FINANCIAL TIMES

FRIDAY 27 MAY 2022

INTERNATIONAL NEWSPAPER OF THE YEAR

USA $2.50 Canada C$3.00

Presence of mind
Investor psychology plays role in market cycles — HOWARD MARKS, PAGE 11

On the waterfront
Port of New York struggles to fight organised crime — BIG READ, PAGE 15

Rebuilding Ukraine
We need legal mechanisms to make Russia pay — GILLIAN TETT, PAGE 17

Nordic warmth
Finnish leader joins Zelensky


Ukrainian Presidential Press Service

Volodymyr Zelensky welcomes Sanna Marin in Kyiv yesterday. The Finnish prime minister is the latest European leader to visit the Ukrainian president.

Finland, which has recently applied for Nato membership alongside neighbouring Sweden, is supporting Ukraine with weapons deliveries.

The US Pentagon yesterday estimated that Russia has lost nearly 1,000 tanks, three dozen fighter aircraft, 50 helicopters and 350 artillery pieces since it invaded Ukraine in late February. Despite the losses, Russia still has "a lot of capability left", a US defence official said, adding that Russian forces had made incremental gains in recent days.

Agile adversary page 2
FT View page 16

EY poised to shake up Big Four with plan for global audit split

- Separation from advisory arm
- Bid to escape conflicts of interest
- Pressure on rivals to follow

MICHAEL O'DWYER — LONDON

EY is working on a split of its audit and advisory operations worldwide in the biggest shake-up of a Big Four accounting firm in two decades, according to three people with knowledge of the plans.

The proposal, which is still being thrashed out by EY's senior partners, is a bold attempt to escape the conflicts of interest that have dogged the industry and brought regulatory action from the UK to the US.

EY and the other Big Four accounting groups that dominate the industry globally — Deloitte, KPMG and PwC — have been fiercely criticised over a perceived lack of independence in their auditing of company accounts because of the fees they also generate from consulting, tax and deal advisory work.

The firms have rebuilt their consulting arms since initially selling them off after the collapse of US energy company Enron in 2001, which led to the demise of auditor Arthur Andersen and reduced the Big Five to the Big Four.

Senior partners at EY have been discussing their options for a restructuring of its global operations, according to three people briefed on of the matter.

The plans envisage an audit-focused firm being separated from the rest of the business, the people said. This firm would retain experts in areas such as tax to support company audits, one of the people said.

The surprise move by EY is likely to draw significant regulatory scrutiny and would force its rivals to consider following suit.

"We will all need to review our position but that will not be quick or knee-jerk," said a senior partner at another Big Four firm, adding that regulators' reaction would affect the other firms' response.

A break-up would be a sharp change of position by EY, whose previous global chief executive Mark Weinberger hit out in 2018 at calls for the Big Four to be broken up over concern for a lack of competition.

An EY split would result in two separately owned businesses. It would be a much bigger change than the more limited operational separation of the Big Four's UK audit and advisory functions agreed after corporate scandals at

EY's previous global chief executive Mark Weinberger hit out in 2018 at calls for the Big Four to be broken up over concern for lack of competition

retailer BHS and outsourcer Carillion. The exact structure of the shake-up is being discussed, one of the people said.

Any overhaul would require a partner vote and broad agreement from the national member firms that form EY's global business. The potential split was first reported by Michael West Media.

Deals within professional services firms are notoriously tricky to pull off because of the need to build consensus among the partner owners.

EY, with 312,000 staff in more than 150 countries, is structured as a network of legally separate member firms.

EY said: "Any significant changes would only happen in consultation with regulators and after votes by EY partners . . . No decisions have been made."

Former KPMG partner sues page 8

Briefing

▸ Alibaba warning over Beijing's lockdown
The ecommerce giant has warned that Covid curbs have hit its business, despite reporting that sales growth in the first quarter had outstripped local rivals such as Tencent and Baidu.— PAGE 8

▸ Icahn loses battle over McDonald's pigs
Activist investor Carl Icahn has lost his campaign over the chain's treatment of pigs, after failing to win backing for two board nominees who would have pushed for better welfare standards.— PAGE 6

▸ China still in US sights, says Blinken
Secretary of state Antony Blinken has said Washington will stay focused on Beijing as the most serious threat to the international order despite Russia's war in Ukraine.— PAGE 4

▸ Activists rise in Toshiba board shake-up
The Japanese conglomerate has agreed to reform its board, nominating executives backed by activist investors a day after it was revealed that a fund backed by Tokyo was weighing a bid.— PAGE 10

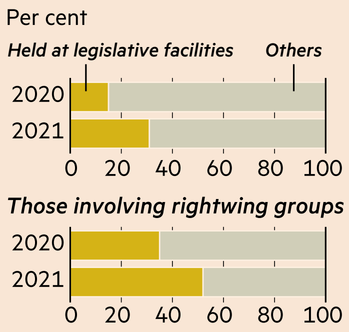
▸ French telecoms mogul faces UK scrutiny
London has said it will look at the national security implications of the holding in BT, the former state telecoms monopoly, held by Altice, controlled by billionaire Patrick Drahi.— PAGE 6; LEX, PAGE 18

▸ Briton in Malawi probe cannot leave UK
Zuneth Abdul Rashid Sattar, under investigation for alleged corruption linked to public contracts in one of the poorest African nations, has been refused permission by a court to leave the UK.— PAGE 4

▸ Ex-KPMG partner sues in ski chalet saga
Graham Martin, who went bankrupt after investing in Chamonix, has sued law firm Herbert Smith Freehills for allegedly causing him to lose his job by tipping off his employer about his debts.— PAGE 8

Datawatch

US armed demonstrations
Per cent



Source: Acled report on far-right violence

The proportion of armed demonstrations at US legislative facilities increased in 2021 in the aftermath of the attack on the Capitol compared with 2020. The rise among rightwing groups is more pronounced

Unbowed NRA gathers in Texas after school killings

The National Rifle Association, the biggest and most influential US gun lobby, is about to celebrate a 'weekend for the entire family as we celebrate freedom, firearms and the second amendment'. It will do so a four-hour drive from the town of Uvalde, Texas, where a gunman on Tuesday killed 19 children and two teachers at a school. Top of the bill will be Donald Trump, but guns will not be allowed in the hall during the former president's speech.

Defying calls ▸ PAGE 3

Chipmaker Broadcom moves into the cloud with $69bn VMware takeover

ANTOINE GARA AND JAMES FONTANELLA-KHAN — NEW YORK

US chipmaker Broadcom has agreed to acquire cloud software company VMware for $69bn, including debt, in a takeover that signals the market for big corporate mergers might be thawing after a stock market rout this year.

The takeover, which is being supported with $32bn in bank financing, would help transform Broadcom, an acquisitive semiconductor group, into a diversified tech company ranging from chips to cloud computing services.

VMware shareholders will be able to choose to receive either $142.50 in cash or 0.2520 shares of Broadcom stock for each of their shares in the software group, at a 33 per cent premium over the value of the company before talks emerged last week.

Hock Tan, the Malaysian American billionaire who leads Broadcom, has been on the hunt for a software deal for years after his attempt to acquire chipmaker Qualcomm was blocked in 2018 by then US president Donald Trump.

In striking a deal for VMware, Tan is picking up one of the software industry's most valuable companies. Its services are used by large corporations to manage private and public cloud networks as well as data centres.

VMware's high profit margins and stable recurring revenues offer the ability for Broadcom to finance a large takeover and then quickly pay down debt.

"They are very disciplined," said Tony Wang, who covers Broadcom for T Rowe Price, one of its largest shareholders.

Broadcom's acquisition will also provide a big financial payout for personal computer billionaire Michael Dell, who acquired VMware in 2016 with private equity firm Silver Lake in a $67bn takeover of technology conglomerate EMC.

Dell, who is chair of VMware, owns about 40 per cent of its outstanding shares, a stake worth about $24.5bn under the terms of the takeover deal. He will roll half that stake into the new combined company, signalling confidence in Tan's strategy for VMware.

VMware is the biggest test yet of Tan's strategy to expand Broadcom through acquisitions. Many see his approach as akin to a private equity firm, where the buyer will sell off non-core assets and cut costs to increase overall profits.

"Hock Tan is running Broadcom kind of like a private equity shop," said Jordan Chalfin, a senior analyst at CreditSights. "He has a reputation for slashing costs. That is probably going to be part of the playbook too."

World Markets

STOCK MARKETS

	May 26	Prev	%chg
S&P 500	4049.08	3978.73	1.77
Nasdaq Composite	11697.38	11434.74	2.30
Dow Jones Ind	32609.37	32120.28	1.52
FTSEurofirst 300	1715.10	1702.97	0.71
Euro Stoxx 50	3747.21	3677.10	1.91
FTSE 100	7564.92	7522.75	0.56
FTSE All-Share	4176.59	4147.08	0.71
CAC 40	6410.58	6298.64	1.78
Xetra Dax	14231.29	14007.93	1.59
Nikkei	26604.84	26677.80	-0.27
Hang Seng	20116.20	20171.27	-0.27
MSCI World $	2700.09	2680.46	0.73
MSCI EM $	1019.59	1016.99	0.26
MSCI ACWI $	629.97	625.72	0.68
FT Wilshire 2500	5163.08	5105.39	1.13
FT Wilshire 5000	40319.61	39865.71	1.14

CURRENCIES

Pair	May 26	Prev	Pair	May 26	Prev
$/€	1.072	1.068	€/$	0.933	0.936
$/£	1.257	1.255	£/$	0.795	0.797
£/€	0.852	0.851	€/£	1.173	1.175
¥/$	127.325	127.355	¥/€	136.461	136.009
¥/£	160.099	159.773	£ index	80.154	79.726
SFr/€	1.030	1.028	SFr/£	1.208	1.208

CRYPTO

	May 26	Prev	%chg
Bitcoin ($)	29676.71	29503.80	0.59
Ethereum	1889.46	1941.92	-2.70

COMMODITIES

	May 26	Prev	%chg
Oil WTI $	114.36	110.33	3.65
Oil Brent $	117.17	114.03	2.75
Gold $	1847.20	1867.10	-1.07

GOVERNMENT BONDS

Yield (%)	May 26	Prev	Chg (b/p)
US 2 yr	2.48	2.50	-0.02
US 10 yr	2.78	2.75	0.03
US 30 yr	3.02	2.97	0.05
UK 2 yr	1.47	1.48	-0.01
UK 10 yr	1.96	1.91	0.06
UK 30 yr	2.23	2.16	0.07
JPN 2 yr	-0.07	-0.07	0.00
JPN 10 yr	0.23	0.21	0.02
JPN 30 yr	1.00	0.96	0.04
GER 2 yr	0.34	0.33	0.01
GER 10 yr	0.99	0.95	0.04
GER 30 yr	1.28	1.19	0.08

Prices are latest for edition
Data provided by Morningstar

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INTERNATIONAL

Davos

Scholz bolsters western resilience to Putin

Chancellor affirms aim to end oil imports and find alternative gas supply

GIDEON RACHMAN — DAVOS
NASTASSIA ASTRASHEUSKAYA — RIGA

The German chancellor struck an uncompromising tone on Berlin's support for Ukraine yesterday, accusing Vladimir Putin of "imperialism" and arguing the world system was at stake.

"Our goal is very clear," Olaf Scholz said in a session to mark the close of this year's World Economic Forum in Davos. "Putin must not win his war — and I am convinced he won't win it."

A Russian victory would mean a return to a world in which might was right, he said. The Russian president was trying to "bomb us back to a time when war was a common political tool".

The chancellor's tone will be welcomed in Kyiv, which has seen Germany as a weak link in the western coalition supporting Ukraine. But the strident rhetoric is unlikely to reassure Germany's critics entirely.

Dmytro Natalukha, in Davos and an adviser to Ukraine's defence minister, expressed disappointment Scholz said nothing about making Ukraine an official candidate for EU membership.

Behind the scenes at Davos, Ukrainian officials and politicians have argued Germany has been too slow to cut off imports of Russian oil and gas and it remains reluctant to deliver the weaponry Ukraine needs.

Scholz, however, reiterated Germany's determination to end Russian oil imports by the end of year and to accelerate moves to find alternative sources of gas. He pointed out Germany was now delivering arms into a war zone for the first time in its postwar history.

He did not, however, make new or accelerated commitments to provide weapons. Natalukha said the lack of an accelerated timeline left him worried the tanks might never arrive.

The Ukrainian adviser said: "Great promises, but we need some action."

Putin said yesterday western sanctions would fail to isolate Russia from the global economy and would rebound negatively on the countries introducing such measures.

In a video address to the Eurasian Economic Union (EAEU), Putin said: "We are not going to cut ourselves off. They are trying to squeeze us out. But in the contemporary world it is simply unrealistic, impossible. If we don't separate ourselves with some sort of a wall, no one will be able to isolate . . . Russia." The EAEU consists of Armenia, Belarus, Kazakhstan and Kyrgyzstan and Russia.

Nearly 50 countries have imposed sanctions on Russia since the invasion, including freezing or nationalising assets of Russian companies and individuals.

"Violating the rules and norms of international finance and trade doesn't lead to anything good. This will create problems for those doing it," Putin said.

Dozens of western businesses have left Russia or suspended local operations, which Putin said, in some cases, was a blessing. "In some cases maybe one looks at them and says, 'Thank God they are leaving, we will take their niche'," he said.

As the west turned its back, Russia could instead strike deals in Asia, Latin America and Africa, he added.

See FT View
Gillian Tett see Opinion

Ukraine strategy. Command structure

Agile adversary plays havoc with Russian forces

Autonomy of fighters on the ground frustrates Kremlin's centralised war machine

BEN HALL — LONDON

Russian forces tried to cross the Siverskyi Donets river in eastern Ukraine this month using a pontoon bridge, but their tanks and armoured vehicles were picked off by Ukrainian artillery. So they tried again. And again. And again.

The Russian army made nine attempts to cross the river in the second week of May, according to Ukrainian defence chiefs. Russia lost about 80 tanks or other vehicles and more than 400 men in the ill-fated operation, analysts have calculated using open source data. It is part of a pattern of Russian behaviour since the invasion began.

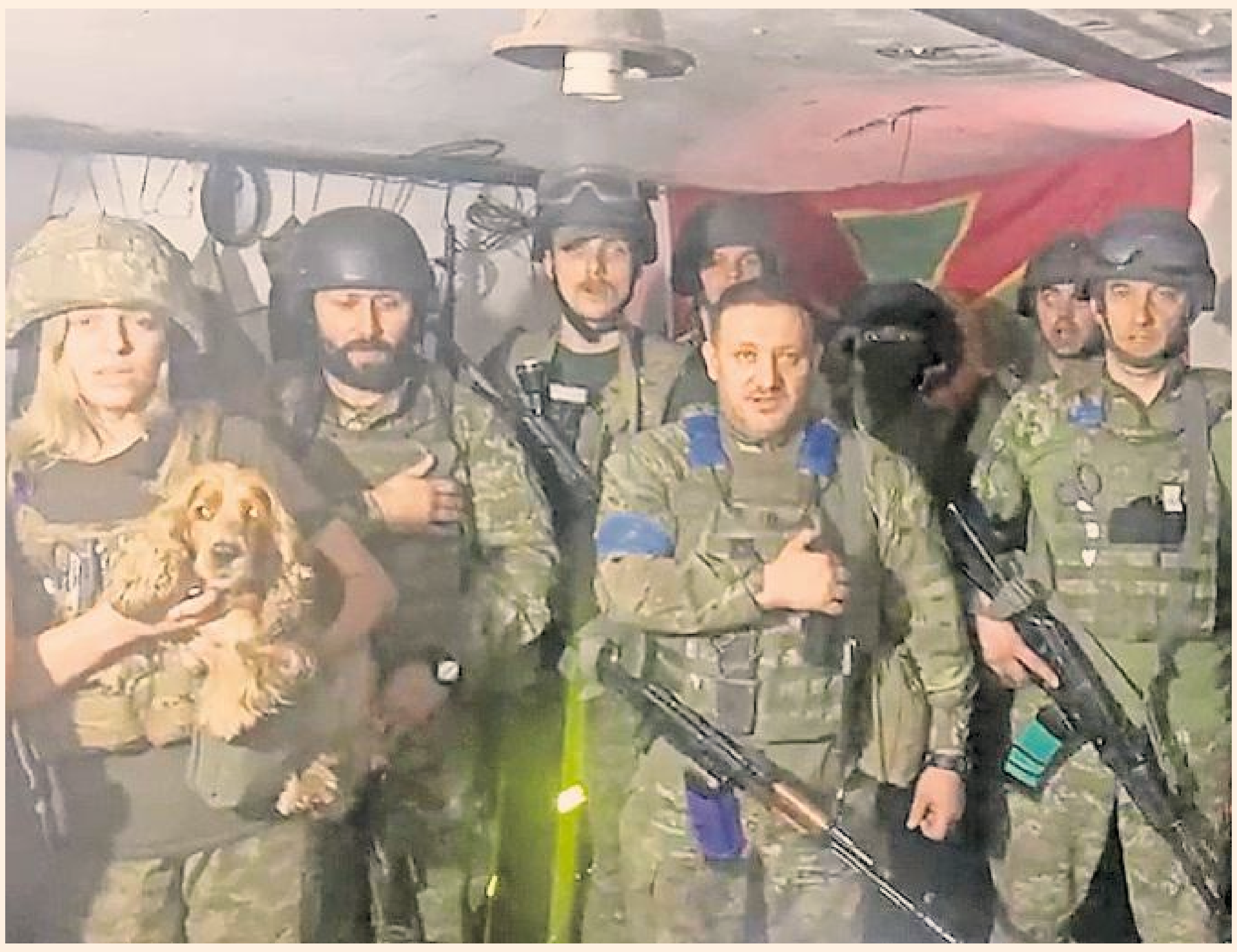
By contrast, Ukraine's forces have proved to be agile, using the leeway afforded to company and even platoon commanders to shape tactics according to conditions on the ground.

Decentralised mission command — following strategic objectives set by military chiefs while giving lower ranks tactical autonomy — is standard Nato doctrine. Ukraine's forces began to study it after independence in 1991, but only embraced it after Russia started its separatist war in the eastern Donbas region in 2014. Kyiv adopted far-reaching defence reforms in 2016 and US, UK and Canadian forces gave extensive training.

"We have a different style and Ukraine's is pretty similar to western doctrine — the freedom to adapt and achieve the goals according to their understanding of the situation," said Mykhailo Samus, director of the New Geopolitics Research network who spent 12 years in Ukraine's forces. "The Soviet model is to follow the exact written instructions of their commanders."

Blindly following orders from high command and persisting with failed tactics have been features of the invasion, whether it is the repeated deployment of helicopters to a captured air base in the south — which were destroyed by shelling — or multiple attempts to seize Hostomel airport with lightly armed special forces and paratroopers.

"For a Russian infantry officer the risk of being punished by his commander is much more significant than the risk of losing his men or being killed himself," said Oleksiy Melnyk, a former Ukrainian Air Force officer who spent 10 years under Soviet command. "If you see this order is a way to disaster, you have to tell your commander. That is what Russian officers are afraid of the most."



Siege: fighters at the Azovstal steelworks in Mariupol kept Russian forces busy for months. Below, Russian armour destroyed in a failed river crossing
Ukrainian State Border Guard Service/Eyepress

Ukraine's dispersed style of fighting — small groups springing ambushes along with hit and run attacks — inflicted severe damage on Russian forces as they advanced on Kyiv early in the invasion. But perhaps the best example of decentralisation was the defence of Mariupol.

Ukrainian forces resisted a Russian siege, diverting thousands of Moscow's troops for nearly three months with no outside assistance or orders.

