FINANCIAL TIMES

WEDNESDAY 29 NOVEMBER 2023 ASIA

The UAE's cheque book climate summit
BIG READ, PAGE 13

America's alliances keep it ahead of China
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In the picture
Koch backing boosts Haley


Jonathan Ernst/Reuters

Nikki Haley, seen at the launch of her campaign to run for the US Republican presidential nomination in Charleston, South Carolina, this year, yesterday received the backing of influential billionaire Charles Koch.

The support of his super political action committee is a big boost for Haley, a former ambassador to the UN, as she attempts to challenge Donald Trump, the clear Republican frontrunner for next year's presidential election.

Haley, an ex-governor of South Carolina, has enjoyed a steady rise in support after strong performances in television debates and has swayed big donors.

Koch's endorsement is a blow to Florida governor Ron DeSantis, Haley's main rival, who is fighting her for second place, polls suggest, less than 50 days before the first contest in Iowa.

Haley endorsed page 3
Janan Ganesh page 15

Barclays looks at ditching thousands of least lucrative investment bank clients

- Investors press for better returns
- Drive to hit £1bn cost-cutting target
- More radical options rejected

STEPHEN MORRIS — LONDON

Barclays is exploring a plan to drop thousands of clients at its investment bank as part of a strategic overhaul to boost profits and cut £1bn of costs.

The UK-based bank's executives have met several times this year to thrash out the restructuring plan, codenamed Minerva after the Roman goddess of wisdom, according to people briefed on the discussions.

Chief executive CS Venkatakrishnan is under pressure to cut Barclays' reliance on investment banking and return more capital to investors, with a public announcement expected in February.

The bank's shares are trading close to their lowest levels since the pandemic, and Barclays' valuation is among the cheapest of any big global lender.

Barclays executives considered several radical options. The boldest, which was rejected, involved raising capital to buy a wealth or asset management business. Another involved cutting trading assets at the investment bank by as much as 25 per cent, with the balance sheet redeployed to the consumer and credit card operations, several people familiar with the deliberations said.

However, following opposition from co-heads of trading Adeel Khan and Stephen Dainton, Venkatakrishnan is set to chart a more moderate course.

> The bold idea of raising capital to buy a wealth management business did not win executive backing

Barclays was likely to focus on cutting ties with its least profitable investment banking clients, the people said.

That could mean ending relationships with more than 2,500 customers out of more than 10,000, although the people stressed that no final decisions had been made. A person close to Barclays disputed the figure was that high.

The company declined to comment on the internal discussions.

Barclays' client management system, known internally as Hector, ranks customers, with the top 500 or so tiered into diamond, platinum and gold bands that generate the majority of profits. The rest, classed as silver, do not transact with Barclays often enough or at a sufficient scale to earn it a good return.

The investment bank is at the heart of the company's review because it has grown over the past eight years to dominate the overall group, accounting for £219bn of risk-weighted assets, or about two-thirds of the total.

Banks are forced by regulators to hold equity capital against RWAs. If Barclays can reduce its assets, or redeploy them into more profitable areas, it should be able to boost its shareholder returns via dividends or buybacks.

If done aggressively, trimming its less profitable investment banking clients could free up as much as £20bn of RWAs, at a cost of less than 10 per cent of revenues at the division, the people close to the matter said. However, the person close to Barclays said the final figure was likely to be lower.

The division, which includes Barclays' corporate business, has been told by the board to come up with a plan to generate a consistent return on tangible equity of 14 to 15 per cent, from about 11.5 per cent today, the people added. That would require operating costs to fall sharply as a percentage of income from about 65 per cent to a mid-50s per cent ratio, according to internal estimates.

Barclays is planning to cut as many as 2,000 jobs across the group as it seeks £1bn of cost savings. A high proportion of the job losses will come at BX, the central hub that provides back-office and technology services. The UK consumer lender will also be a target because it is far more costly to run than its peers.

Briefing

▸ Rolls-Royce sets sights on quadrupling profits
The UK aerospace company has said it will quadruple its profits in the next four years and sell its electric aircraft division as chief executive Tufan Erginbilgic tries to fulfil his promise to turn the group around.— PAGE 5; LEX, PAGE 16

▸ Shein files IPO papers
The Chinese fast-fashion group has filed paperwork for an initial public offering with the US securities regulator, in what could be one of the biggest listings of the past decade.— PAGE 10; LEX, PAGE 16

▸ Fed hints at rate rises' end
The dollar has hit a three-month low and US Treasury yields have slid as investors grow more confident that the Federal Reserve will start cutting interest rates by the middle of next year.— PAGE 2

▸ Paris seeks extremist ban
France will move to ban three ultra-right and neo-Nazi groups responsible for racially charged and "intimidating" protests after the death of a teenager at a village dance this month.— PAGE 2

▸ First flight on cooking oil
A Virgin Atlantic plane powered by waste cooking oil, animal fats and other unorthodox fuels has flown from London to New York, a stage in the drive to decarbonise aviation.— EARLIER STORY, PAGE 6

▸ Curbs on greenwashing
Asset managers in the UK will be banned from using vague references to "sustainability" to market their funds, under new anti-greenwashing rules that could shake up the sector.— PAGE 8

▸ Kyiv alleges poisoning
The wife of Ukraine's military intelligence chief and several of his agency's officers are undergoing medical treatment after being poisoned with heavy metals, Kyiv has said.— PAGE 2

▸ AES chief decries sell-off
The head of one of the world's largest developers of clean energy has said investors are on the wrong side of history as they drive a historic sell-off in renewable stocks.— PAGE 6

US 'sacrifice zone' towns urge end to gas expansion
Analysis ▸ PAGE 3

China	RMB30
Hong Kong	HK$33
India	Rup220
Indonesia	Rp45,000
Japan	¥650(inc JCT)
Korea	W4,500
Malaysia	RM11.50
Philippines	Peso 140
Singapore	S$5.80(inc GST)
Taiwan	NT$140
Thailand	Bht140

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CIA official's posting of pro-Palestine image breaks agency objectivity code

DEMETRI SEVASTOPULO AND FELICIA SCHWARTZ — WASHINGTON

A top CIA official posted a pro-Palestine image on Facebook two weeks after Hamas attacked Israel, in a rare public political statement by an intelligence officer on a war that has sparked dissent within the Biden administration.

The CIA's associate deputy director for analysis changed her Facebook cover photo on October 21 to an image of a man waving a Palestinian flag, which is often used in stories criticising Israel. The Financial Times decided not to name the official after the CIA expressed concern for her safety.

Posting an overtly political image on a public platform is a very unusual move for a senior intelligence official. It comes as tensions rise inside the administration over whether President Joe Biden should put more pressure on Israel to bring an end to the fighting in Gaza.

The Facebook cover photo was deleted after the FT approached the CIA official for comment. In another post that was since deleted, the official, who did not respond to the FT, published a selfie with a sticker saying "Free Palestine" superimposed on the photograph.

One person familiar with the image said it was posted to Facebook long before the current conflict. This person added that the senior official had also published posts on Facebook taking a stand against antisemitism.

Four former intelligence officials expressed surprise that one of two associate deputy directors reporting to the head of analysis would post a Facebook image showing her views on a divisive issue.

The CIA official has previously overseen the production of the Presidential Daily Brief, the highly classified dossier resented to the president most days.

"The public posting of an obviously controversial political statement by a senior analytic manager in the middle of a crisis shows glaringly poor judgment," said one former intelligence official.

The CIA said: "Officers may have personal views but this does not lessen their — or CIA's — commitment to unbiased analysis."

One of the former US intelligence officials said: "Given the CIA's longstanding incredibly close relationship with the Israelis in a liaison capacity, this would be highly irregular for a senior official."

Another former CIA official said the posting of the image appeared "biased from somebody who is supposed to be fundamentally unbiased".

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Ghassan Salamé page 17

World Markets

STOCK MARKETS

	Nov 28	Prev	%chg
S&P 500	4565.52	4550.43	0.33
Nasdaq Composite	14289.77	14241.02	0.34
Dow Jones Ind	35506.83	35333.47	0.49
FTSEurofirst 300	1807.42	1812.75	-0.29
Euro Stoxx 50	4347.16	4354.41	-0.17
FTSE 100	7455.24	7460.70	-0.07
FTSE All-Share	4059.87	4064.18	-0.11
CAC 40	7250.13	7265.49	-0.21
Xetra Dax	15992.67	15966.37	0.16
Nikkei	33408.39	33447.67	-0.12
Hang Seng	17354.14	17525.06	-0.98
MSCI World $	3007.99	3015.19	-0.24
MSCI EM $	977.54	980.33	-0.28
MSCI ACWI $	690.46	692.15	-0.24
FT Wilshire 2500	5867.57	5878.82	-0.19
FT Wilshire 5000	45676.80	45766.90	-0.20

CURRENCIES

Pair	Nov 28	Prev	Pair	Nov 28	Prev
$/€	1.098	1.093	€/$	0.911	0.915
$/£	1.268	1.261	£/$	0.789	0.793
£/€	0.866	0.867	€/£	1.155	1.153
¥/$	147.880	148.935	¥/€	162.388	162.831
¥/£	187.548	187.762	£ index	81.546	81.563
SFr/€	0.965	0.963	SFr/£	1.114	1.111

CRYPTO

	Nov 28	Prev	%chg
Bitcoin ($)	37616.00	37238.79	1.01
Ethereum	2039.77	2027.46	0.61

COMMODITIES

	Nov 28	Prev	%chg
Oil WTI $	76.87	74.86	2.69
Oil Brent $	82.07	79.98	2.61
Gold $	2013.70	2000.85	0.64

GOVERNMENT BONDS

Yield (%)	Nov 28	Prev	Chg
US 2 yr	4.77	4.91	-0.14
US 10 yr	4.34	4.42	-0.08
US 30 yr	4.52	4.57	-0.05
UK 2 yr	4.61	4.63	-0.02
UK 10 yr	4.33	4.37	-0.04
UK 30 yr	4.64	4.66	-0.03
JPN 2 yr	0.06	0.06	0.00
JPN 10 yr	0.75	0.77	-0.02
JPN 30 yr	1.71	1.70	0.01
GER 2 yr	2.92	2.99	-0.07
GER 10 yr	2.49	2.55	-0.05
GER 30 yr	2.72	2.75	-0.03

Prices are latest for edition
Data provided by Morningstar

INTERNATIONAL

Monetary policy

Fed official hints at end to rate rise regime

Dollar slides after hawkish governor gives upbeat message on inflation fight

COLBY SMITH — WASHINGTON

The dollar hit a three-month low yesterday and US Treasury yields slid as investors grew increasingly confident that the US Federal Reserve will start cutting interest rates by mid-2024.

The decline accelerated after Christopher Waller, one of the Fed's most hawkish policymakers, signalled that interest rates were unlikely to rise further and could be cut if inflation continued to slow. "I am increasingly confident that policy is currently well positioned to slow the economy and get inflation back to [the Fed's target of] 2 per cent," Waller told the American Enterprise Institute think-tank.

"If we see disinflation continuing for several more months — I don't know how long that might be, three months, four months, five months . . . you could then start lowering the policy rate just because inflation's lower." He added: "There's just no reason to say you would keep [rates] really high and inflation is back at target, for example."

Inflation last month fell more than expected to 3.2 per cent, compared with a peak of 9.1 per cent in June last year.

Fed chair Jay Powell said this month the central bank was not thinking about rate cuts "now at all". But investors are now betting the Fed is likely to cut interest rates as soon as May — a month earlier than pricing implied last week.

The 10-year yield on US government debt, which moves inversely to price, fell 0.04 percentage points yesterday to 4.35 per cent. The slide takes yields to a level last seen before September's Fed meeting, when warnings that interest rates were going to remain higher for longer triggered a global bond rout.

The US currency slid 0.5 per cent against a basket of six peers to trade at its lowest level since mid-August. The dollar is now on course for its worst monthly performance in a year, having shed 3.6 per cent since the start of November.

Waller's comments also come in the final days before public communications from the Fed are limited ahead of its last policy meeting of the year.

After 11 consecutive interest rate increases since March 2022, the central bank has kept its benchmark interest rate steady at a 22-year high of 5.25 per cent to 5.5 per cent since July.

The Fed is widely expected to keep rates on hold at its December meeting and Waller said US growth appeared to be moderating "as I had hoped it would, supporting continued progress on inflation". Recent data indicated that consumer spending was slowing alongside business activity and labour demand.

In a question-and-answer session, Waller said he expected growth in the fourth quarter to moderate significantly to about 1 to 2 per cent from the faster-than-expected 4.9 per cent annualised pace between June and September.

But he indicated it was still too early to say definitively that the Fed had ended the rate rising cycle, since labour market remained "fairly tight" with job creation outpacing supply.

By contrast with Waller's remarks, Michelle Bowman, his fellow Fed governor, said yesterday she still thought the central bank would probably need to increase rates further to bring inflation down in a "timely way".

Germany. Constitutional crisis

Court ruling wrecks Scholz's grand design

Chancellor's spending plans in ruins after sweeping verdict outlaws €60bn fund transfer

GUY CHAZAN — BERLIN

They were called the "bazooka", the "ka-boom" and the "double ka-boom" — the unprecedented crisis-fighting spending programmes of recent years that Olaf Scholz hoped would seal his place in Germany's postwar history.

But now, the chancellor risks entering the annals for another reason: an accounting trick the country's top court has struck down as illegal — opening a €60bn hole in the public finances.

"It may have been invented by Scholz's officials but, ultimately, he's responsible," said Carsten Linnemann, general secretary of the opposition Christian Democrats. "He's the chancellor. The buck stops with him."

Germany has been stuck in a budgetary crisis ever since the constitutional court's bombshell judgment of November 15, which has left all the government's spending plans for this year and 2024 in tatters.

The court in Karlsruhe ruled ministers broke the law by transferring €60bn of unused borrowing capacity from their pandemic budget to a "climate and transformation fund" (KTF) that finances projects to modernise German industry and fight climate change.

The transfer idea was implemented shortly after Scholz became chancellor in 2021. It was a classic compromise that allowed the partners in Scholz's cumbersome coalition — Social Democrats (SPD), Greens and the liberal FDP — to paper over disagreements on fiscal policy and fulfil campaign pledges.

Spending would be increased but without excessive borrowing. The SPD and Greens secured funds they needed to make industry carbon-neutral, while the fiscally hawkish FDP won a promise the "debt brake" — the constitutional curb on new borrowing suspended during the pandemic — would be restored in 2023. Now, the whole construct has been declared unconstitutional.

Social Democrats have rejected attempts to hold Scholz solely responsible for the debacle. "We can't turn one person . . . into the scapegoat," said Rolf Mützenich, head of the SPD parliamentary group. Rather, the blame was shared by all coalition parties who wanted the state to shell out on multiple crises while abiding by its constitutional limits on deficit spending, he argued.

Double blow: Germany's top court ruled that Chancellor Olaf Scholz's spending plan broke the law twice — Liesa Johannssen/Reuters

But Scholz's problem is the court has capsized the financial system he helped design. "The constitutional court ruled that Scholz's government broke the law twice: once by repurposing loans raised to fight the pandemic and a second time by spending the money in subsequent years, rather than in the year the credit lines were authorised," said Linnemann. "That's pretty shocking."

Scholz started as a classic German finance minister, strictly observing the debt brake and keeping new borrowing to a minimum. That changed with the pandemic, when he pushed through a supplementary budget financed with €156bn of new debt and unveiled a "bazooka" of unlimited liquidity assistance to German companies facing lockdown. Three months later, he unveiled a €130bn stimulus package aimed at bringing Germany out of the Covid-19 pandemic with a "ka-boom".

When Russia last year invaded Ukraine and drastically cut its supplies of gas to Europe, Scholz, now chancellor, launched his newest programme — called the "double ka-boom". It involved taking a fund created during the pandemic to bail out companies, the Economic Stabilisation Fund (WSF), endowing it with €200bn in credit lines and using it to subsidise electricity and gas for companies and consumers.

Yet only €30bn was disbursed from the WSF last year, the rest pushed into 2023. This violated a basic principle, according to the court ruling, that borrowing capacity has to be used in the year for which it was approved. On Monday, the government confirmed it was now planning to wind down the WSF by the end of the year. "The Scholz system rested on all of these off-budget vehicles and now they've all collapsed like a house of cards," said one official who has worked under the chancellor.

> 'The Scholz system rested on all of these off-budget vehicles and now they've all collapsed like a house of cards'

For the chancellor, the court's verdict was a humiliating setback. In the Bundestag yesterday, Scholz insisted he would stick to his plans to modernise the economy and invest in the green transition, saying it would be a "grave, an unforgivable mistake to stop".

But he provided few details as to how his government planned to dig itself out of its fiscal hole, acknowledging the court verdict had created a "new reality for all current and future governments on a federal and state level — a reality that makes it harder to achieve important and widely shared goals". Friedrich Merz, leader of the Christian Democrats, accused Scholz of "dogmatism".

Scholz has often been mocked for a lack of charisma, dull speeches and his somewhat aloof north German demeanour. But his champions argued he made up for those weaknesses with a calm competence voters appreciated.

Now, that reputation for quiet professionalism has taken a substantial knock. Pollsters say Scholz has long disappointed voters. "They had a poor opinion of him even before the budget crisis and it's just made it even worse," said Manfred Güllner, head of Forsa. When voters were asked who they would choose in a hypothetical direct election for chancellor, only 20 per cent picked Scholz. About 60 per cent picked Angela Merkel, his predecessor, said Güllner.

In last year's energy crisis, "people kept hoping he would give the country a sense of direction, a sense of security, and he never did", Güllner added. "He just doesn't show leadership."

Teenager's death

French village dance killing leads to call for ban on extremists

LEILA ABBOUD — PARIS

France will seek to ban three ultra-right and neo-Nazi groups responsible for racially charged and "intimidating" protests after the death of a teenager this month.

Gérald Darmanin, interior minister, said he would petition courts to dissolve a Paris-based neo-Nazi group known as the Martel Division and two others in an effort to quell tensions after a 16-year-old named only as Thomas was killed in a fight at a village ball in the south-eastern town of Crépol.

"I will not let any militia, whether far-right or another radical movement, seek to enforce the law in place of prosecutors and police officers," said Darmanin yesterday as he vowed to prevent an escalation.

Witnesses in Crépol reported that the fight apparently pitted white residents against a group of assailants of Arab origin. Police are still investigating and prosecutors have said they have not determined if the clash was racially motivated.

On Saturday night, several hundred supporters of ultra-right groups from across France converged on the neighbourhood in Romans-sur-Isère, where the alleged killers live.

Police said some were armed with baseball bats and metal bars, and had come specifically to "battle with" locals. Individuals from the Martel Division — named after Charles Martel, a 7th-century Frankish military leader who fought Muslim invaders in Europe — were there. About 20 were arrested.

"France has avoided a scenario like in Ireland because it has been firm and police acted quickly — preventing a sort of mini-civil war, I think," Darmanin added, referring to recent rioting in Dublin instigated by far-right hooligans after a stabbing.

The death of Thomas, a rugby player and high school student, has turned into a national issue in France as extremist groups and far-right politicians seize on it as an example of "anti-white" racism and evidence of how crime is worsening even in small rural towns.

It also comes as the country is on high alert for terror attacks since a radical Islamist knifeman killed a teacher in the northern city of Arras last month.

Marine Le Pen's far-right Rassemblement National party sent out recruitment emails yesterday citing the death of Thomas as further evidence of increasing "'savagery" in society and vowing tougher measures to prevent citizens from having to live side by side with "barbarians".

Éric Zemmour, the far-right politician, denounced what he called a "francocide" and posted a leaked list of the alleged attackers that suggested they were all of Arab origin. The town mayor said the victim's family wanted the "racist character" of the attack to be examined by police.

Prosecutors have not named the individuals involved, and they said the investigation had not determined whether anyone was targeted for their race, ethnicity or religion.

Darmanin issued a directive to prefects on Monday to be alert for unrest and to monitor social media groups where extremists organise themselves.

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Security fears

Finland to close Russia border crossings after migrant surge

MAX SEDDON — RIGA

Finland will close all land borders with Russia after Helsinki accused Moscow of deliberately orchestrating a surge in asylum seekers as part of an "influence" operation.

Following an extraordinary cabinet meeting yesterday, Finland said it would close Raja-Jooseppi in the far north, its last remaining border crossing with Russia, from tomorrow until December 13.

Petteri Orpo, Finland's prime minister, said the decision had been made after learning of "new information" this week that strengthened the government's belief Russia was deliberately sending migrants over the border.

"The phenomenon seen at the border in recent weeks must be stopped," Orpo said. "This is not only about the number of visitors but the phenomenon itself. This is about Russia's influence activities and we do not accept that."

Helsinki has accused Russia of trying to destabilise Finland's national security after nearly 1,000 migrants attempted to cross its eastern border crossings this month, up from just a few dozen in previous months.

Finland, which joined Nato in April, claims the rapid increase is "hybrid warfare", a tactic used by Russia to stoke tensions and increase pressure without resorting to open conflict.

Earlier this month, Finland closed its seven other checkpoints with Russia along their 1,340km border, claiming Moscow could be using the migrant traffic as cover to smuggle soldiers and criminals into the EU.

Finland's interior ministry said the previous closures had failed to stop the traffic and the risk of more migrants attempting to cross Finland's land borders posed "a serious threat to national security and public order".

Under new rules, people seeking asylum in Finland must apply at airports and ports, the interior ministry added. Rail freight traffic between Russia and Finland remains open. Russia denies orchestrating the migrant traffic.

Ukraine

Wife of military intelligence chief poisoned, claims Kyiv

ROMAN OLEARCHYK — KYIV

The wife of Lieutenant General Kyrylo Budanov, chief of Ukraine's military intelligence operations, and several of the agency's officers are undergoing medical treatment after being poisoned with heavy metals, two Ukrainian intelligence officers have said.

Andriy Yusov, an officer in Ukraine's GUR military intelligence directorate, told the Financial Times that the attack on Marianna Budanova was "intentional . . . there is no other possible scenario", adding: "Several officers were also poisoned." Another GUR officer confirmed the attacks.

The officials did not reveal further details of the incident affecting Budanov's wife, which comes nearly two years since Russia's full-scale invasion of Ukraine. They did not immediately blame Russia for the attacks, though intelligence officials have previously claimed that Budanov had survived more than 10 assassination attempts.

Budanov, a 37-year-old former special forces commando appointed to lead the GUR by President Volodymyr Zelenskyy in 2020, oversees some of Ukraine's most clandestine operations against Russia, including long-range drone strikes and subversive activities deep in Russian-occupied territory.

Budanova was recovering following medical treatment in hospital, Yusov said, adding that more details would be released at a later time.

Citing Ukrainian intelligence officials, online news site Ukrainska Pravda also reported yesterday that she was recovering, and that traces of the poison were found in the bodies of other individuals also being treated.

Another news site, Babel.ua, also citing officials, reported that the substance was not found in household items, indicating the metal could be one typically used in poisonings, such as arsenic.

In a recent interview with defence information website The War Zone, Budanov said his wife spent so much time with him that she practically lived in his office at GUR headquarters.

INTERNATIONAL

LNG boom fuels pollution battle on US gulf coast

Locals resisting expansion of petrochemical facilities to meet export demand set their sights on sources of funding

JAMIE SMYTH AND MYLES MCCORMICK
LAKE CHARLES, LOUISIANA

For decades, communities on the US gulf coast in Louisiana and Texas have lived in the shadows of gigantic petrochemical factories belching out toxins that earned their regions monikers such as "Cancer Alley" and "Death Valley".

Now, amid an unprecedented boom in liquefied natural gas exports to Europe, the fossil fuel industry is targeting these same communities to host a fresh wave of industrial facilities with the promise of jobs and investment.

But some locals are demanding a halt to the expansion, arguing they are becoming collateral damage in a race to safeguard European energy supplies following Russia's full-scale invasion of Ukraine — and boost corporate profits.

"You're talking about communities that are already overburdened with pollution," said Roishetta Sibley Ozane, a mother of six living in Sulphur, a suburb of Lake Charles on Louisiana's coast.

Ozane lives near the Citgo Lake Charles refinery, one of the US's largest, and several petrochemical plants. Two of the country's biggest LNG facilities — Sempra's Cameron LNG and Venture Global LNG's Calcasieu Pass — are within a 50km radius and companies want to build half a dozen more.

She said pollution was causing health problems for her 11-year-old daughter Kamea, including asthma, eczema and Gianotti-Crosti syndrome, a rare skin condition that manifests as a bumpy rash. "All of our kids that were born and raised here are now experiencing these issues because we live so close to these facilities," she said.

"What they [the companies] keep telling us is that because we already have all the industry and the pipelines, that's why . . . they're building the LNG. They're saying it's cleaner than the petrochemical facilities that we already have — but we know that that's a lie."

A surge in US LNG exports has helped to wean Europe off Russian gas after the Ukraine war. It is also a boon to the US economy which, thanks to a 20-year boom in shale oil and gas production, moved from a net importer of energy to a net exporter in 2019.

This year, the US overtook Qatar to become the world's largest LNG exporter. Its seven existing terminals can produce as much as 11.4bn cubic feet a day, according to the Energy Information Administration, enough to satisfy the combined gas needs of Germany and France. Five more projects will add another 9.7bn cf/d. Dozens of other LNG projects have been proposed, most around the Texas-Louisiana border.

The LNG industry says the boom is generating hundreds of billions of dollars in investment, boosting the energy security of US allies and creating tens of thousands of jobs in areas where many live below the poverty line.

But communities in the shadow of the infrastructure say they have been forgotten by policymakers — and their concerns over displacement, pollution and climate have been largely ignored.

"This is a sacrifice zone," said John Beard, a former refinery worker and community activist in nearby Port Arthur, one of the poorest cities in Texas. It is a term used by advocates for environmental justice in areas that have been scarred by fossil fuel production.

"All of these: Lake Charles, Port Arthur, Freeport, Corpus Christi, Brownsville. Because of what happened in Ukraine [they say] American gas is freedom gas — we're no longer being held hostage by Russia. Well we have a saying in the States: freedom ain't free . . . The price we pay for it is pollution."

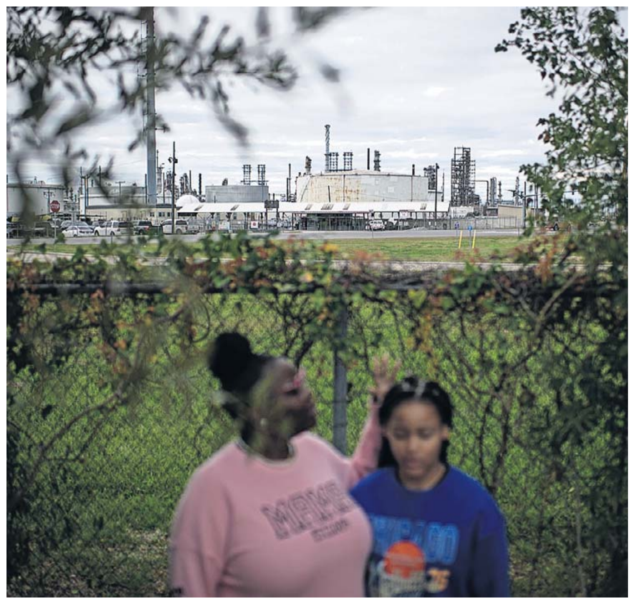
The LNG boom has posed a headache for Joe Biden, who campaigned on the most ambitious climate agenda in US history and has prioritised environmental justice.

Yet the US president has encouraged gas exports to support European allies. A month after Moscow's invasion of Ukraine, Biden announced a pact with Ursula von der Leyen, European Commission president, that would entail the US boosting exports to the EU in order to displace Russian energy.

"This industry brings economic and geopolitical benefits to the US but it isn't always easy to reconcile with Biden's climate goals," said Ben Cahill, senior fellow at the Center for Strategic and International Studies, a US think-tank.

Local communities argue the industry is guilty of "environmental racism", focusing these projects in poor, mainly black or immigrant communities, which have little power to object.

"These facilities are overwhelmingly sited in or near low-income and people of colour communities," Ozane said.



Mossville, Louisiana: Roishetta Ozane and her daughter Kamea — Mark Felix/FT

"The communities that they're near don't even have their basic needs."

Campaigners point to the petrochemical and LNG industry's poor safety record and weak state regulations on pollution. Last year, a huge explosion ripped through Freeport LNG in Texas, forcing one of the country's largest facilities offline for months.

The industry insists it is doing its bit for local communities. Dustin Meyer, senior vice-president at the American Petroleum Institute, the oil and gas lobby group, said: "We will continue to collaborate with local leaders to support the fair treatment and meaningful engagement of communities with environmental justice concerns."

Activists say the continued expansion of LNG infrastructure is locking in reliance on the fossil fuels whose combustion causes global warming — which has in turn contributed to the increasingly destructive hurricanes that have battered the gulf in recent years.

Campaigners have vowed not to limit the fight to the US, taking their case to parliaments and boardrooms from Europe to Asia, scoring some successes.

In March, Société Générale, the French bank, withdrew its financial support from NextDecade's Rio Grande LNG project proposed in Brownsville, Texas, after lobbying by local indigenous leaders. In July, NextDecade made a final investment decision to proceed with construction.

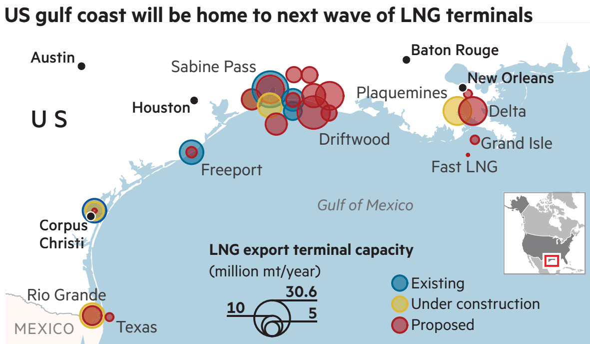
> 'They're saying it's cleaner than the . . . facilities that we already have — but we know that that's a lie'

Yet Europe's thirst for LNG continues to rise and EU capitals are still rushing to sign up more long-term import deals, underwriting the construction of new export plants.

