

FT Weekend

Asia edition

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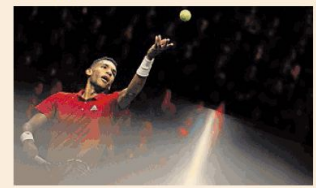
LIFE & ARTS

Flying cars: has their moment come?

The conscience of a Green Germany's Robert Habeck



Break Point The future of tennis



Fashion in the family Delphine Arnault



Period romance Why Brits love crumbling piles



Wall St banks warn gloomy global outlook will hit profits

- Lenders fear 'mild recession' in US
- BlackRock hurt by negative markets

JOSHUA FRANKLIN — NEW YORK
EMMA DUNKLEY — LONDON

Wall Street lenders have warned that the darkening global economy outlook will drag on their performance this year, as BlackRock's Larry Fink said the operating environment was "unlike anything we've seen in decades".

The chief executive of the world's largest asset manager said in an internal memo yesterday that "negative markets had a substantial impact" last year, wiping out \$1.4tn of its assets and hitting profits. Global stocks and bonds fell last year nearly 20 per cent and 14 per cent respectively.

JPMorgan Chase provisioned for a net \$1.4bn for potential credit losses in the fourth quarter. The bank said the build-up of reserves was "driven by a modest deterioration in... macroeconomic outlook, now reflecting a mild recession in the central case".

"It may be a mild recession, it may not," said chief executive Jamie Dimon. "I'm simply pointing out that there are the geopolitical uncertainties, which are real, and we just have our eyes focused on it."

The bank also warned it might be forced to pay more for deposits this year — the flipside of rising interest rates that have so far boosted bank profits — even as it raked in a record \$20.3bn in fourth quarter net interest income, an increase of 48 per cent over the previous year.

The bank expects 2023 net interest income to be about \$74bn — well below what many analysts had forecast. A slump in investment banking sent Citigroup's profits tumbling 22 per cent, despite the bank's benefiting from rising interest rates and a trading boom.

"This is not going to be like a normal recession," said chief executive Jane Fra-

"There are the geopolitical uncertainties, which are real, and we [are] focused"

Jamie Dimon, JPMorgan chief

ser, pointing to the strong US labour market and relatively high levels of consumer spending. "It's why you're seeing us and others talking about the manageability and the mildness that is likely if we do have one."

The bank expects the US to enter a "mild recession" in the second half of 2023 and a "softening of economic conditions across the eurozone this year, given some of the structural challenges it is grappling with".

The end of China's zero-Covid policy "should begin to drive growth and improve sentiment generally", she added.

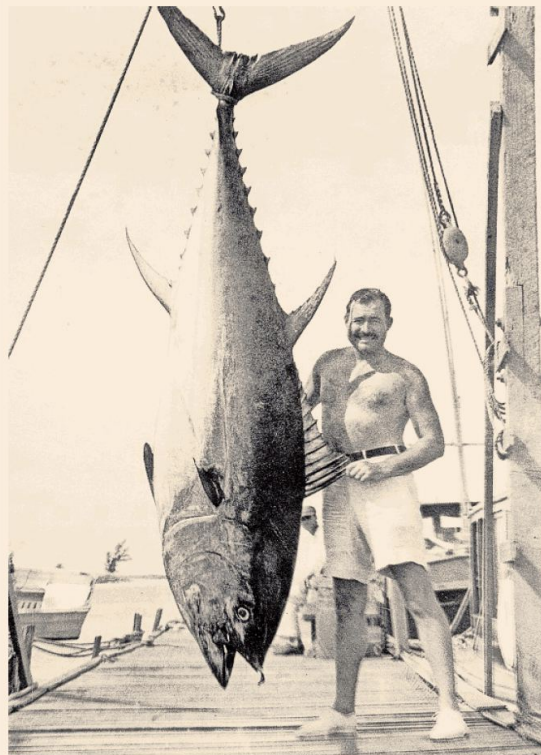
Goldman Sachs reports quarterly results next week, with its earnings per share forecast to be down almost 50 per cent year on year on the back of plunging revenues in investment banking and asset management.

The bank's newly formed technology and consumer unit made the equivalent of \$3bn in pre-tax losses since 2020, Goldman said yesterday. In its most detailed information to date on losses involved in its push into consumer banking, Goldman has republished the past three years of its financial results to reflect its new divisional structure.

Goldman had publicly stated that the fintech business was loss-making but had previously shared only top-line revenue figures for the unit.

Goldman reveals fintech losses page 10
Fink admits heavy toll page 12
Lex page 18

British backwater lures wealthy visitors to follow Hemingway's passion for tuna



GEORGE PARKER AND
JUDITH EVANS — LONDON

Sport fishing for tuna, which Ernest Hemingway claimed offered an entry ticket "to the presence of the very elder gods", could soon be a boom industry in Cornwall under plans being considered by ministers.

In the week the county in south-west England took on the US in the space industry — with mixed results — ministers are looking to lure wealthy Americans to exploit the return of bluefin tuna to UK waters after a 50-year absence with a new catch and release scheme.

"Sport fishing for big fish around the world is a very high-value activity," said Tim Macpherson, of the UK Bluefin Tuna association. "We can bring quite a substantial fishery into one of the most deprived areas of the UK."

Mark Spencer, UK fisheries minister, is considering creating a licensed recreational fishery, which would require a legal change. "You'd get a lot of loaded Americans over," said one senior government figure.

Many people are willing to pay big bucks to follow in the footsteps of Hem-

American dream: a pleased Ernest Hemingway displays his catch in the Bahamas in the 1930s — *AntiqueFishingReels.com*

ingway, who wrote about epic struggles between man and tuna, which typically weigh up to 250kg. "If you land a big tuna after a six-hour fight, fight him man against fish until your muscles are nauseated with the unceasing strain, and finally bring him up alongside the boat... you will be purified and will be able to enter unshaken into the presence of the very elder gods, and they will make you welcome," he wrote in 1922.

A limited number of vessels in the UK have been allowed to take anglers out in the past two years to catch, release and tag bluefin tuna under a scientific research scheme. More than 1,000 fish were caught and released in 2022.

Steve Porter, captain of Falmouth-based boat True Blue, which runs tuna fishing trips under the tagging programme, said: "People pay me £1,200 a day to go and catch tuna. They will perhaps stay in a hotel, go to a pub, eat in the restaurant. The benefit to the local economy is immense and the fish is still in the water."



Joint police sting catches notorious people smuggler

Analysts ▶ PAGE 3

Australia	AS1000inc GST
Brunei	B\$8.00
China	RMB90
Hong Kong	HK\$45
India	₹10260
Indonesia	Rp48,000
Japan	¥6500inc JCT
Korea	₩5,000
Malaysia	RM42.50
Pakistan	₹10260
Philippines	₱150
Singapore	S\$70inc GST
Taiwan	NT\$150
Thailand	฿90
Vietnam	₹10260

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World Markets

STOCK MARKETS	Jan 13				Prev	%Chg
	Jan 13	Jan 13	Jan 13	Jan 13		
S&P 500	3971.53	3983.17	-0.29			
Nasdaq Composite	10970.98	11001.11	-0.27			
Dow Jones Ind	34192.77	34168.97	0.02			
FTSEurofirst 300	1786.66	1777.05	0.54			
Euro Stoxx 50	4151.33	4126.66	0.60			
FTSE 100	7844.07	7794.04	0.64			
FTSE All-Share	4291.44	4264.75	0.63			
CAC 40	7023.50	6976.88	0.68			
Xetra Dax	15289.52	15258.30	0.19			
Nikkei	26119.52	26449.92	-1.25			

CURRENCIES	Pair		Jan 13		Prev	%Chg
	Jan 13	Jan 13	Jan 13	Jan 13		
\$/£	1.083	1.081	£/\$	0.923	0.925	
\$/¥	1.222	1.216	¥/\$	0.819	0.823	
€/€	0.987	0.989	€/€	1.128	1.125	
\$/₹	127.515	129.820	₹/\$	138.093	140.290	
\$/₹	155.759	157.803	₹ index	77.683	77.712	
\$/₹	1.003	1.004	\$/₹	1.131	1.129	

GOVERNMENT BONDS	Yield (%)		Jan 13		Prev	Chg
	Jan 13	Jan 13	Jan 13	Jan 13		
US 2 yr	4.18	4.17	0.01			
US 10 yr	3.47	3.50	-0.03			
US 30 yr	3.80	3.84	-0.04			
UK 2 yr	3.58	3.53	0.05			
UK 10 yr	3.36	3.33	0.03			
UK 30 yr	3.72	3.69	0.03			
JPN 2 yr	0.04	0.04	0.00			
JPN 10 yr	0.51	0.50	0.01			
JPN 30 yr	1.51	1.56	-0.04			
GER 2 yr	2.58	2.55	0.03			

CRYPTO	Jan 13		Prev	%Chg
	Jan 13	Jan 13		
Bitcoin (\$)	19120.40	18856.40	1.41	
Ethereum	1411.86	1415.91	-0.30	



L. U. C. TIME TRAVELER ONE

INTERNATIONAL



WORLD WEEK IN REVIEW

Bolsonaro to cut US stay short after riot by supporters turns up the heat

Former Brazilian president Jair Bolsonaro has said he will leave the US within weeks, after facing opprobrium in the wake of an attack by his supporters on the Brasilia.

World Bank warns global economy teeters on 'razor's edge' of recession

The World Bank has warned that the international economy is "on a razor's edge" as it unveiled its latest global growth projections.

UK and France to hold first summit in five years as relations improve



President Emmanuel Macron, left, is to host UK premier Rishi Sunak, right, in March for the first Anglo-French summit in five years.

Appointment of Abu Dhabi oil chief to head climate gathering attacked

The head of Abu Dhabi's state-owned oil company has been appointed president of this year's UN climate summit by the United Arab Emirates, the host nation, raising concern about efforts to reduce fossil fuel consumption.

Eastern front

Russia claims control of strategic town

Capture of Soledar a rare win but statements reveal tensions with mercenaries

POLINA IVANOVA — BERLIN

Russia's defence ministry yesterday claimed its forces had taken complete control of the frontline Ukrainian settlement of Soledar, known for its underground salt mines and tunnels, after weeks of heavy fighting.

city of Bakhmut, which has gained symbolic importance for both sides and become the centre of fierce frontline fighting. Taking Bakhmut would deliver a first meaningful military success for Moscow since last summer.

city has been at the heart of the fighting over the winter, with both sides suffering heavy losses in a ground war.

'Taking full control of Soledar allows us to cut off the supply routes of the Ukrainian forces'

This appeared to be a direct response to repeated statements by Evgeny Prigozhin, head of the Wagner private military contractor group, that it was his contract troops alone that were on the ground in Soledar, and that no one else could claim credit for the offensive.

Ukraine. Heavy weapons

Allies chip away at Scholz's caution on tanks

German chancellor contends with his party's pacifist history and risk of provoking Putin

LAURA PITEL AND GUY CHAZAN BERLIN BEN HALL — LONDON

Olaf Scholz is under growing international pressure to make a momentous decision: whether or not to allow German battle tanks to be sent to Ukraine.



Dilemma: Olaf Scholz in front of a Leopard 2 tank that are used by 15 armies across Europe.

ermment is doing this to itself.' Senior figures in Scholz's Social Democratic party (SPD) deny the chancellor is too hesitant.

lock-step with the US. "He needs the cover of a nuclear power," said Jana Puglierin of the European Council on Foreign Relations think-tank.

Marie-Agnes Strack-Zimmermann, Free Democratic party chair and the Bundestag's defence committee and a Russia hawk, suggested the SPD leadership had misunderstood the meaning of pacifism.

The German chancellor wields huge influence not only because of the military and political ramifications of a decision by Europe's most populous nation and largest economy to dispatch its own tanks to Ukraine.

Scholz is not helped by the political baggage of his SPD, which has a long history of pacifism and a record of backing closer ties with Russia.

US officials have said they are discussing the supply of tanks to Ukraine but such a move does not seem imminent.

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Royal ructions

Scandinavian monarchies struggle with their own 'spares'

The UK's Prince Harry is not the only royal spare with a problem.

Minor members of Scandinavian royalty have been causing ructions with behaviour seen as undermining the institution in countries with a style more modest than the UK version.

less of gender, should inherit the throne. Although their Nordic and Baltic neighbours have presidents, the three Scandinavian monarchies enjoy strong public support.

out in domestic and international media, and voraciously on social media. Perhaps the closest parallel to Prince Harry comes from Norway.

sympathy when her ex-husband and their father killed himself in 2019, three years after they had separated.

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INTERNATIONAL

Law catches up with human trafficker accused of operating Libyan hellhole

Rights groups welcome capture of fugitive in Sudan but say many will carry on with his trade

ANDRES SCHIPANI — NAIROBI
SIMEON KERR — DUBAI

Kidane Zekarias Habtemariam, a notorious people smuggler, managed to evade justice two years ago when he escaped from the Ethiopian courthouse where he was being tried.

Before being sentenced in absentia to life in prison for human trafficking and extortion, the Eritrean national asked if he could go to the bathroom, according to multiple accounts. There, with the help of two associates who hid him in a room in Sudan, he swapped his prison attire for civilian clothes and simply strolled out of the building.

The law caught up with Kidane last week when he was arrested in Sudan and deported to the United Arab Emirates, where prosecutors are considering charges related to money laundering.

Kidane is alleged to have financial ties to the Gulf state. In a 2021 communication to the International Criminal Court, based on victims' testimonies, a group of human rights organisations said Kidane had bank accounts in Dubai "to which migrants and refugees and their families pay for their trip and ransom". "Smuggling and trafficking human beings is an appalling crime and we have now shut down one of the most important trafficking routes into Europe," said Brigadier Saeed al-Suwaidi of the UAE interior ministry's anti-narcotics unit. It sent a "strong message to human traffickers: we're working together and coming for you, one by one", he told a press conference after the capture.

Kidane is accused in the Netherlands of leading a criminal syndicate that employs violence and intimidation, including torture and rape, to traffic and exploit people fleeing the Horn of Africa. "He's a vicious man," said Meron Estefanos, an Eritrean activist due to testify against him in the Netherlands. "He's brutal, he's not a human being, he's an animal," said a 20-year-old Eritrean woman who said she was held by Kidane in Libya between 2017 and 2018. "He burned me, not only my hair, my body as well. He did stuff to me I don't want to remember."

Emirati courts are set to consider requests for Kidane's extradition to Ethiopia as well as the Netherlands, which placed him on its most-wanted list in 2021 for alleged crimes against Eritrean migrants and refugees in Libya.

Dutch police say Kidane heads a camp in Libya where "thousands of migrants" face "severe beatings, kidnapping, rape and unlawful deprivation of liberty". They arrive there after an arduous journey through Sudan, Chad or Niger with the hope of starting a new life in Europe.

"Many do not survive the journey to Europe, and even if they do... he extorts money from them by making them pay him for the next member of their family who is on their way," they said.

Interpol, which has pursued Kidane since 2019, estimated that he trafficked thousands of victims over nine years. "His arrest will neutralise a major people smuggling route towards Europe and protect thousands who would have



Human cargo: migrants, mostly from Eritrea, leap from a boat during a rescue operation in the Mediterranean off Libya, where Kidane Zekarias Habtemariam, right, is accused of running trafficking operations
Emilio Morenato/AP



been at risk of exploitation," said the international police organisation.

Kidane's capture involved co-operation between Interpol and police in the UAE, Sudan, Ethiopia and the Netherlands. Information passed by Interpol to the UAE allowed for Kidane to be tracked to Sudan. Emirati officers flew to Khartoum on January 1 after arresting the Sudanese authorities, who alerted Kidane.

About 10 suspects were arrested in the UAE on suspicion of related money laundering activities.

Demelash Gebremichael, commissioner-general of the Ethiopian Federal Police, said this "tremendous effort has

led to the arrest of an international criminal sentenced to life in prison in Ethiopia. It's a notable success."

Kidane was adept at using false identification papers to evade detection while criss-crossing borders in Africa, according to Stephen Kavanagh, Interpol's executive director of police services.

"This is just the beginning — when these networks become vulnerable, we have to push harder," he said, pledging to target the broader ecosystem of collaborators around the human trafficking network.

Also this week, a man alleged to be Tewelde Gotto, a Kidane associate better known as Weld, appeared at a pre-trial hearing in the Netherlands claiming to be a victim of mistaken identity. Tewelde had been sentenced to 18 years in prison in Ethiopia in 2021 and then extradited to the Netherlands. The defendant denies being Tewelde and a Dutch forensics lab is trying to confirm his identity.

Kidane and Tewelde are accused by Meron and human rights groups of running their operations from a farm compound in Bani Walid, a town in western Libya described as a "ghost city" by migrants because of the large number of people who have disappeared there.

"Warehouses on the farm hold up to 1,200 people and are guarded by 70

armed men. Migrants and refugees report being tortured and starved on the farm. Some reported people suffocating and falling out of speeding trucks," the human rights organisations told the ICC.

Bani Walid emerged as a smuggling hub in 2018 as the expansion of Islamist armed groups across eastern Libya forced smugglers to reroute there.

A UN panel of experts called Bani Walid a "major transit point for migrants and refugees from east and sub-Saharan Africa who originate from or travel through Sudan, Chad or Niger", and described the "systematic" detention and abuse of migrants at its informal facilities.

