FINANCIAL TIMES

TUESDAY 7 FEBRUARY 2023 — INTERNATIONAL NEWSPAPER OF THE YEAR — ASIA

Britain's two-stage path to rejoining the EU
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Fed's view of the world at odds with markets
MOHAMED EL-ERIAN, PAGE 11

Thousands dead after biggest quake in 84 years shakes Turkey and Syria

● Two shocks hit region ● Tremors felt in Egypt ● Race to rescue those trapped ● Death toll still rising

AYLA JEAN YACKLEY — CHICAGO
RAYA JALABI — BEIRUT
ADAM SAMSON — LONDON

Turkey was battling to respond to a historic natural disaster last night after its biggest earthquake in almost a century flattened neighbourhoods across the country's south-east and in northern Syria, leaving a death toll rising through the thousands.

Yesterday's 7.8 magnitude quake destroyed thousands of buildings when it hit shortly after 4am local time, driving people into the streets in near-freezing temperatures. Yet more devastation was wrought by a second quake of 7.5 magnitude that struck hours later.

Syrian regions impoverished by years of war were also badly hit by the quake, with tremors felt as far away as Lebanon, Egypt and Israel.

"Because the debris removal efforts

> 'Hundreds of families' are still trapped under the rubble in Syria's north-west Idlib province

are continuing in many buildings in the earthquake zone, we cannot know how high the number of dead and injured will rise," Turkish president Recep Tayyip Erdoğan said.

Underlying the scale of the challenge facing the nation, he described the disaster as Turkey's "biggest catastrophe" since a 1939 quake that killed about 33,000 people.

By last night, Turkish authorities said at least 1,651 people had been killed in Turkey and more than 8,500 injured, with the tally all but certain to rise. In Syria, more than 430 people were confirmed dead in government-controlled areas, while more than 380 civilians perished in the north-west Syrian region controlled by the opposition.

UN secretary-general António Guterres called for international assistance, telling a General Assembly session that people in the quake-hit country "were already in dire need of humanitarian aid".

A resident is pulled from the rubble in Jandaris, in the rebel-held part of Syria's Aleppo province — Rami Al Sayed/AFP via Getty Images

Turkey is criss-crossed by faultlines and small tremors are a near-daily occurrence. A powerful earthquake, measuring 7.6, struck Istanbul and the surrounding area in 1999 and exposed poor construction standards that contributed to the deaths of 18,000.

Yesterday's quake wreaked havoc hundreds of kilometres from its epicentre in Gaziantep, southeastern Turkey, with dozens of aftershocks as well as a second strong quake 60 miles away that hit in the early afternoon. An initial Turkish assessment estimated that almost 3,000 buildings had been destroyed across the affected areas.

As interior minister Süleyman Soylu signalled his country's willingness to accept international aid, the US, the UK, the Netherlands, Russia and Azerbaijan were among countries to offer assistance, state media said.

Turkey dispatched military and cargo planes with supplies for the rescue effort and the Red Crescent humanitarian agency sent mobile kitchens, more than 1,000 tents and almost 20,000 blankets to the area.

Turkey's Islamic Relief aid organisation launched a $20mn fundraising campaign as it warned that its supply of mattresses, blankets and other bedding might run out within hours.

In Syria's north-west Idlib province, "hundreds of families" were still trapped under the rubble, according to Syria Civil Defence, a group of western-backed aid workers in the region.

The area, one of the last remaining enclaves for the Syrian opposition, is home to about 4.6mn people, the majority of whom require humanitarian aid, according to UN data. Many have fled after being displaced by Syria's civil war and live in informal settlements on the outskirts of cities, in open fields and in abandoned buildings.

Much of the medical infrastructure was destroyed in the war. A video from the Syrian American Medical Society, which supports 36 facilities in the north-west, showed chaotic scenes in Aleppo. "Our hospitals are overwhelmed with patients filling the hallways," it said.

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Briefing

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Indian tycoon Gautam Adani and family have posted funds to repay a loan backed by shares in several of his companies. It was not due until September 2024.— PAGE 6

▸ **China anger over balloon**
Beijing has accused Washington of dealing a "serious blow" to ties after the US shot down a Chinese balloon that had traversed its airspace.— PAGE 4; FT VIEW, PAGE 16

▸ **Zelenskyy set for EU visit**
The bloc has begun preparations to host the Ukrainian president at a summit in Brussels this week, though security concerns risk derailing the trip.— PAGE 2

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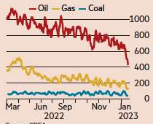
Moscow's budget gap has soared as the Kremlin steps up defence spending while western sanctions begin to bite into oil and gas revenues.— PAGE 2; SEE DATAWATCH

▸ **Court cuts Orcel's payout**
A court has upheld Andrea Orcel's lawsuit against Santander but cut the sum the bank has to pay to €43.5mn, in the latest twist in the compensation saga.— PAGE 6

▸ **Nigeria banknote chaos**
The country's attempt to replace its high-denomination currency notes has descended into chaos, with fights breaking out in banks and long queues at ATMs.— PAGE 4

Datawatch

Russia's fossil fuel earnings
Daily revenues from exports (€mn)



Source: CREA

Russian revenues from fossil fuel exports have fallen sharply recently. Germany stopped importing pipeline oil at the end of December and the EU oil products ban starts this month, potentially hurting Moscow's ability to fund the Ukraine war

Cuba takes dual approach with Castro-era creditors

Analysis ▸ PAGE 10

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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Rothschild family's investment bank valued at €3.7bn in move to go private

HARRIET AGNEW, OLIVER RALPH AND IVAN LEVINGSTON — LONDON

The Rothschild family is planning to take its investment bank, Rothschild & Co, private in a move that values one of the most renowned names in global finance at €3.7bn.

Concordia, the Rothschild's family holding company that owns 38.9 per cent of the shares and 47.5 per cent of the voting rights, said yesterday that it was in talks with banks and investors to finance an offer for the Paris-listed group.

Rothschild & Co has three divisions: global advisory, wealth and asset management, and merchant banking. Concordia said that none of these businesses needed access to capital from the public equity markets and, given their long-term nature, it made more sense for the group to be private.

It said: "Each of the businesses is better assessed on the basis of their long-term performance rather than short-term earnings."

The move comes amid a global slump in dealmaking driven by rising interest rates and economic uncertainty that brought a period of frenzied activity during the peak of the pandemic to an abrupt close.

The drop in mergers and acquisitions has hampered advisers who depend on such activity to generate their lucrative fees, including investment banks such as Goldman Sachs that have cut thousands of jobs and slashed bonuses.

The Rothschild family's intention to take their boutique company private runs counter to the trend of the past two decades during which a wave of smaller advisories such as Evercore and Lazard sought public listings in the US.

Rothschild's origins go back more than 200 years but the roots of the current structure of Rothschild & Co dates to a 2012 merger between the then-separate French bank and UK merchant bank NM Rothschild & Sons. The deal unified its corporate structure under the French parent group and put an end to decades of cross-Channel rivalry.

Concordia plans to offer €48 per share, a 19 per cent premium to Friday's closing price, valuing the group at €3.7bn. Shares in the company jumped nearly 17 per cent to €47 yesterday.

Rothschild & Co has worked on some of the biggest deals in Europe over the past year, including Volkswagen's initial public offering of Porsche, Covéa's $9bn acquisition of Partner Re, and the nationalisation of German energy group Uniper.

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World Markets

STOCK MARKETS

	Feb 6	Prev	%chg
S&P 500	4109.05	4136.48	-0.66
Nasdaq Composite	11914.48	12006.96	-0.77
Dow Jones Ind	33808.87	33926.01	-0.35
FTSEurofirst 300	1802.44	1815.27	-0.71
Euro Stoxx 50	4205.65	4257.98	-1.23
FTSE 100	7836.71	7901.80	-0.82
FTSE All-Share	4303.90	4339.71	-0.83
CAC 40	7137.10	7233.94	-1.34
Xetra Dax	15345.91	15476.43	-0.84
Nikkei	27693.65	27509.46	0.67
Hang Seng	21222.16	21660.47	-2.02
MSCI World $	2820.74	2847.82	-0.95
MSCI EM $	1038.71	1045.56	-0.66
MSCI ACWI $	656.26	662.34	-0.92
FT Wilshire 2500	5403.66	5461.02	-1.05
FT Wilshire 5000	42227.72	42670.80	-1.04

CURRENCIES

Pair	Feb 6	Prev	Pair	Feb 6	Prev
$/€	1.073	1.086	€/$	0.932	0.921
$/£	1.201	1.211	£/$	0.833	0.826
£/€	0.893	0.897	€/£	1.119	1.115
¥/$	132.860	131.040	¥/€	142.578	142.277
¥/£	159.597	158.650	£ index	77.158	77.837
SFr/€	0.996	1.002	SFr/£	1.115	1.117

CRYPTO

	Feb 6	Prev	%chg
Bitcoin ($)	23093.20	22935.67	0.69
Ethereum	1653.26	1629.35	1.47

COMMODITIES

	Feb 6	Prev	%chg
Oil WTI $	73.68	73.39	0.40
Oil Brent $	80.47	79.94	0.66
Gold $	1875.35	1921.65	-2.41

GOVERNMENT BONDS

Yield (%)	Feb 6	Prev	Chg
US 2 yr	4.45	4.25	0.20
US 10 yr	3.62	3.52	0.10
US 30 yr	3.66	3.63	0.03
UK 2 yr	3.51	3.26	0.25
UK 10 yr	3.24	3.05	0.19
UK 30 yr	3.70	3.58	0.12
JPN 2 yr	-0.02	-0.03	0.01
JPN 10 yr	0.49	0.49	0.01
JPN 30 yr	1.53	1.52	0.01
GER 2 yr	2.60	2.54	0.07
GER 10 yr	2.29	2.19	0.10
GER 30 yr	2.29	2.22	0.06

Prices are latest for edition
Data provided by Morningstar

Ukraine president

Brussels prepares to host Zelenskyy

Security concerns high in plans for second foreign trip since all-out invasion

HENRY FOY AND SAM FLEMING
BRUSSELS

The EU is preparing to host Volodymyr Zelenskyy at a summit in Brussels this week, according to people briefed on the plans, who stressed that security concerns risked derailing the Ukrainian president's trip.

Zelenskyy is also expected to address a special session of the European parliament, in what would be his second visit outside Ukraine since Russia launched its full-scale invasion almost 12 months ago.

Ukraine is a candidate country to join the EU and is pressing for an accelerated entry into the bloc. EU member states are collectively the biggest supplier of arms to Ukraine after the US. Last month, the EU began rolling out an €18bn loan package for the country.

The Ukrainian leader hosted Ursula von der Leyen, president of the European Commission, and Charles Michel, head of the European Council, in Kyiv last week.

Asked about the prospect of a visit to Brussels, Zelenskyy emphasised the security concerns associated with such a trip. "Frankly speaking, there are big risks if I go somewhere. This is true," he told reporters on Friday when asked about a possible visit to Brussels.

A spokesman for Michel, who chairs meetings of the 27 EU leaders, said: "There is an open invitation to President Zelenskyy to visit Brussels." A spokesperson for Roberta Metsola, president of the European parliament, declined to comment.

'Frankly speaking, there are big risks if I go somewhere. This is true'
Volodymyr Zelenskyy

A spokesperson for Zelenskyy also declined to comment. The Ukrainian president's only visit abroad since Russia invaded Ukraine on February 24 2022, was a December trip to Washington, where he held talks with US president Joe Biden and addressed a joint session of Congress.

The EU's 27 leaders were already scheduled to meet in Brussels on Thursday for a summit, where topics will include Ukraine, migration and a response to the US Inflation Reduction Act.

Zelenskyy has regularly addressed the European Council since the war began, but always via video conference.

The potential trip comes as Ukrainian forces brace for a large-scale attack by Russian troops. The Kremlin is seeking to regain the initiative in the war and seize the rest of the Donbas region in eastern Ukraine. Ukrainian officials have warned repeatedly in recent days about a Russian offensive.

While von der Leyen and Michel have been strongly advocating for Ukrainian accession into the EU, some European capitals are far more cautious.

The plan was discussed on Thursday during a meeting in Kyiv between the Ukrainian government and more than a dozen EU commissioners as well as von der Leyen.

Additional reporting by Christopher Miller in Kyiv

War economy

Russia suffers budget deficit of $25bn after oil and gas revenues fall

MAX SEDDON AND ANASTASIA STOGNEI
RIGA

Russia's budget deficit hit Rbs1.76tn ($25bn) in January as the Kremlin stepped up defence spending and western sanctions began to hit the country's oil and gas revenue.

The official figures are the latest sign of the damage the invasion of Ukraine continues to wreak on the economy nearly a year into President Vladimir Putin's invasion of Ukraine.

Revenue from oil and gas fell 46 per cent year on year to Rbs426bn, the finance ministry said yesterday, blaming the drop on falling prices for Urals, its main crude export blend, and a decline in natural gas exports. Urals has traded at a significant discount to the global benchmark Brent product since the conflict began in late February 2022.

Expenditure ballooned by 59 per cent year on year to Rbs3.12tn in January 2023, amid largely classified plans to ramp up defence spending to Rbs3.5tn this year. Ukrainian officials have warned in recent days they believe Russia is set to launch a big offensive in the coming weeks to mark the first anniversary of the conflict.

Natalia Lavrova, chief economist at BCS Global Markets, the investment banking arm of the brokerage, said the figures marked the first time in its modern history that Russia had increased spending drastically at a time when revenues were falling sharply.

"The only time we saw something similar was in 2015, when spending on national defence increased sharply," she said. "However, the huge difference between 2015 and 2023 is that, back then, the revenues dynamics was not as disastrous."

The drop in oil and gas revenue was accompanied by a 28 per cent fall in other revenue to Rbs931bn, the finance ministry said, ascribing it to a decline in value added tax and corporate tax takings. The only similar decline in tax revenues on record was during the first wave of the Covid-19 pandemic in 2020, Lavrova said, when Russia imposed extensive lockdown measures.

"It is obvious that budgetary risks are increasing: both on the spending and revenue sides," Lavrova added.

Moscow, which typically derives up to half of its revenues from oil and gas, offset the blow to its economy from western sanctions through increased volumes of discounted energy sales to countries such as China and India amid record energy prices last year.

But Putin's "economic mobilisation" drive to support the war effort has driven up spending, while the sanctions have pushed Russia to sell Urals at an average price of $49.48 a barrel last month, a 41 per cent drop year on year and well below of the $70-a-barrel level assumed in Russia's budget.

The ongoing hit to Russia's coffers has prompted the finance ministry to look for ways to compensate for the widening deficit. Russia sold Rbs38.5bn of Chinese yuan and gold from its rainy-day National Welfare Fund last month and plans to issue Rbs800bn in local bonds in the first quarter of 2023 as part of a move to raise this year's domestic borrowing to Rbs2.5tn, from a previously planned Rbs1.7tn.

Agriculture. Import controls

EU deforestation rules anger palm oil growers

Big producers Indonesia and Malaysia say the proposed law is protectionist and unfair

MERCEDES RUEHL — SINGAPORE
ALICE HANCOCK — BRUSSELS
EMIKO TERAZONO — LONDON

The world's two largest palm oil producers, Indonesia and Malaysia, are leading international criticism of a planned EU deforestation law they say is protectionist and discriminatory.

The legislation, preliminarily agreed between MEPs and the EU and set to be approved by the European parliament at a plenary vote in late March, is the first in the world to ban imports of products linked to deforestation, including cattle, cocoa, coffee, palm oil, soya, wood and rubber.

Jakarta and Kuala Lumpur have said the legislative process lacked proper consultation, with Malaysian deputy prime minister Fadillah Yusof calling it "a deliberate act by Europe to block market access" and threatening to ban palm oil exports to the EU.

Campaigners expect more strong language to come out of Jakarta this week when Yusof meets Indonesia's co-ordinating minister of economic affairs, Airlangga Hartarto.

The two countries have already railed against the EU phasing out palm oil as a renewable biofuel, a move Malaysia deemed "crop apartheid". It also adds to tensions between the EU and Indonesia over Jakarta's nickel ore export ban, about which they are in dispute at the World Trade Organization.

Proposed in 2021, the planned deforestation law requires companies to provide a certificate to prove their goods have not been produced on land deforested after the end of 2020. In what Michael Rice, a lawyer at not for profit group ClientEarth, calls "a gold standard for protecting forests", the law also requires importers to collect precise geolocation information on the growers of the commodities.

Environmental experts hope the EU measure will become a global benchmark. Voluntary pledges by US and European importers to eliminate palm oil linked to deforestation, destruction of peatlands and labour exploitation from their supply chains have spread to other players in China and South Korea.

The law is particularly galling for the two South East Asian countries. Under heavy scrutiny from non-governmental organisations over the past few decades, both have increased the traceability of their palm oil and cut deforestation.

Stripped bare: deforestation in Mato Grosso state, Brazil. The nation is among many that regard the EU's move as protectionist
Amanda Perobelli/Reuters

In Indonesia, forest converted to oil palm plantations in 2020 was more than 90 per cent lower than the peak in 2012 but production volumes have jumped 72 per cent, according to Helen Bellfield, deputy director of supply chain transparency group Trase.

Compared with the soyabean and beef industries in Latin America, "the Indonesian palm oil sector is much more transparent and at a high level of commitment", she said.

Brazil, Argentina, Ghana, Nigeria and Canada — all agricultural exporters — also regard Brussels' move as a protectionist measure.

Coming shortly after the EU introduced the world's first carbon border tax, designed to put a levy on the emissions of imports into the bloc, some analysts in Brussels are concerned the deforestation law could be viewed as a trade barrier and discriminatory to foreign suppliers, therefore contravening WTO rules. In the US, some politicians have signalled that the EU legislation could accelerate negotiations on the US's own forest act.

Businesses will have to monitor potential deforestation depending on which level of risk their region is in — high, standard or low — according to a benchmarking system developed by the European Commission.

"Extended traceability requirements, especially from low-risk countries, will be a burden for the value chain," said Jori Ringman, director-general of the Confederation of European Paper Industries. "It may also be difficult for public authorities to process this amount of information."

'Extended traceability, especially from low-risk countries, will be a burden for the value chain'

Agricultural exporters are pushing back on what they say are "one-sided" elements of the law, including the EU's definitions of deforestation and forest degradation. The bloc has used the UN's Food and Agricultural Organization definition, which is more stringent than that of most governments.

Exporters are also concerned about the benchmarking system and the still to be worked out process that will assess countries' level of deforestation risk.

Companies will have to present precise information about where their products have been grown. Indonesia and Malaysia claim the legislation unfairly affects millions of smallholders who are unable to adhere to the onerous traceability and data requirements.

Christophe Hansen, lead negotiator for the EU parliament on the law, said the parliament had pushed for a clause that obliges the commission to help other countries support smallholders to comply with the law. The absence of protections for the rights of indigenous people has created another source of contention.

The regulation will only come into force 18 months after it is formally ratified, so campaigners expect implementation in late 2024. During this period there will be talks between EU and exporter governments over the design of the risk benchmarking system. The law is subject to review after one year to see if "other wooded land", such as savannah, should be included.

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War fallout

Moldova premier urges bloc to step up anti-trafficking help

HENRY FOY — BRUSSELS

Moldova's prime minister has warned that the country needs more security support from Brussels to tackle rising levels of attempted trafficking of people and arms from conflict-wracked Ukraine.

The country is "seeing an increase" in arms, people and goods trafficking, Natalia Gavrilița told the Financial Times. "We do not want to become a country where security threats grow, or there is increased . . . trafficking or illegal smuggling."

While not an EU member, the country borders Romania, which joined the union in 2007.

Smuggling of arms, people and goods from Ukraine has been a big fear for EU countries since Russia launched its invasion in February last year, exacerbated by the vast amount of weapons supplied to the country over the past 11 months and the high levels of people trying to leave.

In response, Brussels set up a "support hub" based in Moldova in an attempt to track and curb trafficking attempts. That initiative, Gavrilița said, had achieved "successful efforts to stop trafficking of arms and people".

But it needed more support, she said on the eve of two days of meetings with the European Commission, "so we don't allow these trafficking networks to grow".

Gavrilița said she expected the meetings to cover whether the EU could help Moldova strengthen its border security. "This is an area of mutual interest and benefit," she said. "We want to be contributors to European security, not just beneficiaries."

Home affairs ministers from EU nations agreed at a meeting held in late January that tackling people and arms trafficking from Ukraine should be a key focus area of the bloc's security policies.

The EU is already Moldova's most important backer, providing a sharp increase in financial and humanitarian support since the war began. Last month, the union said that it would provide an additional €145mn to the country.

Russia's invasion has destabilised its ex-Soviet neighbour. Moldova has had to handle the arrival of half a million refugees and the disruption of its energy supplies and trade flows, sparking an economic crisis. Lawmakers also fear that the conflict could spread across its borders.

Moldova applied for — and was granted — EU candidate status in June alongside Ukraine, in a boost to the strongly pro-western leadership that took control of the country in 2021 after years of governments featuring pro-Russian parties.

Gavrilița will this week sign joint agreements with the EU on customs, fiscal co-operation and health, and discuss trade liberalisation, access to the EU's mobile phone roaming area and the single euro payments area.

Moldova PM Natalia Gavrilița is seeking to bolster border security

Those accords would "show the Moldovan people the real benefits of being a candidate country to the EU", she said.

Russia is still subjecting the country to "elements of hybrid war", Gavrilița said, including the biggest cyber attack in its history last year, disinformation pumped through pro-Russian media outlets and anti-government protests funded by exiled pro-Russian businessmen.

Chișinău has long been subject to Russian destabilisation efforts, including a blackmail attempt by Kremlin gas monopoly Gazprom last winter when it used the threat of exorbitant energy prices to try to get the country to abandon pro-EU policies.

"We will discuss [with EU officials] the whole spectrum of problems that Moldova is facing," Gavrilița said. "Talking about continued support and then other areas where we could move forward to make sure that we build the resilience of the Moldovan economy, the Moldovan society."

Authorities race to tackle growing humanitarian crisis following quakes

Scenes of devastation in towns and cities in southeastern Turkey and over border in northern Syria

'God saved me and my children. When the shaking started I grabbed them and ran outside'

Aftermath: Rescuers search for victims and survivors amid the rubble of a building that collapsed in Adana, southeast Turkey
Can Erok/AFP/Getty Images

FT REPORTERS

Lana Abdel-Hamid had just enough time to gather up the younger members of her family and escape her home in the Syrian city of Aleppo before the minaret of the neighbouring mosque collapsed on top of the building.

"God saved me and my children. When the shaking started I grabbed them and ran outside," said the 26-year old mother of two. "But we still haven't found my father. I'm scared for night to come before we've found him and our neighbours and I'm worried for another earthquake."

Such desperate scenes were replicated across northern Syria and southeastern Turkey, where authorities were yesterday racing to contain a deepening humanitarian crisis after the region was rocked by its worst earthquake in eight decades.

The initial quake, with a magnitude of 7.8, and series of strong shocks that followed caused devastation in towns and cities in southeastern Turkey and over the border in northern Syria, killing more than 2,400 people and leaving many more injured. The death toll is expected to rise significantly.

The first, most devastating quake, struck near the Turkish city of Gaziantep in the early hours, setting off shockwaves that could be felt as far away as Egypt and Israel. A second quake hit about 60 miles away several hours later, with dozens of smaller tremors also shaking the region, felling thousands of buildings and sending people running out into the streets for safety.

Residents in several Turkish provinces fled their homes in near-freezing temperatures, rain and snow, according to witnesses. Video footage showed rescue workers digging through rubble; on one street in Gaziantep, an apartment building collapsed even as rescuers worked nearby.

Residents roamed the streets calling for help as they surveyed the ruins of their cities. One man in Elbistan, a town close to the epicentre, videoed flattened buildings in disbelief, crying out: "This was our main high street. We're without hope." A castle that stood sentinel over Gaziantep for hundreds of years suffered significant damage, underscoring the historic level of power exerted by the quake.

Rescuers were able to pull a child out of the rubble of a collapsed apartment block in Adana province, while earth-moving equipment cleared mangled steel and concrete in Diyarbakir as rescue workers called out for survivors. The desperate search continued as darkness fell last night. Rescue workers at some scenes called for silence to hear potential victims under the rubble.

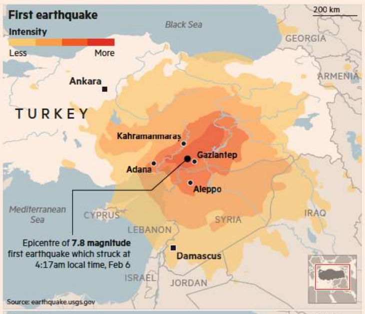
In Adana province, one social worker who declined to give their name witnessed scenes of desperation and panic. "I ran here when the earthquake first happened. When I first came to the debris, I heard the sound of people screaming out for help."

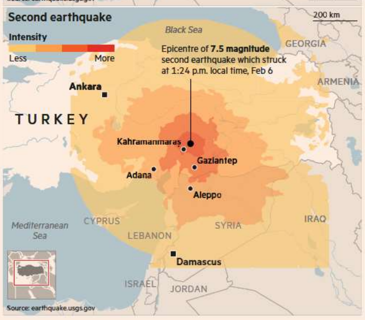
Many of Adana's residents recalled the deadly quake that struck the city in 1998. "This is bigger than that, definitely bigger," said Gül Turnali, a housewife.

Turkey's Red Crescent humanitarian agency has sent emergency aid to the area while the Islamic Relief aid group warned that basic supplies such as blankets could run out within hours.

Syrian state television showed footage of rescue teams searching for survivors in stormy weather, with health officials asking the public to help rescue their neighbours and take them to hospitals. A video published by the Syrian American Medical Society, which supports medical facilities in the north-west, showed a chaotic emergency room at the Bab Al Hawa hospital in Aleppo "overflowing with cases".

"Our hospitals are overwhelmed with patients filling the hallways," the group said, adding that several of its hospitals had sustained "severe damage" including Idlib Hospital, where newborns were evacuated to a nearby facility that was still operating.





The affected area of north-west Syria is one that was devastated by 12 years of war, which wiped out much of the area's infrastructure. It is also one of the last remaining pockets held by what remains of Syria's splintered opposition, which could complicate the rescue efforts.

Heavy storm rain and snowfall was making access to the damaged areas more difficult, with "hundreds of families" still trapped under the rubble, the Syrian Civil Defense, also known as the White Helmets, said in a statement.

"So many buildings were destroyed and I saw tens of people under the rubble, with crowds trying to pull them out," said Mohammed Hamza, head of Islamic Relief's office in Idlib, north-west Syria. "People are still out in the streets — they don't have anything to go home to and we are all scared of aftershocks."

Many of those in the affected region were displaced from elsewhere in the country throughout the conflict. As such, many live in informal settlements in the outskirts of cities, in open fields and in abandoned buildings. Much of the areas' medical infrastructure was also destroyed during the war as hospitals were routinely targeted in those air strikes.

Turkish authorities said on Monday evening that 1,651 people had been killed and more than 8,500 injured in the country. Some 430 people were confirmed dead in government-controlled areas of Syria and more than 380 were killed in the north-western region controlled by the opposition.

Raya Jalabi in Beirut, Adam Samson in London, Ayla Jean Yackley in Chicago and Can Erok in Adana

Tectonic threats

Calamitous seismic events are decades in the making, say experts

CLIVE COOKSON

The devastating earthquakes that struck Turkey and neighbouring Syria with tragic force were centred on one of the world's most seismically active — and politically turbulent — regions.

Strain accumulated over decades as the Earth's slow-moving tectonic plates pushed against one another was released in a few seconds, causing violent vibrations as rock masses suddenly overcame friction and snapped past each other.

Such seismic stresses build up in the region of Turkey because the Arabian plate is pushing the Anatolian plate westward at a rate of about 2cm per year, according to David Rothery, a professor of geosciences at the Open University in the UK.

Joanna Faure Walker, head of University College London's Institute for Risk and Disaster Reduction, said: "Turkey has experienced the deadliest earthquake worldwide four times in the last 50 years — in 2020, 1999, 1983 and 1975."

Yesterday's first quake, which hit in the early hours with a magnitude of 7.8, originated at the southwestern end of the East Anatolian fault near its junction with the Dead Sea fault system. The quake was all the more devastating because it took place at a relatively shallow depth of 18km.

The second big quake, only slightly less powerful at magnitude 7.5, followed nine hours later about 100km north-east of the original tremor, at a depth of just 10km. There were also dozens of other smaller quakes, or aftershocks.

"The two events are almost certainly connected," said Mark Allen, head of the earth science department at Durham University in the UK. "Releasing the stress on one fault zone can load up the stress on another, where it then dissipated in another quake."

The East Anatolian fault zone, which was responsible for yesterday's events, has been relatively quiet over the past century but has caused several devastating earthquakes in the more distant past.

A historical parallel was an 1822 earthquake in the same area "which completely ruined many towns with heavy casualties", said Roger Musson, research associate at the British Geological Survey.

Catherine Mottram, senior lecturer in structural geology and tectonics at the University of Portsmouth, said southern Turkey was "a very similar geological setting to the San Andreas Fault in North America".

The North Anatolian fault running east-west along Turkey's Black Sea coast has been much more active in recent times than its East Anatolian counterpart, causing several catastrophes including the magnitude 7.6 Izmit earthquake in 1999 that killed about 18,000 people.

However, the two faultlines are sufficiently far apart to make it unlikely that even severe quakes in one would trigger activity in the other, said Allen.

"Geophysicists will be able to reconstruct exactly where movement occurred along the fault by reconstructing data collected by seismometers in the region, so more information should come out in the coming days and weeks about exactly what happened," added Mottram.

Middle East. Governance

Resumption of Beirut blast probe stirs feud inside Lebanon's judiciary

Stalled investigation has faced interference accusations and rows over role of judges

RAYA JALABI — BEIRUT

It has been two and a half years since one of the most powerful non-nuclear blasts in history ripped through Beirut's port, killing more than 200 people and levelling a huge section of the Lebanese capital.

Failed attempts to bring those responsible to justice have heaped further anguish on the victims' families, who say the judicial probe into the tragic events has been undermined from inside by a ruling establishment fearful its own complicity will be unmasked.

Now the unexpected move by a judge to restart the stalled investigation has reignited a bitter feud inside the fragile walls of the judiciary that threatens to drag the dysfunctional country, led by a paralysed caretaker government and without a president, even further towards the abyss.

"We have a completely crippled state that can't make a single decision," said Najat Aoun Saliba, an opposition lawmaker staging a parliamentary sit-in to compel colleagues to choose a new president. "The last thing we had was the judiciary, which [the establishment] was able to kill completely," she said. "It's a complete dissolving of the state."

The trigger was the unexpected move last month by Judge Tarek Bitar, lead investigator into the blast, to defy political pressure and resume an inquiry that had been on hold for much of the past year. The stalled investigation into the August 2020 tragedy has been mired in accusations of interference and rows over the role of judges in the case.

His decision to bring fresh charges against a coterie of Lebanon's most prominent individuals was met with a fierce pushback, not least from Ghassan Oueidat, the powerful state prosecutor.

Judicial sources have confirmed that Oueidat, along with Hassan Diab, the former prime minister, and Abbas Ibrahim, the domestic intelligence chief, was among those summoned by Bitar for questioning.

Bitar's willingness to take on such big figures in a country characterised by a history of impunity has led to him being labelled a folk hero by some. "There's something very symbolic about Bitar's actions. This is an incredibly important moment: we've never had powerful people named and summoned to court in an investigation like this," said Sami Atallah, founding director of the Policy Initiative, a think-tank in Beirut.

The attempts to muzzle the probe are the latest setback in the quest for accountability for the massive blast in which hundreds of tonnes of highly explosive ammonium nitrate were detonated at the port. The material had been improperly stored there for years, and rights groups said government officials knew about this.

The after effects of the blast are intertwined with the overlapping collapse of Lebanon's financial system that began the previous year. Its currency had dropped 95 per cent against the US dollar and the annual rate of inflation exceeded 170 per cent last year, extinguishing the middle class and impoverishing countless others.

