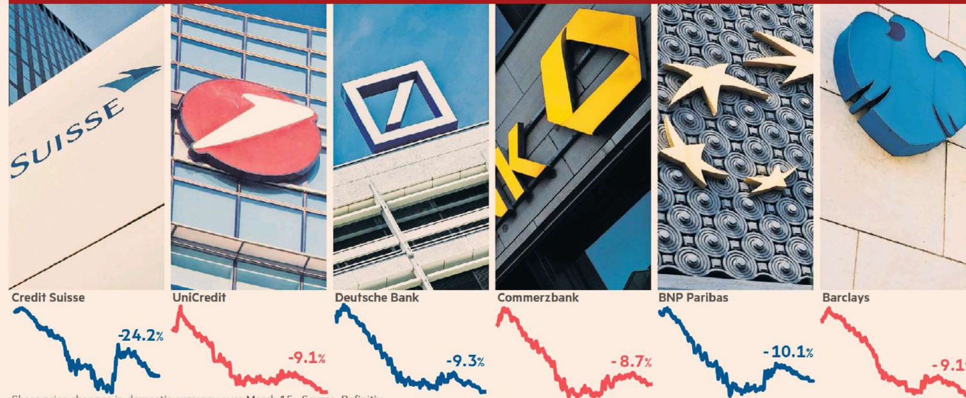
FINANCIAL TIMES
THURSDAY 16 MARCH 2023 INTERNATIONAL NEWSPAPER OF THE YEAR ASIA

• Fall of 30% after SVB failure • Sell-off in Europe and US bank stocks • Saudis rule out cash injection

Credit Suisse petitions central bank for show of support as shares slump



Share price changes in domestic currency over March 15 Source: Refinitiv

OWEN WALKER AND STEPHEN MORRIS

Credit Suisse appealed to the Swiss central bank yesterday for a public show of support after its shares cratered as much as 30 per cent, sparking a broader sell-off in European and US bank stocks.

The steep share price declines came in the wake of the collapse of Silicon Valley Bank in the US and after the chair of the Saudi National Bank, which bought a 10 per cent stake in Credit Suisse last year, ruled out providing any more financial assistance.

Three people familiar with the situation said the Swiss lender requested a public statement of reassurance from the Swiss National Bank after its shares sank to a record low. The central bank did not intervene immediately and it declined to comment.

Credit Suisse has been roiled by a series of scandals in recent years, including the biggest trading loss in its 167-year history on the implosion of Archegos Capital and the damaging closure of $10bn of investment funds linked to the collapsed Greensill Capital.

Its shares fell 24 per cent to SFr1.70 yesterday and its market capitalisation slipped below SFr7bn ($7.6bn), with the bank having raised SFr4bn of capital just a few months ago.

"It is looking inevitable that the Swiss National Bank will have to intervene and provide a lifeline," said Octavio Marenzi, an analyst at Opimas. "The [Swiss National Bank] and the Swiss government are fully aware that the failure of Credit Suisse or even any losses by deposit holders would destroy Switzerland's reputation as a financial centre."

Separately, the European Central Bank has asked EU lenders to disclose their exposures to the Swiss lender, a person familiar with the matter told the Financial Times, while the US Treasury said officials were "monitoring this situation" and had been "in touch with global counterparts".

Credit Suisse's woes reignited a broad sell-off in bank stocks in Europe and the US, which were already reeling this week from the failure of SVB.

BNP Paribas shares dropped 10 per cent and Société Générale fell 11 per cent. Deutsche Bank and Barclays lost 9 per cent, while ING fell 8 per cent. The selling spread to Wall Street, with US regional lenders falling sharply.

Investors said Credit Suisse's problems were a reminder that Europe's banks, like SVB, had large holdings of bonds that had been hit by rising rates.

Asked on Bloomberg TV whether Saudi National Bank would be open to providing capital to Credit Suisse if there was a call for additional funding, SNB chair Ammar Alkhudairy said: "The answer is absolutely not." But he added that he was happy with the bank's restructuring.

In a separate interview, Credit Suisse chair Axel Lehmann said: "We already took the medicine." A day earlier, chief executive Ulrich Körner said customers were continuing to pull money from the bank but at a much lower level than late last year, when Credit Suisse suffered SFr111bn of outflows.

Credit Suisse had also disclosed on Tuesday that its auditor, PwC, had identified "material weaknesses" in its financial reporting controls.

That had delayed publication of its annual report last week after the US Securities and Exchange Commission sought clarity.

Additional reporting by Katie Martin, Martin Arnold, Sam Jones and James Politi

'Any losses by deposit holders would destroy Switzerland's reputation as a financial centre'

SVB fallout
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Briefing

▸ Raiffeisen poised for profit swap with Sberbank
The banks have lined up a plan in which Raiffeisen would exchange €400mn worth of profits trapped in Russia against Sberbank's frozen cash in Europe. "Consider this the financial equivalent of cold war prisoner exchange," a person involved said. The plan is likely to stir unease among western politicians.— PAGE 8

▸ Iran official in UAE visit
Top Tehran security official Ali Shamkhani will travel for talks today, the latest sign of closer ties between iran and Gulf states.
— PAGE 4; KIM GHATTAS, PAGE 17

▸ Khan pursuit stirs unrest
Clashes have spread across Pakistan after police tried to arrest opposition leader Imran Khan, who is locked in a stand-off with the government.— PAGE 4

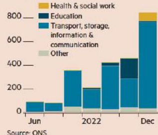
▸ Court boost for Ukraine
Kyiv has secured its right to defend itself in a UK trial against Moscow's claims that it owes Russia $3bn for failing to repay a bond issued in 2013.— PAGE 10

▸ Fillip for UK-China ties
A planned visit to the UK by a top Hong Kong official has signalled British prime minister Rishi Sunak's intention to quietly reset economic relations.— PAGE 4

▸ SAT success for latest AI
OpenAI has released GPT-4, which it claims exhibits "human level" performance on yardsticks such as the US bar exam and SAT school examinations.— PAGE 6

Datawatch

Britain on strike
Working days lost ('000)



Source: ONS

Between June and December, 2.5mn work days were lost to strikes. The last time the number was that high over this period was 1989. The transport, storage, information and communication sector made up almost four-fifths of the total

West's poster boy faces big questions in Albania
Analysis ▸ PAGE 3

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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BHP dam disaster case draws 700,000 claimants seeking £36bn in damages

LESLIE HOOK AND JANE CROFT — LONDON

A compensation case against BHP over a 2015 mining disaster in Brazil has expanded to 700,000 claimants seeking damages of up to £36bn, making it the largest opt-in class-action lawsuit ever brought in the UK.

The case relates to the collapse of the Fundão tailings dam at the Samarco Mariana mine complex in the state of Minas Gerais, which killed 19 people and released 40mn cubic metres of waste that polluted hundreds of kilometres of waterways. The Brazilian claimants want compensation for alleged damage to their homes and livelihoods.

"The number of people who have signed up reflects the lack of confidence in the existing redress mechanisms," said Tom Goodhead, chief executive of Pogust Goodhead, a law firm representing the claimants. "We believe it is the biggest in the world by the number of clients who have opted in."

The claimants' lawyers, which include Pogust Goodhead in the UK as well as local lawyers in Brazil, stand to earn as much as 30 per cent of the settlement if their case was successful.

Goodhead said the extra claimants had been signed up by local lawyers. "It runs like a small military operation: we look at every town, village and city."

The law firm's estimate for maximum potential damages of £36bn is based on about £17bn in damages plus 12 per cent interest a year since the accident.

A procedural hearing will be held at the end of this month, with a trial scheduled to start in April next year that will determine whether or not BHP has liability. If BHP is found to be liable, a subsequent ruling on the amount of the compensation due could take years.

"BHP will continue to defend the UK group action and denies the claims in their entirety," the company said.

While a separate legal case over compensation for the disaster is under way in Brazil, the UK Court of Appeal ruled last year that there was "relatively limited" overlap between the two cases.

There are practical questions on how such litigation can be managed, given the thousands of claimants.

Many of the largest lawsuits in English courts are "opt-out", which are seen as easier to manage because they are brought by a class representative, with consumers automatically enrolled unless they choose not to be. Those include the case brought by Walter Merricks, the former UK financial ombudsman, who is representing 46mn people in a £10bn lawsuit against Mastercard.

World Markets

STOCK MARKETS

	Mar 15	Prev	%chg
S&P 500	3858.51	3919.29	-1.55
Nasdaq Composite	11326.30	11188.84	1.23
Dow Jones Ind	31563.37	32155.40	-1.84
FTSEurofirst 300	1723.26	1774.84	-2.91
Euro Stoxx 50	4028.45	4179.47	-3.61
FTSE 100	7344.45	7637.11	-3.83
FTSE All-Share	4017.00	4167.88	-3.62
CAC 40	6885.71	7141.57	-3.58
Xetra Dax	14735.26	15232.83	-3.27
Nikkei	27229.48	27222.04	0.03
Hang Seng	19539.87	19247.96	1.52
MSCI World $	2674.36	2643.64	1.16
MSCI EM $	945.12	961.50	-1.70
MSCI ACWI $	619.38	614.21	0.84
FT Wilshire 2500	5089.43	5004.78	1.69
FT Wilshire 5000	39724.97	39064.32	1.69

CURRENCIES

Pair	Mar 15	Prev	Pair	Mar 15	Prev
$/€	1.054	1.072	€/$	0.949	0.933
$/£	1.203	1.215	£/$	0.831	0.823
£/€	0.876	0.883	€/£	1.142	1.133
¥/$	132.815	134.305	¥/€	139.914	144.022
¥/£	159.789	163.134	£ index	78.255	78.247
SFr/€	0.974	0.980	SFr/£	1.112	1.110

CRYPTO

	Mar 15	Prev	%chg
Bitcoin ($)	24365.80	24753.40	-1.57
Ethereum	1639.67	1705.56	-3.86

COMMODITIES

	Mar 15	Prev	%chg
Oil WTI $	65.89	71.33	-7.63
Oil Brent $	71.84	77.45	-7.24
Gold $	1907.55	1911.30	-0.20

GOVERNMENT BONDS

Yield (%)	Mar 15	Prev	Chg
US 2 yr	3.83	4.36	-0.53
US 10 yr	3.41	3.63	-0.22
US 30 yr	3.64	3.71	-0.07
UK 2 yr	3.27	3.45	-0.18
UK 10 yr	3.45	3.60	-0.15
UK 30 yr	3.72	3.85	-0.13
JPN 2 yr	-0.07	-0.03	-0.04
JPN 10 yr	0.31	0.39	-0.08
JPN 30 yr	1.27	1.15	0.12
GER 2 yr	2.39	2.87	-0.48
GER 10 yr	2.12	2.42	-0.30
GER 30 yr	2.14	2.41	-0.26

Prices are latest for edition
Data provided by Morningstar

Banking regulation

Gensler urges tougher 'guardrails' after SVB collapse

SEC chair's comments about lenders mirrored by policymakers in Europe

STEFANIA PALMA AND COLBY SMITH — WASHINGTON
MARTIN ARNOLD — FRANKFURT
SAM FLEMING — BRUSSELS

The chair of the US Securities and Exchange Commission has called for a strengthening of "the guardrails of finance" after the collapse of Silicon Valley Bank, as he pushes to implement a swath of new rules in the face of industry resistance. Gary Gensler said yesterday that SVB's failure was "a reminder of the importance of these resiliency projects for everyday Americans".

"Unfortunately, history tells us that events like those of this past week will occur from time to time," he added ahead of an SEC vote on proposals including cyber security risk management. "We should do our best to make them less frequent, strengthen the guardrails of finance for when they do occur and protect the American public."

His comments were mirrored by policymakers in Europe. Paschal Donohoe, president of the Eurogroup of eurozone finance ministers, told the Financial Times the US banking crisis had added urgency to EU plans for tightening rules on dealing with failing lenders.

The collapse of SVB "underscores the importance of Europe continuing to make progress on banking union", Donohoe said. Valdis Dombrovskis, commission executive vice-president, told the FT he expected the EU's own legislative proposal on crisis management and deposit insurance to move forward "quite soon".

Since his appointment as SEC chair two years ago, Gensler has proposed a string of regulations in areas including Treasury securities, private equity and climate risk disclosures. The extent of his proposals have generated strong pushback from Wall Street, which argues the rules may have unintended consequences and that it has often been given too little time to give feedback. The SEC has extended public comment periods for some measures.

Some lawmakers have expressed concerns about Gensler's policy agenda, arguing he is reaching beyond his agency's mandate. Republicans have pointed in particular to the SEC's proposed climate rule, which would force public companies to disclose direct greenhouse gas emissions.

However, Gensler has argued he is merely implementing US securities laws and seeking to increase financial markets' transparency and competitiveness for the benefit of investors.

His regulatory push comes in the wake of the 2022 Supreme Court West Virginia vs Environmental Protection Agency decision, which found that the EPA was not specifically authorised by Congress to curb carbon emissions, thus casting doubts on US regulators' rule-making powers more broadly. The SEC is now facing a case at the high court that challenges its internal enforcement procedures.

Donohoe said "none of us can ever be absolutely sure about where the next risk can come from". He said "the biggest antidote" to this risk was to speed up work on strengthening EU rules for dealing with failing lenders.

Brussels has been working on draft legislation on crisis management for banks. The legislation was expected earlier this month, but has been delayed.

Monetary policy. Two-day meeting

Fed's musing on rates muddied by prices data

Central bank tries to tame inflation and keep financial system running smoothly

COLBY SMITH — WASHINGTON

The Federal Reserve's dilemma over whether to press ahead with its campaign of raising interest rates after bank failures has been further complicated by the release of strong inflation data.

Officials of the US central bank are set to gather next week for a two-day policy meeting at which they will decide how substantially to alter their plans for monetary tightening in light of the turmoil in the banking system triggered by last week's implosion of Silicon Valley Bank, followed by Signature Bank.

But since the release of data on Tuesday showing a 0.5 per cent rise in "core" consumer price growth in February despite a slower annual pace, the Fed must now thread a delicate needle of continuing to root out persistent inflation while also ensuring the smooth functioning of the financial system.

'There seem to be concerns about market functioning, but it's not something that a pause will necessarily ease'

"They're stuck between their inflation objectives and their financial stability objectives, and that's really what they're evaluating here," said Nathan Sheets, global head of international economics at Citigroup and a former US Treasury official.

In the days before SVB's collapse, which forced the Fed and other government authorities to intervene to limit contagion, chair Jay Powell had floated the idea that the central bank reverts to half-point rate rises, as data showed renewed strength in the labour market and rebounding consumer spending.

That followed a historic, months-long campaign of supersized rate rises intended to tame rampant price pressures, which the Fed had only wound back down to a more typical quarter-point pace in February.

Powell said forthcoming data — including Tuesday's inflation report and the latest jobs report, which showed employers added a robust 311,000 positions in February — would be closely scrutinised before a decision was made.

But economists say the collapse of SVB has fundamentally changed the policy outlook, muddying the central bank's path forward and raising concerns over the level of interest rates the financial system can withstand.

Late on Sunday, economists at Goldman Sachs switched their expectations from a quarter-point increase in March to no rate rise at all, noting "considerable uncertainty about the path beyond" that point.

Julian Richers, an economist at Morgan Stanley, said "uncertainty had blown up" in the aftermath of the bank failures, and the Fed would be "attentive" to further signs of stress.

February's inflation report has complicated the picture further. Over the past three months, "core" consumer price growth — which strips out volatile food and energy prices and homes on services-related costs — has increased at a 5.2 per cent annualised rate, the highest reading since October 2022.

"In the absence of what's happening in financial markets, this is the type of data that likely would have motivated a 50 basis point rate hike next week," said Matthew Luzzetti, chief US economist at Deutsche Bank.

While he described the inflation data as "unrelenting", Luzzetti said he expected the Fed to proceed with a quarter-point rate rise this month and signal that the federal funds rate will peak just above 5 per cent.

Richers added the CPI figures meant officials should not stop rate rises altogether, even in light of the SVB fallout. "There certainly seem to be concerns about market functioning, but it's not something that a pause will necessarily ease," he said.

Economists say the Fed must also contend with broader questions of how financial instability stemming from SVB's failure will affect demand and economic activity.

Thomas Barkin, president of the Richmond Fed, said he was chiefly focused on demand in determining the future of the central bank's tightening campaign, adding this was an area in which financial stability "may or may not have an impact".

"Even if the Fed is to stem this and we see no other bank failures, there's been tightening in credit conditions [and] there's been tightening in financial conditions," said Priya Misra, head of global rates strategy at TD Securities, adding this could lead to an "earlier recession or a deeper one" than previously expected.

Argentina

Inflation hits 100% as polls loom

Weighty problem: a fruit and vegetable stall in Buenos Aires. Inflation in February jumped to an annual rate of 102.5% Agustin Marcarian/Reuters

Argentina's annual inflation rate has hit a three-decade high, surging past 100 per cent for the first time since 1991, in a sign of how the country's government has failed to tame price pressures.

Prices rose 6.6 per cent in February, bringing the 12-month figure to 102.5 per cent, according to Indec, the government statistics agency. That was the quickest pace since Argentina emerged from a hyperinflation crisis in the early 1990s, and places its inflation rate among the highest in the world.

Tuesday's data comes at a bad time for the centre-left administration of President Alberto Fernández, which had hoped to ease financial pressure on voters ahead of a tough election challenge in October.

Polls have shown that inflation is a primary concern among voters, followed by corruption and poverty.

Soaring prices have largely been attributed to a bout of central bank money-printing, as well as Russia's war in Ukraine. The amount of money in public circulation has quadrupled during Fernández's first three years in office, according to central bank data.

Following the latest figures, Argentina has one of the highest rates of inflation globally. It is behind only Zimbabwe, Lebanon, Venezuela and Syria, all of which reported triple-digit inflation last year.

Economists had widely expected inflation to remain high throughout this year and are sceptical of the effectiveness of government measures to tame it.

A state price control scheme known as *Precios Justos*, or Fair Prices, has frozen the cost of more than 1,700 goods until December. But that has not been enough to cool price rises, given the serious imbalances in the economy. Similar controls introduced in 2021 were not enough to halt soaring prices, and consumer sentiment has continued to deteriorate.

This week, the IMF called on Argentina to make stronger efforts to address inflation in order to keep its $44bn programme with the Washington-based lender on track.

The IMF warned of "policy setbacks" in the South American country amid a severe drought that has hurt agricultural exports. Net foreign currency reserves hovered at about $4.2bn in February, according to private analysts.

Buenos Aires has been lobbying to lower the bar on several targets agreed with the IMF last year, asking for it to be more lenient given the war in Ukraine and extreme weather conditions. Argentina is due to receive about $5.3bn from the IMF this month, pending approval.

Lucinda Elliott, Buenos Aires

Asia

China returns to growth in consumer spending

THOMAS HALE — SHANGHAI
JOE LEAHY — BEIJING
ANDY LIN — HONG KONG

China's consumer spending returned to growth in the first two months of 2023, in an early sign of economic recovery the government warned remains fragile after pandemic restrictions.

Retail sales rose 3.5 per cent year on year in the first two months of 2023, compared with declines in each of the previous three months. The housing market's woes also eased.

The data, part of the first comprehensive overview of activity since Beijing ended its sweeping pandemic restrictions, pointed to a mixed economic picture, with the recovery threatened by falling global demand for Chinese exports and a property slowdown.

China's National Bureau of Statistics warned that the economic recovery's foundation was "not yet solid" and said the government would take measures to boost domestic consumption.

Chinese policymakers last week set an economic growth target of 5 per cent for 2023, an unambitious figure analysts suggest was designed to avoid missing expectations.

China's economy grew just 3 per cent in 2022. Meeting the target would still "not be an easy task", new premier Li Qiang warned on Monday at the end of China's annual parliament.

The retail sales data, which was in line with expectations, was watched closely given the impact on consumption of China's zero-Covid system of lockdowns and mass testing. Retail sales declined over the whole of both 2020 and 2022, the first annual falls since the late 1960s.

"We always felt that the recovery would be consumer-led, and I think we're beginning to see the start of that," said Louise Loo, lead China economist at Oxford Economics, adding that the momentum was still relatively weak.

Other data for the first two months of the year are varied. Fixed-asset investment rose 5.5 per cent against a year earlier, outperforming expectations. Industrial output added 2.4 per cent year on year. Urban unemployment was slightly higher at 5.6 per cent.

Overall property investment declined 5.7 per cent year on year in January and February, a slower pace than the 12.2 per cent decline in December.

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Economic strategy

Business tax breaks and childcare dominate British Budget

GEORGE PARKER, CHRIS GILES AND JIM PICKARD — LONDON

Jeremy Hunt has claimed Britain will become the best place to invest of any advanced economy after the UK finance minister put £9bn of business tax breaks at the heart of his "Budget for growth".

His first Budget also contained two big measures intended to keep people in work: a £5bn extension of free childcare in England and a shock decision to scrap the £1mn lifetime allowance on tax-free pension contributions.

Hunt arrived in the House of Commons with new official forecasts showing the UK would avoid a technical recession in 2023. "The plan is working," he claimed. "The declinists are wrong and the optimists are right."

During his statement, Hunt insisted he had restored economic stability after the chaos of the Liz Truss premiership last year, and that inflation was under control and confidence returning.

Truss installed Hunt as finance minister in October after sacking his predecessor, Kwasi Kwarteng, in the wake of a disastrous "mini" Budget that proposed £45bn in unfunded tax cuts. Truss resigned as prime minister in October. But Hunt has been criticised for failing to have a vision of how to shake Britain out of its 15-year economic malaise, with some Tory MPs clamouring for tax cuts.

Hunt's Budget focused on increasing the size of Britain's workforce, tax breaks to encourage business investment, a range of initiatives to help new industries and a pensions boost for the better-off. He welcomed new forecasts from the Office for Budget Responsibility, which showed an improved outlook for the UK economy, partly as a result of the finance minister's measures to get people back to work.

A bigger effect, however, came from the fiscal watchdog's assumption of lower natural gas prices, which it thinks will limit the cost of living crisis.

The detail of the forecast shows that instead of contracting 1.4 per cent this year, the economy will shrink only 0.2 per cent, before recovering to an annual growth rate of 1.9 per cent by 2027.

Hunt's measures amount to a giveaway of £20bn a year over the next three years before falling to £10bn a year. As a result, public sector debt is only expected to start falling as a share of gross domestic product in 2027-28.

Under pressure from Tory MPs to cut taxes, Hunt focused most of his fiscal firepower on tax breaks for business, which he claimed would increase UK investment and offset a 6 percentage point rise in corporation tax. He announced a three-year 100 per cent "full expensing" scheme, allowing companies to offset all capital spending against their tax bill in the year it is incurred, a move costing an average of £9bn a year. Along with a three-year increase in tax credits for investment-intensive companies, such as tech groups, rising to £500mn, the business tax breaks were by far the biggest single spending line in the Hunt's statement.

Jeremy Hunt: the British finance minister says 'declinists are wrong and the optimists are right'

Also key to the Budget was Hunt's promise to tackle inactivity in the British labour market, delivering a range of measures to persuade parents, the sick, disabled and over-50s to go back to work or increase their hours.

The finance minister surprised MPs by scrapping the lifetime tax-free pensions allowance, currently set at £1mn; he claimed it would encourage older people to carry on working. The annual allowance will rise from £40,000 to £60,000. Together, the measures will cost about £1.1bn a year.

The centrepiece of his employment plan was a £5bn expansion of free childcare for one and two-year-olds in England, to ease cost-of-living pressures and help mothers to stay in work.

Hunt confirmed he would maintain the £2,500 energy price guarantee for another three months from April, a £3bn move that will avert a springtime jump in domestic energy bills.

Labour party leader Sir Keir Starmer accused the government of leaving the country on a "path of managed decline", and said yesterday's Budget "changes nothing".

Additional reporting by Jasmine Cameron-Chileshe

See Lex

Gangs and scandals bring Albania premier to earth

Pro-western leader who vowed to root out criminals is mired in controversy and faces a citizen exodus ahead of poll test

MARTON DUNAI — SHKODËR

Resignation call: opposition supporters hold effigies of retired FBI agent Charles McGonigal, left, and Edi Rama at a rally in Tirana this month, demanding the prime minister step down
Adnan Beci/AFP/Getty Images

Albania's Edi Rama is one of the most pro-western leaders in the Balkans, a former basketball player and artist who came to power promising a remorseless clampdown on criminal gangs.

Yet, a decade on, the prime minister's struggles to deliver on that pledge are becoming plain, as the poster boy for Balkan progressives has been dragged into scandals that have tarnished his image domestically and abroad.

Rama has been forced to defend reforms allegedly friendly to money launderers, explain how old government associates were implicated in drug trafficking, and account for his role in the downfall of a disgraced FBI officer.

Lutfi Dervishi, an independent political analyst and former executive director of Transparency International in Albania, said: "The biggest damage has been to the country's international reputation. The prime minister was once a star of international media."

Last month, police took down hundreds of surveillance cameras installed by criminals — a vast espionage operation monitoring law enforcement and rivals, an example of the criminal networks' power.

From a family of artists, Rama, 58, began his career as a basketball player, then spent a decade painting in Paris before returning to Albania and entering politics. His office still features basketball memorabilia and his own colourful doodles on the walls.

As mayor of Tirana in the early 2000s, he helped transform the capital by repainting dull communist-era apartment blocks in vibrant colours. Rama has defended his efforts to root out gangs, telling the Financial Times through a spokesperson: "Fighting crime and trafficking has been a priority for this government."

Yet his government courted controversy last year by seeking to offer a tax amnesty on the repatriation of undeclared foreign earnings of up to €2mn, a move critics said would give high-earning criminals a free pass. The law is pending parliamentary approval even though previous drafts were criticised by the EU, which Albania is a candidate to join. Rama's government has said the law would apply only to legal income.

> 'Distribution networks grow, as does money laundering. Who can afford these apartments?'

That followed other scandals. Dervishi said Transparency International's corruption perception index for Albania has gone "only down" since 2016.

Senior members of Rama's previous administrations have been implicated in drug cases. Former interior minister Saimir Tahiri was jailed for abuse of office over ties to a trafficking ring.

Rama's defenders say previous leaders would never have allowed the imprisonment of their own officials. But the surveillance scandal angered citizens, many of whom believe the government co-operates with drug traffickers.

Albanian gangs have expanded from cannabis plantations to trafficking cocaine and heroin directly from Latin America and Asia. Millions of euros poured into Albania, helping to develop luxury real estate along the coast.

"The crime world is strengthening to a new level," said former justice minister Aldo Bumci, a member of the opposition Democratic party. He pointed to the coastal developments and gleaming residential towers in Tirana as a destination for illicit cash. "Distribution networks grow, as does money laundering . . . who can afford these apartments? Not ordinary Albanians."

The glitzy lifestyle of gangsters in one of Europe's poorest countries contrasts with the struggle of ordinary Albanians, many of whom choose to emigrate. A third of the country's citizens live abroad, where emigration to the UK has strained relations with London.

Rama's reputation overseas has also been tainted by his contacts with a disgraced US law enforcement official accused of having helped the Albanian leader persecute political rivals.

The US justice department charged former FBI counter-intelligence chief Charles McGonigal in January with violating US sanctions and engaging in money laundering by working for Russian oligarch Oleg Deripaska.

A separate indictment focuses on McGonigal's undeclared contacts with Rama and claims he carried out paid services for the Albanians. McGonigal is accused of taking at least $225,000 from an Albanian intelligence officer, then passing information from Rama's office to US authorities. They in turn opened an investigation into a US-based lobbyist working for the Albanian opposition.

Opposition leader Sali Berisha, a former president and prime minister, claimed his own blacklisting by the US in 2021 was the result of Rama's alleged contacts with McGonigal. The US decision, "eight years after I left power . . . is based entirely on the lobbying power of Edi Rama", he told the FT.

Rama denies using his contacts with McGonigal for that purpose. He noted the McGonigal case made no charges against him and said he had been "used as a scapegoat by many individuals in Albania who have their own ongoing problems with the justice system".

Rama's affable personality has earned him good connections with leaders, including liberals and conservatives from the east and west. He attended the third wedding of billionaire investor George Soros, as well as that of a daughter of Turkish president Recep Tayyip Erdoğan.

But municipal elections in May will test the premier's dominance of Albanian politics. Edval Zoto, an independent analyst, said Rama was suffering "consequences in terms of popular support and public opinion". But "currently there is no other political offer in Albania", given that opposition leader Berisha has been placed under sanctions by important allies the US and UK.

Rama's Socialist party controls every local government except the northern city and province of Shkodër. Close to Montenegro, the city is where the spying scandal began.

Officers sought to obtain footage from those cameras in January after an explosion outside the house of a police commander who had led an operation against cannabis growers and drug trafficking rings. When the local gangsters refused to co-operate, police began taking them down. More than 500 devices were removed across the country.

Shkodër mayor Bardh Spahia, from Berisha's opposition Democratic party, said the fear of criminals had triggered an exodus. "This region has 215,000 inhabitants [but] about 6,000 leave in a year. At that rate, in a decade and a half, half the region will be gone."

