РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Newspaper of the Year

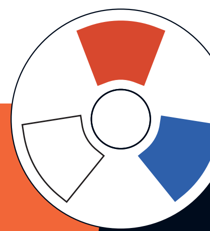
FINANCIAL TIMES

FRIDAY 18 MAY 2018

WORLD BUSINESS NEWSPAPER

EUROPE

Gillian Tett
Amazon's response to homeless tax risks deepening 'tech-lash' — PAGE 9



Power play
France's nuclear industry fights for its future — BIG READ, PAGE 7

Quantum leap
It's time to invest in a computer revolution — RICHARD WATERS, PAGE 12

Party call
Italy populists close to accord

Giuseppe Lami/ANSA via AP

Luigi Di Maio, leader of Italy's Five Star Movement, talks on the phone as he leaves parliament yesterday after meeting Matteo Salvini, head of the League, as the populist leaders edged closer to forming a coalition.

Mr Di Maio said the two parties had yet to agree on a candidate for prime minister, although most other outstanding coalition issues had been resolved.

Italy has been without a government since elections in March when the anti-establishment Five Star emerged as the biggest party, with the far-right League in third place. Their plans to challenge the eurozone's fiscal rules have upset financial markets.

Analysis page 2
Italian wobble page 11

Briefing

▸ Ocado signs landmark US retail deal
Ocado took a big step in its transformation from a small online UK grocer to a global provider of logistics technology after an agreement with Kroger, the second-biggest food retailer in the US.— PAGE 11

▸ Nafta renegotiation misses deadline
Donald Trump's efforts to renegotiate the North American Free Trade Agreement with Canada and Mexico seem likely to drag into next year after a failure to meet a deadline to present a deal.— PAGE 3

▸ Maersk warns over China-US trade war

Maersk stepped up its warnings over a US-China trade war as investors in the world's biggest container-shipping group took fright at rising geopolitical risks and continued losses.— PAGE 11

▸ Beijing clears $18bn Toshiba-Bain tie-up
Toshiba has received antitrust clearance from China for the $18bn sale of its memory-chip business to Bain Capital, allowing one of the biggest private equity deals since the financial crisis.— PAGE 11

▸ Ebola outbreak reaches city in Congo
An Ebola outbreak in the Democratic Republic of Congo has hit a city — Mbandaka, 400km from the capital Kinshasa — for the first time, causing officials to warn of a "new phase" in the crisis.— PAGE 4

▸ Iran sanctions pose dilemma for Swift
The US and EU are heading for a showdown over how to handle the Belgium-based Swift payments network, a global finance linchpin, after Donald Trump's reimposition of sanctions on Iran.— PAGE 2

▸ Mahathir intensifies 1MDB inquiries
Malaysia's new prime minister has intensified inquiries into claims of corruption at 1MDB, announcing a committee to investigate losses at the multibillion-dollar sovereign wealth fund.— PAGE 4

Datawatch

Royal popularity abroad
% favourable minus % unfavourable

Prince William	35
Prince Harry	32
Catherine	31
The Queen	30
The royal family	24
Meghan	19
Prince Charles	-1

Source: Ipsos

Prince William is the best liked member of Britain's royalty abroad, says an Ipsos poll that asked for opinions in 28 countries. Prince Charles is the least popular, with people in Spain, Chile and Italy particularly averse to him.

Oil hits four-year high on fears for supplies from Iran and Venezuela

● Brent crude surges past $80 ● Jitters over sanctions and Caracas crisis ● Opec move awaited

ANJLI RAVAL — LONDON

New US sanctions that will hit Iran's energy industry and the fallout of Venezuela's economic collapse have raised fears of tighter global oil supplies, sending prices above $80 a barrel for the first time in nearly four years.

Brent crude had been rising even before President Donald Trump announced the US withdrawal from the nuclear deal and reimposed restrictions on Iranian oil exports this month, with prices climbing more than 40 per cent over the past year.

But the prospect of fewer barrels from Iran and Venezuela has sent Brent, the international benchmark, up more than $5 a barrel in May alone. Those pressures, on top of agreed output cuts by Opec and Russia and robust oil consumption spurred by a healthier global economy, has convinced some investors that prices could head even higher.

"Geopolitics is certainly playing a role in sustaining this price rally, but the key developments represent genuine supply losses, not just risks that might not materialise," said Richard Mallinson at consultancy Energy Aspects.

Brent rose $1.10 yesterday to a high of $80.50 a barrel, a level last seen in late 2014, while West Texas Intermediate, the US marker, hit $72.30.

Venezuela's oil supplies have fallen faster than many analysts had expected as political and economic crises take hold of the energy sector, with a series of court orders authorising asset seizures and hindering exports. In addition, many had been counting on a revitalisation of Iran's oil sector, with the backing of western investment to upgrade its ageing infrastructure, adding to global supplies.

But this week's threat by Total, the French oil major that has led foreign groups back into Iran, to pull out of the country has made such a prospect unlikely. Mr Mallinson said the oil market was witnessing "a structural shift to higher prices" that would continue well into next year.

Swelling supplies from US shale fields, at 10.7m barrels a day, have been expected to fill global supply gaps, but shale oil has faced pipeline constraints and infrastructure bottlenecks, limiting how quickly exports can reach market.

Some industry analysts, such as those at Bank of America, have eyed a return to $100 a barrel. That has spurred questions on whether Opec producers will decide to exit the supply-cut deal that has been in force since last year.

Venezuela's exports have fallen faster than expected, with a series of court orders authorising asset seizures and hindering oil supplies

"What everyone is grappling with is, when does Opec and its allies step in?" said Helima Croft, global head of commodity strategy at RBC Capital Markets.

Saudi Arabia, Opec's de facto leader, has said it will work with other producers to alleviate any supply shortages. But people briefed by its energy ministry say the kingdom is reluctant to open the taps for fear it might trigger renewed price falls.

Another person said Gulf Arab countries were monitoring full-year price averages before acting.

Markets page 20

Germany frets over how to spend extra army cash

Analysis ▸ PAGE 3

Shari Redstone wins tussle over voting rights as CBS-Viacom battle heats up

ERIC PLATT AND JAMES FONTANELLA-KHAN — NEW YORK

CBS management has stumbled in its attempt to wrest control of the company from Shari Redstone, scion of the National Amusements empire that is the media group's largest shareholder, after a judge derailed a scheme to strip her of voting rights.

Ms Redstone and her ailing father, Sumner, have been pushing for a merger between CBS and their Viacom entertainment conglomerate — a deal that Les Moonves, chief executive of CBS, has been resisting.

The dispute between two of New York media's most prominent power brokers has become increasingly nasty. On Monday Mr Moonves filed suit in a Delaware court alleging that Ms Redstone "presents a significant threat of irreparable and irreversible harm to the company and its stockholders".

But yesterday Andre Bouchard, the judge, disagreed. He ruled that he was "not convinced that the harm [that CBS] fears would be irreparable."

"To the contrary, the court has extensive power to provide redress if Ms Redstone takes action(s) inconsistent with the fiduciary obligations owed by a controlling stockholder," he wrote.

CBS shares fell sharply after the ruling, dropping 7.2 per cent before paring its losses in afternoon New York trading.

The ruling opens the door for Ms Redstone and National Amusements, her family investment vehicle, to block a special dividend that would have diluted their CBS voting interest.

National Amusements also controls Viacom, and the dilution plan would in effect block Ms Redstone's efforts to merge the two companies. "The court's ruling today represents a vindication of National Amusements' right to protect its interests," the group said.

CBS was set to hold a special board meeting last night to vote in a change in bylaws that would have diluted National Amusement's voting rights from 80 per cent to less than 20 per cent.

CBS said it would go through with the meeting, arguing that it "may bring further legal action" to challenge Ms Redstone's efforts, which the network's executives "consider to be unlawful."

"This dividend would more closely align economic and voting interests of CBS stockholders without diluting the economic interests of any stockholder," CBS said. The Redstone family controls 80 per cent of the voting interest in CBS and Viacom, although it owns roughly a tenth of the shares.

Austria	€3.70	Macedonia	Den220
Bahrain	Din1.8	Malta	€3.60
Belgium	€3.70	Morocco	Dh45
Bulgaria	Lev7.50	Netherlands	€3.70
Croatia	Kn29	Norway	NKr35
Cyprus	€3.60	Oman	OR1.60
Czech Rep	Kc105	Pakistan	Rupee320
Denmark	DKr35	Poland	Zl 20
Egypt	E£35	Portugal	€3.60
Finland	€4.50	Qatar	QR15
France	€3.70	Romania	Ron17
Germany	€3.70	Russia	€5.00
Gibraltar	£2.70	Serbia	NewD420
Greece	€3.60	Slovak Rep	€3.60
Hungary	Ft1090	Slovenia	€3.50
India	Rup210	Spain	€3.60
Italy	€3.60	Sweden	SKr39
Latvia	€6.99	Switzerland	SFr6.00
Lebanon	LBP7500	Tunisia	Din7.50
Lithuania	€4.30	Turkey	TL12.50
Luxembourg	€3.70	UAE	Dh17.00

Subscribe In print and online

www.ft.com/subscribetoday
email: fte.subs@ft.com
Tel: +44 20 7775 6000
Fax: +44 20 7873 3428

© THE FINANCIAL TIMES LTD 2018

No: 39,784 ★

Printed in London, Liverpool, Glasgow, Dublin, Frankfurt, Milan, Madrid, New York, Chicago, San Francisco, Orlando, Tokyo, Hong Kong, Singapore, Seoul, Dubai, Doha

World Markets

STOCK MARKETS

	May 17	prev	%chg
S&P 500	2725.42	2722.46	0.11
Nasdaq Composite	7405.48	7398.30	0.10
Dow Jones Ind	24760.74	24768.93	-0.03
FTSEurofirst 300	1553.03	1543.39	0.62
Euro Stoxx 50	3586.56	3562.85	0.67
FTSE 100	7787.97	7734.20	0.70
FTSE All-Share	4278.59	4248.78	0.70
CAC 40	5621.92	5567.54	0.98
Xetra Dax	13114.61	12996.33	0.91
Nikkei	22838.37	22717.23	0.53
Hang Seng	30942.15	31110.20	-0.54
MSCI World $	2122.97	2119.98	0.14
MSCI EM $	1155.10	1150.27	0.42
MSCI ACWI $	517.04	516.14	0.17

CURRENCIES

	May 17	prev		May 17	prev
$ per €	1.179	1.179	€ per $	0.848	0.848
$ per £	1.350	1.348	£ per $	0.741	0.742
£ per €	0.873	0.874	€ per £	1.145	1.144
¥ per $	110.825	110.320	¥ per €	130.685	130.028
¥ per £	149.652	148.755	£ index	79.063	78.921
€ index	94.525	95.103	$ index	99.662	99.630
SFr per €	1.182	1.179	SFr per £	1.353	1.349

COMMODITIES

	May 17	prev	%chg
Oil WTI $	71.63	71.49	0.20
Oil Brent $	79.92	79.28	0.81
Gold $	1291.25	1295.00	-0.29

INTEREST RATES

	price	yield	chg
US Gov 10 yr	92.95	3.11	0.03
UK Gov 10 yr	97.50	1.56	0.06
Ger Gov 10 yr	99.60	0.64	0.04
Jpn Gov 10 yr	100.63	0.06	0.01
US Gov 30 yr	91.12	3.24	0.04
Ger Gov 2 yr	101.80	-0.57	0.02

	price	prev	chg
Fed Funds Eff	1.70	1.69	0.01
US 3m Bills	1.92	1.92	0.00
Euro Libor 3m	-0.35	-0.35	0.00
UK 3m	0.63	0.64	-0.01

Prices are latest for edition — Data provided by Morningstar

TIMEPIECES OF DISTINCTION
L.U.C LUNAR ONE
L.U.C
Chopard

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Bank messaging system

Iran sanctions pose dilemma for Swift

Belgium-based network could be caught in crossfire of looming US-EU dispute

SAM FLEMING — WASHINGTON
PHILIP STAFFORD — LONDON
JIM BRUNSDEN — BRUSSELS

The US and EU are heading for a showdown over how to handle one of the linchpins of the global financial system following Donald Trump's decision to reimpose sanctions on Iran.

The US has declared its determination to sever Iranian banks and the Tehran central bank from foreign financial institutions as it increases sanctions in the coming months after Mr Trump pulled out of the nuclear deal with Iran.

Part of doing so will probably involve ensuring the Belgium-based Swift network, whose financial messaging system facilitates cross-border payments, cuts off the Iranian banking system, as it did before Tehran signed the nuclear accord with six world powers in 2015.

Swift, which sent more than 7bn messages last year, severed links with Iran in 2012 after the US pressed the EU to impose sanctions. Following the passage of the Iran nuclear deal in 2015, Swift reopened links. The question now is whether the EU will co-operate with any US requests for those connections to be severed again and whether Swift will find itself caught in the crossfire of a transatlantic dispute, analysts say.

Richard Nephew, a scholar at Columbia University's Center on Global Energy Policy, said: "I absolutely see this as a flashpoint between both sides. Swift has maintained it will only do what it is instructed to do from Brussels and there is no indication the EU will bend on this point for the Trump administration."

Europe is determined to try to keep the nuclear accord alive by ensuring Iran is able to attract foreign investment, the main reason Tehran signed the deal. Jean-Claude Juncker, European Commission president, said work would start today to implement and update a so-called "blocking statute" first drawn up by the EU in 1996 in a bid to protect European companies from previous US sanctions. The commission would also allow the European Investment Bank to support European companies dealing with Iran by offering euro-denominated credit lines, he added.

The US pushed for years to get the Swift sanctions imposed in 2012, so obtaining a deal could be even more difficult this time given the fractious relations between the US and EU.

Swift said US Treasury guidance suggested a ban would not come into effect until early November. "As there has been no related change to EU legislation, we will naturally be consulting with and seeking clarification from both EU and US authorities. Our mission remains to be a global and neutral service provider to the financial industry."

Swift connects more than 11,000 banks and sent an average of 28m messages a day in 2017. According to one person briefed on the discussions, the UK, France and Germany may try to negotiate carve-outs for their institutions and payments systems, and would also include provisions for Swift.

Elizabeth Rosenberg, a senior fellow at the Center for a New American Security and a US Treasury adviser on Iran and North Korea sanctions from 2009 to 2013, said there were routes open to the US, should it not get EU co-operation on Swift. One idea discussed would be for the US Treasury to target the Swift board. But Ms Rosenberg said this would be a poor idea given the 25-strong board comprised senior executives from a range of member institutions, including big western banks.

"Fighting the Americans on Swift is a powerful, if high-risk, option for the Europeans," said Behnam Ben Taleblu, a research fellow who focuses on Iran at the Foundation for Defense of Democracies. "Legally [swift has] to follow Brussels, but America has huge economic power in this situation."

Additional reporting by Michael Peel in Sofia

ECJ referral

Brussels takes action against six states for 'persistent' air pollution

ROCHELLE TOPLENSKY — BRUSSELS
LESLIE HOOK — LONDON

Brussels has referred six EU member states to Europe's highest court over their failure to clean up "significant and persistent" air pollution.

The step is the most high-profile enforcement action on air pollution by the European Commission and is likely to lead to a greater crackdown on diesel vehicles blamed for toxic emissions. It follows years of negotiation to bring the countries into compliance with EU law.

France, Germany and the UK were reported for failing to take appropriate measure to tackle high levels of nitrogen dioxide (NO_2) while Hungary, Italy and Romania have persistently exceeded limits for fine particles in the air.

"The member states referred to the court today have received sufficient 'last chances' over the past decade to improve the situation. It is my conviction that today's decision will lead to improvements for citizens on a much quicker timescale," said Karmenu Vella, environment commissioner.

The Czech Republic, Slovakia and Spain, which were also threatened with action, had presented credible plans that brought down air pollution to an acceptable level in a reasonable timeframe and would not be referred to the European Court of Justice, said Mr Vella.

Brussels said air pollution was the "most significant environmental cause of premature death" in the EU. It estimates that 70,000 such deaths a year can be linked to NO_2 pollution alone, and 400,000 to three air pollutants.

High NO_2 levels in European cities have been partly blamed on diesel cars that produce emissions much higher than expected. The fuel has fallen into disgrace, with governments increasing taxes on the technology and sales falling across the EU.

The UK and France have pledged to ban the sale of new diesel and petrol cars by 2040, while several German cities have won the power to ban older diesels.

Commission figures show most members and more than 130 European cities have had persistent NO_2 levels over EU limits for several years. Small particles from agriculture, heating, industry and traffic are a problem in 18 countries.

"It's a bit like a nuclear option, to go against member states," said Jens Müller, clean air and diesel co-ordinator at the non-profit group Transport & Environment. Referring the cases to the ECJ indicated that "all other options have failed" despite years of warnings.

Svenja Schulze, Germany's environment minister, said she regretted that Brussels considered the country's efforts to cut NO_2 insufficient.

British officials said the UK met EU air quality limits for all pollutants apart from NO_2 and that the government would soon bring out a clean air strategy to build on its plan to reduce roadside emissions. French officials said ministers would present measures to tackle air pollution in June.

If the court finds for the EU, member states could face fines.

Brussels also announced plans yesterday to set standards for carbon dioxide emissions from trucks for the first time.

Additional reporting by Peter Campbell in London

Coalition talks. Challenges

Italy's Byzantine system threatens populist vision

Di Maio and Salvini will face infighting, institutional curbs and bureaucratic inertia

JAMES POLITI — ROME

Italy's anti-establishment Five Star Movement and the far-right League rattled markets this week by discussing a joint agenda that would radically alter the country's direction on everything from economic policy to migration.

But as Luigi Di Maio, Five Star leader, and Matteo Salvini, head of the League, prepared to take power — seen by some investors and EU policymakers as a frightening prospect for the eurozone — the question was whether this vision might quickly be clouded by political infighting, institutional constraints and bureaucratic inertia.

"The system in Italy was created to make sure that there was a weak government and a very complicated policymaking process; this is the heritage of the fascist regime," said Wolfango Piccoli, an analyst at Teneo Intelligence in London. "I am not sure it will be any different this time."

The intricacies of the Italian legislative process have hobbled ambitious political leaders before, most recently Matteo Renzi, the former centre-left prime minister who governed from 2014 to 2016. He frequently blamed the Byzantine structure of Italian politics — which includes two branches of parliament with similar powers, an influential presidency and a change-averse public administration — for not being able to fully implement his agenda.

For Mr Di Maio and Mr Salvini, rivals during the March general election, the first task may be to stick together politically.

Five Star won 32 per cent of the vote at the poll, while the League captured 17 per cent, making Mr Di Maio's party the senior partner of the coalition in many respects. But Mr Salvini's League has more experience in government, and has been gaining support since the vote, according to polls, to the point where it is in many ways an equal partner.

If this delicate balance is upset as they press ahead with tough decisions on economic policies — like the scale of their tax cut or guaranteed income plans, or their approach to the EU — the two parties could suffer defections, imperilling their slim majority in parliament.

Star rising: Luigi Di Maio leaves the lower house in Rome after meeting League leader Matteo Salvini yesterday
Angelo Carconi/EPA

The bedrock of their budding alliance is a German-style "contract for a government of change" that the two leaders were preparing to sign yesterday. It includes 39 pages of common policies and is intended to keep the former rivals aligned.

The first chapter establishes a "reconciliation committee" that includes the prime minister and the two party leaders and is intended to resolve disputes and set new policy if it is not addressed in the contract. This drew criticism for being an unconstitutional shadow governing structure.

"This is a parallel body, it's like the 'Grand Council of Fascism'," said Graziano Delrio, a senior lawmaker for the ruling Democratic party. "They have a worrying constitutional culture."

External actors could also weigh on the nascent dual-headed government, perhaps to an extent that Italy has not seen in recent decades.

On the Five Star side, interventions by Beppe Grillo, the comedian who founded the party in 2009, and Davide Casaleggio, who runs the company's online internet platform, could influence the decisions of party officials in government.

On the League side, Silvio Berlusconi, the former centre-right prime minister, who was consulted by Mr Salvini this week and remains an important ally, will continue to try to affect the government's direction, even though he would be in opposition.

Mr Salvini and Mr Di Maio may also face repeated conflicts with Sergio Mattarella, Italy's president, who has the authority to refuse to sign legislation that he believes does not respect the constitution. This could include laws deemed to be in violation of an international treaty or that defy a requirement for budgetary balance in the eurozone's third-largest economy.

> Intricacies of the legislative process have hobbled ambitious political leaders before, most recently Matteo Renzi

The parliament has the power to overturn such presidential vetoes, but a series of stand-offs with the seat of the presidency could strain the ties binding Mr Salvini and Mr Di Maio as well as delaying their agenda.

As they consider all these obstacles, Mr Di Maio and Mr Salvini know the time for productive co-operation may be short. European elections are due in 12 months' time, when Five Star and the League will compete as rivals. Each party may pay a hefty price if voters are dismayed by their first year in office.

Some analysts are not so sure, seeing that Italy's expectations of quick political change will be held firmly in check by past experience. "Italians can be very cynical and are not necessarily expecting them to deliver on everything immediately," says Mr Piccoli.

Italian wobble page 11

MAKE A SMART INVESTMENT
Subscribe to the FT today at **FT.com/subscription**

FINANCIAL TIMES
1 Southwark Bridge,
London SE1 9HL

Subscriptions & Customer service
Tel: +44 207 775 6000, fte.subs@ft.com,
www.ft.com/subscribetoday
Advertising
Tel: +44 20 7873 4000 asiaads@ft.com,
emeaads@ft.com
Letters to the editor
Fax: +44 20 7873 5938,
letters.editor@ft.com
Executive appointments
Tel: +44 20 7873 4909
www.exec-appointments.com

Published by: The Financial Times Limited, 1 Southwark Bridge, London SE1 9HL, United Kingdom. Tel: +44 20 7873 3000; Fax: +44 20 7407 5700. Editor: Lionel Barber.
Germany: Dogan Media Group, Hurriyet AS Branch Germany, An der Brucke 20-22, 64546 Morfelden - Walldorf. Responsible Editor, Lionel Barber. Responsible for advertising content, Jon Slade.
Italy: Monza Stampa S.r.l., Via Michelangelo Buonarroti, 153, Monza, 20900, Milan. Tel. +39 039 28288201 Owner, The Financial Times Limited; Rappresentante e Direttore Responsabile in Italia: I.M.D.Srl-Marco Provasi - Via G. Puecher, 2 20037 Paderno Dugnano (MI), Italy. Milano n. 296 del 08/05/08 - Poste Italiane SpA-Sped. in Abb.Post.DL. 353/2003 (conv. L. 27/02/2004-n.46) art. 1 .comma 1, DCB Milano.
Spain: Bermont Impresion, Avenida de Alemania 12, CTC, 28821, Coslada, Madrid. Legal Deposit Number (Deposito Legal) M-32596-1995; Publishing Director, Lionel Barber; Publishing Company, The Financial Times Limited, registered office as above. Local Representative office; C/ Infanta Maria Teresa 4, bajo 2, 28016, Madrid. ISSN 1135-8262.
UAE: Al Nisr Publishing LLC, P.O.Box 6519. Dubai. Editor in Chief: Lionel Barber.
Qatar: Dar Al Sharq, PO Box 3488, Doha-Qatar. Tel: +97 44557825
France: Publishing Director, Jonathan Slade, 46 Rue La Boetie, 75008 Paris, Tel. +33 (0)1 5376 8256; Fax: +33 (01) 5376 8253; Commission Paritaire N° 0909 C 85347; ISSN 1148-2753.
Turkey: Dunya Super Veb Ofset A.S. 100. Yil Mahallesi 34204, Bagcilar- Istanbul, Tel. +90 212 440 24 24.

©Copyright The Financial Times 2018.
Reproduction of the contents of this newspaper in any manner is not permitted without the publisher's prior consent. 'Financial Times' and 'FT' are registered trade marks of The Financial Times Limited.

The Financial Times and its journalism are subject to a self-regulation regime under the FT Editorial Code of Practice: www.ft.com/editorialcode

Reprints are available of any FT article with your company logo or contact details inserted if required (minimum order 100 copies).
One-off copyright licences for reproduction of FT articles are also available.
For both services phone +44 20 7873 4816, or email syndication@ft.com

Brexit

UK to stay in EU customs union until Irish border issue solved

GEORGE PARKER AND LAURA HUGHES
LONDON
ALEX BARKER — BRUSSELS

The whole of the UK will remain tied to a customs union with the EU after 2021 until an alternative to having a hard border in Ireland can be found, Theresa May has conceded.

The UK prime minister agreed the plan on Tuesday with her cabinet ministers, including Boris Johnson, one of the leaders of the Brexit campaign, according to government officials.

But Mrs May was accused by some MPs in her party of "bouncing" the cabinet into adopting the scheme, and others said they had been kept in the dark.

Senior EU officials also expressed doubts about the UK approach, warning that it diverged significantly from Brussels' preferred outcome. "If this is it, we will have a crisis," said one senior EU diplomat directly involved in talks.

The proposal, to be presented to a European Council meeting next month, is Mrs May's attempt to flesh out her "backstop" promise that there would not be a hard border in Ireland after Brexit, even if trade talks fail.

Under her plan, the whole of the UK will be covered by the EU's common external tariff, removing the need for a customs border in Ireland or between Ireland and the UK mainland.

Mrs May, speaking at an EU summit in Sofia, suggested the UK would still be able to have its own "independent trade policy", though it will be unable to negotiate different tariffs with countries that already have a deal with the EU.

EU officials have previously warned the UK cannot use the desire to maintain the status quo in Northern Ireland as a backdoor to a UK-EU trade deal while circumventing the requirements of single market membership.

Theresa May: the British prime minister has been accused by some MPs of 'bouncing' the cabinet into backing her preferred option
Boris Grdanoski/AP

Mrs May's allies played down the significance of the time-limited concession, saying they were "confident" that Britain would sign a trade deal with the EU, including a new customs arrangement to remove the need for a hard border in Ireland.

But Eurosceptics are less confident, not least because the cabinet has still not agreed what sort of customs plan it prefers, and because Brussels dislikes all the options discussed so far.

Downing Street did not say how it would address regulatory alignment. Unless Northern Ireland remains part of the single market for goods, checks will be needed at the Irish border.

Boris Johnson, foreign secretary, and Michael Gove, environment secretary, signalled their opposition to the backstop proposal but one person briefed on the discussions said: "They were outnumbered. A few of the ministers were caught on the hop by the whole thing. They did not see the cabinet papers on this long before the discussion."

Eurosceptic Tory MPs yesterday demanded a briefing. "No one's telling us what's happening", said one.

The EU has warned that unless "substantial progress" is made on agreeing the Irish backstop at next month's European Council, Brexit talks could stall.

Mrs May has secured the backing of the Democratic Unionist party, which props up her government, which had opposed the EU's proposed backstop model that would have put a new border between Northern Ireland and the mainland. One DUP official said: "For us importantly the key differences on where this proposal is at from previous ones is that it's UK wide: there would be no border in the Irish Sea, it is only about customs, and is time limited."

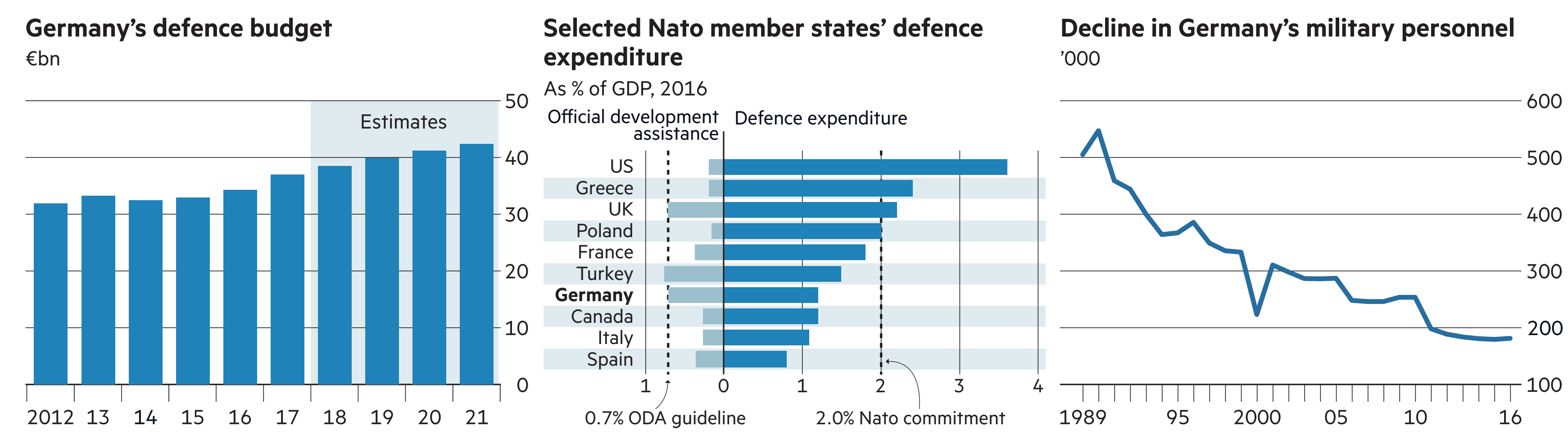
Editorial Comment page 8
Philip Stephens page 9

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Berlin in quandary over how to spend more on military

Germany's stretched armed forces expected to struggle with modest budget rise

Frontline concerns: German troops with armoured vehicles during a military exercise
Valda Kalnina/EPA



TOBIAS BUCK — BERLIN

The German government is facing growing pressure at home and abroad to spend more money on its armed forces.

In Berlin, however, officials and analysts have started to debate an altogether different question: if the money is found, can it actually be put to use?

Four years ago Angela Merkel, the chancellor, signed up to a new Nato target committing member countries to spend 2 per cent of gross domestic product on defence. The call to raise military spending has gained additional urgency amid a flurry of alarmist reports about gaps in staffing and equipment at the Bundeswehr, or German army.

The government responded this week with a promise to raise the military budget from 1.2 per cent of GDP last year to 1.5 per cent in 2025.

The increase would mean billions more euros to buy tanks, drones and aeroplanes and to hire and train thousands of extra soldiers and civilian staff. But the pledge would still leave Germany far off the 2 per cent mark and well below levels in the US, Britain, France and other western countries.

Neither Ms Merkel nor Ursula von der Leyen, the defence minister, have dared to call into question the Nato commitment. But defence experts warn that the stretched armed forces will find it hard to absorb even modest increases prised now. Raising expenditure to 2 per cent of GDP is widely seen as unrealistic even if the political will were there.

"Germany spent €37bn on defence last year. If we wanted to spend 2 per cent of GDP on defence by 2024 that would mean almost doubling the budget to around €72bn," said Hans-Peter Bartels, the armed forces commissioner of the German parliament. "We cannot just double the size of the Bundeswehr. How is this going to work?"

Marcel Dickow, a defence expert at the German Institute for International and Security Affairs, makes a similar point: "The Bundeswehr cannot spend that kind of money. It does not have the procedures in place and it wouldn't even know what to spend it on."

With much of the defence budget fixed (more than 20 per cent is spent on rents and pensions alone) the key variable is the portion set aside to buy weapons and equipment. Yet staff shortages, inefficiencies and administrative bottlenecks mean the defence ministry already struggles to spend its procurement budget in full. Last year it was supposed to buy arms and equipment worth €5.9bn. In the end, some €600m went unspent, despite glaring holes and shortfalls across the entire military.

Part of the problem lies with the defence procurement office in Koblenz, a notoriously slow-moving and understaffed body known as BAAINBw. On paper it has 6,500 staff but 1,100 of those posts are unfilled, putting a brake on procedures and programmes. Critics say a deeper concern is its bureaucratic approach to buying. It issues highly detailed specifications even for simple products such as uniforms.

For more complex equipment, the list of official requirements can run to thousands of pages. "The result is that we are not in a position to defend ourselves properly because the things we need urgently we simply cannot acquire urgently," said Christian Mölling, a defence expert at the German Council on Foreign Relations.

> 'We cannot just double the size of the Bundeswehr. How is this going to work?'
> Hans-Peter Bartels

Twenty-five years of budget cuts had left their mark on German defence suppliers, he said. "Manufacturing sites have been closed, and many producers have shifted towards a just-in-time model. That means that in some areas, the supply chain for spare parts has broken down. With some military aircraft, for example, spare parts are simply no longer being produced."

He added: "There are things that you cannot simply fix with more money."

Matters have grown so dire that several crucial weapons systems are barely usable. According to the latest assessment by Mr Bartels' office, only 95 out of 255 Leopard II tanks were in service last year. Such shortfalls, moreover, often have a direct impact on the Bundeswehr's ability to recruit and maintain staff. "Planes are grounded so pilots don't get enough flying hours, which makes their job less attractive and they leave. But it also makes it harder to train new pilots. Everything is connected with everything," said Mr Bartels.

For much the same reason, defence experts see little point in pushing for a quick spending spree. In many cases, the Bundeswehr does not even have the technical staff to validate and certify new equipment for use.

"For every new A400M [transport aircraft] you need to hire and train a lot of new people. You can't do that overnight. These are processes that take 15 or 20 years," said Mr Dickow.

Analysts agree a defence budget worth 2 per cent of GDP will remain little more than a lofty ambition for years. But a gradual rise towards 1.5 per cent as proposed by Ms von der Leyen strikes most as realistic and desirable.

"You don't have to spend 2 per cent of GDP on defence to meet the tasks the Bundeswehr has set itself," said Mr Mölling. "But we do have to spend a lot more than now, so let's start doing it."

US economy

Hidden value in phones could halve trade deficit, says Google

DELPHINE STRAUSS — LONDON

The US trade deficit could technically be halved if statisticians were better able to capture the value of the software developed in Silicon Valley and embedded in smartphones worldwide, according to Hal Varian, Google's chief economist.

Trade economists have long argued that current methods of collecting data do not reflect the complexities of modern global supply chains, with the iPhone's physical product an often-cited example.

While US import data reflect the retail cost of a phone as coming entirely from China, only a small portion of its value is actually added in the country, as the phones are assembled in Chinese factories from products sourced from across the world. Most of the profits also go to Apple, a US company, rather than its Chinese suppliers.

Google's Android operating system — installed on 80 per cent of smartphones around the world — is treated slightly differently by statisticians, because the software is open source, and Google barters it with companies who agree to display Google Apps on their devices.

But the effect is similar. Android software does not count towards US exports, but when a finished phone is sold in the US, it is reflected in imports. There are further distortions if the phone is sold in a third country.

The problem has led economists at the OECD to work on new "trade in value-added" databases to more accurately reflect modern trade. But those statistics take years to assemble.

Mr Varian argued it would be a more accurate measure of economic activity to include the value of product design and software in exports. If worldwide sales of smartphones totalled about $400bn a year, with about $200bn of that representing the value of software, "that cuts the US trade deficit in half", he told a conference in London.

"It is easier to count a physical good going into the US and an email attachment going out," he said. "A chip is counted as an export. Software isn't. But they do the same job."

A change of this kind would affect not only measurement of the digital economy, but also sectors such as carmaking and even clothing where manufacturing costs represented only about 20 per cent of the retail price, Mr Varian said.

These issues of statistical measurement are increasingly contentious in the context of rising trade tension between Washington and Beijing.

In 2014, the US Office of Management and Budget abandoned plans to create a new classification of "factoryless goods producers" after receiving thousands of complaints from small businesses that saw it as a smokescreen to hide the decline of US manufacturing.

US data reflect a phone's retail cost as coming entirely from China

Mr Varian also said that gross domestic product — often misused as a yardstick for national living standards — would potentially become an even less adequate measure of welfare in a world of global supply chains and rapidly changing technology.

From digital photography to GPS navigation systems, discrete services that used to count towards GDP were now largely bundled into smartphones and uncounted because they were effectively free to consumers.

Nor was there any clear way to measure their contribution to users' welfare or productivity.

"Think about all the time we save from not getting lost," he said. "GPS is a huge increase on my personal productivity but that doesn't show up in GDP because it is not a market transaction."

Additional reporting by Shawn Donnan in Washington

Fed data

Young left out of revival in US housing wealth

SAM FLEMING — WASHINGTON

US housing wealth has recovered completely since the financial crisis but the holdings are increasingly skewed towards older borrowers with strong credit ratings, the Federal Reserve Bank of New York said.

Home ownership rates among those under 45 have slid sharply since the pre-crisis boom. As a result, many younger Americans have missed out in a price resurgence that has taken values up 50 per cent from the crisis-era trough. At the same time, it has become much harder for younger borrowers to tap home equity to use for other spending.

More than 40 per cent of housing wealth is concentrated in the hands of those aged 60 or more, according to the New York Fed. That compares with 24 per cent in 2006, on the eve of the crisis. People under the age of 45 now hold only 14 per cent of housing wealth, down from 24 per cent in 2006.

The figures underscore the fragile foundations of the US economic recovery as inter-generational inequality increases alongside widening gaps between rich and poor. If younger and less well-off individuals have little wealth stowed away in the property or the stock market they will be heavily exposed in a future recession.

"Lower and middle income individuals are not benefiting as much from rising housing wealth and stock market values as in the past, and that means the main pillar of the economy is less robust than it used to be," said Gregory Daco, head of US economics at Oxford Economics. "Lower and middle income individuals are the key driver in terms of spending and the overall economy's fortunes."

The Fed's finding suggests that, on an aggregate level, the US's stores of wealth have rebounded fully, buoyed by a recovery that has been running for 106 months, one of the longest on record. Financial wealth, which includes stocks and other financial assets, stands at more than $80tn, 75 per cent above the 2009 trough. Yet the prosperity boom has been concentrated in a relatively small sliver of the population. The top 10 per cent of households own 84 per cent of stock market wealth, for example. Housing wealth tends to be more widely distributed, but here too are signs larger sections of the population are missing out, in part because mortgage lending standards are far tighter.

In 2006, just over 40 per cent of those who extracted equity from their home

> People under the age of 45 hold only 14 per cent of housing wealth, down from 24 per cent in 2006

for other spending — for example house refurbishment, education or holidays — were under the age of 45. Now that share has dropped to 25 per cent. By contrast, in 2006 13 per cent of those who tapped their home equity were over 60; the share has now swollen to 28 per cent.

The Fed argued that while households are sitting on a lot of housing wealth that could serve as a cushion, it is less likely to be held by those most exposed to shocks — the less prosperous.

"Household formation and transitions from renting into home ownership are much lower than their pre-crisis levels, especially among the young — meaning fewer young people have benefited from the increase in house prices," said Beverly Hirtle, director of research at the New York Fed, in a presentation yesterday. "At the same time, current homeowners have drawn on their equity at much lower rates relative to the pre-crisis years."

Martin Wolf page 9

Trade talks

Trump's new Nafta deal delayed after Congress deadline missed

SHAWN DONNAN — WASHINGTON
JUDE WEBBER — MEXICO CITY

Donald Trump's efforts to renegotiate the North American Free Trade Agreement with Canada and Mexico appear likely to drag into next year after his administration failed to meet a congressional deadline to present a deal.

Negotiators also have to factor in Mexican presidential elections on July 1 in which leftist populist Andrés Manuel López Obrador is leading the polls.

Paul Ryan, Speaker of the House of Representatives, said last week that yesterday would be the notional deadline for the administration to provide notification it planned to sign a new agreement, if it wanted the Republican Congress to vote on the deal, according to the rules governing trade legislation.

But the White House has provided no such notification, potentially giving a vital role to the next US Congress, which will take office next January after midterm elections in which the Democrats are increasingly confident.

Mr Ryan said yesterday there could still be a few weeks of "wriggle room" for a deal to be considered by Congress, but stressed that seemed uncertain. "Will there be a deal? I don't know," he said.

Since launching talks in August last year US trade representative Robert Lighthizer and Mr Trump have been pushing for a fast deal with Canada and Mexico, threatening that otherwise the US could exit the 25-year pact the president has labelled a "disaster".

In recent weeks Mr Lighthizer and his counterparts have been meeting in Washington trying to thrash out a deal on cars, with the US pushing for tougher content and wage rules to encourage the relocation of car factories from Mexico.

But Canada and Mexico resisted the push and other US proposals dubbed "poison pills" by critics, such as a sunset clause that would see Nafta expire or be renegotiated every five years unless it met specific deficit-reduction goals.

Despite the rush, issues such as intellectual property rules and the treatment of politically sensitive agricultural products such as dairy have yet to be tackled. Only nine of the new Nafta 32 chapters had been closed, said Laura Dawson, director of the Canada Institute in Washington.

"Despite the theatrics of the recent weeks we are not even close to getting through those 32 chapters," she added.

"They are not even into the meat and potatoes that normally are a feature of these negotiations."

Canada and Mexico have said they remain committed to a deal with Mr Trump. Even after the Mexican election, officials say, there is room to negotiate. A new government in Mexico will take office only in December and Mr López Obrador backs the talks.

He told business group Coparmex yesterday that he "totally" supported Nafta and wanted a deal. But he added: "We must not rush to sign something that is detrimental to us. The Mexican government is very weak and the foreign powers can abuse that."

Mr Lighthizer has also been courting Democrats and won backing for some of his Nafta proposals from unions and other Democratic constituencies that are traditionally sceptical of trade deals. This could prove useful if the Democrats win control of the House.

"My objective is to get an agreement that is going to have overwhelming support [from both Democrats and Republicans] and I think we will do that," he told the US Chamber of Commerce.

While the talks had stepped up recently they had been heated at times,

Robert Lighthizer: US trade representative is pushing for a fast deal with Mexico and Canada

said those close to the talks, with Canada and Mexico accusing the Trump administration of trying to bully them into a bad deal. Ildefonso Guajardo, Mexico's economy minister, said this week he did not rule out a deal being struck by the end of this month or early next.

But Mexican negotiators have been frustrated by US proposals on cars. US carmakers have voiced doubts they can comply with them and Mr Lighthizer's response to their counter-proposals for longer phase-in periods for new content and wage rules the US is demanding.

"[Mr] Lighthizer went ballistic. He just wants everything," said one person close to the Mexican negotiating team. "You need flexibility or else there just won't be a deal that can be sold to Mexico. In that case, we prefer no deal."

Uncertainty over the future of Nafta has cast a shadow over all three economies, weighing on currency markets and corporate investment decisions. "Mexico is already being affected by Nafta. It creates uncertainty," said Alberto Gavazzi, who oversees spirits group Diageo in Latin America.