Beard and other local activists say they will step up their campaign to halt LNG developments by not just opposing their planning and licensing but also targeting their financial backers.

Beard said: "Picket signs and protest lines ain't gonna get it — we gotta start attacking the money."

US gulf coast will be home to next wave of LNG terminals



Source: S&P Global Commodity Insights

White House race

Koch-backed group endorses Haley in Republican primary

ALEX ROGERS — WASHINGTON

A super political action committee backed by billionaire Charles Koch endorsed Republican presidential candidate Nikki Haley yesterday, boosting the former UN ambassador at a crucial point in the 2024 primary race.

The support of Americans for Prosperity Action, a well-funded group with nearly $75mn on hand at the end of June, could be critical in Haley's attempt to pass Florida governor Ron DeSantis and take on former president Donald Trump, the Republican frontrunner.

"Nikki Haley offers America the opportunity to turn the page on the current political era, to win the Republican primary and defeat Joe Biden," said Emily Seidel, AFP's chief executive.

Haley, a former governor of South Carolina, has enjoyed a steady rise in support due to her strong performances in the debates and has won over some of the party's big donors. Her supporters also point to polling suggesting she would be the strongest Republican candidate against Biden next year.

The endorsement is a blow to Haley's rival DeSantis, who is fighting her for second place in polls less than 50 days before the first contest in Iowa, although Trump remains far ahead of both candidates. But AFP did not specify how much money it would spend, raising questions about the size of its commitment to the 2024 presidential race.

AFP has been a deep source of funding for Republican candidates since the Obama era. While it is no longer a behemoth that once rivalled the GOP in terms of raising money, it still has the potential to alter the 2024 primary race.

Art Pope, a retail baron and donor who is a part of the Koch network, told the Financial Times he supported Haley over DeSantis because her "traditional, limited government, conservative" vision was closer to his own. Pope said DeSantis had promoted a "very populist" view that "allows for government management of the economy and industrial policy".

DeSantis was once viewed as the preeminent threat to Trump's re-election bid. But DeSantis's campaign has been plagued by turmoil — laying off staff, replacing its manager, and cutting costs. Robert Bigelow, his top donor, recently threw his support to Trump. Last week, the chief executive of Never Back Down, the pro-DeSantis super Pac, resigned.

DeSantis's communications director Andrew Romeo said the AFP endorsement would only help Trump.

"Congratulations to Donald Trump on securing the Koch endorsement," said Romeo. "Every dollar spent on Nikki Haley's candidacy should be reported as an in-kind to the Trump campaign. No one has a stronger record of beating the establishment than Ron DeSantis, and this time will be no different."

Haley said she was honoured by the endorsement. "This is a choice between freedom and socialism, individual liberty and big government, fiscal responsibility and spiralling debt," she added.

Middle East

Skirmishes test hopes for extending truce

Fighting flares in north of enclave while Mossad and CIA chiefs meet in Doha

CHLOE CORNISH — JERUSALEM
ANDREW ENGLAND — LONDON

Israel and Hamas were set for a fifth consecutive exchange of hostages and prisoners yesterday after they agreed to prolong a pause in fighting in Gaza for an additional 48 hours, while mediators began talks in the hope of further extending the fragile truce.

After the extension to what was originally a four-day ceasefire involving hostage and prisoner swaps was agreed on Monday, Israel's government said it had identified 50 female Palestinian prisoners as "eligible to be released in the event that a release of additional Israeli hostages is carried out".

Hamas has not yet said how many women and children it would free as part of the deal, but negotiators have put the number at 20 to be released in batches over the two-day extension. In return, negotiators said 60 Palestinian women and children would be released from Israeli prisons.

Bill Burns, CIA director, and David Barnea, head of Israel's Mossad spy agency, were in Doha yesterday to hold talks with Sheikh Mohammed bin Abdulrahman al-Thani, Qatar's prime minister, and Egyptian officials on how to build on the agreement, extend the pause in hostilities and secure the release of more hostages.

The mediators were hopeful that Hamas would be able to locate another 20 women and children being held in Gaza in order to extend the current agreement by a further two days, an official briefed on the talks said. "They [Hamas] are looking for them now,"

> The mediators were hopeful that Hamas would be able to locate another 20 women and children

said an official briefed on the talks. Hamas militants and Israeli troops exchanged fire in northern Gaza yesterday afternoon in a test to a five-day-old temporary truce brokered by international mediators. But in a sign of the tensions, the Israeli military said three explosive devices had detonated close to two of its positions in north Gaza, which it invaded last month, "violating the framework of the operational pause". The Israel Defense Forces said troops returned fire at one location after militants shot at them, and some soldiers were "lightly injured".

Hamas accused Israel of violating the terms of the truce, without specifying how, while reiterating its commitment to the pause in hostilities as long as Israel also stuck with it.

Qatar, the US and Egypt brokered the original deal under which Hamas agreed to release 50 women and children held in Gaza. In return, Israel agreed to pause its offensive against the militant group in Gaza for four days, allow more aid into the besieged strip and release 150 Palestinian women and children held in Israeli prisons.

The talks in Doha yesterday were focusing on the next category of hostages that could be released and what the parameters of a new agreement could look like, said the official briefed on the talks.

Hamas and other Palestinian militants seized about 240 hostages during the October 7 attack on southern Israel that triggered the war.

The captives include women, children and Israeli soldiers and reservists. The most likely category of hostages to be released after the women and children would be a group of elderly people.

Benjamin Netanyahu, Israeli prime minister, has been under pressure to continue the temporary truce in order to free more hostages. Families of the remaining hostages have vowed to keep up the pressure for their release.

Ceasefire deal. Hostage exchange

Relatives tell of captives' Hamas ordeal

Children have spoken only in whispers and others are in medical care after release

CHLOE CORNISH — JERUSALEM
NERI ZILBER — TEL AVIV

Family relief: Eitan Yahalomi, 12, is reunited with his mother after his release by Hamas from the Gaza Strip
Israeli Army/AFP via Getty Images

Claustrophobic rooms, lowered voices, rice rations and threats: a picture is emerging of the discomfort and distress of life in the hands of Hamas, after the Palestinian militant group began releasing women and children as part of a temporary truce deal with Israel.

Speaking publicly in the week dozens of captives were released, relatives of some of those freed have evoked the fear their loved ones endured after being forced into Gaza during the Hamas assault in which 1,200 people died.

Some children have returned speaking in hushed voices. "The most shocking, disturbing part of meeting her was she was just whispering," said Thomas Hand, whose nine-year-old daughter Emily was among those released. "I couldn't hear her." He told CNN his daughter had lost weight and was paler than he had ever seen her.

Merav Mor Raviv, niece of released hostage Ruti Munder, told NBC her relatives, including a boy who turned nine in captivity, were "scared, they were whispering" and one captor frequently made throat-slitting gestures.

Dvora Cohen, aunt of 12-year-old Israeli-French national Eitan Yahalomi, told French media that militants had forced her nephew to watch "a video of horror", which she suggested was footage of atrocities committed by Hamas during the October 7 attack.

She said that children who cried were threatened at gunpoint and people had hit her nephew during his kidnapping.

Israel is keeping tight control over information about the conditions of its citizens' captivity, with only a handful of relatives of those snatched by Hamas speaking to the media. The militants also abducted Israeli soldiers, but the first Israeli hostages released have been civilian women and children only. Details of soldiers' treatment have not been made public.

The relatives of civilian hostages, however, have offered a glimpse of deprivation inflicted on the captives, ranging in age from babies to people in their 80s, who were held for seven weeks by Hamas after being taken into Gaza during the militants' attack.

Hannah Katzir, who had been held by Palestinian Islamic Jihad, a different militant group, lost 20kg in their custody, said her daughter Carmit Palty Katzir. The Islamists had at one stage announced that Katzir had died.

"There were days they didn't get food," said Raviv, the relative of Ruti Munder, in a press conference. "They ate a lot of rice and bread."

Many hostages have lost weight but returned in relatively good physical health, according to hospitals where they arrived for examination. But others have returned dangerously ill.

"My mother arrived on the brink of death," said Tal Amano, daughter of 84-year-old Elma Avraham, who suffers from several chronic illnesses and was airlifted straight to hospital after being released by Hamas on Sunday.

Avraham "was completely neglected medically" during more than 50 days in captivity, Amano said in a video statement. "She was not given her life-saving medication."

While Hamas is reported to have used its tunnels to hold hostages as Israel bombarded the strip in retaliation for its attack, details revealed so far suggest at least some of the captives were imprisoned above ground.

Ruti Munder told an Israeli news channel that she, along with her daughter and grandson, were moved around during captivity and spent part of the time staying in a "suffocating" room where Hamas guards forbade them from opening the curtains. "I just opened a window, so there would be air," said the 78-year-old, who added that she had slept on seats pushed together.

Roni Krivoi — a dual Israeli-Russian citizen who was kidnapped from the Nova music festival where he was working — was at one point held in a building that was hit by an Israeli air strike, according to comments made by his aunt and reported by Israeli media.

She said Krivoi had managed to escape in the chaos, and had hidden in Gaza for a few days before being recaptured. Israel's intense bombardment of the strip and its ground offensive there have left 14,800 people dead, according to Palestinian health officials,

> 'There were days they didn't get food. They ate a lot of rice and bread'

and created a humanitarian crisis.

While dozens of hostages held in Gaza have been released during the past week, they are far from being able to return to their lives from before the attack. Ruti Munder's husband Avraham is still being held hostage. Her son Roy was murdered during the Hamas onslaught.

Many of the freed hostages do not have homes to return to after Hamas set fire to dwellings during its assault, while other communities in the region were evacuated to keep residents safe.

Other captives were released only to learn that family members had been murdered in the attack. Some children, including four-year-old Israeli-American Avigail Idan, have been orphaned.

There have been glimmers of hope. Historian Alex Danzig, who is among the hostages, reportedly got word to his family through people who were released. His son-in-law Yaron Maor told Israel's Ynet he had learnt that Danzig is giving history lectures to other members of the kibbutz community who are in captivity.

Warning

White House urges Israel to show restraint in offensive on southern Gaza

FELICIA SCHWARTZ — WASHINGTON

President Joe Biden and other senior US officials have warned Israel its planned offensive in southern Gaza must avoid the kind of mass internal displacement triggered by its bombardment of the north.

Secretary of state Antony Blinken will press for protection for Gazan civilians and call for more aid to be delivered to the strip on an expected visit to Israel, the West Bank and the United Arab Emirates this week, according to a senior state department official.

US officials acknowledge Israel intends to resume its efforts to eliminate Hamas after the current pause in fighting, but say they have told Israel it must not worsen the humanitarian crisis if and when its army moves into southern Gaza.

Israeli officials had been receptive to the US concerns, the senior administration official said.

"There is an understanding that a different type of campaign has to be conducted in the south than was conducted in the north," the official added. "It is extremely important . . . that the conduct of the Israeli campaign when it moves to the south must be done in a way that is to a maximum extent not designed to produce significant further displacement of persons."

The US will maintain its support for Israel's goal of destroying Hamas but also continue urging it to avoid civilian casualties, officials said.

"The manner of the campaign has to be extremely carefully thought through," the official said, adding that humanitarian sites, hospitals, power and water networks and other facilities "including the many UN-supported shelters throughout central Gaza" should be protected.

Palestinian authorities say at least 14,800 people in Gaza, mostly women and children, have been killed since Israel began its military response to Hamas's surprise October 7 attack, in which 1,200 people died. Most of the bombardment has targeted Gaza's north, where the IDF has also destroyed thousands of buildings. More than 1.7mn people in Gaza, or nearly 80 per cent of the population, are estimated to have been internally displaced since the war started, according to the UN.

The warning to Israel comes despite continued US support for the campaign to remove Hamas as "a governing, as a threatening force in Gaza and a threat to Israel", the official said.

The US and Israel had also discussed "practical arrangements on the ground" in areas of Gaza to allow those fleeing the coming offensive in the south to find shelter and safety, said the official.

Such sites would be close to "already contained UN facilities and shelters" and were not aimed at forcibly or preemptively moving people, but instead creating places where civilians knew they could go to seek safety as the fighting proceeded, the official said.

The US is also trying to increase the supply of aid into Gaza, with the 240 truckloads currently entering each day "nowhere near enough" for citizens to resume anything like normal life, a second senior administration official said.

The first of three US military planes carrying medical assistance, food aid, winter equipment and other assistance was due to arrive in Egypt yesterday. The goods would be delivered by the UN.

Education

US universities seek ways to promote student tolerance as campus tensions boil over

ANDREW JACK — NEW YORK

The heads of Stanford and Berkeley had no time to chat about American football while they watched the high stakes "Big Game" between their two university teams this month. They were too busy discussing the reverberations on their campuses from the conflict between Israel and Hamas in Gaza.

"Whenever I meet another chancellor, this is what we talk about," said Carol Christ, the top official at Berkeley. Along with higher education leaders across the US, she has been exploring ways to balance freedom of speech with student safety, education and cultivating tolerance of different viewpoints.

The political tensions between students, staff and faculty on US campuses are at a pitch not seen since the Vietnam war. They have been ramped up by donors, alumni, recruiters and politicians and amplified on social media.

"Just because you have the right to say [something] doesn't mean it is right to say it," Christ said. "We have both pro-Israel Jewish and Palestine advocates, each of which are fiercely convinced they are right and the others are wrong. They feel anguished, angry and deeply convinced of their rightness."

The intense polarisation on campus reflects wider sentiment on the war in the US. Polls show Americans are more concerned about the conflict than people in other leading industrial nations. Younger people are also more sympathetic to the Palestinian cause.

At Berkeley recently, activists draped a banner with the Palestinian flag from its Sather Tower in an unauthorised protest. At Stanford, police are investigating a hit and run incident against a Muslim student. Three more were shot and wounded near the University of Vermont in Burlington at the weekend, according to police, who are investigating the incident as a possible hate crime.

Columbia University joined Brandeis University in Massachusetts and the state of Florida in banning pro-Palestinian student groups, while New York University has been sued for allegedly failing to protect Jewish students against antisemitism.

The Council on American-Islamic Relations flagged nearly 1,300 complaints about Islamophobia in the month since Hamas's assault on Israel on October 7, including several at Harvard focused on "doxxing", or publicly identifying allegedly pro-Palestinian students. Last week, it sued the state of Florida for banning campus groups.

The Jewish Anti-Defamation League has tracked nearly 1,000 antisemitic incidents, with a particular concentration in northeastern states, most notably at the universities of Pennsylvania, Harvard and Columbia.

The three institutions are high-profile, have strong links to influential donors, a significant number of Jewish students and, particularly in Columbia's case, a deep history of Palestinian scholarship and activism. Their presidents are also all recently appointed and have been thrown into a fierce debate with little time to build connections.

"It matters a lot how long a president has been in position — they have relationships and understand different viewpoints," said Christ, who began her role at Berkeley six years ago.

The east coast universities in the spotlight are all located in cities with large student bodies that are fragmented and

Polarisation: protesters on the UC Berkeley campus call for a ceasefire

can be infiltrated by non-university demonstrators. They offer limited opportunities for those from different backgrounds to live together and learn to get on — a situation exacerbated by their isolation during the pandemic.

One response to the crisis has been to create committees to build tighter links among students and tackle sensitive issues. Both Columbia and New York University have announced groups on antisemitism. Berkeley established advisory committees for Jewish and Muslim students a decade ago.

A second initiative has been to foster more tolerance by encouraging diverse groups to live together. An academic at Yale said its approach of placing undergraduates in diverse residential colleges from the start of their studies had "really helped in defusing tensions".

By contrast, Harvard's equivalent "house" system begins only in the second year of study, by which time students have often formed their own social groups. But the university said it had begun appointing a larger number of residential "proctors" to support students in their first year.

A third approach concerns universities' role to directly inform and to "model" civilised discussion even when there is disagreement. Shira Hoffer, a student at Harvard, this month launched a text hotline for Israel/Palestine "promoting education for peace". A variety of experts provide questioners with additional reading on the background to the conflict.

"There is a need for information," she said. "The more I learn, the less moral clarity there is. People should be empowered with all information that is available. Non-partisan doesn't exist, but we are multi-partisan."

Christ hoped that between Thanksgiving, exams, the Christmas holiday and a ceasefire, the conflicts on campuses would ease. But she stressed that, despite the relative calm at Berkeley, she had "a lot of humility — tomorrow something could happen".

Greenwash wars Watchdog fires salvo against asset managers' use of vague 'sustainability' references in touting funds ➔ MARKETS

Companies & Markets

Rolls-Royce targets fourfold rise in profits in four years

- Electric aviation division to be sold
- £500mn annual cost cuts planned

SYLVIA PFEIFER

Rolls-Royce says it will quadruple its profits in the next four years and sell its electric aircraft division as chief executive Tufan Erginbilgic tries to make good on his promise to turn around the UK aerospace company.

The demanding profit target is the centrepiece of a long-awaited shake-up by Erginbilgic, a former BP executive who was parachuted into the top job in January to help Rolls-Royce recover from the damage inflicted by the pandemic and previous restructurings.

Under the plan, the FTSE 100 group is aiming for operating profit of up to £2.8bn by about 2027, four times the amount it reported last year.

> 'It is a deeper culture change from Rolls-Royce's traditional market share optimisation approach'

The group is aiming to increase operating margins to 13-15 per cent over the period. In its core civil aerospace unit, it expects to achieve operating margins of 15-17 per cent, up from 2.5 per cent in 2022, in a move that would bring it closer to rivals such as General Electric.

Erginbilgic said yesterday that the "new Rolls-Royce" would have the financial strength to invest in growth and grow shareholder returns. "These targets are not destinations . . . They are milestones around 2027. This company, when we create that, it will continue to grow longer-term," he said.

Rolls-Royce is relying on cost cuts for some of the growth. It is seeking annual savings of up to £500mn and last month announced plans to cut up to 2,500 jobs. It is also targeting £3.1bn in free cash flow by about 2027.

Rolls-Royce builds and maintains large engines for widebody aircraft including Airbus A350 jets and Boeing's 787, and earns most of its revenues when its engines are flying, as well as from after-market sales. Its defence business builds engines for submarines and fighter jets, while its power systems business makes diesel and gas engines for ships and for power generation.

Erginbilgic insisted that the company's performance was already being driven by "our actions, not the environment", pointing out that large engine flying hours, a key financial metric, were still at only 86 per cent of pre-Covid levels for the 10 months to the end of October.

He said Rolls-Royce had identified several "levers" to improve margins at its civil aerospace business, including extending the time its engines were flying, reducing maintenance costs and getting out of low-margin contracts.

The ambitious profit and free cash flow targets could be taken to "imply that Rolls-Royce is willing to shed revenues in exchange for better profitability and cash flow", noted Nick Cunningham, analyst at Agency Partners.

"If so, it is a deeper culture change from Rolls-Royce's traditional market share optimisation approach of past decades."

The prospect that Erginbilgic will improve performance has sent shares in Rolls-Royce up 160 per cent this year, making it the best performer on the blue-chip FTSE 100 index. The shares were up more than 6 per cent yesterday.

Rolls-Royce will also divest assets with the aim of raising between £1bn and £1.5bn over the next five years. The disposals will include its electrical business that develops propulsion systems for aircraft such as flying taxis.

However, the company added that it remained committed to its nuclear activities in small modular reactors.

See Lex

Road trip Ride-hailer Uber courts London cabbies with 'better together' partnership plan

The US-based group hopes to add an option to hail hackney carriages in London — Richard Baker/In Pictures via Getty Images

TIM BRADSHAW — LONDON

Uber is courting one of its oldest foes, the London black-cab driver, as it looks to add a new taxi option to its fleet in the UK capital.

San Francisco-based Uber yesterday began inviting London black-cab drivers to register for its planned new service, despite continued opposition to the ride-hailing company from the Licensed Taxi Drivers' Association, which represents about two-thirds of London's 15,000 cabbies.

The company made a similar effort to win over London black-cab drivers in 2016 but the option to hail "hackney carriages" was discontinued in 2017 after the number of active drivers plateaued in the low hundreds.

Uber said that if it could secure "several hundred" cab drivers this time, it planned to launch the feature early in 2024.

Traditional taxis, once considered Uber's arch nemesis, are now a familiar feature on its app in 33 countries, with Paris the most recent addition last month. It says that more than 10 per cent of Uber trips are completed by taxi drivers in Europe and the Middle East, delivering more than $1bn in earnings this year.

Adding taxis has allowed Uber to expand in markets, such as Spain and Germany, that place severe limits on private-hire operators. "I firmly believe that Uber and taxis are better together," said Andrew Macdonald, Uber's senior vice-president of mobility and business operations.

"We continue to see that when Uber and taxis partner, it's a win for drivers, riders and the cities we both serve."

Uber added thousands of New York City's yellow taxis last year via a partnership with two local companies, Curb and CMT, despite opposition from some drivers' associations there.

However, London — one of Uber's largest markets with millions of regular customers — has been a holdout ever since black-cab drivers blockaded the city's streets in 2014 to protest against what they argued was a lack of proper regulation for app-based operators.

Uber has had a chequered history in London since it first launched there in 2012. It was denied a licence by Transport for London, the operating authority, in September 2017 and again in November 2019, after the agency said it was not a "fit and proper" operator.

Uber successfully challenged those decisions in court. TfL granted Uber a new 30-month licence in February 2022.

The rise of mobile ride-hailing services such as Uber has upended the traditional taxi industry over the past decade, despite apps such as Bolt and FreeNow that already feature black cabs in London.

Goldman in shift from 'growth at all costs' China approach

JOSHUA FRANKLIN AND OWEN WALKER
LONDON

Goldman Sachs chief executive David Solomon said tensions between Washington and Beijing could take years to resolve and that the bank had moved away from a "growth at all costs" strategy on the second-largest economy.

Goldman, which has had an office in Hong Kong for 40 years and opened its first office on the mainland in 1994, has cultivated deep ties there and is one of the most closely followed US companies in the country.

Speaking with the Financial Times at the Global Banking Summit, Solomon said that he was encouraged by dialogue between the US and China governments but warned that differences between the sides were deep-rooted.

"This is something that's going to take years to resolve, because there are real differences," he said.

Solomon said that five years ago Goldman was executing a strategy that was more "growth at all costs in China".

He said: "Today, it's a more conservative approach and we've probably pared back some of our financial resources there, simply because there's more uncertainty."

He said that despite the wave of job cuts across Wall Street, rivals were still trying to poach Goldman bankers. That affected the bank's plans for its bonus pool this year. "The competition for top talent is still pretty intense."

Last year's bonus round was a source of discontent at Goldman, raising the stakes as the bank starts pay talks this week. Bonuses across investment banks are tipped to drop as much as 25 per cent as dealmaking has slowed and stock market listings have dried up.

Goldman's profits dropped more than 30 per cent during the first nine months of 2023 as it grappled with losses following its pullback from retail banking. Writedowns on real estate investments and a slowdown in investment banking and trading have weighed on earnings.

Solomon addressed his decision last year to stop DJing at high-profile events after it attracted outsized attention.

"My daughter got married a month-and-a-half ago. I DJed at her wedding. It's still a hobby. It's a passion. But if my doing it publicly in any way is distracting to Goldman Sachs, my number one focus is Goldman Sachs."

Nvidia and TSMC's aspiring rivals will face formidable 'moats'

INSIDE BUSINESS
TECHNOLOGY

June Yoon

In the drama that has just played out in Silicon Valley over the future of OpenAI, one side plot concerned an ambitious chip venture by its chief executive Sam Altman.

Before he was ousted and reinstated to the helm of the company, Altman had sought to raise as much as $100bn from investors in the Middle East and SoftBank founder Masayoshi Son to build a rival to compete with sector giants Nvidia and Taiwan Semiconductor Manufacturing Company. This would be a vast undertaking. And one where $100bn may not go very far.

Given that the US chip designer and Taiwanese chipmaker are critical to all things generative AI, Altman is unlikely to be the only one with hopes of taking them on. But the barriers to entry — moats in Silicon Valley parlance — are formidable.

Nvidia has about 95 per cent of the markets for GPU, or graphics processing units. These computer processors were originally designed for graphics but have become increasingly important in areas such as machine learning. TSMC has about 90 per cent of the world's advanced chip market.

These businesses are lucrative. TSMC runs on gross margins of nearly 60 per cent, Nvidia of 74 per cent. TSMC makes $76bn in sales a year. The impressive figures make it seem as though there is plenty of room for more contenders.

A global shortage of Nvidia's AI chips makes the prospect of vertical integration yet more attractive. As the number of GPUs required to develop and train advanced AI models grows rapidly, the key to profitability for AI companies lies in having stable access to GPUs.

That explains why global technology giants have been rushing to develop streamlined chips optimised for their workflows, such as those for data centre servers that train and run large language models for AI.

It is one thing for companies to design customised chips. But Nvidia's profitability comes not from making chips cost-efficient, but by providing a one-stop solution for a wide range of tasks and industries. For example, Nvidia's HGX H100 systems, which can sell for about $300,000 each, are used to accelerate workloads for everything from financial applications to analytics.

> Even setting aside the challenges of designing an AI chip, manufacturing is a real challenge and patents are by far the main hurdle

Coming up with a viable rival for the HGX H100 system, which is made up of 35,000 parts, would take much more than just designing a new chip. Nvidia has been developing GPUs for more than two decades. That head start, which includes hardware and related software libraries, is protected by thousands of patents.

Even setting aside the challenges of designing a new AI chip, manufacturing is where the real challenge lies. Setting up a fabrication plant is the first hurdle. It is expected to take more than three years for TSMC to achieve production at the US plant it is building in Arizona, despite having more than three decades of experience building "fabs". Its overall investment into this plant is expected to be about $40bn.

Operating these plants requires an army of workers that have advanced degrees in electrical engineering, physics or material science. A skilled worker shortage has already delayed the start date of its Arizona plant.

Another issue is buying the chipmaking gear that goes into the plants. Dutch maker ASML has a monopoly on the extreme ultraviolet lithography machines that are critical for the production of advanced chips. The waiting list for the machines, which cost more than $300mn each, averages around two years.

But patents, by far, remain the biggest hurdle. TSMC is one of the world's largest patent holders with more than 52,000 patents related to chipmaking. Around 3,000 of those patents are on its advanced packaging — a crucial technology for AI chips that boosts performance and where TSMC has the edge over rival Samsung in contract manufacturing. TSMC's more than eight years of investment in the technology have pushed the barriers to entry yet higher.

Navigating all this means painfully long lead times for new entrants, which is especially perilous in a rapidly evolving industry. At the same time, Nvidia and TSMC's fat margins mean more cash for research and development, accelerating the pace of next-generation technology releases. The latter spends more than $30bn in capital expenditure each year.

With momentum in their favour, the gap between Nvidia and TSMC and their competitors has been widening over the past year. For now, not even their biggest rivals are sufficiently equipped to close that gap, let alone new joiners.

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COMPANIES & MARKETS

Energy

AES chief bemoans sell-off in renewables

US power group boss says equity investors should be on 'right side of history'

AMANDA CHU AND JAMIE SMYTH
NEW YORK

The head of one of the world's largest developers of clean energy said investors are on the wrong side of history as they drive a historic sell-off in renewable stocks.

Shares of companies involved in wind and solar power projects and the equipment behind them have been slammed this year as high interest rates and inflation hit their profitability.

Yet Andrés Gluski, chief executive of US power company AES, said investors were making a "big mistake" given the scale of the climate crisis.

"We're having the hottest year on record . . . and yet Wall Street is giving a lot of preference to oil companies over renewable companies," Gluski said in an interview.

"Building renewables, building low-carbon is the right side of history, and it's a question of time when this will be borne out. Wall Street can get things very wrong in the short term," he added.

AES builds energy projects and is the largest seller of renewable electricity to corporations, including Amazon and Google. While it also owns coal- and natural gas-fired power plants, AES has moved to green its portfolio with plans to ditch coal by 2025 and triple its renewables capacity by 2027.

Gluski spoke amid a difficult earnings season for clean energy companies, with numerous project cancellations and delays being announced across the sector in recent weeks. Shares in AES have fallen almost 40 per cent in 2023.

The S&P Global Clean Energy index of the 100 largest businesses in the sector, is down 31 per cent since the start of this year, compared with a less than 1 per cent decline for the fossil-heavy S&P 500 Energy index. Canadian battery recycler Li-Cycle recently paused a project in New York, after the cost estimate was raised to up to $1bn from an original budget of $560mn. Last month, Danish wind giant Ørsted pulled two wind power projects off the coast of New Jersey, citing macroeconomic pressures and supply chain problems. More than half of US offshore wind contracts have been cancelled or are at risk of cancellation, estimates BloombergNEF, which calls President Joe Biden's plan to deploy 30GW of capacity by 2030 "impossible".

Peter Gardett, S&P Global Commodity Insights' executive director of climate and cleantech, called the recent setbacks for renewables "the cost of growth" and said he expected the sector to pursue private markets for financing given its high upfront expenditures and long payback periods.

"[Private equity] can take a longer view, and they can say, the market is moving in the direction of more electrification, cleaner production, lower cost renewable production," said Gardett, who found that the private equity market for clean energy had grown more than fivefold since the US passed the Inflation Reduction Act. "You can make a sectoral bet on that in a way that can ignore some of the noise in publicly listed stock prices."

Tightening oil markets and a new era of capital discipline have bolstered oil and gas stocks. Investors have piled back into oil and gas companies despite pressures from environmental advocates to shun the sector. A recent analysis by S&P Global Ratings found that resource companies face virtually no extra borrowing costs compared with less-polluting companies.

Financials

Funding for European tech start-ups 'falls by almost half'

IVAN LEVINGSTON — LONDON

Funding for European technology companies will plunge by nearly half this year, as US investors increasingly abandon the continent amid a global retreat by venture capital investors.