Bitar, head of Beirut's criminal court since 2017, took over the blast investigation in 2021 after his predecessor was removed under pressure from top officials he had charged over the explosion. Colleagues describe the 49-year-old as an independent, which is rare in a country where judicial appointments are governed by patronage.

Families of people killed in the port blast show support for Tarek Bitar

Since then, he has defied threats and resistance from across the political spectrum. News outlets affiliated to Hizbollah, the powerful Iran-backed paramilitary group, have singled out Bitar for criticism, with the group's leader demanding his removal. Bitar has vowed to continue his work despite the threats and at least 40 of Lebanon's 128 MPs have backed him.

His inquiry initially stalled amid complaints filed by the officials he had summoned for questioning. In theory, Lebanon's highest court is supposed to rule on those before the probe can resume his work. Yet several of its judges have recently retired and replacements have not been named, which experts view as a deliberate attempt to frustrate the investigation.

Two weeks ago Bitar resumed the inquiry. Oueidat responded by barring law enforcement agencies from executing his orders, and then authorised the release of all 17 suspects detained in the case. Bitar equated this to a "coup" and Beirut's Bar Association said Oueidat's actions "constituted an abuse of power and a violation of the law".

Jad Tohme, a lawyer and legal expert, described it as "the judiciary against the judiciary". "There's complete chaos," he said. Najib Mikati, the caretaker prime minister, has warned that the conflict between senior judicial figures may have "dangerous consequences". Neither Bitar nor Oueidat could be reached for comment.

For families of the victims, the war inside the judiciary has underlined why they must keep fighting. "If we don't try and hold someone responsible, who's to say another blast won't happen?" said Tatiana Hasrouty, whose father was among those killed that day. "That would really be the end of Lebanon."

Airspace violation

US unlikely to return China balloon debris

Beijing steps up criticism of decision to shoot down 'civilian unmanned airship'

DEMETRI SEVASTOPULO — WASHINGTON
KATHRIN HILLE — TAIPEI
RYAN MCMORROW — BEIJING

The US does not plan to return the debris from the Chinese spy balloon to China after technical experts have analysed the surveillance capabilities that were on board the craft that the Pentagon shot down on Saturday.

Asked if the Biden administration intended to send back parts of the balloon salvaged by US navy ships and divers, John Kirby, White House National Security Council spokesperson, said: "I know of no such intention of plans to return it."

But Kirby suggested that Antony Blinken, the US secretary of state, would in due course reschedule a trip to Beijing postponed in response to the balloon incident. "Nobody wants to see conflict here," he said.

His comments came after Beijing yesterday stepped up its condemnation of Washington's decision to shoot down the balloon that traversed American airspace, accusing the US of dealing a "serious blow" to relations.

Xie Feng, vice-minister of foreign affairs, lodged a formal protest with the US embassy in Beijing in which he came close to accusing Washington of violating international law.

The "indiscriminate use of military force" against a "civilian unmanned airship" had "seriously violated the spirit of international law and international conventions", Xie said.

"What the US has done has dealt a serious blow and advances in stabilising China-US relations since the Bali meeting," he added, referring to US president Joe Biden's meeting with Chinese leader Xi Jinping in November.

Beijing later confirmed that a second balloon flying over Latin America and the Caribbean had also come from China, blaming weather and its limited self-control abilities for the "serious deviation from its planned route".

Foreign ministry spokesperson Mao Ning said: "It is a civilian unmanned airship from China and is used for flight tests."

Some analysts said Beijing's choice of rhetoric indicated that the Chinese government could consider accusing Washington of illegal military force against an aircraft in distress under the Chicago Convention which regulates international civil aviation — a charge that could escalate the dispute and raise concerns about potential retaliation.

All Chinese statements have used the term "civilian unmanned airship" to describe the balloon. That language "is the basis for a narrative that accuses the US of using force against a civilian airship in distress", Aurel Sari, an associate professor of public international law at the University of Exeter, wrote on Twitter.

Sari argued that although the requirement for states to refrain from the use of weapons against civil aircraft in flight under the Chicago Convention did not apply to the Chinese balloon case, "the language adopted by China may well lead to confusion on this point".

Blinken said on Friday it was clear that China had violated US sovereign airspace and international law.

Defence. Innovation

Beijing embraces high-altitude spy strategy

'Lighter than air' kit provides missile platforms and data for targeting and radar

KATHRIN HILLE — TAIPEI
DEMETRI SEVASTOPULO — WASHINGTON

Odd spectacle: a citizen watches the balloon's downing off the coast of South Carolina on Saturday. Below, a US fighter jet draws near the Chinese vehicle
Allison Joyce/Reuters, Chad Fish/AP

The Chinese balloon that transfixed America in recent days was no surprise to Cheng Ming-dean. "This balloon has been appearing for a long time!" the head of Taiwan's Central Weather Bureau wrote on Facebook on Saturday, pointing to a picture of the same kind of balloon taken by an agency employee in September 2021.

The US outing and downing of the balloon have focused attention on China's programme for so-called lighter than air vehicles that Beijing is rapidly putting to use around the world, not least for military purposes, after years of research and pilot projects.

The Pentagon has reported a second balloon over Central and South America, and stressed that China had been operating a number of surveillance balloons in recent years.

They "are all part of a fleet of balloons developed to conduct surveillance operations, which have also violated the sovereignty of other countries", said a US defence official. "These kinds of activities are often undertaken at the direction of the People's Liberation Army. Over the past several years, Chinese balloons have previously been spotted over countries across five continents."

Last February four groups of balloons were detected high over northern Taiwan, home to most of the population and some air defence sites. The same month US Air Force fighters were sent to intercept a balloon off Kauai, a Hawaiian island with a missile testing site.

In January 2022 one white orb was spotted over India and in September 2021 another over Taiwan. The earliest publicly reported sighting was over Sendai, northern Japan, in June 2020.

Taiwan's armed forces last year confirmed a report that the February 2022 balloon swarm originated from the PLA Rocket Force, the missile arm of the Chinese military. In keeping with Taipei's strategy to avoid public panic over Chinese military threats, the defence ministry said the balloons were being used for meteorological observations.

But Cheng, the weather bureau chief, said the Chinese devices were fundamentally different from weather balloons in size, altitude and materials.

In stunning evidence of China's military use of stratospheric balloons, Chinese media including the military channel of state broadcaster CCTV reported in September 2018 that a high-altitude balloon tested hypersonic missiles.

Video footage carried by CCTV and reposted on the Douyin social media app, since deleted, showed a balloon visually identical to the one over the US last week, carrying what looked like three different types of warhead.

According to Chinese media reports and a Chinese Academy of Sciences research paper, they were models for "wide speed range" vehicles that are able to fly below and above the speed of sound.

'These balloons collect a lot of data needed for scientific research, but that is of course useful for [China's military]'

Lighter than air research belongs to two parts of the academy, one of which focuses on high-altitude balloons. But in line with the policy for civil or commercial technology developments to be made available for military use if necessary, the efforts are closely integrated with those of the PLA, its research institutes and the military-industrial complex, and as such subject to secrecy.

State media have hailed LTA programmes only occasionally — for example, the launch of the Yuanmeng, or Dream, airship in 2015; of an airship carrying a 5G base station last September; and of tethered research aerostats on the Tibetan plateau since 2019.

Except for the 2018 missile test, Beijing has kept silent about stratospheric balloon flights such as the one over the US. Defence analysts believe the most likely reason is their focus on military applications.

"These balloons . . . will almost certainly collect a lot of data needed for scientific research, but that is of course useful for the PLA," said Sheu Jyh-shyang of the Institute for National Defense and Security Research, a think-tank backed by Taiwan's defence ministry. "The data is useful for the Rocket Force, and the balloon is also likely to be used for ISR," he said, referring to military intelligence, surveillance and reconnaissance.

The defence official said more would be learnt about the balloon when the debris was recovered from waters off South Carolina but assessments conducted while it was in flight showed a "broad array" of spying capabilities.

PLA balloons have been doing much more than spy. A military official from another Asian country said one focus area in the balloon flights had been gathering data to enhance the accuracy of over the horizon and other radar systems used in wartime targeting.

Analysts said data points such as atmospheric density would help the PLA develop software tools known as advanced refractive effects prediction systems that aid missile, air and naval operations. "They are likely to be making rapid advances in this now given the recent steep increase in the frequency and range of such balloon flights," said the military official.

See The FT View

Africa

Banknote switch causes chaos ahead of Nigerian elections

AANU ADEOYE — LAGOS

Nigeria's attempt to replace its high-denomination currency notes less than a month before a crucial general election has descended into chaos, with long lines of people forming outside cash machines and fights breaking out inside banks as customers demanded access to their money.

Long queues were visible at ATMs across Lagos, Nigeria's economic capital, as the failure of the authorities to print enough of the new notes left lenders struggling to meet demand.

Three northern states — led by governors in President Muhammadu Buhari's ruling All Progressives Congress — yesterday filed a suit at the country's highest court seeking to stop the full implementation of the policy. Protests in the south-western state of Oyo turned deadly with one killed amid clashes between youth and security forces.

One FirstBank branch in the Ikoyi district last week was closed when the Financial Times visited, with many customers locked out. A security guard said he was ordered to lock the doors after brawls broke out inside. The cash machine at the branch began to dispense cash a few hours later but with a 10,000 naira limit per customer.

A nearby Lotus Bank was so full that a tent was erected to protect queueing customers from the sun.

Japhet Joshua Babatunde, one of those outside the FirstBank branch, said he had been unable to withdraw his salary, despite being paid a week ago.

"I'm angry — it's my own money I came to collect, not a loan," he added.

Another customer, Ubegbu Maria Odichinma, said she had visited the same branch five days in a row to try to get hold of the new notes.

Nigeria's central bank said in October that the N200, N500 and N1,000 notes would be replaced with new designs it said would be more secure. The old notes were due to be taken out of circulation on January 31, but the unavailability of replacements led to the deadline to switch being extended until next Friday, leaving Nigerians struggling to access money in an economy still largely reliant on cash for most transactions.

"We urge [people] to exercise patience as the Nigerian central bank is working assiduously to address the challenge of queues at ATMs," the central bank said in a statement.

Muhammadu Buhari, the outgoing president, on Friday asked Nigerians to "give him seven days to resolve the cash crunch". But he also blamed banks for being "inefficient" and "only concerned about themselves".

"Even if a year is added, the problems . . . won't go away," he said, adding he had been reassured by the central bank that it was capable of supplying enough notes. The bank has already collected almost N2tn in old currency.

The currency crisis comes ahead of presidential and parliamentary elections to be held on February 25. Bola Tinubu, presidential candidate for the ruling All Progressives Congress, said at a recent campaign event that unnamed opponents were trying to use the controversy to sabotage his campaign.

Hong Kong

National security law trial of pro-democracy activists opens

CHAN HO-HIM — HONG KONG

Hong Kong's largest national security law trial opened yesterday with 47 of the city's most prominent pro-democracy activists facing up to life imprisonment in a landmark case that could spell the end of the territory's once vibrant political opposition.

The defendants, who include some of Hong Kong's highest-profile politicians and campaigners, were arrested in January 2021 in the single largest police raid under the national security law. Most of the defendants have spent nearly two years in pretrial detention after being denied bail.

Critics have described the arrests as a politically motivated crusade to wipe out Hong Kong's pro-democracy parties and eradicate opposition voices, part of China's wider crackdown on the territory's freedoms and civil society after anti-government protests in 2019.

Beijing directly imposed the national security law on Hong Kong in 2020 in the wake of the protests, categorising broadly defined crimes as terrorism, secession, subversion and collusion with foreign powers. The move has reverberated through civil society, the legal sector and the education system, stamping out dissent. The trial also comes as Hong Kong's government launches an initiative to revive its economy and lure back international business after three years of pandemic restrictions and protests that battered its international reputation.

The 47 include Joshua Wong, an activist, Claudia Mo, a lawmaker and former journalist, "Long Hair" Leung Kwok-hung, co-founder of the League of Social Democrats, and Gwyneth Ho, a former BBC Chinese journalist

They were charged with conspiring to subvert state power under the security law by either organising or participating in an unofficial primary election among the opposition camp in July 2020. More than 600,000 people cast their votes in the poll, which the prosecution says was an attempt to "paralyse" Hong Kong's government by winning control of the legislature, which is now entirely occupied by pro-Beijing parties.

Leung and Ho were among 16 defendants who pleaded not guilty during yesterday's hearing. "I have committed no crime," Leung told the court. Four of 31 others who pleaded guilty yesterday or in previous proceedings have agreed to give evidence for the prosecution, lawyers for the government said. At least 90 days have been earmarked for the non-jury trial.

Three members of Leung's LSD, one of the last remaining active opposition factions, called for the defendants' release outside the courtroom yesterday before being dispersed by police.

Thomas Kellogg, executive director of Georgetown University's Center for Asian Law, said the trial had "all of the hallmarks of being a politically motivated prosecution of the city's mainstream political opposition".

Activist Joshua Wong is among the 47 defendants on trial for breaches of the national security law

"This case is significant for what it says about human rights in Hong Kong," he said. "The fact that several dozen top opposition politicians could be soon headed to jail . . . speaks all too clearly about the damage that has been done to Hong Kong's once vibrant civic life."

The case has stoked tensions between China and the west. The US, UK and EU have denounced the charges, and diplomats from consulates in Hong Kong who have attended pretrial hearings were also present yesterday.

Hong Kong is expected to bring another high-profile national security case this year against Jimmy Lai, the media mogul and Beijing critic, in September. Lai, 75, faces charges of foreign collusion for his role as founder of the defunct pro-democracy Apple Daily.

He has been in prison since December 2020 and was sentenced in December 2022 to five years and nine months in jail on fraud charges related to his media company, in addition to 20 months for illegal assembly over the protests.

Analysts have warned that the trials will put pressure on Hong Kong's common law system, one of the last foundations that distinguishes the territory from mainland China, where the Communist party influences the courts.

China's top legislative body in December said that John Lee, Hong Kong's leader, could prevent defendants from hiring foreign lawyers, an unprecedented intrusion into the right to representation. Lee had sought Beijing's intervention to prevent Lai from hiring a British barrister after the government lost an appeal to the city's apex court.

Additional reporting by Primrose Riordan in Hong Kong

Censorship

Disney cuts 'Simpsons' episode from its Hong Kong platform

CHAN HO-HIM — HONG KONG

Disney has removed an episode of *The Simpsons* cartoon that refers to "forced labour camps" in China from its streaming platform in Hong Kong.

The episode, which first aired in October last year during the show's latest season, was unavailable on the Disney Plus streaming platform in Hong Kong, the Financial Times has learned.

This appears to be the second time an episode from the show, which is produced by the Disney-owned 20th Television Animation, has been omitted from the streaming platform.

A previous episode of *The Simpsons* that made reference to the 1989 Tiananmen Square massacre was dropped from the service in 2021.

Beijing imposed a national security law on the city in 2020, which bans broadly defined crimes including secession and subversion as part of a clampdown on its political opposition.

The latest *Simpsons* episode, titled "One Angry Lisa", features a scene in which Marge Simpson takes a virtual bike class and the instructor, over images of China's Great Wall, says: "Behold the wonders of China. Bitcoin mines, forced labour camps where children make smartphones."

China has faced allegations of abuses including forced labour against the Uyghur people and other mostly Muslim minorities at mass detention centres in the north-western Xinjiang region.

A UN report last year accused Beijing of "serious human rights violations" that could constitute "crimes against humanity". Beijing has denied accusations of rights abuses in Xinjiang.

Kenny Ng, associate professor at the Academy of Film at Hong Kong Baptist University who specialises in censorship, said Disney might have proactively scrubbed the episode out of concern for its business in mainland China, which includes its theme parks.

The Hong Kong government said a film censorship regime introduced in 2021, which forbids films from endangering national security, "does not apply to streaming services". It did not comment on whether the government had approached Disney to remove the episode. Disney declined to comment.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Court blow Rejection of J&J's 'Texas two-step' will force a rethink by groups using Chapter 11 plans to handle lawsuits ➔ COMPANIES

Companies & Markets

Adani repays $1.1bn bank loan in effort to halt crisis

- Mogul responds to short seller attack
- Indian group's shares were collateral

HUDSON LOCKETT — HONG KONG
CHLOE CORNISH — MUMBAI
JOHN REED AND JYOTSNA SINGH
NEW DELHI

Indian tycoon Gautam Adani and his family have posted funds to repay a $1.1bn loan backed by shares in several of his companies, as the billionaire battles to arrest a crisis that has wiped more than $100bn off the value of his empire.

One of India's most powerful moguls, whose businesses span ports to energy to airports, Adani has been left reeling since US short seller Hindenburg accused the group of stock price manipulation and accounting fraud. Adani has denied the allegations.

In a statement yesterday, the Adani Group said its founder and his family — majority shareholders in the Adani companies — had posted the funds to repay a $1.1bn loan that was not due until September 2024.

> 'He's showing you I have $1.1bn just lying around [to return]. It shows they're not in so desperate a state'

The loan was from a series of banks including Citibank, JPMorgan, Deutsche Bank, Barclays and Japan's SMBC Group, an official for the Adani Group said. The banks declined to comment.

The pressure on Adani's 10 listed companies has been exacerbated by the knowledge that shares were pledged as collateral for loans. Bombay Stock Exchange data shows that the SB Adani Family Trust pledged stock as collateral across several of the listed companies.

The Adani Group had not responded yesterday to questions about which specific entity had received the loan.

Adani said that early repayment of the loan would release 168mn shares in Adani Ports, 27mn in Adani Green Energy and 12mn in Adani Transmission. The share totals accounted for 12 per cent, 3 per cent and 1.4 per cent of Adani's holding of the listed companies, respectively.

Samir Arora, founder of investment firm Helios Capital, said Adani was trying to demonstrate the financial strength of his empire. "He's showing you I have $1.1bn just lying around to give back to you," said Arora. "It shows they're not in so desperate a state".

While Adani has issued a lengthy rebuttal of Hindenburg's allegations, that has done little to help. Since the claims were published on January 24, the sell-off in Adani's listed businesses has lopped Rs9.4tn ($114bn), or about 50 per cent, off their value.

The group said that it was making the repayment early "in light of recent market volatility and in continuation of the promoters' commitment to reduce overall promoter leverage backed by Adani Listed Company shares". It said promoters had given "assurance" to "pre-pay all share-backed financing".

Shares of flagship business Adani Enterprises, which was forced to pull a $2.4bn follow-on share sale last week, have fallen 54 per cent since the report.

Adani has sought to reassure investors that it was not under pressure to cover losses on share-backed loans extended to its businesses, dismissing claims circulating in Indian media to that effect as "market rumours".

Adani, widely regarded as an ally of prime minister Narendra Modi, is coming under increasing political pressure. MPs from the Congress party and other opposition groups staged a protest in New Delhi yesterday, demanding that Modi's government allow lawmakers to discuss the Adani affair.

Additional reporting by Kana Inagaki in Tokyo

Gold rush Newmont offers $17bn for rival Newcrest as sector consolidation gains pace

Yanacocha mine in Peru, where Newmont, the biggest gold producer, runs a joint venture — Cisco Golden/Bloomberg

NIC FILDES — SYDNEY

Two of the world's largest gold miners are in talks to create a global powerhouse for producing the precious metal in the biggest takeover offer announced this year.

US-listed Newmont, the largest gold miner by output, has launched an all-share bid for its Australian rival Newcrest that values the smaller company at almost A$24bn ($17bn).

The indicative offer marks the latest salvo in a rush of consolidation in the gold industry that took off when Barrick Gold struck a deal to buy Randgold for $6bn in 2018.

Newcrest shares gained 10 per cent to A$24.74 on the news.

Newmont's A$24bn offer would be the largest M&A deal announced so far this year, according to data from Dealogic, outstripping the $7.5bn acquisition of water treatment company Evoqua by water technology group Xylem announced last month.

The deal implies a 21 per cent premium to Newcrest's last closing share price. Newmont said it was conditional on approval from Newcrest's board and regulators.

The combination would reunite the two companies. Melbourne-based Newcrest was established in the 1960s as Newmont's Australia arm and was spun out in 1990 after it merged with BHP's historical gold assets.

A deal would put four of Australia's five largest gold mines under the control of one company and require Australian government approval.

The combination of rising costs in Australia's mining sector, production issues for gold and volatility in its price has driven more companies to consider deals to boost their scale.

Oz Minerals, the south Australian nickel, copper and gold miner, is close to being acquired by BHP for $6.4bn, while Canada's Yamana Gold is being broken up after Agnico Eagle and Pan American Silver paid $4.8bn to acquire the company.

Newcrest said it had rejected one bid as being too low but did not rule out engaging with its larger rival.

Simon Mawhinney, chief investment officer of Newcrest's largest investor. Allan Gray, said he would not back a deal on the terms proposed. "Newcrest is very cheap. There is dilution risk," he said.

"The merger ratio is too cute by half," he added, noting that the Australian group was well funded and that its long-life gold reserves should be highly valuable.

Newcrest is being advised by JPMorgan and Gresham Advisory Partners; Newmont by Bank of America, Centerview Partners and Lazard.

Additional reporting by Hudson Lockett in Hong Kong and Harry Dempsey in Cape Town

See Lex

Spanish court reduces Orcel's payout from Santander

OWEN WALKER AND STEPHEN MORRIS
LONDON
BARNEY JOPSON — MADRID

A Madrid court upheld Andrea Orcel's multimillion-euro lawsuit against Santander but cut the amount the bank has to pay by €8mn, in the latest twist in the long-running battle between Spain's biggest lender and one of Europe's best-known bankers.

Santander must now pay €43.5mn to Orcel in compensation for its aborted offer for the Italian to become chief executive in 2018 after the bank appealed against an initial award by a judge in January 2022.

The bank said that it welcomed the "decision to significantly reduce the amounts requested by Mr Orcel" but that it would appeal against the ruling to the Spanish Supreme Court.

Santander added that despite the court awarding Orcel €43.5mn, what he would end up receiving would be up to a third lower because of a fall in the bank's share price and it failing to hit shareholder return targets.

As much as €18.6mn of the payout was linked to Santander's shares in a long-term incentive scheme.

"From the outset this case was about securing the truth and establishing the importance of acting with honesty and integrity," Orcel said. "I am pleased that today's ruling vindicates truth and justice by proving incontrovertibly for the second time in a court of law that there was a fundamental breach of contract by Santander."

Orcel brought the case in 2019 and initially sought €112mn, based on a combination of lost salary and bonus from Santander, lost long-term incentives from his previous employer, UBS, and compensation "for moral and reputational damages". He later halved his claim and was awarded €51.4mn.

The five judges overseeing the appeal upheld Orcel's claim over the validity of his employment contract but reduced his payout for moral damages from €10mn to €2mn.

The case relates to an offer Santander made to Orcel in 2018 to become chief executive, which it withdrew weeks later after he had resigned from his position as head of UBS's investment bank.

Orcel alleged that the bank's reversal of the decision constituted a breach of contract. Santander claimed Orcel's offer letter did not amount to a contract under Spanish law.

Elliott's familiar ingredients make it the McDonald's of activism

INSIDE BUSINESS
FINANCE
Jonathan Guthrie

Elliott Management has yet to start dispensing french fries with its slide decks. But in investor activism, the New York hedge fund group has become everything that McDonald's is to burger restaurants.

The Golden Arches and Elliott have created international brands representative both of themselves and their wider sectors. They market familiar products of consistent quality manufactured from local ingredients. Some people heartily dislike them.

Elliott showed its reach and capacity in recent weeks by launching simultaneous campaigns in Germany, Japan and the US. It invested in Vantage Towers, Dai Nippon Printing and Salesforce. It is blocking the takeover of the telecoms company, calling for disposals at the foils specialist, and backing a restructuring of the software giant.

Shares generally rise when Elliott declares an exposure. On conservative assumptions, Elliott may have already made a profit of more than $400mn, before costs and hedging, on its three latest investments. During 2022, Elliott launched 13 campaigns, about double the tally of bigger rivals, says Lazard.

In less than a decade, Elliott, has emerged as a breakout success among activists, which take stakes in struggling businesses and agitate for change in the hope of lifting share prices and fat returns. US-style activism was often regarded in Europe and Asia as shallow, shouty and unremunerative. Elliott helped change that with campaigns in 2015 against Alliance Trust, a poorly run Scottish investment trust, and the merger of two Samsung subsidiaries.

Elliott is also active in buyouts, distressed debt, real estate and commodities. Activism gives it an enviable shop front. Long-run group returns are reckoned to average some 13 per cent annually. Assets under management have tripled to about $60bn over a decade. The headcount has risen two-thirds to 500.

Trian means Nelson Peltz. Pershing Square means Bill Ackman. But Elliott no longer means Paul Singer quite so symmetrically. The formidable founder of the business, once described as "the doomsday investor" by the New Yorker, has pursued decentralisation. This has permitted international growth from the nexus of a London office run by his son, Gordon.

> US-style activism was often regarded in Europe and Asia as shouty and unremunerative. Elliott helped change that

Many chief executives are scared of the elder Singer. He gets them kicked out sometimes. A favourite yarn of co-chief Jonathan Pollock is that he only survived his internship because he faxed Singer's sandwich order to the deli every morning. Pollock claims this documentary evidence meant he could not be sacked for getting the order wrong, a predecessor's fate.

The story is jokey but points to the private partnership's flinty rigour. Portfolio managers pitch their activist proposals to an investment committee led by Singer and Pollock. They must persuade on three counts. First, the stock must clearly be undervalued. Second, there must be a "pathway" to realising that value — a break-up, for example. Third, the executive should have "a case", an argument that will convince other investors. Tick those boxes and the executive can build a position and take the proposal to the target board or the wider world.

Elliott has no monopoly on this *modus operandi*. But it is good at systematisation. A small team runs every campaign. Pitch books are clean and concise. The campaign leader aims to command "best-informed investor" status in debates with bosses of target companies.

All activists have benefited from the stagnation of big businesses in recent years. This gives them plenty of targets. Local structural changes help too. A small cadre of powerful City of London fund managers retired last decade. Tokyo's financial regulators have become proponents of shareholder value. Both markets have embraced activists as agents of change.

Elliott has its own maturation issues to deal with. Growing scale increases conflicts of interest, for example if Elliott offers to buy out a target company division shaken loose by its activist campaigning. Old stagers have been checking out, notably from the London office. There is an influx of bright, youngish things from investment banking and private equity. They may help Elliott soften its ferocious reputation.

But will they be hungry enough? The mere announcement of an Elliott investment now lifts target shares a tenth. Singer and Pollock should study McDonald's bad patch during the 2010s. It demonstrates the damage complacency can do to a global franchise.

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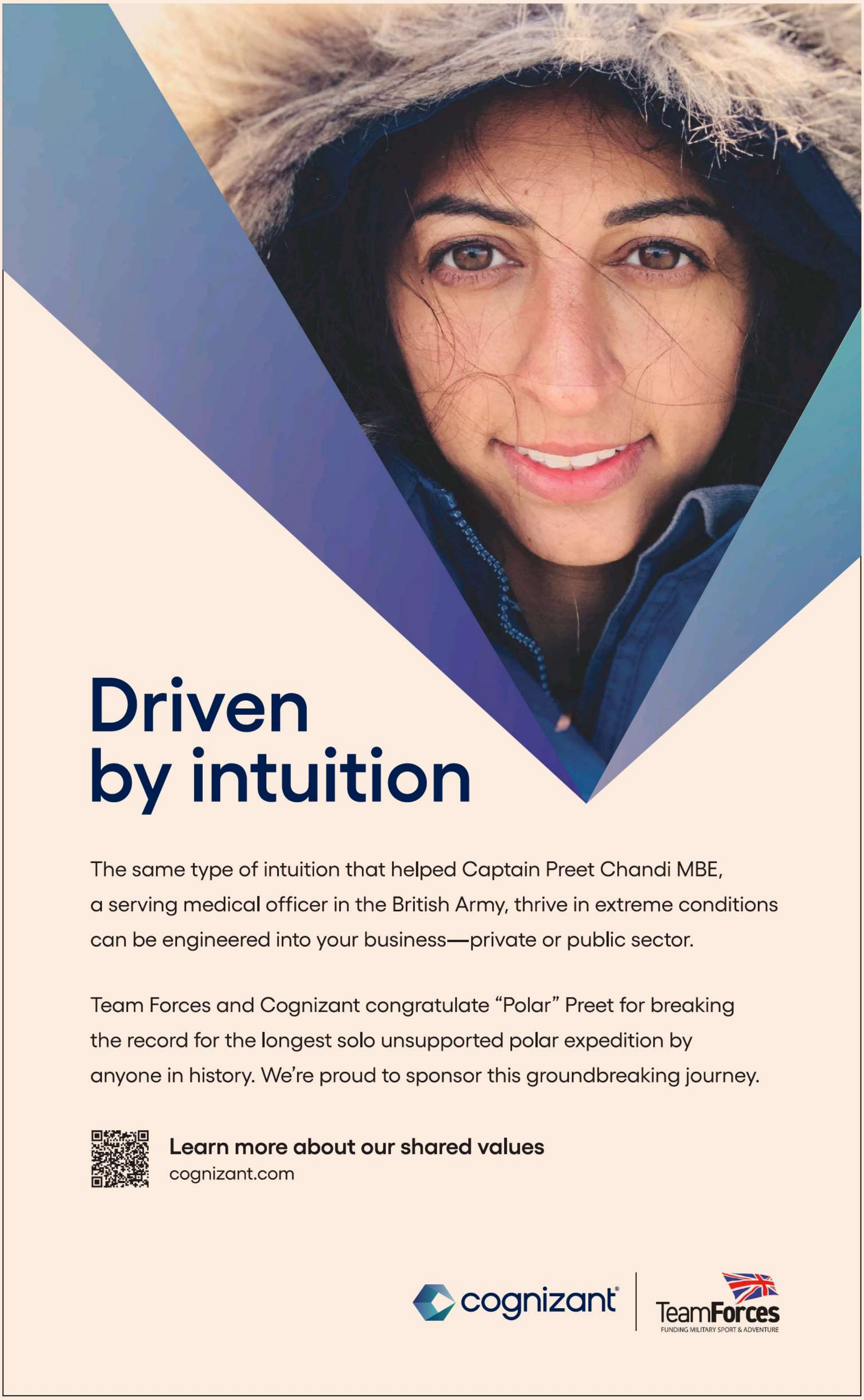
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Automobiles

De Meo hails Renault-Nissan revamp

Layers of constraints will go as French group's chief looks to regain 'agility'

SARAH WHITE AND PETER CAMPBELL — LONDON

Renault and Nissan have gained greater "freedom" to pursue their own ventures in a reset of their 24-year alliance, the chief executive of the French carmaker has said.

The groups would no longer be bound by the need to "compromise" or to work together in areas where they could not both benefit, Luca de Meo said.

His pledge came as the groups announced yesterday that they had reached a "binding framework agreement . . . with a view of reaching definitive agreements by the end of the first quarter of 2023".

The deal means that the companies will equalise their stakeholdings in each other, a longstanding source of tension.

Renault will over time trim its 43 per cent stake in Nissan to 15 per cent while Nissan will gain voting rights for its own 15 per cent holding in Renault.

The groups expect the agreement to close in the last quarter following regulatory approval, with final details to be ironed out by the end of March.

As part of the deal, which would be binding for 15 years, the pair announced several joint manufacturing projects in India, Latin America and Europe.

The marriage between Renault and Nissan had been intended to generate vast savings, but has been marred by infighting that has broken into the open since the arrest in 2018 of former boss Carlos Ghosn.

'One of the two of you stands up from the sofa and says, I'm going out – I'm going to see friends'

De Meo likened the businesses to a couple in a rut after more than 20 years together, whose needs had diverged on some fronts.

"The conversation becomes not as exciting as before, and then one of the two of you stands up from the sofa and says, 'I'm going out — I'm going to see friends.'"

The groups said they were attempting to remove layers of constraints to prevent strains while retaining some of the benefits of combining in areas such as purchasing from suppliers.

