FINANCIAL TIMES

TUESDAY 9 JANUARY 2024 EUROPE

America can survive another term of Trump
GIDEON RACHMAN, PAGE 17

Britain's mounting mental health challenge
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Deluge of debt feeds fear of backlash in bond markets

- 'Unmoored' deficits worry investors
- Election pledges drive up borrowing

MARY MCDOUGALL — LONDON

Investors are warning governments around the world over "unmoored" levels of public debt, saying pledges of excessive pre-election borrowing risk sparking a bond market backlash.

Government debt issuance in the US and the UK is expected to soar to record levels this year, with the exception of the early stages of the Covid-19 pandemic.

Emerging markets are set to add to the deluge of bond sales, after government debt climbed to an all-time high of 68.2 per cent of gross domestic product last year, according to the Institute of International Finance.

Deficits are "out of control and the real story is that there's no mechanism for bringing them under control", said Jim Cielinski, global head of fixed income at Janus Henderson, adding the issue would become a serious concern to markets "in the next six to 12 months".

The US Treasury will issue about $4tn of bonds this year with a maturity of between two and 30 years, according to Apollo Global Management, up from $3tn last year and $2.3tn in 2018.

Net issuance, which is adjusted for Federal Reserve purchases and existing debt falling due, will be $1.6tn over the year to September, according to RBC Capital Markets, the second highest ever. The Canadian bank estimates that net issuance in 2024-25 will surpass pandemic-era levels.

The scale of borrowing is likely to distract markets from their more typical focus on the future path of interest rates, fund managers say.

"We are truly in an unmoored environment for government debt compared with previous centuries," said Robert Tipp, head of global bonds at PGIM Fixed Income.

The UK, where an election is expected this year, is also on course for its second-highest year of debt sales, behind only 2020 when the Bank of England stepped in to hoover up supply during the early stages of the pandemic. Issuance net of BoE purchases and including its gilt sales is expected to be three times more than the average over the past decade.

Sir Keir Starmer, whose Labour party has a substantial lead in the polls, has scaled back a promise to borrow £28bn a year for its "green prosperity plan" amid concerns over public debt.

Sir Robert Stheeman, head of the UK's debt management office, warned in an interview with the Financial Times last week: "In a world where we have debt to sell, policymaking cannot be divorced from the reality of the market."

A historically busy year for elections boosts the incentives for political leaders to raise spending. As the US gears up for its presidential election on November 5, there is little sign of appetite for fiscal restraint from contenders across the political divide, say investors.

"It doesn't seem like much will change even when the election is over, and they will continue to spend at a high level," said David Zahn, at Franklin Templeton. "Eventually that could create a problem for the US."

The IIF warned that a wave of elections together with geopolitical frictions in the emerging world "raise concerns about increased government borrowing and fiscal discipline, including India, South Africa, Pakistan and the US".

Markets pages 8 & 9

Lunar departure Big setback for Nasa's first step towards putting humans back on Moon

Chandan Khanna/AFP

The Vulcan Centaur rocket lifts off from Cape Canaveral in Florida yesterday as part of attempts to complete the first commercial mission to the Moon.

But hours after separating from the rocket, the lunar lander it was carrying was struggling to stabilise on-board solar panels that could threaten its ability to land safely on the Moon.

Astrobotic Technology, the Peregrine lunar lander's manufacturer, said a "propulsion anomaly" had prevented the lander from pointing its solar panels stably at the Sun. Engineers attempted a fix but the company said it had been forced to consider "alternative missions" after reporting a critical loss of propellant.

The launch marked the start of Peregrine's 384,400km journey, with a touchdown scheduled for February 23.

Peregrine is the first of eight missions in Nasa's commercial lunar initiative, a vital step in the US space agency's plan to return humans to the Moon for the first time since the Apollo programme ended in 1972. Nasa initially paid $79mn for Peregrine to ride on the Vulcan but the cost rose to $108mn after delays during the pandemic and a decision to alter the landing site, space agency officials said.

Moonshot & Space tsar's target page 4

Briefing

▸ Boeing and suppliers' shares reel from accident
The aircraft maker and Spirit AeroSystems have taken a hit as investors weigh the fallout from the incident on an Alaska Airlines plane. Boeing fell more than 8 per cent on opening.— PAGE 5; PEGGY HOLLINGER, PAGE 17; LEX, PAGE 18

▸ French premier resigns
Élisabeth Borne has quit, paving the way for President Emmanuel Macron to name a successor and inject energy into a government weakened by political battles and falling poll numbers.— PAGE 2

▸ Air assault on Ukraine
Russian forces have pounded the country with nearly 60 drones and missiles, as Moscow steps up attacks on energy infrastructure and as Kyiv urges western allies to approve military aid.— PAGE 3

▸ Berlin backs Riyadh jets
Germany has dropped opposition to supplying Saudi Arabia with Eurofighter jets, saying Riyadh's role in foiling attacks on Israel meant it could no longer justify blocking the supply.— PAGE 3

▸ Tech pressed on Belarus
Brussels has called on Google and other tech groups to aid dissident media by promoting their stories above those of pro-regime outlets that are said to be favoured by search algorithms.— PAGE 3

▸ Backing for Northvolt aid
Brussels has approved €902mn in state aid for the battery maker's German plant, the first use of a tool allowing boosted funding for companies offered higher grants elsewhere, such as the US.— PAGE 6

▸ Beijing accuses MI6
The state security ministry has accused UK intelligence services of using the head of a consultancy from a "third country" to spy on China, the latest accusation amid tensions with the west.— PAGE 4

▸ Woods and Nike split
The sports goods manufacturer has announced it is parting ways with US golf star Tiger Woods after 27 years, ending one of the most transformative sponsorship deals in modern sport.— PAGE 5

Thai worker haunted by ordeal as a Gaza hostage
Analysis ▸ PAGE 3

British betting boss's £300mn haul trumps salaries of top US executives

DANIEL THOMAS — LONDON

Bet365 chief Denise Coates earned close to £300mn last year in pay and dividends from the UK-based gambling group, cementing her position as one of the world's best-paid executives.

Coates was paid about £221mn in the year to March 2023, according to accounts filed yesterday. She also took at least half of the £100mn the company paid out in dividends, given her stake as the founder of Bet365.

Her payout comes despite the group's pre-tax loss of £72.6mn, against a profit of about £50mn in 2022, as it expanded in regions such as North America.

The group is also the majority owner of Stoke City Football Club, which reported an annual loss of £12.4mn.

Coates is one of the wealthiest businesspeople in the UK, having earned more than £1bn in pay and dividends over the past few years. Her pay at the family-owned company dwarfs the remuneration offered by listed FTSE 100 groups, where Pascal Soriot, boss of pharma group AstraZeneca, was the highest paid executive in 2022, with annual earnings of about £15mn.

Coates also narrowly trumps the best-paid executives in the US S&P 500, where Blackstone's Stephen Schwarzman earned $253mn last year (he separately received about $1bn in dividends) and Alphabet's Sundar Pichai was paid $226mn in total remuneration.

Coates, who founded the company in Stoke-on-Trent, in the English midlands, more than two decades ago, is one of the UK's highest taxpayers. Bet365 also donated £100mn to the Denise Coates Foundation, a registered charity.

Coates's salary peaked at £421mn in 2020 but dropped to £250mn in 2021 and £213mn in 2022. That means she has earned £1.1bn through her annual salary alone in just four years.

The Bet365 group, which is more than 50 per cent owned by Coates, also paid out £100mn in dividends last year and in 2022, £97.5mn in 2021 and £95mn in 2020.

The group said yesterday that revenues rose to £3.4bn in the year to March 2023, up from £2.9bn the year before, with the majority from sports betting. The increase reflected the expansion into new markets, with a launch of operations in the US and Canada in 2022, but that growth also led to a "significant increase in costs", the group said.

More than 20 US states have now legalised online sports betting, offering the world's largest gambling companies a new and fast-growing market to target.

World Markets

STOCK MARKETS

	Jan 8	Prev	%chg
S&P 500	4726.25	4697.24	0.62
Nasdaq Composite	14711.50	14524.07	1.29
Dow Jones Ind	37405.86	37466.11	-0.16
FTSEurofirst 300	1887.42	1882.39	0.27
Euro Stoxx 50	4483.86	4463.51	0.46
FTSE 100	7694.19	7689.61	0.06
FTSE All-Share	4204.14	4196.35	0.19
CAC 40	7450.24	7420.69	0.40
Xetra Dax	16716.47	16594.21	0.74
Nikkei	33377.42	33288.29	0.27
Hang Seng	16224.45	16535.33	-1.88
MSCI World $	3120.55	3114.12	0.21
MSCI EM $	1002.08	1004.26	-0.22
MSCI ACWI $	715.40	714.24	0.16
FT Wilshire 2500	6089.64	6078.57	0.18
FT Wilshire 5000	47439.60	47358.00	0.17

CURRENCIES

Pair	Jan 8	Prev	Pair	Jan 8	Prev
$/€	1.097	1.098	€/$	0.911	0.911
$/£	1.275	1.275	£/$	0.784	0.784
£/€	0.861	0.861	€/£	1.162	1.162
¥/$	143.900	144.140	¥/€	157.880	158.244
¥/£	183.480	183.808	£ index	82.079	81.892
SFr/€	0.929	0.930	SFr/£	1.079	1.081

CRYPTO

	Jan 8	Prev	%chg
Bitcoin ($)	45059.10	43940.36	2.55
Ethereum	2270.79	2222.68	2.16

COMMODITIES

	Jan 8	Prev	%chg
Oil WTI $	70.42	73.81	-4.59
Oil Brent $	75.70	78.76	-3.89
Gold $	2056.35	2039.55	0.82

GOVERNMENT BONDS

Yield (%)	Jan 8	Prev	Chg
US 2 yr	4.32	4.37	-0.05
US 10 yr	3.98	4.00	-0.02
US 30 yr	4.15	4.17	-0.02
UK 2 yr	4.20	4.22	-0.02
UK 10 yr	3.96	3.98	-0.02
UK 30 yr	4.39	4.40	-0.01
JPN 2 yr	0.03	0.03	0.00
JPN 10 yr	0.60	0.60	0.00
JPN 30 yr	1.61	1.61	0.00
GER 2 yr	2.55	2.57	-0.02
GER 10 yr	2.13	2.15	-0.02
GER 30 yr	2.36	2.37	-0.01

Prices are latest for edition
Data provided by Morningstar

Austria	€4.50	Morocco	Dh50
Bahrain	Din1.9	Netherlands	€4.50
Belgium	€4.50	Norway	NKr45
Croatia	Kn33.91/€4.50	Oman	OR1.60
Cyprus	€4.20	Pakistan	Rupee350
Czech Rep	Kc125	Poland	Zl 25
Denmark	DKr46	Portugal	€4.20
Egypt	E£100	Russia	€5.00
France	€4.50	Serbia	NewD530
Germany	€4.50	Slovenia	€4.20
Greece	€4.20	Spain	€4.20
Hungary	Ft1450	Switzerland	SFr6.70
India	Rup220	Tunisia	Din7.50
Italy	€4.20	Turkey	TL110
Luxembourg	€4.50	UAE	Dh24
Malta	€4.20		

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INTERNATIONAL

France

Macron to pick new PM after Borne quits

Young education minister Attal favourite for role as president seeks boost

LEILA ABBOUD AND SARAH WHITE — PARIS

Emmanuel Macron was expected to name a new prime minister last night after accepting the resignation of Élisabeth Borne, as the French president seeks to inject energy into a government weakened by battles in parliament and deteriorating poll numbers.

In a social media post yesterday, Macron thanked Borne, who has been in post since May 2022, for her "courage, dedication and determination" in the "service of the nation". She and other ministers will remain in place until a new government is named in the coming days, according to the Élysée Palace.

The move caps days of speculation in France over the likelihood of a reshuffle. It comes just months ahead of European elections in June and the Olympic Games in Paris starting in July, two big challenges this year for Macron.

Media reports said Gabriel Attal, Macron's young and popular education minister, was frontrunner for the premiership.

If confirmed, Attal, 34, would be the youngest ever French prime minister and the first openly gay one.

It would amount to an unexpected pick by Macron, who was thought to favour more experienced candidates, such as finance minister Bruno Le Maire, and other loyalists such as defence minister Sebastien Lecornu and former agriculture minister Julien Denormandie.

The sense of inevitability around Borne's departure was summed up on

> 'We have come to the end of a period marked by difficult reforms'
>
> François Bayrou, centrist politician

Sunday by François Bayrou, a centrist politician whose MoDem party is allied with Macron. "We have come to the end of a period marked by difficult reforms: there is inevitably a new period opening," he said. "I think a change is needed . . . it is legitimate that there is renewal."

Borne was only the second woman to serve in one of the most exposed and difficult jobs in French politics. Her tenure was marred by Macron's centrist alliance losing its majority in parliament, leaving her with the difficult task of striking deals with opposition parties to pass legislation.

Borne's approval ratings were hovering near all-time lows of 23 per cent, while Macron's are scarcely better at 27 per cent, according to a recent Elabe poll. Attal, however, has climbed 14 points in five months to reach an approval rating of 40 per cent, making him the most popular politician in France, according to Ipsos.

A new prime minister would help mark a fresh phase, as well as prepare for European parliament elections in June, which will be Macron's last chance to test the mood of voters before his second term ends in 2027.

In recent weeks the president has been bruised by a backlash, including from some of his own lawmakers, over an immigration bill, which passed through the National Assembly only after concessions to rightwing opponents. Macron also had to contend with months of street protests last year over pensions reform.

The far right, meanwhile, is enjoying a resurgence in popularity under Macron's longtime rival Marine Le Pen, who is expected to run for the presidency again once Macron steps down in three years' time.

Public health. Immunity threat

Europe battles 'tridemic' of respiratory illnesses

Hospitals risk being overcome by widespread surge in flu, Covid-19 or RSV viruses

BARNEY JOPSON — MADRID
GIULIANA RICOZZI — ROME
ANDREW BOUNDS — BRUSSELS

Europe is facing a "tridemic" that threatens to push health systems to the limit as a surge in flu cases is compounded by Covid-19 and other respiratory illnesses.

Spain and Italy are among the countries worst affected as hospitals struggle to cope with an influx of patients and coronavirus-era mask mandates are reintroduced at health facilities in some regions.

Rises in cases have also been reported in Germany, where the public health authority said a flu wave officially began on December 11, and in France, where 10 out of 18 regions are officially in an epidemic phase. In the UK, there has been a slight rise in flu cases and hospitalisations, with officials warning that the peak was yet to come.

In Spain, Christmas superspreader events led to a 75 per cent increase in flu cases in the final week of 2023, data from the state-backed Carlos III Health Institute found. Reports of flu leading to severe pneumonia are proliferating.

Nearly half of all flu tests in Spain came back positive in the last week of December versus 27 per cent in the previous seven days. Covid-19 cases stabilised with only 10 per cent of tests positive at the end of 2023, but the virus was causing a rising number of hospital admissions, especially among people over 80, the institute said.

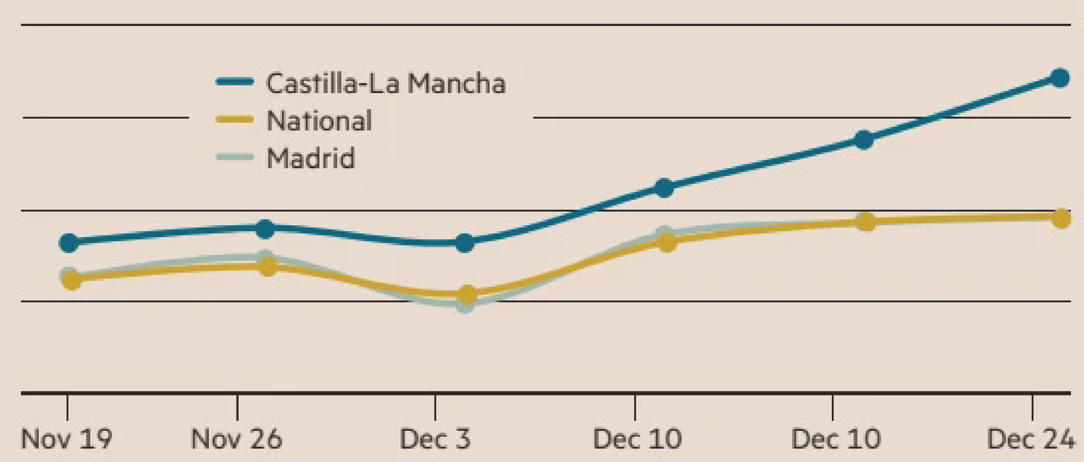
Children, meanwhile, were coming down with respiratory syncytial virus (RSV), which can cause bronchiolitis and has led to a sharp rise in hospitalisations of infants aged under one.

The mix of flu, Covid and RSV cast a shadow over a European festive season punctuated by coughs, colds and people bowing out of celebrations feeling ill. Those who made it faced conversations about who was vaccinated against flu and whether it was too late to get a jab.

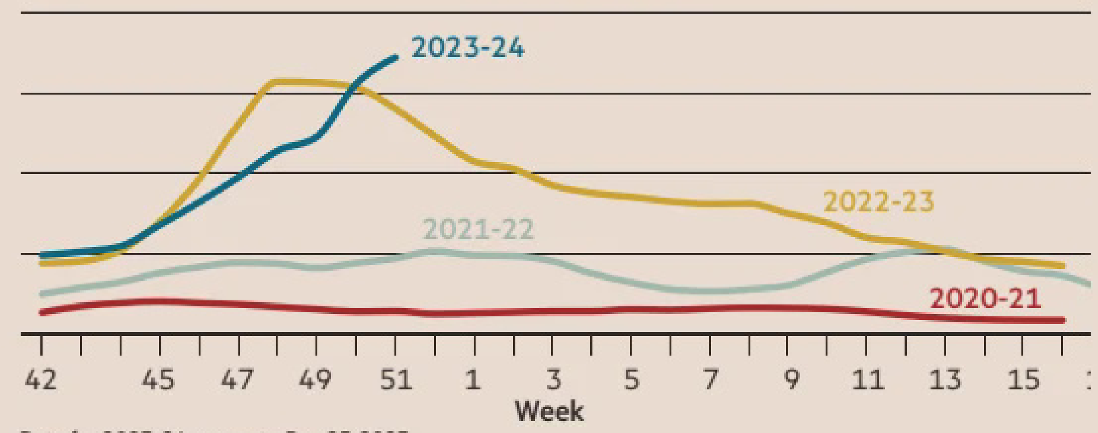
Three Spanish regions — Catalonia, Valencia and Murcia — have made mask-wearing mandatory at health facilities. Mónica García, Spain's health minister, proposed a nationwide mask mandate at a meeting of regional health chiefs yesterday, but faced opposition from some quarters.

Outbreak: shoppers in Milan in late December during a rise in viruses that hit an estimated 2mn people across Italy
Francesca Volpi/Bloomberg

Respiratory viruses have surged across Spain in recent weeks
Acute respiratory infection incidence rates per 100,000, selected regions, weekly in 2



Italy is already recording more flu cases than in previous winters
Influenza cases recorded per 1,000 patients, weekly, by flu season



Data for 2023-24 covers to Dec 25 2023
Sources: Instituto de Salud Carlos III; EpiCentro

CSIF, a Spanish union whose members include health professionals, has warned that some hospitals are at saturation point. In addition to obligatory mask-wearing at facilities, it has called for special ventilation measures and for people to exercise prudence in deciding whether they need to see a doctor.

A similar trend was noted in Italy, where an estimated 2mn developed flu, Covid and RSV in the last two weeks of 2023, according to the Italian National Institute of Health. The spike in cases added to pressure on hospitals and emergency rooms, which are struggling with chronic bed and staff shortages.

Non-urgent surgery has been delayed as a result, with over 1,000 patients in the Rome region waiting to be moved from emergency rooms to wards, according to the Italian Society of Emergency Medicine. Roberto Cosentini, head of emergency at Bergamo Hospital in northern Italy, said the combination of respiratory viruses and Christmas holidays had produced a "perfect storm", with many young people and children needing hospital treatment.

"This year's flu was quite virulent, especially on the respiratory system, even on young people. We had to hospitalise more people with complications due to flu than usual," he said, adding that the first days of 2024 had been worse, with his hospital having to rush to add doctors and nurses and open wards "because there were too many sick people".

The European Centre for Disease Prevention and Control warned last month that respiratory infections would be higher than usual this winter because of lower immunity levels after anti-Covid measures of recent years had led to an overall reduction in such cases. It told national governments to increase vaccination rates for Covid and influenza and boost emergency department capacity, and encourage handwashing and mask-wearing for the most vulnerable.

José María Molero of the infectious diseases team at the Spanish Society of Family and Community Medicine said the term "tridemic" should not be taken to mean that individuals were catching multiple viruses but rather that they were suffering from one of the three diseases. "There are very few cases of co-infection," Molero said.

> 'The winter peak for flu is still to come and may coincide with high levels of Covid-19'
>
> UK Health Security Agency

The UK has yet to experience a flu surge this winter. Data for the last week of 2023 showed a slight rise in the percentage of people who tested positive for flu, according to lab samples: it rose to 11.8 per cent from 11.2 per cent in the previous week. Influenza hospitalisations increased to 6.8 per 100,000 from 5.1 per 100,000 last week and admissions to intensive care and high dependency units increased week on week but remained low.

There was a slight fall in consultations with primary care staff for flu-like illness. Mary Ramsay, director of public health programmes at the UK Health Security Agency, warned: "The winter peak for flu is still to come and may coincide with high levels of Covid-19."

Additional reporting by Sarah White in Paris, Guy Chazan in Berlin and Sarah Neville in London

Central Europe

Eurosceptic Slovak leader lifted as ally aims to run for presidency

RAPHAEL MINDER
CENTRAL EUROPE CORRESPONDENT

A close ally of Slovakian prime minister Robert Fico has signalled he will run in March's presidential elections in a move with the potential to cement the Eurosceptic premier's grip on power.

Peter Pellegrini, Speaker of the Slovak parliament and leader of a party in the Fico-led government coalition, said he would formally announce his candidacy on January 19.

He announced yesterday that the first round in the polls would be held on March 23. If no candidate secures an absolute majority, a second round will take place on April 6.

Fico took office in October after his Smer party won elections and formed a coalition with two smaller partners, including Pellegrini's Hlas party. As part of the deal Pellegrini became parliamentary Speaker, a role seen as a springboard for him to run for president.

The next election is seen as particularly important because the pro-western incumbent, Zuzana Čaputová, has been acting to counter Fico, notably last month when she forcefully criticised the prime minister's plan to scrap Slovakia's anti-corruption prosecutor's office. The president wields some veto powers.

Last June Čaputová unexpectedly threw open the presidential election by deciding not to seek another mandate. The move unnerved Slovakia's western allies, who are concerned about Fico weakening EU unity and helping bolster Hungarian premier Viktor Orbán's pro-Russia stance.

Fico, serving a fourth term as premier, returned to the role after campaigning on a pledge to end support to Ukraine in its war with Russia and oppose further EU sanctions on Moscow.

Early last month he again raised alarm bells in Brussels after saying he would close the anti-corruption office, claiming that its head, Daniel Lipšic, had been spreading "evil".

The European Commission said it would investigate whether the closure was compatible with EU law. Slovakia's liberal opposition accused Fico of violating the independence of the judiciary, with Čaputová leading the criticism. She called his plan "inadmissible" and "a step backwards".

Experts have warned that Fico's plan would face both a veto from Čaputová and a ruling by Slovakia's constitutional court. Scrapping the anti-corruption prosecutor was not proving the "easy and quick thing for Fico that he thought", said Grigorij Mesežnikov, chair of the Institute for Public Affairs, a Slovak think-tank.

Fico's previous term as prime minister ended in 2018, when he resigned after protests over the killings of journalist Jan Kuciak and his fiancée. Kuciak had been investigating Smer for alleged corruption.

Pellegrini replaced Fico as prime minister but fell out with his former mentor and left Smer to form Hlas. After last year's elections, Fico mended relations with Pellegrini to form a coalition.

Fico has not publicly stated that he would back Pellegrini for the presidency but told a party conference in November that if the Speaker became president it would "significantly change" the map of Slovak politics.

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Germany

Farmers' blockades lay bare depth of anger at Scholz coalition

GUY CHAZAN — BERLIN

Protests by farmers over cuts to subsidies have caused widespread travel disruption across Germany and exposed the depth of discontent with Olaf Scholz's coalition.

Columns of tractors moved through cities while farmers' convoys blocked motorway access in a show of strength that alarmed ministers and caused headaches for millions of commuters.

The farmers' "week of action" comes with polls showing growing popular disenchantment with Scholz's government and frustration over its handling of Germany's stagnant economy.

Approval ratings for its three constituent parties, Scholz's Social Democrats, the Greens and liberals, have plunged, while those for the extreme rightwing Alternative for Germany are soaring.

The trigger for the protests was a government decision last month to plug a hole in the budget by cutting subsidies to farmers. Ministers cut an exemption from car tax for agricultural vehicles and removed tax breaks for diesel fuel used in agriculture.

After an outcry, they retreated, agreeing to phase in the diesel measure over three years, while keeping the move on car tax in place. But farming unions said the concessions did not go far enough.

Frank Schmidt, a farmer from Prignitz, north-west of Berlin, said the move on subsidies was the "straw that broke the camel's back". Farmers, he added, were already being "driven to distraction" by a big increase in bureaucracy and by stricter rules on environmental stewardship and animal welfare.

"All the joy I used to feel in this job is now out [of] the window," he said. "We're at the end of our tether."

Ministers have warned that rightwing extremists seeking to bring down the government were piggybacking on the protests, in a way that threatened Germany's democratic institutions.

"Appeals are circulating with fantasies of revolution," said Robert Habeck, the economy minister and deputy chancellor. "Extremist groups are being formed, ethno-nationalist symbols are being openly shown."

Habeck is himself a casualty of the farmers' militancy. Last Thursday protesters blocked him from disembarking a ferry after a holiday on the North Sea island of Hooge. Some of them tried to board but were held back by police.

Afterwards Germany's national farmers' union called on its members to show restraint and to refrain from protests outside the homes of politicians and from incitement against individuals. "We are a democratic organisation and we stand by the German constitution," union chief Joachim Rukwied said.

Schmidt was one of hundreds of farmers who parked their tractors by the Brandenburg Gate, the Berlin landmark, on Sunday evening. Police said that by mid-morning, some 566 tractors, lorries, cars and trailers blocked 17th June Street, one of the capital's main thoroughfares.

Discontent: tractors block the road at Victory Gate, Munich, yesterday

The vehicles sported slogans such as: "No Farmer, No Future", and "Don't bite the hand that feeds you". Another said farmers were not demonstrating for a four-day week or €2 an hour more pay: "We're fighting for our very existence."

They were joined by road hauliers protesting at an increase in road tolls for heavy goods vehicles, and small business owners upset at soaring energy costs and lingering high inflation.

Farmers say they have been squeezed by higher bills for petrol, diesel, gas and electricity on the one hand and lower wholesale prices for products such as milk on the other. Rukwied told ZDF television that farmers face higher taxes and a higher minimum wage than their counterparts in other EU countries.

"It's about the future of farming families, food security for our population, and the question of whether we'll continue to produce domestically," he said.

Ministers have expressed some sympathy for the farmers. But there was also criticism of their tactics, including from Nancy Faeser, the interior minister.

INTERNATIONAL

Thai hostage traumatised by Hamas ordeal and deaths of fellow captives

Migrant worker held in Gaza tunnels for seven weeks with three Israelis later mistakenly killed by IDF

VERENA HÖLZL — BURIRAM, THAILAND
POLINA IVANOVA — JERUSALEM

Wichian Temthong woke up at his home in Thailand on a Saturday morning last month to a text message that floored him. It came from Israel: "Yotam, Alon and Samer are dead."

"My mind went blank," Wichian recalled. His legs buckled as he tried to get out of bed. For seven weeks, Wichian, a 37-year-old Thai national, had been held hostage in Gaza's tunnels with three young Israeli men, after being kidnapped from a kibbutz where he was a migrant worker.

Wichian was released in November in an exchange between Israel and his Hamas captors, and travelled home. But his three fellow hostages, Yotam Haim, Alon Shamriz and Samer Talalka, were kept.

Even more devastating to Wichian was news of how they had died. The trio managed to escape from Hamas, but as they walked through the battlefield in Gaza, shirtless and waving a white flag, they were gunned down by Israeli soldiers who mistook them for a threat.

The shooting shook Israel, still reeling from an October 7 attack by Hamas on its southern communities that killed about 1,200, according to Israeli officials. Israel's retaliatory offensive on Gaza has killed more than 22,000, the Palestinian health ministry claims.

Wichian was the only civilian witness to the three young Israeli men's final days. "I am thinking about them all the time," he said. "I really miss them."

A former soldier himself, he was shocked by the news that the army had killed three of their own. "This should not happen," he said.

Speaking at his home province of Buriram in northeastern Thailand, and later by phone, Wichian described the conditions in which the group was first held, kept in a tunnel about 20 metres below ground.

"It was very cold at night, water was dropping down from the ceiling and it was always damp," he said.

The group survived on one meal a day, mainly bread, sometimes canned peas, tuna or beef. Each had only half a litre of water to last two days. At night they slept on blankets on the floor and tried to forget their hunger by playing cards.

Wichian remembers Haim, a blue-eyed 28 year-old with ginger hair, as the quiet one, who chose his words carefully. Sometimes, he would cry. A drummer in a band, he would tap rhythms on a pillow or on his lap to distract himself.

Occasionally, Shamriz, a computer engineering student, 26, would join him, singing. Once, the guards asked the two men to play and sing, Wichian recalled.

Haim and Shamriz were kidnapped from the same kibbutz, Kfar Aza, barely 2km from the Gaza border. Wichian was kidnapped from there too. He had arrived in Israel just 10 days before the attack to pick avocados. Many migrants work in agriculture in Israel and of the 250 hostages seized by Hamas, dozens were migrants, including 31 Thais, of whom eight remain captive.

A further 32 Thais were killed, including all those with whom Wichian hid in a bunker on the morning of the attack.

The fourth hostage of the group, Samer Talalka, a 22 year-old Bedouin, came from the village of Hura but was seized from the Nir Am kibbutz, also near the Gaza border, where he worked raising chickens. Talalka spoke Arabic and did most of the talking to the guards, Wichian said. When he showed how long his nails had grown, Talalka asked the guards for a nail clipper.

With little water in the tunnel, the men cleaned their plates with tissues. Not allowed to wash himself, Wichian started scratching his scalp until it bled.

Talalka was the only one allowed a shower once a week. A Muslim, he would bow to the floor next to the guards in prayer, Wichian noted. When there was leftover food the guards would give it only to Talalka and Wichian, not to the two Jewish men. The guards also removed all cables from the space, which Wichian believes they did to stop them from attempting suicide.

Home at last: Wichian Temthong pictured days after returning to his village in Thailand. Below, previously released Thai hostages hug their newly freed compatriots in Israel in November
Verena Hölzl; Thai foreign ministry/AP

Sometimes the rotating guards looked like ordinary people, sometimes they looked like soldiers, Wichian said. One guard even told them his name. "Some were kind, others were strict."

One man seemed to be the senior commander. He did not carry a weapon, unlike others, wore clean shirts and perfume, and sat in the only room that had air conditioning. The guards paid him respect and he always ate first. He had a phone and a television showing the war raging above them, Wichian said.

To communicate what time of day it was, the guards would point at the symbols of the sun or the moon one of them had scribbled on the wall of the tunnel.

Wichian spoke no English, Hebrew or Arabic. He used his hands and facial expressions. He was so desperate that at times he felt like talking with his feet, he said.

Haim tried hard to communicate with him and support him, trying to learn some phrases in Thai, such as "There is no water" and "I am going to the toilet."

It was also Haim who hugged Wichian and rubbed his shoulders when he felt bad or had trouble breathing, although Haim also struggled, especially in the first week. He "cried a lot, and kept calling for his mama", Wichian added.

One day a guard came with a length of electric cable and ordered Haim and Shamriz to come with him. Wichian heard them scream. When they came back they had weals on their arms. One of Shamriz's nails was so damaged, it looked like it would soon come off.

Wichian also remembered the sound of the bombardment drawing closer and after about five weeks the group was transferred to another tunnel. From there, the fighting seemed farther away.

> 'I am thinking about them all the time. I really miss them'
> Wichian Temthong

One day in November, guards stormed into the tunnel, shouting, "Thailand, Thailand. Go home!" He would be one of 110 hostages released that month in the only truce and exchange that has been agreed so far.

It was dark and Wichian could see little. He hugged his fellow captives and saw their faces in the torchlight as his handlers rushed him out of the tunnel.

