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

Newspaper of the Year

FINANCIAL TIMES

THURSDAY 27 SEPTEMBER 2018

WORLD BUSINESS NEWSPAPER

Adviser-turned-chief
Orcel's new role signals Santander's dealmaking plans — COMPANIES, PAGE 16

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The Pessimist: a satirical look at a post-crisis financial world

After the Great Recession, global finance was supposed to find a new path. In the final part of our month-long look at the decade since the crisis, FT journalists worked with illustrator Joseba Morales to explore whether finance has evolved since the crash. Tech-obsessed venture capitalists, QE-hungry central bankers and risk-driven crypto investors have found money cheap and the future bright. But are things now falling apart? Pages 8 & 9


Joseba Morales

US Fed raises interest rates and remains bullish despite trade war

- Range lifted to 2-2.25% as economy grows
- Central bank defies White House pressure

SAM FLEMING — WASHINGTON

The Federal Reserve has raised short-term interest rates for the third time this year and signalled it would forge ahead with plans to tighten policy even as central bankers face White House pressure to keep down borrowing costs.

The Federal Open Market Committee boosted the target range for its key rate by another quarter percentage point to 2 per cent to 2.25 per cent, in the eighth increase of the current cycle, while teeing up another increase in December.

The central bank dropped previous assurances that policy was "accommodative" as it removes the economic stimulus it put in place during the crisis. Median forecasts released by the Fed's policymakers pointed to one more rate rise this year, followed by three in 2019 and another in 2020 — in line with expectations.

The central bank is on course to tighten policy as unemployment heads toward multi-decade lows, wage growth accelerates to its quickest pace in nine years, and estimates point to annualised third-quarter growth of more than 4 per cent.

US President Donald Trump's decision to impose tariffs on nearly $200bn of Chinese imports has dented confidence among some US businesses, but the Fed made no reference to trade worries in its post-meeting statement.

Instead, it gave a bullish update on the economy, which it expects to grow more than 3 per cent this year, saying growth and job gains have been strong, as has spending and corporate investment. Risks to the outlook remain "roughly balanced", the Fed said.

The prospect of rates reaching neutral levels — those that neither boost the economy nor hold it back — has opened up a debate over the extent to which officials want to clamp down on the economy by increasing rates further.

Some Fed officials have argued that rates should be lifted even more quickly as they respond to strong financial markets, above-trend growth, steady tightening in the jobs market and inflation that has largely returned to the central bank's 2 per cent target.

Others want to see a pause when rates are neutral. The Fed's decision to drop the "accommodative" language may be taken by some investors as a signal that the Fed may not need to lift rates that much further given their proximity to neutral settings.

> Rate rises have come against griping by Donald Trump, who is 'not thrilled' by the policy

The median of the latest forecasts suggest the middle of the Fed's target range for interest rates would peak at 3.4 per cent in 2020, remaining at that level in 2021. That is above the Fed's estimate for the longer-run level of the rate, which edged up to 3 per cent.

The rate rises have come against a background of griping from Mr Trump, who has said he is "not thrilled" by the Fed's tightening policy.

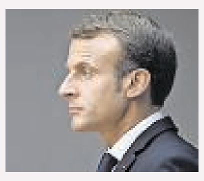
The Fed is attempting to untangle the implications of higher tariffs on Chinese products for inflation and growth. The central bank's latest median forecasts, unveiled with its rate move yesterday, do not point to any obvious damage.

Briefing

Danske whistleblower identity revealed
The whistleblower who warned Danske Bank's management about an unparalleled €200bn money-laundering scheme was a British executive working in the lender's Estonian branch. — PAGE 13

Caputo exit clears path to IMF deal
The departure of Argentina's Luis Caputo 12 weeks into the job has been seen as a victory for the IMF that could smooth the way to a new deal on the country's record $50bn aid package.
PAGE 2; EDITORIAL COMMENT, PAGE 10

Macron suffers steep fall from grace
Emmanuel Macron's approval ratings have dropped to a record low of 29 per cent. In Nantes, nine out of 10 voters cast their ballots for him last year; now protesters there have burnt him in effigy. — PAGE 3



India turns to protectionist measures
India has raised import tariffs on 19 items as it seeks to curb "non-essential imports" and narrow its widening current account deficit. — PAGE 4

UK's Corbyn calls for radical reform
UK opposition leader Jeremy Corbyn closed the Labour conference with a plea to his party to end its divisions and focus on a "radical" transformation of the "broken" economic system. — PAGE 2

Australia public broadcaster in crisis
ABC was plunged into crisis after leaked emails appeared to show that its chairman bowed to political pressure in calling on management to sack a journalist who upset the government. — PAGE 4

MSCI considers China A-share boost
MSCI plans to lift the weighting of Chinese A-shares in its emerging markets index months after adding mainland-listed groups for the first time. — PAGE 21

Datawatch

Export troubles
Eurozone export growth forecast for 2018 by date of forecast
Annual % change

Source: Consensus Economics

China-US trade is expected to slow amid mounting tensions, while the eurozone's export growth forecast for this year has been revised down, economists projecting an expansion of 3.5 per cent against the 5 per cent May forecast

Trump turns on China over election meddling
Report ▸ PAGE 2

Zetsche steps down early as Daimler plans ahead for 2020 restructuring

PATRICK MCGEE — FRANKFURT

Dieter Zetsche, Daimler's chief executive, will step down next year as part of the German carmaker's response to upheaval in the sector, setting the stage for its 2020 restructuring.

The parent of brands including Mercedes said yesterday that Mr Zetsche, who has led Daimler since 2006, would be replaced by Ola Kallenius, a board member who oversees research and development.

Daimler said the change of management was in response to "challenges presented by the transformation of the automotive industry". Carmakers are under pressure to electrify their fleets, invest in autonomous driving and connect cars to the web to make them "iPhones on wheels". New entrants, from Tesla to Google, have scared off investors and placed carmaker valuations at recession-era levels.

Mr Zetsche is planning on returning to the carmaker after a two-year "cooling-off period", when he will take over the chairmanship of the supervisory board from Manfred Bischoff, whose contract expires in 2021. Supervisory boards hold management to account at German companies.

Mr Zetsche is departing six months earlier than expected — in May instead of at the end of 2019. His departure indicates Daimler is anxious to have new people in place for the restructuring it announced in July, which is set to begin in January 2020. Daimler is splitting up Mercedes-Benz cars, Daimler Trucks and its financial arm, then placing the three divisions under the Daimler AG umbrella.

"It's a very smart move, it's well-planned, it's a smooth transition," said Christian Ludwig, analyst at Bankhaus Lampe.

Mr Zetsche has spent four decades with Daimler and has been a board member since 1998. He is known to Americans as "Dr Z" for a series of humorous commercials in which he appeared when Daimler merged with Chrysler — an alliance considered to have been a disaster. He set Mercedes on a path that would see it rebound strongly from the financial crisis and overtake BMW as luxury sales leader.

Max Warburton, a Bernstein analyst, said: "Mr Zetsche can be given credit for a number of achievements. Most notably, he extracted Daimler from Chrysler just in time in 2007 and then he rebuilt Mercedes' product line, brand and Chinese business through this decade."

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World Markets

STOCK MARKETS

	Sep 26	prev	%chg
S&P 500	2922.71	2915.56	0.25
Nasdaq Composite	8037.01	8007.47	0.37
Dow Jones Ind	26543.44	26492.21	0.19
FTSEurofirst 300	1509.58	1505.56	0.27
Euro Stoxx 50	3433.33	3419.78	0.40
FTSE 100	7511.49	7507.56	0.05
FTSE All-Share	4132.85	4131.85	0.02
CAC 40	5512.73	5479.10	0.61
Xetra Dax	12385.89	12374.66	0.09
Nikkei	24033.79	23940.26	0.39
Hang Seng	27816.87	27499.39	1.15
MSCI World $	2194.20	2193.01	0.05
MSCI EM $	1041.78	1042.35	-0.05
MSCI ACWI $	526.09	525.87	0.04

CURRENCIES

	Sep 26	prev		Sep 26	prev
$ per €	1.175	1.179	€ per $	0.851	0.849
$ per £	1.318	1.316	£ per $	0.759	0.760
£ per €	0.891	0.895	€ per £	1.122	1.117
¥ per $	113.040	112.870	¥ per €	132.799	133.017
¥ per £	149.027	148.570	£ index	78.286	78.102
€ index			$ index		
SFr per €	1.137	1.136	SFr per £	1.276	1.269

COMMODITIES

	Sep 26	prev	%chg
Oil WTI $	71.89	72.28	-0.54
Oil Brent $	81.71	81.87	-0.20
Gold $	1201.90	1202.75	-0.07

INTEREST RATES

	price	yield	chg
US Gov 10 yr	93.24	3.08	-0.02
UK Gov 10 yr	123.69	1.45	-0.04
Ger Gov 10 yr	140.75	0.53	-0.02
Jpn Gov 10 yr	99.99	0.12	-0.01
US Gov 30 yr	90.91	3.22	-0.01
Ger Gov 2 yr	101.56	-0.50	0.00

	price	prev	chg
Fed Funds Eff	1.91	1.92	-0.01
US 3m Bills	2.21	2.22	-0.01
Euro Libor 3m	-0.35	-0.35	0.00
UK 3m	0.80	0.80	0.00

Prices are latest for edition | Data provided by Morningstar

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Australia	A$7.00(inc GST)
China	RMB28
Hong Kong	HK$33
India	Rup210
Indonesia	Rp42,000
Japan	¥630(inc JCT)
Korea	W4,500
Malaysia	RM11.50
Pakistan	Rupee 350
Philippines	Peso 140
Singapore	S$5.80(inc GST)
Taiwan	NT$140
Thailand	Bht140
Vietnam	US$4.50

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No: 39,897 † ★

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

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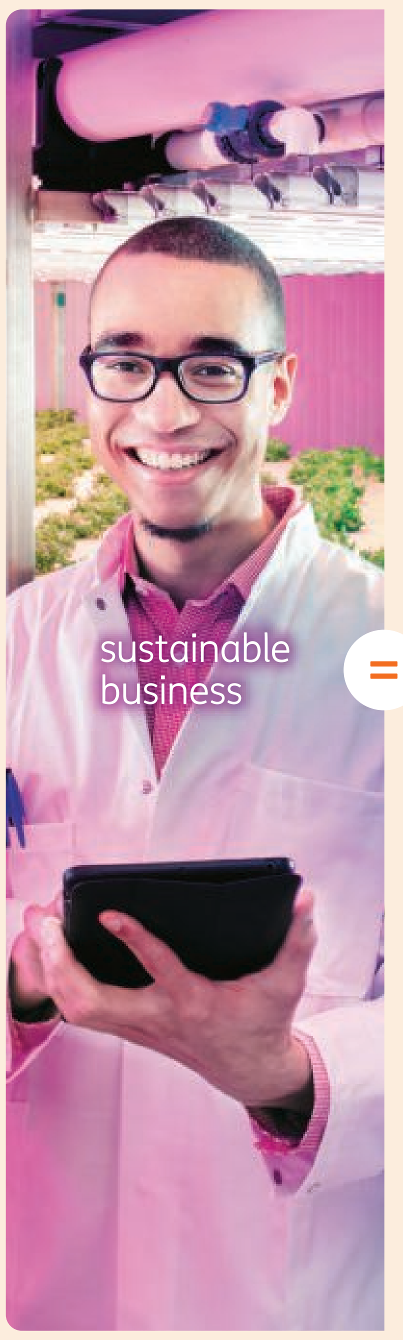

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РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

INTERNATIONAL

US-Sino tension

Trump accuses Beijing of interfering in midterms

President claims alleged Chinese action is response to his tough trade stance

KATRINA MANSON — WASHINGTON

Donald Trump has accused China of attempting to meddle in the US midterm elections in retaliation for his tough trade stance.

"Regrettably we found that China has been attempting to interfere in our upcoming 2018 election, coming up in November, against my administration," the US president told heads of a state at a session of the UN Security Council yesterday. "They do not want me or us to win because I am the first president ever to challenge China on trade."

Mr Trump stepped up his trade war against Beijing last week, announcing new tariffs on $200bn of imports as part of his bid permanently to alter the trade balance in favour of the US. He has threatened to increase those tariffs from 10 per cent to 25 per cent next year if the two countries fail to reach a deal.

His remarks build on earlier comments, as well as those of John Bolton, national security adviser, who said last month that the US was taking steps to prevent "Chinese meddling". But it is Mr Trump's strongest accusation yet that China is actively trying to unseat his administration. Republicans in both the House and Senate, where Mr Trump's party has a narrow majority, are under pressure and facing possible losses.

Mr Trump's attack on China was more pointed than his previous statements about alleged meddling by Russia in the 2016 election. Allegations of Russian collusion are the subject of a special counsel inquiry that Mr Trump has dismissed as a political "witch hunt".

China, which has retaliated with tariffs of its own, earlier this month denied accusations it was meddling, saying it does not interfere in the domestic affairs of other countries. Chinese officials have told the FT privately they think Mr Trump's trade war could subside in the wake of the midterms.

"We do not and will not interfere in any country's domestic affairs," said Wang Yi, Beijing's foreign minister and representative at the meeting.

"We refuse to accept any unwarranted accusations against China."

Mr Trump gave no details about the nature of the alleged Chinese interference. In recent months, China has taken out local newspaper adverts in farming states where some of Mr Trump's voter base are most likely to suffer from the impact of his tariff policy.

A four-page section in Iowa's Des Moines Register on Sunday carried articles "paid for and prepared solely by China Daily, an official publication of the People's Republic of China".

One headline described the effect on soyabean farmers as "the fruit of a president's folly". The Office of the Director of National Intelligence, which acts as head of US intelligence, did not immediately comment.

Mr Trump's comments largely overshadowed implied complaints from fellow heads of state at the meeting, whose official focus was preventing nuclear proliferation, that his withdrawal in May from the 2015 Iran nuclear deal had adversely affected efforts to constrain Iran's nuclear programme.

Mr Trump said any entity that failed to comply with US sanctions on Iran would face "severe consequences". He threatened further sanctions against Tehran even after US nuclear sanctions are fully reimposed after November 5.

"After that the US will pursue additional sanctions — tougher than ever before — to capture the entire range of Iran's malign conduct," he said.

Mr Trump also said he had "gotten to know and like" Kim Jong Un, the North Korean leader, and predicted the two countries would make a deal over denuclearisation.

See Markets

Currency crisis. Aid package

Optimism rises over Argentina deal with IMF

New central banker is former adviser to fund and previously worked for economy minister

BENEDICT MANDER — BUENOS AIRES
ROBIN WIGGLESWORTH AND COLBY SMITH — NEW YORK

To lose two central bank chiefs in three months might seem unfortunate for any country, let alone one seeking help from the IMF in the midst of a currency crisis.

But the departure of Argentina's Luis Caputo just 12 weeks into the job has been seen as a victory for the fund that could smooth the way to a new deal on the country's record $50bn aid package.

Indeed the day that Mr Caputo quit, Christine Lagarde, IMF managing director, tweeted that the two sides were "close to the finish line" for striking a new agreement.

Mr Caputo is a respected former JPMorgan and Deutsche Bank trader who served as finance minister before taking over the central bank in June.

But his willingness to intervene on foreign exchange markets was at odds with the IMF's deep-rooted preference for freely floating currencies — especially when so much of its own money is at stake. "This programme is a huge roll of the dice for the IMF, and they want full control," said Walter Stoeppelwerth, head of research at Balanz, an investment bank in Buenos Aires.

> 'This programme is a huge roll of the dice for the IMF, and they want full control'
>
> Walter Stoeppelwerth, Balanz

Bridge too far: security forces try to prevent demonstrators blocking a bridge in Buenos Aires on Tuesday during a 24-hour general strike against austerity. Left, former central bank chief Luis Caputo

Eitan Abramovich/AFP/Getty

The central banker announced his resignation on Tuesday just as President Mauricio Macri was in New York seeking to revamp the IMF programme. He was replaced by Guido Sandleris, a former adviser to the IMF who previously worked for economy minister Nicolás Dujovne, one of Ms Lagarde's chief interlocutors in the negotiations with the fund.

"It is very clear that this means all power to Dujovne. The positive thing is that there will be full co-ordination between monetary and fiscal policy," said a local banker.

A person close to the government added: "Caputo thought that he had no firepower to really change things due to the arrangement with the IMF, and that he was not going to be able to do his job of curbing inflation."

But Argentina has become extraordinarily important to the fund. The blow to its credibility would be severe if the country fails a second, revised programme. The initial deal, which unravelled in just three months, was one of the biggest in IMF history but proved insufficient to keep the country's finances afloat in the wake of the peso's loss of half its value against the dollar this year.

Facing a surge in the cost of servicing Argentina's increased stock of foreign currency denominated debt, Mr Macri announced in August that the IMF had agreed to speed up payments of the bailout package signed in June.

But the line had not been agreed with the fund and the peso collapsed further the next day.

The markets have broadly welcomed this week's upheaval at the central bank as investors came to the conclusion that it might improve chances of a deal with the IMF. After volatile trading on Tuesday, the peso opened yesterday at just over 1 per cent down and the yield on the 10-year government bond rose only slightly to 9.21 per cent.

"The most important thing is to restore the credibility of the government's economic programme, and anchoring it around a credible IMF programme," said Michael Gomez, head of emerging markets at Pimco, the giant bond investment group, and one of Argentina's biggest creditors. "Timing cabinet changes is always delicate, but it's probably better it happened before they ink another package."

For Mr Macri, it is imperative that the peso and the economy stabilise in time for the next presidential election, scheduled for late next year.

The sharpest economic contraction since the financial crisis a decade ago means that race is a more nail-biting prospect than investors had hoped.

Even if the currency halts its fall, Argentina's public debt is set to reach 84 per cent of gross domestic product by the end of 2018, according to Oxford Economics, compared with about 50 per cent before Buenos Aires defaulted on $100bn of sovereign debt in 2001.

That has raised concerns of a fresh debt crisis if Argentina fails to rein in spending and reassure investors.

"There's no quick fix for Argentina," said Siobhan Morden, head of Latin America fixed-income strategy at Nomura. "While managing currency stress was the most urgent task, fiscal discipline was also paramount," she said. "We have to wait until next year to see if the government can meet [its] goals."

Corbyn speech

UK Labour leader calls for radical reform of economy

GEORGE PARKER, JIM PICKARD AND HENRY MANCE — LIVERPOOL

UK opposition leader Jeremy Corbyn closed the Labour conference yesterday with a plea to his party to end its internal divisions and focus on a "radical" transformation of the "broken" economic system.

The Labour leader walked on to the conference stage in Liverpool to a familiar refrain of enthusiastic activists chanting "Oh, Jeremy Corbyn", but his keynote speech was that of a leader trying to convince sceptics outside the hall that he can become prime minister.

His speech encapsulated Labour's mood: a growing swagger that the party is winning the big economic argument, but a fear that its feuding may stop it putting its policies into practice.

After a summer spent fighting allegations of anti-Semitism in the Labour party, Mr Corbyn said he wanted to work with the Jewish community as he also called for an end to intolerance and online bullying.

Reaching out to Labour moderates — and voters beyond the hall who see him as a divisive figure — Mr Corbyn said: "Labour is a broad church and can be broader still."

He even spoke approvingly of the 1997 general election victory secured by Tony Blair, the former Labour leader who seized power after shifting the party to the centre ground.

The adoration of Mr Corbyn by party activists is still alive, but opinion polls show his approval ratings at low levels.

One YouGov poll last month found that only 20 per cent of people thought Mr Corbyn was doing well, against 65 per cent who believed he was performing badly. Prime minister Theresa May's equivalent figures were 27 per cent and 63 per cent.

The Eurosceptic Labour leader also attempted to bridge the party's divide over Brexit, hinting that if there were to be a second referendum it could include the option to stay in the EU, an outcome favoured by the vast majority of his activists.

Mr Corbyn said the party would push for an election if Mrs May's Brexit strategy foundered, adding: "Failing that all options are on the table."

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Published by
The Financial Times (HK) Limited, Unit 5905-5912, 59th Floor, The Center, No.99 Queen's Road, Central, Hong Kong.
Editor: Lionel Barber

Printed by
Australia: Spotpress Pty Ltd, 24-26 Lillian Fowler Place, Marrickville, NSW 2204
Hong Kong: Kin Ming Printing Co Ltd, 15/F BLK A, 18 Ka Yip Street, Ming Pao Industrial Centre, Chai Wan; Representative; Angela Mackay; ISSN 1025-918X
Japan: Nikkei Tokyo Newspaper Printing Center, Inc., 1-10-5, Shinonome, Koto-Ku, Tokyo 135-0062 Representative; Hiroko Hoshino; ISSN 0915-9460
South Korea: Maeil Business Newspaper, 30-1, 1-Ga, Pil-Dong, Jung-Ku, Seoul, 100-728
Singapore: Singapore Press Holdings Ltd, 2 Jurong Port Road, 619088
Representative, Anjali Mahindroo

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Conservation

Amazon basin DNA project looks to bolster indigenous people

JOE LEAHY — SAO PAULO

A project to map the DNA sequences of species in the Amazon basin, which its backers say will encourage conservation by providing a new source of income for indigenous communities, is to enter the pilot phase in November.

The Earth Bank of Codes, which is being co-ordinated by the World Economic Forum and Peruvian entrepreneur Juan Carlos Castilla-Rubio, aims to map the "biological assets" in a part of the Amazon and codify their rights of usage for industry and researchers in a blockchain bank by 2020.

The programme would then pair up with leading scientists, corporations and start-ups to convert the genomic codes to products with the economic benefits to be shared with traditional communities and conservation funds.

"This could be a game-changer for the Amazon economy to the extent that one moves away from a commodity-based economy into something completely different," said Dominic Waughray, WEF's head of public-private partnership.

The Amazon rainforest remains one of the world's biggest carbon banks, containing at least 15 per cent of the planet's biodiversity, yet faces intense pressure from illegal deforestation by ranchers and climate change.

Researchers warn many of the region's biological assets — molecular structures, chemicals and biological processes that could be of tremendous value to science and industry — are at risk of being lost forever.

A paper last year from scientists at the National Autonomous University of Mexico and Stanford University, California, warned that the earth was suffering a "sixth mass extinction", with the populations of 32 per cent of animals in the study falling.

The Earth Bank of Codes is related to the wider Earth BioGenome Project, which aims to sequence all of the 1.5m species of plants, animals and single-celled organisms on earth (known as the eukaryotic species) within 10 years.

Mr Castilla-Rubio said the challenge was to make this knowledge available to international science and industry while ensuring the results conformed with the Nagoya Protocol, an international treaty requiring profits from such projects to be equitably shared with the countries and communities that own the underlying biological assets.

To solve this problem, Mr Castilla-Rubio and the WEF proposed the Earth Bank of Codes, an open global digital platform that will register biological and biomimetic assets — intellectual property drawn from nature's functions and processes — on blockchain.

The blockchain will record the rights and obligations associated with the intellectual property and enable the tracking of its use and fair distribution of the benefits.

Giant monkey frog: secretes liquid that could be used in antibiotics

The first stage in the establishment of the Earth Bank of Codes would be an Amazon Bank of Codes, starting with the pilot programme, said Mr Castilla-Rubio, who is a member of the WEF Global Future Council on the Bioeconomy.

Past discoveries based on Amazonian products have proven extremely valuable, such as rubber trees in the last century and ACE inhibitors, used to treat hypertension, in snake venom.

Mr Castilla-Rubio cited possible modern equivalents, such as the giant monkey frog, which secretes a liquid with compounds that could be used in the next generation of antibiotics, or the traffic patterns of soldier ants, which are being studied by makers of autonomous vehicles. "If the dividends are shared equitably, an inclusive bio-economy could be created in the Amazon."

But the challenge will be funding the programmes, analysts say. While the benefits, could be immense — the Human Genome Project, which cost $4.8bn, has generated $65 for the US economy for every public dollar invested — the Earth BioGenome Project is expected to cost $4.7bn to complete, according to WEF.

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Chequers proposal

France attacks UK Brexit blueprint

Minister warns leaving bloc while keeping benefits would spell 'end of Europe'

DAVID KEOHANE AND MARTIN SANDBU
PARIS

France's finance minister has insisted that Theresa May's blueprint for the UK's future relationship with the EU is unacceptable because it undermines a central tenet of the bloc and would spell "the end of Europe".

Bruno Le Maire warned that the British prime minister's proposal, dubbed the Chequers plan, "doesn't add up" in its current form because it would send a damaging signal to the rest of Europe.

"If we give the idea that we can exit the European Union and keep all of the benefits of the single market then it is the end of Europe," Mr Le Maire said on Tuesday.

"Sorry to put it bluntly, but what is more important for us than the future of the UK is the future of Europe, and so we will take no decision that could weaken the future of the EU," he added.

His comments come the week after EU leaders at a summit in Salzburg told Mrs May that her economic plan for Brexit "will not work" and gave her four weeks to save the exit talks.

The centrepiece of the prime minister's proposal is an EU-UK free trade area covering goods and agriculture.

Mrs May said EU leaders had not fully explained their rejection of Chequers, which the British government says provides the basis for a final deal with the EU.

"It is not acceptable to simply reject the other side's proposals without a detailed explanation and counter-proposals," she said after returning from Austria.

However, Mr Le Maire made clear that the Chequers plan crossed "red lines" for the French government, saying an "agreement that deals just with goods is not feasible".

"We require a comprehensive agreement, not one just on goods," said Mr Le Maire. "All decisions that give European citizens the suggestion that they can leave the European Union and keep all the advantages of the European Union would be suicidal. So we don't take them."

His comments echo previous warnings from Emmanuel Macron, the French president, that Brexit was "not without cost. It's not without consequences."

They also follow remarks from Angela Merkel requesting "clarity" on the future relationship with the UK.

"You cannot be part of the internal market when you only want to be part of one part of the internal market but not the other three parts of the internal market," the German chancellor told business leaders. Future relations with the UK needed to be "written as precisely as possible", she added, backing Michel Barnier, the EU's chief Brexit negotiator, who has said that Brussels could not accept any proposal that split up the bloc's single market.

> 'Sorry to put it bluntly, but what is more important for us than the future of the UK is the future of Europe'
> Bruno Le Maire

However, Mr Le Maire did not shut the door on a UK exit deal.

"Chequers is a move in the right direction," he said, while saluting the "courage" of Mrs May. The UK prime minister has to face Eurosceptic critics at the Conservative party conference early next month.

If Mrs May modified her proposal to address their concerns, further discussions were possible, said Mr Le Maire. "We want a deal with the British, and I think it is in everyone's interest to have a good deal," he said.

Additional reporting by Tobias Buck in Berlin

Loire. Nantes

Macron voters show signs of disillusion

Reforming president has been hit by series of gaffes, with his popularity rating at new lows

HARRIET AGNEW — NANTES

Nine out of ten voters in Nantes last year chose Emmanuel Macron as their president. Less than 12 months later, demonstrators here burnt his effigy.

Like much of France, this leafy and well-off city on the Loire is having second thoughts about its young and occasionally imperious president, whose lofty ambitions to drive through reforms from a "Jupiterian" seat in the Elysée palace are increasingly encountering resistance and misgivings.

"At first I thought it was good to have a young president because I thought he would better understand the people, the young people who are really in trouble," said Manu, a student at Nantes university, where anti-Macron graffiti has been scrubbed from the walls but the resentment expressed in April's demonstration lingers. "In fact, he is making use of his banking profession while president. For me it really is a case of a president behaving like a banker."

Jeremie van de Voorde, 20, a history undergraduate leaving the library, said simply: "Macron is too full of himself." François Hollande, the previous Socialist president, was "less visible [and] perhaps he was a bit soft but he was less authoritarian than Macron".

Mr Macron, a former Rothschild banker and one-time finance minister who had never run for political office until his audacious and successful Elysée bid, easily won last year's election against far-right candidate Marine Le Pen. Since taking office, and backed by a large legislative majority, he has pushed through pro-business reforms aimed at kick-starting the eurozone's second-largest economy and creating jobs. But most benefits from the reforms are yet to be felt: economic growth has slowed and unemployment remains stubbornly above 9 per cent, much higher than in the UK or Germany.

Image problem: protesters hang a dummy depicting French president Emmanuel Macron during a Nantes demonstration in April — Stephane Mahe/Reuters; Thomas Girondel

> 'Macron is too full of himself'
> Jeremie van de Voorde, student

The slow progress is eating into Mr Macron's political capital as he turns his reforming zeal to contentious areas such as simplifying the pension system and slashing thousands of civil service jobs. The president's popularity ratings have fallen to a record low of 29 per cent in September, according to pollster Ifop.

Mr Macron's standing has not been helped by gaffes such as the Benalla affair, a scandal surrounding his private security guard who impersonated a police officer and punched protesters during May Day riots. This month, the president was criticised as out of touch when he told a young unemployed gardener that he simply had to "cross the street" to find a job.

The Pays de la Loire region that includes Nantes has some of France's lowest rates of unemployment. But even here the jobs market remains fragile. Nine out of 10 job offers are for fixed-term contracts, according to Guy Letertre, director of Pôle Emploi, the national unemployment agency, for the Loire-Atlantique region. Three-quarters of these are for less than one month and 30 per cent of these contracts have a duration of one day.

"Macron does not defend the working class," said Fabienne Pessard, a Nantes hospital worker. "Working conditions are getting more and more degraded. Everyone needs money but he has distributed it poorly. We do more work with fewer resources."

Mr Macron's image problem threatens to overshadow his early achievements such as slashing taxes, reforming the state railway operator, SNCF, and overhauling a sclerotic labour market. It has also undermined efforts to cast himself — and his En Marche movement — as representing renewal of the political class. "It is all the little things like the Benalla affair that collectively remind us of the past. Macron presents himself as the new world but he lives all these little things just like the old world," said Samuel Barreau, a human resources director at a construction company, while praising Mr Macron's reforms of the labour market, notably improving the ties between employers and unions.

Mr Macron's supporters maintain that a deep transformation of France will take time. "We are putting in place all the pillars to reform our society," said Anne-France Brunet, an energetic political novice and early supporter of Mr Macron's fledgling grassroots movement, now one of a crop of new members of the National Assembly.

"In one year we laid the foundations, put in place the projects and the laws . . . we have the merit of doing things even if it is not fast enough for some. We cannot say that this is disappointing because it's only been a year."

> 'We are putting in place all the pillars to reform our society'
> Anne-France Brunet

Speaking this week Bruno Le Maire, finance minister, acknowledged the lag between reforms put in place and results reaped. "We already have the first benefits of the reforms, but these are, for the time being, limited," he said. "French are sceptical, they are asking for very concrete results and I think it takes time before getting the full benefits of the reforms."

While Mr Macron's approval ratings are at record lows, there are signs that people still believe he can change France. In an Ifop survey published this month by the Atlantico website, 55 per cent of French people said they were convinced the president would continue to "reform the country in depth".

At the university, Manu's friend Victoria said she agreed, even if she was not convinced by his style. "I do not necessarily share his way of doing things and some of his remarks, but it is true that when he says something he does do it," she said. "Perhaps the future will bring some good things. Perhaps."

Additional reporting by David Keohane

See Editorial Comment

GLOBAL INSIGHT
LONDON

Anne-Sylvaine Chassany

French president seeks to give May early reality check

Last week's acrimonious Salzburg summit made it seem to some that the biggest obstacle to a Brexit deal was Emmanuel Macron.

The French president's blunt criticism of UK prime minister Theresa May's plans — and his broadside at the "liars" who told British voters it would be easy to leave the bloc — only reinforced the longstanding British impression that Paris is to blame for the UK's problems with the EU.

But the Elysée Palace sees things very differently. It argues that Salzburg was a reality check for Mrs May, one that was necessary to prevent a close ally from crashing out of the bloc on March 29 next year. Paris has become increasingly frustrated at the slow pace of the negotiations and the risk of a chaotic exit. In particular, French diplomats complain about the UK prime minister's refusal to take the EU's "red lines" into account.

Mrs May, who needs to win support from both the hard Brexit and pro-EU wings of her warring Conservative party, wants to keep the UK signed up to the EU's rule book for goods, but not for services or people. In response, EU chief negotiator Michel Barnier has warned that this so-called Chequers plan poses an existential threat to the single market. Bruno Le Maire, France's finance minister, says it will amount to "the end of Europe".

In August, over dinner at the presidential residence of Brégançon on the Riviera, Mr Macron reiterated to Mrs May that the EU would not allow the UK to cherry-pick the "four freedoms" — free movement of goods, services, capital and persons — that form the pillars of the single market because it would give an incentive to other members to do the same.

> France has much to lose economically in case of a no-deal Brexit scenario and opposes a 'fudge'

French diplomats add that it was vital to make absolutely clear at Salzburg that Chequers was not an option before Mrs May attended the Conservative party conference next month.

They argue that allowing Mrs May to return to the negotiating table with her party's backing for Chequers only a few months before Brexit could have increased the likelihood of an impasse or an ambiguous agreement that deferred painful discussions into the transition period.

Neither outcome is acceptable for Paris. With its large expatriate community in London and northern ports that heavily rely on trade with the UK, France has much to lose economically in case of a no-deal scenario. Similarly, it fiercely opposes a "fudge" or a "blind Brexit."

Populists such as far-right politician Marine Le Pen would seize on a vague deal to rally support for their Eurosceptic ideas in EU elections in May, undermining Mr Macron's political standing and his push to reform the EU.

"Brexit cannot be painless, we can't reward the one who is leaving," a French aide remarked.

That is why the French president was irked when, before the Salzburg gathering even started, Donald Tusk, EU council president, announced plans for a special Brexit summit in November to finalise a deal. EU leaders are already scheduled to discuss the issue at another meeting next month. A Paris official said Mr Tusk's move was "absurd" tactics. A French aide added: "If we don't have a deal in October, it's getting very dangerous." Other EU officials are more wary of the risk of demanding a breakthrough in the next few weeks.

But Mr Macron's public activism does not mean the other EU leaders are any softer or more sympathetic to Mrs May's difficulties. In Salzburg, German chancellor Angela Merkel used more diplomatic wording than her French counterpart. But, speaking to German business leaders on Tuesday, she requested a Brexit deal lay out a clear framework for the UK's future relationship with the EU. Paris also relies on the firm, albeit discreet support of the bloc's free-trade minded members, including Dutch premier Mark Rutte.

The Dutch, like the Scandinavian countries, are Britain's traditional allies in the bloc. But they will never approve a deal giving UK companies a competitive edge in the single market. That is Mrs May's problem: it is not just the UK that has red lines. On the most fundamental issues, the EU shows no sign of retreat.

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Bundestag

Germany contemplates possible fall of Merkel after chancellor loses close ally

GUY CHAZAN — BERLIN

For the past 13 years, as Angela Merkel came to dominate European politics, she could always rely on one domestic ally to maintain order on the home front: Volker Kauder.

As the leader of the CDU/CSU parliamentary group since 2005, he was one of the chancellor's most trusted lieutenants — until Tuesday, when MPs unceremoniously booted him out of office.

It was insubordination on a scale Ms Merkel has never seen as chancellor. Now Berlin is wondering: if such a fate could befall Mr Kauder, one of the biggest beasts in German politics, could others, even Ms Merkel, be in danger?

"Kauder was the first domino to fall, but there might well be more," said a CDU aide. "This could be just the start."

Mr Kauder's defenestration came with Ms Merkel already nursing her wounds after a series of bruising run-ins with her coalition partners that have badly destabilised her government, just six months in office.

In June they argued over whether certain categories of refugees should be turned away at the German-Austrian border. This month they fell out over Germany's spy chief, whom the Social Democrats accused of playing down the threat from the far right. Both disputes have contributed to a steady slide in the three government parties' poll ratings.

That could presage disaster for Ms Merkel's conservative coalition in two vital regional elections next month in Bavaria and Hesse. If the CDU and CSU do even worse than expected, the shock will be felt in Berlin.

"I can imagine the entire senior party leadership coming under pressure to resign, and that includes Merkel," the CDU official said.

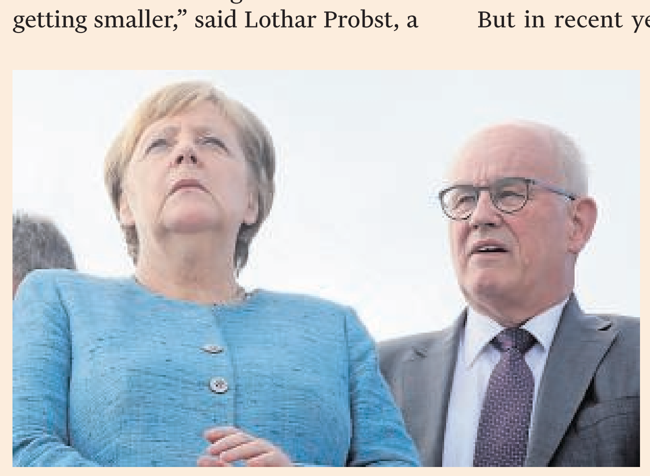
Most still believe Ms Merkel will see out what is expected to be her last term. Through her spokesman, she said yesterday that she had no intention of holding a parliamentary vote of confidence, as opposition MPs are demanding.

But the mounting political tensions in Berlin could make it harder for her to organise an orderly succession and ensure her political legacy is protected.

"Merkel wants to have maximum influence over who succeeds her, but the window for exercising that is small and getting smaller," said Lothar Probst, a politics professor at Bremen University.

Elections for CDU/CSU leader in the Bundestag are normally tame affairs. Mr Kauder, 69, was routinely re-elected unopposed with almost 100 per cent of the vote — a mark of his authority and status in the party hierarchy. He could be relied upon to ensure CDU/CSU MPs toed the Merkel line on all policy issues.

But in recent years, dissatisfaction with his style of leadership increased. Lawmakers chafed at his top-down approach and unquestioning loyalty to Ms Merkel. That combined with a broader frustration at the direction of government policy: many conservative MPs are still fuming at the chancellor's decision to let in more than 1m refugees in 2015-16, and the defection of 1m CDU/CSU voters to the far-right, anti-immigration Alternative for Germany.



In step: Angela Merkel and Volker Kauder. Political tensions in Berlin could make it harder for her to organise an orderly succession Arnd Wiegmann/Reuters

The mood worsened over the summer, when MPs returning to their constituencies felt the full force of voter dissatisfaction with Ms Merkel and her party. There was also fury that the chancellor caved in to the SPD's demands to remove Hans-Georg Maassen as head of the domestic intelligence agency.

Moreover, there had been portents of Tuesday's defeat. After last September's Bundestag election, when the CDU/CSU slumped to its worst result since 1949, Mr Kauder was re-elected with a mere 77 per cent of the vote.

But Ms Merkel failed to pick up on the signs and backed Mr Kauder in Tuesday's vote. "It showed how divorced she's become from the grass roots, and from her own parliamentary party," the adviser said.

"Kauder's election defeat was a clear sign that the CDU/CSU caucus wants to be appreciated more, and to become a real power centre," said Olav Gutting, a CDU MP. "We're sick of being seen as an appendage of the government that just rubber-stamps everything."

He and 124 other MPs voted for Ralph Brinkhaus, an accountant and expert on fiscal policy who had served as one of Mr Kauder's deputies. No one expected him to beat Mr Kauder, a man who, with Ms Merkel, formed one of the most successful and enduring partnerships in post-war German politics.

Mr Brinkhaus, 50, only elected to parliament nine years ago, has no wide support network, but his pledge to ensure MPs have more say resonated widely.

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

INTERNATIONAL

Privacy law

India ruling curbs scope of identity card

Court restricts companies from using Aadhaar to access citizens' data

KIRAN STACEY — NEW DELHI

New Delhi's attempts to make Indians link their bank accounts and mobile phones to a single identity card have been knocked down in a judgment that will place strict limits on the world's most sophisticated digital identity scheme.

India's Supreme Court ruled yesterday that the so-called Aadhaar was constitutional but private companies would be unable to access citizens' biometric or demographic data. The ruling was celebrated by privacy campaigners but there were also fears that it would hamper fast-growing technology companies.

Prasanna S, one of the lawyers arguing that Aadhaar violated Indians' fundamental right to privacy, told the Financial Times: "The vision behind Aadhaar has been significantly curtailed. The court may not have destroyed Aadhaar yet, but it has been limited."

The previous government launched the Aadhaar project in 2009, aiming to give every one of its 1.3bn citizens a unique identity number, even if they lacked basic paperwork such as a birth certificate.

Its proponents argued this was the best way to plug the country's leaky welfare system and prevent people from falsely claiming benefits. The scheme's supporters included personalities from international politics and business, including Bill Gates, who urged other countries to follow suit.

Nearly 10 years later, authorities said they had signed up 99 per cent of Indian adults, and the scope of the system had widened significantly.

Instead of only being used to claim benefits, private companies — from banks, to telecoms companies, to digital

'The court may not have destroyed Aadhaar yet, but it has been limited'
Prasanna S, lawyer

payments companies — can now also ask for Aadhaar details as part of their registration process.

Narendra Modi, India's prime minister, opposed the scheme in opposition but in government has pushed to make Aadhaar compulsory for opening a bank account and registering a sim card — arguing that doing so would help tackle tax evasion and terror threats.

It was also taken up enthusiastically by many Indian financial services and technology companies, which have used the Aadhaar system to authenticate new customers.

For example, anyone wishing to open a digital wallet with Paytm — the digital payments company backed by Warren Buffett, Alibaba and SoftBank — can do so more quickly by using their Aadhaar details than any other identification. According to rules laid down by India's central bank, they are also able to store and transfer more money.

After yesterday's ruling however, companies such as Paytm will not be allowed to use the Aadhaar database, making it potentially more difficult to attract new customers. Paytm said: "Being able to register with Aadhaar makes a difference, but customers will still be able to do so using other forms of identification."

The judges also ruled that the government would not be able to access users' information for national security reasons without obtaining a warrant from a judge.

Arun Jaitley, the finance minister, said: "[This] is a historic judgment — [the] concept of unique ID number has been accepted by judicial review."

Reetika Khera, economics professor at the Indian Institute of Technology, has been monitoring cases where technology failures have meant people are cut off from their benefits. "It is disappointing that the judges who have signed the majority opinion have believed the government's false assurances that nobody will be denied their entitlements due to Aadhaar," she said.

Protectionist measures

Delhi raises duties on 'non-essential' imports to boost rupee

AMY KAZMIN — NEW DELHI

India has raised import tariffs on 19 items — including gemstones, jet fuel, plastics, home appliances and shoes — as it seeks to curb "non-essential imports", narrow its widening current account deficit and ease pressure on the rupee.

The new customs duties, scheduled to take effect last night at midnight — make India the latest country to turn to protectionist measures as it seeks to strengthen its domestic economy.

Announcing the import duties, India's finance ministry said that the country had imported around $11.8bn worth of the specified goods during the last finance year.

Prime Minister Narendra Modi's government decided this month to curb imports it deemed "non-essential", to shore up confidence in its currency, which has fallen around 13 per cent against the dollar so far this year.

In the 10 days since, industry associations have been engaged in frantic lobbying to try to prevent the duties from being imposed on the items they use as inputs. The finance ministry said the

India's airlines face 5 per cent customs duty on jet fuel, previously imported duty free

goods targeted were cut to 19 items from what was originally a longer list.

Nevertheless, the new tariffs hit India's financially struggling airlines with a 5 per cent customs duty on jet fuel, previously imported duty free.

They also raise a customs duty on diamonds and other gemstones used in inputs for jewellery-making from 5 per cent to 7.5 per cent. India's gem and jewellery industry employs around 5m workers and is estimated to contribute about 7 per cent of the country's gross domestic product.

Imported air-conditioners, refrigerators and small washing machines will also become more expensive, with their import duties doubling from 10 to 20 per cent. Other items that will now be subjected to higher import duties include tyres, speakers, shoes, suitcases and travel bags and a wide range of plastics, including dishes and kitchen items.

Indian economists have been split on the effectiveness of the government's plan to curb imports.

The rapid depreciation of the rupee in recent weeks — coupled with a recent surge in oil prices — has been a troubling development for an economy that relies on imports for about 80 per cent of its energy needs. Underpinning India's currency weakness has been a surge in its current account deficit, which widened to $15.8bn — or 2.4 per cent of GDP — from April to June, up from $13bn during the first three months of 2018.

New Delhi has also vowed to bolster exports, although few specific measures have been announced. It has also eased some curbs, and announced tax breaks, aimed at making foreign portfolio investment into India more attractive.

The foreign exchange reserves of the country's central bank have dropped by about $26bn since mid-April as it has sought to shore up the currency.

Islamic law. Gender inequality

Arab women face backlash over inheritance reform

Debate in Tunisia underscores the difficulty of shaking up a centuries-old status quo

HEBA SALEH — CAIRO

When Beji Caid Sebsi, Tunisia's president, backed legislation to ensure equality of inheritance between men and women, he was challenging a tenet of Islamic law. The Koran spells out in detail how legacies are to be divided, dictating that brothers receive twice the share of sisters. Mr Sebsi's law would have been the first of its kind in the Arab world to defy that diktat.

Modernisers cheered, but Muslim clerics decried an attack on Islam. Tunisia's main conservative party, Nahda, deemed it a step too far. "There is strong opposition within the party and in Tunisian society at large," said Said Ferjani, a senior Nahda leader. "No political party can make this gamble, particularly with elections next year."

The passage of the law in Tunisia is in doubt. But the debate it ignited across the Arab world continues to rage. It has underlined the difficulty of upending a centuries-old status quo that shapes the contours of power and wealth across the Arab world.

Equalising inheritance rules would mark an epochal change. But for millions of Arab women from Saudi Arabia to Morocco, there is a more modest goal: getting the limited assets to which they are currently entitled.

Om Ahmed, a 37-year-old from Egypt's impoverished and tradition-dominated south, says she has spent years battling her uncle in court to be given her share of land left by her father. who died when her mother was pregnant with her.

"I am entitled to half an acre, but I got nothing at all," she said. "I gave up on the courts two years ago because I could no longer afford the lawyer. I asked people in my village to mediate, but they said all women here have no inheritance rights. Even our clerics are afraid to raise the matter because it would turn everyone against them."

Inheritance laws are part of a broader web of legal and social barriers that perpetuate gender inequality in the Arab world. The proportion of women who earn a salary is held down by a combination of early marriage, traditions that require women to be homemakers, and laws designed to protect females in the workplace that restrict the kinds of jobs and hours they can work.

Only one in four women in the Middle East and north Africa is employed or looking for work, which is half the global rate, says the World Bank. Only 27 per cent of women in the Arab world have a bank or mobile money account, according to the UN Development Programme.

Inheritance is often about land. The proportion of real estate in the Arab world registered in the name of women is probably much lower than 10 per cent, said Rafic Khouri, co-author of a UN-Habitat study published this year on women's access to land in the Muslim world. In rural areas in particular, families frequently refuse to relinquish land to daughters married outside their clan.

Egypt passed legislation earlier this year that imposes jail terms and fines on anyone who deprives another of inheritance rights. But taking relatives to court is a move that comes with a heavy price, says Zinat Mohamed Ali who runs the Bent al-Rif women's association in Minya, a province in southern Egypt.

"Suing relatives means the woman becomes dead to her family," she said. "It means she is finished. There will be no visits, no calls and no family celebrations of religious festivals like the prophet's birthday. It will be like she has signed her own death certificate."

She reckons that only about 10 per cent of women in her region receive their legal inheritance. This applies to both the Muslim and Christian communities. "What we have here is tradition, not Islamic law," she said. "There are many women who are uneducated and they don't know their rights under Islam or the law. Inheritance is a topic that cannot be discussed within the family."

Food for thought: a woman passes a fruit stall in Cairo. Egypt has passed laws aimed at protecting inheritance rights — Khaled Desouki/AFP/Getty Images

Mr Khouri said women were sometimes deprived of their inheritance rights because some men in patriarchal societies knew that owning land would give the women the chance to gain some economic independence. "Women are supposed to obey the father or the brother, and if they have economic capacity, they would obey less," he said.

He noted Jordan and the Palestinian territories had introduced new systems of judicial supervision to ensure women did not sign away their inheritance rights under pressure from male relatives. The efficacy of the moves, however, has yet to be evaluated, he said.

25% Proportion of Arab women employed or looking for work, according to the World Bank

27% Arab women with bank or mobile money account, according to UN

In Tunisia, Youssef Cherif, a political analyst, says Mr Sebsi's decision to promote equal inheritance is partly a political ploy. The goal is to embarrass Nahda, the conservative party, by forcing it to show a reactionary face that could tarnish its image in the eyes of western governments ahead of elections next year

If the law were adopted, against the odds, it could help shore up the weak position of women, he adds. "Equality would empower women so that even those who get nothing or little would be able to press for more."

East Africa

Ethiopian crackdown casts doubt on premier's revamp agenda

TOM WILSON
EAST AFRICA CORRESPONDENT

Abiy Ahmed, Ethiopia's prime minister, is facing questions over his ability to deliver on promises of democratic reform after a crackdown by security forces following a spate of violence.

Since taking power in April, Mr Abiy has overseen the release of thousands of political prisoners and welcomed exiled opposition leaders back. But his relaxation of state control has been accompanied by an upsurge in ethnic violence.

This month at least 28 died in the capital, Addis Ababa, in violence between youth groups and security forces that flared when political leaders from the country's south returned from overseas.

Mr Abiy had won praise for his reform pledges from Washington to Riyadh, but the clashes underscored the scale of the challenge he faces in a country long marked by authoritarian rule and ethnic tensions fuelled by poverty.

"Abiy has done a lot to bring dissatisfied groups, factions and actors back into the political process, to normalise their status, and that has created a lot of optimism," said Michael Woldemariam, an Ethiopia expert at Boston University.

"On the other hand, you've got a country with a long history of authoritarianism, with a very difficult history of ethnic politics and you're almost taking the lid off a lot of those tensions," he said.

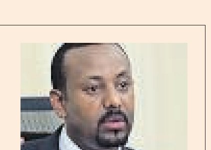
Ethnic violence had broken out sporadically in recent months, but Mr Abiy's administration had done little in response until last week.

The government arrested more than 3,000 in the capital in a crackdown reminiscent of the actions of some of Mr Abiy's predecessors. About 1,200 of those detained had participated in the unrest and are being given "rehabilitation education" at a camp outside the capital, the Addis Ababa Police Commission said on Monday.

Mr Abiy's chief of staff condemned the violence, but his office has made no comment on the police response.

For some observers, the clampdown is at odds with Mr Abiy's commitment to reform. "While the Ethiopian authorities have in recent months made a commendable attempt to empty the country's prisons of arbitrary detainees, they must not fill them again by arbitrarily arresting and detaining more without charge," said Joan Nyanyuki, Amnesty International director for east Africa.

Rashid Abdi, Horn of Africa project director at the International Crisis Group, said the end of the old order had uncorked multiple forms of discontent.



Abiy Ahmed: arrests have been reminiscent of the undemocratic actions of some of his predecessors

"The pressure was mounting on him [Mr Abiy] to be seen to be firm" in response, he said.

