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

Newspaper of the Year

FINANCIAL TIMES

FRIDAY 21 SEPTEMBER 2018

WORLD BUSINESS NEWSPAPER

EUROPE

War bonds
Should Ukraine repay Russian debt after an invasion? — MARKETS, PAGE 19

Lone Star rising
A Democrat named Beto is gaining ground in Texas — WORLD, PAGE 3

China's next move
How to respond to Trump's irrational trade war — PHILIP STEPHENS, PAGE 9

May isolated after setback in Salzburg

Theresa May joins the line-up for the group photograph of EU leaders in Salzburg yesterday. Britain's prime minister looked more isolated after the informal EU summit, with fellow leaders warning that her Brexit plan would "not work".

Donald Tusk, the European Council president, said there would be another summit in Brussels in a month where the UK would face the "moment of truth" regarding the Irish border.

But both sides continued to play hardball, with Mrs May saying she could live with a no-deal outcome while the other European leaders insisted there were full plans in place in the event that Britain crashed out of the bloc without an agreement.

Report page 2

Lisi Niesner/Reuters

Briefing

▸ India and Pakistan in detente effort
The foreign ministers of India and Pakistan will meet on the sidelines of the UN General Assembly in New York this month, New Delhi has confirmed, in the first signs of an easing of tension.— PAGE 3

▸ US threatens China over postal rates
Donald Trump, US president, has threatened to take action if the UN's postal body does not change rules that make it cheaper to ship items from China to the US than within the US itself.— PAGE 4

▸ Cameroon violence flares as polls loom
Violence in Cameroon between English-speaking militants and the francophone-led country's security forces poses a challenge to President Paul Biya ahead of elections in October.— PAGE 2

▸ OECD warns over trade dispute damage
Tit-for-tat tariffs between the US and its partners are already damaging the global economy and pose a greater threat next year as trade slows down, the OECD group said yesterday.— PAGE 4

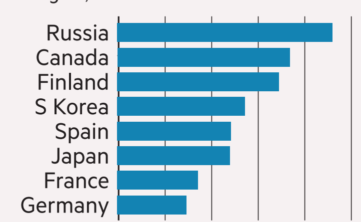
▸ Danish watchdog revives Danske probe
Denmark's financial regulator has reopened its investigation into Danske Bank to look at whether top management should face legal action after a huge money-laundering scandal.— PAGE 11

▸ Nestlé weighs options for skincare unit
Nestlé plans to spin off or sell its skin health business, which could be valued at as much as $7bn, in the latest streamlining move for the world's largest food and drinks company.— PAGE 12

▸ Brussels tells Facebook to adopt EU laws
The European Commission has warned Facebook it risks being hit by fines in EU member states if the social media group does not make clearer how it uses personal data. — PAGE 2

Datawatch

Education mobility
Those aged 25-64 and whose parents lack upper secondary education, % with a degree, 2015



Source: OECD

Nearly half of Russians aged 25 to 64 whose parents have an education below upper secondary school attained a university degree. This is the highest among all OECD countries. The rate drops to below 20% in France and Germany.

Markets at record high as boom in US drives investor confidence

● Trump's tax cuts help growth ● Economy shrugs off trade fears ● Output and capex rise

ROBIN WIGGLESWORTH AND MAMTA BADKAR — NEW YORK
SAM FLEMING — WASHINGTON

The US stock market vaulted to a record high yesterday as investors brushed aside fears over the escalating international trade war and instead focused on a booming American economy.

The S&P 500 index climbed 0.8 per cent by midday in New York, led by the technology stocks that have powered much of this year's equity market rally as well as economy-sensitive sectors such as materials and banks.

The Dow Jones Industrial Average also rose 1 per cent to hit a new high, while the tech-heavy Nasdaq Composite increased 1 per cent to trade close to its late August peak.

Despite the US this week imposing tariffs on goods from China, the domestic economy has received a big fillip this year from the Trump administration's swingeing tax cuts. Mounting signs also show that the windfall is translating into more robust economic expansion and healthier corporate earnings.

The US said this week it would impose 10 per cent tariffs on $200bn of Chinese imports, which would rise to 25 per cent if the two nations did not agree a trade deal this year. China retaliated by announcing levies on $60bn of US goods. However, the tariffs were not as severe as expected and investors said more clarity was a boon to markets that tended to loathe uncertainty.

Jobs growth and wage data were also better than expected in August and the Conference Board's sentiment indices indicate that consumer and corporate executive confidence were at their highest since 2000.

"Growth is strong," said Jim Caron, a fund manager at Morgan Stanley Investment Management. "We're seeing higher productivity and more business investments, which implies this isn't just a sugar high from the fiscal boost."

Goldman Sachs estimated companies would spend a record $1tn on share buybacks this year — a big driver of the market rally — but said "rumours of the demise of capital spending have been greatly exaggerated".

Investments by S&P 500 companies increased to $341bn in the first half of 2018, a 19 per cent rise over the same period last year. If this pace is sustained, it would be the fastest growth of "capex" in at least 25 years. The US economy is set to expand 2.9 per cent this year, according to new forecasts from the OECD yesterday, up from 2.2 per cent in 2017. If the US expands at that rate, it will be the fastest pace of annual growth since 2005.

> Goldman Sachs estimated companies would spend a record $1tn on share buybacks this year

The strength of the economy will be highlighted by the Federal Reserve next week, when it releases new growth and inflation projections, alongside a likely quarter-point increase in the target range for short-term interest rates.

Investors now believe the US central bank will continue to raise interest rates in 2019, pushing the yield on the 10-year US government bond to a high of 3.09 per cent yesterday, within touching distance of a seven-year high.

Smart Money page 11

Investment banking blow fuels HSBC soul-searching

Analysis ▸ PAGE 13

Austria	€3.70	Macedonia	Den220
Bahrain	Din1.8	Malta	€3.60
Belgium	€3.70	Morocco	Dh45
Bulgaria	Lev7.50	Netherlands	€3.70
Croatia	Kn29	Norway	NKr35
Cyprus	€3.60	Oman	OR1.60
Czech Rep	Kc105	Pakistan	Rupee350
Denmark	DKr35	Poland	Zl 20
Egypt	E£35	Portugal	€3.60
Finland	€4.50	Qatar	QR15
France	€3.70	Romania	Ron17
Germany	€3.70	Russia	€5.00
Gibraltar	£2.70	Serbia	NewD420
Greece	€3.60	Slovak Rep	€3.60
Hungary	Ft1090	Slovenia	€3.50
India	Rup210	Spain	€3.60
Italy	€3.60	Sweden	SKr39
Latvia	€6.99	Switzerland	SFr6.00
Lebanon	LBP7500	Tunisia	Din7.50
Lithuania	€4.30	Turkey	TL19
Luxembourg	€3.70	UAE	Dh17.00

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Turkey slashes $10bn from spending in push to heal shattered market faith

LAURA PITEL — ISTANBUL
JONATHAN WHEATLEY — LONDON

Turkey's finance minister attempted to rebuild shattered market confidence in his government's ability to manage the economy by promising to cut spending by nearly $10bn in a sweeping austerity programme that would put the brakes on growth.

The announcement by Berat Albayrak, who was put in charge of the economy two months ago by President Recep Tayyip Erdogan, his father-in-law, comes just a week after a surprise decision by Turkey's central bank to raise interest rates sharply in the face of a mounting currency crisis.

Under Mr Albayrak's revised forecasts, Turkey, which has suffered from a sharp increase in inflation, would see growth slow to 3.8 per cent in 2018 and 2.3 per cent in 2019. The previous target was 5.5 per cent for both years.

Analysts said that both the spending and growth targets were a welcome sign that Ankara was willing to take tough measures to tame runaway inflation and shore up the lira, which has lost 40 per cent of its value against the US dollar since the start of the year.

However, sentiment remained mixed on whether Mr Albayrak's plan would keep the deficit close to 2 per cent through next year, as he promised. On a volatile trading day, the Turkish lira initially rose sharply before falling more than 4 per cent; another recovery enabled it to end the European trading day up 0.5 per cent at 6.2 lira to the dollar.

Mr Erdogan has long railed against high interest rates and in recent years has allowed Turkey's strong budget discipline to slip as he promised lavish pre-election giveaways. That has spooked investors who had viewed Turkey as one of the most promising emerging market economies.

Analysts voiced disappointment over the absence of a strategy to support Turkish banks, which face mounting bad loans as those who borrowed in dollars struggle to repay rising debts.

Although many economists forecast a recession next year, the reduced growth targets are seen as an important step in building on the central bank's 6.25 percentage point rate rise.

"The new economic programme is based on more realistic GDP and inflation assumptions," said Alvaro Ortiz Vidal-Abarca, chief economist for Turkey at BBVA. The plan, he said, showed the government was willing to accept "lower but more sustainable growth".

Additional reporting by Roger Blitz

World Markets

STOCK MARKETS

	Sep 20	prev	%chg
S&P 500	2930.26	2907.95	0.77
Nasdaq Composite	8021.19	7950.04	0.89
Dow Jones Ind	26662.49	26405.76	0.97
FTSEurofirst 300	1496.93	1485.99	0.74
Euro Stoxx 50	3404.81	3368.56	1.08
FTSE 100	7367.32	7331.12	0.49
FTSE All-Share	4072.14	4054.63	0.43
CAC 40	5451.59	5393.73	1.07
Xetra Dax	12326.48	12219.02	0.88
Nikkei	23674.93	23672.52	0.01
Hang Seng	27477.67	27407.37	0.26
MSCI World $	2177.74	2172.27	0.25
MSCI EM $	1031.07	1019.74	1.11
MSCI ACWI $	521.98	520.19	0.35

CURRENCIES

	Sep 20	prev		Sep 20	prev
$ per €	1.175	1.167	€ per $	0.851	0.857
$ per £	1.325	1.315	£ per $	0.755	0.760
£ per €	0.887	0.887	€ per £	1.128	1.127
¥ per $	112.445	112.325	¥ per €	132.139	131.078
¥ per £	149.023	147.742	£ index	78.657	78.604
€ index			$ index		
SFr per €	1.129	1.129	SFr per £	1.273	1.273

COMMODITIES

	Sep 20	prev	%chg
Oil WTI $	70.39	70.77	-0.54
Oil Brent $	78.70	79.40	-0.88
Gold $	1203.30	1200.20	0.26

INTEREST RATES

	price	yield	chg
US Gov 10 yr	94.02	3.06	-0.01
UK Gov 10 yr	124.37	1.44	-0.02
Ger Gov 10 yr	141.60	0.47	-0.02
Jpn Gov 10 yr	100.18	0.11	0.00
US Gov 30 yr	92.59	3.20	-0.02
Ger Gov 2 yr	101.64	-0.54	-0.01

	price	prev	chg
Fed Funds Eff	1.91	1.92	-0.01
US 3m Bills	2.16	2.17	-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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Salzburg summit

EU leaders ambush May over Brexit

Chequers compromise proposal 'will not work', UK prime minister told

GEORGE PARKER, ALEX BARKER AND MICHAEL PEEL — SALZBURG

Theresa May was ambushed by EU leaders at a summit yesterday as they warned that her economic plan for Brexit "will not work" and gave her four weeks to save the exit talks.

The UK prime minister's allies had hoped that the EU would use the informal summit in Salzburg to offer words of encouragement about her compromise Chequers Brexit plan, to help her fend off her Conservative Eurosceptic critics at home.

Instead, Donald Tusk, the European Council president, threw out the centrepiece of Mrs May's proposal — an EU-UK free trade area covering goods and agriculture — leaving her fighting to save her Brexit strategy.

"There are positive elements in the Chequers proposal, but the suggested framework for economic co-operation will not work, not least because it risks undermining the single market," Mr Tusk said.

The EU argues that Chequers poses a threat to the single market, since it would give the UK access for goods while cutting back on other basic EU principles, such as the free movement of people.

Emmanuel Macron, the French president and one of the fiercest critics of the Chequers plan, said: "Brexit shows us one thing: it's not that easy to exit European Union, it's not without cost, it's not without consequences."

He said that the Leave victory in Britain's 2016 EU referendum was "pushed by those who predicted easy solutions", adding: "Those people are liars."

The EU's response to Mrs May's plan will embolden her Tory critics — including former foreign secretary Boris Johnson — to step up their campaign to "chuck Chequers" at the party conference this month, when she will be fighting to keep her plan, and possibly her premiership, alive.

Mr Tusk raised the pressure by saying that "the moment of truth" in talks would come at a Brussels summit on October 18, by which point he wanted a breakthrough on the Irish border question. Only if there was progress would he convene another summit in mid-November to finalise the deal.

Mrs May had expected the summit to conclude with talk of compromise, in line with EU leaders' comments as they arrived yesterday. But she was seething by the time she attended a post-summit press conference. In terse exchanges, she insisted Chequers provided the only "serious and credible" plan for frictionless trade between Britain and the EU, including at the Irish border.

Mrs May warned that she was ready to lead Britain out of the EU without a deal. "We are doing what's necessary to make a success of leaving the EU whatever the circumstances are," she said, adding that there was no prospect of Brexit being reversed in a second referendum.

Mrs May said she would bring forward new proposals to resolve the Irish "backstop" question. These are likely to include an acceptance of the need for regulatory checks — but not customs inspections — on trade between mainland Britain and Northern Ireland.

Notebook page 8
Markets page 19

Employment. Changing patterns

France grapples with shift to flexible work

Macron insists job market is improving but new positions are also the most precarious

DAVID KEOHANE — PARIS

In a ground-floor Paris apartment Kevin Deredec and Robin Desprats, bicycle couriers for food delivery start-up Deliveroo, are quick to defend the short-term work that allows them to live and plan their future in the French capital.

"People with salaries do not understand this new way of working . . . this kind of job can save you at any time," said Mr Deredec, 28. "When people think of this kind of job they think of slavery — but if you are salaried you [only] have an illusion of stability . . . you are afraid to leave your job, you get stuck."

He and Mr Desprats, 22, who say they have saved €10,000 each, are among those benefiting from a change in the French jobs market that for others is contentious: growing use of more flexible contracts.

As the eurozone's economy recovers from its long crisis and job creation surges ahead, the unemployment situation in France is also improving — but only slowly, and the country remains a regional laggard. Unemployment has fallen from 10.5 per cent in 2013 to 9.1 per cent, compared with a euro area unemployment rate of 8.2 per cent and just 3.4 per cent in Germany.

The sluggish improvement is a problem for French president Emmanuel Macron who has promised to lower unemployment to 7 per cent by the end of his term in 2022.

The headline unemployment rate also masks big growth in the numbers working for only a few hours each week, and, therefore, still claiming social security benefits. The number of people who work a few hours and are enrolled with Pôle Emploi, the national unemployment agency, has risen in recent years — doubling to almost 2.2m since 2008.

Patrick Artus, chief economist at Natixis, says that while the stock of longer-term contracts is 74 per cent of the total, the jobs being created at the fastest pace are more likely than not short-term, or CDD, *contrat de durée déterminée*.

Philippe Martin, who heads the French council of economic advisers, said: "The long-term trend is a shortening of the length of contracts, CDD, and even within that the very short-term contracts, of one to two days, are growing faster again."

In companies with 10 or more employees, 69 per cent of new contracts in 2000 were fixed-term, but by 2017 this had risen to 86 per cent, according to government figures.

Not everyone is as happy as Mr Deredec and Mr Desprats with short-term contracts or the ability to work multiple jobs. For many it represents an unacceptable compromise or a slide into a more precarious life.

Last weekend a young unemployed gardener took his chance in front of Mr Macron — and television cameras — to complain about the difficulty of finding the right kind of job.

The president was not impressed: "If you are ready and motivated, in the hotel business, cafés, catering . . . in the building trade, there is not a place where I go where they do not tell me that they are looking for people. Not one!" said Mr Macron, a former investment banker, as television cameras rolled. "I could find you something if I cross the street."

Mr Macron was derided as out of touch. But while the president may be confident that jobs are out there, his government is grappling with the consequences of shifts in the labour market.

"Mr Macron is aware that the new world is creating lower-quality jobs, so the social model needs to change to absorb this new world, and those with low-quality jobs can benefit from higher social protection . . . but it takes time and money," said Eric Heyer, economist at the French Observatory of Economic Conditions.

In an effort to create better jobs, France has moved to make long-term contracts less onerous for employers, by capping the compensation that can be awarded after a dismissal.

Mr Martin says the president is also considering a reform of employer-paid social charges to incentivise longer-term contracts by lowering their cost while simultaneously increasing the cost of short-term contracts.

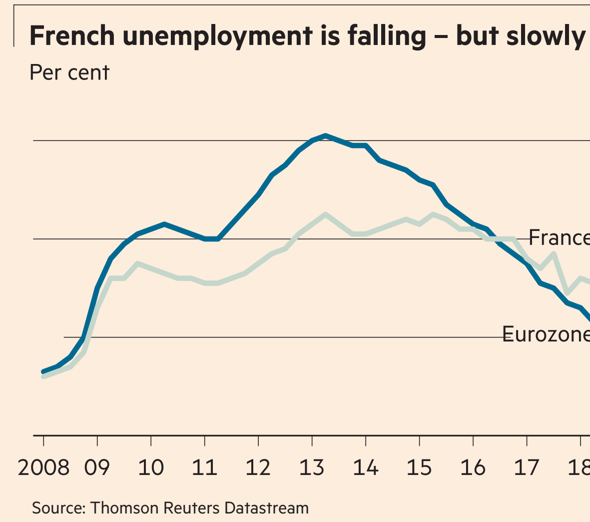
Mr Macron has asked unions and employers to come up with a solution to reduce the weight of short-term contracts being used or he will push ahead with the change. People familiar with the matter expect a decision to be made at the start of next year.

What still needs to be addressed is what many blame for France's high unemployment — the number of jobs that cannot be filled because the unemployed lack the skills. Mr Artus said: "We have close to 800,000 unfilled jobs in French corporates, while you have 3.7m unemployed; that's a big mismatch of skills and mobility."

Bumpy ride: bikers working for the food delivery service Deliveroo wait for instructions in Saint-Ouen, outside Paris
Gerard Julien/AFP/Getty

'The long-term trend is a shortening of the length of contracts'

French unemployment is falling – but slowly
Per cent



Source: Thomson Reuters Datastream

Data harvesting

Brussels tells Facebook to fix user terms or risk fines by bloc members

MEHREEN KHAN — BRUSSELS

Brussels has warned Facebook it risks being hit by fines in EU member states if the social media group does not make clearer how it uses personal data.

The European Commission yesterday urged Facebook to amend its terms of service to adhere to EU consumer protection laws or face possible sanctions. Brussels has complained that Facebook's terms of use, which were updated in May, are misleading as they do not make clear that the company uses personal data for commercial purposes.

Facebook has been given until the end of the year to satisfy the EU or face action in the bloc's 28 member states.

"My patience has reached its limit," said Vera Jourova, EU commissioner for justice and consumers.

"While Facebook assured me [that it would] finally adapt any remaining misleading terms of services by December, this has been ongoing for too long. It is now time for action and no more promises."

Ms Jourova's warning came after the commission met Facebook this week. She said she would encourage EU governments to "act swiftly and sanction the company" if the terms are not updated in the next three months.

Although the commission has no power to fine companies that breach consumer law, it can put pressure on the EU's members to do so using national consumer protection legislation.

'This has been ongoing for too long. It is now time for action and no more promises'

The case escalates tensions between the EU, which has one of the strictest data protection regimes in the world, and Facebook after the Cambridge Analytica scandal, in which an estimated 2.7m EU users had their information improperly shared.

This year Facebook rewrote its terms and data policy to reflect what information it collects about its users. Its data policy states that users' information helps "to select and personalise ads, offers and other sponsored content that we show you".

Brussels is now pushing the social media platform to make clear that harvested data are used for commercial purposes.

In response to the commission's warning, Facebook said it had made a "vast" number of the changes proposed by Europe's consumer protection authorities and Brussels.

"Our terms are now much clearer on what is and what isn't allowed on Facebook and on the options people have," the company said.

"We . . . will continue our close co-operation to understand any further concerns and make appropriate updates," it added.

Ms Jourova pointed out that the Cambridge Analytica scandal was a "stark reminder that not many people have clarity on how Facebook uses the personal information of its users and how it works with third parties like apps and games".

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Anglophone separatism

Cameroon faces spiralling violence across linguistic divide

NEIL MUNSHI — LAGOS

Violence in Cameroon between English-speaking militants and the security forces of the francophone-led country is threatening to spiral out of control ahead of October elections.

Hundreds of thousands of people have been displaced in the past year by bloody clashes between Cameroonian soldiers and armed separatists calling for independence for roughly 5m citizens in the country's English-speaking regions.

The violence across the country's linguistic divide — which has its roots in colonialism — has turned into the greatest challenge faced by President Paul Biya, who hails from Cameroon's francophone majority and has been in power for 36 years.

Hans De Marie Heungoup, central Africa senior analyst for the International Crisis Group, said: "We are not yet in a civil war, but all the ingredients for a potential civil war are already assembled."

He cited the targeting of civilians, the administration's efforts to encourage pro-government militias and the emergence of criminal gangs.

The election due on October 7, when 85-year old Mr Biya is seeking his seventh term in office, comes days after the anniversary of a crackdown that left dozens of protesters dead last October, when secessionists symbolically proclaimed the independence of Ambazonia, as the envisioned anglophone state is called.

The crisis began in 2016 as the Biya administration accelerated policies that have marginalised English speakers and cracked down violently on peaceful protests against demands that French be spoken in schools and courts in anglophone regions.

Yaoundé has stepped up policies that have marginalised English speakers

Agbor Nkongho, a leader of the protest marches who was jailed for eight months, said: "After we were arrested, the movement went into the hands of radicals who were clamouring for a separate state. The situation has changed drastically . . . and tensions will only get worse as we approach October 7."

Mr Nkongho said more English speakers had been persuaded to support what had been a minority secessionist movement because of extrajudicial killings, the arbitrary arrest and torture of journalists and civilians, and the blocking of internet access in anglophone regions last year.

The ICG estimates that soldiers have razed at least 100 anglophone villages, part of a crackdown that has forced more than 21,000 people to flee into neighbouring Nigeria.

In the past year, the anglophone armed groups, directed from abroad by exiled Cameroonians in Europe and the US, had grown more brazen and violent, said Mr De Marie Heungoup.

They are made up of between 1,000 and 3,000 men, most armed with rudimentary weapons such as machetes and hunting rifles, according to ICG.

Amnesty International said this week that about 400 civilians had been killed this year in the crisis, while at least 160 soldiers have died since 2016. It had authenticated two videos showing someone who identified himself as a separatist holding the decapitated head of a Cameroonian officer.

"The situation is going to deteriorate further because [anglophone separatists] are going to use all means possible to prevent elections from taking place" in their region, said Elie Smith, a Cameroonian journalist. "And in retaliation, the military will use brutal force."

Jean de Dieu Momo, a Biya supporter and head of Les Patriotes Démocrates pour le Développement du Cameroun political party, said that anglophone grievances about marginalisation were legitimate, but so were those of pygmy tribesmen who were not taking up arms.

Mr de Dieu Momo said the men who took up arms for a separate state "are not political fighters fighting for the change of the state to federalism: they are terrorists".

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

Detente effort

Hopes raised for Pakistan-India thaw

Foreign ministers set for meeting as Khan indicates readiness to discuss terror

KIRAN STACEY — NEW DELHI
FARHAN BOKHARI — ISLAMABAD

The foreign ministers of India and Pakistan will meet on the sidelines of the UN General Assembly in New York this month, New Delhi has confirmed, in the first signs of an easing of tension since Imran Khan came to power in Pakistan.

Sushma Swaraj, India's foreign minister, will meet Shah Mehmood Qureshi, her Pakistani counterpart, following a request from Mr Khan to Narendra Modi, the Indian prime minister.

Raveesh Kumar, Indian foreign ministry spokesman, said yesterday that the session would be "a meeting and not a dialogue", and did not represent the resumption of regular high-level government talks.

But it will be the first time ministers from the nuclear-armed neighbours have met officially in years, with tensions running high since 2016.

The last effort at rapprochement came in December 2015, when Mr Modi unexpectedly visited Nawaz Sharif, then Pakistani prime minister, at his home in Lahore.

But relations broke down nine days later when Pakistan-based Islamists crossed the de facto border and attacked the Pathankot air force base in Punjab, killing 12 people.

Pakistan has complained frequently about the actions of the Indian security forces in the disputed region of Kashmir, where dozens of people have been killed in recent years in clashes between the army and Kashmiri separatists.

India viewed the election of Mr Khan earlier this year with caution, with ministers in New Delhi uncertain about how hostile a policy he would pursue.

Details emerged yesterday of a letter written by Mr Khan to Mr Modi earlier this month, proposing comprehensive talks and an immediate bilateral meeting in New York.

In the letter, published by media in Pakistan and India, Mr Khan said: "Pakistan and India have an undeniably challenging relationship. We, however, owe it to our peoples, especially future generations, to peacefully resolve all outstanding issues, including the Jammu & Kashmir dispute, to bridge differences and achieve a mutually beneficial outcome."

In a sentence that analysts said was vital to persuading India to accept the proposal, he wrote: "Pakistan remains ready to discuss terrorism."

New Delhi has long complained that Islamabad does not do enough to prevent homegrown extremist groups crossing the border and attacking Indian territory.

> Relations had broken down in 2016 after Islamists crossed the border and struck an air force base, killing 12 people

A Pakistani official said the two countries had been encouraged to talk by third parties, though the official did not say which countries had intervened.

But even as the two governments prepare for the bilateral meeting, violence continued along the Line of Control that forms the de facto border in Jammu and Kashmir, with Indian officials accusing the Pakistan army yesterday of killing an Indian soldier.

Analysts said the incident demonstrated that the Pakistani army was keen to show its strength even as politicians prepared to talk.

Dhruva Jaishankar, a fellow at Brookings India, said: "As with all recent episodes of burgeoning bonhomie between India and Pakistan, the Pakistan army seems eager to set the boundaries of engagement and place the onus on India."

Senate race. Texas seat

'Next Bobby Kennedy' closes gap with Cruz

O'Rourke faces steep climb in the state but stance on rights and race engages many voters

DEMETRI SEVASTOPULO — DALLAS

Outside the Good Street Baptist Church on a muggy evening, Johnny Deas nods at the "Beto for Senate" sign in his hands and says: "I don't normally do this, brother."

Two months before the US midterm elections, Mr Deas, an African-American independent voter who backed Republican George HW Bush and Democrat Barack Obama, is breaking with his customary political aloofness by carrying a placard for Robert O'Rourke, a charismatic Democratic congressman from El Paso known as "Beto".

"He's like a white Obama," said Mr Deas. "He has a certain charisma, swag if you will, but you don't get the sense that it is plastic or fake."

After driving himself around all 254 counties in Texas, Mr O'Rourke, an Irish-American former punk rock musician, has arrived at the unlikely position of being within striking distance of unseating Ted Cruz, the rightwing Republican senator who ran for president in 2016.

A victory in the Lone Star state — which has not sent a Democrat to the Senate in 30 years — would raise the odds of the party winning the upper chamber of Congress, in addition to what is forecast to be a win in the House of Representatives.

For Donald Trump, a Democratic takeover of Congress would be a devastating rebuke, hampering his chances of passing legislation and opening the way for a possible push for impeachment by opponents.

At an electrifying rally last Friday in a church that once hosted Martin Luther King, Mr O'Rourke talked about universal healthcare, equal access to education, and changing drug laws that send a disproportionate number of African-American men to jail — what he calls a "school-to-prison pipeline". He attacked Mr Trump over immigration.

"We face a moment of truth unlike any moment I have experienced in my 46 years on the planet," he boomed. "There is going to be sooner or later an accounting for what we did, or for what we failed to do."

Bridgett Mitchell, a black woman who has been to several O'Rourke rallies, also likened him to Mr Obama, but said others saw him as "the next Bobby Kennedy" because of his stance on race and civil rights.

"It's not just Democrats that are following him," she said. "Republicans, independents — he's really starting to catch the millennial vote."

Unorthodox: Democratic challenger Robert 'Beto' O'Rourke speaks at a campaign rally in Plano, Texas, this week
Laura Buckman/AFP/Getty

A fluent Spanish speaker who was previously a city councilman, Mr O'Rourke livestreams his campaign, including posting a video of himself skateboarding at a parking lot that burnished his image as an unorthodox politician.

He has explained his arrest for drink driving in 1998 in a way that stresses how, as a white man who fell foul of the law, he has fared better than most black American men who face daily racism.

Mr O'Rourke was catapulted to national fame after defending the right of American football players to kneel during the national anthem in protest against police killings. His response — "I can think of nothing more American than to peacefully stand up, or take a knee" — went viral.

He is seen as a much more likeable figure than Mr Cruz, who is despised by even many of his peers in the Senate.

Mick Mulvaney, White House budget director, has warned that the Republican party might lose the Texas race.

"How likeable is a candidate? That still counts," he said.

Mr O'Rourke has a fundraising advantage. During the last quarter, Mr Cruz raised $4.4m from individuals and groups. Mr O'Rourke, who only accepts money from individuals, raised $10.4m.

He still faces a steep climb in a state where the Democrats have for many years had no serious political infrastructure. Mr Cruz has sought to depict Mr O'Rourke as a leftwinger who is weak on illegal immigration.

"Beto is raising and spending a lot of money, but at the end of the day he's a little too far to the left culturally for Texas," said Scott Reed, political strategist at the US Chamber of Commerce.

But opinion polls show Mr O'Rourke closing the gap. A Reuters/Ipsos/University of Virginia poll gave him a two-point advantage among likely voters, his first lead.

Underscoring the stakes, Mr Trump plans to hold a rally for Mr Cruz, a presidential rival he once mocked as "Lyin' Ted".

A giant mobile billboard outside O'Rourke rallies displays an old tweet from Mr Trump that says: "Why would the people of Texas support Ted Cruz when he has accomplished absolutely nothing for them."

> 'It's not just Democrats that are following him — he's really starting to catch the millennial vote'

Until election day, Republicans are expected to pour money — and tough ads — into Texas to help ensure that Mr Cruz does not lose.

Asked if he would respond by switching gear and targeting Mr Cruz, Mr O'Rourke said he believed Texas voters did not want him to respond to attacks with his own attacks.

"There is the temptation to respond in kind, *ad hominem* personal attacks, dredging up things from the past, saying things about our families," he said. "But the people of this state have asked me to resist that temptation and instead focus on what is important to them — their future, their kids' future. That is what we are going to continue to do."

Cal Jillson, a Southern Methodist University politics professor, thinks Mr O'Rourke faces tough odds. Some 60 per cent of Texans vote on a "straight ticket" — a mechanism that lets voters pick all the candidates from a party with one selection — reducing the number of Republicans who might back their candidates for some races but Mr O'Rourke for the Senate.

Standing in the heat at a rally at the Backyard on Bell music venue, Al Woolum, a Vietnam veteran, points to the packed crowd. "He's young and enthusiastic and attracts a lot of people . . . If all these people show up and vote, we've got a good shot."

GLOBAL INSIGHT
WASHINGTON

Edward Luce

Kavanaugh dilemma exposes Republicans' patriarchy problem

Forget for a moment whether a US Supreme Court nominee attempted to rape a girl at a party 36 years ago. The judge, Brett Kavanaugh, categorically denies the allegation. His accuser, Christine Blasey Ford, has requested an FBI investigation. The truth is probably unknowable. But the prospect of 11 white males — two of them octogenarians — approving a lifetime sinecure for a 12th is unlikely to be forgotten. That is what Senate judiciary committee Republicans are on course to do next week. Their reasons for such haste are unconvincing. In politics, it is not what you say, it is what people hear. Many Americans will see the patriarchy siding with one of its own.

Democrats have been hoping for a so-called blue wave to engulf Congress in November. It increasingly looks like a pink one. Nearly two-thirds of women disapprove of President Donald Trump. Many are college-educated Republicans who reluctantly voted for him in 2016 because of greater antipathy towards Hillary Clinton. She is no longer on the ballot. Some of them are millennial women who did not vote because they thought Mr Trump was going to lose. Whether it is buyer's remorse, or being "woke" by Mr Trump, the wave is hard to mistake. Even Mr Trump senses it. In recent days, he has started to distance himself from the midterm effort. His name is not on the ballot, he reminds people.

Mr Kavanaugh's supporters believe an honourable man's career is being besmirched — and possibly derailed — by an eleventh hour ambush. They are right about the timing. Were Mr Kavanaugh's confirmation to be delayed, his hopes could be drowned in an electoral wave. If Democrats won the Senate, they would kill his confirmation. Such a prospect is no longer far-fetched.

> He is a politician in judge's clothing. Before joining the judiciary, he was a partisan operative

Ted Cruz, the Republican senator from Texas, is trailing two points behind his Democratic challenger. The last time a Democrat won in Texas was a generation ago. Mr Cruz sits on the Senate judiciary committee. If Republicans could lose in Texas, no state would be safe.

The pink wave has been building for a while. Higher female turnout was critical to an even bigger upset last December when Republicans lost a safe seat in Alabama. The losing candidate was Roy Moore, a Christian fundamentalist with an alleged history of dating underage girls.

The stakes over a Supreme Court vacancy are far greater. The standards ought to be, too. Unlike Mr Moore — or Mr Cruz — Mr Kavanaugh would keep his seat for life. Voters have no direct say in that. Moreover, Mr Kavanaugh is a politician in judge's clothing. Before he joined the judiciary, he was a partisan operative. He was one of the fiercest attack dogs on the Kenneth Starr team probing Bill Clinton's improprieties 20 years ago. Unlike Robert Mueller, the media-shy special counsel investigating Mr Trump, Mr Starr was known for planting stories. Mr Kavanaugh was often his designated leaker. Call it prurience with a purpose.

The Starr team did not lack for sexual material to leak about Mr Clinton. Mr Kavanaugh was also part of the George W Bush legal team that contested the 2000 Florida election tally. Its success clinched the presidency for Mr Bush over Al Gore. It helped to earn Mr Kavanaugh a White House job. Little flavour of that appears in the advertisements airing on Mr Kavanaugh's behalf across America. They focus on his legal credentials and family values. The deep-pocketed machine behind him rivals that of any politician running in November. Less than 24 hours after the allegation against Mr Kavanaugh surfaced, it released a letter signed by 65 women attesting to his teenage character. He went to a single-sex school. Two days later, Ms Ford made her story — and name — public in a Washington Post interview. Ms Ford has had to move out of her home following death threats. The image of a powerful man brushing aside an ostracised woman would be hard to counter.

> The image of a powerful man brushing aside a woman would be hard to counter

Republicans face a dilemma. If they rush Mr Kavanaugh's confirmation, they could forfeit votes in November. If they await the findings of an FBI inquiry, they might jeopardise the Supreme Court vacancy. My bet is they will go for the first. Elections can be reversed within two years. Supreme Court seats can last for decades. As Steve Bannon, Mr Trump's former chief strategist, said of the "anti-patriarchy" wave: "It's even more powerful than populism. It is deeper. It's primal. It's elemental." We will discover soon enough whether he was exaggerating.

