FINANCIAL TIMES

MONDAY 25 MARCH 2024

USA $2.50

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US and Japan plan security pact upgrade to resist China

- Biggest refit of alliance in 60 years
- Tighter co-operation and command

DEMETRI SEVASTOPULO — WASHINGTON
KANA INAGAKI — TOKYO

The US and Japan are planning the biggest upgrade to their security alliance since they signed a mutual defence treaty in 1960 in a move to counter China.

President Joe Biden and Japan's Prime Minister Fumio Kishida will announce plans to restructure the US military command in Japan to strengthen operational planning and exercises between the nations, according to five people familiar with the situation. They will unveil the plan when Biden hosts Kishida at the White House on April 10.

The allies want to bolster their security ties to respond to what they view as a growing threat from China. That requires their militaries to co-operate and plan more seamlessly.

Japan has over the past couple of years dramatically increased its security capabilities, spending much more on defence, including plans to buy US Tomahawk cruise missiles. The Japanese military is also setting up a joint operations command next year to improve co-ordination between the branches of its own Self-Defense Forces.

But co-ordination between the allies is hampered because US Forces Japan (USFJ) has changed little from the days when the US and Japanese militaries did less together and has little command and control authority. Japan has to deal more with US Indo-Pacific command in Hawaii, which is 19 hours behind Tokyo and 6,200km away.

"Japan's new national security policy is the most positive security development in east Asia in this century. The recognition that our two nations' defence strategies have converged makes improvement in our day-to-day command and control the logical next step," said Philip Davidson, who retired as US Indo-Pacific commander in 2021.

Tokyo has long urged the US to give the three-star USFJ commander more operational authority, saying closer co-ordination on the ground was needed. There is an urgent need to put a more senior US officer in Japan as it takes on a bigger regional defence role, it argues.

"It sends a strong strategic signal to China and North Korea and it's meaningful from the point of view of deterrence to say that the US will strengthen the command structure in Japan," Ryoichi Oriki, a former chief of Japan's SDF joint staff, said.

One model the Biden administration is considering involves creating a new US military joint task force that would be attached to US Pacific Fleet, one of the components at US Indo-Pacific command in Hawaii.

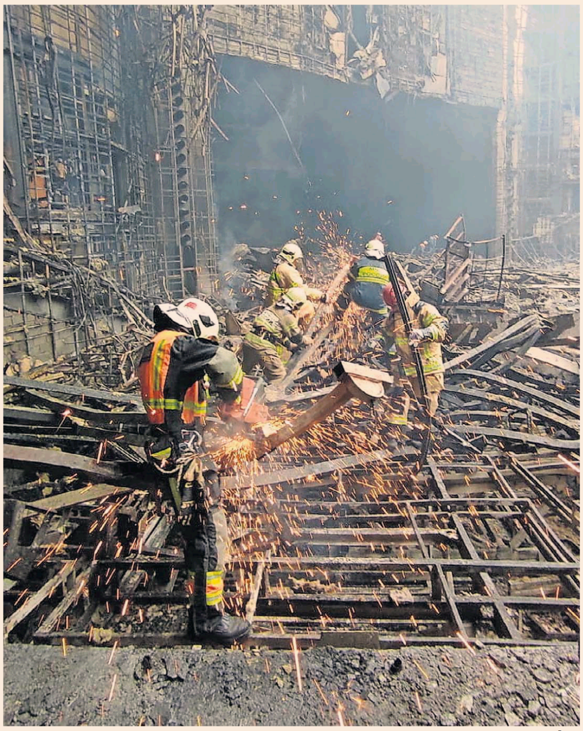
Christopher Johnstone, a former senior Pentagon and CIA official, said upgrading the US command would be a "big step in building a more credible bilateral military alliance".

The White House, Pentagon and US Indo-Pacific command declined to comment. The Japanese government also did not comment.

The summit will come just weeks after the US president expressed his opposition to the Japanese group Nippon Steel's acquiring US Steel. The intervention was designed to boost union support before the November election but has partly soured the otherwise strong alliance.

China blocks US chips page 6

Moscow concert attack Putin directs Russian anger at Ukraine as suspects interrogated



Reuters

An emergency response crew dismantles debris in the Crocus City Hall concert venue near Moscow yesterday after the deadliest attack on Russian soil in more than a decade.

At least 137 people were killed and more than 180 injured in the assault on the hall on Friday night. The venue now stands as a burnt-out shell after a fire started by the assailants ripped through the building.

Jihadist group Isis has claimed responsibility. Russia's FSB security service said it had detained and was interrogating 11 men, including four main suspects.

Russian media suggested the men were from Tajikistan, where many have been recruited to extremist Islamic organisations. But Russian officials sought to direct popular anger towards Ukraine, which has strongly denied any involvement.

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Briefing

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China's economy is at a "fork in the road" where it had the chance to adopt "pro-market reforms" to unlock growth, IMF managing director Kristalina Georgieva has said at a forum in Beijing.— PAGE 4

▸ Kidnap children freed
More than 130 school pupils kidnapped in Kaduna state have been freed, government officials have said, granting Nigeria a temporary reprieve from its growing security crisis.— PAGE 4

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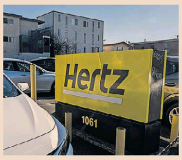

Gamble on electric cars gives Hertz a rough ride

In February 2022 Stephen Scherr was named chief executive of Hertz, the mainstay of the US rental car business that had just emerged from bankruptcy and looked poised to take advantage of a post-pandemic travel boom. But after just 25 months at the wheel, Scherr is leaving. Instead of enjoying a boom, Hertz shares have fallen 60 per cent from the day Scherr joined, pulled down by the failure of a bold shift to a fleet heavy on Tesla's electric vehicles.
Severe dents ▸ PAGE 7

Zuckerberg, Bezos and Thiel share sales suggest tech bull run may have peaked

PATRICK TEMPLE-WEST — NEW YORK
TABBY KINDER — SAN FRANCISCO

Peter Thiel, Jeff Bezos and Mark Zuckerberg are leading a parade of corporate insiders who have sold hundreds of millions of dollars of their companies' shares this quarter, in a signal that recent stock market exuberance could be peaking.

As markets hit record highs, the ratio of corporate insider selling to insider buying is at the highest level since the first quarter of 2021, according to Verity LLC, which tracks insider trading disclosures.

Stock sales at the beginning of a calendar year are normal, with pent-up demand in early 2024 exacerbated by shareholders' avoidance of sales last year because of depressed company valuations. But analysts said this season's spree had been surprising and an indicator that a recent tech bull run, fuelled by excitement over the rise of generative artificial intelligence, was about to wane.

"If they think that we're at the top and so they're getting out, that's a rather stark signal to everyone else," said Charles Elson, a legal veteran and chair of corporate governance at the University of Delaware.

Many of the biggest sales this quarter have come from technology executives. Thiel, co-founder of data analytics group Palantir, sold $175mn this month, according to regulatory disclosures, his biggest sale since offloading $504.8mn of the stock in February 2021.

Amazon founder Bezos sold 50mn shares worth $8.5bn in the ecommerce group in February. Andy Jassy, Amazon's chief executive, sold $21.1mn of stock this year, compared with $23.6mn in 2023 and 2022 combined.

Zuckerberg, Meta's chief executive, has sold millions of dollars of shares for years. But he increased selling this year as its stock hit all-time highs. In February, he sold 291,000 shares for $135mn, his first sale of that size since November 2021. He still has 13.5 per cent of the company's outstanding shares, which makes him its largest shareholder.

"We do view [corporate insider share sales] as a negative data point that investors should be aware of," said Ben Silverman, Verity's vice-president of research. He added that "we are also seeing a number of the big [company] names in this space with insider selling that is not typical".

Amazon declined to comment. Meta, Palantir and Snowflake did not respond to requests for comment.

World Markets

STOCK MARKETS

	Mar 22	Prev	%chg
S&P 500	5237.05	5241.53	-0.09
Nasdaq Composite	16417.39	16401.84	0.09
Dow Jones Ind	39606.08	39781.37	-0.44
FTSEurofirst 300	2020.20	2020.35	-0.01
Euro Stoxx 50	5032.94	5052.31	-0.38
FTSE 100	7930.92	7882.55	0.61
FTSE All-Share	4323.94	4300.46	0.55
CAC 40	8151.92	8179.72	-0.34
Xetra Dax	18205.94	18179.25	0.15
Nikkei	40888.43	40815.66	0.18
Hang Seng	16499.47	16863.10	-2.16
MSCI World $	3434.69	3414.89	0.58
MSCI EM $	1048.34	1032.12	1.57
MSCI ACWI $	783.34	778.06	0.68
FT Wilshire 2500	6773.91	6747.90	0.39
FT Wilshire 5000	52745.60	52539.20	0.39

CURRENCIES

	Mar 22	Mar 15		Mar 22	Mar 15
$/€	1.082	1.089	€/$	0.925	0.918
$/£	1.260	1.274	£/$	0.794	0.785
£/€	0.858	0.855	€/£	1.165	1.170
¥/$	151.355	149.140	¥/€	163.705	162.384
¥/£	190.746	189.997	£ index	82.641	82.932
SFr/€	0.972	0.962	SFr/£	1.132	1.126

CRYPTO

	Mar 22	Prev	%chg
Bitcoin ($)	63411.93	65500.10	-3.19
Ethereum	3322.80	3488.09	-4.74

COMMODITIES

	Mar 22	Mar 15	%Week
Oil WTI $	80.75	81.25	-0.62
Oil Brent $	85.53	85.49	0.05
Gold $	2170.50	2160.80	0.45

GOVERNMENT BONDS

Yield (%)	Mar 22	Mar 15	Chg
US 2 yr	4.60	4.63	-0.03
US 10 yr	4.22	4.27	-0.06
US 30 yr	4.39	4.45	-0.06
UK 2 yr	4.13	4.17	-0.03
UK 10 yr	4.03	4.10	-0.07
UK 30 yr	4.43	4.47	-0.04
JPN 2 yr	0.20	0.19	0.01
JPN 10 yr	0.74	0.74	0.00
JPN 30 yr	1.81	1.80	0.01
GER 2 yr	2.81	2.87	-0.06
GER 10 yr	2.32	2.40	-0.08
GER 30 yr	2.49	2.58	-0.09

Prices are latest for edition
Data provided by Morningstar

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Terror assault

Russia mourns concert hall attack dead

Isis claims responsibility though Putin fails to name group in televised address

POLINA IVANOVA — BERLIN

Four key suspects were being questioned yesterday over the largest attack on Russian soil in more than a decade as the country held a day of mourning over the assault that killed at least 137 people and injured 180.

Flags were flown at half-mast and Russians brought flowers to the site of Friday's attack, a vast concert hall on the capital's outskirts that now stands as a burnt-out shell after a fire started by the assailants tore through the building. Jihadist group Isis claimed responsibility shortly after the attack and shared a photograph of four assailants, as well as a graphic video filmed by one of them during the assault.

Russian law enforcement said yesterday that the main suspects, four gunmen caught by security services shortly after the attack, had been brought to the main headquarters of the Investigative Committee, the country's top criminal investigative body, for questioning.

Russia's interior ministry said the four main suspects were foreign nationals. Reports in Russian media and interrogation videos posted online suggested the men were from Tajikistan, a central Asian country from where large numbers of people have been recruited to extremist Islamist organisations.

The FSB security service said it had detained the four main suspects as they tried to flee the country.

Russian officials have sought to direct popular anger over the attack towards Ukraine, which has strongly denied any involvement. In a brief televised speech on Saturday, Russian President Vladimir Putin made no mention of Isis or Islamist terrorism, despite the group claiming responsibility.

Kyiv's foreign minister Dmytro Kuleba in a statement on social media platform X yesterday called Putin a "pathological liar" who was "desperately attempting to link Ukraine or other western nations to the mass shooting near Moscow, despite the fact that there is no evidence to support such claims".

Putin spoke to Tajikistan's President Emomali Rahmon, in a call in which Rahmon condemned the attack and said the two countries would continue working together closely to fight terrorism and extremism, the Tajik government's press service said yesterday.

Tajikistan, which shares a border with Afghanistan, is an impoverished country where large numbers of people travel to Russia as migrant workers. Hundreds of its citizens joined Isis in Iraq and Syria in 2014-15, and Tajiks now make up a large share of Isis-Khorasan or Isis-K, the militant group's Afghan branch, according to analysts who monitor extremist groups.

The US has indicated it believes Isis-K to be responsible for Friday's attack in Moscow. In his address to the country, Putin pledged that Russia would find and punish everyone involved in the attack, "whomever they may be, and whoever sent them".

The number of injured rose to 180 yesterday, according to the health ministry of the Moscow region. The latest death toll was reported by law enforcement at 137 people, including three children.

Additional reporting by Christopher Miller

Terrorism. Shift of priorities

Moscow massacre exposes FSB security gaps

Kremlin has shifted focus away from Islamist threat since invading Ukraine

POLINA IVANOVA — BERLIN
CHRISTOPHER MILLER — KYIV
BENJAMIN PARKIN — NEW DELHI
HUMZA JILANI — LONDON

The Islamist group Isis was quick to claim responsibility for Friday's bloody attack on a Moscow concert hall. Yet in his address to the nation after the assault, President Vladimir Putin made no mention of the group.

Instead, Russian propagandists have sought to blame Ukraine, in a move that analysts said aimed to stoke domestic anger against its neighbour and deflect attention from gaps in Moscow's security system, which have widened since Putin's full-scale invasion of Ukraine two years ago.

Responsibility for the assault, in which four gunmen killed 137 people and set the building on fire, was attributed by the US and other western countries to an Afghan-based affiliate called Isis-Khorasan, or Isis-K.

The US warned several weeks beforehand that an attack was likely. Reports in Russia suggested that the four main assailants detained by the FSB security service on Saturday were all from Tajikistan, a central Asian country whose citizens make up a large proportion of the members of Isis-K, according to analysts who monitor the group.

But Russian officials and state media have made little reference to Isis's claim. Putin, officials and the FSB repeatedly claimed that the assailants were intercepted while travelling to Ukraine.

"It was not Isis. It was the Ukrainians," Margarita Simonyan, the propagandist editor of state media channel Russia Today, wrote on her popular Telegram channel. "The perpetrators were chosen in such a way that they would convince the dumb global public that it was Isis."

Ukrainian officials have vehemently denied any involvement and said that Putin was trying to blame Kyiv in order to create a pretext to escalate his war. "Miserable Putin, instead of attending to his own citizens of Russia, addressing them, remained silent for a day thinking about how to link this with Ukraine," President Volodymyr Zelenskyy said in his Saturday night address

He also suggested Russia could have stopped the attack had its security forces not been waging war against Ukraine. "Those hundreds of thousands of Russians who are now killing on Ukrainian land would surely be enough to stop any terrorists," he said.

Adrienne Watson, a spokesperson for the US National Security Council, said Isis bore "sole responsibility for this attack", adding: "There was no Ukrainian involvement whatsoever."

Isis's media channel Amaq published a gruesome video late on Saturday that was apparently filmed by one of the attackers. In it, a gunman can be seen shooting in the hallway of the auditorium at bodies on the floor, while another attacks people with a knife and the man recording the video shouts "Allahu akbar" into the camera.

Men wearing clothes that corresponded with those in the attack video were later apprehended by Russia's security services, according to footage posted online and Russian investigative outlet iStories.

Vera Mironova, an associate fellow at the Davis Center at Harvard University, said it was notable that the assailants were able to strike while Russia was in a state of war, with its military and security services mobilised. By contrast, Isis-K has planned several attacks in Europe in recent months but they were foiled.

Previously the FSB focused almost entirely on the Islamist terror threat but since 2022, the majority of its statements have related to Ukraine. Often those accused of "terrorism" and intercepted by the FSB were Russians protesting against the war or the government, Novaya Gazeta's analysis showed.

Kamal Alam, a non-resident fellow with the Atlantic Council, said "Putin thought his fight against Islamic militancy was over after the pacification of Chechnya", the Muslim-majority republic that fought and lost two wars for independence in the 1990s and 2000s.

In fact, Russia has long been an Isis target, and this "markedly increased after its military intervention in Syria in 2015, its subsequent involvement across Africa, and its relations with the Taliban", said Lucas Webber, co-founder of MilitantWire, which produces analysis of militant activity.

Isis-K first started operating in 2015 in Afghanistan and Pakistan after the original Isis declared a caliphate in parts of Iraq and Syria. After the Taliban took power in Afghanistan following the withdrawal of Nato troops in 2021, Isis-K went on to become its most formidable adversary.

Isis-K has killed hundreds of people in recent years, waging a campaign against Afghanistan's Shia minority and attempting to assassinate a number of Taliban leaders. It attacked a political rally in Pakistan last year and was linked to bombings near the grave of Revolutionary Guard commander Qassem Soleimani in Iran in January.

Isis-K launched a suicide attack against the Russian embassy in Kabul in September 2022. "Isis-K has even rolled out a Russian-language propaganda wing," Webber said. "It has placed heavy focus on inciting supporters to carry out attacks against Russia."

Asfandyar Mir, a senior fellow at the United States Institute for Peace, said: "In the Isis doctrine, Russia is as bad as the US, China and Iran. Isis-K believes [in] external attacks which are spectacular in nature, which make a big splash and establish its bona fides as the top jihadist movement in the world."

Although Russia has taken up the Palestinian cause in Hamas's conflict with Israel, for groups such as Isis-K, "their grievances with Russia and with Putin are more longstanding," said Hanna Notte, director for Eurasia at the James Martin Center for Nonproliferation Studies. "They're over Chechnya, they're over Afghanistan."

If confirmed, the Moscow concert hall attack would be Isis-K's first major terrorist attack outside south-west Asia. It may aim to raise the group's profile and broaden its recruitment pool, said Amira Jadoon, assistant professor in the department of Political Science at Clemson University.

As a result, Friday's attack may be the latest sign that Afghanistan is becoming a base for global terror attacks, analysts said. "There's been a stepped-up concern in the last year or so about enabled attacks" by Isis-K from Afghanistan, said Mir. "They've been keen on demonstrating geographic range."

Additional reporting by Felicia Schwartz

People lay flowers at a makeshift memorial in front of the outrage as the country observes a day of mourning
Olga Maltseva/AFP

> 'Putin thought his fight against militancy was over after the Chechnya pacification'

Human rights

Brussels to help fund Tunisian crackdown on migration

LAURA DUBOIS — TUNIS

The EU plans to provide up to €164.5mn over three years to Tunisian security forces, some of whom have been accused of human rights abuses, far more than has been made public as Brussels boosts its anti-migration drive.

The funding comes as the bloc faces political pressure to cut arrival numbers, prompting an increase in funding for countries from which people depart to Europe despite concerns about their treatment of migrants and asylum seekers. Brussels pledged €105mn of migration-related funding to Tunis in an agreement signed last year, much of which has not yet been disbursed, said people familiar with the matter.

But figures seen by the Financial Times show the EU will overall spend far more on migration under different funding streams over the next three years, with about two-thirds of a projected €278mn allocated to security and border management. The rest will fund schemes such as returning migrants to their home countries, fighting people-smuggling and protecting refugees.

EU-funded programmes involving Tunisian security forces include a training academy for the country's national maritime guard, implemented with German federal police. EU funds will also pay for equipment such as radars and boats for the national guard, along with land border posts, the people said.

> Those expelled to the Libyan borders are 'captured in detention centres or prisons'

Tunisian security forces have increased interceptions of boats in the Mediterranean since migrant arrivals in Italy rose last August. About 81,000 people were intercepted making the sea journey last year, more than double the number the previous year, according to the Tunisian Forum for Economic and Social Rights (FTDES).

Members of Tunisia's security forces have been implicated in widespread unlawful detentions and expulsions of migrants and asylum seekers, according to European diplomats and international humanitarian staff.

"Since last August, the Tunisian authorities have a new expulsion mechanism, meaning that all those intercepted at sea are automatically expelled towards the Algerian and especially the Libyan borders," said Romdhane Ben Amor, spokesperson for the FTDES. "For those expelled to the Libyan borders, [this] ends with them being captured in detention centres or prisons."

The EU ombudsman aims to ensure funds are not used to breach rights.

Despite the allegations, the EU is wary of exerting pressure on Tunisian authorities because they fear losing communication channels and are concerned migrant numbers could rise, prompting political problems at home.

The Tunisian foreign ministry has denied violating migrants' rights and said migrants "are treated in accordance with national legislation and Tunisia's international commitments".

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Profile. Simon Harris

'Accidental politician' plotted rise to Ireland's top job

Fine Gael leader set to achieve long-held ambition when he becomes youngest taoiseach

JUDE WEBBER — DUBLIN

Simon Harris has described himself as an "accidental politician", but his meteoric rise to become Ireland's youngest taoiseach has been meticulously planned. "When there are opportunities, you have to take them," Harris, 37, once told Ireland's Hot Press magazine.

A councillor aged just 22, a member of the Dáil, Ireland's parliament, at 24, a junior finance minister at 27, health minister at 29, higher education minister at 33 — Harris took the helm of the centre-right Fine Gael party yesterday after the shock resignation of Leo Varadkar. Harris was the only candidate to seek the party leadership, and will be confirmed as premier on April 9 — crowning an ambition he is reported to have harboured since childhood.

"Life came at me a lot faster than I expected it to," Harris, who dropped out of college to work for a prominent senator in 2008, told Hot Press. Now, he faces the task of reinvigorating the centre-right Fine Gael ahead of a general election due by March 2025.

Despite rising to the top of Fine Gael — which has been in power since 2011 in various coalitions — without serving a day in opposition, Harris's first steps in politics were as a teenager canvassing for the rival Fianna Fáil party.

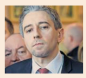
However, he joined Fine Gael's youth wing at the age of 16, winning election as a county councillor in 2009, followed by election to the Dáil in 2011 as the member for Wicklow, becoming the house's youngest member.

The son of a taxi driver and a school special needs assistant from Greystones in County Wicklow, south of Dublin, as higher education minister he championed apprenticeship schemes, securing a record number of apprentices in construction and other trades. He told local media Ireland had become "a bit too snobby or elitist" about education.

Like Varadkar, who was 38 when he first became taoiseach, Harris "assiduously canvassed members of the party in terms of becoming leader", said Kevin Cunningham, a politics lecturer at Technological University Dublin and founder of pollster Ireland Thinks.

"He's hungry for it," said one former senior Fine Gael figure who has known Harris for two decades.

While supporters see Harris as candid, critics view him as an opportunist, relentless in his pursuit of career advancement. Higher education was a new portfolio that could have been seen as a lesser cabinet role, but Harris used it to travel widely, getting himself known and making connections, the former Fine Gael figure said.



Simon Harris faces the task of reinvigorating the flagging Fine Gael ahead of next spring's elections

Harris at first backed leaving Ireland's constitutional ban on abortion unchanged, before acknowledging that he had changed his mind and supporting the 2018 referendum that legalised the procedure. But he came under fire in 2018 over a state cover-up on incorrect cervical cancer checks, one of the country's biggest scandals, that led the former head of Ireland's health service to describe him as a "frightened little boy" who "runs scared of headlines".

Harris survived a confidence vote in 2019 and faced the threat of another in 2020. However, Varadkar, who was facing defeat, called a general election instead. Now, having secured his dream, Harris will have his work cut out.

Fine Gael, which governs in coalition with the centrist Fianna Fáil and Green Party, has struggled to grow its vote share. A hammering in two constitutional referendums this month made the government look out of touch.

"A significant number of people are sick of Fine Gael and think it's been in power too long," said Gary Murphy, politics professor at Dublin City University.