Inflammatory diseases

Sweetener research raises hopes for treating diabetes

CLIVE COOKSON — LONDON

High doses of sucralose have an unexpected calming effect on the immune system, raising the prospect that the most widely used artificial sweetener will be able to treat some inflammatory diseases.

Scientists at the Francis Crick Institute in London said their findings of a study on mice, reported in the journal Nature, suggested a possible therapeutic use for sucralose in treating diseases such as rheumatoid arthritis, type-1 diabetes and colitis.

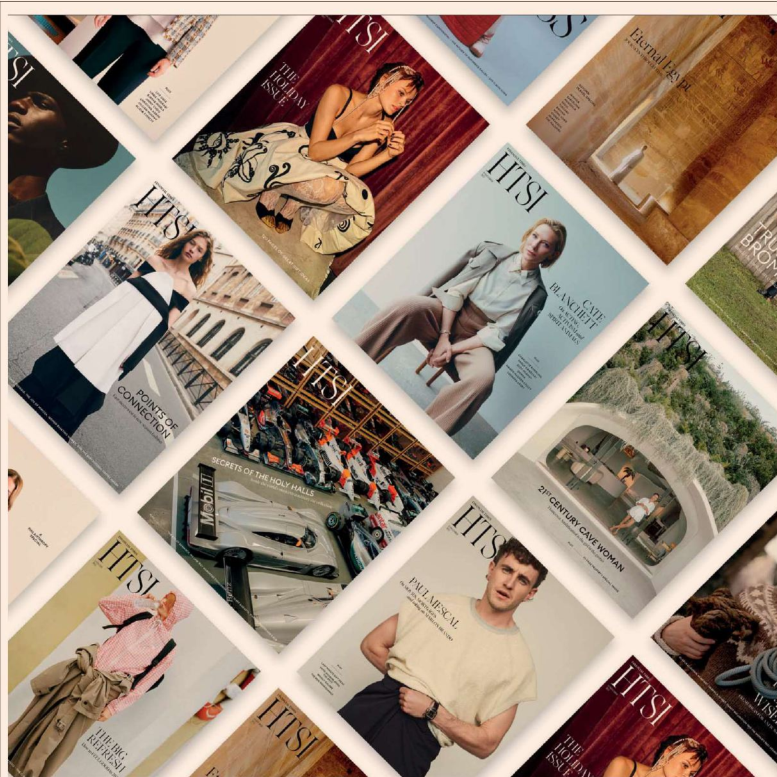
The mice consumed sucralose — used as a low-calorie alternative to sugar in food and beverages — at levels equivalent to the maximum daily intake for people recommended by US and European food safety authorities. The study showed that sucralose reduced the activity of T-cells, a key component of the immune system which can trigger inflammatory conditions when overactive in response to cancer or infections.

"If these initial findings hold up in people, they could one day offer a way to limit some of the harmful effects of autoimmune conditions," said Karen Vousden, project leader. Such diseases develop when the immune system attacks the body's own cells and tissues rather than infections.

Sucralose consumption reduced inflammation and improved symptoms of mice predisposed genetically to autoimmune disorders. It cut the proportion of susceptible animals that developed type-1 diabetes from 100 per cent to about 40 per cent.

"A route to reduced T-cell immunity . . . might be good news in the setting of an autoimmune disease such as multiple sclerosis or type-1 diabetes," said Danny Altmann, professor of immunology at Imperial College London, who was not involved in the research.

The scientists intend to test whether sucralose would also modulate the immune system in humans whose T-cells are overactive. If so, it could be a much cheaper treatment than prescription drugs, with fewer side-effects.



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Middle East

Iran's security chief heads for Abu Dhabi

Trip latest sign of thawing relations between Islamic republic and Gulf states

NAJMEH BOZORGMEHR — TEHRAN
SIMEON KERR — DUBAI

Top Iran security official Ali Shamkhani will travel to the United Arab Emirates for talks today, in the latest sign of improving relations between the Islamic republic and Gulf states.

The trip comes after Iran and Saudi Arabia agreed last week to restore diplomatic ties within two months, putting an end to a seven-year rift. The agreement between the rival Middle East powers was part of a China-brokered deal signed by Shamkhani and his Saudi counterpart in Beijing.

Shamkhani has extra credibility as a regional dealmaker because Iran's supreme leader, Ayatollah Ali Khamenei, appointed him secretary of the powerful Supreme National Security Council, according to analysts in the country.

"The fact that Shamkhani is directly involved in such talks shows the Islamic republic is determined to improve its ties with the Arab states" in the Gulf, said Saeed Laylaz, an Iranian analyst.

He added that Shamkhani's priorities at the UAE talks should be to end the nine-year Yemen conflict and ease the transfer of foreign currencies into Iran.

The UAE and Saudi Arabia have led the military intervention into Yemen.

Nournews, affiliated to Iran's leading security organisation, said the Abu Dhabi trip was in response to a visit by the UAE national security adviser, Sheikh Tahnoon bin Zayed al-Nahyan, to Iran in late 2021.

Sheikh Tahnoon also made a secret visit to Iran in 2019 to help ease tensions between the two neighbours after an attack on oil tankers off the coast of UAE that the US blamed on Iran. The attack raised fears in Abu Dhabi that Tehran could target the UAE, a US ally, in revenge for crippling sanctions imposed by then US president Donald Trump.

Drone strikes on Abu Dhabi last year, claimed by Iran-allied Houthi rebels in Yemen, highlighted its vulnerability to attacks. The Gulf state, which normalised ties with Israel in 2020, has also been keen to distance itself from any potential military action taken by the Jewish state against Iran.

Nournews said senior economic, banking and security officials would accompany Shamkhani for talks that would encompass bilateral, regional and international issues. Iran has, according to analysts, over the past decade used businesses in the commercial centres of the UAE to circumvent debilitating sanctions imposed by the US in response to Iran's nuclear programme.

The UAE has been among Iran's top trading partners for decades, even during difficult times between the two states. Tehran's latest official figures showed $13.6bn worth of goods were imported to Iran through the Gulf state, which accounted for almost 31 per cent of all imports during the first 10 months of the Iranian year that ends next week.

Relations between the UAE and Iran deteriorated after Iranian vigilantes attacked the Saudi embassy in Tehran in 2016 to protest against the kingdom's execution of a senior Shia cleric.

The UAE responded by recalling its ambassador in Tehran. Last year, it restored full diplomatic relations after a tentative rapprochement.

See Opinion

Relations reset

Hong Kong plans first ministerial visit to UK in three years

PRIMROSE RIORDAN AND CHAN HO-HIM
HONG KONG

One of Hong Kong's most senior finance officials is planning to visit the UK in April in the territory's first ministerial-level trip to the country in three years and a sign of Prime Minister Rishi Sunak's quiet reset of UK-China economic relations.

The proposed trip by financial services secretary Christopher Hui is the first since the UK accused China of violating the Sino-British Joint Declaration, the 1984 treaty under which Hong Kong was transferred to Chinese control, and since the UK offered Hongkongers a route to citizenship in the wake of Beijing's crackdown on the territory.

The planned visit comes as Hong Kong conducts a global charm offensive to restore business ties after lifting pandemic restrictions that effectively cut off the city. The government is attempting to woo back tourists and skilled workers after the Covid-19 curbs and a political crackdown in response to pro-democracy protests in 2019 that sparked an exodus of residents.

Hui is set to meet UK officials and business representatives in London, according to two people familiar with preparations for the trip. Hui's office confirmed he would visit Europe this year but said details "will be announced in due course".

Relations between the UK and China soured after Beijing imposed a national security law in Hong Kong in 2020 and overhauled how the city was governed to bring it further under central authorities' control the following year.

In 2021, then UK prime minister Boris Johnson's government declared China was not complying with the joint declaration, which was supposed to guarantee Hong Kong "a high degree of autonomy" for 50 years after the territory returned to Beijing's control in 1997.

China then criticised the UK after it introduced a new immigration route for nearly 3mn Hongkongers and their dependants under the British National Overseas visa scheme, which includes a pathway to citizenship.

UK business has become concerned about rhetoric from British politicians about China, fearing it will endanger trade ties. This week, Sunak's government labelled China an "epoch-defining challenge" in an update of foreign and defence policy, and cited China's growing assertiveness as he finalised a defence pact with the US and Australia in San Diego, California.

But the language in the policy update was a step back from when Sunak had called China the UK's "biggest long-term threat" during the Conservative party leadership campaign last year, analysts said. "Sunak is a technocrat trying to work out how to balance these interests with China . . . He's much more flexible [than his predecessors]," said Kerry Brown, professor of Chinese studies at King's College London.

Chinese authorities have also been attempting to lure back foreign businesses. From Sunday, the Chinese foreign ministry has organised a visit by foreign officials and business figures to four cities in the Greater Bay Area, a ring of mainland cities around Hong Kong, to tout business opportunities, according to four people familiar with the matter.

Central America

Honduras to cut Taiwan ties in favour of China

ELEANOR OLCOTT — HONG KONG

Honduras will ditch diplomatic relations with Taiwan as the country's leftist president opens official relations with China, in a move that is set to further isolate Taipei.

President Xiomara Castro announced on Twitter on Tuesday that she had instructed officials to open official relations with China, which would involve the Central America country cutting off ties with Taiwan. Castro wrote that the decision was "a sign of my determination to fulfil the government plan and expand borders".

Beijing has sought to reduce Taipei's influence by blocking its membership of international organisations and luring its allies with promises of investment and deeper trading relationships. China does not allow countries with which it has diplomatic ties to maintain official relations with Taiwan, over which it claims sovereignty.

Relations between Honduras and Taiwan date to 1941. The Central America nation was one of Taiwan's last remaining diplomatic allies, a small group of largely island countries that Taipei has been battling to maintain with aid programmes and investment.

China has successfully poached a series of Taiwan's allies in Central America and the Caribbean over the past five years, including Nicaragua, El Salvador, Panama and the Dominican Republic.

Taipei has 13 diplomatic allies and could lose another after next month's election in Paraguay, where outgoing president Mario Abdo Benítez has called on Taiwan to invest $1bn to help resist "enormous" pressure to switch diplomatic recognition to Beijing.

Xiomara pledged in her presidential campaign to establish ties with Beijing, sparking concern in Washington given the country's importance for US national security. Honduras, whose largest trading partner is the US, hosts an air base that is crucial to Washington's military efforts to tackle Latin American drug cartels.

Taiwan's Ministry of Foreign Affairs said that it had expressed "serious concern" to the government of Honduras, saying Taipei had been a "sincere and reliable" ally. It added that Taipei had "assisted in Honduras's national development" and called on the country to not "fall into China's trap".

China's foreign ministry spokesperson Wang Wenbin called countries' moves to establish diplomatic ties with Beijing "the right choice in keeping with historical trends". "China is willing to develop friendship and co-operative relations with all countries, including Honduras, based on the 'one China' principle," he said.

Chinese investors have become increasingly active in Honduras over the past few years, including backing the construction of a large hydropower dam in the country, reflecting a wider shift to expand economic and political links in Washington's backyard. *Additional reporting by Maiqi Ding in Beijing*

Pakistan Clashes erupt after police try to arrest Khan

Confrontation: supporters of Imran Khan throw stones at the police as a van burns during protests in Lahore yesterday K.M.Chaudary/AP

Protests spread across Pakistan as police attempted to arrest opposition leader Imran Khan, with the government of Prime Minister Shehbaz Sharif struggling to restore calm.

Police clashed with protesters loyal to Khan's Pakistan Tehreek-e-Insaf party outside his home in Lahore yesterday following an unsuccessful attempt to detain the former prime minister on Tuesday night.

His supporters threw stones at police, who responded with tear gas, armoured vehicles and water cannon. The PTI alleged that the compound was under "attack".

Khan, who was ousted in a no-confidence vote last year, has been locked in a bitter political stand-off with Sharif's government, which is grappling with a deep economic crisis.

Many analysts believe Khan will be the most popular candidate if he is allowed to stand in national elections, which are due to be held by October, but he faces a barrage of legal challenges. If convicted, he could be barred from holding public office.

The attempt to arrest Khan stems from allegations that he unlawfully sold gifts he received while serving as prime minister from 2018 to 2022. Pakistan's election commission has found that he breached rules, and a court in Islamabad ordered Khan's arrest after he failed to show up at a hearing. Khan blamed security concerns for his non-attendance.

Khan and his supporters say he has not breached any rules, describing the allegations as an attempt to remove him from the running ahead of polls. "They believe that by arresting Imran Khan, you will fall asleep," Khan said on Twitter, addressing his followers. "You must prove them wrong."

In Islamabad, protesters briefly tried to block the main road linking the Pakistani capital to the neighbouring city of Rawalpindi. There were more protests in Karachi, Pakistan's largest city, and Peshawar.

Shireen Mazari, a senior PTI leader, said the party would intensify its demonstrations if Khan was arrested. "If he is taken into custody, there will be more protests," she said. "The situation will only aggravate."

The political tension has been exacerbated by Pakistan's economic pain. The country is grappling with one of its deepest financial crises in history, a product of domestic mismanagement, high inflation and soaring commodity prices following Russia's invasion of Ukraine.

An index measuring inflation of everyday items earlier this month crossed 40 per cent, and the country's foreign reserves are down to about $4bn, enough for only a month's worth of imports.

Sharif's government has tried unsuccessfully to negotiate a bailout with the IMF. This month, Pakistan's central bank raised its lending rate by 300 basis points to 20 per cent, the highest in Asia, a critical IMF condition.

But the government has resisted other conditions demanded by the IMF, which have included raising taxes and cutting energy subsidies, arguing that they are politically unviable ahead of elections.
Farhan Bokhari in Islamabad and Benjamin Parkin in New Delhi

Launch dividend Aukus submarine work expected to pay off in hard-pressed yards

SYLVIA PFEIFER — LONDON
DEMETRI SEVASTOPULO — SAN DIEGO

The Aukus defence pact draws top defence contractors into an industrial alliance that will have its home in shipyards in South Australia and north-west England.

The pact, involving some of America's most guarded military technologies, will create tens of thousands of jobs over decades of work in Australia, the UK and the US.

Australia says the deal, the biggest procurement in its history, could cost 0.15 per cent of gross domestic product between now and the mid-2050s. With the UK, Australia will develop a new class of submarine and buy US boats to cover its needs over the next 30 years.

Massive investment will be needed in bases in the US and UK to overcome production constraints. Australia has not disclosed its planned investment but one senior US official said: "It's a small proportion [but] it's a large number."

Trade-offs between operational need, industrial capability and tech pragmatism have shaped a programme that has benefits for all three partners, with a ripple of orders for their industries.

The Barrow shipyard

Among the biggest potential corporate winners is Britain's BAE Systems, which owns the Barrow-in-Furness yard and builds submarines for the Royal Navy, including the Astute class of nuclear-powered attack boats.

Aukus submarines will be based on a British design for the next generation of attack boats. Australia and the UK will operate the so-called SSN-Aukus. The UK aims to make its first deliveries in the late 2030s, and Australia plans to deliver the first of its eight boats in the early 2040s. Defence officials said the final number could yet rise.

The work promises Barrow, its supply chain and their workers a reprieve from a "feast or famine" cycle that has dogged submarine building in the UK, say people close to the deal. Two decades ago the yard, which began building submarines in the 1880s, and BAE were in crisis when work on the first Astute boat for the navy ran over budget and time. The company had not built a submarine for more than 10 years and many workers had moved away or retired. BAE had to take an exceptional charge against the Astute programme in 2003.

Barrow is today building the final two Astute boats and the first three of four of the Dreadnought class, which will carry the UK's nuclear deterrent. The yard, with about 10,000 workers, has been recruiting to deliver on those domestic programmes. Ben Wallace, UK defence secretary, said he expected headcount to reach 17,000. The UK will invest £3bn across its defence nuclear enterprise over the next two years to build capacity and support the delivery of Aukus.

The supply chain

British contractors are expected to build some of the initial components for Australia's SSN-Aukus boats. Rolls-Royce will build the nuclear power plants for the next-generation boats for the UK and Australia. The FTSE 100 engineer has processed the fuel and built reactor vessels for Royal Navy submarines at its Raynesway plant in Derbyshire for more than six decades.

Sheffield Forgemasters, nationalised two years ago, works with Rolls-Royce on the larger components that house the reactors and will benefit from the stream of work. The US-supplied fuel will be delivered in sealed units to Australia, which will manage the long-term waste and spent fuel storage.

Babcock International, Britain's second-largest defence contractor, which maintains and repairs UK nuclear submarines at Devonport in Plymouth, is in line to play a significant role and has operations in Australia. General Dynamics, the lead contractor for US submarines, including the Virginia-class boats of which up to five will be sold to Australia as an interim measure, is also set to benefit, as will Huntington Ingalls Industries, which owns Newport News, GD's partner on submarines.

Jake Sullivan, US national security adviser, said Australia's investment would enable the US to accelerate plans to expand its fleet, suggesting Aukus would create more jobs at US shipyards.

"The fact that Australia is making a proportional commitment is important," Sullivan said. "If we're going to bring them into this, then they've got to help both with the uplift of the production capacity for the US submarine industrial base but also with the maintenance capacity as well, because we've got to get more of the existing boats into the water."

Sonar, masts and combat systems

Other potential winners include Thales of France, which supplies sonar and optronic masts, the eyes and ears of a submarine, from its sites in Templecombe in Somerset and Glasgow in Scotland, and Lockheed Martin of the US, which provides combat systems and MK48 torpedoes. The senior US official said the SSN-Aukus submarines would include a lot of technology that was deployed on Virginia-class boats.

Potential risks

Despite the expected industrial bonanza, the deal is fraught with potential delays and risk. Naval experts point out that the UK and US domestic build programmes have been hit by cost overruns and there is no guarantee the same will not happen with Aukus.

A skills shortage looms large, say some experts, warning of a potential brain drain from the UK and the US to Australia. The three nations insist there will be no poaching from existing US and UK programmes. Australia said it would bolster training, skilling and education programmes to help its local submarine and shipbuilding industry.

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Clawback campaign JPMorgan moves to recoup $80mn in salary payments from Epstein-embroiled ex-executive Staley ● PAGE 8

Fink raises fear of 'slow-rolling crisis' sparked by SVB failure

- BlackRock's chief in grim projection
- Risk of shutdowns wave highlighted

BROOKE MASTERS — NEW YORK

BlackRock chief executive Larry Fink has raised the spectre of a "slow-rolling crisis" in the US financial system after the failure of Silicon Valley Bank, "with more seizures and shutdowns coming".

In his letter to investors and chief executives, the founder of the $8.6tn money manager said SVB's collapse was an example of the "price we're paying for decades of easy money".

Rapidly rising rates were "the first domino to drop"; SVB was an instance of the second, Fink wrote as he warned that other regional banks and investors that relied on leverage could follow suit.

> The debacle at the lender was an example of 'the price we're paying for decades of easy money'

Fink said swift regulatory action had helped stabilise markets after the biggest bank failure since 2008. But he compared recent events to the 1980s savings and loan crisis, when more than 1,000 lenders collapsed.

"We don't know yet whether the consequences of easy money and regulatory changes will cascade throughout the US regional banking sector (akin to the S&L Crisis) with more seizures and shutdowns coming," he wrote.

Banks would inevitably pull back on lending, prompting more companies to turn to the capital markets, creating opportunities for investors and asset managers, Fink said. Funds invested in illiquid investments, such as private equity, real estate and private credit, "could yet be a third domino to fall", particularly if they had used borrowed money to increase returns.

As the largest money manager, BlackRock has big shareholdings in most US companies, and Fink's annual letter has become required reading for executives.

His support for tackling climate change via investment has made the fund manager a target of conservatives. Republican state officials have pulled more than $4bn of government pension and treasury funds from the firm on the grounds that it is "boycotting" fossil fuel groups or putting social concerns ahead of its fiduciary duty to maximise returns for clients. BlackRock denies the claims.

Fink wrote: "Part of supporting our clients includes speaking out on issues important to their investments. There are many people with opinions about how we should manage our clients' money. But the money doesn't belong to these people. It's not ours either. It belongs to our clients, and our responsibility and our duty is to them."

Fink identified other risks to the system, including geopolitical tensions and global fragmentation that would result in persistent inflation and lower returns. "Leaders in public and private sectors are essentially trading off efficiency and lower costs for resilience and national security. Inflation will persist and be more difficult for bankers to tame. I believe inflation is more likely to stay closer to 3.5 per cent or 4 per cent in the next few years." That is above the 2 per cent targeted by most central banks.

In previous years, Fink has issued two letters, one to the chief executives of the companies BlackRock clients are invested in and one to his shareholders. This year he opted to combine them because "all of our stakeholders . . . are facing so many of the same issues".

Fink boasted that BlackRock was the highest-performing financial services stock in the S&P 500 since its 1999 float, delivering returns of 7,700 per cent. The stock is down 10 per cent so far this year.

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Fed review page 10
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Open doors Zara owner Inditex retains right to relaunch in Russia and targets US growth

Global network: a Zara outlet in Poland. Inditex sees 'very strong' opportunities in the US market — STR/Reuters

BARNEY JOPSON — MADRID

Inditex, the Zara owner that is selling its business in Russia, said it remained willing to return to the country if "the situation changed" as it unveiled a €1.6bn investment plan aimed in part at conquering the ultra-competitive US market.

Óscar García, chief executive of the world's biggest fashion retailer, said that while it is offloading its 502 stores in Russia — once Inditex's second biggest market after Spain — it retained the option to return in partnership with the Middle Eastern acquirer.

Following Vladimir Putin's invasion of Ukraine, the Spanish group said last October that it would sell the Russia business, which employed 9,000 people, to the Daher Group of the United Arab Emirates.

García said yesterday that "the process is still progressing".

"If we made the decision to resume our operations in Russia because the situation changed — and of course I don't think this will happen in the short term — we could resume our activities with precisely those stores that we are transferring to the Daher Group," he said.

In those circumstances Inditex would "carry out our operations with our own formats with Daher as a franchisee", he explained.

Following the shutdown in Russia, the US became Inditex's second biggest market by sales. But García said its presence remained relatively small — the company has only 100 US stores, compared with more than 1,200 in Spain — as he announced bold expansion plans for the country.

"[The US] is a market in which for every $100 of fashion sold we take less than 50 cents of that. So we see very strong growth opportunities," he said.

Marcos López, Inditex's capital markets director, said it would embark on 30 projects in the US in the next three years. They comprise 10 new stores across New York, Boston, Charlotte, Los Angeles, Las Vegas, Dallas, San Antonio and Baton Rouge, plus 20 renovations and expansions.

García said "the bulk" of €1.6bn in capital expenditure planned for this year would go to opening or expanding stores around the world. "We want bigger stores. We've increased our average surface area by 30 per cent," he said.

Patricia Cifuentes, analyst at Bestinver, said the bigger-than-expected plan for capital spending and lower cash generation, helped push the company's shares down more than 5 per cent after it unveiled its results. The broader Spanish market dropped nearly 4 per cent.

For the 12 months to the end of January Inditex posted record figures with sales up 17.5 per cent to €32.6bn and net profit up 27 per cent to €4.1bn.

OpenAI hails 'human-level' performance of new system

MADHUMITA MURGIA
ARTIFICIAL INTELLIGENCE EDITOR

OpenAI has released GPT-4, its latest artificial intelligence model that it claims exhibits "human-level" performance on several academic and professional benchmarks such as the US bar exam, advanced placement tests and the SAT school exams.

The new model, which can be accessed via the $20 paid version of ChatGPT, is multi-modal, which means it can accept input in text and image form. It can then parse and respond to these queries using text.

OpenAI says it has embedded its new software into apps including language-learning app Duolingo, which is using it to build conversational language bots; education company Khan Academy, which has designed an online tutor; and Morgan Stanley Wealth Management, which is testing an internal chatbot using GPT-4 to retrieve and synthesise information for employees.

The model's ability to accept images and text as input means it can generate detailed descriptions and answer questions based on a photograph.

GPT-4's predecessor, GPT-3.5, captured the imaginations of millions last year who experimented with the question and answer chatbot ChatGPT.

According to OpenAI, GPT-4 is its "most advanced system yet". It claims it is more reliable and able to handle nuanced queries far better than its predecessor. For instance, GPT-4 scored in the 90th percentile on the Uniform Bar Exam taken by would-be lawyers in the US compared with ChatGPT, which only reached the 10th percentile.

But the company noted some problems: "Despite its capabilities, GPT-4 has similar limitations to earlier GPT models: it is not fully reliable (eg can suffer from 'hallucinations'), has a limited context window and does not learn from experience. Care should be taken when using the outputs of GPT-4, particularly in contexts where reliability is important."

Earlier this year, Microsoft confirmed a "multibillion-dollar investment" in OpenAI over several years, betting on the future of generative AI — software that can respond to complex human queries in natural-sounding language.

GPT-4 will underpin Microsoft's Bing chatbot, which had a limited release earlier this year.

Additional reporting from Richard Waters

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Didi bounces back in battle to control China's ride-hailing sector

INSIDE BUSINESS
ASIA
Eleanor Olcott

When Uber was fighting Didi to become the dominant ride-hailing app in China in 2016, its drivers reported receiving a text message that drove home just how cut-throat competition in the country could be.

The message appeared to come from Uber's China headquarters. It contained the company's signature "5858" number combination, which in mandarin is pronounced "wubawuba", not dissimilar in sound to the US company's name. The recipients were told that Uber China was shutting down and not to expect payment.

The erroneous text, recounted in the book *Super Pumped* by Mike Isaac on Uber, sparked confusion with the expensive-to-hire drivers who worked with the US company. No company or individual has publicly admitted to sending the text but its existence has been confirmed by two Uber insiders and someone close to a rival.

It indicates how tough the Chinese market is for ride-hailing and internet-based services. Uber has now thrown in the towel, but other rivals to industry leader Didi have sprung up.

Beijing's crackdown on tech, which began after Ant Financial cancelled its initial public offering in late 2020, opened up the landscape for new rivals to take on the dominant operators. After Didi was placed under investigation in the wake of its $4.4bn IPO in June 2021, competitors emerged to capitalise on the 18-month period when it was unable to sign up new customers. Meituan relaunched its standalone ride-hailing app while T3 Chuxing, backed by state-owned carmakers, slashed prices to lure customers.

But it is remarkable how little ground these rivals gained on Didi, even as it spent what would have been for many companies an existentially long time in the doghouse.

Didi kept its cars on the road by dolling out subsidies for customers and drivers, funded by the war chest it raised from the share float. As China shed its lockdown restrictions at the end of last year, it started offering drivers cash rewards for completing a certain number of rides. Drivers say Didi also encouraged them to stay loyal by paying their fines if authorities discover they do not have the proper taxi licence.

> After Didi emerged from Beijing's investigation, it encouraged drivers to stay loyal by paying their fines if they lacked a taxi licence

Didi accounted for 90 per cent of all car bookings on the eve of being placed under investigation. Since then, it has only lost 10 percentage points of the overall market share, according to data analytics firm Analysys — although that does not include rides booked on aggregator apps that compile options from different providers, which have grown in popularity in recent years.

Meituan's struggle to make more market share gains during Didi's time in political purgatory is notable. As Uber's success in the west demonstrates, there are synergies to be found in combining food delivery and ride-hailing through customer loyalty programmes. And Meituan's founder and chief executive Wang Xing had "long harboured" a dream of dominating ride-hailing, according to one of his former team members. Industry insiders also speak of a rivalry between Xing and Didi founder Cheng Wei.

In recent weeks, Meituan has decided to "streamline" its ride-hailing operation, folding it into a different business unit, a move that will see the company pull its own fleet off the road and focus on its aggregator business, according to one person familiar with the matter.

As Uber found in the mid-2010s, fighting it out in second place in market share in China is difficult — even in such a large market and even for Uber, no stranger to hardball competition around the globe in the past.

"China takes the cake with competitive tactics," a former Uber executive tells me, adding the US company realised belatedly it would never become dominant there. "There is a network effect, and the big party will always win in the long term," they said. The former executive added that Uber was burning around $40mn a week to subsidise its China operations at the height of the competition with Didi before striking a merger with its rival in 2016.

That deal came after Uber had raised $3.5bn from the Saudi Arabian sovereign wealth fund, strengthening its position in negotiations with Didi. "We wanted to show them we were willing to fight all the way to get good terms with the merger," one insider to the talks told me. Didi fought hard to win the China market and see off Uber. Barring state invention, it is unlikely to let any rivals steal its crown.

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Financials

Raiffeisen seeks Sberbank cash swap

Lender hopes to access profits trapped in Russia through European deal

SAM JONES — VIENNA
MAX SEDDON — JERUSALEM

Raiffeisen Bank is seeking to exchange €400mn worth of profits trapped in Russia against Sberbank's frozen cash in Europe, in a plan underlining the Austrian lender's efforts to reduce its exposure to the Russian market.

