is not the 1970s or so we are confidently assured by respectable economists. Granted, as we confront soaring levels of inflation, there are nuanced differences between then and now.

But the UK's strikes in rail, mail and rubbish collection point to one overwhelming similarity — namely, that stagflation creates winners and losers.

When national real income is squeezed by oil price shocks as in the 1970s or current food and energy price shocks, rival claimants in the economy compete ferociously to reclaim lost income. A wage price spiral results.

Economist Milton Friedman remarked that inflation is "always and everywhere a monetary phenomenon".

Clearly, money is an important component in the inflationary process. Yet strikes in the UK and the tightness of labour markets around the developed world suggest that no explanation of

workers have a higher propensity to consume than owners of capital who have higher savings rates. This prompted endemically expansionary monetary policies.

Central banks did not lean against the booms but eased aggressively and persistently during busts. This bias to loose policy was further entrenched after the financial crisis by the asset purchasing programmes of the central banks.

William White, former head of the monetary and economic department in the Bank for International Settlements, argued that central banks have systematically ignored supply-side shocks and

No explanation of inflation can be complete without reference to the struggle between labour and capital

sharply rising rates will be very high.

This debt trap raises in acute form the longstanding question about the politics of central banking: how to persuade politicians and the public that a modest recession now is a price worth paying to avoid a much worse recession later. At risk is central banking independence.

The Fed's harder line suggests that the bond bear market has much further to run. And the summer bounceback in equities looks to have been quixotic.

Steven Blitz of TS Lombard noted it was equities that Fed policy must have an impact on rather than credit creation because the expansions of 2010-19 and post-coronavirus amount to an asset cycle, not a credit cycle. Richly priced financial assets, he added, have been this cycle's source of economic distortions.

Righting those distortions will mean some marked contrasts with the 1970s.

Today, the shrinking of the workforce and deglobalisation are tilting the balance of power from capital back to yesterday with the two-year yield sliding 15bp to just over 3 per cent while the yield on the 10-year bond lost 7bp to 3.03 per cent.

The rise in gilt prices came as Liz Truss,

feels very precarious," he added, mentioning the Bank of England's struggle to rein in inflation.

The moves in bond markets also followed a disappointing trade release

compared with 0.8 per cent growth in the previous month, another report showed.

The pan-regional Stoxx Europe 600 share index fell 0.6 per cent. Hong Kong's Hang Seng slid 0.8 per cent. **Ian Johnston**

inflation can be complete without reference to the distributional power struggle between labour and capital.

While central bankers congratulated themselves on delivering low and stable inflation during the so-called Great Moderation in the three decades before the financial crisis of 2007-09, disinflation was in reality the result of the global labour market shock arising from bringing China, India and the eastern Europeans into the global economy.

This ensured a long-term downward trend in labour's share of national income. Productivity gains were seized entirely by capital. The disinflationary impetus was reinforced by the wider ramifications of globalisation.

Weakness in returns to labour held back consumption and output because in the Covid-19 pandemic failed to grasp how much supply potential had been reduced by illness and lockdowns.

In effect, they have repeated the mistake of US Federal Reserve chair Arthur Burns, who in the 1970s argued that the oil price shock was merely transitory while ignoring the second-round impact, notably in the labour market.

Fed chair Jay Powell indicated at the central bankers' Jackson Hole annual jamboree last month that it was belatedly on the case, saying that the employment costs of reducing inflation were likely to increase with delay, adding "we must keep at it until the job is done".

The difficulty here is that both private and public sector debt are at higher levels than before the financial crisis so the output and employment costs of labour. We have moved from the Great Moderation via the Great Financial Crisis to a Great Reversal into a higher inflation environment.

It is also a world in which the toxic combination of the debt trap and the shrinkage of central bank balance sheets will greatly increase the risk of financial crises.

While commercial bank balance sheets are in better shape than in 2008, under-regulated, opaque non-banks are a potential systemic threat as the failure last year of the Archegos family office indicated. A vital lesson of history is that after an "everything bubble", leverage or borrowing turns out to be far greater than everyone assumed at the time.

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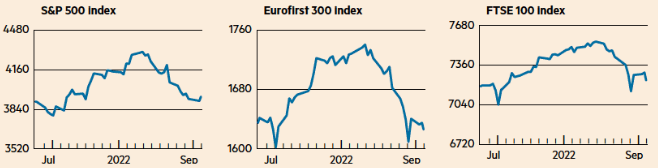
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3942.38	1626.29	27430.30	7237.83	3246.29	109763.77
% change on day	0.87	-0.54	-0.71	-0.86	0.09	-2.17
Currency	**$ Index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	110.635	0.995	144.495	1.147	6.971	5.248
% change on day	0.382	0.404	1.247	-0.520	0.344	0.383
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.280	1.571	0.242	3.030	2.624	12.632
Basis point change on day	-5.820	-6.400	0.630	-6.500	0.500	-14.500
World Index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	398.21	89.22	83.15	1702.60	18.40	3629.80
% change on day	0.26	-4.91	-5.33	-0.49	0.91	-0.23

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	Twitter	5.33	Colruyt	12.34	Sse	3.94
	Baxter Int	5.18	Rwe	7.88	Fresnillo	2.46
	Dexcom	4.40	Endesa	3.11	Centrica	1.95
	Ross Stores	4.06	Edp	3.08	Flutter Entertainment	1.93
	Hca Healthcare	4.04	Erste Bank	2.74	Hargreaves Lansdown	1.82
Downs	Apa	-3.27	Repsol	-4.04	Standard Chartered	-4.28
	Baker Hughes	-2.99	Galp Energia	-3.42	Glencore	-3.82
	Fedex	-2.50	Tenaris	-3.15	Associated British Foods	-3.61
	Halliburton	-2.44	Commerzbank	-2.84	Vodafone	-2.65
	Eog Resources	-2.29	Eni	-2.79	Tesco	-2.58

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

Twitter rallied following news that Elon Musk's legal team would be able to include a whistleblower's claims in its countersuit against the social media platform.

The Tesla boss, who is trying to back out of buying the network, will now be able to include allegations from Twitter's former security chief, who claimed that the network misled regulators over its cyber security precautions and fake accounts.

However, the Delaware judge sided with Twitter in keeping the October date for a trial that will determine whether Musk will have to pay a hefty premium to buy the platform.

Entertainment group **Imax**, known for its immersive movie screens, rallied on news that it would be returning more money to investors through a $200mn boost to its share repurchase programme.

An earnings miss sent **Korn Ferry** lower with the executive recruiter forecasting earnings per share of $1.28-$1.45 for its fiscal second quarter, which was below the $1.50 that analysts polled by Refinitiv had expected.

Korn blamed the softer projection on "global inflation, rising interest rates and escalating geopolitical tensions", which made gauging the present level of risk "difficult to quantify", the company said. *Ray Douglas*

Europe

France's **Ubisoft** fell sharply on news that Tencent had acquired a minority stake in the video-game producer in a move that appeared to scupper hopes of an outright takeover.

The Chinese conglomerate's investment amounted to €300mn and implied a valuation of €80 per Ubisoft share — almost double the €44 average for the stock this year.

But Citi said Tencent's stake suggested a "full takeout" of the *Assassin's Creed* publisher was now unlikely.

Sweden's **Clas Ohlson** dived after Kristofer Tonström, chief executive, admitted that strategic bets made by the home-improvement chain "did not meet our expectations".

For the three months ending July 31, it posted an operating loss of SKr16mn ($1.5mn), down from a SKr147mn profit for the same period a year earlier.

Tonström singled out Norway, where "consumer confidence fell to historically low levels".

A bearish verdict by Bank of America weighed on **Nel** as the broker reinstated coverage on the Norwegian renewable-energy group with an "underperform" rating.

It was sceptical that green hydrogen demand would "translate into as much profit growth for electrolyser suppliers as valuations reflect". *Ray Douglas*

London

GB Group surged after replying to GTCR's statement, which confirmed that the US private equity firm was considering a possible cash offer for the identity verification specialist.

Citi said it understood why GB was attractive, regarding it "as a quality asset" and "a strong player in growing markets with good cash generation and a track record of outstanding profitable growth".

Brokers Stifel and Liberum, highlighting recent deals in the fraud and ID verification space, said the news may lead to other approaches and an offer that would probably be a healthy premium to GB's current share price.

Auto and cycling retailer **Halfords** rallied off the back of a trading update described as "reassuring" by RBC Europe.

Like-for-like sales for the 20-week period ending August 19 were slightly ahead of the broker's estimates, helped by a better than expected performance in its retail business.

Advertising group **M&C Saatchi** sank after posting a 94 per cent fall in pre-tax profits owing to the impact of "ongoing takeover transaction costs", it said.

Saatchi has been the subject of takeover interest this year from Next Fifteen, a communications and marketing consultancy, and AdvancedAdvT, a vehicle linked to Vin Murria, who is the ad group's largest shareholder. *Ray Douglas*

MARKET DATA

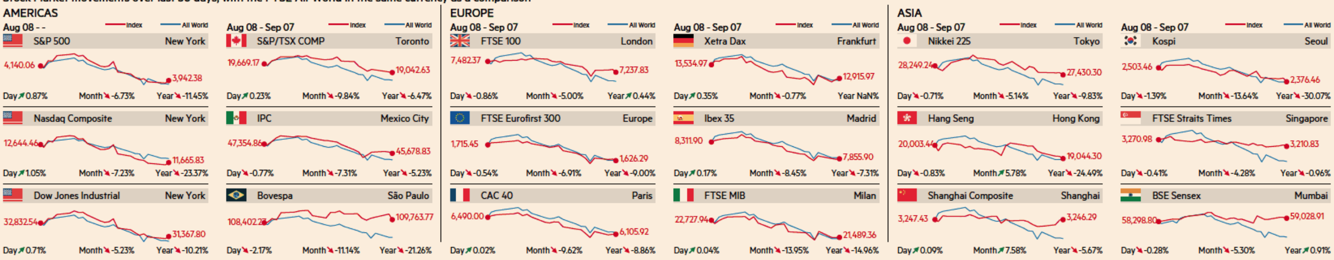
WORLD MARKETS AT A GLANCE

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 $
0.87%	1.05%	0.71%	-0.86%	-0.54%	-0.71%	-0.83%	0.26%	0.404%	-0.520%	1.247%	1.048%	-0.81%	-0.49%

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



Country	Index	Latest	Previous
Argentina	Merval	139632.57	137309.26
Australia	All Ordinaries	6959.30	7055.90
	S&P/ASX 200	6729.30	6826.50
	S&P/ASX 200 Res	5153.80	5277.50
Austria	ATX	2904.77	2844.75
Belgium	BEL 20	3577.06	3572.76
	BEL Mid	9397.55	9455.91
Brazil	IBovespa	109763.77	112203.35
Canada	S&P/TSX 60	1157.40	1153.43
	S&P/TSX Comp	19132.37	19088.15

Country	Index	Latest	Previous
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1152.96	1137.91
Denmark	OMXC Copenahgen 20	1648.15	1654.62
Egypt	EGX 30	10329.66	10177.64
Estonia	OMX Tallinn	1782.57	1783.36
Finland	OMX Helsinki General	10454.04	10419.43
France	CAC 40	6105.92	6104.61
	SBF 120	4718.66	4719.93
Germany	M-DAX	24996.30	24885.30
	TecDAX	2927.19	2919.93

Country	Index	Latest	Previous
Italy	FTSE Italia All-Share	23466.37	23436.46
	FTSE Italia Mid Cap	36893.14	37047.50
	FTSE MIB	21489.36	21480.61
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27430.30	27626.51
	S&P Topix 150	1645.35	1654.63
	Topix	1930.17	1935.49
Jordan	Amman SE	2500.83	2514.00
Kenya	NSE 20	1763.40	1763.40
Kuwait	KSX Market Index	6633.44	6603.51

Country	Index	Latest	Previous
Philippines	Manila Comp	6554.08	6709.60
Poland	Wig	48872.13	48373.48
Portugal	PSI 20	5937.89	5966.59
	PSI General	4681.44	4636.07
Romania	BET Index	11928.73	12055.22
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11994.72	12099.84
Singapore	FTSE Straits Times	3210.83	3224.18
Slovakia	SAX	347.40	343.52

Country	Index	Latest	Previous
Taiwan	Weighted Pr	14410.05	14677.20
Thailand	Bangkok SET	1639.92	1633.87
Turkey	BIST 100	3411.43	3391.38
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2426.40	2435.30
	FTSE 100	7237.83	7300.44
	FTSE 4Good UK	6541.62	6585.26
	FTSE All Share	3976.83	4005.61
	FTSE techMARK 100	6079.49	6056.86
USA	DJ Composite	10769.75	10703.46

Country	Index	Latest	Previous
Cross-Border	DJ Global Titans ($)	426.90	425.30
	Euro Stoxx 50 (Eur)	3506.84	3500.14
	Euronext 100 ID	1183.20	1188.38
	FTSE 4Good Global ($)	9394.26	9357.17
	FTSE All World ($)	398.21	397.18
	FTSE E300	1626.29	1635.12
	FTSE Eurotop 100	3177.85	3200.39
	FTSE Global 100 ($)	2481.96	2474.05
	FTSE Gold Min ($)	1420.18	1433.11
	FTSE Latibex Top (Eur)	4440.00	4432.20

STOCK MARKET: BIGGEST MOVERS

UK MARKET WINNERS AND LOSERS

CURRENCIES

Currency	Dollar Closing Mid	Day's Change	Euro Closing Mid	Day's Change	Pound Closing Mid	Day's Change	Sep 7
	144.4889	1.7679	143.7476	2.3926	165.6783	1.1359	South Africa
Kenyan Shilling	120.2500	-	119.6303	0.5285	137.8792	-0.7567	South Korea
Kuwaiti Dinar	0.3092	0.0002	0.3076	0.0016	0.3545	-0.0017	Sweden
Malaysian Ringgit	4.5015	0.0015	4.4783	0.0213	5.1614	-0.0266	Switzerland
Mexican Peso	20.0398	-0.0907	19.9365	-0.0018	22.9777	-0.2307	Taiwan
New Zealand Dollar	1.6580	0.0049	1.6494	0.0122	1.9010	-0.0047	Thailand
Nigerian Naira	428.7500	-	426.5405	1.8842	491.6069	-2.6978	Tunisia
Norwegian Krone	10.0500	0.0459	9.9982	0.0897	11.5234	-0.0103	Turkey
Pakistani Rupee	223.2500	2.1500	222.0995	3.1106	255.9795	1.0740	United Arab Emirates
Peruvian Nuevo Sol	3.8955	0.0162	3.8754	0.0332	4.4666	-0.0058	United Kingdom
Philippine Peso	57.1350	0.1450	56.8406	0.3947	65.5113	-0.1923	..One Month

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

FTSE ACTUARIES SHARE INDICES

Non Financials (339)	4833.83	-0.66	4345.40	4865.93	4857.45	4949.76	3.57	1.66	16.83	137.17	8691.23

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	7239.33	7245.89	7244.05	7254.37	7257.71	7257.04	7233.20	7232.15	7251.52	7272.48	7186.83
FTSE 250	18754.84	18751.80	18779.05	18763.47	18760.84	18755.21	18739.51	18772.98	18818.62	18853.59	18713.21
FTSE SmallCap	6257.49	6250.62	6246.15	6247.86	6250.85	6248.42	6244.93	6250.58	6260.06	6262.02	6241.80
FTSE All-Share	3975.84	3978.61	3978.53	3982.77	3984.25	3983.73	3972.37	3973.02	3983.39	3991.48	3950.96

Time of FTSE 100 Day's high:11:27:00 Day's Low07:31:00 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:11:27:00 Day's Low07:31:00 FTSE 100 2010/11 High: 4296.96(10/02/2022) Low: 3862.39(07/03/2022)
Further information is available on http://www.ftse.com © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

FT 30 INDEX

	Sep 07	Sep 06	Sep 05	Sep 02	Sep 01	Yr Ago	High	Low
FT 30	2426.40	2435.30	2411.20	2418.10	2366.40	0.00	2880.10	2300.60
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2435.3	2424.4	2427.3	2579	2579.7	2581.8	2588.4	2422.9	2426.9	2435.3	2411.3