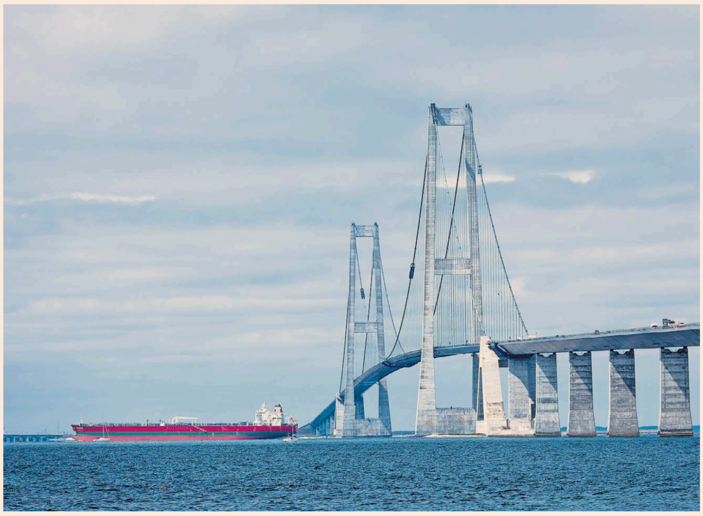
"It's a busted flush. The party is running on exhaust fumes," said Yates. "There is no expectation that Harris is going to provide a miracle cure."

Harris vowed on Friday that "you ain't seen nothing yet".

INTERNATIONAL

Tankers linked to Russia spurn pilots in perilous Danish waters

'Dark fleet' sparks alarm over spills risk and lack of proper insurance



A vessel at the Great Belt bridge. Since the beginning of the year, at least 20 ships carrying Russian oil have refused to make use of expert assistance
Tim Graham/Getty Images

The straits are narrow, shallow and difficult to navigate without expert knowledge

DAVID SHEPPARD AND CHRIS COOK
LONDON

Oil tankers suspected of helping Russia evade western sanctions have started to routinely reject expert help in navigating the dangerous straits that connect the Baltic and the North Seas, increasing the risk of spills.

Since the start of January, at least 20 tankers carrying Russian oil have refused to take on board specialist pilots, according to leaked internal reports seen by the Financial Times and Danwatch, a Danish media and research group. The pilots are provided by Denmark to help safe passage through the Danish straits, which are narrow, shallow and difficult to navigate without expert knowledge.

This month an oil tanker was involved in a minor collision in the Danish straits en route to Russia, heightening scrutiny of the risks the so-called "dark fleet" is taking as Moscow attempts to bypass western restrictions on its oil sales.

Mikael Pedersen, chair of the Union of Danish Pilots, said that prior to the sanctions introduced in 2022 in response to Russia's full-scale invasion of Ukraine, all ships used to be "responsible".

> Any intervention would risk a portrayal on the part of Moscow as a blockade by members of Nato

"[Now] the ships here are typically around 20 years old, perhaps uninsured, the crew is poorly trained, the ships are poorly maintained, and now they often sail without a pilot."

The news that tankers carrying Russian oil are now rejecting Danish pilots follows reports by the FT and Danwatch earlier this month that proved vessels helping Moscow evade sanctions were operating without adequate insurance and would not be covered in the event of a spill. Of the 20 vessels that declined the use of the pilots, only three are covered by a recognised western insurance provider.

Denmark has long provided specialists in marine navigation who are familiar with the narrow channels, sandbars and strong currents of the Danish straits to any large vessel carrying oil or other dangerous cargoes, as a way of preventing environmental disasters.

Danish pilots say that the number of vessels carrying Russian oil that have rejected their service has surged in the past four months. The 20 vessels identified by the FT and Danwatch were carrying a total of about 10mn barrels of oil, according to Kpler, a data and analytics company. The reports show multiple incidents of Russia-linked vessels declining to take pilots on board and captains not understanding or responding to instructions and questions when contacted by radio.

Martin Lidegaard, leader of the Social Liberal party whose votes sometimes help the minority government pass legislation, described the risks as a ticking time bomb.

"The Danish waters are vulnerable and small and shallow, and these oil tankers sail very close to the coast. It could be a disaster . . . It is also a huge economic risk for Denmark.

"It is clear that the government should carry out extraordinary supervision of insurance papers and see if there is an opportunity to stop the boats."

The EU late last year discussed the possibility of Denmark inspecting and, if necessary, blocking tankers of Russian oil sailing through its waters without western insurance, under laws permitting states to check vessels they fear pose environmental threats.

But any interception of Russia-linked tankers would be highly controversial and would risk Moscow portraying it as a blockade by Nato members — as all countries on the Baltic Sea other than Russia are now part of the military alliance.

The International Maritime Organization, a specialised UN body that regulates shipping globally, said all vessels "should comply with well-established standards and best practices" including using pilotage services in the Danish straits, and urged coastal states to be vigilant. Lidegaard said the Danish government should consider making the use of pilots compulsory.

Danish maritime authorities have said they will ask police to investigate the Andromeda Star, the empty oil tanker that collided with another vessel south of Copenhagen while en route to Russia in early March. No injuries or spills were reported.

Vessels are allowed to navigate through coastal waters of another country under the right of "innocent passage", though there are some restrictions where a serious environmental or security threat might be posed by their presence. The UN Convention on the Law of the Sea allows states to "institute proceedings, including detention of the vessel" given "clear objective evidence" that the vessel poses a big threat of coastal damage.

Russia has increasingly relied on the "dark fleet" to transport its oil after G7 nations imposed a price cap of $60 a barrel following the full-scale invasion of Ukraine. Most Russian oil now sails to Asia but roughly 60 per cent of Russia's total seaborne exports still sail from Baltic ports before crossing the Danish straits to reach the North Sea.

IAEA summit

EU urged to ditch Moscow's nuclear fuel as fast as possible

ALICE HANCOCK AND SARAH WHITE
BRUSSELS

The EU must wean itself off Russian nuclear fuel "as fast as possible", Belgian's prime minister has said, to stop a renaissance in Europe's interest for the low-carbon energy inflating Moscow's war chest.

Alexander De Croo said Belgium had taken a "180-degree" turn in its attitude to nuclear power, prompted in part by the bloc's laws aimed at curbing carbon emissions across Europe.

Pressure to meet those targets and a rush to move away from Russian gas has prompted renewed interest in nuclear power in Belgium and other European countries. But with Russia's enriched uranium making up 30 per cent of EU supply in 2022, there was a risk that the bloc could swap one dependency for another.

"Changing supply chains especially for nuclear is complicated, but we need to do it as fast as possible . . . We need to disconnect from Russian nuclear fuel, but you need to make sure you can still produce zero-emission electricity," he said.

Belgium decided in December to extend the lifetime of two nuclear reactors that had been scheduled to be closed in 2025. They will now run until 2035, although De Croo said he personally thought their lifetime should be extended by 20 years.

The enthusiasm of the Belgian premier was echoed by leaders from more than 30 countries at the first International Atomic Energy Agency nuclear summit that took place in Brussels on Thursday.

Seth Grae, chair of American Nuclear Society's International Council, said that the difficulty of finding alternatives for Russian enriched uranium was in part due to a lack of investors. "Enrichment capacity is a multibillion-dollar cost . . . We need guaranteed offtake from governments."

But IAEA director-general Rafael Grossi dismissed pressure for countries to accelerate a move away from Russian fuel. "Let's make sure this is not about using nuclear energy as a political pawn," Grossi told a news conference. "I would warn against this point of good nuclear against bad nuclear, it's not conducive to what we need to have in the global energy market."

Austria, Luxembourg and Germany have been opposed to any EU money going towards nuclear energy, fearing that it will take much-needed funding from renewables.

Business forum

China economy at critical stage, says IMF

Beijing urged to choose policy that emphasises 'high-quality' growth

JOE LEAHY — BEIJING

China's economy is at a "fork in the road" where it must choose between past policies and "pro-market reforms" to unlock growth, IMF managing director Kristalina Georgieva said yesterday, as calls grow for Beijing to do more to boost domestic demand.

Speaking at China's flagship international business conference in Beijing, Georgieva said the global economy had shown remarkable resilience to shocks but was headed for growth that was "weak by historical standards" in the medium term as low productivity growth and high debt levels curbed progress.

"China faces a fork in the road: rely on the policies that have worked in the past, or reinvent itself for a new era of high-quality growth," Georgieva told the China Development Forum in Beijing.

Opened by China's premier, Li Qiang, the country's number two official, this year's forum is being attended by chief executives including Apple's Tim Cook, ExxonMobil's Darren Woods, and HSBC's Noel Quinn.

Li promised that Beijing would prepare regulations to smooth market access for foreign enterprises and efforts to boost domestic consumption. "We will focus on expanding domestic demand," Li said. China would "accelerate the development of a modern industrial system".

The conference comes as China's trading partners confront oversupply risks in industries including electric vehicles and steel, which could spur manufacturers to dump excess goods on markets.

Beijing has set a growth target of 5 per cent for this year, the same as in 2023 but low compared with previous years, and analysts expect the economy to slow further in the medium term on the back of a property downturn and demographic decline. China has responded by promising to invest more in manufacturing and infrastructure, but economists are calling for it to do more to stimulate domestic demand.

Georgieva's use of the term "high-quality growth" borrows from the rhetoric of Xi Jinping, who has urged Chinese industry to move up the value chain into more sophisticated tech and value-added industries.

She said that with a "comprehensive package of pro-market reforms", China could add 20 per cent or \$3.5tn to its economy over the next 15 years. These would include reducing the stock of unfinished housing left over from its real estate crisis and "giving more space for market-based corrections in the property sector".

Strengthening China's pension system in a "fiscally responsible way" could help boost the spending power of individuals and families, she said. "Investments in human capital — in education, life-long training and reskilling — and quality healthcare will deliver higher labour productivity and higher incomes."

On the global economy, she said the "strong macroeconomic fundamentals" in most of the advanced and emerging countries had helped weather shocks.

But 2024 would be challenging for fiscal authorities in most countries. "They need to embrace consolidation to reduce debt and rebuild buffers, and at the same time finance the digital and green transformations of their economies."

US Senate. Ohio race

Democrats favour taking on Trump loyalist

Former president's preferred Republican candidate seen as easier to beat in November

LAUREN FEDOR — WASHINGTON

Donald Trump's preferred candidate won big in this week's Republican US Senate primary in Ohio. So did Democrat Chuck Schumer's.

Trump, the presumptive Republican presidential nominee, threw his weight behind Bernie Moreno, a 57-year-old former luxury car dealer and self-described right-wing populist. Trump headlined a rally in support of Moreno in the final days of the primary campaign, calling his candidate an "America first champion," who would be a "warrior in Washington".

But allies of Schumer, the Democratic Senate majority leader, had also signalled their desire for Moreno to be the Republican party's nominee. Duty and Country PAC, a fundraising vehicle affiliated with the Schumer-linked Senate Majority PAC, spent more than \$2.5mn on a TV ad campaign trying to boost Moreno among Trump loyalists in the final week of campaigning.

In a 30-second ad, the narrator declares: "Maga Republican Bernie Moreno is too conservative for Ohio. In Washington, Moreno would do Donald Trump's bidding.

"Donald Trump needs Bernie Moreno," the ad concluded. "Ohio doesn't."

Democratic operatives have been meddling in Republican primaries in recent years to promote candidates who they think will be easier to beat in a general election.

They believe the best way to do so is to boost the candidate's Maga credentials in the minds of Republican primary voters, who overwhelmingly back Trump, by attacking them as too close to the former president.

Their involvement in the Ohio primary in particular highlights what is likely to be a persistent theme in races across the country this election year, as President Joe Biden and his party look to paint the Republicans as dangerous radicals beholden to Trump.

The tactic paid dividends for Democrats in the 2022 midterms, when several of Trump's handpicked Senate candidates — including Mehmet Oz in Pennsylvania and Herschel Walker in Georgia — failed to win their races, allowing Biden's party to maintain control in the upper chamber of Congress.

Maga man: Bernie Moreno, the candidate endorsed by Donald Trump, at a campaign rally ahead of his victory in the Republican primary race in Ohio — Jeff Dean/AP

Yet the strategy is not without its critics. In an open letter in 2022, around three dozen former Democratic members of Congress said the "destructive primary tactics" were "risky and unethical". Many Democrats acknowledge that interfering in Republican primaries could backfire this time around.

"I understand what they are trying to do," said Jim Manley, a Democratic strategist and former aide to the late Senate majority leader Harry Reid. "I just hope it doesn't blow up in their faces."

Matt Bennett, a co-founder of Third Way, the centrist Democratic think-tank, said: "It is hard to say it is not a good idea given the track record. But it could go wrong and it would be very bad to have somebody like Moreno in the Senate."

Democrats believed Moreno would be easier to beat in November than state senator Matt Dolan, his more centrist Republican opponent. Dolan had been endorsed by Ohio governor Mike DeWine and former Ohio senator Rob Portman, who are both seen as more moderate Republicans and have criticised Trump.

In the end, Moreno won the Republican nomination with just over half of the vote, with Dolan trailing on around 33 per cent and Ohio secretary of state Frank LaRose on just under 17 points.

Reagan McCarthy, a spokesperson for the Moreno campaign, criticised the Democrats' tactics, saying the party "constantly underestimate[s] the America First movement at their own peril.

"They thought President Trump would be easy to beat in 2016 and then they got their clocks cleaned when he demolished Hillary Clinton. The same thing is going to happen to Sherrod Brown [the Democratic senator] this year."

> 'It is hard to say it is not a good idea. But it could go wrong. It would be very bad to have Moreno in the Senate'

Moreno's victory did little to tip the scales for non-partisan analysts such as the Cook Political Report and the University of Virginia Center for Politics, which both rate November's US Senate election in Ohio as a true toss-up.

Moreno will square off in November against Brown, a popular longtime senator who managed to win re-election in the 2018 midterms by a nearly seven-point margin. Brown chairs the Senate banking committee and is widely seen as an effective lawmaker who maintains a strong connection to his constituents.

But he faces a battle to secure another six-year term in the Senate this autumn. While Ohio was long seen as a swing state, it has trended Republican in the Trump era.

The former president beat Biden there by an eight-point margin in 2020, bolstered by strong support from white, working-class voters in the so-called rustbelt. Analysts expect Trump to win Ohio again by a similar margin this year. To hang on, Brown will need to run ahead of Biden by a sizeable margin.

"Trump is going to win Ohio. Brown is going to outperform the top of the ticket, probably a lot," said Bennett. "That is not easy for anybody, even somebody as skilled and connected to his state as Sherrod."

Yet many Democrats insist that they remain cautiously optimistic about Brown's chances in a contest that is expected to be among the most closely watched — and expensive — Senate races in the country.

It is also a race that could prove decisive in determining whether Biden's party can cling on to control of the upper chamber of Congress.

Many Democrats have noted that nearly one in five participants in the Ohio Republican presidential primary, held on the same day as the Senate primary, voted for Nikki Haley, Ron DeSantis or Chris Christie — even though all three have suspended their campaigns — in a clear protest vote against Trump.

"There are enough Democrats and disaffected Republicans still out there that will be turned off by the extremism of the Maga party, as represented by Bernie Moreno," said Manley.

"I am heartened by the fact that there is a core group of Republicans out there . . . that are being absolutely repelled by Donald Trump's increasingly ugly and divisive rhetoric."

IDF strike

Israel kills 170 and detains hundreds more in Gaza hospital clash

NERI ZILBER — TEL AVIV

Israel says it has killed 170 people and detained 800 more in an almost week-long clash with Hamas militants at Gaza City's al-Shifa hospital, one of the biggest battles of the war in the Palestinian enclave.

The Israeli raid on the hospital, once Gaza's largest health facility, was launched last week, with a brigade of special forces and tanks swiftly encircling the hospital, according to the Israel Defense Forces.

Israeli officials said 170 militants from Hamas and Palestinian Islamic Jihad had been killed while the IDF said 500 militants were among the 800 people detained, including senior field commanders from both armed groups. Weapons and millions of US dollars and Jordanian dinars were also allegedly seized. Three Israeli soldiers have been killed.

Several thousand Palestinians who had sought shelter at al-Shifa were forced to leave through a checkpoint and go to shelters south of the hospital. Patients and medical staff had been moved to a wing of the complex as Israeli commandos continued room-to-room searches.

"This is the operation with the largest aggregation of terrorists we have apprehended since the beginning of the war," said IDF chief spokesman Daniel Hagari.

Large-scale encounters between the IDF and Palestinian militants have been rare in the five-and-a-half months of conflict since Hamas launched a raid on Israel on October 7. Unable to match IDF firepower, Hamas fighters have resorted to operating in smaller cells and deploying guerrilla tactics.

Early yesterday, the IDF also began a new offensive in Khan Younis, southern Gaza's largest city, against what it described as "terrorist infrastructure . . . and operatives". The Palestinian Red Crescent Society and local media reports said the city's al-Nasser and al-Amal hospitals, which the IDF raided last month, were being encircled.

Israel drew widespread international censure during its first operation at al-Shifa in November. Some critics contended that the tunnels underneath the hospital that were destroyed in the first operation did not meet IDF claims of a sprawling command and control centre.

The IDF later withdrew from the majority of northern Gaza, including al-Shifa, and is conducting targeted raids with smaller forces in the area. One senior Israeli military official claimed the withdrawal was intended to encourage increased activity from Hamas operatives that would make it easier for the IDF to target them.

Yet critics have pointed to the continuing al-Shifa raid, and the large number of militants still operating in north Gaza, as indications of Hamas's resilience.

Philippe Lazzarini, head of the UN agency for Palestinian refugees UNRWA, said Israel had informed the organisation that it would no longer approve its aid deliveries into northern Gaza, which is enduring the worst of the humanitarian crisis in the strip.

"This makes it intentional to obstruct life-saving assistance during a man-made famine," Lazzarini said yesterday in a post on X. "By preventing UNRWA to fulfil its mandate in Gaza, the clock will tick faster towards famine."

Delayed election

Senegal politicians jostle to succeed Sall

AANU ADEOYE — LAGOS

The people of Senegal went to the polls yesterday to elect a new president in a contentious vote delayed by outgoing leader Macky Sall, whose decision sparked furious demonstrations in a country long regarded as one of Africa's more stable democracies.

Some 19 candidates campaigned to replace Sall, in office since 2012, but only a handful stood a realistic chance of winning power in the west African country of 17mn people.

Former prime minister Amadou Ba, who left government earlier this month to focus on his campaign, is the flag-bearer of the ruling coalition Benno Bokk Yakaar.

A taciturn technocrat who has also served as finance and foreign minister, he is hoping to succeed his former boss Sall, who handpicked him as the ruling party's candidate despite his lack of experience on the campaign trail.

Ba has shown more bite in recent days, warning voters not to hand over the country to a *saisai*, or crook in the Wolof language.

The remark was widely understood to be referring to his main opponent, Bassirou Diomaye Faye, a former tax inspector whose Coalition Diomaye Président is an alliance of groups formed after the government dissolved Pastef, then the leading opposition party.

> The economy, with youth unemployment estimated to be almost 20%, is the primary issue in the poll

Pastef was led by Ousmane Sonko, a populist beloved by Senegal's youth, who came third in the 2019 vote. A defamation conviction last year prevented him from running for office because Senegalese law bars convicted criminals of running for president.

The economy will be the primary issue in the election. Although national output has grown 5 per cent on average annually under Sall and Senegal continues to attract foreign investment, many feel left behind and youth unemployment is at almost 20 per cent. Many frustrated youths have taken dangerous journeys on flimsy boats to try to reach Europe without entry visas.

Other leading candidates include former prime ministers Idrissa Seck and Mahammed Dionne, and former mayor of the capital Dakar, Khalifa Sall (no relation to President Sall). Anta Babacar Ngom, a prominent business executive, is the only woman in the race.

An ally of Ba told the Financial Times that the government camp was confident of victory. But Makhtar Niang, a 37-year-old insurer in Dakar, said he would vote for the opposition candidate Faye because he "embodied the future" in a way that Ba, a member of the establishment, did not.

To secure the keys to the presidential palace in Dakar, a candidate needs to win more than 50 per cent of the vote in the first round.

Security crisis

Kidnapped Nigerian schoolchildren freed

AANU ADEOYE

More than 130 schoolchildren who were kidnapped in northern Nigeria have been freed, according to officials, giving Africa's most populous country a temporary reprieve from its growing security crisis.

Uba Sani, governor of the northwestern state of Kaduna where the abduction took place a fortnight ago, said the pupils from the town of Kuriga had been released, praising President Bola Tinubu, Nigeria's national security adviser Nuhu Ribadu and the military for their efforts.

The Nigerian military said yesterday that it had rescued 137 hostages from neighbouring Zamfara state, but its statement did not explain the discrepancy with the 287 pupils who were reported missing earlier this month. Analysts said the school could have been unsure of how many children were taken or whether others remained with their captors.

"The military working with local authorities and government agencies across the country, in a co-ordinated search and rescue operation, rescued the hostages," it said.

Kidnapping has become one of the biggest security challenges in Nigeria as Islamist insurgents and armed gangs snatch people for ransom across much of the country's vast northern regions.

Kidnapping has become one of the biggest security challenges across the country's northern regions

The release came just days before the deadline to pay the N1bn (\$680,000) ransom demanded by the kidnappers. Seventeen students from Sokoto who were also abducted in early March were freed over the weekend, according to officials in the northwestern state.

Mass kidnappings of vulnerable schoolchildren have increased since Islamist terror group Boko Haram abducted 276 girls from a school in Chibok in northeastern Borno state in 2014. Almost 100 of them remain in captivity with the group, according to Amnesty International.

Although parliament criminalised the payment of ransoms to kidnappers two years ago, families often have to organise crowdfunding campaigns to pay sums to criminal groups who now rake in millions of dollars every year.

Information minister Mohammed Idris said at the time of the abduction from Kuriga that Tinubu had told security forces to bring back the children without "paying anybody any dime".

The Kuriga kidnapping was the first mass abduction that Tinubu had to deal with since his inauguration last May, and the successful operation will be seen as a relief for his administration.

Almost 4,000 people were seized in Nigeria in 2023, according to data from the Armed Conflict Location and Event Data Project. But experts said the number is likely to be an underestimate as many incidents go unreported.


WELCOME TO THE
20
24
UNICORN KINGDOM
THE PATHFINDER AWARDS
2024
2024
COME TO THE LAND
WHERE UNICORNS FLOURISH

Silent witnesses Whistleblowers ought to be welcomed by bosses who want to protect their reputations ● WORK & CAREERS

Beijing blocks Intel and AMD chips for use in state systems

- New rules favour domestic options
- Policy echoes sanctions set by US

RYAN MCMORROW
AND NIAN LIU — BEIJING
QIANER LIU — HONG KONG

China has introduced guidelines that will mean US microprocessors from Intel and AMD are phased out of government PCs and servers, as Beijing intensifies a campaign to replace foreign technology with homegrown solutions.

The stricter government procurement guidance also seeks to sideline Microsoft's Windows operating system and foreign-made database software in favour of domestic options. It runs alongside a parallel localisation drive under way in state-owned enterprises.

> The standards 'are the first nationwide, detailed and clear instructions for the promotion of *xinchuang*'

The latest purchasing rules represent China's most significant step yet to build up domestic substitutes for foreign technology and echo moves in the US as tensions increase between the two countries. Washington has imposed sanctions on a growing number of Chinese companies on national security grounds, legislated to encourage more tech to be produced in the US and blocked exports of advanced chips and related tools to China.

Officials have begun following the new PC, laptop and server guidelines this year, after they were unveiled with little fanfare by the finance ministry and the Ministry of Industry and Information Technology on December 26. They order government agencies and party organs above the township level to include criteria requiring "safe and reliable" processors and operating systems when making purchases.

On the same day in December, the state testing agency, China Information Technology Security Evaluation Center, published its first list of "safe and reliable" processors and operating systems, all from Chinese companies.

Among the 18 approved processors were chips from Huawei and state-backed group Phytium. Both are on Washington's export blacklist. Chinese processor makers are using a mixture of chip architectures including Intel's x86, Arm and homegrown ones, while operating systems are derived from open-source Linux software.

Beijing's procurement revamp is part of a national strategy for technological autarky in the military, government and state sectors that has become known as *xinchuang* or "IT application innovation". The standards "are the first nationwide, detailed and clear instructions for the promotion of *xinchuang*", said a local government official managing IT system substitution.

State-owned enterprises were similarly told by their overseer, the State-owned Assets Supervision and Administration Commission, to complete a technology transition to domestic providers by 2027, according to two people briefed on the matter.

The state-led march away from foreign hardware will dent US companies in China, starting with the world's dominant PC processor makers, Intel and AMD. China was Intel's largest market last year, providing 27 per cent of its $54bn in sales and 15 per cent of AMD's $23bn in sales.

