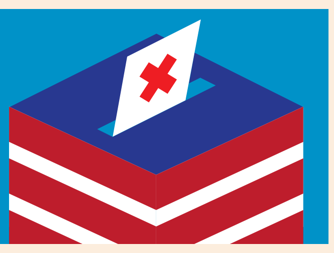
Newspaper of the Year

FINANCIAL TIMES

THURSDAY 14 JUNE 2018 — WORLD BUSINESS NEWSPAPER — EUROPE

Waiting for 'Amlo'
The veteran radical set to win Mexico's presidency — BIG READ, PAGE 9

Democracy first
Trump must be confronted by votes, not the law — JANAN GANESH, PAGE 11



Glorious absurdity
The hapless role of today's US diplomats — ROULA KHALAF, PAGE 10

Twin lines
US-N Korea stories diverge

Commuters in the Pyongyang metro read newspaper accounts of North Korean leader Kim Jong Un's summit in Singapore with US President Donald Trump.

North Korean media gave a differing account of the summit from the US, saying Mr Trump had agreed to lift sanctions. The US president, who yesterday declared North Korea was no longer a nuclear threat, said sanctions would remain in place until North Korea dismantled its nuclear arsenal. Asian leaders welcomed the easing of tensions but Japan expressed disappointment that Mr Kim was not forced to give a stronger commitment to disarmament.

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Ed Jones/Getty Images

Hawkish Fed lifts rates as Trump tax cuts fuel economic expansion

● Quarter-point increase ● Two more moves forecast in 2018 ● 10-year Treasury yield rises

SAM FLEMING — WASHINGTON

The Federal Reserve lifted interest rates by a quarter point and signalled that two more increases were likely in 2018 as policymakers gave a bullish assessment of the US economy amid accelerating growth and rapid job creation.

The Federal Open Market Committee raised the target range for the federal funds rate to 1.75 per cent to 2 per cent, in the seventh increase of the current cycle. Interest-rate forecasts released by Fed policymakers pointed to a total of four rate rises in 2018, followed by another three in 2019.

The US stock market dipped 0.2 per cent on the news of the intention to raise rates another two times this year, on top of the two that came in March and yesterday. The 10-year Treasury yield jumped 3 basis points to 2.97 per cent. The dollar climbed 0.4 per cent against the euro to trade at $1.174.

In a statement, the central bank dropped previous crisis-era assurances that it would keep rates below their longer-run norms.

"The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labour market conditions and inflation near the Committee's symmetric 2 per cent objective over the medium term," the Fed said. It added that risks to the outlook were roughly balanced.

The Republicans' $1.5tn tax cutting package and $300bn federal spending increase have fuelled a further pick-up in the US economy, overshadowing global hazards, including the risk of a Trump-induced trade war.

As a result Jay Powell, the Fed's chairman, has vowed to continue with the programme of gradual rate rises that the Fed kicked off in late 2015.

The Fed's statement suggested the central bank was increasingly confident about inflation, as policymakers dropped statements that they were carefully monitoring price readings.

Officials also ditched previous guidance that said rates would for some time remain at levels "expected to prevail in the longer run", in a sign they thought policy was heading closer to neutral. However, the FOMC retained its assessment that policy was "accommodative" — meaning rates were still low enough to support growth.

Fed chairman Jay Powell has vowed to continue the programme of gradual rate rises that the Fed kicked off in late 2015

The rate rise was widely predicted by financial markets given the recent fall in unemployment to just 3.8 per cent and signs that inflation is moving closer to the Fed's 2 per cent target. In their latest forecast, Fed policymakers projected core inflation would rise to a median 2.1 per cent next year, slightly above the target, and stay there in 2020.

The question is how high the Fed will ultimately lift rates as it balances rapid hiring against disappointing wage and inflation readings. The Fed forecasts put the midpoint of its target range at 3.4 per cent in 2020, higher than the median prediction for the rate in the longer-run — unchanged at 2.9 per cent.

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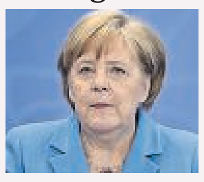
Briefing

▸ Adyen debut puts big names in shade
The Netherlands payments company has eclipsed established European financial groups such as Commerzbank and Mediobanca in value after its shares doubled on their first day.— PAGE 13

▸ May juggles competing forces on Brexit
The UK premier has attempted to steer a path between the pro-European and Eurosceptic arms of her Conservative party as parliament votes on vital Brexit legislation.— PAGE 3; SARAH GORDON, PAGE 14

▸ WPP investors in executive pay revolt
The advertising group has suffered a backlash at its annual meeting over executive pay policies as it faced questions on Martin Sorrell's abrupt exit and alleged misbehaviour.— PAGE 13; LEX, PAGE 12

▸ Berlin government split over migration
Angela Merkel's administration has descended into conflict, with the veteran chancellor pitted against her interior minister Horst Seehofer over asylum policy.— PAGE 4



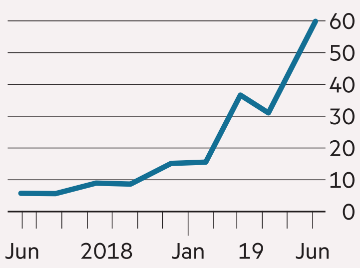
▸ Saudi forces lead attack on Yemeni port
A Saudi-led coalition has launched an offensive on Houthi rebels in and around Hodeidah, beginning a critical battle in a three-year war that pits the Arab alliance against Iran-aligned rebels.— PAGE 2

▸ Madrid urges more Europe integration
Spanish foreign minister Josep Borrell has called for deeper collaboration in the face of rising populism and growing division over migration, seeking to distance Madrid from populists in Rome.— PAGE 4

▸ Global fishing subsidies put at $4.2bn
A study has shown that China's high-seas fishing fleet, the world's biggest, is viable only because of state subsidies, while Japan and Spain provide even larger funding to their long-distance fleets.— PAGE 3

Datawatch

Great expectations
Probability of ECB rate rise (%)



Source: Bloomberg

Remarks on the eurozone from the ECB have lifted expectations that it will end its bond-buying this year. A rate rise is not expected this year but the probability of a rise increases to 59 per cent for June 2019

ECB steady Page 4

Paris to launch sell-off in rethink on economy

Full story ▸ PAGE 4

Canada and Mexico lead US to victory with 'United 2026' World Cup pitch

MURAD AHMED — LONDON
JUDE WEBER — MEXICO

He has called Canada's Justin Trudeau "dishonest" and "weak", and Mexican migrants "rapists" and criminals. But Donald Trump swapped hardball for football yesterday after a US-led bid to secure the 2026 World Cup succeeded with help from his continental neighbours.

The joint North American bid, dubbed "United 2026", defeated Morocco in the race to hold one of the world's biggest sporting events, following a vote by more than 200 member nations of Fifa, international soccer's governing body.

"The US, together with Mexico and Canada, just got the World Cup," Mr Trump wrote on Twitter. "Congratulations — a great deal of hard work!"

In the end, the vote was not close. At Fifa's annual congress in Moscow, the day before the opening match of this year's World Cup, members backed the North American bid 134-65.

But in an ironic twist, Fifa officials and others close to the process said the Americans, who last held the World Cup in 1994, might have Canada and Mexico to thank for the overwhelming victory.

The North American team this year overhauled its leadership to have three co-chairs, one from each bidding country. The move was seen as pushing Canada and Mexico into the spotlight, even though the US will host most matches.

The change came amid concerns that resentment towards Mr Trump was having an effect on how nations would vote, particularly Africans angered by his description of them as "shithole countries". Mr Trump's initial lobbying also rankled, after making veiled threats that appeared to link trade deals to support for United 2026.

In their final pitch to voters in Moscow, North American officials appeared to be consciously putting their best Canadian and Mexican feet forward. The presentation was led by Alphonso Davies, a 17-year-old Canadian footballer, followed by Mexican Football Federation president Decio de Maria. Only then did the US female footballer Brianna Pinto speak for her country.

"The North American bid can go a long way towards recasting the us-versus-them narrative that Trump has triggered, first with Mexico and lately with Trudeau," said Arturo Sarukhán, who first floated the idea of a joint bid as Mexico's ambassador to the US in 2010.

The winning bid vowed $11bn in profits to Fifa compared to Morocco's $5bn.

Analysis & Simon Kuper page 3

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

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World Markets

STOCK MARKETS

	Jun 13	prev	%chg
S&P 500	2790.28	2786.85	0.12
Nasdaq Composite	7743.96	7703.79	0.52
Dow Jones Ind	25336.90	25320.73	0.06
FTSEurofirst 300	1517.45	1516.10	0.09
Euro Stoxx 50	3483.07	3475.58	0.22
FTSE 100	7703.71	7703.81	0.00
FTSE All-Share	4248.12	4248.85	-0.02
CAC 40	5452.73	5453.37	-0.01
Xetra Dax	12890.58	12842.30	0.38
Nikkei	22966.38	22878.35	0.38
Hang Seng	30725.15	31103.06	-1.22
MSCI World $	2145.36	2144.20	0.05
MSCI EM $	1140.64	1139.46	0.10
MSCI ACWI $	521.07	520.76	0.06

CURRENCIES

	Jun 13	prev		Jun 13	prev
$ per €	1.177	1.179	€ per $	0.849	0.849
$ per £	1.337	1.335	£ per $	0.748	0.749
£ per €	0.881	0.883	€ per £	1.135	1.133
¥ per $	110.425	110.280	¥ per €	130.004	129.977
¥ per £	147.605	147.256	£ index	78.286	78.447
€ index	94.513	94.569	$ index	100.023	99.878
SFr per €	1.160	1.160	SFr per £	1.317	1.315

COMMODITIES

	Jun 13	prev	%chg
Oil WTI $	66.58	66.36	0.33
Oil Brent $	76.35	75.88	0.62
Gold $	1298.65	1299.60	-0.07

INTEREST RATES

	price	yield	chg
US Gov 10 yr	94.20	2.96	-0.01
UK Gov 10 yr	98.33	1.37	-0.03
Ger Gov 10 yr	100.69	0.48	-0.01
Jpn Gov 10 yr	100.65	0.05	0.00
US Gov 30 yr	93.37	3.08	-0.02
Ger Gov 2 yr	101.91	-0.61	0.02

	price	prev	chg
Fed Funds Eff	1.70	1.69	0.01
US 3m Bills	1.92	1.94	-0.02
Euro Libor 3m	-0.35	-0.35	0.00
UK 3m	0.63	0.62	0.00

Prices are latest for edition — Data provided by Morningstar

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Singapore summit

Trump claims end of N Korea nuclear threat

Experts highlight lack of disarmament plan and differing views of talks

DEMETRI SEVASTOPULO — SINGAPORE
SONG JUNG-A — SEOUL
ROBIN HARDING — TOKYO

Donald Trump declared that North Korea was no longer a nuclear threat as he arrived back in the US after his historic summit with the country's leader Kim Jong Un in Singapore.

"There is no longer a Nuclear Threat from North Korea. Everybody can now feel much safer than the day I took office," Mr Trump tweeted after Air Force One landed in Washington yesterday. "President Obama said that North Korea was our biggest and most dangerous problem. No longer — sleep well tonight!" Mr Trump made his claim even as critics attacked the joint statement that the president signed with Mr Kim. While some experts welcomed the fact that the potential for military conflict had decreased, most argued that Mr Trump had failed to secure any concrete steps towards denuclearisation from his meeting with Mr Kim.

"There is no indication right now that we are winning," said Sue Mi Terry, a former CIA North Korea expert now at the Center for Strategic and International Studies in Washington. "Trump wants to 'win, win, win' but North Korea is doing quite well."

There were signs that the US and North Korea were further apart than Mr Trump claimed. Earlier yesterday, Pyongyang said the president had agreed to ease sanctions on North Korea in language that did not match what Mr Trump said at his post-summit press conference in Singapore. North Korean state media said the US would "lift sanctions . . . along with advance in improving the mutual relationship through dialogue and negotiation". On Tuesday, Mr Trump said sanctions would stay until "we are sure that the nukes are no longer a factor".

> 'Everybody can now feel much safer than the day I took office'
> Donald Trump

The US has stressed that they would remain until North Korea undertook "complete, verifiable and irreversible denuclearisation". But Mr Trump drew fire on Tuesday when his joint statement with Mr Kim included no mention of CVID. Asked yesterday whether North Korea's account of the summit was accurate, Mike Pompeo, the US secretary of state who took part in the Singapore meetings, said: "I'm going to leave the content of our discussions between the two parties, but one should heavily discount some things that are written in other places."

Mr Pompeo also dismissed suggestions that the lack of language about CVID meant that the US was taking a softer line. "A lot has been made of that fact that the word 'verifiable' didn't appear in the agreement. Let me assure you that 'complete' encompasses verifiable in the minds of everyone concerned," Mr Pompeo said.

Underscoring how Pyongyang is selling the summit as the dawn of a new era, the state-run Rodong Sinmun newspaper ran the front-page headline: "Meeting of the Century Pioneers a New History in DPRK-US Relations."

In another sign that Washington and Pyongyang were less in sync than Mr Trump suggested, KCNA, North Korea's state media agency, said the leaders had agreed a step-by-step process.

"Kim Jong Un and Trump had the shared recognition to the effect that it is important to abide by the principle of step-by-step and simultaneous action in achieving peace, stability and denuclearisation of the Korean peninsula," it said.

While that approach has been endorsed by China, the US has said it was unacceptable since it would allow North Korea to drag out negotiations.

Additional reporting by Katrina Manson in Washington

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Janan Ganesh page 11

Gulf conflict

Saudi-led forces launch attack on rebel-held Yemen port

NASSER AL-SAKKAF — TAIZ
ANDREW ENGLAND — LONDON

A Saudi-led coalition launched an offensive on the Yemeni port of Hodeidah yesterday, beginning a critical battle in a three-year war that pits the Arab alliance against Iran-aligned rebels.

Yemen's exiled government, which is backed by Saudi Arabia and the United Arab Emirates, said coalition jets and warships unleashed strikes against Houthi rebels in and around the Red Sea port, a vital artery for the country.

Aid agencies warned that the battle for Hodeidah would exacerbate what is already described as the world's worst humanitarian disaster. More than 8m Yemenis, almost 30 per cent of the population, are already on the brink of starvation, according to the UN.

Martin Griffiths, UN special envoy for Yemen, said he was "extremely concerned" by the military developments.

"Further military escalation will have serious consequences on the dire humanitarian situation in the country and will have an impact on my efforts to resume political negotiations to reach an inclusive political settlement to the conflict," Mr Griffiths said. "I cannot over-emphasise that there is no military solution to the conflict."

The UN had engaged in "intense" diplomacy with the Houthis and Saudi Arabia and the UAE in a bid to prevent a new battle erupting. But the Gulf states pressed ahead with an offensive they argued was crucial to forcing the Houthis to the negotiating table and preventing Iranian arms being smuggled to the rebels.

"The liberation of the port is the start of the fall of the Houthi militia and will secure marine shipping in the Bab al-Mandab strait and cut off the hands of Iran, which has long drowned Yemen in weapons that shed precious Yemeni blood," the exiled government said in a statement carried by state-run media.

The UN warned last week that in a "prolonged worst case, we fear that as many as 250,000 people may lose everything — even their lives". Almost 70 per cent of Yemen's imports, including humanitarian aid, are shipped through Hodeidah and the nearby Saleef port.

The offensive is the coalition's biggest operation against the Houthis, who have controlled Hodeidah for most of the war. "The [coalition] forces have advanced about 5km towards Hodeidah's airport and the battle is still ongoing," said a Yemeni government soldier. "Forces are advancing under the cover of the air strikes and they will not stop until they arrive to the city."

Saudi Arabia and the UAE established the coalition in 2015 to back the internationally-recognised government led by President Abd-Rabbu Mansour Hadi after the Houthis seized Sana'a, the capital. The two Gulf powers see the Houthis as an Iranian proxy and accuse Tehran of stoking a conflict on their doorstep.

David Miliband, former UK foreign secretary and president of the International Rescue Committee, said the offensive on Hodeidah was "an attack on the political and diplomatic process to bring peace to Yemen".

Additional reporting by Katrina Manson in Washington

Reaction. Regional concerns

Asian support for thaw tinged with worry

Neighbours welcome easing of tension but fears remain over Pyongyang's nuclear capacity

ROBIN HARDING — TOKYO
JUNG-A SONG — SEOUL
CHARLES CLOVER — BEIJING

News extra: the headline on this special edition of Japanese newspaper Mainichi Shimbun reads 'North Korea promises to denuclearise' Below, North Korean leader Kim Jong Un
Suo Takekuma/AP

Asian leaders signalled a move towards greater engagement with Pyongyang as they gave a broad welcome to the easing of tension brought about by the historic summit between US president Donald Trump and North Korea's leader Kim Jong Un on Tuesday.

China suggested it would push for sanctions relief, while Japan may seek its own summit with North Korea, highlighting the risk that Mr Trump's embrace of Mr Kim could undermine the official US policy of exerting "maximum pressure" on Pyongyang.

The moves to engage came even as Asian capitals expressed their surprise at Mr Trump's unexpected decision to halt "provocative" US military exercises with South Korea. Allies and rivals alike suggested they had no advance notice of the announcement.

China was delighted with the summit, South Korea was disconcerted but broadly content, while Japan was disappointed that Mr Trump did not extract a stronger commitment from Mr Kim to give up his nuclear weapons.

"We highly commend the political decision made by these two leaders," said Geng Shuang, a spokesman for China's foreign ministry, showing particular enthusiasm for the decision to suspend military exercises.

"It's been China's consistent policy to ask the US and South Korea to suspend their joint military drills," said Mr Geng. He said Mr Trump's declaration was "another proof that China's proposal is legitimate".

China also hinted it would support sanctions relief. One western diplomat suggested either Moscow or Beijing would be proposing a UN Security Council resolution in the coming days.

"Sanctions are not an end to themselves. All parties should make efforts to complement the diplomatic efforts so as to move forward the political settlement process," said Mr Geng.

China appears to have been briefed directly by North Korea on the results of the summit. A diplomat said that one of two jets loaned by China to the North Korean delegation had landed in Beijing on Tuesday night on its way back to Pyongyang, and that a "visitor" had disembarked. However, diplomats said that the visitor did not appear to be Mr Kim.

Chinese analysts cautioned against too much euphoria in Beijing. Shi Yinhong, an expert on US foreign policy at Renmin University in Beijing, said many in China considered Mr Trump's suspension of military exercises was "too good to be believed" and would reserve judgment.

"This is of course in China's long-term interest and [Trump's endorsement] would, of course, make China smile, but Trump is so volatile and this step would be strongly opposed by US allies and even some people within the US government. So China will probably not get overly excited by this," said Mr Shi.

Japan welcomed the outcome in public. "The situation where a missile could fly towards Japan at any time is clearly gone," said Yoshihide Suga, chief cabinet secretary. "We're heading towards a great easing of tensions."

But, privately, officials said they were disappointed by the summit's weak language on scrapping North Korea's nuclear weapons, Japan's top priority.

Japan has been the strongest supporter of exerting maximum pressure on Pyongyang, insisting it would not make any concessions until North Korea agreed to give up its nuclear weapons and address its past abduction of Japanese citizens.

But there are signs of a shift in position as Tokyo watches the US, China and South Korea parley with Pyongyang.

"I think what's important is how we're going to jump on to this momentum," said one Japanese official who works on foreign affairs. Some of Prime Minister Shinzo Abe's advisers are eager to hold a Japan-North Korea summit, providing a boost before Mr Abe must stand for re-election as ruling party leader in September.

> 'Why would North Korea give up its nuclear weapons when the joint drills are halted?'

And apart from the military exercises, South Korea's President Moon Jae-in's government was content with the summit outcome. There are still hopes for a formal declaration of an end to the Korean war followed by a possible peace treaty in the near future. But both Japan and South Korea appeared to have been blindsided by Mr Trump's announcement of a halt to joint military exercises with South Korea.

"Trump just spontaneously seems to have said yes to Kim's demand without considering its implications on the US-South Korea alliance," said Shin Won-sik, a former deputy commander of South Korea's Joint Chiefs of Staff.

"Why would North Korea give up its nuclear weapons when the joint drills are halted and Trump said he wants the eventual withdrawal of US troops?"

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Congress

Moderate Republicans extract promise of immigration votes

COURTNEY WEAVER — WASHINGTON

Congress is heading for another showdown on immigration after Republican House Speaker Paul Ryan quelled an insurrection in his own party by promising votes on the politically explosive issue next week.

Mr Ryan and other party leaders are working with moderate Republicans to craft a compromise immigration bill that would offer a permanent legislative solution for Dreamers, the undocumented immigrants who came to the US as children, while also providing additional border security.

Republican leaders would also put to a vote a second immigration bill, authored by congressman Bob Goodlatte and favoured by the more conservative members of the caucus, that would fulfil the White House's immigration demands. These include giving only temporary legal status to recipients of Barack Obama's Deferred Action for Childhood Arrivals (DACA), as opposed to a path to citizenship for the Dreamers. The bill would also put curbs on legal immigration.

Mr Ryan announced the votes late on Tuesday night, just as moderate Republicans said they were close to having sufficient support to force a vote on all existing immigration bills via a petition that would have allowed them to circumvent Mr Ryan and other leaders. Had the moderate Republicans succeeded, it could have exposed internal divisions in the party, demonstrating that Mr Ryan had lost control over his caucus ahead of November elections.

"This is an effort to bring our caucus together on immigration," Mr Ryan said yesterday. "Now what we have is an actual chance at making law and solving this problem." He said Republican congressional leaders were working with the Trump administration to produce legislation that the president would sign.

The votes come as Democrats seize on reports of the Trump administration's severe treatment of undocumented immigrants, including young people. A DACA recipient from Iowa was murdered in Mexico after being returned by immigration authorities to the country he left at the age of three, the Des Moines Register reported last week.

US publisher McClatchy reported the Department of Health and Human Services was looking at building tent cities at US Air Force bases to house unaccompanied minors who crossed the border.

The justice department said recently it would no longer consider domestic or gang violence as grounds for asylum. It also formalised a policy of separating migrant parents and children who are detained crossing into the US together.

Republican Paul Ryan: 'What we have is an actual chance at making law and solving this problem'

HHS did not immediately respond to a request for comment.

Democrats hope Mr Ryan's move will damage the re-election chances of the moderate Republicans leading the petition, many of whom live in swing districts with large Hispanic populations. Among those leading the effort were Carlos Curbelo of Florida, Will Hurd of Texas and Jeff Denham of California.

Javier Gamboa, a spokesman for the Democratic Congressional Campaign Committee, a political action committee, said he believed the failure of the moderate Republicans' petition would help Democrats. "If vulnerable members like Carlos Curbelo, Will Hurd, and Jeff Denham can't get the job done with their party controlling all of Washington, they have no business serving in Congress," he said.

Those three Republican moderates argue that while the petition may have failed, they had accomplished their main goal of forcing Mr Ryan to call a vote on a compromise immigration bill.

"The only way we achieve true border security and help a million plus DACA kids is by passing legislation in a bipartisan fashion," said Mr Hurd, who represents an area that borders Mexico.

Mr Denham acknowledged that Mr Ryan's floor votes would not have been his first choice to address the future of DACA, but rejected criticism that he and other moderates had not done enough to force the issue.

"I have consistently pressed and pressed to force a vote to the point of standing up to my own party," Mr Denham told CNN.

Additional reporting by Shawn Donnan

May tries to bridge Tory divide over Brexit bill

Prime minister to put forward amendment giving MPs a 'real say' over any proposal to leave the EU without a deal

GEORGE PARKER AND LAURA HUGHES
LONDON

Theresa May is attempting to steer a path between the pro-European and the Eurosceptic arms of her Conservative party as the British parliament votes on vital Brexit legislation.

As part of a compromise that allowed her to head off a pro-European rebellion on the EU withdrawal bill, the prime minister is due today to put forward an amendment to the bill to give MPs a "real say" over any plan to leave the bloc.

"The government must be accountable to parliament," Mrs May told MPs at prime minister's questions yesterday. "Government determines policy and we need parliament's support to implement that policy."

But Mrs May has caused confusion about how concrete her concessions really are, highlighting the risk of alienating one or both of the two sides in the deeply riven party.

Pro-European MPs said this week they had been given a "personal assurance" that the prime minister would empower parliament in the final stages of Brexit. But government officials said later than she had offered 14 Tory rebels only "more talks".

The rebels had previously threatened to back an amendment that would have given MPs the power to reject a final Brexit deal and then give the prime minister specific instructions on how to improve the agreement.

Mrs May added that the new amendment would not allow parliament to direct or micromanage the final stage of the exit talks. She added: "I can't countenance parliament being able to overturn the will of the people."

The highly sensitive task awaiting the prime minister will be to assure pro-Europeans that parliament will be able to block a "no deal" exit, while drafting an amendment that would not imply that MPs could halt Brexit altogether.


Theresa May: risks alienating one or both sides of her deeply riven party

If parliament pulled the plug on a "no deal" exit at the last minute, it is likely that MPs would expect Mrs May to ask the EU to extend the two-year Article 50 exit process to allow more time for talks.

But Mrs May's allies said the proposal by Dominic Grieve, the pro-Remain Tory, for parliament to direct the prime minister if no Brexit deal had been struck by February 15 2019 was "not up for discussion".

The test of whether the prime minister has managed to navigate the parliamentary minefield will come next week when the bill returns to the House of Commons for the final legislative stage.

Nicky Morgan, a leading Remainer, suggested the rebels would be prepared to defeat the government if Mrs May did not honour the assurances she gave MPs on Tuesday.

"There are a group of us who feel very strongly that parliament should have a say in all circumstances," said the former cabinet minister.

But Jacob Rees-Mogg, head of the pro-Leave European Research Group of Conservative MPs, said it was "absolutely essential" that the division of powers between the government, which negotiates international treaties, and parliament was observed.

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World Cup. Geopolitics

Putin seizes chance to defy sanctions

Hosting event will give Russia opportunity to polish image after series of controversies

MAX SEDDON — MOSCOW

Just three months ago Vladimir Putin was being treated as an international pariah after the UK and its allies blamed Moscow for poisoning the former Russian intelligence officer Sergei Skripal and his daughter Yulia in the city of Salisbury.

This time next month, billions of people could watch the Russian president present the coveted World Cup trophy to Lionel Messi, Cristiano Ronaldo or another of football's biggest superstars.

As host of the tournament, which kicks off today in Moscow, Russia and its president have been handed a month-long opportunity to show that western attempts to isolate their country have failed and that it can defy the economic sanctions in place against it.

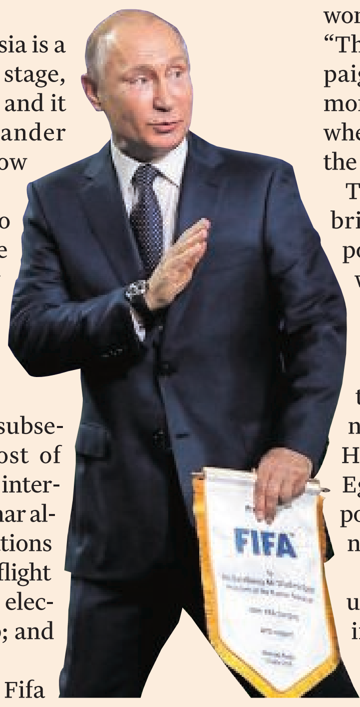
Even the opening game between the hosts and Saudi Arabia presents an opportunity for some international networking. Mr Putin will attend the game with Mohammed bin Salman, the powerful Saudi crown prince with whom he forged a pact that has boosted oil prices.

Mr Putin is not a football fan; he prefers ice hockey and judo. Nor does Moscow view the World Cup as a grand coming-out party on the world stage: that was the job of the 2014 Winter Olympics, held in the Black Sea resort of Sochi. But the Kremlin does believe that for Russia to successfully stage the tournament in the face of criticism over its perceived malevolence abroad will be a defiant geopolitical triumph.

"Putin wants to show that Russia is a great power back on the global stage, people around the world like it, and it can't be isolated," said Alexander Gabuev, of the Carnegie Moscow Center.

When Russia won the right to host the tournament in 2010, the Kremlin, then nominally run by the pro-western stand-in president Dmitry Medvedev, was still in the process of boosting its international prestige.

However, Russia's image has subsequently plummeted over a host of issues: the annexation of Crimea; interventions in Syria on behalf of Bashar al-Assad; its shrugging off of accusations of involvement in the downing of flight MH17; alleged interference in the election of President Donald Trump; and the attempt to kill the Skripals.



"When the Kremlin pitched to Fifa to host the World Cup, it was mostly about showing off Russia's oil wealth," said Mr Gabuev. "After war in Ukraine and western sanctions, the message became even more politicised."

Western politicians have periodically called for a boycott of this World Cup. Russia has reacted in the same way it has treated allegations that it interfered in Mr Trump's election: by accusing the west of fomenting an anti-Russian plot.

"There's a lot of propaganda" aimed at convincing people not to travel to the World Cup, foreign ministry spokeswoman Maria Zakharova said recently. "The stronger the anti-Russian campaign ahead of the World Cup is, the more people will be genuinely amazed when they see there's no barbed wire at the stadiums."

There is no doubt the tournament brings substantial public relations potential. This was underlined at the weekend when Chechen leader Ramzan Kadyrov, accused of presiding over serious human rights violations in his home republic, gatecrashed a training session for the Egyptian national team in Grozny, the capital. He then posed for the cameras with Egypt striker Mohammed Salah, potentially one of the stars of the tournament.

Meanwhile, a host of powerful figures under US sanctions were heavily involved in securing the World Cup and building its infrastructure.

All but three of the 11 host cities have connections to figures under sanctions. Gennady Timchenko, a businessman close to Mr Putin, owns a company that was lead contractor for stadiums in Nizhny Novgorod and Volgograd, while Arkady Rotenberg, another old friend of the Russian president, part-owns Moscow's largest airport.

The oligarchs Oleg Deripaska and Viktor Vekselberg, who were recently blacklisted by the US Treasury, own five others.

The fact that the US and Ukraine, Russia's two main geopolitical adversaries, both failed to qualify for the tournament could also raise a wry smile in Moscow. Calls for a boycott of the tournament have been ignored.

Mark Galeotti, of the Institute of International Relations in Prague, said: "The west has to find that balance point in which Russia is punished seriously for the fractures of international norms it has committed but without playing into Putin's narrative that the world hates Russia and Russians.

"Given that [the World Cup] is a truly global and not western-focused tournament, it is better, frankly, not to try some sort of political gambit."

Mr Putin, meanwhile, will ensure Russia puts on its best face for the 1.5m foreign visitors expected to travel to the tournament. Even the country's notoriously violent football hooligans have been warned to stay away.

"We have opened our country and our hearts to the world," he said this week.

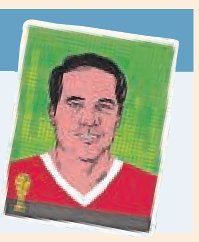
Warming up: Russia's team train on the eve of today's opening game against Saudi Arabia. Below, Vladimir Putin at a Fifa event in Moscow yesterday Hassan Ammar/AP

> 'People will be genuinely amazed when they see there's no barbed wire at the stadiums'

FT
World Cup Extra
The FT view on the data and the talking points that matter. Online every Wednesday and Friday throughout the tournament
ft.com/worldcup2018

Ordinary players hope for shot at immortality

WORLD CUP
Simon Kuper



A day before the tournament began, it was easier to spot Peruvian or Chinese fans dressed in their national colours in Moscow than Russian supporters, even though China haven't qualified. Hardly any Russian flags hang from apartment windows, and few shops or restaurants have adopted World Cup themes. The main evidence that the tournament kicks off today, with Russia meeting Saudi Arabia in the city's Luzhniki Stadium, is the policemen who have flooded the area.

Many locals have left, renting their apartments to visiting fans. The historian Sergey Bondarenko jokes: "Not since Napoleon's invasion have so many Muscovites fled Moscow." The hosts of the previous two World Cups, in South Africa and Brazil, were rather more enthusiastic. This is partly because many liberal Muscovites are shunning national symbols after the jingoistic frenzy that surrounded Russia's invasion of Crimea in 2014.

But Russians are also dismayed by their dismal national team, the Sbornaya, which stands 70th in the Fifa rankings. They should console themselves: they aren't alone. Very few teams at this World Cup could match the best European club teams. The tournament isn't about brilliant football. It's about the global carnival, and — for the journeymen players who make up most of the 32 teams — a one-off chance to mark history.

The Sbornaya haven't reached the knockout rounds since 1986, when they were a largely Ukrainian-staffed all-Soviet team. But even longtime Sbornaya fans can't remember a team as poor as today's. Almost the whole squad, including 38-year-old central defender Sergei Ignashevich, is drawn from the mediocre yet lavishly paid Russian league. No wonder President Vladimir Putin has been distancing himself from the team.

By an amazing stroke of luck, the hosts find themselves in the tournament's weakest group, with the Saudis, Uruguay and Egypt. Given that home advantage is worth about a goal a game in international football, the Sbornaya ought to win today's "petrol derby". The Saudis, ranked 67th by Fifa, are winless in 10 World Cup games since 1994. Realising that their better players needed to escape their own poor but highly paid domestic league, they sent nine to Spanish clubs last winter. However, the plan misfired. Only two played any minutes, and then only in meaningless games. Spain's language, culture, diet and football baffled them all.

Yet Russia-Saudi Arabia will probably draw a bigger global television audience than the Super Bowl final of American gridiron football. Viewers in Mumbai or Shanghai, used to a weekly diet of Lionel Messi, Cristiano Ronaldo and Manchester City, may be aghast. The tournament should improve after the opener, but the first round may still prove the most overwatched sporting event per unit of quality in history.

The problem is that western Europe and southern Latin America remain years ahead of Asian, African and North American football. The rest of the world's long-expected catch-up hasn't happened, either in quality or in tactics. The best European clubs — and Germany — play rapid attacking pressing football. Most teams at this World Cup will use a much simpler, duller tactic: a 10-man defensive wall, or "parking the bus" in the phrase of Manchester United's manager José Mourinho.

> The first round may prove the most overwatched sporting event per unit of quality in history

And yet World Cups matter to more people than even the best club football. The tournament offers ordinary players a shot at immortality. Siphiwe Tshabalala is an unremarkable South African midfielder who has spent his career in his own domestic league.

Fans worldwide will always remember him for just one moment: his sweet top-corner goal in the opening game of the 2010 World Cup against Mexico. Italy's Salvatore "Toto" Schillaci and Cameroon's Roger Milla had moderate club careers, but entered football's pantheon at World Cups. On the downside, Barbosa, Brazil's goalkeeper from the 1950 tournament, remains unforgotten for his slip-up that handed the World Cup to Uruguay. Now the Russians and Saudis are playing for immortality of one sort or the other.

Simon Kuper will be writing a daily column throughout the World Cup

Long-distance fleets

Subsidies keep China's high-seas fishing afloat

TOM HANCOCK — SHANGHAI

China's high-seas fishing fleet, the largest and farthest-ranging in the world, is economically viable only because of state subsidies, while Japan and Spain provide even larger funding to their long-distance fleets, says a study.

Governments provided subsidies for fishing in the high seas — areas outside national waters that cover about two-thirds of the world's oceans — worth $4.2bn in 2014, far exceeding profits derived from the activity, said the authors of a report published this month in the journal Science Advances.

Environmental groups such as Greenpeace have called for a ban on high-seas fishing as stocks of fish such as tuna and shark fall. Some 4.4m tonnes of high-seas fish worth $7.6bn were caught in 2014. "Without subsidies, high-seas fishing at the global scale that we currently witness would be unlikely," the report said. "On aggregate, current high-seas fishing by vessels from China, Taiwan and Russia would not be profitable without subsidies."

China accounted for 1.5m tonnes of the far-sea catch in 2014, the report said. Beijing has said it plans to increase its annual catch to 2.3m tonnes in 2020. Much of its haul is processed in China before export to Europe and the US.

The largest subsidies were provided by Japan ($841m) and Spain ($603m), followed by China ($418m), the report said. Apart from those payments, exploited labour and under-reported catches might explain how large vessels could afford to continue fishing in the high seas.

The study follows a report published in February in the journal Science showing China dominates global fishing, with Chinese-flagged boats accounting for 17m of the 40m fishing hours undertaken by large ships worldwide in 2016 — outstripping the hours of the 10 next biggest countries combined.

Five nations — China, Spain, Taiwan, Japan and South Korea — accounted for more than 85 per cent of observed fishing on the high seas, the report added.

China has clamped down on fishing in its own heavily depleted waters in recent years while expanding its long-distance fleet, raising tensions. Chinese fishermen have clashed with coastguards of countries as far away as Argentina, Ecuador and Guinea.

China's fuel subsidies for its fishing fleet were debated at a December World Trade Organization ministerial meeting in Buenos Aires but Beijing did not agree to end the payments. China said ahead of the meeting it would cap its number of far-ocean fishing vessels at 2,000 by 2020 — an increase of roughly 100 from the current level. However, that quota does not prevent Chinese fishing companies from using bigger boats.

Eurozone

Greece debates reforms to unlock final bailout

KERIN HOPE — ATHENS
JIM BRUNSDEN — BRUSSELS

Greece's parliament is set for a fast-tracked debate on a wide package of reforms as Athens scrambles to pass measures needed to unlock a final tranche of international bailout funds and kick-start preparations for the country to exit the programme.

The emergency procedures invoked for the debate allow two days of discussion on structural measures, including labour, pension and tax reforms and a medium-term fiscal plan, before a vote on the draft bill today.

With legislation expected to pass and be in place ahead of a critical meeting of EU finance ministers on June 21, Greece hopes to unlock a final €12bn bailout tranche and clear the way for a decision on medium-term debt relief to be implemented in the post-bailout period.

The June 21 meeting is scheduled to finalise the terms of Greece's exit, which is due on August 20, including the crucial question for investors of how much debt relief Athens can expect.

"We are now on the home straight for a successful conclusion of the Greek stability support programme," Pierre Moscovici, EU economic affairs commissioner, said on Tuesday.

Eurozone officials are holding talks with the IMF to agree a debt relief package moderate enough to be accepted by Germany but which can convince the fund that Greece's debts are sustainable. The fund has so far refused to contribute to the €86bn bailout as it views the debt level as unmanageable, a position the eurozone needs it to reverse to boost investor confidence. But Berlin has repeatedly clashed with the fund on how this should be achieved.

Progress was made at a meeting in Paris last week, according to people in the talks, but important questions remain. One issue is how far to extend the maturity of about €100bn of older bailout loans to Greece. The IMF, European Commission and some governments back an extension of about 10 years. Germany had suggested in earlier rounds of talks that three years would be enough, but officials in the talks said Berlin had recently indicated it was willing to offer a slightly longer extension.

There are also practical issues about how the IMF can demonstrate it sees Greek debt as sustainable, as time is running out for it to do so by joining the bailout programme as a full partner.

"It is for the IMF to decide whether to activate its programme," said Mr Moscovici. "At this stage this appears quite unlikely . . . What matters is that the IMF is reassured by the agreement we reach on debt sustainability and is able to publicly endorse that. This is key for the credibility of the agreement and for the confidence of investors."

Privatisations

France begins asset sales to boost finances

Paris to cut stake in airports, energy utility and gaming monopoly

DAVID KEOHANE — PARIS

France has started a long-awaited round of privatisations by confirming plans to sell stakes in airport group ADP, energy utility Engie and state gaming monopoly Française des Jeux.

A law allowing the sales will be presented on Monday and is expected to come into force early in 2019. How much of each company will be sold, and how, had yet to be decided, a person with knowledge of the situation said.

Shares in ADP, which runs Paris Charles de Gaulle and Orly airports, jumped 5 per cent yesterday morning. The French state owns 50.6 per cent of the company and is expected to give up majority control.

France has about €15bn tied up in the companies, according to finance minister Bruno Le Maire in an interview with French daily Les Echos. The government wants to use cash from asset sales to reduce its deficit and build a multi-billion-euro innovation fund.

"It is a question of rethinking the place of the state in the French economy," said Mr Le Maire. "We want to set the best terms for defending the general interest. The state is better able to defend the general interest through regulation rather than presence in capital."

The state "must keep its hands on activities of national sovereignty, such as nuclear or defence as well as major national public services such as SNCF [the state owned rail operator]", the minister added.

President Emmanuel Macron's approach to SNCF provides a contrast to his plans to exit the capital of assets he does not deem strategic.

The parliament is due to approve a law today that reforms SNCF ahead of the opening of its home market to EU-mandated competition.