The amount of money raised by tech start-ups in Europe is expected to reach about $45bn over 2023, according to an annual report compiled by London-based venture capital group Atomico.

That is down from $82bn last year. Venture capital investment has fallen around the world since the pandemic, as rising interest rates hammer the valuations of public technology stocks and push investors to focus increasingly on generating profits.

Atomico partner and head of intelligence Tom Wehmeier said investment in European tech companies remained 18 per cent higher than in 2020, while other regions were lower compared with pre-pandemic levels. "The European tech environment looks more stable now than at any point since the pandemic," he said. "We see that bringing back certainty, a bit more predictability and helping restore confidence."

One reason for the shortfall this year was due to reduced funding from US investors. For deals involving relatively advanced European start-ups seeking "growth stage" funding, the share of capital from US investors has fallen from 39 per cent in 2021 to 25 per cent this year.

> 'We see AI being the top theme in terms of number of investment rounds being raised'

So-called crossover investors, many of which are US funds, often participate in late-stage deals but this activity has ground to a near halt.

Venture capital investment in the US continues to dwarf spending in Europe, with nearly triple the level of tech investment this year, according to the Atomico report. China and the rest of the world will each have equivalent levels to Europe.

One bright spot has been the proliferation of massive fundraising deals for artificial intelligence companies. European start-ups such as France's Mistral and Germany's Aleph Alpha are raising among the largest financing rounds of the year, raising up to €400mn and $500mn respectively.

Of the 36 European tech deals worth more than $100mn this year, 11 were AI companies. The US had 37 such AI deals over the same timeframe. "We see AI being the top theme in terms of number of investment rounds being raised at the early stages," Wehmeier said.

Large fundraising rounds have been few and far between in Europe this year, after the likes of financial technology start-ups Revolut and Klarna raised hundreds of millions of dollars in funding rounds during the pandemic boom.

Some start-ups that have tapped investors this year needed to do so at substantially lower valuations. In September, Turkish grocery delivery start-up Getir raised $500mn at a $2.5bn valuation, a quarter of what it was worth just 18 months before.

While larger deals have declined, "early stage" or "seed" deals have remained relatively active as investors focus on smaller bets.

Earlier-stage companies have also seen their valuations remain more resilient than more mature start-ups. While start-up valuations have settled back to long-term averages after rising during the pandemic, that correction has not affected seed-stage deals as deeply, according to Wehmeier.

Technology

EU watchdog raises concern on Amazon's iRobot move

MICHAEL ACTON AND CAMILLA HODGSON
SAN FRANCISCO

Amazon's planned $1.45bn acquisition of iRobot has drawn a formal objection from the EU's antitrust regulator, which said the deal could allow the tech group to use its dominance to punish rivals of the Roomba maker.

The EU, which has been conducting a probe of the acquisition announced last year, said in a statement of objections on Monday that the proposed deal "may restrict competition in the market for robot vacuum cleaners".

The procedural step does not amount to a full veto, and Amazon can engage with the regulator to address concerns. The EU has a February 14 deadline to reach a final decision.

Amazon said it would "continue to work through the process with the European Commission, and [we are] focused on addressing its questions and any identified concerns".

iRobot "faces intense competition from other vacuum cleaner suppliers", and Amazon could provide it with "the resources to accelerate innovation", the company said.

iRobot shares fell almost 20 per cent before rebounding yesterday.

The EU said Amazon would be able to reduce the visibility of rival robot vacuum cleaners on its online marketplace in a number of ways, such as reducing their prominence in search results and denying them access to important product labels.

The US Federal Trade Commission has also been investigating the iRobot deal, but has yet to formally challenge it. It declined to comment on Monday.

Amazon — which operates in an array of sectors from ecommerce to cloud computing, video streaming and groceries — has for some time drawn the attention of competition regulators in the US, the UK and the EU.

The FTC filed a sweeping antitrust lawsuit against the group in September, alleging that it was using its monopoly power to hurt consumers, rivals and sellers.

In December, Amazon reached a settlement with the EU antitrust regulator in which it agreed not to use the data of sellers on its marketplace to inform decisions relating to its own retail arm.

Amazon committed to treat all sellers on its marketplace equally when selecting products for its "Buy Box", which boosts the profile of specific sellers to the top of a product page. It also agreed to set non-discriminatory conditions for access to its Prime label.

Frying high
Jet fuelled by waste cooking oil takes off

The Virgin Atlantic Boeing 787 departing from Heathrow airport yesterday on the first sustainable aviation fuel transatlantic flight to John F Kennedy international airport in New York — Peter Nicholls/Reuters

A Virgin Atlantic jet powered by a blend of waste cooking oil, animal fats and other unorthodox fuels took off from Heathrow bound for New York yesterday, a flight the aviation industry hailed as a milestone in its complex and controversial push to decarbonise.

The journey is the first time a commercial airline has operated a long-haul flight entirely powered by so-called sustainable aviation fuels (SAF), which emit less carbon over their lifecycle than traditional jet fuel.

While the plane still released the same amount of CO_2 as normal jet fuel, net emissions of the flight run on waste products were expected to be about 70 per cent lower than a normal trip over the north Atlantic using fossil fuel dug out of the ground.

Sir Richard Branson, Virgin Atlantic's co-founder who was on board the flight, said while it was thought impossible that a plane could fly on sustainable fuels across the Atlantic, "today we hope to prove that wrong", adding that there was still a lot of work to be done.

With breakthrough technologies such as hydrogen or electric-powered flights years away, the industry is banking on using new fuels to reach their commitment to hit net zero by 2050, while continuing to pursue growth in the coming decades.

But environmentalists and some scientists have questioned whether these alternative fuels are really sustainable at all, arguing that flying less is the only way to genuinely cut emissions. Some have also warned that these publicity flights distract from the problems facing decarbonising flying, as the industry also focuses on growing in the coming decades. SAF currently represents less than 0.1 per cent of global jet fuel volumes.

Flying is responsible for about 5 per cent of the world's greenhouse gas emissions, and the aviation industry faces a difficult journey to wean itself off the fuels that power jet engines. Other sources of sustainable fuels being explored include biomass that absorbed CO_2 when it was alive, while in the longer term, the industry hopes to scale up nascent technology to create cleaner fuel by combining CO_2 sourced from the air with green hydrogen, using renewable electricity. All these fuels are significantly more expensive than kerosene

> 'The idea this is some landmark event that is going to revolutionise flying is clearly not the case'

"The idea this is some landmark event that is going to revolutionise flying is clearly not the case," said Tim Johnson, director of the Aviation Environment Federation, a campaign group. "The vast majority of aviation emissions are still going to come from kerosene for the foreseeable future."

Johnson questioned whether many of the current feedstocks used in SAFs were sustainable, pointing to worries about land use for crops, the scalability of materials such as animal fats or waste oils, and the amount of renewable energy needed in the production of the cleanest fuels.

Industry bosses rebutted this but are anxious about the comparatively low production levels of SAF despite regulatory efforts to stimulate output, ranging from a fuel mandate in the EU to tax incentives in the US.

"There's simply not enough SAF," Virgin Atlantic chief executive Shai Weiss said. "It's clear that in order to reach production at scale, we need to see significantly more investment."

Annual SAF production tripled in 2022 to 300mn litres from the previous year, according to trade group Iata. But aviation will need about 450bn litres a year of sustainable aviation fuel by 2050 to hit its net zero commitment.

EU transport commissioner Adina Valean voiced concerns this month that scaling up of production had yet to happen. "I am worried because first and foremost we can see there are not enough volumes of SAF [being produced]," she said.

Industry bosses are aware they will ultimately face more regulation to control the growth in flying if they cannot win the argument on SAFs.

"In order for the sector to have social licence to grow we need to see net declines in carbon emissions," said Jack Duckworth, a partner at LEK Consulting, which advises transport companies.

Philip Georgiadis

Automobiles

GM to cut spending on self-driving unit Cruise after accident prompts suspension of testing

PETER CAMPBELL — LONDON
CAMILLA HODGSON — LAS VEGAS

General Motors is to scale down ambitions for its self-driving unit Cruise following a pedestrian injury last month, which led it to suspend testing.

The carmaker behind Chevrolet and Buick will today outline the extent to which it is cutting spending on self-driving technology that was once at the forefront of its pitch to investors.

For years the carmaker has traded under the strapline "zero crashes, zero emissions, zero congestion", a testament to its bet on a future of cars that are both electric and self-driving.

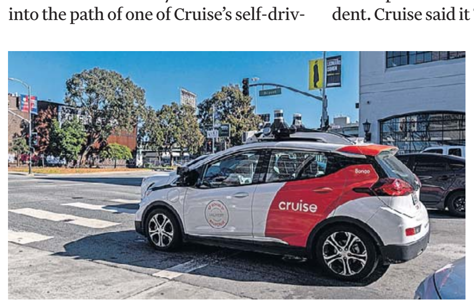
While it is not expected to drop the slogan officially, the group will spend less on the unit, owing in part to an expected slower rate of testing, said two people briefed on the plan. GM's quarterly investments in Cruise run to $700mn. Its driverless vehicles have been operating in US cities including San Francisco as a taxi service.

GM had previously said it remained committed to Cruise, and that its "strategy is to relaunch in one city and prove our performance there, before expanding [once] we have taken steps to improve our safety culture and rebuild trust". The company said it would provide more details in its update.

Pushing back any timelines for Cruise will also impact GM's long-term revenue targets previously put at $80bn by 2030, driven by new areas such as self-driving income and software.

Cruise suspended all self-driving operations in October, days after California regulators banned the vehicles from the state's roads. The decision followed a highly publicised accident in San Francisco, where a female pedestrian was thrown by another vehicle into the path of one of Cruise's self-driving cars and dragged for 20ft underneath it.

The California Department of Motor Vehicles said the self-driving cars were "not safe" and accused Cruise of having "misrepresented" details of the incident. Cruise said it "proactively" shared information with the relevant authorities. Cruise has since brought in law firm Quinn Emanuel to investigate its response to the accident.



A Cruise self-driving car in San Francisco. California introduced a ban on the vehicles in October — David Paul Morris/Bloomberg

GM's decisions on Cruise spending are not tied to the timings of the law firm's investigation. But the company will probably face questions over whether its long-term ambitions are realistic, according to analysts.

"The big question is to what extent 'Zero Zero Zero' also hinged on zero rates," said Barclays auto analyst Dan Levy, adding that investors had become less tolerant of projects without returns. "This has been a big theme this year in auto; everyone has had to step back from the euphoria."

In the wake of the accident, Cruise's approach to testing, which critics said amounted to a race to be first, came under closer scrutiny.

A letter signed by 26 transportation labour organisations to the US Department of Transportation and National Highway Traffic Safety Administration outlined their "grave safety concerns about the expanded testing and operation of automated driving system-equipped vehicles".

"The public are also recognising that being unwitting guinea pigs to unproven tech that's desperately underregulated is not what anybody has signed up for," said Matthew Colvin, chief of staff of the Transportation Trades Department and one of the letter's co-authors.

GM has sunk billions into Cruise, including buying out Softbank's minority stake for $2.1bn last year.

COMPANIES & MARKETS

Africa's richest person feels heat as $20bn oil refinery nears debut

Nigerian tycoon Dangote faces allegations of unfair practices from a rival and a fight to secure crude

AANU ADEOYE — LAGOS
DAVID PILLING — LONDON

If all goes to plan, Aliko Dangote, Nigeria's most successful businessman and the richest person in Africa, is about to bring online a $20bn oil refinery outside Lagos that could transform the continent's biggest economy.

Starting operations at the facility would mark the culmination of a career in which Dangote, whose personal wealth is estimated by Forbes at $10.5bn, has built a fortune through salt, flour, sugar and, most significantly, cement.

Provided his Dangote Group can secure sufficient crude and the long-delayed plant works as it is supposed to — neither of which is a given — the refinery could start churning out diesel, kerosene and jet fuel as soon as next month.

"We're starting with 350,000 barrels a day," Dangote said. A deal had already been clinched for the "first cargo of about 6mn barrels" for delivery next month.

Dangote, 66, said he believed the refinery could reach its capacity of 650,000 barrels a day by the end of 2024, although the IMF has said it doubts it will reach more than a third of that by 2025.

At full tilt, the refinery, the largest "single train" facility with one distillation unit, could save Nigeria billions in foreign exchange spent on imported fuel. It was "shameful", Dangote said, that Nigeria, a big oil producer for more than 50 years, could not refine its crude in anything like sufficient quantity.

Amaka Anku, head of the Africa practice at political risk consultancy the Eurasia Group, said the refinery was "a massive, complicated undertaking". In a country where most businesspeople looked for short-term profits, it was a blessing "that we have someone like Dangote who is willing to spend billions of his own money on long-term projects".

Dangote conceded that there were times when he thought that the project — long delayed and about $8bn over budget — might jeopardise his empire.

"The challenges that we faced: I don't know whether other people can face these challenges and even survive," he said. "It's either we sink or we sail through. And we thank Almighty that at least we've arrived at the destination." Yet in what is supposed to be Dangote's moment of triumph, he finds himself under intense pressure.

A rival industrialist has accused him of underhand practices and of gaining unfair access to foreign exchange from a central bank whose former governor is being investigated by the authorities. Dangote has denied both allegations.

The Nigerian National Petroleum Corporation has been unable or unwilling to supply him with the crude his refinery needs, although Dangote insists it is only a matter of weeks before oil starts flowing.

A few doubt that the refinery will work, or say it will be inefficient. Rumours are rife that Dangote, whom critics accuse of having unduly benefited from close relations with four successive administrations, has fallen out with Bola Tinubu, who became president in May.

"Dangote is not as influential as he used to be," said Ricardo Soares de Oliveira, an Oxford professor of Africa politics, who described him as an oligarch. At a time when he had bet his fortune on the success of the refinery, that was not a comfortable position to be in, several close observers of Nigeria said.

"This is the first time the elected government is not particularly aligned with Aliko," said a banker. "It has opened a window of opportunity for people to peddle their own influence."

For many Nigerians, the industrialist has done more than anyone to invest in the country and create jobs. "We need 10 Dangotes," said Anku.

But for others, he is a ruthless monopolist who depends on the government to protect him from competition and to reduce his tax bill by giving his business so-called pioneer status.

"The Romans figured out how to make cement 2,000 years ago," said Feyi Fawehinmi, a Nigerian author living in London. "Yet Nigeria is making billionaires out of it."

Dangote complained that rivals were carping because they did not understand what it took to run a business that was the country's biggest private-sector employer and its biggest taxpayer.

"Sometimes when people talk about us, Dangote, it's like the government is holding everybody down and allowing us alone to fly."

He did not want to discuss in detail a tussle over the supply of crude with the NNPC, which owns 20 per cent of the refinery after a $2.76bn equity purchase in 2021. Nigeria produces about 1.4mn barrels of oil a day, well short of its Opec quota of 1.8mn barrels, with much presold in forward contracts.

"Let's not have the blame game here," he said of NNPC's reported difficulties in meeting the refinery's requirements. "We have resolved all the issues of supply."

Dangote rejected suggestions that the NNPC was playing hard ball to negotiate a bigger share of the refinery, which he said would generate revenue of $25bn a year at full capacity. "I don't think NNPC needs to buy more shares. I think they're OK with what we've given them."

The refinery would eventually be floated as a separate company, he said, initially on the Lagos stock exchange.

To build the project on 2,500 hectares of swampland outside Lagos, Dangote had to construct his own port and road to take delivery of heavy equipment, and had to establish his own trucking company to move it and his own industrial welding facility to put it together. He said he had laid enough cable to stretch twice around the globe and had moved 65mn tonnes of sand. "You will not see this kind of project in Nigeria in the next 20 years."

No outside contractor had been willing to take on Nigerian risk, he declared, so he had to design and build the whole thing in-house. "We didn't cut costs. We didn't cut corners. We didn't do it for people to clap us. We did it for posterity."

Some have chosen this moment to snipe. Dangote has accused BUA Group, Nigeria's second-biggest cement manufacturer, led by founder and chair Abdul Samad Rabiu, of sponsoring attacks on his company in the Nigerian press. Rabiu is worth $6.5bn, according to Forbes.

Stories allegedly floated by BUA Group have accused Dangote of profiting from illegal foreign exchange trades worth billions of dollars. The government is investigating forex allocations made when Godwin Emefiele, the former central bank governor, was in charge of distributing dollars at the official rate to chosen industries at far below market prices.

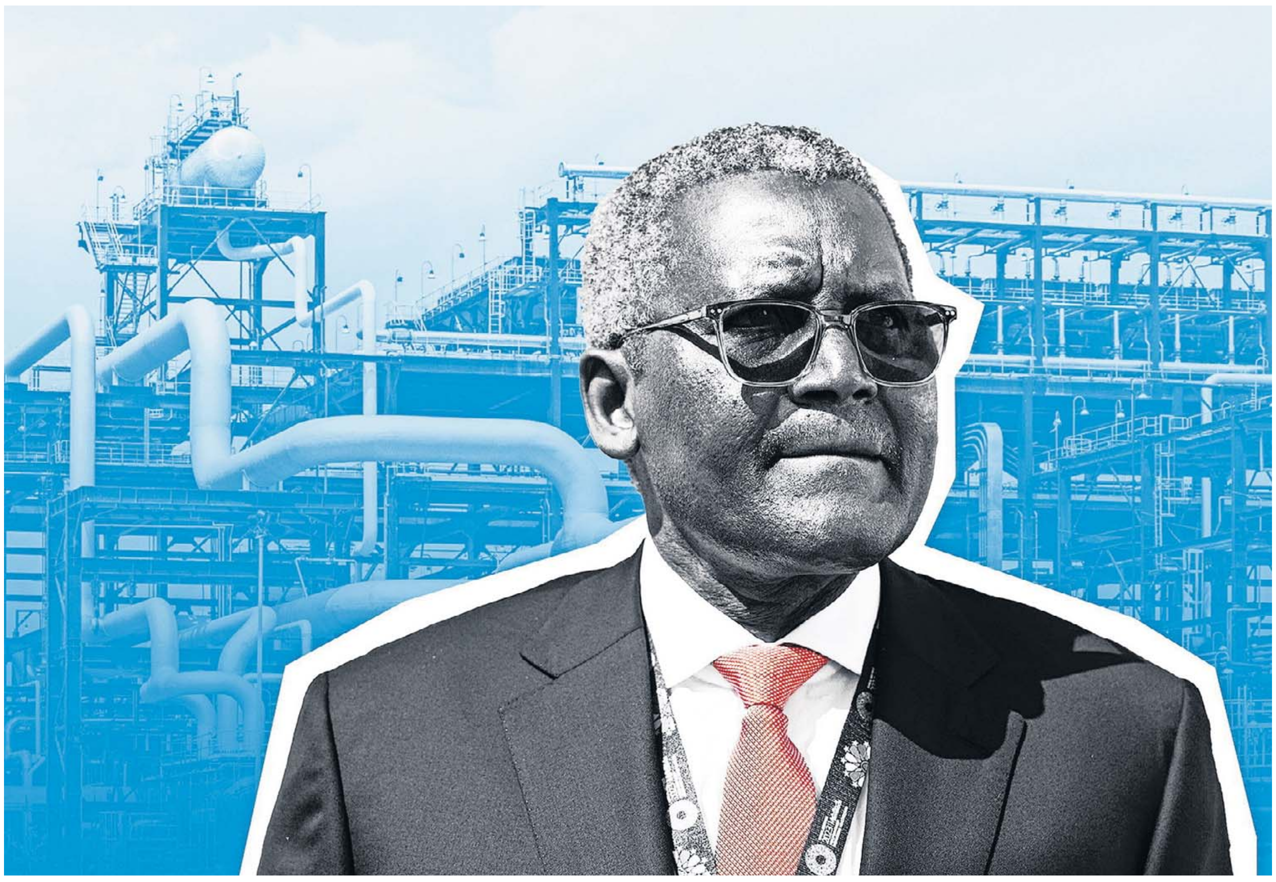
BUA Group responded to the claims by accusing Dangote of trying to sabotage the business for more than 30 years, including once allegedly issuing the company with a dud cheque.

Rabiu declined to comment.

The two are fighting in court over an alleged attempt by Dangote to prevent Rabiu's company mining limestone in Edo state. In a lengthy statement published in local newspapers, Dangote accused BUA Group of rehashing discredited stories, and said he could account for every dollar of foreign exchange.

Matthew Page, who served as the US intelligence community's top Nigeria expert, said Rabiu donated heavily to the Tinubu election campaign and had been emboldened by his close relationship with the new president. The cement market was smaller after eight years of economic stagnation, he said. "The tide pool has shrunk, and the two biggest lobsters in the tank are snapping at each other."

Dangote would not be drawn on his fight with Rabiu or his relationship with the president, but he said that nothing should distract from the refinery — a "national project" that was "bigger than Dangote". After years of promises, everything was ready, he said. "The refinery is done," he said. "The baby can come out at any time."



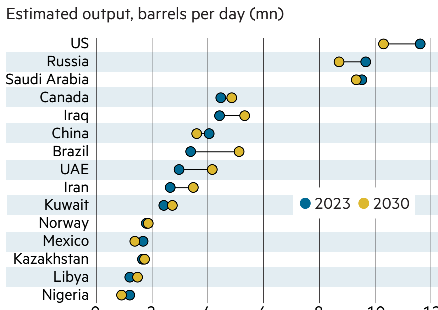
'The tide pool has shrunk, and the two biggest lobsters in the tank are snapping at each other'

Starting up the facility would be the culmination of a career in which Aliko Dangote has built a fortune estimated at $10.5bn through salt, flour, sugar and, most significantly, cement

FT montage/Bloomberg; Afolabi Sotunde/Reuters

Leading oil producers

Estimated output, barrels per day (mn)



Source: Rystad Energy

Automobiles

Union chief cites potential Tesla threat to Sweden model

RICHARD MILNE — STOCKHOLM

Tesla's refusal to sign a collective agreement in Sweden risks undermining the long-term future of the Swedish model that has underpinned decades of economic success in the country, according to the union leader taking on Elon Musk's carmaker.

Marie Nilsson, head of the IF Metall union that is behind the strike against Tesla, said the Swedish model was at the heart of the country's prosperity, with employers and unions taking joint decisions on the labour market.

She said: "If you look at this in a long-term perspective, it could be a threat to the Swedish model. It's really important for us."

The dispute between Tesla and Swedish unions has escalated. What started last month with about 130 mechanics in Sweden going on strike after years of trying to make Tesla accept collective bargaining spread to postal workers, dockers and cleaners taking action against the carmaker.

The refusal of postal workers to deliver registration plates for new Tesla cars led the US carmaker to file twin lawsuits against the Swedish state and postal service on Monday, asking judges to allow it to collect the licence plates directly from the Swedish Transport Agency.

Musk, Tesla's chief executive, has called the postal workers' actions "insane".

Tesla scored an initial victory when it won an interim judgment forcing the state to allow the carmaker to collect the registration plates for its new cars directly from the agency.

The Swedish model was developed in 1938 between unions and employers; labour market conditions in Sweden including wages are set by the two parties and not the government.

Both union and corporate leaders credit the system with a low level of strikes and believe that it is crucial for the success of Sweden, a country of 10mn people and home to manufacturers such as Volvo Cars, Atlas Copco and Northvolt.

Nilsson said that one big threat to the Swedish model was an EU directive on the minimum wage, which would impose a level rather than leaving it to an agreement between employers and unions.

Sweden won a derogation that the directive would not apply to countries where more than 80 per cent of the workforce is covered by collective agreements.

In Sweden, one of the most highly unionised countries in Europe, about 90 per cent of workers are covered by such deals.

Nilsson said: "If Tesla shows it's possible to operate in Sweden without a collective agreement, then other companies could be tempted to do the same. We have a successful model in Sweden. We have tried to explain it. It's very seldom this type of conflict arises."

Union leaders say that they have enough funds to support the striking workers — who receive about 130 per cent of their pay from unions to cover holidays and pensions as well — for decades, as the emergency fund used for payments is rarely tapped.

"We can carry on for a long, long time," said Nilsson.

Tesla did not respond to a request for comment.

Marie Nilsson is head of IF Metall, which is behind a strike that has prompted Tesla to sue the state

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Technology

Debt-laden Amazon aggregators in tie-up talks as 'hype cycle' grinds to a halt

CAMILLA HODGSON — SAN FRANCISCO

Start-ups that collectively raised billions to buy up brands that sell on Amazon are in a "cycle of survival", with companies in discussions about possible mergers and deals to bolster their balance sheets.

Ecommerce businesses that "roll up" independent Amazon merchants raised more than $16bn amid the pandemic-driven boom in consumer spending, according to Marketplace Pulse, which tracks the sector.

But concerns have grown this year among founders, financiers and analysts about the financial health of the debt-laden groups. Some had breached lending covenants, with others looking to boost revenues and profitability by acquiring rivals and improving economies of scale, industry insiders said.

Meanwhile, investors such as family offices are eyeing the sector for opportunities to snap up individual brands owned by aggregators at cut prices.

Last year's downturn in consumer spending as interest rates rose left some groups with excessive inventory and higher storage expenses, even as the cost of advertising products on Amazon rose. Two of the largest aggregators, Razor Group and SellerX, acquired rivals The Stryze and Elevate Brands, respectively, this year.

Juozas Kaziukėnas, founder of Marketplace Pulse, said that the aggregators market was in a "cycle of survival".

"Many of these firms entered the space when the hype cycle was at its peak," he said. "It's either figure out a way to survive, or give up and find a way to get out."

One person close to some of the talks said that there were "just too many players in the space. Every one of these smaller players would like to be bought but there are only a few people that can buy".

The merging of Amazon aggregators — each of which might own dozens of brands — is proving complex: the numerous equity and debt stakeholders involved and buyers holding out for more favourable terms had slowed deal-making, people close to the talks said.

The groups — many of which have common investors, such as CoVenture and Victory Park — hoovered up consumer brands sold on Amazon in the expectation that the growth in online sales would continue after lockdowns were lifted.

Some aggregators also bought up Shopify stores, which allow brands to build and sell via their own online stores, rather than on Amazon. Others — such as Shop Circle, which raised $120mn this year — started aggregating ecommerce software companies. That fuelled anxiety about the prospect of companies breaching lending covenants or going bankrupt, as happened to aggregator Benitago in August.

Some deal talks were being "forced" by lenders, two people said.

The websites for several smaller aggregators appear to have stopped working, including Negotiatore, which has sought to sell its brands, according to correspondence seen by the FT.

The company could not be reached for comment.

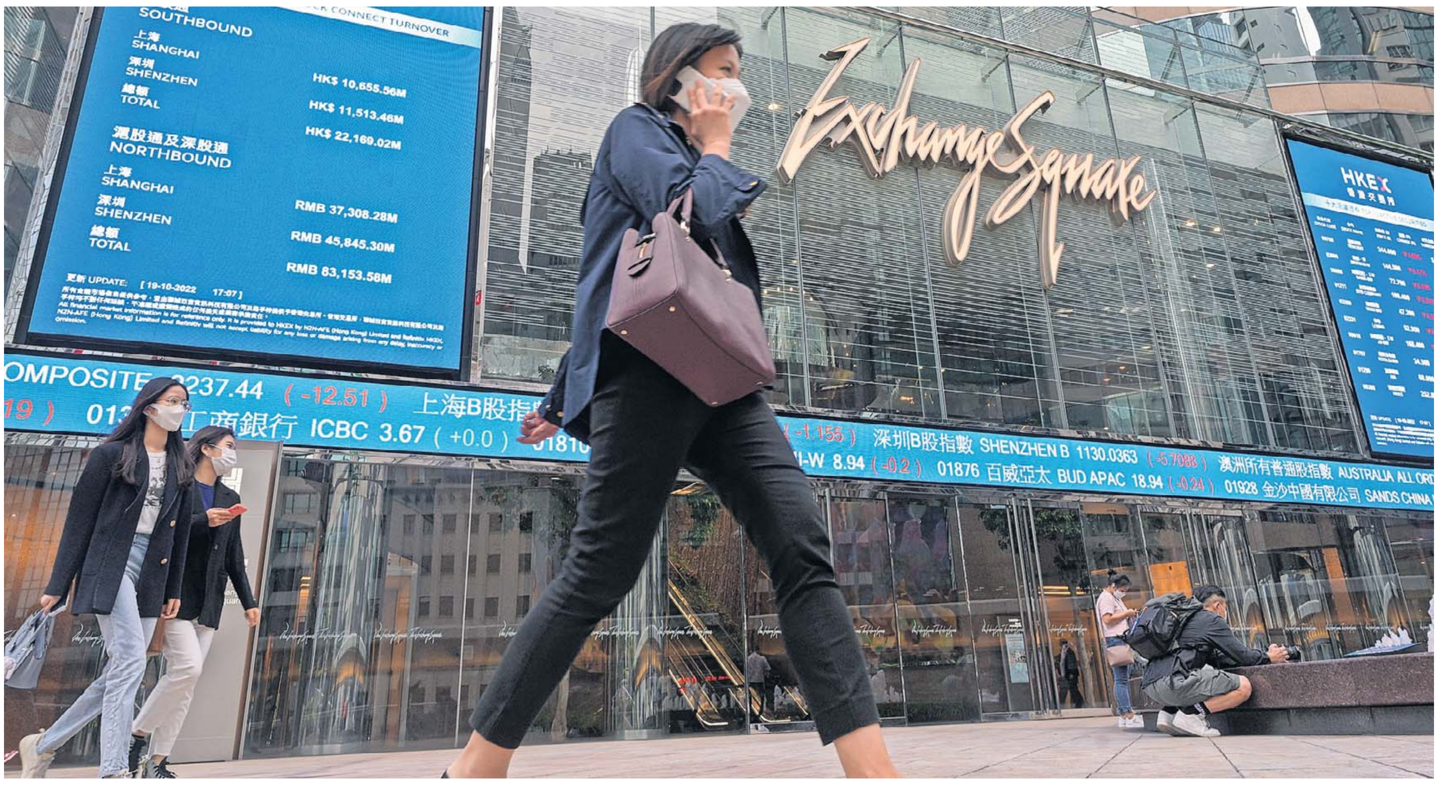
Analysts said that other potential buyers, such as family offices and groups that handled sales on behalf of consumer brands, were becoming interested in snapping up brands owned by aggregators at low prices. These include groups such as Inversal, which specialises in "ecommerce turnarounds" for companies "in distressed situations".