Microsoft does not break out China sales but president Brad Smith last year told the US Congress that the country provided 1.5 per cent of revenues.

Microsoft and Intel declined to comment. AMD did not respond to a request for comment.

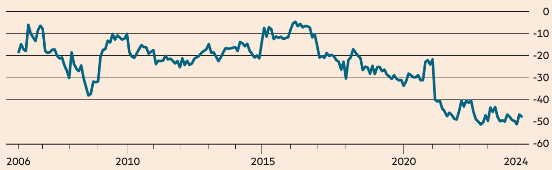
China's finance ministry, the MIIT and China IT Security Evaluation Center did not respond to requests for comment.

London calling Near-record stocks discount to Wall Street grabs attention of bargain-hunters

Hollie Adams/Bloomberg

UK equities

MSCI forward price-to-earnings multiple discount to MSCI USA (%)



Sources: Schroders Calculations; LSEG • Data to March 21 2024

STEPHANIE STACEY AND
COSTAS MOURSELAS — LONDON

UK stocks are trading close to a record discount relative to Wall Street counterparts, luring some bargain-hunting investors back to the battered stock market.

London equities have lagged behind peers as sectors such as banking and energy have failed to keep pace with the rapid growth of tech stocks and political uncertainty following the 2016 vote to leave the EU weigh.

While US and European indices have chalked up a succession of records this year, the FTSE 100 has yet to eclipse its February 2023 peak, despite enjoying its best week since September as investors have become more confident that the Bank of England will deliver multiple rate cuts this year.

UK stocks have long traded at lower valuations than US markets, but recent underperformance has left the UK market looking cheap. Forward price-to-earnings ratios of stocks on the MSCI UK index are 47 per cent lower than those on the US equivalent, according to asset manager Schroders. The 48 per cent discount in January was the largest in data going back to 1988.

The gulf reflects a lack of enthusiasm for the UK market, which is heavily weighted to sectors such as banks and mining and lacks the high-growth tech stocks that have powered Wall Street. Some UK groups have pointed to higher valuations when choosing to list in New York over London.

Bank of America's latest monthly survey, published last week, found that fund managers remained net 27 per cent underweight in the UK and had been consistently underweight since July 2021.

However, UK stocks are starting to grab the attention of fund managers.

"The thing that gets me excited about UK equities is just the amazing value that's on offer within the market," said Alex Wright, a portfolio manager at Fidelity. He preferred value stocks, which could benefit from a "return to a more normal inflation and interest rate environment". Financials were the largest position in his portfolios. It was "pretty anomalous" to find appealing stock valuations, with many indices soaring to successive all-time highs. A rise in dealmaking and share buybacks was proof that both corporates and private equity groups recognised "this obvious value signal".

HSBC strategist Edward Stanford noted that the UK economy had held up better than economists' forecasts, offering further support for the country's "staggeringly cheap" equities. HSBC preferred domestically focused mid-caps, such as the FTSE 250, which were better placed to benefit from cooling inflation and low unemployment. The UK's main equity indices were "very exposed overseas", and offered "a great way to play a global recovery".

Some investors are less optimistic, pointing out that the valuation gap has widened steadily since 2016 without attracting significant investment.

"Given the macroeconomic challenges of the UK, it's difficult to make a firm call on the UK market overall, but there are definitely some great bargains to be had," said a partner at a multibillion-dollar hedge fund.

Funds punish BlackRock over ESG by pulling $13bn

WILL SCHMITT — NEW YORK

Nearly two years into a Republican campaign in the US to punish BlackRock for insisting that climate change carries financial risk, red-state investment funds have pulled about $13.3bn from the world's largest asset manager.

That figure is roughly one-tenth of 1 per cent of BlackRock $10tn in assets under management, and some Republican state pension funds still have well over $20bn parked with the money manager. Overall, BlackRock reported $138bn in net inflows in the Americas last year.

The $13.3bn in withdrawals includes last week's announcement by the Texas Permanent School Fund that it would pull $8.5bn at the end of April, the largest removal to date by Republican-run pension funds.

BlackRock has been trying to respond to the campaign against environmental, social and governance factors in different ways. In Washington it added a senior lobbyist with Republican ties. Last month, the company co-hosted a power grid investment summit in Houston with Dan Patrick, Texas's lieutenant-governor. Patrick has previously expressed "grave concerns" about the group's use of ESG factors in investing.

Conservative attacks over the climate change issues have coincided with new caution by BlackRock and other asset managers over participating in industry alliances that seek to tackle climate change. BlackRock has scaled back its commitment to Climate Action 100+, while State Street, JPMorgan Asset Management, Pimco and Invesco have withdrawn entirely.

But BlackRock hit back hard after the Texas fund made its announcement.

"Ending a long, successful partnership that has been a positive force for thousands of Texas schools and families in such a reckless manner is irresponsible," Mark McCombe, BlackRock chief client officer, wrote in a letter to Aaron Kinsey, chair of the Texas State Board of Education, asking for the decision to be reconsidered. BlackRock declined to comment on the size of red state ESG-related divestments.

The outflows started in 2022 after West Virginia state treasurer Riley Moore included BlackRock on the nation's first list of financial firms deemed to be boycotting fossil fuel companies. Texas, Florida, Missouri and other GOP-led states followed suit with anti-ESG initiatives and divestments.

Technology. Price war

China ecommerce operators muscle in on Korea

> Volume offensive staged by AliExpress and others poses threat to domestic incumbents

SONG JUNG-A AND CHRISTIAN DAVIES
SEOUL

Diving instructor Park Soo-hong has been a customer of AliExpress, Chinese tech group Alibaba's online shopping service, ever since he went bargain-hunting for car parts five years ago.

He regularly compares the platform's prices with South Korea's dominant portal Naver and US rival Amazon. An oil-level gauge he recently bought for Won86,000 ($64) on AliExpress was advertised for about Won540,000 on local online retail sites.

"Most products on these Chinese platforms are unbelievably cheap," he said. "Delivery is slow, but I can put up with it if prices are 70 per cent to 80 per cent cheaper."

An increasing number of budget-conscious Koreans are turning to Chinese online marketplaces such as AliExpress and Temu as China's biggest ecommerce companies aggressively expand abroad amid weaker domestic consumption. China-founded fast fashion group Shein is also making inroads.

Their breakthrough in a country that has led in fast internet connectivity and creating a mature, digital-savvy consumer is worrying for incumbents in the fourth-largest ecommerce market. It is worth nearly Won200tn, with almost half of the country's retail spending made online, according to Euromonitor International. South Korea also has the second-highest level of online spending per capita after the US.

Purchases from China platforms surpassed those from US competitors, including Amazon, for the first time last year. One in four South Koreans use China sites. "They are growing faster than expected here, selling products at rock-bottom prices," said Lee Seung-jin of fashion platform Musinsa. "We are worried that we may lose our market share. There is not much we can do about their volume offensive, which is threatening."

AliExpress and Temu, the low-priced marketplace owned by China's PDD Holdings, were the fastest-growing online retail platforms for Korean consumers last year, although they still trail Coupang, a South Korean group despite being listed and domiciled in the US.

Chinese ecommerce operators have been pushing into overseas markets as growth sputters at home, undercutting the competition abroad with cheap Chinese goods. Temu, which only launched two years ago, has muscled into new territories with an aggressive marketing campaign and heavy subsidies to attract users and merchants to the platform.

Analysts noted that AliExpress was enticing Korean companies to sell on its platform with a "zero commission" offer until the end of March, meaning they did not have to pay the 10 per cent to 20 per cent on sales usually charged by ecommerce platforms.

The Chinese company is offering "delivery guarantees" for South Korean consumers and quicker delivery times by expanding warehouse capacity in China's eastern Shandong province, which is close to the Korean peninsula.

Wi Jong-hyun, a business professor at Chung-Ang University in Seoul, said: "Our ecommerce market will probably come under China's control, as Chinese product quality has improved in recent years and their prices get lower with economies of scale. You can't win a price war with China."

But some analysts said such concerns were overblown.

Angela Hong, an analyst at Nomura in Seoul, noted that "most Korean purchases on Chinese platforms are confined to the low-priced product category". Chinese sites account for only about 2 per cent of South Korea's ecommerce market in terms of gross merchandise value, according to Nomura estimates.

AliExpress Korea has also been dogged by complaints over late deliveries and the wrong products being sent, as well as concerns about counterfeits.

The Korean Fair Trade Commission is looking into the alleged lack of consumer protection from AliExpress. In addition, the country's personal data protection watchdog is investigating consumer data processing by overseas shopping platforms, after a parliament audit last year raised concerns over potential personal information leaks to China through AliExpress and Temu.

PDD's Temu marketplace has made rapid inroads into the Korean space

Alibaba plans to invest $1.1bn over the next three years to build a logistics network in South Korea to shorten delivery time, according to Korea's state news agency. Alibaba also announced consumer protection measures including setting up a call centre, after the Korean authorities said the country's ecommerce laws would apply equally to Chinese platforms.

While AliExpress has said it will spend Won10bn over three years to screen for counterfeits using artificial intelligence, many Korean consumers still only trust the Chinese platforms for a limited range of items. "I would never use a Chinese platform to buy products to eat or apply to my body," said Y.S. Chung, a student who uses AliExpress to buy low-end items such as smartphone cases, chargers, and electric cables.

On the regulatory front, antitrust rules being considered to improve competition are creating concern among some South Korean platforms. They fear the market's biggest participants will be targeted, allowing Chinese rivals to expand their market share.

Sunny Moon, research manager at Euromonitor International, said it would take a long time for the Chinese platforms to increase their share at the higher end. "The Chinese companies are now sacrificing margins to build a user base here, but how long can they maintain such a business model?"

She said that if Alibaba were to move into the South Korean wholesale market, "it would deal a blow to many small Korean merchants who source their cheap products in China and resell them on Korean online marketplaces".

Additional reporting by Eleanor Olcott

Rough EV ride leaves Hertz with heavy dents

Chief's exit, the stock having fallen 60% since he joined, underlines that even small strategic errors can escalate fast

SUJEET INDAP, JOSHUA FRANKLIN, ORTENCA ALIAJ AND ANTOINE GARA
NEW YORK

It did not take long after Stephen Scherr stepped down as Goldman Sachs chief financial officer in late 2021 for him to start spending more time in Florida. But he was not retiring to play golf.

In February 2022 he was named chief executive of Hertz, the Fort Myers-based mainstay of the rental car business which had just emerged from bankruptcy and looked poised to take advantage of a post-pandemic "revenge travel" boom.

Hertz's majority owners, two little-known private equity businesses called Knighthead Capital and Certares, had made two bold bets after their $2bn equity investment won the auction to bring Hertz out of bankruptcy earlier that year.

First, they decided that the century-old company would reposition itself as a forward-looking "mobility" group that would stand out in a crowded field with a fleet heavy on Tesla's electric vehicles.

Second, they determined that a Wall Street investment banker was the person to lead that transformation.

The PE firms offered Scherr 2 per cent of Hertz's equity if he could help it reach lofty stock market targets. Hitting the final incentive — a little more than doubling Hertz's share price over five years — would have unlocked stock worth at least $498mn.

But last Friday, after just 25 months in the job, Hertz abruptly announced that Scherr would be leaving at the end of the month. Gil West, a former chief operating officer of Delta Air Lines and General Motors' Cruise self-driving car unit, will be replacing him.

Instead of enjoying a boom, Hertz is in trouble again. Its shares have declined 60 per cent since the day Scherr joined, pulled down by the failure of its pivot to EVs.

The situation came to a head in January when it shocked investors with the news that it had decided to sell a third of its EVs, taking a hit of $245mn.

Scherr and the board had discussions then about what management skills were needed for the next phase at the company. About the same time, people familiar with the matter say, he confessed to friends that it might be time for him to leave, given the need for a tighter focus on operations.

Hertz's struggles have underscored that US consumers are proving more wary of EVs than expected and that even small strategic errors at companies with complex supply chains and capital structures can quickly snowball.

"Given the stock price and the moves made operationally, things weren't going well," said one person involved. Hertz needed someone to "stabilise the business" before focusing on new initiatives. A person familiar with the thinking of Knighthead and Certares said that the pair agreed that it was the right time for a new CEO.

Others deeply involved in the Hertz investment have also moved on. Jeff Nedelman, a Certares managing director who had worked with Scherr at Goldman and recruited him to Hertz, resigned from the rental group's board in January after taking a job at Carlyle.

It is a very different picture from the one Hertz's owners were looking at before they hired Scherr. Within months of buying Hertz out of bankruptcy, Knighthead and Certares had relisted the company on Nasdaq in November 2021 and were sitting on $3bn of paper and cash gains from their $2bn outlay.

> 'Steve is super-smart with a great pedigree but he was a numbers guy, not a turnaround expert'

The two firms had developed a thesis that travel would bounce back sharply after lockdowns, with beaten-down travel and hospitality companies benefiting the most. Moreover, financial and operating factors that had pushed Hertz into bankruptcy reversed in the 2021 rally: its balance sheet had been cleaned up and the prices of used cars surged, letting it boost profits while modernising its fleet.

In October 2021, before Scherr's arrival, Hertz had trumpeted "an initial order" of 100,000 Teslas, saying that consumer interest in EVs was "sky-rocket[ing]" and hiring former New England Patriots quarterback Tom Brady to pitch how it was "changing the game".

Its private equity owners preached that Hertz's investment in EVs and their related charging infrastructure would be revolutionary, even entailing autonomous vehicles down the road.

"This should be one of the best ESG investments in the market today," said Greg O'Hara of Certares at the time, hailing the environmental benefits of EVs.

Executives from Certares and Knighthead had known Scherr for years. "We've got your next gig," they told him when they approached him about the Hertz position in late 2021 shortly after he announced that he was leaving Goldman.

At first, Scherr was sceptical. But the closer he looked, the more he shared their enthusiasm. He even drew parallels between managing hundreds of thousands of rental cars and the risk management skills he had honed during almost three decades at Goldman.

At an investor event in June 2022, Scherr told the audience that corporate customers would rent EVs to achieve their "net zero" emissions-cutting objectives and ride-share drivers would prefer EVs to avoid high petrol prices. His contacts proved useful too, as Hertz struck partnerships with various Big Tech groups.

But throughout 2022 and early 2023, travel and leisure stocks stagnated, as the revenue gains from resurgent travel were already priced in.

To make matters worse, in October 2023, Hertz shocked Wall Street by disclosing that the EVs it had rented to Uber drivers were being damaged at an unexpectedly high rate. Not only were they proving costly to repair relative to traditional internal combustion engine cars, but their salvage values had suffered during a Tesla-induced price war.

Many renters, meanwhile, still preferred traditional cars and hybrids, leaving Hertz lots full of Teslas even after it offered drivers heavy discounts. By January, Scherr had to tell the market that Hertz would cut a third of its EV fleet. Its earnings before interest, tax, depreciation and amortisation for 2023 fell to $561mn — down 75 per cent year over year — even as revenues remained resilient.

"Steve is a super-smart guy with a great pedigree. But he was a numbers guy, not an EV or turnaround expert," said Ian Zaffino, an equity research analyst at Oppenheimer. "It's hard to be a long-tenured CEO with all these curveballs thrown at you."

One person close to the business said: "If you look at the top line of the company on a revenue basis, [Hertz] is performing well, but on a cost basis, it is underperforming." It would have to cut costs aggressively. The business was "not abandoning the EV strategy, just downsizing it until the business is profitable".

The EV fiasco has left Hertz in a precarious position. It carries more than $3bn in corporate debt, compared with adjusted ebitda of less than $600mn last year.

Since emerging from bankruptcy, it has used cash flow and debt issuance to buy back $3bn in common stock as well as redeem almost $2bn of preferred stock held by Apollo Global Management at a 25 per cent premium to Apollo's purchase price.

In a 2021 follow-on equity offering, Knighthead and Certares sold $500mn of shares. But the value of their remaining majority stake is today worth $1.4bn, leaving them underwater on their initial $2bn investment.

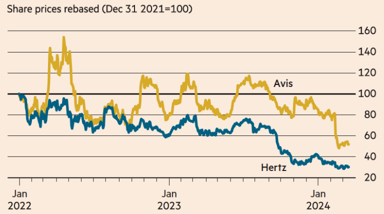
In a memo seen by the Financial Times, Scherr had told colleagues that he remained optimistic about Hertz's prospects, even as he said 2024 would be a "transitional" year. It had partnerships with Google on artificial intelligence, Apple and Stripe on digital payments, and Palantir on "fleet control", he noted, saying its investments in technology would create "long-term value" for the business.

According to FT calculations based on Hertz securities filings, Scherr will create less value for himself than once seemed possible. He will collect only 2.8mn of the 12.5mn shares he stood to earn when he joined had he hit the targets set for him, worth just over $20mn, rather than the near-$500mn he could once have aimed for. He will have separately taken home less than $10mn in cash pay for his 25 months at the wheel.

Scherr will, however, keep one fringe benefit. The company's last proxy filing states that he remains eligible for free Hertz car rentals for the rest of his life.

The truth Hertz: contrary to projections, the reality was that renters continued to prefer traditional cars and hybrids, so that the move to refashion the group as a 'mobility' business with a fleet of Teslas flopped
Brendan McDermid/Reuters

Hertz must try harder
Share prices rebased (Dec 31 2021=100)



Source: S&P Global Market Intelligence

Personal & household goods

Advent and CVC bid for Cinven pet food group

IVAN LEVINGSTON AND WILL LOUCH
LONDON

Private equity groups Advent International and CVC Capital have teamed up to bid for a pet food company owned by Cinven, leaving a single bidding consortium left seeking to buy an asset the UK buyout group has held for six years.

Advent and CVC were the two remaining investors competing in the process to acquire Partner in Pet Food, a Hungary-based maker of animal food. But the two groups have now submitted a joint bid, according to people familiar with the matter.

The sides remain in talks and there is no certainty that a deal will be reached, the people said. Cinven had previously sought a valuation of roughly €2bn for the business, one person said.

Private equity groups are under pressure to exit investments so they can return capital to investors. A slowdown in dealmaking means they are sitting on a record number of unsold companies, however.

Last year there was a particularly steep decline in the value of portfolio companies sold to other private equity owners, as rising interest rates have opened up a gulf in valuation expectations between buyers and sellers.

PPF, established nearly 25 years ago, operates across Europe, including France, Italy and Germany. Its products are distributed to more than 600 customers, including supermarkets, pet shops and vets in dozens of countries, according to its website.

Cinven bought it in 2018, when it had already spent several years in private equity ownership. Advent had previously acquired Partner in Pet Food in 2011, before selling the business to another private equity investor, Pamplona Capital Management, in 2015 for €315mn.

Buyout investors have poured money into the pet sector in recent years, enticed by trends that show strong spending on the pets that many people acquired during the pandemic.

Veterinary clinics have been a focus, with private capital groups such as EQT and KKR making significant investments in that sector.

But that sector now faces increased regulatory scrutiny. The UK's competition watchdog announced plans this month for an in-depth probe into the veterinary market and whether the "roll-up" of thousands of small clinics might have forced up the price of treatments and drugs facing the UK's 16mn pet owners.

Since Cinven acquired PPF six years ago it has expanded the business through acquisitions. PPF had about €690mn sales in 2022 and €800mn last year, underscoring its continued growth, according to a person familiar with the accounts.

Advent, CVC and Cinven declined to comment.

Energy

Big Oil calls for realism on green transition

Consumers are unwilling to shoulder costs of rapid shift, sector leaders say

MYLES MCCORMICK, JAMIE SMYTH AND AMANDA CHU — HOUSTON

Big Oil used an industry conference last week to argue against a rapid transition to green energy, as fossil fuel companies are emboldened by high demand and record profits despite rising alarm over climate change.

Executives attending the annual CERAWeek get-together in Houston expressed confidence that fossil fuel consumption would keep growing, just months after world leaders at the COP28 climate summit pledged to begin "transitioning away from fossil fuels" and triple the use of renewables by 2030.

The bullish comments at the event — which boasted a record attendance of more than 8,000 delegates — came against a backdrop of record temperature rises and growing scientific concern over the need to cut greenhouse gas emissions to tackle climate change.

The UN's World Meteorological Organization last week sounded a "red alert" as it affirmed 2023 as having been the hottest year on record. It pointed to unprecedented surface and ocean temperatures, glacial retreat and rising sea levels. Jim Skea, head of the UN's Intergovernmental Panel on Climate Change, told an FT conference earlier this month that the world was in "unknown territory".

But industry leaders argue consumers are unwilling to pay the costs associated with a rapid shift to wind and solar energy. Booming construction of power-hungry artificial intelligence data centres, population increases and sweeping electrification mean increases in all forms of energy, except coal, are needed to meet demand, they said.

US oil and gas production has smashed fresh records in recent months and the country now pumps more than any other nation in history. Meanwhile, surging prices in the wake of Russia's invasion of Ukraine have led producers across the world to report record profits in the past two years.

"We should abandon the fantasy of phasing out oil and gas and, instead, invest in them adequately reflecting realistic demand assumptions," Amin Nasser, chief executive of Saudi Aramco, the world's biggest oil producer, told delegates at the conference.

But some renewable executives at the conference hit back at the fossil fuel narrative. Sandhya Ganapathy, head of EDP Renewables North America, called the statements by oil and gas executives a "limited" view of the role renewables would play in the future.

The International Energy Agency anticipates global power consumption from data centres could surpass 1,000 terawatt hours by 2026, more than double 2022 levels and an increase equivalent to Germany's total power use in the space of four years.

A report released by think-tank Carbon Tracker last week found that the world's biggest oil and gas companies were still not aligned with the goals of the Paris Agreement on tackling climate change, despite corporate messaging on supporting a low-carbon future.

Market questions. Week ahead

Bitcoin ETFs outlook hazy as some investors walk away

A pullback has hit enthusiasm for the funds. At one point last week, bitcoin dropped as low as $60,760
Ricardo Ceppi/Getty Images

Have the inflows into bitcoin funds dried up?

The inflows into 11 new bitcoin exchange traded funds that received US regulatory approval in January went into reverse last week. Investors will be watching daily data to see if the $850mn that leaked out of the ETFs was a blip, or a harbinger of a bigger pullback for the biggest cryptocurrency.

The flows had helped to propel the price of the cryptocurrency to a record of $73,000 this year. But a pullback in the price of bitcoin in recent days has hit investor enthusiasm for the ETFs. At one point last week, bitcoin fell as low as $60,760.

"People have looked at how much the price of bitcoin has fallen and they've decided to hold off. Nobody wants to catch a falling knife," said James Butterfill, head of research at crypto investment group CoinShares.

BlackRock, the largest asset manager, registered inflows of $576mn last week, while rival products issued by firms including Fidelity, Invesco and Franklin Templeton have had minimal new money come in.

These flows have been offset by persistent investor withdrawals at Grayscale. The asset manager converted its long-standing bitcoin trust into an ETF in January, but the product carries a much higher management fee than its competitors.

"We're approaching a dead zone for these ETF products where the initial frenzy of pent-up capital has come in already," said Ilan Solot, senior global markets strategist at Marex.

Bitcoin traders will also have one eye on the so-called halving, a network update scheduled for next month that will halve the financial rewards for miners that verify new transactions on the network. The event, which happens every four years, is expected to push bitcoin's price up in the long term, analysts say. *Scott Chipolina*

Will progress on the Fed's preferred measure of inflation stall?

The US Federal Reserve's preferred measure of inflation is expected to show that no progress was made in reducing price growth last month, underscoring how much work the Fed still has left to reach its 2 per cent target.

On Friday, the Bureau of Economic Analysis will release February's personal consumption expenditures index data. The headline PCE index is expected to have risen 2.5 per cent year on year, according to economists surveyed by Bloomberg, up from the 2.4 per cent rate recorded in January. The core measure, which strips out the volatile food and energy sectors and is the one most closely watched by the Fed, is expected to come in at 2.8 per cent, the same as the previous month.

The data follows higher-than-expected consumer price inflation numbers for February, which showed that headline inflation increased to 3.2 per cent last month, up from 3.1 per cent in January.

Above-forecast inflation numbers in January and February have lowered market expectations of the number of times the Fed will cut interest rates this year. In January, traders were betting on six quarter-point cuts by December. That figure is now about three, in line with the Fed's own expectations.