"Renault regains its strategic agility and the freedom to do what is good for us, which is not always what is good for the alliance," de Meo said.

Speaking yesterday, Nissan chief executive Makoto Uchida said that the reset was a chance to build a "culture of trust" between the companies.

It comes as Renault is trying to speed up its development of electric cars in its European heartland, while Nissan's next steps may be more focused on improving earnings in the US or China.

The deal entails ripping up a shareholder agreement that in effect stifled much of Renault's voting rights in Nissan and had created a form of "operational deadlock", de Meo said.

Nissan has agreed to invest up to 15 per cent in Ampere, a Renault division that will house its electric vehicle and software technology, which the French company is spinning out as part of an overhaul.

Automobiles. Tax credits

Electric vehicles defy US price war projections

GM, VW, Hyundai and Kia avoid the discounting route taken by Tesla and Ford

CLAIRE BUSHEY — CHICAGO
AIME WILLIAMS — WASHINGTON

Two cuts do not an EV price war make. When Ford discounted the price of its plug-in Mustang Mach-E car last week, after Tesla slashed prices by up to 20 per cent across models, the motor industry seemed on the brink of further reductions for electric vehicles. Headlines declared a price war was on.

But other carmakers stayed on the sidelines. General Motors chief executive Mary Barra said its EVs were priced correctly. Volkswagen declined to cut prices, as did Hyundai and Kia.

For now, industry analysts say, EV prices seem likely to stay where they are. "It's not a price war, it's a regional skirmish," said Tyson Jominy, JD Power vice-president of data and analytics.

Prices of EVs rose in 2022 because of a shortage of chips, rising costs for battery materials and high petrol prices that drove demand. They remain significantly more expensive than cars and trucks with traditional engines.

Making them more affordable is crucial to attracting more buyers. In the US, the Biden administration has set a goal for half of all new vehicles sold in the US to be electric by 2030.

Subsidies worth up to $7,500 are an important selling point for US car buyers. On Friday, the US Treasury helped ease pressure on carmakers to cut prices when it changed its interpretation of the Inflation Reduction Act climate law to allow more high-priced EVs to qualify for consumer tax credits.

Tesla fired the first shots in the skirmish about three weeks ago. It cut prices by up to a fifth in the US and Europe after first reducing prices in China a second time. The price for models sold in the US fell by $13,000.

Tesla dominates EV sales in the US, but more competitors are entering the market. Elon Musk's company accounted for 72 per cent of the 487,000 new EVs sold in 2021, according to research from Kelley Blue Book. A year later the maker's market share fell to 65 per cent of 810,000 electric vehicles, even as its own sales grew by nearly half.

"There's new competitors coming at Tesla so [the price cut] was the weapon they used to combat that," said Cox Automotive analyst Michelle Krebs.

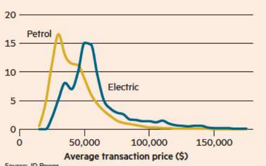
Tesla's best-selling crossover sport utility vehicle, the Model Y, competes directly against Ford's Mustang Mach-E. Ford sold 39,000 Mach-Es in 2022 — the best sales for any electric model not made by Tesla — but Tesla sold more than six times as many Model Ys.

Electric dreams: Ford's 2021 Mustang Mach-E GT at the Chicago Auto Show last year
Scott Olson/Getty Images

The Model Y now starts at $53,000, down from $66,000. The Mach-E's six versions now sell for between $46,000 and $64,000, the price dropping 1 per cent for a lower-end specification and 8 per cent for the highest.

Ford plans to boost production of the Mach-E this year, even as it continues to struggle with supply chain problems, and more Mach-Es to sell gives the company a reason to keep prices even with a key competitor. "They want to keep the momentum going," Krebs said. Yet Ford has raised the price on the F-150 Lightning, the electric version of its flagship truck, three times. It now starts at $56,000 and has a long waiting list.

EV purchases tend to be more expensive
Distribution of electric and petrol cars and trucks (%) by average transaction price in the US in 2022



Source: JD Power

Morgan Stanley analyst Adam Jonas argued last week that the supply of electric vehicles is likely to outstrip demand in 2023. He pointed to Tesla's price cut, the falling price of used Teslas, fewer reservations at Lucid Motors and a possibly lower order backlog at Rivian, which stopped reporting reservations. Rivian said on Wednesday it plans to cut 6 per cent of its workforce.

Tesla's price cuts will force traditional carmakers to recalculate how long it will take their EV strategies to pay off, Jonas said. For new EV manufacturers, the price cut "raises important questions of burn rate versus capital sources and long-term business model viability".

"Everybody will need to cut price, but we don't think everybody will be able to cut costs and fund the business without significant capital raises," he added.

Carmakers are certainly vying for customers' loyalty during this technology shift, because today's buyers are more likely to stick with them when they purchase their second electric vehicle, said Nick Nigro, the founder of Atlas Public Policy, a research company.

The price cut 'raises important questions of burn rate versus capital sources'

The 10-year horizon of the consumer tax credits in the IRA also gives manufacturers some assurance that the market will grow over the decade, which might make them "willing to make less money in the short term to make more money in the long term", Nigro said.

Under the IRA's subsidy rules, cars must have a manufacturer's suggested retail price of $55,000 or less, with the cap rising to $80,000 for vehicles classified as a larger clean-energy SUV, truck or van. But carmakers had complained the US government was categorising some SUVs as cars, meaning they were subject to the lower $55,000 cap.

The confusion over the two categories led to some larger EVs, including Tesla's Model Y, being ineligible for the credits because they were subjected to the $55,000 price cap, instead of the higher $80,000 cap. The changes announced by the Treasury will move more cars, including the Model Y and the Mach-E, into the SUV category.

It is too early to tell how the competition will play out this year because the tax credit is introducing so much change in the market, Nigro said. But he sees no slackening in demand for electric vehicles. "There isn't as big an incentive for a manufacturer to drop their prices."

Oil & gas

Eni boss comes to defence of renewables amid flak from Meloni camp

SILVIA SCIORILLI BORRELLI — MILAN
DAVID SHEPPARD — LONDON

Enel's chief executive has launched a robust defence of the Italian state-controlled utility's renewable energy push as he risks being ousted by the government as soon as next month.

Francesco Starace has made the €55bn power group into one of the biggest renewable energy producers since taking over in 2014. He said the shift had proved its worth during the energy crisis and would position the group well as the EU sought to end reliance on Russia gas.

"What it boils down to is the company has delivered in 2022, which was a very, very tough year," Starace said. "This is the moment where this trajectory will show extremely well the strength we have in the system."

Media reports have suggested that the government of Giorgia Meloni is interviewing other potential candidates for Starace's job. Italian officials have suggested that her advisers are dissatisfied with the 68-year-old chief executive's focus on the energy transition.

Meloni has previously backed increased domestic drilling for natural gas and criticised climate campaigners such as Greta Thunberg.

Starace has been a supporter of shifting away from fossil fuels and Enel bills itself as the largest renewable energy company with 56GW of low-carbon energy under management.

Officials suggest the PM's advisers are unhappy and candidates for Starace's job are being interviewed

The chief executive has advocated a drastic reduction of gas consumption for non-industrial purposes while Enel is progressively shutting down its coal-fired plants as part of its zero-emission power generation target.

He said there was little debate over the strategy, calling it "clearly the way to go". Enel was in "complete agreement" with Rome's efforts to diversify energy sources away from Russia, describing energy security as "what matters to the sovereignty of any country".

Enel is leaving Argentina, Peru and Romania as part of a €21bn divestment plan aimed at cutting its debt, which soared to €69bn at the end of 2022, partly because of additional costs that it incurred helping shield customers from rising wholesale prices.

Rating agency Fitch said last week that the divestments would "moderately improve the group's business profile and simplify its structure".

Yesterday, Enel was set to unveil a solar panel factory in Sicily, partially funded by an EU grant, which is set to become Europe's largest.

Starace said Enel was planning a similar facility in the US where the administration has created large subsidies for renewable investments.

The move is part of a push to reduce the west's reliance on China, the largest manufacturer of solar panels.

Meloni last year warned "that the transition to electric without controlling the raw material will make us even more dependent on China than we are on Russia".

Starace described growth of renewables as "a huge trend that is way stronger than small mishaps that can happen on the way".

Aerospace & defence

Rolls-Royce picks BP veteran to steer reform

SYLVIA PFEIFER — LONDON

The new head of Rolls-Royce has turned to an executive from oil major BP, his previous employer, to lead a sweeping overhaul of Britain's flagship engineering group.

Tufan Erginbilgic has brought in Nicola Grady-Smith to be Rolls-Royce's chief transformation officer, in his first external appointment since taking the helm at the start of the year, the company confirmed yesterday.

The move by Erginbilgic, who last month described Rolls-Royce as a "burning platform", is expected to shake-up the group again, just as it is emerging from an overhaul by Warren East, his predecessor.

East axed 9,000 jobs to save £1.3bn in costs following the coronavirus pandemic.

Grady-Smith will be in charge of a transformation programme launched by Erginbilgic last month that is focused on "efficiency and optimisation" to help lift profit margins and compete with larger rivals such as General Electric of the US.

During her career of almost two decades at BP, she held several senior roles, latterly in the company's City & Corporate Integrated Solutions division that focuses on providing integrated services to major customers.

The division offers bespoke solutions using different BP technologies to help companies or cities to reduce carbon emissions.

She also led the group's UK retail business and worked under Erginbilgic as his chief of staff when he ran its refining and marketing operations.

Erginbilgic has wasted little time putting his mark on Rolls-Royce. He told staff last month in a company-wide address, parts of which were leaked to the Financial Times, that it must transform the way it operated or it would not survive.

Rolls-Royce shares closed down 0.9 per cent in London yesterday.

"Every investment we make, we destroy value," he told staff last month, adding that financially, "we underperform every key competitor out there".

His comments were widely interpreted as a signal to staff to expect another round of job cuts, in particular among white-collar workers.

The brutal assessment follows the grounding of international air travel that severely dented the group's civil aerospace business, which still generates 40 per cent of underlying revenues.

Although the company is on course to have met its 2022 targets for revenue growth and "modestly positive" free cash flow, its balance sheet remains laden with debt.

Rolls-Royce said Grady-Smith started her new role on February 1 and was an "experienced leader with extensive international turnround experience and a proven record of delivery".

Travel & leisure

Manchester City accused of financial breaches

JOSH NOBLE AND SAMUEL AGINI

Manchester City has been accused by the Premier League of breaching financial regulations multiple times following a four-year investigation into the English champions.

The Premier League said yesterday that it had referred the club to an independent commission that would review dozens of allegations of financial rule breaking between 2009 and 2018.

Manchester City was bought by a member of the Abu Dhabi royal family in 2008 and has won the league title six times since then. It has spent more than €2.1bn on buying players since the takeover, according to Transfermarkt, a figure only topped by Chelsea.

The club was accused of failing to provide "accurate financial information that gives a true and fair view of the club's financial position, in particular with respect to its revenue" between 2009 and 2018, the league said.

The commission will have the power to impose sanctions, including "unlimited" fines, points deductions or expulsion from the league, if it finds the club in breach of the rules.

The club said it was "surprised" by the announcement but that it "welcomes the review of this matter by an independent commission, to impartially consider the comprehensive body of irrefutable evidence that exists in support of its position".

Manchester City have won six league titles under the current owners

Other accusations against Manchester City include failing to assist in the investigation as well as not including full details of player and manager pay.

League rules compel clubs to co-operate with probes, "including by providing documents and information to the Premier League in the utmost good faith".

Uefa, European football's governing body, in 2020 banned Manchester City from the lucrative Champions League for two seasons after the club was found to have breached financial regulations. Uefa found Manchester City had "overstated sponsorship revenue" and failed to co-operate with its investigation.

However, the ban was overturned by the Court of Arbitration for Sport just months later and the initial €30mn fine was reduced to €10mn. CAS said then that the alleged breaches "were either not established or time-barred". Manchester City is the richest club in football, according to consultancy Deloitte, with revenue of €731mn last year.

Ruling deals blow to J&J and 'Texas two-step'

US court's rejection of bankruptcy move aimed at managing talc lawsuits will discourage overall use of the manoeuvre

JAMIE SMYTH — NEW YORK

When Joaquin Duato delivered his first annual results as chief executive and chair of Johnson & Johnson last month, he enthused about being "excited for the future" of the company, which is poised to spin off its consumer business this year in a big corporate transformation.

But a week later the Spain-born executive's ambitious plans are in doubt after a landmark court decision. The ruling could torpedo J&J's controversial attempt to use the US bankruptcy system to manage billions of dollars of legal claims from cancer sufferers who say its talcum powder caused their illness.

Executives at other US companies are anxiously studying the ruling by the Third US Circuit Court of Appeal, which experts say could prevent solvent corporations such as 3M and Koch Industries from using complex Chapter 11 bankruptcy schemes to manage mass litigation.

The 56-page judgment delivered by a panel of three judges last week dismissed a bankruptcy filing by a J&J subsidiary, which was spun out of the company in 2021 with about 40,000 of the talc cases following a corporate restructuring known as the "Texas two-step".

If upheld on appeal, it will force the J&J unit named LTL management to fight these cases and potentially thousands more yet to be filed by claimants in jury trials, rather than have them managed by a bankruptcy judge. This process could take decades and ultimately cost hundreds of billions of dollars, according to court filings by LTL.

Judge Thomas Ambro, who wrote the ruling, said only a "debtor in financial distress" should file for bankruptcy and LTL was not in that position because of a $61bn financial backstop provided to it by J&J — one of the world's biggest companies, with a market capitalisation of $430bn.

Analysts estimate J&J's total liability well below the amount claimed by LTL in court and do not think the ruling will delay the spin-off of its consumer unit, which sells everything from talc to band aids. But they warn that the ruling casts a shadow over the company as it seeks to remodel itself as an innovator in the pharmaceutical and medical devices sectors.

"We see this ruling resulting in significantly longer timelines for talc litigation resolution," said Chris Schott, analyst at JPMorgan, who estimates total liability at between $8bn and $10bn.

"It will require J&J to litigate talc claims on a state-by-state basis and leave talc as an ongoing overhang on shares."

Moody's Investor Service said the talc ruling was a "credit negative" for J&J but would not affect its triple A rating.

J&J, which began selling baby powder in 1894, denies its talc-based products contain traces of asbestos and cause cancer. It initially fought claimants in the civil courts, winning more cases than it lost. But when a Missouri court ordered J&J to pay more than $2bn to a group of nearly two dozen women who claimed their cancer was caused by its talc, the company adjusted its strategy.

J&J hired Jones Day, a Cleveland-based law firm and author of the "Texas two-step". The scheme enables companies to split themselves into two separate entities and ringfence all their legal liabilities into one of them. In October 2021 J&J split itself into two and announced that LTL had filed for bankruptcy, a move that placed all talc-related litigation on hold.

J&J followed in the footsteps of Koch Industries subsidiary Georgia-Pacific, Trane Technologies and a US unit of France-based Saint-Gobain, which have all deployed the scheme. By spinning off separate units holding their legal liabilities, which then filed for Chapter 11, the parent groups have been able to operate normally and continue paying dividends to shareholders, while all court cases are halted.

The judgment casts a shadow over J&J as it seeks to remodel itself under chief executive and chair Joaquin Duato, below
Mike Segar/Reuters

The companies argue that the mass tort system is broken, poses a grave financial risk to companies and is no longer an efficient forum to deliver justice to victims. Settlements can be reached more equitably and quickly by managing the cases in bankruptcy courts, they say, rather than in front of juries — a process J&J described in court as a "lottery".

Tort lawyers reject this. They argue that bankruptcy schemes deployed by solvent corporations are an abuse of bankruptcy courts and deny wronged people their right to trial by jury. Far from hastening a settlement, they argue, the bankruptcy process puts the tort cases on hold, thus removing an incentive for companies to come to the table to negotiate a settlement.

Critics say the strategy hands companies all the benefits of the bankruptcy system without the burdens. For example, last year Georgia-Pacific paid $2.5bn in dividends to Koch Industries even though it spun off a unit facing thousands of asbestos claims in 2017. Almost six years after the subsidiary filed for Chapter 11 halting all cases, no settlement has been agreed in the bankruptcy court or claimants paid.

Leigh O'Dell, a lawyer at Beasley Allen who sits on the plaintiff's steering committee in the talc litigation, said the bankruptcy strategy was "cynical" and designed to slam shut the doors to the courthouse for victims.

She said the Third Circuit's ruling sent a clear message to corporate America that a bankruptcy action must be "legitimately pursued in good faith" for the purposes of reorganisation, rather than solely to gain an advantage over consumers or other claimants in litigation.

Legal experts say the ruling does not automatically block use of the corporate restructuring tools based on state law which sit at the heart of the "Texas two-step" scheme. But by stipulating that companies must prove they are really in financial distress before benefiting from use of the bankruptcy courts, it would discourage their use.

"The ruling changes the risk profile for doing one of these bankruptcy moves," said Jared Ellias, professor at Harvard Law School.

"I think boards of directors are going to say: you know what — this whole Texas two-step thing — it really isn't for us."

> 'The ruling changes the risk profile . . . boards of directors are going to say: this whole Texas two-step thing – it really isn't for us'

The ruling follows public criticism of bankruptcy schemes used by companies to shield themselves from liability and proposals by politicians to outlaw them. Courts have also begun to scrutinise them more closely.

In August an Indiana judge refused a request by 3M to halt thousands of personal injury claims involving alleged faulty earplugs following a bankruptcy filing by a subsidiary. 3M is appealing against the judgment.

On Friday plaintiffs filed a motion to dismiss a bankruptcy filing by the 3M subsidiary Aero, saying the Third Circuit's ruling on LTL had "knocked the props out" from under the case and it should be dismissed.

J&J said it would appeal against the Third Circuit's ruling, adding that it was based on a "technical requirement" rather than the company's belief that the strategy was in the best interests of all parties, including claimants.

Dan Prieto, a partner at Jones Day, which acts as legal counsel for LTL, said the ruling would not prevent companies from pursuing divisional mergers or a restructuring prior to making a bankruptcy filing. But it could create perverse incentives by preventing companies from ensuring they provided a financial backstop that is in the interests of claimants, he said.

"The potential ramification of the opinion is to incentivise companies to not be overly protective of claimants when implementing corporate restructuring because otherwise the court might conclude the company is not in sufficient financial distress to file for bankruptcy."

But most legal scholars said increased risk would probably deter companies from pursuing such schemes. In addition, J&J faces a high hurdle in persuading either the Third Circuit Court or the Supreme Court to hear an appeal on a case involving such unique bankruptcy issues, they said.

"The risk is too great. J&J has spent a lot of resources and now has to return to the talc MDL (a multi district litigation court process aimed at speeding up resolution of cases) with a super bright spotlight on the company and its actions," said Samir Parikh, a bankruptcy law professor at Lewis & Clark Law School. "It seems to have turned into a PR nightmare."

For claimants, some of whom are terminally ill, a resolution of the talc cases cannot come soon enough. Shawn "Val" Johnson, who has mesothelioma, a type of cancer linked to asbestos, won a $27mn personal injury award from J&J days before it deployed the "Texas two-step". He is still waiting to be paid.

"I've been sick for three and half years now unable to do very much and a big effect on my family . . . they [my doctors] don't expect me to live very long," Johnson told the Financial Times.

Additional reporting by Michela Tindera

Financials. Downturn

USA Inc split over likelihood of recession

Conflicting signals on rates, labour and consumption make for uncertain business outlook

ANDREW EDGECLIFFE-JOHNSON
NEW YORK

Corporate America's top executives are sharply divided on the chances of the country escaping a recession, as conflicting signals on interest rates, labour markets and consumer spending muddle the business outlook for 2023.

Halfway through the fourth-quarter earnings season, investors hoping for a clear signal on the US economy's prospects from its largest businesses have been frustrated.

Companies including Ford, McDonald's, UPS and US Bancorp have told investors they are preparing for at least a mild US recession. Elon Musk, Tesla's chief executive, went further, telling analysts last week the carmaker probably faced "a pretty difficult recession".

Yet even as Big Tech groups, such as Alphabet, cut costs in the face of an advertising slowdown, other companies, including American Express and General Motors, have told analysts they expect the US to avoid a big downturn.

Caterpillar, the industrial machinery group considered an economic bellwether, said this week that its US market "remains relatively strong to date".

"So far, it's safe to say that the recession is mostly in people's minds," said Danny Bachman, a US economic forecaster at Deloitte. "Sentiment data has been very negative even as actual economic activity — as measured by job gains, industrial production and retail sales — [is] still indicating growth," he noted, predicting very slow growth but no recession in the first half of this year.

The split-screen picture of the world's largest economy comes as the Federal Reserve last week slowed the pace of its interest rate increases while indicating it would still have to raise borrowing costs further to tame inflation.

Evidence of slowing growth is mounting, with an ISM report last week showing manufacturing activity contracted for a third month in January. The IMF projects that US growth will fall from 2 per cent last year to 1.4 per cent in 2023.

Executives across a swath of industries have been expressing more caution about macroeconomic conditions for several months, with a Business Roundtable survey finding last month that CEO confidence had fallen below its long-term average for the first time since the third quarter of 2023.

The number of mentions of "recession" on earnings calls by CEOs topped early pandemic levels in November, according to data provider AlphaSense/Sentieo.

Since the start of the year job losses have also spread from Silicon Valley to Wall Street. Challenger Gray & Christmas, an outplacement and executive coaching firm, estimated US employers announced more than 100,000 job cuts in January, up from fewer than 44,000 in December and 19,000 a year earlier.

This week PayPal blamed a "challenging macroeconomic environment" for 2,000 lay-offs, FedEx said it would cut 10 per cent of its senior ranks to align better with customer demand, and Intel cited "macroeconomic headwinds" to explain cutting the pay of its CEO and other executives and managers.

But such announcements follow a run of stronger-than-expected hiring. A labour department report last week found the country had 11mn vacancies at the end of 2022, up from 10.46mn in November. US employers defied forecasts by adding 517,000 jobs in January, nearly double December's figure.

McDonald's is among companies to have told investors that they are preparing for at least a mild US recession
Justin Sullivan/Getty Images

"Pandemic paranoia has set in with employers who remember how hard it was to bring back workers. So, it makes sense that despite what we are seeing in headlines regarding lay-offs, they are still well below historical norms," said Becky Frankiewicz, president of ManpowerGroup, the recruitment company.

That strong labour market would continue to underpin consumer spending in 2023, Sachin Mehra, Mastercard's chief financial officer, said last week.

McDonald's and Mondelez International echoed his description of the US consumer as "resilient", with the burger chain joining Procter & Gamble in saying it was seeing little evidence of its customers choosing cheaper options. Instead of such trading down, Starbucks said its customers spent a record average sum per visit in December.

But other companies have reinforced the message from consumer sentiment surveys that show Americans becoming more cautious on discretionary spending, particularly for goods rather than services such as travel and eating out.

As Morgan Stanley economists pointed to how "belt-tightening" consumers are depleting the excess savings they accumulated early in the pandemic, apparel company Hanesbrands described demand as "muted".

A more bearish message has emerged from companies exposed to a housing market being slowed by rising mortgage rates. Sherwin-Williams, one of the largest US paint companies, said last week that it saw "a very challenging demand environment".

Financials

Carlyle taps former Goldman banker Schwartz for CEO role

ANTOINE GARA — NEW YORK

Carlyle Group has hired former Goldman Sachs executive Harvey Schwartz to be the private equity firm's chief executive, completing its search for a leader after Kewsong Lee's abrupt resignation in August.

Schwartz, a two-decade veteran of Goldman, left the Wall Street bank in 2018. He will take the helm at one of the largest private equity groups, with $369bn in assets under management but with growth and shares lagging behind competitors such as Blackstone Group and KKR in recent years.

He will have the task of stabilising Carlyle after a period of leadership uncertainty and setting strategy as a decade of benign markets for private equity groups makes way for more challenging conditions.

William Conway, a Carlyle co-founder who acted as interim chief while it searched for a new leader, said in a memo to employees that Schwartz would continue to expand the New York and Washington-based group beyond its historical speciality in corporate buyouts and execute a strategy "that advances and accelerates the diversification plan" it has pursued.

Carlyle, a pioneer in the private equity industry, has trailed peers in expanding into strategies targeting real estate, infrastructure and credit-based investments to increase assets.

"I will be available to help Harvey in any way I can, but I firmly believe the best thing I can do is let him — supported by the rest of the team — lead the firm and determine the right path to drive the business forward," said Conway, who will retain his title as co-chair of Carlyle's board of directors alongside co-founder David Rubenstein.

Schwartz's appointment comes almost six months after the resignation of Lee, who left after talks over a new contract broke down.

The departure upset a succession plan Carlyle had put in place five years earlier and revealed conflict between Lee, who had been seeking greater autonomy in setting strategy, and the firm's co-founders.

While Conway and Rubenstein retired from Carlyle years earlier, they maintained influence as board chairs holding significant voting power.

After an extensive search process, Schwartz last week emerged as a frontrunner as the firm worked to reveal a new leader by its fourth-quarter earnings announcement, due today.

Carlyle's board of directors met on Sunday to vote on the appointment, said people familiar with the matter. Rubenstein and Conway were joined by Schwartz at a town hall yesterday introducing the firm's new leader.

"Harvey is a widely respected business builder with significant leadership experience in a high-performing, highly competitive global financial institution," Rubenstein and Conway said.

At Goldman, Schwartz was known for his operational and risk management skills in steering the bank's trading division through the financial crisis.

Additional reporting by Joshua Franklin in New York and Kaye Wiggins in Hong Kong

Fixed income. Castro-era debt

Cuba pledges engagement with 'legitimate' creditors

Slow progress: Cuba's gross domestic product fell 11 per cent in 2020 due to the pandemic Yamil Lage/AFP/Getty

Ministers say they will discuss bond restructuring even amid court fight with Caymans fund

MICHAEL STOTT — BOGOTÁ

Cuba has insisted that it is willing to talk to "legitimate" creditors about repayment of billions of dollars of Fidel Castro-era foreign debt, even though its communist government is fighting in the High Court in London to dismiss a claim by a Cayman Islands-registered fund.

Private sector bondholders, who are owed an estimated $7bn of unpaid Cuban debt dating back to at least the 1980s and interest, said Havana had for years stonewalled their proposals for negotiations.

But two Cuban ministers indicated in rare interviews with the Financial Times a willingness to engage with creditors as Havana seeks to extricate itself from its worst economic crisis in decades.

"The position of our country is that we recognise our legitimate debts [and] our legitimate creditors, our position is firstly to recognise them, be transparent, to always talk with our creditors and seek terms which are mutually favourable to honour these obligations," said justice minister Oscar Manuel Silvera.

Havana secured an agreement in 2015 with the Paris Club of creditor nations to write off more than three-quarters of the debt that it owed them but has reached no such deal with the private sector.

International investors would regard a restructuring agreement with private creditors as a precondition to the Caribbean nation regaining access to bond markets to help finance its cash-strapped economy after a decades-long absence.

Cuban debt barely trades in secondary markets because of a lack of demand and Washington's sanctions against the Caribbean island stop US funds and US nationals from buying it.

When it does trade, it fetches less than 10 cents in the dollar.

However, Havana's immediate challenge is to resolve its legal battle with the Caymans-based CRF I fund.

The government is resisting an attempt by the fund to pursue it for €72mn of 1980s debt and interest.

If successful, the CRF I claim could ease the way for other private sector creditors to litigate.

CRF I is seeking to enforce claims in its own name on two pieces of Cuban debt dating to the mid-1980s.

Cuba has claimed that CRF acquired the loans illegally because specific legal conditions needed for their validity were not met. It has also claimed that CRF used bribery.

"CRF is not our creditor and never has been because they did not acquire this debt validly," Silvera, said. "We hold that there was a case of corruption proven in this area."

A former official of the state-owned Banco Nacional de Cuba jailed in Cuba for 13 years for his role in the affair gave testimony to the London court via video from Havana and "exposed clearly how these lamentable events unfolded".

David Charters, CRF chair, said he had tried repeatedly to negotiate a mutually beneficial debt restructuring with the Cubans.

"We did put some quite imaginative suggestions on the table," he told the FT. "But they either completely ignored [the] proposals or just rejected them out of hand."

CRF has dismissed the bribery allegations. Its lawyers noted in arguments to the London court that Cuba withdrew them from its legal case just before proceedings opened, which they described as "a belated recognition that the extremely serious allegations made . . . were baseless and should never have been made".

Olivera, however, said that Cuba "did not ask the English judge to prove that there had been corruption . . . because that has already been proven in Cuba".

John Kavulich, head of the US-Cuba Trade and Economic Council, a private non-profit group, said the London trial "matters far more than most people are appreciating".

He added: "What this lawsuit and trial has done is to focus attention on how much Cuba owes, that they don't pay what they owe and that they are fighting paying what they owe . . . From a marketing standpoint, it's a disaster."

Cuba's first deputy finance minister, Vladimir Regueiro, also in London for the court hearing, told the FT that Havana "was always ready to hold the best negotiations to seek the terms and conditions which conform with the current conditions in our economy" with creditors "who legitimately hold title".

CRF is part of a creditor group holding $1.4bn of Cuban debt which made what it described as a "very beneficial" restructuring proposal to Cuba in 2018 but did not hear back from Havana.

'They've accused us of being a vulture but we could have litigated on the whole portfolio'

The group included two other funds, Stancroft Trust and Adelante Exotic Debt.

The coronavirus pandemic caused a fall of 11 per cent in Cuba's gross domestic product in 2020, Regueiro said. Growth has been sluggish since while annual inflation is running at around 40 per cent.

At the same time, the "unprecedented" tightening of US economic sanctions against Cuba under the Trump administration had seriously affected the economy, Regueiro added.

"Nonetheless, ratifying that position of recognising the debts which our government has, there have been important negotiations at the level of companies, institutions [and] directly between banks . . . and with the government too, with other sovereign governments", he said.

CRF began building positions in Cuban debt from 2009, buying in the hope of making a profit on a future restructuring.

"They've accused us of being a vulture but if we wanted to be aggressive, we could have litigated on the whole portfolio," Charters said. "We could have fired a $1.3bn broadside and we didn't."

CRF had suggested to Cuba negotiating on a cash sum for the two pieces of debt at issue with a large reduction in the amount due and funding for payments coming from a surcharge on visiting cruise ships or airliners.

A verdict is expected in around three months but the losing side could appeal to a higher court.

Fixed income

Wanda bonds meet strong demand in bet on China real estate revival

HUDSON LOCKETT — HONG KONG

Chinese property developer Dalian Wanda's second dollar bond sale in less than a month was quickly oversubscribed yesterday, pointing to a renewed hunger from global finance after years of concern about the financial health of China's highly indebted real estate groups.

The sale of a three-year US dollar bond by Wanda received orders worth around $500mn, according to two people familiar with the deal, who said the developer had planned to raise as much as $300mn from the offering.

The latest debt sale by Wanda, which had already brought in $400mn from a bond issued in January, underscored a nascent recovery for high-yield dollar debt in Asia.

Sales had all but evaporated over the past two years as Chinese authorities clamped down on excessive leverage in the sector.

Issuer Wanda Properties Global set guidance for the bond's yield at around 12.5 per cent.

Investment bankers in the region said foreign investor appetite had returned as Beijing seeks to bolster the hard-hit sector. The government has scrapped targets for equity and assets meant to limit the leverage of property groups.

A fund manager in Hong Kong described the bond sale as a 'barometer for investors' confidence'

The targets had previously served as a warning to banks to avoid lending too much too quickly to developers.

One person familiar with the deal said investors who had put in orders for the January offering had "come back asking for Wanda to raise more" after they did not receive sufficient allocations from the last deal, which drew demand of about $1.4bn.

The person said Wanda was unlikely to use all of its dollar debt issuance quota from China's central government, which would allow it to raise another $400mn before expiring in March. "We're going to be looking at a size of $200mn to $300mn," the person said.

A fund manager in Hong Kong described the bond sale as a "barometer for investors' confidence" in China's property sector.

Dollar bonds from real estate groups such as Country Garden and Wanda have clawed their way back to face value after trading in distressed territory.