Ukraine is building a corps of non-commissioned officers, corporals and sergeants who can make tactical decisions on the battlefield and are regarded as the backbone of western armies.

This drive is still in its early stages, says Jack Watling, senior research fellow at the Royal United Services Institute, a think-tank in London. But Ukraine also has many troops and reservists with experience from the 2014-15 Donbas war serving alongside recent recruits.

Melnyk said Ukraine's military retained some of the culture of the volunteer battalions created to defend the country in 2014 and later brought into the army and national guard.

"Many were formed and structured almost like civilian companies or non-governmental organisations," he said. "They didn't pay so much attention to military rank but to people with real leadership skills who could take command."

Liudmyla Buimister, a Ukrainian MP and army commander, said fighters in her territorial defence battalion were of high calibre even if many had only a few months of military training.

> 'Volunteers are mainly people who in their civilian lives have been quite successful. They are quite gifted'

"The volunteers are mainly people who in their civilian lives have been quite successful. They are quite gifted. They are not your linear infantry, even if they are being used as such."

Territorial defence battalions are the responsibility of regional governors, who have adopted the wartime title of heads of military administrations. Several have become household names, commenting on the course of the war in their area, giving the impression of a regionalised command structure.

A US official said the fragmented and autonomous nature of the Ukrainian military made it hard for Washington to gauge the strength of Kyiv's forces, particularly in the east, although this might also be due to Ukrainian secrecy over troop deployment and casualties.

Ukraine's military has a centralised command structure, setting strategic objectives like in most western nations, Samus said. Even territorial defence units, when engaged in combat operations, fall under the control of General Valerii Zaluzhny, commander-in-chief.

The autonomy and nimbleness displayed in the early days of Russia's full-scale invasion may reduce as the war continues, analysts and officials said.

"One of the reasons it was so decentralised was the system wasn't prepared for a crisis," said a Ukrainian government defence adviser. "People had to do what they had to do. We're not in that position any more. The bureaucrats are back in Kyiv. We have a lot of people trying to get themselves into the process. I fear we'll be less efficient."

If and when the Ukrainian army receives more heavy weaponry from the west and tries to push Russia out of the Donbas and the south, tighter co-ordination will be required and allowing units battlefield autonomy will become "more complicated", Samus said.

In a sign they are aware of their flaws and adapting their tactics, some Russian commanders are shifting from simple frontal attacks to surprise missions and advancing in multiple directions. This enabled them to seize the Donbas town of Popasna this month, Samus said.

"It doesn't mean Russian doctrine has changed, but in some directions maybe they have a more effective general."

Additional reporting by John-Paul Rathbone

Hungary

Orbán levies windfall taxes on business to support budget

MARTON DUNAI — BUDAPEST

Hungary's government has unveiled €5bn of tax rises and spending cuts as it takes its first steps under emergency powers introduced this week in response to an "economic crisis" sparked by war in neighbouring Ukraine.

Windfall taxes worth €2bn target the "extra profits" that companies have made from higher energy prices, interest rates and banking fees as well as more consumer spending in sectors such as telecoms since the pandemic.

Banks and energy companies will be tapped for the bulk of the extra revenue, with higher taxes also on telecoms companies, airlines, insurers, retail companies, drug retailers and advertisers.

Prime Minister Viktor Orbán's government said the emergency powers allowed the government to act swiftly to address a surge in inflation and energy prices and were not a move to undermine parliament.

Márton Nagy, economic strategy minister, said the tax measures "only [take] the extraordinary profits — we do not think this should cause elevated prices on the consumer side, there should be no extra inflation nor slowing growth".

The Budapest stock index, BUX, fell more than 5 per cent on the news, with energy group MOL dropping 9 per cent, OTP Bank shedding 8 per cent and Magyar Telekom falling 4.5 per cent.

The government will use €1.8bn from the extra tax revenue to keep funding a household energy price cap, which is expected to cost the budget as much as €3bn this year.

Another €500mn will be earmarked to boost new military procurement, part of the government's ongoing effort to beef up the armed forces in the face of the ongoing war in Ukraine.

The measures contain €3bn worth of spending cuts, mostly in the form of a one-year delay to public investments, which Gergely Gulyás, Orbán's chief of staff, said should not dent overall economic growth as private investment would continue. Gulyás said the government's powers would allow legislation to be accelerated. "We will not turn off parliament controls," he said.

Orbán used similar emergency powers during the coronavirus pandemic, when critics in Hungary and abroad said they feared an erosion of democratic rights and civil liberties.

The government curtailed some freedoms, such as media access to public documents, but largely conducted business as before, using its majority in parliament. After April's general election, it retained a two-thirds majority to be able to amend the constitution.

"This has a technical significance," said Ágoston Mráz, director of the Nézőpont Institute, a pro-Orbán think-tank. "Crisis management is a strong suit of the premier and he can communicate this, he can appear to be the strong leader that is needed."

Orbán has started his fourth consecutive term of office with the country's finances under strain. Budapest's ongoing dispute with the EU, which accuses Orbán's government of eroding fundamental rights in the country, has held up the transfer of EU funds, while a €5bn pre-election spending spree also widened the budget deficit.

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Cost of living

UK unveils household aid package backed by energy levy

GEORGE PARKER AND JIM PICKARD
LONDON

The UK chancellor yesterday announced a £15bn package to help households facing a further rise in energy bills this autumn, while completing a U-turn with a £5bn windfall tax on oil and gas companies to help pay for it.

Rishi Sunak said he was also considering "appropriate steps" to target "extraordinary profits" made by electricity generators. A windfall tax on that sector could bring in a further £3bn-£4bn.

Sunak had long resisted a windfall tax but concluded the levy was needed to help fund a big package of measures to help all households cope with the cost of living crisis, with a renewed focus on poorer citizens.

Labour claimed that Sunak had stolen its idea, although the chancellor expects to raise more than twice as much as the £2bn proposed by the opposition party via a windfall tax and has offered twice as much support to households.

Sunak's "economic update" — his second mini-Budget in two months — is intended to prove Prime Minister Boris Johnson's government is serious about protecting families from soaring energy bills in October.

His package will offset the expected £800 rise in the energy price cap — the average maximum amount paid by a household — in October, when bills are expected to hit £2,800. Domestic energy prices will by then have risen £1,500 in a year.

Sunak has decided to make a £6bn "universal offer" to all households. He replaced a proposed £200 one-off repayable discount to energy bills with a £400 grant, which will not have to be repaid. But most support went to the poorest, including a £650 one-off cost of living payment to 8mn households already receiving state benefits, at a cost of £5bn.

Pensioners will receive an extra £300 winter fuel payment costing £2.5bn, while disabled people will get a £150 additional cost of living payment costing £1bn. A further £500mn will be available for discretionary grants. Sunak said that the most vulnerable households would be £1,200 better off.

Shadow chancellor Rachel Reeves said Labour was "winning the battle of ideas" and Sunak's U-turn on an energy windfall tax was criticised by Tory right-wingers who want him to start cutting taxes. Conservative MP Richard Drax said Sunak was "throwing red meat to socialists".

Sunak insisted a "pragmatic and compassionate" Conservative government was obliged to help vulnerable people through a cost of living crisis and he defended levying higher taxes on the energy sector.

He said that a Conservative chancellor had to be "fiscally responsible" and if more spending was required he had to "fund as much of it as possible in as fair a way as possible", rather than adding to borrowing and fuelling inflation.

Rishi Sunak has directed most of the support at poorest households

The chancellor added that his 25 per cent "energy profit levy" on oil and gas companies would include a mechanism to incentivise investment. The levy would raise £5bn in the first year and be phased out as oil and gas prices returned to normal, he said.

Sunak also signalled his intention to go beyond Labour's windfall tax plan, which would apply only to North Sea oil and gas operators, by targeting the excess profits of electricity generators, as revealed this week by the Financial Times.

"We are currently evaluating the scale of these extraordinary profits and appropriate steps to take," said the chancellor. Treasury officials are drawing up a mechanism to target "windfall" profits.

Sunak was forced to bring forward the mini-Budget to alleviate the pain of rising energy bills after his Spring Statement in March was widely criticised for failing to do enough to help the poorest households.

INTERNATIONAL

NRA defies calls to scrap guns convention after Texas atrocity

Trump is star attraction at event in same state where 21 were shot dead

JUSTIN JACOBS — HOUSTON

The banners hanging down the front of the George R Brown Convention Center in downtown Houston, Texas, promise 14 acres of guns and gear.

This is where the National Rifle Association, the largest and most influential US gun lobby, will this week hold its annual meeting — about a four-hour drive from the small town of Uvalde, Texas, where a gunman at Robb Elementary School on Tuesday killed at least 19 children and two teachers.

There were swift calls for the NRA to cancel the event, which is being headlined by former president Donald Trump and other high-profile Republicans, including Texas senator Ted Cruz and the state's governor, Greg Abbott.

Beto O'Rourke, a one-time Democratic presidential candidate who is challenging Abbott for the governorship in November's elections, urged him to tell the NRA to hold the event "anywhere but Texas".

But the NRA has vowed to press ahead with the event, which is scheduled to begin today and run through the weekend. "As we gather in Houston, we will reflect on these events, pray for the victims, recognise our patriotic members and pledge to redouble our commitment to making our schools secure," it said in a statement.

"We're full-steam ahead," said one vendor, who declined to give his name, as he carried equipment into the convention centre on Wednesday afternoon as the final touches were being put on the exhibition floor and the rest of the huge venue. The event is expected to draw thousands of NRA members.

Trump, the event's main attraction, confirmed on Wednesday he would still attend. "America needs real solutions and real leadership in this moment, not politicians and partisanship. That's why I will keep my long-time commitment to speak in Texas at the NRA convention," Trump posted in a message on his splinter social media outlet, Truth Social.

The NRA website said the event would provide a "freedom-filled weekend for the entire family as we celebrate freedom, firearms and the second amendment". It promises a series of speeches and appearances from political figures and gun-community celebrities, as well as a raffle to win an item from the "Wall of Guns".

Houston is one of several deeply Democratic urban strongholds in a sea of deep red conservative Republican Texas, where gun rights are revered and firearms widely carried openly. The city's Democratic mayor, Sylvester Turner, at a city council meeting on Wednesday called on the state's political leaders not to attend the event.

"Why are elected officials speaking there . . . what message does that send? You can't pray and send condolences on one day and go and champion guns on the next," he said.

The mayor's office said there was little the city could do on its own to cancel the event, which had been originally scheduled to take place in the city in 2020 but was postponed for two years because of the pandemic.

"The city cannot cancel it without getting sued," a city spokesperson told the Financial Times.

The grounds around the convention centre were quiet ahead of the event, where streets were lined with banners celebrating "150 years strong NRA".

Protest: advocates of gun control hold a vigil outside the NRA's headquarters in Fairfax, Virginia, on Wednesday Kevin Dietsch/Getty Images

Police officers at the site said they expected some protests in the coming days and that security would be tight, given the heightened tensions around the event and Trump's presence.

Guns will not be allowed in the main hall during the former president's speech today as the US Secret Service takes over security, according to the NRA's website.

The collision of the NRA's annual gathering and a mass school shooting echoed the aftermath of the 1999 school shooting at Columbine High School in Littleton, Colorado. Then, the group defied widespread calls to cancel its meeting in nearby Denver.

> 'You can't pray and send condolences on one day and go and champion guns on the next'

The Uvalde killings were the latest in a steady drumbeat of tragic mass shootings that have engulfed the US. The atrocity came less than two weeks after 10 people were killed in a shooting in a grocery store in Buffalo, New York. The death of young students in Uvalde brought back memories of the Sandy Hook Elementary School shooting in 2012 in which 26 people were killed, including 20 children.

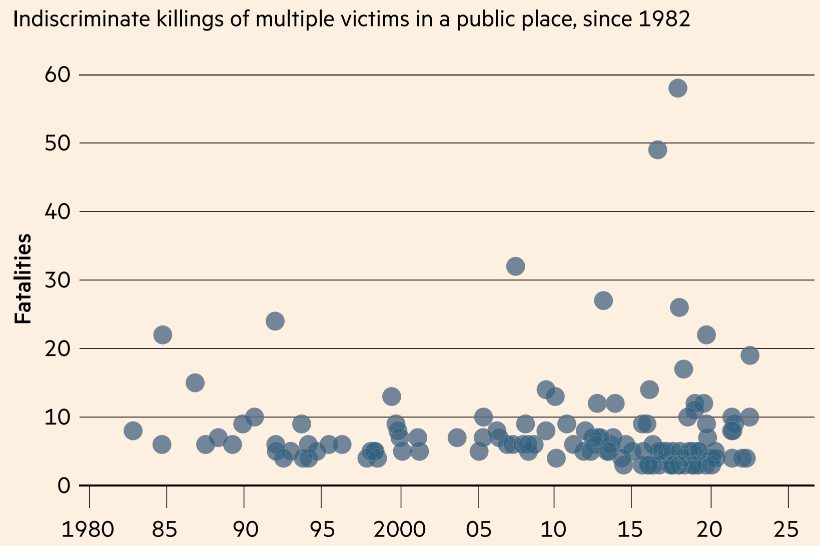
The shooting inflamed a national debate over gun control measures, although both sides quickly retreated to familiar positions. Few expect the latest tragedy to result in meaningful legislative action.

Abbott, widely seen as harbouring presidential ambitions, dismissed calls to tighten Texas's gun laws at a press conference, instead blaming the attack on a lack of mental health treatment options. Another senior Texas Republican, attorney-general Ken Paxton, said the state should arm teachers and other school personnel, a position pushed by the NRA.

The state's governor signed one of the nation's most permissive gun laws in 2021, which ended requirements for Texans to get a licence to carry handguns. Asked if he planned to attend the NRA meeting, Abbott demurred. "I'm living moment to moment right now. My heart, my head and my body are in Uvalde right now."

Mass shootings in the US

Indiscriminate killings of multiple victims in a public place, since 1982



This database includes shootings in 'a public place in which four or more victims were killed'. That threshold was lowered to three victims in 2013, which is reflected in the data from then on. The data exclude shootings during 'more conventionally motivated crimes such as armed robbery or gang violence'
Source: Mother Jones

California

Police funding takes the spotlight in LA election

CHRISTOPHER GRIMES — LOS ANGELES

As protests against the murder of George Floyd swept across the US in 2020, Los Angeles mayor Eric Garcetti shocked law enforcement officials with a pledge to cut $150mn from the city's police budget.

Though it fell short of some protesters' demands to "defund" the LAPD, which was left with an annual budget of $1.7bn, it was nonetheless a dramatic gesture.

Coming just a month after Floyd's death at the hands of a Minneapolis police officer, Garcetti's move was the direct result of a "massive uprising" of a broad swath of Angelenos, said Melina Abdullah, co-founder of Black Lives Matter Los Angeles.

"When he made that pledge, there were tens of thousands of us outside City Hall," said Abdullah, also a professor of pan-African studies at California State University LA. "We were demanding that the police be defunded and that those resources go into things that actually make communities safe."

Two years after Floyd's murder, however, pledges to "defund the police" are less likely to drive the political agenda, even in progressive LA. Far from seeking to cut funding, the frontrunners in the race to replace Garcetti are vowing to put more officers on the streets.

A rise in homicides and other crimes — coupled with a stark increase in homelessness — has left many Angelenos worried about their safety.

After years of decline, violent crime has begun to surge in LA. Last year, there were 397 homicides, the most since 2006, and the trend has continued. There were 122 homicides in LA between January and April 30, which police have attributed to gang activity and the availability of guns. Other violent crimes, including rape and aggravated assault, are also trending higher.

"After an immediate shift in public opinion toward police reform [after Floyd's murder] the base has almost completely reversed itself," said Dan Schnur, a politics professor at the University of Southern California.

"At the time, it appeared we were witnessing a seminal shift in public thinking on these issues. If anything, the more traditional approaches to public safety and criminal justice are more popular now than they were two years ago," he said.

Karen Bass, the Democratic congresswoman who is a favourite in the field of mayoral hopefuls heading into the June 7 primary vote, has long been considered a leading light of California progressivism. But her pledge to put more cops on the streets has drawn criticism from progressive critics.

Bass, who served as chair of the Congressional Black Caucus and was considered by Joe Biden for vice-president, said she would shift some police from desk duty to street patrols and add about 200 officers to raise the LAPD's headcount to 9,700. To combat abuses, she advocates accreditation, educational standards and better training.

She recognises the need for reform given the deep-seated tensions between the LAPD and minority residents, which exploded into view after the police beating of Rodney King in 1991.

"The reality is in some parts of LA they want police to protect them but they're also afraid of the police," she said at a forum on Tuesday. "The sad thing is that in South LA it's more warrior-style policing, while in more affluent areas it's more guardian-style policing. We need one style of policing for all areas."

Rick Caruso, her main rival, has said he would add 1,500 police to the force, bringing it to about 11,000 officers. Caruso, a billionaire property developer and longtime Republican, switched to the Democrats shortly before jumping into the race with a pledge to "end homelessness, crime and corruption".

Caruso, who once served as LA police commissioner and has spent more than $20mn on his campaign, has been outspoken in his opposition to progressive police reforms.

> 'The reality is in some parts of LA they want police to protect them but they're also afraid of the police'

Polls have shown Caruso and Bass in a dead heat in the "top two" primary, which will allow the two candidates with the most votes to advance to the general election in November.

Abdullah described Bass's pledge to put more police on the streets as "disappointing".

"It seems that candidates who want to be progressive sometimes feel like in order to be viable they can't be as progressive as they have been," she said. "I think it's a losing strategy for Karen Bass to try to out-Caruso Caruso."

She noted that there were still advocates for defunding the police seeking public office in LA this year. Among them is Gina Viola, a progressive activist who is running for mayor. Another is Albert Corado, who is campaigning for a seat on the LA city council on what he calls "a very abolitionist message of getting rid of the police".

Corado, 33, had a political awakening after his sister, Mely, was killed in 2018 by an LAPD officer's bullet while working in a grocery store.

"I came to this work and the movement in a state of shock and stage of grief," he said. "I want to give money to communities. The biggest driver of crime is poverty. If you can address the root cause of crime then we don't need that many cops any more."

Outrage: a protester confronts police over Floyd's death — Agustin Paullier/AFP/Getty Images

FT series. **America's red-hot labour market**

Biden success in creating jobs fails to win over legions of voters

Inflation, supply chain woes and coronavirus undermine desire to help working families

JAMES POLITI AND COLBY SMITH
WASHINGTON

Speaking at a community college in Cleveland, Ohio, a year ago, US president Joe Biden heralded the dawn of a new kind of labour market recovery under his watch.

"My sole measure of economic success is how working families are doing, whether they have jobs that deliver dignity," he said. "We want to get something economists call 'full employment'. Instead of workers competing with each other for jobs that are scarce . . . we want the companies to compete to attract workers."

By many measures, Biden and his economic team have achieved that primary goal: the jobless rate has dropped to 3.5 per cent and employers have created more than 8mn new jobs in just 15 months, wiping away fears that the labour market could experience the same sort of sluggish recovery it suffered for years after the financial crisis.

Yet the much-desired "hot" economy the White House and congressional Democrats championed — and engineered through the $1.9tn stimulus package in March last year — has been accompanied by a messy mix of high inflation, labour shortfalls and supply chain disruptions that have been exacerbated by Russia's invasion of Ukraine and new waves of coronavirus.

These factors are weighing heavily on American households and businesses, meaning Biden and his party are getting little or no political credit ahead of the midterm elections in November.