Wichian went home to Thailand. A little over two weeks after his release, he received the message that his fellow captives had been killed. An investigation by the IDF said soldiers shot Shamriz and Talalka on sight during "intense fighting" on December 15 in the Shuja'iyya area, one of the most densely populated parts of the Gaza strip.

The third hostage, Haim, hid from the gunfire in a nearby building, calling out "Help!" in Hebrew. The battalion commander told him to come out and ordered troops not to shoot. But two soldiers did not hear the order over the noise of a nearby tank and shot him.

Wichian's sleep is now disturbed by ringing in his ears. An Israeli psychologist has called a few times by phone.

"I feel really bad when I think about my luck," Wichian said. After his return home, he went to his Buddhist temple and asked the monk to repeat three names in prayer: Yotam, Alon and Samer.

Additional reporting by Mehul Srivastava

Military aircraft

Berlin ends opposition to supplying Saudis with Eurofighters

GUY CHAZAN — BERLIN

Germany has dropped its opposition to supplying Saudi Arabia with Eurofighter jets, but has warned it would take several years for the aircraft to be built and delivered.

Annalena Baerbock, the Green foreign minister, said Saudi Arabia's role in foiling attacks on Israel meant Berlin could no longer justify blocking the UK's aspirations to supply the military aircraft.

She was backed by Robert Habeck, economy minister and deputy chancellor, and a fellow Green. He acknowledged that the human rights situation in Saudi Arabia "still doesn't meet our standards" and was "still ambivalent", but added: "Saudi Arabian defensive missiles are also protecting Israel."

Berlin has vetoed export of the Eurofighter Typhoon jets since 2018 in protest at Saudi Arabia's role in the war in Yemen and the murder of journalist Jamal Khashoggi. But Baerbock said on a trip to Israel that as Saudi Arabia was shooting missiles fired by Houthi rebels in Yemen aimed at Israel meant the kingdom was bolstering Israel's security and helping to stop the war in Gaza from turning into a regional conflagration.

"For that reason we don't see why we as the government should oppose the British thinking on more Eurofighters for Saudi Arabia," she said after talks with Israeli president Yitzhak Herzog and new foreign minister Israel Katz.

But Scholz's office warned it might take some time for the planes to be delivered. Saudi Arabia would have to first invite bids, with a tender lasting months or even years.

"Then the contract is awarded, and the planes must be produced. And only then, after several years, will the planes be supplied," said spokesman Steffen Hebestreit, adding that any delivery would require the approval of Germany's federal security council.

Arms exports to Saudi Arabia are controversial in Germany in view of the kingdom's human rights records and its regional power aspirations. That was why the Greens were able to persuade their coalition partners, the Social Democrats and liberals, to agree to ban all deliveries of Eurofighters to Riyadh until the end of the current parliamentary term in 2025.

But Germany's position has caused friction with its allies, particularly the UK, which is keen to sell 48 Typhoon aircraft to Saudi. The Typhoons are built by a pan-European consortium in the UK, Germany, Italy and Spain and each country can veto exports of the planes to other nations.

The UK fears Saudi Arabia, which is looking to replace its ageing Tornadoes, might pursue a rival offer of Rafale jets from French company Dassault.

Rishi Sunak, UK prime minister, raised the issue with Scholz last summer, extracting a commitment to explore a way forward.

Baerbock's shift has angered many in her party. Sara Nanni, for the Greens on defence, told the Der Spiegel paper it came as a "surprise" after the government "committed to not supplying Saudi Arabia with Eurofighters", given the Gulf kingdom's massive bombardments of Yemen.

Search preferences

Big Tech urged to aid dissident Belarus media

RAPHAEL MINDER — WARSAW

Brussels has called on Google and other big technology groups to help dissident Belarusian media by promoting their stories above those published by pro-regime outlets, which opposition journalists say search algorithms favour.

Belarusian journalists in exile have complained to Brussels that content critical of Alexander Lukashenko's regime is failing to reach target audiences, in part because of search algorithms used by Google, Meta and others, which they claim wrongfully heed Lukashenko's censorship rules.

"Fighting disinformation and promoting media freedom are two sides of the same coin, and we want Big Tech to do both," European Commission vice-president Věra Jourová said.

"This means ensuring the visibility of trustworthy information online, not the propaganda of Minsk or the Kremlin," she added, criticising platforms for disseminating propaganda from Belarus and Russia, its close ally.

Belarusian journalists have also warned that the situation is worsened as Google News is not available in the Belarusian language, limiting what the country's readers can find online. The EU exempted state media from sanctions drawn up against Belarus after Russia's invasion of Ukraine in 2022, in contrast to the bans placed on Russian news sites.

Lukashenko relies on Vladimir Putin as a defence patron and backstop for his grip on power. He called on the Russian president to help with a crackdown on demonstrators following his re-election

> 'There are laws and initiatives in the EU to make sure that online platforms are doing the right thing'

in 2020 that western governments condemned as fraudulent.

Putin later used Belarus as a launch pad to attack Kyiv in February 2022, extracted Lukashenko's approval to station Russian tactical nuclear weapons in Belarus and used him as mediator and host for rebellious Wagner fighters after the aborted mutiny of their warlord, Yevgeny Prigozhin, in June last year.

Jourová, whose EU portfolio includes the rule of law, raised her concerns about Belarus in December with Google's president of global affairs, Kent Walker, according to people familiar with the matter. In May, she also discussed similar issues with Google chief executive Sundar Pichai, focusing on Russia and problems such as the inability of its independent media to monetise content posted on YouTube in Russia.

"There are laws and initiatives in the EU to make sure that online platforms are doing the right thing," Jourová said. But officials in Brussels also acknowledge there are no grounds to fine or start legal action against tech companies for not helping dissident journalists and writers from Belarus or other non-EU nations fighting authoritarian regimes.

Google said: "We go to great lengths to build our products and enforce our policies in ways that don't take political leanings into account." Searches can "always be better", it added, but warned there were "hundreds of factors that determine which results are shown".

Meta did not respond to requests for comment.

Journalists who oppose Lukashenko insist there are concrete steps Google could take to remove hurdles, including by adding Belarusian to the 40 or so languages already used by its news service.

Air strikes

Russia hits Ukraine with fresh missile blitz

ROMAN OLEARCHYK — KYIV

Russian forces have pounded Ukraine with nearly 60 missiles and attack drones, the largest nationwide air strikes since a massive barrage over the new year period.

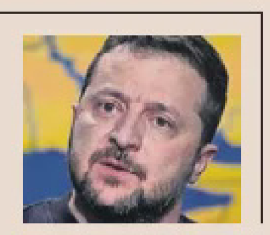
As Moscow intensifies its campaign of hitting energy infrastructure and other targets for the second successive winter, Ukrainian President Volodymyr Zelenskyy has urged western allies to approve military aid packages to boost Kyiv's depleted air defence capabilities.

"There is a lack of air defence both on the battlefield and for the defence of Ukrainian cities across the country," Zelenskyy said in an online video address on Sunday, pointing to 500 strikes within a few days even before yesterday's barrage.

General Valeriy Zaluzhny, commander-in-chief of Ukraine's armed forces, said air defences intercepted 18 of 51 missiles fired overnight, as well as eight attack drones, adding that "critical civil infrastructure, industrial and military facilities were attacked".

Ukraine's air force urged citizens to move to bomb shelters at about 6am, as it reported that 11 Russian Tu-95 strategic bombers were in the air and that ballistic and cruise missiles had been fired.

A shopping mall was largely destroyed in Kryviy Rih, Zelenskyy's home town, after at least nine missiles hit the mining city in central Ukraine. "The enraged enemy again struck at civilians," the region's governor Serhiy Lysak said, adding that two dozen private houses were also damaged.



Volodymyr Zelenskyy: 'There is a lack of air defence both on the battlefield and across the country'

Lysak and other regional officials reported at least four deaths from the strikes. Ten people, including five children, were killed on Saturday after a Russian missile struck residential buildings in the eastern town of Pokrovsk.

Four missiles struck Kharkiv, Ukraine's second-largest city, officials said. "The morning begins with an explosion in the city," Ihor Terekhov, mayor of Kharkiv, wrote in a post on social media. The north-eastern city has been regularly targeted since Russia failed to capture it in the first weeks of the invasion in February 2022.

Explosions were also reported by officials in the southern city of Zaporizhzhia and the Khmelnytsky region of western Ukraine, where Russia has routinely targeted an air base.

Russia has intensified attacks on air bases to counter Ukrainian fighter jets and bombers that have conducted strikes using British Storm Shadow and French Scalp cruise missiles.

Those strikes have put pressure on Russian operations in Crimea, the peninsula it occupied in 2014, which has become a staging area for the invasion and blockade of Ukraine's ports.

The attacks on Ukrainian air bases are also seen as a pre-emptive attempt to destroy runways and infrastructure before Kyiv receives its first batch of F-16 fighter jets from western allies.

But the country's military hopes the F-16s' arrival will end the dominance of Russia's air force and, in turn, help reboot a struggling counteroffensive that failed to liberate southern and eastern regions of Ukraine.

"If Russia loses control of the sky, it will lose all its power on the battlefield," Zelenskyy added.

Cosmic clutter

UN space tsar urges push to reduce junk

Official says voluntary guidelines more effective than new global treaty

PEGGY HOLLINGER — LONDON

Governments and industry should speed up efforts to implement voluntary guidelines for the sustainable use of space, rather than push for a new global treaty that will be "difficult" to conclude, according to a leading UN official.

A rapid rise in rocket launches and satellites has triggered concerns over risks of dangerous collisions generating volumes of "space junk", leading to calls for tighter regulation of activities in low Earth orbit (LEO).

"We do need a multilateral process [and] as much collaboration as possible," said Aarti Holla-Maini, new director of the UN Office of Outer Space Affairs.

But delivering a binding treaty at a time of global tensions and international rivalry in space "will be contentious and take time", she said. An agreement that "solves all of the problems . . . would be difficult".

Instead, Holla-Maini said, national regulators should accelerate implementation of a suite of voluntary UN guidelines issued in 2019. This would greatly boost space sustainability, which has become a priority for many countries as satellite services become critical to digital infrastructure.

"There is a lot of content [in the guidelines] that could be turned into norms," she said. These include proposals to manage activity in space safely, mitigate debris and share more data on the operation of satellites, anti-collision measures and weather patterns.

"Implementing the guidelines is the only chance we have to move in the right direction," said Holla-Maini, who took up her role in September after 25 years in the space industry. She said more information on orbital activity and debris, for example, was an important first step.

> Nasa estimates roughly 9,000 tonnes of debris are orbiting the Earth at speeds of up to 25,000kph

Nasa estimates roughly 9,000 tonnes of debris are orbiting the Earth at speeds of up to 25,000kph — old rocket bodies, defunct satellites, or fragments from exploded engines. Even the tiniest pieces of debris pose a threat. In 2016 a fleck of paint chipped a window on the International Space Station.

Levels of launch traffic in low Earth orbit are 27 times higher than a decade ago, according to the Space Sustainability Rating, an initiative launched by the World Economic Forum. The LEO region, up to 2,000km above the Earth, accounts for 96 per cent of space debris.

"This accumulation of debris and active satellites poses significant risks for the rest of the [space] environment," the SSR said in a recent report.

Geopolitical tensions between the west and Russia and China are likely to complicate talks to address the new dynamics in space, say experts. The Outer Space Treaty of 1967, designed when the US and Soviet Union were vying for technological supremacy, is widely accepted to be ill suited to the rapid development of a commercial space sector. The UN itself called for a new legal framework last year.

H Ludwig Moeller, director of the European Space Policy Institute think-tank, said: "Guidelines alone do not give a direct solution, but best practices should be encouraged."

Nearly a decade in development, the guidelines were regarded as a significant advance in international space governance. But they are not binding and now more than 70 countries and hundreds of private sector companies have activities or ambitions in space. National regulators have struggled to keep up with this changing environment.

Intelligence

China accuses MI6 of using consultancy boss in spying operation

WILLIAM LANGLEY — HONG KONG
EDWARD WHITE — SHANGHAI

China's security agency has accused British intelligence services of using a foreign national to spy on the country, highlighting rising tensions between Beijing and western countries over espionage.

The Ministry of State Security said yesterday that the UK's Secret Intelligence Service, known as MI6, had instructed the head of a foreign consultancy to enter China multiple times since 2015, gather information and help recruit people.

The alleged spy, surnamed Huang, was from a "third country", the statement said.

The Financial Times was not able to verify the ministry's claims. The British embassy in Beijing and the UK's foreign intelligence service did not respond to requests for comment.

The MSS has levelled a series of accusations against western intelligence services amid rising geopolitical tensions. In the past the Chinese spy agency rarely discussed such cases but it has increasingly publicised them since setting up a presence on social media platform WeChat last year.

> Beijing has cracked down on foreign consultancies and due diligence firms operating in China

Beijing has also cracked down on foreign consultancies and due diligence firms operating in China over the past year amid concerns that international businesses sharing sensitive information with clients might pose a national security threat.

Companies including Bain, Mintz Group and Capvision have been targeted with raids and investigations, which have sparked fears among investors and business figures about their personal security while working in China.

The FBI and US justice department have publicised recent cases of alleged espionage by Chinese nationals and US citizens, among them military personnel and former intelligence officers.

The Financial Times reported last month that an MSS office had run a far-right Belgian politician as one of its intelligence assets for more than three years.

The case demonstrated how Beijing conducts influence operations abroad in an effort to shape politics in its favour, including on issues such as its crackdown on democracy in Hong Kong and persecution of Muslim Uyghurs in Xinjiang.

It also underscored concerns about the EU's vulnerability to Chinese espionage efforts as relations between Brussels and Beijing have become increasingly fraught.

Last year the chair of the UK's intelligence and security committee raised the alarm over "increasingly sophisticated" Chinese spying operations, calling Britain's response "completely inadequate".

A parliamentary researcher was arrested last year on suspicion of spying for Beijing.

Lunar launch

Moon mission in jeopardy after technical problems

PEGGY HOLLINGER — LONDON

A lunar mission from Cape Canaveral ran into technical difficulties hours after launch yesterday, jeopardising US hopes of returning to the Moon for the first time in half a century.

Several hours after separating from the Vulcan Centaur rocket, the lunar lander — Peregrine — experienced a "propulsion anomaly" that stopped it from pointing its solar panels stably at the Sun, manufacturer Astrobotic Technology said.

Engineers reoriented the panels, the company added, and started to restore power but it had nevertheless been forced to consider "alternative missions" after reporting a critical loss of propellant.

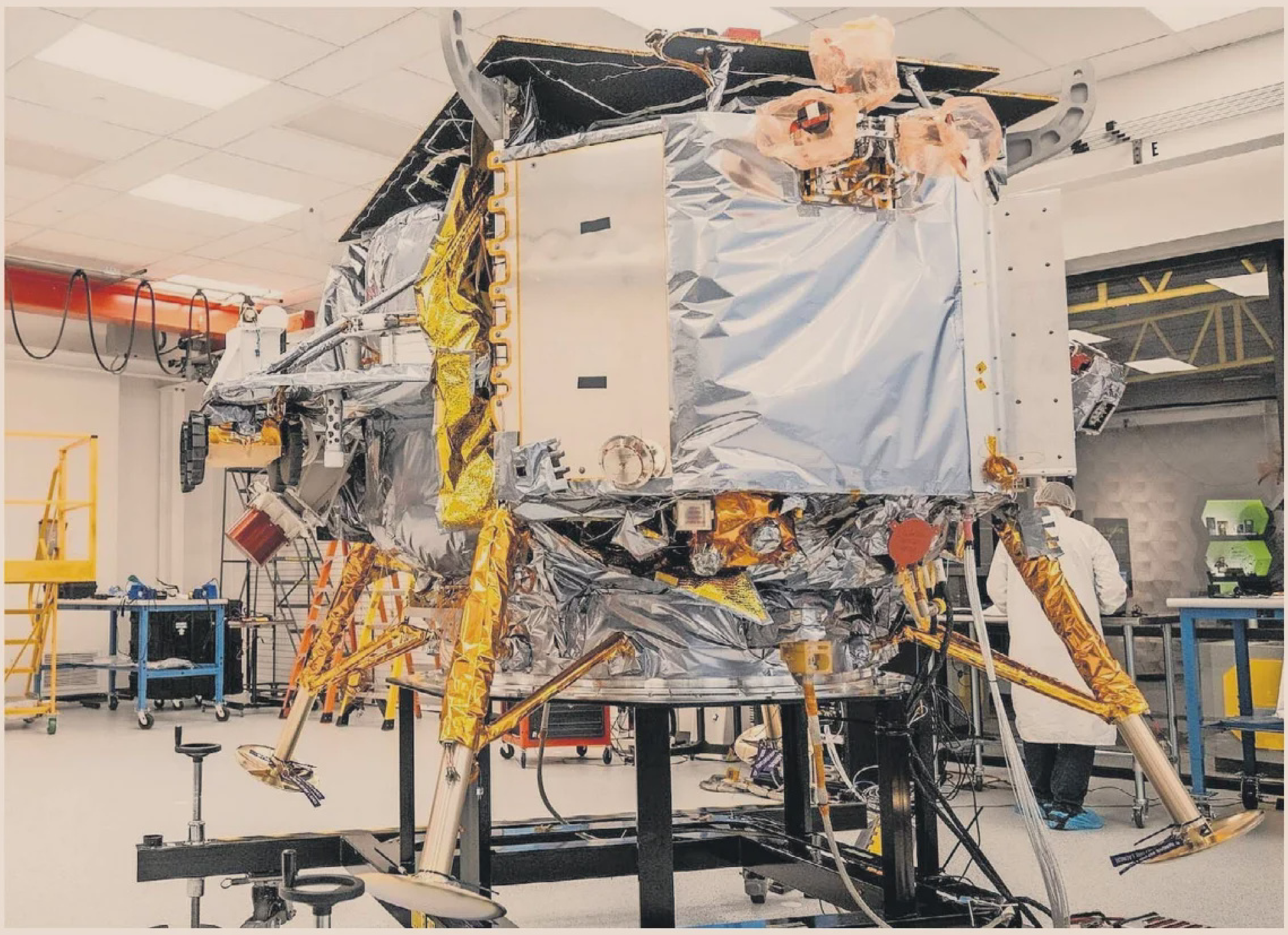
The launch was the first flight of the Vulcan Centaur heavy rocket, which was built by United Launch Alliance, a joint venture between Lockheed Martin and Boeing. If the lander reaches the lunar surface safely it would be the first successful commercial mission to the Moon. An attempt by Japan's iSpace last April failed when its lander crashed on the surface.

John Thornton, chief executive of Astrobotic, had described the launch as the "dawn of a new era" for space exploration. "It is an opportunity for commercial payloads to fly to the Moon on a regular basis," he said from Cape Canaveral. "It means our scientists . . . can access the Moon like never before."

Peregrine is the first of eight planned missions in Nasa's commercial lunar payload services initiative, a vital step in the US space agency's Artemis programme that aims to return humans to the Moon for the first time since the Apollo programme ended in 1972. Nasa hopes it can reduce the cost of missions by sponsoring the private sector.

Peregrine is carrying five scientific payloads to the lunar surface for Nasa, as well as 15 others, including from Hungary, Mexico and the UK. The Vulcan rocket also has a second mission for Celestis, a space memorial group that is sending the cremated remains and DNA of some of the cast of the 1960s television series *Star Trek* and Gene Roddenberry, its creator, into deep space, eventually to circle the Sun at a safe orbit.

The launch starts Peregrine's 384,400km journey. Once in the Moon's orbit, Peregrine will wait until it is light enough on the lunar surface to allow it to attempt a landing around February 23.



High hopes: the Peregrine lunar lander, carrying payloads for Nasa and 15 other groups, was launched into space from Florida yesterday
Cristobal Herrera-Ulashkevich/EPA/Shutterstock

The launch of the 61-metre Vulcan is a milestone for Colorado-based ULA, which is reported to have been put up for sale by Boeing and Lockheed Martin.

The rocket, which weighed 663 tonnes when fully fuelled, has been more than a decade in development but its launch has suffered delays because of issues with the BE-4 engines provided by Blue Origin, owned by Amazon's Jeff Bezos, and an explosion during testing last March.

Vulcan Centaur replaces ULA's Atlas V and Delta IV rockets that had been the workhorses of US government missions until the arrival of SpaceX's Falcon 9. This flight is the first of two that will certify Vulcan for military payloads, with the second expected in April.

Vulcan has four more flights booked in this year, and a backlog of more than 70 flights planned. It is hoping to fly twice a month by the end of next year.

It is also seeking to snare a share of the rapidly growing commercial launch sector but comes to market as SpaceX chief executive Elon Musk prepares for a third attempt to launch his Starship. SpaceX has already revolutionised the cost of launch with its reusable Falcon rocket, and Starship's 100- to 150-tonne capacity is widely expected to drive costs down even further.

But ULA is several years from deploying reusable technology, say the company's executives, raising the expected cost of further Vulcan launches.

> 'It is an opportunity for commercial payloads to fly to the Moon on a regular basis'

Nasa initially paid $79mn for Peregrine to ride on Vulcan, but the cost increased to $108mn as a result of delays because of the pandemic and a decision to alter the landing site, Nasa officials said.

Centaur, the rocket's upper stage, will begin to travel towards the Sun in about four days' time with Celestis's Enterprise mission. It is carrying the cremated remains and DNA of *Star Trek* screenwriter Roddenberry, as well as DeForest Kelley (who played Dr McCoy in the series), James Doohan (engineer "Scotty") and Nichelle Nichols (communications officer Lieutenant Uhura).

Argentina

Milei faces test over $16bn debt deadline

CIARA NUGENT — BUENOS AIRES

New Argentina president Javier Milei is facing a critical test of his pledge to rebuild the serial defaulter's reputation, as his government struggles to meet a deadline on the $16bn owed to former shareholders of state energy company YPF.

Last year a New York judge ruled that Argentina owed the record sum to two now-defunct investors that had sued after the country's government declined to buy out their shares at an agreed rate when it expropriated YPF in 2012. Their claims were largely financed by litigation funder Burford Capital in exchange for a percentage of the award.

Argentina has appealed against the judgment. While it pursues its case, Judge Loretta Preska has ordered it to post, by tomorrow, assets amounting to $5bn as collateral, after which plaintiffs say they would be forced to assert their rights by seizing Argentine assets. Analysts said Argentina was all but certain to miss the deadline.

The case risks becoming a headache for the pro-market president, who has attempted to distinguish himself from the left-leaning Peronist politicians who expropriated YPF.

Since taking office in December, Milei has repeatedly touted Argentina's "willingness to pay", while at the same time arguing that a severe shortage of hard currency and political roadblocks prevent him from doing so right away.

> 'There is no earthly way that I know of for Argentina to present collateral by January 10'

Plaintiffs said Milei had not assuaged their concerns that Argentina, which has faced waves of drawn-out international litigation over the past two decades, was again seeking to avoid meeting its obligations.

"Despite the welcome and optimistic statements of Argentina's new president, Argentina's lawyers have made it clear that the Republic will not co-operate in even basic things," they wrote to the judge last week.

Argentina is in the midst of its worst economic crisis in two decades, with inflation running above 200 per cent and four in 10 people living in poverty. The central bank's foreign exchange reserves are roughly $8bn in the red. The $16bn sum is equivalent to 32 per cent of the 2023 government budget, Argentina's lawyers noted in December.

US- and UK-listed Burford, which would take a $6bn cut of the $16bn, has told shareholders it is very unlikely the whole sum will be recovered.

"There is no earthly way that I know of for Argentina to present collateral by January 10," said Sebastián Maril, a director at consultancy Latam Advisors who has closely followed the case.

While a stand-off appears imminent, Maril said the appeal and recovery efforts might be a backdrop for behind-the-scenes negotiations between Argentina and the plaintiffs. Milei's government, he said, "has clearly recognised that Argentina almost always ends up losing these cases . . . Argentina has paid out almost $17bn [as a result of] international litigation since 2000."

Additional reporting by Joe Miller

Disease outbreaks

Brazil fears rise in dengue cases to record 5mn

BRYAN HARRIS — SÃO PAULO

Health officials in Brazil have warned that the number of dengue cases could hit a record 5mn this year as climate change and the El Niño weather pattern in the Pacific Ocean fuel the spread of mosquito-borne diseases.

"We have a situation that is very worrying because of climate change [and] mainly the El Niño phenomenon," said Ethel Maciel, secretary of surveillance at the health ministry. "There will be [an acceleration] in transmission."

The ministry's worst-case scenario of 5mn cases would represent more than a three-fold rise on the 1.6mn recorded in 2023 that led to 1,079 deaths. Its average projection is for 3mn cases this year.

El Niño, a warming of sea surface temperatures in the Pacific Ocean, is believed by many scientists to be driving increasingly severe weather worldwide. Some meteorologists say its effects are being exacerbated by climate change.

In Brazil, the current El Niño has been linked to a record heatwave, extreme drought in the Amazon rainforest and prolonged heavy rains and flooding in the south. These conditions have enabled increased transmission of mosquito-borne viruses such as dengue, chikungunya and zika, linked to a surge in microcephaly cases; babies born with a very small head, in Brazil in 2015-16.

"The mosquito . . . grows more with heat and rain. So as long as the temperature is kept higher for a long time, the replication of the mosquito and, consequently, the virus is facilitated," said Ester Sabino, at the Institute of Tropical Medicine at São Paulo university.

"We're having higher temperatures for longer and this means that transmission occurs for a longer period of time during the year. We will probably see an increase in chikungunya cases, too."

Climate change has fuelled the spread of mosquito-borne diseases

A potentially fatal disease, dengue can cause high fever, muscle pain and internal bleeding. It is transmitted by the *Aedes aegypti* mosquito, which thrives in pools of stagnant water. Chikungunya is spread by the same mosquito type and provokes similar symptoms to dengue but is caused by a different virus.

The number of reported dengue cases in Brazil rose 16 per cent in 2023 compared with the previous year. This year the health ministry has warned of an "epidemic level" of cases in Brazil's central-west region as well as a "potential epidemic" in the south-east.

The virus has four serotypes, or variations, and infection by one does not create immunity for the others. Health officials are concerned this year because of the re-emergence of the third serotype known as DENV-3. "For the first time in a long time we have four serotypes circulating," said Maciel. "Serotype three had not been present since 2007."

Additional reporting by Beatriz Langella

Lid on crude Gains reversed as supply growth from outside Opec+ and economic doubts overshadow Mideast tensions ➔ MARKETS

Companies & Markets

Boeing shares tumble after Alaska Airlines door blows out

- Accident grounds 737 Max 9 aircraft
- Supplier Spirit's stock also declines

SYLVIA PFEIFER — LONDON
CLAIRE BUSHEY — CHICAGO
GEORGE HAMMOND — SAN FRANCISCO

Shares in Boeing and supplier Spirit AeroSystems both tumbled yesterday as investors weighed up the financial fallout from last week's mid-flight accident on an Alaska Airlines aircraft.

US investigators announced on Sunday that they had located the door that blew out of the Boeing 737 Max during the flight. The incident prompted an emergency landing and the grounding of some aircraft.

The door plug, a "key component" for investigators, was located in the back yard of a Portland resident on Sunday

> 'When serious accidents like this occur, it is critical for us . . . to understand and address the causes'

night, according to Jennifer Homendy, chair of the National Transportation Safety Board, the independent US government agency that investigates civil transport accidents.

The Alaska Airlines flight was carrying 171 passengers and six crew on Friday when a section of the fuselage was torn away. All of those on board landed safely at Portland, Oregon.

The Federal Aviation Administration, the US airline regulator, ordered the temporary grounding of some 737 Max 9s operated by US airlines or in US territory, while the NTSB has opened a probe into the incident.

Boeing shares fell 8.6 per cent to $227 at the start of trading yesterday, while shares in Spirit AeroSystems dropped 13.5 per cent to $27.

The company, a key Boeing supplier, installs the plugged door as part of the construction of the 737 Max fuselage for some aircraft.

Its role has been under scrutiny over the past year amid manufacturing problems. Homendy said pilots had reported pressurisation warnings on three flights in the month before the incident.

Those incidents were described to the NTSB as "benign" and it was unclear whether the previous warning lights had any correlation to Friday's incident, she said.

However, it was "certainly a concern and one we want to dig into", she added.

Alaska Airlines had placed a restriction on the plane preventing it from flying long overseas journeys, such as to Hawaii, so it could quickly return to an airport if needed, said Homendy.

Photos and videos shared on social media by passengers showed a portion of a side wall of the plane and a window missing and oxygen masks deployed.

Boeing has called a safety meeting today to discuss its response. Chief executive David Calhoun will host the meeting from the Renton, Washington, factory where the Max is assembled.

"When serious accidents like this occur, it is critical for us . . . to understand and address the causes of the event, and to ensure they don't happen again," he said in a memo to employees.

The accident occurred at about 16,000 feet and just 10 minutes into the flight, said the NTSB. No one was in the two seats next to the deactivated exit cabin door that blew out, leaving a gaping hole in the fuselage of the plane.

While often used as an additional exit on more densely configured low-cost carriers, the door is permanently plugged on Alaska Airlines planes.

Given that the aircraft was just two months old, investigators would look "in great detail at the assembly records and quality assurance inspections of that part of the aeroplane", said John Cox, a retired pilot and chief executive of Safety Operating Systems.

See Companies, Opinion & Lex

Nike split Woods calls end to transformative deal with sportswear group after 27 years

Over the course of his career, Tiger Woods has won 15 major championships — Andrew Redington/Getty Images

SARA GERMANO — NEW YORK

US golf star Tiger Woods is leaving Nike after 27 years, ending one of the most transformative endorsement contracts in modern sport.

"For over 27 years, we have had the honour to partner with Tiger Woods, one of the greatest athletes the world has ever seen", Nike said in a statement yesterday. "We watched him set records, challenge conventional thinking, and inspire generations of people around the globe. We are grateful to have been a part of it. We wish him the best in the future."

Woods signed with Nike shortly after turning professional at the age of 20 in 1996. His excellence on the links — becoming the youngest golfer to win the Masters in 1997 — combined with his passionate play and mixed-race background helped him achieve global fame. By outfitting Woods in his signature red polo, Nike transcended its reputation as a maker of running and basketball shoes.

At the time of Woods' signing, golf was little more than an accessory category for the sportswear maker.

It subsequently began producing golf equipment and sales ballooned into the hundreds of millions, but never topped other sport categories like football, running, or basketball.

Nike discontinued the golf equipment line in 2016.

Over the course of his nearly 28-year career Woods has won 15 major championships and tied for most all-time career wins on the PGA Tour.

His profile has faltered, but hardly diminished, over the years, particularly after an infidelity scandal in 2009. In 2021 he was severely injured in a single-car wreck in California that limited his return to play.

Woods paid tribute yesterday to Nike co-founder Phil Knight, with whom he is especially close, and posted a photo of the two of them alongside Woods' mother Kultida.

"I want to personally thank [Knight], along with the Nike employees and incredible athletes I have had the pleasure of working with along the way", Woods wrote on X.

Over more than a half-century of Nike's history, few athletes have been as celebrated at the company as Woods. At Nike headquarters in suburban Portland, Oregon, the company's primary conference centre is named for him. In Knight's 2016 memoir, *Shoe Dog*, he praised the golfer, and detailed a particularly tender moment after the untimely death of Knight's son Matthew in a scuba diving accident.

"Every Nike athlete wrote, emailed, phoned. Every single one. But the first was Tiger. His call came in at 7:30am. I will never, ever forget. And I will not stand a bad word spoken about Tiger in my presence", Knight wrote.

Deloitte rolls out AI chatbot to workers in Europe and Middle East

SIMON FOY

Deloitte is rolling out a generative artificial intelligence chatbot to 75,000 employees across Europe and the Middle East, to create power point presentations and write emails and code, in an attempt to boost productivity.

The Big Four firm launched PairD, the internal tool, in the UK in October, in the latest sign of professional services firms rushing to adopt AI.

But in a sign that the fledgling technology remains a work in progress, staff were cautioned that the tool might produce inaccurate information about people, places and facts. Users had been told to perform their own due diligence and quality assurance to validate the "accuracy and completeness" of output before using it for work, said a person familiar with the matter.

Unlike rivals, which have teamed up with the likes of OpenAI and Harvey, the ChatGPT maker, Deloitte's AI chatbot was developed internally by the firm's AI institute.

PwC is using AI chatbots in its legal and tax divisions to speed up the work by summarising large documents and identifying compliance issues. Allen & Overy, the law firm, has created an AI contract negotiation tool that drafts agreements that lawyers can amend or accept.

Deloitte said PairD could be used by staff to answer emails, draft written content, write code to automate tasks, create presentations, carry out research and create meeting agendas.

The adoption of AI comes at a time when professional services firms are seeking to reduce costs amid a slowdown in demand for some of their services. Deloitte, EY, KPMG and PwC, the Big Four, have all announced redundancy programmes in recent months.