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Sporting sanctions

World Anti-Doping Agency lifts Russia ban

MURAD AHMED — LONDON
MAX SEDDON — MOSCOW

The World Anti-Doping Agency has lifted sporting sanctions on Russia, the first step in allowing the country's athletes to return to international events such as the Olympic Games.

Craig Reedie, Wada's president, said yesterday that the "great majority" of its 12-member executive committee voted to reinstate Rusada, Russia's anti-doping authority, back into the world body during a meeting held in the Seychelles.

The decision means that Russia will be trusted again to test its own athletes.

But the move has infuriated several sporting bodies, athletes and a senior member of Wada, as well as a Russian whistleblower who labelled the lifting of the ban as "treachery." Sir Craig said the decision came with a "clear timeline" for Wada to access data and samples from Moscow's anti-doping lab, which was at the centre of a drugs cheating regime orchestrated by Russian officials.

He said if Wada's requirements were not met, Rusada could once again be kicked out of the organisation.

Yesterday's move should pave the way for other groups such as the International Olympic Committee, the games organisers, to lift bans on Russian athletes. In February, Russian sportspeople were unable to compete under the nation's flag at the Winter Olympics, with those considered "clean" required to perform under a neutral banner.

Rusada was first deemed non-compliant in November 2015, following the release of a Wada report that revealed Russian anti-doping officials had helped athletes take performance-enhancing drugs and that government and security officials helped cover-up failed tests.

LDP ballot

Abe set to be Japan's longest-serving premier

ROBIN HARDING — TOKYO

Shinzo Abe is on track to become Japan's longest-serving prime minister after defeating a leadership challenger for the ruling Liberal Democratic party.

Mr Abe won 553 out of a possible 810 votes in the leadership ballot, comfortably beating Shigeru Ishiba.

The victory gives him another three-year term as leader of the LDP. With lower house elections not due until 2021, Mr Abe can hope to stay as prime minister until 2020 and beyond.

The sizeable margin will give Mr Abe the political confidence to continue his stimulus program, known as Abenomics. He has promised to raise Japan's retirement age and pass a modest reform of the country's pacifist constitution.

If Mr Abe remains leader until November 20 2019, he will overtake Taro Katsura to be the longest-serving Japanese prime minister in history.

"I will devote myself to fulfilling this office, body and soul," said Mr Abe after his victory was declared in a ceremony at the LDP party headquarters.

The LDP chooses leaders using an electoral college of parliamentarians and regional supporters, with each group having 405 votes. Mr Abe won the parliamentary vote by 329 votes to 73 for Mr Ishiba. He won the regional vote 224 votes to 181.

Although Mr Abe's margin of victory was in line with expectations, the significant minority of the regional vote won by Mr Ishiba shows that there is discontent with Mr Abe's top-down control of the party, especially in parts of the country that have enjoyed little benefit from the economic recovery.

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

INTERNATIONAL

Punishing tariffs add up to long-term test for China Inc

Factory shift to lower-cost countries and investment in domestic tech set to accelerate

FT REPORTERS

When Donald Trump began imposing tariffs on China, scores of US companies and industry representatives pleaded for exemptions to protect their businesses, and criticised the administration's trade policies.

Some China sectors were spared, but scores of others, from seafood to white goods makers, were hit when the US president slapped a 10 per cent tariff on $200bn worth of imports from the second-biggest economy, about half of Chinese imports.

Mr Trump is threatening to increase the levies to 25 per cent in 2019 if no China-US trade deal can be agreed.

Experts say China businesses should be able to cope with the short-term pain with help from Beijing. The government has signalled that it will introduce measures to support private companies to help.

Premier Li Keqiang said on Wednesday that the state would cut taxes and unlock financing for the country's private businesses. On Tuesday, the State Council announced measures to make it easier for companies to get goods in and out of the country, such as cutting customs clearing time and improving export tax rebate policies.

But over the longer term, with the threat of a steep rise in the tariff hanging over them, the challenges for Chinese businesses are real.

For Dongshan Huachang, a seafood exporter in coastal Fujian province, the effect is potentially devastating.

"The US tariffs have had a huge impact," David Lin, a manager at the privately owned company, said. "We don't have any measures we can take to counteract them."

China is the largest exporter of frozen fish, shipping more than $1bn of fillets to the US last year. Private sector companies account for about 45 per cent of total exports, compared to the state sector's share of 10 per cent. Groups with foreign investments or joint ventures account for the remainder.

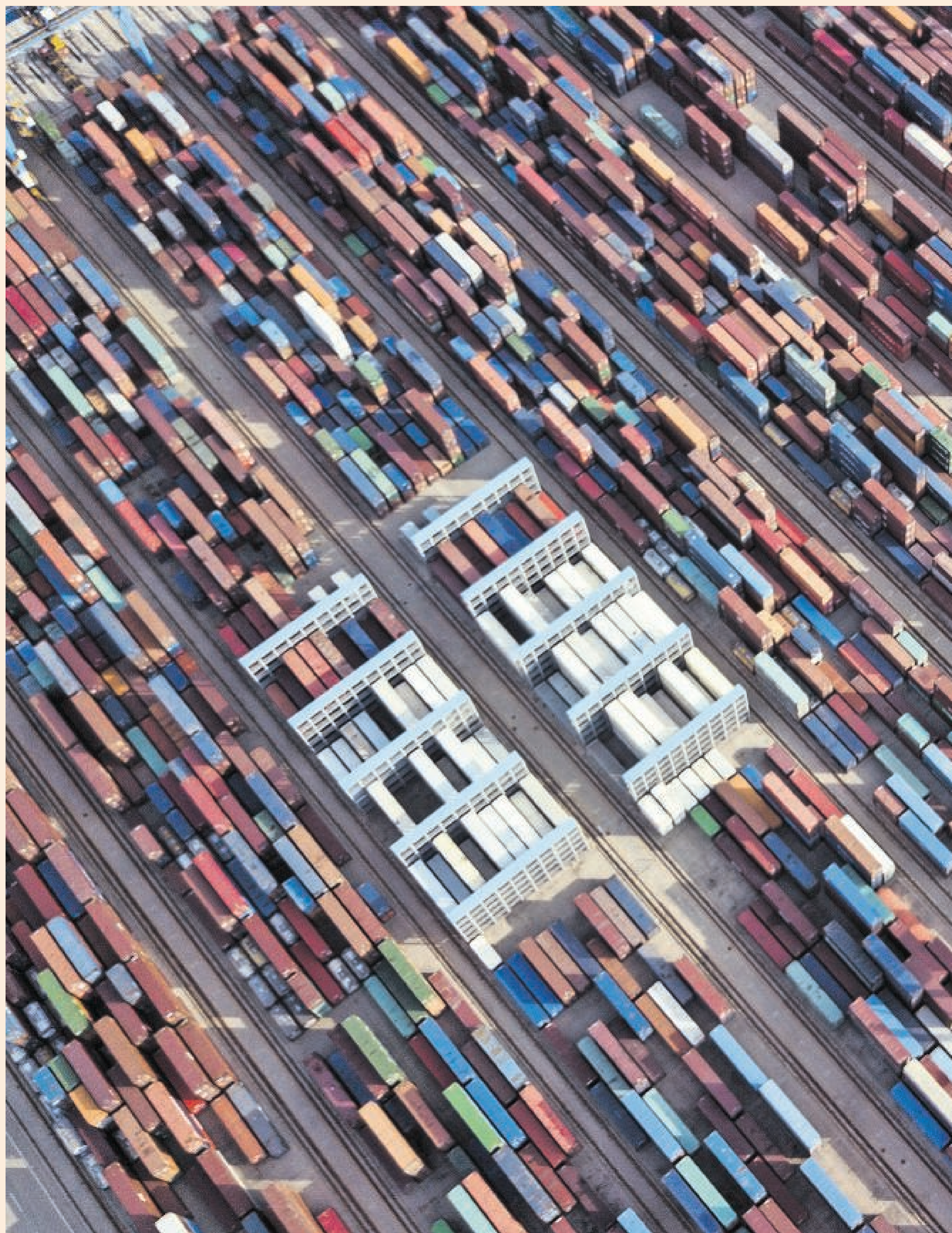
Other sectors affected by Mr Trump's latest broadside include furniture and home appliances, threatening China manufacturers in industries that run at low margins.

China's Haier, the world's biggest white goods manufacturer, has pulled a plan to sell GE-branded kitchen appliances it makes in the US in its home market, blaming the extra costs and uncertainty associated with the trade war.

Kevin Hu, general manager of a home lighting maker in Guangzhou, said orders were down "by about 30 per cent" this year. He is considering moving some of his operations to other markets in south-east Asia.

Sheng Min, an official at the China Resource Recycling Association, said many projects in his industry "have been on hold since the last round of US tariffs [in August]".

The US is a big export market for China's makers of recycling equipment, now subject to a 25 per cent tariff. Mr Sheng said that since most of his industry's equipment was customised, it was difficult for exporters to find buyers quickly in other markets.



Containers at Qingdao port. The practice of moving labour-intensive manufacturing to places such as Vietnam and Cambodia is likely to be stepped up Qilai Shen/Bloomberg

Sébastien Breteau, chief executive of AsiaInspection, which advises retailers such as Gap and Mango on their supply chains, said most companies would be able to manage the fallout of a 10 per cent levy.

"Maybe half of that will be absorbed by the depreciation of the currency; 2 or 3 percentage points will be swallowed by the factories and the rest by the US consumers," he said.

Jonas Short, who oversees policy research at investment bank Everbright Sun Hung Kai, echoed this.

"The overall cost of US tariffs is very manageable for China. The cost of the current tranche of tariffs — $20bn — is easily offset through fiscal policy.

"Tax cuts and subsidies for import-export companies are very likely, or even fee cuts for electricity fees and land usage. There are indirect ways to stimulate the economy, too, such as income tax deductions."

> 'They look long term, and if they have to suffer for two, three or four years, they'll dig in their heels'
> Sébastien Breteau, AsiaInspection

The dispute is set to accelerate two trends: the move of labour-intensive manufacturing from China to lower-cost countries such as Vietnam and Cambodia; and investment in higher-tech manufacturing and automation in China.

"China looks long term, and if they have to suffer for two, three or four years, they'll dig in their heels," Mr Breteau said.

Reporting by Yuan Yang in Beijing, Tom Hancock in Qingdao, Emily Feng in Shanghai and Ben Bland in Hong Kong. Additional reporting by Wang Xueqiao, Archie Zhang and Xinning Liu

Philip Stephens page 9

Online retailing. **International mail**

Trump threatens Beijing over global postal rates

President demands reform of system that he says works against US ecommerce

ANDY BOUNDS

A new front could be opening in Donald Trump's trade war with China: the UN's postal arm, which the US president says has failed to reform a system that favours Chinese ecommerce retailers over their US rivals.

Mr Trump has threatened to take action if the Universal Postal Union, a UN body, does not change rules that make it cheaper to ship small items from China to the US than within the US itself. That, Mr Trump says, forces the US Postal Service to subsidise mail from China and other countries, damaging US retailers.

The UPU's extraordinary congress in Addis Ababa decided earlier this month that it would not discuss the issue until its next meeting in 2020. But Mr Trump has already issued a presidential memo asking Mike Pompeo, US secretary of state, to present him with proposed solutions by November 1, and the US has threatened to set its own rates.

If the US does take action, it could prompt other countries to increase the prices the US pays to ship packages internationally. It comes as the US fights trade wars on multiple fronts, recently slapping tariffs on steel imports and pledging to redraft a key deal with Mexico and Canada.

The UPU sets terminal dues, which dictate how much national post offices must pay their counterparts for handling international mail. China is classed among the least developed countries, so it pays only a fraction of what developed country post offices do.

The USPS lost more than $135m handling inbound mail from across the world in 2016. While a US business pays $7-$9 to send a 1lb package from Los Angeles to New York using priority mail retail rates, the USPS receives only $2.50 for a similar package originating in China and travelling the same route.

The price for a 4.4lb package shipped domestically in the US is $19-$23, while China Post pays $5 to ship it to the US.

Terminal dues, which apply to packages up to 2kg (4.4lb), were set before the ecommerce revolution, which has connected US shoppers directly with retailers around the world through sites such as Amazon, Alibaba and Ebay. There was an 86 per cent increase in all inbound terminal dues mail between fiscal year 2012 and 2016, the USPS said.

The dues mean that many shoppers can obtain small items from China for less than the cost of postage alone within the US.

Peter Navarro, Mr Trump's trade adviser, has denounced the "inequity" of the system. He wrote in the FT before the UPU meeting that the USPS lost $1 on every Chinese package.

"These disparities have introduced a massive distortion in the ecommerce market. It is often possible for a Chinese company to sell 'knock-off' products through online vendors, such as Amazon or Alibaba, to US consumers for less than it costs for American mailers to ship authentic goods." He wrote that if the UPU did not act, the US could simply ignore it and set its own rates.

Shoppers can obtain small items from China for less than the cost of postage alone within the US

The UPU said after its congress this month that it would work on an integrated remuneration plan ahead of its 2020 meeting that could change the terminal dues. It has already decided to increase rates for China and some other countries marginally — around 10 per cent — by 2021.

The group gives one vote to each of its 192 members, making it unlikely that the US could find enough allies to force through reform.

In addition to the dues, the White House also wants those sending parcels to provide to customs detailed evidence of what they contain. It says that many illegal drugs including opioids, the single biggest killer of Americans, arrive in the post from overseas. It also believes that many products shipped from China are counterfeit. The White House and the state department did not respond to requests for a comment.

Paul Steidler, a fellow at the Lexington Institute, a think-tank, said another option would be to force Chinese packets to arrive in Hawaii and then pay normal US postal rates from there. He called the Trump administration's stance "a refreshing and positive change".

Retailers in other countries including the UK and Germany have complained, but their governments have yet to back reform publicly. The USPS said: "We welcome the president's efforts to ensure that the compensation paid to the Postal Service for the delivery of international letter post mail is fair."

Economic outlook

OECD warns of chilling effect of trade conflicts

CHRIS GILES — LONDON

Tit-for-tat tariffs between the US and its partners are already damaging the global economy and pose a greater threat next year as trade slows down, the OECD said yesterday.

In its interim economic outlook, issued days after Washington and Beijing announced some of the most sweeping tariffs for decades, the Paris-based international organisation said that to date the effect of the trade tensions had been "mild". But it added that the tariffs risked becoming more detrimental to global growth, which the OECD said had now "plateaued".

Laurence Boone, the OECD's chief economist, said: "Look at goods trade growth, it is now slower than [gross domestic product growth]. Export order books have been coming down pretty much across the board."

The forecasts expect the world economy to grow 3.7 per cent this year and next, a healthy rate compared with the early years of this decade. But the OECD has cut its growth expectation from its May forecasts by 0.1 percentage points in 2018 and 0.2 percentage points in 2019.

Most countries' economic forecasts have been marked down, the OECD said, partly as a result of weakness in the first quarter of this year and partly due to the expected impact of the trade conflicts and tightening financial markets.

The OECD noted the Trump administration's threat to slap 25 per cent tariffs on $200bn of Chinese imports in January, adding that if such duties were imposed on cars, it could raise inflation by 1 per cent.

It said US tariffs in January had already led to a 20 per cent increase in the US price of washing machines between March and July. It also noted that US car exports to China were down 40 per cent in the year to July.

Ms Boone added that the trade dispute had a chilling effect on corporate investment. "If we look at the UK since the Brexit decision, investment has stalled," she said. "This is a good example of how damaging trade disputes can be."

The OECD's forecast for UK growth was downgraded by 0.1 percentage points both this year and next, leaving the projections showing a sluggish 1.3 per cent growth rate this year and 1.2 per cent in 2019.

It added that the most burning issue in Europe was to avoid a damaging stand-off on the UK's departure from the EU. "Brexit is a major source of uncertainty and it is vital that a deal is struck, and the future relationship [between the UK and the EU] remains as close as possible," the OECD said.

Emerging markets' difficulties appeared confined to countries with high levels of dollar-denominated debt and large current account deficits. But the OECD said all emerging economies needed to be vigilant as financial conditions tightened.

0.2	20%
Percentage point cut from OECD's May forecast for growth in 2019	Increase in the US price of a washing machine after tariffs were levied

"Most emerging economies have built reserves and have robust macroeconomic frameworks," Ms Boone said.

The report said China's recent action to boost growth should prevent a sharp slowing in its economy, but would delay the necessary reduction in indebtedness of its corporate sector.

The OECD expected jobs growth to remain strong in its largely rich country members.

With fiscal deficits now under control and low across most of Europe, the OECD recommended that countries take a long-term outlook, taking further steps to reduce debt burdens so that countries have more room for manoeuvre in a future downturn.

Rapprochement

S Korea faces scepticism over tourism plan for border zone

BRYAN HARRIS AND SONG JUNG-A
SEOUL

The heavily militarised border that separates the two Koreas has for decades been one of the world's most dangerous geopolitical flashpoints, with bloody skirmishes frequently threatening to envelop the peninsula in violence.

Now the two nations want to transform the 250km-long strip into a peace zone and Seoul is already barrelling ahead with plans for a special tourism area.

The development underscores how far relations have come since the beginning of the year when rapprochement began with North Korea's surprise attendance at the Winter Olympics in the South.

Yesterday, South Korea's President Moon Jae-in returned from a three-day summit in Pyongyang with a clear message: North Korean leader Kim Jong Un is ready to denuclearise but expects the US to offer concessions, such as a declaration officially ending the Korean war.

"A declaration needs to happen in the near future," he said.

But the push for peace is not without pitfalls. The growing inter-Korean harmony risks alienating Washington, which in many quarters remains deeply sceptical about Pyongyang's intentions and its professed desire to disarm.

"We will end the sorrowful history of division and go forward to peace and prosperity," said Mr Kim after the summit with Mr Moon, which resulted in a pledge by the North Korean leader to dismantle the nation's long-range missile testing site.

But the meeting also produced a slew of lower-level but practical military deals to reduce tensions in the conflict-prone border area known as the demilitarised zone, or DMZ.

Kim Jong Un, left, and Moon Jae-in yesterday in Samjiyon, North Korea

According to a "comprehensive military agreement" signed on Wednesday, the two Koreas will from November end military drills near the demarcation line; close all guard posts in the DMZ; and begin clearing the area of hundreds of thousands of landmines, which have killed more than 1,000 soldiers in recent decades.

Yesterday, Seoul moved to bolster plans for the proposed peace park by launching a special council to foster tourism in the DMZ.

Consisting of 13 local governments in the vicinity as well as the country's culture ministry, the council will work to create "new tourism content" in the area, which has witnessed some of the most macabre incidents in Korea's modern history.

In 1976, North Korean soldiers used axes to murder two US servicemen who were cutting down a tree the soldiers said had been planted by Kim Il Sung, North Korea's leader at the time.

> 'Even if it happens it will take a long time and a lot of money to develop as the area is full of mines'

Then last November, a North Korean soldier defected to the South by dramatically running across the DMZ. He was shot five times during his videotaped escape but survived.

The zone was established to act as a buffer between the two Koreas following the 1950-53 Korean war, which concluded with only an armistice after the deaths of millions of soldiers and civilians.

Despite its name, the DMZ remains heavily fortified and access is tightly controlled.

The lack of development over the decades has meant much of the area has returned to wilderness and is now a refuge for rare birds and animals.

Many in Seoul, however, remain sceptical about South Korea's tourism plans. "The idea seems a bit premature," said Koh Yoo-hwan, a professor at Dongguk University in Seoul.

"The previous government also set up a task force to create a wildlife peace park in the DMZ but the plan was never realised because of inter-Korean tensions," he added. "Even if it happens it will take a long time and a lot of money to develop as the area is full of mines."

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

Why British fashion is worth the investment

FASHION

Jo Ellison

There are warnings of trouble ahead. But with funding under threat, designers were fearless — unleashing bold, brave and beautiful collections

Caroline Rush, chief executive of the British Fashion Council, opened London Fashion Week with the good news. "We have new data," she told assembled guests at the launch breakfast. "We are worth £32bn in GDP to the British economy. That's 5.4 per cent growth, representing 890,000 jobs — an increase of 1.8 per cent, again outstripping national growth figures."

There was further mention of the nearly million people now buying, selling and marketing British creative talent. And then Stephanie Phair, who took over as BFC chairman from Natalie Massenet this year, stepped in to deliver the news that no one wants to hear.

Public funding is shrinking. The unknowables of the Brexit deal are biting investment. Tourist spending on luxury has soared in London as the pound has weakened, but younger brands are struggling to scale. Manufacturing is headed off a cliff.

"As public funding services deplete, we will urgently look at how we can fund and sustain through the private sector the support we provide to all of you," said Phair. "Whether [that's] new designers, established brands with a 10-year track record, or our large global businesses that need voicing on their behalf."

In the forthcoming months, Phair will focus on finding more support for those who need to grow their businesses. "Digital will play a key part," said Phair, who joined the BFC from the London-based ecommerce platform Farfetch. "We now consider it a transversal muscle flexed in everything we do." Transversal what? She went on.

"We will bring together chief executives from broader businesses to identify challenges, share knowledge to overcome these and set high standards for businesses to operate through our Positive Fashion stream of work." Moreover, pre-Brexit, she is engaged in "a constructive dialogue with government to ensure our businesses are prepared to argue the case where damage could be done." Good luck with that.

Echoes of her words reverberated throughout the shows. London Fashion Week, which is dominated by younger, less established, and mostly independent brands, has always had to fight for its survival. JW Anderson and Nicholas Kirkwood (the shoe designer who presented a first full show this season) are both swaddled with LVMH backing. Burberry is a huge global brand. But many must scrabble on. And while the capital's numerous prize opportunities and awards are useful in getting striplling designers off the ground — and have been invaluable in boosting London's reputation as a fulcrum of creativity — for more established labels, they don't go far enough.

What happens at three years, when you need to launch accessories to bring in new clients? Or at five, when you still can't afford to build an ecommerce site? Victoria Beckham presented her show on the London schedule for the first time since launching her label 10 years ago, while the business pages delighted in describing her brand's £12m losses. Most designers can't afford to keep on plugging debts like Beckham's, but in the battle to break even she is by no means alone.

> Dominated by less established brands, London Fashion Week has always had to fight for its survival

Despite their relative youth, London brands have powerful signatures. This season, many stuck to what they do best. Simone Rocha delivered a breathtakingly lovely collection that brought together 19th-century Chinese portraiture and Irish Sunday Best — and looked very much like her previous shows. Other brands were ready to stretch themselves. Erdem was a nice surprise. Already a master of prim, romantic Edwardiana, for SS19 Erdem Moralioglu explored the culture of Victorian cross-dressing to deliver a dramatic collection that looked beautiful and brave.

Other transitions were less successful. Molly Goddard, only three catwalk shows in to her label, was shifting away from the large smock silhouette that made her name: this season she introduced knitwear and bags. Michael Halpern, having scintillated the industry with metallic diva sequins for his debut in February 2017, was experimenting with new colourways and styles. I felt anxious on their behalf. The industry's insistence on newness leaves little room for a gradual evolution, so designers must constantly pick up the pace. It's exhausting.

There were "oooh" moments, too. Victoria Beckham's SS19 was confident and womanly: stuff the haters, I know her brand will one day make good. Just wait till she launches her beauty line. JW Anderson, now armed with an LVMH-group chief executive, continues to go from strength to strength. Richard Quinn made up for not having the Queen in his front row this season by filling it with secondary school children instead; his Gatsby-inspired florals were truly inspiring. And at Chalayan, a quiet, meditative affair at Sadler's Wells, we were reminded that fabulous technique and true wearability never go out of style.

All of that, and a first Riccardo Tisci show at Burberry, at which the Italian 44-year-old offered his highly exportable take on what makes British style, and crowds of customers queued on Regent Street to buy the brand's first "drop". The heritage label has ditched the ready-to-buy strategy adopted by its former chief executive Christopher Bailey, who departed the brand earlier this year, and will be releasing the collection in smaller parts over the forthcoming months.

Needless to say, barely any of the London designers mentioned in this piece were born in Britain. They come from all over the world and each has made the city their home. I shudder to think of what Brexit will do to the UK fashion business, to our valiant but flailing manufacturing industry, or to our creative reputation. But I'll make that my only Bremoan.

Clockwise from top left: Richard Quinn; JW Anderson; Victoria Beckham; Erdem; Burberry; Chalayan:

Left: Simone Rocha

Jason Lloyd-Evans

Max Mara, Fendi SS19 — battle of the browns

The first shows at Milan Fashion Week may have been stuck in neutral — but that's no bad thing

In a season of neutrals, SS19 has been the battle of the browns. Dozens of brands have staked a claim to make the colour their own. Some have commanded a full 50 shades of beige.

At Burberry, Riccardo Tisci has said he wants to "own beige", which seems reasonable enough for a house famed for its gaberdines. But he has some stiff competition. Already in Milan we have seen browns as pale as the milkiest latte at Jil Sander, and in spicier hues at Alberta Ferretti.

Max Mara, home of the camel coat, isn't about to concede its slice of the colour wheel, either. For his SS19 collection, Ian Griffiths, the label's British creative director, had looked to Greek myths and Pat Barker's *The Silence of the Girls* — set during the Trojan war — to find inspiration for his goddess-themed collection. But his women weren't in any way ethereal. They were earthy, urban, and stunning to behold. The Amazonian details were restrained. "An asymmetric shoulder, and a bag slung across the body, is all you need to say goddess for me," said Griffiths. Seen on the catwalk, it proved to be true.

The collection, which also featured black, khaki, greys and sunshine yellow, was neat-waisted, elegant and covered in little ruffles. Nothing too exciting, but still as chic as hell.

Quite why designers have gone so crazy for the neutrals is slightly harder to ascertain. Certainly, shades of the 1970s — tangerine, turmeric and toffee — have been making a comeback for a while, but this season the trend has exploded anew. Anyone looking at the scenes outside the shows might be forgiven for thinking they had happened on a chocolatiers' convention. Even the colour-loving Italians are going mad for cappuccino.

I would hazard that its growth has been inspired by the influencer. Brown looks delectable in real life, but even better in pictures, where its hues look richer and more textured than the flatness of the ever-fashionable black. As brands do more marketing on Instagram, using strategic, street-style snaps, my guess is that the tonal evolution will continue.

"Maybe," says Karl Lagerfeld, who also sent out a Fendi SS19 collection rooted deep in earthy neutrals, and especially an espresso shade of brown. Although the designer wouldn't call it brown. "I would say off-brown, I think," he said backstage.

He is less convinced that the current fascination with the colour is a signifier of anything other than a passing trend. "[Street-style images] might be a fact, but it's not the final reason." As with so many trends, he countered: "It's just something in the air."

His summer collection drew on other street-style influences. He had set giant pockets — or "GPs", as Lagerfeld likes to call them — on to blazers and jackets, and looks were fastened with toolkit-style belts. Recent years have seen fashion becoming more and more hands-free, but the nod towards utilitarianism was subtly made.

"It's utility with a baroque background," said Lagerfeld of his slimline, efficient designs. There were no oversized security coats here, à la Calvin Klein, although a floaty print dress with handkerchief sleeves stood out in firefighter-jacket orange.

There were no logos, either. The Fendi front row was filled with millennials wearing looks from the brand's collaborative range with Fila: Nicki Minaj was head to toe in it. But Lagerfeld says he is done with "logomania". No doubt he's already bored of "off-brown", too.

Fendi; Max Mara — Jason Lloyd-Evans

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

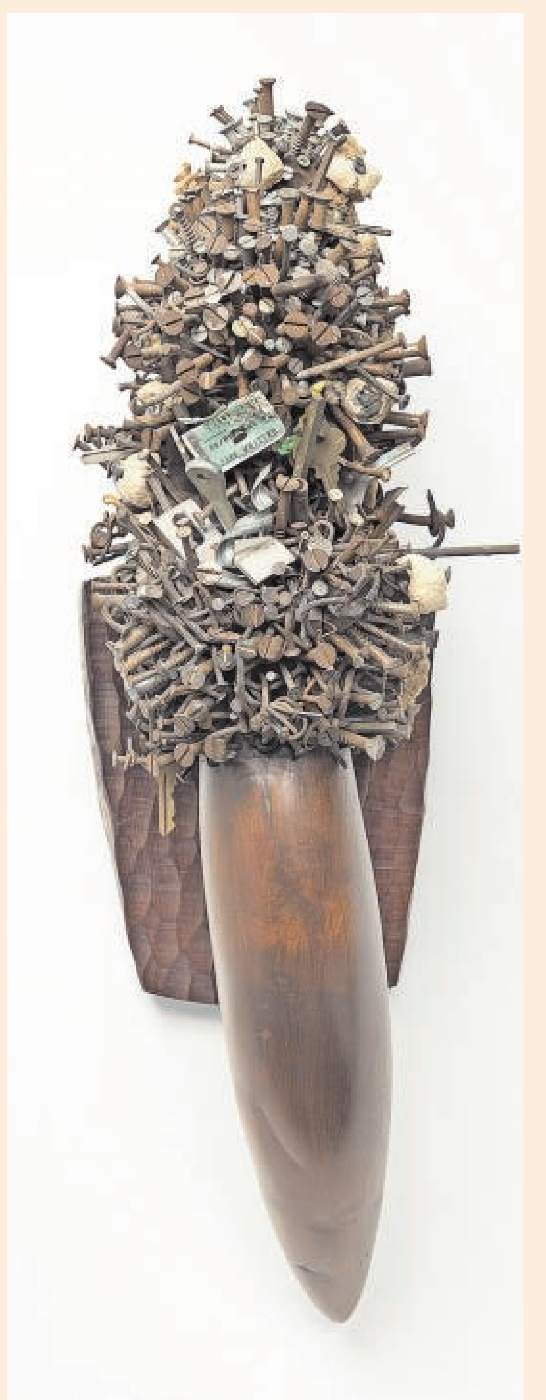
Cultural appropriation or common heritage?

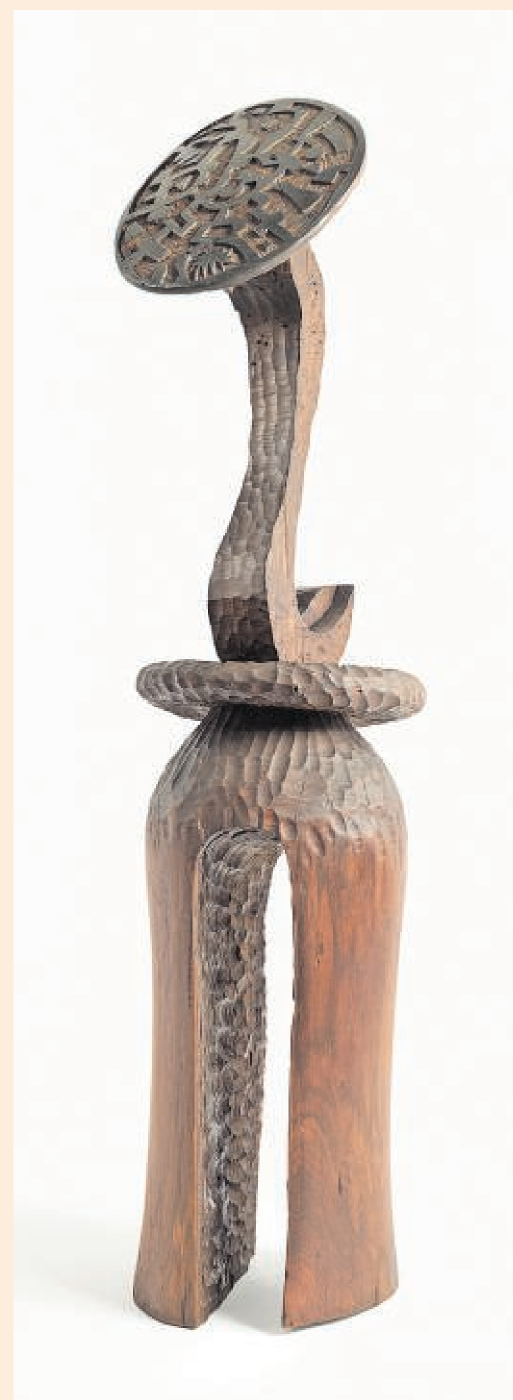
A New York show celebrates Jack Whitten's rarely seen sculptures, produced in Crete and embracing a global aesthetic. By Ariella Budick

In the Met Breuer's latest show, aptly titled *Odyssey*, sculptures that spent years in the Mediterranean have finally returned to the native land of the artist who made them. Jack Whitten, who died in January at 78, earned modest renown as a painter of deft abstractions. He dragged pigment across canvases with rakes and squeegees, and crafted tesserae that he built into glimmering mosaic portraits. These "Black Monoliths" — honouring Ralph Ellison, James Baldwin, and Maya Angelou, among others — hint at race and resemblance obliquely, through veils of exploded colour. This was the public face Whitten presented to the art world: a black painter happy to acknowledge but unwilling to be defined by his race.

But as with many African-American musicians, writers and artists, identity took on a different cast when he left the country and headed across the Atlantic. Ensconced in Crete, Whitten discovered a secret self. He set aside his brushes and made sculpture instead, private totems fashioned with no incentive to impress. These pieces were as cosmopolitan and sophisticated as the paintings, integrating African carvings, Greek mythology, fishing and technology. But they also articulated a more internal landscape, memorialising intimate moments and giving vent to grief. Whitten exhibited them once or twice on Crete, but never sold any. He just liked having them around. So do we.

The Met's show, organised by Kelly Baum and Katy Siegel, is the model of a well-timed, precisely executed revelation. Just when Whitten was in danger of being forgotten, *Odyssey* brings him back onstage with a generous *voilà*. He was born in Bessemer, Alabama, then in the grip of Jim Crow. He fled to New York in 1960: "I knew I had to leave the South because I would be killed or I would end up killing somebody," he said. He enrolled in the visual art programme at the Cooper Union and began studying the African holdings in various New York collections, as well as African-American folk traditions.





Works by Jack Whitten: from left, 'Mirsini's Doll' (c1975), 'Homage to the Kri-Kri' (1985), 'Sphinx' (1966-67)
Estate of Jack Whitten/ Hauser Wirth

Learning meant doing, and Whitten started making statues of his own. He carved vessels out of elm trunks, modelling them on small, smiling ceramic "face-jugs" of the 19th century. These small utilitarian objects, decorated with human eyes, noses and ears, served as a kind of samizdat that could be easily stashed away when white overseers showed up to enforce slavery's rigid programme of dehumanisation. Whitten carved faces roughly and darkened them with shoe polish, which carries powerful overtones of race. His neighbours in the South used it to protect their dignity with gleaming brogues, hard-working African-Americans (including Ralph Ellison) used it to make a living by buffing the white man's wingtips, and white entertainers used it to "black up" for minstrel shows.