It is a troubling verdict in the court of public opinion for an administration that desperately wanted to deliver economic benefits to middle-class Americans to fend off a new populist backlash and show that US democracy could produce positive economic results.

A CBS News/YouGov poll conducted last week showed that just 36 per cent of Americans approved of Biden's handling of the economy, while 64 per cent disapproved, a massive gap that will be difficult to close ahead of the November vote, when most political analysts are expecting the Democrats to lose control of the House of Representatives and, possibly, the Senate.

"It's a great labour market for the average American worker, with lots of unfilled positions and a lot of opportunity," said Mark Zandi, an economist at Moody's Analytics who has advised Democratic and Republican presidential campaigns.

"If someone told [Biden officials] that's what the world would look like today, with no other colour, they'd say: 'Fantastic, we're going to be riding high here politically.' But that's not the case. People are still pretty upset, still pretty pessimistic and on edge."

In recent weeks, the president and other senior officials have sought to defend their economic policies in response to criticism from Republicans and some Democrats that they poured excessive stimulus into the economy and were too dismissive of the threat posed by higher prices.

"Inflation is absolutely a problem and it's critical to address it. But I think at the same time we should recognise how successful [the stimulus] was in leading to an economy where instead of having a large number of workers, utterly unable to find jobs, exactly the opposite is true," Janet Yellen, the US Treasury secretary, told members of the Senate banking committee this month.

Hit in the pocket: Americans' pay rises are being outpaced by inflation

Heather Boushey, a member of the White House council of economic advisers, said: "Being able to have this conversation about inflation at this moment is because so many folks have jobs. [Inflation] is hard on families. This is definitely a serious and important issue but it is different than high unemployment."

Yet the benefits of an expanding labour market are clearly being undercut by the higher cost of living, with even hefty nominal wage increases being outpaced by inflation in a way very palpable to the average voter.

According to an AP-NORC poll this month, 51 per cent of Americans say Biden's policies have done "more to hurt than help" the economy, while 18 per cent say they have helped and 30 per cent say they made no difference.

Biden has sought to project empathy with Americans displeased with the economic landscape. But his administration has limited tools to change the dynamic. White House officials had hoped that passage of their $1.5tn, trimmed-down "Build Back Better" economic legislation, including tax increases on the wealthy and childcare subsidies, would cool the economy and expand labour supply in the medium and long term, but those plans have been blocked in Congress.

Ultimately, the fate of Biden's labour market — and political hopes — are now in the hands of the Federal Reserve, which is embarking on a cycle of interest rate increases to tame inflation.

Moody's Zandi said ideally this would mean slowing the pace of payroll expansion from an average of about 500,000 jobs a month to about 100,000-150,000 a month, to avoid a scenario in which the economy "blows past full employment" and the jobless rate runs below 3 per cent, which could trigger an even more dangerous wage-price spiral.

"It's really about getting growth to moderate without going into reverse, and that's the process we're in the middle of and you can feel that's starting to happen," he said.

This is the final instalment of a three-part series on the booming US labour market

INTERNATIONAL

Policy speech

China poses greatest threat, warns Blinken

US accuses Beijing of becoming 'more aggressive abroad'

DEMETRI SEVASTOPULO — WASHINGTON

US secretary of state Antony Blinken yesterday said Washington would stay focused on Beijing as the most serious threat to the international order despite Russia's invasion of Ukraine.

In the first broad articulation of the Biden administration's policy toward Beijing, Blinken said China was the only country with the intent and capabilities to reshape the international order and that it was doing so in a way that would undermine global stability.

"Beijing's vision would move us away from the universal values that have sustained so much of the world's progress over the past 75 years," Blinken said at the Asia Society in Washington.

"Under President Xi, the ruling Chinese Communist party has become more repressive at home and more aggressive abroad," he said.

Blinken's speech comes as Sino-US relations are at their worst since the two countries normalised diplomatic relations in 1979. In recent months, ties have been strained by Beijing's refusal to condemn Moscow's invasion of Ukraine and by its growing military ties with Russia. Chinese and Russian nuclear-capable bombers this week flew together over the Sea of Japan as President Joe Biden was in Tokyo.

"Beijing's defence of President Putin's war to erase Ukraine's sovereignty and secure a sphere of influence in Europe should raise alarm bells for all of us who call the Indo-Pacific region home," Blinken said.

The speech came on the heels of Biden's first visit to Asia as president, a trip intended to further his strategy of bolstering alliances to counter China. It included a meeting of the Quad — a security grouping that consists of the US, Japan, Australia and India.

During his visit to Tokyo, Biden said the US would intervene with force to defend Taiwan if it came under attack from China. The comments appeared to overturn a decades-old policy under which the US does not make clear whether it would defend Taiwan, and came as concerns are rising that China could be emboldened to take military action against the country.

But Blinken said US policy on Taiwan had not changed and that Washington opposed "any unilateral changes to the status quo from either side". He said the US had been consistent over decades, but China had changed.

"What has changed is Beijing's growing coercion — like trying to cut off Taiwan's relations with countries around the world," said Blinken. He added that China was engaging in "increasingly provocative" activity by frequently flying warplanes near Taiwan. "They risk miscalculation and threaten the peace and stability of the Taiwan Strait."

Blinken said the US administration had implemented a comprehensive strategy over the past year to counter China, but was "not looking for conflict or a new cold war".

He portrayed the competition as a battle between two ideologies — democracy versus authoritarianism — but said Washington was not trying to change China. He said the US was willing to increase communication with China, but "cannot rely on Beijing" to change its trajectory.

South America. Election

Former rebel taps Colombian hunger for change

Voters given choice between ex-Marxist's radical policies and rivals' tweaks to status quo

GIDEON LONG — BOGOTÁ

Melissa Saavedra was among thousands who flocked to the final pre-election rally of Gustavo Petro's presidential campaign this month — hoping Colombia is on the brink of radical change under the former Marxist guerrilla.

The South American country needed a black vice-president for the first time — a reference to Francia Márquez, Petro's running mate — and a congress where women were no longer a minority, said the 34-year-old film director.

"This is a country that fears change but is finally accepting a process of transition. For me, it's not about left or right but about accepting diversity," Saavedra said as she stood in the crowd on Bogotá's main square.

During the four-year term of Iván Duque, the outgoing and unpopular president, Colombia has been pummeled by the coronavirus pandemic, street protests and rising poverty, inequality and rural violence.

Rejection of the status quo is widespread. In one poll published last week, 74 per cent of respondents said the country was "on a bad path". Duque's approval rating was stuck at 28 per cent, where it has been for about a year.

His had been "a broadly unpopular and unsuccessful centre-right mandate", said Felipe Camargo, senior economist at Oxford Economics. "According to poll trends, the electorate has voiced its hunger for change."

But polls suggest the country has still not decided whether to accept the radical responses offered by Petro or his rivals' plans for moderate tweaks to the prevailing investor-friendly political and economic model.

Polls suggest Petro will win comfortably on Sunday but fall short of the 50 per cent he needs to clinch the presidency outright. If so, he will go to a run-off on June 19 — most probably against Federico "Fico" Gutiérrez of the centre-right or Rodolfo Hernández, the populist outsider who has surged in recent polls. That run-off could be tight.

Petro is drawing support primarily from young, urban voters, particularly in Bogotá, where he is polling at more than 50 per cent. His supporters at Sunday's rally said their main concerns were the environment, the economy, education and the violence that still blights rural Colombia, despite the historic peace agreement with Marxist guerrillas signed in 2016.

Final address: supporters of Gustavo Petro, below, attend his closing campaign rally in Bogotá, Colombia
Juan Barreto/AFP/Getty Images; Fernando Vergara/AP

In contrast, Gutiérrez appears to be ahead in Medellín, Colombia's second city, and the surrounding area, traditionally more conservative than the capital. Gutiérrez hails from Medellín and was its mayor from 2016-19.

"In Medellín we want change too. No one here is saying they want the status quo," said Juan Restrepo, 37, who braved a torrential downpour to join Gutiérrez's end-of-campaign rally in a Medellín park. "But it has to be responsible change, and what Petro is offering is irresponsible."

While Petro and Gutiérrez were addressing their supporters on Sunday, Hernández declined to hold a closing rally, saying it was part of his austerity drive.

A businessman and former mayor of the eastern city of Bucaramanga, he has no allegiance to an established political party and has funded his own campaign. His anti-corruption crusade has won admirers. Recent polls suggest he might beat Gutiérrez to second place. Some Gutiérrez voters appear ready to switch sides and vote Hernández, seeing him as the best bet to keep Petro from power.

"Initially I was going to vote for Fico, in part because of things he did when he was mayor of Medellín," said Laura Cháves, 40, a businesswoman. "But since then it's seemed there's not much substance to him, not much charisma.

"I'm from Bucaramanga and I know a bit more about Rodolfo as mayor, despite his deficiencies. But I think he would be good at managing the country, even if he's not a seasoned politician."

> 'This is a country that fears change but is finally accepting a process of transition'

For some older voters at Petro's rally, his rise to the presidency would be the culmination of a political fight that began in the 1970s.

Among the crowd, some carried the red, white and blue flag of the M-19, the urban guerrilla group Petro belonged to in his youth. At its height, the group carried out a series of audacious attacks in its campaign against the Colombian state, most notably an assault on the Palace of Justice in Bogotá in 1985 in which almost 100 people died.

Petro was not involved in the attack and has long since renounced the armed struggle. The M-19 disbanded in the 1990s and is now a largely defunct movement made up of ex-guerrillas.

"It would be a reward for an entire life of fighting if Petro won the presidency," said Jacky Vargas as she stood in the square, just a few metres from the Palace of Justice, holding aloft an M-19 flag. "It would mean justice for Colombia and justice for our dead."

Diplomacy

Australia and US move to shore up support in the Pacific

NIC FILDES — SYDNEY
KATHRIN HILLE — TAIPEI
DEMETRI SEVASTOPULO — WASHINGTON

Australia and the US are shoring up their support in the Pacific islands after China proposed a security and economic framework that could bolster its presence in the region.

The draft China-Pacific Island Countries Common Development Vision, first reported by Reuters, was sent last week to almost a dozen Pacific island nations. It proposed a range of measures, including high-level police training, network and cyber security collaboration, as well as the development of free-trade zones with China.

The proposal was released ahead of Chinese foreign minister Wang Yi's visit to the islands and represents a broader push by Beijing to strengthen ties with the region after it signed a security pact with the Solomon Islands.

Wang called relations with the Solomon Islands, his first stop on an eight-country regional tour, a model for China's ties with Pacific islands.

"China will firmly support the Solomon Islands in safeguarding national sovereignty, security and territorial integrity, safeguarding domestic unity and accelerating . . . national development and revitalisation," he said in a foreign ministry statement. The statement added that China had agreed to implement economic co-operation projects in the country but made no mention of the security deal signed last month.

Anthony Albanese, Australia's new prime minister, criticised his predecessor's administration for "complacency" in allowing China to expand its influence in the Pacific. "We know China sees that as the first of many," he said of the proposed region-wide pact.

Australia's Labor government has made the Pacific a priority after it was sworn in this week. It plans to increase development aid by about A$500mn ($354mn) in the coming years and has put climate policy at the centre of its diplomatic efforts in the region. The Quad, a security grouping made up of Australia, the US, India and Japan, also agreed to crack down on illegal fishing in the region this week.

Penny Wong, Australia's foreign minister, flew to Suva, Fiji's capital, yesterday to meet Prime Minister Frank Bainimarama ahead of his conference with Wang on Monday.

Kurt Campbell, the top US White House official for the Indo-Pacific, who visited the region last month, held a video call with Bainimarama this week to discuss enhanced security and economic agreements.

There is some doubt, however, that China's broad multilateral framework will succeed. Micronesia, for example, is expected to resist the agreement.

Charles Dunst, an Indo-Pacific expert at the Center for Strategic and International Studies, a think-tank, said it was unclear whether the effort would prove successful. "China's decision to present an agreement pre-written by Beijing seems to have frustrated a few Pacific island leaders — mirroring the 2016 kerfuffle when China presented Asean leaders with, and demanded they sign, a pre-written agreement on several contentious issues," he said.

Contracts data

Loan costs and high prices hit US house market

JAREN KERR — TORONTO

A forward looking indicator of US home sales fell to the slowest pace in a decade as rising borrowing costs and elevated prices kept more potential buyers on the sidelines.

The pending home sales index, measuring signed contracts for homes where transactions have not yet closed, fell 3.9 per cent in April from the previous month for its sixth consecutive monthly decline, the National Association of Realtors said yesterday.

Lawrence Yun, chief economist for the National Association of Realtors, said pending sales were "at the slowest pace in nearly a decade." The north-east region of the US saw the steepest declines, with pending sales falling 16.2 per cent month-over-month. The only area where pending sales increased was in the Midwest, where they were up 6.6 per cent.

However, all regions of the country have seen a decline in pending sales activity year on year. Transactions fell 9.1 per cent compared with April 2021.

Joshua Shapiro, chief US economist at Maria Fiorini Ramirez, Inc, wrote in a note that the April numbers signal a likely decline in the sales rate for May.

"Record low mortgage rates and families seeking more space fuelled very strong demand for single family homes," he said. "However, significant headwinds now include an unusually tight supply of homes for sale, as well as substantially higher mortgage rates and prices that are up sharply, a combination which could deter entry-level purchasers."

The decline in pending sales activity comes as mortgage rates, which can drive up the cost of housing, have seen a slight decline in recent weeks. According to Freddie Mac, the average rate on a 30-year mortgage has declined for two weeks in a row, falling from 5.3 per cent to 5.1 per cent.

Those rates are still much higher than they were 12 months ago, when the average rate on a 30-year loan was 2.95 per cent, and before the Federal Reserve pushed up borrowing costs by raising the benchmark policy rate by 75 basis points this year.

Today's higher mortgage rates can add several hundred dollars a month in extra housing costs at a time when many families are already under pressure from substantial inflation in the cost of food and fuel.

"The escalating mortgage rates have bumped up the cost of purchasing a home by more than 25 per cent from a year ago," Yun said. "Steeper home prices are adding another 15 per cent to that figure."

The contraction in US gross domestic product in the first quarter was yesterday revised down 0.1 percentage point to minus 1.5 per cent. Goldman Sachs said stronger consumption and intellectual property investment were more than offset by downward revisions to inventories and business equipment.

Court hearing

Briton in Malawi graft probe told to stay in UK

JANE CROFT — LONDON
JOSEPH COTTERILL — JOHANNESBURG
GOLDEN MATONGA — LILONGWE

A British businessman under investigation for alleged corruption in Malawi, one of Africa's poorest countries, has been refused permission by a London court to leave the UK.

A judge sitting at Uxbridge magistrates' court refused to grant an application by lawyers representing Zuneth Abdul Rashid Sattar to vary the conditions of his police bail, which prohibit him from travelling outside the UK.

The court heard on Wednesday that Sattar, who was born in Malawi and came to Britain in 2014, is a British citizen. He is being investigated by the UK's National Crime Agency for alleged corruption relating to three public contracts with the Malawi government, but he robustly denies wrongdoing, his lawyer, Simon Farrell QC, told the court.

The contracts relate to armed personnel carriers, food rations and water cannon. Sattar was arrested in the UK in October 2021 in respect of these allegations but has not been charged with any wrongdoing.

The NCA on Wednesday opposed the application to vary Sattar's bail conditions, imposed in March this year, on the grounds he was believed "to be linked" to street protests in Malawi against Martha Chizuma, the director of the Malawian anti-corruption bureau.

Malawi has been dogged by procurement scandals over the past decade. Chizuma's office has said it is investigating the supply of tens of millions of dollars of equipment such as water cannon to Malawi's police and army.

> 'He is an innocent man of good character and why should his business be turned upside down?'

The case has also led to serious political tensions in Malawi. Christopher Convey, a barrister representing the NCA, claimed at the court hearing that the NCA believed Sattar had previously travelled to Malawi as part of an operation "seeking to influence the outcome of a judicial review" examining the arrest of one of his associates.

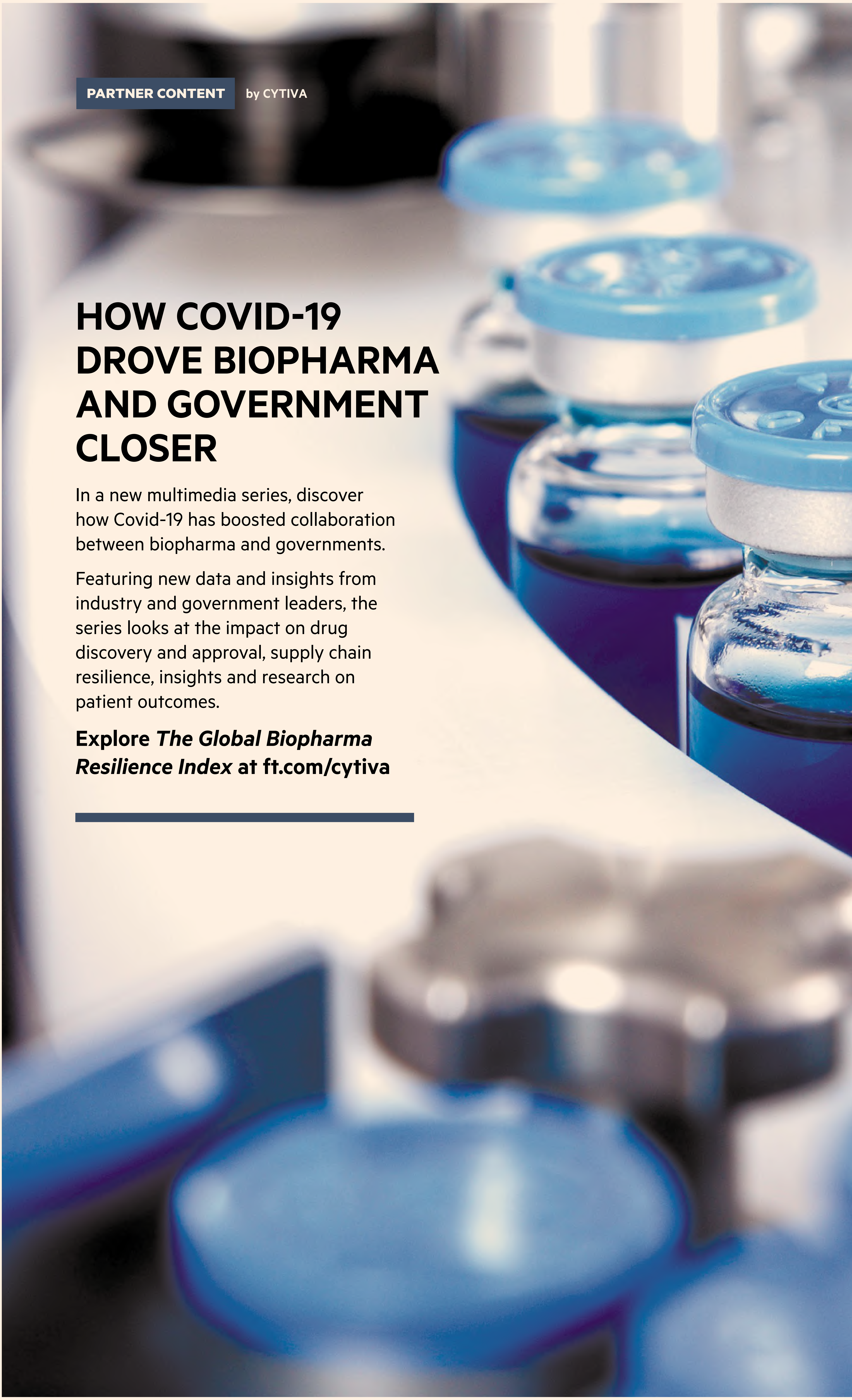
Farrell argued that his client should have bail conditions changed to enable him to travel to Dubai and Malawi.

