FINANCIAL TIMES

TUESDAY 9 MAY 2023 ASIA

What's behind Exxon's green makeover? BIG READ, PAGE 13

The shift from 'lousy' to 'lovely' jobs SARAH O'CONNOR, PAGE 15

High alert
Kyiv battered by drone raids

Genya Savilov/AFP

Kyiv mayor Vitali Klitschko examines the interior of a high-rise apartment block damaged by a shot-down Russian drone in Ukraine's capital yesterday.

In what Klitschko described as the largest drone attack on the city since Moscow's invasion last year, Ukrainian air defences intercepted 30 "kamikaze" drones as Russia escalated air attacks in the country.

At least five people were injured in the capital after the drones fell on the residential building and parked cars, officials said. A further five drones were shot down in other parts of Ukraine.

The defence ministry said at least three civilians had been killed and 28 injured in the preceding 24 hours from air strikes and shelling, while a Russian missile strike on Sunday in Ukraine's port city of Odesa destroyed a warehouse full of aid supplies.

Russian strikes & EU hits at China page 2

Briefing

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Companies including SAP and Siemens have called on Brussels to amend proposed data-sharing legislation, saying it would gift a competitive edge to China.— PAGE 5

▸ **German recession fears**
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▸ **Experts in US debt alert**
Economists have warned that the US will generate fresh turbulence in coming weeks as it approaches its debt ceiling and becomes unable to pay all its bills.— PAGE 4

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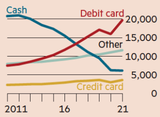
Datawatch

The card's the star
Payments by source (mn)



Source: UK Finance

Contactless payments made up a third of the UK total in 2021. Debit cards were the most used payment method, accounting for 48 per cent. The number of cash payments is falling, although they remain the second most commonly used method

Kremlin's tax rise on producers will hobble Russia energy sector, says west

● G7 price cap puts hole in finances ● Oil and gas revenues plunge 45% ● Capacity to invest sapped

JAMES POLITI — WASHINGTON
ANASTASIA STOGNEI — RIGA
DEREK BROWER — NEW YORK

A G7-led price cap on Russian oil exports has forced the Kremlin to raise taxes on producers, dealing a further blow to an energy sector already struggling with sanctions, according to officials from the western coalition.

An analysis of the tax change by a member of the G7-led coalition that was seen by the Financial Times found the move was likely to backfire, by sacrificing the industry's ability to invest for the long term in order to plug a gap in government finances.

"It is definitely destructive to their industry," a coalition official told the FT. "Russia's changes will . . . undercut the future production capacity of the Russian oil and gas industry by taking away revenues that could otherwise be used to invest in equipment, exploration and existing fields."

Vladimir Putin last month changed Russia's method of taxing oil companies by setting levies based on the Brent crude international benchmark price minus a fixed discount, rather than the price of Urals, the country's main export crude that has been trading at a lower price in recent months.

> 'The tax change is *prima facie* evidence that their revenues are suffering'
> Western coalition official

The move was intended by Moscow to capture up to Rbs600bn ($8bn) and plug the hole in oil export revenue caused by western sanctions aimed at crimping financing for the Ukraine war.

In the first quarter of 2023, Russian oil and gas tax revenue fell 45 per cent over the same period last year, including an 85 per cent year-on-year decline in March on refined oil products. The official added that Russia depended on such revenues for 45 per cent of its budget.

"The tax change they are making is *prima facie* evidence that their revenues are suffering significantly," the official said.

The G7 price cap — set at $60 per barrel for crude — was introduced in December after months of talks in an effort to keep Russian oil flowing to the global economy and to minimise disruption to markets, while reducing Moscow's revenue. Western officials say it is meeting both goals as part of their strategy to force "hard choices" economically on the Kremlin.

With the tax change, Russia was stealing from its "future" in order to pay for the "present" conflict, the official said.

Russian oil production fell last month to 10.4mn b/d, possibly reflecting the Kremlin's threat to cut output in reaction to the price cap, according to OilX, a division of consultancy Energy Aspects.

Exports — mainly to Asia — were 4.7mn b/d, below the five-year average, according to OilX.

Although G7 countries believe their price cap is working, customs data suggests Russian oil producers secured higher prices for at least some exports. The International Energy Agency calculated last month that the weighted average price for Russian crude exports had risen above the $60 price cap in April, with one crude stream in Asia selling in recent weeks for as much as $74.

Brent crude was trading this week at $71.40, down nearly 30 per cent compared with a year ago.

G7 finance ministers and central bank governors are set to meet in Japan this week, where Russian sanctions are expected to be at the heart of talks.

The coalition official said members of the G7-led price cap coalition would also "intensify efforts to combat evasion", adding that they would try to help oil service providers comply.

US shale rally halted page 8

Positive Alzheimer's trials boost treatment hopes

Analysis ▸ PAGE 3

AB InBev chief blames social media as transgender spat drains Bud Light sales

ERI SUGIURA — LONDON

The chief executive of Anheuser-Busch InBev has blamed misinformation on social media for stoking a conservative consumer boycott of Bud Light after the best-selling US beer was promoted by a transgender influencer.

Bud Light has become the target of a fierce backlash since Dylan Mulvaney posted a video last month on Instagram, where she has 1.8mn followers, featuring a custom-made beer can provided by the brewery emblazoned with an image of her face.

The rightwing boycott has brought a drop of a quarter in the beer's sales volumes, while two Bud Light executives have taken leave of absence.

"People often talk about this topic in social media-like noise," said chief executive Michel Doukeris. "You have one fact and every person puts an opinion behind the fact. And then the opinions start to be replicated fast on each and every comment.

"By the time that 10 or 20 people put a comment out there, the reality is no longer what the fact is but is more [about] what the comments were."

The comments from Doukeris, whose company also owns beer brands from Stella Artois to Corona, underscores the challenge faced by consumer goods companies through perceived association with contentious social issues.

Alissa Heinerscheid, Bud Light's vice-president of marketing and one of the pair now on leave, had previously described the brand's traditional marketing as having "fratty, kind of out-of-touch humour" and vowed to update it with "a campaign that's truly inclusive".

Doukeris said "misinformation and confusion" circulating online include Mulvaney's can being understood as "a production can and every can would be like the one that was in that post . . . We never intended to make it for general production and sale for the public."

Others, he said, thought it was a Bud Light campaign while "it was not: it was one post. It was not an advertisement."

He complained that there were even videos of billboards with images of the Bud Light can inserted "electronically" and "10mn people [were] watching it and commenting . . . That had nothing to do with Bud Light; it was just like pure social media creation."

The firestorm is hitting sales that were already in decline. Bud Light sales volumes during the week to April 22, the most recent data available, dropped 26 per cent from a year ago, based on Nielsen IQ data.

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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World Markets

STOCK MARKETS

	May 8	Prev	%chg
S&P 500	4136.62	4136.25	0.01
Nasdaq Composite	12229.00	12235.41	-0.05
Dow Jones Ind	33605.80	33674.38	-0.20
FTSEurofirst 300	1846.85	1840.46	0.35
Euro Stoxx 50	4347.31	4340.43	0.16
FTSE 100	7778.38	7702.64	0.98
FTSE All-Share	4242.40	4201.23	0.98
CAC 40	7440.91	7432.93	0.11
Xetra Dax	15952.83	15961.02	-0.05
Nikkei	28949.88	29157.95	-0.71
Hang Seng	20297.03	20049.31	1.24
MSCI World $	2821.99	2779.26	1.54
MSCI EM $	981.66	976.36	0.54
MSCI ACWI $	652.45	643.25	1.43
FT Wilshire 2500	5340.82	5241.58	1.89
FT Wilshire 5000	41630.75	40853.35	1.90

CURRENCIES

Pair	May 8	Prev	Pair	May 8	Prev
$/€	1.101	1.101	€/$	0.908	0.909
$/£	1.263	1.262	£/$	0.792	0.793
£/€	0.872	0.872	€/£	1.147	1.146
¥/$	134.880	134.895	¥/€	148.556	148.473
¥/£	170.353	170.191	£ index	79.961	79.578
SFr/€	0.980	0.982	SFr/£	1.124	1.126

CRYPTO

	May 8	Prev	%chg
Bitcoin ($)	27916.17	28468.20	-1.94
Ethereum	1865.26	1871.79	-0.35

COMMODITIES

	May 8	Prev	%chg
Oil WTI $	73.05	71.34	2.40
Oil Brent $	76.92	75.30	2.15
Gold $	2000.95	2044.70	-2.14

GOVERNMENT BONDS

Yield (%)	May 8	Prev	Chg
US 2 yr	3.95	3.92	0.03
US 10 yr	3.49	3.46	0.04
US 30 yr	3.82	3.78	0.04
UK 2 yr	3.77	3.77	0.00
UK 10 yr	3.90	3.90	0.00
UK 30 yr	4.14	4.14	0.00
JPN 2 yr	-0.04	-0.03	-0.01
JPN 10 yr	0.41	0.42	-0.01
JPN 30 yr	1.26	1.28	-0.02
GER 2 yr	2.61	2.56	0.05
GER 10 yr	2.33	2.29	0.04
GER 30 yr	2.49	2.46	0.03

Prices are latest for edition
Data provided by Morningstar

Sanctions

Brussels targets Chinese suppliers to Russia

Businesses accused of selling equipment that could be used in weapons

ANDY BOUNDS — BRUSSELS

Brussels has proposed sanctions on Chinese companies for supporting Russia's war machine for the first time since the conflict in Ukraine began, a development that is likely to increase tensions with Beijing.

Seven Chinese businesses accused of selling equipment that could be used in weapons have been listed in a new package of sanctions to be discussed by EU member states this week, which has been seen by the Financial Times.

Some of the companies have already been placed under sanctions by the US. The EU's move is likely to rankle with Beijing, which is anxious to keep Brussels from siding with Washington in their battle for global influence.

Brussels has until now avoided targeting China, arguing that no evidence showed it was providing weapons directly to Moscow.

The sanctions list needs unanimous approval from the 27 member states before it can be enforced.

Two mainland Chinese companies on the list, 3HC Semiconductors and King-Pai Technology, have been placed under sanctions by the US. Two companies based in Hong Kong that are on the EU list are on the US Treasury list: Sinno Electronics and Sigma Technology.

The sanctions proposal from the European Commission said: "In view of the key enabling role of electronic components for use by Russia's military and industrial complex for supporting the war of aggression against Ukraine, it is also appropriate to include certain other entities in third countries involved in the circumvention of trade restrictions as well as certain Russian entities involved in the development, production and supply of electronic components for Russia's military and industrial complex."

King-Pai provides microelectronics to Russia that "have defence applications that include cruise missile guidance systems", the US Treasury has said.

Brussels is also proposing sanctions on some Iranian companies involved in the manufacture and supply of drones to Russia.

The EU is seeking to tackle the circumvention of sanctions more generally. The draft includes measures that would allow the EU to restrict sales of certain products to third countries if diplomatic pressure did not change their behaviour. Member states would have to approve individual measures against companies or countries.

There are also powers to ban oil tankers that conceal their location without good cause from EU ports. The FT has reported that ships have been circumventing an embargo on Russian seaborne oil imports by pretending their loads are from elsewhere.

The commission has also proposed widening the range of banned exports to Russia. It is also loosening restrictions on asset transfers to sanctions-hit entities to allow western companies in joint ventures with them to sell up.

The commission declined to comment.

Africa. Civil conflict

Sudanese refugees make perilous trip to Egypt

At least 40,000 have fled north after fighting flattened parts of the capital Khartoum

HEBA SALEH — ASWAN
ANDRES SCHIPANI — NAIROBI

Explosions shattered the windows of Sally Abdel Mahmoud's home in Khartoum, the Sudanese capital. Her car was hit by shrapnel and a shell landed on the house next door.

"My youngest son screamed that 'we will all die' every time we heard an explosion," said Abdel Mahmoud, who fled to Egypt with her husband and four children.

Like at least 40,000 other Sudanese civilians, the family made the arduous and expensive journey to Aswan in southern Egypt by road, travelling and sleeping on a bus for most of the week it took to arrive.

They and other refugees describe living in fear under constant bombardment in Khartoum, where the conflict that broke out last month has led to power and water outages, and residents must risk dangerous streets to seek scarce food and medicines.

The conflict pits forces led by Sudan's de facto president and army chief General Abdel Fattah al-Burhan against the paramilitary Rapid Support Forces of General Mohamed Hamdan Dagalo, better known as Hemeti. At least 550 people have been killed and almost 5,000 injured since fighting began in mid-April. The UN says the real figures may be much higher.

Abdel Mahmoud said RSF fighters fired missiles from an anti-aircraft battery just outside her home. "The RSF broke our door and came in looking for food and water," she said in a coffee shop as the family awaited a train to Cairo. "They did not harm us but we had to leave because the house was not safe."

Kalthoum Aboul Kassem, who fled with family members, said: "We lived in Khartoum near the army command, and could see all the fighting. After eight days our water tank was running out so we had to leave." Her family will stay at her sister's home near Aswan until it is safe to return but her brother, Abu Bakr, who worked for the army, plans to return to rejoin the military. "I have been at odds with Burhan for a long time, but now the army represents Sudanese sovereignty," he said.

Despite the announcement of a fresh week-long truce starting on Thursday, residents of Khartoum said there had been no let-up in the clashes, while areas of the city of 6mn people had been flattened. Fighting has also flared elsewhere in Sudan, including Darfur in the west. About 334,000 people have been internally displaced and more than 100,000 have fled to neighbouring countries, the UN said.

Sudanese refugees at the Wadi Karkar bus station near Aswan. Below, Rapid Support Forces near the presidential palace in Khartoum — AFP via Getty Images; Rapid Support Forces/ESN

People have continued to flee to Egypt and other neighbouring countries such as Chad, South Sudan and the Central African Republic. "Khartoum is in turmoil, Darfur is burning once again, and the UN refugee agency is warning that more than 800,000 people could flee the country," UN secretary-general António Guterres said last week.

The fighting hit a country scarred by decades of conflicts, coups, dictatorship and broken promises of a democratic transition. About a third of the population already needed humanitarian assistance before the latest battles. Martin Griffiths, UN humanitarian chief, has warned that Sudan is reaching a humanitarian "breaking point". After mediation efforts by Washington and Riyadh, emissaries from the warring sides met in Saudi Arabia this weekend to negotiate humanitarian corridors.

The high cost of the journey means most of those reaching Egypt from Khartoum are relatively well off. In some Sudanese urban areas, the price of basic commodities — such as bottled water, food staples and fuel — has risen 40 to 60 per cent since the latest conflict began, according to Unicef, in an economy with an annual inflation rate already of more than 70 per cent.

'We have small children with us who cried during the entire journey'

In Aswan, Madani, the head of a leasing company, and his wife Nadia described how life became impossible in their home in a well-off part of Omdurman, Khartoum's twin city across the Nile. "Grocery shops and bakeries are closed. There are no police and we started hearing of criminal acts," Madani said. "We knew that after a while there would be no gasoline for the generator or car."

Friends have organised a flat in Cairo, but Madani said they did not plan to stay long. "I have responsibilities in Sudan," he said. "I have been unable to sleep because I have staff who should have been paid at the beginning of the month, but banks are closed."

Sarah arrived in Aswan with her 70-year-old mother, Aisha, and 10 other family members, paying $600 per person for the trip. "My mother is diabetic and has high blood pressure," she said. "We had to leave before she ran out of insulin." Her family, like many others, endured bleak desert conditions at the crossing, where dozens of buses queue for days and passengers must wait with little access to water, shade or services. "We spent two nights at the crossing. We have small children with us who cried during the entire journey," she said.

The Egyptian foreign ministry said authorities were providing relief and emergency services at the two border crossings with Sudan. Facilities such as toilets have been hastily built, while international aid agencies have been given access only in recent days.

Most of those arriving in Egypt are women and children, because men between 16 and 50 require a visa. Those can be obtained in the small town of Halfa in northern Sudan, but only after days of waiting. Thousands of people are sleeping on buses or crammed on the floors of the main mosque there, according to those arriving in Egypt.

But the refugees are anxious about staying in Egypt for long. Sarah's family will stay with relatives in Cairo, but her mother is wondering how they will afford it. "Egypt is expensive: how can we stay there?" she asked.

Yet Sarah is pessimistic about the chances of returning home; the belligerents will not repair the damage they have wrought on the country, she believes. "They are only out for themselves. They won't fix anything."

Gideon Rachman see Opinion

Ukraine

Moscow strikes Kyiv in biggest 'kamikaze' drone attack of the war

ROMAN OLEARCHYK — KYIV

Russian forces launched a barrage of air strikes on Kyiv ahead of an expected Ukrainian counteroffensive, in what the city's mayor said was the largest drone attack on the capital since Moscow's full-scale invasion last year.

Ukrainian forces said they had shot down 30 "kamikaze" drones in the Kyiv area in the early hours of yesterday, while missiles also struck other parts of the country as Russia continued escalating air attacks in the run-up to its celebration of the anniversary of victory in the second world war.

Officials said at least five people were injured in the capital after air defences intercepted drones that fell on a residential building and parked cars.

Kyiv mayor Vitaliy Klitschko said on Telegram that "last night, the barbarians staged the most massive attack with kamikaze drones" on the capital.

About 35 drones in total were intercepted, including five outside the Kyiv region, according to Ukraine's army general staff and air force command.

"Continuing its terror tactics, the Russian Federation launched 16 missile strikes last night, in particular on the cities of Kharkiv, Kherson, Mykolayiv and Odesa regions," they said.

Some 61 air strikes and 52 rocket attacks were launched against troops and civilian areas, they added. Ukraine's defence ministry said at least three civilians were killed nationwide and 28 injured in the preceding 24 hours from air strikes and shelling.

Air raid sirens sounded again yesterday in Kyiv and most of the country, signalling the possibility of further drone and missile attacks in a campaign that Moscow has escalated since two drones were shot down over the Kremlin last week. Kyiv denies involvement in the Kremlin assault.

Russia responded to that incident by banning drone flights over many cities and scaled back celebrations planned for today, when it commemorates victory over Nazi Germany.

Russian officials, in turn, have accused Ukraine of stepping up drone strikes on its territory and in Russian-occupied Crimea. Analysts see the strikes targeting fuel depots and military supply nodes as preparations for a spring counteroffensive.

Ukraine, which repelled an early Russian attempt to seize Kyiv and much of the country last year, hopes to reclaim more of the roughly 18 per cent of territory that Russian forces hold more than a year into the full-scale invasion.

A Russian missile strike on Sunday in Ukraine's Black Sea port city of Odesa destroyed a warehouse full of aid supplies, the local Red Cross branch said. "Humanitarian aid for the Odesa region, which was in a warehouse, was completely destroyed by fire," it said.

In a video address yesterday, Ukrainian president Volodymyr Zelenskyy honoured the millions of Ukrainians who fought and died during the second world war.

"We fought then and we fight now so that no one ever again enslaves other nations and destroys other countries," he said. "And all those old evils that modern Russia is bringing back will be defeated just as Nazism was defeated."

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Border dispute

Armenia and Azerbaijan leaders renew peace talks

HENRY FOY — BRUSSELS

The leaders of Azerbaijan and Armenia will resume peace talks in Brussels this weekend, according to officials, as western allies step up mediation efforts between the neighbours following a recent increase in fighting over their disputed border.

European Council president Charles Michel will host a meeting on Sunday between Azerbaijan's president Ilham Aliyev and Armenia's prime minister Nikol Pashinyan, three officials with knowledge of the preparations said.

It will be the first time the two leaders have met in person since talks in Munich in February and comes after the two countries' foreign ministers held extensive discussions in Washington last week. US secretary of state Antony Blinken said those talks "made tangible progress on a durable peace agreement" and that he believed "an agreement [is] within sight, within reach".

Hundreds of troops have been killed in sporadic clashes since a full-scale war in 2020 ended in an unstable ceasefire. Diplomatic efforts led by the EU and US on one side and Russia on the other have since sought to broker a permanent peace without success.

The two former Soviet republics have fought for control of the territory of Nagorno-Karabakh since the collapse of the USSR. The majority-Armenian region was previously controlled by Armenia before being largely captured by Azerbaijan in 2020.

The Brussels meeting was an "important sign of progress", one of the three officials said on condition of anonymity, adding that the EU and US efforts were "mutually reinforcing" and "complementary two-track processes".

There were also plans for the three leaders to hold another meeting on June 1 with German chancellor Olaf Scholz and French president Emmanuel Macron, two of the officials said.

Spokespeople for Michel and Aliyev declined to comment. A spokesperson for Pashinyan did not respond to a request for comment.

Political crisis

Central banker chosen to head caretaker regime in Slovakia

RAPHAEL MINDER — WARSAW

The deputy governor of Slovakia's central bank will take charge of the caretaker government in a bid for stability after the interim prime minister quit ahead of elections in September.

President Zuzana Čaputová announced the appointment of Ľudovít Ódor late on Sunday, hours after caretaker prime minister Eduard Heger tendered his resignation and called on Čaputová to replace him with a technocrat.

Slovakia's deepening political crisis could pave the way for Robert Fico, a nationalist politician who is sceptical over aid for Ukraine, to return to power. Fico, a former prime minister, is leading the polls ahead of elections set for September 30.

The trigger for Heger's decision was a series of ministerial resignations in the past week, most notably that of agriculture minister Samuel Vlčan after he was embroiled in a scandal involving subsidies received by his recycling company. Foreign minister Rastislav Káčer quit a day later without a specific explanation.

Fico's Smer party has been leading in opinion polls at slightly under 25 per cent of voting intentions, ahead of another opposition party, Hlas, which was founded by another former prime minister, Peter Pellegrini.

The revival of Smer can be largely traced to Fico capitalising on popular resentment about high inflation, which he blames mostly on sanctions against Russia. Moscow was the main supplier of gas and oil to Slovakia before its full-scale invasion of Ukraine last year.

Fico has also claimed that Slovakian sovereignty is being threatened by pressure from Nato and the EU to support Ukraine, after Heger decided in March to send MiG-29 fighter jets to Kyiv without fully consulting parliament.

September's vote could now prove "more critical, as a substantial proportion of the political spectrum is pledging to withdraw support for Ukraine and pressure for immediate negotiations", said Róbert Vass, president of Slovak think-tank Globsec.

Alzheimer's drugs offer hope after decades of false dawns

Treatments slow disease's progress but experts stress medications are not a cure

JAMIE SMYTH — NEW YORK

When Lori Weiss was diagnosed with mild cognitive impairment because of Alzheimer's disease she thought it was a death sentence, given there were no approved treatments that could slow the progress of the debilitating disease.

But after enrolling in a trial of an experimental therapy developed by Eli Lilly, the former teacher says her memory has improved and she is able to do things she previously found difficult.

"I'm able to drive again. I have freedom," said Weiss, 65, who was one of more than 1,700 participants in the late-stage trial of a drug called donanemab.

This week, US drugmaker Eli Lilly published positive results from the trial, raising hopes for a new class of drugs being developed to treat Alzheimer's. It also generated excitement across the pharmaceutical industry, which is enticed by the prospect of selling medicines to the more than 50mn worldwide who suffer from the disease.

The trial showed that donanemab slowed progression of the disease by 35 per cent compared with a placebo over an 18-month period. There is no evidence the drug can reverse symptoms, but the trial showed that the decline in ability to do daily tasks was 40 per cent lower for those on donanemab.

Eli Lilly said it anticipated US regulators would approve the drug later this year based on the trial results, which mark the second significant breakthrough in a year for a class of drugs targeting a disease that is the most common cause of dementia and for which there is no cure. It comes as a new generation of blood tests are being developed which offer the prospect of early detection and treatment for the first time.

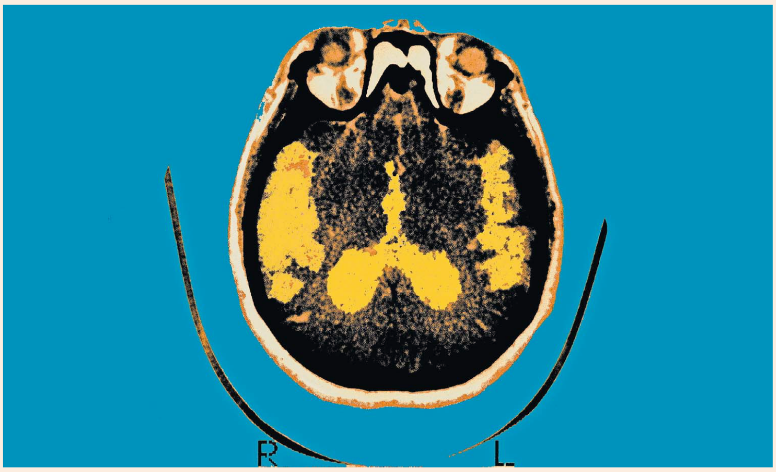
The US Food and Drug Administration in January approved lecanemab, a drug co-developed by Japanese drugmaker Eisai and US biotech Biogen, under an accelerated process. In a late-stage trial the drug slowed the rate of cognitive decline in patients by 27 per cent when compared with placebo.