'It's either figure out a way to survive, or give up and find a way to get out'

Juozas Kaziukėnas, Marketplace Pulse

Equities. Growth strategy

HK task force calls for push to win Middle Eastern listings



Government-appointed body says 'multipronged approach' can bring more clients to hub

HUDSON LOCKETT AND CHAN HO-HIM
HONG KONG

A task force set up by Hong Kong's government to boost stock market listings and trading activity has urged the territory to focus its efforts on companies and investors in the Middle East and south-east Asia, after outreach to the US and Europe was held back by China's strict zero-Covid policies.

The recommendations, which have not previously been made public, are intended to help increase trading volumes in the Asian financial hub.

New listings of Chinese companies in Hong Kong have run dry, while demand from foreign investors has waned in the face of a liquidity crisis in the mainland's property sector and worsening tensions between Beijing and Washington.

Two members of the 13-person liquidity task force told the Financial Times that the group had recommended greater outreach to issuers and investors in south-east Asia and the Middle East in a confidential report delivered to the government last month.

Carlson Tong, chair of the task force, told the FT it had "recommended the promotion of listing in [Hong Kong] to overseas issuers more generally including the Middle East and south-east Asia".

The task force was assembled by the Hong Kong government in late August. It comprises top government officials and industry leaders and has a mandate to set out plans to improve financial market liquidity through a range of short, medium and long-term recommendations.

The call to focus on the two regions follows a year in which bourse operator Hong Kong Exchanges and Clearing has tried to raise its public profile by launching new offices in New York and London. Chief executive Nicolas Aguzin struck a large gong — as is sounded in Hong Kong on the day of a new listing — to open the two offices in June and September respectively.

A member of the task force described HKEX as "a laggard" in setting up its offices in London and New York, as strict Covid-19 containment policies kept Hong Kong walled off from the wider financial world.

"US and European investors are very important, and we shouldn't forget about them . . . but we need a multipronged approach," the person said.

The task force member said capital markets business from the mainland was still Hong Kong's "bread and butter" but added: "You need that diversified investor base and diversified issuers as well to fall back on. We should at least start to think from these perspectives, rather than just relying on China."

HKEX has struggled to make up a shortfall in trading activity caused mainly by international investment funds' diminished appetite for Chinese companies listed in Hong Kong. Such stocks have fallen about 11 per cent this year.

About three-quarters of foreign inflows in to China's onshore stock market that came through Hong Kong's Stock Connect programme in the first seven months of the year have now left, the FT reported last week.

HKEX's third-quarter results showed that cash trading revenues were down 10 per cent from a year ago while stock listing fees fell 20 per cent. That resulted in a 4 per cent drop in core revenue for the period.

A total of just $4.6bn has been raised this year from initial public offerings in Hong Kong, compared with an annual average of about $37bn over the previous five years, according to data from Dealogic.

Shares in HKEX are down more than 13 per cent this year.

The exchange said it was "committed to driving the vibrancy and attractiveness" of Hong Kong's market and that the task force's recommendations "endorsed many of the initiatives already in progress as part of HKEX's strategy".

"We are actively working on rolling out a range of market initiatives . . . as well as expanding and deepening our partnerships with a range of other exchanges and stakeholders," the exchange added.

Hong Kong's government did not immediately respond to an FT request for a full copy of the task force's report.

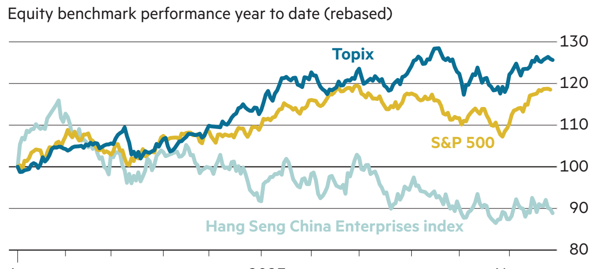
"For Middle Eastern and south-east Asian countries, [Hong Kong's market] is a very natural fit," another member of the task force said, pointing to Hong Kong's role in promoting Chinese President Xi Jinping's Belt and Road Initiative, which seeks to strengthen China's trade and financial ties to developing economies.

Task force chair Tong said the body had "worked with constituents from across Hong Kong's markets" and that its short-term recommendations — including a cut to Hong Kong's stamp duty implemented by the city's chief executive on October 25 — were being "rolled out full-steam ahead".

He added: "One of the major achievements of the task force was [it] succeeded in ensuring that all the stakeholders in Hong Kong were aligned on how to continue to promote the city as an international financial centre."

Hong Kong's stock exchange has been hit by a shortage of Chinese IPOs in the territory, Washington's tensions with Beijing and a mainland property crisis
Chen Yongnuo/China News Service/Getty Images

Poor performance weighs on investor appetite for China stocks
Equity benchmark performance year to date (rebased)



Source: Bloomberg

'For Middle Eastern and south-east Asian countries, [Hong Kong's market] is a very natural fit'

Equities

China's Shein files papers for initial public offering in US

JAMES FONTANELLA-KHAN, ORTENCA ALIAJ AND JENNIFER HUGHES
NEW YORK

Shein, the Chinese fast-fashion group, has filed confidential paperwork for an initial public offering with the US securities regulator, according to two people briefed about the matter, in what is likely to be one of the largest US listings of the past decade.

The internet retailer, which became hugely popular during the coronavirus pandemic when millions of people embraced online shopping, has hired JPMorgan Chase, Morgan Stanley and Goldman Sachs to advise it on the IPO.

Shein is backed by large investors including Abu Dhabi sovereign wealth fund Mubadala, venture capital group Sequoia China and private equity group General Atlantic. It is to file for an IPO about a year after it raised cash at a valuation of about $64bn, down a third from the $100bn valuation it reached during a fundraising round in April 2022.

Despite the decline, a more recent presentation seen by the Financial Times showed that Shein aims to lift its revenues from $22.7bn last year to $58.5bn by 2025.

The filing will give bankers some hope that offerings scheduled for 2024 could help generate the buzz needed to help get the IPO market back on its feet after a miserable two years.

The filing will give bankers hope that 2024 offerings could help get the IPO market back on its feet

A recent burst of activity has included the much anticipated $5bn float of chip designer Arm and fashion-shoe maker Birkenstock, which raised $1.5bn. While Arm is holding above its float price, roughly in line with broader market performance, Birkenstock is down about 10 per cent.

By the end of last month, just $19bn had been raised in the US so far this year, according to Dealogic. While that was double the total raised in all of 2022, it was far short of the $154bn managed in the boom of 2021.

Shein, JPMorgan Chase, Morgan Stanley and Goldman Sachs declined to comment.

Founded by Chinese billionaire Sky Xu, also known as Chris Xu or Xu Yangtian, Shein has transformed over the past decade from a rapidly growing company in Asia's largest economy to a global business focused on expanding across the world.

The US market has now become its largest, with a more than 500-strong marketing unit, 1,400 people working in its warehouse in Indiana and about 1,800 partnerships with designers and artists. Shein ranked as the second-most popular shopping site after Amazon, the US ecommerce group, among teenagers, according to a Piper Sandler survey.

The Wall Street Journal earlier reported the IPO filing.

Additional reporting by Eleanor Olcott in Hong Kong

See Lex

Banks

UBS seeks 'bloodless coup' succession of chief Ermotti by preparing shortlist

OWEN WALKER AND STEPHEN MORRIS
LONDON

UBS chair Colm Kelleher said he would like to line up a shortlist of three potential successors for chief executive Sergio Ermotti within the next "couple of years", aiming to emulate the smooth succession process at his former employer Morgan Stanley.

Speaking at the Financial Times Global Banking Summit yesterday, Kelleher said that external hires would be considered to bolster competition for one of the biggest roles in global banking.

"Morgan Stanley was a bloodless coup — I would love to get to the stage in future where UBS could run the same playbook . . . with a number of credible candidates," he said.

Morgan Stanley earlier this year had at least three internal contenders to succeed outgoing chief executive James Gorman, before landing on investment banking chief Ted Pick.

Ermotti returned to UBS this spring, just days after the bank agreed to rescue its former rival Credit Suisse.

Kelleher said that he had agreed with Ermotti when he rejoined that the pair should prepare a shortlist of potential successors while Ermotti concentrated on integrating the Credit Suisse business.

"I discussed it at dinner with Sergio when he agreed to come back," said Kelleher.

"There is a lot of life in him, but he is not as young as some people."

He said that UBS was moving to a more tricky period in its integration of Credit Suisse, echoing comments made by Ermotti that 2024 would be a pivotal year and warning that steep costs lay ahead.

Colm Kelleher: chair says external hires will be considered for the role

"The easy losses are getting rid of headcount, the sticky ones are allocated in control functions, data, IT," Kelleher added. "2024 is the first year we don't have the cover of the 'easy' costs."

The most controversial element of the Credit Suisse takeover was that it included bondholders holding $17bn of additional tier one securities being wiped out. The decision has led to up to $9bn of legal claims, but Kelleher said it was a decision that UBS had nothing to do with.

"I am sympathetic to bondholders, but there is a lesson there to read your prospectus," he added.

UBS recently returned to the AT1 market, issuing $3.5bn of bonds that received $36bn of interest from investors. Kelleher said to expect further AT1 issuance from UBS in the near future, with analysts estimating that the bank would need to issue a further $11bn of such debt to make its capital stack efficient.

"The fact that we had $36bn of interest in $3.5bn of bonds is telling you that it is yesterday's battle."

Asset management

UK watchdog targets greenwashing with ban on vague 'sustainability' fund labels

KENZA BRYAN — LONDON

Asset managers in the UK will be banned from using vague references to "sustainability" to market their funds, under new anti-greenwashing rules that could lead to a shake-up of the $250bn sector.

The Financial Conduct Authority said its regime laid out yesterday, two days before the start of the COP28 climate summit in Dubai, was intended to make sure products marketed as helping either people or the planet were "clear, fair and not misleading".

From December next year, asset managers that market their funds as sustainable will have to choose one of four specific fund labels and show they apply to at least 70 per cent of their assets.

Funds that use these labels or that make sustainability-related claims will have to publish a two-page summary for retail clients of their evidence-based stewardship strategy and "theory of change", based on an independently assessed target such as a greenhouse gas target or alignment with the EU's taxonomy of green activities.

This approach could in future be extended to portfolio managers, overseas funds, pension products and financial advisers, the FCA said.

From May next year, all FCA-authorised companies will be subject to anti-greenwashing rules building on a requirement that the marketing of financial products and services should be correct, clear, complete and fair.

A financial institution should not, for example, place an image of a rainforest at the top of its website if only some of its savings products are invested in a way that creates positive change for the planet, the FCA said.

The FCA says products touted as helping people or the planet must be 'clear, fair and not misleading'

Some $242bn of funds in the UK are marketed as "sustainable", according to data provider Morningstar Direct, compared with $290bn in the US and nearly $2tn in the rest of Europe. Until now, the industry has largely been given a free hand to apply this label and to use green marketing terms to attract retail investors with little oversight.

The four new categories proposed by the FCA apply to funds that invest in companies that meet a "credible" environmental or social standard, have the potential to improve against this criteria, invest in tangible solutions to problems affecting people or the planet, or a mixture of these.

It might spur asset managers to launch new green funds in the coming year, but could lead to "more enforcement action against funds that are probably greenwashing", said Gavin Haran, head of policy for asset management at London-based law firm Macfarlanes.

Sacha Sadan, head of ESG issues at the FCA, said the regulator was the first to mandate use of regulated labels for funds claiming to be sustainable, and it had learnt from stumbling blocks faced by its counterparts in the EU.

Europe's top asset managers last year abruptly withdrew claims that tens of billions of dollars of funds met the most stringent sustainability requirements, after confusion surrounding the introduction of the bloc's Sustainable Finance Disclosure Regulation.

The day in the markets

What you need to know

- **US stocks highest since early August amid confidence rates have peaked**
- **European equities close lower after Bundesbank damps rate reduction hopes**
- **Dollar slides against peers while gold reaches best level in six months**

S&P hits highest level since early August

Index

Source: Bloomberg

US stocks hit their highest level since early August yesterday as investors grew increasingly confident that US interest rates had peaked and would begin to fall next year.

The S&P 500 index rose 0.1 per cent and the Nasdaq Composite added 0.2 per cent in afternoon trading in New York after Christopher Waller, a member of the Federal Reserve board, suggested that the central bank could cut rates next year if the pressure on consumer prices began to ease.

Traders priced in a 30 per cent chance of a 0.25 percentage point cut in March, according to data compiled by LSEG and based on interest rate derivatives prices.

"We believe it will be another year before signs of recession again assert their pull on the stock market," said Chris Zaccarelli, chief investment officer at Independent Advisor Alliance.

US Treasuries strengthened as investors shifted their expectations on interest rates. Yields on the rate-sensitive two year bond fell 0.09 percentage points to 4.7 per cent while the 10-year bond fell 0.03 percentage points to 4.35 per cent. Yields move inversely to prices.

The US dollar was down 0.4 per cent against a basket of six peers, to its lowest level since late August. Gold climbed 1.4 per cent to a six-month high of $2,040 a troy ounce. However, the gains were not matched in Europe. The regional benchmark Europe Stoxx 600 declined 0.3 per cent after Joachim Nagel, chair of the Bundesbank, played down market hopes that the European Central Bank would also consider cutting rates.

Germany's Dax bucked the trend, rising 0.2 per cent.

Neil Shearing, group chief economist at Capital Economics, said it was likely that November's European equity rally would lose momentum because the region's economic growth was weak.

"It wouldn't surprise me if, having had a very strong month, we saw a pretty weak start to the next year for European markets," he said.

London's energy-heavy FTSE 100 dropped 0.1 per cent, despite strong performance in energy stocks as oil prices rose ahead of tomorrow's postponed meeting of the Opec+ cartel of major oil producers.

Brent crude, the international benchmark for oil, rose 2.6 per cent to trade at $82.07 a barrel, while the US benchmark West Texas Intermediate rose 2.7 per cent $76.86 a barrel.

Stephanie Stacey

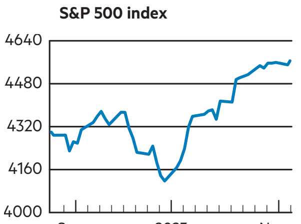
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4565.52	1807.42	33408.39	7455.24	3038.55	126746.10
% change on day	0.33	-0.29	-0.12	-0.07	0.23	0.81
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	103.145	1.098	147.880	1.268	7.152	4.867
% change on day	-0.052	0.457	-0.708	0.555	0.041	-0.986
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	4.339	2.493	0.750	4.330	2.693	10.679
Basis point change on day	-8.350	-5.300	-2.050	-3.600	-2.100	-8.400
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	457.68	82.07	76.87	2013.70	24.76	3621.30
% change on day	0.47	2.61	2.69	0.64	4.43	-0.91

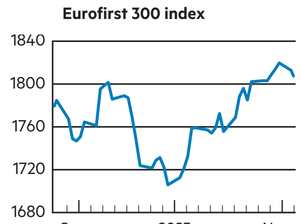
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

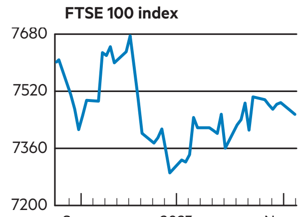
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Newmont Corporation	5.26	Rwe	2.53	Rolls-royce Holdings	6.21
	synchrony Financial	4.40	Bbva	2.21	Smurfit Kappa	3.10
	Estee lauder	3.57	Edp	1.88	B&m Eur Value Retail S.a.	2.51
	Albemarie Corp	3.53	Infineon Tech	1.79	Endeavour Mining	2.16
	Palo Alto	2.82	Santander	1.61	Mondi	2.07
Downs	PG&E Corp	-2.90	Casino Guichard	-7.55	Pearson	-3.69
	Micron Technology	-2.64	Bayer	-3.43	Burberry	-3.32
	GE Healthcare	-1.75	Novozymes	-3.03	Prudential	-2.57
	Idexx Laboratories	-1.59	Novo Nordisk	-2.82	Entain	-2.09
	Viatris	-1.44	Christian Dior	-2.65	Phoenix Holdings	-1.86

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

The US-listed shares of **Taboola**, an Israel-based software group, rallied after revealing a five-year deal with NBCUniversal News Group.

Digital properties such as NBC News, CNBC, MSNBC and Today will use Taboola's technology to help recommend content to users.

Private equity firm **Carlyle Group** rallied in anticipation of joining the S&P MidCap 400 index tomorrow. It will replace health equipment supplier ICU Medical, which is joining the S&P SmallCap 600 index.

Biopharma group **Avidity** jumped on announcing a licensing and research agreement with larger peer Bristol Myers Squibb. The deal, which concerns the development and commercialisation of heart treatments, entitled Avidity to $100mn upfront, comprising $60mn in cash alongside the purchase of $40mn worth of stock.

Rumours of activist activity lifted **Twilio**, with technology title The Information reporting that hedge fund Anson had built up a stake in the cloud communication platform and was "urging the company to sell itself or divest its data and applications business".

Gold miners tracked a rally in the precious metal, which hit a six-month high this week. **Newmont**, **Barrick** and **Gold Fields** all rose. *Ray Douglas*

Europe

A clinical blow sent Dutch biotech **Argenx** tumbling. A trial studying the efficacy of Vyvgart Hytrulo, its treatment for immune thrombocytopenia — a condition characterised by abnormal bleeding and bruising — failed to meet its main goals.

The results came as a surprise to KBC Securities, although the broker saw a "potential upside" for Argenx in another trial looking at a treatment for pemphigus vulgaris, a disorder that causes blisters. The result is due at the end of this year.

French games developer **Ubisoft** retreated on announcing it had raised €495mn through a placement of convertible bonds.

Owners of such notes have the option of converting the debt into equity in the future, thereby diluting the holdings of existing shareholders.

Citi said the issue price was "reasonable", "forestalling what might have been a tricky period of refinancing for a non-rated issuer".

Another French group, IT services provider **Atos**, sank after revealing it was exploring the sale of "additional assets" and contemplating approaching debt and equity markets to raise funds.

Atos said it was also renegotiating the terms of a deal with Czech billionaire Daniel Křetínský to buy Tech Foundations, its IT services business. *Ray Douglas*

London

Forecast-beating targets sent **Rolls-Royce** to the top of the FTSE 100 index, with the engine maker anticipating an operating profit of up to £2.8bn by 2027, eclipsing Citi's estimate of £2.2bn.

Chief executive Tufan Erginbilgic, who joined Rolls-Royce earlier this year, plans to offload its electric aviation unit and sharply increase margins at its core civil aerospace unit, rising from 2.5 per cent to the mid-teens over the medium term.

The FTSE 250 index was headed by **easyJet**, which revealed that its new fiscal year had begun "positively with strong year-on-year profit growth in October and revenue per seat on early bookings . . . pleasingly ahead of last year". In a sign that the budget airline was on a firmer financial footing, it reinstated its dividend, having forgone payouts for the past three financial years.

In the bottom half of the mid-cap index was **Safestore**, the self-storage group, which issued a fourth-quarter update that pointed to a "slower year overall following two very strong Covid-influenced years", said broker Numis.

Frederic Vecchioli, chief executive, said the pandemic had "acted as an accelerator of growth".

The broker trimmed its earnings forecast for Safestore to reflect more "normalised trading patterns and higher interest costs". *Ray Douglas*

Investors should lament the rise of the Global South label

David Lubin

Markets Insight

Among the terms that have been used to describe the world's less advanced economies, Global South seems to be trending these days. By contrast, the emerging markets branding has lost some of its buzz.

This might seem like an unremarkable switch from one analytically thin bit of jargon to another. But no, this shift is quietly signalling two trends that investors should view with some alarm. The first is the decline in potential economic growth in many parts of the developing world. And the second is creeping global fragmentation.

Google data suggests that searches for Global South have regularly outnumbered those for emerging markets since early 2022. That might be considered a temporary phenomenon following Russia's invasion of Ukraine last February. Yet the use of emerging markets as a search term has been in a fairly steady decline for some years now.

That decline is mirrored in real capital flows. One measure of the steady disengagement of international portfolio managers with emerging markets is the fall in foreign investors' ownership of emerging markets bonds denominated in local currencies.

Back in 2016, international investors owned an average 21 per cent of local-currency bonds in emerging markets. Now that figure is just 13 per cent.

In some countries — Indonesia or South Africa, for example — these declines are relative: that is, the amount of bonds owned by foreigners has risen, but at a slower rate than the country's overall bond market. But in others — Mexico, say — this decline is absolute: investors have just walked away.

Either way this is a disturbing trend. Emerging economies do best when they can fund themselves in their own currencies, and so foreign investment in local bond markets is a form of external financing that should be welcomed.

The decline in investors' engagement with emerging economies' local currency bond markets is best explained as a response to their sense that these countries' growth potential is diminishing after the commodities boom and what one might call peak globalisation.

Think of it this way: if investors feel less optimistic about a country's potential growth rate, it becomes more difficult to count on that nation's currency gaining value. And if that's true, the case for investing in local bond markets weakens, especially as US exceptionalism remains a persistent theme.

> The eclipsing of the term emerging markets can be understood as the triumph of politics over economics

What's worrying about this is that, for all its imprecision, the term "emerging markets" was designed to serve a function, namely to draw attention to developing countries as a destination for international capital flows.

This moniker, in other words, always had a commercial objective. But the brand's commercial value seems to be falling.

Global South, by contrast, is a label that serves not so much a commercial, but rather a political, objective. One of its main uses, it seems, is to draw attention to the perceived unfairness of the global order — the dominance of US-shaped institutions such as the IMF and the World Bank, the outsized role played by the dollar and the vulnerability that creates for developing countries that can have their access to international capital ebb and flow depending on decisions made by the US Federal Reserve.

It's no surprise that the Chinese authorities particularly like this term. That said, Beijing has some competition: leaders of both India and Brazil, for example, are also trying to position themselves more or less explicitly as leaders of the Global South.

The sense in which Global South is eclipsing emerging markets, therefore, can be understood as the triumph of politics over economics, reflecting a jostling for influence as the post-cold war period of unchallenged US global dominance has ended.

One should remember, though, that the peak period of US global dominance — the era of the "Washington Consensus" — was one in which many developing countries had their finest moment in terms of convergence towards advanced-economy levels of per capita gross domestic product. For all its many faults, the Washington Consensus was a reasonably honest effort to define a set of policies and institutions that would promote income convergence.

Maybe there's a global order in our future that can recreate the conditions of robust world trade growth that small, open economies need to thrive. But, for the time being, investors seem to be voting with their feet as politics is in command.

David Lubin is former head of emerging markets economics at Citi and will soon be a senior research fellow at Chatham House

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

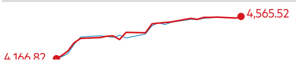
S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.33%	0.34%	0.49%	-0.07%	-0.29%	-0.12%	-0.98%	0.47%	0.457%	0.555%	-0.708%	-0.115%	0.24%	0.64%

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

AMERICAS

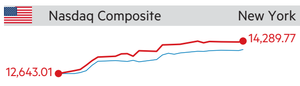
Oct 29 - - — Index — All World

S&P 500 — New York



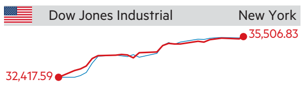
Day 0.33% Month 10.89% Year 15.18%

Nasdaq Composite — New York



Day 0.34% Month 13.02% Year 29.32%

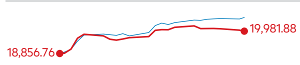
Dow Jones Industrial — New York



Day 0.49% Month 9.53% Year 4.90%

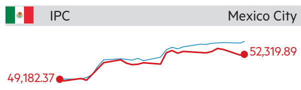
Oct 29 - Nov 28

S&P/TSX COMP — Toronto



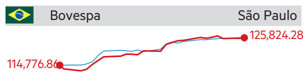
Day 0.08% Month 7.00% Year -0.85%

IPC — Mexico City



Day 0.66% Month 7.27% Year 2.85%

Bovespa — São Paulo

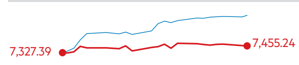


Day 0.81% Month 11.87% Year 16.51%

EUROPE

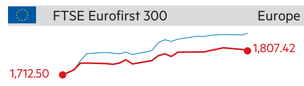
Oct 29 - Nov 28

FTSE 100 — London



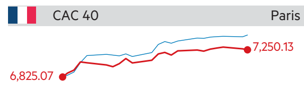
Day -0.07% Month 2.29% Year -0.21%

FTSE Eurofirst 300 — Europe



Day -0.29% Month 5.95% Year 4.54%

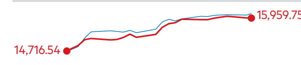
CAC 40 — Paris



Day -0.21% Month 6.69% Year 8.01%

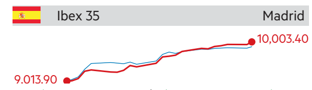
Oct 29 - Nov 28

Xetra Dax — Frankfurt



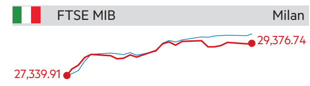
Day 0.16% Month 0.57% Year NaN%

Ibex 35 — Madrid



Day 0.68% Month 12.17% Year 18.85%

FTSE MIB — Milan

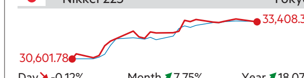


Day 0.12% Month 7.66% Year 18.84%

ASIA

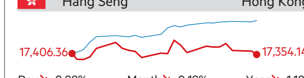
Oct 29 - Nov 28

Nikkei 225 — Tokyo



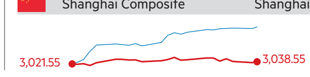
Day -0.12% Month 7.75% Year 18.07%

Hang Seng — Hong Kong



Day -0.98% Month -0.19% Year -1.18%

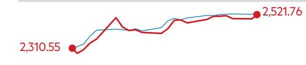
Shanghai Composite — Shanghai



Day 0.23% Month 0.69% Year -2.04%

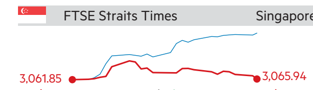
Oct 29 - Nov 28

Kospi — Seoul



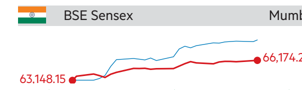
Day 1.05% Month 9.51% Year 3.44%

FTSE Straits Times — Singapore



Day -0.66% Month 0.20% Year -5.45%

BSE Sensex — Mumbai



Day 0.31% Month 3.84% Year 6.32%

Country	Index	Latest	Previous
Argentina	Merval	799386.99	843665.20
Australia	All Ordinaries	7223.10	7192.80
	S&P/ASX 200	7015.20	6987.60
	S&P/ASX 200 Res	5869.70	5864.60
Austria	ATX	3287.55	3247.23
Belgium	BEL 20	3505.19	3560.24
	BEL Mid	10261.05	10307.88
Brazil	IBovespa	126746.10	125731.45
Canada	S&P/TSX 60	1206.85	1206.85
	S&P/TSX Comp	20048.86	20032.66
	S&P/TSX Div Met & Min	1499.60	1536.69
Chile	S&P/CLX IGPA Gen	29095.15	29034.46
China	FTSE A200	9235.77	9221.92
	FTSE B35	9000.71	8988.96
	Shanghai A	3185.70	3178.50
	Shanghai B	231.33	230.11
	Shanghai Comp	3038.55	3031.70
	Shenzhen A	1992.72	1980.77
	Shenzhen B	1080.93	1077.77
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29

Country	Index	Latest	Previous
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1384.06	1380.91
Denmark	OMXC Copenhagen 20	2189.20	2244.04
Egypt	EGX 30	25121.73	25905.54
Estonia	OMX Tallinn	1753.88	1764.12
Finland	OMX Helsinki General	9699.74	9673.49
France	CAC 40	7250.13	7265.49
	SBF 120	5533.59	5514.22
Germany	M-DAX	26007.22	26114.02
	TecDAX	3134.24	3128.39
	XETRA Dax	15992.67	15966.37
Greece	Athens Gen	1264.69	1265.36
	FTSE/ASE 20	3084.05	3077.47
Hong Kong	Hang Seng	17354.14	17525.06
	HS China Enterprise	5957.08	6026.32
	HSCC Red Chip	3395.46	3419.52
Hungary	Bux	57176.11	55887.95
India	BSE Sensex	66174.20	65970.04
	Nifty 500	17741.80	17643.50
Indonesia	Jakarta Comp	7041.07	7013.41
Ireland	ISEQ Overall	8266.31	8180.15
Israel	Tel Aviv 125	1800.22	1817.41

Country	Index	Latest	Previous
Italy	FTSE Italia All-Share	31331.88	31290.74
	FTSE Italia Mid Cap	41748.09	41622.56
	FTSE MIB	29376.74	29342.29
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	33408.39	33447.67
	S&P Topix 150	2076.15	2083.40
	Topix	2376.71	2381.76
Jordan	Amman SE	2408.69	2397.75
Kenya	NSE 20	1508.81	1510.25
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1352.59	1359.53
Lithuania	OMX Vilnius	940.69	941.07
Luxembourg	LuxX	1395.20	1407.58
Malaysia	FTSE Bursa KLCI	1448.02	1448.15
Mexico	IPC	52562.80	52220.49
Morocco	MASI	11775.17	11843.79
Netherlands	AEX	761.37	764.22
	AEX All Share	1027.29	1031.01
New Zealand	NZX 50	11237.38	11155.79
Nigeria	SE All Share	71353.81	71230.48
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	60730.26	59811.34