The swap deal, presented at a Raiffeisen board meeting last week, involves Sberbank receiving roubles from Raiffeisen's Russian subsidiary, which are barred from exiting the country because of capital controls imposed by the Kremlin, according to three people directly involved in the discussions.

As part of the so-called "project Red Bird", Raiffeisen would in turn take over a sanctioned legacy cash pile held by Sberbank's European arm. "Consider this the financial equivalent of Cold War prisoner exchange," one of the people involved in the deal said.

However, the creative solution is likely to raise eyebrows among western politicians and policymakers as it would mean allowing Kremlin-owned Sberbank, Russia's largest lender, to effectively get some of its frozen European cash back. Any deal would require the approval of regulators in Washington, Brussels and Moscow.

A person close to Sberbank cautioned that finalising the deal would be difficult because of the complexities in obtaining permission. "They are transferring cash . . . to a sanctioned entity," he said.

The swap is a "theoretical consideration," Raiffeisen said. The Austrian bank was "investigating several options" about how to reduce its Russia exposure, stressing that any measures would comply with sanctions.

Raiffeisen has epitomised the dilemma many foreign groups with Russian operations have faced since President Vladimir Putin invaded Ukraine last year. The Vienna-based institution is the largest western lender in Russia by assets, earning record profits there last year. Under the plan, the roubles would be transferred from its Russian subsidiary to Sberbank in Moscow. In return, euros of an equivalent amount sitting in escrow accounts belonging to Sberbank's former European arm, which is in the process of being wound up, would be transferred to Raiffeisen in Vienna.

No money would cross borders, nor would foreign currency be sent to Russia, and thus no sanctions rules would be broken, the people insisted — even though it is forbidden to do business with Sberbank in Europe.

The Raiffeisen swap proposal was first reported by Austria's Falter magazine.

Advisers working on the plan, drawn up by Vienna-based Ithuba Capital, an advisory firm founded by Willi Hemetsberger, UniCredit's former head of markets, believe it could be a template for other western companies trying to exit Russia. Ithuba declined to comment.

Late last year the Kremlin imposed strict rules on western businesses still operating within its territory, making it impossible for them to sell subsidiaries without permission and banning the repatriation of profits of key sectors.

Sberbank did not comment on the deal. The Russian bank's European business has been in a process of liquidation for the past few months, and has now sold off most of its loan portfolio to European rivals. Cash and other assets earned from such sales and the winding down of other business operations is trapped in a legacy holding company based in Vienna, worth up to €400mn.

Banks. Legal battle

JPMorgan pursues Staley's pay over Epstein ties

Attempt to claw back $80mn from former executive's salary could set a Wall Street record

JOSHUA FRANKLIN AND
STEPHEN GANDEL — NEW YORK

JPMorgan Chase is attempting to engineer what could be the biggest clawback of pay in Wall Street history by demanding that Jes Staley return more than $80mn for failing to fully disclose the extent of the former executive's relationship with Jeffrey Epstein.

If successful, the clawback of seven years' worth of Staley's compensation from 2006-13, during which time he was one of the bank's top executives, could be just the tip of the iceberg of what he has to pay.

JPMorgan is also seeking to make Staley liable for any damages awarded to the US Virgin Islands and one of Epstein's alleged victims in two legal cases against it, as well as legal fees and damages for any reputational harm.

It shows the financial hit Staley faces over his association with the late convicted sex offender, which led to his resignation as Barclays chief executive in 2021. The lawsuit is also the most explicit declaration to date by JPMorgan that the bank's leaders believe Staley protected Epstein's position as a client and withheld vital information.

The lawsuits against JPMorgan by the USVI and the alleged Epstein victim claim the bank is liable for facilitating Epstein's sexual abuse by failing to spot and act on red flags.

While legal experts cast doubt on the odds of the bank prevailing against Staley, JPMorgan is arguing new details have come to light through the two legal cases against it. JPMorgan alleged these court filings show the executive misled management when advocating for Epstein to remain a client, where the disgraced financier is alleged to have held hundreds of millions of dollars.

These new details include allegations that Staley personally spent time with young girls whom he met through Epstein and observed "Epstein sexually grab young women in front of him".

JPMorgan and a lawyer for Staley declined to comment.

Nevertheless, experts said JPMorgan faced an uphill battle to claw back the funds. This is because the argument in the filing hinges on failure to adhere to a code of conduct, rather than any clawback mechanism Staley signed up to.

"It's hard to imagine that they're actually going to get money from him," said Jesse Fried, a professor at Harvard Law School. "I think this is more of an attempt to deflect blame . . . The facts may indeed show that JPMorgan was not in any way at fault."

Jes Staley faces a lawsuit that is the most explicit declaration by JPMorgan to date that its leaders believe he protected sex offender Jeffrey Epstein's position as a client and withheld vital information
Simon Dawson/Bloomberg

The bank is walking a fine line with its latest argument: it is simultaneously defending itself by arguing the lawsuits are unwarranted, while also claiming that it was misled by Staley into keeping Epstein on as a client.

George Georgiev, law professor at Emory University, said JPMorgan's suit against Staley showed an inconsistent legal position. "They are suggesting that [Staley] had some sort of a unique knowledge that nobody else had and that JPMorgan could not have had through its formal channels. That's possible but ideally KYC [know-your-customer] procedures should not depend on one person," Georgiev said.

JPMorgan severed ties with Epstein in 2013, the year Staley left to join hedge fund BlueMountain Capital before later taking over at Barclays in 2015. Epstein took his business to Deutsche Bank.

During the years in question — 2006-13 — Staley was one of JPMorgan's highest paid executives, with his roles including running its asset and wealth management business and its investment bank. Between 2006 and 2011, his pay peaked at $18mn in 2007. The bank did not disclose his pay for 2012 or 2013.

The amount JPMorgan is seeking to recoup is dwarfed by the more than $600mn clawed back from former UnitedHealth Group CEO William McGuire in 2007.

But experts believe the amount JPMorgan is going after would be a new high for the banking industry — it would exceed the $69mn Wells Fargo clawed back from boss John Stumpf over its sham accounts scandal, as well as any clawback faced by executives at Goldman Sachs following the bank's guilty plea in the 1MDB money-laundering case in 2020.

To support its claims, JPMorgan alleged that from at least 2006 through to 2012 Staley signed a written affirmation each year agreeing to remain in compliance entitled "Code of Conduct [year] Affirmation Record".

In each of those affirmations, he pledged: "I agree, as a condition of employment, to remain in compliance with the code and the supplemental policies that apply to me, all as amended from time to time." While clawback provisions are common on Wall Street, it is relatively rare for banks to invoke them. It is even rarer for disputes to end up in court.

> 'They are suggesting [Staley] had some sort of a unique knowledge nobody else had and that JPMorgan could not have had'

Sarbanes Oxley, which was passed in 2002 in the wake of Enron and other accounting scandals, required all public companies to recoup pay from executives whose actions led to financial restatements. Many companies have since extended those clawback clauses to also include behaviour that harms the reputation of the group, as well as the bottom line directly.

JPMorgan's most recent proxy statement says its executive pay is subject to a clawback provision that covers detrimental conduct. The bank says it can also claw back pay if an executive fails to "identify, raise or assess" risks that might end up doing material damage to the bank. JPMorgan's 2006 proxy statement has no mention of the bank's clawback provisions.

JPMorgan's case against Staley, though it is seeking to recoup compensation, does not specifically point to the bank's clawback rules. The bank's argument is that Staley fell short in his responsibility "to refrain from activities that he knew would damage" the bank, either financially or reputationally, and to report any information that could affect JPMorgan's reputation or decision-making.

Aalap Shah, a managing director at compensation consultants Pearl Meyer and an expert on clawbacks, said that while code of conduct clauses can be used to recoup pay, companies can have a harder time enforcing them than the clawback provisions.

When it comes to clawback provisions, all a company has to prove is that the employee's behaviour led to a financial restatement or some other loss. To win a fiduciary duty case, the company not only has to prove the link between the employee's behaviour and the loss, but also intent.

"It's a difficult case to make, though not insurmountable," Shah said.

Dennis Kelleher, president of the advocacy group Better Markets, supported JPMorgan's efforts to reclaim compensation but argued that the buck should not stop there.

"None of that changes the fact that JPMorgan knowingly decided to continue doing business for years with a criminally convicted sexual predator of underage girls," Kelleher said. "That alone should have been a disqualification . . . regardless of what Staley or any other bank officer says."

Financials

Chinese expat businessman Guo faces US conspiracy and fraud charges

STEPHEN FOLEY — NEW YORK

US prosecutors have charged Guo Wengui, the Chinese businessman and critic of the Communist government who fled to New York and allied himself with prominent China hawks, with being a serial fraudster who funded his lavish exile through a string of investment scams.

Guo was arrested yesterday on charges including fraud, conspiracy and money laundering, in connection with an alleged scheme to misappropriate more than $1bn from thousands of his online followers.

He is accused of lying to people who invested in a series of ventures including his "citizen journalism" media company, an elite membership service and a purported new cryptocurrency.

In fact, much of the money was spent on luxury items, property and a $3.5mn Ferrari, and to cover expenses related to his $37mn yacht, according to the 38-page indictment unsealed in federal court in the southern district of New York. Some $100mn was invested in a "high-risk hedge fund" that lost $30mn of the money, the complaint alleged.

William Je, a Hong Kong and British citizen who US authorities said was Guo's financial adviser, was also named as a defendant in the 11-count criminal indictment. The US Securities and Exchange Commission brought parallel civil charges against both men.

> 'Guo took advantage of the hype and allure [of] crypto and other investments to victimise thousands'

Guo went from China to the US in 2014 and allied himself with overseas dissidents and China hawks, including Steve Bannon, the White House adviser to former president Donald Trump. He is known by names including Miles Guo, Miles Kwok and Ho Wan Kwok.

In 2020, Guo solicited $452mn for his media venture, GTV, via an unregistered securities offering that was backed by 5,500 supporters, according to prosecutors, and went on to raise a further $150mn through loans that he said would be convertible into GTV stock.

He also raised $250mn for a membership programme offering "a gateway to carefully curated world-class products, services and experiences", the indictment said, and another $262mn for a cryptocurrency project called the Himalaya Exchange.

Guo released a music video for a song called "HCoin To The Moon" to promote one of its cryptocurrencies, and Je pretended that another of its cryptocurrencies had been used to purchase a Ferrari, according to court filings.

"We allege that Guo was a serial fraudster," said Gurbir Grewal, director of the SEC's division of enforcement. "In reality, Guo took advantage of the hype and allure surrounding crypto and other investments to victimise thousands and fund his and his family's lavish lifestyle."

According to the criminal complaint, money was channelled through more than 500 accounts held in the names of more than 80 entities or individuals in order to conceal the sources of funds for the luxury spending.

A lawyer for Je declined to comment. He remains at large, according to prosecutors. A lawyer representing Guo did not return a request for comment.

Automobiles

BMW to stabilise car prices after years of rises

PATRICIA NILSSON — FRANKFURT

BMW expects to stop raising prices on its premium cars in 2023 after years of passing on higher costs to customers, which has led to an average 40 per cent increase since 2020.

The German company said yesterday it expected to keep prices stable this year while the number of cars delivered to customers would increase slightly.

"Full order books in Europe and outside [has translated] into good price realisation," said BMW's head of sales Pieter Nota. "Of course, that has contributed very much to solid profitability of the company," he added.

Car prices have risen because of higher commodity costs, semiconductor shortages, a focus on selling top-range vehicles and more expensive electric cars, according to Auto Trader.

BMW and its rivals have also raised profit margins by focusing on the sale of more expensive cars, as supply chain constraints have left hundreds of thousands of vehicles still to be fully assembled because of a lack of parts.

The median price of a new BMW in the UK rose from £36,638 in March 2020 to £51,350 this month, representing a 40 per cent jump, said the online vendor. Volkswagen car prices jumped 19 per cent and those of Mercedes-Benz 39 per cent over the same period.

Ian Plummer, a director at Auto Trader, added that the average price of a new car had risen 40 per cent over the past five years across all brands.

BMW said there was a slight decrease in European orders at the start of 2023, adding that rising interest rates were likely to have had an impact as four out of 10 sales were funded with the help of its financial services arm.

The company said last week that it would pay out a bumper €5.5bn to shareholders after a profits boost from an increased stake in its Chinese joint venture, as well as higher prices for its expensive premium cars. The company said that it expected an operating margin in the range of 8-10 per cent in 2023.

Chief executive Oliver Zipse said he agreed with other car executives, such as the head of VW and Porsche, Oliver Blume, that the EU should allow e-fuels to help decarbonisation.

Germany and Italy are among countries with large car industries that at the last minute blocked a planned EU vote on the ban of combustion engines, demanding that the bloc make concessions for e-fuels.

BMW has long been an advocate for hydrogen-powered vehicles as an alternative alongside battery-driven cars as the EU prepares to ban combustion engines by 2035.

This year it launched a pilot series of a BMW iX5 fuelled by hydrogen, and said it was considering building a plant to produce cars that run on the gas by the end of the decade "depending on market requirements and conditions".

Technology

Zipline launches short-range drone service

PATRICK MCGEE — SAN FRANCISCO

Zipline, the world's largest drone logistics service, announced a short-route delivery system yesterday designed to let customers in some US cities receive prescriptions, lab tests or even custom-made salads within minutes.

The California-based start-up, which has completed more than half a million deliveries since its founding in 2014, said it had partnered with three US hospitals in three states — plus Sweetgreen, a salad restaurant chain — to launch a home delivery service that can make a 10-mile trip in 10 minutes.

The promise of rapid drone delivery goes back years but has a spotty record. Jeff Bezos predicted a decade ago that the sky would be filled with Amazon drones within five years, but technical challenges have intervened.

Most other projects are in a beta stage, although Wing, a unit of Google parent Alphabet, recently claimed it could now deliver up to 1,000 packages a day in the select areas where it was operating, and had ambitions of increasing that into the millions over the next 18 months.

Since 2016 Zipline has been delivering packages to destinations more than 100km away, with the bulk of its operations in Ghana, Nigeria and Rwanda, where doctors can order medical supplies via text message and dispatch emergency blood deliveries at 100km an hour.

The start-up's P2 Zip drones will deliver goods in three US states

The private start-up, worth nearly $3bn, launched emergency operations in the US in 2020 to supply medical supplies for healthcare workers. It also worked with Pfizer to deliver Covid-19 vaccines.

Zipline, which is backed by Baillie Gifford, Temasek and Fidelity, among others, plans to do more than 10,000 test flights before deploying the new service early next year for its first partners in Ann Arbor, Michigan; Tacoma, Washington; and Salt Lake City, Utah.

The new service is based on its P2 Zip drone, an autonomous winged aircraft that has the ability to hover in the sky above its destination. It sends the package down in a self-propelled droid capable of pinpointing its landing to an area as small as a patio table.

The group flies Zips in seven countries, including three US states. It has partnered with Walmart to allow customers in suburban Arkansas to order rotisserie chickens to their backyard.

Loss of one-stop funds shop for start-ups leaves Valley vacuum

Big lenders' services look unlikely to match an SVB model honed to the sector

RICHARD WATERS AND ELAINE MOORE
SAN FRANCISCO
IAN JOHNSTON AND TIM BRADSHAW
LONDON

SVB designed its services to fit the needs of new start-ups, guiding them through setting up the financial infrastructure needed and providing a high level of personal service for relatively small customers Jeff Chiu/AP

Technology start-ups are scrambling to deal with tighter regulation and the influence of larger banks that are set to replace the informal financial relationships and close personal connections that have characterised Silicon Valley Bank's dealings with the sector.

Young tech companies, which account for a large part of SVB's deposits, were making plans to take cash out of the bank this week, despite moves late on Sunday to protect depositors and keep at least some of its operations going.

HSBC agreed to take over the bank's UK arm and regulators in Washington were making a renewed effort to find a buyer for the US operations.

As entrepreneurs assessed the damage caused to the tech scene by the collapse of SVB over recent days, a first step was a rush to move cash and avoid being reliant on a single bank again.

"A lot of concentration in one bank in a highly connected community clearly turned out to be a very bad thing," said Laksh Aithani, founder of UK-based biotech company Charm Therapeutics, which had all of its £50mn in cash tied up with the bank. "We want to analyse all of our different risks in terms of Treasury policy and mitigate against that."

Lauren Schulte Wang, founder of sustainable period care start-up The Flex Company, said the business had opened an account at JPMorgan over the weekend when its accounts at SVB were frozen, and planned to add further to its banking relationships. "We will diversify. But operating across multiple banks is going to make things slightly more difficult. Start-ups use cash to reinvest in the business; it isn't money sitting idle in a bank account."

SVB is credited by many founders and venture capitalists with being more willing to lend to start-ups than larger banks. The close banking relationships that had underpinned those loans are likely to be scarcer in future.

One UK-based venture capitalist said: "Very few of these loans get done without SVB calling up their venture investors to hear their perspective on the business. The ecosystem does have to rely on a certain amount of trust given the early and fragile nature of the business."

A venture capitalist in San Francisco said: "SVB has been willing to lend to venture-backed start-ups because of their belief that the VCs won't leave them holding the bag."

That trust had broken down late last week as some venture investors urged companies they had funded to pull their cash from the bank, precipitating its collapse, this investor said.

As well as being one of the few banks to lend to start-ups with little in the way of revenue or assets, investors and founders said SVB had also been unusual in gearing many of its activities to the start-up world, from its marketing efforts to the design of its services.

SVB courted founders more assiduously than larger institutions, attending accelerator programmes and pitching itself as a one-stop shop, according to Sam Franklin, chief executive and co-founder of tech recruitment company Otta. "'We know tech. This is going to be easy with us.' That was the pitch," he said.

The bank had expanded outside the US in recent years, making it straightforward for European founders to open accounts in the UK and for British entrepreneurs to do so in the US.

"It's harder to open a bank account [in the UK] if you're not British, and roughly half of tech founders in the UK aren't British," said John Spindler, chief executive of UK-focused accelerator Capital Enterprise.

SVB designed its services to fit the needs of a new start-up, for instance guiding them through setting up the financial infrastructure needed to operate a business, providing an unusually high level of personal service for relatively small customers.

"There was always somebody you could speak to, no matter how small [the start-up]," said Robin Klein, a venture capital investor at LocalGlobe. "That's very different from the big banks."

Lenders such as Wells Fargo and JPMorgan have their own specialist teams of bankers in Silicon Valley to work with start-ups, and could fill some of the gaps left by the collapse of SVB. However, several investors said their services did not match a bank that had spent 40 years honing a business model geared to start-ups.

> 'We know tech. This is going to be easy with us. That was the pitch'
> Sam Franklin, Otta chief

Over time, the loss of a supportive institution is likely to make life harder for start-ups and tilt technology markets further in favour of bigger platform companies with strong balance sheets, one veteran tech investor said.

In a sign that traditional banks may be less welcoming, some start-ups struggled to open new accounts with them late last week.

"There was a surprisingly large number of nos," one venture capital investor said.

Many venture capital firms are now providing more active support for their portfolio companies on how to manage and invest their funds. One investor said he was advising portfolio companies to balance reserves between traditional lenders including HSBC in the UK and digital-only "neo-banks" that provide fast access to capital.

These moves represent the beginning of a new era for tech start-ups, as they are forced to deal with the loss of a singular institution that had sought to provide for all their financing needs.

Punit Singh Soni, founder and chief executive of Suki, an artificial intelligence company based near San Francisco that had all of its accounts frozen when the bank collapsed, said: "Unfortunately, I do think there will be some things that are lost in this, and it will be the fabric of how Silicon Valley has been."

See Opinion

Takeover. UK unit

HSBC found £1 deal too good to refuse

Due diligence concluded that 70% of loan book was high-quality credit lines

STEPHEN MORRIS AND OWEN WALKER
LONDON

HSBC's eleventh-hour decision to offer £1 for Silicon Valley Bank UK was driven as much by its inability to fully analyse 30 per cent of the target's loan book as the opportunity to win a host of start-up clients.

The bank's executives had already determined that SVB UK and its customers were a good strategic fit, but they were struggling to work out a price.

Due diligence had concluded that about 70 per cent of SVB UK's loan book was high-quality credit lines, backed by commitments made by limited partners, said people familiar with the discussions. The other 30 per cent was harder to analyse, but could be worth the gamble.

When the executives realised late on Sunday night that there were no rivals left, they settled on a bid of £1.

"We felt it was really attractive financially, with a £1.4bn equity value prior to the run on the bank," said one of the people. "Late at night, reading the body language of the government, we got the sense there were no other bidders. So we said, 'Let's do it'. The question now is how much has eroded since [the run began]. It requires a lot of understanding of the assets. But ultimately we think it will be [worth] a lot closer to £1.4bn than £1 . . . You can take a lot of risk with that kind of cushion."

Despite being ringfenced from its larger Californian parent, SVB UK was hit by a liquidity crisis late last week when customers withdrew money en masse after the US business collapsed.

The bank's 3,300 customers accounted for about 4 per cent of Britain's start-ups, according to analysts at Liberum.

For HSBC, which is attempting to expand its commercial banking business in high-growth industries such as life sciences, biomedical, technology and non-crypto fintech, the deal was too good to turn down. Chief executive Noel Quinn said the acquisition made "excellent strategic sense".

HSBC believes that the start-up entrepreneurs could make clients of its private banking arm — a priority area for growth — while later-stage companies considering an initial public offering could cross over to the capital markets team.

"We are not gambling the bank's future . . . but it was a nice opportunity and in the UK it would have taken two to three years of our strategic plan to build this kind of expertise and client base," said one senior executive.

"There is also an enormous amount of goodwill towards us in the start-up community now," another person involved in the process told the FT. "It has been great PR for the bank and [for relations] with the government."

Andrew Williamson, managing partner at Cambridge Innovation Capital, said SVB spent 40 years working closely with the life sciences and tech industries. The venture group instructed its companies to move their money out of SVB last week. But now, he said they would move the money back into HSBC, which should see a "groundswell of support".

SVB UK can be easily absorbed by HSBC. Its £6.7bn of deposits and £5.5bn loan book represents only a tiny fraction of its new owner's $3tn global balance sheet.

HSBC — often criticised for its conservative culture — moved with an uncharacteristic alacrity to buy the bank led by chair Mark Tucker and Quinn. The bank approved a deal after an expedited due diligence, signing between 3am and 4am on Monday.

The government considered HSBC the only credible suitor because it has "more liquidity than God", according to a person familiar with the rationale of the government and Bank of England.

HSBC also did not seek any government guarantees for the debt and pledged to inject £2bn into SVB UK immediately to help fund its holdings of long-dated assets and keep operations running while it integrated the business. But it did secure a waiver from ringfencing rules to allow it to absorb some leveraged financial sponsor positions that would ordinarily be excluded from its UK unit, one of the people said. By law, British lenders must separate their investment and retail banking operations.

> 'We think it will be a lot closer to £1.4bn than £1. You can take a lot of risk with that kind of cushion'

For the deal to be a success HSBC will have to ensure there is no further deposit flight. It must also convince tech-savvy clients that a high street lender with a history going back to 1830s Birmingham can meet their needs.

Executives, who have not decided whether to retain SVB UK as a separate brand, are leaning towards assimilation, pending feedback from new customers. HSBC UK chief executive Ian Stuart was due to address SVB staff yesterday.

The acquisition will also not change HSBC's well-publicised scepticism about cryptocurrencies and digital assets. "The crypto stuff will probably leave, either of their own accord or being politely off-boarded," said one of the people involved. "They will realise that life would be too hard as a customer of HSBC."

An investor at a UK-based venture capital company said the sector was taking a "wait and see" approach over long-term relationships.

HSBC is also in "wait and see" mode say executives. "In the global scheme of things it is a small bite, but potentially a very profitable one," said one of the people involved in the deal.

"At the eleventh hour when it really mattered we were the only bidder . . . We've done the clients, country and the UK economy a big favour. So who cares if we make a lot of money?"

Additional reporting by Hannah Kuchler, Chris Giles, Siddharth Venkataramakrishnan and Scott Chipolina

HSBC has not decided whether to retain SVB UK as a separate brand

Financial services

KPMG defends its audits of collapsed lenders

STEPHEN FOLEY AND GILLIAN TETT
NEW YORK

KPMG's US boss says it stands behind its audits of Silicon Valley Bank and Signature Bank, which collapsed within days of putting out annual reports certified by the Big Four accounting firm.

Paul Knopp said its audit work considered all the facts available at the time the reports were issued, and that "market-driven events" in the intervening days led to the banks' failures.

KPMG has audited SVB's parent company since 1994 and Signature Bank since its inception 22 years ago.

Ahead of publication of an annual report, auditors are required to assess whether there is substantial doubt about a group's ability to survive over the next year. An audit opinion included in the report would have to include a "going concern" warning if there was such a doubt, but there was no such warning at either bank.

KPMG signed its audit opinion on SVB on February 24, exactly two weeks before the bank was seized by regulators after a bank run. The audit opinion on Signature is dated March 1, 11 days before it was seized.

Depositors took flight after focusing on losses in the banks' portfolios of fixed-income securities and the low proportion of deposits that were covered by a government guarantee.

"As we take into account everything we know today . . . we stand behind the reports we issued and we think we followed all professional standards," Knopp said at an event at the NYU Stern Center for Sustainable Business.

Paul Knopp: 'market-driven events' caused havoc at the audited banks

"You have a responsibility until the day you issue the audit report to consider all facts that you know, so we absolutely did do that. But what you can't know with certainty is what might happen after that audit report is issued." This could include "market-driven" events and "unpredictable" reactions of customers.

Sandy Peters, head of global advocacy at the CFA Institute, a professional body for investors, said regulators could scrutinise the work KPMG did to back its audit opinion, including why it decided not to include a going concern warning.

SVB's reliance on customers in the tech industry could also raise questions about whether its financial reports properly reflected that concentration risk, she said.

"People will want to know of the auditor: do you have a going concern memo in the audit file? What is the evidence you took for that?"

Global Appointments

Call for Expressions of Interest

The International Telecommunication Union (ITU) is the leading United Nations agency for information and communication technologies, with the mission to connect the world.

The ITU calls for expressions of interest for suitably qualified and experienced individuals to serve on its **Independent Management Advisory Committee** (IMAC).

Like other audit committees established by UN specialized agencies, the role of the IMAC is to provide expert advice and assist the ITU Council and the Secretary-General in fulfilling their governance responsibilities, including ensuring the effectiveness of ITU's internal control systems, risk management and governance processes.

The IMAC is composed of six independent expert members serving in their personal capacity. New members will serve for a term of four years, as from 1 January 2024.

For further information concerning the Terms of Reference for the IMAC, the selection process for the candidates and the address to which the application form duly completed in English must be sent, please visit the following website: https://www.itu.int/en/council/Pages/imac.aspx

Complete applications must be received by 21 April 2023 in order to be considered.

Only applicants selected for the interviews will be contacted.

Currencies. Latin America

Bolivians queue for dollars as crisis of confidence spreads

Cash call: people queue outside Bolivia's central bank in La Paz after it this month offered to sell dollars directly to the public Claudia Morales/Reuters

Falling forex reserves prompt ratings downgrade and fears of debt default and devaluation

MICHAEL STOTT — LONDON
JOE DANIELS — BOGOTÁ

"WeAreAStableCountry", Bolivia's central bank has said on Twitter repeatedly this month. The long queues of people outside its offices clamouring to buy dollars suggest otherwise.

The impoverished South American nation's foreign exchange reserves have been shrinking for years, threatening the boliviano's peg to the US dollar. As of February 8, just $372mn of net reserves and $3.5bn of gross reserves remained — not enough to cover even three months of imports. The central bank has not published fresh figures since and investors are asking how long Bolivia can stave off a devaluation.

In a sign of the deepening crisis, Fitch on Tuesday downgraded Bolivia's debt deeper into junk territory, assigning it a B minus rating with a negative outlook. The rating agency cited "heightened uncertainty around the authorities' ability to manage this situation, as well as around its severity given an ongoing delay in publication of international reserves data".

Bolivia's 2028 sovereign bond was trading at 64 cents in the dollar yesterday, a level that suggests investors believe there is a meaningful chance of default. The price is down from 80 cents at the start of the year.

Behind the immediate crisis is a more serious long-term problem: Bolivia's economic model of the past two decades is bust. The landlocked nation of 12mn people has prospered for years by exporting natural gas to neighbours but reserves are declining fast and by 2030 it is likely to become a net importer.

Bolivian bond prices are tumbling
2028 sovereign dollar bond (US cents)

Source: Refinitiv

The central bank made the unconventional move this month of offering to sell dollars directly to the public, after Bolivians complained of difficulty in finding the US currency at banks and exchange houses. Last Sunday, the central bank said it had sold $24.1mn of its reserves to the public between March 6 and 12.

Central bank president Edwin Rojas said that the buyers of dollars had been "victims of a speculative process" and a bank press release claimed it had "satisfied the public's demand" last week.