Both drugs work by reducing the build-up of sticky amyloid plaques in the brain known as beta-amyloid, which are at the centre of a bitter scientific debate about what causes Alzheimer's.

Almost two dozen clinical trials on drugs seeking to treat Alzheimer's by reducing these plaques have failed since 2003, prompting scepticism among some experts that removing amyloid can slow progression of the disease. The FDA approval of another amyloid-reducing drug called aducanumab in 2021, despite conflicting evidence it slowed the rate of cognitive decline, further inflamed the debate.

Eli Lilly said the results of the donanemab and lecanemab trials together proved the "amyloid hypothesis"; the theory that sticky amyloid plaques are the main cause of the disease.

"You should be reassured about the 'amyloid hypothesis' as you can see in medicines, not just ours, but in others that robustly remove plaque, you see clinical benefit," said Anne White, president of Lilly Neuroscience.



Diseased: a scan shows the brain of a patient with Alzheimer's. Below, Lori Weiss
BSIP/UIG/Getty Images

Donanemab showed strong efficacy in removing the plaques in the trial, with just over half of participants able to finish their treatment within a year as they hit the target for amyloid clearance.

The Alzheimer's Association said the results were the "strongest" to date for an amyloid-reducing drug and suggested an "inflection point" for treatment.

Many experts welcomed the Eli Lilly data as a key step forward but cautioned that donanemab was not a cure and the full results of the trial had not yet been published and needed to be studied.

"While this result is greatly encouraging, it is clear we still have a lot more work to do," said Dr Ian Musgrave, lecturer in pharmacology at University of Adelaide, Australia.

"Despite near-total removal of amyloid plaque, the disease still did progress, but at a much slower rate than without treatment."

Scientists are pursuing other targets beyond sticky plaques, including inflammation in the brain, but none of these is as advanced as lecanemab and donanemab. Yet there are concerns over whether the slowdown in cognitive decline achieved by both drugs is clinically meaningful and worth the risks of potentially dangerous side-effects.

Rob Howard, a professor of old-age psychiatry at University College London, said slowing the progression of the disease by 35 per cent sounded superficially impressive, but the absolute differences between donanemab and placebo in cognition and function, apparent from the trial, were so tiny that they would be unnoticed by patients.

"This raises the question of whether taking the drug is worth the risks, given that three people died during the trials from side-effects," he said.

Both drugs can cause side-effects such as brain swelling and bleeding, which can be fatal. This will place a burden on doctors when they recommend treatment, although the lack of alternatives suggests high patient demand.

The price of the drugs; lecanemab is priced at $26,500 per year, and tough restrictions imposed by the US government on reimbursement by publicly funded health schemes for amyloid-reducing treatments are other hurdles.

> 'While this result is greatly encouraging, it is clear we still have a lot more work to do'

After the controversy over the FDA approval of Biogen's aducanumab, the US Centers for Medicare and Medicaid Services said only patients in a clinical trial would benefit from reimbursement. It was the first time the CMS had imposed such restrictions on a drug approved by the FDA and it limits the number of patients on amyloid drugs to a few thousand, rather than the 6mn Alzheimer's sufferers in the US.

"Unfortunately, we are in uncharted territory," said Robert Egge, public policy officer at the Alzheimer's Association, adding that every day reimbursement was denied, about 2,000 sufferers in the US had moved past the window of eligibility, as they were only targeting early-stage patients.

Eisai said it was encouraged by "ongoing productive discussions" with the CMS about lifting the restrictions. This could happen in July when lecanemab is set to get full FDA approval.

Manufacturing

Factory output fall rekindles German recession fears

Business and consumer activity hit by inflation and high borrowing costs

MARTIN ARNOLD — FRANKFURT

A sharper than expected fall in German industrial production has prompted economists to warn that Europe's largest economy is likely to slide into a recession after factory orders, retail sales and exports also suffered significant declines.

The German economy withstood the energy crisis sparked by Russia's full-scale invasion of Ukraine without the steep downturn feared by many analysts. But recent data suggests business and consumer activity is being hit by high inflation, rising borrowing costs and slowing trade.

Industrial production fell 3.4 per cent in March compared with the previous month, the biggest drop for 12 months, according to the federal statistical office. Economists had forecast in a Reuters poll that it would fall 1 per cent. "These are overall grim numbers," said Claus Vistesen, economist at research group Pantheon Macroeconomics.

Vistesen said that despite March's decline, first-quarter industrial production was still up 2.4 per cent on the previous quarter. But he added: "Unfortunately, the slide in output at the end of the first quarter now leaves a very weak carry-over for the second quarter."

Carsten Brzeski, an economist at Dutch bank ING, said lower industrial output "increased chances of a downward revision of first-quarter GDP growth". He added: "Any downward revision would actually mean that the economy had still fallen into recession, after all."

The flash forecast of first-quarter gross domestic product in Germany released on April 23 indicated that it had stagnated from the previous quarter, an improvement from the 0.4 per cent contraction in the final quarter of last year. Revised first-quarter data is due on May 25 and a second consecutive quarterly decline in GDP would meet the definition of a technical recession.

The drop in industrial output reflected declines in most sectors. The biggest fall was a 6.5 per cent drop in production among carmakers. Output also fell 3.4 per cent at machinery and equipment manufacturers, and 4.6 per cent in construction.

Industrial output remains below pre-pandemic levels and the gloom among manufacturers deepened after a 10.7 per cent drop in factory orders in March, the biggest monthly fall since pandemic lockdowns in April 2020.

Retail sales dropped 2.4 per cent in March, the biggest monthly decline of any eurozone country. Exports fell 5.2 per cent from the previous month, hit by particularly strong declines in shipments to the US and China.

The unexpectedly weak data came only days after the Robert Habeck, economics minister, raised the official growth forecast for this year from 0.2 per cent to 0.4 per cent, saying energy subsidies had helped to avoid a recession.

Economists expect an unprecedented rise in interest rates, combined with persistently high levels of inflation, to weigh on consumer and business activity for much of this year.

"We therefore expect industrial production to continue to decline in the coming months and contribute to the fact that the German economy will not recover in the second half of the year, but rather that a mild recession is to be feared," said Ralph Solveen, an economist at German lender Commerzbank.

Default risks. Looming deadline

Polarised US parties put debt talks on knife edge

Polls show only a small majority of public supports Biden in quest to end crisis

LAUREN FEDOR AND JAMES POLITI
WASHINGTON

Tough stance: Joe Biden, centre, has for months said he is unwilling to negotiate with Kevin McCarthy, right, over the debt ceiling Jacquelyn Martin/Getty Images

Joe Biden is facing one of the most politically treacherous moments of his presidency as he tries to defuse a crisis over the debt ceiling in tense fiscal talks with Congress due to start this week.

The US president is scheduled to meet congressional leaders of both parties today, with a looming deadline of early next month for new legislation to lift the $31.4tn borrowing limit or risk a default on debt and other government payments.

But while opinion polls suggest a slim majority of the public are sticking with Biden in the stand-off with Republican House Speaker Kevin McCarthy, analysts warn his political edge is fragile. He continues to suffer from low approval ratings, particularly on the economy, even after last month's launch of his 2024 re-election campaign.

A default, or even a brush with it, could shake the financial sector and deliver a blow to the broader economy.

"The longer it goes on, especially if you start talking about disrupting markets . . . people tend to blame the president more than they blame Congress," said Doug Heye, a Republican strategist.

Biden has for months said he is unwilling to negotiate over the debt ceiling. He has called on Republicans to do what they did in previous years under then-president Donald Trump: raise the borrowing limit without preconditions.

Republicans in Congress, however, have sought to tie raising the debt limit to steep spending cuts, something Democrats argue amounts to holding the economy "hostage".

Biden's hand was weakened last month when Republicans passed a House bill that would raise the debt ceiling by $1.5tn, or until next March, whichever comes first.

"Democrats can reject the premise that the debt ceiling should be negotiated, but in terms of optics, McCarthy comes across as reasonable and there is no clear message to voters that one side is to be held responsible for a default," said Ben Koltun of Washington-based Beacon Policy Advisors.

The Republican bill cuts spending for government programmes, some of them popular, as well as reversing many Biden administration policies, including clean energy tax credits.

The legislation is destined to fail in the Democratic-controlled Senate. Even so, prominent business groups and some centrist members of Biden's own party have called on the president to use it as a starting point for talks with McCarthy.

But any deal appears far away. Both Biden and McCarthy are practised in politics based on relationships and "always looking to prove naysayers wrong. If there was a deal to be made on the debt ceiling, that would avoid blowback with their respective bases, they would both take it in a heartbeat," Koltun said.

Most Democrats still back Biden's willingness to negotiate on budgetary matters and his refusal to attach conditions to the debt ceiling. Many are wary of Republicans' motivations in any talks, fearing they are simply looking for ways to hurt the economy and blame Biden for it.

"The White House is correct in separating these discussions," said Bill Foster, an Illinois Democrat on the House financial services committee. "It is quite possible that we have to see a bad reaction in the markets before we see a sensible way out of this."

A Washington Post/ABC poll published last week found the public were divided over who to blame if there is a default, with 39 per cent of respondents saying they would mainly blame Republicans in Congress and 36 per cent saying they would pin the blame on Biden. Sixteen per cent said they would blame both sides equally.

The same survey found that 58 per cent sided with Biden's stance that the debt ceiling and federal budget should be handled separately. But support for the president's position has fallen 7 percentage points since February, when the question was previously asked. Alarmingly for the White House, a separate Washington Post/ABC poll released on Sunday found Trump leading Biden in a potential 2024 presidential rematch.

McCarthy faces his own challenging calculus. His political future is still tenuous after he allowed rule changes that made it easier for members of his own party to call a vote of no confidence in him, part of a deal that enabled his election as Speaker this year. That means rightwing members of his caucus wield an outsized influence and can reject any potential concessions to the Democrats.

In the last big debt ceiling stand-off in 2011, Biden, who was then vice-president, negotiated an eleventh-hour agreement with House Republicans. But the brinkmanship stoked market turmoil and led Standard & Poor's to downgrade the US's triple A credit rating.

'It is quite possible we have to see a bad reaction in the markets before we see a sensible way out of this'

While many in Washington are quietly optimistic of another last-minute deal, others warn that the polarised environment sets the stage for a fiscal showdown.

"There is sort of this assumption here that we are not going to breach the debt limit because we never have before," said Heye. "If we have learnt anything over the past five or six years, much less the past 10, it is that assuming something is not going to happen because it is unprecedented is foolish."

Volatility warning

Debacle risks 'severe damage to economy'

Economists are becoming increasingly concerned that the US will generate fresh turbulence in the coming weeks when it hits its debt ceiling and is unable to pay all its bills.

With the two main political parties unable to agree an increase in the $31.4tn ceiling on US federal debt, Janet Yellen, Treasury secretary, has warned that measures to circumvent the limit will run out of road as soon as June 1.

At that point, the federal government would face various unpalatable options, ranging from delaying payments to contractors, social security recipients, Medicare providers or agencies; to defaults on payments on government debt. It could also carry on spending in defiance of the ceiling.

In any of these scenarios, analysts believe a political, financial and economic crisis would be hard to avoid.

Mohamed El-Erian, president of Queens' College, Cambridge university, said the expectation was that a last-minute deal would be struck. If that failed, "we should expect another layer of financial volatility". "It would come at a time when the global system is facing growth and inflation headwinds, and is also keen to contain the banking tremors to a particular sector of the US system," he added.

Nathan Sheets, global head of international economics at Citigroup and a former US Treasury official, said: "It amplifies all the other concerns that people have." There was a "multiplicative kind of effect with the debt ceiling, where people are a little more on edge and they're a little bit more nervous about this kind of systemic risk".

The last time the US was so close to hitting the debt ceiling was in 2011. Even though a deal was eventually struck, four days later Standard & Poor's, the credit rating agency, stripped the AAA rating from US government debt. The downgrade sent US share prices down more than 5 per cent in a day and exacerbated the deepening eurozone crisis.

'We shouldn't even be talking about a world in which the US doesn't pay its bills'

Michael Feroli, chief US economist at JPMorgan Chase, said in some ways the US economy was stronger now. But hitting the ceiling would still be destabilising. "If you have a flu, you don't want to get hit by a bus. But you never want to get hit by a bus," he said.

The exact consequences of a repeat flirtation with breaking the debt ceiling are impossible to gauge precisely. But US officials think they would be serious.

Fed chair Jay Powell said last week that failing to raise the limit would pitch the US economy into uncharted territory". "We shouldn't even be talking about a world in which the US doesn't pay its bills. It shouldn't be a thing," he added. "No one should assume that the Fed can protect the economy and financial system and our reputation from the damage that such an event might inflict."

According to the White House's Council of Economic Advisers, a protracted US default "would probably lead to severe damage to the economy, with job growth swinging from its current robust gains to losses numbering in the millions". They forecast an "immediate, sharp recession" with the intensity of the downturn seen during the global financial crisis more than a decade ago.

Even a default that was corrected quickly could prompt a sharp drop in growth. Economists from Moody's warn that 2mn jobs could be lost under such a scenario.

Economists at the Brookings Institution, a Washington think-tank, cautioned in a recent report that even a shortlived impasse would lead to "sustained and completely avoidable damage". Wendy Edelberg and Louise Sheiner, the authors, said the extent of the damage depended in large part on how the government chose to prioritise its payments, something that would inevitably result in legal challenges.

Chris Giles in London and Colby Smith in Washington

European Commission

Von der Leyen rapped over lack of action against single market rules infringement

IAN JOHNSTON — BRUSSELS

Brussels' action against breaking of single market rules has plummeted under Ursula von der Leyen, with business groups and member states warning that laissez-faire enforcement is placing the 30-year-old project at risk.

Financial Times analysis shows European Commission action against internal market infringements by member states fell 80 per cent between 2020 and 2022, the first three years of von der Leyen's term as president, when compared with the corresponding period under predecessor Jean-Claude Juncker.

Failing to uphold single market rules — set up to ensure the free movement of goods, capital, services and people across the bloc — can lead to member states adopting different standards that gum up cross-border business and hamper competition with rivals.

Kone, a Finnish lift manufacturer that operates in 30 different countries, warned that a lack of commission oversight of the main EU directive on lifts had contributed to varied national regimes emerging for producers.

"The more we can do the same product across all countries, it is better for consumers because you have slightly lower costs," said Henrik Ehrnrooth, Kone chief executive. "The standards should be set by Europe. If they are not clear, that void will be filled [by member states]."

Business groups have also warned about signs of increasing protectionism from governments.

A commission document presented to member states in February and seen by the FT shows that barriers to retail businesses have increased in countries including Hungary, Germany, Belgium and Poland since 2018, with France having the most restrictive conditions.

These include extra hurdles on sourcing goods from other member states, an apparent contravention of rules on the free movement of goods.

On top of infringements by member states, some businesses are also calling for more active enforcement to prevent allegedly anti-competitive practices by companies.

Ahold Delhaize, a Netherlands-headquartered supermarket active across seven European countries, said it regularly noticed different purchase prices on branded products made in the same factories but sold in different countries.

"We cannot explain these price differences," said Wouter Kolk, chief executive of the retailer's Europe and Indonesia divisions. "If the EU were to introduce single-market legislation that would allow retailers to buy at a European level, consumer prices would benefit significantly."

Infringement actions can include warnings, financial sanctions or referrals to the European Court of Justice.

Ursula von der Leyen: EU executive arm hailed effect of single market

The commission did not respond to requests for comment.

Commission enforcement can fluctuate because of new directives being introduced and states failing to meet new rules. In 2016, it outlined a "more strategic approach to enforcement", focusing on cases with single market relevance and economic importance.

More use of a structured, problem-solving dialogue system between member states and the commission, known as EU Pilot, had also helped lower cases, the commission said in its latest report on infringements in 2021.

This year, 51 decisions have been passed on internal market-related infringements, excluding case closures. This is more than double last year's total. But just seven of 246 cases launched through EU Pilot in 2021 concerned the internal market and related categories. At the end of 2021, 1,930 infringement cases were open across all policy areas, compared with 1,564 at the end of 2019.

"A less generous interpretation [of the fall in infringements] is that the commission simply did not launch difficult cases," said Lasse Hamilton Heidemann, senior director at Dansk Erhverv, Denmark's chamber of commerce.

A commission document marking the single market's 30th anniversary last month hailed it as "one of the greatest achievements of the EU". It has boosted gross domestic product for EU countries by about 9 per cent than would otherwise be the case, the commission said.

"The commission has had short-term concerns with Covid, Ukraine and Brexit," one member-state official said. "The focus now has to be on the single market."

Turning point Blacklisted Huawei shows other Chinese groups how Beijing's funding can cut their reliance on US tech ➔ PAGE 7

Companies & Markets

Tech chiefs call for rethink of EU plans on data sharing

- Five groups seek to pause legislation
- 'Serious risk' to secrets and security

ANDY BOUNDS AND JAVIER ESPINOZA
BRUSSELS

The chief executives of five leading EU tech groups have called for Brussels to amend proposed data-sharing legislation, saying the new rules would force them to give up trade secrets and hand a competitive advantage to China.

The intervention by the heads of SAP, Brainlab, Datev, Siemens, and Siemens Healthineers — a separate company — marks the latest backlash from tech companies against the EU's Data Act, part of a string of digital rules aimed at giving Europe a competitive advantage on data access.

The chief executives have written to European Commission president Ursula von der Leyen asking for a pause to allow changes to the proposals, which spring from a sense among European regulators that the bloc lost out to the US in the past. The latest plans would oblige companies to share data with users, other businesses and governments.

> 'By forcing data sharing, we are breaking the backbone of future data-driven business models'

The executives said the plans "could do lasting damage to the competitiveness of some of Europe's most successful companies employing millions. Furthermore, we believe it could pose serious risks to cyber security and safety."

The letter, organised by business group DigitalEurope, is also addressed to Margrethe Vestager, the EU's competition commissioner, Thierry Breton, who is responsible for implementing the bloc's digital rules, and the Swedish presidency of the EU, which represents member states.

"The Internet of Things is an area where European companies are leading," the executives said. "Companies have spent years investing in [research and development], developing data-powered products and services.

"By forcing data sharing, we are breaking the backbone of future data-driven European business models, with little guarantee of what comes next."

Stefan Vilsmeier, chief executive of health technology group Brainlab, said the plans would force companies to reveal too much business information and "weaken Europe's economy in competing with [others], especially China".

Bernd Montag, chief executive of Siemens Healthineers, a medical devices company, said the proposal would override safety requirements for its products. "Both patients and healthcare professionals could be harmed if malicious entities were to tamper with the security, safety or quality of medical devices," he said.

The letter comes as member states and legislators wrangle over "outstanding political issues", according to a progress report on the plan by the Swedish presidency of the EU that was seen by the Financial Times.

These issues include: limits on the use of data from institutions, such as the commission; excluding small businesses; whether some EU institutions should be exempted from the rules; and how to share data in emergencies.

Sweden hopes to reach a joint position among member states by June 27, the document says. For the draft law to be approved, they and the European parliament must agree on a final text.

Cecilia Bonefeld-Dahl, director-general of DigitalEurope, urged a delay, saying "we seem to be hurtling through the legislative process like a runaway train".

Industry groups have already issued a joint statement condemning the Data Act as a "leap into the unknown".

Open mine Bullish Barrick hunts for takeover targets amid confidence in gold and copper

Plant commissioning at the Dominican Republic's Pueblo Viejo site helped push Barrick's earnings down

HARRY DEMPSEY

Barrick Gold's Mark Bristow is on the hunt for takeovers as rival Newmont tries to push through a mega-deal, forecasting a market rally in his company's two key commodities.

The pugnacious chief executive of the world's second-largest gold mining group expects gold and copper prices to rise, lifting mining stocks.

His comments mark a step up in the serial dealmaker's mergers and acquisitions rhetoric after playing down the need to counter the $19.5bn all-share non-binding bid by Newmont, the world's largest gold company, for Australia's Newcrest. He added that the group had the "luxury of picking and choosing M&A opportunities" after improving operations following its takeover of Randgold five years ago and a four-year effort to build a strong exploration team.

"Because of our broad footprint of exploration across all prospective tier-one gold and copper jurisdictions, we have our geologists on the front lines. We have a much better understanding of the M&A activity than most of our peers," he said.

Newcrest granted Newmont an exclusivity period to conduct due diligence that ends on Thursday.

Bristow brushed aside concerns about dealmaking at a time when gold's price is nearing an all-time high at more than $2,000 per troy ounce.

Copper assets are fiercely desired by many mining companies because of the estimated demand growth owing to the switch to electric cars, wind farms and for transmission cables, although prices have fallen since January on a disappointing rebound in China.

Bristow said "there's significant upside risk for the gold price and the copper price" because of tightening supply for both and threats to US dollar strength as well as central banks' shift to diversify reserves by holding gold in place of the greenback.

Even so, Bristow has ruled out at this stage bidding for the base metals unit of Canadian miner Teck Resources, which could be spun out. Teck was the target of a hostile $23bn bid from London-listed Glencore.

In the markets, copper prices have fallen almost 10 per cent to about $8,500 per tonne since January. However, mining executives and traders warn that historically low levels of inventory raise the risk of prices spiking later in the year.

In the case of gold, the sector is considered ripe for consolidation because it is relatively fragmented and companies have fallen out of favour in the past over investment decisions.

Barrick's gold production dipped to 952,000 ounces in the first quarter, down from 990,000 a year ago, owing to planned maintenance at its processing plant for its gold mines in Nevada and the start of plant commissioning at Pueblo Viejo in the Dominican Republic. That contributed to pushing adjusted net earnings down by almost half, to $247mn.

Barrick is seeking to grow its copper business by developing Reko Diq in Pakistan's Balochistan province.

PwC Australia boss resigns over tax law leaks scandal

NIC FILDES — SYDNEY

The head of PwC in Australia resigned as chief executive three days after admitting he had received emails regarding confidential government information on changes to tax avoidance laws to win new business.

Tom Seymour, chief executive of PwC Australia since March 2020, stood down with immediate effect following a discussion with the board of partners yesterday. Kristin Stubbins, its head of assurance, will serve as acting chief executive.

"We have agreed with Tom that it is in the best interests of the firm and our stakeholders," said PwC.

Tracey Kennair, chair of the board of partners, said PwC needed to rebuild and enhance trust in Australia, one of its largest markets, where it has launched a review of its practices.

"The independent review previously announced, in addition to the changes already made, will help us meet this objective," she said.

PwC has been embroiled in a scandal since February when the Tax Practitioners Board, the industry watchdog in Australia, banned Peter-John Collins, PwC's former head of international tax in Australia, for circulating information with other PwC staff from confidential meetings with the Treasury over new laws designed to curb tax avoidance.

Emails released by a Senate committee last week revealed that PwC had used the confidential information provided by Collins, who had signed strict non-disclosure agreements, to advise its clients and win new business.

Seymour, who was managing Collins when he ran the Australian arm of PwC's tax unit, admitted he was among partners who received some of the emails regarding the financial success of the tax advice in 2015 and 2016.

The emails showed that the information was shared with colleagues in the UK, Ireland and US and the emails contained praise for the "accuracy" of Collins' advice in winning millions of dollars' worth of new business in North America. The Australian tax partners had worked "extensively" with other PwC offices, including in the US, Netherlands and Singapore, one email said.

Australia is one of PwC's biggest partnerships, reporting A$3bn ($2bn) of revenue in its most recent financial year. The unit counts the Australian government as its largest customer.

JPMorgan's expanding empire should worry US regulators

INSIDE BUSINESS
FINANCE
Patrick Jenkins

His ears are smaller. And there is no crown. But on Wall Street, at least, Jamie Dimon is America's answer to King Charles III — adulated by some, resented by others, but incontrovertibly powerful.

Days before the British monarch's coronation, Dimon cemented his royal status in finance with another landmark deal for JPMorgan Chase, the bank he has led since 2005. With the state-orchestrated takeover of the failing First Republic, JPMorgan has swelled to three times its size before the 2008 financial crisis, and now commands an asset base of nearly $4tn.