Not all developer bonds have recovered — with those from defaulting developers such as China Evergrande, which has repeatedly missed restructuring deadlines, still languishing at distressed levels.

Bankers in the region said many bond investors were still wary of the property sector.

Credit Suisse is the global co-ordinator and bookrunner for the deal.

Additional reporting by Sun Yu in Beijing

Crypto

DCG sells shares in Grayscale trusts amid push to raise funds for creditors

NIKOU ASGARI — LONDON
RYAN MCMORROW — BEIJING

Conglomerate Digital Currency Group has begun to sell shares in several of its most prized cryptocurrency funds at a steep discount as it seeks to raise funds to pay back creditors of its bankrupt lending subsidiary.

SoftBank-backed DCG has started to offload holdings in several investment vehicles run by its subsidiary Grayscale, according to US securities filings seen by the Financial Times.

The move underscores the financial difficulties at DCG as it tries to raise funds to support Genesis, its collapsed lending arm, while seeking to preserve its most cash-generative business.

Connecticut-based DCG, founded in 2015 by former banker Barry Silbert, is one of the largest investors in crypto coins and businesses, and is backed by investors including SoftBank, Singapore's sovereign wealth fund GIC and Alphabet's venture arm CapitalG.

Grayscale, its asset management business, is a key asset for DCG as it earns hundreds of millions of dollars per year in lucrative fees for managing large pools of bitcoin, ether and other cryptocurrencies in funds that investors can buy shares in from their brokerage accounts.

DCG is selling stakes in one of its largest trusts, even though the shares over the past two years have fallen to substantial discounts to the underlying value of cryptocurrency they hold.

The company is raising money after the lending unit of its crypto broker, Genesis, collapsed into bankruptcy in January, becoming the latest crypto company to fail after the downfall of Sam Bankman-Fried's FTX exchange rocked the digital asset industry. The US group has been attempting to repay more than $3bn to its creditors and has been embroiled in a public dispute with the Winklevoss twins over the debts.

Grayscale earns lucrative fees for managing pools of cryptocurrencies

To raise further funds, last month the group hired Lazard bankers to help sell its trade news site, CoinDesk.

DCG's recent share sales have focused on the Ethereum fund, where the group has moved to sell about a quarter of its stock to raise as much as $22mn in several trades since January 24, according to the filings. The company is selling at about $8 per share, despite each share's claim to $16 of ether.

"This is simply part of our ongoing portfolio rebalancing," DCG said.

Grayscale earns a 2.5 per cent management fee on the 3mn of ether in the trust, equating to $209mn in the year to end September.

DCG last sold shares in the Ethereum trust in 2021 when the vehicle traded nearly at par with its net asset value, according to the filings provided by The Washington Service. Today, the shares trade at half the value of the ethereum coin they represent.

Commodities

EU climate goals leave buyers fearful of signing supply deals, say US executives

JUSTIN JACOBS — HOUSTON

Talks to send more US natural gas to Europe have stalled as the continent's climate goals deter buyers from making long-term fossil fuel supply commitments, according to two US energy executives.

The US has shipped record volumes of liquefied natural gas to Europe over the past year, helping the continent avoid an energy catastrophe after Moscow cut off most of its pipeline supplies as part of the war in Ukraine.

But US gas executives said buyers had largely not been willing to commit to multi-decade supply deals needed to underpin a wave of project construction on the Gulf of Mexico that would further lift supply in the coming years.

"[European] buyers are fearful of their governments telling them they can't buy hydrocarbons 15 or 20 years from now," said Nick Dell'Osso, chief executive of Chesapeake Energy, one of the largest US gas producers. "[Things] are at a bit of a loggerheads right now."

Paul Varello, chief executive of Commonwealth LNG, which is trying to secure buyers for its proposed export plant in Louisiana on the US Gulf Coast, said he was also struggling to find willing European buyers.

"Is it popular in Europe to come to Commonwealth LNG and do a 20-year deal . . . the answer is no," he said. "Politically, it is just too close to their 2050 carbon-neutral goals."

The long-term contracts, which can be worth billions of dollars over decades, were needed to secure funding from banks to cover the "monstrous cost" of building new LNG plants, said Varello.

'While the green influence in Europe is impacting their whole philosophy, that's not true in Asia'

Europeans are still focused on covering their energy needs for the next couple of years — creating a "mismatch" between them and US LNG producers that need much longer commitments, said Jason Gabelman, an analyst at Cowen Research.

The European Commission and White House last year agreed a deal under which the US would try to send more LNG to Europe — but only until 2030. The EU aims to be net-emissions free by 2050 and wants to replace Russian gas with a huge buildout of clean energy capacity.

European buyers and US developers have agreed some deals. Poland's PKN Orlen last month signed a 20-year supply agreement with a Texas export plant proposed by Sempra LNG and in October Germany's EnBW expanded an existing deal with Venture Global.

But those deals have not come at nearly the pace and scale many predicted. Nearly a year after Russia's invasion of Ukraine, only one of more than a dozen prospective US LNG export projects has secured enough buyers to commit to building their facility.

Europe's mild winter has further damped buyers' appetite for long-term commitments, said executives.

US gas developers are instead turning their focus to potential buyers in China, South Korea, India and elsewhere in Asia. "While the green influence in Europe is impacting their whole philosophy, that's not true in Asia," said Varello.

The day in the markets

What you need to know

- **Stocks and government bonds fall as investors worry over tighter US policy**
- **Strong jobs report triggers fears that Fed will keep raising rates**
- **Dollar slides while European and Asian equities also attract sellers**

Global stocks and government bonds sank and the dollar strengthened yesterday after last week's stronger than expected US jobs report raised the likelihood of further interest rate increases.

Data released on Friday showed that the US added 517,000 jobs in January, much higher than the 185,000 anticipated by Wall Street economists, while the unemployment rate fell to a 50-year low.

Wall Street's blue-chip S&P 500 and the tech-heavy Nasdaq Composite both fell 0.3 per cent as the report continued to depress sentiment.

US equities fell on Friday after the jobs report but posted a gain over the week as the US Federal Reserve raised its main policy rate by only a quarter percentage point, the smallest amount since March.

"The US labour data shocked" and the number of jobs created "makes it more probable that the Fed will keep hiking", said Steve Englander, a strategist at Standard Chartered.

While the US Dollar index — a measure of its strength against a basket of six other currencies — added 0.7 per cent yesterday, Refinitiv data shows that the dollar has slipped 5.8 per cent over the past three months as US rate rises have slowed.

Englander said the jobs data on its own was unlikely to unwind the dollar-negative view but that "alarming inflation signals" when January's numbers are released this month might do the trick.

Government bonds in the US and Europe sold off, with the yield on the benchmark 10-year Treasury rising 10 basis points to 3.63 per cent following a 13bp increase on Friday.

The yield on the 10-year German Bund added 10bp to 2.29 per cent, reversing a decline last week.

Traders initially rushed into sovereign bonds on hopes that the current cycle of rate rises may be nearing its end — even though the European Central Bank and the Bank of England last week raised rates by half a percentage point.

The region-wide Stoxx Europe 600 fell 0.8 per cent as did Frankfurt's Xetra Dax, with sentiment also eroded by weak December eurozone retail sales figures.

London's FTSE 100, which last week hit a record high, fell 0.8 per cent.

Most Asian equities declined as a rally in January for Chinese equities fizzled out and heightened US-China tension deflated sentiment. Hong Kong's Hang Seng index fell 2 per cent while the CSI 300 index of Shanghai and Shenzhen stocks shed 1.3 per cent. **George Steer**

US Treasury yields jumped on Friday's strong jobs report

Yields on 10-year and 2-year US Treasuries (rebased)

Source: Bloomberg

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4109.05	1802.44	27693.65	7836.71	3238.70	107915.46
% change on day	-0.66	-0.71	0.67	-0.82	-0.76	-0.56
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	103.241	1.073	132.860	1.201	6.783	5.194
% change on day	0.317	-1.197	1.389	-0.826	0.549	1.503
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.624	2.291	0.495	3.238	2.919	12.993
Basis point change on day	10.210	10.300	0.940	18.800	0.400	11.300
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	428.03	80.47	73.68	1875.35	23.49	4213.60
% change on day	-1.15	0.66	0.40	-2.41	-3.87	-1.85

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

Biggest movers

%

	US		Eurozone		UK	
Ups	Catalent	20.54	Telecom Italia	3.17	Airtel Africa	3.53
	Extra Space Storage	3.14	Bayer	3.16	Centrica	1.78
	Cboe Global Markets	2.42	Intesa Sanpaolo	2.69	Gsk	1.49
	Tesla	2.42	Caixabank	2.40	Fresnillo	1.30
	On Semiconductor	2.30	Novo Nordisk	1.75	National Grid	0.58
Downs	Tyson Foods	-5.03	Thyssenkrupp	-4.49	Prudential	-4.76
	Newmont	-4.57	Adidas	-4.05	Ocado	-3.36
	Vornado Realty Trust	-4.43	Arcelormittal	-3.95	Hargreaves Lansdown	-3.29
	Intel	-4.17	Kering	-3.68	Bt	-3.19
	Vf	-4.03	Wartsila	-3.60	Land Securities	-2.78

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

Catalent leapt to the top of the S&P 500 after reports that the contract drug manufacturer could be a takeover target.

Bloomberg reported that life sciences company Danaher had expressed an interest in Catalent in recent months, valuing the group at a "significant premium", according to unnamed sources.

But a deal was not imminent, said the article.

Near the tail-end of the blue-chip benchmark was beef and poultry producer **Tyson Foods**, which missed its fiscal first-quarter earnings.

Donnie King, chief executive, said "we faced some challenges in the first quarter" as Tyson posted earnings of 85 cents per share, which was more than 36 per cent below what Wall Street had expected. "Market dynamics and some operational inefficiencies impacted our profitability," said King.

The US-listed shares of biotech group **Alvotech**, which specialises in biosimilar medicines, climbed off the back of a deal with Advanz Pharma to commercialise AVT23, a proposed biosimilar to Novartis's Xolair to treat asthma.

The agreement covers the European Economic Area, the UK, Switzerland, Canada, Australia and New Zealand — an estimated market for the reference product worth more than $1bn, according to data from IQVIA. *Ray Douglas*

Europe

Finnish games developer **Rovio** rose sharply on announcing the start of a strategic review and preliminary non-binding talks with "certain parties, including Playtika" — linked to a potential takeover offer.

Israel's Playtika, which develops free-to-play mobile games, last month presented a sweetened bid of €9.05 per share — almost 60 per cent higher than Rovio's previous closing price at the time.

This was 55 cents above Playtika's €8.50 per share offer made in November.

Rothschild & Co jumped on news that the Rothschild family was planning to take the investment bank private.

Concordia, the holding company of the Rothschild family and the lender's largest shareholder, intended to offer €48 per share, a 19.3 per cent premium to Friday's closing price.

The move was driven by a desire to assess the business "on the basis of its long-term performance rather than short-term earnings", said Concordia.

A ratings downgrade weighed on **Carl Zeiss Meditec**, the medical tech subsidiary of the German optical group, which was lowered to "hold" from "buy" by Berenberg.

Given Carl Zeiss' recent rally and likely pressure on margins this year, the broker said it was time to pause "for breath". *Ray Douglas*

London

Morses Club dived following news that its shareholders at a general meeting on Friday had voted for the subprime lender to delist and re-register as a private company.

Morses revealed in September that it was "materially lossmaking" as it sought to deal with customer claims linked to "unaffordable lending".

The last day of dealings in Morses shares would be February 10.

Steel and foundry specialist **Vesuvius** retreated after disclosing a cyber security incident involving "unauthorised access to our systems".

Vesuvius said it had shut down affected systems and was working with experts to identify the extent of the issue.

Trading platform **Plus500** climbed on news that it had been granted a licence to operate across the United Arab Emirates.

Jefferies said "the concentration of wealth in the UAE makes it an attractive market for contract-for-difference providers" such as Plus500.

Medical diagnostic group **EKF Diagnostics** dived after announcing that its core profits would be "slightly below market expectations" for the full year.

The news came as EKF revealed that Mike Salter would be stepping down as chief executive with "immediate effect", although he remained part of the management team. *Ray Douglas*

Financial conditions paradox raises risk of policy mistakes

Mohamed El-Erian

Markets Insight

Last week was a lesson in central bank "unusual" — developments that are less common and deserve to be thought through carefully as they speak directly to the future wellbeing of the global economy.

I am talking here of two notable contrasts. First, larger differences in policy implementation among major central banks. Second and more important, a variance between the latest signals from the US Federal Reserve and the financial conditions through which monetary policy delivers outcomes.

At Wednesday's press conference that followed the announcement of a widely expected 25 basis point rate hike, Fed chair Jay Powell referred to disinflation 11 times. In contrast, the word did not come up at all in the press conferences of Christine Lagarde, president of the European Central Bank, and Andrew Bailey, Bank of England governor.

The disinflation narrative helps explains why markets, which had done little in response to the release of the Fed policy statement before the press conference, then took off in a generalised fashion as Powell answered questions.

But the difference between the Fed on the one hand and the ECB and BoE on the other is not limited to words. We are also seeing a divergence in policy developments and prospects.

The Fed appeared last week to have taken a hard turn towards expecting a soft landing — that is, inflation heading down to target with little damage to economic growth.

The other two central banks seem more worried about inflation persisting and, therefore, a hard landing such as a recession or, worse, stagflation.

Needless to say, there are implications for the global economy given the systemic influence of these central banks.

Compare this situation with the prior monetary policy regime when we had a high degree of correlation, if not initial co-operation, between central banks.

After normalising malfunctioning financial markets, central banks doubled down on unconventional monetary policy to pursue broader macroeconomy outcomes (growth and employment in particular).

Another, and potentially more consequential contrast is between how the Fed portrayed financial conditions and what the most widely followed indices are telling us.

> Policymakers have to be careful to avoid their communications being an undue source of volatility

Financial conditions matter for the effectiveness of monetary policy. As an illustration, think back again to how the prior regime of floored interest rates and sizeable liquidity injections repressed both economic and financial volatility.

This time around and according to longstanding indices, developments in financial conditions have divorced themselves from monetary policy.

They are as loose today as they were a year ago before the Fed embarked on its 4.50 percentage point rate hiking cycle, and this loosening has been turbocharged since the December Fed policy meeting. All of this is consistent with last Friday's stunning US payrolls report.

This disparity has been the subject of much discussion among market participants. Yet it is not what the Fed sees, judging from Powell's comments at last Wednesday's press conference, where he repeatedly referred to financial conditions having tightened quite a bit in the past 12 months.

It could well be, as suggested by vice-chair Lael Brainard a few weeks ago, that the Fed is guided by a slimmed down view of financial conditions.

That would be similar to its approach for inflation where it is now paying a lot of attention to core prices in services excluding housing.

One way of figuring this out would be by knowing how the Fed reacted internally to Wednesday's roaring market price action and Friday's strong jobs report. Unfortunately, such information is highly elusive unless some key Fed officials come out — or Powell himself at his scheduled event today — to "correct" the markets' understanding of what they heard and seen.

The longer this "financial conditions paradox" remains unresolved, the larger the scope for another policy mistake.

For many years, central banks were celebrated for being effective repressers of economic and financial volatility. We are now in a different world.

They have to be careful to avoid their communication being an undue source of such volatility. This is even more important in a global economy navigating the uncertainties associated with changing globalisation, the energy transition, the rewiring of supply chains and — in the case of the US and UK — exceptional labour market conditions.

Mohamed El-Erian is president of Queens' College, Cambridge, and an adviser to Allianz and Gramercy

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 $
-0.66%	-0.77%	-0.35%	-0.82%	-0.71%	0.67%	-2.02%	-1.15%	-1.197%	-0.826%	1.389%	-0.446%	1.10%	-2.41%

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

AMERICAS

S&P 500 — New York (Jan 07 - -): 3,808.10 → 4,109.05. Day -0.66% Month 5.51% Year -8.68%

Nasdaq Composite — New York: 10,305.24 → 11,914.48. Day -0.77% Month 12.75% Year -15.47%

Dow Jones Industrial — New York: 32,930.08 → 33,808.87. Day -0.35% Month 0.56% Year -3.62%

S&P/TSX COMP — Toronto (Jan 07 - Feb 03): 19,814.51 → 20,644.80. Day -0.65% Month 4.09% Year -3.04%

IPC — Mexico City: 50,805.21 → 54,049.05. Day 0.32% Month 10.19% Year 5.68%

Bovespa — São Paulo: 108,963.70 → 107,918.09. Day -0.56% Month -0.94% Year -3.84%

EUROPE

FTSE 100 — London (Jan 07 - Feb 06): 7,699.49 → 7,836.71. Day -0.82% Month 1.77% Year 4.25%

FTSE Eurofirst 300 — Europe: 1,756.77 → 1,802.44. Day -0.71% Month 2.56% Year -0.26%

CAC 40 — Paris: 6,860.95 → 7,137.10. Day -1.34% Month 5.55% Year 2.67%

Xetra Dax — Frankfurt (Jan 07 - Feb 06): 14,610.02 → 15,345.91. Day -0.84% Month 1.75% Year NaN%

Ibex 35 — Madrid: 8,701.10 → 9,159.20. Day -0.72% Month 6.41% Year 6.64%

FTSE MIB — Milan: 25,180.35 → 27,022.33. Day 0.27% Month 8.46% Year 1.24%

ASIA

Nikkei 225 — Tokyo (Jan 07 - Feb 06): 25,820.80 → 27,693.65. Day 0.67% Month 7.15% Year 0.83%

Hang Seng — Hong Kong: 20,991.64 → 21,222.16. Day -2.02% Month 0.72% Year -13.72%

Shanghai Composite — Shanghai: 3,073.70 → 3,238.70. Day -0.76% Month 2.65% Year -3.65%

Kospi — Seoul (Jan 07 - Jan 20): 2,350.73 → 2,395.26. Day 0.63% Month 1.83% Year -11.54%

FTSE Straits Times — Singapore: 3,242.46 → 3,385.93. Day 0.05% Month 2.78% Year 1.59%

BSE Sensex — Mumbai: 60,353.27 → 60,506.90. Day -0.55% Month 0.25% Year 3.25%

Country	Index	Latest	Previous
Argentina	Merval	238265.97	240038.07
Australia	All Ordinaries	7745.90	7771.80
	S&P/ASX 200	7539.00	7558.10
	S&P/ASX 200 Res	6324.20	6293.10
Austria	ATX	3354.55	3379.45
Belgium	BEL 20	3888.97	3907.65
	BEL Mid	9945.31	9987.70
Brazil	IBovespa	107915.46	108523.47
Canada	S&P/TSX 60	1244.31	1251.69
	S&P/TSX Comp	20624.20	20758.34
	S&P/TSX Div Met & Min	1739.14	1728.81
Chile	S&P/CLX IGPA Gen	28144.35	28296.64
China	FTSE A200	10782.32	10918.86
	FTSE B35	9000.71	8988.96
	Shanghai A	3394.72	3420.65
	Shanghai B	296.42	297.73
	Shanghai Comp	3238.70	3263.41
	Shenzhen A	2244.18	2263.12
	Shenzhen B	1219.26	1226.60
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1353.88	1355.10
Denmark	OMXC Copenahgen 20	1885.72	1877.27
Egypt	EGX 30	16587.06	16255.73
Estonia	OMX Tallinn	1899.22	1892.29
Finland	OMX Helsinki General	11224.78	11314.13
France	CAC 40	7137.10	7233.94
	SBF 120	5476.21	5548.35
Germany	M-DAX	29321.71	29778.59
	TecDAX	3308.46	3338.57
	XETRA Dax	15345.91	15476.43
Greece	Athens Gen	1033.00	1033.44
	FTSE/ASE 20	2511.09	2514.28
Hong Kong	Hang Seng	21222.16	21660.47
	HS China Enterprise	7189.37	7387.02
	HSCC Red Chip	3890.65	3944.84
Hungary	Bux	44793.85	45396.33
India	BSE Sensex	60506.90	60841.88
	Nifty 500	14934.15	14962.35
Indonesia	Jakarta Comp	6873.79	6911.73
Ireland	ISEQ Overall	8095.41	8154.60
Israel	Tel Aviv 125	1857.73	1875.03
Italy	FTSE Italia All-Share	29184.65	29213.43
	FTSE Italia Mid Cap	44550.11	44677.93
	FTSE MIB	27022.33	26950.74
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	27693.65	27509.46
	S&P Topix 150	1705.49	1697.03
	Topix	1979.22	1970.26
Jordan	Amman SE	2706.56	2708.38
Kenya	NSE 20	1664.14	1658.33
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1206.06	1196.47
Lithuania	OMX Vilnius	987.86	987.72
Luxembourg	LuxX	1596.71	1624.02
Malaysia	FTSE Bursa KLCI	1490.47	1489.80
Mexico	IPC	54049.05	53874.91
Morocco	MASI	10335.31	10343.77
Netherlands	AEX	752.40	763.86
	AEX All Share	1035.56	1052.20
New Zealand	NZX 50	12197.15	12152.16
Nigeria	SE All Share	54213.09	53998.12
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	41190.77	40471.16
Philippines	Manila Comp	6936.61	7027.38
Poland	Wig	60388.36	61465.85
Portugal	PSI 20	5906.77	5924.32
	PSI General	4419.19	4417.26
Romania	BET Index	12284.63	12275.89
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	10555.71	10558.58
Singapore	FTSE Straits Times	3385.93	3384.29
Slovakia	SAX	330.92	330.92
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	79582.83	80240.92
	FTSE/JSE Res 20	74088.22	75186.42
	FTSE/JSE Top 40	73489.37	74082.09
South Korea	Kospi	2395.26	2380.34
	Kospi 200	315.56	313.81
Spain	IBEX 35	9159.20	9225.60
Sri Lanka	CSE All Share	9100.14	9178.61
Sweden	OMX Stockholm 30	2258.20	2294.52
	OMX Stockholm AS	869.46	885.78
Switzerland	SMI Index	11283.25	11349.39
Taiwan	Weighted Pr	15392.82	15602.66
Thailand	Bangkok SET	1682.11	1688.36
Turkey	BIST 100	4930.18	4930.18
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2731.40	2767.00
	FTSE 100	7836.71	7901.80
	FTSE 4Good UK	7126.19	7180.94
	FTSE All Share	4303.90	4339.71
	FTSE techMARK 100	6632.49	6661.58
USA	DJ Composite	11477.92	11543.68
	DJ Industrial	33808.87	33926.01
	DJ Transport	15357.70	15618.21
	DJ Utilities	948.34	953.58
	Nasdaq 100	12492.75	12573.36
	Nasdaq Cmp	11914.48	12006.96
	NYSE Comp	15857.45	15999.40
	S&P 500	4109.05	4136.48
	Wilshire 5000	41081.34	41385.36
Venezuela	IBC	26009.96	25378.93
Vietnam	VNI	1089.29	1077.15
Cross-Border	DJ Global Titans ($)	442.75	446.87
	Euro Stoxx 50 (Eur)	4205.65	4257.98
	Euronext 100 ID	1337.71	1356.04
	FTSE 4Good Global ($)	10076.13	10176.44
	FTSE All World ($)	428.03	433.01
	FTSE E300	1802.44	1815.27
	FTSE Eurotop 100	3542.72	3566.10
	FTSE Global 100 ($)	2631.82	2657.35
	FTSE Gold Min ($)	1869.18	1957.34
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2848.11	2872.11
	FTSE World ($)	776.62	785.22
	FTSEurofirst 100 (Eur)	4823.69	4865.86
	FTSEurofirst 80 (Eur)	5755.95	5823.78
	MSCI ACWI Fr ($)	656.26	662.34
	MSCI All World ($)	2820.74	2847.82
	MSCI Europe (Eur)	1880.49	1866.83
	MSCI Pacific ($)	2796.79	2834.87
	S&P Euro (Eur)	1896.32	1917.66
	S&P Europe 350 (Eur)	1851.72	1865.33
	S&P Global 1200 ($)	3091.24	3120.32
	Stoxx 50 (Eur)	3856.14	3879.13

(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 / LONDON / EURO MARKETS / TOKYO — ACTIVE STOCKS: [illegible]

BIGGEST MOVERS (America)	Close price	Day's change	Day's chng%
Ups			
Catalent	67.56	11.51	20.54
Extra Space Storage	168.25	5.12	3.14
Cboe Global Markets	127.27	3.01	2.42
Tesla	194.57	4.59	2.42
On Semiconductor	82.75	1.86	2.30
Downs			
Tyson Foods	60.81	-3.22	-5.03
Newmont	47.57	-2.28	-4.57
Vornado Realty Trust	23.75	-1.10	-4.43
Intel	29.06	-1.27	-4.17
Vf	29.39	-1.24	-4.03

Based on the constituents of the S&P500

BIGGEST MOVERS (London)	Close price	Day's change	Day's chng%
Ups			
Bakkavor	119.00	5.60	4.94
Airtel Africa	117.40	4.00	3.53
Plus500 Ltd	1951.00	56.00	2.96
Syncona	180.00	4.40	2.51
Drax	644.50	15.00	2.38
Downs			
Asos	915.00	-48.00	-4.98
Ferrexpo	152.50	-7.70	-4.81
Prudential	1289.50	-64.50	-4.76
Darktrace	232.00	-11.10	-4.57
Tullow Oil	33.96	-1.62	-4.55

Based on the constituents of the FTSE 350 index

BIGGEST MOVERS (Euro markets)	Close price	Day's change	Day's chng%
Ups			
Bayer Ag Na O.n.	58.47	1.79	3.16
Intesa Sanpaolo	2.45	0.06	2.69
Sartorius Ag Vzo O.n.	467.10	8.20	1.79
Novo Nordisk B A/s	128.70	2.22	1.75
Unicredit	18.30	0.28	1.58
Downs			
Adyen	1538.20	-79.40	-4.91
Adidas Ag Na O.n.	154.54	-6.52	-4.05
Kering	576.60	-22.00	-3.68
Cs N	3.21	-0.12	-3.50
Asml Holding	618.60	-20.90	-3.27

Based on the constituents of the FTSEurofirst 300 Eurozone index

BIGGEST MOVERS (Tokyo)	Close price	Day's change	Day's chng%
Ups			
Mitsubishi	4635.00	337.00	7.84
Kawasaki Kisen Kaisha,	3065.00	156.00	5.36
Mitsubishi Motors	510.00	24.00	4.94
Marubeni	1715.50	69.50	4.22
Sumitomo Realty & Development Co,	3197.00	125.00	4.07
Downs			
Eisai Co.,	7631.00	-238.00	-3.02
T&d Holdings, .	1980.00	-61.00	-2.99
Z Holdings	408.00	-12.10	-2.88
Mitsubishi Ufj Fin,.	909.00	-19.50	-2.10
Advantest	9710.00	-200.00	-2.02

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100 / FTSE 250 / FTSE SmallCap / Industry Sectors — Winners: [illegible]

FTSE 100	Feb 06 price(p)	%Chg week	%Chg ytd
Admiral	2291.00	7.1	7.5
Losers			
Anglo American	3352.00	-6.8	3.5
Antofagasta	1704.50	-4.6	10.0
Rio Tinto	6047.00	-4.6	4.4
Standard Chartered	671.40	-4.4	8.0
Fresnillo	827.40	-3.6	-9.0
Prudential	1289.50	-3.3	14.4
Rolls-royce Holdings	108.08	-3.3	15.5
Diageo	3561.50	-3.1	-2.3
Glencore	545.90	-2.3	-1.5
Aviva	445.80	-2.2	0.7
Astrazeneca	10580.00	-2.1	-5.7
Centrica	96.96	-2.1	0.5

FTSE 250	Feb 06 price(p)	%Chg week	%Chg ytd
Moonpig	127.70	11.0	15.8
Losers			
888 Holdings	71.65	-28.8	-
Ferrexpo	152.50	-12.4	-3.0
Tullow Oil	33.96	-11.6	-7.3
Centamin	105.45	-9.1	-6.9
Helios Towers	109.90	-8.0	3.6
Trainline	280.00	-7.7	2.0
Darktrace	232.00	-7.6	-
Baltic Classifieds	146.00	-7.0	3.7
Energean	1179.00	-5.6	-
Wizz Air Holdings	2651.00	-5.3	50.1
Sdcl Energy Efficiency ome Trust	91.70	-5.1	-5.0
Telecom Plus	1942.00	-4.8	-

FTSE SmallCap	Feb 06 price(p)	%Chg week	%Chg ytd
Civitas Social Housing	58.80	10.5	-6.8
Losers			
Nanoco	26.90	-26.1	-
Hochschild Mining	65.15	-20.2	-7.6
Superdry	123.40	-18.3	-3.6
Fisher (james) & Sons	342.50	-14.1	-
Pod Point Holdings	64.00	-9.9	4.9
Enquest	20.55	-8.7	-4.0
Chrysalis Investments	80.80	-8.6	5.1
Hyve	69.00	-7.5	-5.8
On The Beach	176.80	-6.8	13.0
Petra Diamonds	76.50	-6.7	-
Kin And Carta	211.00	-6.4	-1.4
Ecofin Global Utilities And Infrastructure Trust	208.00	-5.7	-4.1

Industry Sectors	Feb 06 price(p)	%Chg week	%Chg ytd
Travel & Leisure	7510.80	2.7	21.0
Losers			
Industrial Metals	8007.36	-2.8	2.3
Life Insurance	7624.58	-2.4	8.2
Mobile Telecommunications	2319.97	-1.6	8.9
Aerospace & Defense	5225.73	-1.5	2.0
Banks	3769.48	-1.0	14.5
Mining	11342.13	-0.9	1.8
Oil & Gas Producers	8292.87	-0.6	1.9
Gas Water & Multiutilities Index	5931.33	0.1	4.7
Pharmaceuticals & Biotech.	20397.58	0.3	-3.0
General Retailers	3381.34	0.8	0.3
Health Care Equip.& Services	11156.24	0.9	2.3
Personal Goods	35994.84	0.9	17.1