> The state 'must keep its hands on activities of national sovereignty'
> Bruno Le Maire, finance minister

The reforms, in particular the end of a special employment status for new rail workers, have resulted in strikes and protests that brought chaos to French commuters.

However, despite union opposition, Mr Macron's government has pushed through the rail reforms with few concessions, even if it has outlined plans to gradually take on billions of SNCF's debt load.

Plans to privatise ADP, previously known as Aéroports de Paris, have also proven contentious since the government had to decide whether it wished to maintain control of the land, held by ADP through a perpetual licence.

According to Mr Le Maire, the government will give the airport operator a 70-year licence to run the airport, after which the asset, including land, will return to the state. The government will maintain a veto over asset sales during the licence period and the terms of the contract, including airport charges, will be reviewed every five years.

Vinci, the French construction and infrastructure operator, holds 8 per cent of ADP and is seen as a likely bidder for any stake that the state sells.

The state will strengthen gambling regulation ahead of the sale of unlisted FdJ and will also maintain a golden share in Engie, allowing it to block sales of assets deemed strategic.

A push for smaller state participation in business has been growing in France, with national auditor the Cour des Comptes saying in 2015 that in some cases the government's demand for high dividends was to the "long-term detriment of the businesses".

France has €100bn of equity in 81 French companies, ranging from defence companies such as Safran to carmakers such as Renault and the nuclear group EDF.

Last year, the state sold a 4 per cent stake in Engie for €1.5bn, reducing its holding to about 25 per cent.

Eurozone. Monetary policy

ECB steers steady course for QE exit talks

Official optimism jars with investor nerves over Italy, oil prices and threat of trade wars

CLAIRE JONES — FRANKFURT

ECB: the eurozone's central bank in Frankfurt has done little to correct expectations that monthly asset purchases would be phased out by the start of 2019
Ralph Orlowski/Reuters

The European Central Bank looks set to brush aside concerns about stiffening economic headwinds and begin discussions about how to wind down its €2.4tn bond-buying programme this week.

ECB officials have long hinted that they would use the summer to lay out plans to end quantitative easing.

When they began to think through their exit plans last year, the eurozone's recovery looked as though it would be strong enough to withstand the withdrawal of stimulus.

They have done little since to correct expectations that monthly asset purchases would be phased out from €30bn in September to zero by the start of 2019.

Some on the governing council even explicitly said that investors had it right in forecasting the first rate rise to come around the middle of next year.

Yet as central bankers prepare to meet in Riga today to begin fleshing out their plans, investors are jittery. Some have pointed to political uncertainty in Italy, higher oil prices and the threat of a trade war with the US as reasons to assume that bond buying could last until spring 2019.

So markets were taken aback last week when the ECB's chief economist, Peter Praet, confirmed that the plan remained on track.

"Mr Praet's remarks gave the impression that the outlook is becoming more clear at precisely the time when uncertainty and downside risks are increasing," said Ken Wattret, economist at data firm IHS Markit. "It's not just about Italy, look at the G7 meeting."

Investor nervousness owes something to the idiosyncrasies of policymaking in Frankfurt, too.

To appease the governing council's hawks, the ECB had to design QE in a way that limited its firepower.

There are constraints on the share of a government's bonds available for purchase; buying is calculated in proportion to a country's economic weight rather than outstanding debt; and risk is left largely on the books of the national central banks.

Some analysts suspect that the ECB is convincing itself that economic conditions are strong enough simply because it is running out of assets to buy without running into legal constraints.

With Mr Praet and Mario Draghi, ECB president, both leaving the bank next year, bank watchers are also starting to ask questions about what its next generation of leaders, possibly more hawkish, would do should growth in the region halt in the years ahead.

The ECB's current leadership will face an increasingly delicate balancing act because there is only so much information they can credibly offer investors.

"There is a massive discontinuity between the message that they will end QE at the end of the year, which is now abundantly clear, that they intend to make the first rate hike at some point before or during the autumn of 2019, and what will happen after that when Mr Draghi goes," said Richard Barwell, economist at BNP Paribas Asset Management.

For now, investors will be satisfied with more information on what comes immediately after QE, above all what will happen to interest rates.

The 25-member council has given conflicting signals on how much more it is willing to say on the timing of rate rises beyond the current message that borrowing costs are expected to stay at record low levels until "well past" the end of net asset purchases.

Mr Draghi signalled earlier this year that the bank wishes to raise rates gradually and not in steep steps.

But other policymakers have objected to laying out a clear path for the timing of tightening rates. Ardo Hansson, Estonia's central bank chief, said last week that the bank might raise rates quicker than the market suspected. Markets want the council to make clear how long it will continue to spend the proceeds of maturing bonds bought under QE.

> 'It's not just about Italy, look at the G7 meeting'
> Ken Wattret

The bank has indicated it will reinvest an average of €15bn a month during the opening four months of 2019, but has given little hint of what will happen beyond this point.

The expectation is that the ECB will follow the Fed's lead and raise rates before it begins to shrink its balance sheet, but markets may need to wait until July to find out for sure.

In the past the ECB has tended to take big decisions in two steps — first communicating the tenor of the debate, before revealing the fine print six weeks later. However, Mr Praet's confidence in the economy has raised expectations that the chief economist will present a detailed list of options to the rest of the council as soon as this week.

"A formal announcement in July still looks the more likely," said IHS Markit's Mr Wattret. "But the chances of a decision in June have increased, based on the tone of Mr Praet's speech, plus the tactical argument to get on with it before the window of opportunity closes."

Additional reporting by Kate Allen

Asylum policy

Berlin dispute over refugees threatens to tear apart Merkel bloc

TOBIAS BUCK — BERLIN

Angela Merkel's government has descended into open conflict as the chancellor struggles to contain a dispute inside her conservative bloc over asylum policy.

The clash has pitted Ms Merkel against Horst Seehofer, the interior minister and leader of the Christian Social Union, the Bavarian sister party of the chancellor's Christian Democratic Union.

But their tensions highlight the broader schism running across German and European politics today, as leaders face a popular backlash against the surge in migrant arrivals since 2015.

Mr Seehofer was due to present a plan to toughen Germany's asylum regime on Tuesday but was forced to cancel the event after Ms Merkel refused to sign off on one important measure.

The minister wanted to allow German police to turn away refugees at the border in cases where they were already registered in another EU country.

Ms Merkel, however, argued such a policy ran counter to her drive for a pan-European solution to the refugee problem.

The chancellor voiced hope that the disagreement would be resolved this week but her intervention did little to halt the war of words between her own supporters and party officials who support Mr Seehofer's hard line.

Markus Blume, the CSU secretary-general, warned that the minister's plan was a "make-or-break question for Germany", adding: "Whoever takes a wrong turn on this issue commits a sin against our country and puts at risk the future of the union [between CDU and CSU] as a people's party."

Analysts and officials said the conflict between Ms Merkel and Mr Seehofer was in part a rerun of the political controversy that surrounded the chancellor's decision to accept more than 1m asylum seekers from Syria, Afghanistan and other crisis countries during Europe's 2015-16 refugee crisis.

Critics inside her own party have long viewed her decision as a fateful error that paved the way for the rise of the far-right Alternative for Germany. The AfD entered the federal parliament for the first time last year, having drawn millions of voters away from the CDU/CSU.

"This is a question of who has the authority inside the CDU/CSU," said Carsten Schneider, a Social Democratic lawmaker and the party's chief whip in parliament.

The SPD is the junior partner in Ms Merkel's grand coalition but has so far watched the asylum dispute raging inside the conservative camp from the sidelines.

For Mr Seehofer and the CSU, the political threat posed by the AfD is acute. Bavaria is due to hold a regional election this year and recent polls suggest a strong showing by the AfD could deprive the CSU of its cherished absolute majority in the state.

But Daniel Günther, the CDU prime minister of Schleswig-Holstein, warned his party's Bavarian allies not to push the conflict too far.

"I would advise everyone not to enter into a competition to outbid the AfD," he told Der Spiegel yesterday. "I also think that a looming regional election cannot be a reason to excuse everything."

EU reform

Spain promises 'more intense' European role

MICHAEL STOTHARD — MADRID

Spain's foreign minister has called for deeper European collaboration in the face of rising populism and growing division over migration.

Josep Borrell moved to distance the new administration in Madrid from the anti-establishment parties that also swept to power in Italy this month.

Mr Borrell said in his first interview with international media that his government was looking to play a "more intense role in Europe", pushing for deeper political and financial integration.

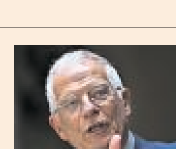
He also called for a more comprehensive common policy to tackle the region's migration crisis, which intensified this week when Spain stepped in to accept 600 migrants rescued in the Mediterranean and refused entry to Italy by the government in Rome.

"Europe has a common border and migration is a common problem . . . We need to find a consensual way to take in asylum seekers," Mr Borrell said.

Echoing warnings delivered this month by Angela Merkel, German chancellor, Mr Borrell said Europe's Schengen system allowing passport-free travel would "collapse" unless more help were given to countries on the front line of the migration crisis, such as Italy or Greece.

Mr Borrell said he largely agreed with the proposals made by Emmanuel

Josep Borrell: 'Europe has a common border and migration is a common problem'



Macron, French president, on the need for deeper political and economic reform on the eurozone, which will be discussed at an EU summit later this month. He criticised the previous Spanish government as "not ambitious enough" in making its pro-integration voice heard in Brussels.

The comments are in sharp contrast to the combative and anti-European line taken by the new government in Rome, which Mr Macron on Tuesday criticised as "cynical and irresponsible" over its "political exploitation" of the migration crisis.

Italy's government in response accused Paris of hypocrisy, in a spat that threatens to overshadow the forthcoming summit on European reform.

Mr Borrell said Madrid's offer to allow the Aquarius, a boat operated by a French non-governmental organisation, to dock in Valencia was "symbolic". He said there was leeway for Spain to accept more migrants.

Spain's government took office after Pedro Sánchez, leader of the Socialist party, won a vote of confidence against Mariano Rajoy with support from the far-left anti-establishment Podemos party as well as smaller nationalist Catalan and Basque parties.

The upheaval, along with difficulties in forming a government in Italy, triggered uncertainty in financial markets. However, Spanish debt and equity markets have recovered as Mr Sánchez's government has struck an economically moderate and fiercely pro-European tone since taking office. But Mr Sánchez has only 84 seats in the 350-seat parliament, and will struggle to pass any laws.

Diplomatic spat

Rome steps up pressure on Paris over migrants

JAMES POLITI — ROME
ANNE-SYLVAINE CHASSANY — PARIS

Italy's finance minister abruptly cancelled a visit to Paris yesterday in a diplomatic spat with France over immigration policy, highlighting the challenge facing EU leaders in dealing with the new populist government in Rome.

Giovanni Tria scrapped a meeting with Bruno Le Maire, his French counterpart, which was billed as a chance to launch a "constructive dialogue" on eurozone reform days ahead of an EU summit. A visit by Giuseppe Conte, Italy's prime minister, to Paris tomorrow was also called into question.

The dispute was triggered after Emmanuel Macron, French president, criticised Italian authorities for turning away a boat of 629 migrants who had been rescued from the Mediterranean Sea. In return, leaders in Rome accused Mr Macron of hypocrisy, given Paris's resistance to accepting migrants from Italy. The ship is now bound for Spain.

Claire Raulin, France's chargé d'affaires in Rome, was summoned to the foreign ministry in Rome by Enzo Moavero, Italy's top diplomat. Mr Moavero told Ms Raulin that Mr Macron's comments were "compromising" the relationship between Italy and France and the tone was "unjustified", said the Italian foreign ministry.

Matteo Salvini, Italy's interior minister who as leader of the far-right League

> 'The French should say sorry . . . they have nothing to teach us when it comes to solidarity'

is one of the most powerful figures in government, said Mr Conte should not see Mr Macron without a formal apology.

"The French should say sorry . . . they have nothing to teach us when it comes to solidarity," Mr Salvini, who made the decision to turn away the migrant boat, said in a speech to Italy's Senate.

"They have rejected more than 10,000 people at the border with Italy, including many women and children [and] . . . on the north African front, we are all paying the price of the instability brought by the French in Libya," he added, referring to air strikes against Muammer Gaddafi's regime led by previous French president Nicolas Sarkozy.

A crackdown on immigration was one of the pillars of the agenda of the League and anti-establishment Five Star Movement, its main coalition partner. It heralds an era of confrontation with EU neighbours, which could spill over into economic matters. Italy has vowed to take a tougher line with the EU on fiscal rules and banking regulations, complicating prospects for eurozone reform. Mr Tria is due to meet Olaf Scholz, German finance minister, in Berlin today.

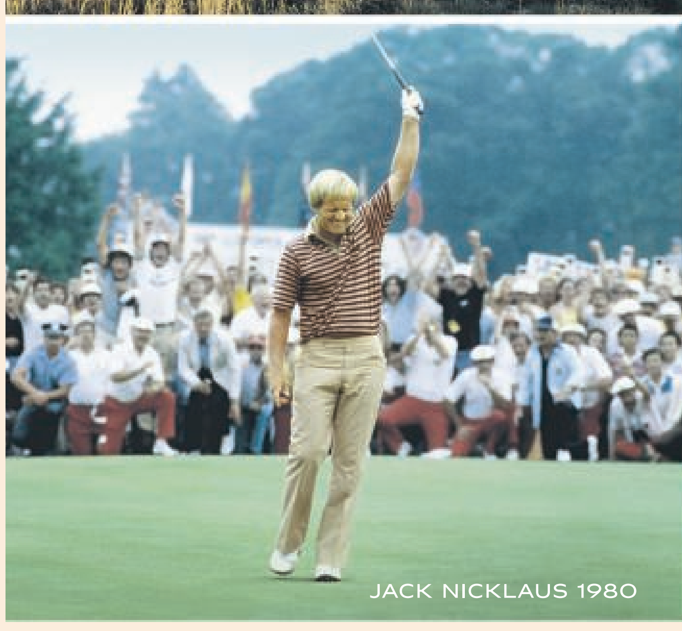
French officials sought to play down the split with Rome. Finance ministry officials said Mr Le Maire and Mr Tria had spoken and expected the visit to be rescheduled soon. The Elysée Palace said it had no indication that Mr Conte's trip was cancelled. It declined to comment on Mr Salvini's request for a "formal" apology.

"For the past year we've worked hand in hand with Italy," Mr Macron said yesterday.

"One should not give in to emotion."


17TH HOLE SHINNECOCK HILLS


BROOKS KOEPKA 2017


JACK NICKLAUS 1980


U.S. OPEN CHAMPIONSHIP TROPHY


JORDAN SPIETH 2015

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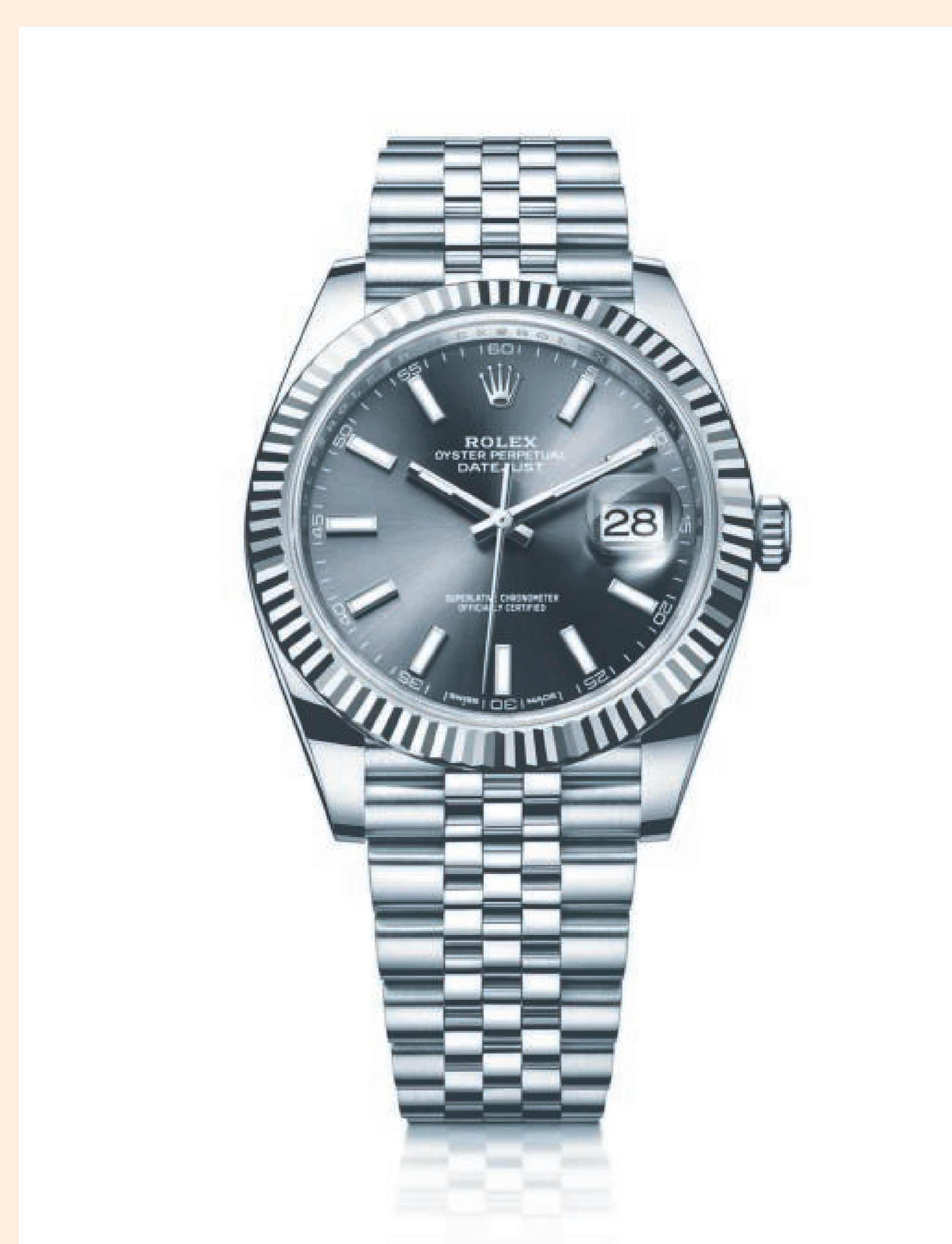

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ROLEX

Fast and furious

Sales were swift in the opening hours of Art Basel's first preview day for invited collectors. Jan Dalley reports

The number of living artists who have seen their work fetch $20m is very, very small. A highly significant addition to that super-select band is the Chicago-based African-American Kerry James Marshall, whose 1997 work "Past Times" smashed a whole set of records when it was sold a month ago to rap mogul P Diddy for $21.1m (with fees). Word has it that Diddy even outbid Marshall's own dealer, David Zwirner, who was buying for a US museum.

'Réuni' (2018) by Bernard Frize, at Galerie Perrotin

So the appearance of two works by Marshall, one brand new, at Art Basel this week was bound to be of intense interest — and it's hardly surprising that both found buyers in an early-hours slam dunk. While Zwirner sold "Vignette #12" (2008) to one private collector in the US, Jack Shainman gallery placed this year's "Vignette (The Kiss)" with another. Neither gallery wishes to release information on the prices.

Art Basel is known as a "front-loaded" event, with a furious pace of selling in the first few hours of the VIP opening. If some very rapid star purchases seem almost too good to be true — for instance, Hauser & Wirth's sale on Tuesday of "Composition" (1969), by the wonderful and much sought-after Joan Mitchell, for $14m — it is because the actual deal at the fair is likely to be the culmination of a much longer process. For such an important event as this, galleries put in many weeks of careful planning, in selecting work, nurturing contacts with clients, collectors and museum groups, sending out images to chosen possible buyers and organising press campaigns.

The rewards, if they get it all right, can be impressive. And not only for the mega-galleries and their blue-chip names: the French abstractionist painter Bernard Frize, for instance, was a full sell-out at Galerie Perrotin, with 18 works changing hands on the fair's first day, at prices between €30,00 and €150,000. Meanwhile at Bologna's P420 gallery three works by the veteran Italian sculptor and installation artist Paolo Icaro found buyers, at prices from €35,000 to €80,000.

It is always hard to identify trends at fairs with such an immense range of works on offer, but the Icaro sales are among those that show clients unafraid of adventurous 3D work. Others include Haegue Yang's "Sol LeWitt Upside Down" at Kukje gallery (in the range of €45,000-50,000), a 2012 iteration of Ai Weiwei's "Coca-Cola Vase" (€280,000 at Lisson gallery) and, at Mitchell-Innes & Nash, "Alcohol Shelf (Archive Version)" (2001-09) by the artist known as Pope.L went for approximately $100,000.

Art Basel continues until Sunday: there is still time to investigate for yourself.

June 14-17, artbasel.com

Modernist giants go head to head

By juxtaposing two of the biggest names in postwar art, the Fondation Beyeler risks covering familiar ground — but succeeds instead in casting new light on their oeuvres. By Jackie Wullschlager

Francis Bacon's 'Study for the Nurse in the Film Battleship Potemkin' (1957) and Alberto Giacometti's 'La Cage' (1950)

How to astonish the world's most sophisticated art audience? *Bacon-Giacometti*, the Fondation Beyeler's show during this year's Art Basel fair, risks the familiar and transforms it into the sublime. Europe's greatest postwar painter and greatest postwar sculptor have each been massively exposed lately; their dialogue with each other, and with this iconic gallery's towering day-lit spaces, jolts us into a fresh experience of all three.

Bacon's brutal swagger portrait "Isabel Rawsthorne Standing in a Street in Soho", a ferocious black-robed harridan before flashy motorists and spinning tyres, glares at Giacometti's "Femme au Chariot", a sculpture on wheels also based on a view of Isabel from afar: a moment of perfect visual affinity backed by biographical context — Isabel was both men's lover (and Bacon's only female partner). A series of portraits in paint, pencil, bronze and terracotta spanning 1936-67 unravels how her strong features, prominent chin and high cheekbones offered the resistance which allowed each artist to savage her into an image at once monstrous and full of pathos.

Pity, horror, awe and supreme formal virtuosity: Bacon and Giacometti both had false-start careers before the second world war and emerged after it with a conviction, against the tide of abstraction, that only an art of Old Master gravitas, obsessively concerned with distortions and fragments of the human form, could uphold figuration after the Holocaust. Bacon's sinister "Marching Figures", an army of white silhouettes within a ghostly outline of a cage topped by a ghastly dictator's bust, shimmer here against Giacometti's huddle of massed figures, "La Forêt". The desperate woman on a swing in Bacon's "Study for the Nurse in the Film Battleship Potemkin" veers towards Giacometti's filigree suspended figure, stretched out to suggest a crucifixion, in the delicate plaster frame "La Cage".

The similarities, and the shared existentialist milieu, of these two deeply pessimistic artists are pronounced, but so are compelling contrasts, the drama of what makes each unique. In a gallery entitled "La Vérité Crainte", two Bacon screaming popes imprisoned on their thrones, the privately owned "Study after Velázquez" and MoMA's theatrical gold-encased "Study for Portrait VII", face Giacometti's hieratic, still, seated figures: the fragile, plaster "Homme à mi-corps" and the bronze "Eli Lotar III (assis)", both with arms and huge hands so elongated that they seem to imprison their owners' bodies. Hysterical versus mute anguish; voluptuous, violent colour versus bleached out, deathly pallor: difference within likeness of such high-wire expressiveness makes each more affecting.

For from the initial salvo, Bacon's early yelling "Head VI" and Giacometti's "Le Nez" — a skull hung from a crossbar like a gallows, with extravagantly protruding nose suggesting a gun — both 1949, it is clear that Bacon brings out the subliminal menace in Giacometti, while Giacometti makes us aware of the monumental, sculptural ambition of Bacon's painting from the start. "This is the man who has influenced me more than anyone," Bacon said of the sculptor.

Although Giacometti drew then sculpted from life whereas Bacon, fearing preliminary drawing would detract from the spontaneity of the first fluid, loaded brush marks, fused mostly photographic sources, films here show close parallels in their ways of working: obsessive stalking of the motif, and filthy chaotic hovels as studios, places which shape a sense projected by each of dark, claustrophobic interiors.

> 'This is the man who has influenced me more than anyone,' Bacon said

This aspect is flamboyantly offset by the lavish, light-filled Beyeler, its glassy façades giving on to broad vistas of cornfields, vineyards, ancient trees. The incongruity is sharp: the apogee of art world wealth and grace — Beyeler, a successful, influential, sympathetic dealer, was founder of Art Basel — versus the tough grit of the lone artist in his atelier confronting his demons. But then, Renzo Piano's Fondation is among the brightest, most optimistic 20th-century galleries anywhere — "I have always perceived works of art as parables of creation, as an expression of *joie de vivre*," Beyeler declared at the opening — and the demons, if aestheticised, roam thrillingly here as things of unlikely beauty and eloquence.

Go for the central gallery alone, amply accommodating three triptychs, five further huge Bacon canvases, and arenas of nearly a dozen large Giacometti figures. Crowds circle among the stately, enigmatic, upthrusting "Femmes de Venise", take selfies, imitating the poses of various versions of "L'Homme qui marche", and stand dwarfed by the 10-foot "Grande Femme IV".

The performative element in turn energises Bacon's key paintings of movement gathered here, from the Beyeler's own unruly, white on maroon, almost affectionate "Portrait of George Dyer Riding a Bicycle" — Bacon's clumsy, vulnerable lover peering out suspiciously beneath a helmet — to the staging of birth, copulation and death as butchery and voyeurism in the Hirshhorn's lime/midnight blue "Triptych", inspired by TS Eliot's "Sweeney Agonistes". Not since Tate and MoMA's *Matisse Picasso* in 2002 has a pairing of modernist giants felt so apt and pleasurable.

To September 2, fondationbeyeler.ch

A stroll through the contemporary scene

New locations and normally off-limits spaces have been added to Art Basel's free public art trail. By Gareth Harris

Parcours, Art Basel's free public art trail that runs through the city's historic centre, guides visitors off the beaten track to site-specific works in the courtyards and buildings around Münsterplatz. This year's edition, again curated by Samuel Leuenberger, director of the Salts exhibition space in Birsfelden, features 23 installations, some in new locations and spaces normally off-limits to the public.

There are 18 indoor and five outdoor works. "We're working against the stereotype of the usual sort of public art exhibition," Leuenberger says. "Working indoors enables artists to respond to a building's history." The biggest revelation is Thomas Struth's *Animals* (2018), a series of 10 photographs capturing animals that have died of natural causes, taken at Berlin's Leibniz Institute for Zoological and Wildlife Research. The doleful memento mori images are suspended from the ceiling of the modernist 1930s Erste Kirche Christi, floating above the pews of the former church. It's an arrestingly odd display, both surreal and poignant, and on its own warrants a Parcours excursion.

Dutch artist Mark Manders' installation "House with Notional Newspapers" (2018) is another standout work in a new venue. Manders' cracked, crude sculptures are dotted around the top floors of the Offene Kirche Elisabethen, a former pastor's office. With windows covered in nonsensical Dadaist newspaper reports, it resembles the secret warren of an artist forced to abandon half-finished work.

The installation, playing on the idea of fake news, reflects Leuenberger's overall theme of "Telling Stories for the Future". He believes the "projects can guide [visitors] in understanding certain political and social dilemmas. Think politics with a small p."

Thomas Struth's 'Animals' series at Erste Kirche Christi, Basel — Marian Goodman Gallery

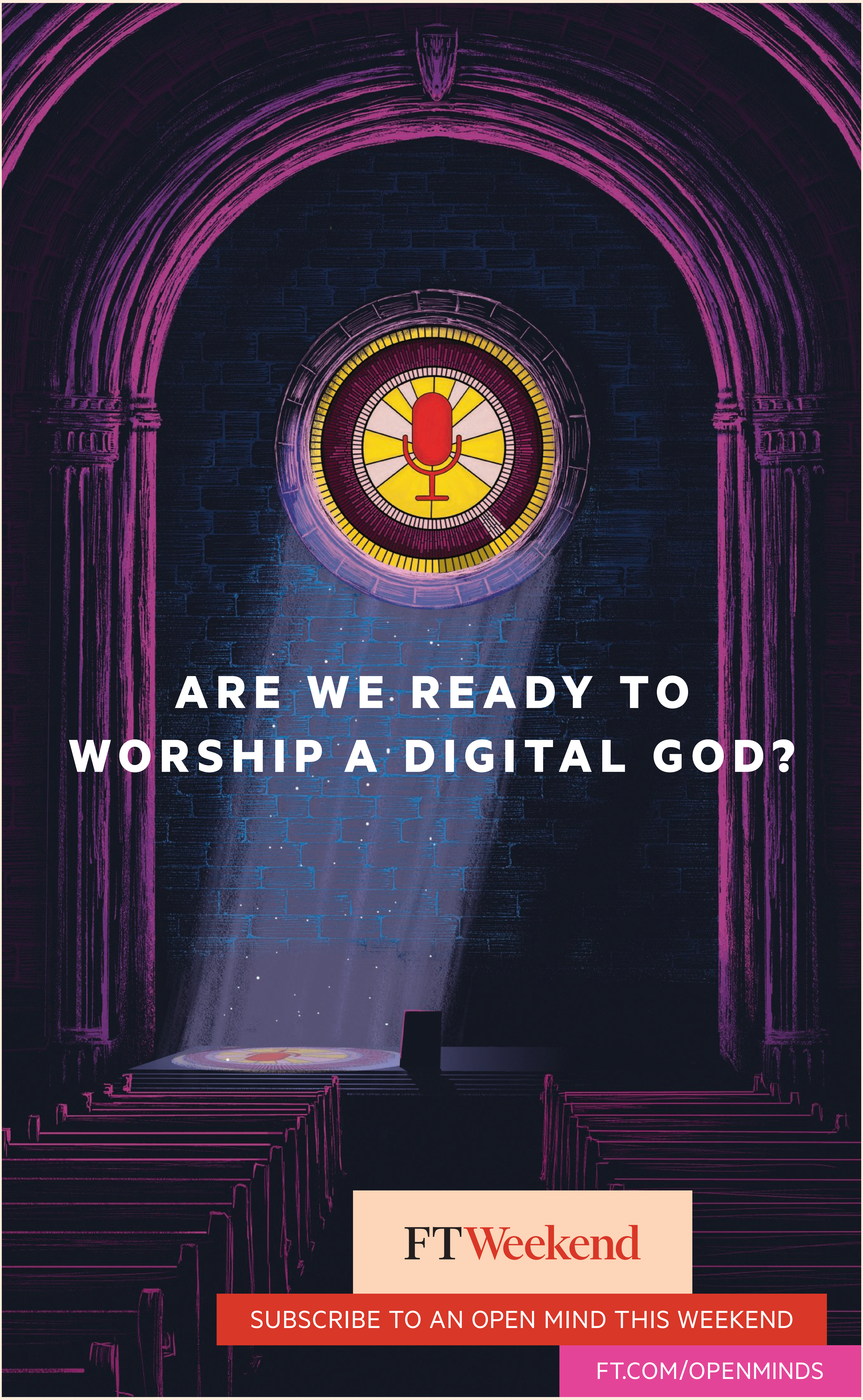
Berlin-based artist Simon Denny's work, in another new venue, the attic of the Historisches Museum Basel, is perhaps the most complex piece on show ("Haunted Crypto Games", 2018). Denny brings together colonially themed antique board games and versions of The Game of Life that have been overprinted with fragments of online cryptocurrency rhetoric; the aim, he says, is to "highlight the ideological back-story of bitcoin and blockchain".

Most of the time, though, pure spectacle wins out. Elmgreen & Dragset's mighty "Hanging Rock" (2017), a huge aluminium boulder, confronts visitors wandering through the Antikenmuseum Basel. The accompanying guide claims that the piece defies "preconceived expectations of natural beauty". More simply put, this ugly/beautiful beast of a work elicits an immediate love-or-hate response.

Jessica Stockholder's colourful sculptures entitled "Three squared on the river bank" (2018) "throw a different perspective on Basel," Leuenberger says. "The works are not necessarily beautiful — they're disruptive." They lean against or are wrapped around city landmarks, such as a gargoyle sculpture on a bridge, impinging on the landscape in a playful, gently provocative way.

Pierre Huyghe's "Exomind (Deep Water)" (2017) calls like a siren from deep within the Allgemeine Lesegesellschaft garden. Bees buzz around a hive that sprouts from the neck of a crouched female figure. The insects, the sculpture and the visitors come together to create a transitory ecosystem — one that will cease to exist when Art Basel ends and the sculpture is removed from this overgrown corner of the garden.

To June 17, artbasel.com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Creepy, clever — but horribly familiar

FILM

Nigel Andrews

Hereditary
Ari Aster
★★★☆☆

The Happy Prince
Rupert Everett
★★★★☆

The Ciambra
Jonas Carpignano
★★★★☆

Studio 54
Matt Tyrnauer
★★★★☆

Gothic shtick: Milly Shapiro in 'Hereditary'. Below left: Colin Morgan, left, and Rupert Everett in 'The Happy Prince'

For those tourists we call filmgoers, hell is on every map. There are nightmare and damnation in each new travel week: that's entertainment. We love our horror. We love our infernos. All we ask is that each Grand Guignol City, or Apocalypse Parish, be different.

Hereditary has been hailed as Different of the Year, even of the Decade. I hate to party-poop — with the critical and blogosphere paeans being hurled at this first feature from writer-director Ari Aster — but what I watched was a pushy, empurpled, same-with-a-twist screamer from the school of *Rosemary's Baby*.

Even the twist is reductive: the doll's-house overview of a demon-haunted American family. It coaxes us to perceive a kinship between its members, and their dark satanic legacy, and the tiny play-people in tiny homes formed by mum Toni Collette, an artist-miniaturist. The device works as an introductory novelty, but it doesn't work as a through-narrative unless you're a sucker for the simplistic. We are conned into a victim-culture fatalism, amplified by invocations of Greek tragedy. For the slow of uptake there is a classroom scene about Sophocles. (The very title *Hereditary* peddles its own brand of dynastic determinism.)

Yet nearly every critic has gone gaga for this film. Why? Because every scene pops out hot, like toast from a toaster. Because Aster does creepy, clever, "gotcha" cutting. Because the gothic shtick keeps hitting the fan. Because the house is a giant, picturesque, crackpot log cabin, as if Abe Lincoln had set-designed a big-stage Ibsen production.

And also because every critic's intelligence, and every audience's, is haemorrhaging under the influence of the

gorblimey terminations. A head is severed (improbably) in a car accident; there are a self-decapitation and a spontaneous combustion. The film ends as it begins, with the moving-about of the heavy furniture of ancestral predestination. This is made not to *seem* cumbrous because our director, the dance master, is choreographing his "Dollhouse Take-Your-Partners". We are miniatures to the gods. We are flies to the immortals. Picayune takes the edge off pretentious.

When Ann Dowd pops up from the film's plot toaster as an apparently caring friend from the mum-bereaved Collette's encounter group, she joins Collette's son (Alex Wolff) as the only humdrum-believable, human-ish character in the cast. (It's hard to count Gabriel Byrne's psychotherapist dad as a character at all. He is there as a sacrificial stooge to the paranormal. He is rationalism's ridicule figure-turned-chump for the chop.)

But Dowd goes thataway. And Wolff goes another way. And the arbitrary horror tropes resume sway. Since Pandemonium was the destination on the front of this bus from the beginning, dissenters like me just shrug and try to join the screamers.

Before the Oscars there was Oscar. That too, while it lasted, was a show of shows. But Britain outlawed *its* figure of gold, literary gold, when Victorian society realised it couldn't pretend — as does the Academy's genitals-free statuette — that Oscar Wilde had no sexuality. Let alone, in the 1890s, the wrong sexuality. Released from Reading Gaol, Wilde fled to France, a gay demigod banished from his native demimonde . . .

Rupert Everett's **The Happy Prince** is a virtual one-man show, just like Wilde. Everett wrote the script, directed, and plays Oscar. He is wonderful in his forlorn, fat-suited gravity: a graceful, waddling soul, almost sweet in his suffering, fallen from so many heights he lives in a state of terrestrial vertigo.

The script flashbacks elegantly when needed. Wife Constance (Emily Watson) and the children are ever-present absences. There is a poignant return to halcyon romance when "Bosie", Lord Alfred Douglas (Colin Morgan, with the right angel-tressed narcissism), joins him for a Naples trip. But that happiness too is a death-fall delusion. Left alone again, seeing out despair with rented love in rented rooms, this Oscar is as bare and forked as the rest of us. He just made better jokes; he gilded grief with wit, philosophy and ornamental stoicism.

The film drags a little near the end. Actors love a death scene, especially when they're also the writer-director. There is also too much Christliness: a surfeit of churches plus — help! — the *Parsifal* prelude. "Less is more," someone should have shouted at Everett. But Oscar would never have agreed. Nor would the other Oscar, La La Land's devotee of show-it-all showmanship.

The Ciambra was Italy's entry for the Best Foreign Language Film Oscar. This neorealist drama about a gypsy crime family in Calabria's peasant badlands is so peppy and vivid — so dynamic-and-demotic — that it could have been directed by a young Martin Scorsese. Scorsese, it turns out, executive-produced. The writer-director is Jonas Carpignano, who found his subject by literally falling among thieves. His car was stolen. He visited the Romani robbers. Script and story formed themselves.

The teenage Pio, nursing his dreams of vehicle theft, is played by Pio Amato, his large, shack-settlement-dwelling family by all the other Amatos. I told you: neorealism. It's a scary fable of tribalism, with three different "races" vying for turf and turnover — the gypsies, the "Italians" (small-time local Mafia) and African migrants — aided by the director's adamant, nay adamantine, refusal to moralise.

Nothing is good here; nothing evil. It just "is". If by the end we're wriggling on emotional hooks, as innocence blindly feels its way to disaster, as family-tradition crime leads to social-or-gang-tradition comeuppance, that's why. Carpignano is as much an angler as an artist. Or his artistry lies as much in waiting for truth as in forcing a captive truth into form or meaning.

Are American documentaries in a time loop? Are they in a holding pattern over the 1970s, gazing down at the East Coast party beasts? Two weeks ago we were in Montauk, Long Island, with Warhol, Capote and the Jaggers. That was *That Summer*. Now in **Studio 54** we follow them to Studio 54.

The New York disco club to end them all — which it effectively did, its scandal-tainted quietus closing an epoch's curtains in early 1980 — was the gathering place for the VIPs of the Jimmy Carter generation. Liberty! Democracy! Dance! (Sex! Drugs!) Matt Tyrnauer's film eerily evokes it all.

Since the club's gay co-founder Steve Rubell died of Aids in 1988, his partner Ian Schrager is left holding the interview mike. Tyrnauer doesn't let him dodge the "naming names" issue. To reduce a tax-evasion jail sentence, he and Rubell shopped rival nightclub owners. All's fair in love, war and disco. Today Schrager looks like a handsome Jewish poppa and sounds like Brando in *The Godfather*.

There is terrific footage of Studio 54 itself in its heyday. It looks like Heaven with a rain of coloured lights; sounds like Heaven with a drum beat of ambrosial abandon. Way to go. At least in an America recovering from Nixon and Vietnam and not yet hardened up for Reagan and the boiler room.

Abandon: Studio 54 in its heyday

From shy to sultry, serious to sexy

POP

Camila Cabello
Brixton Academy, London
★★★☆☆

Ludovic Hunter-Tilney

Camila Cabello's "Havana" is the most popular song by a woman in Spotify's history, with 906m streams notched up so far. The music video shows the Miami-raised singer (via Cuba and Mexico) in the role of Karla, a shy, bespectacled dreamer. She also plays a sultry film star called Camila. As tales of split personality go, it is more *Cinderella* than *Dr Jekyll and Mr Hyde*.

Cabello's headline show at Brixton Academy, her first in the UK, was a diversion from her current role as main support act on Taylor Swift's "Reputation" tour. It was staged like a pocket arena show. There was a six-strong troupe of backing dancers. A background screen showed close-ups of Cabello performing and moody videos during the interludes between tracks. At these moments, when she darted into the wings, her pre-recorded voice uttered dramatic arena-pop guff about fear and love and running after new dreams. But the costume changes that one expected to take place during these interludes did not materialise.

The staging had the feeling of a dress rehearsal for the larger spaces that Cabello hopes await her, as the main attraction rather than mere support act, the one who gets to stay at the ball after midnight. But her performance was committed and convincing: it did not seem like a dress rehearsal.