Country	Index	Latest	Previous
Philippines	Manila Comp	6309.57	6269.50
Poland	Wig	74977.22	73969.84
Portugal	PSI 20	6438.31	6366.50
	PSI General	4576.67	4520.91
Romania	BET Index	14687.50	14665.60
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11100.92	11080.74
Singapore	FTSE Straits Times	3065.94	3086.42
Slovakia	SAX	307.46	307.46
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	75589.18	75369.88
	FTSE/JSE Res 20	58309.32	57549.47
	FTSE/JSE Top 40	69574.16	69366.89
South Korea	Kospi	2521.76	2495.66
	Kospi 200	337.52	333.67
Spain	IBEX 35	10003.40	9936.10
Sri Lanka	CSE All Share	10452.22	10480.02
Sweden	OMX Stockholm 30	2214.81	2226.85
	OMX Stockholm AS	827.48	832.76
Switzerland	SMI Index	10760.38	10821.06

Country	Index	Latest	Previous
Taiwan	Weighted Pr	16915.54	16942.30
Thailand	Bangkok SET	1401.42	1393.42
Turkey	BIST 100	8093.54	8093.54
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2604.80	2617.20
	FTSE 100	7455.24	7460.70
	FTSE 4Good UK	6712.11	6725.68
	FTSE All Share	4059.87	4064.18
	FTSE techMARK 100	6188.56	6188.70
USA	DJ Composite	11592.87	11545.04
	DJ Industrial	35506.83	35333.47
	DJ Transport	14927.72	14903.98
	DJ Utilities	870.86	865.51
	Nasdaq 100	16015.15	15961.98
	Nasdaq Cmp	14289.77	14241.02
	NYSE Comp	15990.08	15930.89
	S&P 500	4565.52	4550.43
	Wilshire 5000	42053.18	41446.59
Venezuela	IBC	58690.18	58652.32
Vietnam	VNI	1095.43	1088.06

Country	Index	Latest	Previous
Cross-Border	DJ Global Titans ($)	532.63	530.94
	Euro Stoxx 50 (Eur)	4347.16	4354.41
	Euronext 100 ID	1350.84	1352.90
	FTSE 4Good Global ($)	11672.12	11639.13
	FTSE All World ($)	457.68	455.54
	FTSE E300	1807.42	1812.75
	FTSE Eurotop 100	3602.95	3615.35
	FTSE Global 100 ($)	3145.52	3133.91
	FTSE Gold Min ($)	1758.59	1723.81
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	3174.34	3181.41
	FTSE World ($)	838.03	834.01
	FTSEurofirst 100 (Eur)	4894.23	4898.92
	FTSEurofirst 80 (Eur)	5895.14	5906.56
	MSCI ACWI Fr ($)	690.46	692.15
	MSCI All World ($)	3007.99	3015.19
	MSCI Europe (Eur)	1849.35	1856.37
	MSCI Pacific ($)	2767.98	2774.45
	S&P Euro (Eur)	1913.18	1915.51
	S&P Europe 350 (Eur)	1857.71	1863.16
	S&P Global 1200 ($)	3327.64	3315.92
	Stoxx 50 (Eur)	3944.90	3961.80

(c) Closed. (u) Unavaliable. † Correction. ♥ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	79.4	235.79	-0.29
Nvidia	47.8	477.08	-5.35
Microsoft	20.3	381.15	2.54
Amazon.com	16.3	146.33	-1.40
Apple	14.4	189.98	0.19
Meta Platforms	11.7	335.69	0.99
Advanced Micro Devices	11.3	121.08	-1.57
Broadcom	8.0	943.61	-6.63
Boeing	7.0	222.51	3.21
Micron Technology	6.2	74.56	-2.95

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Synchrony Fin	30.24	0.85	2.89
Palo Alto Networks	276.55	7.46	2.77
Fidelity National Information Services	56.85	0.86	1.53
Westrock	38.47	0.56	1.48
Boeing	222.51	3.21	1.46
Downs			
Micron Technology	74.56	-2.95	-3.81
Paramount Global	13.82	-0.33	-2.33
Warner Bros Discovery	10.56	-0.23	-2.09
Moderna	76.21	-1.52	-1.95
Biogen	224.37	-4.42	-1.93

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Astrazeneca	208.8	9900.00	-76.00
Shell	159.9	2580.50	10.00
National Grid	125.8	1024.00	9.50
Rolls-royce Holdings	120.3	258.30	15.10
Rio Tinto	111.1	5432.00	-30.00
Bp	102.7	475.00	-0.05
Unilever	96.9	3786.00	-15.50
Relx	88.2	3065.00	-7.00
Hsbc Holdings	86.2	607.20	-0.20
Glencore	67.1	447.05	1.55

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Rolls-royce Holdings	258.30	15.10	6.21
Easyjet	421.20	16.20	4.00
Watches Of Switzerland	623.00	23.00	3.83
Centamin	95.55	3.30	3.58
Softcat	1278.00	39.00	3.15
Downs			
Digital 9 Infrastructure	39.30	-3.70	-8.60
Discoverie	640.00	-34.00	-5.04
Darktrace	341.70	-17.40	-4.85
Man	207.00	-10.30	-4.74
Pearson	933.80	-35.80	-3.69

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Roche Gs	356.4	244.58	-1.04
Nestle N	277.8	103.06	-0.85
Novartis N	222.4	88.42	-0.72
Lvmh	202.4	682.50	-14.80
Unicredit	196.0	24.75	-0.04
Intesa Sanpaolo	182.3	2.62	0.02
Richemont N	156.3	112.49	-3.32
Bayer Ag Na O.n.	142.9	30.58	-1.08
Eni	135.7	15.20	0.17
Asml Holding	126.0	618.80	-9.80

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Bbva	8.59	0.19	2.21
Infineon Tech.ag Na O.n.	34.21	0.71	2.13
Santander	3.78	0.06	1.61
Eni	15.20	0.17	1.12
Intesa Sanpaolo	2.62	0.02	0.94
Downs			
Orsted A/s Dk 10	5.44	-0.22	-3.82
Bayer Ag Na O.n.	30.58	-1.08	-3.43
Richemont N	112.49	-3.32	-2.86
Pernod Ricard	158.40	-3.95	-2.43
Kering	395.05	-9.45	-2.34

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Lasertec	3143.3	31110.00	450.00
Mitsubishi Ufj Fin	939.1	1290.00	-4.50
Fast Retailing Co.,	638.4	37620.00	580.00
Toyota Motor	610.6	2755.00	-15.00
Ajinomoto Co.	538.1	5642.00	68.00
Tokyo Electron	531.1	23890.00	-55.00
Sumitomo Mitsui Fin	512.4	7460.00	-34.00
Mitsubishi Heavy Industries,	435.4	8411.00	29.00
Softbank .	370.3	6140.00	17.00
Renesas Electronics	368.6	2610.00	47.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Sojitz	3370.00	263.00	8.46
Yokohama Rubber Co Ltd	3375.00	132.00	4.07
Keio	4298.00	145.00	3.49
Nippon Paper Industries Co Ltd	1356.00	44.00	3.35
Credit Saison Co.,	2525.00	72.00	2.94
Downs			
Sharp	941.80	-98.70	-9.49
Denso	2277.00	-116.00	-4.85
Hino Motors,	481.60	-12.60	-2.55
Mazda Motor	1621.50	-38.50	-2.32
Shiseido ,	4186.00	-96.00	-2.24

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Nov 28 price(p)	%Chg week	%Chg ytd
Winners			
Sage	1131.50	13.5	51.8
Rolls-royce Holdings	258.30	6.3	176.9
Rightmove	527.60	6.1	3.2
B&m Eur Value Retail S.a.	564.60	6.0	37.3
Sainsbury (j)	281.30	6.0	27.8
Howden Joinery	725.40	5.7	29.2
Intertek	4006.00	5.5	-0.9
Smurfit Kappa	2790.00	4.5	-9.2
Endeavour Mining	1798.00	3.9	2.6
United Utilities	1117.50	3.8	12.7
Fresnillo	559.00	3.7	-38.0
Bt	122.15	3.5	9.0
Losers			
Burberry	1454.00	-5.9	-28.4
St. James's Place	636.80	-5.5	-41.8
Vodafone	70.86	-4.9	-15.9
Whitbread	3177.00	-4.9	23.6
Kingfisher	220.10	-4.6	-6.8
Rentokil Initial	442.70	-4.2	-12.9
Prudential	885.40	-3.7	-21.5
Phoenix Holdings	464.60	-3.4	-23.7
Pearson	933.80	-3.1	-0.6
Astrazeneca	9900.00	-2.9	-11.7
Land Securities	622.00	-2.8	0.1
Glencore	447.05	-2.2	-20.1

FTSE 250	Nov 28 price(p)	%Chg week	%Chg ytd
Winners			
Johnson Matthey	1609.00	10.3	-24.7
Energean	992.00	7.8	-24.2
Centamin	95.55	7.2	-15.4
Cranswick	3970.00	7.0	29.0
Pz Cussons	146.20	6.7	-30.2
Bridgepoint	222.20	6.2	15.5
Helios Towers	76.30	6.0	-28.1
Clarkson	2970.00	5.5	-8.2
Breedon	353.00	5.4	453.7
Syncona	124.80	4.9	-31.0
Genuit	322.50	4.4	14.8
Tritax Eurobox	55.60	4.3	-9.6
Losers			
Ceres Power Holdings	183.20	-12.4	-47.7
Virgin Money Uk	144.00	-9.5	-20.9
Indivior	1238.00	-8.0	-33.2
Liontrust Asset Management	550.00	-6.5	-50.9
Firstgroup	162.00	-6.5	60.4
Digital 9 Infrastructure	39.30	-6.4	-54.5
Puretech Health	156.40	-5.1	-41.3
Currys	46.22	-4.9	-13.8
Bodycote	565.00	-4.8	-0.7
Hipgnosis Songs Fund	68.20	-4.7	-21.0
Genus	2012.00	-4.7	-32.6
Coats	66.90	-4.6	1.1

FTSE SmallCap	Nov 28 price(p)	%Chg week	%Chg ytd
Winners			
Abrdn Eur Logistics Income	61.70	9.6	-9.9
Ao World	89.25	9.3	71.6
Avon Protection	809.00	8.4	-24.7
De La Rue	66.00	8.4	-15.9
Abrdn China Investment	443.00	7.8	-19.4
Aptitude Software	257.00	7.5	-26.6
Trifast	75.80	7.1	4.4
Value And Indexed Property Income Trust	192.00	6.7	-14.7
Robert Walters	414.00	5.9	-23.3
Wincanton	297.50	5.9	-11.7
Petra Diamonds	50.80	5.8	-46.5
Augmentum Fintech	91.80	5.8	-18.4
Losers			
Petrofac	26.78	-28.4	-60.6
Oxford Biomedica	172.00	-10.4	-61.1
Lsl Property Services	216.00	-10.0	-13.6
Card Factory	102.20	-9.2	30.7
Capita	18.93	-8.1	-22.0
Helical	213.00	-7.4	-35.2
Tt Electronics	150.00	-7.2	-13.8
Cmc Markets	89.20	-6.5	-60.2
Speedy Hire	33.50	-6.3	-15.7
Norcros	163.00	-6.1	-9.4
Downing Renewables & Infrastructure Trust	88.60	-5.3	-21.9
Paypoint	503.00	-5.3	-1.4

Industry Sectors	Nov 28 price(p)	%Chg week	%Chg ytd
Winners			
Software & Computer Services	2331.90	5.3	31.9
Mining	9795.06	4.2	-12.5
Real Estate & Investment Servic	2131.33	3.1	0.4
General Financial	13811.47	2.5	19.6
Electricity	10755.17	2.2	1.0
Automobiles & Parts	1539.57	1.8	3.3
Chemicals	8747.34	1.8	-25.6
General Industrials	6201.30	1.7	2.4
Construction & Materials	8543.35	1.6	24.5
General Retailers	3633.08	1.4	8.3
Aerospace & Defense	7872.02	1.4	53.5
Food Producers	7235.78	1.3	27.9
Losers			
Personal Goods	21889.00	-3.8	-28.6
Life Insurance	5974.18	-2.1	-15.1
Industrial Metals	6567.69	-1.8	-16.2
Pharmaceuticals & Biotech.	19345.96	-1.8	-8.0
Mobile Telecommunications	1916.18	-1.6	-10.1
Travel & Leisure	6634.45	-1.3	7.0
Oil & Gas Producers	8629.76	-0.9	6.3
Banks	3468.20	-0.8	5.5
Health Care Equip.& Services	10668.36	-0.7	-2.7
Support Services	9870.25	-0.5	-0.7
Beverages	21830.04	-0.4	-21.4
Equity Investment Instruments	10887.11	-0.1	-3.4

Based on last week's performance. †Price at suspension.

CURRENCIES

Nov 28	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	359.5435	0.5168	394.8164	2.2916	455.9899	3.3649
Australia	Australian Dollar	1.5057	-0.0096	1.6534	-0.0033	1.9096	-0.0007
Bahrain	Bahrainin Dinar	0.3770	-	0.4140	0.0018	0.4781	0.0028
Bolivia	Bolivian Boliviano	6.9100	-	7.5879	0.0332	8.7636	0.0521
Brazil	Brazilian Real	4.8667	-0.0485	5.3441	-0.0296	6.1722	-0.0244
Canada	Canadian Dollar	1.3585	-0.0053	1.4917	0.0007	1.7229	0.0036
Chile	Chilean Peso	870.1400	-1.9100	955.5048	2.0904	1103.5524	4.1587
China	Chinese Yuan	7.1523	0.0029	7.8540	0.0375	9.0709	0.0576
Colombia	Colombian Peso	3954.7900	-40.5050	4342.7753	-25.2921	5015.6513	-21.2185
Costa Rica	Costa Rican Colon	530.5150	-1.2100	582.5610	1.2248	672.8240	2.4782
Czech Republic	Czech Koruna	22.0882	-0.1811	24.2551	-0.0920	28.0132	-0.0617
Denmark	Danish Krone	6.7902	-0.0295	7.4563	0.0003	8.6116	0.0140
Egypt	Egyptian Pound	30.9280	0.0616	33.9622	0.2159	39.2243	0.3111
Hong Kong	Hong Kong Dollar	7.7978	0.0054	8.5628	0.0434	9.8895	0.0657
Hungary	Hungarian Forint	343.4159	-4.0185	377.1066	-2.7443	435.5362	-2.4745
India	Indian Rupee	83.3438	-0.0350	91.5202	0.3620	105.7005	0.5848
Indonesia	Indonesian Rupiah	15435.0000	-59.5000	16949.2675	9.0731	19575.4094	41.4887
Israel	Israeli Shekel	3.6812	-0.0293	4.0423	-0.0143	4.6686	-0.0091
Japan	Japanese Yen	147.8800	-1.0550	162.3877	-0.4433	187.5484	-0.2140
..One Month		147.8793	-1.0564	162.3872	-0.4444	187.5475	-0.2157
..Three Month		147.8778	-1.0593	162.3860	-0.4467	187.5457	-0.2193
..One Year		147.8721	-1.0710	162.3815	-0.4557	187.5475	-0.2248
Kenya	Kenyan Shilling	153.1000	0.1000	168.1198	0.8446	194.1686	1.2815
Kuwait	Kuwaiti Dinar	0.3084	-0.0001	0.3386	0.0014	0.3911	0.0022
Malaysia	Malaysian Ringgit	4.6715	-0.0095	5.1298	0.0120	5.9246	0.0233
Mexico	Mexican Peso	17.1580	0.0145	18.8413	0.0982	21.7606	0.1478
New Zealand	New Zealand Dollar	1.6304	-0.0112	1.7903	-0.0045	2.0677	-0.0019
Nigeria	Nigerian Naira	789.5000	-10.0000	866.9537	-7.1417	1001.2809	-6.6489
Norway	Norwegian Krone	10.6493	-0.0349	11.6940	0.0130	13.5059	0.0364
Pakistan	Pakistani Rupee	285.5000	-0.5000	313.5089	0.8244	362.0845	1.5242
Peru	Peruvian Nuevo Sol	3.7302	0.0096	4.0962	0.0284	4.7308	0.0403
Philippines	Philippine Peso	55.4110	-0.0040	60.8471	0.2617	70.2748	0.4131
Poland	Polish Zloty	3.9452	-0.0342	4.3322	-0.0185	5.0035	-0.0134
Romania	Romanian Leu	4.5277	-0.0198	4.9719	0.0002	5.7422	0.0093
Russia	Russian Ruble	89.5000	0.5250	98.2804	1.0038	113.5081	1.3373
Saudi Arabia	Saudi Riyal	3.7507	0.0001	4.1187	0.0181	4.7568	0.0284
Singapore	Singapore Dollar	1.3320	-0.0063	1.4626	-0.0004	1.6892	0.0022
South Africa	South African Rand	18.6625	-0.0575	20.4934	0.0268	23.6687	0.0684
South Korea	South Korean Won	1293.7000	-10.0500	1420.6182	-4.7750	1640.7311	-2.9068
Sweden	Swedish Krona	10.3775	-0.0830	11.3955	-0.0410	13.1612	-0.0264
Switzerland	Swiss Franc	0.8783	-0.0026	0.9645	0.0013	1.1140	0.0033
Taiwan	New Taiwan Dollar	31.4660	-0.1270	34.5530	0.0123	39.9067	0.0774
Thailand	Thai Baht	34.9350	-0.1750	38.3623	-0.0236	44.3062	0.0430
Tunisia	Tunisian Dinar	3.0965	-0.0098	3.4003	0.0042	3.9271	0.0110
Turkey	Turkish Lira	28.9163	0.0055	31.7531	0.1448	36.6729	0.2251
United Arab Emirates	UAE Dirham	3.6731	0.0005	4.0334	0.0182	4.6584	0.0284
United Kingdom	Pound Sterling	0.7885	-0.0047	0.8658	-0.0014	-	-
..One Month		0.7885	-0.0047	0.8658	-0.0014	-	-
..Three Month		0.7886	-0.0047	0.8656	-0.0014	-	-
..One Year		0.7887	-0.0048	0.8645	-0.0014	-	-
United States	United States Dollar	-	-	1.0981	0.0048	1.2682	0.0075
..One Month		-	-	1.0980	-0.1626	1.2683	0.0075
..Three Month		-	-	1.0977	-0.1626	1.2683	0.0075
..One Year		-	-	1.0963	-0.1626	1.2684	0.0075
Vietnam	Vietnamese Dong	24240.0000	-25.0000	26618.1152	89.1164	30742.3667	151.4106
European Union	Euro	0.9107	-0.0040	-	-	1.1549	0.0018
..One Month		0.9105	-0.0040	-	-	1.1549	0.0018
..Three Month		0.9102	-0.0040	-	-	1.1547	0.0018
..One Year		0.9088	-0.0040	-	-	1.1536	0.0018

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

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Nov 28	Day's chge%	Euro Index	£ Strlg Nov 27	£ Strlg Nov 24	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7455.24	-0.07	6709.44	7460.70	7488.20	7474.02	4.00	2.42	10.34	290.59	7958.22
FTSE 250 (250)	18387.00	-0.28	16547.61	18438.55	18458.10	19292.35	3.66	1.04	26.25	579.32	15795.29
FTSE 250 ex Inv Co (168)	18939.66	-0.36	17044.98	19008.81	19031.66	19829.36	3.84	0.83	31.49	611.71	16612.93
FTSE 350 (350)	4101.06	-0.10	3690.80	4105.25	4118.87	4138.23	3.95	2.24	11.29	155.58	8678.51
FTSE 350 ex Investment Trusts (265)	4048.54	-0.10	3643.54	4052.60	4066.60	4076.38	4.01	2.26	11.05	156.15	4430.30
FTSE 350 Higher Yield (133)	3513.99	-0.01	3162.46	3514.18	3525.02	3545.30	5.66	2.29	7.71	185.44	8519.77
FTSE 350 Lower Yield (217)	4270.05	-0.21	3842.89	4278.91	4294.19	4313.53	2.10	2.09	22.79	95.15	5374.43
FTSE SmallCap (222)	6056.44	-0.29	5450.57	6073.82	6080.32	6225.92	4.04	-0.25	-98.59	201.51	10541.40
FTSE SmallCap ex Inv Co (115)	5025.77	-0.50	4523.00	5051.19	5056.17	5024.72	4.25	-0.30	-78.01	162.22	9087.96
FTSE All-Share (572)	4059.87	-0.11	3653.73	4064.18	4077.47	4098.49	3.95	2.18	11.58	153.58	8674.87
FTSE All-Share ex Inv Co (380)	3975.67	-0.10	3577.96	3979.85	3993.48	4002.74	4.01	2.22	11.20	153.03	4416.90
FTSE All-Share ex Multinationals (512)	1064.87	-0.14	795.29	1066.36	1066.23	1085.07	4.19	1.43	16.75	41.45	2360.17
FTSE Fledgling (71)	10417.19	0.47	9375.08	10368.75	10342.19	11541.58	3.09	-1.20	-26.94	309.53	23250.82
FTSE Fledgling ex Inv Co (31)	15476.63	1.49	13928.38	15250.03	15242.86	14989.62	2.42	-3.96	-10.43	446.18	33542.87
FTSE All-Small (293)	4205.75	-0.25	3785.02	4216.23	4219.97	4340.66	3.99	-0.29	-86.95	139.15	9386.69
FTSE All-Small ex Inv Co (146)	3784.24	-0.43	3405.67	3800.46	3803.99	3778.69	4.18	-0.38	-62.21	121.64	8665.15
FTSE AIM All-Share (676)	712.57	-0.33	641.29	714.95	716.90	850.92	2.08	1.06	45.38	13.58	852.86
FTSE All-Share Technology (17)	2433.92	0.38	2126.76	2424.64	2404.80	2034.12	1.59	1.58	39.86	36.35	3588.64
FTSE All-Share Telecommunications (6)	1217.54	-0.54	1063.88	1224.10	1227.33	1536.63	8.71	0.44	26.24	99.61	2019.67
FTSE All-Share Health Care (12)	13491.27	-0.51	11788.68	13560.92	13747.87	14299.33	2.63	1.50	25.31	351.48	12798.27
FTSE All-Share Financials (256)	4613.37	-0.24	4031.16	4624.68	4637.36	4506.99	4.72	2.31	9.17	211.89	5371.94
FTSE All-Share Real Estate (51)	795.29	-1.01	726.98	803.41	794.82	844.38	4.58	-3.03	-7.20	33.85	876.08
FTSE All-Share Consumer Discretionary (81)	5091.87	-0.12	4449.28	5097.97	5094.78	4602.84	2.32	2.06	20.87	110.87	5522.08
FTSE All-Share Consumer Staples (22)	17193.33	-0.30	15023.54	17245.19	17262.25	19793.38	4.62	1.58	13.69	721.17	16452.48
FTSE All-Share Industrials (83)	6967.60	0.40	6088.30	6939.52	6962.77	6376.04	2.23	2.23	20.10	151.97	8253.83
FTSE All-Share Basic Materials (21)	7756.08	0.01	6777.27	7755.20	7782.84	8965.58	6.02	2.33	7.13	458.77	11213.05
FTSE All-Share Energy (15)	8911.32	0.24	7786.71	8889.93	8957.41	8544.36	4.20	4.69	5.08	371.37	11305.77
FTSE All-Share Utilities (8)	9044.24	0.53	7902.87	8996.70	8968.54	8615.19	4.86	2.18	9.43	415.57	14463.73
FTSE All-Share Software and Computer Services (16)	2642.69	0.42	2309.18	2631.60	2609.96	2195.71	1.57	1.63	39.24	38.84	4121.40
FTSE All-Share Technology Hardware and Equipment (1)	3737.60	-3.85	3265.92	3887.10	3872.15	5106.89	4.30	-0.47	-49.04	142.95	5011.48
FTSE All-Share Telecommunications Equipment (1)	243.21	0.18	212.52	242.76	243.88	639.77	5.75	1.51	11.50	13.99	360.77
FTSE All-Share Telecommunications Service Providers (5)	1913.28	-0.55	1671.83	1923.93	1928.91	2353.67	8.78	0.42	27.08	157.69	2896.67
FTSE All-Share Health Care Providers (1)	11310.09	-0.44	9882.76	11360.47	11335.28	10974.48	0.22	4.26	105.49	43.16	10538.27
FTSE All-Share Medical Equipment and Services (2)	5221.79	-0.16	4562.80	5230.35	5246.60	5467.67	2.77	0.62	57.79	144.86	5182.97
FTSE All-Share Pharmaceuticals and Biotechnology (9)	19276.02	-0.53	16843.40	19379.26	19658.48	20444.72	2.63	1.55	24.51	504.08	16466.97
FTSE All-Share Banks (12)	3420.14	0.02	2988.52	3419.29	3437.21	3129.45	6.42	3.20	4.87	218.66	3217.57
FTSE All-Share Finance and Credit Services (8)	11875.55	0.13	10376.87	11860.56	11826.27	11055.15	1.79	1.91	29.36	220.71	16285.90
FTSE All-Share Investment Banking and Brokerage Services (32)	8856.95	-0.19	7739.21	8873.88	8905.89	8652.61	5.08	1.89	10.45	400.21	13093.83
FTSE All-Share Closed End Investments (192)	11153.42	-0.13	9745.86	11167.45	11177.56	11727.85	3.04	1.38	23.77	309.37	7190.84
FTSE All-Share Life Insurance (6)	6080.95	-1.81	5313.54	6193.17	6231.08	6614.83	5.37	0.40	46.07	327.63	7819.92
FTSE All-Share Nonlife Insurance (6)	3870.78	-0.49	3382.29	3889.77	3852.17	3590.87	2.71	1.12	33.08	86.97	8448.18
FTSE All-Share Real Estate Investment and Services (10)	2016.22	-1.29	1761.77	2042.60	1995.37	2137.92	2.52	-0.08	-521.40	40.95	6154.09
FTSE All-Share Real Estate Investment Trusts (41)	1975.32	-0.96	1726.04	1994.44	1977.62	2097.89	4.96	-3.30	-6.11	92.08	3149.80
FTSE All-Share Automobiles and Parts (3)	1547.45	0.07	1352.17	1546.41	1557.73	1307.21	1.20	-3.35	-24.99	18.60	1626.90
FTSE All-Share Consumer Services (1)	3413.84	0.29	2983.02	3403.95	3412.19	3041.57	1.79	2.12	26.38	61.00	4410.84
FTSE All-Share Household Goods and Home Construction (11)	9843.89	-0.33	8601.60	9876.73	9786.32	8435.01	5.96	1.91	8.80	513.37	9366.90
FTSE All-Share Leisure Goods (2)	28748.29	-1.59	25120.28	29213.15	29262.09	20219.15	4.17	1.00	23.92	1198.55	33578.68
FTSE All-Share Personal Goods (4)	18774.24	-1.69	16404.94	19096.89	19302.97	28134.29	3.46	2.17	13.30	496.10	15057.55
FTSE All-Share Media (10)	11146.36	-0.74	9739.70	11229.51	11171.38	9568.62	2.36	1.93	21.91	262.54	8044.32
FTSE All-Share Retailers (21)	2345.77	0.98	2049.74	2323.12	2311.78	1913.80	2.48	2.68	15.06	49.50	3133.54
FTSE All-Share Travel and Leisure (29)	6527.02	0.16	5703.31	6516.43	6566.52	6423.78	0.88	2.36	48.23	57.29	6806.42
FTSE All-Share Beverages (5)	21923.13	-1.01	19156.45	22146.01	22259.12	28963.16	2.92	2.03	16.90	622.57	18005.95
FTSE All-Share Food Producers (8)	7419.57	0.05	6483.23	7415.81	7405.51	5966.81	2.16	2.71	17.10	104.04	7338.81
FTSE All-Share Tobacco (2)	28519.43	-0.06	24920.30	28535.37	28552.13	36519.47	8.68	1.60	7.18	2008.23	29029.82
FTSE All-Share Construction and Materials (15)	9020.58	0.07	7882.19	9014.00	9039.60	7332.38	3.80	2.52	10.45	279.01	11376.44
FTSE All-Share Aerospace and Defense (8)	8240.49	2.09	7200.55	8071.85	8132.49	5142.88	1.54	3.72	17.41	127.08	10233.36
FTSE All-Share Electronic and Electrical Equipment (11)	10695.39	-0.38	9345.64	10736.24	10768.38	10985.50	1.71	2.41	24.34	165.33	10751.98
FTSE All-Share General Industrials (7)	4990.45	0.93	4360.66	4944.43	4967.34	5032.90	3.63	1.53	17.97	165.24	6823.81
FTSE All-Share Industrial Engineering (6)	14335.28	-0.22	12526.18	14367.41	14375.97	16286.05	2.28	2.22	19.72	321.07	19650.33
FTSE All-Share Industrial Support Services (29)	9527.81	-0.50	8325.41	9575.88	9569.92	10006.20	2.27	1.39	31.63	211.01	11209.73
FTSE All-Share Industrial Transportation (7)	5215.49	-0.76	4557.30	5255.62	5281.73	5596.53	1.87	3.59	14.89	91.89	5553.82
FTSE All-Share Industrial Materials (1)	16403.06	0.61	544.51	16303.04	15952.98	15802.95	2.10	3.29	14.46	345.06	21117.90
FTSE All-Share Industrial Metals and Mining (8)	7073.15	-0.07	6180.53	7077.84	7112.98	8056.10	6.33	2.46	6.43	443.99	11571.07
FTSE All-Share Precious Metals and Mining (5)	9430.72	2.11	8240.57	9235.73	9035.51	10167.28	3.12	-1.42	-22.51	294.42	6856.50
FTSE All-Share Chemicals (7)	9546.90	-0.04	8342.09	9550.68	9539.68	13367.16	3.68	1.29	21.07	269.95	9808.90
FTSE All-Share Oil. Gas and Coal (13)	8658.12	0.24	7565.47	8637.15	8702.46	8294.57	4.20	4.70	5.07	360.71	11392.08
FTSE Sector Indices											
Non Financials (316)	**4934.11**	**-0.06**	**4440.51**	**4937.26**	**4954.20**	**5028.31**	**3.72**	**2.14**	**12.59**	**174.88**	**9256.05**

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	7429.26	7416.43	7429.75	7430.15	7427.77	7430.19	7434.72	7448.60	7459.21	7461.06	7403.82
FTSE 250	18413.19	18336.50	18338.58	18322.83	18302.53	18306.63	18337.96	18341.44	18377.43	18422.51	18299.78
FTSE SmallCap	6069.95	6061.15	6061.29	6055.55	6050.96	6047.84	6052.43	6054.37	6054.65	6071.06	6046.18
FTSE All-Share	4048.96	4040.64	4046.81	4046.43	4044.65	4045.84	4048.93	4055.42	4061.37	4062.69	4035.79

Time of FTSE 100 Day's high:16:19:00 Day's Low08:45:30 FTSE 100 2010/11 High: 8014.31(20/02/2023) Low: 7256.94(07/07/2023)

Time of FTSE All-Share Day's high:16:19:00 Day's Low08:45:00 FTSE 100 2010/11 High: 4377.36(16/02/2023) Low: 3933.17(27/10/2023)

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FT 30 INDEX

	Nov 28	Nov 27	Nov 24	Nov 23	Nov 22	Yr Ago	High	Low
FT 30	2604.80	2617.20	2623.90	2620.20	2630.10	0.00	2895.30	2454.10
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2617.2	2595.1	2594.6	2595.2	2593.2	2593.5	2596.1	2601	2605.9	2617.2	2591.7

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

FT WILSHIRE 5000 INDEX SERIES

Nov 27		Nov 27	
FT Wilshire 5000	45676.80	FT Wilshire Mid Cap	5579.55
FT Wilshire 2500	5867.57	FT Wilshire Small Cap	5038.28
FT Wilshire Mega Cap	6063.83	FT Wilshire Micro Cap	4368.64
FT Wilshire Large Cap	5984.54		

Source: Wilshire. Wilshire Advisors LLC (Wilshire) is an investment advisor registered with the SEC. Further information is available at https://www.wilshire.com/solutions/indexes . Wilshire® is a registered service mark. Copyright ©2023 Wilshire. All rights reserved.