The First Republic takeover is reminiscent of two larger crisis-triggered rescue deals from 2008, when policymakers worked with Dimon to facilitate JPMorgan's purchase of the failing Bear Stearns investment bank and Washington Mutual, a troubled commercial lender. The Federal Deposit Insurance Corporation, which manages US bank failures and administered the First Republic transaction, made clear JPMorgan had won the deal ahead of other bidders, in essence thanks to its heft. It could afford to offer a better value package to the FDIC — and the organisation has a legal duty to choose the "least cost" solution.

But this is a self-perpetuating argument, and with the banking turbulence of recent months turning into a full-blown regional banks crisis, JPMorgan could become the natural buyer of other troubled banks. That feels neither healthy nor sustainable. Respecting the "least cost" law, without considering the longer-term bigger picture, is myopic.

Not that the short-term picture is cloudless. The febrile financial mood of recent months has so far proved helpful to big banks, which command greater trust from depositors and equity investors. But, theoretically at least, instability could spread beyond the regional banks — especially if the looming US government debt ceiling leads to louder, if implausible, suggestions of a default.

In that kind of bleak scenario, the bigger the bank, the greater the problem. Relative to the systemic risk big banks pose to their home countries elsewhere in the world, JPMorgan is modestly sized. Its assets are less than 17 per cent of US gross domestic product. The bank would have to rescue another 102 First Republics to even match US GDP (or 234 of them to get to twice GDP, UBS's size relative to the Swiss economy after its rescue of Credit Suisse).

> However good or bad these transactions prove for JPMorgan, it is clear they create a bank more challenging to handle

In market share terms, too, JPMorgan looks modest by international standards, with a domestic deposit share of less than 15 per cent, half that of UBS, post-Credit Suisse.

In an absolute sense, though, JPMorgan is vast and unparalleled in the western world. (Only China's big four lenders outweigh it in assets.) And, with critics voicing their opposition to its go-to status for the FDIC, there is a chance that the bank is forced to meet tougher regulatory standards. It already has an unusually high core equity tier one capital ratio — a crucial measure of financial strength — in large part because it is subject to the highest capital surcharge of any global systemically important bank. That surcharge could go higher still, some analysts believe, offsetting the financial benefit of its growing scale.

Which brings us to the question of whether JPMorgan benefits from such deals. Looking back at its (far bigger) 2008 acquisitions yields a mixed conclusion. Although they bolstered business in certain areas, the acquired businesses also accounted for the majority of the $19bn of legal costs and penalties it ended up paying, largely related to legacy mortgage misdemeanours. (The experience prompted Dimon to pledge that he would "not do something like Bear Stearns again".)

However good or bad these kinds of transaction prove for JPMorgan, it is clear they create an ever bigger bank that becomes ever more challenging to handle. One reason for Dimon's quasi-regal status is that he has a consistent record of rising to that challenge — with the obvious exceptions of the $6.2bn London Whale trading scandal and the bank's odd allegiance to former client and late convicted sex offender Jeffrey Epstein, related to which Dimon himself is being deposed next month.

But if there are doubts about the 67-year-old's ability to run an increasingly large and complex bank, there are many more about the (unknown) heir to his throne. Even without that succession risk, the US authorities should be weighing an urgent question: is JPMorgan just too big — too big to fail, too big to manage or, as the FDIC seems to think, too big to manage without?

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Automobiles

Bentley criticises lack of UK incentives

Boss warns government has fallen behind in luring EV and battery start-ups

PETER CAMPBELL — LONDON

The UK's failure to attract investments from electric vehicle start-ups or large battery makers was "concerning", the chief executive of luxury-car maker Bentley has warned.

The government needs to deal with energy costs to spur investment and compete with other countries whose incentives are "an order of magnitude more attractive than the UK", Adrian Hallmark told the Financial Times. His comments come as governments across the world vie to attract battery manufacturing plants in order to protect their own car industries as they gradually switch to making electric vehicles.

Companies such as Bentley's owner Volkswagen are choosing "Canada, Spain, Poland, Belgium, even Germany — one of the highest-cost markets in Europe" to locate battery factories, he said. In these countries "the incentives that are offered, which are all publicised, are an order of magnitude more attractive than the UK", he added.

Speaking ahead of the FT Future of the Car Summit this week, the Bentley chief said: "It's surprising, if not a bit concerning, that no [electric vehicle] manufacturer or battery manufacturer has chosen the UK over any other location as an investment destination."

He also pointed out that "no one has

> Sweeteners offered by other countries 'are an order of magnitude more attractive'

chosen so far to put any strategic investment in green mobility into the UK beyond the incumbents".

The three-day event starting in London today will feature chief executives or senior leaders from Ferrari, Geely, Renault, Nissan, Volkswagen, Stellantis, Ford and Aston Martin, as well as electric car start-ups Polestar and Fisker.

While the UK has previously held talks with start-ups including Rivian and Tesla, so far none has chosen to build factories in the UK. China's BYD earlier this year said that it did not even consider a plant in the country because of its decision to leave the EU.

Chinese battery group Envision is building a second, larger battery plant for Nissan in Sunderland, and is expected to work with India's Tata on a site to serve Jaguar Land Rover, which will be in either the UK or Spain.

The government should offer "affordable energy prices and at least something approaching equivalent incentives to get the ball rolling in terms of inward investment," Hallmark said, adding that UK energy costs are about a third higher than on mainland Europe.

Bentley has committed to making its future electric cars in the UK as part of a €3bn investment into its Crewe facility, but plans to use imported batteries.

The brand, which made about 15,000 cars last year, is not large enough to support a dedicated battery plant in the UK, Hallmark said. "To get a critical mass, to create a gigafactory and to make it work from an economic point of view is going to be a real challenge in the UK, unless a big player steps in to fulfil their own needs and has spare capacity."

Automobiles. Expansion drive

Rivian sets out to become the new Normal

Cash-burning EV start-up is recruiting workers in Illinois to meet 50,000-delivery goal

CLAIRE BUSHEY — NORMAL, ILLINOIS
PETER CAMPBELL — LONDON

Jobs on the line: Rivian's move to scale up production of its pick-up trucks in Normal, Illinois, is being backed by Keith Cornille, below, president of Heartland Community College — Jamie Kelter Davis/Bloomberg; Justin Lane/FT

Spotting an electric truck on the road remains a novelty in most of the US, but not in Normal, Illinois.

The town in the Midwestern corn belt is home to the manufacturing operations of Rivian, the battery-powered vehicle start-up worth more than Ford or Volkswagen soon after it listed 18 months ago.

Rivian's market capitalisation has since crumbled from a peak of $162bn to $12.5bn in the face of production shortfalls and intensifying competition from carmakers both established and new. It is expected to report a $1.7bn operating loss on $654mn in revenue in first-quarter results today, according to a compilation of analysts' estimates.

Much of Rivian's future is riding on Normal. And the economy of Normal, population 54,000, is now tied to Rivian. The town government bought one of its trucks for its fleet and has ordered a sport utility vehicle.

"We want it to succeed," said Keith Cornille, president of Heartland Community College in Normal. "If they're suffering, like in any family, we're suffering."

Rivian founder and chief executive RJ Scaringe chose Normal for its first factory, buying a former Mitsubishi car plant weeks away from demolition for $16mn in 2017. The purchase price was a bargain, and Normal — the site of the Midwest's first Tesla supercharger — had attempted to position itself as an electric vehicle hub. Scaringe told a local radio station that the Normal area, with a diverse economy that includes agriculture, universities and the headquarters of the State Farm insurance company, was different from other regional towns that had lost manufacturers.

"If you look at other plants in the Midwest, and areas affected by their plants shutting down or manufacturing moving out of the area, you don't have this level of energy," he said. "You don't have this level of progressive thinking."

The company is now the second-largest employer in the metro area that includes Normal and neighbouring Bloomington. About 7,500 people work at the plant, roughly half of its workforce. Signs of enthusiasm for Rivian are visible around town, from the company logo emblazoned on the mayor's Patagonia jacket to the "Rivian Buzz" popcorn sold by a local shop, topped with sprinkles in the carmaker's signature blue.

The factory struggled to meet ambitious production goals last year, slashing planned deliveries to 25,000 vehicles from 50,000. The problems recalled challenges that confronted Tesla when it scaled up, a period its founder Elon Musk described as "production hell".

"What we're witnessing now is the difficulty of scaling up production in the auto industry," said Fitch Ratings analyst Stephen Brown. "It's a very expensive proposition that requires a tremendous amount of cash in the early years, and manufacturers have to get through that before they can get to scale and start generating some profitability . . . It's a race to get to the other side, before the cash runs low."

One of Tesla's early, high-profile manufacturing mistakes included making late changes to products that forced suppliers to change their tooling, adding costs to the process and straining all-important supply chain relationships.

At Rivian, a late change to the headlights sent ripples down the supplier base and forced expensive tooling changes, according to two people with direct knowledge of the process.

The speed of the vehicle design process meant that design flaws "were coming up as we were building the vehicle," said one former employee, with last-minute changes causing "hiccups".

"It's a common affliction among the start-ups, they all underestimate how difficult it is to perform the assembly operation," said one supply chain consultant who works with several US-based manufacturers.

Tim Fallon, vice-president for manufacturing operations at Rivian, joined the company after 16 years at Nissan. While the start-up did make mistakes, he said: "I wouldn't call it 'production hell'. I would say it's being in the auto industry."

The company now was emphasising "design for manufacturability", he said. That means adjusting how a vehicle is put together so it can be done more efficiently, with fewer mistakes. For example, Rivian revamped how it makes and installs wire harnesses, which allow electricity to flow through the trucks.

The semiconductor shortage that bedevilled the automotive industry in 2021 and 2022 hit Rivian, too. It deployed employees to suppliers to help them meet the carmaker's needs. But some prioritised sending chips to customers delivering cars by the millions.

"The economies of scale is definitely real and has had an impact," Fallon said. "Now that we have proven that we can build and can get product out . . . we continue to gain the trust and respect of our suppliers, putting us on more level footing with the other [carmakers]."

> 'They're starting to get their production up. They're all drinking from the fire hose out there right now'
>
> Chris Koos, Normal mayor

Rivian now plans to produce 50,000 vehicles in 2023. It began hiring for a second shift in Normal employing at least 1,700 people by the middle of the year. "They're starting to get their production up," said Chris Koos, Normal's mayor. "They're all drinking from the fire hose out there right now."

The company faces a tight labour market, Koos said. The unemployment rate for the area in March was 3.4 per cent, just under the US figure. As Rivian expands, the region's share of people employed in manufacturing has jumped from 1.9 per cent in March 2022 to 9.9 per cent 12 months later.

Aiming to build the local workforce, Normal's community college developed a programme to train students on the manufacture and repair of electric vehicles and batteries. Heartland received a $7.5mn grant from the state of Illinois and is building a nearly 6,300-square foot facility where students will work on vehicles. Rivian has loaned vehicles and an instructor to the programme.

"We try to change as quickly as we can to meet their needs," Cornille said. "They need more workforce."

The hot local labour market is running hand in hand with a hot property market. A 2022 report from the Bloomington-Normal Economic Development Council found that "new workers to the region cannot find adequate housing and longstanding residents are facing rapidly increasing housing costs". The price of a typical home rose 32 per cent in Normal between January 2017 and January 2023, according to Zillow.

Homebuilder Marty Trunk said his business Trunk Bay Companies had expanded from five to 10 houses a year to a range of 15 to 20. Some customers have been Rivian employees. He now wires garages to make it easy to install an electric car charger. "It's been a huge boost for our town," Trunk said. "There are a lot of people cheering for them."

Rivian burnt $6.4bn in cash in 2022, ending the year with $11.6bn on its balance sheet. Chief financial officer Claire McDonough said in February that the burn would slow next year when Rivian expects a gross profit, compared with a $3.3bn gross loss in 2022. The company had enough cash to fund operations through to the end of 2025, she said.

For 2023, Rivian forecast an adjusted loss before interest, tax, depreciation and amortisation of $4.3bn. McDonough said long-term financial targets included an adjusted earnings before interest, tax, depreciation and amortisation margin in the "high teens", but did not specify the timeline.

Wall Street and Normal's Main Street will be watching closely.

Financial services

China raids Capvision offices amid accusations of security risks

RYAN MCMORROW — BEIJING
DEMETRI SEVASTOPULO — WASHINGTON

China said yesterday that state security services had raided multiple offices of international consultancy Capvision, accusing advisory groups of ignoring national security risks and passing on sensitive information abroad.

Authorities questioned employees and inspected Capvision's offices in Shanghai, Beijing, Suzhou and Shenzhen in a campaign to clean up the consulting industry, state media said.

Chinese media reported that consulting groups had tapped personnel in "our party and government organs and other clandestine units" to provide sensitive information to clients abroad.

The raids on Capvision were the latest Chinese actions against consulting groups carrying out due diligence and other corporate advisory work in the country, often at the behest of international investors and multinationals.

Police raided the Beijing office of US due diligence group Mintz in March, detaining five employees. Authorities weeks later questioned employees and took away materials at the Shanghai premises of Bain & Company, the blue-chip US consultancy.

While there had been previous reports of problems at Capvision, the

> State media said foreign groups were turning to consulting groups to glean sensitive information

primetime coverage by state media outlets yesterday marked the first time Chinese authorities acknowledged the scale of the actions against the company and the wider crackdown on the industry.

An in-depth report by state broadcaster CCTV said foreign groups were turning to consulting groups in China to glean sensitive information, while a separate state media report said authorities would step up supervision to "guide the sector's healthy development".

The CCTV report focused primarily on Capvision, accusing it of setting up interviews with prominent experts in areas such as government policy, national defence and technology, and said a few had revealed sensitive and secret information.

While such conversations may be considered less sensitive elsewhere, Chinese authorities have clamped down on passing any data abroad and increasingly view corporate due diligence in a sinister light.

The spate of actions against consulting groups has caused growing fear in the international business community.

The US Chamber of Commerce last month warned that Chinese scrutiny of US companies had risen "dramatically", particularly in the wake of a new counter-espionage law that appeared to broaden the scope of material deemed sensitive for national security reasons.

Video footage on China's main state-run primetime broadcast showed police cars descending on an office park and teams of officers interrogating Capvision employees and photographing everything from servers to hard drives.

Capvision, with headquarters in New York and Shanghai, specialises in connecting international investors and management consultants with subject specialists from its network of experts.

Capvision did not immediately respond to a request for comment, although it did say on Chinese social media it would "resolutely implement the development of national security" and lead a clean-up of the industry.

Telecoms

UniSuper buys $680mn mobile tower stake

NIC FILDES — SYDNEY

Australia's universities pension fund has taken a A$1bn ($680mn) stake in Vodafone's former mobile towers business Vantage, as more "superfunds" look to Europe for opportunities.

UniSuper — a A$115bn fund that will hold a 5 per cent stake in Vantage Towers — joins Vodafone, KKR, Saudi Arabia's Public Investment Fund and activist Elliott Management as shareholders in one of Europe's largest masts businesses, covering 10 countries.

The deal is the latest sign that Australia's growing superannuation industry — the world's fifth-largest pension system at A$3tn — is looking outside its home market for growth.

Another major superannuation fund, Aware Super, opened an office in Europe last year and said it would invest A$16bn there and in the US over the next three years. AustralianSuper, Australia's largest pension fund, with stakes in the King's Cross and Canada Water property developments in London, plans to spend £23bn in Europe and the US in the next five years.

UniSuper is an active investor in Australian infrastructure. It backed the A$23.6bn consortium that took Sydney Airport private last year, rolling its stake into the unlisted vehicle in one of the country's largest deals. It is also the largest shareholder in toll road operator Transurban Group.

The Vantage Towers deal, however, represents one of its most significant moves overseas, as superfunds look for opportunities to geographically diversify their investments. It is the university fund's first direct unlisted infrastructure investment overseas.

Alex Dunnin, director of research at Rainmaker Information, said the move into telecoms infrastructure would diversify its position in private markets, where it is exposed to unlisted office property. "Given the performance track record of this asset class, it's no surprise UniSuper has looked to enhance its private markets portfolio," he said.

Mobile towers have become a focus for infrastructure investors in recent years as telecoms companies have sold off the masts — which carry mobile equipment but can also generate predictable long-term cash flows — to free up funds to invest in network upgrades.

Automobiles

VW plans software management shake-up

PATRICIA NILSSON — LONDON

Volkswagen is planning a shake-up at the top of its software arm, which has been plagued by delays and budget misses.

Cariad, the German software arm created in 2020, has been beset with problems that had led to delays in the launch of new models. One of the priorities for VW's new chief executive Oliver Blume has been to sort out Cariad's software strategy, which is becoming increasingly important in the era of the internet-connected car.

Cariad's supervisory board will propose Peter Bosch, a VW veteran who in 2017 joined Bentley, as the unit's new head, according to two people familiar with the talks. The software arm's current chief Dirk Hilgenberg, as well as technology chief Lynn Longo and chief financial officer Thomas Sedran, were all looking for new posts within the VW group, the people said.

Bosch, who has been credited with turning around the formerly lossmaking Bentley, does not have a background in software but would be supported by two additional "software experts" to be hired in the coming months.

Oliver Blume: chief is prioritising the automotive software unit's strategy

Cariad was launched under former VW boss Herbert Diess. Its mounting issues were among the key factors leading to his departure last year.

The unit was created by amalgamating roughly 1,500 software developers from VW, Porsche and Audi and it has since hired an additional 4,000 people, with branches in the US and China.

VW posted strong first-quarter sales figures in Europe and the US last week but revealed that car deliveries had further declined in China, its most important market. Software is a key pressure point for VW in China, where local brands have taken the lead in terms of in-car entertainment and other aspects of how drivers interact with their cars.

Huawei goes local in response to US sanctions

Beijing funding helps blacklisted tech group lead the way in Chinese attempt to reduce reliance on exports from the west

QIANER LIU — SEOUL

In Huawei's head office last month, staff gathered to celebrate the in-house development of software to replace a US system that, thanks to Washington's export controls, the Chinese technology company was no longer able to buy.

"Three years ago, we were cut off from the old ERP [enterprise resource planning] system," said Tao Jingwen, a Huawei board member and president of its quality, business process and IT management department.

"Today we are proud to announce that we have broken through that blockade. We have survived!"

Tao was speaking at the Huawei campus in the southern city of Dongguan, on a stage decorated with banners proclaiming the "heroes fighting to cross the Dadu River", a reference to a gruelling march by the ultimately victorious Communist army in China's civil war.

This latest declaration of progress offers a glimpse into how Huawei, helped by government grants and funding from Beijing, has tried to lead the way for Chinese companies eager to reduce their reliance on western technology as geopolitical tensions rise.

Since 2019, Washington — which claims that Huawei is a security risk and fears that it might facilitate Chinese spying — has barred American suppliers from selling to the company without export licences and prevented it from using any US technology for chip design and manufacturing.

Huawei's sales, profit and market share plunged after the controls were introduced. Its mobile phone business, once the world's biggest by unit sales, has been decimated. Lack of access to chips meant it was forced to stop making 5G phones, a situation that a company official described as a "joke".

In 2021 its revenue plunged by a third, though its profit was buoyed by the sale of Honor, a smartphone brand. Last year, the company said it was back to "business as usual", forecasting a return to annual revenue growth this year.

Central to the Huawei strategy has been the desire to supplant established western technologies with local products, a long-term aim of Beijing that has proved costly and difficult.

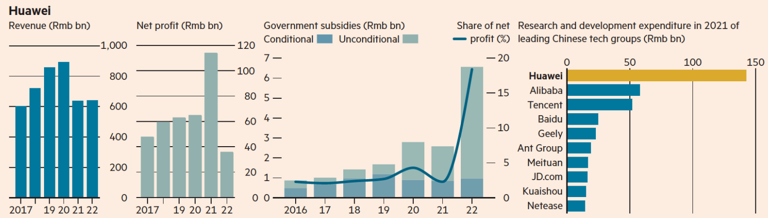
With this in mind, China awarded Huawei government grants worth Rmb6.55bn ($948mn) in 2022, double the amount from the previous year. The company also received conditional funding tied to specific research projects of Rmb5.58bn, triple that of 2021, according to its annual report.

In a statement, Huawei said: "Government support for high-tech research programs is par for the course in most countries. Huawei is no different from other companies in the industry that apply for this kind of support. For Huawei, this type of support accounts for an extremely minute portion of our total R&D spend." It added that it spent a quarter of its revenue last year on research and development.

The company has claimed some success. In March, Huawei's rotating chair Eric Xu said that the group and its industrial partners had made breakthroughs in electronic design automation tools for chips at and above the 14-nanometre node, an area dominated by US companies though a few generations behind leading-edge technology.

In February Ren Zhengfei, Huawei's founder, said the company had located domestic alternatives for more than 13,000 components and redesigned more than 4,000 circuit boards following the imposition of US sanctions.

On the phone: customers try Huawei's P60 and Mate X3 foldable models at the groups's flagship store in Shanghai. Huawei has suffered badly from export controls but has forecast a return to revenue growth this year
CFOTO/SIPA USA via Reuters Conne



Sources: company reports; FT calculations; All-China Federation of Industry and Commerce

More challenging is the attempt to replicate sophisticated chipmaking tools such as lithography, a market dominated globally by Dutch company ASML.

Huawei is working with Shanghai Micro Electronics Equipment, according to two people with knowledge of the matter. SMEE, on which the US imposed sanctions last year, has for more than a decade tried to produce homegrown lithography but with limited success.

In December, Huawei filed a patent in one of the most advanced facets of lithography technology, according to China's patent office. SMEE did not respond to requests for comment.

"In China, maybe only Huawei has the experience and capability to help SMEE to build lithography machines that are free from US interference," said one person briefed on the situation, estimating that it would take Huawei and SMEE more than three years to produce equipment capable of replacing products from ASML.

"The biggest problem is that some core components used to be imported from the US and are not available any more due to the updated export controls. Huawei, SMEE and other Chinese companies involved in the lithography research must also work on replacing those components as soon as possible," the person said.

> 'We have broken through that blockade. We have survived!'

A China-based analyst who requested anonymity said: "Hardware components that used to be sourced from foreign companies, such as chips-related technology, still remain a core element in almost all companies' businesses, so Huawei must invest in developing hardware alternatives on all fronts."

Huawei's development of replacements for western technology means it offers a wider range of products, which should help it access what research group IDC says is a $2.38tn market in China for digital transformation products and services from 2022 to 2026.

Over the past two years, local governments in more than 20 cities in China have built artificial intelligence computing centres and mostly chosen to deploy chips from domestic companies, with 79 per cent of them using Huawei's AI chips, according to a report by Citic Securities in February.

Aside from chips, the company has increased research and development spending in areas such as software.

"The disruption in developing chip-related technology forced Huawei to increase its R&D efforts in the software further, aiming to achieve product upgrades despite restricted hardware," said Charlie Dai, research director at consultancy Forrester.

The company, whose 2022 profit of Rmb35.6bn is still substantially lower than its Rmb62.7bn in 2019, "will keep investing in domains like connectivity, computing, storage and cloud", said Meng Wanzhou, Huawei's rotating chair and daughter of founder Ren Zhengfei, at the Huawei Global Analyst Summit last month.

Meng also appeared at the ceremony in Dongguan, in front of a campus built to echo the dreaming spires of the UK's Oxford university.

"Innovation is only possible with an open mind," she said, "and thriving is only possible when we work together."

Deals hurdle

Washington scrutiny of Japan Inc links widens

LEO LEWIS AND KANA INAGAKI — TOKYO
STEFANIA PALMA — WASHINGTON DC

Japanese companies' ambitions to pursue more deals in the US could fall foul of intensified scrutiny of their activities in China, lawyers have warned.

The concerns, which lawyers said were being debated at some of Japan's biggest groups, centre on the Committee on Foreign Investment in the US, the inter-agency body that screens deals by non-US groups and that has stepped up reviews of buyers' links with China.

The warnings come as Japanese companies explore more acquisitions in the US, following the ending of Covid curbs that made overseas deals difficult, and with Chinese buyers facing even greater hurdles to secure US deals.

Although Cfius scrutiny affects prospective buyers from anywhere outside the US, lawyers said Japanese companies were vulnerable because of their decades' worth of investment, supply chains, joint ventures, and other business connections in China.

Aimen Mir, a former chair of the Cfius review committee who is a partner at Freshfields Bruckhaus Deringer, said that "as the geopolitical situation evolves", businesses should be prepared for greater scrutiny. "Companies will find it increasingly difficult to navigate between the US and China, and neither government seems likely to make this conundrum any easier for investors near-term."

While Cfius was not looking to dissuade groups from doing business in China generally, the depth of a group's ties to China could create complexities in a review. Cfius might cross-examine a Japanese group on how it would react if faced with a decision over which the US and China were in conflict, he suggested. "Companies will have to think about what will happen down the road."