Ethiopia is a country of 105m from about 80 ethnic groups, divided among nine ethnic regions. The ruling coalition, the Ethiopian People's Revolutionary Democratic Front, in power since 1991, includes member parties from four of the ethnic regions but has long been dominated by the Tigray People's Liberation Front, which represents only about 6 per cent of the population.

Mr Abiy, an ethnic Oromo from southern Ethiopia, has promised a more inclusive form of politics. Where the EPRDF of old sought to suppress dissent — it controls all seats in the parliament — Mr Abiy has preached reconciliation.

"The state wants to democratise but without compromising the rule of law and it is struggling to find a balance between the two and to respond with proportionate force," said Hallelujah Lulie, a regional security analyst based in the Ethiopian capital.

One solution is economic, he said. The EPRDF has recorded impressive growth rates in the last decade but struggled to create enough jobs for the rapidly growing population. "It comes back [to] a lack of opportunities, a lack of jobs, that lies behind the violence," he added.

Mr Abiy has pledged to open the tightly controlled economy to investment, but that will take time. Meanwhile, Ethiopians are likely to see a "tougher Abiy" said ICG's Mr Abdi.

"I can't doubt Abiy's instincts for reform, he's taken a lot of risks" he said. "But he's also an ex-intelligence officer, and that's beginning to assert itself."

Public broadcaster

Australia's ABC chief urged to resign

JAMIE SMYTH — MELBOURNE

Australia's public broadcaster ABC was plunged into crisis yesterday after leaked emails appeared to show its chairman bowed to political pressure by calling on management to sack a journalist who upset the government.

The disclosure prompted unions, a former ABC chairman and politicians to call for Justin Milne to resign just days after the corporation's board sacked managing director Michelle Guthrie — a move Mr Milne had backed, citing her "leadership style" and poor relationship with Canberra.

The pressure on Mr Milne intensified when Fairfax Media reported that he had sent an email this year to Ms Guthrie, urging her to sack Emma Alberici, the ABC's economics correspondent, over her coverage of the government's flagship corporate tax policy.

"They [the government] hate her," Mr Milne is alleged to have written. "We are tarred with her brush. I think it's simple. Get rid of her. We need to save the ABC, not Emma. There is no guarantee they [the coalition] will lose the next election." Mr Milne, who is a friend of Malcolm Turnbull, the former prime minister who was ousted from power last month, has not denied sending the email and defended his leadership.

Mr Milne said in a statement the job of the ABC board was to govern independently in the best interests of the corporation. "That is precisely what the board has done and will continue to do. I do not propose to provide a running commentary on day-to-day issues which arise in pursuit of our duties," he said.

The centre-right government admitted it complained to the ABC board about Ms Alberici's coverage, which it said contained multiple factual errors. But the Liberal-National coalition yesterday moved to distance itself, saying it had always "respected the legislated operational and editorial independence of the ABC".

Canberra has repeatedly attacked the corporation since winning the 2013 election, accusing it of leftwing bias — an allegation the broadcaster has denied. The government cut A$254m from ABC's budget in 2014 and a further A$84m (US$61m) this year.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РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

What's normal anyway?

FASHION

Jo Ellison

Maison Margiela and Dries Van Noten embraced new identities — and freedoms

"There is no normal," boomed a voiceover at the beginning of John Galliano's Maison Margiela show. The collection was prefaced by a montage of videos espousing gender fluidity. The model Hanne Gaby Odiele, who has previously spoken beautifully about being born intersex, described her gender "mutiny" and her relationship with her body. Others talked of childhood bullying, and their refusal to conform to the feminine "ideal". Curiously, there were no men's voices, which seemed strange for a co-ed show.

Gender fluidity is a hot topic, and the "be who you wanna be" soundbites were on message, even if they were voiced by models who, however "unusual", still looked very much like models do. More disappointing was the realisation, after the event, that the whole thing had in fact been a trailer for a new Margiela perfume, Mutiny, which was blasted on a billboard outside the show.

Plenty of brands are cashing in on the new social politics, and the Generation Z agenda is being bottled in a million different ways. But for this brand to engage in such blatant product placement was unnerving. And it neutered the mood.

The show, meanwhile, was in parts brilliant, but also confusing. According to his post-show podcast, Galliano had been exploring fit, cut and drapery "without consideration for gender". His designs had "a genderless approach" inspired by popular cultural figures, social media and his own youthful get-ups.

But on the catwalk, the fluidity only seemed to flow in one direction — towards the feminine. While the women, in their deconstructed cape skirts and grey tailoring, looked plausible and authentic, the men — hairy-legged in gold brocade corsets, plastic tessellated skirts and rubber shoes — looked like they were dressed in drag.

There's nothing wrong with that, but it left the show feeling unbalanced. Fashion's current focus on "fluidity", at least when it comes to dressing men, seems to be to dress them in clothes that look exaggeratedly feminine and a little bit freaky. As though they're wearing costumes. And I'm not sure that's really the point.

At the risk of sounding completely out of touch, I'm beginning to wonder if gender fluidity has just become fashion speak for cross-dressing? I'd be keen to hear your thoughts.

Aside from the gender politics, the show had stunning moments. Who knew a skirt would look so good when reimagined as a shoulder shrug? The trenches and dress coats were properly gorgeous, and the tailoring divine.

It was a risk for the fashion group OTB (Only The Brave) to make John Galliano the creative director at Maison Margiela in October 2014. Four years ago, the designer had only just been rehabilitated from his various addictions and was still regarded as a social pariah. His appointment by the group's president, Renzo Rosso, gave him a second chance.

Thus far, Galliano has delivered. One of the livelier brands in the market, the sales at Margiela are proving strong. Retailers frequently name it as one of their bestsellers and in the group's 2017 statement, in which sales were generally stale, the brand boasted double-digit growth and revenues of €135m.

In the main, I love what Galliano is doing. But after the quiet bravura of his last collections, so much political sign-posting felt out of whack. Maison Margiela has long stood for sublimely subtle and quiet subversions. This time it was awkwardly loud.

The only fluidity of real significance at Dries Van Noten SS19 was in the fabrication of the clothes. A river of lozenge-shaped sequins dripped over bags and skirts, shoulders twinkled with beaded shrugs. There was also a fluidity of ideas in the collection, which conflated utility clothes with formal wear. Workwear was conjoined with more sober black tailoring, smart silks and blazers sparked with neon yellows and cobalt blue. A boiler suit, tied at the waist, was worn with an elegant white evening shirt with dip-dye sleeves, or silky florals in sorbet shades.

"What could be more beautiful than a boiler suit?" asked the designer, when questioned about the workwear. Few things indeed, when the boiler suit was fashioned in a nylon silk and topped with a feathery trim.

Van Noten sold a majority stake in his business to the Spanish luxury group Puig in June. Had the sale given him more room to create? "Nothing's changed," he said of the acquisition. "That's why I'm so happy to be working with Puig. They're not pressuring me to build new categories, they just want to let me be."

When I interviewed the designer two years ago, he was clearly concerned. The changes in the industry and the quickening pace of fashion were starting to wear him down. This new partnership with Puig is a huge weight off his mind. "My company now has a future," he told the press backstage. You could see his new attitude in the collection, which had a lightness of its own. The look of relief has rarely seemed so lovely.

Above: Maison Margiela; left: Dries Van Noten — Jason Lloyd-Evans

Battle of the brands

Saint Laurent wants to be Paris's premier rock'n'roll label. But will its former designer blow up its plans?

Jason Lloyd-Evans

There was a spectre at the Saint Laurent show, and it resembled the figure of Hedi Slimane.

For those needing a recap, Slimane is the former Saint Laurent designer whose four-year tenure transformed the house's identity and doubled its revenues to €1bn, before he departed the Kering-owned company in March 2016. The Belgian-Italian Anthony Vaccarello has been steering the label's direction ever since.

To a great degree, Vaccarello's Saint Laurent has followed the same aesthetic principles as Slimane's did; teeny slim-fit tailoring, rock-star leathers, denim, sparkly cocktail dresses and stacked platform soles have been the mainstays of the womenswear. The menswear has remained indie-band insouciant — Jimi Hendrix blazers, gauzy shirts, tuxedos — designed for the type who wants to look like they just fell out of a club.

For SS19 he offered more of the same: models splashed along a water-covered runway in looks recalling the LA music scene; eveningwear was leopard-

Is there space for two brands marketing LA hipster cool?

spotted and floaty; there were micro denim shorts, velvet blazers, high-waisted hot pants and tonnes of black leathers. The girls wore Saint Laurent flat-topped hats of the old school, while the brand's famous tuxedo was whip-slim, high-waisted and black. The styling was a nod to one of Yves Saint Laurent's '70s muses, Paloma Picasso. The men wore skinny jeans, gold boots and cravats.

Under Vaccarello, the brand codes have been left largely undisrupted. He has added his own take, for sure, but his direction has been super-mindful of the core customer — and the business has continued to grow in double digits. Last week it was reported Vaccarello had renewed a three-year contract. All the signs are that he'll stick with Saint Laurent. But what does that mean when the real architect of Saint Laurent's success is back in town? On Friday night, following a two-year fashion sabbatical and six-month build-up, Slimane unveils his first collection for the LVMH-owned Celine.

Quite what that will look like remains a mystery. But hints of his Celine are currently fly-posted in cities all over the world, part of an advertising campaign in which clues to the collection can finally be gleaned. Shot in black and white, and starring a cast of wan, androgynous models, Slimane's Celine looks a lot like his Saint Laurent.

Is there space in the market for two brands marketing LA hipster cool? The folk at Saint Laurent seem to think so. Staged on a catwalk fringed with palm trees, before a reflected vision of the Eiffel Tower, it seemed to be tuning up for the contest. It's not going to give up its groupies that easily. Let the battle of the brands commence.

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

Whirling, swooping story of skate kids

FILM

Nigel Andrews

If a breeze blowing through New York City decided to make a film, it would be **Skate Kitchen**. Nearly every moment here, of camerawork or character play, is wistfully, blissfully fluid. Everyone seems lifted off the ground as he or she moves. Crystal Moselle's skateboarding drama, an indie hit born of a woman director (one previous feature, *The Wolfpack*) and midwifed by Sundance (workshop and festival), is all or nearly all about the girl rollers of the title's truth-based NYC collective.

There is a puffball of a dramatic "plot": a lightly anguished love triangle involving a black skater (Ardelia Lovelace), a black skater-photographer (Jaden, son of Will) and the film's main white girl, a lissom, specs-wearing semi-loner, Khatera (Rachelle Vinberg). She takes the light-long day while lying to her Latina mum that she's at the library.

The skate park scenes, and the stunts and stints on city streets, have an irresistible lyricism. The camera whirls, swoops and curves, snatching split-second intercuts of kick-flips in close-up. In other scenes it sits by — wry, observing, empathetic — as the girls shake off the dust in long jags of gossip, sex banter or skating shoptalk. Once, boys present, a sex party seems to be starting. (The film keeps reminding us of Larry Clark's *Kids*. To *Kids*' disadvantage.)

For most of the movie, you believe that nothing matters to these humans more than racing and curvetting along concrete or tarmac on mini-surfboards. At worst, this obsession is disciplined idiocy. At best, it's self-authentication by virtuosity: never mind the meaninglessness to others, feel the meaning to yourself. Through this "coming out", the film suggests, Khatera learns the more important comings out. Independence from her mum, without repudiation of that mum, who means well. Coping with love, even at those times when it doesn't seem to want to cope with you.

Jonathan Pryce wins a Nobel Prize in **The Wife**. He's a New England novelist with a seemingly caring wife, played by Glenn Close. Grey, whiskery and star-tled-bright of eye, he looks like a beaver frozen in a shotgun's sights. She — cropped white hair, no make-up, pugilist's chin — looks like every school's most feared matron. They drag with them to Sweden their resentful grown-up son (Max Irons).

What secret grief is not being told here? Don't ask me to spill or spoil: it's pretty much all the film has. Otherwise we are in Stockholm going nine rounds with the floral wallpaper in the five-star hotels, the burbling glad-handers and the fitful comedy of the hands-across-the-ocean welcoming etiquette. (The wake-up breakfast-hour dance troupe in the VIP bedroom is funny.) In the drama's main ring the two boxers, three if you add Max, size each other up for the big mid-to-late plot punch. That's a development you may not see coming. Of its going you soon guess the "where" and the "how", if not the "when".

Anchor and Hope proves there is a new age of New Age. Millennial touchy-feeliness! Twenty-first-century faith, hope and not too much anchorage, save the ethereally utopian. The feyness in early scenes of this Spanish-directed film could give you a sugar rush. In a never-never England, life is a houseboat travelling on the Regent's Canal, love is a lesbian idyll between Oona Chaplin and Natalia Tena (taking PC parole from *Game of Thrones*), and Oona's mum Geraldine — cameo-ing as the Oona character's mum — adds the sticky cherry to the sticky cake.

From above: Jaden Smith, left, and Rachelle Vinberg in 'Skate Kitchen'; James Frecheville, left, and Hugo Weaving in 'Black 47'

Skate Kitchen
Crystal Moselle
★★★★★

Anchor and Hope
Carlos Marques-Marcet
★★★☆☆

The Wife
Björn L Runge
★★☆☆☆

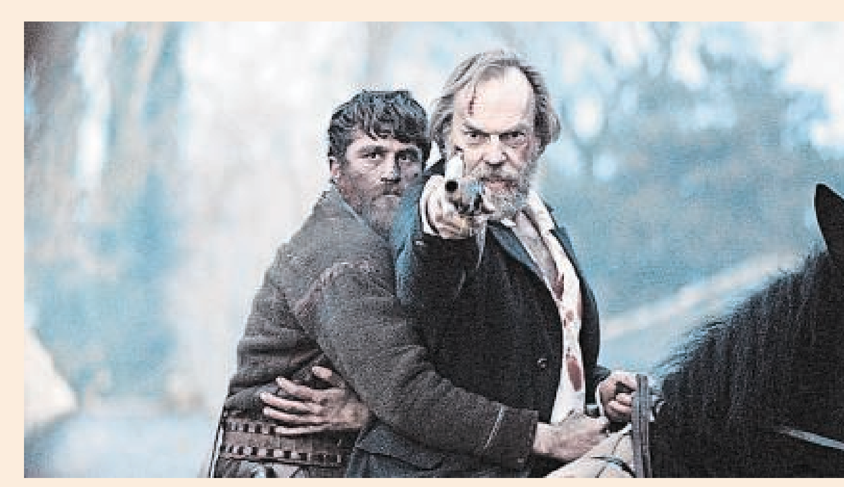
Black '47
Lance Daly
★★☆☆☆

But the journey gets better and we pass into reality. Director/co-writer Carlos Marques-Marcet finds the "three's a crowd" plot-navigation button and brings Roger, a loveable-slob friend from Barcelona (David Verdaguer), to impregnate motherhood-keen Eva (Oona) by sperm donation. Everyone is happy until they aren't. Because Kat (Natalia) doesn't want *that* kind of domestic threesome, with a child. Then a misfortune happens. Suddenly Regent's Canal is one of those wish-you-were-here postcards you send to delude a friend when you're secretly crying.

The dialogue — stammered, faltered, effervesced — feels fresh, even possibly improvised. And there is a wonderful scene in which two characters sit at a piano, their feelings for each other modulating as perceptibly as the musical keys. Fey and feel-good are never far off. But the churn of darker water, in middle and late scenes, makes the journey interesting.

Desaturated colour photography: time to criminalise it? **Black 47** is 47 or more variations on chromatic miserabilism, even though Declan Quinn (*Leaving Las Vegas*, *28 Days*) is a gifted cinematographer, and a bleak magic sometimes battles through the penitential murk.

Other battles, artistic and historical, are waged with less hope. The English are laying waste to Ireland in famine-stricken 1847, while incongruously drafted Aussie stars (Hugo Weaving, James Frecheville) bag the beards and brogues as they fight with, or versus, the redcoats with the twerpy accents (Freddie Fox, an upper-class Jim Broadbent). The story glums along earnestly for 100 minutes that seem, and possibly were, 100 days. Even history can have a glimmer of wit, mischief or sardonic inflection, can't it? Even tragedy and fatalism on screen can have a catcher in the wry?



Philip French, the late Observer film critic, is commemorated in **Notes from the Dream House**, a gem of a soon-to-be published review collection.

Working beside him for many years, I got to know Philip's virtues. His knowledge was encyclopedic. Nearly all his reviews begin with a masterly history of the film's artistic genealogy and DNA. His taste was broad. It included everything from Ingmar Bergman to master of 1950s B-westerns Budd Boetticher. And his puns, when not excruciating, or even when they were, were illuminating and even Homeric. He once spun an almighty wordplay with the name Levi-Strauss, finding, in relation to Westerns, an intricate conceptual and perceptual rhyme between denim trousers and structural anthropology.

I can't say of him that "he will be missed". He is missed already. You should read, among much else in this book, his essay on a reissued *Bonnie and Clyde*. He captures not only the radical brilliance of a landmark movie. He gives you the extraordinary, and educating, history of journalistic disagreement — controversies, sackings, debates — that preceded the film's eventual acceptance, led by Britain and the rest of Europe (including Philip French), as a modern cinematic classic.

'Notes from the Dream House' will be published by Carcanet Press on October 25

In honour of a light heavyweight

Nancy Holt was known for her ambitious outdoor work. An indoor survey provides fascinating insights into her methods. By Ariella Budick

In the 1960s and 70s, when city folk were fleeing to the suburbs and suburban kids were migrating to rural communes, a small corps of artists travelled farther — as far away from everything as they could get. Among them, Michael Heizer, Robert Smithson and his wife Nancy Holt — the lone woman in a crowd of macho loners — headed for the US south-west and commandeered the desert for a new genre called land art. Works such as Heizer's still-not-quite finished "City" or Smithson's "Spiral Jetty" required acres of terrain, infinities of sky and the near total absence of people to make their full effect. Which makes it a challenge to exhibit this cohort's work in urban galleries.

The Los Angeles County Museum of Art has an immense boulder balanced above a custom-constructed trench for Heizer's "Levitated Mass". Massachusetts Museum of Contemporary Art displays models and photographs of Roden Crater, James Turrell's Arizona opus. And now, New York art foundation Dia, which recently acquired Holt's gargantuan "Sun Tunnels" (1973-76) in Utah, has found an indoor way to honour her. The show, at the institution's Chelsea, NY, branch, is provocative and tantalising, a keyhole glimpse of an artist who spent her career making outsized keyholes and choreographing the views beyond.

Holt, who died in 2014, sculpted in the most insubstantial of materials — light — but she channelled it using concrete, rock and steel. In "Sun Tunnels" four immense concrete cylinders rest on the desert floor, acting like lens-less, earth-bound telescopes trained on a vast landscape. The openings at either end frame the horizon and, twice a year, on the longest and shortest days, align with the rising and setting sun. At other times, daylight poking through star-shaped holes in the tubes tracks the earth's rotation. Taken together, the southwestern Concretehenge orients the viewer to the land and sky, alleviating the terror of being lost in an arid nowhere.

Nancy Holt's 'Sun Tunnels' (1973-76) in the Great Basin Desert, Utah
Estate of Nancy Holt/VAGA, New York

Holt's aesthetic translates effectively, if a bit awkwardly, to a Manhattan gallery, partly because she spent the early 70s (before she went to Utah) tinkering with light and tubes in her West Village loft. Instead of concrete, she worked with plumbing pipe; instead of desert glare, she drew inspiration from the sunshine and headlights that played on her studio wall. Dia has mounted just four works (one of them — "Mirrors of Light I" — for the first time since its original installation in 1974), but they add up to an evocative introduction to her way of seeing.

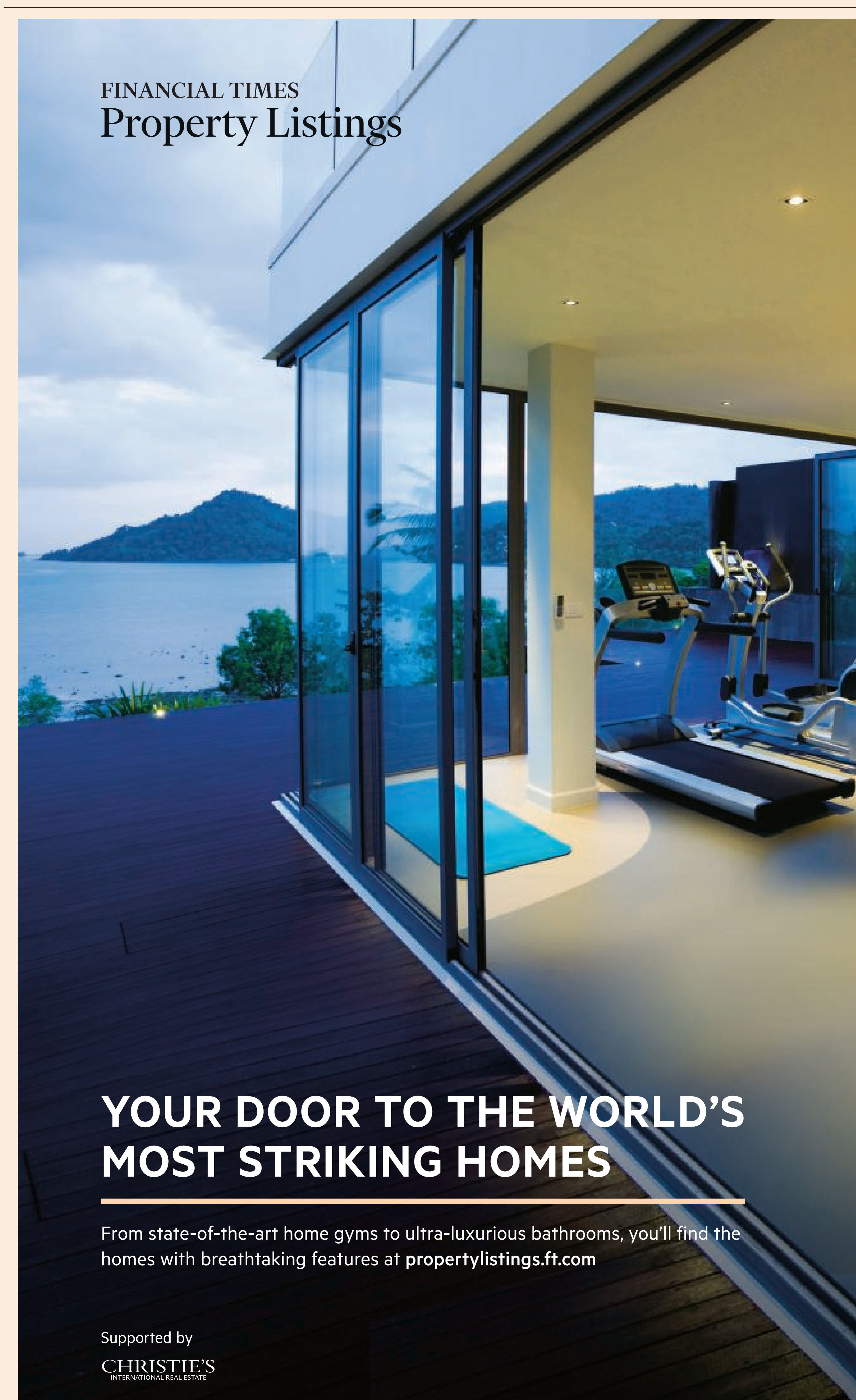
Do you remember, as a child, staring through a cardboard tube as if, by cropping out everything that didn't fit inside a tiny circle, the world would look clearer and more comprehensible? Holt does something similar in 1972's "Locator with Spotlight and Sunlight": she invites the viewer to peer through a viewfinder (just a length of steel pipe) at a tiny glowing panorama, a disc of light as featureless as the Sahara.

Though her aesthetic remains consistent, the mechanism varies. In "Holes of Light" (1973) a lamp shoots beams through eight 10-inch holes in a partition wall, casting luminous circles on a far wall. Half a minute later, a second lamp on the other side of the partition switches on and tosses the light back in the opposite direction. It's like a slow-motion game of table tennis, with beams instead of a ball. In "Mirrors of Light I" a line of 10 circular mirrors explodes a well-aimed shaft, splitting it into an array of dots across two other walls, like stations of the sun.

Each piece depends on the basic properties of light, on meticulous measurement and precise alignment, but the result is ambiguously poetic. Holt described her own approach in philosophical abstractions, calling her early breakthrough the "concretisation of perception." Perhaps the mere fact that light passes through holes and ricochets off hard surfaces has lost its eureka power over the years. Or maybe you have to make your way to western Utah, a 40-minute drive from the hamlet of Montello, at sunset on the summer solstice. Only then, I imagine, does the full measure of Holt's achievement come clear.

To February 16, diaart.org

Nancy Holt installation at Dia, Chelsea, New York
Holt/Smithson Foundation/VAGA/Bill Jacobson



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FT BIG READ. AFTER THE CRISIS

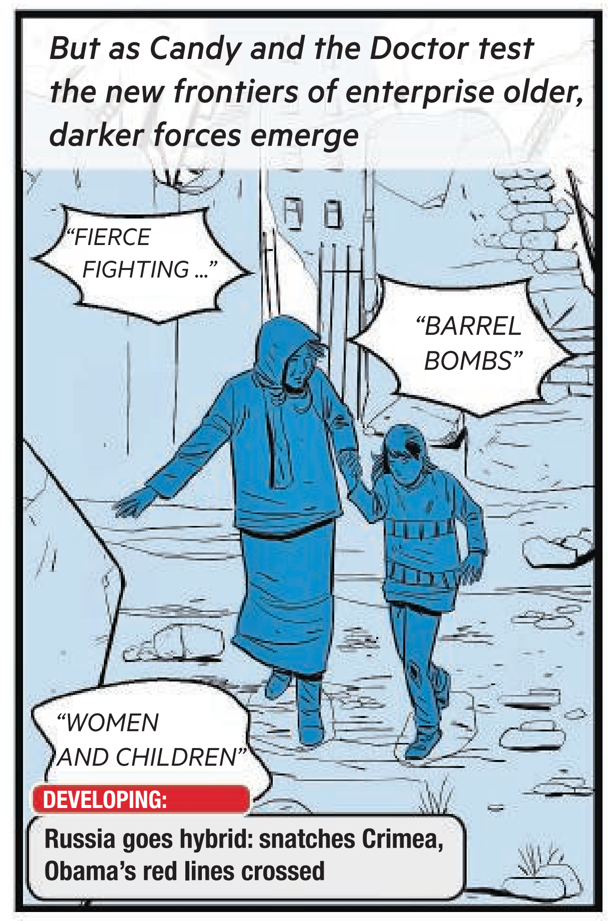
Script: *Frederick Studemann* Illustrations: *Joseba Morales* Art direction: *Kevin Wilson*

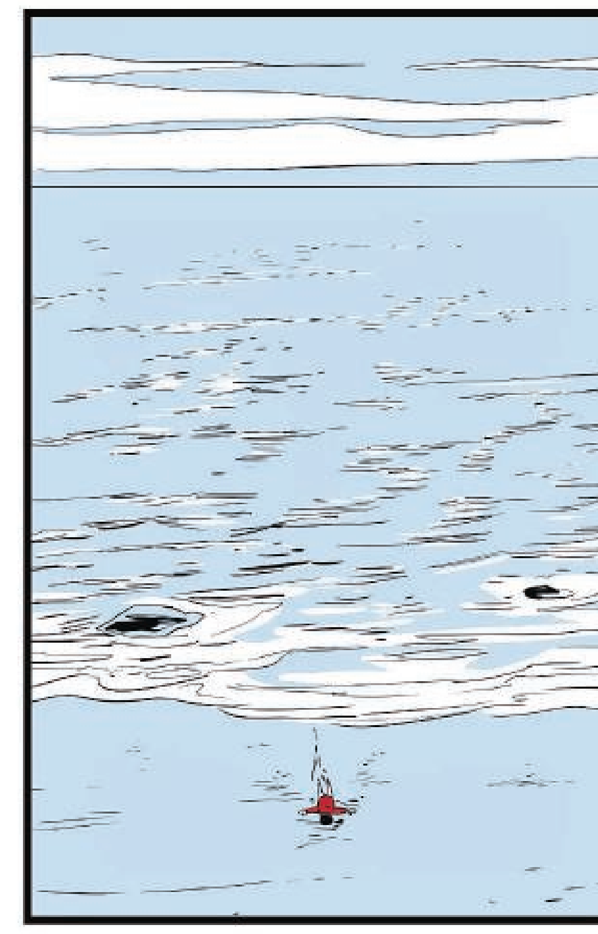
РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

FT BIG READ. AFTER THE CRISIS

ACT THREE: CAN YOU GIG THIS?

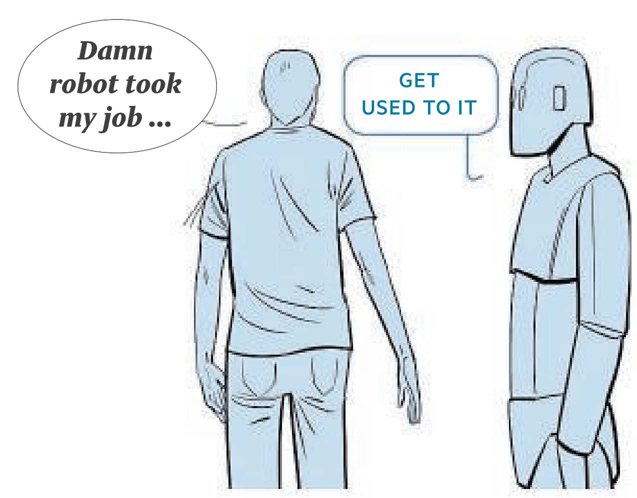
Meanwhile new codes of commerce emerge — presenting our heroes with great opportunities

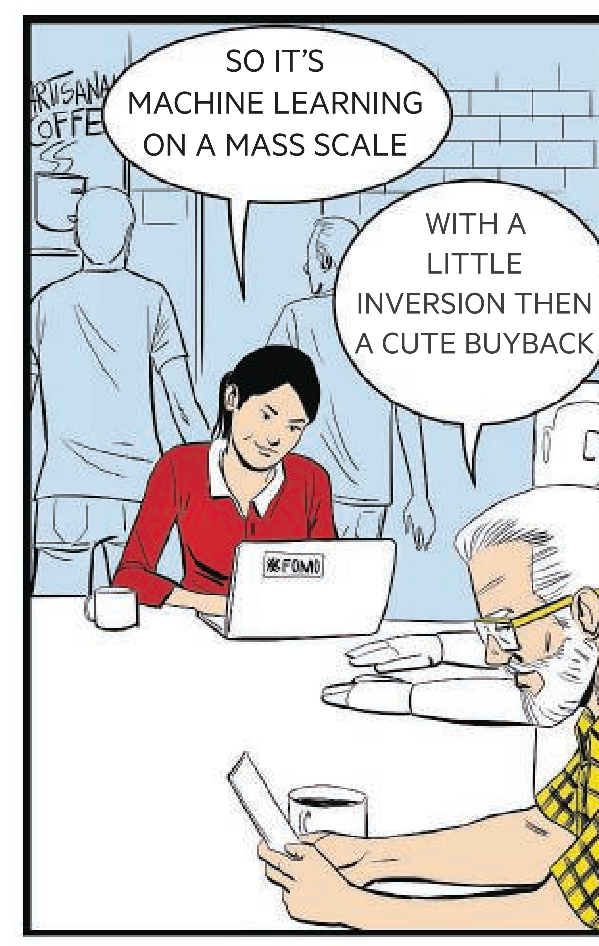




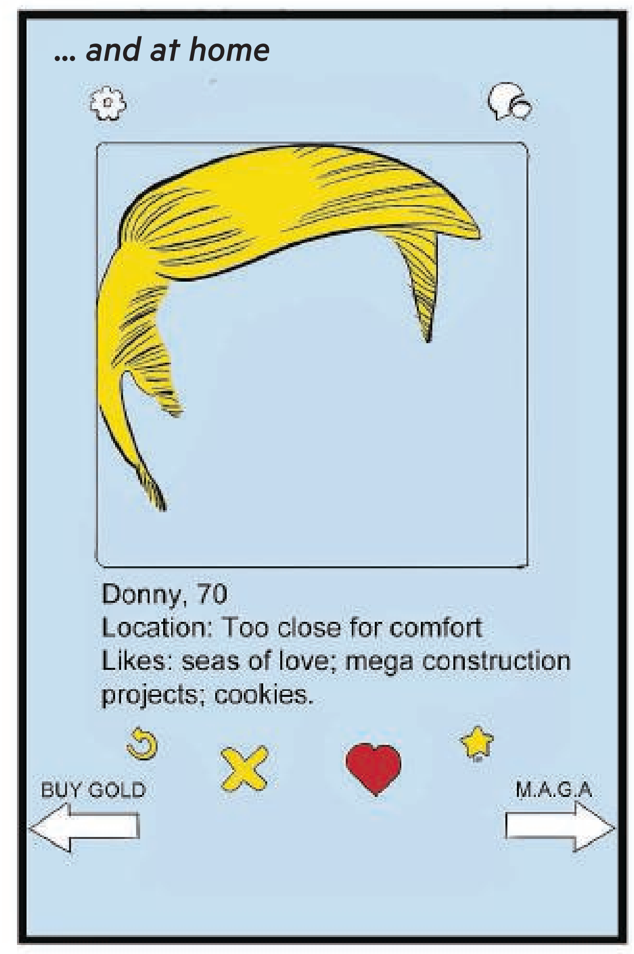
ACT FOUR: A WORLD DIVIDED

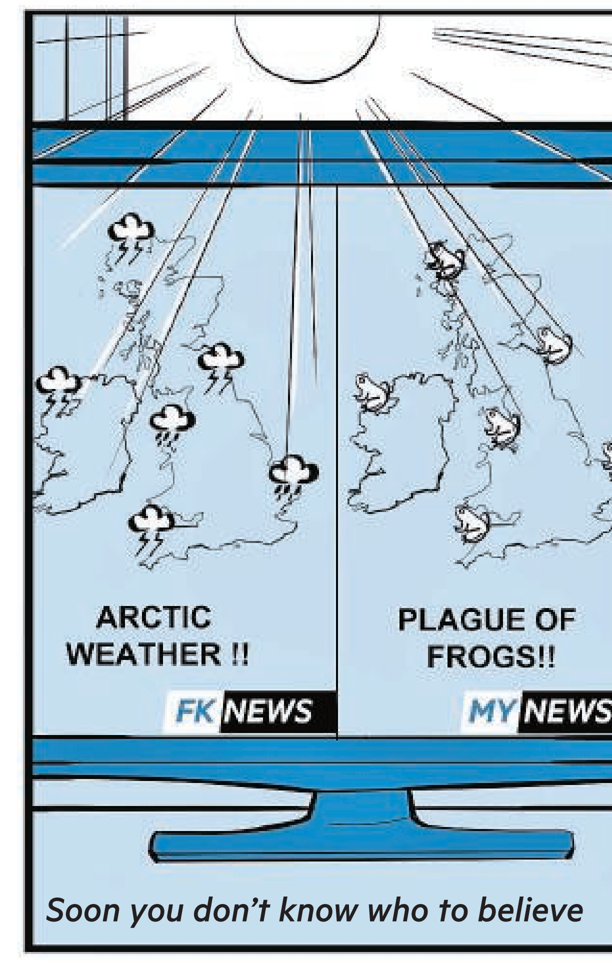
Insecurity and discord are all the rage, fuelled by the promises and perils of new technology. As old remedies fail, many turn to big, simple solutions





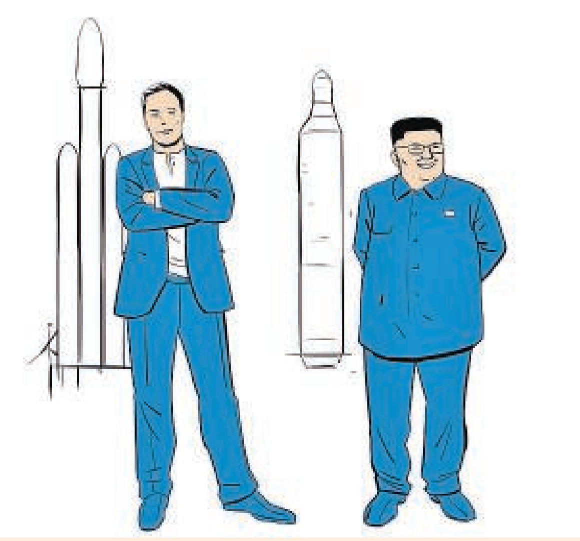
Our heroes get to work exploiting the hidden powers of data ...

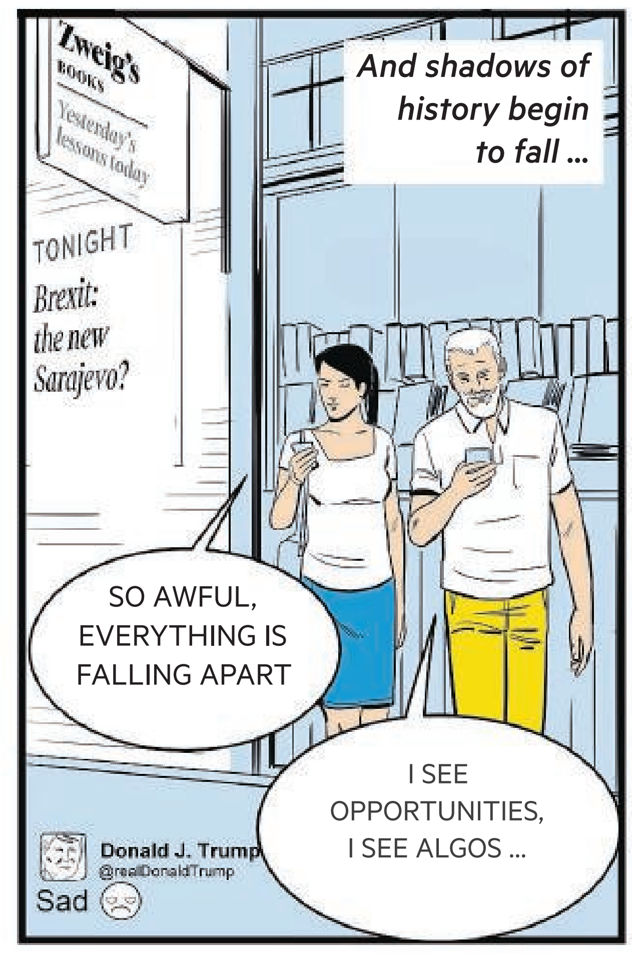


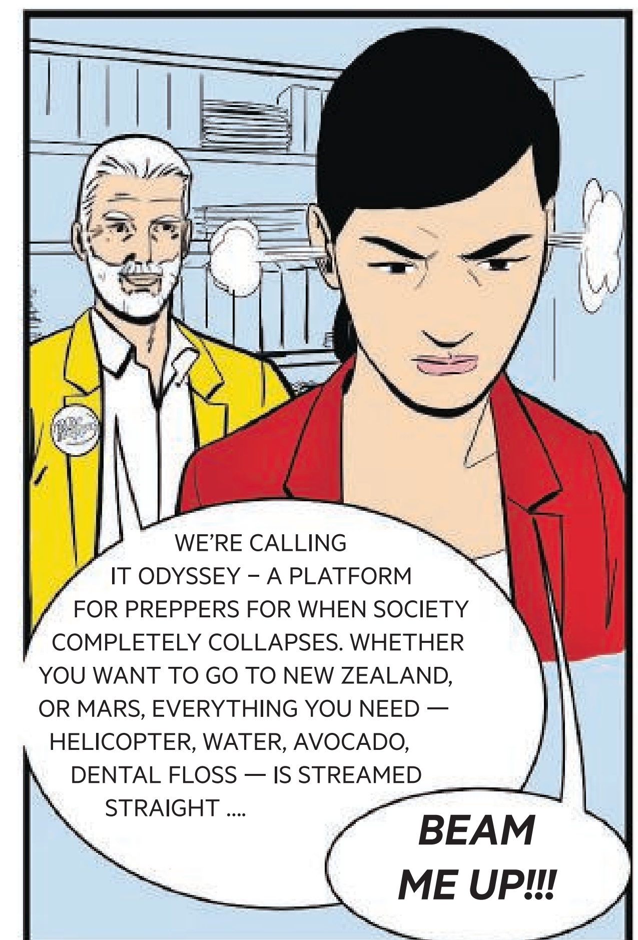


ACT FIVE: NEW FRONTIERS

The western order and its institutions start to crumble, new powers rise, as does a new (*old?*) way of doing business and politics







The End

This story was inspired by another FT comic, The Optimist, published in 2009, which offered a wry look at the decade leading up to the financial crisis. View it at **ft.com/theoptimist**

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

FINANCIAL TIMES
'Without fear and without favour'
THURSDAY 27 SEPTEMBER 2018

French malaise and why Macron's reforms matter

The president's popularity is waning but he must stick to his plans

Emmanuel Macron conveys a vigour and charm that has won him many admirers abroad. Unfortunately for the French president, that is doing little to help at home where he is increasingly unpopular.

Sixteen months after he was swept into the Elysée Palace at the head of the centrist En Marche movement, his ratings in the opinion polls are plunging. Only 29 or so per cent of his compatriots support him. Moreover, those numbers are not the only ones pointing in the wrong direction, intensifying concern about the sustainability of his reformist project.

In a short space of time, Mr Macron has achieved far more than his two predecessors, Nicolas Sarkozy and François Hollande, who at this stage in their terms were faring better in the opinion polls. He has faced down opposition to push through pro-business reforms. Despite his political travails, he remains unequivocal in his ambition to wean France off its dependence on government spending, and create an economy that is more dynamic and entrepreneurial.

To this end he is rendering the labour market more flexible. He is in the process of shaking up the tax system, shrinking the government's imprint on the economy and shifting the burden of taxation away from private economic activity. The government has also loosened state control of the SNCF, the railway company, and begun modernising and decentralising an overly rigid education system — all with a view to stirring the French from their malaise.

This week's budget was another push, welcome if small, in this direction. But aside from the president's dwindling support, there are other indicators of the fragility of his project as government takes on a fresh raft of reforms in contentious areas such as pensions and the bloated public sector.

The economy is not doing badly. But it is hard to argue it is doing any better yet than it might have done at this stage of the cycle without Mr Macron's intervention. When these do have their desired effect, job creation and growth should be noticeably better — but voters are impatient.

Moreover, plans to slash public expenditure from more than 56 per cent of gross domestic product — about 10 points above the European average — to 51.2 per cent by 2022, the end of Mr Macron's mandate, look ambitious. On this target much hangs both domestically and abroad.

Germany has always been sceptical about whether France is reformable. The German chancellor Angela Merkel's margin for manoeuvre is tightening with the resurgence of a far-right inimical to further losses of sovereignty. The extent to which Berlin is willing to contemplate more ambitious integration of the eurozone hinges greatly on Mr Macron's success.

Part of his problem is his personal style. He is increasingly seen at home as an imperious intellectual who does not suffer fools gladly. He has allowed the public perception to grow that he is indifferent to the plight of France's version of the left behind.

Those stuck in dead-end situations or places are right not to see much in his reform project for them. New efforts to improve healthcare provision in rural areas will not be enough to change that. Mr Macron needs to cultivate a more common touch, and be wary of isolating himself among his metropolitan supporters.

France's president has set off in the right direction. In a world transfixed by illiberal strongmen, he is a rare example of a confident liberal taking on the daunting task of reform. His prospects matter beyond French borders. There is much weighing on his shoulders.

How the US can hold its own in emerging markets

If America is to maintain influence, it needs to modernise financing

At a time of bitter partisanship, most members of the US House of Representatives, Republican and Democrat, agreed recently on one thing. In the face of hyperactive Chinese lending, America needs to upgrade the financing tools at its disposal if it is to maintain its influence in the developing world. A last hurdle remains, the US Senate, before Washington can take an important step in that direction.

Legislation that will modernise and expand the role of the Overseas Private Investment Corporation, or Opic, the government development agency that handles private sector lending abroad, is due before the Senate. Long in the making, senators should push it through.

Opic has been in legislative limbo for years, its capacity to innovate long inhibited by ideological battles across the floor. Only last year it was facing the axe altogether. Many Republicans traditionally opposed the use of taxpayers' money to facilitate US business in developing countries. Some senators go further, arguing that President Donald Trump's "America first" mantra should translate into roads and bridges in the US before a dime goes overseas.

Thankfully, they are becoming lonelier in their opposition to the new act, known as Build, partly due to bipartisan alarm at the pace at which Beijing is gaining strategic footholds across the world. Even Mr Trump, who doubled down on his hostility to multilateral organisations in an ultra-nativist speech on Tuesday to the UN General Assembly, supports the legislation.

This will allow Opic not only to provide an alternative to the debt-driven state-to-state lending that China uses to strategic and commercial ends. It will also help to bring the US up to date with development thinking in Europe. It will make it easier, too, for the US to invest collaboratively alongside other western development finance institutions by allowing Opic to take up to 20 per cent equity stakes in ventures. In the past, Opic lending was restricted to debt, which is paid back first.

The expanded Opic will consolidate several programmes under one roof. It will double the agency's cap on contingent liabilities to $60bn and allow investments in local currencies where dollar denomination is risky. These innovations, among others, should help to catalyse the involvement of US companies in poorer countries where opportunities exist, risks are high and China has been relentlessly gaining advantage. They play to America's strength by promoting private sector engagement, and also put flesh on the notion that Washington wants relations with Africa and other parts of the developing world to evolve on a more equal footing, free of past hectoring.

Washington has been slow to respond to rapidly changing dynamics in Africa in particular. It has struggled to move on from the days when the consensus remedy to debt-ridden economies emerging from dictatorship was named after the US capital, and the medicine of free market economics and political freedom was universally prescribed. Combating terrorism has been a persistent priority.

For two decades, China, and other emerging powers, have been stepping into the breach, seizing opportunities in fast growing parts of the developing world. With notable exceptions, the raw, pioneering capitalism with which Americans built their own nation has been notably absent in the US approach. The Build Act alone will not change that, or make up for a lack of high level US engagement needed to buttress development dollars. But it shows a sign that politicians in Washington, of all colours, are making up to the need for the US to up its game.

Letters

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Brexit impasse stems from the UK's back-to-front approach

The UK government is in the Brexit weeds again (September 26). As the government this week carefully picked its way through the minutiae of its no-deal plans for air travel, it is evident how easily (and how comfortably) the government falls into micro-detail and fails to see the bigger political picture.

No-deal planning should have started as soon as the decision to leave the EU was formally notified. Indeed, earlier and more snappily-packaged no-deal arrangements would now be carrying a degree of credibility and clout with the EU27 as we hit crunch time in the talks. But what is done is done.

However, the UK is, in more general terms, approaching the EU27 back to front. Rather than starting with an obvious political outlier of a proposal (Chequers) and trying to negotiate inwards towards the EU position, the UK government would have been better served adopting a less controversial point of departure (EFTA-EEA) and parleying outwards towards two of the UK's key political goals: more control of inward migration and a free hand to conclude trade agreements with the world. EFTA-EEA status already allows its signatories to do global deals. And the UK just has to photocopy Germany's interpretation of EU free movement. Unconditionally "free" it is not. The underlying concept is that you are welcome to come and make a quick look but must then prove that you can pay your way or leave, as clearly explained on the website of the German federal interior ministry.

Critics complain that it is the EU27 which should be more forthcoming in the talks. But this is to misunderstand what the EU is (and is not). For basic reasons of trust in any international regulatory setting where sovereign countries have agreed to co-operate, you cannot start with a rule book full of exceptions. You begin the tango in step with each other and adjust where it is agreed that it is necessary. To presume otherwise is to misconstrue the political and legal environment in which Brexit is taking place.

Andrew Fielding
Former adviser to European Commission President José Manuel Barroso, Brussels, Belgium

UK citizens in Europe are being forgotten about

One of the things which has amazed me about the Brexit debate in this country is the one-sided nature of the analysis undertaken. Immigration is the perfect example ("Cabinet agrees compromise regime on migration", September 26).

In all the discussions about limiting the opportunities for citizens of the EU to move to the UK, I have seen no mention whatsoever of the inevitable, matching restrictions which will surely limit the ability of UK citizens to work and settle in the EU.

Perhaps it is the right policy that there should "no longer be any preferential status for EU citizens coming to the UK" but no one in the UK should then complain when they find that they have no preferential status if they want to live or work in the EU. It would certainly be honest of those supporting Brexit to be clear to everyone about the inevitable costs of their proposals: there are two sides to every coin.

Charles Horner
London SW11, UK

Commons system allows for rethink on second vote

Hey Brits. If you lack the wit to figure it out for yourselves, I shall tell you. Have a second referendum (September 26). A claimed advantage of the British parliamentary system is an ability to make needed changes at times not set by the calendar. Prove it.

David Winfield
Gaithersburg, MD, US

Employees on boards may block necessary change

It may indeed be a constructive move for employees to sit on the boards of their companies in a steady state or positive situation ("Labour's economic plans have serious flaws", FT View, September 25).

But change, sometimes drastic, is necessary to avoid stagnation, as occurred in the UK's nationalised industries. Change may impact employees adversely, altering their patterns of life and very often eliminating their jobs, sometimes after many years of loyal service.

It is the invested capital of the nation which is being managed. Worker membership of a supervisory board, as in Germany, may avoid this drag on the efficiency of industry, but the case for employee membership of an executive board as in the usual UK structure looks very doubtful.

David Damant
Stamford, Lincs, UK

Role of shale gas as a bridge fuel is overstated

Your article on fracking claims that "natural gas is seen as a bridge between high polluting coal and cleaner energy sources led by renewables" ("Cuadrilla prepares for start of commercial fracking", September 26). First, no bridge is needed. Coal-fired plants are being phased out anyway under the terms of the EU Large Combustion Plant Directive, so by the time shale gas comes on stream it will be displacing renewables, not replacing coal.

Second, it is disingenuous to argue that shale gas is cleaner than coal in terms of climate change. Certainly it produces less carbon dioxide per unit of energy when burnt, but this benefit is cancelled out by upstream releases of methane during the exploration, extraction, storage and distribution stages. The rise in atmospheric methane that has occurred over the past decade can be attributed to the significant increase in gas production worldwide and the cavalier approach to fracking in North America.

Finally, fracking in the UK is confined to England, and is only possible because the government has assumed responsibility for planning permission in defiance of local democracy.

Dr Robin Russell-Jones
Chair, Help Rescue the Planet, Marlow, Bucks, UK

Gandhi should not be used as a political weapon

I was amused to read "Modi's paradoxical claim on the legacy of Gandhi" (Opinion, September 26). Quoting the obnoxious speech of MS Golwalkar, the second RSS supreme leader, Ramachandra Guha lays it at the doorstep of current prime minister Narendra Modi. What would he want Mr Modi to do, not participate in the 150th birth anniversary celebrations of the father of the nation? He would surely criticise that, too.