Like the split personality in the "Havana" video, the songs fell into two camps. There were brash, sexualised numbers with Latin and Caribbean flavourings during which Cabello danced in formation with her dancers in a slightly effortful fashion. These tracks put an individual spin on the music she made as a member of the girl group Fifth Harmony, which she left in 2016 amid some disharmony. (To hardcore Fifth Harmony fans, Cabello is more Jekyll and Hyde than Cinders.)

Then there were songs that represented the other, more serious side of her musical character. Footage of victims of US gun crime and marches against it was shown during the powerfully sung ballad "Something's Got to Give". The backing hoofers performed stylish contemporary dance moves during another well-executed slow number, "Consequences". Cabello's singing was impressive, moving from breathy high notes to more assertive passages in a fluent rather than splashy fashion. "Havana" was the inevitable finale, an irresistible rapprochement between Cuban music and US R&B. It did not overshadow what came before.

camilacabello.com

Convincing: Camila Cabello at Brixton Academy

Matthew Baker/ Getty Images

Polls suggest Andrés Manuel López Obrador will comfortably win next month's presidential election. Supporters see a champion of the poor who will tackle graft but critics fear a bout of leftist populism.

By Jude Webber

Missionary zeal

Vladimir Ramos, a Harvard-educated political consultant, is advising on gubernatorial and congressional campaigns for candidates from all three of Mexico's main political parties in the July 1 elections. But, a native of Chiapas, the country's poorest state, his own vote for president is going to Andrés Manuel López Obrador.

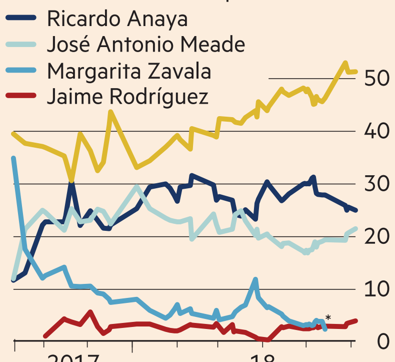
"It's time," he says, simply. "People are fed up." With three weeks to go, an air of inevitability has overtaken Mexico. Opinion polls give Mr López Obrador, a self-styled stubborn radical who is feared by some in the private sector as a dangerous leftist, more support than his rivals put together. He looks unstoppable. Or as he puts it in his trademark, folksy way: "This rice is cooked."

Why it should prove third time lucky for Amlo, as the silver-haired, perennial candidate is widely known, owes as much to Mexicans' terror at escalating violence, disgust at endless corruption and rage at a discredited political class as it does to his stump message that he alone can transform an underperforming country in which over half the population lives in poverty.

"What he is saying hasn't changed that much, but people are hearing it differently," says Marcelo Ebrard, an erstwhile political protégé who, like Mr López Obrador, served as mayor of Mexico City and is now organising his campaign in the country's northern states.

An unassailable lead for Amlo?

Voting intentions, Mexico presidential election (%)



Source: Bloomberg *Zavala quits race

The likely election of Mr López Obrador raises an important question in a world that has witnessed one startling political upset after another over the past two years: is it a sign that Latin America's second-biggest economy simply wants to turn more to the left with greater emphasis on social issues? Or will Amlo be the latest charismatic leader to pursue a populist agenda that descends into unsustainable spending and weakens democratic institutions?

In a country where the median age is 27, young people especially are lapping up Mr López Obrador's holy trinity of promises: honesty, security and prosperity. "It's incredible to see his vision and such hope," says Iván Rudar, a 23-year-old artist, after a rally in the central Mexican town of Jiutepec. "Something different could really bring big change."

Biting his tongue

"Amlovers", as they style themselves, see in Mr López Obrador a champion of Mexico's poor and middle class, a man of integrity and honour with a mission to eradicate corruption and rewrite an otherwise stagnant future.

Yet not everyone is gushing about the potential new president. Mr Ebrard concedes that, in talks with thousands of business leaders, "many thought Andrés was a communist". Indeed, rattled at the prospect of him plunging Mexico into populism, the country's business elite has lectured staff in letters, videos and compulsory meetings about the hyperinflation and debt crises of the 1970s and 1980s.

Many of his opponents will never be persuaded that he is not the same firebrand who cried "to hell with their institutions" and had himself invested as "legitimate president" in Mexico City's main square after claiming the 2006 election had been stolen from him. Their vision of Mexico under Amlo is a Venezuela-style socialist wreck run by a nationalist implementing obsolete policies that will hit growth, stability and investment.

Mr López Obrador, 64, who cut his teeth in politics in the ruling Institutional Revolutionary party (PRI) in the 1970s in the southeastern state of Tabasco, shrugs it all off as the desperation of a "mafia of power" whose wings are about to be clipped.

Keenly aware that victory is now within reach, he appears to have learnt to bite his tongue. "Love and peace", he intones, beatifically at rallies and to opponents, instead of shooting from the lip with self-sabotaging outbursts. It is part of a mellower, less dogmatic image of a leader willing to welcome former foes, forget past transgressions, extend a hand to the private sector and drop the reform-bashing rhetoric.

Andrés Manuel López Obrador with a traditional jaguar dance mask at a campaign rally in Chilpancingo, Guerrero state, last week. Below, from left: rival candidates Jaime Rodríguez, Ricardo Anaya and José Antonio Meade prepare for a televised debate with López Obrador, right, last month — Yael Martinez/ Bloomberg; INE via AP

His poll numbers have been swelled by voters disgruntled at both his rivals — Ricardo Anaya, who is leading a right-left coalition, and José Antonio Meade, the ruling PRI candidate. The latest poll of polls by Oraculus.mx, a specialist electoral website, gives him 49 per cent.

Both Mr Anaya and Mr Meade champion the technocratic, market-friendly approach that has dominated Mexico since the mid-1980s, but has failed to deliver the promised growth while violence has skyrocketed. Their poll numbers have fallen in recent weeks, as Mr López Obrador has extended his lead, even though many question how much he has changed as a politician.

"Deep inside, he's the same López Obrador," says Alejandro Schtulmann at Empra, a consultancy. "He might not be as bad as some people think, but we're not sure."

Passion and reason

Three things are central to Mr López Obrador's political style: his tropical roots, his combative spirit and his almost divine sense of calling.

In a new biography, José Agustín Ortíz Pinchetti, who served in the candidate's cabinet for part of his 2000-05 tenure as

Mexico City mayor, paints a picture of a political animal who grew up in Tabasco just as the state was enjoying an oil boom and the national economy was expanding by 6 per cent a year. The period came to be dubbed the "Mexican miracle" of rapid urbanisation and industrialisation that would last until the 1970s.

He likens Amlo to a fighting cockerel and quotes him as admitting he has always struggled to reconcile passion with reason. "First off, I'm a Tabasco native, and that's my weak spot," Amlo said. "I'm a high-risk politician."

Mr López Obrador exploits his provincial roots with a homely, slow speaking style peppered with regional colloquialisms that paints Mexico's problems in black-and-white terms.

"No one should be worried if I use the word 'radical'," he told the crowd in Jiutepec, talking about his policy platform. "I use radical in the sense of coming from root. Because I want to uproot corruption and injustice.

"In their desperation, the mafia say that what I am proposing is populism," he went on. "If cutting top [officials'] salaries and increasing wages at the bottom is populism, sign me up!"

He makes no secret of his admiration for the late Cuban revolutionary Fidel Castro. He named the youngest of his four sons Jesús Ernesto as a tribute to Ernesto "Che" Guevara, is a friend of UK Labour leader Jeremy Corbyn and regularly promises a peaceful revolution to transform Mexico.

Mr López Obrador, a baseball fanatic and history buff, grew up the eldest of seven in Tepetitán, a small town where his parents ran a shop. After studying political science in Mexico City, he returned to Tabasco, the site of Mexico's most brutal anticlerical purges.

At a time when Mexico was sliding towards economic crisis and the US was introducing free-market policies — the "neoliberalism" against which he now loves to rail — Mr López Obrador spent five years living in a mud-floored hut in a steamy backwater in Tabasco running the Chontal Indian community co-ordination centre. He introduced a swamp drainage system to foster agriculture, built hospitals and schools and granted credits, or as he puts it in a brief autobiography released for the elections: "There, I trained as a social fighter."

He threw himself into the fight with a "missionary zeal", writes Mr Ortíz Pinchetti. Enrique Krauze, one of Mexico's most prominent historians and a fierce critic of Mr López Obrador, famously branded him a "tropical messiah".

"Amlo thinks he's here on a mission, to transform Mexico," says Raymundo Riva Palacio, a journalist and commentator who knows the candidate. "He has always had a theological logic, ever since he was in Tabasco. Good versus evil, it's very binary."

> 'Amlo thinks he's here on a mission, to transform Mexico. He has always had a theological logic . . . Good versus evil, it's very binary.'
> **Raymundo Riva Palacio, journalist**

> 'What [Amlo] is saying hasn't changed that much, but people are hearing it differently,'
> **Marcelo Ebrard, politician**

Sweeping away corruption

So what, exactly, does Mr López Obrador want to do? His chief pledge is to eradicate corruption, though he is vague on how to do that beyond a combination of zero tolerance and personal honesty to sweep it out "from top to bottom like cleaning the stairs".

Using the money rescued from backhanders and a tight grip on government purse-strings, he plans a host of infrastructure projects in partnership with the private sector, especially a rail link across the Isthmus of Tehuantepec, to spark economic growth in Mexico's depressed south.

To prevent young people falling into the clutches of organised crime, he pledges bursaries and apprenticeships. To the elderly he promises pensions while scrapping millionaire stipends for past presidents. In keeping with his own humble standard of living, he envisages a shoestring administration, slashing top bureaucrats' salaries and no fancy presidential plane.

Similar recipes worked when he was mayor: he built a second tier to Mexico City's urban highways, worked in partnership with telecoms tycoon Carlos Slim to pull off a successful facelift of the city's historic centre, instituted an old-age pension and is credited with doing a competent and fiscally responsible job.

But he has also spooked many voters by talking vaguely about an amnesty for drug lords. He has also threatened to suspend a landmark energy reform, which scrapped an eight-decades-old national oil monopoly and allowed private investment in the sector, while contracts already awarded are inspected. He pledges to build at least one oil refinery — a proposal many in the industry consider is nationalist madness — and to make Mexico self-sufficient in food.

Speed read

Age of 'Amlo' This election is leftist candidate Andrés Manuel López Obrador's third shot at the presidency

Policy plan Investors fear his populist agenda would be marked by loose fiscal discipline and authoritarianism

Slow expansion A technocratic, market-friendly approach has not delivered Mexico the expected growth rates

His talk of the government driving economic policy alarms many investors who fear a lurch towards inefficient central planning. However, he has quietly courted investors including Larry Fink, head of the world's biggest asset manager, BlackRock.

"I am worried by what I see as superficiality in his ideas," says one executive in the business capital, Monterrey. Or as one chief executive puts it more bluntly: "He is pragmatic, but ignorant."

Alberto Gavazzi, a Brazilian who runs Latin American operations for drinks group Diageo, says he would be more worried about Mexico lurching left had he not lived through Luiz Inácio Lula da Silva's first term in Brazil, when the real tanked initially but the leftist president surprised many by pursuing a tight fiscal policy. "I don't believe there will be radical changes regarding the way Mexico is run," he says.

"He has moved from being against-the-system more to the centre," says Antonio Solá, a Spanish publicist who worked on a 2006 campaign that branded Mr López Obrador "a danger for Mexico". Gustavo de Hoyos, head of the Coparmex business confederation, says he is "worried about the contradictions, but we have gradually seen some, still timid, steps in the right direction".

Critics fear that an autocratic leader, imbued with a divine sense of power, as Amlo is perceived by many, might be tempted to undermine Mexican institutions. But Mr López Obrador insists: "I have my feet on the ground."

Winning could be the easy part: delivering on voters' high hopes will be more challenging. Mexico feels on the cusp of something very different — potentially the biggest shift in its economic model since the early 1980s.

As Carlos Urzúa, his pick for finance minister, puts it: "Expectations are just so, so big at the moment, we're going to have to get a lot done as fast as possible."

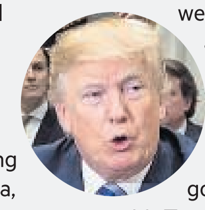
Northern neighbour

Frontrunner aims for reset of relations with 'Troomp'

Until the US slapped tariffs on Mexican steel and aluminium earlier this month, Andrés Manuel López Obrador seemed happy to keep his distance from Donald Trump — or as the presidential candidate, a non-English speaker, often pronounces it, "Troomp".

But the trade war triggered by the US president changed his mind. "If I win, in the first few days I'm going to ask for a meeting," he vowed, saying it was best to "find a way to get along" with the leader of Mexico's top trade ally and partner in the North American Free Trade Agreement.

Mr López Obrador has already said he will demand respect from Mr Trump, who has insulted Mexico by saying it is doing nothing to halt the flow of illegal immigrants and drugs, and will make him "see reason" on his proposed border wall.



However, with tariffs now flying and Mr Trump, right, flirting with the idea of blowing up Nafta, Mr López Obrador will need every ounce of diplomacy he can muster — not a skill a man who in 2006 told former Mexican president Vicente Fox to "shut up, you squawking bird" has always displayed in the past.

"All his life, Andrés has been a very tough negotiator, like Trump," says Marcelo Ebrard, a senior official on the López Obrador campaign. "They're alike in that way. I think Trump will respect him because Andrés is not weak, he's no Chamberlain," he adds, referring to the UK prime minister who tried to appease Adolf Hitler.

Mr Ebrard insists that the policies of a López Obrador government might actually suit Mr Trump. He wants to kick-start development of Mexico's depressed south so that people would not have to leave in search of better opportunities. "We don't want people to emigrate. They're saying very similar things in a different language."

FINANCIAL TIMES
'Without fear and without favour'
THURSDAY 14 JUNE 2018

The Time Warner/AT&T ruling is not the last word

The judge was right to approve the deal, but harder cases will arise

Judge Richard Leon has ruled wisely. His rejection of the US government's case for blocking the merger of AT&T and Time Warner was forceful and unequivocal. His ruling does not, however, imply that the government's argument was without any merit — or that the furious pace of change and consolidation in the media industry is not cause for concern.

It remains a real possibility that the deal will harm competition, and do so in precisely the way the government suggested. Further mergers in media, which the AT&T-Time Warner tie-up will surely encourage, could make the problems worse. But the government's burden was not to show that harm was possible, but that it was likely. It could not meet that test.

AT&T is a content distributor, though mobile networks, broadband internet connections and satellite television. Time Warner makes film and TV content. The government's argument was that the merged company could effectively withhold Time Warner content from rival distributors (by charging unreasonable prices, say) or withhold access to AT&T's audiences from other content producers (by refusing to pay reasonable prices for their content, for example). It is not far-fetched to suppose that a company might use one of its assets to protect another from competition. Much corporate strategy consists in just this.

But two factors worked against the government. First, another big content-distribution merger, Comcast-NBC, closed in 2011. And the evidence that deal has led to anti-competitive behaviour is thin on the ground. Next, the media landscape is changing so quickly that any prediction about its future competitive structure is hard to assess. Apple, Amazon, Netflix and Google are offering new options to huge audiences as pay-TV packages decline in popularity. Where it all shakes out is anyone's guess. If ownership of both internet "pipes" and content leads to coercion, the government can intervene. But to do so pre-emptively would assume impossible prescience.

There is no better evidence of the fluidity of the industry than this: many observers think the approval of the deal is bad news for Time Warner shareholders. Since the bid was first announced 20 months ago, AT&T's share price has underperformed Time Warner's, partly because of a change in the relative strength of their two industries. The sum that Time Warner shareholders are to receive (paid partly in Time Warner shares) now looks less attractive. If the judge had ruled differently, that would have opened the way for other, higher bids, possibly from one of the big tech companies.

The ruling is to be welcomed for another reason, in addition to its legal merits and practical effects. Donald Trump was a vocal opponent of the deal — and in particular the political coverage of CNN, a cable network owned by Time Warner. So, inevitably, the shadow of political motivation fell over the government's case. The ruling makes that worry irrelevant.

The dominance of the big media distributors has been diminished by the internet — which has created, in turn, another group of dominant companies. In time, Amazon or Facebook or another like them will attempt a major "horizontal" merger that moves them into another industry. This will be the real test of US antitrust policy. The internet titans' dominance in their primary businesses — and as such their ability to squeeze out innovative competitors — is without precedent. When they expand into a new field, therefore, they bear close watching. The final word on competition policy in the media has not been written yet.

Gig workers need better employment protections

UK Supreme Court ruling highlights the need for greater reforms

In siding with a nominally self-employed plumber who claimed his rights as a worker had been violated, the UK Supreme Court's much-awaited decision in the Pimlico Plumbers case has strengthened the campaign to shift risk off the shoulders of gig workers and on to the companies that contract them.

No less significant, if much less appreciated, is that the court's decision helps to restore the government's power to exercise political control over the labour market and the wider economy — a power that has long been under threat of erosion.

Pimlico Plumbers, which terminated its relationship with Gary Smith after he fell ill in 2011, argued that his status as self-employed invalidate his claims that it discriminated against him and failed to pay all he was owed. The rights in question are, by law, reserved for employees and "workers" (an intermediate legal status), and are not enjoyed by the self-employed.

When the Supreme Court today upheld lower courts' judgment that Mr Smith was indeed a worker, it added to a growing body of judicial findings — most notably against internet platform businesses such as Uber — that contractual arrangements can be employment contracts in the eye of the law even if they nominally set up a self-employment relationship. As it is binding on lower courts, the decision ensures uniformity for similar cases in the future.

That is a welcome development. While by no means always the case, self-employment contracts can be a cover for exploitation. This is not to deny that flexible working arrangements can be desirable to those who choose them. But more flexibility cannot automatically entail that all the risk should be borne by the individual flexible worker.

Who is responsible for the unavoidable risks relating to varying business conditions, accidents and health when work is structured in a flexible way? This is an increasingly pressing question as self-employment grows in importance.

Since 2001, the share of self-employment in total work has grown from about 12 to more than 15 per cent. After the financial crisis, the jobs recovery consisted entirely of self-employed jobs until about 2014. The rise in self-employment has been striking among the very youngest and oldest workers.

One problem has been a lack of clarity in what the law actually says about this. The Supreme Court's decision is helping to sharpen the ability of existing law to define a space in the labour market that combines flexibility with security. It should not all be left to the courts, however. The law itself can do with some modernisation, such as the reforms proposed by the Taylor Review. And better enforcement of the rules is imperative.

The function of these three components of policy — clarifying, modernising, and enforcing the law — is not just to strike the right balance between protecting the vulnerable and facilitating flexible work. It goes to the heart of the state's ability to regulate the economy. The rising use of flexible work contracts — and the technology facilitating them — has not only put pressure on labour standards. It also undermines the government's ability to collect the taxes normally imposed on both sides of more conventional contracts.

The specifics of the Supreme Court's clarification will be particularly embraced by labour activists. But the mere attempt at making the law clearer should be embraced by all — and prompt the other branches of government to act so as to ensure that as the economy changes, it remains efficiently and intelligently regulated.

Letters

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Lloyd's of London will continue in its vital role

In your report "Lloyd's of London confronts existential threats" (June 13) you ask whether Lloyd's of London can survive as the home of global insurance in the digital age. Let me answer the question with an emphatic yes.

Lloyd's is a highly attractive place for underwriting insurance; its licences and brand are door openers. Our unique regulatory framework ensures that the entrepreneurship for which Lloyd's is renowned can flourish, safe in the knowledge that policyholders are protected. Most recently Lloyd's enterprising skill has led the development of the global marketplace for cyber insurance and reinsurance.

Undoubtedly there are challenges from international competition and an urgent need to reduce our cost base. We are facing up to these rapidly, with concerted action to make our market more accessible to those that need our broking and underwriting excellence. And we remain steadfast in continuing to play our vital part in developing new and innovative insurance protection in the ever-changing economic and technological landscape of both today and tomorrow.

David Gittings
Chief Executive,
The Lloyd's Market Association

Blockchain: just the latest in a line of miracle cures

"Blockchain offers cure for patients' fragmented medical records", you report (FT.com, June 6). Really? What would offer a cure to the many incompatible systems is higher-level thinking, including better regulation, higher standards, rigorous testing, improved procurement, and stricter monitoring and accountability.

Healthcare does not need yet another "solution" to a problem bedevilled by numerous unregulated, non-standard, unsafe, diverse and incompatible solutions. However, I must acknowledge that money thrown at any National Health Service problem is welcome, though blockchain and distributed ledgers resemble a high-tech 17th century Dutch tulip bubble. The ideas will benefit the market more than the NHS — at least until the healthtech market is more maturely regulated.

A medical app I used today, like many health innovations, requires *me* to indemnify the developers. This can't be good for the NHS or for patients! But it makes business sense while there is no decent regulation of digital health.

Prof Harold Thimbleby
See Change Fellow in Digital Health,
Swansea University, UK

Air quality targets will not be enforceable

The letter from the UK roads minister Jesse Norman needs to be seen in context ("New regulations will drive emissions cheats off road", June 8). Without the EU threatening legal action, would there have been any appetite in government to fine car manufacturers £50,000 per vehicle fitted with a defeat device? And why does this apply only to new cars? In the US, Volkswagen was fined $30,000 for every vehicle on the road, and VW personnel are subject to criminal prosecution.

There is of course a further dimension to this catalogue of failure. Following Brexit, the EU air quality directive will no longer apply. It will be replaced by a new environmental watchdog, but the proposal from environment secretary Michael Gove makes it clear that the air quality targets will not be legally enforceable. So the statutory body can issue advisory notices about poor air quality in central London, or unacceptable levels of pollution at Heathrow, but the government will be immune from prosecution.

Brexiters will claim a victory for the free market, but for everyone else it will be a defeat.

Dr Robin Russell-Jones
Former Chair,
Campaign for Lead Free Air,
Marlow, Bucks, UK

'This isn't the Brexit I was told I wanted'

Trump's abuse of Trudeau shocked many Americans

John Authers (Smart Money, June 13) notes that investors ignored President Donald Trump's abusive treatment of Canada's prime minister, Justin Trudeau. At one of America's lowest points, during the Iran hostage crisis, the Canadian ambassador risked his own life and that of his wife to save six Americans. Canadians have fought and died alongside Americans time and again.

Bullying his friends may be acceptable to Mr Trump as long as the stock market is up. Many Americans, however, are appalled and Congress would never approve a trade war against its northern neighbour.

Willem Thorbecke
Senior Fellow, Research Institute of Economy, Trade and Industry,
Tokyo, Japan

Rogue behaviour may be what the world needs

For most emerging economies and, I'm afraid, most countries, the Group of Seven is a rather vapid meeting where seven powers discuss their interests then close it with an all-smiles photograph that is almost offensive to the millions of people in dire conditions, be they due to war, migration or social and economic inequality — all strongly linked to the very policies of the seven.

President Donald Trump's attitudes are peculiar and often crude, but as Rana Foroohar points out ("Trump trades on the protectionist mood", June 11) he is on many occasions the symptom, not the cause, of the problem. Despite the ensuing confusion and uncertainty, by shaking old habits and established cynical postures on the global scene he has been playing an overall positive role. Leaving his six "allies" perplexed in Canada ("President Trump goes rogue at the G7", editorial, June 11), may be another healthy wake-up call to European powers lost among their international, EU and local constituencies' demands, to a Japan that must solve its Asian membership riddle, and to other not-so-great powers used to thriving in the shadow of the US.

If this is rogue behaviour, maybe that is what the world needs in order to begin to tackle our huge problems, and cut the cheap talk, expensive air tickets and luxurious lodgings for useless meetings and ridiculous photographs.

Talking to each other is undeniably precious, but Mr Trump's reality checks may substantially reduce the time wasted, streamline the agenda and sharpen its results.

Renato G Flôres Jr
Director,
FGV International Intelligence Unit,
Rio de Janeiro, Brazil

If Turkey can get an EU deal, so can the UK

With reference to your report "May retreat allows MPs to control Brexit end game" (June 13): the UK government and MPs should seek a sensible compromise over customs, rather than seeking an all-or-nothing settlement. Our "trade" is not a uniform lump of economic activity. We have different interests in services, manufacturing, food and agriculture and other sectors. The customs deal we negotiate should reflect that.

For UK exporters of manufactured goods, such as pharmaceutical products, aerospace satellites, aviation parts and automobiles for instance, EU markets are critical. We should be practical and sensible in reaching an agreement that avoids new tariffs and conflicting standards that would hurt existing trade. In food and agriculture, however, the EU is a straitjacket, designed to protect French and German producers at the expense of both our farmers and our consumers. We should free ourselves of EU trade restrictions in this sector, and gain access to global markets to guarantee a stable, affordable food supply.

There are those who say we cannot achieve a bespoke customs deal of this kind. We can. Turkey has a customs union arrangement with the EU that varies sector by sector and does not allow free movement of people. If Turkey can get a deal like that, so can we.

We should consider our critical interests in manufacturing and agriculture on a case-by-case basis as we negotiate Brexit. A dogmatic approach will serve no one's interests, and is not the way to confront the challenges of the 21st century.

Bate Toms
President,
British Ukrainian Chamber of Commerce

The rules-based trading system is worth preserving

Ed Crooks neatly encapsulates the genuine and immediate concerns raised by the US administration's decision to impose steel and aluminium tariffs on its trading partners ("US businesses express alarm as tariffs push up steel costs", FT.com, June 1). But the analysis highlights a pervasive gap in the current response to growing trade tensions: specifically, the absence of a clear-sighted vision to check protectionist pressures and chart a new path for global trade reform.

As the prospect of a "trade war" gradually escalates, we must all bear in mind what is currently at stake in broader systemic terms. The rules-based multilateral trading system has fuelled seven decades of unprecedented job creation and poverty alleviation. Communities connected by commerce have a common interest in maintaining peace. The World Trade Organization has proved itself the linchpin of what is — by any objective measure — a more prosperous world order. And with the right reforms it can do more to help families and workers the world over.

This context is often lost within current debate, though a chink of light has emerged from the maelstrom in recent days. The imperative to strengthen the multilateral system's ability to deal with contentious trade issues — from state subsidies to intellectual property — was rightly emphasised recently by French president Emmanuel Macron. His call for the world's leading economies to develop a new road map for WTO reform received scant headlines, but provides a genuine way forward to forge a new model for international trade co-operation that would support sustainable and inclusive growth.

The leaders of the G20 must seize this opportunity without delay. The alternative of a tit-for-tat tariff escalation may serve a short-term political purpose, but it will not deliver on the real-world need to ensure that trade works for everyone, every day and everywhere.

John W H Denton
Secretary-general,
International Chamber of Commerce,
Paris, France

There's still some quack left in the NI/NHS canard

Bernard Casey (Letters, June 1) says that it is time that the "old canard" that national insurance was intended to pay for the NHS was laid to rest.

The National Insurance Act 1911 established the national insurance fund and required compulsory contributions from those covered by it. Section 8 of the act provided for primary medical treatment and some hospital treatment for those making contributions. It was certainly seen at the time as the start of a state-funded health service paid for by NI contributions.

If it waddles and quacks like a duck, it probably is one. The old canard still has some life left in it.

Paul Walker
Greenham Common, Berks, UK

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It is time for Theresa May to make tough Brexit choices, writes **Sebastian Payne**
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The glorious absurdity of American diplomacy

Notebook
by Roula Khalaf

In a week of diplomatic frenzy, I've been thinking of the American diplomat. Whether veteran or novice, the career diplomat is traditionally the centre of attention, a magnet for counterparts seeking counsel and for governments looking for guidance. When I meet some US diplomats now, it doesn't take much to pick up on the despair. They nod a lot but say little, avoiding having to comment on their president.

Justifying wrong-headed policies is part of the brief. But Donald Trump has imposed a whole new challenge: diplomats must explain his thinking where there sometimes is none, and make sense of policies when few are fully formed. The task is made more thankless in embassies around the world, where the president has named loyalists as ambassadors (that many posts remain empty is probably a blessing to staff). Diplomats working for Trump appointees must practice the art of controlling their new bosses' undiplomatic instincts.

Take Richard Grenell, the US ambassador to Germany, who recently advised German business to get out of Iran as soon as his country pulled out of the nuclear deal, and later told an interviewer that he was planning to "empower" conservative political movements across Europe. He had to be reminded by his German colleagues that interference in the affairs of a close ally was not part of his job description.

The state department under Mike Pompeo provides a peculiar example to the diplomatic corps. Before last week's G7 summit in Quebec City, it joined in a sycophantic campaign of glorification that was right out of an authoritarian playbook. In a series of tweets marking 500 days of "American greatness" under President Trump, the state department declared US leadership was "back on the world stage". To drive home the point, other tweets listed "achievements" including moving the US embassy to Jerusalem and withdrawing from the Iran nuclear accord — disruptions judged as hugely destabilising by the rest of the world.

No matter that the president's mercantilist approach to foreign policy — and a not-so-secret admiration for autocrats — is ruining America's image abroad. A few months into the Trump presidency, a Pew Research Center survey spanning 37 nations found that a median 22 per cent had confidence the US leader would do the right thing in international affairs, down from 64 per cent for his predecessor, Barack Obama, during his final years in office.

No matter that it was isolation, rather than glory, that emerged during the G7 summit. There, Mr Trump turned the tables on the US's closest allies and lashed out at his Canadian host, Justin Trudeau. The president arrived at the summit determined to pursue his protectionist trade agenda and suggested that Russia should be invited back into the club. As he left he launched a Twitter tirade against the final communiqué.

While American career diplomats might have been horrified by the debacle, the president and his sidekicks were satisfied. They revel in the fact that the Trump approach to foreign policy involves bullying rather than diplomacy. According to The Atlantic, the US publication, the Trump world doctrine as expressed by one senior White House official is this: "We're America, bitch".

A more traditional display of diplomacy followed the G7, as Mr Trump this week travelled to Singapore for a historic meeting with the North Korean leader Kim Jong Un. Not long ago, the US was threatening the total devastation of North Korea, so we should be thankful that dialogue has replaced war mongering there.

The over-eagerness of Mr Trump, however, was surely embarrassing for diplomats trained to recognise US leadership when they see it. In contrast to the harsh words he reserves for America's democratic allies, Mr Trump was full of praise for a dictator who represses and starves his people: "Great personality and very smart. Good combination. A worthy negotiator."

It's hard to argue that the Singapore summit was anything but a diplomatic coup. But it's equally hard to deny that Mr Kim "plays Trump like a fiddle", as one former senior US diplomat puts it. Mr Kim has won prestige and international recognition and given only promises in return.

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Opinion

Democracy must come first when taking on Trump

AMERICA

Janan Ganesh

A bartender's demand for photo ID can do it. Or television footage of a Hollywood perp walk. Either way, a stranger is not long in America before something underscores the near-scriptural sacredness of laws here. That no person can buck them outweighs democratic participation as the central principle of the republic.

If that ideal seems unattainable, remember that a middle-aged American has already seen formal investigations bring down one president (Richard Nixon), tie up another (Bill Clinton) and begin to menace a third. If Donald Trump were to obstruct Robert Mueller's investigation of Russian involvement in the 2016 election, or the special counsel found evidence against him, the president would face a fight for his job. He can enlist the Republican base in a tenacious defence.

And that, as unprincipled as it sounds, is where American legal rigour must pay some mind to American social peace. Most senior Democrats believe that Mr Trump has to be defeated in open electoral combat. They are right. A more legalistic removal of him, either through impeachment or forced resignation, risks fouling the atmosphere of public life for decades. (It is the smallest of consolations that it is foul already.) Almost regardless of what Mr Mueller finds, or how Mr Trump treats the probe, a large minority of the electorate would interpret his demise as an establishment stitch-up. Their suspicion is no less potent for being misplaced.

Washington's obsessives have scrutinised the midterm election polls all year, but the more telling opinion data concerns Mr Mueller's work. A Quinnipiac survey last week found that 44 per cent of Americans now see it as a "political witch hunt". Last month, 61 per cent of Republicans told YouGov that Mr Trump was being framed. Most Americans say they want the investigation to take its course but the president's talents as a smearer are working against the necessarily silent Mr Mueller. Conservative America is clearing its throat for a mighty howl in defence of its man. What the legal pursuit of him has in due process it could come to lack in perceived legitimacy.

> America survived the Nixon and Clinton investigations, but neither case parallels this one

There is no solace to be found in precedent. America survived the Nixon and Clinton investigations but neither case truly parallels the one before us. The fall of Mr Nixon was a bipartisan affair. Congressional Republicans voted for articles of impeachment in committee. Tribal fealties are stronger now than in 1974. It is hard to imagine what Jerry Nadler, the ranking Democrat on the House judiciary committee, calls an "appreciable fraction" of Republicans turning on the president. As for Mr Clinton, he survived the 1990s investigation and saw out his two terms with some ease. The removal of a president releases more poison into the body politic than a near-miss.

A veteran Democratic cabinet member privately theorises that the investigation of Mr Clinton was "revenge" for Watergate and that proceedings against Mr Trump, even if warranted, would beget another round. If he spoke for all Democrats, the subject would be moot. But there is the resistance. Tom Steyer, a businessman, campaigns nationwide for impeachment. Some Congressional Democrats would move against Mr Trump if they win the House of Representatives in November, and others could be persuaded to if he fired Rod Rosenstein, the deputy attorney-general who supervises Mr Muller.

There are liberal voters to woo in the Democratic presidential primaries. And apolitical Americans who do not think their president can expect Marquess of Queensberry rules when he flouts them himself.

There is no way to urge restraint here without cringing. To not apply the constitution for the sake of a quiet life is unbecoming of a great republic, especially one founded to fight the caprice of a king. Although it is hard to divine Mr Mueller's likely findings from his inscrutable Easter Island face, or from his airtight team, clear presidential wrongdoing would be unignorable.

But if it comes down to a finer judgment, Democrats should heed their leaders' instinct to wait for 2020 and the electoral showdown with Mr Trump. Victory then would come at less civic cost. There is such a thing as statecraft.

This is un-American advice. "Rules-based order" has become the somewhat generous description of the world before 2016, but the phrase fits the US like a glove. It is a system of laws before it is a democracy. The cleanest way out of its populist fever just happens to be the other way around. Mr Trump was an electoral proposition and must be confronted as such.

janan.ganesh@ft.com

Fake meat's brand identity is too squishy

BUSINESS

John Gapper

Meat Is Murder was the second album by The Smiths in 1985, when menus were simpler. These days, meat is muddled — the hamburger in a supermarket aisle or the chicken nugget in a fast-food restaurant may have come from an animal, be made of fungal protein, or soon be grown in a laboratory.

All beef was once, as the cowboys of the US Cattlemen's Association euphemistically argue, "the flesh of a bovine animal" that was "born, raised and harvested in the traditional manner". Most still is, but alternatives are multiplying, from plant-based burgers sold next to traditional ones in supermarkets, to KFC's plan to develop vegetarian deep-fried "chicken" in the UK.

Innovation is welcome. Vegetarian alternatives such as soy protein and Quorn have been around for a long time without seriously threatening the love consumers feel for the taste and texture of meat. Despite health concerns, global consumption of animal flesh has grown fourfold in the past 50 years, and Americans eat 50bn burgers a year, with developing countries catching up.

Constant meat eating is not only unhealthy but terrible for the environment. Food production is responsible for more than a quarter of greenhouse gas emissions and growing feed for livestock accounts for a quarter of water use. Ruminant animals such as cows and sheep occupy swaths of farmland and emit vast amounts of methane before being turned into meat.

But when something is popular, there is usually a reason. Meat-eating is an efficient habit — the amino acids in meat proteins are highly nutritious — and good meat is delicious. That is why companies such as Impossible Foods and Beyond Meat in the US aim to match it with what David Lee, Impossible's chief operating officer, calls "plant based, crave-able meat".

As research for writing this column, I went to have a lunch of "meatless meatballs" at Leon, the UK healthy fast-food chain, which is following the trend for meat alternatives. Leon describes its "meatballs", made with aubergine, black olive and rosemary, in tomato sauce with vegan garlic aioli, as "the future of fast food". If so, the future tastes good but is squishy.

This is the difficulty with meat substitutes — they struggle to be as good as the original and its sensory pleasures. New products such as the Impossible burger, which is sold in US chains such as Umami Burger, are better at matching the "mouthfeel" of meat and even "bleed" juices when raw, but it is simpler and cheaper to have the real thing.

A second, connected, problem is authenticity. It is no wonder that US cowboys and German schnitzel makers are becoming upset at the invasion of supermarket meat aisles by analogues. The more similar these become to the thing itself, the more confused shoppers will be; despite the flurry of branding from "clean meat" to "cultured meat", they are fake meat.

There is a paradox. Many young adult consumers are drawn to authenticity and are suspicious of processed foods. Among more affluent and health conscious meat and dairy eaters, there is a craze for traceability — knowing from exactly which farm your cheese or sausages came. Yet the same consumers are more likely to be vegetarian or at least flexitarian, wanting to limit their attachment to meat eating.

> Attaching labels to beef substitutes will be tricky, and they struggle to match the sensory pleasure

Plant-based burgers are healthier than the originals — they contain no cholesterol, hormones or antibiotics. But the place to which one traces an Impossible burger is a factory in Oakland, California where yeast protein is fermented and enriched with other ingredients such as iron-rich leghemoglobin to provide taste. That sounds like processed food to me.

These burgers at least derive from plants. The next substitutes will be even more ambiguous, being grown in laboratories from animal cells by companies such as Just and Memphis Meats. US meat-packing companies including Tyson Foods are investing in this technology, along with the entrepreneurs Richard Branson and Bill Gates, in an effort to make cows redundant.

Attaching labels to such substances will be tricky for the authorities. The European Court of Justice had a big enough challenge last year when it ruled that terms such as milk and cream could only be used for dairy products, allowing exceptions for coconut milk and *lait d'amande* in French but not almond milk. What is beef that does not come from a cow?

One can nudge meat-eating consumers temporarily but the products will only endure with their own identities, not by trying to be something else. Mr Lee says bullishly that Impossible's next burger will taste better than beef, and healthier variations of old products can work. Coca-Cola Original is Coke's bestseller but lower sugar colas contribute 43 per cent of its UK sales.

There is a prize on offer. Charles Godfray, director of the food programme at Oxford university's Martin School, notes that if beef herds and sheep stopped releasing methane into the atmosphere, it would be gone in a couple of decades. The sooner that consumers no longer require vegetables to fake a resemblance to meat, the more benefits we will enjoy.

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We survived GDPR, but now another EU privacy law looms

Julia Apostle

The wounds inflicted by the General Data Protection Regulation (GDPR) are still so fresh for many marketing and in-house compliance departments that the thought of going another round with a new European privacy law is almost too much to bear. And yet, more is coming.

The next step will be adoption of the EU's ePrivacy Regulation, due towards the end of 2018 or early 2019. Implementation will have impacts on current business operations and future innovation. European tech is already lagging behind Chinese and North American competitors and this will just create one more obstacle.

The substance of the regulation has avoided extensive public scrutiny, overshadowed by the coming into force of GDPR. This is unfortunate, because the law addresses essential issues of data privacy and introduces important paradigm shifts. And like GDPR, the law will apply to companies outside Europe, with heavy fines for infringers. But the proposed text contains serious ambiguities that, unless they are resolved, will only make it harder for Europe to get back in the race.

Once adopted, the ePrivacy Regulation will replace an outdated ePrivacy Directive from 2002. That directive regulates the treatment of traffic and location data by telecommunications companies and internet service providers, restricts direct marketing by email and other channels, and limits the use of online tracking devices, such as cookies. The new regulation will cover much of the same ground, but with expanded scope and stricter application. At its core is an outright prohibition on the processing of "electronic communications data" by providers of electronic communications services, subject to very narrow exceptions.

Electronic communications data includes the content of the messages we send each other using communications services, and also the metadata generated by a message. Industry stakeholders all agree that this data contains very sensitive information about users and that its processing should be controlled. Many players also welcome proposals in the regulation that will simplify the rules governing the use of online tracking devices.

But matters get more complicated when it comes to the question of who will be subject to the new law and who it protects. Indeed, this is where the compliance nightmare begins, along with the uncertainty that can put a chill on new product development.

> Industry stakeholders agree that the processing of communications data should be controlled

The ePrivacy Regulation extends the scope of the directive to cover so-called "over the top" (OTT) service providers, which offer communications services via the internet that are "functionally equivalent" to those that traditional voice telephony and text messages provided. Intuitively this makes sense: WhatsApp and Skype provide services that are the same, from a user perspective, as those offered by Vodafone, and they process the same communications data, so they should be subject to the same rules regarding that data.