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

FT WILSHIRE 5000 INDEX SERIES

	Sep 06		Sep 06
FT Wilshire 5000	39749.62	FT Wilshire Mid Cap	5335.74
FT Wilshire 2500	5088.86	FT Wilshire Small Cap	4813.03
FT Wilshire Mega Cap	5082.30	FT Wilshire Micro Cap	4784.73
FT Wilshire Large Cap	5124.62		

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

FTSE SECTORS: LEADERS & LAGGARDS

FTSE GLOBAL EQUITY INDEX SERIES

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
Glencore PLC	468.25	-18.60	Spirax-Sarco Engineering PLC	10440	20.00
Haleon PLC	255.00	0.80	Sse PLC	1753.5	66.50
Halma PLC	2085	4.00	St. James's Place PLC	1117.5	10.50
Hargreaves Lansdown PLC	850.20	15.20	Standard Chartered PLC	576.80	-25.80
Hikma Pharmaceuticals PLC	1282	-10.00	Taylor Wimpey PLC	106.50	-1.50
Howden Joinery Group PLC	571.00	-3.60	Tesco PLC	249.30	-6.60
HSBC Holdings PLC	523.00	-10.70	Unilever PLC	3925.5	8.50
Imperial Brands PLC	1927	-0.50	Unite Group PLC	1053	1.00
Informa PLC	552.00	-0.20	United Utilities Group PLC	1059	-6.50
Intercontinental Hotels Group PLC	4618	34.00	Vodafone Group PLC	110.18	-3.00
Intermediate Capital Group PLC	1281.5	-17.50	Whitbread PLC	2552	-16.00
International Consolidated Airlines Group S.A.	109.68	0.96	Wpp PLC	742.40	-1.40

UK STOCK MARKET TRADING DATA

	Sep 07	Sep 06	Sep 05	Sep 02	Sep 01	Yr Ago
Order Book Turnover (m)	513.45	378.67	149.46	149.46	149.46	71.87
Order Book Bargains	747909.00	634014.00	753296.00	753296.00	753296.00	884345.00
Order Book Shares Traded (m)	2037.00	1423.00	1768.00	1768.00	1768.00	1705.00
Total Equity Turnover (£m)	5302.93	4936.17	5938.12	5938.12	5938.12	3815.71
Total Mkt Bargains	911109.00	805850.00	927346.00	927346.00	927346.00	1063772.00
Total Shares Traded (m)	5241.00	6303.00	5003.00	5003.00	5003.00	4328.00

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

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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

UK RECENT EQUITY ISSUES

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

GtWesLif	30.80	0.17	41.50	29.93	5.54	9.78	21764.54
ImpOil	61.72	-1.59	72.96	33.31	1.47	20.07	29563.14
Manulife	22.41	0.13	28.09	21.28	4.61	7.16	32403.21
Nutrien	118.37	-0.87	147.93	76.30	1.74	19.21	48411.31
RylBkC	123.22	0.72	149.60	118.24	3.19	12.37	130156.21
SHOP	39.71	0.46	222.87	38.19	-	1.55	35553.52
Suncor En	40.37	-0.51	53.62	22.86	2.30	16.49	41834.97
ThmReut	145.80	0.48	156.62	119.23	1.24	11.36	53462.53
TntoDom	84.65	0.54	109.08	77.27	3.41	11.99	116473.7
TrnCan	62.61	0.68	74.44	57.71	4.91	38.09	48048.98
China (HK$)							
AgricBkCh	2.50	-0.01	3.15	2.48	8.06	3.46	9789.7
Bk China	2.71	0.01	3.20	2.67	7.76	3.54	28868.92
BkofComm	4.42	-0.02	5.74	4.35	7.48	3.85	19714.13
BOE Tech	0.75	0.05	1.21	0.57	-	12.76	19.01
Ch Coms Cons	3.73	-0.01	5.17	3.60	5.15	3.27	2099.53
Ch Evrbrght	2.39	-0.02	3.11	2.32	9.47	3.41	3860.29
Ch Rail Cons	4.50	-	5.99	4.32	5.50	2.52	1190.26
Ch Rail Gp	4.48	-0.01	5.88	3.61	4.34	3.80	2401.24
ChConstBk	4.73	-0.02	6.23	4.68	7.42	3.63	144865.86
China Vanke	15.80	-0.42	22.75	13.06	8.51	7.51	3837.41
ChinaCitic	3.36	-0.03	4.08	3.20	7.89	3.29	6370.16
ChinaLife	11.00	-0.10	15.04	10.86	5.87	5.07	10427.39
ChinaMBank	38.35	-0.35	70.80	37.70	3.52	7.46	22428.71
ChinaMob	49.90	-0.05	58.65	45.90	6.10	8.12	130061.53
ChinaPcIns	16.24	0.06	26.20	15.46	7.64	5.58	5741.65
ChMinsheng	2.44	-0.03	3.40	2.44	9.52	3.33	2586.28
ChMrchSecs	13.35	-0.06	20.62	12.06	3.13	12.46	14214.03
Chna Utd Coms	3.55	-0.03	4.40	3.30	3.02	18.61	15767.92
ChShenEgy	25.75	-0.30	27.65	15.74	7.52	8.24	11079.29
ChShpbldng	3.96	-0.01	5.08	3.36	-	-307.73	12545.37
ChStConEng	5.23	-0.01	6.40	4.52	3.93	4.24	30637.55
ChUncHK	3.64	-0.01	4.43	3.60	4.08	8.46	14188.66
CNNC Intl	6.66	0.06	8.92	5.78	1.79	18.20	18009.86
CSR	2.89	-	4.04	2.77	6.76	8.38	1609.25
Daqin	6.62	-	7.25	5.95	6.94	10.48	14118.67
GuosenSec	9.29	-0.02	12.73	8.83	2.37	11.16	11763.81
HaitongSecs	5.05	0.02	7.69	5.00	5.38	5.78	2193.48
Hngzh HikVDT	28.55	-0.32	58.45	28.10	2.68	16.40	37580.16
Hunng Pwr	4.43	0.19	5.74	3.08	4.22	-5.25	2652.66
IM Baotou Stl	2.06	0.01	3.98	1.75	-	36.66	9361.25
In&CmBkCh	3.89	-0.01	4.94	3.86	7.38	3.76	43010.79
IndstrlBk	17.09	0.03	23.22	16.69	4.35	4.90	50930.96
Kweichow	1818.01	-26.99	2216.96	1585	1.02	42.80	327618.66
Midea	0.43	0.01	0.65	0.42	-	-4.87	16.30
New Ch Life Ins	17.42	-0.46	25.15	17.42	8.31	3.49	2294.85
PetroChina	3.74	-0.02	4.49	3.30	6.03	7.96	10052.57
PingAnIns	45.60	-0.10	69.40	42.55	5.19	7.65	43263.5
PngAnBnk	12.33	-0.17	20.99	11.94	1.35	7.70	34324.34
Pwr Cons Corp	8.24	0.25	9.96	5.99	1.03	17.90	12992.61
SaicMtr	15.40	-0.02	23.45	14.63	3.69	8.06	25811.1
ShenwanHong	0.15	0.00	0.18	0.05	-	4.53	162.70
ShgPdgBk	7.22	-0.04	9.48	7.06	6.10	4.83	30401.22
Sinopec Corp	3.65	-0.02	4.28	3.25	3.61	4.64	11863.24
Sinopec Oil	1.98	-0.01	2.90	1.70	-	688.11	3854.25
Denmark (kr)							
DanskeBk	98.26	-0.32	133.25	93.56	1.97	6.96	11333.85
MollerMrsk	16415	130.00	24070	15910	2.01	2.77	18386.88
NovoB	774.20	-7.40	863.60	604.50	1.17	38.58	180485.51

BASF	42.94	0.89	69.15	39.33	7.44	7.35	39236.23
Bayer	51.06	-0.45	67.99	43.91	3.79	51.73	49904.07
BMW	74.07	1.25	97.60	67.58	2.48	4.08	44360
Continental	57.18	0.92	113.50	54.50	-	9.10	11377.41
Deut Bank	8.20	-0.16	14.64	7.53	-	8.33	16849.93
Deut Tlkm	18.89	0.06	19.39	14.47	3.07	22.44	93708.77
DeutsPost	35.70	-0.10	61.29	33.44	3.75	9.33	44000.3
E.ON	8.97	0.09	12.54	7.72	5.07	5.15	23565.29
Fresenius Med	33.96	-0.29	65.78	33.33	3.82	10.60	9899.15
Fresenius SE	24.98	-0.13	43.74	23.40	3.49	8.16	13879.49
HenkelKgaA	60.40	-0.15	75.80	56.55	2.93	16.60	15610.81
Linde	283.60	3.40	315.35	244.00	1.27	45.53	140608.13
Mercedes-Benz	56.09	0.85	77.90	50.19	2.33	5.80	59697.95
MuenchRkv	251.50	3.80	282.25	205.15	3.77	12.42	35053.3
SAP	85.30	-0.21	129.74	83.01	2.10	19.76	104251.39
Siemens	104.46	0.94	156.98	93.67	3.24	16.23	88333.44
Volkswgn	191.70	-1.65	301.40	162.40	2.42	6.69	56277.2
Hong Kong (HK$)							
AIA	73.05	-1.40	95.80	70.15	1.56	19.67	111065.02
BOC Hold	26.55	-0.20	32.75	22.20	3.99	14.34	35759.79
Ch OSLnd&Inv	22.45	0.35	27.35	15.42	4.56	5.87	31301.82
ChngKng	52.75	-0.15	57.00	41.35	2.86	12.70	24484.59
Citic Ltd	8.15	0.06	10.24	6.96	5.63	3.97	30202.67
Citic Secs	15.58	-0.14	21.32	15.32	2.62	8.44	5200.22
CK Hutchison	47.75	-0.80	60.45	47.55	4.07	6.37	23325.02
CNOOC	9.93	-0.19	12.54	7.55	3.88	9.12	56479.03
HangSeng	120.60	-1.10	169.50	119.00	4.31	20.42	29372.5
HK Exc&Clr	304.40	-2.40	515.00	300.20	2.56	36.11	49164.26
MTR	39.70	0.15	44.30	39.00	2.64	30.24	31352.32
SandsCh	16.90	0.04	27.95	13.52	-	-19.64	17423.99
SHK Props	93.60	0.30	111.80	87.15	4.51	11.25	34552.75
Tencent	311.60	-2.60	529.00	288.00	0.44	12.90	381798.41
India (Rs)							
Bhartiartl	753.10	-8.15	781.80	628.75	-	176.93	56132.2
HDFC Bk	1482.3	-7.05	1725	1271.6	-	27.65	103254.87
Hind Unilevr	2564.6	-8.50	2859.3	1901.55	1.14	75.60	75413.94
HsngDevFin	2427.8	-20.70	3021.1	2026	0.86	22.74	55173.36
ICICI Bk	876.20	-7.45	890.75	642.15	0.21	30.59	76354.98
Infosys	1457.65	2.55	1923.3	1367.15	1.89	31.69	76760.81
ITC	326.10	-1.05	330.00	207.00	3.00	29.82	50578.11
L&T	1958.1	-4.20	2008	1456.35	0.84	35.74	34433.35
OilNatGas	132.50	0.40	194.95	117.50	6.25	4.13	20861.5
RelianceIn	2581.75	-15.10	2856.15	2180	0.25	32.51	218617.72
SBI NewA	532.85	-4.95	549.00	425.00	0.68	16.35	59516
SunPhrmInds	893.75	6.00	967.05	733.70	0.76	36.65	26837.79
Tata Cons	3149.6	22.55	3989.9	2953	1.05	33.10	144232.63
Israel (ILS)							
TevaPha	29.90	0.20	37.23	23.83	-	27.17	9740.26
Italy (€)							
Enel	4.75	0.07	7.70	4.60	7.47	22.83	48032.78
ENI	11.62	-0.33	14.85	10.33	5.62	5.05	41673.93
Generali	14.58	-0.03	21.55	13.80	9.76	8.46	22925.33
IntSPaolo	1.70	0.00	2.92	1.58	2.08	54.45	32861.58
Unicred	9.61	-0.16	15.93	7.75	1.21	14.75	21395.96
Japan (¥)							
AstellasPh	1959.5	-14.50	2205	1739	2.49	28.45	24896.02
Bridgestne	5160	-28.00	5509	4042	3.42	11.32	25486.58
Canon	3221	-29.00	3516	2467	3.22	15.03	29731.49
CntJpRwy	16015	-5.00	18110	14660	0.86	-28.96	22831.86

Mexico (Mex$)							
AmerMvl	17.30	-0.18	22.49	17.01	1.87	14.09	36831.17
FEMSA UBD	129.08	0.04	180.66	120.63	1.56	106.29	13920.58
WalMrtMex	70.72	0.15	82.93	64.81	0.71	35.49	61621.12
Netherlands (€)							
ASML Hld	474.95	-3.65	777.50	403.45	0.69	37.89	192060.18
Heineken	90.12	-0.12	100.95	77.50	1.05	16.14	51641.85
ING	8.62	-0.02	14.00	7.90	6.74	7.24	32302.51
Unilever	45.26	-0.33	48.81	39.36	3.17	23.23	132075.83
Norway (Kr)							
DNB	178.00	-3.15	220.50	168.40	9.43	11.79	27618.35
Equinor	352.65	-21.35	410.95	192.70	1.35	15.76	111425.82
Telenor	106.40	0.60	154.60	105.20	8.16	18.63	14816.15
Qatar (QR)							
QatarNtBk	19.75	0.15	27.00	18.40	2.44	16.71	50091.18
Saudi Arabia (SR)							
AlRajhiBnk	86.40	-1.40	117.40	75.13	2.37	17.19	91960.12
Natnlcombnk	67.60	0.40	82.00	59.60	1.83	26.62	80548.34
SaudiBasic	99.90	-0.10	141.40	93.50	2.77	15.25	79746.69
SaudiTelec	40.05	-0.40	54.64	38.08	8.51	8.30	53284.2
Singapore (S$)							
DBS	32.28	-0.26	37.49	29.18	3.37	14.13	59000.48
JardnMt US$	54.90	0.14	62.10	49.50	2.65	10.79	15889.99
OCBC	12.04	0.02	13.54	10.98	3.08	12.82	38432.78
SingTel	2.69	0.02	2.88	2.31	2.46	48.49	31544.14
UOB	26.89	-0.21	33.33	25.28	3.26	12.78	31981.7
South Africa (R)							
Firstrand	63.52	-2.01	73.61	53.25	3.81	12.32	20550.19
MTN Grp	129.99	-0.25	211.49	119.63	-	19.00	14126.52
Naspers N	2374	-2.61	2853.25	1421.74	0.23	13.68	59629.63
South Korea (KRW)							
HyundMobis	217000	-	281500	190000	1.82	8.58	14825.08
KoreaElePwr	19600	-300.00	25500	19500	6.17	-11.61	9089.43
SK Hynix	90400	-1400.00	134000	86300	1.68	6.56	47541.29
SmsungEl	56000	-1100.00	80800	55700	2.54	9.83	241499.55
Spain (€)							
BBVA	4.49	0.00	6.29	3.97	8.00	6.32	28531.54
BcoSantdr	2.38	-0.03	3.48	2.32	3.10	4.94	39839.85
CaixaBnk	3.02	0.02	3.64	2.22	0.86	20.55	24249.81
Iberdrola	10.69	0.22	11.49	8.47	3.82	18.95	67660.3
Inditex	21.44	-0.05	32.63	18.55	1.00	23.37	66476.66
Repsol	12.93	-0.55	16.23	9.29	4.49	8.15	18682.71
Telefonica	4.01	-0.05	5.06	3.61	8.35	3.02	23039.39
Sweden (SKr)							
AtlasCpcoB	97.61	-0.46	133.60	22.08	7.52	6.53	14158.39
Ericsson	77.43	-0.93	117.32	70.05	2.92	11.44	22107.39
H & M	110.88	-2.64	191.86	107.74	5.71	15.32	15050.72
Investor	168.82	-1.10	228.75	162.62	2.08	7.28	28583.05
Nordea Bk	98.72	-0.66	114.64	85.25	14.89	11.55	34430.41
SEB	104.70	-0.85	141.85	91.64	9.70	8.77	20963.25
SvnskaHn	86.34	-	108.15	80.88	5.82	8.49	15603.9
Swedbank	140.15	0.40	196.70	124.50	10.45	7.50	14743.24
Telia Co	36.79	-0.35	41.70	33.61	5.47	13.01	13981.88
Volvo	166.36	0.86	218.65	148.24	3.93	10.86	24557.13
Switzerland (SFr)							
ABB	27.11	0.07	35.30	24.85	2.80	13.55	54237.81
CredSuisse	4.97	-0.03	10.18	4.86	1.83	-8.13	13423.12
Nestle	111.20	-1.22	128.90	105.64	2.26	20.11	311389.43