But there is also growing consensus that Mr Trump's repeated threats to pull out of Nafta have lost some of their bite amid opposition from Republicans like Mr Ryan in Congress and important constituencies such as farmers and the US business community.

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Central Africa

Ebola outbreak spreads to Congo city

Virus detected in urban centre with river links to Kinshasa and Brazzaville

JOHN AGLIONBY
EAST AFRICA CORRESPONDENT

An outbreak of the Ebola virus in the Democratic Republic of Congo has spread to a city for the first time, prompting officials to warn of a "new phase" in the crisis.

The health ministry confirmed a case in Mbandaka, 400km north-east of the capital Kinshasa with a population of almost 1.2m.

This brings the total number of reported cases in the DRC to at least 45, of which three have been confirmed. Of the infected people, 23 have died.

Tedros Adhanom Ghebreyesus, the director-general of the World Health Organisation, said yesterday it was a "concerning development" as all the previous confirmed cases had been in the remote rural Bikoro district, 150km from Mbandaka. He added that the WHO had deployed 30 experts to the city to help with surveillance and to train communities in prevention, treatment and reporting of new cases.

More than 430 people are thought to have come into contact with the Ebola virus disease, as it is known formally, during this outbreak. It is highly contagious and people can become infected through contact with others, their bodily fluids or contaminated objects.

Dr Matshidiso Moeti, WHO regional director for Africa, said the agency and its partners are "working together to rapidly scale up the search for all contacts of the confirmed case in the Mbandaka area".

Oly Ilunga Kalenga, Congo's health minister, said: "We are entering a new phase of the Ebola outbreak that is now affecting three health zones, including an urban health zone.

"Since the announcement of the alert in Mbandaka, our epidemiologists are working in the field to identify people who have been in contact with suspected cases," he said.

The health minister added that the authorities would intensify "population tracing" — trying to track down people who have been in contact with the infected person and monitor those leaving and entering the city.

Mbandaka is on the river Congo, which flows past Kinshasa, which has a population of 10m, and Brazzaville, the capital of the Republic of Congo, which is home to almost 2m.

It is not known when this outbreak of Ebola, which is named after the river of the same name in the northern DRC after the first recorded appearance in the 1970s, started. Cases of haemorrhagic fever were first detected in Bikoro as far back as December, the WHO has said.

> 'We are working in the field to identify people who have been in contact with suspected cases'
> Congolese health minister

This is the ninth recorded Ebola outbreak in the DRC. The last one was last year, when eight people were infected and four died. The last significant outbreak of Ebola was in 2014-16, in Liberia, Sierra Leone and Guinea, when an estimated 28,000 were infected, of whom 11,600 died.

Dr Tedros said that the international health community now had "better tools than ever before to combat Ebola". These include the first widespread deployment of a trial vaccine.

The WHO sent the first batch of 4,000 doses of the drug, made by Merck, to Kinshasa on Wednesday and another is expected to be sent soon.

One challenge facing the health authorities in a country where the electricity supply is poor is that the Ebola vaccine needs to be stored between -60C and -80C.

North Korea. Denuclearisation

Pyongyang ire signals long and risky road

Big test will be enforcing any deal in the event of Kim and Trump agreeing at all

BRYAN HARRIS — SEOUL

Divided nation: South Korean soldiers patrol the border with the North in Paju this week. Below, Kim Jong Un, North Korea supreme leader
Yonhap/EPA

After months of smiles and sympathetic overtures, North Korea has once again bared its teeth, casting doubt on the planned summit with Donald Trump and personally lambasting John Bolton, the US president's national security adviser.

But for analysts, Pyongyang's volte face serves as a timely wake-up call for Washington that dismantling the reclusive regime's nuclear programme is likely to be a hard-fought, bitterly contested and potentially futile endeavour.

The challenges are myriad and set over several stages. First, both sides need to agree on what constitutes denuclearisation. Then a deal must be negotiated that provides North Korea with sufficient security guarantees. Finally, the deal must be enforced, a process that is practically impossible given a dearth of intelligence in the west about Pyongyang's nuclear programme.

"Permanent dismantlement is almost impossible to achieve," said Suh Kune-yull, a professor of nuclear engineering at Seoul National University. "Do you expect [North Korean leader] Kim Jong Un to reveal all the details about his nuclear facilities and weapons to other countries? Unlike Trump, Kim is in this for the long game."

As it stands, the two leaders are due to meet for a historic summit in Singapore on June 12. Mr Trump hopes the meeting — a first between leaders of the two countries — will pave the way for the dismantling of North Korea's nuclear programme.

On Wednesday, however, Pyongyang reminded the world it was not simply about to abandon its "treasured sword of justice" in exchange for economic aid, an idea that had been touted by Mike Pompeo, US secretary of state.

"If the US is trying to drive us into a corner to force our unilateral nuclear abandonment, we will no longer be interested in such dialogue," said Kim Kye Gwan, North Korea's vice-foreign minister and a veteran nuclear negotiator.

Instead, Mr Kim framed the planned negotiations on North Korea's terms, saying the talks must be conducted on an equal footing and disarmament in the region must also extend to the US.

"We have . . . made clear on several occasions that the precondition for denuclearisation is to put an end to anti-[North Korea] hostile policy and nuclear threats and the blackmail of the United States," said the vice-foreign minister.

The comments raise the prospect of a deal hinged on the removal of US forces from South Korea, a development that would alter the strategic landscape of the region radically.

For experts, however, the most arduous aspect of any deal will be its enforcement.

With an arsenal of more than 50 atomic weapons, North Korea already has sufficient scientific know-how to make it possible to reverse any denuclearisation.

"The US talks about permanent, verifiable and irreversible dismantlement, PVID, but this is just wishful thinking and political rhetoric," said Prof Suh. "More than 10,000 nuclear experts are presumed to live in North Korea. It is impossible to erase their knowledge."

The process of denuclearisation would also be undercut by a lack of knowledge and trust about the extent of North Korea's nuclear facilities.

"There is currently no way of knowing where the underground nuclear-related facilities are located," said Kim Tae-woo, former president of the Korea Institute for National Unification.

Western officials and scientists are also in the dark about how much highly enriched uranium and plutonium North Korea possesses.

Bong Young-shik, a North Korea expert at Yonsei University, said that if scientists could examine radiation traces at the north's Punggye-ri nuclear test site, they would be able to make a reverse calculation of the regime's supply of materials.

However, Pyongyang announced on Sunday it would destroy the site next week. Mr Trump hailed the move as a "very smart and gracious gesture". But Prof Bong said: "Blowing up Punggye-ri is like allowing North Korea to destroy the crime scene."

Denuclearisation is likely to require the decommissioning and dismantling of North Korea's Yongbyon nuclear facility as well as enrichment facilities and reprocessing plants.

Prof Suh estimates it would take 2,000 people working around the clock at least three years to complete a verified denuclearisation of North Korea.

The task would probably entail international monitors and specialists coming to North Korea, developments that may make the regime uncomfortable.

For Prof Bong, the complexity and difficulty of complete denuclearisation is likely to spur US efforts to instead clamp down on tangible threats, such as North Korea's long-range missiles, or its existing nuclear arsenal.

"There may be talk of North Korea handing over its warheads. But that doesn't mean it will have given up all its materials . . . there is no way to really verify [denuclearisation] and that will make negotiations extremely difficult."

Additional reporting by Kang Buseong

GLOBAL INSIGHT

NEW DELHI

Amy Kazmin

Walmart offers India chance to show that business is welcome

As prime minister, Narendra Modi has made a priority of burnishing India's rather tarnished image as a destination for international investment. To that end, New Delhi has focused on improving India's ranking in the World Bank's Ease of Doing Business index — and tirelessly trumpeting its progress.

But the real chance for Mr Modi's government to show off its pro-business credentials — and change perceptions of India as inhospitable to foreign companies — arrived last week from Bentonville, Arkansas, courtesy of Doug McMillon, chief executive of Walmart, the US retailer.

Walmart, which has struggled for a decade in India's tightly restricted retail industry, declared it was spending $16bn to buy Flipkart, India's homegrown Amazon clone, now vying with Jeff Bezos's original for dominance of the small but fast-growing Indian ecommerce market.

How Walmart is now treated after its purchase — the largest foreign strategic acquisition in India — will be closely watched by global companies, and is likely to affect their views on potential investments in the economy.

Until now, India's largest inbound strategic acquisition was Vodafone's $10.9bn purchase, in May 2007, of a controlling stake in Hutchison Essar, then the country's fourth-largest mobile phone operator. But New Delhi's treatment of Vodafone over a $2.6bn tax claim left many international companies with the idea India was not yet a fertile field for big cross-border strategic deals.

"India continues to be perceived in global boardrooms as a tough place to do business in," said Gopal Jain, managing partner of Gaja Capital, a private equity fund in Mumbai. "That is why this deal is very important. We have the opportunity to undo some of the damage we did."

> 'India continues to be perceived in global boardrooms as a tough place to do business in'

Vodafone's Indian woes started when New Delhi sought $2.6bn in capital gains tax for its acquisition. Vodafone fought the claim and won its case in 2012. But the Congress-led government of the time amended the income tax law retrospectively to reimpose the liability.

It was a damaging "own goal" that undermined India's oft-repeated claim of providing investors the predictability of the rule of law. "What Vodafone ended up becoming was an advertisement — in a bad way — for how tough it is to do business in India," Mr Jain said.

After coming to power in 2014, Mr Modi's ruling Bharatiya Janata party vowed to end what it called "tax terrorism". But it has allowed the Vodafone dispute to rumble on. Other companies, including Cairn Energy, also gripe about being chased for retrospective tax.

That appears to have cost India. While the country has an active venture capital industry and has enjoyed strong portfolio inflows, some investors say investment inflows in strategic mergers and acquisitions are disappointing and below potential, given India's size and economic promise.

In 2017, foreign companies bought Indian businesses worth $14.5bn, less than half the value of strategic inbound acquisitions in Brazil or China, according to Dealogic.

Walmart will not be an easy antidote to India's image problems. Flipkart has had past difficulties: its youthful founders attracted venture capital backing for their start-up only to find that they had violated rules against foreign investment in multi-brand retail.

The entire business was restructured to make it technically compliant, yet some resentful Indian shopkeepers still feel the big ecommerce groups are violating the spirit of India's complex investment rules for retail businesses. How Indian agencies handle this and other regulatory and tax issues will reverberate far beyond Walmart investors.

But Walmart finds itself in a supportive operating environment — and without undue harassment by tax inspectors, India's image could receive a boost. It is now up to Mr Modi's government to show they do indeed mean business.

"It's going to get people from being on the heels to being on their toes," predicted Mr Jain. "Global corporations don't ask their consultants where does India rank on the ease of doing business. They check on the experiences of other corporations. What they want is a clear signal that they are welcome."

amy.kazmin@ft.com

Malaysian politics

Mahathir steps up graft inquiries into 1MDB

HARRY JACQUES — KUALA LUMPUR

Mahathir Mohamad, Malaysia's new prime minister, has intensified inquiries into allegations of corruption at 1MDB, announcing a committee to investigate losses at the multibillion-dollar sovereign wealth fund.

The five-strong standalone committee will include a former attorney-general and the director of a prominent Malaysian anti-graft NGO.

Mr Mahathir's advisory council said in a statement yesterday: "Until and unless the issue of 1MDB is resolved, there will be questions that undermine public confidence in the government and its institutions."

The move follows a late-night raid on Wednesday on the home of Najib Razak, the former prime minister.

Harpal Singh Grewal, Mr Najib's lawyer, said police had conducted the search on the eve of Ramadan, depriving Mr Najib of the ability to observe the beginning of the holy month. He said 50-60 officers arrived at 10pm, "searched every part of my client's residence and opened several boxes which contained personal belongings," before one group decided "to drill open a safe which had remained locked for two decades". The search lasted 18 hours and amounted to harassment, he said.

Mr Mahathir said the police had "sufficient grounds to raid" Mr Najib's house but he did not know it would be at night. "My instruction is very clear. I am not going to torture people . . . I want people to be treated decently."

The developments come a week after an election in which Mr Mahathir's Alliance of Hope coalition dislodged Mr Najib's United Malays National Organisation from government for the first time since independence in 1957.

During the campaign, Mr Mahathir pledged to probe how billions of dollars were lost from 1MDB, saying: "It is very clear that there were more wrongdoings committed than what was known by the public and me." He said he would seek to co-ordinate investigations with other jurisdictions.

The US Department of Justice has estimated that at least $4.5bn was misappropriated from the fund.Mr Mahathir resigned from Umno, which he joined in 1946, after allegations emerged that Mr Najib received almost $700m linked to 1MDB. Mr Najib has always denied any wrongdoing.

Mr Mahathir has lost no time in investigating his former protégé, banning Mr Najib from leaving the country and overseeing changes at the corruption watchdog.

Lee Hsien Loong, Singapore's prime minister, said on Wednesday he would visit Mr Mahathir in Kuala Lumpur this weekend. The Monetary Authority of Singapore, the central bank and financial regulator, said it was "fully prepared to extend further assistance" to Malaysian authorities investigating 1MDB.

Population

Big fall in US birth rate prompts welfare fears

JENNIFER BISSELL-LINSK — NEW YORK

The US birth rate declined to a 30-year low last year, according to a report, a trend with dire economic implications for welfare programmes catering for an ageing population.

Last year, US women gave birth to about 3.9m babies, a 2 per cent decrease on 2016, according to the Centers for Disease Control and Prevention (CDC). The number is the lowest since 1987, posing a threat to government programmes such as Medicaid, Medicare and social security, which rely on revenues from taxes on workers.

"All social programmes are structured so that the working age population supports the retired population," said Michael Hurd, director of the Rand Center for the Study of Aging. "If you have a fertility rate that low, it is going to be extremely difficult to support them. The programmes will need to be adjusted."

The general fertility rate for women aged 15 to 44 was the lowest rate in the history of the report. There were just 60.2 births per 1,000 women. That compares with a rate of 70 births per 1,000 women just before the 2008 recession.

The decrease is likely to exacerbate government funding issues, especially for social security, which provides retirement, disability and survivors' benefits.

US women gave birth to about 3.9m babies in 2017, a 2 per cent decrease on 2016, said the CDC

Funds for the programme are projected to be depleted by 2035, according to the Social Security Board of Trustees. With rising costs, it is forecast that taxes by then will be sufficient to pay for only 75 per cent of scheduled benefits. "The benefits will have to be reduced," Mr Hurd said. "That's hard for the retired population because they can't adjust their work output by much."

The full effect of the past year's lower birth rate will not be felt for another 20 years. But if lower fertility rates persist, a shrinking population could mean fewer children in schools and lower construction of new homes.

The past year's total fertility rate, which measures how many children a woman is expected to have in her lifetime, was the lowest since 1978, according to the CDC.

The rate fell 3 per cent from the previous year to 1.76 children. That compares with 1.46 children in Japan and 1.57 in China, as reported in 2015.

"In modern times we have not experienced shrinking populations and we don't know how to think about that," said Mr Hurd. "We're used to having an economy where you build things, not destroy them."

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

FT Weekend

Dark Factories – special investigation into abuses in Britain's garment industry

FT Weekend Magazine

Plus

The royal family and reinvention
by Simon Schama
Life & Arts

Property pawns: Sylvester Stallone and the motivational speakers encouraging boldness in property markets
House & Home

Chelsea Flower Show Special
House & Home

Pick up your copy this weekend or subscribe online at ft.com/subscribe

Lucy Kellaway has Lunch with the FT with Andria Zafirakou, the 'best teacher in the world'
Life & Arts

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Powerhouse festival of northern art

Two Gateshead shows precede a wave of exhibitions and performances across the north-east of England. By Rachel Spence

Why is that we take our compass from the idea of the north? Why is it the defining upstroke on navigational devices around the world?" The *Great Exhibition of the North* promises to deliver a powerful response to the questions posed by author Paul Morley in his cultural history, *The North* (2013).

Opening on June 22 in Newcastle and Gateshead, with some events further afield in the Tyneside region, the *Great Exhibition* promises to unleash a tidal wave of art, music, dance and performance across the north-east of England.

If two early shows are a benchmark, it should prove a festival of the bold, imaginative and unpredictable. Opening ahead of the main schedule at the Baltic Centre for Contemporary Art in Gateshead, the group show *Idea of North* and *Our Kisses are Petals*, a solo presentation by the Preston-based 2017 Turner Prize winner Lubaina Himid, are separate entities. Nevertheless, between them they testify to a cultural landscape that is rooted, protean and vital.

Curated by Alessandro Vincentelli, the collective display took tremendous risks. Weaving practitioners from architecture, film, photography, music, design, literature, art and illustration into a multi-disciplinary voyage through Tyneside's creative arteries, the exhibition could have disintegrated into superficial snapshots. Instead, Vincentelli stages the various projects with a spare theatricality that permits both autonomy and cross-pollination.

If there is an anchor, it's provided by TyneDeck. This aquatic Utopia feeds off a 1969 project, never realised, by local architectural studio Ryder & Yates. At a moment when the Tyne's days as an industrial waterway were numbered, Ryder and Yates came up with a radical plan to build a modernist platform across the river — complete with concert hall, opera house and restaurants — which would have bound Gateshead and Newcastle even more tightly than the existing bridges.

Local horror at the prospect of clogging up the beloved Tyne scuppered the plan. But the Baltic installation orchestrates writers, photographers, politicians, illustrators and the original architects (now called Ryder) into a lively, dissonant chorus. Mark Tewdwr-Jones imagines that the deck went ahead, won local affections, yet was later dismantled. Graphic artist Jimmy Turrell's visionary quayside has collaged its eye-popping, Constructivism-meets-Pop graphics from ephemera left over from the original project. Meanwhile, photographer Kuba Ryniewicz has captured young Tyneside artists in Gateshead town centre in a fashion shoot bubbling with austere, edgy joie-de-vivre.

Other works take a less oneiric approach. The timber pavilion Protohome, a self-build constructed — in conjunction with the charity Crisis Skylight Newcastle — by people with experience of homelessness is accompanied by a caption bearing the bleak statistic that since 2014, 3,700 social rent homes have been lost in the north-east under the "Right to Buy" scheme and only 211 built. (Protohome is an ongoing project with a site in Newcastle's Ouseburn Valley.)

A grittily touching elegy, made in 1985 by Manx-born photographer Chris Killip — who was then based in Newcastle — captures the hallucinatory writhing of fans at punk music venue The Station. Their swooning, entranced figures remind us that the region's musical roots ran deep.

But it is the show-within-a-show entitled *Women by Women* that leaves the deepest imprint. Curated by Sirkka-Liisa Konttinen, it is drawn from the archives of the Amber collective, which founded the renowned Newcastle photography vitrine Side Gallery. (Chris Killip, who served as director, was also a founder member.) This mini-exhibition features photographs of women and girls from marginalised communities by five women photographers. Each chapter is a searing revelation of unmonumented female lives — none more so than the girls chronicled in the late 1970s by Tish Murtha and Marketa Luskacova as they rehearse with scrupulous dedication for their role in the North East Juvenile Jazz Bands of the era.

Downstairs, a panoply of hidden worlds are coiled within the sensual wrappings of *Our Kisses Are Petals*. With less-is-more courage, Himid has whittled this show down to an exhibition of printed cloths, inspired by kangas, and a single text sculpture.

Dedication: Tish Murtha's 'Juvenile Jazz Bands, Cruddas Park' (1979). Below left: Lubaina Himid's 'Why Are You Looking' (2018)

Traditionally, kangas are cotton fabrics worn by east African women. Himid, who was born in Zanzibar, used their radiant designs as her muse for works on paper boasting a kaleidoscope of imagery, including her trademark enigmatic patterns as well as body parts — inner ear, eye, heart, brain — and poetic texts from writers such as Audre Lorde, James Baldwin and Essex Hemphill. She then worked with a local flagmaker to photograph, scan and print the surfaces on to cloth.

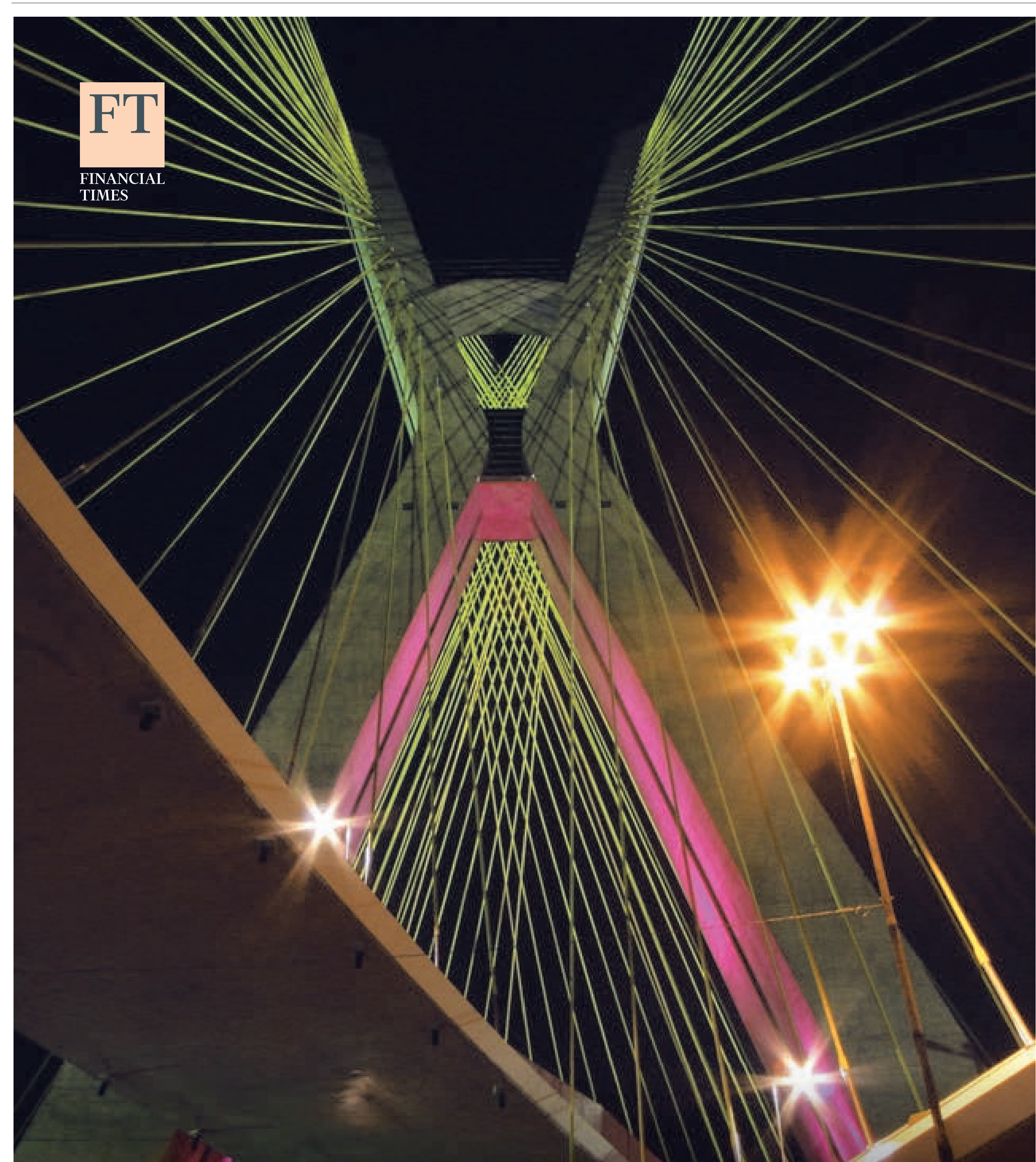
Suspended on pulleys to allow visitors to move them around, and arranged in rows that oblige us to duck between them as if braving ocean waves, the textiles transcend their original function as clothing while still demanding intense physical engagement on the part of the spectator. Simultaneously, the bold cotton swaths are also powerfully reminiscent of flags even as their messages of socio-political identity remain mysteriously encoded.

> Lubaina Himid has ensnared us in an erotic, melancholy and subtly political labyrinth

Yet the kangas' cryptic, chromatic semaphores also seduce our emotions. "We were always saying goodbye," laments Lorde beneath a luscious pink tongue while two scarlet hearts pulse above Maud Sulter's playful whisper: "There could be an endless ocean."

By the time we drift into the second room, where Essex Hemphill's rapturous lyric "Our kisses are petals, our tongues caress the bloom" is nailed on the wall in crimson wooden letters, Himid has ensnared us in an erotic, melancholy and subtly political labyrinth which gestures to universal questions of love, connection and belonging as well as the ancestral faultlines of suffering and separation that run through contemporary black experience.

'Idea of North', to October 30; Lubaina Himid, to October 28, both at Baltic, Gateshead, baltic.art. 'Great Exhibition of the North', various venues, June 22 to September 9, getnorth2018.com



A first-rate portrait of Elizabeth

DANCE

Elizabeth
Barbican, London
★★★★☆

Louise Levene

There has been a shift of emphasis since *Elizabeth* had its premiere at the Greenwich Royal Naval College in 2013. Zenaida Yanowsky may have had the title role but the focus back then was definitely on Cuban superstar Carlos Acosta, who played the various men in the life of the Virgin Queen.

Will Tuckett's choreography wittily exploited Acosta's signature moves — the rolling jetés en tournant, the drill-bit pirouettes — but also mined his great flair for comedy as he morphed mercurially from the preening Duc d'Anjou (her "dear frog") to the foxy Earl of Essex.

For this revival, a four-night run at the Barbican, the focus is emphatically on Yanowsky. The 42-year-old Spanish star officially retired from the Royal Ballet last summer after 23 years as soloist and principal but her profile has never been higher, with guest performances in Northern Ballet's *Las Hermanas* and her very own BBC4 documentary.

Yanowsky's pale, fine-boned loveliness makes her dream casting for Elizabeth I and her alert and responsive playing adds texture to Tuckett's slightly all-purpose pairwork, showing how the dynamics of the queen's relationships shifted and evolved as she grew in power and confidence. Yury Yanowsky, a former Boston Ballet principal, can't match Acosta's firepower but is a witty foil for his sister and still spins a mean pirouette.

Alasdair Middleton's text, a busy but clever collage of writings by Elizabeth and her contemporaries, is not always well served by the four actors (Samantha Bond is not a natural verse speaker) but Yanowsky incarnates the quotations very convincingly, reminding us that Elizabeth's lonely role — figurehead, stateswoman, icon — was one that she had to invent for herself from scratch.

The production has scaled up very successfully for the Barbican stage. Martin Yates's mildly madrigally score for solo cello (the excellent Raphael Wallfisch) holds its own in the much larger venue. The shabby-grand red and gold backdrop (a triumph for the backroom boys of the Bob and Tamar Manoukian Production Workshop) looks like the wall of a gilded torture chamber and shimmers moodily in Paule Constable's exquisite lighting. Fay Fullerton's costumes are an elegant synthesis of ruffs and Fortuny pleating, allowing free movement but retaining an all-important sense of period.

To May 19, barbican.org.uk

From left, Katie Deacon, Zenaida Yanowsky and Yury Yanowsky in 'Elizabeth'
Tristram Kenton

POP

Johnny Marr
Islington Assembly Hall, London
★★★☆☆

Ludovic Hunter-Tilney

The Smiths effectively ended as a band after Johnny Marr left in 1987. But fans have refused to relinquish the fantasy of a revived Smiths. "I've probably been asked about a reunion about 8,936 times," the guitarist said when he released his first solo album in 2013.

His third, *Call the Comet*, is out next month. As the prospects of The Smiths II recede, fannish dreams of it happening get more fevered. "Get a grip," was Marr's uncharacteristically brusque response earlier this year. But despite his old-school rock rebel get-up at Islington Assembly Hall — black lacquered hairstyle looking as though a vinyl record had melted on his head, black leather jacket, low-slung guitar — he was an emollient presence. Unlike Morrissey, Marr is not one for confrontation.

The set contained a generous sprinkling of Smiths numbers. Among them, delivered without the slightest trace of irony, was "There Is a Light That Never Goes Out". The opening chords of each were greeted with a frisson of anticipation. Camera phones were lifted, lungs filled to bellow along. "Not bad, London, not bad," Marr remarked.

Songs from the forthcoming record risked playing second fiddle to the past. "Thank you very much to that gentleman for dancing," he said drily at the end of one song, pointing to the solitary groover. But the new material had a tenacious character.

Call the Comet was inspired by the tumult of Brexit and Trump. Insomuch as the lyrics could be deciphered — Marr is not the strongest singer, though nor is he the weakest — they added little to the vast amount of musical protest against the present age of reactionary politics. But the songs themselves sounded urgent and engaged.

"The Tracers" opened the show at a sprint with high-velocity spiralling riffs and "woo-oo" refrains. "New Dominion" conveyed a post-punk sense of dislocation through clanking electronic beats and echoing, dissonant guitar effects, deployed by Marr with skilful touch. "Bug" opened with an ungainly lurching beat but found its feet with muscular call-and-response riffs and impassioned vocals.

Marr's band consisted of a bassist, drummer and a co-guitarist who occasionally moonlighted at a synthesiser. They were anonymous but tight. Their leader commanded the spotlight with a bravura display of fretwork. Guitar solos emerged with power and clarity. Changes in emphasis were made with fluid timing. The Smiths' "How Soon Is Now?" ended with a particularly inventive passage of guitar-playing, Marr fiddling with his tuning knobs to vary the song's oscillating tones. The past is dead, long live the past.

johnnymarr.com

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

FT BIG READ. INDUSTRY

Years late, and billions over budget, the first European Pressurised Reactor is set to become operational in China. Critical to the French nuclear industry, will this boost for the technology be enough to save it?

By David Keohane and Andrew Ward

A nuclear wishing well

Powered up: The new OL3 EPR reactor at the Olkiluoto plant in Finland which is due to come into service next year, a decade late and nearly three times over budget at €8.5bn. Below right: Emmanuel Macron — Martti Kainulainen/AFP/Getty

Every day for the past month, Chinese engineers have carefully fed bundles of fuel rods into the core of a nuclear reactor at Taishan power station on the edge of the South China Sea in Guangdong province. Inside these metallic cylinders are millions of uranium pellets, each capable of producing as much electricity as a tonne of coal.

It is an increasingly common exercise across China as the country expands its nuclear sector to meet soaring energy demand. But fuel loading at Taishan — one of the last steps before it starts producing electricity — carries wider significance beyond China.

Taishan, operated by China General Nuclear Power Corp, the state-owned energy company, is on course to become, within months, the first plant in the world to operate a European Pressurised Reactor — the Franco-German technology plagued by delays and cost overruns since it was designed in the 1990s.

"The Taishan 1 fuel loading is a very important milestone," says Xavier Ursat, head of new nuclear projects for EDF, the French state-backed utility which owns 30 per cent of the project. "It will bring a new image to the EPR."

> 'If, at EDF we thought the level of safety at Taishan 1 was not the same as at Flamanville 3, we would not validate the reactor'

Few technologies are in greater need of a makeover. When work started on the first EPR as a joint venture of Areva of France and Siemens of Germany at Olkiluoto, Finland, 13 years ago, it was supposed to herald a new era of growth for atomic power. Instead, as construction timetables slipped and German support melted away, the EPR has become a symbol of the nuclear industry's struggle to remain competitive.

EDF, the main surviving corporate champion behind the EPR, is hoping that completion of Taishan will mark a turning point in efforts to convince sceptical investors, policymakers and potential buyers that the reactor can still be a success. At stake is the future of the wider French nuclear sector, which is relying on the EPR for long-term growth, at a time when the country's dependence on atomic power is being questioned by President Emmanuel Macron's administration.

Taishan is the furthest advanced of four EPR projects around the world and, at a mere five years late, the least delayed. Olkiluoto is due to come into service next year, a decade late and nearly three times over budget at €8.5bn. It is a similar story at EDF's flagship Flamanville plant in France, which is seven years late and €7bn over budget. A further project involving two EPRs at Hinkley Point, south-west England, is not due for completion until the end of 2025, eight years after EDF once predicted it would be finished.

These setbacks have plunged France's nuclear industry into financial turmoil. Areva, battered by its losses at Olkiluoto, was last year folded into EDF in a state-brokered deal that amounted to a bailout of the sector. A €4bn capital raising by EDF last year improved its balance sheet but the company still had €33bn of net debt at the end of 2017, only a little less than its current market capitalisation.

Nuclear under attack

No country has more invested in nuclear power than France, which generates 70 per cent of its electricity from the splitting of atoms. The EPR was designed to renew the country's nuclear fleet as many of its existing 58 reactors approach the end of their operational lives, while also generating valuable export orders. But construction delays have been seized on by those — including some in the Macron government — who want a decisive shift in French energy policy away from nuclear and towards renewable power.

A policy "road map" is due by the end of the year setting out how fast France should pursue a government target to cut nuclear's share of domestic electricity production to 50 per cent. Similar debates are under way in many countries where nuclear power is generated, as critics argue that its high costs, safety risks and radioactive waste can no longer be justified when the costs of wind and solar power are falling rapidly.

Some countries, notably China and India, still see a role for nuclear as a source of reliable, low-carbon electricity to fuel their growing economies without the pollution caused by coal. But, with several rival reactors vying for orders, ranging from US and Japanese designs to cheaper Chinese and South Korean models, EDF must urgently demonstrate the viability of its technology if the EPR is to have a future.

Many of the reactor's problems stem from the characteristic that was supposed to be its biggest selling point: safety. After the 1986 meltdown at the Chernobyl plant in Ukraine, French and German scientists set out to design a reactor robust enough to overcome public misgivings about nuclear power. Thick concrete cladding around the reactor building is designed to be strong enough to withstand an aircraft or missile strike, an attribute that has taken on added importance since the September 11 2001 terrorist attacks. Further modifications were demanded by regulators after the 2011 meltdown at Japan's Fukushima plant. But increased safety led to increased costs and complexity.

"The problem with nuclear reactors is the risk of low-probability, high-impact accidents," says Paul Dorfman, researcher at the Energy Institute of University College London. "After Fukushima, there has been an attempt to design away risk but this has led to over-engineering."

While the EPR was designed to be almost bomb and meltdown-proof, construction flaws have painted a less robust picture. France's nuclear regulator, the Autorité de Sûreté Nucléaire, ruled last year that anomalies in the steel used at Flamanville meant the reactor's lid, or vessel head, would need replacing, at significant expense, after just six years of operation. Separate defects have since emerged in the welding of steel pipes at the French plant. EDF is due to reveal within weeks whether it can still meet its timetable to be fully operational by November 2019.

While the start-up of Taishan will be a welcome fillip, Flamanville remains the bigger test for EDF because of its 100 per cent ownership and because approval from the ASN — seen as a gold standard in nuclear regulation — bestows credibility on the technology internationally.

Mr Ursat denies that any short-cuts have been taken in Taishan compared with Flamanville. "The expectations of the Chinese safety authorities are very high and very close to that of the ASN," he says. "If at EDF we thought the level of safety at Taishan 1 was not the same as at Flamanville 3 we would not validate the reactor."

Reassuring investors

Like the ASN at Flamanville, Chinese regulators want a new vessel head fitted by 2024 — unless EDF can prove the lid is strong enough to remain in place once the reactor is operational. "The only question is, are we able to demonstrate its safety . . . in a way that gives comfort to the Chinese or French authorities?" says Mr Ursat. "If we [can] . . . demonstrate that what is good for seven years is good for 60 years, then we don't have to replace the reactor vessel."

Sam Arie, analyst at UBS, says "further small delays are probably more likely than not" at Flamanville, but he is confident the plant will be finished. Once the first EPRs start generating revenues, investors should become more willing to value the technology as an asset rather than a liability. Mr Arie believes that could add as much as €4 to EDF's €12 share price — three-quarters of that in anticipation of future revenues from Hinkley Point. (The stock peaked above €85 in 2007.)

Setbacks at Flamanville have cast a shadow over the early stages of construction at Hinkley Point, where two EPRs are being built with an aim to meet 7 per cent of UK energy demand. EDF insists that experience accumulated at Flamanville and Taishan will make Hinkley a smoother process. Avoiding delays in the UK will be crucial if EDF is to persuade international buyers — and its own shareholders, not least the French government — that the EPR's teething problems are over.

The company wants to follow-up Hinkley with another UK EPR at Sizewell in eastern England and it struck a tentative deal in March with Nuclear Power Corporation of India, the state-owned energy company, to build six EPRs at Jaitapur, 400km south of Mumbai.

To secure orders, the EPR must compete not only with rival reactors but also with renewables and gas. Jean-Bernard Lévy, EDF's chief executive, told French lawmakers last month that future French EPRs built in a series, as opposed to the one-off prototype at Flamanville, could produce electricity at a cost of €60-€70 per megawatt hour. That would be at least a third cheaper than the £92.50/MWh (€105.80), which the UK government has promised EDF for electricity from Hinkley Point, and comparable with the £57.50/MWh price in the latest UK offshore wind contracts.

Uncertain future

Many of the problems at Flamanville stem from the costs of reactivating the French nuclear construction sector, which had been dormant since the last new reactors were built in the 1990s, according to Cyril Crocq-Gaillard, a consultant at Sia Partners. Hinkley Point will keep the French supply chain active, but more orders are needed to avoid it seizing up again.

Yet the prospect of more EPRs in France is uncertain at best. Mr Macron faces opposition to extending the operational lives of existing reactors — most of which were built in the 1970s and 1980s and have already been given 10-year extensions — as well as replacing them. Most analysts believe extensions will happen. But this would only set back the need for new builds and Nicolas Hulot, the left-leaning environment minister, recently said the goal of reducing nuclear power is "irrevocable".

In response to these signals, EDF is hedging its bets. The company announced plans last December to invest up to €25bn in French solar capacity and this month agreed to acquire a Scottish offshore wind project for more than €500m, joining the rush of investment in renewable power.

Mr Lévy says renewables and nuclear can be complementary. This puts him at odds with many green power advocates, who claim that always-on electricity of the kind generated by nuclear reactors will become obsolete in a world of renewables backed up by battery storage. EDF is investing in batteries but argues that reliable "baseload" power will still be needed to guarantee energy security during extended periods without wind or sun. "New nuclear must remain an option," says one person familiar with French government thinking. "It's very unclear if we can ever get to 100 per cent renewables."

> 'After the Fukushima [accident], there has been an attempt to design away risk but this has led to over-engineering'

As a nuclear armed state, France also has strategic reasons for preserving its long-term expertise.

"It will be a decision of the government by the end of the year to say if they want new nuclear [power] to be launched and in what timeframe," says Mr Ursat. "An optimised version of the EPR can be a solution but this is a decision that will be taken at a political level."

Completion of Taishan will make the EPR look a more viable option. But only once Flamanville and Olkiluoto are operational and Hinkley Point is shown to be on a less troubled path will technical doubts be fully answered. Even then the commercial case for the EPR will need to be made again in a rapidly changing energy landscape.

Speed read

Cutting the habit France wants to reduce nuclear's share of domestic electricity production from 70% to 50%

Growth drive EPR was designed to help renew the country's fleet of nuclear plants while generating export orders

Renewable rivals But the technology faces competition not only from other reactors but also renewables and gas

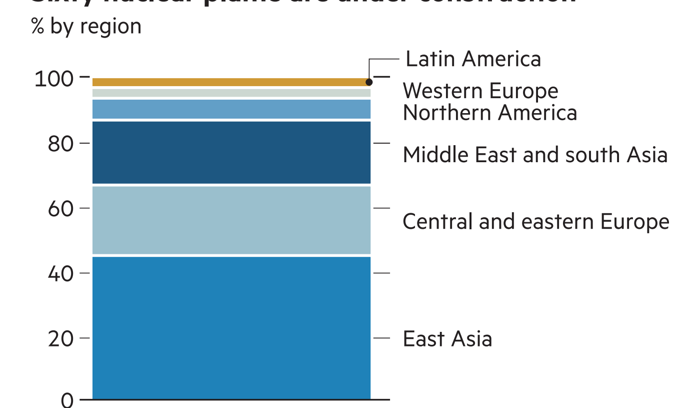
58 Existing reactors in France are nearing the end of their operational lives

€33bn In net debt on EDF's balance sheet at the end of 2017, only a little less than its current market capitalisation

€25bn In announced investment by EDF in French solar capacity

Sixty nuclear plants are under construction*

% by region

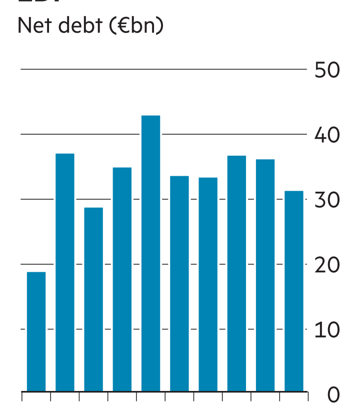


Sources: IAEA; Capital IQ

*As of July 1, 2017

EDF

Net debt (€bn)



Power failure

Why other reactor options fall short

France's European Pressurised Reactor is not the only new nuclear technology about to start operating in China. The first AP1000 reactor, developed by Westinghouse of the US, also began fuel loading at a plant in Sanmen, eastern Zhejiang province, last month.

Like the first EPR at Taishan, the Chinese AP1000 is arriving several years later than planned but still earlier than some more badly delayed projects in the west.

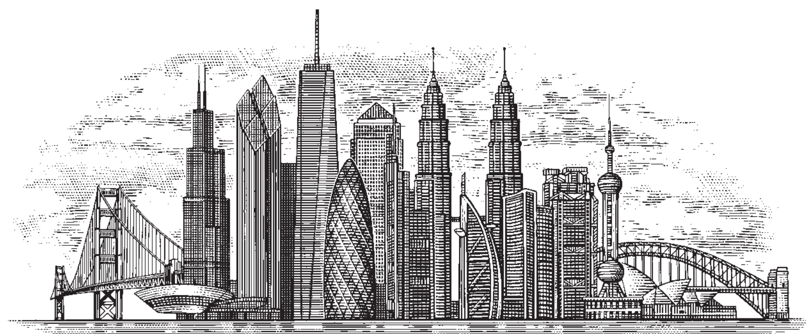
Cost overruns at two AP1000 projects in the US pushed Westinghouse into Chapter 11 bankruptcy protection last year and plunged its owner, Toshiba, into financial crisis. Westinghouse, which is also the biggest service provider to existing nuclear plants worldwide, is in the process of being sold to Brookfield, a Canadian asset manager, after a $4.6bn deal with Toshiba in January.