But queues of people trying to buy dollars continued to form outside the central bank's headquarters in La Paz this week. People also waited outside branches of Banco Union, a state-controlled bank permitted by the central bank to sell dollars, in the cities of Santa Cruz and Cochabamba.

The crisis of confidence spread on Tuesday to Banco Fassil, a privately owned bank with $4.2bn in assets. Customers rushed to withdraw savings amid rumours, denied by the bank, that Bolivia's financial regulator was about to intervene. People waited outside branches to withdraw cash, with some telling local media they were not allowed to take out more than 10,000 bolivianos ($1,451).

Banco Fassil said the crisis was caused by "specific interests orientated towards generating destabilisation in the Bolivian financial system".

The finance ministry did not respond to requests for comment and the central bank referred inquiries to its published statements.

Economists said Bolivia's problems were deep-rooted and called for drastic measures. "Foreign exchange reserves are so depleted that it will be very difficult for Bolivia to avoid a correction in the exchange rate and exchange controls," said Ramiro Blazquez, head of research at BancTrust in neighbouring Argentina. "They could raise interest rates to try to fend off a devaluation but at some point, they will have to do it."

Years of statist policies by Bolivia's socialist government have scared off investors and deterred fresh oil and gas exploration. Ruinously expensive fuel subsidies have spawned a flourishing contraband trade, with dirt-cheap Bolivian diesel being smuggled over the border to be sold in neighbouring Peru and Chile. Fuel imports shot up from 11 per cent of Bolivia's total imports in 2015 to 34 per cent last year, S&P Global Ratings, the rating agency, estimated.

Bolivia's gold reserves could provide an alternative source of foreign exchange reserves but they are mostly mined by unregistered operators who smuggle as much as $2bn a year of the precious metal out of the country, according to some estimates. A planned law that would allow the central bank to buy gold directly from informal miners and use its current reserves more freely is stuck in Congress.

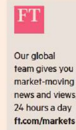
The economic crisis comes amid an increasingly bitter political fight between President Luis Arce and his one-time ally, former president Evo Morales. Arce served as finance minister in Morales's past government but the two men have since parted company in a power struggle that has split the ruling Movement to Socialism (MAS).

"The government has very little room for manoeuvre," said Luis Prato, senior economist at Torino Capital in New York. "They have some short-term possibilities to access liquidity, such as selling IMF SDRs [reserve assets] or speeding up loans from multilateral lenders . . . but the biggest challenge is the fiscal deficit, which will be 6.5 per cent this year."

'[There is] heightened uncertainty around the authorities' ability to manage this situation'

Bolivia's general government debt was about 66 per cent of gross domestic product in 2022, but most is owed to multilateral lenders. Foreign debt owed to private bondholders is low, at just $2bn, with debt service of $300mn due in 2023, according to Fitch.

"While these are low amounts, the sovereign's capacity and willingness to pay them could be called into question should international reserves continue to dwindle," the rating agency said.



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Fixed income

Russian bond dispute with Kyiv heads for UK court

JANE CROFT — LONDON
ROMAN OLEARCHYK — KYIV

Kyiv has secured its right to defend itself in a full trial in London against Russia's claim that it owes $3bn for failing to repay a bond issued shortly before Ukraine's 2014 revolution.

The dispute, which centres on whether or not Ukraine illegally defaulted on $3bn of its debt owned by Russia, can be heard in a High Court trial with evidence and witnesses, the UK's highest court ruled yesterday.

The Supreme Court said the dispute would not be determined by summary judgment, a procedure which allows a court to decide a case without trial and where the defence has no prospect of success, as Moscow had requested. The case has been running since 2016, six years ahead of Russia's full-scale invasion of Ukraine in 2022.

Lord Robert Reed, president of the Supreme Court, said the court had concluded that the validity of Kyiv's defence that it had issued the bond under duress could not be determined without a trial. "The success of Ukraine's defence turns on whether it can establish that Russia threatened the use of force and that those threats were a reason for Ukraine's decision to enter into the agreement," he said.

Kyiv had argued that Moscow had used the debt as a "tool of oppression" and that the need to consider the political context of the case meant the capacity of the defence to call witnesses and present evidence was essential.

'The success of Ukraine's defence turns on whether it can establish that Russia threatened the use of force'

The trust corporation acting for Russia said the court had "ruled that none of Ukraine's defences to the claim is arguable except a limited part of its defence of duress . . . we take our fiduciary obligations seriously and all action taken to date has been in the proper discharge of those duties."

The dispute centres around Moscow's decision to sue Ukraine in 2016 in London's High Court over the non-payment of $3bn of eurobonds carrying interest of 5 per cent. The notes, covered by English law, were issued in 2013 and matured in 2015.

The dispute reached the UK's top court in 2019 after Russia appealed a Court of Appeal ruling in 2018 that the matter had to be heard in a full trial. Russia had argued that English judges could not adjudicate disputes covered by international law and treaties.

Kyiv contends Russia's actions since 2013 have harmed its capacity to repay the debt. Moscow had applied "massive, unlawful and illegitimate economic and political pressure" since then, it said, to prevent pro-Russian president Viktor Yanukovych from signing an agreement with the EU. The refusal of Yanukovych to sign the agreement forced the pivot to Russia for financial support, Kyiv said.

No date has yet been set for a trial.

Financials

Fed ponders tougher rules for midsized banks to avoid repeat of SVB collapse

COLBY SMITH — WASHINGTON

The Federal Reserve is considering tougher rules for midsized banks as it seeks to avoid a repeat of the recent collapse of Silicon Valley Bank that forced government authorities to intervene.

The US central bank is reviewing the capital and liquidity requirements it imposes on banks, especially those with between $100bn and $250bn in assets, a person familiar with the matter said.

It will also assess the stress tests it carries out annually, which evaluate lenders' ability to withstand adverse economic and financial scenarios, among a host of other rules.

The review is part of a broader appraisal the Fed announced on Monday of how it supervised and regulated Silicon Valley Bank, which collapsed last week. The central bank is among US regulators facing questions over whether they missed signs of mounting problems at SVB, with some experts saying the problems were obvious.

To contain the fallout the Fed, alongside the Treasury department and the Federal Deposit Insurance Corporation, unveiled emergency measures after a frenzied weekend that guaranteed all deposits at SVB and at crypto-focused lender Signature Bank, which authorities took over on Sunday. The Fed also announced a new lending facility for banks, to ensure lenders could meet all their depositors' needs.

But regulatory experts argue that SVB's red flags could have been identified in advance, or avoided, had lawmakers and regulators not eased rules for smaller lenders in recent years.

In 2018 Congress rolled back portions of the Dodd-Frank Act, the biggest deregulatory move since the 2007-08 financial crisis, to exempt some banks with assets of up to $250bn from the Fed's toughest supervisory measures, including stress tests as well as capital and liquidity requirements.

The Fed faces questions over whether it missed warning signs at SVB

The Fed followed suit in 2019 and approved lighter regulations for all but the biggest banks.

SVB had only $212bn in assets by the end of last year.

Similar questions about regulatory authorities have been raised by some members of Congress. Dozens of Democratic lawmakers on Tuesday rallied behind a bill led in part by progressive senator Elizabeth Warren, which called for the 2018 rollback to be repealed.

"In 2018, I rang the alarm bell about what would happen if Congress rolled back critical Dodd-Frank protections: banks would load up on risk to boost their profits and collapse, threatening our entire economy — and that is precisely what happened," Warren said.

The Fed's review will be published by May 1. The Wall Street Journal first reported it was considering toughening the rules for midsized banks.

Derivatives

US regulator assesses whether boom in 'zero day' options has raised volatility

NICHOLAS MEGAW AND NIKOU ASGARI
BOCA RATON, FLORIDA

The US derivatives regulator is examining the impact on markets of extremely short-dated options contracts after analysts warned the booming trend could be contributing to wild swings in stock prices.

Rostin Behnam, chair of the Commodity Futures Trading Commission, yesterday said the agency was assessing the potential risks or systemic issues that could arise from so-called zero-day trading strategies, which have surged in popularity since the start of the coronavirus pandemic.

Zero-day options refer to contracts that expire on the same day they are purchased and are mainly tied to the S&P 500 index. About 45 per cent of S&P 500 options volume on a typical day comes from single-day options, according to Bank of America.

Proponents say the daily expiries allow investors to make more targeted bets or hedge risk around specific events, such as economic data releases or central bank meetings, but analysts have warned that the rising numbers of contracts could be magnifying violent market swings. Equity options contracts in the US are regulated by the CFTC's sister regulator, the Securities and Exchange Commission.

Behnam said at the annual Futures Industry Association conference in Boca Raton: "We're talking internally about who the participants are in that market, what it potentially means from a risk standpoint, what are the obvious — if any — systemic issues . . . I don't want to prejudge it, but it's clearly on our radar."

'We're talking about who the participants are in that market, what it means from a risk standpoint'

He added that more transparency on who was using the options was "the key to a successful market".

The flexibility of short-term options has been popular with investors during the past year's market volatility, with trading volumes repeatedly hitting new records. However, the trend has drawn regulatory attention after a series of reports by analysts at JPMorgan that compared the growth to the 2018 blow-up in options markets, known as "Volmageddon".

A build-up of one-way bets on products linked to the Vix volatility gauge ended in early 2018 with the closure of two major investment funds after a drop in stock markets caused a sharp reversal in the Vix. In its worst-case scenario, the bank suggested that the cost of unwinding zero-day options bets could in effect turn a 5 per cent S&P 500 decline into a 25 per cent market decline.

The vast majority of zero-day trading focuses on contracts tied to and offered by Cboe Global Markets, the world's largest options exchange.

At a separate event at the FIA conference on Tuesday, Cboe head of derivatives Arianne Adams dismissed comparisons to Volmageddon or the meme stock trading of the early pandemic.

She said the exchange's S&P 500 contracts were being traded by a broader spectrum of investors. She added that many trades were closed out before they expire, and said more than half of investors used complex spread trades that included inbuilt hedges.

The day in the markets

What you need to know

- **Yields on 10-year German Bunds suffer largest single-day decline in 33 years**
- **US and European stocks knocked in wake of banking sector chaos**
- **Gap between yields on junk-rated debt and US Treasuries widens**

German bond yields tumble as investors price in US rate cuts

10-year Bund yield (%)

Source: Refinitiv

US and European stocks were hit hard by chaos in the banking sector yesterday as fears over the value of industry bond portfolios after the collapse of Silicon Valley Bank, and the direction of central banks' interest rate moves resurfaced.

The US blue-chip S&P 500 fell 1.9 per cent, while the technology-heavy Nasdaq Composite fell 0.9 per cent.

Europe's stocks slumped, with the benchmark Stoxx 600 closing down 3 per cent, the UK's FTSE 100 falling 3.8 per cent and France's CAC 40 off 3.8 per cent as investor jitters extended for a third day.

Yields on 10-year German Bunds fell 0.31 percentage points to 2.14 per cent, their biggest single-day drop since 1990. The yield on the two-year note lost half a percentage point to 2.4 per cent.

The yield on the two-year US Treasury note, which closely tracks interest rate expectations and moves inversely to price, fell 0.4 percentage points to 3.82 per cent. The yield on the 10-year note, which underpins global borrowing costs, fell 0.2 percentage points to 3.41 per cent.

The concerns fanned out into corporate bonds, with the gap between yields on junk-rated debt and US Treasuries exceeding 5 percentage points this week for the first time since October.

The US Federal Reserve is balancing the demise of three US banks, which has increased speculation that it will have to pause its interest rate rises earlier.

The KBW Nasdaq Bank index was down 4.1 per cent, while First Republic Bank, a regional bank at the centre of the sell-off on Monday, lost 23.1 per cent. Fitch downgraded the bank's rating from A- to BB and placed it on negative watch.

The Euro Stoxx Bank index dropped 8.4 per cent after Credit Suisse's largest shareholder said that it would not provide the Swiss lender with any more capital.

Credit Suisse shares lost a quarter of their value. Société Générale lost 12.1 per cent, Deutsche Bank shed 9.3 per cent and BNP Paribas declined 10.1 per cent.

Japan's Topix added 0.7 per cent and South Korea's Kospi added 1.2 per cent. The Topix Banks index in Japan gained 3.3 per cent.

The dollar index, which measures the currency against six peers, rose 1.29 per cent. Sterling slipped 1.2 per cent against the dollar, in the wake of UK chancellor Jeremy Hunt's spring Budget.

In oil, Brent crude fell 6.3 per cent and West Texas Intermediate, the US benchmark, traded 6.7 per cent lower.
Martha Muir, Owen Walker, George Steer and William Langley

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	3858.51	1723.26	27229.48	7344.45	3263.31	101246.89
% change on day	-1.55	-2.91	0.03	-3.83	0.55	-1.64
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	104.650	1.054	132.815	1.203	6.900	5.308
% change on day	1.016	-1.679	-1.109	-0.988	0.398	0.956
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.411	2.122	0.311	3.447	2.875	12.749
Basis point change on day	-22.020	-29.600	-7.730	-15.400	0.300	3.800
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	400.86	71.84	65.89	1907.55	21.64	3940.90
% change on day	-1.94	-7.24	-7.63	-0.20	2.58	-0.64

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	Charles Schwab	2.32	Bollore	7.99	United Utilities	0.96
	Xcel Energy	2.23	E.on	1.11	Haleon	0.95
	Newmont Corp	2.02	Novozymes	0.90	Unite	0.43
	American Electric Power	1.83	Jeronimo Martins	0.80	Segro	0.31
	Southern Co	1.63	Sanofi	0.74	Fresnillo	0.14
Downs	First Republic Bank	-23.19	Societe Generale	-11.73	Prudential	-12.43
	Steel Dynamics	-12.02	Alstom	-10.72	Glencore	-10.72
	Halliburton	-10.89	B. Sabadell	-10.49	Barclays	-9.09
	Marathon Oil Corp	-10.63	Saipem	-9.88	Shell	-8.50
	Devon energy	-9.54	Bnp Paribas	-9.76	Bp	-8.29

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

Regional lender **First Republic** sank to the bottom of the S&P 500 index after S&P Global lowered its credit rating from "A" to "BB+" and placed the San Francisco-based bank on "CreditWatch with negative implications".

The rating agency said it believed the risk of deposit outflows was "elevated at First Republic, despite actions by federal regulators", adding that its deposit base was "more concentrated than most large US regional banks, which presents heightened funding risks".

Such bank jitters, worsened by woes at Swiss lender Credit Suisse, sent larger lenders — such as **JPMorgan**, **Wells Fargo**, **Morgan Stanley** and **Bancorp** — down sharply.

Rallying to the top of the blue-chip benchmark was broker **Charles Schwab** after its chief executive, Walt Bettinger, told Reuters that the broker had "ample liquidity".

Bettinger said the broker had received an influx of assets to its parent company since the collapse of two US banks.

Boxed Inc, the ecommerce grocery platform, plummeted on news it might file for a petition for relief under the US bankruptcy code, alongside "other strategic alternatives", it said.

Plant-based milk producer **Oatly** rallied off the back of a strong annual revenue growth forecast. *Ray Douglas*

Europe

Weaker than expected revenue growth sent Sweden's **Hennes & Mauritz** lower. The world's second-largest clothing retailer reported sales of SKr54.9bn ($5.2bn) in the first quarter, which implied organic growth of 3 per cent, lagging behind the 4.5 per cent Jefferies had expected.

The broker said this update confirmed that "sales growth likely turned negative in February", raising questions about the "group's ability to leverage its cost base". Full first-quarter results were scheduled for the end of this month.

Spain's **Inditex**, the world's largest clothing retailer, also sank on announcing capital expenditure of €1.6bn in 2023, which was "heavier" than Citi expected.

Aarin Chiekrie, equity analyst at Hargreaves Lansdown, said a recent pay deal could have a "material impact on the group's costs", squeezing margins.

An earnings miss weighed on Germany's **Lanxess**, which forecast core profits of between €180mn and €220mn for this quarter, well short of the €237mn analysts had projected.

The chemicals group warned of weaker volumes due in part to customer destocking.

Credit Suisse dived to a fresh record low after its largest shareholder said it would not provide the Swiss lender with any more capital. *Ray Douglas*

London

Takeover target **Hyve** surged on news that US private equity firm Providence Equity Partners had offered 108p a share — about 8 per cent higher than Tuesday's closing price.

The events organiser rose above this recommended bid, suggesting traders think it could attract a higher offer.

Citi said the bid "arguably undervalues the group relative to fundamental valuation", although it acknowledged the offer remained "a big premium" to Hyve's undisturbed price in February.

More dealmaking news triggered a rally in **Purplebricks**, which has put itself up for sale. The hybrid estate agent confirmed it had been talking to online estate agent Strike regarding its participation in a formal sale process although the potential suitor had yet to join the process.

Harry Potter publisher **Bloomsbury** jumped on announcing that its revenue and profits for its financial year would be ahead of expectations, aided by strong performances in its fantasy novels and academic digital resources.

Online trading platform **IG Group** retreated after reporting a third-quarter revenue fall.

However, Shore Capital speculated that "the recent pick-up in market volatility could see trading activity levels turn up sharply". *Ray Douglas*

SVB fiasco raises question of who can create dollars

Brendan Greeley

Markets Insight

In the early 20th century, print advertisements for banks featured a dollar amount of the bank's capital, often above and larger than the name of the bank itself.

With bank failures a fairly regular occurrence, particularly in the agricultural Midwest, depositors had to be wary. They would get something back from the receiver, but on average only about 60 per cent of what they'd held.

After the Great Depression, bank capital disappeared from bank advertising. It did not matter any more.

In 1933, Congress had authorised the Federal Deposit Insurance Corporation, a fund that guaranteed at the time up to $2,500 in deposits. Most people didn't have to think about bank capital because they no longer had reason to worry that their dollars would suddenly be worth less.

For the past four years I have been researching and writing a history of the dollar, work that has confronted me with a metaphysical question: what is a dollar? The answer has changed consistently since the early American republic adopted the silver Spanish milled dollar as a currency standard. And the question has been brought into focus again by the failures of Silicon Valley Bank and Signature Bank.

We could say that a dollar is now a liability on the balance sheets of the banks of the Federal Reserve system. That would be true but inadequate. It describes only a fraction of the dollars we actually use. Most dollars are deposits; liabilities of commercial banks. They do not even have to be American banks. Outside of the US, banks can and do regularly denominate deposits in dollars and call them dollars.

There is a limit, however, to who gets to say something is a dollar. I cannot go to a football ground, write out a promissory note in dollars for a beer and expect that my dollar note will continue to trade at par.

That brings me to an uncomfortably circular definition. A dollar is any financial instrument that will at all times clear at par with other dollars. My beer note may be denominated in dollars but without some kind of guarantee, it is not likely to trade one for one with a Federal Reserve note.

The only institutions with power to provide this guarantee are the Fed, the FDIC, and the US Treasury. Since the 2007-08 financial crisis, these institutions have made clear, even if they don't say it out loud, that they prefer a hasty guarantee to the possibility of chaos. Each time they do, they add to the list of what we might consider a dollar.

> My beer note may be denominated in dollars but it is not likely to trade one for one with a Fed note

But to have the US government back a dollar you create is a privilege, one that should come with explicit obligations. We can't spell these out or enforce them until we can be honest with ourselves about who is allowed to create a dollar — and who should be.

Bankers like to have their deposits guaranteed but they do not like paying for it. Deposit insurance was not a new idea in the 1930s. Already before the US Civil War five states offered some form of pre-funded guarantee on the physical notes that banks were then allowed to issue. By the 1920s, eight states offered a similar guarantee on deposits. The programs were spotty, underfunded and, before the Depression, never turned into federal law.

In the late 1950s, European banks began letting customers hold dollar-denominated deposits — what we now call eurodollars. By the end of the 1960s, the Fed had begun offering swap lines with other central banks, trading dollars as needed for other currencies. As Robert McCauley and Catherine Schenk have argued, swap lines quietly served to manage liquidity risk for eurodollars, creating a kind of deposit guarantee.

During the financial crisis and the early months of the pandemic, swap lines between the Fed and other central banks again guaranteed dollar-denominated deposits abroad. Eurodollars do not subject banks to US regulation. They do not require premiums to the FDIC. But they have a tacit guarantee. They are dollars.

This week, the FDIC guaranteed the deposits of Signature Bank and SVB: not just the $250,000 per-person limit for which the banks had paid premiums, but all deposits. With a single decision, the definition of a dollar again expanded. We usually talk about these ex-post guarantees in terms of moral hazard. How do you prevent bad behaviour without the threat of punishment?

We should think instead about the privilege of creating dollars, and what it should cost — in extra regulation or insurance premium. And we should ask and attempt an honest answer to a blunt question: what is the limit? Who gets to make dollars?

Brendan Greeley is an FT contributing editor

Investors' Chronicle

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23 March 2023 | 2pm | Webinar

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MARKET DATA

WORLD MARKETS AT A GLANCE

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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 $
-1.55%	1.23%	-1.84%	-3.83%	-2.91%	0.03%	1.52%	-1.94%	-1.679%	-0.988%	-1.109%	-0.793%	-1.49%	-0.20%

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): Feb 16 - -; 4,137.29 → 3,858.51; Day -1.55%, Month -6.96%, Year -9.46%

S&P/TSX COMP (Toronto): Feb 16 - Mar 15; 20,702.23 → 19,203.42; Day -2.49%, Month -7.39%, Year -9.44%

Nasdaq Composite (New York)

IPC (Mexico City)

EUROPE

FTSE 100 (London): Feb 16 - Mar 15; 7,953.85 → 7,344.45; Day -3.83%, Month -8.20%, Year 2.31%

Xetra Dax (Frankfurt): Feb 16 - Mar 15; 15,380.56 → 14,827.73; Day -3.27%, Month -5.74%, Year NaN%

FTSE Eurofirst 300 (Europe)

Ibex 35 (Madrid)

ASIA

Nikkei 225 (Tokyo): Feb 16 - Mar 15; 27,427.32 → 27,229.48; Day 0.03%, Month -1.46%, Year 7.47%

Kospi (Seoul): Feb 16 - -; Day NaN%, Month NaN%, Year NaN%

Hang Seng (Hong Kong)

FTSE Straits Times (Singapore)

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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	129.7	179.55	-3.71
Nvidia	50.8	236.22	-4.41
Microsoft	50.7	264.09	3.30
Apple	43.1	151.16	-1.43
Meta Platforms	40.8	195.15	1.13
Advanced Micro Devices	29.6	87.60	0.15
Charles Schwab (the)	24.6	58.00	1.32
Amazon.com	23.2	94.72	-0.17
Bank Of America	18.1	28.43	-0.33
First Republic Bank	17.4	32.67	-6.96

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Comerica	45.13	1.63	3.75
Xcel Energy	67.05	1.61	2.46
Charles Schwab (the)	58.00	1.32	2.33
Netflix	301.67	6.73	2.28
American Electric Power	91.96	1.71	1.89
Downs			
Signature Bank	70.00	-20.76	-22.87
First Republic Bank	32.67	-6.96	-17.56
Steel Dynamics	101.13	-15.16	-13.04
Halliburton	29.96	-3.47	-10.37
Marathon Oil	21.32	-1.91	-8.22

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Glencore	399.3	412.00	-49.45
Shell	390.5	2259.50	-210.00
Bp	295.6	486.80	-44.00
Astrazeneca	253.8	10644.00	-42.00
Barclays	189.9	138.24	-13.82
Hsbc Holdings	179.8	548.40	-28.60
Rio Tinto	146.1	5334.00	-308.00
National Grid	143.6	1048.50	-10.50
Unilever	120.5	4040.50	-32.50
Lloyds Banking	109.9	46.02	-2.22

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Ibstock	174.90	6.20	3.68
Big Yellow	1200.00	31.00	2.65
Balfour Beatty	348.00	7.40	2.17
Assura	50.55	1.07	2.16
Spirent Communications	177.10	3.50	2.02
Downs			
Harbour Energy	247.40	-36.70	-12.92
Prudential	1036.00	-147.00	-12.43
Glencore	412.00	-49.45	-10.72
Ig Holdings	695.50	-76.50	-9.91
Tullow Oil	29.38	-2.98	-9.21

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Unicredit	653.2	16.05	-1.60
Intesa Sanpaolo	633.1	2.24	-0.17
Cs N	525.0	1.74	-0.56
Bnp Paribas Act.a	524.5	52.23	-5.65
Nestle N	509.1	110.14	0.08
Novartis N	500.2	77.51	0.63
Ubs N	481.1	17.19	-1.64
Roche Gs	420.5	272.52	-0.10
Totalenergies	417.7	53.59	-2.86
Ing Groep N.v.	384.3	10.80	-1.12

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
E.on Se Na O.n.	10.44	0.17	1.61
Anheuser-busch	56.33	0.82	1.48
Adyen	1373.40	17.40	1.28
Novartis N	77.51	0.63	0.81
Sanofi	89.64	0.66	0.74
Downs			
Cs N	1.74	-0.56	-24.24
Bnp Paribas Act.a	52.23	-5.65	-9.76
Bbva	6.05	-0.64	-9.60
Ing Groep N.v.	10.80	-1.12	-9.43
Unicredit	16.05	-1.60	-9.06

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Mitsubishi Ufj Fin,.	1433.5	861.50	38.50
Sumitomo Mitsui Fin,.	949.0	5400.00	160.00
Softbank .	737.2	4969.00	-71.00
Tokyo Electron	524.8	46750.00	60.00
Nippon Steel & Sumitomo Metal	434.0	3150.00	80.00
Toyota Motor	433.2	1812.00	3.00
Mizuho Fin,.	417.2	1904.50	37.50
Nippon Yusen Kabushiki Kaisha	386.4	3390.00	41.00
Sony	318.3	11320.00	35.00
Kawasaki Kisen Kaisha,	317.5	3440.00	95.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Kobe Steel,	1085.00	55.00	5.34
Mitsubishi Ufj Fin,.	861.50	38.50	4.68
Resona Holdings, .	662.30	26.30	4.14
Tokio Marine Holdings,.	2709.00	95.50	3.65
Aozora Bank,	2424.00	81.00	3.46
Downs			
Keio	4615.00	-180.00	-3.75
Nidec	6418.00	-175.00	-2.65
East Japan Railway	7302.00	-177.00	-2.37
Cyberagent,.	1075.00	-22.00	-2.01
Z Holdings	357.80	-7.20	-1.97

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Mar 15 price(p)	%Chg week	%Chg ytd
Winners			
Fresnillo	737.60	3.4	-
Endeavour Mining	1747.00	3.3	-0.3
United Utilities	1053.50	2.5	6.1
Severn Trent	2810.00	2.0	6.5
National Grid	1048.50	0.4	7.5
Bunzl	2927.00	0.1	6.3
Reckitt Benckiser	5796.00	-0.2	0.7
Bae Systems	911.60	-0.4	6.5
Sse	1719.50	-0.7	0.5
Convatec	222.60	-0.8	-4.1
Unite	940.50	-1.2	3.4
Astrazeneca	10644.00	-1.6	-5.2
Losers			
Prudential	1036.00	-18.7	-8.1
Standard Chartered	643.20	-18.3	3.3
Barclays	138.24	-18.1	-
Ocado	425.00	-15.7	-
Glencore	412.00	-15.4	-19.4
Beazley	528.50	-15.0	-
Ashtead	4971.00	-14.7	7.4
Entain	1194.00	-14.2	-9.3
Abrdn	199.85	-14.0	7.7
Int Consolidated Airlines S.a.	133.64	-13.3	7.8
Hsbc Holdings	548.40	-13.0	6.3
Weir	1729.00	-12.9	3.9

FTSE 250	Mar 15 price(p)	%Chg week	%Chg ytd
Winners			
Volution	419.00	18.0	14.8
Centamin	107.10	7.1	-5.5
Darktrace	275.40	5.2	6.5
Ibstock	174.90	4.4	13.0
Pennon	873.00	2.8	-2.1
Primary Health Properties	106.30	2.3	-4.0
Coats	78.00	1.6	17.5
Bluefield Solar ome Fund	137.00	1.5	0.7
Big Yellow	1200.00	1.4	4.4
Vietnam Enterprise Investments	571.00	1.1	-2.9
Assura	50.55	1.0	-7.3
Bakkavor	108.00	0.9	12.4
Losers			
Carnival	636.40	-22.0	10.4
Virgin Money Uk	141.10	-17.9	-
Hammerson	24.54	-16.2	3.5
Asos	784.50	-15.7	53.7
Aston Martin Lagonda Global Holdings	240.40	-15.6	56.1
Iwg	161.70	-15.4	-2.1
Bridgepoint	205.20	-14.8	11.2
Intermediate Capital	1191.00	-14.7	5.3
Ig Holdings	695.50	-14.7	-9.4
Investec	439.50	-14.7	-
Hunting	230.00	-14.5	-
Dr. Martens	128.30	-14.5	-

