FINANCIAL TIMES

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Can Europe match Washington's green deal?
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Why insurers struggle to price cyber risks
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Adani calls off $2.4bn share sale after price slumps further

- Investors' cash returned after rout
- Fraud claims hurt billionaire's empire

ADAM SAMSON AND OLIVER RALPH — LONDON
ORTENCA ALIAJ — NEW YORK

Adani Enterprises has called off its $2.4bn equity fundraising and returned the cash to investors in the latest blow to Indian billionaire Gautam Adani, who has seen shares in his industrial empire tumble after allegations of fraud and stock manipulation.

The decision to pull the equity sale marks an abrupt turn after Adani Enterprises' share price fell a further 27 per cent yesterday, taking it well below the deal price range.

The sell-off in Adani's listed companies has wiped more than $90bn off their value since short seller Hindenburg Research alleged last week that Adani Group used offshore entities in tax havens to inflate the share prices of its listed companies, allowing them to take on more debt and put "the entire group on a precarious financial footing".

In a regulatory filing last night, Adani said that "given the unprecedented situation and the current market volatility", it was "returning the . . . proceeds and withdraws the completed transaction".

Adani had sought to enlist some of India's leading tycoons to help salvage the share sale, according to people with knowledge of the fundraising. Entities connected to Sajjan Jindal, the billionaire chair of conglomerate JSW, and Sunil Mittal, the chief of Bharti Enterprises, had agreed to invest in Adani Enterprises' share offering.

People involved in the fundraising said it was fully backed by investors including Abu Dhabi's International Holding Company and London-listed Jupiter Asset Management.

The Indian group, whose businesses range from ports to data centres, said it was working with its bankers to issue refunds. "Our balance sheet is very healthy with strong cash flows and secure assets, and we have an impeccable track record of servicing our debt. This decision will not have any impact on our existing operations and future plans," it said.

Adani's efforts to ease concerns among investors, including a 413-page response rejecting the US short seller's allegations, have failed to stem declines in its stock price.

On Monday, IHC, a conglomerate with businesses spanning healthcare, energy and food, said it would commit $400mn to the share sale. On Tuesday, Adani said it had secured bids for more than 92 per cent of the shares, deeming the sale a success. But by yesterday, Adani's regulatory filing said that given the "extraordinary" fluctuations in its share price, its board "felt that going ahead with the issue will not be morally correct".

Adani will return about $1.25bn, the cash transferred by backers so far, according to a person with knowledge of the terms of the deal. "He has to keep a clean record," the person said, explaining the billionaire's decision.

India's financial regulator is examining the crash in Adani shares since the short seller allegations and any potential irregularities in the share sale, Reuters reported yesterday.

The Securities and Exchange Board of India declined to comment. The Adani Group did not respond to a request for comment on the report.

Debt-driven expansion page 6
Lex page 16

Walkout UK trains and schools shut down as hundreds of thousands strike for better pay

Leon Neal/Getty Images

Striking union members and their supporters march along Whitehall in London yesterday as Britain faced its biggest day of industrial action in more than a decade.

Hundreds of thousands of civil servants, teachers, border staff and railway workers walked out, closing down the majority of trains services and most schools in England and Wales, with even the British Museum shutting its doors for the day. More walkouts are planned in the coming weeks by nurses and ambulance workers.

Months of strikes have disrupted the daily lives of those across the UK as a dispute rumbles on between unions and the government over pay and working conditions. But the simultaneous strikes across many industries yesterday marked an escalation of the unions' protests.

Union chiefs argue that despite some pay increases, such as a 5 per cent offer to teachers, public sector workers are struggling to cope with soaring living expenses amid double-digit inflation.

The Trades Union Congress said yesterday that the average public sector worker was £203 a month worse off in real terms compared with 2010, once inflation was taken into account.

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Briefing

▸ Archegos losers to recoup as little as 5 cents on dollar
Banks that lost billions from the meltdown of the investment firm are expecting to get back between 5 and 20 per cent of their losses from its restructuring.— PAGE 5

▸ FBI searches Biden home
The US president's holiday home in Rehoboth, Delaware, has been searched as part of a Department of Justice probe into his handling of classified documents.— PAGE 4

▸ Berlin wins US chip plant
Wolfspeed has announced plans to build a €3bn factory in western Germany. Officials said it showed Europe can compete against US subsidies.— PAGE 2; BIG READ, PAGE 13

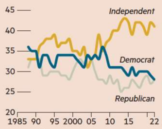
▸ Russian denial on treaty
Moscow has rejected accusations from the US that it is violating the New Start treaty, the nuclear arms accord between the powers that expires in 2026.— PAGE 3

▸ Hong Kong contraction
The city's economy has shrunk 3.5 per cent in a blow to its bid to keep its status as Asia's financial hub. Economists are forecasting a rebound this year.— PAGE 4

▸ Intel cuts pay to save cash
The US chipmaker has cut the pay of managers and executives in a bid to weather an expected downturn. Reductions will not hit bonus and stock awards.— PAGE 5

Datawatch

States of independents
Share of US population (%)



Source: Gallup

Voters identifying as independents began to outnumber Republicans and Democrats in the 1990s. The advantage faded in the early 2000s but since then their share of the electorate has topped 40 per cent in all but the 2016 and 2020 election years

Saudi push to claim place on the global tourist map

Analysis ▸ PAGE 4

Fed announces quarter-point rate rise in return to slower pace of tightening

COLBY SMITH — WASHINGTON

The US Federal Reserve increased its benchmark rate by a quarter of a percentage point yesterday, marking a return to slower, more orthodox rate rises after it ratcheted up the cost of borrowing last year.

With inflation seemingly past its peak and economic activity beginning to cool, the Federal Open Market Committee raised the federal funds rate to between 4.5 per cent and 4.75 per cent, the highest level since September 2007.

The Fed said that the FOMC expected "ongoing increases in the target range [to] be appropriate" in order to ensure the economy was being restrained enough to get inflation under control. Its statement indicated that the central bank would raise borrowing costs further this year.

The Fed added that while inflation had "eased somewhat", it still remained "elevated".

The quarter-point increase represents a break with the unusually large half and three-quarter-point rate rises the Fed relied on in 2022 as it wrestled with soaring inflation. By contrast, the European Central Bank and the Bank of England are both expected to increase rates by 0.5 points today.

"The Fed is further into the tightening cycle and other central banks have more work to do [to defeat high inflation]," said Neil Shearing, chief economist of Capital Economics.

Despite a larger than expected fall in eurozone inflation in January, core inflation in the bloc remained high.

Fed officials have said slower tightening would give them more time to assess the impact of last year's cumulative increase of 4.25 points in the benchmark federal funds rate, as well as greater flexibility to adjust course.

With wage growth remaining high and the number of US job vacancies jumping again in December, Fed officials do not yet think the labour market has cooled sufficiently to bring inflation down to the bank's 2 per cent target.

Demand for workers was unexpectedly high last month, with employers posting an additional 572,000 job openings on the last day of 2022. That brought the total number of vacancies to 11mn, according to the labour department's Job Openings and Labor Turnover Survey released yesterday.

In December, most officials projected the fed funds rate would peak at 5.25 per cent this year and for that level to be maintained throughout 2023.

ECB set to raise rates page 2

World Markets

STOCK MARKETS

	Feb 1	Prev	%chg
S&P 500	4058.40	4076.60	-0.45
Nasdaq Composite	11551.29	11584.55	-0.29
Dow Jones Ind	33777.67	34086.04	-0.90
FTSEurofirst 300	1786.59	1789.18	-0.14
Euro Stoxx 50	4169.66	4163.45	0.15
FTSE 100	7761.11	7771.70	-0.14
FTSE All-Share	4252.85	4255.72	-0.07
CAC 40	7077.11	7082.42	-0.07
Xetra Dax	15180.74	15128.27	0.35
Nikkei	27346.88	27327.11	0.07
Hang Seng	22072.18	21842.33	1.05
MSCI World $	2785.00	2759.32	0.93
MSCI EM $	1031.50	1044.00	-1.20
MSCI ACWI $	648.37	643.95	0.69
FT Wilshire 2500	5317.70	5235.60	1.57
FT Wilshire 5000	41548.93	40900.98	1.58

CURRENCIES

Pair	Feb 1	Prev	Pair	Feb 1	Prev
$/€	1.092	1.086	€/$	0.916	0.921
$/£	1.233	1.231	£/$	0.811	0.812
£/€	0.886	0.882	€/£	1.129	1.134
¥/$	129.255	130.045	¥/€	141.165	141.235
¥/£	159.313	160.099	£ index	78.338	78.738
SFr/€	0.998	0.998	SFr/£	1.127	1.131

CRYPTO

	Feb 1	Prev	%chg
Bitcoin ($)	23015.50	23134.90	-0.52
Ethereum	1579.07	1586.00	-0.44

COMMODITIES

	Feb 1	Prev	%chg
Oil WTI $	77.24	78.87	-2.07
Oil Brent $	83.55	85.46	-2.23
Gold $	1923.90	1924.10	-0.01

GOVERNMENT BONDS

Yield (%)	Feb 1	Prev	Chg
US 2 yr	4.20	4.21	0.00
US 10 yr	3.49	3.52	-0.03
US 30 yr	3.61	3.64	-0.04
UK 2 yr	3.50	3.54	-0.03
UK 10 yr	3.31	3.33	-0.03
UK 30 yr	3.71	3.71	0.00
JPN 2 yr	-0.02	-0.02	0.00
JPN 10 yr	0.48	0.49	-0.02
JPN 30 yr	1.56	1.60	-0.04
GER 2 yr	2.68	2.65	0.03
GER 10 yr	2.28	2.29	0.00
GER 30 yr	2.22	2.23	-0.01

Prices are latest for edition
Data provided by Morningstar

Australia	A$7.00(inc GST)
China	RMB30
Hong Kong	HK$33
India	Rup220
Indonesia	Rp45,000
Japan	¥650(inc JCT)
Korea	W4,500
Malaysia	RM11.50
Pakistan	Rupee 350
Philippines	Peso 140
Singapore	S$5.80(inc GST)
Taiwan	NT$140
Thailand	Bht140
Vietnam	US$4.50

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Saarland site

US chipmaker to build German plant

Scholz hails plan for €3bn factory as sign Europe can entice green investment

LAURA PITEL — BERLIN

A US chipmaker has announced plans to build a €3bn factory in western Germany in a move hailed by Chancellor Olaf Scholz as a sign that Europe can compete against powerful US green subsidies.

The factory, on the site of a decommissioned coal plant in the region of Saarland, will be built by the US semiconductor producer Wolfspeed and will produce silicon carbide chips for electric vehicles and industrial use.

Speaking at the site of the planned production facility, which is still subject to EU approval, Scholz said the move proved companies looking to make sustainable investments should not "look any further" than Europe.

Anke Rehlinger, minister president of Saarland, said US president Joe Biden's Inflation Reduction Act — a huge programme of subsidies announced last year that has triggered fears in Europe about losing out on green investment — served as "strong competition" for Germany and many other EU states.

But she added: "We can say today, we can win this competition."

The Saarland announcement is relatively small compared with other recent investments in semiconductors, such as the decision last year by US company Intel to spend €17bn on a giant new chip manufacturing plant in the German city of Magdeburg. But it comes as the EU seeks to encourage a big increase in European manufacturing of the chips, used in computers, smartphones, vehicles and a range of other products and devices, in order to reduce the vulnerability of its supply chains and limit its dependence on Asia and the US.

> It comes as the EU seeks to encourage a big rise in European chipmaking

Wolfspeed hoped 20 to 25 per cent of the total cost of the investment would come from subsidies, said the company's chief executive, Gregg Lowe.

The German auto producer ZF Friedrichshafen is expected to contribute about 10 per cent of the construction costs, according to a person familiar with the matter. The car parts maker also announced plans to create a German research and development centre.

The announcement offers a boost to Saarland, an area whose economic future has been thrown into peril by the move away from conventional vehicles. The area is deeply dependent on the auto industry, which employs some 44,000 staff in a region with a population of 1mn, but has been hit by closures. Ford announced last month it was considering selling its plant in the state.

Holger Klein, chief executive of ZF, said the new factory, which is expected to employ about 600 workers when fully operational, offered a chance to stabilise supply chains and accelerate change towards new forms of transport.

Wolfspeed, based in North Carolina, specialises in the production of silicon carbide semiconductors that aim to help electric vehicles recharge faster and reduce the size of their batteries. They are also used in the production of wind and solar power.

See FT Big Read

Africa tour

Pontiff calls for peace in Congo

Pope Francis has called on warring sides in the Democratic Republic of Congo to "lay down" their weapons, as he addressed more than 1mn at a mass in the capital Kinshasa.

"For all of you in this country who call yourselves Christians but engage in violence . . . the Lord is telling you: lay down your arms, embrace mercy," the pontiff said on the first official stop of a five-day African tour that also includes South Sudan.

The Pope, 86, also used his fifth visit there since becoming pontiff nearly 10 years ago to condemn exploitation of the continent from colonial times. "It's not a mine to be stripped or terrain to be plundered."

Andres Schipani in Nairobi

Russian war

Italy to join France with missile defence system for Ukraine

AMY KAZMIN AND GIULIANA RICOZZI — ROME
LEILA ABBOUD — PARIS

Italy is poised to join with France and provide a state of the art missile defence system to Ukraine, as Rome's rightwing prime minister Giorgia Meloni seeks to affirm support for Kyiv.

In a Financial Times interview, defence minister Guido Crosetto said Rome was committed to fulfilling Ukraine's requests for weapons to shore up its defences.

Kyiv has asked Italy and France to provide their Samp-T missile defence system to help protect key infrastructure and cities from frequent barrages of Russian missiles hitting Ukraine.

Crosetto said a forthcoming package of Italian military aid, now being prepared, was "probably" going to include "weapons of defence against Russian missile attack". He declined to offer specifics, citing Italy's policy of keeping military aid details to Kyiv secret. But he added that any decision on the defences would be taken in tandem with Paris.

Speaking in Paris on Tuesday, Ukraine's defence minister Oleksiy Reznikov said he welcomed "the progress on the Samp-T system".

A French defence official confirmed "technical discussions have advanced considerably".

Although the details have not been confirmed, Italy is expected to provide the missile launchers, while France would supply the rockets. France's defence ministry said the two countries ordered 700 Aster missiles that are used by this system late last year.

Germany and the US have agreed to each supply one Patriot system to Ukraine, while the Netherlands said it would send part of a system: two launchers and missiles.

"Italy will meet requests that have been made by Ukraine within the limits of its possibilities," Crosetto said. "We will give everything we can give without jeopardising Italian defence. Ukraine and our allies will be happy about it."

Guido Crosetto: Italy's defence minister says Rome will fulfil Kyiv's weapons requests

The premature collapse of the Mario Draghi government last year, and the subsequent election of a rightwing coalition, raised concerns among allies that Italy's support for Kyiv could falter, given the country's traditional pacifism and the past pro-Russia sympathies of Meloni's coalition partners.

Such concerns were fuelled just before the government's installation in October when Silvio Berlusconi, leader of Forza Italia, recounted a recent birthday exchange of "sweet letters" and gifts with Russian president Vladimir Putin.

But Meloni's Brothers of Italy party, of which Crosetto is a key co-founder, has repeatedly expressed its determination to support the Ukrainians in their fight against Russian invaders.

"If we stop helping Ukraine, probably in I don't know how long, Russia would conquer all of Ukraine," Crosetto said. "We'd have Russian tanks on the border with European countries."

Crosetto said he and Brothers of Italy saw little scope for peace talks given Russia's continued aggression. "Instead of seeking . . . peace, Russia has increased its troops and its tanks," he said.

But the minister, who up until taking office was president of the Italian defence industry association, said he was sympathetic to Germany's chancellor Olaf Scholz, whose hesitation over transferring German-made Leopard 2 tanks to Ukraine was a source of frustration for Ukraine and its allies.

"It was right that Germany was given time to decide," said Crosetto. "Each country must be given the necessary time for democratic process . . . in reaching decisions."

Despite the west stepping up its provision of weapons to Ukraine, Crosetto expressed pessimism about Kyiv's prospects of regaining all its captured territory, given Putin's willingness to absorb massive casualties to hold on to gains.

"Putin would be willing to sacrifice all his young men in order not to withdraw more than he has already," he added.

But Crosetto said a failure to support Ukraine's military would be a dangerous signal that the west was not able to "guarantee respect for international rules".

GLOBAL INSIGHT
EUROPE

Leila Abboud

Super-rich in spotlight as French rail against Macron's pension plan

Emmanuel Macron's unpopular plan to raise the retirement age two years to 64 has ignited a debate in egalitarian-minded France: are the billionaires to blame?

As labour unions held a second strike on Tuesday, which drew hundreds of thousands of people on to the streets, leftwing politicians have gone on the attack to argue that taxing the super-rich would be a better way to plug deficits in the pension system.

In particular, Bernard Arnault, the world's richest man and owner of French luxury group LVMH, has become a lightning rod with protesters at recent marches carrying signs with his face on a wanted poster and exhorting him to do more for the common good.

François Ruffin, a member of parliament for the Somme region and prominent figure in the leftwing Nupes alliance, has been particularly vocal in linking the debate over pensions reform and the way wealth is shared (or not) in French society.

"The billionaires have only gotten richer since the Covid-19 pandemic, Macron refuses to tax windfall profits made by our biggest companies, and somehow all the effort to fix the pensions problem must fall on the shoulders of workers?" he said. "This is a moment to fight for the kind of society we want — not one where capital crushes labour and people are just consumers."

It is easy to dismiss this as typical soak the rich talk that often surfaces in France where wealth is viewed with suspicion. But there is more to it. Soon after his 2017 election, Macron was nicknamed "president of the rich" by opponents for his pro-business agenda. His government has cut taxes paid by companies, lowered unemployment benefits and scrapped a wealth tax.

> The 'president of the rich' critique has been exploited by Marine Le Pen to rack up votes

Opponents of Macron's pension reform — which would lift the transition from 41 to 43 years of contributions for a full pension — see it as part of a series of policies that favour the wealthy and businesses over workers.

Government officials rebut that by pointing to declining unemployment and strong foreign direct investment figures as proof that the Macron economic agenda has paid off. Plus the government has been generous with aid to blunt the pain first of the pandemic and then inflation kicked off in part by the energy crisis, they argue.

Nevertheless, the "president of the rich" critique has been ably exploited by far-right leader Marine Le Pen to rack up votes among blue-collar workers, helping her party win 88 seats in the National Assembly in June. Meanwhile, the far-left standard bearer Jean-Luc Mélenchon has used Macron as a foil to argue that capitalism and globalisation are discredited models that must take a back seat to social justice and fighting climate change.

Given this political backdrop, the choices Macron made in his retirement proposal may prove risky. To fill the deficits caused by there being fewer workers for every retiree in coming decades, he wants everyone to work longer. It is a burden that weighs more heavily on people who start work younger and those with physically challenging jobs.

He also set out red lines: companies would not be asked to pay higher taxes, nor would current retirees, even the wealthier ones, be asked to contribute.

The left objected and promptly identified supposed alternatives, while also calling for the retirement age to be brought back down to 60. Oxfam said all it would take was a 2 per cent tax on France's billionaires to plug the €12bn annual pension deficit expected by 2027. One leftist lawmaker tweeted that French start-ups had raised €13.5bn in 2022 so why not look there, while Mélenchon's party compared the pensions deficit to the €80bn in dividends paid by companies in France's CAC 40 index.

These ideas make little economic sense, but they make good politics. Polls show almost three-quarters of French oppose raising the retirement age.

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Price pressures

ECB set to raise rates as core inflation remains at record high

VALENTINA ROMEI — LONDON

Eurozone rate-setters are poised to raise borrowing costs by another half percentage point today, after figures published yesterday showed underlying inflationary pressures in the region remain uncomfortably high.

The regional rate for core inflation — which excludes changes in food and energy prices — remained unchanged at an all-time high of 5.2 per cent in the year to January.

The figure, coupled with the resilience of eurozone output during the final quarter of 2022, all but confirms the European Central Bank will raise its deposit rate by another half a percentage point to 2.5 per cent today.

The bank raised rates by 2.5 percentage points over the second half of 2022 in response to inflation, which hit a record high of 10.6 per cent in October. The headline rate fell from 9.2 per cent in the year to December to 8.5 per cent last month — still more than four times the ECB's 2 per cent goal.

Anna Titareva, economist at Swiss lender UBS, said the ECB would want to see improvement in the "broader inflation environment" before changing course on its monetary policy.

"The jump in core inflation in some key countries [such as Spain] will be enough for the central bank to confirm its current hawkish stance," said Bert Colijn, economist at ING Bank.

Ken Wattret, head of European analysis at S&P Global Market Intelligence, a data firm, said rate-setters remained "on track" to raise rates by half a point in February and by a further half-point at their next meeting in March.

The headline figure was lower than the 9 per cent forecast by economists polled by Reuters. It came after data published on Tuesday showed eurozone GDP unexpectedly expanded between the third and fourth quarter of last year.

The region now looks set to avoid a winter recession despite the surge in energy prices and rising borrowing costs.

Separate data, also published by Eurostat yesterday, showed the eurozone's labour market remained resilient. The unemployment rate was unchanged at 6.6 per cent in December, the lowest since records began in 1995.

Fabio Balboni, economist at lender HSBC, said the better data would mean the ECB might be "more determined" to press on with rate rises, with stronger than expected growth likely to boost core inflation.

Headline inflation is slowing in most advanced countries, including the US and the UK, reflecting the easing of global energy costs. However, measures of underlying inflation are a concern for policymakers. The Bank of England is likely to increase its benchmark rate by 50bp today.

The decline in the eurozone headline rate was driven by falls in energy inflation, which slowed to 17.2 per cent in January from 25.5 per cent in the previous month. It is now less than half of the peak of 41.5 per cent in October.

Inflation battle: headquarters of the ECB in Frankfurt, Germany

But food inflation hit a record high of 14 per cent in January, up from 13.8 per cent in December.

Inflation in the cost of goods also accelerated to a fresh record high of 6.9 per cent. That rate is declining in the US and UK thanks to the easing of global supply chain disruptions and the fall in shipping costs.

Services inflation, a bellwether of domestic price pressures, marginally declined to 4.2 per cent in January from 4.4 per cent in the previous month.

January's inflation rates varied from 21.6 per cent for Latvia to 5.8 per cent for Spain. Germany has not yet published its figures for January. Eurostat said eurozone inflation had been calculated using its own estimates for the region's largest economy.

Jack Allen-Reynolds, economist at Capital Economics, said the lack of accurate information available on German inflation meant the sharp fall in the eurozone headline rate "should be taken with a big pinch of salt".

INTERNATIONAL

Czech election winner tells EU to face reality about China

President-elect Pavel angers Beijing by talking to Taiwan's head of state

RAPHAEL MINDER — PRAGUE

The Czech president-elect has called on EU states to drop any illusions about China, saying his country would no longer "behave like an ostrich" over divergent interests with Beijing.

Petr Pavel's warning comes days after the retired Nato commander swept to victory in Czech elections, comfortably beating his populist opponent with an Atlanticist, pro-European platform.

One of Pavel's first moves has been to confront what he sees as dangerous misconceptions about China, which he argues were exposed by Beijing's unwillingness to condemn Russia's invasion of Ukraine.

"This is what we have to be very clear about: China and its regime is not a friendly country at this moment, it is not compatible with western democracies in their strategic goals and principles," Pavel said in an interview with the Financial Times. "This is simply a fact that we have to recognise."

Defying warnings over potential retaliation, Pavel on Monday became the first elected European head of state to speak to Taiwanese president Tsai Ing-wen. Pavel said the Czech Republic stands to benefit more from Taiwan than China economically and "we will not behave as an ostrich to hide this reality".

After Pavel's call with Tsai, China issued a scathing response on Tuesday and called for Prague to change tack to avoid "irreparable damage" in relations. The foreign ministry's Mao Ning said Pavel "ignored China's repeated attempts to dissuade him" and "persisted in stepping on China's red line".

Beijing, which demands other countries also treat Taiwan as if it were part of China, punished Lithuania for its pro-Taipei stance with targeted curbs on its exports. In December, the EU took China to the World Trade Organization over the spat with Lithuania.

But such hazards have not deterred Pavel from speaking his mind. "I'm aware of some . . . potential threats but at the same time I don't really see any breach of principles for the relations between the Czech Republic and China."

The phone call was initiated by Taiwan, according to Pavel. But he stands ready to meet Tsai at some stage and wants stronger ties with Taiwan. "Taiwan is without any doubt a microchip superpower today," he said.

The Speaker of the lower house of the Czech parliament is set to visit Taipei next month and Pavel said this trip should bring "some new ideas on how to expand our co-operation".

Pavel argued there was "definitely a lesson to be learned" from Beijing's failure to rein in Moscow over its invasion of Ukraine. "Undoubtedly, China had a chance to have a strong voice in influencing Russian decisions [but] didn't take that chance," he said. "They stayed away."

When Pavel takes office next month, it will represent a change of approach from his predecessor, Miloš Zeman, a political veteran who embraced Russia and lauded how China had "stabilised" its society. Zeman turned his back on President Vladimir Putin only after Russia's all-out attack on Ukraine in February last year.

Centre stage: Petr Pavel and his wife, Eva Pavlová, at the runoff vote in the presidential election in Prague at the weekend
Martin Divisek/EPA-EFE

During his two terms in office, Zeman pushed for Prague to become "China's gateway to Europe", but most of the Chinese investments that Zeman promised failed to materialise.

Pavel also stands out as a political novice who made his career in the military, rising to the rank of general before serving as chair of Nato's military committee between 2015 and 2018. In what was his first electoral campaign, he defeated billionaire Andrej Babiš, a former prime minister supported by Zeman, in a runoff vote at the weekend.

Within the EU, Pavel said he saw room to develop the Visegrad Four alliance between his country, Slovakia, Poland and Hungary, even as he voiced concerns over Viktor Orbán's grip on Budapest. He noted Orbán's recent ousting of military officers, who were allegedly more aligned with Nato than the Hungarian leader's own Russophile outlook.

> 'China had a chance to have a strong voice in influencing Russian decisions [but] didn't take that chance'

"What I saw in Hungary in recent years was a step-by-step concentration of power around Viktor Orbán and restrictions on all those who had a different view," said Pavel. Removing officers "is a continuation", he added.

Pavel forecast that the first German-made Leopard tanks could be delivered to Ukraine "in the weeks to come", saying they would primarily come from Poland and other countries nearby.

He sees the tussle over tanks among Nato allies demonstrating how the politics of arming Ukraine could also shift when it comes to fighter jets.

"Months ago, no one [expected] that there would be broad agreement on sending tanks and now we have a commitment of more than 300," he noted.

"So I wouldn't be very strict in saying which areas will be forbidden and which will be open. It will depend on the situation on the battlefield."

Additional reporting by Kathrin Hille in Taipei

Deal renewal

Russia denies US allegations of breaking nuclear treaty

MAX SEDDON AND ANASTASIA STOGNEI
RIGA

Russia has denied US accusations that it is violating the New Start treaty, the only remaining nuclear arms control accord between the powers, and blamed the west's backing of Ukraine for casting doubt on the deal's renewal.

Dmitry Peskov, President Vladimir Putin's spokesperson, said yesterday that the US had "destroyed the legal framework for arms control and security" and said its "hostile" backing of Kyiv after Russia's invasion of Ukraine was a strategic threat for Moscow.

The US state department said in a letter to Congress on Tuesday that Russia had violated the treaty, which caps the number of strategic nuclear weapons both countries can have at 1,550, by refusing to renew inspections of its arsenal and pulling out of compliance talks.

Russia's refusal to negotiate comes amid growing concerns in the west that Putin may be prepared to use a nuclear weapon in Ukraine as its full-scale invasion sputters on the battlefield.

The state department's report and Peskov's comments cast further doubt on prospects for the treaty's renewal. Failure to extend the accord before it expires in 2026 would leave Russia and the US with no restrictions on their nuclear arsenals and risk sparking a new global arms race. Though the treaty is not directly linked to the war in Ukraine, the Kremlin said rising tensions between Russia and the west were making further talks all but impossible.

"We see that all of Nato's military infrastructure is working against Russia," Peskov told reporters. "We see that all of Nato's intelligence infrastructure, including reconnaissance aircraft and satellites, is working 24/7 in the interests of Ukraine and the Ukrainian regime. This all creates extremely specific conditions which are hostile for us and must take into account."