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

CURRENCIES

Feb 6	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	189.1200	1.1720	202.9533	-1.1116	227.1794	-0.3689
Australia	Australian Dollar	1.4575	0.0239	1.5641	0.0076	1.7508	0.0152
Bahrain	Bahrainin Dinar	0.3770	-	0.4045	-0.0048	0.4528	-0.0036
Bolivia	Bolivian Boliviano	6.9100	-	7.4154	-0.0871	8.3006	-0.0653
Brazil	Brazilian Real	5.1944	0.0769	5.5743	0.0180	6.2397	0.0440
Canada	Canadian Dollar	1.3456	0.0087	1.4440	-0.0075	1.6163	-0.0022
Chile	Chilean Peso	808.3600	11.8800	867.5094	2.7073	971.0621	6.7413
China	Chinese Yuan	6.7832	0.0370	7.2794	-0.0453	8.1483	-0.0193
Colombia	Colombian Peso	4797.8500	104.0500	5148.7924	52.4849	5763.3931	80.6192
Costa Rica	Costa Rican Colon	571.8900	4.3000	613.7213	-2.5412	686.9797	-0.2002
Czech Republic	Czech Koruna	22.2206	0.3353	23.8459	0.0839	26.6924	0.1958
Denmark	Danish Krone	6.9363	0.0799	7.4437	-0.0006	8.3322	0.0312
Egypt	Egyptian Pound	30.3346	0.0766	32.5534	-0.2993	36.4393	-0.1941
Hong Kong	Hong Kong Dollar	7.8462	0.0008	8.4201	-0.0980	9.4251	-0.0731
Hungary	Hungarian Forint	368.1452	11.2260	395.0734	7.5474	442.2324	10.1111
India	Indian Rupee	82.7362	0.8925	88.7880	-0.0740	99.3865	0.2984
Indonesia	Indonesian Rupiah	15055.0000	162.5000	16156.2112	-13.3754	18084.7524	54.4218
Israel	Israeli Shekel	3.4746	0.0561	3.7288	0.0171	4.1738	0.0351
Japan	Japanese Yen	132.8600	1.8200	142.5781	0.3011	159.5973	0.9475
..One Month		132.8595	1.8190	142.5778	0.3005	159.5968	0.9465
..Three Month		132.8584	1.8167	142.5771	0.2991	159.5957	0.9441
..One Year		132.8531	1.8064	142.5734	0.2917	159.5968	0.9402
Kenya	Kenyan Shilling	124.9000	0.1500	134.0359	-1.4118	150.0354	-0.9991
Kuwait	Kuwaiti Dinar	0.3060	0.0002	0.3283	-0.0036	0.3675	-0.0027
Malaysia	Malaysian Ringgit	4.2580	-	4.5695	-0.0537	5.1149	-0.0403
Mexico	Mexican Peso	19.2248	0.3597	20.6310	0.1482	23.0936	0.2538
New Zealand	New Zealand Dollar	1.5925	0.0243	1.7090	0.0064	1.9130	0.0144
Nigeria	Nigerian Naira	460.7500	0.2500	494.4519	-5.5373	553.4734	-4.0529
Norway	Norwegian Krone	10.3392	0.2149	11.0955	0.1029	12.4199	0.1624
Pakistan	Pakistani Rupee	275.2000	0.0650	295.3297	-3.3989	330.5825	-2.5228
Peru	Peruvian Nuevo Sol	3.8566	0.0002	4.1386	-0.0484	4.6327	-0.0362
Philippines	Philippine Peso	54.3950	0.7300	58.3738	0.1068	65.3417	0.3696
Poland	Polish Zloty	4.4188	0.0833	4.7420	0.0348	5.3081	0.0591
Romania	Romanian Leu	4.5619	0.0497	4.8956	-0.0036	5.4800	0.0170
Russia	Russian Ruble	71.2250	0.6000	76.4348	-0.2465	85.5586	0.0531
Saudi Arabia	Saudi Riyal	3.7519	-0.0006	4.0263	-0.0480	4.5069	-0.0363
Singapore	Singapore Dollar	1.3285	0.0088	1.4257	-0.0072	1.5959	-0.0020
South Africa	South African Rand	17.6650	0.2319	18.9571	0.0290	21.2200	0.1137
South Korea	South Korean Won	1252.7500	23.3500	1344.3833	9.5567	1504.8592	16.4273
Sweden	Swedish Krona	10.6251	0.1473	11.4022	0.0260	12.7633	0.0779
Switzerland	Swiss Franc	0.9281	0.0055	0.9960	-0.0057	1.1149	-0.0021
Taiwan	New Taiwan Dollar	29.9770	0.2610	32.1697	-0.0945	36.0097	0.0326
Thailand	Thai Baht	33.6750	0.7175	36.1382	0.3545	40.4519	0.5503
Tunisia	Tunisian Dinar	3.0997	0.0118	3.3264	-0.0263	3.7235	-0.0150
Turkey	Turkish Lira	18.8290	0.0083	20.2063	-0.2284	22.6182	-0.1680
United Arab Emirates	UAE Dirham	3.6730	0.0000	3.9417	-0.0464	4.4122	-0.0346
United Kingdom	Pound Sterling	0.8325	0.0065	0.8934	-0.0034	-	-
..One Month		0.8325	0.0065	0.8933	-0.0034	-	-
..Three Month		0.8327	0.0065	0.8931	-0.0034	-	-
..One Year		0.8336	0.0066	0.8924	-0.0034	-	-
United States	United States Dollar	-	-	1.0731	-0.0126	1.2012	-0.0095
..One Month		-	-	1.0730	-0.1375	1.2013	-0.0095
..Three Month		-	-	1.0726	-0.1375	1.2015	-0.0095
..One Year		-	-	1.0710	-0.1376	1.2023	-0.0094
Vietnam	Vietnamese Dong	23482.5000	32.5000	25200.1522	-260.7538	28208.2673	-182.5954
European Union	Euro	0.9316	0.0108	-	-	1.1194	0.0043
..One Month		0.9317	0.0108	-	-	1.1193	0.0043
..Three Month		0.9313	0.0108	-	-	1.1191	0.0043
..One Year		0.9297	0.0108	-	-	1.1184	0.0043

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 06	Day's chge%	Euro Index	£ Strlg Feb 03	£ Strlg Feb 02	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7836.71	-0.82	6838.68	7901.80	7820.16	7516.40	3.49	1.61	17.78	4.08	8057.32
FTSE 250 (250)	20409.38	-0.89	17810.19	20593.46	20614.69	21712.04	2.99	0.75	44.37	33.82	17029.57
FTSE 250 ex Inv Co (170)	21162.67	-0.89	18467.54	21352.56	21402.06	22533.25	3.06	1.66	19.71	35.41	18017.98
FTSE 350 (350)	4344.35	-0.83	3791.08	4380.88	4342.85	4235.30	3.42	1.50	19.47	2.98	8865.46
FTSE 350 ex Investment Trusts (267)	4282.50	-0.82	3737.11	4317.97	4278.99	4152.49	3.47	1.70	16.92	2.75	4516.35
FTSE 350 Higher Yield (133)	3736.00	-0.65	3260.21	3760.38	3729.11	3508.91	4.79	1.74	12.02	2.10	8605.41
FTSE 350 Lower Yield (217)	4510.69	-1.03	3936.24	4557.45	4516.17	4618.54	1.99	0.92	54.73	3.68	5560.86
FTSE SmallCap (230)	6613.63	-0.48	5771.36	6645.68	6641.59	7144.76	3.42	-0.67	-43.77	19.57	11174.57
FTSE SmallCap ex Inv Co (122)	5389.30	-0.16	4702.95	5397.67	5406.85	6020.66	3.62	2.25	12.29	9.15	9453.58

[illegible]

FT 30 INDEX

	Feb 06	Feb 03	Feb 02	Feb 01	Jan 31	Yr Ago	High	Low
FT 30	2731.40	2767.00	2759.00	2682.40	2672.40	0.00	2767.00	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
2767	2745.4	2736.6	2732.9	2731.4	2737.9	2732.9	2731.7	2730.5	2767	2722.3

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

FT WILSHIRE 5000 INDEX SERIES

[illegible]

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

General Retailers	22.22	Chemicals	9.97	Utilities	3.70
Construct & Material	16.18	Media	9.88	Industrial Transport	3.11
Food Producers	15.59	Leisure Goods	9.54	Basic Materials	2.83
Real Est Invest & Se	14.71	Telecommunications	8.67	Mining	2.12
Banks	14.60	FTSE 250 Index	8.26	Oil & Gas	2.11
Consumer Services	13.63	Life Insurance	8.07	Oil & Gas Producers	2.09
Travel & Leisure	13.61	Mobile Telecomms	7.34	Aerospace & Defense	2.02
Food & Drug Retailer	13.30	Household Goods & Ho	6.28	Automobiles & Parts	1.81
Electronic & Elec Eq	12.84	Software & Comp Serv	6.26	Personal Goods	1.17
Fixed Line Telecomms	11.97	FTSE SmallCap Index	5.99	Electricity	1.01
Industrial Eng	11.90	FTSE All{HY-}Share Index	5.61	Consumer Goods	0.39
[illegible]					

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1634.5	-2.00	Jd Sports Fashion PLC	182.15	-4.50
Abrdn PLC	212.40	-4.30	Johnson Matthey PLC	2346	-27.00
Admiral Group PLC	2291	11.00	Kingfisher PLC	280.30	-6.50
Airtel Africa PLC	117.40	4.00	Land Securities Group PLC	721.20	-20.80
Anglo American PLC	3352	-63.00	Legal & General Group PLC	256.70	-4.80
Antofagasta PLC	1704.5	-31.50	Lloyds Banking Group PLC	52.83	-0.50
Ashtead Group PLC	5674	-48.00	London Stock Exchange Group PLC	7628	-16.00
Associated British Foods PLC	1936	4.50	M&G PLC	206.10	-2.00
Astrazeneca PLC	10580	2.00	Melrose Industries PLC	148.20	-3.70
[illegible]					

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

UK STOCK MARKET TRADING DATA

[illegible]

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UK COMPANY RESULTS

[illegible]

UK RECENT EQUITY ISSUES

[illegible]

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$)							
ANZ Bank	25.58	-0.17	28.11	20.78	5.54	11.41	52710.53
BHP Group	48.20	0.29	53.72	35.83	8.01	12.04	167527.19
CmwBkAu	110.75	-0.40	111.38	86.98	2.97	22.15	128295.43
CSL	311.92	-1.89	314.21	240.10	0.91	47.50	103198.52
NatAusBk	31.88	-0.02	33.75	25.43	2.85	18.06	68768.11
Telstra	4.14	-0.01	4.17	3.62	2.27	35.82	32819.89
Wesfarmers	50.55	-0.13	55.19	40.03	3.31	27.84	39329.62
Westpac Bank	23.85	-0.07	24.67	18.80	3.50	18.45	57420.85
Woolworths	36.54	0.03	39.63	31.67	2.78	44.32	30497.25
Belgium (€)							
AnBshInBv	54.75	-0.19	58.72	45.56	0.92	29.06	102068.3
KBC Grp	68.06	-0.18	81.70	45.53	4.75	11.78	30469.34
Brazil (R$)							
Ambev	13.04	0.06	16.88	12.81	4.31	19.73	39539.34
Bradesco	12.19	-0.06	17.72	12.03	6.79	5.65	11430.08
Cielo	5.02	0.08	6.22	2.25	2.89	17.02	2625.61
ItauHldFin	21.41	0.05	26.04	18.86	3.61	8.49	20436.83
Petrobras	28.31	0.47	42.08	23.61	16.91	4.04	40562.12
Vale	87.49	-1.46	107.11	61.90	14.81	3.91	80491.5
Canada (C$)							
Bausch Hlth	10.29	-0.24	33.39	5.10	-	-3.27	2767.36
BCE	61.72	-0.05	74.09	55.66	5.36	21.85	41832.4
BkMontrl	134.56	-0.32	154.47	113.73	3.17	10.94	70967.91
BkNvaS	72.91	-0.45	95.00	63.19	4.81	9.65	64569.53
Brookfield	58.88	11.29	63.88	41.28	1.09	19.91	69948.82
CanadPcR	105.26	-0.78	111.43	86.12	0.68	26.85	72791.05
CanImp	61.55	-0.21	83.75	53.58	9.22	4.51	41470.57
CanNatRs	77.79	0.06	88.18	58.75	2.43	12.75	63928.11
CanNatRy	159.84	-0.82	175.39	137.26	1.45	24.56	79678.11
Enbridge	54.22	-0.16	59.69	48.88	5.82	20.00	81594.73
GtWestLif	35.05	-0.34	41.50	27.99	5.20	10.42	24275.47
ImpOil	67.01	-0.55	79.83	52.28	1.45	20.38	29091.51
Manulife	25.91	-0.33	28.09	20.81	4.27	7.75	35903.66
Nutrien	110.97	-0.20	147.93	89.80	1.98	16.85	41686.31
RylBkC	137.83	-0.32	146.26	116.75	3.05	12.95	141951.87
SHOP	70.35	-0.58	117.87	33.00	-	2.57	52551.62
Suncor En	43.91	-0.22	53.62	35.79	2.26	16.78	43653.99
ThmReut	160.52	-0.35	161.32	119.23	1.20	11.70	56792.4
TrntoDom	92.02	-0.40	109.08	77.27	3.36	12.19	124598.19
TrnCan	56.03	-0.02	74.44	52.70	5.87	31.89	42388.9
China (HK$)							
AgricBkCh	2.76	-0.03	3.15	2.22	7.84	3.65	10812.69
Bk China	2.94	-0.04	3.20	2.51	7.49	3.67	31334.1
BkofComm	4.77	-0.03	5.74	3.84	7.25	3.97	21285.11
BOE Tech	0.61	-0.07	0.86	0.55	-	9.91	15.47
Ch Coms Cons	3.95	-0.08	5.17	3.09	5.10	3.30	2224.39
Ch Evrbrght	2.45	-0.03	3.11	2.04	9.67	3.34	3959.06
Ch Rail Cons	4.91	-0.13	5.95	3.75	5.28	2.83	1299.3
Ch Rail Gp	4.10	-0.07	5.88	3.48	4.96	3.32	2198.57
ChConstBk	4.96	-0.05	6.23	4.12	7.41	3.83	151982.21
China Vanke	15.04	-0.64	21.70	9.96	9.37	6.83	3654.52
ChinaCitic	3.70	-0.05	4.08	2.92	7.50	3.46	7017.98
ChinaLife	13.46	-0.30	15.14	8.53	5.02	5.93	12765.26
ChinaMBank	46.40	-1.75	70.80	25.40	3.05	8.82	27149.35
ChinaMob	56.60	-0.15	58.65	46.05	5.63	8.80	147593.34
ChinaPcIns	20.40	-0.60	25.90	12.10	6.37	6.70	7215.78
ChMinsheng	2.85	-0.05	3.29	2.19	8.54	3.71	3022.26
ChMrchSecs	14.02	-0.23	17.20	12.06	3.04	12.83	15340.32
China Utd Coms	5.03	-0.21	5.60	3.30	2.17	25.87	22959.87
ChShenEgy	23.90	-0.10	27.65	18.20	8.48	7.30	10288.08
ChShpbldng	3.58	-0.02	4.17	3.36	-	-272.89	11655.17
ChStConEng	5.40	-0.01	6.40	4.67	3.88	4.29	32894.34
ChUncHK	5.48	-0.08	5.77	3.27	2.84	12.16	21370.65
CNNC Intl	6.00	-0.01	8.40	5.78	2.03	16.08	16673.93
CSR	3.53	-0.03	3.73	2.37	5.80	9.77	1966.54
Daqin	6.65	-	7.25	5.95	7.04	10.33	14574.95
GuosenSec	9.54	-0.04	11.45	8.43	2.35	11.24	12414.84
HaitongSecs	5.27	-0.11	7.34	3.77	5.40	5.76	2290.11
Hngzh HikVDT	36.52	-0.18	49.25	28.10	2.14	20.58	49040.6
Hunng Pwr	3.88	-0.04	4.80	2.62	5.04	-4.39	2324.39
IM Baotou Stl	2.05	-0.04	2.75	1.75	-	35.79	9573.49
In&CmBkCh	4.01	-0.07	4.94	3.37	7.50	3.70	44358.7
IndsrlBk	17.15	-0.11	23.22	15.01	4.41	4.82	52523.77
Kweichow	1795	-23.00	2077	1359	1.05	41.46	332420.6
Midea	0.41	-0.01	0.58	0.32	-	-4.48	15.73
New Ch Life Ins	20.10	-0.15	24.70	12.04	7.54	3.84	2649.14
PetroChina	4.07	-0.03	4.49	3.01	5.81	8.27	10944.63
PingAnIns	56.05	-1.85	69.40	31.30	4.42	8.97	53202.73
PngAnBnk	14.00	-0.32	17.34	10.39	1.21	8.57	40051.5
Pwr Cons Corp	6.97	0.01	9.81	6.65	1.24	14.86	11294.11
SaicMtr	14.85	0.01	19.29	13.77	3.90	7.62	25577.78
ShenwanHong	0.11	0.00	0.18	0.06	-	3.19	120.15
ShgPdgBk	7.25	-0.02	8.76	6.84	6.19	4.76	31372.19
Sinopec Corp	4.11	-0.04	4.32	3.06	3.36	4.99	12980.75
Sinopec Oil	2.12	-0.01	2.37	1.70	-	722.72	4240.97
Denmark (kr)							
DanskeBk	134.70	-3.95	147.20	91.28	1.40	9.81	16743.26
MollerMrsk	15700	-260.00	23960	13185	2.04	2.72	18951.28
NovoB	958.00	16.50	976.30	620.70	0.92	49.11	240672.45
Finland (€)							
Nokia	4.38	-0.07	5.20	4.12	-	16.06	26449.78
SampoA	48.27	-0.37	49.97	35.85	3.33	10.93	27612.97
France (€)							
Airbus Grpe	115.74	-1.38	120.78	86.52	-	22.57	97899.69
AirLiquide	143.64	-1.68	153.40	114.48	1.80	28.20	80689.76
AXA	28.49	-0.14	29.09	20.34	4.72	10.20	71890.23
BNP Parib	60.75	-0.97	68.07	40.67	4.14	9.31	80470.52
ChristianDior	798.00	-19.50	813.00	513.00	0.82	30.99	154581.26
Cred Agr	11.05	-0.21	14.27	8.09	6.81	6.42	36066.42
Danone	50.50	-0.24	58.14	46.48	3.61	18.28	36626.26
EDF	12.02	0.02	12.07	6.64	3.81	9.83	50127.62
Engie SA	13.03	-0.07	14.68	9.79	3.82	9.76	34052.81
EssilorLuxottica	175.00	-3.65	184.70	132.70	0.58	56.77	84068.38
Hermes Intl	1742.5	-35.50	1757	957.60	0.25	79.57	197410.18
LOreal	381.95	-2.45	384.35	300.45	0.98	49.50	219366.53
LVMH	814.20	-15.20	825.70	535.00	0.81	36.26	438667.38
Orange	9.57	-0.03	11.94	9.08	5.89	3377.83	27307.37
PernodRic	192.25	-2.05	203.50	166.60	1.53	30.88	53217.7
Renault	39.12	0.11	39.35	20.47	-	-31.06	12414.85
Safran	130.76	-1.64	132.66	87.85	0.31	1391.23	59953.09
Sanofi	84.91	-0.23	106.08	76.45	3.54	18.28	114888.35
Sant Gbn	54.51	-1.02	63.20	35.20	2.34	13.87	30171.03
Schneider	152.06	-2.78	156.54	110.02	1.61	28.54	93192.38
SocGen	27.56	-0.28	37.68	18.34	1.89	4.95	23899.17
Total	55.66	-0.69	60.93	43.60	4.56	11.38	156444.06
UnibailR	61.20	-1.14	73.09	39.68	-	-9.28	9113.25
Vinci	104.50	-0.84	105.32	80.74	2.42	24.85	66096.09
Vivendi	9.86	-0.04	12.16	7.59	5.72	-18.73	11667.39
Germany (€)							
Allianz	219.30	-1.45	232.50	156.22	4.11	14.74	94916.25
BASF	52.95	-1.09	69.15	37.90	5.86	9.33	50791.57
Bayer	58.19	1.51	67.99	47.01	3.23	60.70	61348.79
BMW	97.06	-0.52	98.02	67.58	1.84	5.50	62703.52
Continental	68.98	-0.92	93.29	44.44	-	11.31	14805.56
Deut Bank	11.38	-0.17	14.64	7.46	-	11.89	25187.02
Deut Tlkm	20.14	-0.02	20.49	14.47	2.80	24.63	107746.35
DeutsPost	41.95	-0.85	54.09	29.68	3.10	11.29	55773.89
E.ON	9.90	-0.14	12.47	7.28	4.46	5.85	28073.07
Fresenius Med	35.91	0.30	63.66	26.19	3.51	11.54	11291.41
Fresenius SE	27.12	0.01	38.11	19.76	3.12	9.12	16254.48
HenkelKgaA	61.25	-0.25	72.50	56.55	2.81	17.33	17076.43
Linde	299.30	-3.40	334.70	244.00	1.17	49.47	158206.81
Mercedes-Benz	71.85	-0.15	77.90	50.19	1.77	7.64	82490.36
MuenchRkv	324.20	1.10	334.10	205.15	2.84	16.46	48742.35
SAP	111.84	-0.44	112.28	81.35	1.55	26.68	147445.82
Siemens	142.96	-2.06	149.26	93.67	2.30	22.87	130404.37
Volkswgn	164.90	-3.25	260.00	144.35	2.74	5.93	52219.6
Hong Kong (HK$)							
AIA	85.60	0.65	93.65	57.25	1.39	22.01	128014.35
BOC Hold	26.10	-0.10	32.75	23.55	4.25	13.46	35170.04
Ch OSLnd&Inv	19.86	-0.44	27.35	14.58	5.40	4.96	27703.47
ChngKng	49.90	-1.25	57.00	42.90	3.17	11.47	22928.32
Citic Ltd	8.98	-0.10	9.40	7.01	5.35	4.17	33294.1
Citic Secs	17.50	-0.70	21.20	11.82	2.44	9.06	5843.79
CK Hutchison	48.70	-0.60	60.45	38.80	4.17	6.20	23772.59
CNOOC	11.16	-0.10	12.54	8.54	3.62	9.79	63400.76
HangSeng	124.70	-0.50	169.50	110.00	4.37	20.16	30385.21
HK Exc&Clr	337.60	-14.80	454.40	200.20	2.42	38.24	54551.82
MTR	41.75	-0.50	43.70	33.45	2.63	30.37	33001.66
SandsCh	28.15	-0.70	30.70	12.50	-	-31.24	29036.34
SHK Props	112.20	-0.90	115.90	83.10	3.94	12.88	41438.28
Tencent	376.80	-8.20	483.65	188.69	0.38	14.90	459499.41
India (Rs)							
Bhartartl	789.25	-3.65	860.55	628.75	-	170.93	56910.82
HDFC Bk	1651.75	-7.05	1722.1	1271.6	-	28.41	111355.27
Hind Unilevr	2637.6	-11.15	2741.6	1927	1.20	71.67	74904.08
HsngDevFin	2683.15	-11.50	2933.8	2026	0.85	23.17	59242.41
ICICI Bk	853.70	-10.10	958.20	642.15	0.23	27.47	72001.08
Infosys	1569.85	-29.55	1923.3	1360	1.91	31.46	79844.76
ITC	383.40	2.75	388.20	207.00	2.77	32.31	57526.55
L&T	2156.1	-10.45	2273.3	1456.35	0.82	36.28	36621.1
OilNatGas	143.50	-0.80	189.80	119.85	6.26	4.12	21819.61
Relianceln	2311.45	-17.55	2856.15	2222	0.30	26.83	189025.43
SBI NewA	545.40	1.20	629.55	430.70	0.72	15.43	58831.31
SunPhrmInds	1023.35	-4.80	1072.15	789.90	0.72	38.68	29676.96
Tata Cons	3459.95	-22.35	3854.1	2950.1	1.04	33.52	153017.98
Israel (ILS)							
TevaPha	36.78	0.73	38.52	23.83	-	31.67	11948.54
Italy (€)							
Enel	5.38	0.02	6.66	3.96	6.40	26.62	58686.65
ENI	13.70	-0.15	14.85	10.43	4.63	6.14	52994.31
Generali	18.11	0.06	21.55	13.67	7.83	10.83	30727.56
IntSPaolo	2.45	0.06	2.92	1.56	1.40	80.70	51024.2
Unicred	18.30	0.28	18.49	7.75	0.62	28.91	43941.41
Japan (¥)							
AstellasPh	1901.5	12.00	2205	1782	2.48	28.66	26274.82
Bridgestne	4855	55.00	5509	4042	3.50	11.05	26080.12
Canon	2932.5	48.50	3516	2538.5	3.41	14.20	29438.97
CntJpRwy	15470	85.00	17920	14730	0.86	-29.04	23986.3
Denso	7366	221.00	8778	6389	1.94	20.21	43685.1
EastJpRwy	6890	-11.00	8280	6373	1.49	-6.92	19599.23
Fanuc	23110	115.00	24930	18740	2.00	27.52	35120.63
FastRetail	82990	2380	88230	54310	0.65	39.00	66258.11
Fuji Hvy Ind	2169.5	36.50	2604	1984.5	2.64	24.95	12560.04
Hitachi	7002	96.00	7463	4750	1.68	10.27	49438.94
HondaMtr	3258	60.00	3755	3001	4.05	6.90	44419.94
JapanTob	2636	20.00	2871.5	2000	5.30	13.43	39680.86
KDDI	3983	71.00	4636	3671	3.08	13.36	69032.85
Keyence	60470	-910.00	62100	44880	0.34	50.59	110693.73
MitsbCp	4635	337.00	4845	3740	3.05	10.35	51427.55
MitsubEst	986.77	-5.45	1013.24	876.51	-	-	-
MitsubishiEle	1509.5	22.00	1514.5	1225.5	2.71	13.51	24395.6
MitsuFud	956.46	-13.36	1007.12	684.38	-	-	-
MitUFJFin	909.00	-19.50	982.50	632.60	2.93	9.22	88006.42
Mizuho Fin	2017	-10.00	2073.5	1436.5	3.96	9.65	38549.34
Murata Mfg	7874	-17.00	8811	6438	1.60	15.42	39033.71
Nippon TT	3849	19.00	4128	3256	2.79	12.13	104930.94
Nissan Mt	472.40	9.80	643.00	408.10	-	15.01	15007.26
Nomura	539.50	7.60	562.20	480.30	4.36	-36.31	13130.43
Nppn Stl	2730	48.00	2763	1836	3.00	4.22	19527.16
Panasonic	1159	6.00	1325	1006.5	2.21	11.47	21407.89
Seven & I	5998	48.00	6187	5041	1.75	22.34	40018.66
ShnEtsuCh	19175	-25.00	19630	14185	1.55	17.98	58426.25
Softbank	6332	4.00	7100	4210	0.71	5.33	82114.58
Sony	12015	-185.00	13105	9213	0.51	15.02	114044.09
SumitomoF	5518	-106.00	5835	3672	3.71	10.51	57094.28
Takeda Ph	4171	-	4238	3250	4.42	14.65	49674.36
TokioMarine	2706	50.50	2970.5	2037	8.32	4.31	41549.29
Toyota	1913.5	22.00	2375.5	1787.5	2.73	8.45	234974.65
Mexico (Mex$)							
AmerMvl	18.92	-0.16	21.45	15.67	1.70	15.50	42369.38
FEMSA UBD	158.23	-1.06	168.96	120.63	1.26	131.08	18126.86
WalMrtMex	72.84	-0.06	82.93	64.81	0.68	36.76	67420.57
Netherlands (€)							
ASML Hld	620.60	-18.90	642.00	376.10	0.51	50.98	268487.7
Heineken	91.80	-1.18	99.54	77.50	1.00	16.93	56744.76
ING	12.39	-0.21	14.00	7.90	4.55	10.72	49549.08
Unilever	46.61	0.10	49.09	39.36	3.06	23.93	141598.49
Norway (Kr)							
DNB	189.55	-0.45	220.50	168.05	9.55	11.65	28587.8
Equinor	294.50	-5.35	410.95	253.95	1.74	12.21	90449.55
Telenor	110.55	-2.40	140.05	87.60	8.47	17.96	14963.45
Qatar (QR)							
QatarNtBk	17.50	-0.42	27.00	16.92	2.87	14.21	44384.55
Saudi Arabia (SR)							
AlRajhiBnk	79.50	0.50	117.40	71.80	2.68	15.20	84758.2
Natnlcombnk	49.35	-	82.00	45.75	2.60	18.69	58901.42
SaudiBasic	91.30	1.00	141.40	79.20	3.15	13.40	73003.98
SaudiTelec	36.40	0.05	48.32	35.05	9.74	7.26	48509.4
Singapore (S$)							
DBS	35.84	0.34	37.49	29.45	3.00	15.87	69430.82
JardnMt US$	53.91	-0.29	62.10	42.60	2.83	10.11	15615
OCBC	13.00	-	13.54	11.20	2.82	14.01	43986.42
SingTel	2.55	0.01	2.68	2.38	2.56	46.50	31684.92
UOB	30.34	0.18	33.33	25.91	2.85	14.59	38244.37
South Africa (R)							
Firstrand	64.77	-1.13	79.34	59.16	3.99	11.77	20567.58
MTN Grp	145.45	1.48	211.49	115.46	-	19.92	15514.7
Naspers N	3340	-60.00	3465	1392.5	0.18	18.04	82344.01
South Korea (KRW)							
HyundMobis	206000	-2500.00	235000	189500	1.81	8.59	15504.07
KoreaElePwr	19250	-130.00	25100	16500	5.95	-12.03	9864.54
SK Hynix	89100	-3100.00	134000	73100	1.62	6.82	51778.1
SmsungEl	61600	-1900.00	75800	51800	2.19	11.41	293545.07
Spain (€)							
BBVA	6.79	-0.12	6.85	3.97	5.14	9.83	43939.41
BcoSantdr	3.45	-0.05	3.48	2.32	2.09	7.34	62097.64
CaixaBnk	3.96	0.09	4.11	2.45	0.64	27.73	34289.59
Iberdrola	10.69	-0.05	11.49	8.47	3.71	19.51	72985.5
Inditex	28.79	-0.35	29.09	18.55	0.72	32.31	96291.64
Repsol	14.20	-0.23	16.23	10.98	3.97	9.21	20982.29
Telefonica	3.44	-0.02	5.06	3.22	9.45	2.67	21326.16
Sweden (SKr)							
AtlasCpcoB	113.08	-2.48	123.16	22.08	6.72	7.32	16612.04
Ericsson	61.61	-0.96	117.32	58.61	3.80	8.80	17815.47
H & M	134.70	-2.80	184.18	98.25	4.86	17.99	18517.8
Investor	208.30	-3.90	212.90	158.22	1.76	8.60	35375.42
Nordea Bk	124.90	-0.50	126.54	85.25	12.18	14.12	42958.95
SEB	124.00	-0.40	130.50	91.64	8.47	10.04	25144.97
SvnskaHn	111.45	-1.35	112.55	80.88	4.67	10.60	20399.47
Swedbank	202.80	-3.80	207.50	124.50	7.47	10.50	21608.56
Telia Co	26.20	-0.59	41.70	26.04	7.94	8.96	10084.5
Volvo	206.85	-3.85	218.65	148.24	3.27	13.06	30924.44
Switzerland (SFr)							
ABB	31.43	-0.45	32.22	23.84	2.39	15.86	66532.28
CredSuisse	3.20	-0.12	8.77	2.85	2.82	-5.29	13798.32
Nestle	111.48	-0.30	127.00	103.42	2.23	20.38	330302.23
Novartis	79.15	-0.39	88.42	73.32	3.45	9.05	204982.52
Richemont	140.80	-3.40	143.35	90.28	1.26	35.32	79187.2
Roche	283.90	1.55	404.20	276.30	2.80	20.01	214897.97
Swiss Re	93.38	-0.98	101.55	68.18	5.72	23.73	31943
Swisscom	537.20	-4.40	587.40	443.40	3.70	16.81	29982.23
UBS	19.85	-0.30	20.05	13.10	1.58	10.75	75381.08
Zurich Fin	439.50	-1.20	461.70	376.20	4.12	15.40	71246.29
Taiwan (NT$)							
Chunghwa Telecom	112.50	-0.50	132.50	105.50	3.65	25.51	29112.77
Formosa PetChem	81.60	-0.60	103.50	75.20	0.69	16.37	25930.52
HonHaiPrc	101.50	1.90	116.00	98.00	3.79	10.66	46939.12
MediaTek	731.00	-20.00	1170	533.00	4.86	10.83	39003.09
TaiwanSem	526.00	-18.00	650.00	370.00	1.95	21.61	454994.93
Thailand (THB)							
PTT Explor	32.75	-0.25	41.25	30.75	5.52	9.66	27778.37
United Arab Emirates (Dhs)							
Emirtestele	24.30	0.70	38.98	11.60	2.75	27.17	57535.64
United Kingdom (p)							
Anglo American	3352	-63.00	4292.5	2487.5	5.32	6.84	53858.54
AscBrFd	1936	4.50	1984	1223	0.32	32.00	18269.46
AstraZen	10580	2.00	11816	8214	1.96	1791.40	196969.01
Aviva	445.80	-4.50	606.58	341.92	4.79	58.86	15040.55
Barclays	186.54	-2.10	209.17	132.06	1.61	4.53	35576.27
BP	478.35	-7.70	503.30	4.75	3.29	17.36	103904.14
BrAmTob	3112	-13.50	3645	2915	6.93	10.53	83583.87
BT	130.35	-4.30	201.40	110.55	-	12.66	15550.44
Compass	1927.5	1.50	1970.5	1494	0.73	46.90	40519.07
Diageo	3581.5	-17.00	4067	3282.5	2.04	27.40	96816.38
GlaxoSmh	1461	21.40	2753.95	1280.92	5.48	16.87	71862.35
Glencore	545.90	-8.60	583.25	5.07	1.62	19.98	83356.66
HSBC	596.00	-0.70	602.60	434.70	2.71	13.02	142981.69
Imperial Brands	2043	-1.00	2185	1434.23	6.76	6.83	22855.63
Jardine Mathes.	62.50	-	60.50	46.89	2.44	11.73	18103.08
LlydsBkg	52.83	-0.50	53.96	38.10	4.86	7.34	42777.7
LSE Group	7628	-16.00	8612	6230	1.01	78.00	46464.77
Natl Grid	1040	6.00	1271.45	844.29	4.73	24.24	45928.42
Natwest Group	300.20	-6.00	310.00	196.92	3.50	11.82	34887.36
Prudential	1289.5	-64.50	1357.5	782.40	0.91	20.94	42592.52
ReckittB	5784	-22.00	6824	5400	3.02	-25.03	49731.94
RELX	2442	-12.00	2474	2056	1.95	32.22	56041.14
RioTinto	6047	-81.00	6354	4436.95	8.31	6.32	90781.4
RollsRoyce	108.08	-1.00	122.72	64.44	-	73.52	10883.73
Shell PLC	2398.5	-15.50	2527	1833.4	2.52	12.64	200775.55
StandCh	671.40	-4.60	797.40	431.30	1.32	15.06	23346.62
Tesco	246.50	0.10	300.30	194.35	3.71	12.55	21722.92
Unilever	4183.5	-7.50	4249.5	3267.5	3.48	21.37	126484.71
Vodafone	90.66	-0.48	141.60	83.24	8.53	-202.82	29587
WPP	1014.5	-19.00	1231.5	713.00	2.61	19.32	13051.12
United States of America ($)							
21stC Fox A	34.04	-0.56	44.95	28.02	1.22	15.54	10296.24
3M	116.70	-0.79	164.26	107.07	4.50	13.00	64505.1
AbbottLb	110.59	-1.20	130.79	93.25	1.44	31.65	192821.82
Abbvie	145.38	0.18	175.91	134.09	3.17	25.41	257103.11
Accenture	286.22	-3.00	356.53	242.95	1.15	32.77	188443.96
Activision Bl.	72.54	-2.70	82.00	70.94	0.57	23.78	56771.64
Adobe	376.23	-3.10	522.48	274.73	-	41.73	172238.09
Advanced Micro	84.11	-1.98	132.96	54.57	-	36.90	135615.28
AEP	91.66	-0.46	105.60	80.30	2.90	20.84	47098.18
Aflac	69.22	-0.17	74.02	52.07	1.69	12.21	43040.2
AirProd	281.04	-3.98	328.56	216.24	1.89	33.29	62414.16
Allstate	132.73	1.40	144.46	111.85	2.17	8.81	35199.94
Alphabet	102.90	-1.88	144.25	83.34	-	1.03	614621.7
Altria	46.85	-0.06	57.05	40.35	6.66	39.42	83962.29
Amazon	102.36	-1.03	170.83	81.43	-	1.78	1044245.4
AmerAir	17.02	0.00	21.42	11.65	-	-5.13	11061.9
AmerExpr	176.53	-2.33	199.55	130.65	0.94	19.33	131908.99
AmerIntGrp	59.13	0.38	65.73	47.05	1.92	6.16	43928.69
AmerTower	220.23	-1.83	282.47	178.17	2.10	43.87	102540.32
Amgen	244.43	-0.74	296.67	214.39	2.55	26.81	130422.77
Amphenol Corp	81.52	-0.10	82.86	61.67	0.85	36.62	48512.11
Analog Devices	178.30	-0.52	180.01	133.48	1.39	67.51	90383.77
Anthem	482.58	12.71	-	-	-	-	-
Aon Cp	313.54	-0.10	341.98	246.21	0.56	63.70	64656.67
Apple	152.04	-2.46	179.61	124.17	0.50	28.43	2407737.82
Applied Materi.	118.03	-1.95	145.16	71.12	0.71	18.36	99508.52
Aptiv	115.04	-0.69	147.05	77.96	-	66.86	31170.04
ArcherDan	82.24	-0.05	98.88	70.02	1.60	19.36	45174.5
AT&T	19.57	-0.26	22.84	14.46	9.42	8.00	139503.9
Autodesk	218.97	-4.69	251.42	183.20	-	109.18	47248.61
AutomData	224.64	-0.67	274.92	192.26	1.51	39.21	93079.93
AutoZone	2411.38	12.87	2610.05	1703.32	-	24.57	45251.07
Avago Tech	600.16	2.54	645.31	415.07	2.22	38.22	250798.55
BakerHu	31.51	0.14	39.78	20.42	2.09	82.22	31551.24
Bank of NY	50.32	0.09	64.63	36.22	2.29	13.70	40672.65
BankAm	36.07	-0.36	50.11	29.31	1.92	11.39	289354.69
Baxter	45.93	-0.76	89.70	43.99	2.10	20.47	23151.75
BectonDick	247.76	1.92	277.29	215.90	1.20	48.33	70339.47
BerkshHat	464430	-2324.98	544389.26	393012.25	-	8.81	277183.9
Biogen	289.60	5.97	311.88	187.16	-	31.40	41702.81
BlackRock	743.44	-13.72	824.87	503.12	1.97	21.93	111861.4
Boeing	207.13	1.12	223.23	113.02	-	-32.66	123915.46
Booking Holdings	2453.2	-1.87	2715.66	1616.85	-	98.19	95158.13
Bristol-Myers	74.47	0.02	81.44	65.00	2.39	26.91	158335.16
Broadcom	600.16	2.54	645.31	415.07	2.22	38.22	250798.55
Cadence Design	186.19	0.34	194.97	132.32	-	83.97	51074.9
CapOne	118.26	-3.18	160.54	86.98	1.50	4.95	45139.67
CardinalHlth	76.90	-1.78	81.57	49.70	2.26	44.92	19811.16
Carnival	11.85	0.05	23.86	6.11	-	-1.59	13189.16
Caterpillar	250.29	2.53	266.04	180.60	1.52	23.86	130253.26
Centene Corp	70.82	-0.19	98.53	70.63	-	35.02	40102.51
CharlesSch	79.88	0.86	96.24	59.35	0.80	31.83	145049.75
Charter Comms	405.33	-0.97	615.84	297.66	-	18.68	61874.19
Chevron Corp	168.69	-0.76	189.68	130.52	2.79	23.37	326185.49
Chipotle Mexic.	1681.5	-11.47	1754.56	1196.28	-	82.79	46613.05
Chubb	213.01	3.17	231.37	173.78	1.32	12.46	88409.86
Cigna	288.04	-4.55	340.11	218.01	1.23	20.65	88065.06
Cintas Corp	439.41	-3.01	470.23	343.86	0.73	43.43	44653.05
Cisco	47.90	-0.74	57.69	38.81	2.77	19.17	196793.09
Citigroup	50.48	-0.47	69.11	40.01	3.58	5.61	97772.33
CME Grp	174.84	-1.71	256.94	166.55	1.83	27.04	62894.78
Coca-Cola	59.99	0.16	67.20	54.02	2.48	30.06	259427.55
Cognizant	67.80	-0.42	93.47	51.33	1.26	18.88	34843.87
ColgtPlm	73.45	-0.84	83.81	67.84	2.16	32.48	61346.48
Comcast	39.59	-0.39	49.79	28.39	2.24	14.68	170768.28
ConocPhil	108.01	-0.10	138.49	78.30	1.60	20.06	134588.14
Constellation	230.97	0.15	261.53	207.59	1.18	-1172.80	42612.63
Corning	35.09	-0.85	43.47	28.98	2.43	30.91	29679.52
Corteva	60.57	-0.93	68.43	49.01	0.78	28.81	43276.78
Corteva	60.57	-0.93	68.43	49.01	0.78	28.81	43276.78
Costco	513.76	-1.04	612.27	406.51	0.55	46.24	227970.23
CrownCstl	145.35	-0.62	199.97	121.71	3.33	61.38	62943.53
CSX	32.19	-0.09	38.63	25.80	1.08	20.04	67666.02
CVS	85.48	-0.30	111.25	85.29	2.06	16.20	112311.32
Danaher	265.45	-4.41	303.82	233.71	0.30	34.15	193234.06
Deere	409.39	3.33	448.40	283.81	0.85	25.35	121653.13
Delta	39.63	0.05	46.27	27.20	-	53.63	25410.29
Devon Energy	60.06	-0.79	79.40	48.86	2.91	16.16	39263.25
Digital Realty	113.64	-1.57	153.59	85.76	3.62	21.57	32674.00
DiscFinServ	117.62	-1.39	129.12	87.84	1.42	7.44	32135.45
Disney	109.19	-1.52	157.50	84.07	-	71.58	199466.64
Dollar General	229.23	1.14	262.21	183.25	0.66	25.17	51250.05
DominRes	60.33	0.08	88.78	57.18	3.70	21.32	50270.24
DukeEner	100.15	-0.43	116.33	83.76	3.45	22.91	77121.79
DuPont	72.17	-0.81	84.08	49.52	1.47	25.19	35853.26
Eaton	162.53	-0.71	167.51	122.50	1.66	34.32	64638.18
eBay	50.04	-0.62	60.66	35.92	1.28	148.48	27154.66
Ecolab	151.90	-1.40	192.38	131.04	1.14	43.80	43263.96
Edwards Lifesc.	79.23	-2.89	131.10	67.13	-	37.54	48986.94
Eli Lilly	335.74	-3.35	384.44	231.87	0.90	61.85	319007.98
Emerson	90.06	-1.33	100.09	72.41	2.00	22.17	53261.48
EOG Res	123.71	-0.91	150.88	92.16	1.16	17.46	72667.36
Equinix	724.86	-8.15	776.35	494.89	1.40	147.79	67078.72
EquityResTP	63.97	-0.77	94.32	57.38	3.34	21.05	24173.58
Exelon	40.38	-0.53	50.71	35.19	3.36	26.16	40122.33
ExxonMb	111.30	-0.83	117.67	74.03	2.78	23.28	458345.47
Fedex	210.72	-3.95	248.76	141.92	1.21	12.78	53185.13
Fidelity NIS	73.69	-1.75	116.27	56.53	1.88	124.00	43723.17
Fiserv	105.89	-0.71	110.94	87.03	-	60.00	67243.12
FordMtr	12.93	-0.30	18.63	10.61	0.69	3.28	51068.87
Franklin	32.12	-1.15	33.03	20.24	3.12	9.58	16068.29
GenDyn	232.67	1.13	256.86	207.42	1.76	22.71	63879.31
GenElectric	81.91	-0.05	83.99	46.77	0.35	-28.42	89500.45
GenMills	76.06	0.58	88.34	61.67	2.40	22.65	44843.96
GenMotors	41.31	0.18	52.00	30.33	-	6.95	57612.46
GileadSci	86.31	1.81	89.74	57.17	2.92	19.74	108253.79
GoldmSchs	369.40	-0.55	389.58	277.84	1.56	7.01	123717.93
Halliburton	38.22	-0.35	43.99	23.30	0.61	24.21	34705.28
HCA Hold	253.71	-4.38	279.02	164.47	0.67	13.52	71726.64
Hew-Pack	29.68	-0.83	41.47	24.08	2.51	6.04	29154.02
Hilton Worldwi.	146.21	-0.61	167.99	108.41	-	112.92	39543.37
HiltonWwde	146.21	-0.61	167.99	108.41	-	112.92	39543.37
HomeDep	329.54	-1.96	367.46	264.51	1.79	23.70	337358.81
Honywell	202.82	0.13	220.96	166.63	1.65	28.91	136362.08
Humanainc	482.43	5.86	571.30	406.20	0.51	23.99	61075.79
IBM	135.87	-1.07	153.21	115.55	4.28	29.40	122843.85
IDEXX Laborato.	488.16	5.75	560.92	317.06	-	64.00	40427.93
IllinoisTool	244.16	-2.58	246.98	173.52	1.71	32.35	75001.09
Illumina	211.09	-3.18	371.16	173.45	-	47.22	33203.67
Intcntl Exch	107.94	0.28	137.40	88.60	1.08	16.95	60322.4
Intel	29.06	-1.27	52.51	24.59	4.24	6.74	120200.54
Intuit	414.57	-9.20	579.98	339.36	0.55	58.54	116461.82
John&John	163.22	-1.39	186.69	155.72	2.28	23.56	426736.01
JohnsonCn	66.20	0.48	70.21	45.52	1.54	34.08	45493.59
JPMrgnCh	140.47	-0.63	159.03	101.28	2.40	10.31	412012.62
Kimb-Clark	130.18	-1.08	144.53	108.74	3.21	27.55	43934.72
KinderM	18.15	-0.13	20.20	15.78	5.43	44.21	40796.52
KLA Corp	409.87	1.60	428.56	250.20	0.84	23.79	56758.7
Kraft Heinz	39.39	0.01	44.87	32.73	3.60	54.17	48253.67
Kroger	44.13	-0.29	62.78	41.82	1.58	22.71	31589.22
LasVegasSd	57.77	-0.31	60.34	28.88	-	-43.14	44145.68
LibertyGbl	20.54	-0.63	29.08	15.22	-	0.99	3530.91
Lilly (E)	335.74	-3.35	384.44	231.87	0.90	61.85	319007.98
Linde	319.91	-3.89	347.60	262.47	1.18	49.28	157575.11
Lockheed	463.99	4.91	498.95	373.67	2.12	22.46	118454.12
Lowes	216.18	0.21	238.37	170.12	1.24	20.05	134179.95
Lyondell	97.48	-0.87	117.22	71.46	4.94	6.55	31741.87
Marathon Ptl	115.30	-2.90	136.46	72.75	1.78	64.36	54036.59
Marsh&M	172.03	0.15	183.14	143.33	1.38	29.84	85329.76
MasterCard	370.46	-3.45	390.00	276.87	0.54	47.68	353345.87
McDonald's	265.73	1.50	281.67	217.68	1.75	29.84	194627
McKesson	359.42	-3.17	401.78	260.73	0.44	45.89	49218.01
Medtronic	85.66	-1.45	114.31	75.77	2.58	26.35	113936.57
Merck	103.71	0.77	115.49	72.88	2.26	24.06	262945.92
Meta	187.45	0.92	238.30	88.09	-	15.35	417225.08
Metlife	69.41	0.12	77.36	57.41	2.43	10.71	54455.59
Microsoft	257.02	-1.33	315.95	213.43	0.79	30.66	1913206.38
Mnstr Bvrg	102.77	0.97	104.75	71.78	-	45.09	53619.59
MondelezInt	65.80	-0.12	68.81	54.72	1.79	24.40	89650.87
Monsanto	10.07	0.02	11.13	9.56	-	51.84	251.75
MorganStly	98.61	-0.82	109.73	72.05	1.89	13.05	166661.69
Netflix	364.63	-1.27	412.98	162.71	-	36.58	162385.1
NextEraE	74.84	0.17	91.35	67.22	1.93	110.85	148719.33
Nike	125.04	-2.57	147.54	82.22	0.83	36.85	155756.04
NorfolkS	246.21	-5.91	291.55	203.65	1.50	22.92	57001.11
Northrop	449.38	8.74	556.27	368.21	1.22	11.64	68779.12
NXP	187.67	-3.28	210.00	132.08	1.06	31.16	48631.84
Occid Pet	61.38	0.14	77.13	37.56	0.06	33.60	55789.24
Oracle	88.75	-0.87	90.65	60.78	1.29	37.84	239292.45
Pepsico	171.09	1.88	186.84	153.37	2.20	35.12	235581.39
Perrigo	36.36	-0.84	43.90	30.78	2.34	-41.83	4895.5
Pfizer	43.81	-0.25	56.32	41.45	3.16	12.57	245924.92
Phillips66	97.64	-1.17	113.53	73.85	3.29	37.07	46147.81
PhilMorris	102.02	-0.57	112.48	82.85	4.26	19.73	158153.34
PNCFin	163.74	-1.85	214.50	143.52	2.60	14.54	66039.46
PPG Inds	129.07	-1.66	157.55	107.06	1.63	31.93	30334.99
ProctGmbl	141.37	-1.24	164.90	122.18	2.25	27.09	333512.2
Prudntl	101.82	-0.04	124.22	85.46	4.01	5.88	37877.04
PublStor	309.76	1.29	421.76	270.13	2.29	35.39	54404.87
Qualcomm	133.59	-1.43	184.00	101.93	1.79	17.25	148952.85
Raytheon	97.39	0.91	108.84	80.27	1.83	42.56	143165.98
Regen Pharm	796.81	13.68	800.48	538.01	-	12.48	85325.43
S&P Global	368.22	-4.89	423.55	279.32	0.74	33.19	119966.08
Salesforce	170.02	-1.02	222.19	126.34	-	128.31	170020
Schlmbrg	53.02	0.38	62.78	30.65	0.84	45.28	75291.29
Sempra Energy	155.39	-0.52	176.47	131.01	2.51	43.69	48842.69
Shrwin-Will	240.82	-0.91	288.50	195.24	0.81	38.90	62406.92
SimonProp	128.89	-0.92	149.80	86.02	4.92	21.25	42140.04
SouthCpr	74.34	-1.33	79.32	42.42	3.82	19.09	57472.14
Starbucks	104.76	0.46	110.78	68.39	1.56	31.92	120400.67
StateSt	90.65	-0.44	103.76	58.62	2.13	14.21	33261.29
Stryker	274.02	-9.12	281.20	188.84	0.84	59.30	103697.37
Sychrony Fin	36.32	-0.74	45.56	27.22	2.21	5.39	16361.41
T-MobileUS	141.88	-3.31	154.38	116.91	-	66.38	178520.59
Target	172.50	-4.26	254.87	137.16	1.64	13.66	79394.43
TE Connect	132.65	-1.24	151.76	104.76	1.32	20.32	41977.97
Tesla Mtrs	194.57	4.59	384.29	101.81	-	44.77	615654.02
Texasinstr	181.40	-0.89	191.34	144.46	2.06	24.76	164633.51
TheTrvelers	184.62	1.86	194.45	149.65	1.74	12.83	43265.24
ThrmoFshr	577.11	-10.86	618.36	475.77	0.16	33.44	226338.02
TJX Cos	80.81	0.29	83.13	53.69	1.15	33.43	93376.29
Truist Financial Corp	49.51	-0.58	66.10	40.01	3.33	12.49	65688.2
Twitter	53.70	0.35	60.16	31.30	-	-224.30	41093.72
UnionPac	209.56	-0.73	278.94	183.70	1.96	21.83	128837.66
UPS	189.01	-2.86	230.35	154.87	1.91	14.52	137939.8
USBancorp	48.87	-0.43	60.50	38.39	3.19	10.80	72615.31
UtdHlthcre	472.23	0.21	558.10	445.74	1.05	29.45	441222.99
ValeroEngy	127.95	-3.78	160.16	79.85	2.72	63.55	49327.7
Verizon	41.14	-0.37	55.51	32.79	5.46	8.72	172789.31
VertexPharm	306.54	5.52	325.19	225.28	-	38.36	78686.2
VF Cp	29.39	-1.24	64.74	25.05	5.95	10.86	11418.01
Visa Inc	229.11	-1.02	250.58	174.60	0.52	42.77	372293.23
Walgreen	36.41	-0.66	50.19	30.39	4.67	5.95	31403.75
WalMartSto	140.31	-1.40	160.77	117.27	1.40	32.18	378392.33
Walt Disney	109.19	-1.52	157.50	84.07	-	71.58	199466.64
Waste Manage.	151.43	0.37	175.98	138.58	1.35	39.60	62158.55
WellsFargo	47.49	-0.18	60.30	36.54	1.44	10.80	180617.27
Williams Cos	31.89	-0.28	37.97	28.30	4.57	28.92	38743.21
Workday	184.64	-1.21	250.00	128.72	-	1718.55	37297.28
YumBrnds	127.83	0.82	132.87	103.97	1.39	27.66	36006.75
Zoetis	164.33	-3.48	205.31	124.15	0.54	43.39	76587.28
Zoom	77.83	-1.71	152.69	63.55	-	19.32	19533.4
Venezuela (VEF)							
Bco de Vnzla	3.80	0.35	3.16	0.32	125.79	-	573.91
Bco Provncl	7.71	-0.04	79400	17000	-	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