FTSE SmallCap	Mar 15 price(p)	%Chg week	%Chg ytd
Winners			
Costain	51.90	12.3	31.8
Hostelworld	148.60	9.6	29.0
Hyve	110.00	7.8	51.2
Hochschild Mining	68.00	6.8	-2.2
Pphe Hotel	1220.00	3.0	-3.2
Porvair	624.00	2.3	0.5
Bloomsbury Publishing	447.00	2.3	-0.6
Vh Global Sustainable Energy Opportunities	99.80	2.0	-1.2
Robert Walters	516.00	2.0	-6.4
Foresight Sustainable Forestry	106.00	1.2	0.2
Pollen Street	550.00	0.9	5.5
Dwf	71.20	0.9	-
Losers			
Saga	136.90	-18.7	12.5
Capita	33.84	-18.3	39.5
Petrofac	63.75	-15.3	-7.3
Enquest	16.82	-14.2	-
Alfa Fin Software Holdings	126.00	-13.4	-
De La Rue	59.00	-13.2	-
Oxford Biomedica	482.00	-12.5	9.0
Polar Capital Global Fins Trust	140.20	-12.3	-8.2
Tt Electronics	179.00	-12.3	4.0
Esken	5.00	-12.2	-2.0
Luceco	123.60	-12.1	25.9
Blackrock Energy And Resources Income Trust	122.75	-11.7	-6.0

Industry Sectors	Mar 15 price(p)	%Chg week	%Chg ytd
Winners			
Mining	10466.87	3.7	-6.5
Gas Water & Multiutilities index	5961.60	0.7	5.3
Electricity	10547.42	-0.7	-1.1
Health Care Equip.& Services	10723.74	-1.6	-1.8
General Retailers	3287.49	-1.9	-2.4
Pharmaceuticals & Biotech.	20035.15	-2.2	-4.8
Food & Drug Retailers	4079.98	-2.2	-1.1
Aerospace & Defense	5911.19	-2.8	15.4
Beverages	26485.56	-2.9	-5.1
Real Estate & Investment Servic	2225.23	-3.4	4.6
Real Estate Investment Trusts	2251.05	-3.4	0.7
Media	9727.11	-3.9	6.7
Losers			
Automobiles & Parts	1761.35	-15.3	17.8
Life Insurance	6499.00	-14.9	-7.7
Industrial Transportation	3613.56	-13.7	4.6
Banks	3337.79	-13.7	1.3
Oil & Gas Producers	8017.93	-12.5	-1.1
Industrial Metals	6460.47	-12.4	-
Personal Goods	31763.96	-10.3	3.2
Industrial Engineering	14113.43	-9.1	2.6
Nonlife Insurance	2828.38	-8.6	-
Travel & Leisure	6870.68	-8.4	10.6
Construction & Materials	7998.78	-8.3	16.4
General Industrials	6085.93	-6.8	0.4

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

CURRENCIES

Mar 15	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	202.5249	0.3799	213.3503	-3.4202	243.6566	-1.8796
Australia	Australian Dollar	1.5127	0.0119	1.5936	-0.0158	1.8200	-0.0030
Bahrain	Bahrainin Dinar	0.3770	0.0001	0.3972	-0.0071	0.4536	-0.0043
Bolivia	Bolivian Boliviano	6.9100	-	7.2794	-0.1306	8.3134	-0.0799
Brazil	Brazilian Real	5.3077	0.0502	5.5915	-0.0484	6.3857	-0.0003
Canada	Canadian Dollar	1.3801	0.0126	1.4539	-0.0126	1.6604	-0.0007
Chile	Chilean Peso	822.7000	17.1350	866.6751	2.8262	989.7858	11.3033
China	Chinese Yuan	6.9001	0.0274	7.2689	-0.1011	8.3014	-0.0465
Colombia	Colombian Peso	4834.9100	77.7600	5093.3483	-7.9897	5816.8552	38.5658
Indonesia	Indonesian Rupiah	15365.0000	-20.0000	16186.3109	-311.8273	18485.5526	-201.9144
Israel	Israeli Shekel	3.6261	-0.0009	3.8199	-0.0695	4.3625	-0.0430
Japan	Japanese Yen	132.8150	-1.4900	139.9143	-4.1079	159.7890	-3.3451
..One Month		132.8144	-1.4913	139.9139	-4.1087	159.7883	-3.3464
..Three Month		132.8131	-1.4937	139.9131	-4.1102	159.7871	-3.3489
..One Year		132.8088	-1.5031	139.9098	-4.1175	159.7883	-3.3533
Kenya	Kenyan Shilling	129.8000	0.3000	136.7381	-2.1314	156.1616	-1.1360
Kuwait	Kuwaiti Dinar	0.3070	0.0002	0.3234	-0.0056	0.3693	-0.0033
Malaysia	Malaysian Ringgit	4.4835	-0.0035	4.7232	-0.0885	5.3941	-0.0561
Poland	Polish Zloty	4.4602	0.0790	4.6986	0.0004	5.3660	0.0444
Romania	Romanian Leu	4.6679	0.0743	4.9175	-0.0085	5.6160	0.0363
Russia	Russian Ruble	76.1000	0.6350	80.1677	-0.7573	91.5555	-0.1084
Saudi Arabia	Saudi Riyal	3.7558	0.0008	3.9565	-0.0701	4.5185	-0.0424
Singapore	Singapore Dollar	1.3519	0.0073	1.4242	-0.0178	1.6265	-0.0068
South Africa	South African Rand	18.4225	0.2363	19.4072	-0.0948	22.1640	0.0740
South Korea	South Korean Won	1303.6500	-7.5000	1373.3330	-32.6809	1568.4141	-24.1791
Sweden	Swedish Krona	10.6346	0.1591	11.2030	-0.0304	12.7944	0.0703
Switzerland	Swiss Franc	0.9243	0.0108	0.9737	-0.0059	1.1120	0.0024
..Three Month		0.8314	0.0079	0.8753	-0.0073	-	-
..One Year		0.8314	0.0075	0.8744	-0.0074	-	-
United States	United States Dollar	-	-	1.0535	-0.0189	1.2031	-0.0116
..One Month		-	-	1.0532	-0.1612	1.2032	-0.0116
..Three Month		-	-	1.0528	-0.1612	1.2033	-0.0116
..One Year		-	-	1.0518	-0.1611	1.2033	-0.0119
Vietnam	Vietnamese Dong	23577.5000	-7.5000	24837.8091	-453.6113	28365.9778	-281.6534
European Union	Euro	0.9493	0.0167	-	-	1.1420	0.0093
..One Month		0.9490	0.0167	-	-	1.1419	0.0093

FTSE ACTUARIES SHARE INDICES

FT 30 INDEX

FT WILSHIRE 5000 INDEX SERIES

FTSE GLOBAL EQUITY INDEX SERIES

FTSE SECTORS: LEADERS & LAGGARDS

FTSE 100 SUMMARY

UK STOCK MARKET TRADING DATA

FTSE Sector Indices											
Non Financials (324)	4905.44	-3.36	4363.86	5076.20	5018.39	4869.14	3.59	2.15	12.94	33.14	8945.83

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7723.49	7632.73	7573.85	7618.97	7590.09	7570.16	7606.29	7589.85	7575.48	7726.36	7547.88
FTSE 250	19409.15	19047.42	18899.00	18979.33	18929.67	18853.48	18893.80	18866.54	18875.09	19413.45	18770.36
FTSE SmallCap	6261.60	6224.97	6172.48	6177.27	6183.69	6163.74	6164.44	6162.16	6169.69	6267.67	6151.71
FTSE All-Share	4216.58	4163.62	4131.39	4154.53	4139.92	4128.19	4145.96	4137.61	4131.37	4217.48	4117.47

Time of FTSE 100 Day's high:08:03:15 Day's Low16:26:30 FTSE 100 2010/11 High: 8014.31(20/02/2023) Low: 7548.63(13/03/2023)
Time of FTSE All-Share Day's high:08:05:00 Day's Low16:50:00 FTSE 100 2010/11 High: 4377.36(16/02/2023) Low: 4117.47(13/03/2023)

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UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Cenkos Securities	Pre	20.260	37.225	2.703L	3.950	4.900L	7.100	0.50000	3.00000	Jun 22	1.500	4.250
Robert Walters	Pre	1099.600	970.700	55.600	50.200	56.200	46.300	17.00000	15.00000	May 26	23.500	20.400

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.
For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
02/28	3.33		DAR	Dar Global PLC	3.70	0.00	3.90	3.33	666.1
02/14	17.50	AIM	FMET	Fulcrum Metals Plc	18.10	0.40	19.00	17.00	902.5

§Placing price. *Introduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir
For a full explanation of all the other symbols please refer to London Share Service notes.