In 1968 Whitten married a fellow student, Mary Staikos, and a year later they travelled to Greece in search of her roots. They landed in the tiny Cretan village of Agia Galini, which he found so nourishing that they returned every summer. Whitten saw Crete as a crux, where the cultures of Europe and Africa had been colliding and coupling for thousands of years. In his outdoor workshop, he elaborated a psychological and formal fusion of continents that was also distinctively his own.

"Anthropos", from 1972, titled after the Greek term for man, is about the "beginning, the genesis of people," Whitten said. The trio of figures combines facets of ancient Cycladic marbles and African sculpture, refracted through the sensibility of artists such as Picasso, Modigliani and Giacometti, who had already fallen for those same pre-modern styles. Whitten fashioned one figure's lean but lumpy physique from mulberry, adding olive branches to its head like crimped hair or twisting horns. The uptilted round face and long columnar neck of "The Heart of Humanity" (1972-73) also springs from DNA shared by Ghanaian and Cycladic forms — or so Whitten thought.

Today, his credo of amalgamation, integration and mixture would run afoul of a political environment shot through by separateness. What some might condemn as cultural appropriation, he saw as common heritage. In a 2013 interview, he described his philosophy in terms that read as though they were uttered in a completely different era. "I sincerely believe that in the black community of artists, especially those of us dealing with abstraction, art has to go beyond the general notions of race, gender, nationalism," he said. "Things have evolved to the degree where there is a possibility of a new sensibility out there. We're into a global aesthetic here, and anyone that doesn't see that has a real old-fashioned way of thinking."

These inclusive ideas sit awkwardly in the current art world, which is obsessed with ever finer gradations of identity, but the power and beauty of Whitten's creations remain irresistible. When he saw Kongo power figures, those astonishing African eruptions of nails, spikes and blades, he was moved to create similarly potent effigies such as the spectacular "Homage to the Kri-Kri". The piece is dedicated to the wild goats that have roamed the Cretan mountains since Minoan times. Whitten hammered together nails, keys, bones and tarnished silverware into a magical construction that quivers with energy. The corner of his American Express card blinks brightly among the rust and refuse, announcing the indestructibility of money, as well as its spiritual limitations.

> As with many African-American artists, identity took on a different cast when Whitten left the country

Whitten claimed to be immune from sentimentality or nostalgia. "I live in a modern technological society and I insist that art should reflect the present," he said. And yet "Homage to the Kri-Kri" is also a memorial of sorts, representing both the goat's longevity and fragility. By the time Whitten paid his tribute in 1985, the beast was in decline, and he only ever saw one once. His "Technological Totem Pole" (2013) also injects traces of wistfulness into its jumble of circuit boards, TV remotes, flip phones and copper wire transistors. Crammed with gizmos that were out of date even when he glued them into place, and are now on their way to antiquity, it's an invocation of ancestry and obsolescence.

The last few years of Whitten's life brought a slicker, more Brancusi-esque look. "Aphrodite's Lover" (2015) advertises itself as a luxury object, with its polished marble slab cantilevered from a structural base of cast lead. "Geraki" (2014), an ode to the hawk, also features a marble blade honed to a sharp beak. Streamlined and ready to fly, this is one of Whitten's last and most optimistic gestures, an invitation to glide free from the heaviness of the past.

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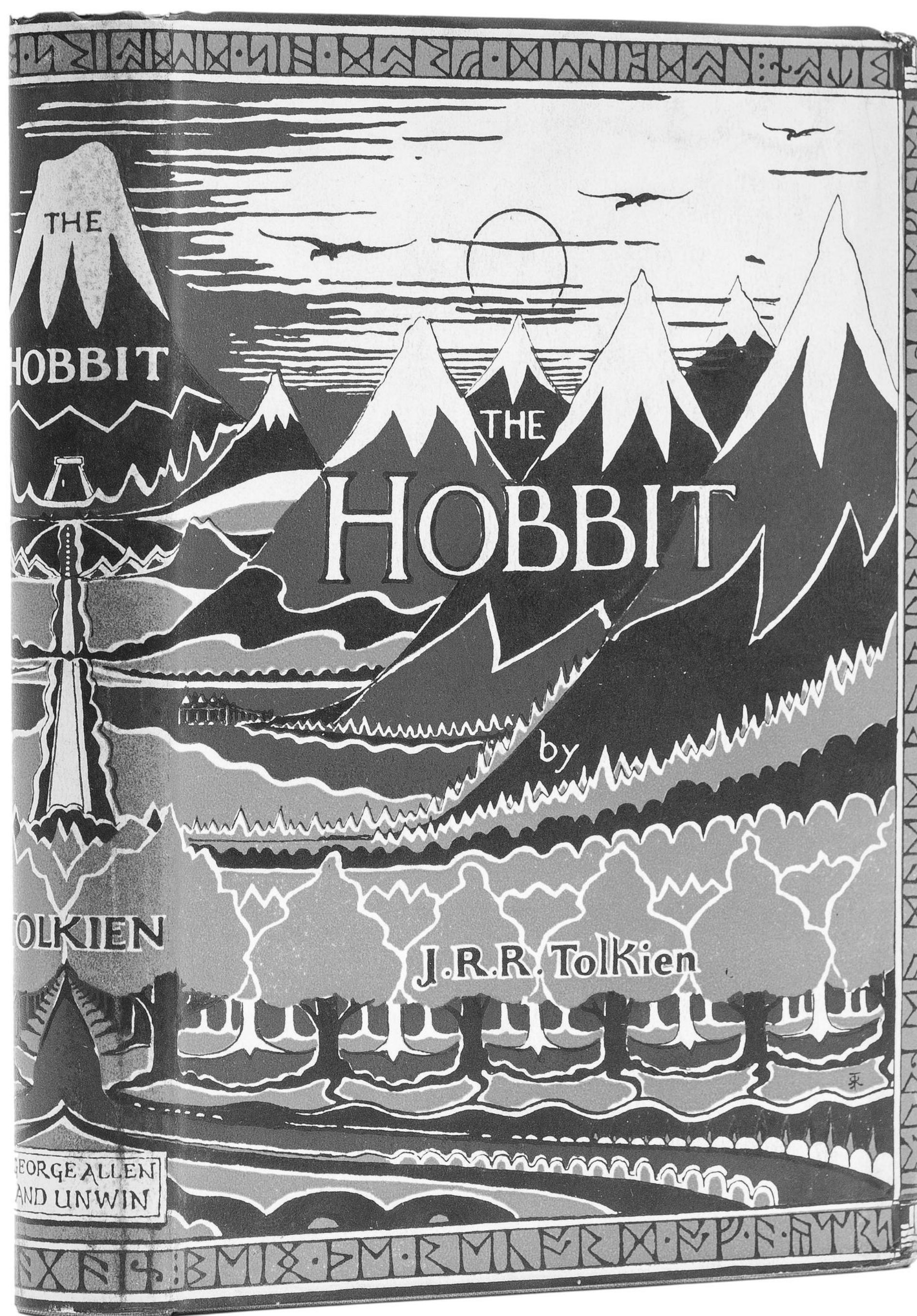

Tolkien (J.R.R.)
The Hobbit, first edition, first impression, 1937.
Sold for £35,000 (May 2018)

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Thoroughly modern Molière

THEATRE

Tartuffe
Swan Theatre, Stratford-upon-Avon
★★★★☆

Suzi Feay

Asif Khan as the eponymous 'Tartuffe'
Topher McGrillis/RSC

It's hard to think of a more forceful way to update Molière's original, a biting satire on the meddling influence of spiritual advisers at the court of the young Louis XIV, than to switch the target faith from Christianity to Islam. Anil Gupta and Richard Pinto's new version for the Royal Shakespeare Company sets the action in present-day Birmingham, where Imran Pervaiz, a successful businessman, comes under the hypnotic sway of the sonorous phoney Tahir Taufiq Arsuf, or "Tartuffe". The penniless sweet-talker whom he met at the mosque is now a fixture in the ritzy Pervais residence. It's a daring transliteration, but does it work?

Fortunately true love under threat is an infinitely reworkable comedy trope. Imran provokes uproar when he proposes that his daughter Mariam marry his "angel" of a spiritual guide, as Mariam already has a devoted boyfriend, the gormless but sweet Waqaas (Salman Akhtar). A graduate in women's studies, Mariam (Zainab Hasan) is full of backchat about heteronormative patriarchal views until her father blindsides her with his pious rage.

Meanwhile, her brother Damee, entertainingly played by Raj Bajaj, is an infantilised rapping chump with baggy shorts and a backwards baseball cap, full of empty bluster about his sister's honour. The perky servant role is cleverly updated to a Bosnian cleaner, the resourceful Darina (Michelle Bonnard), the only character who escapes censure as she attempts to mop up after Imran's well-meaning stupidity. Simon Nagra keeps Imran sympathetic and likeable; his spiritual yearnings aren't mocked, only his gullibility.

Tartuffe remains offstage for a considerable period with various family members all discussing the interloper. Only overbearing granny Dadimaa (Amina Zia) is in accord with Imran's fascination, while earnest family friend and Muslim convert Khalil, formerly Colin (James Clyde), sees what Tartuffe really is but risks being accused of "whitemansplaining Islam". It's a big build-up to his first entrance, but snowy-robed Asif Khan in the title role doesn't disappoint, with his holy demeanour and scurrying sidekick Usman (Riad Richie, delightful). Tartuffe's crafty eyes dart here and there, while a lascivious pout undermines his Koranic pronouncements. The sharpest rewriting occurs when Tartuffe reproves Darina for not covering her hair, then preys on the lusted-after Amira, Imran's wife. The #MeToo aspects of this developing strand feel a little strained, but other contemporary references, whether to Brexit, Twitter or Isis hit their mark.

The music, veering from earsplitting beat-boxing to plangently traditional strings, deserves a mention, but when did scene changing become such a thing? Dry ice, dramatic lighting, choreographed faffing around — just move the furniture already! Tartuffe's final unmasking is probably meant to feel uncomfortable — who are we to be judgy when we have hypocrisies of our own? — but even so it seemed tonally awkward. It's left to Darina to have the last, hilarious word. Iqbal Khan's enjoyable production isn't flawless but this bold endeavour feels transgressive in all the right places.

To February 23, rsc.org.uk

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

FT BIG READ. UK POLITICS

Given the government's disarray over Brexit, the opposition Labour party might expect to be well ahead in the polls. Instead, its economic message is being lost amid infighting and arguments over anti-Semitism.

By Jim Pickard

Has Corbyn missed his moment?

Jeremy Corbyn has been unable to satisfy concerns over anti-Semitism and Brexit

FT montage/Jane Barlow/PA Wire /Joel Goodman/LNP/Bloomberg

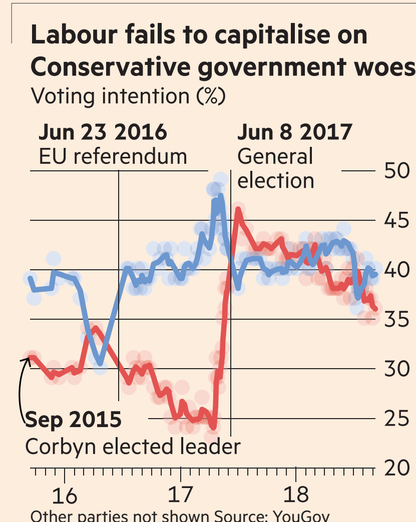
The ancient cathedral city of Canterbury in Kent was the site of a remarkable electoral reversal in last year's general election when it was seized by the Labour party for the first time in history.

Rosie Duffield, a single mother and former teaching assistant, looked as surprised as anyone when she was elected to parliament with a wafer-thin majority of 187 over the Conservatives, which had held the southern English seat comfortably for more than a century.

Canterbury was one of 30 gains made by Labour under the leadership of Jeremy Corbyn in the June election, confounding the political pundits.

Yet 15 months later, Ms Duffield has been questioning whether to throw in the towel after she was threatened with a motion of no-confidence from her local party: "Sometimes you have to ask yourself if positives outweigh negatives and whether it is worth the effect . . . on my family," she says.

Ms Duffield's offence, in the eyes of some local members, had been to attend a rally against anti-Semitism in March. "People thought I had gone to an anti-Corbyn rally," she says. "It was quite disturbing that people thought that by campaigning against anti-Semitism, I was campaigning against Jeremy."



The row in Canterbury encapsulates how the Labour party is still tearing itself apart after three years under Mr Corbyn. With the Conservative government in disarray over Brexit and beset by rumours of a leadership challenge against Theresa May, the opposition might expect to be far ahead in the opinion polls. Instead, Labour and the Conservatives are neck and neck. Moreover, a recent YouGov poll found that 20 per cent of the public thought Mr Corbyn was doing well as a leader, compared with 27 per cent for the far from popular Mrs May.

"This government is the most incompetent, paralysed government on the biggest issue facing our country since the second world war, and we should be racing ahead, but we aren't," says one senior Labour figure.

In last year's election, the bearded 69-year-old socialist appeared to capture the zeitgeist, sensing an appetite for change after eight years of public sector "austerity". He promised extra cash for the National Health Service, a return to free university tuition fees and stronger rights for workers struggling in the "gig economy". Backed by the Momentum pressure group, his movement has harnessed a distrust of the traditional media and a lingering anger against "elites" after the financial crash. His supporters see him as a uniquely principled politician unlike almost any other.

Labour started last year's election campaign lagging 25 percentage points behind in the polls, but finished just two points behind the Conservatives.

Mr Corbyn believes he is in pole position to become prime minister should Mrs May's Brexit negotiations collapse and force her to hold yet another general election. Yet Labour is convulsed by internal battles between different wings of the party, by an endless row over anti-Semitism and by enduring doubts about Mr Corbyn's world views and past associations. MPs also feel besieged by hostile, often offensive grassroots members who accuse them of disloyalty to the leader. Speculation is growing about some of them forming a breakaway, more moderate party.

All these tensions raise the question: was last June's election a staging post towards a Corbyn government, or was it the high watermark of his movement?

Alienating voters

This weekend some 13,000 members will attend the party's conference in Liverpool. Conspicuous by their absence will be many of Labour's own MPs.

"Last time we went to Liverpool [two years ago] I was literally spat on; I don't really fancy going back," says one MP. Another is staying at home: "The thought is just too depressing, the party has changed beyond recognition, I don't see the point of going up there just to be shouted at by members."

Emily Benn, below, is considering leaving the party but the electoral failure of the SDP, bottom, was a chastening experience for Labour splitters. The party aims for workers such as those, right, at Amazon warehouses

David Gaywood/Rex/Shutterstock/Bloomberg

Liverpool was the heart of the Militant movement in the 1980s, a Trotskyite entryist group that sought to infiltrate Labour and was condemned in a 1985 conference speech by party leader Neil Kinnock.

Frank Field, the ascetic MP for nearby Birkenhead since 1979, fought off three deselection challenges from what he called the "riff-raff" hard-left in the 1980s. Last month, he announced that he would remain in parliament as an independent rather than a Labour MP. Mr Field, who cited the row over anti-Semitism, said the party had been overtaken by a new "culture of nastiness, aggression and intimidation".

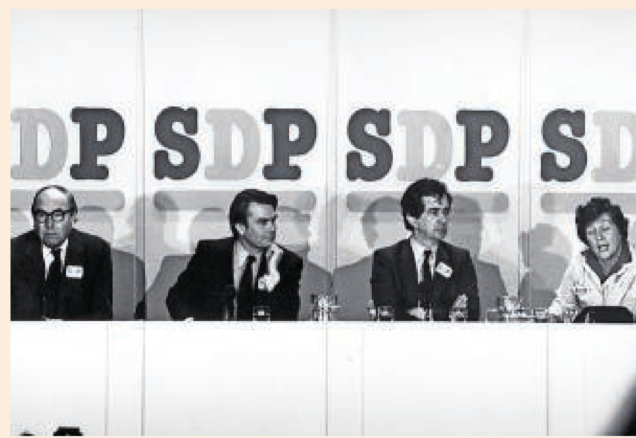
Since Mr Corbyn became party leader in 2015 a string of MPs have quit Westminster altogether in alarm at his values: he has traditionally opposed the Trident nuclear deterrent, is hostile towards Nato and is a veteran Eurosceptic — despite formally backing the Remain campaign in 2016. Supporters admire his anti-establishment stance, but some MPs warn that Mr Corbyn's approach to foreign policy could alienate many working-class voters.

"Corbyn . . . is not appealing to blue-collar voters, and he may need their votes to get into power, they are disproportionately represented in the marginal seats you need to win elections," says Marcus Roberts, head of international politics at polling firm YouGov.

Stephen Kinnock, MP for Aberavon — and son of the former leader — cites the reluctance of many Corbyn supporters to believe Russia was behind the Salisbury poisonings.

"We need to eradicate the belief that any enemy of western capitalism is a friend of ours, that the world is run by a cabal of Jewish financiers, and that Nato is a warmongering junta," he says. "These views are alienating swaths of voters across the country."

Despite claiming to be a man of peace, Mr Corbyn has over the years offered his sympathy to the likes of Hamas, Hizbollah and Irish nationalists with links to the IRA. This summer more doubts have been raised about his attitude to Jews, exemplified by a quote — which he claims to be out of context — suggesting that British Zionists "do not understand English irony".



Among those worried about anti-Semitism are Emily Benn, the 28-year-old grand-daughter of Tony Benn, a leftwing politician who was a mentor to Mr Corbyn.

Ms Benn, a Blairite former parliamentary candidate, says she has been alarmed by the backlash she has received for voicing those concerns. "The last couple of months have been horrendous," she says. "In some senses it is unrecognisable, just how rude people can be to each other."

Mr Corbyn's supporters believe the anti-Semitism row is a slur weaponised by his longstanding enemies to damage the Labour leader. But the louder their protests, the more they risk cementing the perception that their wing of Labour is hostile to Jews.

Three Jewish newspapers in Britain carried the same claim in July: that a Corbyn government would pose an "existential threat to Jewish life". The issue dominated the headlines throughout the summer, making it harder for Mr Corbyn's team to get out their messages on the economy.

Len McCluskey, leader of Unite — the union and Labour's biggest financial backer — says the issue has been used "disingenuously" by some MPs and the media to undermine Mr Corbyn. "For the sake of our nation people now need to unite and be less feral in their criticisms of Jeremy."

Need for conciliation

That unity seems as out of reach as ever, not least because some leftwing groups are pushing hard for a shake-up of the rules to boot out MPs they see as disloyal through a more open selection process. Up to 30 MPs believe that they no longer have a long-term future in Labour.

Every week brings a fresh rumour about a new centrist party that could provide an alternative to a hard-left Labour party and a rampantly Eurosceptic Conservative party.

"It feels like it's going to happen now," says one shadow minister. "It's up to Jeremy whether a handful of people leave or whether there's a mass exodus, it depends entirely on whether he wants to be conciliatory."

> 'We need to eradicate the belief that any enemy of western capitalism is a friend of ours, that the world is run by a cabal of Jewish financiers, and that Nato is a junta'

At a recent gathering of MPs in parliament the leader said he would not help save them from deselection by activists. Mr Corbyn, alluding to an attempt by MPs to force him out of office in June 2016, said: "I know what it feels like to be the target of a no-confidence vote but it would be wrong for me to intervene in the democratic rights of any part of the Labour party."

His stark response could prove pivotal, says one MP: "It was pretty clear that we are on our own."

When feeling optimistic, rebel Labour MPs look across the channel to see French President Emmanuel Macron's La République en Marche as the model for breaking the two-party mould. They envisage a safe haven for the sort of pragmatic voters who warmed to Tony Blair a generation ago and now feel bereft of choice.

Ms Benn is considering leaving Labour because of her own party's determination to trash its record in office from 1997 to 2010. "You can disagree about the Iraq war, but to allow one thing to overshadow the unbelievable progress of that period seems wrong," she says. "I think it will be difficult for them [Corbyn's Labour] to win a general election if they are telling people like me to fuck off and join the Conservative party."

In their darker moments, however, centrist MPs remember what happened when 28 Labour moderates broke away in the early 80s to form the Social Democratic party. It attracted a blaze of support but only won a handful of seats because of the UK's first-past-the-post electoral system. There is no obvious leader, although Chuka Umunna, the Europhile south London MP, is being closely watched.

Departees would never be forgiven by the party. "Setting up a new centrist party would hand the next election to the Tories," says Peter Hain, a former cabinet minister.

Popular policies — and Brexit

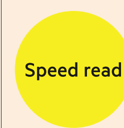
There is also a dawning realisation that the "centre ground" of politics may have shifted. Labour's domestic policies hit a sweet spot for many voters in last year's election because they promised an injection of public spending — off the backs of big business and the most wealthy rather than "ordinary" people.

The manifesto was initially derided as a return to the 1970s, a byword for dirigiste thinking and high tax and spending polices.

But certain polices proved popular: "Renationalising railways, an energy price cap, an end to tuition fees, the retail policies have resonated," says Andrew Hawkins, chairman of ComRes, a polling group.

And yet there is one issue where the centrists are gaining traction — Brexit, which is the biggest issue of the era and is opposed by most Labour members. Mr Corbyn has resisted calls for Labour to campaign against Brexit, insisting repeatedly for two years that the party must respect the will of the referendum.

> 'We still don't know what the long-term impact will be on the [Corbyn] brand from Brexit, people feel very strongly about it'



Road to rule Labour hopes Brexit is the issue that forces an election and makes Jeremy Corbyn prime minister

Moderate backlash There is a growing push to create a new centrist party, but significant reservations remain

Corbynism commitment Some leftwing groups want a shake-up of the rules to boot out MPs they see as disloyal

One reason for Labour's strong electoral showing in 2017 was that many people believed the party would thwart Brexit: few would believe that today.

In the run-up to the Liverpool conference the Labour leadership has been flooded with motions from constituency parties calling for a second referendum. Members are likely to be offered, instead, a "composite" motion that maintains a "people's vote" as a possibility rather than a commitment.

Grassroots supporters still retain a rock-solid attachment to Mr Corbyn, for now, despite being at odds with him on Brexit. Yet one Corbyn adviser admits: "We still don't know what the long-term impact will be on the brand from this, people feel very strongly about it."

Meanwhile the leadership hopes Brexit can be the issue that brings down the government, forces a general election and puts Mr Corbyn in 10 Downing Street. Emily Thornberry, shadow foreign secretary, told the Financial Times last week that the party would almost certainly vote down whatever deal Mrs May reaches in Brussels before Christmas. Mr Corbyn's supporters believe he would become prime minister in those chaotic circumstances.

Mr Roberts at YouGov argues that Mr Corbyn's summer has been "wasted" on arguing about anti-Semitism instead of getting his "big change message" out to the country.

"Jeremy Corbyn did so well last year when it was really clear that he was different and offered change," he says.

For now Labour's hopes seem to hinge on the Conservatives imploding, for example by failing to unite behind any Brexit deal. But no one expects the next election to be easy for Mr Corbyn.

"The problem is that in 2017 people voted for Labour because they didn't think Jeremy was going to be prime minister, including himself," says one insider. "A lot of people voted as a protest, but we're not expecting them to surge the same way again. The next election will be very different."

Additional reporting by Laura Hughes

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

FINANCIAL TIMES
'Without fear and without favour'

FRIDAY 21 SEPTEMBER 2018

Trump is torching Oslo vision of two-state peace

Punitive US measures against the Palestinians will backfire badly

Donald Trump's preference for posturing over policy has been especially damaging in the Middle East. Despite this baleful behaviour, the US president has long bragged he is going to clinch "the ultimate deal" — a peace agreement between Israelis and Palestinians. Even though this eluded all his predecessors, he was given some benefit of the doubt. No longer.

Twenty-five years after the Oslo declaration of principles, which painted a tantalising vision of two states, Israeli and Palestinian, living side by side in peace and security, Mr Trump has taken a torch to the tattered remains of that diplomatic framework.

His decision to recognise Jerusalem as the capital of Israel and move the US embassy there this May foreclosed on any possible two-state outcome to the conflict. Under this approach the occupied Arab east of the holy city — revered by all three Abrahamic faiths of Judaism, Christianity and Islam — would become the capital of an independent Palestine. In recent weeks he has enacted measures to magic away another of the knots Oslo was supposed to untie: Palestinian refugees.

The Trump administration appears to believe, along with Benjamin Netanyahu, prime minister of Israel's hard-right government, that the conflict is perpetuated by UN recognition of more than 5m Palestinian refugees: not just those forced out during and after the war with the Arabs when Israel was created in 1948, and after the 1967 Six Day War when Israel captured the West Bank and East Jerusalem, but their descendants too. Reclassify the latter, the thinking goes, and the problem is off the table — as Mr Trump claims to have done with the future of Jerusalem.

President Trump has therefore cancelled all US funding of the UN Relief and Works Agency, which for 70 years has provided health and education to Palestinians in 60 camps in the West Bank and Gaza, as well as neighbouring Lebanon, Syria and Jordan. Mr Netanyahu hailed this defunding of what he called a "refugee perpetuation agency". But they will still be there in their huddled millions — with even less hope.

Mr Trump has taken further punitive measures, including cutting US aid to the semi-autonomous Palestinian Authority, closing the Palestine Liberation Organisation delegation in Washington, and ceasing funding to East Jerusalem hospitals. His solipsistic "deal of the century" makes it clear the most that Palestinians can hope for is a sort of supra-municipal government in less than half the occupied West Bank. That he has yet to unveil the deal is irrelevant, as long as he keeps ticking off the wishlist of Israel's irredentist government — which may soon push to annex the big Jewish settlements in the West Bank, illegal under international law but until now up for negotiation.

Mr Trump's battering ram approach, far from resolving anything, is pushing Palestinians into despair and seducing Israel into a non-consensual single state. After Israel's recent national identity law, moreover, which reserves the right of self-determination to Jews, it looks like Arab citizens of Israel (20 per cent of the population) are reduced to second-class status, while Palestinians in the occupied territories will de facto be third-class citizens.

Israel's critics will liken this to apartheid, as past Israeli prime ministers such as Ehud Barak and Ehud Olmert have warned. Mr Trump's boast of being the most pro-Israel US president ever is going to ring hollow to the future Israeli generations that will have to live with and police what is becoming a seething cauldron — unless this generation reclaims the logic of two states that lay behind the flawed yet noble vision of Oslo.

Britain needs to rethink its creaking rail system

The answer is not ripping up the current model, nor renationalisation

As irate commuters will attest, parts of Britain's rail system are broken. Passengers are rebelling over the chaos that stemmed from the botched introduction of ambitious new timetables in May by two big regional train operators. Some commuters lost jobs as a result. The rail review announced by transport secretary Chris Grayling should not become a cover-up for the mistakes and systemic flaws the fiasco exposed. But it does offer an opportunity for a rethink of how Britain's privatised rail network operates.

A report by the chairman of the rail regulator into the timetable chaos contains important lessons. It assigns blame to the operating companies, Govia Thameslink Railway and Northern Rail, but also to state-owned Network Rail, which operates stations and tracks, and the Department for Transport. Its key finding is that "nobody took charge" of the mess. That points to a serious gap in responsibility and accountability in the system.

The misery for travellers in south-east and northern England began in the same month ministers had to renationalise the East Coast rail franchise when its operators, Virgin and Stagecoach, ran into difficulties, having bid too much for the contract. Elsewhere, passengers have long suffered disruptions from union protests over new working practices. These issues do not mean Britain's 25-year experiment with privately owned rail services has failed. This year's timetable chaos obscured longer term successes, including introducing many new services, and more frequent trains on many routes.

Yet with UK rail operating costs higher than European neighbours', and customer dissatisfaction rising, privatisation has not delivered on the promise of better services for less expense. The answer is not to rip up the whole model, nor to renationalise rail. Supporters of public ownership tend to forget the years of underperformance and under-investment by British Rail that provided the original impetus for privatisation. Instead, the current system needs to reformed and revamped.

One priority is to improve strategic management. If the transport department is not able or willing to fulfil this task — Mr Grayling told MPs in June it was "not his job" to run the railways — there is a case for re-creating something akin to the centralised Strategic Rail Authority, abolished in 2006.

Co-ordination must also be improved between operating companies and Network Rail. Mr Grayling has proposed public-private partnerships on some projects. But that overlooks the mismatch in investment horizons between the track operator — which must provide infrastructure with a 100-year life — and more short-term franchisees. Giving regional train companies partial control over tracks could, moreover, create conflicts with freight and inter-city services. Instead, already successful experiments in collaboration, such as joint control rooms, should be pursued further.

Third, the franchising system requires a full review. Operating companies need the opportunity to make a fair return, to encourage new entrants and more competition. But proper penalties should be imposed for operators that fail, along with better safeguards against over-bidding for contracts.

These are highly complex issues. Keith Williams, the former British Airways chief who will lead the review, and the government should recognise this may be a final opportunity to repair the system. If it does not result in a system customers feel delivers reliable services at fair prices then — for all British Rail's failings — public support for renationalisation may become a clamour that cannot be ignored.

Letters

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It is unhelpful to call Chinese overseas development 'colonialist'

With reference to Jamil Anderlini's column, "China is at risk of becoming a colonialist power" (September 20), the Belt and Road Initiative will enable many infrastructure projects with a high level of uncertainty as to whether they will or will not be sources of long-term, broad value creation. Alas, that is always the case with infrastructure development (just think of High Speed 2 in the UK).

BRI projects are the outcome of political judgments and commercial deals, and there is a great deal of risk incurred by the recipients of funds as there is by the lenders and the contractors. It is therefore unhelpful to call Chinese investors "colonialists" when it is widely acknowledged in the development sector that infrastructure is a basic pillar of economic competitiveness and sustainable growth — side by side with robust institutions.

Indeed today's insistence of western democracies on institution-building first, capital investment second in order to meet western "good" governance ideals has arguably become a drag on the socio-economic development of their former colonies — others could very much read this as the west just trying, inconspicuously, to perpetuate the "good old days" for them. This would be unfair, but so is it to suggest BRI is an immoral foreign policy. It will lead us nowhere.

Let us rather frame the problem in terms of a duality by design of two desirable objectives — building infrastructure and building institutions. History suggests that the two are organisationally incompatible because their underlying design attributes are too hard to reconcile. And so today we have two groups of actors each choosing to focus on one of the poles of the duality. Fair enough. Let's be optimistic this new global order will enable us all to lift many more millions of people out of poverty.

Nuno Gil
Professor of New Infrastructure Development, Alliance Manchester Business School, UK

Women entrepreneurs need early support

Jana Bakunina's focus on investing in women is smart business. ("What men say when I tell them I focus on funding female founders", September 18.)

Fewer than one in 10 venture capital dollars go to companies with a female founder, despite studies indicating they make a higher return on investment. In this climate, visionary entrepreneurs are overlooked and markets remain untapped. As women are excluded from networks, the negative cycle perpetuates.

For many young women, this entrepreneurial environment feels hostile. To fix this, women need support at the earliest stage.

One successful intervention is Imperial College London's WE Innovate programme. It has backed hundreds of female student entrepreneurs with mentoring, start-up contests and exposure to investor networks.

Some, like WithLula founder Olivia Ahn, are building businesses with enormous potential. The company's personalised menstruation products tap into a multibillion-dollar global market.

The doyens of Silicon Valley wrap themselves in progressive rhetoric, but can resemble an old boys' network. It is time to create a young women's network.

Prof Maggie Dallman
Associate Provost, Imperial College London, UK

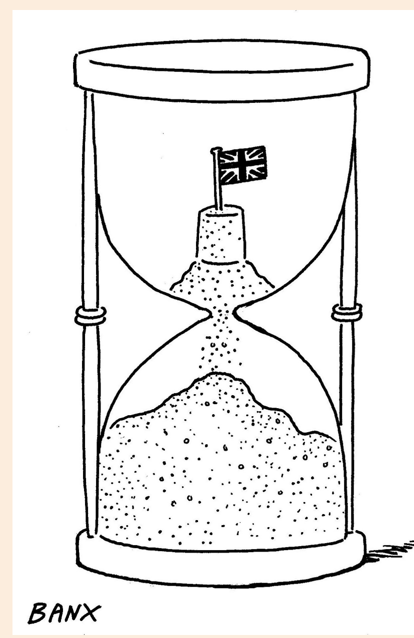
Brexit has played a part in rise of populism in Europe

Martin Sandbu makes a very important point about the costs of the withering of trust in the EU ("The economic cost of fraying trust in Europe", September 19) but it is not only the newer member states that are the ones blighting it.

The example of Poland's ban of a political activist is very telling, but older member states also act in ways others regard as against the spirit (and even the laws) of the EU.

Germany's support for the Nord Stream pipeline, French barriers to "Polish plumbers" and, perhaps most glaring of all, the UK's decision to have a referendum on membership to solve a domestic party problem are just three examples. All (remaining) member states need to act to restore the sense of trust both to safeguard the economic benefits of membership but also to counter the rise of the national populists.

Robert Strauss
Brussels, Belgium



Reform the IMF to reflect new economic landscape

Martin Sandbu rightly warns about the diminishing role of the IMF as a crisis manager (Free Lunch, FT.com, September 19). The challenges faced by the fund are much bigger than its lack of financial resources to put out fires.

The current financial market turmoil in Argentina shows the IMF's standby loan of $50bn — the largest ever credit line in IMF history — has failed to provide an effective anchor for addressing financial vulnerabilities and bolstering market confidence. The immediate disbursement of $15bn (30 per cent of the total IMF loan) to Argentina did not help in averting currency collapse or arresting capital flight.

These developments in Argentina may deter other emerging market economies to seek financial support from the IMF as its ability to provide the missing anchor for financial stability has been seriously undermined.

In the aftermath of the global financial crisis, new bilateral and regional mechanisms for crisis management have emerged, but they have remained largely untested. Hence, there is a need to implement quota and voice reforms at the IMF to better reflect the new economic landscape.

In addition, the IMF should move away from the orthodoxy in terms of economic thinking and adopt a more nuanced approach towards capital controls that have proved to be effective tools in curbing capital outflows.

Kavaljit Singh
Director, Madhyam
New Delhi, India

British pensions review does not go far enough

Britain's pensions industry urgently needs strategic direction, and the recent Competition and Markets Authority review has simply not gone far enough (July 19). Pension schemes continue to face tremendous difficulty when attempting to switch fiduciary managers, as they are hindered by the opaque and obsolete operational design of many traditional fiduciary management models.

Britain's entire pensions industry needs to address the issue of why schemes fall into these bad structures in the first place. We believe a number of players have purposefully designed portfolios in such a way that they are both expensive and hard to exit, which is all the more likely to keep a scheme tied to a provider. Exacerbating the issue, we are already seeing many industry players use the CMA findings to their own advantage, with some industry figures speaking about commoditising selection exercises.