Japanese businesses have built up close Chinese ties over decades

Ken Lebrun, a Tokyo-based lawyer at Davis Polk, said: "Increasingly, Japanese companies facing a Cfius review . . . do need to think very carefully about their interconnectivity with China. They have to be able to answer Cfius's questions about whether Chinese employees or business partners have access to their technology or IT, whether their cyber security is a weak link, and so on."

Joe Biden signed an order in September that stressed the need for Cfius reviews to remain responsive to an evolving national security landscape. Legal experts said it sent a message that the Cfius review process was going to become more invasive.

Ivan Schlager, a partner at Kirkland & Ellis, said that while Japanese deals in the US were not more likely to be blocked, "the review will be more rigorous, intense . . . and thorough". A potential Cfius concern would be about groups with heavy dependence on China as a customer. "Do the Chinese have leverage over you? Can they use that leverage for nefarious purposes?"

Cfius declined to comment.

Equities. Sentiment blow

US shale rally halted by falling oil prices and recession fears

Output woes: crude producers in the Permian Basin of Texas and New Mexico have been hit by inflation in oilfield services costs and weakening productivity
Spencer Platt/Getty Images

Investor sell-off comes despite operators reporting another strong quarter of cash flows

DEREK BROWER — NEW YORK

A two-year rally in US oil and gas stocks is coming to a halt as falling crude prices and fears of a slowdown in the world's biggest economy threaten producers' ability to maintain bumper shareholder payouts.

The S&P 500's energy sector — consisting of oil and gas groups — was the market's best performer in 2021 and 2022, rising more than 50 per cent last year as Russia's war in Ukraine pushed up crude prices and operators used the windfall to repair balance sheets and shower shareholders with cash.

The mood has changed, with the energy sector down 5 per cent since the start of the year compared with a rise of 8 per cent for the wider market and a 24 per cent surge in the tech sector.

Investors are bracing themselves for recession and are worried about a weak "macro backdrop" that could trigger further oil price falls, said Matt Portillo, head of research at advisory firm TPH&Co. "It doesn't engender a lot of confidence in the near-term future of cash flows."

US oil settled at $71.34 a barrel on Friday, well above its long-term average price but still 7 per cent down this year, as turmoil in the US banking sector has roiled markets.

The equities sell-off has come despite companies reporting another strong quarter of cash flows and shareholder payouts, part of a new operating model in a sector that became notorious in the previous decade for burning investor cash in headlong drilling sprees.

"These companies had high share prices when they were losing money," said Trisha Curtis, chief executive of consultancy PetroNerds. "Now they are making money hand over fist and not being rewarded."

Wall Street's lingering scepticism remains visible in the pricing of the S&P 500 energy sector's dividend yields — still double those in the financial sector and fourfold those in tech.

Some investors say shale companies are suffering the after-effect of a two-year stock price rally when big shale operators such as Devon Energy and Pioneer Natural Resources began paying "variable" dividends, including a base dividend and extra payment depending on cash flows.

"Equities tend to be rate-of-change stories and last year, with rising commodity prices, you had a positive rate of change when it came to free cash flow generation and return of capital," said Mark Viviano, a portfolio manager at Kimmeridge, an activist private equity group.

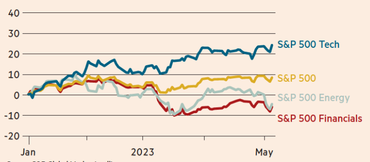
But falling commodity prices this year have triggered a "reverse effect", Viviano said, prompting investor anxiety about cuts to the variable dividend.

Devon was the first shale producer to introduce a variable dividend in 2021 when a near-doubling of its share price made it the S&P 500's best performer. Since it began cutting the variable part of its dividend in November, the stock has lost almost 40 per cent of its value. The group is expected to report another strong quarter of earnings today.

Weaker operating conditions, including rampant inflation in oilfield services costs and falling productivity, were also weighing on companies as crude prices fall, said Portillo.

Even in the prolific Permian Basin of Texas and New Mexico output from each new well drilled has fallen almost 30 per cent in the past two years, according to the Energy Information Administration.

US oil stocks have trailed the market this year
Index value change, rebased (%)



Source: S&P Global Market Intelligence

"An estimated 30 to 40 per cent cost increase in field operations, increased interest charges on borrowed money, a drastic collapse in natural gas prices combined with lower crude oil prices produced a noticeable lower cash flow," said one anonymous executive in the Dallas Federal Reserve's most recent quarterly survey of the US oil patch.

Analysts say the environmental, social and governance movement also continues to influence Wall Street's view of fossil fuel producers — and their long-term value, given government efforts to accelerate an energy transition.

Some say capital markets' scepticism will continue to deter upstream spending, thereby contributing to a forthcoming surge in oil prices as supplies fall short of fast-rising demand — the so-called supercycle thesis that predicts the onset of a multiyear oil bull market.

The International Energy Agency said last month that global oil production would increase in 2023 far more slowly than demand, which will hit another record later this year.

But analysts say equity investors are for now more focused on bearish signals of a slowdown in the US economy, where diesel consumption — often a leading indicator of industrial activity — has dropped 20 per cent since February last year, according to the EIA.

Only when the clouds over the US economy clear and global oil markets begin to tighten will energy stocks come into favour again, say analysts.

"The supercycle thesis over the medium term remains intact. But demand is king of the energy complex at the moment," said Christyan Malek, global head of energy strategy at JPMorgan.

See FT Big Read

'They are making money hand over fist and not being rewarded'

Global overview

Regional bank stocks shed early gains ahead of Fed data release

HUDSON LOCKETT — HONG KONG
PHILIP STAFFORD — LONDON

An early rally in US regional banks yesterday faded as investors looked ahead to data from the Federal Reserve on bank lending after a year of aggressive rate rises to curb inflation.

The S&P 500 was flat in morning trade, overshadowed by a warning of "challenging" market conditions from Tyson Foods. Shares in the US's largest meat company dropped 15 per cent. The Nasdaq Composite slipped 0.1 per cent.

US regional bank stocks were unable to hold their opening gains. Shares in PacWest Bancorp initially added 28 per cent after it said over the weekend it would cut its quarterly dividend, but was trading 4.4 per cent higher.

Western Alliance was up 2.2 per cent, having traded as much as 11 per cent higher. The KBW Regional Banking index gave up an advance of 1.1 per cent to trade 1.8 per cent lower.

The move came after a rebound at the end of last week for US banking stocks, which had earlier been buffeted by concerns over the collapse of lender First Republic. The KBW Regional Banking index rose 4.7 per cent on Friday.

The Fed was set to release its quarterly survey of senior loan officers yesterday, the first since the onset of the March banking crisis. Analysts were looking for insights into how the collapse of several regional banks and sharp rate rises had affected willingness to lend elsewhere.

The early banking rally underpinned gains for stocks in Europe and Asia. The pan-European Stoxx 600 rose 0.3 per cent despite lingering worries that interest rates would remain high to combat inflation, even as economic growth stumbled.

Germany's Dax closed marginally lower after a sharper than expected fall in German industrial production, which prompted economists to warn that Europe's largest economy was likely to slide into a recession. London was closed for a public holiday.

Hong Kong's benchmark Hang Seng index rose 1.2 per cent, while China's CSI 300 climbed 1.1 per cent. Japan's Topix broke ranks with the rest of the region, falling 0.2 per cent.

Analysts were pessimistic that markets in Asia would push higher without improving economic data from China or signs that the US Federal Reserve might begin cutting interest rates.

"Overall, market sentiment has stabilised, but I don't really think [the market] can break through the wait and see, up and down pattern we've been seeing," said Dickie Wong, head of research at Kingston Securities.

Sterling rose 0.3 per cent against the dollar yesterday to its highest point since April 2022 as investors looked ahead to the latest Bank of England monetary policy meeting this week. Traders expect the central bank to raise its main benchmark interest rate by 0.25 percentage points to 4.5 per cent as headline inflation persists.

Brent crude, the international oil benchmark, rose 2.1 per cent to $76.90 a barrel, while West Texas Intermediate, the US marker, was up 2.5 per cent at $73.10.

In government bond markets, yields rose slightly as bond prices slipped following a sell-off on Friday. The yield on two-year US Treasuries rose 0.04 percentage points to 3.97 per cent.

Investors must switch their thinking to the short term as a liquidity crisis looms

MARKETS INSIGHT
Lori Heinel

A potential liquidity crisis is looming over financial markets. To prepare, investors must change how they think about liquidity in their portfolios. The past will not be a guide.

There are three reasons driving our concern. First, the macroeconomic environment has shifted profoundly, moving from the quantitative easing stimulus programmes of central banks to tightening on a co-ordinated basis.

Second, elevated uncertainty over monetary policy is leading to heightened rates volatility. The focus of central banks on avoiding 1970s-style inflation is clashing with expectations of a sharp economic contraction that will require a return to easing.

Third, changes in the US Treasury market have raised liquidity concerns. The Treasury market has exploded, growing more than fivefold over the past 15 years, according to JPMorgan Securities data. However, JPMorgan found the number of primary dealers to facilitate trading has stalled and market depth in US Treasuries declined almost 60 per cent in 2022 to levels only seen in times of a crisis. In practice, this means liquidity is more elusive than assumed. This stress is visible in historically wide bid-ask spreads for larger block trades, even in the most liquid asset class, according to Bloomberg data.

What are the implications for investors? They need to think more broadly about how they are exposed to acute liquidity risk. Many of the most damaging market events are liquidity driven, yet they are also prime opportunities for those with ready cash to pick up assets at attractive prices.

Past cycles are not a guide for liquidity dynamics in today's markets. Investors need to adopt a shorter-term mindset. In the past, they could plan on market and economic cycles that would play out over many years, so they could prepare portfolio reallocations with longer lead times. This cycle, due to exogenous shocks such as the Ukraine war, continues to be compressed with higher-intensity market moves. Liquidity risks and opportunities arrive quickly and are shortlived, as the banking crisis of March so aptly demonstrated.

So investors should keep an eye out for "air pockets" of market volatility. Balance sheets are not as liquid as they were. And the Federal Reserve has removed liquidity from the market by selling bonds. In stress points, markets might move more quickly than investors liquidating positions may hope.

How should investors prepare given these challenges? They need to be nimble, develop a framework to stress test their assumptions on future liquidity, and retain access to cash-like holdings to take advantage of liquidity-driven opportunities.

This cycle, due to exogenous shocks such as the Ukraine war, continues to be compressed

Fortunately, innovation in markets and access to liquidity pools are helping investors adapt. In fixed income, for example, expanded market access via electronic trading has lowered costs to access liquidity. Product innovation has introduced many liquid investment vehicles — exchange traded funds for one. These have helped institutional and retail investors to trade efficiently and at more transparent pricing.

Improved risk management tools provide another important solution. Investors should proactively identify areas of stress through monitoring of key indicators such as true trading volumes at pinch points, costs and fund flows while keeping a close examination of market areas that have suffered stress in the past. If a potential risk issue is identified, risk teams need swift measures to mitigate matters.

Investors should also prepare a review of their weakest counterparties — particularly those that are overexposed to some pockets of the market — and stay in close contact with their clients to anticipate future behaviour.

Diversification across sources of liquidity remains imperative. In the past several years, we have learnt that what is generally considered liquid has turned out to lack those properties when most needed. Liquidity is a far broader concept that hinges as much on market structure as it does on credit quality or maturity.

Last, investors should also review their allocations to illiquid assets. A significant amount of money has flowed into private credit, private equity and other asset classes. As uncertainty around capital calls mounts for those investments, investors must hold liquid assets to keep up with any demands.

Done well, managing liquidity can enable investors to harness opportunities while avoiding downside risks to preserve capital. It has seldom been more important.

Lori Heinel is global chief investment officer at State Street Global Advisors

MARKET DATA

WORLD MARKETS AT A GLANCE
FT.COM/MARKETSDATA

Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
0.01%	-0.05%	-0.20%	0.98%	0.35%	-0.71%	1.24%	0.20%	No change	0.079%	-0.011%	No change	2.68%	-2.14%

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

AMERICAS / EUROPE / ASIA

Index	City	Start	End	Day	Month	Year
S&P 500	New York	4,105.02	4,136.62	0.01%	0.76%	0.31%
S&P/TSX COMP	Toronto	20,196.69	20,616.59	0.29%	2.00%	-0.16%
FTSE 100	London	7,673.00	7,778.38	0.98%	1.53%	5.49%
Xetra Dax	Frankfurt	15,603.47	15,937.56	-0.05%	0.19%	NaN%
Nikkei 225	Tokyo	28,287.42	28,949.88	-0.71%	5.21%	7.22%
Kospi	Seoul	2,416.96	2,513.21	0.49%	0.92%	-4.97%
Nasdaq Composite	New York	12,087.96	12,229.00	-0.05%	1.16%	0.69%
IPC	Mexico City	53,498.39	55,200.15	0.03%	2.74%	10.94%
FTSE Eurofirst 300	Europe	1,808.55	1,846.85	0.35%	1.63%	9.48%
Ibex 35	Madrid	9,183.20	9,211.30	0.70%	-1.08%	10.69%
Hang Seng	Hong Kong	20,331.20	20,297.03	1.24%	-0.21%	1.43%
FTSE Straits Times	Singapore	3,318.87	3,257.66	-0.27%	-1.24%	-0.98%
Dow Jones Industrial	New York	33,485.29	33,605.80	-0.20%	0.38%	2.17%
Bovespa	São Paulo	100,821.73	106,210.22	1.27%	5.60%	1.27%
CAC 40	Paris	7,344.96	7,440.91	0.11%	1.59%	18.90%
FTSE MIB	Milan	27,026.56	27,426.23	0.28%	0.78%	16.83%
Shanghai Composite	Shanghai	3,296.40	3,395.00	1.81%	2.02%	13.11%
BSE Sensex	Mumbai	59,106.44	61,764.25	1.16%	3.23%	12.63%

Country	Index	Latest	Previous
Argentina	Merval	300988.11	297140.11
Australia	All Ordinaries	7472.10	7413.10
	S&P/ASX 200	7276.50	7220.00
	S&P/ASX 200 Res	6065.10	5960.50
Austria	ATX	3259.84	3216.88
Belgium	BEL 20	3805.96	3799.88
	BEL Mid	10054.45	10075.82
Brazil	IBovespa	106482.52	105148.48
Canada	S&P/TSX 60	1244.51	1240.70
	S&P/TSX Comp	20602.38	20542.03
	S&P/TSX Div Met & Min	1796.34	1778.18
Chile	S&P/CLX IGPA Gen	28451.25	27733.99
China	FTSE A200	10696.20	10572.37
	FTSE B35	9000.71	8988.96
	Shanghai A	3558.98	3495.46
	Shanghai B	292.90	290.84
	Shanghai Comp	3395.00	3334.50
	Shenzhen A	2141.30	2131.84
	Shenzhen B	1191.74	1180.12
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1390.45	1385.84
Denmark	OMXC Copenahgen 20	2093.53	2031.07
Egypt	EGX 30	17235.31	17295.27
Estonia	OMX Tallinn	1921.79	1915.14
Finland	OMX Helsinki General	10691.62	10665.33
France	CAC 40	7440.91	7432.93
	SBF 120	5669.37	5662.64
Germany	M-DAX	27543.17	27619.30
	TecDAX	3280.45	3280.42
	XETRA Dax	15952.83	15961.02
Greece	Athens Gen	1121.90	1111.24
	FTSE/ASE 20	2728.69	2693.34
Hong Kong	Hang Seng	20297.03	20049.31
	HS China Enterprise	6897.68	6797.75
	HSCC Red Chip	4203.47	4140.67
Hungary	Bux	46638.60	46330.72
India	BSE Sensex	61764.25	61054.29
	Nifty 500	15427.10	15278.60
Indonesia	Jakarta Comp	6769.63	6787.63
Ireland	ISEQ Overall	8511.97	8396.67
Israel	Tel Aviv 125	1785.83	1785.83
Italy	FTSE Italia All-Share	29593.05	29509.83
	FTSE Italia Mid Cap	43611.56	43460.57
	FTSE MIB	27426.23	27348.57
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	28949.88	29157.95
	S&P Topix 150	1777.28	1783.58
	Topix	2071.21	2075.53
Jordan	Amman SE	2444.55	2456.10
Kenya	NSE 20	1534.47	1540.51
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1165.12	1165.12
Lithuania	OMX Vilnius	1006.76	1008.25
Luxembourg	LuxX	1519.13	1500.77
Malaysia	FTSE Bursa KLCI	1433.74	1431.04
Mexico	IPC	54954.98	54937.39
Morocco	MASI	10408.41	10410.67
Netherlands	AEX	752.68	750.48
	AEX All Share	1021.17	1017.88
New Zealand	NZX 50	11942.49	11889.01
Nigeria	SE All Share	52465.31	52290.75
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	41829.49	42241.98
Philippines	Manila Comp	6600.74	6685.66
Poland	Wig	63122.09	62692.96
Portugal	PSI 20	6155.51	6112.95
	PSI General	4623.18	4617.37
Romania	BET Index	12228.71	12185.92
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	11256.65	11118.77
Singapore	FTSE Straits Times	3257.66	3266.63
Slovakia	SAX	309.88	311.69
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	78572.33	78132.77
	FTSE/JSE Res 20	72191.82	70903.69
	FTSE/JSE Top 40	72963.30	72510.48
South Korea	Kospi	2513.21	2500.94
	Kospi 200	328.90	326.17
Spain	IBEX 35	9211.30	9147.30
Sri Lanka	CSE All Share	8926.58	8830.36
Sweden	OMX Stockholm 30	2239.10	2240.48
	OMX Stockholm AS	847.94	849.97
Switzerland	SMI Index	11595.25	11554.24
Taiwan	Weighted Pr	15699.57	15626.07
Thailand	Bangkok SET	1559.56	1533.30
Turkey	BIST 100	4541.86	4400.76
UAE	Abu Dhabi General Index	9222.93	9251.11
UK	FT 30	2848.20	2818.60
	FTSE 100	7778.38	7702.64
	FTSE 4Good UK	7104.19	7040.02
	FTSE All Share	4242.40	4201.23
	FTSE techMARK 100	6873.90	6850.20
USA	DJ Composite	11174.62	11212.97
	DJ Industrial	33605.80	33674.38
	DJ Transport	14050.93	14123.13
	DJ Utilities	956.54	962.27
	Nasdaq 100	13258.15	13259.13
	Nasdaq Cmp	12229.00	12235.41
	NYSE Comp	15405.75	15380.87
	S&P 500	4136.55	4136.25
	Wilshire 5000	40776.07	40768.03
Venezuela	IBC	32508.21	32508.21
Vietnam	VNI	1053.44	1040.31
Cross-Border	DJ Global Titans ($)	467.62	466.80
	Euro Stoxx 50 (Eur)	4347.31	4340.43
	Euronext 100 ID	1372.87	1368.82
	FTSE 4Good Global ($)	10570.34	10554.91
	FTSE All World ($)	431.53	430.69
	FTSE E300	1846.85	1840.46
	FTSE Eurotop 100	3668.43	3654.57
	FTSE Global 100 ($)	2800.59	2796.95
	FTSE Gold Min ($)	2140.52	2163.38
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2926.40	2883.22
	FTSE World ($)	785.08	783.85
	FTSEurofirst 100 (Eur)	4946.01	4941.66
	FTSEurofirst 80 (Eur)	5890.28	5883.91
	MSCI ACWI Fr ($)	652.45	643.25
	MSCI All World ($)	2821.99	2779.26
	MSCI Europe (Eur)	1886.26	1867.04
	MSCI Pacific ($)	2759.48	2765.48
	S&P Euro (Eur)	1923.71	1919.84
	S&P Europe 350 (Eur)	1894.71	1888.21
	S&P Global 1200 ($)	3127.27	3123.30
	Stoxx 50 (Eur)	4049.90	4032.48

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

STOCK MARKET: BIGGEST MOVERS

AMERICA / LONDON / EURO MARKETS / TOKYO — Active stocks: [illegible]

AMERICA	price	change	chng%	LONDON	price	change	chng%	EURO MARKETS	price	change	chng%	TOKYO	price	change	chng%
Ups				**Ups**				**Ups**				**Ups**			
Viatris	9.80	0.52	5.60	Carnival	702.40	32.60	4.87	Novo Nordisk B A/s	153.55	6.66	4.53	Sharp	984.00	28.00	2.93
Etsy	94.80	4.80	5.33	Vanquis Banking	226.00	10.00	4.63	A.p. M__ller - M__rsk B A/s	1621.92	34.91	2.20	Eisai Co.,	8156.00	191.00	2.40
Carnival	10.48	0.47	4.71	Hilton Food	736.00	31.00	4.40	A.p. M__ller - M__rsk A A/s	1593.73	30.88	1.98	Kajima	1832.00	38.00	2.12
Advanced Micro Devices	93.93	4.09	4.55	Molten Ventures	271.80	10.80	4.14	Alcon N	67.72	1.24	1.87	Konica Minolta Holdings, .	581.00	12.00	2.11
American Airlines	14.45	0.58	4.15	Tui Ag	531.00	21.00	4.12	Richemont N	153.64	2.70	1.79	Nippon Paper Industries Co Ltd	1100.00	22.00	2.04
Downs				**Downs**				**Downs**				**Downs**			
Catalent	35.24	-12.51	-26.19	Watches Of Switzerland	772.00	-21.50	-2.71	Axa	27.58	-1.28	-4.42	Shiseido ,	6559.00	-341.00	-4.94
Tyson Foods	51.35	-9.34	-15.39	W.a.g Payment Solutions	99.20	-2.30	-2.27	Muench.rueckvers.vna 0.n.	329.10	-9.00	-2.66	Nexon Co.,	3015.00	-115.00	-3.67
Generac Holdings	109.79	-4.39	-3.84	Intercontinental Hotels	5412.00	-106.00	-1.92	Orsted A/s Dk 10	11.22	-0.24	-2.06	Fast Retailing Co.,	30970.00	-1000.00	-3.13
Moderna	131.93	-5.11	-3.73	Virgin Money Uk	144.45	-2.75	-1.87	Capgemini	164.70	-2.75	-1.64	M3,.	2998.50	-90.50	-2.93
Bath & Body Works	32.69	-1.03	-3.04	Qinetiq	366.40	-6.40	-1.72	Basf Se Na O.n.	46.90	-0.63	-1.32	Daiichi Sankyo ,	4565.00	-122.00	-2.60

Based on the constituents of the S&P500 / Based on the constituents of the FTSE 350 index / Based on the constituents of the FTSEurofirst 300 Eurozone index / Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

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

FTSE 100	May 05 price(p)	%Chg week	%Chg ytd	FTSE 250	May 05 price(p)	%Chg week	%Chg ytd	FTSE SmallCap	May 05 price(p)	%Chg week	%Chg ytd	Industry Sectors	May 05 price(p)	%Chg week	%Chg ytd
Losers				**Losers**				**Losers**				**Losers**			
Bp	492.30	-9.4	2.0	Aston Martin Lagonda Global Holdings	219.20	-9.0	42.9	Esken	4.80	-9.4	-5.9	Media	9548.48	-6.5	5.2
Pearson	824.60	-7.8	-	Dowlais	125.70	-7.8	-	Superdry	79.40	-8.9	-	Oil & Gas Producers	8346.72	-4.3	2.8
Relx	2434.00	-7.0	7.5	Virgin Money Uk	144.45	-7.3	-20.7	The Gym	95.80	-7.7	-	Tobacco	30924.65	-3.8	-
Glencore	444.10	-6.6	-	Tullow Oil	26.34	-7.3	-	Schroders Capital Global Innovation Trust	14.15	-7.5	-8.5	Automobiles & Parts	1690.80	-3.0	13.4
St. James's Place	1126.50	-6.6	2.9	Watches Of Switzerland	772.00	-6.6	-5.4	Card Factory	103.20	-7.2	30.0	Nonlife Insurance	3167.16	-2.7	-5.3
Rs	862.00	-6.4	-3.7	Man	214.90	-6.4	-0.5	Foresight Holdings	390.00	-7.1	-	Industrial Metals	6424.70	-2.4	-
Barclays	153.24	-6.1	-5.3	Liontrust Asset Management	808.00	-6.0	-	Blackrock Energy And Resources ome Trust	118.60	-6.6	-	Personal Goods	35644.50	-2.3	16.2
Wpp	889.00	-5.7	6.6	Asos	696.80	-6.0	35.7	Saga	122.00	-6.6	-3.0	Support Services	10385.06	-1.9	4.6
Lloyds Banking	45.81	-5.1	0.8	Plus500 Ltd	1568.00	-5.8	-	Pensionbee	76.20	-6.2	41.4	Life Insurance	6988.82	-1.9	-0.7
Informa	694.80	-4.4	11.5	Hunting	221.00	-5.6	-	Norcros	182.00	-6.2	1.7	Chemicals	11739.06	-1.7	-0.1
Experian	2693.00	-4.3	-4.4	Ascential	241.20	-5.5	19.6	Avon Protection	943.00	-5.0	-	Mobile Telecommunications	2498.43	-1.5	16.8
Standard Chartered	605.20	-4.2	-3.3	Coats	74.00	-5.4	11.8	Trustpilot	84.35	-4.7	-	Aerospace & Defense	6391.02	-1.2	24.7