FTSE GLOBAL EQUITY INDEX SERIES

Nov 28 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	10082	769.34	-0.2	9.6	13.1	1260.81	15.4	2.1
FTSE Global All Cap	10082	769.34	-0.2	9.6	13.1	1260.81	15.4	2.1
FTSE Global Large Cap	2000	704.22	-0.2	9.6	15.8	1189.87	18.3	2.1

The FTSE Global Equity Series, launched in 2003, contains the FTSE Global Small Cap Indices and broader FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/mid cap) - please see https://research.ftserussell.com/Products/indices/Home/indexfiltergeis?indexName=GEISAC&currency=USD&rtn=CAPITAL&segment=global-developed--emerging. The trade names Fundamental Index® and RAFI® are registered trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LLC (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719; Patent Pending Publ. Nos. US-2006-0149645-A1, US-2007-0055598-A1, US-2008-0288416-A1, US-2010-0063942-A1, WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "EDHEC™" is a trade mark of EDHEC Business School As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please see www.ftse.com/icb. For constituent changes and other information about FTSE, please see 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.

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Aerospace & Defense	53.18	Banks	5.37	Real Est Invest & Tr	-3.00
Software & Comp Serv	29.02	Fixed Line Telecomms	3.53	Equity Invest Instr	-3.51
Food Producers	26.35	Automobiles & Parts	3.42	Health Care Eq & Srv	-6.31
Leisure Goods	24.64	Nonlife Insurance	2.73	Health Care	-7.96
Construct & Material	23.55	Household Goods & Ho	2.65	Pharmace & Biotech	-8.06
General Retailers	22.81	Electronic & Elec Eq	2.54	Telecommunications	-10.24
Media	20.81	Industrial Eng	2.21	Personal Goods	-11.35
Food & Drug Retailer	20.06	Financials	0.82	Consumer Goods	-11.97

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	2204	14.00	Intertek Group PLC	4006	-7.00
Admiral Group PLC	2709	-	Jd Sports Fashion PLC	148.80	0.05
Airtel Africa PLC	112.40	-0.70	Kingfisher PLC	220.10	1.40
Anglo American PLC	2204	-1.00	Land Securities Group PLC	622.00	-9.20
Antofagasta PLC	1421	8.50	Legal & General Group PLC	225.20	-2.90
Ashtead Group PLC	4722	-30.00	Lloyds Banking Group PLC	42.45	0.40

UK STOCK MARKET TRADING DATA

	Nov 28	Nov 27	Nov 24	Nov 23	Nov 22	Yr Ago
Order Book Turnover (m)	68.29	144.18	144.18	144.18	33.38	216.93

Data provided by Morningstar | www.morningstar.co.uk

UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total
AEW UK REIT	Int	7.162	8.322	4.520	5.250	2.00000	2.00000	Dec 1		2.000	2.000

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier. For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)

§Placing price. *Introduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

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 %
Midea	0.32	0.30	0.02	6.67	0.03	16.4	10.34
KoreaElePwr	18980.00	19000.00	-20.00	-0.11	1240.00	6.9	14.18
SaicMtr	15.37	15.49	-0.12	-0.77	1.05	7.3	12.42
RollsRoyce	258.30	243.20	15.10	6.21	20.20	6.3	28.78
MitsubEst	1090.20	1070.86	19.34	1.81	38.31	5.6	8.87
China Vanke	8.29	8.49	-0.20	-2.36	0.61	5.2	10.23
Medtronic	78.73	79.00	-0.27	-0.34	3.84	4.7	13.45
Fresenius Med	37.24	36.68	0.56	1.53	1.04	4.5	4.49
eBay	41.20	41.35	-0.15	-0.36	1.90	4.4	8.44
MTN Grp	102.32	101.65	0.67	0.66	3.56	4.3	1.19
SHOP	99.54	100.51	-0.97	-0.97	5.06	4.3	54.81
Dollar General	126.97	125.68	1.29	1.03	3.90	4.3	6.46
Swedbank	192.00	193.30	-1.30	-0.67	8.80	4.1	7.72
Kraft Heinz	35.16	34.89	0.27	0.77	1.10	4.1	11.91
Bhartiartl	984.90	973.15	11.75	1.21	25.85	4.0	7.69
IntSPaolo	2.62	2.60	0.02	0.94	0.07	3.9	10.39
H & M	174.34	174.52	-0.18	-0.10	6.68	3.9	20.08
CrownCstl	108.45	107.15	1.30	1.21	2.72	3.8	20.55
Fresenius SE	28.44	28.20	0.24	0.85	0.81	3.8	3.83
Fidelity NIS	56.85	55.99	0.86	1.53	1.19	3.7	20.74

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 %
Bayer	30.58	31.66	-1.09	-3.43	-2.35	-10.1	-10.12
SandsCh	19.96	20.45	-0.49	-2.40	-1.20	-7.8	-6.16
ChinaMBank	28.05	29.00	-0.95	-3.28	-1.40	-7.7	-10.95
Denso	2277.00	2393.00	-116.00	-4.85	-69.00	-7.5	-2.47
Autodesk	204.28	202.26	2.02	1.00	-17.44	-7.0	4.69
Walgreen	19.91	20.11	-0.21	-1.02	-0.92	-5.3	-5.75
Avago Tech	943.61	950.24	-6.63	-0.70	-45.47	-5.2	12.56
Broadcom	943.61	950.24	-6.63	-0.70	-45.47	-5.2	12.56
Deere	360.75	362.21	-1.47	-0.40	-18.12	-5.1	-0.11
Vodafone	70.86	71.04	-0.18	-0.25	-3.47	-4.9	-6.89
BkNvaS	58.08	60.25	-2.18	-3.61	-2.74	-4.8	4.76
SouthCpr	71.58	71.30	0.27	0.37	-3.27	-4.5	-0.32
PingAnIns	37.10	38.15	-1.05	-2.75	-0.80	-4.7	-8.87
PernodRic	158.40	162.35	-3.95	-2.43	-3.60	-4.5	-3.94
Charter Comms	394.73	396.84	-2.12	-0.53	-16.22	-4.4	6.16
Cvs	72.79	73.31	-0.52	-0.71	-2.75	-4.3	7.59
Nutrien	74.58	75.09	-0.51	-0.68	-2.84	-4.3	-3.20
CanNatRs	87.75	87.05	0.70	0.80	-4.64	-4.3	-0.31
AIA	70.15	70.40	-0.25	-0.36	-2.85	-4.2	2.04
Suncor En	44.07	43.94	0.13	0.30	-2.00	-4.1	-2.26

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

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

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

BONDS: GLOBAL INVESTMENT GRADE

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

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INTEREST RATES: OFFICIAL

Nov 28	Rate	Current	Since	Last
US	Fed Funds	5.25-5.50	26-07-2023	5.00-5.25
US	Prime	8.50	26-07-2023	8.25
US	Discount	5.50	01-08-2023	5.25
Euro	Repo	4.50	14-09-2023	4.25
UK	Repo	5.25	03-08-2023	5.00
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75-0.25

INTEREST RATES: MARKET

Nov 28 (Libor: Nov 27)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	5.06157	0.010	0.000	0.004	5.46604	5.65482	5.82916	6.04143
Euro Libor	-0.64957	-0.064	0.000	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	0.000	0.001	4.20130	5.35920	4.74470	0.81363
Swiss Fr Libor				-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor				0.000	-0.06005	-0.02617	0.07165	0.04867
Euro Euribor				0.043	3.84800	3.95100	4.05000	4.05700
Sterling CDs				0.000	0.50000	0.63000	0.78500	
US$ CDs				-0.010	5.41000	5.54000	5.63000	
Euro CDs				0.000	3.93000	3.92000	3.96000	

Nov 28	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	3.63	3.93	3.69	3.99	3.78	4.08	3.77	4.07	3.81	4.11	3.68	3.98
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	5.14	5.34	5.17	5.37	5.31	5.51	5.44	5.64	5.53	5.73	5.55	5.75
Japanese Yen	-0.30	-0.10	-0.30	-0.10	-0.25	0.05	-0.15	0.05	-0.05	0.15	0.00	0.20

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	207.70	0.14	4.13	1.96	4.51	5.47
Corporates(£)	336.83	0.46	2.93	4.24	3.28	2.07
Corporates(€)	216.70	0.41	1.61	4.53	1.93	2.96
Eurozone Sov(€)	213.24	0.58	2.42	2.76	2.76	-1.68
Gilts(£)	263.83	0.72	2.99	-2.13	3.18	-7.15
Overall(£)	276.97	0.63	2.84	-0.54	3.06	-4.81
Overall(€)	210.44	0.51	2.10	3.06	2.42	-0.46
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	749.49	-2.83	-	-	4.32	10.19
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	378.55	-3.79	-5.01	-88.61	475.45	374.51
Europe 5Y	68.53	-1.24	-0.68	-20.42	90.18	67.64
Japan 5Y	65.24	0.68	-1.26	-13.08	80.75	64.38
Senior Financials 5Y	79.65	-0.91	-0.58	-22.31	103.71	78.32
Markit CDX						
Emerging Markets 5Y	188.67	-1.57	1.04	-43.80	245.20	187.63
Nth Amer High Yld 5Y	408.26	4.21	-1.53	-	447.71	402.79
Nth Amer Inv Grade 5Y	63.71	0.53	0.01	-17.50	81.85	62.60

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

VOLATILITY INDICES

	Nov 28	Day Chng	Prev	52 wk high	52 wk low
VIX	12.63	-0.06	12.69	30.81	12.45
VXD	8.92	-2.13	11.05	29.87	3.10
VXN	16.41	-0.03	16.44	32.60	5.85
VDAX	13.52	0.02	13.50	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	-	-	-	-	-	-	-	-
	05/32	1.25	77.11	4.53	0.02	0.06	-0.24	0.97
	02/50	1.00	88.84	2.28	0.02	0.08	-0.18	0.63
Austria	02/29	0.50	88.45	2.91	-0.12	-0.08	-0.28	0.51
	02/47	1.50	70.06	3.38	-0.07	-0.05	-0.44	0.80
Belgium	06/27	0.80	93.11	2.86	-0.09	-0.04	-0.19	0.60
	06/47	1.60	68.22	3.63	-0.06	-0.05	-0.40	0.85
Canada	03/25	1.25	95.88	4.66	-0.05	-0.01	-0.15	0.88
	06/30	1.25	85.99	3.69	-0.07	-0.02	-0.33	0.79
	12/48	2.75	88.11	3.46	-0.08	-0.06	-0.33	0.49
Denmark	11/29	0.50	88.31	2.64	-0.10	-0.08	-0.27	0.41
	11/39	4.50	119.50	2.95	-0.08	-0.06	-0.30	0.73
Finland	09/24	0.00	97.12	3.74	0.00	-0.08	-0.01	1.55
	09/29	0.50	87.38	2.90	-0.11	-0.07	-0.30	0.46
France	05/28	0.75	91.31	2.84	-0.11	-0.07	-0.24	0.57
	05/48	2.00	75.07	3.54	-0.06	-0.06	-0.41	0.85
Germany	08/29	0.00	87.12	2.44	-0.10	-0.06	-0.21	0.50
	08/48	1.25	73.59	2.73	-0.07	-0.06	-0.36	0.90
Greece	-	-	-	-	-	-	-	-
	01/28	3.75	101.83	3.27	-0.06	-0.04	-0.34	-0.06
Ireland	-	-	-	-	-	-	-	-
	05/26	1.00	95.33	3.00	-0.07	-0.05	-0.11	0.81
	02/45	2.00	78.39	3.45	-0.05	-0.06	-0.36	0.77
Italy	02/25	0.35	96.32	3.58	-0.07	0.00	-0.26	0.85
	05/30	0.40	90.50	1.97	-0.05	0.01	-0.29	0.53
	03/48	3.45	83.23	4.61	-0.07	-0.04	-0.53	0.77
Japan	04/25	0.05	99.96	0.08	0.00	0.03	-0.03	0.01
	12/29	0.10	98.15	0.41	0.00	0.01	-0.08	0.22
	12/49	0.40	73.26	1.67	0.02	0.02	-0.12	0.31
Netherlands	07/27	0.75	93.08	2.78	-0.09	-0.04	-0.16	0.67
	01/47	2.75	96.02	2.99	-0.07	-0.05	-0.41	0.89
New Zealand	05/31	1.50	78.42	5.00	0.03	0.14	-0.44	0.83
	09/40	2.50	116.31	3.01	0.00	0.08	-0.37	0.66
Norway	08/30	1.38	86.79	3.62	-0.06	-0.02	-0.40	0.46
Poland	-	-	-	-	-	-	-	-
	07/27	2.50	90.70	5.37	-0.02	0.15	0.09	-1.79
	04/47	4.00	78.00	5.73	0.09	0.19	-0.09	-1.92
Portugal	04/27	4.13	103.65	2.97	-0.07	-0.01	-0.16	0.61
Spain	-	-	-	-	-	-	-	-
	10/29	0.60	86.15	3.21	-0.10	-0.05	-0.31	0.56
	10/46	2.90	82.89	4.06	-0.06	-0.05	-0.43	0.87
Sweden	06/30	0.13	113.56	1.15	-0.05	-0.04	-0.23	1.40
	03/39	3.50	108.71	2.79	-0.04	0.00	-0.30	0.98
Switzerland	04/28	4.00	112.55	1.04	-0.06	0.00	0.02	0.07
	06/29	0.00	94.79	0.97	-0.06	-0.01	-0.05	-0.01
United Kingdom	-	-	-	-	-	-	-	-
	07/27	1.25	90.18	4.18	-0.08	0.14	-0.16	0.88
	07/47	1.50	54.95	4.66	-0.08	0.12	-0.35	1.24
United States	-	-	-	-	-	-	-	-
	03/25	0.50	94.05	5.15	-0.06	-0.02	-0.09	0.81
	02/30	1.50	84.23	4.43	-0.10	-0.03	-0.42	0.69
	02/50	0.25	60.24	2.27	-0.05	0.02	-0.29	0.70

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

GILTS: UK CASH MARKET

Nov 28	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Tr 0.125pc '24	99.18	4.98	-0.20	-0.60	2.47	50.45	99.18	96.10	35.55
Tr 2pc '25	95.71	4.54	-0.66	1.34	-2.99	44.59	97.82	92.80	39.93
Tr 0.125pc '26	91.43	4.31	-0.69	2.38	-3.15	39.03	92.38	87.71	35.32
Tr 1.25pc '27	90.36	4.12	-1.20	1.73	-6.36	27.55	93.30	86.03	40.99
Tr 0.5pc '29	83.34	4.11	-1.20	1.99	-7.85	30.48	87.71	78.59	28.92
Tr 1pc '32	78.58	4.11	-1.20	1.73	-9.27	32.58	110.14	74.53	35.96
Tr 4.25pc '36	99.30	4.32	-1.14	1.41	-9.43	27.81	109.78	94.63	31.68
Tr 4.5pc '42	98.77	4.60	-0.65	2.00	-8.55	32.95	115.20	92.93	28.35
Tr 3.75pc '52	86.32	4.62	-0.65	2.44	-8.51	37.91	107.40	79.70	25.11
Tr 4pc '60	90.72	4.52	-0.66	2.49	-8.87	43.49	118.02	83.11	25.13

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	Nov 28	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	81.69	0.10	2392.69	0.79	1.68	4.30
2 5 - 10 Years	144.10	0.34	3138.76	2.75	-2.17	4.09
3 10 - 15 Years	150.40	0.48	3563.79	4.44	-5.88	4.34
4 5 - 15 Years	144.61	0.38	3239.38	3.27	-3.25	4.19
5 Over 15 Years	192.68	0.57	3438.34	7.21	-16.01	4.55
7 All stocks	129.70	0.34	2973.13	3.55	-6.17	4.43

Index Linked	Nov 28	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	333.32	0.12	0.48	2.44	2847.06	0.63	3.47
2 Over 5 years	508.58	0.66	6.55	-12.96	3901.00	6.70	-12.41
3 5-15 years	454.11	0.41	2.95	-2.40	3706.94	3.14	-1.49
4 Over 15 years	545.62	0.83	9.13	-19.54	4054.62	9.25	-19.20
5 All stocks	490.37	0.54	5.18	-10.45	3839.48	5.33	-9.83

Yield Indices	Nov 28	Nov 27	Yr ago		Nov 28	Nov 27	Yr ago
5 Yrs	4.05	4.10	3.10	20 Yrs	4.59	4.63	3.47
10 Yrs	4.22	4.27	3.26	45 Yrs	4.41	4.44	3.01
15 Yrs	4.47	4.51	3.43				

Real yield	inflation 0% Nov 28	Dur yrs	Previous	Yr ago	inflation 5% Nov 28	Dur yrs	Previous	Yr ago
Up to 5 yrs	0.80	2.37	0.85	-0.23	0.41	2.39	0.45	-0.60
Over 5 yrs	1.07	18.82	1.11	0.04	1.04	18.88	1.07	0.01
5-15 yrs	0.70	9.31	0.74	-0.13	0.59	9.32	0.64	-0.23
Over 15 yrs	1.17	24.81	1.20	0.09	1.15	24.83	1.18	0.07
All stocks	1.06	15.30	1.10	0.04	1.02	15.39	1.05	0.00

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

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Jan	75.04	0.18	Corn♦	Dec	456.25	0.75
Brent Crude Oil‡		82.07	2.09	Wheat♦	Dec	534.75	0.50
RBOB Gasoline†	Dec	2.18	0.00	Soybeans♦	Jan	1335.50	5.75
Natural Gas†	Jan	2.93	-0.02	Soybeans Meal♦	Dec	463.40	4.70
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)✠	Dec	3556.00	40.00
Aluminium		2206.00	-5.50	Cocoa (ICE US)♥	Dec	4264.00	4.00
Aluminium Alloy		1580.00	55.00	Coffee(Robusta)✠	Jan	2541.00	-5.00
Copper		8441.00	66.00	Coffee (Arabica)♥	Dec	182.00	3.35
Lead		2153.00	-9.00	White Sugar✠		738.50	-7.10
Nickel		16545.00	520.00	Sugar 11♥		26.83	-0.37
Tin		23330.00	250.00	Cotton♥	Dec	78.79	0.20
Zinc		2539.50	12.00	Orange Juice♥	Jan	399.05	-5.25
Precious Metals (PM London Fix)				Live Cattle♣	Dec	168.80	-1.45
Gold		2013.70	12.85	Feeder Cattle♣	May	134.88	-
Silver (US cents)		2475.50	105.00	Lean Hogs♣	Dec	67.98	0.40
Platinum		924.00	8.00				
Palladium		1064.00	16.00		Nov 27	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		133.03	-1.75	S&P GSCI Spt	559.79	-5.38	-7.26
Baltic Dry Index		2391.00	132.00	DJ UBS Spot	102.32	-3.12	-10.54
Richards Bay ICE Futures		110.10	-3.90	TR/CC CRB TR	307.55	-4.69	4.18
				LEBA EUA Carbon	58.91	-1.98	129.94
				LEBA UK Power	1048.00	-37.43	-39.60

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ✠ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BONDS: INDEX-LINKED

	Price Nov 27	Yield Nov 27	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	106.68	1.946	2.016	0.93	5.25	69317.02	8
Fr 0.10%' 25	98.41	1.388	1.429	0.24	12.79	249185.29	18
Swe 1.00%' 25	128.62	1.617	1.597	0.37	35.93	232400.48	7
UK 0.125%' 26	98.24	0.894	0.967	0.14	13.45	510482.73	31
	-	-	-	-	-	-	-
UK 2.00%' 35	241.75	0.781	0.843	2.69	9.08	510482.73	31
US 0.625%' 26	95.43	2.850	2.893	0.59	42.42	1613192.90	48
US 3.625%' 28	104.94	2.429	2.459	1.04	16.78	1613192.90	48

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

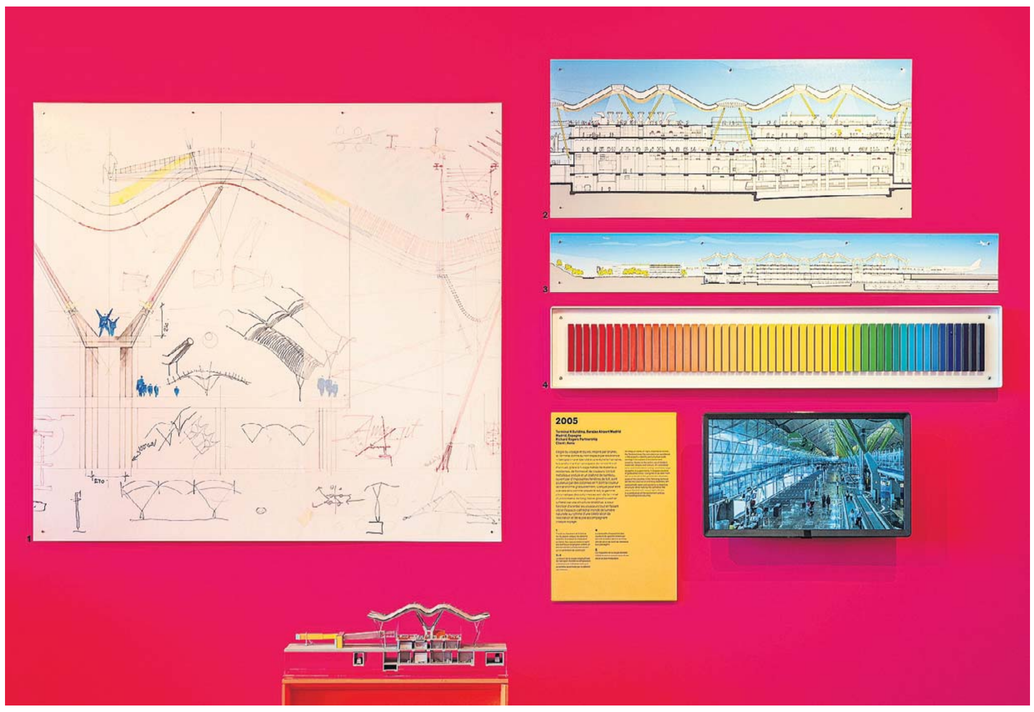
	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	4.53	2.09	0.10	Netherlands	2.78	0.34	-1.65
Austria	2.91	0.47	-1.52	New Zealand	5.00	2.56	0.57
Canada	3.69	1.25	-0.74	Norway	3.62	1.18	-0.81
Denmark	2.64	0.20	-1.79	Portugal	2.97	0.52	-1.46
Finland	2.90	0.45	-1.53	Spain	3.21	0.76	-1.22
Germany	2.44	0.00	-1.99	Sweden	1.15	-1.30	-3.29
Italy	1.97	-0.47	-2.46	Switzerland	0.97	-1.48	-3.46
Japan	0.41	-2.03	-4.02	United States	4.43	1.99	0.00

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

ARTS

Urban architect celebrated in French countryside

Richard Rogers's drawings and models for pioneering buildings are on show in the Provence gallery he designed. By Edwin Heathcote

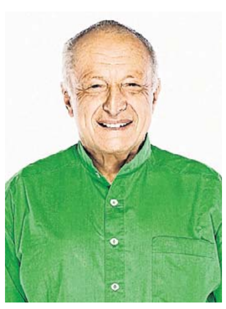


There is something ironic in presenting an exhibition of Richard Rogers's drawings at the Richard Rogers Drawing Gallery at Château La Coste — because drawing was not Rogers's strong suit.

Instead he relied on his articulacy, charm and skill as a kind of architectural conductor, bringing out the best in his colleagues and collaborators. This little building, a simple long box supported on a bright orange structure and cantilevered over a Luberon hillside in the south of France, proved to be his last, though he never saw it completed. It is now stuffed with a vivid, colourful display of some of his greatest works in a show conceived by his son, the designer Ab Rogers.

Rogers (1933-2021) was the quintessential urban architect. From the Pompidou in Paris and the Lloyd's Building in London to airports at Heathrow and in Madrid, his was an architecture revelling in technology, engineering and modernity. He created gateways to cities and public piazzas enlivened by the moving areas of buildings as mechanisms: lifts, escalators, vents, industrialised parts, complex junctions and expressive cantilevers. It was all a celebration of the metropolitan machine. So to see all this work here, in a gallery sticking out over the Provençale countryside, forming part of a sublime winery-cum-sculpture-park-hospitality complex, provides a refreshingly eccentric perspective.

Ab Rogers has set the drawings against a lurid, joyfully clashing pink and red background, and the dayglo greens and pinks of the architectural models, like 3D highlighted towers, are garishly enjoyable. He has tried to group the works thematically, as expressions of ideas, and some smaller projects have been pulled out alongside the megastructures. The Zip-Up House (1967-69), an early, unrealised project, looks like a direct precursor of the building we are in, another elongated section pushed out over a slope. This one in canary yellow is an amazing thing, a piece utterly of its era yet oddly fashionable. It looks like the consumable, off-the-shelf dream of Pop architecture, a transportable box like a *Thunderbirds* spaceship, propped up wherever it lands.



Clockwise, from above: Richard Rogers; plans for his Barajas airport, Madrid; design for flexible 'tree house' project
Stéphane Aboudaram/We Are Content(s)

Likewise the house he built for his parents in Wimbledon (1968-69) looks like a slice of postwar California transplanted to London suburbia. A visionary, if not entirely liveable, dwelling, it has proved both influential and difficult to adapt, stymied by its own status as a landmark. Other much bigger buildings, London's Millennium Dome for instance, are represented by tiny acrylic models.

The Pompidou, represented here by wonderful Pop-art drawings (not Rogers's own), remains as seductive as ever, a container for an art and culture that was in flux in the 1960s and conceived to accommodate whatever might evolve. Like the Wimbledon house, however, this structure has become a monument, as immutable as a stately home or a Renaissance church. Its form's much-touted flexibility proved only a dream; big buildings are monsters, technology moves fast and leaves them behind. In 2025 the Pompidou will close for a five-year renovation.

This small exhibition space, balanced on the side of a hill like the cliffhanging bus in *The Italian Job*, is a miniature of muscular High Tech, a simple thing heavily engineered to do something unexpected. At one end an orange bench made from a piece of its steel structure provides a place to look out over the landscape at a hilltop town which was once a Roman settlement. It is, suggests Ab, "where Richard would have sat to enjoy the view".

The bright little building, with all its faith in Modernism, takes its place beside buildings and art installations of incredible presence. Nearby is Andy Goldsworthy's subterranean room with its domed roof of seemingly woven logs, a place with a dark, almost fungal intensity that could not be more different ("Oak Room", 2009). Tadao Ando, who seems ubiquitous around the site (having also designed one of Château La Coste's restaurants next to a giant Louise Bourgeois spider), has encased a Romanesque chapel in glass, creating a room of powerful emotional intensity, the only light emanating from small openings behind a glass altar ("Chapel" from 2011).

The vineyard setting is critical for many of these buildings. The estate was bought by hotelier and developer Paddy McKillen, former owner of Claridge's and The Connaught, who has created a biodynamic winery and an undeniably remarkable landscape of art and architecture. Works are conceived and designed to accentuate and contribute to their surroundings, something more akin to an 18th-century English Romantic landscape than a sculpture park, its stories woven into the site.

The agriculture too is critical to the culture. The rows of vines, for instance, establish the geometry for Rogers's structure to shoot out over the hill. And if you wander over to the other side of the estate, Rogers's partner on the Pompidou, Renzo Piano, has built a gallery which is almost the exact opposite to Rogers's, a building buried in the landscape, barely present beneath a mound like an old tumulus.