Gandhi's role in India's freedom movement and his legacy cannot be erased whether one liked his politics or not. As prime minister, Mr Modi is showing appropriate respect and recognition to the event. Attributing motives to him is ridiculous.

Perhaps Mr Guha could have written more about Gandhi himself, his philosophy of non-violence and values, and exhort the world to join in the celebrations. Admittedly, in India, and elsewhere in the world, there is a need for introspection, for finding ways to move forward with inclusiveness, peace and harmony.

People like Gandhi are a rarity. We are living in a world where the small-minded pose as great leaders, and I am not only referring the UN General Assembly in New York this week.

What would Gandhi do is a question worth asking now, more than ever.

Let us not waste that opportunity by being petty.

R Vijayaraghavan
San Jose, CA, US

'Whenever I need cheering up about Donald Trump I just listen to Donald Trump'

Restive regions will be a test of Chinese leadership

Professor Nuno Gil rightly states (Letters, September 21) that it is unhelpful to call the Chinese investors in the Belt and Road Initiative infrastructure project "colonialists". However, whether China will eventually morph into a neo-colonialist force or a benign superpower depends on how its handles its foray into Asia.

China's BRI passes through Kashmir and Balochistan — both under siege due to the rising level of violence perpetrated by local insurgents.

China has two options to protect its investment: ignore the turmoil and concentrate on gripping the territories via its debt-for-equity swap policy; or make every effort to bring about peace in the region by urging India and Pakistan as well as the Baloch radicals to find a negotiated settlement of their longstanding disputes. Since India is not in the BRI equation, the Chinese should use their investment potential to instigate a compromising change in Islamabad's perception over Kashmir and Balochistan. If China could bring about such a change, it would be well on its way to becoming the world's next superpower, as opposed to the next colonial power.

Randhir Singh Bains
Gants Hill, Essex, UK

Clearer forecasting will help investors

Jonathan Ford's critique ("Bank bosses still have plenty of accounting wriggle room", September 25) highlights one example of a much more general problem — that accounting standards setters have not adequately considered the purpose of published accounts.

Private companies' accounts are not for the benefit of shareholders, because all of the shareholders are insiders. Mainly they provide a service to creditors, particularly lenders, who need reassurance that they will be paid. The depreciated historic cost accounts used internally and requiring (almost) no accounting standards are adequate for this purpose.

Public companies, with external investors, need to allow shareholders to make their buy, hold, sell or intervene decisions. Backward looking accounts do not help with this — investors need the forecast of a professional analyst. We can do better. If we simply required management each year to update and publish its forecast then the financial system would be much more effective, bringing a raft of benefits:

- Public companies would publish simple depreciated historic cost accounts requiring little by way of accounting standards, and also a 10-year forecast of their plans with results in the same format
- They could calculate their weighted average cost of capital and give management's estimate of the value of the company and the indicated share price
- All the forecast information would be audited just as prospectives are audited now, and it is possible that a new form of standard setting for forecasts would evolve
- Analysts would put their efforts more usefully into reviewing and criticising management's forecast, valuation and current year's results in comparison with previous forecasts
- Management would run their companies with an eye to the effect of their decisions on credible forecast cash flows rather than spurious definitions of profit
- Companies would produce better results
- Importantly, the millions of private companies would be freed from the burden of producing complicated accounts that benefit no one.

Neil Chisman
Felpham, West Sussex, UK

OPINION ON FT.COM
David Gardner
Why Donald Trump's lack of a Middle East strategy benefits Iran
ft.com/opinion

Other people's names are nobody else's business

Notebook

by Roula Khalaf

Eric Zemmour enjoys a polemic, particularly when it involves other people's names.

In 2009, France's notorious anti-liberal writer railed against Rachida Dati, then justice minister, for giving her daughter the name Zohra, Arabic for flower. Later, in his book *Le Suicide Français*, he derided Muslim immigrants in France for naming their children Mohamed or Aicha, rather than François or Martine. He assumed that this showed a refusal to integrate.

Earlier this month, the French writer was at it again, this time lashing out at French entrepreneur Hapsatou Sy. He claimed it was an insult to France that she wasn't known by a good traditional name like Corinne.

This first name obsession is one of many in Mr Zemmour's campaign against immigration and multiculturalism. It is also a symptom of ignorance. A given name often becomes part of one's identity but it need not define a person nor dictate his or her level of integration. A child of immigrants could be called Martine and forever feel on the margins of French society; she could be Aisha and seamlessly assimilate.

As I read about the Zemmour controversy in recent days, I was reminded of how deeply personal it is to choose children's names, and how insulting it is for people to be judged by their name when it is a choice outside their control.

Researchers have found that there are invisible hands at play when naming children. Some of us apparently fantasise about what we would like our children to be and choose a name accordingly. Others give boys longer names than girls. We also sometimes make choices based on our political views: liberals favour exotic names and conservatives prefer the more traditional.

More often, I suspect, parents succumb to the fashion of the day. I am named after an ancient Arab tribe, but my parents made the choice of Roula because it was new and popular at the time.

Some parents want to impart a small gift of their culture to their children by giving them names drawn from their own ethnic backgrounds, others pick names with sounds that they are fond of.

And then there are those who want to stand out and make sure their children do too. I'm thinking here of the celebrity trend of exotic names that thrill the tabloids, like Kim Kardashian and Kanye West's decision to name their children North, Saint and Chicago West.

That's not to say that some choices are not glaringly bad ones: when I covered Iraq, I felt sorry for all those kids who were named Saddam, which presumably denoted unflinching loyalty to the dictator. There must have been a rush for name changes when the Iraqi ruler was overthrown in 2003, and being known as Saddam was an embarrassment.

I've always fancied the name of one of Saddam's sons, Qusay, probably because it rings of confidence, but I could not burden my son with a name that was bound to condemn him to association with a psychopath.

I can sympathise with those who feel their name has become noxious. Jihad is a common name for an Arab newborn and to most parents it means striving to do better. With the rise of Islamist extremism, however, Jihad is understood in the west primarily for its other meaning — holy war. One Jihad I know has changed his name to Jerry.

Mr Zemmour may be unaware, but immigrant families do think of integration when choosing their children's names. In the back of their minds lurks a fear that their offspring will be confronted with people like him. And so they balance cultural respect with protection from bullying and ridicule.

Arab tradition, however, can be confining. Grandfathers expect their names to be passed on to their eldest sons' firstborn boys. My own solution to this dilemma was to give my son two first names, one that his grandfather can use and be pleased with, the other for the benefit of the rest of the family and the world. So my son has a Polish name that I chose because I liked it, and an Arab name that is his grandfather's.

I wonder what Mr Zemmour would make of this. Or maybe I don't. Other people's names are none of his business.

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

Opinion

A way out of Trump's Supreme Court problem

AMERICA

Janan Ganesh

Today, America's deputy attorney-general, who is said to have considered wearing a wire to record White House chaos, will discuss those reports with the president, who also wants Rod Rosenstein to close a probe into Russian complicity in his election. It will be the second most important event in Washington.

The strangest day in a presidency that has crammed a decade's history into two years will centre on Brett Kavanaugh, Donald Trump's nominee to the Supreme Court, and Christine Blasey Ford, an academic who accuses him of sexual assault when both were teenagers. Each will appear before the Senate Judiciary Committee. Mr Kavanaugh denies her claim, as well as two others that have also arisen. But his serene glide to the bench is now in trouble.

Whether Mr Kavanaugh should be confirmed in the post is impossible to know until the allegation is explored. Democrats want an FBI probe but Republicans have resisted. Without it, we are left to the tawdry work of weighing the politics rather than the substance of this saddest of rolling stories.

Mr Trump has no good options. If a Republican president with a Republican Senate cannot install a Republican justice, he will exude the one thing he abhors: weakness.

If Mr Kavanaugh scrapes home, the president risks alienating women before the midterm elections in November. ("Risks" rather than "ensures" because votes are unpredictable: white women backed Mr Trump over Hillary Clinton in 2016.) Until Tuesday, when a "female assistant" was hired, the grim prospect beckoned of Ms Ford's interrogation by the all-male Republicans on the committee.

On balance, Mr Trump's political interests are served by defeat. He would not just survive the loss. With the right replacement, he would be better off than he is now.

Mr Kavanaugh was a strange choice in populist times. Georgetown Prep school, Yale University, the White House: his life has been an odyssey through the east coast's most rarefied institutions. His jurisprudence, with its narrow construal of the state's power to regulate, is classic conservative fare.

> What is clear in the murk is the politics: the interests of the president and his nominee are not aligned

None of this is an indictment of his character. His technical merits were never doubted. But his nomination is imaginable under the kind of generic Republican president against whom Mr Trump defines himself.

Had Mr Trump not had the option of a radical outsider, his choice would have made sense. But his rumoured shortlist included at least one.

Amy Coney Barrett is a southerner who attended a mid-western law school. Of her seven children, two are Haitian adoptees. The current Senate thought her fit as a circuit judge just 11 months ago. She does not have much judicial experience but then her opponents do not have much of a "paper trail" to scrutinise. What Democrats know — or infer — is that such a fervent Catholic would menace Roe v Wade, which forbade states from prohibiting abortion, and Obergefell v Hodges, which secured same-sex marriage throughout the US. She is no liberal's idea of a Supreme Court justice. Nor mine. Nor, I wager, Mr Trump's. But the political reptile in him must see that no judge would be trickier for Democrats to oppose and electrify his own voters quite as much.

There are risks. Unless she were confirmed in a rush, the midterms would become, in part, a referendum on Ms Coney Barrett. Even if the Republicans retain control of the Senate, which is less certain than it was, the freethinking likes of Susan Collins might vote against her. A second defeated nominee would constitute not just a farce but the end of Mr Trump's judges-for-votes bargain with evangelicals. He might curse the Federalist Society and other conservative judicial candidate-vetters, but the reputational damage would be his.

To repeat, however, he has no good options. As soon as Ms Ford came forward, he was choosing between lesser and greater evils.

In a sense, so is the whole system. It is hard to please Ms Ford and Mr Kavanaugh at the same time. An investigation would reconcile her right to be heard with his right to his good name until evidence erodes it. Even then, facts will be elusive 36 years after the event.

One thing is clear in the murk, and it is the least important: the politics. The interests of Mr Trump and Mr Kavanaugh are not aligned. Failure of the nomination would end one man's dream. The other would smart for a while before another opportunity opened up: the right's first credible female nominee since 1981, and the discomfiture of his opponents. If there is such a thing as a pyrrhic defeat, this is it.

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The food app revolution will eat its drivers

Efi Chalikopoulou

BUSINESS

John Gapper

Wang Xing, co-founder of Meituan Dianping, aspires to "make life better for everyone", says the prospectus for the world's largest food delivery company, which floated this month in Hong Kong at a value of $53bn. That is an impossible dream, but his company is changing how millions eat.

Uber's on-demand taxi service used to be the ultimate disrupter, but rides for people are being challenged by delivery of food. Motorcycles and bikes speed around cities, carrying meals for millennials without the time or inclination to cook themselves. Uber hopes to grab more of an expanding market in Europe and Asia by partnering with Deliveroo, one of its delivery rivals.

Serving pizzas does not sound like a bigger deal than driving humans; takeaway food was not invented by Deliveroo, Uber Eats or Meituan. But the growth of personal services on two wheels — in Indonesia, on-demand massages and beauty treatments are available, as well as meals — is a cultural revolution.

Like other revolutions, it is breaking out on the streets. The emblem of food delivery in London is a large red L — the learner driver sign fixed to motorcycles that shows two things. Many couriers have not yet qualified to drive safely and responsibly, and most of these companies do not require it.

Pity the casual courier as well as those who have to share the urban streets with them. Uber Eats drivers protested outside its office in east London last week at a reduction in the basic rate for delivering each meal. Since the platforms treat drivers as self-employed contractors rather than as direct employees, they can change terms easily.

Casting off responsibility is, as the technology industry would say, a feature not a bug. GrubHub, the US food platform, defeated a claim from a former driver for employment rights in a California court in February by proving that it exercised little control over him. It did not check that he wore a uniform, and "never inspected or even saw a photograph" of his car.

The strategy extends beyond simply trying to offer meals as cheaply as possible (Meituan estimates that its labour cost is $1 per delivery in China, and that the figure has been falling by 7 per cent a year). Food delivery companies are not only competing with each other: they want to push the price down enough to persuade swaths of consumers to stop cooking at home.

It is not as implausible as it seems. UBS, the investment bank, compares app-based delivery with people buying ready-made clothes in shops or online rather than making their own garments. Many families in developed economies did the latter a century ago, but then "supply chains were established and mass consumption followed". Home cooking could go the same way.

Meals on demand are already alluring, especially in cities where apartments are small and it is easier to order than to devote half an hour to preparing food. But there is still a financial gulf — UBS estimates that a two-person meal delivered from a UK restaurant costs an average of £19, compared with £6 of food for home cooking.

The first step to narrow the gap has been taken by app platforms — gathering a large number of meal orders to be fulfilled speedily by courier networks.

> Delivery companies' ultimate dream is large logistics hubs, with meals dropped by drones

Tapping a cheap, flexible labour pool is essential to the model. As one study of New York City's 80,000 app-based drivers concludes, it "depends on a ready availability of idle drivers to minimise passenger wait times".

Not offering employment benefits such as sick pay and paid leave reduces labour costs by an estimated 20 to 30 per cent, but the industry remains ripe for cost-cutting and rationalisation. One obvious inefficiency is the need to collect meals from widely dispersed restaurants rather than placing kitchens in hub and spoke networks, as Amazon does with warehouses.

The next step is "dark kitchens" — facilities detached from restaurants that prepare meals centrally. Deliveroo has been building these in car parks and offices, calling them "hubs where we host collections of handpicked restaurants". This has enabled it to let customers choose meals from different menus, cooked in adjacent kitchens and delivered by single couriers.

The need to transport food fast limits the size of hubs at the moment, but what if meals did not have to be taken by road? The ultimate cost-efficient dream of delivery companies is large logistics hubs, with meals cooked by robots and delivered by air in drones. They would not need to skirt around employment laws to limit costs; drones would happily work all hours.

More meals could be made in factories like clothes, rather than being cooked at home, and streets would be quieter and safer. But all revolutions have a human cost, and this one is no exception. What happens to the drivers who work for platforms and what would it mean for high street restaurants that increasingly rely on delivery to supplement dining revenues?

Given the pace at which the business is changing, these are not idle concerns. Mr Wang's ambition to make life "better for everyone" is plausible, if by "everyone" he means consumers. Those in the supply chain face tougher times.

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China's entry into Africa comes with a warning

AFRICA

David Pilling

More than 40 African leaders trooped this month to Beijing for the triennial Forum on China-Africa Cooperation. A Kenyan woman joked that, rather than giving them more loans, Xi Jinping, China's president, should keep all the leaders indefinitely in China instead. The continent, she said, would be better off without them. In the end, Mr Xi went for option number one: he gave them more money. Over the next three years, he announced, China would offer $60bn in new funding.

The issue of Africa's supposed debt addiction to China has become the subject du jour — or *remen huati*, as they say in Mandarin. In copper-rich Zambia, which is heavily indebted to Beijing, China has been accused of using loans to inveigle itself into state-run entities, including the electricity utility and state broadcaster. The Zambian government denies the claims.

Africa's vibrant civil society has become more alive to the topic of China's supposedly neo-colonialist ambitions. Beijing is routinely accused of getting African countries in hock so that it can control resources and manipulate political systems. A typical take, by South African cartoonist Zapiro, shows Mr Xi trundling along with a shopping cart into which he has casually thrown the entire African continent. It is captioned "Chinese Takeaway".

The idea of China's supposedly nefarious African actions has gained credence in Washington. Legislation that would double funding for the US Overseas Private Investment Corporation to $60bn is being sold to Donald Trump specifically as countering China's supposed "debt trap diplomacy". Ray Washburn, president of Opic, told the Financial Times that China was engaged in "economic warfare".

In an open letter, 16 senators sounded the alarm. China, they said, had already parlayed loans to Sri Lanka into a 99-year lease on Hambantota port. In Africa, Beijing had got its hooks into Djibouti. Some 80 per cent of the country's external debt is owed to China, a situation senators said made the geostrategic country, on the Red Sea, vulnerable to Chinese meddling.

China does indeed have global ambitions. But the demonisation comes in the context of an escalating US trade war with Beijing. As much as anything,

> Beijing's loans build ports, airports and roads but the infrastructure projects are too often overpriced

the alarm in Washington is an acknowledgement that China's development strategy has been working. While the US has been sleeping, China, particularly in Africa, has stolen a march by using relatively modest sums to gain outsized influence.

Many of the claims made against China are exaggerated. According to the China Africa Research Initiative at Johns Hopkins University, which tracks Chinese loans to Africa, the World Bank consistently lends more to the continent than China's Eximbank. Although Chinese loans lack transparency, it says, its best estimate is that they are not a major contributor to African debt distress.

Indeed, many African governments have gone on eurobond borrowing sprees, meaning they are in debt as much to Wall Street and the City of London as to Beijing. Researchers at Johns Hopkins found that only in Zambia, Djibouti, and possibly Congo-Brazzaville, were loans from Beijing the major cause of debt distress.

If China is weaponising capital — using loans to create countries in its own image — then the west did exactly the same in the 1970s and 1980s when it made massive and unsustainable loans to Africa through multilateral institutions such as the World Bank and IMF.

When those loans turned sour, the same institutions pushed through their favourite medicine: hated structural adjustment programmes that eviscerated the state — and from which many countries are arguably still recovering.

Certainly, there have been problems with Chinese finance too. Angola's government took over last year only to find that loans made under the previous regime to Sonangol, the state oil company, were far more expensive than advertised.

Chinese-financed projects often lack strict environmental safeguards and can be shoddy. Most worrying of all, easy money, with few strings attached — until the bill comes due anyway — has fostered corruption in countries from Kenya to Nigeria.

Yet on balance, China's entry into Africa has been a boon, providing the ports, roads and airports without which no development push can get started.

None of this means that Africa should ignore the warnings about Chinese loans. Civil society is right to keep a close watch on infrastructure projects that are too often overpriced and unable to generate sufficient income to pay back the underlying loan. China has presented African leaders with an opportunity to jump-start development. If they squander it, they really do deserve to be locked up in Beijing.

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Italy plays for high stakes in its fiscal poker game

Megan Greene

The past few weeks have provided global investors with a riveting game of what I like to call "Italian hold 'em". Italy's coalition government has been playing poker with the public, the EU and the markets as it cobbles together its fiscal and economic projections ahead of Thursday's budget announcement.

The public started the game of poker by drawing a new hand in March, rejecting traditional centrist parties and voting for the populist League and Five Star Movement. The coalition government formed by the two parties has largely bluffed its way through the game so far. It has pledged both that its fiscal plans for 2019 will not make the structural budget deficit worse than in 2018, and that it does not feel constrained by Europe's fiscal rules.

Yet the League and Five Star came to power promising to implement a universal basic income and flat tax, roll back previous pension reforms and scrap a planned value added tax rise. Following the fatal collapse of a bridge in Genoa, the government has also championed infrastructure spending.

This all costs money, which is problematic for the eurozone's second-most indebted country (behind Greece). While finance minister Giovanni Tria has suggested some savings could be generated by reducing tax breaks and deductions, that is unlikely to fully offset the government's expansionary priorities.

The markets and the EU are both calling the government's bluff. Yields on

> The government cannot fold to the markets and the EU for fear of losing popularity

Italian government bonds have risen on the back of government promises to spend and fallen following reassurances from Mr Tria that the 2019 deficit would be lower than feared.

By the end of the year, Italy will have missed its fiscal targets in 2017 and 2018, which raises the possibility that it will be placed in the EU's "excessive deficit procedure", a sort of budgetary timeout that could result in sanctions. This would not be a disaster — sanctions have never been applied — but it would leave the European Commission with limited appetite for allowing Italy more fiscal room for manoeuvre.

The Italian government cannot fold to pressure from the markets and the EU for fear of losing the pot to the public, and with it its popularity. And it cannot raise (the deficit) or it loses the pot to the markets and the EU.

Game theory suggests a fudge. To avoid losing the poker game, the Italian government must offer at least some plan to meet its electoral pledges while reducing the deficit moderately, even if less than the EU would like.

But even if Italy wins this hand, it may not win the game. Whatever its fiscal and growth projections, there is no guarantee they can be achieved. Italy's debt burden is sufficiently high, and investor confidence sufficiently skittish, to put its debt sustainability on a knife edge.

Second, even if Italy's medium-term fiscal plans are reasonable, they could be knocked off kilter by global developments. Most economists agree that as fiscal stimulus measures peter out in the US, the risk of an American recession will rise significantly from 2020. That could damp growth in the eurozone, just as Italy's debt obligations are at their highest.

Third, Italian banks remain fragile and continue to be the country's Achilles heel. And finally, there is no credible plan for what to do if Italy were to get into trouble.

European Central Bank officials have waved off such concerns, claiming Italy will just ask for help under its Outright Monetary Transactions facility if necessary — a bailout that comes with strict conditions.

My fear is that no Italian government would be willing to accept the strict conditions attached to an OMT, least of all a populist one.

All of which makes the stakes in this poker game rather high as Italy prepares to up the fiscal ante this week.

The writer is global chief economist at Manulife Asset Management

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Daimler: the need for Swede

Daimler knows how to engineer a smooth ride over rough terrain. The market was barely jolted by news of top management changes yesterday. Swede Ola Kallenius was heir apparent. Even so, he is something of an outsider. He will be the first non-German chief executive and the first for 23 years who is not a mechanical engineer. That may help him navigate the bumpy road ahead.

He is also a financial specialist and a communicator. Breaking bad news about the profits outlook should be correspondingly easier. New technology is disrupting the industry. Electric and self-driving vehicles threaten to topple empires built from engine blocks and steering columns.

Daimler's immediate challenges include fallout from the diesel scandal, the costs of preparing for new emission standards and a trade war. The company issued a profit warning in June. The pressures are reflected in a rock-bottom rating. The shares trade on just over six times next year's earnings. In 2015, the multiple was double that.

Such problems have a habit of cutting short the tenure of bosses. Volkswagen's chief executive Matthias Müller was ousted in April. But Daimler's long-serving boss, Dieter Zetsche, is not leaving, only moving up the ladder. To comply with governance rules, he will have a two-year "cooling off" period, becoming chair of the supervisory board in 2021.

Mr Zetsche's flair helped Daimler overtake rivals to become the world's biggest luxury carmaker in 2016. But seeing him waiting in the wings, twirling his mustachios, could inhibit decision-making by Mr Kallenius. He needs the boldness to ignore Mr Zetsche's route map when needed.

In July, Daimler said it would split Mercedes-Benz cars from Daimler Trucks. This could pave the way for a, potentially, €30bn truck unit spin-off. More significantly, Daimler has set aside billions for electric technology and pledged that a big proportion of its fleet will be electric by 2022. It is also investing heavily in driverless vehicles. A €10bn credit line obtained in July will help with the funding.

Mr Kallenius cannot win without upsetting vested interests, including German mechanical engineers. Committed thinking is his enemy. If Karl Benz had been prone to this, he would have improved the horse carriage, not invented the motor car.

Boohoo: vogue trader

If you could clear the floor of a UK teenager's bedroom, the chances are you might find one or two items of Boohoo clothing. They won't mind if you trample on them. Each probably only cost a fiver and they'll buy a new one next week without even leaving their room.

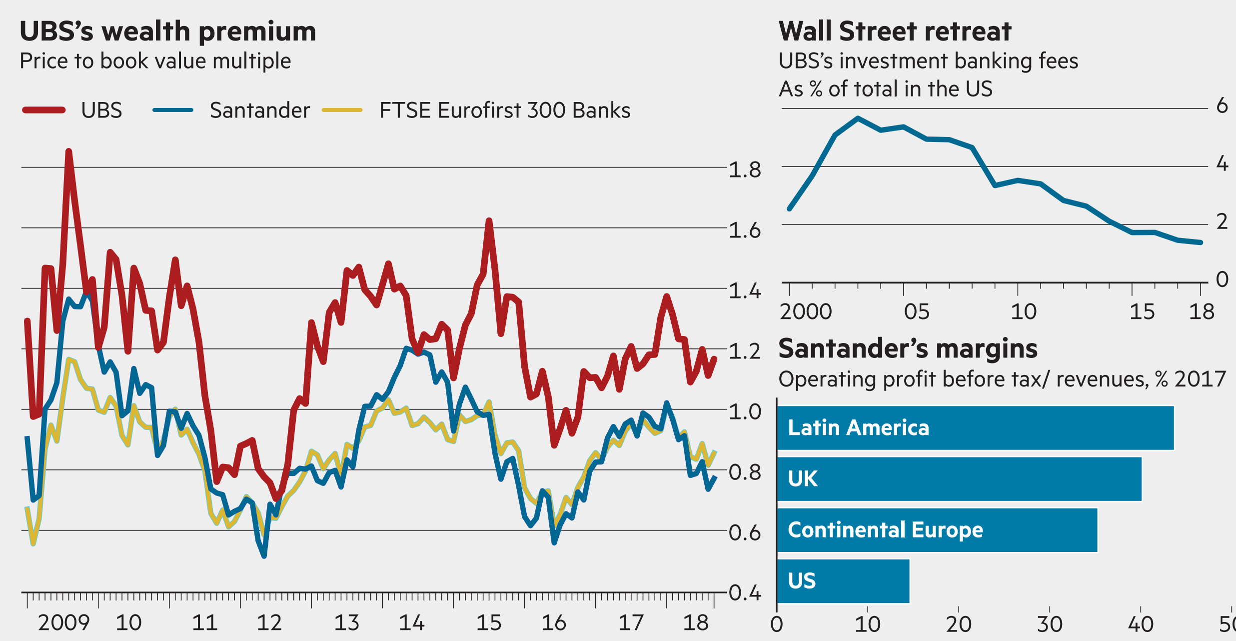
With revenues up 50 per cent in the past six months at £395m, the online fashion retailer's challenge is to spread that scene to more bedrooms in the UK, where it has 3.5 per cent of online market share, and in the US and Europe, where it has less than 1 per cent. Healthy projections help explain a gravity-defying earnings multiple of 44 but this is still lower than companies such as Germany's Zalando. That is a harbinger of the challenges that lie ahead. Boohoo has upgraded its revenue growth forecast from the 35-40 per cent range to a 38-43 per cent range. In practice, that boost means an extra profit of a mere £2m on margins of 9-10 per cent.

Boohoo has taken market share from the high street. That 15-year old with a fiver to spare might not be troubling Primark, the bricks-and-mortar retailer but will, instead, be tapping Pretty Little Thing and Nasty Gal on her smartphone. But while it was easier to pillage sales from tired incumbents, Boohoo faces a tougher job keeping up with teenage expectations. They are eager for delivery as fast as the fashion they crave. With £156m of net cash and free cash flow of £24.5m, the company is strongly cash generative. New warehouses to handle £3bn of sales should be ready within three years and help it to hit a sales figure to match in the years that follow.

But online clothing is a crowded marketplace. The issue is whether Boohoo can invest in markets dominated by the likes of Amazon, while maintaining the low prices that get teenagers clicking, and all the time looking over its shoulder to see who's coming next. Who's to say its next rival won't emerge from a bedroom in Detroit, Berlin or Paris?

UBS: floor show

The Swiss bank has been steadily shifting its focus away from trading in favour of more stable earnings from wealth management, especially in Asia. The departure of Andrea Orcel, the powerful head of investment banking, means that shift could accelerate.



FT graphic Sources: Bloomberg; Thomson Reuters; Capital IQ

In some ways, investors in UBS will be sad to see the back of Andrea Orcel, the irrepressible investment banker who has left for the job of chief executive at Santander.

During a six-year spell running UBS's investment bank Mr Orcel made radical cuts to the bond-trading unit. That is a decision many rivals now wish they had made. Revenues have been persistently weak across the industry. And there have been few better people on Wall Street at bringing in advisory business, and working teams of bankers to the bone. "When was the last time you called the CFO?" he would ask. "Why did you skip that cocktail party?"

But you could argue his measures did not go far enough. Mr Orcel boasted of achieving supercharged returns on equity for his corner of the Swiss bank; an eye-popping 24.5 per cent over the first six months, according to filings, almost double the return of the group as a whole.

But that is not the whole picture. UBS flatters returns for its business divisions by allocating tens of billions of assets — and equity — to its corporate centre, which is a ragbag of operations including technology, marketing, finance and legal. Average attributed tangible equity for the corporate centre stood at SFr19.3bn ($19.9bn) in the second quarter, accounting for almost half the SFr44.7bn of equity across the group. If equity was attributed in a similar way to peers on Wall Street, according to rough estimates from Exane BNP Paribas, returns for Mr Orcel's division would come crashing down to 9 per cent or 10 per cent.

Sergio Ermotti, UBS chief, has long said that the investment banking division should account for one-third of the group's equity, from about two-thirds before the restructuring under Mr Orcel. But that is a cap, not a floor. Wealth is where the action is, as shown by a 20 per cent rise in UBS's assets under management, to SFr2.4tn, over the past two years.

If the investment bank were to continue to shrink under its new, lower-key leaders, investors would not mind. People own UBS for the prospects of the wealth business — not the wealth of its bankers.

SurveyMonkey IPO: chimp change

The most appropriate way to assess the upcoming float of an online polling company is with a poll. Is the price of $12 per share for SurveyMonkey too low, too high or about right?

"About right" covers it. The US company is lossmaking and a little long in the tooth. Its sector is hardly dynamic. SurveyMonkey touts itself as the world's "most popular free online survey tool". The 600,000 subscribers willing to part with cash for premium services remain a tiny fraction of the company's 16m customers. The group relies on subscriptions for revenue, even so, and needs to attract more paying users. Plans to upsell more products are not new and seem unlikely to alter the balance. The company lost $27m in the first six months of this year.

But SurveyMonkey is also listing during a bull market and is modestly priced. The share price equates to a pre-listing market worth of $1.25bn — far below the $2bn SurveyMonkey earned during its last funding round. Backers such as Facebook bigwig Sheryl Sandberg and tennis star Serena Williams add glitz to proceedings.

Growth is rising. If SurveyMonkey can repeat the 14 per cent revenue increase in the first half of the year, sales would reach almost $250m in 2018. An early share price pop and the sale of $400m in stock to Salesforce meant the market worth translated to a revenue multiple of nearly 9 times. This looks fair compared to recently listed ticketing company Eventbrite. This trades at a multiple of 10 times.

This initial public offering is not of the hubristic kind. The money raised will meet pragmatic needs. It will pay down debt, cover tax and beef up working capital. Caution is fine, though it would be nice to see some ambitious ideas to take on Google Forms.

There will be time for that. While investors wait — and wait — for big tech IPOs from the likes of Airbnb and Uber, they must content themselves with the next tier down. That bodes well for SurveyMonkey.

Dell/hedge funds: slum of the parts

There are tactics, there are strategies and then there is maths. Michael Dell's plan to take his tech empire public looks as fraught as ever. A roadshow scheduled for this week to convince public shareholders — mostly savvy hedge funds — to accept a swap of their shares has been delayed for a week.

The terms Dell and its private equity backer Silver Lake unveiled for a merger transaction have not so far thrilled those hedge funds. All sides are playing a game and have a lot to lose from miscalculation. But what has emerged gives insights into how the tech pioneer has built a fortune.

In August, Dell and Silver Lake put the equity value of their sprawling enterprise at $70bn. But after deducting values for Dell's stakes in other companies — VMware, Secureworks and Pivotal — the core Dell consisting of PCs, storage and software was worth just $18bn.

The key assumption in that calculation was the $109 buyout price on the tracking stock of VMware, a cloud and virtualisation group, that Dell is trying to purchase with its own shares. The stock is trading at just $96 today. That may reflect pessimism about the buyout closing. But it also reveals hedge funds' view of the value of core Dell that they will own if the tracking stock buyout gets done. Based on that $96 trading price today, core Dell is worth only about $1bn.

As such, Mr Dell and Silver Lake's main value creation since first taking Dell private five years ago has been backing three other companies. Most of that resides in Dell's VMware stake which is worth more than $50bn.

A portion of the fight between the company and hedge funds is about the sheer premium to be paid on the tracking stock.

But the more fundamental issue in the stand-off is how much the core Dell paper being offered — the portion that does not have a formal market value — is worth. The disagreement is stark and not the kind that gets resolved in just a week.

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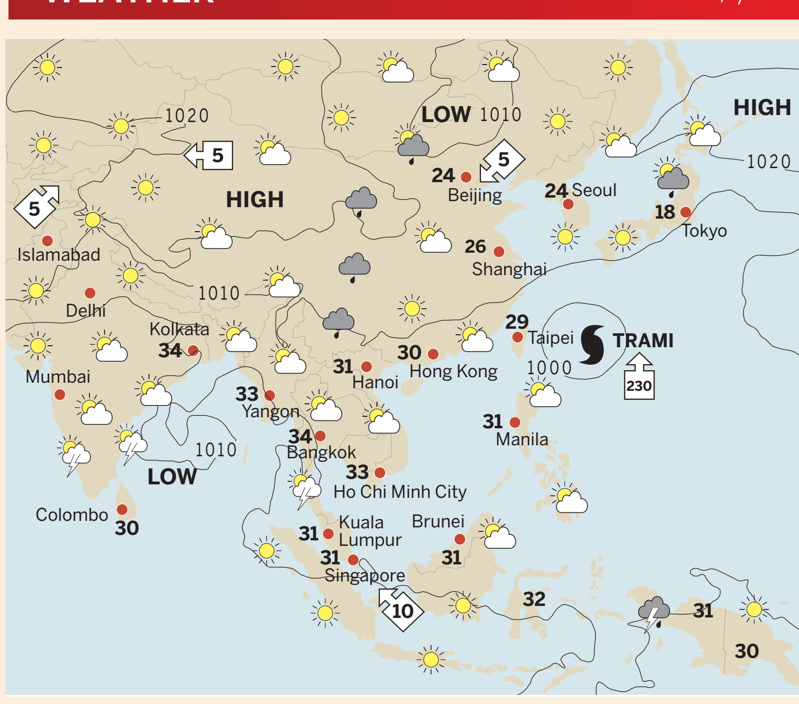
WEATHER

Your trust, your future, our commitment MUFG



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

Today's temperatures Maximum for day °C

Amsterdam	Sun	20	Malta	Fair	22
Athens	Cloudy	21	Manila	Shower	31
Bangkok	Fair	34	Melbourne	Fair	25
Barcelona	Sun	25	Mexico City	Shower	24
Beijing	Cloudy	24	Montreal	Fair	17
Berlin	Fair	21	Moscow	Fair	13
Brussels	Sun	21	Mumbai	Fair	33
Budapest	Sun	19	Munich	Sun	21
Buenos Aires	Cloudy	18	Nairobi	Cloudy	25
Chicago	Fair	21	New York	Fair	22
Copenhagen	Cloudy	19	Oslo	Shower	10
Dallas	Cloudy	24	Paris	Sun	26
Delhi	Sun	34	Perth	Sun	22
Doha	Sun	37	Prague	Sun	22
Dubai	Sun	39	Rio	Fair	33
Dublin	Cloudy	16	Rome	Sun	24
Edinburgh	Fair	15	San Francisco	Sun	21
Frankfurt	Sun	22	Seoul	Sun	24
Geneva	Sun	23	Shanghai	Sun	26
Hamburg	Cloudy	21	Singapore	Fair	31
Hong Kong	Sun	30	Stockholm	Rain	13
Istanbul	Fair	20	Sydney	Sun	21
Jakarta	Sun	34	Taipei	Rain	29
Johannesburg	Sun	29	Tokyo	Rain	18
Karachi	Fair	33	Toronto	Fair	18
Kuala Lumpur	Thunder	31	Vancouver	Sun	17
Kuwait	Sun	42	Venice	Sun	22
Lisbon	Sun	33	Vienna	Sun	20
London	Sun	23	Washington	Rain	21
Los Angeles	Sun	27	Wellington	Fair	12
Luxembourg	Sun	22	Yangon	Shower	33
Madrid	Sun	28	Zurich	Sun	22

Financial Solutions for every forecast
MUFG
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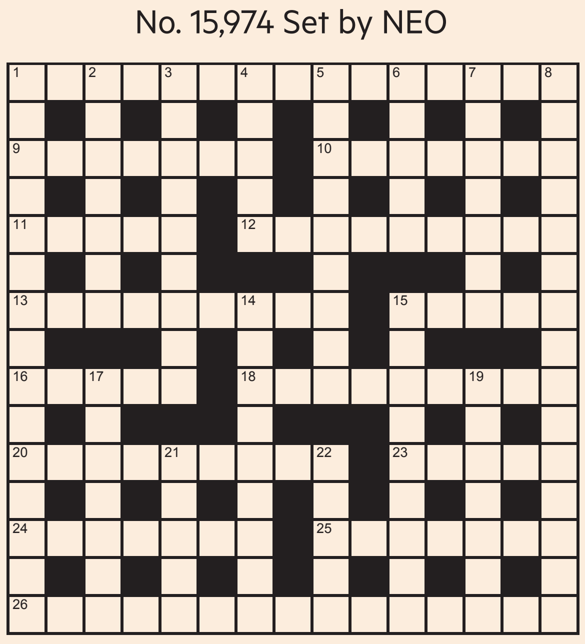
CROSSWORD
No. 15,974 Set by NEO

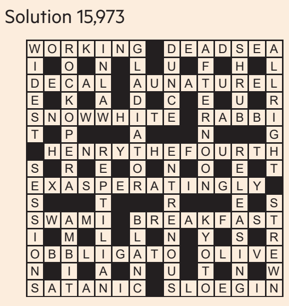


JOTTER PAD

ACROSS
1 Analyst flustered beginning to engage this sporty chap (15)
9 Excellent beer sent round in Crown & Sceptre? (7)
10 Maybe swelling number of reserve forwards (3,4)
11 Husband gets mum's sister in trouble (5)
12 Enliven by topping with one pizza ingredient (9)
13 In Natal he represented Hawthorne for example (9)
15 One departure after another for Spaniard (5)
16 Something incomprehensible from Tsipras say (5)
18 Fool succeeded with heartless gibe about single aide (9)
20 Infamous old port guarded by other people? (9)
23 Mysterious European Republic wanting revolution (5)
24 Lilac no good planted in troubled country (7)
25 King Henry having an artist over in boozer (7)
26 Lower form runs new school (9,6)

DOWN
1 Reproduction Stonehenge assembled in capital (15)
2 Food unusually tough and extremely rubbery (7)
3 Military vehicle brings force in to stop pain (4-5)
4 Incline encountered after time in hike (5)
5 Such surveys necessarily on the way out? (4,5)
6 Sign that character must be removed by alpha female (5)
7 His name is love (7)
8 Face up to defeat when punch gets through? (4,2,2,3,4)
14 Very soon scoundrel gets a girlfriend (9)
15 Bandit's gone round holding sellers up (9)
17 Record first signs of indigestion creaking in guts (7)
19 Big plot last from Zola on prison guards (7)
21 Lordless swordsman right ahead skinned mink (5)
22 Wet work agent accepts (5)

Solution 15,973



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

★
Companies & Markets
FINANCIAL TIMES

Unplugged Dominant diesels leave electric trucks for dust — ANALYSIS, PAGE 17

Salved Italy's Lega leader reins in rhetoric for business audience — RACHEL SANDERSON, PAGE 14

Whistleblower quit 'broken' Danske

● Briton warned of 'unethical' Estonia branch ● Bank chief rebuffed 2013 calls for action

RICHARD MILNE
NORDIC CORRESPONDENT

The whistleblower who warned Danske Bank's management about an unparalleled €200bn money laundering scheme was a British executive working in the Danish lender's Estonian branch.

Howard Wilkinson, who was head of markets at Danske in Estonia between 2007 and 2014, warned managers in late 2013 that the bank had breached "numerous regulatory requirements [and] behaved unethically [and had] a near total process failure," according to emails seen by the Financial Times.

In response to questions over his role, Mr Wilkinson told Berlingske, the Danish newspaper that broke news of his involvement and the broader scandal: "I have absolutely no problem sleeping at night."

In several emails to the bank's senior management in Copenhagen, Mr Wilkinson laid out how a UK-based limited liability partnership called Lantana Trade "apparently" had beneficial owners that included "the Putin family and the FSB", the Russian intelligence services. The Kremlin said: "President Putin has nothing to do with the mentioned bank."

Mr Wilkinson's warning was followed in 2014 by Danske's internal audit team, which confirmed much of what he reported. But the bank did not start a full investigation until 2017, amid Berlingske reports about Danske accounts being used in alleged money laundering schemes from Russia and Azerbaijan.

Danske said last week that about €200bn of non-resident money, much of it Russian, had flowed through its Estonia branch between 2007 and 2015.

Thomas Borgen resigned as Danske's chief executive after revelations in the FT that he rejected calls in 2013, just before Mr Wilkinson's email, to scale back Estonian non-resident business, and did so again after the whistleblower emails, saying in 2014 that it would be "unwise to speed up an exit strategy".

> Despite his warnings over the €200bn scandal, 'no related client account has been closed'

Serious questions remain about Danske senior management's handling of the scandal.

In emails in April 2014, Mr Wilkinson said that despite his warning "no related client account has been closed" and "there appears to have been no attempt by management to identify the full scope of UK LLPs submitting false accounts". In his final email, on April 9, he said he had tendered his resignation: "Sad to say, it seems to me that things are totally broken here."

Mr Wilkinson could not be contacted yesterday. Danske Bank declined to comment, citing customer confidentiality and "ongoing investigations".

Smart Money

Leo Lewis

It has dipped in and out of love with Abenomics. It has fretted about, then weathered, the risk of a premature, scandal-driven Abexit. The question for the Tokyo market is how investors should now play the Abendgame.

Despite a clearly diminished practical role in the equity market narrative, Shinzo Abe, Japan's prime minister, remains a useful shorthand for the sense of change and momentum. Last week, he triumphed in a vote for the leadership of the ruling Liberal Democratic party, giving him three more years at the helm — 36 months for foreign investors to decide if there is time to pile in one last time on a ride that has lifted the Topix index more than 100 per cent since Mr Abe came to power in 2012.

Although the PM's victory was never in very serious doubt, it has allowed investors to breathe out: in the first full session after the September 20 win was announced, the broad-based Topix broke above the 1,800 line for the first time since June and continued to rise from there; the quirkier Nikkei 225 has risen more decisively to challenge levels not seen since 1991.

> The question for the Tokyo market is how investors should now play the Abendgame

There appears much to commend a return to the Tokyo story — especially for the foreign investors who began bailing out of it in 2015 and have since sold about 90 per cent of the cash equities and futures they bought when Abenomics was first in vogue. As brokers like to remind anyone listening: despite the recent rally, there remain large, undervalued pockets of the Tokyo market. Demographics have forced many companies to go global, and some are likely to do it very well. There are mechanisms (if not necessarily the full-blooded inclination) for investors to push managements into unlocking some of that value. Most of all, there is standout profitability, with pre-tax margins (at both listed and unlisted companies) very comfortably their highest in more than six decades.

If foreign investors continue to hold off, it will be for two reasons. The first is a concern that the three-year Abendgame could mostly serve to expose policy failure. As CLSA strategist Nicholas Smith points out, although Japanese land prices rose (in the 12 months to July 1 2018) for the first time in 27 years, they only did so by 0.1 per cent (year-on-year) and most of the boost came from places where local economies have been buoyed by foreign visitors. "In other words, the rise was due to tourists, not the ¥387.3tn ($3.44tn) money-printing that occurred at the BoJ on [Governor Haruhiko] Kuroda's watch," said Mr Smith.

A greater concern centres on that impressive profitability surge. In theory, it should draw investors like moths to a flame, and it may yet do so. The risk is that it creates within corporate Japan a sense of mission accomplished and that the divestments, restructuring and governance reforms for which foreign investors yearned can be put on hold.

leo.lewis@ft.com

Note of optimism Euro revives as Draghi talks up inflation and wages growth

The Federal Reserve is the central bank in the spotlight this week, but currency traders have noted some upbeat remarks on eurozone inflation from European Central Bank president Mario Draghi.

He pointed to wage settlements, which delivered annualised average pay rises of 2.2 per cent in the second quarter, up from 1.7 per cent in the first. The comments were enough to push up the euro, which this week breached the $1.18 mark for the first time since June.

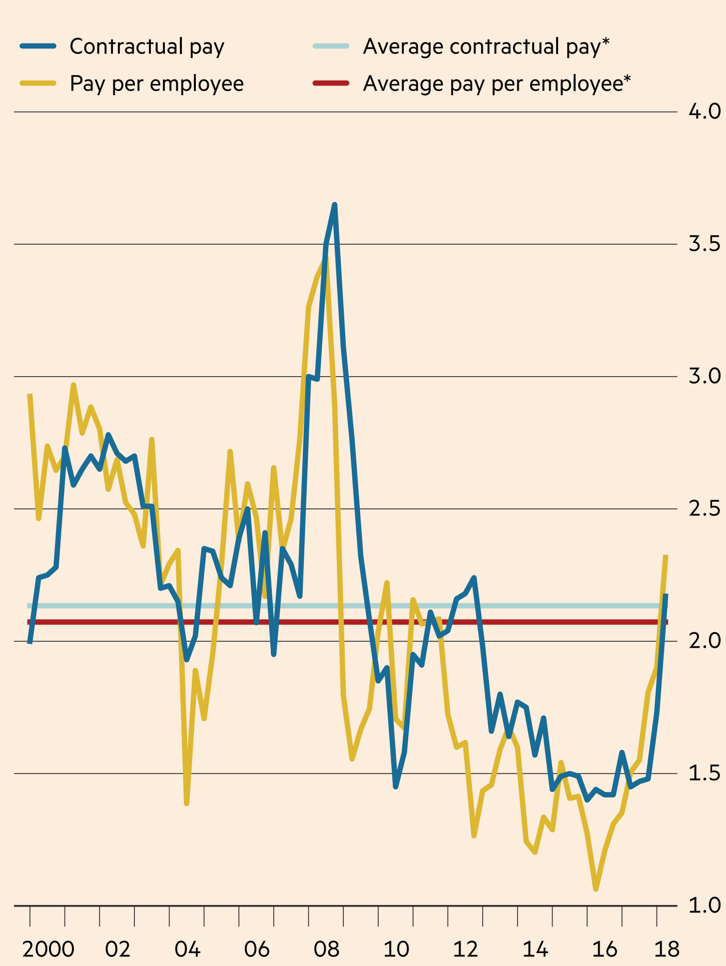
After exceeding expectations for much of last year, eurozone growth has been overshadowed this year by a US economy turbo-charged by stimulus. But eurozone job creation is on the rise. SEB, the Nordic bank, expects average pay rises of 3-3.5 per cent in 2020, but this will be tempered in some countries, such as Italy.

Inflation pressures have come, in part, from rising energy prices, pushing the EU's harmonised index of consumer prices above 2 per cent. Depending on pay rises, core inflation will stay around 1 per cent until the end of next year, SEB says, then climb gradually to 1.5 per cent.

"One part of the ECB's thinking is that core inflation will rise," said Robert Bergqvist, SEB chief economist.

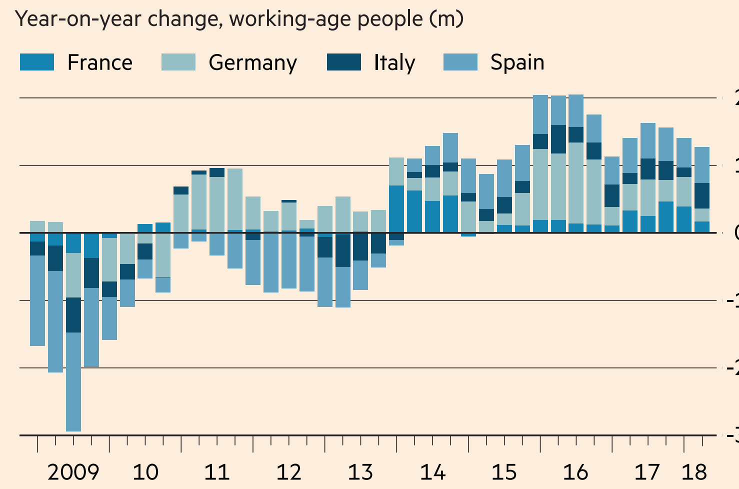
However, the broad picture hides disparities in joblessness. In Germany, unemployment is at a decades-long low while in Spain it remains above 15 per cent. While dollar strength should not be underestimated, Mr Draghi has focused traders' attention on the eurozone jobs and inflation picture. *Roger Blitz*

Eurozone pay finally turns corner
Year-on-year change (%)

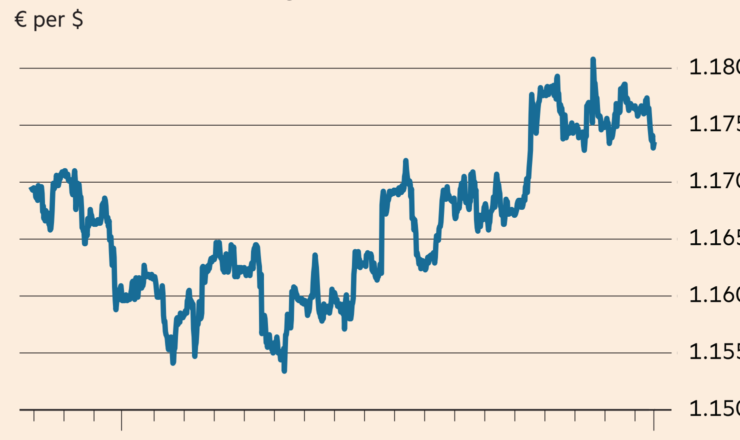


* since 2000

Back to work
Year-on-year change, working-age people (m)



Data drive euro strength
€ per $



Sources: ECB; Macrobond; SEB; Bloomberg

Catalogue of woe at Sears sparks debt write-off plan

A century after its last existential crisis, Sears is again fighting for survival, but it is far from clear that creditors will back plans to reduce its debt. "We're approaching the end game," said one of the few analysts to still cover the group. "They're running out of cash."
Analysis ▸ PAGE 15

Disney-Fox stake sale to Comcast ends Murdoch's 30-year tie to Sky

MATTHEW GARRAHAN — LONDON

Walt Disney and 21st Century Fox are selling their 39 per cent stake in Sky to Comcast, ending Rupert Murdoch's association with the broadcaster he launched almost 30 years ago as the UK's first pay-TV service.

The sale will put Comcast on course to take full control of the European media group and generate proceeds of about £11.6bn for Disney, which the US company plans to invest in content creation for new digital streaming services.

Fox holds a 39 per cent stake in Sky, which would go to Disney as part of its $71bn purchase of Mr Murdoch's entertainment assets. But after Comcast defeated Disney in the auction for Sky on Saturday, Disney decided to sell rather than remain as a minority shareholder. Disney is also selling the regional sports networks it is acquiring from Fox.