Classified records

FBI combs Biden holiday home in files hunt

Agents target president's property in Rehoboth as part of documents search

LAUREN FEDOR — WASHINGTON

FBI agents searched Joe Biden's holiday home in Rehoboth, Delaware, yesterday in the latest development in the federal investigation into the US president's handling of classified documents.

Bob Bauer, the president's personal attorney, confirmed yesterday morning that the US Department of Justice had sent FBI agents to Biden's Rehoboth home as part of a "planned search". Bauer said the justice department had sought to do the search "without advance public notice".

"The search today is a further step in a thorough and timely DoJ process we will continue to fully support and facilitate," Bauer added.

The search was the latest development in a legal and political morass that has cast a long shadow on the White House as Biden gets ready to announce his bid for re-election in 2024.

US attorney-general Merrick Garland last month appointed a special counsel to examine Biden's handling of classified material after the White House revealed that sensitive government records had been found at Biden's private office and residence in Wilmington, Delaware, starting last November.

A subsequent search of the Wilmington house last month by the FBI turned up another batch of potentially classified documents, including material from Biden's tenure as a US senator and his time as vice-president in the Obama administration.

White House special counsel Richard Sauber said last month that after the president's lawyers initially found government documents at the Penn Biden Center, Biden's former Washington think-tank, they searched his homes in Wilmington and Rehoboth, and had not found documents at the holiday home.

The White House has faced mounting criticism for its response to the investigation, with critics saying Biden's team has failed to be forthright about their co-operation with federal investigators and the National Archives, which is tasked with maintaining presidential records.

The probe has also raised questions about the handling of sensitive government documents more broadly, particularly among former presidents and vice-presidents.

It was revealed last week that Mike Pence, the former vice-president under Donald Trump, turned over a "small number" of documents with classified markings to the DoJ after asking his own lawyers to search his home following the Biden disclosures.

Garland had already appointed a separate special counsel to probe Trump's handling of classified material after the FBI raided his Mar-a-Lago resort last year. Trump has said that he will seek the Republican party's nomination to run for president in 2024. Pence is widely expected to launch his own presidential bid, in a direct challenge to his former boss.

Representatives from the White House and the justice department did not immediately respond to requests for comment yesterday.

Middle East. Economic diversification

Saudi tourism ambitions face big hurdles

Drive to draw 100mn visitors a year must overcome reputation for rights abuses and strict rules

SAMER AL-ATRUSH — RIYADH

Landmark: Unesco-listed Hegra is among the country's top attractions. Below, most visitors come from nearby countries rather than the west
Jeremy Suyker/Bloomberg

For centuries, Muslims believed the rock-cut tombs of Hegra were the ruins of an ancient civilisation cursed by God for its hubris. Unless they bowed their heads and wept, tradition said, visitors might meet the same fate.

The Unesco site, and nearby AlUla, where visitors can stay in luxury chalets nestled between the cliffs, are among the crown jewels of an ambitious project to turn the kingdom better known for oil and its strict adherence to conservative Islam into a tourist and entertainment hub.

Saudi Arabia wants to lure 100mn visitors annually by the end of the decade. It already welcomes millions to the Muslim pilgrim sites of Mecca and Medina, and saw a surge in domestic tourism during the pandemic.

But the country has never been on the list of traditional tourism destinations. And despite its ambitions, it is questionable whether the deeply conservative kingdom, where alcohol is forbidden and unmarried couples theoretically face prosecution, can compete with the party vibe of Dubai or the mix of beaches and history found in Egypt.

"Saudi Arabia's tourism ambitions have a lot to work with, but there's still a lot of work to do," said Robert Mogielnicki, a political economist and senior non-resident fellow with the Arab Gulf States Institute in Washington.

The tourism drive is part of Saudi Arabia's efforts to diversify its economy away from oil revenues. It has coincided with social reforms that have allowed women to drive, the introduction of mixed-gender events such as concerts and curbs on the religious police's role.

Planned projects include a luxury complex spanning more than 20 Red Sea islands, with a soft launch later this year. Saudi Arabia also describes its Neom development as "the world's most ambitious tourism project".

In Riyadh, the Al-Diriyah Gate project has been built on the site where the ruling al-Saud family conquered and united the country. The project, which the government claims will become "one of the world's great gathering places", includes a Unesco heritage site, hotels and fine dining restaurants. Much of the work is being financed by the kingdom's $600bn Public Investment Fund. "The tourism ambitions are attached to these big projects," Mogielnicki said, adding that turning them into reality was "going to be the most difficult hill to climb". Of the challenges the Saudis faced, he added: "Not only is the goal to bring in lots of people, but then you have the feasibility of the projects themselves and the infrastructure."

Tourism minister Ahmed al-Khateeb said the aim was to lift the sector's contribution to GDP from 3 per cent to 10 per cent by 2030, and for tourism to provide one in 10 jobs in the country. "We need to create 1mn jobs in 10 years," he told the Financial Times.

Incentives are being offered to airlines while visas, previously difficult to obtain, are electronically available for nationals from almost 50 countries, including the US and UK. Al-Khateeb's ministry is training 100,000 Saudis a year to serve in the sector.

Advertisements for the projects flood social media, and the country has invited influencers to promote them. Yet attracting visitors will be far from straightforward.

Saudi Arabia's image has been tarnished, particularly in the west, by its reputation for human rights abuses, with convicted prisoners executed and long sentences handed down to Saudis who criticise the authorities. At least 147 people were executed last year, according to Reprieve, a human rights group. Some visiting Instagrammers have been criticised for ignoring the problems.

Privately, Saudi officials are under no illusion that they can compete with Dubai or Egypt any time soon. The country had 67mn visitors, including domestic and religious tourists, in 2021, according to official figures. Kuwait, India, Egypt, Pakistan, Qatar and Bahrain were the main sources, and one tourism official acknowledged it would be a while before western or East Asian tourists visited in significant numbers.

One problem is the absence of alcohol. Rumours have been rife for years that resorts and special economic zones would one day permit alcohol but the topic remains hugely controversial.

> 'The country's tourism ambitions have a lot to work with, but there's still a lot of work to do'

Officials privately concede it will eventually happen, quietly and discreetly, just as the authorities have turned a blind eye to alcohol use in gated compounds populated by westerners.

A "don't ask, don't tell" approach has been adopted for tourist couples who legally should be married to share a room. The government has also moved to criminalise "damaging the reputation of the tourism industry" in an effort to discourage critics from posting pictures of bikini-clad sunbathers that would probably enrage conservatives.

While Saudi Arabia has high-end hotels, the wider tourism infrastructure is lacking. Moving around Riyadh, where there is no metro system and taxis are few and notoriously fickle, can be frustrating. The government has vowed to develop the infrastructure and labour market to service tourists.

For now, the small numbers of western tourists who do make their way to Saudi Arabia are usually the more adventurous types. Filippo Amone, an Italian economist visiting the ruins of AlUla with his girlfriend, said they had found the site on the internet.

"We prefer to visit places where we find new things and learn," he said.

Asia

Hong Kong economy expected to rebound after long decline

CHAN HO-HIM — HONG KONG

Hong Kong's economy contracted by 3.5 per cent last year as the city struggled to preserve its status as Asia's financial hub, but economists forecast a rebound to growth in 2023.

The Chinese territory's economy shrank 4.2 per cent year on year in the fourth quarter of 2022, according to official government data released yesterday, marking a fourth consecutive quarter of contraction.

The full-year figure for 2022 was worse than government forecasts of a 3.2 per cent decline, while a contraction in the third quarter was revised to 4.6 per cent, from 4.5 per cent.

Economists forecast Hong Kong's economy would recover to 4 per cent growth in 2023, which would exceed regional rival Singapore, but warned it would take months to reach pre-pandemic output.

The city, which was effectively cut off from mainland China and the rest of the world under travel restrictions that lasted nearly three years, only dropped most of its Covid-19 curbs and resumed quarantine-free travel late last year.

A government spokesperson blamed the figures on a plunge in exports and weakened domestic demand under the pandemic curbs. Total exports fell 8.6 per cent last year from 2021, to HK$4.5tn (US$570bn).

"An expected strong rebound of inbound tourism following the removal of quarantine arrangements for visitors and resumption of normal travel between Hong Kong and the mainland should underpin a recovery," the spokesperson said.

Hong Kong also faced financial pressure after property prices declined about 15 per cent last year. As home prices slid and interest rates rose, the number of negative equity mortgages in the city hit an 18-year high, jumping to 12,164 by the end of December from 533 in September.

Moody's Analytics forecast Hong Kong's 2023 GDP growth at 4 per cent, which would surpass Singapore's 2.1 per cent. The city-state, which reopened to the world months earlier, recorded growth of 3.8 per cent for 2022.

Heron Lim, a Moody's Analytics economist, said the "economic damage for Hong Kong would take time to heal". "We currently project that Hong Kong will only exceed pre-pandemic output peaks in 2024," he said.

Natixis senior economist Gary Ng said Hong Kong could gain up to $22bn in annual tourism revenue, equivalent to 5.9 per cent of its economy, if travel was normalised with mainland China.

Hong Kong had 443,000 visitors in the first 11 months of 2022, less than 1 per cent of the same period in 2019. The recovery has also been gradual: 163,000 travellers visited during the lunar new year holiday last week, traditionally a peak for mainland tourists, far behind neighbouring Macau with 451,000.

Jonathan Choi, chair of Hong Kong's Chinese General Chamber of Commerce, said: "The return of mainland Chinese tourists has brought a glimpse of hope to the tourism and retail sectors, which play a vital role in Hong Kong's recovery."

China's economy expanded 3 per cent last year but the IMF this week raised its 2023 growth forecast to 5.2 per cent as the economy reopened.

Central bank

Crisis-hit Lebanon devalues currency by 90%

RAYA JALABI — BEIRUT

Lebanon has devalued its currency by 90 per cent as it seeks to address a deep economic crisis, in a move that still leaves the pound far above its parallel black market rate.

The Banque du Liban said yesterday it was setting the Lebanese pound, pegged at a fixed rate of L£1,507 to the dollar since 1997, at a new rate of L£15,000. This is still well below the L£60,000 to the dollar where the parallel currency was trading at the time of the central bank announcement.

The devaluation could stoke fears of further price rises in a country where the annual inflation rate for 2022 topped 170 per cent, according to official figures. Analysts said it was a costly stop-gap in the absence of wider structural reforms to the struggling economy.

"These measures don't meaningfully address the causes of the crisis, which are the large financial sector losses," said Mike Azar, a Lebanese economist. "What's been needed for the past three years is a broader recovery plan with a restructuring of the financial system, not another piecemeal measure."

The BdL said the change was a step towards unifying Lebanon's various exchange rates in an effort to meet the demands set out in a draft deal reached with the IMF last year. But experts cautioned it was unclear how that would be the case: Lebanon has multiple exchange rates that govern withdrawals from frozen bank accounts, customs duties, public sector salaries, fuel prices and telecommunications.

Nasser Saidi, a former economy minister and ex-deputy central bank governor, called it a continuation of the "failed exchange rate pegging/fixing policy that has generated the biggest financial crisis in history".

The Lebanese pound has slumped since the country went into financial meltdown in 2019, losing more than 97 per cent of its value against the dollar on the parallel market.

The finance ministry last September announced it would devalue the pound, but reversed the decision amid criticism it did not have the necessary authority. Instead, the ministry applied new rates to areas within its purview, including customs and tax collection rates.

Saidi said that the new L£15,000 rate was "75 per cent below the effective market rate of L£60,000 as well as below the so-called Sayrafa rate of L£38,000", the latter referring to the central bank's exchange platform. "This just adds to the multiple exchange rates that lead to severe market distortions."

Although the government reached a draft IMF deal in April, it was contingent upon implementing divisive economic and political reforms, which have yet to be agreed. This has fuelled speculation that the deal may never be finalised.

Unifying the exchange rates is one of the IMF's key prerequisites to unlock a $3bn loan facility, widely seen as the only way for the country to begin recovering from the crisis and restore confidence in its financial system.

"But the move doesn't actually unify the exchange rate," Azar pointed out.

Economy

India vows to lift capital spending and cut taxes

JOHN REED, BENJAMIN PARKIN AND JYOTSNA SINGH — NEW DELHI

India's government yesterday vowed to increase capital spending by a third to Rs10tn ($122.3bn) over the coming fiscal year, as it revealed a business-friendly budget meant to spur growth and please key constituencies ahead of a forthcoming general election.

Nirmala Sitharaman, the finance minister, told parliament India would cut taxes for the "hard-working middle class" and would also reduce the top income-tax rate of 42.7 per cent to 39 per cent in the last full-year budget before prime minister Narendra Modi faces voters in April and May of 2024.

"Investment in infrastructure and productivity have a large multiplier impact on growth and employment," Sitharaman said in a speech interrupted by chants of "Modi, Modi" from ruling Bharatiya Janata party MPs and heckling by the opposition.

"After the subdued period of the pandemic, private investments are growing again," she said. "The budget takes the lead once again to ramp up the virtuous circle of investment and job creation."

Modi later described the middle class as "a huge force in fulfilling the dreams of a prosperous and developed India".

India has been one of the world's fastest-growing large economies over the past year, in part because of resilient demand from its big domestic market. The government this week forecast economic growth of 6 per cent to 6.8 per cent in the fiscal year starting in April, down slightly from 7 per cent projected for 2022-23.

> 'It's actually a dream budget of sorts. [It] will lead to better consumption demand'

"It's actually a dream budget of sorts in that both capex sizes have been increased and taxes have been reduced," said Vasudev Jagannath, head of sales at IIFL Capital. "That will lead to better consumption demand."

Sitharaman said India was targeting a lower fiscal deficit for the coming year of 5.9 per cent of gross domestic product, down from 6.4 per cent in the current one. The Federation of Indian Chambers of Commerce and Industry said the budget was "not only significant for the domestic audience, but it truly makes a move towards placing India as the world's growth engine".

"Spending on physical infrastructure raises the productive capacity of the economy, has higher multiplier and crowds in private investment," said Dharmakirti Joshi, chief economist with Crisil, a local subsidiary of rating agency S&P Global. "Construction activity is still quite labour-intensive in India, so it also creates jobs."

India, which was hit hard by Covid-19, emerged from the pandemic in better financial shape than some other leading economies. Its government is now trying to capitalise on global manufacturers' diversification away from China.

Abu Dhabi dreaming UAE's biggest lender keeps ambitions alive by considering a potential summer offer for StanChart PAGE 7

Companies & Markets

Banks set to recoup just 5% of losses from Archegos fall

- Failure cost global lenders $10bn
- Credit Suisse was biggest casualty

TABBY KINDER — SAN FRANCISCO
ORTENCA ALIAJ — MIAMI
OWEN WALKER AND STEPHEN MORRIS
LONDON

Banks that lost billions from the meltdown of Archegos Capital Management will get back as little as 5 cents on the dollar from its restructuring, with brokers such as Goldman Sachs funding the payouts using cash left in the family office's trading accounts.

Global banks, including Credit Suisse and Morgan Stanley, that lost more than $10bn from the failure of Archegos, are expecting to recoup between 5 and 20 per cent of their losses, according to people familiar with the matter.

Credit Suisse, the biggest casualty of the collapse which left it facing more than $5bn of losses, could get back as little as $250mn.

> '[Some banks] did a better job of covering themselves, had more restrictive lending or just got lucky'

The banks and restructuring advisers managing the unravelling of Archegos are nearing the end of a "workout" negotiation to agree how assets that belong to the family office will be distributed to the banks with claims against it, the people said.

The investment firm run by former hedge fund manager Bill Hwang imploded nearly two years ago.

The fund had made tens of billions of dollars' worth of bets on US and Chinese stocks by borrowing heavily from banks' prime brokerage divisions, which had to be rapidly unwound when the value of the companies slumped and Archegos could not meet margin calls.

As Archegos's positions collapsed, some of the banks acting as prime brokers liquidated collateral more quickly than others in order to avoid losses on their loans, and in some cases even left cash in the investment firm's accounts.

The funds to repay creditors are largely coming from the banks such as Goldman Sachs that offloaded collateral and covered their loans.

Some of the cash left in those accounts is being returned to Archegos and will be distributed by its restructuring advisers to the banks that lost money, the people said. A pot has also been set aside for Archegos employees owed money by the firm.

Deutsche Bank and Wells Fargo were also able to unwind their trades without incurring losses, people familiar with the matter said. Deutsche handed back about €20mn to Archegos after it sold out of its positions, according to a person close to the bank.

These banks "did a better job of covering themselves than the others, had more restrictive lending or just got lucky," said one person close to the matter. They ended up with their Archegos trading accounts in the black when they terminated its swaps contracts, they added.

Hwang and three others who worked at Archegos are facing market manipulation and fraud charges in the US while there has been regulatory scrutiny on three continents and a reckoning at the banks that provided services to the firm.

Credit Suisse, Nomura, Morgan Stanley, UBS, MUFG and Mizuho were all exposed through their prime brokerage or trading divisions and lost $10bn when they liquidated their positions.

The banks have spent nearly a year in negotiations with Archegos as it attempts to realise and restructure its assets and liabilities.

Credit Suisse, UBS, Morgan Stanley, Goldman, Wells Fargo, Nomura and Deutsche Bank declined to comment.

Cash splash Chelsea FC's transfers splurge pushes Premier League to spending record

Argentina's World Cup-winning Enzo Fernández joins Chelsea for a UK record of about €121mn — Stephen Nadler/ISI/Getty

SAMUEL AGINI — LONDON

Chelsea FC spent about €330mn in the January transfer window, more than all the top-tier clubs in Italy, Spain, France and Germany combined, in a further sign of the English Premier League's financial power.

A deal for Argentina's World Cup-winning midfielder Enzo Fernández on deadline day for a fee of about €121mn — a record in English football — capped a busy month for Chelsea's US private equity owners, who have now spent more than €610mn since buying the club last year.

Premier League clubs spent almost €830mn on players and brought in roughly €100mn from sales, leading to a net sum of €730mn by the time the window closed at 11pm on Tuesday, according to Transfermarkt.

The English top flight's four main European rivals spent €256mn but ended with a surplus after bringing in €377mn from selling players. Meanwhile, Liga Portugal generated €146mn net transfer income after Benfica's sale of Fernández to Chelsea.

"Previously the talk was of the top five leagues in Europe, but now clearly there is the English Premier League and then the others," said Olivier Jarosz at LTT Sports, an adviser to football clubs on strategy.

The Premier League's financial dominance increasingly gives its teams the pick of Europe's stars, with many clubs across the region cultivating talented players to generate hefty sums to fund their own costs.

Lucrative international broadcast deals have strengthened the Premier League's hand in the transfer market — the US rights alone are worth roughly $450mn a year even after the value of the domestic rights stalled. Its total income from broadcast rights is expected to exceed £10bn in the three seasons ending 2025.

Tim Bridge, head of Deloitte's sports business group, said: "New ownership generally sparks more activity in the transfer market but clearly this is beyond anything we've ever seen."

Despite Chelsea's spending, the club is 10th in the Premier League and risks missing out on qualification for the lucrative Uefa Champions League. Chelsea earned €119.8mn from the competition in 2020/21, boosted by winning the final.

The club was bought last year by a group of investors led by US financier Todd Boehly in a £2.5bn deal after Russian oligarch Roman Abramovich was put under sanctions by the UK government and forced to sell the club when Russia invaded Ukraine.

Chelsea's owners have made use of accounting practices where football clubs can amortise, or spread, the transfer fee over a long player contract to soften the financial blow.

Additional reporting by Dan Clark

Intel cuts pay of top staff to prepare for drop in sales

RICHARD WATERS — SAN FRANCISCO

Intel is cutting the pay of its managers and senior executives, in an unusual cash-saving move by the US chipmaker to weather an expected downturn in the first half of this year.

Cuts to base pay start at 5 per cent for mid-level workers and rise to 25 per cent for chief executive Pat Gelsinger, according to one person familiar with the details. The executive leadership team around Gelsinger will take a 15 per cent pay cut, while other senior managers will see a 10 per cent reduction.

However, the cuts affect only base salaries and some other minor benefits. They will not affect the bonuses and stocks that make up a significant part of top executives' overall package.

Last year, Intel said Gelsinger's targeted remuneration for 2022 was $26.3mn, with only $1.25mn of that representing the base pay that is subject to the pay cut. The rest is set to come in the form of an expected cash bonus and long-term incentive equity award.

Last week Intel surprised Wall Street with a warning that its revenue this quarter was likely to be 40 per cent below the same period the year before.

It blamed the collapse in sales on a sudden exacerbation of an inventory correction that has hit the chip industry since last summer. Some analysts said the decline also appeared to reflect a further loss of market share.

The company was already facing a cash squeeze before the latest reduction in sales. It is trying to maintain a heavy programme of investment in the face of a tumbling PC market, while also protecting its dividend payment to shareholders.

Unlike many technology companies, Intel has not announced company-wide job cuts as tech markets weaken. Instead, cost-cutting decisions have been left to individual business units as it seeks to meet a goal of slicing $3bn out of its annual operating budget by the end of this year.

News of localised job cuts started to emerge in recent weeks, with official filings in California revealing plans to reduce the workforce by more than 500 at two of its facilities in the state.

Intel added 10,800 workers last year, boosting the size of its workforce by 9 per cent, even as its revenue tumbled by 16 per cent and it reported negative adjusted free cash flow for the year of $4bn.

Parting of the ways with MSC sets Maersk on a testing course

INSIDE BUSINESS
EUROPE
Peggy Hollinger

Whoever first came up with the advice to keep your friends close and enemies closer clearly knew nothing about container shipping.

AP Møller-Maersk, the world's second-largest container shipping company, may be regretting the decision in 2015 to embrace its once smaller rival Mediterranean Shipping Company in a vessel-sharing alliance. Then, the logic was that by sharing capacity in tough times, the two could keep down costs and prices while still offering a global network of routes.

But while sheltering in the partnership, MSC has been able to grow so quickly that it has leapfrogged Maersk to become the world's biggest container shipping line by capacity. In the process, it has learnt much about service and reliability from its rival. In November last year, MSC ousted Maersk as the world's most reliable container shipping operator in terms of punctuality.

Now the two companies say they will not renew their partnership in 2025 and it will begin to unwind just as times are getting tough again. They insist that the decision to divorce was mutual. But it is clear that the alliance brought many more benefits to MSC — as does the timing of its demise.

MSC will no longer have to compromise on what day to sail, which terminal to use or which sailing to cancel. It has the scale to keep costs low and to offer a high-frequency service on many popular routes.

Maersk, on the other hand, will find its own strategy put to the test as never before. Since 2016, the group has been transforming itself from a container shipping giant into an end-to-end logistics provider, investing in air and land services to get cargo from factory to final destination. But it is not quite there yet, says Theo Notteboom, professor of port and maritime economics at Antwerp university. And it faces competitors more accustomed to dealing with the complexities of road, rail and air transport such as DHL, Kuehne+Nagel — and one day, perhaps, Amazon.

Moreover, Maersk's strategy has alienated many of the freight forwarders that organise logistics for roughly half the world's container trade. Many "feel it is payback time", says Lars Jensen, head of consultancy Vespucci Maritime. "They will be more inclined to give cargo to anyone but Maersk and right now it's a fight for volume."

> '[Freight forwarders] will be more inclined to give cargo to anyone but Maersk and right now it's a fight for volume'

Maersk's shipping capacity and route network are still vast. But over time this advantage could be eroded. MSC currently has 133 vessels on order against 29 for Maersk, according to industry data provider Alphaliner. In August 2016, Maersk's capacity was some 400,000 20ft containers (TEU) ahead of MSC. Today the situations are reversed.

Maersk executives calmly fend off critics. Theirs is not a race on capacity, they argue, but one of higher value-added services. The provider that can deliver goods on time by whatever means — land, sea or air — is the one that will enable customers to cut inventories and so costs. Having scale in container vessels helped no one in the worst of the recent supply chain turmoil when ships queued to get into port and goods languished on docksides.

It is a bold bet. Yet Maersk has repeatedly shown a formidable ability to sense which way trade winds might blow. It was the first to gamble on ordering mega-container vessels, and it has also been in the lead on greening its fleet.

Also, regulators are becoming wary of these alliances, which group the world's biggest carriers in strategic partnerships. The three biggest control 84 per cent of trade on the popular Asia-North America routes, according to the UN Conference on Trade and Development.

Yet with a weak global economy, now may be the worst time to go it alone. Partnerships on individual routes are still possible but more complicated. The real question is whether Maersk's strategy of providing dedicated end-to-end services for individual customers is scalable fast enough to ride out the next cyclical downturn. For MSC, too, there is risk in expanding so aggressively just as demand weakens.

But no one should presume that a muscled-up MSC will not play in Maersk's market. In 2017 Soren Toft was a board director and chief operating officer at Maersk, charged with implementing the logistics strategy. But in 2020 he became chief executive of MSC, where he is launching an air cargo arm. After 25 years at Maersk, there are few rivals as well equipped to understand where and how to challenge that company's model in the future.

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Legal Notices

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: DCL HOLDINGS (USA), INC., *et al.*,[1] Debtors.) Chapter 11) Case No. 22-11319 (JKS)) (Jointly Administered)

NOTICE OF DEADLINE FOR THE FILING OF PROOFS OF CLAIM, INCLUDING FOR CLAIMS ASSERTED UNDER SECTION 503(b)(9) OF THE BANKRUPTCY CODE (GENERAL BAR DATE IS March 3, 2023, AT 5:00 P.M. (ET))

PLEASE TAKE NOTICE OF THE FOLLOWING:

On December 20, 2022 (the "Petition Date"), the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the "Court"). On January 25, 2023, the Court entered an order [Docket No. 155] (the "Bar Date Order") establishing certain deadlines for the filing of proofs of claim in the chapter 11 cases of the following Debtors (the "Chapter 11 Cases"): **Debtor, Case No., EID# (Last 4 Digits):** DCL Holdings (USA), Inc., 22-11319, 5472; DCL Corporation (BP), LLC, 22-11320, 5462; H.I.G. Colors Holdings, Inc., 22-11321, 6233; H.I.G. Colors, Inc., 22-11322, 4305; DCL Corporation (USA) LLC, 22-11323, 5534; Dominion Colour Corporation, 22-11324, 7076.

Pursuant to the Bar Date Order, each person or entity (including, without limitation, each individual, partnership, joint venture, corporation, estate, and trust) that holds or seeks to assert a claim (as defined in section 101(5) of the Bankruptcy Code) against the Debtors that arose, or is deemed to have arisen, prior to the Petition Date (including, without limitation, claims entitled to administrative priority status under section 503(b)(9) of the Bankruptcy Code[2]), no matter how remote or contingent such right to payment or equitable remedy may be, **MUST FILE A PROOF OF CLAIM** on or before **5:00 p.m. (ET)**, on **March 3, 2023** (the "General Bar Date"), by sending an original proof of claim form to Kroll Restructuring Administration LLC ("Kroll") at DCL Holdings (USA), Inc. Claims Processing Center, c/o Kroll Restructuring Administration LLC, 850 Third Avenue, Suite 412, Brooklyn, NY 11232 or by completing the online proof of claim form available at https://cases.ra.kroll.com/DCL/, so that it is **actually received** on or before the General Bar Date; **provided that**, solely with respect to governmental units (as defined in section 101(27) of the Bankruptcy Code), the deadline for such governmental units to file a proof of claim against the Debtors is June 20, 2023 at 5:00 p.m. (ET) (the "Governmental Bar Date"). Proofs of claim must be sent by overnight mail, courier service, hand delivery, regular mail, or in person, or completed electronically through Kroll's website. Proofs of claim sent by facsimile, telecopy, or electronic mail will **not** be accepted and will **not** be considered properly or timely filed for any purpose in these Chapter 11 Cases.

ANY PERSON OR ENTITY THAT IS REQUIRED TO FILE A PROOF OF CLAIM IN THESE CHAPTER 11 CASES WITH RESPECT TO A PARTICULAR CLAIM AGAINST THE DEBTORS, BUT THAT FAILS TO DO SO PROPERLY BY THE APPLICABLE BAR DATE, SHALL NOT BE TREATED AS A CREDITOR WITH RESPECT TO SUCH CLAIM FOR PURPOSES OF VOTING AND DISTRIBUTION.