It offers, perhaps, the perfect symmetry: Rogers's Drawing Gallery attempting a leap into the valley, Piano anchored into the terroir. The two architects meet again across a landscape of wine, art, culture and conviviality.

To January 7, chateau-la-coste.com

The Richard Rogers Drawing Gallery at Château La Coste, Provence
James Reeve

Vivaldi and zombies take centre-stage

DANCE

Cannes Dance Festival
Palais des Festivals, Cannes
★★★★★

Laura Cappelle

The Cannes festival experience is a little different in November. No red carpet or film stars adorn the stairs of the Palais des Festivals; the seafront nearby is somewhat chilly. Yet at the Palais and on stages around the city, another marquee event opened over the weekend: the Cannes Dance Festival.

This biennial festival, once an afterthought in the dance calendar, has grown in stature over the past decade. Brigitte Lefèvre, former director of the Paris Opera Ballet, did much for its reputation over four eclectic editions, and she has now passed the baton to another veteran French programmer: Didier Deschamps, who ran Paris's Théâtre de Chaillot for many years.

He has already added a dance-film competition, Mov'In Cannes, in a shrewd nod to the city's identity. While Mov'In Cannes will take place later this week, the festival officially opened with *Les Saisons*, a world premiere inspired by an unlikely musical patchwork. Thierry Malandain, a man of humble classicism at the helm of his own company, Malandain Ballet Biarritz, wove together Vivaldi's *The Four Seasons* and a lesser-known variation on the same theme by Giovanni Guido, who worked in Paris in the early 18th century.

Guido's elegant, sometimes melancholy score injects a little intrigue into the proceedings. Malandain contrasts the two composers throughout: while Guido brings up a quartet of dancers in baroque-inspired costumes, like a vision of harmony, Vivaldi is matched with larger-scale tableaux and revealing, finely spun patterns for a corps de ballet in black.

There is no overt storytelling, yet, as in many of his best works, Malandain paints a picture of humanity striving, and sometimes failing, to come together. Dark, oversized petals hang all around the action, and they appear on stage, too: one dancer, then many more, enter with a larger-than-life petal attached to a glove, like an unwieldy wing — a reminder of the troubled relationship with nature that Vivaldi and Guido evoked.

Still, there were much darker tableaux to be found in another Cannes highlight: Sharon Eyal and Gai Behar's *Into the Hairy*. The pair, a hot commodity on the European dance circuit, recently settled in France with their company. The undulating intensity of their signature style can get repetitive, especially when they create for other ensembles, but *Into the Hairy* shows what they can do with performers who are deeply attuned to it.

Picture ballet dancers reborn as zombies, and you'll get a sense of the seven-strong cast's strange allure. In mossy-looking unitards, with streaked black make-up, they shuffle like crabs on tiptoe then come together as one rippling organism. A sense of sameyness occasionally creeps in, but there are enough feats of composition throughout, with moments of individuality offering respite from the group, to rank *Into the Hairy* among Eyal and Behar's major achievements.

Festival runs to December 10 festivaldedanse-cannes.com

Irma Hoffen and Raphaël Canet in 'Les Saisons' — Olivier Houeix

FT BIG READ. RENEWABLES

The COP28 summit host is investing big in clean energy — but some critics argue that the Gulf country is using its largesse to greenwash its role as one of the world's largest producers of hydrocarbons.
By Attracta Mooney and Aime Williams

UAE's $200bn bid for climate influence

Just days before negotiators from more than 60 countries descended on Abu Dhabi last month for the final round of climate talks ahead of the UN's COP28 summit, Sultan al-Jaber, president-designate of the conference, travelled more than 1,000 miles north to Azerbaijan.

Jaber, who juggles at least eight different jobs, including chief executive of the United Arab Emirates' Abu Dhabi National Oil Company and chair of the state-owned renewable energy company Masdar, met Azerbaijani president Ilham Aliyev to mark the inauguration of a solar farm large enough to power 110,000 houses.

As Jaber unveiled the huge 230MW Garadagh Solar Park, Masdar also signed agreements for three more renewable energy projects with a combined capacity of 1GW in Azerbaijan. The value of the deals was not disclosed, but industry figures estimated the value of the projects at $1bn.

The UAE positions the investment as evidence of its commitment to use some of its vast oil wealth to underwrite the transition to clean energy. The nation sits on assets worth $2.5tn across its sovereign wealth fund, pension funds and central bank, according to data provider Global SWF.

The COP28 president's trip north to strike a high-profile clean energy business deal also underscores the transactional approach of the UAE to this year's summit, which kicks off in Dubai tomorrow.

Wind farms are not the only priority. Leaked briefing documents this week showed how the COP hosts planned to offer to develop oil and gas projects with 15 countries during official talks.

But FT analysis has also concluded that UAE state companies and funds can be linked to almost $200bn in investments around the globe in the year leading up to the COP summit, mostly in green energy.

About a third of this is focused solely on developing economies, including joint ventures for clean energy in Egypt, Indonesia and Zambia, a memorandum of understanding for wind, solar and battery projects in Malaysia worth $8bn and agreements for an estimated $30bn of energy deals in Turkey.

At the same time, its ministers and trade groups have toured countries from Kenya to Colombia, touting the UAE as a business partner.

This reflects the country's desire for new influence, says Ben Cahill, a fellow at the Center for Strategic and International Studies. "[The UAE] wants to move beyond just being an oil and gas producer towards being a global country with partners all around the world. Climate is a big part of that."

Yet critics argue that the UAE's largesse also serves to greenwash its role as one of the world's largest producers of hydrocarbons. The scale of its investments can be seen as an attempt to curry favour ahead of crucial negotiations at the UN's leading forum for climate action, they say — and secure agreements that will allow it to continue pumping oil and gas in spite of the long-term effects on the planet.

The UAE "is attempting to win the trust of developing nations still reliant on fossil fuels" while also bringing fossil fuel producers into the heart of the COP28 discussions, says Harjeet Singh, head of global political strategy at Climate Action Network International.

"This strategy might pave the way for an agreement that, paradoxically, keeps the fossil fuel industry afloat while simultaneously positioning the UAE as a climate leader through support for renewable energy projects," he says.

A spokesman for COP28 pushed back against the idea it was trying to win over countries through its investments, saying the "implication" that UAE's "economic development and interests are directly related to COP is misleading and ignores decades of strong environmental stewardship and investment".

The UAE has a "longstanding, more than 50-year history, of bringing the global north and global south together, and a clear track record of positive economic relationships with countries around the world," he says.

"These partnerships have a critical role to play in inspiring positive climate action around the world."

'An investor mindset'

The UAE always looked like an unlikely candidate to host a global climate summit. A member of Opec, it is the world's eighth-largest producer of oil, which

Sultan al-Jaber, president-designate of the conference, and the UAE have taken a transactional approach to this year's summit. Below right: an oil drilling rig in the UAE desert. The COP28 presidency is viewed by some as having conflicts of interest, such as a major oil producer overseeing climate negotiations

FT montage; AFP/Getty Images/Dreamstime; Giuseppe Cacace/AFP/Getty Images

alongside other fossil fuels is the biggest contributor to global warming. Its oil company, Adnoc, has set aside $150bn for expansion in the next five years.

The UAE's decision to appoint Jaber — who oversaw Adnoc's plans to boost oil production capacity — as president-designate of COP28 sparked even more questions about the country's fitness to preside over the critical global climate talks.

The job of the president is to unite countries around a set of commitments to be negotiated at the climate summit. They are responsible for ensuring the meeting has the best possible outcome and are expected to act without bias or self-interest.

A key focus for the UAE ahead of the summit has been on climate finance, with the intention of bridging the gap between the developed and developing world. Officials have spent the past few weeks leading up to the summit drumming up support for a financial framework to get more money into green investments, say people familiar with discussions.

This is an area where progress is desperately needed. UN research in 2021 found that $125tn of climate investment will be needed by 2050 if the world is to meet its climate commitments. But, despite several initiatives and schemes, money is not being invested in the developing world at the pace and scale needed.

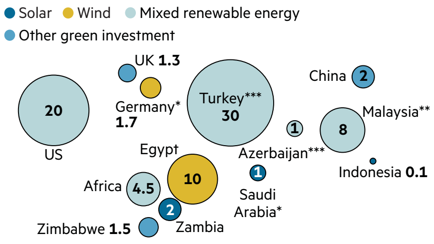
Investors looking to back renewable energy projects in emerging economies typically face higher borrowing costs due to political instability and volatile currency exchange rates.

Finance is "the obstacle we always trip over" when it comes to addressing climate change, says Rachel Kyte, visiting professor at the Blavatnik School at Oxford university and a former UN climate adviser. The UAE understands this, she adds. "The COP presidency thinks: 'We understand investment, renewables — we can do this'. They have very much an investor mindset."

These selected investments show the scope of the UAE's ambition

Deals including joint ventures, agreements, MOUs and pledges ($bn, 2023)

● Solar ● Wind ● Mixed renewable energy
● Other green investment



* Value of total project ** Size of Masdar investment only *** Estimate
Sources: FT research; Dealogic

Earlier this year, the UAE pledged $4.5bn to help African countries finance clean energy projects, with money coming from Masdar, Abu Dhabi Fund for Development, Etihad Credit Insurance, the nation's export credit agency, and AMEA Power, a renewable-energy company.

Masdar said it would use its $2bn in equity to mobilise $10bn in financing to target the delivery of an additional 10GW of clean energy capacity in Africa by 2030 under a partnership with Africa50, an initiative aimed at scaling up renewable energy across the continent.

The investment in Africa is only a tiny fraction of the UAE's investments abroad. Over the past five years, the kingdom has been one of the world's most active overseas investors, doing deals in 122 countries and 35 sectors, according to Ahmed Jasim Al Zaabi, chairman of the Abu Dhabi Department of Economic Development.

Oil still makes up the overwhelming majority of capex in the UAE, but renewable energy has become a growing concern. Last year, the US and UAE agreed a $100bn deal to develop 100GW of clean energy by 2035. Masdar has invested in renewable energy in about 40 countries, valued at more than $30bn. The country plans to invest $160bn into green energy globally in the next three decades.

Developing countries are a particular target. In just the past few months alone, various UAE chambers of commerce, ministers and companies have visited countries from Rwanda and Kosovo to Kenya and Colombia. Climate change or clean energy came up frequently in meetings.

The foreign trade minister was in Turkey, arriving just months after the UAE and Turkey agreed deals worth an estimated $50bn. This included about $30bn for energy projects. The country is planning deals worth another $50bn in India, according to reports.

Elsewhere, Masdar and Indonesia's state-owned utility PLN agreed to triple the capacity of the Cirata floating solar plant in Indonesia, the largest in southeast Asia. It also pledged to make an $8bn investment in Malaysia's clean energy economy last month, while there have also been deals in Zambia, Saudi Arabia, Germany and Austria among other countries.

Several people familiar with discussions say the UAE is expected to announce more deals at COP28. There are also plans for a multibillion-dollar "pot" or fund focused on climate finance, initially backed by the UAE but with others also encouraged to contribute, according to people briefed on draft plans. The UAE told the FT it would announce a "robust set of climate finance initiatives at COP28 that exemplify the presidency's call to bring forth available, affordable and accessible climate finance".

The prospect of the UAE offering up some of its cash to help spur the energy transition and encourage more private investment in the space has been applauded by investors.

"I would welcome anyone who is bringing more money into the system," says Curtis Ravenel, senior adviser to the Glasgow Financial Alliance for Net Zero, a coalition of financial institutions. "Will it be effectively deployed? . . . I think it's hard to say because we don't know the details."

The UAE's willingness to invest in the developing world is in stark contrast to the "unfulfilled promises of many wealthier nations" when it comes to climate finance, says Singh of Climate Action Network International. Western

nations have repeatedly failed to deliver on money promised to help poorer countries deal with climate change.

What the money buys

Yet while climate financing is undoubtedly a key part of discussions at COP28, an equally pressing issue is the future of fossil fuel production.

The EU is spearheading calls for a global commitment at the summit to phase out oil and gas use. The International Energy Agency says there can be no new oil and gas projects if the world is to meet the 1.5C goal. Russia, among others, opposes the idea.

But the discussion of the future of fossil fuels at the summit will be shaped by the holder of the presidency, which has a massive, vested interest in the continued production of hydrocarbons.

Jaber has said several times that the phase-down of oil and gas is "inevitable" and "essential", and has been working with fossil fuel producers on an initiative to cut emissions that will be unveiled at COP28. At the same time, he has emphasised the need for investment in carbon capture and storage technology that could allow production to continue for longer, and has shied

'Many developed countries will be very keen to have strong positive relations with the UAE, given its financial clout'

'I would welcome anyone who is bringing more money into the system. Will it be effectively deployed?'

away from a concrete deadline for any phase-down.

As talks begin, the UAE's financial firepower gives it a strong hand to influence these discussions, suggests James Lynch, a former UK diplomat and now co-director at FairSquare, a research and advocacy group with a focus on the Gulf region.

"Many developed countries will be very keen to have strong positive relations with the UAE, given its financial clout and the potential for investment."

The COP28 presidency is "extremely conscious" of being seen to have conflicts of interest, Lynch adds. "There is a sophisticated plan to manage these conflicts and the investment strategy forms part of that."

One developing country negotiator says he does not believe the spate of investments is an attempt to influence negotiations at COP28. Although multi-country alliances have successfully pushed to certain outcomes, any country, no matter how big or small, can veto a COP agreement.

Some say this activity illustrates a preference for deals over climate diplomacy that does not augur well for a successful COP.

One senior official from a developing country says that during various climate talks leading up to COP28 this year, it was clear that Jaber and his team were keen to focus on what business or bilateral deals could be done, especially with the private sector.

They "would rather talk to Kristalina [Georgieva] or Mark Carney or Larry Fink", referring to the head of the IMF, former Bank of England governor and BlackRock chief executive, respectively, than wrangle "messy" climate talks, says the official. But he noted: "COP has no remit to tell the private sector what to do."

At the preliminary summit agenda discussions in Abu Dhabi last month, some developing and developed countries complained Jaber was too busy with business calls to preside over the negotiations.

The UAE says Jaber had "engaged in an unprecedented level of outreach with climate stakeholders, including ministers, business leaders and representatives of civil society".

But the risk of hosting a COP that leads to a failure to reach agreement between sparring countries could hamstring the UAE's ambitions to be seen as a diplomatic powerbroker.

No business deal or investment can make up for that, Kyte says. "The announcement of new funds and new mechanisms in and of themselves will not get you the diplomatic agreements that you need."

Data visualisation by Steven Bernard

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

Britain's pointless diplomatic faux pas with Greece

Sunak's snub to the Greek leader over the Parthenon sculptures was an own goal

So much for the grown-up approach to British government and foreign policy that was promised when Rishi Sunak came to office. He started off well: one of the prime minister's first steps was to patch up relations with the EU by settling a dispute over post-Brexit trading rules with Northern Ireland. More recently, however, came threats to disapply human rights conventions to clear legal hurdles to remove asylum-seekers to Rwanda. And now, Sunak has cancelled a meeting with the Greek prime minister after Kyriakos Mitsotakis restated Greece's claim to the Parthenon sculptures housed in London. Such actions diminish Britain in the eyes of its European partners, and the world.

The fate of the 2,500-year-old sculptures removed from the Parthenon in Athens by Lord Elgin, and housed in the British Museum for two centuries, has been an irritant in UK-Greek relations for decades. It was unrealistic to think a Greek premier could visit London without reiterating a call for their return. Asked about them by the BBC, Mitsotakis said having part of the sculptures in London was akin to cutting the "Mona Lisa" in half.

Downing Street claims the Greek leader broke an agreement not to talk publicly about what were long known as the Elgin Marbles while he was in the UK. Greek officials deny there was any such deal. Either way, the grown-up response would have been for Sunak to express irritation, firmly but politely, when meeting Mitsotakis, restate his government's position and move on.

No 10 may have been piqued that the Greek prime minister chose also to meet Sir Keir Starmer, the Labour opposition leader. But Mitsotakis cannot be blamed for wanting to get to know the man polls suggest may be the next UK leader. Sunak may also have wanted to distance the government's stance — that the sculptures were legally acquired and are legally owned by the British Museum's trustees — from that of Starmer, to draw "culture wars" dividing lines with Labour. Starmer has hinted that if a deal to loan the marbles back to Athens can be agreed between the museum and Greece's government, he would not stand in the way.

This is, though, hardly an issue set to animate many voters. George Osborne, the former Conservative chancellor who chairs the British Museum, has advocated a "partnership" agreement for parts of the frieze to be loaned to the Acropolis Museum in Athens. Other Greek treasures would, in return, be loaned to London. Osborne's idea — which, unlike a permanent return of the marbles, would not require a change in UK law — seems a sensible solution.

Alienating Mitsotakis made little sense. He is a fellow centre-right leader of a European democracy and Nato member. The two premiers could have held valuable discussions on subjects ranging from the war in Ukraine and the Israel-Hamas conflict to climate change. Athens has extensive knowhow to share, in particular, on handling asylum-seekers, and might be a useful ally on an issue of huge political importance for Britain's Conservatives. Instead, a joint action plan on migration went undiscussed.

> The two premiers could have held valuable discussions on subjects ranging from the war in Ukraine and the Israel-Hamas conflict to climate change

The diplomatic faux pas came only two weeks after Sunak brought back former prime minister David Cameron as foreign secretary, in a move intended to give the cabinet more heft. The UK's departure from the EU was supposed to free up "Global Britain" to strut the world stage. In reality, being outside EU institutions means it must work harder to build relationships. Sunak's snub will suggest to other nations that the UK has not yet returned to seriousness in its conduct of foreign affairs. Britain diplomacy ought to be in the business of winning friends, not losing them.

Opinion Health

How (not) to do science in a crisis

Andy Carter

Anjana Ahuja

Who needs *Succession* when the UK Covid inquiry is on YouTube? The real-life rollercoaster drama, which began public hearings in June, has been lifting the veil on how decisions were made in the UK during the pandemic.

The storyline, shaped in recent weeks by the testimony of civil servants and scientific advisers, veers between the farcical and the macabre. At the centre of the decision-making web lay an indecisive and "bamboozled" prime minister who struggled with numbers, according to diaries kept by his chief scientific adviser Sir Patrick Vallance.

Surrounding him, one female civil servant testified, were ego-driven misogynists with a collective "absence of humanity". These accomplices included a health secretary keen to decide which citizens would live or die; and a chancellor nicknamed Dr Death for his resistance to infection-curbing measures. In a twist that *Succession* creator Jesse Armstrong might applaud, Dr Death, aka Rishi Sunak, is now prime minister, and Dame Angela McLean, the scientist who coined the nickname, is his scientific adviser.

> We need public servants who can identify, analyse and interpret relevant data

Cathartic though the hearings have been, the real value of this public inquiry is to improve decision-making in future crises. Given that our era will be defined by scientific and technological challenges, such as the climate emergency and AI, one legacy is essential: this must be the last generation of politicians that cannot get its head around science. The continued existence in government of two apparently unbridgeable cultures of science and the humanities — epitomised by a former prime minister able to write a Shakespeare biography in his spare time but not grasp percentages and probabilities when lives depended on it — should be regarded as a mark of shame, not a badge of honour.

As Vallance has conceded, advisers must have a clear remit and do better at communicating science, as well as policy options, to ministers. But this dialogue requires expertise that is lacking, both among politicians and in the civil service. In 2018, just one in ten civil service fast-track recruits had a science, technology, engineering or mathematics (Stem) background; the target is now 50 per cent. We need public servants who can identify, analyse and interpret relevant data — and commission it if it is missing.

They must be able to confidently evaluate policies aimed at delivering the government's strategy, once ministers have clearly set out their strategic objectives, and feel comfortable explaining mathematical concepts such as exponential rise. If the number of infections doubles or triples every week, it means a decision delayed is usually an outcome drastically worsened. Ministers should not slavishly "follow the science" but try to understand the evidence, and publicly own their decisions.

Graphs, which plot one variable against another, can be another sticking point in the advice transfer chain. Last week, McLean showed the inquiry a graph she had sketched early in the pandemic, plotting the number of infections against time, to guess when hospitals might be overrun. The graph, she reflected ruefully, had failed to move ministers. In reality, data visualisation permits policies to reveal themselves. Epidemiologist John Snow's iconic "dot map" of cholera cases in 1850s Soho unmasked a shared water pump at the centre of the mystery — and an obvious route to ending the outbreak.

Managing a modern crisis will rarely be as simple as shutting down a water pump. It may require trade-offs. Tackling Covid went beyond the remit of the UK Health Security Agency, given the apparent tension between saving the nation's health and protecting the economy. But where was the economic advice — and what was the evidence that health and wealth were mutually exclusive?

Empirical observation — a scientific way of saying "looking around" — suggests countries that controlled infections fared relatively well economically. Could, say, a UK policy of statutory sick pay have allowed more of the economy to remain open, by encouraging the infected to stay at home? We will need a framework for future crises which looks at these options through a broader lens, informed by health, economic and security considerations.

As the inquiry shows, it is hard to make good policy on the hoof but science is meant to help. It is a way of thinking open to the curious, not a boxful of unchanging truths only for the initiated. It poses questions, challenges assumptions and allows knowledge to evolve. It gave us pandemic vaccines and drugs.

In a crisis, science is an ally, not the enemy.

The writer is a science commentator

Letters

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Lack of AI regulation damages the UK's leadership ambitions

At the start of November, the UK hosted an international artificial intelligence summit that saw states agree that this is "a unique moment to act" in regulating these technologies ("Summit exposes tensions over AI development despite emollient Chinese tone", Report, November 4).

Just two weeks later Viscount Camrose, the UK minister for AI and intellectual property, confirmed that there would be no UK AI law "in the short term" (Report, FT.com, November 16) — the rationale being that "premature" regulation would stifle innovation. But it must be asked: premature for whom? The integration of AI into public services risks discrimination against marginalised groups in everything from the diagnosis of disease to the distribution of social welfare.

This is more than a hypothetical scenario. In 2019, it was revealed that Dutch tax authorities had used an AI system to identify childcare benefits fraud. Tens of thousands were wrongly punished. Thousands of children were taken into social care. Even if we put this injustice to one side, the notion that regulation stifles innovation is flawed. Good regulation provides businesses with clarity, allowing them to legally innovate. This clarity is currently lacking in the UK's confused landscape. Multiple resource-constrained regulators are trying to co-ordinate in addressing complex harms. And many of the laws they are basing their guidance on are being removed or revised as part of the Brexit process.

Good regulation also reduces the risk of scandals that erode public trust in the use of AI. Without this trust, there will be hesitation in adoption and legal challenges, both of which undermine the innovation ecosystem.

The UK hosted the Bletchley Park summit in a bid to lead the conversation on AI governance. Lack of policy action in regulating AI will harm individuals, businesses, and this aspiration for international leadership.

Huw Roberts
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Oxfordshire, UK

Is Kosovo a model for a post-conflict Gaza?

The FT editors are right in pointing out that Israel's goal of eradicating Hamas is unrealistic (FT View, November 23).

To stabilise the Gaza Strip, Israel and its western allies should instead take steps to demilitarise Hamas. The Islamist group is deeply embedded in Palestinian society. It is also widely supported politically. Recent polls found that a majority of Gazans would vote for the leader of Hamas in a presidential race against Mahmoud Abbas, the president of the Palestinian Authority.

Western capitals should enter into a political dialogue with Hamas leaders who are sympathetic to the idea of a two-state solution. This moderate wing should be co-opted and offered political legitimacy and access to western aid. In exchange, Hamas should commit to burying the hatchet and surrendering its weapons to international peacekeepers under UN supervision, as recently proposed by Italy. Western capitals could sweeten the deal by offering a credible path towards Palestinian statehood (which is already recognised by a majority of UN member states).

The parallel with the Kosovo conflict provides valuable historical lessons. The Albanian-majority former Serbian province was put under siege by Slobodan Milošević in the 1990s. The Kosovo Liberation Army, an Albanian guerrilla group that waged war against the Serbian state and enjoyed broad-based local support, was until 1998 classified by the US as a terrorist organisation. After the 1999 Nato intervention in Kosovo, the KLA was demilitarised. Its leadership was allowed to take part in the territory's newly established political institutions under a UN-led international administration. Many of its rank-and-file joined the new security apparatus backed by Nato. Nine years later Kosovo became an independent country.

Luca J Uberti
Assistant Professor of Economics,
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Kant's crooked timber of humanity comes to mind

Gideon Rachman rightly notes how Israel is not alone in pursuing actions, when knowing full well that thousands of innocent people of all ages will be killed or maimed ("Oppenheimer, Israel and the laws of war", Opinion, November 21).

Sadly, when the chips are down a nation's much-vaunted commitment to respect for human life is but a will-o'-the-wisp. Using an expression of Immanuel Kant, "from the crooked timber of humankind nothing entirely straight can be made".

Peter Cave
London W1, UK

Budget deficits alone don't capture the full picture

I read with interest Martin Wolf's recent column on "The looming threat of fiscal crises" (Opinion, November 22). It rekindled memories of a study done by several IMF colleagues looking at the fiscal deficit for all IMF members over a 35-year period leading up to the 2008-09 global financial crises.

This showed, on average, there was a fiscal deficit of 3 per cent of gross domestic product in all years without exception. Regardless of the economic cycle, IMF members showed a clear deficit bias.

Spain's fiscal performance since 2007 has been dismal, with public debt levels rising from under 36 per cent of GDP to 107 per cent of GDP in 2023, three times higher. During this 17-year period Spain has also had right-of-centre and left-of-centre governments.

When it comes to discussing the kinds of fiscal adjustments that are needed to put the public finances on a sustainable path, Spain's political parties are not interested in having a meaningful debate.

Wolf rightly asks whether governments will be able to prevent a debt explosion in the context of ageing populations, higher interest rates and slow growth. But I would suggest that the situation is actually worse than that suggested by a narrow look at the excess of government expenditures over revenues.

A look at the balance sheet of most high-income countries, capturing past fiscal operations as reflected in the outstanding public debt today as well as future liabilities reflecting binding expenditure commitments, such as pensions, health benefits, and the like would show a much more dire fiscal picture suggesting that, absent major changes in policy, many of these governments are on an unsustainable fiscal path.

Augusto López-Claros
Executive Director, Global Governance Forum, Madrid, Spain

'Hanification' of China's mosques is a sorry tale

The visual and data journalism feature "How China is tearing down Islam" (November 28) must be one of the saddest and yet one of the most beautifully produced articles I've ever read in the FT; the satellite technology to give us the photos, then the text, the deeply moving narrative and those exquisite architectural drawings make up a deeply poignant account of the continuing "Hanification" of the mosques mentioned or illustrated in the story.

But here's the rub. Why is a great country like China so terrified of allowing an inanimate building to be built in a style other than one in a Han idiom? If so concerned, why has President Xi Jinping not been raging against the concentration of American-style tower blocks in Shanghai? Does he think those buildings will affect the moral values of the Chinese man or woman in the street and turn their heads towards the west? Why no action taken here?

With respect to mosques, we know the answer; it's nothing to do with architecture and everything to do with an unfavoured religion.

Alastair Conan
London CR5, UK

Why the AT1 bond is enjoying a Swiss comeback

Patrick Jenkins' report on AT1s, or additional tier one bonds, ("AT1 popularity shows bank investors have very short memories", Opinion, November 21) in my view draws the wrong conclusions.

The failure of Credit Suisse, with regulators wiping out all $17bn of its AT1 bonds, was an exceptional event and as often after such debacles, it has resulted in reinforced regulation. Indeed it was only the Swiss banks which issued AT1s with the possibility that in the event of a crisis the bonds would be written down to nothing before shareholders were hit.

Now the recent successful UBS issue provides for conversion into shares, should there be problems. It was very well received by the market. In the view of many, the Swiss regulator's interpretation as applied to Credit Suisse was a misconception which is now corrected by the UBS issue.

For other issuers around Europe and the UK, following statements from their regulators, the Credit Suisse affair has resulted in strengthening the concept of the hierarchy of claims, whereby AT1s are always senior to shareholders equity.

So this is why the AT1 market will continue to be a viable financing avenue for banks and an attractive investment opportunity for investors.

Anthony Smouha
Fund Manager and Chief Executive, Atlanticomnium, Geneva, Switzerland

LSE reforms — a 'loathed proxy adviser' speaks out

Every investor depends on healthy capital markets to pay future pension promises and realise citizens' savings goals. But how exactly a regression to the lowest common denominator of shareholder exploitation will achieve that objective remains unclear ("London's next reform is doing away with investor rebellions", Opinion, November 29).

So far, the UK Capital Markets Industry Taskforce has offered little by way of tangible evidence.

Speaking as one of the "loathed proxy advisers", the CMIT's latest salvo in the fight to fix the London Stock Exchange Group's failing strategy comes as no surprise. This latest missive is just a continuation of a proxy battle that has been rumbling since the global financial crisis of 2007-2008. But isn't loathing a small sub-set of financial research providers just a self-serving way of avoiding direct criticism of capital providers?

Shareholders have never needed an arbitrary definition of a shareholder revolt, not that 20 per cent was even the right number. Bearing in mind that since 1996, UK companies have achieved a 98 per cent median average level of voting support across almost 300,000 resolutions, perhaps the right number should have been closer to 10 per cent.

So, abolish the Investment Association's public register by all means; shareholders will always know who's suffered a rebellion, who cast the votes and why.

As service providers we will continue to analyse the corporate disclosures that inform ownership decisions. Abolition of a list won't stop capital providers exercising their democratic rights they way they see fit — unless what the LSE and its lobbyists (paid for by LSE's shareholders) are suggesting is that accountability and shareholder democracy are what they really want to abolish? Stalin and Mao would be proud.

If LSE finds environmental, social and governance rules so abominable perhaps it would like to hive off its ESG business? No, I thought not.