Imperial Brands	1927	-0.50	1945.84	1434.23	7.17	6.44	21072.89
Jardine Mathes.	62.50	-	60.50	50.06	2.34	12.22	18089.69
LlydsBkg	44.68	-0.56	54.50	38.10	5.75	6.20	36917.96
LSE Group	7944	-24.00	8612	5995.57	0.97	81.23	31515.86
Natl Grid	1072.5	-6.50	1271.45	880.60	4.58	25.00	41276.86
Natwest Group	253.40	-1.60	284.42	196.92	4.14	9.98	34767.18
Prudential	917.60	-15.40	1555	877.20	1.28	14.90	27221.46
ReckittB	6500	42.00	6824	4905.16	2.69	-28.13	52483.91
RELX	2260	21.00	2634.82	2056	2.11	29.82	49735.24
RioTinto	4632	-101.50	6343	4354	10.85	4.84	71233.04
RollsRoyce	76.75	0.04	161.91	69.57	-	52.21	1636.7
Shell PLC	2263	-45.50	2459.23	1282.78	2.67	11.93	119284.97
StandCh	576.80	-25.80	641.00	406.20	1.54	12.93	21803.66
Tesco	249.30	-6.60	304.10	242.30	3.67	12.69	23404.51
Unilever	3925.5	8.50	4109.5	3267.5	3.69	20.15	55441.81
Vodafone	110.18	-3.00	141.60	106.30	7.02	-246.49	33697.82
WPP	742.40	-1.40	1231.5	719.60	3.57	14.14	10777.63
United States of America ($)							
21stC Fox A	33.42	0.45	44.95	31.33	1.19	15.98	10240.94
3M	119.81	3.21	194.57	115.98	4.18	13.98	68244.25
AbbottLb	104.01	1.30	142.60	101.21	1.47	31.18	182144.37
Abbvie	137.45	-0.14	175.91	105.56	3.20	25.17	243025.57
Accenture	283.08	-0.39	417.37	261.77	1.11	33.95	188015.1
Activision Bli.	77.26	0.42	82.34	56.40	0.52	26.53	60437.1
Adobe	374.02	5.72	699.54	338.00	-	43.46	175041.36
Advanced Micro	79.01	0.29	164.46	71.60	-	36.32	127547.49
AEP	104.00	2.44	105.48	80.22	2.44	24.77	53428.33
Aflac	60.31	0.78	67.20	51.28	1.85	11.15	38107.72
AirProd	249.85	3.68	316.39	216.24	2.03	31.00	55416.48
Allstate	123.65	2.16	144.46	106.11	2.22	8.60	33422.05
Alphabet	108.44	1.63	151.55	101.88	-	1.14	650206.24
Altria	44.48	-0.09	57.05	41.00	6.70	39.21	80101.88
Amazon	127.64	1.53	188.11	101.26	-	2.33	1300339.5
AmerAir	13.40	0.18	22.35	11.93	-	-4.23	8707.94
AmerExpr	150.06	1.46	199.55	134.12	1.05	17.21	112507.15
AmerIntGrp	53.32	0.96	65.73	48.40	2.03	5.82	40545.39
AmerTower	255.75	1.57	303.72	220.00	1.72	53.38	119073.85
Amgen	244.34	2.12	258.45	198.64	2.44	28.08	130705
Amphenol Corp	73.74	0.92	88.45	61.67	0.90	34.70	43859.65
Analog Devices	149.93	1.70	191.95	138.50	1.57	59.47	77115.23
Anthem	482.58	12.71	-	-	-	-	-
Aon Cp	284.93	3.70	341.98	246.21	0.59	60.64	60099.02
Apple	154.76	0.23	182.13	129.04	0.47	30.32	2487029.23
Applied Materi.	91.45	1.16	167.06	82.67	0.88	14.90	78675.29
Aptiv	89.84	0.93	180.81	84.14	-	54.70	24340.76
ArcherDan	86.35	0.65	98.88	58.44	1.45	21.29	48404.49
AT&T	16.91	0.12	21.53	16.62	10.42	7.24	120465.03
Autodesk	201.17	2.99	335.48	163.20	-	105.09	43424.36
AutomData	238.48	0.34	261.59	192.26	1.36	43.61	99092.49
AutoZone	2178.43	47.57	2362.24	1521.01	-	23.25	42452.37
Avago Tech	503.62	5.42	677.76	463.91	2.53	33.60	203370.67
BakerHu	24.15	-0.75	39.78	22.30	2.60	66.01	24428.81
Bank of NY	41.92	0.78	64.63	39.78	2.63	11.96	33871.65
BankAm	33.42	0.36	50.11	29.67	1.98	11.06	268537.69
Baxter	57.49	2.83	89.70	54.45	1.60	26.84	28952.58
BectonDick	256.73	4.66	277.29	229.24	1.11	52.47	73216.72
BerkshHat	417725.19	865.19	544389.26	396500	-	8.30	250603.37
Biogen	198.42	3.73	332.87	187.16	-	22.54	28793.32
BlackRock	668.45	6.82	973.16	575.60	2.09	20.66	100781.36

CVS	100.65	1.92	111.25	81.78	1.68	19.98	132136.22
Danaher	274.10	1.62	333.96	233.71	0.28	36.94	199392.77
Deere	364.20	3.14	446.76	283.81	0.92	23.62	109922.71
Delta	31.64	0.45	46.27	28.10	-	44.85	20285.58
Devon Energy	68.36	-1.18	79.40	27.40	2.44	19.27	44762.13
Digital Realty	120.31	1.01	177.43	117.56	3.26	23.93	34578.04
DiscFinServ	98.64	1.15	133.40	88.02	1.61	6.54	26945.62
Disney	111.45	1.36	187.58	90.23	-	76.54	203179.79
Dollar General	243.49	3.68	262.21	183.25	0.59	28.01	54924.46
DominRes	83.00	1.50	88.78	70.37	2.57	30.74	69097.73
DukeEner	108.83	2.07	116.33	95.48	3.03	26.08	83788.27
DuPont	54.99	0.74	84.08	52.57	1.85	20.11	27544.6
Eaton	139.66	1.20	175.72	122.50	1.84	30.89	55626.58
eBay	44.24	1.20	81.19	40.52	1.38	137.52	24304.03
Ecolab	167.90	4.87	238.93	143.82	0.98	50.72	47849.69
Edwards Lifesc.	90.59	1.53	131.73	85.58	-	44.96	56157.54
Eli Lilly	310.72	3.90	335.33	220.20	0.93	59.97	295238.32
Emerson	81.75	0.24	105.09	76.16	2.10	21.08	48335.82
EOG Res	117.55	-2.76	147.99	66.08	1.16	17.38	68889.53
Equinix	637.44	5.60	884.23	606.12	1.52	136.16	58054.97
EquityResTP	75.54	0.62	94.32	67.48	2.70	26.04	28411.97
Exelon	45.03	1.14	50.71	29.10	2.88	30.57	44150.67
ExxonMb	93.85	-1.10	105.57	52.96	3.15	20.57	391132.67
Fedex	199.07	-5.10	267.37	192.82	1.22	12.65	51739.82
Fidelity NIS	89.58	0.18	130.55	85.00	1.47	157.94	54462.72
Fiserv	104.81	0.65	117.42	87.03	-	62.22	67034.84
FordMtr	15.23	0.20	25.87	10.61	0.56	4.04	60150.72
Franklin	25.76	-0.15	38.27	22.61	3.71	8.05	12837.68
GenDyn	225.23	0.68	254.99	188.64	1.76	23.04	61768.48
GenElectric	72.48	0.32	116.17	59.93	0.37	-26.34	79478.17
GenMills	75.36	0.06	78.54	56.67	2.31	23.52	44892.73
GenMotors	39.30	0.59	67.21	30.33	-	6.93	57294.03
GileadSci	64.17	0.78	74.12	57.17	3.75	15.38	80428.59
GoldmSchs	329.00	2.51	426.16	277.84	1.67	6.54	112306.1
Halliburton	28.80	-0.72	43.99	19.09	0.77	19.12	26120
HCA Hold	208.82	8.11	279.02	164.47	0.78	11.66	59936.52
Hew-Pack	27.04	-0.29	41.47	26.11	2.63	5.76	27200.59
Hilton Worldwi.	128.97	2.10	167.99	108.41	-	104.35	35374.84
HiltonWwde	128.97	2.10	167.99	108.41	-	104.35	35374.84
HomeDep	293.57	4.03	420.61	264.51	1.92	22.12	300535.37
Honywell	187.54	1.94	228.26	167.35	1.70	28.01	126344.26
HumanaInc	481.40	1.87	504.99	365.34	0.49	25.08	60922.95
IBM	127.05	0.33	146.00	114.56	4.36	28.81	114745.99
IDEXX Laborato.	349.13	7.40	695.18	318.50	-	47.95	29065.95
IllinoisTool	200.00	2.45	248.11	173.52	2.00	27.76	61924.34
Illumina	201.94	0.92	469.87	173.45	-	47.33	31724.77
Intcntl Exch	100.86	0.95	139.79	90.05	1.11	16.59	56326.1
Intel	30.55	0.19	56.07	30.05	3.85	7.43	125438.3
Intuit	429.66	10.90	716.86	339.36	0.51	63.56	121108.21
John&John	163.47	0.29	186.69	155.72	2.17	24.72	429792.04
JohnsonCn	55.97	0.98	81.69	45.52	1.74	30.19	38552.71
JPMrgnCh	115.03	1.29	172.96	106.06	2.80	8.85	337333.8
Kimb-Clark	127.24	1.53	144.53	117.32	3.13	28.21	42957.37
KinderM	17.72	-0.05	20.20	15.01	5.31	45.21	39915.97
KLA Corp	335.21	4.63	442.44	282.83	0.98	20.38	47534.04
Kraft Heinz	37.07	-0.36	44.87	32.79	3.65	53.40	45427.05
Kroger	49.05	0.53	62.78	38.22	1.36	26.45	35098.24
LasVegasSd	35.95	0.50	48.27	28.88	-	-28.12	27471.41
LibertyGbl	19.15	0.06	30.58	18.82	-	0.96	3319.89

PNCFin	158.31	1.94	224.52	146.39	2.57	14.72	64926.73
PPG Inds	125.92	2.23	172.78	107.06	1.60	32.64	29590.87
ProctGmbl	136.86	1.23	165.35	129.50	2.21	27.48	326479.46
Prudntl	95.00	0.82	124.22	89.73	4.10	5.75	35340
PublStor	339.13	-0.26	421.76	292.32	2.00	40.59	59526.25
Qualcomm	127.84	1.17	192.68	118.23	1.78	17.30	143563.76
Raytheon	86.20	-0.96	106.02	79.00	1.97	39.47	127275.51
Regen Pharm	591.86	17.89	747.42	538.01	-	9.71	63442.03
S&P Global	359.18	2.39	484.21	311.87	0.73	33.92	119786.53
Salesforce	152.51	0.79	311.75	150.48	-	120.58	152510
Schlmbrg	36.70	-0.66	49.83	26.44	1.15	32.84	51908.05
Sempra Energy	172.22	4.39	173.28	119.56	2.16	50.73	54130.53
Shrwin-Will	235.15	6.77	354.15	214.22	0.79	39.80	60946.89
SimonProp	101.80	0.76	171.12	93.06	5.95	17.58	33324.37
SouthCpr	45.21	0.08	79.32	44.32	5.99	12.17	34951.51
Starbucks	87.13	2.61	120.76	68.39	1.79	27.82	99972.96
StateSt	68.66	0.60	103.76	58.80	2.69	11.28	25240.75
Stryker	207.53	4.80	281.16	188.84	1.05	47.05	78478.32
Sychrony Fin	31.57	0.57	52.49	27.22	2.43	4.91	15209.13
T-MobileUS	144.13	2.22	148.04	101.51	-	70.65	180744.96
Target	168.91	5.33	268.98	137.16	1.60	14.02	77742.96
TE Connect	124.96	1.86	166.44	107.12	1.34	20.06	39967.08
Tesla Mtrs	279.88	5.46	414.50	206.86	-	67.47	292331.87
TexasInstr	166.07	2.97	202.26	144.46	2.15	23.75	151739.38
TheTrvelers	163.68	1.80	187.98	145.40	1.87	11.92	38843.41
ThrmoFshr	548.05	2.90	668.94	497.83	0.16	33.27	214719.94
TJX Cos	64.44	1.55	76.94	53.69	1.38	27.93	74818.25
Truist Financial Corp	46.70	0.68	66.10	44.68	3.37	12.34	61935.94
Twitter	40.71	2.06	68.41	31.30	-	-171.74	31153.17
UnionPac	228.50	0.52	278.94	195.68	1.72	24.94	142693.36
UPS	193.50	-2.46	232.31	165.34	1.78	15.57	141615.47
USBancorp	45.68	0.36	63.01	43.75	3.26	10.58	67863.19
UtdHlthcre	519.66	1.98	553.29	383.12	0.91	33.95	486080.98
ValeroEngy	112.05	-0.73	146.81	61.86	2.96	58.31	44144.38
Verizon	41.32	0.22	55.51	41.06	5.19	9.17	173531.79
VertexPharm	284.22	5.04	305.95	176.36	-	37.26	72890.91
VF Cp	41.34	1.09	78.91	40.06	4.03	16.01	16058.42
Visa Inc	198.65	0.01	236.96	185.91	0.57	38.85	324795.66
Walgreen	35.91	0.59	54.15	34.53	4.52	6.14	31035.46
WalMartSto	134.77	2.43	160.77	117.27	1.40	32.38	365797.85
Walt Disney	111.45	1.36	187.58	90.23	-	76.54	203179.79
Waste Manage.	172.40	3.24	175.98	138.58	1.13	47.47	71259.08
WellsFargo	43.26	0.38	60.30	36.54	1.51	10.33	164087.32
Williams Cos	33.10	-0.08	37.97	23.98	4.20	31.53	40327.25
Workday	164.00	4.10	307.81	134.10	-	1599.18	32964
Yum!Brnds	114.49	1.93	139.85	108.37	1.48	25.96	32577.27
Zoetis	158.49	1.65	249.27	154.18	0.53	43.85	74195.28
Zoom	80.21	0.19	306.26	77.79	-	20.86	20130.72
Venezuela (VEF)							
Bco de Vnzla	1.05	-	594.00	0.32	143.10	-	480.40
Bco Provncl	2.70	-	798000	1.70	-	0.00	127.01

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

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Bausch Hlth	8.61	8.51	0.10	1.18	1.89	28.1	-17.10
China Vanke	15.80	16.22	-0.42	-2.59	1.32	9.1	13.14
Hunng Pwr	4.43	4.24	0.19	4.48	0.32	7.8	5.41
Engie SA	12.70	12.13	0.58	4.75	0.83	7.0	-10.83
Ch OSLnd&Inv	22.45	22.10	0.35	1.58	1.30	6.1	7.79
MuenchRkv	249.40	247.70	1.70	0.69	14.10	6.0	5.12
JardnMt US$	54.90	54.76	0.14	0.26	3.01	5.8	-10.81
HCA Hold	208.82	200.71	8.11	4.04	10.95	5.5	-15.41
Target	168.91	163.58	5.33	3.26	8.57	5.3	-9.03
Pwr Cons Corp	8.24	7.99	0.25	3.13	0.41	5.2	-0.25
Twitter	40.71	38.65	2.06	5.33	1.96	5.1	-2.72
NextEraE	89.27	87.37	1.90	2.17	4.21	4.9	5.76
WalMrtMex	70.36	70.57	-0.21	-0.30	3.13	4.7	-4.55
MTN Grp	129.99	130.24	-0.25	-0.19	5.74	4.6	-17.80
E.ON	8.99	8.87	0.12	1.35	0.38	4.4	-6.22
Sempra Energy	172.22	167.83	4.39	2.62	7.25	4.4	-6.09
Swiss Re	79.26	79.20	0.06	0.08	3.08	4.0	-8.54
AEP	104.00	101.56	2.44	2.40	3.80	3.8	-4.01
Fuji Hvy Ind	2574.00	2490.00	84.00	3.37	93.50	3.8	7.20
Cintas Corp	422.02	413.65	8.37	2.02	15.18	3.7	-3.61