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$)							
ANZ Bank	23.29	0.25	27.96	20.78	6.33	9.99	46239.53
BHP Group	45.56	0.53	53.72	35.83	8.81	10.95	152570.05
CmwBkAu	95.40	0.12	111.38	86.98	3.58	18.36	106478.78
CSL	284.10	4.97	314.21	254.30	1.04	41.62	90591.32
NatAusBk	28.31	0.21	33.75	25.43	3.10	15.43	58738.19
Telstra	4.07	0.02	4.24	3.62	2.40	33.87	31086.96
Wesfarmers	48.88	-	51.66	40.03	3.56	25.71	36641.82
Westpac Bank	21.65	0.24	24.67	18.80	4.01	16.11	50221.14
Woolworths	36.64	0.25	39.63	31.67	2.88	42.75	29464.22
Belgium (€)							
AnBshInBv	55.77	-0.98	58.21	45.56	0.92	29.01	102062.05
KBC Grp	60.62	-3.18	72.46	45.53	5.44	10.28	26640.55
Brazil (R$)							
Ambev	13.99	0.04	16.88	12.60	4.12	20.68	41513.95
Bradesco	11.54	-0.10	17.72	11.33	7.34	5.23	10589.52
Cielo	5.06	-0.08	6.22	2.39	2.94	16.76	2589.99
ItauHldFin	20.20	-0.30	26.04	18.86	3.91	7.83	18870.06
Petrobras	25.82	-1.19	42.08	23.61	18.97	3.60	36204.41
Vale	80.28	-3.70	99.43	61.90	16.52	3.51	68652.72
Canada (C$)							
Bausch Hlth	10.47	-0.35	30.55	5.10	-	-3.24	2745.28
BCE	58.76	-0.41	74.09	55.66	5.78	20.25	38830.15
BkMontrl	116.95	-3.51	154.47	113.73	3.75	9.26	60144.06
BkNvaS	64.21	-1.79	94.17	63.19	5.61	8.27	55447.26
Brookfield	58.88	11.29	63.88	41.28	1.09	19.91	69948.82
CanadPcR	104.98	5.18	111.43	86.42	0.70	25.88	70800.68
CanImp	55.94	-1.47	82.83	53.58	10.42	3.99	38951.05
CanNatRs	68.02	-5.21	88.18	58.75	2.85	10.85	54231.74
CanNatRy	158.32	-0.44	175.39	137.26	1.51	23.68	76880.94
Enbridge	50.10	-2.20	59.69	48.88	6.47	17.99	73507.64
GtWesLif	34.67	-0.88	37.69	27.99	5.40	10.03	23411.67
ImpOil	62.14	-3.08	79.83	52.28	1.61	18.40	26301.9
Manulife	24.52	-1.20	27.50	20.81	4.63	7.14	33014.59
Nutrien	99.49	-4.55	147.93	93.43	2.27	14.70	35989.98
RylBkC	129.25	-3.51	144.15	116.75	3.34	11.82	129789.23
SHOP	59.08	-0.80	94.73	33.00	-	2.10	57253.45
Suncor En	39.20	-3.87	53.62	36.39	2.60	14.58	37820.24
ThmReut	166.63	-1.28	171.12	119.23	1.19	11.82	57238.56
TntoDom	79.25	-1.75	104.00	77.27	4.00	10.22	105085.26
TrnCan	51.17	-3.01	74.44	50.88	6.60	28.35	37918.58
China (HK$)							
AgricBkCh	2.85	0.07	3.07	2.22	7.42	3.76	11160.65
Bk China	2.98	0.06	3.17	2.51	7.40	3.71	31746.36
BkofComm	4.80	0.07	5.74	3.84	7.22	3.99	21410.1
BOE Tech	0.61	-0.01	0.86	0.55	-	9.89	15.46
Ch Coms Cons	5.00	0.27	5.09	3.09	4.03	4.17	2814.53
Ch Evrbrght	2.39	0.07	3.01	2.04	9.93	3.25	3860.42
Ch Rail Cons	5.74	0.30	5.87	3.75	4.53	3.07	1518.31
Ch Rail Gp	5.28	0.36	5.88	3.48	3.86	4.27	2830.14
ChConstBk	5.05	0.13	5.98	4.12	7.29	3.69	154674.89
China Vanke	12.64	0.34	21.50	9.96	11.17	5.73	3553.15
ChinaCitic	3.67	0.05	4.08	2.92	7.58	3.42	6958.16
ChinaLife	13.08	0.44	15.14	8.53	5.18	5.75	12399.68
ChinaMBank	40.65	1.25	62.80	25.40	3.48	7.54	23774.94
ChinaMob	64.70	1.00	65.40	46.85	4.93	10.04	168653.34
ChinaPcIns	21.30	0.45	23.20	12.10	6.11	6.98	7530.97
ChMinsheng	2.64	0.03	3.14	2.19	9.23	3.43	2798.36
ChMrchSecs	13.76	0.07	15.98	12.06	3.16	12.36	14800.89
Chna Utd Coms	6.00	-0.18	6.45	3.30	1.85	30.29	26923.67
ChShenEgy	25.65	0.60	27.65	18.34	7.92	7.82	11036.73
ChShpbldng	3.91	0.05	4.02	3.36	-	-292.55	12514.01
ChStConEng	6.18	0.19	6.40	4.67	3.45	4.82	37008.61
ChUncHK	5.80	-0.18	6.54	3.27	2.69	12.85	22609.26
CNNC Intl	6.76	0.14	8.40	5.78	1.83	17.78	18467.74
CSR	4.21	0.10	4.42	2.37	4.87	11.63	2344.38
Daqin	7.29	0.06	7.39	5.95	6.54	11.11	15707.08
GuosenSec	9.31	0.03	10.55	8.43	2.46	10.77	11910.17
HaitongSecs	4.96	0.11	6.35	3.77	5.75	5.42	2154.47
Hngzh HikVDT	39.08	0.18	44.30	28.10	2.03	21.61	51589.6
Hunng Pwr	4.15	0.27	4.80	2.62	4.72	-4.68	2485.09
IM Baotou Stl	1.97	0.03	2.71	1.75	-	33.76	9044.16
In&CmBkCh	4.24	0.12	4.87	3.37	7.10	3.91	46883.54
IndstrlBk	16.58	0.09	22.42	15.01	4.65	4.57	49918.06
Kweichow	1750.92	-15.08	2077	1359	1.10	39.69	318766.12
Midea	0.41	0.01	0.50	0.32	-	-4.48	15.72
New Ch Life Ins	18.64	0.48	23.15	12.04	8.15	3.56	2455.68
PetroChina	4.36	0.04	4.55	3.01	5.43	8.84	11719.38
PingAnIns	52.25	1.55	64.15	31.30	4.76	8.35	49574.95
PngAnBnk	13.05	0.18	16.66	10.39	1.33	7.84	36701.52
Pwr Cons Corp	7.85	0.21	8.45	6.65	1.12	16.42	12504.59
SaicMtr	14.11	0.06	19.29	13.77	4.19	7.11	23891.63
ShenwanHong	0.08	0.00	0.18	0.06	-	2.47	93.11
ShgPdgBk	7.08	0.06	8.18	6.64	6.46	4.56	30117.68
Sinopec Corp	4.73	0.09	4.80	3.06	2.92	5.73	14932.74
Sinopec Oil	2.17	0.06	2.39	1.70	-	726.11	4267.43
Denmark (kr)							
DanskeBk	140.15	-8.60	165.35	91.28	1.37	10.00	17097.54
MollerMrsk	16095	-200.00	23310	13185	2.03	2.73	19067.69
NovoB	993.00	3.80	1024.6	700.40	0.90	49.88	244837.72
Finland (€)							
Nokia	4.24	-0.15	5.20	4.18	-	15.26	25184.14
SampoA	41.97	-0.74	49.97	39.86	3.91	9.31	22830.89
France (€)							
Airbus Grpe	116.30	-5.88	126.04	86.52	-	22.23	98568.11
AirLiquide	147.08	-2.32	153.40	114.48	1.79	28.30	81114.67
AXA	26.29	-1.43	30.34	20.34	5.22	9.23	63510.83
BNP Parib	52.03	-5.85	67.02	40.67	4.93	7.81	67655.1
ChristianDior	753.50	-30.00	819.50	516.00	0.89	28.68	143282.57
Cred Agr	10.22	-0.56	11.94	8.09	7.50	5.82	32763.48
Danone	54.33	-0.22	58.14	46.78	3.42	19.27	38680.95
EDF	11.83	0.01	12.07	7.27	3.95	9.49	48450.07
Engie SA	13.56	-0.51	14.68	10.07	3.75	9.96	34787.58
EssilorLuxottica	157.45	-1.50	184.70	132.70	0.66	50.06	74249.49
Hermes Intl	1686	-48.50	1762	957.60	0.26	75.46	187503.98
LOreal	371.15	-6.45	393.60	300.45	1.03	47.15	209251.94
LVMH	774.70	-25.80	830.70	535.00	0.87	33.82	409726.41
Orange	10.74	0.06	11.94	9.08	5.36	3717.75	30101.68
PernodRic	198.55	-1.25	204.40	166.60	1.51	31.26	53953.02
Renault	36.66	-2.28	43.96	21.20	-	-28.54	11419.11
Safran	127.14	-6.00	137.58	87.85	0.32	1325.94	57223.58
Sanofi	89.77	0.79	106.08	76.45	3.42	18.92	119235.22
Sant Gbn	51.27	-2.19	59.19	35.20	2.54	12.79	27857.67
Schneider	144.50	-8.06	159.62	110.02	1.73	26.58	86933.96
SocGen	21.50	-2.98	28.39	18.97	2.47	3.79	18301.04
Total	53.27	-3.18	60.93	44.01	4.86	10.67	139747.03
UnibailR	53.21	-2.69	73.09	39.68	-	-7.90	7778.06
Vinci	102.40	-4.66	109.92	80.84	2.52	23.68	63701.57
Vivendi	8.99	-0.43	12.16	7.59	6.40	-16.74	10444.81
Germany (€)							
Allianz	204.10	-9.10	224.55	156.22	4.51	13.45	86716.38
BASF	44.54	-1.87	55.86	37.90	7.11	7.69	41935.64
Bayer	55.75	-1.47	67.99	47.01	3.44	57.00	57697.73
BMW	94.69	-0.91	103.70	68.44	1.92	5.26	60049.86
Continental	66.84	-4.34	79.24	44.44	-	10.74	14082.97
Deut Bank	9.60	-0.98	12.36	7.46	-	9.85	20908.1
Deut Tlkm	21.67	0.05	21.95	16.24	2.65	25.98	113832.42
DeutsPost	39.64	-1.56	47.34	29.68	3.34	10.46	51741.68
E.ON	10.38	0.05	11.20	7.28	4.34	6.01	28882.37
Fresenius Med	36.96	-0.39	63.66	26.19	3.48	11.65	11408.3
Fresenius SE	23.46	-0.47	36.09	19.76	3.68	7.73	13802.82
HenkelKgaA	62.80	-0.20	66.00	56.55	2.79	17.42	17187.26
Linde	308.65	-11.75	344.00	257.05	1.16	50.01	160025.11
Mercedes-Benz	70.15	-2.67	75.92	50.19	1.86	7.32	79060.63
MuenchRkv	303.20	-12.20	334.10	212.70	3.10	15.11	44748.54
SAP	108.38	-1.68	113.44	81.35	1.64	25.34	140262.2
Siemens	138.10	-7.48	152.20	93.67	2.43	21.66	116385.39
Volkswgn	162.00	-6.35	240.00	144.35	2.84	5.71	50359.81
Hong Kong (HK$)							
AIA	80.50	-0.25	93.65	57.25	1.48	20.66	119680.05
BOC Hold	25.90	-	31.85	23.55	4.29	13.33	34885.84
Ch OSLnd&Inv	19.28	0.36	27.35	14.58	5.57	4.80	26883.04
ChngKng	49.75	0.40	57.00	42.90	3.18	11.42	22780.37
Citic Ltd	8.97	0.25	9.40	7.01	5.36	4.16	33243.19
Citic Secs	16.44	0.32	19.18	11.82	2.60	8.49	5487.52
CK Hutchison	49.05	0.40	59.45	38.80	4.15	6.23	23933.38
CNOOC	11.82	0.10	12.68	8.84	3.42	10.34	67125.47
HangSeng	117.90	0.70	154.00	110.00	4.63	19.02	28716.19
HK Exc&Clr	330.60	9.40	404.20	208.20	2.48	37.38	53398.25
MTR	39.00	-0.10	43.70	33.45	2.82	28.32	30814.94
SandsCh	26.20	-0.30	30.70	12.50	-	-29.02	27013.78
SHK Props	104.70	-1.30	115.90	83.10	4.23	12.00	38652.07
Tencent	344.60	3.00	411.00	188.69	0.42	13.60	420049.82
India (Rs)							
Bhartiartl	756.65	-15.15	860.55	628.75	-	163.89	54650.94
HDFC Bk	1541.9	-22.45	1722.1	1271.6	-	26.52	104144.25
Hind Unilevr	2406.1	-36.35	2741.6	1931.3	1.31	65.39	68443.55
HsngDevFin	2528.85	-28.80	2933.8	2026	0.90	21.84	56053.81
ICICI Bk	825.90	-4.45	958.20	669.95	0.24	26.58	69803.95
Infosys	1419.65	-0.35	1923.3	1360	2.11	28.46	71287.02
ITC	379.40	-0.30	394.00	239.10	2.80	31.98	57050.46
L&T	2176.65	32.45	2273.3	1456.35	0.82	36.63	37033.58
OilNatGas	152.55	-0.75	181.25	119.85	5.89	4.38	23234.27
RelianceIn	2237.05	-38.90	2856.15	2227.4	0.31	25.97	183245.72
SBI NewA	517.55	-7.85	629.55	430.70	0.76	14.64	55920.1
SunPhrmInds	951.40	-5.80	1072.15	789.90	0.78	35.97	27636.35
Tata Cons	3198.9	-16.05	3835.6	2950.1	1.12	30.99	141708.44
Israel (ILS)							
TevaPha	32.77	-0.29	38.52	23.83	-	26.51	10036.16
Italy (€)							
Enel	5.25	-0.12	6.42	3.96	6.70	25.45	56185.24
ENI	12.31	-0.73	14.98	10.43	5.25	5.40	46757.35
Generali	17.37	-1.08	21.55	13.67	8.12	10.17	28922.82
IntSPaolo	2.24	-0.17	2.60	1.58	1.56	72.52	45922.35
Unicred	16.05	-1.60	19.77	7.87	0.72	24.86	32822.67
Japan (¥)							
AstellasPh	1872	-7.50	2205	1854	2.52	28.18	25875.94
Bridgestne	5086	-38.00	5509	4324	3.34	11.57	27330.27
Canon	2881	38.50	3516	2804	3.47	13.94	28931.77
CntJpRwy	15505	-285.00	17920	14730	0.86	-29.07	24048.71
Denso	7098	-53.00	8330	6389	2.02	19.45	42109.95
EastJpRwy	7302	-177.00	8280	6510	1.40	-7.33	20778.24
Fanuc	23260	145.00	24930	18850	1.99	27.66	35360.56
FastRetail	27940	-480.00	29800	18103.33	1.92	13.11	66943.44
Fuji Hvy Ind	2077	11.50	2684	1739	2.76	23.86	12028.6
Hitachi	6771	96.00	7463	5348	1.74	9.92	47824.12
HondaMtr	3396	35.00	3755	3001	3.89	7.18	46317.14
JapanTob	2747	23.50	2871.5	2016	5.10	13.98	41365.8
KDDI	4032	-3.00	4636	3873	3.05	13.51	69905.79
Keyence	58420	-570.00	62210	44880	0.35	48.81	106977.32
MitsbCp	4771	33.00	5125	3740	2.96	10.64	52954.47
MitsubEst	972.28	4.62	1023.46	876.51	-	-	-
MitsubishiEle	1543	13.00	1602.5	1273	2.66	13.79	24945.46
MitsuiFud	926.48	-1.79	1007.12	684.38	-	-	-
MitUFJFin	861.50	38.50	999.50	632.60	3.09	8.73	82298.46
Mizuho Fin	1904.5	37.50	2238	1486.5	4.20	9.10	36411.55
Murata Mfg	7496	-23.00	8811	6438	1.64	15.04	38141.23
Nippon TT	3947	18.00	4128	3445	2.73	12.42	107639.08
Nissan Mt	475.60	-0.40	577.60	408.10	-	15.10	15114.04
Nomura	510.00	6.50	573.90	464.30	4.62	-34.29	12416.65
Nppn Stl	3150	80.00	3294	1838	2.60	4.86	22538.96
Panasonic	1176	12.00	1325	1006.5	2.18	11.62	21729.25
Seven & I	5912	-24.00	6619	5041	1.78	21.99	39458.23
ShnEtsuCh	20205	95.00	20665	14185	1.47	18.92	61585.52
Softbank	4969	-71.00	7180	4231	0.91	4.17	64460.76
Sony	11320	35.00	13105	9213	0.54	14.13	107483.69
SumitomoF	5400	160.00	6261	3816	3.79	10.27	55892.28
Takeda Ph	4350	70.00	4403	3454	4.24	15.26	51823.85
TokioMarine	2709	95.50	3000	2166.67	8.32	4.30	41609.45
Toyota	1812	3.00	2282.5	1781.5	2.88	7.99	222586.03
Mexico (Mex$)							
AmerMvl	19.73	0.29	21.45	15.67	1.63	16.19	43911.28
FEMSA UBD	164.56	-0.98	177.41	120.63	1.21	136.50	18757.08
WalMrtMex	74.28	0.59	82.93	64.81	0.67	37.55	68407.14
Netherlands (€)							
ASML Hld	568.00	-8.10	642.00	376.10	0.57	45.73	241222.12
Heineken	95.62	-1.06	99.40	78.28	0.98	17.28	58021.38
ING	10.78	-1.14	13.55	8.43	5.34	9.14	42311.6
Unilever	46.16	-0.01	49.09	40.09	3.11	23.70	140509.56
Norway (Kr)							
DNB	185.60	-8.60	209.50	168.05	10.21	10.89	26757.73
Equinor	291.75	-15.50	410.95	280.15	1.84	11.55	85653.7
Telenor	119.30	-0.05	135.80	87.60	8.22	18.50	15435.74
Qatar (QR)							
QatarNtBk	15.66	-0.09	27.00	15.54	3.21	12.69	39717.84
Saudi Arabia (SR)							
AlRajhiBnk	70.80	-1.80	7317	0.00	3.01	13.50	75404.36
Natnlcombnk	42.75	-1.85	2070	0.00	3.01	16.14	50971.06
SaudiBasic	86.70	-4.80	2115	0.00	3.33	12.69	69253.8
SaudiTelec	37.70	0.35	8480	0.00	9.43	7.50	50189.7
Singapore (S$)							
DBS	32.97	0.64	36.40	29.45	3.32	14.33	62765.4
JardnMt US$	48.62	0.88	59.87	42.60	3.14	9.11	14072.64
OCBC	12.27	0.20	13.23	11.20	3.04	12.97	40791.91
SingTel	2.39	0.01	2.88	2.31	2.79	42.77	29182.76
UOB	28.20	0.36	32.62	25.91	3.13	13.30	34931.56
South Africa (R)							
Firstrand	62.47	-1.84	79.34	59.16	4.32	10.87	19021.55
MTN Grp	125.47	0.80	205.70	115.46	-	16.45	12833.18
Naspers N	3050.73	-80.75	3510	1421.74	0.20	15.77	72119.78
South Korea (KRW)							
HyundMobis	219000	5500	231500	189500	1.78	8.77	15838.94
KoreaElePwr	17330	100.00	24750	16500	6.89	-10.39	8533.92
SK Hynix	79100	-2000.00	125000	73100	1.90	5.81	44172.12
SmsungEl	59800	800.00	71800	51800	2.35	10.63	273841.15
Spain (€)							
BBVA	6.05	-0.64	7.56	3.97	5.89	8.58	38419.56
BcoSantdr	3.21	-0.24	3.87	2.32	2.29	6.70	56756.18
CaixaBnk	3.63	-0.26	4.14	2.64	0.71	24.92	28720.04
Iberdrola	10.88	0.02	11.49	9.09	3.72	19.45	73851.42
Inditex	27.68	-1.49	29.64	19.00	0.77	30.44	90880.2
Repsol	13.39	-1.00	16.23	11.05	4.30	8.51	18723.88
Telefonica	3.75	-0.06	5.06	3.22	8.84	2.86	22833.04
Sweden (SKr)							
AtlasCpcoB	106.74	-5.58	123.16	22.08	7.14	6.89	15666.59
Ericsson	56.25	-1.67	94.77	55.65	4.17	8.02	16250.95
H & M	122.94	-11.38	149.80	98.25	5.34	16.38	16885.92
Investor	193.36	-7.94	212.90	158.22	1.89	8.04	33126.75
Nordea Bk	115.04	-9.58	134.94	88.32	13.25	12.98	39401.26
SEB	113.80	-6.50	133.50	97.38	9.25	9.19	23055.88
SvnskaHn	98.10	-4.30	112.90	80.88	5.31	9.31	17939.81
Swedbank	185.30	-10.00	219.90	124.50	8.19	9.57	19724.36
Telia Co	27.19	-0.13	41.70	25.78	7.67	9.27	10456.17
Volvo	195.66	-10.94	219.75	148.24	3.46	12.32	29225.26
Switzerland (SFr)							
ABB	29.31	-1.50	32.26	23.84	2.56	14.83	62303.01
CredSuisse	1.70	-0.54	7.38	1.55	5.31	-2.81	7347.88
Nestle	107.24	0.08	127.00	103.42	2.31	19.64	319063.09
Novartis	75.47	0.61	88.42	73.32	3.80	8.65	196266.2
Richemont	133.35	-6.75	149.35	90.28	1.32	33.54	75309.64
Roche	265.35	-0.10	404.20	261.50	2.99	18.75	201693.19
Swiss Re	87.00	-4.72	99.68	68.18	6.13	22.17	29884.52
Swisscom	581.20	2.80	589.80	443.40	3.41	18.24	32573.07
UBS	16.74	-1.60	20.85	13.88	1.87	9.09	63834.68
Zurich Fin	400.00	-16.90	461.70	384.60	4.52	14.06	65113.13
Taiwan (NT$)							
ChunghwaTelecom	119.00	1.50	132.50	105.50	3.53	26.40	30178.72
Formosa PetChem	82.20	-	97.90	75.20	0.70	16.14	25598.54
HonHaiPrc	102.50	0.50	116.00	98.00	3.83	10.53	46453.22
MediaTek	758.00	-3.00	995.00	533.00	4.79	10.99	39639.2
TaiwanSem	511.00	1.00	602.00	370.00	2.05	20.73	433211.32
Thailand (THB)							
PTT Explor	30.25	0.75	39.75	29.50	6.15	8.67	24964.63
United Arab Emirates (Dhs)							
Emirtestele	24.30	0.70	38.98	11.60	2.75	27.17	57535.64
United Kingdom (p)							
Anglo American	2559.5	-210.50	4292.5	2487.5	6.96	5.07	41188.3
AscBrFd	1900	-89.50	2076	1223	0.33	31.40	17890.21
AstraZen	10644	-42.00	12828.45	9275	1.95	1802.24	198467.58
Aviva	407.00	-21.60	606.58	341.92	5.25	53.55	13753.4
Barclays	138.24	-13.82	198.86	132.06	2.17	3.35	26396.63
BP	486.80	-44.00	570.57	4.75	3.23	17.66	104867.38
BrAmTob	2960	-40.00	3645	2893	7.28	10.01	79624.22
BT	143.30	-0.25	196.60	110.55	-	13.91	17122.32
Compass	1874	-33.00	1970.88	1568.75	0.75	45.60	39374.54
Diageo	3449.5	-34.00	4067	3388.5	2.10	26.53	93689.97
GlaxoSmh	1381.4	1.00	2753.96	1280.92	5.79	15.95	68055.96
Glencore	412.00	-49.45	583.25	5.07	2.15	15.08	62576.2
HSBC	548.40	-28.60	653.80	434.70	2.95	11.98	131765.91
Imperial Brands	1884	-27.50	2165	1553	7.33	6.30	20989.76
Jardine Mathes.	62.50	-	56.00	46.89	2.47	11.60	18090.08
LlydsBkg	46.02	-2.22	54.33	38.51	5.59	6.39	37177.77
LSE Group	7206	-100.00	8612	6710	1.06	73.68	44012.29
Natl Grid	1048.5	-10.50	1271.45	844.29	4.69	24.44	46375.89
Natwest Group	261.80	-15.80	310.00	210.90	4.01	10.31	30455.76
Prudential	1036	-147.00	1357.5	782.40	1.14	16.83	34272.09
ReckittB	5796	-20.00	6824	5400	3.01	-25.08	49927.53
RELX	2512	-25.00	2580	2064	1.90	33.14	57632.15
RioTinto	5334	-308.00	6354	4436.95	9.42	5.58	80269.72
RollsRoyce	144.14	-11.06	160.00	64.44	-	98.05	14510.58
Shell PLC	2259.5	-210.00	2613.5	1897.8	2.68	11.91	187825.47
StandCh	643.20	-53.60	799.40	478.60	1.38	14.42	22143.12
Tesco	251.90	-2.90	307.23	194.35	3.63	12.63	22178.89
Unilever	4040.5	-32.50	4868.64	3351.66	3.58	20.74	122991.52
Vodafone	94.02	-2.16	132.30	83.24	8.23	-210.34	30546.39
WPP	921.40	-45.40	1095.5	713.00	2.88	17.55	11871.67
United States of America ($)							
21stC Fox A	32.59	-0.31	42.02	28.02	1.28	14.85	9676.53
3M	101.47	-1.31	154.66	100.27	5.18	11.29	55859.24
AbbottLb	97.44	-1.11	124.36	93.25	1.64	27.84	169345.48
Abbvie	152.90	-0.96	175.91	134.09	3.02	26.69	270532.41
Accenture	244.42	-8.06	345.30	242.95	1.34	27.94	160923.32
Activision Bli.	78.77	-0.32	81.50	70.94	0.53	25.78	61777.27
Adobe	331.75	-1.58	473.49	274.73	-	36.74	152132.5
Advanced Micro	87.60	0.15	125.67	54.57	-	38.37	141149.55
AEP	91.96	1.71	105.60	80.30	2.90	20.87	47255.12
Aflac	60.58	-2.54	74.02	52.07	1.94	10.67	37087.6
AirProd	274.81	-11.09	328.56	216.44	1.94	32.50	61030.59
Allstate	108.83	-5.53	144.46	108.55	2.64	7.22	28658.17
Alphabet	94.58	0.61	143.79	83.34	-	0.95	563318.48
Altria	46.29	-0.45	57.05	40.35	6.75	38.89	82653.57
Amazon	94.72	-0.17	170.83	81.43	-	1.65	970569.21
AmerAir	13.76	-0.90	21.42	11.65	-	-4.14	8963.68
AmerExpr	157.44	-6.48	194.35	130.65	1.05	17.21	117161.98
AmerIntGrp	47.97	-3.15	65.73	47.05	2.37	4.99	35365.76
AmerTower	199.59	-0.24	282.47	178.17	2.32	39.70	92938.3
Amgen	232.41	1.83	296.67	223.30	2.69	25.45	124103.55
Amphenol Corp	75.25	-2.35	82.86	61.67	0.92	33.75	44743.99
Analog Devices	181.48	-5.10	196.41	133.48	1.36	68.60	91802.11
Anthem	482.58	12.71	-	-	-	-	-
Aon Cp	281.77	-10.80	341.98	246.21	0.63	57.16	57802.97
Apple	151.16	-1.43	179.61	124.17	0.51	28.22	2391645.36
Applied Materi.	116.97	-3.38	142.01	71.12	0.72	18.17	98849.28
Aptiv	107.93	-5.07	129.18	77.96	-	62.63	29254.1
ArcherDan	76.32	-2.64	98.88	70.02	1.72	17.94	41821.28
AT&T	18.21	-0.23	22.84	14.46	10.14	7.43	129856.33
Autodesk	195.49	-3.73	235.01	163.20	-	97.32	42180.39
AutomDate	212.46	-1.13	274.92	196.61	1.60	37.03	88033.13
AutoZone	2415.34	-12.07	2610.05	1703.32	-	24.57	45325.48
Avago Tech	620.54	-11.92	645.31	415.07	2.15	39.45	258717.81
BakerHu	26.96	-1.41	39.78	20.42	2.44	70.24	27257.37
Bank of NY	43.85	-1.88	53.63	36.22	2.63	11.92	35065.79
BankAm	28.43	-0.33	44.63	27.68	2.44	8.97	227549.15
Baxter	38.04	-1.34	80.72	37.75	2.53	16.92	19195.21
BectonDick	232.39	-0.51	277.29	215.90	1.28	45.26	65974.48
BerkshHat	449047.53	-12757.45	544389.26	393012.25	-	8.50	265313
Biogen	260.02	-2.33	311.88	187.16	-	28.15	37569.16
BlackRock	626.15	-11.68	788.65	503.12	2.34	18.44	94070.5
Boeing	195.22	-12.06	221.33	113.02	-	-30.74	116968.47
Booking Holdings	2392.87	-82.88	2630	1616.85	-	95.63	90087.66
Bristol-Myers	66.94	0.47	81.44	65.28	2.67	24.15	140492.06
Broadcom	620.54	-11.92	645.31	415.07	2.15	39.45	258717.81
Cadence Design	201.85	-1.67	203.68	132.32	-	90.90	55092.94
CapOne	91.59	-4.48	144.73	86.98	1.94	3.83	34903.09
CardinalHlth	69.07	-1.65	81.57	49.70	2.52	40.29	17795.13
Carnival	8.62	-0.45	21.50	6.11	-	-1.16	9598.3
Caterpillar	215.18	-10.49	266.04	160.60	1.77	20.48	111107.22
Centene Corp	63.29	-0.05	98.53	62.38	-	31.25	34889.53
CharlesSch	58.00	1.32	93.16	45.00	1.10	23.07	103904.01
Charter Comms	334.96	-1.18	579.09	297.66	-	15.41	51132.11
Chevron Corp	153.91	-6.85	189.68	132.54	3.06	21.29	293461.73
Chipotle Mexic.	1579.48	-11.28	1754.56	1196.28	-	77.65	43628.15
Chubb	186.62	-7.39	231.37	173.78	1.51	10.90	77168.55
Cigna	267.94	-4.20	340.11	227.94	1.33	19.18	79592.76
Cintas Corp	431.47	-10.29	470.23	343.86	0.75	42.58	43845.68
Cisco	48.64	-0.41	56.94	38.61	2.73	19.44	199220.85
Citigroup	44.94	-2.46	58.25	40.01	4.03	4.99	87350.44
CME Grp	182.29	-3.08	251.99	166.55	1.75	28.15	65572.84
Coca-Cola	59.59	-0.45	67.20	54.02	2.50	29.81	257782.92
Cognizant	57.08	-1.36	93.47	51.33	1.49	15.87	29070.54
ColgtPlm	72.01	-0.23	83.81	67.84	2.21	31.79	59795.58
Comcast	35.55	0.27	48.42	28.39	2.50	13.17	149545.05
ConocPhil	95.18	-6.18	138.49	78.30	1.82	17.65	116003.15
Constellation	214.27	-0.78	261.53	208.12	1.27	-1086.17	39532.43
Corning	32.87	-0.70	38.71	28.98	2.59	28.91	27822.31
Corteva	56.48	-2.44	68.43	50.03	0.84	26.82	40247.95
Corteva	56.48	-2.44	68.43	50.03	0.84	26.82	40247.95
Costco	480.63	-1.29	612.27	406.51	0.59	43.19	213151.33
CrownCstl	131.00	-0.15	199.97	121.71	3.70	55.24	56780.31
CSX	29.12	-0.14	38.17	25.80	1.19	18.11	60063.07
CVS	74.67	-0.89	109.69	74.59	2.38	14.13	95884.62
Danaher	238.92	-5.94	303.82	233.71	0.34	30.69	174067.95
Deere	385.23	-17.22	448.40	283.81	0.91	23.81	114152.23
Delta	33.00	-2.48	46.27	27.20	-	44.58	21157.67
Devon Energy	45.57	-3.65	79.40	45.48	3.84	12.24	29802.08
Digital Realty	104.40	-1.30	153.50	85.76	3.95	19.79	30396.81
DiscFinServ	96.73	-4.71	121.17	87.64	1.73	6.11	25336.92
Disney	92.16	-1.20	144.46	84.07	-	60.32	168358.55
Dollar General	217.25	1.74	262.21	183.25	0.69	23.82	48571.63
DominRes	55.55	0.84	88.78	52.92	4.03	19.60	46390.83
DukeEner	96.36	1.27	116.33	83.76	3.60	22.00	74204.94
DuPont	67.81	-2.49	78.98	49.52	1.57	23.63	31079.9
Eaton	162.12	-9.71	178.75	122.50	1.67	34.18	64523.76
eBay	40.51	-0.65	60.39	35.92	1.58	120.02	21749.02
Ecolab	157.20	-3.39	185.50	131.04	1.10	45.26	44717.44
Edwards Lifesc.	78.43	0.23	131.10	67.13	-	37.10	47710.02
Eli Lilly	325.93	-1.14	384.44	269.87	0.93	59.96	309730.01
Emerson	80.18	-2.91	100.00	72.41	2.25	19.71	45814.85
EOG Res	102.16	-6.04	150.88	92.16	1.40	14.39	60041.85
Equinix	686.06	-5.41	776.35	494.89	1.49	139.67	63655.53
EquityResTP	59.60	-0.32	94.32	57.38	3.59	19.58	22564.72
Exelon	41.56	0.22	50.71	35.19	3.27	26.89	41315.92
ExxonMb	101.39	-5.55	119.63	76.25	3.06	21.18	412757.17
Fedex	193.72	-4.17	248.76	141.92	1.31	11.73	48894.37
Fidelity NIS	50.94	-2.38	106.65	49.64	2.72	85.59	30153.19
Fiserv	108.99	-1.54	119.48	87.03	-	61.66	68459.49
FordMtr	11.50	-0.44	17.80	10.61	0.77	2.91	45006.72
Franklin	26.62	-0.70	32.88	20.24	3.77	7.93	13316.87
GenDyn	213.88	-5.95	256.86	207.42	1.94	20.85	58695.1
GenElectric	86.95	-4.22	94.94	46.77	0.33	-30.12	94713.47
GenMills	80.42	0.26	88.34	61.67	2.27	23.92	47416.49
GenMotors	33.91	-1.70	46.74	30.33	-	5.70	47285.18
GileadSci	79.34	-0.43	89.74	57.17	3.18	18.12	98945.32
GoldmSchs	308.11	-14.04	389.58	277.84	1.87	5.83	103345.99
Halliburton	29.96	-3.47	43.99	23.30	0.78	18.95	27082.93
HCA Hold	245.25	-5.44	279.02	164.47	0.70	13.05	67996.69
Hew-Pack	27.60	-0.21	41.47	24.08	2.70	5.61	27197.32
Hilton Worldwi.	134.18	-4.90	167.99	108.41	-	103.46	35751.02
HiltonWwde	134.18	-4.90	167.99	108.41	-	103.46	35751.02
HomeDep	284.05	-1.52	347.25	264.51	2.08	20.40	290789.5
Honywell	186.11	-6.86	220.96	166.63	1.80	26.49	124344.38
HumanaInc	483.35	1.38	571.30	410.87	0.51	24.00	60406.49
IBM	122.09	-2.57	153.21	115.55	4.77	26.38	110743.99
IDEXX Laborato.	457.75	-13.67	560.92	317.06	-	58.92	37949.02
IllinoisTool	225.95	-8.19	246.98	173.52	1.86	29.89	68930.15
Illumina	222.87	-3.01	371.16	173.45	-	49.78	35213.46
Intcntl Exch	97.10	-1.75	137.40	88.60	1.21	15.22	54264.46
Intel	28.00	-0.01	52.51	24.59	4.41	6.49	115836
Intuit	405.23	-3.07	507.71	339.36	0.56	57.13	113685.82
John&John	153.50	-0.43	186.69	150.71	2.42	22.13	399744.93
JohnsonCn	58.80	-3.77	69.60	45.52	1.74	30.23	40408.2
JPMrgnCh	128.48	-6.14	144.34	101.28	2.63	9.42	378162.31
Kimb-Clark	124.81	1.16	144.53	108.74	3.35	26.37	42115.92
KinderM	16.50	-0.44	20.20	15.78	5.98	40.13	37092.05
KLA Corp	364.40	-14.62	428.56	250.20	0.95	21.11	50462.03
Kraft Heinz	37.81	-0.33	44.87	32.73	3.76	51.91	46317.38
Kroger	47.27	0.09	62.78	41.82	1.48	24.29	33833.32
LasVegasSd	52.88	-3.00	60.99	28.88	-	-39.43	40414.78
LibertyGbl	18.24	-0.03	26.47	15.22	-	0.88	3135.17
Lilly (E)	325.93	-1.14	384.44	269.87	0.93	59.96	309730.01
Linde	325.62	-16.82	362.74	262.47	1.16	50.08	160257.4
Lockheed	467.84	-11.03	498.95	373.67	2.11	22.61	119437.22
Lowes	195.65	-1.18	238.37	170.12	1.37	18.12	121440.07
Lyondell	83.69	-3.70	117.22	71.46	4.71	5.62	27282.28
Marathon Ptl	121.03	-6.75	136.46	73.18	1.70	67.45	53449.95
Marsh&M	152.11	-5.16	183.14	143.33	1.56	26.34	75226.79
MasterCard	346.21	-6.61	390.00	276.87	0.58	44.49	327422.35
McDonald's	264.17	-1.73	281.67	227.98	1.77	29.62	193239.55
McKesson	333.12	-3.38	401.78	283.88	0.47	42.47	45617.2
Medtronic	77.74	-0.12	114.31	75.77	2.85	23.88	103427.14
Merck	106.74	-0.23	115.49	77.40	2.20	24.73	270969.36
Meta	195.15	1.13	236.86	88.09	-	15.95	434346.54
Metlife	55.97	-3.10	77.36	55.87	3.02	8.62	27675.3
Microsoft	264.09	3.30	315.95	213.43	0.77	31.66	1965834.08
Mnstr Bvrg	101.88	0.24	105.45	73.99	-	44.63	53220.45
MondelezInt	65.88	-0.41	68.81	54.72	1.79	24.40	89814.66
Monsanto	10.07	0.02	11.13	9.56	-	51.84	251.75
MorganStly	84.65	-5.32	100.99	72.05	2.20	11.87	142376.23
Netflix	301.67	6.73	396.50	162.71	-	30.21	134345.76
NextEraE	74.75	0.20	91.35	67.22	1.93	110.55	148565.27
Nike	117.02	-1.98	139.86	82.22	0.89	34.43	145767.8
NorfolkS	206.25	-1.84	291.55	202.99	1.79	19.17	46978.94
Northrop	440.85	-12.81	556.27	416.23	1.24	11.40	67061.75
NXP	173.21	-5.61	198.28	132.08	1.15	28.72	44951.36
Occid Pet	56.61	-3.58	77.13	51.53	0.06	30.94	50953.1
Oracle	82.61	-1.95	90.67	60.78	1.39	35.17	223038.47
Pepsico	175.44	1.91	186.84	154.86	2.15	35.98	241624.97
Perrigo	35.04	-0.88	43.90	30.78	2.43	-40.25	4718.08
Pfizer	40.09	0.19	56.32	39.23	3.46	11.48	225240.61
Phillips66	93.83	-4.12	113.53	73.85	3.43	35.57	43529.38
PhilMorris	95.42	-1.93	109.81	82.85	4.56	18.43	147923.53
PNCFin	125.47	-5.06	199.43	122.72	3.40	11.12	50148.12
PPG Inds	124.63	-4.53	138.10	107.06	1.69	30.79	29332.67
ProctGmbl	140.36	0.51	164.90	122.18	2.27	26.85	331117.67
Prudntl	79.35	-4.32	122.54	79.32	5.15	4.58	29042.1
PublStor	285.37	-2.27	421.76	270.13	2.49	32.55	50155.9
Qualcomm	113.87	-2.68	161.30	101.93	2.10	14.68	126965.05
Raytheon	96.00	-2.32	108.84	80.27	1.86	41.89	140467.97
Regen Pharm	763.00	-3.80	800.48	538.01	-	11.94	82028.14
S&P Global	328.50	-4.23	423.55	279.32	0.83	29.56	105777
Salesforce	180.80	-2.09	222.16	126.34	-	136.23	180800
Schlmbrg	45.71	-3.66	62.78	30.65	0.97	38.98	65275.4
Sempra Energy	146.00	-0.85	176.47	136.54	2.68	40.99	45927.15
Shrwin-Will	214.86	-2.14	285.00	195.24	0.91	34.65	55443.89
SimonProp	108.39	-3.81	138.65	86.02	5.86	17.84	35435.23
SouthCpr	68.64	-5.17	79.32	42.42	4.14	17.60	53065.7
Starbucks	98.53	-0.93	110.78	68.39	1.66	29.98	113240.53
StateSt	73.36	-3.38	94.74	58.62	2.64	11.49	25270.95
Stryker	271.67	-4.02	281.20	188.84	0.85	58.70	102917.09
Sychrony Fin	28.42	-2.05	41.88	27.22	2.83	4.21	12418.35
T-MobileUS	143.98	0.97	154.38	120.90	-	67.26	175566.78
Target	158.45	0.08	254.87	137.16	1.79	12.53	72944.67
TE Connect	122.25	-4.26	138.24	104.76	1.44	18.70	38686.82
Tesla Mtrs	179.55	-3.71	384.29	101.81	-	41.25	568106.41
TexasInstr	173.07	-2.66	191.34	144.46	2.16	23.59	156837.04
TheTrvelers	163.90	-7.87	194.45	149.65	1.96	11.37	38039.09
ThrmoFshr	534.71	-21.25	618.36	475.77	0.17	30.93	206093.32
TJX Cos	73.82	-0.94	83.13	53.69	1.26	30.49	85299.32
Truist Financial Corp	32.32	0.44	61.10	30.51	5.11	8.14	42918.85
Twitter	53.70	0.35	60.16	31.30	-	-224.30	41093.72
UnionPac	191.17	-3.98	278.94	183.70	2.15	19.89	116971.76
UPS	183.67	-1.39	223.97	154.87	1.97	14.09	133125
USBancorp	36.10	-1.41	57.92	35.70	4.33	7.97	55297.6
UtdHlthcre	461.42	-3.16	558.10	449.70	1.08	28.73	430434.08
ValeroEngy	124.85	-6.77	160.16	83.13	2.79	61.92	46336.7
Verizon	36.77	-0.11	55.51	32.79	6.12	7.78	154429.7
VertexPharm	292.56	-2.69	325.19	233.01	-	36.56	75214.67
VF Cp	21.10	0.36	60.09	20.14	8.29	7.79	8200.66
Visa Inc	215.25	-3.41	250.58	174.60	0.55	40.12	349771.36
Walgreen	33.08	-0.21	48.82	30.39	5.15	5.39	28531.62
WalMartSto	137.85	-0.25	160.77	117.27	1.43	31.57	371753.89
Walt Disney	92.16	-1.20	144.46	84.07	-	60.32	168358.55
Waste Manage.	152.63	-1.73	175.98	138.89	1.34	40.05	62296.26
WellsFargo	38.33	-1.84	54.20	36.54	1.79	8.72	145418.94
Williams Cos	28.56	-0.69	37.97	28.17	5.10	25.93	34802.16
Workday	183.42	0.01	248.92	128.72	-	1704.57	37234.26
Yum!Brnds	125.61	-1.09	133.77	103.97	1.41	27.14	35184.35
Zoetis	161.20	-3.36	201.32	124.15	0.55	42.50	74697.94
Zoom	70.43	1.44	127.37	63.55	-	17.45	17407.94
Venezuela (VEF)							
Bco de Vnzla	4.00	-	4.04	0.32	119.01	-	608.60
Bco Provncl	8.75	0.45	79400	6.80	-	0.00	136.89

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 %
Ch Coms Cons	5.00	4.73	0.27	5.71	0.21	10.6	24.26
Ch Rail Gp	5.28	4.92	0.36	7.32	0.11	9.8	25.00
Intel	28.00	28.01	-0.01	-0.04	2.48	9.7	-3.03
Illumina	222.87	225.88	-3.01	-1.33	17.42	6.9	4.33
Advanced Micro	87.60	87.45	0.15	0.17	5.34	6.7	2.92
Meta	195.15	194.02	1.13	0.58	9.51	5.8	10.33
Ch Rail Cons	5.74	5.44	0.30	5.51	-0.02	5.1	17.92

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
CredSuisse	1.70	2.24	-0.54	-24.24	-0.44	-36.6	-39.26
Truist Financial Corp	32.32	31.88	0.44	1.36	-12.20	-26.7	-33.89
CharlesSch	58.00	56.68	1.32	2.33	-18.27	-22.6	-28.21
Halliburton	29.96	33.42	-3.47	-10.37	-4.43	-20.9	-20.90
USBancorp	36.10	37.51	-1.41	-3.76	-8.09	-20.8	-26.39
Carnival	8.62	9.07	-0.45	-4.96	-1.80	-20.7	-29.20
SocGen	21.61	24.48	-2.87	-11.73	-2.67	-20.4	-19.24

BONDS: HIGH YIELD & EMERGING MARKET

Mar 15	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$										

BONDS: GLOBAL INVESTMENT GRADE

Mar 15	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	-

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

BOND INDICES

VOLATILITY INDICES

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

GILTS: UK FTSE ACTUARIES INDICES

COMMODITIES

BONDS: INDEX-LINKED

BONDS: TEN YEAR GOVT SPREADS

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MORNINGSTAR

A show you can bet your shirt on

Daniel Mays as Nathan Detroit in 'Guys & Dolls' Manuel Harlan

Guys & Dolls
Bridge Theatre, London
★★★★★

Bonnie & Clyde
Garrick Theatre, London
★★☆☆☆

THEATRE

Sarah Hemming

There's surely been a run on zoot suits and braces across London outfitters recently, as two major musicals about gamblers, gangsters and gals roll into the West End.

At the Garrick, *Bonnie & Clyde* takes a crack at the short, shocking lives of the infamous lovers. But first to the Bridge and Nicholas Hytner's sensational revival of **Guys & Dolls**. This is one to bet your shirt on: a superb production, hot as mustard, sweet as pie. Hytner stages the beloved 1950 musical by Frank Loesser, Abe Burrows and Jo Swerling in the round and semi-promenade, steeping the audience in the fabled, seething New York of Damon Runyan's 1930s stories, where Nathan Detroit and his small-time gamblers come up against Sarah Brown and the Save-a-Soul mission. You can join the saints, and look down on the action from the seats, or get down with the sinners and stand in the pit, where hydraulic stages rise up through the crowd, giving you a sewer-rat's-eye view of events.

The action, like Nathan's illegal crap game, scurries from location to location as cops, missionaries, showgirls and sweaty, panicked gamblers pop up on platforms mid-crowd, while ushers dressed as (phenomenally polite) NYPD officers marshal spectators out of the way. Bunny Christie's canny design conjures the bustle of NYC with the lightest of touches: a fire hydrant here, a steaming manhole there.

Despite this fiendish technical jigsaw, Hytner and his team tell the story with neon crackle, finger-snapping pace and more sauce than Mindy's Diner. Nathan, short on dough and out of venues, is under pressure to get those dice rolling because "Big Jule" is in town: a man whose stature, in Cameron Johnson's formidable performance, comes matched to a voice that rumbles more ominously than the New York subway. So Nathan bets inveterate gambler Sky Masterson — a guy who can't tie his shoes without making a wager — that he won't get pretty, pious Sarah Brown on a date to Havana. But as Nathan's own long-suffering fiancée (14 years engaged and counting) tells him, betting against the human heart is a fool's game.

The staging embraces the musical's stadium status — who doesn't want to sway along to those legendary numbers? — and the choreography, by Arlene Phillips and James Cousins, is a miracle of high energy in compact spaces (rock the boat too much here and you'll wind up pitching into the sea of spectators).

But what's wonderful about Hytner's production is that, amid all the pizzazz, the affectionate humanity and tenderness of the piece come out. There's a longing at its centre, not unlike a Shakespearean comedy. The huge irony is that Sky and Nathan, sharp as diamonds and capricious as dice, are scared to gamble with their hearts.

Beautifully pitched central performances tease out the tensions between the characters' public profiles and private fears. Daniel Mays' Nathan is a thoroughly loveable loser, smoothing down his crumpled suit and rumpled clients with practised resolve, but driven into wild-eyed panic at the sight of a wedding bouquet. Andrew Richardson's suave, charismatic Sky is no better: after putting his smooth moves on Sarah to win his bet, he visibly reels at the realisation that he has fallen in love.

In the "dolls"' corner you have Celinde Schoenmaker's Sarah, whose soaring, pure voice and prim elegance seem to mark her out for heaven — until she discovers sex and booze. Two Bacardis in and she's shimmying recklessly and biffing anyone who dances with Sky. And the show-stealer is Marisha Wallace's Miss Adelaide, "the well-known fiancée", whose raunchy routines at the Hot Box conceal a deep-seated yearning for apple-pie domesticity. Wallace is terrific: sensually seductive in "Take Back Your Mink"; sweetly longing in "Adelaide's Lament". She's no ditsy broad, but a real woman in love.