"He is an innocent man of good character and why should his business be turned upside down? He's an international businessman crippled by this," Farrell claimed, adding his client had acted properly throughout and believed that the NCA case was "misconceived".

Farrell told the court that arguments submitted by the NCA about why bail conditions should not be changed were "absurd" and there was "no evidence" to support their claims. He said Sattar wanted to visit Dubai for business reasons and medical treatment in Dubai. He also wanted to visit family in Malawi.

Deputy district judge Daniel Stein refused the application on the grounds Sattar was being investigated for serious offences outside the UK. He said there was no reason to change the existing bail conditions.

Malawi president Lazarus Chakwera, who dissolved his cabinet this year after a minister was arrested in connection with the investigation into Sattar, denies shielding any allegedly corrupt person, and so far has backed Chizuma.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by CYTIVA
HOW COVID-19 DROVE BIOPHARMA AND GOVERNMENT CLOSER
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Billionaire bonanza Boehly's £4.25bn Chelsea swoop continues trend of wealthy US investors wading into English football ➜ PAGE 8

Companies & Markets

UK launches security probe into Altice's stake in BT

- Business secretary to review holding
- French telco owns 18% of company

ANNA GROSS, ROBERT WRIGHT AND JIM PICKARD — LONDON

The UK government is to examine the national security implications of French telecoms group Altice's 18 per cent holding in BT, weeks before the investment vehicle controlled by billionaire Patrick Drahi will become free to make a takeover bid for the prized national asset.

BT said yesterday it had received a notification that business secretary Kwasi Kwarteng was exercising his "call-in power" under the new National Security and Investment Act to examine December's increase in the French company's stake. Kwarteng now has 30 working days to assess the holding on national security grounds but that could be extended by 45 days if necessary.

> 'I would not expect the government to allow a full takeover or control to pass to a foreign investor'

Speculation about Drahi's intentions for BT has been rife since he spent £2bn on a 12 per cent stake last June, with many wondering whether he planned to launch a leveraged takeover attempt.

People close to the telecoms group have long said that Drahi is supportive of its long-term strategy, particularly its rapid investment in the rollout of full fibre technology, and they did not believe he was angling for full control.

The government's decision to examine Altice's stake — raising the possibility it could request remedies or reduce its holding — indicates a more aggressive move by the Franco-Israeli dealmaker would face political hurdles.

BT's shares, which firmed each time it emerged Drahi had raised his stake last year, ended 2.3 per cent off yesterday.

In a statement, the UK government said it had "powers under the National Security and Investment Act 2021 to scrutinise and — if necessary — intervene in qualifying acquisitions on national security grounds".

It added: "The business secretary has decided to call in the acquisition of 6 per cent shares by Altice of BT for a full national security assessment."

When it increased its stake, Altice said it did not intend to make a bid for BT, meaning that under the takeover code it could not make an unsolicited buyout offer for six months.

"The timing looks linked to Altice's takeover restrictions lapsing in June, and this may be more a warning about further control being acquired than an objection to the 18 per cent stake per se," said James Barford, an analyst at Enders Analysis.

"BT is highly sensitive in national security terms — it does work for government that it is not allowed to talk about, as well as being crucial for network resilience. I would not expect the government to allow a full takeover or control to pass to a foreign investor."

In a statement, BT said it would "fully co-operate with this review". Altice declined to comment.

The NSI Act, which came into force in January, allows greater scrutiny of foreign takeovers of companies in sensitive industries. It gives the secretary of state power to call in acquisitions he or she "reasonably suspects give rise to or may give rise to a risk to national security", a business department document says.

This is the second intervention of this kind that has become public.

The first came on Wednesday evening when Kwarteng said he was examining the takeover last year of Newport Wafer Fab, in Wales, by Nexperia, a Dutch subsidiary of Chinese company Wingtech.

Additional reporting by Leila Abboud

See Lex

Tasty offer 3G Capital to distribute some of Kraft Heinz stake to investors in fund

Added sauce: investors in the 3G fund will receive 88mn shares in the maker of products such as HP — CAMimage/Alamy

JAMES FONTANELLA-KHAN AND ANTOINE GARA — NEW YORK
JUDITH EVANS — LONDON

Brazilian-US investment firm 3G Capital will distribute some of its stake in consumer goods group Kraft Heinz to investors in its fund, in a move that will allow it to embark on new acquisitions.

Investors in the 3G fund, who include Colombia's Santo Domingo family and the Swiss tennis star Roger Federer, will receive 88mn shares in the group, equal to about 7 per cent of Kraft Heinz, 3G said yesterday.

The move will hand investors in 3G's fund the chance to sell their Kraft Heinz shares. 3G's co-founders and partners will retain an 8 per cent stake in the consumer goods group.

The decision by 3G, which mainly manages the money of its Brazilian founding partners and their wealthy friends, comes as Kraft Heinz shares have outperformed the broader stock market. The stock has climbed 10 per cent this year, beating the almost 20 per cent drop in the S&P 500, as investors bet that consumers will stick with the group's staples even as inflation squeezes their incomes.

New York-based 3G teamed up with Warren Buffett's Berkshire Hathaway to acquire Heinz in a $28bn deal that ultimately led to the combination with rival Kraft in 2015.

Kraft Heinz chief executive Miguel Patricio has revived the company's fortunes since taking over in 2019.

New acquisitions are planned by 3G in the coming year, according to people familiar with the matter. It is likely to use Hunter Douglas, the world's largest maker of window coverings, which it acquired recently at a $7.1bn valuation, as a vehicle to buy more assets in the sector.

Although Buffett and 3G will continue to own a third of Kraft Heinz, the move is an important step for a firm that has done more than any other to shake up the consumer goods industry during the past decade.

Heinz's profit margins surged nearly 60 per cent within two years of 3G buying it, as the firm relied on its familiar mix of deep cost cuts alongside investment in growth areas.

However, the model ran into trouble after Kraft Heinz failed to acquire Unilever in 2017. In 2019, Kraft Heinz was forced to announce a $15bn write-down as many of its brands fell out of favour with consumers who were gravitating to healthier alternatives.

Since taking the helm, Patricio, who joined from brewer Anheuser-Busch InBev, which is also backed by the founders of 3G, has shifted the group's focus to higher-growth products while ditching other brands.

Under his watch, the company also cut its leverage and returned Kraft Heinz to an investment-grade rating.

Icahn loses McDonald's proxy battle on pig welfare

PATRICK TEMPLE-WEST — NEW YORK

Activist investor Carl Icahn has lost his campaign against McDonald's over the chain's treatment of pigs after failing to win backing for two board nominees who would have pushed for better welfare standards.

The financier, known for agitating for management changes after acquiring stakes in companies, took up pork processing as a cause this year and asked McDonald's to ensure all its US suppliers ended the practice of confining pregnant pigs in small crates.

But only about 1 per cent of the company's shareholders voted for Icahn's two board nominees, McDonald's said at its annual meeting yesterday. All of its director nominees were re-elected.

The vote ends the fight between the fast-food chain and Icahn, who departed from his playbook of taking a stake in a company to squeeze better returns out of management to focus on animal welfare instead.

Icahn had claimed that McDonald's allowed sows to be housed in small "gestation crates" for up to six weeks.

About 10 years ago his daughter Michelle worked for the Humane Society, an animal welfare charity, and prompted her father to become involved in this issue. McDonald's has said it is on schedule to eliminate gestation crates in the US by the end of 2024.

Icahn did not respond to a request for comment.

The billionaire did not back his campaign with any financial heft. With just 200 McDonald's shares, he needed to win round other investors to get his nominees on to the board.

The Humane Society partnered with Icahn and said other pork producers had publicly stated they could provide pork without using gestation crates. McDonald's could move faster to end the practice if it wanted to, the Humane Society said.

"The McDonald's campaign has been a huge success," Josh Balk, vice-president of farm animal protection at the society, said.

"The focus put on gestation crates has led other major brands to make tremendous progress while also forcing McDonald's to finally admit that a decade after pledging to end the abuse, it's still choosing to buy pork from pregnant pigs locked in solitary confinement cages."

McDonald's said yesterday that it was committed to animal welfare.

Disney caught in a culture war between Pride and prejudice

INSIDE BUSINESS
TECHNOLOGY

Anna Nicolaou

On Disney's website, one can currently purchase rainbow-coloured dog leashes, Mickey Mouse pins in the transgender flag colours of white, blue and pink, and Star Wars jerseys that say: "Believe Belong Be Proud."

On the face of it, Disney shilling rainbow merchandise is nothing new. Disney is one of many companies that use Pride month — a June celebration for queer people — as a branding exercise.

In recent years, companies have rolled out rainbow-coloured everything from bottles of Bud Light to Listerine mouthwash. Marks and Spencer even created an LGBT sandwich made of lettuce, guacamole, bacon and tomato.

But Disney enters this year's Pride with a lot more baggage. The company has come under fire from both the left and the right over its stance on a new Florida law restricting the discussion of sexuality and gender identity in primary schools, nicknamed the "Don't Say Gay" law.

A quick recap: initially, chief executive Bob Chapek refused to publicly criticise the law, angering some Disney staff and fans. A few days later, Chapek reversed course, speaking out against the law. This angered some Republicans — most prominently Florida governor Ron DeSantis, who swiftly removed Disney's special governing status in the state.

Some Disney employees staged walkouts over Chapek's reluctance to criticise Florida, where the company is the largest employer and holds considerable influence. "Chapek and leadership have a lot of work to do to earn everyone's trust again," a Disney Animation executive told me.

The situation perhaps stung more because Disney had become a positive symbol in certain corners of the queer community, despite a patchy record on LGBTQI+ issues in the past. In 1980, two male teenagers were ejected from Disneyland for dancing together, a policy that a judge later deemed a violation of civil rights. But more recently, the company has regularly earned top scores on LGBT workplace equality, as measured by the Human Rights Campaign. And thousands of people convene at Disney theme parks each year for "Gay Days" (Disney does not officially recognise these events).

> In DeSantis, Disney has to contend with a rabble-rousing politician who stands to benefit from pushing this issue

Some Disney-watchers and staffers have taken the Florida mess as another reason to grumble over Chapek, who took over from the attention-loving Bob Iger in 2020, and has, to put it mildly, not achieved as much popularity as his predecessor. Some executives went so far as to disparage the CEO in a group text chat with a journalist from Puck news site during Disney's last earnings call — with one making an ironic lament: "Dammit chapek didn't eff up".

But Disney is far from the only media company facing these kinds of dilemmas. Earlier this year, Neil Young and Joni Mitchell pulled their music off Spotify over its association with podcaster Joe Rogan, who they accused of helping spread Covid misinformation.

In October, Netflix was put in the awkward position of taking sides between its staff and hired talent after comedian Dave Chappelle released a Netflix programme containing what some believe to be transphobic jokes. Some staff protested outside Netflix's headquarters.

From a corporate PR perspective, some might argue that the best thing Disney can do now is also the easiest: nothing at all. After employees raged at Netflix and Spotify for a couple weeks, the backlash died down. But in this case, Disney doesn't have this luxury.

In DeSantis, Disney has to contend with a rabble-rousing politician who stands to benefit from pushing this issue as he eyes a White House run in 2024.

DeSantis could keep Chapek's Florida headache in the news for months or even years to come as he tries to curry favour among conservative voters.

In Florida, Chapek is stuck in a crisis that is about more than just his management style. Long a symbol of American culture, Disney was inevitably going to become embroiled in the politics of a deeply polarised nation. Its animated characters and theme parks have for a century pushed a glorified American ideal; one of small town values and optimism that might not exist any more.

A former senior Disney executive argues that, while team Iger was somehow able to preserve an image that appealed to Americans across the political spectrum, the world has shifted a lot, even in the few years since Iger left.

"China, Covid, Ukraine, climate change, diversity," the executive rattled off. "I think Disney is very poorly placed to address these issues."

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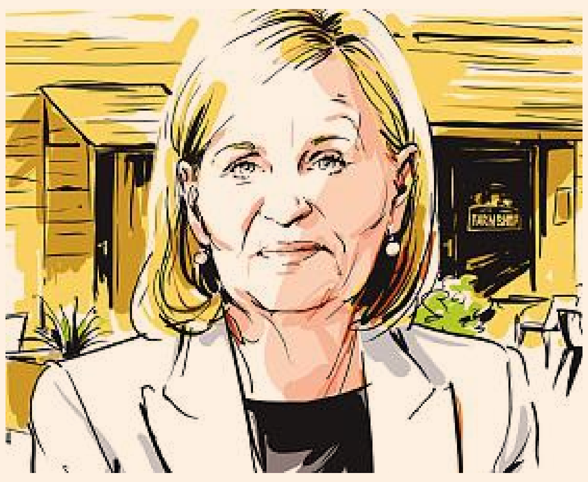
FT Weekend

Food & Drink special:
Recipes for a perfect British summer

Kylie Minogue, uncorked

Top Gun Maverick – an elegy for waning American power

In search of secret Hawaii



Amanda Blanc has Lunch with the FT

COMPANIES & MARKETS

Technology

Alibaba signals Covid hit as sales rise

China ecommerce group says lockdowns have snarled logistics chains

RYAN MCMORROW — BEIJING
ELEANOR OLCOTT — TAIPEI

Alibaba has warned that China's Covid-19 lockdowns have hit its business, even after the ecommerce giant reported that sales growth in the first quarter had outstripped local rivals such as Tencent and Baidu.

Chief executive Daniel Zhang said the lockdowns had snarled Alibaba's logistics and supply chains and hit consumer demand for non-essentials, causing the company's revenue to shrink by a low single-digit percentage in April compared with a year earlier, noting the situation had improved in May. "We believe operating stability and sustainability during this period is the primary concern of all businesses," said Zhang.

Alibaba's results come a day after Chinese premier Li Keqiang issued a warning on the country's economic turmoil during an internal videocast to officials, pleading with them to restart an economy paralysed by Covid lockdowns.

For the three months to the end of March, Alibaba's revenue rose 9 per cent year on year to Rmb204bn ($30bn), beating analysts' expectations.

The growth came in ahead of rivals such as social media group Tencent and search company Baidu, whose sales both rose less than 1 per cent during the period, but behind ecommerce group JD.com's 18 per cent increase.

> 'We believe operating stability and sustainability during this period is the primary concern'

Alibaba has shed about $620bn in market value since Chinese authorities cancelled the initial public offering of its fintech arm Ant Group in November 2020, which began a wide-ranging campaign to rein in the country's tech giants. Alibaba's New York shares now trade below the closing price of its first trading day in 2014. Its US shares were up more than 10 per cent in midday trading.

Robin Zhu of Bernstein attributed the share price rise to Alibaba's better than expected first quarter results and guidance for the second quarter being "less bad than feared."

Adding to the company's challenges is tougher competition from traditional ecommerce groups such as Pinduoduo and JD.com and newcomers such as ByteDance's Douyin, TikTok's sister app in China, which has boomed on the back of influencers selling via livestreams.

Alibaba has also pushed livestreaming sales but its most popular influencer, Viya, who sold 31bn of goods in 2020, disappeared from the site in December after local tax authorities fined her for under-reporting her income.

China's proliferating ecommerce platforms have weighed on Alibaba's cash cows Taobao and Tmall, with revenue in the segment that captures their earnings flat from the previous year.

Overall, Alibaba reported a net loss of Rmb16bn in the first quarter, primarily because of the falling market prices of listed investments. Operating income rose to Rmb17bn.

New chief financial officer Toby Xu declined to give a full-year revenue forecast, citing the pandemic uncertainties.

Financial services

Former KPMG partner sues lawyers for telling bosses about his debts

MICHAEL O'DWYER AND KATE BEIOLEY
LONDON

A former KPMG partner who went bankrupt after investing in French ski chalets is suing law firm Herbert Smith Freehills for allegedly causing him to lose his job by tipping off KPMG about his debt problems when he asked for legal advice.

Graham Martin, a partner at KPMG Singapore, asked Herbert Smith to represent him in July 2017 after lenders secured a worldwide freezing order against him and sued for debts of £3.26mn linked to his investment in three chalets in Chamonix.

Martin has filed a £22mn legal claim against Herbert Smith in the High Court in London after it shared details of his risk of bankruptcy with KPMG — a client of the firm — which he alleges caused him to lose his job.

In court documents seen by the Financial Times, Martin said Herbert Smith had opted to "please and procure favour" with its long-term client KPMG "rather than comply with its duty of loyalty" to him.

Martin accused Herbert Smith of breach of fiduciary duty, negligence and breach of confidence.

Herbert Smith, which turned over more than £1bn in the year ended April 2021 and is among the largest international law firms based in London, said: "Mr Martin's claim has no merit and the firm will defend it vigorously." It will file its defence to the claim next month.

According to the claim, Martin hired Herbert Smith in a personal capacity in July 2017 to fight a legal action brought against him by Creditforce after he borrowed money to develop the chalets, which later contributed to his bankruptcy. Martin, a restructuring adviser at KPMG Singapore, asked Herbert Smith partner John Corrie to defend him in a High Court hearing about the freezing order.

The lawsuit alleges Martin told Corrie that he did not want KPMG to know about his financial situation until he had reached a settlement with Creditforce but, on the same day that Martin sent him papers relating to his debts, Corrie told KPMG's London office about his client's debt problems and subsequently told them that the freezing order was in place.

KPMG passed this information to its Singapore office, including the risk that Martin would be made bankrupt.

Martin's claim summarises Herbert Smith's position as being that Corrie explicitly received Martin's consent to tell KPMG that the firm was intending to represent him regarding the debt issues — something Martin denies. Corrie is not named as a defendant in the case.

After KPMG Singapore was told about Martin's financial situation, he was called into meetings, at which he requested time off before he was stripped of his leadership positions, according to his claim.

Martin, who reached a settlement with Creditforce in this period, said he attempted suicide after being removed from his leadership roles.

He claims he was left with no option but to resign in February 2018 and that he could have kept his job if he had been able to break the news of his financial situation to KPMG himself after he reached a settlement with his lender.

He was made bankrupt in June 2018. Corrie, Martin and KPMG declined to comment.

Travel & leisure. English Premier League

Chelsea deal shows US groups' rush to tap returns

Billionaire investors wooed by sport's rising revenue streams and idea football is undervalued

SAMUEL AGINI — LONDON
SARA GERMANO — NEW YORK

Chelsea's Cesar Azpilicueta interacts with the fans during a match at Stamford Bridge. Below, Todd Boehly Charlotte Wilson/Getty Images

Todd Boehly's acquisition of Chelsea Football Club is the latest sign of American investors' growing interest in owning the top teams in the English Premier League, as they eye attractive returns.

Boehly is leading a £4.25bn takeover backed by California-based investment firm Clearlake Capital, Swiss billionaire Hansjörg Wyss and Guggenheim Partners' chief executive Mark Walter.

The deal — approved on Wednesday by the UK government after months of negotiations — means that Chelsea will join Stan Kroenke's Arsenal, the Glazer family's Manchester United and Fenway Sports Group's Liverpool in the growing roster of Premier League clubs backed by American billionaire investors.

All four have also bought leading US sports franchises.

"There's still a perception in the minds of US investors that football is undervalued," said Kieran Maguire, a Liverpool university academic and author of The Price of Football. "The downside risk of relegation for a club such as Chelsea is negligible, and so investors like both the present and future revenue streams."

The buyers are acquiring Chelsea for £2.5bn, which former owner Roman Abramovich has pledged to charity, with a further £1.75bn earmarked for redeveloping the club's Stamford Bridge stadium, talent academy and women's team.