Costi Perricos, generative AI leader at Deloitte, said the rollout was "part of [the firm's] long-term AI investment plans, as we continue to explore the potential that this technology could offer our firm, our clients, and wider society".

A focus for employers "should be on how to use these new tools safely, so that they can be applied correctly and create value."

Deloitte employees are required to complete a training module before they can access the tool.

Meloni's capital bill threatens to damage corporate Italy's interests

INSIDE BUSINESS
REGULATION
Patrick Jenkins

Forget the S&P 500 and the frenzied excitement of recent weeks as the US index flirted with record levels. The FTSE MIB index of Italy's 40 biggest stocks is where the real boom story is at. Over the past three years the Italian benchmark has eclipsed the S&P 500 index in local currency terms. And while the S&P never did hit a new high and has fallen back in January, the Italian market has continued its upward momentum.

The boom is arguably healthier, too. Whereas the Magnificent Seven tech stocks have accounted for the bulk of US gains, Italy's bull run has been driven by a broader spread including defence contractor Leonardo, its shares have doubled over the past year; carmaker Ferrari, up 50 per cent; and the banks, led by UniCredit, up 77 per cent.

Now the government of Giorgia Meloni is promising to go further to make stock market access easier and reward long-term shareholders who invest for the long term: the so-called *DDL Capitali* — or capital bill — expected to pass through parliament in the next few weeks. The measures are supposed to boost the economy and stem a flight of local companies to rival EU locations, particularly the Netherlands. They should also directly benefit the government's privatisation programme, slated to raise €20bn over the next three years. However, alarm has been spreading among some companies and shareholders that the legislation, rather than liberalising and boosting investment in corporate Italy, may do the reverse. Late amendments have given it a protectionist bent, serving the interests of allies of Meloni, and potentially discouraging international investment.

Among the most striking amendments is a rule that would give an extreme incentive to hold shares for 10 years or more, granting such investors 10 times more voting rights than short-term shareholders. While the provision would theoretically apply to any investor, it in effect favours certain types of Italian shareholders — typically family-backed entities that seek to retain control of companies, as well as the kinds of local *fondazione* that have been long-term, though often politicised, shareholders of Italy's banks.

> Ad hoc taxes and policy flip-flops have made many US asset managers wary of markets such as Italy, Spain and the UK

The benefit that comes from extra voting power is expected to be most significantly exercised via another of the key provisions in the new law, which gives shareholders a greater say over the appointment of a company's board members. That might sound positive. Yet it would neuter hedge fund activists. And convoluted new mechanisms for director appointments would make an already quirky corporate governance regime — whereby large company boards and their most vocal shareholders often put forward rival lists of proposed directors — into a potentially unworkable one, say experts. A report from the Consob securities regulator said the reforms could "represent a unique [set-up] internationally, undermining the objectives of simplification, stability and comprehensibility of sector regulations".

The most obvious beneficiary of the amended bill is billionaire Francesco Gaetano Caltagirone, the octogenarian construction and media baron, a significant shareholder in two of Italy's most powerful financial services groups, Generali and Mediobanca. He and his allies were thwarted in their attempts to impose new boards at both companies. Caltagirone is also a key ally for Meloni's government: he owns influential newspapers in regions where her support is strong.

If the law does pass as proposed, it would represent a second retrograde step for Italian markets in a matter of months. Last August, bank shares tumbled after a chaotic announcement of a bank tax. After wrangling within Meloni's coalition government, the rate of the tax was reduced, and then an alternative was introduced, whereby a bank can boost its reserves rather than pay a levy.

The Italian Treasury has hailed the outcome, which has seen next to no tax revenue raised, as a boost to the capital strength of banks at a time when higher interest rates threaten to trigger a surge in non-performing loans. Even if this is true, any accidental benefit has been undermined by the reputational damage done by the episode. Ad hoc taxes and policy flip-flops have made many US asset managers wary of markets such as Italy, Spain and the UK.

So far the Italian stock market has prospered in spite of all this — but Meloni's government can hardly afford to be sanguine: the trailing price/earnings ratio of the S&P 500 is about 25 times; the FTSE MIB is still in single digits.

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Industrials

EU clears cash for Northvolt plant

Berlin to back gigafactory using regime that lets states match non-bloc subsidies

ALICE HANCOCK AND ANDY BOUNDS
BRUSSELS

Brussels has approved €902mn in state aid for Northvolt's battery plant in Germany, the first use of a new mechanism enabling governments to provide more funding to companies that have been offered higher subsidies elsewhere.

The Swedish group had threatened to pull plans for its Heide plant in Schleswig-Holstein, citing more generous subsidies available in the US through the $783bn Inflation Reduction Act.

But it committed to the project in May after Berlin pledged funding under the EU regime that allows national governments to match subsidies on offer outside the EU if there is a risk a project of "strategic importance" is likely to be taken elsewhere.

The European Commission granted permission for the subsidies yesterday in the first application of rules drawn up in response to concerns that excessive bureaucracy and strict climate laws were hampering investment in clean technologies.

"This €902mn German measure is the first individual aid being approved to prevent an investment being diverted away from Europe," said Margrethe Vestager, competition commissioner.

The funding consists of a €700mn grant and €202mn guarantee.

German economy minister Robert Habeck, said the agreement was vital to European competitiveness. "We need a more robust industry for the new sectors — semiconductors, batteries, electrolysers, hydrogen. But this means that climate action and industrial production fit very, very well together."

Northvolt was the first homegrown European company to produce a battery cell from a gigafactory, a large-scale plant dedicated to electrification.

The factory could supply up to 1mn electric vehicles a year with lithium-free, sodium ion battery cells, the commission said. It will reach full production capacity in 2029.

Belgium, which assumed the six-month rotating presidency of the EU this month, has made it a priority for the bloc to "prioritise its long-term competitiveness and industrial policies".

The Northvolt funding was granted on the basis that the production was critical for the green transition and would benefit a disadvantaged area of Germany, the commission said, adding that it allowed the matching aid clause to be invoked because the subsidies were enough to trigger the investment in Europe without artificially boosting Northvolt's profits should it invest in Germany and not the US.

Vestager said the German offer was below that from Washington.

Habeck dismissed concerns from poorer member states that giving large economies permission to pump millions of euros into their industries will fragment the single market.

The EU's level playing field was important but in the race to develop clean technologies "the real competition is not so much between Germany and Italy or Denmark and the Netherlands, or Hungary and the Czech Republic. It's between Europe and China and the US," he added.

E-skis rollout Battery-powered wheeled innovation touted

Romain Massebeuf, a co-founder of SKWheel, demonstrates its battery-powered skis at a preview of the CES consumer electronics trade show. The four-day event, which describes itself as the proving ground for breakthrough technologies and innovators, opens to the public in Las Vegas today Steve Marcus/Reuters

Financials

Blackstone raises $1.3bn for fund tailored to the rich

ANTOINE GARA — NEW YORK

Blackstone Group has raised $1.3bn for a private equity fund tailored to wealthy individual clients, signalling a revival of momentum in its efforts to reach investors beyond its base of institutions such as pension funds.

The initial sum raised by the fund, Blackstone Private Equity Strategies Fund, or BXPE, is Blackstone's largest ever for a retail vehicle. The inflows came even after Blackstone began to limit withdrawals from a similar $67bn property fund a little more than a year ago.

Blackstone, with $1tn in assets under management, is the world's largest alternative asset manager. The BXPE fund will bring corporate buyouts, the foundation of Blackstone's business, to wealthy individual investors in the culmination of a decade-long effort by leaders Stephen Schwarzman and Jonathan Gray to find new sources of investment cash.

Competitors such as Apollo Global, KKR, Carlyle Group and Brookfield have all designed similar funds. The market has grown in importance to private equity groups as institutions with excess exposure to unlisted investments refrain from committing to new funds.

BXPE will be Blackstone's first new fund targeting individuals since its property fund Breit faced heavy redemptions in a move that cast doubt on efforts to attract new cash. Blackstone began taking commitments for BXPE in November and received subscriptions of about $1.3bn by early January, according to a filing yesterday. The fundraising will continue.

Blackstone has attracted more than $100bn in investment to its retail property and credit funds it sold to individual investors and built a staff of hundreds of sales and marketing employees.

It created a "Blackstone University" to provide educational materials to investors and their financial advisers.

Cash from wealthy investors has bolstered Blackstone's overall profits and asset growth in recent years. But the retail funds proved troublesome for the New York-based firm in late 2022, when it was forced to limit withdrawals from the Breit fund.

The Financial Times reported late in 2022 that Blackstone had delayed plans to launch the BXPE fund owing to the redemptions requests at Breit. In November, Blackstone revived its BXPE fundraising effort, believing that investor demand was high.

BXPE will charge a management fee of 1.25 per cent of assets and a 12.5 per cent performance fee above a 5 per cent annual return. To avoid the risk of asset fire sales, investors must accept limited liquidity rights.

Blackstone declined to comment.

Financials. Quarterly figures

Pile-up of badly performing loans set to leave dent on US bank earnings

Unpaid debt and impact of higher rates are expected to drag on largest lenders' profits

STEPHEN GANDEL — NEW YORK

A pile-up of bad debt threatens to sour investors' growing optimism about the prospects for the US's largest banks when they report fourth-quarter earnings this week.

Non-performing loans — debt tied to borrowers who have not made a payment in at least the past 90 days — are expected to have risen to a combined $24.4bn in the last three months of 2023 at the four largest US lenders — JPMorgan Chase, Bank of America, Wells Fargo and Citigroup, according to a Bloomberg analysts' consensus. That is up nearly $6bn since the end of 2022.

The analysts estimate earnings fell in the final three months of 2023, dragged down by those unpaid loans and the lingering impact of higher rates, which has raised the cost of deposits. In addition, in December, several big banks said that they planned to take a one-time charge by the end of the year to pay for a special assessment being imposed by the Federal Deposit Insurance Corporation to recover the $18.5bn that failures of Silicon Valley Bank and Signature cost the regulator's insurance fund.

Cost-cutting also continues. Citigroup, which is in the middle of its largest reorganisation in years, is likely to take a charge to cover job cuts and other related expenses. Wells Fargo last month said it was setting aside $1bn for severance costs in the fourth quarter.

In all, earnings at the six big banks, which includes Goldman Sachs and Morgan Stanley, are forecast to have dropped an average of 13 per cent in the last three months of 2023 compared with the same period a year earlier.

"Year-ahead outlooks get a lot of attention in fourth-quarter earnings calls," said Jason Goldberg, an analyst at Barclays. "I'm expecting that banks will indicate that the recent drop in net interest income will hit its trough this year."

Despite the expected earnings drop, investors have been buying bank shares, which are up 20 per cent since the end of October, the KBW Nasdaq Bank index says. Fuelling the rally is the Fed's signal late last year that it is probably finished raising rates. Higher rates hit banks in 2023, raising deposit costs and lowering the value of bond portfolios.

"Banks are very interest rate-driven," said Matt Anderson, a banking industry analyst at commercial property research group Trepp.

"And investors have an optimistic read on the economy in 2024."

But even as interest rate pressures are easing, a jump in unpaid loans could continue to hold down bank profits.

The current level of non-performing loans is still below the $30bn peak of the pandemic. The big banks have indicated that they think the rise in unpaid debts could slow soon.

Several banks cut the amount of money they put away for future bad loans, so-called provisions, in the third quarter.

Provisions are expected to have shrunk again in the final three months of the year. But if the money that banks are putting away for bad loans unexpectedly jumps, that could raise alarms for investors.

"Credit is still very much a wild card," said Scott Siefers, a bank analyst at Piper Sandler. "It has been very good, but I think we are going to continue to see a deterioration from here."

Commercial property, and in particular mortgages on less-full office buildings, had been one of the biggest factors pushing up problem debts.

> '[Credit] has been very good, but I think we are going to continue to see a deterioration from here'

More recently though, delinquencies have been rising on consumer loans, particularly credit cards and car debt.

That has made some analysts nervous, especially because what the banks are putting away for loan-loss reserves now is considerably smaller than what they set aside when bad loans were rising at the start of the pandemic.

"Bank reserves are adequate right now because we are nowhere near the stress levels of back then," said Gerard Cassidy, a bank analyst at RBC Capital Markets. "But have they reserved enough for an economic hard landing? The answer is no."

BofA, Citi, JPMorgan and Wells on January 12 will be the first of the large banks to disclose their results for the final three months of 2023.

Goldman Sachs and Morgan Stanley, whose businesses skew more towards investment banking, trading and asset management, report results on January 16.

Citi is set to report its quarterly earnings on January 12 — David Paul Morris/Bloomberg

Technology

Apple's Vision Pro on sale in US next month

MICHAEL ACTON

Apple will start selling its Vision Pro headsets in the US next month, just as the technology group faces growing pressure over slowing iPhone sales, especially in China, which prompted its shares to take a beating this year.

Sales of the mixed-reality headset will start from February 2 with US customers able to pre-order it from January 19 at a starting price of $3,499, Apple said yesterday. The headset, Apple's most significant new product launch since the Apple Watch in 2015, will be available online and in all of its US physical stores.

Apple's shares have fallen nearly 6 per cent this year after two banks downgraded their ratings last week. Trading yesterday showed 2024's first day of stock gains, with a 1.3 per cent rise.

The launch of the Vision Pro headset last year reignited enthusiasm in virtual and augmented reality start-ups that have been starved of funding from investors who have preferred to bet on artificial intelligence groups. The tech group argued the headset would revolutionise mobile computing, just as the iPhone did, and usher in an era of "spatial computing". Tim Cook, Apple's chief executive, yesterday called the headset "the most advanced consumer electronics device ever created".

"The Vision Pro is going to be a major product for Apple over the long term, that is, the next five to 10 years," said Gene Munster at Deepwater Asset Management. "People don't appreciate the

Sales will start from February 2 with US customers able to pre-order the device from January 19

value of spatial computing until they've experienced it."

But he added that the "first year is going to be extremely slow in terms of delivered units".

The Vision Pro headset, powered by Apple's new operating system visionOS, adds a digital overlay to the real world, with users navigating it with their eyes, voice and hands. The "immersive video" format will give users a 180-degree interactive experience, and they will be able to play games on the App Store and via Apple Arcade. Apple says it also offers the "perfect workspace" for multitasking and collaborating.

Apple first unveiled the headset in June 2023 after seven years in development. But, faced with the complexity of the design, Apple cut production forecasts from 1mn to 400,000 in 2024.

Apple declined to comment on when the device will be made available outside the US and how many units the company expects to sell in 2024.

Analysts have been cautious on sales. In a note in December, UBS analysts said the device would initially have a "limited financial impact".

Apple's push of its Vision Pro comes as sales of its existing hardware are faltering. Last week Barclays and Piper Sandler both downgraded their ratings on Apple's stock, citing concerns about weak demand for the iPhone in 2024.

Meanwhile on Sunday Jefferies analysts said that Apple iPhone sales in China, where it faces resurgent competition from Huawei, dropped by 30 per cent in the first week of 2024.

Apple is exposed to macroeconomic shifts in China, not just in terms of sales but also in terms of its supply chains.

Technology

Cloud providers' cover from AI claims limited

CAMILLA HODGSON — SAN FRANCISCO

The biggest cloud computing companies that have pushed artificial intelligence tools to their business customers are offering only limited protections against potential copyright lawsuits over the technology.

Amazon, Microsoft and Google are competing to offer services such as virtual assistants and chatbots as part of a multibillion-dollar bet on generative AI.

AI models are "trained" on data, such as photographs and text found on the internet. This has led to concern that rights holders, from media companies to image libraries, will make legal claims against third parties that use the AI tools trained on their copyrighted data.

The big three cloud computing providers have pledged to defend business customers from such intellectual property claims.

But an analysis of the indemnity clauses published by the cloud computing companies show that the legal protections extend only to the use of models developed by or with oversight from Google, Amazon and Microsoft.

"The indemnities are quite a smart bit of business . . . and make people think, 'I can use this without worrying'," said Matthew Sag, professor of law at Emory University.

But Brenda Leong, a partner at Luminos Law, said it was "important for companies to understand that [the indemnities] are very narrowly focused and defined".

Legal protections extend only to models with oversight from Google, Amazon and Microsoft

Google, Amazon and Microsoft declined to comment.

The indemnities do not cover use of third-party models, such as those developed by AI start-up Anthropic, which counts Amazon and Google as investors, even if these tools are available for use on the cloud companies' platforms.

In the case of Amazon, only content produced by its own models, such as Titan, as well as a range of the company's AI applications, are covered. Similarly, Microsoft provides only protection for the use of tools that run on its in-house models and those developed by OpenAI, the start-up with which it has a multibillion-dollar alliance.

"People needed those assurances to buy, because they were hyper-aware of risk," said one IP lawyer working on the issues.

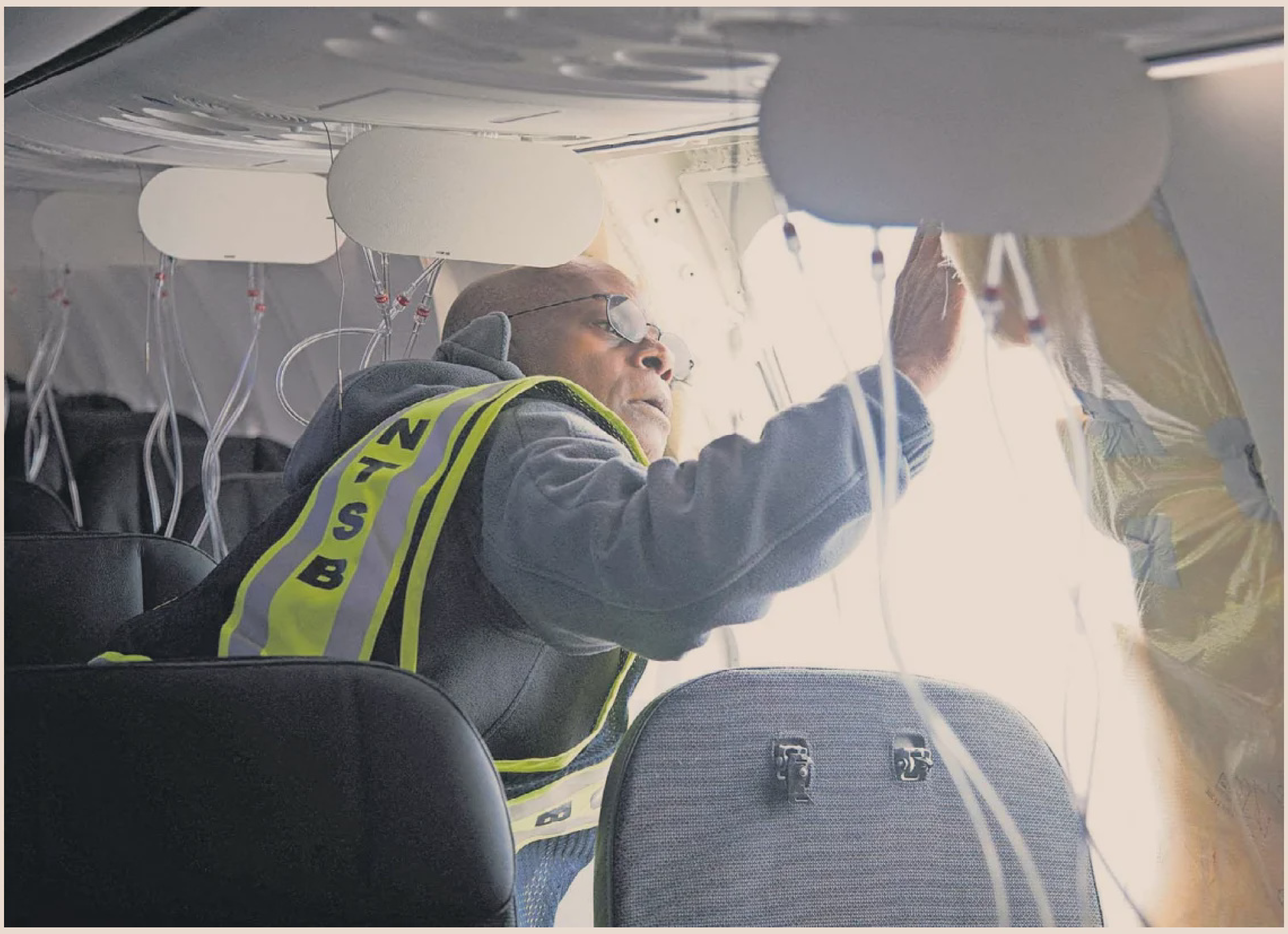
The three cloud providers, meanwhile, have been adding safety filters to their tools that aim to screen out potentially problematic content that is generated. The tech groups had become "more satisfied that instances of infringements would be very low", but did not want to provide "unbounded" protection, the lawyer said.

While the indemnification policies announced by Microsoft, Amazon and Alphabet were similar, their customers might want to negotiate more specific indemnities tailored to their needs, people close to the cloud companies said.

OpenAI and Meta are among the companies fighting the first generative AI test cases brought by authors and the comedian Sarah Silverman. They have focused in large part on claims the companies developing models unlawfully used copyrighted content to train them.

Boeing panel blowout throws the spotlight on supplier Spirit

Air safety inspectors to pore over stages from manufacturing to 737 assembly



An air safety inspector examines the fuselage plug area of the Alaska Airlines Boeing 737 involved in the blowout on Friday — Reuters

SYLVIA PFEIFER — LONDON
CLAIRE BUSHEY — CHICAGO

The mid-air breach of the fuselage of an Alaska Airlines' Boeing aircraft has put the spotlight on one of the planemaker's biggest suppliers: Spirit AeroSystems.

Spirit is one of the largest suppliers of aircraft structures, building 737 Max fuselages and other airframe parts for Boeing and for its European rival Airbus. It also built the 27kg, four-foot-long door panel which blew out of the Alaska plane on Friday. It was finally located in a Portland suburb on Sunday night.

Technical specialists from the National Transportation Safety Board, the independent US government agency responsible for investigating civil transport accidents, will be poring over every inch of the door for clues.

Shares in Spirit fell 7 per cent yesterday, the first day of trading since the incident. The company also issued its first statement on the accident, stressing that its "primary focus" is the "quality and product integrity of the aircraft structures we deliver" and was continuing to work with Boeing on the issue.

"Spirit's biggest programme is 737, so what is bad for 737 is bad for Spirit — no way around that," said Sash Tusa, analyst at Agency Partners.

Industry experts said it was too early to draw conclusions as to what led to the accident with the 737 Max 9, noting that it was not yet clear whether the blowout was an assembly error from Boeing, a manufacturing issue by Spirit, or a different problem altogether.

Boeing declined to comment on whether the plug-in doors installed by Spirit are then removed by the Washington DC-based group in order to complete the cabin before being reinstalled during final assembly, citing the ongoing investigation into the incident.

Spirit used to be Boeing Wichita, located in the heart of Kansas's aerospace hub and the state's largest private employer. It was spun out of Boeing in 2005 as the US group looked to shed fixed costs of factory and labour to the variable cost of procuring parts.

It manufactures the fuselage for the Max and fuselage and wing components for the wide-body 787 used for long-haul flights. It also builds aerostructures for Airbus jets, including parts for the A350 and A320 jets. It builds the wings for the A220 jet in Belfast, Northern Ireland.

Spirit's relationship with Boeing has been rocky and marked by clashes over pricing as well as labour challenges.

More recently, it has been dominated by production problems which have affected Boeing's deliveries to airline customers just as the plane maker has sought to increase its output rate and gain back market share it lost to Airbus during the grounding of the Max fleet.

Last April, Boeing discovered that Spirit had improperly installed two fittings on the vertical stabiliser on the 737, forcing the jet maker to delay deliveries to customers. Four months later, a new problem arose: incorrectly drilled holes in the rear pressure bulkhead for some fuselages.

The quality problems and soaring inflation have cost Spirit money on its fixed-price contracts, according to analysts. The supplier has not reported a profit since 2019, before the pandemic, posting a net loss of $546mn in 2022 on sales that exceeded $5bn.

In October, Tom Gentile, Spirit's chief executive, departed abruptly, and was replaced on an interim basis by Pat Shanahan, a 31-year Boeing veteran who was briefly acting secretary of state for defence in the Trump administration. Shanahan has already renegotiated an agreement with Boeing to give Spirit better prices for its work on the 737 and 787 aircraft.

The new agreement also requires Spirit to increase staffing in engineering and quality control and to carry buffer stock, "including two weeks' worth of finished goods for 737 work". It also says Boeing must agree to any "change in control" at the company — protection for the plane maker in case Spirit becomes a takeover target.

Analysts said Shanahan's relationship with the aircraft manufacturer had already proven to be critical and could prove vital now.

"Having Pat take charge, and then getting that new arrangement with Boeing, has drawn the two companies even closer together. I think that should help Spirit in sorting out its Boeing programmes," said Rob Stallard, analyst at Vertical Research Partners.

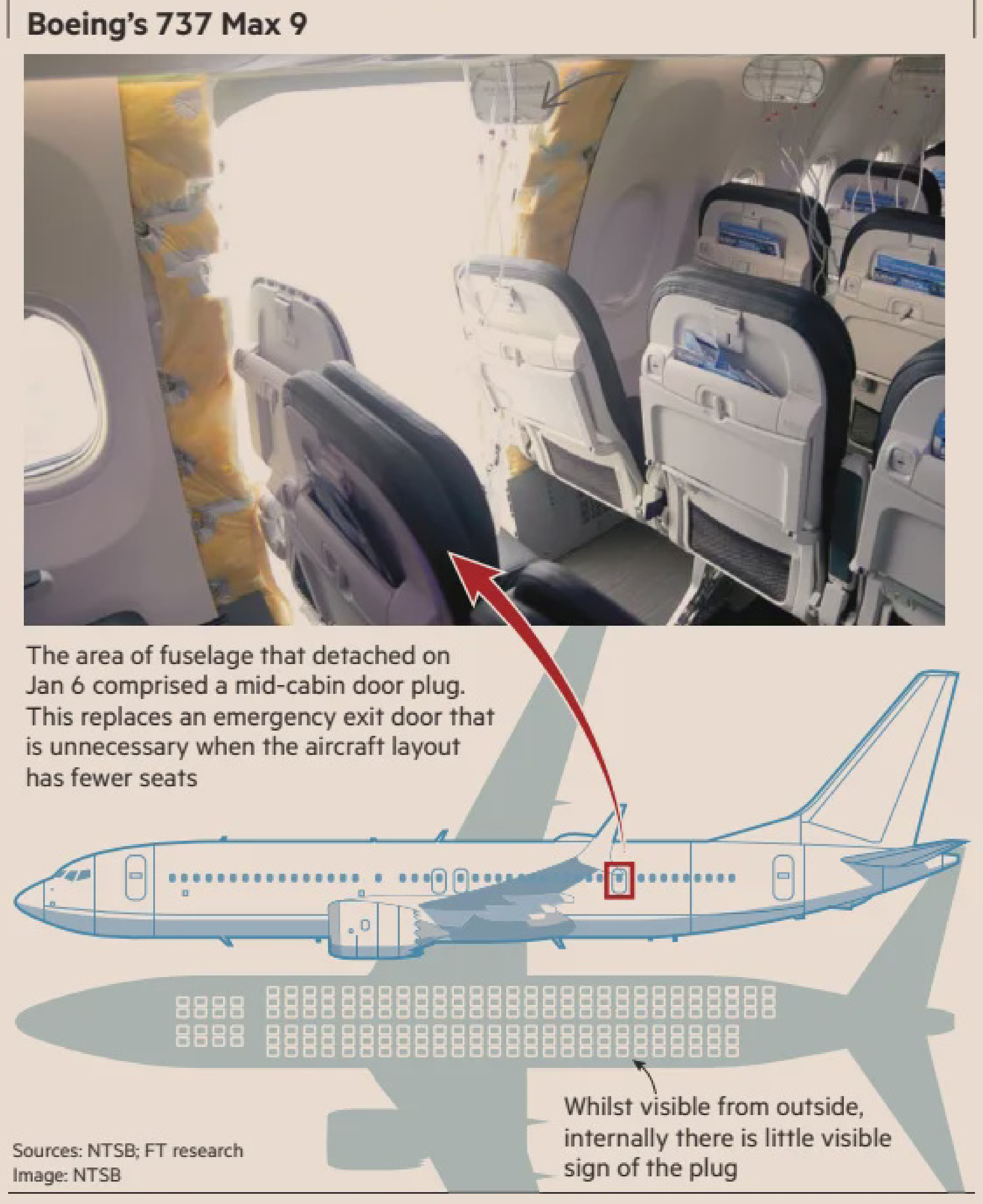
"Pat's first priority — rightly — was to renegotiate the key contracts between Spirit and Boeing. For too long, Boeing's worship of returns on investment or assets meant short-changing everything, including suppliers and labour," said Richard Aboulafia, managing director at AeroDynamic Advisory.

Others said that having Shanahan in place as interim CEO should also help the two companies manage the current crisis better. "Not only should [it] help Spirit — it gives new confidence Boeing should have in Spirit," said Scott Hamilton of consultancy Leeham News.

"Shanahan is a no-nonsense guy who knows production and, importantly, knows Boeing — and Boeing knows him."

See Opinion & Lex

Boeing's 737 Max 9



Sources: NTSB; FT research
Image: NTSB

Failures. Triple challenge

Bankruptcies in US healthcare hit record level

Tougher regulation, higher costs and fewer patients take toll on bigger groups

PATRICK MATHURIN — LONDON

A record number of large healthcare companies filed for bankruptcy in the US last year, underlining the industry's struggles with problems ranging from rising costs to falling patient numbers and tougher regulation.

Radiotherapy and medical staffing services and a community hospital are among 18 companies with liabilities of more than $100mn that filed for Chapter 11 bankruptcy protection, seeking court approval to reduce their debts.

The list includes Envision, formerly owned by KKR, Brown Brothers Harriman's American Physician Partners (APP), and Akumin, according to analysis by BankruptcyData.com, part of the New Generation Research group.

The number of bankruptcies is an almost fivefold rise on 2022 and an increase of five from the previous high during the pandemic in 2020. A Chapter 11 bankruptcy is a common way for businesses in financial distress to cut their debts and restructure in the US.

Steven B. Smith, a partner at US law firm Herrick, Feinstein, said: "Healthcare has historically been perceived as always in demand, perhaps inflation-resilient.

"But in the pandemic you had low interest rates, lender concessions, government funding for healthcare providers. All those factors deferred some of the fundamental issues hitting the most fragile businesses."

In total, the 18 healthcare companies had assets of $7bn against liabilities of $8.3bn. Healthcare was not the only sector with a high number of bankruptcies in 2023 — others included computer software, chemicals and agriculture — but it had by far the largest aggregate shortfall in assets.

US bankruptcy volumes in 2023 overall were lower, at 133, than in 2020, when there were 179. The latter was a record year for bankruptcies in the US. But in terms of scale — that is, the amount by which liabilities exceeded assets — 2009 was worse, driven by the financial crisis.

The numbers include "lead" bankruptcy filings only and exclude the filings of any subsidiaries.

The rising bankruptcies highlight the problems that some indebted private equity-owned healthcare businesses are having because of the combination of higher interest rates and costs and a reduction in patient numbers.

In the past five years, private equity groups have backed about $140bn of US healthcare deals, making it the most active sector behind technology and financials according to Refinitiv figures.

The "No Surprises Act", which regulates patient billing and seeks to cut excessive charges, came into place at the start of 2022 and has been problematic for some providers.

"Surprise" healthcare bills arise when a procedure is not fully covered by an insurance scheme. They have been cited as a problem in the fragmented and costly US healthcare system.

The act has resulted in tougher reimbursement talks between medical groups and the insurers that pay the bills, and meant cash flows have become harder to predict, or even dried up.

This combination of factors has meant that some healthcare companies have struggled to make interest payments and sought to reduce their debts.

The outlook remains challenging. During the pandemic, the US government required Medicaid programmes — federal and state-supported medical insurance for people on low incomes — to keep people enrolled in the system. That protection is being withdrawn.

> The 'No Surprises Act', which regulates billing, has been problematic for some providers

KFF, a US health policy research organisation, estimates that between 8mn and 25mn people could lose Medicaid coverage by May 2024. Of the $4.3tn of US healthcare spending in 2022, Medicaid represented $1 in every $6, according to KFF.

"Margin squeeze, economic contraction, staffing shortages and regulatory scrutiny are mounting systemic challenges," Smith said. "All these factors have made healthcare a tough environment generally to succeed in."