Bob Iger, Disney chief executive, said the sale of the RSNs and the Sky stake would "substantially reduce the cost of our overall [Fox] acquisition and allow us to aggressively invest in building and creating high-quality content". The RSN and Sky stake sale are expected to generate about $30bn.

Sky ushered in the pay-TV era in the UK when it was launched in 1989 by Mr Murdoch on "a wing and a prayer". Its early financial troubles almost bankrupted the media mogul but, eventually, its mix of exclusive sports rights and films, and later additions such as broadband and mobile services, made it one of Britain's most valuable companies.

The sale of the Fox-Disney stake in Sky will push Comcast over the acceptance threshold for its offer, meaning that the company can begin working with Sky.

If the companies had held on to the stake, they could have prevented Comcast from consolidating Sky's cash flow, although the US cable company would still have controlled the broadcaster.

Brian Roberts, Comcast chief executive, told the Financial Times this week that Sky would operate independently once it completed the acquisition, with Jeremy Darroch, its chief executive, given autonomy.
EU beachhead page 14

Companies / Sectors / People

Companies

Sectors

People

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

Technology

Uber to pay $148m fine for data breach

Record settlement for exposing personal details of 57m users and drivers

SHANNON BOND — SAN FRANCISCO
PAN KWAN YUK — NEW YORK

Uber has agreed to pay a record $148m penalty to settle claims that it intentionally concealed a data breach in 2016 that exposed the names, email addresses and phone numbers of 57m passengers and drivers.

The settlement spans all 50 US states and the District of Columbia. In addition to the fine — the biggest imposed for a data breach — Uber will make changes to its security practices and hire an independent third party to assess the effectiveness of these changes.

"This record settlement should send a clear message: we have zero tolerance for those who skirt the law and leave consumer and employee information vulnerable to exploitation," said Barbara Underwood, New York attorney-general.

The settlement is the most Uber has paid to resolve a legal issue stemming from a long history of rule-breaking tactics that have drawn criticism from regulators, competitors and its own workers and customers.

Moving past its tumultuous recent history and repairing relationships with regulators and the public have been priorities for Dara Khosrowshahi, Uber's chief executive, who is preparing the company for an expected 2019 initial public offering.

When he joined the ride-hailing app a year ago, it was racked by scandals and regulatory probes over its hard-charging internal culture and aggressive business practices under Travis Kalanick, his predecessor and Uber's co-founder.

Uber first learned of the breach in 2016, when Mr Kalanick was still chief executive. Hackers had accessed personal data of about 7m drivers, including 600,000 US licence numbers, and account details of about 50m passengers. But instead of notifying regulators or affected customers and drivers, the company paid the hackers $100,000 to destroy the information.

The company publicly disclosed the breach only in November 2017, when Mr Khosrowshahi issued a public apology, fired Uber's chief security officer and said he had ordered an internal investigation. Federal and state officials also opened probes into the breach.

Tony West, Uber's chief legal officer, who joined the company as it launched its investigation, spent much of the past year flying around the US meeting state attorneys-general to find a resolution.

> 'We know that earning the trust of our customers and the regulators we work with globally is no easy feat'

"We know that earning the trust of our customers and the regulators we work with globally is no easy feat. After all, trust is hard to gain and easy to lose. We'll continue to invest in protections to keep our customers and their data safe and secure, and we're committed to maintaining a constructive and collaborative relationship with governments around the world," Mr West said.

The settlement, which will be divided among the states and DC, also includes agreements from Uber to change privacy and security policies and reform its internal operations. Uber agreed to bring in an outside company to assess its data security efforts and to develop and implement a "strong overall data security policy", among other measures.

Technology

SurveyMonkey shares jump 60% on Wall Street debut

RICHARD WATERS — SAN FRANCISCO

Online survey company SurveyMonkey has joined the lengthening list of private technology companies forced to take a hit to their valuations to make the shift to Wall Street.

Late on Tuesday, the Silicon Valley-based company priced the shares in its initial public offering at a level that valued it at $1.25bn. That is nearly 40 per cent below its $2bn valuation four years ago, after its last fundraising round as a private company.

But the company's shares jumped 60 per cent when trading started in New York yesterday morning, as SurveyMonkey benefited from the same spike in trading that greeted another internet IPO, Eventbrite, earlier this month.

The first-day jump in effect wiped out the discount that SurveyMonkey's investors had been forced to accept as the price for going public.

The hefty discount came despite signs that demand from public market investors had been stronger than the company and its advisers — led by JPMorgan — had expected. SurveyMonkey's shares were priced at $12 each, above the $9-$11 range indicated earlier. It also increased the number of shares to be sold by 1.5m, to 15m.

The 2014 high-water mark coincided with a boom in private market valuations, as a wave of money flowed into tech start-ups. The enthusiasm resulted in a new breed of "unicorns" — private companies judged to be worth more than $1bn. Some of those have found it hard to hang on to their heady valuation levels as they have turned to Wall Street for the next leg of their development.

Raising money at a lower valuation — known as a "down round" — has long been seen as a mark of failure for a private tech company, because it results in a dilution to existing shareholders and an admission that they have not lived up to earlier hopes. But accepting a down round as part of an IPO, once rare, has become increasingly common as some unicorns have bitten the bullet and accepted that their earlier fundraisings were at inflated levels.

Among the people who stand to benefit from any rebound in SurveyMonkey's shares is tennis star Serena Williams. She joined the board last year and was handed a stock option award then valued by the company at $1.2m. The options are priced at $16.03, meaning they will only be worth anything if the company's share price rises more than a third from its IPO level.

See Lex

Telecoms. Broadband

Sky gives Comcast an EU beachhead

Analysts expect US company to shake up not just the UK but wider European market

NIC FILDES
TELECOMS CORRESPONDENT

In the UK Sky is showing Succession, a TV series made by HBO that focuses on members of the fictional Roy family, as they fight for control of a global media business empire

Comcast's victory over Disney in the £37bn battle to acquire Sky changes the stakes for European broadband.

If Disney had prevailed, Sky's broadband business — the second biggest in the UK behind BT — was widely expected to be sold, along with a fledgling mobile phone business.

But the US media group lost in an auction that concluded on Saturday evening. The fact that Sky will be owned instead by a cable company alters the calculation. Instead of a seller, Comcast is seen as a potential consolidator of European broadband.

"If it decides to invest in telecoms it could significantly alter the competitive and investment landscape, not just in the UK, but also in the other territories [including] Ireland, Germany, Austria, Italy, Spain," said Wilton Fry, an analyst with RBC.

Sky entered the broadband market in 2005 when James Murdoch, the then chief executive, paid a meagre £211m to acquire a small company, Easynet. The bet has paid off and changed the telecoms landscape in the UK. Sky now has 6m broadband customers in the UK, 24 per cent of the market, although most are connected via BT's network.

> 'The price they have paid is eye-watering and that suggests cost cutting but not price cutting'

Comcast is the largest broadband company in the US, with 26m users on its cable network, and it derives half of its profit from internet access.

James Barford, an analyst with Enders, argued that Comcast could look to boost Sky's telecoms arm by investing in business telecoms, given it has a strong presence in the US, or by buying spectrum to boost its mobile division. However, he said it was also possible that it could look to acquire companies such as TalkTalk, which has 4.2m broadband customers, or smaller rivals.

North American telecoms companies have struggled to crack the highly competitive European telecoms market in the past, with failed forays including AT&T in Italy and Carlos Slim in the Netherlands, and the market dynamics are vastly different to the US where cable companies often enjoy regional monopolies.

Yet Comcast now has a beachhead in Sky. Senior industry executives have argued in private that in the absence of a big merger in UK telecoms, such as Vodafone and Virgin Media or Three and O2 in mobile, it could be Comcast that forces the issue.

Vodafone is a potential fit if Comcast has wider European telecoms ambitions. The British company is Europe's largest broadband business, having built and bought cable networks in markets partly aligned with Sky's footprint including Germany, Italy and Spain. It is a smaller operator in UK broadband where it resells BT's network and has backed the smaller CityFibre.

The high premium paid has reduced the likelihood of a price war in UK broadband. "The price they have paid is eye-watering and that suggests cost cutting but not price cutting. The market won't heat up," said one person with direct knowledge of meetings that have taken place since the Sky auction ended.

If Comcast went the other way, Sky's broadband business is valued at £3.9bn by RBC based on a calculation of £650 per customer. A disposal of the telecoms asset could lower the acquisition price.

However, more than 80 per cent of Sky's pay-TV customers also take internet in the same package. Breaking up is hard to do.

INSIDE BUSINESS
EUROPE

Rachel Sanderson

Salvini tones down fiery tirades to impress Italy's chief executives

On the banks of Lake Como this month at the Ambrosetti Forum, a meeting place for Italian and European business leaders, the politician whom people most wanted to hear was Matteo Salvini, deputy prime minister and head of the far-right Eurosceptic League party.

In Italy's inconclusive elections on March 4, the League emerged with fewer votes than the Five Star Movement, the anti-establishment party with which it formed an unlikely government coalition two months later.

But polls indicate that situation has been reversed since then, as Mr Salvini has made political capital during a long, hot and fraught summer. Nonstop campaigning, tirades against migrants and Europe and a rallying cry of "Italians First" have won him a surge in support in a country where living standards have stagnated for 20 years.

A poll published by SWG this week indicated that if Italy were to vote again today, the League would be Italy's first party with 32 per cent, up from 18 per cent in March, while Five Star would come in second with 28.6 per cent, down from 33 per cent. Meanwhile, the opposition has failed to rebuild from a crushing defeat. Support for former prime minister Matteo Renzi's centre-left Democratic party stands at about 18 per cent, according to SWG.

Business leaders in Italy have taken heart from the surge in the League's support, arguing that a party whose core base is wealthy, northern business owners is more likely to protect their interests than the Five Star whose core voters are the poor and jobless.

At Ambrosetti, the immediate interest in Mr Salvini was to understand whether his fiery tirades in public would translate into an Italian budget that would put the government of the eurozone's third-largest economy on a collision course with Brussels, and spook investors.

Jim McCaughan, chief executive of Principal Global Investors, heard Mr Salvini speak at the closed-door event and came away in part mollified by what he heard.

"Salvini said: 'I won't call a snap election. I want to be here for five years'," Mr McCaughan said.

"There is a view there is going to be a big clash between Italy and the EU over the budget. I don't think there will be. The Italian government will want to play a long game here," he said, adding that Italy's debt of more than 130 per cent of GDP remained the main problem.

> He roars like a crazy man at a rally but is articulate with business leaders

It is a similar story in Milan, where business leaders talk of Mr Salvini moderating his campaign trail rhetoric in private, especially when he is dealing with the northern Italian business owners who have made up the League's base since its first coalition government with Silvio Berlusconi 22 years ago.

"Salvini goes outside to a rally and roars like a crazy man. But when he sits in a room with business leaders he is smart and articulate," said one chief executive in Milan.

"He not only listens to our concerns, but listens and takes notes because he knows if he gets our vote he can be heir to Berlusconi," another senior executive said.

Finance minister Giovanni Tria, a technocrat put forward by Sergio Mattarella, the president, told Italian business lobby Confcommercio yesterday that the budget, a draft of which is due to be unveiled today, would "show you can have faith in Italy".

That is being read as a signal that the budget deficit will come in at under 2 per cent of GDP, well clear of a collision course with Brussels and unlikely to stoke a replay of the end of May, when spreads on Italian 10-year debt exceeded 250 basis points over German Bunds, raising borrowing costs for Italian businesses only just recovering from a triple-dip recession and credit crunch.

But still there are signs that Italian business' confidence is misplaced.

The resignation of Mario Nava, a well-respected, newly appointed Europhile as head of Italy's stock market regulator this month, after attacks on big business by Five Star and the League does not bode well.

What is more, politicians — from the centre-left's Matteo Renzi to Mr Salvini's economic adviser Claudio Borghi — have suggested that Italy's real showdown with Brussels will not be this year, but next.

"The European elections are more important than the budget," Mr Borghi told the Financial Times this week.

"The budget is important but it is just a first step of a five-year programme. We have every intention of being here for five years," he added.

"But if the European elections go like we think they will we are going to construct a new Europe, with rules that are a lot less absurd."

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Banks

Goldman opens rival to UK high-street lenders

STEPHEN MORRIS AND NICHOLAS MEGAW

Goldman Sachs is opening its UK consumer bank today with an offer of higher interest rates than many rivals, as the US investment banking group seeks to poach customers from the dominant big four high street lenders.

Marcus, the first international expansion of Goldman's new retail business, will offer the 1.5 per cent rate on savings from £1 to £250,000, which makes it the highest-yielding instant-access account available, according to Moneyfacts.

"We're going out with a strong offer, we know we'll attract a lot of savers," Des McDaid, UK managing director of Marcus, said. "Our goal is not to compete with the small players, the goal is to move people from the high street banks that control 80 per cent of the market."

Goldman's entry comes at a time when intense competition is already driving down profit margins at most high street lenders.

The net interest margin, the difference between what banks earn from lending and what they pay for funding, fell at 16 of the top 20 mortgage providers in the first half of the year, and banks have started warning investors of the impact this is having on returns.

Marcus, named after Goldman's founder, was launched in the US in 2016, and has accumulated more than $20bn in deposits and lent $3bn to customers. The move into consumer banking was a radical departure for the company, usually known as a trading and M&A powerhouse, but it is an important part of its plan to raise revenues by $5bn by 2020.

The UK online-only account was trialled internally with 1,500 staff for the past month before the public launch. Goldman plans to develop an app soon and expand into consumer lending and tax-free individual savings accounts over time. "As and when interest rates increase we're going to be consistently competitive," said David Bicarregui, UK treasurer of Marcus.

Financials

PAG makes $787m hostile bid for Spring Reit

DON WEINLAND — HONG KONG

PAG, the Hong Kong private equity group, has made a HK$6.15bn ($787m) bid for Spring Reit in a rare hostile approach by an Asia-based company.

Asia is now a hotspot for activist hedge funds and other hostile corporate activity, a trend driven by US-based funds. In 2017, activists launched 106 campaigns in Asia compared with 10 in 2011.

Under Shan Weijian, chairman and chief executive and a TPG and JPMorgan veteran, PAG has been one of the few Asian groups to have shown interest in activism in a region where tycoon families often control companies while holding just small minority stakes. That makes unwanted takeovers difficult.

In the past two years, PAG has been involved in at least two activist situations in Asia, including its interest in Spring Reit. In 2017, PAG joined and won the $1.5bn battle for Yingde Gases, a Chinese industrial gases supplier.

In November, PAG moved to unseat the external manager of Spring Reit, which is a subsidiary of Mercuria Investment, a Japanese private equity firm.

Its criticism focused on Spring's purchase of 84 UK roadside properties in 2017 that were leased to Kwik Fit, the UK car servicing chain owned by Itochu Corp, the Japanese group.

PAG's issues with Spring Asset Management, the real estate investment trust's external manager, centred on the company's limited experience managing UK-based properties. Itochu is also a big shareholder in Mercuria, prompting claims the transaction was connected to a related party.

Shareholders were not swayed by PAG's argument and the attempt to oust Spring's management failed.

PAG has sought to make the case that Spring Reit's management has generated poor returns on its assets. But Mizuho analyst Alan Jin said the value of a listed Reit often came at a discount to the value of assets in the trust.

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

History unfolds as Sears weighs up rescue plan

Chief wants directors and investors to agree financial restructuring to reduce department store's $5.6bn debt burden

ALISTAIR GRAY AND ANDREW EDGECLIFFE-JOHNSON — NEW YORK

AP

When Sears ran into trouble in the US depression after the first world war, its then president Julius Rosenwald saved the department store chain by putting up millions of dollars of his own money.

His support laid the foundations for a renaissance in the decades ahead. Sears became the largest employer in the US, its store network the backbone of the suburbs and its order catalogue — the "Wish Book" — a symbol of American optimism.

Almost a century later, the retailer is once again fighting for survival, and Rosenwald's successor Eddie Lampert has a plan of his own to keep it afloat. Sears' billionaire chairman and chief executive wants directors and investors to agree to a wholesale financial restructuring to reduce the company's $5.6bn debt burden.

"We're approaching the end game," said Greg Melich of MoffettNathanson, one of the few analysts on Wall Street who still covers the company. "They're running out of cash."

Yet it is far from clear whether creditors will back Mr Lampert. He is asking them to forgo some of what they are owed in exchange for equity in a business that has racked up more than $10bn in losses since 2010.

With a debt payment due next month, creditors are facing the prospect of a fight for the scraps of Sears, which as of February still employed 89,000 people.

The question facing bondholders, said Daniel Lowenthal, partner at law firm Patterson Belknap Webb & Tyler, is "whether they see any hope for Sears in the long term — or whether it makes sense to have the company file for bankruptcy, and seek a better recovery that way".

Having failed to adapt first to the rise of "big-box" discounters such as Walmart and later to ecommerce, Sears is a shell of its former self. It has closed more than 3,000 stores since 2011, leaving it with fewer than 900.

Mr Lampert remains adamant there is still value locked in the company. His pitch at Sears' annual meeting in May was that the group could become an "ecosystem of services, products and retail touch points".

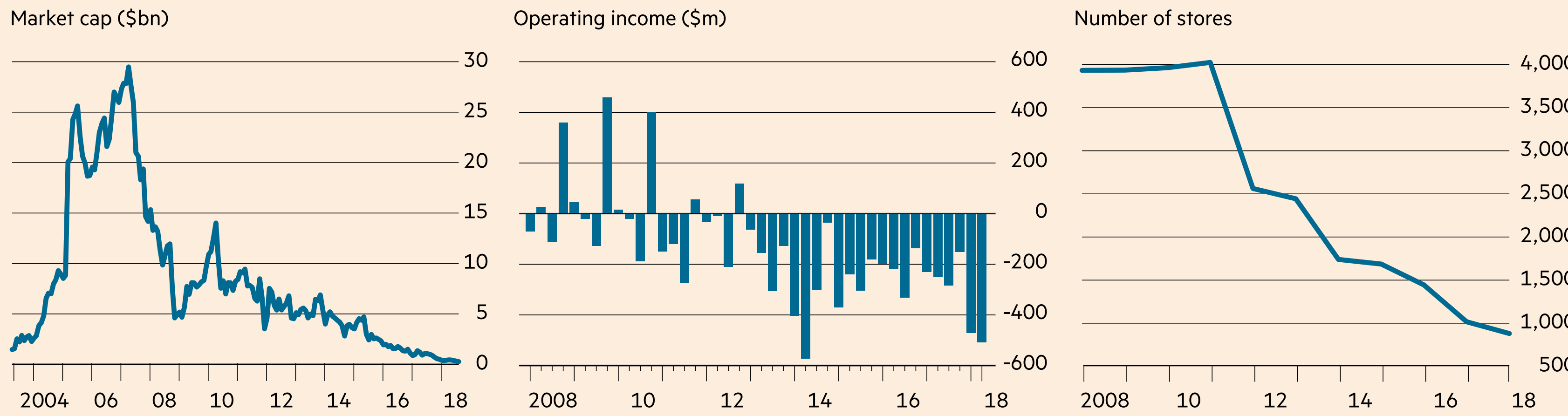
He has focused on turning Sears' most frequent customers into so-called members, who are offered benefits from loyalty points to personal shoppers. And he has sought to highlight the value in the brands Sears built around its stores, from DieHard car batteries to Innovel, a logistics business with 1,100 trucks and 7.5m square feet of warehouse space.

For years, the value of these businesses depended on their connection to Sears' stores. The company still needs to retain a certain bricks-and-mortar presence to drive revenues from credit cards, warranties and calls to fix the appliances it sells. Yet Mr Lampert has pushed to broaden the brands' reach. Sears has started to sell some products online through rival Amazon, for instance.

His strategy faces broad scepticism. "There just doesn't seem to be any way, from an operational perspective, that they're going to be able to turn the retailer business," said Ken Perkins, president of consultancy Retail Metrics.

Ronald Olbrysh, chairman of the National Association of Retired Sears Employees, added: "He's not a retailer; he's a hedge fund operator."

The rise and fall of Sears



Sources: Thomson Reuters Datastream; Retail Metrics

Critics point to Mr Lampert's record at the helm. When he announced the $11bn combination of Kmart and Sears in 2004, the deal was supposed to create the third-largest retailer in the US, with $55bn in revenues and 3,500 stores. Last year, the group produced $16.7bn in revenues and ended it with 1,000 stores.

Both Sears and Kmart were well past their peak when Mr Lampert acquired

> Both Sears and Kmart were well past their peak when Eddie Lampert acquired them

them, and he has attributed their subsequent decline to external factors. Changing consumer behaviour has left other tenants in malls that host Sears and Kmart stores struggling, too.

Yet critics also question the motivations of Mr Lampert, who as well as heading Sears' board is also a big Sears creditor and its largest shareholder through his hedge fund ESL and associated vehicles. In April, he proposed to buy some Sears assets, including the Kenmore appliance brand and SHIP, a home improvement business.

"This is an asset strip running its course," said Mark Cohen, a Columbia Business School professor and former chairman and CEO of the now bankrupt Sears Canada. "Everything he's done has been with the intent of protecting the shareholder — principally Eddie Lampert."

ESL rejects such characterisations, saying in a statement that it is committed to "following transparent procedures that ensure that any transaction with ESL takes place on fair and reasonable terms.

"Speed and certainty in the divestment of these assets are critical considerations for the various stakeholders of Sears Holdings, regardless of whether ESL or a third party is the ultimate buyer."

Sears is reviewing Mr Lampert's proposal. It said any action would be subject to approval by the board and, in particular, a committee of directors who are independent of ESL.

Asset sales to the hedge fund, as a controlling shareholder, could invite scrutiny in court should a bankruptcy not be averted. Creditors may allege that assets bought out of Sears were sold too cheaply, said James Schrager, strategy professor at the University of Chicago Booth School of Business.

"It's very possible a bunch of creditors are going to sue him," he said. "But Eddie's a very smart guy . . . He has very good lawyers."

Mr Lampert's team has been at pains to stress his proposals need the approval of the board committee, which in turn has independent advisers. Had he wanted to strip the company's best assets, supporters say, he could have pushed for a bankruptcy filing before now and bid for them at fire sale prices. He has also repeatedly bought the company breathing time by pushing back the maturities on loans held by ESL.

But a crunch is coming. By August the company had little more than $190m in cash or its equivalents on its balance sheet. Sears said it could realise another $750m in liquidity through borrowing facilities, but a debt repayment of $134m is looming next month, and another $668m of loans mature over the next year or so.

As well as proposing the debt-for-equity swap, ESL is calling on Sears to sell another 200 or so stores to repay $1.5bn worth of debt and other assets to cut another $1.75bn from the burden.

Stressing the urgency of the situation, it told the company that if independent directors failed to take immediate action the alternatives could "reduce, if not completely eliminate, value for stakeholders".

Investors have grown increasingly alarmed. A Sears bond that is due to mature next year is changing hands at less than 40 cents in the dollar. The market values the shares at just $1.24 apiece, down 98 per cent in the past eight years.

It is a far cry from the heyday of Sears, whose interests once spanned the Allstate insurance company and naming rights to an eponymous 1,450-ft tower in Chicago.

As they weigh up Mr Lampert's plan to salvage what remains, investors in the Sears of today are not pinning their hopes on the company's next Rosenwald. They would be content with a more modest outcome.

Travel & leisure

Luckin ready for losses in Starbucks fight

TOM HANCOCK — SHANGHAI

Luckin Coffee, a chain that has become China's first coffee shop valued at $1bn, says it is not worried about profits as it challenges Starbucks' dominance in the fast-growing domestic market.

Starbucks had an 80 per cent share of China's $3.4bn market last year, according to Euromonitor. The market research consultancy expects the sector to generate revenues of $4.1bn by 2020, making China an important growth market for coffee chains.

Luckin, founded last year, was valued at $1bn in July in an investment round involving GIC, the Singapore sovereign wealth fund. It has opened 1,000 stores since January and aims to have 2,000 by the end of the year.

It plans to continue to open 200-300 outlets a month, putting it on track by the end of next year to overtake Starbucks, which has 3,300 stores in China and opens about 50 a month.

"I think we will overtake them in store numbers," said Guo Jinyi, co-founder and senior vice-president. "We are increasing the density, so that in the centre of cities . . . our outlets can be found within a 10-minute walk."

Given its recent fundraising, Luckin is not worried about losses, he added: "We are still in a stage of fast development . . . We are not thinking much about profits at the moment."

By pursuing expansion at the expense of profit, Luckin is following a playbook developed by tech giants such as Didi Chuxing, the ride-hailing company that

China's Luckin Coffee start-up plans to open 200-300 stores a month

this month confirmed a loss of $580m in the first half of the year.

Luckin has announced a partnership with Tencent for marketing on its WeChat social media platform a month after Starbucks unveiled a delivery tie-up with Alibaba, Tencent's rival.

The chain has surpassed Costa Coffee, acquired by Coca-Cola last month for $3.9bn, which has struggled in China where it has fewer than 450 outlets.

About 60 per cent of Luckin's stores are "pick-up points" in office buildings, and 10 to 20 per cent delivery-only, said Mr Guo. Costa's more traditional model contrasted with the focus on technology at Luckin, "so a large company acquiring them won't have a big impact on us", he added.

Luckin has complained that Starbucks' strong brand gives it first choice of commercial locations, but being a Chinese company appears to provide some advantages. Last week Luckin opened an outlet in Beijing's Forbidden City 11 years after Starbucks was forced to close its branch in the former imperial palace after an online campaign by Chinese nationalists.

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

COMPANIES

Banks

BBVA's González to retire after 18 years

Digital pioneer led way for sector as other lenders struggle to catch up

IAN MOUNT — MADRID
LAURA NOONAN — TOKYO

Francisco González, the digital pioneer who has led BBVA for the past 18 years, will step down in December and hand over to Carlos Torres Vila, his number two, the Spanish lender announced yesterday.

The retirement of the BBVA executive chairman is the second big shake up in Spain's banking leadership in just two days. On Tuesday, Banco Santander announced that Andrea Orcel, UBS's investment bank boss, would take over from José Antonio Alvarez as its chief executive.

Mr González, 73, is one of Europe's longest-serving bank leaders and has won global plaudits for making financial technology a central part of BBVA's strategy long before most executives recognised its potential.

"Now everybody talks about digital change, everybody is in a hurry to jump into the bandwagon," Mr González told a fintech conference last year, adding that BBVA had started its technology journey in 2007.

The bank, which is Spain's largest behind Santander, has more than 25m digital customers and digital sales now account for close to 40 per cent of its sales. It has also invested in third party fintech ventures including Atom, the UK's online only bank, Simple, the US digital bank, and Openpay, the Mexican payments start-up.

BBVA also expanded through several large acquisitions in more traditional banks, including an investment in

> 'Now everybody talks about digital change, everybody is in a hurry to jump into the bandwagon'

Turkey's Garanti that began in 2011, and its purchase of Compass Bancshares in the US in 2007.

That US operation, together with big businesses in Mexico and South America, helped the bank weather the eurozone crisis better than most of its European peers. BBVA's overseas acquisitions have been less positive recently, as weakness in emerging market currencies, especially in Turkey, have hit the bank's results.

"There may be a question mark over those acquisitions and the prices paid, given subsequent events," said Daragh Quinn, analyst at Keefe, Bruyette & Woods.

Mr Gonzalez's successor Mr Torres Vila joined BBVA in 2008 as head of strategy and corporate development, became head of digital banking in 2014, and then took over as CEO in May 2015.

"Overall, we view Mr Torres' appointment as accretive to BBVA's digital ambitions as his background and CEO focus have revolved heavily around digitalisation," Stefan Nedialkov, Citi's banks analyst, wrote in a note to clients. "We do not expect any major changes to BBVA's overall strategy."

Mr González's retirement had been widely expected, as the BBVA chair, who turns 74 this year, has said repeatedly that the bank would not extend its age limit of 75 for board members.

BBVA will announce a successor to Mr Torres Vila later in the year. A spokesman for the bank said that BBVA plans to promote an internal replacement. As likely candidates, analysts have pointed to Ricardo Forcano, BBVA's global director of talent and culture; Juan Asúa, the director of corporate and investment banking; Jorge Sáenz-Azcúnaga, the head of country monitoring; and Jaime Sáenz de Tejada. chief financial officer.

Banks. Leadership

Orcel arrival signals Santander efficiency drive

New chief executive will aim to double lender's share price and deepen digitisation push

STEPHEN MORRIS AND PATRICK JENKINS

When Emilio Botín, the legendary boss of Banco Santander, began striking transformative deals to create Spain's biggest bank nearly 20 years ago, the man by his side was a young Merrill Lynch banker named Andrea Orcel.

Now, after a career as a big-hitting M&A adviser and most recently a successful stint turning round UBS's investment bank, Mr Orcel is going in-house at Santander, the family-run lender he has advised on every major move for more than two decades.

Ana Botín's decision to draft in Mr Orcel demonstrates her determination to get the bank back on the front foot and, in time, follow her father's example as a consummate dealmaker, people familiar with the bank's strategy said.

Under her leadership as executive chairman the shares have dipped 12 per cent to trade under book value and investors are concerned about shrinking lending margins and rising costs.

Ms Botín believes the bank is at least three times more valuable than investors are giving it credit for and has told Mr Orcel she expects him to double the share price in short order, a person close to the hire said.

In her four years as executive chairman, a role she took on when her father died, she has been preoccupied replacing swaths of underperforming global managers, which one observer described as "carnage", overhauling the bank's technology and mending relations with regulators. Her only acquisition of note was last year's rescue of local rival Banco Popular for a symbolic €1.

This was in sharp contrast to her father, whose compulsive dealmaking lasted his whole career.

Botín senior peaked in Spain with the Central Hispano deal, but replicated his success around the world, always with Mr Orcel in tow, building up a global presence spanning Brazil, Mexico, the UK, the US and Poland.

"Andrea's appointment is about making the bank work more efficiently and bringing a new perspective to accelerate the changes needed in modern banking," especially digitisation, the person close to the process said.

"It's is not primarily about deals, at least not for now."

Ms Botín and her board spent July considering potential successors to José Antonio Alvarez, after she decided he should be the bank's new head of Spanish operations.

Just before she headed off on her summer holiday, she met Mr Orcel in New York to discuss the next three-year strategic plan and offered him the job, half-expecting prevarication or a reluctance to leave his current role at UBS, the person said. But he did not hesitate. "I would love to do it," he replied.

Mr Orcel is known for his skills as an adviser and financier and is credited with boosting returns while slashing costs at UBS.

But his management style has caused friction, first at Bank of America Merrill Lynch, where he rose from M&A counsellor to run European operations, then at UBS, where he became infamous among subordinates for his 5am starts and midnight phone calls.

Integrating the high-profile, hard-charging Italian, who used to tell colleagues he knew Santander better than UBS, is recognised as the biggest risk internally.

The Botíns have dominated the bank's decision making and culture for four generations dating back to 1909.

Mr Orcel, a big name and a big ego in his own right, will be a different beast to previous chief executive sidekicks, according to one of the bank's external advisers.

Ms Botín's recruitment of a veteran Wall Street dealmaker signals her determination to expand, possibly via her own transformative deal, in the US, where Santander remains a low-returning, regional also-ran after failing the Fed's stress tests a record three times in a row. Helping matters, a ban on acquisitive growth will lift next year.

"Orcel hasn't been hired for his expertise on cross-selling insurance to mortgage clients," quipped one person familiar with his leadership style and ambitions. But the 55-year-old has opted to leave UBS for a predominately commercial and retail lender, highlighting the decline in power and prestige of Europe's struggling investment banks.

His departure from UBS, which was partly related to a frustration at its conservative attitude to investment banking, will also lead to questions about strategy and succession at Switzerland's largest bank.

UBS has been steadily shifting its focus away from trading in favour of the more stable earnings on offer in wealth management, especially in Asia.

Mr Orcel's departure weakens the lobby within UBS arguing for more aggressive steps to expand market share and take advantage of the relative weakness of competitors such as Deutsche Bank, said senior managers inside the bank.

Martin Blessing, the ex-Commerzbank chief executive who joined UBS to run wealth management at the beginning of 2018, is now seen as the most likely successor to Sergio Ermotti, the current chief executive, analysts said.

Mr Ermotti and Axel Weber, the chairman, are under pressure from investors to return the bank to growth and will attempt to address this discontent when they unveil an updated strategy next month.

"Orcel has done a respectable job at UBS since 2012 and is well regarded as a key dealmaker for the investment banking division," according to analysts at Redburn in London. "His departure may be seen as strengthening Ermotti's position as CEO given Orcel was viewed as the strongest potential successor."

See Lex

Ana Botín, executive chairman, believes Santander is at least three times more valuable than investors are giving it credit for — Tolga Akmen/FT

Andrea Orcel: after a career as a big-hitting M&A adviser, he turned round UBS's investment bank

CV

Andrea Orcel

Born: 1963
Education: Degree in Economics and Commerce, University of Rome; MBA, Insead, France
Career: 1992: Joins Merrill Lynch after stints working for Boston Consulting and Goldman Sachs
2003: Becomes head of financial institutions group at Merrill Lynch
2009: Becomes executive chairman at Bank of America Merrill Lynch
July 2012: Joins UBS as co-CEO of investment bank
November 2012: Becomes sole CEO of investment bank; title later changed to president
September 2018: Recruited as CEO of Santander; starting early 2019
Family: Married with a daughter
Interests: Waterskiing, running, gym

Industrials

Buying spree by Chinese state groups sparks fears of lost vitality

GABRIEL WILDAU AND YIZHEN JIA
SHANGHAI

Chinese state-owned enterprises have nationalised at least 10 groups this year, raising concerns the trend risks sucking the vitality out of the economy.

While most of the largest groups are SOEs, the private sector contributes 60 per cent of growth in gross domestic product, 90 per cent of new jobs and more than half of fiscal revenue, according to an industry association for private companies.

Private groups have, however, suffered disproportionately under Beijing's campaign against debt and financial risk during the past 18 months. SOEs generally enjoy easier access to loans from state-owned banks but private companies have been significant recipients of credit from non-bank lenders.

The combination of a sharp contraction in shadow banking and a slowing economy has left many private groups starved of capital and seeking white knights to rescue their businesses.

"We are very cautious on offering loans right now," said Rong Ling, head of research at Changshu Rural Commercial Bank. "For private enterprises, at present we only recover loans rather than offer loans."

> 'For private enterprises, at present we only recover loans rather than offer loans'

This year 21 groups have sold large stakes to SOEs, stock exchange filings show. Of those, 10 are de facto nationalisations because the SOE will become the largest shareholder. The deals range across sectors from silver smelting to resort development and the manufacture of environmental protection products.

"The efficiency of SOEs is usually lower than private enterprises," said Li Yang, director of the Institute of Finance and Banking at the Chinese Financial Academy of Social Sciences, a think-tank that advises the government. "If private groups are merged into SOEs, the SOEs will begin to dispatch leaders and party secretaries to the private group. It's very likely to stifle that private company's original vitality.

"If we do not diligently implement the basic strategy of SOE reform, when we look again in two years, the consequences will be worrying," he said.

In recent months, policymakers have sought ways to support private groups, including a weekly survey asking about the difficulties they face.

Private groups say Beijing's drive to slash excess capacity in sectors including steel, coal and aluminium has put them under pressure. Critics say SOEs have been spared.

"We will deliver and step up policy measures in support of the private sector [and] remove all hidden obstacles to their investment," Li Keqiang, China's premier, said last week.

Adding to the pressure is the increased use of company stock as collateral for bank loans. The fall in China's equity markets has triggered automatic sales of that collateral to protect creditor banks. In some cases, shareholders have sought buyouts to repay their debts and avoid share sales by banks.

"Whoever has money can buy [the shares] but usually that's SOEs," said Feng Lun, chairman of Vantone Holdings, a property developer. "Their financing is easier."

Additional reporting by Lucy Hornby in Beijing

Financials

Huatai eyes London-Shanghai stock connect listing

DON WEINLAND — HONG KONG

Huatai Securities, one of China's largest brokerages, plans to sell $500m in global depositary receipts on the London Stock Exchange in what could be the first offering of shares through a link between the LSE and a Chinese bourse.

The potential move by the Shanghai-listed company, which would give global investors access to its shares on the London exchange, comes as Beijing explores options for offering Chinese securities to a broader range of investors at home and abroad.

Earlier this year, Xiaomi, the Chinese smartphone maker, was preparing to issue Chinese depositary receipts — offshore-listed shares open to onshore Chinese investors — but abruptly cancelled the plan, showing that some of China's cross-border investment programmes were not yet ready to deploy.

Huatai's GDR issue is contingent on the launch of the London-Shanghai stock connect, which people familiar with the matter have said is in its final stages of preparation and expected to go live at the end of this year.

> Under the plan, shares of a company listed on a Chinese bourse could be traded by global investors

GDRs for Chinese companies are part of a project that aims to link up the Shanghai Stock Exchange with the LSE.

Under the programme, shares of a company listed on a Chinese bourse could be issued by a global depositary bank in London, allowing them to be traded by global investors. At the same time, underlying securities listed in London could be issued by a Chinese bank for offer in China.

In Huatai's case, the company plans to offer on the LSE about 825m shares that already trade in Shanghai, it said in a regulatory filing. The Nanjing-based company is listed in Shanghai and Hong Kong, and is backed by several provincial government companies.

Its Hong Kong-listed shares were up 2.5 per cent yesterday afternoon, outperforming the Hang Seng index's 1.6 per cent rise.

The London-Shanghai stock connect programme has support from China's leaders, who are keen to attract more global investment for the country's companies. It was launched in 2015 during a visit by Xi Jinping, the Chinese president, to the UK. The China Securities Regulatory Commission published draft rules for the programme last month.

Demand for shares traded on China's inaugural stock connect, linking Hong Kong and Shanghai, has been somewhat muted.

The number of stocks permitted for trading via the London-Shanghai link is expected to be limited, at least initially.

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COMPANIES

Technology

Dell warned about valuation, filings show

Assumptions questioned before PC maker unveiled plan to relist shares

MARK VANDEVELDE AND SUJEET INDAP
NEW YORK

Investors explicitly warned Dell that its proposed backdoor listing relied on unrealistic assumptions about its own worth months before the computer maker launched its plan to return to Wall Street, a review of regulatory filings shows.

An amended version of the deal prospectus, filed without fanfare earlier this month, showed that the backlash to the deal began even before Dell announced in July that it wanted to return to the stock market after five years as a private company.

The complex proposal involves swapping its own common stock for a special class of publicly listed "tracking stock" that was issued in 2016 with the intention it would follow the value of VMware, a company majority-owned by Dell.

Holders of the tracking stock, which trades under the symbol DVMT, are upset with the terms of the swap, saying the price Dell is offering is not enough and is based on an inflated view of what Dell's own common stock is worth.

The computer maker's original August proxy filing said that Evercore, the investment bank hired to represent the tracking stockholders' interests, had "spoken [with DVMT holders] regarding . . . expectations of value".

An amended version of the document reveals the content of that feedback. DVMT investors "generally indicated [that they believed in] an equity value of Dell Technologies less than that proposed by Dell Technologies". The updated filing also gives new details of discussions over a now discarded plan to merge Dell and VMware. The VMware board believed that Dell's bankers at Goldman Sachs were too optimistic in their forecasts of the computer maker's 2020 financial performance and about the earnings multiple that stock market investors would use to value the company, the revised prospectus shows.

Investors 'indicated [that they believed in] an equity value . . . less than that proposed by Dell'

Michael Dell had been due to begin an investor roadshow to promote his return to Wall Street. But that tour has been postponed, in a sign that resistance from some investors could threaten his preferred plan.

Dell will hold meetings with a number of Wall Street banks next week to consider a straightforward initial public offering for its stock as an alternative to the share swap, the FT has previously reported. However, Dell has not abandoned the exchange idea.

In spite of concerns about price, DVMT holders were "generally neutral to favourable with respect to a [similar] transaction", Evercore told a special committee of the Dell board.

Evercore's outreach efforts were carried out before Dell revealed a stand-out quarter and raised its full-year forecasts — which the company has since cited in its efforts to justify its claimed valuation.

See Lex

Travel & leisure

Billionaire Khan nears £600m deal for Wembley Stadium

MURAD AHMED
SPORTS CORRESPONDENT

The Football Association has agreed terms for a £600m sale of Wembley Stadium to Shahid Khan, the Pakistani-American billionaire, but doubts have emerged over whether the deal will survive a critical vote within English football's governing body.

Mr Khan, the owner of the Jacksonville Jaguars NFL team, has been in talks to acquire the stadium, known as England's "home of football", from the FA since April.

The two sides have agreed an outline deal, according to several people familiar with the matter. But the terms have to be approved by the FA's 10-member board at a crunch meeting today.

Martin Glenn, FA chief executive, and Greg Clarke, its chairman, are seeking unanimity to proceed. But a minority representing the amateur game are yet to indicate their support, according to people close to the talks.

"All the wind is positive but the decision rests with these guys who may be voting with pure emotion," said a person with direct knowledge of discussions.

The deal agreed with Mr Khan includes operational limitations, according to people familiar with the terms. These include that no sponsor can gain "title" rights, such as renaming the stadium or adding a corporate brand alongside that of Wembley — conditions that are largely a continuation of existing restrictions on the stadium's use.

The FA will be able to veto any sponsor, with a range of businesses prohibited from being associated with the stadium, including gambling companies.

The governing body will have "step in" rights if it believes the owner is not fulfilling its obligations, such as ensuring a high-quality pitch. It will also have "buy back" rights under certain circumstances, including if the owner is arrested or convicted of a crime.

Mr Khan will be prevented from saddling the stadium with debt. If he sells Wembley for more than he paid, the FA would be entitled to a share of the profit.

The FA will have a "staging agreement" to ensure big international and domestic matches, such as the FA Cup final, are held at Wembley. However, the FA will vacate the premises over the autumn months when the Jaguars play NFL games, with Mr Khan harbouring ambitious plans to bring his franchise to London.

Organisations that helped fund the past redevelopment of the stadium and have the right to veto the sale — such as Sport England, the body that promotes grassroots sport, the mayor of London's office and the Department for Digital, Culture, Media and Sport — have agreed to the draft terms, according to several people close to the talks.

They have done so on the basis that the £600m proceeds goes towards promoting grassroots football.

If the FA board backs the deal today, it will be presented to an October meeting of the FA's 127-member council — a group that includes representatives of footballing bodies ranging from English counties to the Premier League.

One person close to the talks said the outcome of today's board meeting was uncertain. "Will the politics of FA prevent a deal that makes a lot of [economic] sense?" that person said.

Mr Khan is being advised by Centerview Partners, while the FA is being advised by Rothschild. The FA declined to comment. Representatives for Mr Khan did not immediately respond to requests for comment.

Automobiles. IAA vehicle show

Truckmakers stuck in slow lane on switch to electric

Manufacturers tout models that show they can adapt but buyers are still steering clear

PATRICK MCGEE — HANOVER

The Hanover truck and bus show feels deceptive. Everywhere one walks, electric and hybrid trucks and buses roam, giving the impression that new technology is on the ascendant.

But on the roads in the real world it is a different story, where diesel technology dominates.

Of heavy-duty trucks sold in Europe so far this year, 97 per cent are diesel; for camper vans, it is 100 per cent, according to data from Jato Dynamics.

The discrepancy between what is on display at Hanover's IAA commercial vehicle show, which ends today, versus what is on the road is largely down to costs.

Buyers of trucks and buses are unwilling to pay more for electric vehicles that do little to boost profits.

This creates a problem for manufacturers, who want to sell more electric vehicles because otherwise they will have difficulty meeting strict emissions targets.

"The customer is not prepared [to pay more], that's the biggest problem," said Martin Daum, chief executive of Daimler Trucks and Buses.

"They have to make money with their trucks. If you have a truck that costs €100,000 and another that costs €150,000 but does the same job, which are you going to buy?"

Big cities such as London and Paris aim to implement bans on diesel vehicles.

Meanwhile the European Commission has proposed manufacturers cut new truck fuel consumption by 30 per cent between 2019 and 2030.

However, industry executives insist they are trying to adapt and build more alternative fuel vehicles as they try to meet diesel targets.

"Battery prices are coming down, the prices for carbon-burning engines are going up because we have to fulfil more regulations," Mr Daum said.

"I can see that in a couple of years, if we have the business case, the whole thing switches to electric."

The message in this northern German city, which holds the truck and bus show every two years, is that manufacturers are ready to adapt.

Scania's plug-in hybrid technology, MAN's battery-powered city bus, Hyundai's fuel cell city truck and Daimler's electric heavy-duty freight carrier were all highlights. Even liquefied natural gas powertrains have taken centre stage.

Changing gear: vehicle makers at the Hanover event need to sell more electric models to meet EU emissions targets — Focke Strangmann/EPA-EFE/REX/Shu

But green energy groups accuse the industry of flamboyantly showing off products that earn social responsibility plaudits — but then of doing little to get these products sold.

"It's a smokescreen," said Stef Cornelis at Transport & Environment, a Brussels-based clean energy group.

"There's a big difference between what they put in the showroom, how they behave at the IAA in front of the cameras, and how they act when they lobby in Berlin or Brussels," he added. "When you look at their position paper, it shows they want to sell as few electric trucks as possible."

Andreas Renschler, head of Traton, the new brand name for Volkswagen's trucks and buses group, responds that it is folly to expect the heaviest vehicles on the road to shift into electric as quickly as cars might.

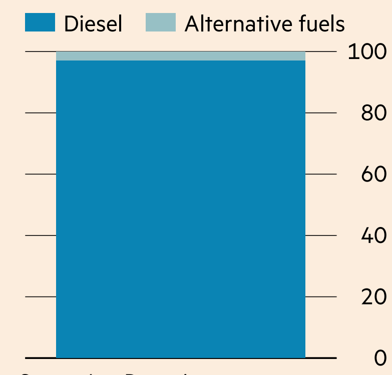
Individuals can splash out on a fancy electric car, but in this industry customers typically make decisions on the total cost of ownership, or TCO — the lifetime costs of buying and then operating a vehicle.

"Everything is TCO-oriented in our business, so you have to offer them solutions they are willing to buy," said Mr Renschler.

"This will change over time but so far, nothing is more efficient than a diesel engine."

Alternative-fueled trucks are still a niche in Europe

Sales by powertrain, Jan to Aug (%)



Source: Jato Dynamics

'The customer is not prepared [to pay more], that's the biggest problem'
Martin Daum

When mass-market electric vehicles were introduced in 2010 their battery packs cost about $1,000 per kilowatt hour. A Tesla Model 3 pack today costs $190 per kWh, according to the Union of Concerned Scientists.

Once the costs fall below $150 — expected after 2025 — then EVs could cost the same or less than combustion engine vehicles. Until then, combustion engine vehicles are likely to remain predominant.

The number of businesses and cities willing to pay more for eco-friendly products is growing. However, many often do not realise they need special infrastructure if 150 or 200 electric buses are to be charged at some central location overnight. "It's not an issue for us to sell certain electric buses in small volume for cities," said Mr Renschler. "But if they [the cities] really want to move into a new century, they need to prepare themselves."

Technology. Accommodation

Indian hotels start-up Oyo Rooms seeks to build on China success

Founder Agarwal says $1bn of SoftBank-led funding will help chain take market's top spot

SIMON MUNDY — MUMBAI

Indian start-up Oyo Rooms is to put $600m from new funding towards a drive to become the largest hotel chain in China, its founder said, after a $1bn cash injection that made it one of Asia's most valuable unlisted tech companies.

The company, founded by then 19-year-old university dropout Ritesh Agarwal in 2013, boasts 125,000 rooms at its hotels in India, more than any other rival.

It has secured funding commitments of $1bn from investors led by Japan's SoftBank at a valuation of about $5bn — more than double the market capitalisation of Tata's Indian Hotels, previously the country's biggest hotel group.

Most of the new funds will be used to fund growth in China, where Oyo launched last November, Mr Agarwal told the Financial Times. The company aims to sustain its pace of expansion in China which, at 30,000 rooms per month, it says has already put it in the country's top 10 hotel chains by room numbers.

Ultimately, he predicted, Oyo would overtake rivals such as Huazhu Group to become the largest hotel chain in China. "We believe eventually we will get there," he said.

Oyo grew rapidly in India by focusing on middle-class travellers forced to choose between stretching their budgets to stay at a major hotel chain, or opting for small independent lodges where quality could vary.

SoftBank made a rare entry into the hotel business when the group invested in Oyo in 2015. During an earnings presentation in August, SoftBank chief executive Masayoshi Son spoke in depth about the company's business model, focusing on its use of artificial intelligence to boost occupancy rates and adjust pricing.

Of more than 10,000 branded hotels in its network, most are run on a franchise model by local entrepreneurs, who are required to have their properties refurbished to Oyo's specifications and pay a commission on each booking. The vast majority have no more than a few dozen rooms, in contrast with most large hotel chains.

"Worldwide, 95 per cent of hotels are 100 rooms and smaller," while nearly all hotel chains have focused on the remaining 5 per cent of the market, Mr Agarwal said.

Ritesh Agarwal has taken his chain into China's top 10 by room numbers

"So you have this massive opportunity where there are so many assets that are small in size, and just because of this end up losing to the big chains."

In China, he said, Oyo was focusing on rooms priced at Rmb150-Rmb250 ($22-$36), well below the price range of most branded chains.

Oyo faces local competition at this end of the market — notably from market leader Huazhu, which operates several "economy" hotel brands.

But Mr Agarwal said that Oyo already offered more rooms than any Chinese budget chain.

While many Indian start-ups have received funding from Chinese groups such as Alibaba and Tencent, few have attempted to do business directly in the country.

Those that have pursued expansion internationally, such as ride-hailing app Ola, have tended to focus on mid-sized Asian markets or English-speaking ones such as Australia and the UK.

Oyo launched operations in the UK earlier this year, adding to its presence in Malaysia and Nepal, but is focusing investment on China and India.

The company has dealt with the complexities of the Chinese market by giving wide autonomy to its local managers, most of whom are not fluent in English, Mr Agarwal said.

"We operate like a Chinese company, not a global company operating in China," he said.

"If you go to one of our hotel owners in China and ask them where Oyo is from, they'll say it's Chinese."

Additional reporting by Kana Inagaki in Tokyo

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

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FT 中文网 FTChinese.com

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2018年度中国高峰论坛

FTChinese Annual Forum 2018

October 26, 2018 Grand Millennium Hotel, Beijing

FTChinese Annual Forum has observed China's golden age of digital revolution and emerging innovations for more than a decade. This year, we return to the country's capital city to gather leading innovative companies, entrepreneurs and representatives of new forces in finance and investment to debate the latest trends and make predictions.