Abramovich put the club up for sale within days of Russia's invasion of Ukraine in February.

The Russian billionaire, who also holds Israeli and Portuguese citizenship, was subsequently sanctioned by the UK and banned by the Premier League from being the director of a club.

Abramovich's fortune turned Chelsea into a top tier team, breaking Manchester United and Arsenal's grip on the English title and financing the acquisitions of star players.

He bankrolled more than £1bn of losses in his two decades' ownership.

"From a financial perspective, the deal will have most Premier League owners rubbing their hands together at the capital growth potential for clubs because the value is just crazily high," said Christina Philippou, an academic at the University of Portsmouth who contributed to the UK's recent review of football finance and governance.

Joe Ravitch, co-founder of Raine Group, the merchant bank that ran the auction on behalf of Abramovich, previously predicted in an interview with the Financial Times that Chelsea and other top Premier League clubs would probably be valued at more than $10bn each in five years.

Analysts, football executives and investors said that the club's prime west-London location and its ability to expand its undersized stadium and tap digital revenue opportunities, such as connecting to fans in the metaverse, a virtual world online, presented an opportunity for Boehly.

The Premier League's new $2.7bn six-year US broadcast deal with Comcast's NBC also makes English clubs more attractive to American owners.

Uefa's plans to expand the Champions League from 32 to 36 teams in 2024 could be worth more than £150mn a year to a club such as Chelsea, while Chelsea's women's side also has untapped commercial potential, according to Philippou.

The Premier League has long been a focus of interest for foreign investment, not only by Americans but Emirati and Saudi royalty.

Each ownership group has a different background — the late Glazer patriarch, Malcolm, was encouraged to buy Manchester United by his sports-loving adult children — but are drawn to the global exposure that steering a Premier League club generates.

In recent years, private equity groups have followed, often buying minority stakes to take advantage of the increasing value of international broadcast rights and their effect on team prices.

"What is commendable about American owners is they absolutely understand the need for clubs to be sustainable," said one of the most senior figures in English football.

Another long-serving football executive said: "These guys are not short-term players, they've got plenty of money, they're ambitious, and they want to make it a success. I think it's very positive for the league."

With a capacity of about 40,000 fans, Chelsea's Stamford Bridge lags behind rival grounds such as Manchester United's Old Trafford, the largest ground in the Premier League at 75,000, putting Chelsea at a disadvantage in terms of ticket sales and hospitality.

> 'A fan wants a winning team. If Father Christmas owned the team the fans would be happy as long as they're winning'

Analysts say that redevelopment is more likely than relocation because a non-profit entity, Chelsea Pitch Owners, which is run by fans, owns the freehold of the stadium.

However, the football executive questioned "how much extra growth we're going to see now".

"There's only so much you can get from the stadium and so much of it depends on television. Player salaries are going up leaps and bounds," he said.

Chelsea's revenue was £434mn in the 2020-21 season, up from £407mn the previous year, bolstered by winning the Champions League, but the club consistently posted losses under Abramovich's ownership. Abramovich lent about £1.5bn to Chelsea at no interest cost and never took a dividend.

A key question is whether Boehly can strike the right balance between financial returns and on-pitch performance.

"A fan wants a winning team," said the executive. "If Father Christmas owned the team the fans would be happy as long as they're winning."

See Opinion

Technology

Silver Lake's Durban resigns after Twitter shareholders vote against board re-election

HANNAH MURPHY — SAN FRANCISCO
PATRICK TEMPLE-WEST — NEW YORK

Silver Lake co-chief executive Egon Durban tendered his resignation from the board of Twitter after the social media company's shareholders issued a rare rebuke at a tense investor meeting late on Wednesday.

The vote against Durban's re-election came after the two biggest shareholder advisers, Institutional Shareholder Services and Glass Lewis, had cited concerns that he is on too many other boards. Durban serves on seven public boards, up from six last year, ISS said.

Twitter said Durban had offered his resignation in accordance with its corporate governance rules.

A spokesperson added that its corporate governance committee would consider whether to accept his resignation, given the vote was not binding. Investors typically rubber stamp board member nominations. But BlackRock, Vanguard and other big asset managers tend to vote against board members when they serve at more than four companies.

Just nine other companies in the S&P 500 have one or more directors who serve on more than five public company boards, according to an analysis of securities filings by ISS Corporate Solutions. Silver Lake declined to comment.

Durban has been on Twitter's board since March 2020, when Silver Lake invested $1bn in the company to help fund a $2bn share repurchase programme. His appointment was secured as part of a co-operation agreement between Twitter and activist investor Elliott Management, which had at the time been agitating for then-chief executive Jack Dorsey to be removed over concerns about sluggish growth.

The shareholder meeting comes amid a drama over Twitter's future, after Elon Musk agreed a $44bn deal with the board to buy the social media company and take it private. Musk worked closely with Durban when trying to arrange a potential buyout of Tesla.

Musk, who wants to loosen content moderation rules on the platform, said this month that the deal was "temporarily on hold" as he sought information on fake accounts. Twitter executives have said they intend to close the transaction.

During the shareholder meeting, Twitter chief executive Parag Agrawal declined to address questions about the deal but faced a deluge of queries from investors on content moderation issues, misinformation and political bias.

Shareholders endorsed the $30mn pay package for Agrawal, who took over from Dorsey in November, despite both proxy advisers opposing the plan over concerns of a "misalignment between CEO pay and company performance".

Musk's name was frequently invoked around free speech and content moderation issues during the meeting. One shareholder complained of "wokeness" inside Twitter, citing Musk and claiming the company's diversity policies were discriminatory against men and white people, while another lambasted Musk's approach to speech while proposing that a human rights and civil rights leader join as a director.

Shareholders voted in favour of a proposal put forward by New York state's pension fund requiring the company to publish an electoral spending report on contributions to politicians or causes.

Shareholder proposals demanding companies publish more information about political spending and lobbying have been some of the most successful in recent years.

Nine lobbying or political spending proposals passed in 2021, up from six in 2020, according to law firm Sullivan & Cromwell.

Separately, Twitter agreed to pay a $150mn fine over allegations from US regulators that it breached privacy rules by improperly using users' phone numbers and email addresses.

Musk must find more cash

Takeover deal in doubt after margin loan lapses

Elon Musk must raise significantly more cash to finance his $44bn takeover of Twitter after allowing a $6.25bn margin loan commitment backed by his shares of electric carmaker Tesla to lapse.

After ditching the margin loan, the amount of equity that Musk must secure to complete the deal now stands at $33.5bn, according to a regulatory filing late on Wednesday that marked the latest twist in his effort to buy Twitter.

Musk is seeking to raise additional cash for his bid by asking existing Twitter shareholders, such as co-founder Jack Dorsey, to roll over their equity stakes, which would lower the amount he would need to put into the deal.

The margin loan commitment, originally worth $12.5bn, was cut this month when Musk raised $7.14bn from an eclectic roster of investors including Larry Ellison, the billionaire founder of Oracle, cryptocurrency exchange Binance and venture capital firm Sequoia Capital.

Financing the deal without the margin loan will take the pressure off Tesla's shares, which lost $125bn in value a day after the Twitter deal was announced. The carmaker's stock has fallen 25 per cent since the takeover was agreed.

"This will remove some leverage from the deal," said Dan Ives of Wedbush Securities, who sees just a 50 per cent chance of Musk's deal being completed. "The game of high-stakes poker continues."

COMPANIES & MARKETS

Road ahead turns treacherous for tech start-up accelerator Prologue

Y Combinator challenger remains bullish despite troubles of rapidly growing listed ventures

MILES KRUPPA — SAN FRANCISCO

Prologue, backed by some of Silicon Valley's largest venture capital firms, wants to build a big business out of small stakes in dozens of start-ups. First, it must navigate a tech crash.

Andreessen Horowitz and Sequoia Capital have invested $23mn in Prologue, making it one of the best-funded challengers to start-up accelerator Y Combinator. Prologue's investment arm, Hyper, recently began soliciting applicants for its third "season", a four-week training programme that comes with $300,000 in funding.

But the road ahead suddenly looks treacherous. A sharp sell-off in the shares of fast-growing, cash-burning, public tech companies has prompted venture capital firms to warn companies of an impending slowdown.

Another start-up accelerator, On Deck, laid off a quarter of its staff this month.

YC sent a note to company founders last week warning that the "safe move" was to "plan for the worst" by cutting costs and raising additional funding.

Hyper's employees holed up for a retreat in New York last week, their first since the team expanded to nine people. They emerged optimistic.

"Founders are now valuing the mentorship that comes from an accelerator and the doors that it opens," said Shahed Khan, chief executive of Hyper. The environment would be a "net positive" for similar programmes.

While many others have tried to compete with YC, Silicon Valley's oldest and largest accelerator, Prologue represents one of the most auspicious attempts to dislodge its reputation as the Harvard of start-up formation.

Prologue owns the popular website Product Hunt and plans to funnel profits from Hyper into the media business, which it hopes will help start-ups in the programme find new customers. Executives want to purchase and create other businesses under the same umbrella.

Eventually, Prologue could list its shares on public exchanges, a step no major venture capital firm has taken.

"Our goal is to really build effectively an index fund of the best performing early stage start-ups," said Khan. Prologue could become a "lifestyle brand" like the $280bn French luxury conglomerate LVMH, he said.

Prologue's ambitions point to the battles being fought between venture capital firms and other wealthy backers to find and invest in start-ups at the earliest stages, when significant stakes can be purchased for pennies per share.

Hyper's first $60mn fund received backing from partners at Andreessen and Sequoia. The firms also get to look at the top 1 per cent of companies Hyper rejects each quarter.

Both Andreessen and Sequoia separately started making investments of up to $1mn this year in companies reviewed through open application systems.

Their entry into the market contributed to a decision by On Deck earlier this month to lay off more than 70

Seeking talent: from left, Ashley Higgins, Shahed Khan and Malika Cantor of Prologue's investment operation Hyper
Monique Jaques

employees, or a quarter of the total, according to a person familiar with the company's thinking. Executives blamed the cuts on a shift in market conditions since the company opened its accelerator in October last year.

On Deck planned to combine its accelerator with a separate programme that offered mentorship to people thinking about starting their own company, the person said.

Accelerators such as YC had made some of the biggest profits in venture capital, said people familiar with the businesses.

In 2007, a fledgling file sharing service called Dropbox entered YC, which at the time invested up to $20,000 for a roughly 7 per cent stake in companies it accepted.

Five years later, YC sold half of its stake in the company for about $100mn, according to people familiar with the transaction. YC used the proceeds to fund new batches of companies through 2018, one of the people said.

YC has continued to score hits. Fifteen companies backed by YC have gone public, including Airbnb and Coinbase. At least five dozen have been valued by investors at more than $1bn. In January, YC announced that it would begin investing $500,000 in each new company, a fourfold increase from the previous amount.

However, accelerators have faced persistent questions about the value they provide in exchange for investment, which can be difficult to measure.

YC's most recent programme admitted 414 companies ranging across 42 countries.

"Even if they experience great success, it's not necessarily because they've done anything to the founders," said Susan Cohen, an assistant professor at the University of Georgia's business school, who has studied accelerators. "It could just be that they found great teams."

Hyper promises to help founders gain awareness for their businesses through Product Hunt, which has millions of monthly users. Executives maintain a list of companies, such as software start-up Airtable, that debuted their products on the website and later went on to raise billions of dollars in venture capital.

"It's really hard to build a start-up that goes and grabs people's attention," said Sriram Krishnan, a partner at Andreessen who sits on Prologue's board. "The playbooks we had seven years ago — they're not the same playbook today."

The accelerator promises introductions to top venture capitalists. Investors in Prologue are "probably going to look at you a little bit more favourably because they have that relationship", said Akshaya Dinesh, whose email marketing start-up Spellbound was part of Hyper's first programme.

Hyper typically invests $300,000 for 5 per cent of a company's stock, but not all companies have received the same deal. One founder received $500,000 in funding at a $9mn valuation. Hyper said

> 'The playbooks we had seven years ago – they're not the same today'

it made "very rare exceptions" to its standard deal.

In the firm's early days, it leaned on trusted networks to find new companies. Out of roughly 1,500 applicants for its second season, it accepted only two. The other 13 companies entered through relationships to employees and other connections in the start-up world.

Khan said the downturn would present an opportunity to work with companies that had "sustainable growth and real numbers". Dropbox entered YC on the verge of the last financial crisis, he said. "I see that no differently than where we are today."

Financials

Gorman not ready to exit as Morgan Stanley boss

JOSHUA FRANKLIN — NEW YORK

Morgan Stanley chief executive James Gorman has said he has no plans to step down from the US bank he has run for more than 10 years — but that he has no intention of staying in the job until the day he dies.

"'Soon' is the operative word and the answer to that is no," Gorman, 63, said at the bank's annual shareholder meeting yesterday when asked if he planned to retire in the near term.

"But retire we all must do eventually, or die in our seats, which I have no intention of doing."

The comments from Gorman, Morgan Stanley's chief executive since 2010, shed further light on succession planning at one of Wall Street's biggest banks at a time when the industry is bucking a broader trend in corporate America for shorter chief executive tenures and embracing so-called "forever CEOs".

His comments are in contrast to remarks made last year by Jamie Dimon, the long-serving chief executive at rival JPMorgan Chase, who said he planned to stay at the bank "till the day I die".

Gorman told the bank's investors that "healthy succession transitions" were essential for complex firms such as Morgan Stanley and that he held discussions with the board of directors, which he chaired, at least once a year.

A year ago, Gorman announced a managerial reshuffle that elevated his top deputies, Ted Pick and Andy Saperstein, to be co-presidents while handing new roles to two other bank lieutenants, Jonathan Pruzan and Dan Simkowitz.

The moves were viewed at the time as the start of a four-way race to eventually take over from Gorman, who also promoted Sharon Yeshaya to chief financial officer from head of investor relations.

Yesterday Gorman said those changes had ushered in "both a generation of leadership immediately behind me and the generation behind them to make sure that for many decades after I'm gone, Morgan Stanley will thrive".

Gorman also struck an upbeat tone on the US economic outlook, arguing that healthy consumer and corporate balance sheets should help the world's largest economy weather any downturn.

Technology

Klarna chief shifts focus to short-term profitability over growth

RICHARD MILNE
NORDIC AND BALTIC CORRESPONDENT

Klarna is shifting its business away from growth and towards short-term profitability as the Swedish fintech tries to raise capital and cuts 10 per cent of its staff due to fears of a looming recession.

Sebastian Siemiatkowski, Klarna's chief executive and co-founder, told the Financial Times he was not "convinced" by reports that his bank would have to raise capital at a valuation below its most recent one of $46bn, which made it the most valuable private tech company in Europe.

"I'm not convinced. We'll see what happens. We'll see," he said when asked if it would be a "down round". One Klarna investor told the FT he expected a valuation cut of 20-50 per cent.

Klarna, the buy now, pay later pioneer, is facing up to one of the biggest challenges in its 17-year history as its losses shoot up and it burns through cash with Russia's war in Ukraine and surging inflation both hitting the outlook for economies and consumer spending.

"We decided that we're going to change the weight of our investments and focus more on short-term profitability over long-term new, potential investments," Siemiatkowski said, two days after cutting 10 per cent of the company's more than 7,000-strong workforce.

Klarna and other buy now, pay later companies are facing scepticism from regulators and investors who worry that they encourage vulnerable consumers to take on unsustainable debt by letting them spread out payments for online purchases.

Shares in listed rival Affirm are down 86 per cent since November, while PayPal is down three-quarters since last summer.

Siemiatkowski said he and Klarna's chair Sir Michael Moritz, partner at venture capital firm Sequoia Capital, were "very committed to the idea that there is a benefit of being private, and the last 12 months have proved us right".

He added: "We'll probably continue being private for a little more time. It's always a question of the more great long-term investors we can attract, the bigger our appetite to stay longer private."

Klarna's first-quarter results, released on Monday, showed net losses quadrupled from a year earlier to SKr2.5bn ($252mn) while its cash flow plunged

Losses have shot up at the Swedish fintech led by Sebastian Siemiatkowski

from positive SKr7.6bn to negative SKr7.3bn in a year.

Siemiatkowski said there would be a "considerable strengthening" of results in the next year with "massively improved financials".

He argued that Klarna's business model "inherently" meant that when it entered new markets — such as its aggressive expansion into the US — its losses increased as it took on more customers. "You are going through a phase where it is very, very costly as you grow that market," he added.

But Klarna had found in other markets that as soon as it started getting more returning customers, its margins improved. "We expect that to happen in the US quite soon," he said.

Siemiatkowski added that he refused to tilt the company completely towards profitability and away from growth.

"We don't think that's right. The long-term target of Klarna, which is to really disrupt retail banking and payments and financial services — very similar to the situation of Amazon a decade earlier — we think the opportunity is as alive as it was six months ago."

He stressed that while Klarna would cut back on "longer-term, more out-there projects" it would "double down" on growth in the US but would do so by focusing more on existing customers than attracting new shoppers.

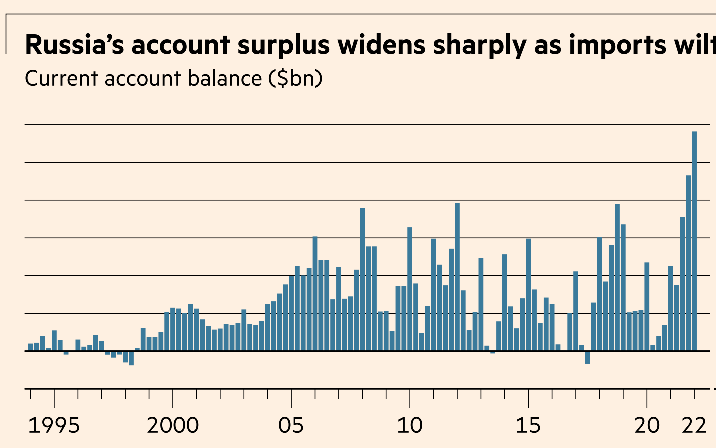
Currencies. Sanctions impact

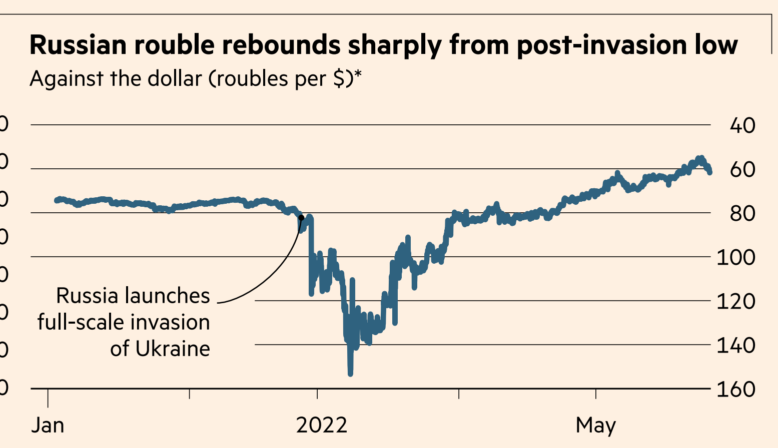
Russia slashes rates in push to calm rouble's rapid ascent

The Bank of Russia's action over rates is a sign of the effectiveness of sanctions in isolating the country from the global economy, according to analysts — Natalia Kolesnikova/AFP/Getty

Moscow's unease is growing at a rally that has made its forex the top performer this year

TOMMY STUBBINGTON — LONDON
NASTASSIA ASTRASHEUSKAYA — RIGA





Russia's central bank has slashed interest rates for the third time since early April, taking aim at a blistering rally in the rouble that has seen the currency more than double against the dollar from its March nadir.