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 %
MitsuiFud	834.30	857.15	-22.85	-2.67	-2029.20	-70.9	-7.50
MitsubEst	941.29	947.87	-6.58	-0.69	-965.71	-50.6	-2.28
BHP Group	36.27	37.27	-1.00	-2.68	-5.48	-13.1	-10.82
Cielo	5.12	5.41	-0.29	-5.36	-0.51	-9.1	-1.26
CNOOC	9.93	10.12	-0.19	-1.88	-0.95	-8.7	-13.50
Equinor	352.65	374.00	-21.35	-5.71	-30.05	-7.9	-6.17
Occid Pet	65.48	66.88	-1.40	-2.09	-5.52	-7.8	-14.17
MollerMrsk	16415.00	16285.00	130.00	0.80	-1340.00	-7.5	-19.16
Suncor En	39.96	40.88	-0.92	-2.25	-3.21	-7.4	-14.08
Sony	10525.00	10775.00	-250.00	-2.32	-800.00	-7.1	-9.80
MitsbCp	4314.00	4362.00	-48.00	-1.10	-321.00	-6.9	-14.98
Advanced Micro	79.01	78.72	0.29	0.37	-5.86	-6.9	-27.22
CK Hutchison	47.75	48.55	-0.80	-1.65	-3.40	-6.6	-8.72
DNB	178.00	181.15	-3.15	-1.74	-12.00	-6.3	-8.84
HenkelKgaA	60.25	60.55	-0.30	-0.50	-4.00	-6.2	0.77
ImpOil	61.45	63.31	-1.86	-2.94	-3.99	-6.1	-16.04
Denso	7192.00	7208.00	-16.00	-0.22	-458.00	-6.0	-11.17
Canon	3221.00	3250.00	-29.00	-0.89	-201.00	-5.9	-4.81
New Ch Life Ins	17.42	17.88	-0.46	-2.57	-1.08	-5.8	10.20
Hew-Pack	27.04	27.33	-0.29	-1.06	-1.67	-5.8	-21.00

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Sep 07	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24	0.00	0.12	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Colombia	01/26	4.50	-	Baa2	BBB-	109.50	2.33	0.16	0.52	1.28
Brazil	04/26	6.00	-	Ba2	BB-	115.15	2.78	-0.01	0.65	1.73
Poland	04/26	3.25	-	A2	A-	111.22	0.98	0.03	0.16	-0.07
Mexico	05/26	11.50	-	Baa1	BBB-	149.00	1.61	0.00	-0.12	0.56
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Turkey	03/27	6.00	-	B2	BB-	102.88	5.43	0.14	0.83	4.38
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

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

BONDS: GLOBAL INVESTMENT GRADE

Sep 07	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	96.46	5.02	0.00	0.02	-
Euro										
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	137.45	0.82	-0.01	0.10	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	124.42	0.68	0.00	-0.11	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	121.70	0.93	0.00	0.02	-
Finland	04/31	0.75	AA+	Aa1	AA+	111.08	-0.27	0.00	-0.05	-0.87
Yen										
Mexico	06/26	1.09	-	Baa1	BBB-	98.73	1.34	-0.02	-0.14	0.27
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40

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

INTEREST RATES: OFFICIAL

Sep 07	Rate	Current	Since	Last
US	Fed Funds	1.5-1.75	15-06-2022	0.83
US	Prime	4.75	15-06-2022	4.00
US	Discount	1.00	05-05-2022	0.50
Euro	Repo	-0.64	19-05-2022	0.00
UK	Repo	1.75	04-08-2022	1.25
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75-0.25

INTEREST RATES: MARKET

Sep 07 (Libor: Sep 06)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	2.31100	-0.009	0.002	0.042	2.68486	3.16786	3.71029	4.17057
Euro Libor	-0.64957	-0.064	0.000	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	0.000	0.016	2.19770	2.67790	3.37970	0.81363
Swiss Fr Libor				-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor				0.000	-0.04632	-0.01877	0.04330	0.04867
Euro Euribor				0.070	0.36800	0.81600	1.33700	1.92100
Sterling CDs				0.000	0.50000	0.83000	0.78500	
US$ CDs				0.000	2.51000	3.01000	3.43000	
Euro CDs				0.010	0.47000	0.79000	1.29000	

Sep 07	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.22	0.08	-0.01	0.29	0.32	0.62	0.64	0.94	1.13	1.43	1.59	1.89
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	2.15	2.35	2.19	2.39	2.41	2.61	2.91	3.11	3.33	3.53	3.68	3.88
Japanese Yen	-0.15	0.05	-0.20	0.00	-0.20	0.00	-0.15	0.05	-0.10	0.20	-0.05	0.25

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

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	197.15	-0.10	-0.96	-10.30	-3.24	-11.48
Corporates(£)	324.26	-0.66	-1.86	-18.06	-7.58	-19.85
Corporates(€)	211.72	-0.06	-0.22	-12.34	-4.10	-13.47
Eurozone Sov(€)	219.79	-0.05	-0.31	-13.61	-5.09	-15.07
Gilts(£)	282.61	-1.17	-2.31	-21.38	-8.59	-22.78
Overall(£)	289.04	-1.02	-2.13	-20.15	-8.89	-21.63
Overall(€)	213.96	-0.05	-0.31	-13.26	-4.72	-14.63
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	748.69	9.28	-	-	-4.57	-12.91
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	557.55	-15.57	-33.59	53.93	630.88	330.24
Europe 5Y	114.14	-2.85	-6.13	14.26	127.35	70.55
Japan 5Y	91.36	0.73	4.86	9.52	115.50	57.71
Senior Financials 5Y	125.89	-2.91	4.22	18.07	139.21	79.74
Markit CDX						
Emerging Markets 5Y	321.22	0.00	-5.28	5.40	387.80	219.01
Nth Amer High Yld 5Y	525.44	-3.23	-2.47	50.37	589.25	421.25
Nth Amer Inv Grade 5Y	90.98	-1.00	-0.08	8.04	102.64	63.80

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

VOLATILITY INDICES

	Sep 07	Day Chng	Prev	52 wk high	52 wk low
VIX	25.69	-1.22	26.91	38.94	14.73
VXD	22.71	-0.87	23.58	45.37	3.27
VXN	32.20	-1.39	33.59	44.05	18.01
VDAX	27.92	-0.19	28.11	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/22	2.25	99.96	2.43	0.01	0.00	0.16	2.41
	05/32	1.25	80.49	3.66	0.00	0.04	0.56	-
	02/50	1.00	92.78	1.70	0.01	0.11	0.42	1.62
Austria	02/29	0.50	91.35	1.94	0.03	0.08	0.80	2.26
	02/47	1.50	82.97	2.43	0.00	0.10	0.66	2.01
Belgium	06/27	0.80	96.17	1.64	0.03	0.06	0.73	2.15
	06/47	1.60	80.43	2.69	-0.03	0.06	0.59	2.02
Canada	03/25	1.25	94.51	3.58	0.05	0.00	0.42	2.96
	06/30	1.25	86.66	3.21	0.09	0.12	0.46	2.08
	12/48	2.75	92.61	3.17	0.11	0.16	0.33	1.46
Denmark	11/29	0.50	90.81	1.88	0.08	0.05	0.69	2.10
	11/52	0.25	59.14	2.09	0.07	0.21	0.59	1.72
Finland	09/24	0.00	97.72	1.15	-0.02	-0.08	0.58	1.83
	09/29	0.50	90.88	1.90	0.03	0.08	0.72	2.22
France	05/28	0.75	94.69	1.74	0.02	0.05	0.72	2.11
	05/48	2.00	89.30	2.57	-0.02	0.07	0.59	1.91
Germany	08/29	0.00	90.77	1.41	0.04	0.07	0.67	1.93
	08/50	0.00	62.32	1.71	0.01	0.11	0.56	1.57
Greece	01/23	3.50	101.12	0.64	0.04	0.07	0.10	1.00
	01/28	3.75	101.18	3.50	-0.09	0.15	1.01	3.22
Ireland	10/22	0.00	99.93	0.67	0.22	0.17	0.38	1.27
	05/26	1.00	98.29	1.48	-0.01	0.00	0.65	1.99
	02/45	2.00	90.37	2.57	-0.04	0.03	0.61	1.99
Italy	02/25	0.35	95.32	2.37	0.00	0.07	0.93	2.60
	05/30	0.40	92.19	1.48	0.04	0.30	0.98	2.36
	03/48	3.45	90.96	4.02	-0.01	0.13	0.87	2.39
Japan	04/25	0.05	100.12	0.00	0.00	0.00	0.02	-0.06
	12/29	0.10	99.41	0.18	0.02	0.01	0.14	0.22
	12/49	0.40	81.86	1.18	0.00	0.03	0.08	0.56
Netherlands	07/27	0.75	96.36	1.53	0.03	0.03	0.72	2.10
	01/47	2.75	113.33	2.05	0.01	0.11	0.64	1.94
New Zealand	05/31	1.50	81.84	3.99	0.02	0.05	0.68	2.09
	09/40	2.50	116.32	2.43	-0.01	-0.02	0.63	1.62
Norway	08/30	1.38	86.15	3.39	0.06	-0.04	0.67	2.11
Poland	01/23	2.50	98.49	6.59	-0.07	-0.23	0.30	6.24
	07/27	2.50	83.23	6.63	-0.02	-0.01	0.67	5.21
	04/47	4.00	74.69	5.99	0.00	0.00	-0.41	3.72
Portugal	04/27	4.13	110.09	1.82	-0.01	0.04	0.75	2.21
Spain	10/22	0.45	99.97	0.67	-0.01	-0.11	0.50	1.31
	10/29	0.60	88.87	2.31	0.02	0.05	0.75	2.25
	10/46	2.90	95.54	3.17	0.00	0.10	0.70	2.08
Sweden	06/30	0.13	119.40	-0.90	0.02	-0.03	0.40	0.81
	03/39	3.50	122.61	1.90	0.01	-0.05	0.48	1.38
Switzerland	04/28	4.00	117.80	0.73	0.04	0.02	0.37	1.25
	06/29	0.00	95.06	0.75	0.03	0.06	0.38	1.18
United Kingdom	07/23	0.75	98.09	2.98	-0.02	0.29	0.84	2.89
	07/27	1.25	92.25	2.97	0.07	0.30	1.10	2.61
	07/47	1.50	68.05	3.42	0.15	0.36	0.94	2.37
United States	-	-	-	-	-	-	-	-
	03/25	0.50	92.59	3.55	0.12	0.07	0.32	3.01
	02/30	1.50	87.77	3.37	0.14	0.22	0.52	2.15
	02/50	0.25	77.04	1.24	0.10	0.25	0.30	-

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GILTS: UK CASH MARKET

Sep 07	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 0.75pc '23	98.35	2.68	-5.30	-3.94	27.62	2336.36	101.08	98.10	34.36
Tr 0.125pc '24	96.03	3.06	-4.97	-0.97	44.34	1510.53	99.84	95.73	34.76
Tr 2pc '25	97.56	2.86	-3.70	1.06	52.13	1000.00	106.59	97.24	39.04
Tr 0.125pc '26	91.12	2.89	-3.02	2.85	54.55	863.33	99.23	90.86	34.53
Tr 1.25pc '27	92.60	2.89	-2.36	4.71	55.38	641.03	104.99	92.31	40.07
Tr 0.875pc '29	87.02	2.91	-1.02	7.78	53.16	401.72	102.36	86.84	42.65
Tr 4.25pc '32	110.35	3.02	-0.66	7.47	48.04	302.67	136.15	110.15	39.43
Tr 4.25pc '36	109.96	3.33	-0.60	6.73	43.53	265.93	145.94	109.76	30.97
Tr 4.5pc '42	115.55	3.43	0.00	7.19	38.31	226.67	169.96	115.49	27.72
Tr 3.75pc '52	107.49	3.35	0.30	8.77	39.00	216.04	180.27	107.49	24.55
Tr 4pc '60	116.73	3.23	0.31	10.24	39.22	226.26	213.01	116.73	24.57

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

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Sep 07	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	81.86	0.25	2352.88	-2.24	-4.95	2.91
2 5 - 10 Years	153.45	0.23	3231.03	-7.00	-13.45	2.95
3 10 - 15 Years	164.28	0.24	3774.63	-10.53	-20.57	3.31
4 5 - 15 Years	155.12	0.23	3362.39	-7.88	-15.66	3.09
5 Over 15 Years	236.40	-0.10	4038.30	-17.02	-35.09	3.33
7 All stocks	142.13	0.12	3157.12	-9.78	-21.29	3.23

Index Linked	Sep 07	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	322.09	0.16	-1.36	3.80	2715.66	-1.36	4.97
2 Over 5 years	626.13	1.07	-11.06	-29.24	4763.47	-11.06	-28.98
3 5-15 years	483.63	0.61	-5.46	-8.42	3903.40	-5.46	-7.74
4 Over 15 years	739.97	1.34	-13.95	-37.37	5465.87	-13.95	-37.23
5 All stocks	579.77	0.94	-9.81	-25.90	4498.98	-9.81	-25.55

Yield Indices	Sep 07	Sep 06	Yr ago		Sep 07	Sep 06	Yr ago
5 Yrs	2.81	2.87	0.33	20 Yrs	3.44	3.44	1.09
10 Yrs	3.11	3.14	0.73	45 Yrs	3.15	3.14	0.94
15 Yrs	3.37	3.38	0.99				

Real yield	inflation 0% Sep 07	Dur yrs	Previous	Yr ago	inflation 5% Sep 07	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.24	1.64	-1.15	-3.29	-1.80	1.64	-1.71	-3.64
Over 5 yrs	-0.47	20.41	-0.42	-2.44	-0.49	20.46	-0.44	-2.46
5-15 yrs	-0.98	8.80	-0.92	-2.88	-1.07	8.81	-1.01	-2.97
Over 15 yrs	-0.37	26.47	-0.32	-2.40	-0.39	26.48	-0.34	-2.41
All stocks	-0.48	17.81	-0.42	-2.45	-0.51	17.88	-0.46	-2.48