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Meta	187.45	186.53	0.92	0.49	34.79	23.5	44.10
Unicred	18.30	18.02	0.28	1.56	2.71	19.5	25.93
SHOP	70.14	70.93	-0.79	-1.11	12.02	19.1	41.18
ITC	383.40	380.65	2.75	0.72	42.90	13.5	14.98
MitsubishiEle	1509.50	1487.50	22.00	1.48	147.50	12.6	15.81
ShnEtsuCh	19175.00	19200.00	-25.00	-0.13	2060.00	11.9	19.66
Advanced Micro	84.11	86.09	-1.98	-2.30	10.69	11.6	31.52
SocGen	27.46	27.84	-0.38	-1.37	3.14	11.2	7.92
BcoSantdr	3.45	3.50	-0.05	-1.51	0.39	11.0	15.85
Fedex	210.72	214.67	-3.95	-1.84	24.11	10.6	13.36
Tesla Mtrs	194.57	189.98	4.59	2.42	12.08	9.4	71.82
WPP	1014.50	1033.50	-19.00	-1.84	103.90	9.1	17.24
Denso	7366.00	7145.00	221.00	3.09	391.00	9.1	13.23
GenMotors	41.31	41.13	0.18	0.44	3.18	8.9	14.80
Nissan Mt	472.40	462.60	9.80	2.12	28.50	8.8	12.57
Continental	68.86	69.90	-1.04	-1.49	6.62	8.8	8.24
Stryker	274.02	283.14	-9.12	-3.22	28.97	7.8	6.99
Carnival	11.85	11.80	0.05	0.38	0.78	7.5	28.70
Telenor	110.55	112.95	-2.40	-2.12	9.95	7.3	15.86
Regen Pharm	796.81	783.13	13.68	1.75	40.30	7.3	8.00

Based on the FT Global 500 companies in local currency

FT500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Firstrand	64.77	65.90	-1.13	-1.71	-6483.10	-99.0	3.46
Naspers N	3340.00	3400.00	-60.00	-1.76	-332081.00	-99.0	9.98
MTN Grp	145.45	143.97	1.48	1.03	-14236.03	-99.0	12.11
Marathon Ptl	115.30	118.20	-2.90	-2.45	-14.65	-13.2	-1.06
ConocPhil	108.01	108.11	-0.10	-0.09	-15.50	-12.6	-8.62
ValeroEngy	127.95	131.73	-3.78	-2.87	-11.48	-10.7	0.47
AirProd	281.04	285.02	-3.98	-1.40	-29.13	-10.5	-9.25
ChinaLife	13.46	13.76	-0.30	-2.18	-1.26	-10.4	-3.87
Phillips66	97.84	98.81	-1.17	-1.18	-9.92	-10.2	-7.46
PingAnIns	56.05	57.90	-1.85	-3.20	-4.25	-9.8	0.81
New Ch Life Ins	20.10	20.25	-0.15	-0.74	-1.90	-9.3	-4.96
SBI NewA	545.40	544.20	1.20	0.22	-56.25	-9.2	-9.87
China Utd Coms	5.03	5.24	-0.21	-4.01	-0.29	-9.0	-0.79
China Vanke	15.04	15.68	-0.64	-4.08	-0.80	-8.7	-11.03
Ch OSLnd&Inv	19.86	20.30	-0.44	-2.17	-1.45	-8.7	-9.61
ChinaMBank	46.40	48.15	-1.75	-3.63	-2.50	-8.4	1.09
HK Exc&Clr	337.60	352.40	-14.80	-4.20	-16.00	-8.4	-6.74
EOG Res	123.71	124.62	-0.91	-0.73	-10.04	-8.1	-2.88
Devon Energy	60.06	60.85	-0.79	-1.29	-4.42	-8.0	-1.93
Vale	86.95	88.95	-2.00	-2.25	-5.35	-7.8	-5.84

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Feb 06	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24	0.00	0.12	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.80	-	-	0.34
Colombia	01/26	4.50	-	Baa2	BBB-	109.50	2.33	0.16	0.52	1.28
Brazil	04/26	6.00	-	Ba2	BB-	115.15	2.78	-0.01	0.65	1.73
Poland	04/26	3.25	-	A2	A-	111.22	0.98	0.03	0.16	-0.07
Mexico	05/26	11.50	-	Baa1	BBB-	149.00	1.61	0.00	-0.12	0.56
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Turkey	03/27	6.00	-	B2	BB-	102.88	5.43	0.14	0.83	4.38
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

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

BONDS: GLOBAL INVESTMENT GRADE

Feb 06	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	98.46	5.02	0.00	0.02	-
Euro										
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	137.45	0.82	-0.01	0.10	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	124.42	0.68	0.00	-0.11	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	121.70	0.93	0.00	0.02	-
Finland	04/31	0.75	AA+	Aa1	AA+	111.08	-0.27	0.00	-0.05	-0.87
Yen										
Mexico	06/26	1.09	-	Baa1	BBB-	98.73	1.34	-0.02	-0.14	0.27
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40

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

INTEREST RATES: OFFICIAL

[illegible]

INTEREST RATES: MARKET

[illegible]

BOND INDICES

	Return 1 year
[illegible]	-2.25
[illegible]	-9.92
[illegible]	-9.49
[illegible]	-13.77
[illegible]	-17.99
[illegible]	-15.89
[illegible]	-12.78
[illegible]	-1.73
[illegible]	-0.94
[illegible]	-0.64

	Series low
[illegible]	378.58
[illegible]	72.18
[illegible]	70.25
[illegible]	80.37
[illegible]	212.13
[illegible]	408.01
[illegible]	67.24

[illegible] index names.

VOLATILITY INDICES

	Feb 06	Day Chng	Prev	52 wk high	52 wk low
VIX	19.52	1.19	18.33	37.79	17.97
VXD	17.67	0.78	16.89	45.37	3.27
VXN	26.13	0.73	25.40	44.02	5.85
VDAX	18.59	1.69	16.91	93.30	-

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

COMMODITIES

[illegible]

BONDS: INDEX-LINKED

	No of stocks
[illegible]	8
[illegible]	17
[illegible]	6
[illegible]	31
[illegible]	31
[illegible]	31
[illegible]	47
[illegible]	47

‡ Total market [illegible] applied to par [illegible]

BONDS: TEN YEAR GOVT SPREADS

	Spread vs Bund	Spread vs T-Bonds
[illegible]	0.20	-1.21
[illegible]	1.73	0.32
[illegible]	0.71	-0.70
[illegible]	0.50	-0.91
[illegible]	0.71	-0.70
[illegible]	-2.10	-3.51
[illegible]	-1.01	-2.42
[illegible]	1.41	0.00

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	-	-	-	-	-	-	-	-
	05/32	1.25	83.17	3.38	-0.16	-0.18	-0.62	-
	02/50	1.00	105.52	1.29	-0.09	-0.08	-0.54	1.06
Austria	02/29	0.50	88.33	2.61	0.13	-0.06	-0.28	2.36
	02/47	1.50	76.21	2.89	0.14	0.00	-0.07	2.17
Belgium	06/27	0.80	93.22	2.46	0.11	-0.08	-0.28	2.33
	06/47	1.60	74.22	3.13	0.17	0.01	-0.08	2.09
Canada	03/25	1.25	95.15	3.72	0.15	0.11	-0.17	2.27
	06/30	1.25	89.26	2.89	0.12	0.03	-0.32	1.17
	12/48	2.75	95.00	3.03	0.08	0.05	-0.22	0.96
Denmark	11/29	0.50	88.67	2.33	0.07	-0.15	-0.25	2.09
	11/52	0.25	56.40	2.28	0.13	0.00	-0.05	1.85
Finland	09/24	0.00	95.99	2.59	0.06	-0.06	-0.17	2.86
	09/29	0.50	87.36	2.61	0.13	-0.06	-0.26	2.36
France	05/28	0.75	91.57	2.47	0.13	-0.07	-0.26	2.25
	05/48	2.00	82.32	3.01	0.16	0.00	-0.13	2.03
Germany	08/29	0.00	87.21	2.12	0.13	-0.05	-0.23	2.12
	08/50	0.00	55.52	2.16	0.16	0.04	-0.07	1.85
Greece	-	-	-	-	-	-	-	-
	01/28	3.75	102.27	3.25	-0.06	-0.12	-0.47	2.13
Ireland	-	-	-	-	-	-	-	-
	05/26	1.00	95.65	2.40	0.11	-0.04	-0.15	2.33
	02/45	2.00	83.11	3.07	0.18	0.03	-0.07	2.19
Italy	02/25	0.35	95.02	2.95	0.06	-0.15	-0.30	2.53
	05/30	0.40	91.81	1.60	0.06	-0.30	-0.50	1.85
	03/48	3.45	89.38	4.14	0.17	-0.11	-0.41	1.96
Japan	04/25	0.05	99.99	0.06	-0.02	-0.04	-0.08	0.00
	12/29	0.10	98.35	0.34	-0.03	-0.04	-0.09	0.28
	12/49	0.40	75.85	1.49	0.00	-0.04	0.01	0.73
Netherlands	07/27	0.75	93.45	2.32	0.11	-0.09	-0.24	2.29
	01/47	2.75	106.28	2.46	0.15	0.02	-0.13	2.08
New Zealand	05/31	1.50	83.51	3.85	-0.13	-0.19	-0.60	1.34
	09/40	2.50	127.31	2.01	-0.08	-0.08	-0.40	1.09
Norway	08/30	1.38	90.25	2.83	0.11	-0.09	-0.23	0.76
Poland	-	-	-	-	-	-	-	-
	07/27	2.50	87.84	5.66	0.02	-0.13	-0.97	1.64
	04/47	4.00	75.67	5.91	-0.59	-0.60	-1.02	1.73
Portugal	04/27	4.13	105.88	2.62	0.12	-0.08	-0.22	2.37
Spain	-	-	-	-	-	-	-	-
	10/29	0.60	86.52	2.83	0.13	-0.10	-0.28	2.16
	10/46	2.90	90.41	3.50	0.15	-0.04	-0.17	1.98
Sweden	06/30	0.13	116.70	0.02	0.10	-0.17	-0.28	1.71
	03/39	3.50	122.65	1.86	0.08	-0.12	-0.30	1.15
Switzerland	04/28	4.00	114.56	1.09	0.13	-0.03	-0.27	1.02
	06/29	0.00	93.20	1.11	0.11	-0.03	-0.29	1.00
United Kingdom	07/23	0.75	98.82	3.36	0.13	-0.38	0.15	2.33
	07/27	1.25	93.02	2.93	0.05	-0.27	-0.68	1.74
	07/47	1.50	65.38	3.65	0.07	-0.09	-0.35	2.14
United States	-	-	-	-	-	-	-	-
	03/25	0.50	92.50	4.19	0.21	0.08	-0.12	2.74
	02/30	1.50	87.48	3.53	0.17	0.04	-0.29	1.74
	02/50	0.25	71.72	1.53	0.07	0.14	-0.18	1.52

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

GILTS: UK CASH MARKET

Feb 06	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
	-	-	-	-	-	-	-	-	-
Tr 0.75pc '23	98.77	3.49	5.44	2.95	7.06	203.48	99.98	97.34	34.36
Tr 0.125pc '24	96.79	3.49	5.76	-1.41	-1.69	176.98	98.86	94.34	35.55
Tr 2pc '25	97.23	3.13	6.46	-1.88	-10.06	150.40	104.11	93.15	39.93
Tr 0.125pc '26	91.73	3.05	6.64	-2.24	-11.34	145.97	97.43	88.33	35.32
Tr 1.25pc '27	92.29	3.12	6.65	-2.50	-11.61	145.67	102.29	85.65	40.99
Tr 0.875pc '29	86.45	3.13	6.10	-3.10	-10.06	137.12	99.26	78.21	43.62
Tr 4.25pc '32	108.11	3.24	5.88	-2.41	-8.73	125.00	129.85	98.13	40.33
Tr 4.25pc '36	107.52	3.53	4.44	-1.67	-8.31	136.91	137.14	94.91	31.68
Tr 4.5pc '42	110.49	3.75	3.59	0.00	-5.78	143.51	156.03	93.79	28.35
Tr 3.75pc '52	100.49	3.72	2.76	0.81	-5.10	149.66	159.01	82.51	25.11
Tr 4pc '60	108.17	3.60	2.86	0.28	-3.74	162.77	180.58	87.32	25.13

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

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Feb 06	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	82.24	-0.46	2370.14	0.81	-2.11	3.19
2 5 - 10 Years	151.14	-1.22	3219.67	1.96	-9.40	3.20
3 10 - 15 Years	183.03	-1.58	3750.48	2.75	-15.92	3.51
4 5 - 15 Years	153.07	-1.34	3346.98	2.20	-11.39	3.33
5 Over 15 Years	222.23	-1.91	3853.84	3.03	-32.17	3.67
7 All stocks	138.73	-1.22	3109.12	1.97	-17.64	3.55

Index Linked	Feb 06	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	323.76	-0.31	0.55	3.25	2746.21	0.55	4.46
2 Over 5 years	567.84	-1.45	5.37	-31.93	4332.41	5.48	-31.60
3 5-15 years	461.25	-1.04	3.42	-11.26	3739.14	3.66	-10.54
4 Over 15 years	650.44	-1.73	6.70	-40.55	4813.52	6.71	-40.37
5 All stocks	534.13	-1.27	4.57	-28.11	4156.85	4.65	-27.68

Yield Indices	Feb 06	Feb 03	Yr ago		Feb 06	Feb 03	Yr ago
5 Yrs	3.07	2.88	1.25	20 Yrs	3.74	3.62	1.59
10 Yrs	3.36	3.20	1.43	45 Yrs	3.52	3.42	1.31
15 Yrs	3.63	3.50	1.56				

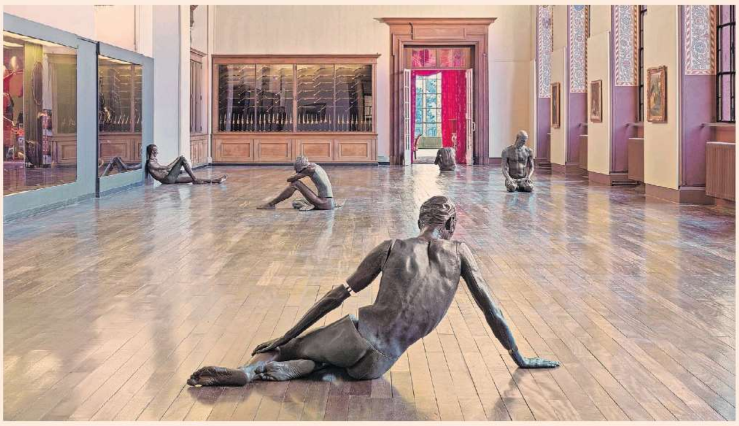
Real yield	inflation 0% Feb 06	Dur yrs	Previous	Yr ago	inflation 5% Feb 06	Dur yrs	Previous	Yr ago
Up to 5 yrs	0.27	2.62	0.15	-2.89	-0.07	2.64	-0.20	-3.30
Over 5 yrs	0.24	19.90	0.17	-2.08	0.22	19.96	0.14	-2.10
5-15 yrs	0.05	9.58	-0.06	-2.45	-0.03	9.58	-0.14	-2.53
Over 15 yrs	0.29	25.58	0.22	-2.03	0.27	25.59	0.21	-2.04
All stocks	0.24	17.13	0.17	-2.09	0.21	17.21	0.13	-2.11

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

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

Giants of Swiss art in conversation

Ugo Rondinone is paired with two illustrious predecessors in a show that shakes up Geneva's Museum of Art and History. By Gareth Harris



The Swiss artist Ugo Rondinone has taken over the Museum of Art and History in Geneva, drawing extensively from the institution's rich holdings for an exhibition called *when the sun goes down and the moon comes up*. He has delved into the collection of the museum, which dates from 1826, interspersing his own works with more than 300 historic items, from early 20th-century drawings by Adolphe Appia to 18th-century timepieces. Key works by two Swiss artists, Ferdinand Hodler (1853-1918) and Félix Vallotton (1865-1925), are also included, creating a three-way conversation between Rondinone and his predecessors about love, desire and the complexities of the human condition.