The Bank of Russia yesterday cut its main interest rate to 11 per cent from 14 per cent.

The reduction marked a further unwinding of a rise to 20 per cent earlier this year at a time when authorities were attempting to stabilise the rouble after it plummeted in the early days of Russia's invasion of Ukraine.

The dash to lower borrowing costs is a sign that Russian authorities are growing increasingly uncomfortable with the rouble's rapid ascent, investors and economists said.

The rouble's strength not only belies a struggling domestic economy, which is expected to slump into a severe recession this year but it puts pressure on government finances by lowering the local currency value of dollar-denominated oil and gas revenues, they noted.

The currency strengthened to Rbs51 to the US dollar this week, a level last seen in 2015, having briefly slumped past Rbs150 in early March. It fell back to around Rbs60 following the rate cut.

"Such an extraordinary appreciation starts to be a financial stability issue, not mentioning risks for economic activity," said Sofya Donets, an economist at Renaissance Capital.

In addition to hurting the government's budget balance, a strong rouble would make life difficult for some Russian exporters, Donets said, adding that the unscheduled rate cut was "clearly pushed by the rouble strengthening".

The rebound since March, which has made the rouble the best-performing currency in the world this year, has been driven by stringent capital controls curbing Russians' ability to buy foreign currency.

It has also been spurred by a collapse in Russian imports prompted by unprecedented economic sanctions combined with a continuing flow of energy exports.

Russia's current account surplus soared to a record $58bn in the first quarter of 2022 and could climb as high as $250bn for the full year unless new sanctions halt oil and gas exports, according to Elina Ribakova, deputy chief economist at the Institute of International Finance.

"While this is not a free market-determined exchange rate, rouble stability is at the same time 'real,' in the sense that it's driven by Russia's all-time-high current account inflows," she said. The stronger rouble has helped to keep a lid on Russia inflation, which has begun to ease in recent weeks, slowing for the first time since last summer in the week to May 20, according to state statistics.

Annual inflation slowed to 17.5 per cent as of May 20, from 17.8 per cent in April, it said.

The central bank said yesterday that there has been a "noticeable decrease in inflationary expectations of the population and businesses", saying the stronger currency was helping to ease price pressures in the economy.

It forecasts inflation will slow to 5-7 per cent next year and to 4 per cent in 2024. It had previously estimated this year's inflation at 18-23 per cent.

However, a stronger currency is not a sign of the economy's resilience to western sanctions, according to Polina Kurdyavko, head of emerging markets at BlueBay Asset Management.

Instead, she argued that the rouble rally is actually a sign of the effectiveness of sanctions in isolating Russia from the global economy.

Alongside an exodus of foreign companies from Russia, groups including Russia's biggest carmaker Avtovaz have been forced to halt production due to a lack of imported components.

'What does rouble strength mean? Certainly not that the economy is healthy'

Kurdyavko said: "What does rouble strength really mean? Certainly not that the economy is healthy. Growth will be deep in negative territory. Inflation is double-digits. Clearly pain is being felt. On the most basic level, businesses are closing down because they can't import anything."

In this environment, the Bank of Russia will have to tread carefully in seeking to tame the currency's rise, according to Ribakova.

"Russia's central bank is trying to loosen capital controls because it feels the rouble is too strong," Ribakova said. "But the central bank is in a rough spot; if they continue loosening, they may open the floodgates of capital flows out of the country. In previous crises, $200bn left the country in a matter of months."

She added: "The bottom line is while the rouble is stable and Russia has a current account surplus in the short term, the economic fallout from the invasion of Ukraine will undermine Russia's economy in the long term."

Industrials

Toshiba yields to activists in nominating new directors

ANTONI SLODKOWSKI, ERI SUGIURA AND KANA INAGAKI — TOKYO

Toshiba has agreed to shake up its board, nominating executives backed by two activist shareholders a day after it was revealed that a state-backed fund was considering a bid for the Japanese conglomerate.

Former chief executive Satoshi Tsunakawa will be replaced as chair of the board by Akihiro Watanabe, an executive at mergers and acquisitions advisory group Houlihan Lokey.

Eijiro Imai, managing director of the Japanese arm of US investment firm Farallon Capital, and Nabeel Bhanji, a senior portfolio manager at hedge fund Elliott Management, will also become non-executive directors.

Toshiba has been mired in scandals and management crises since 2015 when it was found to have committed accounting fraud.

The 146-year-old conglomerate has subsequently been subject to a takeover battle that could result in the largest private equity deal in Japanese history.

The tussle over Toshiba has pitted management against some of the largest global activist funds and has been closely watched as a test of Japanese corporate governance standards. It faces a May 30 deadline for potential acquirers to submit bids with possible buyers

The board shake-up is likely to hasten the deal as chair Satoshi Tsunakawa had opposed the process

including US private equity group Bain Capital, KKR and Blackstone.

The state-backed Japan Investment Corporation is also considering a takeover, although people familiar with the process say that the fund would probably team up with one of the PE buyers.

MBK, a Seoul-based private equity firm, has become the latest to submit a bid, according to two people with knowledge of the discussions. MBK declined to comment.

The board shake-up is likely to hasten the deal as Tsunakawa had opposed the process, citing concerns over public contracts and sensitive technologies.

Underscoring tension within the company, Toshiba had planned to reveal the candidates this month but cancelled hours before their scheduled announcement, saying that more time was needed for the nominations.

Raymond Zage, the Toshiba board director who chairs the committee that nominated the board members, said Watanabe would provide "expertise in evaluating strategic alternatives", which could include "complex transactions across multiple geographies and multiple regulatory environments".

Imai and Bhanji would ensure any transactions were "considered from the perspective of all stakeholders", he added. The board candidates will be formally selected at an annual meeting scheduled for June.

Bankers advising Toshiba in the process are Nomura, JPMorgan and Mizuho.

Fixed income

Growth fears overshadow inflation to generate rally in government bonds

TOMMY STUBBINGTON — LONDON
KATE DUGUID — NEW YORK

Government bond markets have clawed back part of this year's heavy losses as investors' attention shifts from sky-high inflation to signs that economic growth is slowing.

Bonds have endured a painful year so far as central banks rush to contain runaway price rises by tightening monetary policy rapidly. But longer-term government debt — an ultra-safe asset that tends to benefit from fears over the health of the economy — has steadied in recent weeks as a sell-off in riskier assets, such as stocks, accelerates.

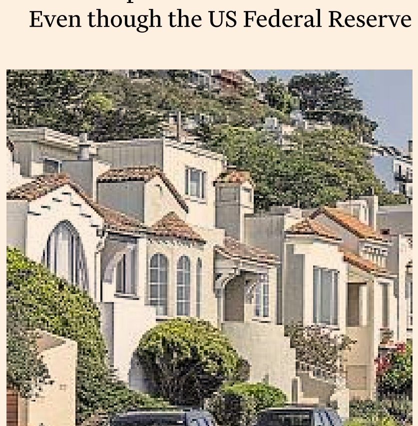
A Bloomberg gauge of long-term US government bonds is on course for a third consecutive weekly rise, gaining more than 4 per cent since May 6, a turnround echoed in European markets. Although the recovery remains modest compared with earlier declines — the index is more than 18 per cent lower in the year to date — some investors sense a turning point for the heaviest global bond sell-off in decades.

"We have rarely been as bullish on government bonds as we are now," said Mike Riddell, a senior portfolio manager at Allianz Global Investors. "If growth slumps, then inflationary pressure will recede, and yields look more attractive than they have in a long time."

The US 10-year government bond yield — a global benchmark — fell as low as 2.71 per cent yesterday from a high of 3.2 per cent two weeks ago.

The equivalent German Bund yield has also declined from nearly 1.2 per cent to 0.99 per cent.

Even though the US Federal Reserve



Recession fears: sales of US homes have fallen as mortgage rates surge

is still in the early stages of raising interest rates — while the European Central Bank has yet to lift borrowing costs from record lows — the expectation of aggressive policy tightening has already had a big impact on markets and the economy, according to Riddell, who cited the example of a drop in US home sales as mortgage rates surge.

"Over the past month, we went from inflation woes dominating to recession fears increasingly being the cause for concern," said George Goncalves, head of US macro strategy at MUFG Securities.

"It's possible that we have hit the cycle high for the [US] 10-year yield and it's more likely we continue to slide lower in long-term rates into the summer months."

While inflation in the US remains close to its highest level in decades, market expectations of longer-term inflation have begun to ease.

The five-year, five-year forward break-even rate — a gauge of inflation forecasts over five years, five years from today — fell on Wednesday to 2.2 per cent, its lowest level since March 1. It reached an eight-year high in mid-April.

Equities

Tradeweb scores lowest possible governance rank from proxy adviser

JOE RENNISON AND
PATRICK TEMPLE-WEST — NEW YORK
PHILIP STAFFORD — LONDON

The biggest shareholder advisory firm has given trading platform Tradeweb the lowest possible corporate governance score for the second year in a row, arguing that its complex share structure strips ordinary investors of power and that its board lacks diversity.

Institutional Shareholder Services awarded Tradeweb the lowest score on a 10-point scale for governance, according to a report dated April 26 seen by the Financial Times.

The trading platform is one of the largest in the world and is integral to the financial architecture supporting US mortgages, Treasuries and corporate bonds.

The low score stems from a tiered share class structure that awards the company's majority shareholder Refinitiv, formerly owned by private equity firm Blackstone and since sold to the London Stock Exchange, 10 times the voting power of public shareholders.

ISS also noted that Tradeweb's board lacks independence and has just one female director. Multi-class capital structures "create a misalignment between economic interest and voting rights, which can disenfranchise shareholders", said ISS in the report.

Shareholders in the company attempted to pass a motion this month to require that lists for potential new board members include both women and minority candidates. However, the

'The top priority of our board is to act in the best interest of all Tradeweb shareholders'

board opposed the motion at the latest shareholder meeting on May 10, pointing to its existing policy which it said was sufficient and already requires board diversity to be "considered" when selecting candidates.

Tradeweb said it exceeds Nasdaq's requirement that boards have at least one female director and one from an under-represented minority. Two of its directors identify as non-white.

Blackstone took Tradeweb public in 2019 after acquiring the trading platform a year earlier as part of a $17bn deal for the financial data and terminals business of Thomson Reuters, later rebranded as Refinitiv.

When Tradeweb went public, Blackstone created four different share classes in the company that carried different voting rights.

Class A stock, which is publicly traded, and class C stock received one vote for each share in the company. Class B and D stock, which is nearly all owned by Refinitiv and its affiliates, receives 10 votes per share.

It means that, despite only holding roughly half of the publicly traded shares, Refinitiv holds closer to 90 per cent of the total voting power. As part of the deal to sell its stake in Refinitiv to the London Stock Exchange, Blackstone received a 40 per cent stake in the LSE.

"Tradeweb is deeply committed to a culture of diversity and strong corporate governance," it said. "We have been structured as a 'controlled company' since our 2019 IPO and the top priority of our board is to act in the best interest of all Tradeweb shareholders." Blackstone and the LSE declined to comment.

The day in the markets

What you need to know

- Wall Street stocks advance as retailers post upbeat earnings
- High-yield corporate bonds gain amid growing appetite for riskier assets
- Investors shrug off disappointing data on US economic output

US stocks rallied as investors were buoyed by strong earnings from domestic retailers Macy's and Dollar Tree, easing concerns that consumer spending was slowing.

Midway through the session yesterday, the S&P 500 was up 2.1 per cent while the tech-heavy Nasdaq 100 advanced 2.9 per cent, shrugging off disappointing overnight results from chipmaker Nvidia.

The strong morning's trading for US exchanges helped push indices across the Atlantic higher after a flat morning with the pan-regional Stoxx Europe 600 ending the day up 0.8 per cent while London's FTSE 100 and Frankfurt's Xetra Dax 40 closed up 0.6 per cent and 1.6 per cent, respectively.

Macy's was the standout riser in the US. "The fact you get a major retailer telling a different story from what other major misses have told helps calm people down a bit," said Jim Paulsen, chief investment strategist at The Leuthold Group.

Markets have been choppy in recent weeks as traders prepare for global central banks, led by the US Federal Reserve, to tighten monetary policy.

But investors hoped that a volatile period in the market was beginning to pass. "I don't think you can say the bottom is imminent," said Tim Graf, global head of macro strategy at State Street Global Markets. "But we have probably seen the most volatile period of drawdowns [of the stock market]."

In bond markets, the ICE BofA Move index, which measures volatility in the Treasury market, hit 105.69, its lowest level since mid-March.

In a further sign of investors' growing appetite for riskier assets, the JNK ETF, an exchange traded fund of American companies' high-yield "junk" bonds, rose 0.9 per cent. It is up 3.2 per cent so far this week.

Investors shrugged off a mixed batch of US economic data. Revised figures showed the world's biggest economy contracted at an annualised rate of 1.5 per cent in the first quarter, slightly worse than the previous estimate of 1.4 per cent.

Meanwhile, first-time claims for unemployment benefits fell last week to 210,000, better than the consensus of 215,000 by economists polled by Refinitiv.

"The market is paying more attention to economic data," said Anne Beaudu, a global fixed income portfolio manager at Amundi. "A few weeks ago it was all about inflation, not so much about other macro data. Now everything that could affect growth is important, especially all that's related to consumption." **Ian Johnston**

Junk bonds in rebound rally

SPDR Bloomberg High Yield Bond ETF ($)

Source: Refinitiv

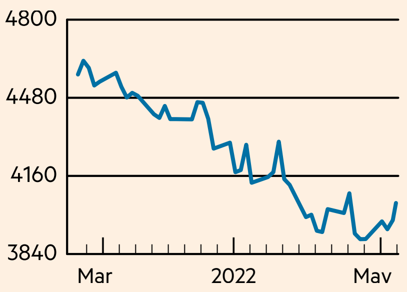
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	4049.08	1715.10	26604.84	7564.92	3123.11	111827.43
% change on day	1.77	0.71	-0.27	0.56	0.50	1.13
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	102.027	1.072	127.325	1.257	6.739	4.779
% change on day	-0.028	0.375	-0.024	0.159	0.992	-1.109
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.779	0.993	0.230	1.964	2.741	12.041
Basis point change on day	2.770	4.400	2.320	5.500	-4.500	-8.700
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	421.44	117.17	114.36	1847.20	21.83	4494.70
% change on day	1.32	3.54	4.51	-1.07	-0.43	-0.79

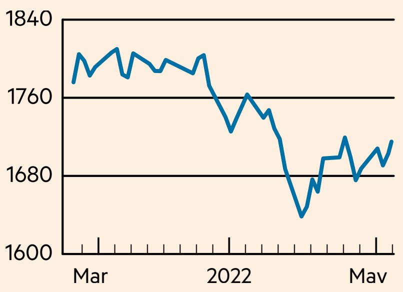
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

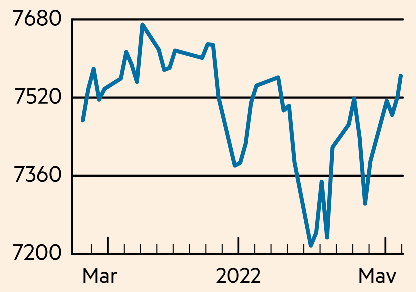
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Dollar Tree	18.57	Saipem	8.71	Ocado	11.54
	Dxc Technology	13.02	Inditex	5.15	Intermediate Capital	7.61
	Dollar General	12.20	Safran	3.96	B&m Eur Value Retail S.a.	7.27
	Norwegian Cruise Line Holdings Ltd	12.09	B. Sabadell	3.88	Next	6.43
	Carnival	8.91	Sodexo	3.87	Jd Sports Fashion	6.38
Downs	Kraft Heinz (the)	-7.87	Evonik Industries	-3.17	United Utilities	-6.61
	Medtronic	-4.99	Wartsila	-1.64	Sse	-4.61
	Centene	-3.86	Novozymes	-1.25	Severn Trent	-4.23
	Cf Industries Holding	-2.25	Terna	-1.18	National Grid	-3.30
	Merck & Co	-1.57	Iberdrola	-1.14	Imperial Brands	-2.93

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

Wall Street

Department store chain **Macy's** surged after releasing better than expected results.

First-quarter earnings came in at $1.08 per share, well above the mean estimate of 82 cents from analysts polled by Refinitiv.

During the quarter, the retailer highlighted a shift in consumer behaviour with shoppers attracted to "more occasion-based apparel".

Macy's also upgraded its outlook, forecasting earnings per share of $4.53-$4.95 for 2022, up from the $4.13-$4.52 range stated previously.

Building on the strong retail theme, discount store chain **Dollar General** rallied off the back of an upgrade to its guidance.

The retailer lifted its outlook for 2022 with net sales forecast to grow 10-10.5 per cent, up from its previous estimate of "approximately 10 per cent".

First-quarter earnings hit $2.41 per share, which was 10 cents above consensus, while revenue of $8.75bn was in line with expectations.

VMware rallied on news that chipmaker Broadcom was buying the cloud-computing and virtualisation software group for $61bn in a cash-and-stocks deal.

Broadcom also took on $8bn of VMware net debt. *Ray Douglas*

Europe

Spanish online travel group **eDreams Odigeo** jumped more than 13 per cent after posting "a record year in bookings", it said.

For its fiscal 2022 year, the group notched up 12.5mn bookings, which was 10 per cent higher than 2019's pre-pandemic level.

Dana Dunne, chief executive, added that volumes for its new financial year continued to run at "record levels" as the effects of the pandemic waned.

A provisional contract win lifted Italian construction company **Webuild**.

A joint venture comprising Webuild, FCC Construcción and BeMo Tunnelling was selected by the UK's National Highways as the preferred bidder for a £1.25bn project near Stonehenge.

A ratings upgrade helped propel Austria's **Verbund** higher.

Deutsche Bank raised the energy group to "buy" from "hold", arguing that concerns about a windfall tax had "materially reduced".

In the face of rising energy prices, the broker said the part state-owned company would likely issue a special dividend.

This "would allow for the government to use Verbund's dividends to help those affected by the energy crisis, while protecting private investment sentiment", said Deutsche analysts. *Ray Douglas*

London

A boost to its guidance lifted outsourcer **Serco**, which said its underlying trading profit would be about £225mn for 2022, a rise of £30mn against an earlier forecast.

The upgrade was driven by "stronger than expected trading in the first four months of the year", said the group.

A fall in revenue owing to the end of the UK test-and-trace programme was offset by other government work, including an uptick in immigration-related contracts.

A rise in full-year costs spooked investors in water group **United Utilities**, which fell to the bottom of the FTSE 100 benchmark.

Underlying operating costs were expected to be about £100mn higher year-on-year, which was blamed in part on "inflationary cost pressures on labour [and] chemicals".

A cautious outlook weighed on **Johnson Matthey**, the catalytic converters supplier.

It reported underlying operating profit of £553mn for the full year, up from £473mn in 2021, but warned of "greater political and economic uncertainty" for this year.

BT slid following news that business secretary Kwasi Kwarteng would launch a national security review linked to French group Altice's 18 per cent stake in the telecoms company. *Ray Douglas*

Psychology shapes gyrations in the investment cycle

Howard Marks

Markets Insight

I've lived through (and been schooled by) several significant cycles during my years as an investor. And yet, when I was about two-thirds of the way through writing my last book, a question dawned on me that I hadn't considered before: why do we have cycles?

After pondering this question for a while, I landed on what I consider the explanation: excesses and corrections.

If the stock market were a machine, it might be reasonable to expect it to perform consistently over time. Instead, the substantial influence of psychology on investors' decision-making largely explains the market's gyrations.