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

CURRENCIES

May 8	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	227.5761	1.4034	250.6510	1.7129	287.4270	2.0752
Australia	Australian Dollar	1.4727	-0.0105	1.6220	-0.0104	1.8599	-0.0113
Bahrain	Bahrainin Dinar	0.3770	0.0000	0.4152	0.0002	0.4761	0.0004
Bolivia	Bolivian Boliviano	6.9100	-	7.6106	0.0051	8.7273	0.0092
Brazil	Brazilian Real	4.9583	-0.0087	5.4610	-0.0059	6.2622	-0.0043
Canada	Canadian Dollar	1.3358	-0.0081	1.4712	-0.0079	1.6870	-0.0084
Chile	Chilean Peso	791.5550	-5.2100	871.8143	-5.1491	999.7285	-5.5138
China	Chinese Yuan	6.9166	0.0051	7.6179	0.0108	8.7356	0.0158
Colombia	Colombian Peso	4482.6100	-78.5400	4937.1233	-83.1309	5661.5075	-93.0900
Costa Rica	Costa Rican Colon	543.3150	-1.7600	598.4041	-1.5354	686.2031	-1.4933
Czech Republic	Czech Koruna	21.2462	-0.0031	23.4004	0.0123	26.8337	0.0245
Denmark	Danish Krone	6.7623	-0.0068	7.4480	-0.0025	8.5407	0.0005
Egypt	Egyptian Pound	30.8982	0.1259	34.0311	0.1614	39.0242	0.2002
Hong Kong	Hong Kong Dollar	7.8480	0.0005	8.6437	0.0063	9.9119	0.0111
Hungary	Hungarian Forint	338.2060	0.3828	372.4981	0.6714	427.1518	0.9357
India	Indian Rupee	81.7988	-0.0038	90.0927	0.0564	103.3113	0.1048
Indonesia	Indonesian Rupiah	14700.0000	25.0000	16190.5039	38.3898	18565.9993	51.2181
Israel	Israeli Shekel	3.6267	-0.0097	3.9944	-0.0080	4.5804	-0.0074
Japan	Japanese Yen	134.8800	-0.0150	148.5561	0.0832	170.3525	0.1616
..One Month		134.8793	-0.0163	148.5556	0.0823	170.3518	0.1602
..Three Month		134.8781	-0.0187	148.5548	0.0806	170.3504	0.1575
..One Year		134.8732	-0.0287	148.5507	0.0724	170.3518	0.1523
Kenya	Kenyan Shilling	136.6000	0.1500	150.4505	0.2661	172.5249	0.3721
Kuwait	Kuwaiti Dinar	0.3065	-	0.3375	0.0002	0.3870	0.0004
Malaysia	Malaysian Ringgit	4.4370	-	4.8869	0.0033	5.6039	0.0059
Mexico	Mexican Peso	17.8190	-0.0040	19.6257	0.0088	22.5053	0.0188
New Zealand	New Zealand Dollar	1.5743	-0.0154	1.7339	-0.0158	1.9883	-0.0173
Nigeria	Nigerian Naira	461.5000	-	508.2935	0.3413	582.8713	0.6177
Norway	Norwegian Krone	10.4976	-0.0812	11.5619	-0.0816	13.2583	-0.0884
Pakistan	Pakistani Rupee	283.8500	-	312.6308	0.2099	358.5006	0.3799
Peru	Peruvian Nuevo Sol	3.7053	-0.0048	4.0809	-0.0025	4.6797	-0.0010
Philippines	Philippine Peso	55.2575	-0.0475	60.8603	-0.0114	69.7898	0.0140
Poland	Polish Zloty	4.1420	-0.0180	4.5620	-0.0167	5.2313	-0.0172
Romania	Romanian Leu	4.4671	-0.0091	4.9200	-0.0067	5.6419	-0.0055
Russia	Russian Ruble	77.5000	0.2263	85.3581	0.3063	97.8820	0.3892
Saudi Arabia	Saudi Riyal	3.7502	-0.0001	4.1304	0.0027	4.7365	0.0050
Singapore	Singapore Dollar	1.3250	-0.0006	1.4593	0.0003	1.6735	0.0010
South Africa	South African Rand	18.3025	-0.1188	20.1583	-0.1172	23.1159	-0.1253
South Korea	South Korean Won	1321.3500	-1.4000	1455.3276	-0.5638	1668.8559	0.0022
Sweden	Swedish Krona	10.1585	-0.0187	11.1885	-0.0131	12.8301	-0.0101
Switzerland	Swiss Franc	0.8900	-0.0027	0.9802	-0.0023	1.1240	-0.0022
Taiwan	New Taiwan Dollar	30.6610	0.0205	33.7699	0.0452	38.7246	0.0669
Thailand	Thai Baht	33.7925	-0.2350	37.2189	-0.2337	42.6797	-0.2513
Tunisia	Tunisian Dinar	3.0496	0.0072	3.3588	0.0102	3.8516	0.0132
Turkey	Turkish Lira	19.5060	0.0085	21.4838	0.0238	24.6359	0.0368
United Arab Emirates	UAE Dirham	3.6723	0.0000	4.0446	0.0027	4.6380	0.0049
United Kingdom	Pound Sterling	0.7918	-0.0008	0.8721	-0.0003	-	-
..One Month		0.7919	-0.0008	0.8720	-0.0003	-	-
..Three Month		0.7920	-0.0008	0.8718	-0.0003	-	-
..One Year		0.7919	-0.0008	0.8708	-0.0003	-	-
United States	United States Dollar	-	-	1.1014	0.0007	1.2630	0.0013
..One Month		-	-	1.1012	-0.1603	1.2631	0.0013
..Three Month		-	-	1.1008	-0.1603	1.2632	0.0013
..One Year		-	-	1.0997	-0.1602	1.2631	0.0014
Vietnam	Vietnamese Dong	23439.5000	-0.5000	25816.1785	16.7843	29603.9290	30.7294
European Union	Euro	0.9079	-0.0006	-	-	1.1467	0.0004
..One Month		0.9077	-0.0006	-	-	1.1466	0.0004
..Three Month		0.9074	-0.0006	-	-	1.1464	0.0005
..One Year		0.9063	-0.0006	-	-	1.1455	0.0005

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

FTSE ACTUARIES SHARE INDICES
UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg May 08	Day's chge%	Euro Index	£ Strlg May 04	£ Strlg May 03	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7778.38	0.98	6950.75	7702.64	7788.37	7503.27	3.62	1.80	15.37	117.69	8114.75
FTSE 250 (250)	19452.50	1.08	17382.73	19244.91	19365.60	20089.96	3.19	0.88	35.76	212.37	16382.76
FTSE 250 ex Inv Co (170)	20179.82	1.13	18032.66	19954.67	20068.46	20684.17	3.27	1.19	25.64	226.08	17347.79
FTSE 350 (350)	4287.24	1.00	3831.07	4244.92	4289.23	4177.55	3.56	1.68	16.73	62.34	8870.72
FTSE 350 ex Investment Trusts (267)	4238.52	1.00	3787.53	4196.49	4240.82	4108.23	3.61	1.83	15.17	62.83	4533.73
FTSE 350 Higher Yield (135)	3643.87	1.34	3256.16	3595.70	3631.44	3635.11	4.91	1.73	11.75	64.81	8536.04
FTSE 350 Lower Yield (215)	4505.05	0.65	4025.71	4475.82	4524.78	4293.74	2.20	1.55	29.27	50.67	5612.93
FTSE SmallCap (228)	6219.29	0.26	5557.55	6202.89	6217.26	6742.72	3.55	-0.69	-40.72	76.99	10605.41

[illegible]

FT 30 INDEX

	May 05	May 04	May 03	May 02	May 01	Yr Ago	High	Low
FT 30	2848.20	2818.60	2850.70	2847.20	2879.80	0.00	2895.30	2454.10
FT 30 Div Yield	-	-	-	-	-	0.00	3.93	2.74
P/E Ratio net	-	-	-	-	-	0.00	19.44	14.26

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2818.6	2836.4	2837.7	2824.6	2833.6	2830.7	2835.8	2837.5	2843.7	2848.2	2818.5

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

FT WILSHIRE 5000 INDEX SERIES

[illegible]

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Fixed Line Telecomms	29.59	Financial Services	10.50	Support Services	2.97
Oil Equipment & Serv	25.03	Industrial Eng	10.38	Real Est Invest & Tr	2.81
Aerospace & Defense	24.56	Industrials	10.23	Oil & Gas	2.72
Food & Drug Retailer	20.30	Real Est Invest & Se	9.39	Oil & Gas Producers	2.57
Electronic & Elec Eq	18.46	Banks	7.48	Consumer Goods	2.33
General Retailers	17.47	Health Care Eq & Srv	6.96	Beverages	2.10
Food Producers	17.06	Software & Comp Serv	6.56	Technology	2.02
Travel & Leisure	17.06	Media	6.48	Industrial Transport	1.10
Telecommunications	17.03	Personal Goods	6.11	Chemicals	0.33
Construct & Material	16.99	Electricity	5.86	Beverages	31.66

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FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1773	13.00	Jd Sports Fashion PLC	162.65	2.80
Abrdn PLC	207.40	4.80	Johnson Matthey PLC	1943.5	36.50
Admiral Group PLC	2236	29.00	Kingfisher PLC	252.90	4.60
Airtel Africa PLC	119.90	1.40	Land Securities Group PLC	665.80	9.00
Anglo American PLC	2447	70.00	Legal & General Group PLC	228.30	4.20
Antofagasta PLC	1469.5	50.00	Lloyds Banking Group PLC	45.81	0.46
Ashtead Group PLC	4637	71.00	London Stock Exchange Group PLC	8358	-12.00
Associated British Foods PLC	1923	16.00	M&G PLC	202.90	3.85
Astrazeneca PLC	11922	72.00	Melrose Industries PLC	422.60	7.60

[illegible]

FTSE GLOBAL EQUITY INDEX SERIES

[illegible]

UK STOCK MARKET TRADING DATA

[illegible]

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

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UK COMPANY RESULTS

[illegible]

UK RECENT EQUITY ISSUES

[illegible]

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Australia (A$)							
ANZ Bank	23.83	0.03	26.08	20.78	6.32	10.00	48599.61
BHP Group	44.72	0.67	50.09	35.83	9.18	10.52	153833.92
CmwBkAu	97.12	0.99	111.38	86.98	3.60	18.28	111216.64
CSL	301.27	0.22	314.21	254.30	1.00	43.19	98681.55
NatAusBk	27.10	0.52	32.83	25.43	3.31	14.45	57758.34
Telstra	4.33	-	4.40	3.62	2.31	35.26	33973.25
Wesfarmers	51.50	-0.01	52.79	40.03	3.45	26.51	39656.82
Westpac Bank	21.74	0.39	24.65	18.80	4.08	15.83	51802.75
Woolworths	38.64	-0.44	39.88	31.67	2.79	44.12	31976.79
Belgium (€)							
AnBshInBv	58.78	0.06	62.01	45.56	0.87	30.45	112466.04
KBC Grp	63.92	0.54	72.46	45.53	5.18	10.80	29369.2
Brazil (R$)							
Ambev	14.54	0.05	16.88	12.60	3.88	21.92	46187.35
Bradesco	13.22	0.36	17.71	11.15	6.29	6.11	14211.98
Cielo	5.64	0.02	6.22	3.00	2.58	19.05	3090.38
ItauHldFin	22.34	0.50	26.04	18.86	3.47	8.82	22340.17
Petrobras	27.37	0.58	42.08	23.61	17.55	3.89	41083.02
Vale	70.55	1.51	94.48	61.90	18.43	3.14	64584.68
Canada (C$)							
Bausch Hlth	7.91	0.13	21.54	5.10	-	-2.41	2142.9
BCE	63.86	-0.58	70.48	55.66	5.40	21.66	43608.82
BkMontrl	118.07	0.34	138.85	113.47	3.78	9.20	63039.25
BkNvaS	67.38	0.44	86.22	63.19	5.43	8.54	60117.11
Brookfield	58.88	11.29	63.88	41.28	1.09	19.91	69948.82
CanadPcR	108.25	-0.14	111.43	86.42	0.69	26.26	75453.62
CanImp	55.73	0.17	71.10	53.58	10.63	3.91	38056.96
CanNatRs	76.61	-0.48	87.92	58.75	2.57	12.03	62965.03
CanNatRy	161.97	-1.10	175.39	137.26	1.50	23.84	80675.45
Enbridge	53.23	-0.20	59.69	48.88	6.19	18.81	80693.87
GtWesLif	38.74	0.21	39.04	27.99	4.91	11.03	27022.47
ImpOil	62.42	0.08	79.83	52.67	1.63	18.19	27297.63
Manulife	26.70	0.21	27.50	20.81	4.32	7.65	36896.99
[illegible]							
CntJpRwy	16920	-50.00	17920	14730	0.84	-29.75	25841.64
[illegible]							
H & M	144.94	0.22	157.30	98.27	4.54	19.25	20840.75
Investor	218.55	0.65	221.95	158.20	1.67	9.06	39197.35
Nordea Bk	109.40	0.18	134.94	88.32	13.97	12.31	39066.89
SEB	115.25	0.95	133.50	99.42	9.16	9.29	24444.09
SvnskaHn	88.34	0.62	112.90	80.88	5.92	8.36	16912.19
Swedbank	171.15	-0.80	219.90	124.50	8.89	8.81	19072.08
Telia Co	27.02	-0.27	41.24	25.54	7.74	9.19	10877.81
Volvo	207.35	2.00	219.75	152.42	3.28	13.02	32423.06
Switzerland (SFr)							
ABB	32.22	0.18	32.91	23.84	2.35	16.13	71132.18
CredSuisse	0.77	0.00	6.76	0.66	11.77	-1.27	3478.92
Nestle	116.38	-0.08	124.82	103.42	2.15	21.09	349159.61
Novartis	93.71	0.50	93.95	73.33	2.93	10.62	239813.97
[illegible]							

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
SHOP	83.60	83.04	0.56	0.67	17.40	27.4	36.32
ChMinsheng	3.48	3.34	0.14	4.19	0.46	20.8	29.85
ChShpbldng	5.25	4.86	0.39	8.02	0.26	14.1	34.62
HaitongSecs	5.81	5.64	0.17	3.01	0.44	11.7	16.47
ChinaPcIns	25.85	25.30	0.55	2.17	1.95	10.7	20.05
In&CmBkCh	4.67	4.47	0.20	4.47	0.25	10.7	12.53
BkofComm	5.59	5.45	0.14	2.57	0.39	10.5	12.30
Carnival	10.48	10.01	0.47	4.71	0.52	10.4	7.81
ChinaMBank	41.55	40.40	1.15	2.85	2.75	10.4	6.64
New Ch Life Ins	24.65	24.35	0.30	1.23	1.95	10.0	30.53
Bk China	3.42	3.27	0.15	4.59	0.14	9.3	12.54
ChinaCitic	4.61	4.35	0.26	5.98	0.11	8.7	15.29
ChMrchSecs	15.18	14.57	0.61	4.19	0.60	8.7	6.90
Canon	3248.00	3230.00	18.00	0.56	237.50	8.5	11.48
Ch Evrbrght	2.71	2.62	0.09	3.44	0.11	8.0	13.45
AgricBkCh	3.27	3.18	0.09	2.83	0.15	7.9	10.10
PingAnIns	61.15	60.05	1.10	1.83	3.35	7.8	19.80
ChStConEng	7.08	6.92	0.16	2.31	0.35	7.8	15.69
Citic Ltd	10.58	10.36	0.22	2.12	0.53	7.6	16.39
BMW	109.06	107.54	1.52	1.41	6.10	7.5	7.57

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Bausch Hlth	7.85	7.78	0.07	0.90	-2.19	-21.3	-20.55
Metlife	54.24	54.14	0.10	0.18	-7.12	-11.5	-8.19
Marathon Ptl	108.70	106.90	1.80	1.68	-15.56	-11.2	-15.53
Nomura	477.70	479.90	-2.20	-0.46	-48.80	-9.6	-4.69
ThmReut	161.38	160.37	1.01	0.63	-17.79	-9.4	-8.50
ImpOil	62.92	62.34	0.58	0.93	-6.72	-8.9	-12.90
Walgreen	31.61	32.17	-0.56	-1.73	-2.44	-8.7	-11.56
Truist Financial Corp	28.83	28.69	0.14	0.47	-2.83	-8.6	-11.79
Aptiv	93.60	93.42	0.18	0.19	-8.77	-8.4	-9.15
Adobe	343.37	348.40	-5.03	-1.44	-25.75	-8.2	-9.82
MTN Grp	117.94	118.12	-0.18	-0.15	-10.20	-8.1	-8.80
RELX	2434.00	2450.00	-16.00	-0.65	-196.00	-8.0	-6.29
BP	492.30	476.50	15.80	3.32	-57.90	-7.9	-9.25
Regen Pharm	747.61	762.10	-14.50	-1.90	-44.62	-7.3	-9.85
Halliburton	30.27	29.88	0.39	1.31	-2.67	-7.0	-7.37
IllinoisTool	228.63	230.31	-1.68	-0.73	-15.50	-7.0	0.44
CharlesSch	48.30	49.24	-0.94	-1.91	-2.57	-6.8	-2.25
AXA	27.59	28.86	-1.28	-4.42	-0.71	-6.7	-3.92
USBancorp	30.75	30.74	0.01	0.03	-2.20	-6.6	-13.85
SandsCh	26.10	26.90	-0.80	-2.97	-0.95	-6.3	-9.55

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

May 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
HCA Inc.	04/24	8.36	BB-	Ba2	BB	113.75	4.24	0.00	0.12	-
High Yield Euro										
Aldesa Financial Services S.A.	04/21	7.25	-	-	B	71.10	28.23	0.00	0.64	25.98
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Colombia	01/26	4.50	-	Baa2	BBB-	109.50	2.33	0.16	0.52	1.28
Brazil	04/26	6.00	-	Ba2	BB-	115.15	2.78	-0.01	0.65	1.73
Poland	04/26	3.25	-	A2	A-	111.22	0.98	0.03	0.16	-0.07
Mexico	05/26	11.50	-	Baa1	BBB-	149.00	1.61	0.00	-0.12	0.56
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Turkey	03/27	6.00	-	B2	BB-	102.88	5.43	0.14	0.83	4.38
Peru	08/27	4.13	BBB+	A3	BBB+	103.50	3.66	0.01	-0.02	0.80
Russia	06/28	12.75	-	Baa3	BBB	168.12	2.48	0.07	0.05	-
Brazil	02/47	5.63	-	Ba2	BB-	101.48	5.52	0.08	0.80	-
Emerging Euro										
Brazil	04/21	2.88	BB-	Ba2	BB-	103.09	0.05	0.01	-0.09	-1.19
Mexico	04/23	2.75	BBB+	A3	BBB+	107.76	0.76	0.00	-0.07	-1.56
Mexico	04/23	2.75	-	Baa1	BBB-	106.48	-0.26	-	-	-0.36
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	117.04	1.00	0.02	-0.15	-1.42

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

BONDS: GLOBAL INVESTMENT GRADE

May 05	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	96.46	5.02	0.00	0.02	-
Euro										
Electricite de France (EDF)	04/30	4.63	A-	A3	A-	137.45	0.82	-0.01	0.10	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	124.42	0.68	0.00	-0.11	-
The Goldman Sachs Group, Inc.	02/31	3.00	BBB+	A3	A	121.70	0.93	0.00	0.02	-
Finland	04/31	0.75	AA+	Aa1	AA+	111.08	-0.27	0.00	-0.05	-0.87
Yen										
Mexico	06/26	1.09	-	Baa1	BBB-	98.73	1.34	-0.02	-0.14	0.27
£ Sterling										
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	137.45	2.19	-0.03	0.02	-
innogy Fin B.V.	06/30	6.25	BBB	Baa2	A-	128.68	3.20	0.00	-0.01	0.40

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

INTEREST RATES: OFFICIAL

May 05	Rate	Current	Since	Last
US	Fed Funds	4.75-5.00	22-03-2023	4.75-4.50
US	Prime	8.25	04-05-2023	8.00
US	Discount	5.00	02-05-2023	4.75
Euro	Repo	3.25	02-05-2023	2.899
UK	Repo	4.25	23-03-2023	4.00
Japan	O'night Call	0.00-0.10	01-02-2016	0.00
Switzerland	Libor Target	-1.25-0.25	15-01-2015	-0.75--0.25

INTEREST RATES: MARKET

May 05 (Libor: May 04)	Over night	Change Day	Change Week	Change Month	One month	Three month	Six month	One year
US$ Libor	5.05986	0.001	4.134	0.006	5.10443	5.33686	5.35286	5.19971
Euro Libor	-0.64957	-0.064	-0.224	0.001	-0.61943	-0.58057	-0.55600	-0.48571
£ Libor	0.18063	-0.005	-0.043	0.001	4.20130	4.63360	4.74470	0.81363
Swiss Fr Libor				-0.002	-0.77540	-0.75300	-0.70280	-0.55320
Yen Libor				0.000	-0.06005	-0.02617	0.07165	0.04867
Euro Euribor				-0.013	3.09900	3.28000	3.57500	3.77000
Sterling CDs				0.000	0.50000	0.63000	0.78500	
US$ CDs				-0.040	5.09000	5.21000	5.23000	
Euro CDs				0.000	3.08000	3.27000	3.54000	

May 05	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	2.64	2.94	2.77	3.07	2.93	3.23	3.12	3.42	3.39	3.69	3.47	3.77
Sterling					0.45	0.55	0.58	0.68	0.71	0.86	0.90	1.05
US Dollar	5.02	5.22	4.97	5.17	4.99	5.19	5.11	5.31	5.13	5.33	4.91	5.11
Japanese Yen	-0.30	-0.10	-0.30	-0.10	-0.25	0.05	-0.15	0.05	-0.05	0.15	0.00	0.20

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

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	211.67	0.19	0.94	3.91	0.61	3.67
Corporates(£)	330.72	-0.42	-0.27	2.35	-0.77	-7.29
Corporates(€)	212.67	-0.31	0.17	2.59	-0.02	-3.84
Eurozone Sov(€)	212.55	-0.55	0.11	2.42	-0.83	-7.60
Gilts(£)	269.12	-0.77	-0.62	-0.17	-3.55	-16.13
Overall(£)	279.81	-0.66	-0.50	0.47	-2.84	-13.85
Overall(€)	208.91	-0.47	0.15	2.31	-0.59	-6.69
FTSE						
Sterling Corporate (£)	-	-	-	-	-	-
Euro Corporate (€)	104.47	-0.05	-	-	0.54	-1.73
Euro Emerging Mkts (€)	611.59	5.86	-	-	-6.61	-7.70
Eurozone Govt Bond	110.04	-0.19	-	-	-0.34	-0.64

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	449.64	0.00	15.54	-9.41	510.17	424.31
Europe 5Y	86.33	0.00	3.58	-1.61	101.15	79.69
Japan 5Y	80.70	0.67	1.31	-8.96	99.54	79.25
Senior Financials 5Y	102.71	0.00	4.62	-1.61	124.01	91.28
Markit CDX						
Emerging Markets 5Y	247.49	-4.51	9.57	6.10	265.81	229.64
Nth Amer High Yld 5Y	492.60	-15.91	26.91	13.14	509.56	458.20
Nth Amer Inv Grade 5Y	80.49	-2.79	4.84	2.66	88.71	73.57

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

VOLATILITY INDICES

	May 08	Day Chng	Prev	52 wk high	52 wk low
VIX	17.34	0.15	17.19	35.48	15.53
VXD	16.31	0.39	15.92	37.57	10.88
VXN	20.63	0.27	20.36	44.02	5.85
VDAX	18.57	0.07	18.51	93.30	-