A copy of the Bar Date Order and proof of claim form may be obtained by contacting the Kroll, in writing, at DCL Holdings (USA), Inc. Claims Processing Center, c/o Kroll Restructuring Administration LLC, 850 Third Avenue, Suite 412, Brooklyn, NY 11232, or online at https://cases.ra.kroll.com/DCL/. The Bar Date Order can also be viewed on the Court's website at www.deb.uscourts.gov. If you have questions concerning the filing or processing of claims, you may contact Kroll, at Kroll, at (888) 510-7189, or, if calling from outside the United States or Canada, at +1 (646) 440-4160.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each of the Debtors' respective federal tax identification numbers, are as follows: DCL Holdings (USA), Inc. (5472); DCL Corporation (BP), LLC (5462); H.I.G. Colors Holdings, Inc. (6233); H.I.G. Colors, Inc. (4305); DCL Corporation (USA) LLC (5534); and Dominion Colour Corporation (USA) (7076). The location of DCL Holdings (USA), Inc.'s corporate headquarters and the Debtors' service address is: 1 Concorde Gate, Suite 608, Toronto, Ontario (Canada) M3C 3N6.

[2] A claim arising under Bankruptcy Code section 503(b)(9) is a claim arising from the value of any goods received by the Debtors within twenty (20) days before the Petition Date, provided that the goods were sold to the Debtors in the ordinary course of the Debtors' business.

Healthcare

Scandal-hit Orpea wins cash injection

CDC takes control of homes operator in deal to restructure heavy debts

LEILA ABBOUD — PARIS

Scandal-hit care home group Orpea has reached a deal to restructure its heavy debts by bringing in new investors led by French state-linked financial group Caisse des Depots & Consignations.

The deal, which gives the CDC consortium a majority stake and control of the board, is a key part of Orpea's efforts to recover from the financial and reputational fallout from the publication last year of *The Gravediggers*, a book by journalist Victor Castanet. His documentation of the mistreatment of elderly residents, including the rationing of food and incontinence products, and alleged fraud by executives led to criminal investigations, the sacking of managers, regulatory reviews and also wiped more than 90 per cent from the value of Orpea's once high-flying shares.

The scandal made the group's roughly €9bn in debt unsustainable as profits fell and some families took relatives out of Orpea homes.

In response, Laurent Guillot, the new chief executive, announced a second debt restructuring in November, after the first in the summer fell short, and a new strategy built around hiring more staff to improve conditions in care homes and exiting overseas markets.

But it has taken months to negotiate the specifics with creditors because of the complexity and size of the deal, lawyers said, and also because Orpea is one of the first cases to go through France's bankruptcy regime that took effect last year. The new rules bring France more in line with US and UK standards by removing the requirement to win shareholder approval.

A consortium led by the CDC, along with two French co-operative insurers, including one that represents nurses, will inject €1.5bn in cash into Orpea via a capital increase. This will give them 50.2 per cent of the share capital and seven of 13 seats on the board. Separately, €3.8bn of unsecured debt at Orpea will be swapped into equity, which will give those creditors roughly 49.4 per cent of the group's shares. Current shareholders will in effect be diluted to hold only 0.4 per cent.

A group of six banks has also agreed a new loan that could total about €600mn once finalised. Orpea said the restructuring would help reduce debt by about 60 per cent to a net debt-to-ebitda ratio of 6.5 times in 2025.

Guillot said it was a key part of his strategy to overhaul Orpea. The investment in extra staff will lead to a fall in profit margins from about 25 to 20 per cent, the company said in November.

"The plan aims to set up an ethical, virtuous and quality business model that meets the major challenges of supporting the fragile people" who depend on Orpea, the chief executive said in a statement.

The CDC-led group of investors also supports these aims and has backed the reduction in margins. "The goal of our investment is that the elderly in Orpea's homes are well treated and the company behaves ethically," said Olivier Sichel, CDC's deputy chief executive.

Castanet said in a tweet that the involvement of the CDC could be a "turning point" for the group and the sector.

See Lex

Industrials. Leveraging

Adani's debt-driven expansion draws scrutiny

Indian group targeted by short seller allegations has doubled burden to $30bn in four years

BENJAMIN PARKIN — NEW DELHI

Gautam Adani, pictured on Tuesday after the Adani Group completed the purchase of Haifa Port, has said his strategy is to leverage to fund expansion Amir Cohen/Reuters

A decade ago Gautam Adani outlined the strategy behind the rapid rise of his business empire: leverage one company to fund another's expansion. "Either you sit on the pile of cash or you continue to grow," he told the Financial Times. "There is no other way."

It has served the Indian entrepreneur well as his Adani Group scaled up and diversified in industries from ports to power. He has become one of the world's richest people, with a fortune of more than $100bn by the start of this year.

The pace of borrowing has only increased as Adani laid out ever more ambitious pushes into areas such as 5G and green hydrogen, with debt doubling to about $30bn in the past four years.

But the 60-year-old is under unprecedented scrutiny following share price plunges in his listed businesses after US short seller Hindenburg Research last week accused the group of years of stock manipulation and accounting fraud — while criticising what it said was "extreme leverage".

Adani Group fiercely denies Hindenburg's allegations and the characterisation of its debt, and says it is deleveraging, reducing debt ratios even as total liabilities rise.

Yesterday, however, it called off a $2.4bn equity fundraising citing "unprecedented" market volatility.

Yet analysts and investors say the group's billions of dollars in planned spending may mean it will have to borrow even more. "By traditional metrics they are definitely overleveraged," said Brian Freitas, founder of Auckland-based Periscope Analytics. "The question is whether their underlying businesses can grow fast enough to service the debt."

A sprawling conglomerate with seven listed companies and more unlisted ones, many of Adani's most ambitious plans are concentrated in Adani Enterprises. The division serves as an incubator for young Adani businesses such as airports, in which the group had no experience before buying six in 2019, or creating what it says will be "the world's largest green hydrogen ecosystem".

Adani Enterprises had a net debt-to-ebitda ratio of 10 times as of the financial year ended March 2022, according to Fitch company CreditSights, one of the highest in the conglomerate. It requires further spending to meet its targets, with plans to more than double annual capital expenditure to Rs400bn ($4.88bn) both this year and next. However, no company captures the scale of the group's ambition more than Adani Green Energy, founded in 2015 with the aim of becoming one of the world's largest providers of renewable energy.

'The question is whether their underlying businesses can grow fast enough to service the debt'

After early losses, Adani Green broke even and turned a profit of Rs4.9bn in the 2022 financial year. But its net debt has risen fivefold over a steady equity base, rising from Rs108bn in 2019 to Rs513bn last year, with net debt at 14.9 times ebitda, according to CreditSights.

To allay concerns about its debt, the Adani group has turned to global investors to pump equity into its companies, including with this week's aborted share sale.

France's TotalEnergies has since 2019 invested more than $7bn into Adani's gas, renewables and green hydrogen businesses, while the United Arab Emirates' International Holding Company last year invested $2bn across Adani Enterprises, Adani Green and Adani Transmission. Yet Adani will need more money than it can source through equity alone if it is to finance its ambitious plans, leaving limited scope for deleveraging, according to CreditSights.

While Adani traditionally borrowed from state-owned banks and other lenders in India, CreditSights said it had increasingly tapped global banks and bondholders attracted by its growth and the reliable cash flows generated by its established infrastructure businesses.

Adani Green raised $750mn in green bonds last year and in December announced a $200mn yen-denominated refinancing facility with MUFG Bank and Sumitomo Mitsui Banking Corporation acting as principal lenders.

Adani Enterprises also borrowed about $1bn from international lenders including Apollo and Standard Chartered to expand its airport business.

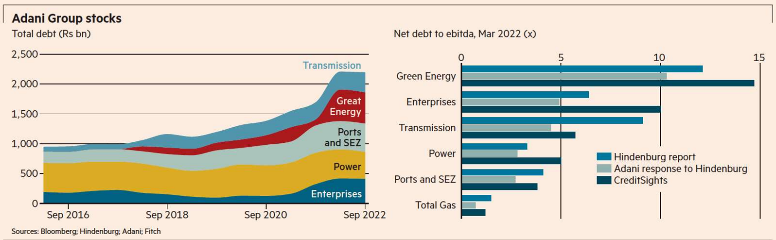
Brokerage CLSA said debt at Adani's five largest companies had doubled to Rs2.1tn since 2019. Adani Group's chief financial officer Jugeshinder Singh said on Monday that total debt across the conglomerate was $30bn.

Some analysts say the pace of growth has little parallel in India. Rival conglomerate Reliance Industries, for example, launched a deleveraging drive in 2020 to eliminate all its net debt of more than $20bn by raising equity from global investors including Facebook.

"It's a concern to shareholders when a conglomerate leverages itself into other areas where the expertise is not there," said Sharmila Gopinath, specialist adviser to the Asian Corporate Governance Association.

Adani disputes that it is overleveraged, saying in a response to Hindenburg that "leverage ratios of Adani Portfolio companies continue to be healthy and are in line with the industry benchmarks of the respective sectors".

See Lex



Industrials

Indonesian islanders seek climate change compensation from Holcim

CAMILLA HODGSON

Residents of an Indonesian island threatened by climate change have pressed ahead with their legal action against Swiss cement group Holcim, as litigation over the effects of climate change gathers momentum in 2023.

The compensation case mirrors a landmark lawsuit brought by a Peruvian farmer and mountain guide against RWE over the German energy supplier's contribution to climate change through greenhouse gas emissions.

The four residents of Pulau Pari filed the case on Monday in the Swiss canton of Zug, where Holcim is headquartered, following a "conciliation meeting" last year where they failed to reach a resolution.

The island residents aim to hold Holcim liable for its pollution and are seeking compensation for "climate damages". They argue that the 1,500 living on Pari are at significant risk of losing their livelihoods due to rising sea levels and flooding, even though they had contributed little to global emissions.

They are demanding that Holcim pay 0.42 per cent of the cost of damages already incurred and impending, and for new flood protection measures, since they argue the company contributed 0.42 per cent of the global fossil fuel and cement emissions put into the atmosphere since 1751, citing a study by research group the Climate Accountability Institute.

The four residents of Pulau Pari say the Swiss group contributed 0.42% of emissions since 1751

They are also asking the company, which had its net zero emissions plans approved by the Science Based Targets initiative oversight group, to commit to more rapidly reducing its carbon emissions. Cement making requires high temperatures traditionally generated by fossil fuels that contribute the greenhouse gases behind climate change.

"Our existence is under threat," said Asmania, one of the plaintiffs. "We want those responsible to now finally take action."

Holcim said climate action was "a top priority" and did not believe that "court cases focused on single companies are an effective mechanism to tackle the global complexity of climate action".

Climate litigation has ballooned in recent years as individuals and activists have sought to hold polluters to account, or force governments and companies to make greater efforts at emissions reduction. In the legal fight involving RWE, the plaintiff farmer is seeking to hold the company responsible for its historical carbon and methane emissions, and payment for flood defences to protect his Andean town.

The Indonesians are using a similar argument, seeking to prove a causal link between the company's pollution and the climate-related destruction nearby.

Climate-related litigation is increasingly centred on questions of human rights. A group of Swiss women are suing the government via the European Court of Human Rights on grounds it has not cut national emissions fast enough, putting their health at risk from more frequent and intense heatwaves due to climate change.

The civil complaint filed by the Indonesian islanders is based on the alleged infringement of certain "personality rights" protected by Swiss law, including a right to economic advancement.

Technology

Instagram founders launch app to rival Twitter and tackle misinformation

CRISTINA CRIDDLE — LONDON

The creators of Instagram have launched a "text-based" news app, believing they can challenge Elon Musk's Twitter and tackle the spread of misinformation online.

Kevin Systrom and Mike Krieger, who founded and then sold the photo-sharing app to Facebook for $1bn in 2012, launched Artifact this week.

The app uses artificial intelligence to aggregate news and lifestyle articles in which users are likely to be interested while avoiding so-called "filter bubbles" by also promoting content that may challenge previously held views.

"[It is] a particularly timely moment both in the technology industry, with Twitter's takeover by Elon and Facebook's focus on the Metaverse," said Systrom, chief executive. "And it is particularly a timely moment to focus on text when we need it most because of people's attention to misinformation and how we consume news today."

The pair left Facebook in 2018 amid tensions over the growing control over Instagram being exerted by the company led by Mark Zuckerberg, and as regulators challenged the tech giant over fake news and data privacy after the Cambridge Analytica scandal.

Musk's $44bn acquisition of Twitter last year was followed swiftly by cuts to about half of its workforce, many in the trust and safety teams that monitor and police misinformation.

Systrom said Artifact is a potential competitor to Twitter for reading news and lifestyle articles, but otherwise he admired Musk's efforts to turn round a flagging business.

"There is certainly some overlap [but] only in a particular area," he said. "Twitter is one of the most important social media properties in the world and it deserves to have a leader who believes in it and wants to make it great. And that is all I have seen from Elon."

Still, the recent travails at Twitter show the difficulties faced by all social media businesses, which have struggled as spending on advertising declines. Meta, the parent company of Facebook and Instagram, Snap and YouTube owner Alphabet have laid off thousands of staff in recent months, citing a depressed economic environment.

Systrom is undaunted. He and Krieger have so far declined to take outside investment and have self-funded Artifact by spending "single-digit millions" to build the platform over the past two years. The group is based in San Francisco and has just seven employees.

'You hire your investors as much as you hire your employees, and you should choose very wisely'

This has meant Artifact has avoided the funding crunch that has hit Silicon Valley, as venture capital investors hold back from taking risky bets on cash-burning start-ups.

"Instagram obviously was a hit from day one, and we were able to raise money fairly quickly," said Systrom. "The lesson I learned through that is that you hire your investors as much as you hire your employees, and you should choose very wisely . . . Right now, we have plenty of money in the bank and our focus is mostly on building a great product that retains [users]."

Artifact uses machine learning to scan a curated list of publishers' websites, ranging from news organisations including The New York Times, Vogue and the Financial Times, as well as smaller blogs about specialist interests. The more you use the product, the more the algorithm becomes personalised.

Users will eventually be able to follow other users and message friends privately as part of new features being tested. A waiting list to use the app opened on Tuesday.

The platform may display personalised advertising in future to those users who wish to access content for free, but it is also exploring paid-for options, such as subscriptions and deals with established publishers, Systrom said.

Artifact will remain a curated collection of approved sources rather than a fully social platform, as the co-founders want to ensure high-quality news and information. The algorithm will occasionally deliver content that a user may not agree with, however.

"It is really important to us to dedicate some portion of the feed which we do to exploring tangential interests, other sides of issues, publishers you would not normally see," he added.

UAE lender puts StanChart on bidders' radar

First Abu Dhabi Bank is considering a revival of plans for a takeover, while other suitors look set to scrutinise the target

STEPHEN MORRIS AND ARASH MASSOUDI — LONDON
SIMEON KERR — DUBAI

In November, the world's tallest tower, Dubai's Burj Khalifa, was lit up with the colours and logo of Standard Chartered.

As the bank's chief executive Bill Winters and chair José Viñals looked on, messages such as "together we're here for good" and "aligned ambitions" sparked into life.

While in Dubai, the two directors held a full board meeting and met senior figures in the region. But two months later they were blindsided when news broke that First Abu Dhabi Bank, the United Arab Emirates' biggest lender, wanted to buy StanChart.

"It was a complete surprise to the board," said one person familiar with the matter.

However, it was no secret that the oil-rich Emirates was in an acquisitive mood. First Abu Dhabi Bank (FAB) was born in 2017 when the UAE merged its first- and third-largest lenders to create a national champion.

But the scale of its international ambitions was only revealed alongside news it had been working for almost a year to buy StanChart and create a lender with more than $1tn in assets operating in more than 60 markets — a first for the Middle East.

"The region is saying 'here we are, the centre of the world has moved,'" said one senior figure who advises FAB. "They see themselves as a major centre of activity and not just oil economies."

"The banking sector is absolutely ripe for the next step up," said Gary Dugan, chief investment officer at Dubai-based Dalma Capital and a former executive of FAB's predecessor, the National Bank of Abu Dhabi.

After the news leaked, FAB quickly said it was no longer evaluating an offer, kicking off a six-month period where it is restricted from acting again, unless another bidder emerges.

But several people close to the lender say the deal could be revived after the cooling off period ends in July. FAB and StanChart declined to comment.

"The region certainly has the firepower to make a statement in this regard. We deserve to be taken more seriously," said a government minister from another country in the Gulf.

Companies and funds in the UAE, Saudi Arabia and Qatar have more than $3tn in assets and cash under management, boosted by a boom in energy prices amid the war in Ukraine. Saudi Arabia's $620bn Public Investment Fund has bought companies from electric vehicle start-up Lucid to Newcastle United football club as Crown Prince Mohammed bin Salman looks to diversify the economy away from oil.

But cross-border banking takeovers are very rare because of the cost, complexity and risk involved. Previously, Middle Eastern investors have preferred to take stakes in troubled foreign lenders. Qatari funds led an £11.8bn emergency fundraising for Barclays in 2008 and Middle Eastern investors now own a fifth of Credit Suisse.

Demonstrating the scale of capital that can be brought to bear, the Saudi National Bank's chair dismissed its recent $1.5bn investment in Credit Suisse as "just another cheque", barely more than 2 per cent of its $68.7bn investment portfolio.

"It's a 166-year-old brand, so how far below 30 cents on the dollar is it going to go?" he added.

StanChart, 169 years old, trades barely higher at 42 pence on the pound.

FAB is also deep-pocketed and intrinsically linked to the state. Its chair is the UAE's national security adviser and businessman Sheikh Tahnoon bin Zayed al-Nahyan, whose brother is the president and ruler of Abu Dhabi, Sheikh Mohammed bin Zayed al-Nahyan.

Abu Dhabi's $284bn sovereign investment fund Mubadala owns 38 per cent of FAB and was a driving force behind the attempt for StanChart, according to people familiar with the process. Mubadala said it would not comment on marketplace rumours about publicly listed institutions.

FAB's stock has surged 72 per cent since the pandemic struck in March 2020, giving it a market value of $43bn, almost double that of StanChart at $25bn.

While dominant domestically, FAB's international network is modest. More than three-quarters of its revenue is made in the UAE and to grow it must diversify.

In 2021, FAB bought the Egyptian operations of Lebanese bank Audi. Then last February, it grew bolder, making an offer for Egypt-based regional broker and adviser EFG-Hermes to bolster its weak investment banking arm.

Advisers say the bid was withdrawn a couple of months later amid Egyptian resistance. But disappointment was brushed aside as FAB turned its attention towards StanChart, several people involved in the process told the Financial Times.

The scale of First Abu Dhabi Bank's international ambitions was only revealed alongside news it had been working for almost a year to buy StanChart and create a lender with more than $1tn in assets — Christopher Pike/Bloomberg

Early last year chief executive Hana Al Rostamani hired New York boutique investment bank Moelis & Co to help identify and analyse transformational targets, said the people. StanChart was top of the list.

Its founder Ken Moelis — once dubbed "Ken of Arabia" for his connections in the region — helped pitch and explain the rationale to the government officials and technocrats who would have to sanction any offer.

StanChart offered an immediate expansion outside its saturated home market into Africa, India, south-east Asia and China, as well as exposure to Europe and the US. With FAB trading at two times book value to StanChart's 0.4 times, it was also seen as affordable, the people added.

Performance at StanChart has lagged behind peers. Winters, who took over in 2015, had overseen an operating income decline while competitors in key markets, such as DBS in Singapore, had grown. Despite announcing several cost-cutting programmes, expenses remain roughly the same as in 2015.

Various other targets were discussed, such as Barclays and BNP Paribas, the people added. Acquiring a series of smaller lenders was considered, but that was discarded because it would have been "a long arduous process with no certainty of success and huge integration challenges", another person involved said.

In the early summer, the board gave the green light to an all-cash bid of £30bn to £32bn aimed at minimising opposition from StanChart.

FAB's deal team was pushing but some government entities demanded further due diligence on the transaction in the early autumn, one adviser said. FAB would have had to rely on financing from funds such as state-owned ADQ, which is also chaired by Sheikh Tahnoon, and crucially Mubadala, the adviser added. ADQ and Mubadala declined to comment.

Backing could also come from $240bn Abu Dhabi-listed conglomerate International Holding Company — another business that Tahnoon chairs, one of the people said.

IHC said it would not "comment on market rumours or speculation".

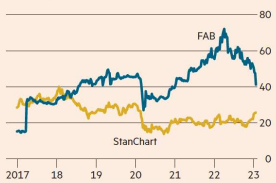
Citigroup, Bain, Deloitte and Linklaters were brought in to enhance operational capacity and conduct studies around synergies, audit and legal issues.

Neither FAB nor its advisers approached any shareholders or the board, or StanChart's corporate brokers JPMorgan or Goldman Sachs.

In the end, it did not matter. Due diligence on the deal had not been completed before the news leaked — something the phalanx of advisers had made inevitable. "Too many cooks spoiled the unready broth," one of the advisers added.

FAB's valuation eclipses StanChart's

Market cap ($bn)



Source: Refinitiv

> 'The region is saying here we are, the centre of the world has moved. They see themselves as a major centre'

FAB is considering several options when the cooling off period ends, two of the people involved told the FT.

It could choose to approach existing large StanChart shareholders and ask them to retain substantial stakes in the expanded group, making the $30bn to $40bn cost easier to digest.

One top-10 shareholder told the FT that a cash offer of a third above the trading price would mean "an argument" internally about whether to accept it. "We think the bank is trading at a massive discount," the person said. "It would be tempting to take it, but we would feel we would be giving away a lot of value."

By far the most important shareholder would be Singapore's state-owned investment fund Temasek, which owns 16.4 per cent of the stock. A cash offer would allow the fund to exit after having built its stake at a higher valuation, but any deal would also face political ramifications given the expected exodus of thousands of StanChart roles from Singapore to the UAE's capital.

Temasek said it did not comment on market speculation but people briefed on the fund's thinking said it could consider selling part or all of its stake if another, higher, bid came in. They added that it would be a purely commercial decision.

FAB could also try for a friendly transaction; however, there is a risk that this would lead to a bidding war because the board would be duty-bound to seek rival offers.

The main hurdle to any transaction remains the need to gain approval from scores of regulators. The trickiest might be the US, which would have to allow the fifth-largest dollar-clearing bank to be regulated by the central bank of the UAE, itself under enhanced scrutiny by the world's anti-money laundering watchdog.

Another question is whether FAB's executive team would be deemed experienced enough to lead a global systemically important financial institution, leading to the prospect of the existing StanChart management being asked to remain in place, said a senior figure at StanChart.

Winters and Viñals both said at the recent World Economic Forum in Davos that they had not spoken to FAB since the news broke.

"This is not something we've either engaged with, or been interested in," Winters said.

The top 10 shareholder suggested Winters still wanted to turn the bank round himself, something that has become easier to accomplish as rates rise and China's zero-Covid policy ends.

"Winters doesn't want his reputation to be tarnished," the person said.

Afraid of being taken unawares again, StanChart executives are scouring the UAE for intelligence on Abu Dhabi's intentions. But they also realise that FAB's approach could flush out other suitors.

"Now the interest is public, it has opened Pandora's box," said a senior Middle Eastern banker at a rival. "If it isn't FAB, it will be someone else."

Additional reporting by Mercedes Ruehl

Fixed income. Distressed bonds

Rate rises worsen debt woes for US healthcare industry

Wider maladies: the sprawling US healthcare industry is experiencing headwinds affecting the entire economy
Nic Coury / AFP

The sector is under pressure from increasing wages after loading up on leveraged loans

HARRIET CLARFELT

US healthcare companies are sinking into debt distress as they struggle to contend with rising interest rates and labour costs after the sector borrowed heavily to fund a dealmaking boom.

A fifth of America's distressed bonds were issued by healthcare companies — spanning services, facilities, managed care and pharmaceuticals — according to an Ice Data Services index.

The industry's heavy representation among the riskiest US corporate borrowers has sparked warnings from ratings companies that some firms' debts are becoming "unsustainable".

The indications of financial trouble highlight how the sprawling US healthcare industry is sustaining pressure from broad headwinds affecting the entire economy and specific factors that are combining to make business models less tenable.

The industry has also binged on so-called leveraged loans to fund a frenzy of dealmaking as private equity firms rolled up disparate companies into larger groups.

Such loans are typically sold by lowly rated companies with high levels of debt and have floating borrowing costs, meaning their payouts to investors have soared in the past year as the US Federal Reserve jacked up interest rates from near zero to more than 4 per cent in a bid to curb inflation.

Healthcare is the second most represented sector on Morningstar's "leveraged loan" gauge, lagging behind only software businesses.

Healthcare is one of the industries "showing up with a fair amount of distress in the loan market and also in the high-yield bond market", said Steve Caprio, head of US and European credit strategy at Deutsche Bank.

He said the sector has been "operating with very high leverage built upon very high profit margins. "At a time where interest rates are now much higher, those capital structures don't make as much sense as they used to."

Moody's Investors Services concurred in a report last month that "capital structures will become unsustainable" for many healthcare companies rated "B3 negative or lower" — the weaker end of the credit rating spectrum — which have "high financial leverage, high levels of floating-rate debt and weak operating performance".

Predictions of deteriorating creditworthiness are at odds with the healthcare industry's historical reputation as a defensive sector that typically weathers economic downturns.

Caprio said the sector should no longer be seen as "recession resistant" in the current environment.

Market participants have highlighted the one-two punch of soaring workforce costs, along with pressure on the reimbursement rates provided to companies by the US government under schemes such as Medicare.

"What we're hearing about now in the US healthcare space is labour pressure, wage pressure from employees demanding higher wages, at the same time that government reimbursement rates for some of the names in the healthcare space are lagging," said Caprio.

Together with the weight of rising interest rates, such pressures could make it more difficult for companies to access fresh funding just as a darkening economic backdrop threatens to hamper revenue growth — paving the way for a flurry of downgrades and defaults in 2023.

"Finding lenders willing to refinance will become increasingly difficult in the year ahead as the market retrenches," Moody's said.

Even so, much of America's healthcare sector is in reasonable shape, according to the rating agency.

"Probably 80 per cent of the companies [in the sector] we think are fine," said Peter Abdill, managing director in the corporate finance group at Moody's. "[But] there's a growing number that are not and that we're worried about."

S&P Global Ratings said in a report last week that it expects ratings downgrades to outpace upgrades again in 2023, with "speculative grade and healthcare service providers leading the way downward".

The healthcare services subsector is "most vulnerable" because it has "the lowest margins and is most exposed to high labour costs", S&P added.

Elevated debt levels for healthcare companies are in part a legacy of extensive dealmaking activity with buyout firms capitalising on fragmentation in the industry.

According to Moody's, 95 per cent of healthcare debt issuers on its B3N roster — essentially a distressed debt watch list — are now controlled by private equity.

Outstanding debt held by the constituents of Moody's B3N list stood at almost $65bn in December, up from $33bn as recently as January 2019.

The sharp escalation in total borrowings stemmed from two recent additions — Bausch Health Companies and hospital staffing group Envision Healthcare, owned by buyout firm KKR.

Today, Envision's senior unsecured notes maturing in 2026 are trading at less than 30 cents on the dollar, a level widely associated with extreme distress.

Some companies in areas such as skilled nursing facilities and rural hospitals are making just enough money to continue operating but could ultimately be crushed by higher interest rates, according to John McClain, portfolio manager at Brandywine Global Investment Management.

"There are a number of zombie companies in the space . . . that need to be addressed either through recapitalisation or elimination," he said.

'There are a number of zombie companies in the space'

Fixed income

Bond buyers demand double-digit yield for $2bn Pemex issue

CHRISTINE MURRAY — MEXICO CITY
HARRIET CLARFELT — NEW YORK

Pemex, Mexico's state-owned oil company completed a $2bn bond sale on Tuesday, according to people familiar with the deal, with investors demanding a double-digit yield to lend to the heavily indebted group.

The issuance comes as emerging market governments have raised more than $40bn in international bond markets this year after a global sell-off last year triggered by rising interest rates.

Andrés Manuel López Obrador, Mexico's nationalist president, has in the past vowed to "rescue" Pemex after what he sees as years of damaging privatisation.

His administration has tried to boost the company with billions of dollars of support and tax breaks to help it manage a debt load of more than $100bn.

Some investors had hoped the government would provide more support before the company was compelled to tap the market again. But Pemex on Tuesday priced the sale of bonds maturing in 10 years' time, according to people with knowledge of the matter. It last issued new debt in 2022.

Emerging market fund managers who have invested in Pemex bonds in the past say they are attractive because they pay a high premium, or spread, over Mexican sovereign bonds while enjoying strong government backing.

'It's not a permanent solution. It'll be this piecemeal approach for the foreseeable future'

The bond priced with a yield of 10.375 per cent, a person with knowledge of the deal said. The money would be used for general corporate purposes and refinancing, the person added.

Mexico's 10-year government bonds traded on Tuesday with a yield of 8.7 per cent, implying a premium for investors in the new Pemex bonds of more than 1.6 percentage points.