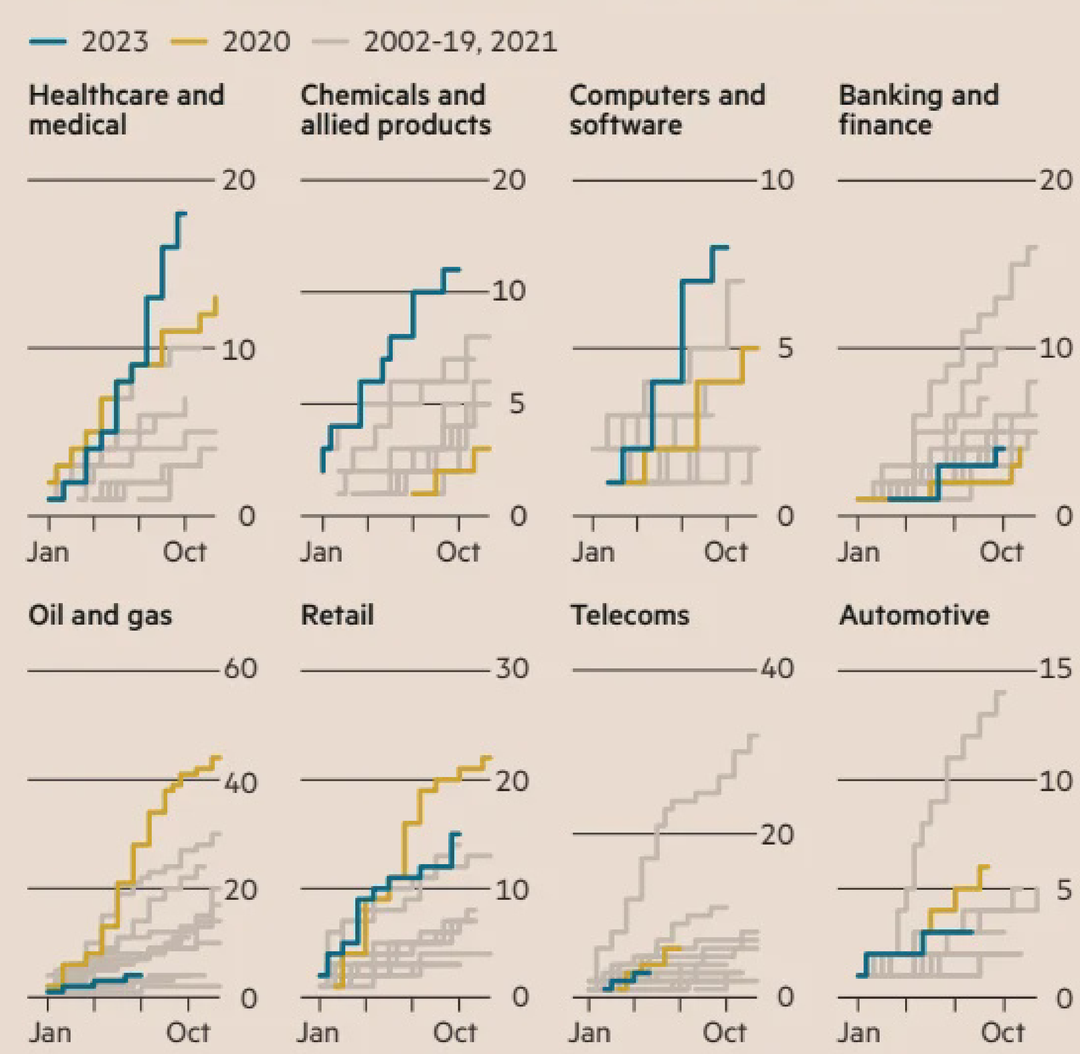
Stonepeak, which reached an agreement with Akumin in October to take the company private, declined to comment.

Envision said it had successfully emerged from bankruptcy in November "with a markedly strengthened capital structure", adding that its clinicians were "an essential part of the US healthcare system" and it was committed to supporting them.

Brown Brothers Harriman and APP could not be reached for comment.

Chapter 11 filings

Cumulative number by year for businesses with $100mn or more in liabilities



Source: BankruptcyData.com Independent y-scales

Financials

Berkshire Hathaway settles dispute over Pilot Travel Centers

ALISTAIR GRAY — LONDON
ERIC PLATT — NEW YORK

Warren Buffett's Berkshire Hathaway averted a courtroom showdown over its purchase of a truck stop operator founded by a Tennessee billionaire, after settling a dispute centred on the value of the business.

Berkshire had struck a deal about six years ago to acquire an interest in Pilot Travel Centers, founded by billionaire James "Big Jim" Haslam II, patriarch of a powerful Tennessee family. The $11bn deal, which has turned into one of Berkshire's largest corporate acquisitions over the past five years, raised the prospect of damage to the sprawling conglomerate's reputation as the Haslam family accused Berkshire of changing the terms of the deal over time.

The purchase was done in stages, with Berkshire initially buying a 38.6 per cent interest in 2017 for $2.8bn before spending a further $8.2bn last year for another 41.4 per cent, boosting its total stake to 80 per cent. The Haslams have an option to sell its remaining 20 per cent stake to Berkshire.

But the deal turned acrimonious last year. In October, the Haslam family company Pilot Corp accused Berkshire of changing the truck stop chain's accounting methodology to make it look less profitable and lower the value of the remaining 20 per cent stake.

Berkshire hit back in November, accusing the founder's son Jimmy Haslam III, co-owner of the Cleveland Browns football team, of seeking to suborn executives at Pilot into inflating the company's profits, by secretly promising them payments.

The price for the remaining 20 per cent stake was to be based on 10 times the company's earnings before interest and taxes, with some adjustments, but how those earnings were calculated was at the centre of the dispute.

"Buffett's refusal to even disclose Berkshire's position on the proper method of valuing Pilot's put right [its right to sell shares] has not only made litigation inevitable, but also made clear that Berkshire and the board defendants will not commit to honour their contractual obligations and fiduciary duties," Pilot charged in its complaint.

A trial in a Delaware court was expected to start yesterday. However, in separate statements late on Sunday both companies said they had reached an agreement "to fully settle the Delaware litigation", including "all claims and counterclaims". Details of the settlement were not disclosed.

Berkshire did not respond to a request for comment.

Commodities. Choppy trading

Economic fears and new supply temper outlook for crude oil

Pipe down: the move by Saudi Arabia to cut its export selling price over the weekend was taken by some traders as an indication that it expects such levels to persist Simon Dawson/Bloomberg

Industry commentators expect excess output to offset impact of tensions in the Middle East

LUKANYO MNYANDA AND GEORGE STEER

Steady growth in oil supply from countries outside the Opec+ cartel and an uncertain economic outlook are expected to keep a lid on the price of crude this year, even as the Israel-Hamas conflict threatens to spread to the rest of the region.

Oil prices, which clocked only modest gains in the first week of 2024, dropped yesterday after Saudi Arabia cut its official selling price for oil exports in February.

Brent crude fell 4 per cent to $75.65 a barrel and WTI, the US equivalent, 4.8 per cent to $70.25 a barrel.

Yet the declines leaves crude prices only a few dollars below the $80 a barrel that a consensus of analysts expect the Brent benchmark to reach over the next 12 months.

The prospect of oversupply, an uncertain economic outlook and a lack of clarity of how tensions in the Middle East will play out have left analysts reluctant to make aggressive bets in either direction.

Joe DeLaura, global energy strategist at Rabobank, said no hedge funds or traders wanted to be short oil in the mid-to-low $70s because "you could wake up one morning and there could be a tanker sunk in the Red Sea".

Yet absent any further shocks in the Middle East, robust supply growth is expected to keep a lid on prices, which will probably "trend sideways" as a result, DeLaura said. Last week, prices fell in two out of four sessions after the killing of a senior Hamas leader and a bombing that claimed more than 100 lives in Iran.

Prices rallied briefly by as much as 3.4 per cent on Wednesday as Hassan Nasrallah, leader of Lebanese militant group Hizbollah, vowed revenge against Israel over the killing of Saleh al-Arouri, Hamas's deputy political leader, in an explosion in Beirut.

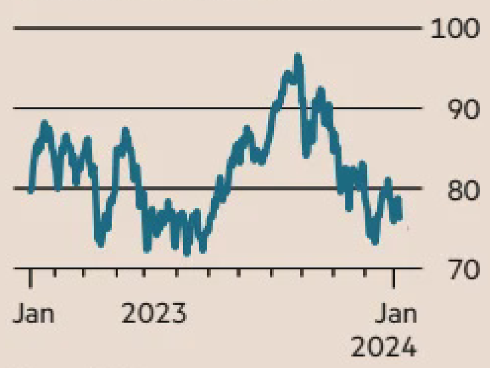
But the gains were quickly reversed and attention instead switched to the outlook for global supplies. Traders bet that more oil from non-Opec countries would largely offset attempts by the Opec+ cartel to tighten the market.

Industry forecasters have learned to tread more warily after the past few years, when events such as the Covid pandemic and Russia's invasion of Ukraine ripped up their predictions.

"A lot of analysts have had the extremes beaten out of them," said Mark Wilson, an analyst at Jefferies in London. "The last couple of years have proven that it is so hard to keep up."

Oil prices slide as ample supply overshadows Middle East tensions

Brent crude ($ per barrel)



Source: LSEG

While the market has largely ruled out a major supply disruption stemming from the Israel-Gaza war, companies like Maersk have said they will need to reroute container shipping from the Red Sea "for the foreseeable future" due to attacks by the Houthi militant group in Yemen.

Brent, the international crude oil benchmark, ended last week at $79 a barrel, only about 6 per cent higher than the six-month lows it hit last month.

Helima Croft, head of commodities research at RBC Capital Markets, said "complacent" traders had relegated the war in the Middle East "to background noise until there is a clear threat to supply".

But for all the market's relatively cautious nature, analysts concede that big risks remain that could shake the consensus view.

The move by Saudi Arabia over the weekend was taken by some traders as an indication that the world's biggest exporters expected lower prices to persist as demand cools and supply from US shale producers continued to increase.

Another factor is the US presidential election campaign and the potential impact on voters of higher prices at the pumps.

Bob Ryan, commodity and energy strategist at BCA Research, said traders were underpricing other risks such as potential cyber warfare by Russia, China and Iran, and Russia seeking to engineer higher oil prices in order to derail the chances of President Joe Biden's re-election.

Donald Trump, the Republican frontrunner, has said he would push Ukraine to negotiate.

'A lot of analysts have had the extremes beaten out of them'

"Unlikely as it seems, US elections can hinge on what is happening with gasoline prices at the time," said Ryan, who expects Brent crude to rise above $100 a barrel.

Another big unknown factor is the extent to which new sources of oil will continue to influence prices.

US crude soared last year as a boom in shale helped drive growth of about 2mn barrel a day in oil production, including both crude and natural gas liquids.

The country's exports averaged nearly 4mn barrels a day in the first half of last year, the highest total for the first six months of the year since 2015, according to the EIA.

That helped push crude down by just over 10 per cent in 2023, the first annual fall since 2020.

That rise in US supply last year was "massive" and if market predictions of a sharp drop in growth of shale production in 2024 prove to be inaccurate, this would make it harder for Opec+ to support prices, said Bjarne Schieldrop, chief commodities analyst at SEB.

"If US production continues to increase on a very strong note in 2024 on par with 2023 then it will be much tougher for Opec+ . . . especially if global oil demand is weak at the same time," he said.

However, Martijn Rats, chief commodities strategist at Morgan Stanley, said last week that it remains his view that oil could have a relatively quiet year, forecasting crude will trade around $80 a barrel before easing to nearer $75 a barrel in 2025.

"The risk of disruption impacting oil prices is relatively modest at the moment," Rats said. "The oil market is reasonably supplied."

Crypto

Price war for spot bitcoin ETF heats up ahead of key SEC ruling

SCOTT CHIPOLINA — LONDON
WILL SCHMITT — NEW YORK

A fee war has broken out among the asset managers hoping to launch spot bitcoin exchange traded funds in the US, even though the US regulator has not yet indicated whether it will allow the products to be sold.

BlackRock, the world's largest fund manager, said in a regulatory filing yesterday that it would charge customers just 0.2 per cent of the net asset value of its fund for the first year or until its ETF hits $5bn in assets before rising to 0.3 per cent

Rival applicant Ark Investment Management, which had previously indicated that it would charge 0.80 per cent of its bitcoin holdings, offered to waive fees for the first six months or until its ETF's assets reach $1bn. Thereafter, its fee will be set at 0.25 per cent.

Invesco likewise will waive fees for six months or the fund's first $5bn before settling at 0.59 per cent.

The latest moves are the final touches to regulatory filings ahead of an expected decision this week from the Securities and Exchange Commission on whether to permit stock market funds that invest directly in bitcoin.

If approved, funds could be launched in a matter of days. Bitcoin last month soared to a 20-month high of $44,000 and this week has risen more than 5 per cent to $45,200 as anticipation builds ahead of the SEC potentially giving the green light to several applicants.

'How do you prove that your ETF is any better than anybody else's? The only way is on price'

Because the products are similar — they are all designed to hold bitcoin — fees and, to a lesser extent, firm branding will be a key part of how the applicants distinguish themselves in a crowded market.

"This is a classic price war," said James Angel, faculty affiliate at Georgetown McDonough's Psaros Center to Financial Markets and Policy. "How do you prove that your ETF is any better than anybody else's? The only way you can compete is on price."

The SEC has resisted applications for a spot bitcoin ETF, arguing that bitcoin prices are set on unregulated exchanges and thus it cannot give adequate investor protections. But pressure has been growing on the regulator since it lost a court ruling last summer on its reasons for blocking an ETF application by asset management firm Grayscale.

Grayscale yesterday said it would drop its fee from 2 per cent to 1.5 per cent. The remaining list of applicants, including WisdomTree, Valkyrie and Fidelity are all offering fee structures comfortably below 1 per cent. "Grayscale is in a difficult position because they were the very first mover in the field and it was the only way to get in," Angel said. "Now they face competition."

Derivatives

South Korea widens probe on 'exotic notes' tied to Hong Kong stock index

SONG JUNG-A — SEOUL

South Korea's financial authorities have widened their investigation into banks and brokerages over the possible mis-selling of so-called exotic notes linked to Chinese stocks, following complaints from retail investors fearing heavy losses from the high-risk securities.

The Financial Supervisory Service said yesterday that it would probe 12 financial institutions this month to see if there were any illegal activities related to the sale of securities linked to a benchmark for Hong Kong-listed Chinese stocks.

"Investors basically invest at their own risk but the financial firms will have to take responsibility for their acts if they neglected their duty of protecting customers," said Lee Bok-hyun, FSS governor.

Exotic notes that promise higher yields and are often linked to risky assets such as derivatives are popular among South Korean retail investors, despite frequent meltdowns.

The FSS said big investor losses could materialise as Won15.4tn ($11.7bn) worth of the equity-linked securities, or nearly 80 per cent of outstanding ELSs, are set to mature this year.

ELSs are fixed income derivatives that promise bond-like coupons and early redemptions based on the performance of the underlying assets but investors could suffer heavy losses if the underlying stock index falls below a certain level.

The Hang Seng China Enterprises index, a relatively stable gauge in the past, has been hit by a slow economic recovery from the effects of the Covid-19 pandemic and geopolitical tension between Beijing and Washington.

The exotic notes are popular among South Korean investors

It has more than halved to about 5,450 points since peaking above 12,000 in February 2021.

The investigation will start with KB Kookmin Bank and Korea Investment & Securities, the biggest sellers of the high-risk notes, and then be extended to four other banks and six brokerages.

Following a two-month preliminary probe, the FSS said it had found some serious breaches of rules in the ELS selling process, such as a lack of internal controls and mishandling of key documents related to the securities contracts.

It added that some banks encouraged staff to sell more ELS products despite the growing risks in order to boost their non-interest income.

The FSS said it would punish institutions for illegal activities in efforts to strengthen regulatory oversight and investor protection following similar problems in 2019 when the agency ordered banks and brokerages to return up to 80 per cent of investors' losses from high-risk derivatives linked to interest rates of foreign countries.

Equities

Carta customers say platform tried to trade their shares without consent

GEORGE HAMMOND — SAN FRANCISCO

Carta, a $7.4bn software company used by start-ups to track their investors, has been trying to trade its customers' shares without consent, according to a complaint that threatens to undermine trust in the widely used platform.

Karri Saarinen, co-founder of software start-up Linear, claimed Carta started approaching his investors without consent. Carta "is now doing cold outreach to our angel investors about selling Linear shares to their buyers", wrote Saarinen in a post on social media platform X last Friday.

Since Saarinen's complaint, it has emerged that Carta employees had approached investors regarding two further start-ups.

The dispute has raised questions about how Carta is using private information gleaned from customers of its platform to gain an advantage in the increasingly competitive secondary market for start-up stocks.

Carta chief executive Henry Ward responded to Saarinen's post to say he was "appalled that this happened" and that the company was investigating what it said appeared to be a rogue employee violating its policies.

Shortly afterwards, Ward admitted that two other companies using the Carta platform had also been affected by the same issue.

Carta's primary business is helping start-ups to manage their capitalisation, or cap, tables — in effect a record of who owns the company. That can be complex for young companies with multiple classes of stakeholder. Carta was last valued at $7.4bn in a 2021 funding round, according to PitchBook.

'That never should have happened and is absolutely a breach of our privacy protocols'

Carta also manages a separate private share trading platform, acting as an intermediary between start-ups and investors to allow early-stage companies to be simultaneously private and liquid. Carta takes a small cut from buyers and sellers on any deal.

Ward published a lengthy blog post saying that the issues with Linear and the two other companies were caused by an "internal breach of protocol" whereby an employee directly contacted investors without consent.

"That never should have happened and is absolutely a breach of our privacy protocols," wrote Ward.

A paucity of public listings in the past 18 months has led to an increase in interest in the secondary market for private company stock, which is one of few routes for investors to access buzzy start-ups.

Carta is one of several platforms competing for trade in private companies.

Saarinen alleged that Linear had not arranged a sale and that Carta had used private information to target the company's investors.

"I'm perfectly fine with the idea if Carta has [a] secondary sales platform for a company-approved tender offer or secondary sales," said Saarinen in his X post.

"Where I think it crosses the line [is] where Carta uses their employees to solicit these sales . . . knowing company or board hasn't approved any secondary sales," he added.

COMPANIES & MARKETS

The day in the markets

What you need to know

- **Wall Street rises ahead of this week's much-anticipated inflation data**
- **Core government bonds rebound from last week's retreat**
- **Oil drops sharply on Saudi Arabia's decision to cut export selling price**

Wall Street stocks rose yesterday as traders looked ahead to inflation data out later this week that will heavily influence the US Federal Reserve's upcoming monetary policy decisions.

Wall Street's benchmark S&P 500 added 0.7 per cent and the tech-dominated Nasdaq Composite rose 1.5 per cent in early afternoon trade in New York with Boeing the worst performing stock on the former, down 6.1 per cent.

Both indices declined last week, breaking a run of nine consecutive weeks of gains, as traders' hopes for interest rate cuts in the first half of this year were dented by stronger than expected labour market data and warnings from Fed officials.

"Solid US jobs growth, cautious Fed minutes and a still robust US economy raise doubts about markets' aggressive Fed rate cut expectations," said analysts at Barclays, who expect a first cut in June.

December's US consumer price inflation data, due on Thursday, is set to be the main data point of the week.

"The end-2023 rally could keep going well into 2024 as inflation cools further," said a note from the BlackRock Investment Institute, the in-house think-tank at the world's biggest asset manager. "Yet the jittery start to 2024 for stocks and bonds suggests investors may be nervous about the macro outlook."

US stocks have started the year in the red

S&P 500 index

Source: LSEG

Across the Atlantic, stocks made small gains. The continent-wide Stoxx Europe 600 rose 0.4 per cent ahead of a busy week of inflation and economic data.

Paris's CAC 40 added 0.4 per cent, Frankfurt's Xetra Dax rose 0.7 per cent and London's FTSE 100 rose less than 0.1 per cent.

Bonds rebounded from last week's retreat. The 10-year US yield, a global benchmark for asset prices, fell 6 basis points to 3.97 per cent, reflecting higher prices. The equivalent German yield was marginally lower at 2.14 per cent.

Oil prices dropped sharply as Saudi Arabia's decision to cut its official selling price for oil exports in February overshadowed Middle East tensions.

Brent crude, the international oil benchmark, fell 3.9 per cent to $75.70 a barrel after Riyadh over the weekend lowered its official selling prices

The Saudi decision to cut the price of oil exported to Asia by $2 a barrel was taken by investors as a signal that the world's biggest exporter may be struggling to sell all of its output.

In currency markets, the dollar weakened 0.2 per cent against a basket of six international peers. **George Steer**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4726.25	1887.42	33377.42	7694.19	2887.54	132088.94
% change on day	0.62	0.27	0.27	0.06	-1.42	0.05
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	102.392	1.097	143.900	1.275	7.161	4.874
% change on day	-0.020	-0.091	-0.167	0.000	0.048	0.043
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.981	2.134	0.601	3.963	2.576	11.136
Basis point change on day	-1.520	-2.000	0.000	-2.000	0.100	2.500
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	473.73	75.70	70.42	2056.35	22.98	3674.30
% change on day	0.34	-3.89	-4.59	0.82	0.09	0.11

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	Baxter Int	7.18	Airbus	2.52	Melrose Industries	4.31
	American Airlines	6.07	Hugo Boss	2.29	B&m Eur Value Retail S.a.	3.16
	Advanced Micro Devices	5.04	Philips	2.09	Rolls-royce Holdings	2.90
	Nvidia	4.63	Infineon Tech	2.04	Legal & General	2.79
	Arista Networks	4.59	Adidas	1.60	Smith & Nephew	2.74
Downs	Boeing	-6.64	A.p. Moller - Maersk B	-5.65	Shell	-3.11
	Baker Hughes	-4.23	Saipem	-3.86	Bp	-2.62
	Schlumberger	-4.01	Omv	-3.79	Endeavour Mining	-2.35
	Halliburton	-3.73	Oci	-3.17	Anglo American	-1.28
	Marathon Oil	-3.30	Casino Guichard	-3.13	Glencore	-1.27

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Fixed income

China detains executive of Evergrande's EV unit ahead of restructuring hearing

EDWARD WHITE — SHANGHAI
CHENG LENG AND GLORIA LI
HONG KONG

China has detained an executive of Evergrande's electric vehicle unit, threatening to further complicate the outlook for the restructuring of the world's most indebted property group.

Liu Yongzhuo, an executive director of China Evergrande New Energy Vehicle Group, was detained yesterday over "suspicion of illegal crimes", the company said in a filing to the Hong Kong stock exchange.

The disclosure of Liu's detention comes as Evergrande is due to face a hearing in a Hong Kong court over demands from offshore bond holders to wind up the company on January 29.

In an earlier restructuring plan rebuffed by investors, Evergrande offered to issue new bonds and swap some of its offshore debt with stakes in its EV unit and Hong Kong-listed affiliate Evergrande Property Services Group.

That proposal was derailed in September when Evergrande said in an exchange filing that it could not issue the "new notes" required under the proposal because its business in China was being investigated by authorities over alleged breaching of disclosure rules.

The detention of the EV executive has added to Evergrande's challenges, said analysts. The company's shares fell 9.6 per cent in trading yesterday.

> 'Creditors probably need to wait even longer if more key assets run into uncertainty'

"Such a move is somewhat expected but it still casts a shadow over the already slow restructuring process," said Gary Ng, a senior economist at investment bank Natixis. "Creditors probably need to wait even longer if more key assets run into uncertainty."

Liu joined Evergrande in 2003, according to a company profile. Before joining the EV business, Liu worked across the Evergrande empire, including a spell in its real estate operations as well as its football team.

Evergrande did not immediately comment on the detention.

In September, the company said its chair, Hui Ka Yan, was placed under "mandatory measures" over illegal activities, a term that implies residential surveillance or detention by Chinese officials. Employees of Evergrande's wealth management subsidiary were also detained that month, police said.

No further details were disclosed about the allegations or the "measures" concerning Hui. Neither the company nor Chinese officials have provided an update on the health and personal security of the Evergrande founder.

Creditors are demanding more stakes in Evergrande itself and its units to compensate for their debt obligations.

Additional reporting by Chan Ho-him in Hong Kong

See Lex

Regulations on bank capital make financial system more fragile

Jeffrey Meli

Markets Insight

Regulators and investors are worried about the fragility of government bond and funding markets. This is understandable. These markets are vital for financing governments, for monetary policy transmission and for the hedging of interest rate risk for banks, investors and corporations.

But they are experiencing repeated bouts of instability, such as the frenzied "dash for cash" in early 2020 and the 2019 blow-up in repos, a market for interbank lending.

Such concerns have triggered a series of reforms, including new rules from the Securities and Exchange Commission requiring more trades in US Treasuries to be cleared centrally, in line with other assets like equities, futures and swaps.

Clearing will provide some capital relief for banks, by allowing them to net off exposures. But the new rules are no panacea. Short-term funding markets have become more fragile largely because of a recent shift in the constitution of the financial system: the segregation of bank capital by jurisdiction.

Until 2016, banks were primarily regulated at a global, consolidated level, by their home regulators.

Banks could shift capital more or less seamlessly between their subsidiaries, across products and currencies as market conditions warranted.

This was particularly the case when moving capital between activities with similar implications for consolidated capital, such as positions in US, UK and European government debt.

Things changed in July that year when the US Federal Reserve began to require foreign banks with more than $50bn of American assets to set up special holding companies for local operations. Each of these holding groups is governed by its own board of directors and is subject to the rigours of US banking supervision, including local capital and liquidity standards as well as annual stress tests.

In 2019, Europe followed suit with a similar set of rules; the biggest US and UK banks were compliant within a year.

The new regimes were well-intentioned: the US reforms were part of the Dodd-Frank Act, a sweeping provision aimed at preventing a repeat of the 2007-08 meltdown. But the result is that shifting capital between bank subsidiaries now requires the recommendation of the local management team, the approval of the local board, consideration of local stress tests and, at times, approval from local regulators.

> Further regulations, mandates and constraints are likely to compound the calcification of markets

Capital mobility has become time-consuming, costly and uncertain. In short, bank capital is trapped. When capital can no longer move across jurisdictions, balance sheets in each region are fixed. It is no surprise that markets have stiffened and that policymakers now have to stabilise markets more often. The official sector is filling a role that was once left to bank capital.

The best illustration of this is in the repo market, a liquid market with trillions of dollars in daily volumes. Before 2016, repo shocks often spilled across borders. Our analysis shows that, when the US market was disrupted, a dislocation normally occurred somewhere in European or UK repo, too. Contagion was global as banks shifted capital towards trouble spots and out of equivalent activities elsewhere.

This spread shocks across multiple jurisdictions, reducing their severity. Now, shocks are more localised. When volatility spikes in US repo, other parts of the front end, including short-dated Treasuries, also experience disruptions.

Dislocations in Europe, too, are more likely to affect multiple types of collateral. And as it is now harder for capital buffers to be deployed across borders, the hits are harder. In the US, repo shocks are 26 per cent more frequent than they were pre-2016 and 31 per cent more severe, and tend to last much longer. It's similar in Europe and the UK.

Further regulations, mandates and constraints are likely to compound this calcification of markets. Among the most significant are the Basel III reforms, due to be phased in from 2025, which look set to push up banks' capital requirements.

This would make it more expensive for banks to intermediate in government bond markets, which would in turn raise costs for participants trying to arbitrage price differences.

Persistently wider spreads and lower volumes would add to price and yield volatility — which would raise banks' regulatory requirements once more.

The US is looking especially vulnerable given the Treasury market is on course to expand rapidly as federal deficits remain wide. More bonds outstanding implies a greater need for financing and hedging, as well as for transactions in futures and swaps. Market stability is likely to remain under pressure.

Jeffrey Meli is head of research at Barclays

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 $
0.62%	1.29%	-0.16%	0.06%	0.27%	0.27%	-1.88%	0.34%	-0.091%	No change	-0.167%	No change	-3.39%	0.82%

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

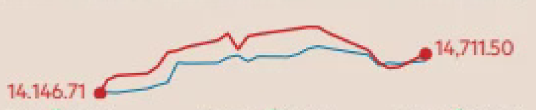
AMERICAS

Dec 09 - -

S&P 500 New York

Day 0.62% Month 2.64% Year 21.33%

Nasdaq Composite New York



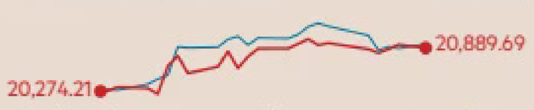
Day 1.29% Month 2.14% Year 39.19%

Dow Jones Industrial New York

Day -0.16% Month 3.15% Year 11.18%

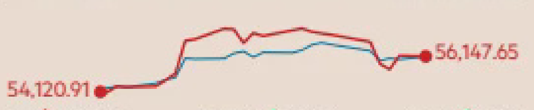
Dec 09 - Jan 08

S&P/TSX COMP Toronto



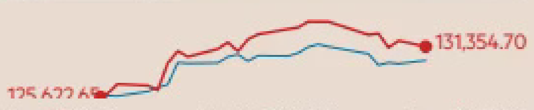
Day 0.21% Month 3.21% Year 5.90%

IPC Mexico City



Day -0.24% Month 3.06% Year 8.37%

Bovespa São Paulo



Day 0.05% Month 3.93% Year 21.22%

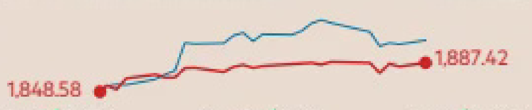
EUROPE

Dec 09 - Jan 08

FTSE 100 London

Day 0.06% Month 1.85% Year -0.07%

FTSE Eurofirst 300 Europe



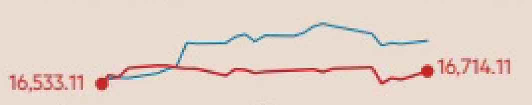
Day 0.27% Month 1.12% Year 7.44%

CAC 40 Paris

Day 0.40% Month 0.29% Year 8.59%

Dec 09 - Jan 08

Xetra Dax Frankfurt

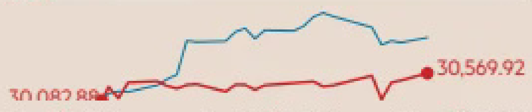


Day 0.74% Month -0.21% Year NaN%

Ibex 35 Madrid

Day 0.44% Month 0.62% Year 17.33%

FTSE MIB Milan



Day 0.42% Month 0.55% Year 21.40%

ASIA

Dec 09 - Jan 05

Nikkei 225 Tokyo

Day 0.27% Month -0.33% Year 26.74%

Hang Seng Hong Kong

Day -1.88% Month -0.74% Year -22.71%

Shanghai Composite Shanghai

Day -1.42% Month -2.65% Year -8.55%

Dec 09 - Jan 08

Kospi Seoul

Day -0.40% Month 3.04% Year 12.13%

FTSE Straits Times Singapore

Day 0.09% Month 3.67% Year -2.74%

BSE Sensex Mumbai

Day -0.93% Month 2.67% Year 19.16%

STOCK MARKET: BIGGEST MOVERS

Downs			
Boeing	232.47	-16.53	-6.64
Baker Hughes	32.01	-1.42	-4.23
Schlumberger	49.78	-2.08	-4.01
Halliburton	34.63	-1.34	-3.73
Marathon Oil	23.59	-0.81	-3.30

Based on the constituents of the S&P500

Downs			
Ferrexpo	78.20	-4.60	-5.56
Tullow Oil	34.58	-1.92	-5.26
Future	745.00	-33.00	-4.24
Auction Technology	472.00	-19.50	-3.97
Diversified Energy	1140.00	-38.00	-3.23

Based on the constituents of the FTSE 350 index

Downs			
A.p. M_ller - M_rsk B A/s	1768.04	-105.94	-5.65
A.p. M_ller - M_rsk A A/s	1735.19	-96.55	-5.27
Eni	15.08	-0.46	-2.96
Totalenergies	60.77	-1.73	-2.77
Nordea Bank Abp	11.51	-0.23	-1.93

Based on the constituents of the FTSEurofirst 300 Eurozone index

Downs			
Renesas Electronics	2388.50	-106.00	-4.25
Nitori Holdings Co.,	17500.00	-645.00	-3.55
Lasertec	34010.00	-1210.00	-3.44
Mercari	2456.00	-85.00	-3.35
Tse Growth Market Core Index	937.28	-25.48	-2.65