The sprawling exhibition encompasses 13 rooms in a wing of the institution. On one side are works by Hodler, including his large-scale warrior images such as "Guerrier à la hallebarde" (1895-96) and lake views, along with his sketches of his dying mistress Valentine Godé-Darel. On the other side are nudes, landscapes and still-lifes by Vallotton. Rondinone focuses on the opposing drives of Eros and Thanatos (mythical personifications of life and death).

"Hodler and Vallotton represent contradictory, codependent and complementary views of 19th-century movements that led to the first 20th-century art movements," says Rondinone. "While Hodler's symbolism has his foot in the past, Vallotton's post-Impressionsim marks the beginning of Modernism." It is the first time that the two "giants of Swiss art" have been brought together in such an exhibition. This duality frames the exhibition; the symmetry of the show matters, from its layout in two halves to the switching from upbeat elements to darker aspects of existence.

Above: sculptures by Ugo Rondinone are placed in a gallery of medieval weaponry. Left: Rondinone's 'the sun' (2017)
Stefan Altenburger; Tadzio

Hodler and Vallotton are also given their own homes in the show. These fictional "reconstructions" of apartments, co-created by Rondinone and the architect Frédéric Jardin, are a highlight. Hodler's abode brims with porcelain pieces, Tarot cards and watches drawn from the collection. Decorations on the drapery and wallpaper are inspired by drawings of male figures uncovered by Rondinone in the museum collection. There are also invented mischievous vintage images of Hodler looking happy with a male companion.

"Both men were known to be heterosexual," says Marc-Olivier Wahler, the museum's director. "But Ugo thinks they could also have liked men in a fluid way, especially when you see the fascination Hodler has for masculine figures. The same goes for Vallotton in a certain way."

Some visitors may miss the exhibition's secret rooms, accessible only through a "magic door" which opens when approached. This hidden enclave of rooms also plays on the idea of light and shade. Rondinone's glass clocks in the first secret room are a cascade of colour, while the second room — containing a huge sculpted locked door surrounded by 16th-century helmets — explores the "power of obscurity", according to a curatorial statement (in the pitch black gallery the eyes deceive, forming strips of light).

At every turn in the Hodler apartment, little-known but important works, such as Carlos Schwabe's early 20th-century series of sketches showing an anguished female muse, catch the eye. It is all a clever twist on the *garçonnière*, the fin-de-siècle term for a residence where extramarital affairs were conducted.

Uplifting elements of the show include a room dotted with sculpted glass horses by Rondinone partly filled with water drawn from different oceans; these poised animals are shown alongside Hodler's tranquil depictions of Lake Geneva and Lake Thun and — just like the lakescapes — the half-full horses form their own watery horizons.

Hodler submitted works for the Swiss National Exhibition in 1896, so this show could be seen as a meditation on what it means to be Swiss, with all three artists shaping and reflecting national identity. "Switzerland doesn't have an explicit identity," Wahler says, "whereas the French are defined by *égalité*, *fraternité* and *liberté*. Similar ideas apply in England. Switzerland is more like a frame — it can be described as being like negative space."

Ferdinand Hodler's large-scale warrior images occupy a gallery
Stefan Altenburger

Rondinone is known for his vividly coloured stacked stone sculptures, which have popped up in locations worldwide such as the Ras Abu Aboud beachfront near Stadium 974 in Doha, Qatar. In 2007, he represented Switzerland at the Venice Biennale along with Urs Fischer and recently teamed up with the Swiss tennis superstar Roger Federer. The sculptor transformed the 20-time Grand Slam winner into a flying figure for his *burn shine fly* exhibition at last year's Venice Biennale (Federer was placed in a harness in his underwear during the modelling process.)

Rondinone's works anchor the Geneva show throughout, including his vast circular sculptures, *the sun* (2017) in bronze and *the moon* (2022) in silver, which act as a gateway to the different rooms. The latter leads visitors into a gallery of medieval weaponry where Rondinone's languorous nude hyperreal human sculptures, fashioned from wax and soil, rest against the display cases. Still lifes and landscapes by Vallotton, such as *Paysage à Vence* (1924), are reframed in this setting, giving these disquieting paintings a new, life-affirming quality.

Rondinone is the third person to participate in the *Open Invitation XL* series, which has given prominent creative figures free rein to reinterpret and present the wide-ranging collection under Wahler. Viennese artist Jakob Lena Knebl and art historian Jean-Hubert Martin were the first two practitioners given this *carte blanche*. Belgian artist Wim Delvoye is working on the next *Open Invitation XL* iteration, followed by the US sculptor Carol Bove.

Wahler is keen to reinvent the museum for modern audiences, dismantling the idea that such august institutions are, as he once called them, "ivory towers". "I think this exhibition is a good example of what could be done in the future; the way presumed opposites work together and new interpretations appear."

To June 18, ville-geneve.ch

Sideman shines in the spotlight

JAZZ

Ant Law
606 Club, London
★★★★☆

Mike Hobart

A palpable sense of anticipation infused a packed 606 Club ahead of the debut performance of Ant Law's latest band. The British guitarist is a fearsome technician with an original voice, whose growing reputation is built on a decade of touring and high-profile sideman gigs.

Law's new project, Unified Theories, is at root a showcase for his rigorous and detailed compositional approach. At this gig, long-form complexities were compressed into bite-sized chunks and compositions unfolded through dense thickets of harmony, intricate rhythms and contrasting moods.

But it was his A-list supporting cast that added the extra spice. Saxophonist Will Vinson and bassist and former cricketer Orlando Le Fleming are British-born long-term residents of New York. Cuban drummer Ernesto Simpson launched his career in Havana with Dizzy Gillespie, and the Mercury Prize-winning pianist Gwilym Simcock was a regular in Pat Metheny's band.

There was ample space for soloists to breathe, providing they were up to snuff. Although rehearsal had been minimal, the flair and proficiency of Law's carefully constructed ensemble delivered the sonic detail and emotional contrasts of each twist and turn — which augured well for the recording session booked for the following day.

The evening began with Law conjuring a sense of new beginnings with shimmers of plucked strings over haunting guitar-synth bass. As the woody tones of double bass entered, cymbals swished, sharp rimshots added tension behind lilting sax and quick-fire runs brought "Ballroom" to an edge. "It's at the rock end of the gig tunnel," said Law before announcing the next twisty tune. Now the pulse had a funky bite and moments of calm eased the headlong rush. Then came "A to Z", a love song with a pretty melody, gentle picks and strums from Law's guitar and a sonorous solo for double bass.

Although Law's aesthetic is demanding, soloists brought each piece vibrantly to life. Vinson provided emotional focus with a centred pithy tone and articulated rhythmically at speed. Simcock's florid lines on acoustic grand contrasted with the leader's electronic bite, and Law combined emotional warmth with fluency and tonal control.

The first half ended with two compositions featuring tortuous lines played at pace. First, "Colours" expanded an experiment with an amended progressive scale; Vinson plotted a route through the complexity without turning a hair. Then drummer Simpson brought the angular funk of "Octopus Pyjama" to a crowd-raising high.

The second half added the blues-spiced waltz "Where Would We Be" and a short but lovely ballad, "Ensconced", to Law's tricky aesthetic core. Highlights included the bubbling froth of tapped rimshots, disjointed sax and guitar that periodically interrupted the smooth contours of "Parity", and bassist Le Fleming and drummer Simpson locking together for rhythmic punch.

"Tbilisi" ended the evening, a wicked concoction of bespoke harmonies and angular unison lines delivered by sax and guitar at breakneck speed. Tight, powerful and oozing confidence, two stabbed chords signalled that the evening was done.

antlaw.co.uk

Guitarist Ant Law, right, with his band at the 606 Club — Roger Thomas

FT BIG READ. US POLITICS

Many voters blame the president for inflation, but good news on jobs could boost a pitch for re-election. He will need to hone his personal appeal, though, rather than bank on public distaste for his predecessor.

By James Politi

Biden makes his case for a second term

Joe Biden was relishing the moment on Friday evening, when, to a cheering crowd of Democrats at a hotel in downtown Philadelphia, he listed some of the highlights of his presidency.

On the midterm elections: "A giant red wave? Well, guess what? It never happened." About the economy: "We created more new jobs in two years than any president did in their entire term." And internationally: "America is back, and we're leading the world again."

Insisting there was "a lot more to do", he challenged an audience that had been holding up "Joe" and "Kamala" signs to keep supporting him. "Let me ask you a simple question. Are you with me?" Biden said. They responded with the classic chant for a president running for re-election: "Four more years!"

Because of his age — Biden turned 80 in November — and his underwhelming approval ratings, the president, for much of last year, looked like he was floundering. Biden faced doubts about whether he would, or rather should, seek a second term, with some Democrats calling for fresh leadership.

But the mood in the party is now different. A stronger-than-expected performance by Democrats in last year's midterm elections — historically regarded as a referendum on the incumbent administration — have hushed many of those misgivings and put Biden in a much stronger position to launch another general election campaign.

The choreography of the Philadelphia speech had all of the elements of a re-election rally. Biden has the perfect platform to reinforce the case when he makes his State of the Union address to a joint session of Congress today.

Data showing the US economy gained an astonishing 517,000 jobs last month and an unemployment rate (3.4 per cent) at its lowest level since 1969 will certainly help as Biden makes the opening argument to Americans about why he deserves a second chance in the White House. His pitch is expected to rest as much on his record in office as it will on the dysfunction within a Republican party that, in many respects, is still in thrall to Donald Trump.

"Biden has weathered a lot of storms: it's pretty clear the pandemic is coming to an end, we have the best job growth in decades, inflation may be creeping down, and his control of the situation in Ukraine has been no less than masterful," says Elaine Kamarck, a senior fellow at the Brookings Institution, the Washington think-tank, and a former Clinton administration official. "Does he go bounding up the stage? No! But who the hell cares?"

'Level-headed choice'

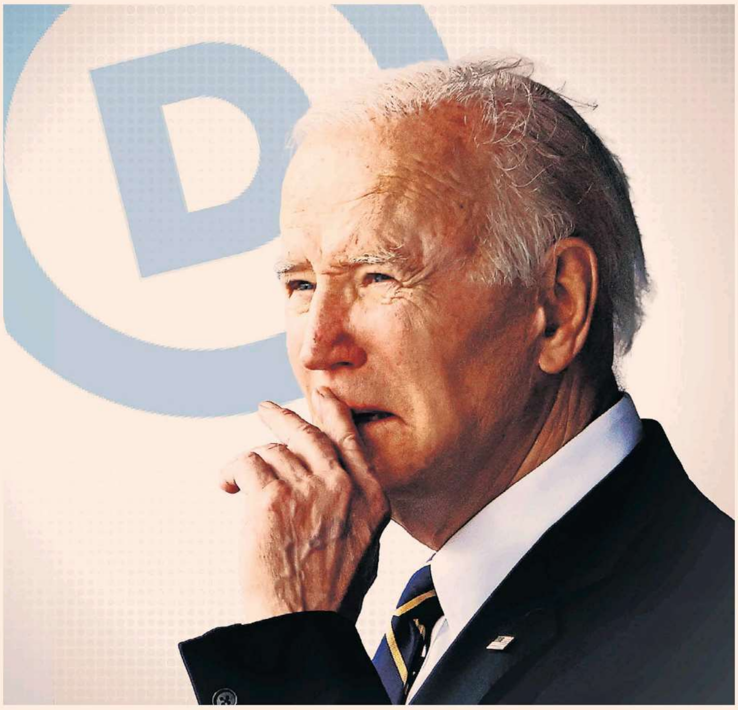
A formal re-election announcement from Biden could still take months. Until then, the president still has time to change his mind. However, most White House officials and Democrats in Washington expect him to declare his candidacy and face no major challenge.

"As I did in 1988, and 2008 and 2020, I look forward to being on your side when you run for president in 2024," outgoing White House chief of staff Ron Klain said to Biden last week.

Patrick Gaspard, the president of the centre-left think-tank the Center for American Progress, adds: "Democrats feel pretty darn good about their standard bearer, and I don't hear much of a conversation of 'Should he or shouldn't he?'" Gaspard also expects Kamala Harris to join Biden on the ticket again as vice-president, despite her own lagging approval ratings. "Biden and Harris are a team joined at the hip from day one," Gaspard says. In Philadelphia, Biden gave a shout-out to Harris: "She's a great vice-president."

There are some early indicators that it could pay off for Democrats to rally round Biden, such as an improvement in his polling data in recent months. In July, more than 57 per cent of Americans disapproved of Biden's performance as president, compared to 37 who approved of it. That 20-point gap has been cut down to 8.5 points, with 52.3 per cent of Americans disapproving and 43.8 per cent approving of the way Biden is handling the job.

Much of that rebound has been the result of the passage of key legislation such as the Inflation Reduction Act, which included subsidies for clean energy and measures to cut prescription drug costs, as well as the Biden administration's stance in defence of abortion rights after the Supreme Court overturned the Roe vs Wade precedent. The increase in his popularity has also coincided with a drop in petrol prices



President Joe Biden has yet to formally announce his plans, but most White House officials and Democrats expect him to declare his candidacy. Below right: Democratic members of Congress celebrate in August as the Inflation Reduction Act is passed. The legislation has boosted Biden's low approval ratings

FT montage; Getty Images; Graeme Sloan/Sipa

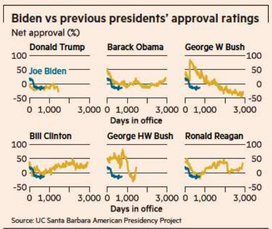
and an easing of inflation overall.

Biden's momentum, however, appears to have ebbed after the justice department last month appointed a special counsel to examine his handling of classified documents found at his private home in Delaware and a private office he used at a Washington think-tank. The case is a gift to Republicans who can use it to attack Biden's integrity and will also make it harder for Biden to blast Trump for his hoarding of sensitive government material at Mar-a-Lago in a potential rematch.

Many Americans remain disenchanted, and some even angry, with Biden because inflation remains high despite recent declines: the consumer price index rose by 6.5 per cent year on year in December. Other issues including immigration and crime are also weighing on the president, meaning that he remains a vulnerable incumbent.

"President Biden [started] year three of his presidency with the nation in a prolonged, sour mood, with a weak job [approval] rating, and with a majority of the country giving him poor marks for being able to unite the country or having the necessary mental and physical health to be president," says Bill McInturff, a Republican pollster who conducts the NBC News poll.

With ratings well below the 50 per cent level during his first few months in office until August 2021, it remains an even bet whether Biden is destined to be a one-term president like Trump, George HW Bush and Jimmy Carter, or can follow in the footsteps of two-term predecessors like Barack Obama, George W Bush, Bill Clinton and Ronald



Reagan. Much will depend on who surfaces on the Republican side, say political analysts.

"Against Trump, Biden would be a very slight favourite, as the election would probably turn on attitudes towards Trump as much as towards Biden," says Charlie Cook, of the non-partisan Cook Political Report with Amy Walter. "Against any other Republican, Biden would be, at best, a slight underdog."

So far, only Trump has announced his candidacy for the Republican nomination, while Nikki Haley, the former South Carolina governor and US ambassador to the UN, has signalled she will soon join the race. Other likely candidates, such as Florida governor Ron DeSantis, are waiting on the sidelines.

"If you put him up against [Trump], Biden is still seen as the far more level-headed choice to be president," adds Jay Campbell, a pollster at Hart Research, the Democratic polling firm. "Against a more reasonable and palatable Republican, I don't have a good answer for that. I don't think anybody does."

Changing gears

With Republicans regaining control of the House of Representatives at the start of the year, albeit with a very slim majority, Biden has already shown signs of shifting from executing his sweeping agenda to defending and promoting what he has accomplished so far.

"When America sees these projects popping up across the country, it sends a really important message: when we work together, there's not a damn thing we can't do," Biden said at a railway station in Baltimore last week as he spoke about the impact of the 2021 bipartisan infrastructure law.

Although Biden's approval ratings on the economy remain negative, his aides hope that the billions of dollars of subsidies for clean energy, advanced manufacturing and chip plants are unleashing an industrial renaissance that will begin to resonate with voters as they see the economic benefits. After the State of the Union speech, Biden will travel to Madison, Wisconsin, to argue that his agenda would bring "good-paying, union jobs" to the country.

But political strategists say Biden needs to do a better job as a political salesman — even within his party. Unlike the 2020 campaign, which was waged during the height of the pandemic, the next presidential election is expected to be more traditional, requiring more public and arguably more inspirational appearances. An ABC-Washington Post poll released on Sunday showed that 58 per cent of Democrats and Democrat-leaning independents would prefer a different nominee.

"When you have recently turned 80, and you're already the oldest president in American history, people don't instinctively connect you with the word 'future'," David Axelrod, Obama's former chief political strategist, wrote on CNN.com last week.

"Rather than merely claiming credit for what he's done, Biden desperately needs to tell a larger story about where we're going and paint a picture of how these major initiatives are laying the groundwork for something better."

One of Biden's greatest assets is that he is presiding over a Democratic party

'Against Trump, Biden would be a very slight favourite, as the election would probably turn on attitudes towards Trump'

that is more united than it has been since before the 2016 presidential primary election that pitted Bernie Sanders against Hillary Clinton. Despite wrenching arguments and delays in late 2021 between the moderate and progressive wings of the Democratic party over the size and details of the climate, health and tax bill, there is less overt tension and far more common ground between the factions.

Jeff Zients, who will replace Klain as chief of staff, has more managerial skills than political skills, and is considered to be more aligned with the business-friendly moderate Democrats. "I do think in the first two years they were very worried with their left flank and that's probably less of a concern right now," says Kamarck, of Brookings.

But even after a successful policy run that checked off many of the priorities of all wings of the party, Biden is still facing some scepticism that he can win back non-college educated working-class voters who have been drifting towards Republicans in recent years.

"To just get in the door with many working-class voters and have them consider their economic pitch, Democrats need to convince these voters that they are not looked down on, their concerns are taken seriously and their views on culturally freighted issues will not be summarily dismissed as unenlightened," Ruy Teixeira, a political commentator, wrote in the Democratic Strategist newsletter last week.

The biggest danger for Biden may well be that of a recession hitting exactly as the campaign season moves into full gear. "We saw so much inflation, and the very acute concerns about the state of the economy still exist right now. Are we going into recession, and if so how bad is it going to be?" says Kevin Madden, a senior partner at Penta, a consultancy in Washington, and former senior adviser to Mitt Romney's presidential campaign in 2012.

So far, though, the economy is holding up. The latest IMF forecast issued last week projected that the US economy will grow at a rate of 1.4 per cent this year, and 1 per cent in 2024, which would be consistent with a soft landing.

Meanwhile, the economic team at the White House has grown increasingly confident that inflation has turned a corner. But if that outlook for both the labour market and inflation takes a turn for the worse over the course of the year, it could spell trouble.

Similarly, Biden's response to the war in Ukraine will have helped restore faith in his leadership on foreign policy and national security issues, after the chaotic military pullout from Afghanistan. But if Russia makes unexpected gains on the battlefield, despite the billions of dollars in military and financial aid to Kyiv, it could be damaging to the White House. The dispute this weekend about the shooting down of a Chinese balloon over US airspace underlined how a crisis between Washington and Beijing could upend his presidency.

Biden seems assured he can win any stand-off with Republicans over increasing the debt ceiling and avoiding a potentially devastating default for the economy and financial markets. In the past, Democratic presidents including Clinton and Obama prevailed in similar showdowns in Congress, largely because they were judged to be more responsible. The struggles of Kevin McCarthy, the Republican House Speaker, to control the most extreme rank-and-file lawmakers, may well be Biden's most potent political foil heading into 2024.

"If in fact there is a default, history suggests that Republicans might come out of that a bit weaker, but these things are unpredictable," says Kyle Kondik of the University of Virginia's Center for Politics.

'Critics are wrong'

Last month, Biden travelled to Atlanta to become the first sitting president to deliver the Sunday sermon at Ebenezer Baptist Church, the spiritual base of civil rights leader Martin Luther King Jr. "Progress is never easy, but redeeming the soul of the country is absolutely essential," Biden told the crowd.

Such words reflect Biden's sense of his own enduring political mission, which is to defeat Trumpian extremism in America and authoritarianism, as much as possible, around the world. It is a platform that inspired him to plan a run for the White House starting in 2017 after the white supremacist march in Charlottesville, Virginia, and served him and the Democrats well in 2020 and 2022.

"Every single day the Biden presidency is advantaged by the comparison with the swirl of constant, daily turmoil that is the world of Donald Trump," adds Gaspard, of the Center for American Progress.

But Biden and his top aides will be aware that success or failure cannot solely depend on Republican infighting. His personal appeal, and that of his policies, will have to gain traction. After the booming jobs number for January was reported on Friday, bringing the total of employment created under his watch to 12.1mn, Biden seemed convinced he was on track. "For the past two years, we've heard a chorus of critics write off my economic plan," he said. "Today's data makes crystal clear what I've always known in my gut — these critics and cynics are wrong."

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

The punctured hopes for a US-China reset

Shooting down of a spy balloon shows cold war lessons need to be learnt

As fragments of the downed Chinese "spy" balloon hurtled earthward off the South Carolina coast on Saturday so, for now, did hopes for a reset in US-China relations. As divers hunt for remnants of the airship shot down by a US fighter, Beijing officials have accused Washington of an overreaction that has dealt a "serious blow" to ties between the world's biggest military powers. China provocatively violated US airspace; a planned visit by secretary of state Antony Blinken to Beijing had already been called off. There is a danger the incident could set off a vicious cycle that wreaks severe economic and political damage. But this should be a moment for restraint, not escalation.

Beijing improbably insisted a "civilian weather airship" had been blown off course by high winds while collecting meteorological data, in a case of "force majeure". US officials said they had confirmed it was a surveillance balloon carrying unusual equipment. It would be surprising if such an incursion was approved by President Xi Jinping, whose recent commitment to improving ties with the US seemed genuine. That opens the possibility that its presence was a result of miscommunication between arms of the Chinese apparatus — or, worryingly, that a hardline faction was attempting to sabotage the reset.

Either way, the timing is unfortunate. Several developments loom that could further strain relations. US officials increasingly worry that Chinese state companies may be assisting Russia's military effort against Ukraine by providing technology and semiconductors — which may raise pressure for action by the White House. The administration is already expected as early as next month to move to create a body to review outbound US investments into China. And the new Republican House Speaker, Kevin McCarthy, is expected to ape his Democratic predecessor, Nancy Pelosi, with a visit to Taiwan this year — though there are better and less inflammatory ways for the US to show solidarity with the self-governing island.

Beijing has called America's use of force against the balloon "a serious violation of international conventions". It would be well advised, however, to keep any retaliation low key. As he seeks to manage China's emergence from its "zero-Covid" policies and rekindle economic growth, Xi has good reason to pursue the thaw he initiated with US president Joe Biden in Bali last November. Biden is under fire from hawkish Republicans at home over the fact that the balloon was shot down only after it crossed the US coast, several days after its presence was revealed.

There are lessons to be learnt from the US-Soviet cold war. The then global superpowers were engaged in frenetic espionage just as the US and China are today (indeed, balloons have retained a place among the panoply of high-tech surveillance means used by both sides). The cold war foes occasionally caught each other in the act, but developed ground rules of sorts. Washington and Beijing similarly need to recognise the economic, political and ideological flashpoints between them, and develop mechanisms to manage the risks while reducing the danger of outright war.

> There is a danger the incident could set off a vicious cycle that wreaks severe economic and political damage. But this should be a moment for restraint

In the cold war, this was achieved, in part, by building contacts between officials at multiple levels. The hope was that Blinken's visit to Beijing, set to be followed by one by Treasury secretary Janet Yellen, was the next step in a similar process. It is notable that the US has used the word "postponed" in relation to the secretary of state's visit. The dust from this latest incident must settle, but the Blinken trip should then be rescheduled. The US-China relationship is of too much consequence for the world to allow it to be blown up by the popping of a high-tech balloon over the Atlantic.

Opinion Politics

Information hoarding won't help governments

Ewan White

Stephen Bush

Better information means better decisions: that's the theory that makes the rise of machine learning, new technology and algorithmic decision-making so exciting for policymakers and private businesses.

One bit of that revolution that is particularly exciting to UK ministers and officials is Palantir's Foundry software. The joy of Foundry, from the perspective of the UK government, is its ability to understand, access, monitor and run experiments and projections with different operating systems and methods of data collections.

Early on in the Covid-19 pandemic, a system originally developed to allow information to flow seamlessly from agents in the field proved near-perfect for allowing the British government to monitor what was going on across the complex thicket of the NHS's overlapping health trusts and GP practices.

> We don't need transparency to know that much of the public realm is in poor repair

Civil servants describe Foundry's use in monitoring the progress of Covid-19 as one of the few things in the UK's pandemic response that worked as advertised. Many in government now hope that the software might hold the secret to doing something they have failed to do previously: integrate the NHS's data sources to better understand how to manage treatments and improve patient care.

But better information comes at a cost. It makes it harder for governments or individuals to engage in polite fictions about how services really operate. The UK government's prisons data dashboard, for example, is a triumph for transparency, but it reveals that Britain's prison system is generally pretty bad at actually rehabilitating prisoners.

The NHS is more popular than most peer systems despite the fact it broadly delivers similar outcomes to them for similar amounts of money. One reason for this is that the various ugly things healthcare systems have to do — deciding who is treated first and what type of treatments to offer — are kept hidden from view by the health service's model. A better system-wide view of how treatment outcomes and waits differ for people with learning disabilities, or from different ethnic minorities, is vital in improving how the system operates. But it makes states or governments look better if those realities are kept out of sight.

That is surely why, even as the British state is increasing the number of contracts awarded to Palantir, it is slowing down the public's ability to see the software at work for themselves. Information collated by Foundry helped build the government's Covid-19 dashboard, which made much of what was going on in British hospitals publicly available online. The UK government has since tapped Palantir to manage the underlying system for its vaccine rollout and on critical capacity. But the original dashboard risks becoming a historical artefact — even though it could become an all-purpose tool to monitor the performance of UK healthcare infrastructure as a whole.

The use of Foundry and the Covid-19 dashboard are both good examples of how desperation drives governments to innovate. In normal times, the British government would have been much more reluctant to overcome public resistance to allow an American company, and one with deep ties to the intelligence agencies, into the NHS. Nor, in normal times, would it have ever done anything as transparent as use that company's tools to build a publicly available dashboard measuring the country's effectiveness in fighting a novel disease.

But now that the acute phase of the pandemic is over, the government has decided it likes the benefits of better data-sharing and modelling, but dislikes the opportunity for better scrutiny that comes with making that information available to others.

Politicians are right to believe that better and more transparent data will mean having to deal with awkward questions. If it's not clear that the UK is managing to effectively rehabilitate most people it imprisons, say, that raises uncomfortable questions about what, exactly, we hope to accomplish with short prison sentences. And a more transparent NHS may find it harder to engage in the covert rationing the service has practised in the past. But the reality is that you don't need a government to be transparent to know that UK healthcare is in a bad way or that much of the public realm is in poor repair.

Around the world, the data revolution will make it harder for governments to disguise the truth about how the services they provide work. But they'd be better off becoming enthusiastic advocates for the benefits of transparency and sharing the fruits of better information with the voters, rather than hoarding them for the political class alone.

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Shattering of business certainties makes ESG a priority

Robert Armstrong writes compellingly about the challenges of environmental, social and governance investing and the choices people have to make around whether, for instance, to manage money on behalf of totalitarian regimes ("A better argument for ESG, maybe", Opinion, January 27). He is also right that "a lot of the ESG investing industry is grounded in bullshit" with endless false claims, driven by being a "massive fee trough" for all concerned.

Yet he evaluates arguments for ESG on a largely utilitarian and financialised basis, focusing on the attractiveness to employees and the cost of capital for corporations. This risks perpetuating the muddle that has degraded ESG into a tick box exercise.

Companies do not stand apart from the societies in which they operate. They are embedded in those societies and have an important role to play in how those societies function.