This will dumb down the process in order to get through hundreds of retenders rather than take to heart what the CMA has suggested. Trustees need help in making the right decision for their schemes, not a tick-box exercise to simply say they have retendered. And they need to have a real choice to leave their incumbent, without a sword of Damocles hanging over a potential exit.

There is a strong belief that fiduciary management is better for pension scheme outcomes but we remain unconvinced that current responses to the CMA will make enough of a difference to put the needs of the pension scheme first. Pension schemes — and their beneficiaries — should share that healthy scepticism.

Nikesh Patel
Kempen Capital Management, London EC2, UK

A fast track to reducing emissions from air travel

In showcasing the projects under way, Peggy Hollinger has shown how electrified aviation can lower carbon emissions ("Reinventing the aircraft", The Big Read, September 19). We should support the rapid introduction of electric and hybrid aircraft through regulation, carbon pricing and even innovation spending. But these technologies will take 10 to 15 years to reach the market. As Britain and the EU plan how to contribute to the Paris agreement goal of keeping the global temperature rise to below 2C, we must also lower emissions from flying today.

Britain's flag carrier, British Airways, burns 63 per cent more fuel per passenger-kilometre than the most fuel efficient airlines, and this gap has grown since 2014.

Making airlines pay for the carbon they produce, or even setting an aviation carbon intensity target (as we do with cars), would encourage them to be more efficient.

As the Free Ride campaign has shown, the 15 per cent of people who fly more than three times per year are responsible for 70 per cent of flights. Varying air passenger duty so it rises after a passenger's second and subsequent return flights would be a fair way of lowering emissions while the industry works on technical solutions to low-carbon aviation.

Dustin Benton
Policy Director, Green Alliance, London SW1, UK

EU is right to protect its fundamental principles

Giles Conway-Gordon's pontification from across the pond (Letters, September 19) shows a fundamental misunderstanding of Europe and the EU. If Anne-Sylvaine Chassany was returning, say, to Finland instead of France, she might have talked about the inflexibility and lack of freedom of the UK education system compared to the one her son rejoined. The French system, rigid as it may be (and it must be credited for producing excellent bureaucrats, solid engineers and outstanding business leaders) is not indicative of the EU's nature at large.

Is the EU really being inflexible? It has fundamental principles the UK was a major actor in shaping. These are not about trade but about a long-term plan of integrating a fractured continent into a peaceful whole, hence the importance of the free movement of its citizens. The UK decided to no longer be part of this plan; why should it expect to be able to pick and choose? Why shouldn't the EU defend the interests of a committed member, Ireland, over one who decided to leave?

Do not blame the consequences of the UK's lack of planning pre- and post-referendum on the EU. The EU has been very flexible with the UK over many years. The current mess is not the EU's fault.

Jem Eskenazi
London N3, UK

Correction

● Mahathir Mohamad is Malaysia's prime minister, not president. He has not cancelled outright $23bn of Chinese contracts as incorrectly stated in a column on September 20, but has cancelled some and suspended a major rail project.

May plays her ace card: the naming rights for Brexit

Notebook
by Henry Mance

Flattery will get you everywhere, even in international diplomacy. Poland has tried to persuade Donald Trump to build a US military base in the country by offering to name it "Fort Trump". Imagine if Theresa May had used the same tactic to sell her Brexit proposals to EU leaders at their dinner in Salzburg this week . . .

Clocks strike 11pm. Waiters remove the second set of desserts and bring out the cheese course.

Theresa May: OK, you have twisted my arm. I offer you this entirely new solution for the Irish border.
Emmanuel Macron: Let's see . . . three prototype cameras, two Elon Musk submarines, one baby unicorn . . . Hold on, it's the same as your previous Irish Border Solution!
May: It's absolutely not! Look at the title — it's the *Michel Barnier* Irish Border Solution. His name is literally all over it now.
Macron: *Zut alors!* You can't just name a landmark after an unelected bureaucrat, and expect people to like it. This is taking the Michel.
May: Au the contraire, there is a clear EU precedent: the Eiffel Tower!
Macron: You want a border with queues and costs like the Eiffel Tower?
May: I want to offer you a legacy — a part of our future. If you back my Brexit plan, there'll be something for everyone. We won't import chlorinated chicken; we'll import *poulet à chlorine*. When we move back to imperial measures, we will introduce a new two-pint measure known as a "Jean-Claude". We can't give Greece back the Elgin Marbles, but we can rename them the Tsipras Stones. Gibraltar must remain British — but it doesn't have to remain Gibraltar. It could be Pedro Sánchez Rock!
Pedro Sánchez: Pedro means rock.
May: It's fate!
Angela Merkel: Theresa, I admire your ingenuity. But we still cannot split the EU's four freedoms.
May: The UK must end free movement. But we will welcome all jobseekers with the right qualifications — and, in your honour, we will call these visas Angela Merkels!
Merkel: What about the visas for jobseekers who don't have the necessary qualifications?
May: We'll call them Martin Selmayrs.
Sebastian Kurz: I'm worried these proposals do not work for my beloved Russia — I mean, Austria.
Giuseppe Conte: To be honest, even in Italy no one knows who I am, so it's not worth putting my name on anything. But maybe you have something for Signor Salvini?
May: If Matteo stands with the British people we will name all our post-Brexit social housing after him.
Conte: But he would never have time to visit it all.
May: Oh, he would — it's a one-bed flat near Croydon.
Conte: I was hoping for something more fun — like the Boris bikes?
May: Actually those bikes were down to Ken Livingstone.
Merkel: Isn't he an anti-Semite?
Viktor Orban: Yes, but he isn't all good. He is pro-EU too.
May: Mr Livingstone's anti-Semitism is indeed terrible, unlike Mr Orban's, which is completely different.
Macron: And what can you offer me, Theresa?
May: Manu, if you back the Chequers plan, we will build a new bridge from England to France — and we will call it the Pont de Macron. How does this sound . . . *Sur le pont de Macron, On y danse, on y danse.*
Macron: I fear we have different dancing styles.
May: But I can teach you!
Macron: Sorry, no. And I do not want my name on a useless bridge.
May: It won't be useless! It'll be perfect for French truckers to blockade. You'll be a trade union hero next summer.
Donald Tusk: We don't have till next summer. We are running out of time.
May: But I've offered so much. What will the EU rename in honour of Brexit?
Tusk: The David Davis Temporary Workers Programme? The Dominic Raab Erasmus Scholarship for Accelerated Learning?
May: No, no — something to mark my Brexit plan!
Tusk: An over-ambitious conceptual design, structurally unsound and unlikely to be finished before 2028? I'll see about the Sagrada Familia.

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

Opinion

How hedge funds inject liquidity in times of distress

FINANCE

Gillian Tett

Hedge funds make convenient bogeymen for politicians when a market crisis hits. Just think about how George Soros was blamed for "breaking the pound" when sterling plunged in 1992. Or how politicians in Japan and Germany have railed against them. Emerging market governments, such as Turkey's, are now tossing blame around, too.

But if you want to get a new glimpse into what hedge funds do during currency shocks, ponder a striking piece of data mining that the JPMorgan Chase Institute published this summer.

This analysis confirms that hedge funds do indeed trade frenetically in a crisis. No surprise there. But it also suggests that their impact on currency movements is not as simple as popular discourse might suggest. And there is another finding which matters for the financial regulatory debate: hedge funds may have become more, not less, important in the overall structure of markets during the past decade. Turkey — or Argentina and South Africa — should take note.

The researchers reached this conclusion by focusing on three moments when currencies have moved sharply: the unexpected 2015 decision by the Swiss central bank to abandon its floor for the Swiss franc; the 2016 UK Brexit vote; and Donald Trump's US election victory later that year. Then they combed through the investment bank's database of 400m institutional investor transactions to isolate 120,000 spot and forward foreign exchange trades conducted just before and after these events.

Investors already know what happened to prices and overall trading volumes during these shocks, since there is excellent, real-time transparency around currency prices. Moreover, regulators require groups such as Reuters to release daily data on the overall trading volumes and the Bank for International Settlements offers comprehensive data on global flows, after a time lag.

But what is intriguing about the JPMorgan data is that they offer a rare glimpse into what investors were trading during the turbulence, and when. This is revealing. In normal times, JPMorgan executes an average of $500m in trades each day with hedge funds that involve the Mexican peso and dollar, and some $2.8bn of sterling-dollar trades and $900m for the Swiss franc and euro. Trades with other banks and asset manages are similar in size.

> After the Swiss bank, Brexit and Trump shocks, daily currency trades more than tripled in volume

But just after the Swiss bank, Brexit and Trump shocks, daily trading volumes by hedge funds more than tripled. Bank trading volumes also rose sharply after the Swiss and Brexit events (but not after the Trump victory).

This might imply that it was the hedge funds that pushed the currencies around. Not entirely so. Most funds did buy francs after the Swiss bank announcement. But they bought and sold sterling after Brexit, trading on opposing sides on a massive scale. So too after the Trump shock, although there were more hedge fund dollar sales.

This is striking. But what is more important is that the volume of trades cut by pension funds, insurance companies, public investment groups and corporate treasury departments did not rise at all after the shocks. These groups only started to shift risk much later, long after prices had been reset.

That inertia might reflect judicious caution (as Andy Haldane of the Bank of England has often argued, speed does not always benefit investors). Or it might stem from bureaucratic constraints (the JPMorgan data suggest these institutions only trade during the normal business day, or when local markets are open).

Either way, this pattern has important implications. Traditionally, banks were the main providers of liquidity in foreign exchange markets. But since 2008, they have reduced this role because of post-crisis regulatory reforms.

Regulators had hoped that other long-term holdings of capital would start to fill that gap, supplying badly needed liquidity that could stabilise markets when a crunch hit. But the data suggest this is not happening. Most institutions are sitting on their hands in a crisis instead.

It is impossible to know whether this pattern is true of the whole market, since no other bank has published such data. One hopes that regulators will force them to do this one day, not just for foreign exchange but for other asset classes, too.

But in the meantime, governments should take note of the findings. The antics of hedge funds may sometimes appear unseemly. But the unpalatable truth is that it is they who often keep markets trading in a crunch.

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Sense and flexibility would keep Unilever in the FTSE 100

Gerard Lyons

A shareholder revolt is brewing over Unilever's Dutch move. Last week the consumer goods company confirmed it will proceed with changes to its corporate structure and move from a dual-governance arrangement in the UK and Netherlands to a single headquarters in Rotterdam.

This is not linked to Brexit, nor does it mean job losses in the UK; the maker of Marmite and Dove soap will retain a strong corporate presence in Britain. But it has significant implications for shareholders. Many of them, particularly index tracker funds, would be forced to sell the stock if unification means it can no longer be included in the main British equity index, the FTSE 100. Insurer Aviva has already said it will oppose the move.

There are strong arguments for any dual-headed company to unify and benefit from economies of scale. Once united, it will have greater flexibility to use its equity for mergers and acquisitions. Unification may also allow the company to defend itself better from any hostile bid. Planned tax changes in the Netherlands have also played a role in the decision. But for the UK listing issue, the choice for Unilever shareholders would be straightforward: vote to support a simplified structure and benefit from any subsequent value creation.

The easiest solution to shareholder concerns would be to allow Unilever to retain its FTSE 100 membership. This is not as radical as it may sound. Commercial owners of indices have tremendous discretion over inclusion rules. FTSE Russell, which is part of the London Stock Exchange Group, makes the decision on this. Surely, shareholders ought to be focusing on this group?

> The UK index has tremendous leeway in its membership rules to keep the group's dual-listing

There is recent precedent from a decision last week involving another Anglo-Dutch company with a substantial global business, Relx — previously known as Reed Elsevier. Like Unilever, it was dual-listed in London and the Netherlands and in February it decided to unify — again for commercial reasons. Unlike Unilever, it chose to move the other way and unify in London, allowing it to retain its place in the FTSE 100. But Relx's second listing in the Netherlands also remains a member of the equivalent Dutch index.

That made sense. Unilever's move now affords the same opportunity to the UK — to employ flexibility in how we apply our own rules. British Airways parent IAG and travel group Tui are both FTSE members, even though their headquarters are now in Spain and Germany respectively, and they have dual equity listings. Unilever should apply to stay in the index rather than assuming its exclusion is a given.

For its part, FTSE Russell just needs to show flexibility, as it has in the past. If that is a step too far for the index, then perhaps it should amend its rules to ensure this problem does not recur. In which case, I would suggest it add clear criteria for companies who want to both unify and stay members of the FTSE 100.

First, the market where the unified company is being incorporated should be a developed country and one where it was already dual-listed at the time of unification. Second, the group should already be a FTSE UK series member and previously assigned UK nationality. The company should also be required to have a premium listing in London, pass liquidity tests there, and promise to adhere for at least five years to UK corporate governance requirements, including those protecting shareholder rights during equity issues and takeovers.

Keeping as many global players in the FTSE 100 index as possible is important for London and should be a priority. As more of global growth comes from outside Europe, competition between big equity indices will intensify.

Why should such a British brand not remain listed on the FTSE 100? All that is needed is good sense and flexibility.

The writer is chief economic strategist at Netwealth and adviser to Parker Fitzgerald

Trade wars: what China should do next

GLOBAL POLITICS

Philip Stephens

China has changed the world. It has been too slow to understand that it has also changed the world's view of China. These are unsettling times for Beijing. Until now China's rise has been on its own terms. There have been bumps and squalls and the occasional stand-off with Washington, but mostly the west has been distracted or amenable. Chinese leaders have grown used to getting their own way. Now, China's feet are being held to the fire.

There is a temptation to imagine that party chiefs have a carefully worked-out strategy in response to the latest package of punitive tariffs announced by US president Donald Trump — the equivalent of a $25bn tax on Chinese exports to the US. It is axiomatic among much western commentary that China always thinks three moves ahead. The signs now are otherwise. Those reading the runes in Beijing say the leadership has been caught badly off guard.

Years of deep research into the way America works have been confounded by Mr Trump's wilful unpredictability. Beijing's intelligence is weak. The high-level contacts in Washington and beyond — so carefully cultivated by Chinese officials — did not include the hardliners now setting the pace in the president's inner circle. Beijing has for years studied the inter-agency process of US decision-making only to discover that to know by heart how US administrations usually work is not to know what Mr Trump will do next — or why.

The US president is by nature volatile — witness his bomb-you-hug-you approach to North Korea's Kim Jong Un. There is more to China's discombobulation, however, than confusion wreaked by Mr Trump's crudely mercantilist view of trade balances or the inconstancy of White House decision-making. Beijing should look also to the change wreaked by its own behaviour.

During the past several years China has reshaped the dynamics of its relationship with the west. This reaches well beyond Washington. Ask most European policymakers what they think of a Sino-American trade war and they will tell you that Mr Trump's approach is dangerous and counterproductive — it will end up in lose-lose, rather than win-win. Yet behind their hands these devoted multilateralists and free traders will admit a certain satisfaction that someone has "stood up" to Beijing.

Not so long ago most western governments looked at China through the lens of rich market opportunities. Some still tilt in that direction. But, in Europe at least, Beijing's growing assertiveness, a suspicion that it is using its financial clout as a tool of geopolitical coercion and its unabashed appropriation of western technology has changed the mood. China suddenly looks a strategic threat as much as a market opportunity.

Xi Jinping cannot complain he has been blindsided. China's emperor-president has cast off the stylised humility of his predecessors to celebrate both his personal power and China's global status. Foreign critics are brusquely dismissed for failing to appreciate "the fact" of China's rise. The People's Liberation Army shows off its prowess in the disputed South East China seas. The Belt and Road Initiative sees Beijing building strategic outposts across Asia and into Africa. Its investments in the weaker economies in eastern Europe fit a suspicion in Brussels that it is pursuing a policy of divide-and-rule.

None of this is to say that Mr Trump's trade tariffs are a rational response. If retaliation leads to further escalation the world eventually will stumble into a full-scale trade war and economic slump. Beijing, however, would be foolish to underestimate the curious coalition that one way or another finds itself standing behind the US president. There are plenty of China hawks who disagree profoundly with Mr Trump's views on trade, but welcome any opportunity to rein in Beijing.

> Beijing would be foolish to underestimate the curious coalition standing behind the US president

An intelligent response on China's part would start by recognising the risk of a broader clash. Unsurprisingly, Mr Xi has felt the need to respond to the latest tariffs, but there is retaliation and retaliation. In its measured form it leaves open the road to a resumption of serious negotiations. Waiting it out until after the US midterm elections in November would provide room to assess how far Mr Trump is being driven by short-term political pressures.

On the other hand, a more aggressive reaction would open the door to those in Washington who want to impose a permanent set of restrictions and restraints on economic relations between the two countries. There are those in the west with fond memories of the multilateral export controls rules against technology transfers to the Soviet Union during the cold war. Today's American technology companies have deep interests in China. But Beijing would be the bigger loser from a spillover to the technology sector of the present dispute.

The harder task for Beijing will be recognising that to a significant extent it has been the author of its own predicament. Western business leaders, trade negotiators, commercial lawyers — they all have a story to offer of promises made and broken in Beijing, of unreasonable obstacles to doing business, and the loss of precious intellectual property. If China wants to win arguments in Washington it needs friends in the American business community.

For the first decades of its rise, "hide-and-bide" modestly gave China control of its own story. Hubris has handed the pen to its critics. Great power status, Mr Xi might reflect, has its own traps.

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Investors can help ensure every child attends school

Gordon Brown

When world leaders gather in New York for the UN General Assembly next week, the contrast between the rhetoric of co-operation and the reality of division will be stark.

While this year's theme is "Shared Responsibilities for Peaceful, Equitable and Sustainable Societies", the backdrop is a torn-up climate agreement, discarded nuclear weapons treaties and trade wars, pushing nations further apart.

A special session will also confront another casualty of the stalling in international co-operation. Having three years ago unanimously agreed the most ambitious set of targets ever for eradicating extreme poverty, illiteracy and avoidable disease by 2030, there is now a $30tn funding shortfall for these Sustainable Development Goals — and no agreement on how to cover it.

It is a gap that cannot be bridged without private sector investors.

Back in 2014, a joint report from the IMF, World Bank and the UN envisaged the need for "a paradigm shift" on development finance "to catalyse and leverage" the $150bn a year development aid budget.

Philanthropy, worth $500bn annually, and remittances, worth $400bn a year, are a start but only get us so far. So the report envisaged that some of the world's $85bn pool of professionally managed money, including pensions and insurance funds, could be marshalled through specialised SDG-linked funds: green bonds; impact-linked allocations within general funds and — for maximum anti-poverty results — social impact bonds.

The world's foremost impact investment pioneer, Ronald Cohen, is challenging investors to focus not only on financial returns but on social and environmental impact. He estimates that most of the funds needed to achieve the SDGs could be raised if just 20 per cent of the $100tn invested in the global stock market was subject to a measurable SDG test; and if green and social bonds accounted for 10 per cent of the $80tn bond market.

The $30bn target could be fully met if, in addition, 10 per cent of private equity's $4tn investment pool and 30 per cent of the $1bn venture capital and real estate private equity pools targeted attainment of the goals.

> Developing countries would need to commit 10 per cent of their income to achieve universal education

Nearly 2,000 asset owners and managers, who together control $80tn have signed up to the report's Principles for Responsible Investment. Green bonds have increased by 50 per cent and a number of SDG-focused investment funds have been started.

But this will not be enough to finance global education. Its share of aid has fallen from 13 per cent to 10 per cent over the past ten years. Half of the world's children leave education early without any qualifications useful for the workplace.

The stated SDG objective is quality primary and secondary education for all. Yet by the 2030 deadline, 800m young people are likely to have no recognisable educational certificates. While developing countries can and must do far more, achieving universal education on their own would require developing countries to commit at least 10 per cent of per capita national income.

Even if every developing country doubled the share of national income spent on education and increased performance and productivity to the level of the best performing quartile of countries, a $90bn annual shortfall would remain.

That is why the International Finance Facility for Education is being launched. Supported by the World Bank, the largest regional development banks and the UN, IFFEd is focused on lower middle income countries that house the biggest share of the world's child refugees and out of school children. It aims to multiply aid budgets by attracting private co-investors.

The facility plans to narrow the funding gap by attracting $2bn in guarantees from AAA and AA-rated donor countries to back an $8bn expansion in education lending by the multi-laterals. This would be complemented by a $2bn grant facility which would cut the interest rates paid on the loans.

For every dollar of additional aid, the facility would unlock four dollars of new resources for education. If this is matched by increased mobilisation of domestic resources, by 2030 ours could be the first generation where every child is at school.

Investors have an interest in creating a skilled workforce equipped for tomorrow's jobs. As IFFed begins seeking a credit rating, a number of funds are already stepping forward to support the launch. I urge the financial community to embrace IFFed — by matching risk, reward and results, investors can do good and do well at the same time.

The writer is a former UK prime minister

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

Lex.

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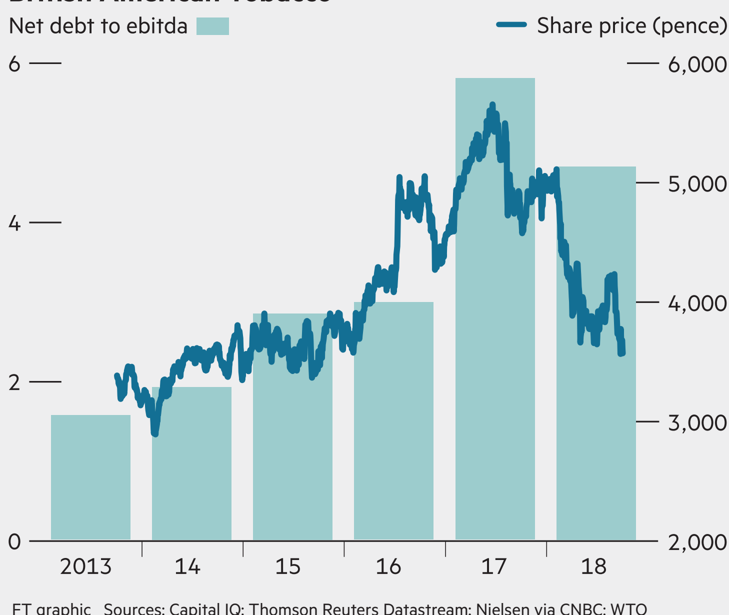
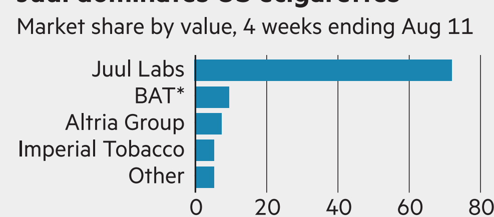
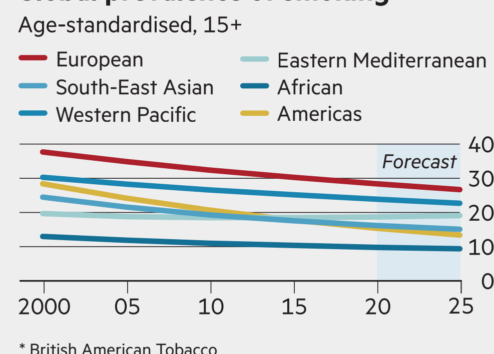
BAT/vaping: cigarette break

British American Tobacco took on hefty debt to increase its access to North America. But vaping is making inroads into the declining cigarette market. New technologies for consuming nicotine threaten to impair the value of investments in vaping too.







FT graphic Sources: Capital IQ; Thomson Reuters Datastream; Nielsen via CNBC; WTO

* British American Tobacco

Try this. It might kill you. That has long been the marketing dilemma of the world's biggest cigarette groups.

Nicandro Durante, who is stepping down as chief executive of BAT, hoped ecigarettes were the solution. But vaping kits and other smoking alternatives may yet come with a health warning.

Over the past six years, the UK-listed company known for Dunhill and Camel has invested $2.5bn in new products. Even war-ravaged Afghanistan now restricts office smoking, so this makes sense.

Vaping gear produced £500m of revenue in 2017. It should generate £1bn — or about 5 per cent of the total — this year. The company hopes its new products will break even by early next year. All being well, BAT sees sales rising to 30 per cent by 2030.

There is less fag smoke in the air. But there are dark clouds on the horizon for multinationals practising the dying art of cigarette making. Smokers complain vaping still does not deliver a hit as good as the real thing. A patented ecigarette that did could kill off "me too" vaping technology.

One contender is Juul, a device that relies on a chemical reaction to produce nicotine salts. San Francisco based start-up Juul Labs has 70 per cent plus of the US ecigarette market, against BAT's 9 per cent, according to a Wells Fargo analysis. Rebellious kids who once smoked behind the gym now share a mango-flavoured Juul instead.

Enter Scott Gottlieb, of the US Food and Drug Administration, warning of an epidemic of teen vaping. Other countries have also taken a sniffy approach, Israel and Australia to name just two.

Mr Durante's legacy is therefore under threat. His vaping investment could be compromised by a disrupter and by rising health concerns. Both threaten the value of expanding BAT's route to market in the US. BAT spent $49bn taking over Reynolds American of the US. This boosted the ratio of net debt to ebitda to an uncomfortable 6 times, though now falling. The shares are down 30 per cent so far this year.

Whoever takes over from Mr Durante may need a cigarette simply to calm their nerves.

Netflix: stream locomotive

This week Netflix took home more trophies from the Emmy Awards than any broadcast TV network. As the stars of its smash show *Queer Eye* would say: "Can you believe?" The haul looks like vindication of the streaming service's decision to carry on spending heavily on content. But it also means the company's debt-fuelled model remains as far as ever from breaking even.

There is a good reason for the US group to keep its foot on the gas. Not only is it competing with upstarts such as Amazon Prime and 21st Century Fox-backed Caffeine but older companies such as Disney and AT&T.

For now, Netflix has the lead. YouTube lacks its prestige programmes, Amazon Prime and Hulu have less content. Viacom has agreed to produce a Nickelodeon series for Netflix, showing that not every media company wants to compete.

Netflix will go on broadening its content. Its glossy US drama series will be ballasted by more local-language films and TV shows. Worldwide subscribers reached 125m at the end of March — equal to more than a third of the US population. The largest untapped audiences are overseas. It can hardly be a coincidence that Mathias Döpfner, boss of German publisher Axel Springer, joined the Netflix board this week.

New content should bolster a brand that is already formidably strong. If Netflix is guilty of extravagance, it is only in allowing costs to crystallise as forecast negative free cash flow of $4bn. The solution is to raise fees.

The least contentious move is to lift the price for premium subscriptions. Of its three payment options, $10.99 may be the most popular but around one-third of US users are estimated to sign up to the highest $13.99 package. This top tier could be increased if Netflix added features.

It would be better to raise rates across the board. Netflix's current monthly fee is about the price of a movie ticket. At $15 a month, Netflix would still be cheaper than cable television and in line with rates charged by HBO and MoviePass.

That would generate revenue of about $22bn, compared with a forecast for 2018 of $15.8bn. YouTube TV and Sling TV have both increased prices recently. Viewers will pay more to sate a voracious appetite for new content. Netflix should take advantage of that. The entertainment business is not just about winning awards.

Rocket Internet: permanent revolution

How does one create a permanent investment vehicle? The question perplexes modern tech and private equity tycoons. Half a millennium ago it was solved by Jakob Fugger, the German merchant and financier. His wealth still benefits descendants and recipients of his charity.

His modern peers must resort to a form of charity too, by returning capital to needy shareholders. Rocket Internet, the Berlin-based tech incubator and investment vehicle led by Oliver Samwer, announced another buyback round with its half-year earnings yesterday.

The €150m repurchase adds to convertible debt and equity buybacks of some half a billion euros in the past year. That compares uncomfortably with Rocket's holdings of cash and equivalents of €2.5bn.

The business also has post-IPO stakes in the online meals businesses Delivery Hero and Hello Fresh valued at €1.2bn. Equity in smaller quoted companies is worth roughly €500m. That total exceeds Rocket's market value of €4.1bn, attributing negative value to the company's substantial portfolio of unquoted stocks

This weird phenomenon is not unusual. Naspers, a South-African media business, is worth less than its holding in Chinese internet giant Tencent. In August, Lex estimated shares in Japanese investor SoftBank were discounted by at least a quarter, compared with the value of its stakes.

Permanent capital gives managers the ability to invest patiently, without having to worry about fund redemption deadlines. This may be good for investment results. But shareholders can become impatient when cash is sitting idle. The point of putting money into an investment vehicle is to see it put to work.

Rocket began by cloning US online business models via start-ups of its own. That proved controversial. But as it morphs into a more conventional tech holding group, scepticism rather than anger seems to be the response.

Equity research/Mifid II: vacuum cleaner

The number of economists needed to change a lightbulb is the subject of humorous conjecture. The number of equity analysts needed to analyse a European company is clearer: fewer than before.

Peak analysis occurred in 2012, according to a thought-provoking report earlier this year from Nordea, a Nordic bank. Then, six scribblers parsed the doings of every company valued at about €1bn. Only three were left by 2017. The figure may fall to zero for some stocks.

Mifid II is to blame, or to thank. The EU reforms mean fund groups cannot pay for research with commissions borne by clients. Nordea is not the first pundit to foresee a research vacuum for small-cap stocks. Its tone was unusually apocalyptic. Shares would be "at the mercy of investor flows or media reporting".

Nordea had a remedy for this: paid-for research. Alongside rivals such as Edison it undertakes to publish regular notes. No director who values their share incentives should blanch at the cost of such services, surely? Fees of tens of thousands of euros a year are low in the world of wholesale finance.

Much excellent research is produced under the flag of independence. Plenty of puff pieces too. These extol stocks to flatter powerful bosses and drum up commissions. Notes plainly branded as marketing have the virtue of honesty.

Nordea suggested analyst job losses could make small-caps more illiquid. Turnover in these shares had fallen from above 120 per cent of market worth in 2009 to 53 per cent in 2018. It is questionable whether paid-for research would mitigate this.

To recap the prophecy of doom: Mifid II could leave smart stock pickers in peace to spot long-term investments no analysts have trumpeted to the wider world. But isn't that a better set-up than we have now? Pertinently, no economists — or analysts — are needed to change a lightbulb, according to the old joke. The market can be relied on to sort it out.

BofA/HSBC: great expectations

Which is worse? To be excoriated via a private memo purportedly endorsed by dozens of junior staff (and then leaked to media), as occurred to an executive at HSBC? Or told off on a public conference call, as at Bank of America? In July, BofA chief executive Brian Moynihan criticised his team of M&A bankers during an otherwise positive earnings announcement, saying they needed to shape up.

Christian Meissner, the longtime head of BofA's investment banking, has decided to step out instead. Late on Wednesday he announced he would leave BofA at the end of the year. BofA's investment bank has stumbled of late. Yet it has been a relative bright spot for the bank since the financial crisis.

HSBC, on the other hand, stood behind its banking head Robin Philips, who had been criticised in the seven-page memo. The contrast between BofA and HSBC highlights the stark gap in results and expectations between US banks and their hobbled foreign rivals.

In the first half of 2018, BofA's investment bank revenues fell by a fifth, largely because of a 36 per cent drop in M&A fees. That looked even worse, given that deal revenue at the top universal bank, JPMorgan, jumped by a fifth. Still, Mr Meissner's ousting came after BofA's M&A revenue jumped 35 per cent in 2017.

The ambitions of the top US banks have risen as the scars of the financial crisis have faded. A growing world economy presents the chance to capitalise on global reach. In recent years, boutiques attracted top talent with big bonuses. But booming capital markets help full-service banks. BofA's fear of losing market share is not just about M&A fees but all the other services they can peddle to CEOs.

In the HSBC memo, the junior bankers wondered why the bank was ranked 42nd in M&A league tables and opined their employer "had no credibility as an investment bank". For staff at HSBC's US peers, credibility is not in itself a guarantee that you can keep your job.