See FTSE website for more details www.ftse.com/products/indices/gilts
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COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Oct	86.18	-0.70	Corn♦	Dec	682.00	6.00
Brent Crude Oil‡		89.22	-4.61	Wheat♦	Dec	851.00	34.00
RBOB Gasoline†	Oct	2.43	0.02	Soybeans♦	Nov	1401.50	2.75
Natural Gas†	Oct	8.07	-0.08	Soybeans Meal♦	Oct	416.20	5.60
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)⊕	Dec	1801.00	3.00
Aluminium		2238.00	-22.50	Cocoa (ICE US)♥	Sep	2320.00	-63.00
Aluminium Alloy		1675.00	-905.00	Coffee(Robusta)⊕	Sep	2218.00	-39.00
Copper		7616.00	-50.00	Coffee (Arabica)♥	Sep	229.30	-4.60
Lead		1905.00	2.00	White Sugar⊕		573.90	0.70
Nickel		21515.00	-65.00	Sugar 11♥		18.20	0.22
Tin		20795.00	-400.00	Cotton♥	Oct	109.03	0.74
Zinc		3120.50	-61.00	Orange Juice♥	Nov	166.95	-1.55
Precious Metals (PM London Fix)				Live Cattle♣	Oct	145.08	0.53
Gold		1702.60	-8.35	Feeder Cattle♣	May	134.88	-
Silver (US cents)		1839.50	16.50	Lean Hogs♣	Oct	91.03	1.00
Platinum		852.00	4.00				
Palladium		2033.00	15.00		Sep 06	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		97.44	1.89	S&P GSCI Spt	634.90	-9.37	33.04
Baltic Dry Index		1133.00	19.00	DJ UBS Spot	116.10	-11.80	23.70
Richards Bay ICE Futures		353.00	-9.45	TR/CC CRB TR	302.87	-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 Sep 06	Yield Sep 06	Prev	Month return	Value stock	Market	No of stocks
Can 4.25%'26	112.20	1.274	1.227	-0.01	5.25	72073.97	8
Fr 0.25%'24	105.83	-2.730	-2.868	-1.16	17.92	251621.84	17
Swe 1.00%'25	125.03	-1.109	-1.104	0.27	35.15	218111.72	6
UK 0.125%'24	103.96	-2.383	-3.977	-2.75	15.24	629062.53	31
UK 2.50%'24	369.36	-1.089	-2.598	-3.28	6.82	629062.53	31
UK 2.00%'35	264.08	-0.751	-0.868	-2.08	9.08	629062.53	31
US 0.625%'24	99.02	1.358	1.194	-0.26	40.98	1630082.41	46
US 3.625%'28	114.40	0.978	0.836	-1.20	16.78	1630082.41	46

Representative stocks from each major market Source: Merrill 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 Yld	Spread vs Bund	Spread vs T-Bonds		Bid Yld	Spread vs Bund	Spread vs T-Bonds
Australia	3.66	2.25	0.29	Netherlands	1.53	0.13	-1.84
Austria	1.94	0.53	-1.43	New Zealand	3.99	2.59	0.62
Canada	3.21	1.80	-0.16	Norway	3.39	1.98	0.02
Denmark	1.88	0.47	-1.49	Portugal	1.82	0.41	-1.55
Finland	1.90	0.49	-1.47	Spain	2.31	0.90	-1.06
Germany	1.41	0.00	-1.96	Sweden	-0.90	-2.31	-4.27
Italy	2.37	0.96	-1.00	Switzerland	0.75	-0.66	-2.62
Japan	0.18	-1.23	-3.19	United States	3.37	1.96	0.00

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

ARTS

Witnesses to the trauma of partition

Silence
Donmar Warehouse, London
★★★★☆

The Narcissist
Chichester Festival Theatre, Chichester, West Sussex
★★★☆☆

I, Joan
Shakespeare's Globe, London
★★★☆☆

partition

THEATRE

Sarah Hemming

I'm starting to hear those speeches again," says a character in **Silence**. "The same tactics now being used over here."

He could be speaking for several plays recently opened on the UK stage, which confront the dangers of exploiting difference and suspicion. *Silence*, *The Narcissist* and *I, Joan* are very different beasts dramatically, but through each courses a deep and restless concern about a political and cultural milieu that so readily turns to stirring up division and enmity.

In *Silence*, the focus is the partition of the Indian subcontinent in 1947 and the legacy of that harrowing period 75 years later. It's impossible to overstate the trauma: millions were displaced overnight; the bloodshed and violence were horrific. And behind those bleak statistics were individuals: people who often buried the experience in their memories, reluctant to open old wounds.

It's those voices we hear in Kavita Puri's play. Adapted for the stage by four authors — Sonali Bhattacharyya, Gurpreet Kaur Bhatti, Ishy Din and Alexandra Wood — in a co-production with Tara Theatre, from Puri's award-winning radio series and book *Partition Voices: Untold British Stories*, it delivers testimony from elderly Hindus, Muslims and Sikhs about what they endured.

A fictitious framework introduces a young journalist, Mina, who acts as a sounding board. She also voices the other silence that the play is intent on breaking: the shameful role of Britain. "We never talk about the legacy of empire," she says. That's something that plays such as this (and *Small Island* at the National Theatre) are addressing.

As testimony, it is a moving and immensely powerful piece of theatre. As drama, however, it is more limited. The framework and structure are fairly stiff and oblige Nimmi Harasgama's Mina to spend a lot of time nodding along. Rose Revitt's set of hanging sheets makes for fluid scene changes and echoes the makeshift walls in a refugee camp, but it also restricts the playing space. And there's a difficulty in balancing a range of stories with time to explore them fully — any one of the characters could have a play to themselves.

But it's in the detail of the individual testimonies that the evening finds its power. "I can't understand," says one elderly man. "Old friends in the morning, then wanting us dead in the afternoon." There are stories of bravery and kindness too, all delivered with quiet care in Abdul Shayek's production.

The significance of the show lies in its existence and its repetition. In dramatisation, the stories live on. They raise questions about borders and belonging, address responsibility for the past and urge care for the present. "This is our shared heritage," writes Puri in the programme. "It is British history."

To September 17, donmarwarehouse.com, then Tara Theatre, September 22-Oct 1, taratheatre.com

Recent US political history drives Christopher Shinn's new play, **The Narcissist**. "Optimistic candidates cannot win any more," says Jim, a seasoned spin-doctor called in to advise a Democrat hopeful. This bleak assertion is born of experience: having worked on the losing side in the 2016 election, Jim believes that democracy is forever changed by rolling news and social media and that any successful candidate must harness the anger and frustration of voters.

Top: Kavita Puri's 'Silence' tells the story of partition in 1947. Above: Isobel Thom, centre, as Joan in 'I, Joan' Manuel Harlan; Helen Murray

It's that splintered and toxic public arena that Shinn seeks to portray, and this gripping, if fitful, play is at its best when opening out on stage the weird mix of hyperconnectivity and loneliness that can characterise contemporary living. In Josh Seymour's staging, Jasmine Swan's clever set expresses this: characters pop up in illuminated boxes above the stage, just as messages and calls flash up on our phones. Shinn's sharp, witty script, likewise, is frequently disrupted, emphasising the absence of proper communication.

Throughout, Harry Lloyd's Jim is never fully present — always distracted by events elsewhere. And as the battle for attention shifts from Claire Skinner's beautifully observed politician, to Jim's co-writer on a book, to his opioid-addicted brother, the question of who merits the "narcissist" title keeps swinging around. Is it Jim? The senator? His relatives? Or is it the scourge of endemic individualism?

All of this is spot on and topical, as is the concern about cynical politics that exploit a superficial age. The casualty, however, is personal depth. Lloyd is excellent as the brittle, intense and conflicted Jim, as is Stuart Thompson as the enigmatic would-be actor who hooks up with him. But the very structure of the drama works against engagement with other characters. This is particularly troubling with Jim's brother (Simon Lennon), whose addiction story needs more space. Still, it's a play that grapples intelligently with the deeply fractured and fractious nature of our times and searches for hope.

To Sept 24, cft.org.uk

Before it even opened, Charlie Josephine's **I, Joan** fell foul of that seething public arena that Christopher Shinn describes in *The Narcissist*. Once Shakespeare's Globe announced that the play would present Joan of Arc as non-binary, the theatre was pitched pell-mell into the culture wars, prompting the playwright (who also identifies as they) to observe, "For those who want to see Joan as a strong young feminist woman, they can still see Joan like that . . . Nothing is being taken away, only expanded."

In practice, that is very much the feel of the play. This is clearly not the definitive Joan — it is *a* Joan: a character, a version, an exploration. It's a reminder that the story has been told and shaped by playwrights many times before. It's a "what if?" that seeks to reconsider history and whose stories get told. It's also a joyous and celebratory piece of theatre, defined by a generous and inclusive spirit that, on opening night, had the audience bouncing with delight.

That this is an imaginative endeavour is emphasised from the start in Ilinca Radulian's exuberant production. Isobel Thom — who is outstanding in this debut professional role — arrives by sliding down the curved wooden wall that dominates the stage. This Joan doesn't fit the expectations of class and gender, but their rebellion has an innocence to it: "I am here, to share my story, to receive God, and to offer you love," they cry. "None of us fit these man-made boxes!"

The battle for Joan to express truthfully the complexity of that identity becomes spliced with the fight for France, which is sketched in symbolically and with a light touch: the court is presented as a bunch of squabbling officials presided over by Jolyon Coy's frivolous and bored Dauphin; the battles are conducted as dance (choreographed by Jennifer Jackson).

This is often vivid and funny, but it makes for some uncomfortable muddiness in the overlaps with the original story: after the first battle, for example, Joan is horrified by the slaughter, but soon seems to accept it. Meanwhile the only close relationship in the play is that between Joan and Adam Gillen's fellow outsider, Thomas, and the play moves into blunter polemic towards the end. More subtlety would enrich it. But this is a boldly significant piece of theatre: a rallying cry for inclusivity, delivered in a joyous, optimistic style.

To October 22 shakespearesglobe.com

Claire Skinner and Harry Lloyd in 'The Narcissist' — Johan Persson

Mixed bill of ballet and belly laughs

DANCE

Les Ballets Trockadero de Monte Carlo
Peacock Theatre, London
★★★★☆

Louise Levene

Are we having fun yet? To judge from my inbox, half the shows in production are hoping to explore domestic violence, BLM, climate change and the cost of living crisis via the expressive medium of dance. Les Ballets Trockadero de Monte Carlo, who began their two-month UK tour with a two-week residency at the Peacock Theatre on Tuesday, have a far more serious, far more challenging agenda: pleasure.

Both London programmes are a tried and tested mix of old favourites and novelties crafted with the Trocks' unique blend of balletomania and belly laughs. The first mixed bill opens with *Swan Lake* act two led by Takaomi Yoshino in the guise of Varvara Laptopova ("awarded first prize at the Pan-Siberian Festival for artistic misinterpretation") making her British debut.

Trocks ballerinas have consistently amazed audiences with the strength and quality of their pointework since their first teetering *pas de bourrée* off-off Broadway in 1974, but in the 35 years I have been watching them I've seldom seen an Odette as technically assured as the Vaganova-trained Yoshino: feathery beaten steps, freeze-frame balances — and *funny*.

His loyal corps of swans deliver their sight gags with tireless wit. Robert Carter (aka Olga Supphozova) has been delivering the same jokes for 27 years but I still laugh out loud. His arthritic, applause-hungry Dying Swan was a triumph of physical comedy, his entire body seeming to change size and shape at will.

Swans (living and dead) are the backbone of the first mixed bill, but the Trocks' repertoire is extensive, ranging from a send-up of Leonid Lavrovsky's *Walpurgisnacht* ("a specimen of Soviet balletic camp") to *Nightcrawlers*, a hilarious spoof of Jerome Robbins' Chopin ballet *In the Night*, wickedly choreographed by founding Trock Peter Anastos, a parodist of genius. Written as a companion piece to his equally hilarious *Yes, Virginia, Another Piano Ballet*, *Nightcrawlers* features the mysterious comings and goings of three couples in evening dress, gleefully sending up Robbins' mix-and-match pairwork and half-glimpsed love tragedies.

The ballerinas inevitably hog the limelight but every Trock also has a male alter ego: Jacques D'aniels, Boris Dumbkopf and the legendary Legupski brothers. The Trocks' *danseurs* provide a pin-sharp pastiche of all this — think Vladimir Vasiliev with a pinch of Tsiskaridze. Mismatched couples offer an easy laugh but Jake Speakman, a fun-size *porteur* dwarfed by his Amazonian ballerinas (Duane Gosa and Joshua Thake) in the pitch-perfect *Swan Lake* pas de trois, is a painful reminder of just how hard it can be to dead-lift 100lbs (let alone 140).

As Siegfried in *Swan Lake* act two, Dmitri Legupski (Giovanni Goffredo) makes his way centre stage with that teasing, foot-dragging walk (© R Nureyev) as if about to dazzle us with a solo variation, only to keep right on going and exit via the opposite wing. The Nureyev gala, only a few blocks away in Drury Lane, showcases the many aspects of male classical dancing — flashy, refined, introspective — and the preening powerplay between tights and tutu. The Trocks play exactly the same game — but they play it for laughs.

To September 17 then touring to October 29, trockadero.org

Robert Carter as Olga Supphozova in 'The Dying Swan' — Jane Hobson

FT BIG READ. WAR IN UKRAINE

Rather than prompting a revolt against Putin, sanctions have left the tycoons increasingly angry at western governments, impotent at home and scrambling to cling on to what remains of their wealth.
By Max Seddon and Polina Ivanova

Russia's melancholy oligarchs

As Russia's invasion of Ukraine raged this spring, the billionaire oligarch Mikhail Fridman called Kristina Kvien, then the US's most senior envoy to Kyiv, with a proposal.

Fridman — who grew up in Lviv, in western Ukraine, but has Russian and Israeli passports and made most of his estimated $13bn fortune in Russia — would donate part of his wealth towards repairing damage from the war.

In return, the US would help him avoid the sanctions that were being imposed on oligarchs, which western policymakers hoped would force them to break with Russian president Vladimir Putin.

After Kvien raised questions about Fridman's proposal, the conversation quickly became heated, according to three people familiar with the matter. Fridman began shouting and swearing at Kvien and insisted that he had no power to influence Putin.

"He spoke of his love of his native Ukraine," says one of the people. "But then he went emotional, definitely. 'You want to take away all my money!'"

Kvien told Fridman their conversation was over and hung up the phone. Fridman wrote Kvien a text message to apologise, but received no response.

The state department said it would not comment on "diplomatic discussions". Fridman has denied that he ever spoke to Kvien, lobbied the US to help him avoid sanctions or offered to help Ukraine's reconstruction efforts.

Since Putin launched the invasion of Ukraine, dozens of Russian tycoons have had their western bank accounts frozen and some have been forced to give up their stakes in western companies and lost their Mediterranean mansions.

But six months later, there is little sign that the sanctions have pressured the oligarchs into starting a "palace coup" against Putin.

Instead, they have had a very different impact. Increasingly angry at western governments, Russia's oligarchs are scrambling for ways to cling on to what remains of their wealth — including through the sorts of buyout proposals that Fridman presented.

Many of the oligarchs who once enjoyed spending time in the west are now resigned to returning to Russia. Those in Moscow have quietly accepted their diminished status in the country.

Through interviews with seven Russian tycoons under sanctions — as well as senior bankers, current and former senior executives at major companies, ex-officials, and friends and family — the picture that emerges is of a group of oligarchs opposed to Putin's war and resentful that it has ruined their fortunes. However, they are also simultaneously embittered at the west, which they believe has scapegoated them for events beyond their control.

"To do a palace coup and overthrow the tsar, you need to be in the palace first. None of these people are there," says one Russian businessman under sanctions. "How is Fridman supposed to affect the president's decisions from the UK? And if Fridman was in his house in Moscow, he still wouldn't have any contact with the president. How could he affect his decisions?"

At least 21 Russian businessmen are now suing the EU in an effort to overturn sanctions against them, according to filings at the European Court of Justice in Luxembourg and people familiar with the matter.

Privately, some admit that these legal actions may not be enough to win them back their assets in the west.

Yet many are set on challenging the sanctions to the end — most notably Fridman and his business partner Petr Aven, who both became notorious for waging brutal courtroom battles, ranging from the City of London to the oilfields of Siberia.

"The guys are really pissed off and frustrated," says a senior banker, who knows the two oligarchs well. "They are energetic people and fighters but it's a very difficult fight."

Escaping the Kremlin's eye

Just months after he first took office in 2000, Putin gathered the country's most prominent oligarchs in the Kremlin's ornate Hall of the Order of St Catherine to explain the new rules by which business would operate in his Russia. They could keep the fortunes they amassed in often murky privatisations, he told them, as long as they stayed at "arm's length" from politics.

When he summoned a group of leading oligarchs to the same room on the day of the invasion of Ukraine in February, Aven was one of only two members of the *semibankirschina* — the seven bankers who funded Boris Yeltsin's re-election as president in 1996 — still in the country. Others, who had challenged Putin, were long gone: some in exile, like former oil baron Mikhail Khodorkovsky, or dead, like Boris Berezovsky.

The televised tirade at the businessmen meekly lined up in alphabetical order was a sign of how subservient they have become during Putin's two decades in the Kremlin.