Marwa Mohamed, head of advocacy and outreach at Lawyers for Justice in Libya, a human rights group, welcomed Kidane's capture, but warned that much work still needed to be done.

"While the arrest of Kidane as a 'big fish' in the trafficking world is significant, this alone will not dismantle the trafficking networks or impact trafficking routes through Libya. Kidane was not operating alone," she said.

"We saw trafficking and smuggling continue even while Kidane was on the run and hiding outside Libya. He was part of a wider, large-scale system of migrant and refugee abuse in Libya that is still operating to this day."

Economic woes

China exports fall by most in three years as Covid adds to disruption

THOMAS HALE — SHANGHAI
KAI WALUSZEWSKI — BEIJING

China's exports suffered the sharpest decline in almost three years in December, piling on further economic pressure as policymakers in Beijing grapple with sluggish economic growth and a nationwide outbreak of Covid-19.

Exports declined 9.9 per cent year on year in dollar terms in December, according to official data released yesterday by China's general administration of customs, worse than November's 8.7 per cent fall but slightly outperforming expectations of an even greater contraction. Imports slid 7.5 per cent, up from a 10.6 drop the month before.

For the full year, China's trade surplus hit a record \$87.8bn on the back of a pandemic-era boom that boosted exports. But exports have declined year on year in each of the past three months as global demand slowed and Covid-19 outbreaks swept the country.

Exports to the US and EU slumped 18 and 20 per cent respectively, as rising interest rates damped appetite for Chinese goods, Goldman Sachs analysts noted, at the same time that Beijing began to dismantle its costly zero-Covid policy of lockdowns, mass testing and mandatory quarantines.

"The bottom line is that after serving as China's growth driver in the past three years, this year external demand will be a major drag to the Chinese economy," said Larry Hui, chief China economist at Macquarie.

China will push its gross domestic product growth figures for the full year on Tuesday and is widely expected to miss a 5.5 per cent target that was already the lowest in decades.

Although its zero-Covid strategy imposed severe economic costs, the sudden reopening has led to hundreds of millions of infections in just weeks, according to government estimates, causing severe disruption.

Economists are watching the impact of the reopening on domestic economic activity, which is expected to eventually rebound. Factory activity in December fell by the most since the start of the pandemic, according to official purchasing managers' index data, though a private survey showed a less severe impact.

Hu forecast an acceleration in growth this year to 5.5 per cent, with a simultaneous drop in exports and strengthening of domestic demand.

Zhiwei Zhang, chief economist at Pinstone Asset Management, said the weak export growth "highlights the importance of boosting domestic demand as the key driver for the economy in 2023", adding that the market "anticipates more policies to boost domestic consumption".

In contrast to exports, which surged during the pandemic, consumption in China was stifled by lockdowns. Retail sales figures, which will also be released on Tuesday, turned negative in October and fell 5.9 per cent in November as authorities struggled to contain multiple Covid outbreaks.

Gastronomy

Noma's retreat reveals a reset of fine dining's culture of excess

SARAH WHITE — PARIS
OLIVER BARNES — LONDON

When Michelin-starred chef Stéphane Le Quellec opened her Paris restaurant three years ago, she used her home to secure financing in a bet that she could make the fine dining business viable.

That has so far held true, she said, defying pronouncements that the cost- and labour-intensive sector might be reaching breaking point after Copenhagen's Noma said it would end regular service.

Even as chefs from Paris to Tokyo called Noma's retreat a one-off, many also recognised that pressures were building. Food and energy prices have soared, recruitment has become a minefield after the Covid-19 pandemic, and restaurants are testing the limits of what they can charge.

"I have to rein myself in sometimes in what I want to do, in some creations that would require not a dozen people in the kitchen but 20, because it's just not possible," said Le Quellec. Her La Scène restaurant in Paris's well-heeled 8th arrondissement serves modern twists

like feline birds' nests, it has attracted visitors with its creations from oyster caramel to reindeer brain custard.

But the restaurant, like some rivals, had come under fire for relying on poorly or unpaid interns. It had begun to pay these stagiaires wages but the issue had already raised questions about the sustainability of the industry before Redzepi's warning this week that fine dining no longer worked "financially and emotionally".

Noma's shift might signal a reckoning for some of the formulas it relied on, chefs and critics said. It was an exemplar for the set-piece tasting menu — starting price \$500 — which might not be as en vogue as it once was as diners shy away from imposed dishes, said Peter Harden, the founder of Harden's guide to London restaurants.

And its model of 100 employees catering to about 40 diners set it apart. "It's a business choice to have 140 people to lay out petals on a plate," said Yannick Alléno, a French chef with many starred restaurants to his name, from Paris to Seoul. He called Redzepi's cooking spec-

gave up their three Michelin stars. Nick Kokonas, owner of three Michelin-starred Alinea in Chicago, said establishments in the top rankings had more than enough demand to be "perfectly sustainable" and "pay wages to everyone", with several sittings per night.

Using Noma as an example of cost pressures experienced by most other restaurants is like "comparing Lewis Hamilton's Formula 1 car with... a go-kart", added Niklas Ekstedt, a Swedish Michelin-starred chef.

As they struggle to recruit employees, however, labour practices at restaurants are changing. "The days of someone spending eight minutes tweezing calendula flowers on to a plate and not getting paid are over. That baroque approach to fine dining is dead," said David Kinch,



the chef who closed his multi-starred Manresa restaurant in California last year to switch to more casual dining.

Other forms of inflation are biting. Adrien Soro, 31, a French chef, closed his one-star restaurant in France's rural Dordogne region late last year when his bank halved his overdraft and his power bills rose. Surviving would have meant more than doubling the price of his menu to €300. "You're sure to kill the business then anyway," Soro said.

Like Sézanne, a two-star eatery in Tokyo, some are now passing on costs to diners. "Exclusivity is the way it will go, and restaurants will get smaller," said Sézanne's head chef Daniel Calvert.

But middle-class diners remained the backbone of the industry, meaning eateries could not lift prices endlessly, said Joerg Zipprick, co-founder of La Liste group, which ranks the world's best restaurants.

Some chefs said the demise of Noma indicated a wider change in what customers want from fine dining.

"I've long thought the traditional, archetypal fine dining kitchen is a dino-

Financial crisis

Sri Lanka to slash military by third in push for IMF bailout

BENJAMIN PARKIN — NEW DELHI
MAHENDRA RATNAWEERA — COLOMBO

Sri Lanka plans to reduce the size of its bloated military by about a third by 2024 as the government of the bankrupt island struggles to contain a devastating financial crisis.

More than a decade after the end of a brutal civil war, Sri Lanka maintains one of the world's largest armed forces, on a relative basis, with 200,000 army personnel alone.

Premtha Bandara Tennakoon, the junior minister of defence, said the government planned to cut its size to 135,000 army personnel by 2024 and to 100,000 by 2030, according to a press release from the defence ministry yesterday.

Military spending is the largest item in its budget at a time when President Ranil Wickremesinghe is trying to fend off a debt restructuring deal with lenders and a \$2.9bn IMF bailout.

repayments last year, the first in the Asia-Pacific region to do so this millennium, fuelling widespread anti-government protests as supplies of everything from fuel to food ran low.

The country of 22m people, which owes more than \$50bn to foreign creditors, is in debt talks with large creditors including China and India. They must agree to support a restructuring before the IMF will start releasing the bailout funds, which were agreed last year.

Economists have long argued that reining in military spending is necessary to control Sri Lanka's finances. About half the government's salary bill goes towards the security forces, while military spending remains higher than at its peak in the civil war, even when adjusted for inflation, according to a National University of Singapore study published in 2021.

Sri Lanka's armed forces swelled as the country fought an almost three-decade civil war against the Liberation

INTERNATIONAL

Federal data

German growth eases fears of recession

Eurozone's engine shrugs off energy shock to return to pre-pandemic levels

GUY CHAZAN — BERLIN

Fears that Germany could enter recession have eased after the federal statistical agency reported the economy grew by 1.9 per cent in 2022 and was likely to have stagnated in the fourth quarter.

Data released by the agency suggested the boost delivered to private consumption by government fiscal support measures, combined with the lifting of pandemic-era lockdowns, had outweighed the economic fallout from the

conflict in Ukraine. "According to the current data, the economic slowdown over the [winter months] will be milder and shorter than expected," the economy ministry said. "This country is showing what it's capable of."

Ruth Brand, head of the statistical agency, said gross domestic product expanded in 2022 by 1.9 per cent, adding that the growth came "despite the energy crisis and massive price hikes as a result of the war in Ukraine, material and supply bottlenecks and the continuing coronavirus pandemic".

The number was higher than the mid-range forecast of 1.8 per cent from a Reuters poll of economists. Brand said German GDP had exceeded its pre-

pandemic level of 2019 for the first time.

Germany had hoped for a big economic recovery in 2022 after two years dominated by the pandemic, but Russia's full invasion of Ukraine nearly 11 months ago dented those hopes. Business confidence slumped in the summer as gas and electricity prices surged and the threat of blackouts, gas rationing and production shutdowns loomed.

However, morale has improved considerably recently as a result of greater fiscal support from the government, a large drop in gas prices and a mild autumn and early winter that kept a lid on energy consumption.

The economy ministry said the economy had proved "gratifyingly resilient"

in 2022, attributing its solid performance to "catch-up effects in the wake of the coronavirus pandemic and the easing of supply bottlenecks".

It pointed to a 4.6 per cent increase in expenditure on private consumption over the previous year as Covid restrictions were lifted and people returned to restaurants and big cultural events.

"Decisive action last year helped us to take control of the crisis," said Robert Habeck, economy minister. "We quickly put together legislative packages, mobilised large amounts of money to support the economy and provide relief to consumers."

The statistical agency said it could not give a definitive readout of economic

output in the fourth quarter of 2022, but "based on our current knowledge, GDP stagnated in the fourth quarter... after growing in the third quarter".

In a further sign of the eurozone economy's resilience at the end of last year, industrial production rose 1 per cent in November, beating the 0.5 per cent rise forecast in the Reuters poll.

The figures published by Eurostat yesterday showed the rebound was driven by capital goods, with the easing of supply chain disruptions helping car production. Germany, by far the eurozone's largest manufacturer, posted a 0.6 per cent expansion in industrial production for November.

Additional reporting by Valentina Romei

Industrial strategy

Brussels seeks relaxation of state aid rules to counter US green subsidy

JAVIER ESPINOZA — BRUSSELS
SAM FLEMING — KIRUNA

Brussels has started a review of state aid rules as member states push for far-reaching measures to boost support for industry in response to the new US green subsidy legislation.

In a letter sent to ministers yesterday, seen by the Financial Times, EU competition chief Margrethe Vestager said the "competitiveness of Europe" faced multiple challenges, including pressure to respond to the US Inflation Reduction Act. She said this "risks luring some of our EU businesses into moving investments to the US".

To counter this, Vestager said she was proposing changes to rules on state aid, which have been repeatedly loosened in recent years as governments poured subsidies into sectors hit by Covid-19. She said the new changes were aimed at helping countries and companies accelerate their green transitions "without jeopardising the level playing field".

The commission's formal consultation came as France pushed for an aggressive response to the US legislation, saying it raised "serious concerns about the EU's ability to attract or maintain productive investments in the key sectors of the climate transition".

In a letter seen by the Financial Times and dated this week, France called for a "Made in Europe" strategy including a "modernisation and simplification shock" for the state aid framework.

One French request is to increase the thresholds when subsidy schemes have to be notified to the authorities, while potentially widening the range of projects that would not need to be notified to include strategic projects in sectors such as batteries, photovoltaics, and hydrogen and critical materials.

Europe also needed to try "targeted, fast track schemes" and one-stop shops via subsidies and tax credits for a limited number of sectors, it said, adding that the relaxation could last until 2030.

France wants to streamline approval of "Common European Interest" projects, which allow EU governments to subsidise cross-border investments into green technologies, such as batteries.

France also wants an emergency "sovereignty fund", which short term would redirect existing EU funding to strategic industrial projects. A fully fledged fund should then be created before the end of the year. This would aim to "prevent the risk of fragmentation of the internal market" by deploying common EU borrowing modelled on a pandemic-era unemployment insurance mechanism.

Countries have until January 25 to respond to Vestager's consultation, and the commission plans to publish an impact assessment on how the US measures are set to affect the bloc by the time leaders meet early next month.

Speaking in Kiruna, Sweden, European Commission president Ursula von der Leyen said state aid changes would be "targeted and temporary" and make the rules more predictable and simple.

Some member states worry that a further relaxation of the state aid regime will disproportionately help rich members like Germany and France inject billions into their companies, damaging the level playing field that is meant to underpin the European single market.

The Vestager letter acknowledged that not all member states had "the same fiscal space" to dole out state aid, and that Brussels was therefore looking to set up a "collective European fund" to help countries in a "fair and equal way".

US politics. Document discovery

Classified cache dulls Biden's midterm glow

President's mishandling of

secret papers mirrors Trump's — but there are key differences

JAMES POLITI — WASHINGTON

Joe Biden has been suddenly and unexpectedly engulfed in a legal and political morass surrounding his handling of classified government records dating back to his time as US vice-president.

On Monday the White House said it had retrieved sensitive material in November from a private office Biden had used at a Washington think-tank. On Thursday it acknowledged another cache of classified documents in the garage of his residence in Wilmington, Delaware, home to his Corvette.

The impact on Biden will depend on the nature of his personal involvement and conduct with regard to the files, but the case has resulted in a big headache for the president. On Thursday, Merrick Garland, the attorney-general, said he would appoint a special counsel to examine his handling of the material.

The effect could be profound, with implications for the federal probe into former president Donald Trump's handling of a far greater trove of classified documents at his Mar-a-Lago estate in Florida, as well as Biden, as he prepares for a re-election bid in 2024.

What was found and when?

On November 2, less than a week before the midterm elections, the president's lawyers combed through Biden's private office at the Penn Biden Center for Diplomacy and Global Engagement, a Washington think-tank.

There, in a locked closet, they found the first set of classified documents dating back to his days as vice-president, and turned them over to the National Archives. CNN reported they contained information about Ukraine, Iran and the UK, but this has not been confirmed.

After that discovery, which triggered a review by the Department of Justice, Biden's attorneys proceeded to search of the president's two Delaware homes, a process ending on Wednesday night.

They found a second stash of government records with classified markings in the garage of his home in Wilmington on December 20, and in an adjacent room this week. Biden's team is also returning the second set of documents to the National Archives.

On Thursday, a reporter asked Biden why he kept such files next to his classic Corvette in his garage. He responded by quipping: "By the way, my Corvette's in a locked garage... it's not like they're sitting out on the street."



Paper chase: Joe Biden in his

Corvette, the Penn Biden Center for Diplomacy and Global Engagement, and a letter from a Republican congressman. James Comer about the classified papers

FT montage: Adam Schultz/AP, Biden for President

How is this different from Trump?

The review of Biden's potential mishandling of classified materials is significant because it comes amid a federal criminal investigation into Trump's unauthorised possession of government records at Mar-a-Lago.

There are some similarities, for instance in both cases it appears the documents were improperly transferred out of government facilities during the transition periods between two administrations in early 2017 and early 2021. But there are also differences.

The first is a question of scale: Trump was hoarding more than 100 classified documents, while 10 such files were found in Biden's possession. But the most important question concerns cooperation with federal authorities. While Trump resisted giving the documents up for months, the White House says Biden's team immediately turned them over once discovered.

How much trouble is Biden in?

From a legal perspective, Biden may not be in serious trouble unless he wilfully and unlawfully retained the sensitive government records, and then deliberately concealed them. So far it appears this is more likely a case of sloppy handling of the papers by his staff during the 2017 transition, which was corrected as soon as it was discovered.

Richard Sauber, a lawyer for Biden, said on Thursday: "We are confident that a thorough review will show that these documents were inadvertently misplaced, and the president and his lawyers acted promptly on discovery of this mistake."

Even so, the revelations will be damaging to him because he has been scathing about Trump's attitude to classified documents, calling it "irresponsible". Some of the biggest questions involve transparency: why did Biden or the White House not publicly disclose the existence of classified documents at his private locations sooner? And when was he first made aware of the problem?

In addition, lawmakers on Capitol Hill are asking intelligence agencies to conduct a "damage assessment" to see if sources or methods were compromised — the same as in Trump's case.

Will this affect the Trump probe?

Since Garland in November appointed Jack Smith, a veteran federal prosecutor, as special counsel to look at the federal probes into Trump regarding the Mar-a-Lago documents case and his role in the January 6 riots, there have been

'We are confident that a thorough review will show that these documents were misplaced'

expectations the justice department would soon indict the former president.

Trump is potentially facing serious charges, including violation of the Espionage Act for crimes related to national security, as well as the mishandling of government material and obstruction of justice. Smith's inquiry has been proceeding, and should technically be unaffected by any probe into Biden.

What does it mean for 2024?

Biden's document discoveries have to a certain extent shattered the political glow the president had after a better than expected performance in midterm elections for Democrats, rebounding approval ratings and falling inflation, his biggest economic problem.

Biden has been expected to launch his campaign for re-election in the coming weeks with the political wind at his back. So far, Republicans have accused him of hypocrisy and double standards compared with Trump. But, if Democrats begin to question his conduct, it could open a new avenue for potential alternative candidates for 2024.