"It's a pragmatic arrangement where the government tries to keep the pressure on the company to be self-sufficient," one Pemex bondholder said of the decision to issue rather than inject capital via the government. "It's not a permanent solution and indeed we don't really expect a permanent solution. It'll be this piecemeal approach for the foreseeable future."

The yield on the new bonds reflected expectations that the government would continue to support Pemex, the analyst said. But, for a "quasi-sovereign", the spread was large, the analyst added.

In the first quarter of this year Pemex has to make more than $5.5bn worth of debt payments, chief executive Octavio Romero said this month.

Despite generous financial help from the government, Pemex's production has been falling for years and hit lows of 1.5mn barrels a day in 2022, down from more than 2.1mn b/d in 2016.

Asset management

Volatility moves to top slot on trader worry list after liquidity's six-year run

NIKOU ASGARI — LONDON

Liquidity is no longer the biggest worry for traders in financial markets, following a year in which markets survived a series of shocks without the ability to buy and sell becoming too severely impaired.

Instead, volatility has climbed to the top of the list of traders' concerns in 2023, as rising global interest rates and geopolitical tensions spark big moves in markets, according to a survey of traders by JPMorgan.

Traders and investors had for the previous six years listed liquidity as their biggest concern with many worrying about the risk of a financial accident caused by a breakdown in the functioning of important markets, including in US Treasuries that form the bedrock of global finance.

But Scott Wacker, head of fixed income, currency and commodity ecommerce sales at JPMorgan, said that, in 2022, "we didn't see many breaks in the system in terms of liquidity", despite market shocks including the fallout from Russia's invasion of Ukraine and the crisis that hit UK pension funds and the gilt market. "The underlying availability of liquidity was there and the markets functioned really well," he said.

Nearly half of the 835 traders surveyed named volatile markets as their key daily challenge with 22 per cent citing liquidity availability — down 13 percentage points.

That marks a departure from the acute fears of a market breakdown that came to the fore during the coronavirus crisis in 2020 when the US Federal Reserve was forced to make an unprecedented intervention to restore order to US debt markets.

Traders' views marked a departure from fears of a market breakdown

Wacker said that, previously, traders had "seen some markets break especially pre- and post- the beginning of the pandemic. As clients were looking to trade more and more electronically over the past decade, the resiliency of markets weren't what they'd like".

Antoine Bouvet, senior rates strategist at ING, said that although poor liquidity hampered trading last year, "it didn't feel like it was impossible [to] trade some assets for weeks on end" and that even illiquid markets "kept functioning."

The elevation of volatility to the top of the list of concerns highlights how the changing economic environment, marked by a growth slowdown, record inflation, climbing interest rates and the looming threat of a recession, have fuelled big swings in markets.

Last year, the Bank for International Settlements warned that rising volatility could undermine central banks' ability to tame soaring inflation.

"2022 was kind of an amazing year in volatility terms," said Wacker. "Everything that could change, kind of did."

Crypto

Digital asset lender Celsius misused customer funds, court examiner finds

JOSHUA OLIVER — NEW YORK
KADHIM SHUBBER — LONDON

Bankrupt crypto lender Celsius misused investor and customer funds for years before its collapse, including to help its founders cash out tens of millions of dollars, a court-appointed examiner said in a report.

The company founded by Alex Mashinsky promoted itself as an innovative, digital asset alternative to traditional banks, luring customers with interest rates as high as 17 per cent.

But it used the money that it received from thousands of everyday investors to inflate the price of its own token, CEL, in a scheme an employee described at the time as "very Ponzi like", according to the report prepared by a law firm appointed by the US bankruptcy court.

Mashinsky himself profited by dumping $68.7mn of CEL while telling the public that he was not selling.

Insider sales by Mashinsky and others, which were first reported in a Financial Times investigation in July, were enabled by Celsius buying up the token, using money from its customers and blue-chip investors including Laurence Tosi's WestCap and the Canadian public pension Caisse de dépôt et placement du Québec (CDPQ).

"We spent all our cash paying execs and trying to prop up Alex [Mashinsky]'s net worth in [the] CEL token," a former employee told the examiner, according to the report.

The nearly 700-page report by Jenner & Block partner Shoba Pillay, a former US federal prosecutor, highlights the once-prominent lender's alleged extensive financial manipulation, misrepresentations, tax deficiencies and woeful internal systems and risk controls.

'We spent all our cash paying execs and trying to prop up Mashinsky's net worth in the CEL token'

Its findings will raise questions for transatlantic regulators who had close contact with Celsius long before it collapsed but failed to stop billions of dollars in customer funds being locked up.

The company was rejected by the UK's Financial Conduct Authority when it applied for registration as a crypto business and forced to move its base to the US in 2021 but not blocked from soliciting customers.

Celsius stopped new US customers enrolling in some products in April 2022 just two months before it collapsed after intervention by US watchdogs.

New York's attorney-general last month sued Mashinsky for allegedly "defrauding hundreds of thousands of investors . . . out of billions of dollars worth of cryptocurrency". He has denied wrongdoing.

Mashinsky's lawyer did not immediately respond to a request for comment on the examiner's report.

Beginning in 2020, Celsius operated a scheme it called its "OTC flywheel" where it bought up CEL on the open market and sold it via private "over the counter" transactions, often timing purchases to boost the price, the report said.

"In total, Celsius spent at least $558 million buying its own token on the market . . . In effect, Celsius bought every CEL token in the market at least one time and, in some instances, twice," Pillay wrote.

The day in the markets

What you need to know

- Wall Street stocks edge lower as investors await Fed meeting clues
- Markets expect quarter-point rate rise but await Powell comments
- Dollar slips while Asian equities advance

US manufacturing shrank at the fastest pace in over 2.5 years

ISM Manufacturing PMI index

A reading below 50 shows the sector is contracting
Source: Refinitiv

Wall Street stocks slipped yesterday with the US Federal Reserve poised to lift borrowing costs by a quarter percentage point in what would be the smallest increase in rates since last March.

The benchmark S&P 500 fell 0.3 per cent while the tech-heavy Nasdaq Composite declined 0.2 per cent after demand for US workers grew more than expected in December and US manufacturing activity declined to its weakest level in more than two-and-a-half years.

The US Dollar index, a measure of the currency's strength against a basket of six peers, fell 0.4 per cent.

Fed officials were yesterday expected to increase rates by 0.25 percentage points to a range of 4.5-4.75 per cent, the highest level since September 2007 at the start of the global financial crisis.

Having lifted rates in 0.5 percentage point and 0.75 percentage point increments since May, such a move would mark a shift to a more traditional pace of monetary tightening and reflect growing confidence that inflation is on a downward trajectory.

With a quarter-point move all but nailed on, markets are likely to swing higher or lower on the language deployed by Fed chair Jay Powell in his press conference after the rate announcement.

"We expect Powell's comments will be quite hawkish in order to underscore that slowing is not stopping and to discourage markets from expecting rate cuts in 2023," said analysts at JPMorgan.

Despite a more "encouraging" outlook, Powell is expected to point yet again to the "historical costs of easing too soon".

The Bank of England and European Central Bank are due to implement their own interest rate increases today with both expected to opt for 0.5 percentage point upwards.

The pan-regional Stoxx Europe 600 traded flat after eurozone inflation fell more than expected to 8.5 per cent in January, down from 9.2 per cent in December.

Economists polled by Reuters had forecast a decline to 9 per cent. Core inflation, which omits relatively volatile food and energy prices, remained at 5.2 per cent with investors having expected a decline to 5.1 per cent.

London's FTSE 100 benchmark edged 0.1 per cent lower.

In Asia, Hong Kong's Hang Seng added 1 per cent, China's CSI 300 index of Shanghai and Shenzhen stocks rose 0.9 per cent while Seoul's Kospi gained 1.2 per cent. **George Steer**

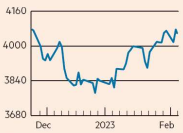
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4058.40	1786.59	27346.88	7761.11	3284.92	111215.52
% change on day	-0.45	-0.14	0.07	-0.14	0.90	-1.95
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	102.229	1.092	129.255	1.233	6.741	5.075
% change on day	0.296	0.552	-0.607	0.162	-0.229	-0.325
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.488	2.282	0.477	3.305	2.925	12.666
Basis point change on day	-2.870	-0.300	-1.660	-2.600	1.000	-5.600
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	427.88	83.55	77.24	1923.90	23.00	4356.30
% change on day	-0.02	-2.23	-2.07	-0.01	-2.71	0.67

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

Main equity markets

S&P 500 index



Eurofirst 300 index

FTSE 100 index

Biggest movers

%	US		Eurozone		UK	
Ups	Old Dominion Freight Line	9.06	Bbva	4.70	Segro	2.38
	Advanced Micro Devices	8.01	Renault	3.17	Smiths	2.23
	Stryker	7.10	A.p. Moller - Maersk B	3.10	3i	2.22
	Altria	4.46	Publicise	2.47	Ocado	2.20
	Applied Materials	2.88	Deutsche Post	2.09	Rs	1.86
Downs	Westrock	-14.54	Hann.rueck	-5.26	Astrazeneca	-2.93
	Electronic Arts	-11.93	Merck	-4.29	Anglo American	-2.29
	Match	-9.52	Talanx	-3.44	Abrdn	-2.12
	Johnson Controls Int	-6.43	Raiffeisen Bank Internat	-2.61	Vodafone	-2.08
	Synchrony Fin	-5.74	Jeronimo Martins	-2.21	Compass	-1.89

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

Wall Street

Transportation and logistics group **Old Dominion Freight** topped the S&P 500 index after reporting "record-breaking results in 2022".

Adding a further boost to the stock was a 33.3 per cent year-on-year rise in quarterly dividend to 40 cents per share. This would be paid on March 15 to shareholders registered on March 1.

Joining Old Dominion Freight near the peak of the blue-chip benchmark was chipmaker **Advanced Micro Devices**, which reported forecast-beating earnings and revenue.

UBS drew attention to AMD's data centre performance, which achieved a 42 per cent year-on-year jump in revenue to $1.7bn in the fourth quarter.

The broker expected this division to increase sales by another 20 per cent this year as rival Intel lagged behind AMD in its product road map.

Narrowing losses propelled **Peloton** higher with the fitness bikes group posting a quarterly net loss of $335.4mn, its best performance since its fiscal fourth quarter of 2021.

Peloton said this showed "the changes we're making are working". For its third consecutive quarter, Peloton generated more revenue from subscriptions than it did from hardware sales, paving the way towards a significant improvement in gross margins, it added. *Ray Douglas*

Europe

Italian fashion group **OVS** jumped after announcing strong 2022 sales and calling off its acquisition of department store chain Coin.

OVS said takeover talks had ended, allowing it to instead focus on deleveraging, "which, in this market context . . . appears to be in our shareholders' best interests".

Net sales leapt 11 per cent last year to exceed €1.5bn, beating consensus estimates and generating free cash flow of more than €60mn.

Retirement homes operator **Orpea**, which had been rocked by allegations that residents were being mistreated, dived on reaching an agreement in principle on a financial restructuring plan.

This scheme, unveiled in November, included a debt-to-equity swap worth about €3.8bn and a capital increase of up to €1.5bn.

The French group warned that the restructure would "lead to a massive dilution for existing shareholders".

If they opted not to participate in the capital increase, these shareholders would see their stake reduced to just 0.4 per cent of Orpea.

Sweden's **Husqvarna**, home to outdoor power products such as Flymo lawnmowers, rallied after net sales in the fourth quarter comfortably topped analysts' estimates. *Ray Douglas*

London

Commercial broadcaster **ITV** advanced off the back of an article stating that there were multiple expressions of interest in its content production arm.

Reuters said French TV production group Banijay and Hollywood executive Peter Chernin were both eyeing a stake in the maker of *Love Island*.

Citi said such speculation highlighted "the potential 'hidden value' within" ITV Studios, although it was difficult to see how this could be unlocked.

"Selling a small stake would obviously be the easiest way to signal value for ITV stakeholders," said the broker, "but it is not clear that potential acquirers would be willing to pay a premium for a stake unless there is a pathway to control" the division.

Vodafone was in the lower half of the FTSE 100 index after Margherita Della Valle, interim chief executive, admitted the telco could "do better" following a recent decline in European revenue.

Growth in service revenue slowed to 1.8 per cent in its fiscal third quarter, down from 2.5 per cent in the preceding period, driven by a particularly weak performance in Spain where revenue slid 8.7 per cent.

Made Tech, which provides IT services to the public sector, leapt more than a fifth on reporting a 76 per cent jump in half-year revenue. *Ray Douglas*

Specialised ETFs fall flat from marijuana to the metaverse

Francesco Franzoni

Markets Insight

From the legalisation of marijuana to the rise of working from home, if there is a trend or theme in markets, there will be an exchange traded fund for it. As the cost of issuance of new ETFs is low and the competition between fund issuers intense, financial innovation has flourished.

Thousands of new ETFs have been launched over the past three decades. The range of recent specialised ETFs seemingly stretches as far as the imagination of investors.

But does financial innovation in the ETF space create value for investors? A study to be published in the Review of Financial Studies that I co-authored with Itzhak Ben-David, Byungwook Kim and Rabih Moussawi suggests otherwise. Our results show that, on average, new equity ETFs are poor investments on a risk-adjusted basis.

It points the finger at specialised equity ETFs that focus on specific industries and themes. Over the past two decades, industry and thematic ETFs have underperformed broad-based benchmarks by about 30 per cent in the first five years since their inception.

Out of these, only about 3 percentage points is due to their fees and 27 percentage points to the underperformance of the base assets.

The need to attract investors' attention has led ETF providers to ride the latest trends, turning a passive product into an active bet on the theme du jour.

After the success of the first wave of ETFs tracking broad-based indices such as the S&P 500 index, competition intensified and fees declined.

To counteract this development, issuers came up with new types of products which charged higher fees and tracked smaller segments of the market. Smart beta ETFs, which are constructed to reflect investment approach rather than straight market capitalisation, were introduced. Then came ETFs based on industries and thematic versions. Single-stock ETFs are but the latest step in the evolution of the species.

Newly launched ETFs focus on the flavour-of-the-month topics that investors are excited about. In 2020, new ETFs held portfolios related to areas such as Covid-19 vaccines, telemedicine and gaming/sports betting. In 2021, investors' dreams included bitcoin, electric cars and the metaverse.

Naturally, ETF issuers design new products with one consideration in mind: to maximise their revenues. Revenues are greater when the fee rate and the assets that investors pour in are higher. With thousands of ETFs already on the market, new ETFs need to be unique and catch investors' attention.

> Assets are overvalued at the time of launch and underperform in the following years

If the idea behind the ETF provides investors with the excitement to bet on their preferred theme, they will be less sensitive to the price that they pay for the product.

So amid the forced restructuring imposed by falling markets, the industry is renewing its bet on specialised ETFs.

Despite managing only 18 per cent of the assets in equity-focused ETFs in the US, these products are true blockbusters as they collect about 35 per cent of the revenues due to higher fees. Academic literature has shown that investors chase assets that have recently experienced good returns. Possibly aware of these results, issuers introduce products that track "hot" industries and themes.

As a result, the stocks in the baskets of specialised ETFs start from relatively high valuations. In particular, new ETFs hold firms that, before the fund launch, had unusually high past returns (outperforming benchmarks by 5 per cent a year, on average) and received very favourable media coverage. The high fees that specialised ETFs charge contribute to their poor performance — overall about 0.60 percentage points.

But fees are not the main reason for the gross underperformance. That is driven simply by the assets that specialised ETFs choose to hold. They are overvalued at the time of launch and underperform in the following years.

Investors should beware when considering investing in specialised ETFs. They risk losing along three dimensions: they sacrifice portfolio diversification, they are likely to invest in overvalued assets and they pay higher fees.

Our research shows that recent episodes of protracted and deep drawdowns for specialised ETFs are a widespread phenomenon.

Jack Bogle, the founder of the index fund industry and an advocate of passive investing, was very critical of ETFs. His view was that ETFs are the greatest marketing innovation of the 21st century but one that does not serve investors well. Our study buttresses this view, as far as specialised ETFs are concerned.

Francesco Franzoni is professor of finance at the University of Lugano and senior chair at the Swiss Finance Institute

Legal Notices

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: VOYAGER DIGITAL HOLDINGS, INC., *et al.*,[1] Debtors.) Chapter 11) Case No. 22-10943 (MEW)) (Jointly Administered)

NOTICE OF HEARING TO CONSIDER (I) ADEQUACY OF THE SECOND AMENDED DISCLOSURE STATEMENT AND (II) CONFIRMATION OF THE THIRD AMENDED JOINT CHAPTER 11 PLAN FILED BY THE DEBTORS AND RELATED VOTING AND OBJECTION DEADLINES

PLEASE TAKE NOTICE THAT on January 13, 2023, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order [Docket No. 861] (the "Disclosure Statement Order") that (a) conditionally approved the *Second Amended Disclosure Statement Relating to the Third Amended Joint Plan of Voyager Digital Holdings, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 863] (as modified, amended, or supplemented from time to time, the "Disclosure Statement"), for the purposes of solicitation, (b) authorized the Debtors to solicit votes with regard to the acceptance or rejection of the *Third Amended Joint Plan of Voyager Digital Holdings, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 852] (as modified, amended, or supplemented from time to time, the "Plan"),[2] (c) approved the solicitation materials and documents to be included in the solicitation packages (the "Solicitation Packages"); and (d) approved procedures for soliciting, receiving, and tabulating votes on the Plan and for filing objections to the Plan.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Court will consider the adequacy of the Disclosure Statement and Confirmation of the Plan (the "Combined Hearing") will commence on **March 2, 2023 at 10:00 a.m.**, prevailing Eastern Time, or such other time that the Court determines, before the Honorable Michael E. Wiles, in the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, Courtroom 617, New York, New York 10004.

PLEASE BE ADVISED: THE COMBINED HEARING MAY BE CONTINUED FROM TIME TO TIME BY THE COURT OR THE DEBTORS **WITHOUT FURTHER NOTICE** OTHER THAN BY SUCH ADJOURNMENT BEING ANNOUNCED IN OPEN COURT OR BY A NOTICE OF ADJOURNMENT FILED WITH THE COURT AND SERVED ON ALL PARTIES ENTITLED TO NOTICE.

CRITICAL INFORMATION REGARDING VOTING ON THE PLAN

Voting Record Date. The voting record date is **January 10, 2023** (the "Voting Record Date"), which is the date for determining which Holders of Class 3 Claims (Account Holder Claims), Class 4A Claims (OpCo General Unsecured Claims), Class 4B Claims (HoldCo General Unsecured Claims), and Class 4C (TopCo General Unsecured Claims) are entitled to vote on the Plan.

Voting Deadline. The deadline for voting on the Plan is on **February 22, 2023 at 4:00 p.m.** prevailing Eastern Time (the "Voting Deadline"). If you received a Solicitation Package, including a Ballot and intend to vote on the Plan you **must**: (a) follow the instructions carefully; (b) complete **all** of the required information on the ballot; and (c) execute and return your completed Ballot according to and as set forth in detail in the voting instructions so that it is **actually received** by the Debtors' claims, noticing, and solicitation agent Stretto, Inc. (the "Claims, Noticing, and Solicitation Agent") on or before the Voting Deadline. **A failure to follow such instructions may disqualify your vote.**

CRITICAL INFORMATION REGARDING OBJECTING TO THE PLAN

Plan and Disclosure Statement Objection Deadline. The deadline for filing objections to the Plan or Disclosure Statement is **February 22, 2023 at 4:00 p.m.** prevailing Eastern Time (the "Plan and Disclosure Statement Objection Deadline"). All objections to the relief sought at the Combined Hearing **must**: (a) be in writing; (b) conform to the Bankruptcy Rules, the Local Rules, and any orders of the Court; (c) state, with particularity, the legal and factual basis for the objection and, if practicable, a proposed modification to the Plan (or related materials) that would resolve such objection; **and** (d) be filed with the Court (contemporaneously with a proof of service) and served upon the following parties so as to be **actually received** on or before **February 22, 2023 at 4:00 p.m.** prevailing Eastern Time: (i) ***Debtors:* Voyager Digital Holdings, Inc.**, 33 Irving Place, Suite 3060, New York, NY 10003, Attention: Stephen Ehrlich and David Brosgol; (ii) ***Counsel to the Debtors:* Kirkland & Ellis LLP**, 601 Lexington Avenue, New York, New York 10022, Attention: Joshua A. Sussberg; Christopher Marcus; Christine A. Okike; Allyson B. Smith; (iii) ***Counsel to the Committee:* McDermott Will & Emery LLP**, One Vanderbilt Avenue, New York, NY 10017-3852, Attention: Darren Azman; Joseph B. Evans; Grayson Williams; Gregg Steinman; and (iv) ***United States Trustee:* Office of the United States Trustee for the Southern District of New York**, U.S. Federal Office Building, 201 Varick Street, Room 1006, New York, NY 10014, Attention: Richard Morrissey; Mark Bruh.

ADDITIONAL INFORMATION

Obtaining Solicitation Materials. The materials in the Solicitation Package are intended to be self-explanatory. If you should have any questions or if you would like to obtain additional solicitation materials (or paper copies of solicitation materials if you received the materials in electronic format, or on a CD-ROM or flash drive), contact the Debtors' Claims, Noticing, and Solicitation Agent, by: (a) calling (855) 473-8665 (Toll Free) or +1 (949) 271-6507 (International), (b) e-mailing VoyagerInquiries@Stretto.com with a reference to "In re: Voyager - Solicitation Inquiry" in the subject line, or (c) writing to the Claims, Noticing, and Solicitation Agent at Voyager Inquiries, c/o Stretto 410 Exchange, Suite 100 Irvine, CA 92602. You may also obtain copies of any pleadings filed with the Court for free by visiting the Debtors' restructuring website, https://cases.stretto.com/Voyager/, or for a fee via PACER at: http://pacer.psc.uscourts.gov. Please be advised that the Claims, Noticing, and Solicitation Agent is authorized to answer questions about, and provide additional copies of, solicitation materials, but may **not** advise you as to whether you should vote to accept or reject the Plan.

Filing the Plan Supplement. The Debtors will file the Plan Supplement (as defined in the Plan) on or before **February 15, 2023** (*provided* that (i) the Notice of Assumption of Executory Contracts and Unexpired Leases and Notice of Assumption and Assignment of Executory Contracts and Unexpired Leases will be filed on or before **February 1, 2023**; and (ii) the Customer Onboarding Protocol and the Schedule of Retained Causes of Action will be filed on or before **February 8, 2023**) and will serve notice on all Holders of Claims entitled to vote on the Plan, which will: (a) inform parties that the Debtors filed the Plan Supplement; (b) list the information contained in the Plan Supplement; and (c) explain how parties may obtain copies of the Plan Supplement.

BINDING NATURE OF THE PLAN: IF CONFIRMED, THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND INTERESTS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WHETHER OR NOT SUCH HOLDER WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, HAS FILED A PROOF OF CLAIM IN THESE CHAPTER 11 CASES, OR FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

HOW TO OPT INTO THE RELEASES: Any Holder of a Claim or Interest that wants to grant the Third-Party Release set forth in Article VIII.B of the Plan must return its Ballot or Non-Voting Status Notice, as applicable, to the Claims, Noticing, and Solicitation Agent by no later than **February 22, 2023**, by following the instructions for electing to opt into the Third-Party Release set forth in such Ballot or Non-Voting Status Notice, as applicable.

RELEASES

Article VIII.A of the Plan contains the following Debtor Release: Notwithstanding anything contained in the Plan to the contrary, on and after the Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by each and all of the Debtors, the Wind-Down Debtors, and their Estates, the Wind-Down Entity, and in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of, the foregoing Entities, from any and all Causes of Action, including any derivative claims, asserted or assertable on behalf of any of the Debtors, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise, that the Debtors would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, a Debtor, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their capital structure, the purchase, sale, or rescission of the purchase or sale of any Security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Chapter 11 Cases and related adversary proceedings, the Debtors' out-of-court restructuring efforts, intercompany transactions between or among a Debtor and another Debtor, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Definitive Documents, the pursuit of consummation of the Plan, the administration and implementation of the Restructuring Transactions or upon any other act or omission, transaction, agreement, event, or other occurrence related to the Debtors taking place on or before the Effective Date.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to section 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, of the releases described in Article VIII.A of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that each release described in Article VIII.A of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good-faith settlement and compromise of such Causes of Action; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; (6) a sound exercise of the Debtors' business judgment; and (7) except to the extent contemplated by Article IV.E and Article IV.F of the Plan, a bar to any of the Debtors or Wind-Down Debtors or their respective Estates or Wind-Down Entity asserting any Cause of Action related thereto, of any kind, against any of the Released Parties or their property.

Notwithstanding anything to the contrary contained herein, nothing in the Plan shall release, waive, or otherwise limit the (i) rights, duties, or obligations of the Purchaser under the Asset Purchase Agreement and (ii) the Non-Released D&O Claims, but such Non-Released D&O Claims shall remain subject to the limitations contained in Article IV.E and Article IV.F of the Plan.

Article VIII.B of the Plan contains the following Third-Party Release: Except as expressly set forth in the Plan, effective on the Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party is hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by each and all of the Releasing Parties, in each case on behalf of themselves and their respective successors, assigns, and representatives, from any and all Causes of Action, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise, including any derivative claims asserted or assertable on behalf of any of the Debtors, that such Entity would have been legally entitled to assert in its own right (whether individually or collectively or on behalf of the Holder of any Claim or Interest in, a Debtor or other Entity), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership, or operation thereof), their capital structure, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' out-of-court restructuring efforts, intercompany transactions between or among a Debtor and another Debtor, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Definitive Documents, the pursuit of consummation of the Plan, the administration and implementation of the Restructuring Transactions, or upon any other act or omission, transaction, agreement, event, or other occurrence related to the Debtors taking place on or before the Effective Date, provided that nothing in Article VIII.B of the Plan shall be construed to release the Released Parties from actual fraud, willful misconduct, or gross negligence as determined by a Final Order.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.B of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that each release described in Article VIII.B of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good-faith settlement and compromise of such Causes of Action; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; (6) a sound exercise of the Debtors' business judgment; and (7) except to the extent contemplated by Article IV.E and Article IV.F of the Plan, a bar to any of the Releasing Parties or the Debtors or Wind-Down Debtors or their respective Estates or Wind-Down Entity asserting any Cause of Action related thereto, of any kind, against any of the Released Parties or their property.

Article VIII.C of the Plan provides for the following Exculpation: Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the Debtor release or the third-party release, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is exculpated from any Cause of Action for any act or omission arising on or after the Petition Date and prior to the Effective Date based on the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation or filing, or consummation of the Disclosure Statement, the Plan, the Special Committee Investigation, any Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of consummation of the Plan, the administration and implementation of the Plan, including the issuance of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement (including, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion), except for Causes of Action related to any act or omission that is determined in a Final Order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan.

The Exculpated Parties have, and upon Consummation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

Article VIII.D of the Plan provides for the following Injunction: The assets of the Debtors and of the Wind-Down Entity shall be used for the satisfaction of expense obligations and the payment of Claims and Interests only in the manner set forth in the Plan and shall not be available for any other purpose. All Persons and Entities who have held, hold, or may hold Claims or Interests based upon any act, omission, transaction, or other activity of any kind or nature related to the Debtors, the Wind-Down Entity, or the Debtors' Chapter 11 Cases that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, shall be precluded and permanently enjoined on and after the Effective Date from interfering with the use and distribution of the Debtors' assets in the manner contemplated by the Plan.

In addition, as of the Effective Date and subject to the occurrence of the Effective Date, except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons and Entities who have held, hold, or may hold Claims or Interests that are fully satisfied pursuant to the Plan or any Claim or Interest that is subject to the releases and exculpations set forth in Article VIII.B and Article VIII.C of the Plan shall be precluded and permanently enjoined on and after the Effective Date from enforcing, pursuing, or seeking any setoff or relief with respect to such Claims or Interests, except for the receipt of the payments or distributions that are contemplated by the Plan.

Dated: January 13, 2023, New York, New York, */s/ Joshua A. Sussberg*, **KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP**, Joshua A. Sussberg, P.C., Christopher Marcus, P.C., Christine A. Okike, P.C., Allyson B. Smith (admitted *pro hac vice*), 601 Lexington Avenue, New York, New York 10022, Telephone: (212) 446-4800, Facsimile: (212) 446-4900, Email: jsussberg@kirkland.com, cmarcus@kirkland.com, christine.okike@kirkland.com, allyson.smith@kirkland.com, *Counsel to the Debtors and Debtors in Possession*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Voyager Digital Holdings, Inc. (7687); Voyager Digital Ltd. (7224); and Voyager Digital, LLC (8013). The location of the Debtors' principal place of business is 33 Irving Place, Suite 3060, New York, NY 10003.