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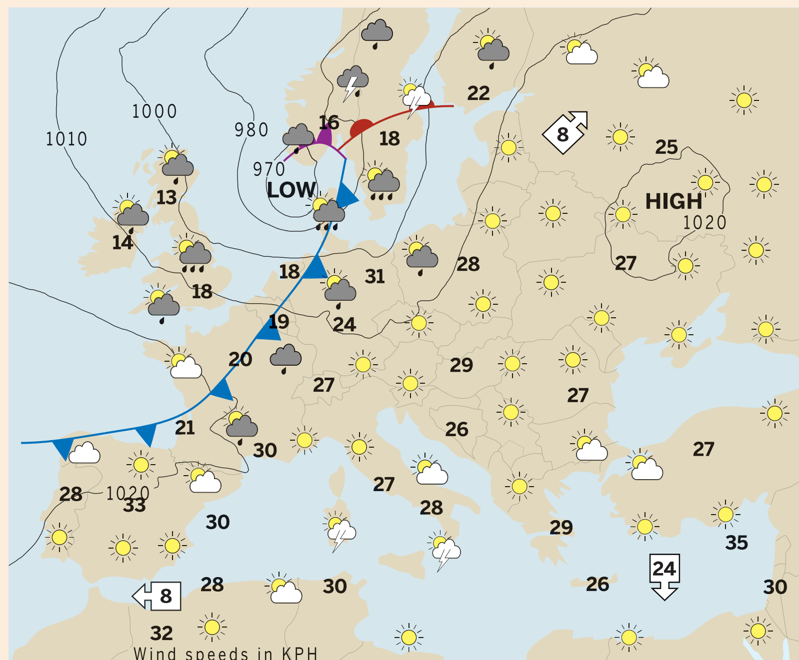
Your trust, your future, our commitment MUFG



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

Today's temperatures Maximum for day °C

City	Weather	°C	City	Weather	°C
Amsterdam	Rain	18	Malta	Thunder	27
Ankara	Sun	26	Manila	Thunder	32
Athens	Sun	29	Miami	Thunder	30
Bahrain	Sun	38	Milan	Sun	29
Barcelona	Sun	29	Montreal	Thunder	26
Beijing	Sun	25	Moscow	Sun	25
Belfast	Shower	13	Mumbai	Fair	32
Belgrade	Sun	29	Munich	Sun	29
Berlin	Rain	31	Naples	Fair	28
Brussels	Shower	18	New York	Cloudy	24
Budapest	Sun	29	Nice	Sun	27
Cairo	Sun	33	Nicosia	Sun	35
Cardiff	Shower	16	Oslo	Shower	16
Chicago	Fair	24	Paris	Rain	20
Cologne	Shower	22	Prague	Sun	30
Copenhagen	Rain	23	Reykjavik	Cloudy	6
Delhi	Thunder	31	Riga	Fair	27
Doha	Sun	37	Rio	Fair	31
Dubai	Sun	40	Rome	Fair	27
Dublin	Drizzle	14	San Francisco	Sun	25
Edinburgh	Shower	13	Singapore	Thunder	31
Frankfurt	Shower	24	Stockholm	Thunder	22
Geneva	Fair	29	Strasbourg	Rain	25
Hamburg	Rain	22	Sydney	Sun	20
Helsinki	Drizzle	22	Tokyo	Rain	23
Hong Kong	Sun	32	Toronto	Thunder	29
Istanbul	Fair	26	Vancouver	Shower	17
Lisbon	Sun	28	Vienna	Sun	29
London	Sun	18	Warsaw	Sun	28
Los Angeles	Fair	26	Washington	Cloudy	27
Luxembourg	Shower	18	Zagreb	Sun	29
Madrid	Sun	33	Zurich	Fair	27

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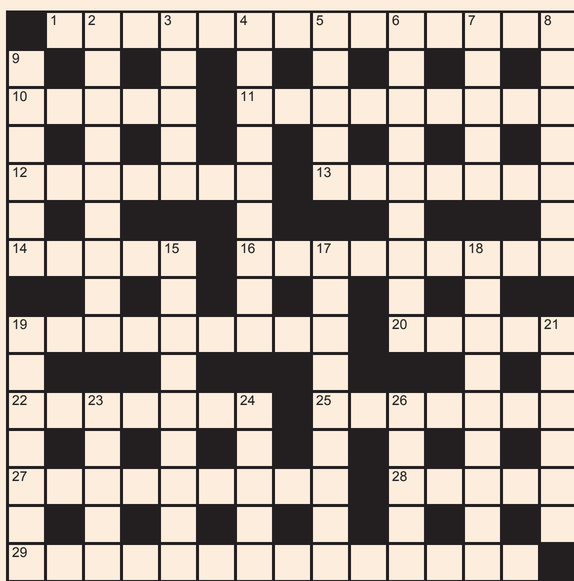

JOTTER PAD

ACROSS

1 Tidy basin – place possibly where cups are seen? (7,7)
10 City making request for peace – no turning back (5)
11 What home fuel will do? What's the normal price? (5.4)
12 Play in river and lake (not the middle) (7)
13 Shrink with trembling when meeting a deity (7)
14 Jest by journalist in a language that needs interpretation (5)
16 An agency worker said to be unconstrained by time? (9)
19 Disorderly situation – not really one of those that will 29! (5,4)
20 Drunk after relapse gets transplant (5)
22 Humiliates clergy, squashing them (7)
25 Fellow meets bore, not stopping, in bar (7)
27 Tainted rogue imprisoned by a king being deprived of rights (9)
28 Vehicle parking by road (5)
29 What stables can do for you? Hang on a minute! (4,4,6)

DOWN

2 Mischief-maker, boss who goes to court? (9)
3 Longed to be holy – young hooligan (5)
4 Having made arrangement, get garage to collect (9)
5 Spasm cutting sport short repeatedly (5)
6 American stars – will such make a considerable splash? (3,6)
7 Fine athlete covers this bit of Wales (5)
8 Inside dog there's one nasty growth (7)
9 Naughty champion, hiding head, twitching (6)
15 Gap is provided in frantic day trip (9)
17 Thin person in the City getting to change gradually (9)
18 Presentation of news about price for conveying goods (9)
19 Exposition from one doctor in hospital series on TV (7)
21 Gave forth solemn sound, as reported on the radio (6)
23 Overnight accommodation the French fellow set up (5)
24 Holy man had us troubled (5)
26 Wire penthouse up – internal electrical unit required (5)

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Companies & Markets

FINANCIAL TIMES

Smoke signals The challenge facing BAT's successor to Durante — REPORT, PAGE 14

Deep water Brussels tries to get ahead of the curve on Amazon — RICHARD WATERS, PAGE 12

Regulator reopens Danske inquiry

● Finance watchdog under fire over €200bn scandal ● Fresh probe to focus on managers

RICHARD MILNE
NORDIC CORRESPONDENT

Denmark's financial regulator has reopened its probe into Danske Bank to explore whether senior management should face legal action amid a mounting outcry over the lender's inquiry into its €200bn money-laundering scandal.

The Danish Financial Supervisory Authority has restarted the investigation it concluded in May with a severe reprimand of the bank but no action against individuals.

"It's an obscene amount of money . . . It's easy to understand that there's a lot of public uproar. It's a continuation of the financial crisis," Jesper Berg, head of the regulator, told the Financial Times. "There's this sense of unmet consequences for the financial sector."

The FSA said in May that there were insufficient grounds for action against senior management but it would now re-examine the evidence.

Shareholders are also considering whether to ask for their own independent investigation into Danske.

Danske's own report on Wednesday revealed that about €200bn in money from non-resident customers flowed through its Estonian branch between 2007 and 2015, with the bank declining to clarify how much of it was suspicious. The report was written by Bruun & Hjejle, a law firm that, because of its past dealings with Danske, conceded it was neither impartial nor independent.

The regulator has come under pressure from politicians over the reason why a meeting in 2013 where Thomas Borgen, Danske's chief executive, rejected calls to scale back the Estonian unit was revealed by the Financial Times rather than in its report.

Mr Berg told the FT that it used a similar quote from 2014 in its report as Danske had then received warnings from a whistleblower and internal audit as well. He added of Danske's own report: "They've spent DKr200m on gathering all that info. That is more than 50 per cent of my budget, so of course we must piggyback on that now. However, we will make our own evaluation."

> 'It's an obscene amount of money . . . It's easy to understand public uproar'
>
> Jesper Berg, FSA chief

Questions have also been asked of the regulator, as its chairman from 2016 until May was Henrik Ramlau-Hansen, Danske's chief financial officer from 2011 until 2016. Mr Ramlau-Hansen resigned from the regulator on the day it released its previous report, from which he had recused himself.

Responding to the reopened probe, Danske said: "It will continue to be our goal to have a good and constructive dialogue with authorities on the case."

Smart Money

Michael Mackenzie

Something has to break. The recent rise in US Treasury yields, with the 10-year note back above 3 per cent, has not stemmed a weaker dollar. The reserve currency has been under the pump for some time with the dollar having registered a 10-week low versus its main rivals.

The divergence between US bond yields and the dollar is one of the more interesting developments we are seeing in markets. At some point higher bond yields, with the Federal Reserve set to raise overnight rates next week, should help the reserve currency. That dynamic has instead been turned on its head for now, reflecting that two, and perhaps more, rate rises from the Fed are pretty much priced in by the market. Thus the renewed appetite for risk, with emerging market currencies and equities looking a lot rosier, is being helped by a weaker dollar — although the Turkish lira remains an unhappy outlier.

Alan Ruskin at Deutsche Bank calls the current market dynamic a "US dollar negative risk rally".

Beyond a rebound for beleaguered EM, shares in Europe are set for their first back-to-back weekly gains since July, while on Wall Street the S&P 500 has once more set a record as it stalks the 3,000 point barrier.

> The appetite for risk, with EMs and equities looking rosier, is being helped by a weaker dollar

The trend has gained momentum from China's measured response to the latest US round of tariffs. This also comes as optimism over global growth has been fanned in part by some recovery in metals prices that rests on the hope of greater stimulus from China. Signs of stronger global growth makes the case for other central banks to start sounding more hawkish, which as we saw last year and during the early months of 2018 tends to weigh on the dollar.

Indeed, as global equities and credit have prospered, a look at 10-year yields from the US, UK, Canada and Australia reveals that each of these benchmarks has risen some 20 basis points since the start of the month. Even the 10-year German Bund has climbed 15bp, outpacing the rise seen in other eurozone bond benchmarks that are still supported by European Central Bank debt purchases.

The dollar index has fallen 3 per cent in the past four weeks. Not even a 10-year real yield rising above 0.9 per cent — the upper end of its trading range since April 2011 — has managed to turn the tide in favour of the dollar.

Keeping the dollar down for now is an understandable wariness about whether the bond market sell-off really has legs. Bond yields have threatened breakouts before in this cycle, only to end up like Steve McQueen in the final scene of *The Great Escape*. Should we see 10-year real yields rise beyond 1 per cent and the nominal benchmark eclipse this year's peak of 3.12 per cent, the dollar will probably find an ally and scupper the current reprieve for EM and weigh on a Wall Street in record territory.

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Changing places European junk bonds flip position with their US peers

A funny thing is happening in the world of junk bonds. The high-yield bond market comprises debt from companies that rating agencies deem to be lower quality. They are colloquially known as junk bonds because of their lack of an investment-grade rating.

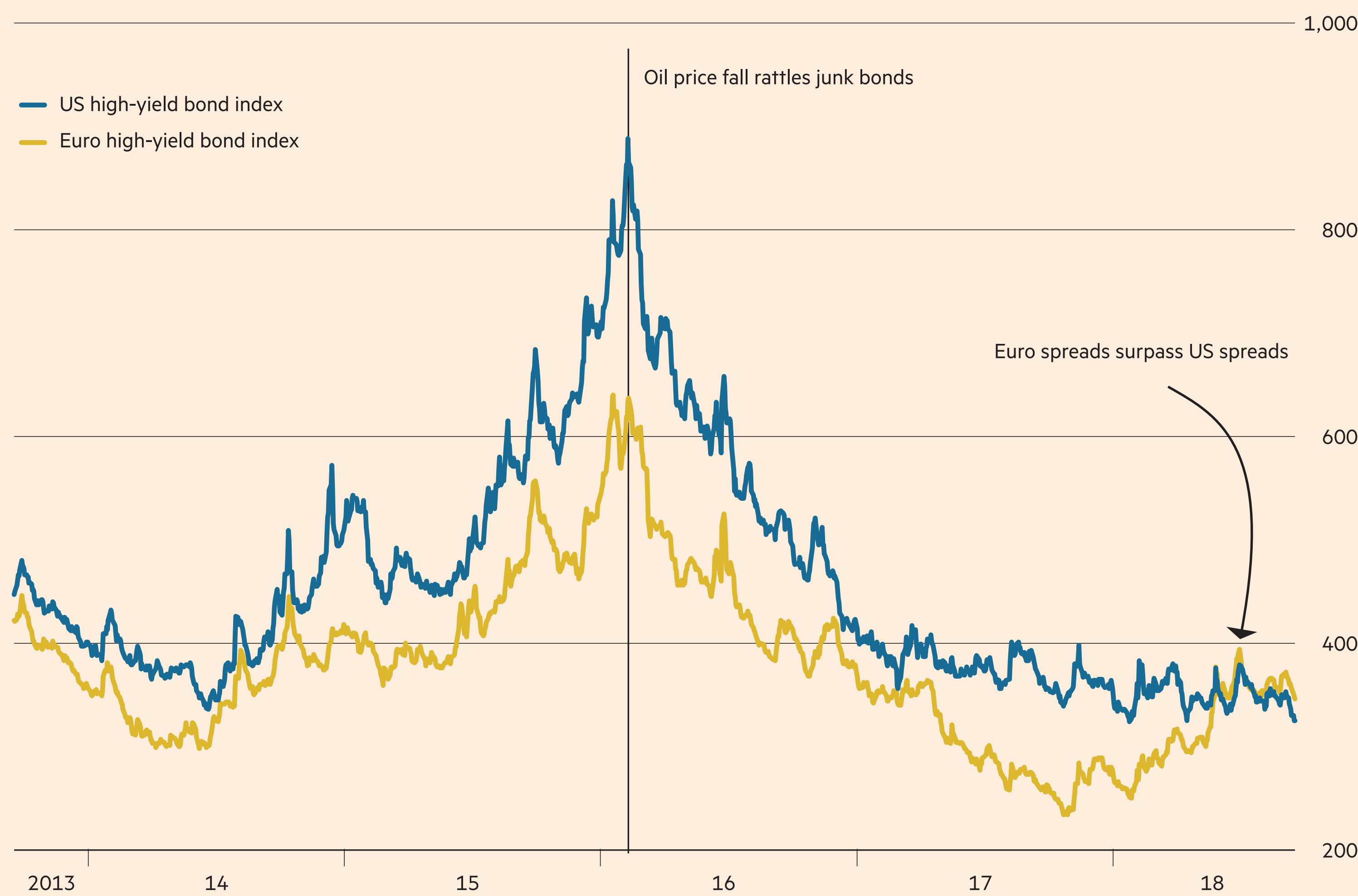
While US junk bonds have historically traded at a higher premium than their peers in Europe, this relationship has flipped for the first time over the past few months. The difference between junk bond yields and those of equivalent government bonds is now higher for euro high-yield bonds than those in the US.

This should not be the case. The trading relationship stems from fundamental differences between junk bonds on either side of the Atlantic. US high-yield is, on average, of a lower quality than the European market.

Many large asset managers sense a bargain, believing that European debt has been unfairly caught up in the wider sell-off sparked by Italy's political situation. But on the flip side, some also worry that US high-yield is now overvalued.

This month's blockbuster debt sales backing the leveraged buyouts of Thomson Reuters and AkzoNobel business units saw much stronger demand from US fund managers, who were less wary than their European counterparts of the deals' high leverage and limited investor protections.

If the credit cycle begins to turn in the US, this apparent complacency around risk could look foolish. *Robert Smith*



Sky drama enters final act as Comcast battles Fox in winner-takes-all auction

ARASH MASSOUDI — LONDON

The £26bn takeover battle for Sky is set for a dramatic ending tomorrow when Rupert Murdoch's 21st Century Fox and US cable group Comcast go face to face in an auction for the pay-TV group.

The Takeover Panel, which regulates public dealmaking in the UK, has laid out the guidelines for up to three rounds of an auction to decide the owner of Sky.

The winner-takes-all process will conclude a near two-year takeover battle in just a single day, with the rivals each able to tender up to two bids in a matter of hours in what will be a test of auction gamesmanship.

Sky has been in play since December 2016 when Fox struck an initial agreement to buy that portion of the European television operator it did not already own at a price of £10.75 a share.

Fox holds a 39 per cent stake in Sky, meaning it would benefit from an improved price should Comcast win. If Fox wins, the company will ultimately be owned by Walt Disney Group, which has separately agreed to buy the majority of Fox, including its Sky stake, for $71bn.

Disney initially fended off competition for Fox from Comcast late last year. However, Comcast then launched a two-pronged assault this year. First it bid for Sky to disrupt the deal struck in December 2016 and then forced Disney to raise its bid for Fox by $20bn.

The process outlined yesterday promises an unusual conclusion to a UK takeover. Only a few panel-run auctions have been staged since 2000. Corus was sold to Tata by auction in 2008, while the sale of the Canary Wharf development was decided that way in 2004.

In this case, it was triggered by panel rules after neither Comcast nor Fox declared their latest bids to be best-and-final with just two weeks to go before the end of a 60-day offer period. The companies, along with Disney, which acquired most of Fox since its initial bid for Sky, have agreed to the auction.

As things stand, Comcast has tabled a £14.75-a-share offer for Sky, while Fox has bid £14-a-share. By the close in London, Sky shares were trading at £15.80 in anticipation of further price increases by the two companies.

SUV drives Aston Martin hopes for £5bn valuation

Aston Martin is targeting a £5bn IPO with the goal of returning a car group to the FTSE 100. Sealing the sports car maker's turnaround — it has suffered seven bankruptcies — might rest on plans for a luxury SUV to rival Maserati, Lamborghini and Bentley.

Report ►PAGE 12

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AkzoNobel....11
Altria....14
Amazon....12,16,20
Amazon Prime....10
Aston Martin....11,12
Aveva....20
Axel Springer....10
Axis Bank....14
BAT....10
BHP....12
BP....14
Bank of America....14
Bentley....11
British American Tobacco....10,14
Burberry....20
Capcom....20
Chevron....14
China National Petroleum Corp....14
Coincheck....19
Comcast....11
Daimler....12
Darden Restaurants....20
Deliveroo....2
Delivery Hero....10
Diageo....12,20
Dongshan Huachang....4
Electronic Arts....20
Etihad....14
Everbright Sun Hung Kai....4
ExxonMobil....14
Facebook....2
Ferrari....12
Fisco....19
GE....4
Games Workshop....20
Gap....4
Glencore....12
Goldman Sachs....13
Google....12
H2 Energy....12
HBO....10
HSBC....13
Haier Group....4,16
Hello Fresh....10
Hulu....10
Hyundai Motor....12
ICICI Bank....14
IG Group....20
IndiGo....14
Jet Airways....14
Juul Labs....10
Kotak Mahindra Bank....14
Lamborghini....11
L'Oréal....12
Mango....4
Maserati....11
MoviePass....10
Naspers....10
Nestlé....12
Netflix....10
Network Rail....8
Northern Rail....8
Oaktree Capital Management....19
Occidental Petroleum....14
Punjab National Bank....14
Relx....9
Rio Tinto....12,20
Rocket Internet....10
Royal Dutch Shell....14
Ryanair....16
Saudi Aramco....14
Sky....11
Sling TV....10
SoftBank....10
Sony....20
SpiceJet....14
Stagecoach....8
Steinhoff....14
Tech Bureau....19
Tencent....10
Tesla....12
Thomson Reuters....11
Tom Tailor....20
Total....14
Toyota....12
Under Armour....20
Unilever....9
Viacom....10
Western & Southern Fin Gp....12
Wirecard....20
Yes Bank....14
YouTube....10

Sectors
Airlines....14,16
Automobiles....12
Banks....4,14
Energy....14
Financial Services....10,16
Financials....4,19,20
Food & Beverage....4,12
Healthcare....12
Industrial Goods....4
Industrials....4
Media....10,20,20
Mining....12,20
Oil & Gas....14
Personal & Househ'd Goods....4,12,16
Retail....4,20,20
Retail & Consumer....4,12,20
Support Services....20
Technology....4,12,16,20
Tobacco....14
Travel & Leisure....20

People
Assef, Karim....14
Bonderman, David....16
Bowles, Jack....14
De Giorgi, Diego....14
Dehaze, Alain....20
Durante, Nicandro....10,14
Döpfner, Mathias....10
Gray, Andrew....14
Huber, Rolf....12
In-cheol, Lee....12
Jacques, Jean-Sébastien....12
Kapoor, Rana....14
Koder, Matthew....14
Marks, Howard....19
Meissner, Christian....14
Menezes, Ivan....12
Montag, Tom....14
Moynihan, Brian....14
Oberlander, Ricardo....14
O'Leary, Michael....16
Palmer, Andy....12
Pouyanné, Patrick....14
Ruimin, Zhang....16
Samwer, Oliver....10
Schneider, Mark....12
Tillerson, Rex....14
Tisci, Riccardo....20
VanderZanden, Travis....13
Watson, John....14
Wirth, Michael....14
Woods, Darren....14

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

COMPANIES

Food & beverage

Nestlé eyes disposal of skin health unit

Plan to spin off or sell wrinkle-cream maker fuels debate over L'Oréal stake

RALPH ATKINS — ZURICH

Nestlé plans to spin off or sell its skin health business in a move that could give the world's largest food and drinks company a further reason to dispose of its €26bn stake in French cosmetics group L'Oréal.

In the latest streamlining measure by Mark Schneider, chief executive, Nestlé said yesterday it had decided the future of Nestlé Skin Health, which analysts said could be worth as much as SFr7bn ($7bn), lay "increasingly outside the group's strategic scope".

The division had sales of SFr2.7bn last year and makes prescription items, anti-wrinkle creams and other consumer healthcare products. Nestlé said it would "explore strategic options" for the business, which could include a sale, spin-off or even a stock market listing.

Possible buyers could include consumer or pharmaceutical groups. Its review was expected to be completed by mid-2019, Nestlé said.

The skin unit was formed from Galderma, a Swiss dermatology group that Nestlé had previously operated jointly with L'Oréal. It took full control in 2014 in exchange for €2.6bn of its shares in the French cosmetics company.

At the time, Nestlé said it was investing in a fast-growing "holistic health" market. But the move into skincare puzzled investors and the unit subsequently became a drag on the group's sales growth and profit margins, forcing a sweeping restructuring.

Last year, Mr Schneider — who is overhauling Nestlé's strategy to boost sales growth and profitability — complained at an investor conference that the division had overspent and failed to react fast enough to the loss of patents on prescription products.

Nestlé said the planned sale or spin-off would "sharpen its focus" on food, drinks and "nutritional health products". The Swiss group's biggest brands include KitKat chocolate bars, Perrier bottled water and Purina pet food.

The decision to abandon the skin health business reduces still further the strategic case for Nestlé retaining its 23 per cent stake in L'Oréal. The stake was acquired originally in 1974 when L'Oréal heiress Liliane Bettencourt feared nationalisation by France.

US investor Daniel Loeb, whose Third Point activist hedge fund a year ago revealed a 1.25 per cent stake in Nestlé, has urged the sale of the L'Oréal shares. But analysts expect Nestlé only to sell when market conditions are suitable and it has decided on a use for the proceeds.

The sale of Nestlé Skin Health meant Nestlé would actually have less need to sell L'Oréal shares for acquisitions, said Jon Cox at Kepler Cheuvreux. "I presume that they will use [L'Oréal] as a joker if a big transaction comes up," he added.

Since taking over as chief executive at the start of 2017, Mr Schneider has revealed a series of acquisitions and disposals. At the start of this year, Nestlé sold its US confectionery business.

This week, it announced the sale of its Gerber life insurance company to Western & Southern Financial Group for $1.55bn in cash.

€26bn
Value of Nestlé's stake in French cosmetics group L'Oréal

SFr2.7bn
Sales posted by the Nestlé Skin Health division last year

INSIDE BUSINESS
TECHNOLOGY

Richard Waters

Brussels learns how to be proactive with probe into Amazon

To judge from Brussels' record when taking on the dominant internet platforms, Amazon does not have much to fear from the preliminary EU antitrust investigation that came to light this week.

A comparable study of Google, begun in 2010, took seven years. The upshot: a €2.4bn fine (equivalent to 8 per cent of Google's free cash flow last year). The competition Brussels was trying to protect in that case — the market for so-called comparison shopping services — was ancient history by the time it was over. If it ever was a distinct market worth saving, the trustbusters acted way too late.

By opening a review of Amazon, however, Brussels has sent notice that this time it wants to get ahead of the curve. A notable aspect of this probe is that it was not prompted by complaints from the technology group's rivals, the usual trigger for an EU competition review.

There are two ways to view this. It could pre-empt the usual complaints from the US that the EU bows to special interests, and that its regulators are more concerned with protecting European competitors than they are with protecting European competition. For once, this does not look like the result of a behind-the-scenes feud between rival corporate lobbyists.

On the other hand, it could simply show that none of the merchants that sell on Amazon's ecommerce platform have felt strongly enough about the issue before to file an official complaint (though it is also possible that anyone who does feel that way has decided it is not worth risking Amazon's ire).

Whatever the truth, it is at least a good sign that the regulators have decided to proactively scratch the surface of the company's platform dominance. Amazon is guaranteed to highlight how small a player it is in terms of overall retail sales. But it is a much bigger presence in the market that matters in this case: the one for full-service ecommerce fulfilment platforms.

Brussels has started with a very narrow question. Pulling on one strand, though, is almost certain to lead to others, given the complex relationship between Amazon and the retailers that rely on some or all of its services to make sales and fulfil customer orders.

> How the group's algorithms work is comparable to questions asked about Google

The immediate question is whether Amazon uses information from third-party sellers on its platform to unfairly boost its own sales. Certainly, much of the data about the pricing and products are there for all to see.

But to the extent Amazon has access to information about which third-party products are selling most — and to whom — it has at least a theoretical advantage. As EU competition chief Margrethe Vestager put it, Amazon might end up with the best view of "what is the new big thing, what is it that people want, what kind of offers do they like to receive, what makes them buy things".

This inevitably opens the door to other questions about how Amazon treats retailers that rely on its services, and whether it unfairly uses its role as platform provider to favour its own in-house, or "vertical", services.

The parallels with Google are obvious. Amazon is powered by a giant search engine, surfacing products in response to user queries and ranking them on some measure of relevance. It also presents both first-party and third-party products, much as Google combines links to third-party sites with its own "vertical" services like comparison shopping.

How Amazon's algorithms work when dealing with these third-party and in-house results, and the way the information is presented to users, are the kinds of question that have a big impact on how competition works on its platform. They are directly comparable to the questions that European regulators have asked about Google.

It is the nature of European antitrust reviews that what begins as a narrow case can often evolve into a series of investigations into a dominant player that stretch far beyond the initial concern. That certainly describes Microsoft's years of misery in Brussels. And while the Google shopping case turned out to be a damp squib, it has been followed this year by another, bigger fine over Google's Android smartphone software.

The EU will want to show that it can get to the bottom of its Amazon questions in far less than the seven years it took to deal with the Google case. The real significance of this week's news, however, may well take far longer to become apparent.

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Automobiles

Hyundai aims to beat rivals with fuel-cell truck fleet

BRYAN HARRIS — SEOUL
KANA INAGAKI — TOKYO

Hyundai Motor has announced plans to launch the world's first commercially available hydrogen-powered truck as it seeks to grab market share ahead of eco-friendly offerings from Tesla and Daimler.

The South Korean automaker said it would begin rolling out 1,000 fuel-cell trucks in Switzerland next year as part of a five-year tie-up with Swiss hydrogen company H2 Energy.

The move represents a bet by Hyundai on the emission-free technology, which operates by converting stored hydrogen into electricity to power the vehicles' motors.

Proponents of the technology — such as Hyundai and Japan's Toyota — say the use of hydrogen is suited to heavy, long-distance transport compared with purely electric vehicles that face range limits, lengthy refuelling times and battery degradation.

Hyundai says a switch to hydrogen vehicles would prevent the destruction of component jobs. Unlike battery-powered vehicles, many of the parts can be produced by existing suppliers.

Yesterday's announcement set the scene for competition with Tesla and German automaker Daimler, which plan to introduce battery-powered trucks in 2020 and 2021, respectively.

Lee In-cheol, executive vice-president of Hyundai, said the move heralded the beginning of Hyundai's expansion into the battery-powered truck sector. "We will continue to seek opportunities for expanding into other markets by monitoring multiple factors such as fuelling infrastructure and governmental policies," he said.

The company — the world's fifth largest automaker — launched the first mass-produced hydrogen car, the Tucson Fuel Cell, in 2013 but has sold just over 1,000 vehicles since.

Toyota, meanwhile, has sold almost 7,000 of its Mirai hydrogen cars since its release in 2014.

Much like battery-powered vehicles, fuel-cell trucks and vehicles remain constrained by infrastructure.

"A sustainable hydrogen economy needs a designated ecosystem for hydrogen," said Rolf Huber, chairman of H2 Energy.

Hyundai expects its fleet of trucks to be able to travel 400km on a single fuelling.

Automobiles

An Aston Martin Valkyrie at last year's Geneva motor show. The company is now banking on the DBX, its first SUV — Arnd Wiegmann/Reuters

Aston Martin seeks up to £5bn IPO valuation

PETER CAMPBELL

Aston Martin is targeting a valuation of between £4bn and £5bn when it lists its shares on the London Stock Exchange next month as the British luxury carmaker aims for a similarly racy earnings multiple to Ferrari.

The shares will be priced between £17.50 and £22.50 each and will begin trading on October 3, the company has announced. The top end of the range would put Aston on 24 times 2017 earnings; Ferrari trades at 22 times.

"We have seen almost unprecedented investor interest," Andy Palmer, chief executive, told the Financial Times.

"This has always been part of the dream to put a car company back on the FTSE 100 and we'll be the only car company in the index since Jaguar de-listed almost 30 years ago."

To qualify for the FTSE 100 on today's prices, Aston would need a market capitalisation of more than £4.7bn. The IPO was covered within a day in a sign of robust investor appetite for its shares.

Listing its shares marks the end of a remarkable turnround for the company that has been bankrupt seven times during its history.

The turnround will also reap rewards for Mr Palmer and the rest of the management team, with the company's prospectus revealing that the chief executive is in line for just over £22m in shares over the next four years.

The payout is part of an incentive plan put in place when he joined Aston Martin in 2014 with the task of crafting a business plan for the perennially loss-making carmaker.

If shares trade at the midpoint of the expected range, Mr Palmer will collect £5.6m a year in stock until 2022. In total, senior managers will collect up to £20m under the scheme.

"The incentive arrangements concluded under private ownership and supported by the new board have rewarded the leadership team for performance delivered," said Aston's new chairman, Penny Hughes.

Once the business is listed, Mr Palmer will receive £1.2m in salary as well as a possible £5m in shares and bonuses that are related to the company's performance, figures that the company said were in line with global automotive and luxury businesses.

Mr Palmer said the indicated price for Aston was close to 10 times the £470m that the company's Kuwaiti backers paid to to buy the business from Ford in 2007. Under Mr Palmer's leadership, the group set out a business plan to launch a new car every year for seven years, before renewing its entire product line-up. It has already launched three of the cars — the DB11, the Vantage and the DBS — from the plan.

Much of its valuation hinges on Aston successfully launching the DBX next year, the first sport utility vehicle in the brand's history. Aston seeks to cash in on the demand for high-performance luxury SUVs that has seen Maserati and Lamborghini enter the market.

Mr Palmer, who joined Aston from Nissan, where he was head of planning, said the car was "our first SUV as a company but it's not my first SUV, and for most people in the team it's not their first SUV".

He added: "The business plan is fully funded so it all now comes down to product execution, which is what I've done all my life."

About 25 per cent of Aston's shares will be sold in the offer with the option to sell a further 10 per cent. The company is not raising new equity.

Aston's current owners, Italian group Investindustrial and Kuwaiti funds Adeem Investment and Primewagon, will be subject to a 180-day lock-up.

Food & beverage

Currency weakness to hit profits, warns Diageo

NAOMI ROVNICK

Drinks group Diageo has warned that its full-year profits will be dented by the recent sell-off in emerging market currencies.

The maker of Johnnie Walker whisky and Guinness — which operates large businesses in Russia, eastern Europe, Turkey, Africa and Latin America — said in a trading update ahead of its annual meeting that weakness in emerging market currencies against the US dollar would lower full-year revenues by £175m and operating profit by £45m.

Net sales growth for the full year, Diageo chief executive Ivan Menezes said yesterday, would be "broadly in line with last fiscal year and consistent with our medium-term guidance of mid-single-digit growth".

He added that while the group's current performance was in line with expectations, there had also been "increased volatility in some markets".

Diageo reported £18bn of revenues and £3.6bn of operating profits last year.

The company, which sells Guinness in Nigeria and controls Indian business United Spirits, derived 14 per cent of its net sales from Africa and 9 per cent from Latin America last year.

Emerging markets, where it hopes more consumers will trade up from local beers or home brews to international brands, have been a major focus of its growth strategy for much of the past decade.

North America remains its biggest market though, meaning it can reap the benefits of a stronger dollar there.

Emerging market currencies and equities have suffered in recent months because of a stronger US dollar and the slow rise of previously ultra-low interest rates in developed markets that propelled investors elsewhere in search of better returns.

Edward Mundy, an analyst at stockbroker Jefferies, said Diageo's trading update implied an earnings downgrade of "less than 1 per cent, relative to street estimates".

Mr Mundy added that the company remained "focused on growth and efficiency, with reinvestment in the business to support the long-term growth of brands".

Mining

Rio Tinto outlines $3.2bn share buyback

JAMIE SMYTH — SYDNEY
HUDSON LOCKETT — HONG KONG

Rio Tinto has fired the starting gun on a fresh round of share buybacks in the mining sector, with a plan to return $3.2bn to investors after the Anglo-Australian group's sale of coal assets.

The scheme will include an off-market share purchase of up to 41.2m shares worth about A$2.7bn (US$1.96bn) and an on-market buyback, with details on the latter to be announced once the former is completed.

It follows an earlier promise by Rio to return up to $7bn to shareholders via dividends and share buybacks, highlighting the sector's continued emphasis on maximising shareholder returns over dealmaking and investment.

"Returning $3.2bn of coal disposal proceeds demonstrates our commitment to capital discipline and providing sector-leading shareholder returns," said Jean-Sébastien Jacques, Rio chief.

Shares in Rio rose as much as 3.7 per cent in Sydney after the announcement.

Global companies have engaged in a wave of share buybacks this year, particularly in the US, where Goldman Sachs predicts the volume of these repurchase programmes will exceed a record-breaking $1tn in 2018.

Miners are following suit with Glencore, BHP and Rio using profits driven by disposals of non-core assets, cost-cutting during the commodities crash and firm commodity prices to buy back shares. The price of many commodities has exceeded a lot of analysts' expectations. Thermal coal prices have more than doubled over the past three years, with the Newcastle benchmark hitting a seven-year high in July of $119 per tonne, according to Bloomberg data.

"The miners are showing strong financial discipline, with operating cash flow generally returned to shareholders through dividends and buybacks returning cash from asset sales," said Clarke Wilkins, a Citi analyst.

Rio is using the proceeds of its sale of some coal mines for its $3.2bn buyback, which it is splitting between an off-market share purchase in Australia and an on-market buyback in London. The scheme is tailored to be tax efficient for its Australian shareholders, who can use the country's system of franking credits to reduce the burden.

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

HSBC rocked by investment bank 'failure' claim

Whistleblowing executive's memo alleging 'appalling performance' calls into question group's commitment to unit

MARTIN ARNOLD, STEPHEN MORRIS AND ARASH MASSOUDI — LONDON
LAURA NOONAN — NEW YORK

When Philip Noblet quit as HSBC's most senior UK dealmaker last month, he told friends that he feared executives might soon embark on another retreat from investment banking.

With its $2.6tn balance sheet, a world-leading trade finance franchise and a dominant position in the Hong Kong market, HSBC should have the muscle to break into the top echelons of advising companies on mergers, acquisitions and fundraisings.

Yet over the years, its costly attempts to take on the likes of Goldman Sachs have invariably fizzled, without making significant inroads, leading to an apparently ambivalent attitude from senior management.

Now the bank's remaining dealmaking team has entered another period of gloomy introspection after a leaked memo from unnamed HSBC executives claimed that its investment banking strategy had "utterly failed" and its "performance is really appalling".

The memo — which is being treated as a whistleblowing event by the bank, with its claims examined in a formal process — has ignited a frenzy of speculation in the City of London about the future of HSBC's investment bank.

Internally, senior executives describe the memo as "trash" and "lacking substance" to back up its criticism.

Entitled "Global Banking & Markets: Rewards for Persistent Failure", it is dated August 25 and addressed to HSBC's new chief executive John Flint, chairman Mark Tucker and other board members. It said: "The division's leadership has, year-on-year, utterly failed to create a successful strategy. We are entirely fed-up and demoralised and have no confidence at all in the existing leadership.

"Unlike any other bank, there is no proper and effective route to provide upward feedback: hence this memo, which is whistleblowing on incompetence," it added.

The Financial Times has spoken to more than a dozen current and former HSBC executives. Some said investors had contacted them about the memo. Others said a management shake-up could follow, adding that ultimate responsibility for the division rested with Samir Assaf, head of global banking and markets, even though the memo does not mention him by name.