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

Losers															
Ashtead	5056.00	-7.4	-5.3	Wood (john)	155.30	-9.8	-7.9	Superdry	31.20	-9.0	-7.1	Electronic & Electrical Equip.	9499.67	-4.6	-4.6
Croda Int	4686.00	-7.2	-5.4	Darktrace	331.40	-9.6	-3.4	Asos	388.50	-8.7	-2.0	Automobiles & Parts	1516.36	-4.5	-4.5
Anglo American	1846.80	-6.3	-6.2	Auction Technology	472.00	-9.6	-6.0	Enquest	13.81	-8.4	-10.3	Industrial Metals	6580.10	-3.5	-3.5
Frasers	854.00	-6.2	-3.6	Carnival	1221.00	-7.0	-3.6	Synthomer	174.40	-8.1	-4.6	Industrial Engineering	13748.49	-3.4	-3.4
Rentokil Initial	414.70	-5.9	-4.1	Trustpilot	138.10	-7.0	-0.5	Funding Circle Holdings	37.00	-7.5	-5.1	Personal Goods	21014.91	-3.1	-3.1
Spirax-sarco Eng	9886.00	-5.9	-3.2	Watches Of Switzerland	659.00	-7.0	-2.5	Oxford Biomedica	204.00	-7.3	-2.9	General Financial	14229.34	-2.7	-2.7
Scottish Mortgage Investment Trust	762.40	-5.6	-3.2	Energean	972.00	-6.9	-5.8	Jpmorgan China Growth & Income	206.00	-7.2	-5.3	Equity Investment Instruments	11230.51	-2.7	-2.7
Diploma	3384.00	-5.5	-1.9	Kainos	1044.00	-6.7	-4.7	Motorpoint	106.25	-7.2	-3.4	Software & Computer Services	2353.81	-2.6	-2.6
Imi	1591.00	-5.5	-4.2	Coats	72.40	-6.5	-2.6	Abrdn Eur Logistics Income	57.40	-6.8	-5.7	Beverages	21897.46	-2.6	-2.6

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

CURRENCIES

Jan 8	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	813.8560	1.6080	892.9245	1.1968	1037.7110	1.9314
Australia	Australian Dollar	1.4900	0.0053	1.6347	0.0048	1.8998	0.0066
Bahrain	Bahrainin Dinar	0.3770	-	0.4136	-0.0003	0.4807	-0.0001
Bolivia	Bolivian Boliviano	6.9100	-	7.5813	-0.0048	8.8106	-0.0010
Brazil	Brazilian Real	4.8745	0.0021	5.3481	-0.0011	6.2153	0.0020
Canada	Canadian Dollar	1.3374	0.0050	1.4673	0.0046	1.7052	0.0062
Chile	Chilean Peso	904.4100	13.0550	992.2761	13.7007	1153.1724	16.5155
China	Chinese Yuan	7.1612	0.0035	7.8569	-0.0012	9.1309	0.0034
Colombia	Colombian Peso	3875.0000	-19.5000	4251.4675	-24.1161	4940.8384	-25.4332
Costa Rica	Costa Rican Colon	519.5000	-0.8550	569.9709	-1.3016	662.3910	-1.1663
Czech Republic	Czech Koruna	22.3288	-0.0217	24.4981	-0.0395	28.4704	-0.0310
Denmark	Danish Krone	6.7971	0.0043	7.4574	0.0000	8.6666	0.0045
Egypt	Egyptian Pound	30.8986	0.3130	33.9005	0.3220	39.3974	0.3946
Hong Kong	Hong Kong Dollar	7.8062	-0.0038	8.5646	-0.0096	9.9533	-0.0059
Hungary	Hungarian Forint	344.0278	0.1055	377.4510	-0.1245	438.6542	0.0842
India	Indian Rupee	83.1363	-0.0275	91.2132	-0.0883	106.0033	-0.0472
Indonesia	Indonesian Rupiah	15525.0000	10.0000	17033.3086	0.1161	19795.2381	10.4569
Israel	Israeli Shekel	3.7094	0.0325	4.0698	0.0331	4.7297	0.0410
Japan	Japanese Yen	143.9000	-0.2400	157.8803	-0.3640	183.4804	-0.3271
..One Month		143.8992	-0.2415	157.8797	-0.3653	183.4795	-0.3290
..Three Month		143.8980	-0.2441	157.8786	-0.3673	183.4779	-0.3321
..One Year		143.8927	-0.2547	157.8747	-0.3752	183.4795	-0.3373
Kenya	Kenyan Shilling	158.0000	0.5000	173.3502	0.4385	201.4587	0.6145
Kuwait	Kuwaiti Dinar	0.3073	-0.0002	0.3371	-0.0004	0.3918	-0.0003
Malaysia	Malaysian Ringgit	4.6510	-0.0030	5.1029	-0.0065	5.9303	-0.0045
Mexico	Mexican Peso	16.7943	-0.0863	18.4259	-0.1064	21.4136	-0.1124
New Zealand	New Zealand Dollar	1.6019	0.0066	1.7576	0.0062	2.0425	0.0082
Nigeria	Nigerian Naira	850.5000	-	933.1286	-0.5942	1084.4342	-0.1246
Norway	Norwegian Krone	10.3587	0.1187	11.3650	0.1230	13.2078	0.1498
Pakistan	Pakistani Rupee	281.5000	-0.6500	308.8485	-0.9103	358.9279	-0.8701
Peru	Peruvian Nuevo Sol	3.7153	0.0027	4.0762	0.0004	4.7371	0.0030
Philippines	Philippine Peso	55.6900	0.1200	61.1004	0.0928	71.0078	0.1449
Poland	Polish Zloty	3.9495	-0.0059	4.3333	-0.0092	5.0359	-0.0081
Romania	Romanian Leu	4.5324	0.0022	4.9727	-0.0007	5.7791	0.0022
Russia	Russian Ruble	90.9000	0.0500	99.7312	-0.0086	115.9025	0.0505
Saudi Arabia	Saudi Riyal	3.7502	-0.0002	4.1145	-0.0028	4.7817	-0.0008
Singapore	Singapore Dollar	1.3284	0.0020	1.4575	0.0012	1.6938	0.0023
South Africa	South African Rand	18.6082	-0.0156	20.4160	-0.0301	23.7264	-0.0226
South Korea	South Korean Won	1315.9500	0.5000	1443.7983	-0.3705	1677.9087	0.4453
Sweden	Swedish Krona	10.2270	0.0279	11.2205	0.0235	13.0399	0.0341
Switzerland	Swiss Franc	0.8464	-0.0010	0.9286	-0.0017	1.0791	-0.0014
Taiwan	New Taiwan Dollar	30.9940	-0.0155	34.0052	-0.0387	39.5190	-0.0243
Thailand	Thai Baht	35.0300	0.3100	38.4333	0.3159	44.6652	0.3902
Tunisia	Tunisian Dinar	3.0900	0.0062	3.3901	0.0046	3.9399	0.0074
Turkey	Turkish Lira	29.8940	0.0583	32.7983	0.0431	38.1165	0.0699
United Arab Emirates	UAE Dirham	3.6727	-0.0001	4.0296	-0.0026	4.6830	-0.0006
United Kingdom	Pound Sterling	0.7843	0.0001	0.8605	-0.0004	-	-
..One Month		0.7843	0.0001	0.8604	-0.0005	-	-
..Three Month		0.7843	0.0001	0.8602	-0.0004	-	-
..One Year		0.7844	0.0001	0.8592	-0.0004	-	-
United States	United States Dollar	-	-	1.0972	-0.0007	1.2751	-0.0001
..One Month		-	-	1.0970	-0.1781	1.2751	-0.0001
..Three Month		-	-	1.0967	-0.1780	1.2751	-0.0001
..One Year		-	-	1.0954	-0.1780	1.2752	-0.0002
Vietnam	Vietnamese Dong	24345.0000	-35.0000	26710.2578	-55.4061	31041.2476	-48.2528
European Union	Euro	0.9114	0.0006	-	-	1.1621	0.0006
..One Month		0.9113	0.0006	-	-	1.1621	0.0006
..Three Month		0.9110	0.0006	-	-	1.1619	0.0006
..One Year		0.9097	0.0006	-	-	1.1608	0.0006

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 Jan 08	Day's chge%	Euro Index	£ Strlg Jan 05	£ Strlg Jan 04	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7694.19	0.06	6972.67	7689.61	7723.07	7699.49	3.88	2.43	10.62	0.70	8223.91
FTSE 250 (250)	19393.80	0.95	17575.16	19210.39	19372.05	19504.72	3.45	1.17	24.68	5.59	16715.64
FTSE 250 ex Inv Co (168)	20247.48	1.42	18348.79	19964.00	20154.85	20095.93	3.57	0.88	31.76	7.03	17828.49
FTSE 350 (350)	4245.55	0.19	3847.42	4237.67	4258.54	4251.34	3.82	2.27	11.55	0.51	8998.45
FTSE 350 ex Investment Trusts (265)	4192.00	0.20	3798.90	4183.82	4204.24	4194.20	3.87	2.27	11.36	0.47	4594.44
FTSE 350 Higher Yield (130)	3594.75	-0.35	3257.66	3607.37	3619.08	3671.05	5.53	2.31	7.83	0.09	8732.93

FT 30 INDEX

	Jan 08	Jan 05	Jan 04	Jan 03	Jan 02	Yr Ago	High	Low
FT 30	2765.70	2745.20	2759.20	2738.80	2758.20	0.00	2780.90	2721.40
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
2745.2	2746.1	2737.6	2737.3	2739.9	2745.5	2748.2	2756.6	2759.2	2765.7	2724.2

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

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Tobacco	3.24	Health Care Eq & Srv	0.09	Life Insurance	-2.32
Pharmace & Biotech	3.04	Beverages	31.66	General Retailers	-2.33
Health Care	2.88	Consumer Services	-0.32	Technology	-2.40
Industrial Transport	2.74	Food Producers	-0.36	Software & Comp Serv	-2.42
Aerospace & Defense	2.65	NON FINANCIALS Index	-0.48	Equity Invest Instr	-2.43
Food & Drug Retailer	2.61	FTSE 100 Index	-0.50	Industrial Metals &	-2.45
Household Goods & Ho	2.06	FTSE All{HY-}Share Index	-0.66	Oil & Gas Producers	-2.51
Nonlife Insurance	1.92	Leisure Goods	-0.74	Oil & Gas	-2.56

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	2319	26.00	Intertek Group PLC	4199	-13.00
Admiral Group PLC	2721	33.00	Jd Sports Fashion PLC	119.35	-0.75
Airtel Africa PLC	128.10	2.10	Kingfisher PLC	231.10	1.80
Anglo American PLC	1846.8	-24.00	Land Securities Group PLC	699.00	4.00
Antofagasta PLC	1609.5	-7.00	Legal & General Group PLC	250.60	6.80
Ashtead Group PLC	5056	-42.00	Lloyds Banking Group PLC	47.57	0.31
Associated British Foods PLC	2363	17.00	London Stock Exchange Group PLC	9008	28.00

FT WILSHIRE 5000 INDEX SERIES

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

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

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UK COMPANY RESULTS

UK RECENT EQUITY ISSUES

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
CanNatRs	87.02	-2.58	93.44	67.13	4.22	13.02	70496.73
CanNatRy	166.89	-1.35	168.80	143.13	1.85	21.11	80577.34
Enbridge	49.48	0.42	56.29	42.75	7.36	31.92	78643.14
GtWesLif	43.55	0.20	44.24	32.95	4.70	17.89	30353.51
ImpOil	76.78	-1.82	85.11	60.19	2.53	8.35	30763.49
Manulife	29.14	-	29.45	23.69	4.83	4.29	39362.89
Nutrien♦	73.82	-1.24	113.27	70.69	3.92	12.01	27298.38
RylBkC	134.57	-0.06	140.18	107.92	3.94	12.91	141732.21
SHOP	102.78	3.20	106.68	47.78	-	-48.50	92653.59
Suncor En	43.90	-1.26	48.26	37.09	4.69	9.35	42610.73
ThmReut	193.71	1.44	195.51	157.54	1.34	32.94	65976.13
TntoDom	86.60	0.52	94.05	75.89	4.38	11.13	116691.05
TrnCan♦	53.57	0.16	58.56	43.70	6.93	58.72	41558.47
China (HK$)							
AgricBkCh	3.00	-0.02	3.28	2.50	8.18	3.78	11813.24
Bk China	2.92	-0.05	3.45	2.60	8.91	3.58	31279.75
BkofComm	4.74	-0.08	5.65	4.23	8.88	3.69	21259.55
BOE Tech	0.57	-	0.87	0.47	-	8.77	14.53
Ch Coms Cons	3.42	-0.07	5.52	3.33	7.47	2.74	1935.78
Ch Evrbrght	2.27	-0.04	2.78	2.15	9.14	3.10	3686.85
Ch Rail Cons	4.44	-0.11	7.46	4.33	7.01	2.19	1180.96
Ch Rail Gp	3.38	-0.10	6.30	3.22	6.56	2.44	1821.76
ChConstBk	4.50	-0.07	5.70	4.01	9.69	3.08	138590.97
China Vanke	6.61	-0.14	17.50	6.58	11.38	3.62	1868.39
ChinaCitic	3.70	-0.07	4.74	3.39	10.05	2.93	7053.85
ChinaLife	9.28	-0.34	15.84	9.24	5.73	8.36	8846.07
ChinaMBank	26.20	-0.70	53.00	24.20	7.45	4.23	15408.49
ChinaMob	65.40	-0.40	70.20	53.10	7.26	9.46	171634.47
ChinaPcIns	15.10	-0.66	26.50	14.42	7.58	7.56	5368.43
ChMinsheng	2.63	-0.04	3.52	2.48	9.26	3.37	2803.19
ChMrchSecs	13.18	-0.29	15.91	13.16	1.44	14.62	13660.13
Chna Utd Coms	4.19	-0.06	6.45	4.18	2.67	16.30	18118
ChShenEgy	28.20	0.10	28.70	21.45	10.66	8.56	12201.19
ChShpbldng	4.07	-0.04	5.32	3.46	0.07	-63.32	12551.11
ChStConEng	4.72	-0.05	7.35	4.64	5.48	3.75	27234.68
ChUncHK	4.77	-0.07	6.58	4.45	7.42	7.10	18696.98
CNNC Intl	7.93	-	8.03	5.93	2.20	14.55	20910.59
CSR	3.33	-0.04	5.26	3.10	6.81	7.27	1864.61
Daqin	7.39	0.02	8.21	6.52	6.65	11.45	15862.66
GuosenSec	8.15	-0.18	10.90	8.15	3.39	15.30	10400.82
HaitongSecs	3.98	-0.08	6.01	3.94	5.98	9.90	1738.37
Hngzh HikVDT	31.68	-0.75	48.84	31.21	2.18	24.09	40294.52
Hunng Pwr	4.46	0.06	5.28	3.22	-	-103.48	2685.52
IM Baotou Stl	1.41	-0.02	2.14	1.37	-	127.62	6201.78
In&CmBkCh	3.68	-0.07	4.73	3.35	9.24	3.40	40916.45
IndstrlBk	14.70	-0.11	18.20	13.95	7.99	3.94	42644.22
Kweichow	1643.99	-19.37	1935	1616.25	1.56	30.31	288386.22
Midea	0.35	-	0.44	0.26	-	-1.23	13.31
New Ch Life Ins	14.36	-0.46	25.00	14.10	8.47	4.97	1902.3
PetroChina	5.42	-0.02	6.05	3.56	8.68	5.99	14649.39
PingAnIns	32.55	-1.35	64.15	32.35	8.64	6.72	31054.61
PngAnBnk	9.15	-0.12	15.74	8.99	3.19	3.79	24795.05
Pwr Cons Corp	4.80	-0.07	8.15	4.64	2.56	7.16	8761.58
SaicMtr	13.12	-0.22	15.65	13.08	2.63	9.91	21405.39
ShenwanHong	0.07	0.00	0.15	0.06	-	4.82	79.55
ShgPdgBk	6.59	-0.09	8.22	6.49	4.97	6.07	27011.05
Sinopec Corp	4.03	-0.05	5.47	3.78	9.86	7.77	12585.01
Sinopec Oil	1.80	-0.04	2.39	1.79	-	60.66	3410.8
Denmark (kr)							
DanskeBk	190.95	0.50	191.50	131.45	3.70	8.38	24221.41
MollerMrsk	13185	-790.00	17265	9800	15.14	1.97	14476.18
NovoB	720.00	-5.80	742.20	448.25	0.86	48.43	363877.3
Finland (€)							
Nokia	3.23	0.04	4.65	2.70	3.12	4.64	20145.66
SampoA	39.70	-	45.15	34.55	4.57	25.88	21845.28
France (€)							
Airbus Grpe	143.20	3.50	143.98	111.98	1.27	27.96	124190.89
AirLiquide	171.24	0.56	180.30	141.20	1.72	28.29	98401.74
AXA	29.91	0.04	30.34	24.60	5.67	10.41	74468.6
BNP Parib	63.14	0.14	67.02	47.02	6.16	9.02	79490.61
ChristianDior	664.00	-0.50	872.00	621.50	1.80	18.14	131501.44
Cred Agr	13.34	0.09	13.35	9.54	7.93	6.55	44679.93
Danone	60.93	0.42	61.88	48.30	3.27	29.95	45308.82
EDF	12.00	-	12.05	7.27	2.41	-2.31	53889.44
Engie SA	16.41	0.07	16.52	12.55	8.51	-5.16	43856.24
EssilorLuxottica	184.58	3.34	188.84	155.15	1.75	35.46	91907.03
Hermes Intl	1836.2	16.40	2063.5	1580.5	0.71	48.82	212679.31
LOreal	438.45	4.20	460.00	356.55	1.36	40.48	257227.91
LVMH	691.30	2.40	904.60	655.00	1.73	21.68	380784.53
Orange	10.69	-0.02	11.87	9.51	6.53	17.57	31192.81
PernodRic	149.25	2.25	218.00	146.45	2.85	15.53	41859.71
Renault	36.56	0.19	43.96	31.19	0.68	3.22	11860.36
Safran	161.18	1.64	168.76	120.64	0.84	22.02	75556.37
Sanofi	94.13	0.65	105.18	80.60	3.81	12.93	130621.21
Sant Gbn	64.17	0.40	67.55	48.83	3.11	12.12	35654.09
Schneider	174.22	1.12	182.94	134.38	1.80	24.85	109495.28
SocGen	24.69	0.23	28.39	19.33	6.94	9.02	21747.28
Total	60.55	-1.95	64.80	50.55	4.84	8.10	160252.19
UnibailR	49.68	0.06	73.09	39.68	-	-7.39	7615.7
Vinci	114.10	0.22	117.08	98.49	3.50	14.56	73740.14
Vivendi	9.87	0.07	10.22	7.99	2.53	-10.20	11150.61
Germany (€)							
Allianz	244.55	0.65	247.25	192.48	4.65	11.17	105101.63
BASF	46.76	-0.05	53.77	40.25	7.25	-22.98	45784.05
Bayer	35.24	0.02	65.66	30.22	6.79	24.04	37984.12
BMW	101.20	0.54	113.46	86.80	8.38	5.84	66840.65
Continental	75.70	1.26	79.24	58.20	1.98	22.73	16611.39
Deut Bank	12.71	0.14	12.72	7.95	2.38	5.60	28455.29
Deut Tlkm	22.54	0.11	23.13	18.50	3.13	18.48	123314.27
DeutsPost	44.73	0.54	45.03	29.68	4.14	12.32	60466.66
E.ON	12.55	0.07	12.80	9.72	4.10	-37.71	36354.53
Fresenius Med	37.50	0.14	49.62	30.16	3.01	24.16	12071.98
Fresenius SE	28.56	-0.43	31.22	23.29	3.25	16.96	17500.49
HenkelKgaA	65.62	0.24	70.10	58.36	2.78	20.31	18704.05
Linde	369.15	-2.20	402.55	295.15	1.29	32.07	196387.43
Mercedes-Benz	63.56	1.01	76.10	55.08	8.25	4.44	74605.16
MuenchRkv	383.00	-1.60	400.40	292.40	3.02	18.70	57345.22
SAP	138.78	1.70	149.12	102.18	1.49	75.23	187055.59
Siemens	160.78	0.28	171.06	119.48	2.64	14.54	141120.19
Volkswgn	121.80	2.20	184.50	105.95	7.20	4.35	39433.8
Hong Kong (HK$)							
AIA	63.00	-1.40	90.65	61.15	2.44	90.22	91998.6
BOC Hold	20.15	-0.20	28.25	20.00	6.73	6.79	27291.31
Ch OSLnd&Inv	12.74	-0.40	22.80	12.50	6.20	6.46	17862.49
ChngKng	37.45	-0.50	51.70	36.95	6.08	7.09	17025.67
Citic Ltd	7.48	-0.16	10.86	6.53	8.69	3.31	27874.58
Citic Secs	15.92	-0.10	19.18	13.54	3.35	10.48	5343.38
CK Hutchison	40.65	-0.15	54.55	38.35	7.19	5.41	19944.57
CNOOC	13.68	0.10	14.28	9.89	10.14	4.47	78118.55
HangSeng	86.80	-0.50	135.50	84.10	5.18	12.05	21258.49
HK Exc&Clr	247.80	-8.00	382.40	238.20	2.88	27.23	40246.21
MTR	27.95	-0.15	43.00	27.10	4.68	18.65	22260.61
SandsCh	22.55	-0.35	31.45	18.74	-	-36.00	23379.59
SHK Props	79.60	-1.05	115.90	75.40	6.21	9.66	29548.72
Tencent	288.00	-4.20	411.00	263.60	0.84	12.89	349865.09
India (Rs)							
BhartiartI	1049.05	2.45	1063.65	735.80	0.40	76.69	75927.94
HDFC Bk	1663.45	-18.75	1757.5	1460.25	0.97	17.98	151915.9
Hind Unilevr	2578.25	-41.80	2769.65	2393	1.58	56.34	72866.32
HsngDevFin	2724.3	-23.05	2927.4	2160	1.16	18.17	61324.4
ICICI Bk	982.00	-11.70	1043.7	796.00	0.85	16.66	82856.83
Infosys	1522.8	-9.75	1619.75	1185.3	2.35	24.02	76023.42
ITC	465.50	-8.45	499.70	328.10	2.86	27.48	69853.93
L&T	3501.1	-20.80	3559.95	2072.65	0.64	42.66	57886.08
OilNatGas	217.95	1.50	217.50	141.60	6.53	7.17	32980.46
RelianceIn	2587.35	-20.35	2856	2180	0.36	24.36	210573.49
SBI NewA	627.00	-14.95	660.40	499.35	1.88	7.85	67308
SunPhrmInds	1305.3	5.10	1328.5	922.45	0.92	35.06	37671.33
Tata Cons	3678.3	-59.60	3929	3070.25	1.39	28.82	160079.53
Israel (ILS)							
TevaPha	41.89	1.04	41.89	26.37	-	-5.65	12769.99
Italy (€)							
Enel	6.71	0.02	6.81	5.14	6.01	12.10	74834.9
ENI	15.08	-0.46	15.83	11.69	6.02	9.59	55855.13
Generali	19.80	0.06	20.06	16.67	5.91	-	33864.69
IntSPaolo	2.80	0.01	2.81	2.08	5.91	7.20	56074.99
Unicred	25.99	0.20	26.07	14.31	3.83	5.31	50889.67
Japan (¥)							
AstellasPh	1766	17.00	2360.5	1600.5	3.71	92.88	22171.96
Bridgestne	5913	18.00	6245	4681	3.24	11.36	29277.77
Canon	3695	28.00	3912	2790.5	3.55	13.77	34190.76
CntJpRwy	3679	39.00	3926	2984	0.77	11.30	26289.51
Denso	2165	-1.50	2613.75	1629.25	2.27	19.60	47340.11
EastJpRwy	8316	74.00	8949	6706	1.27	16.40	21804.4
Fanuc	4090	-48.00	24645	3603	2.62	24.58	28462.42
FastRetail	34500	-50.00	37930	25386.67	0.73	36.43	76166.39
Fuji Hvy Ind	2765.5	66.50	3115	1987.5	2.77	7.65	14464.51
Hitachi	10245	75.00	10510	6486	1.53	13.95	65900.06
HondaMtr	1530	33.00	1821	1030	2.62	8.90	57683.2
JapanTob	3757	48.00	3858	2555.5	5.51	14.32	52129.88
KDDI	4594	47.00	4767	3873	3.08	14.21	73391.56
Keyence	60130	-460.00	71890	52080	0.50	39.99	101457.46
MitsbCp	2353	65.50	2577.33	1403.67	7.65	3.52	70398.72
MitsubEst	1111.8	-3.41	1116.54	948.63	-	-	-
MitsubishiEle	2029.5	14.50	2109.5	1273	2.29	16.36	30232.73
MitsuiFud	937.28	-25.48	1147.48	774.38	-	-	-
MitUFJFin	1258	33.00	1344	805.00	2.54	9.84	107678.98
Mizuho Fin	2548	91.50	2724.5	1744	3.66	10.04	44886.98
Murata Mfg	2907.5	-0.50	3033	2301.67	1.72	8.04	40896.28
Nippon TT	173.90	1.20	183.40	147.84	2.84	12.39	109246.24
Nissan Mt	567.30	3.70	712.50	427.30	2.67	4.85	15781.28
Nomura	669.20	26.70	661.70	476.70	2.54	18.27	14687.5
Nppn Stl	3384	70.00	3816	2300	4.92	5.59	22310.86
Panasonic	1424.5	-11.50	1808	1089	2.30	7.38	24254.85
Seven & I	5645	-	6619	5162	1.94	22.23	34716
ShnEtsuCh	5637	-88.00	21055	3797	1.88	18.25	79159.02
Softbank	6080	30.00	7297	4766	0.73	-3.91	62006.18
Sony	13170	75.00	14100	10635	0.57	18.26	115238.13
SumitomoF	7161	181.00	7849	4997	3.66	11.80	66449.61
Takeda Ph	4288	63.00	4873	3900	4.33	35.01	47074.38
TokioMarine	3555	46.00	3799	2511	2.81	18.94	49388.7
Toyota	2701.5	66.50	2911.5	1764	2.22	12.13	305778.76
Mexico (Mex$)							
AmerMvl	16.40	0.11	20.25	15.66	2.62	11.28	41116.45
FEMSA UBD	216.71	3.26	228.15	152.42	1.50	34.42	27887.45
WalMrtMex	70.20	0.66	76.04	59.28	1.44	23.61	72988.66
Netherlands (€)							
ASML Hld	653.40	9.20	698.10	534.40	0.91	33.57	289001.73
Heineken	90.18	0.50	106.30	81.54	1.91	20.14	56990.42
ING	13.23	-0.04	13.83	9.59	4.21	8.19	50792.8
Unilever	44.69	0.13	50.93	42.97	3.21	22.94	142399.53
Norway (Kr)							
DNB	216.40	0.90	224.40	177.45	5.87	8.58	32226.35
Equinor	318.80	-14.95	382.85	278.70	3.40	5.31	92424.18
Telenor	121.45	0.10	134.95	97.66	4.19	22.53	16407.95
Qatar (QR)							
QatarNtBk	16.52	0.12	19.64	14.31	3.80	8.48	41907.71
Saudi Arabia (SR)							
AlRajhiBnk	88.80	-	7317	0.00	1.41	21.44	94714.96
NatnlcombK	42.90	-0.80	1552.5	0.00	3.53	12.80	68636.34
SaudiBasic	81.70	0.20	2115	0.00	4.86	60.63	65356.5
SaudiTelec	40.95	-0.55	8480	0.00	4.08	14.26	54597.1
Singapore (S$)							
DBS	32.85	-0.05	36.40	30.30	5.20	8.29	63779.61
JardnMt US$	40.34	-0.10	54.79	38.37	5.35	23.66	11666.28
OCBC	12.80	-0.01	13.39	11.93	5.23	8.73	43306.2
SingTel	2.37	0.02	2.68	2.25	4.25	12.11	29443.02
UOB	28.40	0.06	31.33	26.82	4.68	7.73	35755.22
South Africa (R)							
Firstrand	71.80	0.71	74.77	58.60	5.52	9.94	21644.32
MTN Grp	111.23	-1.80	149.42	87.00	2.93	10.13	11263.2
Naspers N	3040.5	-39.04	17839200	2673.3	0.23	8.39	29971.81
South Korea (KRW)							
HyundMobis	218500	-3000.00	250000	205000	1.83	6.72	15550.47
KoreaElePwr	18550	-290.00	20850	16030	-	-0.58	9049.31
SK Hynix	136000	-1500.00	143700	76700	0.88	-11.39	75237.14
SmsungEl	76500	-100.00	79800	59000	1.89	14.58	347040.83
Spain (€)							
BBVA	8.60	0.09	8.73	5.74	3.63	6.99	55096.79
BcoSantdr	3.93	0.02	3.97	2.94	3.02	6.42	69774.06
CaixaBnk	4.06	0.05	4.23	3.12	5.73	7.40	33401.37
Iberdrola	12.00	-0.04	12.25	9.88	4.17	16.28	83571.88
Inditex	38.07	0.45	39.85	26.48	2.00	24.54	130178.22
Repsol	13.56	-0.20	15.87	12.46	5.20	4.65	19004.32
Telefonica	3.73	0.04	4.15	3.42	8.10	13.71	23545.65
Sweden (SKr)							
AtlasCpcoB	142.25	1.65	150.40	106.54	1.45	25.83	21710.74
Ericsson	62.81	0.16	68.50	48.53	4.23	-8.95	18930.9
H & M	168.80	3.30	189.58	119.92	3.62	46.41	23690
Investor	230.65	2.05	235.45	187.66	1.83	6.06	41090.43
Nordea Bk	128.94	-1.22	134.94	103.86	7.02	8.08	44573.69
SEB	141.85	0.05	142.40	105.20	4.68	8.21	29347.04
SvnskaHn	110.50	0.05	112.90	83.92	4.73	9.21	21012.91
Swedbank	206.90	1.40	219.90	161.60	4.63	7.16	22901.45
Telia Co	27.19	0.06	28.92	20.98	7.41	-7.09	10454.14
Volvo	250.00	2.35	264.85	188.96	2.75	11.65	38830.4
Switzerland (SFr)							
ABB	36.30	0.32	37.87	29.13	2.24	19.37	80719.2
CredSuisse	0.82	0.01	5.86	0.66	11.88	-0.31	3611.19
Nestle	98.79	0.16	116.84	96.12	2.83	28.76	311655.11
Novartis	90.80	0.39	91.24	69.89	3.41	26.61	244337.42
Glencore	457.10	-5.90	583.25	410.95	6.08	7.65	71165.85
HSBC	640.00	5.70	665.60	512.30	5.09	6.78	157066.12
Imperial Brands	1862	7.50	2084	1553.5	7.58	10.58	20940.65
Jardine Mathes.	62.50	-	53.91	40.80	3.53	36.66	18074.92
LlydsBkg	47.57	0.31	54.33	39.42	5.30	5.06	38553.46
LSE Group	9008	28.00	9438	7140	1.19	74.69	60029.69
Natl Grid	1068	-7.00	1229.21	918.00	4.83	14.47	50224.5
Natwest Group	221.90	1.10	310.00	168.00	6.99	4.56	24898.37
Prudential	841.60	20.80	1357.5	813.60	1.75	8.49	29547.65
ReckittB	5516	4.00	6570	5306	3.32	17.82	50204.02
RELX	3139	39.00	3206	2307	1.74	34.42	75507.84
RioTinto	5685	-15.00	6354	4509.5	6.75	13.71	90704.36
RollsRoyce	305.20	8.60	313.10	100.92	-	15.48	32753.32
Shell PLC	2491	-80.00	2801	2149.45	3.39	7.71	207024.49
StandCh	650.00	-1.60	799.40	578.80	2.52	12.28	22087.62
Tesco	303.50	2.60	307.23	217.53	3.59	15.45	27331.65
Unilever	3832	3.00	4868.64	3716.5	3.88	13.70	122102.26
Vodafone	69.98	-0.42	103.24	64.65	11.16	2.12	24161.82
WPP	771.20	1.00	1082	656.00	5.11	15.80	10569.12
United States of America ($)							
21stC Fox A	30.35	0.21	37.26	28.67	1.76	14.17	7503.33
3M	108.50	-0.09	129.46	85.35	5.77	-7.80	59926.4
AbbottLb	111.43	0.63	115.83	89.67	1.76	37.92	193449.18
Abbvie	160.73	-1.41	166.28	130.96	3.80	42.15	289314
Accenture	338.28	1.66	355.38	242.80	1.33	31.21	214806.37
Activision Bli.	94.42	-0.05	94.57	70.94	-	36.23	74289.5
Adobe	574.77	10.17	633.89	318.60	-	51.37	261692.78
Advanced Micro	145.56	6.98	151.05	65.67	-	-3628.73	232896.16
AEP	84.22	0.15	98.32	69.38	3.89	21.87	44289.25
Aflac	81.92	-0.80	84.64	60.20	2.12	10.74	47872.4
AirProd♦	269.35	-0.80	320.90	251.63	2.66	25.03	59851.87
Allstate	150.44	0.46	150.79	100.57	2.44	-18.02	39368.2
Alphabet	137.74	2.01	142.68	85.83	-	25.26	815115.73
Altria	41.95	0.46	51.57	39.07	9.46	8.19	74185.88
Amazon	147.58	2.34	155.63	87.08	-	73.96	1525096.23
AmerAir	14.43	0.83	19.08	10.86	-	5.78	9427.32
AmerExpr	187.35	-1.71	188.74	140.91	1.58	16.81	136538.8
AmerIntGrp	68.18	-0.84	69.37	45.66	2.08	11.33	47861.6
AmerTower	215.26	0.98	228.97	154.58	2.28	137.37	100352.67
Amgen	304.21	1.21	304.69	211.71	2.86	20.71	162803.83
Amphenol Corp♦	95.90	1.44	99.93	72.00	0.92	29.61	57374.96
Analog Devices	188.94	2.39	202.77	154.99	1.70	25.94	93763.68
Aon Cp	293.63	4.04	347.37	280.89	0.84	21.34	58789.53
Apple	183.84	2.66	199.62	128.12	0.51	30.75	2859140.16
Applied Materi.	151.85	2.85	165.01	104.16	0.72	20.22	126197.54
Aptiv	84.12	0.64	124.88	71.01	-	25.42	23794.36
ArcherDan	70.49	-0.32	87.30	69.31	2.59	9.38	37598.04
AT&T	17.39	-0.08	22.84	13.43	6.67	-11.02	124338.85
Autodesk	235.11	5.59	245.88	188.38	-	58.87	50293.63
AutomData	235.91	0.70	256.84	201.46	2.21	26.82	97030.91
AutoZone	2531.22	-19.71	2750	2277.88	-	19.47	43769.61
Avago Tech	1070.61	21.33	1151.82	549.99	1.66	33.25	501193.63
BakerHu	32.01	-1.42	37.58	26.12	2.18	78.69	32204.52
Bank of NY	52.47	0.08	52.58	39.65	3.05	11.76	40349.43
BankAm	33.74	-0.70	37.00	24.96	2.79	9.05	266969.75
Baxter	41.97	2.81	50.21	31.01	2.89	87.34	21292.37
BectonDick	246.54	4.45	287.32	228.62	1.46	44.45	71596.45
BerkshHat	553146	-1154.00	566569.97	442363.5	-	10.06	316247.95
Biogen	252.89	-4.99	319.76	220.86	-	24.06	36643.54
BlackRock	788.05	5.22	819.00	596.18	2.64	32.38	117232.27
Boeing	232.47	-16.53	267.54	176.25	-	-30.91	140638.96
Booking Holdings	3416.4	8.26	3580.62	2179.33	-	23.13	119197.76