ESG is just one manifestation of the fact that the socio-cultural-political climate has changed dramatically over the past couple of decades. The nature and tone of political debate has become more heated. Previous certainties have gone, such as our views on globalisation, the primacy of laissez faire neoliberal ideology, the supposed effectiveness of trickle-down economics, our tolerance of the externalities generated by business activity, the acceptance of the idea that the role of business is exclusively to maximise shareholder value, the perils of financialisation and many other political issues too numerous to list.

The fundamental question for business is therefore a simple one: how do I evolve and adapt my business practices to succeed in this new environment amid the shattering of previously held "truths"?

ESG investing should be about evaluating how well companies are adapting to this new environment and therefore how likely they are to thrive going forward rather than mechanically and thoughtlessly being led by the nose by rankings and other evaluations of dubious quality and "grounded in bullshit".

Joe Zammit-Lucia
Radix Centre for Business, Politics and Society, Amsterdam, The Netherlands

Ma has self-preservation instinct of a tai chi master

Jack Ma has mastered the art of tai chi, the most authentic Chinese kung fu which focuses on the delicate balance between advance and retreat to achieve not only self-preservation but ultimate winning against all the odds ("China's reassurances make Ma's absence all the more conspicuous", Inside Business, February 1).

After the fateful Shanghai speech at the end of 2020, Ma has stayed low and kicked off his strategic retreat and divestment of his stakes in Alibaba and the Ant Group which has delayed the listing plan for more than two years.

After a brief stay in Japan, Ma has identified Singapore as his "home away from home". A few years ago Ma's wife bought a piece of land in the city-state to build a bungalow. Usually foreigners have to seek Singapore government approval to buy freehold land. According to a news report, the need for such an approval was waived. The most likely answer is that she is already a naturalised Singapore citizen.

The earlier market rumour that Ma is building a global headquarters in Singapore was quickly denied by Alibaba in Hangzhou. It reminds me of that well-known Chinese idiom that a cunning rabbit has three burrows.

Khaw Wei Kang
Macau

New Start nuclear arms treaty is worth fighting for

The New Start treaty, the last remaining legally binding measure between the US and Russia to control nuclear arms, is indeed vital for global security as Rose Gottemoeller writes (Opinion, February 1).

But the international agreements developed, and in place, over many years, aimed at reducing the numbers of warheads and systems to increase trust, have been steadily eroded. New Start is in effect the last "finger in the dyke".

For Russia's Vladimir Putin seems to have already ceased "concentrating overwhelmingly on conventional forces", with the abysmal performance of his forces in Ukraine starkly exposed, as a result of the shortage of weapons, lack of logistic support and basic equipment.

Rather Putin has been funding expensive updates to his already vast nuclear inventory such as the Poseidon "doomsday" system, a nuclear-powered unmanned underwater vehicle capable of carrying both conventional and nuclear munitions.

As predicted in your article, this has led to the US speeding up and enhancing plans in its nuclear posture review and Russia's stance has in part led to the rapid growth in number and types of nuclear weapons that the Chinese hold.

All of this is dangerously destabilising. Russia and the US need to return to the negotiating table as a matter of urgency.

Admiral Lord West of Spithead
House of Lords, London SW1, UK

Could BAT suitor not take a look at my projects too?

So Lex reckons ("BAT: burns unit", February 1) British American Tobacco should split off the "sinking ship" of its cigarette business, and the longer it leaves it "the nearer complete runoff" it will be and the lower its value. I'd be keen to meet the people Lex thinks will take that cigarette business off BAT's hands. I have a couple of projects of my own I'd be interested in selling them.

Jonathan Fell
London N1, UK

OUTLOOK

CHICAGO

America's library wars are heating up

by Patti Waldmeir

In a public library outside Chicago, not far from where I live, the culture wars have found a fresh, literary front. Conservative parents are campaigning to have a children's book, *The Hips on the Drag Queen go Swish, Swish, Swish* by Lil Miss Hot Mess removed from the shelves.

Library warfare hit record highs during the pandemic. The American Library Association logged 729 attempts to censor resources in 2021, targeting 1,597 books, the most since the ALA started tracking requests more than two decades ago. Last year was set to exceed that total, the association says.

The *Hips on the Drag Queen* was given a coveted starred review by the trade publication Kirkus, which said it was a "family friendly celebration of drag". It falls into the territory most targeted in the library wars: LGBTQIA + — lesbian, gay, bisexual, transgender, queer, intersex and asexual issues. On the ALA's list of most challenged books in 2021, five of the top 10 cited LGBTQIA+ content.

Gender, sexuality and race are ripe terrain for conservative groups that have figured out the best way to win America's culture clashes is to get candidates into elected office, from school and library boards to state governments. Dozens of state legislatures have introduced bills to limit what teachers can say about topics such as slavery, or force them to tell parents if a child asks to change their pronouns. Last month, Florida blocked high schools from offering a new African American studies course.

Closer to my home are the ugly skirmishes that brought police to a recent board meeting of the Lincolnwood Public Library District outside Chicago, over Lil Miss Hot Mess's oeuvre. Parents objected after the book was featured at a local park during children's storytime.

The pandemic was critical in fuelling such battles, says Emily Knox, an expert on library wars at the University of Illinois Urbana-Champaign: "Education came home and people were able to see what their kids were learning."

But the thing that sets a public library apart from a school one "is that nobody is being forced to read the books", says Cynthia Robinson, executive director of the Illinois Library Association. Books aren't often removed in response to a request, she says, though material can be culled due to space constraints, or on accuracy grounds.

The Lincolnwood library refused to remove the book from its collection. "This is about the first amendment [to the US constitution, guaranteeing freedom of speech]", Josephine Tucci, director of the Lincolnwood Public Library District, tells me. She points out that their catchment area includes people of diverse religions and views, speaking 40 languages. But Tucci says a majority of the seats on the library board are up for election in April, with conservative activists mobilising to fill them. ALA president Lessa Pelayo-Lozada tells me US libraries are trying to serve more diverse audiences: "But when we uplift the voices of historically marginalised communities", including people of colour or LGBT+ communities, "I can see some patrons might feel, 'where am I [represented] in the library now?'"

So far these recent battles are heavily weighted to the right: but my local library in Evanston, Illinois, near the disputed Lincolnwood one, is also facing challenges from the opposite end of the political spectrum, to remove books alleged to have racist imagery.

The library briefly considered an idea to insert a bookmark into such books encouraging parents to use them for a "teachable" moment, in a similar way to how some classic Disney films now carry a warning that they include racist content It is also working to get its collection "on a par with the city's demographic", which is roughly 40 per cent non-white.

The brunt of these battles is falling on America's librarians, who never expected to find themselves at the heart of the culture wars. Tucci says: "It's really made me question what I do." Pelayo-Lozada says librarians are "worried about their jobs and their physical safety" and the disputes have hurt recruitment.

But she warns the issues will get worse before they get better. Coming soon to a library near you.

The writer is a contributing columnist, based in Chicago

Opinion

We should all be asking more questions

SOCIETY
Sarah O'Connor

As a junior economics reporter, I was once given an assignment which made me panic. I had been asked to write a story about an economic concept I didn't really understand. No one else from my team was around. Googling it only left me more confused. Just then, Martin Wolf, the FT's chief economics commentator, walked past my desk. I took a deep breath and asked him. He explained it clearly in a few sentences, and if he thought I was silly for having to ask, he never made me feel that way.

Ever since then, I have been a big believer in asking "stupid" questions, by which I mean questions that you fear make you look stupid. But I'm worried this is a dying art.

It has never been easy, of course. Lecturers have always found that the best questions from students, the ones they worry might be daft but are actually very useful, tend to come during breaks, or on the walk between buildings after the lecture has ended.

When teaching moved online after the pandemic started, those opportunities disappeared. But many academics and trainers discovered that online tools actually made it easier for some students to ask about the things that confused them. Suddenly, they could type questions in the chat box or send a direct message to the lecturer, rather than put their hand up and ask in front of everyone.

Platforms such as Mentimeter added an extra layer of comfort by allowing students to ask questions anonymously. Some academics have now integrated these online tools into their face-to-face lectures, so that students can continue to ask questions without revealing their identity.

There is clearly some value in this. I sometimes moderate audience Q&A sessions at events, and a handful of the same confident talkers can dominate. The ability for audience members to submit questions by text does seem to draw out a more diverse set of people who might otherwise stay silent.

But what if we are losing something too? The more we use technology to insulate ourselves from the discomfort of asking questions, the more fearful we might grow about doing it face to face.

Making 'stupid' inquiries can be the best way to make sure you really understand something

One academic told me the vast majority of his students "are really up for it" but seem too nervous to take "that final step". He got so frustrated by the silence in lectures he brought in one of his child's soft balls and told them: "I'm going to chuck this out and whoever catches it has to ask me a question. Any question." He says they looked at the ball like it was a hand grenade.

Yet asking someone questions face to face can be the best way to make sure you really understand something. I have sometimes asked people to sketch diagrams for me too. This matters if your job involves clear communication — otherwise you can end up regurgitating technical terms because you don't have the confidence to put them into plain language.

As a beloved journalism handbook of mine puts it, you have to be able to "call a spade a spade, instead of bringing in someone from Harvard to solemnly declare it a long-handled personal earthmoving implement". Journalists don't always manage this (me included).

A recent review of the impartiality of the BBC's coverage of certain economic issues found that "too many journalists lack understanding of basic economics or lack confidence reporting it". The review's authors were also "disturbed by how many people said they didn't understand the coverage".

Fear of asking "stupid" questions can lead you to pretend you know more than you do, which also makes you more vulnerable to bluff, bullshit and fraud. To take one example: while artificial intelligence is making huge strides in some areas, companies are also buying plenty of commercial products that computer science professor Arvind Narayanan calls "AI snake oil".

One study published in 2021 asked participants to rank their knowledge of a set of terms on a five-point scale from "never heard of it" to "know it well, understand the concept". Some of the terms were real; others were fake. The study found that people who were more willing to bullshit about what they knew were also more likely to fall for the bullshit of others.

I know not everyone is lucky enough to have a Martin Wolf wandering past their desk. But take it from someone who asks questions for a living: most people really don't mind being asked something "stupid". If they do, it is probably because they don't really understand it themselves, or they have something to hide. In that sense, you learn something useful either way.

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Brexit could be reversed — here's how

GLOBAL AFFAIRS
Gideon Rachman

At the height of Britain's Brexit debate, passions ran so high that some talked of a "new English civil war". That comparison still intrigues me for one specific reason: the side that won the civil war ultimately lost. King Charles I was executed in 1649. Eleven years later, the English decided they had made a mistake and restored the monarchy.

Could a similar reversal happen with Brexit? I think so.

Seven years after the 2016 referendum, and three years after Brexit actually happened, opinion has shifted markedly. As the academic Matthew Goodwin wrote recently, some 60 per cent of Britons now think Brexit was the wrong decision and would vote to rejoin the EU at a second referendum. An average of recent polls shows 58 per cent of voters not only regretting Brexit, but actively favouring Rejoin.

It is easy to understand why. Brexit was sold as a way of controlling immigration and improving the NHS. But the NHS is now in far worse shape than it was in 2016. Immigration into the UK remains very high, with EU immigrants largely replaced by people from outside the bloc. And the IMF predicts that Britain will have the worst performing economy in the developed world this year.

Demographics and economics suggest that the Rejoin sentiment will strengthen over time. Young voters are the most pro-EU of the lot, with 79 per cent of 18 to 24-year-olds wanting to rejoin. And, sadly, the damage done to the UK economy by Brexit is likely to become increasingly evident.

So far these changes have not filtered through into politics. Daniel Hannan, a prominent Leave campaigner, claimed recently that there was a "plot to overturn Brexit". If only!

In reality, with roughly two years before an election, the opposition Labour party says that reversing Brexit is out of the question — and talks only of "fixes" to the current deal. Even diehard Remainers often moan that it will take a generation before Britain can consider rejoining the EU.

But this is too fatalistic and too accepting of the mounting damage Brexit is doing. It also ignores the speed with which events and opinion are moving.

The truth is that the marginal "fixes" to Brexit favoured by Labour may not be achievable and would not compensate for exclusion from the EU's internal market. The public seem to have realised this. Eventually politicians will have to respond — and the idea of rejoining the EU will become mainstream. A large Labour majority at the next election would make that shift easier.

Any campaign to rejoin would face two big further objections. The first and most important is the claim that the EU would not want Britain back. The second is the argument that the British will turn against Rejoin, when they realise what it involves.

European opposition to a British return certainly exists, but can be overstated. Michel Barnier, who led the EU's Brexit negotiating team, says the door is open for Britain to rejoin the EU "any time". Guy Verhofstadt, who was head of the European parliament's Brexit committee, tweeted last week: "I have a dream. Ukraine and Britain joining the EU in the next five years."

When I rang Philippe Lamberts, co-chair of the Green group in the European parliament, and asked him about Britain rejoining, he replied: "That would be my dream scenario." Lamberts thinks the five main political groupings in the parliament would all favour British re-entry.

Young voters care more about issues such as the environment than abstract notions of sovereignty

Some EU member states, in particular France, would probably take a different view. The French argue that the British were a pain inside the EU and that the bloc has worked better since Brexit. But French opposition to British membership was worn down in the 1970s and could be again.

Most EU insiders, however, warn that, this time, Britain would not be offered any special deals. There would be no budget rebate; no opt out from the social chapter. Britain would have to accept the free movement of people and, quite probably, the euro.

Some pundits think that once these realities sink in, the British would lose their initial enthusiasm for rejoining the EU. But that is not necessarily the case.

The idea that leaving the EU will dramatically reduce immigration has been disproved. Embracing European social standards may horrify the Tory right, but would probably be popular among most of the electorate.

Even the euro might not be a deal-breaker. I opposed Britain joining the single currency 20 years ago because it was an untried experiment. But the euro is now an established international currency, while the pound looks chronically weak. The young voters who favour Rejoin care more about issues such as the environment than abstract notions of sovereignty.

How could it be done? I would favour a two-referendum process. The first vote could be held in 2026, a decade after the Leave vote of 2016. It would simply give the UK government permission to open negotiations with the EU. A strong vote of approval — say, 60 per cent — might allay some EU scepticism about whether Britain is too divided to deal with. A second referendum would be held on the terms of the Rejoin deal.

It took 11 years for Britain to restore the monarchy. Why not try to beat that by a year — and reverse Brexit inside a decade?

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Corporate 'privacy' concerns mustn't derail Europe's Data Act

Timo Harakka

The EU Data Act is the final, and arguably most important, element of an ambitious programme of legislation that paves the way for Europe's digital transformation. The aim is to make the bloc more competitive and improve public services for its almost 450mn citizens.

Three out of five legislative initiatives took effect last year: the Data Governance Act, the Digital Markets Act and the Digital Services Act. The Artificial Intelligence Act has been approved by the EU Council and is completing its passage through the European parliament. The final element, the Data Act, is being negotiated by the member states.

This pioneering package lays down ground rules for data access, data sharing, interoperability and the responsibilities of online platforms. And as with the earlier General Data Protection Regulation, it is reasonable to expect these European rules will have a global impact. Indeed, there are lessons to be learnt from our earlier experiences with the privacy regime.

In the first place, implementation is everything. EU member states have implemented the GDPR in wildly varying ways. Some national authorities (notably in Ireland) have a long backlog of complaints and a lenient approach to sanctions, while others (such as France) enforce their rules rigorously. To ensure a level playing field in future, the European Commission will oversee compliance of the largest corporations with the Digital Services Act.

Second, breaches of the rules must have consequences. Sitra, a Finnish think-tank, invited a dozen European policymakers to test the GDPR and see how their personal data was treated. To the dismay of former EU commissioner and Finnish prime minister Jyrki Katainen, his requests for his personal data were entirely ignored by several online merchants.

Third, and most fundamentally, could an obsession with privacy be detrimental to a fair and competitive data economy? By bypassing the cumbersome ticking of opt-out boxes, customers supposedly consent to a highly unfair deal governing use of their data. Corporations are then free to sell that personal data, or restrict further use of something that is arguably not even theirs to control.

To reap the benefits of free information flows, we need more trust and less trepidation

The misuse of privacy in pursuit of corporate interests is restricting the free flow of data for societal needs. According to a recent book by Viktor Mayer-Schönberger and Thomas Ramge, only 20 per cent of the data collected in the world is actually used. The vast majority is held captive and locked away from the common good.

Many corporations are similarly opposed to the new Data Act conflating health records and other sensitive personal data with business data, which they claim should be exempt from sharing. Excluding undefined "trade secrets" from the scope of the Data Act would disable the regulation and revoke all of the benefits that it would provide.

Going beyond traditional privacy safeguards, we should take advantage of new techniques that respect sensitive information while providing useful data from the same source, such as so-called zero knowledge proof and federated learning. To support the Data Act, the European Commission is even funding some of those privacy-proof but non-restrictive data sharing methods. Privacy is a code word for mistrust. To reap the benefits of free data flows, we need more trust and less trepidation.

The MyData movement that began in Finland in 2014 encourages data providers to use their data for the common good or for personal goals. Crucially, while the GDPR only covers the use of personal information by the private sector, the scope of MyData includes public sharing of data. So, for example, if cancer research needs my health data, I would be more than happy to share it — provided I can be confident that I still control information I consider private or sensitive.

Trust is also sorely needed between the US and Europe. Ten years have passed since Edward Snowden exposed American data espionage, and only now are we agreeing a passable EU-US data privacy framework. This wasted decade has led to some European countries reacting to US transgressions with retaliatory measures that run counter to the very idea of universal free flows of information and free trade.

Faced with authoritarian aggression, free societies need to enhance co-operation in critical technologies. We must share knowledge, pool our research and development resources, and ensure that human rights and democratic values are entrenched in all global standards and protocols. The Data Act is a crucial step towards that. The wealth of all our data should bring wealth to all of us.

The writer is Finland's minister of transport and communications

Central banks are not there to make profits

Agustín Carstens

Unlike businesses, central banks are designed to make money only in the most literal sense. They have a mandate to act in the public interest: to safeguard the value of the money they issue so that people can make financial decisions with confidence. The bottom line for central banks is not profit, but the public good.

Today, following an extraordinary period in economic history, some central banks are facing losses. This is particularly true if they bought assets such as bonds and other securities to stabilise their economies in response to recent crises. Many will not contribute to government coffers for years to come.

Does this mean that central banks are unsound? The answer is "no". Losses do not jeopardise the vital role played by these institutions, which can and have operated effectively with losses and negative equity. And the unique nature of central bank tools means that sometimes losses are the price to pay for meeting their objectives — to support growth and jobs, ensure stable prices and help keep the financial system safe and stable.

In normal times, it is possible for central banks to both fulfil their mandates and earn profits without taking on significant financial risk. Traditionally, being the unique issuer of money provides a reliable revenue stream. But central banks with large foreign exchange reserves, built to cushion external shocks, will often experience ups and downs in income from exchange rate fluctuations. This means they sometimes make losses when pursuing their goal of a stable currency.

Sometimes losses are the price to pay for keeping the financial system safe and stable

In times of crisis, central banks may also need to take on additional risks. And they do so with their eyes wide open. One example is the purchases of government bonds, including those made during the Great Financial Crisis and more recently during the Covid-19 pandemic, to avert economic disaster by supporting financial stability, keeping credit flowing and boosting economic activity.

In the past decade, with inflation and interest rates low for a long period, these bond purchases boosted income. In fact, some central banks were able to transfer unusually large profits to governments. But in the wake of the pandemic and since the invasion of Ukraine by Russia, inflation has returned. This requires higher interest rates to contain spiralling prices — and exposes central banks to losses related to assets purchased in past successful rescue efforts.

Central banks should put purpose above profits. Would it make sense for a central bank with large foreign currency reserves to increase their value by haphazardly triggering a devaluation of its own currency just to generate a windfall? Or for a central bank with domestic currency assets to keep interest rates low, even in the face of high inflation, just to preserve low-cost funding and generate profits? Such actions would be wildly inappropriate, violate their mandates and destabilise the economy.

The soul of money is trust. To operate effectively, business must maintain the trust of investors. And central banks must maintain the trust of the public.

Governments also have a role to play in the face of today's central banks' losses. Because these institutions are ultimately backed by the state, trust in money requires sound government finances and good financial management.

Losses matter because they may inflict a bruise on public finances but a far greater injury would result from central banks neglecting their mandates to avoid a loss. The public, via elected officials, have given central banks the job of price and financial stability because of their enormous societal benefits. Now, and in the long term, the costs from central bank losses are insignificant compared with the costs of runaway inflation and prolonged economic crisis.

The writer is general manager of the Bank for International Settlements

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Hong Kong: low base offers upside for stocks

Roll out the welcome mat. Yesterday's full resumption of cross-border travel between mainland China and Hong Kong is needed to revive the territory's economy. Any celebration was clearly muted on the day, as Hong Kong's stock market fell 2 per cent.

No matter, this should be good news for companies there.

About 56mn people — eight times the population of Hong Kong — visited the city annually before the pandemic. The flow of visitors from mainland China, which had accounted for 80 per cent of that total, fell to just 91,000 people at the peak of the pandemic.

Now Beijing is dropping all border restrictions between the city and the mainland for the first time in three years. Hong Kong will also scrap its vaccination requirements.

For Hong Kong, tourism is critical. Before the pandemic the sector contributed about 5 per cent of Hong Kong's GDP and about 7 per cent of total employment. Mainland visitors also accounted for most Hong Kong property purchases, helping generate the taxes that are a pillar of city revenues. The closure of borders and imposition of quarantine requirements helps explain why Hong Kong's economy contracted 3.5 per cent last year, the third decrease in four years.

From this week the prices of hotels, commercial rents, train and flight tickets should reflect the first hints of recovery. Yet some will benefit more than others. Reopening coincides with the city's Hello Hong Kong campaign, involving a state giveaway of hundreds of thousands of free air tickets. These tickets, purchased in 2020 as part of a government-aid package for local airlines including Cathay Pacific, could burden carriers, which are yet to return to pre-pandemic flight capacity.

But MTR Corporation, which operates the Hong Kong side of the high-speed rail link between Hong Kong and the mainland, should gain from a surge in passengers and sales. Its other main source of profits is commercial rentals on its properties. High rents are justified by footfall and spending of mainland Chinese tourists.

Other Hong Kong stocks reliant on a comeback of mainland shoppers include jewellers Chow Tai Fook and Luk Fook Holdings. Expectations for profits are now low enough for Hong Kong companies to beat forecasts easily this year.

As business activity picks up, so should local share prices.

Telecom Italia: ring the changes

Giorgia Meloni's government faces a test of its market credentials.

Buyout giant KKR has swooped on debt-laden Telecom Italia with a non-binding offer — reported at €20bn — for its fixed-line network. That will raise political concerns. But the rumoured price looks plausible, and the need for investment puts Telecom Italia under some pressure to do a deal.

Telecom Italia has had a complex few decades. As a favourite takeover target for cash-strapped entrepreneurs, it has been loaded up with acquisition debt, stifling its ability to invest. Today, it has €25.5bn of net debt — a chunky 4.4 times 2022 expected ebitda. Spanish peer Telefónica is on 2.5 times.

In the short term, the group is protected by the fact that 65 per cent of its debt is fixed-rate with a five-year average maturity. But applying its marginal cost of debt to the whole of the €33bn gross debt pile would add about €1bn to interest costs. It needs to sell a major asset, and the network has already been prepared for a carve-out by chief executive Pietro Labriola.

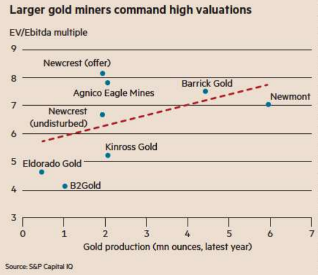
KKR's mooted €20bn offer for all of NetCo, at 10 times 2021 ebitda, is no knockout. Majority shareholder Vivendi, which has 24 per cent of Telecom Italia, has reportedly sought a higher price. But TIM's network is mostly copper, and requires some €7bn of investment to upgrade to fibre.

KKR's money would allow Telecom Italia to reduce its debt. KKR's 37.5 per cent stake in NetCo unit FiberCop might be valued at about €4bn. The remaining €16bn of proceeds (if TIM sold all of the network) would leave the rest of Telecom Italia with €9.5bn of net debt, or €4.5bn before leases.

Italy's government — which owns 10 per cent of Telecom Italia via Cassa Depositi e Prestiti, and can block a foreign takeover with its "golden share" — may be looking at different numbers. TIM has 40,000 employees, and it is not clear how many would go with a private-equity-run NetCo. Still, Telecom Italia needs fixing. KKR's offer deserves careful consideration.

Newmont/Newcrest: golden chance

Valuations for gold miners tend to correlate with scale and annual production. Weak earnings have put a false premium into the Newcrest valuation multiple. Its cash flow yield is low compared with that of its peers. That, plus disappointing growth at Newcrest, has led to its shares lagging behind others in the sector.



Gold's scarcity makes it precious. Undersupply also explains why miners sometimes prefer to buy peers rather than digging up gold.

Newmont of the US has bid for Australia's Newcrest in an all-share tie-up. A deal would reunite the groups that split more than 30 years ago, creating a gold miner with more than 8mn ounces of production, a $56bn group.

Inflation and a wish to cut dependence on the dollar have spurred central banks, particularly China's, into buying lots of gold, the second-highest ever on a net basis last year. Its spot price is up 15 per cent in the past three months.

Yet rising operating costs have tempered enthusiasm for gold miners. These trade close to the bottom of their historical book value range — between one to two times. Consolidation makes some sense.

Newcrest shareholders have not embraced Newmont so far. At least one big shareholder objected to the price. Newcrest shares in Australia rose by half of the roughly 20 per cent premium (above the three-month average) on offer. Its board had earlier rejected a lower 0.363 exchange ratio. The US miner is offering 0.38 for each share valuing Newcrest at $16.8bn — less after yesterday's 5 per cent fall in Newmont shares.

That this is not a knockout price explains the reaction. The offer ratio implies an enterprise value at about 8 times ebitda. Shareholders in Canada's Yamana recently agreed to a share-based deal at a similar multiple, albeit with a $1bn cash sweetener.

Unlike Yamana, Newcrest's shares have trailed those of its peers by 35 per cent over the past five years. That, and missed output targets, partly explain the exit of chief Sandeep Biswas in December.

Newcrest has potential. All-in (including capital spending) gold costs at $1,043 were 11 per cent lower than Newmont's last year. It should widen over the next three years, based on Visible Alpha estimates.

Buying lower-cost production should help Newmont dilute its own overheads. But to close this deal it will have to give some of that cost reduction back to Newcrest.

Self-storage M&A: shed inhibitions

There is plenty of room left in the Public Storage shed to put a rival. On Sunday, Public Storage revealed an unsolicited all-stock bid for rival Life Storage, worth $11bn in equity value.

These plainly named but highly profitable competitors in the American self-storage business have prospered. Increased migration has led to demand for places to store belongings. In the past five years, the shares of the two have far outpaced the 66 per cent return of the S&P 500, including dividends.

Each company is organised as a real estate investment trust, a structure that avoids corporate level tax but that requires hefty dividends to be paid out to shareholders. As interest rates have risen, the valuation multiples for big dividend payers including REITs have deflated. That leaves smaller participants such as Life Storage vulnerable to consolidators. At $55bn, Public Storage's market capitalisation is nearly six times larger.

It insists that it can better manage Life Storage's portfolio. Life Storage itself admits in its own recent analysis that its valuation does not stack up with its operating performance. In an investor presentation, for example, it told shareholders that its implied capitalisation rate, essentially the reciprocal of a price-to-earnings ratio, of 6.4 per cent sat near the bottom of the sector.

That analysis revealed Public Storage to have the highest earnings multiple. Public Storage, by offering stock to shareholders of Life Storage, argues that it can bring its own halo to the target.

In 2022, warehouse operator Prologis made a multibillion-dollar bid for its rival Duke Realty, which culminated in a friendly transaction. Life Storage is firmly in play now. Between the Public Storage bid and any other potential strategic or private equity buyers, Life Storage will have to consider a buyout.

Assuming so, Life Storage should tell bidders there is still space to squeeze in a higher bid.

Rothschild & Co: pulling a reverse Goldman

France's best-known independent investment bank is set to reverse out of an ownership structure copied by Goldman Sachs when it floated in New York in 1999.

The Rothschild family plans to buy out Paris-quoted Rothschild & Co. A partnership would take full control.

Everything we do may be deemed an implicit criticism of those who do otherwise. But unlike Goldman's ex-partners, the branch of the famous banking dynasty led by David de Rothschild has no wish to tap external capital or pay bankers in quoted shares. No, it wants to tighten control.

Discretion is in the Rothschilds' DNA. Consensus has sometimes been less evident. The buyout would value the bank at €3.7bn and reduce the dispersion of voting power at a bank now into its seventh generation of family leadership under David's son, Alexandre. Expect a renewed push into wealth management and private assets, now accounting for half the bank's activity. Chatter may recur concerning a link-up with Edmond de Rothschild, a separate Swiss private bank.

More immediately, the buyout of Rothschild & Co would remove the blot on the escutcheon represented by a dismal share rating. The stock has been trading close to historic highs. But low liquidity, local one-of-a-kind status and a weak US foothold translate into a forward price/earnings ratio of just 5.5 times. That compares with 11-12 times for New York-listed Lazard, Evercore and Goldman, S&P Capital IQ says.

The family holding group is offering €48 per share inclusive of a €1.4 dividend and an €8 special payout. The premium to the three-month share price would be a healthy 30 per cent ex-dividend. Family vehicle Concordia has 47.5 per cent of the voting rights, with a further fifth held by aligned relatives. That rules out competing bids, if not hedge fund bumpitrage.

As experts in valuation, Rothschild bankers must be acutely aware that Concordia's bid price is simultaneously high and low.

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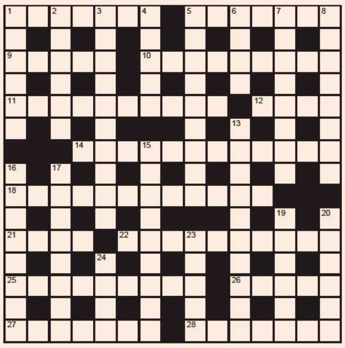
CROSSWORD

No 17,326 Set by BOBCAT



ACROSS

1 Military Intelligence backed sanctions ending early deadlock (7)
5 Make subject in French school extremely welcome to classicists (7)
9 Starters of buckwheat liked in Novosibirsk and Irkutsk (5)
10 She could produce *The Mousetrap* (9)
11 Investor holding the cards dealt a blow (4-6)
12 Retreat from PM losing face (4)
14 Led sister astray with notion of paradise? (6,6)
18 Novel feature of Attic civilisation (4,2,3,3)
21 Couple conclude proceedings on board (4)
22 Rude character that is not apparent in Michael Caine's performance (10)
25 Kent's one comic figure? (9)
26 Unfit setter dozed in audition (5)
27 Excess of devoutness — not the first — on Jewish Sabbath (7)
28 Obsession with Paddington? It could merit a hard stare (7)

DOWN

1 Medic stops team leaders from buying extra drink (6)
2 Entertainer who sang for the young Elvis? (6)
3 Masquerading sheikhs and bishops enthralling a dish (5,5)
4 Author lying about haunt of vice in German port (5)
5 Rest in peace? Not a second of it, unfortunately, here (9)
6 Well over 25% of yakitori is protein (4)
7 Seaweed repeatedly gathered from prime locations in La Guaira (4-4)
8 Con-artist's seldom discovered casing wealthy place (2,6)
13 Staggering... so daunting, but surprisingly impressive! (10)
15 Very, very French — almost all attending Mass in old cathedral city (9)
16 Propositions put before half-hearted females (8)
17 Notice contains nothing on our weakness (4,4)
19 Raise eco-tax within eight days (6)
20 Governor tipped to take centre of industrial province (6)
23 Potential killer needs to extract drug from hard sweet (1-4)
24 Genuine grandeur that's to some extent receding (4)*

JOTTER PAD

Solution 17,325

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