Fed officials have raised their forecasts for where core PCE would be by year-end to 2.6 per cent, from the previous forecast of 2.4 per cent. Despite the rise in expected inflation, officials still anticipated 0.75 percentage points of cuts this year. *Kate Duguid*

Does gold's rally have further to go?

The price of gold has surged this month in a blistering rally without an obvious individual trigger that has left some analysts baffled.

After big gains earlier this month the yellow metal has been trading close to the $2,200 a troy ounce mark, and even briefly rose as high as $2,222 on Wednesday. Traders are on alert for any signs that the asset has become overbought and might be due a correction, or for confirmation that there are solid reasons for its strength or that it could move even higher.

Analysts have pointed to various factors for gold's recent strength, including rising expectations of interest rate cuts from the US Federal Reserve, continued geopolitical tensions in Ukraine and the Middle East, record levels of central bank buying and strong retail demand.

'We're approaching a dead zone for these products where the initial frenzy of pent-up capital has come in already'

Some argue, however, that present prices are unsustainable without an actual fall in interest rates, which would make the non-yielding asset more attractive. Others note that, although gold has hit record levels in nominal terms, prices remain well below their inflation-adjusted peak of more than $3,000.

Ewa Manthey, a commodities strategist at ING, said the rally still "has further to go". She highlighted the continued strength of demand for gold as a safe-haven asset amid conflict in Ukraine and the Middle East and before the US election.

She added that continued buying from investors chasing the gold rally could "push prices to a fresh record".

Changing expectations of rate cuts are likely to be the biggest risk to the rally, say analysts. Future economic data releases, which guide monetary policy expectations, may bring fresh volatility. *Stephanie Stacey*

Automobiles

Ferrari's brisk Taiwan sales underscore wealth of chip entrepreneurs

PETER CAMPBELL — LONDON
KATHRIN HILLE — TAIPEI

Sales of Ferraris in Taiwan have doubled in the past four years, bolstered by the growing wealth of the country's chip entrepreneurs and a return of capital as supply chains diversify away from China.

Ferrari chief executive Benedetto Vigna said demand in Taiwan was growing faster than China or Hong Kong because of a sharp rise in supercar sales to the country's increasingly wealthy citizens.

"China is growing but . . . less than Taiwan," he said. "In Taiwan you have more entrepreneurs, and the chip industry is booming." He added: "You have a lot of people that are making a lot of money."

Ferrari last month reported record annual earnings, driven by customers paying for personalised add-ons. Although the bulk of sales come from Europe and the US, the carmaker said shipments to mainland China and Taiwan rose from 5 per cent of the total in 2020 to almost 11 per cent last year.

Ferrari is tapping into a surge in private wealth that has made the island the fifth-richest country, with €141,600 per capita, according to last year's Allianz Global Wealth Report.

The uptick in wealthy citizens has been driven in part by a booming industry for semiconductors, a sector dominated by Taiwan. But it has also been boosted by Taiwanese manufacturers shifting operations away from China, which has brought many entrepreneurs and wealthy executives back home.

With manufacturers shifting operations away from the mainland, many executives have returned

"We have won a lot of new customers over the past four years," said Vincent Liu, general manager of Modena Motori Taiwan, Ferrari's official dealer in the country.

Along with the US, Taiwan has long had the highest ratio of private wealth to the size of its economy in the world. The country's net financial assets increased 45 per cent between 2018 and 2022, according to the Allianz report, the latest year for which figures are available.

According to Modena Motori, 70-80 per cent of Ferrari buyers in Taiwan are entrepreneurs. "The exotic car scene has really taken off here," said Ryan Yeh, owner of a Ferrari Pista and one of only three Ferrari 360 Modenas in Taiwan.

Yeh runs a car club and frequently participates in street races in the mountains that dominate the island's geography. "[For] my generation who have some financial freedom, these brands are much more recognisable [compared with] our parents' [generation], where anyone who was successful would just buy a Benz or BMW," he said.

Jeff Hsu, a board member of satellite company Aerkomm, who bought an Aston Martin four years ago, his first luxury car, said: "It's very simple: Taiwanese are rich, and there's only so many places you can put your money: you can buy property and you can buy cars."

MARKET DATA

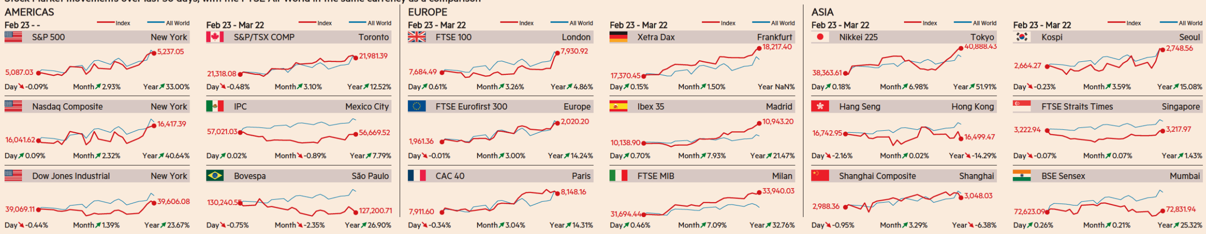
WORLD MARKETS AT A GLANCE

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 $
-0.09%	0.09%	-0.44%	0.61%	-0.01%	0.18%	-2.16%	-0.27%	-0.368%	-0.552%	-0.152%	0.117%	-0.55%	0.60%

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



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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Nvidia	257.6	941.46	27.11
Tesla	76.5	169.67	-3.15
Apple	58.0	172.59	1.22
Advanced Micro Devices	50.4	177.29	-1.39
Lululemon Athletica	46.1	397.71	-81.13
Super Micro Computer	26.7	982.79	11.18
Nike	21.2	93.20	-7.62
Microsoft	20.0	427.11	-2.26
Broadcom	19.6	1366.58	18.58
Alphabet	19.1	150.65	3.05

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Fedex	285.26	20.41	7.71
Nvidia	941.46	27.11	2.96
Aes	16.11	0.35	2.19
Alphabet	150.65	3.05	2.06
Alphabet	151.58	2.84	1.91
Downs			
Lululemon Athletica	397.71	-81.13	-16.94
Nike	93.20	-7.62	-7.56
Epam Systems	270.50	-13.21	-4.66
Vf	13.96	-0.59	-4.02
Dayforce	68.75	-2.14	-3.02

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Haleon	262.2	328.55	4.55
Shell	189.4	2632.00	10.50
Relx	143.4	3458.00	7.00
Unilever	125.8	3976.50	69.50
Bp	114.8	498.85	2.20
Astrazeneca	109.7	10482.00	54.00
Glencore	107.5	428.85	0.85
Rio Tinto	105.6	4997.00	-51.00
Natwest	105.3	261.10	7.70
Compass	104.2	2266.00	24.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Phoenix Holdings	529.20	41.00	8.40
Bakkavor	104.00	3.50	3.48
Savills	1035.00	31.00	3.09
Natwest	261.10	7.70	3.04
Drax	486.50	13.50	2.85
Downs			
Darktrace	427.10	-33.90	-7.35
Wetherspoon (J.d.)	746.00	-50.50	-6.34
Jd Sports Fashion	109.75	-7.35	-6.28
Wood (john)	145.00	-7.90	-5.17
Hochschild Mining	119.40	-5.30	-4.25

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Nestle N	351.8	97.12	-0.62
Unicredit	277.9	33.59	-0.32
Roche Gs	276.0	231.90	0.26
Intesa Sanpaolo	243.2	3.29	0.00
Asml Holding	239.4	907.00	-16.30
Richemont N	220.6	138.18	-3.71
Novartis N	193.0	89.04	-0.22
Santander	191.6	4.37	0.09
Enel	174.1	6.08	0.01
Stellantis	170.2	26.94	0.02

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Heineken	86.78	2.46	2.92
Santander	4.37	0.09	2.07
Dsv A/s	149.50	2.48	1.69
Iberdrola	11.29	0.17	1.48
Volvo, Ab Ser. A	27.83	0.37	1.34
Downs			
Nordea Bank Abp	10.43	-0.84	-7.47
Kering	360.45	-10.85	-2.92
Richemont N	138.18	-3.71	-2.61
Lvmh	827.70	-20.20	-2.38
Stmicroelectronics	39.74	-0.81	-2.01

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Lasertec	3411.2	42920.00	-140.00
Tokyo Electron	1999.3	39330.00	-10.00
Toyota Motor	1503.9	3872.00	73.00
Mitsubishi Ufj Fin	1398.5	1602.00	29.50
Sumitomo Mitsui Fin	1177.8	9095.00	183.00
Tokyo Electric Power	1128.3	872.80	15.40
Advantest	951.9	6546.00	-201.00
Softbank .	895.5	9247.00	-16.00
Fast Retailing Co.,	746.6	47410.00	550.00
Kawasaki Kisen Kaisha,	651.6	6338.00	47.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Sharp	883.40	43.60	5.19
Suzuki Motor	6821.00	239.00	3.63
Nissan Motor Co.,	642.50	20.90	3.36
Comsys Holdings	3660.00	108.00	3.04
Bridgestone	6786.00	191.00	2.90
Downs			
Chugai Pharmaceutical Co.,	5881.00	-219.00	-3.59
Advantest	6546.00	-201.00	-2.98
Komatsu	4507.00	-99.00	-2.15
Kyowa Hakko Kirin Co.,	2795.50	-49.50	-1.74
Smc	87000.00	-1520.00	-1.72

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Mar 22 price(p)	%Chg week	%Chg ytd
Winners			
Melrose Industries	670.00	8.8	19.8
Natwest	261.10	8.7	18.6
Croda Int	5092.00	8.3	2.8
Next	9192.00	8.1	14.3
3i	2761.00	8.1	17.8
St. James's Place	458.60	7.8	-30.4
Ashtead	5594.00	7.8	4.8
Rolls-royce Holdings	419.90	6.7	40.9
Scottish Mortgage Investment Trust	878.80	6.6	11.5
Airtel Africa	99.90	5.9	-23.0
Segro	898.00	5.9	2.5
Halma	2341.00	5.7	5.3
Losers			
Burberry	1183.50	-6.8	-15.5
Centrica	126.95	-4.0	-10.2
Schroders	377.30	-3.3	-11.9
Fresnillo	455.00	-2.7	-20.3
B&m Eur Value Retail S.a.	527.20	-2.4	-6.0
Smith & Nephew	1039.00	-2.3	-2.7
Prudential	778.40	-2.2	-9.1
Vodafone	68.43	-2.0	-1.9
Jd Sports Fashion	109.75	-1.9	-31.7
Reckitt Benckiser	4406.00	-1.8	-19.2
Frasers	792.00	-1.1	-10.6
Bt	107.60	-0.9	-14.0

FTSE 250	Mar 22 price(p)	%Chg week	%Chg ytd
Winners			
Close Brothers	396.80	18.2	-49.5
Future	655.50	13.6	-15.9
Helios Towers	88.00	10.1	1.5
Puretech Health	216.00	9.9	13.7
Ti Fluid Systems	168.40	9.6	11.2
Aston Martin Lagonda Global Holdings	173.00	8.5	-19.7
Johnson Matthey	1846.00	8.2	10.5
Uk Commercial Property Reit	69.00	8.0	9.9
Carnival	1224.50	7.5	-3.3
Currys	60.75	7.3	22.1
Inchcape	689.00	7.2	-4.5
Shaftesbury Capital	141.50	7.1	2.8
Losers			
Ferrexpo	43.22	-14.4	-50.7
Crest Nicholson Holdings	194.10	-13.6	-8.9
Darktrace	427.10	-11.5	24.5
Watches Of Switzerland	333.40	-11.0	-50.7
Bytes Technology	515.00	-9.2	-12.9
Wetherspoon (J.d.)	746.00	-8.2	-7.3
Dowlais	81.50	-8.2	-24.1
Octopus Renewables Infrastructure Trust	72.40	-8.0	-18.9
Computacenter	2702.00	-7.0	-1.7
W.a.g Payment Solutions	70.00	-6.7	-20.6
Domino's Pizza	348.60	-5.8	-6.4
Osb	366.20	-5.7	-18.3

FTSE SmallCap	Mar 22 price(p)	%Chg week	%Chg ytd
Winners			
Capricorn Energy	161.00	15.8	-3.6
Sabre Insurance	179.40	13.7	16.8
Stv	241.00	12.1	22.6
Zotefoams	379.00	11.5	8.6
Cmc Markets	185.40	10.6	75.2
Pollen Street	610.00	10.5	-3.2
Xp Power	1102.00	9.3	-13.6
Cab Payments Holdings	109.00	8.6	32.9
On The Beach	156.80	8.0	-7.0
Avon Protection	1054.00	7.7	26.2
Kenmare Resources	321.50	7.5	-19.4
Treatt	408.00	6.8	-20.2
Losers			
Aptitude Software	290.00	-13.4	0.7
Fdm (holdings)	335.00	-11.4	-24.0
Seraphim Space Investment Trust	56.00	-10.3	56.4
Hostelworld	155.50	-8.5	17.8
Metro Bank Holdings	30.00	-8.0	-25.0
Ceres Power Holdings	138.80	-7.9	-24.0
Molten Ventures	236.80	-7.4	-12.6
Videndum	273.00	-6.2	-21.0
Robert Walters	387.00	-6.1	-14.0
Gore Street Energy Storage Fund	64.00	-5.9	-26.9
Secure Trust Bank	642.00	-5.6	-7.5
Gulf Marine Services	20.30	-5.6	33.6

Industry Sectors	Mar 22 price(p)	%Chg week	%Chg ytd
Winners			
Chemicals	9739.53	7.2	1.9
Industrial Transportation	4050.68	6.6	1.8
Aerospace & Defense	10988.33	6.1	28.2
Real Estate Investment Trusts	2302.37	4.6	-4.0
Banks	3814.27	4.4	3.6
Electronic & Electrical Equip.	10082.74	3.4	1.3
General Retailers	3975.16	3.1	5.8
Nonlife Insurance	3808.73	2.9	13.8
Oil & Gas Producers	8884.83	2.7	3.5
Media	12184.92	2.6	9.4
Food Producers	7474.98	2.4	2.1
Industrial Metals	6195.75	2.4	-9.0
Losers			
Personal Goods	16551.80	-7.5	-24.1
Health Care Equip.& Services	10977.24	-1.7	2.0
Mining	8730.27	-0.7	-11.8
Construction & Materials	9791.37	-0.5	5.2
Mobile Telecommunications	1804.51	-0.5	-5.1
Automobiles & Parts	1314.73	-0.2	-17.0
Beverages	22893.67	-0.2	1.9
Software & Computer Services	2523.37	-0.2	4.4
Gas Water & Multiutilities index	6057.79	0.5	-1.1
Travel & Leisure	8080.52	1.0	7.5
Industrial Engineering	14810.51	1.3	4.2
Household Goods	13172.40	1.4	0.7

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

CURRENCIES

Mar 22	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	854.7490	0.5020	924.4928	-3.3004	1077.2020	-4.9178
Australia	Australian Dollar	1.5337	0.0116	1.6589	0.0056	1.9329	0.0047
Bahrain	Bahrainin Dinar	0.3770	-	0.4077	-0.0017	0.4751	-0.0024
Bolivia	Bolivian Boliviano	6.9100	-	7.4738	-0.0311	8.7084	-0.0449
Brazil	Brazilian Real	4.9890	0.0102	5.3961	-0.0114	6.2874	-0.0195
Canada	Canadian Dollar	1.3596	0.0059	1.4705	0.0002	1.7134	-0.0014
Chile	Chilean Peso	981.5500	8.1500	1061.6402	4.4355	1237.0037	3.9464
China	Chinese Yuan	7.2282	0.0288	7.8180	-0.0012	9.1094	-0.0105
Colombia	Colombian Peso	3900.4750	12.0950	4218.7382	-4.4113	4915.5967	-10.0215
Costa Rica	Costa Rican Colon	501.5000	-1.3500	542.4202	-3.7226	632.0180	-4.9686
Czech Republic	Czech Koruna	23.4070	0.1177	25.3169	0.0225	29.4988	-0.0030
Denmark	Danish Krone	6.8957	0.0286	7.4584	0.0001	8.6903	-0.0085
Egypt	Egyptian Pound	46.7412	0.1196	50.5551	-0.0804	58.9058	-0.1522
Hong Kong	Hong Kong Dollar	7.8222	0.0002	8.4605	-0.0349	9.8580	-0.0505
Hungary	Hungarian Forint	367.1413	3.5928	397.0984	2.2503	462.6918	2.1658
India	Indian Rupee	83.4263	0.2700	90.2335	-0.0821	105.1384	-0.2000
Indonesia	Indonesian Rupiah	15780.0000	120.0000	17067.5842	59.3352	19886.8439	49.4706
Israel	Israeli Shekel	3.6420	0.0379	3.9392	0.0248	4.5898	0.0244
Japan	Japanese Yen	151.3550	-0.2300	163.7049	-0.9308	190.7459	-1.2748
..One Month		151.3543	-0.2314	163.7043	-0.9319	190.7451	-1.2765
..Three Month		151.3529	-0.2342	163.7032	-0.9341	190.7434	-1.2799
..One Year		151.3475	-0.2451	163.6993	-0.9420	190.7451	-1.2848
Kenya	Kenyan Shilling	132.5000	-	143.3114	-0.5961	166.9838	-0.8609
Kuwait	Kuwaiti Dinar	0.3078	0.0002	0.3329	-0.0012	0.3878	-0.0017
Malaysia	Malaysian Ringgit	4.7375	0.0227	5.1241	0.0034	5.9705	-0.0020
Mexico	Mexican Peso	16.7285	-0.0138	18.0935	-0.0902	21.0822	-0.1261
New Zealand	New Zealand Dollar	1.6676	0.0134	1.8037	0.0070	2.1017	0.0061
Nigeria	Nigerian Naira	1415.0000	-35.0000	1530.4579	-44.3794	1783.2613	-53.5305
Norway	Norwegian Krone	10.7452	0.0661	11.6220	0.0235	13.5417	0.0140
Pakistan	Pakistani Rupee	278.5000	0.1250	301.2244	-1.1173	350.9811	-1.6512
Peru	Peruvian Nuevo Sol	3.6978	0.0005	3.9995	-0.0161	4.6602	-0.0235
Philippines	Philippine Peso	56.2850	0.2325	60.8776	-0.0007	70.9335	-0.0712
Poland	Polish Zloty	3.9885	0.0252	4.3139	0.0094	5.0265	0.0060
Romania	Romanian Leu	4.5969	0.0182	4.9719	-0.0009	5.7932	-0.0068
Russia	Russian Ruble	92.3500	0.4750	99.8854	0.1004	116.3846	0.0017
Saudi Arabia	Saudi Riyal	3.7503	-	4.0563	-0.0169	4.7263	-0.0244
Singapore	Singapore Dollar	1.3493	0.0054	1.4594	-0.0002	1.7005	-0.0019
South Africa	South African Rand	18.9750	0.1262	20.5233	0.0517	23.9133	0.0366
South Korea	South Korean Won	1338.3500	15.8500	1447.5536	11.1932	1686.6629	11.3822
Sweden	Swedish Krona	10.5511	0.0884	11.4120	0.0485	13.2970	0.0434
Switzerland	Swiss Franc	0.8982	-0.0010	0.9715	-0.0051	1.1320	-0.0071
Taiwan	New Taiwan Dollar	31.9615	0.1320	34.5694	-0.0004	40.2797	-0.0405
Thailand	Thai Baht	36.3750	0.3200	39.3430	0.1839	45.8418	0.1690
Tunisia	Tunisian Dinar	3.1240	0.0100	3.3789	-0.0032	3.9370	-0.0076
Turkey	Turkish Lira	32.0378	0.1378	34.6519	0.0055	40.3757	-0.0337
United Arab Emirates	UAE Dirham	3.6723	-0.0001	3.9719	-0.0166	4.6280	-0.0240
United Kingdom	Pound Sterling	0.7935	0.0041	0.8582	0.0009	-	-
..One Month		0.7935	0.0041	0.8581	0.0008	-	-
..Three Month		0.7936	0.0041	0.8580	0.0008	-	-
..One Year		0.7938	0.0041	0.8570	0.0008	-	-
United States	United States Dollar	-	-	1.0816	-0.0045	1.2603	-0.0065
..One Month		-	-	1.0815	-0.1852	1.2603	-0.0065
..Three Month		-	-	1.0812	-0.1852	1.2603	-0.0065
..One Year		-	-	1.0798	-0.1852	1.2606	-0.0065
Vietnam	Vietnamese Dong	24775.0000	-15.0000	26796.5765	-127.7742	31222.8751	-180.0177
European Union	Euro	0.9246	0.0038	-	-	1.1652	-0.0012
..One Month		0.9244	0.0038	-	-	1.1651	-0.0012
..Three Month		0.9242	0.0038	-	-	1.1649	-0.0012
..One Year		0.9228	0.0038	-	-	1.1640	-0.0012

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 Mar 22	Day's chge%	Euro Index	£ Strlg Mar 21	£ Strlg Mar 20	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7930.92	0.61	7204.47	7882.55	7737.38	7566.84	3.82	2.30	11.38	81.23	8566.64
FTSE 250 (250)	19724.32	-0.09	17917.63	19741.31	19484.40	18757.79	3.40	1.41	20.78	105.86	17089.40
FTSE 250 ex Inv Co (167)	20544.26	-0.23	18662.46	20591.76	20311.07	19336.52	3.51	1.26	22.53	97.99	18172.23
FTSE 350 (350)	4367.98	0.52	3967.88	4345.58	4268.83	4165.39	3.76	2.19	12.14	41.78	9348.92
FTSE 350 ex Investment Trusts (264)	4309.29	0.52	3914.57	4287.10	4210.52	4114.55	3.82	2.19	11.93	42.15	4770.53
FTSE 350 Higher Yield (129)	3648.27	0.53	3314.10	3629.10	3574.65	3575.31	5.54	2.08	8.66	51.42	8993.38
FTSE 350 Lower Yield (221)	4672.52	0.50	4244.53	4649.16	4554.55	4333.29	1.96	2.50	20.48	23.00	5916.45
FTSE SmallCap (216)	6333.80	0.38	5753.65	6309.56	6267.48	6097.04	4.13	0.38	64.17	43.90	11136.92

FT 30 INDEX

	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Yr Ago	High	Low
FT 30	2816.40	2736.60	2736.60	2726.10	2730.00	0.00	2802.80	2639.70
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
2798.6	2813.6	2824.4	2820.4	2813.7	2816.3	2813.4	2816.7	2817.9	2829.4	2798.6

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

FT WILSHIRE 5000 INDEX SERIES

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Aerospace & Defense	27.91	Oil & Gas	3.43	Real Est Invest & Se	-0.86
Nonlife Insurance	13.61	Financial Services	3.06	Electronic & Elec Eq	-1.04
Tech Hardware & Eq	10.34	Software & Comp Serv	3.02	Gas Water & Multi	-1.15
Industrials	9.75	Health Care Eq & Srv	2.86	FTSE SmallCap Index	-1.42
Media	9.10	FTSE 100 Index	2.56	Life Insurance	-1.59
Leisure Goods	6.99	Food Producers	2.52	Mobile Telecomms	-2.14
Travel & Leisure	6.64	Personal Goods	2.48	General Retailers	-2.20
Industrial Transport	5.60	FTSE All{HY-}Share Index	2.14	Utilities	-3.92
Construct & Material	5.37	Financials	2.04	Real Est Invest & Tr	-4.67
Consumer Services	4.61	NON FINANCIALS Index	1.96	Telecommunications	-5.36

FTSE 100 SUMMARY

FTSE 100	Closing Price	Week's Change	FTSE 100	Closing Price	Week's Change
3I Group PLC	2761	206.00	Jd Sports Fashion PLC	109.75	-2.10
Admiral Group PLC	2818	84.00	Kingfisher PLC	233.60	6.70
Airtel Africa PLC	99.90	5.55	Land Securities Group PLC	651.00	34.20
Anglo American PLC	1929.4	74.80	Legal & General Group PLC	256.20	12.30
Antofagasta PLC	2007	59.00	Lloyds Banking Group PLC	52.18	2.61
Ashtead Group PLC	5594	406.00	London Stock Exchange Group PLC	9652	202.00
Associated British Foods PLC	2426	84.00	M&G PLC	238.80	7.20
Astrazeneca PLC	10482	188.00	Marks And Spencer Group PLC	250.50	4.60
Auto Trader Group PLC	762.40	7.40	Melrose Industries PLC	670.00	54.40