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
CaixaBnk	4.06	4.01	0.05	1.17	0.29	8.9	3.02
MollerMrsk	13185.00	13975.00	-790.00	-5.65	1835.00	8.6	26.84
Baxter	41.97	39.16	2.81	7.18	0.50	8.6	16.07
Hunng Pwr	4.46	4.40	0.06	1.36	0.26	7.7	9.85
Allstate	150.44	149.98	0.46	0.31	10.00	7.5	7.95
Novartis	90.80	90.41	0.39	0.43	5.54	7.0	7.77
Fuji Hvy Ind	2765.50	2699.00	66.50	2.46	113.00	6.9	5.51
Merck	116.47	117.22	-0.75	-0.64	8.20	6.8	12.24

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Boeing	232.47	249.00	-16.53	-6.64	-11.66	-10.8	-4.84
MediaTek	920.00	921.00	-1.00	-0.11	-94.00	-9.4	-1.18
IndstrlBk	14.70	14.81	-0.11	-0.74	-1.40	-9.3	4.11
Hngzh HikVDT	31.68	32.43	-0.75	-2.31	-2.29	-8.8	-4.26
China Vanke	6.61	6.75	-0.14	-2.07	-0.47	-8.4	-8.70
ChinaLife	9.28	9.62	-0.34	-3.53	-0.50	-8.3	-8.12
PingAnIns	32.55	33.90	-1.35	-3.98	-1.45	-7.9	-3.84
HyundMobis	218500.00	221500.00	-3000.00	-1.35	-15500.00	-7.8	-1.34

BONDS: HIGH YIELD & EMERGING MARKET

Jan 08	Red date	Coupon	S*	M*	F*	Bid price	Bid yield
High Yield US$							
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24
High Yield Euro							
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23
Emerging US$							
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

BOND INDICES

VOLATILITY INDICES

GILTS: UK CASH MARKET

BONDS: GLOBAL INVESTMENT GRADE

BONDS: BENCHMARK GOVERNMENT

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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MANAGED FUNDS SERVICE

LGT Wealth Management (CI) Limited (JER)
Sir Walter Raleigh House, 48 - 50 Esplanade, St Helier, Jersey, JE2 3QB
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Volare Offshore Strategy Fund Limited				
Bridge Fund	£ 2.1953	-	-0.0039	2.50
Global Equity Fund	£ 3.4262	-	-0.0080	1.51
Global Fixed Interest Fund	£ 0.7524	-	-0.0008	5.42
Income Fund	£ 0.6365	-	-0.0006	3.16
Sterling Fixed Interest Fund	£ 0.6854	-	-0.0007	4.74
UK Equity Fund	£ 1.8248	-	0.0059	3.49

Algebris Investments (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Algebris Financial Credit I EUR	€ 191.25	-	-0.38	0.00
Algebris Financial Credit R EUR	€ 163.33	-	-0.32	0.00
Algebris Financial Credit Rd EUR	€ 93.83	-	-0.18	5.83
Algebris Financial Income I EUR	€ 203.70	-	0.40	0.00
Algebris Financial Income R EUR	€ 183.55	-	0.35	0.00
Algebris Financial Income Rd EUR	€ 106.86	-	0.20	4.75
Algebris Financial Equity B EUR	€ 197.01	-	1.30	0.00
Algebris Financial Equity R EUR	€ 163.90	-	1.08	0.00
Algebris IG Financial Credit I EUR	€ 104.77	-	-0.22	0.00
Algebris IG Financial Credit R EUR	€ 102.60	-	-0.21	0.00
Algebris Global Credit Opportunities I EUR	€ 138.88	-	-0.05	0.00
Algebris Global Credit Opportunities R EUR	€ 135.04	-	-0.06	0.00
Algebris Global Credit Opportunities Rd EUR	€ 114.08	-	-0.04	3.84
Algebris Core Italy I EUR	€ 150.66	-	-0.30	0.00
Algebris Core Italy R EUR	€ 141.86	-	-0.29	0.00
Algebris Sust. World B	€ 113.67	-	-0.39	0.00
Algebris Sust. World R	€ 111.89	-	-0.40	0.00

The Antares European Fund Limited

Fund	Bid	Offer	D+/-	Yield
Other International				
AEF Ltd Usd	$ 518.84	-	1.41	0.00
AEF Ltd Eur	€ 470.51	-	1.03	0.00

Artemis Fund Managers Ltd (1200)F (UK)
57 St. James's Street, London SW1A 1LD 0800 092 2051

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Artemis Corporate Bond I Acc	104.54	-	-0.07	4.75
Artemis Positive Future Fund	61.24	-	-0.17	0.00
Artemis Target Return Bond I Acc	113.14	-	0.00	4.39

Ashmore Group
61 Aldwych, London WC2B 4AE. Dealing team: +352 27 62 22 233

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Emerging Markets Equity Fund	$ 124.58	-	0.18	0.00
Emerging Markets Equity ESG Fund	$ 140.65	-	0.09	0.00
Emerging Markets Frontier Equity Fund	$ 186.71	-	0.78	0.95
Emerging Markets Blended Debt Fund	$ 56.18	-	0.12	4.49
Emerging Markets Blended Debt ESG Fund	$ 87.21	-	-0.99	-
Emerging Markets Active Equity Fund	$ 120.04	-	-0.06	0.00
Emerging Markets Corporate Debt Fund	$ 58.29	-	0.01	5.69
Emerging Markets Debt Fund	$ 61.14	-	-0.08	4.90
Emerging Markets Local Currency Bond Fund	$ 64.90	-	0.23	4.58

Atlantas Sicav (LUX)

Fund	Bid	Offer	D+/-	Yield
Regulated				
American Dynamic	$ 7983.79	-	-26.61	0.00
American One	$ 8213.05	-	3.47	0.00
Bond Global	€ 1984.69	-	4.51	0.00
Eurocroissance	€ 1407.02	-	3.54	0.00
Far East	$ 998.67	-	12.54	0.00

Blue Whale Investment Funds ICAV (IRE)
www.bluewhale.co.uk, info@bluewhale.co.uk

Fund	Bid	Offer	D+/-	Yield
FCA Recognised - Ireland UCITS				
Blue Whale Growth USD T	$ 11.22	-	0.04	-

Brooks Macdonald International Fund Managers Limited (JER)
Third Floor, No 1 Grenville Street, St Helier, Jersey, JE2 4UF
+44 (0) 1534 700 104 (Int.) +44 (0) 800 735 8000 (UK)

Fund	Bid	Offer	D+/-	Yield
Brooks Macdonald International Investment Funds Limited				
Euro High Income	€ 1.2334	-	-0.0009	2.50
High Income	£ 0.6580	-	0.0000	3.77
Sterling Bond	£ 1.2695	-	-0.0001	2.06
Brooks Macdonald International Multi Strategy Fund Limited				
Balanced Strategy A	£ 0.9525	-	-0.0028	0.01
Balanced Strategy	£ 0.9511	-	-0.0029	0.98
Cautious Balanced Strategy A	£ 0.9145	-	-0.0019	1.71
Growth Strategy A	£ 0.9655	-	-0.0034	0.01
High Growth Strategy A	£ 0.9660	-	-0.0033	0.70
Cautious Balanced Strategy	£ 1.2784	-	-0.0027	0.00
Growth Strategy	£ 2.0194	-	-0.0071	0.00
High Growth Strategy	£ 2.8314	-	-0.0099	0.00
US$ Growth Strategy	$ 1.8679	-	-0.0015	0.00

Dealing Daily. Initial Charge Nil for A classes and up to 2% for other classes

Brown Advisory Funds plc (IRL)
http://www.brownadvisory.com Tel: 020 3301 8130

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Global Leaders Fund USD C	$ 24.13	-	-0.01	0.00
Global Leaders Sustainable Fund USD C	$ 14.52	-	0.00	0.00
Global Sustainable Total Return Bond GBP B	£ 9.39	-	-0.01	2.64
Global Sustainable Total Return Bond USD B	$ 9.96	-	-0.01	0.00
US Equity Growth Fund USD B	$ 56.02	-	0.03	0.00
US Flexible Equity Fund USD B	$ 28.65	-	0.03	0.00
US Mid-Cap Growth Fund USD C	$ 18.96	-	-0.02	0.00
US Small Cap Blend Fund USD B	$ 23.15	-	0.00	0.00
US Smaller Companies Fund USD B	$ 36.28	-	-0.04	0.00
US Sustainable Growth Fund USD C	$ 28.70	-	-0.04	0.00
US Sustainable Value Fund USD C Acc	$ 11.77	-	0.04	-

CG Asset Management Limited (IRL)
25 Moorgate, London, EC2R 6AY
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
CG Portfolio Fund Plc				
Absolute Return Cls M Inc	£ 133.53	134.14	-0.34	2.14
Capital Gearing Portfolio GBP P	£ 38673.10	38731.51	-90.23	1.74
Capital Gearing Portfolio GBP V	£ 178.34	179.02	-0.43	1.75
Dollar Fund Cls D Inc	£ 156.69	157.16	-1.25	1.86
Dollar Hedged GBP Inc	£ 91.70	91.97	-0.31	1.78
Real Return Cls A Inc	£ 187.98	188.54	-1.22	2.33
UK Index-Linked Bond G Inc	£ 102.53	102.84	-0.14	-

Chartered Asset Management Pte Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
CAM-GTF VCC	$ 385040	385040	8640.46	-
CAM GTi VCC	$ 780.49	-	-32.39	-
RAIC VCC	$ 1.64	1.64	0.03	2.06

Dodge & Cox Worldwide Funds (IRL)
48-49 Pall Mall, London SW1Y 5JG
www.dodgeandcox.worldwide.com 020 3713 7664

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Dodge & Cox Worldwide Funds plc - Global Bond Fund				
EUR Accumulating Class	€ 16.84	-	0.00	0.00
EUR Accumulating Class (H)	€ 11.17	-	-0.02	0.00
EUR Distributing Class	€ 11.82	-	0.00	1.01
EUR Distributing Class (H)	€ 7.67	-	-0.01	1.09
GBP Distributing Class	£ 12.28	-	-0.05	0.96
GBP Distributing Class (H)	£ 8.29	-	0.00	1.05
USD Accumulating Class	$ 13.29	-	-0.02	0.00
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 33.55	-	0.12	0.00
GBP Accumulating Share Class	£ 43.39	-	0.04	0.00
GBP Distributing Share class	£ 28.80	-	0.02	0.00
EUR Accumulating Share Class	€ 46.07	-	0.21	0.00
GBP Distributing Class (H)	£ 15.22	-	0.06	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 43.25	-	0.21	0.00
GBP Accumulating Share Class	£ 52.90	-	0.11	0.00
GBP Distributing Share Class	£ 31.42	-	0.07	0.63
EUR Accumulating Share Class	€ 51.28	-	0.30	0.00
GBP Distributing Class (H)	£ 16.87	-	0.08	0.00

Dragon Capital
www.dragoncapital.com
Fund information:info@dragoncapital.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Vietnam Equity (UCITS) Fund A USD	$ 28.65	-	0.04	0.00

EdenTree Investment Management Ltd (UK)
PO Box 3733, Swindon, SN4 4BG, 0800 358 3010

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
EdenTree Short Dated Bond Cls B	94.64	-	-0.32	2.42

Euronova Asset Management UK LLP (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Smaller Cos Cls One Shares	€ 55.33	-	0.00	0.00
Smaller Cos Cls Two Shares	€ 35.13	-	0.00	0.00
Smaller Cos Cls Three Shares	€ 17.62	-	0.00	0.00
Smaller Cos Cls Four Shares	€ 23.11	-	0.00	0.00

FIL Investment Services (UK) Limited (1200)F (UK)
Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, KT20 6RP
Callfree: Private Clients 0800 414161
Broker Dealings: 0800 414 181

Fund	Bid	Offer	D+/-	Yield
OEIC Funds				
Index Sterling Corporate Bond Fund P-ACC-GBP	£ 0.87	-	0.00	2.76
Sustainable Multi Asset Balanced Fund W-ACC-GBP	£ 0.98	-	0.00	1.80
Emerging Mkts NAV	£ 7.21	-	-0.16	2.25
American Fund W-ACC-GBP	£ 60.29	-	-0.26	0.00
Cash Fund W-ACC-GBP	£ 1.08	-	0.00	1.75
Sustainable Emerg Mkts Equity Fund A-ACC-GBP Shares	£ 1.52	-	0.01	-
Sustainable Global Equity Fund W-ACC-GBP	£ 33.95	-	-0.11	0.39
Japan Fund W-ACC-GBP	£ 6.30	-	0.01	1.34
Japan Smaller Companies Fund W-ACC-GBP	£ 3.64	-	0.01	0.60
Select 50 Balanced Fund PI-ACC-GBP	£ 1.18	-	0.00	1.57
Special Situations Fund W-ACC-GBP	£ 44.81	-	0.02	3.16
Short Dated Corporate Bond Fund W-ACC-GBP	£ 11.18	-	0.00	3.56
Sustainable Water & Waste W-ACC-GBP	£ 1.19	-	0.00	0.50
Sustainable Water & Waste W-INC-GBP	£ 1.17	-	0.00	0.50
UK Select Fund W-ACC-GBP	£ 3.86	-	0.01	2.37
Global Enhanced Income W-ACC-GBP	£ 2.53	-	0.01	4.06
Index UK Gilt Fund P-ACC-GBP	£ 0.75	-	0.00	1.95
Sustainable Multi Asset Conservative Fund W-ACC-GBP	£ 0.93	-	0.00	2.19
Sustainable Multi Asset Growth Fund W-ACC-GBP	£ 1.00	-	0.00	1.80

Findlay Park Funds Plc (IRL)
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
American EUR Unhedged Class	€ 176.90	-	-0.39	0.00
American Fund USD Class	$ 194.25	-	-0.03	0.00
American Fund GBP Hedged	$ 94.36	-	-0.01	0.00
American Fund GBP Unhedged	£ 152.31	-	-0.66	0.00

Foord Asset Management
Website: www.foord.com - Email: info@foord.com

Fund	Bid	Offer	D+/-	Yield
FCA Recognised - Luxembourg UCITS				
Foord International Fund | R	$ 47.09	-	0.02	0.00
Foord Global Equity Fund (Lux) | R	$ 16.58	-	-0.10	0.00
Regulated				
Foord Global Equity Fund (Sing) | B	$ 19.87	-	-0.12	0.00
Foord International Trust (Gsy)	$ 45.92	-	0.02	0.00

GAM
funds@gam.com, www.funds.gam.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
LAPIS GBL F OWD 50 DIV.YLD-Na-D	£ 103.92	-	-0.46	1.22
LAPIS GBL MED DEV 25.YLD-Na-D	£ 88.88	-	-0.63	-
LAPIS GBL TOP 50 DIV.YLD-Na-D	£ 119.93	-	-0.27	2.94

Guinness Global Investors

Fund	Bid	Offer	D+/-	Yield
Regulated				
Guinness Global Equity Income Y GBP Dist	£ 19.49	-	-0.14	2.04
Guinness Global Innovators Y GBP Acc	£ 30.80	-	-0.10	0.00
Guinness Sustainable Global Equity Y GBP Acc	£ 11.31	-	-0.06	0.00

HPB Assurance Ltd
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490

Fund	Bid	Offer	D+/-	Yield
International Insurances				
Holiday Property Bond Ser 1	£ 0.50	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.64	-	0.01	0.00

Janus Henderson Investors (UK)
PO Box 9023, Chelmsford, CM99 2WB Enquiries: 0800 832 832
www.janushenderson.com

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Janus Henderson Instl UK Index Opportunities A Acc	£ 1.18	-	0.00	2.96

M & G Securities (1200)F (UK)
PO Box 9038, Chelmsford, CM99 2XF
www.mandg.co.uk/charities Enq./Dealing: 0800 917 4472

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
M&G Charibond Charities Fixed Interest Fund (Charibond) Inc	£ 1.10	-	0.00	3.58
M&G Charibond Charities Fixed Interest Fund (Charibond) Acc	£ 40.77	-	0.01	3.07
M&G Charity Multi Asset Fund Inc	£ 0.89	-	0.01	4.23
M&G Charity Multi Asset Fund Acc	£ 110.45	-	0.02	3.82

MMIP Investment Management Limited (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Multi-Manager Investment Programmes PCC Limited				
UK Equity Fd Cl A Series 01	£ 3380.40	3380.41	-21.75	-
Diversified Absolute Rtn Fd USD Cl AF2	$ 1668.02	-	45.93	-
Diversified Absolute Return Stlg Cell AF2	£ 1578.00	-	-1.96	-
Global Equity Fund A Lead Series	£ 1747.16	1747.16	-5.31	-

Marwyn Asset Management Limited (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Marwyn Value Investors	£ 329.72	-	-6.14	0.00

Milltrust International Managed Investments ICAV (IRL)
mimi@milltrust.com, +44(0)20 8123 8316 www.milltrust.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
British Innovation Fund	£ 121.92	-	2.89	0.00
MAI - Buy & Lease (Australia)	A$ 103.45	-	0.50	0.00
MAI - Buy & Lease (New Zealand)	NZ$ 91.20	-	-6.06	0.00
Milltrust Global Emerging Markets Fund - Class A	$ 92.11	-	1.72	0.00

Milltrust International Managed Investments SPC
em@milltrust.com, +44(0)20 8123 8316, www.milltrust.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Milltrust Alaska Brazil Fund SP A	$ 111.84	-	1.04	0.00
Milltrust Laurium Africa Fund SP A	$ 95.88	-	0.18	0.00
Milltrust Marcellus India Fund SP	$ 142.91	-	0.81	0.00
Milltrust Singular ASEAN Fund SP Founders	$ 132.22	-	0.02	0.00
Milltrust SPARX Korea Equity Fund SP A	$ 124.46	-	0.00	0.00
Milltrust Xingtai China Fund SP A	$ 81.80	-	-0.85	0.00
The Climate Impact Asia Fund SP A	$ 71.26	-	-0.21	0.00
The Climate Impact Asia Fund (Class B)	$ 70.31	-	-0.21	0.00

Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Please find more details on our website: www.mirabaud-am.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Mir. - Glb Strat. Bd I USD	$ 122.32	-	-0.04	0.00
Mir. - DiscEur D Cap GBP	£ 168.18	-	-1.10	0.00

Oasis Crescent Global Investment Funds (UK) ICVC (UK)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Oasis Crescent Global Equity Fund USD A (Dist)	$ 36.25	-	0.11	0.78
Oasis Crescent Global Income Fund USD A (Dist)	$ 10.07	-	-0.01	3.66
Oasis Crescent Global Low Equity Fund USD D (Dist)	$ 12.51	-	0.02	1.26
Oasis Crescent Global Medium Equity Fund USD A (Dist)	$ 14.00	-	0.02	0.76
Oasis Crescent Global Property Equity Fund USD A (Dist)	$ 8.41	-	-0.01	1.70
Oasis Crescent Global Short Term Income Fund USD A (Dist)	$ 0.94	-	0.00	3.02
Oasis Crescent Variable Fund GBP A (Dist)	£ 9.71	-	-0.03	0.67

Omnia Fund Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Estimated NAV	$ 981.37	-	7.78	0.00

Platinum Capital Management Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Platinum All Star Fund - A	$ 153.87	-	-	-
Platinum Global Growth UCITS Fund	$ 8.92	-	0.01	0.00
Platinum Essential Resources UCITS Fund SICAV USD Class E	$ 9.42	-	-0.70	0.00
Platinum Global Dividend UCITS Fund	$ 45.64	-	0.01	0.00

Polar Capital Funds Plc (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Artificial Intelligence I USD ACC	$ 18.34	18.34	0.00	0.00
Asian Starts I USD Acc $	$ 14.56	-	-0.01	0.00
Biotechnology I USD	$ 44.07	44.07	-0.39	0.00
China Stars I USD Acc $	$ 9.05	9.05	-0.07	0.00
Emerging Market Stars I USD Acc	$ 11.91	-	0.04	0.00
European Ex UK Inc EUR Acc	€ 15.82	15.82	-0.06	0.00
Financial Opps I USD	$ 14.69	-	0.05	2.17
Global Convertible I USD	$ 14.26	14.26	0.04	0.00
Global Insurance I GBP	£ 10.52	-	-0.04	0.00
Global Technology I USD	$ 86.07	-	0.20	0.00
Healthcare Blue Chip Fund I USD Acc	$ 19.69	19.69	0.07	0.00
Healthcare Dis I Acc USD $	$ 12.47	-	0.06	0.00
Healthcare Opps I USD	$ 70.85	-	0.21	0.00
Income Opportunities B2 I GBP Acc	£ 3.17	3.17	0.00	0.00
Japan Value I JPY	¥ 182.34	182.34	0.28	0.00
North American I USD	$ 38.66	38.66	0.16	0.00
Smart Energy I USD Acc $	$ 9.49	9.49	0.01	0.00
Smart Mobility I USD Acc $	$ 8.54	8.54	-0.03	0.00
UK Val Opp I GBP Acc	£ 12.91	12.91	0.07	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Monument Growth 29/12/2023	£ 559.50	564.87	13.93	0.00

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331

Fund	Bid	Offer	D+/-	Yield
Regulated				
Prusik Asian Equity Income B Dist	$ 169.09	-	-1.28	5.78
Prusik Asia Fund U Dist.	£ 197.51	-	-2.66	0.00

Purisima Investment Fds (CI) Ltd (JER)

Fund	Bid	Offer	D+/-	Yield
Regulated				
PCG B ✢	345.60	-	0.65	0.00
PCG C ✢	335.44	-	0.63	0.00

Ram Active Investments SA
www.ram-ai.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
RAM Systematic Emerg Markets Eq	$ 234.54	234.54	-0.17	-
RAM Systematic European Eq	€ 551.03	551.03	-1.41	-
RAM Systematic Funds Global Sustainable Income Eq	$ 163.23	163.23	-0.08	0.00
RAM Systematic Long/Short European Eq	€ 153.40	153.40	0.19	-

Ruffer LLP (1000)F (UK)
2nd floor, 20-22 Bedford Row, London, WC1R 4EB
Order Desk and Enquiries: 0345 601 9610

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Authorised Corporate Director - Waystone Management (UK) Limited				
LF Ruffer Diversified Rtrn C Acc	99.38	-	-0.14	1.75
LF Ruffer Diversified Rtrn C Inc	96.88	-	-0.14	1.78
LF Ruffer Equity & General C Acc	586.36	-	2.30	1.32
LF Ruffer Equity & General C Inc	522.64	-	2.06	1.33
LF Ruffer Gold C Acc	259.01	-	-4.17	0.40
LF Ruffer Gold C Inc	156.10	-	-2.51	0.39
LF Ruffer Total Return C Acc	536.52	-	-1.83	2.43
LF Ruffer Total Return C Inc	326.78	-	-1.12	2.47

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Rubrics Emerging Markets Fixed Income UCITS Fund	$ 142.82	-	0.04	0.00
Rubrics Global Credit UCITS Fund	$ 17.39	-	-0.01	0.00
Rubrics Global Fixed Income UCITS Fund	$ 174.30	-	-0.33	0.00

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Slater Growth A Acc	600.55	600.55	-0.67	0.00
Slater Income A Inc	137.42	137.42	-0.12	5.22
Slater Recovery A Acc	308.66	308.66	-0.62	0.00
Slater Artorius	265.49	265.49	-2.04	1.27

Stonehage Fleming Investment Management Ltd (IRL)
www.stonehagefleming.com/gbi
enquiries@stonehagefleming.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
SF Global Best Ideas Eq B USD ACC	$ 255.97	-	-0.86	0.00
SF Global Best Ideas Eq D GBP INC	£ 304.54	-	-2.29	0.00

Superfund Asset Management GmbH
www.superfund.com, +43 (1) 247 00

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Other International Funds				
Superfund Green Gold	$ 890.40	-	0.28	0.00
Superfund Green Silver	$ 718.45	-	4.45	0.00
Regulated				
Superfund Green US$	$ 653.29	-	0.27	0.00

Toscafund Asset Management LLP (UK)
www.toscafund.com

Fund	Bid	Offer	D+/-	Yield
Authorised Funds				
Aptus Global Financials B Acc	£ 5.60	-	0.02	3.62
Aptus Global Financials B Inc	£ 3.43	-	0.02	3.74

Toscafund Asset Management LLP
www.toscafund.com

Fund	Bid	Offer	D+/-	Yield
Tosca A USD	$ 431.49	-	-5.25	0.00
Tosca Mid Cap GBP	£ 114.24	-	-5.35	0.00
Tosca Opportunity B USD	$ 252.81	-	-15.03	0.00
Pegasus Fund Ltd A-1 GBP	£ 26.62	-	-1.62	0.00

Troy Asset Mgt (1200) (UK)
2nd floor, 20-22 Bedford Row, London, WC1R 4EB
Order Desk and Enquiries: 0345 608 0950

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Authorised Corporate Director - Waystone Management (UK) Limited				
Trojan Investment Funds				
Trojan Ethical Global Inc O Acc	105.61	-	-0.25	2.50
Trojan Ethical Global Inc O Inc	100.35	-	-0.24	2.54
Trojan Ethical O Acc	130.37	-	-0.44	0.07
Trojan Ethical O Inc	130.27	-	-0.44	0.08

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Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

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Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. Scheme particulars, prospectus, key features and reports: The most recent particulars and documents may be obtained free of charge from fund managers/operators. * Indicates funds which do not price on Fridays.

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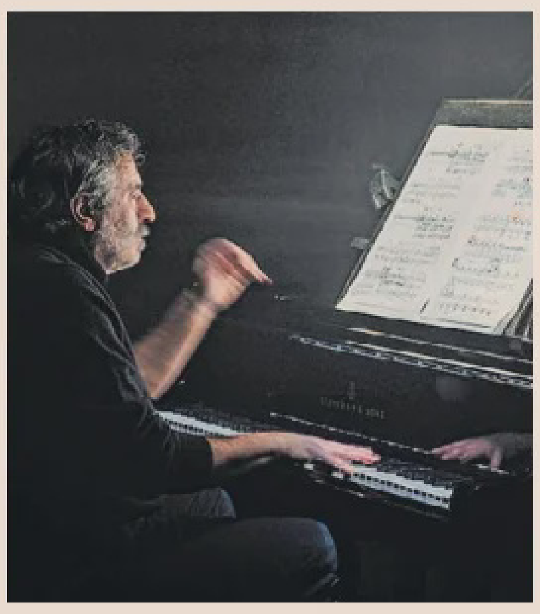
Fanny Däuper in 'The Timeless Moment'. Below left: pianist and dramaturge Alain Franco — Gianmarco Bresadola

Music flows as water ripples

MUSIC

The Timeless Moment
Staatsoper Berlin
★★★☆☆

Shirley Apthorp



Audience members are offered silver balls as they enter the fog-filled gloom. How they use them is left to their own discretion, though any thoughts of Gwyneth Paltrow's jade objects are best repressed.

The Timeless Moment is billed as a "scenic concert", explicitly devoid of narrative, more experience than performance. The Berlin Staatsoper has turned the Alter Orchesterprobensaal, its former orchestral rehearsal room, over to director Silvia Costa and dramaturge/pianist Alain Franco for an hour-long event featuring the keyboard works of Debussy and his spectralist successor Tristan Murail.

Franco has cleverly knitted the music of the two composers together into a continuous flow, which he performs first in virtual darkness, with the audience seated on cushions on the floor, — or, for those of us who could imagine nothing worse, stools against the walls. His playing is accurate and thoughtful, if seldom truly magical.

As the light eventually rises, we see an arrangement of several circular basins, like inverted hand drums, filled with water. These are ingeniously wired to a sound system, so that the water ripples in ever-changing patterns in response to the music.

After some time, a girl dressed as a beekeeper enters, carrying a fishing net which she uses as a stick to tap her way through the set. This is Fanny Däuper, a local performer who has been blind since birth. She delivers a gentle, improvised performance in response to the music, hands fluttering, arms reaching, or stooping to fish a water-lily from a pond; she describes the pictures the music shows her, and, for one haunting moment, sings a sweet duet with the pianist during Debussy's "Clair de Lune". It feels both intriguing and disconcertingly voyeuristic. Do we have the right to spy on this child's inner world?

Some people's balls are, inevitably, dropped in the course of the evening, giving rise to quickly suppressed sniggers. When the final applause ends, some people roll them, like marbles, across the dark floor. *The Timeless Moment* feels more like a philosophical experiment than an act of music theatre. But perhaps it is none the worse for that.

To January 17, staatsoper-berlin.de

Ground-shaking tribute to a dub reggae pioneer

POP

A Brief History of King Tubby
Jazz Café, London
★★★☆☆

Ian Gittins

They say the pioneers get the arrows and the settlers get the land, yet King Tubby was always lord of his musical terrain. The Jamaican sound engineer was a groundbreaking figure who, in the 1970s, invented and developed the hypnotic, mesmeric sub-genre of reggae known as dub.

Tubby, who was murdered in 1989, enjoys messianic status in his field, and one of his most fervent disciples is the Barbados-born, London-based reggae guitarist, bassist and producer Dennis Bovell. Himself a venerable figure, now 70, he has established a tribute evening at London's Jazz Café to his mercurial musical hero as an annual event.

Bovell divided the evening into two halves, the first of which appeared to celebrate himself more than Tubby. Singing over his own records, such as "Dub Master" and "Champion", he listed the artists he has produced and remixed: Radiohead, The Slits, The Pop Group. "I don't like to boast," he added, a little unconvincingly.

An avuncular, grey-bearded presence behind a pair of decks, Bovell introduced Nigerian saxophonist Bukky Leo, then a protégée, L Dot, an attitudinal teenage rapper. As she spat rhymes with two pals, Bovell proudly noted, "I've been watching them since they were doing that in year seven in my kitchen!"

These two cameos were pleasantly diverting, although it was difficult to discern exactly how they related to King Tubby. It was only after Bovell had growled his own "Half Way to Za-lon" and changed into bright orange Caribbean casualwear that he applied himself to lauding that seminal figure.

King Tubby's genius, half a century ago, was to turn the recording studio mixing desk into an instrument. He would take reggae tracks and utterly deconstruct them, removing vocals, accentuating bass and drum rhythms, and adding layers of echo, reverb and phased electronic effects to create a whole new entity.