[2] Capitalized terms not otherwise defined herein shall have the meaning given to them in the *Debtors' Motion for Entry of an Order (I) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing (II) Conditionally Approving the Adequacy of the Debtors' Disclosure Statement, (III) Approving (A) Procedures for Solicitation, (B) Forms of Ballots and Notices, (C) Procedures for Tabulation of Votes and (D) Procedures for Objections, and (IV) Granting Related Relief* [Docket No. 779] or the Plan, as applicable.

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-0.45%	-0.29%	-0.90%	-0.14%	-0.14%	0.07%	1.05%	-0.02%	0.552%	0.162%	-0.607%	0.454%	0.60%	-0.01%

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

Country	Index	Latest	Previous
Argentina	Merval	247330.22	253548.49
Australia	All Ordinaries	7709.70	7686.10
	S&P/ASX 200	7501.70	7476.70
	S&P/ASX 200 Res	6404.90	6389.70
Austria	ATX	3378.29	3383.71
Belgium	BEL 20	3855.46	3860.53
	BEL Mid	9714.59	9686.59
Brazil	IBovespa	111215.52	113430.54
Canada	S&P/TSX 60	1241.57	1251.51
	S&P/TSX Comp	20600.95	20767.38
	S&P/TSX Div Met & Min	1749.47	1682.30
Chile	S&P/CLX IGPA Gen	28203.24	28359.94
China	FTSE A200	11072.41	10984.90
	FTSE B35	9000.71	8988.96
	Shanghai A	3443.19	3412.53
	Shanghai B	299.61	299.55
	Shanghai Comp	3284.92	3255.67
	Shenzhen A	2273.94	2241.46
	Shenzhen B	1220.06	1205.98
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1342.50	1329.66
Denmark	OMXC Copenahgen 20	1845.92	1834.53
Egypt	EGX 30	16407.79	16446.38
Estonia	OMX Tallinn	1884.22	1881.11
Finland	OMX Helsinki General	11149.42	11082.67
France	CAC 40	7077.11	7082.42
	SBF 120	5426.70	5425.83
Germany	M-DAX	28849.88	28813.25
	TecDAX	3194.69	3180.09
	XETRA Dax	15180.74	15128.27
Greece	Athens Gen	1027.00	1022.82
	FTSE/ASE 20	2495.80	2475.79
Hong Kong	Hang Seng	22072.18	21842.33
	HS China Enterprise	7560.40	7424.92
	HSCC Red Chip	4033.79	3978.79
Hungary	Bux	45209.70	45339.18
India	BSE Sensex	59708.08	59549.90
	Nifty 500	14847.65	14935.50
Indonesia	Jakarta Comp	6862.26	6839.34
Ireland	ISEQ Overall	8001.31	7907.51
Israel	Tel Aviv 125	1822.84	1797.43
Italy	FTSE Italia All-Share	28930.81	28782.18
	FTSE Italia Mid Cap	43976.14	43263.71
	FTSE MIB	26703.87	26599.74
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27346.88	27327.11
	S&P Topix 150	1694.72	1695.84
	Topix	1972.23	1975.27
Jordan	Amman SE	2692.65	2676.50
Kenya	NSE 20	1657.32	1666.03
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1190.85	1194.76
Lithuania	OMX Vilnius	979.08	980.49
Luxembourg	LuxX	1610.87	1613.11
Malaysia	FTSE Bursa KLCI	1485.50	1499.39
Mexico	IPC	54679.85	54564.27
Morocco	MASI	10070.12	10107.41
Netherlands	AEX	747.68	745.19
	AEX All Share	1028.37	1025.69
New Zealand	NZX 50	12090.93	11967.72
Nigeria	SE All Share	53238.67	53157.83
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	40619.95	40673.06
Philippines	Manila Comp	7035.76	6793.25
Poland	Wig	60535.38	61286.58
Portugal	PSI 20	5907.01	5886.34
	PSI General	4398.90	4406.64
Romania	BET Index	12168.16	12139.42
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	10783.73	10792.85
Singapore	FTSE Straits Times	3377.65	3365.67
Slovakia	SAX	330.92	325.07
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	79816.87	79476.60
	FTSE/JSE Res 20	75129.52	75832.91
	FTSE/JSE Top 40	73723.26	73431.04
South Korea	Kospi	2395.26	2380.34
	Kospi 200	315.58	313.81
Spain	IBEX 35	9098.10	9034.00
Sri Lanka	CSE All Share	8950.01	8865.05
Sweden	OMX Stockholm 30	2210.13	2198.54
	OMX Stockholm AS	850.74	843.33
Switzerland	SMI Index	11200.93	11285.78
Taiwan	Weighted Pr	15420.13	15265.20
Thailand	Bangkok SET	1685.75	1671.46
Turkey	BIST 100	4713.39	4713.39
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2682.40	2672.40
	FTSE 100	7761.11	7771.70
	FTSE 4Good UK	7038.95	7052.70
	FTSE All Share	4252.85	4255.72
	FTSE techMARK 100	6450.05	6463.53
USA	DJ Composite	11408.99	11419.76
	DJ Industrial	33777.67	34086.04
	DJ Transport	14889.26	14648.34
	DJ Utilities	970.33	971.02
	Nasdaq 100	12070.73	12101.93
	Nasdaq Cmp	11551.29	11584.55
	NYSE Comp	15951.84	16036.39
	S&P 500	4058.40	4076.60
	Wilshire 5000	40549.74	40724.96
Venezuela	IBC	24716.59	23926.30
Vietnam	VNI	1075.97	1111.18
Cross-Border	DJ Global Titans ($)	435.10	436.17
	Euro Stoxx 50 (Eur)	4169.66	4163.45
	Euronext 100 ID	1327.87	1327.37
	FTSE 4Good Global ($)	9965.72	10007.50
	FTSE All World ($)	427.88	427.96
	FTSE E300	1786.59	1789.18
	FTSE Eurotop 100	3515.74	3526.15
	FTSE Global 100 ($)	2586.99	2593.56
	FTSE Gold Min ($)	1950.44	1964.40
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2785.93	2764.37
	FTSE World ($)	774.61	775.31
	FTSEurofirst 100 (Eur)	4799.96	4806.72
	FTSEurofirst 80 (Eur)	5700.53	5685.05
	MSCI ACWI Fr ($)	648.37	643.95
	MSCI All World ($)	2785.00	2759.32
	MSCI Europe (Eur)	1842.54	1845.86
	MSCI Pacific ($)	2809.46	2822.37
	S&P Euro (Eur)	1877.56	1872.04
	S&P Europe 350 (Eur)	1834.82	1837.21
	S&P Global 1200 ($)	3084.05	3088.29
	Stoxx 50 (Eur)	3834.60	3853.32

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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	146.1	172.02	-1.20
Advanced Micro Devices	57.6	81.17	6.02
Nvidia	51.7	200.73	5.36
Apple	31.4	142.34	-1.95
Amazon.com	24.6	102.16	-0.97
Microsoft	18.7	247.20	-0.61
Meta Platforms	18.4	148.75	-0.23
Netflix	13.0	357.36	3.50
Monolithic Power Systems	10.4	438.37	11.81
Alphabet	9.8	98.19	-0.65

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Old Dominion Freight Line	363.43	30.19	9.06
Advanced Micro Devices	81.17	6.02	8.01
Stryker	271.82	18.01	7.10
Altria	47.05	2.01	4.46
Applied Materials	114.70	3.21	2.88
Downs			
Westrock	33.54	-5.71	-14.54
Electronic Arts	113.32	-15.36	-11.93
Match	48.97	-5.15	-9.52
Johnson Controls Int	65.10	-4.47	-6.43
Synchrony Fin	34.62	-2.11	-5.74

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Astrazeneca	180.9	10280.00	-310.00
Glencore	179.7	542.50	1.30
Diageo	161.6	3545.50	25.50
Rio Tinto	144.6	6202.00	-117.00
Hsbc Holdings	135.7	601.30	4.90
Shell	127.4	2366.50	-7.50
Anglo American	119.7	3387.00	-79.50
Bp	110.5	492.45	3.60
Informa	104.0	664.60	-4.60
Unilever	103.3	4133.00	24.50

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Currys	69.80	5.05	7.80
Wetherspoon (J.d.)	478.40	24.20	5.33
Network Int Holdings	277.60	13.80	5.23
Senior	159.60	7.00	4.59
Darktrace	219.50	9.30	4.42
Downs			
Qinetiq	342.80	-20.00	-5.51
Lancashire Holdings	603.00	-22.00	-3.52
Uk Commercial Property Reit	55.80	-2.00	-3.46
Ti Fluid Systems	115.00	-4.00	-3.36
Tullow Oil	34.98	-1.16	-3.21

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Roche Gs	544.7	279.82	-5.86
Novartis N	479.2	80.34	-2.24
Unicredit	478.3	18.08	0.20
Novo Nordisk B A/s	420.2	126.66	-0.08
Intesa Sanpaolo	403.8	2.45	0.04
Asml Holding	261.7	604.00	1.40
Nestle N	233.6	111.19	-0.46
Bbva	218.1	6.77	0.30
Santander	204.6	3.25	0.05
Enel	198.9	5.27	-0.12

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Bbva	6.77	0.30	4.70
Adyen	1429.60	52.00	3.77
Anheuser-busch	55.61	1.70	3.15
A.p. M__ller - M__rsk B A/s	2053.04	61.83	3.10
A.p. M__ller - M__rsk A A/s	2009.36	59.14	3.03
Downs			
Novartis N	80.34	-2.24	-2.72
Enel	5.27	-0.12	-2.19
Roche I	327.49	-7.21	-2.15
Eni	13.85	-0.29	-2.05
Roche Gs	279.82	-5.86	-2.05

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Mitsubishi Ufj Fin,.	613.2	948.50	-4.20
Sumitomo Mitsui Fin,.	519.5	5679.00	27.00
Softbank .	487.7	6254.00	110.00
Tokyo Electron	469.1	46130.00	960.00
Nippon Yusen Kabushiki Kaisha	444.2	3175.00	100.00
Mitsui O.s.k.lines,	419.6	3290.00	85.00
Sony	408.5	11470.00	-110.00
Fast Retailing Co.,	383.9	77990.00	-430.00
Toyota Motor	366.3	1903.00	6.50
Kawasaki Kisen Kaisha,	351.3	2813.00	119.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Tokyo Gas Co.,	2868.00	149.00	5.48
Screen Holdings Co Ltd	10060.00	490.00	5.12
Alps Alpine Co.,	1390.00	67.00	5.06
Kawasaki Kisen Kaisha,	2813.00	119.00	4.42
Tokuyama	1972.00	79.00	4.17
Downs			
Toto	4600.00	-420.00	-8.37
Seiko Epson	1890.00	-117.00	-5.83
Ajinomoto Co.,.	4117.00	-156.00	-3.65
Sumitomo Dainippon Pharma Co Ltd	878.00	-32.00	-3.52
West Japan Railway	5256.00	-179.00	-3.29

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Feb 01 price(p)	%Chg week	%Chg ytd
Winners			
3i	1610.00	9.0	20.0
Sainsbury (j)	263.70	7.7	21.4
Johnson Matthey	2297.00	6.9	8.0
Lloyds Banking	52.98	6.4	16.3
Ashtead	5360.00	6.2	13.8
Kingfisher	278.10	5.8	18.2
Segro	850.00	5.3	11.1
Crh	3820.50	4.9	16.1
Auto Trader	615.40	4.7	20.0
Taylor Wimpey	118.60	4.5	16.7
[illegible]	[illegible]	[illegible]	[illegible]
Losers			
Ocado	660.20	-10.3	7.0
Fresnillo	810.00	-7.0	-
Astrazeneca	10280.00	-6.9	-5.6
Glencore	542.50	-6.2	-1.8
Anglo American	3387.00	-5.6	4.1
Bt	123.90	-4.9	11.1
Convatec	234.60	-4.7	0.9
Diageo	3545.50	-4.3	-2.9
Rentokil Initial	491.20	-3.0	-3.5
Rolls-royce Holdings	105.18	-2.8	13.1
M&g	201.60	-2.7	7.3
Smith & Nephew	1124.00	-2.7	1.3

FTSE 250	Feb 01 price(p)	%Chg week	%Chg ytd
Winners			
Ascential	267.40	33.0	31.9
Asos	891.50	19.9	74.6
Senior	159.60	17.0	26.4
Dr. Martens	158.00	13.1	-
Moneysupermarket.com	237.60	12.6	23.5
Computacenter	2214.00	11.3	16.2
Hilton Food	665.00	9.0	19.4
Dunelm	1178.00	8.9	20.0
Discoverie	847.00	8.3	15.9
Pets At Home	359.40	7.9	27.1
[illegible]	[illegible]	[illegible]	[illegible]
Losers			
888 Holdings	70.00	-27.5	-
Darktrace	219.50	-11.1	-
Energean	1174.00	-8.9	-9.9
Tui Ag	170.55	-8.8	27.2
Balanced Commercial Property Trust	77.60	-8.4	-
Trainline	282.50	-8.3	3.3
Molten Ventures	351.80	-8.1	-0.2
Ferrexpo	158.50	-8.0	0.3
Digital 9 Infrastructure	87.20	-7.5	1.2
Tullow Oil	34.98	-6.7	-3.9
Wizz Air Holdings	2652.00	-6.6	39.0
Serco	146.30	-6.6	-6.0

FTSE SmallCap	Feb 01 price(p)	%Chg week	%Chg ytd
Winners			
Saga	179.70	17.9	42.8
Provident Fin	238.40	16.6	24.7
Halfords	206.20	13.8	-1.1
Int Personal Finance	92.00	13.6	23.3
Costain	46.50	12.2	17.5
Pphe Hotel	1270.00	10.9	0.8
Tt Electronics	186.20	10.3	8.6
Sig	36.90	8.8	24.7
Forterra	219.50	8.7	17.4
Taylor Maritime Investments	93.00	8.6	3.3
[illegible]	[illegible]	[illegible]	[illegible]
Losers			
Superdry	117.80	-21.5	-5.3
Hochschild Mining	64.50	-20.2	-7.4
Fisher (james) & Sons	348.00	-14.3	-
Chrysalis Investments	78.00	-13.4	1.4
Pod Point Holdings	63.60	-11.7	4.3
Petra Diamonds	81.00	-9.0	-
Enquest	21.75	-7.6	2.3
Xp Power	2435.00	-6.3	19.9
The Gym	129.40	-6.2	18.9
Seraphim Space Investment Trust	46.00	-5.6	0.4
Schroder Uk Public Private Trust	14.58	-5.6	-7.9
Newriver Reit	87.40	-5.6	11.9

Industry Sectors	Feb 01 price(p)	%Chg week	%Chg ytd
Winners			
Industrial Transportation	3893.39	5.8	12.3
Construction & Materials	7874.81	3.7	15.0
Personal Goods	35415.08	3.4	15.5
Chemicals	12605.24	3.2	7.3
Software & Computer Services	1891.15	2.4	7.0
Food Producers	6357.26	2.3	12.3
General Financial	12108.61	2.2	4.8
Electronic & Electrical Equip.	9403.48	2.2	8.8
Automobiles & Parts	1461.40	2.1	-1.8
Oil & Gas Producers	8305.50	2.1	2.2
[illegible]	[illegible]	[illegible]	[illegible]
Losers			
Mining	11240.47	-3.7	0.9
Industrial Metals	8079.52	-3.4	3.0
Beverages	27088.68	-3.1	-2.7
Pharmaceuticals & Biotech.	19798.93	-2.8	-5.8
Mobile Telecommunications	2298.47	-2.2	7.7
Travel & Leisure	7298.89	-1.9	17.6
Gas Water & Multiutilities index	5849.10	-1.5	3.3
Electricity	10575.42	-1.3	-0.6
General Retailers	3323.45	-0.9	-1.2
Aerospace & Defense	5260.08	-0.5	2.6
Life Insurance	7799.69	-0.4	10.3
Equity Investment Instruments	11575.09	0.3	2.8

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

CURRENCIES

Feb 1	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	187.3265	0.4570	204.5876	1.6384	230.8882	0.8326
Australia	Australian Dollar	1.4133	-0.0058	1.5436	0.0023	1.7420	-0.0051
Bahrain	Bahrainin Dinar	0.3770	-0.0001	0.4117	0.0022	0.4646	0.0005
Bolivia	Bolivian Boliviano	6.9100	-	7.5467	0.0421	8.5169	0.0100
Brazil	Brazilian Real	5.0749	-0.0166	5.5425	0.0130	6.2550	-0.0131
Canada	Canadian Dollar	1.3324	-0.0020	1.4551	0.0060	1.6422	-0.0005
Chile	Chilean Peso	789.4000	-9.5000	862.1387	-5.5047	972.9704	-10.5575
China	Chinese Yuan	6.7415	-0.0155	7.3627	0.0243	8.3092	-0.0093
Colombia	Colombian Peso	4649.9000	7.4500	5078.3617	36.4381	5731.2075	15.8734
Costa Rica	Costa Rican Colon	554.5500	0.9700	605.6486	4.4343	683.5073	1.9935
Czech Republic	Czech Koruna	21.7763	-0.1371	23.7829	-0.0161	26.8403	-0.1373
Denmark	Danish Krone	6.8124	-0.0373	7.4402	0.0010	8.3966	-0.0362
Egypt	Egyptian Pound	30.1991	0.0476	32.9818	0.2358	37.2217	0.1021
Hong Kong	Hong Kong Dollar	7.8405	0.0020	8.5630	0.0500	9.6638	0.0138
Hungary	Hungarian Forint	357.3228	-3.2730	390.2480	-1.3761	440.4160	-3.5143
India	Indian Rupee	81.9425	0.0138	89.4930	0.5145	100.9977	0.1350
Indonesia	Indonesian Rupiah	14975.0000	-15.0000	16354.8612	75.0040	18457.3699	3.1337
Israel	Israeli Shekel	3.4521	-0.0033	3.7702	0.0174	4.2549	0.0009
Japan	Japanese Yen	129.2550	-0.7900	141.1651	-0.0700	159.3125	-0.7862
..One Month		129.2545	-0.7910	141.1648	-0.0705	159.3120	-0.7873
..Three Month		129.2533	-0.7933	141.1641	-0.0720	159.3107	-0.7897
..One Year		129.2484	-0.8032	141.1604	-0.0793	159.3120	-0.7938
Kenya	Kenyan Shilling	124.5000	-	135.9720	0.7590	153.4517	0.1795
Kuwait	Kuwaiti Dinar	0.3052	-0.0001	0.3333	0.0018	0.3761	0.0003
Malaysia	Malaysian Ringgit	4.2658	-	4.6588	0.0260	5.2577	0.0061
Mexico	Mexican Peso	18.7533	-0.0467	20.4813	0.0636	23.1142	-0.0305
New Zealand	New Zealand Dollar	1.5527	0.0053	1.6957	0.0152	1.9137	0.0087
Nigeria	Nigerian Naira	460.5000	-0.2500	502.9324	2.5360	567.5866	0.3560
Norway	Norwegian Krone	9.9832	-0.0050	10.9031	0.0554	12.3048	0.0082
Pakistan	Pakistani Rupee	268.0000	-	292.6947	1.6339	330.3218	0.3863
Peru	Peruvian Nuevo Sol	3.8466	0.0012	4.2010	0.0248	4.7410	0.0071
Philippines	Philippine Peso	54.5100	-0.1175	59.5328	0.2047	67.1860	-0.0661
Poland	Polish Zloty	4.3133	-0.0270	4.7107	-0.0030	5.3163	-0.0270
Romania	Romanian Leu	4.4976	-0.0333	4.9120	-0.0087	5.5434	-0.0345
Russia	Russian Ruble	70.1250	-0.0500	76.5866	0.3732	86.4322	0.0395
Saudi Arabia	Saudi Riyal	3.7526	-0.0004	4.0984	0.0224	4.6252	0.0049
Singapore	Singapore Dollar	1.3122	-0.0022	1.4331	0.0057	1.6173	-0.0008
South Africa	South African Rand	17.1763	-0.2512	18.7589	-0.1682	21.1705	-0.2846
South Korea	South Korean Won	1231.3500	-0.4500	1344.8119	7.0184	1517.6932	1.2210
Sweden	Swedish Krona	10.4192	-0.0507	11.3792	0.0085	12.8421	-0.0473
Switzerland	Swiss Franc	0.9143	-0.0045	0.9985	0.0007	1.1269	-0.0042
Taiwan	New Taiwan Dollar	29.9570	-0.0680	32.7174	0.1088	36.9233	-0.0405
Thailand	Thai Baht	32.8263	-0.1837	35.8510	0.0006	40.4598	-0.1789
Tunisia	Tunisian Dinar	3.0504	-0.0036	3.3314	0.0147	3.7597	0.0000
Turkey	Turkish Lira	18.8079	-0.0026	20.5409	0.1118	23.1816	0.0239
United Arab Emirates	UAE Dirham	3.6731	-	4.0115	0.0224	4.5272	0.0053
United Kingdom	Pound Sterling	0.8113	-0.0009	0.8861	0.0039	-	-
..One Month		0.8114	-0.0010	0.8860	0.0039	-	-
..Three Month		0.8116	-0.0010	0.8858	0.0039	-	-
..One Year		0.8122	-0.0010	0.8850	0.0039	-	-
United States	United States Dollar	-	-	1.0921	0.0061	1.2325	0.0014
..One Month		-	-	1.0919	-0.1390	1.2326	0.0014
..Three Month		-	-	1.0916	-0.1390	1.2328	0.0014
..One Year		-	-	1.0901	-0.1389	1.2334	0.0014
Vietnam	Vietnamese Dong	23450.0000	2.5000	25610.8180	145.6976	28903.2377	36.8774
European Union	Euro	0.9156	-0.0051	-	-	1.1286	-0.0050
..One Month		0.9154	-0.0051	-	-	1.1284	-0.0050
..Three Month		0.9150	-0.0051	-	-	1.1282	-0.0050
..One Year		0.9136	-0.0051	-	-	1.1275	-0.0050

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

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Feb 01	Day's chge%	Euro Index	£ Strlg Jan 31	£ Strlg Jan 30	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7761.11	-0.14	6818.14	7771.70	7784.87	7535.78	3.53	1.61	17.60	4.08	7979.60
FTSE 250 (250)	19898.54	0.23	17480.87	19853.45	19937.20	22167.94	3.07	0.75	43.27	25.15	16596.09
FTSE 250 ex Inv Co (170)	20589.09	0.30	18087.52	20527.98	20640.35	22996.91	3.15	1.66	19.18	26.51	17522.05
FTSE 350 (350)	4292.75	-0.08	3771.18	4296.38	4305.20	4259.03	3.46	1.50	19.24	2.71	8759.61
FTSE 350 ex Investment Trusts (267)	4234.32	-0.09	3719.85	4238.20	4247.06	4171.23	3.51	1.70	16.73	2.56	4465.34
FTSE 350 Higher Yield (133)	3723.69	0.02	3271.27	3722.90	3730.24	3499.37	4.81	1.74	11.98	1.66	8576.06
FTSE 350 Lower Yield (217)	4416.84	-0.20	3880.20	4425.52	4435.00	4688.40	2.03	0.92	53.59	3.66	5445.14
FTSE SmallCap (230)	6539.73	0.61	5745.16	6500.19	6556.73	7199.58	3.40	-0.68	-43.11	11.64	11036.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT 30 INDEX

	Feb 01	Jan 31	Jan 30	Jan 27	Jan 26	Yr Ago	High	Low
FT 30	2682.40	2672.40	2683.70	2679.80	2672.20	0.00	2686.90	2454.10
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2672.4	2686.3	2682.6	2679.9	2684.3	2686.4	2688.4	2690.7	2680.1	2691.8	2672.4

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

FT WILSHIRE 5000 INDEX SERIES

[illegible]

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

General Retailers	17.40	Telecommunications	7.66	Aerospace & Defense	2.70
Banks	15.56	Industrials	7.59	Oil & Gas	2.27
Construct & Material	14.86	Media	7.42	Oil & Gas Producers	2.24
Food & Drug Retailer	11.87	Fixed Line Telecomms	7.35	Utilities	2.13
Food Producers	11.76	Chemicals	7.25	Technology	2.07
Industrial Metals &	11.32	Oil Equipment & Serv	7.12	Industrial Transport	1.64
Travel & Leisure	10.83	Support Services	6.35	Health Care Eq & Srv	1.39
Consumer Services	10.80	FTSE 250 Index	5.55	Personal Goods	0.34
Real Est Invest & Se	10.62	FTSE SmallCap Index	4.80	Beverages	31.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1610	35.00	Jd Sports Fashion PLC	163.30	0.55
Abrdn PLC	208.10	-4.50	Johnson Matthey PLC	2297	41.00
Admiral Group PLC	2205	5.00	Kingfisher PLC	278.10	-0.90
Airtel Africa PLC	116.30	-0.90	Land Securities Group PLC	713.80	5.40
Anglo American PLC	3387	-79.50	Legal & General Group PLC	254.90	0.90
Antofagasta PLC	1731	-1.50	Lloyds Banking Group PLC	52.98	0.40
Ashtead Group PLC	5360	46.00	London Stock Exchange Group PLC	7408	2.00
Associated British Foods PLC	1875	19.00	M&G PLC	201.60	-0.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK STOCK MARKET TRADING DATA