Around them a fizzing, comically precise ensemble and Tom Brady's great band relish classics such as "Luck Be a Lady" and "Sit Down, You're Rockin' the Boat". Hytner dials up and diversifies the desire that so inconveniently messes with pure thoughts: the suggestive carrot choreography in "A Bushel and a Peck" tests the poker face of many a spectator while a hot, all-male dance number in Cuba hints that there may be more to Sky's evasiveness than meets the eye.

Unlike Daniel Fish's *Oklahoma!*, this is not a revisionist staging: it won't rock the boat. But boy, it's a winner.
To September 2, bridgetheatre.co.uk

From a musical fable of Broadway to a musical about a couple who wanted to become a fable. **Bonnie & Clyde** is an altogether darker story: Nathan and his buddies shoot dice; Clyde shoots people.

Accordingly, this 2009 musical, by Ivan Menchell with music by Frank Wildhorn and lyrics by Don Black, deploys plenty of pep but more too in the way of psychology, foregrounding the grinding poverty of Depression-era America, and the driving desires of Bonnie Parker and Clyde Barrow for something different. The difficulty, however, is that it never moves much beyond stating that, and doesn't explore their thinking with any nuance. Nor does it grapple with the grim reality of them killing 13 people. And so we end up with something snappy, gorgeously performed, but essentially superficial.

Early scenes sketch out the grim, exhausting poverty from which the couple came and we see the young Bonnie and Clyde daydreaming of escape. Both yearn for excitement and fame, so when they meet, they form a fatal compound. As others queue at a soup kitchen under a poster promising the American dream, or bend the knee at church, the young couple are stealing cars, robbing stores and making hay. "We won't get to heaven, so let's raise a little hell," sings Clyde in a stomping rock number.

As in *Guys & Dolls*, pushback against all this no-good behaviour comes in the shape of the church, with Clyde's hairdresser sister-in-law Blanche (Jodie Steele) combining faith and feminine wiles to persuade her man, Clyde's brother, to give up his criminal ways. Steele, and her fellow hairstylists, have one of the show's best numbers "You're Goin' Back to Jail", which they deliver with teasing panache in Nick Winston's vibrant production.

As the criminal duo, Frances Mayli McCann and Jordan Luke Gage have masses of charisma and great voices: McCann gives a spellbinding rendition of her seductive solo "How 'Bout a Dance?". But they are underserved by a script that reduces serious issues and violent killings to fleeting moments: Clyde has the briefest hesitation after shooting his first cop but shrugs it off; Bonnie sings "Dyin' Ain't So Bad". You're 23, babe. It is. There's so much talent here, but sadly it gets lost on the road.
To May 20, bonnieandclydemusical.com

Jordan Luke Gage and Frances Mayli McCann in 'Bonnie & Clyde' The Other Richard

FT FINANCIAL TIMES

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17 96
LOMBARD ODIER

Nina Simone's story and an Indian Rite

DANCE

Nina: By Whatever Means
Barbican, London

Seeta Patel: The Rite of Spring
Sadler's Wells, London

Louise Levene

There is enough meat on the Nina Simone story for any number of biographies — at least six exist, plus her own (ghosted) memoirs. Undaunted by the scale of Simone's achievements as pianist, singer and civil rights icon, Ballet Black's Mthuthuzeli November has created *Nina: By Whatever Means*, which premiered at the Barbican Theatre. It was thriftily designed, vividly danced and galvanised by a soundtrack that included two of Simone's greatest hits: "Sinnerman" and "Mood Indigo".

The life story is told in flashback from the stage of the Montreux Jazz Festival of 1976. A few tip-up seats, a door, a window and a battered pianette whisk us between piano lessons, church, dressing rooms and concert stages. Scenes change in record time although the constant wheeling of scenery is somewhat distracting — projections have their uses.

The child prodigy's first music lessons are cleverly transposed into dance. Teacher and pupil (the charming seven-year-old Sienne Adotey) stand either side of the keyboard as little Nina's port de bras is gently tweaked into line. Simone's early years as an Atlantic City nightclub chanteuse are briefly but effectively sketched. There is an ugly scene between Simone and her abusive husband, powerfully played and danced by Isabela Coracy (superb throughout) and Alexander Fadayiro.

November's determination to celebrate a unique musician and activist are entirely understandable but a rich parallel seam of drama goes unmined. There was a less appealing side to Simone's character, and discussions about royalties once had the troubled star chasing a record company executive through a restaurant with whatever knife came to hand. November doesn't address any of that. A two-act format might give him room to do so. ★★★☆☆

Spring is here. Again. Seeta Patel's *The Rite of Spring* (2019), now supersized to 12 dancers, had its London premiere at Sadler's Wells on Monday. The production joins the vast canon of dance works that have wrestled with Stravinsky's epic score but it is up there with the best.

Choreographers can be overwhelmed by the composer's fiendish polyrhythms, but Patel, trained in the classical Indian dance discipline of bharatanatyam, seems unfazed by the score's complexities. Who knows what kind of maths must be going on in the heads of her dancers but from this side of the footlights they seem simply to be listening to the score and surrendering to it. There's nothing remotely improvisatory about the tight-knit lines and clusters of the foot-stamping acolytes but they surf the tides of sound as instinctively as a shoal of fish in a cross-current.

Many *Rites* have had to make do with canned Stravinsky but Patel has the luxury of Kirill Karabits and the Bournemouth Symphony Orchestra, who extracted maximum impact from the thunderous percussion and snarling strings.

Patel herself danced *Shree*, a leisurely prologue to the main event. Backed by two musicians and a Carnatic vocalist who seemed to levitate in the darkness behind her, Patel splashed in an invisible pool, miming individual water droplets as they trickled down her arms, like Isadora Duncan playing with imaginary knucklebones.

The same moments of stillness can be seen in *Rite*, as when smoky puffs of resin are blown into the air around the Chosen One's head. At the climax the handsomely robed chorus select their leader (the imperious Sooraj Subramaniam) and gladly surrender themselves, crawling through his legs in a ritual of rebirth and renewal. Terrific. ★★★★☆

'Nina' touring to November 2, balletblack.co.uk. 'The Rite of Spring' run ended, tours later this year, seetapateldance.com

Surrender: Seeta Patel's 'The Rite of Spring' — Foteini Christofilopoulou

FT BIG READ. SOCIAL HOUSING

The problems with Peabody

More than 30 residents report neglect of repairs and maintenance, steeply rising service charges and poor communication at properties run by the historic London housing association.

By Abby Wallace

Sylvia Crowe and her carer, Sarah Myland, live in fear of heavy rain. The pair, who have lived together in social housing for over 20 years, say they have never known a time when their flat was not at risk of flooding.

Elliott Dennahy says that service charges he considers excessive and unjustified have turned the his central London flat into his "worst nightmare".

Desmond Williams vacated his Islington home in July 2022 after his ceiling collapsed twice due to a leak. The kung fu instructor says he resorted to spending a night sleeping rough after his landlord did not extend his stay at a hotel.

All of these individuals live in homes run by the Peabody Trust, the third biggest housing association in London and one of the oldest in the UK since its first estate opened in Spitalfields in 1864 as an antidote to the squalid slums housing the capital's poor.

Many of the UK's largest and oldest housing associations are rooted in philanthropy: they were established to provide safe, affordable homes for people facing poverty. "They [housing associations] were supposed to provide housing that people were proud to live in," says Suzanne Muna, a secretary at the Social Housing Action Campaign.

Housing associations — which are regulated, licensed and partially funded by government to provide public housing — are "supposed to adhere to higher standards than private landlords would", according to Muna.

Over the past 25 years, as successive governments have encouraged councils to transfer housing stock to housing associations, they have come to be some of the UK's largest landlords. Providers of social housing are especially needed by people in the capital struggling to afford open-market rents, which have risen dramatically in recent years.

Since its founding, Peabody has grown to oversee 104,000 homes for 220,000 individuals, adding modern flats and private leasehold properties to its original stock of Victorian dwellings.

But the group's stated mission — "helping people flourish" — stands in stark contrast with the testimony of 35 Peabody residents in 34 properties across the UK capital, from Islington to Shoreditch to Deptford.

The investigation reveals widespread mismanagement of homes, affecting social housing tenants, shared ownership residents and private leaseholders alike, and shines a light on problems with housing associations the government is pledging to fix.

The social housing regulation bill going through parliament, which will subject social landlords to tighter regulatory standards by giving more powers to the social housing regulator, gained urgency after the death, in 2020, of two-year-old Awaab Ishak as a result of mould. An amendment, known as Awaab's law, places more onerous requirements on landlords to fix dangerous living conditions within a tight timeframe.

But the bill will not help private leaseholders interviewed by the FT, who also spoke of neglect, mould, chronic disrepairs, as well as rising service charges and a culture of poor communication.

Some residents say the root cause of the neglect they experienced with the housing association was ineptitude. Others blame a lack of care, lack of accountability, greed or a festering culture of "us and them".

"There's no care whatsoever [in] the way they treat us," one resident says. "They know we don't have another option. They know they have all the power."

In a statement, Peabody says: "Everyone has the right to live in a decent, safe, comfortable home and our job is to put things right when they go wrong and learn from our mistakes. Our teams are working with the residents you have highlighted to resolve outstanding issues, and we are sorry in the cases where things have gone wrong. We know there is room for improvement and our aim is to never give anyone cause to complain."

All of the accounts highlighted in this piece are supported by documentary evidence including photographs and videos of damaged homes; emails to and from Peabody and other parties such as local councils and MPs; as well as visits by the FT to some residents' properties.

When it rains

In their ground floor flat in north-east London, Sarah Myland and Sylvia Crowe keep their clothes hung on rails in waterproof plastic bags. It's the only way to keep them safe from the damp, they say.

Crowe and Myland say they have spent two decades trying to resolve problems caused by water which "swoops" through their flat on very rainy days, carrying debris and pigeon waste from the guttering.

Desmond Williams, top, says he was forced to sleep rough for a night after a leak in his flat. Sarah Myland and Sylvia Crowe, above, wrap their clothes in plastic to protect them from damp in their property, left

Charlie Bibby/FT

Scaffolding is wrapped around their flat — which was owned by a smaller housing association until Peabody acquired it in 2018 — situated in a townhouse sandwiched between eight others. It was put up in September to fix issues with the guttering which caused a flood the month before.

They say Peabody has refused to implement regular maintenance to prevent the flooding and instead sends contractors to complete repairs in a "piecemeal" manner. "You cannot relax as soon as there's any kind of heavy rain or storm coming. You're just on constant alert. You don't sleep," says Myland.

Crowe, who suffers from lupus, says living in a damp flat has aggravated her health complaints. "They don't treat you as if you're part of the human race," she says. "I feel a sense of real outrage. I'm really, really angry."

Peabody says it takes issues of mould and damp very seriously but that this particular block was complex and situated in a conservation area which limits what work it can do. It adds it is sorry for the length of time taken.

Each of the almost three dozen residents who spoke to the FT say they have difficulties communicating with Peabody and getting their complaints resolved. Several describe the sprawling organisation's communication style alternately as "dire", "dismissive" and "condescending".

The criticisms of Peabody are echoed throughout the housing association system. A recent report from the Housing Ombudsman said complaints about damp, mould and leaks increased by 77 per cent between 2020-2021 and 2021-2022 to 3,530.

Less than half of the 40 landlords surveyed have implemented a specific policy to deal with mould after recommendations were initially made by the Ombudsman in 2021, according to a follow-up report after the inquest into Awaab Ishak's death. Landlords were still blaming residents and their lifestyle choices, the Ombudsman found.

"It is scandalous that anybody has to live in mouldy, damp housing," says Lisa Nandy, shadow levelling up and housing secretary. "Measures to improve standards and treat social housing tenants with more respect are long overdue."

Peabody was among 12 per cent of landlords surveyed who said they were in the process of implementing a damp and mould policy. But residents tell the FT they still have problems drawing attention to their concerns.

One shared-owner resident of St Paul's House, a Peabody-managed property in the south-east London area of Deptford, says contractors for the housing association described damp on the wall as "just a mark" and attributed problems with condensation to "too many plants."

Scale of charges

The issues surrounding leaks, defects or neglect of repairs to their homes is all the more infuriating because of the service charges residents pay for their property's upkeep.

At City Angel, a block of 70 Peabody flats in Old Street, shared-ownership residents say they are subject to escalating service charges which have only once been backed up by annual accounts — which were unaudited — while services provided are insufficient.

Hot water access had been limited between November and February, a resident says, while mould first reported to Peabody in October went unchecked for three months.

A total of 29 Peabody residents across London interviewed by the FT raised complaints about service charges, including those who say the charges are unjustified, incorrect, unclear or gleaned from services that they believe are unfulfilled.

> 'What boggles the mind is Peabody is supposed to be a housing association, they are supposed to be there for the people that need help'

A dozen residents say the actual accounts based on the amount spent in a year have arrived late. Eleven say Peabody has underestimated costs in its annual budget, meaning they are confronted with additional bills.

"They are basically using residents as a cash machine," says Jean-Baptiste Merkel, a private leaseholder whose service charges on his property in Clapham have increased by about 50 per cent since 2017.

Peabody said: "We do not make a profit on service charges and do all we can to ensure they are accurate and reasonable. Errors and inconsistencies are incredibly frustrating for residents, and we know that improvements need to be made to both the way they are collected and in how we deal with and answer queries about them."

Housing associations collectively receive about £1.5bn annually in service charge payments, according to the Social Housing Action Campaign, which lobbies on service charge issues.

Around 96 per cent of 300 residents recently surveyed by the organisation say they have experienced issues with service charges, including excess, unexplained or unclear costs. "We wouldn't tolerate it from the banking system and yet tenants and residents are paying literally thousands of pounds a year in service charges," says Muna of SHAC. "It is so, so sloppy, and sloppy in favour of the landlord."

Several residents say they feel trapped in properties where service charges are spiralling out of control.

Dennahy, a video editor, says he was charged an additional £2,400 and £1,700 for the financial years ending in 2021 and 2022 respectively, charges he thinks are unjustified and feels powerless to challenge.

He is now "one invoice away" from not being able to pay and says Peabody has verbally threatened to inform his mortgage provider if he falls behind on service charge payments.

He added: "What boggles our brains when we think about it is that Peabody is supposed to be a housing association, they are supposed to be there for the people that need help."

In its statement, Peabody says: "We're reviewing how we set and collect service charges and have formed a task force to deal specifically with service charge queries. We have also created new roles to boost our resources in this area."

Commercial vs social priorities

Complaints of neglect levied against Peabody illustrate how housing associations have become further removed from their social purpose.

Large-scale voluntary transfers of social housing stock under Margaret Thatcher's premiership in the 1980s from local councils to housing associations — which later amalgamated — enlarged associations, leaving local residents feeling like they were out of touch.

As funding cuts for new social homes and bank loans dried up in the wake of the global financial crisis, housing associations turned to corporate bonds and the private market to fill the gaps.

104,000	25
Homes overseen by Peabody in the capital, with 220,000 residents	Subsidiaries and joint ventures under the Peabody Trust umbrella

Consolidation in the sector has made the problem worse. "A lot of housing associations are struggling to make ends meet financially," says Polly Neate, chief executive of the housing charity Shelter. "It's tragic that a lot of small and medium housing associations that are closer to their social purpose get swallowed up by larger, more commercial bodies."

Housing associations' willingness to develop their existing stock has been clouded by concern for how this would impact their credit score and standing in the eyes of lenders, according to Professor Stewart Smyth, chair in accounting at Sheffield University Management School. "There's a tension between being commercially minded and socially hearted," he says.

Housing associations also adopted intricate group structures, according to Smyth, morphing into spider webs of registered charitable units, joint ventures and public limited companies.

Peabody Trust now has 14 subsidiaries — excluding those gained through amalgamations and takeovers — and 11 joint ventures, including with property developers. These kinds of complex structures "take away from social aspects which are about local communities and local people," Smyth says.

As frustration swells among residents about the state of their home or the charges they pay, a number have escalated their concerns beyond the Peabody complaints system to join residents' associations, lobby local MPs or challenge charges in courts.

"As a resident, our voices are not heard," says one, who has been dealing with mould, leaks and a cracked kitchen ceiling for a year. "When we have a concern, it's swept under the carpet."

"We support action to encourage and make it easier for residents to raise issues with us," Peabody says in a statement. "We are listening, and ensuring we identify every opportunity to make things right."

Improvements could not come soon enough for the Peabody residents who say their experiences have profoundly marked their lives.

Williams, the kung fu instructor, recently moved back into his Islington flat. Peabody says it arranged accommodation for Williams while his home was being repaired and has offered him further assistance.

But he says several repairs, including damage to windows and smoke detectors, have still not been completed, while his personal belongings have been damaged by contractors.

"No one wants to take responsibility," says Williams. "When you ask for anything, they give you nothing."

The FT View

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

A looming game of chicken on US debt

Chasm grows between Republicans' cliff stance and Biden's budget pitch

The US is drifting into an-all-too familiar fiscal crisis. President Joe Biden's annual budget proposal, published last week, is hypothetical in this Republican-controlled House of Representatives. At the same time, Republicans are placing outlandish conditions on Capitol Hill's vote to honour US debt obligations. The last time — in 2011 — that Washington came close to refusing to service America's sovereign obligations it triggered a Standard and Poor's downgrade of US Treasury bonds. The gap between America's two parties today is considerably wider than it was then. There is no guarantee that Republicans will pull back from the cliff's edge this time.

That danger point is still some way off. The US Treasury says it can stave off a default until September. It should go without saying that the crisis is a fabricated one based on debts the US has already incurred. The solution would be to scrap the need for debt ceiling approval altogether, which is unique to the US.

The point at which new spending or tax cuts should be stopped is when they are voted on the first time round. Repudiating debt after the fact is like refusing to pay your credit card bill then incurring penalties. Alas, abolishing the ceiling seems highly improbable. It did not help that Biden recently said he had no intention of doing so.

On its merits, Biden's budget proposal should be a good basis for negotiation. It aims to cut the US fiscal deficit by nearly $3tn over the next decade through a mix of tax increases on the rich, negotiated lower drugs prices and spending discipline. His budget invests in America's future within a framework of fiscal responsibility. The tax proposals are moderately progressive.

But there are a couple of obvious flaws. One is Biden's refusal to break his campaign promise of not raising taxes on anyone earning less than $400,000 a year, which excludes more than 99 per cent of Americans from burden sharing. While that may be good politics, it is unrealistic fiscal policy.

The same applies to his promise of leaving Social Security and Medicare untouched. Both continue to eat up a growing share of revenues and will eventually become unsustainable. Again, his pledge polls well with the public. But at some point, the US will be forced to increase the payroll tax, lift the earnings ceiling below which it is paid, increase the retirement age or impose cuts on benefits. It would be better to stop kicking that can down the road now.

Either way, Biden's document ought to be an opener for talks. Unfortunately, Republicans are opting for a game of chicken. Their demands include a near-freeze on discretionary spending for a decade, scrapping new funds for the Internal Revenue Service and the clean energy transition and an end to Biden's plan to forgive student debts. The latter may well be struck down by the Supreme Court. The other demands are extreme. The IRS budget has declined steeply in real terms to the point where it has scant ability to audit wealthy taxpayers.

> There is no sense in making it a condition of paying America's bills that the country disable its ability to collect revenues

The US is thus losing revenue on taxes it is owed. It makes no sense to make it a condition of paying America's bills that the US disable its ability to collect revenues it is owed. The real goal is to paralyse the federal government, not to make it more efficient.

It is also politically suicidal. Playing with America's creditworthiness will make it far easier for Biden to run for re-election in 2024 against a reckless Republican Congress. The Republicans dictating this stance would not just be cutting off America's nose to spite its face but doing the same to their own party as well.

Opinion Management

Why 'mattering' in the workplace doesn't matter

Ben Hickey

Jemima Kelly

For those of us not in attendance at the great private-jet-powered, sustainability-obsessed meeting of minds that was Davos this year, there was one buzzword brought back by attendees that has really stuck with me (or in my gullet, to be precise): "mattering".

Supposedly, the "secret to management in a new hybrid-working economy" is not honouring working hours, or making sure employees are achieving a proper work-life balance, or even just keeping in regular contact with them. No, the most crucial thing is "delivering" and "cultivating" something known as "mattering" — the belief that you are important to others in your workplace.

"Cultivating mattering at work is truly a meta-skill for modern management in a fragmented world," writes Alexi Robichaux, chief executive of coaching platform BetterUp, in a report published by the World Economic Forum. "Managers are uniquely positioned to help provide this sense of mattering to the workforce . . . The manager should be able to tell a compelling 'mattering' story." Shudder.

> The way to make someone feel that they are valued is to actually value them

If you are wondering why "mattering" is being used as a noun, I regret to inform you the verb "to matter" seems to have been officially — to add another ugly word to the mix — "nouned". That, of course, gives it new status as a management-speak buzzword.

What that means is that your job no longer merely needs to give you a sense of meaning; it now needs to provide mattering too. "Mattering is an existential imperative," Robichaux writes.

But it's not just mattering that we need to consider; there's also — take a deep breath — "anti-mattering". According to a report in the Journal of Psychoeducational Assessment last year, this is nothing to do with physics. Instead, it is a "complementary yet distinct construct involving feelings of not mattering that may arise from being marginalised and experiences that heighten a sense of being insignificant to others".

The authors of the report have devised "The Anti-Mattering Scale", which they describe as "a five-item inventory assessing feelings of not mattering to other people". The researchers found links between "elevated AMS scores and levels of depression, social anxiety, and loneliness". Go figure, as they say.

I don't know about you, but I'm not sure I need a five-item inventory or an "anti-mattering score" to determine whether or not I feel I matter. But this entire concept is not, you might have already gleaned, just about making us feel happy and worthy.

Like anything of value in the modern world, this is also about boosting productivity. Or, as the WEF report put it, "individual wellbeing fuels both performance and productivity . . . organisations have tangible reasons beyond a moral imperative to address barriers to employees thriving in the workplace".

I don't wish to argue that employee happiness and wellbeing is unimportant, or even that organisations are wrong to think about these things in relation to productivity and performance. But the idea that you can make someone feel like they matter simply by telling managers to "deliver mattering" is not just patronising; it is also wrong-headed. Employees want to feel like human beings, not robots. "Delivering mattering" as a management technique, rather than making someone feel like they matter by showing them, over time, that they really do, is not going to achieve that.

There is no technique for "hacking" this. The way to make someone feel that they are valued is to actually value them. When someone feels that they don't matter, they need more than empty words to feel reassured that they do. There is no shortcut; no number of "anti-mattering scales" or "meta-skilled" managers can make a human being feel like their contribution is worthwhile. "Creating mattering", as one prominent "mattering" expert puts it, is in fact a contradiction in terms.

The 18th-century philosopher Immanuel Kant wrote, in his Groundwork of the Metaphysics of Morals: "Act in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end and never simply as a means". "Delivering mattering" feels to me very much like treating employees as the latter.

The belief that one's work and contributions are important to others is not something that can be magicked up by an overpaid middle manager. It can only be earned by taking responsibility, doing valuable work and enjoying the sense of self-worth that comes with it. Giving employees an artificial "mattering" treatment risks having the opposite effect, making them feel like they don't matter at all.

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The arrival of natural language search carries a heavy price

Clive Cookson ("Plan to run computer with human brain cells", Report, March 1) repeats the assertion by Stuart Russell in his 2019 book *Human Compatible* that the Frontier computer at the Oak Ridge National Labs is the most powerful in the world, equivalent to a human brain, but uses a million times as much energy. However, he fails to draw out the implications of this for large language models such as ChatGPT, using "generative artificial intelligence" to answer questions.

These models, having hundreds of billions of parameters fed on vast stores of training data, use so much energy that only the largest commercial entities can afford to build them. In 2021, Bryan Catanzaro, vice-president of applied deep learning research at Nvidia, predicted that within five years a company could invest $1bn in compute time, just to train a single language model.

This oligopoly of information is alarming enough, but the arrival of natural language search comes at an even higher price. Last December, OpenAI's chief executive Sam Altman tweeted that ChatGPT's average cost per query was "probably single-digit cents per chat". A Morgan Stanley analysis put it at 2 cents: about seven times the average cost of a Google search query, thus using seven times as much energy. While we wait the "several decades" it will take to develop synthetic brains (I'm not holding my organic breath), readers might want to ponder whether it's worth burning the planet seven times faster, just to answer a search with a sentence (that may be gibberish) rather than a series of traceable and verifiable links.

Sheila Hayman
Advisory Council, Minderoo Centre for Technology and Democracy
London NW1, UK

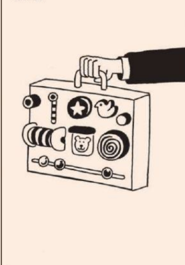
UK start-ups feel let down that SVB was able to fail

I am not sure why Helen Thomas thinks UK start-ups should be quite so grateful as she appears to, regarding the rescue of Silicon Valley Bank UK (Opinion, March 14). The subheading on her piece — "The UK tech sector has been backed up and bailed out by a country it sometimes appears impatient to escape" — belies the reality of what happened.

First, UK start-ups chose SVB presumably because it offered banking facilities that were more suited to the sector than those of the mainstream banks. Second, the UK regulators failed to manage a sectoral customer concentration that could constitute a risk, or to sufficiently isolate the UK bank from its parent. Third, HSBC, a bank that is listed in the UK but makes most of its revenue outside the country, acquired the beleaguered UK-licensed SVB entity.

This begs the question as to whether UK start-ups were saved by UK financial authorities or let down by them in the first place.

Michael Hobbs
Founder, WhichDays.com
London N13, UK



Where is your coverage of Cyclone Freddy?

I see no coverage of the devastation being caused by Cyclone Freddy. Compared to the triviality of so much else in the paper I believe that is a shame.

Julian Russell
Dartmouth, Devon, UK

Genuine asylum seekers have no safe routes to take

Of those waiting at the French coast in the hope of crossing to England, many will be economic migrants but some will be refugees ("Dunkirk refugees await their chance without regard for tougher UK laws", Report; and "Britain and the EU's deadly hash of irregular migration", Opinion, March 11).

It is difficult to see how, under the UK's proposed measures (to stop illegal crossings in small boats), a genuine asylum seeker can have his or her case heard.

There is currently no safe route for them to come to the UK for this to happen, nor will there be under the new rules.

Would it not make sense for the UK government, in agreement with France, to set up a centre in or near Calais to adjudicate on asylum claims. Those persons who could show that they were genuine asylum seekers would be given papers to be able to cross safely to the UK, whereas those who could not, would not. They would remain the responsibility of the French government.

Christopher Cruickshank
Kraainem, Belgium

Wine bottles, cylindrical or square, the great debate

Richard Allen (Letters, March 4) suggests distributing wine in square bottles to save packing space and weight. But to replace a cylindrical bottle with a square one, assuming the same capacity, height and thickness of glass, would require about 13 per cent more glass. That figure might be even higher if the glass had to be thickened to provide the same resistance to accidental impact.

So the question is whether the saving in packing space would offset the extra costs, as well as whether the extra weight would cause handling problems with 12-bottle cases.

John Tippler
Spalding, Lincolnshire, UK

OPINION ON FT.COM
Now even its cornerstone investor is kicking Credit Suisse
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Sky-high inflation has a new culprit at large: our own foolishness, writes Tej Parikh
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OUTLOOK
EUROPE

'Wembymania' grips France as top player eyes NBA move

by Leila Abboud

This winter, the hottest ticket in Paris is not for the opera or a fashion show — it's for basketball games being played in a 2,800 seat stadium in the unglamorous suburb of Levallois-Perret.

For a little while longer, it is here that 19-year-old phenomenon Victor Wembanyama, who is 7ft 3in tall and has an 8ft wingspan, plays in France's top league before an expected transfer to the much bigger stage of America's National Basketball Association. Experts predict he will be a first-round draft pick this summer, so hype has reached a fever pitch on both sides of the Atlantic.

"Wembymania", as US sports journalists call it, exploded in October when the NBA invited his team, the Boulogne-Levallois Metropolitans 92, to Las Vegas to play exhibition matches against a minor league team. The savvy marketers at the NBA turned the same game into a televised tryout to compare Wembanyama with another top NBA prospect, the 19-year-old American player Scoot Henderson.

The pair did not disappoint. Wembanyama scored 37 points — including a three pointer from so far out, it just looked silly. The shorter, more explosive Henderson put up 28 points.

Afterwards, Lakers star LeBron James said Wembanyama was a "generational talent" whose physique and skills made him an "alien" on planet basketball. Steph Curry, another top player, observed that the young talent looked like someone had created him for their NBA video game fantasy team: "Cheat code type vibes, man."

The blessing from US greats sent Wembymania into overdrive in France, according to Alain Weisz, director of sports operations of the Mets 92 and former national coach. "Victor's performance there was the big bang," he says.