Except that the regulation will also cover OTT services where the person-to-person communication element is only an "ancillary" feature linked to another service. At this point, what "ancillary" means in practice is still anyone's guess. But in theory any website or app that offers a communication component is covered. Unsurprisingly, the issue is being heavily lobbied.

Added to the question mark over the law's scope is ambiguity regarding implementation in relation to different users. In a marked change from the existing directive, legal entities are now squarely covered by the definition of "end-user", in addition to individuals, and both benefit from the prohibition against the processing of their communications data.

Legal entities, the regulation provides, have a fundamental right to the protection of their privacy, guaranteed by Article 7 of the EU Charter of Fundamental Rights. The regulation even states that one of its objectives is "to ensure an equivalent level of protection of natural and legal persons".

Granting corporations the same privacy interests as individuals risks real implementation problems. The type of consent required to process communications data will be the strict GDPR standard for both. But GDPR was not drafted to cover companies, because they don't have personal data. The drafters of the regulation have sought to address this issue by stating that GDPR will apply to legal entities *mutatis mutandis* — adapted as necessary — which doesn't clarify matters at all.

Ambiguous laws, especially when backed by big fines, are bad for business and innovation. Established companies and start-ups may avoid launching new products if compliance costs outweigh the unknown benefit. Other companies will just get it wrong. The implementation of GDPR illustrates the point. This can't be a winning strategy for Europe.

The writer is Twitter UK's former lead counsel and works for law firm Bredin Prat

Britain has an obligation to challenge its colonial laws

Paddy Ashdown

Increasingly, one of the most effective tools in the armoury of authoritarian regimes and the enemies of democracy are colonial-era laws. You only need to look at Singapore's efforts to clamp down on gay rights, or Pakistan's blasphemy laws that now carry the death penalty. Both are little more than cut and paste jobs from British and Dutch colonial rule.

Nowhere is this more clearly seen than in Hong Kong, where democrats and activists are facing a crackdown based on an assortment of outdated colonial legislation.

This week Edward Leung, one of Hong Kong's most talented young activists, was sentenced to six years in jail for "rioting" for his involvement in the Mong Kok protests of February 2016. This was more than a Hong Kong police officer received for raping a woman in a hotel room. Aged 27, Mr Leung neither has a prior criminal record, nor did he in any way join those who threw stones. Yet the British-designed Public Order Ordinance allowed the Hong Kong government to lock-up and shut-up one of their most powerful opponents for six of the most formative years of his life.

His case is not isolated. Since the Occupy Central movement of 2014, which was one of the biggest peaceful mass movements for democracy this century, more than 100 protesters have faced prosecution based on the same old British law. One of the most controversial cases saw two former lawmakers sentenced to jail for supposedly committing "illegal assembly" inside the Legislative Council. Imagine the outcry if an MP in the UK was jailed for staging a protest inside parliament.

> The Public Order Ordinance is one of the UK's worst legacies in Hong Kong

The Public Order Ordinance is one of Britain's worst legacies in Hong Kong and has repeatedly been criticised by the UN for excessively curtailing freedom of expression. But it is not the only colonial era law that China is using to intimidate and silence the democracy movement. Benny Tai, the mild-mannered law professor who masterminded protests in 2014, is being charged with "public nuisance".

In a bid to maximise his sentence, they have stacked absurd charges on him: not only accusing him of public nuisance, but also "incitement to public nuisance" and "incitement to incite public nuisance". The punitive use of this outdated common law charge from the British colonial era does not reflect well on the Hong Kong government, which claims to be signed up to UN human rights standards. And it does not reflect well on the British government, which is largely silent about this.

I am not claiming that all of the figures who have been prosecuted are innocent, but the sentencing is disproportionate. It is possible that Mr Leung may have been guilty of a lesser crime. But he did not deserve such punitive sentencing. Sir Geoffrey Nice, who led the prosecution of Slobodan Milosevic at the international tribunal for the former Yugoslavia in The Hague, has commented that "sentencing politically troublesome young men to achieve collateral objective rarely works and often backfires — in the end".

When I talk with young activists from Hong Kong, they are increasingly demoralised. They have taken to the streets to call for their democratic rights but have been met with repression; repression facilitated by colonial laws and by the near silence of Britain. We must recognise our responsibility. The last British governor of Hong Kong, Lord Patten, attempted to reform the Public Order Ordinance in the 1990s because "the vague definitions in the legislation are open to abuse and do not conform with United Nations human rights standards".

The UK is obliged to promote human rights in Hong Kong. Given that laws written by the UK are facilitating the repression of young democrats, we should be advocating change. Instead we are quiescent. With the spread of tyranny and our history, it is unwise and shameful.

The writer is a former British diplomat and former leader of the Liberal Democrats

Lex.

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AT&T/Time Warner: first mover disadvantage

The trial that will reshape US media and entertainment for decades was overseen by a decidedly old-school judge. Richard Leon, the arbiter of the Department of Justice's attempt to block AT&T's acquisition of Time Warner, did not allow phones in his courtroom. As he read the decision at 4pm in Washington on Tuesday, there were no tweets or news flashes to fire the starting gun on an expected wave of vertical deals.

Judge Leon's jurisprudence is equally classical. He allowed the takeover to go forward free of remedies or conditions. The justice department had argued that a vertical merger would harm consumers. AT&T's vast distribution capability — which includes mobile phone services, as well as fibre and satellite television — would hold too much sway combined with Time Warner's HBO shows and the Turner networks' sports and news.

AT&T's unequivocal victory vindicates beleaguered boss Randall Stephenson, adding lustre to a checkered dealmaking record. For his part, Jeff Bewkes, the Time Warner chief executive, will get a golden parachute. His shareholders can justifiably ask whether kicking off media merger mania nearly two years ago has worked out well for them.

Judge Leon noted in his opinion that the "video programming and distribution industry has continued to evolve at breakneck pace". For evidence, look no further than AT&T. Its shares have fallen 15 per cent in the past two years as it bleeds mobile and TV subscribers.

That is problematic for Time Warner shareholders. Initially, 50 per cent of their consideration was to come in the form of AT&T shares. The price slide has been so sharp, that a "collar" guaranteeing a minimum price to Time Warner shareholders has been activated. Even then, the price per share they are receiving is 6 per cent lower.

At the same time, rivals of AT&T such as Walt Disney, Comcast, Verizon and Charter have become ready to pay top dollar to keep up with Netflix and Amazon. Time Warner has done them all a favour by going first. It has established the legal precedent that paves the wave for consolidation now largely unencumbered by regulatory constraints. In a courtroom insulated from online chatter just after 4pm, the Time Warner team had the peace to contemplate all this.

Cheung Kong/APA: Victor Echo Papa

Victor Li may yet prove as shrewd as his father Li Ka-shing, who stepped down from his business empire last month. A group led by Mr Li's Cheung Kong Infrastructure business has bid A$13bn ($9.8bn) for the shares of Australia's biggest gas-pipeline group APA. The premium is steep. Regulatory approvals will be tricky.

But there is plenty of upside. The deal's attraction lies in potential cost savings with CKI's other Australian assets. Moreover, four-fifths of revenue is derived from renting out pipeline capacity. Contracts linked to gas throughput can be less stable, as volumes vary. Customers may pay for capacity as a safety back-up even as they use less gas. The average remaining life of contracts is 13.5 years, which adds additional comfort.

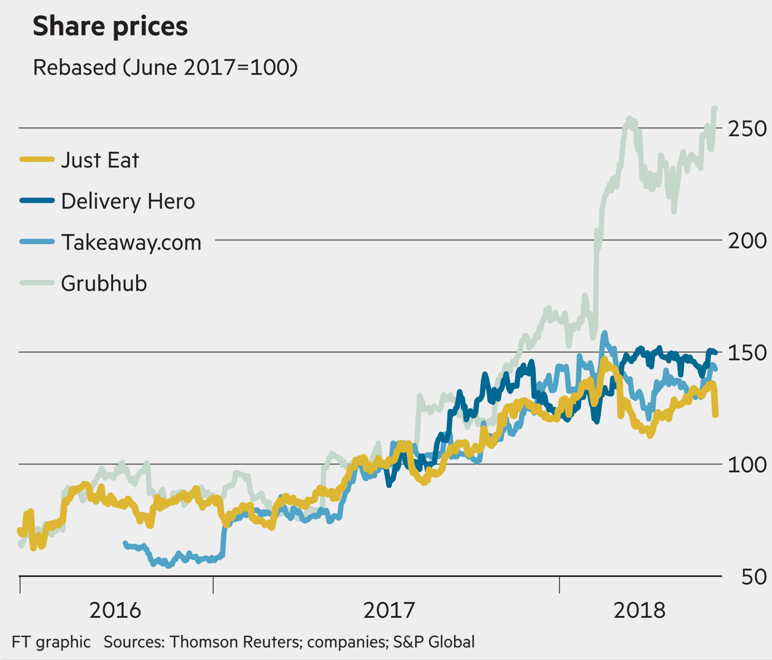
Much can upset the gas business over such a period, though. Renewables have gained market share quickly in the south thanks to subsidies. Gas demand was already falling there. Better liquefied natural gas capabilities will link the domestic market with the wider region, which Wood Mackenzie expects to raise prices. Gas currently trades at a local discount of as much as a third. New national gas rules could put pressure on APA's cash flows.

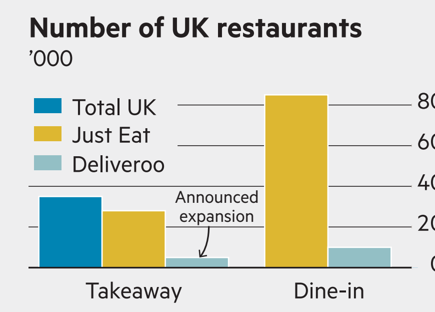
The transaction will test recently tightened foreign investment rules. The APA deal would hand Cheung Kong the largest chunk of gas pipelines in crucial regions. CKI already owns electricity and gas assets in Australia. The state blocked its purchase of Ausgrid in 2016, but approved the buyout of Duet Group. CKI has already proposed selling Western Australia assets to forestall competition worries.

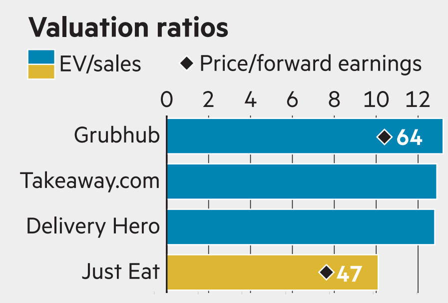
The bid represents an enterprise value multiple of 13.8 times forward ebitda, a premium of a third to the average for global peers, says Credit Suisse. Under the elder Mr Li, Cheung Kong paid similar premia for acquisitions. There is a good chance Victor Li's first signature deal will work out too, provided regulators are accommodating.

Just Eat: fair copy

Shares in the takeaway ordering group dipped yesterday in response to Deliveroo's announcement that it would make a greater effort to grab market share. Despite almost complete dominance of UK online takeaway ordering, Just Eat trades at a discount to international peers on both a sales and earnings basis.







FT graphic Sources: Thomson Reuters; companies; S&P Global

The World Cup often inspires memorable football ads. Few are as bizarre as Just Eat's latest. It shows fans licking the face of footballing legend John Barnes.

Investors in the UK online meal-ordering service now have something else to turn their stomachs. Yesterday, rival Deliveroo said it planned to expand the number of restaurants it serves by 50 per cent. Shares in Just Eat dropped 6 per cent.

The response reflects jitters about intensifying competition. Differences between the business models used by Just Eat and Deliveroo are eroding. In March, Just Eat announced plans to invade Deliveroo's turf by delivering some meals itself. Now Deliveroo is aping Just Eat. Restaurants no longer have to use its couriers.

It is no surprise competitors want a slice of Just Eat's business. It has grown operating profit margins of 22 per cent. Before yesterday's fall, Just Eat shares traded at 47 times next year's earnings.

Deliveroo, brainchild of the ebullient Will Shu, has a strong brand, tech and logistics and says that it is now profitable in the UK. Its market share has risen to as much as 20 per cent. Even so, it is unlikely to pose a serious threat to Just Eat. This is a market where the winner takes most, if not all.

Pioneering online platforms can garner powerful network benefits. The appeal of their service depends on the number of customers and suppliers. In the property market, for example, the dominant portal, Rightmove, has strengthened its operating profit margins — up to a whopping 73 per cent last year — despite fierce competition. Just as property buyers prefer websites that show the most houses, diners prefer takeaway apps that cover the most restaurants.

That said, the UK takeaway market is expanding, so Deliveroo can too. It typically delivers meals from posher restaurants. Overlap should be limited with Just Eat, which services mass-market eateries. It is unlikely to take much trade away from its larger rival, whose clients typically rely heavily on it for orders. Deliveroo's brand is less familiar to most Britons.

Just Eat's provocative World Cup ad will only widen that gap.

Buyout covenants: lite entertainment

In the increasingly crowded area of distressed debt research, one firm has tried to stand out. Its hook: branding private equity machinations with clever phrases. Covenant Review last year came up with the "J Crew trapdoor", honouring the dogged efforts of TPG and Leonard Green Partners to reduce creditor security at the fashion chain.

The Covenant Review's latest *bon mot*? "The Chewy Phantom Guarantee".

The target this time is BC Partners, which owns pet supplies retailer PetSmart and is, allegedly, using its Chewy.com online subsidiary to seize what little value remains at PetSmart from bond and loan holders.

The need for such satire is, alas, only going to increase. Default rates remain mild. Investors are desperate enough for yield that they are not insisting on meaningful covenants to protect their investments from private equity wheezes.

In the instance of PetSmart, BC Partners has shifted 36.5 per cent of the equity in Chewy.com to affiliates where senior creditors could not access it should the company need to be liquidated. The stake amounts to $6bn and PetSmart has $8bn in debt.

Strictly-written covenants could prevent such manoeuvres. Creditors rely only on contractual terms, rather than fiduciary duties of the board, to protect their interests.

According to a report this week from Moody's, its quality index for covenant packages from private equity buyouts reached an all-time low in May. The rating agency also noted that high-yield bond pricing was tight. So debt buyers are not even being compensated for the excess risk they assume.

The legality of "trapdoors" and "phantom guarantees" is determined by tense negotiations or a judge. But the key market shift is that private equity firms, once worried about the stigma of being litigious, are comfortable with protracted stand-offs. Even if it leads to some silly coinages from a research firm.

WPP: haywire

WPP started out making wire, a product that creates a tangle when it parts under pressure. Martin Sorrell has had the same effect. His departure has left the group in a mess. Chairman Roberto Quarta did nothing to rescue the situation by stonewalling his way through the annual meeting. Doubts will deepen over governance.

Sir Martin stepped down in April following unspecified allegations of impropriety. This week he denied paying for a sex worker with company money. About one-third of votes cast yesterday failed to back the pay report, and thereby his £19m pay-off. He will get the money anyway.

True, WPP has to pay up, unless gross misconduct can be proved. Its silence is more troubling. WPP and Sir Martin may have agreed to keep matters confidential. But both sides could surely waive any agreement and explain what happened.

Mr Quarta said that data laws had prevented WPP from saying more. If the group felt it was necessary for "reasons of substantial public interest" WPP could release details to the press.

Public interest in Sir Martin's departure could hardly be greater. Prurience aside, it raises questions over the ease with which the board of a business can weave a form of omerta.

British business is once again left looking shifty. MPs can keep the *cause célèbre* rolling, should they wish. The spectacle of bosses writhing under the ire of a select committee is becoming hackneyed through repetition.

Equivocation at the AGM makes no difference to a share price depressed by the rise of digital media. To revive it, the company needs to be more forthcoming about its strategy at an update in July. Unbundling the group held together by Sir Martin is one promising option.

Schroders' investors, meanwhile, should ask why it is backing Sir Martin's stock market comeback. Quoted fund managers should sit on their hands until satisfied about questions concerning his conduct as a manager.

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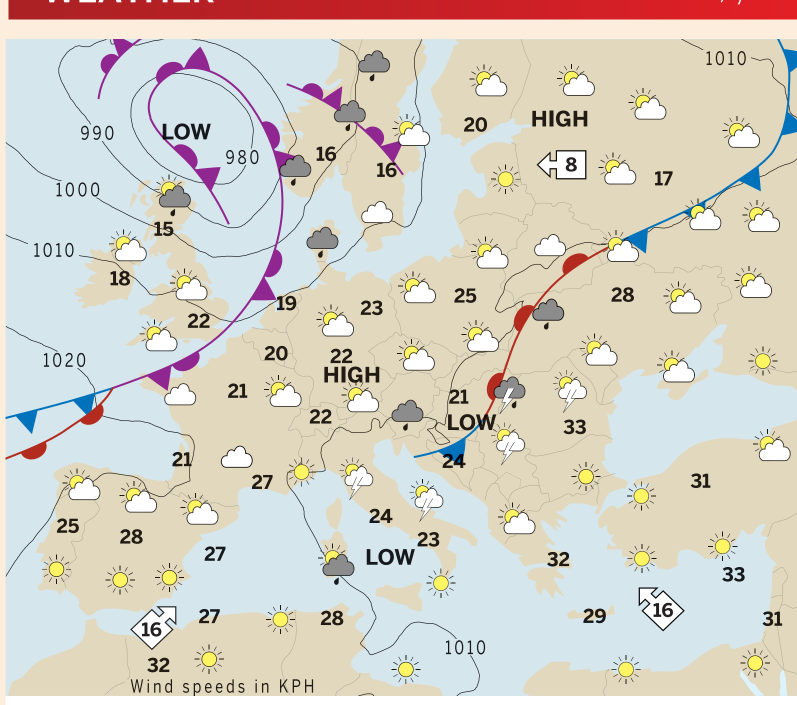
WEATHER



Forecasts by MeteoGroup   Warm front   Cold front   Occluded front   Wind speed in KPH

Today's temperatures Maximum for day °C

Amsterdam	Rain	19	Malta	Sun	26
Ankara	Sun	31	Manila	Thunder	31
Athens	Sun	32	Miami	Thunder	30
Bahrain	Sun	39	Milan	Sun	28
Barcelona	Sun	25	Montreal	Rain	19
Beijing	Fair	30	Moscow	Cloudy	17
Belfast	Cloudy	17	Mumbai	Fair	33
Belgrade	Thunder	23	Munich	Fair	20
Berlin	Sun	23	Naples	Thunder	23
Brussels	Rain	20	New York	Sun	29
Budapest	Rain	21	Nice	Sun	25
Cairo	Sun	38	Nicosia	Sun	33
Cardiff	Cloudy	18	Oslo	Rain	16
Chicago	Fair	27	Paris	Cloudy	21
Cologne	Fair	22	Prague	Fair	19
Copenhagen	Cloudy	21	Reykjavik	Cloudy	12
Delhi	Windy	41	Riga	Fair	23
Doha	Sun	43	Rio	Rain	22
Dubai	Sun	39	Rome	Thunder	24
Dublin	Shower	18	San Francisco	Fair	19
Edinburgh	Rain	16	Singapore	Fair	32
Frankfurt	Fair	23	Stockholm	Cloudy	21
Geneva	Sun	22	Strasbourg	Fair	23
Hamburg	Cloudy	22	Sydney	Sun	20
Helsinki	Sun	20	Tokyo	Cloudy	22
Hong Kong	Fair	29	Toronto	Sun	25
Istanbul	Sun	28	Vancouver	Cloudy	18
Lisbon	Sun	25	Vienna	Rain	20
London	Fair	22	Warsaw	Fair	25
Los Angeles	Sun	25	Washington	Sun	29
Luxembourg	Fair	20	Zagreb	Rain	19
Madrid	Sun	28	Zurich	Fair	22

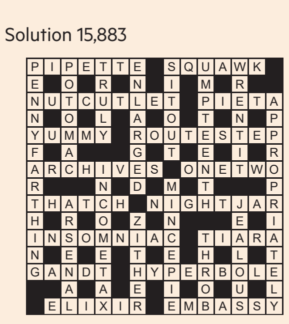
CROSSWORD
No. 15,884 Set by ALBERICH

JOTTER PAD

ACROSS
- **1** Musician from Queen surrounded by supporters (6)
- **4** Insult outside club maybe leads to scraps (8)
- **9** Mum is regressing fast (6)
- **10** They drift in the ocean, not going back on board (8)
- **12** Retreat from scene, staggering somewhat (4)
- **13** Bowler hat shunned by scruffy English parent (3,7)
- **15** Brave, like pugilist outwardly? (5-7)
- **18** To get the best hand towels, he has to wander around Tunisia's capital (5,3,4)
- **21** Support playwright nursing one relation (10)
- **22** New online community member returns gift (4)
- **24** Aim to stop case of Rhine wine getting delivered (8)
- **25** Pilot's shot – using this? (6)
- **26** Campaigner has inclination to grab 'Arry's interest (8)
- **27** The woman's turned attention to judge again (6)

DOWN
- **1** Doctor Seuss book about hot affair (8)
- **2** Reference is a deception – not the first one (8)
- **3** Mark bandages leg for brother (4)
- **5** One with desire to eat large helping, for example (12)
- **6** Am I not able to celebrate rising support? (10)
- **7** Evaluation is harsh, first off (6)
- **8** Soldier primarily positioned in front of gate? (6)
- **11** Sponsor has complaint about new performer (12)
- **14** Writing articles still for *The Listener* (10)
- **16** In the right over lost exotic bird (8)
- **17** Conman from Cornwall perhaps less active around November (8)
- **19** Paris shuffled last off mortal coil (6)
- **20** Toff's after top of range? Hang about! (6)
- **23** Capital punishment (4)

Solution 15,883



Companies & Markets

FINANCIAL TIMES

Courtroom drama AT&T verdict opens way to series of media deals — ANALYSIS, PAGE 15

London falling French rise in FDI table is a Brexit warning to the UK — INSIDE BUSINESS, PAGE 14

Adyen value doubles on stellar debut

• Fintech worth €13bn after Amsterdam IPO • Enthusiasm for payments middleman

ALIYA RAM — LONDON

Dutch payments company Adyen has eclipsed established European financial groups including Commerzbank and Mediobanca in value after its shares more than doubled on their debut.

Investors stormed into yesterday's initial public offering on Amsterdam's Euronext exchange in a sign of growing enthusiasm for the fintech groups that are revamping creaking payments systems and taking customers from established players such as PayPal.

Adyen's shares — priced at €240, the top of a range set last week — rose as high as €503 in morning trading and closed at €462.95 — a rise of 93 per cent, giving a valuation of more than €13bn.

Adyen won a contract with eBay this year, ending a 15-year partnership between the ecommerce marketplace and its former unit, PayPal. Its Amsterdam IPO comes less than a month after PayPal swooped to buy Swedish payments start-up iZettle just before it was set to list in Stockholm.

The Dutch fintech, founded 12 years ago, acts as a middleman between merchants and payment companies, negotiating deals with the likes of Visa and Mastercard in the US and UK, Cartes Bancaires in France, Oxxo in Mexico and Alipay and UnionPay in China.

The company is a favourite with Silicon Valley businesses such as Uber and Airbnb, and has grown rapidly as companies seek an easier way to facilitate payment by customers who have signed up to disparate payment providers.

"For retailers and merchants, payments have been too complex and Adyen has come in and extracted a lot of that complexity," said Brendan Miller, analyst at Forrester. "Banks have to be technology companies . . . start-ups are not dependent on 20 or 30-year-old legacy technology that banks and payment processors born out of banks [have]."

Adyen reported a 53 per cent increase in revenues last year to €1bn, with earnings before interest, tax, depreciation and amortisation of €99.4m.

> 'Payments have been too complex and Adyen has come in and extracted a lot of that complexity'

The company's flotation is the latest in a line of European tech listings this year, including Czech cyber security group Avast last month and Swedish streaming service Spotify in April. It comes ahead of expected flotations by London-based Farfetch and Funding Circle this year.

Adyen raised €947m as existing investors, including London-based Index Ventures and General Atlantic, sold 13.4 per cent of its shares, including an overallotment option. The company will net nothing from the listing, with the proceeds going to its investors.

China concerns Tourism deficit leaves current account vulnerable to trade shock

A moderate shock — perhaps caused by mounting trade frictions — could send China's current account into deficit this year for the first time since 1993, according to Ding Shuang, chief economist for Greater China and North Asia at Standard Chartered.

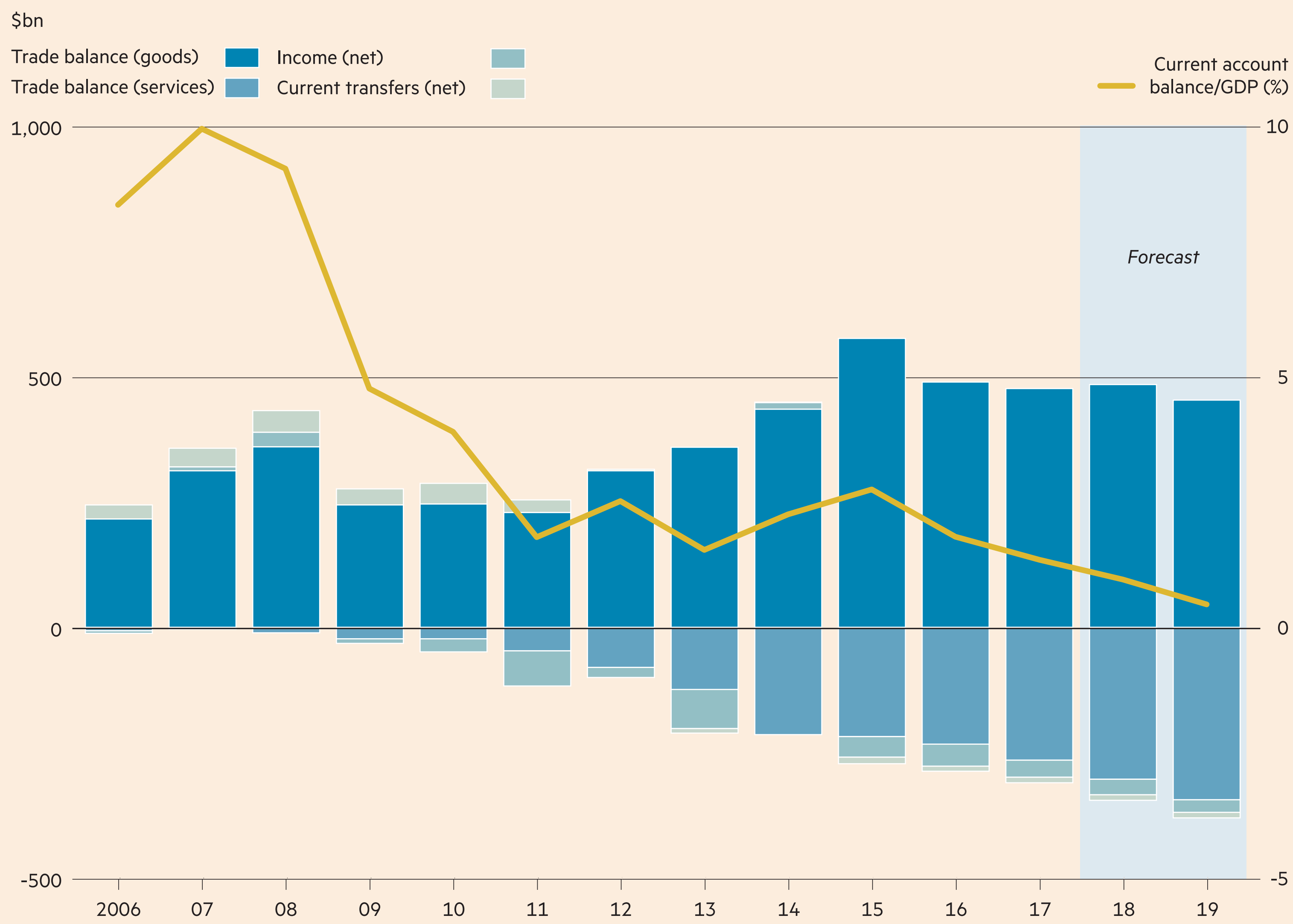
As the current account balance moves closer to zero, more movement in the value of the renminbi against the US dollar is possible, Mr Ding said. A weakening renminbi has in the past fuelled outflows of capital from China and hit domestic equity and bond markets.

StanChart forecasts a narrowing surplus in the current account, which measures trade and services flows, to 1 per cent of GDP this year and 0.5 per cent in 2019, down from 1.3 per cent in 2017.

"As China's trade surplus continues to narrow while the services trade deficit rises, we think a moderate shock, against the backdrop of intensifying trade frictions, could push China's current account into deficit," Mr Ding said.

The main reason for China's dwindling surplus is a widening tourism deficit, caused by the flood of travellers abroad and fewer arrivals to China. Trade friction with Washington has obliged Beijing to say it is willing to increase imports from the US as part of talks to reduce the $375bn trade imbalance between the two.

A big swing would have a material effect on China's current account, which had a surplus of $165bn last year but is forecast by StanChart to reach just $139bn this year. *James Kynge*



FT graphic Source: Standard Chartered Research

Smart Money

Miles Johnson

A young Paul Tudor Jones once claimed in a documentary that a pair of tennis shoes he bought at auction that once belonged to Bruce Willis helped him stay lucky in the markets.

The documentary was made a year before the 1987 stock market crash, the star's old shoes ("The man's a stud," Mr Jones beamed at the time) appeared to do the trick as the trader correctly bet on a huge sell-off — "It will be earth-shaking; it will be sabre-rattling" — and made a fortune.

More than three decades on, Mr Jones has moved on from celebrating the magical trading properties of Willis's used footwear in favour of promoting a new social impact investing exchange traded fund that he claimed this week might one day "rival the S&P and the Nasdaq".

The Just Capital US Large Cap Diversified Index, launched alongside Goldman Sachs Asset Management, includes only companies that score well on environmental, social and governance (ESG) metrics, according to data in part gathered by an annual survey of the US public.

> Jones has moved on from the magical trading properties of Bruce Willis's used footwear

The idea is that a company's stock price will, in some way or another, over time correlate with the way it treats its employees, and how it protects people's data and tackles pollution, among other issues related to corporate responsibility.

Mr Jones's initiative may be well intentioned but there still exists little evidence to support its overarching premise. Over time, the stock market has proven to be largely amoral and so-called "sin stocks" have tended to outperform the wider market rather than underperform.

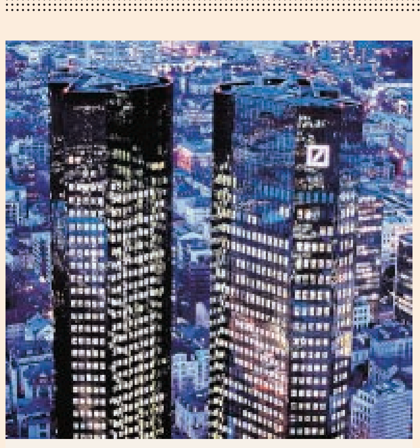
Research conducted by Elroy Dimson, Paul Marsh and Mike Staunton found that tobacco and alcohol stocks have led returns in the US and UK stock markets since 1900. The tests used for the Just Capital index go back all of two years.

And while Just Capital's use of surveys of the public and a large number of data points may make the fund more nuanced than some other ESG vehicles, its methodology may be overlooking an uncomfortable truth: many companies hated by the general public tend to perform very strongly in the stock market.

Over the past decade, airlines, telecoms companies and social networks have frequently ranked among the "most hated companies in America". However, they are, in many ways, disliked by the public for precisely the reasons that have made them profitable and their share prices rise.

The irony is that genuine oversight of corporate behaviour is most likely undermined by precisely the sort of passive, pseudo-governance encouraged by funds such as Mr Jones's.

miles.johnson@ft.com



Bearish banks defy buoyant economic data

The Nasdaq is at record highs and the Fed is poised to raise rates again, but, beneath the bright data, strains are showing on some critical banks. Of the 39 'Sifis', 16 are down more than 20 per cent from recent peaks, meeting the standard definition of a bear market.

Analysis ▸ PAGE 16

Almost a third of WPP investors oppose pay report at first AGM since Sorrell exit

MATTHEW GARRAHAN AND MADISON MARRIAGE — LONDON

WPP shareholders delivered a severe reprimand to the advertising group's board when close to 30 per cent voted against its pay report at a lively annual meeting noticeable for the absence of founder Martin Sorrell.

It was the first WPP AGM without Sir Martin in 33 years after his April resignation as chief executive. Since then, questions about the circumstances surrounding his exit have dogged WPP, culminating in a Financial Times investigation this week that revealed claims of bullying and a blurring of lines between personal and work expenditure.

Roberto Quarta, WPP's chairman, told shareholders at the AGM that the FT report had "raised some additional issues . . . about Martin's behaviour towards employees".

"Everyone at WPP should feel able to raise concerns and to have them listened to and acted upon as appropriate," he added. "The board takes this matter very seriously and has asked the new management team to review how our policies are put into practice."

The advisory firm Glass Lewis recommended that shareholders vote against the pay report because of the lack of disclosure around Sir Martin's exit. "Given the lack of confirmed information about the reasons for the former CEO's departure, we do not believe we can assess whether his termination package is appropriate," Pauline Lecoursonnois of Hermes EOS told the AGM.

Sir Martin has established a new venture, S4 Capital, but Mr Quarta noted that the ex-chief had said that he had no intention of competing with WPP.

There was a protest vote against Mr Quarta's re-election as chairman, with 16.6 per cent opposing his reappointment, including abstentions. There was a bigger rebuke for the pay report, with 29.5 shareholders voting against it, including abstentions.

Some shareholders expressed concern about excessive pay and Sir Martin's 2015 remuneration, when he earned £70m. One investor called the deal "obscene".

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Companies / Sectors / People

Technology

Ride-hailer Grab given $1bn lift by Toyota

Investment deal hailed as new fundraising round values start-up at $10bn

ALICE WOODHOUSE AND LOUISE LUCAS
HONG KONG
KANA INAGAKI — TOKYO

Grab has raised $1bn from Toyota in a new round of fundraising that values the ride-hailing company at $10bn following its recent acquisition of Uber's south-east Asian business.

The latest deal is the biggest investment by Toyota in the ride-hailing sector, as traditional carmakers partner with technology groups to explore ways of making money in the self-driving era.

Grab raised $2bn last year from Chinese ride-hailing company Didi Chuxing and SoftBank. It has raised $5bn to date with the latest investment from Toyota, which is already an investor in the south-east Asian start-up.

Grab has been working with Japan's largest carmaker on connected car services since August 2017, providing, for example, car insurance for Grab's rental fleet based on driving data collected by a Toyota device.

Under the latest investment deal, Toyota said it would appoint one executive to Grab's board and that a dedicated Toyota team member would be seconded to the car-hailing company as an executive officer.

"This strong partnership will enable us to become the one-stop mobility platform in south-east Asia," Anthony Tan, co-founder and chief executive of Grab, said in a statement yesterday.

A number of car companies have taken stakes in ride-hailing groups in recent years as they attempt to offer transportation services in addition to manufacturing and delivering vehicles to address declining car ownership.

South Korea's Hyundai Motor and Japan's Honda Motor have also invested in Grab. General Motors has invested in Lyft while Toyota also has a stake in Uber through an investment fund backed by the Japanese carmaker.

In March, Uber agreed to fold its business in south-east Asia into Grab in exchange for a 27.5 per cent in the enlarged business — roughly matching its estimated market share in the region.

Singapore-based Grab was founded in 2012 and has expanded across the region, operating in eight countries. Alongside car-booking, it has launched a mobile payments platform, GrabPay, designed for markets with under-developed banking, and GrabFood to replace Uber's food delivery service.

'This strong partnership will enable us to become the one-stop mobility platform in south-east Asia'

The potential for businesses in ride-hailing and autonomous driving is huge, with $3tn in revenue to be generated by 2050, according to a study by Intel and research group Strategy Analytics.

In January, Toyota unveiled a driverless vehicle concept involving partners such as Amazon, Uber and Pizza Hut, signalling its electric vehicles could be used to deliver packages and pizzas to consumers who may not own cars.

"We believe we can significantly expand the potential of our automotive business by extending from manufacturing and selling vehicles to providing the platform for vehicle use," said Shigeki Tomoyama, Toyota's executive vice-president in charge of the connected vehicles strategy, in a recent interview.

Additional reporting by Stefania Palma in Singapore

Financial services. Restructuring test

Swift turn of fortunes pushes Abraaj to edge

Dubai fund teeters on brink of provisional liquidation after months of value destruction

SIMEON KERR — DUBAI
JAVIER ESPINOZA — LONDON

Last December, Abraaj's asset management arm was valued at about $800m in a share sale. Today, with founder Arif Naqvi fighting to salvage his reputation after allegations of mishandling investor money, the best offer on the table is $125m.

The scale and speed of the value destruction is impressive. Liquidity issues, aggravated by an 18-month delay in the sale of a Pakistani utility, have snowballed into a solvency crisis.

Detractors accuse Mr Naqvi of hubris, deferring cost cuts until it was too late, and then failing to calm the rising storm.

While the 57-year-old admits to mistakes, he says he is determined to seal a restructuring deal to save jobs and pay back debts at the firm he founded in Dubai 15 years ago.

'I am working day and night to make sure that no one loses money'
Arif Naqvi, Abraaj founder

Leading light: Abraaj was once the foremost homegrown success in Dubai's financial services sector
Kertuee/Dreamstime

"I am working day and night to make sure that no one loses money, and everyone gets back what they are entitled to," Mr Naqvi told the Financial Times. "I don't care about self-interest — my intention is to make sure everyone else gets their money returned."

The decline has humbled a man who used to hold court at the World Economic Forum in Davos, evangelising about making money and doing good deeds. A generous philanthropist, Mr Naqvi has donated to his alma mater, the London School of Economics. Abraaj, meanwhile, became a leading patron of Middle Eastern art, funding a prize and glitzy fair.

Once the leading homegrown success in Dubai's financial services sector, Abraaj was famed for its lavish parties, from a private Tina Turner concert in Dubai to cricket retreats at Mr Naqvi's Oxfordshire estate.

The reversal in fortunes started last autumn when four investors in a $1bn healthcare fund, including the Bill & Melinda Gates Foundation, became concerned that Abraaj had mishandled their deposits. Abraaj hired its long-standing auditor KPMG to assess the aggrieved investors' claims that their money had been misused. It exonerated the company, saying procedures had been followed, but this audit deepened the investors' concerns because of a perceived conflict of interest.

"Whatever the legal loopholes, as soon as we told industry folk the money had been taken, and returned, they freaked," said one former Abraaj executive. "You just don't do that."

When the dispute broke, a managing partner addressed staff to assure them that no money was missing and the firm was "under attack by the media". Mollified at the time, some executives now feel betrayed.

Deloitte, appointed by Abraaj in February to audit two funds and reform governance, has since confirmed commingling in the healthcare fund and its fourth buyout fund, where the company still owes $95m. The audit firm last week told creditors that liquidity problems led to the commingling, blaming senior management for a weak control framework in which the group and all its funds shared the same bank signatories and one finance function. It found no evidence of embezzlement, however.

The cash crunch emerged after Abraaj's 2012 acquisition of Aureos Capital launched the Middle Eastern investor onto the global stage.

Travel costs took off — including the expense of a private jet until it was sold two years ago — as partners flew between 20 global offices. Management fees have for several years failed to cover costs by millions of dollars a year.

To placate investors, the company in February hived off the asset management business; Mr Naqvi passed day-to-day management to new co-chiefs.

But outsiders feared that Mr Naqvi, a domineering presence, would hold sway. As recriminations grew amid constant leaks, relations broke down between Mr Naqvi and some senior partners, who later resigned.

As problems mounted, selling the business was identified as the best route to safety. The first attempted sale to Guggenheim KBBO Partners foundered in March. Colony Capital then entered the fray. Its interest waned and Cerberus Capital Management closed in, but that deal is still pending. "I just wish Arif had managed to sell out early on to square off all those who did nothing wrong," said a former executive.

Cerberus has offered $125m for Abraaj's asset-management arm, a deal backed by Abraaj's main lenders as part of a $1bn debt restructuring. But the process has been destabilised by unsecured creditors filing for liquidation.

Abraaj plans to counter the winding up petitions by filing for provisional liquidation in the Cayman Islands, which provides protection against creditor action. "A court-driven process could well be best for most parties," said an adviser to banks involved in the process.

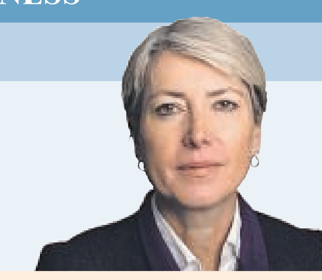
Staffing levels have dropped from a peak of 325 to around 200, many of whom are actively job hunting, according to employees. Suppliers and consultants are worried about unpaid invoices.