Everyone knows — or should know — that parabolic stock market advances are generally followed by declines of 20-50 per cent. Yet those advances occur and recur, abetted by the willing suspension of disbelief.

Bull markets are, by definition, characterised by exuberance, confidence, credulousness and a willingness to pay high prices for assets — all at levels that are shown in retrospect to have been excessive.

History has shown the importance of keeping these things in moderation. For that reason, the intellectual or emotional rationale for a bull market is often based on something new that history can't be used to discount.

Consider the FAAMGs (Facebook, Apple, Amazon, Microsoft and Google), which have a level of market dominance and ability to scale up that had never been seen before.

The dramatic performance of the FAAMGs in 2020 attracted the attention of investors and supported a widespread swing toward bullishness.

By September 2020, these stocks had nearly doubled from their March lows and were up 61 per cent from the beginning of the year.

Notably, these five stocks are heavily weighted in the S&P 500 so their performance resulted in a good overall gain for the index but this distracted attention from the far less impressive performance of the other 495 stocks.

Or consider cryptocurrency. Bitcoin has been around for 14 years but it has been in most people's consciousness for only about five. It fits economist John Kenneth Galbraith's sceptical description of the type of financial innovation in bull markets that prior generations

> Some people may believe that asset prices are all about fundamentals but that's certainly not so

supposedly "do not have the insight to appreciate". Bitcoin enjoyed a dramatic price spike from $5,000 in 2020 to a high of $68,000 in 2021, before falling back this year to about $24,000.

The striking performance of cryptocurrencies and "super stocks" — as well as tech shares generally — in the last two years had added to investors' general optimism, enabling them to disregard worries regarding the persistence of the pandemic and other risks.

It is risk aversion and the fear of loss that keep markets safe and sane. But when bull markets heat up, caution, selectivity and discipline often go out the window. Bullishness tends to exaggerate the merits of bull market winners. This pushes security prices to levels that are excessive and thus vulnerable — because the upward swing doesn't last forever.

We often see negative fundamental developments pile up for a good while with no reaction on the part of security prices. But then a tipping point is reached, either fundamental or psychological, and the whole pile suddenly gets reflected in prices, sometimes to excess. And the stocks that rose the most in the up years often experience the greatest declines in the down years.

Some people may believe that asset prices are all about fundamentals but that's certainly not so. If market prices are set by a consensus of intelligent investors on the basis of fundamentals, then why are many formerly high-flying tech/digital/innovation stocks down by such large percentages in recent months? Do you really believe the value of many businesses more than halved in this brief period?

The price of an asset is based on fundamentals and how people view those fundamentals. Attitudes regarding fundamentals are psychological/emotional, not subject to analysis or prediction, and capable of changing much faster and more dramatically than the fundamentals themselves.

None of the market trends I've discussed relates exclusively to fundamental developments. Rather, their causes are largely psychological and the way psychology works is unlikely to change. That's why I'm sure that as long as humans are involved in the investment process, we'll see these trends recur time and time again.

Howard Marks is co-founder and co-chair of Oaktree Capital Management and author of 'Mastering the Market Cycle: Getting the Odds on Your Side'

MARKET DATA

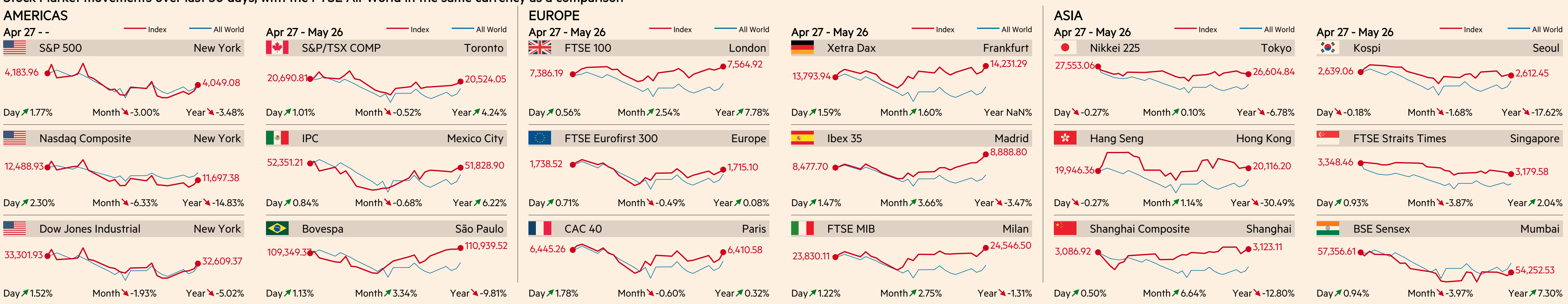
WORLD MARKETS AT A GLANCE

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 $
1.77%	2.30%	1.52%	0.56%	0.71%	-0.27%	-0.27%	1.32%	0.375%	0.159%	-0.024%	0.118%	0.23%	-1.07%

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



Country	Index	Latest	Previous
Argentina	Merval	93593.97	[illegible]
Australia	All Ordinaries	7339.30	7391.70
	S&P/ASX 200	7105.90	7155.20
	S&P/ASX 200 Res	5685.10	5747.30
Austria	ATX	3333.71	3324.71
Belgium	BEL 20	3915.89	3912.25
	BEL Mid	9852.99	9786.41
Brazil	IBovespa	111827.43	110579.81
Canada	S&P/TSX 60	1244.91	1233.69
	S&P/TSX Comp	20588.89	20383.75
	S&P/TSX Div Met & Min	1578.91	1585.55
Chile	S&P/CLX IGPA Gen	27827.06	27280.34
China	FTSE A200	10554.68	10540.30
	FTSE B35	9000.71	8988.96
	Shanghai A	3272.82	3256.40
	Shanghai B	303.74	302.31
	Shanghai Comp	3123.11	3107.46
	Shenzhen A	2045.40	2034.68
	Shenzhen B	1094.43	1087.67
Colombia	COLCAP	1261.61	1260.21
Croatia	CROBEX	2013.05	2011.29
Cyprus	CSE M&P Gen	68.46	68.68
Czech Republic	PX	1310.58	1312.44
Denmark	OMXC Copenhagen 20	1639.58	1644.72
Egypt	EGX 30	10247.43	10415.54
Estonia	OMX Tallinn	1807.60	1811.86
Finland	OMX Helsinki General	11040.64	10899.66
France	CAC 40	6410.58	6298.64
	SBF 120	4985.55	4900.80
Germany	M-DAX	29430.27	29108.44
	TecDAX	3096.54	3056.15
	XETRA Dax	14231.29	14007.93
Greece	Athens Gen	887.00	873.37
	FTSE/ASE 20	2144.75	2106.35
Hong Kong	Hang Seng	20116.20	20171.27
	HS China Enterprise	6877.21	6898.56
	HSCC Red Chip	3837.75	3835.41
Hungary	Bux	39234.20	41517.26
India	BSE Sensex	54252.53	53749.26
	Nifty 500	13722.55	13587.75
Indonesia	Jakarta Comp	6883.50	6914.14
Ireland	ISEQ Overall	7246.53	7165.11
Israel	Tel Aviv 125	1916.29	1965.48
Italy	FTSE Italia All-Share	26789.49	26437.71
	FTSE Italia Mid Cap	42328.43	41729.80
	FTSE MIB	24546.50	24250.45
Japan	2nd Section	7228.27	7239.06
	Nikkei 225	26604.84	26677.80
	S&P Topix 150	1621.45	1620.53
	Topix	1877.58	1876.58
Jordan	Amman SE	2468.26	2460.71
Kenya	NSE 20	1669.94	1672.27
Kuwait	KSX Market Index	6633.44	6603.51
Latvia	OMX Riga	1027.09	1027.18
Lithuania	OMX Vilnius	917.80	920.78
Luxembourg	LuxX	1678.09	1654.91
Malaysia	FTSE Bursa KLCI	1541.15	1535.56
Mexico	IPC	52150.20	51717.07
Morocco	MASI	12421.60	12564.55
Netherlands	AEX	692.80	684.11
	AEX All Share	950.54	937.99
New Zealand	NZX 50	11102.84	11173.37
Nigeria	SE All Share	51949.64	52911.51
Norway	Oslo All Share	1017.37	1006.88
Pakistan	KSE 100	42541.71	42012.86
Philippines	Manila Comp	6645.52	6597.76
Poland	Wig	56957.56	56167.94
Portugal	PSI 20	6305.14	6184.84
	PSI General	4648.81	4581.83
Romania	BET Index	12323.91	12206.59
Russia	Micex Index	2436.57	2445.30
	RTX	1245.71	1212.57
Saudi-Arabia	TADAWUL All Share Index	12588.89	12300.86
Singapore	FTSE Straits Times	3209.18	3179.58
Slovakia	SAX	372.46	378.82
Slovenia	SBI TOP	-	-
South Africa	FTSE/JSE All Share	69483.76	67585.25
	FTSE/JSE Res 20	76494.65	74448.43
	FTSE/JSE Top 40	63019.00	61176.02
South Korea	Kospi	2612.45	2617.22
	Kospi 200	344.26	345.60
Spain	IBEX 35	8888.80	8760.20
Sri Lanka	CSE All Share	8319.58	8370.16
Sweden	OMX Stockholm 30	1981.82	2001.10
	OMX Stockholm AS	804.29	813.06
Switzerland	SMI Index	11491.80	11483.56
Taiwan	Weighted Pr	15968.83	16104.03
Thailand	Bangkok SET	1633.73	1625.18
Turkey	BIST 100	2448.40	2418.10
UAE	Abu Dhabi General Index	8333.19	8358.50
UK	FT 30	2555.30	2506.40
	FTSE 100	7564.92	7522.75
	FTSE 4Good UK	6896.48	6855.43
	FTSE All Share	4176.59	4147.08
	FTSE techMARK 100	6108.27	6033.57
USA	DJ Composite	11106.59	10923.85
	DJ Industrial	32609.37	32120.28
	DJ Transport	14110.47	13743.97
	DJ Utilities	1026.06	1020.72
	Nasdaq 100	12227.15	11943.93
	Nasdaq Cmp	11697.38	11434.74
	NYSE Comp	15645.12	15412.19
	S&P 500	4049.08	3978.73
	Wilshire 5000	40267.21	39515.28
Venezuela	IBC	6147.42	6309.60
Vietnam	VNI	1268.57	1268.43
Cross-Border	DJ Global Titans ($)	444.18	437.60
	Euro Stoxx 50 (Eur)	3747.21	3677.10
	Euronext 100 ID	1224.98	1206.68
	FTSE 4Good Global ($)	9917.27	9778.09
	FTSE All World ($)	421.44	415.94
	FTSE E300	1715.10	1702.97
	FTSE Eurotop 100	3330.98	3305.71
	FTSE Global 100 ($)	2590.22	2549.33
	FTSE Gold Min ($)	2071.51	2071.92
	FTSE Latibex Top (Eur)	4440.00	4432.20
	FTSE Multinationals ($)	2704.40	2688.73
	FTSE World ($)	764.49	753.98
	FTSEurofirst 100 (Eur)	4545.68	4500.84
	FTSEurofirst 80 (Eur)	5193.47	5113.16
	MSCI ACWI Fr ($)	629.97	625.72
	MSCI All World ($)	2700.09	2680.46
	MSCI Europe (Eur)	1744.39	1736.15
	MSCI Pacific ($)	2726.06	2732.77
	S&P Euro (Eur)	1738.00	1712.19
	S&P Europe 350 (Eur)	1764.75	1752.25
	S&P Global 1200 ($)	3034.30	2993.31
	Stoxx 50 (Eur)	3631.38	3598.65

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

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Tesla	127.8	705.57	46.77
Nvidia	95.7	177.19	7.44
Advanced Micro Devices	66.7	99.23	6.58
Apple	56.6	142.96	2.44
Amazon.com	40.8	2220.00	84.50
Microsoft	25.6	264.95	2.43
Meta Platforms	17.5	189.92	6.09
Alphabet	15.9	2157.50	41.40
Alphabet	13.5	2162.91	46.12
Exxon Mobil	9.5	97.16	0.86

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Dollar Tree	158.40	24.81	18.57
Dxc Technology	33.29	3.84	13.02
Dollar General	219.17	23.83	12.20
Norwegian Cruise Line Holdings Ltd	15.39	1.66	12.09
Carnival	13.27	1.09	8.91
Downs			
Kraft Heinz (the)	36.74	-3.14	-7.87
Microchip	100.27	-5.27	-4.99
Centene	82.02	-3.29	-3.86
Cf Industries Holding	98.31	-2.27	-2.25
Merck & Co	92.28	-1.47	-1.57

Based on the constituents of the S&P500

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Shell	283.5	2404.00	25.50
Astrazeneca	150.8	10546.00	-54.00
Bp	145.6	435.25	7.40
Glencore	135.5	519.20	-1.60
Gsk	109.3	1753.80	-21.20
Hsbc Holdings	105.9	525.30	4.00
Rio Tinto	100.1	5631.00	-15.00
Unilever	96.9	3488.00	-5.00
Barclays	87.1	167.68	3.80
British American Tobacco	80.0	3564.50	-16.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Ocado	858.40	88.80	11.54
Serco	167.70	14.90	9.75
Aston Martin Lagonda Global Holdings	[illegible]	[illegible]	[illegible]
Carnival	965.60	81.20	9.18
Firstgroup	129.80	10.40	8.71
Downs			
Integrafin Holdings	284.20	-65.20	-18.66
Centrica	79.14	-6.18	-7.24
United Utilities	1039.00	-73.50	-6.61
Sse	1781.50	-86.00	-4.61
Drax	684.50	-32.50	-4.53

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Telefonica	506.9	4.95	0.03
Nestle N	364.9	111.13	-0.49
Roche Gs	356.4	323.93	1.51
Novartis N	316.9	85.43	0.14
Totalenergies	214.6	55.02	1.07
Asml Holding	211.1	519.20	12.00
Santander	175.0	3.02	0.07
Intesa Sanpaolo	174.4	2.05	0.02
Ubs N	159.8	17.26	-0.03
Eni	156.2	14.25	0.13

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Adyen	1475.60	77.60	5.55
Inditex	21.65	1.06	5.15
Prosus	45.26	1.72	3.96
Safran	98.47	3.75	3.96
Lvmh	572.20	21.20	3.85
Downs			
Atlas Copco Ab Ser. A	9.58	-0.35	-3.56
Atlas Copco Ab Ser. B	8.38	-0.30	-3.43
Investor Ab Ser. A	18.12	-0.37	-1.99
Linde N	532.87	-7.00	-1.30
Vestas Wind Systems A/s	22.59	-0.28	-1.23

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Kawasaki Kisen Kaisha	1021.7	10240.00	410.00
Softbank	796.6	5164.00	62.00
Tokyo Electron	758.4	57280.00	-1400.00
Nippon Yusen Kabushiki Kaisha	745.9	10630.00	-10.00
Toyota Motor	494.3	2082.00	38.50
Fast Retailing Co.	463.1	59820.00	240.00
Recruit Holdings Co Ltd	399.3	4460.00	3.00
Sony	376.2	11265.00	60.00
Nintendo Co.	351.1	57490.00	290.00
Shin-etsu Chemical Co.	310.5	17480.00	-245.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Unitika	229.00	10.00	4.57
Kawasaki Kisen Kaisha	10240.00	410.00	4.17
Keio	4230.00	165.00	4.06
J.front Retailing Co.	1022.00	34.00	3.44
East Japan Railway	6729.00	163.00	2.48
Downs			
Dena Co.	1816.00	-170.00	-8.56
Mitsubishi Electric	1363.50	-59.00	-4.15
Advantest	8220.00	-310.00	-3.63
Toho Z Co.	2353.00	-79.00	-3.25
Sumitomo Dainippon Pharma Co Ltd	1017.00	-34.00	-3.24

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	May 26 price(p)	%Chg week	%Chg ytd
Winners			
Ocado	858.40	15.5	-
Intermediate Capital	1569.50	15.4	-
Airtel Africa	160.30	11.6	17.9
Vodafone	131.42	10.9	16.9
Abrdn	195.90	9.5	-
Barclays	167.68	9.4	-
Kingfisher	267.90	9.3	-
Associated British Foods	1723.50	9.1	-
Royal Mail	327.30	9.1	-
Melrose Industries	126.00	8.6	-19.4
Anglo American	3757.00	8.4	24.4
Auto Trader	581.00	8.3	-
Losers			
United Utilities	1039.00	-7.6	-4.8
Sse	1781.50	-6.0	7.4
Intertek	4594.00	-5.6	-
Severn Trent	2941.00	-4.4	0.5
Harbour Energy	428.20	-3.4	22.3
Wpp	919.20	-3.1	-
Jd Sports Fashion	119.15	-2.5	-
Sainsbury (j)	232.30	-2.0	-16.3
Scottish Mortgage Investment Trust	745.80	-1.9	-
Imperial Brands	1787.50	-1.7	12.2
National Grid	1186.50	-1.7	10.5
Dcc	5606.00	-1.1	-7.6

FTSE 250	May 26 price(p)	%Chg week	%Chg ytd
Winners			
Kainos	1258.00	21.9	-
Ssp	270.80	19.3	10.2
Firstgroup	129.80	18.0	25.7
Tbc Bank	1482.00	16.1	-
Pets At Home	321.60	15.3	-
Moonpig	272.20	15.2	-
Bridgepoint	313.60	15.0	-
Auction Technology	1056.00	13.3	-
Trainline	324.10	12.6	16.9
Marks And Spencer	149.60	12.0	-
Man	257.30	11.8	13.0
Serco	167.70	11.7	23.3
Losers			
Integrafin Holdings	284.20	-16.0	-
Drax	684.50	-14.0	13.0
[illegible]	[illegible]	-10.7	1.0
Tui Ag	188.75	-9.8	-
Centrica	79.14	-8.7	11.3
Trustpilot	101.40	-7.2	-
4imprint	2625.00	-4.9	-6.6
Petrofac	150.40	-4.7	32.2
Hilton Food	1132.00	-4.1	-0.8
Carnival	965.60	-2.6	10.5
Pennon	1032.00	-2.6	-12.2
Johnson Matthey	2266.00	-2.6	10.4

FTSE SmallCap	May 26 price(p)	%Chg week	%Chg ytd
Winners			
Forterra	275.50	16.5	2.0
Superdry	161.40	13.2	-
Made.com	56.40	12.8	-
Pharos Energy	25.30	11.9	0.4
Zotefoams	316.00	10.9	-
Wickes	198.10	10.1	-16.1
Bank Of Georgia	1490.00	10.0	-8.4
Renewi	685.00	8.4	-9.6
Capita	24.74	8.3	-
Blackrock Latin American Investment Trust	446.00	8.3	35.2
Dfs Furniture	173.60	7.8	-29.3
S & U	2400.00	7.6	-
Losers			
Hostmore	42.90	-18.7	-
De La Rue	98.60	-12.4	-
Goodwin	3040.00	-11.9	-5.9
Avon Protection	1106.00	-9.5	-3.8
Lsl Property Services	357.00	-8.5	-17.6
Norcros	237.00	-7.1	-
Hyve	84.70	-6.9	-8.7
Sif Realisation Fund	7.39	-5.9	-
Schroder Asian Total Return Investment Company	400.00	-5.7	-
Esken	8.50	-5.6	-36.7
[illegible]	32.65	-5.2	14.8
Seraphim Space Investment Trust	81.95	-4.7	-34.8