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- Digital mobility's emerging market
- Consumption upgrading and New Retail
- Meeting AI to open up a new smart era
- Future of digital finance

Confirmed Speakers:

- **James Kynge**, Emerging Markets Editor, Financial Times
- **Chen Chunhua**, Dean of BiMBA Business School, National Development Research Institute, Peking University
- **Shen Jianguang**, Chief Economist, JD Finance
- **Xia Boyu**, Professional Mountaineer
- **Guo Jinyi**, Co-founder, luckin coffee
- **Zhang Shishi**, Co-founder & CEO, Youxin Financial
- **Alan Beebe**, President of AmCham China
- **Angela Mackay**, Managing Director, Asia Pacific, Financial Times & Global Publisher, FT Live

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WORLD MARKETS AT A GLANCE

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Change during previous day's trading (%)

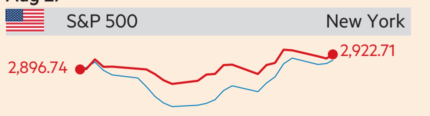
S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.25%	0.37%	0.19%	0.05%	0.27%	0.39%	1.15%	0.20%	-0.339%	0.152%	0.151%	-0.447%	-0.72%	-0.07%

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

AMERICAS

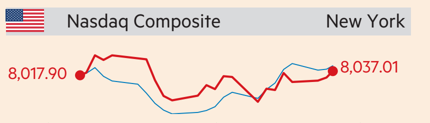
Aug 27 - - Index All World

S&P 500 New York



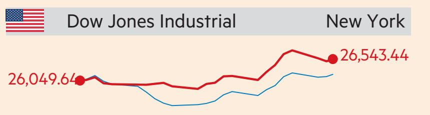
Day 0.25% Month 1.68% Year 17.07%

Nasdaq Composite New York



Day 0.37% Month 1.15% Year 26.16%

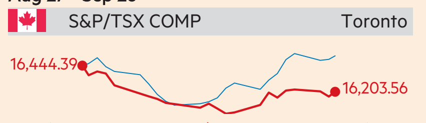
Dow Jones Industrial New York



Day 0.19% Month 2.91% Year 19.04%

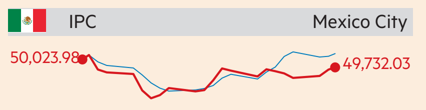
Aug 27 - Sep 26 Index All World

S&P/TSX COMP Toronto



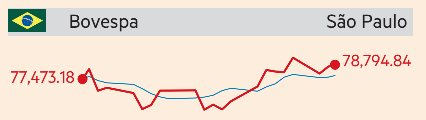
Day 0.27% Month -0.94% Year 4.70%

IPC Mexico City



Day 0.16% Month 0.20% Year -1.25%

Bovespa São Paulo

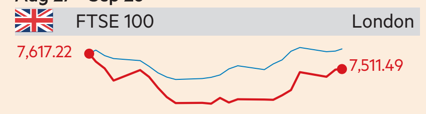


Day 0.21% Month 3.28% Year 5.98%

EUROPE

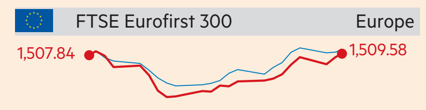
Aug 27 - Sep 26 Index All World

FTSE 100 London



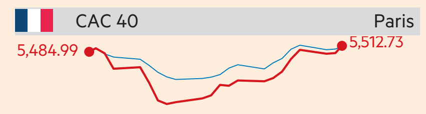
Day 0.05% Month -0.89% Year 3.08%

FTSE Eurofirst 300 Europe



Day 0.27% Month 0.60% Year 0.01%

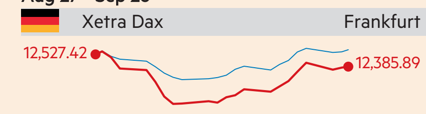
CAC 40 Paris



Day 0.61% Month 1.48% Year 4.66%

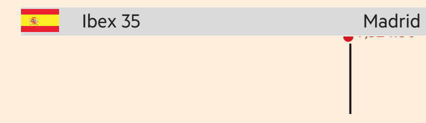
Aug 27 - Sep 26 Index All World

Xetra Dax Frankfurt



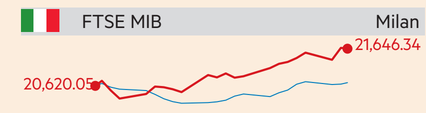
Day 0.09% Month 1.37% Year NaN%

Ibex 35 Madrid



Day NaN% Month NaN% Year NaN%

FTSE MIB Milan

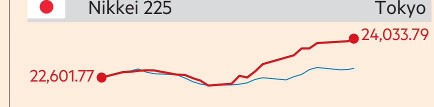


Day -0.10% Month 4.36% Year -3.50%

ASIA

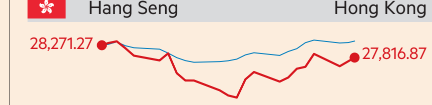
Aug 27 - Sep 26 Index All World

Nikkei 225 Tokyo



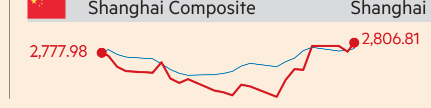
Day 0.39% Month 6.34% Year 17.83%

Hang Seng Hong Kong



Day 1.15% Month 0.52% Year 1.15%

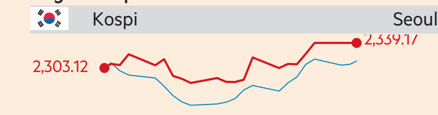
Shanghai Composite Shanghai



Day 0.92% Month 2.84% Year -16.00%

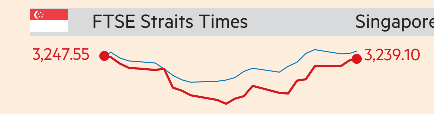
Aug 27 - Sep 26 Index All World

Kospi Seoul



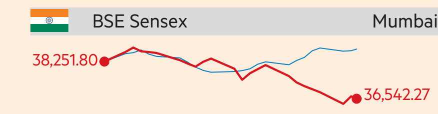
Day 0.68% Month 4.06% Year -3.03%

FTSE Straits Times Singapore



Day 0.09% Month 0.81% Year 0.72%

BSE Sensex Mumbai



Day -0.30% Month -4.47% Year 15.54%

Country	Index	Latest	Previous
Argentina	Merval	33893.95	34052.62
Australia	All Ordinaries	6307.80	6299.10
	S&P/ASX 200	6192.30	6185.90
	S&P/ASX 200 Res	4422.00	4378.70
Austria	ATX	3383.41	3384.44
Belgium	BEL 20	3743.58	3750.80
	BEL Mid	7061.41	7112.91
Brazil	Bovespa	78794.84	78630.14
Canada	S&P/TSX 60	961.50	956.61
	S&P/TSX Comp	16203.56	16159.50
	S&P/TSX Div Met & Min	922.81	921.95
Chile	S&P/CLX IGPA Gen	27126.57	27181.21
China	FTSE A200	9055.66	8950.53
	FTSE B35	9000.71	8988.96
	Shanghai A	2939.53	2912.59
	Shanghai B	288.72	287.24
	Shanghai Comp	2806.81	2781.12
	Shenzhen A	1513.74	1502.71
	Shenzhen B	974.91	971.10
Colombia	COLCAP	1488.60	1492.33
Croatia	CROBEX	1790.04	1797.04
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1100.77	1106.34
Denmark	OMXC Copenahgen 20	981.66	986.80
Egypt	EGX 30	14358.64	14200.68
Estonia	OMX Tallinn	1214.21	1214.75
Finland	OMX Helsinki General	10180.53	10246.74
France	CAC 40	5512.73	5479.10
	SBF 120	4408.40	4386.46
Germany	M-DAX	26179.09	26095.22
	TecDAX	2851.42	2854.59
	XETRA Dax	12385.89	12374.66
Greece	Athens Gen	701.89	699.89
	FTSE/ASE 20	1843.95	1834.46
Hong Kong	Hang Seng	27816.87	27499.39
	HS China Enterprise	10985.60	10827.52
	HSCC Red Chip	4414.58	4385.43
Hungary	Bux	35996.04	35868.88
India	BSE Sensex	36542.27	36652.06
	Nifty 500	9302.25	9303.35
Indonesia	Jakarta Comp	5873.27	5874.30
Ireland	ISEQ Overall	6575.63	6559.98
Israel	Tel Aviv 125	1505.04	1493.93
Italy	FTSE Italia All-Share	23894.68	23924.43
	FTSE Italia Mid Cap	41475.66	41613.29
	FTSE MIB	21646.34	21668.99
Japan	2nd Section	7399.80	7364.00
	Nikkei 225	24033.79	23940.26
	S&P Topix 150	1479.13	1482.34
	Topix	1821.67	1822.44
Jordan	Amman SE	1986.61	1989.35
Kenya	NSE 20	2873.04	2832.48
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	981.61	980.91
Lithuania	OMX Vilnius	688.68	689.73
Luxembourg	LuxX	1689.88	1692.95
Malaysia	FTSE Bursa KLCI	1798.72	1794.47
Mexico	IPC	49732.03	49651.55
Morocco	MASI	11238.86	11140.82
Netherlands	AEX	552.35	552.64
	AEX All Share	820.36	820.82
New Zealand	NZX 50	9349.85	9345.96
Nigeria	SE All Share	32440.17	32540.17
Norway	Oslo All Share	1072.09	1079.15
Pakistan	KSE 100	40909.91	41036.30
Philippines	Manila Comp	7268.21	7332.17
Poland	Wig	59386.74	59106.29
Portugal	PSI 20	5389.83	5391.17
	PSI General	3177.93	3183.14
Romania	BET Index	8356.42	8378.04
Russia	Micex Index	2433.20	2444.22
	RTX	1162.48	1169.04
Saudi-Arabia	TADAWUL All Share Index	7905.27	7768.31
Singapore	FTSE Straits Times	3239.10	3236.08
Slovakia	SAX	328.07	328.07
Slovenia	SBI TOP	848.08	857.65
South Africa	FTSE/JSE All Share	56570.15	56882.75
	FTSE/JSE Res 20	43776.52	44620.90
	FTSE/JSE Top 40	50361.86	50659.46
South Korea	Kospi	2339.17	2323.45
	Kospi 200	300.81	299.04
Spain	IBEX 35	9524.80	9493.60
Sri Lanka	CSE All Share	5887.52	5833.58
Sweden	OMX Stockholm 30	1656.96	1656.71
	OMX Stockholm AS	611.43	612.27
Switzerland	SMI Index	9080.14	9021.61
Taiwan	Weighted Pr	10974.19	10978.85
Thailand	Bangkok SET	1749.93	1747.99
Turkey	BIST 100	116840.94	116315.98
UAE	Abu Dhabi General Index	4891.78	4888.79
UK	FT 30	3188.90	3186.30
	FTSE 100	7511.49	7507.56
	FTSE 4Good UK	6746.51	6743.22
	FTSE All Share	4132.85	4131.85
	FTSE techMARK 100	4701.33	4693.43
USA	DJ Composite	8807.51	8787.45
	DJ Industrial	26543.44	26492.21
	DJ Transport	11375.21	11311.14
	DJ Utilities	709.57	711.83
	Nasdaq 100	7607.72	7563.19
	Nasdaq Cmp	8037.01	8007.47
	NYSE Comp	13172.37	13160.60
	S&P 500	2922.71	2915.56
	Wilshire 5000	30348.26	30302.60
Venezuela	IBC	319701.28	304000.34
Vietnam	VNI	1009.61	1010.74
Cross-Border	DJ Global Titans ($)	328.15	327.11
	Euro Stoxx 50 (Eur)	3433.33	3419.78
	Euronext 100 ID	1066.18	1063.07
	FTSE 4Good Global ($)	7035.54	7025.03
	FTSE All World ($)	348.08	347.40
	FTSE E300	1509.58	1505.56
	FTSE Eurotop 100	2890.11	2881.90
	FTSE Global 100 ($)	1813.05	1807.54
	FTSE Gold Min ($)	1203.95	1194.16
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2059.26	2056.67
	FTSE World ($)	619.68	618.62
	FTSEurofirst 100 (Eur)	4212.63	4198.62
	FTSEurofirst 80 (Eur)	4820.10	4807.80
	MSCI ACWI Fr ($)	526.09	525.87
	MSCI All World ($)	2194.20	2193.01
	MSCI Europe (Eur)	1593.37	1586.23
	MSCI Pacific ($)	2810.89	2801.09
	S&P Euro (Eur)	1619.91	1616.12
	S&P Europe 350 (Eur)	1553.66	1549.92
	S&P Global 1200 ($)	2443.50	2438.44
	Stoxx 50 (Eur)	3079.15	3067.31

(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
Amazon.com	37.4	1988.24	13.69
Netflix	23.5	378.48	9.05
Fortive	23.0	85.70	-0.30
Apple	19.6	222.85	0.66
Facebook	[illegible]	[illegible]	[illegible]
Advanced Micro Devices	[illegible]	[illegible]	[illegible]
Nike	[illegible]	[illegible]	[illegible]
Nvidia	[illegible]	[illegible]	[illegible]
Alphabet	[illegible]	[illegible]	[illegible]
Microsoft	[illegible]	[illegible]	[illegible]

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Alexion Pharmaceuticals	[illegible]	[illegible]	[illegible]
Scana	36.77	1.52	4.31
Ebay	34.06	1.30	3.95
Foot Locker	49.71	1.75	3.65
Viacom	33.59	1.11	3.42
Downs			
Eqt	45.07	-1.86	-3.96
Cintas	204.97	-7.99	-3.75
Ipg Photonics	156.14	-5.32	-3.29
Arista Networks	266.55	-8.01	-2.92
Cabot Oil & Gas	22.61	-0.63	-2.71

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Sky	216.0	1730.50	4.50
Bp	180.8	586.00	-0.70
British American Tobacco	179.5	3552.00	12.00
Rio Tinto	169.3	3886.00	-71.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Ferrexpo	202.00	9.05	4.69
Just	82.60	3.55	4.49
Rank	175.00	6.60	3.92
Tui Ag	1438.00	46.00	3.30
Downs			
Indivior	215.00	-42.40	-16.47
Aa	103.15	-16.35	-13.68
Hochschild Mining	160.40	-9.25	-5.45
Bca Marketplace	200.50	-11.00	-5.20
Talktalk Telecom	121.30	-6.50	-5.09

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Total	410.1	55.43	-0.16
Basf Se Na O.n.	296.3	78.72	-1.11
Bayer Ag Na O.n.	293.7	76.46	0.86
Intesa Sanpaolo	276.5	2.43	-0.04

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Bouygues	37.50	0.97	2.66
Kerry Grp A Eo-,125	94.35	2.25	2.44
Air Liquide	112.40	2.50	2.27
Luxottica	58.22	1.14	2.00
Downs			
Getinge Ab Ser. B	10.02	-0.37	-3.53
Kone	44.78	-1.57	-3.39
Sodexo	90.14	-2.24	-2.42
Iliad	112.95	-2.70	-2.33
Thyssenkrupp Ag O.n.	20.07	-0.47	-2.29

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Sony	598.3	6768.00	110.00
Softbank .	596.0	11065.00	140.00
Toyota Motor	562.4	7030.00	-92.00
Takeda Pharmaceutical	490.9	4835.00	78.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Sumitomo Osaka Cement Co.,	4955.00	4452.00	885.09
Hitachi,	3894.00	3116.20	400.64
Gs Yuasa	2834.00	2266.00	398.94
Fukuoka Fin,.	3230.00	2580.00	396.92
Downs			
Teijin	2139.00	-116.00	-5.14
Suzuki Motor	6578.00	-307.00	-4.46
Nissan Motor Co.,	1054.50	-45.50	-4.14
Nsk	1295.00	-42.00	-3.14
Matsui Securities Co.,	1190.00	-38.00	-3.09

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Sep 26 price(p)	%Chg week	%Chg ytd
Winners			
Randgold Resources Ld	5322.00	10.2	-28.5
Sky	1730.50	9.5	70.3
Evraz	559.20	6.0	57.7
Bp	586.00	5.9	13.2
Losers			
Smurfit Kappa	3006.00	-4.6	21.7
Burberry	2015.00	-4.5	13.0
Easyjet	1361.50	-4.5	-9.3
Smiths	1498.50	-4.2	1.5
Gvc Holdings	958.00	-4.1	1.4
Int Consolidated Airlines S.a.	659.60	-4.0	-1.4
London Stock Exchange	4585.00	-3.7	22.5
Persimmon	2374.00	-2.0	-13.7
Severn Trent	1815.00	-1.7	-15.1
Standard Life Aberdeen	316.00	-1.6	-25.7
Bae Systems	626.20	-1.6	8.8

FTSE 250	Sep 26 price(p)	%Chg week	%Chg ytd
Winners			
Ferrexpo	202.00	17.5	-33.3
Just	82.60	16.0	-50.0
Udg Healthcare	697.00	10.5	-16.8
Games Workshop	3990.00	10.5	57.4
Losers			
Indivior	215.00	-20.5	-46.6
Aa	103.15	-15.6	-41.6
Ig Holdings	733.50	-15.1	0.6
Talktalk Telecom	121.30	-10.2	-19.1
Wizz Air Holdings	2868.00	-9.2	-22.5
Serco	88.35	-8.5	-10.3
Plus500 Ltd	1408.00	-7.9	-
Crest Nicholson Holdings	347.00	-7.6	-36.4
Genus	2370.00	-7.6	-4.7
Spire Healthcare	152.00	-7.3	-38.9
Bca Marketplace	200.50	-5.9	-2.4

FTSE SmallCap	Sep 26 price(p)	%Chg week	%Chg ytd
Winners			
Fidelity Japan Trust	161.50	6.3	7.0
Press Private Equity Holding	935.00	3.1	-1.2
Jpmorgan Chinese Investment Trust	260.00	6.6	-15.9
Gulf Marine Services	47.50	4.9	5.3
Losers			
Cmc Markets	146.60	-10.3	-4.9
Mitie	139.80	-10.1	-26.8
Alfa Fin Software Holdings	144.00	-7.2	-73.4
Renewi	60.20	-5.3	-41.6
Mcbride	148.00	-5.7	-34.5
Kainos	418.00	-5.0	25.9
Avon Rubber	1305.00	-5.4	10.6
Motorpoint	218.00	-4.4	1.4
Menzies(john)	556.00	-4.3	-17.6
Costain	416.00	-4.1	-10.0
Mears	355.00	-4.1	-11.9

Industry Sectors	Sep 26 price(p)	%Chg week	%Chg ytd
Winners			
Industrial Metals	5102.17	7.6	32.3
Oil & Gas Producers	9782.80	5.2	8.4
Mining	17775.77	4.8	-5.0
Life Insurance	8465.33	4.3	-5.5
Losers			
General Industrials	6644.07	-2.3	4.1
Fixed Line Telecommunication	2604.77	-1.7	-
General Financial	10887.77	-1.3	-1.7
Gas Water & Multiutilities	4644.63	-1.1	-
Mobile Telecommunications	3730.04	-1.0	-
Construction & Materials	6146.51	-1.0	-6.2
Aerospace & Defense	5509.16	-0.7	12.6
Real Estate Investment Trusts	2945.08	-0.7	-7.0
Household Goods	17276.64	-0.1	-7.3
Travel & Leisure	9962.23	0.3	-2.4
Chemicals	16507.69	0.3	16.6

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

CURRENCIES

Sep 26	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	38.8250	-0.4750	45.6115	-0.7033	51.1852	-0.5451
Australia	Australian Dollar	1.3777	-0.0011	1.6185	-0.0064	1.8163	0.0014
Bahrain	Bahrainin Dinar	0.3770	-	0.4429	-0.0014	0.4970	0.0008
Bolivia	Bolivian Boliviano	6.9100	-	8.1179	-0.0255	9.1098	0.0143
Brazil	Brazilian Real	4.0591	-0.0709	4.7686	-0.0986	5.3513	-0.0849
Canada	Canadian Dollar	1.2969	0.0019	1.5235	-0.0026	1.7097	0.0052
Chile	Chilean Peso	663.1250	-6.0100	779.0381	-9.5341	874.2354	-6.5415
China	Chinese Yuan	6.8738	-0.0015	8.0753	-0.0272	9.0621	0.0122
Colombia	Colombian Peso	2998.6650	-1.3800	3522.8274	-12.7104	3953.3114	4.3759
Costa Rica	Costa Rican Colon	578.2900	-0.6950	679.3741	-2.9568	762.3926	0.2794
Czech Republic	Czech Koruna	21.8489	0.1102	25.6680	0.0491	28.8046	0.1902
Denmark	Danish Krone	6.3495	0.0199	7.4594	0.0000	8.3710	0.0393
Egypt	Egyptian Pound	17.9120	0.0280	21.0430	-0.0332	23.6144	0.0738
Hong Kong	Hong Kong Dollar	7.8112	0.0020	9.1766	-0.0266	10.2979	0.0187
Hungary	Hungarian Forint	275.5235	0.3262	323.6845	-0.6341	363.2383	0.9983
India	Indian Rupee	72.5550	-0.0950	85.2375	-0.3802	95.6534	0.0248
Indonesia	Indonesian Rupiah	14907.5000	-12.5000	17513.3189	-69.8407	19653.4314	14.3583
Israel	Israeli Shekel	3.5879	0.0047	4.2151	-0.0078	4.7301	0.0135
Japan	Japanese Yen	113.0400	0.1700	132.7992	-0.2175	149.0271	0.4572
..One Month		113.0397	0.1694	132.7992	-0.2175	149.0269	0.4569
..Three Month		113.0392	0.1685	132.7992	-0.2174	149.0267	0.4564
..One Year		113.0365	0.1631	132.7994	-0.2171	149.0269	0.4552
Kenya	Kenyan Shilling	100.9000	0.1500	118.5371	-0.1962	133.0222	0.4058
Kuwait	Kuwaiti Dinar	0.3027	-	0.3556	-0.0011	0.3991	0.0006
Malaysia	Malaysian Ringgit	4.1410	0.0055	4.8648	-0.0088	5.4593	0.0158
Mexico	Mexican Peson	18.9273	-0.0745	22.2357	-0.1578	24.9529	-0.0590
New Zealand	New Zealand Dollar	1.5038	0.0006	1.7666	-0.0049	1.9825	0.0039
Nigeria	Nigerian Naira	364.6250	0.8750	428.3608	-0.3167	480.7059	1.9047
Norway	Norwegian Krone	8.1143	0.0046	9.5327	-0.0246	10.6975	0.0228
Pakistan	Pakistani Rupee	124.1800	-	145.8864	-0.4590	163.7135	0.2564
Peru	Peruvian Nuevo Sol	3.3044	-0.0013	3.8819	-0.0137	4.3563	0.0051
Philippines	Philippine Peso	54.3225	-0.0005	63.8180	-0.2014	71.6164	0.1115
Poland	Polish Zloty	3.6396	0.0009	4.2758	-0.0125	4.7983	0.0086
Romania	Romanian Leu	3.9654	0.0099	4.6585	-0.0029	5.2277	0.0213
Russia	Russian Ruble	65.9425	0.2025	77.4691	-0.0051	86.9357	0.4027
Saudi Arabia	Saudi Riyal	3.7508	0.0004	4.4064	-0.0133	4.9448	0.0083
Singapore	Singapore Dollar	1.3650	-0.0005	1.6036	-0.0056	1.7996	0.0022
South Africa	South African Rand	14.2013	-0.1775	16.6836	-0.2617	18.7223	-0.2043
South Korea	South Korean Won	1115.2500	-	1310.1937	-4.1227	1470.2976	2.3032
Sweden	Swedish Krona	8.8143	0.0241	10.3550	-0.0042	11.6204	0.0499
Switzerland	Swiss Franc	0.9680	0.0041	1.1372	0.0013	1.2762	0.0074
Taiwan	New Taiwan Dollar	30.6925	0.0395	36.0575	-0.0669	40.4637	0.1154
Thailand	Thai Baht	32.4550	0.0250	38.1281	-0.0905	42.7873	0.0999
Tunisia	Tunisian Dinar	2.7785	0.0053	3.2641	-0.0040	3.6630	0.0128
Turkey	Turkish Lira	6.0988	-0.0875	7.1649	-0.1257	8.0404	-0.1026
United Arab Emirates	UAE Dirham	3.6731	-0.0001	4.3151	-0.0137	4.8424	0.0075
United Kingdom	Pound Sterling	0.7585	-0.0012	0.8911	-0.0042	-	-
..One Month		0.7587	-0.0012	0.8910	-0.0042	-	-
..Three Month		0.7591	-0.0012	0.8908	-0.0042	-	-
..One Year		0.7610	-0.0012	0.8899	-0.0042	-	-
United States	United States Dollar	-	-	1.1748	-0.0037	1.3184	0.0021
..One Month		-	-	1.1745	-0.1415	1.3185	0.0021
..Three Month		-	-	1.1739	-0.1415	1.3189	0.0021
..One Year		-	-	1.1709	-0.1415	1.3208	0.0021
Venezuela	Venezuelan Bolivar Fuerte	248519.9500	-	291960.7970	-918.6784	327637.9660	513.2079
Vietnam	Vietnamese Dong	23348.5000	3.0000	27429.8003	-82.7867	30781.7329	52.2141
European Union	Euro	0.8512	0.0027	-	-	1.1222	0.0053
..One Month		0.8509	0.0027	-	-	1.1221	0.0053
..Three Month		0.8503	0.0026	-	-	1.1219	0.0053
..One Year		0.8473	0.0027	-	-	1.1209	0.0053

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

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Sep 26	Day's chge%	Euro Index	£ Strlg Sep 25	£ Strlg Sep 24	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7511.49	0.05	6564.64	7507.56	7458.41	7313.51	4.00	2.00	12.47	248.42	6586.09
FTSE 250 (250)	20436.48	-0.12	17860.39	20461.06	20488.07	19569.45	2.83	2.23	15.88	419.58	15339.89
FTSE 250 ex Inv Co (197)	21797.92	-0.13	19050.21	21826.18	21862.57	20963.51	2.95	1.93	17.53	466.41	16709.04
FTSE 350 (350)	4185.70	0.02	3658.08	4184.70	4162.76	4063.63	3.81	2.03	12.93	129.53	7351.11
FTSE 350 ex Investment Trusts (296)	4142.52	0.03	3620.34	4141.48	4119.06	4028.27	3.87	1.98	13.04	130.32	3750.32
FTSE 350 Higher Yield (103)	3792.61	-0.09	3314.54	3796.08	3764.87	3747.99	5.31	1.83	10.28	153.85	7088.14

FT 30 INDEX

	Sep 26	Sep 25	Sep 24	Sep 21	Sep 20	Yr Ago	High	Low
FT 30	3188.90	3186.30	3180.50	3201.70	3183.30	0.00	3384.10	2974.50
FT 30 Div Yield	1.91	1.92	1.92	1.90	1.92	0.00	3.93	2.74
P/E Ratio net	23.34	23.25	23.28	23.51	23.20	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
3186.3	3183.3	3181.3	3185.2	3184	3180.5	3179.1	3181.9	3185.2	3188.9	3178.2

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

FX: EFFECTIVE INDICES

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Tech Hardware & Eq	47.68	Industrial Eng	3.53	Financials	-5.41
Automobiles & Parts	43.93	Personal Goods	3.23	Real Est Invest & Tr	-5.49
Industrial Metals &	28.61	Nonlife Insurance	2.66	Life Insurance	-5.69
Food & Drug Retailer	21.04	Consumer Services	1.75	Household Goods & Ho	-6.76
Leisure Goods	18.39	Electronic & Elec Eq	1.05	Gas Water & Multi	-7.86
Oil Equipment & Serv	17.81	Health Care Eq & Srv	0.57	Utilities	-8.60
Chemicals	17.17	Financial Services	-0.25	General Retailers	-9.23

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	952.60	-3.40	London Stock Exchange Group PLC	4585	1.00
Admiral Group PLC	2090	19.00	Marks And Spencer Group PLC	287.10	1.10
Anglo American PLC	1725.2	-27.60	Melrose Industries PLC	208.40	-5.70
Antofagasta PLC	862.00	-12.80	Micro Focus International PLC	1363	11.50
Ashtead Group PLC	2384	18.00	Mondi PLC	2117	-7.00
Associated British Foods PLC	2288	4.00	Morrison (Wm) Supermarkets PLC	261.05	0.50

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
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UK COMPANY RESULTS

UK RECENT EQUITY ISSUES

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

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Australia (A$)							
ANZ	27.96	-0.26	30.80	26.08	5.68	11.62	58319.19
BHPBilltn	34.50	0.40	35.29	25.54	3.83	20.13	80426.33
CmwBkAu♦	70.18	-0.62	82.66	67.22	6.23	13.27	89646.35
CSL♦	202.99	-1.92	232.69	132.08	0.96	38.75	66697.72
NatAusBk	27.45	-0.15	32.98	25.90	7.16	12.29	54475.77
Telstra♦■	3.19	0.02	3.79	2.60	7.33	10.46	27538.34
Wesfarmers♦	49.75	0.33	52.77	40.29	4.56	21.30	40944
Westpc	27.81	-0.07	33.68	27.24	6.71	11.85	69334.19
Woolworths♦■	28.08	0.35	31.48	24.45	3.37	22.43	26767.91
Belgium (€)							
AnBshInBv	76.70	-0.28	107.40	75.34	4.79	22.56	152573
KBC Grp	66.76	-0.08	78.80	60.80	4.46	12.33	32618.65
Brazil (R$)							
Ambev	18.72	0.32	24.56	17.79	3.04	35.54	72508.34
Bradesco	25.62	0.34	36.80	22.33	1.59	8.85	21207
Cielo	12.68	0.14	28.25	12.31	9.02	7.39	8486.92
ItauHldFin	37.84	0.85	45.81	33.50	2.42	9.92	30814.98
Petrobras	23.24	-0.03	31.80	15.50	0.23	22.93	42611.1
Vale	60.14	-2.06	62.42	30.73	1.87	15.78	41929.8
Canada (C$)							
BCE♦	52.63	0.64	62.90	51.70	5.51	17.53	36443.84
BkMontrl	108.06	0.95	109.00	92.50	3.45	14.59	53319.67
BkNvaS	77.80	0.69	85.50	73.91	4.14	11.53	73893.44
Brookfield♦	57.96	0.34	58.19	46.71	1.30	16.89	44345.35
CanadPcR	273.64	0.95	277.25	204.93	0.84	17.73	30083.58
CanImp	123.83	0.60	125.21	108.38	4.25	10.83	42326
CanNatRs♦	43.24	0.67	49.08	36.88	2.78	20.52	40713.37
CanNatRy♦	116.23	2.26	118.29	90.84	1.47	15.74	65657.34
Enbridge	42.39	-0.52	52.59	37.36	5.95	29.70	56074.52
GtWesLif♦	31.74	0.09	36.65	30.17	4.69	12.59	24194.8
ImpOil♦	42.43	0.33	44.91	33.43	1.55	37.81	26035.48
Manulife	23.66	0.18	27.77	22.68	3.54	24.28	36207.63
Potash	25.78	-0.05	26.41	20.68	6.78	14.75	16841.05
RylBkC	104.77	0.34	108.52	94.25	3.54	13.00	116441.28
Suncor En	50.70	0.51	55.47	40.49	2.64	19.22	63636.64
ThmReut	59.03	-0.17	61.11	46.69	3.03	21.50	31975.34
TntoDom	79.29	0.32	80.05	69.16	3.21	13.54	111803.36
TrnCan	53.34	0.08	65.18	50.28	4.85	16.03	37317.74
ValeantPh	30.80	-1.06	36.02	14.01	-	-4.99	8158.48
China (HK$)							
AgricBkCh	3.86	0.07	5.02	3.49	5.50	5.46	15189.9
Bk China	3.49	0.03	4.96	3.31	6.03	5.11	37361.6
BkofComm	5.80	0.05	7.13	5.33	5.88	5.30	25997.01
BOE Tech	1.20	-0.01	1.78	1.19	-	27.42	30.57
Ch Coms Cons	7.93	0.08	10.24	6.96	3.78	5.39	4494.84
Ch Evrbrght	3.54	0.02	4.76	3.14	6.18	5.37	5746
Ch Rail Cons	10.26	0.18	10.40	7.53	1.82	7.45	2727.21
Ch Rail Gp	7.47	-0.06	7.67	5.25	1.37	8.43	4023.61
ChConstBk	6.85	0.07	9.39	6.33	-	-	210833.97
China Vanke	26.60	-0.50	42.85	22.00	3.48	8.34	4477.91
ChinaCitic	5.00	0.07	6.82	4.61	6.18	4.83	9526.22
ChinaLife	17.70	0.14	28.20	16.42	2.75	11.84	16861.55
ChinaMBank	31.70	0.65	39.50	26.40	3.18	9.01	18631.16
ChinaMob♦	75.70	0.20	84.05	67.85	4.14	11.22	198432.21
ChinaPcIns	29.85	0.95	42.40	26.60	3.26	14.01	10605.64
ChMinsheng	5.74	0.10	7.79	5.29	3.64	3.83	6114.09
ChMrchSecs RMB	12.94	0.07	22.35	12.27	1.51	19.52	9231.26
Chna Utd Coms RMB	5.57	0.03	8.44	4.63	0.37	80.24	17176.03
ChShenEgy	18.38	0.40	25.75	16.04	6.10	7.11	7996.97
ChShpbldng RMB	4.30	-	6.83	3.81	-	69.17	11486.32
ChStConEng RMB	5.43	0.02	7.75	4.93	2.93	6.81	32881.6
ChUncHK	9.18	0.03	12.28	8.83	0.67	48.74	35960.14
CNNC Intl RMB	6.01	-0.02	7.93	5.43	1.90	20.01	13609.32
CSR	7.09	0.07	8.82	5.81	2.50	15.44	3967.49
Daqin RMB	8.10	0.05	10.48	7.76	6.01	8.32	17518.88
Gree Elec Apl	0.03	0.00	0.08	0.03	-	-0.68	57.55
GuosenSec RMB	8.36	0.09	14.13	7.96	1.86	19.68	9972.92
HaitongSecs	7.51	0.19	13.58	6.60	3.72	9.81	3278.1
Hngzh HikVDT RMB	29.00	0.40	44.59	26.39	1.79	25.08	33359.27
Hunng Pwr	5.12	0.07	6.18	4.55	2.25	22.89	3080.96
IM Baotou Stl RMB	1.52	0.03	2.75	1.44	-	23.14	7004.78
In&CmBkCh	5.73	0.09	7.64	5.32	5.03	6.01	63668.64
IndstrlBk RMB	15.70	0.19	19.98	13.73	4.29	5.45	43516.3
Kweichow RMB	724.93	27.91	803.50	506.07	1.57	27.82	132482.12
Midea	1.57	-0.02	1.90	1.40	3.10	14.74	43.22
New Ch Life Ins	37.65	1.10	57.85	30.25	1.48	12.54	4984.4
PetroChina♦■	6.27	0.29	6.74	4.90	1.06	26.76	16935.88
PingAnIns♦	79.15	0.70	98.85	58.85	3.04	11.57	75465.48
PngAnBnk RMB	10.71	0.16	15.24	8.45	1.53	7.66	26752.79
Pwr Cons Corp RMB	5.35	-	8.19	5.10	3.45	10.68	8673.91
SaicMtr RMB	31.70	0.28	37.66	27.50	-	9.55	53050.5
ShenwanHong	0.13	-	0.30	0.09	-	3.95	143.00
ShgPdgBk RMB	10.41	0.06	14.00	9.17	-	5.52	42561.75
Sinopec Corp	7.74	0.18	8.35	5.40	10.16	12.20	25280.76
Sinopec Oil RMB	2.06	0.02	3.17	1.82	-	-3.50	3609.07
Denmark (kr)							
DanskeBk	172.55	2.55	253.70	160.35	5.76	7.97	24347.67
MollerMrsk	9186	-104.00	12520	7520	1.68	-68.99	14554.67
NovoB	301.30	-5.50	354.80	278.15	2.59	18.98	90755.33
Finland (€)							
Nokia	4.72	-0.02	5.39	3.81	4.00	-22.63	31200.59
SampoA	44.34	-0.18	48.92	40.80	5.82	10.39	28866.07
France (€)							
Airbus Grp	108.48	3.40	111.16	76.17	1.37	37.18	98932.73
AirLiquide	112.40	2.50	113.10	97.12	2.34	20.94	56553.48
AXA	23.70	0.22	27.69	20.50	5.28	9.74	67459.52
BNP Parib	54.63	-0.05	69.17	50.06	5.49	9.54	80211.11
ChristianDior	368.30	2.00	383.80	266.55	1.35	26.30	78101.67
Cred Agr	12.95	0.06	15.05	11.11	4.83	11.31	43595.47
Danone	66.92	0.67	72.13	62.58	2.82	16.02	53857.33
EDF	15.32	-0.28	15.74	9.83	2.98	19.78	54160.83
Engie SA	12.41	0.16	15.16	12.13	5.60	26.60	35490.31
Esslr Intl	126.50	2.25	127.60	100.60	1.20	37.71	32568.17
Hermes Intl	560.20	1.20	614.60	417.90	0.67	48.40	69477.55
LOreal	205.50	1.70	214.90	170.30	1.71	28.83	135259.57
LVMH	305.95	2.05	313.70	229.70	1.62	25.86	181522.22
Orange	13.76	0.08	15.24	13.32	4.69	20.39	43000.4
PernodRic	138.45	1.45	147.75	115.80	1.45	22.67	43171.04
Renault	74.37	0.30	100.80	69.76	4.74	4.39	25837.18
Safran	120.95	0.45	121.95	81.04	0.68	12.78	63043.4
Sanofi	75.49	0.88	86.39	62.88	3.98	29.37	111001.63
Sant Gbn	37.30	0.01	51.40	35.15	3.46	10.24	24215.04
Schneider	69.62	0.16	78.56	64.02	0.27	17.48	47352.51
SFR Group	34.50	-	34.56	21.87	-	-23.02	17905.81
SocGen	38.16	0.09	49.87	34.91	5.72	12.02	36219.19
Total	55.43	-0.16	56.27	43.09	4.53	17.16	173619.54
UnibailR	190.00	0.35	236.45	177.35	5.43	8.02	22215.04
Vinci	82.20	0.04	88.80	77.56	2.96	15.37	57690.81
Vivendi	22.53	0.32	24.87	20.26	1.98	24.14	34558.59
Germany (€)							
Allianz	195.86	1.12	206.85	170.12	3.87	12.91	97666.46
BASF	78.72	-1.11	98.80	75.52	3.80	11.96	84941.02
Bayer	76.46	0.86	118.04	69.40	3.58	19.65	83766.55
BMW	79.03	0.03	97.50	76.50	5.02	6.15	55891.82
Continental	151.70	-1.20	257.40	146.60	2.94	10.03	35644.44
Daimler	54.83	0.09	76.48	53.45	6.61	6.20	68912.71
Deut Bank	10.24	-0.14	17.13	8.76	1.07	-12.29	24867.99
Deut Tlkm	13.97	0.13	15.88	12.72	4.62	20.11	78144.73
DeutsPost	31.08	-0.46	41.36	27.23	3.67	15.35	44863.47
E.ON	8.96	0.10	10.81	7.88	3.32	7.21	23179.53
Fresenius Med	88.84	0.38	93.82	79.28	1.18	13.94	32157.26
Fresenius SE	63.00	0.92	72.76	58.96	1.18	17.73	41060.09
HenkelKgaA	91.15	-0.70	110.65	90.45	1.93	16.40	27819.69
Linde	178.90	-1.25	199.40	159.70	3.88	20.63	39035.8
MuenchRkv	192.05	1.20	200.30	174.85	4.44	42.81	33738.87
SAP	107.80	0.80	108.52	82.05	1.29	30.51	155581.77
Siemens	111.50	-0.08	125.95	99.78	3.29	14.48	111341.5
Volkswgn	149.30	0.80	191.80	132.40	2.59	6.59	51757.98
Hong Kong (HK$)							
AIA♦	68.10	1.20	75.00	57.05	1.28	17.55	105285.15
BOC Hold♦	37.30	0.90	42.15	35.15	3.47	12.75	50487.03
Ch OSLnd&Inv♦	25.15	-0.15	32.20	22.50	3.16	6.55	35276.12
ChngKng	59.80	0.20	75.30	54.05	2.83	5.57	28275.46
Citic Ltd♦	11.20	0.08	12.80	10.22	3.20	7.77	41710.78
Citic Secs	13.94	0.22	22.95	12.56	3.46	11.96	4065.95
CK Hutchison	90.45	0.55	107.00	80.60	3.13	9.44	44653.46
CNOOC♦	14.84	0.62	14.98	9.80	3.28	16.58	84823.02
HangSeng	209.00	2.40	216.80	175.00	3.23	17.86	51154.12
HK Exc&Clr	227.00	3.00	18396.39	207.40	2.37	31.58	36344.42
MTR♦	40.75	-0.05	7506.18	39.35	2.73	14.96	31844.46
SandsCh	35.70	-0.45	49.35	31.40	5.55	19.43	36930.4
SHK Props	115.90	-0.10	139.60	109.70	3.44	6.37	42987.06
Tencent	330.00	2.20	476.60	305.20	0.26	33.51	402306.81
India (Rs)							
Bhartiartl	361.30	-	564.80	331.00	1.12	165.09	19905.73
HDFC Bk	1968.2	-	2220	1757.85	0.70	26.29	73648.16
Hind Unilevr	1610.75	-	1808.65	1169	1.17	64.01	48055.98
HsngDevFin	1767.45	-	2052.95	1638	1.09	17.10	41251.91
ICICI Bk	313.10	-	365.70	255.00	0.76	25.19	27764.57
Infosys	717.85	-	748.50	447.15	2.51	17.85	43220.21
ITC	293.15	-	322.95	250.00	1.69	30.48	49436.62
L&T	1332.65	-	1470	1123.2	2.20	24.28	25748.98
OilNatGas	180.60	-	212.85	151.80	3.50	10.03	31943.85
RelianceIn	1251.4	-	1329	779.10	0.97	19.24	109322.3
SBI NewA	263.85	-	351.30	232.35	-	-18.11	32454.71
SunPhrmInds♦	639.85	-	679.30	435.00	0.58	40.45	21159.24
Tata Cons	2142.15	-	2211.9	1210.75	1.06	28.51	113036.77
Indonesia (Rp)							
Bk Cent Asia	22300	200.00	24700	16800	-	-	38879.26
Israel (ILS)							
TevaPha	88.48	1.87	94.75	38.20	0.69	-2.44	25204.26
Italy (€)							
Enel	4.61	0.01	5.59	4.22	4.20	11.91	55072.8
ENI	16.60	0.05	16.89	13.22	4.78	17.79	70855.53
Generali	15.53	0.03	17.13	13.86	5.43	10.50	28485.41
IntSPaolo	2.43	-0.04	3.35	2.11	3.26	9.65	50028.72
Luxottica	58.22	1.14	58.60	45.32	1.72	27.94	33181.35
Unicred	14.14	-0.19	18.25	12.35	2.25	9.25	37036.43
Japan (¥)							
AstellasPh	1969	9.50	2056	1379.5	1.86	21.92	34485.77
Bridgestone	4326	9.00	5605	3906	3.77	11.05	29143.72
Canon	3618	34.00	4472	3368	4.37	15.19	42688.93
CntJpRwy	23925	250.00	24390	19105	0.60	11.50	43600.05
Denso	5847	-25.00	7218	5128	2.27	13.93	41073.24
EastJpRwy	10710	-85.00	11015	9470	1.33	14.39	36175.83
Fanuc	22200	-295.00	33450	20420	2.59	22.72	40071.7
FastRetail	56280	900.00	59490	32660	0.69	37.82	52811.62
Fuji Hvy Ind	3316	-84.00	4114	3047	4.43	13.60	22563.58
Hitachi	3894	3116.2	4721	3460.5	0.39	45.79	166503.05
HondaMtr	3427	-89.00	4151	3107	3.06	5.48	54916.53
JapanTob	2959.5	7.50	3902	2784.5	4.99	13.59	52362
KDDI	3113	-30.00	3260	2551.5	2.95	12.78	69728.67
Keyence	64180	140.00	72400	56900	0.16	34.91	69042.24
MitsbCp	3512	-82.00	3605	2537	3.19	8.47	49001.59
MitsubEst	1979	42.50	2218	1682	1.34	21.09	24353.02
MitsubishiEle	1557.5	4.50	2179	1385.5	2.62	12.49	29584.81
MitsuiFud	2765	16.00	3082	2382.5	1.41	16.76	24250.62
MitUFJFin	716.30	-11.40	894.40	607.60	2.70	7.44	87621.26
Mizuho Fin	199.20	-5.00	220.70	183.90	3.84	8.00	44746.92
Murata Mfg	18340	455.00	20255	13680	1.44	25.24	36548.81
NipponTT	5248	-38.00	5905	4945	2.52	12.39	97327.29
Nissan Mt	1054.5	-45.50	1197	999.50	5.12	5.56	39373.19
Nomura	545.30	-8.50	756.50	492.90	3.74	11.24	17576.4
Nppn Stl	2391.5	-32.00	2630	2246	2.55	9.41	20105.22
NTTDCMo	3060	-35.00	3095	2552	2.88	16.14	102387.06
Panasonic	1348.5	20.00	1800	1240	2.27	12.62	29263.48
Seven & I	5085	35.00	5100	4275	1.82	22.93	39875.78
ShnEtsuCh	10050	35.00	13175	9103	1.42	14.70	38017.05
Softbank	11065	140.00	11250	7540	0.41	9.17	107738.91
Sony	6768	110.00	6780	4039	0.41	13.50	76000.29
SumitomoF	4594	-112.00	5333	4166	3.77	8.41	56872.35
Takeda Ph	4835	78.00	6693	4203	3.79	31.08	33991.25
TokioMarine	5643	-100.00	5695	4351	2.89	13.66	37341.66
Toyota	7030	-92.00	7806	6531	3.19	8.09	202927.05
Mexico (Mex$)							
AmerMvl	15.46	-0.10	18.44	15.21	1.87	-277.83	36672.03
FEMSA UBD	182.56	0.54	189.49	158.17	1.41	17.76	20845.32
WalMrtMex	56.60	0.37	57.60	41.21	1.14	29.46	52216.58
Netherlands (€)							
Altice	2.29	0.04	17.94	2.06	-	-32.87	3632.64
ASML Hld	161.54	-0.72	189.50	136.10	0.86	30.09	81109.44
Heineken	81.72	0.10	93.54	79.60	1.66	24.20	55298.85
ING	11.56	-0.06	16.69	10.70	5.75	8.89	52859.66
Unilever	47.69	0.30	52.31	42.13	3.05	22.15	96069.56
Norway (Kr)							
DNB	171.75	-1.40	174.15	138.90	4.11	12.22	33958.58
Equinor	231.00	-3.40	234.60	157.10	3.13	20.66	95045.86
Telenor	162.15	-0.80	191.70	155.15	4.72	15.16	29404.5
Qatar (QR)							
QatarNatBk	174.99	-0.01	182.00	115.01	3.22	13.32	44391.17
Russia (RUB)							
Gzprm neft	160.65	-0.19	162.00	119.70	5.26	4.72	57673.65
Lukoil	4830.5	-69.50	4908.5	2975.5	1.85	6.60	62306.49
MmcNrlskNckl	11905	-52.00	12144	8824	6.14	10.72	28569.02
Novatek	1103.4	-1.10	1179	661.40	1.42	20.14	50805.78
Rosneft	458.65	-1.35	464.50	281.65	2.40	10.15	73713.51
Sberbank	195.43	-0.12	285.00	165.90	3.31	4.95	63975.94
Surgutneftegas	27.47	0.17	30.92	26.86	2.35	2.94	14882.73
Saudi Arabia (SR)							
AlRajhiBank	86.70	2.20	92.40	61.80	4.33	16.18	37566.99
Natnlcombnk	43.85	0.95	49.95	30.43	3.00	14.39	35077.2
SaudiBasic	125.80	3.40	131.40	94.30	3.52	17.76	100631.94
SaudiTelec	84.00	2.00	93.40	65.10	4.75	16.42	44796.42
Singapore (S$)							
DBS	25.83	-0.01	31.28	20.41	3.60	12.42	48387.56
JardnMt US$	62.55	0.67	68.11	59.45	2.54	14.57	46058.4
JardnStr US$	36.72	0.34	44.69	34.03	0.88	12.68	40680.16
OCBC♦	11.39	-0.06	14.00	10.92	3.25	10.57	34968.19
SingTel	3.19	-0.01	3.90	3.02	5.48	9.68	38161.24
UOB	27.15	0.14	30.37	23.33	2.95	11.27	33391.22
South Africa (R)							
Firstrand	68.31	-1.33	77.25	50.79	4.13	13.47	26982.42
MTN Grp	86.04	3.88	140.00	69.07	8.42	45.20	11416.07
Naspers N	3181.44	-3.25	4142.99	2680.01	0.18	9.13	98270.08
South Korea (KRW)							
HyundMobis	223000	-1500.00	283000	197000	1.57	15.71	19464.41
KoreaElePwr	28750	50.00	43150	28650	2.75	-16.46	16549.17
SK Hynix	76700	-2400.00	97700	68200	1.30	3.95	50067.5
SmsungEl	47400	150.00	57520	43500	2.69	7.09	272832.08
Spain (€)							
BBVA	5.58	-0.02	7.73	5.12	4.27	10.81	43686.99
BcoSantdr	4.49	0.01	6.09	4.14	4.87	11.67	85020.91
CaixaBnk	4.00	-0.04	4.45	3.50	3.73	11.41	28079.8
Iberdrola	6.40	0.08	6.99	5.71	2.17	13.79	48101.92
Inditex	26.57	0.17	32.37	23.00	1.98	24.85	97284.39
Repsol	17.15	0.12	17.51	13.67	5.05	11.57	32159.37
Telefonica	6.89	0.11	9.27	6.59	5.76	12.39	42014.78
Sweden (SKr)							
AtlasCpcoB	236.80	-0.50	339.70	213.85	4.32	16.26	10483.4
Ericsson	79.44	-0.64	80.42	45.18	1.24	-9.67	27690.37
H & M	149.00	1.26	223.00	117.10	6.47	18.02	24691.71
Investor	412.40	-0.80	419.90	348.00	1.91	14.85	21311.02
Nordea Bk	97.46	0.94	111.30	82.92	7.17	11.43	44780.44
SEB	99.42	1.02	107.30	79.16	5.69	10.24	24476.52
SvnskaHn	110.70	-0.40	126.60	92.84	4.89	12.87	23974.42
Swedbank	218.40	0.60	226.30	177.15	5.86	12.10	28048.75
Telia Co	41.24	0.04	44.02	35.42	5.13	19.14	20259.43
Volvo	157.75	-0.55	171.30	136.00	2.65	12.81	29510.54
Switzerland (SFr)							
ABB	23.13	0.02	27.24	20.96	3.42	23.23	51807.1
CredSuisse	15.22	0.04	18.81	14.31	1.60	-53.90	40175.34
Nestle	80.80	0.88	86.40	72.92	2.83	31.20	255671.89
Novartis	83.64	0.46	88.30	71.64	3.44	14.69	220986.64
Richemont	80.56	0.56	99.02	78.42	2.18	33.37	43442.48
Roche	236.75	0.60	252.85	206.35	3.41	19.97	171830.29
Swiss Re	90.88	0.22	98.80	84.20	5.38	18.35	31791.05
Swisscom	448.10	3.20	530.60	427.00	4.78	15.69	23978.8
Syngent	453.40	0.90	471.20	402.50	-	-437.40	43035.76
UBS	15.94	0.01	19.77	14.82	3.97	45.47	63456.65
Zurich Fin	311.70	1.70	321.80	284.00	5.40	14.72	48734.69
Taiwan (NT$)							
Chunghwa Telecom	109.50	-	115.00	102.00	4.54	22.55	27675.86
Formosa PetChem	146.00	4.00	148.00	104.00	4.34	15.53	45313.66
HonHaiPrc	77.30	1.20	114.50	74.30	5.85	10.04	43502.95
MediaTek	241.50	-2.00	374.50	237.50	-	14.92	12522.67
TaiwanSem	263.50	-	268.00	210.00	3.05	19.26	222616.47
Thailand (THB)							
PTT Explor	54.25	0.25	59.50	40.60	3.61	12.54	47744.48
United Arab Emirates (Dhs)							
Emiratestele	16.00	-	18.15	15.75	4.99	15.73	37882.45
United Kingdom (p)							
AscBrFd	2288	4.00	3387	2186	1.79	17.33	23880.06
AstraZen	5843	50.00	6122	4544.5	3.56	36.56	97556.57
Aviva	494.80	3.70	554.60	471.20	5.54	17.86	26179.29
Barclays	175.60	0.48	220.10	168.34	1.71	439.00	39503.12
BP	586.00	-0.70	593.50	4.80	5.13	21.86	153975.68
BrAmTob	3552	12.00	5108	3457.5	5.57	1.95	107406.6
BSkyB	1730.5	4.50	1730.5	893.42	-	36.59	39217.93
BT	225.30	-0.50	290.70	201.25	6.84	11.04	29470.63
Compass	1671	2.00	1722	1396.5	2.03	23.37	36229.89
Diageo	2697.5	17.50	2885	2345.5	2.35	22.27	88374.88
GlaxoSmh	1538.6	3.40	1625	1236.4	5.20	46.07	99754.97
Glencore	338.00	-3.50	416.90	284.40	3.05	10.62	64277.37
HSBC	681.30	5.60	798.60	644.50	5.63	18.36	180115.26
Imperial Brands	2674	42.00	3330.5	2298	6.38	20.86	33621.96
LlydsBkg	60.74	-0.16	72.68	58.48	5.02	11.68	57711.66
Natl Grid	764.80	0.10	951.30	733.00	5.83	7.40	33898.48
Prudential	1805	4.00	1992.5	1658	2.62	20.73	61567.89
RBS	255.20	-1.20	304.20	238.40	-	44.00	40258.98
ReckittB	6824	44.00	7407.22	5255	2.41	13.99	63353.56
RELX	1571.5	3.00	1784	1539	2.46	17.93	41157.28
RioTinto	3886	-71.00	4541	3374.2	5.60	8.87	68712.37
RollsRoyce	990.40	0.80	1104.5	800.20	1.18	8.78	24283.96
RylDShlA	2633	20.50	2755	2168.5	5.40	14.73	159577.3
Shire	4572.5	57.00	4586.5	2940.5	0.58	11.43	55069.12
StandCh	636.50	1.20	12270.49	596.40	1.31	24.50	27664.43
Tesco	243.90	2.40	266.80	175.20	0.41	20.19	31403.26
Vodafone	166.94	-1.80	239.65	152.64	7.87	12.04	58705.31
WPP	1146	0.50	1474	1074	5.24	7.68	19128.87
United States of America ($)							
21stC Fox A♦	45.65	0.44	50.15	24.81	0.79	18.97	48117.53
3M	211.18	0.54	259.77	190.57	2.40	29.25	123881.03
AbbottLb	72.65	0.45	72.90	51.55	1.50	158.16	127451.3
Abbvie	94.95	1.17	125.86	83.19	3.10	23.54	143774.74
Accenture	173.59	0.77	175.64	132.27	1.52	28.08	117003.1
Adobe	269.24	1.40	277.61	145.39	-	62.62	131836.77
AEP	69.62	-0.19	78.07	62.71	3.51	17.83	34318.07
Aetna	202.18	0.55	206.66	149.69	0.99	19.10	66193.73
Aflac	47.34	-0.37	48.19	40.55	2.03	7.73	36343.83
AirProd	168.09	-0.75	175.17	150.11	2.44	25.12	36871.35
Alexion	135.01	6.02	144.91	102.10	-	-293.92	30088.21
Allergan	191.18	3.58	215.10	142.81	1.48	45.80	64894.98
Allstate	99.26	-0.54	105.36	88.29	1.67	10.46	34367.02
Alphabet	1196.48	2.59	1291.44	941.95	-	51.76	357641.86
Altria♦	61.10	0.39	74.38	53.91	4.45	11.02	115174.76
Amazon	1988.24	13.69	2050.5	943.30	-	157.77	969747.91
AmerAir	41.05	0.24	59.08	35.64	0.97	13.30	18903.9
AmerExpr	109.00	-0.87	111.77	87.54	1.28	28.35	93854.91
AmerIntGrp♦	54.23	-0.18	65.55	49.57	2.36	-7.88	48180.44
AmerTower	145.07	-0.63	155.28	130.37	1.98	57.65	63951.94
Amgen	208.14	1.68	208.90	163.31	2.37	56.18	134723.21
Anadarko	66.92	0.10	76.70	46.75	0.90	87.03	34268.06
Anthem	271.19	0.94	276.00	182.31	1.07	16.53	70496.84
Aon Cp	154.55	-1.26	156.88	130.87	0.96	46.48	37502.38
Apple	222.85	0.66	229.67	150.24	1.17	20.18	1076324.86
ArcherDan	49.57	-0.07	51.11	38.59	2.64	14.52	27746.18
AT&T	33.76	0.00	39.80	30.13	5.89	6.59	245157.86
AutomData	150.53	1.64	151.01	107.61	1.67	41.19	65847.82
Avago Tech	248.85	-0.80	285.68	197.46	2.55	9.09	102059.33
BakerHu	57.68	3.17	68.59	43.09	-	-101.47	24541.87
BankAm	30.58	-0.09	33.05	25.12	1.57	15.95	305410.71
Baxter	77.26	-0.20	78.38	60.78	0.87	46.61	41277.39
BB & T	50.16	-0.15	56.31	44.62	2.81	14.60	38846.26
BectonDick	262.59	0.42	263.80	192.59	1.13	104.77	70259.52
BerkshHat	326130	-2369.99	334560	270250	-	11.31	239551.29
Biogen	350.38	8.73	388.67	249.17	-	24.83	70581.55
BkNYMeln	52.30	-0.02	58.99	49.39	1.83	12.59	52292.1
BlackRock	478.38	-0.71	594.52	433.87	2.25	14.46	76341.74
Boeing	366.53	-0.70	374.48	251.17	1.71	23.09	210574.53
BrisMySq	61.97	0.15	70.05	49.96	2.56	258.58	101292.35
CapOne	97.38	-0.09	106.50	83.18	1.64	14.71	46589.03
CardinalHlth	53.81	0.48	75.75	48.14	3.46	66.53	16618.08
Carnival	67.35	0.75	72.70	56.45	2.65	17.34	35736.68
Caterpillar	153.62	-0.28	173.24	123.62	2.03	29.91	91416.16
CBS♦	56.63	0.08	61.59	47.54	1.27	16.02	19168.97
Celgene	88.96	1.39	147.17	74.13	-	24.41	62571.17
CharlesSch	51.39	-0.23	60.22	42.20	0.70	26.12	69431.12
Charter Comms	322.93	-0.44	396.64	250.10	-	9.28	74675.82
Chevron Corp	122.87	-0.50	133.88	108.02	3.58	19.38	235436.99
Chubb♦	134.42	-1.01	157.50	123.96	2.12	16.46	62268.95
Cigna	202.43	0.93	227.13	163.02	0.02	19.62	49264.29
Cisco	48.78	0.31	49.06	33.17	2.55	2428.27	222989.68
Citigroup	73.82	0.31	80.70	64.38	1.73	-32.57	185775.81
CME Grp	173.82	0.22	177.36	132.33	1.56	13.43	58204.27
Coca-Cola♦	45.83	0.15	48.62	41.45	3.31	88.25	194890.17
Cognizant	77.20	0.38	85.10	69.69	0.91	31.17	44791.15
ColgtPlm	67.64	0.30	77.91	61.28	2.40	27.01	58520.3
Comcast	35.47	0.07	44.00	30.43	1.96	7.03	162185.79
ConocPhil	77.73	-0.39	78.61	48.70	1.41	20.87	90323.86
Corning♦	35.79	0.28	35.56	26.11	1.87	-33.81	28990.44
Costco	235.02	2.09	245.16	154.11	0.87	34.73	103066.03
CrownCstle	109.78	0.09	114.97	98.85	3.73	116.96	45541.13
CSX	73.73	0.41	76.24	48.25	1.14	10.79	63320.1
CVS	78.31	0.70	83.88	60.14	2.55	26.86	79724.58
Danaher	108.66	0.64	108.89	83.81	0.55	28.86	76036.62
Deere	152.28	0.99	175.26	122.39	1.64	23.71	48984.44
Delphi	32.67	-0.45	60.39	31.83	1.04	9.13	2900.63
Delta	57.66	0.56	60.79	47.12	2.11	12.03	39862.16
Devon Energy	40.31	-1.10	46.54	29.83	0.64	-65.11	20509.73
DiscFinServ	76.04	-0.56	81.93	63.12	1.79	12.39	26741.05
Disney	115.58	1.95	117.90	96.80	1.45	14.56	171895.5
DominRes	69.35	-0.20	85.30	61.53	4.60	15.26	45338.65
DowDupont	67.15	-0.80	77.08	61.27	2.38	172.43	154939.66
DukeEner	78.70	-0.11	81.98	71.96	4.52	19.85	56092.32
Eaton	87.25	0.10	89.85	71.62	2.88	12.36	37805.43
eBay	34.06	1.30	46.99	32.60	-	-37.89	33699.11
Ecolab	156.95	-0.37	159.92	125.74	1.02	29.60	45343.43
Emerson	77.10	-0.11	78.75	61.76	2.51	23.68	48454.69
EOG Res	125.20	-0.44	131.60	94.87	0.55	18.80	72515.94
EquityResTP	65.95	-0.29	70.46	[illegible]	[illegible]	[illegible]	[illegible]
Exelon	42.61	0.03	46.55	35.57	3.15	10.78	41157.28
ExpScripts	94.33	0.25	96.45	55.80	-	17.41	53798.73
ExxonMb	86.25	-0.25	89.30	72.16	3.62	17.59	365166.14
Facebook	167.56	2.65	218.62	149.02	-	25.89	404101.03
Fedex	240.15	0.95	274.66	214.17	1.18	13.38	63283.33
FordMtr	9.32	-0.07	13.48	9.22	6.43	5.52	36472.54
Franklin	31.61	-0.02	46.39	29.76	2.85	26.03	16660.31
GenDyn	202.56	-0.92	230.00	184.21	1.75	20.51	60167.09
GenElectric	11.33	0.06	25.05	11.21	2.72	-13.09	98455.23
GenMills	43.63	-0.15	60.69	41.01	4.56	11.95	26013.51
GenMotors	33.56	0.01	46.76	33.36	4.52	-48.01	47349.55
GileadSci	76.14	1.15	89.54	64.27	2.86	45.38	98696.89
GoldmSchs	231.35	-1.15	275.31	218.89	1.32	18.04	87097.24
Halliburton	41.35	-0.02	57.86	35.75	1.74	332.28	36379.28
HCA Hold	135.53	1.01	138.18	71.18	0.52	17.03	48209.63
Hew-Pack	25.66	0.49	26.14	19.31	2.12	8.43	41221.74
HiltonWwde	80.54	0.43	88.11	68.44	0.74	18.08	24014.42
HomeDep	208.56	1.04	215.43	160.14	1.85	24.41	238552.81
Honywell	167.54	-1.05	167.63	139.20	1.75	35.34	122909.47
Humana	333.99	0.17	341.30	231.90	0.54	34.27	46011.6
IBM	153.12	4.21	171.13	137.45	3.96	24.57	139765.6
IllinoisTool	143.03	-0.48	179.07	134.45	2.18	26.04	47965.54
Illumina	363.08	4.07	364.99	196.00	-	82.83	53372.76
Intel	45.92	0.01	57.60	37.10	2.49	16.54	211737.12
Intuit	222.36	0.40	229.86	140.21	0.71	47.68	57518.84
John&John	139.58	0.94	148.32	118.62	2.45	268.82	374466.6
JohnsonCn♦	35.76	-0.03	42.60	32.89	2.88	38.22	33070.59
JPMrgnCh	116.35	-0.04	119.33	94.58	1.92	15.54	391028.45
Kimb-Clark♦	113.41	0.90	123.77	97.10	3.47	23.18	39428.64
KinderM	17.71	-0.17	19.83	14.69	3.24	-98.53	39082.94
Kraft Heinz	55.18	-0.48	82.48	54.11	4.52	6.34	67278.12
Kroger	29.48	0.22	32.74	19.69	1.61	7.44	23486
L Brands	30.09	0.43	63.10	25.89	8.02	9.57	8276.66
LasVegasSd♦	60.68	0.02	81.45	59.11	4.87	12.69	47816.1
LibertyGbl	29.11	0.10	39.73	25.87	-	-15.51	6013.39
Lilly (E)	106.77	1.07	107.84	73.69	2.02	-891.05	114669.68
Lockheed	343.86	0.32	363.00	291.52	2.27	39.40	97924.82
Lowes	116.07	0.87	117.35	75.36	1.48	24.21	93816.51
Lyondell	104.39	-0.21	121.95	96.19	3.63	7.06	40641.53
Marathon Pt	84.25	-0.80	88.45	54.61	2.04	10.51	37997.38
Marsh&M	83.71	-0.59	87.89	78.60	1.34	26.20	42271.84
MasterCard	223.56	1.44	223.69	138.55	0.43	50.09	229161.86
McDonald's	166.80	0.39	178.70	146.84	2.38	24.49	129403.51
McKesson	131.96	0.24	178.86	112.49	1.03	-71.43	26361.78
Medtronic	99.29	0.29	99.68	76.41	1.90	42.58	134092.26
Merck	70.79	0.14	71.58	52.83	2.69	141.79	188267.8
Metlife	47.63	-0.30	55.91	43.09	3.40	9.65	47379.13
Microsoft	114.72	0.27	115.29	73.17	1.44	53.93	879659.55
Mnstr Bvrg	58.53	0.60	70.22	47.61	-	37.10	32339.18
MondelezInt	43.29	0.03	46.54	37.42	2.03	21.46	63487.43
Monsanto	127.95	0.02	127.97	114.19	1.64	23.62	56462.29
MorganStly	48.32	0.04	59.38	46.28	2.07	12.25	84316.79
MylanNV	37.41	-0.21	47.82	30.73	-	43.56	19287.37
Netflix	378.48	9.05	423.21	176.58	-	172.28	164812.61
NextEra	166.02	-0.93	175.65	145.10	2.52	9.62	79625.86
Nike	83.44	-1.35	86.04	50.35	0.93	71.98	106842.7
NorfolkS	181.39	-0.96	186.91	125.59	1.46	9.15	50794.6
Northrop	313.94	-0.47	360.88	283.77	1.37	24.64	54664.31
NXP	86.35	-0.16	125.93	84.39	-	30.88	29877.38
Occid Pet	81.63	0.32	87.67	62.47	3.77	28.09	62424.21
Oracle	51.96	0.24	53.48	42.57	1.48	52.81	196803.46
Pepsico	112.31	0.34	122.51	95.94	3.35	34.13	158842.46
Perrigo	72.36	0.09	95.93	67.53	0.97	43.39	9901.21
Pfizer	44.17	0.38	44.46	33.20	2.98	11.83	259800.65
Phillips66	114.64	-0.24	123.97	89.74	2.80	9.49	52223.04
PhilMorris	80.78	0.87	115.28	76.21	5.38	19.64	125573.06
PNCFin	140.50	-0.38	163.59	130.46	2.13	12.27	65234.48
PPG Inds	110.92	-0.62	122.07	100.36	1.62	22.49	26844.55
Praxair	163.26	0.20	168.54	137.32	1.97	34.06	46949.62
Priceline	1905.64	-1.38	2067.99	1612.41	-	32.36	92937.2
ProctGmbl	83.58	0.46	93.51	70.73	3.33	25.04	208043.93
Prudntl	102.12	-0.43	127.14	92.05	3.23	5.92	42584.04
PublStor	202.45	0.09	234.90	180.48	3.95	28.24	35274.1
Qualcomm	72.49	-0.25	76.50	48.56	3.21	-25.47	106497.16
Raytheon	205.57	0.39	229.75	179.20	1.46	24.80	58640.9
Regen Pharm	390.00	3.95	477.00	281.99	-	28.59	41821.13
S&P Global	206.30	-0.53	217.31	153.25	0.88	32.38	51883.19
Salesforce	158.07	0.20	159.78	92.43	-	160.16	120368.27
Schlmbrg	61.48	-1.05	80.35	59.25	3.25	-114.02	85095.63
Sempra Energy	111.79	-0.68	127.22	100.49	3.07	-43.22	30569.92
Shrwin-Will	459.81	-1.80	479.64	345.87	0.74	23.46	42937.06
SimonProp	176.85	-0.14	186.03	145.78	4.24	29.39	54683.73
SouthCpr	43.68	-0.12	58.09	38.34	2.26	33.91	33766.58
Starbucks	57.46	0.56	61.94	47.37	2.00	17.93	77519.29
StateSt	86.15	-0.70	114.27	82.43	1.95	14.24	31516.05
Stryker	175.72	-0.05	179.84	139.51	1.04	62.18	65717.61
Sychrony Fin	32.35	-0.63	40.59	28.90	1.85	11.02	23963.05
Target	88.15	0.84	90.39	54.04	2.83	16.24	46397.84
TE Connect	88.93	-0.45	108.23	82.06	1.84	23.69	30988.44
Tesla Mtrs	309.58	8.47	387.46	244.59	-	-19.15	52797.42
TexasInstr	107.61	0.06	120.75	87.85	2.19	24.72	104617.91
TheTravelers	130.18	-1.11	150.55	120.74	2.25	17.62	34847
ThrmoFshr	244.23	1.14	245.00	181.51	0.26	41.27	98374.93
TimeWrnr	98.77	0.82	103.89	85.88	1.54	15.09	77269.69
TJX Cos	111.88	1.56	111.96	66.44	1.19	23.84	69451.38
T-MobileUS	68.81	-0.64	69.77	54.60	-	12.71	58299.52
UnionPac	163.71	0.51	165.63	108.71	1.66	11.51	121077.43
UPS B	116.57	0.31	135.53	101.45	2.98	19.62	80828.35
USBancorp	54.05	-0.21	58.50	49.50	2.22	14.13	88049.88
UtdHlthcare	267.72	0.81	271.16	186.00	1.19	22.01	254304.71
UtdTech	139.75	0.04	144.15	114.49	2.00	22.04	111813.04
ValeroEngy	117.07	0.31	126.98	74.91	2.56	11.38	50035.49
Verizon	53.47	0.42	55.42	45.91	4.41	7.09	220934.6
VertexPharm	187.49	4.84	187.86	136.50	-	116.09	47914.93
VF Cp	92.41	1.44	97.00	61.97	1.79	50.95	36636.96
Viacom	33.59	1.11	35.55	22.13	2.38	6.85	11871.82
Visa Inc	150.26	0.68	150.42	102.90	0.52	36.79	266960.69
Walgreen	73.27	1.06	80.68	59.07	2.16	17.32	72714.01
WalMartSto	95.36	0.26	109.98	77.50	2.17	56.22	280939.12
WellsFargo	53.07	-0.21	66.31	50.26	2.88	13.77	260174.95
Williams Cos	27.29	0.33	33.67	24.00	4.68	11.29	22598.7
Yum!Brnds	90.19	0.31	90.47	72.61	1.46	19.30	28622.31
Venezuela (VEF)							
Bco de Vnzla	6.50	-1.29	7.79	0.01	-	204.56	383.39
Bco Provncl	475.00	25.00	720.00	0.89	-	19.75	828.33
Mrcntl Srvcs	925.00	25.00	1330	1.30	0.00	19.20	910.76