"He is a good man who meant well, but he was misguided and took a shortcut to get through the financial problems," said an adviser to Abraaj. Others are less forgiving. "Problems are systematic," said a former employee.

Abraaj's troubles have spilled beyond the firm, cementing stereotypes about dubious financial management in the Middle East. "This is generally unfortunate for the region, where people are already concerned about the rule of law," said one buyout executive.

A boutique firm executive said: "This is impacting us all. Our investors are turning against us and raising new funds is a nightmare."

INSIDE BUSINESS
EUROPE



Sarah Gordon

London must cling on to its slice of the pie as investors flock to Paris

Last Thursday I was sitting in possibly the most beautiful house in London listening to one of President Emmanuel Macron's ministers extolling the virtues of another city.

Justice minister Nicole Belloubet was at the ambassador's residence in Kensington Palace Gardens to talk to journalists about the reforms, judicial and otherwise that the Macron government is pursuing, in part to lift the appeal of France and Paris to foreign investors.

Examples she mentioned included the introduction of a new international chamber at the Court of Appeal in Paris, where all judges will speak English and witnesses can be heard in English (although Ms Belloubet hoped that most proceedings would be held in French).

Ms Belloubet is one of Mr Macron's "expert" ministers, rather than a career politician, but she spoke with a politician's fervour about what is happening in France today. She was one of many ministers who has passed through London since the referendum on the UK's membership of the EU. Like the rest, she was keen to emphasise not just the changes in France, but how these raised the relative appeal of Paris compared to London after Brexit.

The efforts of Ms Belloubet, and her president — who is known for personally ringing French technology entrepreneurs in Silicon Valley to try to woo them back home — are clearly paying off. When EY asked 450 global investors "where is the most attractive place to invest in the future?", they rated Germany first, but France overtook the UK to come second. For the first time since EY started its survey of investor sentiment in 2004, Paris was ranked over London as Europe's most attractive city in which to invest.

Meanwhile, although the number of foreign direct investment projects into the UK grew compared with 2016, its share of European FDI fell for the second year running — from 21 per cent in 2015 to 18 per cent in 2017. In addition, the number of new headquarters being located in the UK, a big FDI performance indicator, was also down a quarter.

The data on London make particularly interesting reading for British politicians eager to deafen the siren song from across the Channel. The UK's capital attracted more FDI projects in 2017 than most European countries, barring Germany and France, and their number rose (if slightly) last year from 446 to 459. The reason behind this increase, though, should give pause for thought. Across the UK, and in London, there was a fall in financial and business services investments, but there was a spike in digital sector projects in the capital, up more than a third year-on-year.

London must make sure its slice of the pie does not shrink further

Since digital FDI also created 37,000 jobs in Europe last year, this suggests policymakers should heed the warnings from London's technology sector that it faces problems hiring the skilled workers it needs. If not, companies such as Facebook will start to look overseas, as increasing numbers of UK-based companies, particularly its banks, are doing.

Cross-border UK investments surged more than a third last year, and France is proving to be of increasing appeal. The number of UK FDI projects in the country rose nearly a half in 2017, driven mainly by financial services investment. Across the region, financial services FDI projects by UK companies nearly doubled, with 54 in 2017, compared with 28 in the previous year.

The reasons are obvious. Faced with the possible loss of "passporting" rights into the EU, financial services companies are using their UK businesses to implement strategic plans ahead of Brexit, including moving people and operations to the continent.

Given the choice, bankers relocating from London might well prefer Paris to Frankfurt. And many may prefer Paris to London in future. One of the most worrying discoveries by EY was how much the UK's image has deteriorated over the past year — with investors' perceptions of its social stability, quality of life and diversity all suffering.

But it is not all French *joie* and British gloom. European economies are mostly doing better than they have since the financial crisis, and investors are responding in kind. In 2016, just a third expected Europe to become more appealing over the next year, but half did so in 2017.

It is not, therefore, a zero-sum game. The appeal of Europe to investors is growing, so there will be — in theory at least — a larger pie for all to share. London must make sure its slice of that pie does not shrink further.

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Financials

ING returns to insurance with Axa tie-up

MARTIN ARNOLD AND OLIVER RALPH
LONDON

ING is teaming up with France's Axa to develop a new type of digital insurance that will rebuild the Dutch bank's insurance activities two years after it was forced to sell out of the sector.

The partnership between two of Europe's largest financial groups, is designed to provide a new form of digital insurance to 13m of the Dutch bank's customers in six countries.

The deal comes two years after ING sold the last chunk of its stake in NN Group, the biggest insurer in the Netherlands. The Dutch bank was forced to dismantle its bancassurance strategy by disposing of NN to comply with EU state aid rules after being bailed out by its government in the 2008 financial crisis.

"We are not going back into the insurance business as an owner," Ralph Hamers, chief executive of ING, told the Financial Times. "We have never left the insurance business as a vehicle to distribute it." The bank still sells NN products to its Dutch and Belgian customers.

ING will offer the "stripped down" digital versions of Axa's property and casualty insurance products to customers of its online bank in Germany, Australia, France, Italy, the Czech Republic and Austria.

Thomas Buberl, chief executive of Axa, said the deal was "different to what Axa has done in the past".

Rather than a traditional bancassurance partnership in which insurance products are sold face to face or over the phone, the deal with ING would mean that insurance products were fully integrated into the bank's systems and digital processes, Mr Buberl said.

That, he said, would allow Axa to break insurance products down into their constituent parts and sell only those components that a customer needs, rather than selling broader policies that have a wide range of elements.

"It is a very modular and decomposed offering," said Mr Buberl. "We disaggregate the products and link them to the customer journey of ING.

"Traditional insurance products have many different coverage elements and they do not fly on digital platforms."

Mr Hamers said the tie-up would allow the companies to assess whether customers had over-insured by covering the same risks via different policies. "You can look at elements that are missing or take elements out," he said.

Automobiles

VW fined €1bn over role in diesel scandal

PATRICK MCGEE — FRANKFURT

Volkswagen has been fined €1bn by prosecutors in Braunschweig, near its Wolfsburg headquarters, for its criminal role in the diesel scandal, according to a statement released yesterday.

Prosecutors had investigated whether the carmaker's top executives neglected duties and gained an economic advantage by installing cheating software that understated emissions in lab tests.

The probe determined that "monitoring duties had been breached in the Powertrain Development department in the context of vehicle tests".

Prosecutors said 10.7m vehicles were equipped with impermissible software from mid-2007 to 2015.

"Volkswagen AG accepted the fine, and it will not lodge an appeal against it," the carmaker said. "Volkswagen AG, by doing so, admits its responsibility for the diesel crisis and considers this a further major step towards the latter being overcome."

Prosecutors could not be reached for immediate comment.

The €1bn fine is the largest penalty seen in Europe so far, though it pales in comparison to the more than $25bn Volkswagen has paid for damages in North America, including a $2.8bn criminal fine. The penalty comprises the maximum €5m fine plus €995m for "disgorgement of economic benefits".

Arndt Ellinghorst, analyst at Evercore ISI, said the fine probably "brings all European criminal investigations to an end", though VW still faced civil claims and a shareholder lawsuit in Germany.

Volkswagen pleaded guilty in the US in early 2017 to equipping cars with software that cheated tests and emitted up to 40 times the permitted level of nitrogen oxide in the real world.

The scandal was exposed by US regulators in September 2015, causing the departure of its chief executive, Martin Winterkorn, who was charged by the US Department of Justice earlier this year on four counts for his alleged role in the decade-long conspiracy. VW formally pleaded guilty last year, admitting it had designed and installed the cheat software, then lied to regulators when asked about discrepancies.

Earlier this week Rupert Stadler, head of VW's luxury brand Audi, had his home raided by prosecutors in Munich, who are investigating 20 Audi employees on suspicion of being involved in the fraud and false advertising.

COMPANIES

Time Warner-AT&T ruling to buoy dealmaking

Sweeping consolidation in the US media industry is likely to accelerate after judge clears merger with no divestments

KADHIM SHUBBER — WASHINGTON
ERIC PLATT — NEW YORK

Almost 140 people crammed into Richard Leon's courtroom on Tuesday to hear his verdict on AT&T's $80bn takeover of Time Warner. Wearing black robes and a red-and-white striped bow-tie, the judge gave the deal his blessing and excoriated the government's evidence. As his audience of mostly lawyers and journalists rushed out with the news, media stocks shot up.

Judge Leon's decision capped a nearly two-year journey for the two companies, as well as six weeks in a Washington courthouse as the Department of Justice tried to show that the deal would harm competition. The government's loss will buoy the ambitions of dealmakers seeking to stitch large media businesses together.

Attention has already turned to Comcast, which was expected to unveil a formal bid for most of the entertainment assets of 21st Century Fox as early as yesterday. A bidding war between Comcast and its rival Walt Disney is likely to ensue for Fox.

"This decision will have wide-reaching ramifications across the telecommunications, media and tech industry for decades to come," said Daniel Ives, an analyst at GBH Insights.

The reshaping of the entertainment industry is likely to accelerate in the wake of Tuesday's ruling, which did not require any divestments from AT&T or Time Warner. The media sector is in the midst of sweeping consolidation, with the old guard — cable channel operators and TV distributors — racing to combine as new entrants such as Netflix and Amazon take market share.

> 'The DoJ will have a harder time making a credible threat that it can take a vertical merger to trial'

The decision might affect strategy at media groups and former stablemates CBS and Viacom, which this year held talks on remerging. Separately, it could coax a telecoms company such as Verizon or a cable distributor like Charter to bid for media assets. The entertainment industry has long been rife with dealmaking, with buyers trading Hollywood studios and other content producers seeking scale through acquisitions.

Judge Leon's 172-page opinion on the first big vertical merger litigation in decades detailed the government's failure to build a convincing case. He said the justice department had not provided adequate evidence that mergers between content providers and distributors harmed competition, a finding that will reassure the likes of Comcast.

"It's a blow to the government in pursuing any other media mergers of this kind," said George Hay, an antitrust professor at Cornell Law School, who said it would make the justice department less likely to challenge a Comcast takeover of Fox. "If they did, Comcast would know exactly what to do to win the case at trial."

The decision is a setback for Makan Delrahim, the justice department's antitrust chief, who has argued vociferously that the government should seek structural solutions to competition concerns, for example divestments or outright blocking of deals. He has dismissed behavioural solutions, such as the arbitration mechanism AT&T pledged to use to handle pricing disputes, as ineffective.

The higher-risk approach failed to pay off in the case of AT&T, said Amy Ray, an antitrust partner at Cadwalader. "The DoJ may have to rethink whether its stance to pursue structural remedies first or only is the appropriate strategy in future merger reviews," she said.

The government faced an uphill battle in the case as vertical mergers, which combine companies with distinct roles in the supply chain for the same product, have long been viewed as pro-competitive when compared with horizontal mergers, in which companies eliminate direct competitors. Judge Leon's ruling will serve as yet more evidence of the difficulty the government faces in challenging vertical deals.

"The DoJ will have a harder time making a credible threat that it can take a vertical merger to trial and block it," said Eric Mahr, a partner at Freshfields who previously served as the director of litigation for the DoJ's antitrust division. "It will affect the negotiating dynamics."

Politics has swirled around the case since its announcement in 2016. On the campaign trail, Donald Trump pledged to stop the deal going ahead, and after the justice department sued to block it in November, AT&T attempted to argue that the decision was politically motivated. After the trial ended, it emerged that AT&T had paid Michael Cohen, Mr Trump's personal lawyer, for advice on the deal in 2017.

Judge Leon avoided politics, instead deciding to rule on the merits of the justice department's evidence, which he found severely lacking. He said the government's economic modelling was "founded on improper assumptions". He also dismissed as "of little to no value" the evidence it provided to show prices would increase because of the combined company's enhanced leverage over rivals.

He rejected the government's argument that AT&T and Comcast's dominance of the telecommunications and entertainment market would lead them to squeeze out new, online-only networks. And he said of the government's suggestion that AT&T-Time Warner would prevent other networks from using HBO as a promotional tool: "At the risk of stating the obvious, this is a gossamer-thin claim."

He noted the declining customer numbers of traditional networks and indicated he was persuaded by AT&T and Time Warner's argument that they were seeking the deal to develop new products and better respond to the threat from tech companies. "This is not a case containing direct, probative evidence of anti-competitive intent on the part of high-level executives within the merging company," he wrote.

His ruling required no remedies from the companies, although it did incorporate their commitment to arbitrate price disputes, the same mechanism he approved in 2011 when Comcast bought NBC Universal.

The names of more than a dozen potential AT&T competitors dot the opinion, underlining the significant shifts already under way in the media industry. The judge name-checked investments by companies such as Apple and Netflix as well as the advent of new TV services from Sony and Google. He even quoted Bob Dylan: "You don't need a weatherman to know which way the wind blows."

Logan Breed, a partner with law firm Hogan Lovells, said that point should not go unnoticed by dealmakers. He noted that the decision focused on how competition in the media industry had been in flux for some time. "That line of reasoning could have a much broader application," Mr Breed said.

The verdict was striking in how firmly Judge Leon found in favour of the two companies, whose courtroom defence was led by Daniel Petrocelli. However, in a courthouse lift after the hearing, Paul Cappuccio, Time Warner's general counsel, raised with Mr Petrocelli one omission from Judge Leon's comments.

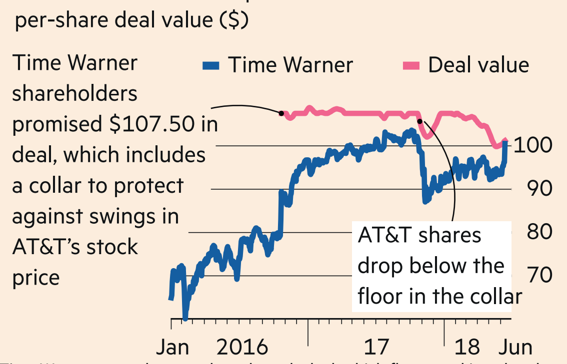
"He didn't say how handsome you were," he joked.

See Editorial Comment and Lex

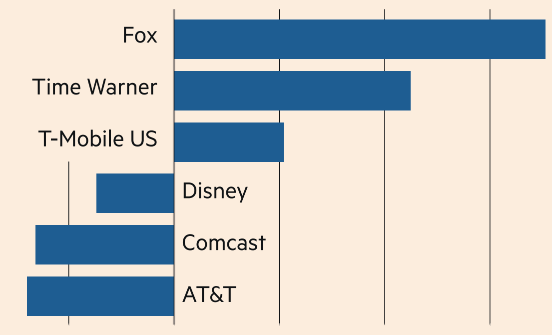
Race to combine

Dado Ruvic/Reuters

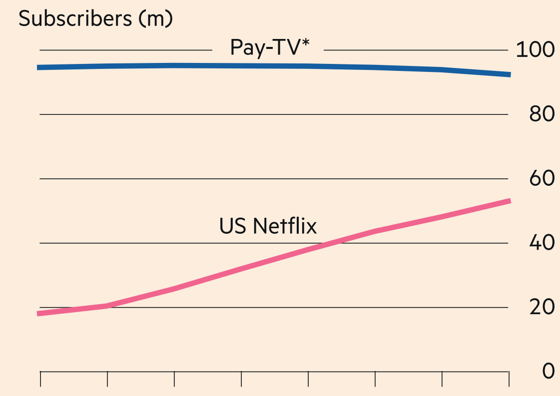
Time Warner shares climb but remain below AT&T's original $107.50 offer
Time Warner stock compared with the per-share deal value ($)



AT&T ruling's impact on companies in the midst of M&A
After-hours share price change on June 12, 2018 (%)



Cord-cutting accelerates in the US
Subscribers (m)



Time Warner agreed to a cash-and-stock-deal, which fluctuated in value depending on AT&T's share price
In 2010, Netflix did not split out streaming numbers
* Accounts for about 95% of all US pay-TV subscribers
Sources: FT research; Bloomberg; Yahoo Finance; Leichtman

Travel & leisure

PSG forced to sell players worth €60m

MURAD AHMED
LEISURE CORRESPONDENT

Big spending Paris Saint-Germain must sell €60m worth of players by the end of this month to satisfy so-called financial fair play rules, with failure to do so leading to potential sanctions including being kicked out of European competition.

Uefa, European football's governing body, last year launched a formal probe into PSG after it paid a record €222m to acquire Brazilian forward Neymar from Spain's FC Barcelona. French striker Kylian Mbappé was also signed on loan from domestic rivals AS Monaco — with a potential transfer fee of €200m.

Yesterday, Uefa announced it had "closed" its investigation into the club's finances, but added it had yet to make conclusions about the results from the 2018 financial year, a period that includes the Neymar and Mbappé transfers.

A person close to the organisation said that the club had been informed that it must make €60m of player sales by the end of June to satisfy FFP)requirements, designed to force clubs to break even.

Uefa said: "The financial impact of transfer activities as from the 2017 summer — up to and including the forthcoming transfer window — and compliance with the break-even requirement for the 2018 financial year will remain under close scrutiny and will be thoroughly looked at in the coming weeks."

PSG did not immediately respond to requests for comment.

Uefa also investigated sponsorship contracts struck by PSG, which was bought in 2012 by Qatar Sports Investments, a state-funded group founded by Sheikh Tamim bin Hamad Al Thani, the emir of Qatar.

There had been concern the sponsorship money had come from "related parties" — entities with financial or other close links to the club's owners.

Two independent groups, Nielsen and Octagon, were hired to determine the "fair value" of sponsorships, and whether they were in line with normal market prices.

The Financial Times reported in April that Octagon's assessment had suggested that the sponsorship contracts had been "overstated."

Even so, Uefa's investigators have found PSG still satisfied FFP regulations between 2015 and 2017, as the club had not more than €30m in losses a year.

It said that even after "significant fair value adjustments of several club sponsorship contracts — on the basis of evaluations performed by independent third party assessors — the break-even result of [PSG] remains within acceptable deviation for the financial years ending in 2015, 2016 and 2017".

A probe was launched into PSG after it paid a record €222m to buy Brazilian forward Neymar
Nick Potts/PA Wire

Banks

Foreign lenders urge Fed to relax rules

Fight for regulatory relief from capital requirements developed under Obama

BEN MCLANNAHAN — NEW YORK

Foreign banks in the US are stepping up a fight for regulatory relief, complaining they have been unfairly hit by supercharged standards on capital developed under the Obama administration.

Industry groups say they have put the push for reduced capital requirements at the banks' US holding companies at the top of their agenda for the rest of the year, after signals that the Federal Reserve is open to relaxing the rules.

At issue is the topic of "ringfencing", or the requirement that non-US banks operating in America set up standalone subsidiaries with dedicated capital and liquidity inside them.

The idea is that such structures would make a troubled bank easier to wind down without burdening taxpayers, while stopping contagion spilling into the rest of the financial system. Since the Fed sketched out rules four years ago the EU has proposed similar regulations, in what critics said was a tit-for-tat response.

The likes of Credit Suisse, Deutsche Bank, UBS and Barclays complain that the Fed has set the capital requirements too high. A New York-based executive at a European bank calculates his US holding company is operating with about one-quarter more capital, as a proportion of risk-weighted assets, than Wall Street giants such as JPMorgan Chase.

"We need to have a strong presence [in the US] but also seek regulatory consistency globally," said Yann Gérardin, global head of corporate and institutional banking at BNP Paribas.

The push by the foreign banks is part of a broader effort to reconsider post-crisis constraints, which Republicans say have gone too far by choking credit supply to the world's largest economy.

Lobbyists for the foreign banks argue that after last month's relaxation of laws governing some of the smallest banks in the country, it is high time to loosen conditions for some of the biggest. The Institute of International Bankers has called for a level playing field, noting that foreign banks provide about one-third of all business loans in the US and hold about one-fifth of all banking assets across the system.

The Basel-based Financial Stability Board has recommended banks have total loss-absorbing capital (TLAC) in their overseas holding companies of at least 75 per cent of what is required in their home country.

In December 2016 the Fed finalised its rule that foreign banks' US business should operate with TLAC of at least 90 per cent of the TLAC held outside the US — a significantly higher requirement. In addition, the Fed demanded an extra layer of long-term debt for the big foreign banks, bringing total "internal TLAC" to about 140 per cent of external TLAC.

Randal Quarles, the Fed vice-chair in charge of banking supervision, hinted at concessions in a speech last month entitled *Trust Everyone: But Brand Your Cattle*. He said that the Fed could be open to moving away from a 90 per cent TLAC requirement for foreign banks to a range of 75 to 90 per cent.

Without more flexibility from the US, he said, foreign regulators may be tempted to retaliate.

Bankers at foreign lenders welcomed the remarks as evidence of a change in regime from the Obama-era Fed, which was known for "gold-plating" global standards handed down from Basel.

Additional reporting by Caroline Binham

Financial services

PwC to pay £6.5m fine over 'serious shortcomings' in BHS audit

MADISON MARRIAGE AND ADAM SAMSON
LONDON

PwC has been hit with a record £6.5m fine by the UK accounting watchdog over misconduct in relation to the Big Four accounting firm's audit of retailer BHS two years before its collapse.

The fine surpasses the previous record penalty of £5.1m — also handed to PwC last August in relation to its audit of finance firm RSM Tenon — and further highlights widespread concerns about quality in the accounting market.

The fine was reduced from £10m after PwC agreed to settle with the Financial Reporting Council, which has been under pressure to issue harsher fines and clamp down on misconduct in the audit market following a series of accounting scandals that have undermined confidence in the regulator.

The watchdog, which started its investigation in 2016, has also fined PwC's audit partner Steve Denison £325,000. He has agreed not to carry out audit work for 15 years.

PwC said: "We recognise and accept there were serious shortcomings with this audit work. We are sorry that our work fell well below the professional standards expected of us and that we demand of ourselves."

> 'We are sorry that our work fell well below the professional standards expected of us'

It added: "Whilst the failings did not contribute to the collapse of BHS over one year later, they were serious and this is reflected in the Financial Reporting Council settlement."

PwC stopped working as auditor to BHS after the retailer was sold by Philip Green for £1 to Dominic Chappell in 2015.

The company collapsed 13 months later, putting 11,000 jobs at risk.

The FRC said that under the terms of the agreement, PwC would "monitor and support its Leeds audit practice and provide detailed annual reports about that practice to the FRC for the next three years".

PwC will also review its policies and procedures to ensure that audits of all non-listed high-risk or high-profile companies — including private companies that employ at least 10,000 individuals in the UK — are subject to an engagement quality control review, according to the FRC.

The FRC's decision to issue a record penalty follows a fraught period for the watchdog.

It has been accused of being too close to the companies it supervises, of being slow to investigate misconduct, and of being "toothless" when it does issue fines.

John Kingman, chairman of UK insurer Legal & General, is conducting a review of the regulator's competence and effectiveness — as well as potential conflicts of interest at the FRC — that could result in a recommendation that the watchdog is disbanded.

Meanwhile, Andrew Tyrie, the new chair of the UK's competition watchdog, has been urged to launch a review of the Big Four audit firms amid growing fears that their dominance in the accounting market has hurt audit quality.

Financials. Global economy

Banks trip stress alarm with slip into bear territory

Watchdogs urged to monitor lenders deemed vulnerable as rates rise and dollar surges

BEN MCLANNAHAN AND ROBIN WIGGLESWORTH — NEW YORK

More than a dozen of the world's biggest banks have slipped into a bear market, highlighting risks to the global economy even as equity indices reach highs and the Federal Reserve prepares to raise interest rates.

Investors on Tuesday sent the Nasdaq to a record close on the eve of a meeting at which the Fed is expected to lift rates for a seventh time since the end of 2015. But strategists note that beneath the bright economic data and rising benchmarks, strains have begun to emerge among a group of banks and insurers deemed to be critical to the health of the global financial system.

Among the 39 "Sifis" — financial institutions considered systemically important by the Basel-based Financial Stability Board — 16 are down more than 20 per cent from their recent peaks in dollar terms, meeting the standard definition of a bear market.

They are Deutsche Bank, Nordea, ICBC, UniCredit, Crédit Agricole, ING, Santander, Société Générale, BNP Paribas, UBS, Agricultural Bank of China, AXA, Mitsubishi UFJ Financial Group, Bank of China, Credit Suisse and Prudential Financial.

The synchronised dips were a sign of global financial stress, said Ian Harnett, managing director of global strategy at Absolute Strategy Research in London, who this week used the data to send out his first "black swan" alert since 2009.

At some point, said Mr Harnett, central bankers might have to respond to bearish signals from almost half the global Sifis, rather than continuing to tighten monetary policy. "The clue is in the name," he said. "If these banks are supposed to be systemically important then policymakers ought to be watching them to see what is happening."

The Fed's gradual interest rate increases — more recently coupled with shrinking its balance sheet by shedding bonds acquired in its quantitative easing programme — have begun to ripple through financial markets, pushing up short-term borrowing costs for households, companies and banks.

The three-month Libor rate, the rate at which banks lend dollars to each other, climbed to a 10-year high of 2.37 per cent in May, and although the rate has since dipped to 2.33 per cent, analysts say that the dollar funding market is noticeably tighter of late.

The spread between Libor and the "overnight index swap" rate, a gauge for the expected level of the Fed's base interest rates, is another popular measure of banking stresses. Although the Libor-OIS spread has slipped from the highs touched in April when US companies were repatriating dollars held overseas and depleting the available short-term funding for banks, it remains at about twice the post-crisis average.

What many of the harder-hit Sifi banks have in common, said Mr Harnett, was a heavy dependence on US-dollar funding, putting them at risk of a squeeze if US rates continue to rise and the dollar continues to strengthen.

Banks in Canada, Australia and Sweden, in particular, came through the crisis in relatively good shape, thanks largely to their exposures to China and a strong commodities market. But in the years since then, the banks had overextended, he said, trying to support rapid asset growth with wholesale funding, rather than traditional deposits.

Of the 39 'Sifis' 16 are down more than 20 per cent from recent peaks
Krisztian Bocsi/Bloomberg

> Many of the harder-hit Sifis are vulnerable if US rates rise and the dollar strengthens

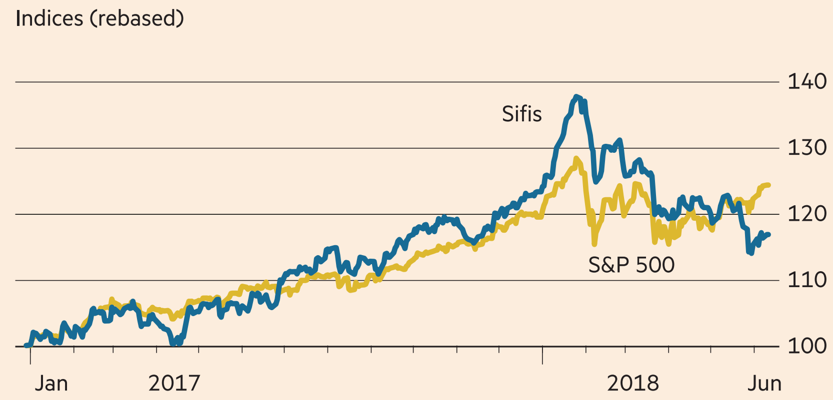
The alert he put out on Monday was his first since a warning on inflationary risks in June 2009, as oil prices climbed higher. Mr Harnett drew parallels with a bearish note he wrote in March 2007, when European banks began to sink while non-banks marched higher.

There were 30 institutions ranked as "GSIBs" — global systemically important banks — by the FSB last November, among them JPMorgan Chase, the biggest US bank by assets. The nine insurers classed as critical to the world's financial system include AIG, Allianz, Ping An and Prudential of the UK.

The big dips in the Sifis' stock prices were ominous, said Bert Ely, an adjunct scholar at the Cato Institute and a principal of Ely & Company. He noted bullish remarks from Jamie Dimon on CNBC last week, when the JPMorgan chief celebrated strong consumer and business sentiment and said he could find no "real potholes" in the outlook.

"The good news does not last for ever," he said. "Those kind of comments are usually just before things start heading down."

Systemically important banks have begun to lag behind the S&P 500
Indices (rebased)



Source: Absolute Strategy

Oil & gas

Li tests Australia with $9.8bn offer for pipeline operator APA

DON WEINLAND — HONG KONG
JAMIE SMYTH — SYDNEY

A consortium led by Hong Kong's Cheung Kong Infrastructure has launched a A$13bn (US$9.8bn) offer for APA Group, the Australian gas pipeline operator, in what is expected to be the first test of a review process for acquisitions of critical infrastructure.

APA confirmed yesterday it had received an A$11-a-share offer from CKI, CK Asset and Power Assets. CKI and CK Asset are controlled by CK Hutchison, the holding company for the Hong Kong business empire built by Li Ka-shing, who stepped down in May at the age of 89, handing the reins to Victor Li, his eldest son.

The offer values APA at a 33 per cent premium to its closing stock price on Tuesday. APA said it had entered into a confidentiality agreement with CKI to allow it to undertake due diligence but warned there was no certainty the deal would go through.

"The APA board will continue to evaluate the proposal and will update APA's security holders and the market as appropriate," said Michael Fraser, group chairman.

Shares in APA surged 21 per cent to close at A$10.00 yesterday.

The unsolicited offer, one of the largest attempted takeovers this year, tests foreign investment rules that were tightened in February in response to concern about Chinese influence in business, politics and society.

In 2016, Scott Morrison, the treasurer, blocked CKI and China's State Grid from bidding for a stake in Ausgrid, a state-owned electricity distributor, citing "national security". However, a year later the government approved CKI's A$7.4bn takeover of Duet Group, an Australian energy networks operator.

"This is likely to be one of the first cases considered by the new Critical Infrastructure Centre, which has been set up to scrutinise foreign takeovers," said Hans Hendrischke, professor of Chinese business at University of Sydney Business school.

Chinese investment in Australia fell to $10.3bn in 2017, down 11 per cent from 2016, according to a report by KPMG and the University of Sydney.

The proposed transaction also faces potential competition hurdles. CKI said it has held initial discussions with the Australian Competition and Consumer Commission and the Foreign Investment Review Board. CKI is proposing to divest Australian assets including gas pipelines and storage facilities in an attempt to gain approval.

Victor Li is targeting APA in his first attempt at a big foreign acquisition

Peter Wilson, a Credit Suisse analyst, said in a note that the review board was a potential "stumbling block" but the deal should win approval. "The Critical Infrastructure Centre was established to streamline the approval process to provide a degree of certainty at an early stage to foreign bidders before they proceeded with bids. This, and CKI's knowledge of Firb, give us confidence that approval should be forthcoming."

The proposed deal is Mr Li's first attempt to seal a large overseas acquisition. His father bought infrastructure, energy and communication assets around the world, transforming his manufacturing business into a global holding company encompassing ports in the UK, telecoms in Europe and real estate holdings around the world.

Additional reporting by Hudson Lockett

See Lex

Pharmaceuticals

Celgene learns 'humility' after drug setback

Group regrets lodging subpar application for approval with FDA

DAVID CROW — NEW YORK

Celgene has admitted it bungled an attempt to win regulatory approval for an important new drug in a "self-inflicted" error that damaged the biotech company's credibility on Wall Street.

Investors were stunned earlier this year when the US Food and Drug Administration refused to review an application for a multiple sclerosis pill called Ozanimod, after regulators concluded Celgene had not done enough work to understand how the medicine was metabolised.

Shares in New Jersey-based Celgene have fallen about 22 per cent since February, when it revealed the FDA had sent it a "refusal to file" (RTF) letter, while its market value of $56bn is roughly half its peak late last year.

Shareholders fear the Ozanimod delay and other strategic mis-steps will make it harder for the company to cope with the loss of patent protection on its top medicine.

In the most candid comments so far on the setback, Nadim Ahmed, president of haematology and oncology at Celgene, said officials at the FDA were "actually quite surprised" to receive the subpar application. He added: "[The FDA] kinda said 'what happened guys, this isn't what we usually expect from Celgene?' And we had to say, you know, 'mea culpa it's on us'."

It is very rare for a company of Celgene's stature to be sent an RTF letter, which is effectively a refusal by the FDA to even consider whether a medicine should be approved. The drugmaker has said it expects to resubmit the application next year.

Mr Ahmed blamed the decision to press ahead with the application on colleagues at a Celgene subsidiary in California called Receptos, and said executives should have done more to integrate the unit after acquiring it for $7.2bn in 2015.

He said: "I think that 99 per cent of folk at Celgene wouldn't have submitted, but we had Receptos out on the West Coast and, for whatever reason, the decision was made to submit.

"We learnt a lesson of humility and that when you do an acquisition it's better to be more integrated rather than be completely away from the mother ship."

Ronny Gal, an analyst at Bernstein, said other drugmakers could encounter similar issues after the industry spent recent years snapping up a series of small and mid-sized biotech companies.

"One of the things I'm hearing from the business development people in large companies is that the smaller biotechs have cut corners to try to get drugs to market more quickly," he said.

He added: "They make sure things are 95 per cent certain, but they don't get to 99 per cent. Even when you're buying those companies, you take the risk that you might have missed something during due diligence."

Retail. Cyber breach

Dixons Carphone faces questions in wake of hack

Watchdogs launch probes as security experts ask how well the UK group protected data

JONATHAN ELEY

Dixons Carphone, the electricals and mobile phone retailer, yesterday disclosed an "attempt to compromise" 5.9m credit card numbers in one of its processing systems and launched an investigation. It also said 1.2m records containing non-financial personal data had been accessed.

How bad is the hack?

It is not on the scale of really big attacks against global corporations, such as the 2014 raid on Yahoo or the 2017 raid on Equifax, but in UK terms it is one of the more serious attacks given the numbers involved and the fact that credit card data were compromised. The 2015 attack on TalkTalk involved 157,000 customers while a data breach at Carphone Warehouse the same year involved the personal data of 3m customers. This could involve twice as many people and potentially more sensitive information that could be used for fraud.

How did the breach happen?

The exact nature of the latest breach is still being investigated by the company and various regulatory bodies and data watchdogs. Questions are already being asked by cyber security experts about how well the retailer protected its data, and why personal records were put at risk, in a heightened atmosphere over data protection after GDPR implementation.

"We are very conscious that we have let ourselves down here. We are very unhappy about it," said Dixons Carphone chief executive Alex Baldock.

The TalkTalk hack was perpetrated through insecure websites that it inherited from Italian telecoms group Tiscali. At Carphone Warehouse, intruders gained access to customers' details using an out-of-date WordPress interface. The Information Commissioner's Office imposed a £400,000 fine in relation to the Carphone Warehouse incident, after finding "multiple inadequacies in Carphone Warehouse's approach to data security".

The company, which merged with Dixons in 2014, implemented several IT improvement programmes after that, but the latest hacking attempt was uncovered after a general review of IT and data security that began "a couple of months ago", according to Mr Baldock. He had already pledged to significantly increase spending on technology and IT systems.

Who is affected? Should I be concerned and what can I do?

The breach concerns data held on customers of Currys PC World and Dixons Travel stores in airports. Carphone Warehouse sales are unaffected.

The company said the card numbers of chip-and-pin enabled cards cannot be used to transact without other information such as the three-digit security code and the expiry date. It stressed the non-financial information on 1.2m customers does not appear to have been removed from Dixons Carphone systems. It has, however, notified the issuers of all cards affected, not just the 105,000 that were issued outside the EU and so lack chip-and-pin protection.

But customers should nevertheless be concerned. Trevor Reschke, threat intelligence officer at Trusted Knight, said now the credit card data were in the criminal sphere, "it's unlikely to be long before it starts being shopped around among criminals, with ensuing phishing and 'brute force' attacks launched".

"I would advise anyone concerned to keep an eye on their bank accounts and watch out for obvious phishing attempts."

Dixons Carphone said it would be writing to affected customers immediately to apologise, and pointing them to Action Fraud's guidelines on fraud and cyber crime.

Will I be compensated if my details have been stolen?

When TalkTalk systems were compromised in 2015, the company offered free upgrades to customers affected. Mr Baldock said it was "too early to speculate" as to whether similar goodwill gestures would be made in this case, but stressed that so far there was no evidence of anyone suffering financial loss.

What will be the fallout for the company?

The breach occurred before the General Data Protection Regulation took effect, so the maximum fine that can be imposed by the Information Commissioner is £500,000 rather than €20m under the new regime. And it is not the only regulator potentially involved; the compromise of credit card data brings the incident on to the Financial Conduct Authority's radar.

More than 1m records have been accessed containing non-financial data held on customers of Dixons Travel stores and Currys PC World — Stephen Barnes/Alamy

Buyers beware

Attack raises concerns for credit card users

Dixons Carphone has been hit by one of the UK's biggest data breaches after hackers attempted to steal almost 6m credit card records and personal data from more than 1m of the retailer's customers.

The National Crime Agency is working with the National Cyber Security Centre, the Financial Conduct Authority and the Information Commissioner's Office on the breach, which has again raised fears on the level of care taken by companies over storage of sensitive customer data.

About 5.8m of the cards affected had chip-and-pin protection, but 105,000 non-EU cards were also compromised, according to Dixons. Cyber security experts warned that the breach would be seen as particularly bad given the financial details that could have been stolen, rather than less sensitive information such as names and addresses that had been exposed in many such attacks.

The breach is significantly larger than the cyber attack in 2015 that hit TalkTalk, in which hackers accessed the data of nearly 157,000 customers.

TalkTalk, which was spun out of Carphone Warehouse in 2010 and shares a major investor in founder Charles Dunstone, was fined £500,000 for the breach by the Information Commissioner's Office, whose firepower has increased under a data protection bill passed last month.

Carphone Warehouse has also been hacked before: in August 2015, the electronics retailer said that the personal details of as many as 2.4m customers may have been stolen.

The group said yesterday that a probe "as part of a review of our systems and data" revealed an attempt to compromise cards and non-financial information at Currys PC World and Dixons Travel stores in the UK. Carphone Warehouse said the hack began in July last year but was only discovered and reported in the past week. Managers were unaware of the breach when they issued a trading update on May 29. *Aliya Ram, Adam Samson and Jonathan Eley*

Financials

Oil price rise cuts Trafigura profits in half and forces restructuring

NEIL HUME AND DAVID SHEPPARD

Profits at commodity trader Trafigura plunged 50 per cent in the first half of its financial year, as it struggled with tough conditions in the oil market, one of its two core businesses.

The Switzerland-based company, one of the world's largest independent energy and metals dealers, said it had undertaken a "substantial restructuring" of its oil trading books, shrinking inventories and "radically" reducing storage commitments in response to a shift in the market.

As oil prices have recovered from a bruising downturn, rising above $80 a barrel this year, Trafigura and its peers, which include Glencore, have found it more difficult to make money from buying and storing cheap crude while waiting for prices to bounce.

Rising interest rates, cut-throat competition and the greater availability of data of physical oil flows have added to the pressure.

In response, Trafigura and its rivals such as Vitol, have increased trading volumes to bolster earnings and cut costs. Others like Mercuria Energy Group have turned to complex structured financing deals to underpin margins or refining.

"The fall in profitability was the result of a major shift in the oil market during the period from a contango structure, where forward prices are higher than spot prices and act as an incentive to hold inventories, to the opposite condition of backwardation, where holding stocks is costly," said Christophe Salmon, Trafigura's chief financial officer.

"In consequence we undertook a substantial restructuring of our trading books, reducing costs by shrinking inventories and radically adjusting our storage commitments."

In the six months to March, net income dropped to $221.8m from $470.5m in the same period a year before, even as oil trading volumes jumped 16 per cent to an average 5.8m barrels per day. Gross profits fell 21 per cent to $979m as margins slipped to 1.13 per cent from 1.84 per cent.

Trafigura's metals and minerals business fared better, with gross profits rising 16 per cent to $768m.

That saw it overtake the contribution from the oil unit, where gross profits were $229m, down from $652m a year earlier.

Mr Salmon said the restructuring of the oil trading positions and current increased volatility across commodity markets should have a positive impact on Trafigura's performance in the second half of its fiscal year.

An increase in working capital needs caused by higher trading volumes and prices saw Trafigura's operational leverage increase during the period.

Adjusted net debt rose to $9bn from $7.9bn a year before. Total debt was $33bn, about the same level as Glencore, which generated $15bn in earnings before interest, tax, depreciation and amortisation last year. Trafigura by contrast recorded ebitda of $1.6bn in 2017.

Trafigura's pre-tax profits for the six months to March were $302.2m, down from $550m, on revenues — which are closely tied to commodity prices in the high-volume, low-margin trading industry — up 30 per cent to $87bn.