The Chinese start-up promises to restore some credibility to the AP1000 after the unfinished VC Summer plant in South Carolina was abandoned last year because of spiralling costs. Another project, known as Plant Vogtle, in Georgia, is still going but its cost has ballooned from an initial $14bn to the latest estimate of $25bn.

Such setbacks have dented the chances of more nuclear plants being built in the US as the country increasingly turns to domestic shale gas as well as wind and solar for its electricity.

China, in contrast, is chasing an aggressive target to increase its nuclear capacity to 58 gigawatts by 2020 from 35.8GW, or 4 per cent of national power generation, at the end of last year. But Gloria Lu, analyst at Standard & Poor's, the rating agency, says foreign reactors face a struggle to compete with China's own HPR1000, known as the Hualong 1, which could be up to 30 per cent cheaper due to its domestic supply chain. *Andrew Ward*

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS



FINANCIAL TIMES
'Without fear and without favour'

FRIDAY 18 MAY 2018

Iraqis spring a surprise with Sadr poll victory

An already vulnerable state risks outright failure in US-Iran crossfire

Democracy, however imperfect, is prodigal in surprises. So it proved in an Iraq just starting to emerge from its latest episode of ultra-violence. The shedding of more blood follows the defeat of the jihadis of Isis, who in 2014 over-ran a third of the country, reaching the approaches to Baghdad.

Conventional wisdom had it that Haider al-Abadi, the Shia Islamist prime minister, would win last Saturday's general election, rewarded for driving out the Sunni supremacist blackshirts, some of whose commanders once served Saddam Hussein.

It was assumed that Hadi al-Amiri, leader of the Iran-backed Shia paramilitary coalition, the Popular Mobilisation Forces, that first braked the Isis onslaught after Iraq's army melted away, would share the laurels of victory and come a close second.

Nouri al-Maliki was ousted as prime minister by Mr Abadi in 2014. His sectarian policies had alienated the Sunni and Kurdish minorities, and hollowed out the army. Yet he was kept in contention, by his hold on the ruling Islamist Da'wa party and by Tehran.

In the event, Muqtada al-Sadr came first. He is the young Shia cleric who launched two insurrections against the Anglo-American occupation in 2004, and who in recent years reincarnated as an Iraqi nationalist against Iran's intrusive tutelage of Iraq's politics. He won by allying his mass following in the Shia underclass with the Iraqi Communist party and secular civil society groups. Mr Amiri came second (and Mr Abadi third) — a salutary shock to the legitimacy of Iran and its proxies.

Scion of an illustrious Shia clerical dynasty, Mr Sadr inherited from his father and father-in-law, both killed by Saddam, a politico-religious network knitting urban and rural Shia with the great shrine cities of Najaf and Kerbala. Two years ago he re-emerged to head a popular backlash against the inability of oil-rich Iraq's corrupt political elite to provide basic services such as electricity and water, let alone security against Sunni jihadi outrages and Shia militia lawlessness. In April 2016 Sadrist-inspired protesters stormed parliament in Baghdad's fortified Green Zone. The outburst came after MPs thwarted Mr Abadi's attempts — with US and EU support — to assemble a government of non-partisan experts in charge of finance, utilities and oil.

This time Mr Sadr has stormed parliament through the ballot box. But to come first in Iraq's fragmented politics is not to win. That is doubly true after President Donald Trump has withdrawn the US from the nuclear deal Iran agreed in 2015 with world powers. Tehran will not relinquish its hold over Iraq, which, with its Shia majority alongside Iran's borders, it sees providing indispensable strategic depth.

Already Qassem Soleimani, the revolutionary guard commander who oversees Iran's Shia Arab paramilitary allies across the region, is in Iraq trying to put together an alliance with Mr Amiri's PMF front and the discredited Mr Maliki at its core. Mr Sadr, who wants the US and Iran out of Iraq and has built bridges to Saudi Arabia, is suspect in Iranian eyes.

Yet Iraq's reconstruction and very survival need wide consensus and competent ministers, which argues for the inclusion of the Sadrist coalition and Mr Abadi. Further pursuit of factional advantage instead of the public good, of zero-sum sectarianism rather than power-sharing, will reopen the gates to a jihadi comeback. A Sadr comeback would be preferable. The US and Iran fought in alignment, if obviously not alliance, against Isis. However visceral their enmity, they should stay aligned behind the stability of Iraq, a country struggling to stay alive.

Customs union question can be dodged no longer

MPs should force the government to tackle a central Brexit issue

It has been 694 days since Britain voted to leave the EU. In another 315, that decision is set to become reality. Yet the government of Theresa May has still not come to an agreement — either with itself or with Brussels — on what the new economic relationship with the continent should be. This was the most basic question raised by Brexit, and it should have been answered before Article 50 was triggered, setting in motion withdrawal. Failure to do so is testament to political divisions and weak leadership.

There is an Alice in Wonderland quality to the debate in cabinet over the UK's future customs arrangements with the EU. Leavers dream of striking free trade deals with the rest of the world, ignoring the need to untangle four decades of close ties with Europe. Remainers are betting on Brussels changing its mind on a convoluted arrangement cooked up by the prime minister's advisers and called a new customs partnership. In the short term, neither approach passes muster.

In a dismal debate, there is a glimmer of good news. The cabinet is close to agreeing a "backstop" proposal that would keep the UK in a close customs arrangement, itself aligned to EU regulations, until the technology exists to facilitate either of the two proposals. Essentially, the UK would maintain the status quo on customs beyond the end of the standstill transition period that ceases in 2021. This amounts to nothing more than playing for time. And for now, the hardline Brexiters in government are playing along.

The details of this latest compromise have yet to be revealed. It is also far from clear whether Brussels negotiators will countenance an accommodation. Mrs May's backstop veers close to "cherry picking", enjoying the benefits of customs arrangements without the obligations of membership

Further delay is more plausible than betting that the cabinet's "maximum facilitation" or a customs partnership will be ready in time. Indeed, such a delay could be a politically expedient route to a permanent customs union.

Such an outcome would be in the national interest. A customs union with the EU — however it is badged — is necessary to help maintain a soft border on the island of Ireland, protect European-wide supply chains and the UK's manufacturing sector. True, it would restrict Brexit Britain's ability to strike new trade deals on goods. But the Brexiters ignore the fact that the UK is largely a service-based economy. Recent airy talk of a trade deal with Turkey, for example, ignores the fact that Turkey itself is in a customs union with the EU and is bound to the bloc's regulations and external tariff.

In a new customs union, Britain would still be leaving the EU, taking control of its borders and its money, as well as having the ability to negotiate trade deals on services. In the face of all this, Mrs May should acknowledge reality. The UK's special relationship with its most important trading partner requires a close customs arrangement. It would not solve all of the problems of Brexit, particularly on the Irish border, but it would go a long way.

If the government refuses to accept this, parliament should take control. A majority in the House of Commons likely favours a customs union. If the government's dithering does not stop soon, MPs should settle this matter by forcing a vote on whether to seek a new customs union permanently.

Too much precious capital has been wasted during the Brexit negotiations. Too many Conservative ministers are taking positions based on political ambition rather than economic principle. The customs issue cannot be dodged any further.

Letters

Email: letters.editor@ft.com
Include daytime telephone number and full address
Corrections: corrections@ft.com
If you are not satisfied with the FT's response to your complaint, you can appeal to the FT Editorial Complaints Commissioner: complaints.commissioner@ft.com

Oil and gas groups must do more to support climate accord

For the Paris climate agreement to succeed (May 10), the oil and gas industry must be more transparent and take responsibility for all its emissions. Over the next few weeks some of the world's largest oil and gas companies will hold their annual shareholder meetings (May 5). How these companies are positioning themselves for a low-carbon future will be an important topic for discussion.

As long-term investors, representing more than $10.4tn in assets, the case for action on climate change is clear. We are keenly aware of the importance of moving to a low-carbon future for the sustainability of the global economy and prosperity of our clients. Additionally, regulation to keep global warming below 2C and in line with the Paris agreement will create additional costs for carbon-intensive industries and risk stranding assets.

The Carbon Disclosure Project estimates that the oil and gas industry and its products account for 50 per cent of global carbon emissions.

For companies in the sector, emissions from the use of their products account for about 90 per cent of this. Therefore, reducing the carbon impact of their products is the most effective strategy for these companies to move to a low-carbon world. The capital allocation decisions they make today are important to determine how likely they are to survive that transition.

Through a proposal put forth by NGOs, investors attending Royal Dutch Shell's meeting next week will be asked to vote on whether the company should set firm carbon emissions targets aligned with the Paris accord. Shell has already shown industry-leading ambition in this area. Investors are being asked to decide if this has gone far enough.

Regardless of the result at the Shell AGM, we strongly encourage all companies in this sector to clarify how they see their future in a low-carbon world. This should involve making concrete commitments to substantially reduce carbon emissions, assessing the impact of emissions from the use of their products and explaining how the investments they make are compatible with a pathway towards the Paris goal.

Investors also urge policymakers to take clearer and more collective action on implementing regulation that will support the necessary investment in lower-carbon technologies. We will continue our oversight and dialogue with oil and gas companies to better understand how the investments we make on behalf of our clients are aligned with a sustainable future.

Investors are embracing their responsibility for supporting the Paris agreement. It is time for the entire oil and gas industry to do the same.

Aberdeen Standard Investments
Axa Investment Managers
BNP Paribas Asset Management
Legal and General Investment Management
Newton Investment Management
For a full list of signatories, go to ft.com

A wider net to catch mismanagement

The findings from the parliamentary report into the Carillion collapse ("Carillion board and auditors savaged in scathing report", May 16) are clear: without significant reforms to the UK's corporate governance framework, a similar scandal is simply a matter of time. The familiar behaviour the report describes went unchallenged under an outdated and ineffective governance framework, pointing to the lack of collective and individual accountability for management failures.

The duty on directors to promote the success of the company was designed to be enforced by shareholder oversight, but derivative proceedings against a director for a breach of these duties have never been brought. At the same time, investors' ineffectiveness at holding directors to account has been richly rewarded.

The percentage of profits returned to shareholders from the FTSE 100 has risen from 49 per cent to 60 per cent in the past 15 years. In the 1970s it was less than 10 per cent.

The Carillion fiasco cost thousands of jobs and posed an unacceptable risk to vital public services and infrastructure projects. It is a stark illustration of the need to place the interests of employees, customers and suppliers on a par with those of shareholders. At a minimum, the government should stick to its original commitment to place workers on company boards.

The category of person who can bring proceedings against directors should be widened from shareholders to anyone with a legitimate interest in the company and this should be complemented by the creation of a positive obligation on directors to mitigate against serious harms. Presiding over serious corporate failings should also be grounds for directors' disqualification and criminal prosecution in the most egregious cases.

Marilyn Croser
Director, Corporate Responsibility Coalition, London SE11, UK
Susan Hawley
Policy Director, Corruption Watch, London, UK

Big opportunity to shake up corporate governance

Now that the Insolvency Service and business and work and pensions committees are united in their denunciation of the Carillion board (May 16) and the roles and ethics of its auditors, it is time to grasp a golden opportunity.

We need to create a national Corporate Governance Reporting Council far beyond the thrall of the current Financial Reporting Council.

Corporate governance is so much more than accounting as it focuses on the board, ensuring that all aspects of the continuing health of a business are balanced. This applies as much to governmental and not-for-profit organisations as to business. The current FRC treats corporate governance as a mere subcommittee.

It cannot even debar directors, only accountants. Let us free UK corporate governance for the sake of the nation.

Professor Bob Garratt
Visiting Professor in Corporate Governance, Cass Business School, London EC1, UK

'Yanny'

'Inexperienced' Italian government imperils EU

In your leader, "Rome opens its gates to the modern barbarians" (May 15), you state that "Italy is on the brink of installing the most unconventional, inexperienced government to rule a western democracy since . . . 1957".

Do you really believe they can snatch that crown from the US? If so, the EU is in real danger and perhaps the Brexiters were right after all.

Or perhaps the US no longer qualifies as a democracy.

Bruce Mathers
Zug, Switzerland

Regulators will struggle to rein in resilient bitcoin

The article, "MBA view: will bitcoin regulation undermine its value?" (FT.com, May 16), made disappointing reading, as my fellow MBA colleagues were unable to go deeper than the superficial analysis of bitcoin prevalent in mainstream discourse.

First, bitcoin is not simply a new asset, like oil or equities. It is a monetary asset, and thus, by definition, is entirely speculative in nature. Bitcoin is thought to be the hardest money created to date, epitomising the school of Austrian economics. Due to totally inelastic supply and variable demand, volatility will remain high until the rate of entry of new money into the ecosystem is dwarfed by that already inside.

Second, the narrative that "blockchain technology" is the true value underlying bitcoin is false. Rather, bitcoin is the underlying monetary asset around which economic incentives are aligned such that millions of actors can reliably operate and trust a decentralised, distributed ledger of ordered, immutable transactions — ie: a blockchain. The value is not in the technical architecture of the distributed ledger, but that the data inside it can be trusted without the need for third parties.

Regarding regulation, the question is not whether bitcoin will be a target of regulation (it will) and resultant short-term impacts on pricing. Rather, as an open-source software project without any leadership, a globally decentralised operating model and a proven dynamic resilience to attacks, can financial regulators control this emerging digital monetary asset at all in the long run?

Nima Tabatabai
Westminster Business School, London E8, UK

Equitable provision of care should be principal focus

Pending the expected efficiencies provided by future applications of artificial intelligence to medical care in the US (Letters, May 15) the persisting high cost of care might be better addressed by provision of preventive and clinical services in a more equitable manner. Universal care for all would get there sooner than anything else.

David Bernanke
Alexandria, VA, US

A sector rigged in favour of producers is unhealthy

William Frist argues that "AI can solve the healthcare productivity problem" (Letters, May 16). Maybe artificial intelligence can improve productivity. But the US's expensive healthcare is more a product of a market rigged in favour of producers not patients than a lack of productivity.

When the biggest healthcare buyer — Medicare — is prohibited by law from using its clout to negotiate better prices for drugs, maybe poor productivity isn't the reason prices are high.

Dr Stephen Black
Biggleswade, Bedfordshire, UK

The route to peace in hawkish US approach

Guy Wroble's observation on the consequences of the US exit from the Iran deal is alarmist (Letters, May 14). If the US erred, it was only tactically, by failing to remain in the deal for another six months, while European allies coaxed Iran into negotiating an addendum, which would have addressed US fears. Iran would have remained intractable, and the US would have been vindicated, leaving Europeans no choice but to agree to the re-imposition of sanctions. The onus would have fallen on Iran instead of the US, as it has now done.

Iran would have rejected curbs on its ballistic missile programme and the elimination of sunset clauses, which would have allowed it to resume uranium enrichment in 10 to 15 years, because the deal in its current form conforms to its two-stage strategy for becoming a nuclear power. And this is why it had been in compliance.

Europe is exercised by the US withdrawal and re-imposition of sanctions because trade and investment opportunities will be curbed, not because it believes the Iran deal will bring peace in the long term.

A hard-nosed approach, such as the US's, rather than appeasing an aggressive regime, provides the only true path to peace, as history shows.

Albion M Urdank
Los Angeles, CA, US

Correction

● Ecuador last defaulted on its sovereign debt in 2008. El Salvador defaulted twice last year, not Ecuador as incorrectly stated in an article on May 14.

Menopause, impotence and other useful economic terms

Notebook
by Robert Shrimsley

The deputy governor of the Bank of England has been forced to apologise after using the word "menopausal" to describe an economy past its productive peak. Ben Broadbent said he had used the term only to explain another similar term, "climacteric", which is gender neutral but less well known. Nevertheless he was widely criticised for using lazy, sexist and demeaning language. In an attempt to prevent a repetition, the Bank of England is now rolling out a suite of male, female and gender neutral metaphors to ensure that future offence is given on a more equal basis.

Impotence: A serious problem, especially in a pre-climacteric economy. An underperforming economy is distressing for all parties. This kind of dysfunction can be either structural or cyclical or psychological. But once it occurs, the psychological factors can become dominant even if the initial causes were underlying. In this sense, it is seriously possible to talk an economy down, but much trickier to talk it up. Some success may be achieved by varying the economic stimuli. This might include interest rate cuts or rolling out QE. This last might involve dressing up as the chancellor of the exchequer and talking suggestively about economic growth on budget day. If all else fails there is always Viagra, but this can lead to overheating.

Male menopause: This is a dangerous condition for a mature economy. After years of happy, steady and sober growth the economy tires of spending all its time with all its usual mates and the wife it has been with for 20 years. It dumps the lot and takes up with a younger or more radical economy it met online. It might start dressing like a Venezuelan or hanging out with South Sudan and going to rock concerts. It sheds its flag of symmetrical designs in favour of an abstract design by a hip new artist and buys a sports car. Friends are surprised by the economy's new haircut and its sudden penchant for yoga, helicopters and helicopter money. Freed from the shackles of staid and conventional monetary policy, it splurges on expensive investments like a Fender Stratocaster or high-speed rail network.

Obesity: This is an economy that has let itself go; an economy which has given up going to the gym and is too heavily dependent on house price inflation and junk commodities like lightly regulated financial products. Many blame debt addiction and point out that unhealthy economies are often characterised by shelves full of leveraged loans or offers from QuickQuid near the checkout aisles at supermarkets. Some economies are exhibiting dangerously high body mass indices, with debt-to-GDP ratios in excess of 90 per cent. Such economies must consume 10 per cent of their own body weight each day just to manage the interest payments.

Hot flushes: A classic monetary condition in which an economy suddenly overheats and throws off the duvet in the middle of the coldest night of the year shouting, "Can't we open a damn window in here?" Economic hot flushes can be caused by spicy food, stress, alcohol or overheating in the buy-to-let market.

Narcolepsy: A narcoleptic economy is one given to sudden bouts of weakness and fatigue. Historically, productive economies can succumb to narcolepsy if their major industries no longer power ahead of the rest of the world. A narcoleptic economy will not so much fall suddenly asleep as exist in a half-zone where it is not quite asleep, but not fully awake.

Gender fluidity: The economy refuses to be defined by behavioural stereotypes and insists on its right to express itself beyond strict societal norms of behaviour. Gender fluid economies are sometimes deflationary and at other times inflationary. Deal with it, ok!

Narcissistic Personality Disorder: (Tricky this, as I promised the opinion editor not to write about Brexit this week). An NPD economy is prone to exaggerating its own importance; is preoccupied with fantasies of success and power; sees itself as special and has unreasonable expectations of favourable treatment; requires constant attention and admiration from others; and lacks empathy. There is no cure for this, but very long transition periods can mitigate the worst effects. So no Brexit connotations here whatsoever.

robert.shrimsley@ft.com

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Opinion

Tech lessons from Amazon's battle in Seattle

FINANCE

Gillian Tett

Another week, another piece of "tech-lash". Facebook has been in the cross hairs for its (mis-)handling of consumer data. Now, Amazon has become embroiled in a separate tussle about tax and inequality in Seattle. While the sums involved are tiny, investors should take note — if nothing else because the Seattle saga captures the wider challenges being created by the stunning success of tech today.

The issue at stake is a new tax that the city of Seattle is introducing to tackle homelessness. The council had initially proposed asking each local company with more than $20m revenues to pay $500 tax per employee.

However, Seattle-based businesses like Starbucks and Amazon complained. Indeed, the latter company was so angry that it halted a downtown expansion in protest. So this week the city cut the tax to $275 a head, hoping to raise $45m or so.

At this point, you might stop reading. After all, $45m is a piddling sum for a company such as Amazon, which employs 40,000 people in the Seattle area and just notched up $1.6bn quarterly net earnings.

Meanwhile, everybody agrees homelessness is now a dire problem in the city, fuelled by opioid addiction. Thousands of homeless people live in grubby, trash-strewn encampments, many close to Amazon's offices. Moreover, the city has limited ways to raise revenue, since the state bans income and wealth taxes.

But Jeff Bezos, the Amazon chief executive, is still seething. This week, an executive declared that the company is "disappointed" by the new tax and "very apprehensive about the future created by the council's hostile approach and rhetoric toward larger businesses, which forces us to question our growth here." In plain English, it is threatening to leave.

No one knows if Amazon will carry out this threat. But the saga highlights at least three striking points. The first is that America's digital giants can be shockingly blind to "externalities", or the costs they create in the wider political and social ecosystem (and vice versa).

One reason this fight exploded is that business leaders think Seattle's leftwing council is ineffective. They have a point: the city has mishandled the homeless crisis. But the other reason is that Amazon has expanded at such dizzy speed, and with such single-minded focus on profits, that its leaders have paid scant attention to local politics — and the divisive impact of the tech boom.

> Digital innovation is still concentrated in urban clusters, creating a range of problems

Some local companies have been savvier. Microsoft, which is based in a nearby suburb, has learnt in recent years to court local politicians. Starbucks has poured energy into social projects. But Amazon executives seem genuinely surprised by the anger of local leftwing politicians. Having given money to local philanthropy projects, Amazon did not expect to be asked for tax as well. That suggests they urgently need to get better lateral vision.

The second point is that policymakers and tech leaders alike need to find ways to spread digital activity more widely across America.

This is starting to happen. Google, for example, has been quietly placing data centres in various regions. But Amazon's main attempt to "diversify" has been to launch an all-too-public contest to choose the location for a second headquarters. Ironically, this process may spark even more tech-lash: not only is it costly for cities to make this type of public bid, but the beauty parade will make it even easier for Amazon to extract tax concessions.

That points to a third lesson: cities themselves need to become a great deal smarter and more proactive about how they handle digital growth. In decades past, optimists hoped that tangible geography would be irrelevant in cyber space. Sadly, that has proved to be wrong.

Digital innovation is still tightly concentrated in urban clusters. This is creating bottlenecks, spiralling house prices and homeless encampments next to the houses and offices of billionaires. It can only be resolved if public authorities learn to work with business to develop infrastructure.

Of course, if Amazon does follow through on its threat to take more operations outside Seattle, this may ease local overcrowding somewhat. Indeed some city officials would be almost relieved by this outcome. But moving a few thousand jobs will not solve the bigger issue: how to handle the inequalities of money — and of power — being created in America by big tech's stunning success.

In that sense, then, Seattle, like Silicon Valley, is a worrying barometer. The tech-lash is likely to worsen.

gillian.tett@ft.com

Brexit Britain is closed to foreigners

GLOBAL POLITICS

Philip Stephens

Britain's National Health Service has a pressing need for more doctors. Hospitals have found willing and qualified recruits overseas. Theresa May's government refuses to issue them visas. Better patients be put at risk than immigration rules relaxed. Support for the NHS may be the closest thing Britain has to a state religion, but Brexit is nothing if not "taking back control" of the nation's borders.

This small lunacy illuminates a bigger choice. There is more to Brexit than supply chains, regulations and farm subsidies. It is about the nation's character. Membership of the EU has anchored a cosmopolitan Britain in the wider world. Does leaving portend Britain First — a place that has had its fill of footloose elites, global corporations and migrants? Or is it to be Britain Unbound — a country of swashbuckling free traders with their sights on the world? Brexiters have so far ducked the collision.

Mrs May has come down firmly on the side of a Trumpian interpretation of the 2016 referendum result. Debarring foreign doctors is just a start. Though on the Remain side in the referendum campaign, the prime minister has long taken an illiberal view of migration. "Citizens of nowhere," she has called the globalists. Her stance is entirely of a piece with the anti-migrant campaign waged by Brexiters.

Hostility to immigration has been at the core of the pro-Brexit case. Escaping the free movement obligations of the EU has been made the reddest of red lines. The leave side defined itself with the claim that Britain was being lost to an uncontrollable tide of migrants from eastern and central Europe. Many were criminals and welfare scroungers. Public services had been overwhelmed.

Things would get worse, these Brexiters warned. The EU was poised to admit Turkey and the Balkan states. Another 80m people would soon be heading to Britain. The claim was palpably mendacious, but facts were not allowed to get in the way of xenophobia.

Big business was in on the conspiracy. Boris Johnson and Michael Gove, the cabinet ministers who led the Leave campaign and are now holding Mrs May to ransom in pursuit of the hardest of Brexits, charged that the CBI, the country's leading business organisation, was in the pocket of Brussels. Free movement allowed fat corporations to cut wages and supplied well-heeled elites with household staff.

The toughening of immigration policy has become indiscriminate. The Guardian newspaper disclosed last month that immigration officers were systematically harassing Caribbean-born Britons. The so-called Windrush generation arrived during the 1950s and 1960s, the children of workers invited to help rebuild postwar Britain. Many failed to gather the right paperwork. The Home Office shut off their benefits and told them to go home.

In this instance, the egregious injustice sparked a furore. The episode cost Amber Rudd, then home secretary, her job. The government has since dropped its boast about a "hostile environment" for migrants. Nothing of substance has changed. Foreign students are falsely accused of faking English proficiency tests, families are broken up, and EU citizens are used as a bargaining chip in Brexit talks with Brussels.

The restrictions are blind to social class. The Guards Polo Club, an elite institution founded by Queen Elizabeth's husband, Prince Philip, has blamed a financial loss on immigration curbs on overseas players and grooms.

> May has come down firmly on the side of a Trumpian interpretation of the 2016 referendum

Friends say Mr Johnson and Mr Gove are not personally anti-migrant — just as Mr Johnson had not meant to offend when he once described Africans as "piccaninnies" with "watermelon smiles". The Leave campaign's warnings that NHS maternity units would soon be overrun by Turkish mothers were, well, campaign politics.

Putting aside the breathtaking cynicism, such self-exculpation ignores the inconvenient fact that the government plans draconian cuts in the numbers allowed to come to Britain. Before the Brexit vote net migration was running at almost 300,000 a year. It has fallen since to about 250,000 as many EU citizens sense they are no longer welcome. The intention is to slash the number by another 60 per cent to 100,000 or less.

All this makes a mockery of "Global Britain". The essence of the great expansion of cross-border trade and investment — and of Britain's success as a global business hub — has been that borders have been opened to people as well as capital, goods and services. Every significant trade deal includes provision for freer movement of workers.

The self-styled Brexit globalists, who pretend that, outside the EU, Britain can remake itself as an Elizabethan power, cite the US, Canada, India, Turkey, Australia and China as among those first in line for bilateral trade deals after Brexit. Yet prospective partners want lighter visa controls as a part of any deal. To borrow a phrase coined by a distinguished British diplomat, modern economies cannot be open for business and simultaneously closed to foreigners.

Perhaps Mr Gove and Mr Johnson do feel the odd twinge of regret about their nativist fear-mongering as Britain waves goodbye to the open, liberal society that flourished within the EU. But how to explain this to voters who took them at their word when they promised to throw up the barricades? Donald Trump is due to visit Britain this summer. The America First president will feel quite at home with the Brexiters.

philip.stephens@ft.com

The focus on intergenerational inequity is a delusion

ECONOMICS

Martin Wolf

Is it useful to analyse policy in terms of an "intergenerational contract"? A report from the "Intergenerational Commission", sponsored by the Resolution Foundation, assumes just that. The report makes worthwhile recommendations. But its premise is unpersuasive. The problem is not the breakdown of a mythical intergenerational contract. It is that the UK has messed up policy in five significant respects: growth; ageing; risk-sharing; housing; and redistribution.

The focus on an intergenerational contract runs into at least three big difficulties. First, the definition of generations is arbitrary. Second, the differences in opportunities and outcome within generations are, apart from shared disasters, such as world wars, far more significant than those across them. This is particularly so in a country with relatively high inequality, by the standards of high-income countries, such as the UK. Third, the report accepts that "each successive generation should have a higher standard of living than the one that came before it". But this belief is just a result of sustained economic growth. Once the growth stops, so must that belief. The growth matters, not the alleged norm.

If we look at the report's analysis in terms of the underlying challenges, it seems evident where the difficulties lie. The most important is the collapse in economic growth. Between 1997 and 2007, real gross domestic product per head rose by 29 per cent. Then, between 2007 and 2017, it rose 3.5 per cent.

This is much the most important reason why more recent entrants into the labour market have fared worse than earlier ones, particularly since a flexible labour market has (fortunately) kept unemployment low. If growth stays as low as this, the standard of living of successive generations cannot rise. There are many reasons why growth has been so dismal. But the fact that gross savings and investment rates have been almost the lowest among all the high-income countries has to matter.

A further difficulty is that the population is ageing. Indeed, the dependency ratio started to rise precisely when the financial crisis hit. It is possible to debate the extent to which the old are being mollycoddled at the expense of the young, but rising dependency requires growing transfers of resources from those in work to those who are so no longer. As the report duly notes, "An ageing population and rising health costs look set to significantly increase welfare spending in the coming decades." The lower the rate of economic growth, the more painful this will be.

> Pitting young people against older generations conceals policy areas where the UK has messed up

Another issue with intergenerational consequences is the shifts in the distribution of risk, from employers to employees, in all aspects of the employment contract — including pensions.

The defined benefit pensions of the past favoured a group of relatively successful workers. As is customary, the old system grew up without forethought and its collapse also occurred without forethought. The balance between individual and collective risk-sharing across and within generations needs careful rethinking. Is this going to happen? No.

One problem is the failure to increase the supply of housing, in quantity and quality, to meet rising demand. That has benefited those who own housing (automatically, the relatively old). Everybody who has thought about this knows the answer is a huge increase in supply.

That must start with the release of land and proceed via incentives for the private sector to build, or a decision by the government to do so. Given the ultra-low real interest rates the government has enjoyed since the crisis, its bleating about the risks of government debt, instead of launching a huge house-building programme, was stupid.

Finally, there is redistribution. The issues here are only in small part intergenerational. For example, young people with parents who own valuable houses will ultimately be able to own houses themselves and those without this advantage will be far less able to do so. This is an intra-generational, not an intergenerational, issue.

The report does contain some excellent policy suggestions. I strongly support, for example, the proposed reforms to property taxation and the shift from inheritance tax to a tax on lifetime receipts. I agree, too, that wealthy pensioners, who are exempt from national insurance contributions (obviously, just a tax) should pay more, in one form or another.

But the focus on intergenerational equity is not helpful. The core challenges are the ones outlined above.

It all has to start with economic growth. If growth performance does not improve, the world of ever-rising fortunes will be gone forever. This is the heart of it all. All else is commentary.

martin.wolf@ft.com

There has never been a better time to invest in France

Anne Dias

It is an old Rothschild adage that to get rich, you must buy "on the sound of cannons". This month police fired water cannons to disperse members of the "black bloc", masked anarchists who disrupted a Paris May Day protest against President Emmanuel Macron's reforms.

International investors may view this flare-up as a symptom of ills that have afflicted France for decades. But nothing could be further from the truth. I cannot recall a better time to invest in France.

The French government is determined to reinvigorate the country's sclerotic business environment. France is witnessing reform at a rate never before seen in the Fifth Republic.

With Mr Macron's La République en Marche party enjoying a large parliamentary majority, there is no reason to think that the pace of change will slacken.

The president's reforms fall into five broad categories. First, labour market reform. The labour law passed in September 2017 allows companies to reach deals with their own workers rather than being forced to comply with industry-wide agreements on working hours, pay and overtime.

It also caps the damages courts can award for unfair dismissals and makes the closing of lossmaking plants in France by profitable multinationals permissible.

Then there are individual tax cuts. The typical payslip reads like a laundry list of various taxes and social charges. The employee contribution for health and retirement has been abolished, and employers must now prepare simplified payslips. It is for asset owners, high earners and the wealthy that tax cuts will have the most impact. The contentious wealth tax was abolished last year for all assets other than property.

> The Macron government is reforming business at a rate never before seen in the Fifth Republic

Meanwhile, corporate tax rates are set to decline — from 33.3 per cent today to 25 per cent by 2022. This may not be on par with Ireland or the UK, but it certainly makes France competitive with Germany and countries in southern Europe.

Historically, it has been costly for the French to invest in equities, with tax rates north of 50 per cent for some. No longer. In its first budget, the government introduced a "flat tax" of 30 per cent on all investment income. This makes it worthwhile for people to consider investing in the stock market, venture deals and private equity.

The final category of reform involves cutting red tape for entrepreneurs. For example, forthcoming small business legislation will allow people to start a company with a single registration form, rather than seven as previously.

If all this is good for French businesses and workers, what does it mean for foreign investors?

On the private equity side, the most interesting investment opportunity may lie in small and medium-sized companies that were previously handcuffed by the requirement that business owners own a minimum of 25 per cent of their equity in order to circumvent the punitive wealth tax.

This created a disincentive to use equity to grow via mergers and acquisitions, to sell a stake to a financial buyer or to raise equity capital to expand. New incentives to finance growth with equity should be attractive to investors.

The government is also planning to make equities investing more attractive. France's personal savings rate is 14 per cent, but this is mostly invested in low-yielding savings accounts and life insurance. A small shift in asset allocation has the potential to create a demand for equities on the part of long-term savers.

Will Mr Macron's plan work? That depends on whether tax cuts and deregulation are accompanied by a serious attempt to cut the size of government. He has done a lot in his first year in office to turn France into a country where working and investing pay off. There is no sign that he is about to stop.

The writer is founder and chief executive of Aragon, a Chicago-based investment fund

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

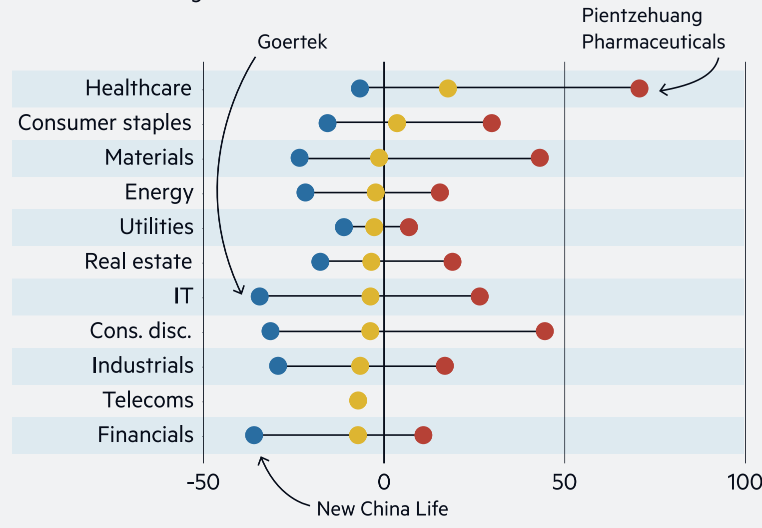
Lex.

Twitter: @FTLex **Email:** lex@ft.com

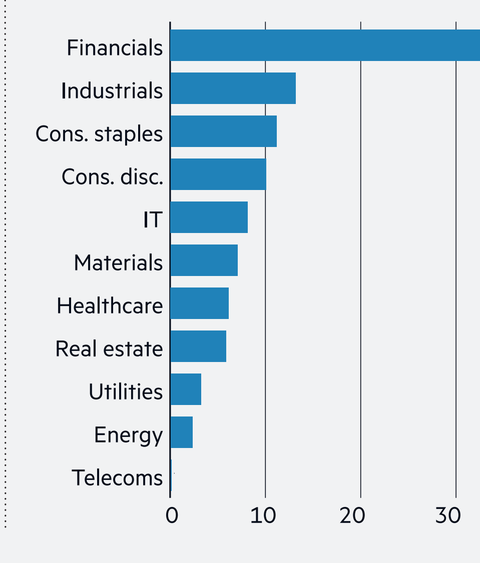
Chinese stocks/MSCI: passive unaggressive

Mainland A-shares in line for inclusion by MSCI indices run the gamut from outperformer Zhangzhou Pientzehuang Pharmaceuticals, up 71 per cent this year, to New China Life, down 35 per cent. Divided by sector, financial and industrial stocks are heavily represented.

Total return
Year-to-date (%)



Sector weights
Per cent



FT graphic Sources: Bloomberg; MSCI

Great news for stock pickers who know Chinese. Many investors cannot wait to put their money into China via passive funds. MSCI will soon add more than 200 mainland-listed A-shares to three of its indices. This will spur less than $4bn in passive inflows through to September, according to Morgan Stanley. Small beer by the standards of international fund flows. The slightest hint that active managers can profit will lure hot money.

Mixed returns since the beginning of the year show much can be made — or lost. One pharma group gained 71 per cent. Insurer New China Life fell more than a third. As a whole, stocks fell roughly 1 per cent, if returns are capitalisation weighted.

A wall of money is waiting to flow into China. Theory suggests that the average investor should allocate as much to China as to Europe and the US. The country's stock market is the world's second largest by market value. China's share of global output, adjusted for purchasing power parity, is on par with that of Europe and the US.

The problems are obvious. The risk of fraud among Chinese businesses is so high it became the subject of a recent movie. Analysts writing negative reports face legal action. Well-known brokers do not yet cover A-shares in enough depth. State meddling is an ever-present threat. A "national team" stepped in to "save" the market in 2015. Capital account restrictions make it difficult to take money home.

MSCI has lobbied for years to force the government to address its concerns. Its selection criteria aim to exclude the most risky stocks by focusing on large-caps with limited history of suspensions.

Other attractive opportunities are bound to occur. Gavekal, a research group, highlights that nine-tenths of the 700 new listings since March 2016 have only limited levels of government ownership. Many of them operate in innovative sectors such as IT and healthcare.

Active investors are on the back foot in the west. China presents them with a time-limited opportunity, albeit one fraught with risk. As long as index funds are tentative, they should exploit it.

Bookmakers: machine learning

A government choke collar on British bookies means gamblers stand to lose just £6 per minute rather than £300 on fixed odds betting terminals. Former investors in Ladbrokes Coral, however, will lose considerably more.

Ladbrokes shareholders who agreed to GVC's takeover deal last year did so in part because they would receive contingent value rights (CVRs) for each share, potentially worth a combined £800m. These would pay out if the outcome of the betting terminal review was positive for the industry. Now that bookmakers have been handed their worst-case scenario, the CVRs are worthless.

GVC could well have bought Ladbrokes for less if it had waited. But the CVRs must still have mitigated the fall in GVC's share price triggered by worries over Ladbrokes exposure to terminals. The UK's big gambling companies will lose out as a result of the £2 maximum stake limit on fixed-odds betting terminals. The market's sanguine reaction to the final decision yesterday shows it was all priced in.

The clampdown is likely to spur a new round of takeovers, even if shareholder appetite for hedges in future tie-ups is diminished. The clever money is on William Hill as a target. The company is weighed down by a large stock of shops. It could lose up to 45 per cent of total net gaming revenue as a result of the £2 stake limit. But it is also primed to take advantage of a relaxation in US sports betting laws thanks to three acquisitions made there in the past decade. Rivals are already moving. Paddy Power Betfair is in talks to buy US company FanDuel.

Any buyer will want to think carefully about the government's plan to claw back lost tax revenue on terminals by raising more from other forms of gambling. And while the sector has grown via acquisitions, GVC, Paddy Power and William Hill all trade on forward earnings multiples about a third lower than they did 18 months ago.

But there are reasons to be cheerful. Betting terminals have not been abolished and there are no limits on the amount of time punters can play or the total they can spend. More importantly, a date has not been announced for the introduction of stake limits. The industry should seek a long transition. Revenue may not be affected this year or even next. That will give UK companies a chance to push hard into the US.

Arion Bank/Kaupthing: golden circle

Fun and flair. Trumping bureaucracy. Intelligent risk taking. Such were the boastful slogans of Iceland's Kaupthing Bank, symbol of pre-crisis banking excess. Ten years after its collapse, successor Arion Bank has plans to list. Investors can expect a less hubristic — but still risky — pitch.

The idea is to sell at least a quarter of the bank created in October 2008 from the domestic assets of Iceland's disgraced lender. This marks another turning point in Iceland's recovery — although it will not be the first share sale by the winding up committee of Kaupthing, its biggest shareholder. After the lifting of capital controls last year, Goldman Sachs and three hedge funds bought a third of Arion. This, however, is the first Icelandic bank to be listed on a main market since the crisis, albeit a market worth just a third of its value a decade ago.

Arion's fortunes are tied to those of Iceland, which has long been prone to booms and busts. Its recent recovery owes much to the surge in tourism. But the tourism craze might have run its course. The strong Icelandic krona is likely to reduce numbers this year and slow the economy. Growth is forecast to dip to 2 per cent in 2020.

Less growth will at least ease fears of over-heating. Even so, Arion will be valued less generously than other Nordic banks, which have price to book ratios of up to 1.4 times. Recent transactions involving Arion suggest a price of about $1.7bn, just under 0.9 times the book value of its assets. That would be appropriate. It does not deserve a premium valuation.

Yet the bank is in good shape given its history. Non-performing loans fell from 60 per cent of the total in 2010 to 1.4 per cent in September 2017. With a tier one capital ratio of about 24 per cent, its balance sheet is strong; although it plans to cut this back to 17 per cent, this is still above average.

The recovery of the Icelandic economy and its banking sector has been remarkable. That, at least, is worthy of a small boast.

Corporate tax arbitrage: masters limited

MLP RIP. 2018 should be remembered as the year a small but high-profile set of companies decided that paying more tax was the smart thing to do for shareholders. On Tuesday three energy infrastructure companies — Enbridge, Williams and Cheniere — announced multibillion dollar simplification mergers around their master limited partnership (MLP) subsidiaries.

Mind-bending corporate structures had been justified for years around onerous taxes. But Trump tax cuts, an esoteric regulatory ruling and other accumulating problems for MLPs suddenly have made simple corporate forms the way to appeal to investors.

MLPs perhaps were the ideal security just after the financial crisis. By owing no corporate tax, MLPs paid big dividends in an era of low interest rates. MLPs then had low cost of capital and could issue equity to fund the growth of pipelines to exploit the shale gas boom. In 2009-14, the benchmark Alerian MLP index appreciated, on a total return basis, 257 per cent.

But since then, the index is down more than a quarter. The collapse in commodity prices was the first trigger. However, investors figured out that MLP parent companies were siphoning off too much of the profit for themselves. The most famous MLP family, Kinder Morgan, collapsed its companies into a single corporation in 2014, leading to a string of rivals switching to the traditional corporate taxpaying form. The final straw for the companies converting yesterday, however, was a March regulatory ruling that closed a loophole that had allowed MLPs to recover payments on taxes they were not quite paying.