Of all the oligarchs, Fridman and Aven had done the most to establish themselves in the west. Backed by fortunes made in Russia's oil, banking, retail and telecoms industries, they set up private equity firm LetterOne in London in 2013, creating a new empire in Europe that includes UK health food retailer Holland & Barrett, German energy group Wintershall Dea and Spain's Dia supermarket.

Fridman bought a £65mn property in north London and had received indefinite leave to remain in the UK before losing that status under the sanctions; he was also considering applying for UK citizenship before the war. Aven, on the other hand, houses his £300mn modern art collection in his Surrey mansion and St James pied-à-terre.

For Fridman, establishing himself in London meant he had finally arrived on the world stage, says a former business associate. "Fridman always hated Russia. He couldn't stand living there. He wanted to get out and move to the west at the first opportunity to do business there," the person says. "He wants to be a man of the world."

Yet the UK and EU sanctions have frozen Fridman and Aven's stakes in their companies and limited their access to funds — although the US has not imposed sanctions on them. The oligarchs have resigned from LetterOne's board and surrendered control to a team scrambling to save the assets. "Everything which we were building for 30 years is now completely ruined. And we have to somehow start a new life," Aven told the Financial Times in March.

Alexei Kuzmichev, their partner in LetterOne, was on a skiing holiday in Switzerland in March when the EU imposed sanctions on him. It left him stranded in the country, unable to rejoin his family in France, but also unwilling to return to Russia, according to two people familiar with the matter.

The UK's National Crime Agency raided Aven's home in May as part of an investigation into potential sanctions violations over more than £3mn in funds that he transferred to UK accounts from Austria hours before the sanctions came into force. Aven declined to comment on the allegations.

While he appeals against the sanctions imposed on him, Aven has been restricted to spending no more than £2,500 a month on his living expenses, although in July a judge relaxed a freezing order on some of his accounts used to cover bills. Aven's regular monthly expenditure is £140,000, most of which pays for the upkeep and security of his art collection.

> 'To do a palace coup and overthrow the tsar, you need to be in the palace first. None of these people are there'

Even for the oligarchs whose energies have been focused on the west, it has been impossible to escape the Kremlin's eye if they still own a major business in Russia. According to a 2019 report by Department of Justice special counsel Robert Mueller on Russian interference in the US presidential election, Aven said he was one of about 50 oligarchs who took "implicit directives" from Putin at quarterly meetings where they would usually discuss the economy — including ways to keep Alfa-Bank, the bank he co-owns, safe from sanctions.

Aven denies saying Putin ever gave him "implicit directives" and claims the FBI misrepresented what he told them.

Oligarchs under sanctions who remain outside the country regularly field calls from the Kremlin encouraging them to return home since the invasion, according to two people who have received such calls and several others familiar with the approaches.

Many have also argued that sanctions are pushing them back to Russia. "Some people decide, 'Do I really need all this? I'll go back to Moscow where I can happily go around restaurants and feel fine'," says one businessman. Sanctions, he argues, are forcing elites to become even closer to the Kremlin even if they might prefer to distance themselves.

Some people in western policy circles share that scepticism about sanctions. "There are two kinds of oligarchs in Russia," says Michael McFaul, a former US ambassador to Moscow. "There are the 1990s oligarchs, and we're all very proud when we sanction them and their yachts get taken. But let's be clear: those guys have zero influence over Vladimir Putin." The typical member of the newer cohort "is a really rich guy and he's close to Putin, but he's a really rich guy because he's close to Putin", McFaul adds. "So he [also] has no leverage to pressure him to stop the war."

Speaking out

With their options closed off by the sanctions, the oligarchs feel they are trapped between accepting their fate in Russia or facing reprisal for speaking out against the war.

"They say they are scared of being poisoned, but what they are really worried about losing is their money and reputations" they worked so hard to cultivate, says a senior Russian businessman. Now, "they don't know how to act in that situation", the businessman adds. "They are totally disoriented."

When asked why they had not done more to speak out against the war, several oligarchs pointed to the case of banker Oleg Tinkov. The eccentric tycoon said he was forced to sell his stake in his bank Tinkoff in a "fire sale" in May after denouncing Putin and the "crazy war" on Instagram.

Tinkov told interviewer Yuri Dud that Fridman called him and said: "You've really lost your mind. You should have sold first before saying anything."

Fridman, who declined to comment on the call, has described the war as a "tragedy" but said more explicit criticism would put his employees in Russia at risk.

Most oligarchs have limited their public statements to the EU's High Court in Luxembourg, where their lawsuits continue to pile up. "I could do something useful and resist the state takeover of the economy. But I don't have any assets anymore," another person who attended the meeting with Putin says. "Now I spend all my time suing the EU."

The Russians who have filed appeals argue that the legal justifications used to impose travel bans and freezes of their assets inside the EU are groundless or flawed. Many of the case files justifying the sanctions provided by the EU, according to documents seen by the FT and people familiar with the matter, appear to be hastily put together from news articles and social media posts.

The intense pressure on the EU and allies such as the US and the UK to move quickly on sanctions after the invasion meant officials had to cut corners while drawing up lists of individuals to be targeted, people involved in the process told the FT.

> 'The guys are really pissed off and frustrated. They are energetic people and fighters but it's a very difficult fight'

Peter Stano, foreign policy spokesperson for the European Commission, insists the sanctions have been "based on the criteria set out in the relevant sanctions regime, on the available evidence and on the agreement by all member states".

With the EU court cases likely to drag on for years, however, some oligarchs have embraced the idea of a buyout mechanism — that the tycoons could give up some of their wealth to Ukraine in exchange for lifting the sanctions.

Apart from Fridman, several other Russian businessmen have also reached out to Kyiv offering a similar quid pro quo, according to people familiar with the matter. "If you had a rule that they give up 50 per cent [of their wealth] to support Ukraine and they keep the other 50 per cent, every single one of them would come running," says the senior Russian businessman. "The problem is they have no way out. You need to give them some direction and something to work towards."

In Ukraine, however, they face a sceptical audience. Fridman co-owns extensive assets in the country, including mobile carrier Kyivstar, one of the country's largest banks, now called Sense Bank, and a bottled water business.

But those contributions have not been enough to win over Ukrainian president Volodymyr Zelenskyy's office. Ukraine has been open to a plan to recapitalise the bank, but balked at a quid pro quo to lift sanctions on its owners, according to people familiar with the matter.

"Ukraine is not using sanctions as a bargaining tool. This is a matter of principle," says Rostislav Shurma, deputy head of Zelenskyy's office. "The main goal of sanctions is to stop the war, not find some conditions to agree to lift them." Zelenskyy has said he will only agree if Fridman denounces Putin, speaks out more forcefully against the war and rips up his Russian passport, according to a person close to him.

Fridman denies ever discussing receiving Ukrainian citizenship with the government.

But there is little sympathy in Kyiv for the plight of the oligarchs. "The 24th, 25th, 26th, 28th of February — that was when it was necessary to determine where you are," says Oleksiy Danilov, chair of Ukraine's security council, referring to the very early days of the war. "On the side of light? Or on the side of darkness?"

Additional reporting by Roman Olearchyk, Mehul Srivastava, Henry Foy and Ben Hall

Oligarch Mikhail Fridman, above, has proposed donating part of his fortune to Ukraine to get sanctions on him lifted. Below: businessmen summoned to the Kremlin on February 24, after Vladimir Putin ordered troops to enter Ukraine. Right: Petr Aven, Fridman's business partner, is suing the EU over sanctions on him
FT montage/Anna Gordon/ Dreamstime; EPN/Newscom/ Avalon

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

Pakistan's perfect storm is an urgent call to action

Devastating floods have hit a country riven by financial and political crises

Sections of the Yangtze river dried up, forest fires burnt across France and the falling level of America's Lake Mead revealed long-lost human remains. This summer has been heavy with examples of what a warming climate will mean to our future. Nowhere else, however, has suffered the extremes of Pakistan, which has gone from 50C to devastating floods in months, even as it wrestles with financial and political crises.

One-third of Pakistan is under water. More than 1,000 people have died and the cost will exceed initial estimates of $10bn by far. It is a devastating illustration of the need to invest in adaptation to a changing climate, with general lessons on how the international community should respond and specific challenges for Pakistan.

Within Pakistan there are two clear lessons: forecasting and evacuations. There were some predictions of very high rainfall, but even to the extent forecasters got it right, it did not translate into governmental awareness. Nor did the rain's ferocity trigger effective evacuations that could have saved lives.

Pakistan's dysfunctional political system over decades has prevented the development of a governance structure with the resources and planning capacity to handle disasters of such magnitude. The country failed properly to improve infrastructure after severe floods in 2010. Its fractured politics look set to continue with a push from Imran Khan, ousted as prime minister in April, for early elections. He is riding a wave of populist anger, strengthened by austerity measures required as part of a $1.1bn IMF bailout package.

The country's plight has lessons for others. There is a tendency to think of adaptation to climate change in terms of "hard" infrastructure: dams to hold back floodwaters or seawalls to keep the oceans at bay. However, "soft" adaptation such as improved flood forecasting and evacuation are as important. This should be a priority for developing nations exposed to climate change.

That is not to deny the need for physical infrastructure, which costs money. There is anger among leaders in the developing world about rich countries' failure to provide resources for investment in adaptation. Their attitude, understandably, is that industrialised countries caused the problem with two centuries of carbon emissions, and they should pay to fix the damage. There will be vocal complaints, again, at the upcoming G20 summit in Indonesia and the COP27 climate talks in Egypt.

No matter the justice of their demands, too much focus on liability for the problem may get in the way of addressing it. Rich countries are reluctant to take on an open-ended liability. But their efforts to escape liabilities ignore their clear self-interest in bolstering climate-adaptation in countries such as Pakistan, a fragile, nuclear-armed state caught between China and the US in a volatile region.

> Adaptations such as improved flood forecasting and evacuation should be a priority for developing nations exposed to climate change

Adaptation spending often faces less overt political opposition than efforts to phase out fossil fuels. Financing projects such as flood defences is the expertise of multilateral development banks. Rich countries should meet their responsibilities by, for example, subsidising concessional loans for adaptation on a massive scale.

In Pakistan, the challenge is complicated by the country's debt crisis. Floods will only exacerbate Pakistan's economic problems, creating risks that current IMF support is not enough to achieve debt sustainability. It is nonetheless important to keep the issues distinct: Pakistan should not be denied investment in climate adaptation because of fears cash will be diverted to shore up its short-term finances. Pakistanis desperately need help now, but they need a future as well.

Opinion US politics

Trump's Truth Social is the saddest site online

Ben Hickey

Jemima Kelly

Too many things get called Orwellian these days. Poor George Orwell — a man who advised writers to "never use a metaphor, simile, or other figure of speech which you are used to seeing in print" — must be, to use another tired cliché, turning in his grave. But over on Truth Social, Donald Trump's Twitter-mimicking social media platform, it is hard to keep the bleak irony and doublespeak of *Nineteen Eighty-Four* from drifting into one's mind.

"Now that the FBI and DOJ have been caught in a massive and determinative Election Rigging Scam, are they going to change the results of the 2020 Presidential Election? They should!!!" the former president "Truthed" on Monday. He "ReTruthed" it (shared it again) on Tuesday.

The former president was kicked off both Twitter and Facebook in the aftermath of the January 6 US Capitol riots. Now he is forced to share his thoughts and feelings in the form of these "Truths", though with a 500-character limit — almost double the length of a tweet — he can be slightly more verbose and exclamative.

> While it sells itself as a platform that is all about different viewpoints, only one seems to be heard

Trump's "Truths", "ReTruths" and "Quote-Truths" appear not on a timeline or a news feed, but on a "Truth Feed" — no matter whether what he, or anyone else, is saying is actually true or not.

But things aren't going so well for the platform. This week it emerged that the blank-cheque company — or Spac — that was meant to merge with and give a $1.3bn cash injection to the Trump Media & Technology Group, which runs Truth Social, has failed to get the financial backing for an extension to complete the deal. Meanwhile, the platform has been barred from Google Play because of its failure to moderate violent content, and the US Patent and Trademark Office has cial footing" and that "any assertion to the contrary is knowingly false bar-talk maliciously designed to harm Truth Social investors".

Still, in between "Truths" about the "Green New Deal Fake Infrastructure Bill" and "the latest Witch Hunt against me", Trump took to the platform this week to try to encourage people to buy ads on it. These feel like sad, desperate times — for Trump and the platform.

Spending time on the site is an unpleasant experience. It seems to be a total rip-off of Twitter, but with a much lower budget and without some basic functionalities. When you click on a "Truth", for instance, you are unable to see whether or not you have already liked or "ReTruthed" it yourself, or whether anyone has "Quote-Truthed" it. There is also no direct-messaging capability on the app.

And while it sells itself as a "Big Tent" platform that is all about allowing for different viewpoints, there seems to be only one heard on the platform. The same hashtags trend frequently — #DefundTheFBI, #January6th, #IAMMAGA. It might be 2022, just two months before midterm elections that Republicans look likely to win, but you wouldn't know it over on Truth Social.

Trump only follows three accounts, two of which are official Truth Social ones and the other of which belongs to John Daly — a golfer and personal friend of the former president whose profile picture shows him sandwiched between two Hooters waitresses several decades his junior. Trump has just over 4mn followers on the platform. That compares to the almost 90mn he had on Twitter. His most popular "Truths" produce tens of thousands of engagements — a fraction of the 4.7mn likes and shares he got for his 2020 "I WON THIS ELECTION, BY A LOT!" tweet.

Watching Trump's activity last Tuesday, on the day pictures from the FBI's raid of his Mar-a-Lago home were made public, felt like watching someone having a very public meltdown, with him plaintively asking at one point: "Why are people so mean?"

During a radio interview on Sunday, Trump's former communications director Anthony Scaramucci said that "something's eating" Trump. I rather get that impression too. The Trump you see on Truth Social seems less like a formidable former president energetically planning his comeback, and more like a rather pathetic, unhappy 76-year-old man, shouting into the wind.

Letters

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A low and stable expansion in the money supply is the key

Martin Wolf writes that "calibrating monetary tightening is particularly difficult today, because it involves raising short-term rates and shrinking [central bank] balance sheets at the same time" (Opinion, August 31).

Wolf had earlier said in the same piece that "lack of attention to monetary data" partly explained why central banks persisted with "ultra-loose policies for too long".

Arguably, monetary data give central banks a method of assessing the right levels of their key instruments for the achievement of inflation objectives. These instruments include debt management policies, where such policies tend nowadays to be called "quantitative easing" and "tightening", as well as the setting of short-term rates.

Indeed, rapid growth of broad money was one of the considerations which alerted Wolf to potential inflation dangers in a remarkably percipient article in May 2020 — "Why inflation might follow the pandemic" (Opinion, May 20 2020).

A remarkable feature of the US economy at present is that broad money growth has come to an almost complete halt, as is noticed in one of Wolf's charts. Using the M3 numbers prepared by the Shadow Government Statistics consultancy (and mostly derived from Federal Reserve numbers), the quantity of money rose by less than 1 per cent in the six months to July. With inflation proceeding at a rate roughly eight times higher, real money balances are being squeezed. The stock market is down, housing market activity has tumbled and other reliable forward-looking indicators have turned negative. If the Fed follows its announced plans and again increases asset sales, money stagnation might be followed by outright falls in the quantity of money.

In these circumstances it is far from clear that further large increases in Fed funds rates are appropriate. Today's inflation is the result of the Fed's unduly large asset purchases and excessive money growth from spring 2020 to the end of last year.

We must hope that deflation in 2024 and 2025 is not the result of the Fed's unduly large asset sales and money contraction from summer 2022.

Low and stable, but always positive, growth of the quantity of money is the ideal.

Professor Tim Congdon
Chair, Institute of International Monetary Research, University of Buckingham
Buckinghamshire, UK

Growth or distribution — Truss presents false choice

In Kwasi Kwarteng's op-ed (Opinion, September 5) he promises "a Truss government would be unashamedly pro-growth".

We've had over a decade of cuts to corporation tax, policies which failed to increase private sector investment. Indeed, the UK is still among the worst performers in the OECD on this measure. This is an issue of even greater concern given the looming recession and when businesses are crying out for support with their sky-high energy bills.