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 %
Hitachi	3894.00	777.80	3116.20	400.64	3161.40	431.5	442.26
MTN Grp	86.04	82.16	3.88	4.72	12.66	17.3	-19.32
ChShenEgy	18.38	17.98	0.40	2.22	1.94	11.8	7.49
Alexion	135.01	128.99	6.02	4.67	13.04	10.7	15.05
ChinaMBank	31.70	31.05	0.65	2.09	3.00	10.5	8.56
Formosa PetChem	146.00	142.00	4.00	2.82	13.50	10.2	14.96
BHPBilltn	34.50	34.10	0.40	1.17	3.02	9.6	5.47
BSkyB	1730.50	1726.00	4.50	0.26	150.50	9.5	12.10
New Ch Life Ins	37.65	36.55	1.10	3.01	3.25	9.4	8.03
Viacom	33.59	32.48	1.11	3.42	2.86	9.3	8.42
Ch Evrbrght	3.54	3.52	0.02	0.57	0.29	8.9	8.92
Ch Rail Cons	10.26	10.08	0.18	1.79	0.84	8.9	15.28
ChinaPcIns	29.85	28.90	0.95	3.29	2.40	8.7	-1.00
CSR	7.09	7.02	0.07	1.00	0.57	8.7	9.75
Kweichow	724.93	697.02	27.91	4.00	58.23	8.7	9.79
ShenwanHong	0.13	0.13	0.00	0.00	0.01	8.6	28.57
Ch Coms Cons	7.93	7.85	0.08	1.02	0.62	8.5	3.26
MitsuiFud	2765.00	2749.00	16.00	0.58	213.50	8.4	10.73
Altice	2.29	2.25	0.04	1.78	0.17	7.9	-16.61
ImpOil	42.43	42.10	0.33	0.78	3.09	7.9	1.51

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 %
GenElectric	11.33	11.27	0.06	0.49	-1.54	-11.9	-9.35
Gree Elec Apl	0.03	0.03	0.00	-2.94	0.00	-10.8	-21.43
NXP	86.35	86.51	-0.16	-0.18	-5.83	-6.3	-6.21
Delphi	32.67	33.12	-0.45	-1.36	-2.18	-6.3	-9.33
GenMotors	33.56	33.55	0.01	0.03	-2.17	-6.1	-6.68
Cielo	12.68	12.54	0.14	1.12	-0.73	-5.4	-15.36
BMW	79.03	79.00	0.03	0.04	-4.51	-5.4	-5.40
Enbridge	42.39	42.91	-0.52	-1.21	-2.35	-5.3	-8.47
Comcast	35.47	35.40	0.07	0.20	-1.85	-5.0	-2.83
HsngDevFin	1767.45	1767.45	0.00	0.00	-88.25	-4.8	-7.90
FordMtr	9.32	9.39	-0.07	-0.78	-0.46	-4.7	-3.82
CaixaBnk	4.00	4.04	-0.04	-1.06	-0.20	-4.7	5.60
Chubb	134.42	135.42	-1.01	-0.74	-5.71	-4.1	-0.52
SBI NewA	263.85	263.85	0.00	0.00	-9.95	-3.6	-12.18
PPG Inds	110.92	111.54	-0.62	-0.56	-4.13	-3.6	0.28
TE Connect	88.93	89.38	-0.45	-0.50	-3.13	-3.4	-2.87
JohnsonCn	35.76	35.78	-0.03	-0.07	-1.25	-3.4	-8.80
ITC	293.15	293.15	0.00	0.00	-10.10	-3.3	-5.56
Bhartiartl	361.30	361.30	0.00	0.00	-12.40	-3.3	-2.07
Renault	74.37	74.07	0.30	0.41	-2.54	-3.3	3.25

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Sep 26	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Qwest Capital Funding, Inc.	08/21	7.63	B+	WR	BB	102.75	6.55	0.00	-0.14	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	86.13	14.00	0.01	4.68	-
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Mexico	09/22	8.00	BBB+	A3	BBB+	117.63	3.25	0.00	0.16	0.27
Turkey	09/22	6.25	-	Ba3	BB	97.01	7.12	-0.15	-1.19	4.14
Brazil	01/23	2.63	BB-	Ba2	BB-	91.00	4.99	0.14	0.08	2.01
Poland	03/23	3.00	BBB+	A2	A-	98.15	3.45	0.02	0.03	0.47
Colombia	03/23	2.63	BBB-	Baa2	BBB	94.90	3.88	0.00	0.16	0.90
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+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	BBB-	Ba1	BBB-	158.95	5.02	-0.01	0.04	1.91
Brazil	02/47	5.63	BB-	Ba2	BB-	87.90	6.57	0.03	-0.24	-
Emerging Euro										
Mexico	02/20	5.50	BBB+	A3	BBB+	107.41	0.17	0.04	0.03	-2.52
Brazil	04/21	2.88	BB-	Ba2	BB-	102.66	1.78	0.05	0.49	-
Mexico	04/23	2.75	BBB+	A3	BBB+	107.44	1.07	0.00	0.05	-1.91
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	112.65	1.55	0.00	0.09	-1.56

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

BONDS: GLOBAL INVESTMENT GRADE

Sep 26	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
Barclays plc	01/28	4.34	BBB	Baa3	A	94.71	5.06	0.08	0.17	1.95
SunTrust Banks Inc.	01/28	6.00	BBB+	Baa1	A-	107.28	5.01	-0.03	0.48	1.90
Barclays plc	01/28	4.34	BBB	Baa3	A	94.71	5.06	0.08	0.17	1.95
SunTrust Banks Inc.	01/28	6.00	BBB+	Baa1	A-	107.28	5.01	-0.03	0.48	1.90
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	114.71	4.97	0.02	0.40	1.86
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	114.71	4.97	0.02	0.40	1.86
Euro										
Barclays plc	08/29	2.29	BBB	Baa3	A	89.10	3.51	0.03	0.05	0.40
AT&T Inc.	12/29	2.60	BBB	Baa2	A-	102.24	2.37	0.03	0.14	-0.74
AT&T Inc.	12/29	2.60	BBB	Baa2	A-	102.24	2.37	0.03	0.14	-0.74
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	126.35	2.05	0.07	0.16	-1.07
Yen										
Poland	11/27	2.50	-	A2	A-	108.63	1.48	0.00	0.04	-1.62
£ Sterling										
Cooperatieve Rabobank U.A.	05/29	4.63	BBB+	Baa1	A	108.81	3.61	0.03	0.32	0.50
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	129.46	3.19	0.03	0.23	0.08

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

INTEREST RATES: OFFICIAL

Sep 26	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	1.75-2.00	14-06-2018	1.50-1.75	1.25-1.50	1.00-1.25
US	Prime	5.00	14-06-2018	4.75	5.00	4.25
US	Discount	2.50	22-03-2018	2.25	2.50	1.75
Euro	Repo	0.00	16-03-2016	0.00	0.00	0.00
UK	Repo	0.75	02-08-2018	0.50	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

Sep 26 (Libor: Sep 25)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	1.91625	-0.002	0.002	0.012	2.23006	2.38100	2.59538	2.91188
Euro Libor	-0.44829	0.001	-0.001	0.002	-0.40314	-0.35200	-0.31400	-0.21629
£ Libor	0.69788	0.000	0.000	0.000	0.72438	0.80231	0.89988	1.06119
Swiss Fr Libor				-0.001	-0.77940	-0.73360	-0.65380	-0.52060
Yen Libor				-0.002	-0.10017	-0.04350	0.01867	0.13883
Euro Euribor				0.002	-0.37000	-0.31900	-0.26700	-0.16500
Sterling CDs				0.000	0.75000	0.80000	0.92500	
US$ CDs				0.000	2.03000	2.21000	2.40000	
Euro CDs				-	-	-	-	

Sep 26	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.61	-0.31	-0.69	-0.39	-0.57	-0.27	-0.50	-0.20	-0.47	-0.17	-0.40	-0.10
Sterling			0.45	0.55	0.70	0.80	0.75	0.85	0.85	1.00	0.98	1.13
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	2.03	2.33	2.09	2.39	2.11	2.41	2.23	2.53	2.45	2.75	2.73	3.03
Japanese Yen	-0.25	-0.05	-0.35	-0.05	-0.30	0.00	-0.20	0.10	-0.05	0.25	0.00	0.30

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	184.95	-0.13	-0.80	-2.88	-0.43	-1.17
Corporates(£)	338.41	-0.19	-1.35	-2.39	-1.46	-0.41
Corporates($)	272.79	-0.05	-0.54	-2.45	-0.54	-2.45
Corporates(€)	224.58	-0.14	-0.49	-0.87	-0.61	-0.44
Eurozone Sov(€)	231.94	-0.05	-0.03	-0.40	-0.33	-0.10
Gilts(£)	316.58	-0.27	-2.25	-2.10	-2.36	-0.22
Global Inflation-Lkd	261.25	-0.21	-0.35	-2.81	-0.59	-1.00
Markit iBoxx £ Non-Gilts	333.49	-0.19	-1.33	-2.06	-1.42	-0.30
Overall ($)	235.06	-0.02	-0.85	-2.00	-0.85	-2.00
Overall(£)	318.60	-0.25	-1.97	-2.08	-2.08	-0.23
Overall(€)	228.22	-0.09	-0.26	-0.49	-0.47	-0.19
Treasuries ($)	220.38	0.00	-1.12	-1.91	-1.12	-1.91
FTSE						
Sterling Corporate (£)	110.88	0.07	-	-	-1.42	-4.43
Euro Corporate (€)	104.77	-0.02	-	-	-0.70	-2.19
Euro Emerging Mkts (€)	358.10	4.49	-	-	-0.56	-50.40
Eurozone Govt Bond	109.12	0.18	-	-	-0.40	-2.30

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	270.78	0.54	-	-	274.23	264.87
Europe 5Y	69.45	-0.21	-	-	69.65	67.02
Japan 5Y	57.71	0.60	-	-	60.09	57.11
Senior Financials 5Y	80.68	0.25	-	-	80.68	77.83
Markit CDX						
Emerging Markets 5Y	198.94	1.96	-	-	203.37	196.98
Nth Amer High Yld 5Y	318.67	-0.03	0.39	-6.15	369.17	315.64
Nth Amer Inv Grade 5Y	62.35	-0.45	-	-	62.80	60.84

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

VOLATILITY INDICES

	Sep 26	Day Chng	Prev	52 wk high	52 wk low
VIX	12.06	-0.36	12.42	50.30	8.56
VXD	13.17	-0.20	13.37	40.09	6.53
VXN	16.90	-0.17	17.07	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

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	11/20	1.75	99.22	2.12	0.03	0.05	0.12	-0.04
	11/28	2.75	99.86	2.77	0.05	0.09	0.21	-0.11
Austria	-	-	-	-	-	-	-	-
	10/19	0.25	100.76	-0.47	0.01	0.01	0.03	0.13
Belgium	12/20	1.80	104.72	-0.35	0.01	0.03	0.09	0.10
	03/28	5.50	143.38	0.75	0.03	0.07	0.18	0.11
Canada	02/20	1.25	98.81	2.15	0.01	0.05	0.06	-
	06/28	2.00	95.97	2.47	0.03	0.09	0.20	0.32
Denmark	11/20	0.25	101.53	-0.46	0.02	0.02	0.05	0.03
	11/27	0.50	100.18	0.48	0.03	0.07	0.16	0.02
Finland	09/20	0.38	101.64	-0.45	0.01	0.02	0.09	0.03
	09/27	0.50	98.66	0.66	0.03	0.07	0.18	0.08
France	11/20	0.25	101.37	-0.38	0.02	0.04	0.11	0.06
	05/23	1.75	107.98	0.04	0.02	0.07	0.18	0.09
	05/28	0.75	99.57	0.80	0.03	0.07	0.18	-
Germany	10/20	0.25	101.56	-0.51	0.02	0.03	0.09	0.12
	08/23	2.00	110.17	-0.08	0.03	0.06	0.20	0.12
	07/28	4.75	140.75	0.47	0.03	0.07	0.19	0.04
	08/48	1.25	102.23	1.16	0.02	0.03	0.15	0.01
Greece	-	-	-	-	-	-	-	-
	01/28	3.75	97.62	4.06	-0.05	-0.02	-0.14	-
Ireland	10/20	5.00	111.10	-0.37	0.02	0.03	0.08	0.05
	05/30	2.40	112.68	1.22	0.03	0.07	0.16	0.05
Italy	06/20	0.35	99.17	0.84	-0.06	0.21	-0.39	0.73
	10/23	0.65	93.54	2.00	-0.08	0.16	-0.47	0.78
	09/28	4.75	116.98	2.78	-0.06	0.08	-0.46	0.50
	03/48	3.45	99.77	3.46	-0.03	0.07	-0.19	-
Japan	11/19	0.10	100.24	-0.11	0.00	0.00	0.00	-
	09/22	0.10	100.66	-0.07	0.00	0.01	0.02	0.04
	09/27	0.10	99.99	0.10	0.00	0.02	0.04	0.07
	09/47	0.80	98.14	0.87	0.01	0.05	0.06	0.06
Netherlands	01/20	0.25	101.10	-0.59	0.01	0.00	0.06	0.06
	01/28	5.50	145.19	0.51	0.03	0.07	0.19	0.05
New Zealand	-	-	-	-	-	-	-	-
	04/20	3.00	101.91	1.75	0.01	0.06	0.06	-0.40
Norway	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-
	06/20	4.80	108.39	-0.09	-0.01	0.01	0.10	-0.26
Spain	01/21	0.05	100.23	-0.05	-0.01	-0.02	0.11	-0.05
	10/27	1.45	100.44	1.40	0.00	0.02	0.14	-0.28
Sweden	12/20	5.00	111.94	-0.44	0.02	0.01	0.09	-0.12
	11/26	1.00	103.97	0.50	0.03	0.06	0.20	-0.14
Switzerland	07/20	2.25	105.25	-0.68	0.01	0.04	0.08	0.05
	04/28	4.00	137.13	0.09	0.03	0.07	0.19	0.10
United Kingdom	01/21	1.50	101.38	0.90	0.01	0.03	0.12	0.33
	07/23	0.75	97.89	1.20	0.02	0.06	0.19	0.30
	12/27	4.25	123.66	1.49	0.02	0.07	0.21	0.15
	07/47	1.50	89.45	1.98	0.03	0.07	0.22	0.08
United States	11/19	1.75	98.91	2.69	0.00	0.02	0.15	-
	10/22	2.00	96.27	2.98	0.03	0.05	0.26	-
	11/27	2.25	93.24	3.11	0.03	0.06	0.28	-
	11/47	2.75	90.91	3.23	0.02	0.03	0.25	-

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

GILTS: UK CASH MARKET

Sep 26	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Tr 4.5pc '19	101.69	0.69	-1.43	-1.43	7.81	68.29	105.85	101.69	36.35
Tr 4.75pc '20	105.69	0.78	-2.50	-3.70	13.04	77.27	110.43	105.67	33.31
Tr 1.5pc '21	101.45	0.87	-2.25	-2.25	14.47	52.63	103.11	101.39	32.46
Tr 4pc '22	110.27	0.96	-3.03	-2.04	17.07	47.69	114.69	110.18	37.95
Tr 5pc '25	122.97	1.28	-2.29	-0.78	15.32	24.27	128.73	122.77	35.08
Tr 1.25pc '27	97.93	1.50	-2.60	-1.32	13.64	8.70	100.65	96.41	23.45
Tr 4.25pc '32	130.41	1.74	-2.25	-0.57	11.54	5.45	136.24	129.40	35.44
Tr 4.25pc '36	135.47	1.86	-1.59	-0.53	12.05	2.76	141.54	134.34	29.76
Tr 4.5pc '42	149.22	1.94	-2.02	-0.51	10.86	1.57	156.90	147.31	26.64
Tr 3.75pc '52	146.01	1.90	-2.06	-0.52	11.76	4.40	156.17	144.61	23.59
Tr 4pc '60	162.51	1.84	-1.60	-0.54	12.20	5.14	176.65	161.30	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	Sep 26	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	91.69	0.06	2412.72	-0.21	-0.09	0.98
2 5 - 10 Years	176.89	0.21	3444.46	-0.87	-0.25	1.37
3 10 - 15 Years	207.14	0.33	4198.55	-1.38	0.44	1.67
4 5 - 15 Years	183.79	0.26	3628.52	-1.07	0.01	1.52
5 Over 15 Years	323.07	0.66	5053.41	-3.05	0.66	1.89
7 All stocks	173.84	0.37	3531.90	-1.66	0.24	1.76

Index Linked	Sep 26	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	310.44	0.06	0.20	-1.21	2476.24	0.20	0.34
2 Over 5 years	693.16	0.24	-2.46	-0.01	5193.77	-2.41	0.49
3 5-15 years	474.59	0.11	-0.43	-0.18	3714.22	-0.41	0.81
4 Over 15 years	884.20	0.29	-3.15	0.01	6470.24	-3.09	0.35
5 All stocks	627.85	0.23	-2.22	-0.10	4777.92	-2.18	0.49

Yield Indices	Sep 26	Sep 25	Yr ago		Sep 26	Sep 25	Yr ago
5 Yrs	1.12	1.14	0.71	20 Yrs	1.95	1.99	1.92
10 Yrs	1.58	1.61	1.37	45 Yrs	1.82	1.85	1.74
15 Yrs	1.85	1.89	1.77				

Real yield	inflation 0% Sep 26	Dur yrs	Previous	Yr ago	inflation 5% Sep 26	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.71	2.52	-1.68	-1.91	-2.24	2.54	-2.22	-2.82
Over 5 yrs	-1.45	23.84	-1.44	-1.51	-1.48	23.92	-1.47	-1.53
5-15 yrs	-1.55	8.79	-1.53	-1.69	-1.67	8.81	-1.66	-1.83
Over 15 yrs	-1.43	29.00	-1.44	-1.49	-1.46	29.05	-1.45	-1.51
All stocks	-1.45	21.93	-1.44	-1.51	-1.48	22.05	-1.47	-1.54

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

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COMMODITIES

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Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Oct	71.81	-0.52	Corn♦	Dec	362.75	-1.00
Brent Crude Oil‡		81.71	0.10	Wheat♦	Dec	520.25	-0.75
RBOB Gasoline†	Sep	2.05	-0.01	Soybeans♦	Nov	850.75	4.00
Heating Oil†	Oct	1.75	0.00	Soybeans Meal♦	Oct	308.00	0.80
Natural Gas†	Oct	3.04	-0.01	Cocoa (ICE Liffe)✲	Dec	1541.00	-21.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Dec	2178.00	-15.00
Uranium†	Oct	26.50	0.00	Coffee(Robusta)✲	Nov	1512.00	6.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Dec	97.10	-0.05
Diesel†		-	-	White Sugar✲		312.10	-5.00
Base Metals (♠ LME 3 Months)				Sugar 11♥		10.96	-0.19
Aluminium		2074.00	9.50	Cotton♥	Oct	80.20	0.00
Aluminium Alloy		1600.00	0.00	Orange Juice♥	Nov	149.40	0.00
Copper		6290.50	10.00	Palm Oil♣		-	-
Lead		2006.00	-4.50	Live Cattle♣	Oct	112.50	0.00
Nickel		12940.00	-15.00	Feeder Cattle♣	Oct	156.53	0.10
Tin		18920.00	30.00	Lean Hogs♣	Oct	62.55	0.00
Zinc		2523.50	7.50				

Precious Metals (PM London Fix)		Price*	Change		Sep 25	% Chg Month	% Chg Year
Gold		1201.90	-0.85				
Silver (US cents)		1429.00	-2.50	S&P GSCI Spt	480.57	3.61	18.86
Platinum		827.00	-3.00	DJ UBS Spot	84.92	1.43	-0.52
Palladium		1065.00	7.00	TR/CC CRB TR	200.20	1.39	-
Bulk Commodities				M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Iron Ore		69.00	0.20	UBS Bberg CMCI TR	15.22	1.83	5.49
GlobalCOAL RB Index		100.00	1.00	LEBA EUA Carbon	22.20	0.00	190.58
Baltic Dry Index		1503.00	53.00	LEBA CER Carbon	0.28	12.00	40.00
				LEBA UK Power	2070.00	-6.12	-29.42

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

BONDS: INDEX-LINKED

	Price Sep 25	Yield Sep 25	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	111.83	0.493	0.484	-0.11	5.18	75930.23	8
Fr 2.25%' 20	107.98	-1.992	-1.975	-0.03	20.31	242680.93	15
Swe 0.25%' 22	115.18	-1.986	-1.991	-0.44	33.45	231654.91	7
UK 2.5%' 20	361.23	-2.446	-2.432	0.21	6.58	653839.77	30
UK 2.5%' 24	360.91	-1.865	-1.842	0.09	6.82	653839.77	30
UK 2%' 35	263.71	-1.495	-1.508	-1.08	9.08	653839.77	30
US 0.625%' 21	99.61	0.764	0.754	-0.36	35.84	1288845.09	39
US 3.625%' 28	123.86	1.000	0.754	-1.37	16.78	1288845.09	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	2.77	2.30	-0.34	Italy	2.78	2.31	-0.33
Austria	-	-	-	Japan	0.10	-0.37	-3.01
Belgium	0.75	0.28	-2.36	Netherlands	0.51	0.04	-2.60
Canada	2.47	2.00	-0.64	Norway	-	-	-
Denmark	0.48	0.01	-2.63	Portugal	-	-	-
Finland	0.66	0.18	-2.46	Spain	1.40	0.93	-1.71
France	0.80	0.33	-2.31	Switzerland	0.09	-0.39	-3.02
Germany	0.47	0.00	-2.64	United Kingdom	1.49	1.02	-1.62
Greece	4.06	3.59	0.95	United States	3.11	2.64	0.00
Ireland	1.22	0.75	-1.89				

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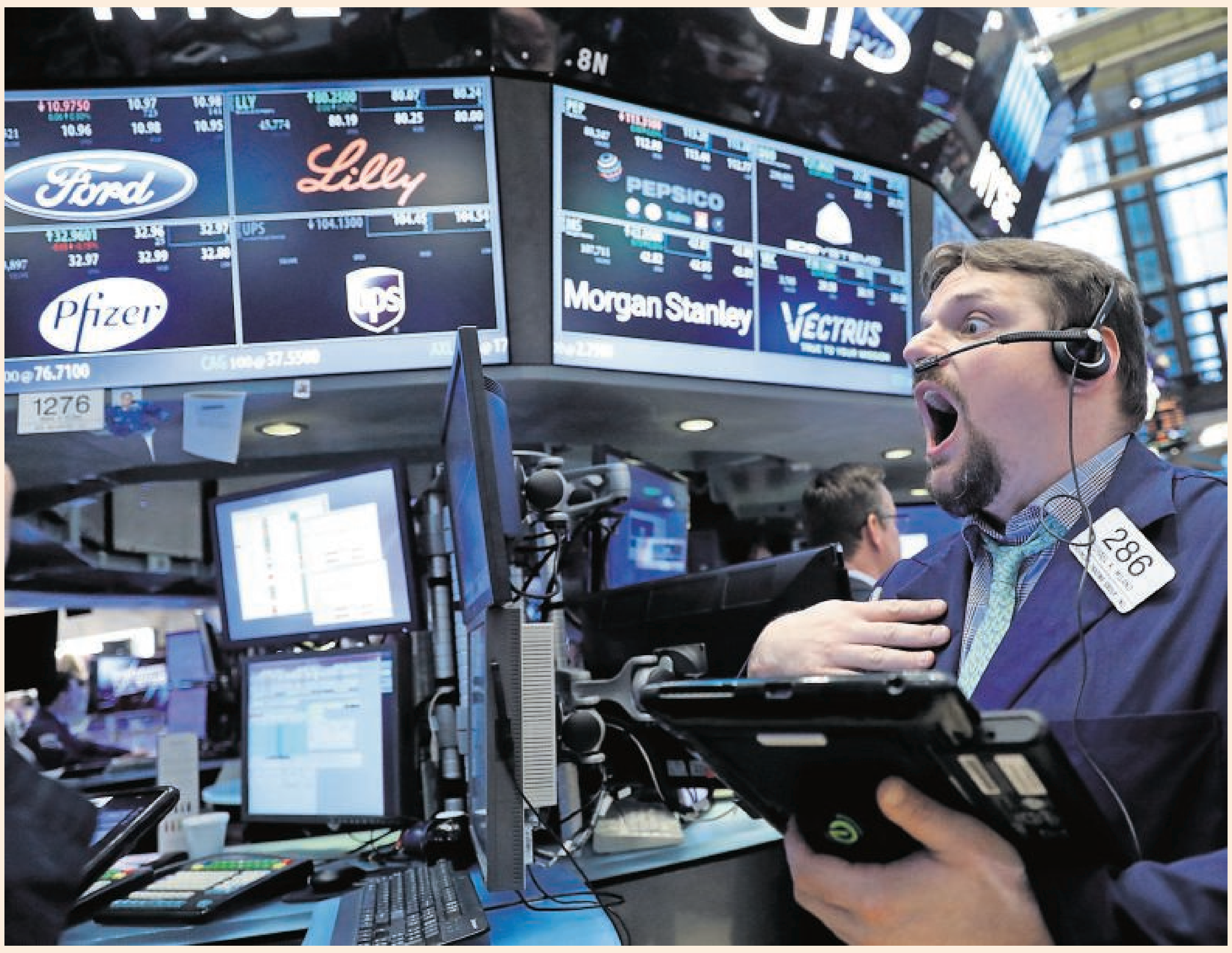
РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Analysis. Equities

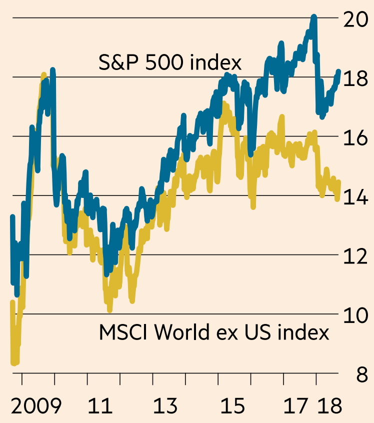
Record US valuation gap prompts hunt for opportunity overseas



Shout it out: a trader at the New York Stock Exchange. Fund managers are looking for opportunities outside the US
Brendan McDermid/Reuters

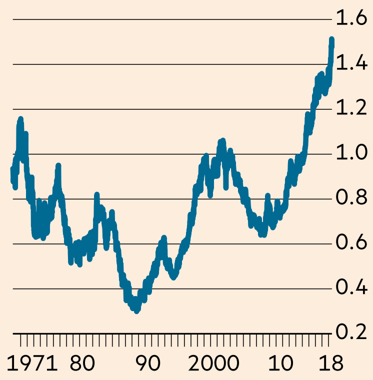
US equity valuations diverge from international markets

Forward-looking price-to-earnings ratios, US v MSCI World ex US



America first. US stock market thumps rest of the world

S&P 500 return relative to MSCI World ex US



Source: Bloomberg

Divergence of S&P 500 and rest of world has hit most extreme level since 1970

COLBY SMITH AND ROBIN WIGGLESWORTH

A great rotation could be afoot in global markets. A record-breaking divergence between US equities and the rest of the world has spurred some investors to tiptoe away from Wall Street in search of bargains in Europe and the developing world.

While the S&P 500 has bounded from one all-time high to the next, and is now up 9 per cent this year, international stocks remain in the doldrums. Neither eurozone nor Chinese stocks have reclaimed their pre or post-crisis peaks, and the MSCI World index, excluding the US, is down nearly 3 per cent in 2018. Indeed, the relative performance of the S&P 500 versus the rest of the world is now at its most extreme level since at least 1970.

That has opened up a chasm-like valuation gap between US and most other markets. On book value, the S&P 500 now trades at a historic two-times premium versus the rest of the world, and on a price/earnings ratio, the US equity benchmark trades around a record premium to the MSCI World once the US is excluded.

The divergence is now so stark that this month analysts at JPMorgan, Société Générale and Morgan Stanley have all recommended investors start to pare back their US exposure and look abroad for opportunities.

"A really significant change in the environment is ahead of us," predicted Anders Nielsen, a strategist at Goldman Sachs Asset Management.

While fund managers say they are wary of being too early, or betting against the US stock market, some say they are finding more enticing opportunities outside America.

"We're looking at a market where we find a lot of interest opportunities, especially in Europe and Asia. In the US it is a little harder," said Anik Sen, head of global equities at PineBridge Investments, a New York-based asset manager. "We are spending a lot more time looking at overseas markets now."

It is a picture that has been largely driven by economics. US consumer confidence is at a 17-year high, manufacturing activity rose to the highest level in 14 years in August and the economy grew at an annualised pace of 4 per cent last quarter.

Meanwhile, consumer confidence in the eurozone tumbled to its lowest level in more than a year in September, and economic growth in emerging markets is near a seven-month low, according to Capital Economics.

However, despite the robust US economic growth some analysts worry that the US equity market is running on late-cycle fumes. According to Bank of America Merrill Lynch's latest survey, investors have built up the largest overweight position in US equities in three years, surpassing all other assets. "It's a bearish signal no doubt," said Jared Woodard, strategist at BAML.

While 80 per cent of S&P 500 companies, reporting earnings per share, beat expectations last quarter, according to FactSet's John Butters, estimates for the next quarter have come down since June. Of the 98 companies that have announced earnings guidance for the third quarter, 76 per cent have issued negative ones, the highest percentage of S&P 500 companies doing so since the first quarter of 2016.

"Peak earnings-per-share growth is happening right about now," said Andrew Sheets, a strategist at Morgan Stanley. "US equities are relatively stretched, and at the beginning of next year, the market will be challenged by slower economic growth, rising inflation and tighter financial conditions."

Mr Sheets argues that the contrarian trade would now be to look at European markets, which have been weighed down by doubts over the resilience of the region's recovery, political uncertainty and the looming end of the European Central Bank's quantitative easing programme.

"If you want to lean against consensus and go into a market that people have oversold, look at Europe," said Mr Sheets.

> 'If you want to lean against consensus and go into a market that people have oversold, look at Europe'

A similar divergence has opened up in the bond market. Despite the Federal Reserve's interest rate increases, the US bond market has outperformed European or EM debt in 2018, leading some fixed income investors to also start rotating their allocations.

"We're nibbling on more [foreign exposure] now," said Henry Peabody, a bond fund manager at Eaton Vance. "There are a lot of developments over the next few years that might challenge the hegemonic position of US assets."

China could hold the key to an emerging markets rebound. Gaurav Saroliya, director of global macro strategy at Oxford Economics, predicts that Beijing will soon act more aggressively to stop growth from slowing too precipitously.