Similar restructurings have occurred at private equity firms such as KKR who decided it was worth paying corporate taxes — at the lowered 21 per cent rate — to appeal to mutual funds wary of complex partnership structures. Companies are not the only beneficiaries. Those making business decisions less driven by tax arbitrage benefit the broader economy.

Volcker/Goldman: prop psychology

As two of Goldman Sachs' senior trading executives leave after a spell of underperformance, they might cast a rueful glance towards Washington: Republicans are about to make the game easier for their successors.

By its own estimates, Goldman's share of fixed income trading revenues has plunged from 19 per cent in 2009 to 10 per cent last year. The total pie — more than $120bn nine years ago — has fallen by almost half.

Pablo Salame and Isabelle Ealet, the two departing executives, could not stop the decline. But they were hampered by risk limits put in place after the 2008 crisis. One of these, a ban on proprietary trading called the Volcker rule, is set for reform.

Comments from the Treasury, now run by a Goldman alumnus, have echoed JPMorgan's Jamie Dimon. He said that Volcker meant traders needed "a lawyer and a psychiatrist" sitting next to them.

The Fed, with a Trumpist in charge, is set to remove a presumption that assets held fewer than 60 days are banned from prop trading. That helps traders. But wholesale reform will have to wait, if it happens at all. The Trump administration has replaced many Obama-era senior officials. There are enough holdovers, especially at the Federal Deposit Insurance Corporation, to resist anything sweeping.

A further relaxation would require a more thorough purge of officials. And the legislative mood towards banks is febrile: Republicans are irked by the decision of Citigroup and Bank of America to stop funding companies that do not abide by gun restrictions.

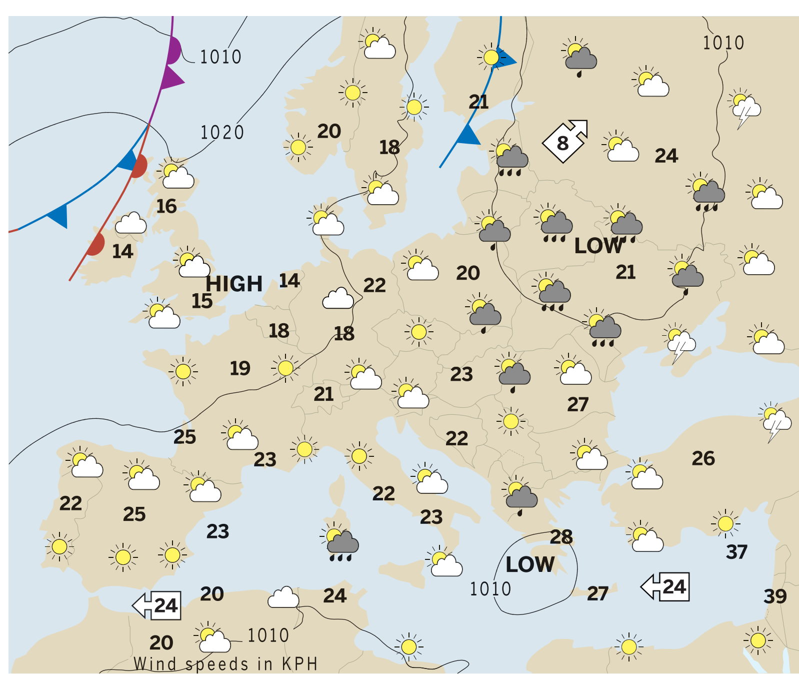
Even if the Volcker rule were obliterated, the effect on risk-taking and revenues might be muted. Goldman's own analysts reckon that 30-50 per cent of the fixed income revenue decline is due to Volcker "and higher capital requirements". It will be hard to loosen the latter component.

When they are set free by the squid, Mr Salame and Ms Ealet may find they do not envy their successors, after all.

FT Lex on the web
For notes on today's breaking stories go to www.ft.com/lex

WEATHER

Your trust, your future, our commitment MUFG



Forecasts by MeteoGroup

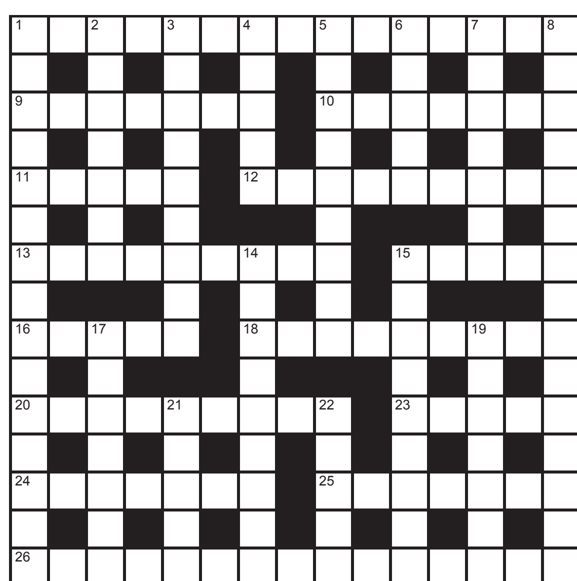
Warm front Cold front Occluded front Wind speed in KPH

Today's temperatures Maximum for day °C

City	Weather	°C	City	Weather	°C
Amsterdam	Cloudy	14	Malta	Fair	24
Ankara	Fair	26	Manila	Fair	36
Athens	Cloudy	28	Miami	Thunder	27
Bahrain	Sun	33	Milan	Sun	24
Barcelona	Fair	21	Montreal	Sun	16
Beijing	Sun	28	Moscow	Shower	24
Belfast	Cloudy	15	Mumbai	Sun	34
Belgrade	Fair	24	Munich	Fair	20
Berlin	Fair	22	Naples	Fair	23
Brussels	Fair	17	New York	Rain	16
Budapest	Fair	23	Nice	Sun	20
Cairo	Sun	36	Nicosia	Sun	37
Cardiff	Fair	17	Oslo	Sun	20
Chicago	Fair	22	Paris	Sun	19
Cologne	Fair	18	Prague	Sun	21
Copenhagen	Fair	17	Reykjavik	Hail	7
Delhi	Sun	40	Riga	Shower	18
Doha	Sun	35	Rio	Sun	29
Dubai	Sun	34	Rome	Sun	22
Dublin	Cloudy	16	San Francisco	Cloudy	17
Edinburgh	Cloudy	17	Singapore	Shower	31
Frankfurt	Fair	19	Stockholm	Sun	18
Geneva	Sun	21	Strasbourg	Sun	23
Hamburg	Fair	20	Sydney	Sun	19
Helsinki	Shower	21	Tokyo	Fair	28
Hong Kong	Sun	32	Toronto	Sun	15
Istanbul	Fair	27	Vancouver	Fair	19
Lisbon	Sun	22	Vienna	Fair	23
London	Sun	19	Warsaw	Shower	20
Los Angeles	Fair	21	Washington	Rain	19
Luxembourg	Sun	18	Zagreb	Shower	22
Madrid	Fair	25	Zurich	Fair	21

Financial Solutions for every forecast
MUFG
Mitsubishi UFJ Financial Group

CROSSWORD
No. 15,861 Set by GOLIATH



JOTTER PAD

ACROSS
1, 26 Comeuppance here as peckers down? (3,8,4,4,4,2,5)
9 Lift with spinner remarkably unapprehensive? (7)
10 That would put Dubrovnik down for divorce (5,2)
11 Towel round hooter (5)
12 Choice includes time for surgery (9)
13 Tanned and sent down having changed sides (3-6)
15 Topic those people finally raise (5)
16 See baby without the presence of a pressure group (5)
18 A patriot upset by love for vegetable (3,6)
20 Dispatching other half of uncovered Medicis iron axe due to be returned (9)
23 Mum finally in a hairstyle that could be a deterrent (1-4)
24 Composer somewhat cross initially (7)
25 Music genre that's still around as world war starts to recede (3,4)
26 See 1

DOWN
1 Artist's fancy couture a sell-out (8-7)
2 Musk used by eastern church is rank (7)
3 Well or nearly ill in selfless advice to physician (9)
4 Socialist constrained by firm principles (5)
5 T'cockney? (4,5)
6 Steps in sauce (5)
7 On the back of awful tirades (7)
8 Anticipate covering even half botched nose job regardless of cost (7,2,6)
14 This form of Islam isn't tyranny (9)
15 Conflict to recover old Jerusalem as initiated by Sadat (6,3)
17 Flower (around two seconds) (7)
19 Green party not quite as vocal to begin with (7)
21 Taking flower to hospital said to be lucky (5)
22 Young partner and artist (5)

Solution 15,860

The Banker MASTERCLASS
In association with: CaixaBank

Best practices in digitalisation

The digital transformation journey is not an easy one, however if banks get it right not only can they make significant efficiency gains, but also create a more intimate relationship with the customer.

Joy Macknight, deputy editor of The Banker, talks to senior executives at CaixaBank about the bank's digital transformation journey, the lessons learned after two years of imaginBank, its mobile-only bank aimed at digital natives, and what the future holds for 'bot banking'.

The Banker Masterclass series is sponsored by CaixaBank but independently edited.

In discussion:
- Boosting efficiency
- The power of AI
- Data security in an IoT world
- Chatbot banking
- Millennial trends

In conversation with:
- **Gonzalo Gortázar**, chief executive, CaixaBank
- **Carles Solé** – chief information security officer, CaixaBank
- **Pere Nebot**, chief information officer, CaixaBank
- **Benjamí Puigdevall** – chief digital officer, CaixaBank
- **Xavier Mas** – chief marketing officer, CaixaBank

For further information on partnership opportunities, contact Adrian Northey on +44 207 775 6333 or email adrian.northey@ft.com

Watch The Banker Masterclass series
www.thebanker.com/CBMA18

A service from the Financial Times

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Companies & Markets
FINANCIAL TIMES

Growing fuel Seeds of hope for producer of ethanol from farm waste — ANALYSIS, PAGE 14

China challenge MSCI's A-share move comes with a warning — MARKETS, PAGE 19

Ocado in 'transformative' US tie-up

● UK group seals deal with grocer Kroger ● Shares rise 45% ● Walmart reports online gains

CAT RUTTER POOLEY AND JONATHAN ELEY — LONDON

Ocado took a significant step in its transformation from a small online grocer in the UK to a global provider of logistics technology after a landmark agreement with Kroger, the second-biggest food retailer in the US.

Shares in the group, co-founded by three former Goldman Sachs traders in 2000, closed 45 per cent higher yesterday after it agreed in principle to build 20 "customer fulfilment centres" for Kroger.

The retailer will take a 5 per cent stake in Ocado for £183m and have exclusive access to the technology in the US provided it sticks to rollout targets.

The transaction, the detailed terms of which have yet to be agreed, is much larger than expected and bigger than Ocado's deals with Wm Morrison in the UK, Casino in France, Sobeys in Canada and ICA in Sweden.

News of the deal came as figures from Walmart confirmed the growing importance of ecommerce to the US food sector. The largest US grocer reported a 33 per cent rise in online sales in its first quarter and said it was on track for a 40 per cent increase in the full year.

Online sales account for about 1.5 per cent of the US grocery market, compared with 4 to 5 per cent in France and 7 per cent in the UK.

Established companies are responding to the threat posed by Amazon, which has entered the US food sector through its purchase of Whole Foods.

Ocado's share price rise, which takes its market value to more than £5bn, is a retort to those who claimed its business model was unproven and its shares overvalued. Those who had sold shares in anticipation of being able to buy them back at a lower price were caught out.

"As one of the most shorted stocks in the UK stock market, this deal will be a poke in the eye for the hedge funds who have bet against Ocado," said Laith Khalaf, senior analyst at Hargreaves Lansdown.

> 'This deal will be a poke in the eye for the hedge funds who have bet against Ocado'
> Laith Khalaf, Hargreaves Lansdown

Tim Steiner, Ocado's chief executive and one of its founders, said: "As we work . . . with Kroger in the coming months we will be preparing the business for a transformative relationship which will reshape the food retailing industry in the US."

The companies, Ocado said, were "working to identify the first three sites in 2018 for development".

"The primary risks relate to Ocado's ability to build, test and commission multiple facilities concurrently," said Stewart McGuire of Credit Suisse.

Analysis & Walmart report page 13

Smart Money

John Authers

Hark to the sound of landmarks falling in the bond market. First, if we believe the Fed Funds futures market, investors decided for the first time this week that four rate rises by the Federal Reserve this year are slightly more likely than three. It has been strange that it has taken this long, given that the Fed is obviously uncomfortable with rates where they are and anxious to continue the process of "normalisation".

Meanwhile, the 10-year Treasury yield continues to hit levels not seen in seven years and now exceeds 3.1 per cent. This rise is driven almost equally by a rise in inflation expectations — obtained by working out the inflation rate at which the return on an inflation-linked bond would break even with the return on a fixed income bond — and a rise in real yields. These are calculated by subtracting the inflation break-even from the nominal yield. It gives a sense of how restrictive rates have become in real terms.

Both are rising at a similar pace and breaking into territory scarcely seen in this decade. Break-evens, at 2.2 per cent, are their highest in four years, while real yields have touched 0.9 per cent, almost a seven-year high.

Belief in a higher-growth and higher-rates scenario for the future has moved in something like a step pattern for two years now, and the past few days have seen another step upwards.

What may be surprising is the lack of collateral damage as a result of the rise in bond yields. The US stock market has been gathering strength over the past week, with only one down day. The Russell 2000 index, covering small-cap stocks, has hit a fresh high, exceeding the peak from January, even though smaller companies are usually seen as more exposed to higher rates.

> The 10-year Treasury yield continues to hit levels not seen in seven years and now exceeds 3.1 %

But there is one area where there appears to be a clear effect. Higher rates, and higher differentials compared to bond markets in other countries, attract funds to the US. This tends to strengthen the dollar. Most importantly, emerging market currencies are hit directly by dollar strength. JPMorgan's emerging markets foreign exchange index has now dropped to its level immediately after the inauguration of President Donald Trump.

In January last year, there were widespread fears that a Trump presidency would be protectionist and damage the emerging world. As those fears receded, so emerging market currencies recovered. They are now back to levels that were sparking fears of crisis not so long ago. The emerging world should be far more resilient to a run on its currencies than it was in the 1990s, as less of its debt is dollar-denominated. But the clearest risk to the higher rates, growth and inflation scenario is that a fresh emerging market crisis forces the Fed to stay its hand on rate rises, and sends some strongly held assumptions awry.

john.authers@ft.com

Italian wobble Bank stocks bear brunt of political angst

Bond investors sold Italian debt this week, sparking the biggest rise in yields for two years. But the drop in Italian stocks has mostly affected banks — large holders of the country's debt.

Milan's FTSE MIB has fallen more than 2 per cent since Italy's two leading populist parties, who are working to form a government, suggested on Wednesday that they would abandon the fiscal rules underpinning the euro.

Companies from the financial services sector carry the biggest weighting on the index, accounting for almost 40 per cent. Given banks' holdings of Italian government bonds, further weakness in the debt will leave them exposed.

According to Eric Dor, director of Economic Studies at IESEG School of Management, UniCredit, Intesa Sanpaolo, Banco BPM and Monte dei Paschi were the biggest holders of Italian sovereign debt in absolute terms as of June 2017. Italian bank stocks fell sharply on Wednesday and were weaker again yesterday.

Yet in spite of this week's fall in stocks, the FTSE MIB remains the best performing eurozone equity market this year. It has been helped by the strong performance of big Italian companies with a hefty international presence.

Moncler, the luxury goods company whose shares have risen 44 per cent this year, relied on Italy for just 13 per cent of its first-quarter revenues. Ferrari sold only 6 per cent of its cars in Italy, it is up 29 per cent this year. *Chloe Cornish*

The Italian market has outperformed this year
Indices rebased in € terms

FTSE MIB; S&P 500; Stoxx 50; Xetra Dax
(y-axis: 90, 95, 100, 105, 110, 115; x-axis: Jan, 2018, May)

Sources: Thomson Reuters Datastream; Bloomberg

The FTSE MIB index is dominated by banks . . .
Weighting by sector (%)

Sector	%
Financials	38.6
Energy	16.2
Consumer discretionary	14.9
Utilities	13.8
Industrials	9.1
Others	7.3

. . . but some bank stocks have seen price falls
FTSE MIB constituents, best and worst performers in 2018, year to date (%)

(scale: -20, 0, 20, 40, 60)

Moncler; Ferrari; Poste Italiane; Tenaris; Banca Generali; CNH Industrial; Banca Mediolanum; Recordati

SoftBank suffers as India ride apps refuse to share

Years of intense competition in India between Uber and local rival Ola has been a boon for passengers but far less welcome to SoftBank, an investor in both. A combination would dominate a ride-hailing market that last year had revenue of at least $2.1bn

Analysis ▶ PAGE 15

Maersk sinks 9% as global barometer shows rising US-China trade war risk

RICHARD MILNE
NORDIC CORRESPONDENT

AP Moller-Maersk stepped up its warnings over a US-China trade war as investors in the world's biggest container shipping group took fright at rising geopolitical risks and continued losses.

Shares in the Danish shipping and logistics company fell more than 9 per cent yesterday to below their level nearly two years ago when Maersk decided to break itself up and sell off its oil and energy businesses.

"We have seen a significant ramp-up in the tensions between China and the US. A trade war would be a huge problem for container shipping but also for the world and the Americans and, for that matter, the Chinese," Soren Skou, chief executive, said.

Maersk controls about 19 per cent of seaborne freight and is seen as a barometer for global trade. It has struggled in recent quarters, with its shares down a third since last July as higher fuel prices hurt its shipping business.

Its loss for continuing operations deepened in the first quarter from $124m a year ago to $220m. Mr Skou vowed to take action by closing smaller routes to reduce capacity as well as aiming to fill existing vessels better.

The operating margin in its ocean sector, which includes container shipping, was just 7 per cent, compared with 13 per cent for all of 2017. After years of having a margin at least 5 percentage points higher than the industry average, Maersk is now in line with its competitors.

"That is not satisfactory. There's no point being the largest carrier if we don't translate that into above-average margins," said Mr Skou.

The group stuck to its full-year guidance of earnings before interest, tax, depreciation and amortisation of $4bn-$5bn after reporting a figure of $669m in the first quarter.

Maersk also announced it would close its small Iranian operations if the US reimposed sanctions, as expected. "It's the only way. The way the sanctions are structured you can't do business in the US at the same time as doing it in Iran. From a business point of view it's not material," Mr Skou said.

FT Financial Times

FT INVESTMENT MANAGEMENT SUMMIT
Rebalancing Return and Risk Amid Global Recovery

25 September | Plaisterers' Hall, London

Join leaders from the world of investment to discuss strategies for generating returns amid trade wars, rising interest rates, Brexit, the end of QE and more. An unrivalled gathering of institutional investors, economists, thought-leaders.

SPEAKERS INCLUDE:
Peter Praet, Member of the Executive Board, *European Central Bank*
Lorenzo Bernasconi, Senior Associate Director, *The Rockefeller Foundation*
Carmel Peters, Head of Global Emerging Markets (GEMS), *Universities Superannuation Scheme (USS)*
Tony Broccardo, Chief Investment Officer, *Barclays Pension Fund*

For further information and to register:
live.ft.com/IMS

Gold Sponsors: Amundi; State Street Global Advisors SPDR
Silver Sponsor: DWS

An event from FINANCIAL TIMES LIVE

Companies / Sectors / People

Companies
1MDB....4
Abengoa....14
Agrium....12
Albemarle....12
Alibaba....15
Allergan....14
Altice....12,20
Amazon....4,9,11,13
Ant Financial....15
Apple....3
Areva....7
Arion Bank....10,14
Asatsu DK....20
Asda....13
Attestor Capital....14
BP....20
Bain Capital....12,20
Banco BPM....11
Bank of America....10
Bloomberg....19
CBS....1
Cairn Energy....4
Capital One....14
Casino....13
Cheniere....10,12
China General Nuclear Power....7
China Huishan Dairy....19
Cisco....20
Citigroup....10
Clearstream....2
Deutsche Börse....2
DoubleLine....19
DowDuPont....14
eBay....14
EDF....7,7
Enbridge....12
Euroclear....2
FTSE Russell....19
Facebook....9
FanDuel....10
Ferrari....11
First Property Group....19
Flipkart....4,13
Franklin Templeton....19
Fuji Media....20
GMT Capital....13
GVC....10
Goldman Sachs....10,14
Google....3
Grab....15
Hutchison Essar....4
Hyundai Motor....14
IBM....12
ICA....13
Intesa Sanpaolo....11
J Sainsbury....13
JC Penney....20
JPMorgan....10
JPMorgan Chase....14
KKR....10
Kairos Investment....13
Kidman Resources....12
Kroger....11,13
Kuroda Electric....20
Ladbrokes Coral....10
London Stock Exchange....19
MBK....20
MSCI....19
Maersk....11,20
Marshall Wace....13
Merck....4
Microsoft....9
Mitsubishi Motors....20
Mitsui Fudosan....20
Moncler....11
Monte dei Paschi....11
Mothercare....20
National Amusements....1
New China Life....10
Nuclear Power Corporation of India....7
Nutrien....12
Ocado....11,13,20
Och-Ziff Capital....14
Ola....15
Paddy Power Betfair....10
Pimco....19
Poet....14
PotashCorp....12
Punjab National Bank....14
Royal DSM....14
Royal Dutch Shell....8,14,20
Royal Mail....20
SFR....20
Siemens....7
Sobeys....11,13
Sociedad Química y Minera....12
SoftBank....15
Starbucks....9
State Bank of India....14
Taconic Capital....14
Tesla Motors....12
Tianqi Lithium....12
Toshiba....7,12
Total....1
Toyota....20
Tullow Oil....20
Uber....15
Ubisoft....12
UniCredit....11
United Silicon....14
Viacom....1
Vodafone....4
Walmart....4,13,20
Westinghouse....7
Whole Foods....11
William Hill....10
Williams Companies....12
Wm Morrison....11
Yaskawa Electric....20

Sectors
Automobiles....12,14
Banks....10,14
Basic Resources....12
Chemicals....12
Energy....7,14
Financial Services....15,19
Financials....12,13,14,19
Healthcare....4
Industrials....20
Mining....12
Oil & Gas....1,8,12,14
Retail....4,13,20
Retail & Consumer....13
Technology....3,12,13,15,20
Telecoms....3,4,12,20
Transport....15
Travel & Leisure....10

People
Ackman, Bill....14
Bezos, Jeff....4,9
Cederbalk, Eva....14
Dimon, Jamie....10
Drahi, Patrick....12,20
Eui-sun, Chung....14
Fernandez, Henry....19
Goei, Dexter....12
Gross, Bill....19
Guillemot, Yves....12
Gundlach, Jeffrey....19
Habib, Ben....19
Harford, Barney....15
Hasenstab, Michael....19
Kumar, Rajnish....14
Lévy, Jean-Bernard....7
Ma, Jack....15
McMillon, Doug....4,13
McMullen, Rodney....13
Misra, Rajeev....15
Mong-koo, Chung....14
Musk, Elon....12
Olafsson, Hoskuldur....14
Sijbesma, Feike....14
Skou, Soren....11
Steiner, Tim....11
Tatton-Brown, Duncan....13
Won-hee, Lee....14
Young-deuk, Lim....14

© The Financial Times Limited 2018

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Technology

China clears sale of Toshiba chip unit

Bain Capital deal worth $18bn intended to allay existential crisis for group

LEO LEWIS AND KANA INAGAKI — TOYKO

Toshiba has received antitrust clearance from China for the $18bn sale of its memory chip business to Bain Capital, allowing one of the biggest private equity deals since the financial crisis.

Approval from Chinese regulators was the final hurdle to completing the sale of Toshiba's most prized unit, in a deal assembled last year that was designed to rescue the Japanese company from an existential financial crisis.

Even now, with its capital position shored up, Toshiba continues to suffer the fallout from a string of woes: a massive accounting scandal and writedowns on its US nuclear business that forced one of Japan's most powerful industrial names into a demotion to the second section of the Tokyo Stock Exchange.

People close to the deal last month described mounting concerns that Chinese approval could in effect become a hostage in growing trade tensions between Washington and Beijing.

Uncertainty over whether approval would be granted prompted Toshiba to consider alternative buyers, including a listing of the memory business in late 2019.

"The parties will now take necessary procedures to close the transaction, which is expected to occur on June 1," Toshiba said in a statement yesterday.

¥479bn
Operating profit at division in year to March, with a 40% margin

¥64.1bn
Operating profit of the rest of Toshiba, with margins in low single digits

Closure of the deal ends months of speculation over whether Toshiba would remain committed to the sale under the original terms, with some shareholders arguing that the company should renegotiate a higher price.

The agreement allowed both parties to walk away from the deal had regulatory approval not been given by the end of March. When that deadline passed, Toshiba and the Bain-led consortium agreed to roll it over.

People close to Toshiba described deep divisions on the issue within the top echelons of management.

One analyst said he expected Toshiba shares "to fall, but not by much" when markets open today, arguing that the sale puts the group in a much stronger capital position.

"Since the company itself said it wanted to return capital to shareholders, it will now be able to do so," he said.

Yet while the disposal of the lucrative chip business will shore up Toshiba's balance sheet, the remaining pieces of the 143-year-old conglomerate will be much smaller in scale and far less profitable.

For the fiscal year that ended in March, the Nand memory business alone generated an operating profit of ¥479bn ($4.3bn) with a profit margin of 40 per cent.

Once the division is stripped out, Toshiba's annual operating profit stood at ¥64.1bn with the profit margins of its social infrastructure businesses, which include elevators, air conditioners and escalators, stuck in low single digits.

INSIDE BUSINESS
TECHNOLOGY

Richard Waters

It is time to invest in the skills for quantum computing revolution

No wonder quantum computing has become the subject of such hype. Machines that harness the weirdness of quantum mechanics are so alien — and promise such massive theoretical leaps in performance — that it is easy to believe nothing will be the same again.

Full-scale quantum machines are probably many years away. But in the meantime, a "good enough" form of the technology — not revolutionary but promising significant advances for some applications — is on the horizon. The world will not change overnight, but development timetables already show practical quantum machines arriving much sooner than seemed likely only a short time ago.

Computers made up of quantum bits (or qubits) that can be in two states at once, or "entangled" to act in unison, could enable computers that are a million times or more faster than current machines. On a large enough scale, they may crack the world's hardest problems.

But the first, limited products of this technology have emerged from the research labs. Take the rudimentary quantum system that IBM has made available, free of charge, over the internet for the past two years. More than 80,000 people have now run experiments on the system — a huge number, particularly since trying out even the most basic routine means learning a new form of programming.

Arvind Krishna, director of IBM Research, says the willingness of so many to dip their toe in the quantum water shows that programmers are "frustrated by the limitations of regular computing". Perhaps — or maybe it just shows the high level of curiosity around a breakthrough technology. Either way, it is a sign of massed human brain power waiting to carry the field forward.

Three factors are likely to determine whether this can become a practical technology in the near term. One is the length of time a qubit can maintain a quantum state, known as its coherence time. The longer it can hold this "superposition" — when the bit represents both a 1 and a 0 at the same time — the more steps in a programme it can handle and, therefore, the more complex the calculation.

IBM, which has been at the forefront of trying to push the technology into practical computing systems, has lifted the time to 100 microseconds. Mr Krishna predicts it will reach a millisecond — a tenfold improvement — within five years, enough to support a computer that can take on problems beyond the reach of today's "classical" machines.

> Banks are leading the charge, with companies involved in materials science

The second key factor is the number of qubits that can be linked together in a quantum system. From seven in 2016, IBM lifted the number to 15 last year and expects to release a 50-qubit system to clients this year.

The third factor is more of a wild card. Quantum systems are error prone: as qubits fall out of coherence, information is lost. Many experts expect that 1,000 or more extra qubits will be needed to correct for the errors of a single "logical qubit" that can be used to solve problems.

Mr Krishna, however, maintains that there is a class of problems that does not require the kind of infallible logic we expect from today's precise, but far more limited, computers. Simulations and risk analyses are probabilistic in nature, he says, making them "quite resistant to errors". He estimates that quantum systems will be useful for taking on problems like these once their error rate falls to 1 per cent. It is already below 10 per cent.

If progress on all these axes proceeds at the pace it has in the past two to three years, then the next five years should bring "quantum advantage" — the point when it becomes commercially viable to invest in programming a quantum system to tackle some classes of problem. It is no surprise banks are leading the charge, with companies involved in materials science. Using quantum systems to model molecules could reap early dividends in battery development or in discovering new alloys, says Mr Krishna.

What lies beyond this first phase of practical quantum computing is less clear. It may be possible to engineer systems with dozens or hundreds of qubits — but getting into the thousands will be challenging, not least because of the need for error correction. It is not even clear what the best building blocks will be for more advanced quantum systems. The superconducting technology most commonly used to make today's qubits could be overtaken by one of a number of alternatives currently in the labs. And a whole new field of computer programming needs to be invented.

This suggests that the full quantum revolution is years away. But for companies in the fields that will be affected first, the time to start investing in developing the skills needed for the quantum computer era is already here.

richard.waters@ft.com

Oil & gas

Tax reforms trigger $20bn flurry of US pipeline deals

GREGORY MEYER AND ERIC PLATT
NEW YORK

Three leading US oil and gas pipeline businesses made moves to simplify their corporate structures yesterday, after regulatory changes and rising interest rates upended the economics of putting oil and gas pipelines into arm's-length partnerships.

The $20bn flurry of deals came after the US Federal Energy Regulatory Commission said it would reduce the tax benefits for pipelines held by master limited partnerships (MLPs) — a type of vehicle that had once been a favourite of investors looking for high dividends.

Oklahoma-based Williams Companies agreed to purchase the 26 per cent of its Williams Partners MLP that it does not already own for $10.5bn. Separately, Enbridge said it had offered $8.9bn (C$11.4bn) to purchase four affiliates — two partnerships and two corporations — and roll them into a single entity.

And in a third deal, Cheniere Energy said it would buy the shares it did not already own of affiliate Cheniere Partners Holdings, a $530m purchase that valued the company at $6.5bn.

The moves add up to a "massive, oneday industry shift", said Ethan Bellamy, an analyst at Baird, which would "help tip the scales toward simplification" at other companies that were considering taking similar action.

MLPs were popular among retail investors seeking high-yielding assets when interest rates were close to zero, but rising bond yields have made them relatively less attractive. Despite US oil and natural gas output rebounding to record levels, investors have shunned the energy infrastructure sector.

The Alerian MLP index of partnerships has declined 12.7 per cent in the past year, even as the S&P 500 index gained 15.5 per cent and US crude oil prices increased by nearly half.

The US tax reform law passed last year reduced tax rates for traditional corporations, eroding the appeal of MLPs.

Then in March FERC declared it would bar interstate gas and oil pipelines owned by MLPs from including their investors' income tax bill in their cost of service, which is used to calculate the rates they can charge to users of the pipeline. The upshot is that tariff rates will fall for certain pipelines.

Enbridge cited the rate impact of the tax law and the FERC policy change when it announced its roll-up yesterday. The Calgary-based company said that under the new FERC policy, holding certain interstate pipelines in MLPs became "highly unfavourable" to investors.

Basic resources

Tianqi's investment extends China's presence in the electric car battery supply chain — Jason Reed/Reuters

Tianqi Lithium buys into Chile's SQM

HENRY SANDERSON — LONDON

Tianqi Lithium has paid $4.07bn for a 24 per cent stake in Chilean rival Sociedad Química y Minera, further boosting China's influence over the global supply chain for electric car batteries.

Shenzhen-listed Tianqi paid a 12 per cent premium for the SQM shares held by Canada's Nutrien, which was required to sell as part of the merger between PotashCorp and Agrium that created it.

The stake turns Tianqi into a big player in the global lithium market just as demand surges along with that for electric cars.

Lithium is a critical raw material used in batteries for iPhones, electric cars and grid storage of renewable sources of energy. Lithium demand for electric cars is expected to increase 20-fold by 2025, according to analysts at Goldman Sachs.

The deal also extends China's presence in the electric car battery supply chain. Fujian-based Contemporary Amperex Technology has become the world's largest producer of electric car batteries, while Chinese companies dominate the refining and production of battery materials such as cobalt.

Tianqi already owns a 51 per cent stake in the Greenbushes mine in Australia, with US lithium producer Albemarle owning the rest. It also owns lithium assets in Sichuan and Tibet.

"This is an attractive investment for Tianqi Lithium, which fits well within our existing business strategy," said Vivian Wu, the company president. "Tianqi Lithium's shareholders will greatly benefit from this transaction given SQM's long-term stable financial returns and steady dividends."

Tianqi bought 2.65m of Nutrien's A-shares, which have voting rights, for $65 a share, a 12 per cent premium over SQM's closing price on Wednesday. That will give Tianqi the right to elect three of SQM's eight board members. "The oligopoly only gets stronger," said Chris Berry, the founder of House Mountain Partners, a New York-based advisory firm.

"If they got three board seats they are going to be able to make lots of decisions now. This definitely makes China an even stronger presence in the lithium space."

Nutrien still owns 20.2m B-shares in the company, which it also planned to sell, it said.

The SQM deal overcame political opposition in Chile from Eduardo Bitran, a regulator who oversaw the company under former president Michelle Bachelet, who stepped down in March. Mr Bitran said the transaction would give China a monopoly over global lithium supply.

However, Chile's billionaire president Sebastián Piñera has been enthusiastic about promoting foreign investment in the country.

SQM is the world's lowest-cost producer of lithium, which it extracts by evaporating brine from beneath Chile's Atacama Desert.

Founded as a maker of fertilisers, it was privatised under the rule of the late dictator Augusto Pinochet.

Julio Ponce Lerou, previously married to Pinochet's daughter, owns a 30 per cent stake in the company.

But in January he was forced to give up his control of SQM — which was enacted via a voting agreement with Japan's Kowa — under a deal with Chile's regulator.

Tesla signs deal with Australia's Kidman Resources

Elon Musk's Tesla Motors has signed a three-year lithium supply deal with Australian miner Kidman Resources.

The fixed-price deal for the key battery raw material will start when Kidman's project in Western Australia commences production, the company said.

The deal is the latest sign of interest by carmakers and battery producers in securing supplies of battery raw materials to help meet future demand for electric cars, especially after 2020. Lithium demand is expected to rise fourfold by 2025, according to analysts at Goldman Sachs.

Kidman is developing the Mount Holland hard rock lithium project in Western Australia in a joint venture with Chile's SQM, the world's second-largest producer of the battery raw material.

It is also building a refinery to process the lithium into battery-grade material, which is expected to start construction in 2021. Most lithium from Australia is sent to China to be processed. The Mount Holland project is estimated to contain 7m tonnes of lithium.

Technology

Digital transformation boosts Ubisoft

HARRIET AGNEW — PARIS

Ubisoft outperformed its financial targets and achieved record levels of sales and profitability in its latest fiscal year, the French video games publisher said yesterday after the market close.

Total annual sales at the maker of *Assassin's Creed* and *Far Cry* increased 18.6 per cent to €1.73bn in the 12 months to March 31, ahead of its target of €1.64bn. Meanwhile operating income surged 26.6 per cent to €300.1m, ahead of its target of €270m.

Ubisoft has been fighting to stay independent ever since Vincent Bolloré's global media and communications group Vivendi began building a stake in the group almost three years ago.

It managed to prevent Vivendi from making a hostile takeover and in March the French conglomerate sold out its stake in Ubisoft in a deal that saw Canadian pension fund Ontario Teachers' Pension Plan and Chinese tech group Tencent join the video games publisher's shareholders as long-term investors.

"In the short and medium term, Ubisoft has many growth opportunities to tap and expects further profitability increases," Yves Guillemot, co-founder and chief executive of Ubisoft, said in a statement. "Our digital transformation is progressing at a faster pace than we anticipated. Our potential in the PC and mobile markets is massive, notably in China. Finally, we are continuing to develop and structure our esports offering, which presents a significant opportunity."

During its latest fiscal year Ubisoft increased both digital revenue and back-catalogue sales as a percentage of overall revenues. Digital revenue rose 37.8 per cent to €1bn, and now accounts for 58 per cent of total sales compared with 50 per cent the previous year. Annual back catalogue sales grew 27.2 per cent to €826m. They now account for 47.7 per cent of total sales.

Telecoms

Altice upswing in subscribers hints at recovery

HARRIET AGNEW — PARIS

The European arm of Altice delivered its best-ever subscriber trends in the first three months of 2018, pushing up shares almost 12 per cent yesterday and hinting at a tentative recovery for the embattled telecoms and cable group.

Altice NV, which is being renamed Altice Europe, said it added a net 71,000 fixed-line customers in the first quarter, and 96,000 net additions in fibre.

In mobile, it added 239,000 net subscribers, the best quarterly performance since Altice bought France's SFR four years ago.

"Our strategy to focus on making our customer experience better through improving processes, infrastructure investments, best customer premise equipment and renewed commercial offers with content as a key differentiator is really paying off," Dexter Goei, chief executive of Altice, said.

"We are confident that these first significant improvements will be further enhanced along the coming quarters."

Altice is fighting to restore investor confidence after its shares lost almost half their value last year amid concerns about the group's ability to service its €50bn-plus debt pile and operational difficulties in France, its largest market.

This prompted founder Patrick Drahi to retake the reins in November, promising investors he would turn round performance as president.

He announced a restructuring in January, which included spinning off Altice's US division. The separation is expected to be effective from early June.

Altice said revenue growth for the European division was flat in the first quarter and earnings before interest, tax, depreciation and amortisation dropped 0.5 per cent year on year.

The group is pressing ahead with asset sales to strengthen its balance sheet, and said it expected the sale of its French and Portuguese towers and Dominican Republic unit to close by the end of June.

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Ocado wins over sceptics and cheers investors with bumper Kroger deal

UK group's shares soar after scale of its agreement with US grocery chain surpasses hopes

JONATHAN ELEY — LONDON

The Ocado website currently lists more than 170 jobs available in software, engineering, robotics and warehouse technology. A major partnership with US grocer Kroger announced yesterday is likely to add many more — but if investors are worried about growing pains, they were not showing it. Ocado shares ended the day 45 per cent higher, giving it a market value of £5.3bn.

The market had expected a deal with a US company, to add to Ocado's existing agreements to provide high-tech logistics to French supermarket chain Casino, Wm Morrison of the UK, Sobeys in Canada and ICA in Sweden. But not on the scale of what was announced. Subject to a final agreement, in the coming three years Ocado will build 20 automated "customer fulfilment centres" across the US, to pick, pack and dispatch groceries ordered online.

"The scale and the economics of this agreement are totally different to our other deals," said Duncan Tatton-Brown, Ocado's finance director.

Even Ocado pessimists conceded it was a game-changer. "This is a real step change in the pace of roll out and makes it much more reasonable to believe that Ocado has the 'killer app' for online grocery," said one analyst who had previously been sceptical of the investment case. "It is difficult to see downside over the near term."

However, one analyst said it was still not clear how profitable the agreements would eventually be, because many of the terms remain confidential.

Ocado's licensing deals are typically structured on the basis of the gross merchandise value that goes through them. "At 2 per cent of revenue they are not very lucrative. At 6 per cent they'd be very lucrative indeed," the analyst said. "So the haters are still going to hate, as Taylor Swift said."

Scale is not the only difference between this and previous deals. Sobeys and ICA were both leading national chains, but in the relatively small markets of Canada and Sweden. France's Casino and Morrisons operate in bigger markets, but have smaller shares.

Kroger is a leading chain and operates in a massive market, albeit one where online grocery delivery is less popular. Unlike the others, Kroger has committed to multiple fulfilment straight away and plans to take an equity stake in Ocado. It will buy 5 per cent of the company for £183m.

Rodney McMullen, chairman and chief executive of Kroger, was full of praise for the Ocado technology that picks products automatically and then selects optimum delivery routes. "Progress has been really remarkable," he said. "Using Ocado accelerates the shift online significantly faster than us doing the development on our own." He said the group would initially continue to use employees picking groceries in stores and Ocado fulfilment centres.

Mr Tatton-Brown said that with £300m in the kitty from a share placing and the shares issued to Kroger, he was "pretty optimistic" that Ocado could fund the substantial — but unquantified — capital expenditure to build the fulfilment centres without raising fresh funds. "Even if we do [have to raise cash], shareholders have shown in the past that they are willing to support us," he said.

In previous transactions, analysts have assumed each fulfilment centre costs £30m, implying a £600m price tag for the 20 US centres. But the final figure may be considerably less than that; Luke Jensen, chief executive of the group's technology division Ocado Solutions, said the idea was to standardise the initial design and process so that subsequent centres would be cheaper.

He also said the company could manage the pace of expansion. "We have a very good track record at developing multiple centres," he said. He also noted that technical roles at the company were spread across five different development locations in Europe, partly to avoid local hiring difficulties.

That said, the latest bumper contract win just adds to the company's cash outflows over the coming years.

Even once the fulfilment centres are complete, they take some time to build up to efficient usage levels. But Ocado's deferred profitability concerns fewer people with every deal it announces — and there is no shortage of grocers scrambling to get up to speed with the complexities of selling online.

'It is difficult to see downside over the near term'

'We have a very good track record at developing multiple centres'

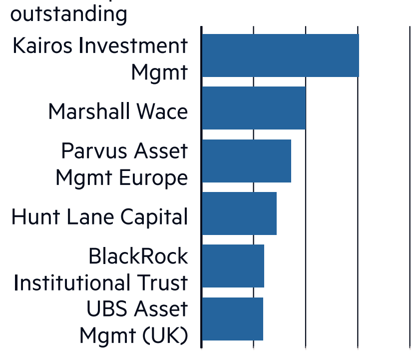
Crate expectations

Ocado soars on Kroger deal

Share price (pence)

Hedge funds hurt on Ocado bets

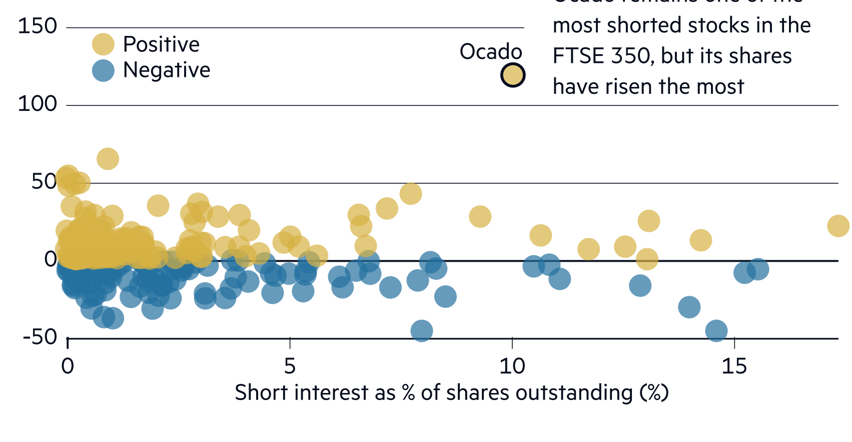
Net short position as % of shares outstanding



Selected funds that have disclosed short positions of more than 0.5% in Ocado.