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	+/-Week	52 Week High	52 Week Low	Yld	P/E	MCap m
[illegible]							
AutomData♦	247.64	5.55	256.84	201.46	2.06	29.16	101726.12
AutoZone	3231.95	107.62	3236.13	2277.88	-	23.62	55922.1
Avago Tech	1366.58	131.08	1438.17	601.29	1.40	39.90	633303.4
BakerHu	33.61	1.29	37.58	26.12	2.29	17.80	33634.62
Bank of NY	56.64	2.23	57.45	39.65	2.79	12.85	42638.87
BankAm♦	37.12	1.71	37.61	24.96	2.50	10.07	292264.54
Baxter♦	41.75	0.14	50.21	31.01	2.75	-281.55	21202.81
BectonDick♦	244.66	7.95	287.32	229.86	1.49	56.76	70682.76
BerkshHat	624198.5	6064.84	647039	445885.79	-	11.48	351846.96
Biogen	217.06	-2.26	319.76	215.35	-	27.55	31551.29
BlackRock	827.15	24.63	845.00	596.18	2.48	34.38	123197.04
Boeing	190.68	8.15	267.54	176.25	-	-52.55	116337.53
Booking Holdings	3622.74	208.76	3918	2456.93	-	24.82	123792.75
[illegible]							
Intel	42.35	-0.30	51.28	26.86	1.73	107.08	179034.66
Intuit	641.17	15.65	671.01	400.22	0.52	67.62	179526.2
John&John	155.89	-2.29	175.97	144.95	2.98	30.32	375661.08
JohnsonCn	64.00	0.81	70.43	47.90	2.21	21.67	43614.53
JPMrgnCh	197.79	7.49	200.48	123.11	2.00	12.83	569708.68
Kimb-Clark♦	125.25	0.78	147.87	116.32	3.73	24.32	42194.62
KinderM	18.11	0.51	18.31	15.89	6.39	16.09	40181.69
KLA Corp	712.46	28.56	729.15	355.88	0.74	36.49	96348.57
Kraft Heinz♦	35.85	1.48	41.47	30.68	4.41	15.70	43483.56
Kroger	56.81	0.75	57.26	42.10	1.96	21.28	40870.45
LasVegasSd	50.19	-0.85	65.58	43.77	0.79	31.73	37820.49
LibertyGbl	16.93	0.15	20.03	15.01	-	-1.80	2902.26
Lilly (E)	769.81	15.64	800.78	323.26	0.54	108.16	731448
[illegible]							
Zoom	65.99	0.03	75.91	58.87	-	83.60	17216.74
Venezuela (VEF)							
Bco de Vnzla	8.00	-1.49	9.99	3.72	93.91	-	804.30
Bco Provncl	17.25	-0.75	21.00	7.25	-	3.06	190.21

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
[illegible]							
Fuji Hvy Ind	3473.00	3411.00	62.00	1.82	270.00	10.6	4.26
Bridgestne	6786.00	6595.00	191.00	2.90	425.00	10.0	6.11
HondaMtr	1921.50	1890.00	31.50	1.67	138.00	9.7	9.93
Natwest Group	261.10	253.40	7.70	3.04	13.20	8.7	14.47
Nomura	984.80	989.00	-4.20	-0.42	82.20	8.6	17.69
Truist Financial Corp	37.73	38.05	-0.33	-0.85	3.19	8.2	5.87
FastRetail	47410.00	46860.00	550.00	1.17	2980.00	8.0	13.18
Cadence Design	322.28	322.80	-0.52	-0.16	24.36	8.0	5.35
Panasonic	1488.50	1467.50	21.00	1.43	87.00	7.8	4.48
Softbank	9247.00	9263.00	-16.00	-0.17	672.00	7.6	10.66
BASF	52.52	52.65	-0.13	-0.25	3.85	7.6	6.47

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
[illegible]							
KoreaElePwr	22800.00	22850.00	-50.00	-0.22	-1950.00	-8.1	-0.44
PingAnIns	33.45	35.50	-2.05	-5.77	-0.85	-8.0	-6.69
Richemont	134.25	137.85	-3.60	-2.61	-7.95	-7.9	-1.10
Advanced Micro	177.29	178.68	-1.39	-0.78	-12.38	-7.2	-2.51
Tata Cons	3910.90	3972.95	-62.05	-1.56	-234.65	-7.1	-2.02
Hunng Pwr	4.44	4.51	-0.07	-1.55	-0.25	-6.7	5.94
Nike	93.20	100.82	-7.62	-7.56	1.18	-6.5	-11.27
Ch OSLnd&Inv	10.64	11.06	-0.42	-3.80	-0.28	-6.2	-13.50
Equinix	801.34	811.64	-10.30	-1.27	-38.75	-5.8	-9.17
SHK Props	74.30	76.35	-2.05	-2.69	-2.45	-5.7	-0.93
VF Cp	13.96	14.54	-0.59	-4.02	-0.24	-5.6	-12.29
ChristianDior	772.00	793.50	-21.50	-2.71	-23.50	-5.5	-2.40
CK Hutchison	39.35	40.40	-1.05	-2.60	-1.20	-5.4	-7.51
LVMH	827.70	847.90	-20.20	-2.38	-24.90	-5.2	-1.56

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Mar 22	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Petrobras Global Fin BV (PGF)	05/26	8.00	BB-	Ba1	BB	105.55	5.97	-0.07	0.19	1.69
High Yield Euro										
Turkiye	02/26	10.00	-	-	B	62.25	41.02	0.04	2.94	36.74
Emerging US$										
Turkey	03/21	5.00	-	WR	NR	-	-	-	-	-
Turkey	09/21	9.00	-	-	NR	-	-	-	-	-
Poland	04/26	3.00	A-	A2	A-	97.00	4.82	0.00	0.18	0.55
Mexico	05/26	11.00	BBB	Baa2	BBB-	112.44	5.27	-0.19	0.03	-
Brazil	01/27	10.00	-	Ba2	BB	101.90	10.09	0.06	0.08	5.82
Brazil	01/27	10.00	-	Ba2	BB	101.90	10.09	0.06	0.08	5.82
Colombia	02/27	8.00	BB+	Baa2	BB+	99.22	8.68	0.00	0.00	-
Peru	08/28	6.00	-	Baa1	BBB	102.60	5.67	0.04	0.46	1.40
Peru	08/28	6.00	-	Baa1	BBB	102.60	5.67	0.04	0.46	1.40
Emerging Euro										
Mexico	03/26	5.00	-	Baa2	BBB-	92.46	10.06	-0.08	0.01	5.78
Mexico	03/26	5.00	-	Baa2	BBB-	92.46	10.06	-0.08	0.01	5.78
Brazil	01/27	10.00	-	Ba2	BB	101.90	10.09	0.06	0.08	5.82
Bulgaria	03/28	3.00	-	Baa1	BBB	99.00	3.27	-0.03	-0.10	-1.00

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

BONDS: GLOBAL INVESTMENT GRADE

Mar 22	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
Morgan Stanley	01/28	4.00	A-	A1	A+	94.41	5.65	-0.05	0.04	-
Truist Financial Corporation	01/28	6.00	A-	A3	A	99.67	6.09	0.02	-0.09	-
Nicor Gas Company	02/28	6.00	A	Aa3	AA-	102.54	5.84	0.01	-0.13	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A2	A	98.20	5.52	0.01	0.01	-
Washington Gas Light Company	03/28	6.00	A-	WR	A	102.83	6.04	0.01	-0.04	-
Barclays Bank plc	01/29	4.00	A+	A1	A+	93.78	6.00	0.01	-0.04	-
Euro										
Spain	10/24	2.00	-	Baa1	A-	99.39	3.77	-0.02	0.07	-0.50
HSBC Holdings plc	06/28	3.00	-	Baa1	A-	97.19	3.86	-0.06	-0.17	-0.41
BHP Billiton Fin Ltd	04/30	1.00	-	A1	A	88.61	3.61	-0.03	-0.06	-
Spain	10/46	2.00	-	Baa1	A-	88.25	3.67	-0.03	-0.14	-
Yen										
Japan	03/55	1.00	-	A1	A	91.02	1.78	0.00	0.06	-
£ Sterling										
National Grid Electricity Transmission plc	07/28	6.00	-	Baa1	A-	104.01	5.43	-0.06	-0.10	-
Anglian Water Services Financing Plc	01/29	6.00	-	A3	A-	106.61	5.04	-0.05	-0.28	-

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

INTEREST RATES: OFFICIAL

Mar 22	Rate	Current	Since	Last
US	Fed Funds	5.25-5.50	26-07-2023	5.00-5.25
US	Prime	8.50	26-01-2023	8.25
US	Discount	5.50	01-08-2023	5.25
Euro	Repo	4.00	14-09-2023	3.438
UK	Repo	5.25	03-08-2023	5.00
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25--0.25	15-01-2015	-0.75--0.25

INTEREST RATES: MARKET

Mar 22 (Libor: Mar 21)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	5.06157	0.010	0.000	0.001	5.44389	5.58157	5.67404	6.04143
Euro Libor	-0.64957	-0.064	0.000	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	0.000	0.001	4.20130	5.31530	4.74470	0.81363
Swiss Fr Libor	-0.77860	0.009	0.000	-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor	-0.09217	-0.001	0.000	0.000	-0.06005	-0.02617	0.07165	0.04867
Euro Euribor				-0.014	3.84800	3.92600	3.90200	3.73500
Sterling CDs				0.000	0.50000	0.63000	0.78500	
US$ CDs				0.000	5.37000	5.37000	5.33000	
Euro CDs				0.000	3.93000	3.89000	3.78000	

Mar 22	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	3.45	3.75	3.55	3.85	3.78	4.08	3.74	4.04	3.63	3.93	3.36	3.66
Sterling	0.45	0.55			0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	5.00	5.20	5.10	5.30	5.27	5.47	5.27	5.47	5.23	5.43	5.08	5.28
Japanese Yen	-0.30	-0.10	-0.30	-0.10	-0.25	0.05	-0.15	0.05	-0.05	0.15	0.00	0.20

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA.

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	212.24	0.52	0.67	-1.44	0.88	1.90
Corporates(£)	354.77	0.21	1.63	0.07	1.64	6.86
Corporates(€)	224.08	0.21	0.74	-0.10	0.78	6.59
Eurozone Sov(€)	219.84	0.21	0.60	-1.14	0.88	3.20
Gilts(£)	272.80	0.13	1.25	-2.34	1.81	-1.75
Overall(£)	287.33	0.15	1.31	-1.73	1.73	0.21
Overall(€)	216.96	0.21	0.61	-0.87	0.82	4.02
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	817.63	-7.41	-	-	-0.55	19.76
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	301.73	12.61	-	-	301.98	283.75
Europe 5Y	55.52	2.16	-	-	55.52	53.15
Japan 5Y	45.14	-	-	-	45.94	45.14
Senior Financials 5Y	64.99	2.81	-	-	65.26	62.18
Markit CDX						
Emerging Markets 5Y	166.83	-4.82	-	-	171.65	166.83
Nth Amer High Yld 5Y	312.48	-2.91	-17.12	-23.77	447.71	312.48
Nth Amer Inv Grade 5Y	50.83	-0.48	-	-	51.31	50.83

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

VOLATILITY INDICES

	Mar 22	Day Chng	Prev	52 wk high	52 wk low
VIX	12.80	-0.12	12.92	25.21	11.81
VXD	20.49	-2.42	22.91	31.86	3.10
VXN	17.13	-0.25	17.38	28.59	7.12
VDAX	11.65	0.30	11.35	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	[illegible]							
Austria	[illegible]							
Belgium	[illegible]							
Canada	[illegible]							
Denmark	[illegible]							
Finland	[illegible]							
France	[illegible]							
Germany	[illegible]							
Greece	[illegible]							
Ireland	[illegible]							
Italy	[illegible]							
Japan	[illegible]							
Netherlands	[illegible]							
New Zealand	[illegible]							
Norway	[illegible]							
Poland	[illegible]							
Portugal	[illegible]							
Spain	[illegible]							
Sweden	[illegible]							
Switzerland	[illegible]							
United Kingdom	[illegible]							
United States	[illegible]							

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

GILTS: UK CASH MARKET

Mar 22	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Tr 1pc '24	99.71	4.84	-0.41	-0.21	-4.35	29.76	100.00	96.79	35.64
Tr 2pc '25	96.67	4.39	-0.90	-3.30	-2.88	30.27	96.99	92.80	39.93
Tr 0.125pc '26	92.96	4.12	-0.96	-4.63	-4.19	26.38	93.02	87.71	35.32
Tr 1.25pc '27	91.82	3.90	-1.02	-4.88	-5.11	20.74	92.93	86.03	40.99
Tr 0.5pc '29	85.44	3.81	-1.30	-4.99	-5.22	14.07	87.00	78.59	28.92
Tr 1pc '32	81.00	3.82	-1.55	-4.26	-5.45	15.76	83.29	74.53	35.96
Tr 4.25pc '36	102.01	4.04	-1.22	-3.81	-5.16	15.43	108.61	94.63	31.68
Tr 4.5pc '42	101.81	4.36	-0.68	-2.24	-4.18	15.96	111.17	92.93	28.35
Tr 3.75pc '52	89.24	4.42	-0.67	-1.78	-3.91	16.01	100.62	79.70	25.11
Tr 4pc '60	93.37	4.37	-0.68	-1.80	-3.53	17.47	108.51	83.11	25.13

Gilts benchmarks & non-rump undated stocks. Closing mid-price in pounds per £100 nominal of stock.

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Apr	80.82	-0.45	Corn♦	May	439.00	-1.75
Brent Crude Oil‡		85.53	-0.25	Wheat♦	May	544.50	-2.25
RBOB Gasoline†	Apr	2.74	0.01	Soybeans♦	May	1200.25	-11.75
Natural Gas†	Apr	1.68	0.00	Soybeans Meal♦	May	341.50	-2.80
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)✠	May	7451.00	313.00
Aluminium		2296.00	-13.00	Cocoa (ICE US)♥	May	8700.00	141.00
Aluminium Alloy		1600.00	20.00	Coffee(Robusta)✠	May	3360.00	-25.00
Copper		8858.50	-105.00	Coffee (Arabica)♥	Mar	185.05	-0.65
Lead		2040.00	-17.00	White Sugar✠		639.90	-0.10
Nickel		17325.00	-225.00	Sugar 11♥		22.19	0.13
Tin		27765.00	-175.00	Cotton♥	May	92.66	0.45
Zinc		2492.00	-40.00	Orange Juice♥	May	363.05	4.65
Precious Metals (PM London Fix)				Live Cattle♣	May	188.33	0.53
Gold		2170.50	13.05	Feeder Cattle♣	May	134.88	-
Silver (US cents)		2543.00	57.50	Lean Hogs♣	Apr	84.93	-0.38
Platinum		910.00	10.00				
Palladium		1009.00	2.00		Mar 21	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		110.13	3.97	S&P GSCI Spt	575.16	2.87	4.14
Baltic Dry Index		2196.00	-44.00	DJ UBS Spot	98.89	2.61	-3.54
Richards Bay ICE Futures		98.50	0.00	TR/CC CRB TR	331.38	5.03	17.30
				LEBA EUA Carbon	58.91	-1.98	129.94
				LEBA UK Power	1048.00	-37.43	-39.60

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

BONDS: INDEX-LINKED

	Price Mar 21	Yield Mar 21	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	106.86	1.630	1.642	0.18	5.25	69808.95	8
Fr 0.10%' 25	98.93	1.245	1.308	0.15	12.79	260898.65	18
Swe 1.00%' 25	129.16	2.477	2.531	-0.06	35.93	237638.24	7
UK 0.125%' 26	99.16	0.550	0.629	0.69	13.45	530997.60	31
	-	-	-	-	-	-	-
UK 2.00%' 35	248.41	0.499	0.526	1.99	9.08	530997.60	31
US 0.625%' 26	97.23	2.191	2.178	0.38	42.42	1616220.96	48
US 3.625%' 28	106.42	1.974	1.997	0.55	16.78	1616220.96	48

Representative stocks from each major market Source: Merill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	4.03	1.68	-0.24	Netherlands	2.63	0.28	-1.65
Austria	2.70	0.35	-1.57	New Zealand	4.42	2.07	0.15
Canada	3.48	1.13	-0.79	Norway	3.60	1.26	-0.67
Denmark	2.35	0.00	-1.92	Portugal	2.58	0.23	-1.70
Finland	2.69	0.35	-1.58	Spain	2.88	0.53	-1.39
Germany	2.35	0.00	-1.93	Sweden	1.00	-1.35	-3.28
Italy	1.36	-0.98	-2.91	Switzerland	0.71	-1.64	-3.56
Japan	0.40	-1.95	-3.87	United States	4.27	1.93	0.00

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

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Mar 22	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	82.77	0.13	2436.92	0.81	3.36	4.01
2 5 - 10 Years	148.24	0.39	3239.51	1.82	1.39	3.82
3 10 - 15 Years	154.76	0.54	3718.21	2.59	-0.22	4.10
4 5 - 15 Years	148.71	0.45	3355.90	2.12	1.00	3.96
5 Over 15 Years	200.17	0.59	3603.66	3.41	-4.47	4.36
7 All stocks	133.08	0.37	3072.08	2.00	-0.05	4.21

Index Linked	Mar 22	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	337.54	0.21	1.27	4.23	2891.83	1.29	5.25
2 Over 5 years	522.70	0.47	5.18	-4.35	4017.35	5.27	-3.72
3 5-15 years	466.62	0.43	3.77	1.65	3821.34	3.82	2.63
4 Over 15 years	560.95	0.49	6.17	-8.29	4173.36	6.28	-7.88
5 All stocks	502.42	0.41	4.33	-2.87	3942.56	4.40	-2.18

Yield Indices	Mar 22	Mar 21	Yr ago		Mar 22	Mar 21	Yr ago
5 Yrs	3.77	3.82	3.36	20 Yrs	4.36	4.40	3.85
10 Yrs	3.95	4.00	3.49	45 Yrs	4.24	4.28	3.69
15 Yrs	4.22	4.26	3.73				

Real yield	inflation 0% Mar 22	Dur yrs	Previous	Yr ago	inflation 5% Mar 22	Dur yrs	Previous	Yr ago
Up to 5 yrs	0.37	3.05	0.50	0.72	0.14	3.07	0.19	0.26
Over 5 yrs	0.99	19.35	1.00	0.49	0.95	19.41	0.96	0.46
5-15 yrs	0.53	10.05	0.52	0.21	0.43	10.07	0.41	0.11
Over 15 yrs	1.11	25.02	1.12	0.56	1.09	25.04	1.10	0.54
All stocks	0.96	15.85	0.99	0.50	0.92	15.93	0.94	0.45

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

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

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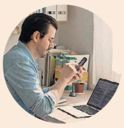

Screen breaking point
'A digital detox is the only cure for the curse of overabundance'
JEMIMA KELLY, OPINION

Covid still warps our sense of time

Pilita Clark
Business Life

Kenneth Andersson

I had a disturbing conversation with my doctor the other day. I had gone to see him about a minor ailment when he suddenly started asking me about some sort of herbal pill.

"What?" I said blankly. You know, he said, the ones I told you to buy from the health food store that you told me worked well.

"I did?" I said, certain the poor man had mixed me up with a patient who believed in homeopathic guff.

"You did," he said, swivelling around to his computer screen to read out a gushing email I had sent to thank him for recommending a herbal tablet I had called a "blessedly welcome" success.

As glints of memory returned, I asked him when I had sent the email, and in an instant all was revealed. It was 2019, before the first pandemic lockdown that began in the UK almost exactly four years ago.

For reasons I cannot fully explain, events in my life — and work — around that time can still sometimes feel as if they happened at least a decade earlier.

Equally, I am surprised to learn that meetings or trips that I could have sworn happened last year actually took place as far back as 2021.

The way our sense of time was warped during the pandemic has been well documented across the world. Italians thought time dragged. Some Britons thought it sped up. In the Australian state of Victoria, a lockdown hot spot, researchers compared the distortion with jet lag.

But it is almost a year since the World Health Organization declared that Covid-19 was no longer a global public health emergency, so shouldn't we have reset by now? Not necessarily, say academics.

Covid has left a "long tail for society" that is still affecting how we value and feel about time, says Ruth Ogden, a professor of the psychology of time at the UK's Liverpool John Moores University.

Her research during the pandemic showed that more than 80 per cent of people in the UK felt time passed faster or slower than usual, depending in part on how sad, bored or content they were.

> **"More than 80 per cent of people in the UK felt this distortion, depending in part on how sad, bored or content they were"**

But distortion was also caused by the way the pandemic upended routines that helped to anchor us in time, she told me last week. So not remembering when and what I had told a doctor about a herbal pill might not have been surprising after a period when "everything's lost in time".

I hope she is correct because other researchers have just come up with less agreeable explanations for poor post-pandemic memories, like a loss of IQ.

Brain fog is a Covid complication that has been well documented, especially for those suffering the hell of long Covid whose symptoms last months.

But a study published last month suggests that even people who completely recovered from what felt like a mild dose of Covid might have suffered a cognitive deficit equal to three IQ points, compared with someone who was never infected.

The finding surprised the authors of the research, which did have limitations. Covid sufferers' results were not compared with their own past scores but with those of people who had never been infected.

Still, other scientists have made some disturbing calculations about the study's findings. The average IQ in the US is about 100, says Dr Ziyad Al-Aly, a long Covid expert, and an IQ below 70 generally suggests a level of intellectual disability that can require "significant societal support".

He estimates a three-point downward shift would increase the number of US adults with an IQ below 70 from 4.7mn to 7.5mn, meaning an extra 2.8mn adults needing a lot of social care.

This is a potential problem, for those adults themselves and for their relatives or carers.

And it is just one of many pandemic hangovers that deserve attention. They include the impact of remote working on a US commercial property market where the owners of one New York building recently offloaded their stake for just $1. Or the effect of lockdowns on students, young and old. Or the rising use of digital technologies spurred by the pandemic.

That is not an exhaustive list of problems and of course the lasting effects are nowhere near as bad as the exhausting Covid crisis that unleashed them. Ultimately, that is something we must never forget.

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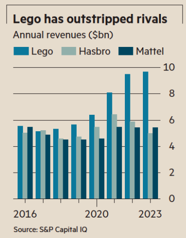
Lex.

Lego's corporate model is key to its brick-by-brick success



Many one-product companies run out of road. Small plastic bricks have supported Denmark's Lego for more than 70 years. A clear focus can pay off. But, amid a debate over the health of public markets, its success also demonstrates the benefits of its distinctive corporate structure.

The toymaker's sales growth of 2 per cent last year was dragged down by a weak performance in China. But it was respectable enough, given a 7 per cent decline in toy industry sales. Lego's sales are not much less than the combined total of its quoted US rivals Mattel and Hasbro.

Inflation, one cause of the industry's woes, is subsiding. Low birth rates, another problem, will persist. That is partly offset by adult fans of Lego. This group — known as Afols — creates a market for costly, complicated kits such as the Titanic or Eiffel Tower. This "Icons" line made some of the biggest gains of any toy property globally in 2023, according to Circana.

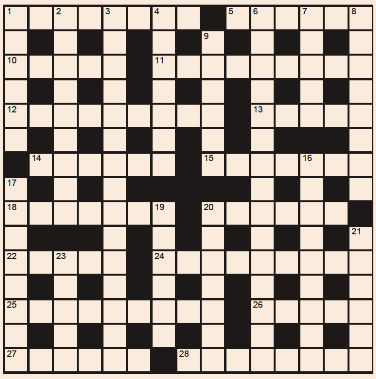
New products accounted for about half of Lego's portfolio last year. Innovation isn't without risk: novelty can damage profitability if it means fewer universal pieces that can be produced in high volumes for lots of different kits. The proliferation of parts added to Lego's dip in 2003, says academic David Robertson. But the business has since expanded so it can use more parts without hurting the ratio of sales to profits.