Sarah Wilson
Chief Executive, Minerva Analytics, Witham, Essex, UK

Corrections

- Lloyd's List has estimated that if the EU carbon price remains between €80 to €90 per tonne of CO_2, total tax revenues from the coverage of shipping by the EU's emissions trading scheme could amount to more than €7bn annually, not €11bn as wrongly stated in an article on November 27.
- The name of law firm Perkins Coie was misspelt in an article on November 28. We apologise for the error.

Opinion

US and European populism are not the same

POLITICS

Janan Ganesh

At the next general election, British voters will return either a centre-right government or a centre-left one. For comparison, the spread of plausible outcomes in the US includes a second term of Donald Trump. In France? A Rassemblement National president. The Netherlands? After last week's election, power for the hardline Geert Wilders. As for the Italian far right, power is theirs already, while the German equivalents threaten to break through in the federal elections of 2025.

And so, as difficult as this is for some liberals to hear, Britain is now a relative haven from populism. Brexit set that cause back by allowing voters to release much of their pent-up anger, and by flopping badly enough to put them off another rightwing experiment. When enough time has passed, even some Remainers might decide the hit to national output was worth the period of domestic civic peace. As bad as Britain is at high-speed rail and IPOs, I'd rather take my chances here than in many western democracies over the coming years, thanks.

Another thing about the UK: it is a good place from which to compare American and European populism. So often conflated with each other, it is the differences between them that stand out ever more to an observer in this in-between place.

European populism is much less of a personality cult. In France, the far right made the presidential run-off under Marine Le Pen in 2017 and 2022. But then it did so under her more provocative father, Jean-Marie, in 2002. It has a plausible future leader in the eerily self-possessed 28-year-old Jordan Bardella. The Alternative for Germany is no more reliant on this or that figurehead (can you name one?) for its own cohesion or success. Giorgia Meloni has led Italian populists with some skill, but so have others, going back at least to Silvio Berlusconi. Wilders isn't even the first libertarian nativist to shake Dutch politics this century.

> The hardest thing to convey about the Trump phenomenon is how secondary its content is

In contrast, we still don't know what American populism amounts to without the elemental personal force of Trump. Mike Pence and Ron DeSantis are among those who have tried to offer Republican voters at least the gist of Trumpism. Both have flopped. Vivek Ramaswamy, who is well to the right of the 45th president, doesn't have people swooning in the prairies. For a sense of how person- rather than idea-centred US populism has become, ask yourself: if Trump proposed a truce with China, or backed green taxes, or even softened his line on immigration somewhat, how much of his core support would he lose?

Given he championed the Covid-19 vaccines that much of his base mistrusted, without alienating them, I suspect the answer is "less than we think". Is there a European populist active in politics who could commit such ideological heresies at so little electoral cost? Le Pen can't make the slightest adjustment on foreign affairs or social issues without risking a split on the right. Meloni supports Ukraine against Russia at her daily peril. The hardest thing to convey about the Trump phenomenon, especially to intellectuals, trained to think in terms of philosophical doctrines, is how secondary the content of it has become. European populism is about something. American populism is, to an amazing extent, about someone.

The "something" of European populism, the ideas that take precedence over all leaders, are what? Mistrust of the EU (if not as much outright opposition to membership as British conservatives tend to assume). A rejection of modern gender and race norms as an imported Anglo-Saxon weirdness. Above all, hostility to extra European immigration in general and to the Islamic kind in particular. No other cause but this last could unite the individualist Wilders with the Catholic Meloni, the US-sceptic Rassemblement National with more Atlanticist demagogues farther east in Europe.

Of course, there is no lack of suspicion of Islam on the US hard right, where a lurid, statistically slapdash discourse has long flourished about its "takeover" of Europe. But the US is far away from the nearest majority-Muslim nation. Members of the religion account for 1 per cent or so of the American population. It can never be the animating force for populists there that it is for those from Scandinavia to the Mediterranean.

In which half of the west is liberalism more vulnerable: the US or Europe? Well, the raw individual clout of Trump unites and fuels America's hard right. What serves the equivalent role in Europe is a sense of demographic and cultural siege. The difference is that Trump will one day be gone.

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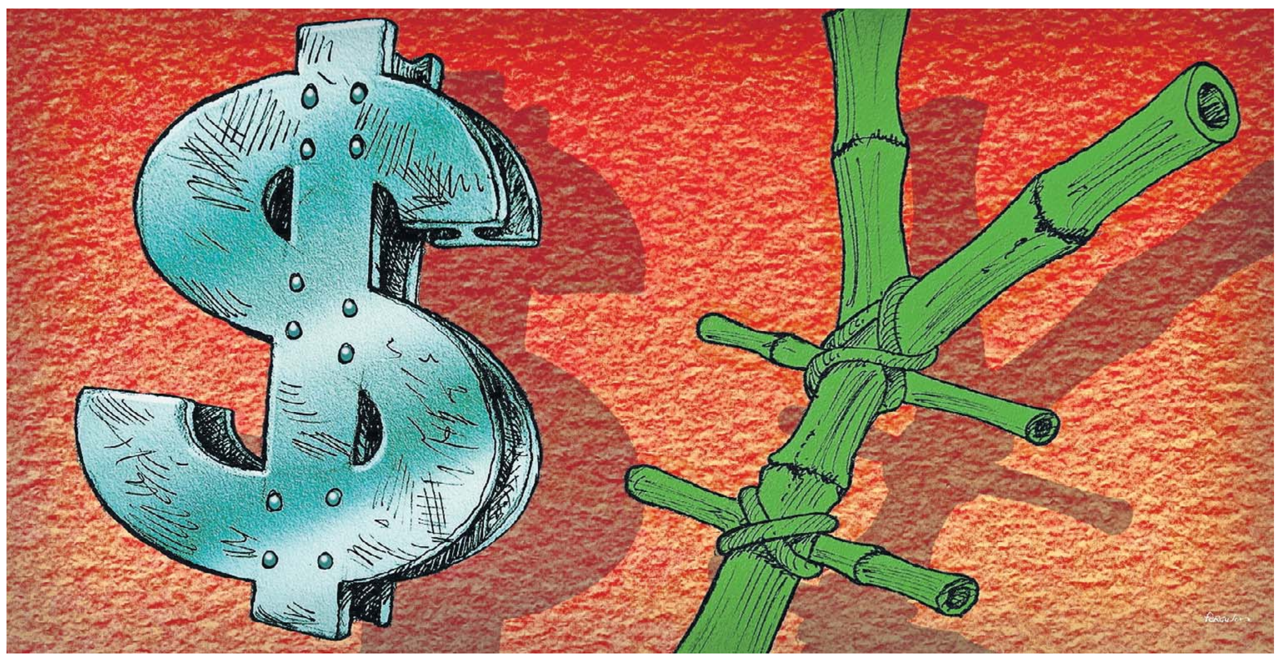
America keeps its advantage over China



Martin Wolf Economics

The nation and its allies remain more united and powerful than Beijing's group of malcontents

Not long ago, "most governments had believed that closer economic integration would promote long-term prosperity. Now, integration is seen as a source of risk and insecurity." This is how London-based Capital Economics introduces an intriguing analysis of "the shape of the fractured world economy in 2024". Economics and politics always interact. Today, however, politics has become more important. Its concept then is of a global economy being reshaped by fraught relations between the US and China.

Capital Economics argues that countries can be divided into five groups: the US and its close allies; countries that lean towards the US; the unaligned; those that lean towards China; and China and its close allies. The first group consists of the US and Canada, Europe (except Hungary), Japan, Australia and New Zealand. The second group includes, above all, India, but also Colombia, Mexico, Morocco, Turkey and South Korea. The unaligned group includes, significantly, Brazil, Indonesia and Nigeria. The group of countries leaning towards China includes Argentina (true, until a few days ago!), much of Africa (including South Africa), Iraq, Kazakhstan and, suggests Capital Economics, Saudi Arabia. Finally, China's strong allies include Russia, Iran and Pakistan.

A fundamental distinction exists between the first group and all others. The high-income democracies share core values (although whether they continue to do so will depend on the results of the 2024 US presidential election). The other groupings are defined far more by what they are against than what they are for. Russia and Iran are allies of convenience for China, and vice versa. They share an enemy. But they are still very different from one another. Yet such alliances of convenience can shape both economic and political relationships. The enemy of my enemy may, for a while, indeed be a good friend.

Here then are some relevant data.

The China bloc accounts for half of the world's (non-Antarctic) land mass, compared with 35 per cent for the US bloc. It is also home to slightly more of the world's people (46 per cent, against 43 per cent). But it still generates only 27 per cent of the world's GDP, nearly all of that in China itself, compared with 67 per cent in the US bloc. This is because, crucially, most of the world's high-income countries are in the latter.

The ways that balance might change is for the US bloc to disintegrate, probably under Donald Trump, or for the Chinese economy to grow faster than Capital Economics now expects. The latter's pessimism on China's prospects may be excessive, but it is far from absurd. China does, indeed, face strong headwinds against high growth over the next quarter of a century. (See charts.)

Unsurprisingly, the China bloc is more important in industry than in GDP. Thus, its share of world industrial output was 38 per cent in 2022, against 55 per cent for the US bloc. Whether China's bloc reaches equality in industry over the next quarter century depends mainly on the performance of Indian manufacturing relative to China's. In agriculture, the China bloc generates 49 per cent of output, compared with 38 per cent for the US bloc, because it contains many commodity producers.

In 2022, 144 countries traded more goods with China than with the US. The US was the bigger trading partner for only 60 countries. But half of global goods trade was among countries classed as in the US bloc. This wider perspective is really useful. Germany, for example, is widely thought to be the US ally with the tightest trade links with China. But only 11 per cent of its goods trade was with the China bloc in the second quarter of 2023, while 86 per cent was with others in the US bloc, principally its European partners.

> Only fools would put much of their capital in such benighted petrostates as Russia and Iran

In financial activities and capital flows, the US bloc remains dominant. While its place in foreign direct investment has shrunk over the last quarter of a century, it still accounted for 84 per cent of the total FDI stock by investor country and 87 per cent by recipient in 2022. This is because the world's dominant corporations and the most attractive destinations remain within it. This gap will not close under Xi Jinping.

Some 86 per cent of global portfolio investment also lies within the US bloc and only 2 per cent within the China bloc. FDI between the US and China blocs is three times FDI within the China bloc: Russia and Iran may be China's allies of convenience, but only fools would put much of their capital in such economically benighted petrostates. Chinese investors are not such fools.

Foreign exchange reserves still predominantly consist of assets denominated in the US currency and those of its allies. In the second half of 2023, these accounted for 87 per cent of foreign currency reserves, only a little down from 89 per cent five years earlier. This is because only these countries supply liquid long-term financial assets. They may not be as safe as they used to be, given the use of sanctions. But no good alternatives exist. China is most unlikely to wish to supply them, since that would require liberalisation and opening of its financial markets, including markets in Chinese public debt.

Many countries wish to see the US and its allies, the dominant powers of the last two centuries, taken down more than just a peg or two. But they are more united and economically powerful than China's group of malcontents. The event likely to change this balance quickly would be a US decision to tear its alliances to pieces. That would be one of the most dramatically self-harming acts in global history. It would take far longer for the China bloc to surpass the US bloc on all relevant aspects of economic weight. It may never do so.

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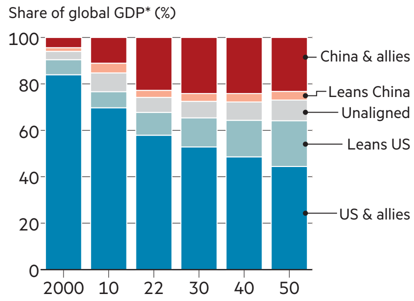
The US, its allies and its friends could remain economically dominant

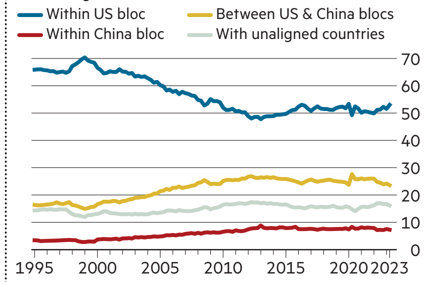
Share of global GDP* (%)



Source: Capital Economics * in current US $

Trade within the US bloc accounts for almost half of world trade

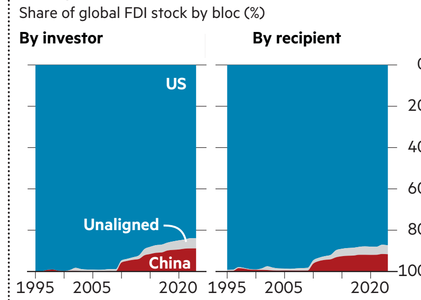
Shares of global trade between/within blocs (%)



Sources: Capital Economics, IMF

The US bloc also dominates global foreign direct investment

Share of global FDI stock by bloc (%)



Sources: Capital Economics, IMF

The two-state solution is stymied by lack of willpower not knowledge

Ghassan Salamé

Before October 7, the world saw Israel as a start-up nation, with a European-type GNP per capita. It could rely on one of the best-equipped air forces in the world, the state-of-the art Iron Dome as well as a few dozen nuclear warheads. Externally, the country enjoyed normalisations with some Arab and Muslim countries. Nobody was really pushing Israel to revitalise the peace process: that shop had closed ten years ago and there was no intention, no reason, to open it again.

The Palestinians? They were fragmented into five different slices. One in Gaza, where Hamas was recognised as the de facto "government". A second in the occupied West Bank, formally under a decaying Palestinian Authority, while forced to undergo a systematic policy of settlement-building which was tearing it apart. The third: refugees in Jordan, Syria and Lebanon. A fourth slice in Israel proper, where their far-from-equal rights are still substantial enough to erode their identification with those on the other side of the wall. The fifth: a diaspora scattered from Sydney to Santiago. A people already deprived of its land was expected to lose that most precious of possessions: its identity.

Then, with Hamas's attacks on Israel in the early hours of October 7, that illusion was abruptly shattered. This violent eruption was followed by disproportionate use of force against Gaza. Even if it had wanted to, as it claims, Israel could not have spared the civilians in such a handkerchief of a territory. The result is here for everyone to see: annihilation. All this happened under a motto: "the complete destruction of Hamas". But a complete destruction of Hamas is a *cri de guerre*, not a strategy. How many more civilians need to be killed, how many homes, schools and hospitals destroyed, so that this very elusive objective is reached?

> A genuine political process cannot move forward with the present players in place

A ceasefire would close this particular episode in a conflict that started a century ago and has not been extinguished since. Some would declare victory, others would bury their dead, but lucid observers would try and guess the form and the venue of the next explosion, knowing perfectly well that everything we have witnessed makes peace an even more distant prospect.

To think that stability is possible while denying the Palestinians basic political rights is a chimera. Time does not alleviate thirst for a sovereign nationhood; quite the contrary. There are good reasons to believe that it has been exacerbated, that the normalisation of Israel's relations with new countries injects renewed determination in the younger Palestinian generation. Meanwhile there is not even the semblance of a peace process to offset this.

If and when the violence comes to an end — unless it slides into a wider regional conflict through hubris on one side or miscalculation on the other — leading world powers, the US in particular, will be tempted to content themselves with a sigh of relief and a quick return to the status quo ante. When I hear leaders calling for the two-state solution, as if it were an empty mantra, my immediate reaction is to ask them: what have you done during all those past years to push that solution forward? Why should we expect you to behave differently this time?

The ingredients of that solution have been studied, negotiated, adopted, amended, rejected and then reconfirmed ad nauseam in the past thirty years. They are there in the 2000 Clinton compromise or, better, in the 2002 "Arab Peace Initiative" and so many similar documents: a truly sovereign Palestinian state, security arrangements, normalisation by all Arab countries, international guarantees. There is no need to reinvent the wheel. What is lacking is not the agreement's content but the will to implement it and the sense of urgency that the present war makes all too evident.

A genuine political process cannot move forward with the present players in place. They have shown their uncompromising stands, their sheer incompetence and their documented corruption. The biggest impediment is the lack of new leaders on both sides, leaders who are conscious that a new cycle of violence is inevitable unless the roots of the conflict are addressed, leaders endowed with true moral authority. It also needs a fair, committed and energetic external facilitator.

These are serious obstacles. But then what is the alternative, given the status quo ante is clearly untenable, save for renewed violence and a greater risk of a regional war? While it is naive to ignore those obstacles, it would be criminal to resign ourselves to the idea that bringing peace to the Levant is impossible.

The writer is a professor of International Relations emeritus at Sciences-Po (Paris) and a former senior adviser to the United Nations secretary-general

Lex.

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Shein: viral fever

As TikTok took over the world, a low-profile Chinese company known for its cheap wedding dresses joined the land grab. Videos of people trying on cheap, trendy clothes from Chinese fast-fashion group Shein have become a genre of their own. Surging sales mean Shein's US listing may become one of the largest in the past decade.

Shein has filed paperwork for a US initial public offering. Backers include Abu Dhabi sovereign wealth fund Mubadala and venture capital group Sequoia China. The group has reportedly targeted a valuation as high as $90bn, not far from its $100bn private valuation last year.

Shein has achieved remarkable growth. Viral videos playing to viewers' short attention spans have tapped unprecedented demand for garments, home furnishings and pet accessories, all of which Shein provides at less than $10. The company has made heavy and effective use of social media marketing. Here, influencers receive commissions for posts featuring Shein outfits.

Fledgling Gen Z videomakers cannot be caught wearing the same thing twice. Zara has high price points relative to other fast-fashion groups. H&M is cheaper but lags behind Shein in keeping up with viral trends.

The business has benefited from modest requirements for warehouses and inventory in the US. It ships most of its products directly from China. This allows it to avoid import taxes. A provision in US tariff regulations waives import tariffs if the package's fair retail value does not exceed $800.

Yet this strength is also a big risk. The business model invites regulatory and political scrutiny. Shein's biggest market is reportedly the US. Lawmakers there want Shein to disclose employment practices that they allege include forced labour. There have also been claims of import violations. Shein denies all allegations.

Valued at an industry multiple, Shein would be worth about $70bn. That would be lower than the $126bn market value of Zara owner Inditex and higher than H&M's $27bn.

The figure is conservative, given that Shein is expected to grow faster than peers. It has a target to more than double sales over the next two years.

However, the US listings market is lacklustre and Shein bears notable political risks. It was valued at $66bn in its last private fundraising. A flotation price not far from that benchmark would make sense.

Swedish real estate: hygge mugger

Financial regulators have delivered a warning to Swedish property groups built on borrowings. High interest rates and falling valuations mean that a debt pile of $143bn needs to shrink or it may drag the sector down.

Refinancings, equity raises and forced sales are therefore perils besetting commercial real estate owners and banks that lend to them.

Property is sending tremors through other parts of Europe as higher rates take their toll. The Signa Group of Austrian entrepreneur René Benko is unwinding, with units filing for insolvency or expected to do so. Julius Baer of Switzerland confirmed some SFr600mn of exposures to Signa this week. Sweden is calmer, but bank investors may still suffer a rude awakening. Surprisingly, reported property values in Sweden have only fallen 6 per cent since last year's peak. Further declines are inevitable.

Stock markets have marked the sector down by about a half.

Reported values are resilient simply because valuers do not have transaction data to price accurately. But estimates by the Swedish Financial Supervisory Authority suggest property yields should be at least 150bp above their current level of 5 per cent. Values would need to fall at least another 20 per cent assuming rents remain unchanged to reach that level.

Local lender Handelsbanken has the largest exposure to commercial real estate, accounting for about one-third of total loans. But provisioning remains limited and loan coverage has risen more slowly this year. Banks say loans have strong collateral. But recovery values remain untested and are likely to be much lower than book value.

Nordic banks remain some of the best capitalised in Europe. Common equity tier one ratios are about 20 per cent. But premium valuations reflect that. Shares trade one-quarter higher relative to book value than in the rest of Europe. Sweden's precarious and outsized property sector is a threat to that.

Novartis: exclusivity challenge

It is tempting to celebrate milestones. Novartis chief Vas Narasimhan can be forgiven for doing so. His focus is on higher-margin, innovative drugs.

The Swiss group is a cleaner proposition after spinning off its generics unit Sandoz in October. But Narasimhan must now show that Novartis can increase revenues.

Yesterday it upgraded its sales-growth target by 1 percentage point to 5 per cent a year until 2027. Analysts had anticipated the change. Growth will be driven by drugs that are already available and performing well, such as multiple sclerosis medicine Kesimpta, breast-cancer drug Kisqali and Pluvicto, used to treat prostate cancer.

Where doubts creep in is how Novartis will replace lost sales after 2027. Key drugs that are set to lose exclusivity in the key US market after that date onwards include Cosentyx, which treats conditions such as psoriatic arthritis. In total, Novartis will have to replace more than $10bn of sales between 2027 and the end of 2032, estimates UBS.

Narasimhan guided towards mid-single digit sales growth beyond 2027. Yet shares yesterday barely budged.

Novartis trades on a forward price/earnings ratio of 13.6, higher than some European peers such as Roche and Sanofi.

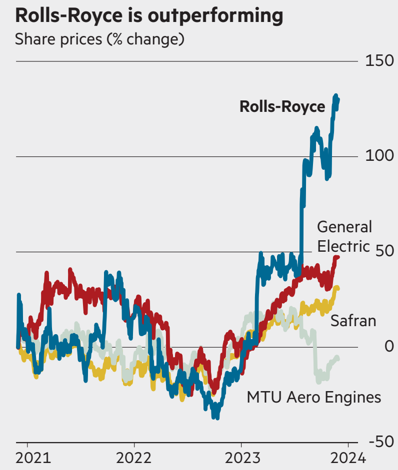
The company has high hopes for several drugs in the pipeline, including iptacopan, which it hopes will be approved to treat rare blood and kidney disorders. Peak sales could exceed $3bn, the company estimates.

It is also planning to apply before the end of the year for approval to use Kisqali at an earlier stage in breast cancer patients' treatment in the US. VisibleAlpha shows that Narasimhan has plenty more convincing to do. Consensus estimates for 2027-30 suggest average annual growth of less than 0.5 per cent.

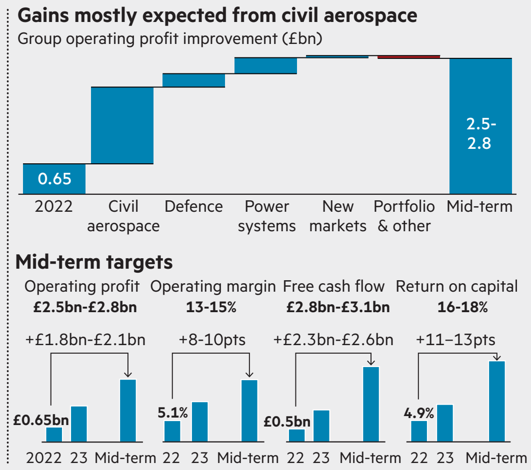
Narasimhan has cleared a big hurdle in slimming down Novartis. But he now faces a tougher test in creating sales momentum.

Rolls-Royce: Tufan club

Investors have lifted Rolls-Royce's stock on hopes of a turnaround. The UK aerospace group has set ambitious mid-term targets. Its large civil aerospace division is expected to provide the majority of the uplift to operating profits by 2027, with margins forecast to improve from very low levels.



FT graphic Source: S&P Global



Source: company

The turnaround plan at Rolls-Royce is picking up speed. The British aerospace group was hurt badly by the pandemic and the problems with its Trent 1000 engines. Its newest pledge is to add £2bn to operating profits by 2027, quadrupling the £0.65bn it reported in 2022. This looks more credible than past efforts.

The plan hinges on its civil aerospace unit. This is the largest of its three businesses, in revenue terms. It accounted for 45 per cent of Rolls-Royce's £12.7bn of underlying revenues in 2022, with defence and power generation making up the rest.

However, civil aerospace makes wafer-thin operating margins, just 2.5 per cent in 2022. A plan to lift this to 15-17 per cent should deliver the bulk of the planned ebit uplift. This looks feasible. Rivals such as Safran and General Electric make 18 per cent in this segment, says Nick Cunningham at Agency Partners, although, unlike Rolls-Royce, they benefit from making higher-margin engines for narrow-body planes.

One reason margins have been so poor is that — as a challenger trying to build market share in wide-body aircraft — Rolls-Royce has aggressively priced its new engines. Instead, profits come from service contracts.

A more rational approach is needed. Rolls-Royce has achieved reasonable scale; less discounting is needed. Meanwhile, ageing aircraft fleets will need more service and maintenance, improving its revenue mix. Rolls-Royce has also signalled that it wants to lop off £400-£500mn from the cost base and cut up to 2,500 roles. Investors may well look on with scepticism.

Previous attempts to bring the sprawling legacy business under control have proved shortlived.

On the plus side, new chief executive Tufan Erginbilgic is tough. Plus the business has recently suffered a near-death experience, enabling needed cultural change.

Investors have marked the stock up 80 per cent in the past six months on hopes that Erginbilgic can get his plans off the ground. Yet the group still trades at a one quarter discount to rival Safran on 2025 earnings.

If he delivers his targets, Rolls-Royce can close this gap.

Canadian banks: maple leaf lag

Canadian lenders have been dubbed the best boring banks, for good reason. The Big Six have consistently delivered profits growth and return on equity gains, thanks to years of low interest rates, robust consumer borrowing, and a red-hot housing market that has fuelled demand for mortgages.

But storm clouds are forming. Profits at the Big Six — including Scotiabank, Toronto-Dominion Bank and Bank of Montreal — are expected to shrink this year as bad-debt provisions rise and loan growth slows. Scotiabank kicked off banks' earnings season yesterday. For the fiscal year ended October 31, provision for credit losses more than doubled to C$3.4bn. Higher rates boosted net interest income and revenue. But it posted a 26 per cent fall in full-year net income. Return on tangible common equity fell from 18.6 per cent a year ago to 13 per cent. Higher expenses and funding costs are weighing on margins. Earnings in 2024 are expected to be "marginally" better.

Some of this gloom is reflected in the shares. Canadian banking stocks have lost 2-12 per cent so far this year, compared with a 3 per cent rise for the broader Toronto Stock Exchange. Price to book values for the six banks have come down from their 10-year average, although all trade above one times.

That said, perspective is key. The build-up in loan-loss provisions is prudent accounting. For now, credit quality remains in good shape. At Scotiabank, net impaired loans and net write-offs make up just 0.5 per cent and 0.35 per cent of its loan book.

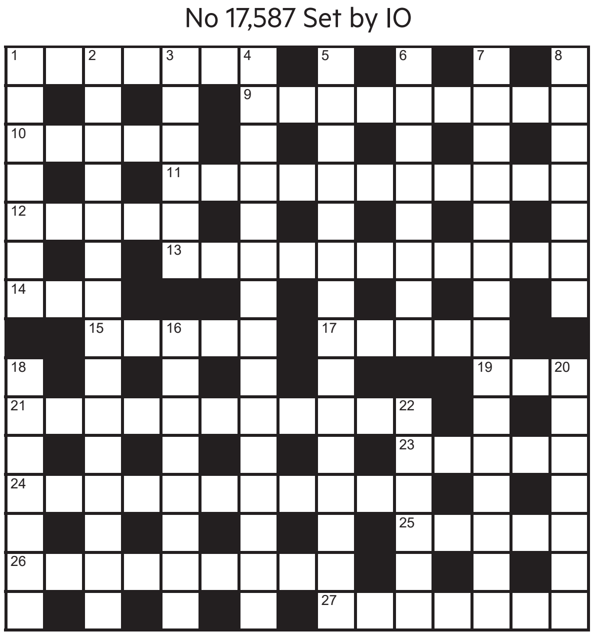
The market is concentrated; the Big Six hold 90 per cent of Canada's deposits. That means consumer banking should remain highly profitable even if loan growth slows.

Scotiabank's Canadian banking division delivered a 21.3 per cent return on equity in the fiscal year that just ended. JPMorgan, the best-performing US bank, only managed 18 per cent in its most recent quarter.

Times are tougher for Canadian banks. But they remain a haven.

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

CROSSWORD
No 17,587 Set by IO



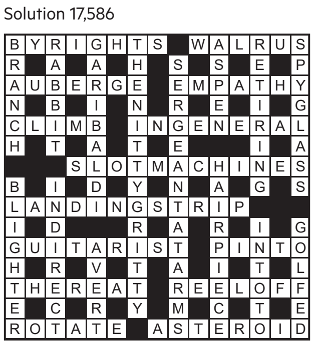
ACROSS

1/9 So une belle femme might be categorised as "fatale"? (2,5,5,4)
10 Great in science on field one's 26 about? (5)
11 Film gossip going round auction room after Spooner? (4,2,1,4)
12 They're prickly about opening of play (5)
13 Animal sister's bathing in short river near Balmoral (7,4)
14 Domestic's time off here? (3)
15 I also came across scores of rabbits (2,3)
17 Apparently not prepared to fly unpaid (5)
19 Garland free? Not sure (3)
21 Mini? Maxi? No, I've a new N-reg convertible (7,4)
23 Contributory to state-of-the-art hothouse plant medium (5)
24 Such diversions, retro, raise umpteen cracking twinkling smiles! (6,5)
25 Choice between fricative and nasal character of old (5)
26/27 Where foursomes drive off in golf's tee trials? (9,7)

DOWN

1 Sharp copper's going after dope (2,5)
2 In short, billion-dollar chairmen sacked Palace manager (4,11)
3 Antelope or bird (6)
4 Something that muffles melody — during which, hum difficult tune (11,4)
5 Offended Utopian declines literary work (3,3,4,5)
6 In Verdi's new composition there's dalliance — not marriage — with a king (6,2)
7 Styles when acting the Roman Trilogies, blustering parts — infantrymen, principally (7,8)
8 Like student gripped by tragic role? (3,4)
16 Together, three tapes withdrawn from suspect paternity suit (8)
18 Swings? Yes and no (7)
20 Keyed into logogriph on escutcheon devices (7)
22 One of the sleepers picked up by Secret Service? (6)*

Solution 17,586



JOTTER PAD

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