Playing the short game: winner and losers

Share price change, year to date (%)



Sources: Thomson Reuters Datastream; FCA; Bloomberg

A worker at an Ocado distribution centre in the UK, above. Kroger chief Rodney McMullen, below, praises the technology

Jason Alden/Patrick T Fallon/Bloomberg

Caught short

Pessimists are left with bloody noses

It has been one of the most shorted stocks in the UK but the Ocado pessimists were left with bloody noses yesterday after shares in the UK online supermarket chain soared more than 80 per cent at one point on news of its partnership with US grocer Kroger.

Ten per cent of Ocado shares were out on loan — a proxy for how much of the stock was being shorted, where investors borrow shares to sell them in anticipation of price falls. This implies a paper loss of £175m for investors with short positions, according to Bloomberg/Markit data.

Those with the largest short positions according to regulatory filings are hedge fund Marshall Wace, with a short position of 1 per cent of Ocado shares, Kairos Investment, a London-based asset manager with a short position of 1.51 per cent and Atlanta-based GMT Capital, with a short position of 1.89 per cent.

Marshall Wace declined to comment. Kairos and GMT Capital did not respond to immediate requests for comment.

Investors were shorting 7.2 per cent of the stock, according to Short Interest Tracker, although it only monitors positions of at least 0.5 per cent.

The rise in Ocado's share price yesterday came in response to news that Kroger would take a 5 per cent stake and use the group's warehouse technology in America.

"Ocado is making great strides in the global grocery market, and inflicting serious financial pain on those who have bet against it," said Laith Khalaf, analyst at Hargreaves Lansdown.

This month Ocado agreed to build an online grocery business for Swedish supermarket chain ICA. It has also announced partnerships with Canadian grocer Sobeys and French supermarket group Casino in recent months. *Jennifer Thompson and Chloe Cornish*

Retail

Walmart's online sales jump by a third

ANNA NICOLAOU — NEW YORK

Walmart helped to ease doubts about its ecommerce challenge to Amazon as it reported accelerating online sales in its first quarter.

Online sales in the US rose 33 per cent in the three months to the end of April. This compares with the 23 per cent increase recorded in the previous quarter. But it is still a slowdown from last year, when the retailer had expanded its ecommerce business by upwards of 50 per cent each quarter.

The retailer has been burning cash as it looks to catch up with Amazon online, while at the same time becoming embroiled in a price war in the competitive US grocery market, keeping a lid on profits.

The results "reflect Walmart's significant spending to enhance its online capability . . . and battle Amazon for market share," said Charlie O'Shea, Moody's lead retail analyst. He warned that "competition in retail remains acute on all fronts".

Walmart's total revenues climbed to $122.7bn, exceeding Wall Street forecasts for $120.5bn, and up from $117.5bn a year ago. Adjusted earnings rose 14 per cent to $1.14 a share, while analysts were looking for $1.12 a share.

Customer visits were softer in the quarter, however, which the company blamed on bad weather. Traffic to its US stores climbed 0.8 per cent, its weakest showing in more than a year.

$122.7bn	$17bn
Quarterly revenues, up from $117.5bn a year ago	Sum that Walmart paid for a majority stake in Flipkart

Doug McMillon, Walmart's chief executive, said it was a "solid" quarter.

Walmart's shares have been hit after its ecommerce slowdown fuelled fresh concerns across the retail sector about Amazon's disruptive influence. The stock has lost 13 per cent of its value this year, after soaring to a record high in January.

Walmart is "in the penalty box" after last quarter's underwhelming online sales, Cowen analysts wrote this week. "We believe the pullback in stock price is likely overdone."

Walmart has transformed its global footprint in recent months, paying $17bn for a majority stake in Flipkart, the Indian ecommerce company — its largest ever deal, as it races with Amazon to capture new sources of growth.

Investors did not welcome the pricey move, selling shares as Walmart warned that the Flipkart deal would hit full-year profits by 25 to 30 cents a share this fiscal year, and 60 cents a share next year.

A few weeks earlier, Walmart agreed to sell a majority stake of Asda in the UK for a combination of shares and cash, as part of a merger with J Sainsbury.

Walmart last month unveiled a redesigned website as it tries to woo online shoppers away from Amazon.

Marc Lore, the company's head of ecommerce and the founder of Jet.com, at the time said the new website would offer different colours, fonts and "relatable photography" to make Walmart.com "cleaner and more modern".

FT FINANCIAL TIMES

SPECIAL REPORT - MODERN WORKPLACE: DISABILITY

THE BUSINESS CASE FOR GREATER INCLUSION

People with disabilities are heavily under-represented in employment. Yet the returns for businesses who hire them are significant.

Our new report Modern Workplace: Disability reveals the business case for greater inclusion and sets out what employers can do to improve access, equality and employment. We also look at which companies and countries are leading progress – and which are lagging.

Read Modern Workplace: Disability now at: ft.com/modern-workplace

Supported by android

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Banks

Arion to list decade after Iceland crisis

Kaupthing successor's IPO tests investor faith in recovery of Nordic nation

RICHARD MILNE
NORDIC CORRESPONDENT

The successor bank to Iceland's failed Kaupthing is looking to list in Reykjavik and Stockholm by the end of next month, just before the 10th anniversary of the collapse of the Nordic island's banking system.

Arion Bank said it could sell at least 40 per cent of total shares in the offering in the biggest test of investor appetite for Iceland's recovery since the 2008 global financial crisis.

"After years of dedication and ambitious work, becoming a public listed company both in Iceland and Sweden represents a great milestone and is also a stamp of quality for Arion Bank and the Icelandic economy," said Eva Cederbalk, Arion's chairman.

Iceland has enjoyed an impressive economic rebound, fuelled by a booming tourist industry. But there are fears of overheating, with tourist numbers likely to drop this year because of the strong Icelandic krona, bringing worries about lending practices.

Arion, formed from the domestic assets of Kaupthing, whose winding-up committee remains the bank's biggest shareholder, has been looking to list since 2016 and last year sold shares to a group of foreign investors including Goldman Sachs and several hedge funds. Bankers say previous deals have valued Arion at about $1.7bn.

> 'Becoming a public listed company both in Iceland and Sweden represents a great milestone'

The bank will receive no proceeds from the initial public offering, with all the shares coming from Kaupthing's 56 per cent stake. Attestor Capital, the UK hedge fund that is Arion's second-largest shareholder with a 12 per cent stake, will announce how many shares it will sell in the next few weeks. Goldman owns 3.4 per cent, while hedge funds Och-Ziff Capital and Taconic Capital own 6.6 per cent and 10 per cent respectively.

Arion said it expected to be able to reduce its capital levels through an extraordinary dividend, planned to be issued after the listing. It has a common equity tier one ratio of 23.6 per cent but is targeting 17 per cent. Its net profit in the first three months of this year fell 42 per cent compared with a year earlier to IKr2bn ($19m), generating a return on equity of just 3.6 per cent, compared with 6.3 per cent in 2017.

"Arion Bank has been fully restructured for several years now, and today is a strong, profitable and leading bank in Iceland," said Hoskuldur Olafsson, its chief executive.

Arion said in the medium term it was looking to sell Valitor, a payments company that is reportedly much coveted by the bank's foreign investors. Arion's lending practices have been under scrutiny after it was forced to take control of United Silicon, the maker of solar panels material that filed for bankruptcy.

Iceland last year finally lifted capital controls imposed in 2008, leading to a fresh wave of investor interest. But some Icelandic businesspeople have complained that successive governments had little strategy for the economy, especially the tourism sector, leading to fears of an another eventual bust.

See Lex

Financials

US groups under fire for resisting more shareholder oversight

ALISTAIR GRAY — NEW YORK

US companies from JPMorgan Chase to eBay have come under fire from shareholder groups for trying to neuter a campaign to strengthen investor oversight of management.

A corporate governance movement to make it easier for shareholders to call special meetings, by lowering the required level of investor support, has gathered momentum in the past year.

But companies have begun fighting back with what campaigners say amounts to spoiler tactics designed to thwart their efforts.

JPMorgan won support for the status quo in a contentious vote this week, and the issue is set for another showdown at eBay this month.

The ability of shareholders to call special meetings is a powerful weapon that can be used to oust directors or force other changes at listed companies outside of the scheduled annual meetings.

While the right is exercised only rarely, campaigners say the mere threat can be enough to pressure companies to respond to investor demands. Examples include Allergan, where activist Bill Ackman demanded such a meeting during a hostile takeover battle.

Shareholders have filed formal proposals to make it easier to call special meetings at a record 61 US-listed companies this year, according to the corporate governance consultancy ISS Corporate Solutions. Last year, 24 proposals were filed and attracted an unusually high average shareholder backing of 42 per cent. "It's being watched closely," said Peter Kimball, head of advisory at ISS Corporate Solutions.

At JPMorgan, Kenneth Steiner — one of the most prolific sponsors of shareholder proposals — called on the bank to accede to future demands for a special meeting if 10 per cent of shareholders wanted one.

But the bank responded that "a small minority of shareholders should not be entitled to utilise the mechanism of special meetings for their own interests" and there were "significant costs" associated with such events.

At its annual meeting in Texas this week, JPMorgan sought "ratification" of its existing rules, which require 20 per cent backing among shareholders before a special meeting can be held. By putting forward its own motion, the bank was able to omit Mr Steiner's proposal from the ballot.

Similarly, the S&P 500 lender Capital One put forward a proposal at its annual meeting this month to ratify its existing rules, omitting a shareholder motion to lower the threshold.

By pushing more radical shareholder proposals off the ballot, companies are engaging in "gamesmanship", said Rosemary Lally of the Council of Institutional Investors, whose members have combined assets of more than $3.5tn. "It's not a very democratic process when you do it that way."

JPMorgan's management proposal received 58 per cent shareholder backing and Capital One's just over half — less support than is typical for such proposals but enough to pass. ISS had recommended shareholders vote against the proposals at both companies.

Meanwhile eBay is seeking ratification for its existing 25 per cent threshold at its annual meeting on May 30.

While shareholders can quiz management at annual meetings, campaigners point to corporate problems such as Wells Fargo's fake bank accounts scandal to argue that serious issues can emerge between the gatherings.

Energy. Cellulosic ethanol

Biofuel trailblazer closes in on parity with petrol

Project Liberty consortium points to technical progress and soaring cost of rival oil

ED CROOKS — NEW YORK

Harvesting energy: Project Liberty makes fuel in Iowa from corn cobs, leaves and husks left over after harvest
Patrick Fallon/Bloomberg

The rebound in the oil price has made the prospects for ethanol made from farm waste — once the great hope of the alternative fuels sector — look promising again.

The head of the last consortium still pursuing large-scale production believes other companies are wrong to have written it off, as consumers face rising fuel bills.

Feike Sijbesma, chief executive of Royal DSM, a Dutch company that is part of the group working on cellulosic ethanol at the Project Liberty plant in Iowa, said it was on course for being able to compete with petrol, and the higher oil price was helping.

The recent rebound in prices to above $75 a barrel for Brent crude has raised hopes that cellulosic ethanol can be competitive, if the remaining process engineering problems can be fixed.

"It has not been an easy road, but we are getting there," he told the Financial Times. "The technology is more complicated than anybody thought at the beginning."

DSM, a chemicals and biotech company, set up Project Liberty with Poet, a US ethanol producer, to produce fuel from corn cobs, leaves and husks that are left in the fields after the harvest.

The plant held its opening ceremony in 2014 but has still not yet reached its full production capacity of 20m gallons of ethanol per year.

DuPont of the US and Abengoa of Spain, which had been pursuing similar projects, have abandoned them.

Project Liberty is still in production, however, and its output is rising. In a sign of the Poet-DSM consortium's continued confidence in the technology, it last year committed to building a facility at the site to manufacture the enzymes used to break down the cellulose in corn waste to make fuel.

Mr Sijbesma said the principal challenge that Project Liberty had faced was managing the logistics of collecting the corn harvest residue and processing it for treatment at the plant. The enzymes had exceeded expectations in their effectiveness in breaking down cellulose, but there were engineering problems such as the difficulty of removing dirt, sand and stones from the plant material.

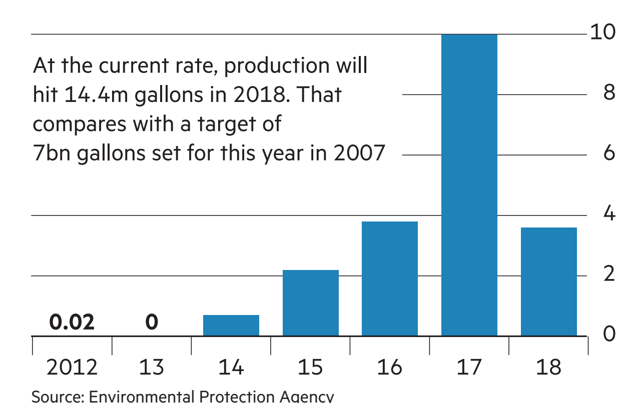
He added that those process challenges should ultimately be easier to solve than the fundamental science of using enzymes to break down cellulose, because they were the types of issues that were more familiar from other manufacturing processes.

Last November the company hailed a "major breakthrough" at the plant, pretreating the corn waste so that the enzymes and yeast used to make ethanol could work on it more easily.

Poet and DSM hope to license their technology to other producers, saying it "offers an enormous business opportunity" to companies that are making first-generation ethanol from corn and other grains.

If Project Liberty were producing at full capacity, its ethanol would be competitive with petrol at current prices, Mr Sijbesma said. "The higher the oil price, the more economic we are," he added. "At what oil price are we comfortable? $70." Brent crude rose above $79 a barrel this week for the first time since 2014.

US production of cellulosic ethanol has been rising
Gallons, millions



Source: Environmental Protection Agency

A decade ago, cellulosic ethanol was widely seen as vital for future energy supplies, providing an alternative to oil-based fuels that had lower greenhouse gas emissions and did not compete with demand for food. The US Energy Independence and Security Act of 2007 set ambitious goals for cellulosic biofuel use, which the industry has not come close to reaching. Just 10m gallons of cellulosic ethanol were produced in the US last year, only 0.2 per cent of the original biofuel objective.

DowDuPont, the company formed by the merger of DuPont with Dow Chemical, has stopped production at its cellulosic ethanol plant in Iowa and put it up for sale. Abengoa similarly stopped production at its cellulosic ethanol plant in Hugoton, Kansas, in 2015. The Hugoton plant went into Chapter 11 bankruptcy protection in 2016, and was bought that year by a US company called Synata Bio, which beat Royal Dutch Shell in an auction with a $48.5m bid.

Industry sources said the plant did not appear to be producing cellulosic ethanol. Synata said: "We are not making any comment on Hugoton at this time." Other companies are trying different routes to making cellulosic ethanol. DowDuPont, for example, sells enzymes for what is known as "1.5 Gen" fuel, made from the corn kernels left over after the production of conventional ethanol. California-based Aemetis has a plan to develop a factory to produce cellulosic ethanol from orchard waste and nutshells.

> 'The higher the oil price, the more economic we are. At what oil price are we comfortable? $70'

The mandates for biofuel use set in the 2007 act remain in a vastly modified form. The requirement for cellulosic biofuels has been reduced to about 5 per cent of its original level, and most of that is met not by ethanol but by renewable natural gas, produced from sources such as landfills and municipal waste water treatment facilities.

For 2018 the mandate for cellulosic biofuels has been set at 288m gallons, down from 311m gallons in 2017. Geoff Cooper, of the Renewable Fuels Association, warned that the move could have a "chilling effect" on efforts to increase cellulosic biofuel output.

President Donald Trump has been looking at possible regulatory reforms to encourage ethanol sales, and for the time being the US industry's future will remain heavily dependent on policy support. In the longer term, however, the prospects for cellulosic ethanol and other biofuels around the world will be much brighter if oil prices remain at current levels or move higher.

Banks

SBI head hails progress on India's bad loans

SIMON MUNDY — MUMBAI

The head of India's biggest bank has declared an end to a protracted, dramatic rise in the sector's bad loan ratios, which has forced a huge government bailout and sparked fears for the country's economic outlook.

Indian banks lent to large-scale industrial projects over much of the decade, only for many big corporate borrowers to struggle with repayments after their projects failed to meet forecasts.

The banks' declared bad debts have risen over the past two years, reaching $130bn at the end of March — prompting a $32bn recapitalisation plan for the dominant state-controlled banks and weighing on credit growth.

Now, the recognition of bad loans resulting from that rush of lending is effectively complete, Rajnish Kumar, chairman and managing director of State Bank of India, said.

"As far as the recognition part is concerned that is largely over," said Mr Kumar, whose bank is by far the largest in India with more than $500bn of assets.

New rules issued by the Reserve Bank of India, the central bank, in February — which some in the sector described as excessively rigid — left "little scope for anyone to hide anywhere," he added. "So that part is over."

The rules stipulate that, if a debt goes unserviced for 180 days, lenders must take action under India's new bankruptcy code, forcing the sale or liquidation of the company. This was just the latest stage in a sustained campaign by the RBI, beginning under former governor Raghuram Rajan, to force lenders to disclose the full extent of distressed assets — and to end the practice of "evergreening", where banks would keep giving borrowers extra time to repay debts.

Vital lessons had been learnt from the surge in non-performing loans in sectors such as steel and infrastructure, said Mr Kumar, who spent 27 years at SBI before becoming leader in October.

In particular, he said, banks were now insisting that company "promoters", or controlling shareholders, put substantial equity into new projects, rather than relying excessively on bank credit.

Sri Karthik Velamakanni, an analyst at Investec, said further increases to the default figures could still come from "nagging pain points in the economy" such as construction and power.

The state banks' weak capital situation was threatening their ability to ramp up their lending to the economy, he added. "There will be a long and painful road ahead."

Automobiles

Hyundai chief seeks support in proxy fight

SONG JUNG-A — SEOUL

Hyundai Motor's executives are appealing for support for a restructuring aimed at strengthening the founding family's control over key units, after two influential proxy advisory firms opposed the plan.

Lee Won-hee, chief executive at Hyundai Motor, yesterday asked for shareholder support for the $8.8bn deal between two of the group's units, as the South Korean company faces opposition less than two weeks before the country's biggest proxy fight since the contentious Samsung merger in 2015.

The sprawling family-run conglomerate with 56 units and more than $200bn in assets is keen to secure shareholder approval for the deal, which critics say is designed to smooth the transfer of control from chairman Chung Mong-koo to his son and vice-chairman, Chung Eui-sun.

"The reorganisation plan is the best option to strengthen our business competitiveness and enhance transparency," Mr Lee said in a statement to shareholders.

"It came out of our desperate view that the current business structure cannot guarantee our sustainable growth."

Mr Lee promised to boost the transparency of its board's decision-making and increase shareholder returns.

Under the restructuring, Hyundai's controlling family plans to sell down its 29.9 per cent stake in Hyundai Glovis, the group's vehicle-shipping and logistics arm, in order to buy more shares of Hyundai Mobis, the parts-making unit at the heart of the group's complex ownership structure.

Hyundai said the plan would end the group's circular shareholdings and strengthen the companies' competitiveness.

Mr Lee's statement echoed a similar plea by Lim Young-deuk, Hyundai Mobis president, who issued a 12-page statement to shareholders on Wednesday, stressing the synergies expected from the deal.

But many investors are not buying Hyundai's claim, saying the deal would benefit the controlling family at the expense of shareholders of Hyundai Mobis.

US activist fund Elliott Management, which owns more than a $1bn combined stake in three of the group's units — Hyundai Motor, Hyundai Mobis and Kia Motors — said last week it would vote against Hyundai's restructuring plan at the general meeting of Hyundai Mobis, scheduled for May 29.

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Technology. Sharing economy

Uber and Ola jostle for space in Indian ride-hailing

Mutual investor SoftBank is pushing for a merger but it will be hard to satisfy both sides

SIMON MUNDY — MUMBAI

Two smartphones adorned the dashboard of Ganesh Medar's white Maruti Suzuki hatchback as he eased it through the noisy traffic of south Mumbai.

One of the screens displayed Uber, the California-based ride-hailing app that considers India its most important Asian market after selling its operations in China and south-east Asia. The other featured booking requests made through Ola, Uber's Indian rival.

"I'd like to support Ola because it's Indian but in the end we have to support our families, and I've got a big loan to pay off," said Mr Medar, a former driver for an advertising company who now relies entirely on the two apps for his income. "So whoever will give us more business, we have to go to them."

Five years of intense competition between the ride-hailing companies have been a boon for millions of Indians, who have become hooked on the convenience and bargain fares on offer. Hundreds of thousands of drivers have also flocked to the services — many running accounts with both to maximise their income.

This rivalry has been less welcome to Japanese technology group SoftBank, which holds large stakes in both Uber and Ola. Encouraged by their common shareholder, the pair have held talks on a potential merger, according to people with direct knowledge of the discussions. That move would create a business controlling almost the entire Indian ride-hailing market, which last year had revenue of at least $2.1bn, according to RedSeer Consulting.

But analysts say the expensive duel may continue, citing probable regulatory objections to a merger and the difficulty of reaching a deal that would satisfy both sides — each of which sees itself as holding a powerful position.

How this battle plays out will decide the future of a sector that has become an important part of urban Indian transport systems, said Pranjal Sharma, an analyst and author. For urban professionals unwilling to rely on overcrowded public transport or to bear the expense of their own vehicle, he added, ride-hailing has become "an essential service — in the same way as people in London are dependent on the underground".

When Uber in March announced the sale of its south-east Asian business to Grab, another SoftBank-backed rival, in exchange for a minority stake in the merged entity — following similar deals in China and Russia — it sparked expectations that a corresponding agreement with Ola in India could be next.

Rajeev Misra, a director at SoftBank, told the Financial Times in January that the investor wanted Uber to focus on its core western markets in an effort to achieve profitability more swiftly.

But Uber says the deal with Grab will be the last of its kind. Barney Harford, chief operating officer, said on a visit to Mumbai last month that the sale had "freed up resources for us to double down" on markets including India, where Uber launched in 2013.

"We are in a very clear position of strength in the Indian market," he said. "We have no interest in doing minority deals in India, or in any of the other geographies we're in today."

Ola, founded in 2010, is just as determined that any merger should not leave it the minority partner, according to a person with knowledge of its approach to the talks. It believes it has a large and growing lead in market share, helped by the fact that it operates in more than 110 Indian cities, against Uber's 31.

While Uber says it handles about 3m rides a week, Ola claims to support about four times that volume, with 2m each day. Some independent estimates suggest a narrower lead: consultancy Kalagato calculates that Ola had 56.2 per cent of the Indian ride-hailing market in the second half of 2017, against Uber's 39.6 per cent based on app download numbers.

In recent months, Ola has rolled out a series of eye-catching announcements, including the launch of operations in Australia, and a pledge to put 1m electric vehicles on Indian roads by 2021. Such moves may be aimed at fending off pressure to accede to a takeover, said Kashyap Deorah, a technology entrepreneur and author of a book on Indian start-ups. "The Australia launch came out of the blue — changing the game by making clear that Ola is not just an India player," he said.

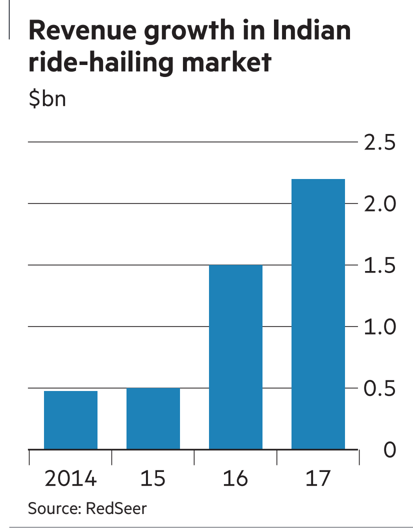
Even if the companies were to agree a merger, it would struggle to pass muster with competition authorities, said VG Ramakrishnan, managing partner at Avanteum Advisors, an automotive consultancy. The new entity would dominate not only in the ride-hailing market but also the national taxi industry, he added.

Whether their future lies in partnership or continued competition, Ola and Uber should expect strong long-term growth in India, said Tom De Vleesschauwer, an analyst at IHS Markit.

"Mass transit in the bigger Indian cities is already hugely over capacity, and the average new car price is still several times the national average income," he said. "It's a market with huge potential for ride-hailing."

> 'We have no interest in doing minority deals in India, or in any of the other geographies we're in today'
> Barney Harford, Uber

Revenue growth in Indian ride-hailing market
$bn



Source: RedSeer

Ola and Uber drivers strike over incentives in Bangalore last year. The two groups control almost the entire Indian ride-hailing market
NV Jagadeesh/EPA

Financial services

Ant reveals its 'enormous scale' in China online finance

HENNY SENDER

Ant Financial has revealed a surge to more than 600m users and disclosed for the first time the scale of its wealth management business, in information for potential investors in its latest $10bn fundraising.

The document, seen by the FT and confirmed by two investors, underscores the extent to which the fintech arm of Jack Ma's internet group Alibaba dominates online finance in China, as well as the challenge it poses to banks.

In the memo, Ant claims a rise in user numbers to 622m. Alipay, Ant's core payments arm, cites 520m users on its website, while an estimate from Barclays for the end of 2017 gave the number at 600m.

According to the document, Ant Financial Services Group's wealth management business now has assets under management of Rmb2.2tn ($345bn) — a figure not previously disclosed that would make Ant the world's largest consumer wealth management platform. Of that sum, Rmb1.5tn sits in Yu'E Bao, the world's biggest money market fund.

"AFS is a technology disrupter to the financial services industry that has achieved enormous scale in a short period of time," the document said.

Ant is seeking about $10bn this funding round, which would value the company at about $160bn. Investors say the fundraising is already oversubscribed.

But the information for investors also highlights a potential drawback for the company. Ant is attracting regulatory scrutiny from Beijing about the scale of its threat to the core business of the state-owned lenders, despite the company's insistence it is more a partner than a threat to the banks.

"Over the past year, regulators have put a lot of emphasis on the booming fintech area," the note says in a discussion of risks. "AFS, being the single biggest player in the space, will be exposed to some business model transformation under new rules."

Regulatory changes are expected to affect both its payments and wealth management business. In the section on regulatory effects on its operations, the memo predicts that Ant's money market fund will grow at only 6 per cent per year, reaching Rmb2tn in 2023.

Ant declined to comment.

Legal Notices

IN THE COURT OF SESSION SCOTLAND **P499/18**

NATIONAL WESTMINSTER BANK PLC
- and -
NATWEST MARKETS PLC

NOTICE IS HEREBY GIVEN that on 11 May 2018, a Petition was presented to the Court of Session in Scotland (the "**Court**") by National Westminster Bank Plc ("**NatWest**") a public company which is registered in England, with the registered number 929027 and whose registered office is at 135 Bishopsgate, London EC2M 3UR and NatWest Markets Plc ("**NatWest Markets**") (formerly The Royal Bank of Scotland plc), a public company which is registered in Scotland, with the registered number SC090312 and whose registered office is at 36 St Andrew Square, Edinburgh, EH2 2YB, for an order of the Court, under Part VII of the Financial Services and Markets Act 2000, sanctioning a ring-fencing transfer scheme (the "**Scheme**") for the transfer of the customer derivatives business of NatWest to NatWest Markets.

Copies of the Petition, this notice, the full terms of the Scheme, a summary of its principal terms, the report of the skilled person relating to the Scheme and a summary of that report are available, free of charge, at www.rbs.com/ring-fencing or on request from NatWest at 250 Bishopsgate, London EC2M 4AA. A copy of any supplementary report of the skilled person will, if provided, also be so available. All of those documents will be available until the date of the Court hearing to sanction the Scheme. That date is currently expected to be 31 July 2018. If the Scheme is sanctioned at that hearing, the effective date of the Scheme is expected to be 13 August 2018 but may be any later date which NatWest and NatWest Markets may agree with the Prudential Regulation Authority and the Financial Conduct Authority.

As ordered by the Court, NatWest will publish a series of notices in relation to the Petition. They are expected to be published in *The London Gazette*, *The Edinburgh Gazette* and *The Belfast Gazette*, the *Financial Times* (including the international editions) and *The Scotsman*.

Any person who considers that they would be adversely affected by the carrying out of the Scheme has two alternative ways of making sure the Court considers their views.

They have the right to lodge formal written objections (known as "**Answers**") with the Court. If any person wishes to lodge Answers, they should seek independent legal advice. Answers are a formal Court document which must comply with the rules of the Court and are normally prepared by Scottish legal counsel. Answers must be lodged with the Court at Parliament House, Parliament Square, Edinburgh, EH1 1RQ within 42 days of the publication of the last of these notices, which is expected to be on or around 18 May 2018. The deadline for lodging Answers is 29 June 2018. In addition, Answers must be accompanied by a fee to the Court.

The Court will also consider any other informal objections to the Scheme which are made in writing or in person at the hearing to consider approving the Scheme. If any person wishes to object in writing or in person at that hearing, they need to send a written statement of their views to the Court (by post or by hand to the above address) and NatWest (by post or by hand to 250 Bishopsgate, London, EC2M 4AA or by email to ringfencing@natwestmarkets.com). The written statement also needs to be sent to the Prudential Regulation Authority, either by post to National Westminster Bank, Prudential Regulation Authority, Bank of England, Threadneedle Street, London, EC2R 8AH or by submitting it online at:

http://www.bankofengland.co.uk/pra/Pages/authorisations/structuralreform/representations.aspx

If any person wishes to object in this way, they need to do this by 5 p.m. on 11 July 2018, in order to ensure that the Court will consider their objection at the hearing to consider approving the Scheme. No fee is payable to the Court for objecting in this way.

The Court is also likely to consider any objections whether made in writing or in person, at the hearing to consider sanctioning the Scheme, although it might not do so if neither of the processes for objecting described above have been followed.

This notice is given pursuant to section 110 of the Financial Services and Markets Act 2000.

Dated 18 May 2018

CMS Cameron McKenna Nabarro Olswang LLP
Solicitors to NatWest and NatWest Markets

COMPANIES LAW (2016 REVISION)
OF THE CAYMAN ISLANDS
NOTICE OF MEETING OF CREDITORS
SAAD INVESTMENTS COMPANY LIMITED
- IN OFFICIAL LIQUIDATION
("THE COMPANY")

TAKE NOTICE that a meeting of creditors of the Company, registration number 36729 whose registered office is situated at Grant Thornton Specialist Services (Cayman) Limited, 10 Market Street, PO Box #765, Camana Bay, Grand Cayman, KY1 9006, CAYMAN ISLANDS, is to be held on Tuesday 12 June 2018 at 9am Cayman time at the offices of Grant Thornton Specialist Services (Cayman) Limited, 48 Market Street, 2nd Floor, Suite 4290, Canella Court, Camana Bay, Grand Cayman, Cayman Islands. Creditors may also attend the offices of Linklaters LLP, 1 Silk Street, London EC2Y 8HQ (at 3pm UK time) where a conference call link will be established to the meeting in Cayman. One of the Joint Official Liquidators (JOLs) will be in attendance at the London venue.

Attendance by telephone conference will also be possible. Those creditors wishing to attend the meeting by this means are required to advise the JOLs of their intention to do so, and apply for confidential dial-in details, by no later than 12pm Cayman time (6pm UK time) on Friday 8 June 2018 by contacting the JOLs on one of the following:

email: SICLcreditorsmeeting@uk.gt.com

telephone: +1 345 769 7217 (contact Ms Michal Segal)

Any creditor who fails to notify the JOLs of its intention to participate in the meeting via telephone conference may not be granted access to the meeting.

In order for a creditor to attend and vote at the above meeting, whether in person or by telephone conference, the creditor is required to complete and submit to the JOLs, by no later than 12pm Cayman time (6pm UK time) on Friday 8 June 2018, a proof of debt form together with all supporting documentation, if they have not done so previously. Should you require a proof of debt form please contact the JOLs using the details provided below.

Those creditors who elect to participate in the meeting in person, should also bring with them to whichever venue they nominate a suitable form of identification.

Corporate creditors entitled to attend the meeting in person or by telephone conference must appoint a proxy by completing and returning a proxy form, which they may obtain by contacting the JOLs on the details below.

Please note that both the proof of debt (unless previously submitted) and proxy form are to be submitted to the JOLs by returning the completed forms to either of the addresses for service detailed below or by emailing the documents to the email address provided by 12pm Cayman time (6pm UK time) on Friday 8 June 2018.

Dated this 18th day of May 2018

Hugh Dickson, Joint Official Liquidator

Contact for Enquiries: Michal Segal. T: +1 (345) 769 7217.
E: michal.segal@uk.gt.com

Addresses for delivery of proofs of debt and proxy forms:

E: SICLcreditorsmeeting@uk.gt.com

or

C/O Grant Thornton Specialist Services (Cayman) Limited
10 Market Street, PO Box #765, Camana Bay, Grand Cayman, KY1 9006 CAYMAN ISLANDS. For the attention of Michal Segal

or

C/O Grant Thornton UK LLP
30 Finsbury Square, London, EC2P 2YU, ENGLAND.
For the attention of Stephen Keen

Public Notice

Banco Comercial Português, S.A.
Issue of EUR 95,000,000 Subordinated Fixed to Floating Rate Notes
"Millennium bcp Subordinadas" - due June 2020"
under the EUR 25,000,000,000 Euro Note Programme
ISIN: PTBIPNOM0062
EARLY REDEMPTION
At the option of the Issuer (*Issuer Call*)

Banco Comercial Português S.A. (the "Issuer"), hereby announces the early redemption of the Issue above identified, at the option of the Issuer in accordance with the terms established in the Notes' Final Terms. The Notes will be redeemed on the next interest payment date, 29 June 2018, in full, at par plus accrued interest.

18 May 2018

Banco Comercial Português, S.A.

Legal Notices

CWR Form 33
Notice of Intention to Declare Final Dividend (O.18, r.7)
THE COMPANIES LAW
NOTICE OF INTENTION TO DECLARE FINAL DIVIDEND
NITON FUND SPC – In Official Liquidation
(the "Company")
Grand Court Cause No. 117 of 2015 (RPJ)

TO: The Creditors of the Company
TAKE NOTICE that the Official Liquidator intends to declare a final dividend. Any creditor who has not already lodged his proof of debt with the Official Liquidator must do so no later than July 20th, 2018. The Official Liquidator is not obliged to adjudicate upon any proof of debt received after this date, with the result that your failure to lodge a proof of debt by the final date for proving may result in you being excluded from the final distribution.
Dated this 18th day of May 2018
Martin Trott, Official Liquidator
Contact for enquiries: Catherine Anderson-Bond. Telephone: + 1 345 949 7576. Facsimile: + 1 345 949 8295. Email: canderson@rhswcaribbean.com
Address for service: RHSW (Cayman) Limited, 1 Windward, Regatta Office Park, PO Box 897, George Town, Grand Cayman KY1-1103, Cayman Islands

Contracts & Tenders

BHARAT HEAVY ELECTRICALS LIMITED
(A Government of India Undertaking)
HEAVY POWER EQUIPMENT PLANT,
RAMACHANDRAPURAM, HYDERABAD-500032.
TEL: 040 2318 4953/2407, EMAIL: k.kumar@bhel.in, vinodreddy86@bhel.in

NIT_38564 **Date.: 16.05.2018**

GLOBAL TENDER NOTICE

Sealed tenders (with pre qualification system) in two parts (Techno commercial & price Bids) are invited from the reputed and competent manufacturers only (no traders / stockists will be considered) for supply of **TSI RACK AND ACCESSORIES** for Assam Petro-Chemicals Limited Project. **For tender details please visit web-site www.bhel.com.**

New Vendors (from India and abroad), who are interested to participate in tender and to do business with BHEL, shall submit the duly filled vendor registration forms, by down loading the same from our web site **www.bhel.com** for initial assessment.

Sr. Purchase Officer/T&C

Legal Notices

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS NOTICE.

This notice is issued in compliance with the requirements of Regulation 46(1) of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "**Irish Prospectus Regulations**") and appears as a matter of record only. This notice does not constitute, or form part of and should not be construed as an offer or invitation to sell or issue, or as a solicitation of any offer to purchase or subscribe for, any UBS Group Shares or any other securities in UBS Group AG (the "**Company**"). This notice is not an offer of securities for sale in any jurisdiction nor is it a prospectus (or prospectus equivalent document). Unless otherwise defined, all capitalised terms in this notice have the same meaning as those contained in the Second Supplementary Prospectus (as defined below) or, if not there, in the prospectus published by the Company on 10 November 2017 (the "**Original Prospectus**") as amended and supplemented by the supplementary prospectus published by the Company on 19 February 2018 (the "**Supplementary Prospectus**"; the Original Prospectus, together with the Supplementary Prospectus and any subsequent supplements, the "**Prospectus**"). Any subscription for UBS Group Shares in accordance with the terms of the Offer (as defined in the Prospectus) should be made solely on the basis of the information contained in the Prospectus as amended by the Second Supplementary Prospectus and prospective investors should also read, in full, the risk factors set out in the Prospectus.

The distribution or publication of this notice, the Original Prospectus, the Supplementary Prospectus, the Second Supplementary Prospectus, any related documents, and the offer, sale and/or issue of the UBS Group Shares in certain jurisdictions may be restricted by law. Other than in Germany, France, Spain, Austria, Italy, Luxembourg, Poland and the United Kingdom, no action has been or will be taken by the Company to permit a public offering of the UBS Group Shares under the Prospectus as amended by the Second Supplementary Prospectus or to permit the possession or distribution of this notice or of the Original Prospectus, the Supplementary Prospectus or the Second Supplementary Prospectus (or any other offering or publicity materials relating to the UBS Group Shares) in any jurisdiction where action for that purpose may be required. Persons into whose possession this notice (or any other offer or publicity material relating to the UBS Group Shares) comes are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

A second supplementary prospectus supplemental to the Prospectus, drawn up in accordance with Part 23 of the Companies Act 2014, the Irish Prospectus Regulations and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended, has been published on 17 May 2018 (the "**Second Supplementary Prospectus**"). The Second Supplementary Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended (the "**Prospectus Directive**"). The Central Bank of Ireland only approves the Second Supplementary Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the UBS Group Shares which are offered to EPP Participants (as defined in the Prospectus) in Germany, France, Spain, Austria, Italy, Luxembourg, Poland and the United Kingdom in accordance with the terms of the Offer.

The Offer will be made available during the time periods from 13 November to 27 November 2017, 5 February to 23 February 2018, 7 May to 21 May 2018, 6 August to 20 August 2018 and 12 November to 26 November 2018 (inclusive) for salary deductions, and during a further period in January and/or February 2018 for bonus deductions which the Company currently anticipates will be from 15 January to 9 February 2018 (the "**EPP Subscription Periods**"). The Company reserves the right to terminate the EPP in future with the effect that no further EPP Subscription Periods may occur.

The UBS Group Shares are listed on both the SIX Swiss Exchange and the New York Stock Exchange. No application has been, or is currently intended to be made for the UBS Group Shares to be admitted to listing or trading on the regulated market of the Irish Stock Exchange or any other regulated market for the purposes of Directive 2004/39/EC.

The Second Supplementary Prospectus has been made available to the public in Germany, France, Spain, Austria, Italy, Luxembourg, Poland and the United Kingdom in accordance with Part 8 of the Irish Prospectus Regulations by the same being made available, free of charge, in electronic form on the Company's website https://www.ubs.com/global/en/about_ubs/investor_relations/share_information/shareholder_details/employee_prospectus.html and, on request, in printed form by making a request to UBS Group AG, Equity Plus Plan Administrator (c/o Kumah Balogun), 5 Broadgate, London EC2M 2QS, United Kingdom.

UBS Group AG

(incorporated as a corporation limited by shares (Aktiengesellschaft) under the laws of Switzerland and registered in Switzerland with corporate identification number CHE-395.345.924)

Publication of a second supplementary prospectus in relation to the offer of up to 15,000,000 registered shares of UBS Group AG with a nominal value of CHF 0.10 each ("UBS Group Shares") under the UBS Equity Plus Plan

Neither the Original Prospectus, the Supplementary Prospectus nor the Second Supplementary Prospectus constitute an offer of, or the solicitation of an offer to subscribe for or buy, any UBS Group Shares to any person in any jurisdiction in which such offer or solicitation is unlawful. The distribution of the Original Prospectus, the Supplementary Prospectus and/or the Second Supplementary Prospectus and the offer of the UBS Group Shares in certain jurisdictions may be restricted by law.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the public of any UBS Group Shares (including by means of a resale or other transfer) may not be made in that Relevant Member State, other than the offering of UBS Group Shares pursuant to the Offer in Germany, France, Spain, Austria, Italy, Luxembourg, Poland and the United Kingdom contemplated in the Prospectus, as amended by the Second Supplementary Prospectus (from the time the Original Prospectus, and as appropriate, the Supplementary Prospectus and the Second Supplementary Prospectus, have been approved by the Central Bank of Ireland, in its capacity as the competent authority in Ireland, and published in accordance with the Prospectus Directive as implemented in Ireland and in the case of Germany, France, Spain, Austria, Italy, Luxembourg, Poland and the United Kingdom, passported), except that an offer to the public in that Relevant Member State of the UBS Group Shares may be made at any time under the following exemptions under the Prospectus Directive, if and as they have been implemented in that Relevant Member State:

(i) to legal entities which are qualified investors as defined in the Prospectus Directive;
(ii) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of UBS Group Shares shall result in a requirement for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

Nothing in the Original Prospectus, the Supplementary Prospectus or the Second Supplementary Prospectus constitutes an offer of UBS Group Shares for sale in the United States. The UBS Group Shares offered under the Prospectus as amended by the Second Supplementary Prospectus may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended (the "**Securities Act**"). It is not intended that the UBS Group Shares offered under the Prospectus, as amended by the Second Supplementary Prospectus will be registered under the Securities Act or any US state securities laws.