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UK COMPANY RESULTS

Company
BSF Enterprise
GSK
Wynnstay Group

UK RECENT EQUITY ISSUES

Stock
Celsius Resources Ltd
Streaks Gaming PLC

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Australia (A$)							
ANZ Bank	25.28	0.19	28.11	20.78	5.58	11.33	53720.71
BHP Group	49.55	0.17	53.72	35.83	7.76	12.44	177602.81
CmwBkAu	110.15	0.09	110.81	86.98	2.97	22.14	131589.09
CSL	301.52	3.44	304.70	240.10	0.94	46.15	102876.07
NatAusBk	31.73	-0.06	33.75	25.43	2.65	18.07	70608.25
Telstra	4.15	0.07	4.17	3.62	2.25	36.08	33927.61
Wesfarmers	49.65	-	55.19	40.03	3.35	27.29	39836.93
Westpac Bank	23.60	-0.12	24.67	18.80	3.52	18.35	58595.09
Woolworths	36.11	0.03	39.63	31.67	2.80	44.02	31080.48
Belgium (€)							
AnBshInBv	55.02	-0.07	58.72	45.56	0.92	28.96	104387.42
KBC Grp	67.90	0.04	81.70	45.53	4.80	11.65	30935.86
Brazil (R$)							
Ambev	12.96	-0.70	16.88	12.81	4.35	19.56	40221.96
Bradesco	12.50	-0.12	17.72	12.03	6.64	5.78	11996.72
Cielo	4.92	-0.09	6.22	2.20	2.96	16.64	2633.9
ItauHldFin	21.25	-0.30	26.04	18.86	3.64	8.40	20761.7
Petrobras	28.67	-0.79	42.08	23.61	16.74	4.08	42045.18
Vale	92.05	-2.46	107.11	61.90	14.11	4.11	86680.88
Canada (C$)							
Bausch Hlth	10.14	-0.07	33.39	5.10	-	-3.17	2754.04
BCE	63.23	0.33	74.09	55.66	5.31	22.03	43280.43
BkMontrl	133.12	-0.78	154.47	113.73	3.26	10.66	70904.02
BkNvaS	72.10	0.07	95.00	63.19	4.94	9.39	64484.79
Brookfield	58.88	11.29	63.88	41.28	1.09	19.91	69948.82
CanadPcR	103.25	-1.77	111.43	86.12	0.71	25.73	72108.46
CanImp	61.05	0.31	83.75	53.58	9.44	4.40	41528.72
CanNatRs	78.80	-2.87	88.18	58.75	2.43	12.71	65399.71
CanNatRy	157.58	-0.80	175.39	137.26	1.50	23.83	79795.1
Enbridge	53.85	-0.63	59.69	48.88	5.95	19.55	81840.79
GtWesLif	34.96	-0.33	41.50	27.99	5.30	10.23	24453.02
ImpOil	71.01	-1.71	79.83	52.28	1.39	21.26	31133.48
Manulife	26.22	-0.11	28.09	20.81	4.28	7.72	36700.27
Nutrien	110.50	0.36	147.93	89.80	2.02	16.51	42122.13
RylBkC	136.34	0.18	148.26	116.75	3.13	12.60	141808.47
SHOP	65.07	-0.50	117.87	33.00	-	2.34	49089.03
Suncor En	45.17	-1.01	53.62	35.79	2.23	16.99	45351.54
ThmReut	159.48	1.20	160.00	119.23	1.23	11.44	56983.46
TntoDom	91.56	-0.50	109.08	77.27	3.43	11.94	125203.59
TrnCan	53.16	-4.17	74.44	52.70	6.28	29.78	40616.09
China (HK$)							
AgricBkCh	2.81	-0.01	3.15	2.22	7.70	3.62	11016.49
Bk China	3.00	0.01	3.20	2.51	7.52	3.65	31996.39
BkofComm	4.88	0.04	5.74	3.84	7.27	3.96	21791.73
BOE Tech	0.61	-0.07	0.86	0.55	-	9.67	15.48
Ch Coms Cons	4.04	0.10	5.17	3.09	5.11	3.29	2276.71
Ch Evrbrght	2.52	0.02	3.11	2.04	9.64	3.35	4075.07
Ch Rail Cons	5.09	0.11	5.95	3.75	5.22	2.66	1347.91
Ch Rail Gp	4.40	0.13	5.88	3.48	4.74	3.48	2361.15
ChConstBk	5.07	-0.01	6.23	4.12	7.43	3.62	155463.46
China Vanke	16.22	0.38	21.70	9.96	8.90	7.18	3944.06
ChinaCitic	3.81	0.03	4.08	2.92	7.47	3.47	7231.84
ChinaLife	14.40	-	15.14	8.53	4.81	6.19	13666.54
ChinaMBank	50.75	-0.10	70.80	25.40	2.86	9.19	29715.8
ChinaMob	56.80	0.60	58.65	46.85	5.75	8.61	148220.65
ChinaPcIns	21.80	0.30	25.90	12.10	6.11	6.98	7716.5
ChMinsheng	2.96	0.03	3.29	2.19	8.43	3.76	3141.08
ChMrchSecs	14.56	0.27	17.20	12.06	2.99	13.07	16029.75
Chna Utd Coms	5.28	0.05	5.60	3.30	2.11	26.63	24250.07
ChShenEgy	24.05	-0.30	27.65	18.20	8.64	7.17	10360.05
Finland (€)							
Nokia	4.36	0.01	5.20	4.12	-	15.88	27152.14
SampoA	48.56	0.39	49.97	35.85	3.34	10.90	28270.65
France (€)							
Airbus Grpe	116.04	1.20	120.78	86.52	-	22.44	99891.12
AirLiquide	145.66	-0.40	153.40	114.48	1.79	28.36	83271.37
AXA	28.61	-0.01	29.09	20.34	4.74	10.17	73484.02
BNP Parib	63.19	0.29	68.07	40.67	4.01	9.60	85184.42
ChristianDior	784.50	-7.50	794.50	513.00	0.85	30.22	154656.52
Cred Agr	11.07	0.04	14.27	8.09	6.85	6.38	36797.95
Danone	50.70	0.39	58.14	46.48	3.63	18.20	37422.3
EDF	12.03	-0.04	12.07	6.64	3.84	9.76	51078.75
Engie SA	13.15	0.13	14.68	9.79	3.82	9.77	34980.14
EssilorLuxottica	168.25	0.35	184.70	132.70	0.61	54.14	82256.66
Hermes Intl	1695.5	-19.00	1721	957.60	0.25	76.80	195486.1
LOreal	372.40	-5.65	384.35	300.45	1.02	47.87	217668.13
LVMH	795.50	-4.50	802.10	535.00	0.83	35.14	437230.34
Orange	9.72	-0.01	11.94	9.08	5.85	3403.21	28229.5
PernodRic	190.25	0.35	203.50	166.60	1.55	30.31	53596.41
Renault	38.40	1.16	38.55	20.47	-	-30.26	12402.1
Safran	131.40	-0.40	132.66	87.85	0.31	1386.76	61313.11
Sanofi	88.70	-0.97	106.08	76.45	3.42	18.92	122141.18
Sant Gbn	53.36	0.81	63.20	35.20	2.41	13.47	30057.38
Schneider	149.40	1.08	156.54	110.02	1.65	27.81	93183.14
SocGen	27.38	0.10	37.68	18.34	1.92	4.88	25409.36
Total	55.97	-1.01	60.93	43.60	4.57	11.35	160100.45
UnibailR	58.30	-0.87	73.09	39.68	-	-8.76	8835.11
Vinci	104.72	1.08	105.32	80.74	2.43	24.50	67407.84
Vivendi	9.89	0.03	12.16	7.59	5.75	-18.64	11914.9
Germany (€)							
Allianz	221.00	1.80	232.50	156.22	4.12	14.73	97345.43
BASF	52.74	0.34	69.15	37.90	5.93	9.22	51485.77
Bayer	56.50	-0.50	67.99	47.01	3.35	58.46	60621.61
BMW	95.27	2.04	97.60	67.58	1.89	5.36	62636.75
Continental	64.56	0.24	93.29	44.44	-	10.50	14102.19
Deut Bank	12.25	0.04	14.64	7.46	-	12.72	27650.88
Deut Tlkm	20.47	0.02	20.49	14.47	2.78	24.83	111450.99
DeutsPost	40.35	0.97	54.09	29.68	3.25	10.77	54596.13
E.ON	10.03	0.04	12.47	7.28	4.44	5.88	28919.14
Fresenius Med	34.45	0.06	63.66	26.19	3.69	10.98	11024.1
Fresenius SE	26.61	0.08	38.11	19.76	3.21	8.88	16231.17
HenkelKgaA	61.50	0.20	72.50	56.55	2.82	17.26	17449.68
Linde	301.10	-1.55	334.70	244.00	1.17	49.37	161975.95
Mercedes-Benz	69.60	1.45	77.90	50.19	1.84	7.35	81321.81
MuenchRkv	326.70	-4.30	334.10	205.15	2.84	16.47	49987.79
SAP	109.24	0.86	112.10	81.35	1.60	25.85	146567.72
Siemens	143.00	0.10	149.26	93.67	2.32	22.69	132750.13
Volkswgn	162.30	1.75	260.00	144.35	2.80	5.79	52306.15
Hong Kong (HK$)							
AIA	86.95	-1.60	93.65	57.25	1.40	21.81	130648.05
BOC Hold	27.05	-0.30	32.75	23.55	4.20	13.60	36476.2
Ch OSLnd&Inv	21.40	0.25	27.35	14.58	5.14	5.21	29872.97
ChngKng	50.90	0.80	57.00	42.90	3.19	11.42	23404.5
Citic Ltd	9.27	0.11	9.40	7.01	5.31	4.20	34394
Citic Secs	18.90	1.00	21.20	11.82	2.31	9.54	6315.83
CK Hutchison	50.65	0.85	60.45	38.80	4.12	6.29	24742.13
CNOOC	11.60	0.24	12.54	8.54	3.57	9.92	65950.88
HangSeng	129.00	-1.40	169.50	110.00	4.33	20.34	31455.42
HK Exc&Clr	352.40	-	454.40	208.20	2.38	38.94	56983.99
MTR	42.30	0.40	43.70	33.45	2.66	30.01	33460.31
SandsCh	29.95	0.65	30.70	12.50	-	-32.41	30915.09
Booking Holdings	2401.91	-32.19	2715.66	1616.85	-	93.70	93168.62
Bristol-Myers	71.83	-0.82	81.44	62.90	2.55	25.30	152722.1
Broadcom	589.63	4.62	645.31	415.07	2.32	36.59	246398.2
Cadence Design	183.21	0.38	194.97	132.32	-	80.53	50256.06
CapOne	115.73	-3.27	160.54	86.98	1.57	4.72	44173.98
CardinalHlth	76.16	-1.09	81.57	49.70	2.34	43.36	19964.13
Carnival	10.79	-0.03	23.86	6.11	-	-1.41	12014.33
Caterpillar	247.35	-4.94	266.04	160.60	1.57	22.98	128723.25
Centene Corp	75.67	-0.57	98.53	73.20	-	36.47	42848.87
CharlesSch	78.12	0.70	96.24	59.35	0.84	30.33	141854.05
Charter Comms	392.20	7.89	621.00	297.66	-	17.61	59869.11
Chevron Corp	170.70	-3.32	189.68	130.52	2.83	23.04	330072.1
Chipotle Mexic.	1627.76	-18.62	1754.56	1196.28	-	78.11	45123.32
Chubb	215.55	-11.94	231.37	173.78	1.34	12.29	89464.09
Cigna	313.05	-3.62	340.11	213.16	1.16	21.87	95711.6
Cintas Corp	440.06	-3.68	470.23	343.86	0.75	42.39	44719.11
Cisco	47.89	-0.78	57.69	38.61	2.84	18.68	196772.55
Citigroup	51.68	-0.55	69.11	40.01	3.59	5.60	100086.87
CME Grp	177.19	0.53	256.94	166.55	1.85	26.71	63737.87
Coca-Cola	61.04	-0.29	67.20	54.02	2.50	29.81	263946.67
Cognizant	67.30	0.55	93.47	51.33	1.30	18.26	34586.91
ColgtPlm	74.66	0.13	83.81	67.84	2.18	32.17	62352.92
Comcast	39.37	0.02	50.98	28.39	2.31	14.23	169819.21
ConocPhil	116.21	-5.66	138.49	78.30	1.53	21.04	144805.92
Constellation	232.02	0.50	261.53	207.59	1.20	-1148.04	42807.28
Corning	35.11	0.50	43.47	28.98	2.49	30.14	29692.21
Corteva	64.24	-0.21	68.43	47.37	0.75	29.78	45898.97
Corteva	64.24	-0.21	68.43	47.37	0.75	29.78	45898.97
Costco	508.56	-2.58	612.27	406.51	0.57	44.61	225662.84
CrownCstl	146.77	-1.34	199.97	121.71	3.39	60.41	63558.46
CSX	30.99	0.07	38.63	25.80	1.15	18.81	65153.65
CVS	87.68	-0.54	111.25	85.92	2.08	16.19	115208.62
Danaher	265.01	0.63	303.82	233.71	0.31	33.23	192917.4
Deere	420.88	-1.96	448.40	283.81	0.85	25.40	125067.46
Delta	38.96	-0.14	46.27	27.20	-	51.38	24980.7
Devon Energy	61.16	-2.08	79.40	48.86	2.93	16.04	39980.29
Digital Realty	113.45	-1.17	153.50	85.76	3.72	20.99	32619.4
DiscFinServ	115.80	-0.93	129.12	87.64	1.48	7.14	31639.54
Disney	108.18	-0.31	157.50	84.07	-	69.12	197621.58
Dollar General	233.50	-0.10	262.21	183.25	0.66	24.99	52204.72
DominRes	63.33	-0.31	88.78	57.18	3.62	21.81	52767.32
DukeEner	102.43	-0.02	116.33	83.76	3.46	22.83	78877.53
DuPont	73.42	-0.53	84.08	49.52	1.49	24.98	36474.24
Eaton	162.33	0.12	167.51	122.50	1.70	33.41	64558.64
eBay	48.89	-0.61	60.66	35.92	1.34	141.38	26530.6
Ecolab	154.12	-0.72	192.38	131.04	1.15	43.31	43896.28
Edwards Lifesc.	78.50	1.80	131.10	67.13	-	36.24	48530.36
Eli Lilly	339.95	-4.20	384.44	231.87	0.91	61.04	323012.98
Emerson	90.12	-0.10	100.00	72.41	2.05	21.62	53296.97
EOG Res	127.07	-5.18	150.88	92.16	1.15	17.48	74639.58
Equinix	729.50	-8.64	776.35	494.89	1.43	144.96	67506.09
EquityResTP	63.56	-0.10	94.32	57.38	3.45	20.38	24018.64
Exelon	42.00	-0.19	50.71	35.19	3.31	26.53	41737.17
ExxonMb	114.19	-1.82	117.67	74.03	2.78	23.28	470267.93
Fedex	197.95	4.09	251.38	141.92	1.32	11.70	49962.01
Fidelity NIS	76.08	1.04	119.22	56.53	1.87	124.78	45144.31
Fiserv	106.17	-0.52	110.94	87.03	-	58.63	67417.76
FordMtr	13.60	0.09	20.62	10.61	0.67	3.36	53695.38
Franklin	31.53	0.33	33.03	20.24	3.26	9.17	15773.14
GenDyn	229.94	-3.12	256.86	207.42	1.85	21.88	63129.79
GenElectric	81.32	0.84	83.99	46.77	0.36	-27.49	88850.31
GenMills	77.39	-0.97	88.34	61.67	2.42	22.47	45629.97
GenMotors	38.93	-0.39	54.42	30.33	-	6.39	55307.73
GileadSci	82.95	-0.99	89.74	57.17	3.12	18.49	104039.53
GoldmSchs	363.25	-2.56	389.58	277.84	1.63	6.71	121658.2
Halliburton	40.14	-1.08	43.99	23.30	0.59	24.79	36449
HCA Hold	257.48	2.41	279.02	164.47	0.68	13.37	72793.9
Hew-Pack	29.23	0.09	41.47	24.08	2.61	5.80	28708.12
Hilton Worldwi.	144.46	-0.63	167.99	108.41	-	108.73	39070.08
HiltonWwde	144.46	-0.63	167.99	108.41	-	108.73	39070.08
HomeDep	318.56	-5.61	372.12	264.51	1.90	22.33	326118.3
Honywell	205.66	-2.82	220.96	166.63	1.67	28.57	138269.79
HumanaInc	511.26	-0.45	571.30	408.20	0.50	24.78	64725.05
IBM	133.56	-1.17	153.21	115.55	4.46	28.17	120755.12
IDEXX Laborato.	480.40	-0.10	560.92	317.06	-	61.39	39785.27
IllinoisTool	236.10	0.06	247.00	173.52	1.82	30.49	72526.7
Illumina	212.00	-2.20	371.16	173.45	-	46.22	33347.6
Intcntl Exch	107.79	0.24	137.40	88.60	1.11	16.50	60206.28
Intel	28.40	0.14	52.51	24.59	4.45	6.42	117470.12
Intuit	416.99	-5.68	579.96	339.36	0.56	57.38	117143.06
John&John	164.38	0.96	186.69	155.72	2.32	23.13	429768.82
JohnsonCn	65.10	-4.47	71.21	45.52	1.61	32.67	44737.65
JPMrgnCh	139.98	0.02	159.03	101.28	2.47	10.01	410590.02
Kimb-Clark	129.92	-0.09	144.53	108.74	3.30	26.79	43846.97
KinderM	18.31	0.01	20.20	15.78	5.52	43.47	41156.16
KLA Corp	395.64	3.16	428.56	250.20	0.90	22.38	54788.13
Kraft Heinz	40.44	-0.09	44.87	32.73	3.60	54.19	49536.18
Kroger	44.36	-0.28	62.78	41.82	1.62	22.25	31750.28
LasVegasSd	57.86	-1.14	60.34	28.88	-	-42.11	44214.66
LibertyGbl	21.58	-0.11	29.08	15.22	-	1.01	3709.65
Lilly (E)	339.95	-4.20	384.44	231.87	0.91	61.04	323012.98
Linde	329.00	-1.94	347.60	262.47	1.17	49.39	162052.43
Lockheed	461.19	-2.07	498.95	373.67	2.19	21.76	117740.56
Lowes	205.02	-3.23	239.49	170.12	1.34	18.54	127256.03
Lyondell	95.83	-0.86	117.22	71.46	4.22	6.28	31204.59
Marathon Ptl	122.83	-5.69	136.46	72.75	1.72	66.82	57565.61
Marsh&M	174.95	0.04	183.14	143.33	1.39	29.57	86774.38
MasterCard	368.16	-2.44	392.94	276.87	0.56	46.18	351152.13
McDonald's	265.33	-2.07	281.67	217.68	1.80	29.04	194334.03
McKesson	369.97	-8.71	401.78	260.73	0.44	46.04	52459.33
Medtronic	84.74	1.05	114.31	75.77	2.68	25.41	112719.45
Merck	106.75	-0.67	115.49	72.88	2.25	24.14	270640.84
Meta	148.75	-0.23	248.00	88.09	-	11.87	335467.65
Metlife	72.37	-0.65	77.36	57.41	2.39	10.88	56781.95
Microsoft	247.20	-0.61	315.95	213.43	0.85	28.93	1840108.23
Mnstr Bvrg	102.75	-1.33	104.65	71.78	-	43.93	53609.16
MondelezInt	66.37	0.93	68.81	54.72	1.82	23.99	90629.27
Monsanto	10.07	0.02	11.13	9.56	-	51.84	251.75
MorganStly	97.88	0.55	109.73	72.05	1.95	13.39	165427.91
Netflix	357.36	3.50	429.26	162.71	-	34.94	159149.35
NextEraE	74.19	-0.44	91.35	67.22	1.99	107.09	147422.7
Nike	126.69	-0.64	148.46	82.22	0.84	36.39	157813.39
NorfolkS	243.94	-1.87	291.55	203.65	1.55	22.14	56475.58
Northrop	443.66	-4.38	556.27	367.00	1.26	11.20	67903.66
NXP	189.06	4.75	210.00	132.08	1.08	30.60	48992.04
Occid Pet	62.88	-1.91	77.13	37.56	0.06	33.54	57152.52
Oracle	88.85	0.39	90.10	60.78	1.32	36.92	239562.08
Pepsico	170.28	-0.75	186.84	153.37	2.27	34.08	234589.44
Perrigo	37.30	-0.12	43.90	30.78	2.34	-41.83	5022.06
Pfizer	43.80	-0.36	56.32	41.45	3.24	12.25	245863.18
Phillips66	97.94	-2.33	113.53	73.85	3.36	36.24	46289.6
PhilMorris	104.40	0.16	112.48	82.85	4.27	19.68	161833.37
PNCFin	164.52	-0.91	214.50	143.52	2.65	14.24	66354.05
PPG Inds	130.93	0.59	159.16	107.06	1.65	31.57	30772.14
ProctGmbl	142.28	-0.10	164.98	122.18	2.29	26.57	335659.02
Prudntl	104.08	-0.86	124.22	85.46	4.02	5.86	38717.76
PublStor	301.07	-3.27	421.76	270.13	2.42	33.52	52879.45
Qualcomm	134.39	1.18	192.10	101.93	1.82	16.92	150139.46
Raytheon	97.87	-1.99	108.84	80.27	1.86	41.68	143867.5
Regen Pharm	756.77	-1.71	779.00	538.01	-	11.55	81037.26
S&P Global	372.31	-2.63	423.55	279.32	0.75	32.70	121298.6
Salesforce	168.14	0.17	222.19	126.34	-	123.67	168142
Schlmbrg	55.71	-1.27	62.78	30.65	0.82	46.38	79118.7
Sempra Energy	160.36	0.03	176.47	131.01	2.50	43.94	50404.93
Shrwin-Will	237.78	1.19	294.09	195.24	0.84	37.44	61619.77
SimonProp	127.46	-1.00	149.80	86.02	5.10	20.48	41672.51
SouthCpr	75.47	0.26	79.32	42.42	3.86	18.89	58345.74
Starbucks	108.55	-0.59	109.76	68.39	1.54	32.24	124676.05
StateSt	91.52	0.19	103.76	58.62	2.17	13.99	33582.36
Stryker	271.82	18.01	279.28	188.84	0.87	57.33	102864.82
Sychrony Fin	34.62	-2.11	45.56	27.22	2.38	5.01	15597.74
T-MobileUS	151.39	2.08	154.38	116.91	-	69.03	188352.49
Target	171.55	-0.59	254.87	137.16	1.69	13.24	78958.05
TE Connect	127.74	0.59	151.76	104.76	1.41	19.07	40424.17
Tesla Mtrs	172.02	-1.20	384.29	101.81	-	38.58	543196.58
TexasInstr	178.35	1.14	191.34	144.46	2.15	23.73	161865.41
TheTrvelers	185.04	-6.09	194.45	149.65	1.78	12.53	43362.49
ThrmoFshr	581.93	11.60	618.36	475.77	0.16	32.86	228230.36
TJX Cos	81.36	-0.50	83.13	53.69	1.17	32.80	94011.82
Truist Financial Corp	49.15	-0.24	66.10	40.01	3.44	12.08	65210.56
Twitter	53.70	0.35	60.16	31.30	-	-224.30	41093.72
UnionPac	205.11	0.92	278.94	183.70	2.05	20.83	126101.79
UPS	181.64	-3.59	232.19	154.87	2.04	13.60	132564.67
USBancorp	49.47	-0.33	60.50	38.39	3.24	10.66	73504.88
UtdHlthcre	498.94	-0.25	558.10	445.74	1.02	30.33	466184.13
ValeroEngy	136.17	-3.86	160.16	79.65	2.62	65.92	52496.67
Verizon	41.74	0.17	55.51	32.79	5.53	8.62	175279.38
VertexPharm	317.08	-6.03	324.75	225.28	-	38.67	81390.44
VF Cp	30.73	-0.21	65.19	25.05	5.83	11.07	11940.64
Visa Inc	228.51	-1.70	250.58	174.60	0.53	41.57	371315
Walgreen	36.58	-0.29	50.97	30.39	4.77	5.82	31546.07
WalMartSto	143.68	-0.19	160.77	117.27	1.41	32.11	387476.23
Walt Disney	108.18	-0.31	157.50	84.07	-	69.12	197621.58
Waste Manage.	153.29	-1.44	175.98	138.58	1.37	39.27	62922.03
WellsFargo	47.18	0.31	60.30	36.54	1.49	10.48	179778.96
Williams Cos	31.83	-0.42	37.97	28.30	4.69	28.20	38773.67
Workday	178.21	-3.22	250.00	128.72	-	1616.58	35998.42
Yum!Brnds	129.00	-1.51	132.87	103.97	1.41	27.21	36337.73
Zoetis	166.21	0.72	205.31	124.15	0.55	42.77	77465.83
Zoom	74.58	-0.43	152.69	63.55	-	18.04	18716.47
Venezuela (VEF)							
Bco de Vnzla	3.15	0.04	3.11	0.32	142.79	-	514.14
Bco Provncl	7.71	-0.04	7.94	1.70	-	0.00	129.39

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

FT 500: TOP 20

FT 500: BOTTOM 20

BONDS: HIGH YIELD & EMERGING MARKET

BONDS: GLOBAL INVESTMENT GRADE

INTEREST RATES: OFFICIAL

BOND INDICES

VOLATILITY INDICES

GILTS: UK CASH MARKET

INTEREST RATES: MARKET

BONDS: BENCHMARK GOVERNMENT

GILTS: UK FTSE ACTUARIES INDICES

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

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

Funny and sad beyond words

THEATRE

Sarah Hemming

Lemons Lemons Lemons Lemons Lemons
Harold Pinter Theatre, London
★★★★☆

Noises Off
Phoenix Theatre, London
★★★★☆

Sound of the Underground
Royal Court Theatre, London
★★★★☆

We're all left speechless sometimes, but for Oliver (Aidan Turner) and Bernadette (Jenna Coleman) that condition is perilous. They're the couple at the heart of Sam Steiner's playful romcom **Lemons Lemons Lemons Lemons Lemons** who are fumbling their way through an average relationship when a draconian law limiting every citizen to 140 words per day slices through their lives. Suddenly careless talk costs love. One elaborate smoothie order, one argument at work, one rambling phone conversation and they risk facing one another in the evening lost for words.

Steiner's 2015 comedy arrives in the West End freighted with new meaning in the wake of lockdowns and partygate. The idea of life changing utterly overnight and of a government breaking its own laws no longer feels far-fetched. And there are big sociopolitical questions to do with power, protest, democracy, restriction of expression and whose words carry more weight.

But like so many ingenious absurdist comedies before it, Steiner's play becomes more philosophical than political, asking questions about the role of language and the nature of intimacy. Sentenced to life with limited linguistic means, where would you spend your words — at work or at home? As the play jumps about in time, flashing from scenes before the ban to afterwards, we notice how imprecisely Oliver and Bernadette communicate when they have precious words to spare.

It's a richly thoughtful piece, and with it Steiner joins an august list of playwrights — Beckett, Pinter, Churchill, Crimp — who have deliberately limited their own currency or undermined dramatic structure to talk about the absurdities and inequities of life. It makes considerable demands too of its cast, to which Coleman and Turner respond admirably.

In Josie Rourke's production they circle one another in an empty space, the paraphernalia of normal life suspended behind them in Robert Jones's set. Tiny adjustments in body language alert us to subtext and shifts in chemistry between them.

As drama, *Lemons* doesn't quite get round the limitations to narrative and

> Sam Steiner's romcom asks questions about the role of language and the nature of intimacy

character development that it places on itself. But it's sharply observant and, in the hands of Rourke, Coleman and Turner, quietly sad.

To March 18 then touring to Manchester and Brighton, lemonstheplay.co.uk

When Michael Frayn first started writing farce, people asked him why he didn't write about real life. "I couldn't understand their question," he told the Financial Times in 2010. "Did they really not have farce in their lives? Everyone loses control of their environment sometimes."

That truth is at the heart of his dazzling comedy **Noises Off**, which shows how this silliest of genres can express our deepest fears and existential panic. Now 40 years old, the play has lost little of its dizzy joy or deep poignancy.

In act one we see a hapless theatre company staggering through the final rehearsal of *Nothing On*, a shoddy bedroom farce driven by lust, jealousy and panic. In act two we watch a performance of *Nothing On* but from backstage, where those same emotions — now deeply felt — assail the cast, causing an even more acute state of chaos. In act three that backstage drama has invaded the stage, the genuine farce mapping on to the fictitious one with disastrous (hilarious) results.

Above: Aidan Turner and Jenna Coleman in 'Lemons Lemons Lemons Lemons Lemons'. Left, from left, Felicity Kendal, Alexander Hanson and Tracy-Ann Oberman in 'Noises Off'
Johan Persson; Nobby Clark

It's the pain behind the slapstick that strikes you in Lindsay Posner's beautifully observed production. Felicity Kendal finds poignancy in dithering Dotty, unable to recall even the most basic stage directions and so condemned, like a character from Greek myth, to keep repeating the same movements.

It's also peppered with split-second comic timing and lovely performances. Tracy-Ann Oberman's actress Belinda smiles beatifically at the audience as she ploughs doggedly on, delivering whole sections of dialogue to herself because her onstage partner has failed to materialise. Joseph Millson brings brilliant physicality to the increasingly manic Garry Lejeune, crashing through doors and down stairs so convincingly that you check for bruises.

Like Chekhov (whose work he has often translated), Frayn combines astute depiction of the cruelty and randomness of life with deep affection for humanity's ability to keep on keeping on. And what's most touching about *Noises Off* is the effort the cast make to keep their creaky old show on the road, Jonathan Coy's fretful Frederick searching for existential meaning amid the chaos and Kendal's Dotty valiantly trudging on with the wrong props.

"Am I getting some of [the lines] right?" she calls anxiously to the director, an invisible godlike presence in the dark. "Some of them have a very familiar ring," he responds, despondently — which is perhaps the best any of us can hope for.

To March 11, atgtickets.com

If *Noises Off* and *Lemons* play with theatrical structure, **Sound of the Underground** rips it up completely. This raucous, rebellious piece by non-binary writer Travis Alabanza, co-created with Debbie Hannan, doesn't just bring London's queer club scene to the Royal Court theatre; it interrogates what that means. How do you celebrate an underground culture on a mainstream stage? How do you use conventional language to talk about the unconventional?

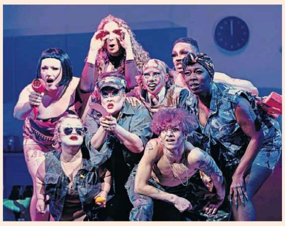
These ironies are at the heart of this often wild, witty and determinedly messy takeover by eight burlesque and drag artists. After a brief prologue, in which they introduce themselves, we are plunged into what looks a pastiche of a Royal Court "kitchen sink" drama: our performers, (relatively) dressed down, assemble over mugs of tea and discuss unionising and taking action.

It seems straightforward — until you realise that the action they are discussing is to do away with RuPaul, presenter of *RuPaul's Drag Race*, for commercialising drag. Polite debate then gives way to onstage anarchy with the performers upending tables, brandishing dildos and hairdryers and driving around in a mini-tank.

Even for deliberate chaos, this section feels awkward. But soon the performers are dismantling the set and, with it, expectations for a piece of theatre. They discuss the economic realities of being an artist. They lament the way drag is being stripped of its radical nature to be marketed for corporate events, advertising and hen parties. They report the grim irony that popularity comes alongside an upsurge in violence and prejudice.