Kwarteng echoes Liz Truss's own comments at the weekend that economic growth matters more than distribution — which we believe is a false choice. Policymakers must worry about how to drive growth and who benefits from that growth.

Economic growth and economic justice go hand in hand. By reducing inequality in our economy and society we can achieve clean, green and fair growth for all parts of the country.

George Dibb
Head, Centre for Economic Justice
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London WC2, UK

"WHO SAYS THIS COUNTRY'S NOT PRODUCTIVE?"

Americans need to debunk their 'Lost Cause' myth

Robert Shrimsley deftly delineates the ways in which myths created by those who lose elections or, in the case of Scotland, referendums, can exert a powerful effect ("Tories fall prey to disastrous betrayal myths", Opinion, September 1).

Readers in the US still live in the shadow of the ultimate betrayal myth, 157 years after the fact.

The "Lost Cause" of the Confederacy has been portrayed as a noble struggle for freedom rather than what it actually was, a defence of slavery.

Only now is a congressional commission moving at a snail's pace to recommend the removal of Confederate leaders' names from countless military facilities.

A portrait of Robert E Lee, leader of the Confederate army, hangs at the US Military Academy at West Point to this day.

Peter Hirsch
Verona, NJ, US

The Downing Street cat is setting records of his own

It has been commented that Liz Truss is the Queen's 15th prime minister ("New UK premier must show boldness with responsibility", FT View, September 6).

In a much shorter reign, it is Larry the Cat's fourth prime minister.

Quite an achievement and I expect he will see a sixth before he retires.

Barrie Bain
Wadhurst, East Sussex, UK

Pot calling the kettle black?

In your leader "Russia has made worrying inroads into Africa" (FT View, September 5) you list as a source of such worry the fact that Russia "provides weapons and surveillance to savoury and unsavoury regimes alike". This of course is something Atlanticist powers would simply never do.

David C Speedie
Charlottesville, VA, US

OUTLOOK

SEOUL

The shift in North Korea's weather forecasts is telling

North Korean leader Kim Jong Un is famous for his ruthless liquidation of opponents and the relentless progress of his illicit nuclear weapons programme.

Less well known, however, is the millennial dictator's concern about the effects of climate change, and his ambition to inject more "truthfulness" into regime propaganda — two priorities illustrated by the changing nature of the country's evening television weather forecasts.

The isolated dictatorship has been battered by increasingly frequent natural disasters in recent years, including several big typhoons in 2020. Droughts and floods often threaten crop yields and infrastructure, worsening chronic food shortages. A key part of what Kim describes in belligerent terms as his "war to improve nature" are his efforts to improve his country's ability to predict the weather.

During a visit to North Korea's Hydrometeorological Service in 2014, he issued guidance aimed at "fundamentally improving" the service to protect people and property. And according to a new study by researchers from the 38 North programme at the Stimson in a North Korean cultural and linguistic studies journal in 2018, which urges a shift from "just formulaically conveying" the forecasts to relaying weather news "with a friendly expression, thoroughly from the position of the viewer", after "sufficiently considering the viewers' psychology". According to the authors Martyn Williams and Rachel Minyoung Lee, weather presenters on North Korean state TV "dramatically changed their presentation style in line with the journal article's suggestions" just a few months later.

"Presenters now stand in front of a green-screen with weather information filling the background," they write. "The content of the weather bulletin has also improved and now regularly features animated graphics and maps that better visualise the current conditions."

"Looking at the North Korean weather forecast now, the most surprising thing is that it wouldn't have looked entirely out of place on South Korean television," says Williams. "Five years ago, it would have looked like something from 20 or 30 years before."

Lee notes that for Kim, the key to propaganda is not only to shape citizens' perception of reality, but also dictator wrote in a letter to propaganda officials in 2019. That is why, having maintained that North Korea had not had a single Covid case from early 2020 until late April 2022, state media suddenly pivoted in May to a series of remarkably candid — and slick — broadcasts replete with daily infection figures and health advice. However, having kept viewers onside by recognising reality and conceding a setback, the regime soon snapped back into unreality mode, declaring a lightning "victory" over Covid with a preposterously low death rate.

The weather forecast also shows how truth is just as central to propaganda as lies. As Williams points out, the weather is inherently apolitical, as it is not something for which the regime can be blamed. But telling citizens the meteorological truth is not just a public service: it also gives state TV credibility that can be exploited in much more contentious areas such as news.

Kim's emphasis on slick production values, coupled with moments of intense personal vulnerability — such as shedding tears during his speeches — as a means to engender trust among his audience, is shared by social media-savvy celebrities and politicians in the west. They, too, often denied Trump his application for a trademarking of "Truth Social".

It has also been reported that the platform owes $1.6mn to RightForge, the company that hosts the website. Truth Social declined to confirm or deny this report, instead telling me that "Truth Social is on strong finan-

If I might borrow again from Orwell: if you want a picture of a Trumpian future, imagine being stuck on Truth Social, seeing Trump's Truths and ReTruths popping up on your Truth Feed — forever.

jemima.kelly@ft.com

by Christian Davies

Center think-tank in Washington, "the North's increased focus on enhancing the accuracy and speed of weather forecasting extended to improving the content and presentation of weather news on state television".

The study cites an article published not to stray too far from reality as citizens understand it. "Whether we are posting one slogan or propagating a single propaganda and agitation material, we should not be embellishing it with unrealistic and exaggerated, loud expressions," the

serve up carefully curated "reality" as a prelude to manipulating emotionally engaged audiences for commercial and political gain. Beware those who seek to make the weather.

christian.davies@ft.com

Opinion

How Starbucks became an American punch bag

BUSINESS

Brooke Masters

Everybody hates Starbucks. The left, the right, even some of its millions of customers.

That's the reality that Laxman Narasimhan will face when he arrives in October to begin six months of understudying founder Howard Schultz as "incoming chief executive" of the $95bn company.

The Seattle-based chain has long drawn brickbats for its ubiquity, elaborate drinks and even the way it roasts coffee. Now it finds itself squarely in the crosshairs of America's culture wars and economic struggles. It has been targeted for unionisation by a resurgent labour movement, and was also sued last week by conservatives challenging its diversity and inclusion efforts.

Meanwhile, staffing issues and changing customer preferences have contributed to unpleasant experiences for all in many stores. Outlets designed to fill 1,200 orders daily routinely serve 1,500, and increased customisation has made the task harder. Labour and raw material costs have hit profits and the company's share price is down by 29 per cent this year, below the broader market.

Schultz may have boasted on a recent earnings call that "the Starbucks brand has real legitimacy and relevance outside our stores". But the resulting maelstrom of challenges on all sides is probably not what he had in mind.

Starbucks, which owns and operates far more of its outlets than other big chains, prides itself on treating staff well and creating an inclusive environment. In 2018, it shut all its stores for training about implicit racial bias. While many US companies have workforce diversity targets, Starbucks has been particularly public about how it links executive pay to meeting those goals.

So conservative activists considered it an attractive target when they were deciding where to file a novel legal challenge to such policies. The shareholder lawsuit contends that diversity goals lead to illegal discrimination against white job applicants. Starbucks declined to comment.

"We're a small shop and we can't sue everybody all at once," says Scott Shepard of the National Center for Public Policy Research. Starbucks "are so twee and so pleased with themselves

> The coffee chain finds itself squarely in the crosshairs of US culture wars and economic struggles

. . . that it seemed like a good place to start".

But Starbucks' progressive orientation has also made it fertile ground for organised labour. At a time when US popular support for unions is at the highest level since 1965, more than 230 of Starbucks nearly 9,000 stores across the country have voted to unionise since December.

"Starbucks is in some ways emblematic of the whole [US] economy . . . you have highly educated people ending up in low wage jobs," says Joseph Geevarghese of Our Revolution, a progressive political action group.

The company, from Schultz on down, has hit back hard. It has resisted signing collective bargaining agreements and recently accused federal labour officials of working with union leaders to sway ballot results. Starbucks Workers United's claim that the chain illegally fired organising workers and closed unionising stores has resonated with some customers and staff.

"Because they are a progressive company, they attract progressive people," says Richard Bensinger, a veteran labour activist who is advising the Starbucks organisers. "Schultz's over-the-top reaction [to the union efforts] has outraged people."

Yet the customers keep on coming. Same-store sales in the US were up 9 per cent year on year in the last quarter and the unique customer count hit a new record. The company also jumped 22 places in the annual Harris poll of corporate reputations to 43rd among the 100 most visible US companies. This is testimony to Starbucks' ability to adapt. A gathering place for coffee drinkers when it went public in 1992, the chain now attracts customers with a much wider offering: cold drinks popular with young people account for 75 per cent of beverage sales and nearly half of sales are from drive-through orders.

Schultz, who returned to active management in March, has revamped the senior leadership team and the company has been promising to unveil new "game-changer" plans at an investor day next week. The chain has been working for more than a year on updating operations to ease the burden on workers and speed up service.

The challenge for Narasimhan will be to pull off the next evolution, knowing that Starbucks' huge size and ubiquitous brand means it will continue to be a punch bag.

"What's happening in America is bigger than Starbucks," Schultz said in June. "Starbucks unfortunately happens to be the proxy.

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Why Truss will not unchain Britannia

Ellie Foreman-Peck

BRITAIN

Robert Shrimsley

The Conservative think-tanks are all a quiver. In Liz Truss, a new Tory radical is upon us. With her as prime minister and Kwasi Kwarteng as chancellor, the *Britannia Unchained* crowd are in Downing Street. The stalled transformation of the British state can resume apace. Bliss it was in that radical blue dawn to be alive.

It is true that two authors of that 2012 paean to free markets — seen at the time as a declaration of intent by rising Tory rightwingers — hold the levers of power. But there are still reasons for pause.

The election of Boris Johnson, Michael Gove and all those other dearly departed leading Tories was meant to herald a fundamental rewiring of the British economy. They had correctly identified multiple maladies including low productivity and growth, outdated infrastructure, underfunded and unreformed public services. To that we can add a flawed energy security strategy.

Johnson's victory created the conditions for a re-engineering of the state. As well as the deregulatory freedoms of Brexit, there would be levelling up, a skills revolution, planning reform to facilitate housebuilding and key infrastructure and investment in science and technology. Above all, he had a majority of 80 with which to do it.

The pandemic blew the government entirely off course but Johnson's weakness, not least in the face of rebellious MPs, meant the agenda could not be restored. The mandate for change and the majority to match was squandered.

Truss's allies now see a second chance to fulfil the dream of the Brexit liberals who saw it as a path to low-tax, deregulated economy. She is one of their own and, what's more, she has the clarity and doggedness Johnson lacked. They urge her to move fast, not least because the next election is unlikely to offer such a majority again.

We should not doubt her determination but there are reasons to temper expectations. Political realities are about to intrude. This government is entering the business end of the electoral cycle. Her majority is far less solid than its numbers suggest, and she must restore Tory fortunes to build confidence. As the anticipated vast energy support package — a state intervention to rival the furlough — shows, the urgent priorities of voters will take precedence over ideological ambitions.

The energy bailout will buy her political space but she still faces category 5 economic hurricanes; inflation, recession risks, rising interest rates and fears for sterling. Her first years will be driven by events beyond her direct control. After inflation, the public's priorities are on public services, be it NHS backlogs, ambulance wait times or a renewed focus on crime and antisocial behaviour.

Radical NHS reform excites the Tory think-tanks but is difficult, slow and politically dangerous. Truss rightly sees improved social care as the key to ending bottlenecks which run through the system though this may need some upfront spending. The staffing crisis probably demands better pay. Quick wins will come not from violent upheaval but via unsensational incremental productivity gains. It is no accident that Truss has chosen her most trusted ally Thérèse Coffey — widely regarded as a thoughtful and capable minister — as new health secretary.

The final point is that Truss's instincts are different to Team Johnson's and are a harder sell to already sceptical voters. While he was an interventionist, she is not striving for transformation built around an active state. Her rewiring of Britain will be led by the market and, for all the reliance on borrowing now, lower taxes will be based on spending cuts.

> While Johnson was an interventionist, she is not striving for transformation built around an active state

There will be some radical projects, most clearly in major reform of the energy market. Another area will be deregulation, notably in financial services where progress has been very slow. But, as the chemicals industry can attest, replacing EU rules with British ones does not always reduce the burden.

Along with deregulation, her boldest strides will be around lower tax. Though she might not wish to depict it this way, this is largely a return to the neoliberal growth policies pursued by George Osborne, though minus the useful emphasis on the Chinese or European market or the deficit reduction.

Thus far, her productivity agenda does not go much further than tax and deregulation. She has said little about levelling up and evinces no desire to test the limits of her MPs' radicalism with a new fight over planning reform. A core challenge is highlighted in a recent Centre for Policy Studies report examining the priorities and dismay of newly acquired aspirational working-class supporters. Truss will have no difficulty with their demands for lower personal taxation but the report also suggests these voters resent trickle-down tax cuts which overly benefit the better off.

They are not laissez-faire Tories. They want state help on the cost of living and support levelling up. With a mistrust of big business and desire for better pay and conditions, they do not share the goal of labour market deregulation or Truss's disdain for unproductive Brits. A prominent Tory once disparaged Truss as "Deliveroo Conservative" detached from the concerns of working-class voters. She cannot let that view stick.

Radical reform will have to be largely a post-election agenda. The immediate crises, the need to secure Johnson's broad electoral coalition and a focus on the next election means the rhetoric will outrun the reality. Britannia Unchained will have to wait a little longer.

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China's zero-Covid policy is self-defeating

Ezekiel Emanuel

China's catastrophic handling of surges in Covid-19 cases signals that it is turning inward, with worrying implications for global peace and prosperity. Yet bad as this inward turn is for the world, it will be even worse for China.

Beijing's approach to fighting Covid has been a mirror image of Washington's. Early in the pandemic, as the US struggled with public health debates about lockdowns and masking policy, China implemented restrictions that curbed the spread of the virus. The Chinese economy quickly recovered from its initial dip, and there was popular support for the government's zero-Covid policy.

But the emergence of the Omicron variant changed all that. The US and Europe marshalled scientific capacities to produce highly effective vaccines that are allowing the world to transition to endemic Covid. In almost every country except China, people are increasingly leading relatively normal lives.

China's vaunted biotechnology industry failed to produce an effective vaccine. And its pharmaceutical industry failed to develop a life-saving antiviral such as Pfizer's Paxlovid. Perhaps most damaging of all is Beijing's insistence on punitive lockdowns. Rather than phasing out harsh public health measures, Beijing is extending them. Today, over 65mn people are under lockdown, with more than 20 million in Chengdu alone, despite Monday's fatal earthquake. Meanwhile, the government continues to refuse to buy non-Chinese vaccines and therapeutics or abandon lockdowns

> Beijing's inward turn imposes costs that go well beyond the public health sphere

because doing so would acknowledge its own failings.

The zero-Covid policy imposes costs that go well beyond the public health sphere. Youth unemployment is nearly 20 per cent. Exports are dropping. And in June, the IMF and World Bank estimated that strict Covid restrictions are likely to shave a full point off China's 2022 growth target. With the country accounting for a full fifth of global growth, a slump there will heap significant economic pain on the rest of the world.

Since its admission to the World Trade Organization in 2001, China's economy has grown tenfold, largely on the strength of growing exports and foreign investment. But despite the clear historical lesson that China benefits from openness to the world and suffers from turning inward, Beijing seems bent on pulling back from global engagement. Consequently, the world must prepare for the disruption that its inward turn might cause.

For foreign companies, depending on China is increasingly risky, and more are shifting production and supply chain links to countries such as Vietnam, Thailand, India, Mexico and even home.

Meanwhile, for universities and other non-governmental organisations, Beijing's inward turn will force new thinking. Observers increasingly fear the Communist party may actively discourage students from going abroad. Chinese student enrolment, often critical to US undergraduate colleges and professional masters degree programmes, is likely to suffer.