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 $
0.12%	0.52%	0.06%	No change	0.09%	0.38%	-1.22%	0.02%	-0.170%	0.150%	0.131%	-0.227%	-0.36%	-0.07%

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

AMERICAS

May 14 - - Index All World

S&P 500 New York: 2,730.13 → 2,790.28. Day 0.12% Month 2.31% Year 14.87%

Nasdaq Composite New York: 7,411.32 → 7,743.96. Day 0.52% Month 4.62% Year 25.41%

Dow Jones Industrial New York: 24,899.41 → 25,336.90. Day 0.06% Month 2.03% Year 19.31%

May 14 - Jun 13

S&P/TSX COMP Toronto: 16,085.61 → 16,271.38. Day -0.11% Month 1.80% Year 5.79%

IPC Mexico City: 46,258.96 → 47,050.24. Day 0.83% Month 0.67% Year -4.05%

Bovespa São Paulo: 85,232.18 → 72,378.88. Day -0.52% Month -15.07% Year 17.06%

EUROPE

May 14 - Jun 13

FTSE 100 London: 7,710.98 → 7,703.71. Day 0.00% Month -0.15% Year 2.84%

FTSE Eurofirst 300 Europe: 1,540.52 → 1,517.45. Day 0.09% Month -1.29% Year -0.57%

CAC 40 Paris: 5,553.16 → 5,452.73. Day -0.01% Month -1.61% Year 4.05%

May 14 - Jun 13

Xetra Dax Frankfurt: 12,977.71 → 12,890.58. Day 0.38% Month 0.47% Year NaN%

Ibex 35 Madrid: 10,207.60 → 9,899.10. Day -0.15% Month -3.62% Year -8.70%

FTSE MIB Milan: 24,297.17 → 22,216.18. Day 0.44% Month -8.04% Year 5.35%

ASIA

May 14 - Jun 13

Nikkei 225 Tokyo: 22,818.02 → 22,966.38. Day 0.38% Month 0.91% Year 15.36%

Hang Seng Hong Kong: 31,541.08 → 30,725.15. Day -1.22% Month -1.28% Year 19.52%

Shanghai Composite Shanghai: 3,192.12 → 3,049.80. Day -0.96% Month -3.59% Year -2.87%

May 14 - Jun 12

Kospi Seoul: 2,476.11 → 2,468.83. Day -0.05% Month -0.36% Year 3.66%

FTSE Straits Times Singapore: 3,562.46 → 3,392.51. Day -1.11% Month -4.98% Year 4.44%

BSE Sensex Mumbai: 35,543.94 → 35,739.16. Day 0.13% Month 0.57% Year 14.93%

Country	Index	Latest	Previous
Argentina	Merval	30321.32	30749.09
Australia	All Ordinaries	6133.10	6164.80
	S&P/ASX 200	6023.50	6054.40
	S&P/ASX 200 Res	4381.90	4432.20
Austria	ATX	3357.27	3378.19
Belgium	BEL 20	3813.94	3816.78
	BEL Mid	7554.31	7544.72
Brazil	Bovespa	72378.88	72754.13
Canada	S&P/TSX 60	962.38	962.57
	S&P/TSX Comp	16271.38	16288.98
	S&P/TSX Div Met & Min	1097.22	1105.28
Chile	IGPA Gen	28051.37	28017.95
China	FTSE A200	9952.62	10040.09
	FTSE B35	9000.71	8988.96
	Shanghai A	3194.17	3225.31
	Shanghai B	307.97	309.13
	Shanghai Comp	3049.80	3079.48
	Shenzhen A	1810.43	1839.49
	Shenzhen B	1128.87	1134.52
Colombia	COLCAP	1550.56	1547.96
Croatia	CROBEX	1821.17	1824.88
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1082.02	1078.94
Denmark	OMXC Copenahgen 20	969.74	965.98
Egypt	EGX 30	15938.11	15921.25
Estonia	OMX Tallinn	1258.61	1261.73
Finland	OMX Helsinki General	10228.07	10226.12
France	CAC 40	5452.73	5453.37
	SBF 120	4370.50	4365.45
Germany	M-DAX	26848.84	26779.73
	TecDAX	2903.38	2866.02
	XETRA Dax	12890.58	12842.30
Greece	Athens Gen	769.68	762.43
	FTSE/ASE 20	2027.46	2006.87
Hong Kong	Hang Seng	30725.15	31103.06
	HS China Enterprise	12035.63	12206.57
	HSCC Red Chip	4655.43	4724.25
Hungary	Bux	35868.59	36348.11
India	BSE Sensex	35739.16	35692.52
	Nifty 500	9386.40	9386.45
Indonesia	Jakarta Comp	5885.10	5994.60
Ireland	ISEQ Overall	7128.68	7121.70
Israel	Tel Aviv 125	1392.45	1387.29
Italy	FTSE Italia All-Share	24460.86	24352.93
	FTSE Italia Mid Cap	41694.34	41505.50
	FTSE MIB	22216.18	22119.76
Japan	2nd Section	7550.62	7417.72
	Nikkei 225	22966.38	22878.35
	S&P Topix 150	1448.26	1441.59
	Topix	1800.37	1792.82
Jordan	Amman SE	2095.49	2101.39
Kenya	NSE 20	3335.85	3352.85
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1055.04	1042.07
Lithuania	OMX Vilnius	713.73	712.86
Luxembourg	LuxX	1675.32	1686.95
Malaysia	FTSE Bursa KLCI	1763.57	1764.16
Mexico	IPC	47050.24	46660.75
Morocco	MASI	12398.96	12403.39
Netherlands	AEX	563.95	563.01
	AEX All Share	833.96	832.76
New Zealand	NZX 50	8977.31	8958.81
Nigeria	SE All Share	38844.32	38669.23
Norway	Oslo All Share	1018.27	1020.95
Pakistan	KSE 100	43507.50	43228.90
Philippines	Manila Comp	7602.98	7771.30
Poland	Wig	58577.40	58975.59
Portugal	PSI 20	5683.46	5662.92
	PSI General	3273.63	3265.94
Romania	BET Index	8281.59	8292.01
Russia	Micex Index	2285.53	2285.76
	RTX	1146.39	1142.02
Saudi-Arabia	TADAWUL All Share Index	8270.46	8243.97
Singapore	FTSE Straits Times	3392.51	3430.69
Slovakia	SAX	329.18	326.52
Slovenia	SBI TOP	889.59	897.59
South Africa	FTSE/JSE All Share	58437.23	58207.82
	FTSE/JSE Res 20	42207.41	42248.53
	FTSE/JSE Top 40	52200.03	51909.40
South Korea	Kospi	2468.83	2470.15
	Kospi 200	316.84	317.22
Spain	IBEX 35	9899.10	9914.40
Sri Lanka	CSE All Share	6337.88	6348.53
Sweden	OMX Stockholm 30	1568.37	1572.27
	OMX Stockholm AS	579.07	580.44
Switzerland	SMI Index	8634.61	8623.54
Taiwan	Weighted Pr	11173.21	11144.79
Thailand	Bangkok SET	1718.34	1727.29
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	4734.19	4733.39
UK	FT 30	3336.40	3336.80
	FTSE 100	7703.71	7703.81
	FTSE 4Good UK	6942.08	6948.16
	FTSE All Share	4248.12	4248.85
	FTSE techMARK 100	4824.84	4814.03
USA	DJ Composite	8430.80	8433.63
	DJ Industrial	25336.90	25320.73
	DJ Transport	11069.48	11098.93
	DJ Utilities	664.63	665.65
	Nasdaq 100	7256.00	7209.18
	Nasdaq Cmp	7743.96	7703.79
	NYSE Comp	12838.14	12844.71
	S&P 500	2790.30	2786.85
	Wilshire 5000	29130.83	29098.02
Venezuela	IBC	41824.21	42005.11
Vietnam	VNI	1030.53	1020.76
Cross-Border	DJ Global Titans ($)	309.18	308.84
	Euro Stoxx 50 (Eur)	3483.07	3475.58
	Euronext 100 ID	1063.49	1062.06
	FTSE 4Good Global ($)	6729.97	6724.76
	FTSE All World ($)	344.26	344.18
	FTSE E300	1517.45	1516.10
	FTSE Eurotop 100	2906.30	2905.03
	FTSE Global 100 ($)	1736.79	1731.61
	FTSE Gold Min ($)	1439.25	1438.77
	FTSE Latibex Top (Eur)	3864.90	3872.30
	FTSE Multinationals ($)	2012.56	2012.98
	FTSE World ($)	608.23	607.85
	FTSEurofirst 100 (Eur)	4304.61	4303.54
	FTSEurofirst 80 (Eur)	4892.48	4884.73
	MSCI ACWI Fr ($)	521.07	520.76
	MSCI All World ($)	2145.36	2144.20
	MSCI Europe (Eur)	1603.97	1606.40
	MSCI Pacific ($)	2856.27	2857.47
	S&P Euro (Eur)	1646.45	1643.38
	S&P Europe 350 (Eur)	1564.62	1564.19
	S&P Global 1200 ($)	2391.49	2387.63
	Stoxx 50 (Eur)	3082.44	3073.80

(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
At&t	39.9	32.86	-1.49	Glencore	279.4	398.00	14.40	Telefonica	1144.9	7.45	-0.23	Softbank .	483.3	8383.00	226.00
Time Warner	38.8	99.28	3.06	Hsbc Holdings	251.0	732.80	-0.20	Bayer Ag Na O.n.	652.3	98.87	2.42	Toyota Motor	454.5	7496.00	99.00
Netflix	25.1	375.65	11.82	Rio Tinto	239.5	4397.00	12.50	Siemens Ag Na	505.4	118.66	2.78	Sumco	277.5	2436.00	-77.00
Amazon.com	22.9	1711.47	12.72	Bp	221.8	573.30	-5.20	Inditex	337.4	29.94	1.02	Mitsubishi Ufj Fin,.	258.0	676.50	1.20
Apple	11.9	192.75	0.47	Bhp Billiton	191.7	1748.80	2.40	Total	331.7	52.07	-0.25	Tokai Carbon Co.,	256.1	2204.00	47.00
Walt Disney (the)	11.6	107.18	2.85	British American Tobacco	180.1	3716.00	36.00	Unicredit	323.6	14.70	0.21	Sony	236.5	5501.00	23.00
Micron Technology	10.9	60.68	0.13	Sky	168.6	1335.00	-23.00	Bbva	308.7	6.10	-0.09	Japan Tobacco	215.1	3102.00	49.00
Facebook	10.6	193.92	1.52	Vodafone	162.3	185.60	-2.90	Intesa Sanpaolo	294.9	2.60	0.01	Tokyo Electron	190.4	20410.00	25.00
Microsoft	10.0	101.70	0.39	Royal Dutch Shell	153.1	2675.00	-25.00	Nestle N	274.2	64.48	0.52	Fast Retailing Co.	188.2	50410.00	-430.00
Twenty-first Century Fox	9.9	43.59	3.05	Lloyds Banking	145.6	62.85	-0.32	Royal Dutch Shell	273.7	29.13	-0.36	Shiseido	176.2	9000.00	-12.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%	BIGGEST MOVERS	Close price	Day's change	Day's chng%	BIGGEST MOVERS	Close price	Day's change	Day's chng%	BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups				**Ups**				**Ups**				**Ups**			
Twenty-first Century Fox	43.43	3.04	7.53	Stobart Ltd	263.00	26.50	11.21	Adp	196.50	11.10	5.99	Nippon Express Co.,	9060.00	590.00	6.97
Twenty-first Century Fox	43.59	3.05	7.52	Talktalk Telecom	123.80	6.20	5.27	Stmicroelectronics	22.22	0.94	4.42	Softbank .	8383.00	226.00	2.77
Discovery	25.02	1.00	4.16	Fdm (holdings)	1120.00	44.00	4.09	Ericsson, Telefonab. L M Ser. B	6.52	0.25	4.02	Toto	5860.00	150.00	2.63
Discovery	23.74	0.92	4.04	Glencore	398.00	14.40	3.75	Inditex	29.94	1.02	3.53	Yamato Holdings Co.,	3402.00	86.00	2.59
Cbs	54.48	2.10	4.01	Ti Fluid Systems	272.00	8.00	3.03	Lufthansa Ag Vna O.n.	23.85	0.75	3.25	Rakuten .	738.00	17.30	2.40
Downs				**Downs**				**Downs**				**Downs**			
H&r Block	24.01	-5.60	-18.90	Superdry	1141.00	-79.00	-6.48	Atlas Copco Ab Ser. B	24.53	-8.34	-25.37	Denki Kagaku Kogyo Kabushiki Kaisha	3975.00	-130.00	-3.17
Boston Scientific	32.02	-1.82	-5.38	Bank Of Georgia	1880.00	-107.20	-5.39	Atlas Copco Ab Ser. A	27.09	-9.13	-25.20	Sumco	2436.00	-77.00	-3.06
At&t	32.86	-1.49	-4.32	Just Eat	810.00	-40.00	-4.71	Telefonica	7.45	-0.23	-2.98	Teijin	2110.00	-60.00	-2.76
D.r. Horton	43.29	-1.63	-3.63	Tate & Lyle	643.00	-27.00	-4.03	Iliad	140.50	-4.30	-2.97	Sumitomo Metal Mining Co.,	4604.00	-116.00	-2.46
Pultegroup	31.79	-1.20	-3.62	Serco	100.10	-3.80	-3.66	Svenska Handelsbanken Ser. A	9.57	-0.22	-2.23	Yokogawa Electric	2035.00	-42.00	-2.02

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	Jun 13 price(p)	%Chg week	%Chg ytd	FTSE 250	Jun 13 price(p)	%Chg week	%Chg ytd	FTSE SmallCap	Jun 13 price(p)	%Chg week	%Chg ytd	Industry Sectors	Jun 13 price(p)	%Chg week	%Chg ytd
Winners				**Winners**				**Winners**				**Winners**			
Evraz	556.60	6.4	56.9	Fdm (holdings)	1120.00	8.1	21.3	Oxford Biomedica	990.00	15.0	110.0	Industrial Metals	5160.54	4.4	34.2
Nmc Health	3632.00	5.6	26.6	Contourglobal	234.00	3.5	-10.3	Oxford Instruments	1016.00	12.3	23.0	Automobiles & Parts	10999.69	3.8	46.6
Hargreaves Lansdown	2059.00	5.3	12.9	Scottish Investment Trust	881.00	2.7	1.0	Cmc Markets	201.50	7.8	30.7	Food & Drug Retailers	4129.12	2.3	26.7
Scottish Mortgage Investment Trust	540.50	3.4	20.5	Fidelity Eur Values	224.50	1.8	-0.7	Bloomsbury Publishing	254.00	4.5	35.5	Software & Computer Services	1953.56	2.1	-18.4
Reckitt Benckiser	6009.00	3.4	-11.6	The Renewables Infrastructure	110.80	1.7	1.7	Ediston Property Investment	113.50	4.6	2.9	Fixed Line Telecommunication	2422.17	1.7	-
Marks And Spencer	302.50	3.4	-4.3	3i Infrastructure	233.50	1.5	-12.0	Carr's	150.00	2.0	19.5	Electronic & Electrical Equip.	7395.31	1.6	12.5
Int Consolidated Airlines S.a.	712.20	3.0	6.5	Bankers Investment Trust	903.00	1.3	2.8	Baillie Gifford Shin Nippon	196.50	2.6	10.3	Beverages	22184.80	1.5	2.1
Carnival	4707.00	2.9	-4.0	Jpmorgan Indian Investment Trust	704.00	1.1	-6.5	Lsl Property Services	260.00	2.8	-7.1	Gas Water & Multiutilities	5007.14	1.4	-3.0
Next	6192.00	2.7	37.6	Marston's	97.90	0.9	-13.1	Headlam	488.00	3.3	-14.1	Chemicals	16695.55	1.3	18.1
Halma	1435.00	2.6	14.4	Jpmorgan Japanese Investment Trust	467.00	0.9	6.6	Schroder Eur Real Estate Investment Trust	115.00	3.1	6.2	Equity Investment Instruments	10029.55	1.0	3.4
Easyjet	1782.50	2.6	18.8	Mercantile Investment Trust (the)	223.70	0.2	2.9	Montanaro Eur Smaller C. Tst	905.00	3.4	11.0	Pharmaceuticals & Biotech.	13971.87	1.0	9.0
St. James's Place	1230.00	2.6	-0.6	Fidelity China Special Situations	267.50	0.6	10.8	North American ome Trust (the)	1345.00	3.1	-0.7	Media	8181.44	1.0	8.3
Losers				**Losers**				**Losers**				**Losers**			
Fresnillo	1188.00	-9.2	-17.2	Superdry	1141.00	-11.7	-42.4	Acacia Mining	111.05	-16.4	-45.3	Mobile Telecommunications	4135.32	-4.4	-
Anglo American	1798.00	-6.1	12.7	Hochschild Mining	198.00	-10.0	-24.7	Mitie	165.10	-15.6	-13.5	Mining	19969.73	-2.4	6.6
Antofagasta	1081.50	-5.9	8.0	Domino's Pizza	351.70	-8.2	0.2	Ao World	149.80	-10.3	39.2	Oil Equipment & Services	13383.02	-1.9	4.1
Just Eat	810.00	-5.7	4.2	Kaz Minerals	990.60	-7.6	10.9	Debenhams	19.96	-5.8	-43.2	Construction & Materials	6886.38	-0.8	5.4
Vodafone	185.60	-5.6	-20.6	Ted Baker	2272.00	-8.2	-17.8	Moss Bros	47.10	-4.8	-46.2	Aerospace & Defense	5218.60	-0.6	6.8
Mediclinic Int	565.20	-4.0	-12.9	Firstgroup	84.85	-6.1	-22.0	Nostrum Oil & Gas	194.00	-8.1	-39.8	Industrial Engineering	13568.18	-0.5	8.5
Paddy Power Betfair	8565.00	-3.2	-3.8	Kier	1013.00	-6.3	-7.2	Porvair	520.00	-3.7	11.8	Forestry & Paper	23697.03	-0.5	14.1
Royal Bank Of Scotland	262.00	-3.2	-5.5	Centamin	119.75	-5.1	-24.7	Mccoll's Retail	225.00	-5.9	-14.8	Real Estate Investment Trusts	3159.11	-0.5	-0.1
Old Mutual	225.10	-3.1	-1.6	Greencore	180.00	-5.2	-19.6	Mothercare	28.25	-6.9	-57.1	Nonlife Insurance	3163.27	-0.4	-1.8
Standard Chartered	724.10	-3.0	-6.9	Rdi Reit P.l.c.	35.15	-5.1	-2.6	Morgan Sindall	1470.00	-4.3	2.4	Banks	4385.03	-0.3	-4.9
Standard Life Aberdeen	350.50	-2.8	-17.6	Weir	2077.00	-5.4	-3.1	Communisis	60.60	-4.7	-6.8	Real Estate & Investment Servic	2924.17	-0.2	-0.3
Berkeley Holdings (the)	4179.00	-2.7	-1.0	William Hill	307.70	-4.5	-3.8	Nanoco	42.60	-4.3	65.8	Health Care Equip.& Services	8012.93	-0.1	5.9

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

CURRENCIES

Jun 13	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	25.5400	-0.2950	30.0683	-0.3810	34.1394	-0.3579
Australia	Australian Dollar	1.3165	0.0030	1.5499	0.0018	1.7597	0.0059
Bahrain	Bahrainin Dinar	0.3778	0.0002	0.4448	-0.0003	0.5050	0.0008
Bolivia	Bolivian Boliviano	6.9100	-	8.1352	-0.0090	9.2366	0.0097
Brazil	Brazilian Real	3.7056	-0.0076	4.3626	-0.0137	4.9533	-0.0049
Canada	Canadian Dollar	1.2974	-0.0015	1.5274	-0.0034	1.7342	-0.0001
Chile	Chilean Peso	635.0250	0.2300	747.6160	-0.5572	848.8391	1.2025
China	Chinese Yuan	6.4053	0.0021	7.5410	-0.0059	8.5620	0.0118
Colombia	Colombian Peso	2860.1000	3.9000	3367.2006	0.8660	3823.1020	9.2413
Costa Rica	Costa Rican Colon	567.4000	0.6350	668.0010	0.0083	758.4446	1.6480
Czech Republic	Czech Koruna	21.8496	0.0810	25.7235	0.0669	29.2063	0.1389
Denmark	Danish Krone	6.3283	0.0068	7.4503	-0.0002	8.4591	0.0180
Egypt	Egyptian Pound	17.8780	0.0465	21.0478	0.0315	23.8976	0.0873
Hong Kong	Hong Kong Dollar	7.8484	0.0016	9.2400	-0.0083	10.4910	0.0133
Hungary	Hungarian Forint	272.5007	1.4714	320.8155	1.3788	364.2521	2.3491
India	Indian Rupee	67.6363	0.1513	79.6283	0.0900	90.4095	0.2973
Indonesia	Indonesian Rupiah	13931.5000	-	16401.5896	-18.1784	18622.2860	19.6422
Israel	Israeli Shekel	3.5857	0.0021	4.2215	-0.0022	4.7930	0.0079
Japan	Japanese Yen	110.4250	0.1450	130.0035	0.0269	147.6053	0.3493
..One Month		110.4247	0.1445	130.0035	0.0269	147.6052	0.3491
..Three Month		110.4243	0.1436	130.0036	0.0270	147.6050	0.3487
..One Year		110.4218	0.1386	130.0037	0.0273	147.6052	0.3476
Kenya	Kenyan Shilling	101.2000	-	119.1429	-0.1320	135.2742	0.1427
Kuwait	Kuwaiti Dinar	0.3022	0.0001	0.3558	-0.0003	0.4040	0.0006
Malaysia	Malaysian Ringgit	3.9940	0.0045	4.7021	0.0001	5.3388	0.0116
Mexico	Mexican Peson	20.6172	0.0486	24.2726	0.0304	27.5590	0.0940
New Zealand	New Zealand Dollar	1.4205	-0.0016	1.6723	-0.0038	1.8987	-0.0002
Nigeria	Nigerian Naira	360.5000	-1.0000	424.4173	-1.6488	481.8810	-0.8270
Norway	Norwegian Krone	8.0183	0.0027	9.4400	-0.0073	10.7181	0.0149
Pakistan	Pakistani Rupee	119.2500	0.5000	140.3932	0.4338	159.4017	0.8358
Peru	Peruvian Nuevo Sol	3.2668	-0.0022	3.8460	-0.0069	4.3667	0.0017
Philippines	Philippine Peso	53.2385	0.3030	62.6778	0.2877	71.1640	0.4797
Poland	Polish Zloty	3.6324	0.0090	4.2764	0.0059	4.8554	0.0171
Romania	Romanian Leu	3.9631	0.0077	4.6658	0.0040	5.2975	0.0159
Russia	Russian Ruble	62.3700	-0.4894	73.4283	-0.6582	83.3701	-0.5655
Saudi Arabia	Saudi Riyal	3.7502	0.0000	4.4151	-0.0048	5.0129	0.0054
Singapore	Singapore Dollar	1.3352	0.0005	1.5719	-0.0012	1.7848	0.0026
South Africa	South African Rand	13.2375	0.0225	15.5845	0.0093	17.6946	0.0487
South Korea	South Korean Won	1077.1500	-	1268.1305	-1.4050	1439.8284	1.5188
Sweden	Swedish Krona	8.6290	0.0184	10.1590	0.0105	11.5345	0.0368
Switzerland	Swiss Franc	0.9853	0.0007	1.1601	-0.0004	1.3171	0.0024
Taiwan	New Taiwan Dollar	29.8840	0.0305	35.1825	-0.0030	39.9460	0.0829
Thailand	Thai Baht	32.1600	0.0775	37.8620	0.0494	42.9883	0.1488
Tunisia	Tunisian Dinar	2.5676	0.0041	3.0228	0.0014	3.4320	0.0090
Turkey	Turkish Lira	4.6328	0.0696	5.4543	0.0760	6.1927	0.0995
United Arab Emirates	UAE Dirham	3.6732	-	4.3244	-0.0048	4.9099	0.0052
United Kingdom	Pound Sterling	0.7481	-0.0008	0.8808	-0.0019	-	-
..One Month		0.7483	-0.0008	0.8807	-0.0019	-	-
..Three Month		0.7487	-0.0008	0.8805	-0.0019	-	-
..One Year		0.7506	-0.0008	0.8796	-0.0019	-	-
United States	United States Dollar	-	-	1.1773	-0.0013	1.3367	0.0014
..One Month		-	-	1.1770	-0.1580	1.3369	0.0014
..Three Month		-	-	1.1765	-0.1580	1.3373	0.0014
..One Year		-	-	1.1736	-0.1580	1.3392	0.0014
Venezuela	Venezuelan Bolivar Fuerte	79900.0000	100.0000	94066.3998	13.6454	106802.4756	246.1930
Vietnam	Vietnamese Dong	22812.5000	-1.0000	26857.2457	-30.9077	30493.5689	30.8401
European Union	Euro	0.8494	0.0009	-	-	1.1354	0.0025
..One Month		0.8491	0.0010	-	-	1.1353	0.0025
..Three Month		0.8486	0.0009	-	-	1.1352	0.0024
..One Year		0.8457	0.0009	-	-	1.1343	0.0025

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 Jun 13	Day's chge%	Euro Index	£ Strlg Jun 12	£ Strlg Jun 11	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7703.71	0.00	6819.89	7703.81	7737.43	7474.40	3.84	1.94	13.42	158.53	6675.50
FTSE 250 (250)	21232.87	-0.04	18796.89	21241.64	21318.77	19974.70	2.63	2.38	15.98	242.87	15802.08
FTSE 250 ex Inv Co (197)	22852.30	-0.07	20230.53	22868.04	22982.06	21408.92	2.72	1.96	18.77	270.18	17362.44
FTSE 350 (350)	4302.14	-0.01	3808.57	4302.49	4320.73	4152.13	3.63	2.00	13.79	81.74	7471.00
FTSE 350 ex Investment Trusts (296)	4262.27	-0.01	3773.27	4262.89	4282.09	4116.82	3.68	1.93	14.06	82.32	3814.88
FTSE 350 Higher Yield (109)	3892.63	-0.29	3446.04	3904.03	3924.43	3854.94	4.88	1.71	12.00	98.55	7171.61

FT 30 INDEX

	Jun 13	Jun 12	Jun 11	Jun 08	Jun 07	Yr Ago	High	Low
FT 30	3336.40	3336.80	3308.20	3313.30	3324.90	0.00	3384.10	2974.50
FT 30 Div Yield	1.92	1.92	1.94	1.95	1.93	0.00	3.93	2.74
P/E Ratio net	23.23	23.25	23.05	22.93	23.07	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
3336.8	3336.2	3332.3	3330.9	3333.6	3334.6	3335.6	3336.3	3336.7	3347.5	3328.8

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

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Automobiles & Parts	44.47	Support Services	6.41	Real Est Invest & Se	-0.40
Tech Hardware & Eq	34.62	Mining	6.25	Real Est Invest & Tr	-0.42
Food & Drug Retailer	24.83	Consumer Services	5.77	Nonlife Insurance	-1.96
Industrial Metals &	23.40	Construct & Material	5.04	Financials	-2.22
Chemicals	16.36	Health Care Eq & Srv	4.01	Utilities	-2.46
Forestry & Paper	13.50	Electricity	2.44	Life Insurance	-2.63
Industrial Eng	9.68	Equity Invest Instr	2.19	Gas Water & Multi	-3.85

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	985.80	11.00	London Stock Exchange Group PLC	4514	14.00
Admiral Group PLC	1880	-19.50	Marks And Spencer Group PLC	302.50	-1.80
Anglo American PLC	1798	-14.60	Mediclinic International PLC	565.20	-0.20
Antofagasta PLC	1081.5	14.50	Melrose Industries PLC	239.60	0.60
Ashtead Group PLC	2372	24.00	Micro Focus International PLC	1353	6.50
Associated British Foods PLC	2751	-8.00	Mondi PLC	2105	21.00

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

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Castings	Pre	0.000	0.000	12.077	15.915	22.460	29.800	0.00000	10.59000	-	3.380	13.970
Charles Stanley Group	Pre	150.860	141.630	11.447	8.799	17.230	12.350	0.00000	4.50000	-	2.500	6.000
Dewhurst	Int	24.669	26.070	2.845	2.958	23.160	25.820	0.00000	3.50000	-	8.500	11.500
Eckoh	Pre	30.005	29.078	2.435	1.623	1.080	0.600	0.55000	0.48000	Oct 26	0.550	0.480
Enteq Upstream	Pre	6.460	4.762	0.601L	1.137L	0.010L	0.020L	0.00000	0.00000	-	0.000	0.000
Establishment Investment Trust (The)	Pre			1.099L	11.811	6.090L	58.810	0.00000	3.20000	-	3.000	5.700
Evgen Pharma	Pre	0.000	0.000	3.026L	3.644L	3.280L	4.190L	0.00000	0.00000	-	0.000	0.000
Lindsell Train Investment Trust (The)	Pre			34.966	30.832	17467.000	15399.000	2129.00010	1545.00000	Sep 7	2129.000	1545.000
Mulberry Group	Pre	169.718	168.121	6.917	7.533	8.300	8.400	5.00000	5.00000	Nov 22	5.000	5.000
Norcros	Pre	300.100	271.200	13.500	11.500	14.500	13.900	5.20000	4.80000	Aug 2	7.800	7.200
Redhall Group	Int	14.744	18.964	2.731L	0.619L	0.730L	0.390L	0.00000	0.00000	-	0.000	0.000

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

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
05/24	2.80		PRD	Predator Oil & Gas Holdings PLC	2.53	0.00	2.90	2.50	252.8
05/23	165.00	AIM	TM17	Team17 Group PLC	252.50	20.00	255.00	192.50	33150.3
05/09	100.00	AIM	UEX	Urban Exposure PLC	106.00	0.00	107.00	104.10	17490.0
05/08	95.00	AIM	RBGP	Rosenblatt Group PLC	124.50	2.00	139.00	95.00	9971.5
05/04	165.00		VVO	Vivo Energy PLC	142.00	-11.46	198.10	142.00	170655.4

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

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Amazon	1711.47	12.72	1714.5	931.75	-	226.21	830450.32
AmerAir	43.35	-0.07	59.08	40.65	0.88	12.57	20292.08
AmerExpr	100.25	-0.48	103.24	79.62	1.30	30.23	86248.73
AmerIntGrp♦	54.54	0.30	67.30	49.57	2.24	-8.52	48959.65
AmerTower	138.54	-2.60	155.28	129.16	1.80	55.28	61188.1
Amgen	186.03	0.96	201.23	161.13	2.44	61.98	123097.17
Anadarko♦	71.32	-0.04	72.70	39.96	0.53	-1496.95	36733.52
Anthem♦	235.50	3.82	267.95	179.40	1.13	15.83	60099.43
Aon Cp	141.82	-0.05	152.78	130.87	0.97	50.62	34676.77
Apple	192.75	0.47	194.20	142.20	1.25	19.49	947369.26
ArcherDan	45.04	-0.06	46.25	38.59	2.74	16.30	25185.66
John&John	123.11	0.57	148.32	118.62	2.60	280.86	330199.48
JohnsonCn	34.79	-0.40	44.37	32.89	2.79	16.37	32222.65
JPMrgnCh	109.91	-0.28	119.33	85.82	1.89	16.41	374219.03
Kimb-Clark♦	103.16	-0.37	134.30	97.10	3.61	21.27	36036.79
KinderM	16.75	-0.18	21.25	14.69	2.84	351.59	36951.7
Kraft Heinz♦	60.22	0.10	92.45	54.11	3.92	7.00	73418.55
Kroger	25.95	0.26	31.45	19.69	1.77	13.21	20863.54
L Brands♦	36.58	0.06	63.10	30.70	6.37	11.56	10140.13
LasVegasSd	80.05	-0.24	80.90	59.16	3.50	17.61	63174.5
LibertyGbl	29.41	-0.73	39.73	27.92	-	-9.05	6381.19
Lilly (E)	86.27	0.78	89.09	73.69	2.34	84.61	93639.21
Mrcntl Srvcs	14000000	10000001	4000000	46000	-	-	-

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 %
SunPhrmInds	546.30	540.45	5.85	1.08	72.80	15.4	15.73
Sempra Energy	116.04	117.13	-1.09	-0.93	15.33	15.2	8.33
21stC Fox A	43.59	40.54	3.05	7.52	4.29	10.9	14.92
Allegran	170.96	170.96	0.00	0.00	15.58	10.0	11.37
SBI NewA	287.70	282.85	4.85	1.71	24.15	9.2	14.92
ValeantPh	25.84	34.65	1.19	3.43	2.94	8.9	34.20
H & M	144.60	144.54	0.06	0.04	11.78	8.9	4.26
Tesla Mtrs	345.55	342.77	2.78	0.81	26.05	8.2	14.89
CBS	54.48	52.38	2.10	4.01	3.84	7.6	3.69
ExpScripts	82.27	79.17	3.10	3.92	5.74	7.5	13.01
FastRetail	50410.00	50840.00	-430.00	-0.85	3270.00	6.9	2.62
KoreaElePwr	35050.00	35100.00	-50.00	-0.14	2150.00	6.5	-1.96
CaixaBnk	3.93	3.96	-0.04	-0.88	0.24	6.4	0.18
FEMSA UBD	175.70	173.39	2.31	1.33	10.34	6.3	4.41
Tata Cons	1824.10	1781.00	43.10	2.42	102.50	6.0	5.53
DNB	157.70	157.30	0.40	0.25	8.75	5.9	0.83
RelianceIn	1002.50	997.15	5.35	0.54	54.85	5.8	1.34
JapanTob	3102.00	3053.00	49.00	1.60	166.50	5.7	3.19
Mnstr Bvrg	56.15	56.18	-0.03	-0.05	2.95	5.5	13.96
Disney	107.18	104.33	2.85	2.73	5.27	5.2	4.94

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 %
AtlasCpcoB	249.25	334.00	-84.75	-25.37	-69.75	-21.9	-21.93
DeutsPost	29.60	29.46	0.14	0.48	-3.27	-9.9	-9.95
Gree Elec Apl	0.05	0.05	0.00	-1.92	-0.01	-8.9	0.00
ShenwanHong	0.15	0.15	0.00	-0.66	-0.01	-8.5	-16.67
Cielo	14.82	15.41	-0.59	-3.83	-1.38	-8.5	-18.03
Vale	51.57	51.70	-0.13	-0.25	-4.50	-8.0	-1.98
Petrobras	17.92	18.24	-0.32	-1.75	-1.35	-7.0	-38.07
Stryker	167.43	162.54	4.89	3.01	-12.35	-6.9	-1.09
ChShpbldng	4.29	4.30	-0.13	-2.94	-0.31	-6.7	-16.86
Sant Gbn	41.21	41.32	-0.11	-0.27	-2.90	-6.6	-8.93
Hermes Intl	557.60	553.60	4.00	0.72	-38.60	-6.5	-4.52
ChUncHK	10.18	10.30	-0.12	-1.17	-0.68	-6.3	-6.61
NovoB	282.35	280.50	1.85	0.66	-17.65	-5.9	-5.95
Vodafone	185.60	188.50	-2.90	-1.54	-11.02	-5.6	-99.11
UOB	27.10	27.86	-0.76	-2.73	-1.48	-5.2	-8.63
Pwr Cons Corp	5.55	5.60	-0.05	-0.89	-0.29	-5.0	-11.62
ItauHldFin	35.52	35.84	-0.32	-0.89	-1.83	-4.9	-15.69
ChMrchSecs	14.96	15.30	-0.34	-2.22	-0.77	-4.9	-12.05
OCBC	12.30	12.54	-0.24	-1.91	-0.58	-4.5	-6.39
Marathon Ptl	75.28	75.46	-0.18	-0.24	-3.48	-4.4	-2.58

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Jun 13	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Qwest Capital Funding, Inc.	08/21	7.63	B+	WR	BB	102.91	6.58	0.03	0.25	-
High Yield Euro										
Astaldi S.p.A	12/20	7.13	CCC	-	B	81.50	16.57	0.44	4.98	14.07
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Turkey	09/22	6.25	-	Ba2	BB+	99.95	6.26	0.08	0.63	3.47
Mexico	09/22	8.00	BBB+	A3	BBB+	120.38	2.90	0.00	-0.05	0.11
Brazil	01/23	2.63	BB-	Ba2	BB-	91.00	4.85	0.00	0.54	2.06
Colombia	03/23	2.63	BBB-	Baa2	BBB	94.00	4.02	0.04	0.13	1.23
Poland	03/23	3.00	BBB+	A2	A-	97.60	3.55	0.00	0.04	0.76
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	-0.03	0.11	0.94
Russia	06/28	12.75	BBB-	Ba1	BBB-	160.91	4.97	0.03	0.01	2.01
Brazil	02/47	5.63	BB-	Ba2	BB-	82.95	7.01	0.08	0.87	-
Emerging Euro										
Mexico	02/20	5.50	BBB+	A3	BBB+	108.95	0.16	0.02	0.07	-2.34
Brazil	04/21	2.88	BB-	Ba2	BB-	103.67	1.52	-0.05	0.67	-
Mexico	04/23	2.75	BBB+	A3	BBB+	106.59	1.34	0.04	0.18	-1.45
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	112.01	1.66	0.00	-0.02	-1.30

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

Jun 13	Red date	Coupon	S*	M*	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	94.81	5.03	0.00	0.24	2.07
SunTrust Banks Inc.	01/28	6.00	BBB+	Baa1	A-	108.11	4.93	-0.01	0.09	1.97
Barclays plc	01/28	4.34	BBB	Baa3	A	94.81	5.03	0.00	0.24	2.07
SunTrust Banks Inc.	01/28	6.00	BBB+	Baa1	A-	108.11	4.93	-0.01	0.09	1.97
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	116.58	4.80	0.02	-0.07	1.84
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	116.58	4.80	0.02	-0.07	1.84
Euro										
Barclays plc	08/29	2.29	BBB	Baa3	A	88.84	3.52	-0.03	0.34	0.56
AT&T Inc.	12/29	2.60	BBB+	Baa1	A-	102.65	2.33	0.00	0.09	-0.63
AT&T Inc.	12/29	2.60	BBB+	Baa1	A-	102.65	2.33	0.00	0.09	-0.63
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	126.21	2.11	-0.01	0.16	-0.85
Yen										
Poland	11/27	2.50	-	A2	A-	109.56	1.41	0.01	0.01	-1.54
£ Sterling										
Cooperatieve Rabobank U.A.	05/29	4.63	BBB+	Baa1	A	111.28	3.37	-0.05	-0.02	0.41
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	130.70	3.13	-0.04	0.06	0.17

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

Jun 13	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

Jun 13 (Libor: Jun 12)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	1.71325	-0.001	0.001	0.010	2.05725	2.33563	2.49875	2.76469
Euro Libor	-0.44014	-0.001	0.001	0.000	-0.40086	-0.35029	-0.30529	-0.22829
£ Libor	0.47238	-0.002	0.000	0.003	0.50113	0.62919	0.75863	0.93694
Swiss Fr Libor				0.002	-0.79140	-0.73120	-0.64260	-0.52140
Yen Libor				0.003	-0.07667	-0.03517	0.01733	0.11183
Euro Euribor				-0.002	-0.37100	-0.32100	-0.26700	-0.18100
Sterling CDs				0.000	0.50000	0.61000	0.77500	
US$ CDs				0.000	1.92000	2.26000	2.46000	
Euro CDs				0.000	-0.44500	-0.40500	-0.34500	

Jun 13	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.50	-0.35	-0.50	-0.35	-0.50	-0.35	-0.48	-0.33	-0.41	-0.26	-0.38	-0.18
Sterling			0.45	0.55	0.45	0.55	0.56	0.66	0.70	0.85	0.84	0.99
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	1.69	1.79	1.73	1.83	2.00	2.10	2.21	2.31	2.47	2.57	2.75	2.85
Japanese Yen	-0.30	0.00	-0.30	0.00	-0.30	0.00	-0.10	0.20	-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	190.64	-0.06	-0.19	0.11	-0.49	4.36
Corporates(£)	339.86	0.20	-0.63	-1.97	-0.19	-1.27
Corporates($)	270.30	-0.10	-0.73	-3.34	-0.73	-3.34
Corporates(€)	224.09	0.05	-0.46	-1.08	-0.65	-0.03
Eurozone Sov(€)	231.00	-0.02	-0.55	-0.81	-1.63	-0.84
Gilts(£)	320.53	0.26	-1.82	-0.87	0.44	-1.47
Global Inflation-Lkd	263.19	0.10	-0.55	-2.09	-0.92	2.59
Markit iBoxx £ Non-Gilts	334.87	0.18	-0.79	-1.65	-0.10	-1.23
Overall ($)	234.18	-0.10	-0.68	-2.37	-0.68	-2.37
Overall(£)	321.76	0.23	-1.52	-1.10	0.28	-1.40
Overall(€)	227.52	0.00	-0.52	-0.80	-1.14	-0.57
Treasuries ($)	220.56	-0.11	-0.69	-1.83	-0.69	-1.83
FTSE						
Sterling Corporate (£)	112.57	0.35	-	-	-0.23	-5.12
Euro Corporate (€)	105.14	0.13	-	-	-0.70	-2.17
Euro Emerging Mkts (€)	465.89	-11.69	-	-	-18.43	-41.68
Eurozone Govt Bond	109.54	0.29	-	-	-1.64	-3.08