18 May 2018

Trading Directory

FxPro
Trade Like a Pro
Trade with The World's #1 Broker.*
*Based on 40+ UK and international awards.
BEST FOREX PROVIDER 2014 - 2016 Investors Chronicle & Financial Times
BEST FX BROKER 2013 - 2016 Shares Awards
BEST EXECUTION BROKER, GLOBAL, 2017 Global Brands Magazine
WATFORD Official Main Club Partner of Watford FC
FX | SHARES | INDICES | FUTURES
METALS | ENERGIES CFDS
Authorised and regulated by the Financial Conduct Authority.
Trading CFDs and Spread Betting involve significant risk of loss.

Businesses For Sale
Business for Sale, Business Opportunities, Business Services, Business Wanted, Franchises
Runs Daily
Classified Business Advertising
UK: +44 20 7873 4000 | Email: acs.emea@ft.com

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 $
0.11%	0.10%	-0.03%	0.70%	0.62%	0.53%	-0.54%	0.18%	No change	0.148%	0.458%	-0.114%	0.81%	-0.29%

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

AMERICAS

Apr 18 - May 17 — Index / All World

Index	City	Apr 18	May 17	Day	Month	Year
S&P 500	New York	2,708.64	2,725.42	0.11%	1.81%	13.56%
S&P/TSX COMP	Toronto	15,529.97	16,155.56	0.29%	5.23%	5.78%
Nasdaq Composite	New York	7,295.24	7,405.48	0.10%	3.50%	20.04%
IPC	Mexico City	48,933.61	46,041.69	-0.81%	-5.91%	-5.55%
Dow Jones Industrial	New York	24,748.07	24,760.74	-0.03%	0.77%	18.03%
Bovespa	São Paulo	84,086.13	85,018.72	-1.75%	1.12%	25.89%

EUROPE

Index	City	Apr 18	May 17	Day	Month	Year
FTSE 100	London	7,226.05	7,787.97	0.70%	7.66%	3.68%
Xetra Dax	Frankfurt	12,590.83	13,114.61	0.91%	0.70%	NaN%
FTSE Eurofirst 300	Europe	1,496.29	1,553.03	0.62%	3.96%	0.84%
Ibex 35	Madrid	9,857.30	10,216.40	1.04%	4.61%	-6.97%
CAC 40	Paris	5,353.54	5,621.92	0.98%	5.82%	3.99%
FTSE MIB	Milan	23,649.04	23,801.99	0.29%	0.65%	11.83%

ASIA

Index	City	Apr 18	May 17	Day	Month	Year
Nikkei 225	Tokyo	21,778.74	22,838.37	0.53%	4.59%	14.65%
Kospi	Seoul	2,479.98	2,448.45	-0.46%	-0.37%	6.67%
Hang Seng	Hong Kong	30,062.75	30,942.15	-0.54%	2.07%	22.13%
FTSE Straits Times	Singapore	3,498.20	3,536.76	0.11%	1.13%	9.57%
Shanghai Composite	Shanghai	3,091.40	3,154.28	-0.47%	1.40%	1.33%
BSE Sensex	Mumbai	34,395.06	35,149.12	-0.67%	2.46%	14.93%

Country	Index	Latest	Previous
Argentina	Merval	31882.84	31660.57
Australia	All Ordinaries	6197.20	6208.10
	S&P/ASX 200	6094.30	6107.00
	S&P/ASX 200 Res	4523.60	4473.90
Austria	ATX	3510.28	3490.50
Belgium	BEL 20	3898.57	3857.68
	BEL Mid	7396.41	7353.75
Brazil	Bovespa	85018.72	86536.97
Canada	S&P/TSX 60	958.96	956.42
	S&P/TSX Comp	16155.56	16108.06
	S&P/TSX Div Met & Min	1039.99	1045.17
Chile	IGPA Gen	28862.32	28957.44
China	FTSE A200	10078.66	10161.68
	FTSE B35	9000.71	8988.96
	Shanghai A	3303.60	3319.22
	Shanghai B	318.49	320.32
	Shanghai Comp	3154.28	3169.21
	Shenzhen A	1906.31	1916.34
	Shenzhen B	1104.26	1106.95
Colombia	COLCAP	1547.37	1571.47
Croatia	CROBEX	1845.70	1844.19
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1107.39	1106.06
Denmark	OMXC Copenahgen 20	1003.01	1004.10
Egypt	EGX 30	16993.21	16993.22
Estonia	OMX Tallinn	1261.13	1259.07
Finland	OMX Helsinki General	10263.38	10233.31
France	CAC 40	5621.92	5567.54
	SBF 120	4481.98	4439.52
Germany	M-DAX	26825.60	26616.64
	TecDAX	2804.96	2781.85
	XETRA Dax	13114.61	12996.33
Greece	Athens Gen	786.20	787.90
	FTSE/ASE 20	2063.72	2074.35
Hong Kong	Hang Seng	30942.15	31110.20
	HS China Enterprise	12278.43	12440.12
	HSCC Red Chip	4629.35	4675.55
Hungary	Bux	37538.04	37574.99
India	BSE Sensex	35149.12	35387.88
	Nifty 500	9304.45	9328.70
Indonesia	Jakarta Comp	5885.10	5994.60
Ireland	ISEQ Overall	7081.83	7007.36
Israel	Tel Aviv 125	1344.98	1341.24
Italy	FTSE Italia All-Share	26046.60	25976.89
	FTSE Italia Mid Cap	42695.13	42570.69
	FTSE MIB	23801.99	23734.22
Japan	2nd Section	7263.21	7188.70
	Nikkei 225	22838.37	22717.23
	S&P Topix 150	1454.32	1446.85
	Topix	1808.37	1800.35
Jordan	Amman SE	2139.65	2132.33
Kenya	NSE 20	3560.73	3582.36
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1040.80	1072.66
Lithuania	OMX Vilnius	711.27	708.17
Luxembourg	LuxX	1637.95	1658.48
Malaysia	FTSE Bursa KLCI	1854.44	1858.26
Mexico	IPC	46041.69	46419.77
Morocco	MASI	12689.15	12761.64
Netherlands	AEX	568.96	565.12
	AEX All Share	842.35	836.18
New Zealand	NZX 50	8603.38	8555.51
Nigeria	SE All Share	40615.42	40677.61
Norway	Oslo All Share	1008.55	1006.40
Pakistan	KSE 100	41869.65	42301.20
Philippines	Manila Comp	7694.12	7869.56
Poland	Wig	59420.11	59791.27
Portugal	PSI 20	5753.69	5695.67
	PSI General	3278.04	3253.27
Romania	BET Index	8541.67	8576.50
Russia	Micex Index	2285.53	2285.76
	RTX	1190.97	1189.77
Saudi-Arabia	TADAWUL All Share Index	7958.47	8070.69
Singapore	FTSE Straits Times	3536.76	3533.05
Slovakia	SAX	329.85	335.90
Slovenia	SBI TOP	897.04	889.51
South Africa	FTSE/JSE All Share	58184.25	58621.77
	FTSE/JSE Res 20	40757.89	40400.92
	FTSE/JSE Top 40	51675.02	52108.10
South Korea	Kospi	2448.45	2459.82
	Kospi 200	314.29	315.97
Spain	IBEX 35	10216.40	10111.00
Sri Lanka	CSE All Share	6473.18	6483.47
Sweden	OMX Stockholm 30	1614.39	1602.27
	OMX Stockholm AS	588.77	585.88
Switzerland	SMI Index	8988.33	8973.88
Taiwan	Weighted Pr	10833.81	10897.57
Thailand	Bangkok SET	1751.20	1750.62
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	4467.43	4470.57
UK	FT 30	3328.60	3287.00
	FTSE 100	7787.97	7734.20
	FTSE 4Good UK	7006.58	6956.75
	FTSE All Share	4278.59	4248.78
	FTSE techMARK 100	4743.51	4726.77
USA	DJ Composite	8269.33	8256.76
	DJ Industrial	24760.74	24768.93
	DJ Transport	10799.11	10702.54
	DJ Utilities	669.93	674.05
	Nasdaq 100	6928.69	6929.97
	Nasdaq Cmp	7405.48	7398.30
	NYSE Comp	12767.39	12743.80
	S&P 500	2725.44	2722.46
	Wilshire 5000	28387.64	28322.99
Venezuela	IBC	21797.17	20570.70
Vietnam	VNI	1030.64	1054.62
Cross-Border	DJ Global Titans ($)	304.86	305.05
	Euro Stoxx 50 (Eur)	3586.56	3562.85
	Euronext 100 ID	1083.43	1073.57
	FTSE 4Good Global ($)	6692.55	6682.13
	FTSE All World ($)	342.35	341.72
	FTSE E300	1553.03	1543.39
	FTSE Eurotop 100	2995.28	2977.88
	FTSE Global 100 ($)	1709.08	1705.36
	FTSE Gold Min ($)	1434.72	1435.90
	FTSE Latibex Top (Eur)	4533.80	4548.30
	FTSE Multinationals ($)	1985.43	1980.08
	FTSE World ($)	604.93	603.63
	FTSEurofirst 100 (Eur)	4434.24	4400.77
	FTSEurofirst 80 (Eur)	5036.91	4998.80
	MSCI ACWI Fr ($)	517.04	516.14
	MSCI All World ($)	2122.97	2119.98
	MSCI Europe (Eur)	1630.32	1631.65
	MSCI Pacific ($)	2863.64	2868.53
	S&P Euro (Eur)	1687.71	1674.95
	S&P Europe 350 (Eur)	1599.18	1588.81
	S&P Global 1200 ($)	2375.64	2371.61
	Stoxx 50 (Eur)	3164.48	3150.50

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

STOCK MARKET: BIGGEST MOVERS

AMERICA ACTIVE STOCKS	stock traded m's	close price	Day's change	LONDON ACTIVE STOCKS	stock traded m's	close price	Day's change	EURO MARKETS ACTIVE STOCKS	stock traded m's	close price	Day's change	TOKYO ACTIVE STOCKS	stock traded m's	close price	Day's change
Nvidia	17.2	248.64	2.63	British American Tobacco	578.8	3815.00	-25.00	Abertis Infr	695.9	18.15	-0.14	Mitsubishi Ufj Fin,.	737.9	728.50	8.80
Amazon.com	15.0	1589.03	1.75	Ocado	328.5	797.20	245.20	Unicredit	492.4	16.68	-0.32	Sumitomo Mitsui Fin,.	504.2	4707.00	64.00
Apple	14.3	187.94	-0.24	Vodafone	250.0	196.04	0.28	Intesa Sanpaolo	414.1	3.08	-0.02	Sony	355.5	5390.00	113.00
Walmart	14.0	85.11	-1.02	Gvc Holdings	236.2	961.00	45.50	Eni	364.9	16.60	0.06	Toyota Motor	328.2	7555.00	4.00

Ups (America)	Close price	Day's change	Day's chng%	Ups (London)	Close price	Day's change	Day's chng%	Ups (Euro)	Close price	Day's change	Day's chng%	Ups (Tokyo)	Close price	Day's change	Day's chng%
Marathon Petroleum	79.92	3.19	4.16	Sophos	599.00	49.00	8.91	Norsk Hydro	5.39	0.39	7.76	Daiichi Sankyo ,	4137.00	208.00	5.29
Macy's	34.45	1.28	3.84	Just	150.40	10.00	7.12	Merck Kgaa O.n.	86.04	5.20	6.43	Dainippon Sumitomo Pharma Co.,	1993.00	87.00	4.56
Andeavor	145.77	5.06	3.60	Tullow Oil	269.80	15.30	6.01	Hennes & Mauritz Ab, H & M Ser. B	14.06	0.58	4.30	Fujikura	806.00	30.00	3.87
Express Scripts Holding	76.16	2.43	3.29	Experian	1804.50	95.50	5.59	Inditex	27.92	1.05	3.91	Sumitomo Chemical ,	659.00	24.00	3.78
Downs				**Downs**				**Downs**				**Downs**			
Nektar Therapeutics	78.23	-7.57	-8.82	Royal Mail	555.00	-42.80	-7.16	A.p. M__ller - M__rsk B A/s	1233.63	-129.16	-9.48	Kajima	955.00	-22.00	-2.25
Cbs	50.29	-3.54	-6.57	Petrofac	616.80	-32.20	-4.96	A.p. M__ller - M__rsk A A/s	1172.80	-114.80	-8.92	Nippon Light Metal Holdings ,	286.00	-6.00	-2.05
Discovery	21.63	-0.82	-3.65	Thomas Cook	139.10	-7.00	-4.79	Man Se St O.n.	94.15	-2.45	-2.54	Alps Electric Co.,	2647.00	-53.00	-1.96
Discovery	22.83	-0.86	-3.63	Softcat	668.00	-31.00	-4.43	Unicredit	16.68	-0.32	-1.86	Aeon Co.,	2146.50	-32.00	-1.47
Cisco Systems	43.64	-1.52	-3.36	Hill & Smith Holdings	1411.00	-59.00	-4.01	Deutsche Boerse Na O.n.	113.45	-1.65	-1.43	Nippon Telegraph And Telephone	5264.00	-76.00	-1.42

Based on the constituents of the S&P500 · Based on the constituents of the FTSE 350 index · Based on the constituents of the FTSEurofirst 300 Eurozone index · Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	May 17 price(p)	%Chg week	%Chg ytd	FTSE 250	May 17 price(p)	%Chg week	%Chg ytd	FTSE SmallCap	May 17 price(p)	%Chg week	%Chg ytd	Industry Sectors	May 17 price(p)	%Chg week	%Chg ytd
Winners				**Winners**				**Winners**				**Winners**			
Paddy Power Betfair	8405.00	16.9	-5.6	Bakkavor	202.00	7.4	4.7	Mothercare	26.50	33.6	-59.7	Oil Equipment & Services	14833.13	10.6	15.0
Burberry	1928.00	7.6	8.1	Coats	80.80	3.7	-8.2	Sportech	81.10	30.4	1.4	Food & Drug Retailers	3979.79	4.6	22.0
Micro Focus Int	1349.00	6.1	-45.8	Ti Fluid Systems	252.00	2.4	-0.2	Goodwin	2210.00	17.2	10.2	Mining	20123.14	4.4	7.4
Glencore	397.85	5.8	0.9	Syncona	216.50	2.6	7.4	Enquest	42.20	12.1	42.6	Oil & Gas Producers	10048.01	3.7	11.1
Bt	204.65	-7.4	-25.6	On The Beach	502.00	-7.9	5.0	Dialight	502.00	-11.6	-7.0	Mobile Telecommunications	4307.47	-6.7	-
Vodafone	196.04	-6.7	-16.2	Talktalk Telecom	124.10	-6.9	-17.3	Arrow Global	290.50	-9.2	-26.0	Industrial Transportation	3535.63	-4.7	5.9
Smurfit Kappa	2966.00	-5.5	20.1	Softcat	668.00	-6.0	30.2	Hostelworld	382.00	-5.1	0.5	Automobiles & Parts	10190.89	-3.1	35.8
Old Mutual	249.70	-4.3	9.1	Wizz Air Holdings	3100.00	-6.9	-16.2	Cambian	160.60	-4.4	-17.4	Tobacco	42687.69	-2.0	-
Mediclinic Int	671.00	-3.3	3.4	Ted Baker	2524.00	-5.0	-8.7	Kcom	98.90	-4.9	9.5	Food Producers	7563.47	-1.5	-9.0
British American Tobacco	3815.00	-2.6	-22.8	Marston's	101.40	-5.5	-10.0	Renold	22.30	-3.7	-53.6	General Industrials	6875.45	-0.9	7.6
Land Securities	953.20	-2.3	-4.2	Btg	629.50	-6.3	-16.6	Stock Spirits	247.00	-5.0	-8.9	Real Estate Investment Trusts	3159.41	-0.9	-0.3
Barclays	209.00	-2.2	2.9	Provident Fin	645.00	-6.2	-3.5	Tyman	326.00	-2.7	-10.9	Banks	4485.78	-0.6	-2.9
Associated British Foods	2737.00	-2.1	-1.5	Saga	129.10	-3.9	4.1	Keller	1066.00	-2.4	10.0	Life Insurance	9234.32	-0.3	3.0
Fresnillo	1271.50	-1.8	-11.4	Savills	938.50	-3.5	-4.7	Foxtons	73.00	-0.8	-11.9	Nonlife Insurance	3262.38	-0.1	1.1
Centrica	143.90	-1.8	1.9	Grafton	755.00	-3.8	-5.2	Cmc Markets	181.80	-1.1	17.9	Personal Goods	36105.15	-0.1	-0.7

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

CURRENCIES

May 17	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	24.3700	0.4550	28.7372	0.5498	32.9080	0.6610
Australia	Australian Dollar	1.3304	-0.0021	1.5688	-0.0018	1.7965	-0.0003
Bahrain	Bahrainin Dinar	0.3772	-0.0001	0.4448	0.0001	0.5094	0.0006
Bolivia	Bolivian Boliviano	6.9100	-	8.1483	0.0038	9.3309	0.0135
Brazil	Brazilian Real	3.6852	0.0008	4.3457	0.0030	4.9764	0.0083
Canada	Canadian Dollar	1.2795	-0.0009	1.5088	-0.0003	1.7278	0.0013
Chile	Chilean Peso	633.0150	2.7300	746.4536	3.5697	854.7904	4.9145
China	Chinese Yuan	6.3671	-0.0014	7.5081	0.0019	8.5978	0.0105
Colombia	Colombian Peso	2881.0600	6.5250	3397.3565	9.2924	3890.4330	14.4114
Costa Rica	Costa Rican Colon	565.4550	0.3500	666.7866	0.7269	763.5609	1.5736
Czech Republic	Czech Koruna	21.6885	0.0272	25.5751	0.0441	29.2869	0.0789
Denmark	Danish Krone	6.3161	-0.0034	7.4480	-0.0005	8.5289	0.0077
Egypt	Egyptian Pound	17.8035	-0.0445	20.9940	-0.0426	24.0409	-0.0253
Hong Kong	Hong Kong Dollar	7.8500	-	9.2567	0.0044	10.6002	0.0153
Hungary	Hungarian Forint	268.8560	0.7611	317.0360	1.0465	363.0491	1.5501
India	Indian Rupee	67.6950	-0.1313	79.8262	-0.1171	91.4118	-0.0451
Indonesia	Indonesian Rupiah	14052.0000	-42.0000	16570.1730	-41.7021	18975.1160	-29.2455
Israel	Israeli Shekel	3.5972	0.0092	4.2418	0.0128	4.8574	0.0193
Japan	Japanese Yen	110.8250	0.5050	130.6852	0.6568	149.6523	0.8969
..One Month		110.8248	0.5046	130.6853	0.6569	149.6522	0.8967
..Three Month		110.8243	0.5036	130.6853	0.6570	149.6520	0.8963
..One Year		110.8219	0.4987	130.6855	0.6573	149.6522	0.8953
Kenya	Kenyan Shilling	100.4000	0.1000	118.3920	0.1737	135.5749	0.3304
Kuwait	Kuwaiti Dinar	0.3022	0.0002	0.3563	0.0003	0.4080	0.0008
Malaysia	Malaysian Ringgit	3.9690	0.0015	4.6803	0.0040	5.3595	0.0098
Mexico	Mexican Peson	19.7224	0.0004	23.2567	0.0114	26.6321	0.0390
New Zealand	New Zealand Dollar	1.4537	0.0036	1.7142	0.0050	1.9630	0.0077
Nigeria	Nigerian Naira	361.2500	0.7500	425.9873	1.0848	487.8131	1.7151
Norway	Norwegian Krone	8.1102	0.0000	9.5635	0.0046	10.9515	0.0159
Pakistan	Pakistani Rupee	115.5850	-	136.2982	0.0643	156.0799	0.2252
Peru	Peruvian Nuevo Sol	3.2765	0.0101	3.8637	0.0137	4.4244	0.0200
Philippines	Philippine Peso	52.2625	-0.0150	61.6281	0.0114	70.5725	0.0816
Poland	Polish Zloty	3.6426	0.0105	4.2954	0.0145	4.9188	0.0213
Romania	Romanian Leu	3.9308	-0.0002	4.6352	0.0019	5.3079	0.0074
Russia	Russian Ruble	61.8425	-0.3563	72.9249	-0.3856	83.5089	-0.3599
Saudi Arabia	Saudi Riyal	3.7503	-	4.4223	0.0021	5.0641	0.0073
Singapore	Singapore Dollar	1.3426	0.0007	1.5832	0.0016	1.8130	0.0036
South Africa	South African Rand	12.5557	0.0907	14.8057	0.1138	16.9545	0.1467
South Korea	South Korean Won	1081.0000	3.3000	1274.7192	4.4906	1459.7259	6.5557
Sweden	Swedish Krona	8.7422	0.0190	10.3088	0.0273	11.8049	0.0427
Switzerland	Swiss Franc	1.0023	0.0016	1.1819	0.0024	1.3534	0.0041
Taiwan	New Taiwan Dollar	29.9080	0.0385	35.2676	0.0620	40.3862	0.1102
Thailand	Thai Baht	32.0700	-0.0750	37.8171	-0.0706	43.3057	-0.0386
Tunisia	Tunisian Dinar	2.5189	-0.0007	2.9703	0.0006	3.4014	0.0040
Turkey	Turkish Lira	4.4552	0.0270	5.2536	0.0343	6.0161	0.0451
United Arab Emirates	UAE Dirham	3.6732	-	4.3314	0.0020	4.9600	0.0072
United Kingdom	Pound Sterling	0.7406	-0.0011	0.8733	-0.0008	-	-
..One Month		0.7407	-0.0011	0.8732	-0.0009	-	-
..Three Month		0.7411	-0.0011	0.8730	-0.0008	-	-
..One Year		0.7430	-0.0012	0.8722	-0.0009	-	-
United States	United States Dollar	-	-	1.1792	0.0006	1.3503	0.0019
..One Month		-	-	1.1790	-0.1692	1.3505	0.0019
..Three Month		-	-	1.1784	-0.1692	1.3509	0.0019
..One Year		-	-	1.1755	-0.1692	1.3528	0.0019
Venezuela	Venezuelan Bolivar Fuerte	69912.5000	87.5000	82441.0693	141.9993	94406.1846	254.1930
Vietnam	Vietnamese Dong	22775.0000	2.5000	26856.3801	15.5703	30754.1849	47.6898
European Union	Euro	0.8480	-0.0004	-	-	1.1451	0.0011
..One Month		0.8478	-0.0004	-	-	1.1451	0.0011
..Three Month		0.8472	-0.0004	-	-	1.1449	0.0011
..One Year		0.8444	-0.0004	-	-	1.1440	0.0011

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

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg May 17	Day's chge%	Euro Index	£ Strlg May 16	£ Strlg May 15	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7787.97	0.70	6955.14	7734.20	7722.98	7436.42	3.77	1.97	13.48	139.02	6731.46
FTSE 250 (250)	21019.44	0.92	18771.66	20828.79	20784.92	19691.64	2.63	2.45	15.48	214.30	15621.98
FTSE 250 ex Inv Co (198)	22667.85	1.12	20243.79	22415.91	22373.71	21126.48	2.71	1.94	18.98	237.74	17197.64
FTSE 350 (350)	4333.74	0.73	3870.30	4302.24	4295.53	4124.53	3.58	2.03	13.78	71.72	7508.36
FTSE 350 ex Investment Trusts (297)	4297.80	0.76	3838.20	4265.51	4259.15	4091.40	3.63	1.95	14.14	72.23	3837.59
FTSE 350 Higher Yield (109)	3968.32	0.73	3543.95	3939.69	3943.06	3832.93	4.77	1.74	12.07	85.21	7286.14

FT 30 INDEX

	May 17	May 16	May 15	May 14	May 11	Yr Ago	High	Low
FT 30	3328.60	3287.00	3287.20	3292.20	3309.60	0.00	3377.70	2974.50
FT 30 Div Yield	1.89	1.91	1.92	1.92	1.91	0.00	3.93	2.74
P/E Ratio net	23.58	23.32	23.28	23.23	23.34	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
3287	3296.5	3300.4	3307.1	3309.3	3315.3	3313.6	3324.4	3325.2	3328.8	3283.2

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

FX: EFFECTIVE INDICES

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Automobiles & Parts	40.13	Electronic & Elec Eq	5.13	Personal Goods	-0.57
Tech Hardware & Eq	33.06	Health Care Eq & Srv	4.91	Real Est Invest & Se	-0.71
Industrial Metals &	27.94	Mining	4.88	Utilities	-0.77
Food & Drug Retailer	17.34	Consumer Services	3.43	Travel & Leisure	-0.93
Industrial Transport	13.70	Industrials	3.41	Beverages	-1.42
Oil Equipment & Serv	11.24	Life Insurance	3.17	General Retailers	-1.66
Chemicals	8.98	Financial Services	2.51	Banks	-1.71

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	976.40	2.40	London Stock Exchange Group PLC	4498	33.00
Admiral Group PLC	1945	9.00	Marks And Spencer Group PLC	297.30	9.10
Anglo American PLC	1883.2	-9.20	Mediclinic International PLC	671.00	-10.00
Antofagasta PLC	1081.5	13.50	Melrose Industries PLC	234.50	-0.50
Ashtead Group PLC	2296	16.00	Micro Focus International PLC	1349	1.50
Associated British Foods PLC	2737	32.00	Mondi PLC	2065	2.00

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

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

UK RIGHTS OFFERS

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

UK COMPANY RESULTS

UK RECENT EQUITY ISSUES

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

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 %
Altrica	8.84	7.86	0.97	12.36	1.24	16.3	8.02
ValeantPh	28.17	28.26	-0.10	-0.40	2.62	10.2	29.76
Murata Mfg	15765.00	15810.00	-45.00	-0.28	1370.00	9.5	9.60
NXP	108.50	108.84	-0.34	-0.31	9.21	9.3	-4.00
Vale	55.72	55.90	-0.18	-0.32	4.32	8.4	21.38
Petrobras	31.25	31.63	-0.38	-1.20	2.41	8.4	46.93
Target	75.63	75.23	0.40	0.53	5.39	7.7	4.46
L Brands	34.07	34.19	-0.12	-0.35	2.39	7.5	-5.95
ExpScripts	76.16	73.73	2.43	3.29	5.20	7.3	5.15
BHPBilltn	34.44	34.01	0.43	1.26	2.25	7.0	14.88
MylanNV	40.39	39.18	1.21	3.09	2.49	6.6	-1.49
Hunng Pwr	5.50	5.54	-0.04	-0.72	0.33	6.4	12.47
Statoil	220.80	216.80	4.00	1.85	12.80	6.2	11.01
Suncor En	53.31	52.44	0.87	1.66	2.94	5.8	12.16
Gree Elec Apl	0.06	0.06	0.00	-1.79	0.00	5.8	5.77
Glencore	397.85	393.05	4.80	1.22	21.65	5.8	-98.86
LVMH	308.60	307.00	1.60	0.52	16.25	5.6	10.51
ValeroEngy	120.69	114.99	5.70	4.96	6.20	5.4	13.10
ChUncHK	11.32	11.16	0.16	1.43	0.58	5.4	10.12
CVS	65.78	66.13	-0.35	-0.53	3.34	5.3	-1.82

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 %
MollerMrsk	9188.00	10150.00	-962.00	-9.48	-1347.00	-12.8	3.39
Telstra	2.87	2.86	0.01	0.35	-0.38	-11.7	-8.01
Viacom	27.68	28.27	-0.59	-2.09	-2.86	-9.4	-11.64
Bhartiartl	367.60	367.60	0.00	0.00	-34.85	-8.7	-2.40
BT	204.65	203.00	1.65	0.81	-16.40	-7.4	-99.16
Vodafone	196.04	195.78	0.28	0.14	-14.06	-6.7	-99.06
Unicred	16.68	17.00	-0.32	-1.86	-1.18	-6.6	-5.41
Tesla Mtrs	287.13	286.48	0.65	0.23	-17.89	-5.9	-0.16
Bradesco	29.56	30.62	-1.06	-3.46	-1.82	-5.8	-5.64
Cisco	43.64	45.16	-1.52	-3.36	-2.66	-5.7	-2.02
Firstrand	62.00	63.50	-1.50	-2.36	-3.65	-5.6	-7.61
MediaTek	310.00	319.00	-9.00	-2.82	-18.00	-5.5	-9.36
LibertyGbl	29.14	29.54	-0.40	-1.35	-1.66	-5.4	-7.54
SunPhrmInds	479.85	479.85	0.00	0.00	-26.30	-5.2	-7.61
DukeEner	74.25	75.14	-0.89	-1.18	-3.91	-5.0	-5.41
Deut Bank	11.02	10.98	0.05	0.42	-0.58	-5.0	-5.00
EquityResTP	59.85	60.25	-0.40	-0.66	-3.06	-4.9	-4.15
ItauHldFin	40.78	41.35	-0.57	-1.38	-1.97	-4.6	-8.05
SimonProp	154.03	154.31	-0.28	-0.18	-7.19	-4.5	0.54
MTN Grp	118.07	120.99	-2.92	-2.41	-5.51	-4.5	0.90

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

May 17	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$										
Qwest Capital Funding, Inc.	08/21	7.63	B+	WR	BB	103.71	6.32	0.00	-0.28	-
High Yield Euro										
Astaldi S.p.A	12/20	7.13	CCC+	-	B	83.58	15.16	2.76	-1.18	-
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Mexico	09/22	8.00	BBB+	A3	BBB+	120.50	2.94	0.00	0.07	0.03
Turkey	09/22	6.25	-	Ba2	BB+	100.75	6.05	-0.01	1.11	3.14
Brazil	01/23	2.63	BB-	Ba2	BB-	92.70	4.38	-0.05	0.37	1.47
Colombia	03/23	2.63	BBB-	Baa2	BBB	94.50	3.89	0.00	0.03	0.98
Poland	03/23	3.00	BBB+	A2	A-	97.66	3.53	0.04	0.16	0.62
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Peru	08/27	4.13	BBB+	A3	BBB+	101.75	3.90	-0.01	0.13	0.79
Russia	06/28	12.75	BBB-	Ba1	BBB-	160.51	5.03	-0.03	0.09	1.92
Brazil	02/47	5.63	BB-	Ba2	BB-	91.30	6.28	-0.02	0.22	-
Emerging Euro										
Mexico	02/20	5.50	BBB+	A3	BBB+	109.45	0.10	0.01	0.06	-2.43
Brazil	04/21	2.88	BB-	Ba2	BB-	105.63	0.88	0.01	0.10	-
Mexico	04/23	2.75	BBB+	A3	BBB+	107.49	1.18	0.00	0.16	-1.73
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	111.97	1.67	-0.01	-0.03	-1.44

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

May 17	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$										
Barclays plc	01/28	4.34	BBB	Baa3	A	94.98	5.00	0.08	0.35	1.89
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa2	A-	115.31	4.87	0.04	0.05	1.76
Barclays plc	01/28	4.34	BBB	Baa3	A	94.98	5.00	0.08	0.35	1.89
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa2	A-	115.31	4.87	0.04	0.05	1.76
NationsBank Corp.	03/28	6.80	BBB+	Baa2	A-	115.09	4.85	0.04	0.05	1.74
NationsBank Corp.	03/28	6.80	BBB+	Baa2	A-	115.09	4.85	0.04	0.05	1.74
Euro										
Barclays plc	08/29	2.29	BBB	Baa3	A	90.81	3.28	0.02	0.10	0.17
AT&T Inc.	12/29	2.60	BBB+	Baa1	A-	102.93	2.30	-0.03	0.09	-0.81
AT&T Inc.	12/29	2.60	BBB+	Baa1	A-	102.93	2.30	-0.03	0.09	-0.81
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	127.52	2.01	-0.02	0.07	-1.10
Yen										
Poland	11/27	2.50	-	A2	A-	109.51	1.42	0.00	0.01	-1.69
£ Sterling										
Cooperatieve Rabobank U.A.	05/29	4.63	BBB+	Baa1	A	111.29	3.38	0.00	0.13	0.27
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	130.79	3.14	-0.01	0.10	0.03

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

May 17	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	1.50-1.75	22-03-2018	1.00	1.25-1.50	0.75-1.50
US	Prime	4.75	22-03-2018	4.75	4.5	4
US	Discount	2.25	22-03-2018	0.75	2	1.50
Euro	Repo	0.00	16-03-2016	0.05	0.00	0.00
UK	Repo	0.50	02-11-2017	0.25	0.50	0.25
Japan	O'night Call	0.00-0.10	01-02-2016	0.00	0.00--0.10	0.00--0.10
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25	-1.25--0.25	-1.25--0.25

INTEREST RATES: MARKET

May 17 (Libor: May 16)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	1.70538	0.000	0.000	-0.004	1.93500	2.32563	2.49438	2.76148
Euro Libor	-0.43843	-0.001	-0.001	-0.001	-0.39800	-0.35200	-0.31286	-0.23257
£ Libor	0.47484	0.000	0.001	-0.003	0.49675	0.62688	0.75088	0.93388
Swiss Fr Libor				-0.004	-0.78630	-0.72660	-0.64520	-0.52000
Yen Libor				-0.002	-0.04192	-0.02300	0.02579	0.12217
Euro Euribor				-0.002	-0.37100	-0.32600	-0.27200	-0.18800
Sterling CDs				0.000	0.50000	0.63000	0.73500	
US$ CDs				0.000	1.95000	2.29000	2.43500	
Euro CDs				0.000	-0.44500	-0.40500	-0.34500	

May 17	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.50	-0.35	-0.50	-0.35	-0.62	-0.37	-0.48	-0.33	-0.42	-0.27	-0.43	-0.18
Sterling			0.45	0.55	0.45	0.55	0.58	0.68	0.66	0.81	0.83	0.98
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	1.74	1.84	1.75	1.85	1.95	2.05	2.32	2.42	2.51	2.61	2.75	2.85
Japanese Yen	-0.30	0.00	-0.35	0.05	-0.05	0.25	-0.05	0.25	-0.05	0.25	-0.05	0.35

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	190.45	-0.44	-1.26	0.01	-1.91	5.54
Corporates(£)	339.51	0.06	-0.64	-2.07	-0.16	-0.15
Corporates($)	269.08	-0.56	-0.73	-3.78	-0.73	-3.78
Corporates(€)	224.89	0.03	-0.36	-0.73	-0.48	0.92
Eurozone Sov(€)	233.28	-0.23	-0.85	0.18	-0.97	1.58
Gilts(£)	318.05	0.17	-0.81	-1.64	-0.44	-1.18
Global Inflation-Lkd	263.41	-0.52	-1.72	-2.01	-3.56	3.44
Markit iBoxx £ Non-Gilts	334.23	0.06	-0.61	-1.84	-0.14	-0.24
Overall ($)	232.59	-0.49	-0.67	-3.03	-0.67	-3.03
Overall(£)	319.83	0.14	-0.75	-1.70	-0.35	-0.90
Overall(€)	228.99	-0.13	-0.64	-0.16	-0.77	1.15
Treasuries ($)	218.57	-0.48	-0.70	-2.71	-0.70	-2.71
FTSE						
Sterling Corporate (£)	112.39	-0.18	-	-	-0.66	-4.90
Euro Corporate (€)	105.49	-0.06	-	-	-0.70	-1.55
Euro Emerging Mkts (€)	556.21	-6.10	-	-	-3.17	-28.47
Eurozone Govt Bond	110.38	-0.23	-	-	-1.56	-1.30

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	272.59	-2.33	4.55	4.72	295.64	267.17
Europe 5Y	56.44	0.02	1.38	3.84	62.10	52.58
Japan 5Y	50.51	-0.30	-0.91	0.57	52.96	49.41
Senior Financials 5Y	62.04	0.40	2.65	6.62	68.89	55.32
Markit CDX						
Emerging Markets 5Y	158.64	-2.61	0.54	23.00	162.34	132.91
Nth Amer High Yld 5Y	338.89	-2.17	0.53	5.86	370.10	330.66
Nth Amer Inv Grade 5Y	60.84	-0.54	-0.41	1.52	69.04	59.27

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

VOLATILITY INDICES

	May 17	Day Chng	Prev	52 wk high	52 wk low
VIX	13.05	-0.37	13.42	50.30	8.56
VXD	14.43	-0.19	14.62	40.09	3.93
VXN	16.68	-0.03	16.71	38.11	11.67
VDAX	-	-	-	-	-

† 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

GILTS: UK CASH MARKET

May 17	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 1.25pc '18	100.15	0.39	2.63	-4.88	-37.10	290.00	103.93	100.00	34.84
Tr 4.5pc '19	103.10	0.63	3.28	6.78	-16.00	600.00	107.95	103.10	36.35
Tr 4.75pc '20	107.11	0.78	5.41	11.43	-3.70	680.00	113.01	107.11	33.31
Tr 1.5pc '21	101.55	0.91	4.60	12.35	-2.15	264.00	104.73	101.42	32.46
Tr 4pc '22	111.14	1.01	5.21	10.99	2.02	206.06	117.77	111.14	37.95
Tr 5pc '25	123.75	1.34	4.69	9.84	5.51	76.32	132.93	123.75	35.08
Tr 1.25pc '27	97.06	1.60	3.90	9.59	8.11	40.35	102.29	96.41	23.45
Tr 4.25pc '32	130.24	1.80	2.27	6.51	7.14	23.29	139.13	129.40	35.44
Tr 4.25pc '36	135.57	1.89	2.72	6.18	7.39	15.95	144.09	134.34	29.76
Tr 4.5pc '42	149.70	1.94	1.57	4.86	6.01	12.14	159.30	147.31	26.64
Tr 3.75pc '52	147.62	1.86	2.20	5.08	6.29	14.11	159.09	144.61	23.59
Tr 4pc '60	165.97	1.76	2.33	5.39	6.02	12.82	179.15	162.07	23.61

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	May 17	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	92.80	-0.09	2406.01	0.10	-1.16	0.93
2 5 - 10 Years	177.58	-0.37	3414.51	-0.46	-2.62	1.41
3 10 - 15 Years	207.74	-0.49	4142.30	-1.05	-2.68	1.75
4 5 - 15 Years	184.46	-0.41	3592.52	-0.66	-2.67	1.56
5 Over 15 Years	326.96	-0.76	5049.06	-1.96	-2.42	1.86
7 All stocks	175.56	-0.46	3518.68	-0.99	-2.04	1.75

Index Linked	May 17	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	306.87	-0.11	-0.12	-2.58	2447.80	0.23	-1.06
2 Over 5 years	682.29	-0.64	-1.70	-5.72	5104.91	-1.61	-5.25
3 5-15 years	466.44	-0.35	-0.41	-3.22	3639.16	-0.26	-2.25
4 Over 15 years	870.83	-0.75	-2.14	-6.57	6366.77	-2.07	-6.25
5 All stocks	618.26	-0.60	-1.56	-5.46	4698.76	-1.44	-4.90

Yield Indices	May 17	May 16	Yr ago		May 17	May 16	Yr ago
5 Yrs	1.14	1.09	0.34	20 Yrs	1.97	1.93	1.75
10 Yrs	1.64	1.58	1.10	45 Yrs	1.73	1.69	1.56
15 Yrs	1.89	1.85	1.58				

Real yield	inflation 0% May 17	Dur yrs	Previous	Yr ago	inflation 5% May 17	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.82	2.88	-1.85	-2.43	-2.19	2.90	-2.23	-3.25
Over 5 yrs	-1.44	24.23	-1.47	-1.71	-1.46	24.30	-1.48	-1.75
5-15 yrs	-1.49	9.09	-1.53	-1.92	-1.58	9.11	-1.62	-2.06
Over 15 yrs	-1.43	29.44	-1.46	-1.69	-1.44	29.48	-1.47	-1.72
All stocks	-1.44	22.30	-1.47	-1.72	-1.47	22.39	-1.49	-1.76

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

©2018 Tradeweb Markets LLC. All rights reserved. The Tradeweb FTSE Gilt Closing Prices information contained herein is proprietary to Tradeweb; may not be copied or re-distributed; is not warranted to be accurate, complete or timely; and does not constitute investment advice. Tradeweb is not responsible for any loss or damage that might result from the use of this information.