Monetary policy

Slowing inflation paves way for Federal Reserve to favour quarter-point rate increases

COLBY SMITH — WASHINGTON

Easing inflation in the US has set the stage for the Federal Reserve to reduce the size of future interest rate rises to 0.25 percentage points, even as central bank officials plan to keep throttling the economy for the rest of this year.

Following data on Thursday showing annual US inflation declining to 6.5 per cent, the lowest consumer price index reading in a year, traders added to their wagers that the Fed would downshift from a half-point rate rise in December to a quarter-point at its next meeting in roughly three weeks.

reminding investors there is a sting in the tail: even if the pace of rises does slow, they still intend to increase the benchmark rate to more than 5 per cent and keep it there throughout this year.

"If they do raise by only 25 [basis points], they're going to use their language to make sure that we know that we're still far away from victory and that there is still more to come," said Gargi Chaudhuri, a strategist at BlackRock. "Higher for longer is the theme."

The reason for the Fed's caution is that "core" inflation, which excludes volatile food and energy costs, is still far too high and in December rose by

benchmark rate will eventually need to surpass 5 per cent to bring inflation back under control.

On Thursday, the odds that the Fed will deliver a quarter-point rate rise when its two-day meeting wraps on February 1 swelled to 93 per cent, according to the CME Group, up from 77 per cent the day before.

The move came after remarks from Patrick Harker, president of the Philadelphia Fed and a voting member on this year's Federal Open Market Committee, who said he expected the Fed to raise rates a "few more times this year" and that quarter-point increases are

"Smaller changes give us more flexibility," Susan Collins, president of the Boston Fed, said this week.

Most officials have yet to endorse a rate decision for the upcoming meeting, but several have said the smaller option is under serious consideration.

Policymakers at the Fed have said they do not want to inflict unnecessary

economic pain, but their chief concern is still that price pressures become even more embedded in the economy if the central bank does too little.

Jason Thomas, head of global research at Carlyle, said there was a "residual anxiety" within the Fed, adding: "Until they deter that next round of price increases and they really change the psychology back to the sense that price increases result in lost sales and market share, they will not have actually achieved their objective."

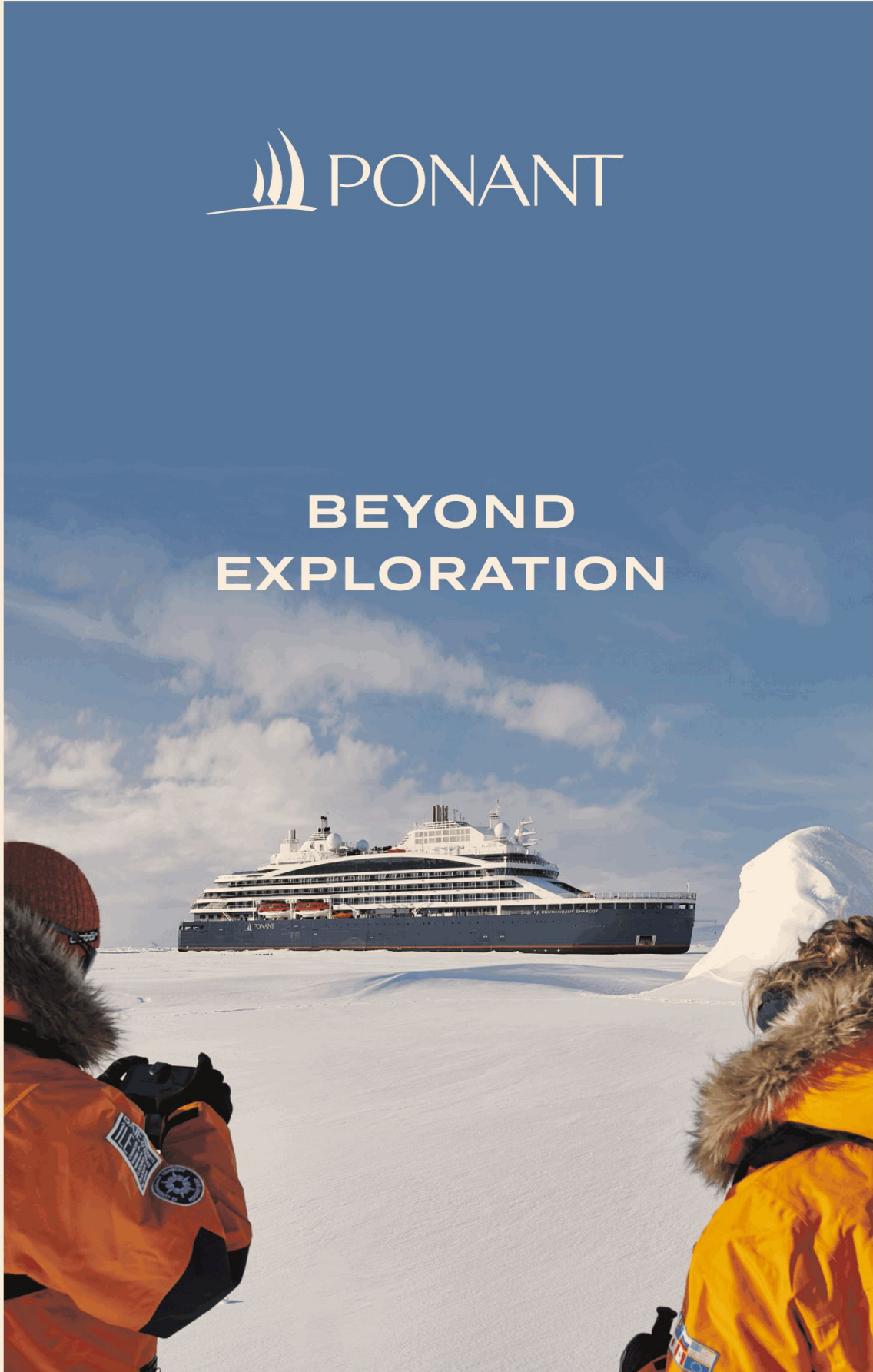
Despite a welcome retreat in inflation and signs consumer demand is starting to ebb, the economy on the whole still

fears by pledging to keep interest rates elevated at least to the end of 2023 and refrain from any rate cuts before 2024.

Ethan Harris, head of global economics research at Bank of America, expects the central bank to underscore that message at its upcoming meeting by directly contradicting market indicators suggesting it stop short of what has been signalled.

Traders in Fed funds futures markets continue to wager it will stop just short of its 5 per cent target and deliver half-a-percentage-point worth of cuts by the end of the year, which Harris said amounted to a "misreading" of the com-





 PONANT

BEYOND EXPLORATION

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FT BIG READ. LATIN AMERICA

The country was already sharply polarised before Sunday's riot in Brasilia. Many of its institutions, from the military to the Supreme Court, are creaking under accusations of divided loyalties.

By Michael Stott, Bryan Harris and Myles McCormick

On January 2, the day after veteran leftist Luiz Inácio Lula da Silva was inaugurated as Brazil's president, Anderson Torres started a new job in charge of security in the nation's capital.

A former federal police agent who had been justice minister under the previous president Jair Bolsonaro, Torres removed several of the police commanders in Brasilia and then promptly went on holiday to Florida.

His vacation has been cut short. After the storming of key government buildings in Brasilia on Sunday, which represented the biggest attack on Brazilian democracy since the military rule of the 1980s, the Supreme Court ordered the arrest of Torres, accusing him of dereliction of duty.

Federal police also found what appeared to be a draft presidential decree in Torres's house ordering an intervention to overturn the result of the October election, which the far-right Bolsonaro narrowly lost to Lula.

Torres has denied any involvement in the riot, which had many echoes of the January 6 assault on the US Capitol in 2021. In a tweet, he insisted the draft decree had been "leaked out of context" by the police. "There was a pile of documents in my home for throwing away, where very probably the document described in the report was found," he said. Bolsonaro has also denied any connection to the riot.

But government officials believe the three-hour rampage, during which Bolsonaro supporters ransacked the Supreme Court, the presidential palace and Congress, smashing windows and destroying furniture, amounted to an attempted coup. They also believe it was assisted by parts of the security forces looking the other way because of their loyalty to Bolsonaro.

"Anderson Torres took over as secretary of security, dismissed the entire command and travelled," says Ricardo Cappelli, the federal government official who is temporarily in charge of security in Brasilia. "If this isn't sabotage, I don't know what is."

The investigation into figures on the right such as Torres is part of the delicate minefield that Lula, now 73-year-old, now finds himself in as he starts a third term in office, one he had hoped would focus on poverty and the environment. Instead, Lula's time will be consumed, at least to begin with, by trying to protect Brasilia's institutions without provoking a powerful rightwing backlash.

Many of his supporters want a no-holds barred investigation of the riot and lengthy prison sentences for those found guilty of crimes. They argue this is the only way to defend democracy.

But Brasilia is a sharply polarised country - Lula only won the second round run-off by less than two percentage points, a result that is still vigorously disputed by many of Bolsonaro's supporters. Lula knows that many of the country's institutions, from the military to the Supreme Court, are creaking under political pressure and accusations of divided loyalties.

On Thursday, Lula suggested that even officials within the presidential palace might be working against him.

"How can I have someone at the door of my office who might shoot me?" Lula asked reporters.

The depth of Brazil's divisions were exposed by an opinion poll published by Atlas Intelligence this week. Some 38 per cent of Brazilians said the storming of the government buildings was partly or wholly justified, almost 40 per cent said they did not believe Lula had



Rebuilding Brazil's democracy

There's a lot of political energy in the far right, and the temptation for politicians on the right to try and harness that to their ends will be huge

really won the presidential election and 36.8 per cent favoured military intervention to invalidate the result.

Filipe Campante, an associate professor at Johns Hopkins University, says Lula has an opportunity to try to cordon off the far right, given that some Bolsonaro voters disapprove of the riot, but also points to potential dangers.

"There's a lot of political energy in the far right, and the temptation for politicians on the right to try and harness that to their ends will be huge," he says. "This is not to mention the big challenge of the deep enmeshment of the far right with the military and security forces."

While responsibility for the Brasilia riot is still being investigated, there is little doubting the similarities between Brazil's insurrection and the one at the US Capitol almost exactly two years earlier. This is no coincidence: Donald Trump and Bolsonaro were strong allies and there is a long history of contact between far-right activists in the two most populous nations in the Americas.

"The Bolsonaro family and their supporters are keen readers of the Trump playbook," says Robert Muggah, co-founder of the social policy institute Igarapé. "Many of their tactics are 'cut and paste'. Bolsonaro's allegations of mass election fraud in Brazil are the most obvious indicator that he's read the Trump memo."

Bolsonaro's third son Eduardo, a Brazilian congressman, was in Washington during the US Capitol riot. Eduardo visited the White House on January 4, 2021 two days before the insurrection, according to official visitor logs. Eduardo Bolsonaro "had a good opportunity to talk to people who were involved," says Tom Shannon, a former top US state department official. "The

Bolsonaros came away from January 6 convinced that Trump had failed because he relied on the mob and didn't have institutional support even from his own vice-president. Bolsonaro's team then attempted to build that institutional support in the Brazilian military and the police."

Among the few significant political figures to voice full-throated support for those storming of Brazil's landmark government buildings was Trump's former chief strategist Steve Bannon. "Brazilian Freedom Fighters," Bannon wrote on the social media platform Gettr afterwards. "Lula stole the Election, Brazilians know that."



In another echo of Trumpian tactics, a questioning of the reliability of electronic voting machines, the rioters unfurled a banner on the roof of Congress during the brief occupation reading "We want the source code" in English and in Portuguese.

"I don't accept an electoral system that I don't understand and I have no way of knowing if it recorded my votes correctly," says Ana Maria Sousa, 40, a Bolsonaro supporter who was among those taking part on Sunday, having travelled more than 1,500km from the southern state of Rio Grande do Sul.

Bolsonaro, like Torres, has also been spending time in Florida in a house owned by Brazilian former mixed martial arts fighter José Aldo. The former president has said he plans to return to

Brazil soon, where he faces multiple investigations into his presidency, including for mismanagement of the Covid pandemic in which nearly 700,000 people died.

Other conservatives, who share Bolsonaro's nationalism and social values but have distanced themselves from his attacks on democratic institutions, may jostle for leadership of Brazil's powerful political right.

But Bolsonaro still has a passionate personal support base. There have been crowds of supporters mingling all week outside his vacation home on the outskirts of Orlando, five minutes from Disney World, many of them wearing Brazil football strips. "In my life, he is the first president from Brazil where I know he is honest," says Wanderlucio da Silva, 39, who now lives in Connecticut.

Divided loyalties

While Lula has spent the week trying to project a business-as-usual image, he is also grappling with disturbing questions about the actions - or lack of actions - of important officials.

The investigation into Torres is part of a broader question about why key government buildings were lightly guarded on a day when extremist Bolsonaro supporters had announced an "occupation" of Brasilia. Critics have asked why some police accompanying the protesters were filmed snapping selfies instead of stopping them storming the buildings.

At the centre of these questions lies the military. Despite heavy criticism of the newly appointed defence minister José Miot for not doing more to prevent the riot, Lula has stood by him, a decision which analysts say reflects his unease about an institution deeply penetrated by Bolsonaroist ideology.

Supporters of Jair Bolsonaro, left, clash with police in Brasilia. They ransacked the Supreme Court, the presidential palace and Congress a week after the inauguration of Luiz Inácio Lula da Silva, right

FT coverage Getty Images/AP

Bolsonaro filled his government with several thousand serving and retired military officers. In one indication of their mood, Hamilton Mourão, a former army general who served as Bolsonaro's vice-president, initially condemned the "vandalism". But two days later, he attacked the arrest of hundreds of protesters by what he called a government with "Marxist-Leninist roots".

Rafael Alcázar, an expert on the armed forces at the Brazilian Forum on Public Security, believes Lula needs a stronger defence minister. "There is still a lot of Bolsonaro ideology within headquarters and within the armed forces," he says. "This needs to change."

"The other institution in the limelight is Brazil's Supreme Court, which enjoys far wider powers than equivalents in other countries and which has taken the lead in the official response to the riot.

It was one of its most controversial justices, Alexandre de Moraes, who gave the order to arrest Torres and to suspend the governor of Brasilia, Ibaneis Rocha - part of an 18-page judgment issued within hours of the riot.

During the election, Moraes spearheaded a fight against disinformation, sometimes leading to claims that he was oversteering the mark.

Moraes' swift interventions this week have made him a hero for many Brazilians, especially on the left, but have further inflamed Bolsonaro's supporters.

"The dictatorship we are fighting against has become even more open now. Alexandre de Moraes thinks that he is the emperor of the country and that he can violate our rights and freedoms," says Sousa, the pro-Bolsonaro protester. "But we are not going to accept that without a fight."

Additional reporting by Carolina Ingrida

Obituary Forger whose work helped thousands of French Jews

Adolfo Kaminsky Forger and photographer 1925-2023

"In one hour, I made 30 fake documents," Adolfo Kaminsky told an interviewer in 2016. "If I slept for one hour, 30 people would die."

Kaminsky's métier, which he first learnt as a teenager in France in 1940 when he was engaged as a clothes dyer's apprentice before becoming a virtuoso of stain removal and ink dissolution, was forgery. Recruited for the Resistance in early 1944, by a man he knew only as "Penguin", and working under the nom de guerre Julien Keller, he produced near-perfect facsimiles of identity cards, certificates of marriage and baptism, and food-rationing permits.

Kaminsky, who has died at the age of 97, later estimated that the group he belonged to saved the lives of up to 10,000 people, many of them French Jews.

leftwing organisation, had brought them to the attention of the French authorities.

The family eventually returned to Paris in 1932, after an enforced sojourn in Turkey, before settling in Vire, in Calvados in northern France. The memory of those peripatetic early years would stay with Kaminsky as he practised the forger's art. "During my life," he said, "I helped thousands of people cross borders."

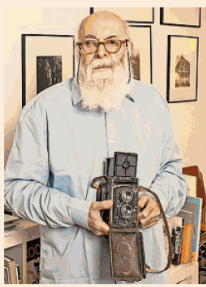
In October 1943, by which time they were among the last remaining Jews in Vire, the Kaminskys were arrested by the occupying Germans. They were interned first in a prison in Caen, before being moved to the notorious transit camp at Drancy, in the Paris suburbs, from where tens of thousands of Jews were sent to their deaths, the majority of them to the camp at Auschwitz-Birkenau. "I knew what awaited those who

ices. He also provided Holocaust survivors with false papers that enabled them to emigrate to Palestine, then still under the British mandate.

He stopped working for his country after the outbreak of the war in Indochina. This rupture inaugurated the second phase of his career as a forger, during which he worked on behalf of many of the most important anti-colonial struggles of the era.

Among his most significant commitments during this period was to the cause of Algerian independence in the late 1950s. "I didn't choose Algeria over France," he said. "I chose the quickest possible end to a useless war."

Kaminsky began forging documents for the Algerian National Liberation Front (FLN), working with the Jeanson network, led by the philosopher Francis Jeanson, which assisted the FLN in its activities in mainland France. So-called



An exhibition of photography by Kaminsky was mounted in 2019

He later met his wife, Leila, in Algeria, where three of his five children were born.