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	298.92	-6.67	-1.67	30.98	319.74	267.17
Europe 5Y	69.09	-2.91	-0.65	14.82	76.53	52.58
Japan 5Y	51.26	0.00	0.22	0.31	53.25	49.41
Senior Financials 5Y	80.83	-3.55	-1.47	23.70	93.44	55.32
Markit CDX						
Emerging Markets 5Y	184.16	5.11	12.59	22.91	184.16	132.91
Nth Amer High Yld 5Y	341.60	-0.93	0.04	0.54	370.10	330.66
Nth Amer Inv Grade 5Y	63.75	-0.87	-0.58	2.37	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

	Jun 13	Day Chng	Prev	52 wk high	52 wk low
VIX	12.14	-0.20	12.34	50.30	8.56
VXD	12.71	-0.10	12.81	40.09	3.93
VXN	15.96	0.26	15.70	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

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

GILTS: UK CASH MARKET

Jun 13	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 1.25pc '18	100.08	0.47	2.17	-2.08	20.51	261.54	103.56	100.00	34.84
Tr 4.5pc '19	102.92	0.49	0.00	-3.92	-18.33	308.33	107.64	102.92	36.35
Tr 4.75pc '20	107.06	0.64	-1.54	0.00	-9.86	481.82	112.78	107.06	33.31
Tr 1.5pc '21	101.89	0.77	-1.28	-1.28	-7.23	220.83	104.73	101.42	32.46
Tr 4pc '22	111.60	0.84	-2.33	-1.18	-8.70	180.00	117.77	111.14	37.95
Tr 5pc '25	124.82	1.16	-2.52	-1.69	-5.69	61.11	132.93	123.75	35.08
Tr 1.25pc '27	98.65	1.41	-2.08	-1.40	-4.73	27.03	102.29	96.41	23.45
Tr 4.25pc '32	132.55	1.64	-1.80	-1.80	-4.09	13.10	139.13	129.40	35.44
Tr 4.25pc '36	138.15	1.74	-2.25	-2.25	-3.87	6.75	144.09	134.34	29.76
Tr 4.5pc '42	153.11	1.81	-2.16	-2.16	-3.72	3.43	159.30	147.31	26.64
Tr 3.75pc '52	152.04	1.73	-2.26	-2.81	-3.89	2.37	159.09	144.61	23.59
Tr 4pc '60	170.87	1.64	-2.96	-3.53	-2.96	1.23	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	Jun 13	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	92.94	0.04	2415.03	0.26	-0.80	0.79
2 5 - 10 Years	179.38	0.20	3458.19	0.78	-1.67	1.23
3 10 - 15 Years	208.27	0.34	4221.35	1.23	-1.09	1.57
4 5 - 15 Years	185.85	0.25	3646.20	0.94	-1.46	1.38
5 Over 15 Years	334.27	0.88	5188.78	1.97	0.87	1.73
7 All stocks	177.66	0.45	3578.20	1.17	-0.25	1.61

Index Linked	Jun 13	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	308.26	0.02	0.31	-2.12	2458.88	0.31	-0.59
2 Over 5 years	706.59	0.89	2.96	-0.54	5286.76	2.96	-0.04
3 5-15 years	474.18	0.24	1.10	-1.87	3699.57	1.10	-0.89
4 Over 15 years	907.58	1.11	3.60	-0.11	6635.47	3.60	0.22
5 All stocks	638.52	0.81	2.72	-0.68	4852.75	2.72	-0.09

Yield Indices	Jun 13	Jun 12	Yr ago		Jun 13	Jun 12	Yr ago
5 Yrs	0.97	1.00	0.33	20 Yrs	1.83	1.87	1.76
10 Yrs	1.46	1.50	1.07	45 Yrs	1.62	1.67	1.62
15 Yrs	1.74	1.77	1.56				

Real yield	inflation 0% Jun 13	Dur yrs	Previous	Yr ago	inflation 5% Jun 13	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.72	2.81	-1.84	-2.30	-2.26	2.83	-2.24	-3.17
Over 5 yrs	-1.55	24.34	-1.53	-1.63	-1.59	24.44	-1.55	-1.66
5-15 yrs	-1.59	9.03	-1.60	-1.92	-1.73	9.06	-1.70	-2.07
Over 15 yrs	-1.55	29.48	-1.52	-1.60	-1.57	29.53	-1.54	-1.63
All stocks	-1.55	22.43	-1.53	-1.63	-1.60	22.56	-1.56	-1.67

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

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Jun	65.94	-0.24	Corn♦	Jul	376.50	-0.50
Brent Crude Oil‡		76.35	0.81	Wheat♦	Jul	528.00	-7.00
RBOB Gasoline†	Jun	2.09	0.00	Soybeans♦	Jul	945.25	-8.75
Heating Oil†	Jun	1.68	0.00	Soybeans Meal♦	Jul	350.80	-2.60
Natural Gas†	Jun	2.96	0.02	Cocoa (ICE Liffe)✠	Jul	1630.00	-50.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Jul	2395.00	-10.00
Uranium†	Jun	18.10	0.00	Coffee(Robusta)✠	Jul	1706.00	-27.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Jul	116.85	-0.60
Diesel†		-	-	White Sugar✠		353.20	1.40
Unleaded (95R)		-	-	Sugar 11♥		12.71	0.06
Base Metals (♠ LME 3 Months)				Cotton♥	Jul	94.13	-1.10
Aluminium		2270.50	-22.00	Orange Juice♥	Jul	154.45	0.10
Aluminium Alloy		1890.00	-35.00	Palm Oil♣		-	-
Copper		7236.50	23.50	Live Cattle♣	Jun	108.70	0.00
Lead		2497.00	29.00	Feeder Cattle♣	Aug	146.18	0.23
Nickel		15550.00	295.00	Lean Hogs♣	Jul	81.73	0.00
Tin		20840.00	-220.00				
Zinc		3201.50	2.50		Jun 12	% Chg Month	% Chg Year
Precious Metals (PM London Fix)							
Gold		1298.65	-0.95	S&P GSCI Spt	477.27	-1.51	29.52
Silver (US cents)		1685.50	9.50	DJ UBS Spot	89.95	-0.12	10.22
Platinum		907.00	1.00	TR/CC CRB TR	204.68	-1.62	-
Palladium		1025.00	6.00	M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Bulk Commodities				UBS Bberg CMCI TR	16.10	0.86	-
Iron Ore (Platts)		65.80	-0.15	LEBA EUA Carbon	14.04	27.29	178.57
Iron Ore (The Steel Index)		76.55	-1.30	LEBA CER Carbon	0.22	10.00	0.00
GlobalCOAL RB Index		106.75	0.45	LEBA UK Power	3615.00	87.79	14.76
Baltic Dry Index		1404.00	14.00				

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

BONDS: INDEX-LINKED

	Price Jun 12	Yield Jun 12	Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	113.86	0.232	0.280	0.30	5.18	76373.61	8
Fr 2.25%' 20	109.08	-1.915	-1.919	-0.05	20.31	254390.76	16
Swe 0.25%' 22	115.20	-2.116	-2.070	0.09	32.23	247922.58	8
UK 2.5%' 20	361.23	-2.149	-2.135	-0.23	6.58	653127.42	28
UK 2.5%' 24	360.12	-1.778	-1.753	-0.73	6.82	653127.42	28
UK 2%' 35	265.66	-1.547	-1.514	-1.00	9.08	653127.42	28
US 0.625%' 21	100.24	0.546	0.522	-0.25	35.84	1279293.62	39
US 3.625%' 28	126.16	0.848	0.522	-0.56	16.78	1279293.62	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	2.82	2.40	-0.14	Italy	2.83	2.40	-0.14
Austria	0.60	0.18	-2.36	Japan	0.03	-0.39	-2.93
Belgium	0.76	0.34	-2.20	Netherlands	0.56	0.13	-2.41
Canada	2.30	1.88	-0.66	Norway	-	-	-
Denmark	0.51	0.08	-2.45	Portugal	-	-	-
Finland	0.69	0.27	-2.27	Spain	1.38	0.95	-1.58
France	0.83	0.40	-2.13	Switzerland	0.00	-0.43	-2.96
Germany	0.42	0.00	-2.54	United Kingdom	1.45	1.02	-1.51
Greece	4.54	4.11	1.58	United States	2.96	2.54	0.00
Ireland	1.26	0.84	-1.70				

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

MANAGED FUNDS SERVICE

Algebris Investments (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Algebris Financial Credit Fund - Class I EUR	€ 152.19	-	0.17	0.00
Algebris Financial Income Fund - Class I EUR	€ 142.89	-	1.23	0.00
Algebris Financial Equity Fund - Class B EUR	€ 128.48	-	1.96	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 98.18	-	-0.05	0.00
Algebris Macro Credit B EUR Acc	€ 106.61	-	0.50	0.00
Algebris Core Italy Fund - Class R EUR	€ 97.25	-	0.92	-

The Antares European Fund Limited
Other International

Fund	Bid	Offer	D+/-	Yield
AEF Ltd Usd (Est)	$ 753.37	-	-6.53	-
AEF Ltd Eur (Est)	€ 738.55	-	-6.82	0.00

Arisaig Partners
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Arisaig Africa Consumer Fund Limited	$ 13.78	-	-0.02	0.00
Arisaig Asia Consumer Fund Limited	$ 98.42	-	0.84	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 11.82	-	0.09	0.00
Arisaig Global Emerging Markets Consumer UCITS	€ 12.93	-	0.12	0.00
Arisaig Global Emerging Markets Consumer UCITS STG	£ 14.49	-	0.15	0.00
Arisaig Latin America Consumer Fund	$ 23.87	-	0.08	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	$ 94.53	-	-0.33	5.52
Ashmore SICAV Emerging Market Frontier Equity Fund	$ 183.89	-	-1.01	0.70
Ashmore SICAV Emerging Market Total Return Fund	$ 84.37	-	-0.30	5.51
Ashmore SICAV Global Small Cap Equity Fund	$ 173.93	-	1.77	0.58
EM Mkts Corp.Debt USD F	$ 92.71	-	-0.09	6.36
EM Mkts Loc.Ccy Bd USD F	$ 80.96	-	-0.42	5.84
EM Short Duration Fund Acc USD	$ 134.27	-	-0.09	0.00

Aspect Capital Ltd (UK)
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Aspect Diversified USD	$ 389.27	-	2.61	0.00
Aspect Diversified EUR	€ 222.94	-	1.42	0.00
Aspect Diversified GBP	£ 117.06	-	0.76	0.00
Aspect Diversified CHF	SFr 105.00	-	0.66	0.00
Aspect Diversified Trends USD	$ 114.86	-	-0.48	0.00
Aspect Diversified Trends EUR	€ 109.91	-	-0.47	0.00
Aspect Diversified Trends GBP	£ 116.92	-	-0.51	0.00

Atlantas Sicav (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
American Dynamic	$ 4832.97	-	88.98	0.00
American One	$ 4420.19	-	50.11	0.00
Bond Global	€ 1402.62	-	-6.31	0.00
Eurocroissance	€ 1084.30	-	7.82	0.00
Far East	$ 1009.08	-	2.49	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	-	0.01	2.68

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	£ 1.56	1.56	0.00	3.06
Diversified Income 2 Units GBP Inc	£ 1.50	1.50	0.00	3.07
Diversified Income 3 Units GBP Inc	£ 1.51	1.51	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	£ 31633.89	31633.89	80.81	0.73
CG Portfolio Fund Plc				
Absolute Return Cls M Inc	£ 117.82	117.82	0.03	1.26
Capital Value Cls V Inc	£ 154.68	154.68	0.34	0.44
Dollar Fund Cls D Inc	£ 148.63	148.63	0.40	1.85
Dollar Hedged GBP Inc	£ 96.42	96.42	0.03	1.73
Real Return Cls A Inc	£ 191.29	191.29	0.55	2.20

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Schwab US Liquid Assets Fd	$ 1.00	-	0.00	0.49

Chartered Asset Management Pte Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
CAM-GTF Limited	$ 328610.62	328610.62	3613.06	0.00
CAM GTi Limited	$ 665.05	-	0.12	0.00
Raffles-Asia Investment Company	$ 1.65	1.65	0.07	1.20

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cheyne European Event Driven Fund (M)	€ 144.86	-	4.49	-

price updated (D) daily, (W) weekly, (M) monthly

DAVIS Funds SICAV (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Davis Value A	$ 55.06	-	-0.01	0.00
Davis Global A	$ 42.97	-	0.13	0.00

Dodge & Cox Worldwide Funds (IRL)
6 Duke Street,St.James,London SW1Y 6BN
www.dodgeandcox.worldwide.com 020 3713 7664
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Dodge & Cox Worldwide Funds plc - Global Bond Fund				
EUR Accumulating Class	€ 12.45	-	0.02	0.00
EUR Accumulating Class (H)	€ 9.99	-	-0.02	0.00
EUR Distributing Class	€ 10.84	-	0.02	3.62
EUR Distributing Class (H)	€ 8.69	-	-0.02	3.67
GBP Distributing Class	£ 11.59	-	-0.01	3.59
GBP Distributing Class (H)	£ 8.99	-	-0.01	3.24
USD Accumulating Class	$ 10.55	-	-0.01	0.00
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 21.75	-	-0.03	0.00
GBP Accumulating Share Class	£ 26.76	-	-0.01	0.00
GBP Distributing Share class	£ 19.12	-	-0.01	0.69
EUR Accumulating Share Class	€ 27.80	-	0.05	0.00
GBP Distributing Class (H)	£ 11.65	-	0.10	0.69
Dodge & Cox Worldwide Funds plc-International Stock Fund				
USD Accumulating Share Class	$ 17.08	-	-0.04	0.00
GBP Accumulating Share Class	£ 17.11	-	0.01	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 26.31	-	0.01	0.00
GBP Accumulating Share Class	£ 30.60	-	0.03	0.00
GBP Distributing Share Class	£ 19.12	-	0.02	0.75
EUR Accumulating Share Class	€ 29.03	-	0.10	0.00
GBP Distributing Class (H)	£ 11.81	-	0.00	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	€ 205.57	-	2.06	0.00
DSM Global Growth I2	A$ 115.76	-	0.93	-
DSM Global Growth I1	€ 122.20	-	0.19	0.00
DSM US Large Cap Growth A	$ 159.48	-	0.73	0.00
DSM US Large Cap Growth I2	€ 135.51	-	0.86	0.00

E.I. Sturdza Strategic Management Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Strat Evarich Japan Fd Ltd JPY	¥ 85505.00	-	1860.00	0.00
Strat Evarich Japan Fd Ltd USD	$ 848.19	-	18.67	0.00

E.I. Sturdza Funds PLC (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Nippon Growth (UCITS) Fd - B	¥ 94487.00	-	52.00	0.00
Strategic China Panda Fd - USD	$ 3768.76	-	18.32	0.00
Strategic Euro Bond Fd - Acc	€ 1113.24	-	-0.98	0.00
Strategic Europe Value Fd - EUR	€ 218.59	-	1.00	0.00
Strategic European Smaller Companies Fd - EUR	€ 1310.78	-	0.50	0.00
Strategic Global Bond Fd - USD	$ 1044.85	-	-0.52	0.00
Strategic Global Quality Fd - USD Inst	$ 140.01	-	0.84	0.00
Strategic Quality Emerging Bond Fd - USD	$ 1028.94	-	-1.26	0.00
Strategic US Momentum and Value Fd - USD Class	$ 888.50	-	1.24	0.00
Strategic Japan Opportunities Fund	¥ 64368.00	-	321.00	0.00
Strategic Beta Flex Fund	€ 1016.70	-	-3.03	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 $	$ 1.39	-	0.00	1.42
European Opportunities I EUR	€ 2.76	-	0.00	1.88
European Opportunities I GBP	£ 2.43	-	0.01	1.66
European Opportunities A EUR	€ 2.71	-	0.00	0.93
Global Opportunities I USD	$ 2.01	-	0.00	1.36
Global Opportunities I GBP	£ 1.51	-	0.00	1.12
Pan European Opportunities I EUR	€ 1.90	-	-0.01	-

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	£ 127.18	-	-0.28	0.00
Ennismore European Smlr Cos NAV	€ 144.09	-	-0.49	0.00

Ennismore European Smlr Cos Hedge Fd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	€ 529.43	-	0.25	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Equinox Russian Opportunities Fund Limited	$ 183.05	-	-1.87	0.00

Euronova Asset Management UK LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Smaller Cos Cls One Shares	€ 45.44	-	0.06	0.00
Smaller Cos Cls Two Shares	€ 30.61	-	0.03	0.00
Smaller Cos Cls Three Shares	€ 15.41	-	0.01	0.00
Smaller Cos Cls Four Shares	€ 19.79	-	0.02	0.00

Eurobank Fund Management Company (Luxembourg) S.A.
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
(LF) Absolute Return	€ 1.36	-	0.00	0.00
(LF) Eq Emerging Europe	€ 0.85	-	0.00	0.00
(LF) Eq Mena Fund	€ 12.78	-	0.15	0.00
(LF) Greek Government Bond	€ 28.17	-	-0.09	0.00
(LF) Greek Corporate Bond	€ 14.67	-	-0.02	0.00
(LF) FOF Dynamic Fixed Inc	€ 12.02	-	0.00	0.00
(LF) FOF Real Estate	€ 16.20	-	0.04	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	0.29
Cash Fund Y-Inc-GBP	£ 1.00	-	0.00	0.24
Fidelity Select 50 Balanced Fund PI-ACC-GBP	£ 1.03	-	0.00	-
Fidelity Short Dated Corporate Bond Fund Y - Gross Acc	£ 9.70	-	0.01	4.07
Fidelity Short Dated Corporate Bond Fund Y - Gross Inc	£ 10.32	-	0.03	3.96
Target 2020 A-ACC-GBP	£ 0.67	-	0.00	0.45
Target 2025 A-ACC-GBP	£ 1.67	-	0.01	0.51
Target 2030 A-ACC-GBP	£ 1.89	-	0.00	0.56
Institutional OEIC Funds				
Europe (ex-UK) Fund ACC-GBP	£ 5.45	-	0.03	1.09
UK Gilt Fund Inc	£ 1.36	-	0.01	1.61
UK Long Corporate Bond - Gross Inc	£ 1.23	-	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	$ 113.60	-	0.20	0.00
American Fund GBP Hedged	£ 60.21	-	0.11	0.00
American Fund GBP Unhedged	£ 85.06	-	0.39	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	$ 40.52	-	0.05	-
Foord Global Equity Fund (Lux) | R	$ 13.59	-	0.03	-
Regulated				
Foord Global Equity Fund (Sing) | B	$ 16.42	-	0.04	0.00
Foord International Trust (Gsy)	$ 40.21	-	0.05	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 CHF	SFr 16.95	-	-0.33	9.23
Franklin Emg Mkts Debt Opp GBP	£ 10.62	-	-0.06	6.79
Franklin Emg Mkts Debt Opp SGD	S$ 22.68	-	-0.29	5.36
Franklin Emg Mkts Debt Opp USD	$ 17.68	-	-0.26	6.94

GAM
funds@gam.com, www.funds.gam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
LAPIS TOP 25 DIV.YLD-D	£ 103.21	-	0.13	1.96

GYS Investment Management Ltd (UK)
Regulated

Fund	Bid	Offer	D+/-	Yield
Taurus Emerging Fund Ltd	$ 171.67	175.18	-6.65	0.00

Genesis Asset Managers LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Emerging Mkts NAV	£ 8.14	-	0.04	0.00

Global Investment House

Fund	Bid	Offer	D+/-	Yield
Global GCC Islamic Fund	$ 104.01	-	0.21	0.00
Global GCC Large Cap Fund	$ 166.02	-	6.41	0.00
Global Saudi Equity Fund	SR 264.82	-	13.10	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	£ 0.53	-	-0.01	0.00
Holiday Property Bond Ser 2	£ 0.65	-	0.00	0.00

Haussmann
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Haussmann Cls A	$ 2915.08	-	-29.38	0.00
Haussmann Cls C	€ 2430.95	-	-37.33	0.00
Haussmann Cls D	SFr 1271.06	-	-19.80	0.00

Hermes Investment Funds Plc (IRL)
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0)20 7702 0888
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Hermes Abs Return Credit Fund Class F Acc	£ 1.20	1.20	0.00	0.00
Hermes Abs Return Credit Fund Class F Acc Hedged	£ 1.92	1.92	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc	£ 2.84	2.84	0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc USD	$ 5.01	5.01	0.00	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc	£ 2.22	2.22	0.01	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc Hedged	£ 4.25	4.25	0.02	0.00
Hermes European Alpha Equity Fund Class F Acc	£ 1.82	1.82	0.02	0.00
Hermes European Alpha Equity Fund Class F Dis	£ 1.72	1.72	0.01	1.13
Hermes Global Emerging Markets Fund Class F Acc	£ 3.59	3.59	0.03	0.00
Hermes Global Emerging Markets Fund Class F Dis	£ 2.01	2.01	0.00	0.00
Hermes Global Emerging Markets Fund Class R Acc USD	$ 4.17	4.17	0.01	0.00
Hermes Global Equity ESG Fund Class F Acc	£ 2.35	2.35	0.02	0.00
Hermes Global Equity ESG Fund Class R Acc USD	£ 5.02	5.02	0.01	0.00
Hermes Global Equity ESG Fund Class F Acc	£ 1.77	1.77	0.01	0.00
Hermes Global High Yield Credit Fund Class F Acc	£ 1.46	1.46	-0.01	0.00
Hermes Global High Yield Credit Fund Class F Acc EUR	€ 3.09	3.09	0.00	0.00
Hermes Global Small Cap Fund Class F Acc	£ 1.63	1.63	0.00	0.00
Hermes Global Small Cap Fund Class F Acc EUR	€ 2.17	2.17	-0.01	0.00
Hermes Impact Opportunities Equity Fund F Acc	£ 2.05	-	0.00	-
Hermes Impact Opportunities Equity Fund F Inc	£ 1.04	-	0.01	-
Hermes Multi Asset Inflation Fund Class F GBP Acc	£ 1.05	1.05	0.00	0.00
Hermes Multi Strategy Credit Fund Class F Acc GBP Hedged	£ 1.13	1.13	0.00	0.00
Hermes SDG Engagement Equity Fund F	£ 2.15	-	0.02	-
Hermes SDG Engagement Equity Fund F	£ 1.08	-	0.01	-
Hermes US All Cap Equity Class F Stg £ Acc	£ 1.53	1.53	0.01	0.00
Hermes US All Cap Equity Class F Acc USD	£ 2.18	2.18	0.00	0.00
Hermes US SMID Equity Fund Class F Acc	£ 2.53	2.53	0.02	0.00
Hermes US SMID Equity Fund Class F Acc USD	$ 4.39	4.39	0.02	0.00

INDIA VALUE INVESTMENTS LIMITED (INVIL)
www.invil.mu
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	£ 8.53	-	0.04	0.00

Intrinsic Value Investors (IVI) LLP (UK)
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL 020 7566 1210
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
IVI European Fund EUR	€ 23.10	-	0.02	0.00
IVI European Fund GBP	£ 27.26	-	0.03	0.00

Invesco Global Asset Management DAC (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	£ 2.64	-	0.00	3.05
Invesco Asian Equity A	$ 9.45	-	0.00	0.00
Invesco ASEAN Equity A	$ 107.83	-	-0.14	0.31
Invesco Bond A	$ 26.94	-	0.00	2.31
Invesco Continental Europ Small Cap Eq A	$ 280.32	-	2.12	0.00
Invesco Emerging Markets Equity A	$ 48.31	-	-0.15	0.00
Invesco Emerging Markets Bond A	$ 20.26	-	-0.05	5.33
Invesco Continental European Equity A	€ 9.27	-	0.04	0.85
Invesco Gilt A	£ 15.84	-	-0.05	0.00
Invesco Global Small Cap Equity A NAV	$ 164.18	-	0.38	0.00
Invesco Global High Income A NAV	$ 11.73	-	0.00	5.16
Invesco Gbl Rl/Est Secs A GBP F	£ 9.39	-	-0.05	1.11
Invesco Global Health Care A	$ 131.78	-	0.39	0.00
Invesco Global Select Equity A	$ 16.67	-	0.00	0.00
Invesco Jap Eqty Core A	$ 22.12	-	-0.02	0.15
Invesco Japanese Equity A	$ 26.70	-	0.07	0.00
Invesco Korean Equity A	$ 26.98	-	0.08	0.00
Invesco PRC Equity A	$ 81.95	-	0.32	0.00
Invesco Pacific Equity A	$ 68.75	-	0.04	0.07
Invesco Global Technology A	$ 24.32	-	0.03	0.00
Invesco UK Eqty A	£ 9.51	-	-0.01	2.60

Kames Capital VCIC (IRL)
[illegible]
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Absolute Return Bond B GBP Acc	1110.75	-	0.19	1.23
Eq Market Neutral B Acc	930.56	-	-0.27	0.00
High Yield Global Bond A GBP Inc	512.22	-	0.31	3.24
High Yield Global Bond B GBP Inc	1077.94	-	0.63	3.89
Investment Grade Global Bd A GBP Inc	557.42	-	0.43	2.12
Kames Emerging Market Bond Fund - B Acc US$	$ 11.26	-	-0.03	0.00
Kames Emerging Market Income B GBP Acc	1698.81	-	4.69	0.00
Kames Global Equity Income B GBP Acc	1455.44	-	-8.32	3.19
Kames Global Diversified Growth Fund - B Acc GBP	£ 11.52	-	0.00	0.00
Kames Global Equity Market Neutral Fund - B Acc	£ 10.30	-	0.01	0.00
Kames Global Sustainable Equity Fund - B Acc GBP	£ 12.41	-	0.00	0.00
Short Dated High Yld Global Bond B GBP Acc	£ 10.09	-	0.00	-
Strategic Global Bond A GBP Inc	1133.82	-	0.21	0.38
Strategic Global Bond B GBP Inc	629.96	-	0.14	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 Heartwood Balanced MA B Acc	149.09	-	0.03	0.42
LF Heartwood Cautious MA B Acc	142.52	-	0.14	0.60
LF Heartwood Defensive MA B Acc	115.84	-	0.09	0.15
LF Heartwood Growth MA B Acc	181.75	-	0.22	0.04
LF Heartwood Income MA B Inc	112.85	-	0.09	3.03
LF Heartwood Income Plus MA B Inc	120.79	-	0.09	3.48
LF Seneca Diversified Growth A Acc	274.65	-	0.35	2.15
LF Seneca Diversified Growth A Inc	165.18	-	0.21	2.77
LF Seneca Diversified Growth N Acc	162.54	-	0.21	2.53
LF Seneca Diversified Income A Inc	92.51	-	0.13	4.93
LF Seneca Diversified Income N Inc	112.42	-	0.13	4.93
LF Seneca International Income N Inc	110.76	-	0.12	4.92

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	£ 12.4700	-	0.0800	1.86
Lloyds Investment Funds Limited				
Euro High Income	€ 1.5590	-	0.0020	3.03
High Income	£ 0.8518xd	-	0.0013	4.68
Sterling Bond	£ 1.5100	-	0.0060	2.64
Lloyds Gilt Fund Limited				
Lloyds Gilt Fund Quarterly Share	£ 1.3120	-	0.0080	1.57
Monthly Share	£ 1.2580xd	-	0.0080	1.57
Lloyds Money Fund Limited				
Sterling Class	£ 52.5170	-	0.0000	-0.20
Lloyds Multi Strategy Fund Limited				
Conservative Strategy	£ 1.2370xd	-	0.0000	0.00
Growth Strategy	£ 1.8460xd	-	0.0000	0.23
Aggressive Strategy	£ 2.5220xd	-	0.0020	0.00
Global USD Growth Strategy	$ 1.6620	-	0.0010	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	2986.95	190.48	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$ 1641.24	-	-23.92	0.00
Diversified Absolute Return Stlg Cell AF2	£ 1624.03	-	-23.05	0.00
Global Equity Fund A Lead Series	£ 1419.39	1455.09	42.33	0.00

Marwyn Asset Management Limited (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Marwyn Value Investors	£ 414.50	-	21.01	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	£ 98.31	-	-1.03	-
EICM South Asia Hospitality 1	$ 101.98	-	4.50	-
Milltrust Global Emerging Markets Fund - Class A	$ 95.14	-	1.07	-

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	$ 109.01	-	0.02	0.00
Mir. - EqPanEuropeSm&Mid	€ 170.58	-	0.96	0.00
Mirabaud - UK Equity High Alpha	£ 128.34	-	-0.69	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	$ 89.21	-	0.54	0.00
Asian Equity A F	$ 54.93	-	0.02	0.00
Asian Property A F	$ 21.49	-	0.01	0.00
Emerg Europ, Mid-East & Africa Eq A F	€ 75.61	-	0.07	0.00
Emerging Markets Debt A F	$ 83.17	-	-0.43	0.00
Emerging Markets Domestic Debt A F	€ 11.50	11.50	0.03	5.89
Emerging Markets Equity A F	$ 43.78	43.78	0.24	0.00
Euro Bond A F	€ 16.12	16.12	-0.02	0.00
Euro Corporate Bond A F	€ 27.19	27.19	0.06	1.27
Euro Strategic Bond A F	€ 45.76	45.76	0.03	0.00
European Currencies High Yield Bd A F	€ 24.48	24.48	0.01	0.00
European Equity Alpha A F	€ 45.21	-	0.12	0.00
European Property A F	€ 36.56	36.56	-0.15	0.00
Eurozone Equity Alpha A F	€ 41.59	41.59	0.04	0.00
Global Bond A F	$ 41.59	-	0.02	0.00
Global Brands A F	$ 130.75	-	0.31	0.00
Global Convertible Bond A F	$ 45.96	-	0.04	0.00
Global Opportunity A F	$ 55.17	-	-0.02	0.00
Global Property A F	$ 31.05	-	-0.02	0.00
Indian Equity A F	$ 44.05	-	0.27	0.00
Latin American Equity A F	$ 48.01	-	-0.05	0.00
Short Maturity Euro Bond A F	€ 20.17	20.17	0.00	0.00
US Dollar Liquidity A F	$ 13.20	-	0.00	0.00
US Growth A F	$ 116.50	-	1.11	0.00
US Growth AH F	€ 76.56	76.56	0.48	0.00
US Property A F	$ 86.20	86.20	0.52	0.00
US Property A F	$ 71.02	-	0.00	0.00

Morgens Waterfall Vintiadis & Co Inc
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Phaeton Intl (BVI) Ltd (Est)	$ 545.80	-	12.07	0.00

Natixis International Funds (LUX) I SICAV (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
ASG Managed Futures Fund I/A (USD)	$ 98.05	98.05	0.13	0.00
Harris Global Equity Fund R/A (USD)	$ 333.38	333.38	-0.22	0.00
Loomis Sayles Global Growth Equity Fund I/A (USD)	$ 136.00	136.00	-0.27	0.00
Loomis Sayles U.S. Growth Equity Fund I/A (USD)	$ 143.09	143.09	0.56	0.00

Natixis Investment Funds (UK)
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
DNCA European Select Equity Fund	£ 1.03	-	0.00	0.83
Harris Global Concentrated Equity Fund	£ 1.71	-	0.01	1.33
H2O MultiReturns Fund N/A (GBP)	£ 1.73	-	0.00	0.72
Loomis Sayles U.S. Equity Leaders N/A (GBP)	£ 2.52	-	0.03	0.13

New Capital Fund Management Ltd (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
New Capital Euro Value Credit Fund - EUR Inst Acc	€ 99.44	-	0.01	-

new capital funds by EFG Asset Management

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 Inc	$ 91.76	-	-0.08	3.97
New Capital Asia Pacific Equity Income Fund - USD Ord Inc	$ 110.14	-	0.07	2.51
New Capital Dynamic European Equity Fund - EUR Ord Inc	€ 192.46	-	-0.23	2.60
New Capital China Equity Fund - USD Ord Acc	$ 186.20	-	2.37	0.00
New Capital Global Value Credit Fund - USD Ord Acc	$ 181.89	-	0.02	0.00
New Capital Dynamic UK Equity Fund - GBP Ord Acc	£ 132.25	-	0.22	0.00
New Capital Strategic Portfolio UCITS Fund - USD Ord Acc	$ 123.41	-	0.29	0.00
New Capital Wealthy Nations Bond Fund - USD Ord Inc	$ 112.19	-	-0.14	5.57
New Capital Swiss Select Equity Fund - CHF Ord Acc	SFr 170.33	-	-0.09	0.00
New Capital US Growth Fund - USD Ord Acc	$ 296.03	-	1.88	0.00
New Capital All Weather Fund - EUR Inst Acc	€ 100.38	-	0.06	0.00
New Capital Dynamic Japan Equity Fund - GBP Inst Acc	£ 116.08	-	-0.35	0.00
New Capital US Small Cap Growth Fund - USD Ord Acc	$ 150.43	-	2.07	0.00
New Capital Global Alpha Fund - USD Ord Acc	$ 106.16	-	-0.02	0.32

Northwest Investment Management (HK) Ltd
17th Floor, Kennedy Centre, 32, Hollywood Road, Central Hong Kong +852 3952 9331 9220
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Northwest China Opportunities Class 1 $	$ 3346.45	-	53.37	0.00
Northwest Fund Class 1 $	$ 2450.51	-	0.00	0.00
Northwest Warrant Acc $	$ 1969.35	-	-44.40	0.00

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Equity Fund	R 10.72	-	0.01	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 Short Term Income Fund (USD) - Class A Dist	$ 0.98	-	0.00	-
Oasis Crescent Global Equity Fund USD A (Dist)	$ 31.26	-	-0.04	0.71
Oasis Crescent Variable Balanced Fund	€ 10.57	-	0.00	0.00
OasisCresGl Income Class A	$ 10.46	-	-0.01	3.09
OasisCresGl LowBal D (Dist)	£ 12.27	-	-0.01	0.00
OasisCresGl Med Eq Bal A ($) Dist	$ 12.92	-	-0.02	0.61
Oasis Crescent Global Property Equity	$ 9.68	-	-0.01	1.87

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
OEI Mac Inc GBP A	£ 170.50	-	1.30	0.00
OEI Mac Inc GBP B	£ 101.69	-	2.46	0.00
OEI Mac Inc USD	$ 909.80	-	7.32	0.00
Odey European Inc EUR	€ 396.62	-	4.71	0.00
Odey European Inc GBP A	£ 159.11	-	1.95	0.00
Odey European Inc GBP B	£ 90.19	-	1.10	0.00
Odey European Inc USD	$ 190.78	-	2.42	0.00
Giano Capital EUR Inc	€ 940.51	-	28.52	0.00

Odey Asset Management LLP (IRL)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Pan European EUR R	€ 436.54	-	-0.67	0.00
Odey Allegra International EUR O	€ 187.03	-	-0.32	0.00
Odey Allegra Developed Markets USD I	$ 171.81	-	-1.00	0.00
Odey European Focus Fund	€ 19.79	-	0.04	0.00
Odey Odyssey USD I	$ 91.44	-	-1.52	0.00
Odey Swan Fund EUR I	€ 44.05	-	-0.62	0.00
Odey Absolute Return Focus Fund	$ 97.84	-	5.09	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Opportunity EUR I	€ 243.20	-	0.19	0.00

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Estimated NAV	$ 939.00	-	-57.25	0.00

Optima Fund Management
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cuttyhunk Fund II Limited	$ 1655.16	-	5.02	0.00
JENOP Global Healthcare Fund Ltd	$ 17.15	-	0.53	0.00
OPTIKA Fund Limited - Cl A	$ 146.74	-	-1.16	0.00
Optima Fd NAV (Est)	$ 99.81	-	0.22	0.00
Optima Discretionary Macro Fund Limited (Est)	$ 87.22	-	-0.17	0.00
The Dorset Energy Fd Ltd NAV	$ 25.37	-	1.12	0.00
Platinum Fd Ltd	$ 111.71	-	0.04	0.00
Platinum Fd Ltd EUR	€ 20.46	-	-0.01	0.00
Platinum Japan Fd Ltd	$ 68.52	-	-0.94	0.00
Optima Partners Global Fd	$ 17.14	-	0.10	0.00
Optima Partners Focus Fund A	$ 17.77	-	0.02	0.00
Optima STAR Fund (hedged)	$ 109.70	-	0.73	0.00
Optima STAR Long Fund	$ 151.47	-	1.12	0.00

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV (Fully Diluted)	£ 9.26	-	0.26	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	€ 105.96	-	0.00	0.00
Pictet-Asian Equities Ex Japan-I USD F	$ 328.82	-	0.76	0.00
Pictet-Asian Local Currency Debt-I USD F	$ 167.59	-	-0.43	0.00
Pictet-Biotech-I USD F	$ 827.49	-	10.05	0.00
Pictet-CHF Bonds I CHF	SFr 502.77	-	-0.01	0.00
Pictet-China Index I USD	$ 174.08	-	1.12	0.00
Pictet-Clean Energy-I USD F	$ 105.08	-	0.17	0.00
Pictet-Digital-I USD F	$ 429.00	-	2.22	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 172.89	-	-1.33	0.00
Pictet-Emerging Europe-I EUR F	€ 360.06	-	-0.41	0.00
Pictet-Emerging Markets-I USD F	$ 662.74	-	-2.40	0.00
Pictet-Emerging Markets Index-I USD F	$ 310.01	-	0.33	0.00
Pictet-Emerging Corporate Bonds I USD	$ 122.02	-	-0.17	0.00
Pictet-Emerging Markets High Dividend I USD	$ 125.93	-	-0.75	0.00
Pictet-Emerging Markets Sust Eq I USD	$ 110.69	-	0.32	0.00
Pictet-EUR Bonds-I F	€ 575.30	-	-0.02	0.00
Pictet-EUR Corporate Bonds-I F	€ 209.34	-	0.12	0.00
Pictet-EUR Government Bonds I EUR	€ 161.07	-	0.03	0.00
Pictet-EUR High Yield-I F	€ 270.79	-	0.26	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 136.53	-	0.03	0.00
Pictet-EUR Short Term HY I EUR	€ 126.81	-	0.43	0.00
Pictet-EUR Sov.Sht.Mon.Mkt EUR I	€ 101.43	-	0.00	0.00
Pictet-Euroland Index IS EUR	€ 159.16	-	-0.15	0.00
Pictet-Europe Index-I EUR F	€ 194.76	-	-0.25	0.00
Pictet-European Equity Selection-I EUR F	€ 805.76	-	0.02	0.00
Pictet-European Sust Eq-I EUR F	€ 271.12	-	0.17	0.00
Pictet-Global Bds Fundamental I USD	$ 125.97	-	-0.12	0.00
Pictet-Global Bonds-I EUR	€ 164.30	-	0.07	0.00
Pictet-Global Defensive Equities I USD	$ 175.53	-	0.03	0.00
Pictet-Global Emerging Debt-I USD F	$ 391.34	-	-1.24	0.00
Pictet-Global Env.Opport-I EUR	€ 210.63	-	0.25	0.00
Pictet-Global Megatrend Selection-I USD F	$ 308.70	-	0.86	0.00
Pictet-Global Sust.Credit HI EUR	€ 147.62	-	0.03	0.00
Pictet-Greater China-I USD F	$ 725.60	-	-2.90	0.00
Pictet-Health-I USD	$ 295.25	-	1.17	0.00
Pictet-High Dividend Sel I EUR F	€ 171.10	-	0.29	0.00
Pictet-India Index I USD	$ 124.44	-	0.52	0.00
Pictet-Indian Equities-I USD F	$ 607.35	-	-3.04	0.00
Pictet-Japan Index-I JPY F	¥ 19284.35	-	81.56	0.00
Pictet-Japanese Equities Opp-I JPY F	¥ 12157.02	-	30.80	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 17301.86	-	29.65	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 128.53	-	-1.40	0.00
Pictet-Multi Asset Global Opportunities-I EUR	€ 123.82	-	-0.02	0.00
Pictet-Nutrition-I EUR	€ 226.49	-	0.55	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 447.58	-	0.68	0.00
Pictet-Premium Brands-I EUR F	€ 190.51	-	0.63	0.00
Pictet-Russia Index I USD	$ 73.09	-	-0.02	0.00
Pictet-Russian Equities-I USD F	$ 73.75	-	0.28	0.00
Pictet-Security-I USD F	$ 272.65	-	2.07	0.00
Pictet-Select-Callisto I EUR	€ 103.78	-	0.18	0.00
Pictet-Small Cap Europe-I EUR F	€ 1425.18	-	3.24	0.00
Pictet-ST Emerg Local Currency Debt-I USD F	$ 103.45	-	-0.36	0.00
Pictet-ST.MoneyMkt-I	€ 139.22	-	0.00	0.00
Pictet-ST.MoneyMkt JPY I USD	¥ 101060.66	-	-3.22	0.00
Pictet-ST.MoneyMkt-ICHF	SFr 121.68	-	-0.01	0.00
Pictet-ST.MoneyMkt-IUSD	$ 139.63	-	0.01	0.00
Pictet-Timber-I USD F	$ 221.42	-	0.19	0.00
Pictet TR-Agora I EUR	€ 126.09	-	-0.11	0.00
Pictet TR-Corto Europe I EUR	€ 147.06	-	-0.07	0.00
Pictet TR-Divers Alpha I EUR	€ 111.59	-	-0.16	0.00
Pictet TR-Kosmos I EUR	€ 109.69	-	0.05	0.00
Pictet TR-Mandarin I USD	$ 168.82	-	1.03	0.00
Pictet-US Equity Selection-I USD	$ 254.28	-	0.25	0.00
Pictet-US High Yield-I USD F	$ 165.22	-	0.09	0.00
Pictet-USA Index-I USD F	$ 253.68	-	0.45	0.00
Pictet-USD Government Bonds-I F	$ 640.51	-	-0.04	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 131.45	-	-0.02	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 105.29	-	0.00	0.00
Pictet-Water-I EUR F	€ 339.65	-	0.78	0.00