Lego's operating profit margin fell 1.7 per cent to 26 per cent as it spent more on stores, its supply chain and digital operations. Even so, that is nearly three times Hasbro's adjusted operating figure. Were it quoted, Lego would be worth much more than the $43bn estimate arrived at by using Hasbro's trailing EV-to-ebitda ratio of 15.5 times. But Lego is privately held and there is no sign of that changing. Kirkbi, an investment vehicle run by the founding family, owns 75 per cent, with the remainder owned by the Lego Foundation.

When an heir opted to sell some Kirkbi shares for $930mn last year, family members took up the slack. Outside investors' only exposure to the brand is through Legoland-owner Merlin Entertainments. Blackstone and Canadian pension fund CPPIB teamed up with Kirkbi on the £6bn take-private bid in 2019.

External investors might have been less inclined to tolerate last year's 10 per cent dividend cut to fund investment. There is evidence that tightly held companies like Lego benefit from a long-term perspective. Building the business, like its product, is an exercise in patience. It can yield impressive results.

CROSSWORD No 17,689 by PEDROCK



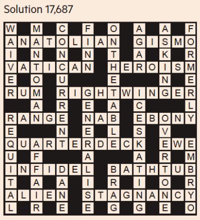
ACROSS

1 Permit father's game (8)
5 Ostentatious display page penned by hack (6)
10 Idiot wept tears about Romeo (5)
11 River parasites, fellow found one in blue (9)
12 Fish go in wooden things one makes (9)
13 Milk producer's steering apparatus did not start (5)
14 Lecturer with antelope or reptile (6)
15 Auditor reportedly has piece used in Chinese game (7)
18 Young child tells fibs about understatement (7)
20 Most reliable moveable feasts (6)
22 Friend not finishing rock (5)
24 Board where, say, there are cups and saucers (9)
25 Magazine's content tending to go off (9)
26 Cargo vessel went from reservoir to river (5)
27 Deal with jury's conclusion in agreement (6)
28 Most restless but not starting to be most catty (8)

DOWN

1 Sudden revolutionary outbreak set above southern Switzerland (6)
2 Reaps fresh new plant (9)
3 Just beaten by top path I stepped off (6,2,3,4)
4 Supposed to have place in plant (7)
6 Moorland photograph included loch showing perfect fitness (7,2,6)
7 With members ready for battle (5)
8 Amateur Harry on manoeuvres accepted zilch (8)
9 In tabernacle, rich priest emerges (6)
16 Each slunk over when set free (9)
17 Strongly expressive in a manner of speaking (8)
19 Stands out? On the contrary occupies place in protest (4,2)
20 Patient under obligation (7)
21 Feel sorry about address without energy (6)
23 Legislator getting in the drink had quite enough (5)

Solution 17,687



JOTTER PAD

Scan the QR code to access FT crosswords over the last 30 days — cryptic, Polymath, Weekend and Sunday puzzles — or go to ft.com/crosswordapp

The perils of speaking up at work too often deter staff from airing concerns

Michael Skapinker
Management

Staff at Boeing are still reluctant to speak up about safety problems, even after a door panel on one of its jets recently blew out mid-flight and hundreds of lives were lost in two earlier planes crashes, according to an experts' report commissioned by the US Federal Aviation Administration.

The report, published last month, did not comment on these particular incidents. But it said that, while Boeing had taken steps to improve its safety culture, staff were still hesitant about voicing concerns because they feared retaliation. It noted that the jet maker's "speak up" programme, which allows employees to report safety problems confidentially, suffers from workers not believing their anonymity will be protected.

The shortcomings in Boeing's 737 Max aircraft programme have been hugely damaging to the company. The fatal crashes of a Lion Air flight in 2018 and an Ethiopian Airlines flight in 2019 led to Boeing's 737 Max 8 planes being grounded for 20 months. The door-panel incident on an Alaska Airlines 737 Max 9 flight in January this year was another big blow. A preliminary investigation found the aircraft had left the factory without four bolts that were meant to secure the door panel.

Persuading employees to speak up when they see something wrong is crucial if companies are to avoid disaster. But before the two crashes, Boeing workers had reason to believe there was little point in saying anything. One factory supervisor told his superiors he was worried about corner-cutting. "For the first time in my life, I'm sorry to say that I'm hesitant about putting my family on a Boeing aircraft," he said, according to a 2020 US congressional report. He was ignored.

It is not just Boeing. It can be hard to speak up in any organisation. Being ignored is not the worst of it. You could be passed over for promotion — which is what the experts' report said Boeing's workers feared — denied a bonus, or even pushed out. As a whistleblower discovered at UK bank Barclays in 2016, your boss could try to find out who you are.

Nor are bosses the only problem. Staff who speak up have to deal with their colleagues' reaction; they may worry about being associated with the problem-raiser. What if managers think they are troublemakers too? People who voice uncomfortable views in company meetings can find others avoiding their gaze.

Megan Reitz, an associate fellow at Oxford university's Saïd Business School, says employees often fear raising their concerns, even in organisations with supposedly flat hierarchies and collaborative cultures. Leaders underestimate the challenge of speaking up, Reitz tells me, and even friendly bosses can be unaware staff do not consider them approachable. "That people have power means they're scary, no matter how they are as people," she says.

A previous paper Reitz wrote with fellow researcher John Higgins in the Harvard Business Review found that even the supposedly welcoming phrase "my door is always open" contains a number of assumptions. "First, people should meet you on your territory. Second, you have the luxury of a door. Third, you can choose when to open it."

So what can leaders do to encourage staff to come forward with problems? Reitz says framing questions in unthreatening ways can help. Instead of simply requesting feedback, ask for one or two things that could be improved. She adds that formal meetings are not usually the best places to do this as people feel guarded.

The FAA experts' report quoted James Reason, a safety expert, as saying: "A safety culture is not something that springs up ready-made from a near-death experience; rather it emerges gradually from the persistent and successful application of practical and down-to-earth measures. There is nothing mystical about it. Acquiring a safety culture is a process of collective learning, like any other."

> **If leaders really want to hear what is happening, they should reward people who bring problems to their attention**

This can be a particular challenge when a company makes significant job cuts, like Boeing did as a result of the grounding of the Max and Covid.

One of the report's recommendations was that Boeing ensures every issue raised receives an answer. An employee frustration was that those who did report a safety issue did not always find out what happened next. Boeing said: "We will carefully review the panel's assessment and learn from their findings, as we continue our comprehensive efforts to improve our safety and quality programmes."

Employees also respond to incentives. If leaders really want to hear what is happening, they should reward people who bring problems to their attention. They should be lauded in communications; given bonuses. They could be saving not just the company's reputation but its leaders'.

Michael Skapinker is an FT contributing editor and the author of 'Inside the Leaders' Club: How top companies deal with pressing business issues'

Technology

AI can help CEOs communicate. But can it be trusted?

Digital tools can inform and enrich speeches but few professionals would use their content verbatim. By *Anjli Raval*

When Lech Mintowt-Czyz wrote speeches for Ben van Beurden, part of his job was helping the then chief executive of Shell emotionally connect with audiences in a way he was not used to.

The oil and gas company was under pressure from activist investors and campaigners for its role in enabling climate change and whenever van Beurden spoke, it was "a very fine series of delicate judgment calls", says Mintowt-Czyz. It took a long time to build a relationship with van Beurden and gain his trust.

Speechwriters such as Mintowt-Czyz are now facing a new set of pressures as generative artificial intelligence tools such as ChatGPT and GPT-4 promise to create compelling speeches based on simple subject and style prompts and the input of some key quotes. Other tools have sprung up to help with delivery, such as analysing voice recordings or live speeches to detect emotion and assess their impact.

As the views of business leaders come under more scrutiny, particularly from younger employees, communications, from staff update emails on geopolitical events to investor presentations, are taking on a greater importance. A misfired quote can easily prompt a backlash from staff or customers.

AI tools can help produce speeches quickly — churning out thousands of words in a matter of minutes — and aid executives seeking to engage with staff or stakeholders more effectively. But there are clear downsides: their content can lack character and authenticity and potentially be packed with errors.

"It's a live discussion in the speech writing community," says Mintowt-Czyz. As yet, AI tools "don't understand what the words mean, just how they relate to each other and how words are put together. It's very good at it, but it does not fundamentally understand what it's writing, what its effect on people might be . . . It can't tell the difference at this stage between good, bad and mediocre."

While Mintowt-Czyz has "certainly had a good play with AI tools to get a sense of their capabilities", he says he has not used them to help him write anything professionally.

So far, corporate communications advisers and speechwriters are tending to use the technology as a kind of digital helper, rather than taking its content verbatim. It is one aspect of a new AI-assisted leadership style taking shape across business: other tools are on hand to help chief executives with tasks such as scheduling and time management and act as a sparring partner to stress-test key decisions.

AI can generate data to inform and enrich the content of speeches or presentations. Mintowt-Czyz says he might use it "as a sort of semi-intelligent thesaurus". Others have tools to redraft speeches — something they can do in a fraction of the time it would take a person — omit clichés or make the speaker sound more energetic or positive.

Public relations firm Kekst CNC, for example, has worked with Oxford university on technology that enables its clients to see a snapshot of their own linguistic tendencies and suggest improvements. It provides an "impact score" based on how an executive uses pauses, pace, emotive language and storytelling, among other metrics, after analysing audio recordings — from earnings calls and internal townhalls to media interviews. Data from one executive can be compared with a wider set to see how that individual performs versus peers.

Shelagh Paul, the top corporate affairs executive at Canadian pension fund Omers, says the delivery of speeches is as important as the narrative. "Delivery matters. It is what makes a message memorable," she says. "A data-driven perspective can provide an objective check against bias. We'd never rely on a tool alone to generate advice. But where even slight nuances in delivery can have a meaningful impact, I am going to top up our expertise with the resources that can give us a competitive advantage."

Cheril Clarke, an executive ghostwriter and speechwriter, says she treats ChatGPT like a junior writing assistant, tasking it with summarising long documents, engaging in collaborative ideas generation and general research.

"A speechwriter in the healthcare field may be writing a keynote on emerging technologies," Clarke says. "Using ChatGPT, they can quickly gather and summarise recent advancements and relevant statistics. The AI's ability to sift through massive amounts of data can save hours of research time . . . and help the writer spot key trends they have missed."

> 'People who rely on [AI tools] to replace human talent will quickly find their outputs are generic'

Clarke says she wants to "harness the speed and processing power" of an AI tool to do rudimentary tasks, but will continue to create the "passionate, compelling, and original story" herself as a bot cannot yet "feel and experience the way we do".

She adds: "People who rely on [AI tools] to replace human talent will quickly find their outputs are generic . . . Tools like ChatGPT are just that — tools. They do not replace human creativity."

Clarke uses PlayHT, an AI company that builds conversational voice models capable of cloning any voice or accent and generating speech in real time. The audio tool can help anyone "who needs a professional voice but doesn't have a big budget to go in a studio with a human".

Most advisers to senior executives warn against using AI tools for sensitive communications. They say if employees discover that a highly emotive announcement — such as a note to staff about redundancies — has been created by a robot it would convey a lack of respect and empathy.

AI tools might be used for feedback on an important decision, says Euro Beinat, global head for AI and data science at Prosus, the tech investor. "You might think, 'I hadn't thought of that'," he says. But, he cautions, "I would be very careful not to use these tools for anything material for a company." He adds: "I would always have control and I wouldn't automate anything."

Tera Allas, director of research and economics at consultant McKinsey's UK and Ireland office, agrees that for now anyone using these tools needs a human "in the loop" to ensure there are no errors or biases. "With language there are a lot of things AIs get wrong," she says.

Executives also need to be aware that AI-generated content can be detectable. Technology is being rapidly developed to spot AI output.

And then there is an authenticity point to consider. "If you think forward into a world where all communication is created by AI, it will be read by AI too. Employees may not be reading their own email. There is a loss of meaning unless you put it back into a real life context."

Mintowt-Czyz agrees: "What is communication? It's about human connection. One human reaching out to another one. Either to inform or persuade or whatever . . . When you delegate an element of that to a computer, it's no longer human-to-human contact," he says.

For now, he is betting on himself. His work, he adds, is "more than words on a page". "People have to trust those words. How can you trust that the AI knows what it is doing?"

Speechwriters such as Lech Mintowt-Czyz are facing new pressures as generative AI tools promise to create compelling speeches based on simple subject and style prompts; below: Cheril Clarke, an executive ghostwriter and speechwriter, says she treats ChatGPT like a junior writing assistant
Anna Gordon/FT; Jack Manning

Work Watch

Menopause support must avoid heightening stigma

Emma Jacobs

Should the menopause be classed as a disability or natural life stage? The argument arose last month when Britain's Equality and Human Rights Commission warned employers to make "reasonable adjustments" for menopausal employees experiencing serious symptoms or risk being sued for disability discrimination.

The Lancet medical journal fanned the flames by suggesting "it is time for a sensible conversation about menopause" — words that could be viewed as tantamount to telling women to calm down.

Menopause has risen up employers' agenda, encouraged by a growing acceptance that once-private issues, such as mental health, have an impact on working life. It is also part of what Deborah Jermyn, an academic at the University of Roehampton, calls a "menopausal turn" in the broader culture, whereby campaigners, including celebrity activists, have sought to break taboos, highlight gaps in healthcare, guide others to identify their problems and seek help.

Perimenopause and menopause (which begins a year after periods have stopped) are triggered by declining progesterone and oestrogen levels, typically experienced by women aged 45-55, but it can happen earlier.

Increasing numbers of employers are offering help through menopausal ambassadors, apps and professionals who can give advice on hormone replacement therapy (HRT), and help to identify and alleviate symptoms that include brain fog, hot flushes and sleeplessness. A report by Mercer, the consultancy, published this year, found that 22 per cent of employers are offering menopausal support, and 54 per cent plan to do so in the next two years.

Workplace advice and accommodations, such as temperature control, flexible working and quiet rooms, can make a difference to menopausal women, who, according to the human resources body CIPD, say the most common symptoms are feeling "less able to concentrate and an increased amount of stress".

Talking about the issue is illuminating not just to those experiencing symptoms but also to those supporting them.

Some employers offer healthcare advisers who can prescribe HRT; Timpson, the UK retailer, reimburses staff for it. Tesco, the grocer, allows time off for symptoms outside sick leave calculations. The Bank of Ireland offers up to 10 days of menopause leave.

But some initiatives amount to "meno-washing": the posters in the canteen will not do anything if a line manager is hostile. According to the CIPD, 41 per cent of those missing work failed to cite menopausal symptoms because they worried it would affect how their performance was viewed, while 34 per cent said their manager would not be supportive. A report by Bank of America highlighted the gulf between the 76 per cent of HR benefit managers who say they discuss menopause-related issues with employees and the 3 per cent of female employees who say they have talked about menopause with HR.

There is a fine line between creating awareness, which is positive, and exacerbating stigma, which is not. Belinda Steffan at the University of Edinburgh Business School says that for every three women she speaks to, one, typically working in a male-dominated sector, worries about menopause becoming "another stick to beat them with".

"Increasing awareness about what menopause does to bodies" can unintentionally reinforce stigma, Steffan warns. "Not all women want to talk about menopause in the workplace."

The workplace, she adds, is generally designed around the ideal worker "unencumbered by physical or domestic needs. The menopausal body doesn't necessarily fit with that." It is further complicated by the "messiness of mid-life", she says, when women may be juggling work, children and ageing parents.

Steffan suggests employers encourage an open culture. "This opens the door for people with other health and wellbeing concerns to reach out for help, taking the focus off menopause. A menopause-friendly employer tends to be a good overall employer in terms of supporting a range of health and wellbeing concerns."

FEATURES

Companies seek legal help with neurodiverse staff

There has been a sharp rise in employees citing such conditions, often during performance reviews, writes *Suzi Ring*

At the end of last year, when most companies were winding down for the holidays, London employment lawyer Darren Isaacs found himself surprisingly busy. New inquiries kept coming in from businesses struggling with the same issue: when managers had raised concerns about employees' performance, the staff members disclosed neurodiverse conditions that might help explain the problem.

All the cases shared similar traits — employees were mentioning conditions such as autism and ADHD for the first time once they had been put on some form of performance management plan or were facing dismissal, and none of them could support their claims with a diagnosis.

"The crossover between employee privacy, performance management, and managing any neurodivergent condition is always complicated to navigate for both employees and employers," said Isaacs, a partner at GQ Littler. "It is always difficult when an employee only raises this partway through a management process rather than earlier on."

A growing number of adults have been diagnosed as neurodiverse in recent years, as television and social media have raised awareness of conditions. An increasing number of child diagnoses has also led parents to recognise traits in themselves later in life, while Generation Z are expecting the same support in the workplace that they received for such conditions at school or university.

As a result, employers are being pushed to make more accommodations to help neurodiverse people better manage their workloads and careers.

The increasing demand has led to a rise in employment lawsuits, with 278 judgments issued by the employment tribunals in England, Wales and Scotland in 2023 that relate to disability discrimination and reference autism, ADHD, dyspraxia or dyslexia, according to an analysis by the UK law firm Lewis Silkin. This compared with 193 in 2022 and just three in 2016.



Darren Isaacs, Nancy Doyle and Deborah Leveroy assist businesses and their workers
FT montage/Dreamstime

"The main tension is between, on the one hand, the need and desire to accommodate neurodivergence and, on the other hand, the conventional norms around how people behave at work," said Michael Burd, an employment lawyer at Lewis Silkin, who has also received an increasing number of inquiries about managing neurodiverse employees.

"When someone is disciplined for behaviour that they link to neurodiverse traits such as not understanding boundaries, using inappropriate language, speaking too bluntly . . . this can present real challenges for employers," Burd added.

One issue companies have increasingly been seeking advice on is remote working, according to Burd. This is particularly acute in banks, where many employees are being called back to the office five days a week. Those who identify as neurodiverse would often like more time working from home, he said.

Legally the issue is complex. Employers are required to make accommodations if a condition is considered a disability under the Equality Act 2010, which means it must be deemed a physical or mental impairment that has a long-term negative effect on a person's ability to carry out normal daily activities.

While some conditions, such as HIV, are automatically covered and others, like voyeurism, automatically not, when it comes to neurodiverse diagnoses the law is less clear. According to Acas, an independent public body that provides free advice on working rights, being neurodivergent will often be considered a disability even if the person does not see themselves as disabled.

The increasing demand for support in this area has spawned a whole industry of companies offering services to businesses and employees, ranging from medical assessments and coaching, to strategies around different ways of working.

Founded in 2017, Neurobox, for example, has provided neurodiversity workplace support for companies including Rolls-Royce, Samsung and Nationwide. The Cambridge-headquartered business worked with 1,800 companies in 2023, 50 per cent more than the previous year, as demand for its services rapidly increased.

One of the common problems, according to Dr Deborah Leveroy, head of consultancy and research at Neurobox, is the misplaced emphasis companies sometimes put on employees needing a diagnosis.

"Sometimes we're finding that employees are in that kind of grey area where they don't have a formal diagnosis in that medicalised way, but they need support," said Leveroy. "It's then up to the employer to make a decision about, do they support that individual based on what is being presented to them, or do they dig their heels in and say 'no I need a diagnostic assessment'."

> A growing number of adults have been diagnosed in recent years, as television and social media have raised awareness

Dr Nancy Doyle, founder and chief research officer at Genius Within, which has worked with companies including KPMG and Microsoft to support neurodiverse employees, says employers may have to overhaul their systems to be able to accommodate changing staff needs.

"The rising cases are going to make the current cost model and delivery model of neurodiversity services unreasonable . . . we need to find a way to make this scalable," said Doyle. "No matter what your neurotype, people always struggle with the same things . . . organising, time management, planning, prioritising, managing stress, communicating, concentrating and understanding their strengths."

At Microsoft, the most common requests for support from neurodiverse employees include job coaches to help with time management, flexible working arrangements, and quiet spaces to work from in the office, according to Neil Barnett, Microsoft's director of inclusive hiring and accessibility.

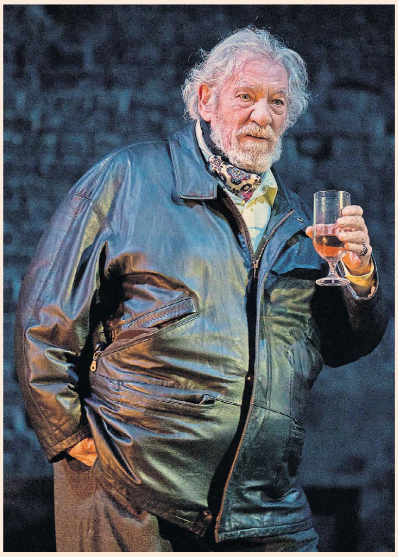
KPMG UK introduced an "inclusion ID" in 2022 as a way of recording adjustments that have been made for an employee, which can be shared discreetly by the person as needed.

Both Microsoft and KPMG have created hiring programmes to actively recruit neurodivergent employees into particular areas of the business in an effort to capitalise on some of the skills often attached to neurodiverse conditions, such as problem-solving and attention to detail.

"When employers are properly aware of an employee's neurodivergent background, thought can be given as to how that can best work for the individual and the workplace, and what support may be required," said Isaacs, the employment lawyer. "Often, the discussion is left far too late."

An eye for Shakespeare's seedy side

Robert Icke is directing Ian McKellen as a 'professional criminal' Falstaff and doing away with bogus Elizabethan acting. By Sarah Hemming



Clockwise from far left: Ian McKellen as Falstaff in 'Player Kings'; Lia Williams and Angus Wright in 'The Oresteia' at the Almeida; Robert Icke
Manuel Harlan; Geraint Lewis/ArenaPAL; Jan Versweyveld

A couple of weeks ago, Ian McKellen posted a photo of himself in his latest role — a sleazy-looking chap in a black leather jacket clutching a glass of something strong. "Shakespeare's ultimate gangster" read McKellen's caption.

So who is this definitive Shakespearean hard man? Richard III? Macbeth? The sly, double-crossing Edmund from *King Lear*? No, it's Falstaff, the roguish old knight who hangs out with Prince Hal in east London's less reputable taverns in *Henry IV*. McKellen plays the ancient scoundrel — reputed to be Elizabeth I's favourite character — in Robert Icke's new staging, which repackages the two parts of the original into one bumper evening entitled *Player Kings*.

Falstaff is one of drama's great comic creations — an entertaining braggart who spends much of his time boozing and boasting. He's witty, venal and duplicitous. But, suggests Icke, look closely and there's something much darker at work.

"Falstaff is a professional criminal," says the director, 37. "He's not a sort of jolly, velvet-clad Santa figure. The very consistent picture you're given of Falstaff is somebody who, when he was a bit younger, would have been really quite frightening. And the problem is he is now fat and old. So what is the retirement plan? How do you deal with the fact that you can no longer dominate physically and the younger lions are snapping at your heels?"

In a drama about succession, that reading is key for Icke. While in the palace Henry worries about his errant son and his own fragile grip on leadership, Falstaff, young Prince Hal's ersatz father, is likewise facing a potential power struggle. That makes Hal's involvement with him and his fellow criminals all the more troubling and dangerous.

"I guess I'd had this view of [the plays] that Hal was involved in some japes," says Icke. "It was slightly wild and they were nicking traffic cones or whatever. But actually the sums of money involved are huge; they're violent; people die. Everyone thinks Hal is going to be dead before he's 30."

This is the type of diamond-sharp insight that has made Icke one of the UK's most exciting directors over the past decade. Familiar works often look fresh in his hands: his superb 2017 *Hamlet* (with Andrew Scott) felt new-minted; his 2015 *Oresteia* delivered a two-millennia-old drama as an urgent examination of justice. He has a knack for unlocking a piece live on stage. For Schiller's *Mary Stuart* (2016), a coin toss each night at the start of the show about Mary and Elizabeth I determined which actor would play which queen, drawing the audience into the jeopardy at the heart of that play.

There's no such unifying gesture for the history plays, Icke says — Shakespeare is just too rich. But coursing through *Player Kings* is the observation that power is transitory and, to some extent, performative. The new title picks up on one of the funniest, most poignant scenes, in which Hal and Falstaff, prepping Hal for a visit to his father, take it in turns to pretend to be monarch and son. It also reminds us that Henry IV usurped the throne.