Other beneficiaries of Kaminsky's activities, which would leave him partially blind ("I lost an eye, but I regret nothing," he insisted), were the African National Congress, and opponents of dictatorships in Haiti, El Salvador, Chile and Mexico, Franco's Spain, Salazar's Portugal and Greece under the colonels. He eventually stopped forging in the early 1970s.

Kaminsky always refused payment for his forgeries, supporting himself with work as a commercial photographer. But throughout the 1950s, he also took photographs on his own account. His elegantly austere monochrome glimpses of life in Paris and its environs, which show clear affinities with the better known works of Brassai and Henri Cartier-Bresson, remained

capital.com

Dear Financial markets



Well. 2022 was certainly something, wasn't it?

You dragged even the savviest investors hither and thither. Chances are, if we were long anything, we were in for a bumpy ride.

Post-lockdown inflation drove the ECB and Fed to increase interest rates, sending bond yields skyrocketing – and tanking prices. With the resultant sell-off, bond markets went into their first bear run in 70 years, and some investors faced their worst returns in over a century.

You didn't stop there, did you? The stock market lost a fifth – that's right, a fifth – of its value. Its longest drop in 14 blooming years. Thought big tech stocks were safe? Think again. Apple lost 30%, Amazon 50% and Meta a whopping 65%. And we're surprised Mr Musk hasn't been in touch already. Tesla lost two-thirds of its value last year, and fell 40% in December alone.

Commodities, meanwhile, were all over the place. Gas prices broke new highs, then fell back to pre-2022 levels. Brent Crude reached its highest point since 2008 in March, topping \$139 a barrel, but has fallen back to \$79. Copper saw its first yearly decline since 2018. Don't even get us started on nickel.

And the less said about Sterling the better, we think. But one thing we just can't ignore:

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Let's be honest, markets: 2022 was your beariest year since 2008. And plenty of investors will be glad to see the back of it. But we want you to know that we're not going to let last year's debacle get us, or our clients, down.

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So watch out, markets. We're doing everything we can to help people discover their inner trader in 2023.

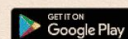
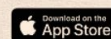
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The FT View



FINANCIAL TIMES

"Without fear and without favour"

ft.com/opinion

The dawning of the quantum age

It is time to consider the opportunities, and risks, of a new form of computing

It is a quarter of a century since the first quantum bits, or qubits, were hooked together to make a rudimentary quantum computer. With their ability to represent both the ones and zeros in traditional computers at the same time, qubits are the most basic components of systems that could far surpass today's computers in solving certain types of problem. Since then, headway has depended less on hard science than on applied engineering, creating more stable qubits that can hold their quantum state for more than a tiny fraction of a second, linking them together in larger systems and coming up with new forms of programming to exploit the characteristics of the technology.

This bears comparison with what happened in the early days of tradi-

tional computing, following the invention of the transistor in the 1940s and the integrated circuit in 1958. In hindsight, the steady, exponential advance in capacity described by Moore's Law, which carried computers into the mainstream, seems inexorable.

The quantum age is unlikely to unfold with the same sense of meteoric inevitability. It has the potential to deliver big surprises, both on the upside and downside. A global race is on to devise new techniques to control and exploit quantum effects, and to create far more effective algorithms – raising the possibility of sudden leaps in performance.

Such a surprise has come with the publication of Chinese research proposing a way to break the most common form of online encryption using a quantum computer similar to ones already available. That feat – a potential "spunk moment" – had been expected to require far more advanced quantum systems lying many years in the future. Other cyber security experts eventu-

ally concluded that this method was unlikely to work in practice. One question is why China would have permitted its publication, had it really shown a way to expose most of the world's secret communications. Yet it still delivered a jolt, and should be a wake-up call for all who worry about the risks of China developing technological supremacy.

Many companies in industries like chemicals, banking and automotive manufacturing have invested in learning how to program quantum systems in hope that the first practical uses could come soon. In modelling complex financial risks, designing new molecules and accelerating the data-crunching in machine learning systems, quantum systems could gain an edge as soon they become even marginally cheaper or faster than existing computers.

This moment of "quantum advantage" – when the systems demonstrate practical, if modest, superiority on certain problems – still lies, tantalisingly, just out of reach. With investment and

Chances have increased of machines making the leap from fascinating science experiment to world-changing technology

expectations rising, the scope for short-term disappointment is high, even if the long-term potential seems unchanged.

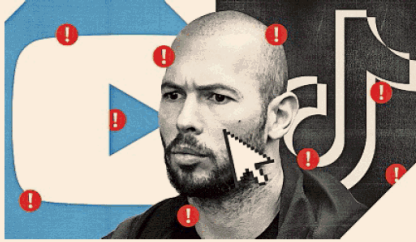
It is still hard to keep qubits in their quantum state long enough to perform useful calculations. The next frontier lies in inventing forms of error correction that use some of the qubits to counteract the "noise" caused by this lack of coherence. Recent research suggests progress is being made on solving this problem faster than had been expected.

The potential for breakthroughs in areas like error correction has increased the chance of a quantum shock – when the machines make the leap from fascinating science experiment to world-changing technology. Based on the seemingly flawed Chinese encryption paper, it is rash to predict this moment is already at hand. But with so much effort worldwide going into harnessing the practicalities of quantum mechanics for computing, it might be rasher still to put off a serious consideration of the promises – and risks – till another day.

Opinion Society

Stopping misogyny must not just be about Tate

Rory Griffin/TTG/Getty Images



Laura Bates

Bring out the machete, boom in her face and grip her by the neck. Shut up bitch." These are the words of Andrew Tate, the online influencer arrested in Romania on charges of organised crime, human trafficking and rape. Unlike others accused of similar crimes, Tate boasts an adoring fan base of millions online, many of them young men. As his views (including that women are men's property, and that rape victims should "bear responsibility" for their attacks) gain traction, schools and parents are asking how to tackle his popularity with boys.

First things first: this isn't just about Tate. Yes, a worrying number of boys have been exposed to his vitriolic misogyny – his TikTok videos alone have 11.6bn views – but he isn't the "Pied Piper" figure some have

such as footballer Marcus Rashford. A wider exploration of gender stereotypes should encompass how they harm boys – it must be made clear feminism isn't anti-men. Teachers and parents should familiarise themselves with the rhetoric on YouTube, Reddit and TikTok to help understand young people's online landscape. Conversations should be calm, regular, open and non-judgmental. Let young people take the lead. Encourage scepticism about online sources and use real statistics on issues such as false rape allegations. (A man in the UK is estimated to be 230 times more likely to be raped himself than falsely accused of rape). Leadership from men in pupils' own lives is also vital, whether it's teachers, parents, sports coaches or youth workers. Don't leave it to the women to tackle this alone.

Crucially, schools have a wider responsibility to be proactive, not reactive. Responding to someone like Tate after the fact is too little, too late. They should be building age-appropriate foundations of consent and relationships education from the start of primary school, not waiting until the age of 14, by which time more than 50 per cent of children have already seen online pornography. These issues should appear throughout the curriculum, from diverse authors in English to social justice movements in history. There must be a whole-school approach from sexual harassment to discriminatory dress codes, to create a robust environment of equality where views like Tate's would find it harder to take hold in the first place.

A good quality RSE lesson will be ineffective in the context of a school where girls are sent home for wearing short skirts or boys are allowed to sexually harass with impunity. We must join the dots between rhetoric like Tate's and the fact children recently told Ofsted inspectors that sexual harassment and online sexual abuse are simply a routine part of their lives.

Perhaps the most effective way to contradict Tate's drive about macho alpha males is to juxtapose this with his claim to be a great champion of boys. The outdated stereotypes he espouses are, the American Psychological Association suggests, drivers of the horrifying crisis in male mental health and the devastatingly high male suicide rate. Far from being a champion of boys, Tate exploits and denigrates them for his own financial gain. Learning that the only way to be a man is to own, control and exploit women is a recipe for a sad and lonely

Letters

Whistleblowers present a challenge for Brand Windsor too

Boards always need deep reserves of energy and judgment to properly respond to whistleblowing by former top executives ("The battering of Brand Windsor", FT View, January 7). This will be especially so when the executive has grown up with the business and been close to the inner workings at the very top of the

organisation. The challenges multiply when the organisation in question is a centuries old family-run media and communications operation with deep institutional connections, long-term exclusive contracts and international franchises.

Determining whether a whistleblower, articulating multiple

issues but with an almost puritanical zeal and with highly material financial motivators in play, should be taken seriously is not an easy call.

Avoiding long-lasting damage to the organisation while at the same time engaging appropriately with legitimate concerns raised by the whistleblower is a tough balancing act.

This is made harder still with a chairman and chief executive only having recently taken over from a much revered and long-serving predecessor.

As so often with the big governance challenges, there are no easy solutions. **Barry T Gamble**
Banbury, Oxfordshire, UK

Voters won't tolerate New York's Pinocchio politics

Joshua Chaffin's piece "Audacity trumps truth for the Talented Mr Santos" (Life & Arts, January 7) was on target. New York breeds chutzpah and brazen lies in the name of ambition. I was involved in statewide politics when I was finishing law school. I travelled with the attorney-general of New York State. His saying was tell them what they want to hear and bathe them in chicken soup. Nevertheless there were guardrails.

I like to think that George Santos is such an amateur and utterly unqualified that we have finally reached the limit of tolerance. Needless to say, Donald Trump laid the groundwork for all candidates to lie in order to win. The "big lie" became a campaign platform. The voters may accept stretching the truth but fraud creates Pinocchio.

I commend the investigative reporters for exposing this travesty. The blame game has been directed at many stakeholders but, as a newly elected congressman from New York with real credentials said, the responsibility lies squarely on George Santos' shoulders. I doubt he can handle that weight. **Steven A Ludsin**
East Hampton, NY, US

How a UK scientist saved the human genome project

The list of Britain's achievements in genomics ("Britain to lead landmark genomics research", Report, December 31) might have included the thrilling story, as consequential as the other landmarks, of how John Sulston with the backing of the Wellcome Trust thwarted Craig Venter's initiative to privatise the human genome. When the US government seemed helpless to find a way for a public project to compete with the Celera initiative, Sulston and his team raced to map sections of the genome and give them away, thus torpedoing the business model of Celera. Without this, scientists across the world would have had to pay Celera for access to the genome.

The whole story – a classic of British derring-do – is told in Francis Spufford's *Backroom Boys: The Secret Return of the British Boyfin*. **Cathy Noyman**
London NW5, UK

The tragedy of Van Gogh's masterpiece in royal blue

The singular "Sunflowers" by Van Gogh in deep royal blue was destroyed in an American air raid on Ashiya, a suburb of Kobe, not Tokyo as your letter writer

1973: a year of bleak novels and Depression-era films

Like Peter Aspdren, I too was 15 in 1973. Aspdren's commentary on the bleakness of popular culture as discussed in film and music releases is a cogent reminder of, to borrow a title of one of William Styron's books, the *Darkness Visible* of the time. Also deserving of mention is *The Who's rock opera Quadrophenia*, in which Jimmy goes through a path of anger, frustration and solace, to possible redemption.

The bleakness continues in books published that year – Cormac McCarthy's *Child of God*, and Thomas Pynchon's *Gravity's Rainbow*. It's also the year of the con in American film, with *The Sting* and *Paper Moon*. **Jeffrey Susla**
Woodstock, CT, US

Carbon clocks and Gaussian copulas

It should not be too hard for leaders to embrace and communicate uncertainty, as Ravi Gurnumurtthy suggests (Opinion, December 31). With current IT, powerful visualisations can easily be produced which display likelihoods and confidence levels of the various elements of projections and plans.

They could join the Gantt charts and the business model canvas as general-purpose organising heuristics. They would thus enable an escape from Descartes' conception of "man as master and possessor of nature", a fantasy reflected in common digital expressions showing excessive precision – for example, the expression "the carbon clock is ticking", where the time remaining until the carbon budget is exhausted, is given to the nearest 100th of a second (on a continuously changing display).

The same precaution was shown in the definition and use of the "Gaussian copula" measuring the probability of a joint failure of financial entities, which went down in history as "The Formula that Killed Wall Street". **Jerome Ravetz**
Research Associate, Institute for Science, Innovation and Society
University of Oxford, UK

Are you taking your share of economic pain?

It is not a very "happy" new year right now for many in the US. As inflation eats into pay, households have had to cut back on essentials, switch off the heating, buy on credit and in some cases turn to food banks.

Naturally, people feel afraid about the outlook. But for those who have lived through past crises, current levels of anxiety can feel strange. At a public Q&A last February, Charlie Munger, the 99-year-old billionaire and business partner of Warren Buffett, lamented that "people are less happy about the state of affairs than they were when things were way tougher". In earlier eras, he said, "life was pretty brutal, short. [There was] no printing press, no air conditioning, no modern medicine... If you wanted three children, you had to have six because three died in infancy." Writers such as the psychologist Steven Pinker and the late statistician Hans Rosling have similarly pointed out that living standards are dramatically better now. Fair enough. But it will not stop people feeling angry or scared. One reason is that what matters for economic sentiment is not whether living standards are better than for earlier generations, but how they compare with the recent past. British

that I like to call the pain-sharing index. A world where economic shocks are shared in a more equitable way feels very different from one where some take the strain and others are protected by reserves of wealth. Munger notes the profound emotional impact of inequality: "The world is not driven by greed. It's driven by envy... All [people] think about is somebody else has more now, and it's not fair that he should have it and they don't."

It's a pity that economic debate does not focus more on this pain-sharing index. Yes, economists such as Thomas Piketty and Emmanuel Saez have used data to illustrate how wealth and income inequality have risen sharply in recent decades. But the issue of whether people feel that economic pain is being shared needs more analysis. It is rarely covered in polls, though it matters for our politics, particularly as the internet is creating once-unimaginable levels of transparency, the pursuit of luxury is everywhere and in many countries it is becoming easier for young people to find a job or buy a house.

I've found that different cultures vary enormously in this respect. Take Japan, where I lived during the 1990s, one of its lost decades of stagnation. Back then, the economy was ailing,

government bonds, I was sometimes told that such losses would be tolerable because everyone was likely to suffer future haircuts. There was an ideal of shared sacrifice and, even if this was sometimes breached in practice, it helped to maintain social cohesion. A country such as the US, with its individualistic culture, sits at the other end of the spectrum.

Few Researcher recently noted that about one in four American parents, and two in five black parents, struggled to pay for food or housing in the past year. Yet when government politicians like Elizabeth Warren call for redistributive measures such as higher taxes for the rich, this sparks fury from the right. Shared sacrifice is not a dominant ideal. Resentment and political antagonism rule instead.

The UK sits in the middle of this pain-sharing spectrum. The concept of shared sacrifice is idealised in popular discourse, memories of the second world war "blitz spirit" and so on. But Britain is a highly unequal society, and the "bleak" outlook for 2023, to use the term coined in an FT poll of economists, is making this worse. Hence the strikes by nurses and train drivers who have suffered real-term pay cuts thanks to inflation and government austerity.

Notebook

by Gillian Tett



Opinion

The west has changed its thinking on how to outsmart Putin

Lawrence Freedman

There has been a significant shift in western attitudes to Ukraine's war with Russia. Thinking has moved a long way since the hopes earlier in the war that it would be enough to keep Ukraine in the fight until an opportunity for a peaceful settlement came along. The consensus now among leading western states is that the only way to persuade Russia that it cannot succeed in its war of conquest is for Ukraine's armed forces to liberate much more territory.

Leopold 2 main battle tanks, setting a precedent it hopes others will follow, especially with the German-built Leopard 2. After Poland and Finland declared themselves willing, we now wait to see if German chancellor Olaf Scholz can bring himself to join them.

Vladimir Putin's current strategy is bleak and uncompromising. He appears to believe that even with a military stalemate Russia can outlast Ukraine, and its western backers, by putting his economy and society on a war footing. He adopted this strategy three months ago when, after a series of reverses, he laid claim to four provinces of Ukraine, announced the mobilisation of 300,000 additional troops and began a sustained missile and drone campaign to take out Ukraine's critical infrastructure. The aim was to ensure enough manpower to stabilise the front lines, impose maximum damage on Ukraine's economy and demoralise its population. To keep the Russian population committed they were offered a territorial prize worth the suffering and long wait, with a warning

they were engaged in a civilisational struggle with decadent Nato powers, and that everything they valued would be put at risk if the country faltered at this critical moment in its history.

Putin is not seeking a negotiated settlement because any deal that requires Russian withdrawals will appear as a defeat and raise questions about the aims and heavy costs of this war. The first result of this intractable stance has been to take the pressure off Ukraine's president Volodymyr Zelensky to seek a deal because of the suffering of his country and the burden the war has placed on his international supporters. When Putin insists that a precondition for negotiations is accepting the four claimed provinces as 'forever Russia', even though not one of them is wholly under Russian military control, there is evidently no way forward on the diplomatic front.

Ukraine certainly has been battered and taken a massive economic hit. Millions have fled the country. But still it fights. Putin sought to make winter as

miserable as possible by denying its people electricity and water. Frustrating this effort and promoting Ukrainian resilience is a vital part of western strategy, whether through improved air defences, or help in keeping the lights on and the economy afloat. Putin also hoped that western support would wither during the winter but in this he

current levels indefinitely, which adds to the urgency of the moment.