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Platinum All Star Fund - A	$ 130.34	-	-	-
Platinum Global Dividend Fund - A	$ 45.43	-	-	-
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	$ 11.09	11.09	0.00	-
Asian Financials I USD	$ 389.77	389.77	-1.17	0.00
Biotechnology I USD	$ 25.04	25.04	0.16	0.00
European Income Acc EUR	€ 12.15	12.15	0.01	0.00
European Ex UK Inc EUR Acc	€ 11.19	11.19	0.03	0.00
Financial Opps I USD	$ 14.61	-	-0.01	1.90
GEM Income I USD	$ 12.10	-	-0.03	0.00
Global Convertible I USD	$ 13.48	13.48	0.07	0.00
Global Insurance I GBP	£ 6.03	-	-0.02	0.00
Global Technology I USD	$ 45.88	-	0.23	0.00
Healthcare Blue Chip Fund I USD Acc	$ 12.31	12.31	0.03	0.00
Healthcare Opps I USD	$ 47.11	-	0.30	0.00
Income Opportunities B2 I GBP Acc	£ 2.26	2.26	0.00	0.00
Japan Alpha I JPY	¥ 261.38	261.38	1.31	0.00
Japan I JPY	¥ 2631.43	-	10.72	0.00
North American I USD	$ 25.08	25.08	-0.01	0.00
UK Absolute Equity I GBP	£ 22.23	22.23	-0.07	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	€ 190.42	-	0.55	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Monument Growth 12/06/2018	£ 537.59	543.58	4.21	3.07

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	D+/-	Yield
Prusik Asian Equity Income B Dist	$ 208.18	-	1.02	3.39
Prusik Asia A	$ 292.26	-	1.79	0.00
Prusik Asian Smaller Cos A	$ 163.66	-	-1.25	0.00

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	D+/-	Yield
PCG B ✠	217.86	-	-0.99	0.00
PCG C ✠	213.89	-	-0.97	0.00

Ram Active Investments SA
www.ram-ai.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
RAM Systematic Emerg Markets Core Eq	$ 107.55	-	-0.01	-
RAM Systematic Emerg Markets Eq	$ 191.84	-	0.07	-
RAM Systematic European Eq	€ 473.27	-	-0.41	-
RAM Systematic Global Shareholder Yield Eq	$ 135.45	-	-0.04	0.00
RAM Systematic Long/Short Emerg Markets Eq	$ 123.00	-	0.16	-
RAM Systematic Long/Short European Eq	€ 156.11	-	-0.16	-
RAM Systematic North American Eq	$ 315.88	-	0.26	-
RAM Tactical Convertibles Europe	€ 148.25	-	-0.16	-
RAM Tactical Global Bond Total Return	€ 142.69	-	-0.07	-
RAM Tactical II Asia Bond Total Return	$ 139.42	-	-0.01	-

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)	€ 169.05	-	-0.31	0.00
BP US Premium Equities (EUR)	€ 233.22	-	-0.16	0.00
BP US Premium Equities (USD)	$ 272.62	-	-0.18	0.00
Chinese Equities (EUR)	€ 110.31	-	-0.38	0.00
Em Stars Equities (EUR)	€ 218.71	-	-0.59	0.00
Emerging Markets Equities (EUR)	€ 195.10	-	0.31	0.00
Glob.Consumer Trends Equities (EUR)	€ 215.79	-	1.18	0.00
High Yield Bonds (EUR)	€ 143.58	-	0.05	0.00
New World Financials (EUR)	€ 70.34	-	0.14	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	603.25	-	1.45	0.29
LF Ruffer European C Inc	111.28	-	0.27	0.59
LF Ruffer European O Acc	592.75	-	1.40	0.00
LF Ruffer Equity & General C Acc	460.78	-	3.49	0.04
LF Ruffer Equity & General C Inc	424.82	-	3.23	0.04
LF Ruffer Equity & General O Acc	452.79	-	3.41	0.00
LF Ruffer Equity & General O Inc	420.11	-	3.16	0.00
LF Ruffer Gold C Acc	153.44	-	0.85	0.08
LF Ruffer Gold C Inc	92.87	-	0.52	0.13
LF Ruffer Gold O Acc	150.72	-	0.82	0.00
LF Ruffer Japanese C Inc	121.48	-	2.01	0.25
LF Ruffer Japanese C Acc	258.61	-	4.30	0.22
LF Ruffer Pacific C Acc	383.34	-	0.69	0.91
LF Ruffer Pacific C Inc	107.79	-	0.20	1.10
LF Ruffer Pacific O Acc	376.34	-	0.66	0.62
LF Ruffer Total Return C Acc	449.55	-	3.14	1.42
LF Ruffer Total Return C Inc	300.75	-	2.10	1.43
LF Ruffer Total Return O Acc	441.71	-	3.06	1.42
LF Ruffer Total Return O Inc	295.34	-	2.04	1.44

S. W. MITCHELL CAPITAL

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
SWMC European Fund B EUR	€ 18810.79	-	-5.54	0.00
SWMC Small Cap European Fund B EUR	€ 15591.23	-	25.84	0.00

ROBECOSAM 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	£ 18.55	-	0.12	1.14
RobecoSAM Sm.Energy/N	€ 16.67	-	0.09	0.00
RobecoSAM Sm.Materials/A	£ 212.39	-	0.71	1.27
RobecoSAM Sm.Materials/N	€ 216.80	-	0.47	0.00
RobecoSAM Sm.Materials/Na	€ 145.77	-	0.32	1.26
RobecoSAM Gl.Small Cap Eq/A	£ 118.35	-	0.29	1.07
RobecoSAM Gl.Small Cap Eq/N	€ 208.21	-	0.27	0.00
RobecoSAM Sustainable Gl.Eq/B	€ 223.98	-	0.28	0.00
RobecoSAM Sustainable Gl.Eq/N	€ 196.69	-	0.24	0.00
RobecoSAM S.HealthyLiv/B	€ 198.35	-	0.14	0.00
RobecoSAM S.HealthyLiv/N	€ 188.31	-	0.13	0.00
RobecoSAM S.HealthyLiv/Na	£ 141.47	-	0.27	1.34
RobecoSAM S.Water/A	£ 244.76	-	1.11	1.42
RobecoSAM S.Water/N	€ 209.33	-	0.70	0.00

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Rubrics Emerging Markets Fixed Income UCITS Fund	$ 134.11	-	-0.08	0.00
Rubrics Global Credit UCITS Fund	$ 15.85	-	0.00	0.00
Rubrics Global Fixed Income UCITS Fund	$ 162.12	-	-0.01	0.00
Q Rubrics India Fixed Income UCITS Fund	$ 10.71	-	-0.01	0.00
Rubrics India Fixed Income UCITS Fund	$ 92.37	-	-0.12	0.00

Slater Investments Ltd

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Slater Growth	539.68	572.60	-1.33	0.00
Slater Income A Inc	164.47	164.47	-0.40	0.00
Slater Recovery	252.27	267.66	-0.59	0.00
Slater Artorius	212.64	212.64	1.71	0.23

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	£ 1.9307	-	0.0085	1.90
Global Equity Fund	£ 2.4811	-	0.0149	0.81
Global Fixed Interest Fund	£ 0.9691	-	-0.0007	4.67
Income Fund	£ 0.5839	-	0.0021	3.16
Sterling Fixed Interest Fund	£ 0.8575	-	0.0034	3.52
UK Equity Fund	£ 2.3252	-	0.0021	2.85

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	$ 187.91	-	-1.25	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	€ 904.28	-	0.09	0.00
Superfund Red EUR SICAV	€ 763.16	-	-0.03	0.00
Superfund Blue EUR	€ 736.06	-	-1.83	0.00
Other International Funds				
Superfund Green Gold SICAV	$ 973.26	-	-1.29	0.00
Superfund Red Silver SICAV	$ 408.02	-	-0.83	0.00

Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
Aptus Global Financials B Acc	£ 4.51	-	0.01	4.40
Aptus Global Financials B Inc	£ 3.54	-	0.01	4.57

Toscafund Asset Management LLP
www.toscafund.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Tosca A USD	$ 375.70	-	-18.36	-
Tosca Mid Cap GBP	£ 309.95	-	5.48	-
Tosca Opportunity B USD	$ 458.80	-	10.78	-
Pegasus Fund Ltd A-1 GBP	£ 74.27	-	-0.98	0.00

TreeTop Asset Management S.A. (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
TreeTop Convertible Sicav				
International A	€ 314.86	-	0.86	0.00
International B	$ 424.06	-	1.19	0.00
International C	£ 128.84	-	0.37	3.13
International D	€ 267.83	-	0.73	3.01
TreeTop Global Sicav				
Global Opp.A	€ 165.19	-	-0.28	0.00
Global Opp.B	$ 173.07	-	-0.04	0.00
Global Opp.C	£ 236.66	-	0.16	0.00
Sequoia Equity A	€ 161.49	-	0.92	0.00
Sequoia Equity B	$ 177.47	-	1.29	0.00
Sequoia Equity C	£ 205.59	-	1.66	3.21

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	106.38	-	0.59	3.07
Trojan Global Income O Inc	101.75	-	0.56	3.13

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	£ 0.82	-	0.00	1.15
UBS Global Optimal C Acc	£ 1.05	-	0.01	0.68
UBS UK Opportunities C Acc	£ 0.94	-	0.00	2.78
UBS US Equity C Acc	£ 1.27	-	0.01	0.25
UBS S&P 500 Index C Acc	£ 0.86	-	0.00	1.43
UBS Targeted Return C Acc	£ 13.75	-	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	-	0.00	3.80
UBS Corporate Bond UK Plus C Inc Net	£ 0.53	-	0.00	4.16
UBS Global Allocation (UK) C Acc	£ 0.82	-	0.00	1.73
UBS Global Enhanced Equity Income C Inc	£ 0.44	-	0.00	7.14
UBS US Growth C Acc	£ 1.40	-	0.01	0.00
UBS Emerging Markets Equity Income C Inc	£ 0.51	-	0.00	4.08
UBS FTSE RAFI Dev 1000 Index J Acc	£ 149.76	-	0.33	2.41
UBS MSCI World Min Vol Index J Acc	£ 153.81	-	0.63	2.21

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	$ 16.14	-	0.14	0.00
Value Partners Classic Equity Fund CHF Hedged	SFr 15.86	-	0.13	0.00
Value Partners Classic Equity Fund EUR Hedged	€ 16.16	-	0.14	0.00
Value Partners Classic Equity Fund GBP Hedged	£ 16.83	-	0.14	0.00
Value Partners Classic Equity Fund GBP Unhedged	£ 19.91	-	0.12	0.00
Value Partners Classic Equity USD Unhedged	$ 20.03	-	0.17	0.00
Value Partners Global Emerging Market Bond Fund USD A Acc Unhedged	$ 10.17	-	0.00	0.00
Value Partners Global Emerging Market Equity Fund USD V Unhedged	$ 10.95	-	0.00	-
Value Partners Greater China Equity Fund USD A (Acc) Unhedged	$ 12.40	-	0.01	0.00
Value Partners Health Care Fund HKD Class A Unhedged	HK$ 13.48	-	0.07	0.00
Value Partners Health Care Fund USD Class A Unhedged	$ 13.60	-	0.08	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	$ 24.74	-	0.13	0.81
Waverton Global Equity Fund A GBP	£ 20.17	-	0.03	0.24
Waverton Global Strategic Bond Fund A USD	$ 8.31	-	0.00	5.26
Waverton UK Fund A GBP	£ 14.25	-	-0.04	1.98
Waverton Equity Fund A GBP	£ 19.77	-	0.01	0.00
Waverton Sterling Bond Fund A GBP	£ 9.26	-	-0.01	4.28

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Multi-Sector	€ 114.26	-	-0.02	3.54

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 0.115436	-	-0.000019	-
Koc Affiliate and Equity Fund	TRY 0.854953	-	0.739498	-
DPM Bonds and Bills Fund (FX)	$ 0.994640	-	0.879185	0.00

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Yuki Mizuho Umbrella Fund				
Yuki Mizuho Japan Dynamic Growth	¥ 10498.00	-	56.00	0.00
Yuki Japan Low Price	¥ 50744.00	-	198.00	0.00
Yuki Japan Value Select	¥ 21999.00	-	110.00	0.00
Yuki Asia Umbrella Fund				
Yuki Japan Rebounding Growth Fund JPY Class	¥ 41756.00	-	-23.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$ 1643.10	-	-0.63	0.00

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Memnon European Fund I GBP	£ 171.64	-	0.48	0.00

Data Provided by

MORNINGSTAR®

www.morningstar.co.uk

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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 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.

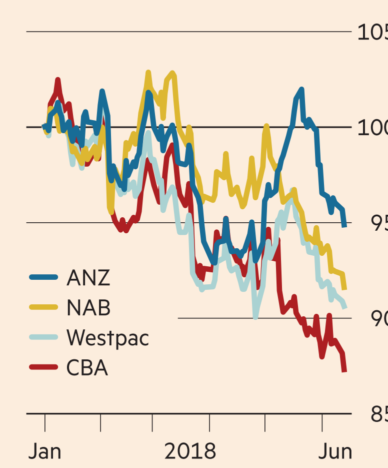
Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact **data@ft.com or call +44 (0)20 7873 3132** for further information.

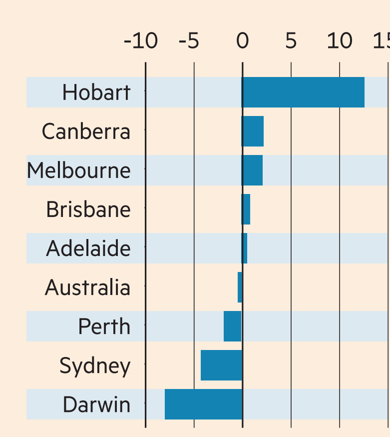
Global Appointments

Analysis. Equities

Investors balk at buying the dip in big four Australian lenders

Reuters





Sources: Bloomberg; CoreLogic Hedonic Home Value Index

Keener scrutiny, fines, souring political mood and housing slowdown change the equation

EMMA DUNKLEY — HONG KONG

Australian banks have crashed off the pedestal investors put them on.

More regulatory scrutiny, a string of fines, and a souring political mood have darkened the outlook for the country's banks, prompting fund managers to cut their stakes in the shares and bonds of the big four lenders.

Shares of Westpac, ANZ, National Australia Bank and Commonwealth Bank of Australia, which dominate much of the domestic retail banking market, have all registered significant share price declines this year.

And in spite of healthy dividend payouts, high return on equity, solid capital reserves, and a lack of competition over the past decade, investors say there are good reasons for further caution towards the sector.

In the past couple of weeks, Australian prosecutors have charged six of the country's senior bankers with criminal cartel offences, while the Australian financial crime agency hit the Commonwealth Bank of Australia with a record civil fine of A$700m for allegedly contravening anti-money-laundering rules and counter-terrorism laws.

The moves come after a Royal Commission was formed late last year to root out misconduct and identify whether penalties needed to be imposed and compensation paid to customers. It held its first hearing in March.

"The biggest fine in [Australian] corporate history will ring loud in executives' ears," said Hugh Maxwell-Davis, a portfolio manager at Eastspring. "An environment where bank management is over-cautious will make things even tougher."

Given that demand for credit among highly-leveraged consumers is weak, banks will find it challenging to grow their revenues.

"At the same time, you have various levels of consumer angst and regulatory risk, with the Royal Commission building to a shrill crescendo," he said. "Valuations are fair. They don't look expensive. But when you've got a tough outlook and regulatory uncertainty, we'd want to buy them cheap, and they're not that cheap yet."

Price to earnings ratios — an indication of comparative value — are between 10 and 12 for the big four banks, compared with 13 to15 last year.

A$700m Civil fine imposed on Commonwealth Bank of Australia

0.4% Decline in house prices in the 12 months to the end of May

One of the issues at the fore of the commission's agenda is whether lending standards are too lax. Any clampdown on mortgage lending might weigh heavily on banks' revenues, analysts say, because about two-thirds of the big four banks' loan books are made up of residential mortgages.

"We are likely to see less credit available to the housing market and more scrutiny when people apply for a mortgage," said Jason Pidcock, manager of the Jupiter Asian Income fund, which is underweight Australian lenders. "So banks face higher costs for scrutinising data. Compliance costs will go up."

Australia's house price boom has ended, according to some measures. Prices fell 0.4 per cent in the 12 months to end of May, the first annual decline since October 2012, according to figures published this month by research firm Corelogic.

Mr Pidcock is expecting the sector's earnings to be flat over the next two to three years, leaving cost-cutting as one of the few levers to buoy profit.

"They are doing a lot to cut costs and we think that will accelerate," said Mr Pidcock. "If they don't cut costs, they risk earnings falling quite a degree."

It is not just equity investors with reservations about the sector.

Robert Mead, co-head of Asia-Pacific portfolio management at Pimco, said that the asset manager had this year moved its overweight position in Australian bank bonds to underweight for the first time in about five years.

> 'When you've got a tough outlook and regulatory uncertainty, we'd want to buy them cheap, and they're not that cheap yet'
> Hugh Maxwell-Davis, Eastspring

He said: "Financials had been a significant overweight for an extended period since the financial crisis when bank bond spreads were really wide. Back then, the regulatory environment was really supportive for bank bondholders, but that tailwind that has lasted a decade is over. Most banks have now reached their capital targets, and regulators are more focused on the types of activities that banks are undertaking."

However, some analysts insist that investors should look beyond the fines and a tougher regulatory backdrop.

Brian Johnson, an equity analyst at CLSA covering Australian banks, said that although there was some weakness in the banks' first-half results, their capital reserves were strong.

There are factors that will help offset a downturn in the housing market facing tougher lending rules.

"House prices show all the signs of a bubble, but it's also been fuelled by a big surge in immigration which outstrips housing stock, and I don't see signs of that slowing," he said. "In the event of a housing collapse, there's lots of levers they [the Reserve Bank of Australia] can pull. Any financial penalties are very manageable, they don't destroy the franchise value . . . this is the time to buy them," he said.

Plenty still disagree.

Additional reporting by Jamie Smyth

Tail risk

Flea market app listing marks end of Japan's unicorns

LEO LEWIS

The pre-listing hype for next week's stock exchange debut of Mercari — the Japanese flea market app that has managed to build a 10m strong customer base — has had pretty much everything, including the imminent death of a unicorn.

The company is one of several such flea market apps to have emerged from the combination of higher smartphone penetration and Japan's long struggle with stagnant wages. In 2017, says Japan's trade ministry, the business of online bargain-hunting second-hand goods through apps like Mercari produced revenues of almost ¥500bn — some 58 per cent higher than in 2016. There is even talk of Mercari leveraging its listed status to gain a bigger slice of the $80bn-odd global second-hand goods trade.

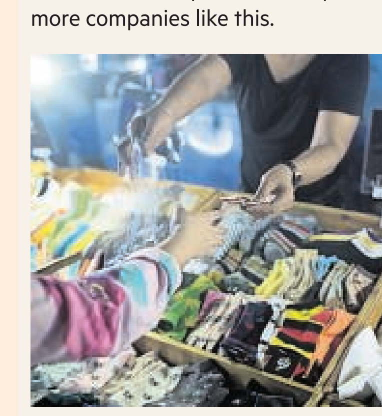
Mercari has emerged from the domestic pack looking clearly dominant, and its fans among the brokers like to talk up the prospect of it becoming even more so. Its spanning of the online and real worlds includes an arrangement struck in May that will allow Mercari customers to ship goods traded through the site at Japan's 20,000 branches of the Seven-Eleven convenience chain. Analysts have begun to look at other Tokyo-listed offline used goods dealers such as Geo Holdings, Komehyo and Bookoff as potential M&A targets for Mercari as it ponders what to do with the proceeds of its initial public offering.

And if, as analysts estimate, it closes on its first day of trading with a market value somewhere around ¥200bn, Mercari will have the distinction of being the second most valuable company on the TSE Mothers market — that should ensure its prolonged attention from retail investors.

There are two wrinkles here, the first specific to Mercari and related to Japan's rapidly shrinking workforce, specifically of the part-time workers who are Mercari's heaviest users.

The bigger issue is one for Japan, which has grandly set itself the goal of creating, by the year 2023, some 20 "unicorns" — start-ups with a notional value above $1bn. As analysts at Mizuho point out, once Mercari is listed, it officially stops being a unicorn and Japan's pipeline of such companies will "drop to zero".

Bringing an innovative, aggressive flea market to the broader investing public is impressive, but is also a reminder that Japan does not produce more companies like this.



Mercari aims to tap into the $80bn global second-hand goods trade

Commodities

London bullion body's new ground rules make producers set out green credentials

HENRY SANDERSON

The biggest gold producers will have to prove their green credentials if they want their metal to be traded on London's $5.5tn-a-year bullion market.

Under standards being introduced by London Bullion Market Association, refiners and miners will have to provide data on benchmarks including energy usage, pollution, water usage, carbon emissions, and health-and-safety.

If miners or refiners do not meet the guidelines that begin next January, they face the prospect of being removed from the LBMA's Good Delivery List, in effect shutting them out of the London market. The list of 70 approved refiners accounts for 90 per cent of annual gold production.

The move comes as investors and banks face growing scrutiny over the environmental impact of their portfolios. At the same time, consumers of precious metals increasingly want to know where their metal comes from and to ensure that it is ethically sourced.

The London Metal Exchange, the largest trading venue for industrial metals such as copper and aluminium, is also set to launch responsible sourcing guidelines in the next few weeks.

Refiners on the LBMAs Good Delivery list are already required to ensure their gold comes from sources that are free of conflict and that are not connected to money-laundering, terrorist financing, or human rights abuses such as child labour.

LBMA chairman Paul Fisher, a former member of the Bank of England's Monetary Policy Committee, said the changes would ensure that gold in the city came from sustainable sources.

"For the sensible majority, there's no reason why gold couldn't be a permanent part of a sustainable portfolio," Mr Fisher said. "That's the mission. We need to make sure people know about that, and that the industry is justifying that position."

Data must be provided on pollution, water use, emissions and safety

Gold mining generates about 20 tonnes of toxic waste for every 0.333-ounce gold ring, according to Brilliant Earth, a producer of ethically sourced jewellery. The use of mercury in small-scale gold mines can also pollute the environment.

Freeport-McMoran's Grasberg copper and gold mine in Indonesia, the largest gold mine, has been dumping most of its waste into a river for 20 years. While legal under Indonesian law, this has been criticised by environmental groups and placed the company on blacklists for many investment funds.

There is $300bn worth of gold in London's vaults, the largest stash of gold after the holdings of the US government. The gold backs popular exchange-traded products such as the SPDR Gold Trust, the largest gold ETF.

"The risk is that the producers get lumped in with the fossil fuel extraction industry as one of the threats," Mr Fisher, who was also a member of the EU High-Level Experts Group on Sustainable Finance, said.

Currencies

Turkish lira leads EM declines as focus shifts to Fed rates and geopolitical risk

ROGER BLITZ

Turkey's lira led a fresh retreat of emerging market currencies, reflecting investor nerves that the Federal Reserve will solidify the case for further US interest rate rises this year.

The lira dropped 1.7 per cent yesterday, trading close to TL4.70, erasing recent strength sparked by the Turkish central bank's rate rises, although it later recovered to TL4.6270.

Asian EM currencies also fell, including the Indian rupee, the Malaysian ringgit and the Indonesian rupiah, a surprise to some analysts in the aftermath of the US-North Korea talks which they saw as having reduced geopolitical risk in the region.

However, there were gains for the Brazilian real, the Russian rouble and the Mexican peso during US trading.

Even so, sentiment towards EMs has largely turned bearish in the second quarter after a strong start to the year. A combination of factors, including dollar strength, rising Treasury yields and risk aversion, has sullied the EM investment case, forcing hefty sell-offs on the lira, the Argentine peso, the real and the South African rand.

These currencies are regarded as particularly vulnerable because their countries nurse large current account deficits and suffer from inflation problems.

Market attention on yesterday's US central bank meeting was focused on its commentary on the strength of the US economy and the likely rate path.

"The tide of easy [US] money is receding and periodic stress in emerging markets will be evident during the later stage of Fed tightening," said Jason Daw, cross-asset strategist at Société Générale.

Mr Daw added that while an EM-wide systemic crisis was unlikely, "certain countries will face greater challenges than others".

> 'The tide of easy [US] money is receding and periodic stress in emerging markets will be evident'

A succession of EM central banks have responded with higher interest rates to bolster their currencies. Argentina went further, winning a $50bn injection from the IMF, although renewed peso selling this week forced its central bank to intervene in the foreign exchange market.

Investors had begun the year bullish about EMs because of improving fundamentals and synchronised global growth. TD Securities said its EM clients were "a bit shell-shocked" by EM foreign exchange moves and were concerned that volatility would persist.

"While clients did not seem to be outright structurally bearish on EM assets, considering that the fundamental position is not as negative as it has been in recent years, the extent of EM volatility and a couple of very negative country examples (Argentina and Turkey) have investors questioning the potential for wider-spread longer-term issues," analysts at TD Securities noted.

However, the EM sell-off is seen by leading bond investor Jeffrey Gundlach of DoubleLine as a buying opportunity. Predicting an end to the dollar's revival, Mr Gundlach told an investor webcast earlier this week that this was "an excellent time" to consider at least a partial return into EM bonds.

Bank of America Merrill Lynch's fund manager survey for June also revealed that Latin American respondents were less worried about dollar strength and US yields and more fixated on elections. Brazil and Mexico have upcoming presidential elections and fund managers were pessimistic about the chances of centre-right candidates succeeding.

Markets & Investing

FINANCIAL TIMES

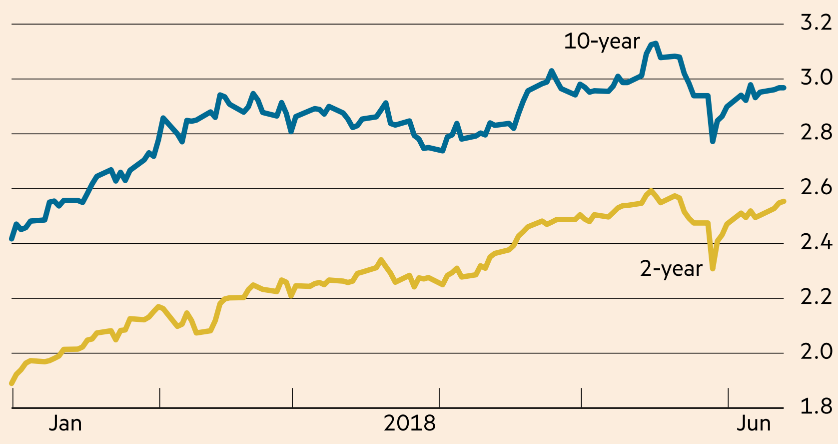
The day in the markets

What you need to know

- Fed raises rates by 25bp, lifts forecast to four increases for 2018
- Dollar, Treasury yields rise
- Sterling in focus after inflation data
- Turkish lira suffers fresh slide

US 2-10 year Treasury yield gap narrows to lowest since 2007

Yield (%)



Source: Thomson Reuters Datastream

The dollar and US Treasury yields rose after the Federal Reserve lifted interest rates by 25 basis points, as expected, and signalled two more increases this year, one more than it had previously forecast.

The S&P 500 and Dow Jones Industrial Average eased back but the Nasdaq Composite extended its run of gains to a fourth day, hitting an intraday record high in the process, while tech stocks also outperformed in Europe, where markets closed before the Fed announcement.

Italian banks also rose sharply as debt auctions in Rome attracted solid demand. The FTSE MIB index in Milan rose 0.4 per cent — outpacing most of its regional peers — while the yield on Italian two-year government debt dipped back below 1 per cent, compared with a peak of 2.73 per cent at the height of the country's recent political turbulence.

Sterling was once again in focus as UK inflation data offered little in the way of support for the currency, as the markets continued to digest the implications of prime minister Theresa May's avoidance of defeat over the Brexit bill on Tuesday.

UK consumer prices rose 2.4 per cent in the year to May, unchanged from April — despite rising fuel prices. The annual pace of "core" inflation, which strips out energy and food, also held steady, at 2.1 per cent.

"Were it not for energy costs we suspect inflation would be falling further," said James Smith at ING. "Prices have mostly adjusted to the pound's post-Brexit plunge, and we expect core CPI to fall back to the 2 per cent target next month, and think it will stay there or just below for at least the next few months."

Meanwhile, Jane Foley at Rabobank highlighted that Tuesday's vote should reduce the chance of a "no deal" Brexit — a positive for sterling.

"UK news this week may be overshadowed by a glut of geopolitical and central bank events, but it has nonetheless been significant," she said.

"The outcome of the vote has meant that the deeply divided UK government can continue to limp on for now."

Meanwhile, the Turkish lira came under renewed pressure — although it failed to retest May's record low against the dollar — as concerns mounted about the impact of higher US interest rates on emerging market currencies. **Dave Shellock**

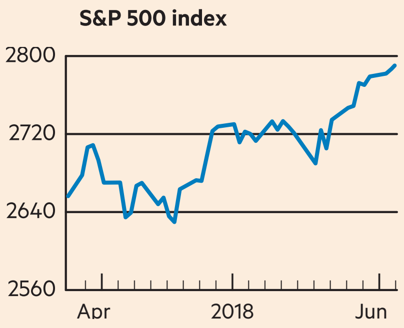
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2790.30	1517.45	22966.38	7703.71	3049.80	72378.88
% change on day	0.12	0.09	0.38	0.00	-0.96	-0.52
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	93.771	1.177	110.425	1.337	6.405	3.706
% change on day	-0.033	-0.170	0.131	0.150	0.033	-0.203
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.957	0.479	0.045	1.366	3.651	11.551
Basis point change on day	-0.730	-0.900	0.040	-3.300	-6.800	1.100
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	344.26	76.35	66.58	1298.65	16.86	3462.00
% change on day	0.02	1.07	0.83	-0.07	0.57	-0.33

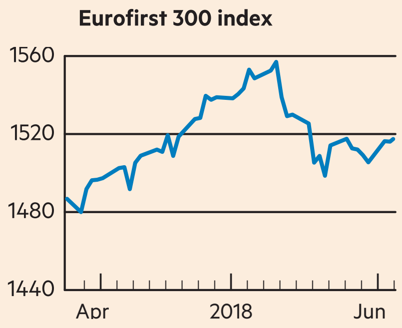
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

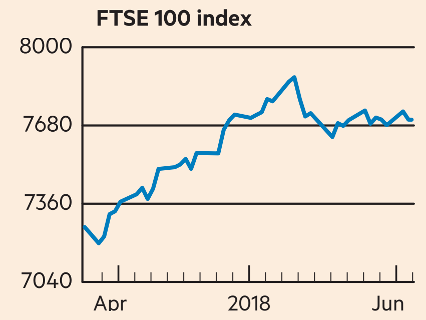
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Twenty-first Century Fox	7.53	Adp	5.99	Glencore	3.75
	Twenty-first Century Fox	7.52	Stmicroelectronics	4.42	Hargreaves Lansdown	2.18
	Discovery	4.16	Inditex	3.53	Int Consolidated Airlines S.a.	1.83
	Discovery	4.04	Lufthansa	3.25	Easyjet	1.71
	Cbs	4.01	Bureau Veritas	2.97	Sage	1.60
Downs	H&r Block	-18.90	Telefonica	-2.98	Just Eat	-4.71
	Boston Scientific	-5.38	Iliad	-2.97	Standard Chartered	-1.72
	At&t	-4.32	Heidelbergcement	-2.06	Sky	-1.69
	D.r. Horton	-3.63	Ferrovial	-1.94	Dcc	-1.58
	Pultegroup	-3.62	Saipem	-1.92	Vodafone	-1.54

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

Utilities and healthcare stocks led the gains by mid-session in New York, rising about 0.5 per cent each. In contrast, the telecoms sector — which consists of just three companies — was the biggest laggard after falling 2.7 per cent. **AT&T** shares fell 3.7 per cent after a judge gave the company's $80bn takeover of Time Warner his blessing.

The decision also spurred moves in shares of other companies as investors speculated that the news could unleash a rush of mergers.

Comcast shares were down 1 per cent amid expectations that it would unveil a formal bid for the entertainment assets of **Twenty-First Century Fox**, stepping up its battle with Walt Disney — Twenty-First Century Fox's shares climbed 7.4 per cent to a record high.

Meanwhile, **Lions Gate** shares surged more than 4 per cent on expectations that the entertainment group could become a takeover target.

H&R Block was the biggest decliner on the benchmark index, tumbling nearly 19 per cent after the tax preparation group issued disappointing margin guidance.

Boston Scientific retreated more than 6 per cent after Stryker said "it is not in discussions" with its peer "regarding a potential acquisition". *Mamta Badkar*

Eurozone

Shares in Dutch payments group **Adyen** rocketed after the 12-year-old company floated on Amsterdam's stock exchange, becoming one of the biggest European technology IPOs in recent years.

After pricing its shares at €240, the stock started trading at €400 and priced as high as €503 during yesterday's session.

It closed up at €462.60, giving the company a €13.6bn market capitalisation.

ADP increased almost 6 per cent after the French government confirmed that it would present a law on Monday next week allowing it to sell down its stakes in the airport operator, along with its holdings in energy utility Engie and in the state gaming monopoly Française des Jeux.

The privatisation law will outline how France will lift limits on the amount of each company the government can sell.

It is expected to come into force by early next year.

The plans to privatise ADP, the operator of Paris Charles de Gaulle and Orly airports, have proven particularly contentious since the government had to decide whether it wished to maintain control of the land, which is currently owned by ADP through a perpetual licence. *Aliya Ram and David Keohane*

London

Just Eat underperformed a mixed UK market after key competitor Deliveroo said it was opening its platform to takeaways that deliver their own orders.

Sky slipped in response to AT&T winning regulatory approval to buy Time Warner. The theory went that Comcast was likely to respond by bidding for 21st Century Fox, which would reduce the chances of a war between Comcast and Disney to buy Sky.

Superdry led the FTSE 250 fallers, taking its two-day decline to more than 10 per cent. RBC said this week that the fashion label was "adjusting to a new normal of lower revenue growth", with sales channels cannibalising each other and an increasing reliance on wholesale putting pressure on margins.

Broadband provider **TalkTalk** climbed after Merrill Lynch turned positive. TalkTalk's simplification can deliver earnings growth through 2020, reversing four years of downgrades, it said.

Tate & Lyle slipped after Jefferies cut the ingredients maker to "hold". Tate's 2019 targets look a stretch and, while investors have responded positively to strategy from new chief executive Nick Hampton, "near-term earnings anxiety tends to prevail over longer term re-rating aspiration", it said. *Bryce Elder*

Lightweight showing of 'too big to fail' banks points to signs of stress

John Authers

Markets Insight

Where is the financial stress coming from? As the world's three largest central banks take turns this week to show how they propose to remove the emergency support from asset markets, participants are already behaving as though financial risk has grown much higher.

Post-crisis, financial regulators decided to nominate a select few GSifis (Global Systemically Important Financial Institutions). Because these groups were so systemically important they would need to be regulated more tightly, or required to keep a bigger capital cushion, than other banks or insurers.

This tends to reduce their profitability and reduce the risk that they crash. In the phrase everyone learned 10 years ago, they were "too big to fail". The GSifi status makes them more attractive as bond investments, but less attractive to equity investors.

There are any number of arguments over exactly which institutions should make the list, and some crafty lobbying has gone into ensuring that a few names are not labelled GSifis. But as it stands, there are 40 GSifis. And if this list were turned into its own stock market index, it would be doing very poorly, even as tech stocks hit new records and main indices enjoy steady recoveries from February's sudden sell-off.

If we weight the 40 GSifis by market cap (so as not to overstate the impact of some sharp recent falls for relatively small European institutions), then London's Absolute Strategy Research shows that from the market top on January 26 until May 31, they lost $800bn in market capital, or about 18 per cent. That is virtually a bear market. Some 16 of them remain more than 20 per cent down from their 12-month highs.

These numbers are slightly worse than for the banking system as a whole, and suggest nerves about systemic risks are returning. Tightening monetary policy may already be having an effect.

The US yield curve — the excess of 10-year over two-year Treasury yields — is now its flattest since 2007. This hurts the profitability of banks that make money by borrowing at short-term rates and lending at longer rates. The flat yield curve also implies the Fed will tighten too much in the short run, and then have to ease policy in the longer run.

But the problem is primarily outside the US, where Prudential Financial is the only GSifi still down as much as 20 per cent from its peak. Most of the worst affected are in the eurozone, where the problems of the banking system have long been well known. The imbroglio over the new Italian government has made things worse. Certain specific banks, notably UniCredit and Deutsche, have their own idiosyncratic problems.

> If a list of GSifis were turned into its own stock market index, it would be doing very poorly

Twenty years ago, before both lenders made a number of huge acquisitions, Deutsche's market cap was slightly higher than JPMorgan's. The US bank is now roughly 10 times larger.

But this cannot be dismissed as a group of idiosyncratic problems. Banks in China, where the authorities are hoping to deal with the debt overhang, and even Japan, whose central bank is still stimulating with full force, have also seen big falls in their share price.

However, ASR points out that the loss of confidence in the GSifis overlaps closely with a decline in the global real money supply. In other words, it could reflect a shortage of dollars. Even if US banks are not much affected, the GSifi problem could emanate from the US.

A shortage of dollars has shown up in rising short-term dollar Libor rates. It could be an artefact of quantitative tightening, as the Fed removes money from the market by selling bonds from its portfolio.

Last year's tax reform to encourage US multinationals to repatriate their cash could also be a factor; dollar balances previously held in non-US banks have shifted, making it harder for foreign banks to access dollars.

Alternatively, the move away from the equity of GSifis could reflect concern over widening US credit spreads, which have risen from a very low level. Eurozone asset managers are particularly heavily exposed to US credit, arguably because the European Central Bank has given them little choice but to look abroad to take risks.

This is hard for central banks. They have lived in fear for 10 years of misjudging, pulling off support too quickly, and provoking another crisis once more. Problems for the GSifis could yet prompt them to slow down or reverse their tightening of monetary policy.

ASR's bold call is that 10-year Treasury yields will hit 2.5 per cent before they reach 3.5 per cent, because a fall of 15-20 per cent for the GSifis has typically seen 10-year yields dip 50-100 basis points. That might help stocks but could inflict pain on the many who are positioned for bonds to go down in value (and hence for their yields to rise).

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