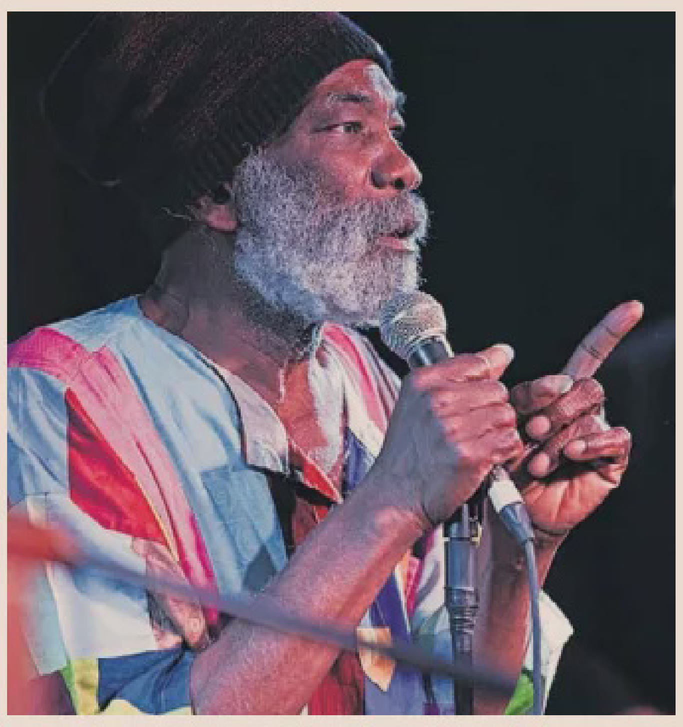
Bovell's tribute tonight was, in effect, to replicate this methodology on Tubby's own material. Crouched over a performance controller, he unleashed waves of juddering dub and ground-shaking bass over cavernous, febrile Tubby original tracks such as "Strength to Survive".

Tubby's radical reinventing and lengthening of existing songs saw him lauded as the inventor of the remix. Bovell acknowledged this by adding even more layers of echo to his hero's deep-dub reworkings of "Rainy Night in Georgia" and The Temptations' "Get Ready", the latter retitled "Get Ready for the Master Dub".

Bovell's fervent enthusiasm for this material was infectious. When he wasn't yelling "Tubby!" over the seismic beats, he was howling like a wolf. He went particularly spare for Tubby's reshaping of "Kingston Town", best known in the UK for its rather diluted, less essential 1989 cover by UB40.

Bovell closed with his own production of Bob Marley's hit "Sun Is Shining" by Tubby's contemporary, and fellow pioneering reggae producer, Lee "Scratch" Perry, who died in 2021. "Scratch is still here, just not in the flesh!" he opined, gravely. It was a distinctly quixotic evening: probably, exactly what King Tubby would have wanted.

thejazzcafelondon.com


Producer, bassist and guitarist Dennis Bovell devoted his show to the sound engineer King Tubby — Dave Benett/Getty

Subtle sounds of a distinctive label

JAZZ

ECM Series
Wigmore Hall, London
★★★★☆

Mike Hobart

The first of the Wigmore Hall's occasional ECM Series of concerts twinned the swish and grind of free-form electronica with the resonant sonics of a trumpet and piano duo. The first delivered all-original work, the second reimagined covers, but both bore the textural subtleties, narrative twists and subdued rhythms of the ECM label's stamp.

The trio of drummer Michele Rabbia, guitarist Eivind Aarset and trombonist Gianluca Petrella, convening at the suggestion of ECM label boss Manfred Eicher, released the album *Lost River* in 2019. The seven tracks, conjured in the studio, wrapped the warmth of Petrella's trombone in wraithlike atmospherics and juxtaposed dystopian moods with a sense of optimism and calm.

Those freely improvised sonics became signposts for the trio's first-half set. Aarset's sustained synthesised guitar opened, pulsating behind Petrella's melancholic trombone. As on "Nimbus", the album's opening track, the trombonist's close control and mellow acoustics dovetailed neatly with the textural depth of Aarset's guitar. Drummer Petrella entered with a sustained hiss of cymbals, a departure from the script, and then a supple undertow of rhythm journeyed to pastures new.

As the piece unfolded, a sampled trombone breath supported a joyride of picked guitar, duets emerged and there were bursts of electronically doctored free-jazz abstraction. A second piece started with Rabbia distorting short press-rolls, taps and scrapes into the sounds of drills, clangs and the disturbing dribbles of a dripping tap; a third found Aarset ruminating on an altered minor scale. But these were just the first steps of a three-way dialogue that conjured cinematic vistas and narrative twists that ranged from full-force electronica to the drummer's finger snap. The mesmerising "What Floats Beneath" was beautifully poised, and the finale steadily built in volume before fading to a whisper.

Trumpeter Avishai Cohen and pianist Yonathan Avishai have been playing music together for 35 years — "Since we were kids," as the trumpeter said. Here, their second-half set reproduced the intimacy of their 2019 duo album *Playing the Room*.

As on the album, the evening closed with Alexander Argov's magical waltz lullaby "Shir Eres", here played as the encore, and there was a wistful remake of Duke Ellington's "Azalea", from the album *Louis Armstrong & Duke Ellington*. But the rest of the set referenced a new selection of covers.

"April in Paris" was the opener, pulled this way and that; then the outline of Herbie Hancock's "Maiden Voyage", its melody ghosted until the final notes. An impromptu "Fever" introduced Lee Morgan's soul-jazz composition "Yama". The elegiac "Lashir Ze Kmo Lihiot Yarden" ("To Sing Is Like to Be Jordan") combined moments of introspection and hints of the blues with the uplift of a country dance.

For the most part, Cohen tempered his advanced trumpet technique to dovetail with Avishai's stripped-down approach to piano accompaniment. High-note trills, pinched inflections and dazzling downward sloping runs came mid-solo to add spice while maintaining the mood of the set. Bob Marley's "No Woman, No Cry" was the highlight of this always engaging set. Introduced by a single offbeat piano note, the melody, played in unison, sat sensuously behind the beat, before Cohen channelled the emotional purity of the blues.

wigmore-hall.org.uk


Yonathan Avishai, left, and Avishai Cohen at the Wigmore Hall — Wigmore Hall Trust

FT BIG READ. SOCIAL AFFAIRS

Spending by NHS trusts on private out-of-area beds for people with mental illness is at record levels in England. The practice can harm patients and burdens a health service already under financial strain.

By Anna Gross and Amy Borrett

The costly outsourcing of mental health

In the worst of her mania, Isobel Hallett planned to put her magical powers to use by jumping off the local viaduct and flying over the town of Knaresborough in Yorkshire. "People telling me, 'You can't fly' just made me cross," Hallett says of her first fully manic episode in May 2022. She was subsequently diagnosed with bipolar disorder after 14 years of struggling with severe bouts of depression.

Hallett, who is 30, was admitted to the hospital a mile away from her home, where she waited for six days in a loud, crowded ward as doctors tried to find her a psychiatric bed.

She was eventually transported 200 miles away to a private hospital in Harrow, near London, run by the company Cygnet Health Care. Her fiancé at the time could not afford to make regular trips to visit her. When her manic episode subsided and depression set in the loneliness became intolerable.

After a month, she discharged herself. "If I'd been closer to home where I could see my fiancé, see the dog, see some friends, it would have made a big difference," she says.

The NHS outsources mental health support to the private sector just as it does other procedures such as eye, hip and knee operations — part of a wider trend of the taxpayer-funded service supplementing meagre resources and staffing.

But unlike other segments of the public health sector, the 50 mental health trusts that provide services to patients across England tend to rely on private providers for specialised care that is often complex and expensive.

This outsourcing can be costly for the NHS trusts already facing severe financial strain. It can also have damaging effects on patients sent far away from their home and loved ones.

Spending on private "out of area" beds by NHS mental health trusts in England has reached record levels and is 43 per cent higher than it was five years ago, according to Financial Times calculations. Of 21 mental health trusts that responded to Freedom of Information requests with the data requested, 18 say they have increased spending on private beds considerably over the past five years as bed occupancy within the trusts reached some of the highest levels on record.

The responses also reveal that several trusts are increasingly discharging patients to bed and breakfasts and hotels amid cuts to community psychiatric services and pervasive local authority housing shortages.

Part of what is driving the trend is a rapid increase in demand for mental health services, which poses a problem not just for the health system but the wider economy.

Chancellor Jeremy Hunt vowed to tackle the problem in his Autumn Statement in November with a five-year carrot-and-stick plan to provide extra support and coaching to help nudge people into work, while tightening sanctions on benefit claimants who do not take up work placements.

But many in the sector feel this does not get to the heart of the problem — that more and more people are getting to crisis point because of underlying drivers of instability, such as financial insecurity, and are not being supported sufficiently in the early stages of mental ill health.

"The reason more people are getting really sick, and going off work as a result, is because they're not getting the care they need early. It's as simple as that," says Dr Lade Smith, president of the Royal College of Psychiatrists (RCPsych). "They're sick. They're not pretend sick."

Meanwhile, a landmark mental health bill — which had been five years in the making and is expected to alleviate pressure on trusts by reducing the number of people detained with psychiatric conditions — did not make the cut for the King's Speech last year.

There is now only a vanishing chance the legislation will be passed before the election later this year, exacerbating fears that trusts will further buckle under the pressure of demand.

Close by the former coal-mining village of Rainworth in Nottinghamshire, builders are putting the finishing touches on a new multi-storey psychiatric ward owned by Cygnet Health Care. From this month, the site will start treating dozens of men with acute mental health conditions.

A few miles away, Nottinghamshire Healthcare NHS Trust has been battling with bed capacity at over 95 per cent on its mental health wards for the past 12 months. RCPsych recommends bed occupancy does not breach 85 per cent.

A rise in health-related economic inactivity has cost the UK government an estimated £16bn more each year since the pandemic, largely due to mental health problems. Below right: Isobel Hallett was diagnosed with bipolar disorder after 14 years of struggling with severe bouts of depression

FT montage/Dreamstime; Charlie Bibby/FT

Ifti Majid, the trust's chief executive, says the "danger" of new private hospitals opening is that "we're not treating the condition, we're treating the symptom, which is that we need more beds". Nottinghamshire increased spending on private beds from £26,000 in 2014-15 to £14mn in 2022-23.

Majid believes the recent "tsunami" in demand for services is partly caused by increasing financial strain on individuals and growing insecurities about work and housing. There were an estimated 4.8mn new referrals to mental health services in England in 2022-23, 50 per cent higher than in 2017-18.

Majid calls the financial position of his trust "critical". This is caused in part by the increasing outlay on private beds, which in the past year have become more expensive per day, he adds.

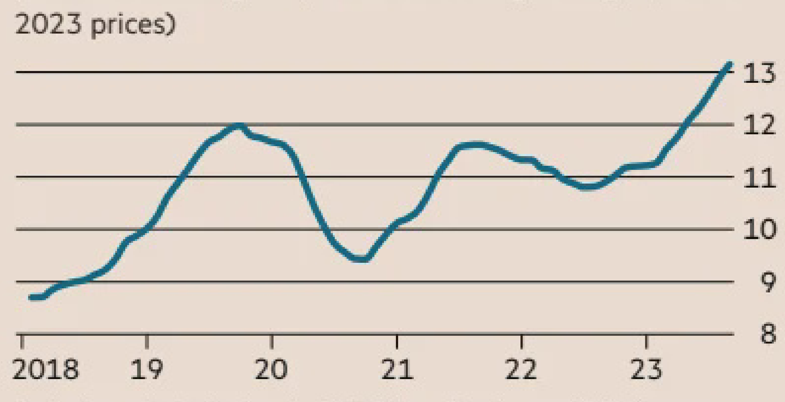
For several years, experts have called for an end to what the NHS calls "inappropriate" out-of-area placements, where a patient is sent far from their community to receive care. A review of mental health services in 2016 found that these placements tend to be more costly and harmful to patients than using local NHS services. A commitment was made to eradicate them in acute inpatient care by 2021.

But spending on such placements in England rose rapidly last year and is inching back towards record levels set in late 2019, according to FT analysis. By September last year, 95 per cent of all "inappropriate placement" days were at private providers rather than NHS trusts, up from 73 per cent in 2017.

In 2019, the government announced that it would invest £2.3bn extra in mental health services per year by 2023-24 and it is on track to reach that goal this year. Smith describes the uptick in spending as "fantastic" but says inflation and soaring demand for services had simply "wiped it out".

Cost of private out-of-area placements at record levels

Monthly cost of private out-of-area mental health placements in England, 12-month rolling average (£mn in 2023 prices)



Real prices calculated using the GDP deflator. Data is unavailable for some placements

Source: NHS England

In the 1980s, a several decades-long drive to reduce the number of mental health beds in England began. Initially, it was coupled with an ambition to improve care in the community.

But while per person spending at NHS mental health trusts has risen in recent years, care provided by local authorities for community services has taken a financial hit. From 2018-19 to 2022-23, the local authority public health grant had a 6 per cent real-terms funding reduction, according to a recent report by MPs.

"The transition to community care has not happened in the way that it needed to happen," Smith says. "We used to manage people so that it didn't get so bad that by the time they came in again they were in crisis."

Meanwhile, the need for inpatient care is soaring. In the second quarter of 2023-24, more than three-quarters of mental health trusts had bed occupancy above RCPsych's recommended limit, up from 63 per cent six years ago. Northamptonshire reported average bed occupancy on mental health wards of 133 per cent between July and September last year.

This has led to a situation where many trusts are in desperate need of additional beds, often with precious little notice. At Northamptonshire, for example, spending on private beds increased from £1.8mn in 2019 to £3.6mn in the first eight months of last year, according to data provided via FOI. Average private bed prices fluctuated from £763 per day in 2020 to £2,000 in 2023.

At Central and North West London trust, spending on private beds increased by 46-fold between 2014 and 2022 from £147,000 to £6.8mn.

Central and North West London says it is reducing its use of private beds with the aim of ending their use entirely in 2024, and is investing in community services to act as a step-down from inpatient care. Northamptonshire did not respond to a request for comment.

Private providers are for the most part responding nimbly to deficits in the health service. Andy Bell, chief executive of the Centre for Mental Health, a research and campaigning organisation, says that while private providers across most of the NHS tend to do the "quick stuff" in mental health they usually provide more specialised longer-duration services because this is where the public sector most severely lacks capacity.

"We spend a king's ransom on complex and long-stay services, like forensic and locked rehab," Bell says.

He claims this isn't always justified clinically. Private providers, he says, "do have an inevitable business interest to keep people in those beds".

A study of mental health rehabilitation by the Care Quality Commission, a health regulator, in 2020 found that stays in private beds tend to last almost double the duration of stays in the NHS.

Smith of RCPsych notes that the per day rate of private beds can be similar to NHS costs if they are bought in block contracts, but the urgent need for beds during periods of overcapacity means they are often bought ad hoc at an elevated price.

> 'We spend a king's ransom on complex and long-stay services, like forensic and locked rehab'

> 'If I'd been closer to home where I could see my fiancé, see the dog, see some friends, it would have made a big difference'

Three of the biggest for-profit mental health providers — Priory Group, Elysium Healthcare and Cygnet Health — account for around 30 per cent of the mental health market in the UK, while the NHS accounts for around 53 per cent, according to the consultancy LaingBuisson.

But these private providers overwhelmingly get their revenues from public bodies. Cygnet, which was purchased by US health giant Universal Health Services in 2014, gets "substantially all" of its revenues from public entities in the UK, according to its latest annual report. Revenues at the group increased by 50 per cent since 2018 to £551mn, while earnings before interest, tax, depreciation and amortisation increased by a fifth to £48mn.

Priory, which was purchased by Dutch company Waterland Private Equity in 2021, says it gets a "substantial portion" of its revenue from public bodies, but has seen a decline in revenues and profits since 2017. Elysium, which was purchased by Australian multinational Ramsay Health Care in 2022, has seen ebitda rise 50 per cent to £67mn, according to filings.

Cygnet, Elysium and the Priory each say they are proud partners to the NHS and are committed to providing the best outcomes to their patients. Cygnet says: "Our services provide intensive support to some of society's most vulnerable people and those presenting with higher acuity, complex care needs." The company says its investment "helps to fill the gaps in [NHS] provision".

It adds that in many cases, the average length of stay at Cygnet services is less than in other settings, and it never refuses or delays the transfer of people to an equivalent NHS bed once one is available.

Priory says it does not delay discharge or retain patients in its service unnecessarily or seek to profit from extending the duration of admissions. The company says that average length of stay varies depending on specialism and because Priory offers a range of specialisms this could mean longer lengths of stay than in the NHS.

Elysium says its services are "delivered according to need and our preference is always to work in partnership".

When patients are admitted to hospital for several weeks or months, they often lose their council accommodation. Due to a local housing crisis across swaths of England, trusts are often unable to find suitable replacements quickly. In order to vacate beds for new admissions, some trusts are increasingly discharging patients to hotels and bed and breakfasts.

South London and Maudsley (SLAM), the second-largest mental health trust in the UK, spent nearly £4mn discharging patients to hotels and B&Bs in 2022-23, up from £1.3mn the year before, according to data provided via FOI, and spent nearly £1.5mn between April and September of last year.

SLAM says it is seeing "extremely high levels of demand for mental health services across south London", caused in part by the long-term impact of Covid-19, the cost of living crisis and a lack of local authority housing.

It notes that it is currently streamlining its admission and discharge processes and increasing the number of senior decision makers in liaison teams so that patients spend less time in emergency departments.

After checking herself out of the Harrow facility, Hallett was prescribed lithium in December 2022 and has not had any serious mental health episodes since. She says that after receiving community care she has had the support of a "wonderful therapist" whose assistance and kindness "saved my life".

But Hallett says it took too long and was "too hard" to get the support of the mental health team. She was admitted to hospital multiple times in 2021 after trying to kill herself and was simply discharged home without support.

In light of cases like these, some medical professionals and politicians are clamouring for greater investment in community teams and services for young people. They are also eager to see the long-awaited mental health bill passed into law.

The legislation aims to reduce the strain on services by taking away the power to detain people with autism and learning disabilities, and by tightening the criteria for being sectioned.

The government says it is investing £1bn to March 2024, part of its £2.3bn mental health investment, in improving community services as well as establishing 24/7 urgent helplines across the country. It notes that the private sector plays a key role in delivering NHS-funded care, but says it remains committed to eliminating all inappropriate, acute out-of-area placements for adults and bringing forward the mental health bill when parliamentary time allows.

Many argue it is crucial that services are available to people at the very onset of their difficulties. "If you treat young people, they become adults who don't have mental health problems," says Smith. "If you don't treat them, they become adults who have chronic, relapsing mental health problems."

Anyone in the UK affected by the issues raised in this article can contact the Samaritans for free on 116 123

The FT View

FINANCIAL TIMES
'Without fear and without favour'
ft.com/opinion

How to put right a grave British miscarriage of justice

Wrongful convictions of victims of the Post Office scandal must be overturned

The most talked-about holiday TV viewing in Britain was not a Hollywood blockbuster or a Netflix fantasy drama. It was a dramatisation of the real-life scandal of hundreds of sub-postmasters wrongly accused by the Post Office of theft and false accounting that were in fact the result of a faulty computer system. Many were jailed or ruined. Some convictions have been overturned, and a public inquiry is under way. Yet the TV drama has galvanised outrage and pressure to end delays in compensating victims. This is one of the UK's widest miscarriages of justice in recent years. It is a lesson for organisations everywhere, especially in the era of AI, in the perils of putting blind trust in technology.

Between 1999, when the Post Office introduced the Horizon IT system supplied by Fujitsu, and 2015, more than 700 local sub-postmasters — who provide post office services often as part of wider businesses — were prosecuted for alleged shortfalls in accounts. For historical reasons, the Post Office can bring its own prosecutions, without the police, and sub-postmasters' contracts with the state-owned company made them liable for making good any losses. Lives were destroyed and reputations besmirched. At least four people took their own lives.

Only 93 convictions linked to the flawed IT system have been overturned. The first priority must be to quash the rest, to end victims' torment and enable them to apply for compensation that is now available. The case for "mass exoneration" is compelling. This might mean acquitting a few genuine wrongdoers among those convicted. But such people have already been punished, and this would be a small miscarriage of justice compared with the mass wrong against innocent victims.

One option is legislation in parliament to declare an amnesty. This could be done quickly, and overcome some fearful victims' reluctance to pursue appeals. Some victims, however, want their names cleared by the same judicial system that found them guilty.

A preferable route, if ministers could be confident of a swift outcome, might be to group remaining cases into mass appeals to be fast-tracked by the courts. The government is considering removing the Post Office as a participant in appeals. An advisory board on compensation suggests the Post Office's mishandling of prosecutions was so egregious that it would constitute a "cogent ground" for overturning convictions.

> Lives were destroyed and reputations besmirched. At least four people took their own lives

Quashing convictions would speed up compensation payments. But others were not prosecuted yet still lost jobs and savings, and payments need to be accelerated. Some victims have died without being properly compensated.

A final priority is to secure accountability, via the public inquiry and a police investigation, for what went wrong. No executives of the Post Office or Fujitsu, which took control of the British computer company ICL in 1998, have been punished. Yet Post Office managers, including former chief executive Paula Vennells, continued to insist Horizon was "robust", and to allow sub-postmasters to be hounded, even as evidence to the contrary piled up.

It is surely time to strip the Post Office of its anachronistic right to bring private prosecutions. Police are now investigating potential "fraud offences" related to the Post Office's clawback of millions of pounds from sub-postmasters that was never actually missing. But that process could take years.

The human suffering caused by the Horizon scandal has dented citizens' belief that the courts and public authorities will protect them from abuse by those in authority. Speeding up action to provide redress is vital to rebuild that confidence — and to deter other organisations, public or private, from ever behaving in similar fashion again.

Opinion Technology

Substack gave the wrong reply to its 'Nazi problem'

Ewan White

Stephen Bush

Substack is to email newsletters what Hoover is to vacuum cleaners in the UK and Colgate to toothpaste in Zambia: none of the companies involved created the original product, but they did so much to introduce it to a wider audience that their brands became synonymous with the whole enterprise.

That's not to belittle the significance of any of those companies. But it is to say that what often matters most about their fortunes is what it suggests about the future of their industries as a whole.

Today, Substack, which has enjoyed astonishing success since its foundation in 2017, is facing the biggest test of its young life.

The title of a recent article in The Atlantic tells you pretty much all you need to know about the challenge it confronts: "Substack has a Nazi problem". The piece, which appeared at the end of November, revealed the presence of unabashed Nazis and white supremacists on the platform. Some writers really are out on the political extremes — for example, one Substacker blogs about "markets and the Jewish question".

> Independent publishing, whether by post or email, has always been a home for extreme ideas

But for those of us who have been in the newsletter business somewhat longer than Substack has existed, this story is no surprise at all. One of my many hobby horses is that the newsletter business is not "new media" at all — email is more than half a century old, and the business of newsletters closely resembles that of independent zines and mail-order publications.

It's certainly true that original thinkers and enthusiastic hobbyists have used newsletters either to impart insight or share best practice — that's precisely what make them fun to read, whether on Substack or elsewhere. But the history of the newsletter business is also the history of cranks.

People complaining that Substack has brought the email newsletter to neo-Nazis have got the causality the wrong way round. Independent publishing, whether it's words sent by post or now via email, has always been where discredited and extreme ideas have found a home.

And that is not true just for ideas emanating from the political right, either. You can also find unapologetic Maoists on Substack. One piece I read talked about how the much-maligned Cultural Revolution still holds lessons for revolutionaries today — and I'm sorry to say that the lessons in question did not include "don't do it".

But for the newsletter business's newer — and more profitable — members, the presence of neo-Nazis on the platform means that they are either quitting Substack or making noises about doing so. Three newsletters I subscribe to have already switched to the rival Buttondown. More troublingly for Substack, Platformer, one of the largest publishers using the service, is also considering a move.

Substack's argument in response to the Atlantic article was a masterclass in how not to do it: the best way to defeat these ideas, it claimed, was through scrutiny. Frankly, if scrutiny was going to defeat neo-Nazis or the idea that the Cultural Revolution had some upsides, it would have done so already. The response allowed Substack's critics to draw an unfavourable contrast with how the platform deals with pornography and incitement to violence, both of which it bans, and its handling of extremist political content.

Substack would have been better off not claiming to be a publisher at all. The reality is that it hosts a number of publishers, but Substack itself is a service, a handy bit of infrastructure for sending newsletters. If Substack's recommendation engine was gradually pushing readers of earnest centre-right and centre-left newsletters towards neo-Nazi content or Maoist apologia, that would be one thing. But it doesn't: the company makes few editorial judgments beyond "is this obviously illegal and/or unacceptable to our payment providers?" There is no good reason why Substack should be making political judgments about how to use its space any more than, say, a postal service does.

If Substack were a European or British company, the matter would not even arise: both the European Convention's Article 11, on freedom of association, and even more explicitly the UK's 2010 Equality Act, place sharp limitations on the ability of businesses or states to discriminate on the grounds of politics.

Of course, there are other ways that British and European law is a colder home to free speech than the US. But as we contemplate the lessons from this Substack spat, one of them is that in an era in which more and more communication is facilitated by private providers, broad European-style protections for political views are a model worth copying.

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Letters

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UK has a proven policy on energy saving in private rental sector

Leila Abboud's article "Landlords in a bind as France imposes tough green rules on properties" (Report, January 3) outlines a policy being introduced to ensure that tenants no longer have to live in energy expensive housing.

She cites a "policy expert" at the Paris-based OECD who maintains that because no other country in Europe had ever introduced a policy of requiring minimum energy efficiency standards for privately rented homes "everyone is looking at the French example, to see how it plays out".

No such crystal ball is needed.

Five years before the 2016 Brexit vote, the UK's coalition government introduced legislation requiring that, within seven years, no private landlord would be permitted in the UK to let out a property — residential or non residential — which incurred an energy performance gas-guzzling rating of F or G. Despite inevitable initial grumbling, the policy has now been implemented without much fuss for the past five years. In 2020, the government went out to public consultation, stating that in 2025 the minimum standard would be increased, intending to outlaw the letting of D or E rated buildings.

Sadly, last October UK prime minister Rishi Sunak surprised everybody by putting that 2025 introduction date "on hold", as part of his controversial anti-net zero package. However, both main opposition parties have made plain their intention to retain the original timetable.

With buildings held responsible for almost half of all energy being consumed, the UK has created a proven policy to improve its usage in rented-out properties, the most intractable sector of the lot. Hopefully the OECD will even now be prepared to start looking across the Channel for empirical information to inform other governments.

Andrew Warren
Chairman, British Energy Efficiency Federation, Cambridge, UK

Don't underestimate the dangers of space economy

Peggy Hollinger raises valid concerns about how the new space economy is evolving ("New star wars over satellite space push participants to take sides", Inside Business, January 4).

She is right to stress the importance of "equitable access to spectrum and orbits".

We must not underestimate the dangers of the commercial space age. Humanity has become over-dependent on space-based assets for our daily needs, including critical infrastructure such as the internet, navigation and weather prediction.

This growing dependence means that any disruption of space orbits will disrupt vital activities on Earth for all, because terrestrial and space security are interlinked.

The exponential growth of disruptive space debris and the militarisation of outer space also merit serious concern.

As outer space becomes more congested and contested, we need to find equitable and sustainable ways to reconcile national and commercial interests with global and planetary interests. As a global commons, if outer space becomes critically unsafe, it will not be selectively unsafe, but unsafe for everyone.

Professor Nayef Al-Rodhan
Head of the Geopolitics & Global Futures Department, Geneva Centre for Security Policy, Geneva, Switzerland
Member, Global Future Council on Complex Risks, World Economic Forum

Liberals need to show good grace of conservative rivals

Alec Russell's Big Read could easily be summarised as "democracy is wonderful as long as it comes up with the right answer" ("Can democracy survive 2024?" January 4).

We use the term "liberal democracy" as if the two words are joined at the hip — but is a democracy any less democratic if it is not liberal? After all, Russell says that Hungary's elections were "genuinely free and fair".

Since the second wold war the liberal agenda (which to be clear I support completely) has pushed forward remorselessly, and on the whole conservatives have accepted with pretty good grace their own deeply held convictions being sidelined. Why are we liberals surprised that the worm may have turned?

Perhaps it is time for us to wonder, with a degree of humility, how we can build a cohesive society that accommodates fellow citizens who have an equal stake in a just and prosperous future, but have different values.

Robin Cooke-Hurle
London SW11, UK

How funds perform is also worth reporting, surely?

Your article "T Rowe Price chief says worst of outflows is over after poor performance" (Report, December 30) extends over five columns, but nowhere in the article does it say what the performance of the funds (or some of them) actually was.

This is not peculiar to this case: such articles on fund managers in the FT concentrate mainly on how much they are earning and how much the total of funds under management has gone up or down, but tend to omit the equally relevant information on how these funds are actually being managed. Surely the latter is of equal relevance?

E R Yescombe
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Corrections

● Microsoft has a multibillion-dollar investment in OpenAI, rather than owning the company as incorrectly stated in a column on January 8.

● Guinea is bordered by Mali, not Burkina Faso as incorrectly illustrated on a map in an article on January 8.

OUTLOOK

CHICAGO

The migrants who are pawns in the politics of US immigration

by Patti Waldmeir

Luis, 28, and his wife, Maria, 26, squat among the patchwork of air mattresses, sleeping bags and blankets that they call home, in a disused part of Chicago's O'Hare International Airport. Nearby, a young friend slurps instant noodles from a bowl, his Christmas Eve dinner. Another pulls a knitted cap low over his brow and plays on a cell phone.

For months, these Latin American migrants have been sleeping, eating and trying to build their own American dream on this bit of linoleum, which they currently share with 245 others; they are pawns in a battle that has upended the politics of immigration in the US, at the start of a critical presidential election year.

Luis and Maria (names changed to protect them) are among nearly 30,000 migrants transported by Texas Republicans to the Democratic city of Chicago since August 2022 in a protest over lack of enforcement of the Mexican border. What began as a political stunt by Texas governor Greg Abbott to call the bluff of "sanctuary city" northern Democrats has almost overwhelmed cities such as New York and Chicago.

Eric Adams, the mayor of New York, has warned the influx could "destroy" his city. He and Chicago mayor Brandon Johnson have appealed for urgent federal help to deal with the crisis. At one point last autumn, Chicago had more than 3,000 migrants living inside and outside police stations because shelters were full. Johnson wanted to build a tent city for them, but had to abandon the plan after an environmental study showed toxic chemicals in the soil.

With budgets under strain, and long-term residents complaining that migrants are being prioritised for funds over them, Chicago imposed stricter rules on bus operators to try to staunch the flow of people. But Abbott simply diverted buses to the suburbs. Suburban Chicago governments passed ordinances to push back, but Texas was also chartering planes. Abbott has declared victory, saying Democrats such as Johnson "should be embarrassed because it is utter hypocrisy . . . They say, 'Oh, bring us your migrants' . . . We sent them migrants and now they're complaining about it."

Luis is caught in the middle — but he's not complaining. It took him two months to travel, mostly by foot and bus, from his Venezuela home through the treacherous Darién Gap jungle, to Panama, Costa Rica, Nicaragua, Honduras and Guatemala and across the Mexican border. He entered Texas — where he was detained and then shipped north via Florida.

At O'Hare, he tells me, "there is food, we don't have to pay rent". He says his biggest problem is getting a work permit. Because of the political and economic turmoil in their country, Venezuelans can apply for expedited work permits if they arrived in the US before July 31. He did not. There is also a longer path to working papers, but only if Venezuelans apply for humanitarian parole before entering the US, says Eréndira Rendón, vice-president of immigrant justice at The Resurrection Project, a Chicago community group that helps migrants get work permits. Luis did not.

Instead he is working illegally for a delivery company that pays him only \$80 for a 12-hour day, and trying to get a lawyer to take his case. He's not alone, says Nan Warshaw, founder and president of Refugee Community Connection, a volunteer group that helps new Chicago migrants. She says about two-thirds of her clients without permits are working.

"A lot will end up in the general undocumented community," says Rendon. With that in prospect, does Luis wish he'd never come? He shrugs, gesturing at the dentures he wears to replace the teeth that he says were knocked out by Venezuelan police: "I can't go back."

Warshaw says many of her clients feel the same: "Life is harder here than they expected but easier than where they came from . . . I think most will settle here and many will thrive, and things will be much easier for the second generation." She adds: "It's that old immigrant story."

Maybe that's true, but it's a strange way to run an immigration policy: and with the presidential election kicking into high gear, things could well get stranger before they get better.