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

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	-	-	-	-	-	-	-	-
	05/32	1.25	84.00	3.31	0.01	-0.02	-0.02	-0.08
	02/50	1.00	101.21	1.55	0.02	0.07	0.07	0.35
Austria	02/29	0.50	88.31	2.71	0.09	-0.06	-0.06	1.48
	02/47	1.50	72.57	3.16	0.09	0.06	0.06	1.50
Belgium	06/27	0.80	93.09	2.59	0.08	-0.09	-0.09	1.61
	06/47	1.60	70.47	3.42	0.08	0.03	0.03	1.39
Canada	03/25	1.25	95.68	3.74	0.19	0.04	0.04	0.97
	06/30	1.25	89.65	2.88	0.16	0.04	0.04	-0.14
	12/48	2.75	93.97	3.09	0.10	0.09	0.09	0.09
Denmark	11/29	0.50	88.19	2.48	0.08	-0.06	-0.06	1.20
	11/52	0.25	51.93	2.60	0.07	0.03	0.03	1.15
Finland	09/24	0.00	96.26	2.86	0.08	-0.02	-0.02	2.38
	09/29	0.50	87.20	2.72	0.05	-0.07	-0.07	1.48
France	05/28	0.75	91.39	2.59	0.08	-0.06	-0.06	1.50
	05/48	2.00	77.96	3.31	0.08	0.04	0.04	1.40
Germany	08/29	0.00	87.29	2.19	0.10	-0.07	-0.07	1.30
	08/50	0.00	52.68	2.38	0.09	0.05	0.05	1.24
Greece	-	-	-	-	-	-	-	-
	01/28	3.75	101.03	3.51	-0.06	-0.12	-0.12	1.08
Ireland	-	-	-	-	-	-	-	-
	05/26	1.00	95.39	2.61	0.08	-0.06	-0.06	1.77
	02/45	2.00	80.26	3.28	0.08	0.05	0.05	1.34
Italy	02/25	0.35	95.17	3.24	0.05	-0.09	-0.09	1.70
	05/30	0.40	90.70	1.82	0.01	0.09	0.09	1.74
	03/48	3.45	84.13	4.52	0.09	0.07	0.07	1.27
Japan	04/25	0.05	99.99	0.06	0.00	0.01	0.01	0.00
	12/29	0.10	99.31	0.21	0.00	0.00	0.00	0.02
	12/49	0.40	80.71	1.25	0.00	-0.01	-0.01	0.30
Netherlands	07/27	0.75	93.23	2.47	0.09	-0.08	-0.08	1.57
	01/47	2.75	100.40	2.73	0.09	0.04	0.04	1.42
New Zealand	05/31	1.50	82.60	4.07	-0.03	-0.01	-0.01	0.32
	09/40	2.50	125.07	2.26	0.06	0.02	0.02	0.62
Norway	08/30	1.38	88.57	3.16	0.06	0.00	0.00	0.30
Poland	-	-	-	-	-	-	-	-
	07/27	2.50	87.90	5.82	0.03	-0.11	-0.11	-1.11
	04/47	4.00	76.52	5.85	0.00	-0.09	-0.09	-0.46
Portugal	04/27	4.13	105.40	2.66	0.02	-0.06	-0.06	1.30
Spain	-	-	-	-	-	-	-	-
	10/29	0.60	85.85	3.04	0.07	-0.03	-0.03	1.31
	10/46	2.90	85.36	3.86	0.08	0.06	0.06	1.32
Sweden	06/30	0.13	112.61	0.78	-0.01	0.04	0.04	2.02
	03/39	3.50	113.58	2.46	0.03	0.02	0.02	0.44
Switzerland	04/28	4.00	114.40	0.98	0.04	0.03	0.03	0.44
	06/29	0.00	94.09	1.00	0.02	0.01	0.01	0.34
United Kingdom	07/23	0.75	99.26	4.38	0.05	0.11	0.11	2.91
	07/27	1.25	90.71	3.65	0.08	-0.01	-0.01	1.98
	07/47	1.50	59.35	4.19	0.09	0.09	0.09	2.02
United States	-	-	-	-	-	-	-	-
	03/25	0.50	93.73	3.96	0.19	-0.15	-0.15	1.03
	02/30	1.50	88.51	3.41	0.12	-0.08	-0.08	0.35
	02/50	0.25	70.96	1.59	0.02	0.03	0.03	0.94

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

GILTS: UK CASH MARKET

May 05	Price £	Red Yield	Change in Yield Day	Change in Yield Week	Change in Yield Month	Change in Yield Year	52 Week High	52 Week Low	Amnt £m
-	-	-	-	-	-	-	-	-	-
Tr 0.75pc '23	99.29	4.27	1.18	0.71	4.91	205.00	99.56	97.34	34.36
Tr 0.125pc '24	97.11	4.18	1.70	-0.48	9.71	171.43	98.11	94.34	35.55
Tr 2pc '25	95.87	3.87	1.57	-0.51	11.53	146.50	102.39	93.15	39.93
Tr 0.125pc '26	90.84	3.69	2.22	0.00	11.14	132.08	95.84	86.33	35.32
Tr 1.25pc '27	90.75	3.64	2.25	-0.27	10.64	119.28	99.59	85.65	40.99
Tr 0.5pc '29	83.49	3.73	2.47	0.27	9.06	103.83	95.60	78.21	28.92
Tr 1pc '32	79.89	3.72	2.48	1.36	10.06	85.07	123.55	78.92	35.96
Tr 4.25pc '36	103.51	3.90	2.36	1.56	9.24	78.08	128.23	94.91	31.68
Tr 4.5pc '42	104.92	4.13	1.98	1.72	9.55	84.38	142.15	93.79	28.35
Tr 3.75pc '52	93.13	4.16	1.96	2.46	10.64	90.83	141.09	82.51	25.11
Tr 4pc '60	98.84	4.06	2.01	2.53	12.15	96.14	158.02	87.32	25.13

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

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	May 05	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	81.39	-0.12	2356.41	-0.48	-2.20	3.83
2 5 - 10 Years	147.60	-0.53	3150.10	-1.85	-8.93	3.66
3 10 - 15 Years	155.97	-0.87	3633.64	-3.02	-14.07	3.91
4 5 - 15 Years	148.52	-0.63	3264.61	-2.22	-10.42	3.76
5 Over 15 Years	207.90	-1.30	3615.14	-6.26	-28.59	4.10
7 All stocks	133.91	-0.67	3013.60	-2.99	-15.21	3.99

Index Linked	May 05	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	326.20	0.03	-0.40	0.82	2767.63	-0.40	2.00
2 Over 5 years	530.42	-1.05	-7.47	-28.80	4049.84	-7.47	-28.42
3 5-15 years	452.75	-0.24	-3.72	-11.62	3672.14	-3.72	-10.89
4 Over 15 years	587.07	-1.62	-9.99	-37.22	4348.35	-9.99	-37.00
5 All stocks	505.19	-0.87	-6.34	-25.12	3936.10	-6.34	-24.65

Yield Indices	May 05	May 04	Yr ago		May 05	May 04	Yr ago
5 Yrs	3.62	3.54	1.63	20 Yrs	4.14	4.06	2.20
10 Yrs	3.78	3.69	1.97	45 Yrs	3.96	3.88	1.91
15 Yrs	4.02	3.94	2.16				

Real yield	inflation 0% May 05	inflation 0% Dur yrs	inflation 0% Previous	inflation 0% Yr ago	inflation 5% May 05	inflation 5% Dur yrs	inflation 5% Previous	inflation 5% Yr ago
Up to 5 yrs	0.76	2.36	0.77	-3.91	0.38	2.38	0.36	-4.38
Over 5 yrs	0.69	19.10	0.64	-1.53	0.67	19.16	0.61	-1.55
5-15 yrs	0.45	9.27	0.42	-2.17	0.36	9.28	0.33	-2.26
Over 15 yrs	0.75	25.79	0.69	-1.43	0.74	25.80	0.67	-1.44
All stocks	0.69	16.27	0.64	-1.56	0.66	16.35	0.60	-1.58

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

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Jun	73.25	1.91	Corn♦	Jul	598.50	2.00
Brent Crude Oil‡		76.92	1.62	Wheat♦	Jul	665.00	4.75
RBOB Gasoline†	Jul	2.41	0.04	Soybeans♦	Jul	1443.25	6.75
Natural Gas†	Jun	2.20	0.07	Soybeans Meal♦	Jul	427.20	1.10
Base Metals (♠ LME 3 Months)				Cocoa (ICE Liffe)✠	Jul	2206.00	15.00
Aluminium		2321.00	25.50	Cocoa (ICE US)♥	Jul	2922.00	-11.00
Aluminium Alloy		2150.00	-75.00	Coffee(Robusta)✠	May	2583.00	46.00
Copper		8580.00	45.00	Coffee (Arabica)♥	May	184.50	-1.90
Lead		2107.00	-20.00	White Sugar✠		717.00	19.20
Nickel		24705.00	705.00	Sugar 11♥		26.16	-0.16
Tin		26050.00	295.00	Cotton♥	Jul	84.08	0.18
Zinc		2681.00	54.50	Orange Juice♥	Jul	264.45	-5.50
Precious Metals (PM London Fix)				Live Cattle♣	Jun	161.98	0.40
Gold		2000.95	-43.75	Feeder Cattle♣	May	134.88	-
Silver (US cents)		2584.00	21.50	Lean Hogs♣	Jun	83.55	-3.60
Platinum		1053.00	-7.00				
Palladium		1426.00	-15.00		May 04	% Chg Month	% Chg Year
Bulk Commodities							
Iron Ore		103.55	-0.32	S&P GSCI Spt	553.27	-6.04	-28.11
Baltic Dry Index		1558.00	13.00	DJ UBS Spot	103.66	-2.42	-20.47
Richards Bay ICE Futures		121.50	-3.15	TR/CC CRB TR	288.58	-3.50	-13.64
				LEBA EUA Carbon	58.91	-1.98	129.94
				LEBA UK Power	1048.00	-37.43	-39.60

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

BONDS: INDEX-LINKED

	Price May 05	Yield May 05	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 26	110.57	1.213	1.073	-0.11	5.25	71844.43	8
Fr 0.25%' 24	100.49	-0.147	-0.119	-0.01	17.92	259554.16	17
Swe 1.00%' 25	126.21	0.957	0.952	0.08	35.93	224274.61	7
UK 2.500%' 24	375.43	1.288	1.274	0.11	6.82	539380.47	30
UK 2.50%' 24	375.43	1.288	1.274	0.11	6.82	539380.47	30
UK 2.00%' 35	243.84	0.490	0.455	-0.86	9.08	539380.47	30
US 0.625%' 26	97.63	1.525	1.467	0.22	42.42	1665886.98	48
US 3.625%' 28	111.33	1.254	1.192	0.31	16.78	1665886.98	48

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

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	3.31	1.12	-0.10	Netherlands	2.47	0.28	-0.94
Austria	2.71	0.52	-0.70	New Zealand	4.07	1.87	0.65
Canada	2.88	0.69	-0.53	Norway	3.16	0.97	-0.26
Denmark	2.48	0.29	-0.93	Portugal	2.66	0.47	-0.75
Finland	2.72	0.53	-0.69	Spain	3.04	0.85	-0.38
Germany	2.19	0.00	-1.22	Sweden	0.78	-1.42	-2.64
Italy	1.82	-0.37	-1.60	Switzerland	1.00	-1.19	-2.41
Japan	0.21	-1.99	-3.21	United States	3.41	1.22	0.00

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

ARTS

Anguish in ancient Egypt and Ulster

OPERA

Aida
Royal Opera House, London

Abomination: A DUP Opera
Queen Elizabeth Hall, London

Alastair Macaulay

The 1953 Coronation opera season is famous for bringing Maria Callas to Covent Garden in three roles (one of them the title role in Verdi's *Aida*) and for the world premiere of Benjamin Britten's *Gloriana*, a work whose lasting virtues were wrong for that year. London's two main operatic events of the 2023 Coronation weekend were considerably less splendid and historic — and were chalk and cheese in idiom — but each joined politics and music effectively.

The current Royal Opera House production of *Aida* often seems anti-*Aida*. Robert Carsen's production, new in September 2022, is an antidote for those who know Verdi's 1871 classic in terms of colossal stage architecture and for glamorous spectacle. This staging presents ancient Egypt as modern-dress military state. Greys, greens and beiges dominate the palette.

Soloman Howard as Ramfis and Elīna Garanča as Amneris in 'Aida', which stars Angel Blue (below) — Tristram Kenton

Carsen has fine-tuned his production for a second cast of singers, conducted by Mark Elder. Even though flaws remain — why, for the finale, is the military hero Radamès locked in a missile store? — the result is transformative.

It now lives from within, principally because of the performances by American soprano Angel Blue (making her role debut as Aida) and South Korean tenor Seokjong Baek. Both of them make much more of their words than did Elena Stikhina and Francesco Meli in September, with acting more physically vivid. Blue's voice has bloom and sailing power throughout its range. Though she may still acquire more detail and intensity, she's already an impressive incumbent of this taxing role. As a heroic tenor who uses his eyes well, Baek is already a rarity; his Italian diction gives new life to even incidental words ("*dirti*" — "to say to you" — leapt out with real feeling in his opening recitative); his singing combines sweetness with strength.

As Amneris, Latvian mezzo soprano Elīna Garanča reaches yet another peak in her glorious career. She has vocal and physical glamour, incisive power, telling verbal utterance, convincing anguish. Since Covent Garden's 1977 revival, my yardstick for this role has been Fiorenza Cossotto; now Garanča gives me another. Elder's conducting was propulsive, marvellously breathing conviction into Carsen's bleak vision of a militarised nation in which religion and arms work together. ★★★★★

The good and bad sides of *Abomination: A DUP Opera* are both striking and obvious. It begins with speech, in which we all hear the words, but soon moves into singing, where the words are often unintelligible, even though the performers are miked. Composer and director Conor Mitchell compounds this problem with his orchestration, where brass and percussion often drown diction. Yet very soon we hear enough words — and see enough action — to be caught up in a complex drama.

Yes, this DUP is the Democratic Unionist Party of Northern Ireland, the word "abomination" taken from an infamous 2008 radio interview in which then DUP member of parliament Iris Robinson used it to denounce homosexuality. And yes, this is the same Iris Robinson who, it later emerged (as shown here), had been having an extramarital affair with a 19-year-old even while comparing homosexuality to the sexual abuse of children.

There is no linear narrative in *Abomination*. Instead, it is opera as fragmented psychodrama, where bigotry, religion, politics, journalism and gay rights campaigning all coexist — occasionally as a Babel where unintelligibility becomes the point, sometimes as a portrait of hypocrisy, generally as a demonstration of human complexity. The production is carried, brilliantly, by the soprano Rebecca Caine. Her Robinson combines burningly neurotic conviction with riveting vulnerability. ★★★☆☆

'Aida' to June 1, roh.org.uk. 'Abomination' continues to Brighton Festival, May 9-10, brightonfestival.org

OPERA

Don Giovanni
Metropolitan Opera, New York
★★★★☆

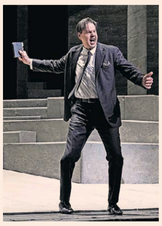
Clemency Burton-Hill

Watching the first night of the Metropolitan Opera's superb new production of *Don Giovanni*, I was struck anew by the fact that some operas can somehow brush their 1787 selves off to meet a contemporary moment with *uncanny* precision. And, when that happens, it makes the accusations levelled against opera (for being too old-fashioned or implausible, say, or culturally irrelevant, or inaccessible) moot. And that the excellence of a contemporary production combined with centuries-old artistic material that is, by most measures, still exceptional, can complicate one's response to it, generating a few unanswered — or unanswerable — questions.

The richness of the experience I had on Friday — in the same week, incidentally, that Donald Trump, another ultra-powerful and notorious womaniser, was on trial for rape and battery in this very city (charges he denies) — was complex. I tried not to seek resolution for the most confounding questions that always surface around *Don Giovanni*. Is it just a straightforward morality play? Are we humans — especially we females — so weak, so fallible, so gullible? Is Giovanni simply "motivelessly malign", as Coleridge memorably put it, considering Shakespeare's similarly perplexing Iago? What is to be made of Donna Elvira's maddening sympathy towards him in the face of his monstrous callousness towards her, or Don Ottavio's increasing desperation to wed the grieving Donna Anna? Is that all about sex? And what about us, in response to this harrowing yet occasionally humorous and very human tale? Does the combination of pure charisma, great stagecraft, vocal ability and musical beauty courtesy of the 33-year-old Mozart, apparently no angel himself, complicate our relationship to it? Do we become as complicit as wretched Leporello if we enjoy *any* aspects of Don Giovanni? And does any of this matter?

In the Met's impressive and perfectly cast production, Belgian theatre director Ivo van Hove, together with French contralto-conductor Nathalie Stutzmann, attempt to solve some of the layered conundrums of *Don Giovanni* with skill and intelligence. Van Hove and his technical team have created a believable context and texture, with occasionally chilling results. Meanwhile, Stutzmann and the Met orchestra impart a particular energy — a kind of vivacity and lyricism underscored by extreme darkness — into Mozart's impeccable score.

From the moment that Don Giovanni (star Swedish baritone Peter Mattei) attempts to rape Donna Anna (soprano Federica Lombardi), who is, of course, betrothed to Don Ottavio (Ben Bliss), then coolly, but mortally, shoots her father, Alexander Tsymbalyuk's Commendatore, we understand that we are in for an emotional rollercoaster.



Peter Mattei as Don Giovanni

But in the end, its questions are not so easily resolvable, particularly for anyone unconvinced by the fate that befalls Don Giovanni (spoiler alert: he's going into the flames of hell, after a dinner date that goes spectacularly badly). Instead, we could simply take this magnificent production at face value. And what value it is.

To June 2, metopera.org

A celebration not quite fit for a King

Second-tier music acts put on a less-than-stellar display at the Coronation Concert, writes Ludovic Hunter-Tilney

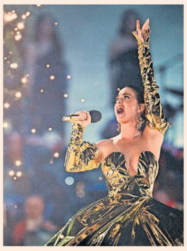
It's a token of the waning power of the British monarchy that Adele and Harry Styles aren't apprehensively contemplating Traitor's Gate at the Tower of London and plotting emergency escape routes to France. For they are reportedly among the big names to have said no to performing at the Coronation Concert. The call went out from king and country, but Britain's top pop stars apparently had other pressing engagements. Perhaps with shampoo and conditioner. Or maybe their notifications were switched off.

It wouldn't have happened in Henry VIII's day. However, the Carolean accession of 2023 must reckon with the diminished tools of command at modern royalty's disposal. Which is a fancy way of saying that King Charles III's coronation party was several gems short of the full diadem.

The event was organised and broadcast live by the BBC and took place at Windsor Castle, the longest-occupied royal palace in Europe. Never before had so many subjects gathered within its regal precinct. Twenty thousand people were present, a dressed-down mix of ages and ethnicities. There was the odd bowler hat with Union Jack fluttering from its dome, but tourist-postcard displays of sartorial royalism were otherwise scarce among this cheerful cross-section of High Street Britain, winners of a ticket lottery.

"The sun is out and we have a king!" cried the warm-up DJ, BBC Radio 2's Scott Mills. The orb in question sank behind the castle, which in turn stood behind the stage, a spectacular setting. Thousands of little Union Jacks were waved, a plasticky sea of red, white and blue. All heads swung round to the Royal Box when King Charles and Queen Camilla entered with other members of the royal family.

Rave reviews had been received for the music the day before at Westminster Abbey, handpicked by the King. Handel trended on Twitter, while Zadok is bound to join Noah and Olivia among Britain's most popular baby names in nine months' time. An opening salvo of kettle drums and trumpet fanfares suggested more of the same from the stage at Windsor Castle. But then the conductor of the Household Division Regimental Bands waved the baton as though possessed, and ranks of orchestral violinists started sawing away like carpenters. DJ Pete Tong beamed from behind his console as two singers belted out an orchestral version of his Ibiza anthem "Feel the Love".



Katy Perry led a huge singalong to her hit single 'Roar' — Leon Neal/Getty

So began a concert that was closer in spirit to the cheesy inanity of the annual Royal Variety Performance than a magnificent inflection point in British pomp and flummery. Hugh Bonneville was the compère, cracking unfunny jokes. Some stilted banter with Kermit the Frog and Miss Piggy was particularly dire: Windsor Castle's gardeners will have a lot of tumbleweed to clear away.

The new King rules over a global set of countries with a vast expanse of musical styles. Strangely, the singing acts on the bill hardly reflected this. Nigerian Afrobeats singer Tiwa Savage performed an over-orchestrated version of her song "Keys to the Kingdom". A Commonwealth choir appeared with veteran British rocker Steve Winwood for his hit "Higher Love". English acts featured heavily, including drably middle-of-the-road types such as Olly Murs and Paloma Faith. The other countries of the UK were under-represented.

Welsh opera singer Bryn Terfel did a thunderous duet of "You'll Never Walk Alone" with Italian tenor Andrea Bocelli, both roaring away like the aircraft overhead on the flight path to Heathrow. Chinese classical pianist Lang Lang tinkled the ivories in accompaniment with Nicole Scherzinger, who did a cut-price Céline Dion impression on the Disney ballad "Reflection", all clenched fists and grappling-hook high notes.

In a sign of the evening's undazzling star-wattage, a susurration of excitement went through the audience at the announcement of "international superstar" Lionel Richie. The old stager played it like a pro, propelling himself upright from piano stool to lip of stage with microphone during the big key change in The Commodores' "Easy". The Royal Box clambered to its feet and jiggled decorously.

"Global pop icon" Katy Perry was fresh from her scene-stealing cameo at the coronation ceremony involving an impractical fascinator the size of a UFO. Hatless tonight in a big golden frock and dispensing regal US showbiz greetings, she brought 1,200 years of monarchy to some sort of a culminating point with a huge singalong to "Roar".

The highlight was a breathtaking display of drone lighting technology that created images of the natural world in the night sky during a section of eco-messaging. Next to that, the evening's headliners were distinctly underwhelming: "British pop royalty" Take That, or rather the three remaining members. They ended the night with ponderous anthem "Never Forget", accompanied by military drummers.

No sooner had it ended than all present swivelled around to applaud King Charles III fiddling with his cufflinks in the Royal Box. Perhaps a sly Machiavellian stratagem had taken place. Majesty's lustre couldn't help but outshine that of showbiz at the Coronation Concert.

Take That appeared alongside military drummers but sans Robbie Williams — Chris Jackson/Getty

FT BIG READ. OIL & GAS

The supermajor says it is investing billions in low-carbon technologies in recognition of a changing world. Pressure from shareholders has also played a part – as have generous US tax incentives.
By Justin Jacobs

Exxon's turnround on clean energy

ExxonMobil's top executives went into the company's yearly shareholder's meeting in May 2021 confident it was set to win a proxy fight with activist investors over its approach to climate change.

Then the votes started rolling in and it soon became clear that Exxon had a full-blown revolt on its hands.

Engine No 1's campaign tapped into a deep well of discontent among larger investors at Exxon — the corporate embodiment of the age of oil, that long denied and cast doubt on man-made climate change, and strode the global stage with more wealth and power than many nations.

The company was stuck in the past, the campaign argued, failing to position itself for a coming shift to clean energy and addicted to big spending on oil and gas projects that no longer made financial sense. "This was a complete failure in running the business," says Chris James, founder of Engine No 1.

But two years on from the landmark shareholder uprising, James says he sees signs that the proxy fight set Exxon on a new trajectory, pointing to a number of changes that he says were pushed by the campaign.

Exxon has promised to inject billions of dollars into a new business line focused on what it calls low-carbon technologies such as carbon capture and hydrogen. It has also kept a tight grip on spending even as oil and gas prices rose in the wake of Russia's full-scale invasion of Ukraine.

The company has also brought outsiders into key senior roles, including leading the energy transition effort, which many see as a big cultural change at a company that historically promoted those steeped in the Exxon worldview into its upper ranks.

"Setting up a low-carbon solutions business, I would chalk that up as a definitive win for what we were talking about," says James, whose campaign won three seats on Exxon's board. "This was a company that was kicking and screaming going into the energy transition and then started talking about it after the campaign."

But has Exxon changed? The company says it is pouring cash into lower-emission technologies. But critics note it is only about 10 per cent of overall spending over five years, and that the company remains fundamentally wedded to a future of ever more demand for fossil fuels — a future all serious climate models say would unleash huge environmental damage.

Some say this shift is less about a new-found belief in the need to transition to cleaner energy and more about taking advantage of the Biden administration's flagship climate law, the Inflation Reduction Act, which includes generous subsidies for green technologies.