Tickets for Mets 92 games are now selling out in minutes, both in Paris and smaller cities such as Le Mans and Nancy. Meanwhile, the supplier of Wembanyama jerseys cannot keep up. "We ordered about 800 before the season thinking that was enough, but we've already sold about 6,000 and could probably sell 25,000 this year if we had them," Weisz says. Applications for the team's training academy have risen tenfold — 600 young men are now competing for a dozen spots.

Wembymania has been a boon for the modest business of French professional basketball, which makes less than one-tenth of the €1.6bn in revenue earned by football, the country's most lucrative sport.

The small scale of professional basketball in France contrasts with the sport's deep roots — the first match in Europe was played in Paris in 1893 — and its popularity throughout the country across all classes.

But "Wembymania" is also tinged with anticipation of loss. Every game, every pass and every shot has taken on a momentousness ahead of the player's expected departure for the US.

When the Mets 92 played against Dijon in February, Wembanyama got off to a sluggish start, loping slowly around the court and missing easy shots. The crowd urged him on. "I had to see him before he goes to the NBA," says Frank Germond, a longtime basketball fan.

This is not the first time France has agonised over losing its sporting stars. President Emmanuel Macron himself lobbied football player Kylian Mbappé last year not to transfer from Paris to Madrid. But ever since a young point guard named Tony Parker made it to the NBA in 2001, it has been the norm for the best French basketball players to head for America.

US scouts see France as a talent incubator because of its state-backed training academies and diverse basketball culture, says Lindsay Sarah Krasnoff, the author of *Basketball Empire: France and the Making of a Global NBA and WNBA*. "France has become a basketball breeding ground and sent the third-most players to the NBA last year after Australia and Canada," she says.

Soon enough, Wembanyama will join them. In the game against Dijon, he woke up in the second quarter. He took a few backward steps to lose his defender. A teammate lobbed him the ball. In a flash, he dunked it — and then hung off the rim for just a few seconds longer than necessary, as the crowd cheered.

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Opinion

Parts of the SVB model would not go amiss in Japan

ASIA
Leo Lewis

Last summer, a delegation of top executives from Silicon Valley Bank circulated in the Tokyo financial district guzzling up all they could about the local venture capital scene and initiating talks with some of Japan's biggest lenders. A flurry of further trips followed, tie-ups were discussed but, in terms of concrete deals, the west coast visitors left empty-handed.

For all the relief that those cautious Japanese banks will now feel over their reluctance to nail anything down with SVB, this was, in one light, an opportunity missed. In the short term a bullet was dodged, but so was a long-overdue shot at financial revolution.

SVB's motivations for that Tokyo trip made sense. Until then, the now stricken bank's expansion in Asia had been skewed towards China. But the logic of that strategy was being pulled apart by worsening geopolitics and the clear need for greater diversity in its business portfolio.

Japan, meanwhile, suddenly looked like an intriguing alternative and a place where SVB's business model, which was openly friendly to venture capital and start-ups, might find a welcome. A market in which the venture capital industry (outside the corporate VC structure) had long been underpowered and tech start-ups under-loved remained a fraction of its US counterpart. But at least it appeared to be changing for the better.

Data providers on the Japanese start-up industry, such as Initial and the Japan Venture Capital Association, could show the Californian visitors (and there have been plenty of others in recent months) charts that outlined a decade of nearly unbroken expansion in the total value of funding deals for start-ups and in the number of VC funds.

By the end of 2022, start-ups in Japan raised a record $6.4bn in a year while funding deals by counterparts in the US and Europe posted year-on-year declines, though from a very much larger base. At the same time, the government was talking with what could be taken for genuine enthusiasm about the need to encourage start-ups and foster economically vital innovation with a more VC-style approach to risk.

But there were clear limits on all that optimism, centred on the Japanese banking sector and the historic quirks that have tended to make it a drag on start-ups rather than a propellant.

> Historic quirks have tended to make the country a drag on start-ups rather than a propellant

The core problem, say both start-up founders and VCs in Japan, is that despite the very large pools of potential funding that the banking system controls, accessibility to bank debt has always been difficult and shows few signs of easing. At a purely practical level, notes the founder of one financial start-up, the banks take far too long to set up a corporate account. Government efforts to cut red tape have reduced the company registration process to just a few days; persuading a bank to have an account up and running can take more than six months.

But the greater issue is more structural. According to borrowers, Japanese banks — and there are scores of listed lenders — favour lending against tangible assets, property and revenue, rather than the prospect of future growth. For most, the residual trauma of the late 1980s bubble collapse is to blame. Many do not have the capacity to assess any other type of lending risk. Set against the $6.4bn of funding Japanese start-ups secured last year, economist Jesper Koll calculates, the total new debt they collectively raised was less than $1bn.

Attached very closely to the behaviour of the lending banks is the constrictive ecosystem created by Japan's investment banks and brokers. Behind the encouraging rise in the overall value of funding deals in 2022 was a 29 per cent year-on-year decline in late-stage funding. Mid- and late-stage funding needs that would be met by VCs in the US and elsewhere tend to be met in Japan by the equity markets. Start-ups are effectively cajoled by necessity to initial public offerings far sooner than many are ready for — and part of the pressure comes because Japanese banks still prefer to sell mortgages and other financial services to employees of listed companies.

The urgency of a change of course was laid out last year by Ryozo Himino, the former financial services commissioner who will become deputy governor of the Bank of Japan next month. To keep up with the huge changes brought about by deglobalisation and other challenges, he told reporters, banks needed to develop loans that could be backed by both tangible and intangible assets, including "expected growth".

If there ever really was a chance of SVB injecting some of its business model into Japan via a tie-up or other deal, it is now long gone. It may never have worked. It may be a long time before others attempt anything similar. No one is calling for Japanese banks to become reckless, or to follow a path that would put them at risk of SVB's fate. But the need for a fresh approach in Japan has, at least, been highlighted.

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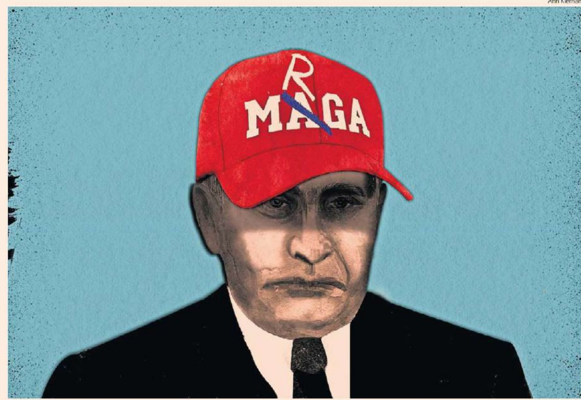
Putin's trump card in 2024 US election



Ann Kiernan

AMERICA
Edward Luce

This year's oddest moment was when Vladimir Putin attacked the Church of England. Its sin was to consider the idea of a gender neutral God. In the midst of what he sees as an existential war, Putin has time to worry about same-sex marriages in America, Shakespeare and JK Rowling being cancelled on each side of the Atlantic, and gender reassignment surgery.

You might think that Putin was auditioning to replace Tucker Carlson, Fox News' leading anchor. Then again, Carlson's rhetoric is often indistinguishable from the Russian president's. Carlson has described Volodymyr Zelenskyy as a "despot", Joe Biden's "Ukrainian pimp" and a "corrupt strongman". Tell us what you really think, Mr Carlson.

The internet throws up strange affinities such as that between Putin and Carlson. But this one is less weird than it seems.

The Republican voter is steadily shifting towards an antiwar position. Fewer than 40 per cent of them think the US should still be providing weapons to Ukraine. The party's two leading presidential hopefuls, Donald Trump and Ron DeSantis, are Ukraine war sceptics.

Trump says he would end the war within 24 hours of becoming president. DeSantis this week said that further entanglement "in a territorial dispute between Russia and Ukraine" was not in America's national interest. He disclosed this in a statement read out on Carlson's show (but I repeat myself). DeSantis said the US should focus on securing its own border. Trump and DeSantis account for at least three-quarters of Republican support between them. It is a fair bet that one of them will be the 2024 nominee.

Is that what Putin is counting on? Even to ask this question would be provocative. If you want Americans of any stripe to lose their cool, just whisper "Russia 2016".

Liberals believe, with slim evidence, that Putin won the presidency for Trump. Republicans believe, against judicial proof, that Putin's interference in the 2016 election is a myth. The truth, which merits almost no airtime, is that Putin did interfere in the 2016 election but it was almost certainly not decisive. But he was happy to stoke America's pre-existing fire.

There is little doubt that Putin's best hope of winning his war in Ukraine is for Nato's resolve to collapse and America's supply of money and weapons to dry up. A Trump or DeSantis presidency would be Russia's likeliest chance of disuniting the west.

This is where Putin's training as a KGB agent who can manipulate perceptions is relevant. The danger is not that he will cause America's electorate to change its vote. The US generates more than enough of its own disinformation.

The risk is that the Kremlin leader will further cement the view on the Maga right that Russia is the global champion of their anti-woke cause. Russian flags and T-shirts proclaiming "I would rather be a Russian than a Democrat" are a regular sight nowadays.

There are big differences between DeSantis and Trump. What their pitches have in common is the predominance of culture. They talk little about the size of the state, employment security or reshoring global supply chains. They rail a lot against woke culture, woke capitalism and Biden's support for Ukraine.

> Republicans' two leading presidential hopefuls are Ukraine war sceptics

Donald Trump Jr derides Ukraine's president as an "ungrateful international welfare queen". Were their platforms less cultural, Putin would doubtless find time to mock Biden's tax policies. Instead, Russia's leader keeps scratching that cultural itch.

Matters could come to a head sooner than the next presidential election. This autumn the $45bn in Ukraine funding that Congress passed in December will run out. Kevin McCarthy, the Republican speaker of the US House of Representatives, has warned against a "blank cheque" for Ukraine. Many of his colleagues would pull the plug altogether.

Since it took McCarthy a record 15 rounds to win the speakership, and he has a majority of just four votes, he is beholden to extreme allies, such as Marjorie Taylor Greene, to keep his job. Greene depicts Zelenskyy as a corrupt globalist who wants to put American men and women in harm's way. Nobody knows what McCarthy believes. As one colleague quipped: "If McCarthy is alone, does he exist?" It is doubtful the US speaker could stick to a fishing rod, let alone hold a political line.

Either way, Ukraine is likely to be on the ballot next year. Foreign policy is rarely decisive in US presidential races. It is usually the economy, stupid. But culture often plays a role. The key point about the Carlson-Putin symbiosis is that Ukraine is turning into a US cultural divide. Much like wearing masks identified you as a liberal in the pandemic, the Ukrainian flag has become a symbol of woke culture.

Almost all of the remaining Republican field — from former vice-president Mike Pence to ex-UN ambassador Nikki Haley — are Russia hawks. Indeed, they criticise Biden for not doing enough for Ukraine. Second to the war on the ground, the battle Putin will be watching most closely is the Republican primaries. If all goes well for him, he will place his hopes on the general.

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Saudi rapprochement with Iran is an exercise in buying time

Kim Ghattas

In a 2016 interview with The Atlantic Magazine, President Barack Obama, who had recently signed a historic nuclear deal with Tehran, urged Saudi Arabia and Iran to likewise overcome their differences and find "an effective way to share the neighbourhood and institute some sort of cold peace."

Saudi Arabia was incensed. Its arch enemy, Iran, was on the ascent, Sana'a had fallen into the hands of Houthi rebels in 2014 and a year later, Saudi Arabia was at war, its soldiers dying on the border with Yemen. Washington had previously suggested that to contain Tehran, Gulf countries should ramp up their own asymmetric challenge to its influence in the region.

So, it was striking, following Beijing's announcement of a return to normal ties between Saudi Arabia and Iran, to read Saudi foreign minister Faisal bin Farhan's tweet, stating that countries in the region "share one fate, the same attributes" which makes co-operation essential for prosperity and stability.

Someone, somewhere in Washington is thinking, "I told you so". Saudi Arabia has a few "I told you so's" for Joe Biden, including on energy markets. Fearful of a rise in oil prices, the White House was furious when the kingdom led Opec's decision to cut oil production in October — but prices remained stable.

After a few years of bombast and adventurism, from the devastating war in Yemen to the futile embargo on Qatar, the kingdom appears to be returning to the more measured pragmatism that once defined Saudi foreign policy. At the same time, it is engaging in what Emile Hokayem at the International Institute for Strategic Studies describes as "extreme balancing".

Last month, Prince Faisal became the first Arab official to visit Ukraine since the war started, which went down well in Washington. Then he visited Russia. In December, Riyadh hosted the first ever China-Gulf Co-operation Council meeting. This week, Boeing announced a deal with Riyadh worth around $37bn of jets. The resumption of diplomatic ties between Tehran and Riyadh happened just as the kingdom was reportedly setting out its conditions for normalising relations with Israel, including security guarantees and US nuclear assistance. After two years of talks shepherded by Iraq and Oman, the Beijing deal was brought about by untenable levels of tension and Iranian threats that risked undermining the kingdom's economic growth. Late last year, a senior Saudi official told me they were clear-eyed about the staying power of any agreement, but they had no choice but to engage. Saudi Arabia is thus buying time and carving out breathing space.

> Despite some initial anxiety about China's role, Washington is taking a pragmatic view

Despite the hyperbolic reactions, we've been here before. After deadly riots in Mecca by Iranian pilgrims in 1987, Saudi Arabia cut all ties with Iran. When Saddam Hussein invaded Kuwait in August 1990, Riyadh and Tehran bonded over a shared enemy and announced they were restoring diplomatic relations. This began more than a decade of detente. The Saudis were so eager to maintain the rapprochement they dragged their feet in co-operating with the FBI to investigate the 1996 al-Khobar bombing, in which Iran had been implicated. Meanwhile, the US fretted Riyadh was undermining efforts to isolate Iran.

This time, Tehran is as keen as ever to end its isolation and gain legitimacy at home. But everything else is different. The agreement with Saudi Arabia will not bring wider acceptance for Iran while its centrifuges are spinning, and Crown Prince Mohammed bin Salman has made clear he will not be taken in by Tehran's promises. It was during the rapprochement that Iran built its nuclear programme and the Revolutionary Guards expanded their influence across the region. While the choice of China as mediator might be seen as a poke in the eye for the US, Beijing was the only possible guarantor with sufficient leverage. Despite some initial anxiety about China's role, Washington is taking a pragmatic view. A senior US official told me: "We'll take it. It's a positive." He added that if the White House had managed relations better, "the Saudis would have come to us sooner to let us know this was under way, instead of giving us a 24-hour heads up." Now is the time to focus on managing that relationship to make sure the US doesn't cede further ground in the Middle East.

National security adviser Jake Sullivan recently said that the cold war analogy of opposing blocs is no longer relevant: "Countries don't want to choose, and we don't want them to." How Washington builds on Riyadh's latest move will be a test of this approach. Meanwhile, the Saudi official told me the kingdom is evolving from a regional powerhouse to a global player. That may well be the ambition — but the kingdom's balancing act will soon be put through the region's wringer.

The writer is author of 'Black Wave'

Small boats bill needs scrutiny or risks unintended consequences

Hannah White

So far, the unintended consequences of the illegal migration bill have been for football punditry. But the government is storing up more fundamental problems with its hasty approach to scrutiny of the contentious legislation.

On Monday, after an intemperate debate, the House of Commons agreed to give the illegal migration bill its second reading. Immediately afterwards, MPs approved the government's timetable for scrutiny of the legislation, despite the perfunctory opportunities it offered to examine the controversial new asylum policy.

This was unsurprising — the Conservatives have a substantial Commons majority and despite the concerns expressed by some backbenchers, none went further than abstaining on second reading. But it is a deeply worrying sign that today's MPs have forgotten the level of scrutiny that used to be considered normal for policy proposals of this complexity and significance.

The amount of time given to MPs and peers to scrutinise new laws has been declining for decades, but the twin challenges of Brexit and Covid radically accelerated the trend. In both cases, minimal scrutiny created unhappiness on the backbenches, motivating some MPs to organise and create difficulties down the line for the government.

Before 2016, it was still normal for a major policy bill to spend weeks in committee, being pored over clause by clause by a group of MPs. By contrast the illegal migration bill will be considered over two days by the whole chamber and subject to broad, partisan debate rather than detailed examination.

> The amount of room given to MPs and peers to examine new laws has been shrinking for decades

From home secretary Suella Braverman's point of view, this reduced scrutiny presumably appears desirable — providing her with the opportunity to highlight the broad thrust of her policy without having to defend it in detail. But without any actual time pressure — aside from a wish to demonstrate political urgency — her rush to get the bill on the statute book may prove counterproductive.

Without meaningful parliamentary scrutiny, there is a risk that MPs fail to spot potential unintended consequences that could undermine the government's intentions. Under the new law, for example, there are concerns that Indian citizens arriving irregularly in the UK, who might previously have been returned to India after being refused asylum, may not be returned — India is not on the defined list of "safe" European countries. Such provisions could lead to a rise in the number of failed asylum seekers stuck in the UK.

The bill also contains "placeholder" provisions, making it difficult for parliamentarians to understand the government's full intent. For example, if people are at risk of "serious and irreversible harm" the home secretary will not have a duty to remove them from the UK, but it fails to define such harm. Elsewhere, it empowers the Home Office to extend some detentions for however long the home secretary considers "reasonably necessary" to organise removal, but without explaining how this will be judged.

There is no guarantee that MPs will be able to engage with the full meaning of such provisions. This may make it harder for the courts to interpret what parliament intended.

If this bill's primary purpose was to declare the government's commitment to tackling small boats arrivals (and draw a dividing line with Labour), it may already have served it. If so, Braverman may even relish the prospect of the legislation getting bogged down — in the Lords and then in the courts — and doesn't expect to implement the provisions ahead of the general election.

If Braverman genuinely wants to fulfil her "dream" of seeing planeloads of asylum seekers taking off for Rwanda she should encourage MPs to test her proposals robustly — to ensure they will actually deliver the outcomes the government seeks.

The writer is director of the Institute for Government think-tank

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Lex.

Twitter: @FTLex

UK budget: taxation two-step

Latin dancers are practised pivoters. Jeremy Hunt, an improbable lambada enthusiast, has performed a speedy reversal on corporate tax. In last year's Tory leadership election, he wanted to slash the headline rate to 15 per cent.

Now, as chancellor, he has confirmed April's six-point rise to 25 per cent.

That looks awkward given the importance of business investment in pepping up growth. But generous tax breaks should offset the manoeuvre's damage, temporarily at least.

The Treasury is introducing "full expensing" for three years from next month. For every £1 invested in qualifying expenditure, companies can save up to 25p on their tax bill.

The savings are similar to those currently available from applying the 130 per cent super-deduction rate to a 19 per cent tax rate. Still, this is a big change. The £10.7bn price tag in 2024-25 reduces government gains from the corporate tax rise to £6bn that year. It shifts the UK from close to the bottom of an international league table for capital allowances to joint top.

It is also reverses a long-running trend for cuts in both rates and allowances. That began in 1984 when Nigel Lawson abolished full expensing, arguing that too much investment had resulted. That problem is not one that his recent successors in investment-starved Britain would recognise.

Abandoning the low-rate, broad-base mantra has downsides. The headline rate is important when multinationals decide where to invest. The reforms are likely to reduce inward investment by nearly 5 per cent, says Michael Devereux of the Oxford university Centre for Business Taxation.

But capital allowances influence the scale of investment decisions. Full expensing will provide a fillip, boosting investment by a peak of nearly 3.5 per cent by 2024-25, the Office for Budget Responsibility says. It could be much more. Devereux says the combined measures could increase investment by as much as 35 per cent in the short run, falling to 6 per cent in the long run if the tax break is maintained.

There is a rub. The OBR expects business investment to be 4 per cent lower than it would otherwise be in 2027-28. That is down to the incentive's temporary nature. Hunt's aspiration to make it permanent carries weight only if it wins bipartisan support.

Otherwise, corporation tax policy will remain a dance with more twists and turns than a tango.

Meta/Zuckerberg: pedestrian performance

The avatars in Meta's version of the metaverse have legs now. For tech giant Meta that counts as success. It needs every win it can get. Mark Zuckerberg's plan to restructure the company via a "Year of Efficiency", is largely an attempt to wind back the clock.

A manifesto from Zuckerberg on Tuesday claims that Meta wants to foster a connection with users of the kind they feel when with someone they love. Some 21,000 staff hit by job cuts over the past four months must feel less warmly towards Facebook's owner.

Can Instagram posts and virtual reality games create this feeling either? It seems unlikely. Nor is it clear how it will raise digital advertising revenue or convince customers to buy virtual reality headsets costing $1,500.

Note too that Zuckerberg says that engineers joining teams work better in person. That is rich coming from someone who wants us all to plug into virtual worlds. Crushing privacy changes have driven Meta's cost cuts. Apple has turned off "identifier for advertisers" by default. European regulators are five years into GDPR consumer protection. Both hamper Meta's ability to offer granular detail for targeting digital ads.

Add an economic slowdown and it is no wonder revenue fell 1 per cent last year. In the meantime, Meta is pouring billions of dollars into its VR project. It has teams working on generative AI too. This might give users more tools to play with and help to create marketing campaigns, but it comes at a high price. Meta's net income margin is down by more than a third.

Cost cuts mean full-year expenses will be up to $92bn, compared with $95bn before, Meta says. Mizuho Bank estimates savings could improve operating income by 7 per cent.

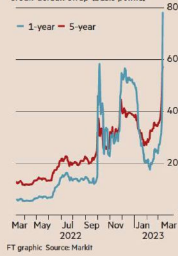
Slowing metaverse spending would do more. Meta's emphasis on VR distracts from the fact that it is still the world's largest social media company, with more than 2bn users. Reminding investors of this, not the progress of avatars, is Zuckerberg's real priority.

Credit Suisse: Swiss national blank

Three interlinked factors are damaging confidence in the Swiss lender. First, outflows of depositors from its wealth management arm. Second, a share price that has fallen more than other European banks this past week. Third, the soaring price of insuring its debt as reflected in credit default swaps.

Credit Suisse bond risk has soared

Credit default swap (basis points)



FT graphic Source: Markit

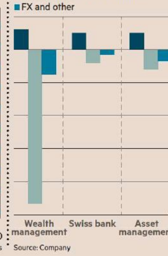
Credit Suisse leads European banks lower

Share price Mar 8 to midday Mar 15* (%)

Source: Refinitiv *Selected European banks

Assets under management

Q4 2022 change on quarter (SFr bn)



Source: Company

Bankruptcy occurs gradually then suddenly, Hemingway wrote. Credit Suisse appeared to be losing its reputation in a similar way. The shares of the lender, European market leader in the field of risk-management failure, fell more than 30 per cent yesterday before staging a partial recovery.

The proximate cause is that the largest shareholder, Saudi National Bank, has dismissed suggestions that it should inject fresh equity. This was just the latest in a cavalcade of bad news, including the Greensill and Archegos scandals.

The onus is on the Swiss central bank to reassure investors, however nebulously, as Credit Suisse has requested.

The bank is in a dreadful place. As panic grows, so does the price of the credit default swaps that insure against non-payment of borrowings. The one-year CDS price has soared to more than 1,000 basis points. That, along with falling shares, will spook depositors, especially in the wealth-management arm. The more deposits customers withdraw, the pricier default insurance will be. Then the lower the shares will fall — they trade at just 15 per cent of book value — and the less likely a turnround will become.

Credit Suisse has plenty of capital. It has hedged risk on hold-to-maturity securities. On a three-month average, bosses say the bank has a liquidity coverage ratio of 150 per cent of stress-test losses. That is plenty, though down on a peak of 221 per cent in the third quarter of 2021. The threat to the ringfenced Swiss bank in Credit Suisse, with its sticky domestic deposits, might seem a distant risk. But its centrality makes it a vulnerability. Almost all the pre-tax profit of Credit Suisse last year, and very likely this year, derives from it. This unit, not the Saudi equity stake, is the cornerstone of Credit Suisse.

Panic can overwhelm any bank. The collapse of three US banks in the past week means contagion is in the air. The Swiss National Bank and regulator Finma need to step in to rally sentiment. That is what French prime minister Élisabeth Borne was hinting at in comments on yesterday. She was right to do so.

Indonesia/nickel: volting ambition

Nickel is a crucial material for electric batteries. Soaring demand for cars powered by them has yielded a windfall for companies in Indonesia, the world's largest producer of the metal, and a surge in new listings.

The biggest, from a business locally known as Harita Nickel, started taking orders yesterday for a cash call worth as much as $647mn. Indonesian metal and mining business PT Trimegah Bangun Persada, part of the local Harita conglomerate, mines nickel and runs processing plants. It is offering up to 8.1bn shares. That would value the business at more than $5bn at the top of the range.

Harita Nickel's partnership with China's Lygend has helped it operate a high-pressure acid leach plant. This turns local low-grade ore extracts into refined nickel material for export.

President Joko Widodo hopes to move the country up the global electric car-supply chain. A ban on nickel ore exports in 2020 boosted the value of refined shipments nearly ten-fold. Indonesia has also been hatching controversial plans for an Opec-style cartel.

Shares of local peer Hillcon have risen more than a third since listing this month. They now trade at 13 times trailing earnings, more than triple the rating of Chinese peers.

The problem is that battery tech is developing rapidly. High nickel prices encourage battery makers to find substitutes. Falling demand for stainless steel, which uses nickel, shifted global supply into surplus in November. There are large reserves of the metal elsewhere.

Indonesia has attracted record foreign investment but nickel prices have almost halved over the past year to about $22,000 per ton this month.

The stock market is relatively small at $660bn and liquidity is low. Legal title to assets in Indonesia can be patchy, as the debacle of Bumi, a coal miner listed in London, demonstrated in the 2010s. Foreign investors should avoid Harita Nickel and its ilk.

Charles Schwab: no luck for Chuck

The abrupt collapse of Silicon Valley Bank has not only hammered the share prices regional lenders; the US's largest brokerage is feeling the squeeze too.

Shares in Charles Schwab have shed nearly a quarter of their value, or $36bn, over the past week, making it the sixth worst-performing financial stock on the S&P 500. The discount broker makes for an unlikely target for investors looking for the next SVB. But over the years it has mushroomed into one of America's largest banks by deposits, which stood at almost $367bn at the end of last year.

Like SVB, Schwab put clients' cash to work in higher-yielding debt securities like Treasuries and mortgage-backed securities when interest rates were low. These are underwater now amid the run up in rates. Unrealised losses on its $333.3bn securities portfolio stood at nearly $28bn as of December 31.

Schwab also suffers from deposit outflows — albeit in the form of "cash sorting", when clients chase higher returns elsewhere. That is reflected in a 17 per cent drop in deposits in 2022.

The bear scenario is as follows. A spike in cash sorting could force Schwab to liquidate securities and crystallise paper losses. That could drag down its Tier 1 leverage ratio below the regulatory minimum of 4 per cent and force a capital raise. The scenario is unlikely. Eighty per cent of Schwab's deposits are insured. Cash sorting settles down as rate hikes ease.

Schwab ended 2022 with a 7.2 per cent leverage ratio. That equates to a $17bn buffer. The business generates about $28bn of cash each quarter through principal maturity, interest and net new asset growth.

Schwab has access to over $300bn of liquidity through the Federal Home Loan Bank and other facilities. That is ample capacity to handle even dire short-term illiquidity.

That said, anxiety is contagious. But this creates opportunities for bargain hunters who take the long view.

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ACROSS

1 FT 1ac: "Nag I'm flogging for a song" (10)
7 Party discharging Chelsea politician (4)
9 Warning submariner to head west (4)
10 An old-fashioned opener, India's Ashwin downplayed nets (4,6)
11 Eastern Kiwi sending back Julius's English protein (6)
12 Turkey in the European Union? Read about old civilisation (8)
13 Romeo's into Italian noodles, I'm about the spicy meat (8)
15 Gold erne regularly flies here in Scotland (4)
17 Quickly scan phone card loaded with a grand? (4)
19 Symbol of Irish-American Republican found in Barnet? (8)
22 New year: derv costs a fortune (4,4)
23 Billions visiting legendary Brazilian stone (6)
25 Bans Uriah, a disreputable member of the family (5,5)
26 Chap deleting verse from work of fiction (4)
27 Sicilian hothead withdrew bet on the poker table (4)
28 Collagen finally injected into various body areas? No sweat! (3,2,1,4)

DOWN

2 Country song about soldiers (7)
3 Simpleton sitting in Crown Inn, York (5)
4 Old *Road Movie* actor Bob's style? (5,3)
5 Conservative/Tory ERG miscues work which implements superficial cuts (8,7)
6 Tyler – revolting, humourless, vulgar and cheap (6)
7 Crop with which to spank TV peer on the bottom? (4,5)
8 Motor yacht leaves mega-roomy flipping berth! (7)
14 Uncomfortable gut feeling? (5,4)
16 Instrument case, piano turning up September 1st (8)
18 Mr Klein demolished a government building (7)
20 Senior officer left born, raised Irish lass (7)
21 Odd characters in The Nag's Head subjected to banter (6)
24 Group two pension on the continent? (1,3,1)

JOTTER PAD

Solution 17,358

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