Russia's economy has not suffered anything like as much as Ukraine's, although it is now contracting faster than before. The main challenge facing Moscow is generating sufficient combat power to retain the territory it already holds and mount further offensives to fulfil Putin's ambitions. Having used up much of its stock of precision guided missiles and armoured vehicles, it is stuck with a crudely attritional mode of warfare. It has taken much of the town of Soledar. As with next door Bakhmut, artillery and manpower have been thrown at Ukrainian defenders in a desperate effort to get something to show for months of huge effort.

One view is that the only way to shift his reckoning is for Ukraine to get the better of the coming battles

has been disappointed, a gamble that has lost Russia its share of Europe's energy markets. It is true that US House Republicans are threatening future spending but since a significant new assistance package has just been agreed, that is a problem for later in the year. It does, however, serve as a reminder that it could be difficult to sustain Ukraine at

successes have been in using accurate long-range artillery to take out Russian ammunition dumps and troop concentrations. The latest shift in Russia's command arrangements – putting General Valery Gerashimov, chief of the general staff, in overall charge – indicates Moscow still lacks confidence in its military organisation.

The western view is that the only way to shift Putin's thinking is for Ukraine to get the better of the coming battles. Until it inflicts more defeats on Russian forces and regains lost ground, Moscow is unlikely to budge from its maximalist aims. Military success can never be taken for granted, and even if it comes there is no guarantee that Putin will admit defeat if he still feels able to hang on to power. There are no easy ways to end this war but a further demonstration of the weakness of Russia's military position will be a good start.

The writer is author of 'Command: The Politics of Military Operations from Korea to Ukraine'

The executive will take over a thriving brand in her biggest operational role yet, write Leila Abboud and Lauren Indvik

As Louis Vuitton staff put the finishing touches on the displays for a new collaboration with Japanese artist Yayoi Kusama earlier this month, they received a surprise visit. It was late at night at the flagship Champs Elysées store, but Delphine Arnault, the 47-year-old daughter of LVMH's billionaire owner and number two executive at Louis Vuitton, wanted to make sure the launch was perfect.

Nicolas Ghesquière, the creative director of Louis Vuitton who has worked closely with Arnault for more than a decade, said the 11pm visit was typical of her attention to detail. "When you're designing, she already has a vision of what the product will look like in the boutique," he says. "She is more demanding than most, but I find it reassuring since I know she will make sure that my ideas reach the market intact."

It is easy to dismiss Delphine Arnault as another heir ushered up the ranks by their parent. Bernard Arnault built LVMH into a behemoth, turning it into the 12th-biggest company globally by market capitalisation and putting his family near the top of the world's richest list. On Wednesday, he promoted his daughter to chief executive of Dior, LVMH's second-largest brand with almost €8bn in sales last year, according to Citi, excluding fragrance and cosmetics. It is a big step up, suggesting the patriarch believes Arnault has proven herself since joining the company in her mid-20s. She will take over a thriving business – Pietro Beccari, her predecessor, has tripled sales since 2018 and the brand has an elite following from Shanghai to New York. Her nomination also thrusts her into the biggest operational role of any of the five Arnault children, all of whom work at the group. So far, she is the only one to sit on the 14-member executive committee.



Person in the News | Delphine Arnault

An LVMH heir is stepping up at Dior

executives. From 2001 to 2013 she worked under Toledano at Dior, starting in shoes and progressing to deputy managing director, where she is credited with tempering the fallout of John Galliano's scandalous departure in 2011.

Paying surprise visits to stores is something Bernard Arnault often does and in this, and other respects, Delphine is her father's daughter. People who know them say they share a natural authority and directness, as well as strong ambition, although she does not display it as openly. They also share a passion for art and art collecting.

"There is a special bond – she is his only daughter and the eldest," says Toledano. "She has a strong personality

brands to life. Her additions to the stable include Raf Simons at Dior, Jonathan Anderson at Loewe and Ghesquière at Louis Vuitton. In 2014, she created the LVMH Prize for Young Designers, a global talent search, with the winner getting a €300,000 grant and a year of mentoring. "She is intimidating to the

When you're designing, she already has a vision of what the product will look like in the boutique'

designers at first, but she has this qual-

ideas with Ghesquière, she joined him in sitting on the workshop floor while he tried out different pieces of leather and fabric. "It was surprising... but she was very natural," he recalls.

Outside of work, she has two children with telecoms billionaire Xavier Niel. A dedicated art collector, she sits on the board of the Gagosian art gallery with Snapchat founder Evan Spiegel, who is a friend of the family. "She got really into the Los Angeles art scene so we would go visit artists together when she was in town," he says. "She is really interested in the creative process herself, and loves to see artists at work."

One such visit to the studios of Jonas Wood and Alex Israel turned out to be

Noma is less sustainable than its reindeer ragout

John Gapper
All Consuming



When the Michelin Guide gives three red stars to a restaurant, it denotes "exceptional cuisine, worth a special journey". Those planning a journey to Noma, the Copenhagen restaurant run by René Redzepi that is rated the world's best, should get a move on: it closes for regular service at the end of next year.

Redzepi's sculpted dishes of natural ingredients, such as reindeer antler, served with cooked grains and seeds, created the New Nordic food cult and drew global tourists to Denmark. For €630 per head with a wine pairing, its dinner menu features "all the wild berries, the bounty of mushrooms – everything we can find wild in the forest".

But all that foraging has taken its toll on Redzepi and his team of 95 chefs, waiters and other staff. "This is simply too hard and we have to work in a different way," he told the New York Times this week, announcing that it will turn from a full-time restaurant into a "pioneering test kitchen" and e-commerce operation, which will occasionally pop up as a restaurant.

This partly reflects the pressure on all dining outlets as they recover from the pandemic: ingredient costs have risen sharply and it has become harder to recruit staff. It also signals a crisis for those at the very top, whose business model has loaded immense strain on junior chefs and apprentices, for often low (and sometimes no) rewards.

Redzepi describes it as "hard, grueling, low-paid work under poor management conditions that wears people out" and Noma only started paying its own interns in October. Before then, the "stagiaires" who flocked to Denmark to add its prestigious name to their professional CVs worked for free, plucking duck feathers and gathering herbs.

It sounds unlikely that a restaurant can charge quite so much and remain financially fragile, and Redzepi says adding \$50,000 to its monthly wage bill did not force the change of course. But Ruth Rogers, owner of the River Café in London, said that when she visited Noma last year, "they were worried about the sustainability of having so many staff and such an expensive set-up".

A third Michelin star demands such high culinary and service standards that it can be a rod for a restaurateur's back (Noma also has one extra: a green star for sustainability). When the Spanish restaurant eBulli closed a decade ago, it had a team of 48 chefs and 28 waiting staff delivering 40 dishes a night to 50 customers, and was consequently losing €50,000 monthly.

The pressure is passed by demanding (and sometimes abusive) head chefs down the entire brigade de cuisine to the

junior chefs and apprentices at the bottom. Redzepi once confessed that perfectionist rage against errors started to bubble up within him when "I had my own restaurant, with my own money invested, with the weight of all the expectation in the world".

The formula has nonetheless worked for the past 30 years, not only for celebrity chefs but the cities and regions to which they have given a halo effect. One study in Spain found that Michelin-starred restaurants, particularly those with three stars, were a large draw for tourists. Despite the price, Noma's "game and forest season" is already sold out until mid-February.

But chefs such as Redzepi are not the only ones getting tired. Noma is widely praised for its use of natural ingredients, but environmentalists do not feel half as sustainable. Even diners who can afford it may think twice about flying long distances to be served elaborate meals that rely on low-paid chefs working long hours for perfection.

Rogers says she respects and admires Redzepi but thinks that "there is a question about Michelin-starred restaurants and fine dining. To me, it feels quite old-fashioned," she recalls visiting Paris restaurants where "you would dress up, be intimidated by the head chef and the sommelier and not feel good enough to be there, but you would eat very well, but it was terrifying."

Her response was to co-found a restaurant that, although expensive and beloved by celebrities, shuns formality

Diners may think twice about elaborate meals that rely on low-paid chefs working long hours

and only has one Michelin star ("high quality cooking, worth a stop"). She says Michelin once suggested it could gain a second star by ditching paper tablecloths, but she ignored the advice.

Redzepi's new idea is more democratic still: redeploying chefs to create "new flavours and ideas" for its e-commerce operation Noma Projects. It is already selling items such as "forager's vinaigrette" at €25 a bottle, as well as membership of a private tasting club for €475. It needs to shift 25 bottles of vinaigrette to match the revenue from one wine-drinking diner.

A test kitchen lacks the halo effect of a famous restaurant, so Noma will keep on popping up in public, in Denmark and elsewhere. If it can pull off the trick of retaining prestige and pricing power without having constantly to serve, it will be envied by others that remain stuck in a harsh rut.

Redzepi has always been an innovator and this is his most interesting experiment: not with the food itself but in making an elite institution sustainable for chefs as well as customers. It is time for a change.

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Companies & Markets

FINANCIAL TIMES



Activist attack Peltz takes on Disney in his fourth proxy battle at investor Trian — COMPANIES

Bonds are back Spectre of recession helps lift sentiment in storming start to year — MARKETS

Tesla reduces prices across Europe and US by up to 20%

◆ Move follows China cuts ◆ Fears on slowing demand ◆ Competition heats up



Protesters at a Tesla showroom in Chengdu, Sichuan province. Price cuts in China were a cause of grief for customers who pre-ordered at higher prices — Reuters

PETER CAMPBELL — LONDON

Tesla has cut prices by up to a fifth across the US and Europe to lift demand for its electric vehicles in the face of an economic slowdown and fiercer competition from established brands.

The electric-car maker said that the cuts, which industry figures say take prices to their lowest level in two years, were in response to falling supply-chain costs as well as lower costs from shifting components closer to factories.

The latest drop comes days after price reductions by the brand in China, which sparked complaints from customers who had pre-ordered vehicles at higher prices or who had seen their cars lose significant value overnight.

Some Tesla customers protested against the Chinese cuts outside showrooms in Shanghai, Wuhan and Shenzhen this month.

Tesla in Europe has attempted to head off similar criticism by saying that it will pass along price cuts to customers who have ordered vehicles.

In the US, Tesla cut prices by up to \$13,000 across its range, reducing the

price of some models by up to a fifth, according to changes on its website.

Prices in the UK for the Model 3 and Model Y — the two most affordable vehicles in its line-up — dropped by between £3,500 and £8,000 overnight, according to industry figures and prices listed on Tesla's website.

Tesla said that the cuts took the entry-level cost of a Model 3 in the UK to £42,900, with the higher-riding Model Y cut to £44,900.

Other alterations have reduced prices, such as offering black paint free in Ireland. Previously, only white was included, with other colours costing extra.

The move comes as shares in the group have fallen more than two-thirds in the past year over concerns about slowing demand, just as the company opened factories in Berlin and Shanghai and rivals including Volkswagen and Hyundai are seeing sharp rises in their sales of electric vehicles.

Dan Ives, an analyst at Wedbush, called the cuts "the right medicine at the right time".

He said: "It's no secret that demand

for Tesla is starting to see some cracks in this global slowdown for 2023."

The reductions were an "offensive move" by Tesla that could raise demand by up to 15 per cent in the coming year.

Fiona Howarth, chief executive of leasing group Octopus Electric Vehicles, said that the cuts would make Tesla

Rivals including Hyundai and Volkswagen are seeing sharp rises in sales of electric vehicles

cars "increasingly affordable. It's no secret that the EV industry has been struggling to keep up with booming demand. We're delighted to see EV leaders cut prices... It's over to other suppliers to keep up."

Tesla, which does not run through traditional dealerships but sets prices centrally, raises or lowers prices as demand and supply fluctuate. It has been steadily raising its prices because of the strength of demand for electric cars, and as costs rise across the industry.

"We have seen some huge jumps, which is not great for the market," said a person who monitors pricing. "It risks people losing confidence in Tesla."

The cuts come after a year where Tesla's sales rose 40 per cent to 1.3mn. In the UK, its Model Y was the biggest-selling electric car, and the third-biggest seller overall.

As leading economies brace for an economic slowdown, the car industry has been waiting for a drop in orders, something investors and analysts say is likely to hit Tesla first because of its shorter order book.

Tesla in the UK and Ireland said that the price cuts had been introduced because of lower costs: "As we exit what has been a turbulent year of supply-chain disruptions, we have observed a normalisation of some of the cost inflation, giving us the confidence to pass [it] to our customers."

"As local vehicle production continues to increase and we gain further economies of scale globally, we are making Model 3 and Model Y even more accessible across [Europe, the Middle East and Africa]."

Goldman reveals fintech unit losses have hit \$3bn

JOSHUA FRANKLIN — NEW YORK

Goldman Sachs's newly formed technology and consumer unit made the equivalent of \$3bn in pre-tax losses since 2020, the bank said yesterday.

In its most detailed information to date about losses involved in its push into consumer banking, Goldman has republished the past three years of its financial results to reflect the group's new divisional structure.

The new units include its Platform Solutions division, which reported losses of \$1.2bn for the first nine months of 2022, \$1.05bn for the full year in 2021 and \$785mn in 2020. Goldman had publicly stated that the fintech business was loss-making but previously shared only revenue figures for the unit, rather than profit or loss numbers.

Chief executive David Solomon announced Goldman's new structure in October in a bid to persuade investors to bestow a higher valuation on the bank.

Yesterday's data release was intended to help them track performance ahead of the bank's fourth-quarter results next week.

The Platform Solutions unit encompasses the technology Goldman uses to support credit cards for companies such as Apple and General Motors and online lending business Greensky, which it acquired last year, as well as transaction banking services for corporate clients.

The other part of Goldman's con-

sumer business, the digital bank Marcus, will be folded into its private wealth management unit and is being pared back.

The reorganisation also merged Goldman's crown jewel investment banking and trading businesses into one division and reunited the bank's asset and wealth management businesses.

The numbers published yesterday also underscore how the merged investment banking and trading business is Goldman's profit engine, reporting pre-tax profits for the first nine months of



the year of \$11.9bn, the vast majority of its \$12bn in profits.

Asset and wealth management reported more modest pre-tax profits of \$1.2bn but, longer term, Goldman management hopes this business will generate more stable revenues for the bank, boosting its stock market multiple.

The recasting of results comes at the end of a gruelling week for Goldman, in which the Wall Street bank shed thousands of jobs as part of its biggest cost-cutting exercise since the 2008 financial crisis.

See Week in Review and Lex

Media

Warner Bros Discovery in plan to sell music library

ANNA NICOLAOU — NEW YORK

Warner Bros Discovery is exploring a sale of its music library that could be valued at more than \$1bn, according to people familiar with the matter.

It is the latest move by chief executive David Zaslav to reduce debt at the Hollywood empire.

Since taking control after combining WarnerMedia with his Discovery last year, Zaslav's team has been scouring the group — which spans HBO, the Warner Bros film studio and CNN — to find places to cut into its \$50bn in debt.

Warner Bros created a music division in the 1950s. In 2004 parent Time Warner sold the music arm, but the group retained its copyrights to a trove of songs such as the soundtracks to the Batman films. Warner was shopping around this catalogue to potential buyers as it tried to capitalise on a hot market for music copyrights, said three people familiar with the matter. The assets could be worth more than \$1bn.

The process was in the early stages and any deal would hold stipulations on access to and use of certain soundtracks,

said a person close to the situation. The move comes after Zaslav's team axed projects such as the CNN Plus streaming service, J.J. Abrams' HBO series *Demon*, and the film *Batgirl* during the final stages of its production.

Chief financial officer Gunnar Wiedenfels earlier this month defended the decisions. "We shaved off a lot of the excess last year, and I think that's something that everyone else in the industry is going to go through," he told an investor conference. "We're coming from an irrational time of over-spending with very limited focus on return on investment. We are just consistently and continuously looking at how we're running the business... What makes sense? What doesn't make sense?"

After a bruising 2022 when the stock lost more than half of its value, shares in Warner Bros Discovery have increased by more than a third this year, as investors bet that the worst is over in terms of losses and restructuring costs.

"At this point, the majority of heavy lifting (related to restructuring charges etc) has been completed," said Bank of America analyst Jessica Ehrlich.

Retail. Succession transition

Prada's new chief tasked with making generational shift smoother

Luxury fashion marque moves towards passing on leadership to Bertelli family heir

SILVIA SCIORILLI BORRELLI — MILAN

When Prada's outspoken boss hinted that his eldest son would take over the group a few years ago, industry experts and insiders at the Milan-based fashion powerhouse knew the transition would not happen overnight.

"It takes a long time to learn the job of a CEO," 76-year-old Patrizio Bertelli said in an interview last year.

Now, the Italian luxury group is taking decisive steps towards implementing the complex succession that will eventually lead to Lorenzo Bertelli taking over from his parents, Patrizio Bertelli and Miuccia Prada, who have

departing boss of Dior US, as the first ever chief of the Prada brand. Both executives start this month.

Lorenzo, 54, who currently heads the group's corporate social responsibility department, is expected to take the helm within a few years.

The changes at the top come as the Hong-Kong-listed group works on a secondary listing in a bid to diversify its investor base. It also wants to attract a greater number of young customers as Generation Z increasingly drive sales at luxury brands. A Prada leather shoulder bag costs €3,400, while a pair of sunglasses can be between €310 and €620.