The question of Exxon's commitment to change has taken on new dimensions in the energy crisis that followed Vladimir Putin's invasion of Ukraine. This crystallised competing visions of how the world will power itself in the future: the oil industry's view of continued reliance on its core products; or an alternative one that breaks free of the fossil fuels that have given corporate titans such as Exxon — and autocrats like Putin — incredible riches and power.

"This is not the Exxon of even five years ago, they've read the tea leaves and they understand they need to project a different image," says Andrew Logan, a senior director at Ceres, which co-ordinates investor action on climate change and backed the Engine No 1 campaign.

"What is still unclear is whether this is just an exercise in messaging and PR or whether there's real commitment to a new strategy."

A new narrative

Last month, Exxon's chief executive, Darren Woods, fleshed out the company's new energy transition strategy in the most detail yet, telling investors that efforts to cut emissions were creating markets worth trillions of dollars that the firm wanted to tap into.

"The world's climate challenge is immense and the opportunity it creates is equally immense," says Woods.

Dan Ammann, whom Exxon hired from General Motors' self-driving car unit to run its low carbon efforts, says that the business could one day grow to be "larger than ExxonMobil's base business is today as the world approaches net zero".

The sudden bullishness on technologies that could profit from the energy transition marks a profound shift in messaging from Exxon.

Two years on from a landmark shareholder uprising over its approach to climate change, ExxonMobil claims to be on a new trajectory. Yet activists, such as those protesting in New York, right, argue that Exxon's focus on technologies like carbon capture is an attempt to extend the fossil fuel era

FT montage; Getty Images/Dreamstime; Eduardo Munoz Alvarez/VIEW/Corbis/Getty Images

For decades, the company downplayed the threat of clean energy to its business, lobbied against government efforts to reduce emissions and actively set out to cast doubt on the science of climate change, even as it own scientists were coming to similar conclusions as the broader scientific community, internal documents released in recent years show.

Woods has denied that Exxon spread disinformation about the climate and said in 2021 that the company has "long acknowledged the reality and risks of climate change".

Unlike European oil major rivals such as BP, Shell and TotalEnergies, Exxon is not ploughing cash into big wind and solar projects or trying to crack into the battery business. Woods in 2020 dismissed those companies' climate targets as a "beauty competition".

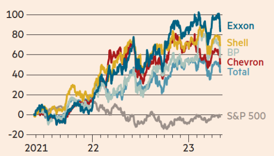
In Exxon's view the energy transition will involve a lot of electrification for things such as power generation and automobiles. But it argues there will be large swaths of the economy like heavy industry and long-range transportation that will be difficult and costly to electrify and will need to be decarbonised by trapping emissions or deploying hydrogen made from gas or swapping today's fossil fuels for biofuels.

Exxon is betting on those technologies — biofuels, carbon capture and storage, and low-emission hydrogen — which it says are more closely aligned with its expertise and deep experience in the oil and gas business. "The world needs to establish a new industry, a carbon-reduction industry with new value chains and products, and we need it sooner rather than later. These needs play to our strengths," says Woods.

Yet the strategy has many critics. Although the International Energy Agency and the UN say these technologies will play a key role in helping the world get to net zero, carbon capture and storage has never been successfully built at a significant scale and the projects that have been set up have often trapped far fewer emissions than advertised. While hydrogen is a common input for heavy industry, hardly any of it is produced cleanly, and biofuels remains a largely niche product.

Exxon's shares have beaten rivals since boardroom defeat

Share performance vs oil majors and S&P 500, % change since end-May 2021



Source: S&P Capital IQ

Climate activists and analysts say Exxon is focused on hydrogen and carbon capture and storage because it sees them as a way to extend the fossil fuel era and fend off electrification efforts in markets key to future oil and gas demand.

Prior, extravagantly publicised investments in energy innovations have not lived up to Exxon's hype. Logan of Ceres points to the company's decade-plus long push to make biofuels from algae, which the company for years publicly touted as its flagship climate initiative, including in multiple high-profile Super Bowl advertisements.

But the technology ultimately never went anywhere and Exxon quietly dropped its algae programme this year.

Exxon's Ammann acknowledges that the talk around carbon capture and hydrogen has outpaced the reality.

"One of the things that's been interesting to me coming into this space, is there have been lots of press releases and lots of talk, frankly, but there have been very few real definitive project agreements," he says.

But he points to a string of deals Exxon has announced in recent months for new hydrogen and carbon capture projects as evidence that the business is "moving off PowerPoint and into the real world".

The company has committed to building a new hydrogen production facility in a major refining and petrochemical hub outside Houston, Texas. It will be a so-called "blue" hydrogen facility, a novel venture in which it uses carbon-intensive natural gas to produce the hydrogen but captures and stores the plant's CO_2 emissions.

Last month, it signed a deal with UK-based chemicals company Linde. Exxon says it will transport 2.2mn tonnes a year of CO_2 from a new Linde hydrogen facility on the US Gulf Coast and permanently store it underground. Those initial projects could start generating cash by 2025, Ammann says.

IRA incentives

It is an open question whether any of these investments would have been greenlit without the subsidies for carbon capture and storage and hydrogen in the Inflation Reduction Act. The projects position the company as potentially among the IRA's biggest winners.

ExxonMobil and others in the industry lobbied Joe Manchin, a Democratic senator from West Virginia, who played a key role in shaping the IRA, to get the incentives for oil and gas companies' favoured green technologies into the law alongside subsidies for wind, solar and battery projects.

The bill includes a subsidy of $85 a tonne of CO_2 for projects that capture and store the emissions, and up to $3 a kilogramme of clean hydrogen produced, which analysts say makes a huge number of projects that previously lacked a viable business model suddenly potentially very profitable.

Jeff Ubben, the activist investor and member of Exxon's board of directors, said at an event recently that the IRA could lead to the company's low-carbon spending "number going up — up a lot".

He said that most Exxon shareholders would not support spending on low-profit clean energy projects, but that the IRA's tax incentives had potentially put returns "into double digits".

> 'This was a company going into the energy transition kicking and screaming, which then started talking about it'

"It's difficult if you're the CEO — or want to be the CEO — to lead the decarbonisation of energy across the existing infrastructure and then do it at a subpar return. Your investors may fire you," says Ubben.

> 'What is unclear is whether this is just a messaging and PR exercise or if it is really committed to a new strategy'

Still pumping

While Exxon says it wants to expand into new low-carbon businesses, it is not retreating from oil and gas. Rather, it plans to bolt the low-carbon business on to a growing oil and gas business.

The company plans to expand its oil and gas production by 3 per cent a year through 2027, setting it apart from its European rivals that say they are holding output steady or letting it decline. Exxon is rapidly expanding output in the massive Permian Basin shale oilfields in west Texas and New Mexico, and analysts say the company, flush with cash, could be on the hunt for a big deal in the shale patch or elsewhere.

It is also ploughing billions of dollars into a massive deepwater oil project off the coast of Guyana in Latin America, among the largest discoveries the industry has seen in decades.

Exxon's bet on oil and gas has paid off over the past 18 months as surging oil and natural gas prices after Putin's invasion of Ukraine made the company more profitable than ever.

It racked up nearly $56bn in profits last year and its shares have soared to new record highs, far outpacing European oil major rivals Shell and BP that had been emphasising their transition out of fossil fuels. Both these companies now say they are slowing their shift away from oil and gas, a move broadly welcomed among investors.

Exxon argues it can continue to expand its oil and gas business and remain aligned with global efforts to reduce emissions as laid out in the Paris Agreement by cleaning up and offsetting emissions from its own operations.

But Neil Quach, an analyst at Carbon Tracker, a climate-focused think-tank, says the company's strategy is not Paris-aligned because it ignores the emissions that come from people burning the oil, gas and fuels that it produces, or so-called scope 3 emissions. These account for more than 80 per cent of total emissions related to Exxon — about 540mn tonnes of CO_2 a year, nearly as much as the total CO_2 emissions of Canada.

The company's investments in fossil fuels might make financial sense in the short term, but Quach says these costly new oil and gas developments are "at risk of being stranded in a fast-transitioning world".

Exxon has also been subject to shifting political winds on fossil fuels. Joe Biden, who campaigned on a green transition, has changed course after last year's war-driven surge in fuel prices and pressed Exxon to lift output.

The Biden administration has become more focused on energy security and affordability of supplies in addition to slashing emissions. It has opened political space for new fossil fuel development — Biden recently approved a major Alaska oil project and has resumed auctioning drilling right in the US Gulf of Mexico — and brought some investors back to the oil and gas sector.

Even so, many investors are looking to keep the company's climate strategy in the spotlight. Legal & General Investment Management, the UK asset manager and a top 20 shareholder in Exxon, has put forward a new climate resolution for the upcoming May 31 annual shareholder meeting. It would require the company to make new disclosures of the financial risk if a quick drop in fossil fuel demand forces closures to its downstream fuel production facilities.

The proxy fight "changed the narrative", says Dror Elkayam, an analyst at LGIM, but Exxon's green energy spending levels remained "quite low compared to its European peers".

"Whether the company is really increasing the level of ambition on climate change, we'll have to wait and see."

Additional reporting by Myles McCormick

The FT View

FINANCIAL TIMES
'Without fear and without favour'

ft.com/opinion

A defining election for Turkey

Increasingly autocratic Erdoğan faces the most united opposition in years

After dominating politics for two decades, President Recep Tayyip Erdoğan faces the toughest political challenge of his career as Turkey prepares for parliamentary and presidential elections on Sunday. Most polls give opposition leader Kemal Kılıçdaroğlu, who is backed by a six-party alliance, a slight lead over the incumbent. The presidential race may go to a second round.

That would be a first for Turkey. Erdoğan has masterminded multiple election victories since he led his Justice and Development party (AKP) to power in 2002. But this contest is on a knife-edge. The critical question is how the strongman responds if he feels his rule is seriously under threat. The 69-year-old has displayed increasingly autocratic tendencies over the past decade and centralised power around the all-powerful presidential system he adopted after a 2017 constitutional referendum.

It is clear that Turkey's elections are no longer fully free and fair. As he has edged closer to one-man rule, Erdoğan has hollowed out and politicised state institutions. He happily uses state resources to bolster his political campaign. The media has been muzzled. A state of emergency in 10 provinces struck by the earthquake in February, which killed 50,000 people and displaced 3mn, is due to be lifted just days before the vote.

Allegations of voter intimidation and irregularities have become the norm. Opposition officials have been prosecuted and jailed; Selahattin Demirtaş, former co-leader of the Kurdish-dominated Peoples' Democratic party (HDP), the third largest political group, has been in prison since 2016. There are serious concerns about the independence of the High Election Board.

When opposition candidate Ekrem İmamoğlu narrowly won the mayorship of Istanbul from the AKP in 2019, the election body ordered a rerun after Erdoğan claimed the contest was riddled with "irregularities". İmamoğlu won the second vote, and the result was accepted. But the decision to annul the first results smacked of political influence — and there is far more at stake for Erdoğan in Sunday's contest.

The opposition is at its most united in years. It is putting its faith in its ability to monitor voting and counting at polling stations across the country, believing it will not be possible to manipulate a small percentage of ballots. Yet the closer the contest, the greater the fear of rigging or a disputed result. Turkey's interior minister has portrayed the election as a western "political coup attempt".

> The critical question is how the strongman responds if he feels his rule is seriously under threat

It is not just Erdoğan's hold on power that is at stake. The election takes place with the economy in crisis, with soaring inflation and the lira at record lows. The president's unorthodox monetary policy is responsible for much of the carnage. He railed against interest rate rises even as inflation rose, and neutered the central bank's independence.

His slide towards authoritarianism and disastrous economic management have already tarnished his legacy. During his first decade in power, Erdoğan cast himself as pro-European and pro-business. He was credited with overseeing a transformation in infrastructure during a period of prosperity. But his second decade has been marred by an attempted coup, sweeping purges of the military and civil service, and fraught relations with Turkey's western allies. He has cut an increasingly isolated figure, surrounded by sycophants and out of touch with the economic malaise.

Yet in a deeply polarised nation, Erdoğan is arguably Turkey's most popular politician, with strong support among his conservative base. Coupled with the unlevel electoral playing field, this means it would be rash to bet against him. If he does lose, he should accept the results. Turkey's proud history of democracy is on the line.

Opinion Society

Was Cleopatra black or white? Answer: neither

Ewan White

Stephen Bush

What is it about Cleopatra, anyway? The casting of Gal Gadot, an Israeli, to play Egypt's last pharaoh in a forthcoming film, sparked condemnation in the US, the UK, Egypt, much of the Middle East and Africa. How could Gadot, a light-skinned woman, play Cleopatra? Now the casting of Adele James, a mixed-race British actor, in a new Netflix documentary, has triggered an explosion of its own. The Egyptian antiquities ministry went so far as to issue a statement: Cleopatra, it said, was light-skinned, not dark.

So is Cleopatra black, or white? The answer is "neither". These are terms that had absolutely no meaning in the ancient world, and which change their significance constantly in our own time. When Rishi Sunak was born, the British state classified his ethnicity as

> These were terms that had no meaning in the ancient world, and now change significance constantly

"African Commonwealth" and the British Household Survey classified him as "coloured". Now he is the UK's first British-Asian prime minister and, all other things being equal, by the time he dies his "race", as far as the British state and society is concerned, will probably have changed again.

The Ptolemaic dynasty, of which Cleopatra was the last ruler, hailed from Greece, though her mother's origins are unknown. Her sister's skeleton, according to a BBC study in 2009, resembles that of an African. That said, maybe don't put too much store by it: I recently discovered, thanks to some cool new optician's technology, that I have Asian eyes, presumably from my Cape Malay grandfather.

As far as Cleopatra goes, bas-reliefs and statues depict someone not unlike the Egyptian women you might meet today. She was not, in any modern sense of the word, "black". Coupled with the fact that Cleopatra was the first member of the dynasty to speak Egyptian (her first language was Greek), that means some see the last pharaoh as the dynasty's first "proper" Egyptian leader".

Today's uproar is partly about how Egypt sees itself: an Arab country on the African continent with a fraught and contested relationship with both those identities. Abuse aimed at James is part of the same political trend that leads Tunisia's president, Kais Saied, to claim there is a plot to replace Tunisia's Arabic population with migrants from Sub-Saharan Africa.

But it is also a fight over a western identity that came into being thousands of years after Cleopatra's reign: blackness. William Shakespeare described her as "tawny", the same word that founding father Benjamin Franklin, one of America's early race theorists, would later reach for, thinking it applied to parts of Africa and pretty much of Asia. (The remainder of Africa, in his view, was black.)

"Blackness" became part of how the removal of rights — to property and ownership over yourself — was justified during much of the modern era. In many parts of the world, "black" is something you very much don't want to be: note that Egypt's antiquities ministry had less to say about casting a former Israel Defense Forces reservist as Cleopatra than a mixed-race British one.

Given what being declared black has often meant for people, it's unsurprising that Egyptians reject it. They want their own history faithfully recorded and told. Consider the new, uneven biopic *Big George Foreman*. The star, Khris Davis is darker-skinned than the boxer Foreman, just as James is darker-skinned than Cleopatra. The difference is that Foreman, like all African-Americans, is still grouped under the umbrella term "black", which means anyone who qualifies counts as accurate enough casting, just as the experiences of anyone in the black umbrella are seen as conterminous with everyone else in it.

The history of racial categories is, pretty consistently, that they become more complicated and specific as people feel more comfortable. The UK is a more tolerant place than it was when it considered Rishi Sunak and me to both be "black". Small wonder that most Egyptians want little to do with a label that can flatten identities into an amorphous blob.

In practice, what the depiction of Cleopatra shows us is that whether or not you are "black" is decided by society, by the state and by the market. I can insist that I have Asian eyes but I am not going to persuade a Hollywood studio I should star in a Gandhi biopic anytime soon.

I can point out that, actually, most of my immediate genetic ancestry is some variation on the standard administrative category "white British" to my heart's content but I'm still seen as dark-skinned and therefore "black". And in a globalised world where more and more of us speak English, ultimately, the question of whether or not you are black or white will, for good and ill, be decided by an American.

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How hobbling China's economy risks making war more likely

Gideon Rachman (Opinion, April 25) is right to be concerned about Washington's long-term strategy to avert war with China. How can the US increase the costs to China of a hypothetical invasion of Taiwan when Beijing is already convinced the US is bent on strangling its economic prosperity? China's fears, after all, are not completely unfounded. The Biden administration has launched tighter export controls of advanced semiconductors to the People's Republic of China while issuing billions of dollars of subsidies and tax credits to reshore the domestic manufacturing of "strategic resources" ranging from chips to solar panels.

The problem with this policy vis-à-vis China is that any form of strategic decoupling reduces Beijing's anticipated costs in a possible invasion of Taiwan. What China cannot import it will learn to develop itself — reducing its reliance on global markets and the ability of the west to exert influence on the Chinese government. In this sense, a self-sufficient China is a more dangerous China as it will be increasingly likely to gamble on a risky military adventure if it perceives itself to be more resilient.

Therefore, the pathway to "strategic stability" with China is not protectionism. It is rediscovering our core liberal values of free trade and fair competition. We must convince the Chinese we seek to compete with them, not hobble their economy. Only then will they be convinced that we are acting in good faith and return to the negotiating table.

Dylan Nakano Shepard
San Francisco, CA, US

The kind of regulation Big Tech would welcome

Ian Hogarth calls for greater regulation of companies developing "God-like" artificial intelligence, saying he believes the individuals working at the frontier of AI would "sincerely welcome governments stepping in" (Life & Arts, April 15).

I agree. For policymakers seeking to address risks without stifling future innovation, there is a sensible middle ground. Technology companies wanting to train large, general-purpose AI models should have to apply to a regulator for a certification, granted only if they demonstrate they have met certain safety requirements. This would only touch a handful of big technology companies, and increasingly individuals I speak to at these companies are in support of this kind of regulation.

Far from inhibiting innovation, this kind of certification regime could safeguard and stimulate a thriving AI market in the UK. The government's current plans place the regulatory burden on smaller companies. By also putting requirements on Big Tech, small and medium-sized enterprises would be incentivised to bring their AI applications to the UK, given assurances that safety and ethics issues are also being addressed further up the supply chain, reducing their liability.

The decisions the government takes now will determine how AI shapes our society. It should start by providing rigorous oversight over how AI is developed — not just how it is used.

Jess Whittlestone
Head of AI Policy, The Centre for Long-Term Resilience, London SW1, UK

Are education publishers the AI canary in coal mine?

Last week Geoffrey Hinton resigned from Google's artificial intelligence research division lamenting the nascent technology's potential for future harm to humanity and his potential contribution to that (Report, May 3).

Separately, you report that education publishers Pearson and Chegg had been caught up in a market chill after the latter felt it necessary to warn investors that AI alternatives over time may have an impact on its business ("AI claims first scalp as shares in education sector tumble", Report, May 3).

Existentially, may I suggest that if AI-driven educational providers replace the incumbents, then who are they educating to do what occupations?

That would suggest a diminishing pool of human students over time, entering a rapidly eroding employment market where any role is at risk of being eclipsed by a computer. So as a human being, why get an education?

Hinton has received much criticism for his opinion. Perhaps last week's miniature market fluctuation is a canary in the coal mine.

James Morris
Malmesbury, Wiltshire, UK

Make bosses grant put options to investors

While bank regulation is the hot topic du jour, and everyone rushes to identify and shut the latest stable door, might sticks as well as carrots help executive performance ("The UK must learn its own lessons from the banking crisis", Opinion, April 3)?

Executives receive options on the dubious premise that their actions somehow drive share price improvement. If their actions do affect the share price, then clearly declines in the share price must also be the result of their incorrect or omitted actions. It's time for individuals receiving call options to grant put options to their shareholders, ideally at the same strike price and volatility as their usually underpriced call. What a treat to receive the premium up front, and what an added incentive to perform!

Is it too much to hope that key executives could be forced to each hold a single unlimited liability share — sharing depositors', bondholders' and shareholders' risk of ruin as a consequence of their actions or inaction? Would that be asking too much?

Adam Thomson
Collingwood, Vic, Australia

OUTLOOK

MADRID

The curious case of the missing Spanish afternoon

by Barney Jopson

When I first moved to Spain last summer, I felt strangely disorientated. I could hardly blame culture shock — I'd been visiting the country for years before I moved to Madrid. I speak Spanish. I have Spanish family. But I'd never lived here, and something was out of place. Then a chance comment from a friend crystallised the problem. "The thing is that in Spain you have no word for the afternoon," she said. And she was right.

I know the online dictionaries will tell you otherwise — that the afternoon translates into "la tarde" in Spanish. But it's more complicated than that. The tarde is not a neatly defined word that covers a discrete segment of the day before evening. Because what's the word for evening in Spain? It's "la tarde" too.

Yes, slippery but hegemonic, the tarde reigns over it all, an amorphous concept that spans a chunk of the day so large that other languages need two words for it. The tarde resists control, and there is no social consensus on what it means. Spanish people themselves cannot agree when it begins or ends. "In that sense there's a chaos in Spanish life," says Fernando Vilches, a linguist at Rey Juan Carlos university. I think we can give my affliction a name: scheduling shock.

Spaniards divide the day by different parameters. The ones I'll call clockists, often youngsters who've lived abroad, think in terms of hours. But which hours? No one agrees with me that the tarde starts at midday. A government minister told me he greets people with "buenas tardes" if he starts a speech at 12.30pm. "But if it's 12pm and you say that people give you a funny look." A lot of clockists say the tarde starts at 2pm. But there's a 4pm faction too.

Then there are the foodists, who carve up the day not by hours but by meals, which in Spain are often long, late and convivial. For those who say the tarde doesn't begin until you've started lunch, that can mean half-past two, three or even later. But for many older people it doesn't begin until you've finished eating, which gets you beyond 4pm or even 5pm.

A big lunch with clients can start with beer, spiral through wine, and end with a shot of pacharán, followed by a gin and tonic in the bar next door. "Then it's back to work at 6pm," says Vilches. "You do that to a poor American and he's drunk, sleepy and wants to go home. So we have to change things a bit." And indeed change has begun: a lot of companies have dropped the standard two-hour lunch break so people can get home earlier to their families.

Spain's famed post-lunch siesta is also not as common as you'd think. The only people I know who have regular weekday naps are in nursery or retirement. One is my relative Marcelino, 70, who says the tarde doesn't begin until he wakes up at around 7pm. But more people nap in the summer, as the blistering heat makes it hard to do anything without aircon. When a big part of the day is a write-off, perhaps you don't need words for afternoon and evening.

By 9pm the early birds are starting dinner. But nine to ten is a grey zone where greeting anyone with "buenas noches" rather than "buenas tardes" can elicit one of those funny looks. At weekends there are still kids in the playgrounds at 10.30pm. You can make restaurant reservations at a quarter to midnight.

Daniel Gabaldón, a sociologist at the University of Valencia, says this is all connected to another curiosity: mainland Spain is in the wrong timezone. If its clocks were set according to the position of the sun, it would be on the same time as the UK and Portugal. But instead it is one hour ahead, because in the 1940s the dictatorship of Francisco Franco decided Spain should be aligned with Nazi Germany. For half the year, Spain sets its clocks to solar time on the German-Polish border. When it adjusts for daylight saving, it matches solar time in the middle of Ukraine.

Having lunch at 2.30pm in Spain means that, according to solar time, you're really eating at about 1.30pm (in the winter) or 12.30pm (in the summer). For official time and natural time to be so out of whack is unhealthy, says Nuria Chinchilla of Iese Business School. "We have constant jet lag." It's no wonder everything ends up fuzzy.

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Opinion

Ability to work from home does not just benefit the elite

EMPLOYMENT
Sarah O'Connor

Work has been getting a bad press lately. We've had the "great resignation" trend, the "anti-work" movement, "quiet quitting" and a wave of strikes. It all seems to add up to a sense that work is getting worse and people are fed up with it. I was even asked to join a podcast discussion last year called "Is this the end of work as we know it?"

But that's not necessarily what the data says, at least in the UK. When Alan Felstead and Rhys Davies at Cardiff University ran an online quiz in 2018/19 and again in 2022, they gathered about 100,000 responses from people across the country who answered detailed questions about their jobs. The academics found that in 2022, people reported more ability to decide when to start and stop work, more scope to take time off in an emergency, more supportive managers, less work pressure, more say in job-related decisions, better promotion prospects and higher job security. On the down side, they had less discretion over their work tasks.

It's worth treating online quiz data with some caution, as the authors readily admit. The sample size was huge but the respondents were self-selecting and skewed somewhat towards women, people working in the public sector and professional jobs (though the academics tried to account for this with weightings).