The former executives said morale in the investment banking and markets unit had plummeted after a string of senior departures, including Mr Noblet, who jumped ship to Jefferies, the US investment bank, and Matthew Westerman, the Goldman Sachs veteran brought in to turn the business round in 2016.

Mr Westerman left HSBC last year after he ruffled feathers with what some considered an abrasive style. Yet he is merely the latest in a line of big-name bankers hired to build up its global banking unit — which provides companies with M&A advice, acquisition finance, share sales and bond issuance — only to leave a few years later.

There was a similar outcome after the bank hired John Studzinski from Morgan Stanley in 2003 with a mandate from its then chairman, John Bond, to hire hundreds of dealmakers. Mr Studzinski left three years later to join US private equity group Blackstone.

Some former HSBC executives said the cut-throat world of investment banking was at odds with its conservative culture, built on the Scottish Presbyterianism of its founders. "It doesn't have commitment to the business," said a former HSBC investment banking executive. "There's no consistent hiring pattern, strategy and no effort to stop factions developing."

Another executive who recently left the bank said the memo "was written by people who care about the bank and want it to be better". A third ex-HSBC banker said: "Maybe this will force them to act."

In contrast with the high staff turnover at most Wall Street and City of London companies, many HSBC bankers have worked there all their career — notably Mr Flint and his predecessor Stuart Gulliver.

The bank — sometimes likened to a financial offshoot of the UK diplomatic service — is also known for its aversion to paying high bonuses to poach star dealmakers and its discomfort with the lumpy revenues in investment banking.

"They only do investment banking halfheartedly," said a senior executive at a rival bank. "HSBC is an inherently conservative institution — it is hierarchical, deferential and bureaucratic."

> 'They only do investment banking halfheartedly. HSBC is an inherently conservative institution'

After quitting as head of M&A at HSBC in 2015, Andrew Bell told colleagues he grew tired of regularly chairing committees of 25 people, many of whom he considered mediocre.

Based on fees from M&A advice, HSBC ranked 38th so far this year among banks globally, according to Thomson Reuters. Even in the UK it ranked only 14th.

The $102m of M&A fees it is estimated to have earned this year is dwarfed by the $1.5bn-$1.8bn collected by market leaders Goldman Sachs, JPMorgan Chase and Morgan Stanley.

HSBC executives pointed out that they do not pretend to compete with Goldman in M&A advice. Its "event business" — M&A advice, share issuance and acquisition finance — represents only 15 per cent of revenues at its global banking unit.

Ronit Ghose, banks analyst at Citigroup, said HSBC's core strengths were in corporate and consumer lending, as well as foreign exchange trading and cash management, which meant M&A advice was not a priority. "Even if HSBC makes twice as much money from M&A this year, it doesn't change my view on valuation of the stock," he said.

The bank has been slimming down its investment bank and shifting capital to higher returning operations in Asia.

Mr Flint outlined a continuation of this strategy in June while promising to expand in asset management and insurance — reinforcing the perception that investment banking was unloved.

HSBC rejected many of the allegations in the memo and said: "We are proud of our global banking business and of what Robin [Phillips, remaining co-head of global banking] and his senior leadership team have achieved over the past few years." The bank denied it was deaf to staff concerns, pointing to its whistleblowing line. It also rejected the claim that it came "dead last" of major wholesale banks on revenue per investment banker, saying that private research by Dealogic and McLagan ranked its staff above average on productivity.

Executives said global banking revenues had risen steadily in the past two years and inched up again to $2.1bn between January and June, when it hired 50 executives. They said it worked on $4bn of UK share issues this year and on big deals including the takeovers of AkzoNobel's speciality chemicals arm and of Standard Life Assurance.

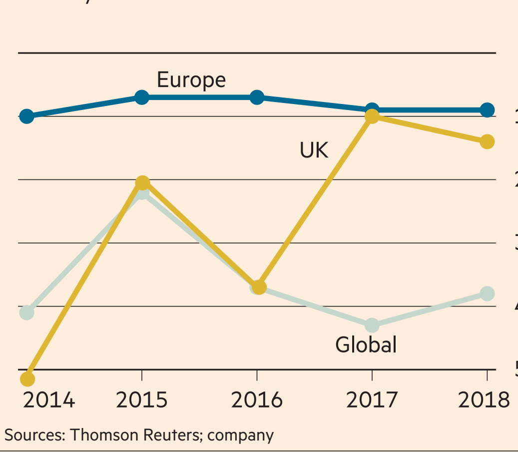
HSBC said it ranked number one globally on bond sales and financing acquisitions and leveraged loans so far this year — if the US, Japan, Australia and the Chinese onshore market were excluded.

True colours

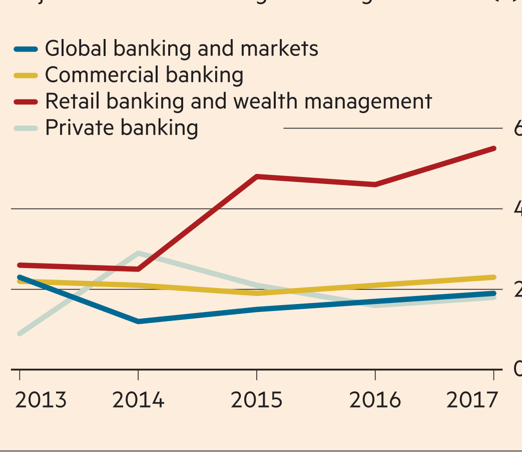
Former HSBC executives told the FT that morale in the investment banking and markets unit had plummeted after several senior departures — Darrin Zammit Lupi/Reuters

HSBC's struggling investment bank

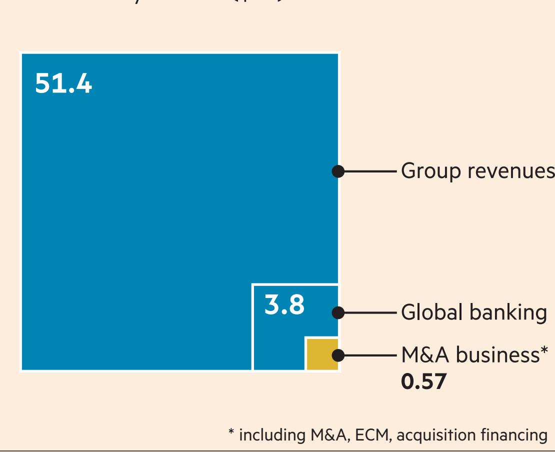
Rank by M&A fees



Adjusted return on average risk-weighted assets (%)



Revenues by division ($bn)



Sources: Thomson Reuters; company

* including M&A, ECM, acquisition financing

Turnround strategy
Hazy revival concept leaves staff divided

New chief executive John Flint has raised a few eyebrows by putting what he calls the "Healthiest Human System" at the centre of his plans to reinvigorate HSBC.

But what is it? Mr Flint, who took over Europe's largest bank in March, has left the concept intentionally vague because he wants managers to interpret the system themselves.

One insider said he understood it as a challenge for the bank to focus on its people, to be more open, transparent and meritocratic, and to create a sense of purpose and energy to drive strategy. He said he had already noticed more delegation, quicker decision-making and fewer meetings.

However, many veteran investment bankers are less impressed. After Mr Flint devoted a large portion of his first presentation to the bank's top brass to the concept, many in the hundreds-strong audience were left grumbling: they wanted more detail on how their boss plans to cut costs while increasing revenue.

One described the event as "a disaster" that failed to address concerns such as a slumping share price and a confused investment banking strategy.

Mr Flint seems to have been motivated by HSBC scandals such as laundering money for Mexican drug cartels and circumventing US sanctions on Iran.

If Mr Flint wants to get the bank's more than 229,000 employees behind his programme, he may need to spell more clearly exactly what he means.

Presented by The Banker

Held during the 2018 IMF & World Bank Annual Meetings

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Friday 12 October 2018 | Bali

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An event from FINANCIAL TIMES LIVE

Technology

Bird and Lime hit 20m rides in e-scooter craze

TIM BRADSHAW — LOS ANGELES

Bird and Lime have together racked up more than 20m rides in less than two years, demonstrating the rapid adoption of new bike- and scooter-sharing services.

Lime's customers have taken 11.5m bike and electric scooter rides since it launched 14 months ago, the company said. Its biggest rival Bird, which focuses only on e-scooters, topped 10m rides in its first 12 months on the streets.

They both announced the milestones in press releases yesterday. Each service is now available in 100 markets, the California-based companies said. After racing across North America, they are expanding into European cities such as Paris and Brussels. Lime said it planned to launch in another 50 cities around the world before the end of the year.

Together, Bird and Lime have raised almost $1bn in venture funding in little more than a year, making them among the fastest-growing "unicorn" start-ups.

Bird revealed it has 2.1m unique "riders" who average 1.4 miles with each scooter trip. Chief executive Travis VanderZanden, who previously worked at Uber and Lyft, said car-hailing apps facilitated about 1m rides in their first year. Bird hit the 1m rides point in April.

Scooters' rapid expansion has rattled lawmakers in some cities, with critics arguing they present a safety hazard.

"In our second year, we're doubling down on our efforts to collaborate and partner with cities so that they can knit e-scooters into their transportation infrastructure," Mr VanderZanden said.

Uber and Lyft are also starting scooter rental services, while Brazil-based Yellow has raised $63m to expand its bike and scooter service in Latin America.

Lime's customers have taken 11.5m bike and electric scooter rides since it launched 14 months ago

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Financials

BofA investment banking chief to leave

Resignation comes after concerns over unit's slide in M&A league tables

MARTIN ARNOLD — LONDON

Christian Meissner is stepping down as Bank of America's head of corporate and investment banking in the wake of the bank's recent loss of market share in the mergers and acquisitions market.

Mr Meissner will leave the role at the end of the year and be replaced by Matthew Koder, BofA's president of Asia-Pacific, according to a memo from Tom Montag, chief operating officer of BofA.

The timing of Mr Meissner's resignation after seven years in the position was a surprise inside the investment bank, according to colleagues.

But they said he had been expected to leave as early as next year after concern mounted over its slide in M&A advisory league tables in the past year, particularly in its core North American market.

Colleagues of Mr Meissner said he had also taken some blame for the losses BofA took on its loans to Steinhoff, the South African home retailer.

BofA insiders trace some of Mr Meissner's difficulties to his decision two years ago to promote Diego De Giorgi, his former colleague at Goldman Sachs, to be the sole head of BofA's investment bank based in London. The move shifted Karim Assef, the investment bank's other co-head in New York, to become vice-chairman of the unit with a focus on client relationships.

Mr Meissner did not respond to a request for comment.

He played a key role in reshaping the corporate and investment bank after its merger with Merrill Lynch in the wake of the 2008 financial crisis, and expanding its reach internationally.

However, the bank's investment banking fees fell 7 per cent in the second quarter, prompting chief executive Brian Moynihan to say that its M&A advisory business "can do a better job".

Mr Meissner, who was born in Austria, said in the memo: "I am very proud of what we have achieved during the last eight years. We have built a tremendous team around the world serving our clients and it's been an honour to have led such a talented group of professionals."

His departure was first reported by the Wall Street Journal.

Mr Montag said: "Under Christian's leadership, the global investment banking business reached and maintained a top-tier global ranking. His many contributions to our company have played a significant role in our success."

See Lex

Christian Meissner took some blame for losses suffered by BofA on loans to South African retailer Steinhoff

Tobacco. Executive search

BAT identifies lead candidate to succeed Durante

Marketing head is among potential contenders as chief bows out after shares slide

NAOMI ROVNICK — LONDON
MAMTA BADKAR — NEW YORK

British American Tobacco has identified an unnamed lead candidate to succeed chief executive Nicandro Durante, who will retire next year after eight years at the helm as the company navigates industry upheaval.

The company said that 62-year-old Mr Durante, who joined the cigarette maker behind brands such as Dunhill, Kent and Lucky Strike nearly 37 years ago, planned to retire next April. He was named chief executive in March 2011.

Analysts are tipping BAT's chief operating officer Jack Bowles and chief marketing officer Andrew Gray as likely frontrunners. BAT declined to comment.

Mr Durante is leaving after BAT shares fell more than 29 per cent this year. This came despite the company battling a shift in social attitudes towards smoking by investing in ecigarettes and alternative products.

He is also departing after a period during which the company was criticised by analysts and investors for not communicating enough with them.

"We think the market is likely to conclude that this was a board-driven decision in response to recent share price performance and investor frustration at a lack of communication," said Owen Bennett, an analyst at Jefferies.

> 'Given the changes in the tobacco space, BAT has fallen far short' with investor communication

He added that while BAT had generally been a company that "changed little and required little understanding", the group should have done more to explain its strategy.

"Given the changes in the tobacco space," Mr Bennett said, "BAT has fallen far short" in communication and giving investors "tangible data points".

Mr Durante was the architect of BAT's strategy to expand its portfolio from cigarettes to so-called reduced-risk products, which include its vaping brand Vype as well as oral tobacco and tobacco-free nicotine pouches.

But the company's stock market valuation has fallen short of some rivals that are making similar changes to their businesses. Shares in Altria, the US owner of tobacco group Philip Morris, are trading at 15.5 times forecast earnings per share for next year. BAT shares are valued at a less impressive 12 times forward earnings.

Mr Bennett said Philip Morris "has been very clear that heated [tobacco products] is where it will look to drive growth. It has also given numerous data points around heated, breakdowns of economics, and even tangible volume targets."

Imperial Tobacco, Mr Bennett added, "has also delivered" with a "clear focus on vapour" and a "bridge to profitability within vapour".

BAT, by contrast, the analyst said, "has been much vaguer" and "demonstrated little conviction in any particular risk-reduced format."

Shares in BAT were little changed on the news of Mr Durante's planned departure, which emerged after the London market closed on Wednesday. In trading yesterday, the company's shares were off 1 per cent.

One analyst who follows BAT, but is not permitted to speak publicly to the media, said the muted share price reaction was probably because the tobacco group had a reputation for "very orderly HR decisions", with a number of potential successors for Mr Durante already having been groomed. These included BAT's US chief Ricardo Oberlander, the analyst said, as well as Mr Bowles and Mr Gray.

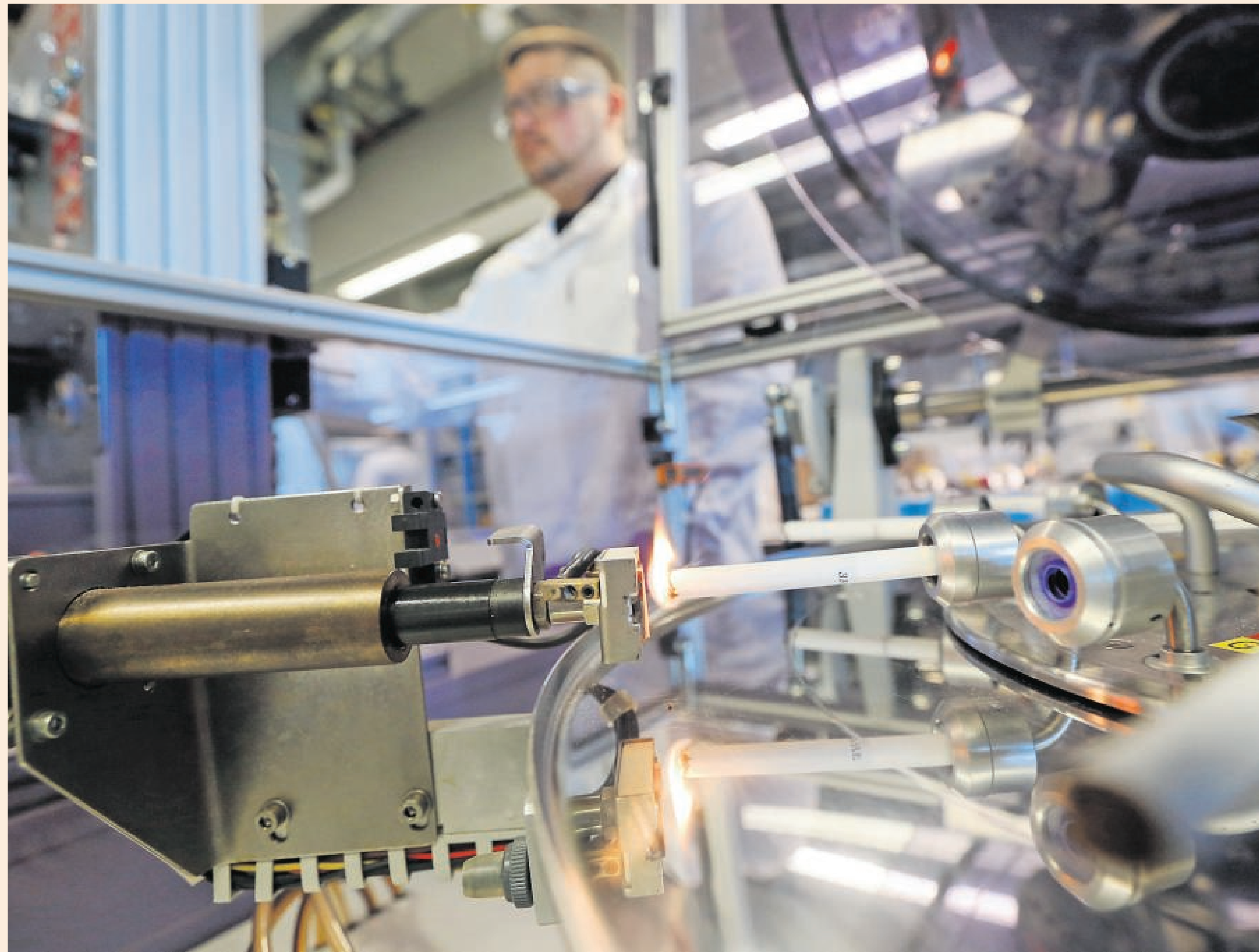
"It is also not the sort of company where one person getting the top job will mean that the other candidates leave suddenly," the analyst said. "So I am not expecting a period of instability at the top of BAT."

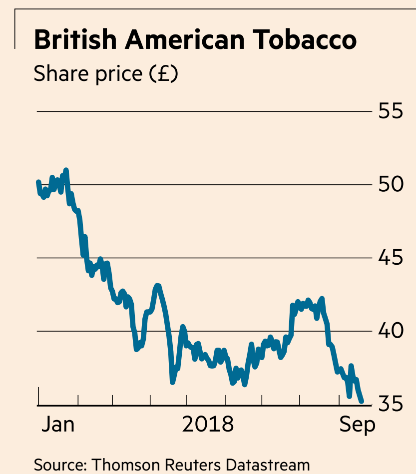
News of Mr Durante's departure comes as the UK Serious Fraud Office continues an investigation, announced in August last year, into allegations that the group was involved in bribery and corruption in Africa. BAT has consistently denied allegations by Paul Hopkins, a former executive in its Kenya business, who handed over a dossier of evidence to the SFO that allegedly implicated the company and local politicians in corruption. Mr Durante, speaking to the Financial Times in March 2017, also pledged firm action if wrongdoing was found to have taken place.

In 2017, the group reported revenues of £20bn and a 39 per cent increase in profit from operations to £6.5bn. However, this was largely supported by the $49bn acquisition of Reynolds American. Stripping out that contribution, profits grew a more modest 3.7 per cent.

BAT said it had been considering successors to Mr Durante for some time, reviewing both internal and external candidates, and had identified a lead candidate.

However, it stopped short of naming the individual. Promising "an orderly handover," Mr Durante said BAT now had "a growing potentially reduced-risk product business fully embedded in our organisation".


Striking unlucky: BAT's stock performance has lagged behind rivals that are also moving into ecigarettes and non-traditional products — Luke MacGregor/Bloomberg



Oil & gas

Exxon and Chevron join climate change group

ED CROOKS — LONDON

ExxonMobil and Chevron, the two largest US energy groups, have joined the Oil and Gas Climate Initiative, a group of companies supporting curbs on greenhouse gas emissions.

The move is the latest sign of how pressure from the public and investors is forcing the industry to address the threat of global warming.

Occidental Petroleum, the Texas-based oil group, is also joining the initiative, launched in 2015 with European companies including Royal Dutch Shell and BP making up most of its members.

The new arrivals mean OGCI members provide about 30 per cent of global oil and gas production. Exxon and Chevron declined to join the initiative when it started but both have since changed their chief executives.

Darren Woods replaced Rex Tillerson at the head of Exxon at the start of 2017 and Michael Wirth replaced John Watson at Chevron in February.

The companies have come under pressure from investors to disclose more about the potential implications for their business of policies to limit global warming. They have also faced legal action from US states and cities over their contribution to the harm caused or threatened by rising global temperatures.

Mr Wirth said that Chevron was joining the OGCI "to work constructively on addressing the risks of climate change".

> 'Congress appropriated $130bn last year in emergency appropriations; that is real money'

Mr Woods said developing affordable solutions to address the threat would "take the collective efforts of many in the energy industry and society".

He added that Exxon's mission was to meet a dual challenge, "to supply energy for modern life and improve living standards around the world while minimising impacts on the environment".

Patrick Pouyanné, chief executive of Total, the French oil and gas group that was one of the initiative's founder members, said on Twitter that the addition of the three US companies to the initiative "gives us more impact to lead the industry's response to climate change".

Paul Bledsoe, a former climate adviser in the Clinton White House, said that concerns over legal liability were a key reason why the oil majors were joining the climate group now.

"When you begin to see the cost of extreme weather events to the public and private sector made worse by climate change, I think you are seeing big oil palms sweat," he said. "Congress appropriated $130bn last year in emergency appropriations; that is real money."

With the oil groups now publicly committed to curbing greenhouse gas emissions, it could also provide a political boost for advocates of a carbon tax, whose proponents include former Fed chair Janet Yellen and some Republican members of the House of Representatives.

Members of the OGCI, which include Saudi Aramco and China National Petroleum Corporation, agree to support the 2015 Paris agreement on climate change, which set an objective of keeping the rise in global temperatures since pre-industrial times to "well below" 2C.

Financials

RBI tells founder of India's Yes Bank to quit

SIMON MUNDY — MUMBAI

Indian billionaire Rana Kapoor is being forced from the helm of Yes Bank, the lender he has led since founding it in 2004, as regulators tighten their oversight of the Indian financial sector.

The board of Yes Bank, the country's fourth-largest private-sector bank by assets, had proposed that Mr Kapoor's term as chief be extended until the end of August 2021.

But the Reserve Bank of India has decided that Mr Kapoor, 61, may stay only until the end of January 2019, Yes Bank said in a stock exchange announcement, without giving further details.

The central bank's move follows heavy scrutiny over the past year of Yes Bank's transparency in reporting its loan quality.

The bank has been one of India's fastest-growing in recent years. In the decade to the end of March, its assets increased 18 times to reach Rs3.1tn ($43bn).

But like many other banks — including many public-sector lenders, as well as private peers ICICI Bank and Axis Bank — this came with a growing weight of defaults in corporate sectors such as infrastructure.

The RBI found that Yes Bank under-reported its bad loans by a total of Rs104.7bn in the 2016 and 2017 financial years. Last October it fined the bank Rs60m for breaching standards on bad loan recognition, among other flaws.

Amit Tandon, founder of Institutional Investor Advisory Services, said that the RBI's intervention was part of a long-standing "system of checks and balances" in the Indian banking system, aimed at protecting against the danger of boards being "captured" by a powerful chief executive.

Mr Kapoor is one of two self-made billionaires — alongside Uday Kotak of Kotak Mahindra Bank — to emerge from India's liberalisation of its banking sector over the past two decades.

Having worked in Asia for Bank of America, ANZ Grindlays and Rabobank, Mr Kapoor partnered with his brother-in-law, Ashok Kapur, to obtain a banking licence in 2003, and opened Yes Bank's first branch the following year.

He currently holds a 4.3 per cent stake in Yes Bank, which now has more than 1,000 branches across India.

Yes Bank is the third Indian private lender whose leader has been forced to step aside so far this year. The board of ICICI, the largest private-sector bank by assets, has put chief executive Chanda Kochhar on leave during an investigation into her husband's business dealings. Axis Bank, the third-largest private sector lender, moved forward the departure of its chief executive, Shikha Sharma, to the end of this year, after regulators resisted a proposed extension until 2021.

Airlines

Troubles multiply for Mumbai's Jet Airways

KIRAN STACEY — NEW DELHI

India's biggest international airline plunged into further trouble yesterday after one of its flights had to turn back following an incident involving the cabin pressure system, just hours after it emerged the company had been raided by tax officials.

A Jet Airways flight from Mumbai to Jaipur had to return yesterday morning after a loss in cabin pressure, resulting in dozens of passengers suffering bleeding from the nose or ears.

The Directorate General of Civil Aviation said the crew of the Boeing 737 forgot to switch the pressure system on. The company said it was taking the crew off active duty pending further investigation.

Jet, founded in 1992 and the country's oldest privately owned airline, said: "All guests were deplaned safely and taken to the terminal."

First aid was administered to passengers suffering from nosebleeds and earaches, the airline added.

The news came just hours after it emerged that officials from the income tax department had searched its offices. One tax official told the Financial Times they were trying to verify Jet's expenses, while the group said the visit was a "survey" by the tax department.

The company also said it had decided to stop offering free meals to those on its cheapest domestic tickets.

India's aviation industry has been growing rapidly for the past few years, boosted by low oil prices that have allowed carriers to offer cheap tickets and expand quickly. Analysts say Indian airlines have so many new aeroplanes on order they dare not raise ticket prices for fear of flying with empty seats.

> Analysts say Indian airlines dare not raise ticket prices for fear of flying with empty seats

IndiGo, the biggest Indian airline by passenger numbers, reported a 97 per cent fall in pre-tax profit, year on year, in its latest quarterly results, while SpiceJet announced a $5.4m loss in the three months ending June 30, compared with a $25m profit in the same period in 2017.

Jet appears to have been the worst hit, in part because it has an older and more costly fleet than its competitors.

In August the company announced it had lost $189m in the three months to the end of June, and promised $285m of cost cuts. Earlier this month, it emerged it had not paid thousands of its staff as it preserved cash. The company's shares are down 71 per cent in 2018.

Jet is looking for fresh sources of funding. Etihad, the Abu Dhabi carrier that owns 24 per cent of Jet, is struggling with its own financial problems.

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

Airlines

Ryanair rejects investor pressure to oust chairman

Bonderman re-elected despite protest from shareholders at AGM

ARTHUR BEESLEY
GORMANSTOWN, IRELAND

Ryanair has rejected investor pressure for the departure of its long-serving chairman David Bonderman after a significant shareholder protest.

Mr Bonderman, chairman for 22 years, was re-elected to the board with support of 70.5 per cent of shareholders at the company's annual meeting.

But there was a sizeable number of investors who failed to back him with some openly calling for a clear succession plan.

Alison Kennedy, of Aberdeen Standard Investments, which has a 0.9 per cent stake in the business, read a statement to the annual meeting in which she urged a plan be put in place to select his successor.

The lack of a plan "suggests a lack of focus on succession planning and suggests the board is not listening closely enough to shareholders", she said.

Michael O'Leary, chief executive, said the "overwhelming" level of support for Mr Bonderman's re-election would make a politician happy. Still, he doubted whether the chairman would stay for another two years.

"He knows it won't go on forever. We know it won't go on forever," Mr O'Leary told reporters after the meeting. "But frankly if we could encourage him to continue to chair the company for another couple of years, I personally would encourage him to do so. I don't think he will."

Kieran McLoughlin, senior independent director and a member of the board for 17 years, said the board had changed over the years. "There are plans for rotation. There are plans for renewal," he said. "It hasn't been the same board over the last 20 years."

Mr O'Leary, who has faced demands from pilot unions to stand down, said he had accepted an invitation to enter talks on a new contract when his current one expires next year.

The process would be "subject to extensive and what will undoubtedly be painful negotiations with Mrs O'Leary", he said in a playful reference to his wife.

Mr O'Leary, whose 4 per cent stake in Ryanair is worth €316m, said he would be happy to move to a rolling 12-month deal from his current five-year contract.

"I'm not sure whether I want to sign up for another five years. That would take me to 62," he said.

"The board suggests I should sign up for a longer period. It's not going to be a difficult conversation . . . I'm happy to stay for another couple of years."

He said pay increases for cabin crew would add €200m to Ryanair's annual costs, while the airline's fuel costs would be €400m higher this year. He expressed confidence after industrial unrest this summer that the company would settle all pay talks by Christmas.

Technology. Regulation

EU probe puts Amazon's dual role in spotlight

Vendors' worries increase over their host and rival's knowledge of buying habits

SHANNON BOND — SEATTLE

The EU launched its probe of Amazon's model without having received a formal complaint from rival merchants who sell goods on its site. But that does not mean sellers are not complaining.

Merchants and consultants say that the returns from selling products on the platform are coming under pressure. They blame the rising cost of accessing Amazon's data and advertising services — and the online retailer's growing stable of own-label products.

"I have always told my team that our main competition is Amazon," said one US vendor who asked not to be named for fear of drawing the company's ire. "They have a huge advantage using all the data they have . . . including [from] third-party sellers like ours."

The preliminary investigation announced this week by Margrethe Vestager, the EU competition commissioner who has proved to be a formidable foe of US technology giants, shines a spotlight on concerns that have been percolating for some time among the brands and merchants that sell on Amazon. The EU is scrutinising Amazon's dual role as competitor and host to third-party merchants who sell via its websites.

While vendors have benefited from the explosion of online commerce that Amazon has pioneered, they are growing increasingly wary of the power the company holds in knowing exactly what people want to buy.

Amazon first opened up its platform in 2000 when it launched Marketplace, allowing third-party sellers to list products alongside items sold directly by Amazon. Over nearly two decades, the model has been a wild success for the company and its partners alike, and has been an important factor in propelling it to become the world's second most valuable public company.

Marketplace gives sellers access to Amazon's vast reach and sophisticated distribution network. In return, the US tech group gets a greater selection and range of products to attract people to its website. The company also directly benefits financially by taking a cut of third-party sales and charging merchants fees for fulfilment, payment and advertising services.

Last year, for the first time, more than half of all items sold on Amazon came from third-party sellers. Revenue generated by services Amazon provides to those vendors rose 39 per cent year on year in the second quarter to $9.7bn, compared with a 14 per cent rise in revenue from items it sells directly, which was $27.2bn.

The robust growth of third-party sales has also greatly enhanced Amazon's pool of data on its customers and their shopping habits. The company knows what people are looking for, what they actually buy and what prices they are willing to pay, based on how hundreds of millions of customers interact with billions of products sold on its websites around the globe.

How Amazon may be using this information to gain a competitive edge is at the crux of the EU's inquiry.

"The question here is about the data," Ms Vestager said. "Do you then also use this data to do your own calculations, as to what is the new big thing, what is it that people want, what kind of offers do they like to receive, what makes them buy things?"

Amazon does give bigger brands and retailers access to some of its data through a premium analytics programme, costing from $100,000 a year. That includes information on what search terms are performing well and how some sales metrics compare to those of competitors.

But the data Amazon keeps to itself is far more valuable, said James Thomson, a former Amazon manager who now advises companies on how to sell on the ecommerce platform.

"Amazon knows exactly which customers searched for products and didn't buy them . . . It's the marketing data that gives Amazon the insane advantage," he said. The company also gathers information on how sensitive people are to small price changes by funding discounts on third-party products, he said.

Amazon's deeper understanding of why people do or do not buy things underpins its recent expansion into private label goods that compete directly with popular products from outside brands and sellers.

While retailers have long sold in-house brands that compete with the other labels they carry, sellers say Amazon's wealth of data strengthens its ability to get its products in front of exactly the right customers.

The company's first foray into in-house brands was batteries and low-cost electronics, sold under the AmazonBasics label starting in 2009. It now sells nearly 7,000 products across more than 70 brand names, according to an analysis by Coresight Research.

Amazon does not disclose details about its private label products, but Youssef Squali, an analyst at SunTrust Robinson Humphrey, estimated revenues will reach $7.5bn this year and rise to $25bn by 2022.

After using data to develop and launch its in-house brands, Amazon also has an advantage in how it markets those products. The company has carved out promotional space for itself in a box labelled "Top Rated from Our Brands" that appears high up on many search results pages.

"We all know that everything on Amazon depends on where your product comes up when keywords are searched and if Amazon is now pushing their product placement above other sellers, they get a huge advantage," the Amazon seller said.

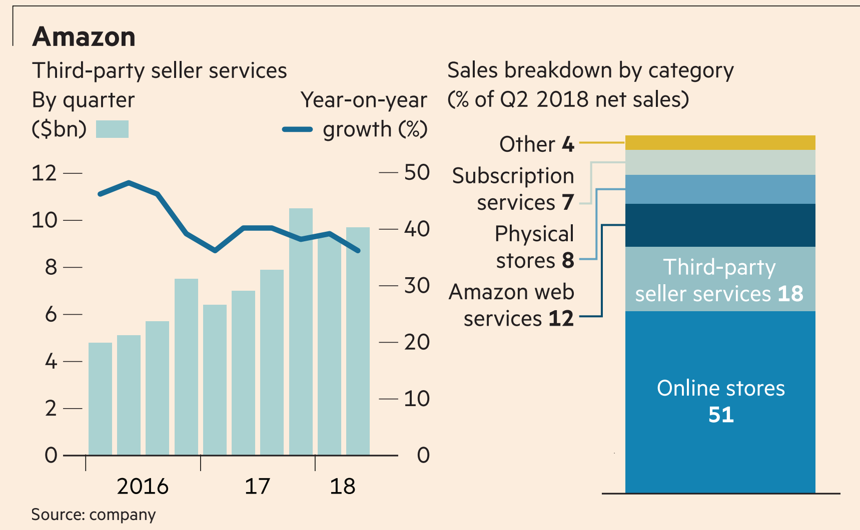
Amazon declined to comment on merchants' concerns or the EU probe.

With competition both from Amazon's in-house brands and an expanding universe of other merchants, paying to advertise is becoming a necessity for sellers to ensure their products appear on the first page of results.

Amazon competes in its own auctions for ad space on its site, another source of frustration for some sellers. "They are going into a game with complete knowledge of the rules," said one former employee.

See Inside Business

An Amazon fulfilment centre in India. The Marketplace service gives sellers access to the company's sophisticated distribution network — Abhishek N. Chinnappa/Reuters



Source: company

Household goods

Haier pulls plans to sell GE appliances in China

TOM HANCOCK — QINGDAO

Haier Group, the world's largest white goods company, has suspended plans to sell products made in the US by its GE Appliances brand in China, citing the deepening trade war between Washington and Beijing, its chief executive said.

Haier, based in the eastern Chinese city of Qingdao, acquired General Electric's home appliances business for $5.4bn in 2016, in one of the highest-profile Chinese deals in the US. It planned to begin selling the brand's kitchen products in November.