The writer is a contributing columnist, based in Chicago

Opinion

Troubled Boeing's mid-flight drama is another severe blow

BUSINESS
Peggy Hollinger

On Friday, passengers on Alaska Airlines flight 1282 were subjected to the terrifying ordeal of watching a piece of the 737 Max 9 aircraft they were on tear away, leaving a gaping hole in its place. It turns out that a panel covering an unused emergency exit had fallen away while the aircraft was flying at about 16,000 feet. Amazingly, no one was sitting beside that door, so there were no casualties. But a child nearby is reported to have had his shirt sucked off as the aircraft lost pressure. It could have been much worse.

The exact cause of the accident is not likely to be known before safety inspectors complete their investigation. But whether they find this is the fault of a supplier, Boeing or neither, it is a severe blow to the US aerospace and defence company's reputation at a time when it appears to be staggering from one incident to another. This raises questions over whether the company has really overcome the quality and production issues revealed after the fatal crashes of the 737 Max 8 in 2018 and 2019.

Last April, Boeing announced its supplier, and former subsidiary, Spirit AeroSystems, had improperly installed two fittings on the fuselage of certain models of the 737 Max, delaying deliveries. In August, it revealed that Spirit had incorrectly drilled holes in the rear of the aircraft fuselages, incurring further delays. And in December it asked inspectors to look for loose bolts that might be rattling around rudder control systems.

At the same time Boeing was asking the US Federal Aviation Administration to exempt its newest 737 variant, the smallest Max 7, from certain safety standards on anti-icing systems until May 2026 to allow it to begin delivery. Boeing insists the fix will be installed across the fleet. But even if this is not a critical safety issue, it is not a good look for a company with Boeing's recent history to be asking for exemptions to safety criteria so it can rush an aircraft out the factory doors.

Many in the industry believe an exaggerated focus on financials and shareholder returns at the expense of engineering expertise led to the Max 8 disaster. Chief executive David Calhoun was part of the team that led that strategy, as a board director since 2009. He has been paid $65mn in total compensation and incentives since he took charge in 2020, promising to stabilise the company, return the Max to flight, improve the engineering culture and win back investor and customer confidence.

> On almost all its products the aircraft maker has faced delays, cost overruns and production issues

On the plus side, the Max has been recertified. And before Friday's incident on an aircraft made on Calhoun's watch, Boeing's shares even seemed to be advancing on hopes of improving deliveries — though they were still trading below where they were when he took over. Yet it is difficult to see what else has been achieved in four years, while rival Airbus powers ahead. On almost all of its products — in both the civil and defence sides of the business — Boeing has encountered delays, cost overruns and production issues.

Meanwhile, many of the decisions taken suggest that the culture at the top has not changed to the degree needed. Calhoun has refused to consider investing any time soon in a new aircraft to take on Airbus's popular A321. He also seems to have signalled a preference for lobbying over engineering by moving headquarters to Arlington, Virginia, close to Washington DC and the Pentagon. More recently he abolished Boeing's corporate strategy function, leaving it instead to individual divisions. As Richard Aboulafia of AeroDynamic Advisory points out: "A strategy department allocates scarce capital amongst the demands of competing business units (who always want more than their fair share)". And resources are indeed scarce, with Nick Cunningham of Agency Partners estimating net debt of $38.9bn.

Finally the recent appointment of Stephanie Pope, former head of Boeing Global Services, as COO brought speculation that the 66-year-old Calhoun is preparing his succession. Most of Pope's career, however, has been as a financial officer. What the company really needs now is not another leader who may be focused on cost-cutting but one with the gumption to take a risk on a new future for Boeing.

This will require a deep understanding of and commitment to the complex high value added manufacturing business that it is, internally and across the supply chain — crucial to any culture focused on safety. It also needs a bold commercial strategy to engage engineers and claw back share from Airbus. Because even if these recent incidents are eventually blamed on suppliers, passengers won't care. If the safety of Boeing's aircraft is in question, Boeing, and ultimately its CEO, will carry the can.

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Why I still believe in America

US POLITICS
Gideon Rachman

I believe in America." That phrase has rattled around my head, throughout the rise, fall and rise again of Donald Trump.

Only belatedly did I recall that this comforting sentiment is the opening line of *The Godfather*. The words are uttered by Amerigo Bonasera: a man who has actually lost faith in America, and who is turning to a mafia don in search of vengeance.

Trump is now telling American voters that "I am your retribution" — appealing to all those who have been "wronged and betrayed" by the system.

It is all very Don Corleone. And it is working. Trump is generally ahead of Joe Biden in the polls for the 2024 presidential election. He is the bookmakers' favourite, not just for the Republican nomination, but for the presidency.

So how can I keep the faith in America, when the voters seem poised to elect a man who faces trial for trying to overturn the last presidential election?

"Believing in America" can mean two distinct things. First, you can believe in what America stands for. Second, you can believe that America will come good in the end. The two ideas are related — but they are not the same.

My belief that America is a force for good in the world has led me, over the years, into some bitter arguments — even in Britain, which counts itself as America's closest ally. Whether it was the Vietnam war, Ronald Reagan's arms build-up, the Iraq war or gun violence, America's passionate critics have always had plenty to point to.

My usual response is that, like every great power in history, America has done terrible things. But in the three great global confrontations of the last century — the first world war, the second world war and the cold war — the US was on the right side. In fact, America was the decisive factor in those conflicts, ensuring that the democratic world prevailed over autocracy or outright dictatorship.

That is why so much rides on my second form of belief in America — the belief that the US will come through in the end. For the past 80 years, America really has been the "leader of the free world" — both an example of democracy in action and as the protector of its fellow democracies, through a network of alliances with other free countries in Europe and Asia.

If democracy begins to crumble in America, liberal democracies all over the world will be in trouble. It is reassuring that the world's richest and most powerful country is a fellow democracy. In a second Trump term that sense of reassurance might disappear.

Many Trump supporters will respond that, if their man wins the election, his victory would be an example of democracy in action, not of a slide into autocracy. But a Trump election victory could not scrub the election clean.

We know the character of the man. Trump is somebody who has already demonstrated that he has no respect for the most basic of democratic procedures — a free election. His promise of "retribution" also involves repeated threats to put his political enemies on trial, ranging from Biden himself to Mark Milley, the former head of the Joint Chiefs of Staff. Unlike the indictments against Trump, these would not be cases brought by independent prosecutors who have weighed the evidence. They would be political show-trials ordered by the country's leader. That is the hallmark of an autocracy.

So how do I keep believing in America under those circumstances? First, and most obviously, nothing is foretold. There are still many months to go before the election in November.

> The melodrama the country churns up — even Trump's — can be a sign of vitality as much as sickness

Second, America's period of greatness and global leadership has always involved turmoil and melodrama, from John F Kennedy's assassination in 1963 to the "war on terror" under George W Bush. In the end, the country always righted itself and its underlying dynamism and constitutional system reasserted themselves. So it seems unlikely that this latest melodrama — "America season nine", as some call it — will bring the series to a definitive and tragic conclusion.

The melodrama that America churns up — even the Trump melodrama — can be a sign of vitality as much as sickness. The US is a country with a rebellious, anti-establishment streak that allows it to shake things up and constantly reinvent itself. Voting for Trump is a sign that people are demanding fundamental change. And even if Trump is not the right answer, his emergence is a sign of that restlessness and refusal to settle for the status quo.

Trump's enduring popularity may even belatedly be prompting some necessary self-examination by the American elite. Biden's effort to put equality back at the centre of US economic policy is one example of that correction. So is the beginning of a backlash against "woke" thinking. As one Biden aide put it to me, in a moment of introspection: "We've realised that a lot of people are frightened of the American left."

Trump's "retribution" against the left could take the US off in some new and frightening directions. But I believe in America enough to think that it would take more than one more term of Trump to destroy American democracy. The US is not Hungary. It is a big, complex country with many different sources of power and wealth. Trump and his acolytes could not bring them all to heel, in just four years.

So you can still count me as somebody who "believes in America". Me and Amerigo Bonasera.

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It's already time to think about an AI tax

TECHNOLOGY
Marietje Schaake

After years of wrangling, a global minimum corporate tax rate of 15 per cent is finally in effect. These groundbreaking new rules were driven by the desire to prevent big companies, often in the tech sector, from flocking to tax havens or jurisdiction shopping. There are a host of public policy solutions that the anticipated $220bn in annual collection can help address. But even though the ink on the treaty is barely dry, it is time to start talking about a new one: targeted at artificial intelligence companies.

Generative AI is already bringing a host of societal challenges. Global job losses are one expected effect. While the political debate remains focused on safety and security harms, studies foresee deep disruptions to labour because of the technology. It was Elon Musk who raised the future of work on the margins of last year's AI safety summit. He casually mentioned, in a conversation with UK Prime Minister Rishi Sunak, that we must anticipate a society in which "no job is needed". The reverberations of that are unimaginable.

And it is not just tech mavericks like Musk who predict major disruption. A study by Goldman Sachs projects almost $7tn of additional growth for the global economy over 10 years, while expecting that roughly two-thirds of US jobs will be at risk of being impacted by AI. McKinsey anticipates up to 30 per cent of worked hours in America will be affected by automation in the next six years. Twelve-million people will need "occupational transitions" in addition to those already facing obsolescence.

While consultants are optimistic that AI will "enhance" jobs rather than replace them, research by Resume-Builder found that more than a third of business leaders said AI had already replaced workers in 2023. There is no indication that the more sophisticated versions of generative AI would lead to a slowdown in impact on employment.

Scenarios differ, but they all signal similar trends. Jobs will be displaced, and even if there may be an economic upside long-term, the transition will require public policy efforts. Governments need to zoom in on the specifics of their national economies and anticipate AI's impact, sector by sector.

On the corporate side, there are also unprecedented shifts taking place. Already, we see AI companies as a major component of the most highly valued corporations in the world. In the US, tech companies helped drive gross domestic product growth in 2023. At the same time, AI threatens to exacerbate the concentration of capital into the hands of even fewer companies.

> Without intervention, this revolution risks pushing the costs of mitigating its harms on to the public

"Over the past four decades, automation has raised productivity and multiplied corporate profits, but it has not led to shared prosperity in industrial countries," say Daron Acemoğlu and Simon Johnson in a paper for the IMF. In other words, the benefits of automation are not shared automatically. (More research is needed into the specific effects on jobs across the global south.)

Without intervention, the next chapter of the technological revolution risks once again privatising profits while pushing the costs of mitigating its harms on to the public. Paying for welfare and reskilling laid-off workers are not just economic downsides: they signal the kinds of societal shifts that easily lead to political unrest. For generations, work has been the foundation not just of family income but also of people's routine and sense of purpose. Try imagining what you would do without your job.

To rebalance the cost-benefit impacts of AI in favour of society — as well as to make sure the necessary response is affordable at all — taxing AI companies is the only logical step. I had not anticipated starting 2024 by agreeing with Bernie Sanders and Bill Gates, both of whom have proposed a tax on job-taking robots in the past, but here we are. An updated version of their plan, taking in generative AI's progress, is needed.

A debate resulting in global political consensus may take years and should start now. Agreement must be reached around the percentage of revenue or profit to be taxable and the purpose of the tax — should it be focused on mitigating job losses specifically or on addressing the multiple societal impacts of AI more broadly? And given that China and the US are both leading AI developers and have not yet implemented the minimum corporate tax rate rules domestically, incentives and enforcements will have to be effective.

It took years to get a minimum global corporate tax base in place. Considering the impending costs to society, a conversation about a targeted tax for billion-dollar AI companies cannot wait.

The writer is international policy director at Stanford University's Cyber Policy Center and special adviser to the European Commission

The EU's new fiscal rules are not fit for purpose

Luis Garicano

The reform of the EU's fiscal rules agreed in December ignores the fundamental fiscal and political realities of member states. For this reason, the new rules will not work.

The deal struck last month, which still has to be partially negotiated by the European parliament, maintains the Maastricht treaty's 60 per cent debt and 3 per cent deficit ceilings, but significantly alters the Stability and Growth Pact which implements them.

The key novelty is the introduction of country-specific spending plans, based on a debt sustainability analysis by the European Commission and negotiated bilaterally with each member state. In addition, the rules include two key safeguards: a debt sustainability safeguard ensuring debt reduction over the adjustment period, and a "deficit resilience safeguard" mandating fiscal adjustments beyond the 3 per cent treaty limit to a margin of 1.5 per cent of gross domestic product.

Economically, these rules represent a commendable effort to adapt spending paths to the conditions in which individual states find themselves, and to focus on net growth in expenditure and a debt anchor based on sustainability analysis. But they do not solve the problems that bedevilled previous iterations.

Member states have tried to reform the Stability and Growth Pact, introduced in 1997, several times before. These changes failed not because the proposed new rules were bad, but because there was nobody capable of monitoring and implementing them.

> Instead of yet more decrees, the bloc needs a central treasury able to raise levies and commit to spending

This was clear as early as 2002, when the first breaches and attempted sanctions occurred.

The commission's initial proposal this time around, put forward in April 2023, included one element designed to improve buy-in (and hence compliance) by member states: a monitoring role for national independent fiscal institutions, which would have to assess the extent to which government plans complied with the agreed spending path. Unfortunately, this element was missing from the final package.

Without this, the new rules make the politics much worse. The reliance on bilateral negotiation between the commission and each member state is now explicit. And it is hard to imagine the former not yielding to pressure, particularly from large member states.

Additionally, the seven-year implementation horizons stipulated in the new rules extend beyond typical political cycles. It is unlikely, for instance, that the commission would force a government elected with different priorities in the middle of the seven-year cycle to implement policies agreed by its predecessor. The framework is also vulnerable to manipulation through creative accounting and over-optimistic growth assessments.

A good example of the commission's inability to prevail in bilateral negotiations is the failure to implement reforms under the €750bn NextGen EU bond issuance plans. On this occasion, Brussels had a stick with which to threaten non-complying countries. Yet as economists Tito Boeri and Roberto Perotti note in a new book on Italy's plan: "Almost all these reforms were, already on paper, less 'epochal' than successive governments wanted us to believe; in addition, their implementation has been in some cases disappointing, in others a total failure."

The EU is running out of space for creative accounting. Instead of yet more rules, it needs a central treasury able to raise taxes and commit spending on Europe-wide public goods, including defence, innovation and climate change mitigation. Until the EU (or a subset of countries) can do that, the bloc will continue to find itself vulnerable to external shocks, full of unrealised potential but lacking in the purpose and direction needed to succeed in an increasingly complex and hostile world.

The writer is a professor of public policy at the LSE, a senior non-resident fellow at Bruegel and a former member of the European parliament

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Boeing: crisis management

So much for Boeing's comeback year. Five days into the new year, David Calhoun, head of the US aerospace group, finds himself returning to crisis management.

On Friday, an unused emergency-exit door, known as a door plug, flew off a Boeing 737 Max 9 plane operated by Alaska Airlines in mid-flight. US regulators immediately ordered 171 of the 217 Max 9 fleet grounded. Boeing shares dropped 7 per cent yesterday.

Under Calhoun, Boeing has tried to return a stalled 737 Max programme following a pair of fatal crashes five years ago. The Max resumed flight in late 2020 but the crisis blackened the company's reputation and cost it tens of billions of dollars in damages, government fines and lost orders.

Rival Airbus has since extended its lead in the lucrative market for single-aisle aircraft. Boeing's shares remain down 50 per cent from their pre-crisis peak. Saddled with about $47bn in long term debt, it has not made a profit since 2018.

Friday's terrifying accident could cause much less damage to Boeing. Experts believe the blowout was the result of a manufacturing not a design error. Boeing will point to this as a one-off, rather than a fleet-wide issue.

The 737 Max is Boeing's top-selling product. The family of jetliners accounts for about three quarters of its commercial orders. Analysts at Melius reckon the fleet could bring in nearly $27bn in sales in 2024, about 28 per cent of forecast Boeing group sales.

Within this, the Max 9 — the only variant that allows for a plugged door — accounts for a small portion of 737 revenue. Of the 4,526 outstanding orders for 737 planes, only 103 — or 2 per cent — are for the Max 9.

Boeing will still have to compensate airlines for the grounding of the Max 9. United Airlines and Alaska operate the most, with about 144 planes between them. The compensation would cost Boeing about $18mn, Jefferies says. Even the lossmaking Boeing should manage this. It had expected to earn $3bn-$5bn in free cash flow in 2023.

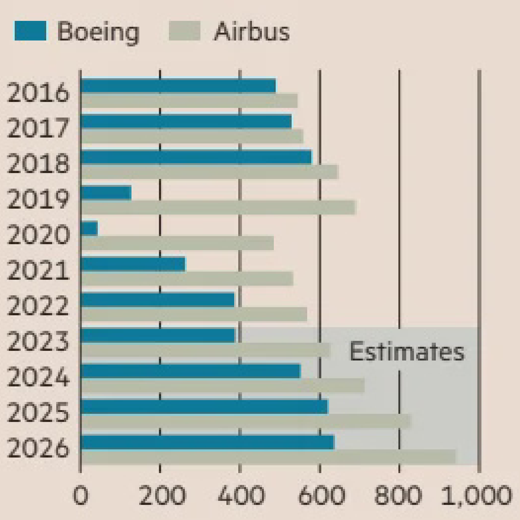
Longer term, the incident must renew scrutiny over Boeing's safety and quality-control records. Deliveries of its twin-aisle 787 Dreamliner stalled after production flaws were found.

Then there is China. While Beijing has allowed Max aircraft delivered before the recent grounding to fly again inside China, new deliveries (and the associated cash flows) have remained on hold.

Boeing down time could last a while longer yet.

Growing deliveries gap

Number of narrowbody jets



Source: Visible Alpha

Evergrande: EV woes

Chinese electric-vehicle makers appear to be taking over the world. The reality is more that BYD is powering ahead of a large number of sputtering domestic competitors.

Take China Evergrande New Energy Vehicle Group. Its billionaire founder in 2019 pledged to overtake Tesla as the world's biggest electric-car maker in just five years. The big talk was backed up by plans to invest $7bn.

Yesterday, it said its vice-chair, Liu Yongzhuo, had been detained and was under criminal investigation, adding to concerns about whether it would be able to find an investor to help inject funding. This month, plans lapsed for Dubai-based mobility product group NWTN to buy new shares of Evergrande NEV for about $500mn.

The unit's troubles are more bad news for its struggling parent, China Evergrande, with more than $300bn of debt: it had been regarded as one of the last-resort options to secure cash amid the property group's liquidity crunch.

On its own, the EV unit's prospects look grim. It had ambitions of making 1mn cars by 2025 but, instead, last year sold about 900 units of the Hengchi 5, its only EV model on the market.

Its shares are down 99 per cent from the 2021 peak, in line with share falls of parent China Evergrande and unit Evergrande Property Services Group.

But the backdrop is that the success of BYD, which sold a record 526,000 battery-only cars in the last quarter of 2023, helping it to overtake Tesla globally, is squeezing local rivals just as much as the US and European auto names alarmed by these new upstarts.

True, combined sales by Chinese EV makers hit a fresh record last year. But there are about 100 EV makers in China. The vast majority, including some of the largest such as Nio and Xpeng, remain lossmaking as price wars squeeze margins.

Tesla's enduring popularity among locals has made it difficult for Chinese makers not to compete on price. Tesla has offered several rounds of price cuts in China last year.

Evergrande, clearly, has its own particular issues. But it is notable how little $7bn gets you in China's EV wars: the EV unit's combined net loss of almost $10bn for 2021 and 2022 highlights how costly it has become for EV makers to build the scale needed to get to break-even point.

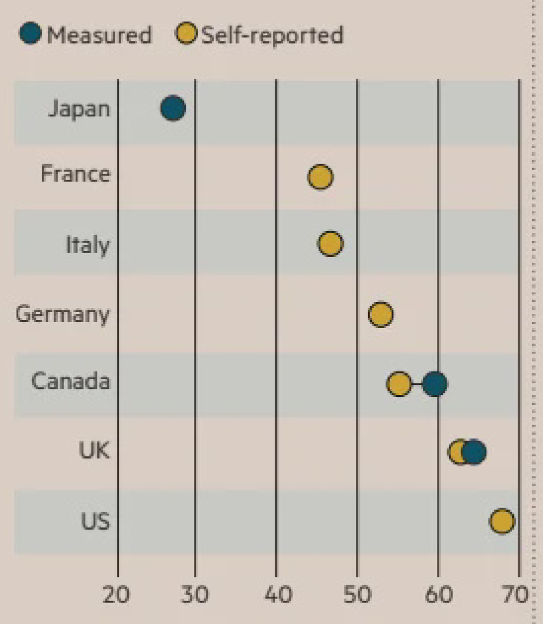
The outlook is not so different for other EV rivals, given BYD's dominance in the local market.

Obesity drugs: weighty matter

Obesity is increasingly prevalent. It affects more than one in eight adults, while some two in five are overweight. Analysts expect sales of weight-loss drugs to soar this decade. The success of the approach pioneered by Denmark's Novo Nordisk has doubled the market value of the business since 2022.

Weight is a worldwide problem

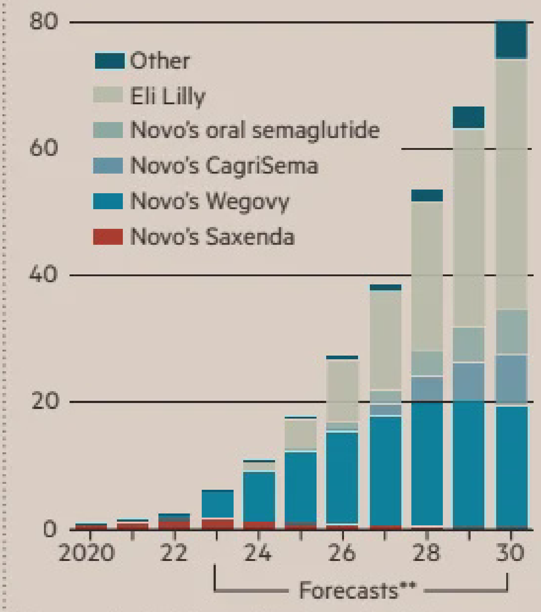
% of population aged 15+ overweight or obese



Source: OECD

Obesity drugs market

Total sales ($bn)*



*Does not include figures for Ozempic, which was designed for diabetes ** Forecast only includes drugs with phase 2 data or later

Sources: Bloomberg Intelligence, company filings

Novo Nordisk

Market value ($bn)

Source: LSEG

Weight-loss treatments are tipped to rake in $80bn a year by 2030. Novo Nordisk and rival Eli Lilly have made the running; others are trying to find space. About a dozen companies are set to announce trial results for over 20 drugs this year. Most will struggle.

Challengers are largely following Novo and Eli Lilly in mimicking key hormones. Variations offer the chance to demonstrate fewer side-effects, easier methods of delivery, or other health benefits.

Take Zealand. It has a market value of $3bn, less than 1 per cent of Novo. Its stock has doubled in 14 months. It is trialling Survodutide, developed with Boehringer Ingelheim, along with earlier-stage drug petrelintide. This mimics the amylin hormone, and may have fewer side-effects. If successful — a one-in-five chance — it could have $10bn peak sales, says Jefferies.

Carmot is working on GLP-1 and other analogues that promise to be relatively well tolerated. Roche recently agreed to buy the group for a sum of up to $3bn. The plan is to combine its drugs with ones in the group's pipeline.

Improved delivery mechanisms are another differentiator. Amgen's therapy could require monthly, not weekly, injections. A pill formulation is attractive: in November, AstraZeneca struck a licensing deal with Eccogene for an oral once-a-day drug.

Many hopefuls will drop out. In December, Pfizer's shares fell after side-effects forced it to cancel its twice-daily weight-loss pill, although it is still pursuing a one-a-day version.

The question is how much ground leaders are likely to cede. Pharma's first movers can often prove resilient.

Merck's Keytruda managed this in cancer therapy. The pioneers can use cash generated by blockbuster sales to extend their lead and stay abreast of new approaches.

This month Novo signed deals worth up to $1bn with US biotechs, following several acquisitions last year. One involved Omega.

Their expertise is reflected in an enviable pipeline. Novo's next-generation CagriSema is biopharma's most valuable R&D project, with a net present value of $30bn, according to Evaluate. Citi thinks that it and Eli Lilly will enjoy a structural duopoly well into the next decade.

Market size spurs competition. But most playing catch-up will fail to gain much heft.

Shell: downstream weakness

Markets generally obsess over the direction of crude oil's price. Yet the black stuff's value really reveals itself only in the refining process. Few of us can do much with a barrel of crude.

But turn that into petrol or jet fuel and then we are really going places. Transport accounts for well over half of the consumption of oil. Refining helps produce industrial chemicals as well.

As such, the relative spread between refined-product prices and the value of crude oil inputs (refining margin) can indicate the health of global economic activity. The latest data point this week wasn't exactly inspiring. Shell's trading update yesterday did not contain a vast amount to surprise energy market wonks, ahead of its full-year earnings in about three weeks. Demand has been sluggish for oil.

But the insights into its "downstream" divisions were more noteworthy: in its chemicals and (refined) products division, it expects another quarter in the red following a loss in the third quarter of $329mn.

The oil group anticipates a refining margin of $10 a barrel, a tenth lower than the consensus of analysts on Visible Alpha.

Shell thinks that its chemicals margin, a measure of profitability, will go up in the final quarter from the last period. The expectation of more losses, however, suggests that demand must remain subdued. Taken altogether, the outlook for Shell's downstream units hints that demand for refined products overall is weaker than expected.

It has also made noises about selling its Singapore refinery and chemical plants. The oil major now anticipates a writedown on these of up to $2bn.

Sluggishness in refining at Shell chimes with what other oil groups are seeing. During October and November the amount of oil processed by refineries had slipped towards four-year seasonal lows, according to data from Rystad Energy. Even though airlines talked up the pick-up in passenger travel last year, in the last couple of months of 2023 jet-fuel demand tailed off significantly.

Weakening demand could coincide with a glut of downstream capacity coming online this year. Eighteen new refineries (or expansions) are set to start up in 2024, including Nigeria's very large 650,000 barrels a day Dangote refinery, points out Jefferies.

That pace of growth won't continue: even oil majors have limited appetite for new multi-decade assets, given the uncertainties over fossil-fuel demand. But refining businesses, which benefit from cheaper feedstock, usually act as a counterbalance to upstream production when the oil price dips.

Weakness there bodes ill for the integrated oil companies — and for the global economy.

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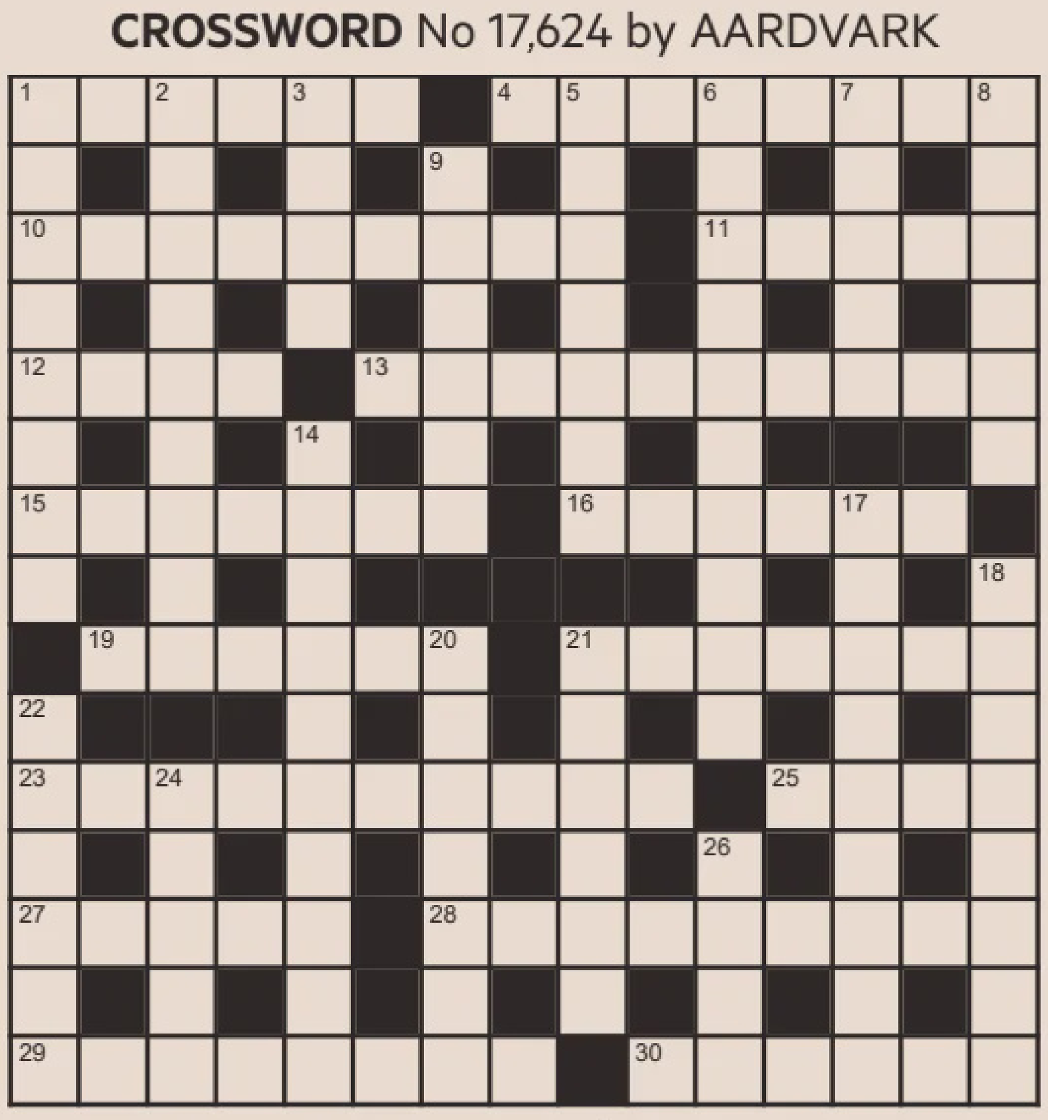
CROSSWORD No 17,624 by AARDVARK



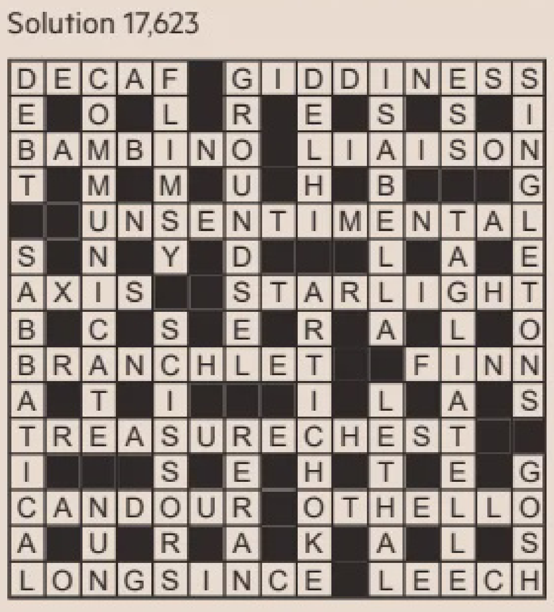
ACROSS

1 This writer's work, wicked, brought about complaint (6)
4 Concerned about teacher following flutter occasionally (3,3,2)
10 Day student embraced by selected attendant (9)
11 Book with single belief regularly cited? (5)
12 Pound, for example, fifth grade put in kitty (4)
13 Stop and photograph, tracking bear (10)
15 Footwear for sale all over the shop (7)
16 Piece of cloth primarily scouring hands and face? (6)
19 Complete run that's comparatively stifling (6)
21 More work beginning to nag daydreamer (7)
23 Studying firearms first in command found amid rubbish (10)
25 Captain putting pressure on runner (4)
27 On the counter section of deli, Victoria polished (5)
28 Scholarly Greek count enters Israel excitedly (9)
29 Temperature recorded in coastal reserve (3,5)
30 In first half hour, Arsenal's fervent fans could be so (6)

DOWN

1 Assail post girl having wrong letters? (8)
2 Ordered hat online without delay (2,3,4)
3 Unemployed daughter captivated by Corsica, possibly (4)
5 Adventurous chap's style of waltz endlessly supporting female (7)
6 American soda's ordered in pub for VIP (10)
7 Somewhere in Middle East, we're told you must purchase (5)
8 Part of compass that one uses for trips? (6)
9 A working group disturbing man's break (6)
14 French location that might be linked with vice (harmful drugs) (10)
17 Root perhaps with twist disfigured tree (9)
18 Unharmed when in this jump-suit? (3-5)
20 Macho behaviour by youth claiming new territory in Midlands (7)
21 Religious sect welcome northern brat (6)
22 Uber's first taxi to turn up in while, one reckons (6)
24 Army man collects eggs, bluish-green (5)
26 Oil wheels around bike event (4)

Solution 17,623



JOTTER PAD

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