"It occurred to me that Henry IV's only been on the throne for four or five years," says Icke. "And this situation was never the plan. It's not like Hal is Prince Harry. It's not like he was born into [the royal] family." Instead, we should understand that Hal has long had this gang of friends.

"You're watching a group of people who sort of knew where they were and who he was. Then suddenly his dad's the king. And nobody's quite worked out how to assimilate that, including him. There's something in the whole pattern of the play about people caught between the past and the future, trying to maintain a status quo which is not maintainable . . . That's what I see as being the DNA structure of the story."

Compressing the plays into one sitting will, he hopes, bring out those symmetries. But it does make for a mighty long night. Icke is unrepentant. "Theatre's very strange," he says, laughing. "It's maybe the only thing in the world that people are happy to pay more to have less of. "They buy a crazily expensive ticket and they're like, 'Oh great! It's only 11 minutes long!' That's never been my feeling — as an audience member, I always love the big evening."

For Icke, who grew up in Stockton-on-Tees, north-east England, the litmus test for a show is whether it would appeal to the 14-year-olds he knew at school. His productions — even of Aeschylus and Sophocles — are set in an approximate present and he jokes that he's had a "Shakespeare security gate" in rehearsals for *Player Kings*, confiscating bogus "Shakespearean" acting: "You know, men who put one leg up on a stool and you're like, 'What are you doing? Nobody ever stands like that!'"

The job, he argues, is to deliver a play, however old, with the urgency of a new text. To those who balk at contemporary adaptations and modern-dress stagings, he cites a 1590s drawing made by writer Henry Peacham that appears to depict a performance of *Titus Andronicus*. "What's fascinating is that, though *Titus Andronicus* is very definitely set in ancient Rome, the actors are all in Elizabethan dress. And you think, OK, so the gesture of these things from the beginning was not 'Let's recreate some sort of naturalistic historical period' but something much looser . . . I would argue that the only authentic way to perform it is in contemporary costume because we know that's what they did."

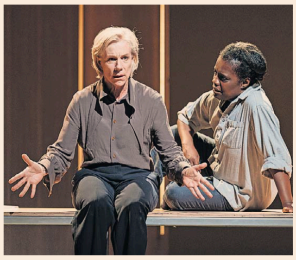
> 'Theatre is maybe the only thing in the world that people are happy to pay more to have less of'

Icke has recently spent time working with the Internationaal Theater Amsterdam, where, he says, the tradition is to make "new things out of old things". He staged Sophocles' *Oedipus* there, delivered as a moral thriller set on election night. A new English version (with Mark Strong and Lesley Manville) will arrive in the West End this autumn just as the US (and possibly the UK) is gripped by-election fever.

Many of his shows focus on an individual — Hamlet, Elizabeth I, Orestes, the physician at the heart of *The Doctor* — called to action and plunged into uncertainty or conflict. Why so? Drama, he replies, excels at ambivalence, at foregrounding the complexity of truth and the gaps between fact and narrative. For him, that's critical right now.

"In all sorts of ways we live in an age of very forceful certainty — certainty that isn't quiet and thoughtful, but aggressive and self-advertising. The dominant mode is pitched battle. But it's OK if there's no clear right and wrong or if there are three right answers. It's useful. Truth takes lots of different forms."

'Player Kings', Noël Coward Theatre, London, April 1-June 22, then tours, playerkingstheplay.co.uk. 'Oedipus', Wyndham's Theatre, London, October 4-January 5, oedipustheplay.com



Juliet Stevenson, left, and Joy Richardson in 'The Doctor'
Manuel Harlan/ArenaPAL

Bulgaria's wartime monarch given wings

The Butterfly King opens in the middle of the second world war in 1943. Against the sound of a clacking typewriter, a voice solemnly announces that US forces have overwhelmed the Japanese in the Pacific while the Nazis have suffered heavy losses against the Russian army. Mussolini has fallen and Italy is negotiating with the Allies, all of which means "the balance of power is wavering." A pause. "Could we possibly cut the typewriter effects please? Thank you. I think it's just a bit of a cliché."

A murder mystery steeped in wartime history, *The Butterfly King* concerns the Bulgarian monarch, Boris III, who ruled from 1918 and died aged 49 in 1943 in suspicious circumstances. The podcast is hosted by journalist Becky Milligan, who presented *Hooked on Freddie*, about a tabloid frenzy around a man, a dolphin and a court case. As with that, *The Butterfly King* opts for a sprightly, irreverent tone, even though the story's underlying themes — treachery, regicide, genocide — are no laughing matter.

In August 1943, Boris had a meeting with Hitler, which, by all accounts, went badly; two weeks later, the king was dead. The official line was that he'd died of a heart attack but, 80 years on, the creators of *The Butterfly King* aren't buying it and nor are his descendants. Gilligan and her team gather some impressive participants, including Boris's children Simeon, 86, and Marie Louise, 91, who invite them to Vrana Palace, on the outskirts of Sofia.

Simeon, notes Milligan, is Bulgaria's "sort-of king"; the country became a republic after the war and Simeon was forced into exile, though he never formally abdicated. The siblings recall happy times before their father died; he was, they say, "a loving papa" who revelled in nature (the title is a reference to his butterfly collection). There are stories, too, of Boris going out incognito on drives and picking up hitchhikers. Only when dropping them off did he unmask himself as the king.

But this isn't just the tale of a mischievous monarch. It's a story of complex wartime geopolitics in which Bulgaria's bid for neutrality became untenable, and Boris found himself caught between a rock and a hard place: side with the Allies and face a German invasion or side with Hitler and become complicit in mass murder.

We are two episodes in, and so far *The Butterfly King* is a masterclass in suspenseful sleuthing and creative storytelling (the flourishes of humour shouldn't work but they do). The death of one man in the middle of a world war might seem minor in the greater scheme of things but, as Milligan makes clear, the actions of Boris III reveal much about the nuances of diplomacy (his scheme to save Bulgaria's Jewish population from the Nazis was as ingenious as it was audacious). As well as a compelling whodunnit, the series is a fascinating meditation on the grey area between good and evil.

exactlyrightmedia.com

Boris III of Bulgaria meeting Adolf Hitler in Germany — Bridgeman Images

Early movers in infrastructure investing such as Stonepeak and GIP profited handsomely from unloved assets. But higher interest rates and more competition mean windfalls will become harder to achieve.

By Antoine Gara

From a backwater to a $1tn asset class

The turbulent years after the global financial crisis were not an ideal time for Michael Dorrell and Trent Vichie to be seeding a new infrastructure fund.

Potential investors were reluctant to back new funds in niche sectors. At many points, it seemed the end was nigh for their nascent venture.

A dozen years later Stonepeak, the New York-based infrastructure-dedicated investment group they created, is a colossus in the private investment world, with $60bn under management.

Companies it controls transport about 10 per cent of the world's seaborne natural gas and own over 120,000 kilometres of fibre networks. It recently drew a $2bn investment from a minority investor that valued it at nearly $15bn, according to people briefed on the matter. Dorrell is now a billionaire.

Stonepeak's speedy rise has surprised many on Wall Street, but it is a story shared by a small circle of dealmakers who entered infrastructure investment in the US in the early 2000s.

Adebayo Ogunlesi, for example, who in his days as a top Credit Suisse banker often sat opposite Dorrell and Vichie during negotiations, created Global Infrastructure Partners with the support of the Swiss bank in 2006.

After building up a portfolio of over $100bn, this year Ogunlesi agreed to sell to BlackRock for $12.5bn in a cash-and-shares deal that will make him and his partners the second-largest shareholders of the world's largest asset manager.

Ogunlesi, Dorrell and Vichie and others once bid against each other for mundane assets like toll road concessions and parking meter networks. The deals often carried high levels of debt and many soured during the financial crisis.

"Infrastructure investment came to the US in the early 2000s and it was dominated by a handful of people who were mostly project finance, utilities and municipal bankers," says one senior industry executive. "They saw it as a trend and capitalised by making big early bets around the crisis. Many of the people who didn't get washed out became billionaires."

Today's infrastructure market is more crowded. The success of entities such as Stonepeak and GIP, along with a decade of rock-bottom borrowing costs, prompted asset managers like BlackRock, CVC and General Atlantic to acquire large infrastructure managers. A further wave of deals is brewing, according to bankers and executives.

Once an investment backwater, infrastructure became a favoured area for pension funds looking for yield and protection against market volatility. Assets under management worldwide have soared more than sixfold since 2008 to over $1tn, according to data provider Preqin.

The increased competition for assets has led big players to widen their definition of infrastructure; it now includes assets such as gas export facilities, mobile phone transmission masts, or the data centres that will provide the computing power needed for artificial intelligence projects.

Their business is starting to face more scrutiny; politicians and consumers in some countries are asking how desirable it is to have infrastructure key to the public realm owned by highly indebted and secretive private companies.

As asset prices and interest rates rise, windfalls have become harder to achieve. "There is always tension on how far you can push the frontier and what is infrastructure," says Hamilton James, the former vice-chair of Blackstone Group, which backed Stonepeak.

"My guess is we are in a part of the cycle where returns will be lower," he adds. "Rising rates and high stock prices make it harder to do interesting deals and there is a lot of capital chasing after investments."

Dorrell and Vichie, both native Australians, were sent to New York in 2000 to replicate Macquarie's past successes in the US.

During the 1980s and 1990s, the Sydney-based group underwrote privatisations across Australia, Europe and Canada, where governments were looking to sell utilities, airports and toll roads. It then began investing directly in the businesses that were being privatised.

But translating that strategy to the US was initially challenging. Federal and state governments were less likely to sell assets, fearing a political backlash. The existence of large municipal debt markets resulted in less financial incentive to privatise. They mulled going home. "Infrastructure wasn't even a backwater in the US. It didn't exist," says Dorrell. "We almost didn't bother."

Infrastructure assets under management have soared since 2008. Below: Adebayo Ogunlesi is selling GIP to BlackRock for $12.5bn; below right: the Chicago Skyway Bridge was acquired by Macquarie and Cintra for $1.8bn in 2004

FT montage; Dreamstime/ Getty Images; Victor J. Blue/ Bloomberg; Henryk Sadura

But the duo came to realise that many other pieces of infrastructure were owned privately and often undervalued on corporate balance sheets.

"We quickly worked out that the sectors available in the US have dwarfed the other asset classes," says Dorrell. "Over time you started to realise that the US was different, and different in a good way. It makes it the most interesting infrastructure market in the world."

In 1999, the government of Ontario sold a lease on 407 ETR, a toll road around Toronto, for about $3bn — a price that in Dorrell's eyes wildly undervalued the highway. Macquarie quickly invested and by 2019, 407 ETR was valued at around $30bn. "It is arguably the most successful infrastructure asset ever," says Dorrell.

Canadian pension funds and those in Europe and Australia soon began pouring money into infrastructure. US municipalities started to sell assets such as the Chicago Skyway Bridge, acquired by Macquarie and Cintra for $1.8bn in 2004. Investment banks including Goldman Sachs, Credit Suisse, Citigroup, Morgan Stanley and Deutsche Bank began building their own infrastructure teams.

But the 2007-08 financial crisis brought the boom to an abrupt end and left many institutions nursing big losses. "The early deals were all levered to the gills," says one senior executive involved with many transactions. "They weren't bad assets. They were a story of too much leverage and not enough time . . . "It was the ultimate winner's curse."

It was around this time that Dorrell and Vichie were headhunted by US investment group Blackstone to build an internal infrastructure investment unit inside the world's largest private equity group.

But after failing to make much headway, their unit was quietly spun out in 2011. They used their savings to rent offices for their venture, Stonepeak, and scoured the US for investment from pension funds and endowments. The response was lukewarm.

By the summer of 2012 they were racing to secure $250mn of investment for Stonepeak that would help them land a $400mn cornerstone commitment from a large US teachers' pension fund.

Their best hope was a Washington state pension fund, but as autumn approached, it notified Stonepeak that it was putting its potential investment on hold. Dorrell and Vichie feared it was the end. "I have never been so nervous in my life," says Dorrell.

The fund changed its mind the following Monday and went on to invest $250mn, setting Stonepeak on the way to raising over $1bn. "The investment put us in business," says Dorrell. Vichie retired from the company in 2021 to pursue other projects.

Stonepeak, along with rivals like GIP and Canada's Brookfield Infrastructure Partners, would soon have investors flocking to their doors as the era of low or even negative interest rates forced asset managers to look for returns from unlisted investments.

Another beneficiary was Sadek Wahba, an Egyptian-born banker who began his career as an economist at the World Bank before building up Morgan Stanley's internal infrastructure unit.

That entity, spun out of the US bank in 2012 and now called iSquared Capital, manages nearly $40bn in assets. Antin Infrastructure, one of Europe's most valuable listed asset private investment groups, followed a similar path after being seeded inside BNP Paribas.

The growth of private infrastructure bore similarities to previous structural changes in finance that gave rise to the private equity and credit markets that now manage assets of over $14.5tn.

The buyout and private credit industries were also pioneered by small teams of former bankers from groups like Bear Stearns, Lehman Brothers and Drexel Burnham Lambert, who devised new financial structures and underwriting techniques for corporate assets.

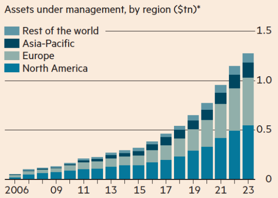
GIP, Stonepeak and iSquared helped to push the infrastructure industry away from auctions of government-owned assets and towards a strategy more akin to that of private equity.

Dorrell and Vichie even recreated the culture they saw inside Blackstone, recruiting dealmakers from private equity and hedge funds with expertise in restructuring distressed businesses.

Jack Howell, one of Dorrell's early recruits, is now co-president alongside Luke Taylor, another Macquarie veteran. Under Howell's direction, Stonepeak invested heavily in the US pipeline sector but embedded financial protections such as enhanced seniority for its equity investments. That helped it avoid losses during the sector's cyclical downturns. "Your structure doesn't matter until it does," says Dorrell. "It can really save your capital." According to pension fund documents published recently, the group has not yet realised a loss on any of its deals.

The evolution of infrastructure as an asset class

Assets under management, by region ($tn)*



* Ex secondaries and fund of funds • 2023=to Jun

Source: Preqin Pro

Ogunlesi's GIP has arguably been an even greater success, attracting over $100bn in assets using a strategy of making incremental changes to large businesses to improve their profitability and valuations before selling them on.

At London City airport, GIP reworked the take-off and landing schedules to allow for an increase in flight numbers, eventually selling its stake at a huge profit. At London Gatwick, it more than halved the time taken for security screening, allowing passengers to spend more time in the shops and bars that pay revenue-based rents to the airport.

'They saw it as a trend . . . Many of the people who didn't get washed out became billionaires'

There have been misfires along the way. GIP acquired Biffa in early 2008, but the UK waste management company was hit hard by the financial crisis. GIP salvaged just $93mn of its $600mn investment. Stonepeak put $3.6bn of into Astound Broadband in 2021, but the New York company wilted under intense competition from larger operators. Profits evaporated and rating agencies have downgraded its debt ratings.

The diversification into investment areas previously dominated by private equity and real estate trusts, such as fibre networks, cellular towers and data centres, could bring more blow-ups. The sharp rise in interest rates is also putting pressure on many deals done in 2020 and 2021, say industry executives.

"So much capital had been chasing wind and solar energy it became heavily mispriced," says Dorrell. "The music has stopped and there has been real distress." Stonepeak has looked to capitalise on that; last month, it agreed to take a 50 per cent stake in a package of US wind energy projects from Danish renewables group Ørsted.

'My guess is we are in a part of the cycle where returns will be lower'

Data centres have been another area of almost unbridled optimism amid the growth of AI. But some deals have soured; Brookfield has been forced to inject more equity into Evoque, a data centre business it bought from AT&T in 2019 whose revenues have declined.

Last week, short seller Hindenberg warned that "hyperscalers" such as Amazon, Google and Meta were stripping pricing power from smaller operators. It has also accused Equinix, a listed data centre operator, of manipulating the accounting treatment of capital spending to flatter its profitability. Equinix says it is investigating the claims.

"The data investment theme to me feels super, super toppy and the thing everyone is chasing," says one infrastructure executive. "People are making huge commitments and huge bets."

Some early privatisation efforts have also backfired after being overloaded with debt. Water utilities privatised by the UK in the 1990s were taken off the stock market by infrastructure investors during the mid-2000s. But many of these heavily-indebted operators have attracted public and political opprobrium for delivering poor customer service, polluting waterways and failing to invest in new assets — all while showering their owners with dividends.

"If you pay too much for the assets, the regulator will lower the regulated return," says one infrastructure executive. "If the deal goes wrong, it goes wrong really quickly."

When GIP and Stonepeak began they had few competitors, but large private equity groups Blackstone, KKR, EQT and Brookfield have built increasingly deep pockets of capital to invest in the sector. Ogunlesi believes trillions of dollars will still need to be invested in infrastructure, for instance, to reshore manufacturing supply chains, build modern digital networks and secure traditional and renewable energy supplies.

He also says large public companies will struggle to deliver the revenue growth that investors demand and will look to release capital for investment in faster-growing niches by selling infrastructure assets or forming joint ventures with specialist investors. GIP's investment portfolio now includes partnerships with many of the world's largest companies, including Abu Dhabi's state oil producer Adnoc, Shell, TotalEnergies and Vodafone.

Ogunlesi says the infrastructure boom has much further to run. "You are going to see a huge amount of investment activity going forward."

But he also acknowledges that in the current economic and geopolitical environment, managers "are going to have to work much harder to earn their keep than they've had to do in the past".

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

The world is warming faster than scientists expected

Fossil fuel groups and investors cannot afford to ignore the warnings

Talk about unfortunate timing. At the start of last week, the head of the world's largest oil company, Saudi Aramco, was applauded when he told the CERAWeek energy conference in Houston it was time to "abandon the fantasy of phasing out oil and gas". Amin Nasser said the world needed instead to invest in fossil fuels to meet demand at a time when the clean energy transition was "visibly failing on most fronts".

One day later, the head of the UN's World Meteorological Organization, Celeste Saulo, received no applause for issuing a report that showed climate records had been not just broken but smashed in 2023, the hottest year on record. More than 90 per cent of the world's oceans suffered heatwave conditions, glaciers lost the most ice on record and the extent of Antarctic sea ice fell to by far the lowest levels ever measured.

It is tempting to believe we have been here before. Oil, gas and coal executives have spent years insisting they must satisfy demand for the fossil fuels that still drive the global economy. More recently, even relatively more green-minded European oil companies have weakened their climate goals in the wake of soaring energy prices, and big investors have backed away from climate action initiatives that they only recently joined. UN agencies have warned all the while that those fuels are the biggest cause of a climate warming that is growing more intense.

Yet when it comes to the physical state of the climate, we have not been here at all. To an extent not widely appreciated, the world is now warming at a pace that scientists did not expect and, alarmingly, do not fully understand. At a Financial Times conference this month, Jim Skea, the chair of the UN's Intergovernmental Panel on Climate Change, said last year's spike in temperatures was "quicker than we all anticipated".

"It was a surprise," he said. "Ocean temperatures were just off the scale in terms of historic records. It was completely unusual and we still need to do more work to explain it."

The unnerving implications of these findings were spelt out last week by Gavin Schmidt, director of Nasa's Goddard Institute for Space Studies in New York City. Writing in the journal Nature, Schmidt warned that the data could imply that a warming planet was already "fundamentally altering how the climate system operates". The surprising heat in 2023 had "come out of the blue", he said, and revealed that "an unprecedented knowledge gap" had opened up for the first time since satellite data began to give scientists a real-time view of the climate system about 40 years ago.

This gap may mean we have a shakier grasp of what lies ahead — which is worrying when it comes to forecasting drought and rainfall patterns that are already aggravating food shortages. Theories for the unexpected warming range from a rise in solar activity ahead of a predicted solar maximum to new rules on cleaner shipping fuel that aim to cut sulphur emissions. Sulphur compounds in the atmosphere have a cooling effect.

> A full explanation remains elusive, which underlines a compelling echo of history

But a full explanation remains elusive, which underlines a compelling echo of history. Schmidt's position at Nasa was once held by another scientist, James Hansen, whose 1988 testimony to the US Congress alerted the world that global warming had begun.

The world did not entirely ignore Hansen's warnings in the 36 years that followed, but nor did it take them anywhere near seriously enough. Oil company bosses may prefer to preach a message of business as usual. But neither they nor anyone else can afford once again to downplay what science is showing us about a climate threat that is now moving into uncharted territory.

Opinion Technology

We need a cure for curse of digital overabundance

Ben Hickey

Jemima Kelly

Last weekend, after a period of plenty of stimulation and travel but not nearly enough sleep or stillness, I decided to embark on a self-imposed 48-hour digital detox. I sat down and listened to records the whole way through; I spent time with loved ones without feeling the compulsion to take a photograph every five minutes; I took a nap for the first time in years. And, after some quite bothersome withdrawal symptoms on the first day, by Sunday evening I had got quite into the whole thing and felt a certain degree of dread about turning my phone back on.

It wasn't very original of me, sadly. A discernible trend towards de-technologising our lives is afoot. Digital detoxes and silent retreats are all the rage, with Condé Nast Traveller recently declaring "silent travel" to be "the wellness trend we're obsessing over this year". When I told a friend about my screen-free weekend (some might call it showing off), she was unimpressed: "Well *my* friend switches his SIM card into a 'brick phone' every weekend," she told me.

> We live in an era in which pretty much every work of film, music, art and literature is available to us

Indeed these "brick phones" — also known as "dumb phones", to contrast with "smart" phones — have been rising rapidly in popularity, allowing users to make phone calls and send text messages (and sometimes even to get directions and play music), but not to spend hours scrolling depressedly yet compulsively through social media. So en vogue are these devices, in fact, that Human Mobile Devices, the company that makes Nokia phones, is partnering with Mattel to release a Barbie-themed flip phone this year, encouraging buyers to "swap reel life for real life and take a breather from all the interruptions of notifications".

But the desire to pare back our digital lives and to return to simpler, more manageable times extends far beyond mere smartphone fatigue. We live in an era in which not just every human being, but pretty much every work of film, music, television, art and literature is available to us, instantly, at the click of a trackpad. And while this is no doubt an incredible feat of human ingenuity, it is also utterly overwhelming.

It can be oddly limiting, too. As a teenager, if I wanted to listen to some music I would browse the 100-odd albums I had in my CD collection and work out which I was in the mood for. These days, I pay £10.99 a month to have access to more than 100mn songs on Spotify, yet usually listen to the same four or five playlists. Listening to albums is going out of style: a 2020 survey by streaming platform Deezer found that only 36 per cent of people still listen to albums in the original sequencing, while 15 per cent of under-25s had *never* listened to a full album.

The problem with these streaming services is that the unlimited amount of choice is paralysing. How are we supposed to work out what to listen to? Yes, you can "save" an album to your "library", but the fact you haven't spent any money on it makes this "library" feel impersonal and superficial, while the fact there is no album sleeve to peruse or acknowledgments to read lessens the sense of connection with the music and the artist.

Likewise, opening a PDF version of Aristotle's *Nicomachean Ethics* carries none of the excitement of finding it after a long search in a dusty library. The lack of any friction in these processes is deeply unsatisfying, while the over-availability of everything, as any dating expert will confirm, lessens our desire for it.

Witness, then, the revival of all sorts of old-school formats that allow us to regain the sense that we can tangibly "own" things, and that give us a rare opportunity to limit our horizons. Fairly well known by now is the resurgence of vinyl: UK sales rose for the 16th consecutive year in 2023 to 5.9mn records, the highest level since 1990. Less well documented is the cassette-tape comeback: UK sales reached a 20-year high in 2022, after a 50-fold increase over the previous decade. And despite ebooks' portability and convenience, almost four printed books were sold in the UK for every ebook in 2022, according to Nielsen.

One might imagine that this is all being driven by old fogeys missing the Good Old Days, but the opposite is true. In a Harris Poll last year, a staggering 77 per cent of Americans aged 35-54, and 63 per cent of 18-to-34-year-olds, said they'd like to return to a time when humanity was "unplugged" (only 60 per cent of the over-55s agreed). Younger buyers are also leading the resurgence in vinyl and cassette tapes, having missed them the first time round.