"Originally there was no problem [importing from the US] but now there may be problems," Zhang Ruimin, Haier's chief executive, told the Financial Times. "I think Chinese consumers are most interested in [GE] kitchen products. But the US government thought differently."

China said on Tuesday it would impose tariffs on $60bn worth of US imports, including of a range of kitchen products such as microwaves, electric ovens and drip coffee makers, after the US imposed levies on $200bn of Chinese goods.

The problem faced by Haier underlines the trade links between China and the US, with many Chinese companies operating manufacturing plants in the US. Groups with foreign investors accounted for more than 40 per cent of all Chinese goods exports last year. A large share of those companies were joint ventures with Chinese partners.

The target audience for GE Appliances products in China would have been affluent consumers, such as former students in the US who had returned home, Mr Zhang said. Haier had already begun promoting products made by the Louisville-based company in China ahead of a planned launch at a trade expo in Shanghai.

Mr Zhang said that because most of Haier's US sales were generated by GE Appliances, which makes most of its products in the US, the company would not be heavily affected by Washington's tariffs. He added that Chinese companies that manufacture under licence for US companies would face larger problems.

Referring to the prospect of lengthy trade tension between China and the US, Mr Zhang struck a fatalistic note. "When winter comes, you have to make preparations . . . we can't change the weather," he said.

Li Pan, Haier's overseas managing director, said last month that GE Appliances had raised its prices twice this year, partly due to higher steel costs after Washington imposed tariffs on the metal in June.

Contracts & Tenders

gastrade

Invitation for Expression of Interest (EOI) for the Engineering, Procurement, Construction and Installation of the Natural Gas Pipeline for the Alexandroupolis Independent Natural Gas System (Alexandroupolis INGS) Project

The Project is being developed by the Greek utility company GASTRADE S.A. and comprises an offshore floating, storage and regasification unit (**"FSRU"**) for the reception, storage and re-gasification of LNG, a mooring and a system of a subsea and onshore gas transmission pipelines, through which natural gas will be delivered to the Greek National Natural Gas Transmission System (**"NNGTS"**) and onwards to the final consumers.

The FSRU will be located in the sea of Thrace, 17.6 km SW of the town of Alexandroupolis in NE Greece at an offshore distance of approximately 5.4 n.m. (10 km) from the nearest shore. The 30" gas pipeline will consist of an approximately 24km subsea section and a 4km onshore section and will be connecting the FSRU to the NNGTS near the village of Amphitriti, 5.5km NE of Alexandroupolis.

The Project is included in the European Union list of Projects of Common Interest (PCI)

Commercial Operation Date for the Project is planned for 4Q2020.

Tender details and requirements can be found at the Company's website (www.gastrade.gr).

Participants wishing to express their interest in this procedure are kindly requested to send all required information electronically to info@gastrade.gr to the attention of Mr. Andreas Diamandopoulos.

Deadline for receipt of Expressions of Interest is: 25/10/2018, 17:00 Athens time.

gastrade

Invitation for Expression of Interest (IEOI) for the supply of a Floating Storage and Regasification Unit (FSRU) for the Alexandroupolis Independent Natural Gas System (Alexandroupolis INGS) Project

The Project is being developed by the Greek utility company GASTRADE S.A. and comprises an offshore floating, storage and regasification unit (**"FSRU"**) for the reception, storage and re-gasification of LNG, a mooring and a system of a subsea and onshore gas transmission pipelines, through which natural gas will be delivered to the Greek National Natural Gas Transmission System (**"NNGTS"**) and onwards to the final consumers.

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Legal Notices

SPECIFIC PROCUREMENT NOTICE
Invitation for Pre-qualification
REPUBLIC OF INDONESIA
Development Trans South- South Java Road Project
(IND-1012) Lot 3 – Jembatan Kretek II

This invitation for prequalification follows the general procurement notice for this project that appeared in Jakarta Post of May 31, 2017 and the Financial Times on August 31, 2018

The Republic of Indonesia has received Financing from the Islamic Development Bank (ISDB) toward the cost of the Development Trans South- South Java Road Project, and it intends to apply part of the proceeds of this financing to payments under the contract for the construction of Lot 3 – Jembatan Kretek II.

The Ministry of Public Works and Housing of Indonesia intends to prequalify contractors and/or firms for construction of Lot 3 including but not limited to the Kretek II (Cable Stay) Bridge (325m span) and elevated approach roadways of approximately (1690m).

Prequalification will be conducted through prequalification procedures specified in the Islamic Development Bank's Guidelines for Procurement of Goods and Works, May 2009 and is open to all eligible International bidders, as defined in the guidelines. Prequalification is contingent upon meeting minimum qualification criteria that are defined in the Prequalification documents.

Interested eligible Applicants may obtain further information and inspect the prequalification documents at the POKJA Development Trans South- South Java Road Project (address below) from 9.30 to 15.00 hours. A complete set of the prequalification documents in English may also be obtained by interested Applicants on the submission of a written request signed by the authorized representative on company letterhead (with valid mailing and email addresses) to the mailing and or email address below. Upon receipt of the applicant's request, the prequalification documents will be emailed to the applicant and or the applicant may download the documents from a site to be provided by POKJA *https://download.pjndiy.web.id/?wpdmpro=praqualification-document-for-lot-3-jembatan-kretek-ii*

Applications for prequalification should be submitted in sealed envelopes, delivered to the address below on or before 10.00 WIB, November 10, 2018, and be clearly marked "Application to Prequalify for Lot 3 – Jembatan Kretek II, Trans South-South Java Road Project (IND-1012)".

Procurement Team (Pokja) Development of Trans South-South Java Road Project Special Region of Yogyakarta
Attention: **Eva Rahmawati, ST**
Street Address: **Jl. Ringroad Utara Maguwoharjo, Depok,Sleman, Yogyakarta**
ZIP Code: **55282**
Country: **Republic of Indonesia**
Telephone: +62 274 488669
Facsimile number: +62 274 488669
Electronic mail address: pokjadiy@pu.go.id

YOSEMITE SECURITIES COMPANY LIMITED
(IN JUST AND EQUITABLE WINDING UP) ("the Company")

NOTICE IS HEREBY GIVEN that pursuant to an Act of Court dated 16 August 2018 ("the Act") Alan John Roberts and Benjamin Alexander Rhodes of Grant Thornton Limited, Third Floor, Kensington Chambers, 46/50 Kensington Place, St Helier JE1 1ET were appointed Joint Liquidators of the above named company under Article 155 of the Companies (Jersey) Law 1991, as amended. All creditors of the above company are required on or before the 25 October 2017 to send their names and addresses and particulars of their claims to the Joint Liquidators together with supporting documentation, and all persons indebted to the said Company are required to settle with the Joint Liquidators by the above mentioned date.
AJ Roberts & B A Rhodes, Joint Liquidators

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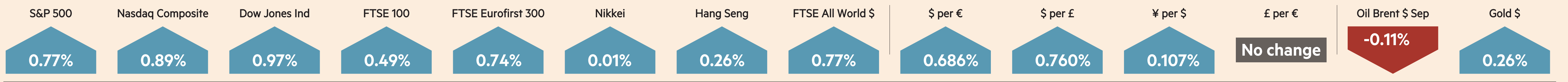
РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

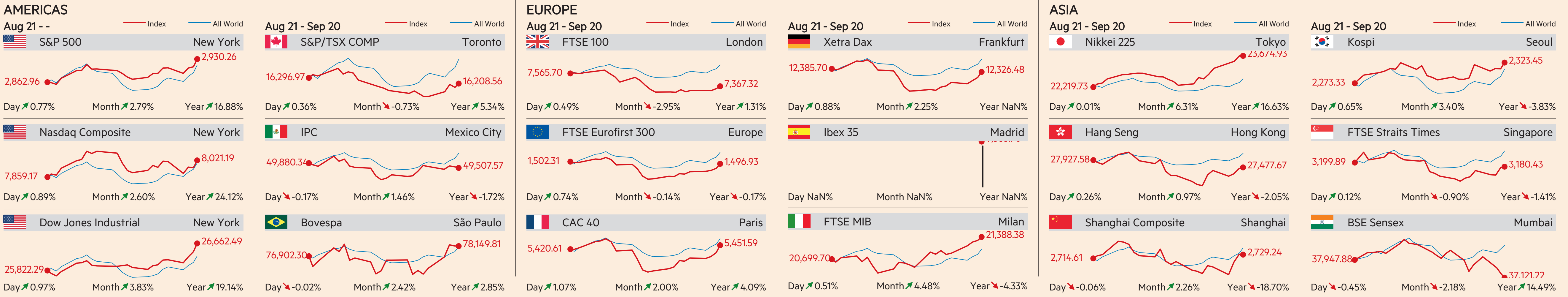
MARKET DATA



WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)



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

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Sector	%	Sector	%	Sector	%
Automobiles & Parts	48.17	Consumer Services	1.79	General Retailers	-8.16
Tech Hardware & Eq	38.43	Oil & Gas Producers	1.68	Gas Water & Multi	-8.38
Food & Drug Retailer	20.92	Industrial Eng	1.64	Household Goods & Ho	-8.65
Forestry & Paper	15.45	Electronic & Elec Eq	1.48	Utilities	-9.67
Oil Equipment & Serv	14.29	Health Care Eq & Srv	1.45	Basic Materials	-9.67
Chemicals	14.00	Nonlife Insurance	-1.35	Life Insurance	-9.91
Leisure Goods	13.02	Beverages	-1.48	Real Est Invest & Se	-10.29
Industrial Metals &	12.50	FTSE 250 Index	-1.69	Consumer Goods	-10.93
Aerospace & Defense	11.99	Financial Services	-1.74	Mining	-13.71
Pharmace & Biotech	10.96	FTSE SmallCap Index	-2.00	Electricity	-13.95
Health Care	9.86	Travel & Leisure	-2.19	Banks	-14.30
Media	5.46	NON FINANCIALS Index	-3.01	Food Producers	-15.46
Support Services	4.35	Industrial Transport	-4.20	Fixed Line Telecomms	-16.03
Personal Goods	4.09	FTSE All{HY-}Share Index	-4.35	Technology	-20.59
Industrials	3.53	FTSE 100 Index	-4.99	Software & Comp Serv	-23.31
Equity Invest Instr	2.92	Real Est Invest & Tr	-5.72	Telecommunications	-24.50
Oil & Gas	1.94	Construct & Material	-5.91	Tobacco	-25.04
		Financials	-7.99	Mobile Telecomms	-27.73

FT 30 INDEX

	Sep 20	Sep 19	Sep 18	Sep 17	Sep 14	Yr Ago	High	Low
FT 30	3167.00	3167.40	3174.20	3168.20	3153.70	0.00	3384.10	2974.50
FT 30 Div Yield	1.94	1.94	1.93	1.93	1.95	0.00	3.93	2.74
P/E Ratio net	23.04	23.03	23.16	23.11	22.94	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
3167.4	3170.3	3161.5	3166.1	3166	3167	3165.6	3171.9	3168	3178.3	3157.9

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

FX: EFFECTIVE INDICES

	Sep 19	Sep 18	Mnth Ago		Sep 20	Sep 19	Mnth Ago
Australia	-	-	-	Sweden	-	-	-
Canada	-	-	-	Switzerland	-	-	-
Denmark	-	-	-	UK	78.66	78.60	77.19
Japan	-	-	-	USA	-	-	-
New Zealand	-	-	-	Euro	-	-	-
Norway	-	-	-				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE GLOBAL EQUITY INDEX SERIES

Sep 19 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	7842	591.83	0.3	1.7	1.7	866.22	3.6	2.3
FTSE Global Large Cap	1447	520.79	0.4	1.8	1.8	783.22	3.8	2.4
FTSE Global Mid Cap	1739	788.43	0.1	1.8	0.4	1091.01	2.0	2.1
FTSE Global Small Cap	4656	849.87	-0.2	1.3	2.8	1135.79	4.2	1.8
FTSE All-World	3186	344.65	0.4	1.8	1.6	533.26	3.5	2.4
FTSE World	2605	613.63	0.3	1.9	2.4	1274.41	4.3	2.4

Sep 19 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas Producers	110	399.33	0.4	0.4	6.1	687.11	8.9	3.4
Oil Equipment & Services	28	295.03	0.6	0.6	-6.3	445.17	-3.8	3.8
Basic Materials	259	516.81	1.6	1.6	-5.2	818.38	-2.7	3.0
Chemicals	121	788.86	1.2	1.2	-2.1	1247.82	0.0	2.5
Forestry & Paper	16	335.55	0.8	0.8	8.9	590.12	11.6	2.7

FTSE ACTUARIES SHARE INDICES

	£ Strlg Sep 20	Day's chge%	Euro Index	£ Strlg Sep 19	£ Strlg Sep 18	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
Software & Computer Services (12)	2021.40	0.23	1775.35	2016.83	2006.43	2434.41	3.06	1.56	20.98	55.72	2844.10
Technology Hardware & Equipment (2)	2795.85	4.64	2455.53	2671.93	2688.73	1779.15	2.03	0.85	57.92	39.43	3353.07

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7343.56	7338.56	7335.98	7348.59	7345.29	7345.14	7354.86	7346.44	7360.97	7368.30	7324.08
FTSE 250	20516.47	20502.96	20502.91	20518.15	20496.98	20504.55	20530.23	20524.44	20530.97	20551.26	20493.95
FTSE SmallCap	5817.35	5821.22	5825.76	5821.64	5815.45	5810.42	5812.38	5808.93	5808.14	5826.11	5805.50
FTSE All-Share	4060.70	4058.35	4057.16	4063.13	4060.83	4060.87	4066.04	4062.06	4068.68	4072.15	4052.11

Time of FTSE 100 Day's high:15:07:45 Day's Low08:39:30 FTSE 100 2010/11 High: 7877.45(22/05/2018) Low: 6888.69(26/03/2018)
Time of FTSE All-Share Day's high:15:25:00 Day's Low08:39:00 FTSE 100 2010/11 High: 4324.41(22/05/2018) Low: 3810.81(26/03/2018)

Further information is available on http://www.ftse.com © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. † Sector P/E ratios greater than 80 are not shown. For changes to FTSE Fledgling Index constituents please refer to www.ftse.com/indexchanges. ‡ Values are negative.

UK RIGHTS OFFERS

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

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

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	952.40	7.40	London Stock Exchange Group PLC	4747	-15.00
Admiral Group PLC	2024	10.00	Marks And Spencer Group PLC	285.70	6.40
Anglo American PLC	1695.4	39.80	Melrose Industries PLC	222.60	4.20
Antofagasta PLC	858.00	21.00	Micro Focus International PLC	1326	7.00
Ashtead Group PLC	2313	-13.00	Mondi PLC	2123	25.00
Associated British Foods PLC	2285	60.00	Morrison (Wm) Supermarkets PLC	253.90	-
Astrazeneca PLC	5572	-29.00	National Grid PLC	781.90	8.00
Aviva PLC	481.40	8.50	Next PLC	5322	56.00
Bae Systems PLC	628.80	-7.40	Nmc Health PLC	3328	-2.00
Barclays PLC	174.26	1.14	Ocado Group PLC	906.40	7.00
Barratt Developments PLC	577.00	7.00	Paddy Power Betfair PLC	6920	65.00
Berkeley Group Holdings (The) PLC	3703	7.00	Pearson PLC	865.40	15.40
Bhp Billiton PLC	1618	19.20	Persimmon PLC	2434	11.00
BP PLC	555.50	2.10	Prudential PLC	1763.5	38.00
British American Tobacco PLC	3521	-39.00	Randgold Resources LD	4853	23.00
British Land Company PLC	615.40	1.20	Reckitt Benckiser Group PLC	6845	103.00
Bt Group PLC	226.15	-2.15	Relx PLC	1540	36.50
Bunzl PLC	2380	-21.00	Rentokil Initial PLC	314.70	2.10
Burberry Group PLC	2008	-103.00	Rightmove PLC	470.40	-5.60
Carnival PLC	4880	3.00	Rio Tinto PLC	3817	94.50
Centrica PLC	149.40	1.45	Rolls-Royce Holdings PLC	995.60	7.60
Coca-Cola Hbc AG	2566	37.00	Royal Bank Of Scotland Group PLC	259.50	2.60
Compass Group PLC	1608.5	2.00	Royal Dutch Shell PLC	2552.5	3.50
Crh PLC	2515	39.00	Royal Dutch Shell PLC	2514	1.00
Croda International PLC	5116	4.00	Royal Mail PLC	472.60	-1.50
Dcc PLC	7380	15.00	Rsa Insurance Group PLC	627.00	10.20
Diageo PLC	2654	41.00	Sage Group PLC	577.40	-2.80
Direct Line Insurance Group PLC	324.70	0.70	Sainsbury (J) PLC	314.40	-2.50
Easyjet PLC	1423	-2.00	Schroders PLC	3099	33.00
Evraz PLC	534.60	7.20	Scottish Mortgage Investment Trust PLC	528.40	0.10
Experian PLC	1924	16.50	Segro PLC	641.00	4.00
Ferguson PLC	6444	-39.00	Severn Trent PLC	1872.5	25.50
Fresnillo PLC	847.60	22.00	Shire PLC	4509	-23.50
Glaxosmithkline PLC	1485.8	-11.00	Sky PLC	1580	-
Glencore PLC	321.70	2.10	Smith & Nephew PLC	1370	-14.50
Gvc Holdings PLC	971.00	-27.50	Smith (Ds) PLC	479.90	1.60
Halma PLC	1391	2.00	Smiths Group PLC	1591	26.00
Hargreaves Lansdown PLC	2259	15.00	Smurfit Kappa Group PLC	3152	2.00
HSBC Holdings PLC	665.70	3.50	Sse PLC	1129	11.00
Imperial Brands PLC	2592.5	26.00	St. James's Place PLC	1138.5	27.00
Informa PLC	729.00	2.00	Standard Chartered PLC	630.00	12.50
Intercontinental Hotels Group PLC	4631	-13.00	Standard Life Aberdeen PLC	324.00	2.80
International Consolidated Airlines Group S.A.	686.40	-0.60	Taylor Wimpey PLC	172.80	-0.15
Intertek Group PLC	4800	38.00	Tesco PLC	238.90	3.10
Itv PLC	151.90	-1.10	Tui AG	1369.5	-3.50
Johnson Matthey PLC	3655	66.00	Unilever PLC	4202.5	58.00
Just Eat PLC	708.00	6.40	United Utilities Group PLC	699.40	9.40
Kingfisher PLC	242.70	-4.30	Vodafone Group PLC	168.06	-0.76
Land Securities Group PLC	887.50	1.00	Whitbread PLC	4695	-5.00
Legal & General Group PLC	260.10	4.40	Wpp PLC	1134	-5.00
Lloyds Banking Group PLC	61.59	1.06			

UK STOCK MARKET TRADING DATA

	Sep 20	Sep 19	Sep 18	Sep 17	Sep 14	Yr Ago
	-	-	-	-	-	-
Order Book Turnover (m)	105.64	186.71	89.40	133.37	133.37	133.37
Order Book Bargains	974557.00	939947.00	775049.00	809633.00	809633.00	809633.00
Order Book Shares Traded (m)	1814.00	1478.00	1403.00	1334.00	1334.00	1334.00
Total Equity Turnover (£m)	5204.98	6204.05	5269.23	4306.57	4306.57	4306.57
Total Mkt Bargains	1126048.00	1067339.00	885438.00	912858.00	912858.00	912858.00
Total Shares Traded (m)	4494.00	4148.00	4728.00	4167.00	4167.00	4167.00

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

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

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
[illegible]							
Amazon	1950.86	9.81	2050.5	931.75	-	154.00	951514.78
AmerAir	41.41	-0.19	59.08	35.64	0.97	13.35	19069.69
AmerExpr	111.10	1.00	111.77	87.54	1.26	28.75	95663.13
AmerIntGrp♦	54.35	0.46	65.55	49.57	2.36	-7.86	48287.05
AmerTower	148.27	0.69	155.28	130.37	1.95	58.61	65360.41
Amgen	204.72	1.52	205.13	163.31	2.42	54.97	132509.54
Anadarko♦	63.75	-1.01	76.70	46.75	0.94	82.48	32644.79
Anthem♦	274.24	2.39	275.07	180.71	1.06	16.63	71290.48
Aon Cp	155.30	0.06	155.50	130.87	0.96	46.46	37684.37
Apple	221.29	2.92	229.67	149.16	1.19	19.93	1068790.17
ArcherDan	50.25	0.31	51.11	38.59	2.62	14.64	28124.01
[illegible]							
John&John	141.76	1.30	148.32	118.62	2.42	271.58	380307.5
JohnsonCn	37.20	0.09	42.60	32.89	2.78	39.56	34407.11
JPMrgnCh	118.76	1.14	119.33	93.34	1.89	15.77	399138.6
Kimb-Clark♦	116.77	0.62	123.77	97.10	3.39	23.74	40595.05
KinderM	18.11	-0.16	19.83	14.69	3.19	-100.20	39954.64
Kraft Heinz	57.88	0.99	82.48	54.11	4.34	6.62	70570.09
Kroger	28.93	0.05	32.74	19.69	1.65	7.26	23047.83
L Brands	29.38	-0.30	63.10	25.89	8.25	9.29	8081.36
LasVegasSd♦	61.06	0.11	81.45	59.11	4.87	12.70	48115.55
LibertyGbl	29.15	0.56	39.73	25.87	-	-15.45	6021.65
Lilly (E)	105.86	0.12	107.84	73.69	2.05	-878.83	113692.35
[illegible]							

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 %
ShenwanHong	0.13	0.12	0.01	5.83	0.02	16.5	15.45
H & M	141.96	141.40	0.56	0.40	18.62	15.1	11.27
SandsCh	36.05	36.40	-0.35	-0.96	4.35	13.7	-0.14
MitsbCp	3524.00	3473.00	51.00	1.47	382.00	12.2	12.02
New Ch Life Ins	36.55	36.05	0.50	1.39	3.90	11.9	12.29
Sberbank	193.60	193.90	-0.30	-0.15	19.70	11.3	1.32
Ch Rail Cons	10.34	10.28	0.06	0.58	1.05	11.3	13.01
MitsuiFud	2690.00	2636.50	53.50	2.03	259.50	11.1	9.41
Nippon Stl	2339.50	2310.50	29.00	1.26	231.00	11.0	9.78
MTN Grp	78.17	73.38	4.79	6.53	7.67	10.9	-24.44
Ch OSLnd&Inv	25.40	25.05	0.35	1.40	2.45	10.7	9.48
HaitongSecs	7.37	7.43	-0.06	-0.81	0.69	10.3	5.14
HondaMtr	3418.00	3383.00	35.00	1.03	301.00	9.7	3.17
Ch Coms Cons	7.97	7.96	0.01	0.13	0.70	9.6	-0.50
Vale	58.90	58.58	0.32	0.55	5.12	9.5	14.56
China Vanke	26.65	27.00	-0.35	-1.30	2.30	9.4	7.46
Ch Evrbrght	3.44	3.40	0.04	1.18	0.29	9.2	8.52
Ch Rail Gp	7.50	7.57	-0.07	-0.92	0.63	9.2	12.44
Formosa PetChem	139.00	137.00	2.00	1.46	11.50	9.0	14.88
Volkswgn	151.10	149.10	2.00	1.34	12.30	8.9	8.86

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 %
Cielo	12.95	13.41	-0.46	-3.43	-1.25	-8.8	-10.44
GenMills	44.50	44.27	0.23	0.52	-3.09	-6.5	-6.61
KoreaElePwr	28700.00	28950.00	-250.00	-0.86	-1600.00	-5.3	-6.36
ValeroEngy	110.83	109.70	1.13	1.03	-6.00	-5.1	-2.29
SBI NewA	271.50	271.50	0.00	0.00	-13.80	-4.8	-10.13
Novatek	299.25	300.15	-0.90	-0.30	-15.10	-4.8	-4.33
BrAmTob	3521.00	3560.00	-39.00	-1.10	-170.50	-4.6	-99.16
Woolworths	27.30	27.70	-0.40	-1.44	-1.32	-4.6	-7.77
RELX	1540.00	1503.50	36.50	2.43	-62.00	-3.9	-99.00
Abbvie	92.68	91.02	1.66	1.82	-3.65	-3.8	-5.20
Wesfarmers	49.75	50.71	-0.96	-1.89	-1.86	-3.6	-5.29
Sempra Energy	111.60	111.21	0.39	0.35	-3.87	-3.4	-2.08
RelianceIn	1210.75	1210.75	0.00	0.00	-41.75	-3.3	0.58
BOE Tech	1.21	1.21	0.00	0.00	-0.04	-3.2	-16.55
Regen Pharm	385.03	383.70	1.33	0.35	-12.68	-3.2	2.70
Costco	233.66	233.85	-0.19	-0.08	-7.61	-3.2	2.82
NextEraE	169.15	169.17	-0.02	-0.01	-5.45	-3.1	-3.07
Infosys	719.75	719.75	0.00	0.00	-23.15	-3.1	0.64
Fedex	245.49	242.88	2.61	1.07	-7.68	-3.0	-1.37
DominRes	70.09	71.92	-1.83	-2.54	-2.09	-2.9	-2.40

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Sep 20	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	102.20	6.76	-0.01	0.07	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	81.00	16.80	3.51	7.34	-
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Mexico	09/22	8.00	BBB+	A3	BBB+	117.70	3.25	0.00	0.14	0.35
Turkey	09/22	6.25	-	Ba3	BB	94.31	7.93	0.03	-1.05	5.03
Brazil	01/23	2.63	BB-	Ba2	BB-	90.13	5.22	0.04	0.59	2.32
Colombia	03/23	2.63	BBB-	Baa2	BBB	94.70	3.93	0.05	0.16	1.03
Poland	03/23	3.00	BBB+	A2	A-	98.29	3.41	0.01	-0.04	0.51
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-	158.25	5.10	0.00	0.09	2.10
Brazil	02/47	5.63	BB-	Ba2	BB-	83.15	7.00	0.06	0.42	-
Emerging Euro										
Mexico	02/20	5.50	BBB+	A3	BBB+	107.47	0.18	0.03	0.11	-2.49
Brazil	04/21	2.88	BB-	Ba2	BB-	102.00	2.05	0.01	0.79	-
Mexico	04/23	2.75	BBB+	A3	BBB+	107.26	1.12	0.00	0.07	-1.78
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	112.63	1.56	0.01	0.06	-1.44

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

BONDS: GLOBAL INVESTMENT GRADE

Sep 20	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 Bank plc	01/29	4.50	A	A2	A	96.88	4.89	0.05	0.18	1.89
Barclays Bank plc	01/29	4.50	A	A2	A	96.60	4.92	0.03	0.21	1.92
Barclays Bank plc	01/29	4.50	A	A2	A	96.60	4.92	0.03	0.21	1.92
Barclays Bank plc	01/29	4.50	A	A2	A	96.88	4.89	0.05	0.18	1.89
Westpac Banking Corporation	11/31	4.32	BBB	Baa1	A+	96.11	4.90	0.04	0.15	-
Westpac Banking Corporation	11/31	4.32	BBB	Baa1	A+	96.34	4.87	0.05	0.12	-
Euro										
Barclays plc	08/29	2.29	BBB	Baa3	A	90.08	3.40	0.02	0.13	0.40
Barclays plc	08/29	2.29	BBB	Baa3	A	89.80	3.43	0.01	0.17	0.43
Barclays plc	08/29	2.29	BBB	Baa3	A	89.84	3.42	0.03	0.16	0.42
AT&T Inc.	12/29	2.60	BBB	Baa2	A-	102.49	2.34	0.00	0.17	-0.66
Yen										
Poland	11/27	2.50	-	A2	A-	108.77	1.47	0.00	0.02	-1.53
£ Sterling										
Cooperatieve Rabobank U.A.	05/29	4.63	BBB+	Baa1	A	109.57	3.53	0.04	0.23	0.53
Cooperatieve Rabobank U.A.	05/29	4.63	BBB+	Baa1	A	109.13	3.58	0.05	0.28	0.58

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 20	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 20 (Libor: Sep 19)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	1.91863	0.000	0.004	0.017	2.18244	2.35338	2.57175	2.88713
Euro Libor	-0.44786	0.000	-0.001	0.000	-0.40686	-0.35243	-0.31529	-0.21814
£ Libor	0.69713	0.000	-0.002	-0.001	0.72575	0.80069	0.89481	1.06000
Swiss Fr Libor				0.000	-0.78080	-0.73080	-0.65160	-0.51860
Yen Libor				0.000	-0.10000	-0.03967	0.02400	0.13900
Euro Euribor				0.001	-0.37100	-0.31800	-0.26700	-0.16700
Sterling CDs				0.000	0.75000	0.80000	0.92500	
US$ CDs				0.000	2.03000	2.21000	2.40000	
Euro CDs				-	-	-	-	

Sep 20	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.61	-0.31	-0.61	-0.31	-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	1.83	2.13	1.93	2.23	2.07	2.37	2.21	2.51	2.43	2.73	2.71	3.01
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	184.76	0.03	-0.90	-2.98	-0.17	-1.23
Corporates(£)	338.85	-0.34	-1.22	-2.26	-1.57	-0.20
Corporates($)	272.58	-0.28	-0.62	-2.53	-0.62	-2.53
Corporates(€)	225.03	0.03	-0.29	-0.67	-0.68	-0.03
Eurozone Sov(€)	232.53	-0.17	0.23	-0.15	-0.11	0.28
Gilts(£)	317.20	-0.55	-2.06	-1.90	-2.68	0.16
Global Inflation-Lkd	260.76	-0.35	-0.53	-3.00	-0.28	-1.04
Markit iBoxx £ Non-Gilts	333.92	-0.33	-1.20	-1.93	-1.55	-0.12
Overall ($)	235.10	-0.26	-0.83	-1.99	-0.83	-1.99
Overall(£)	319.16	-0.48	-1.80	-1.90	-2.34	0.09
Overall(€)	228.78	-0.11	-0.02	-0.25	-0.31	0.21
Treasuries ($)	220.56	-0.27	-1.04	-1.83	-1.04	-1.83
FTSE						
Sterling Corporate (£)	111.06	0.04	-	-	-1.46	-4.37
Euro Corporate (€)	104.99	0.07	-	-	-0.76	-1.91
Euro Emerging Mkts (€)	355.75	-11.19	-	-	-0.20	-51.23
Eurozone Govt Bond	109.19	-0.09	-	-	-0.62	-2.28

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	266.25	-	-	-	274.23	265.46
Europe 5Y	67.91	-	-	-	68.74	67.02
Japan 5Y	60.06	-	-	-	60.09	60.06
Senior Financials 5Y	78.59	-	-	-	79.33	77.83
Markit CDX						
Emerging Markets 5Y	206.50	1.06	-22.68	0.22	245.08	132.91
Nth Amer High Yld 5Y	318.28	-2.11	-7.23	-12.86	370.10	317.43
Nth Amer Inv Grade 5Y	56.13	-0.59	-1.72	-3.77	69.04	55.68

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

VOLATILITY INDICES

	Sep 20	Day Chng	Prev	52 wk high	52 wk low
VIX	11.57	-0.18	11.75	50.30	8.56
VXD	12.41	0.07	12.34	40.09	6.53
VXN	16.29	-0.61	16.90	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	99.20	2.13	0.05	0.12	0.13	-0.06
	11/28	2.75	101.03	2.63	0.02	0.05	0.07	-0.18
Austria	-	-	-	-	-	-	-	-
	10/19	0.25	100.79	-0.48	0.01	-0.01	0.06	0.09
Belgium	12/20	1.80	104.83	-0.38	0.00	0.02	0.10	0.03
	03/28	5.50	144.54	0.66	0.00	0.05	0.10	-0.01
Canada	02/20	1.25	98.84	2.12	0.02	0.03	0.06	-
	06/28	2.00	96.35	2.42	0.04	0.09	0.15	0.27
Denmark	11/20	0.25	101.60	-0.49	0.01	0.00	0.06	-0.04
	11/27	0.50	100.74	0.42	0.01	0.06	0.14	-0.08
Finland	09/20	0.38	101.72	-0.48	0.01	0.01	0.10	-0.02
	09/27	0.50	99.41	0.57	0.02	0.07	0.12	-0.04
France	11/20	0.25	101.49	-0.43	0.01	0.03	0.09	-0.02
	05/23	1.75	108.30	-0.02	0.01	0.06	0.15	-0.01
	05/28	0.75	100.07	0.74	0.01	0.08	0.15	-
Germany	10/20	0.25	101.64	-0.54	-0.01	0.02	0.11	0.06
	08/23	2.00	110.54	-0.14	0.02	0.05	0.19	0.01
	07/28	4.75	141.60	0.41	0.02	0.05	0.17	-0.09
	08/48	1.25	103.08	1.13	0.02	0.02	0.16	-
Greece	-	-	-	-	-	-	-	-
	01/28	3.75	97.46	4.08	0.04	-0.01	-0.26	-
Ireland	10/20	5.00	111.28	-0.41	-0.01	0.03	0.06	-0.03
	05/30	2.40	113.28	1.17	0.02	0.08	0.14	0.01
Italy	06/20	0.35	99.32	0.75	0.11	-0.09	-0.55	0.64
	10/23	0.65	93.74	1.95	0.11	-0.14	-0.56	0.76
	09/28	4.75	117.77	2.70	-0.08	-0.18	-0.55	0.45
	03/48	3.45	100.34	3.43	-0.07	-0.09	-0.24	-
Japan	11/19	0.10	100.25	-0.11	0.00	0.00	0.02	-
	09/22	0.10	100.70	-0.08	0.00	0.00	0.01	0.03
	09/27	0.10	100.18	0.08	-0.01	-0.01	0.02	0.06
	09/47	0.80	99.40	0.82	0.00	0.02	0.00	-0.02
Netherlands	01/20	0.25	101.12	-0.59	0.01	0.00	0.09	0.03
	01/28	5.50	145.88	0.46	0.01	0.07	0.17	-0.06
New Zealand	-	-	-	-	-	-	-	-
	04/20	3.00	101.98	1.71	0.03	0.08	0.01	-0.43
Norway	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-
	06/20	4.80	108.47	-0.08	0.01	0.03	0.07	-0.29
Spain	01/21	0.05	100.18	-0.03	0.02	0.07	0.08	-0.02
	10/27	1.45	100.45	1.40	0.02	0.07	0.08	-0.23
Sweden	12/20	5.00	112.09	-0.46	0.02	-0.02	0.09	-0.14
	11/26	1.00	104.58	0.43	0.03	0.04	0.13	-0.22
Switzerland	07/20	2.25	105.38	-0.71	0.00	-0.01	0.07	-0.04
	04/28	4.00	138.23	0.00	0.02	0.05	0.11	-0.01
United Kingdom	01/21	1.50	101.46	0.87	0.01	0.04	0.12	0.32
	07/23	0.75	97.93	1.19	0.04	0.11	0.21	0.30
	12/27	4.25	124.37	1.42	0.03	0.06	0.19	0.12
	07/47	1.50	90.88	1.91	0.04	0.06	0.20	0.01
United States	11/19	1.75	98.92	2.67	0.01	0.07	0.11	-
	10/22	2.00	96.52	2.90	0.00	0.07	0.16	-
	11/27	2.25	94.02	3.00	0.01	0.07	0.12	-
	11/47	2.75	92.59	3.14	0.01	0.05	0.11	-