Industry experts believe the reshuffle indicates that the family is aware of the complexity of the change, considering Bertelli and Prada are still the main creative minds behind the group's success. Analysts and investors have cheered the recent changes at the €14bn group.

been important but an external manager can be the right choice to make the generational shift smoother in what is an increasingly complex sector and macro environment," she added.

Prada insiders see the shift as a unique challenge. The chief executives' entrepreneurial vision would be hard to replicate in the future, they said. The pair turned Miuccia's family's local leather goods business into one of the most recognisable fashion brands in the world.

"Patrizio is not just the entrepreneur behind the group, he and Miuccia are

the creative minds behind every single store and fashion line," said one person close to the family, who spoke on condition of anonymity.

"When Miuccia and [co-creative director] Raf Simons sit down to design the collection, Patrizio sits down with them and then he and his team come up with prototypes of the design." Simons also announced in December that he was closing his eponymous brand this year, which was seen as a sign that he will be focusing on his job at Prada.

Lorenzo, a former race-car driver, is



Prada's 2022 full-year results, due in March, are expected to show strong figures for Asia, but the Milan-based luxury

"a very hard worker and a very fast learner but he's not a creative mind", said the person close to the family.

"The family is well aware that taking the company forward is the next big thing and Lorenzo's role has been the subject of numerous conversations between the three of them," the person added. Bankers and advisers have also noted that the heir has his parents' ear when it comes to potential dealmaking.

The luxury house is looking at buying stakes in several local Italian companies in their supply chain to secure production, as many small firms have taken a financial hit during the pandemic or are facing succession challenges of their own as younger generations often turn their backs on family businesses.

Equita's Carboni credits Lorenzo with having pushed Prada towards more "genuine and credible" sustainability commitments. He also helped burnish

ing, which the group has explored, will be in their in-tray. People close to these discussions said there was no precedent of a dual listing in Hong Kong and Milan and it would not be easy to structure.

The family is also keen to maintain its current 80 per cent stake in the group.

The company, which will report its 2022 full-year results by March 17, is expected to have had a strong year of growth in Asia, where it has been one of the most popular luxury fashion brands for more than a decade.

"Prada owes this to Bertelli's vision who saw China's growth back in 2010, the establishment of new cities, and immediately took out commercial space in the malls that were being built," said the person close to the family.

However, the group is still lagging behind competitors in America. D'Atti, who headed Dior Couture US, is expected to "amplify Prada's potential"

COMPANIES & MARKETS

'Widow-maker' trade finally makes money in Japan

The Top Line
Leo Lewis



Last week, like alchemists branding lead turned to gold, one strain of investor was in triumph. The "widow-maker" trade has come good. Japan looks poised to be irresistibly relevant again for markets and businesses.

For decades, the widow-maker trade – shorting Japanese government bonds – lived up to its name. Proponents, always betting that this time was different, were made to look ever more deluded. But since the Bank of Japan stunned markets by widening the band of its yield curve control policy on December 20, markets feel things are moving tectonically for one of the developed world's most unorthodox financial regimes.

The widow-maker trade is making money. Yesterday and for the first time in almost a decade, yields on the benchmark 10-year JGB rose to 0.53 per cent and outside the BoJ's target

band, in defiance of its ever more desperate efforts to fight the market.

The break with history looks likely to be joined by many more as JGB selling persists and markets are presented with more evidence that inflation and wage increases are here to stay. The promise of 40 per cent pay rises by Uniqlo parent Fast Retailing set a tone for everyone else ahead of Japan's annual negotiations between labour and management. The expected resurgence of Chinese tourist arrivals later this year will intensify the strain on Japan's already tight labour market.

Next week, Citi economists projected to the thrill of bond vigilantes, the BoJ might opt to further cut stimulus and scrap YCC. Even the more cautious observers agree that the BoJ has been fought into a corner by faster-than-expected inflation and investors hot on the scent of change.

For almost a month it has been unambiguously good to own big

Japanese banks, a state that has never really existed since the financial crisis and stubbornly resisted any feel-good boost from Abenomics.

Mitsubishi UFJ stock is up more than 25 per cent in the past month to a 14-year high. The Topix Banks Index is up 19 per cent.

Jefferies economist Sean Darby, forecasting a shift away from zero-interest-rate policy at the BoJ's monetary policy meeting next week, said that should that happen, the boost to bank profits would be "instantaneous".

Darby said that more profound change was imminent as the last major central bank to hold to ultra-loose monetary policy decided once again to put a price on money. "We believe investors will need to consider a fundamental shift in the Japanese financial regime," he wrote.

There are large ramifications. As banks breathe a sigh of relief and

Any period of radical adjustment will be felt worldwide as the central bank rethinks its extreme monetary looseness

reconsider plans, entire management chains of Japanese groups must adjust to a financial reality for which at least a full 20-year generation of executives have little experience.

The increasingly globalised nature of Japanese companies, a rising number of which manufacture abroad and generate the majority of profits overseas, means any period of radical adjustment will be felt worldwide.

At the same time, businesses, investors and markets have grown comfortable with Japan's status as a permanent outlier in extreme monetary looseness. Japan, often opaquely but with market impact, has been a reliable source of cheap funding for investment and speculation.

There is little chance that any serious shift of financial regime, should it come as fast as some expect, remains a Japan problem for very long.

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LSE troubleshooter seeks to rejuvenate London's markets

Spotlight

Julia Hoggett
Chief executive,
London Stock Exchange



Julia Hoggett can remember exactly where she was when the market capitalisation of Apple surpassed that of the FTSE 100.

She had spent the night writing a list of everything that needed fixing in the UK's capital markets – criticisms that seemed to be perfectly captured by the dominance of the US technology group.

The next afternoon she received a phone call from a headhunter, who asked why she had not applied for the vacant job of chief executive of the London Stock Exchange.

In her previous role as director of market oversight at the Financial Conduct Authority, Hoggett had been frustrated about not being able to push through improvements – but taking the top job at the exchange in April 2021 gave her the chance to start working on that list.

Alongside the UK government and regulators, she wants to help safeguard London's position as a capital in equity raising after knocks from the coronavirus pandemic, the UK leaving the EU, the war in Ukraine and the technology sector implosion.

The Apple milestone was followed by other depressing statistics. Last year marked the smallest amount of money raised by IPOs in London for at least six years, dropping from £14.3bn in 2021 to just £1bn.

London then suffered the added indignity of Paris overtaking it as Europe's biggest exchange by combined market capitalisation. "Fundamentally, London got bigger and bigger as Europe got bigger and bigger, because it was the dominant centre for financial markets in the EU," said Hoggett in an interview with the Financial Times. "We don't have that now. We have to be young, scrappy and hungry about how we go about fighting to grow."

Hoggett was concerned that this in the City were reluctant to consider whether London market rules had become out of date as more investor capital flowed to the US and Asia.

"There seemed to be debate about whether there was even a need for change," she said. "We've got to have a market that attracts as many companies as possible from the UK and overseas."

Hoggett is seen by many executives

'We have to be young, scrappy and hungry about how we go about fighting to grow'

in the City as a welcome force for change. She is one of the highest-profile LGBT+ financial services bosses and an advocate for women and minorities in the workplace, with some marking a similar dedication as her mother, the former Supreme Court president Lady Brenda Hale.

By the time Hoggett took over, the government had commissioned a review of the UK capital markets by Lord Jonathan Hill, which led to relaxations of rules in areas such as dual-class shares and free float limits.

But she saw the need for the City itself to step in for the next stage of reform, as the UK needed to be better at "backing people to have good ideas and make them happen".

Hoggett chairs a government-backed group seeking to improve the UK's capital markets, and is pushing for reforms to boost British companies and give better access to investments for savers and pensioners.

She is hopeful of meaningful change this year, although it would be up to the FCA to implement many of the regulatory changes. Working with the

task force, Hoggett identified four broad "ecosystem issues". The first was a shortfall in "risk capital", active investors willing to take bets on high-growth sectors and companies.

In part, she said, this reflected the growth of "passive" investment, but also the conservative nature of some UK institutional investors that buy equities for regular dividend income rather than potential company growth.

In 1990, she noted, 32 per cent of pensions in the UK were invested in UK equities. By 2018, this had fallen to 2 per cent, whereas Australian and Canadian superannuation funds frequently invest in UK assets.

The task force is working on this, alongside plans by the government to overhaul Solvency II rules to make it easier for UK pension funds to invest in alternative assets.

The second problem for Hoggett was the decline in company research over the past few years, partly owing to the unbundling of transactions from research under Mifid 2 rules. Here again the LSE is working with regulators to change these rules this

Wide-ranging view: Julia Hoggett is pushing for reforms to boost British companies and give better access to investments — Charlie Ebbey/FT

year to boost company research.

"Are we serving the investors properly with the information they need to make judgments, particularly about the next generation of technologies?" she said.

The potential for the UK corporate governance code to hold back growth is another worry. "Is it actually still fit for what the next generation of companies need? What is the role of proxy agencies?" said Hoggett.

She is also concerned whether the UK can help start-ups become the national champions of the future, pointing to data that the majority of funding for them comes from overseas.

"The consequence is that the board membership goes with the ownership [and] the decision as to where companies locate their headquarters, when they're deciding on the next generation of that growth."

As part of the solution to this, the LSE is in talks with the government and the FCA over how to create a regulated market to allow private companies to trade shares more easily.

Hoggett said the UK should "remove the cliff edge effects between the public and private market, with a marketplace where start-ups can trade shares, allow staff to sell their share options and "enable institutional investors to start following these companies at an earlier stage".

This was often when a lot of the value in a fast-growing business was created, she said, and would mean companies would not be forced to go public before they were ready.

Hoggett wants further reforms to make the public market as attractive to new companies as possible. She said the impending decision by the FCA to have either one segment or two in the LSE "will be a make-or-break moment". She is pushing strongly to collapse the market into a single regime rather than keep the standard and premium distinctions.

"One of the challenges... is the UK system was very well set up for large established kinds of asset-owning companies that throw off cash. And it wasn't as well structured for fast-growing IP-based companies. And yet, if you look at where most of the growth and economic dynamism is, nowadays, it's in the latter."

She pointed to the need to reform the prospectus regime to make it quicker and cheaper but admitted: "These are big shifts. We've done things this way for a long time."

Daniel Thomas

BUSINESS
WEEK IN REVIEW

Bankers lose jobs

- Goldman Sachs sacked bankers in New York, London and Hong Kong as the Wall Street bank embarked on a process of cutting 3,200 jobs, about 6.5 per cent of its workforce, in a cost-cutting drive following several years of expansion and a slowdown in its investment banking business.
- LVMH chief executive Bernard Arnault promoted his daughter, Delphine, pictured, to run fashion brand Dior in a reshuffle at the world's largest luxury group.
- China Citic Bank International, a state-owned bank in Hong Kong, offered customers one shot of an mRNA vaccine if they made a deposit of HK\$4mm (\$512,000), in a move to entice mainland clients reliant on locally produced Covid-19 labs.
- Sam Bankman-Fried invested \$20m in a large venture capital fund managed by Paradigm, a backer of crypto start-ups, that then took a stake in his failed FTX cryptocurrency exchange group, it was revealed in bankruptcy court filings.
- Meta, owner of Facebook, WhatsApp and Instagram, is to shut its east African content moderation hub as Sama, its third-party contractor, moves away from policing content, cutting about 200 staff.
- British Gas owner Centrica forecast an almost eightfold increase in adjusted full-year earnings of more than 50p a share despite the impact of windfall taxes on energy companies after it benefited from soaring prices following Russia's invasion of Ukraine.
- A senior Toyota executive warned that the world's largest carmaker is confronting an "unprecedented" challenge to revive sales for its bZ4X electric vehicle, as it risks missing its already low target in Japan for the second consecutive year.
- UK-based carmaker Rolls-Royce said that it had sold 6,021 cars last year, driven by demand in the US, the highest annual figure in its 119-year history. About a third of its sales are in the Americas, a quarter are in China and a fifth in Europe.
- US securities regulators charged McDonald's and its former chief executive, Steve Easterbrook, for misleading investors over the termination of his job in 2019 following inappropriate personal relationships with staff. The SEC ordered the British business to pay a \$400,000 but imposed no financial penalty on the company.
- Private-jet use that surged in the coronavirus pandemic is showing no signs of abating. Global flights on business aircraft rose 10 per cent in 2022 from the previous year and were 14 per cent higher than before the pandemic in 2019, according to WingX.
- BioNTech agreed to buy UK artificial intelligence



Hong Kong's China Citic Bank International offered mainland investors an mRNA Covid jab if they made a minimum deposit

more than 50p a share despite the impact of windfall taxes on energy companies after it benefited from soaring prices following Russia's invasion of Ukraine.

6,021
Number of cars sold by luxury marque Rolls-Royce last year

10%
Rise in private-jet use in 2022, which was 14% higher than in 2019

Technology

Pay cut of 40% targeted for Apple chief after shareholder criticism

PATRICK MCGEE — SAN FRANCISCO

Apple is targeting a more than 40 per cent cut to Tim Cook's pay package this year, it said, at the request of the chief executive after shareholder criticism.

Apple's compensation committee decided to award Cook total "target compensation" of \$49m, down from a target of \$84m a year before, according to a regulatory filing on Thursday.

Cook's base salary was unchanged at \$3m, as well as a bonus of up to \$6m. But the targeted value of his equity award will fall from \$75m in 2022 to \$40m this year, according to Apple.

Apple said Cook's pay package was within the "80th and 90th" percentile of CEOs relative to the company's peers.

In recent years Cook's net worth has ballooned to \$1.7bn, according to Forbes, thanks to his largely stock-based compensation as Apple shares had soared. His total pay in 2022 reached \$99.4m, and \$98.8m in 2021, a 500 per cent increase from the \$14.8m he received the previous year.

A majority of shareholders – 64 per cent – gave their approval in an advisory vote on Apple's executive compensation packages at its annual meeting last year, but the company noted in the

and structure of the 2021 and 2022 equity awards granted to Mr Cook as the primary reason for their voting decision.

But Apple said Cook, the former operations chief who succeeded the late Steve Jobs as CEO in 2011, still had broad investor backing. "There was also overwhelming support for Mr Cook's exceptional leadership and the unprecedented value he has delivered for shareholders," it said.

Tim Cook's net worth has ballooned in recent years to \$1.7bn
Justin Sullivan/Getty Images

The company said in the filing that the compensation committee's decision "balanced shareholder feedback, Apple's exceptional performance and a recommendation from Mr Cook to adjust his compensation in light of the feedback received". The filing notes Apple makes these decisions "prior to the start of each fiscal year", which ended on September 24, 2022.

Apple has had a rocky few months following turmoil at factories in China, which resulted in it issuing a rare warning that iPhone production would face "significant" disruptions ahead of the holiday season. Its shares have fallen

COMPANIES & MARKETS

Activist Peltz embarks on Disney proxy fight with debatable record

Investor's reputation as consumer sector whizz counts for little in media industry, critics claim



ORTENCA ALIAJ, ADRIENNE KLASA, JAMES FONTANELLA-KHAN AND SARA GERMANO

At the start of this week, Nelson Peltz attended the birthday of his daughter, Nicola Peltz Beckham, in Los Angeles, a starry affair in which the activist investor was pictured rubbing shoulders with former Walt Disney star Selena Gomez. It was not his only date with the Hollywood elite. On Tuesday, Peltz addressed Disney executives, including chief executive Bob Iger, with a plan to reshape the entertainment group, reinstate its dividend and repair what he describes as a "broken" succession plan.

Peltz is now set to confront Disney in the highest-profile proxy battle in years as he seeks shareholder support for a board seat. The co-founder of Trian Fund Management has been on a media blitz, comparing the company to communist China in a television interview with CNBC, setting the tone for a protracted and bitter fight.

Proxy battles are costly affairs with both sides spending millions of dollars to win shareholder support. They also tend to involve aggressive media campaigns and lots of mud-slinging. Peltz is no ingenuo. This will be his fourth proxy battle since he founded Trian in 2005 with his son-in-law and chief investment officer, Ed Garden, and the company's president, Peter May. The 80-year-old investor, who has built a reputation for overhauling consumer goods businesses, can be a ruthless opponent, say people who know him.

"He always starts by crushing management and humiliating them publicly, as he did today on CNBC. Then he usually gets what he wants, in this case, a seat at the table," said a second person who has worked with Peltz. "Finally, he becomes friends with them."

That was the case for Peltz's first boardroom tussle, against HJ Heinz in 2006. The activist sought five seats on the company's board after it rejected his turnaround plan, claiming its chief executive, William Johnson, had mismanaged the company.

Peltz eventually won two board seats, including one for himself, and said at the time he and Johnson would "smoke the peace pipe" and learn to work together. He remained a director until 2013 when the business was bought by Berkshire Hathaway and 3G Capital for \$28bn, a significant uplift for investors. Former Heinz board members would later vouch for Peltz in other proxy fights, including his bitter campaign at Procter & Gamble.

The 2017 battle has become the stuff of legend on Wall Street. Peltz claims the US consumer goods group spent more than \$100mn to keep him off the board in what he has called "the dumbest thing" he has ever been involved in. The activist emerged victorious and his tenure on P&G's board has largely been

High stakes: Trian Fund Management co-founder Nelson Peltz is to confront Disney in the highest-profile proxy battle in years
FT coverage: Bloomberg/Disneytime

viewed as a success, with the company's share price rising more than 50 per cent. But it has helped crown Peltz as a consumer goods whizz, a label that is unhelpful for the Disney fight. "[He] is a genius when it comes to consumer companies but, whenever he ventures out, his track record isn't as stellar," a person close to the investor said.