We weren't designed to have the output of all of human history at our fingertips, nor to be contactable at all times — but that is the situation we now find ourselves in, and it's both a great privilege and a damned curse.

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Letters

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Why there's a mismatch in Japan's marriage market

As Leo Lewis points out, the Japanese government has focused on the wrong part of the fertility problem ("Marriage holds key to reversing relentless fall in Japan's birth rate", Opinion, March 15).

Tackling the marriage market problem is much more about "social-engineering". The 16th Japanese National Fertility Survey provides some answers.

It is not the economic costs of marriage that is the barrier. There are specific Japanese cultural issues. There is a mismatch in the marriage market.

Around 80 per cent of young men and women are willing to marry. However women's expectations for their future husbands are rising with increased education.

At university, females outnumber men. Among male graduates, 80 per cent will marry someone with a lower educational level. On the other hand, 80 per cent of female graduates marry graduates. This has two knock-on effects.

For female graduates there are not enough male graduates to go around. For men without a college degree there is less chance of finding a partner.

There is a group of young adults, particularly men, who profess to have no interest in looking for sex and romantic relationships. They have been nicknamed "herbivores". This is not a small group. A quarter of Japanese men and women in the age group 18-39 are virgins. To be precise, they have had no heterosexual sex. They tend to be from lower socio-economic groups. As Lewis points out, to have children born out of wedlock is very rare.

For these highly qualified women other societal norms get in the way. Only 10 per cent of couples cohabit before getting married. There is no way to "try" marriage, because of those social norms. The risk of a "mistake" is higher.

Even today, Japanese law still requires couples to use only one name. It does not specify whose; 90 per cent choose to use the man's name. For female graduates on a career path giving up their name can be a major issue. Family tradition says that it is the role of the wife of the eldest son to take care of his parents. All conspire against marriage.

Professor John Bateson
Honorary Professor of Management
Bayes Business School,
Wendover, Buckinghamshire, UK

Russia is more invested in this war than we are

Martin Wolf (Opinion, March 20) is of course right that the west's international standing and credibility depend upon our helping Ukraine at least avoid total defeat by Russia.

But, as their recent election has underlined, the Russians for both nationalistic and regime-survival reasons are much more intensely invested in this war than we are. They are with some success turning their country into another Sparta in order to win.

We have regularly been assured that the arrival of our latest weapons on the battlefield — Leopard tanks, cluster munitions, F-16s — would bring victory; and as regularly we have been disappointed. And even if further weapons (Taurus missiles) do begin to make a difference, no one is now expecting that to happen before summer 2025 at the earliest.

Meanwhile, the west's international reputation will continue to crater as countries representing 80 per cent of the world's population see us as engaged in a vindictive enterprise for which we ourselves (through our solipsistic determination to expand Nato) are in part responsible; and at the same time we do nothing to combat much nastier challenges to the international order, such as Israel's slaughter of civilians in Gaza.

The adult answer is of course negotiations. The broad outline of the outcome is already clear. Ukraine will survive as an independent democracy with strong links to the west. It will require credible security guarantees, as will the Russians. There will be a territorial carve-up in which most of Ukraine will remain Ukrainian, but some bits that don't want that (notably Crimea) will become Russian. Yes, it will be painful for everybody concerned; but perhaps less so than another two years — at least — of carnage.

Tony Brenton
Former British Ambassador to Moscow, Cambridge, UK

TikTok battle makes US feel like a foreign country

Legislature and president declare danger posed by highly profitable subsidiary of demonised foreign company. They demand the foreign owner sells said subsidiary to investors of their own country. The value of the subsidiary subsequently falls by an estimated two-thirds of its valuation while a former finance minister assembles a buyout group to purchase it. Vladimir Putin and the oligarchs? No, sadly, this is all happening in the US ("The battle over TikTok", The Big Read, March 16).

John Hartley
Venice, CA, US

House of Commons: where 'all night' sittings sometimes went on until 4am

UK cost of borrowing is higher for a reason

Your extensive coverage of the convergence of Italy's 10-year government bond yield with Germany's benchmark yield (Reports, March 15 and March 15) failed to mention the divergence of the UK's cost of borrowing from that of most eurozone borrowers.

Italy paid 3.69 per cent for 10-year funding at close of Friday, March 15; Spain 3.24 per cent and Greece 3.41 per cent. But the UK paid 4.10 per cent, the only significant country in the region to pay over 4 per cent.

Some of this divergence between British and eurozone borrowing costs was well explained in Dieter Helm's letter (March 15) in which he criticises British government accounting for treating capital maintenance as investment and the lack of savings, private and — notably — public.

J Paul Horne
Alexandria, VA, US

Kindness of strangers is an ill-considered term

In his letter of March 15 ("Big reveal about Britian's precarious public finances") Professor Dieter Helm uses that ill-considered term "the kindness of strangers" to give the patronising impression that the UK's finances are held together only by virtue of a group of well-meaning foreign philanthropists.

The reality is that foreign investors in UK government debt buy it because they consider it to be a worthwhile investment. The alternative would be for all such debt to be held domestically, leaving the country vulnerable to the dreaded "doom loop" that afflicts other economies.

Which is to be preferred?

John Murray
Guildford, Surrey, UK

Snipers and other threats to America's power grid

The US power grid is at risk due to inadequate infrastructure, enormous industry demand, and lack of adequate cyber and physical security ("Our stressed-out power grids need help", Opinion, March 13).

As a resident of the California Bay Area, I saw snipers shooting at 17 electrical transformers at Pacific Gas & Electric's Metcalf substation. If they had disabled the transformers, it could have disabled some, if not all, of Silicon Valley's tech giants. Terrorists could also target data centres.

Data centres in other states, such as Iowa and West Virginia, mentioned by Marietje Schaake, may serve as back-up. But power suppliers, like PG&E, and data centre operations need sophisticated security to protect against cyber and physical attacks on their operations. I agree with Schaake that this should be a collaborative effort by the companies, and state and federal security authorities.

James Patterson
Washington, DC, US

Tokenisation — technology that's not purely disruptive

Andrew Whiffin ("Faster, cheaper, safer: how tokenisation can change investing", Report, FT.com, March 6) correctly points out that tokenisation could revolutionise financial services. However, his assertion that its potential to reinvent financial services will be the very thing that stops established financial institutions from embracing it underplays the good work done to date.

Major global financial institutions, including commercial banks, central banks and financial market infrastructures, are already tokenising assets. For example, last year the Swiss city of Lugano issued its first digital bond on SDX, and the World Bank issued the first digital bond on Euroclear's D-SI Service.

Tokenisation is a perfect example of how an innovative new technology does not have to be purely "disruptive" and can, and should, be embedded into the existing financial infrastructure to deliver the security and resilience required in a regulated market.

What is critical now, as Whiffin points out, is that the industry and regulators work together to clarify international standards.

We need to ensure that these new digital assets flow seamlessly across borders to unlock value and help markets become deeper, more liquid and enduring. Only then can tokenisation truly realise its potential and be relevant and progress financial services for the better.

Kate Karimson
Chief Commercial Officer, R3
London EC2, UK

Trumpian parallels in the annals of Ancient China

In the vast 5,000 years of Chinese recorded history, the grand historians have attempted to predict cycles of human governance through the corresponding type of ruler, from the august and sage-like Three Kings to the despotic Five Hegemons. The "Guoyu", or "Discourses of the States", an ancient text from the fourth century BC, describes "when the state is about to perish its ruler is greedy, reckless, depraved and perverted. He is lewd, indolent, negligent and lazy. He is vulgar and cruel." I was pondering these chilling words as I read Edward Luce's sombre article: "Democracy dies in Trumpian boredom" (Opinion, March 14).

Patrick M Dransfield
Abu Dhabi, United Arab Emirates

In Thatcher's time, MPs worked much longer hours

Your front page report "Working hours for Commons hit record low under Sunak" (March 15) would have been even more revealing if it had extended the comparisons to cover Margaret Thatcher's government and not just the working hours in a day, but the working hours in a week.

We started on Monday and finished on Friday. Sometimes there were "all night" sittings which went on until four o'clock in the morning or even later. A completely different world.

Douglas French
Conservative MP for Gloucester 1987-1997
Poole, Dorset, UK

Private jet ad presumably wasn't aimed at this CEO

I couldn't help noticing the contrast between your article on Erik Engstrom, chief executive of Relx ("Low-key Swedish boss turns Relx into the FTSE's star performer", Report, February 24), and the advert for Falcon 6X private jets in HTSI. Engstrom, we read, flies economy class, and grows shareholder value. The advert presumably targets CEOs who want to spend it.

Bruce Calderwood
London N4, UK

Correction

- Private sector companies have to date raised $6bn in private funding for fusion energy projects, not $6mn as wrongly stated in a Special Report on Nuclear Energy on March 21.

OPINION ON FT.COM
The EU pursues make-believe in Bosnia
Geopolitical arguments are strong, but to join the bloc entry rules apply, writes Tony Barber
www.ft.com/opinion

Opinion

The weakest links in the global economy are on the mend

MARKETS

Ruchir Sharma

Emerging world powerhouses such as India and Indonesia weathered the turbulence of recent years in solid shape and are widely recognised for their success. Now many of the emerging world's most troubled economies are reforming their way towards recovery as well, and markets are starting to reward them for it.

They include most prominently Turkey, Argentina, Egypt, Nigeria and Kenya, and they carry some weight. All five of these reforming countries are in the 40 largest emerging economies, so their turn for the better is reinforcing the global economic recovery as well.

Battered by high inflation, debt and deficits, their foreign exchange coffers were emptying when global interest rates rose sharply in 2022. As higher borrowing costs drove their debts deeper into distress, they had no choice but to change. Their leaders — who in Argentina, Kenya and Nigeria were newly elected with a mandate for reform — don't quite say so out loud, but their plans came straight from the pages of the old and much-maligned Washington consensus. Budget discipline and heeding market forces are the only policy choices that work when a nation runs out of money.

The five reforming nations are still widely under-appreciated. Just a year ago, they were running deficits above 5 per cent of gross domestic product. Their inflation rates were in the high double digits on average, and more than 200 per cent in Argentina. Investors either demanded a huge premium to hold their sovereign bonds, pushing yields to 15 percentage points above US bonds, or shunned them. If emerging market monikers were still in fashion, these economies would have been labelled the "fragile five" of this decade.

As capital fled, their foreign exchange reserves hit new lows, registering maximum declines of a third on average. At first, the governments resisted these pressures, trying to stabilise the currencies through controls. That only pushed investors into black markets, where the five currencies traded on average 45 per cent below the official exchange rate.

Then came the turn. The beleaguered countries started bowing to market realities, most recently in Egypt under Abdel Fattah al-Sisi. After being in power for a decade, he announced his latest reforms last month. His regime took steps to lower the deficit by cutting spending on new mega projects. It moved to stabilise the pound, raising interest rates to beat inflation and allowing its value to float freely, leaving black marketeers no reason for being.

> Budget discipline and heeding market forces are the policies that work when a nation runs out of money

If this sounds like Washington consensus orthodoxy, it is. Egypt is reforming in part to meet conditions for relief from champions of the consensus, including the IMF and World Bank. So are Kenya and Argentina, which by many measures had sunk deeper than the other four: Buenos Aires had to pay the highest premium on its bonds, and faced the biggest black-market discount for its currency.

In response, Argentina became the most aggressive reformer. Last November, a new president was elected — Javier Milei, a populist who vowed to take a "chainsaw" to his country's dysfunction. He has devalued the peso by more than half, cut government departments in half to one-third, downsized the public payroll and moved to eliminate private jets and other official perks while selling hundreds of state companies. In January, the budget turned to surplus in a country that has run deficits for all but 10 of the years since 1900.

Even the cases that did not seek international relief — Turkey and Nigeria — were compelled to rethink. Turkey under Recep Tayyip Erdoğan, once a candidate most unlikely to reform, has hired serious technocrats who raised interest rates by more than 35 percentage points, and are curbing excessive credit growth. Now capital is starting to return to the five reformers. For them, foreign direct investment, weakening worldwide, is unusually resilient. Bond premiums have fallen at least 40 per cent from their peaks. Argentine stocks rose sharply in anticipation of Milei's presidency, and are up another 60 per cent in dollar terms since he took office. The black-market currency discount has disappeared in Nigeria, and all but disappeared in Egypt. Financial life is starting to look more normal.

That doesn't seal a bright future. Nations often reform in crises and then revert to old ways when the storms pass. Escaping this cycle requires leadership that recognises the need to avoid relapses and commits to ongoing reform. It's too early to say any of the recovering countries are on that path. But they are on the mend for now, and that makes the global economy feel less fragile.

The writer is chair of Rockefeller International

Beware the euphoria surrounding AI

BUSINESS

Rana Foroohar

Another week, another record high in US equity markets. Last week's jump was triggered by the Federal Reserve's signal that investors can look forward to more interest rate cuts this year. But deeper market bullishness is built on two things: the cash reserves of the tech giants that now dominate the markets, and belief in their ability to monetise artificial intelligence.

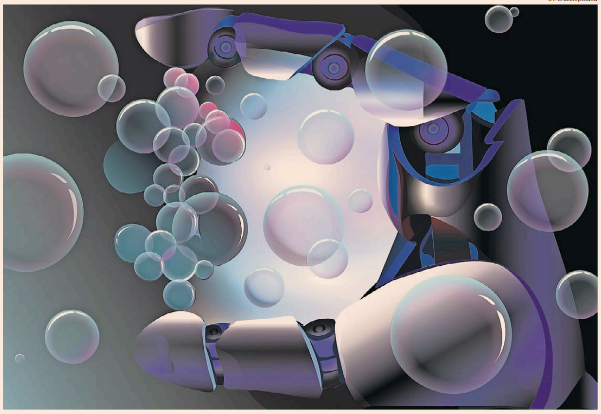
AI will "change the world", we are told. It will radically increase productivity (albeit by disrupting millions of jobs). It will create a huge new wealth pie for the world to share. And, according to a breathless ARK Invest report that last week predicted a $40tn boost to global gross domestic product from AI by 2030, it will "transform every sector, impact every business, and catalyze every innovation platform".

It's the euphoria and sense of inevitability in this straightforward narrative that makes me nervous. Even if you believe AI will be today's equivalent of electricity or the internet, we are at the very early stages of a highly complex multi-decade transformation that is by no means a done deal. Yet valuations are pricing in the entire sea change, and then some. A February report by Currency Research Associates pointed out that it would take 4,500 years for Nvidia's future dividends to equal its current price. Talk about a long tail.

While Nvidia isn't Pets.com — it has tangible revenues from selling real things — the overall AI narrative depends on many uncertain assumptions. For example, AI requires huge amounts of water and energy. There's a push in both the US and EU to get companies to disclose their usage. Whether via carbon pricing, or a tax on resource usage, it's quite likely that those input costs will rise significantly in the future.

Likewise, AI developers don't now have to own the copyright to content on which the models are trained. They don't have to make profits on AI itself, of course; the assumption of future gains is enough to fuel the froth. Relentless techno-optimism and the illusion of inevitability is how Silicon Valley creates paper wealth. But remember, many of the proponents of "AI everywhere" were touting web3, crypto, the metaverse and the benefits of the gig economy not so long ago.

One big difference, of course, is that AI has been validated by huge, cash-rich, market-leading companies such as Microsoft, Google and Amazon. But even within those companies developers have their doubts. One senior staffer at a leading AI company recently admitted to me, when pushed, that the profit assumptions around the technology were based "more on speculation than substance", and that it has major kinks still to be worked out.



Efi Chalikopoulou

Anyone who's experimented with large language models can vouch for this. I wouldn't rely on a chatbot when doing research for my own work because I don't want to worry about the accuracy of the data I'm being fed. I also don't want to give up my ability to curate my own informational inputs. (I'd much rather do a Google search and see sources and citations laid out.)

I'm admittedly operating at the high end of the white-collar job spectrum. But even for more rote middle-market tasks, there are lots of questions about how to integrate AI into workflows, and whether it will really be more productive than the humans it may replace. And the humans are beginning to revolt.

> It's the sense of inevitability in this straightforward narrative that makes me nervous

The Hollywood writers' strikes were at their core about control of AI, and unions are taking on the issue of technology regulation more broadly.

Meanwhile, the copyright backlash against AI is gaining steam. Last week, French regulators fined Google €250mn for failing to notify news publishers that it was using their articles to train its AI algorithms, and for not licensing fair deals. This follows similar suits against OpenAI and Microsoft brought by the New York Times. As AI works its way into proprietary corporate data sets, opportunities for litigation over copyright will increase, and possibly even dovetail with worker complaints over corporate surveillance.

Then there's the monopoly problem. As Meredith Whittaker, president of the Signal Foundation and the co-founder of the AI Now Institute, wrote in 2021, modern AI advances are "primarily the product of significantly concentrated data and compute resources that reside in the hands of a few large tech corporations". Our increasing reliance on such AI, Whittaker added, "cedes inordinate power over our lives and institutions to a handful of tech firms".

The so-called Magnificent Seven companies have driven AI enthusiasm and stock market gains over the past year. They have pushed the concentration of the S&P 500 to a historic extreme. But as a recent Morgan Stanley report notes, "index concentration has historically proved self-correcting, with some combination of regulatory, market and competitive forces, along with business cycle dynamics, undermining static leadership". The report says "analysis suggests that equity returns have typically struggled following peaks in concentration".

That combination of correcting factors might include the growing number of Big Tech antitrust cases and the possibility that carbon pricing and copyright fines will challenge the "free" inputs necessary to make a profit.

Whether you see AI as the next tulip bubble or the next combustion engine, it's worth questioning how the market is pricing this story.

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Europe is making trade conditional on production methods

ECONOMICS

Martin Sandbu

Europe's manufacturers seem to find themselves in a perfect storm. Hardly a day goes by without a complaint about excessive regulation, Chinese competition, or the EU's inability to match the US's Inflation Reduction Act. At the confluence of it all is European businesses' grievance that regulators are cutting them off at the knee rather than championing them.

But corporate Europe's disadvantage may come from policies that don't go far enough, rather than ones that go too far.

Take the car industry. European producers worry they can't compete against subsidised Chinese-made electric vehicles in their home market. They will soon have something else to complain about: steel and aluminium are set to become significantly dearer inside the EU than elsewhere, given that the bloc is phasing in its "carbon border adjustment mechanism" (CBAM), a tax on the carbon content of certain imported materials.

CBAM is itself a spur to innovative production. In its current form, it will secure an EU market for low-carbon steel and aluminium, cement, fertiliser, hydrogen and electricity. The efforts EU companies are making in green steel, for example, could become competitive with domestic "dirty" steel given the EU's high domestic carbon tax, but would be undercut by carbon-intensive imports in the absence of an emissions-linked border levy.

But by creating a market for low-carbon products in these sectors, CBAM undermines the market for EU products that use those materials as inputs, such as cars. While CBAM protects the level playing field for Europe's green steel and aluminium producers, downstream manufacturers receive no such protection from imports made with carbon-intensive raw materials or power. What a downstream industry like carmaking should push for, therefore, is to widen the scope of CBAM to cars.

This economic logic means CBAM is politically unsustainable in its current form. Once its effects are felt, politicians will face enormous and legitimate pressure to undo the competitive damage experienced by downstream manufacturers such as carmakers. At that point, expanding CBAM to more sectors will be a better policy than reversing it.

> Resulting regulation upsets businesses but there will only be more restrictions on how goods are made

CBAM is an instance of a broader European trend of making market access conditional on production methods. In recent agreements with trading partners, the EU has sought restrictions on the environment, labour conditions and animal welfare. The bloc is passing domestic laws that in effect constrain the import of goods produced in various offending ways from human right violations to deforestation.

Cue accusations of protectionism and value imperialism. But not wanting to consume a product made by enslaved people, or through cruelty to animals, or with excessive carbon emissions, is not in itself either imperialist or protectionist — so long as these are the real motivations, not a cover for resisting foreign goods. If genuinely held, such preferences simply mean that conventional arguments for free trade may not apply in some cases.

Attention to production methods, and not just the physical characteristics of a product itself, is admittedly novel. So is the resulting regulation that upsets European businesses. But like it or not, there will only be more regulation of trade in products made by offending methods.

One reason is more concerned consumers. Those who in the past may not have cared that their clothes were made by forced labour or the diamond on their ring was extracted in a war zone, now do. Another reason is that more EU producers will adopt the attitude I recommended above: if their production methods are going to be held to high standards, so should those of their competitors selling into the bloc. A third is the rise in services trade and embedded data processing in goods, where "products" and "production methods" are not clearly separable.

Europeans are not entirely alone in this newly intrusive attitude. California has successfully banned the sale of so-called unethical pork, even from other US states, on animal welfare grounds. But the EU will be leading it into standard practice — if it chooses to.

That may lead to less trade — but also less trade in products whose value depended on concealing what was traded. And European exporters may find they cannot compete on price elsewhere; if so, that would just extend a fine European tradition of competing on quality. The EU will be accused of imperialism. But it will not force others to do what it does, simply insist on deciding what may be sold in its home market. A better word for that is "sovereignty".

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Immigration is an election headache for Sunak

Sunder Katwala

For most voters, 2024 will not be an immigration election — though this could be called the "immigration parliament". It has seen the biggest changes in policies and immigration flows for decades. After the post-Brexit system delivered record increases in immigration — partly by policy design, partly by accident — the government's pre-election aim is now to deliver the biggest-ever reductions in immigration numbers.

The volatile swings in language and policy have left few people impressed, whatever their views on immigration. Satisfaction with the government's handling of the issue has fallen to just 9 per cent, according to the latest Ipsos/British Future Immigration Attitudes Tracker, published today. The tracker has run since 2015 and the 69 per cent level of dissatisfaction is a new record in that period.

Rishi Sunak faces enormously more pressure than Keir Starmer on immigration this side of the election. Immigration, the public's fourth priority overall, ranks as the third most important issue for Conservative voters — but only 12th for the broader group planning to vote Labour. This partisan divide is a new feature in immigration attitudes, showing that elite political and media cues matter in shaping views. Yet if this is a "time for a change" election, that will be driven primarily by voters with other priorities — the economy, the cost of living and public services. Meanwhile, those who prioritise immigration are split over how to express their frustration at the ballot box, reflected in Reform's challenge to the Conservatives from the right.

> When asked to identify where those cuts might fall, most Tories are controllers rather than reducers

All parties struggle for trust on immigration. But it is not the case that the parties and politicians with the toughest message are more popular than their rivals. Rather, trust is dispersed across the party political spectrum by different sections of the electorate — those with liberal or restrictionist views, as well as the large "balancer" group in between that sees both pressures and gains.

Just over a quarter of those surveyed trust Reform UK on immigration. The party appeals to those with the toughest views but struggles with that balancer middle, as well as those with more liberal views. The Greens and Liberal Democrats — both with 24 per cent trust on immigration — are not far behind, with the mirror image of support and scepticism. The Conservatives are trusted on the issue by 22 per cent.

So it is Labour across Britain, and the SNP in Scotland, who have the least negative ratings, with Labour on 31 per cent trust and 51 per cent distrust. The party's historically unusual lead on immigration is because it is trusted by two-thirds of those intending to vote Labour, while Conservative voters are frustrated at Sunak's failures to stop the boats or to reduce immigration levels.

Seven out of 10 Tories want lower immigration, with 52 per cent wanting large reductions. But when asked to identify where those cuts might fall, most are controllers rather than reducers. Fewer than a quarter of them would reduce visas for nurses, doctors or care home workers, who accounted for nearly half the work visas issued last year. More would favour an increase in the numbers coming to do those jobs.

Starmer's challenge is different. Labour voters are equally likely to cite a lack of compassion towards migrants as the lack of control over small boats as reasons for dissatisfaction. Four out of 10 Labour voters would like to see overall numbers reduced but most are content with current levels, even at this time of near-record net immigration.

From opposition, Starmer can speak to the broad coalition of dissatisfaction with the government, for example attacking its Rwanda plan as ineffective and harsh. His challenge in office would be to show that he has a better plan that can combine control with compassion. If the polls are right, Starmer will inherit the dilemmas of control — and how to secure public consent in balancing the pressures and gains of immigration.

The writer is director of British Future, a think-tank