All traces of naturalism gone, they then bring the cabaret, with a series of flamboyant, funny and often filthy routines, impeccably performed. But the show is not finished with voicing its hard truths. Midway through the final act, drag king CHIYO destroys his own routine to point out that the very body that earns applause on stage becomes a target for trans hate crime on the streets. It's outrageous, it's confrontational, it's celebratory — but above all, *Sound of the Underground* is heartfelt.

To February 25, royalcourttheatre.com



Drag and burlesque performers stage a rebellion in 'Sound of the Underground'
Helen Murray

Mischief with monsters in the margins

Zany creatures resembling those found in medieval manuscripts do battle in the new video game 'Inkulinati'. Chris Allnutt reports

How merry the medieval illustrator must have been. Even in some of the most strait-laced works of liturgy, margins are beset with monkeys playing bagpipes, cats defending castles besieged by mice and knights fighting giant snails (with baffling regularity, actually). Or take the rather more terrifying amphivena, depicted in a breviary as a two-headed, two-legged beast so violent that its extremities attack each other.

With its charmingly drawn sword-wielding dogs and bardic donkeys, video game *Inkulinati* follows in this lively tradition. But unlike the beasts in medieval manuscripts, the ones brought to life in this turn-based strategy game form the ranks of your personal army as you embark on a quest to save the life of the master who taught you everything you know about pugnacious pigments.

Curiously, this isn't the first medieval manuscript-based game to be released this winter — *Pentiment* had you leafing through the vellum in a plot-driven murder mystery in 16th-century Bavaria — but Yaza Games' *Inkulinati* embraces the illustrations' more chaotic side. Here the pages are your battlefield, the quill and ink your weapons, as you summon creatures to defeat those of your AI-controlled opponent by drawing them into the margins.

For some encounters, your character will sit amid the fray, hurriedly sketching to bolster your ranks each round; in others, you've simply got to work with the troops you're given. Combat is turn-based, with one beast per player attacking at a time, so forget erasing all the enemies from the page before they get a go, à la *XCOM*. Likewise, confined to pages of the parchment, you'll find few spots to hide. Add in obstacles, impending infernos and insta-death edges, and the result is a frantic and claustrophobic — albeit gleefully silly — fight to the bitter end.

Regretting your moves as soon as they're made is often a good indication of the depth of a turn-based strategy game. But *Inkulinati* inflicts, for all its charm, a tough learning curve on players — or so I told myself as a giant snail consumed yet another of my archers in one gulp. Early encounters can prove infuriatingly difficult, with the AI seemingly immune to mistakes even on the lowest difficulty settings.

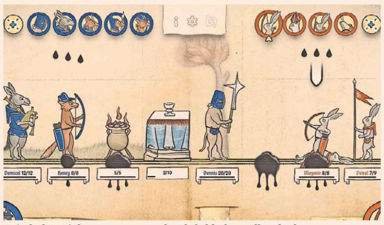
> The result is a frantic and claustrophobic — albeit gleefully silly — fight to the bitter end

There are more overarching dilemmas to distract you along the way: unlocking and upgrading your beasts, between-battle pit stops to invest in different aspects of your army — choosing between more health or more ink, say — though it's all tightly railroaded. Dexterity plays a minor role: on certain attacks, a slider will cycle through different damage values and it's up to you to stop it at its highest value. These will fall in different places for different enemies, so if you're attacking multiple at once you'll need to work out who to prioritise.

But the joy is really to be found in the game's escapist aesthetic. As the battle rages, columns above the margins are gradually filled with text narrating — loosely — the actions of you and your foes. "God-fearing Hildebert weakly socked the unworthy wretch and he felt as empty as a bakery in the evening" described a duel which I went on to lose rather badly. It's also visually authentic: Eleanor Jackson, curator of illuminated manuscripts at the British Library, draws parallels with the Breviary of Renaud de Bar, a prayer book from the beginning of the 14th century.

The game's early-access status emerges at times: signposting can feel a little sparse in the menus, the tutorials could use a replay button, there's no keyboard support to enter character names on PC. Online multiplayer is planned for the full release, but for now you'll have to gather around a single keyboard. But what the title lacks in polish, it more than makes up for in the originality of its setting and the charm of its animations. Centuries after their predecessors first set foot in the margins of literature, these zany creatures have finally found the spotlight.

'Inkulinati' is available now on Steam Early Access and Xbox Game Preview



In 'Inkulinati' the pages are your battlefield, the quill and ink your weapons

Can the EU keep up with the US on green subsidies?

The huge incentives in the Inflation Reduction Act are provoking a debate in Brussels about the dynamic between government and industry. At stake are the very fundamentals of the bloc's economic model.

By Sam Fleming, Alice Hancock and Javier Espinoza

Companies developing greener initiatives have been boosted by President Joe Biden's agenda. Brussels under European Commission president Ursula von der Leyen is considering how to respond to the subsidies

FT montage: Getty Images/EPA-EFE/Shutterstock

Donal O'Riain has been struck by the welcome his company received in the US — and it isn't just the Christmas card sent by the Department of Energy official who is helping it secure federally supported loans.

The prospect of abundant government funding thanks to the Inflation Reduction Act is prompting Ecocem, an Irish low-carbon cement producer, to double a planned $120mn investment in California as it reorients spending towards the US instead of Europe, he says.

"They are rolling out the carpet for green investment — we were surprised at how personal the contact was," says O'Riain, Ecocem's founder and managing director. The "net effect" is that Ecocem, which qualifies for IRA funding on the basis that its cement is produced with carbon emissions that are 40 times lower than average, will "favour further investment in the States [rather] than in the EU".

Cases like that of Ecocem are prompting a brutal reckoning in the EU, as heads of government prepare for a Brussels summit on February 9-10 aimed at figuring out how to respond to the massive subsidies and buy-America provisions being rolled out under the $369bn IRA. "Europe is in panic mode," says Dutch MEP Paul Tang.

At stake are the very fundamentals of the EU's economic model.

Since its inception, the single market has been based on the idea that a level playing field needs to be secured for both the wealthier and poorer nations and strict limits are therefore needed on state aid that members offer their industries. But even before the US announced its green subsidies, the rules on state aid were already being watered down — in response to the pandemic and the impact of war in Ukraine.

France and its allies are pushing to further loosen the shackles on subsidies as part of an active industrial policy aimed at securing key supply lines, embedding the drive towards its climate objectives, and holding its own in the great power competition between the US and China.

But economic liberals in countries including Sweden and the Netherlands see a risk that Brussels will, in its rush to compete with the torrent of public cash available in the US and in China, end up "fragmenting" the single market by allowing big member states such as Germany and France even greater latitude to lavish cash on top companies. The IRA is, they fear, fuelling a wider push towards a more interventionist — some say protectionist — mindset in big economies.

Mark Rutte, Dutch prime minister, is among those warning that Europe must not "throw the baby [out] with the bathwater" as it attempts to concoct a convincing response to America's legislation. "The idea of jumping to a sort of race to the bottom on state aid is not to our liking, because one of the most successful things in the European Union since 1957 is the internal market," he tells the FT. "If we make the wrong decisions, it really could have long-term impact — far beyond this IRA thing."

What makes the debate so difficult in Europe is the extent to which America itself has ditched fair-trade norms in its legislation, which provides tax credits and federal support to industries ranging from hydrogen and electric car batteries to solar panels and sustainable aviation fuel.

The IRA, which was agreed in a surprise political deal in Washington in August, offers companies billions of dollars, largely through tax credits, to boost investment in new and nascent clean energy technologies. Companies are rewarded for reorganising supply chains to be located either in the US or among allies and partners.

The EU says the IRA's local-content requirements are incompatible with World Trade Organization rules that are meant to bar discrimination against products based on their country of origin. It has attempted to convince the US to cut European companies into the benefits, but talks within a US-EU task force on the topic have yielded only partial progress in the area of electric vehicles and batteries.

Ecocem is the type of company that Europe desperately wants to keep onshore. The EU is aiming to cut its greenhouse gas emissions by 55 per cent by 2030, compared to 1990 levels, while fighting an energy crisis brought on by cuts in supplies of gas from Russia.

On both fronts, the bloc needs every scrap of renewable energy and clean technology it can get. But it is competing in a global market where both the US and China are pouring billions into green industries through state funding.

O'Riain says that in France, where Ecocem has two factories, the company received no public subsidies as they were not available at the time. State assistance, he adds, "means we can raise our horizons in terms of how fast we can scale."

The question of state aid

The pressure on the EU single market has been building for some time.

Some EU diplomats and politicians argue the union has long been guilty of a naive approach towards its green industry by permitting China, in particular, to dominate critical sectors instead of nurturing Europe-based champions.

France is now leading the charge for a harder-headed approach to international trade and work on securing its own resilience and "sovereignty". Paris in January demanded a "made in Europe" strategy in response to the IRA, entailing a reinforced European industrial policy and a far-reaching simplification of the EU's state aid framework.

Within the commission, Thierry Breton, French commissioner for the EU's internal market, has championed the push for European "strategic autonomy" in industries from pharmaceuticals and semiconductors to critical raw materials. "It is high time to reconcile climate neutrality policy with industrial competitiveness policy," he said on Friday during a trip to Washington.

Three commissioners from free-market minded countries — Margrethe Vestager of Denmark, Valdis Dombrovskis of Latvia and Frans Timmermans of the Netherlands — are pushing back. Vestager, the EU's competition commissioner, unveiled state aid proposals yesterday as part of a wider set of policies aiming to streamline permitting for new green projects and easing payments of EU money. Changes need to be "focused", she says, arguing it is only in a few sectors that there is an "acute risk" of investment shifting from the EU to the US.

"If the state leads this transition then on some occasions state aid is also legitimate, as long as no one then jumps to the conclusion to say, 'Well, let the taxpayer do everything'," she says.

The prospect of a further loosening in state aid controls has, however, caused deep disquiet this week among some senior competition officials in Brussels, where some fear the floodgates are opening on public subsidies in Europe.

They complain these "temporary" relaxations of its state aid rules are becoming a persistent habit. Brussels pushed through a time-limited loosening early in the Covid-19 crisis, but then followed up last year with further flexibility in response to the Russian invasion of Ukraine and the energy crisis.

"There is a joke that nothing is more permanent than temporary things," says one EU official. "This temporariness is starting to last."

The results of these relaxations of subsidy restraints have been hugely imbalanced. EU member states have won approval for €672bn subsidies under the bloc's temporary crisis framework, of which no less than 53 per cent has been notified by Germany, the EU's biggest economy, equating to around 9 per cent of its annual gross domestic product.

France's share stands at 24 per cent, or just above 6 per cent of GDP, while fiscally stretched Italy sought approval for only around 7 per cent of the total — equalling less than 3 per cent of GDP.

Specialists say this contributes to a deeper fragmentation between EU countries and indeed regions. Craig Douglas, the founder of World Fund, a €350mn venture fund based in Berlin, says the discrepancies between the "specific buckets of capital" available in Europe are sharp. "If I want to build a manufacturing facility in Aachen or Bavaria there is more regional capital available than doing it in Paris."

Unlocking the money

The debate over state aid is reawakening a related dispute over how to fund subsidies.

European countries with strained public finances insist that any loosening of state aid constraints needs to be balanced by the creation of a big new EU-wide pot of cash to help to support member states with limited fiscal resources. Some, including Italy, are pushing for much more flexibility in how they can deploy existing EU funding.

Germany, the Netherlands and other fiscally conservative states are, however, prepared to block any additional common EU borrowing, meaning any fresh cash on tap is likely to be modest.

They argue the bloc already has ample funding available for its green transition, and that it is the US that is playing catch-up with Europe's existing initiatives. Back in 2020, for example, across the EU some €81bn was forked out to subsidise renewables, according to commission figures.

That has been enhanced by the €800bn NextGenerationEU Covid-19 recovery programme, under which capitals are required to commit at least 37 per cent of spending to the green transition. On top of that, about €100bn of the EU's 2021-27 cohesion spending, which boosts regional development, is expected to be green. While the IRA's widely heralded consumer subsidies on US electric vehicles amount to $7,500, figures from the European Automobile Manufacturers' Association and Bruegel show that the average in the EU is not actually that far behind, at the equivalent of $6,500.

> 'If we make the wrong decisions it really could have long-term impact — far beyond this IRA thing'

> 'The support schemes are extremely hard to navigate. There are so many of them . . . we need Europe to have much more pragmatism'

Part of the EU response to be discussed at next week's summit will be making it easier to redirect pots of EU money to specifically respond to the IRA.

Some EU companies fear Brussels is going to be too cautious in its response. Ilham Kadri, chief executive of Solvay, the Belgian chemicals company, says her company is already benefiting from funds from the IRA, plus the state of Georgia has also committed to $27mn of state and local tax incentives.

Her experience of getting subsidies in France, by contrast, was a "long, tough journey", she says, with a lot of bureaucracy "for almost, I would say, nothing". Europe, she says, needs to "wake up" and address not only state aid limits but also lengthy regulatory processes.

Kadri's experience illustrates a problem many executives complain of in the EU regime: the sheer complexity of applying for the pots of cash scattered between different EU, national and regional programmes.

The IRA distributes support via simple-to-obtain tax credits, something Brussels has no power to do given tax is a national competence.

EU funding also seems to favour industry incumbents rather than innovative start-ups. The first call-up for large-scale projects in 2020 through its Innovation Fund received 311 applications, from which seven grants were awarded — all to projects led by large companies including BASF, a multinational chemical company, and the Italian energy company Enel.

Cleantech for Europe, an industry body for green technology start-ups, noted that this represents a 2 per cent success rate for applicants. Projects that had been selected mostly focused on the carbon capture and storage, a technology which sets out to remove carbon produced by fossil fuels, rather than projects that would prevent the emission of carbon dioxide in the first place.

France under Emmanuel Macron is pushing to loosen the shackles on subsidies as part of industrial policy

Top EU officials readily admit permitting processes for new installations take far too long. Jules Besnainou, Cleantech for Europe's executive director, warns that there is a risk of "leakage" of clean tech industries out of Europe "no matter what". The question, he says, is whether the EU response comes in time to scale up these industries, or "do we just lose them?"

A broader strategy

Europe's economic liberals argue a lot of the wrangling over public subsidies misses the wider point.

Countries such as Sweden, which holds the EU's rotating presidency, want the EU to focus instead on underlying competitiveness, loosening regulatory constraints and boosting fundamentals such as worker skills, rather than seeking ways to marshal more public money.

Financing reforms might help. Delivering on the EU's carbon reduction objectives requires additional investment of €520bn a year in 2021-2030, according to the commission, the majority of which will have to come from the private sector.

Yet the continent remains heavily reliant on bank-provided finance, while its attempts to forge stronger and more vibrant capital markets are proceeding at a snail's pace.

Any adjustments to the state aid regime or creation of new EU resources must go "hand in hand" with reforms to the internal market, argues Cecilia Malmström, EU trade commissioner from 2014 to 2019, plus a drive to conclude more trade deals. It would be a "dangerous path" to engage in a tit-for-tat response to the IRA, she says.

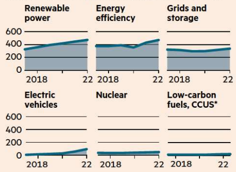
But the EU's band of free-market cheerleaders feels embattled, especially following the departure of the UK, which had been one of their most vocal members. Plaintive references to WTO norms sound out of touch with the great power competition driving the world economy, embodied by the "decoupling" from China driven first by President Donald Trump and continued by his successor Joe Biden.

"Even the more liberal ones in the flock realise the world has changed," says one senior EU official. On the IRA, the message from Washington is "just do the same as us, because we are not going to change anything".

Data visualisation by Chris Campbell

Big sums flowing into green energy

Annual clean energy investment, worldwide ($bn)

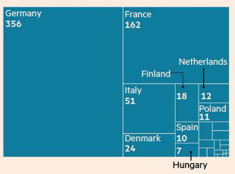


2022=estimate * Carbon capture, usage and storage

Sources: IEA; European Commission

Unbalanced subsidies across Europe

Breakdown by country of the €672bn of EU state aid under the temporary crisis framework (€bn)



The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

The return of the 'British disease'

Brexit is one of the factors behind the UK's economic underperformance

In the 1970s, the UK was known as the "sick man of Europe". Today it seems to be the sick man of the developed world. The IMF forecast this week that Britain would be the only leading economy to shrink this year. Its gloomy outlook was published, by coincidence, on the third anniversary of the UK's exit from the EU. The Brexit deal is by no means the only reason for Britain's underperformance, but it is a factor. Finding ways to soften its impact needs to be part of a broader strategy to rekindle growth.

The IMF may be overly pessimistic. But the UK is undoubtedly lagging behind its peers as it suffers the worst of two economic worlds. As in the US, its shrunken post-pandemic workforce has left it with a labour market squeeze. And, like the rest of Europe, Britain is exposed to sky-high energy prices. The disastrous "mini" Budget of Liz Truss's short premiership led to a rise in borrowing costs which has eased but is still affecting families and businesses.

A 2023 recession will compound years of underperformance: the UK is the only major economy that has not regained its pre-Covid size. Productivity growth and business investment were anaemic pre-2016, but few economists dispute that Brexit has exacerbated the UK's weakness since the referendum.

Business investment has stagnated, depressed by political and economic uncertainties and the erection of barriers with Britain's biggest trade partner. The UK's post-pandemic recovery in trade has trailed that of other big economies. Newfound regulatory freedoms, and new trade deals with the likes of Australia, cannot offset the damage.

The EU exit has also eroded the quality of governance. Successive Conservative governments have wrestled with the contradiction between Brexiteers' belief that it would free Britain to create a low-tax, small-state economy, and many Leave voters' for greater government intervention.

Boris Johnson, dumping an industrial strategy from his predecessor Theresa May, tried to square the circle by promising to "get Brexit done" while embracing big-state government — till Covid-19 wrecked the public finances. Truss's bungled lunge for growth through massive unfunded tax cuts in turn repudiated Johnsonism. Rishi Sunak has changed course again. The reversals have led to incoherence in economic policy and exacerbated business reluctance to invest.

As polling suggests voters are doing, politicians of all stripes need to acknowledge Brexit's impact and the urgency of trying to improve on Britain's bare-bones trade deal with the EU. Resolving the dispute over trading rules with Northern Ireland would be a welcome step. But the UK also needs to address structural factors.

> As well as getting more people back into jobs, Britain needs to develop a more agile training and education system

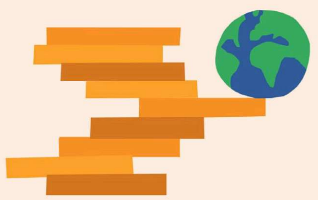
As a start, the government should replace or extend its super-deduction on capital spending, which expires in April, to boost business investment. The planning system needs transforming, to clear the path for building more on undeveloped land.

As well as getting more people back into jobs, Britain needs to develop a more agile training and education system. Harnessing the UK's success at producing start-ups means channelling more investment into innovative firms; a forthcoming cut to R&D tax credits is a step backwards. Driving growth in second-tier cities, partly through decentralisation, will be key to reviving the levelling-up agenda.

Business groups labelled Jeremy Hunt's economic plan outlined last week as "empty". The chancellor has a further chance to spell out a more ambitious agenda in the March Budget. If he cannot go beyond mere buzzwords, the latest bout of "British disease" will become ever more chronic.

Opinion Economics

We lack an effective global system to deal with debt



Ben Hickey

Rebeca Grynspan

There is an alarming tendency among the international community to regard debts in the developing world as sustainable because they can, after some sacrifice, be paid off.

But this is like saying a poor family will stay afloat because they always repay their loan sharks. To take this view is to overlook the skipped meals, the foregone investment in education and the lack of health spending that forcibly make room for interest payments. This sort of debt trap is a social catastrophe in the making. Ten years from now, the debt may be repaid, but the family will be ruined.

This is the dilemma facing many developing countries, both big and small. The pandemic, cost of living crisis and rising interest rates have brought them to a point where they can only pay their debts by way of austerity or foregone investment in the sustainable development goals (SDGs). Their debts are sustainable in that they can be repaid, but unsustainable in every other way.

> This full-blown development crisis threatens a lost decade for the world economy

Furthermore, this full-blown development crisis with debt distress at its core also threatens a new lost decade for much of the world economy.

The repeat of a 1980s-style debt crisis that could in turn threaten global financial stability is perceived to be marginal. But the public debt of developing countries, excluding China, reached $11.5tn in 2021. By some accounts, serious debt problems are largely confined to a small share of this figure, owed by highly vulnerable low-income countries such as Chad, Zambia or Ethiopia.

But the situation is deteriorating rapidly. During the pandemic, government debt ballooned by almost $2tn in more than 100 developing countries (excluding China), as social spending went up while incomes froze due to lockdowns. Now, central banks are raising interest rates, which exacerbates the problem. Rising rates have meant capital flight and currency depreciation in developing economies, as well as increasing borrowing costs. These factors have pushed countries such as Ghana or Sri Lanka into debt distress.

In 2021, developing countries paid $400bn in debt service, more than twice what they received in official development aid. Meanwhile, their international reserves declined by over $600bn last year, almost three times what they received in emergency support through the IMF Special Drawing Rights allocation.

Foreign debts are therefore eating an ever-larger piece of an ever-shrinking national resources pie. As inflation rises, natural disasters become more frequent and food and energy imports rise in price, countries need more, not less, contingency planning assistance.

A much bolder approach is needed. Recent efforts by the international community to agree on large-scale emergency debt measures have faltered. This is despite important efforts at the G20 through the now-discontinued Debt Service Suspension Initiative, and the Common Framework for Debt Treatments, which is in need of crucial improvements, such as suspending payments during negotiations and an extension to middle-income countries in debt distress.

The failure of these efforts has revealed the complexity of existing procedures, characterised by creditors who refuse to engage in restructuring with extraordinary powers of sabotage. Crisis resolutions are often too little, too late. The world lacks an effective system to deal with debt.

An independent sovereign debt authority that engages with creditor and debtor interests, both institutional and private, is urgently needed. At a minimum, such an authority should provide coherent guidelines for suspending debt payments in disaster situations, ensuring SDGs are considered in debt sustainability assessments, and providing expert advice to governments in need.

Furthermore, a public debt registry for developing countries would allow both lenders and borrowers to access debt data. This would go a long way in boosting debt transparency, strengthening debt management, reducing the risk of debt distress and improving access to financing. Progress on both these fronts could begin with an independent review of the G20 debt agenda: India's presidency may bring a historic opportunity to succeed where others have faltered.

Tackling the current global debt crisis is not only a moral imperative. In a context of growing climate and geopolitical distress, it is one the biggest threats to global peace and security and financial stability. Without supporting countries to become sustainable, their debts will never be realistically repayable.

The writer is an economist serving as secretary-general of the United Nations Conference on Trade and Development

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AI in the right hands can end the scourge of fake news

Your article on generative AI had so many weaknesses that I thought it might have been written by, well, generative AI (The Big Read, January 26).

To pick on some points: yes it can produce misinformation, but that is because it is based on information available out there, much of it false; this is not a particular feature of AI. Anyone who uses a modicum of critical judgment when they read something would naturally apply the same judgment to AI-generated text.

Yes it can automate tasks and have an impact on jobs, but what technology hasn't, from the loom to the electric motor to spreadsheets? It has no "real understanding" — whatever that means — but do people always have a real understanding of what they are talking about? It has no real memory outside of a single conversation, you say, but in fact it can be programmed to have infinite memory of conversations, which is not true of humans.

You advocate a "sense check" of text before it is released, which is what is routinely done for any academic paper (and I am sure for most FT columns) through peer and editor reviews. It can be misused by bad actors, but so can a kitchen knife, gunpowder, nuclear power or social media. And it can create fake content — wow, I am impressed you are discovering the concept of fake content.

AI has been around a long time. I remember conversing with an AI "doctor" in the early 1980s at my university. The experience was poor, but we knew what the scientists were developing. What has changed since is primarily a dramatic increase of online information (and misinformation), and an exponential increase of computing power. Today's tools are finally getting good at combining large amounts of information and writing syntheses with frankly better grammar and spelling and more cogent structures than the average population's, and will some day, probably in the not so distant future, generate original ideas as well.

I am betting on AI in good hands to actually help weed out misinformation using proven facts, rather than making things worse, because in some ways it will be, well, more "intelligent", whatever that means, than us.

Jem Eskenazi
London N3, UK

How France's fighter jet fillip can bolster Zelenskyy

The reporting by Leila Abboud, Henry Foy and Ben Hall in the article "France open to sending jets to Ukraine" (Report, February 1) indicates that France's position on sending fighter jets to Ukraine might be changing for the better for President Volodymyr Zelenskyy and his request to "close the skies". The report said Ukraine's defence minister Oleksiy Reznikov met Emmanuel Macron and his French counterpart in Paris on Tuesday and said they discussed jets, but no "specific names or types of planes".

Hopefully, it is a sign that the west is finally showing the will to do what it really takes to help Ukraine win the war. Poland and the Czech Republic have expressed their approval for sending their fighter jets — Czech president-elect Petr Pavel, a retired Nato general, going so far as to say that he is in favour of Ukraine joining Nato when the war ends.

As the world war two US general, aviation pioneer and war hero Jimmy Doolittle said: "The first lesson is that you can't lose a war if you have command of the air, and you can't win a war if you haven't."

John Paris
Atlanta, GA, US

Hunt or the BoE, who is in charge of inflation policy?

I am confused. In your article "Chancellor pushes back against tax cut call by Tories" (Report, February 1) you note that chancellor Jeremy Hunt "insisted that halving inflation to 5 per cent by the end of the year was his priority, and warned that cutting taxes would make that task harder".

Meanwhile, a few days ago the chancellor revealed five priorities, the top one being to halve inflation. I believe he has forgotten that this job was removed from politicians' hands with central bank independence in 1997.

According to the Bank of England's website, it states "we are responsible for keeping inflation (price rises) low and stable".

Now, it could of course be that as chancellor he has decided to take back control of inflation, but all the same, it would nice to know who is in charge of controlling inflation in the UK.

Martin Hewes
Haslemere, Surrey, UK

Try starting meetings with a prayer – I recommend it

Your "Office Life" column ("If you invite someone to a meeting, there has to be a purpose", Opinion, January 30) brought to mind an organisation for which I was a consultant some years ago. It was a charity with a Christian ethos working to support the disabled. I am an atheist but admired and benefited from each major meeting starting with a prayer and a two minute silence in which each person was asked to consider how they would work together with colleagues to find the best possible outcome for the clients of the charity.

Most meetings start with noise and hubbub at best and, at worst, personal tensions, just as you describe. I observed that commencing with a communal silence, whether one is a humanist or religious, led to invigorating and constructive discussion. Consideration not clamour is a good principle for any organisation.

Jo Jacobius
London N6, UK

OUTLOOK

IRELAND

From the Sex Pistols to post-punk ballad for Eurovision

by Jude Webber

Never mind the bollocks. Here's the Sex Pistols former frontman Johnny Rotten bidding to take on the establishment, again.

Just not with the spiky-haired, shoutiness of his youth. Nearly half a century after putting punk rock on the map, the British-born singer is seeking to represent Ireland at this year's Eurovision Song Contest.

It sounds like the ultimate piss-take of a sometimes excruciating event — albeit one which Ireland cherishes and at which it has excelled. But it is not: John Lydon, Rotten's real name, is entering an achingly poignant ballad to his wife, Nora, who has Alzheimer's.

With its haunting chorus "Remember me, I remember you", "Hawaii" is post-punk poetry — a far cry from the schlock-pop and schmaltz usually on offer.

Lydon and his band Public Image Ltd will go head-to-head with five others on Irish broadcaster RTÉ tomorrow, when a studio jury, international jury and the public phoning in will pick the nominee.

Born in London to Irish parents, Lydon speaks with a cockney twang, has an Irish passport and is well aware of how incongruous his foray looks.

He told RTÉ he never watched Eurovision because "it's absolutely awful . . . I'm a songwriter, I perform, and these shows, they just come off so dreadfully phoney to me. But look, here we go, we're giving it a chance to break out of that mould."

Ireland has taken risks before: in 2008 it entered a TV puppet named Dustin the Turkey with a song lamenting that Ireland, which by then had won a record seven Eurovisions, had lost its Midas touch. It bombed.

But the "genuine backstory" of "Hawaii" makes it compelling, according to David Blake Knox, RTÉ's head of entertainment from 1990-94 and author of *Ireland and the Eurovision: The Winners, the Losers and the Turkey*.