Tradeweb

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar, its suppliers, or the FT. Neither the FT, nor Morningstar's suppliers, warrant or guarantee that the information is reliable or complete. Neither the FT nor Morningstar's suppliers accept responsibility and will not be liable for any loss arising from the reliance on the use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

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

POWERED BY MORNINGSTAR

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	May	72.14	0.58	Corn♦	Jul	400.75	1.75
Brent Crude Oil‡		79.92	0.67	Wheat♦	Jul	503.75	7.75
RBOB Gasoline†	May	2.26	0.01	Soybeans♦	Jul	1003.75	4.50
Heating Oil†	May	1.62	0.00	Soybeans Meal♦	Jul	378.90	2.00
Natural Gas†	May	2.80	-0.01	Cocoa (ICE Liffe)✠	Jul	1857.00	-40.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Jul	2733.00	8.00
Uranium†	May	18.10	0.00	Coffee(Robusta)✠	May	1729.00	0.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Jul	118.10	0.80
Diesel†		-	-	White Sugar✠		326.60	4.80
Unleaded (95R)		-	-	Sugar 11♥		11.96	0.08
Base Metals (♠ LME 3 Months)				Cotton♥	Jul	84.53	0.17
Aluminium		2280.00	-31.50	Orange Juice♥	Jul	170.45	-0.35
Aluminium Alloy		1925.00	-30.00	Palm Oil♣		-	-
Copper		6852.00	7.50	Live Cattle♣	Jun	101.75	0.00
Lead		2341.50	1.50	Feeder Cattle♣	Aug	136.50	2.90
Nickel		14660.00	210.00	Lean Hogs♣	Jun	75.78	0.00
Tin		20695.00	-65.00				
Zinc		3070.50	-8.50		May 16	% Chg Month	% Chg Year
Precious Metals (PM London Fix)							
Gold		1291.25	-3.75	S&P GSCI Spt	492.31	6.03	29.01
Silver (US cents)		1625.50	-15.50	DJ UBS Spot	90.60	1.75	8.50
Platinum		894.00	-7.00	TR/CC CRB TR	208.66	2.43	-
Palladium		987.00	17.00	M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Bulk Commodities				UBS Bberg CMCI TR	16.12	2.67	-
Iron Ore (Platts)		67.25	-0.40	LEBA EUA Carbon	14.04	27.29	178.57
Iron Ore (The Steel Index)		76.55	-1.30	LEBA CER Carbon	0.20	5.26	-16.67
GlobalCOAL RB Index		105.75	0.75	LEBA UK Power	3245.00	-21.66	101.55
Baltic Dry Index		1305.00	-98.00				

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

BONDS: INDEX-LINKED

	Price May 16	Yield May 16	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	113.26	0.468	0.455	-0.34	5.18	75299.01	8
Fr 2.25%' 20	109.83	-2.089	-2.109	0.16	20.31	250830.51	16
Swe 0.25%' 22	114.76	-2.051	-2.041	0.01	32.73	245443.48	8
UK 2.5%' 20	361.48	-2.259	-2.252	0.00	6.58	640447.53	28
UK 2.5%' 24	358.44	-1.732	-1.724	-0.14	6.82	640447.53	28
UK 2%' 35	261.45	-1.459	-1.471	-1.30	9.08	640447.53	28
US 0.625%' 21	100.34	0.515	0.506	-0.08	35.84	1256899.58	39
US 3.625%' 28	125.46	0.930	0.506	-1.12	16.78	1256899.58	39

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

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	2.91	2.36	-0.20	Italy	2.02	1.47	-1.09
Austria	0.65	0.11	-2.46	Japan	0.03	-0.51	-3.08
Belgium	0.76	0.22	-2.35	Netherlands	0.64	0.10	-2.47
Canada	2.51	1.97	-0.60	Norway	-	-	-
Denmark	0.63	0.09	-2.48	Portugal	-	-	-
Finland	0.73	0.18	-2.38	Spain	1.33	0.79	-1.78
France	0.85	0.31	-2.26	Switzerland	0.04	-0.50	-3.07
Germany	0.54	0.00	-2.57	United Kingdom	1.54	1.00	-1.57
Greece	4.37	3.82	1.26	United States	3.11	2.57	0.00
Ireland	1.20	0.65	-1.91				

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

FT FINANCIAL TIMES

MANAGED FUNDS SERVICE

Promote your brand, communicate with clients and attract new institutional & retail investors.

- Publish fund performance
- Connect with global investors
- Expand your reach

Advertising enquiries:
lawrence.omolo@ft.com
ft.com/funds

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

MANAGED FUNDS SERVICE

Algebris Investments (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Algebris Financial Credit Fund - Class I EUR	€156.00	-	-0.48	0.00
Algebris Financial Income Fund - Class I EUR	€146.08	-	-0.89	0.00
Algebris Financial Equity Fund - Class B EUR	€134.38	-	-2.03	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 98.18	-	-0.05	0.00
Algebris Macro Credit B EUR Acc	€108.42	-	-1.31	0.00
Algebris Core Italy Fund - Class R EUR	€ 99.43	-	0.00	-

The Antares European Fund Limited
Other International

Fund	Bid	Offer	D+/-	Yield
AEF Ltd Usd	$765.42	-	10.16	-
AEF Ltd Eur	€751.47	-	9.89	0.00

Arisaig Partners
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Arisaig Africa Consumer Fund Limited	$ 14.46	-	-0.14	0.00
Arisaig Asia Consumer Fund Limited	$ 93.92	-	-0.64	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 11.43	-	-0.13	0.00
Arisaig Global Emerging Markets Consumer UCITS	$ 12.67	-	0.23	0.00
Arisaig Global Emerging Markets Consumer UCITS STG	£ 14.06	-	0.18	0.00
Arisaig Latin America Consumer Fund	$ 24.47	-	-0.39	0.00

Ashmore Investment Management Limited (LUX)
2 rue Albert Borschette L-1246 Luxembourg
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Ashmore SICAV Emerging Market Debt Fund	$ 95.91	-	0.14	5.43
Ashmore SICAV Emerging Market Frontier Equity Fund	$188.66	-	0.87	0.63
Ashmore SICAV Emerging Market Total Return Fund	$ 85.98	-	0.13	5.22
Ashmore SICAV Global Small Cap Equity Fund	$171.69	-	1.06	0.58
EM Mkts Corp.Debt USD F	$ 95.47	-	0.03	6.16
EM Mkts Loc.Ccy Bd USD F	$ 83.56	-	0.01	5.36
EM Short Duration Fund Acc USD	$135.29	-	0.28	0.00

Aspect Capital Ltd (UK)
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Aspect Diversified USD	$429.86	-	3.61	0.00
Aspect Diversified EUR	€246.96	-	1.87	0.00
Aspect Diversified GBP	£129.50	-	1.02	0.00
Aspect Diversified CHF	SFr 116.22	-	0.87	0.00
Aspect Diversified Trends USD	$129.50	-	-0.46	0.00
Aspect Diversified Trends EUR	€124.27	-	-0.44	0.00
Aspect Diversified Trends GBP	£132.05	-	-0.47	0.00

Atlantas Sicav (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
American Dynamic	$4662.00	-	61.21	0.00
American One	$4350.72	-	98.31	0.00
Bond Global	€1390.22	-	0.26	0.00
Eurocroissance	€1051.76	-	15.14	0.00
Far East	$1001.14	-	11.29	0.00

Bank of America Cap Mgmt (Ireland) Ltd (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Global Liquidity USD	$ 1.00	-	0.00	0.61

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800
FCA Recognised
Bond Funds

Fund	Bid	Offer	D+/-	Yield
Sterling Bond F	£ 0.47	-	0.00	2.06

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Authorised Inv Funds

Fund	Bid	Offer	D+/-	Yield
Diversified Income 1 Units GBP Inc	£ 1.55	1.55	0.00	3.09
Diversified Income 2 Units GBP Inc	£ 1.49	1.49	0.00	3.10
Diversified Income 3 Units GBP Inc	£ 1.50	1.50	0.00	-

CG Asset Management Limited (IRL)
25 Moorgate, London, EC2R 6AY
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Capital Gearing Portfolio Inc	£ 31818.06	31818.06	27.32	0.53

CG Portfolio Fund Plc

Fund	Bid	Offer	D+/-	Yield
Absolute Return Cls M Inc	£116.28	116.28	0.06	1.28
Capital Value Cls V Inc	£153.19	153.19	0.15	0.45
Dollar Fund Cls D Inc	£146.17	146.17	0.04	1.72
Dollar Hedged GBP Inc	£ 95.98	95.98	0.06	1.74
Real Return Cls A Inc	£188.15	188.15	0.02	2.27

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	0.42

Chartered Asset Management Pte Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
CAM-GTF Limited	$328183.17	328183.17	3372.11	0.00
CAM GTi Limited	$662.95	-	-1.93	0.00
Raffles-Asia Investment Company	$ 1.72	1.72	0.04	1.15

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cheyne European Event Driven Fund (M)	€140.37	-	-3.12	-

price updated (D) daily, (W) weekly, (M) monthly

DAVIS Funds SICAV (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Davis Value A	$ 54.41	-	0.29	0.00
Davis Global A	$ 42.38	-	0.30	0.00

Dodge & Cox Worldwide Funds (IRL)
6 Duke Street,St.James,London SW1Y 6BN
www.dodgeandcox.worldwide.com 020 3713 7664
FCA Recognised

Dodge & Cox Worldwide Funds plc - Global Bond Fund

Fund	Bid	Offer	D+/-	Yield
EUR Accumulating Class	€ 12.48	-	-0.01	0.00
EUR Accumulating Class (H)	€ 10.09	-	-0.02	0.00
EUR Distributing Class	€ 10.87	-	-0.01	3.89
EUR Distributing Class (H)	€ 8.78	-	-0.02	3.61
GBP Distributing Class	£ 11.58	-	-0.01	3.66
GBP Distributing Class (H)	£ 9.07	-	-0.02	3.19
USD Accumulating Class	$ 10.62	-	-0.03	0.00

Dodge & Cox Worldwide Funds plc-Global Stock Fund

Fund	Bid	Offer	D+/-	Yield
USD Accumulating Share Class	$ 21.91	-	0.07	0.00
GBP Accumulating Share Class	£ 26.72	-	0.12	0.00
GBP Distributing Share class	£ 19.10	-	0.11	0.00
EUR Accumulating Share Class	€ 27.98	-	0.19	0.00
GBP Distributing Class (H)	£ 11.75	-	0.04	0.49

Dodge & Cox Worldwide Funds plc-International Stock Fund

Fund	Bid	Offer	D+/-	Yield
USD Accumulating Share Class	$ 17.76	-	-0.01	0.00
EUR Accumulating Share Class	€ 17.72	-	0.06	0.00

Dodge & Cox Worldwide Funds plc-U.S. Stock Fund

Fund	Bid	Offer	D+/-	Yield
USD Accumulating Share Class	$ 25.93	-	0.15	0.00
GBP Accumulating Share Class	£ 29.90	-	0.21	0.00
GBP Distributing Share Class	£ 18.69	-	0.14	0.78
EUR Accumulating Share Class	€ 28.49	-	0.26	0.00
GBP Distributing Class (H)	£ 11.66	-	0.07	0.53

Dragon Capital Group
1501 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam
Fund information, dealing and administration: funds@dragoncapital.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Vietnam Property Fund (VPF) NAV	$ 0.80	-	0.03	0.00

DSM Capital Partners Funds (LUX)
www.dsmsicav.com
Regulated

Fund	Bid	Offer	D+/-	Yield
DSM Global Growth I2	€197.46	-	0.18	0.00
DSM Global Growth I2	A$112.61	-	-1.06	-
DSM Global Growth I1	€122.20	-	0.19	0.00
DSM US Large Cap Growth A	$153.64	-	0.99	0.00
DSM US Large Cap Growth I2	$130.53	-	1.66	0.00

E.I. Sturdza Strategic Management Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Strat Evarich Japan Fd Ltd JPY	¥88858.00	-	-89.00	0.00
Strat Evarich Japan Fd Ltd USD	$881.54	-	-0.27	0.00

E.I. Sturdza Funds PLC (IRL)

Fund	Bid	Offer	D+/-	Yield
Nippon Growth (UCITS) Fd - B	¥98694.00	-	29.00	0.00
Strategic China Panda Fd - USD	$3697.70	-	-29.92	0.00
Strategic Euro Bond Fd - Acc	€1118.11	-	-0.42	0.00
Strategic Europe Value Fd - EUR	€216.69	-	-0.84	0.00
Strategic European Smaller Companies Fd - EUR	€1319.32	-	-9.23	0.00
Strategic Global Bond Fd - USD	$1038.30	-	-3.39	0.00
Strategic Global Quality Fd - USD Inst	$135.97	-	-1.25	0.00
Strategic Quality Emerging Bond Fd - USD	$1030.29	-	-3.74	0.00
Strategic US Momentum and Value Fd - USD Class	$870.50	-	-6.21	0.00
Strategic Japan Opportunities Fund	¥64423.00	-	57.00	0.00
Strategic Beta Flex Fund	€1018.71	-	-1.23	0.00

Edinburgh Partners Limited (IRL)
27-31 Melville Street, Edinburgh EH3 7JF
Tel: +353 1 434 5143 Dealing - Fax +353 1 434 5230
FCA Recognised
Edinburgh Partners Opportunities Fund PLC

Fund	Bid	Offer	D+/-	Yield
Emerging Opportunities I USD	$ 1.38	-	0.00	1.35
European Opportunities I EUR	€ 2.81	-	-0.01	1.84
European Opportunities I GBP	£ 2.45	-	-0.02	1.63
European Opportunities A EUR	€ 2.76	-	-0.01	0.91
Global Opportunities I USD	$ 2.03	-	-0.01	1.33
Global Opportunities I GBP	£ 1.51	-	-0.01	1.13
Pan European Opportunities I EUR	€ 1.94	-	0.00	-

Ennismore Smaller Cos Plc (IRL)
5 Kensington Church St, London W8 4LD 020 7368 4220
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Ennismore European Smlr Cos NAV	£125.55	-	-0.60	0.00
Ennismore European Smlr Cos NAV	€143.63	-	0.10	0.00

Ennismore European Smlr Cos Hdge Fd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	€525.66	-	0.81	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Equinox Russian Opportunities Fund Limited	$184.92	-	-9.12	0.00

Euronova Asset Management UK LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Smaller Cos Cls One Shares	€ 45.31	-	1.02	0.00
Smaller Cos Cls Two Shares	€ 30.54	-	0.61	0.00
Smaller Cos Cls Three Shares	€ 15.38	-	0.31	0.00
Smaller Cos Cls Four Shares	€ 19.74	-	0.39	0.00

Eurobank Fund Management Company (Luxembourg) S.A.
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
(LF) Absolute Return	€ 1.37	-	0.00	0.00
(LF) Eq Emerging Europe	€ 0.88	-	0.00	0.00
(LF) Eq Mena Fund	€ 12.78	-	0.15	0.00
(LF) Greek Government Bond	€ 28.33	-	-0.05	0.00
(LF) Greek Corporate Bond	€ 14.70	-	-0.10	0.00
(LF) FOF Dynamic Fixed Inc	€ 12.08	-	0.07	0.00
(LF) FOF Real Estate	€ 15.63	-	0.03	0.00

FIL Investment Services (UK) Limited (1200)F (UK)
130, Tonbridge Rd, Tonbridge TN11 9DZ
Callfree: Private Clients 0800 414161
Broker Dealings: 0800 414 181
OEIC Funds

Fund	Bid	Offer	D+/-	Yield
Cash Fund Y-Acc-GBP	£ 1.00	-	0.00	0.20
Cash Fund Y-Inc-GBP	£ 1.00	-	0.00	0.22
Fidelity Select 50 Balanced Fund PI-ACC-GBP	£ 1.03	-	0.00	-
Fidelity Short Dated Corporate Bond Fund Y - Gross Acc	£ 9.78	-	-0.01	4.07
Fidelity Short Dated Corporate Bond Fund Y - Gross Inc	£ 10.30	-	-0.01	3.97
Target 2020 A-ACC-GBP	£ 0.66	-	0.00	0.45
Target 2025 A-ACC-GBP	£ 1.65	-	0.00	0.52
Target 2030 A-ACC-GBP	£ 1.87	-	0.00	0.57

Institutional OEIC Funds

Fund	Bid	Offer	D+/-	Yield
Europe (ex-UK) Fund ACC-GBP	£ 5.36	-	0.00	1.11
UK Gilt Fund Inc	£ 1.35	-	0.00	1.64
UK Long Corporate Bond - Gross Inc	£ 12.23	-	0.04	2.99

Findlay Park Funds Plc (IRL)
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
American Fund USD Class	$111.10	-	0.23	0.00
American Fund GBP Hedged	£ 58.95	-	0.12	0.00
American Fund GBP Unhedged	£ 82.38	-	0.24	0.00

Foord Asset Management
Website: www.foord.com - Email: info@foord.com
FCA Recognised - Luxembourg UCITS

Fund	Bid	Offer	D+/-	Yield
Foord International Fund | R	$ 40.93	-	0.07	-
Foord Global Equity Fund (Lux) | R	$ 13.55	-	0.07	-

Regulated

Fund	Bid	Offer	D+/-	Yield
Foord Global Equity Fund (Sing) | B	$ 16.36	-	0.08	0.00
Foord International Trust (Gsy)	$ 40.62	-	0.07	0.00

Franklin Templeton International Services Sarl (IRL)
JPMorgan House - International Financial Services Centre,Dublin 1, Ireland
Other International Funds
Franklin Emerging Market Debt Opportunities Fund Plc

Fund	Bid	Offer	D+/-	Yield
Franklin Emg Mkts Debt Opp CHFSFr	SFr 17.28	-	-0.77	9.06
Franklin Emg Mkts Debt Opp GBP	£ 10.68	-	-0.51	6.75
Franklin Emg Mkts Debt Opp SGD	S$ 22.97	-	-1.14	5.29
Franklin Emg Mkts Debt Opp USD	$ 17.94	-	-0.95	6.84

GAM
funds@gam.com, www.funds.gam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
LAPIS TOP 25 DIV.YLD-D	£102.83	-	0.29	1.99

GYS Investment Management Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Taurus Emerging Fund Ltd	$189.56	193.43	-10.94	0.00

Genesis Asset Managers LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Emerging Mkts NAV	£ 8.18	-	0.04	1.31

Global Investment House

Fund	Bid	Offer	D+/-	Yield
Global GCC Islamic Fund	$103.76	-	-2.19	0.00
Global GCC Large Cap Fund	$157.95	-	-4.00	0.00
Global Saudi Equity Fund	SR 253.27	-	-4.53	0.00

HPB Assurance Ltd
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490
International Insurances

Fund	Bid	Offer	D+/-	Yield
Holiday Property Bond Ser 1	£ 0.54	-	0.01	0.00
Holiday Property Bond Ser 2	£ 0.65	-	0.00	0.00

Hausmann
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Hausmann Cls A	$2944.46	-	28.23	0.00
Hausmann Cls C	€2468.28	-	21.53	0.00
Hausmann Cls D	SFr 1290.86	-	11.22	0.00

Hermes Investment Funds Plc (IRL)
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0) 207 680 2121
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Hermes Absolute Return Credit Fund Class F Acc	£ 1.19	1.19	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc USD	$ 1.92	1.92	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class C Acc	$ 2.72	2.72	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc	€ 4.86	4.86	-0.01	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc	€ 2.19	2.19	0.01	0.00
Hermes Europe Ex-UK Equity Fund Class R Acc EUR	€ 4.23	4.23	0.03	0.00
Hermes European Alpha Equity Fund Class F Acc	£ 1.78	1.78	0.00	0.00
Hermes European Alpha Equity Fund Class F Dis	£ 1.69	1.69	0.01	1.16
Hermes Global Emerging Markets Fund Class F Acc	£ 3.55	3.55	0.01	0.00
Hermes Global Emerging Markets Fund Class F Dis	£ 2.01	2.01	-0.01	0.00
Hermes Global Equity ESG Fund Class F Acc	£ 4.21	4.21	0.00	0.00
Hermes Global Equity Fund Class F Acc	£ 2.30	2.30	0.00	0.00
Hermes Global High Yield Credit Fund Class F Acc	€ 4.98	4.98	0.02	0.00
Hermes Global Small Cap Equity Fund Class F Acc	£ 1.74	1.74	0.01	0.00
Hermes Global High Yield Credit Fund Class F Acc	£ 1.45	1.45	-0.01	0.00
Hermes Global High Yield Credit Fund Class F Dis	£ 3.11	3.11	0.00	0.00
Hermes Global Small Cap Equity Fund Class F Acc	£ 1.59	1.59	0.01	0.00
Hermes Global Small Cap Fund Class R Acc USD	€ 2.17	2.17	-0.01	0.00
Hermes Impact Opportunities Equity Fund F	£ 2.02	-	0.01	-
Hermes Impact Opportunities Equity Fund F	£ 1.01	-	0.00	-
Hermes Impact Opportunities Fund Class R Acc EUR	€ 1.05	1.05	0.00	0.00
Hermes Multi Strategy Credit Fund Class F Acc Hedged	£ 1.14	1.14	0.00	0.00
Hermes SDG Engagement Equity Fund F	£ 2.11	-	0.01	-
Hermes SDG Engagement Equity Fund F	£ 1.04	-	0.00	-
Hermes US All Cap Equity Class F Gbp Acc	£ 1.48	1.48	0.00	0.00
Hermes US All Cap Equity Class F Gbp Acc	£ 2.18	2.18	0.02	0.00
Hermes US SMID Equity Fund Class F Acc	£ 2.42	2.42	0.01	0.00
Hermes US SMID Equity Fund Class F Dis	£ 4.25	4.25	0.02	0.00

INDIA VALUE INVESTMENTS LIMITED (INVIL)
www.invil.mu
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	£ 8.40	-	0.05	0.00

Intrinsic Value Investors (IVI) LLP (IRL)
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
IVI European Fund EUR	€ 22.73	-	0.06	0.00
IVI European Fund GBP	£ 26.58	-	-0.09	0.00

Invesco Global Asset Management Ltd (IRL)
Dublin 00 353 1 439 8100 Hong Kong 00 852 2842 7200
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Invesco Stlg Bd A QD F	£ 2.67	-	0.00	3.03
Invesco Asian Equity A	$ 9.36	-	-0.05	0.00
Invesco ASEAN Equity A	$109.86	-	-0.48	0.30
Invesco Bond A	$ 27.30	-	-0.03	2.27
Invesco Continental Europe Small Cap Equity A	$284.02	-	1.08	0.00
Invesco Emerging Markets Equity A	$ 49.53	-	-0.21	0.00
Invesco Emerging Markets Bond A	$ 21.13	-	0.05	5.21
Invesco Emerging Europe Equity A	$ 9.55	-	-0.02	0.82
Invesco Gilt A	£ 15.81	-	-0.04	0.87
Invesco Global Small Cap Equity A NAV	$163.58	-	-0.52	0.00
Invesco Global High Income A NAV	$ 12.06	-	0.00	5.10
Invesco Gbl R/Est Secs A GBP F	£ 9.05	-	-0.05	1.16
Invesco Global Health Care A	$129.54	-	0.86	0.00
Invesco Global Select Equity A	$ 16.78	-	0.03	0.15
Invesco Japan Eqty Core A	$ 22.96	-	0.00	0.15
Invesco Japanese Equity A	$ 27.04	-	-0.06	0.00
Invesco Korean Equity A	$ 26.49	-	-0.17	0.00
Invesco PRC Equity A	$ 80.21	-	-0.07	0.00
Invesco Pacific Equity A	$ 69.10	-	-0.13	0.07
Invesco Global Technology A	$ 23.51	-	0.12	0.00
Invesco UK Eqty A	£ 9.62	-	0.12	2.70

Kames Capital VCIC (IRL)
1 North Wall Quay, Dublin 1, Ireland +35 3162 24493
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Absolute Return Bond B GBP Acc	1111.56	-	-0.28	1.23
Eq Market Neutral B Acc	927.25	-	1.20	0.00
High Yield Global Bond A GBP Inc	513.20	-	-0.11	3.24
High Yield Global Bond B GBP Inc	1079.52	-	-0.21	3.89
Investment Grade Global Bd A GBP Inc	558.09	-	-1.36	2.12
Kames Emerging Market Bond Fund - B Acc USD	11.26	-	-0.03	0.00
Kames Global Equity Income B GBP Acc	1684.19	-	2.92	0.00
Kames Global Equity Income B GBP Inc	1495.44	-	-8.32	3.19
Kames Global Diversified Growth Fund - B Acc GBP	£ 11.47	-	0.02	0.00
Kames Global Equity Market Neutral Fund - B Acc GBP	£ 10.27	-	0.01	0.00
Global Sustainable Equity B Acc GBP	£ 14.66	-	0.09	0.00
Global Sustainable Equity C Acc GBP	£ 14.74	-	0.10	0.00
Kames Global Equity Market Neutral Fund - B Acc EUR	£ 10.32	-	0.00	0.00
Short Dated High Yld Bd B Acc GBP	£ 10.06	-	0.00	-
Short Dated High Yld Bd C Acc GBP (Hdg)	£ 10.09	-	0.00	-
Strategic Global Bond A GBP Inc	1112.59	-	-0.82	0.38
Strategic Global Bond B GBP Inc	631.21	-	-0.45	1.04

Link Asset Services (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044
Authorised Inv Funds

Fund	Bid	Offer	D+/-	Yield
LF Harewood Balanced MA B Acc ♦	147.68	-	-0.03	0.43
LF Harewood Cautious MA B Acc ♦	141.62	-	-0.11	0.60
LF Harewood Defensive MA B Acc ♦	115.40	-	-0.11	0.15
LF Harewood Growth MA B Acc ♦	180.20	-	0.05	0.04
LF Harewood Income MA B Inc ♦	112.79	-	-0.18	3.03
LF Harewood Income Plus MA B Inc ♦	120.40	-	-0.18	3.49
LF Seneca Diversified Growth A Acc	273.77	-	-0.13	2.15
LF Seneca Diversified Growth A Inc	164.57	-	-0.08	2.78
LF Seneca Diversified Growth N Acc	161.97	-	-0.08	2.54
LF Seneca Diversified Income A Inc	93.70	-	-0.02	4.92
LF Seneca Diversified Income N Inc	112.61	-	-0.01	4.90
LF Seneca Diversified Income N Acc	110.97	-	-0.02	4.91

Investment Adviser - Morant Wright Management Limited

Fund	Bid	Offer	D+/-	Yield
LF Morant Wright Japan A Acc ♦	419.91	-	-2.69	0.08
LF Morant Wright Japan A Inc ♦	409.72	-	-2.63	0.33
LF Morant Wright Japan B Acc ♦	452.34	-	-2.90	0.81
LF Morant Wright Japan B Inc ♦	415.59	-	-2.66	0.84
LF Morant Wright Nippon Yield A Acc ♦	444.51	-	-2.33	2.28
LF Morant Wright Nippon Yield A Inc ♦	362.11	-	-1.90	2.32
LF Morant Wright Nippon Yield B Acc ♦	466.61	-	-2.44	2.28
LF Morant Wright Nippon Yield B Inc ♦	380.22	-	-1.99	2.32

Lloyds Investment Fund Managers Limited (1000)F (JER)
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8ZU 01534 845555
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Lloydstrust Gilt	£12.0800xd	-	-0.0400	1.89

Lloyds Investment Funds Limited

Fund	Bid	Offer	D+/-	Yield
Euro High Income	€1.5640xd	-	-0.0020	3.01
High Income	£0.8518xd	-	-0.0010	4.45
Sterling Bond	£1.5000xd	-	-0.0040	2.69

Lloyds Gilt Fund Limited

Fund	Bid	Offer	D+/-	Yield
Lloyds Gilt Fund Quarterly Share	£1.2950	-	-0.0040	1.60
Monthly Share	£1.2430xd	-	-0.0040	1.60

Lloyds Money Fund Limited

Fund	Bid	Offer	D+/-	Yield
Sterling Class	£52.5200	-	0.0000	-0.20

Lloyds Multi Strategy Fund Limited

Fund	Bid	Offer	D+/-	Yield
Conservative Strategy	£1.2360	-	-0.0020	0.86
Growth Strategy	£1.8060	-	-0.0010	0.97
Aggressive Strategy	£2.4950	-	0.0020	0.00
Global USD Growth Strategy	$1.6520	-	0.0000	0.00

Dealing Daily

MMIP Investment Management Limited (GSY)
Regulated
Multi-Manager Investment Programmes PCC Limited

Fund	Bid	Offer	D+/-	Yield
UK Equity Fd Cl A Series 01	£2941.46	2986.85	192.48	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$1641.24	-	-23.92	0.00
Diversified Absolute Return Stlg Cell AF2	£1624.03	-	-25.03	0.00
Global Equity Fund A Lead Series	£1419.39	1425.03	-4.33	0.00

Marwyn Asset Management Limited (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Marwyn Value Investors	£414.50	-	21.01	0.00

Emerging Markets Managed Accounts PLC (IRL)
emma@milltrust.com, +44(0)20 8123 8369, www.milltrust.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Milltrust ASEAN A	$117.93	-	-0.18	0.00
Milltrust India A	$171.02	-	-1.24	0.00
Milltrust Latin America A	$107.91	-	-1.31	0.00
Milltrust Keywise China Fund	$114.89	-	1.65	0.00
Milltrust SEODO MENA Fund (Class A) *	$104.31	-	1.52	0.00

Milltrust International Managed Investments ICAV (IRL)
mimi@milltrust.com, +44(0)20 8123 8369 www.milltrust.com
Regulated

Fund	Bid	Offer	D+/-	Yield
MAI - Buy & Lease (Australia)	A$ 99.42	-	-0.58	-
MAI - Buy & Lease (New Zealand)	NZ$ 98.95	-	-0.49	0.00
British Innovation Fund	£ 98.71	-	-1.03	-
EICM South Asia Hospitality 1	$101.98	-	4.50	-

Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Conviction based investment vehicles details available here: www.mirabaud-am.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Mir. - Glb Strat. Bd I USD	$109.02	-	-0.04	0.00
Mir. - EqPanEuropeSm&Mid	€162.99	-	-0.66	0.00
Mir. - Eq UK High Income I GBP	£127.92	-	-1.28	0.00

Morgan Stanley Investment Funds (LUX)
6b Route de Trèves L-2633 Senningerberg Luxembourg (352) 34 64 61
www.morganstanleyinvestmentfunds.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
US Advantage A F	$ 85.59	-	-0.13	0.00
Asian Equity A F	$ 42.13	-	-0.26	0.00
Asian Property A F	$ 21.17	-	-0.11	0.00
Emerg Europ, Mid-East & Africa Eq A F	€ 79.31	-	-1.24	0.00
Emerging Markets Debt A F	$ 80.30	-	-0.13	0.00
Emerging Markets Domestic Debt AX F	£ 11.64	11.64	-0.04	5.54
Emerging Markets Equity A F	$ 44.53	44.53	-0.33	0.00
Euro Bond A F	€ 16.16	16.16	-0.02	0.00
Euro Corporate Bond A F	€ 27.15	27.15	-0.02	1.26
Euro Strategic Bond A F	€ 46.23	46.23	-0.07	0.00
European Currencies High Yield Bd A F	€ 24.67	24.67	-0.01	0.00
European Equity Alpha A F	€ 45.83	-	0.16	0.00
European Property A F	€ 36.52	36.52	0.05	0.00
Eurozone Equity Alpha A F	€ 13.35	13.35	0.05	0.00
Global Bond A F	$ 41.63	41.63	-0.12	0.00
Global Brands A F	$126.96	-	0.17	0.00
Global Convertible Bond A F	$ 43.46	-	0.02	0.00
Global Property A F	$ 30.32	-	-0.11	0.00
Indian Equity A F	$ 43.95	-	0.19	0.00
Latin American Equity A F	$ 53.72	-	-0.67	0.00
Short Maturity Euro Bond A F	€ 20.34	20.34	0.00	0.00
US Dollar Liquidity A F	$ 13.19	-	0.00	0.00
US Growth A F	$109.92	-	-0.23	0.00
US Growth AH F	€ 73.05	73.05	-0.17	0.00
US Growth AX F	£ 81.50	81.50	-0.10	0.00
US Property A F	$ 67.33	-	-0.41	0.00

Morgens Waterfall Vintiadis.co Inc
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Phaeton Intl (BVI) Ltd (Est)	$525.63	-	23.34	0.00

Natixis International Funds (LUX) I SICAV (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
ASG Managed Futures Fund I/A (USD)	$100.99	100.99	-0.12	0.00
Harris Global Equity Fund R/A (USD)	$332.36	332.36	0.49	0.00
Loomis Sayles Global Growth Equity Fund I/A (USD)	$135.08	135.08	1.06	0.00
Loomis Sayles U.S. Growth Equity Fund I/A (USD)	$137.94	137.94	0.59	0.00

Natixis Investment Funds (UK)
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
DNCA European Select Equity Fund	£ 1.05	-	0.00	-
Harris Global Concentrated Equity Fund	£ 1.70	-	0.01	1.34
H2O MultiReturns Fund N/A (GBP)	£ 1.67	-	-0.01	0.66
Loomis Sayles U.S. Equity Leaders Fund N/A (GBP)	£ 2.40	-	0.01	0.13

New Capital Fund Management Ltd (JER)
Regulated

Fund	Bid	Offer	D+/-	Yield
New Capital Euro Value Credit Fund - EUR Inst Acc	€ 99.96	-	0.01	-

New Capital UCITS Fund PLC (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
www.newcapitalfunds.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
New Capital Asia Value Credit Fund - USD Ord Acc	$ 91.43	-	-0.18	3.95
New Capital Asia Pacific Equity Income Fund - USD Inst Acc	$109.51	-	0.01	2.49
New Capital Global Value Credit Fund - USD Inst Acc	$192.63	-	0.16	2.63
New Capital China Equity Fund - USD Inst Acc	$180.97	-	0.42	0.00
New Capital Dynamic European Equity Fund - EUR Inst Acc	€112.19	-	0.00	0.00
New Capital Global Equity Conviction Fund - USD Inst Acc	$121.69	-	0.22	0.00
New Capital Healthcare Fund - USD Inc	$128.97	-	0.31	0.00
New Capital Global Alpha Fund - GBP Inc	£121.91	-	-0.06	4.48
New Capital Japan Equity Fund - JPY Ord Acc	¥126.90	-	-0.17	0.00
New Capital Swiss Select Equity Fund - CHF Ord Acc	SFr 172.20	-	1.20	0.00
New Capital US Growth Fund - USD Inst Acc	$293.27	-	0.13	0.00
New Capital US Small Cap Growth Fund - USD Inst Acc	$135.78	-	0.23	0.00
New Capital Dynamic UK Equity Fund - GBP Inst Acc	£114.54	-	1.24	0.00
New Capital Global Alpha Fund - GBP Inst Acc	£105.97	-	-0.07	0.32

Northwest Investment Management (HK) Ltd
11th Floor, Kinwick Centre, 32 Hollywood Road, Central Hong Kong +852 9084 4373
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Northwest China Opps Class T $	$3293.08	-	-16.15	0.00
Northwest Fund Class T $	$3447.06	-	-28.57	0.00
Northwest Warrant Acc USD	$19695.35	-	-444.40	0.00

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Equity Fund	R 10.65	-	0.08	0.00

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Crescent Global Investment Fund (Ireland) plc

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Global Equity Fund USD A (Dist)	$ 30.28	-	-	-
Oasis Crescent Global Equity Fund USD A	$ 31.24	-	0.12	0.69
Oasis Crescent Global Income Fund USD A (Dist)	$ 10.08	-	0.01	0.00
Oasis Crescent Variable Balanced Fund	£ 10.54	-	-0.02	2.70
OasisCresGl Income Cl A	$ 10.47	-	0.01	0.00
OasisCresGl LowEqt D ($) Dist	$ 12.25	-	0.03	0.60
OasisCresGl Med Eq Bal A ($) Dist	$ 12.92	-	-0.03	1.88

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
OEI Mac Inc GBP A	£169.20	-	1.48	0.00
OEI Mac Inc GBP B	£ 99.23	-	1.80	0.00
OEI MAC Inc USD	$902.48	-	8.44	0.00
Odey European Inc EUR	€391.91	-	4.60	0.00
Odey European Inc GBP A	£157.16	-	1.91	0.00
Odey European Inc GBP B	£ 89.09	-	1.08	0.00
Odey European Inc USD	$188.36	-	2.38	0.00
Giano Capital EUR Inc	€5010.92	-	238.02	0.00

Odey Asset Management LLP (IRL)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Pan European EUR R	€344.67	-	1.36	0.00
Odey Allegra International EUR O	€188.61	-	0.75	0.00
Odey Allegra Developed Markets USD I	$172.07	-	-0.50	0.00
Odey European Focus Fund	€ 19.90	-	0.00	0.00
Odey Giano European Fund EUR R	€127.56	-	0.20	0.00
Odey Odyssey USD I	$ 91.96	-	-0.69	0.00
Odey Swan Fund EUR I	€ 45.83	-	-0.25	0.00
Odey Absolute Return Focus Fund	€ 92.75	-	6.63	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Opportunity EUR I	€242.09	-	0.41	0.00

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Estimated NAV	$996.25	-	40.60	0.00

Optima Fund Management
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cutthyhunk Fund II Limited	$1646.71	-	16.51	0.00
JENOP Global Healthcare Fund Ltd	$ 16.24	-	0.09	0.00
OPTIKA Fund Limited - Cl A	$139.61	-	3.58	0.00
Optima Fd NAV	$ 98.99	-	0.26	0.00
Optima Discretionary Macro Fund Limited	$ 86.72	-	-0.41	0.00
The Dorset Energy Fd Ltd NAV	$ 23.53	-	-0.14	0.00
Platinum Fd Ltd	$111.77	-	-0.48	0.00
Platinum Fd Ltd EUR	$ 20.52	-	-0.10	0.00
Platinum Japan Fd Ltd	$ 70.45	-	0.16	0.00
Optima Partners Global Fd	$ 16.92	-	0.02	0.00
Optima Partners Focus Fund A	$ 17.64	-	0.01	0.00
Optima STAR Fund (hedged)	$107.96	-	0.10	0.00
Optima STAR Long Fund	$145.71	-	0.83	0.00

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV (Fully Diluted)	£ 9.00	-	-0.23	0.00

Pictet Asset Management (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Pictet-Absl Rtn Fix Inc-HI EUR	€105.67	-	0.07	0.00
Pictet-Asian Equities Ex Japan-I USD F	$320.74	-	-0.71	0.00
Pictet-Asian Local Currency Debt-I USD F	$166.79	-	-0.46	0.00
Pictet-Biotech-I USD F	$809.05	-	6.47	0.00
Pictet-CHF Bonds I CHF	SFr 503.57	-	0.12	0.00
Pictet-China Index I USD	$169.58	-	0.57	0.00
Pictet-Clean Energy-I USD F	$103.46	-	0.34	0.00
Pictet-Digital-I USD F	$412.85	-	2.79	0.00
Pictet-Em Lcl Cy Dbt-I USD F	$177.21	-	0.17	0.00
Pictet-Emerging Europe-I EUR F	€370.63	-	0.68	0.00
Pictet-Emerging Markets-I USD F	$577.86	-	-0.57	0.00
Pictet-Emerging Markets Index-I USD F	$313.26	-	1.31	0.00
Pictet-Emerging Corporate Bonds I USD	$122.72	-	-0.01	0.00
Pictet-Emerging Markets High Dividend I USD	$128.07	-	-0.39	0.00
Pictet-Emerging Markets Sust Eq I USD	$110.40	-	0.33	0.00
Pictet-EUR Bonds-I F	€578.26	-	0.39	0.00
Pictet-EUR Corporate Bonds-I F	€210.50	-	0.00	0.00
Pictet-EUR Government Bonds I EUR	€162.72	-	-0.39	0.00
Pictet-EUR High Yield-I F	€273.45	-	-0.29	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€137.37	-	-0.10	0.00
Pictet-EUR Short Term HY I EUR F	€127.09	-	-0.03	0.00
Pictet-EUR Sov.Sht.Mon.Mkt EUR I	€101.48	-	0.00	0.00
Pictet-Euroland Index IS EUR	€160.80	-	-0.26	0.00
Pictet-Europe Index-I EUR F	€197.00	-	0.41	0.00
Pictet-European Equity Selection-I EUR F	€793.52	-	-1.57	0.00
Pictet-European Sust Eq-I EUR F	€272.65	-	1.09	0.00
Pictet-Global Bds Fundamental I USD	$125.98	-	0.25	0.00
Pictet-Global Bonds-I EUR	€164.07	-	0.46	0.00
Pictet-Global Defensive Equities I USD	$172.96	-	0.63	0.00
Pictet-Global Emerging Debt-I USD F	$395.56	-	1.48	0.00
Pictet-Global Env.Opport-I EUR	€207.76	-	1.80	0.00
Pictet-Global Megatrend Selection-I USD F	$301.04	-	1.13	0.00
Pictet-Global Sust.Credit HI EUR	€147.71	-	-0.02	0.00
Pictet-Greater China-I USD F	$702.35	-	-2.33	0.00
Pictet-Health-I USD	$285.65	-	0.90	0.00
Pictet-High Dividend Sel I EUR F	€169.47	-	0.96	0.00
Pictet-India Index I USD	$122.39	-	-0.25	0.00
Pictet-Indian Equities-I USD F	$601.92	-	-0.90	0.00
Pictet-Japan Index-I JPY F	¥19368.16	-	100.14	0.00
Pictet-Japanese Equities Opp-I JPY F	¥12376.79	-	62.81	0.00
Pictet-Japanese Equity Selection-I JPY F	¥17710.88	-	110.94	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$133.61	-	0.19	0.00
Pictet-Multi Asset Global Opportunities-I EUR	€122.97	-	0.47	0.00
Pictet-Nutrition-I EUR	€220.63	-	1.67	0.00
Pictet-Pacific Ex Japan Index-I USD F	$447.00	-	0.45	0.00
Pictet-Premium Brands-I EUR F	€186.07	-	1.84	0.00
Pictet-Russia Index I USD	$ 76.35	-	0.42	0.00
Pictet-Russian Equities-I USD F	$ 74.68	-	0.08	0.00
Pictet-Security-I USD F	$261.10	-	0.03	0.00
Pictet-Select-Callisto I EUR	€103.49	-	0.56	0.00
Pictet-Small Cap Europe-I EUR F	€1418.40	-	0.72	0.00
Pictet-ST Emerg Local Currency Debt-I USD F	$104.86	-	0.00	0.00
Pictet-ST.MoneyMkt-I	€139.26	-	-0.01	0.00
Pictet-ST.MoneyMkt JPY I USD	¥101072.62	-	-0.45	0.00
Pictet-ST.MoneyMkt-ICHF	SFr 121.76	-	0.00	0.00
Pictet-ST.MoneyMkt-IUSD	$139.40	-	0.01	0.00
Pictet-Timber-I USD F	$217.25	-	1.82	0.00
Pictet TR-Agora I EUR	€127.05	-	0.52	0.00
Pictet TR-Corto Europe I EUR	€147.65	-	0.25	0.00
Pictet TR-Divers Alpha I EUR	€112.03	-	-0.16	0.00
Pictet TR-Kosmos I EUR	€109.85	-	-0.02	0.00
Pictet TR-Mandarin I USD	$166.76	-	0.36	0.00
Pictet-US Equity Selection-I USD	$247.45	-	0.99	0.00
Pictet-US High Yield-I USD F	$164.31	-	-0.07	0.00
Pictet-USA Index-I USD F	$247.60	-	1.05	0.00
Pictet-USD Government Bonds-I F	$634.38	-	-0.28	0.00
Pictet-USD Short Mid-Term Bonds-I F	$131.09	-	-0.01	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$105.14	-	0.01	0.00
Pictet-Water-I EUR F	€336.26	-	1.99	0.00

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Platinum All Star Fund - A (Est)	$130.54	-	-	-
Platinum Global Dividend Fund - A (Est)	$ 45.54	-	-	-
Platinum Global Growth UCITS Fund	$ 10.00	-	-	-

Polar Capital Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Automation & Artificial Intelligence CL I USD Acc	$ 10.74	10.74	0.01	-
Asian Financials I USD	$387.28	387.28	-1.39	0.00
Biotechnology I USD	$ 24.20	24.20	0.02	0.00
European Income Acc EUR	€ 12.26	12.26	-0.05	0.00
European Ex UK Inc EUR Acc	€ 11.26	11.26	-0.04	0.00
Financial Opps I USD	$ 14.79	-	-0.06	1.84
GEM Income I USD	$ 12.24	-	-0.01	0.00
Global Convertible I USD	$ 13.30	13.30	0.02	0.00
Global Insurance I GBP	£ 5.98	-	0.01	0.00
Global Technology I USD	$ 44.15	-	0.19	0.00
Healthcare Blue Chip Fund I USD Acc	$ 12.07	12.07	0.05	0.00
Healthcare Opps I USD	$ 44.43	-	0.26	0.00
Income Opportunities B2 I GBP Acc	£ 2.27	2.27	-0.01	0.00
Japan Alpha I JPY	¥266.51	266.51	0.07	0.00
Japan I JPY	¥2692.66	-	13.58	0.00
North American I USD	$ 24.62	24.62	0.10	0.00
UK Absolute Equity I GBP	£ 21.41	21.41	0.05	0.00
UK Val Opp I GBP Acc	£ 12.34	12.34	0.01	0.00

Polar Capital LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Forager A EUR	€189.87	-	5.74	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Monument Growth 15/05/2018	£532.35	538.31	7.57	3.15

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	D+/-	Yield
Prusik Asian Equity Income B Dist	$204.99	-	-1.15	3.35
Prusik Asia A	$285.29	-	-1.61	0.00
Prusik Asian Smaller Cos A	$164.00	-	0.18	0.00

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	D+/-	Yield
PCG B ✠	217.58	-	-0.34	0.00
PCG C ✠	213.65	-	-0.33	0.00

Ram Active Investments SA
www.ram-ai.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
RAM Systematic Emerg Markets Core Eq	$108.42	-	0.59	-
RAM Systematic Emerg Markets Eq	$191.84	-	0.63	-
RAM Systematic European Eq	€473.35	-	0.63	-
RAM Systematic Global Shareholder Yield Eq	$134.29	-	0.33	0.00
RAM Systematic Long/Short Emerg Markets Eq	$122.38	-	0.11	-
RAM Systematic Long/Short European Eq	€155.86	-	0.10	-
RAM Systematic North American Eq	$306.71	-	2.39	-
RAM Tactical Convertibles Europe	€150.23	-	-0.05	-
RAM Tactical Global Bond Total Return	€142.93	-	0.05	-
RAM Tactical II Asia Bond Total Return	$139.42	-	-0.07	-

Robeco Asset Management (LUX)
Weena 850, 3014 DA Rotterdam, The Netherlands
www.robeco.com/contact
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Asia-Pacific Equities (EUR)	€170.47	-	1.07	0.00
BP US Premium Equities (EUR)	€231.88	-	0.75	0.00
BP US Premium Equities (USD)	$270.29	-	0.88	0.00
Chinese Equities (EUR)	€107.24	-	1.44	0.00
Em Stars Equities (EUR)	€224.18	-	2.30	0.00
Emerging Markets Equities (EUR)	€198.66	-	2.16	0.00
Glob.Consumer Trends Equities (EUR)	€207.47	-	2.68	0.00
High Yield Bonds (EUR)	€143.48	-	-0.17	0.00
New World Financials (EUR)	€ 70.62	-	0.27	0.00

Ruffer LLP (1000)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 601 9610
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions

Fund	Bid	Offer	D+/-	Yield
LF Ruffer European C Acc	596.08	-	6.60	0.29
LF Ruffer European C Inc	109.96	-	1.22	0.61
LF Ruffer European O Acc	585.83	-	6.45	0.00
LF Ruffer Equity & General C Acc	462.67	-	2.71	0.04
LF Ruffer Equity & General C Inc	426.56	-	2.50	0.04
LF Ruffer Equity & General O Acc	454.75	-	2.64	0.00
LF Ruffer Equity & General O Inc	421.93	-	2.45	0.00
LF Ruffer Gold C Acc	150.62	-	-3.76	0.08
LF Ruffer Gold C Inc	91.16	-	-2.28	0.13
LF Ruffer Gold O Acc	147.98	-	-3.71	0.00
LF Ruffer Japanese C Inc	119.79	-	1.85	0.25
LF Ruffer Japanese C Acc	254.99	-	3.92	0.23
LF Ruffer Pacific C Acc	379.75	-	1.05	0.92
LF Ruffer Pacific C Inc	106.78	-	0.30	1.10
LF Ruffer Pacific O Acc	372.90	-	1.00	0.62
LF Ruffer Total Return C Acc	445.92	-	3.63	1.44
LF Ruffer Total Return C Inc	298.32	-	2.44	1.45
LF Ruffer Total Return O Acc	438.24	-	3.54	1.44
LF Ruffer Total Return O Inc	293.02	-	2.39	1.46

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
SWMC European Fund B EUR	€18723.65	-	-15.81	0.00
SWMC Small Cap European Fund B EUR	€15649.29	-	-0.08	0.00

We are Sustainability Investing.