The continuing trade war remains an obvious risk. Last week, President Donald Trump announced tariffs of 10 per cent on an additional $200bn worth of Chinese imports, which will increase to 25 per cent by the end of the year. China volleyed back with its own on $60bn worth of US goods.

But eventually the impact could reach US shores, warned Marko Kolanovic of JPMorgan. "Emerging markets have borne the brunt of the trade war so far and these fears are already priced in," he said. "They are not yet priced in US markets."

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Tail Risk

Beijing unlikely to repeat currency fluctuation mistake

COLBY SMITH

In the west, seven is a lucky number. In China, it can symbolise togetherness. For Chinese officials, it holds a different significance: Rmb7.0 to the US dollar is an important psychological exchange rate. When it weakens past that rate, global investors tend to panic.

The renminbi now sits at Rmb6.87 per dollar, having lost 6.5 per cent of its value since June. Analysts forecast further weakening, potentially breaching seven soon.

China's currency fluctuations have everything to do with the trade war. In its latest volley, the US implemented 10 per cent tariffs on an additional $200bn of Chinese products, increasing to 25 per cent on January 1. Beijing has since retaliated. More US tariffs have now been threatened.

If the trade war escalates, Tao Wang reckons the renminbi could trade at Rmb7.5 per dollar in 2019. It could weaken further, added the head of economic research at UBS in China, should the People's Bank of China ease up on managing the currency — a change of heart that appears unlikely considering the government's penchant for intervention this summer following the renminbi's 3 per cent slide against the dollar in July alone.

Indeed, currency intervention by officials looks more heavy-handed if you consider the "counter-cyclical factor" the PBoC put in place in August to "moderately hedge" against future renminbi weakness, per its announcement. The PBoC already restricts its currency from fluctuating more than 2 per cent in either direction of the dollar "reference rate". The new tool allows authorities to guide the exchange rate at a time when growth in China appears to be slowing.

The stakes, notes Dr Wang, are just too high to allow for more flexibility.

China learnt this three years ago. In August 2015, officials set off a chain reaction of volatility that threatened to undermine the country's financial stability. The central bank devalued its currency 1.9 per cent against the dollar, the renminbi's largest one-day change since 1993. Months of anxiety followed as the currency cratered, capital fled and China's nearly $4tn war chest of foreign exchange reserves fell by a quarter.

The government tightened capital controls, but the damage to investor confidence was largely done. Which may make the number seven even less auspicious.

Analysts forecast more weakening of the renminbi against the dollar

Capital markets

Trump stands to bear brunt of any trade war escalation, warns ECB

CLAIRE JONES — FRANKFURT

An escalation of the global trade war between the US and its major trading partners would hurt America much more than the rest of the world, economists at the European Central Bank have warned.

President Donald Trump has said he wants to use tariffs and quotas on imports to boost trade and level the playing field between countries that he accuses of using protectionist measures.

But according to research published yesterday, tariffs of 10 per cent on the US and all of its major trading partners would hit American economic activity by 2 per cent over the first year of the introduction of sanctions.

A scenario in which the US raises tariffs on all imports by 10 percentage points, and its trading partners retaliate with a 10 percentage point tariff increase on their US imports — but not on each other — would also be likely to elevate China's GDP as its exporters would gain market share at the expense of US rivals, the research found.

Overall, global GDP would be reduced by 0.75 per cent, off the back of a 3 per cent fall in trade, compared with economists' baseline scenarios. So far, however, the US stock market has proven resilient to the White House's measures. Other research conducted by the Bank of England and France's central bank has also estimated that a trade war would have a severe impact on the US — and global — economy.

Mario Draghi, the ECB's president, said this month that the threat of an escalation of tension between Washington and the rest of the world was "the major source of uncertainty" for the eurozone's economy. "The current projections do not reflect measures that have been announced, measures that have been threatened," Mr Draghi said.

Since then China has said it will impose duties of 5 to 10 per cent on American goods worth $60bn, in retaliation against the US's imposition of tariffs of 10 per cent on $200bn-worth of Chinese imports from next week.

Mario Draghi: tension was source of uncertainty for eurozone economy

Pakistan has unveiled plans to impose tariffs on imports in an attempt to balance its budget and India is also considering similar measures.

While the single currency area is not directly affected by the US-instigated tariffs, export sales have fallen and business confidence has diminished due to US-Chinese tension.

The Paris-based OECD last week cut its growth estimates for the euro area this year and in 2019, and for the US in 2019 — citing the global trade war as the prime reason for the downgrades.

The ECB is the latest central bank to make public its findings on the economic impact of trade wars.

Mark Carney, governor of the Bank of England, said in July the bank's models showed that tariffs of 10 per cent between the US and all of its trading partners could wipe 2.5 per cent off US output as well as 1 per cent off global GDP through the impact on trade alone.

A similar study by Banque de France puts the impact of a trade war at as much as 2 per cent in the first year and 2.9 per cent in the second year.

Equities

MSCI sounds out investors on plan to double China A-shares exposure

EMMA DUNKLEY — HONG KONG

Global index provider MSCI has proposed an increase in the weighting of Chinese A-shares in its flagship Emerging Markets index just months after including mainland-listed companies for the first time, despite the country's stock market slowdown this year.

The New York-listed company said yesterday that it was consulting the market — which includes sovereign wealth funds, asset managers and central banks — about boosting exposure to A-shares in the MSCI EM index, which is tracked by $1.9tn of assets.

The proposal would nearly double the number of A-shares in the EM index to 434 by May 2020, which MSCI estimates would attract about $66bn from passive and active funds.

The move comes four months after MSCI brought 235 A-shares into the flagship EM index, following steps taken by China to make its equity market more accessible to foreign investors.

The inclusion of A-shares had previously been rejected as a result of investor concerns over the number of Chinese companies that suspend their shares from trading, which was exacerbated during the market sell-off in 2015.

The move to boost participation comes after the company scaled back plans to be more aggressive with the rate and pace of integrating A-shares, according to someone close to the situation. The person said some fund managers and investors were not prepared for the inclusion, while the trade war between the US and China also affected the decision.

MSCI said it consulted "with a broad range of market participants [and] the feedback we receive guides our final decision."

> Half of foreign investors did not think MSCI was right to include the shares in its EM index this year

According to the Asian Corporate Governance Association, almost half of foreign investors did not think MSCI was right to include A-shares in its EM index this year, while 27 per cent of respondents agreed with the move.

The latest proposal would involve quadrupling the free-float adjusted market value of A-shares in the index from 5 per cent to 20 per cent next year, in two phases.

MSCI is also suggesting including companies from the technology-focused ChiNext exchange from next year, and mid-cap stocks from 2020.

The index provider said China A-shares would represent 3.4 per cent of the MSCI EM index by mid-2020, up from 0.71 per cent now.

This was still "very small compared to the size of China's market," said Eugenie Shen, head of asset management at the Asia Securities Industry and Financial Markets Association.

Peter Alexander, managing director of Z-Ben Advisors, said the trading suspensions of 2015 remain "fresh in the minds of investors". However, he added, the scepticism was "misplaced", as the market had made vast improvements.

"As the second-largest economy . . . that allocation to China will inevitably have a bigger part in the MSCI EM index, it's a clear direction of travel," said Mr Alexander.

In response to concerns aired by some investors about governance in mainland-listed companies, MSCI has stipulated that any company whose shares have been suspended from trading for 50 consecutive days or more be suspended from the index.

MSCI said it would accept feedback until mid-February and publish its decision at the end of that month.

Markets & Investing
FINANCIAL TIMES

The day in the markets

What you need to know

- Italian bond yields fall
- European equities climb
- Oil hovers near four-year high

Brent crude price
$ per barrel

Source: Thomson Reuters

Italian government bonds outperformed the wider market yesterday as investors grew more confident that the new government's first budget will not damage the country's public finances.

The yield on the benchmark 10-year Italian bond fell 5 basis points to 2.82 per cent ahead of an announcement today from finance minister Giovanni Tria on the government's borrowing and spending targets.

Italian government debt has been volatile in recent days, but the trend for yields, which move in the opposite direction to a bond's price, has been lower in September. The yield on the 10-year government bond ended in August at 3.23 per cent.

Analysts at BlackRock said that their base case on the budget is that it is "likely to be moderate enough to win EU approval". This, in turn, they argue "should create some room for assets from Europe's periphery to rebound further".

The strong showing from Italian debt came as markets awaited the outcome of the latest meeting of policymakers at the US Federal Reserve, who are now wrestling with how high interest rates need to be given the continued strength of the US economy.

Elsewhere, oil hovered close to the highest level in four years after a turbo-charged start to the week following the decision by major producers to refrain from increasing output.

That provoked an angry response from US president Donald Trump, who told the UN General Assembly that Opec members "were ripping off the rest of the world".

Brent crude, the global benchmark, climbed as high as $82.22 before settling down 0.6 per cent at $81.39. West Texas Intermediate, the benchmark for US crude, fared worse and was down 0.7 per cent at $71.79 in late London trading.

Callum Macpherson, head of commodities at Investec, said that "looking back at the rally over the last three years we see an upward sloping trend-channel which has an upper limit that currently sits at around $85 a barrel raising to $88 a barrel at the end of this year and $100 a barrel at the end of 2019".

European stocks ended the day broadly higher, with the benchmark Stoxx Europe 600 ending up 0.3 per cent.
Kate Beioley

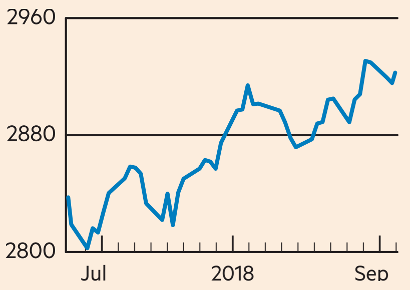
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2922.71	1509.58	24033.79	7511.49	2806.81	78794.84
% change on day	0.25	0.27	0.39	0.05	0.92	0.21
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	94.348	1.175	113.040	1.318	6.874	4.059
% change on day	0.228	-0.339	0.151	0.152	-0.022	-1.717
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.081	0.525	0.120	1.451	3.671	11.563
Basis point change on day	-1.770	-1.700	-0.560	-3.600	-1.000	-8.400
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	348.08	81.71	71.89	1201.90	14.29	2999.70
% change on day	0.20	0.12	-0.31	-0.07	-0.17	-0.45

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.

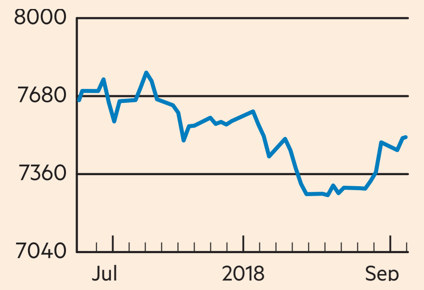
Main equity markets

S&P 500 index



Eurofirst 300 index

FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Alexion Pharmaceuticals	4.67	Airbus	3.24	Tui Ag	3.30
	Scana	4.31	Bouygues	2.66	Nmc Health	3.19
	Ebay	3.95	Kerry Grp	2.44	Croda Int	2.48
	Foot Locker	3.65	Air Liquide	2.27	Easyjet	2.10
	Viacom	3.42	Luxottica	2.00	Kingfisher	1.69
Downs	Eqt	-3.96	Kone	-3.39	Fresnillo	-3.65
	Cintas	-3.75	Sodexo	-2.42	Melrose Industries	-2.66
	Ipg Photonics	-3.29	Iliad	-2.33	Randgold Resources Ld	-2.53
	Arista Networks	-2.92	Thyssenkrupp	-2.29	Next	-2.14
	Cabot Oil & Gas	-2.71	Telecom Italia	-2.01	Bhp Billiton	-2.00

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

Oppenheimer upgraded **GoPro**, the US-listed sports camera maker, to "outperform" with a $9 target price.

GoPro, whose shares rose 9.4 per cent, has "largely fallen off everyone's radar after several difficult years", but new management has reset the business with a refreshed product range that focuses on the ease of use and hits all the right price points for upgrades, Oppenheimer said. Its team argued that GoPro's biggest problem over the past two years was that it had too much product lingering in sales channels for too long, forcing discounts and confusing customers. But clearances had reduced inventory to a four-year low, giving the company a clean slate to return to growth in 2019, it said.

Nike reported revenue and earnings that exceeded Wall Street forecasts in its first quarter, thanks to continued sales momentum in its key market of North America and as efforts to boost its digital capabilities paid off.

Revenues in North America, which account for about 42 per cent of global sales, were up 6 per cent from a year ago to $4.15bn.

However, the news was not enough to convince shareholders, with its shares down 1.6 per cent yesterday.
Bryce Elder and Peter Wells

Eurozone

Industrial gas makers **Air Liquide** and **Linde** were in demand following upgrades to "buy" from Kepler Cheuvreux.

"Air Liquide has superior organic growth and a very defensive portfolio. However, Linde should generate substantial value via its merger with Praxair [which is becoming increasingly likely]," Kepler told clients.

Lonza hit a record high on the back of a well-received capital markets event, where management of the Swiss biotechnology group reiterated midterm targets and set out a growth strategy for beyond 2022. "Lonza did a good job of highlighting the growth initiatives which could drive sustainable growth," said JPMorgan Cazenove.

Basel-based **Dufry** slipped on a downgrade to "hold" from Santander. Investors' concerns have been focused on the duty-free shop operator's exposure to Latin America, which accounts for about a fifth of the group's revenue.

Pandora, the Copenhagen-based jewellery maker, rallied after filings showed that hedge fund AQR Capital Management had trimmed its short position. Pandora had been under pressure earlier this week on reports that Amazon was looking at expanding its jewellery business. *FT reporters*

London

Croda was among the FTSE 100's biggest gainers after Citigroup took the speciality chemicals maker off its "sell" list. Digital media has a habit of triggering out-of-season spikes in demand for personal care products, which Croda is well placed to supply through its small-volume, high-margin ingredients business, Citi argued.

Cigarette maker **Imperial Brands** gained on a positive response to a seminar on next-generation products, where management targeted £1.5bn of revenue from vapour pipes by 2020.

AA slipped to a six-month low after interim results from the roadside repairs specialists showed a sharper than expected fall in member numbers.

Competition worries weighed on **TalkTalk**, the broadband provider, which has dropped more than 9 per cent since Comcast won the auction to buy Sky.

Outsourcer **Mitie** retreated after a first-half update showed higher than expected net debt, caused by management reining in its invoice discounting and supply chain finance schemes.

Sector peer **Kier** also slipped after JPMorgan Cazenove downgraded it to "neutral". It said that a "poor cash flow track record somewhat reduces our confidence in management's medium-term guidance". *Bryce Elder*

History holds lessons for those weighing up the price of Brexit

John Authers
Markets Insight

Life can only be understood backwards, Kierkegaard said, even if it must be lived forwards. With the immediate future cloudy, it is worth looking back for the clarity of lessons from recent history.

On December 31 1989 the Japanese stock market hit an all-time high, a record that has not been seriously challenged. It is possible to have worked in or covered investment for almost three decades, as I have done, and yet never seen Japanese stocks reach a high.

For a generation now, the prolonged malaise of Japanese stocks after their bubble burst in 1989 has stood as a polar case, a warning of what can happen.

But that was not so evident in real time. A year later, Japan had sold off hard, but remained relatively isolated from the potential effects of the Gulf war, which was about to break out into a full-blown shooting war. Banks were opening funds to go and look for distressed opportunities. And maybe this was not as ridiculous as it now appears.

Take valuation into account and Japan still looked wildly expensive. But Japanese stocks were not valued the way other stocks were. Rather than look at earnings or dividends, people studying for their CFA qualification at the time were told that Japan's companies were valued on their cash flow, and that after many differences in accounting standards were taken into account, Japanese companies might even be cheaper than those of the US. That is because Japanese investors were concerned merely with how much cash a company produced, and not with how much of this was profit or with how much was paid out to investors.

That was what was explained to me at the time, at least. I never quite understood this, but I regret that I did not leap into an instant logical denunciation of the ludicrous idea that stocks in one country could ignore parameters that held everywhere else.

I can remember someone saying: "The first rule of journalism is never to be ashamed to admit ignorance." Very true. Investors doing due diligence should remember it too.

Meanwhile, the most exciting mutual funds in the UK were invested in Japanese smaller companies. Despite their brutal 1990 they were still the best performers over the previous five years. Laudatory profiles of the managers who ran the funds filled the personal finance supplements. Here was an opportunity to enter them once again, they argued.

> I was pummelled by people convinced that UK assets had not been hit by the EU referendum

Good past performance does not predict good future performance, I now know. And it is easy to confuse a bull market (such as in Japanese smaller companies) with genius. So it is just as well that Japan provided such a great learning experience. Happily I never wrote up the big story on Japanese smaller companies that various PR companies wanted me to write.

In the UK, the Big Four high street banks — Midland, Lloyds, Barclays and NatWest — were under competitive pressure. The smaller and hungrier Scottish banks, led by the Royal Bank of Scotland, wanted to enter the market, as did HSBC, while the big building societies were busy demutualising and turning themselves into publicly quoted banks. It seemed like a good idea at the time. People who had a savings account with a demutualising building society would get a very nice cheque in the mail. And the shares of the banks were doing fantastically. Until they didn't. Since 1990, the worst performing FTSE stock that still exists is RBS.

Then there is the issue of internationalism. It is human nature to concentrate on where you are now. Hence (to some readers' ire) I spend most time in the US these days. But in London in the 1990s, the FTSE 100 index seemed to be the whole investing universe.

Would it have made sense to diversify with investments in the rest of the world? To my surprise, it would not have done for my first 26 years or so here. UK stocks tended to outperform the rest of the world on the way up, without dipping even further in the down parts of the cycle. But that changed in the summer of 2016.

Since then, the UK's stock market has been a terrible laggard. There are no prizes for working out what happened in that summer. At the time I sustained what turned out to be a warning shot. On social media, I was pummelled by people convinced that UK assets had not been hit by the referendum. I was told I was "wrong about that one" when I tweeted a chart showing that sterling had tanked. Much worse was to come.

So, to be clear, the Brexit referendum has been bad for sterling-denominated assets. To deny this is to deny the truth. There are reasons to leave the EU that go far beyond the value of a British share portfolio. There is a price, but history cannot yet tell us whether it is a price worth paying.

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

FT SPECIAL REPORT

Watches & Jewellery Asia

Thursday September 27 2018

www.ft.com/reports | @ftreports

Watchmakers look to super apps to win buyers

Brands seek growth on Chinese websites, writes *Louise Lucas*

China has taken to online shopping with alacrity — it now accounts for more than a quarter of all sales there. After a slow start, makers of watches and other luxury goods are starting to capitalise on this trend.

The move to ecommerce is a major departure for brands with more than 100 years of history. For a long time, fears of sitting cheek-by-jowl with counterfeit goods, traditionally prevalent on Chinese ecommerce sites, deterred the makers of big-ticket items from signing up to platforms.

That left the broader luxury market with a conundrum. Chinese consumers are big luxury buyers — consultancy Bain estimates that by 2024 they will account for two-fifths of luxury sales — but while they are internet-savvy, they are spread across a huge landmass.

Watchmakers have recognised that the best response to this market is to embrace digital strategies and several have taken the plunge in the past year. Their efforts have varied from using the online world as a marketing tool, sponsoring celebrities to act as ambassadors for timepieces (and an aspirational lifestyle), through to selling their goods on Chinese platforms such as Alibaba's Tmall or JD.com, the two biggest.

They are also using social media, particularly the popular WeChat, which boasts more than 1bn accounts, in order to create a fusion between their online and bricks-and-mortar strategies.

"WeChat is basically competing with the internet in China at this point," says Liz Flora, a researcher for Asia-Pacific at consultancy Gartner L2. "It is so integrated with everyone's daily life that brands basically have to consider WeChat if they are considering any form of ecommerce."

> 'WeChat is basically competing with the internet in China at this point'

WeChat is the creation of Tencent, one of China's two most valuable tech companies; it began life as a messaging app but has since evolved into a "super app" thanks to the creation of "mini programs" — apps that run within the platform, in effect creating its own "walled garden", or ecommerce environment. Brands on the site can create pop-up stores and run flash sales.

Swiss watchmaker Audemars Piguet, for example, recently marked its first foray into ecommerce with a pop-up store under WeChat.

The messaging app, along with livestreaming apps such as Weibo, is also used for marketing. A centrepiece of these efforts is the use of key opinion leaders, or influencers, known as KOLs: these are actors, bloggers and other celebrities whose Instagram-worthy lifestyles feature the timepieces or jewellery they are promoting.

This has become a significant part of marketing strategies: consultancy PwC found that 29 per cent of consumers in China use social media to see what brands and products KOLs are endorsing, more than double the global rate of 13 per cent.

Gartner L2 points to watchmaker Omega's partnerships: the top two videos among watch and jewellery

Continued on page 2

Divine intervention Tastemakers resurrect the cross

The cross, perhaps more than any other piece of religious iconography, can appeal to those both inside and outside the faith it represents. Its allure has ebbed and flowed with fashion, but the symbol is enjoying a revival as part of a high-profile exhibition at New York's Metropolitan Museum of Art — and as designers recognise Asia's growing Christian population. **Page 9**

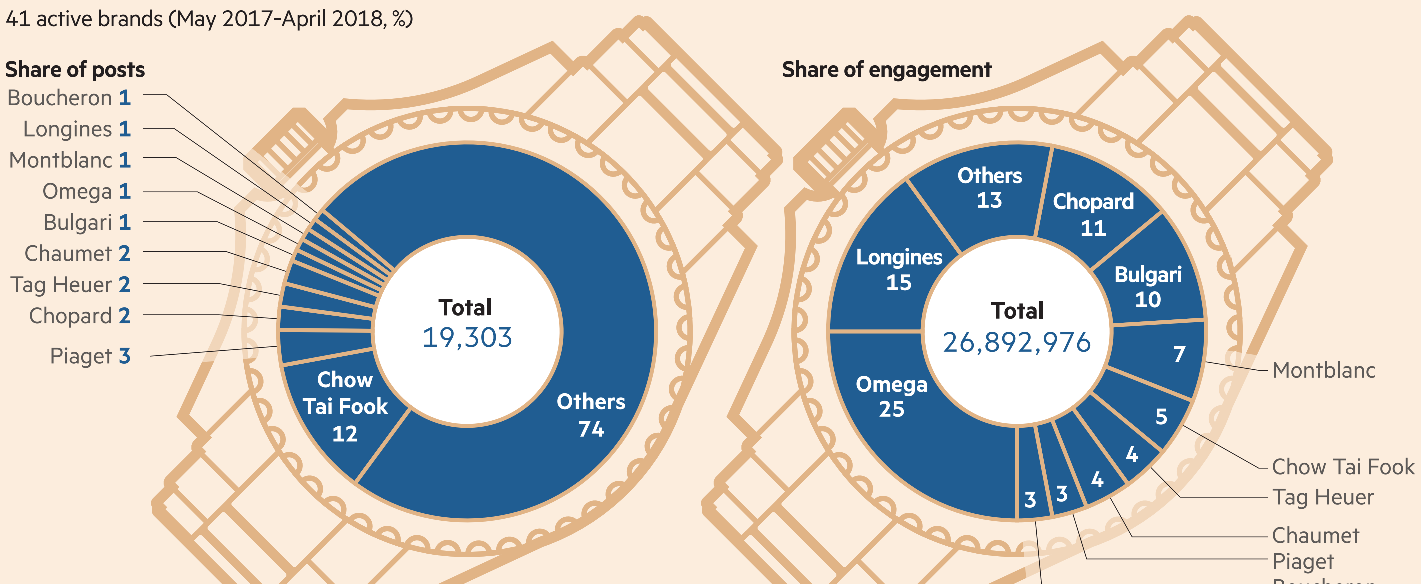
DIOR
TIMEPIECES

LA D DE DIOR SATINE COLLECTION
Steel, yellow gold, diamonds and malachite.

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

Tight at the top: luxury brands' share of voice on Weibo

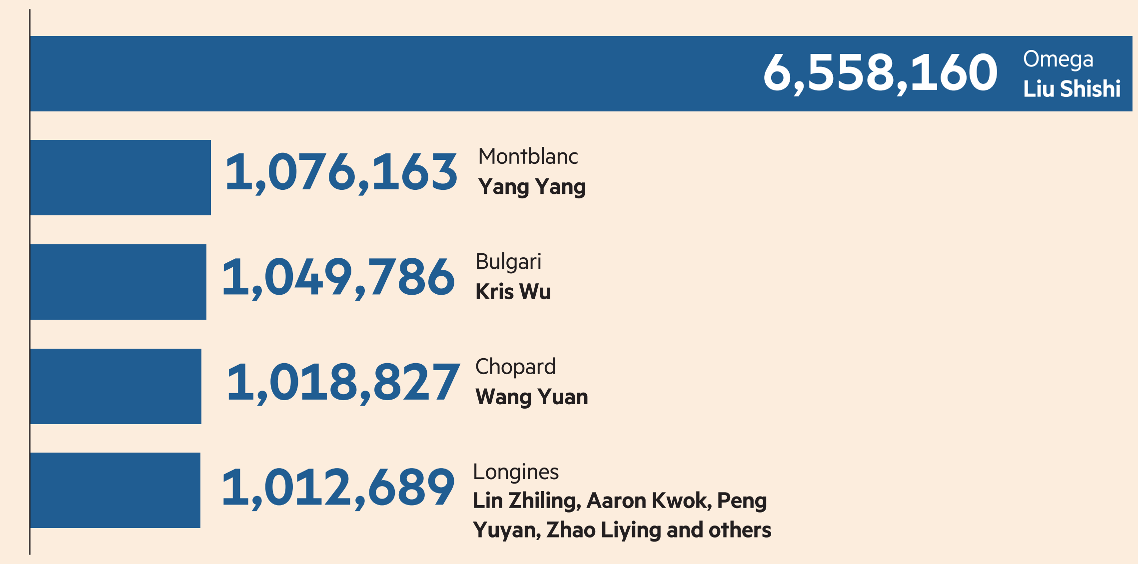
41 active brands (May 2017-April 2018, %)



Source: Gartner L2 Digital IQ Index, July 2018

Influencers account for 5% of watch and jewellery posts, but 77% of engagement

Top five most popular posts (total engagement)



Watchmakers look to Chinese social media 'super apps' to win buyers

Continued from page 1

brands were Omega's video on streaming service Miaopai featuring actress Liu Shishi, and another celebrating the Winter Olympics, with nearly 250m combined views. Equally popular are the *xiao xian rou*, or "young fresh meat" boy band types such as Kris Wu, who promotes Bulgari among other brands.

These youthful ambassadors increasingly reflect the age profile of consumers. Millennials are becoming big buyers, says Bruno Lannes, partner at consultancy Bain & Co. "Younger consumers and millennials are driving growth in the China luxury market, including in the watches and jewellery categories," he says.

Alibaba says that, on average, Chinese luxury consumers are about 15 years younger than their US counterparts and 10 years younger than European peers.

When it comes to actually selling the watches, the big ecommerce players have taken a commanding lead. Typically fashion brands have preferred to use their own ecommerce sites to sell directly to the consumer — a strategy perceived as keeping more control over the process and shoppers. But the big platforms now host many of the watch brands on their sites directly — an approach that sets the watch industry apart from the wider fashion sector.

Broadly, according to Gartner L2, 57 per cent of fashion brands sell via their own sites, more than double the 27 per cent that choose to set up shop on Alibaba's Tmall platform, for example. But the gap is far narrower for watch and jewellery brands, with 41 per cent having direct websites versus 37 per cent with official own-brand stores on Tmall.

> 'In China, it's difficult to have mass coverage of the entire country, so currently you can only cover the top-tier cities'

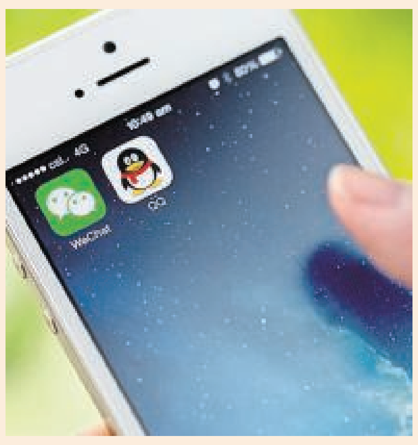
Ms Flora attributes the rise in the number of own-brand stores on the platform in part to Alibaba's efforts in tackling counterfeits. It is able to detect and remove rogue sellers far more easily than before — even though the total number of unauthorised product sales (these include grey-market parallel sales, where an item is bought cheaply and then resold in a more expensive market; and those from *daigou* resellers, shoppers who travel abroad to purchase items to sell in China) has risen slightly this year, she says.

"That shows it's an ongoing battle for brands," she says. "As long as goods are more expensive in China there's going to be this huge grey market — and the grey market is a breeding ground for the possibility of scams and fake goods, so it's definitely something brands need to be vigilant about."

The appeal of Tmall versus direct-to-consumer websites, she adds, is that it improves listings on search results.

Watch brands launching on Tmall in the past year include Rado and Tissot. IWC and Omega, meanwhile, recorded sales increases of more than 500 per cent year-on-year during midyear sales on Tmall Global, according to Alibaba.

Part of the move online is about expanding beyond the big tier-one cities where luxury watch brands typically have their stores, says Belinda Chen, director of JD.com's fashion division: "Now in China it's difficult to have mass coverage of the entire country, so you can only cover top tier."



Watch brands are testing out WeChat

JD, like Alibaba, is courting these top brands with what Ms Flora calls "safe haven" platforms, catering to top-end consumers with Net-a-Porter-style chic packaging and hand delivery.

According to Ms Chen, "well over 90 per cent" of watches costing more than Rmb8,000 ($1,170) are sold via JD's personal "white glove" service in the cities where it is available.

Similar trends are evident at Alibaba, where its Luxury Pavilion service is popular in China's lower-tier cities — more than half of sales come from third to sixth-tier cities, it says — and among the post-1980s generation, which accounts for 80 per cent of its shoppers.

Customer reviews on JD.com are glowing. "They post pics of the guy in his white gloves saying, 'Oh my god, this handsome guy in white gloves arrived at my door'." Then, Ms Chen says, they write about the packaging. "Last, they write about the product."

How JD.com won the trust of watchmakers

Interview

Belinda Chen

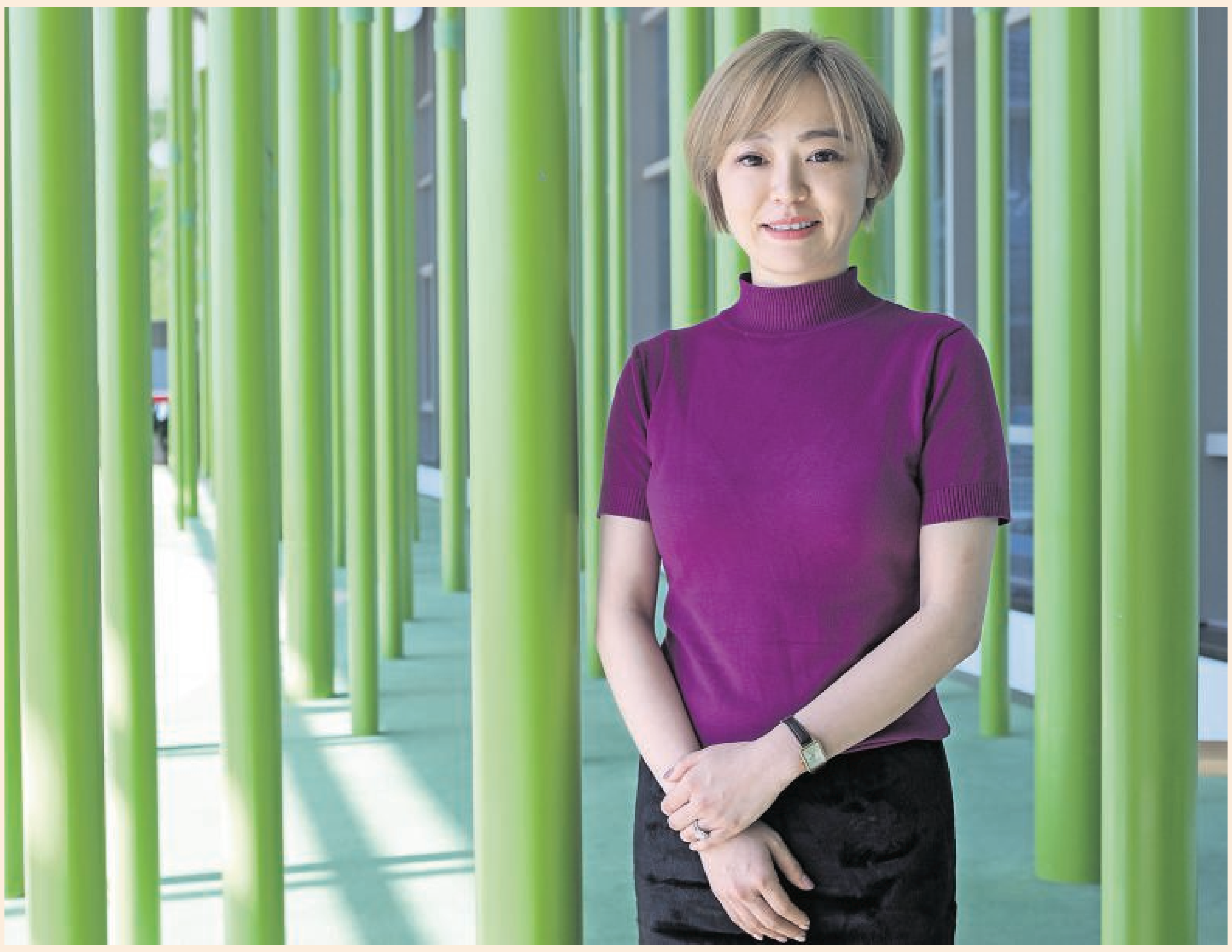
Chinese platform offers the reach, scale and support that many brands seek, writes *Ming Liu*

The rise of China and ecommerce are two dominant concerns that consume the minds of luxury watchmakers' chief executives. The sector has often struggled to keep up with either.

These themes have converged this year as several brands have sought to tap into this huge Asian market through JD.com, China's answer to Amazon and one of the country's two biggest ecommerce sites.

Partnerships with the platform give brands access to a vast online retail marketplace — valued at Rmb7.18tn ($1tn) by China's commerce ministry — that is also one of the world's most digitally engaged.

JD.com has more than 300m active users, and competes fiercely with ecommerce conglomerate Alibaba, which has 500m. Walmart, Google and the Chinese internet group Tencent are investors in the platform, which made waves when it went public in 2014 and raised $1.8bn, becoming the most highly valued Chinese company to have listed only in the US.



The company has made headlines yet again. This month, JD.com's founder and chief executive Liu Qiangdong was arrested in Minneapolis on suspicion of the rape of a Chinese university student. The company has described the incident as an "untrue accusation" and said "police did not find any inappropriate behaviour". At the time of writing, the investigation remained active. Mr Liu was released without charge or bail and has since returned to China. He has denied any wrongdoing.

Belinda Chen, head of JD.com's global fashion division, which includes watches and jewellery, says it has been "business as usual" since Mr Liu's arrest. Ms Chen, a 33-year-old former investment banker, joined JD.com after gaining an MBA from the University of Pennsylvania's Wharton School and has been in the role for four years. JD.com's customer base for watches has grown by "tens of millions" over this period, she says.

The platform hosts about 500 watch brands, from fashion and luxury Swiss brands to Japanese and Chinese watchmakers. The luxury watch sector — those priced above Rmb20,000 ($3,000) — makes up less than 20 per cent of its sales but is growing, Ms Chen says. After a sharp decline in sales across the sector that was tied to China's anti-corruption drive over recent years, volumes have been rising since the end of 2017, fuelled by a growing middle class.

"Consumers are becoming more experienced and sophisticated," says Ms Chen. "They read about the brand and are very careful about selecting a product that they can identify with."

JD.com offers two ways for brands to do business with the platform. One is where JD.com purchases and owns the inventory; in the other, brands retain their stock and JD.com acts as service provider for such things as fulfilment and delivery, marketing, payment and customer services.

Both models are "quite balanced" in terms of distribution among its partners, says Ms Chen, and brands can tailor which of the platform's services they wish to use.

Swiss watchmaker Audemars Piguet entered the world of online retailing via JD.com in April. Chief executive, François-Henry Bennahmias, says "ecommerce is very important in China, which is why we decided to make a test there first".

As part of the trial, JD.com set up an Audemars Piguet pop-up store on WeChat, China's social messaging app. While Audemars Piguet owned the stock and managed the WeChat account, JD.com provided the back-end support, including its luxury delivery service, in which white-gloved personnel deliver the goods and can, for example, take products back on the spot if the customer is dissatisfied. The service has differentiated JD.com as a trusted online retailer in a country where counterfeits are prevalent.

> 'The partnership allowed us to have something where we can control image, service and pricing'

The pop-up ran for about six weeks. Mr Bennahmias says it was an "interesting experience", and says the brand is "working on the next step".

JD.com also gives brands access to big data, which is especially valuable for a Swiss brand entering ecommerce — and China — for the first time. "Brands are keen to understand the latest trends," says Ms Chen.

Chinese consumers aged 18-25 are increasingly interested in niche or independent labels. "They have a strong and growing preference for uniqueness and expression of their own self-identity — and identify with brands that have strong features," Ms Chen says.

'Brands are keen to understand the latest trends,' says JD.com's Belinda Chen, above. Below: Li Bingbing at a Carl F. Bucherer event

Liang zi - Imaginechina for the FT; VCG via Getty Images

This will be welcome news for H. Moser & Cie, an independent Swiss house. It is known for its pared-back designs and makes about 1,500 watches annually, with movements produced in-house. The company debuted its online boutique via JD.com in May. "The partnership allowed us to have something where we really can control image, service and pricing, while covering the entire country," says chief executive Edouard Meylan.

The company now has 11,000 WeChat followers with a 40 per cent engagement rate, according to Mr Meylan. The company's experience in China has been a "learning curve", he says. While the conversion rate of visitors to sales is not especially high, he says, "at the same time the volume, which can be up to 10,000 [visitors] a day, is on a different scale than we're used to. When some stores in Geneva have two customers a day, it's quite something."

A bonus, Mr Meylan says, is how the online boutique has driven foot traffic to its stores outside China — Chinese tourists visit its overseas boutiques armed with images taken from the JD.com site. In addition, H. Moser plans to open two physical stores in Beijing and Shanghai by next year.

Limited editions and exclusive product lines are especially popular with Chinese consumers, something Carl F. Bucherer embraced when it debuted on JD.com this month. The 130-year-old Swiss house created a special-edition Patravi ScubaTec Lady diving watch that is available only on JD.com.

The Rmb38,500 watch features a red rotating ceramic bezel in homage to JD.com's corporate colours. It is also worn by Chinese actress and Bucherer brand ambassador Li Bingbing (she has more than 42m fans on Chinese microblogging site Weibo) in the joint Hollywood and Chinese film studio blockbuster *The Meg*.

Both Carl F. Bucherer and H. Moser have partnered with leading offline retailers in China — Harmony World Watch Centre and Hengdeli Group, respectively — to add a physical presence and to enable the servicing of watches locally.

JD.com's extensive investment in logistics and brand stock, plus offerings such as its white-glove service, mean it would be no surprise to see the company make inroads into China's bricks-and-mortar retail sector, much in the same way Amazon has in the US.

Meanwhile, investors will be closely watching the investigation of Mr Liu. The 45-year-old owns 15.5 per cent of JD.com shares but wields more than 79 per cent of voting rights. He is very much the face of the brand in a country where the cult of personality reigns supreme.

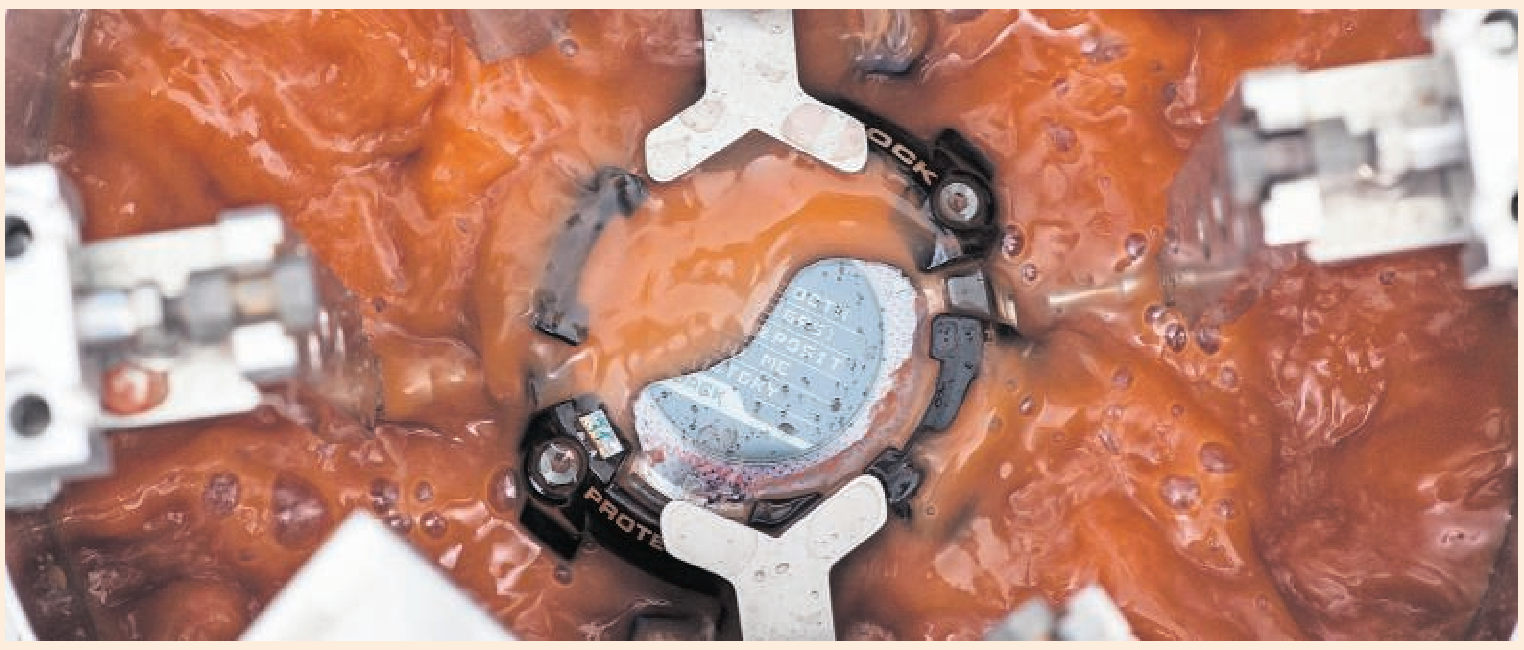
The company will be keen to avoid any disruption to its highly ambitious plans that might cause it to drift from "business as usual".

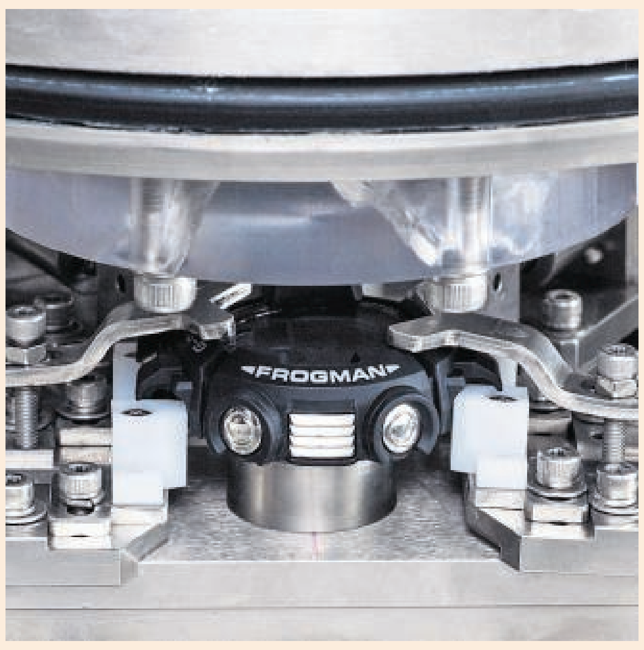
РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Inside the Casio G-Shock 'torture chamber'

Research

Leo Lewis witnesses the violent testing regime for the brand's signature watch series





On the third floor of the Hamura R&D centre, an hour's drive from central Tokyo, a regiment of Casio's top designers and engineers devote themselves to building some of the quirkiest, hardiest and most cherished watches on the planet.

In the building next door, a smaller, dedicated platoon of demolition experts spends its days trying to smash those watches to smithereens. Or drown them in mud. Or electrocute them. Or stab their buttons 10,000 times in a bath of synthetic sweat. Welcome, says Atsushi Oyama, the "quality assurance" manager, to the home of the G-Shock and the secretive watch torture chamber that helps defend the brand's reputation.

The ultra-rare tour of Mr Oyama's lab has been granted to the Financial Times as Casio's G-Shock line of implausibly durable watches celebrates its 35th birthday. It does so having passed, in September last year, the triumphant milestone of 100m shipments, but also under a shadow of corporate sorrow.

In June, Kazuo Kashio, one of the four brothers who founded Casio, died. The Kashio quartet had an uncanny sense of what customers wanted. They transformed the company from a postwar hustler of pocket tobacco pipes to a giant that has sold more than a billion pocket calculators. It was Kashio who backed the vision of one of the company's most gifted engineers and turned Casio from a respected pioneer of quartz watches into of one of the world's most valuable chronograph brands.

In the early 1990s, boosted by the addition of the Baby-G range (about one-third the size of their larger counterparts) and an emphasis on big, brazen designs, the G-Shock leapt spectacularly from niche to mainstream by appealing to Japanese who were in their mid-20s.

Sales quickly fell from that extraordinary peak but, under Kashio's long presidency (1988-2015) they steadily recovered to reach, in the year before his death, that same peak level of 9m units a year. The customer mix, once skewed overwhelmingly towards Japan, is now evenly spread around the world.

While G-Shocks can still arrest the eye, few watches so single-mindedly prioritise substance above style. Even the latest limited-edition MRG-G2000HA range, whose metal bezel riffs on the imagery of a samurai sword hilt — and which is hand-dimpled by a master craftsman in Kyoto — must undergo the same barrage of violence and techno-brutality as all other G-Shocks.

> A spring-mounted mechanical monster hurls the watch on to a concrete slab to simulate a drop from a tall building

This testing regime is one of the reasons why the watches claim to have such loyal fans. There are obsessive G-Shock collectors around the world and famous devotees range from members of the army, firefighters, paramedics, extreme sports enthusiasts and police officers to Oscar-winning Hollywood directors and hip-hop superstars.

There is something reassuringly workmanlike about the whole Casio set-up in Hamura. The worn carpets and scuffed walls of the 1970s research centre disguise the fact that, for decades, this building was the inventive heart of one of Japan's most iconic technology brands. It is a conceptual home of the miniaturisation trend that made Japan formidable from the 1970s on.

This is where Casio's engineers evolved generation after generation of calculators, musical keyboards, electronic dictionaries and digital cameras. The lone acknowledgment of this past sits under a picture of the four founding Kashio brothers in the corner of the reception area: Casio's first electronic calculator. This is mostly green metal and is the size of a small moped.

The torture chamber tour begins with Mr Oyama producing a rubber ball and giving a history lesson. In 1981, Casio's then lead designer Kikuo Ibe accidentally dropped a watch given to him by his father and saw it shatter to pieces. Watches, he decided, must be built to survive that kind of impact and worse.

Mr Ibe assembled "Team Tough" — a small group of engineers devoted to designing a watch that could achieve the "triple 10": survive a 10-metre drop, operate at 10 atmospheres of pressure underwater and work for 10 years on a single battery.

Hundreds of prototypes failed to meet these demands but inspiration struck when Mr Ibe spotted a child playing with a rubber ball. He realised the ball's centre was unaffected by the impacts hitting its outer surface.

This inspired the concept that has underpinned all G-Shocks since: suspending the works of the watch in a hollow casing and attaching them only at certain points. The final result, released in 1983, was the G-Shock DW5000.

As the watches have evolved to include more features (such as radio signals, Bluetooth) and to resist specific traumas (extreme heat, depth, vibration), so too have the 183 different tests the watches undergo.

Many of these involve machines that were purpose-built by Casio to put G-Shocks through their paces. They include ovens, freezers, high-pressure cabinets and centrifuges. There are also baths of invasive or corrosive fluids — the artificial sweat bath is accurately pungent-smelling — that submerge the watches as their buttons are machine-prodded for days.

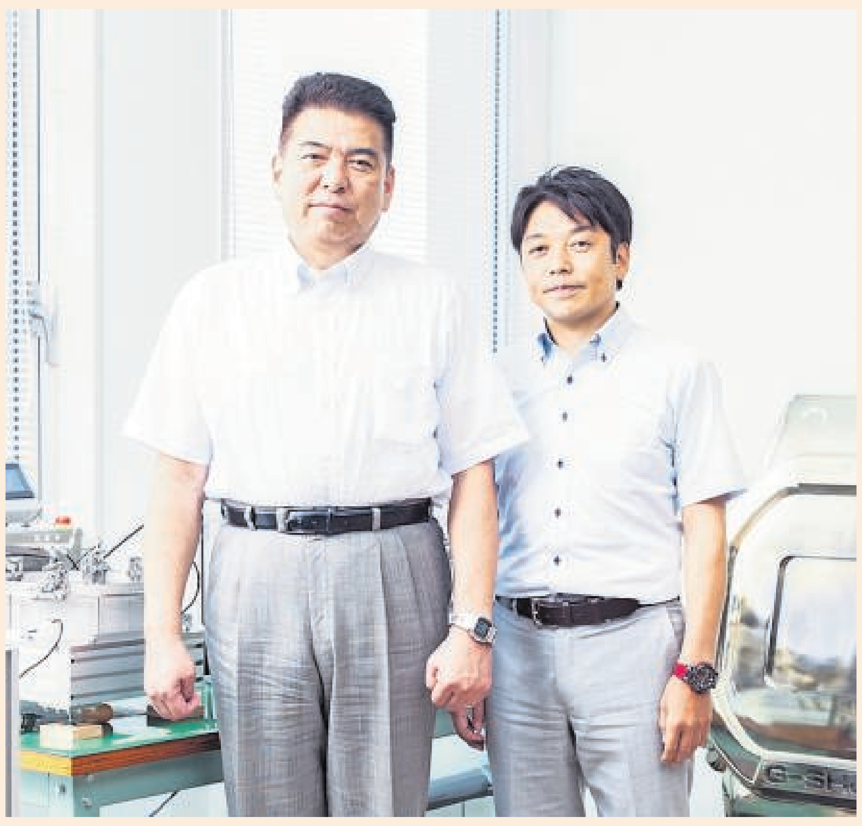
One test, for the durability of the colouring, rubs the watches for days across an array of white shirt sleeves to see if they leave a stain. An altogether more violent test places the watch, face-out, on a pedestal in the path of a 5kg brass hammer on a pendulum.