Geopolitically, China's turn inward means it will endeavour to showcase its accomplishments and belittle the west. In some cases, this will be relatively benign. Just as in the cold war with the Soviet Union, we could see a renewed space race played out in Mars explora-

The price will be high, but Nato must stay the course on Ukraine

Jens Stoltenberg

The war in Ukraine is entering a critical phase. Winter is coming and it will be

And all of us will pay a much higher price if Russia and other authoritarian regimes believe they can invade their neighbours and trample on international law with impunity. If Russia stops fighting, there will be peace. If Ukraine stops fighting, it will cease to exist as an independent nation. We have a moral responsibility to support this independent democracy at the heart of

help Ukraine prevail as a sovereign independent nation.

Since Russia's illegal annexation of Crimea in 2014, allied countries have provided billions of dollars of support for Ukraine's security sector and institutions, and trained tens of thousands of troops, including special forces. This helped to make the Ukrainian armed forces stronger, better led and better

dozen new projects to help Ukraine face the winter. And we will continue to help the country strengthen its defence and security sector for the longer term, and transition from Soviet-era weapons to Nato-standard capabilities.

Nato is part of the US-led Ukraine Defense Contact Group, which I will join again this week, with the intention of sending a clear message that we must

severely limiting Russia's access to the advanced semiconductors and chips it needs to power its automotive industry, aircraft and war effort. Our nations are seizing this opportunity to diversify our economies and energy supplies, strengthen our resilience and break free of Russia's energy blackmail for good.

At the same time, we are making the most fundamental shift in Nato's deterhard. Hard for the Ukrainian people and armed forces who are fighting for their freedom, and hard for those of us who support them.

Our unity and solidarity will be seriously tested, as families and businesses feel the crunch of soaring energy prices and costs of living caused by Russia's brutal invasion. We face a difficult six months, with the threat of energy cuts, disruptions and perhaps even civil unrest. But we must stay the course and stand up to tyranny — for Ukraine's sake and for ours.

We do pay a price for our support to Ukraine. But the price we pay is counted in dollars, euros and pounds, while Ukrainians are paying with their lives.

Europe.

The price we pay in supporting Ukraine also benefits our own security. Vladimir Putin has clearly stated that he wants to wipe the country from the map and rewrite the European security order. Russia is temporarily occupying about 20 per cent of Ukraine — four times the size of Belgium, or half of the UK. Emboldened by any success, Russia could risk further aggression against other neighbours, and even an attack on Nato allies.

So we have a choice to make about the world we want to live in. Nato allies are committed to each nation's right to choose its own destiny. That is why we are providing unprecedented financial, humanitarian and military assistance to

> Massive sanctions can only bite the Russian economy harder as time goes on

prepared for Russia's renewed invasion.

Since February, allies have rallied to Ukraine's side with unprecedented military, humanitarian and financial support. In June, Nato leaders agreed a strengthened package of assistance, with fuel, food, medical supplies, military gear, secure communications and equipment to counter mines and drones. We are preparing more than a

continue to step up the assistance that Ukraine needs. We see the decisive difference our support is making on the battlefield every day. The Ukrainian army has proved its ability to resist Russian aggression, strike back deep behind enemy lines and impose significant costs on the invading forces.

The massive sanctions Nato allies imposed, together with the EU, are also having an impact on the Russian economy. They will only bite harder as time goes on, given the departure of talent and capital, and the travel bans and asset freezes on Russia's elites. The Kremlin has cut itself off from its closest and most lucrative oil and gas markets in Europe.

Above all, technology sanctions are

rence and defence since the cold war, significantly enhancing our presence on the eastern flank, putting hundreds of thousands of troops on higher readiness and continuing to invest in cutting-edge capabilities. Nato's security guarantees leave no room for miscalculation in Moscow about our ability to defend every inch of alliance territory. At the same time, they enable allies to support Ukraine's right to self-defence.

There are tough times ahead, but we have faced tough times together before. The cost of not standing up for our values is always greater. For Ukraine's future and for ours, we must prepare for the winter war and stay the course.

The writer is secretary-general of Nato

tion, Moon landings and space stations. But we can also expect rising tensions over Taiwan, multiple tiny islands claimed by Japan, Taiwan and China, and other faultlines.

For much of the world, the end of the pandemic is in sight. But for China, controlling Covid will remain the overriding priority, at great cost. The task now for the US and the rest of the west will be ensuring that the price is not prohibitively high, even if the Chinese government imposes terrible costs on its own citizens.

The writer is vice-provost for global initiatives at the University of Pennsylvania. Scott Moore and Amy Gadsden also contributed to this article

Lex.

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AIG/Corebridge: only the brave

The market for US listings has been frozen for most of 2022. AIG is offering some modest cheer to Wall Street.

It plans to float its life and retirement insurance business, Corebridge Financial. The US insurance company wants to sell 80mn Corebridge shares at between \$21 and \$24 a share, raising between \$1.7bn and \$1.9bn.

If successful, that would easily make it this year's biggest initial public offering. But would-be imitators waiting in the wings should not get too excited. The US equity capital market remains in a deep freeze. Higher interest rates and slipping stock prices mean investors have become picky.

Their caution is reflected in the terms of Corebridge's proposed offering. At the top of the marketed range, Corebridge would have a market value of just \$15.5bn — or about 30 per cent lower compared with the \$22.2bn valuation it secured from Blackstone in July 2021. The targeted valuation is much lower than Corebridge's adjusted book value — how much it would be worth in a liquidation — which stood at \$21bn at the end of June.

In theory, conditions are now more favourable to insurers than a year ago. Interest rates are higher and the threat of the pandemic has receded.

This should translate into greater investment returns and reduced Covid-19 mortality. The S&P 500 life-and-health insurance index is down 4 per cent this year, compared with a decline of 23 per cent for the banks index.

Corebridge boasts decent headline figures. For the first six months of 2022, the group made a net income of \$6.4bn on revenues of \$15.7bn.

That is a substantial increase from net income of \$2.8bn and revenue of \$11bn a year ago.

Yet much of this increase was the result of \$5.2bn in realised gains tied to Fortitude Re, a reinsurer in which Corebridge owns a minority stake. Premiums, policy fees and net investment income all fell during the first half of 2022. The weak stock market was the main drag. Adjusted returns on average equity — which strip out the Fortitude gain — declined by over 200 basis points to 9.1 per cent.

Corebridge is one of the country's largest providers of retirement and insurance products to institutional buyers and individuals, with \$358bn in client assets under management.

The shares look cheaply valued. But they will be a steal only if the US stock market can stage a stronger recovery.

Ubisoft/Tencent: assassin's screed

The *Assassin's Creed* computer game series pits people who wish to exercise free will against determinists who want to control them. The Guillemot brothers, founders of the game's publisher Ubisoft, seemingly fall into the second camp.

They have bolstered anti-takeover defences by forging closer ties with China's Tencent. Ubisoft shares fell 17 per cent yesterday morning.

The deal is at odds with Tencent's strategy of divesting the myriad stakes it holds globally in games-makers. Economic wobbles and an embargo on new releases in China have taken the shine off its most lucrative business.

The logic for Ubisoft is straightforward. Delays in new releases and disappointing earnings have weighed on shares. The Guillemots must fear that independent investors would back any bid reprising Vincent Bolloré's drawn-out overtures.

A hostile takeover offer is now unlikely. Tencent is paying €300mn for a 49.9 per cent economic stake in the Guillemot family's holding company that owns a combination of shares and derivatives in Ubisoft. The valuation of €80 a share is more than double the latest traded price, but that assumes only the equity holdings — not the derivatives — are counted in the deal.

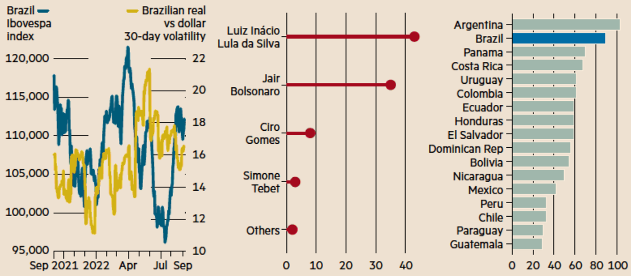
Tencent was also granted permission to increase the direct stake it has held in Ubisoft since 2018 from 4.5 per cent to 9.99 per cent. Tencent is barred from increasing its direct holding beyond the new limit for eight years.

Tencent will become part of the Guillemot family concert party, which will hold almost a fifth of shares and close to a quarter of Ubisoft votes. The partners can be expected to increase their shareholding to 29.9 per cent of shares, just below the level where a takeover offer is required.

Tech giants are buying games groups in hopes that this will help them build competing metaverses. The message of the Guillemots to Silicon Valley and shareholders hoping to sell out for a quick profit is simple: game over.

Brazil elections: real deals

Investors are sanguine about an upcoming presidential election in Brazil, judging from the currency and stock market. The two leading candidates have bigger political differences than economic ones. The country's debts are relatively high by Latin American standards.



FT graphic Sources: Bloomberg; S&P CIQ; Statista

Past presidential elections in Brazil have been marked by wild swings in asset prices. Brazilians are once again gearing up to cast their ballots. But, acrimonious exchanges aside, the campaign has thus far stood out for its relative lack of market volatility.

With four weeks to go to the first-round ballot, leftist former president Luiz Inácio Lula da Silva remains the frontrunner; but his lead is narrowing. He is polling at 43 per cent while rightwing incumbent Jair Bolsonaro is at 35 per cent, according to a survey.

The one-month volatility in the real, a gauge of how much money investors are willing to pay to insure against the currency's swings over the next 30 days, stands at 16.6. That is well below the level of almost 30 reached at the start of the pandemic in early 2020.

Past elections featured candidates with starkly different economic and fiscal agendas. There is less to differentiate Lula from Bolsonaro economically. Neither is seen as particularly committed to fiscal discipline.

Lula presided over a commodity supercycle that lifted tens of millions of people out of poverty during his two terms as president from 2002-10. He has been calling for more public spending to fight hunger and inequality. Bolsonaro has already turned on the spending spigot, boosting welfare payments and fuel subsidies.

While the Brazilian real has gained 7 per cent against the dollar this year, fear over a ballooning public deficit could weigh on the currency.

Whoever wins will have to deal with a potential global recession, a stagnating economy, high inflation and rising interest rates. Brazil is set to grow 1-2 per cent this year. The budget deficit is expected to widen to 7.5 per cent of GDP, compared with 4.2 per cent in 2021.

The upshot is Brazil is a haven from lofty valuations. The Ibovespa stock index is trading at about seven times forward earnings, way below the 10-year average of 11 times. It reached six times earlier this month, the lowest since November 2008.

This makes it a good entry point for bargain hunters.

Cancelled job offers: dream snatcher

Companies that cancel job offers at the last moment obliterate the career dreams of recruits with a few keystrokes. It may reflect desperation, carelessness, or both. UK fintech Revolut has revoked job offers to some graduate recruits. Twitter, Redfin and Coinbase have made similar moves.

Other businesses are rethinking how many workers they need. Social media group Snap is shedding a fifth of its workforce. Goldman Sachs has slowed hiring and threatened to cull staff who underperform.

Companies that are slamming on the brakes often grew fast and hired aggressively during the pandemic. The unemployed inspire immediate sympathy. Workers who join businesses during worsening downturns also have a cross to bear.

Entering the labour market during a recession can depress earnings for years. The chance of being in paid work was 7 per cent lower and earnings were 6 per cent lower after one year than was usual, according to an analysis of three UK recessions by the Institute for Fiscal Studies think-tank.

To be sure, the labour market is still exceptionally tight. For the first time on record, there were more unfilled jobs in the economy than unemployed workers, the UK's Office for National Statistics said on Monday.

The cost of living crisis will prompt some workers to re-enter the labour market. But the UK workforce is constrained by retirement and high rates of chronic illness.

The jobs market has to cool to temper inflation. The Bank of England forecasts that unemployment will rise by two-thirds to more than 6 per cent by 2025. Staffing companies Hays and PageGroup trade on EV-to-ebitda multiples of 6 and 5, roughly half their long-term average.

The tight market will take time to unwind. During its prolonged subjugation in the early 1980s, unemployment more than doubled to nearly 12 per cent. More job offers are likely to be cancelled this autumn.

Tullow/Repsol: war on two fronts

Oil exploration and production companies were once valued more highly for finding hydrocarbons than extracting them. No longer.

Tullow's proposed takeover of UK-listed peer Capricorn has inspired little enthusiasm. Repsol shareholders have meanwhile greeted a \$4.8bn E&P stake sale by the Spanish group with studied indifference.

This may seem odd when an energy crisis is raging in Europe and the value of hydrocarbon reserves have theoretically soared. Surely well-financed explorers should be scouring the world for fresh supplies? Instead, investors are looking past the Ukraine war to the battle with climate change.

Some of Capricorn's shareholders can think of better uses for net cash of \$631mn than funding Tullow's exploration and its debt repayments. They want a break-up rather than a buyout. At the very least a big capital return would be appreciated.

Both companies trade at very low valuations. On an enterprise value-to-forward ebitda basis, their shares are historically cheap at less than two times, on Bloomberg data. This is despite the heavy emphasis both put on the capital "P" in their E&P moniker, as Jefferies puts it.

Repsol, the big Spanish energy group, trades at nearly the same multiple. Yesterday, it announced that it would sell a quarter of its upstream oil and gas production unit to a US investment group called EIG for \$4.8bn.

Repsol optimistically claimed that this put its upstream business on a valuation of \$19bn, not far from its \$24bn enterprise value. There is plenty of P there given Repsol produces about 570,000 barrels of oil equivalent daily, most of which is natural gas. The share price did not budge on the news.

The energy crisis has driven up the prices of oil and gas without greatly improving the outlook for E&Ps.

Investors have plenty of doubts about the ESG ethical investment movement. But they have even greater reservations about fossil-fuel hunters.

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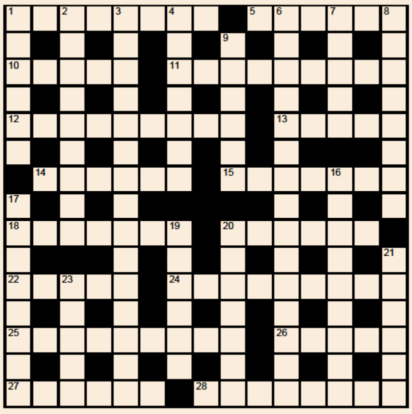
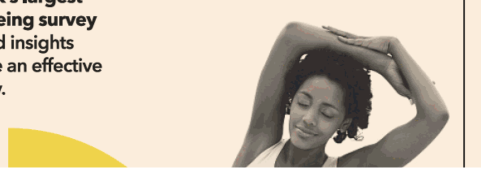
CROSSWORD

No 17,194 Set by MOO



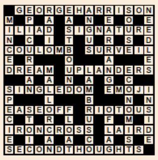
ACROSS
1 Message saying Mrs Simpson allowed to return (8)
5 Degenerate runs off, finding way out (6)
10 Criticise a society in decline (5)
11 Mysterious giant mice all over the place (9)
12 Quickly recovered from affair with nobleman, you say? (9)
13 Israelis occasionally leading one a dance (5)
14 Layabout actor entertaining guards (6)
15 Idiot in a helmet? (7)
18 R for Rufus? (7)
20 Raged wildly, caught in *flagrante delicto* (6)
22 Cockney injured carrying a gun? (5)
24 Doctor I consult about male agony aunt? (9)
25 Moo's niece struggling to cut costs (9)
26 Teach gunmen to grab cash? The opposite (5)
27 Hard of hearing? (6)
28 Get rid of scrounger nicking the rum (8)

DOWN
1 Blunder by scientist ultimately creating a monster (6)
2 Property deal he almost lost somehow



JOTTER PAD

Solution 17,193



2 Property dealer almost lost somehow (9)
3 Work hard – have a little snooze? (3,4,4,4)
4 State imprisoning English vigilante (7)
6 Is it all over for Emma Raducanu? (4,3,3,5)
7 Praise partner once confronting reactionary group (5)
8 Thus judges must confine Tory thinker (8)
9 Top hotel in Paris? (6)
16 This coffee has surprisingly nice aroma (9)
17 American woman in Nice is generous in the extreme (8)
19 Fraud? English drawn to it at end of year (6)
20 A little quarrel I eventually break up (7)
21 Agreed to snort cocaine together (2,4)
23 Irritable setter encountering delay on vacation (5)