The Brooklyn-born investor faced a major setback at DuPont in 2015 when the company managed to fend off his boardroom challenge, winning support from three of its largest shareholders and retail investors. The chemical goods group had offered Trian a board seat but said Peltz himself could not be the nominee, citing a lack of scientific expertise. Peltz faces similar challenges at Disney, which has seized on his lack of experience in the media business. "It's just about him and his ego," said one person close to the company. "As usual with him, you know, there's always some kernel of truth, and there's always some level of bullshit."

Some Disney shareholders also think Peltz is not the right person to join the board. "In our view should someone with half a per cent position who has held the shares for three months, should they get a board seat?" said Dev Chakrabarti, chief investment officer for concentrated global growth at AllianceBernstein, a top-20 investor. "His track record in the consumer space is overall good," said Chakrabarti, "but we don't view him as a media operator." The activist has rejected the idea he is just a consumer goods guy, pointing to previous investments in Lionsgate, Time Warner and Comcast, though Peltz was not a board director at any of these companies.

Peltz has at times come under pressure from his own investors over Trian's

'He always starts by crushing [the board team] and humiliating them publicly... Then he usually gets what he wants'

performance, which has been mixed. The fund ended 2022 down 10 per cent, according to people who have seen the numbers, compared with a 19 per cent decline in the S&P 500.

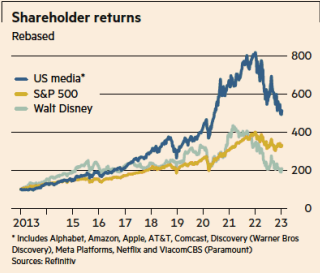
Trian's biggest failure has been at General Electric, which one investor described as a "disaster".

Trian amassed a \$2.5bn stake in the industrials group in October 2015 when its shares were trading at about \$25. It predicted GE's stock price would almost double by the end of 2017 as it pushed for cost reductions and share buybacks. Three years later, Trian's stake was worth about a quarter of its original value and dragged heavily on returns. Should Peltz be successful in gaining a board seat at Disney, he would add to his current directorships at fast-food group Wendy's, consumer goods maker Unilever, asset manager Janus Henderson and Madison Square Garden Sports, the holding company for the New York Knicks and Rangers sports teams, in which he has a personal stake.

A longtime hockey fan and friend of MSG owner James Dolan, Peltz would have an unusual perch into both the media and team-level operations. All told, Peltz is widely considered to be a fairly constructive activist investor, according to people who have been on the other side of the negotiating table.

"We had some huge fights in the past but ultimately he's focused on improving things and is reasonable behind closed doors," said a person who had in the past advised a company targeted by Peltz. "He wants to be listened to and taken seriously, he's not arrogant at all."

For his part, Peltz says he wants to roll up his sleeves and help Disney. "My background is not starting at a Bloomberg screen," he told the Financial Times. "My background is running businesses."



Government shifts from fines and sanctions to greater role in running powerful businesses

RYAN MCMORROW — BEIJING
QIANER LIU AND CHENG LENG
HONG KONG

China is moving to take "golden shares" in local units of Alibaba and Tencent as Beijing formalises a greater role in overseeing the country's powerful technology groups.

The Chinese government has responded to a stuttering economy by backing away from the heavy-handed fines and sanctions that were a hallmark of its campaign to rein in the country's largest tech groups, but which also scared off foreign investors. Instead of continuing the crackdown,

particularly the content they broadcast to millions of people. The stakes, usually involving a 1 per cent share of internet groups' key entities, are akin to "golden shares" as they come with special rights over certain business decisions.

Within China the stakes are known as "special management shares" and since 2015 have become a common tool used by the state to exert influence over private news and content companies.

That was the aim of China's internet regulator when it took a stake in an Alibaba unit last week, according to two people involved in the matter. An entity under the state investment fund set up by the Cyberspace Administration of China (CAC) acquired a 1 per cent share of an Alibaba subsidiary in Guangzhou on January 4, according to Chinese business records.

gain in many of the deals. China's media regulator in 2016 advised state groups taking special management shares to demand at least a 1 per cent stake, a board seat and the right to review content.

The specifics of the government's plan to take golden shares in Tencent remain under discussion, but will involve a stake in one of the group's main China operating subsidiaries, three separate people briefed on the matter said. "The state is not going away, this is the trend for the future," said one of the people.

Another person close to Tencent said the group was pushing for a government entity from its home base of Shenzhen

to take the shares, instead of bringing in the Beijing-based state investment fund that took stakes in the units of Alibaba, ByteDance and Weibo, China's version of Twitter.

Chinese officials have used a variety of state groups to take the holdings. Executives at Nasdaq-listed streaming service Bilibili are pushing for a state entity in Shanghai to take shares in one of its subsidiaries, two people briefed on the matter said. When the government took a 1 per cent stake in short-video maker Kuaishou's key onshore company last year, it turned to state-owned Beijing Radio and Television Station.

Documents seen by the Financial

Times detail how the golden share arrangement works at ByteDance. They show how Beijing tightened its grip over the TikTok parent's main Chinese entity in April 2021. A CAC-connected fund joined two other state groups to pay Rmb2.2bn for a 1 per cent stake in the unit, Beijing ByteDance Technology.

The state groups took the shares through an entity called Wang-Touzhongwen (Beijing) Technology, which won the right to nominate one of Beijing ByteDance's three directors. Communist party official Wu Shuang was appointed to the board. We headed CAC's division supervising online commentary for several years and as part of the job visited companies around China to lead study sessions on the party and President Xi Jinping.

He gained attention a decade ago for saying, "I only have one wish — that one

Financials

Fink admits markets took heavy toll on BlackRock

EMMA DUNKLEY — LONDON

BlackRock's Larry Fink has admitted that "negative markets had a substantial impact" on the world's largest fund manager last year, wiping out \$1.4tn of its assets and hitting profits.

In an internal memo seen by the Financial Times, the chief executive said the operating environment "is unlike anything we've seen in decades".

His comments come as asset managers across the industry have suffered steep declines in assets under management amid one of the toughest market environments in recent history. Global stocks and bonds fell last year by nearly 20 per cent and 14 per cent respectively.

Reporting fourth-quarter results, BlackRock said its assets under management dropped from a record \$10tn a year ago to \$8.6tn. Revenues fell by 15 per cent to \$4.3bn compared with the same period a year ago.

The New York-based manager, known for its iShares range of index funds and actively managed products, reported adjusted earnings per share for the quarter of \$8.95, a 16 per cent decrease year on year.

But, compared with the third quarter, assets under management increased from \$8tn to \$8.6tn, beating analyst expectations after a surge in money flowing in from customers.

Flows into BlackRock's products, excluding money market funds, climbed to \$146bn in the fourth quarter, more than double the previous three months.

Fink said in his memo that inflows were "strong" over the course of the year, with most of this money coming from institutional clients. The group reported net outflows from retail investors as active fund performance suffered across the industry.

BlackRock's bond exchange traded funds under its iShares brand had a record 12 months, generating \$12.5bn of net inflows. The fund group's private markets business also raised \$35bn from customers last year, led by private credit and infrastructure.

The fund group has come under fire over the past year from Republicans over its attempts to engage with companies on the long-term impact of climate change. This has led some state treasuries to withdraw investments from BlackRock.

BlackRock and other asset managers have also come under pressure over costs as a result of the squeeze on revenues.

This week, BlackRock said it would cut 500 jobs worldwide, a reduction of about 2.5 per cent of its total workforce. The results also showed that BlackRock took a \$9bn charge for restructuring charge in the fourth quarter.

Kyle Sanders, an analyst at Edward Jones, said BlackRock "entered 2022 with ambitious hiring plans; however, ongoing economic uncertainty and margins pressures had forced the company to pause hiring."

"We expect more aggressive cost-cutting measures will be implemented in 2023, which includes headcount reductions," he added.

A person close to BlackRock said headcount would be broadly flat this year and there were no further cuts on the cards.

Technology, State oversight

Beijing takes 'golden shares' in Alibaba and Tencent subsidiaries



COMPANIES & MARKETS

Fixed income. Peak rates

Global bonds off to best start in 30 years as inflation fears ebb



Investors hopeful that debt will regain traditional role as haven against economic slump

TOMMY STUBBINGTON — LONDON
KATE DUGUID — NEW YORK

A storming start to the year for global bond markets is fanning hopes among investors that last year's fixed income meltdown is firmly in the rear-view mirror.

Bonds are on track for their best January performance in more than three decades, spurred by a growing conviction that inflation has peaked on both sides of the Atlantic.

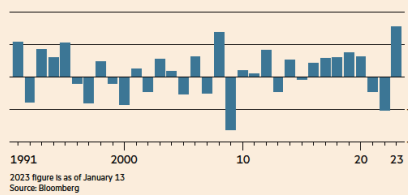
Investors are betting that the US Federal Reserve and European Central Bank will move more slowly this year in their efforts to tame rising prices after both central banks helped to raise debt markets last year by raising interest rates at an unprecedented pace.

At the same time, the spectre of a looming recession could damp appetite for riskier assets like stocks and instead draw big flows of money to the safety of highly rated government debt.

"It's like night and day," said Richard McGuire, a fixed income strategist at Rabobank. "Last year was historically bad but there's every sign that this one is going to be much better for bond investors. Growth is slowing, inflation is decelerating and we are confident that the peak in policy rates has already been priced."

The Bloomberg Global Aggregate Index, a broad gauge of global fixed income, has delivered a 3.1 per cent

Global bonds on track to post best January in at least 30 years
Bloomberg Global Aggregate Index, January total return (%)



return so far this year after falling more than 16 per cent in 2022. That would mark the biggest rise on records going back to 1991.

The gains — driven by a big rally in long-term government debt — are an early vindication for fund managers who in December favoured bonds in their portfolios relative to other asset classes for the first time since 2009, according to Bank of America's closely watched monthly investor survey.

The 10-year US Treasury yield has fallen to 3.46 per cent, from 3.85 per cent at the end of 2022, reflecting a surge in price.

Germany's 10-year yield, a benchmark for the euro area, has dropped from 2.56 per cent to 2.10 per cent in the same period.

Data in the first week of January showing that eurozone inflation fell faster than expected last month as energy prices dropped, helped trigger the global bond rally.

Meanwhile, confirmation this week that US inflation dropped to the slowest pace in more than a year at 6.5 per cent in December helped to cement the gains.

Investors started the year already betting that the Fed would begin cutting rates later in 2023 as the US economy slows, despite repeated statements by central bank officials that borrowing costs may have to remain high for some time to curb inflation.

But even if interest rate cuts do not materialise, some investors argue that waning inflation diminishes the uncertainty around further large increases, which should benefit longer term bonds as well as riskier types of debt.

"The Fed is eventually going to get to a plateau," said Steven Abrahams, head of strategy at Amherst Pierpont.

"At a certain point this year, major shifts in Fed funds will be off the table, which should materially reduce interest rate volatility," he

added. "And as rate volatility comes down, risk assets, mortgage-backed securities and corporate credit should do well."

There is also a widespread hope that bonds will regain their traditional role as a safe place to shelter from the coming economic downturn and should gain in efforts to tame rising prices

Keri Nishimura/Los Angeles Times/Getty

added. "And as rate volatility comes down, risk assets, mortgage-backed securities and corporate credit should do well."

There is also a widespread hope that bonds will regain their traditional role as a safe place to shelter from the coming economic downturn and should gain in efforts to tame rising prices

That would mark a break with 2022's synchronised sell-off which saw bonds drop even as the MSCI All-World stock index shed nearly 20 per cent.

"It is very rare to have a big down year for both stocks and bonds, and last year was the first time since 1974 where you had both down," said David Kelly, chief global strategist at JPMorgan Asset Management. "You typically bounce the following year and I think that's what is happening now. It is not the best of times but it is not the worst of times either."

Others detect a whiff of complacency in the bond market resurgence. The faith in markets that rates are nearing their peak and cuts are on the way is at odds with central banks' newfound insistence that they will do whatever it takes to quell inflation, according to Mark Dowding, chief investment officer at BlueBay Asset Management.

"We are doubtful that the relatively strong market conditions at the start of 2023 can be sustained for too long," Dowding said, noting that he was "concerned by a narrative in markets that we don't need to listen to central banks as they don't matter very much."

He added: "This may seem complacent and we learned in 2022 just how quickly underlying conditions can change."

Fixed Income

BoJ under pressure over next move as debt yields and yen surge

KANA INAGAKI AND LEO LEWIS — TOKYO AND HUDSON LOCKETT — HONG KONG

Long-term Japanese government bond yields and the yen surged yesterday as markets increased pressure on the central bank to further adjust a core tenet of its ultra-loose monetary policy.

Analysts said the sharp moves underscored deepening dysfunction in the market for Japanese government bonds over the past month and raised uncertainty ahead of the Bank of Japan's policy board meeting next week.

Traders in Tokyo described the widening range of possible outcomes from the two-day event as "brutal" for investors accustomed to a decade of predictability under governor Haruhiko Kuroda's quantitative easing programme.

The central bank revised its longstanding yield curve control measures last month, vowing to restore order to the market for Japanese government bonds, which had been distorted by the BoJ's bond-buying programme.

Instead, the YCC tweak — widening the range in which the bonds can fluctuate — has produced more volatility in recent weeks, challenging the BoJ to further revise its policy.

The 10-year bond yield briefly rose above 0.55 per cent after the market

"The dysfunction of the JGB market over the past month seems worse than expected"

opened in Tokyo yesterday, breaking the new ceiling of 0.50 per cent set by the BoJ and reaching the highest level since June 2015.

The yen hit 128.66 against the US dollar, its highest in more than seven months.

Takeshi Yamaguchi, Japan chief economist at Morgan Stanley, said the YCC framework created by the BoJ could be viewed as a game between the central bank and markets, which depended on investor confidence in the system.

"The sudden change in December may have damaged market participant confidence in BoJ communication and YCC sustainability," Yamaguchi said. "If many market participants expect elimination of the YCC framework at time, this situation is likely to accelerate JGB selling and worsen market functioning before then," he said.

Citigroup economist Kiichi Murashima forecast that Kuroda would abolish the BoJ's longstanding yield curve control measures when bank policymakers meet on Tuesday and Wednesday.

"The dysfunction of the JGB market over the past month seems worse than expected, so it seems logical that further policy adjustment may have become inevitable," he said. See The Top Line

Property

Trump group fined \$1.6mn after senior staff given perks such as Mercedes cars

JOE MILLER — NEW YORK

Donald Trump's business empire will be forced to pay about \$1.6mn in penalties after being convicted of running a 15-year tax fraud in which executives were handed "off the books" perks, including a luxury apartment, Mercedes cars and school tuition.

A judge in New York state court imposed the sentence on the Trump Organization yesterday after a jury found the former president's business guilty of 17 criminal charges in December.

The government had asked for the maximum penalty of \$1.6mn, arguing that the Trump Organization had engaged in a "multi-dimensional scheme to defraud taxpayers".

Assistant district attorney Joshua

business, Susan Necheles, a lawyer representing it responded, adding that "the conduct here was done by Allen Weisselberg" and other executives, and said the Trump Organization would appeal.

Judge Juan Manuel Merchan noted that the Trump Organization "once again distances the corporation from the acts of the other individuals", adding that although "these were arguments that were made throughout the trial, it is not what the evidence has shown and is certainly not what the jury found".

The sentencing came just a few days after the same judge sent Weisselberg — the former chief financial officer at

the company — to jail for five months. Weisselberg, who was a key witness in the trial against his employer, pleaded guilty to committing tax fraud in August by accepting \$1.8mn in "off the books" perks over 15 years.

His crimes carried a maximum sentence of about 15 years but prosecutors agreed to recommend a more lenient sentence — and about \$2mn in financial penalties — if Weisselberg testified in the Manhattan district attorney's case against the Trump Organization.

While on the stand, the 75-year-old Weisselberg said he had acted out of personal greed and did not implicate the former president directly.

But he said that his payroll arrangements did benefit the Trump Organization, which paid less tax as a result.

The Trump Organization faces a separate civil case brought by the New York



Fixed Income

EM governments raise \$40bn in fastest January borrowing spree on record

TOMMY STUBBINGTON

Emerging market governments have raised more than \$40bn on international bond markets so far this year as easing global inflationary pressures and hopes of an economic rebound in China clear the way for the fastest January borrowing spree on record.

A bruising sell-off swept global fixed income last year as big central banks responded to high inflation by sharply raising interest rates, effectively shutting many borrowers in the developing world out of markets for long periods.

But money has flooded back into bonds in the new year on further signs that inflation may have peaked in the US and the eurozone with countries including Mexico, Hungary and Turkey launching large bond sales.

Fourteen emerging market sovereign borrowers raised a total of \$41bn from the start of January up until Thursday, according to data from Dealogic.

That far outpaces the early days of any previous January, typically a busy month for debt sales, according to Bank of America strategists.

The only year with a larger amount raised across the entire month was 2021

"Last year, patience didn't really pay off, the market continued to get worse as it went on"

with \$48.7bn. The flurry of sales has come as emerging market bond prices rebound from 2022's heavy losses.