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

GILTS: UK CASH MARKET

Sep 20	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Tr 4.5pc '19	101.75	0.69	-1.43	2.99	9.52	86.49	105.90	101.75	36.35
Tr 4.75pc '20	105.73	0.80	-1.23	1.27	21.21	90.48	110.47	105.72	33.31
Tr 1.5pc '21	101.43	0.88	-1.12	4.76	18.92	60.00	103.11	101.41	32.46
Tr 4pc '22	110.27	0.97	-1.02	6.59	24.36	53.97	114.69	110.25	37.95
Tr 5pc '25	123.02	1.28	-0.78	7.56	21.90	24.27	128.73	122.92	35.08
Tr 1.25pc '27	97.96	1.50	-1.32	6.38	19.05	9.49	100.65	96.41	23.45
Tr 4.25pc '32	130.67	1.73	-1.14	4.85	15.33	4.85	136.24	129.40	35.44
Tr 4.25pc '36	135.79	1.84	-1.60	3.95	14.29	1.10	141.54	134.34	29.76
Tr 4.5pc '42	149.59	1.93	-1.03	3.76	13.53	0.00	156.90	147.31	26.64
Tr 3.75pc '52	146.54	1.88	-1.57	3.87	13.94	1.62	156.17	144.61	23.59
Tr 4pc '60	163.17	1.82	-1.62	4.00	15.19	2.25	176.65	162.07	23.61

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

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Sep 20	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	91.65	0.02	2411.67	-0.35	-0.16	0.99
2 5 - 10 Years	176.86	0.11	3443.84	-1.39	-0.29	1.37
3 10 - 15 Years	207.29	0.19	4201.67	-2.10	0.56	1.66
4 5 - 15 Years	183.83	0.14	3629.24	-1.67	0.03	1.51
5 Over 15 Years	323.88	0.51	5065.93	-4.30	1.23	1.88
7 All stocks	174.01	0.26	3535.36	-2.42	0.46	1.75

Index Linked	Sep 20	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	309.38	0.07	-0.17	-1.57	2467.80	-0.17	-0.03
2 Over 5 years	691.06	0.92	-4.35	0.10	5178.04	-4.31	0.61
3 5-15 years	471.70	0.30	-1.65	-0.67	3691.66	-1.63	0.32
4 Over 15 years	882.47	1.13	-5.26	0.33	6457.55	-5.21	0.67
5 All stocks	625.93	0.84	-3.99	-0.02	4763.28	-3.95	0.57

Yield Indices	Sep 20	Sep 19	Yr ago		Sep 20	Sep 19	Yr ago
5 Yrs	1.12	1.13	0.70	20 Yrs	1.94	1.96	1.93
10 Yrs	1.57	1.59	1.36	45 Yrs	1.81	1.84	1.76
15 Yrs	1.84	1.86	1.78				

Real yield	inflation 0% Sep 20	Dur yrs	Previous	Yr ago	inflation 5% Sep 20	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.57	2.54	-1.54	-1.90	-2.12	2.56	-2.10	-2.86
Over 5 yrs	-1.43	23.82	-1.39	-1.49	-1.47	23.91	-1.43	-1.52
5-15 yrs	-1.47	8.80	-1.44	-1.67	-1.61	8.82	-1.57	-1.82
Over 15 yrs	-1.43	29.01	-1.39	-1.47	-1.45	29.06	-1.41	-1.49
All stocks	-1.43	21.91	-1.40	-1.49	-1.47	22.03	-1.43	-1.53

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

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COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Oct	70.70	-0.08	Corn♦	Dec	346.75	1.50
Brent Crude Oil‡		78.70	-0.55	Wheat♦	Dec	518.75	-4.25
RBOB Gasoline†	Sep	2.02	0.00	Soybeans♦	Nov	829.00	-1.50
Heating Oil†	Sep	1.75	0.00	Soybeans Meal♦	Oct	305.90	-1.20
Natural Gas†	Sep	2.92	0.02	Cocoa (ICE Liffe)✠	Dec	1562.00	-4.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Dec	2209.00	19.00
Uranium†	Oct	26.50	0.00	Coffee(Robusta)✠	Nov	1509.00	24.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Dec	97.20	0.55
Diesel†		-	-	White Sugar✠		330.50	-0.20
Base Metals (♠ LME 3 Months)				Sugar 11♥		10.97	0.13
Aluminium		2047.00	17.00	Cotton♥	Oct	79.30	0.00
Aluminium Alloy		1600.00	0.00	Orange Juice♥	Nov	146.65	-1.70
Copper		6076.00	-11.00	Palm Oil♣		-	-
Lead		2008.50	-16.50	Live Cattle♣	Oct	113.40	0.00
Nickel		12585.00	95.00	Feeder Cattle♣	Oct	158.40	2.45
Tin		18945.00	45.00	Lean Hogs♣	Oct	60.20	0.00
Zinc		2445.50	17.00				

Precious Metals (PM London Fix)	Price*	Change		Sep 19	% Chg Month	% Chg Year
Gold	1203.30	3.10	S&P GSCI Spt	471.45	4.39	19.81
Silver (US cents)	1418.50	-2.50	DJ UBS Spot	83.69	0.40	-1.37
Platinum	817.00	3.00	TR/CC CRB TR	198.28	2.20	-
Palladium	1025.00	26.00	M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Bulk Commodities			UBS Bberg CMCI TR	15.02	2.11	5.21
Iron Ore	69.75	-0.05	LEBA EUA Carbon	14.04	27.29	178.57
GlobalCOAL RB Index	97.00	0.50	LEBA CER Carbon	0.27	12.50	35.00
Baltic Dry Index	1396.00	23.00	LEBA UK Power	4385.00	73.80	105.39

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

BONDS: INDEX-LINKED

	Price Sep 19	Yield Sep 19	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	112.05	0.444	0.427	-0.08	5.18	76233.60	8
Fr 2.25%' 20	107.89	-1.911	-1.895	-0.08	20.31	242980.15	15
Swe 0.25%' 22	115.79	-2.145	-2.160	0.09	33.45	233020.23	7
UK 2.5%' 20	360.70	-2.334	-2.295	0.02	6.58	647858.93	30
UK 2.5%' 24	358.62	-1.747	-1.755	-0.58	6.82	647858.93	30
UK 2%' 35	261.71	-1.444	-1.467	-1.84	9.08	647858.93	30
US 0.625%' 21	99.61	0.766	0.769	-0.38	35.84	1288169.83	39
US 3.625%' 28	123.92	0.998	0.769	-1.38	16.78	1288169.83	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	2.63	2.23	-0.37	Italy	2.70	2.30	-0.30
Austria	-	-	-	Japan	0.08	-0.33	-2.92
Belgium	0.66	0.25	-2.34	Netherlands	0.46	0.05	-2.54
Canada	2.42	2.02	-0.58	Norway	-	-	-
Denmark	0.42	0.01	-2.58	Portugal	-	-	-
Finland	0.57	0.16	-2.43	Spain	1.40	0.99	-1.60
France	0.74	0.34	-2.26	Switzerland	0.00	-0.41	-3.00
Germany	0.41	0.00	-2.60	United Kingdom	1.42	1.02	-1.58
Greece	4.08	3.68	1.08	United States	3.00	2.60	0.00
Ireland	1.17	0.77	-1.83				

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

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GAM

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Lloyds Investment Fund Managers Limited (1000)F (JER)

MMIP Investment Management Limited (GSY)

Marwyn Asset Management Limited (CYM)

Emerging Markets Managed Accounts PLC (IRL)

Milltrust International Managed Investments ICAV (IRL)

Mirabaud Asset Management (LUX)

Morgan Stanley Investment Funds (LUX)

Morgens Waterfall Vintiadis & Co Inc

Natixis International Funds (LUX) I SICAV (LUX)

Natixis Investment Funds (UK)

New Capital UCITS Fund PLC (IRL)

Northwest Investment Management (HK) Ltd

Oasis Crescent Management Company Ltd

Oasis Global Mgmt Co (Ireland) Ltd (IRL)

Odey Asset Management LLP (CYM)

Odey Asset Management LLP (IRL)

Odey Wealth Management (CI) Ltd (IRL)

Omnia Fund Ltd

Optima Fund Management

Oryx International Growth Fund Ltd

Orbis Investments (U.K.) Limited (GBR)

Pictet Asset Management (Europe) SA (LUX)

Platinum Capital Management Ltd

Polar Capital Funds Plc (IRL)

Polar Capital LLP (CYM)

Private Fund Mgrs (Guernsey) Ltd (GSY)

Prusik Investment Management LLP (IRL)

Purisima Investment Fds (CI) Ltd (JER)

Ram Active Investments SA

Robeco Asset Management (LUX)

Ruffer LLP (1000)F

S W Mitchell Capital LLP (IRL)

RobecoSAM

RobecoSAM

Rubrics Global UCITS Funds Plc (IRL)

Slater Investments Ltd (UK)

Standard Life Wealth (JER)

Stenham Asset Management Inc

Superfund Asset Management GmbH

Toscafund Asset Management LLP (UK)

Toscafund Asset Management LLP

TreeTop Asset Management S.A. (LUX)

Troy Asset Mgt (1200) (UK)

UBS Asset Management (UK)

Unicapital Investments (LUX)

Value Partners Hong Kong Limited (IRL)

WA Fixed Income Fund Plc (IRL)

Yapi Kredi Asset Management (TUR)

Yuki International Limited (IRL)

Zadig Gestion (Memnon Fund) (LUX)

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Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD.
Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, charging structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: ✠ 0001 to 1100 hours; ♦ 1101 to 1400 hours; ▲1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that that managers/operators deal at the price to be set at the next valuation.

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

Analysis. Fixed income

Ukraine-Russia 'odious debt' battle set to play out in English court

The conflict in eastern Ukraine has been raging for four years
Charlie Bibby

Legal dispute over default opens door for courts to revisit the behaviour of sovereigns

ROBIN WIGGLESWORTH — NEW YORK
KATE ALLEN — LONDON

Geopolitical tensions will take centre stage in London's law courts after a legal ruling opened the door to a case that could have major implications for the sovereign debt markets.

The English Court of Appeal last week ruled that a $3bn dispute between Ukraine and Russia over the non-payment of bonds should go to a full trial.

The case is being watched by both investors and sovereign bond issuers because of its possible implications for the longstanding but legally untested concept of "odious debt"; when an unsavoury regime or ruler borrows money for their own benefit but lumbers the country's people with its burden.

"It's one of the biggest cases in sovereign debt, even in international law, I've ever seen," said Mitu Gulati, a law professor at Duke University. "The classic odious debt argument is that a government isn't the proper representative of a country's people but no one has ever agreed on this argument. And this case opens the door."

What is the dispute about?

The case involves $3bn of two-year debt sold by Ukraine in 2013. Russia bought the bond as part of a financial assistance package negotiated by Ukraine's then-government, led at the time by pro-Russian president Viktor Yanukovich.

While it was in practice a bilateral loan to Ukraine, it was structured like a conventional eurobond and issued under English law.

After a revolution ousted the Yanukovich government, Ukraine defaulted on the bond in late 2015.

Kiev argues that non-payment was justified because Russia had pressed it into accepting the financial support and had subsequently invaded the country, which worsened the nation's economic woes and led to a debt restructuring.

What was Russia's argument?

Russia pointed out that Ukraine has treated the bond notes as valid since they were issued and until the default — and that the country's complaints about political aggression are not relevant.

Russia originally applied for the High Court to decide the claim without a trial, arguing that the English courts do not have the power to determine whether Russia's conduct was contrary to international law.

Last year, High Court judge William Blair, brother of former UK prime minister Tony Blair and an expert on the odious debt doctrine, ruled that it would not be right for the case to proceed to full trial as Kiev had no "justiciable defence".

But that decision was unexpectedly but unanimously overruled last week by the Court of Appeal, a move some legal observers attributed to Russia's increasingly toxic international reputation. "This has played out in the English court at a time when UK newspapers are running headlines on Russia poisoning people in Salisbury," said one international lawyer. "It isn't supposed to influence judges but judges are human beings."

What are the implications for sovereign debt?

Ukraine's bond was structured under English law and hence the case is being heard in London; many sovereign bonds sold by other countries are also denominated under English law, meaning that the case could have ramifications.

Ukraine argued that the bond sale happened under "duress", a term recognised under English law, rather than explicitly invoking an odious debt argument that is often talked about but has never been recognised by international courts as a valid legal argument.

That limits its power as a legal precedent. Nonetheless, the Ukraine-Russia case represents a step in a direction of a more formal odious debt framework and could be cited in other lawsuits, such as by a future Venezuelan government that wants to renege on debts incurred by the current regime.

Are there any wider ramifications?

The English commercial court system is the most influential in the world of international business so the case could conceivably have implications beyond the bond market.

The court must now "assess whether Russia's conduct was against international law standards", according to Rodrigo Olivares-Caminal, a professor of banking and finance law at Queen Mary University of London, who disagrees with the ruling, arguing that the bond constituted a "private contract" between Russia and Ukraine. "This opens the door for courts to revisit the behaviour of sovereigns, a remit of public international law," he said.

How would a loss affect Ukraine?

Ukraine's economy has begun to recover from the hit it took after Russia's invasion, despite the conflict still rumbling on in its Donbas region.

But the government has been accused of dragging its feet on some key reforms and the IMF froze disbursements from its $17.5bn rescue programme late last year in a bid to prod the government into action. Negotiations between the fund and Kiev are ongoing. The country is struggling to service its current external debt requirements. Adding the Russian bond into the mix would further deepen Ukraine's debt burden.

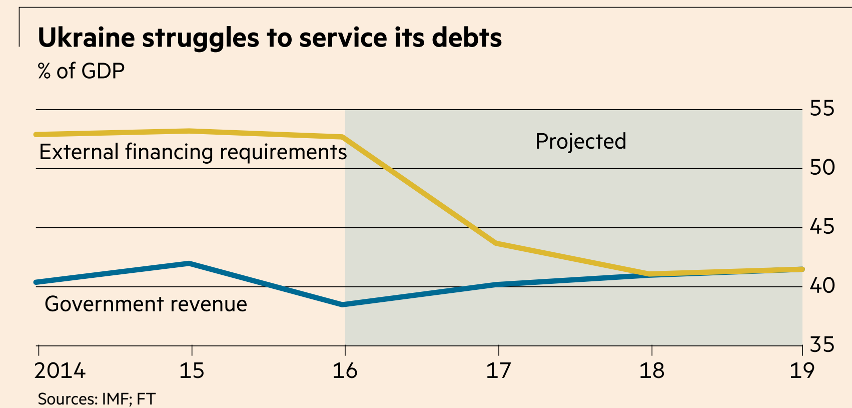
What are the next steps?

The case is not likely to come to court until next year at the earliest. Russia has already said it will appeal against the ruling to the UK's top judges, which will delay proceedings. But some observers do not expect matters to get that far, given the explosive implications of Russia probably having to present evidence and sworn testimony from senior government officials on its ties to the Yanukovich government and the subsequent invasion of Ukraine.

Russia would then most likely choose to walk away rather than try to collect its money from Kiev. "There is no way this will go to trial," Prof Gulati said. "Russia will appeal to the [UK] Supreme Court but can you imagine Russia actually litigating and providing evidence around its invasion of Ukraine? It's a hands-down victory for Ukraine."

'This has played out in the English court at a time when newspapers are running headlines on Russia poisoning people in Salisbury'

Ukraine struggles to service its debts
% of GDP



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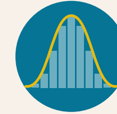
Tail Risk

Rate normalisation remains in the slow lane for Europe

ROGER BLITZ



No one said interest rate normalisation would be easy, particularly on the European side of the Atlantic.

While the market gears up for the US Federal Reserve raising rates next week for the third time this year and a possible fourth in December, investors are having a much trickier time discerning the rate expectations of the Fed's G10 counterparts.

Norges Bank's first rate rise in seven years could have been a moment for a market thumbs-up but the Norwegian krone took a dive, falling 1.2 per cent against the dollar and the euro.

The cause of the decline? Norges' forward guidance, which was revised downwards, although you would have needed a microscope to detect it. The projected rate path for the end of the year went down from 1.26 per cent to 1.22 per cent. Similar not terribly substantial revisions were made to the 2020 and 2021 projections.

The Swiss franc also fell following a more predictable policy meeting which read very much like previous Swiss National Bank deliberations — ultra-caution, based on global growth concerns, mixed with a willingness to intervene to prevent the franc appreciating too far.

Rate normalisation beyond the US has been on investor minds for months but slowing growth in the first half of 2018 gave reason for central banks to temper those thoughts. The European Central Bank delayed rate rises to the second half of next year. "The pace of normalisation is extremely slow," said Rabobank forex strategist Jane Foley.

Judged purely on economic growth, the case for maintaining such a glacial speed should be getting harder.

Norway's real GDP is set to rise by 2.3 per cent this year, Switzerland's by 2.6 per cent and Canada's by 2 per cent. Inflation in Norway and Canada is on the rise.

Canada raised rates at the start of the year and, with its currency hitting its highest level against the US dollar since June, the market is alive to another rise in October, although Nafta talks remain a hurdle.

One of the main risks for Canada, Norway and other G10 countries is the impact that higher borrowing costs have on high levels of household debt. Given that is not going to change soon, said ING, "the bar for a faster pace of tightening is fairly high".

Another Norges Bank rates rise in the first quarter was "almost certain" said Governor Oeystein Olsen but, with no rise for seven years, it is no surprise if policymakers want to go steady.

The krone retreated after the first Norwegian rate rise in seven years

Currencies

Hackers raid $60m from Japan crypto exchange in further blow to regulator

ROBIN HARDING — TOKYO

Hackers have stolen $60m from a Japanese digital currency exchange, as security problems continue to plague cryptocurrencies.

Tech Bureau, operator of the Zaif exchange, said it was hacked between 5pm and 7pm on September 14. Thieves made off with assets worth ¥6.7bn, of which ¥4.5bn was customer money.

The attack suggests that digital currency exchanges are still vulnerable and have not learnt the lessons of a $500m hack on Coincheck, another Japanese exchange, this year.

It is a further blow to Japan's Financial Services Agency, which created a boom in cryptocurrency trading by authorising dozens of exchanges, but has failed to ensure their security.

Tech Bureau said in a statement: "We humbly apologise for betraying the trust of all our customers who have entrusted us with their precious assets."

Like Coincheck, Zaif is known as an aggressive exchange that offers trading in a wide range of cryptocurrencies and digital tokens. Zaif was one of seven exchanges sanctioned by the FSA this year, making the subsequent hack even more embarrassing.

According to the exchange, the hackers made off with 5,966 bitcoins — worth $38.1m at the market price of $6,387 apiece — plus an unknown amount of bitcoin cash and monacoin.

The company said it detected an anomaly on September 17 and confirmed the hack the next day. It reported the incident to regulators and police.

Zaif has suspended deposits and withdrawals while it improves security.

The funds were stolen from a so-called "hot wallet" that can be accessed through the internet. Cryptocurrency exchanges normally keep most of their assets in an offline "cold wallet", which hackers cannot access.

Tech Bureau said it had reached a basic agreement to sell majority control of the exchange to Fisco, a company listed on the Jasdaq exchange, in return for a ¥5bn capital injection.

If the deal is concluded, Zaif says it intends to use the funds to make good all customer losses. That mirrors the path taken by Coincheck, which was able to pay back customers using its own holdings of cryptocurrencies, before selling itself to the brokerage Monex.

Japanese investors have embraced cryptocurrencies because they have easy access to regulated exchanges to trade the asset.

The FSA said it would not comment on an individual case.

The Financial Services Agency failed to ensure crypto exchanges' security

Fixed income

Brexit uncertainty makes UK corporate bets too risky, warns Oaktree founder

MARK VANDEVELDE — NEW YORK

A billionaire investor who made his fortune buying the debt of failing companies believes that uncertainty surrounding Brexit has made it too unsafe to invest in Britain.

Howard Marks, who founded Oaktree Capital Management to capitalise on market dislocations caused by economic downturns, told the Financial Times that he was unwilling to risk the disastrous losses that could come if the UK botched its departure from the EU.

He said "we don't tend to play" where dreadful outcomes cannot be ruled out "and Britain is that place".

The stark comments underscore how the possibility of a no-deal Brexit is already scaring capital away from Britain, resulting in lost years even if the outcomes investors fear are ultimately avoided.

Big European industrial companies including Nestlé, BMW and Eon warned Theresa May, the prime minister, earlier this year that they would not invest in Britain as long as there was uncertainty over the terms of its withdrawal from the EU.

Brexit-backing politicians have dismissed such warnings. Bernard Jenkin, a senior Conservative backbencher, accused the head of Jaguar Land Rover of "making up" numbers suggesting Brexit would cost the company £1.2bn a year. Dominic Raab has complained that "it's rather easy for a business to blame Brexit and the politicians rather than take responsibility for their own situation."

'This is not the kind of thing we do for our clients, make a bet on binary cosmic issues'

But the ominous assessment of Mr Marks, an Anglophile who invests globally and has taught at King's College London, is hard to dismiss as scaremongering or special pleading, the charge that Eurosceptics have levelled against executives who intervene in the Brexit debate while having a direct financial stake in the outcome.

The Oaktree chief said he still hoped Britain would avoid doing irreversible damage to its economy.

But UK asset prices have not fallen enough to persuade him to bet on it, even if sterling is today worth 9 per cent less than on the eve of the Brexit vote.

"If things got cheap enough, if everybody threw up their hands and gave up on a Brexit deal and everybody thought there was going to be nothing but chaos and prices of debts fell correspondingly, or more, we might get interested," he said.

"I lived in Britain for the last 12 years part time and so I think I know what's going on. I think that cooler heads will prevail and they'll make a deal and it'll keep the trade barriers down.

He said the ultimate outcome on Brexit was something that was unknown at this point. But he added: "I'm the guy who thought they wouldn't vote for Brexit. And this is not the kind of thing we do for our clients, make a bet on binary cosmic issues."

Markets & Investing

FINANCIAL TIMES

The day in the markets

What you need to know

- S&P 500 and Dow hit record highs
- Dollar index touches 10-week low
- Global bond sell-off loses momentum
- Sterling firm but off day's high

The S&P 500 and Dow Jones Industrial Average hit record highs as Wall Street joined a global stock market rally driven by the view that the latest trade tariffs imposed by the US and China were likely to inflict less economic damage than many had feared.

Emerging market assets continued to stage a broad rally — with the FTSE EM equity index rising for the third day in a row and currencies including the South African rand, Brazilian real and Argentine peso gaining ground against the dollar.

The latest record highs for US stocks came as the dollar index hit its lowest level for 10 weeks — marking a 3.2 per cent retreat from a 15-month high struck in August.

The 10-year Treasury yield edged back slightly — in line with moves for most European bonds — but held well above 3 per cent and was still up more than 20 basis points since the start of the month.

Jim Reid, strategist at Deutsche Bank, highlighted that in spite of the big recent rise in the yield, the MOVE index — which tracks Treasury volatility — was hovering around its low for the year of 45.3.

"In the February and May [bond] sell-offs, we climbed above 70 and 60 respectively," Mr Reid said. "So it's been a fairly orderly sell-off for bonds of late."

Meanwhile, the two-year Treasury yield inched higher with the 2-10 yield gap narrowing for the first time in three days.

Benchmark German and UK government bond yields also fell back.

Sterling remained in the headlines as it climbed to a two-month high against the dollar, within a whisker of $1.33, after UK retail sales data surprised to the upside — although it pared its advance after EU leaders at a summit in Austria warned Prime Minister Theresa May that her economic plan for Brexit would not work.

The Norwegian krone was one of the day's main FX casualties, weakening 0.7 per cent against the euro, after the country's central bank raised interest rates by 25bp, as expected, but downwardly revised its forward guidance.

Oil prices drifted lower after finding support on Wednesday from news of another drop in US crude inventories — although Brent remained within striking distance of $80 a barrel.

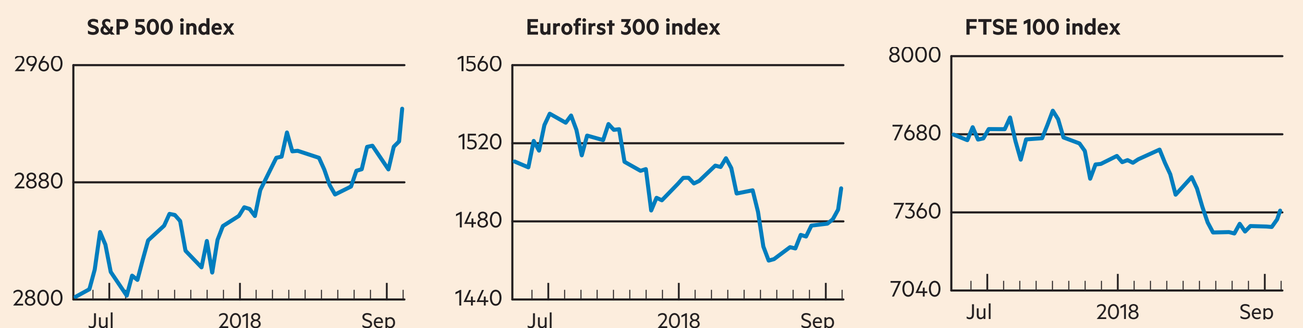
Copper also pulled back, after two days of gains took the metal to its highest point in three weeks. **Dave Shellock**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2930.26	1496.93	23674.93	7367.32	2729.24	78149.81
% change on day	0.77	0.74	0.01	0.49	-0.06	-0.02
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	93.836	1.175	112.445	1.325	6.853	4.112
% change on day	-0.742	0.686	0.107	0.760	0.003	-0.523
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.062	0.469	0.114	1.441	3.690	11.790
Basis point change on day	-1.200	-1.700	-0.150	-2.100	1.000	-25.900
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	347.29	78.70	70.39	1203.30	14.19	2916.50
% change on day	0.77	-0.69	-0.57	0.26	-0.18	0.44

Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets



Biggest movers

%	US		Eurozone		UK	
Ups	Under Armour	5.92	Iliad	5.14	Associated British Foods	2.70
	Under Armour	5.44	Danske Bank	4.73	Fresnillo	2.66
	Autodesk	3.34	Bollore	4.57	Rio Tinto	2.54
	Oracle	3.18	Continental	4.02	Antofagasta	2.51
	Viacom	2.99	Stmicroelectronics	3.41	St. James's Place	2.43
Downs	Red Hat	-6.37	Casino Guichard	-4.12	Burberry	-4.88
	Nordstrom	-3.52	Dassault Systemes	-2.69	Gvc Holdings	-2.75
	Northrop Grumman	-3.49	Hugo Boss	-1.95	Kingfisher	-1.74
	Kohl's	-3.26	Colruyt	-1.93	Rightmove	-1.18
	General Electric	-2.76	Oci	-1.78	Bae Systems	-1.16

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Wall Street

Shares in **Under Armour** jumped yesterday after the sportswear maker issued an update on its restructuring plan and lifted the bottom end of its full-year earnings guidance.

The stock rose as much as 6.5 per cent by US mid-session as Under Armour said it was cutting about 3 per cent of its workforce as part of its effort to slash costs.

The Maryland-based company cut more than 250 jobs last year as part of a restructuring. It said the latest round of job losses would result in about $10m in additional severance charges.

This meant it now expected total pre-tax restructuring charges for this year to be $200m-$220m compared with its prior guidance of $190m-$210m. Operating losses would be about $60m, the top end of its earlier forecast.

Shares in Under Armour are up 39 per cent so far this year.

Shares in **Darden Restaurants**, the owner of Olive Garden and LongHorn Steakhouse, rose as much as 5 per cent after a measure of the company's same-store sales for the quarter ended August 26 exceeded investors' expectations.

Darden has also outperformed the wider market, rising 21 per cent this year. *Pan Kwan Yuk and FT reporters*

Eurozone

Wirecard, the German payments processing group, fell more than 4 per cent yesterday amid talk that a critical research report was in circulation.

But Third Bridge, an independent research house that traders were linking to the rumour, said it had not published anything on the company recently.

Another German company feeling the heat was **Tom Tailor**, which issued a profit warning after its growth had "been affected by the exceptionally hot and long summer", according to Reuters.

This sent shares in the German fashion retailer down almost 17 per cent.

Adecco joined the day's fallers, dropping sharply to a two-year low after the recruitment specialists issued an unexpectedly weak trading statement that highlighted the risks of a significant economic slowdown in Europe.

The Zurich-based group reported revenue growth of just 2 per cent in July and August on a like-for-like basis.

"Recent trading has been more challenging than expected, driven by continental Europe," said Alain Dehaze, chief executive.

"We are already taking the appropriate measures to adjust our costs to reflect this lower growth environment," he added. *Ralph Atkins and FT reporters*

London

Burberry was the FTSE 100's sharpest faller after a tour of its flagship Regent Street store left some analysts underwhelmed.

With new Burberry creative director Riccardo Tisci taking a cautious and crowd-pleasing approach to reinventing the brand, investors should expect little clear evidence of any revival before the 2021 financial year, by which time the macro cycle may prove less supportive, said JPMorgan Cazenove.

Consumer goods companies underpinned wider gains after **Diageo** said trading had remained in line with expectations while miners extended their rally after a positive **Rio Tinto** update.

A reassuring update pushed **Games Workshop** to a record high with the tabletop games maker seeing no signs of a year-on-year slowdown even after looping last year's refresh of its flagship Warhammer franchise.

IG Group led the mid-cap fallers after posting a 5 per cent year-on-year decline in quarterly revenue, which stoked fears about the effect of new European leverage limits on its retail customers.

Software maker **Aveva** hit a six-month high after Barclays upgraded, saying management's new margin targets were "ambitious yet achievable". *FT reporters*

Esports is the wild west of gaming that investors can't ignore

Leo Lewis

Markets Insight

A zombie-infested, post-apocalyptic landscape — no matter how stunning to the eye and gasp-inducing to the critics — can only tell an investor so much.

The Tokyo Game Show — the last of the game industry's major events to be held before the Thanksgiving and Christmas sales peaks — has traditionally presented an acute version of this problem: the spectacle of listed companies lavishly pushing their wares always looks like it should be telling the market far more than it actually does.

But this year's TGS, which has chosen to theme itself broadly around esports (competitive, tournament-led video gaming, with professional leagues, mass spectatorship and significant sponsors) has been unusually revealing.

It has — unintentionally — exposed an industry in a state of unprecedented disruption. Japanese companies, now belatedly rushing to establish their main revenue streams outside the domestic market, look both vulnerable and, in some cases, hungry.

Last month, Akatsuki, a mid-cap Japanese software company, announced the launch of the League of Professional Esports — a league consisting of esports teams owned by existing football clubs such as Ajax, Real Sociedad and Galatasaray.

The 2018 TGS devoted more space to PC games than it ever has in the past — a clear sign of change in console-obsessed Japan. The gravitational shift away from consoles — despite being slowed significantly by the success of the Nintendo Switch and Sony's PlayStation 4 — now looks locked in. In terms of global revenues, according to research by Newzoo, mobile gaming will end 2018 at about $70bn — or about twice the size of the console market. A few analysts have written previously about the need for an overhaul of the approach to valuing games stocks — judging them less by their movie studio-type ability to churn out big hits and more on how they plan as service businesses to prolong each game's capacity to deliver revenue for years beyond the initial purchase.

But the impending disruption goes some way beyond that. Until now, the esports theme has only somewhat moved the needle for mainstream stock investors. Industry forecasts for the size of the esports market may see $869m by the end of this year and $1.52bn by the end of 2020 but for most that does not yet translate into a change in portfolio strategy.

> Forecasts for the size of the esports market see $869m by the end of this year and $1.52bn by the end of 2020

Goldman Sachs, in a recent report, suggested the reluctance arose from fragmentation and the difficulty for investors of backing any obvious winner at this early stage of development.

"Historically, esports has been the wild west of sports," said the report. "It has lacked the organisation, structure and revenues of established [sports] leagues . . . unlike professional [American] football, a single sport that attracts an estimated audience of 270m globally, esports represents hundreds of video game IPs that collectively attract an audience of 167m globally."

But this, argues the report, underestimates the scale of what is happening and esports annual revenues could eclipse those of all major US sports within the next five years.

The smart investor should see beyond the still limited opportunities to play the esports theme through particular stocks and instead focus on the more tectonic shift in media distribution, IP monetisation and advertising that their emergence represents.

At the moment, sponsorship represent the largest percentage of esports global revenues; by 2022, say analysts, that is likely to be overtaken by media rights sales.

A focus on esports for investors in US, European and Japanese games companies also hones attention on China with the largest gamer base in the world — around 440m active players.

Asia in general represents about half of the global esports audience — people who watch professionals playing either online or at live events and represent precisely the young demographic advertisers crave. Esports are also leading venture capital investment in the games industry: some $3.3bn since 2013, says Goldman, and $1.4bn as of the end of June this year.

For now at least, the conclusion of Goldman's research is its least inspiring feature. It recommends seven stocks as "top ideas" for investing in esports that include Activision, Amazon and Electronic Arts in the US and Sony and Capcom in Japan — stocks that are already trading either at or close to multiyear highs and where the esports side of their narratives is still minuscule.

But the emphasis of the TGS in 2018 had the distinct feel of something pivotal. By the time it is held in 2019, the list of Japanese esports stock names might be much longer.

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AAI's 65th ANNIVERSARY GALA
Annual Awards Dinner

AAI's Annual Awards Gala is the most anticipated Africa-focused event in New York City. The Awards Gala unites distinguished guests including African Heads of State, diplomats, international & senior U.S. government officials, business and civil society leaders, educators, journalists, philanthropists and other prominent figures to recognize and celebrate individuals working to fulfill AAI's mission of increasing Africa's human capacity for development and promoting enlightened engagement between the African continent and America.

September 25, 2018

American Museum of Natural History
Central Park West at 79th St.
New York, NY

Reception 7-8 PM
Dinner & Awards 8-11 PM

2018 HONOREES

Rosario Dawson, Co-founder, Studio 189
Abrima Erwiah, Co-founder, Studio 189
H.E. Filipe Nyusi, President, Republic of Mozambique
H.E. Hassana Alidou, Ambassador Extraordinary & Plenipotentiary to the U.S. and Canada, Embassy of Niger
Dr. Austin Demby, Deputy Director, Office of Global Health at Health Resources and Services Administration
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