The hammer is raised perpendicular to the pedestal and allowed to swing in a devastating 180-degree arc towards the watch to test the strength of the face. The concussion is so hard that the watch is smashed out of its mounting and flies across the room into a net. It is unscathed.

When a new watch comes downstairs from the designers, the testers give it an examination to assess its weak points and then run the tests most likely to expose them.

There is nothing worse, Mr Oyama says, than running weeks of successful tests on a watch only for it to fail a test at the very end and for the whole process to have to start again.

The most impressive of the machines, though, is the one that tests the G-Shock for the original quality envisioned by Mr Ibe: a spring-mounted mechanical monster that hurls the watch on to a concrete slab to simulate a drop from a tall building.



Appetite for destruction: brutal tests put the G-Shock through its paces. Below, left: Tatsuya Izaki (left) and Atsushi Oyama (right) from Casio's R&D centre in Hamura
Toshiki Senoue for the FT

"We used to take them up to the roof of the building and throw them off into the car park. That was OK for years, until we hit one of the senior executives. Then we decided to design a machine to do the same thing," Mr Oyama says.

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

My Favourite Pieces Hong Kong-based designer and businessman Winston Koo tells *Kate Youde* why he prizes monotone but 'exotic' watches

His dark materials: the Zen-like quality of black

His interest in watches began before Winston Koo could tell the time. Aged three, he asked his parents for a Mickey Mouse watch during a trip to Disneyland and enjoyed watching the movement of the hands.

About three years later he got a Casio. "It fascinated me as a child, being able to measure something with such a small thing on your wrist," he says. "And the concept of time; imagining myself growing up."

Today, the appeal of watches lies in their design. Mr Koo, 44, is senior vice-president of design and sales for UCP International in Hong Kong, the family business started by his grandfather 60 years ago. This manufactures artificial flowers, seasonal decorations and home accessories for multinationals.

He applies a professional eye for detail to his collecting and his love of "quiet" black. "I've always liked black because it's devoid of colours and it's simple, it's elegant and it has this peace and Zen-like quality of absence," he says.

Blancpain Fifty Fathoms Bathyscaphe flyback chronograph (2014)

He turned his attention to black watches about 12 years ago after deciding to simplify his collection of almost 200 pieces down to about 50. He likes materials to be "as exotic as possible" and puts his watches "through the mill" to test their robustness: his black ceramic Blancpain has survived use as a "chew toy" by his two young children.

He was wearing the dive watch at both their births after finding it did not disturb his pregnant wife's rest. "[With] some of the bigger and chunkier watches sometimes, when we were sleeping, I'd hit my wife on the head with it. She didn't like that too much," he says. "Or sometimes [a watch] had too much luminescence and it glowed too bright and looked like a torch in the darkened room."

Mr Koo likes to wear the watch when he is travelling away from his family. "By no means is it the most hard-to-find or expensive watch but it just holds so much weight," he says. "I look at the watch [and] I think about my life, my wife, my two children, my present and my future."

HYT H0 (2017)

Mr Koo grew up in the US and only became serious about collecting watches after moving, at the age of 27, to the "retail mecca" of Hong Kong.

Until a couple of years ago, Mr Koo focused on traditional three-handed pieces but his taste is evolving after he discovered the six-year-old Swiss brand HYT. This he describes as "so out of left field" because it uses fluid in mechanical watches to tell the time. In his H0, green fluid in a tube around the edge of the black case marks the passing hours. "It's definitely a conversation starter," he says.

Main image: Winston Koo wearing his Blancpain Fifty Fathoms. Anticlockwise from top left: HYT H0; Rolex Explorer II; IWC Ingenieur; Jaeger-LeCoultre Master Ultra-Thin Jubilee

Theodore Kaye

Rolex Explorer II 40th anniversary edition (2011)

His uncle gave him his first "really nice" watch — an original Rolex Explorer II — for his 21st birthday but it was stolen seven years later during a renovation of his apartment. "I was gutted and I couldn't bring myself to replace it because it meant so much, and someone gifting you something versus you buying it for yourself has different emotions surrounding it," he says.

> 'I look at the watch and I think about my life, my wife, my two children, my present and my future'

He mentioned the incident once to his wife, Océane, before they married. On his 40th birthday in 2013, she surprised him with the stainless steel 40th anniversary edition. Mr Koo only wears it on special occasions, such as his wedding anniversary and Father's Day, because he now prefers black pieces and is "deathly afraid" of losing it.

Jaeger-LeCoultre Master Ultra-Thin Jubilee (2013)

Another watch outside of his collecting theme of black is his "pristine" Jaeger-LeCoultre, produced to mark the brand's 180th anniversary. At the time of its release it was the thinnest mechanical watch in the world.

Mr Koo and his wife bought the platinum piece at an auction in Hong Kong run by the brand's Proto Zero charity project, which sold prototypes in aid of the local End Child Sexual Abuse Foundation. He was moved by the cause and 10 per cent of the sale proceeds went to the charity.

"Usually as a collector you'd want number one . . . but Proto Zero, the prototype, means it's even before the first one," says Mr Koo.

IWC Ingenieur AMG GT Boron Carbide (2015-16)

After 20 years in design, Mr Koo has "an instinctual feel" and knows by looking at a picture of a watch "if it's right or not". He was attracted by the "interesting material" of his black IWC, which has yellow accents; boron carbide is more commonly used in industrial processes and armour.

"Desperate" to own one of the limited edition of 25 pieces, he called 60 distributors in Asia, the US and Europe over the course of a week, enlisting his French wife to contact shops in francophone countries.

His persistence was rewarded when a store in Switzerland called back to say a customer for whom it was holding a watch no longer wanted it. "It's not [for] every piece that I'd go through that effort," says Mr Koo, who wears his IWC when doing yoga. "But after getting the piece I do feel that it was worth it."

Mr Koo hopes to share his watches with his children and has already bought his three-year-old son a Casio to get him used to wearing something on his wrist. "It's not the biggest [collection] but it certainly holds a lot of personal memories," he says.

Mining Australian producer Argyle, famed for its pink stones, is to close, writes *Henry Sanderson*

Higher prices give rosier tint to diamond mine closures

The Argyle mine produces 90 per cent of the world's pink diamonds

Rio Tinto

Miner Rio Tinto unveiled the largest pink diamond from its Argyle mine in Western Australia this summer. The 3.14 carat "Argyle Alpha", found in 2015, is part of a package of 63 brightly coloured red and violet diamonds shown to potential buyers in Hong Kong this month.

The stones are becoming ever more scarce as the mine, which upended the heavily controlled diamond market when it opened in 1983, is set to come to the end of its life in 2020.

The closure marks a turning point for the diamond market as there are few comparable replacements in the pipeline. Analysts expect the supply of diamonds to peak within the next 10 years, as demand continues to grow.

"Rio Tinto's Argyle mine is the world's only source of these highly coveted pink, red and violet diamonds and we expect considerable interest in this year's collection," Jean-Sébastien Jacques, Rio Tinto's chief executive, said in a statement. He added that the constrained supply will "support significant value appreciation for Argyle pink diamonds". The tender will travel to New York next month, with bids closing on October 10.

Prices for high-quality pink stones have outperformed those of other diamonds over the past decade because of their rarity, according to Paul Zimnisky of Diamond Analytics in New York. He estimates pink stones account for less than 0.01 per cent of the world's diamonds by volume — the Argyle mine produces close to 90 per cent of these.

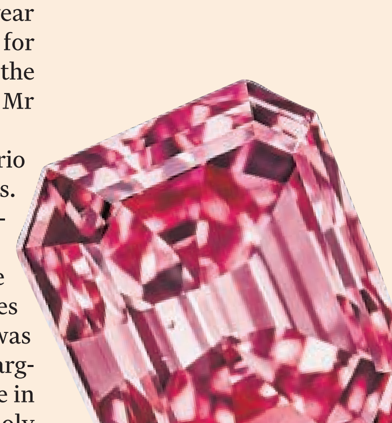
The wider diamond market is expected to feel a squeeze, too, however. RBC Capital Markets forecast last year that total supply would increase 4 per cent to 145m carats this year "before retreating as older mines begin to reach the end of their lives".

The looming shortage has already helped boost diamond prices this year after four years of declines. Prices for rough diamonds rose 4.5 per cent in the first half of this year, according to Mr Zimnisky.

"There's definitely a bullish scenario at the moment," Mr Zimnisky says. "Supply is going to decline incrementally from this year through to 2021."

The Argyle mine became a huge source of smaller and cheaper stones when it came into production. It was quickly established as the world's largest diamond mine and played a role in helping to break De Beers' monopoly over the market in the 1990s.

It was an era that marked a high point for exploration, with the giant Diavik mine in Canada's remote Northwest Territories discovered in the 1990s. Currently 60 per cent owned by Rio Tinto, Diavik is set to stop production in 2024.



Miners have significantly reduced the amount of money they spend on exploration over the past decade. Consultants at Bain & Co estimate that exploration spending as a percentage of revenue has fallen to 2 per cent from about 8 per cent in 2007-08.

Bain forecasts that diamond demand, however, is set to grow at an average annual rate of 1 to 4 per cent until 2030, while supply is set to grow by up to 1 per cent a year.

Output from some of the largest mines is already in decline. Production at Russian producer Alrosa's giant Jubilee mine is set to halve by 2020, according to Mr Zimnisky. He adds many of the mines in South Africa have been excavated since diamonds were discovered in the country at the end of the 19th century. "You're seeing the real significant depletion of the very economic mines," Mr Zimnisky says.

Still, the rate of supply growth will depend on how effective miners are at expanding production at their existing mines, according to Olya Linde, a partner at Bain's Moscow office. "We've seen before that plans get extended and the life of a mine gets extended because of exploration."

> 'You're seeing the real significant depletion of the very economic mines'

Higher prices could incentivise diamond recycling, which in turn could add to supply, she adds. Maintaining consumer demand for diamonds could influence miners' investment decisions.

Over the past two years larger jewellers, from Swarovski to the Warren Buffett-backed retailer Borsheims, have started to stock lab-grown diamonds. The chemically identical stones are made by replicating the temperature and pressure that formed natural diamonds deep in the Earth.

In what is seen as an attempt to head off the challenge, in May De Beers said it would start selling lab-grown diamonds through its own jewellery line, Lightbox, at a significant discount to both natural and other lab-grown stones.

"They are just trying to separate the two markets and protect the natural diamond market," Bain's Ms Linde says.

Amish Shah, founder of ALTR Created Diamonds, says demand for lab-grown diamonds will grow faster than forecast. He predicts they will account for a double-digit percentage share of the market "in the next few years", from about 1 per cent currently.

Coloured stones could feature prominently in that growth. At the annual Berkshire Hathaway shareholders weekend in May, the company unveiled a 3.99 carat lab-grown pink diamond.

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

Asian shoppers in Europe are often greeted with clichéd campaigns. Right: actress and influencer Fan Bingbing at a Cartier event

Bloomberg, Getty

Chinese tourists seek authentic experiences

Tourism Europe's luxury retailers must do more to attract a discerning market, writes *Sarah Shannon*

The days when Europe's luxury retailers could sit back while a paid guide brought busloads of Asian tourists to their stores are numbered. Today's Chinese traveller is a more discerning shopper, excited by independent brands and experiences.

Yet many watch and jewellery brands still cater to this crowd with coarse promotional deals, slapping Chinese characters and symbols on new year-edition products and domestic campaigns that fail to connect with an influential younger generation of travellers.

Some labels, however, are starting to wake up. The relative youthfulness of China's luxury shoppers compared with their global peers has seen some marketers move to exploit their digital savvy by engaging them online, before they have even boarded the plane.

"Chinese want to be treated equally and respected," says Zhu Yujie, a young influencer and author whose blog under the pseudonym Tutu Zhu has more than 600,000 followers on micro-blogging site Weibo. She has worked with Prada, Mappin & Webb, Liberty department store and Visit Britain, posting on her blog about life in the UK.

"The Chinese really care that the brand respects you, and you can feel if they respect you. It's a sensitive topic." She adds: "The older generation have had language [constraints] and can't always understand, but not the younger generation."

This change has not gone unnoticed. World Duty Free faced an online backlash this year after a promotion at its store at London's Heathrow airport required Chinese shoppers to spend significantly more than other travellers to receive a 20 per cent discount voucher. Complaints went viral and the company was forced to apologise. Poor attempts to incorporate zodiac animals on products, such as year of the dog watches, have also been widely mocked on social media in China.

Ms Zhu's young, educated female followers in China's major cities rebuff such gestures. They are more interested in brands that have a story and history, are aware of their environmental impact, and that reference culture and art. In the UK, they visit the V&A museum, Michelin-starred restaurants, Shakespeare's Globe theatre and Blenheim Palace. Clichéd traditional tourist attractions such as Big Ben and Bicester Village shopping centre are out.

A more effective way to engage Chinese travellers is to communicate with them online before they depart, says Danielle Bailey, head of Asia-Pacific research at Gartner L2, a consultancy. "Brands that are really smart understand Chinese are global," Ms Bailey says.

Cartier, which tops Gartner L2's Digital IQ Index for luxury brands in China — ahead of Bulgari, Louis Vuitton, Coach and Gucci — is particularly good at marketing events, Ms Bailey says, where local Chinese celebrities are invited to branded luxury experiences such as parties or dinners, which they then blog about to influence others.

"The brands at the forefront are the ones actively engaging on WeChat, Weibo, use KOLs [key opinion leaders], but are also experimenting with new frontier apps like Douyin and Red," says Ms Bailey, referring to the video-sharing app Douyin and Little Red Book, also known as Xiaohongshu, an international social media and ecommerce site.

With a predominantly young, female audience, Little Red Book began in 2013 as a platform where users could post travel experiences and shopping tips. It quickly built a community of actively engaged users and the following year, it integrated an ecommerce function to enable brands to sell the products talked about in the posts. Alibaba and Tencent were among a group that recently invested \$300m in the platform. It now has 100m users and is valued at \$3bn.

Brands can pay to have a store on the site but orders are fulfilled by Little Red Book. Chinese jewellery retailer Chow Tai Fook has a presence, but overseas luxury watch and jewellery brands are largely absent.

When Chinese tourists reach the UK, there is a dearth of original, innovative domestic marketing, according to Arnold Ma, chief executive of Chinese digital marketing agency Qumin, in London.

"I go down Bond Street or even to Selfridges and every Chinese new year I see really generic signage, stereotypical red letters, traditional paper cutting or even simplified Chinese visuals. It doesn't look like someone has put thought behind these," says Mr Ma. "The Chinese offices [of major brands] get it a lot better, but it's like a black hole [as to] whose job it is to target Chinese travellers in the UK."

Overlooking this group is a critical error. Ctrip.com, the online travel agency with more than 300m registered users, says about 6m Chinese visited Europe last year. Their spending power is immense: consultancy Bain estimates the Chinese are the largest drivers of growth in the personal luxury goods market. In Britain last year, spending by this group increased 35 per cent to £694m, according to the Visit Britain tourism board.

Watches of Switzerland, the upmarket British chain selling high-end brands such as Rolex and Patek Philippe, is particularly reliant on Chinese travellers. Brian Duffy, chief executive of the Watches of Switzerland Group, which also owns Mappin & Webb, Goldsmiths and Watchshop, says the number of tour buses it receives is "progressively reducing".

"Even five or six years ago tours were a big part of the business and it was singularly what we were set up for," he says.

The brand now attracts Chinese tourists with direct advertising on Ctrip.com, London Tube stations and at Heathrow airport. These are timed to coincide with seasonal campaigns, such as the lunar new year, and have involved influencers such as actor Zhang Jing and choreographer Yang Liping taking over Watches of Switzerland's WeChat account.

> 'Even five or six years ago tours were a big part of the business and it was what we were set up for'

It is not just larger brands, such as Rolex or Dior, that appeal to today's Chinese tourist. Renee Hartmann, co-founder of China Luxury Advisors, says more experienced travellers tend to be younger, more independent in their shopping choices and speak better English. "While people are still buying Louis Vuitton and Gucci and Prada, independent consumers are exploring . . . different brands, so there is a real shift in the tourism landscape," she says.

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

Finance Banks are putting their houses in order after a fraud scandal by choking off loans to mid-sized diamantaires, says *Simon Mundy*

India's diamond sector is braced for a funding squeeze

On floor after floor of Dharmanandan Diamonds' soaring grey headquarters in central Surat, rows of workers are hunched in silent concentration as they guide millions of dollars worth of tiny gems through a punishing two-month process.

Motley batches of rough stones from Canada or Botswana are sifted by quality and minutely examined before being converted into perfect digital replicas that are manipulated using Israeli 3D imaging software to find the most lucrative way to slice each one.

Having been cut with lasers at temperatures exceeding 2,000C, the diamonds are finally buffed into their familiar brilliant form, held by hand to a polishing disc that spins so quickly it appears motionless to the naked eye.

At a time when India is on a drive to boost exports and manufacturing, its diamond industry should be a source of pride and encouragement. According to Bain & Co, the consultancy, more than 90 per cent of the world's diamonds used in the global jewellery market by value are cut and polished in India. The vast bulk of this is in the western city of Surat.

This year, however, the industry hit the headlines for reasons less savoury.

On Valentine's day — usually a happy time for the sector — news broke of one of India's biggest frauds, allegedly perpetrated by perhaps its most celebrated diamantaire, Nirav Modi. The scandal adds to a range of financial pressures already facing India's diamond industry — even as it bets on a surge in domestic demand for its offerings. Now some observers point to a possible funding squeeze on the sector as banks grow more cautious about lending to smaller traders.

"Perhaps ironically, I have never really worn jewellery," Mr Modi told the Financial Times last year. Still, his elegant designs won him global fame, were regularly flaunted by celebrities such as Kate Winslet at the Oscars and appeared at other high-profile events. Mr Modi embarked on a high-octane expansion drive, opening stores on expensive real estate from London's Bond Street to Singapore's Marina Bay Sands.

According to Punjab National Bank, however, Mr Modi was simultaneously involved in a fraud of epic proportions. It alleges that he and associates, acting with a few PNB employees, secured unauthorised bank guarantees that were used to secure credit from overseas branches of other banks. The alleged fraud came to light only after the retirement of the main PNB official who is accused of involvement.

Mr Modi, who fled to London amid the allegations, has denied wrongdoing but his glamorous shops are now shut. Meanwhile, the shockwaves of his downfall have spread through an industry that once celebrated him as a trailblazer.

In the wake of the scandal, banks rushed to make sure they were properly protected against the risk of large-scale fraud. "When any such shock happens, people take a look at their own house and ask: could this happen here?" says Biju Patnaik, head of gems and jewellery banking at IndusInd Bank, one of the largest financiers to the industry.

This was not the first case of its kind. Five years before, Winsome Diamonds and Jewellery defaulted on loans of close to $1bn, prompting a major fraud investigation that is still continuing. But the unprecedented scale of the latest allegations has prompted some in the industry to worry about a damaging funding squeeze.

In the second quarter of this year, outstanding bank credit to the gems and jewellery sector fell by 6.3 per cent from the previous quarter, according to Indian central bank data. "The cost of funding is definitely going up," says Madan Sabnavis, chief economist at Care, a rating agency.

The worst-affected companies, he says, are the traders and manufacturers in the middle of the spectrum in terms of size. Unlike the informal traders plying their trade in Surat's bustling diamond markets, they are big enough to have grown reliant on bank credit but they lack the reputation and financial relationships enjoyed by bigger names, such as Dharmanandan.

At the Indian jewellery sector's annual jamboree in August, hundreds of merchants, from across the country and beyond, descended on a sprawling Mumbai conference centre. Their opulent stalls created a gaudy labyrinth of sparkling gems.

The crowds included an unprecedented turnout of bankers,

Craftsmen polish diamonds at a processing unit in Surat. Below, left: a Nirav Modi jewellery store on London's Bond Street
Reuters/Charlie Bibby for the FT/FT graphic

says Colin Shah, vice-chairman of the Gems & Jewellery Export Promotion Council (GJEPC), the sector's main trade body and organiser of the Mumbai event.

"Earlier, it was all on an Excel sheet," he says. "Now they're getting to know the industry — visiting the factories, looking at the balance sheets with a magnifying glass. I think in the long term it will be very good."

In the meantime, he says, the funding squeeze is hurting an industry that had already faced working capital problems because of delayed tax refunds after last year's introduction of India's new national goods and services tax.

The GJEPC has responded with public exhortations for banks not to shy away from the industry. It is also promoting a new database of financial information and credit histories aimed at giving banks more confidence in their customers from the sector.

IndusInd's Mr Patnaik warns that the effects of the bankers' cold feet should not be exaggerated. "We are a [banking] syndicate leader, and no participant has said he wants to exit," he says. "There is a cautious approach, but it's really affecting the marginal players, those who have more risks associated with their businesses."

The funding squeeze is only one element of the fallout from the February scandal. It was also a fierce burst of bad publicity for a diamond industry that is trying to lure Indian households away from their traditional preference for pure gold jewellery.

"At dinner parties at that time, if you said you worked in the diamond industry you got a raised eyebrow," says Sachin Jain, India head for Forevermark, the consumer brand of diamond group De Beers. But Mr Jain still views the home market as a potential source of huge growth for the industry. "The entire jewellery market is about $35bn in India, out of which we think diamond is about 15 per cent, and slowly the pendulum is shifting towards diamond jewellery," he says.

This outlook is shared by companies such as Dharmanandan: domestic sales account for only a tenth of its business, but it expects this share to increase strongly as Indian jewellery sales outpace listless growth in Europe and North America.

As well as reflecting rising disposable incomes, Mr Jain says this shows a change in the traditional perception of jewellery, with greater emphasis on its function as an indulgence rather than an investment. More customers now shop for jewellery alone or in couples, he says, whereas "earlier the entire family would come along".

> More than 90 per cent of the world's diamonds by value used in the global jewellery market are cut and polished in India

On a recent afternoon in Surat's bustling outdoor jewellery market, however, the mood was distinctly downbeat. Perched on roadside benches or inside dimly lit rooms with flaking paint, tiny gemstones arrayed before them on baize-lined trays, traders complained of a sharp fall in profits so far this year.

Largely, they said, this was a result of a production crunch by miners. This has sent the cost of imported rough diamonds surging. But they also blamed a more ominous long-term threat to the industry: the growing popularity of lab-grown diamonds. These are available at a far lower cost than the natural variety. The February scandal added to the anguish about this trend after allegations emerged that one of the conspirators had passed off synthetic stones to his customers as natural ones.

"People are afraid to buy diamonds in case they end up with synthetic ones," says Ramesh Ramani, a 62-year-old trader who says his earnings have fallen about 40 per cent in the past year. "If it carries on like this I might have to think about going back to farming."

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

Why jewellers are the new kids on the block

Auctions Up and coming designers are bypassing traditional retail for the prestige the sale room can bring, writes *Rachel Garrahan*

Auction houses and contemporary jewellers are moving beyond the traditional sale room and retail environments to capture the attention of jewellery collectors.

The arrangement is mutually beneficial: for the jeweller, an auction house offers legitimacy and a global network of private and professional clients. For the auction house, the work of a contemporary designer augments its offering of antique and estate jewels, and shows it is keeping a keen eye on new trends.

"It's a very good collaboration," says Albert Boghossian, head of the eponymous Swiss jewellery house and gem merchants.

"It's a strategy designed to give power to the auction house and to take power from them," he says. Boghossian's Manuscript coloured diamond bracelet sold for $4.5m at Christie's Hong Kong in May, setting the record for the most expensive such bracelet ever sold at auction.

This month designer Ana Khouri presented about 50 pieces, ranging from $10,000 to $2m, at a selling exhibition at Phillips' New York galleries. It was the New York-based Brazilian designer's first time working with an auction house. Until now, her high jewellery collection has been available by private appointment as well as being presented to a limited audience during Paris Haute Couture Week every July.

Ms Khouri's Phillips exhibition exposed her work to a global audience. "As an auction house, Phillips has amazing visibility," says Ms Khouri. "It provides a platform in a different sphere."

For Phillips, the Khouri exhibition marked the second step in its strategy to position contemporary jewellery as a serious design collectable alongside its offerings of art, furniture and photography. The first was an exhibition in New York and London in March of the work of British jeweller Lauren Adriana. Of the 35 pieces offered for sale, more than half found buyers.

"We are one of the only auction houses who takes the work of emerging artists who have never been presented at auction before and develops a market for them," says Susan Abeles, Phillips' head of jewellery for the Americas. "We want to provide the same platform for contemporary jewellers. It helps elevate them and it gives them exposure."

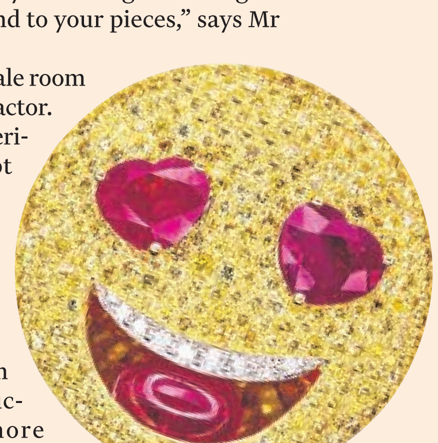
Ms Adriana says her exhibition provided access to a desirable audience, reaching "the community of jewellery collectors, educators and fans that exist in New York and London, and that for me was very special".

> 'It is a strategy designed to give power to the auction house and to take power from them'

Just as collectors are buying across an increasingly wide range of disciplines, from fine art and furniture to jewellery, the auction houses are meeting that demand by diversifying their offering across different channels, with a mix of auction, private and online sales. The jewellers choose the appropriate channel for each.

Boghossian offers on average one piece a year at auction in a strategy it believes has been central to developing its international standing. It purposely offers only its best designs and rarest stones at auction.

"In terms of establishing yourself as an international luxury brand, working with an auction house lends a neutrality and recognisable legitimacy to your brand and to your pieces," says Mr Boghossian.



The location of the sale room is another important factor. The aesthetic and materials of the Manuscript bracelet made it suited to Asia, which is the strongest market for coloured diamonds.

"We've sold in New York and Geneva but we are focusing more on Asia as we feel the auction houses are more dynamic, and also our taste is aligned with the Asia market," says Mr Boghossian. The auction strategy works hand in hand with that for retail. Boghossian is scheduled to open its first store in Asia, in the Prince's Building shopping mall in Hong Kong this month.

"It is exceedingly important for Christie's to collaborate with and present these modern-day artists," says François Curiel, Christie's chairman for Europe and Asia. "These latest design geniuses are significant components to a comprehensive and successful sales collection."

Fabio Salini has chosen to make his work available at Christie's through private sales. A selection of his designs was presented at the auctioneer's King Street private salon in London in March, followed by presentations in Dubai, Singapore and Paris. "It's a very interesting way to approach clientele as they have access to a very different network of people," says Mr Salini.

Main image: Ana Khouri. Top-bottom: Boghossian diamond and seed pearl bracelet; a tanzanite 'Gioconda' ring and emerald 'Marcia' ring; ruby and diamond 'smile' brooch by Michele Della Valle

Ana Khouri

He sees the collaboration as a long-term relationship where he and the auction house can take advantage of what he describes as "vibrant moments in the year" in any given destination, such as art fairs.

Cindy Chao has been placing her creations at auction since 2007. She acknowledges the risks of a piece not reaching its reserve price, or at worst not selling at all. "My determination to keep this situation from happening has spurred me to work harder on my own creations," says the Taiwanese jeweller. The benefits of helping to build an international brand outweigh the risks, she adds. Her most recent sale was a new rendition of her maple earrings at Sotheby's in Hong Kong. They sold for HK$1,375,000 ($175,000), double the low sales estimate.

Sotheby's is holding an online-only sale of bespoke jewels created by Italian jeweller Michele Della Valle until October 1. It follows a sale by the designer in Geneva in June 2017, which was 98 per cent sold and achieved more than double the pre-sale estimate.

This strategy reflects changing collector habits. Against a consolidated year-on-year sales increase at Sotheby's of 22 per cent for the first half of 2018, online sales increased by 30 per cent. In the past six months, private sales have grown 63 per cent versus the same period last year. "It's clear that today's collectors — including, of course, jewellery collectors — are embracing different ways of buying and selling at Sotheby's," says Laurence Nicolas, executive vice-president and global managing director of its watches and jewellery department.

In Geneva earlier this year, the auctioneer showed Art-à-Porter, its first sales exhibition of contemporary jewellery, design and contemporary art. It included work by jewellers Elie Top and Eliane Fattal, as well as a selection of contemporary art jewels curated by gallerist Louisa Guinness. Next month, Sotheby's London will host a selling exhibition of French designer Édéenne (October 25-31), her first public exhibition in the UK.

Selling at auction can be a good option for a jeweller at the start of their career. When Emmanuel Tarpin, 26, wanted to launch himself as an independent jeweller last year after leaving his position in the workshops of Van Cleef & Arpels, he chose to auction his first creation at Christie's in New York.

Despite being an unknown name, it was a risk that paid off for both sides. His pair of diamond and aluminium "geranium" ear pendants sold in December for $25,000 against an estimate of $20,000-$30,000. Mr Tarpin says: "It was a fabulous opportunity for me to start through a very famous auction house with all the communication, visibility, exhibitions it provides."

ULYSSE NARDIN
SINCE 1846 LE LOCLE - SUISSE

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

My Favourite Pieces Sara Jane Ho has taught Chinese women etiquette while adhering to ancient principles of harmony. By *Kate Youde*

Feng shui offers guiding hand in jewellery

Sara Jane Ho has learnt to be careful about the jewellery she wears. A keen believer in the principles of feng shui, a Chinese system for "harmonising" people and their environments to maximise good fortune, the entrepreneur has cautionary tales.

When on holiday with her father in India in 2007, Ms Ho, who is from Hong Kong and based in China, bought an oval sapphire and diamond ring. The sapphire — so dark it almost looked like onyx — did not leave her finger for the next month or two. "That year was already a very bad year for me because my mum had passed away but somehow within that period things got worse," she says. She hated her job in investment banking in New York; her boyfriend broke up with her; she became depressed.

She lost the ring and soon after met an Indian man at a party who was wearing his own sapphire ring. "He said you have to be very careful with sapphires because of their energy . . . Whenever you wear a sapphire it brings a lot of change to your life, for better or for worse," she says. She has not bought sapphires since.

The experience led her to consult the family's feng shui master and she has taken the practice seriously since starting Institute Sarita, a "high-end boutique finishing school", in Beijing in 2012. Her latest venture is Raya Living Omnimedia, an extension of the school that will provide video, TV and social media content aimed at China's emerging middle class.

Gioielli, diamond and ruby bracelet (2017)
Feng shui tries to balance five elements — metal, wood, water, fire and earth. Ms Ho lacks the fire element, she says, and so she needs more red — or rubies — in her life to rebalance. It was after launching Institute Sarita that she started seriously buying fine jewellery for herself.

She treated herself to her diamond and ruby emerald-cut bracelet, which she designed with the family's go-to jeweller in Hong Kong, Gioielli, to mark her first five years in business. It is the most expensive piece she has bought.

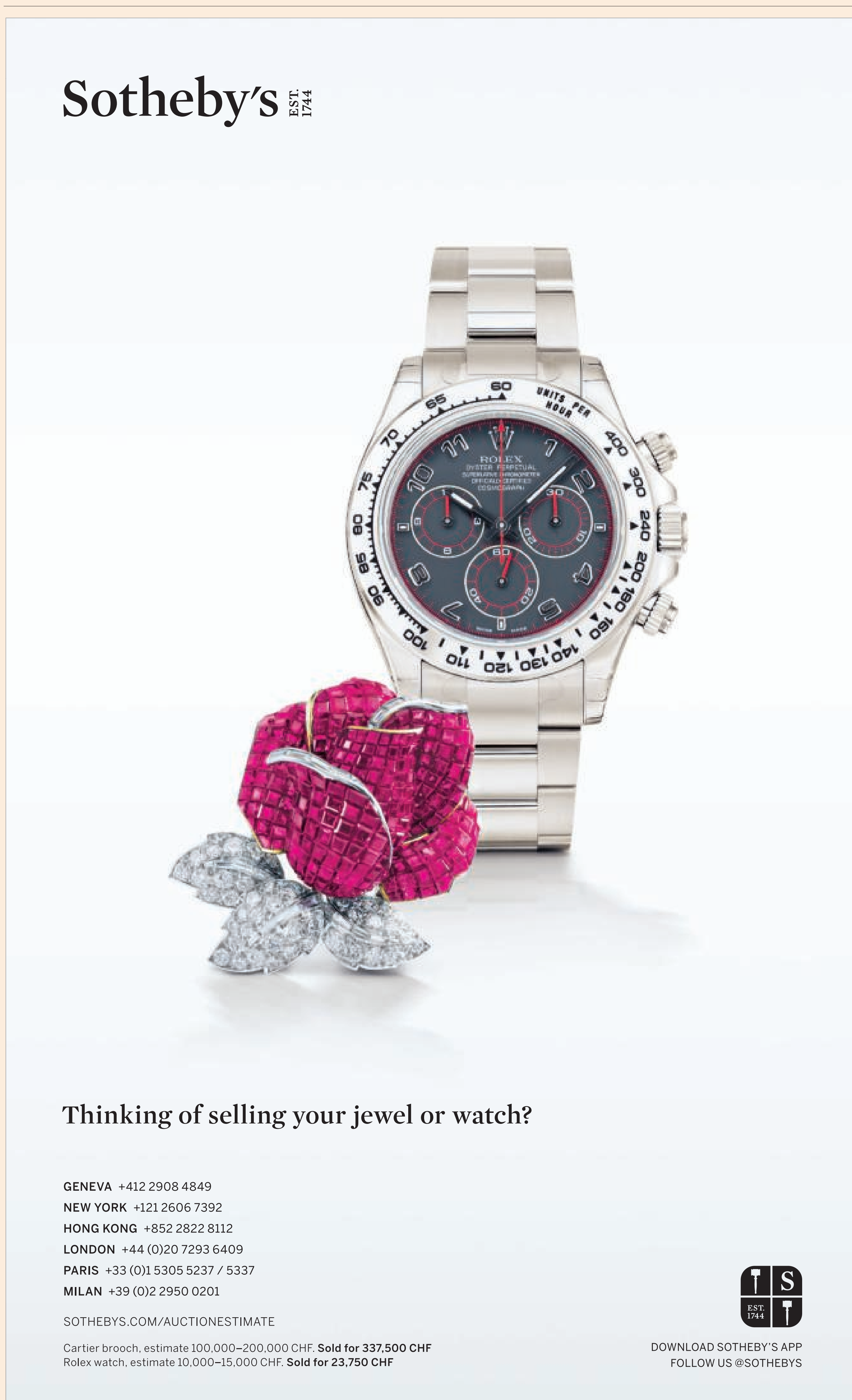
Gioielli, remounted vintage jade pendant (2017)
Ms Ho's grandfather bought a green jade pendant for his wife at the state-run Friendship Store in Beijing, where initially only foreigners and diplomats could shop, in 1968. Last year, Ms Ho's grandmother had the pendant remounted with white gold, onyx and diamonds by the family's jeweller. She gave it to Ms Ho as a 30th birthday present. "It almost looks like a Buddha," she says.

Main image: Sara Jane Ho wears her Chaumet pearl necklace and earrings. Clockwise from top left: Gioielli bracelet; diamond bracelet; Karen Hou ring; Gioielli jade pendant
Thomas Vee — Imaginechina

Chaumet, Bee My Love pearl and diamond earrings and necklace (c2015)
It was her mother who introduced "tomboy" Ms Ho to jewellery, starting her off with "preppy" pearl stud earrings when she went to school in the US. But Ms Ho has not worn pearls since and does not wear her Chaumet earrings and necklace, from a former partner. The pieces are not something she would have chosen. "But also, because it is so sentimental and it's [from] a former relationship . . . I don't want to expose it in some way," she says. "It's my most private piece."

Diamond bracelet (date unknown)
When Ms Ho was 17 and finishing boarding school, her mother gave her an Art Deco-style bracelet of diamonds set in 18-carat white gold. "It's simple in terms of colour but it's very unique in terms of design," says Ms Ho. Her mother died four years later; Ms Ho inherited her jewellery. "I still remember putting it on in front of her dressing table and thinking . . . the last skin it's touched was the skin of my mother," she says. Though she believes the energy in her mother's jewellery will help and protect her, she does not like to buy antique pieces. "All my antiques in my house my feng shui master has cleansed because they bring in the energy from the previous owner," she says.

Karen Hou, ruby and diamond ring (2012)
Ms Ho bought herself a "right-hand ring" to remind herself of her independence. Karen Hou, a Beijing-based designer, was one of her first students at Institute Sarita and they became friends. "I wanted to support her in some way and at the same time buy something for myself that was fun," she says. Ms Ho feels a different energy when she wears red jewellery and, as she takes risks to expand her business, she pays attention to feng shui. She says: "There's a phrase in China which is that first comes your life, your destiny; second comes your luck; and third comes feng shui."



Good omen as perceptions of second-hand luxury shift

Consumer trends

Asian millennials are letting go of the stigma their elders attached to pre-owned goods, says *Milena Lazazzera*

When Stéphanie Crespin launched StyleTribute, a Singapore-based luxury resale site, in 2013, there was still a stigma attached to buying pre-owned goods. They were often thought to "have bad spirits or energy attached to them", she says, and there was a "certain shame" linked to the purchase of a vintage item perceived to be of inferior quality.

But a growing appetite for vintage items, coupled with cultural changes in how pre-owned items such as jewellery are perceived, are setting the stage for rapid expansion in China.

The luxury resale market is worth more than €20bn globally and represents close to 10 per cent of luxury consumption worldwide, according to a report by Berenberg Bank in February. While this market is relatively mature in Japan, accounting for 10 per cent of all luxury spending, in China, the resale business is still in its infancy, at 3 per cent.

Digital platforms such as Miao Hui Shou and Secoo are boosting consumers' confidence in buying pre-owned higher-value goods online and are in turn attracting established western businesses to China.

"We noticed a double and triple-digit growth coming from Asia, without us doing any targeted marketing activity in the region," says Fanny Moizant, co-founder and Asia-Pacific vice-president at luxury resale website Vestiaire Collective, describing consumers' growing appetite for pre-owned upscale goods in the region.

The France-based company decided to open a hub in Hong Kong in May last year after spotting a shift in buying habits.

Although it is often classic statement handbags by brands such as Hermès and Chanel that drive clients to resale sites, Ms Moizant notes a spread into other sectors, including jewellery. "The era of the it-bag is definitely behind us and the demand for jewellery statement pieces is on the rise," she says.

Van Cleef & Arpels' Alhambra collection and the Chanel Première watch are among the most coveted items, she says. Gold earrings and alphabet pendants by Céline, now sold out in stores, are snapped up within a few hours when they appear on her site.

The pursuit of vintage is almost as important as the pieces themselves. "On our site every piece is unique and looking for it is like partaking in a treasure hunt. This brings with it an emotional component," says Ms Moizant.

The popularity of shopping for pre-owned items online follows moves into China by physical resale stores.

Hong Kong-based Milan Station, a chain that sells pre-owned luxury apparel, has expanded into mainland China, along with Japan's Komehyo, the country's largest second-hand department store.

Underlying the growth of the resale market in Asia is a change of mindset among millennials, who are fast

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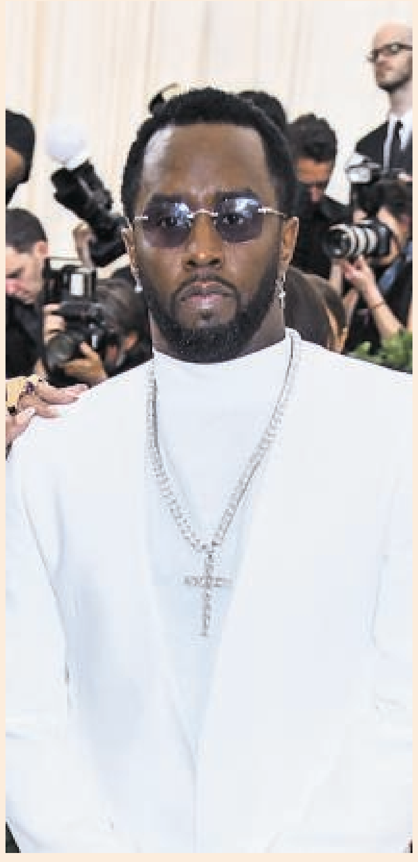
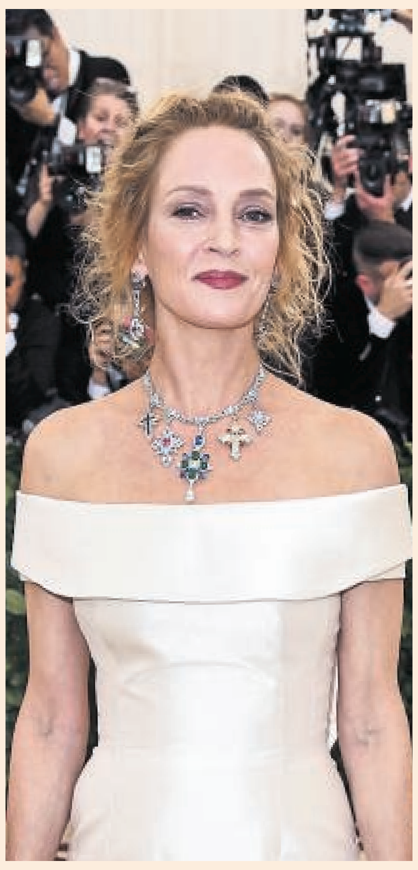
Van Cleef & Arpels' Alhambra collection

Aspects of the divine: crosses catch the eye of tastemakers






Fashion An exhibition and Christianity's growth restore the symbol's appeal, says *Melanie Abrams*

The cross, perhaps more than any other piece of religious iconography, holds a power to appeal to those both inside and outside the faith it represents.

The potency of its original symbolic meaning and its function as a personal expression of spirituality has, for many, been joined by an aesthetic "cool" that itself has morphed with popular culture and fashion.

While the symbol's allure has ebbed and flowed, crosses appear to be in the ascendant once again, featuring in an influential fashion exhibition but also as designers and marketers twig that the consumer hotspot of China is forecast by some — such as the Council on Foreign Relations, a think-tank — to become home to the world's largest Christian population by 2030.

By adopting the cross as part of an anarchic look, rock stars such as Aerosmith's frontman Steve Tyler in the 1970s broadened the symbol's appeal beyond its religious core. "The [symbol's] style is edgy and rock'n'roll with references to Madonna and Billy Idol [too]," says Singapore-born, New York-based designer Lynn Ban, whose cross jewellery is sold in Lane Crawford department stores in Beijing and Hong Kong and Singapore's Club 21.

The cross has gained star status this year — thanks in part to the Costume Institute's "Heavenly Bodies: Fashion and the Catholic Imagination" exhibition at the Metropolitan Museum of Art in New York, running to October 8. The show surpassed 1m visitors for the first time in the institute's exhibition history, reflecting the fascination that surrounds such iconography.

Glass stone cross jewellery by Robert Goossens for Chanel is featured in the show, alongside papal pendant crosses and cross rings from the Vatican collection. At the Met gala that opened the event, there were crosses galore: rapper P. Diddy in an oversized Pope-style piece by Lorraine Schwartz; his girlfriend, Cassie Ventura, in a one-sided version by Sarah Jane Wilde, while Uma Thurman wore a Giampiero Bodino necklace.

The cross's long-established home in the world of fashion is driving its appeal into non-western markets, such as Asia. Greek designer Ileana Makri, who sells 15 per cent of her crosses and pendants to Asia, says in markets such as Japan, "if fashion demands, they would buy".

Crosses featuring prominently on catwalks has accelerated this appeal. Dolce & Gabbana's Alta Moda show in July saw global fashion superstar Naomi Campbell take to the runway in a gold floral cross pendant and matching earrings. The gem-studded cross with a tassel worn by Korean model HoYeon Jung at the show would have been seen by her 282,000 Instagram followers.

Gucci's Alessandro Michele, who has form in identifying trends that sell well, peppered enamel crosses throughout his recent Cruise collection, which includes chokers, pendants, bracelets and brooches worn by men as well as women. Smaller pieces work better in Asia, says Hong Kong-based Yuting Hung, advisory board member to Asian jeweller Cindy Chao. "I've seen cross necklaces, rings with cross symbols but never seen as a big statement piece because in Asia religion is still an intimate thing," she says.

The symbols have unisex appeal and as men become more comfortable wearing jewellery they too are buying crosses as "they like the rock'n'roll aesthetic", says Ms Ban, who estimates that 30 per cent of her crosses are sold to men.

Celebrities turn out for the Met gala: (left to right) Sean Combs, aka P. Diddy, Madonna, Uma Thurman. Naomi Campbell at D&G's Alta Moda
AP/Getty/Dolce & Gabbana

Andrea Buccellati, creative director and president of his eponymous house, says male clients prefer simpler crosses — asking for burnished dark colours, black diamonds but "not a lot of stones".

Gurki Basra, senior buyer for jewellery and watches at New York's Barneys store, says teenagers and twentysomethings look for fun pieces such as Grainne Morton's mismatched drop earrings with multicoloured gemstones.

Designer Stephen Webster says he sells more of his crosses in the US than the UK; Pew Research Centre data show 70.6 per cent of adults identify as Christian in the US. This compares with 43 per cent in the UK, according to a recent British Social Attitudes Survey.

Gothic crosses are the biggest draw as they have religious, aesthetic and fashion appeal, says Hollywood talent manager turned jeweller Loree Rodkin, whose best sellers include ankhs.

While crosses are less prevalent at auction, when they do feature they perform well. A Verdura gold cuff and gemset Maltese cross, for example, sold at Sotheby's for $30,000, three times the high estimate of $10,000, in December.

Reaching non-western markets has seen designers reinterpret the cross.

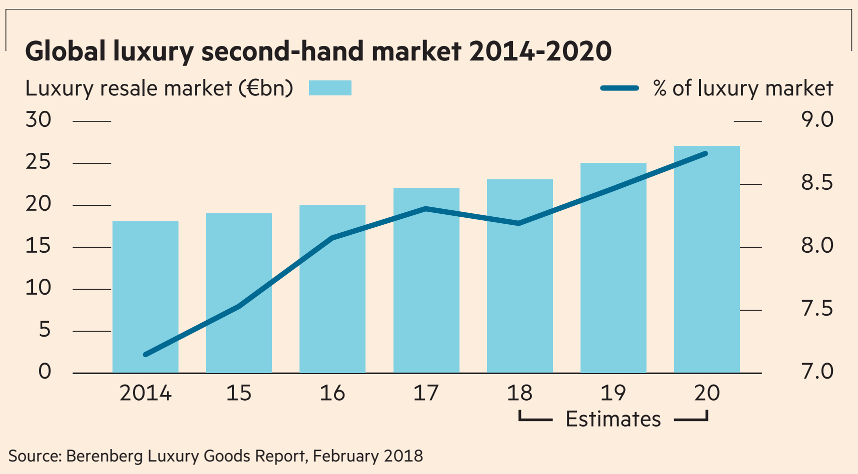
'It is never seen as a big statement piece because in Asia religion is an intimate thing'

Less conventional materials are incorporated, such as Ms Rodkin's medieval bone crosses or Saskia Diez's wire earrings, different shapes, including lines no longer straight, and finishes such as black rhodium.

Some designers have credited Heavenly Bodies with an increase in sales. Ms Wilde, whose one-sided cross features in the show as well as on the red carpet, has seen her sales jump from two or three crosses a month to more than 20. Diane Kordas, who had no connection with the show, says sales of her rosaries with lapis and other beads have since soared by more than 120 per cent through her website and retailers such as Net-a-Porter and Harrods.

There does not seem to be any fading of the cross's allure as designers find new ways to reinterpret the symbol, more people are open to wearing it, and new markets emerge as the Christian population grows in Asia and Africa.

For Mr Bodino, its association with religion will continue to disentwine. "I don't see the very traditional cross as a success for the future. I see more reinterpretation in terms of taste, shape and aesthetic, something which is not literally the basic cross," he says.



Vintage goods were thought to have bad spirits or energy attached to them . . . a certain shame linked to items perceived as inferior

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abandoning the prejudices of the generations before them.

A perennial risk is counterfeit goods, but some in the sector are taking steps to reassure customers on items' provenance. "Asians are terrorised by fakes," says Ms Moizant. Vestiaire Collective, which is backed by venture capital and the Condé Nast Group, signed a charter in 2009 in France with LVMH and Chanel, among others, to tackle cyber counterfeiting by sharing information about suspicious activities.

Ms Moizant has gone one step further and hired staff, who are trained by auction houses and an internal academy, to authenticate the merchandise. "When we opened our hub in Hong Kong, I didn't take any risks, and I decided to bring along with me experts from our European base in Paris to check the authenticity of the goods," she says.

Collector Square, another French online site specialising in pre-owned handbags, watches and jewellery, relies on the expertise of its parent company, French auction house Artcurial, to value items and help weed out fakes. In 2016, Collector Square entered into a partnership with Chinese distributor Bluebell to open a pop-up store in Hong Kong to target Asian customers, which today make up about 15 per cent of its customer base and are located chiefly in Hong Kong and Japan.

Messages on sustainability and the celebration of brands' heritage are reaching younger audiences in particular, according to Nadya Wang, lecturer on fashion at LaSalle College of the Arts in Singapore. "[Brands] are increasingly targeting millennials," she says, "with an emphasis on the luxury houses' rich heritage and at the same time their continued relevance." This, in turn, is fuelling demand for classics on the secondary market, or original versions of newly relaunched models.

As well as being able to snap up high-end items for a fraction of their retail price, Chinese consumers' desire to express their individuality through luxury is also stimulating demand, according to a study by consultancy Boston Consulting Group in February. If the continuous stream of product releases that swamp social media feeds provide consumers with a sense of déjà-vu, high-end vintage is likely to become even more highly prized by hunters of statement pieces.

Jewellery has traditionally been coveted by Asian consumers for its investment value, but antique jewellery dealership Siegelson says it has seen increased attendance by Asian clients at fine art fairs such as Tefaf in New York or PAD in London.

Luxury resale's global growth rate is expected to outpace that of the overall luxury goods market by 2020, according to Berenberg's research, at 7-10 per cent against 3-4 per cent.

Brands are positioning themselves to capitalise: watchmakers, realising they are ceding ground to so-called grey market resellers, have been exploring a range of tie-ins with pre-owned platforms. Secoo received a boost in July when private equity firm L Catterton Asia (the venture capital arm born from a partnership with LVMH and Groupe Arnault) and JD.com, one of China's largest online retailers, announced they would invest $175m in the fashion site.

As Chinese consumer patterns continue to fragment, there are ever more ways in which luxury brands can tap into this rapidly evolving marketplace.


Alphabet pendant by Céline; Première watch by Chanel

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