A JPMorgan gauge of emerging

Traders are now betting that the US Federal Reserve will raise rates by just a quarter of a percentage point next month after US inflation declined to the lowest annual pace in more than a year.

The reopening of China's economy — a crucial engine of growth in the developing world — as draconian Covid-19 restrictions are lifted has added to the sense of optimism.

"The scrapping of the zero Covid policies has happened much faster than most people expected," said Uday Patnaik, head of emerging markets debt at Legal & General Investment Management. "While [developed] countries are expected to go into recession, if you look at large EM economies, the only one forecast to be in recession this year is Russia."

The scale of issuance also reflects demand from end investors who are

COMPANIES & MARKETS

On Wall Street

Blackstone dealt a lesson in evolving political risk



Mark Vandevelde

It took a New York court until last week to deliver a ruling that could deprive private equity firm Blackstone of millions of dollars from its deal in 2015 to acquire Stuyvesant Town, one of America's biggest rental apartment complexes.

Yet if you watch the press conference to announce the acquisition nearly a decade ago, it is tempting to believe that you can spot the exact moment when billionaire Blackstone boss Jon Gray realised that the 80 acres of Manhattan he had just bought for \$5.5bn might be worth less than he thought.

When Democratic state legislator Brian Kavanagh took the podium and delivered a speech about wanting to repeal the laws that allowed landlords to eliminate rent regulation at thousands of New York apartments, Gray's pursed lips seemed to betray a flicker of concern that now looks well-founded.

Blackstone's acquisition of Stuy Town had once looked like a masterstroke, demonstrating that the Wall Street firm could take over huge tracts of housing while making friends with tenants and earning applause from public officials.

Such political deftness has been a winning trait for the firm behind one of the biggest US real estate empires. In the past three years alone, Blackstone has spent billions of dollars on housing from suburban homes to student rooms.

But last week's legal ruling underscores how a single election can alter the economics of such deals beyond recognition. It not only highlights the risks for investors but shows how

and public officials lined up to endorse the Blackstone deal. Bill de Blasio, then in his first term as New York City mayor, said: "This is literally the largest city-led preservation project ever."

But then in 2018, Democrats won a majority in the New York state senate for the first time in a decade. A year later, they passed a law decreeing that rent regulations that had been scheduled to expire would stay on the books forever.

This was a clear blow to the deal's economic potential but one that might have been on the cards from the start.

"The deal they did with us was the right deal for the city and they did it in good faith," said Alicia Glen, New York's former deputy mayor for housing who led the negotiations with Blackstone. "It wasn't my job to evaluate for them their real political risk, which was that the politics of New York state could change."

Blackstone had argued that the new law did not affect Stuy Town, where rent regulations had been scheduled to expire in 2020. But last week a judge rejected that argument and, if his decision withstands a possible appeal, Blackstone could be stuck charging below-market rents for decades to come.

The firm said the rents it charges at the complex have always been consistent with the ruling, so the court decision has no immediate impact on tenants' rental bills. Despite the new cap on future rent increases, Blackstone said the deal was "a win-win for our investors and the residents, and any implication otherwise is categorically false."

All the same, the fallout could dent the firm's reputation as one of Wall Street's most politically savvy firms.

"If they assumed that Republicans were going to continue to be elected to the New York state senate forever and the law would never change," said Kavanagh, "then, in a democracy, that's generally a poor assumption."

Last week's legal ruling underscores how a single election can alter the economics of deals

longstanding residents, who objected to being replaced by higher-paying tenants. The community turned out to be an immovable obstacle. Overburdened by debt and with their plans to raise rents thwarted by a decade-long tenants' revolt, the owners of the complex were ultimately forced to hand back the keys.

In the previous investors' defeat, Gray spied a chance to claim a magnanimous victory. He promised to set aside 5,000 units to lease to low-income families at modest rates. Those apartments would be kept affordable for at least 20 years.

But under the law as it then stood, as many as 6,000 apartments were expected to fall out of rent regulation in 2020, potentially giving Blackstone a boost to returns.

After announcing the deal at an outdoor press conference, Gray looked on in satisfaction as the tenants' groups

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The day in the markets

What you need to know

- Wall Street stocks fall despite investors' bet on slower Fed tightening
- Cooling inflation boosts chances of lift in US rates by 0.25 percentage points
- Treasury bonds slip while dollar makes gains



US stocks fell and Treasuries sold off yesterday after a mixed set of bank earnings overshadowed a further easing of inflation in December, reviving fears of a recession later this year.

Wall Street's blue-chip S&P 500 and the tech-heavy Nasdaq Composite both fell 0.4 per cent in morning trade in New York. Car stocks led the decline after Tesla said it would cut its prices in the US and Europe by a fifth.

The moves came after equity markets rallied on Thursday on the back of data showing annual US inflation declined for the sixth consecutive month to 6.5 per cent, the lowest consumer price index reading in a year.

Rates markets immediately priced in a higher probability that the Fed would slow the pace of its monetary tightening at its next meeting in three weeks with a 0.25 percentage point rise now firmly expected to follow December's half a percentage point increase.

"The Fed is getting closer to the end of the rate hiking cycle, which we believe is likely by the end of the first quarter," said analysts at UBS Global Wealth Management.

Even so, the "tightness of the labour market" means rates are unlikely to fall any time soon with the US unemployment rate at a 50-year low, jobs vacancy rates elevated and the quit rate — "which is

correlated with wage growth" — too high to justify a so-called Fed pivot soon.

However, figures from the Bureau of Labor Statistics show average hourly earnings rose by less than expected in December while companies such as Amazon, Meta, Twitter and Goldman Sachs have begun job cuts.

US government bonds sold off, with the yield on the two-year Treasury note, which is particularly sensitive to interest rate expectations, rising 5 basis points to 4.19 per cent, having peaked at 4.7 per cent in November.

"Treasury yields tend to decline by 50 to 60 [basis points] on average once the Fed goes on hold and, with our final expected rate hike still over two months away, this rally seems somewhat premature," said analysts at JPMorgan.

A measure of the dollar's strength against a basket of six other currencies gained 0.2 per cent after declining 0.9 per cent in the previous session.

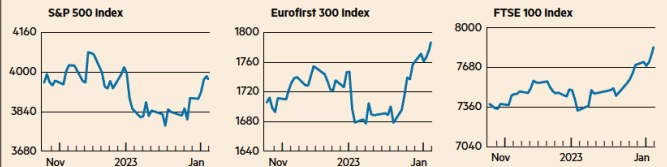
Across the Atlantic, the pan-regional Stoxx 600 equities index added 0.5 per cent, London's FTSE 100 gained 0.6 per cent to nudge closer to an all-time high and Frankfurt's Xetra Dax added 0.2 per cent. **George Steer**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Ibovespa
Level	3971.53	1786.68	2619.52	7844.07	3195.31	110966.86
% change on day	-0.29	0.54	-1.25	0.64	1.01	-0.79
Currency	\$ Index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	102.385	1.083	127.515	1.222	6.711	5.093
% change on day	0.136	0.185	-1.776	0.493	-0.664	-0.791
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	3.470	2.136	0.507	3.364	2.906	12.005
Basis point change on day	-3.370	1.200	0.670	3.400	0.600	8.500
World Index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
Level	419.38	84.87	79.49	1882.55	23.70	4236.80
% change on day	0.18	1.00	1.40	0.54	-0.71	0.97

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

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups	Etsy 2.80	Lufthansa 3.07	Rolls-royce Holdings 4.58
Stanley Black & Decker 2.52	Accor 2.76	Haleon 3.64	
Bank Of New York Mellon 2.47	Grifols 2.68	Airtel Africa 3.59	
Carnival 2.43	Novo Nordisk 2.51	Inf Consolidated Airlines S.a. 2.92	
Elevance Health 2.21	ArcelorMittal 2.43	Glencore 2.70	
Downs	Northrop Grumman -4.01	Jeronimo Martins -3.41	Fresnillo -1.98
Ford Motor -5.99	Bouygues -3.17	Aviva -1.66	
General Motors -4.54	Porsche -2.74	British American Tobacco -1.53	
Delta Air Lines -4.00	Volkswagen -2.70	Anglo American -1.46	
Nrg Energy -3.86	Baymotoren Werke -1.89	Ashtead -1.44	

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



MIPIM 2023

14-17 MARCH 2023
CANNES, FRANCE

**Better Places.
Greater Impact.
Stronger Business.**

Wall Street

Electric-car maker Tesla sank following news that it had cut the prices of its vehicles across the US and Europe.

Danni Hewson, financial analyst at AJ Bell, said Elon Musk's group had "gone all out to ramp up production only to find that demand has cooled".

Space tourism group Virgin Galactic surged on news that its commercial operations remained on track for the second quarter of 2023.

The group's "mother ship" — the launch aircraft that carries the spaceship to its release altitude — was expected to enter ground tests next week before commencing flight tests.

Clothing company Hanesbrands rallied after forecasting fourth-quarter net sales "slightly above the top end of its outlook range".

It also flagged up a reduction in inventory levels — an issue that has squeezed retailers' margins during the past 12 months.

A weaker than expected earnings

Europe

Online gambling business Kindred Group dived after warning that its revenue "did not meet... expectations" in the fourth quarter.

Most of the blame was levelled at disruption to the sporting calendar caused by the Fifa World Cup, which resulted in 25 per cent fewer top football league fixtures compared with the same quarter last year.

"Contrary to expectations, turnover from the World Cup was not enough to offset the impact of reduced fixtures elsewhere," said Kindred.

Sweden's Tobii, which specialises in eye-tracking tech, surged following an upgrade to its short-term outlook.

Fourth-quarter operating profit of SKS Sm - SKI 10m (\$480,000-\$960,000) was ahead of "market expectations" due to higher than expected revenue from its products and solutions division in China and "some large projects involved in the integration segment", it said.

The group announced in July that its

London

A softer quarterly performance weighed on 888 with the gambling group reporting revenue of £458m in the fourth quarter, down 3 per cent from a year earlier.

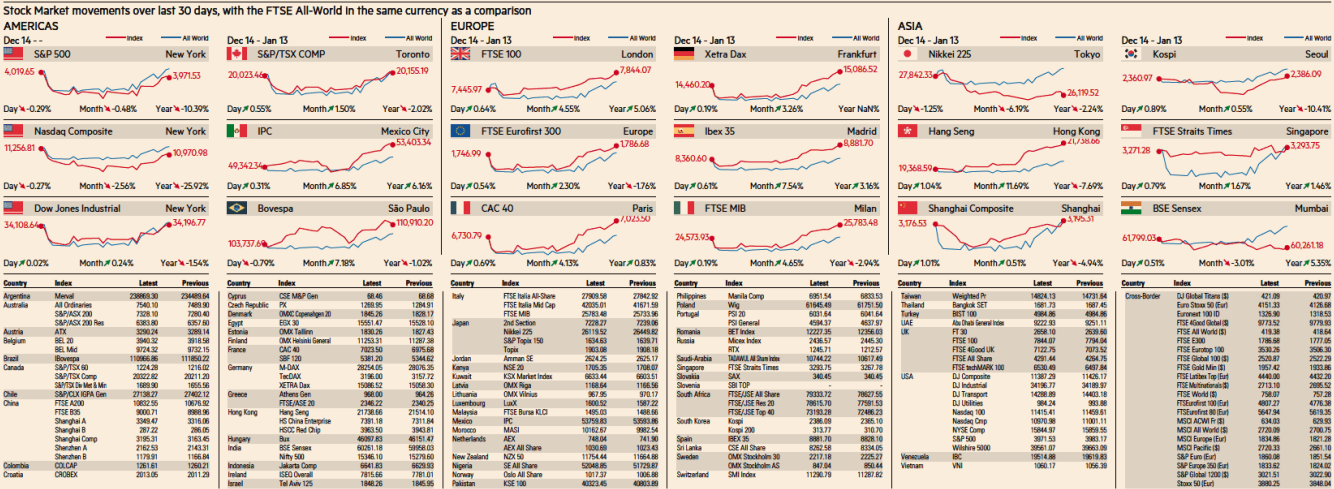
Online revenue slid 5 per cent, continuing a trend that has seen a fall-off in betting since the heights of the pandemic. 888 said its UK online segment had also been affected by "proactive enhanced player safety measures".

Commercial broadcaster ITV rose after announcing a "strong launch" for its ad-funded streaming service ITVX, which boosted the network's streaming hours 55 per cent year on year in its first month of operation.

Weaker December sales pushed Dialight down sharply. The LED light manufacturer said revenue was "significantly below our expectations" last month, "reflecting seasonal demand being below historic levels as well as several strategic customers deferring anticipated orders".

MARKET DATA

WORLD MARKETS AT A GLANCE



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STOCK MARKET: BIGGEST MOVERS

Table with columns for Sector, Index, Stock, Change, and % Change. Lists top gainers and losers in various sectors like Tech, Energy, and Healthcare.

CURRENCIES

Table showing currency exchange rates for major currencies like Dollar, Euro, Pound, and Yen against the US Dollar.

FTSE ACTUARIES SHARE INDICES

Table listing various FTSE Actuarial Share Indices with columns for Index Name, Current Value, and Change.

FT 30 INDEX

Table showing the FT 30 Index components and their respective values.

FT WILLIAMS SHAW WATSON INDEX SERIES

Table listing FT Williams Shaw Watson Index Series components and their values.

FTSE GLOBAL EQUITY INDEX SERIES

Table listing FTSE Global Equity Index Series components and their values.

FTSE SECTORS: LEADERS & LAGGARDS

Table showing FTSE Sector Leaders and Laggards with columns for Sector, Index, and Change.

FTSE 100 SUMMARY

Table providing a summary of the FTSE 100 index, including components and their values.

UK RIGHTS OFFERS

Table listing UK Rights Offers with columns for Company, Offer Type, and Status.

UK COMPANY RESULTS

Table listing UK Company Results with columns for Company, Revenue, and Profit.

UK RECENT EQUITY ISSUES

Table listing UK Recent Equity Issues with columns for Company, Issue Size, and Date.

FTSE 100: 7,726.28 (+10.25) FTSE 250: 4,120.12 (+10.25) FTSE All-World: 2,854.12 (+0.18) FTSE 1000: 1,850.12 (+0.18) FTSE 2000: 1,250.12 (+0.18) FTSE 3000: 850.12 (+0.18) FTSE 4000: 550.12 (+0.18) FTSE 5000: 350.12 (+0.18) FTSE 6000: 250.12 (+0.18) FTSE 7000: 150.12 (+0.18) FTSE 8000: 50.12 (+0.18) FTSE 9000: 10.12 (+0.18) FTSE 10000: 0.12 (+0.18)

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table with columns: Stock, Price, Day High, Low, YTD, P/E, Mkt Cap. Lists major companies like ANZ Bank, BHP Group, ASX, etc.

FT500: THE WORLD'S LARGEST COMPANIES

Table with columns: Stock, Price, Day High, Low, YTD, P/E, Mkt Cap. Lists major companies like AstraZeneca, AstraZeneca, AstraZeneca, etc.

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FT500: TOP 20

Table with columns: Stock, Price, Day High, Low, YTD, P/E, Mkt Cap. Lists top 20 companies.

FT500: BOTTOM 20

Table with columns: Stock, Price, Day High, Low, YTD, P/E, Mkt Cap. Lists bottom 20 companies.

BONDS: HIGH-YIELD & EMERGING MARKET

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists high-yield and emerging market bond indices.

BONDS: GLOBAL INVESTMENT GRADE

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists global investment grade bond indices.

GILTS: UK CASH MARKET

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists UK cash market indices.

INTEREST RATES: OFFICIAL

Table with columns: Country, Rate, Change, % Change. Lists official interest rates for various countries.

BOND INDICES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists various bond indices.

VOLATILITY INDICES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists volatility indices.

GILTS: UK FTSE ACTUARIES INDICES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists UK FTSE actuaries indices.

INTEREST RATES: MARKET

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists market interest rates.

MARKET INDEXES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists major market indices.

BONDS: BENCHMARK GOVERNMENT

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists benchmark government bond indices.

GILTS: UK FTSE ACTUARIES INDICES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists UK FTSE actuaries indices.

COMMODITIES

Table with columns: Commodity, Price, Change, % Change, Mkt Cap. Lists various commodities.

BONDS: INDEX LINK

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists index-linked bond indices.

MARKET INDEXES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists major market indices.

GILTS: UK FTSE ACTUARIES INDICES

Table with columns: Index, Price, Change, % Change, Mkt Cap. Lists UK FTSE actuaries indices.

FINANCIAL TIMES SHARE INDEX

Main Market

Table of stock market indices and individual stock prices, categorized by sector (Aerospace & Defence, Banks, Chemicals, etc.) and including columns for price, change, and volume.

AIM

Table of stock prices for the Alternative Investment Market (AIM), listing various companies and their current market values.

Investment Companies

Table of investment company performance, including metrics like price, change, and volume for various funds and trusts.

Table of FT Share Service data, providing details on share prices, dividends, and other financial metrics for various companies.

FT Weekend advertisement featuring 'Start your weekend thinking' slogan, 'Rule of the Rings' and 'Life & Arts' sections, and a 'House & Home' feature. Includes a large image of a woman and a child.