But a separate survey of UK job quality run annually by the Chartered Institute of Personnel and Development also leans against the notion that work has become worse on average: most metrics have stayed pretty steady, with some improvement in work-life balance.

If the quality of work has improved somewhat, why might that be? The tight labour market has helped people to feel less insecure — and might well have prompted employers to make other changes to recruit and retain staff. Then there is the pandemic-induced shift towards remote or hybrid work, which Felstead calls "a radical shift, a lightbulb moment, a break in history". Nicholas Bloom, a professor of economics at Stanford University in the US, told me working-from-home levels had been doubling roughly every 15 years until the pandemic. Then we had "40 years of acceleration in the space of three years".

> I hope employers don't try to wind the clock back, even if they discover they can

Felstead and Davies found that job quality improved most in those occupations that had become more likely to involve working from home at least one day a week. And, notably, these winners weren't just highly paid professionals who had the best working conditions to begin with. This puts a question mark over the idea that hybrid work has widened the gulf between "lovely" jobs and "lousy" ones.

"Before the pandemic, those who were working from home were among the highest echelons, but that benefit has trickled down," Felstead told me. People such as call-centre workers, administrative staff, housing advisers and paralegals are now much more likely to be able to work from home at least one day a week than they were before the pandemic. And that seems to have made the quality of their jobs better: more flexible; less pressured.

Of course, plenty of people can't ever work remotely. I think it's no surprise that these workers have been more likely to quit their jobs or go on strike. The CIPD surveys suggest that people in caring jobs, leisure jobs and factory jobs are among those who have actually experienced a drop in work-life balance since the pandemic began. Pay has certainly been the primary reason for industrial conflict at a time of falling real wages, but Bloom says the ability to do hybrid work is equivalent to a roughly 7 to 8 per cent pay increase, based on surveys of how much people value it. That's a perk that has fallen highly unevenly.

Is hybrid work here to stay? Research by Bloom and his colleagues, which used a large-language model which used artificial intelligence to analyse 250mn job adverts in five English-speaking countries, shows the share of postings that explicitly offer fully remote or hybrid work has shot up from under 5 per cent before the pandemic to roughly 10 per cent or more in all countries (over 15 per cent in the UK) in 2023. But it's worth remembering the "new normal" hasn't yet been tested in a labour market where unemployment is high and workers are competing for employers, rather than the other way around.

I hope employers don't try to wind the clock back, even if they discover they can. Hybrid work seems to have improved working lives — not for everyone, but not just for the elite, either. Plenty of jobs are still lousy, but if some are less lousy, or more lovely, that is progress we shouldn't throw away.

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Europe and the US fear a new refugee crisis

GLOBAL AFFAIRS
Gideon Rachman

The diplomats who craft western foreign policies are preoccupied by Russia and China. But the international question that most worries their political masters is immigration. As one close aide to President Joe Biden puts if: "If we lose the next election, it'll be over the southern border not Ukraine."

The political pressure generated by migration is set to intensify in the US this week with the expiration of Title 42 — a pandemic-era policy that allowed for the swift expulsion of undocumented migrants on public-health grounds. American officials are braced for as many as 13,000 would-be migrants to cross the Mexican border every day — more than double the current number.

The White House is dispatching troops to the border to demonstrate its resolve. But Biden is also bracing for a political battering from Republicans.

The issue of refugees and migrants is also running hot in Europe. Italy's prime minister, Giorgia Meloni, campaigned on a promise to curb flows across the Mediterranean. But the numbers landing in Italy are currently 300 per cent higher than the same period last year. Almost 40,000 have crossed so far this year and the numbers will rise with the calmer, summer seas. As in the US, the end of pandemic restrictions is playing a big part in the migrant surge.

In Britain, a promise to "stop the boats" of refugees crossing the Channel is one of the government's five main pledges for the year. The numbers may be tiny by US standards, with 45,000 arriving in the UK last year, but they still make headlines.

War, social collapse and poverty are the main factors that drive refugees. But bitter experience in countries such as Libya, Lebanon, Mali and Afghanistan has made western countries increasingly wary of committing troops to try to stabilise failing states. No one is likely to suggest a foreign intervention in Sudan, as civil war engulfs the country.

The reality is that most refugees from countries such as Sudan, Syria, Venezuela or Myanmar are likely to end up in neighbouring countries rather than in the US or the EU. The arrival of millions of refugees fleeing war or economic collapse can then destabilise the recipient country. Lebanon's near collapse as a state has been partly driven by its struggle to absorb 1mn Syrian refugees in a country of 5.4mn people.

Pointing out that poorer countries are bearing the main burden of sheltering refugees is unlikely to help western leaders win the political argument at home. The pressure to "do something" is huge; and so is the shortage of realistic solutions.

Rightwingers stress walls and deportations. The left tends to talk vaguely about economic development and "safe and legal routes" for migration. Development is much easier to call for than to conjure up. Safe and legal routes for migration are clearly desirable — but the number of potential migrants is always likely to exceed the number of visas on offer.

Governments of all stripes try to cut low-profile deals with countries that might agree to act as unofficial holding pens for refugees — such as Turkey, Mexico or Libya. In doing so, they increase the burden on those countries and hand enormous political leverage to leaders they are often uneasy about — such as Turkey's president, Recep Tayyip Erdoğan.

> Pressure to 'do something' is huge; and so is the shortage of realistic solutions

But there is little evidence that the most punitive solutions work better. Donald Trump was much more successful in cutting back on legal immigration than illegal migration. Australia's hardline policies have inspired the UK government. But the Australian pushback depended on the co-operation of much weaker neighbours such as Papua New Guinea and Nauru. France will not be so accommodating.

The same societies that demand hardline solutions often recoil from their consequences. In the US, lawyers are still struggling to find the parents of 545 children separated from their families under Trump's "zero-tolerance" policies of deportation.

When one country succeeds in implementing harsh policies towards refugees, they often simply displace the problem. Hungary's harassment of refugees in 2015 was part of what persuaded Germany to open its borders. A visit to France by Italy's foreign minister has just been cancelled after a row about migration.

Rather than bickering, countries badly need to co-operate. To have any chance of working, that has to involve the countries of origin, the countries of transit and the destination countries. And it needs a mix of liberal and conservative measures. Law-enforcement and intelligence have an important role to play in tackling people-traffickers.

And while vague talk of development is not much help to anyone, targeted projects can work. Kamala Harris, the US vice-president, is often accused of having failed to solve the problem on America's southern border. But she has helped to create some unheralded public-private partnerships, which have led to billions of dollars of investment in Central America — giving some would-be migrants a reason not to leave home.

Reducing refugee numbers in a humane and effective way requires a painstaking combination of diplomacy, law enforcement and targeted development. Deportations and walls make better headlines, but worse policy.

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The path to election victory still lies through the middle ground

BRITAIN
Philip Stephens

The most important word in politics, Margaret Thatcher's advertising guru once told me, is "moderate". There is a lesson here for today's Conservatives as Rishi Sunak's government reflects on its latest electoral setback. Parties that want to win elections must lay claim to other attributes, but the mantle of moderation is what really matters.

If this thought seemed counterintuitive during the 1980s — Thatcher won three elections without ever being accused of wishy-washy centrism — everything is relative. The then prime minister faced a Labour opposition camped on the distant fringes of the left. Its 1983 manifesto was notoriously described by one Labour MP as the longest suicide note in history. The Saatchi rule, as I call it, after that encounter with Maurice Saatchi, has weathered well. John Major won in 1992 by shifting post-Thatcherite Conservatism back towards the middle ground. Tony Blair owed his three victories to marrying social conscience with hard-headed economics. David Cameron made it to Downing Street with a mission to "detoxify" the Tory reputation as "the nasty party". Boris Johnson's victory in 2019 might seem an exception — until you recall his opponent was Jeremy Corbyn.

What's striking now is how many Tory MPs dismiss the historical record. With a general election at most 18 months away, last week's local elections were about as bad as possible for the governing party. But many Tories are already clamouring for another lurch rightwards.

Britain is in a deep hole. Economic growth has vanished, living standards are falling, and public services are crumbling. A majority of voters now think Brexit was a mistake. Yet the Tory party's English nationalists want to continue the fight with Britain's neighbours by leaving the European convention on human rights — a (non-EU) institution inspired and largely designed by the British. As for the cost of leaving the EU, the nation is asked to blame it all on a mythical liberal elite.

Ministers, including the home secretary Suella Braverman, are betting on the culture wars. The small boats carrying migrants across the Channel threaten the nation's identity. "Illegal" asylum seekers do not share British values. Identity politics and political correctness are tearing up national tradition. The government, this argument runs, must play these cards in order to hold on to so-called "red wall" voters who backed Johnson on Brexit.

> Sunak has spent the past six months reversing some of the most egregious mistakes of his predecessors

Such radicalism cheers up the ideologically committed, but in choosing the next government voters will be looking for a set of politicians who broadly represent their values and interests. The Conservatives have thrown away the competence card. Johnson disdained sound economics. His shortlived successor Liz Truss blew up what was left of a reputation for prudence. The country wants a government that stops digging.

Sunak, to be fair, has his doubts about rushing rightwards. The prime minister has spent the past six months reversing one or two of the most egregious mistakes of his predecessors. The dispute with Brussels about Northern Ireland trade has been settled and economic policy restored to a semblance of sanity. Sunak's aides say he is a leader who can get the job done. The snag is that he does not command his party. The pitch is drowned out by the noise of the culture warriors.

Sir Keir Starmer, you might think, should be riding high. The local elections underscored Labour's lead in the opinion polls. They also confirmed Sunak's fears that the populist tunes of the Tory right are also driving middle-of-the-road voters into the arms of the Liberal Democrats in England's shire counties. Yet Starmer is criticised, often in his own party, as too cautious. Where are the imagination and verve? The promise to overturn Brexit?

The Labour leader would do well to ignore such talk. He has jettisoned the Corbynist extremism that handed Johnson victory in 2019. He may lack Blair's star quality, but his prospectus is much the same: it will take time, but Britain can restore public services without driving the economy into a ditch. Johnson's premiership drained public trust in the Tories. The important thing for Labour is that voters feel comfortable framing Starmer in the doorway of Number 10 as the nation's prime minister.

The country is not looking for grand visions. After the lies and psychodrama of the Johnson years, and the madness of the Truss interlude voters, unsurprisingly, are fed up with mendacious politicians doing stupid things. They will not fall for promises of a magic trail to the sunlit uplands. The prospect of moderation and decency will do.

The writer is an FT contributing editor

As Buhari bows out, Nigeria is in desperate need of serious reform

Ayisha Osori

Nigeria's Muhammadu Buhari began his presidency with tremendous goodwill. Like millions of Nigerians, I cheered when, during his inauguration in 2015, he said: "Insecurity, pervasive corruption, the hitherto unending and seemingly impossible fuel and power shortages are the immediate concerns. We are going to tackle them head on."

These turned out to be empty words.

Today, with Buhari preparing to step down at the end of this month, insecurity is worse. In 2015, Boko Haram was the major security threat, contained largely to the north-east of the country. Today, insurgency has spread to the north-west and down towards the capital, Abuja. Across the country, criminal police, extortion, banditry and communal violence make Nigerians unsafe at home, in school and while travelling. Kidnap for ransom is a booming industry.

Large parts of Nigeria are ungoverned, despite Buhari funding the military more than any other president since 1999. The military tradition of underfunding the police has continued under Buhari, despite the "EndSARS" protests against police brutality in 2020.

Corruption scandals are still common. The pardoning in 2022 of two former governors, who happened to be members of Buhari's own party, convicted of stealing billions undermined the president's claim to the title "*mai gaskiya*" (honest one).

Buhari's tenure has also been economically ruinous. He closed land borders to drive up agricultural production and manufacturing but ended by starving industries and shutting in entrepreneurs.

> His tenure has been economically ruinous. FDI had dropped from $3bn in 2015 to $468mn

Dollar trading became the hottest rentier gig in town as the value of the naira plummeted. And last month, the National Bureau of Statistics announced, to little surprise, that foreign direct investment had dropped to its lowest levels in nine years: from $3bn in 2015 to $468mn. Weak investor confidence has gone hand in hand with declining purchasing power, with over 13mn Nigerians predicted to fall below the poverty line between 2019 and 2025.

Theft of crude oil on an industrial scale reduced production by almost half, forcing Buhari to cut a deal with a Niger Delta militant he had previously attempted to prosecute. Fuel subsidy payments and fuel consumption have soared, yet fuel scarcity prevails.

Meanwhile, the national debt has risen sharply over the past five years. Some of it was invested in transport infrastructure. The principal benefit of financing roads is to be found in the boost it gives to the movement of people, goods and services. But insecurity, border closures and an uncertain regulatory environment have smothered that.

Genuine progress, such as the signing into law of important pieces of legislation, including the Petroleum Industry Act of 2021, has been hindered by cumbersome processes and poor implementation.

Buhari declared that his legacy would be defined by overseeing free and fair elections in 2023. He failed. No election since 1999 divided Nigerians the way the last one, held on February 25, did. The Independent National Electoral Commission failed to upload presidential results as promised, even though Nigerians had pinned their hopes on technology bringing to an end a long history of compromised elections.

As president-elect Bola Ahmed Tinubu prepares to take over, perhaps it is only right that he gets to inherit the mess created by the man he helped make president in 2015. They are each other's legacy.

The lesson of all this is that changing faces and rotating political positions is not enough. Nigeria needs systemic reforms that only its intellectuals and policymakers can drive — but that's another story.

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Lex.

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Buffett/Berkshire: interested party

The US Securities and Exchange Commission wants to require US-listed companies to explain their share buyback philosophies more clearly to their shareholders. Warren Buffett has already done so, at the multi-billionaire investor's Berkshire Hathaway annual shareholder meeting in Omaha.

He and his partner Charlie Munger fielded questions as usual about Berkshire's capital allocation choices. For the first time in over a quarter century, however, US base interest rates have rocketed to over 5 per cent.

Despite the usual questions about what to do with Berkshire's cash balance — now up to $131bn — the opportunity cost on deploying that cash was finally meaningful.

Buffett notably said that he believed that Berkshire shares were cheap. That might confuse the average investor given that its market capitalisation of more than $700bn exceeds by some 40 per cent its book value or accounting value of equity. Nevertheless, in the first quarter, Berkshire bought back $4.4bn of its stock.

Sure, he said, he would love to buy a $50bn to $100bn business. But public company processes are often time-consuming and excessively competitive on price. He prefers opportunistic rescue financings or investments in the $5bn to $20bn range, such as with Occidental Petroleum in 2019.

His much-vaunted "float" from Berkshire's insurance unit now totals $165bn. This cash from premiums paid is essentially free for it to invest, and is stable relative to bank deposits, an apt comparison this year. Meanwhile, Berkshire remains so well capitalised that it should absorb any property and casualty claims from its customers.

Note that Berkshire's stake in Apple, about 6 per cent ownership of the company, is worth $155bn. The iPhone maker recently announced a $90bn buyback, which contrasts with Buffett's almost religious zeal to retain profits and cash flow to invest later.

Instead, his investors still get no dividend and just a modest buyback. They must accept Berkshire passively earning 5 per cent risk-free on its cash.

Simplistically that reflects just how low a multiple is needed to pass muster for a deal. Take the reciprocal of that 5 per cent and 20 times earnings is the rough break-even purchase price to beat those cash returns.

Above that multiple and the deal is not worth it. Berkshire's big game hunt could continue for some time.

Water/Italy: fountains of truth

Italy's well is running dry. Its water system is under severe pressure, made worse by climate change. Rome is trying to address the crisis with big projects. But Italy also requires deeper reform of the entire sector in order to attract private capital.

Italians use a lot of water; 220 litres a day compared with 165 litres on average across Europe, says think-tank Ambrosetti. Water is getting harder to find. Last year was the hottest on record. Rainfall was about 50mm lower than average. This year is looking little better. The country experiences severe water stress. About 40 per cent of the population have suffered rationing.

That is bad news for olive groves and vineyards. The agriculture sector lost €6bn of revenue last year.

Fast-tracking a few projects will help, particularly raising reservoir capacity. But Italy's focus should be improving its infrastructure using European post-pandemic recovery funding. More than 40 per cent of water is lost en route, says Ambrosetti. Compare that with the much-maligned UK water system, which loses about 20 per cent.

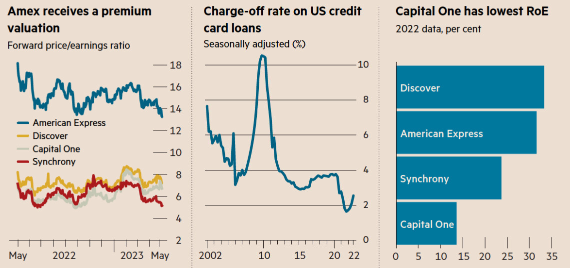
Construction groups such as listed WeBuild could be in line for large contracts. There is talk of roping in energy companies so that new reservoirs can double up as pumped storage. Plugging Italy's leaks will require regulatory reform to attract investment. Tariffs are low at €2 for 1,000 litres. This is about half the level of France and Germany. Unpaid bills are also high.

Meanwhile, Italy's fragmented water sector needs to consolidate. It has nearly 2,000 operators, mostly local municipalities. Some of the bigger ones, such as Rome's Acea and Bologna's Hera, are publicly traded. But most are small. France's Veolia invested in some utilities in Italy's south but has put its holdings in Sicily, Campania and Lazio up for sale.

The sector is a political swamp. But unless it can attract private capital and enterprise, it is hard to see how Italy's infrastructure will hold water.

Credit card issuers: flexible friends required

Credit card companies have received little love from investors of late. Their valuations are historically cheap, even that of premium rated American Express. High returns on equity, for most, are not attracting attention. Markets worry about rising US credit risk, as charge-offs rise from historical lows.



Sources: S&P Capital IQ; US Federal Reserve; S&P Capital IQ

Whatever financial flexibility credit cards offer to customers, investors are unwilling to extend the same trust to the companies issuing them.

Across the four biggest standalone card issuers in the US — American Express, Capital One Financial, Discover Financial Services and Synchrony Financial — shoppers made $579bn in purchases on their cards during the first quarter, an 11 per cent jump year on year.

That has done little to lift their shares though. All have fallen between a fifth and a tenth since February. On a price to forward earnings basis, all four trade below their three, five and 10-year averages.

US banking sector turmoil plus rising provisions, funding costs and expenses have prompted fears that profitability has peaked after a strong 2022. These concerns are not baseless.

Amex set aside more than $1bn in provisions for souring loans after net charge-offs rose in the first quarter. The move — along with higher expenses related to card-member rewards and services — weighed on profits. These dropped 13 per cent to $1.8bn despite a jump in revenue.

Credit quality is slowly worsening. Across US banks, the charge-off rate for credit card loans — or the percentage of outstanding debt that issuers write off as a loss — increased 91 basis points to 2.55 per cent last year, according to the Federal Reserve.

At Capital One, the metric nearly doubled year on year to more than 4 per cent during the first quarter.

Even so, credit cards remain a lucrative business. Interest rates on debt range from the mid-teens to as high as 30 per cent. Amex, Discover and Synchrony still generated relatively high returns on capital employed of 30.1 per cent, 28 per cent and 23.2 per cent respectively during the first quarter. Capital One was a notable laggard, at 7.1 per cent.

Amex, with its focus on affluent consumers, looks best placed to weather higher funding costs.

But at 13 times forward earnings its valuation is nearly twice those of its rivals. Discover trades at almost half that, but with a better credit profile than Capital One and Synchrony, should offer more upside.

Tech stocks: faultlines

First-quarter earnings from US techs can be summed up as a relief. In a sector known for growth and new ideas, revenue expansion rates of 3 per cent at Meta and Alphabet hardly sound impressive. But at least this reverses the decline Meta reported last year. It also shows that digital ad spend is holding up. Corporate budgets are not quite as constrained as feared.

Add heavy cost-cutting via lay-offs, and the tantalising prospects from AI, and the sector has managed a tricky task. It has explained why operating margins will be lower short term but may explode in a few years. Investment analysts at Wedbush predict that AI spend will hit $800bn over the next decade. McKinsey suggests AI could add about $6tn in value.

But the cost of AI, and concerns about potential recession effects, have opened a crack between the Big Tech stocks that can afford to invest and smaller companies struggling to turn a profit and unable to pour money into research and development.

US economic growth slowed to 1.1 per cent in the first three months of the year. Cautious corporate and consumer spending compares unfavourably with the height of the pandemic, when demand for tech products and services jumped. PC sales, for example, fell by a third in the first quarter, according to Canalys data. Cloud-computing clients have scaled back demand. Amazon and Microsoft refer to this trend as customer-spend "optimisation".

Techs have staged a recovery this year, but some of the largest are still trading about 30-40 per cent below their 2021 highs. The Nasdaq is up 6 per cent over the past year, compared with a 1 per cent gain for the S&P 500.

But software-as-a-service companies such as Zoom and DocuSign remain in the doldrums. This faultline will expand. Higher interest rates have raised the cost of capital. Groups able to use funds from profitable lines of business are much better placed than those still valued on growth.

China banks: depositary defeats

Early this year, pundits pointed to China's economic recovery as a catalyst for world equities. Beijing has given that flagging hope some life by allowing local banks to cut deposit rates. That could help lift their slow profitability.

Yesterday, news that more local lenders will do so prompted some of the sharpest gains for bank shares in almost a decade. That will distract investors from the current crackdown on the Chinese banking sector — the third largest by market weighting.

Even the largest state-owned groups, including Bank of China and China Citic Bank, hit their daily trading limit of 10 per cent on the day. The fact that larger banks are following smaller ones in cutting deposit rates hints at a trend. But it is too early to celebrate.

The largest lenders are state-owned. The industry is strictly regulated. They must limit themselves to conservative investments despite holding enormous deposits, which grew by $2.6tn last year alone.

Chinese banks have struggled to maintain profitability. Policymakers pushed state lenders to provide cheap loans to small businesses and home buyers. Non-performing loans, which hit a record of Rmb3tn ($434bn) last year, are growing.

The four largest banks have a Rmb3.7tn shortfall on total loss-absorbing capital. Net interest margins shrank last year as earnings fell.

Shares in Agricultural Bank of China and Bank of China are up more than a third this year. They still trade well below regional peers at about a third of tangible book value. This reflects wariness about regulatory probes into more than 20 financial sector executives. A broader clampdown on leverage continues, restricting lending.

When crackdowns on the local tech groups started in late 2020, sector profit margins were robust. What followed was a years-long decline in their shares. What Beijing gives with one hand, it can take away with the other. Chinese banks remain a risky choice.

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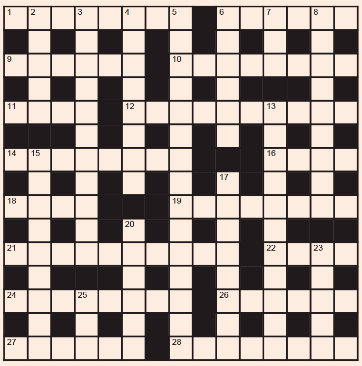
CROSSWORD

No 17,410 Set by STEERPIKE



ACROSS

1 Poet is artfully employing extremely elemental variations? (8)
6 Artist nursing sickly daughter in country (6)
9 Taunt sicario about defending bigot (6)
10 Picture of Geneva is distorted (8)
11 Investigator admits felon essentially scarpered (4)
12 Lauding union is initially tolerated within reason (10)
14 Ritual fulfilled by priest taking bishop's arm, say (8)
16 Run into writer returning copy (4)
18 Ace aviators circling in the distance (4)
19 An attorney hounding a prisoner is cold-blooded type (8)
21 One by one, say, chaps finally left detention (10)
22 Starts to order raw brains and sheep's eyeballs (4)
24 Phone line getting twisted around mike is common complaint (8)
26 Setter is crushed by pedantic brute (6)
27 Tightens braces (6)
28 It provides a relative advantage (8)

DOWN

2 Slight Samoan lilt regularly concealed (5)
3 Burns from grilling? (5-6)
4 Pitiful old news presenter has twitch (8)
5 Secretary sporting an umbrella's sheltering a retired clergyman (6,9)
6 Harry deserted Vanessa in middle of storm (6)
7 Topless young men providing promotional material (3)
8 Passed around distilled gin? Steerpike originally felt honoured! (9)
13 Student of humanity is cool about nothing having meaning (11)
15 Kill one in seven involved in campaign (9)
17 Desperate girl detailed conclusion of fight over 25 pence (4-4)
20 Party in Scotland's gatecrashed by two old busybodies (6)
23 Vessels 19's family filled with tea, say (5)
25 Hoisted flag in wind (3)*

JOTTER PAD

Solution 17,409

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