Ukraine won last year's contest after a surge of public sympathy from phone-in voters. Traditionally, the country would host this year's contest but because of Russia's invasion, the UK is hosting this year's Eurovision on its behalf on May 9-13 in Liverpool.

"Eurovision songs can range from painfully sincere to novelty acts, most of which are excruciating," says Blake Knox. "It's very difficult to talk about something like [Alzheimer's] but 'Hawaii' is sweet, credible and convincing."

It has lilting melodies and endearing lyrics including "well hello there" and "you are loved". Simplicity can prove a Eurovision advantage: Spanish artist Massiel beat Britain's Cliff Richard to win in 1968 with a song featuring the word "la" 138 times.

Ireland has been hooked on the contest since its first entry in 1965 as the small, rural economy was opening up. With membership of what was to become the EU still eight years off, Eurovision allowed it to feel modern.

"It's kind of like you're being made an official member of the club," recalled Dana, who clinched Ireland's first title with "All Kinds of Everything" in 1970.

Ireland won six more times in the 1980s and 1990s, and stunned audiences in 1994 with the breathtaking Riverdance show in the interval. But then came hubris. "We began to think we had a right to win," Blake Knox says.

He welcomes Lydon's entry coming from "an Irish diaspora that has never been fully represented — the English-Irish, or the 'Plastic Paddies'".

Lydon, who admits he has been humming "Hawaii" at home in Los Angeles as he does the hoovering, cares full-time for Nora with an attitude he has called "No. Self. Pity". After meningitis as a child put him in a coma for months and left him unable to remember or talk, he knows first-hand the feeling of being lost in your own life. "Hawaii" was inspired by a favourite holiday and Lydon said Nora would "melt" when she saw the performance on TV.

Despite being the *enfant terrible* of the music scene with a rendition of "God Save the Queen" that was censored by the BBC, Lydon, 67, has always worn his heart on his sleeve when it comes to his wife of nearly 50 years, whom he calls "the ultimate woman".

He approaches Eurovision with a refreshing sense of humour, a hefty dose of irony and unselfconscious emotion. But then, as he wrote in one of his autobiographies, *Anger is an Energy*: "My idea of punk *is* humanity."

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Opinion

The corporate world is losing its grip on cyber risk

BUSINESS
Helen Thomas

The Lloyd's of London insurance market prides itself on being able to put a price on anything — from Tina Turner's legs or Bruce Springsteen's vocal cords, to the risk that a bounty hunter might claim the reward from Cutty Sark Whisky in the 1970s for capturing the Loch Ness monster.

But from the end of March, there will be something it won't price: systemic cyber risk, or the type of major, catastrophic disruption caused by state-backed cyber warfare. In one sense, this isn't surprising. Insurance policies typically exclude acts of war. Russia's NotPetya attack on Ukraine in 2017 showed how state-backed cyber assaults can surpass traditional definitions of armed conflict and overspill their sovereign target to hit global businesses. It caused an estimated $10bn in damages and years of wrangling between companies like pharma group Merck and snack maker Mondelez and their insurers.

But the move is prompting broader questions about the growing pains in this corner of the insurance world. "Cyber insurance isn't working anywhere at the moment as a public good for society," says Ciaran Martin, former head of the UK National Cyber Security Centre, now at the Blavatnik School for Government. "It has a huge role to play in improving defences in a market-based economy and it has been a huge disappointment in that sense so far."

The Lloyd's move is designed, say insurers, to clarify rather than restrict coverage. Whether it succeeds is another matter: this is a murky world, where cyber crime groups operate with impunity in certain jurisdictions. Ransomware group Conti last year seemingly switched focus, declaring its support for the Russian government after the invasion of Ukraine. Attribution is fraught: governments point fingers for geopolitical reasons, not commercial ones. If the intention is to exclude rare, catastrophic events, better to have an independent body that declares and categorises cyber events, argues Graeme Newman, head of CFC Underwriting.

This focus on systemic risk is slightly odd. The cyber insurance world has been rocked not by cyberwarfare in recent years but by ransomware and cyber extortion attacks. Payments identified as received by ransomware attackers more than quadrupled in 2020 on the year before, according to Chainalysis, and stayed there in 2021. Cyber insurance pricing by the back end of 2021 had doubled compared to the previous year, according to broker Marsh, and was still up 50 per cent again in the third quarter of last year.

> There is a lack of data about a threat that is, in any case, constantly changing

Payments fell last year, in part because the Ukraine conflict may have disrupted cybergangs in the region. Victims may also be less willing to pay up, given the vast costs of repairing or rebuilding systems required in the aftermath of an attack. But this may not last: already this year, the UK has suffered high-profile attacks on the Guardian newspaper, the Royal Mail and retailer JD Sports.

The spiralling cost of claims has meant more restrictions on coverage, according to the US Government Accountability Office: limits on how much can be claimed for cyber incidents dropped sharply in 2021. The risk is that boards, with limited expertise, may not be getting the cover they think, especially since advisers report carve outs for common threats like fraud from compromised business email accounts. Insurers, belatedly, also tightened up security requirements when underwriting.

The industry, tetchy about suggestions that cyber may prove uninsurable, concedes a lack of data about a threat that is, in any case, constantly changing. The Bank of England last month issued a warning about "immature" risk management. Limited take-up doesn't help: Aviva found only a quarter of UK businesses have cover and that, if anything, cyber risk was slipping down the list of board priorities.

With both the US and UK considering a government backstop for systemic risks, the blurring of private and public responsibilities could force reform. Passing cyber risk to governments would have to mean tougher minimum standards for corporate resilience (which are probably merited anyway). Transparency about attacks and improved data-sharing could also help. Ultimately, countries need a national debate on cyber risk, of the type under way in Australia since last year's Medibank breach seized the health data of nearly 10mn customers. Preferably without a major attack first.

The ambition is a reasonably priced, well-understood form of cyber insurance that also improves resilience and reduces costs for society. At the moment, it's not obvious that we're getting closer to that goal.

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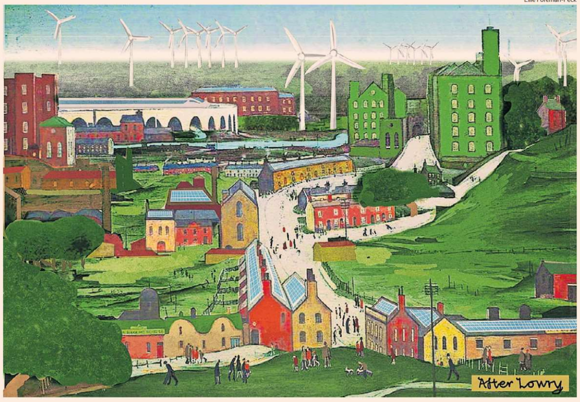
Conservatives are forced to face net zero



Ellie Foreman-Peck

BRITAIN
Robert Shrimsley

Some government reviews disappear into the machine; others land with a thud. Chris Skidmore's 340-page report on the UK's net zero strategy is heavy enough to leave a dent wherever it lands. And while its major concern is the gap between good intentions and delivery, its greatest political impact could be that it makes its argument in a language Conservatives understand.

A former Tory energy minister, Skidmore was the man who signed the UK's net zero pledges into law. And while not resiling from the primary, environmental case for green transformation, his report confronts Tories with a further compelling argument. The developed nations are now in an economic race to lead in clean energy technology, and the UK is not winning.

The world is facing two industrial revolutions, one powered by artificial intelligence, the other by clean energy. Their shape and terms will be set by the world's three power blocs, the US, China and the EU. Joe Biden's Inflation Reduction Act with its $369bn of subsidies for green technologies has fundamentally altered the net zero landscape. The EU is set to respond, initially with an easing of tax credit rules.

For all its previous lead on green tech, Britain cannot compete on subsidies and it is not setting the rules. The UK's only option is to be as decisive, nimble and cutting edge as Brexit was supposed to make it. Instead, the report warns that poor delivery and conflicting signals mean it is losing ground.

No one can accuse the government of inactivity. There are numerous initiatives and substantial investment. Business lobbies will always ratchet up demands for extra subsidies. Even so, the review's argument is irresistible.

Skidmore's report is strong enough as a warning. But it comes at a vital moment in the political debate. A vocal caucus on the populist right is agitating against net zero. While hostile MPs are a minority, their arguments are amplified in the Tory press and by outriders like Nigel Farage who have, in the past, exerted a powerful pull on the party. The appeal of their stance is that it rests on a view that the climate agenda has been seized by the left as a vehicle for higher taxes and state intervention.

What Skidmore offers, as well as a jeremiad on complacency, is a call for Tories to understand that the clean energy drive is vital to prosperity. The party of capitalism cannot allow the UK to sit back in an inescapable industrial race that will define the next century. The technology is coming, the only question is whether the jobs and income accrue only to others.

Many red-wall Conservatives already see this as part of the levelling-up agenda. But the message from business is that lack of momentum is deterring investment and sending opportunities abroad. "Government", the report argues, "has too often pursued stop-start strategies which undermine confidence for business, investors and consumers in committing to measures which would reduce carbon emissions."

The report makes numerous recommendations, including on solar power and phasing out gas boilers, but at its core is a simple point. Where the UK has hopes of a leadership role on newer technologies, be it on carbon capture use and storage, small modular nuclear reactors, hydrogen or recycling critical minerals, it must back that ambition with credible road maps and stable

> The party cannot allow the country to sit back in an inescapable race that will define the next century

funding. There are too many annual funding rounds; a 10-year commitment would bring more private money to the table. "The money is going to be spent either way," argues Skidmore.

Those in government push back on some of this criticism, pointing to subsidies, funding models and legislation to advance new technologies. Senior figures argue that Rishi Sunak may lack Boris Johnson's often-empty evangelism, but will commit methodically to backing sectors which offer the UK an international advantage.

Jeremy Hunt, the chancellor, has asked Skidmore to take on a role examining regulatory obstacles to emerging technology and he has been visiting Downing Street to sell his ideas to senior policy officials. His prescriptions include an Office for Net Zero to drive policy, a proper push on energy efficient homes, longer-range funding commitments on hydrogen and carbon capture, and a clear route map to building small modular reactors.

The worry is that the Tories have a history of stepping back from what David Cameron once called the "green crap" as financial challenges mounted. Net zero has looked like a subset of Sunak's economic agenda and doesn't feature in his five core missions. Even less encouraging was his opposition to onshore wind farms, one of the easier steps in the clean energy transition.

The report, then, throws down two challenges for Sunak. The first and most crucial is to up the UK's game on delivery. If one accepts Skidmore's overarching argument (and it is hard to refute), then this cannot be an afterthought to any growth strategy.

The second is to demonstrate leadership to the Conservative movement and show the UK cannot sit this one out. Labour has an expansive (and expensive) green strategy. If Tories do not like it, they need to offer a viable alternative.

Failure now leaves the UK in danger of missing not only its net zero targets but also the economic benefits of being a pioneer in an industrial revolution which cannot be avoided.

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Beware the great battery industry fallacy

TECHNOLOGY
Robin Harding

Batteries, batteries, batteries. The race to attract this industry of the future, and power the electric vehicles that will rule the roads, is as frantic as the rush for AAA cells after an eight-year-old opens their birthday presents.

An orgy of subsidies under the Inflation Reduction Act is building so-called "gigafactories" across the US, while the UK is agonising over the collapse of its only big battery project. One sign of battery-induced insecurity is the number of start-ups wrapping themselves in the flag, with names such as the failed Britishvolt or American Battery Factory.

The logic of batterymania is straightforward. In the future, all cars will be electric. Electric vehicles must have a battery. Ergo, a flourishing auto industry, needs battery plants. This is true as far as it goes and batteries will certainly be a large business. But what the mania ignores is many years of experience that shows batteries are a bad business: low margin, capital intensive, dirty and hemmed in by hard physical limits on technological progress. Investors and countries piling into this industry are going to get burnt.

The industry leaders, which do not boast of gigafactories, are all based in Asia. Sony pioneered the lithium-ion battery in the 1990s, but sold out in 2016 after years of struggling to make them pay. Japan's Panasonic and Samsung SDI and LG Energy Solution of South Korea, the industry's most established names, have been enjoying a sales boom, but even in good years they struggle to reach a 10 per cent operating margin and run balance sheets in the tens of billions of dollars. The most profitable and fastest-growing battery maker is China's CATL, a good clue to where this industry will end up.

The basic economics of battery making explain the financial outcomes. You need to buy a large volume of scarce inputs — of which nickel and lithium are among the less exotic — and manufacture them into cells, at scale, using hundreds of millions of dollars' worth of machinery. You sell the resulting output in an almost purely business-to-business market with no brand loyalty or aftersales revenue. The processes involved relate to the chemical industry. Light manufacturing it is not.

> Nations throwing money at making them will miss the real value in future vehicles: software and data

The pace of change in electric vehicles has created the impression that batteries are evolving fast. But this is misleading. The basic technology has been around for more than a century and advanced at a slow, linear pace. Batteries are a matter of chemistry. You cannot just make them smaller, like a transistor.

The chemistry of each battery — the combination of an anode and a cathode material — puts a limit on the energy it can store: its electrochemical potential. The biggest jumps in performance have involved a new chemistry, such as the shift to lithium. But a battery must work when it is hot and when it is cold; it must charge and discharge a sufficient amount of energy, at a sufficient speed, a sufficient number of times; it must be safe; and it must be affordable. To meet every constraint with an all-new technology is formidably hard.

There is steady, incremental innovation in anode, cathode and separator materials, although the value is often captured by specialist chemical companies, not battery makers. The big gains in the industry today come from "learning by doing" to reduce cost as volumes grow, but that points again to vast scale and capital investment, not particular technical breakthroughs, as the secret of success.

Scale, capital and cost: it all points to China. Battery gigafactories in high-income countries are likely to meet the same fate as solar panel factories, television factories and, indeed, a previous generation of battery factories in high-income countries. Certainly, there will not be a dozen national battery industries to support a dozen national auto industries.

What, then, is a rich country with a large car industry to do? Batteries are heavy so there may be value in local manufacturing, especially if there are trade barriers. Geopolitical risk may also hamper the growth of China's exports. If the battery becomes a commodity, however, then nations throwing money at them will miss the real value in future vehicles. That will lie in the software, especially for automated driving; in the data a driver generates; in design, branding and interior quality; and in the safety of what will always be a large metal box that goes fast.

Silicon Valley has figured out all of that and is awaiting its chance. A battle for the future of the auto industry will soon be joined. National gigafactories will not win it.

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On Sri Lanka's 75th birthday, the future looks bleak

Zeinab Badawi

Sri Lanka is marking the 75th anniversary of its independence from Great Britain this year, yet there is little to celebrate — the beautiful island is experiencing the worst economic crisis in its history.

The country defaulted on more than $50bn of foreign loans in 2022, and last May the then prime minister Ranil Wickremesinghe complained that finding even $1mn was proving to be a challenge. Sri Lanka has one of the largest public sectors in the world, which — including defence — accounts for between 70-80 per cent of the country's annual budget. Meeting the salary bill is a battle. The government is in the throes of negotiating a $2.9bn IMF bailout, which ministers seem confident will be approved.

India and others have sent aid, including food and medical supplies, to a population living under constant pressure. A majority of Sri Lanka's 22mn people live in rural areas and are struggling to put food on the table. Average earnings are down, inflation is about 59 per cent, though the government insists it is coming down. The UN warns of severe undernourishment and rising poverty in a country that once boasted one of the highest standards of living in south Asia.

To the visitor, the true situation is initially hard to grasp. Restaurants in the capital Colombo are full and markets well stocked. Travels around the central mountain region and the small villages are also deceptive. I gave a tip of $3 to the hotel staff member who had

> Many citizens are struggling to put food on the table and inflation is about 59 per cent

arranged my room; he burst into tears, mumbling that he needed the money for his young daughter.

Sri Lankans, renowned for resilience, now just "seethe with anger", says Sri Lankan Booker Prize winner Shehan Karunatilaka. By last year frustration had reached boiling point. Millions, mostly the young, took to the streets in Colombo and across the country. The presidential palace was stormed and the prime minister's residence torched. President Gotabaya Rajapaksa fled to Singapore, from where he resigned by email.

His successor, the political veteran Wickremesinghe, is seen as a surrogate for the powerful Rajapaksa family, which has dominated Sri Lankan politics and business for decades. While tourism has certainly been hit hard by Covid, many blame their current predicament on endemic and longstanding government corruption, nepotism and economic mismanagement. About 300,000 Sri Lankans left the country in 2022, the highest number on record.

If conditions do not improve, new protests could be triggered and may even turn violent. But demonstrating is one of the few ways for Sri Lankans to express their dissatisfaction with the government. The ruling coalition has a strong parliamentary majority and opposition parties are splintered. There are serious restrictions on freedom of speech. Staff at News 1st, Sri Lanka's biggest independent news network, were severely beaten by police while covering the protests.

The security forces and military still enjoy a prominent role in society and their numbers are disproportionately high, a legacy of the civil war between Hindu, Tamil minority separatists and the Buddhist Sinhalese-dominated authorities. This brutal conflict, which began in 1983 and ended in 2009 with the defeat of the Tamil Tigers, hangs like a shadow over present day Sri Lanka. Some 100,000 died or simply disappeared, with little justice for victims and their families.

Can people rise above these residual ethnic and religious tensions and coexist as simply Sri Lankans? Protesters from all ethnicities marched together last year, united in their common disgust and shared suffering. Perhaps a new, nonsectarian sense of nationhood could prove the silver lining to this bleak chapter in Sri Lanka's post-independence history.

The writer is president of Soas, University of London

Lex.

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Indian stocks: getting Adani's Gaut

In recent years, some investment pundits promoted Indian stocks as an alternative to "uninvestable" Chinese equities. That thesis has taken a heavy blow from the woes of the Adani group, which has pulled a $2.4bn share sale.

Short seller Hindenburg Research has alleged that the highly leveraged industrial conglomerate, manipulated its stock price and engaged in accounting fraud. The company, run by tycoon Gautam Adani, denies the claims. But the failure of the financing shows how deep the unease of investors has become.

Adani cancelled its cash call after shares in group companies extended losses yesterday. The stock of issuer Adani Enterprises, the group's flagship company, fell 25 per cent. The failure of the deal suggests backers such as Abu Dhabi's International Holding Company and London-listed Jupiter had second thoughts.

Adani group stocks have a combined weighting of just 6 per cent of the MSCI Standard index. But their influence on foreign investors is significant. Foreign funds have sold $1.5bn in Indian stocks.

Such retreats recur in India. More than a decade ago, corruption scandals in telecoms sparked an extended sell-off. Investors also jumped ship when regulators fined Reliance Industries and chair Mukesh Ambani for irregularities involving a share issue.

India is a vast, vibrant country with talented people. But it suffers from perceptions that high levels of corruption encourage financial chicanery. These are often unfair. But the relationship between politicians and the business elite is close.

India can dispel negative interpretations of such ties by probing the Adani affair thoroughly and with extensive public disclosure. Adani must meanwhile prove its debatable proposition that the share sale failure does not hurt its financial position.

The tendency of the Indian economy to undershoot bullish expectations is partly explained by the deadening effect of corruption. Economic growth is expected to decelerate in the year to next March, to the slowest in three years.

Foreign investors dumped more than $16bn of Indian equity, a historic record, last year. But even after that exit, the Sensex trades at a pricey 3 times book, double that of Chinese and Japanese counterparts. Loose capital will now favour investments in China.

Vodafone: Vantage Elliott

Nick Read riled investors with efforts to tame Vodafone. He was ousted. Interim replacement Margherita Della Valle says the mobile operator "can do better". That is Elliott Management's view of the sale of the Vantage Towers subsidiary led by Read. The US activist has taken an exposure of more than 5 per cent to Vantage stock.

The intervention underlines the importance of scenario planning for would-be dealmakers.

Vodafone split off and listed telecom tower group Vantage in Germany in 2021. Infrastructure with reliable incomes merited high valuations because rates were low. But after the market worth peaked at €16.5bn last spring, Vantage stock fell by a quarter.

The valuation returned to previous highs thanks to the partial sale plan. Vodafone would participate in a Vantage joint venture with investors including KKR, and General Infrastructure Partners. The deal requires the JV owners to buy out 18 per cent held by minority investors. They would receive €32 a share.

Elliott's gambit depends on German securities law protecting minorities from premature squeeze-outs.

The JV controls about 89 per cent of Vantage, but not the required 95 per cent. If Elliott does not sell, Vodafone and its partners can still operate Vantage, under a "domination agreement". But that would allow Elliott to bring German litigation requiring a revaluation of Vantage.

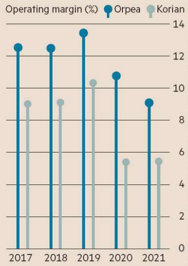
This legal process lasts at least five years. Under German law, Elliott would be likely to receive compensation in lieu of dividends set at 5 per cent a year above German short-term rates, currently just above 1.6 per cent.

A court might or might not lift the Vantage valuation. If Vodafone and its JV partners do not fancy waiting, they may have to pay Elliott and others more for their shares, valued at about €800mn. Read might have foreseen Elliott's intervention. But foresight does not appear to be his strong point.

Orpea restructuring: Victor bravo

The care-home owner expanded rapidly with debt-funded growth. Outsized profit margins came at the expense of quality of care for residents. A debt to equity swap will help lower net debts and restore financial sustainability.

Orpea generated bigger profits
Operating margin (%)

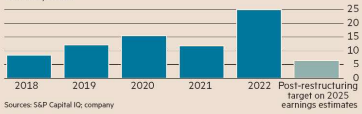


FT graphic Source: S&P Capital IQ

Care home operators
Share price (rebased)

Source: Refinitiv

Restructuring will lower Orpea's leverage
Net debt/ebitda



Sources: S&P Capital IQ; company

Retirement homes should be places of calm and sanctuary. France's Orpea turned out to be neither for residents or owners. Journalist Victor Castanet last year published an explosive account of the abuse of elders and allegations of financial misconduct.

A rescue — state-sponsored, as is often the case in France — arrived yesterday with a restructuring led by Caisse des Dépôts et Consignations. Orpea's shares have crashed almost 90 per cent from their total worth of €6bn in January 2022.

Strict efficiencies meant outsized profit margins and a premium rating for Orpea shares. Shareholders now stand to lose everything under new bankruptcy laws that have shifted the balance of power away from them.

Aggressive expansion in the low-rate era meant Orpea's total debts more than doubled to €9.5bn. Creditors will now swap a portion for equity at a substantial discount.

Holders of half the unsecured debts worth €3.8bn will receive a 49.4 per cent shareholding while contributing €195mn of new money. That represents a haircut of about 70 per on money lent.

New investors led by the CDC will contribute €1.35bn of fresh funds for a 50.2 per cent stake. Existing shareholders will own just 0.4 per cent of the new company unless they provide capital.

Shareholder approval is no longer required for such restructurings. Old rules would have typically left shareholders with more skin in the game.

The deal will lower net debts by 60 per cent. As a ratio of ebitda, these would fall to 6.5 times 2025 expected earnings, from around 25 times.

The new Orpea will operate at lower margins. A 15 per cent ebitda margin on 2024 revenues equates to a valuation multiple of 4 times, or about a third of Orpea's historical average. That is unlikely to entice existing shareholders back into the fold.

Too bad. Orpea in France and the old Four Seasons group in England have proved a point: high leverage and care homes do not mix.

Power pricing: doing the splits

Opening an electricity bill these days is enough to turn anyone into a proponent of radical market reform.

Renewable electricity is getting cheaper and accounts for an ever-larger slice of the UK mix: some 60 per cent. Yet the cost for retail customers has risen by almost two-thirds over the past year. Cue proposals to bring down costs in the UK and Europe.

These focus on marginal pricing. In this current system, electricity is priced at the cost of the most expensive plant required to kick in to satisfy demand. Often that is gas-fired generation. This has proved very expensive as a result of the Ukraine war.

Some cheaper solar and wind plants exposed to the wholesale market have pocketed windfall profits. Others have handed them over to the government under long-term price agreements.

One solution is to split the two markets. Renewables generators would then compete with each other for long-term contracts. Pricing would reflect the cost of investments — maybe €50-€80/MWh for new plants.

Flexible suppliers would compete on a spot market, presumably at much higher prices. This would include generators using fossil fuels and hydrogen plants, and perhaps battery arrays. That would enable canny distributors to buy much of their electricity on long-term contracts at low prices, lowering its cost in time for the next gas crisis. It would also be good prepping for when renewables make up most of the market. As things stand, delinked renewable power prices would be too low for plants to recoup their investments because running costs tend towards zero.

The split-market proposal has plenty of advocates. It also has plenty of snags. The main one reflects committed thinking: the market we have today is not ideal but it does distribute electricity.

That is true. But renewables work in fundamentally different ways from the old power plants. This means a different set of rules is needed.

Peloton: peddling hope

In October, Peloton's new chief executive, Barry McCarthy, said the pandemic's stage winner had six months to rediscover its balance. A nascent recovery has come ahead of schedule.

Yesterday, the stationary bike maker said that in the fourth quarter it just broke even on its preferred measure of free cash flow. That is a turnround from a deficit of more than $700mn just three quarters ago.

McCarthy has tried hard to reorient Peloton away from a capital-intensive, unprofitable hardware peddler towards becoming a slick provider of "Fitness-as-a-Service". Peloton may now provide a model for other growth high-fliers unequipped to compete in a capital-constrained world.

McCarthy and his team pepper their talk with jargon such as "customer acquisition cost" aligning with "lifetime value of the customer". The result is that Peloton has cut its workforce from 9,000 to 4,000 and outsourced bicycle production and fulfilment. To get ahead, it now sells used bikes and relies on third-party retailers.

Last quarter, total revenue was under $800mn, compared with the $1.1bn achieved in each of the two previous holiday periods. More importantly, for the third consecutive quarter the majority of revenue came from subscriptions to fitness content videos rather than bike sales. The gross margin on those software sales is 68 per cent, compared with the losses on bike sales as Peloton dumps inventory.

Peloton's number of subscriptions has stabilised at 3mn, and it believes these will expand as the business rights itself. And the market has cheered it on as the stock price has more than doubled from its 2022 lows. Improved results and investor risk appetite help.

Peloton is fortunate it has a software component that benefits from economies of scale. It will not revisit its peak market capitalisation of near $50bn soon. But McCarthy's new programme has created a leaner, humbler and more sustainable Peloton.

FT Lex on the web
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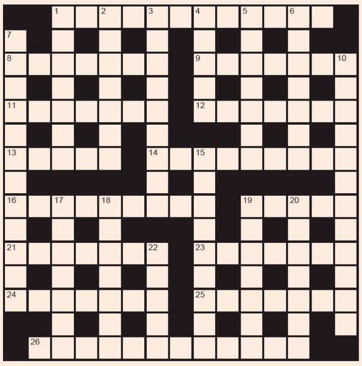
CROSSWORD

No 17,322 Set by PETO



ACROSS

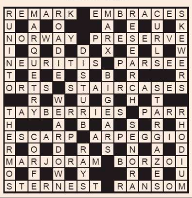
1 Fresh chip on top of lid treated with varnish (6,6)
8 Largely free to overrun island country (7)
9 Homeless tramp is fed by street musicians (7)
11 Bad beer not entirely withdrawn when prohibited by law (7)
12 Rebellious group in France facing lawsuit (7)
13 Breathes in sharply expressing astonishment in front of grass snakes (5)
14 Small image of lamb in hut abroad (9)
16 Left behind in Amsterdam's west end and forbidden to implicate Rob (9)
19 Possible partner for Austrian physicist and philosopher? About time (5)
21 Warnings about drug filled containers (7)
23 Tired through overwork when ladder fell (3-4)
24 Rex finding it's too sloppy for a rice dish (7)
25 Helping to make Kampala moderately fashionable (1,2,4)
26 Detect zinc say when it's present in minute amounts (5,7)

DOWN

1 Stories about university lab losing bishop's bones (7)
2 Angers reserves with rule for goalies at the outset (7)
3 Cleaner volunteers name after fellow's turned over in fraud (9)
4 Demonstration of impenetrability (5)
5 Courageous fellow starts to cuddle unusually bony young feline (4,3)
6 Rossetti essentially fools around with American verse form (7)
7 Worried, surely, facing supposedly alien craft (6,6)
10 Only one labourer regularly held to be working alone (6-6)
15 Set about getting subordinate to steal (9)
17 Counsellor drives a convertible (7)
18 Likely to have far-reaching effect for doctor caught drinking wine (7)
19 Soldier has them alternately following lawyer's instruction (7)
20 At fault after setting up wrong produce for show (4,3)
22 Pinched woman's shawl (5)*

JOTTER PAD

Solution 17,321



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