RobecoSAM (LUX)
Tel. +41 44 653 10 10 http://www.robecosam.com/
Regulated

Fund	Bid	Offer	D+/-	Yield
RobecoSAM Sm.Energy/A	£ 18.44	-	0.06	1.24
RobecoSAM Sm.Energy/N	€ 16.73	-	0.16	0.00
RobecoSAM Sm.Materials/A	£207.04	-	0.45	1.34
RobecoSAM Sm.Materials/N	€213.29	-	1.63	0.00
RobecoSAM Sm.Materials/Na	€143.41	-	1.10	1.33
RobecoSAM Gl.Small Cap Eq/A	£114.66	-	0.67	1.13
RobecoSAM Gl.Small Cap Eq/N	€203.57	-	2.28	0.00
RobecoSAM Sustainable Gl.Eq/B	€219.99	-	1.35	0.00
RobecoSAM Sustainable Gl.Eq/N	€193.09	-	1.19	0.00
RobecoSAM S.HealthyLiv/B	€192.63	-	2.48	0.00
RobecoSAM S.HealthyLiv/N	€182.79	-	2.36	0.00
RobecoSAM S.HealthyLiv/Na	£136.00	-	1.03	1.38
RobecoSAM S.Water/A	£236.87	-	0.18	1.47
RobecoSAM S.Water/N	€204.45	-	1.27	0.00

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Rubrics Emerging Markets Fixed Income UCITS Fund	$134.62	-	0.13	0.00
Rubrics Global Credit UCITS Fund	$ 15.85	-	0.00	0.00
Rubrics Global Fixed Income UCITS Fund	$161.57	-	-0.02	0.00
Q Rubrics India Fixed Income UCITS Fund	$ 10.70	-	0.02	0.00
Rubrics India Fixed Income UCITS Fund	$ 92.12	-	0.18	0.00

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Slater Growth	528.08	560.30	-1.18	0.00
Slater Income A Inc	167.62	167.62	-0.21	0.00
Slater Recovery	246.49	261.53	9.76	0.00
Slater Artorius	207.14	207.14	1.33	0.24

Standard Life Wealth (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130
FCA Recognised
Standard Life Offshore Strategy Fund Limited

Fund	Bid	Offer	D+/-	Yield
Bridge Fund	£1.8841	-	-0.0021	1.94
Global Equity Fund	£2.3908	-	-0.0020	0.84
Global Fixed Interest Fund	£0.9719	-	0.0001	4.20
Income Fund	£0.5730	-	0.0003	3.25
Sterling Fixed Interest Fund	£0.8549	-	-0.0014	3.51
UK Equity Fund	£2.3113	-	0.0045	2.86

Stenham Asset Management Inc
www.stenhamassetmanagement.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Stenham Credit Opportunities A Class USD	$117.27	-	1.08	0.00
Stenham Equity UCITS USD	$185.05	-	3.75	0.00
Stenham Growth USD	$224.50	-	-0.90	-
Stenham Healthcare USD	$211.90	-	-0.71	0.00
Stenham Managed Fund USD	$122.04	-	0.85	0.00
Stenham Quadrant USD A	$436.60	-	9.86	-
Stenham Trading Inc USD	$125.42	-	2.58	-
Stenham Universal USD	$461.32	-	5.24	-
Stenham Universal II USD	$168.85	-	1.85	0.00

Superfund Asset Management GmbH
www.superfund.com, +43 (1) 247 00
Regulated

Fund	Bid	Offer	D+/-	Yield
Superfund Green EUR SICAV	€963.65	-	3.92	0.00
Superfund Red EUR SICAV	€777.10	-	-0.22	0.00
Superfund Blue EUR	€763.32	-	2.49	0.00

Other International Funds

Fund	Bid	Offer	D+/-	Yield
Superfund Green Gold SICAV	$1028.78	-	2.71	0.00
Superfund Red Silver SICAV	$399.94	-	1.61	0.00

Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
Aptus Global Financials B Acc	£ 4.52	-	-0.06	4.30
Aptus Global Financials B Inc	£ 3.54	-	-0.05	4.46

Toscafund Asset Management LLP
www.toscafund.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Tosca A USD	$394.06	-	14.25	-
Tosca Mid Cap GBP	£304.47	-	29.20	-
Tosca Opportunity B USD	$448.02	-	52.22	-
Pegasus Fund Ltd A-1 GBP	£ 73.01	-	4.50	0.00

TreeTop Asset Management S.A. (LUX)
Regulated
TreeTop Convertible Sicav

Fund	Bid	Offer	D+/-	Yield
International A	€310.70	-	0.80	0.00
International B	$417.66	-	1.16	0.00
International C	£131.04	-	0.34	2.65
International D	€272.27	-	0.69	2.56

TreeTop Global Sicav

Fund	Bid	Offer	D+/-	Yield
Global Opp.A	€170.84	-	1.22	0.00
Global Opp.B	$178.54	-	1.08	0.00
Global Opp.C	£242.56	-	1.63	0.00
Sequoia Equity A	€158.34	-	0.36	0.00
Sequoia Equity B	$173.50	-	0.33	0.00
Sequoia Equity C	£206.06	-	0.59	2.93

Troy Asset Mgt (1200) (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 608 0950
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions
Trojan Investment Funds

Fund	Bid	Offer	D+/-	Yield
Trojan Global Income O Acc	103.55	-	0.10	3.03
Trojan Global Income O Inc	99.05	-	0.09	3.09

UBS Asset Management (UK)
5 Broadgate, London, EC2M 2QS
Client Services 0800 358 3012, Client Dealing 0800 358 3012
www.ubs.com/retailfunds
Authorised Inv Funds
OEIC

Fund	Bid	Offer	D+/-	Yield
UBS Global Emerging Markets Equity C Acc	£ 0.83	-	0.00	1.16
UBS Global Optimal C Acc	£ 1.02	-	0.00	0.71
UBS UK Opportunities C Acc	£ 0.95	-	0.00	2.83
UBS US Equity C Acc	£ 1.23	-	0.01	0.27
UBS S&P 500 Index C Acc	£ 0.83	-	0.00	1.52
UBS Targeted Return C Acc	£ 13.83	-	0.02	1.32
UBS Sterling Corporate Bond Indexed C Acc	£ 0.60	-	0.00	2.86
UBS Multi Asset Income C Inc Net	£ 0.49	-	0.00	3.94
UBS UK Equity Income C Inc Net	£ 0.75	-	-0.01	3.86
UBS Corporate Bond UK Plus C Inc Net	£ 0.53	-	0.00	4.16
UBS Global Allocation (UK) C Acc	£ 0.82	-	0.00	1.75
UBS Global Enhanced Equity Income C Inc	£ 0.45	-	0.00	6.45
UBS US Growth C Acc	£ 1.34	-	0.01	0.00
UBS Emerging Markets Equity Income C Inc	£ 0.52	-	0.00	3.98
UBS FTSE RAFI Dev 1000 Index J Acc	£148.73	-	0.26	2.46
UBS MSCI World Min Vol Index J Acc	£150.59	-	-0.13	2.27

Unicapital Investments (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Investments IV - European Private Eq.	€126.72	-	-1.24	0.00
Investments IV - Global Private Eq.	€170.83	-	-3.11	0.00

Value Partners Hong Kong Limited (IRL)
www.valuepartners-group.com, fis@vp.com.hk
Regulated

Fund	Bid	Offer	D+/-	Yield
Value Partners Asia Dividend Stocks Fund A USD	$ 7.86	-	0.05	0.00
Value Partners Classic Equity Fund USD Z Unhedged	$ 15.67	-	0.00	0.00
Value Partners Classic Equity Fund CHF Hedged	SFr 15.43	-	0.00	0.00
Value Partners Classic Equity Fund EUR Hedged	€ 15.71	-	0.00	0.00
Value Partners Classic Equity Fund GBP Hedged	£ 16.36	-	0.00	0.00
Value Partners Classic Equity Fund GBP Unhedged	£ 19.21	-	-0.02	0.00
Value Partners Classic Equity USD Unhedged	$ 19.45	-	0.00	0.00
Value Partners Global Emerging Market Bond Fund USD A Acc Unhedged	$ 10.21	-	-0.01	0.00
Value Partners Global Emerging Market Equity Fund USD V Unhedged	$ 10.94	-	0.06	-
Value Partners Greater China Equity Fund USD A (Acc) Unhedged	$ 12.28	-	0.04	0.00
Value Partners Health Care Fund HKD Class A Unhedged	HK$ 13.31	-	0.05	0.00
Value Partners Health Care Fund USD Class A Unhedged	$ 13.42	-	0.05	0.00

Waverton Investment Funds Plc (1600)F (IRL)
waverton.investments@citi.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Waverton Asia Pacific A USD	$ 24.11	-	0.22	0.81
Waverton Global Equity Fund A GBP	£ 19.87	-	0.02	0.25
Waverton Global Strategic Bond Fund A USD	$ 8.42	-	0.00	5.15
Waverton UK Fund A GBP	£ 14.08	-	0.05	2.02
Waverton Equity Fund A GBP	£ 19.54	-	-0.01	0.00
Waverton Sterling Bond Fund A GBP	£ 9.28	-	0.00	4.26

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Multi-Sector	€115.31	-	-0.13	3.49

Yapi Kredi Asset Management (TUR)
www.yapikrediportfoy.com.tr Tel: + 90 (212) 385 48 48
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Eurobond Fund	TRY 0.113998	-	0.001611	-
Koc Affiliate and Equity Fund	TRY 0.863675	-	0.751288	-
DPM Bonds and Bills Fund (FX)	$ 1.001674	-	0.889287	0.00

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com
Regulated
Yuki Mizuho Umbrella Fund

Fund	Bid	Offer	D+/-	Yield
Yuki Mizuho Japan Dynamic Growth	¥10450.00	-	22.00	0.00
Yuki Japan Low Price	¥50789.00	-	44.00	0.00
Yuki Japan Value Select	¥21462.00	-	87.00	0.00

Yuki Asia Umbrella Fund

Fund	Bid	Offer	D+/-	Yield
Yuki Japan Rebounding Growth Fund JPY Class	¥41131.00	-	277.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$1616.08	-	11.09	0.00

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Memnon European Fund I GBP	£169.39	-	-1.71	0.00

Data Provided by
MORNINGSTAR®
www.morningstar.co.uk
Data as shown is for information purposes only. No offer is made by Morningstar or this publication.

Guide to Data

The fund prices quoted on these pages are supplied by the operator of the relevant fund. Details of funds published on these pages, including prices, are for the purpose of information only and should only be used as a guide. The Financial Times Limited makes no representation as to their accuracy or completeness and they should not be relied upon when making an investment decision.

The sale of interests in the funds listed on these pages may, in certain jurisdictions, be restricted by law and the funds will not necessarily be available to persons in all jurisdictions in which the publication circulates. Persons in any doubt should take appropriate professional advice. Data collated by **Morningstar**. For other queries contact **reader.enquiries@ft.com +44 (0)207 873 4211**.

The fund prices published in this edition along with additional information are also available on the Financial Times website, **www.ft.com/funds**. The funds published on these pages are grouped together by fund management company.

Prices are in pence unless otherwise indicated. The change, if shown, is the change on the previously quoted figure (not all funds update prices daily). Those designated $ with no prefix refer to US dollars. Yield percentage figures (in Tuesday to Saturday papers) allow for buying expenses. Prices of certain older insurance linked plans might be subject to capital gains tax on sales.

Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD. Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, charging structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: ✠ 0001 to 1100 hours; ♦ 1101 to 1400 hours; ▲ 1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that that managers/operators deal at the price to be set at the next valuation.

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. Scheme particulars, prospectus, key features and reports: The most recent particulars and documents may be obtained free of charge from fund managers/operators. * Indicates funds which do not price on Fridays.

Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact **data@ft.com or call +44 (0)20 7873 3132** for further information.

FT ADVISER

Follow us on LinkedIn

Follow FTAdviser.com on LinkedIn to be the first to hear about upcoming events, webinars and competitions for financial planners.

We will also have regular news and views from around the industry, and opportunities to earn CPD.

www.ftadviser.com/linkedin

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Analysis. Currencies

Polish zloty comes under pressure as Warsaw's rift with Brussels grows

Polish prime minister Mateusz Morawiecki arrives at an EU summit in March. Concerns are rising over the government's relations with the bloc — Francois Lenoir/Reuters

EM rout triggered by rise in dollar and US yields comes at a tricky time for the country

ROGER BLITZ — LONDON
JAMES SHOTTER — WARSAW

A sharply weakening currency hardly suggests an economy growing at a healthy clip. But the 8 per cent slide in Poland's zloty against the dollar over the past month signals investors are becoming nervous about central Europe's biggest economy.

The zloty has fallen more than Turkey's lira, with only the Argentine and Mexican pesos eclipsing its drop. Against the euro, the zloty is down 3 per cent over the same period.

In mitigation, the Polish currency has been caught up in the wave of emerging market selling triggered by the resurgent dollar and rising US bond yields. A further handicap has been the desire of the country's central bank to keep interest rates at a record low of 1.5 per cent, a view repeated this week by its governor, Adam Glapinski.

Yet the pressure from the US markets comes at an awkward time for Poland, with concerns building over the Eurosceptic Law and Justice government's troubled relations with the EU.

Britain's departure from the bloc will leave a budget hole that the European Commission has proposed filling by cutting cohesion funds and agricultural subsidies, which would hit Poland. On top of this, the commission is proposing linking payments to respect for the rule of law — a plan that has drawn fierce criticism from Poland, which is under fire over controversial judicial reforms.

The cost to Poland of an EU budget cut is considerable. Piotr Kalisz, chief economist at Citi Handlowy in Warsaw, said Poland receives about 3 per cent of annual GDP in EU funds, "so it is a really significant amount".

Depending on the size of the cut, "we are looking at a reduction of between 0.3 and 0.5 per cent in the growth rate", said Mr Kalisz.

Some analysts see no easy way out for Poland. Tatha Ghose at Commerzbank warns that "political risk premium on Polish assets is likely to rise," while Piotr Matys at Rabobank sees echoes of Turkey where the lira has been heavily sold in part because of the market's discomfort at the authoritarian rule of President Recep Tayyip Erdogan.

"We could be entering a period of significant uncertainty and volatility," said Mr Matys.

Not everyone is worrying. European populism is now part of the typical risks investors must take into account. "Markets don't mind populism as long as you're fiscally responsible," according to Charles Robertson at Renaissance Capital.

Tim Ash, a strategist at Bluebay in London, said Poland's economy was "pretty robust and sound". It had been helped by private consumption, just as the strength of the eurozone and other trading partners helped its export market, he said.

That provides enough comfort to some Polish business leaders who remain phlegmatic about the country's EU dispute. "I wouldn't say that I'm without concern about the almost inevitable cut back in the 2021 budget," said Ben Habib, chief executive of First Property Group. "But Poland is a country that is on the map; it may not grow as fast as it would with additional capital, but it should still continue to be OK."

Although Jay Powell, the chair of the Federal Reserve, said last week that the effect of US monetary policy on the rest of the world should not be "overstated," an energetic dollar is a new headwind.

A senior executive at one Polish bank said the short-term issues for investors related to hawkish Fed policy and a steeper US yield curve which is diverting money from EM countries such as Poland to the US.

Poland's 10-year bond yield has climbed to 3.28 per cent from a low of 2.96 per cent in mid-April. That leaves the benchmark below its January high of 3.53 per cent.

"If I can get 3.05 per cent for the US 10-year yield, what should I demand from the Polish 10-year?" the person added.

Zloty weakness looks likely to persist so long as Poland's central bank remains dovish. That leaves the zloty "vulnerable to the prospect of the dollar extending its recent gains", said Mr Matys.

While the move over the past month has been sharp, Mr Kalisz pointed out that the zloty is roughly at the same level as last October and would have to weaken considerably to have a meaningful impact on the economy.

"From a financial stability point of view, a 10 per cent move in the exchange rate doesn't change much," he added.

Mr Robertson weighed up the pros and cons, saying Poland was a country with a triple B+ rating, a government that was "not market-friendly" and an unfavourable yield return compared with the US. Its twin deficits may not be as severe as other EM countries, but "it doesn't add up to a compelling story to own these bonds".

Poland's EU dispute and the risk to its budget has come at an inopportune time.

'We could be entering a period of significant uncertainty and volatility'

8% Slide in Polish zloty against the dollar over the past month

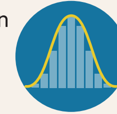
3% Estimated size of EU funds Poland receives, as a share of GDP

FT
FastFT
Our global team gives you market-moving news and views, 24 hours a day
ft.com/fastft

Tail risk

Hasenstab's big bet on Argentina is a typically racy move

ROBIN WIGGLESWORTH



Bond fund managers often scoff at the big racy bets of equity investors, preferring the sweet sensation of a steady, diversified stream of coupon payments being made on time. Michael Hasenstab is not like most bond investors.

Franklin Templeton's "bond king" is more softly spoken, unflashy and cerebral than other flamboyant fund managers that have been draped by that title — such as DoubleLine's Jeffrey Gundlach and Pimco's Bill Gross — but he has carved out a reputation for massive bets that make many of his counterparts blanch.

The latest example came this week, when it emerged that Mr Hasenstab had orchestrated and snapped up more than 75 per cent of a $3bn Argentine bond sale. At the end of the first quarter, Franklin Templeton already held $4.1bn of Argentine debt, and the swoop probably made the San Mateo-based asset manager the country's single biggest creditor.

The move raised eyebrows among rival fund managers, but is consistent with Mr Hasenstab's playbook. He has periodically amassed huge positions in the debt of troubled countries such as Hungary, Ireland, Ukraine, Ghana, Nigeria and Mongolia. At one point he owned almost one-tenth of Ireland's government bond market, shrugging off concerns over its stricken finances to ride the country's recovery to an eye-popping windfall.

But sometimes these big bets have soured, most notably in Ukraine. Its already-shaky finances were left in tatters by its 2014 revolution and subsequent Russian invasion, and the government eventually restructured and imposed a 20 per cent haircut on $18bn of its international bonds — a big chunk of which were held by Mr Hasenstab. Nonetheless, Franklin Templeton estimates that it's cumulative returns on its Ukrainian investments came to 16 per cent.

In some respects, he acts almost like a private sector version of the International Monetary Fund, bailing out countries and (hopefully) carrying them to recovery and big profits.

Critics argue that he in practice profits from moral hazard, benefiting from the reluctance of the IMF to impose haircuts on bond investors.

But for Argentina, his involvement will be welcome as it negotiates with the IMF. When Mr Hasenstab decides to go big, he has often shown a steely determination to stay the course.

Michael Hasenstab has profited from bets on struggling countries

Capital markets

Foreign investment in Chinese debt soars as renminbi concerns fade

GABRIEL WILDAU — SHANGHAI

Foreign investment in China's vast domestic bond market has soared, making the country an outlier amid the bond rout roiling other emerging markets.

China took landmark steps from 2016 to open its bond market — the world's third largest behind the US and Japan — but foreign investors were initially wary. The opening measures occurred during a period of renminbi depreciation, when Chinese regulators were also clamping down on capital outflows. That raised fears that foreigners, once in the market, could find themselves unable to exit.

Those concerns have faded. The renminbi has stabilised, capital flight has subsided and regulators have grown more relaxed about permitting outflows. That has allowed investors to refocus on the attractive yields available on Chinese debt.

Foreign ownership of Chinese onshore bonds reached Rmb1.36tn ($214bn) at the end of March, an increase of more than 60 per cent from a year earlier, according to People's Bank of China data.

Foreign investors purchased a net Rmb174bn of Chinese government bonds this year until the end of April, clearing house data show, nearly four times the net purchases of the Chinese commercial banks that have traditionally dominated the market.

Yet foreigners still own less than 2 per cent of the Rmb77tn in outstanding notes in China's onshore market, leaving plenty of space for growth.

Inclusion in major global bond indices would be the biggest catalyst for inflows, analysts said, since exchange traded funds that passively track such indices would be forced to buy in. The three most influential global bond indices could eventually generate foreign inflows worth $286bn, Standard Chartered estimated.

Much as MSCI did when it admitted China stocks to its widely tracked emerging markets equity index, bond trackers should make their decisions primarily based on how easily foreigners can buy, sell and hedge in the Chinese market. Most believed China now met the basic criteria.

Looking ahead, expectations for when further indices may add China to their tracking baskets include in late Q2 or Q3 2018, the JPMorgan Government Bond Index — Emerging Markets, a widely tracked index, when it conducts its yearly assessment. Chinese bonds are already on its watch list. China's index weight is likely to be 10 per cent, which would generate $20bn in inflows, Standard Chartered estimated.

In Q4 2018, FTSE Russell will conduct its annual assessment of its review of the World Government Bond Index. If China is added at the expected weighting of 5.3 per cent, it would generate the biggest inflows of all — an estimated $159bn. This index also has the highest hurdles, with no new market admitted based on capital market liberalisation criteria since it was launched in 1984. The only additions have occurred due to ratings upgrades.

Foreign investors have returned since the renminbi stabilised

Equities

MSCI warns of governance and volatility risks ahead of China A-shares inclusion

JAMES KYNGE

The company spearheading the inclusion of domestic Chinese shares into a global equity benchmark said investors faced multiple challenges ranging from market volatility to poor corporate governance.

MSCI, the world's leading equity index provider, will add 234 Chinese mainland-listed stocks to its flagship emerging markets index on June 1, obliging international fund managers who follow the benchmark to add domestic Chinese stocks to their portfolios.

The move represents a landmark moment in the integration of the world's second-largest equity market into the global financial system.

But investors face multiple challenges ranging from market volatility to poor environmental, social and corporate governance (ESG), a measure that helps asset managers mitigate risk.

On average, the 234 Chinese companies rank poorly on ESG criteria when compared with other stocks in the MSCI Emerging Markets Index, MSCI said.

A full 37 per cent of the 234 domestic Chinese companies scored the lowest ESG rating of CCC, compared with 8 per cent of companies already in the MSCI EM index, according to MSCI research.

At the other end of the scale, only 3 per cent of the Chinese companies were placed in the top three out of seven ESG categories, compared with 22 per cent of the stocks that already comprise the MSCI EM index.

"There is a skew in the distribution, so we have more laggards compared to leaders," said Sebastien Lieblich, managing director, research, at MSCI. "Although the Chinese government is pushing a lot of green policies, nevertheless at a company level the ESG consideration has not yet been really embraced."

'You have to understand the long-term prospects of those companies and stick with them'

With this in mind, MSCI is planning to launch China ESG indices sometime this year so that investors can help filter out the riskier companies. MSCI sells ESG ratings and research to its largely institutional investors clients.

Low ESG ratings are by no means the only complexity facing investors in A-shares. Another is the volatility in a market still dominated by the seesawing sentiment of Chinese retail investors.

Henry Fernandez, chairman and chief executive at MSCI, said: "You have to look at companies, understand that there will be a significant amount of volatility caused by the structure of the market but understand what are the long-term prospects of those companies and stick with them for longer periods."

Stock pickers often see the A-share market as a real opportunity as long as rigour is applied in finding companies. "Proprietary in-depth research, frequent company visits, patience and discipline are all essential ingredients to succeed when investing in that market," said Francois Perrin, manager at Hong Kong-based East Capital.

MSCI used such criteria as companies' market capitalisation, proportion of freely traded shares and record on trading suspensions for choosing which stocks to include in its EM index.

A second tranche of stocks is set to be added to the index this autumn, after which 0.8 per cent of the MSCI EM index will comprise A-shares.

The index provider sees this as a first step, with "full inclusion" being achieved when A-shares account for 16 per cent of the MSCI EM benchmark.

See Lex

РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

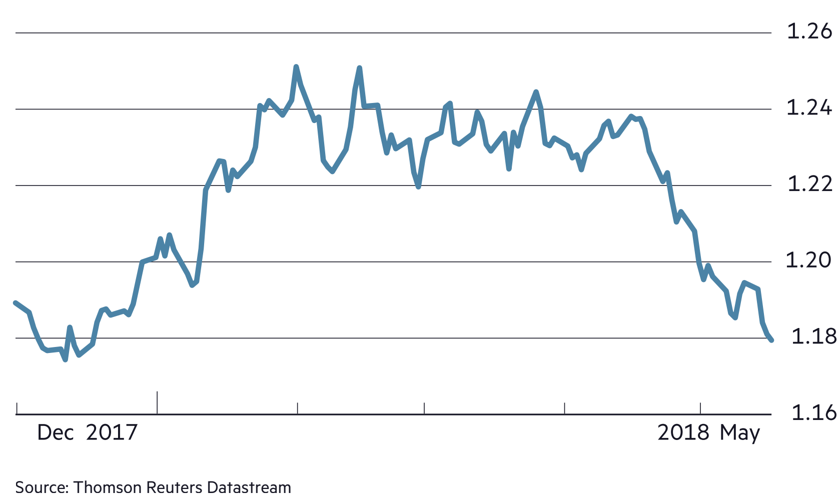
Markets & Investing
FINANCIAL TIMES

The day in the markets

What you need to know

- Global stocks inch higher despite fresh high for 10-year Treasury yield
- Brent oil tops $80 a barrel
- Italian bonds pare losses, stocks rally
- Euro struggles to regain $1.18

Euro tests $1.18 as Italian political concerns grow
($ per €)



Source: Thomson Reuters Datastream

Global equities made tentative gains as energy stocks were lifted by the latest rise in oil prices, and participants looked past the recent rise in Treasury yields and the risks posed by political developments in Italy.

The yield on the benchmark 10-year Treasury touched a fresh seven-year high of 3.122 per cent early in the session, according to Reuters data, once again offering support to the dollar.

But stock markets seemed unfazed by the latest rise in US yields.

"At first glance, it seems investors are drawing the conclusion that the US economy may be able to increase its growth potential with the help of fiscal expansion and structural reform," said strategists at Morgan Stanley.

"Such an outcome would justify higher yields and higher equity prices, with share prices driven by anticipated increases in earnings and not by a liquidity-induced valuation push."

Meanwhile, there was no stopping oil's ascent as concerns about supply helped push Brent above $80 a barrel for the first time in almost four years, bolstering oil stocks on both sides of the Atlantic.

But analysts at Mizuho Bank warned: "Adverse economic effects from high oil prices may grow from here, not just in curbing demand but also by lifting bond yields as investors demand more inflation compensation."

There was some respite for Italian assets as the FTSE MIB equity index rallied 0.3 per cent and the yield on the country's 10-year government bond ended just 1 basis point higher at 2.11 per cent, having earlier touched 2.18 per cent.

Nevertheless, concerns remained about the potential for friction between Italy's incoming coalition government and the European Central Bank, keeping the euro near a five-month low against the dollar.

Esther Reichelt at Commerzbank said disruption caused by Italy had pushed the unresolved eurozone debt issue back into the headlines, exactly as the ECB begins to think about an end of its unconventional monetary policy.

"That will cause the ECB to act even more cautiously, something that argues against a stronger euro for the foreseeable future," she said.
Dave Shellock

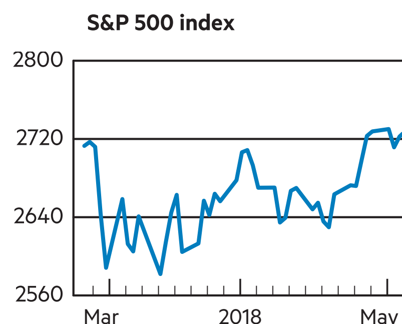
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2725.44	1553.03	22838.37	7787.97	3154.28	85018.72
% change on day	0.11	0.62	0.53	0.70	-0.47	-1.75
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	93.398	1.179	110.825	1.350	6.367	3.685
% change on day	0.006	0.000	0.458	0.148	-0.022	0.022
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.109	0.637	0.056	1.560	3.732	10.104
Basis point change on day	2.870	3.500	0.500	5.900	3.900	6.100
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	342.35	79.92	71.63	1291.25	16.26	3336.00
% change on day	0.18	0.85	0.11	-0.29	-0.94	0.19

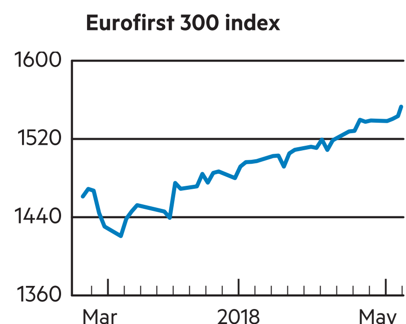
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

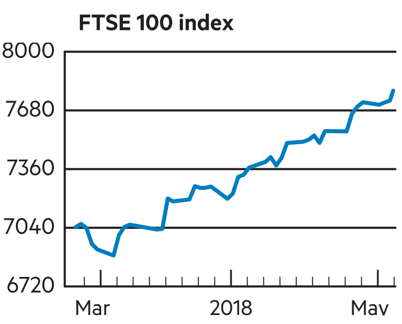
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Valero Energy	4.96	Seadrill	12.07	Experian	5.59
	Marathon Petroleum	4.16	Norsk Hydro	7.76	National Grid	3.80
	Macy's	3.84	Merck	6.43	Burberry	3.21
	Andeavor	3.60	Inditex	3.91	Marks And Spencer	3.16
	Express Scripts Holding	3.29	Fresen.med.care	3.63	United Utilities	2.93
Downs	Nektar Therapeutics	-8.82	A.p. Moller - Maersk B	-9.48	Royal Mail	-7.16
	Cbs	-6.57	Man	-2.54	Hargreaves Lansdown	-1.55
	Discovery	-3.65	Unicredit	-1.86	Mediclinic Int	-1.47
	Discovery	-3.63	Deutsche Boerse	-1.43	Hsbc Holdings	-1.20
	Cisco Systems	-3.36	Cap Gemini	-1.11	Coca-cola Hbc Ag	-0.92

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

Shares in **JC Penney** fell nearly 7 per cent by mid-session in New York after the US retailer cut its profit outlook for the year as an unusually cold spring put the chill on its first-quarter sales.

The department store operator said same-store sales, a measure of the performance of stores open for more than a year, rose just 0.2 per cent for the three months to May 5.

That badly missed expectations for a 2.1 per cent increase and failed to take full advantage of the easier comparison from the prior year period, when the gauge slumped 3.5 per cent.

Retailing giant **Walmart** surrendered early market gains, made after its first-quarter results beat expectations on both profits and revenue thanks to strength in ecommerce sales.

The stock was sliding 1.7 per cent with the group noting that customer visits to stores were softer in the quarter.

"The deceleration in [customer] traffic (to +0.8 per cent versus the fourth quarter's +1.6 per cent) will be a focal point, though weather was likely a factor," said Peter S Benedict of Baird Capital.

Cisco shares fell 3.5 per cent after the network equipment maker posted late on Wednesday disappointing sales for its key services business. *Pan Kwan Yuk*

Eurozone

Altice jumped 11 per cent as the telecoms and cable group delivered its best subscriber trends in the first quarter.

Altice NV, which is being renamed Altice Europe, said it added a net 71,000 fixed-line customers, and 96,000 net additions in fibre. In mobile, it added 239,000 net subscribers, the best quarterly performance since buying France's SFR four years ago.

The net additions were driven by slowing customer churn. Altice said revenue growth for the European division was flat; earnings before interest, tax, depreciation and amortisation dropped 0.5 per cent year on year.

The group, controlled by billionaire Patrick Drahi, is restructuring by spinning off its US division and hoping to soothe investor nerves about difficulties in its largest market, France.

Maersk fell 9 per cent after the Danish conglomerate warned "increased uncertainties" could hit container freight rates, bunker prices and exchange rates, putting at risk its target for 2018 of profits above last year's $356m and earnings of between $4bn and $5bn.

First-quarter losses swelled by more than 70 per cent from the same time a year ago to $239m, it said. *Harriet Agnew and Cat Rutter Pooley*

London

Ocado's partnership with US food chain Kroger sent shares in the food ordering and distribution specialist soaring 44 per cent to a record high — and the top of the FTSE 250.

The partnership accord takes the company into the US market and involves Kroger subscribing for 33m new Ocado shares, equivalent to 5 per cent of its current share capital at a value of £183m.

Mothercare rose 24 per cent as the baby products retailer unveiled a restructuring plan that includes the closure of 50 stores — about a third of its UK outlets — as well rent reductions on more than 20 others. It also announced a refinancing plan which includes an issue of new equity to raise £28m, as well as revised debt facilities of £67.5m.

Royal Mail fell 7.2 per cent after it reported a sharp drop in annual profit and warned that new EU data protection rules would hit its letters business. The decline, which was the biggest single fall on the FTSE 100, cut the stock's year-to-date gain to 22 per cent.

The return of the Brent crude oil price to $80, for the first time since 2014, helped shares in oil majors. **Royal Dutch Shell** rose 2.1 per cent, BP gained 1.4 per cent and Tullow Oil rose 6 per cent.
Michael Hunter

Japan Inc gripped by buyback frenzy as annual meetings loom

Leo Lewis
Markets Insight

Every year around this time, as the bulk of Japan Inc builds to its annual shareholder meeting season in June, there is a patchwork of efforts to appear friendly towards investors. Some of it is genuine, some of it is pantomime: the shows to watch are the ones that reek most of urgency.

As Japan's corporate governance reforms have progressed slowly but surely since 2014, the notional pressure around these AGMs has grown sharply — even if the actual danger posed to managements has, for now, climbed only slightly. The particular focus on return on equity has created a useful numerical standard against which companies can assume they are being judged. Tightening rules on stewardship should also force greater transparency on how institutions vote, and on why they carte-blanche support underperforming managements.

One of the most visible effects of this has been the surge in share buyback announcements, which very nearly tripled from just over ¥2tn in 2013 to a record high of well over ¥6tn in 2016. Much was made, by those convinced that Japan's newly minted corporate governance propulsion systems are already faltering, of the decline in buybacks in 2017; at ¥5.8tn, though, it was still one of the strongest years in history.

And already 2018 is shaping up to reverse last year's decline. So far this year, buybacks are about 7 per cent ahead of the same period last year; over the past six weeks alone — partly because of the pre-AGM preening — 183 Japanese companies have collectively announced ¥1.6tn of buybacks. That does not quite break the 2016 record in terms of size, but it does sets a record for the number of companies announcing.

On an optimistic reading of the situation, the epic mega-buybacks by giant corporations that characterised the 2015-17 period are being replaced by a more widespread behavioural change within the vast Mittelstand of the Japanese stock market.

The prospects for the trend continuing, argues CLSA strategist Nicholas Smith, are good: 55 per cent of non-financial companies in the Topix are net cash, against 20 per cent in the US and Europe. "Continued growth in buybacks seems necessary and a reasonable expectation," he said.

A less cheerful take, however, is that,

> One view is that, despite the buybacks, too little is being done to bolster shareholder returns

even with all these buybacks happening, there is still too little being done to bolster shareholder returns, and that companies were hiding behind the strategy as an alternative to large dividend increases.

Toyota, for example, announced this month a plan to buy back 1.7 per cent of its shares for up to ¥300bn, but stressed that it was still targeting a dividend payout ratio of just 30 per cent. Not great, said Mizuho's Masatoshi Kikuchi, as "it is not exaggerating to say that Toyota sets the standard for shareholder distribution policies in Japan".

But equity strategists at Nomura spotted something else of interest in the April-May buyback crop: 20 of the announcements came from companies that have never done a share buyback. The roster was not stacked with household names, but did include the industrial robot giant Yaskawa Electric.

The broader question that the arrival of the cadet buybackers raises is whether these 20 companies — along with the other 163 that have announced buybacks since April 1 — are doing so as they believe this is now the most effective way to run the pre-AGM love-in, or if they are just scared of a revolt if they do not follow the crowd. It may not matter why they are doing it, many would say, if the outcome is the same.

The place to look is in the companies whose chief executives suffered the scariest declines in shareholder support during the 2017 AGM season and appeared to panic because they were not able to pull the buyback trick.

Three names stand out: advertising group Asatsu DK, components trader Kuroda Electric and media titan Fuji Media. Support rates for their CEOs in 2017 fell, respectively 29.6 per cent, 15.9 per cent and 12.4 per cent from the previous year. The first two, facing serious shareholder revolts, have now put themselves in the hands of private equity — Asatsu to Bain Capital and Kuroda to MBK.

Fuji Media, meanwhile, cannot buy back its shares for technical reasons. Japanese rules prevent foreign ownership of more than 20 per cent in a media company, and the non-Japanese holders of Fuji now stand at 19.9 per cent: if it buys back any shares, that ratio will tip over the line. Its solution has been to cancel the relatively small number of treasury shares it holds and introduce a special "commemorative dividend" of ¥4 per share to add to the existing payout. That smells of desperation. The big question is whether it works.

leo.lewis@ft.com

Global Knowledge
Local Expertise
World Class Advice

We are delighted to welcome Aguirre Newman Spain & Portugal's leading multi-sector real estate adviser to the Savills Group. Together we have over 200 years of combined experience across a network of 90 European offices & associates with over 6,500 employees.

Real estate decisions depend on accurate insights.
We speak your language.