Industry Sectors	May 26 price(p)	%Chg week	%Chg ytd
Winners			
Mobile Telecommunications	3265.53	8.7	13.4
Banks	3286.91	7.5	8.0
Health Care Equip & Services	8873.06	7.4	7.5
Industrial Transportation	3151.86	6.3	-31.9
Automobiles & Parts	2097.70	6.2	-
Household Goods	13251.74	6.0	-25.7
Industrial Metals	7774.69	5.6	22.2
General Retailers	3113.82	5.3	7.7
Food Producers	6297.34	5.2	-6.1
Electronic & Electrical Equip.	9049.62	5.1	-
Construction & Materials	7052.38	4.9	-
Travel & Leisure	6629.76	4.8	-
Losers			
Electricity	10998.58	-7.2	8.8
Gas Water & Multiutilities index	6378.28	-2.9	7.5
Mining	8911.48	0.8	-8.7
Equity Investment Instruments	11535.61	1.2	-
Food & Drug Retailers	3865.49	1.3	-
Nonlife Insurance	3060.89	1.9	-6.9
Chemicals	12664.53	2.0	-
Beverages	27708.36	2.2	-
Tobacco	10719.30	2.6	-
Pharmaceuticals & Biotech.	21371.97	2.6	14.1
Aerospace & Defense	4725.13	2.7	13.0
Support Services	10053.85	2.9	-

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

CURRENCIES

May 26	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	119.4140	0.3520	127.9824	0.8297	150.1515	0.7826
Australia	Australian Dollar	1.4133	-0.0008	1.5147	0.0045	1.7771	0.0030
Bahrain	Bahraini Dinar	0.3770	-	0.4041	0.0014	0.4740	0.0011
Bolivia	Bolivian Boliviano	6.9100	-	7.4058	0.0263	8.6887	0.0197
Brazil	Brazilian Real	4.7788	-0.0536	5.1217	-0.0391	6.0089	-0.0536
Canada	Canadian Dollar	1.2797	-0.0036	1.3715	0.0010	1.6090	-0.0009
Chile	Chilean Peso	831.1400	-3.3850	890.7776	-0.4567	1045.0780	-1.8735
China	Chinese Yuan	6.7388	0.0662	7.2223	0.0963	8.4733	0.1023
Colombia	Colombian Peso	3928.0000	-20.1250	4209.8510	-6.5659	4939.0789	-14.0324
Costa Rica	Costa Rican Colon	678.9350	0.6300	727.6513	3.2527	853.6949	2.7288
Czech Republic	Czech Koruna	23.0576	-0.0661	24.7121	0.0170	28.9927	-0.0172
Denmark	Danish Krone	6.9424	-0.0242	7.4405	0.0005	8.7294	-0.0105
Egypt	Egyptian Pound	18.6030	0.0309	19.9378	0.1037	23.3915	0.0919
Hong Kong	Hong Kong Dollar	7.8496	-0.0002	8.4129	0.0297	9.8702	0.0222
Hungary	Hungarian Forint	364.9452	1.8195	391.1315	3.3300	458.8832	3.3247
India	Indian Rupee	77.5788	0.0475	83.1453	0.3455	97.5478	0.2811
Indonesia	Indonesian Rupiah	14633.5000	-	15683.5191	55.6133	18400.2120	41.7857
Israel	Israeli Shekel	3.3493	0.0047	3.5896	0.0177	4.2114	0.0155
Japan	Japanese Yen	127.3250	-0.0300	136.4611	0.4518	160.0988	0.3259
..One Month		127.3249	-0.0303	136.4611	0.4518	160.0987	0.3258
..Three Month		127.3244	-0.0312	136.4612	0.4520	160.0982	0.3247
..One Year		127.3215	-0.0371	136.4604	0.4505	160.0987	0.3222
Kenya	Kenyan Shilling	116.6500	0.0500	125.0201	0.4967	146.6761	0.3958
Kuwait	Kuwaiti Dinar	0.3059	-0.0001	0.3278	0.0011	0.3846	0.0008
Malaysia	Malaysian Ringgit	4.3980	0.0030	4.7136	0.0199	5.5301	0.0163
Mexico	Mexican Peso	19.7863	-0.0368	21.2060	0.0359	24.8793	0.0104
New Zealand	New Zealand Dollar	1.5476	0.0007	1.6587	0.0066	1.9460	0.0053
Nigeria	Nigerian Naira	415.0000	-	444.7779	1.5770	521.8222	1.1849
Norway	Norwegian Krone	9.5575	-0.0511	10.2433	-0.0183	12.0176	-0.0368
Pakistan	Pakistani Rupee	202.0250	1.0750	216.5211	1.9157	254.0268	1.9255
Peru	Peruvian Nuevo Sol	3.6720	-0.0230	3.9355	-0.0106	4.6172	-0.0184
Philippines	Philippine Peso	52.3950	0.0400	56.1545	0.2418	65.8816	0.1998
Poland	Polish Zloty	4.3031	-0.0187	4.6118	-0.0126	5.4107	-0.0112
Romania	Romanian Leu	4.6109	-0.0150	4.9417	0.0016	5.7977	-0.0056
Russia	Russian Ruble	64.6250	5.5000	69.2621	6.1193	81.2597	7.0845
Saudi Arabia	Saudi Riyal	3.7510	-0.0001	4.0201	0.0142	4.7165	0.0106
Singapore	Singapore Dollar	1.3736	-0.0023	1.4722	0.0028	1.7272	0.0010
South Africa	South African Rand	15.7638	0.0162	16.8949	0.0772	19.8214	0.0653
South Korea	South Korean Won	1267.0000	2.2500	1357.9123	7.2175	1593.1297	6.4403
Sweden	Swedish Krona	9.8710	-0.0035	10.5793	0.0338	12.4118	0.0238
Switzerland	Swiss Franc	0.9607	-0.0019	1.0296	0.0016	1.2079	0.0003
Taiwan	New Taiwan Dollar	29.4895	-0.0655	31.6055	0.0421	37.0802	0.0020
Thailand	Thai Baht	34.1825	-0.0525	36.6352	0.0738	42.9812	0.0317
Tunisia	Tunisian Dinar	3.0745	-0.0116	3.2951	-0.0007	3.8659	-0.0057
Turkey	Turkish Lira	16.3125	-0.0858	17.4830	-0.0296	20.5114	-0.0610
United Arab Emirates	UAE Dirham	3.6731	-0.0001	3.9366	0.0139	4.6185	0.0104
United Kingdom	Pound Sterling	0.7953	-0.0018	0.8524	0.0011	-	-
..One Month		0.7953	-0.0018	0.8522	0.0011	-	-
..Three Month		0.7954	-0.0018	0.8520	0.0011	-	-
..One Year		0.7960	-0.0019	0.8508	0.0011	-	-
United States	United States Dollar	-	-	1.0718	0.0038	1.2574	0.0029
..One Month		-	-	1.0716	-0.1828	1.2574	0.0029
..Three Month		-	-	1.0712	-0.1828	1.2575	0.0028
..One Year		-	-	1.0692	-0.1828	1.2581	0.0028
Vietnam	Vietnamese Dong	23210.0000	12.5000	24875.4363	101.5598	29184.3840	81.9610
European Union	Euro	0.9331	-0.0033	-	-	1.1732	-0.0015
..One Month		0.9329	-0.0033	-	-	1.1731	-0.0015
..Three Month		0.9325	-0.0033	-	-	1.1728	-0.0015
..One Year		0.9305	-0.0033	-	-	1.1717	-0.0015

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

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	£ Strlg May 26	Day's chge%	Euro Index	£ Strlg May 25	£ Strlg May 24	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7564.92	0.56	6917.93	7522.75	7484.35	7026.93	3.43	1.94	15.03	128.97	7623.54
FTSE 250 (250)	20248.74	1.58	18516.95	19934.04	19849.82	22640.08	2.54	2.70	14.61	233.09	16577.96
FTSE 250 ex Inv Co (178)	21020.62	1.65	19222.82	20679.07	20595.49	23687.37	2.55	1.24	31.63	250.21	17552.25
FTSE 350 (350)	4211.67	0.72	3851.47	4181.75	4160.97	4033.58	3.30	2.03	14.96	68.20	8425.85
FTSE 350 ex Investment Trusts (276)	4150.10	0.66	3795.16	4122.72	4102.62	3938.50	3.35	1.89	15.78	68.59	4289.83
FTSE 350 Higher Yield (114)	3682.26	0.14	3367.34	3676.93	3660.02	3232.15	4.18	1.72	13.90	73.64	8249.77
FTSE 350 Lower Yield (236)	4302.99	1.47	3934.97	4240.50	4217.34	4572.89	2.13	2.83	16.61	48.44	5244.11
FTSE SmallCap (249)	6643.05	0.58	6074.90	6604.60	6589.23	7213.94	3.12	2.80	11.44	89.92	10971.35
FTSE SmallCap ex Inv Co (132)	5616.67	0.98	5136.30	5561.98	5565.19	6129.37	2.83	1.73	20.42	66.17	9647.57
FTSE All-Share (599)	4176.59	0.71	3819.39	4147.08	4126.79	4015.75	3.29	2.05	14.83	67.30	8437.66
FTSE All-Share ex Inv Co (408)	4080.76	0.67	3731.75	4053.63	4034.22	3881.99	3.34	1.89	15.83	67.14	4282.78
FTSE All-Share ex Multinationals (532)	1169.01	1.50	886.88	1151.71	1144.90	1310.37	3.27	2.57	11.89	17.11	2438.73
FTSE Fledgling (77)	12782.48	0.19	11689.25	12757.85	12770.44	12880.90	2.83	5.58	6.33	147.02	27210.62
FTSE Fledgling ex Inv Co (30)	18025.96	0.02	16484.28	18022.83	18146.69	17598.90	2.27	-2.48	-17.74	204.32	37308.49
FTSE All-Small (326)	4640.52	0.56	4243.64	4614.62	4604.70	5019.20	3.10	2.94	10.97	62.31	9830.23
FTSE All-Small ex Inv Co (162)	4235.19	0.95	3872.97	4195.41	4198.78	4602.73	2.81	1.61	22.14	49.84	9213.58
FTSE AIM All-Share (766)	958.00	0.53	876.07	952.93	955.29	1252.52	1.26	1.70	46.84	5.04	1115.50
FTSE All-Share Technology (22)	1824.96	1.64	1582.46	1795.56	1783.11	2233.85	1.98	0.67	76.03	22.76	2619.68
FTSE All-Share Telecommunications (6)	2088.28	0.24	1810.79	2083.34	2069.69	2000.51	4.35	1.22	18.82	0.76	3021.60
FTSE All-Share Health Care (13)	14929.08	-0.54	12945.28	15010.84	15026.05	12077.10	2.67	0.76	49.51	233.48	13690.67
FTSE All-Share Financials (256)	4597.37	1.46	3986.46	4531.04	4514.66	4830.80	3.45	3.23	8.97	91.92	5034.67
FTSE All-Share Real Estate (52)	1093.02	1.34	991.48	1078.53	1078.98	1071.27	2.89	5.26	6.58	13.51	1128.20
FTSE All-Share Consumer Discretionary (91)	4712.29	2.28	4086.11	4607.37	4576.60	5555.71	1.93	0.85	60.80	48.98	4932.34
FTSE All-Share Consumer Staples (25)	19096.07	-0.03	16558.56	19101.07	19029.14	19353.01	3.97	1.64	15.35	302.31	17164.58
FTSE All-Share Industrials (88)	6135.06	1.53	5319.82	6042.77	6008.89	6647.59	2.13	1.53	30.69	71.86	7026.85
FTSE All-Share Basic Materials (22)	9319.47	0.16	8081.08	9305.01	9202.19	8258.54	5.76	2.24	7.77	285.22	12315.82
FTSE All-Share Energy (14)	8430.84	1.22	7310.54	8328.83	8272.07	5191.91	3.06	2.15	15.17	140.29	10055.65
FTSE All-Share Utilities (10)	9344.33	-4.13	8102.64	9746.48	9642.41	7780.34	3.87	0.75	34.29	38.37	13726.05
FTSE All-Share Software and Computer Services (20)	1963.83	1.66	1702.87	1931.72	1916.92	2406.01	1.98	0.65	77.74	24.90	2982.85
FTSE All-Share Technology Hardware and Equipment (2)	4988.63	0.90	4325.74	4943.92	5014.77	5669.99	1.90	1.14	46.11	32.00	6382.72
FTSE All-Share Telecommunications Equipment (1)	506.09	0.09	438.84	505.64	505.64	601.75	2.23	2.15	20.77	6.68	717.84
FTSE All-Share Telecommunications Service Providers (5)	3260.58	0.24	2827.31	3252.74	3230.88	3101.31	4.41	1.21	18.77	0.00	4292.04
FTSE All-Share Health Care Providers (3)	9111.98	1.47	7901.17	8980.20	8677.68	7960.12	0.11	20.09	43.78	0.00	8412.15
FTSE All-Share Medical Equipment and Services (2)	6184.50	0.78	5362.69	6136.34	6142.48	7237.43	2.13	1.32	35.41	84.76	5905.93
FTSE All-Share Pharmaceuticals and Biotechnology (8)	21296.34	-0.64	18466.45	21432.83	21460.85	16749.35	2.72	0.73	50.72	338.30	17586.14
FTSE All-Share Banks (11)	3244.38	1.35	2813.26	3201.07	3184.78	2983.75	3.60	3.42	8.10	80.59	2829.68
FTSE All-Share Finance and Credit Services (7)	10313.65	0.95	8943.16	10216.22	10192.79	10457.48	1.85	1.91	28.32	142.41	13777.04
FTSE All-Share Investment Banking and Brokerage Services (34)	8884.49	1.98	7703.91	8711.99	8680.29	10533.48	4.66	2.55	8.43	175.39	12162.61
FTSE All-Share Closed End Investments (191)	11862.19	1.37	10285.93	11701.83	11625.56	13302.14	2.54	5.25	7.51	128.34	7324.75
FTSE All-Share Life Insurance (6)	6896.81	1.89	5980.35	6768.97	6806.44	8180.85	4.34	1.50	15.40	188.82	8310.22
FTSE All-Share Nonlife Insurance (7)	3491.44	1.10	3027.49	3453.55	3463.56	3521.16	4.62	1.47	14.75	84.60	7337.76
FTSE All-Share Real Estate Investment and Services (12)	2566.35	1.62	2225.33	2525.52	2495.76	2625.94	2.07	3.85	12.54	26.12	7600.60
FTSE All-Share Real Estate Investment Trusts (40)	2753.06	1.29	2387.23	2718.07	2726.02	2674.33	3.06	5.46	5.99	35.31	4086.66
FTSE All-Share Automobiles and Parts (2)	2108.45	6.96	1828.28	1971.18	1976.02	4934.17	0.92	-10.43	-10.42	8.35	2186.83
FTSE All-Share Consumer Services (3)	2929.89	1.78	2540.56	2878.73	2860.36	2689.20	0.79	3.24	38.96	23.08	3697.20
FTSE All-Share Household Goods and Home Construction (14)	11092.37	2.94	9618.40	10775.31	10726.88	15630.93	6.00	1.86	8.99	322.29	9541.47
FTSE All-Share Leisure Goods (2)	18350.75	1.71	15912.27	18042.14	18063.48	29742.24	2.87	1.89	18.42	381.27	20010.38
FTSE All-Share Personal Goods (5)	23810.33	4.25	20646.38	22839.61	22894.23	31467.07	2.19	1.94	23.54	16.03	18325.00
FTSE All-Share Media (11)	9160.64	0.38	7943.36	9125.89	9158.62	8842.66	2.11	1.68	28.12	114.85	6371.33
FTSE All-Share Retailers (22)	2110.19	4.75	1829.78	2014.50	1981.84	2723.12	2.02	3.99	12.42	18.30	2700.48
FTSE All-Share Travel and Leisure (32)	6546.80	2.60	5676.85	6380.69	6282.34	8628.52	0.39	-23.04	-11.20	21.01	6749.36
FTSE All-Share Beverages (5)	27829.43	0.17	24131.41	27783.53	27726.54	26796.36	2.08	1.53	31.38	216.33	22025.25
FTSE All-Share Food Producers (10)	6478.43	1.73	5617.56	6368.27	6325.22	7872.01	2.42	2.59	15.95	3.05	6158.22
FTSE All-Share Tobacco (2)	37054.42	-0.88	32130.57	37384.17	36390.95	29868.34	6.36	1.58	9.95	716.90	33673.26
FTSE All-Share Construction and Materials (15)	7516.00	1.64	6517.27	7394.74	7270.88	8668.74	2.86	0.60	58.02	154.56	9073.03
FTSE All-Share Aerospace and Defense (9)	4968.88	1.21	4308.61	4909.62	4890.54	3927.81	1.97	1.94	26.15	55.63	6001.46
FTSE All-Share Electronic and Electrical Equipment (10)	10657.29	2.07	9241.13	10440.92	10581.05	12628.84	1.59	2.40	26.20	79.94	10455.87
FTSE All-Share General Industrials (9)	4951.81	1.73	4293.80	4867.51	4829.97	5504.92	2.75	1.03	35.35	82.56	6457.07
FTSE All-Share Industrial Engineering (5)	14750.34	0.97	12790.29	14608.81	14606.62	18082.01	1.69	1.96	30.18	164.12	19682.99
FTSE All-Share Industrial Support Services (31)	9652.84	1.23	8370.15	9535.55	9495.31	10558.82	1.86	1.69	31.90	101.85	11004.54
FTSE All-Share Industrial Transportation (9)	4801.94	2.40	4163.85	4689.50	4624.39	6244.44	1.86	2.69	20.02	13.05	4947.78
FTSE All-Share Industrial Materials (1)	15802.95	5.33	520.58	15002.80	14252.66	22104.12	2.06	1.40	34.70	220.04	19811.43
FTSE All-Share Industrial Metals and Mining (9)	8372.48	0.17	7259.93	8358.12	8249.84	6837.18	6.17	2.23	7.25	277.56	12429.68
FTSE All-Share Precious Metals and Mining (5)	10285.96	0.50	8919.15	10235.22	10428.72	23885.03	3.31	1.94	15.56	201.37	7129.47
FTSE All-Share Chemicals (7)	14052.57	-0.18	12185.24	14077.31	14052.83	17412.01	2.37	2.41	17.47	120.30	13873.71
FTSE All-Share Oil, Gas and Coal (13)	9182.50	1.20	7965.23	9073.45	8936.23	5838.68	3.86	3.15	15.17	186.10	10121.37
FTSE Sector Indices											
Non Financials (343)	5122.11	0.50	4684.04	5096.45	5069.71	4798.98	3.24	1.70	18.14	77.03	9099.18

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	7519.21	7539.39	7523.33	7532.76	7522.34	7526.57	7535.43	7562.68	7566.07	7575.14	7512.90
FTSE 250	19923.67	19980.54	19991.60	20050.34	20066.21	20073.54	20112.87	20210.23	20272.79	[illegible]	19921.72
FTSE SmallCap	6614.92	6616.01	6614.76	6617.13	6620.23	6622.69	6630.12	6636.73	6645.12	[illegible]	6608.40
FTSE All-Share	4145.35	4156.27	4153.90	4150.43	4150.62	4153.19	4157.46	4171.17	4175.81	4180.59	4145.12

Time of FTSE 100 Day's high:14:35:30 Day's Low11:36:45 FTSE 100 2010/11 High: 7672.40(10/02/2022) Low: 6959.48(07/03/2022)
Time of FTSE All-Share Day's high:15:22:00 Day's Low08:48:00 FTSE 100 2010/11 High: 4291.04(10/02/2022) Low: 3862.39(07/03/2022)
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FT 30 INDEX

	May 26	May 25	May 24	May 23	May 20	Yr Ago	High	Low
FT 30	2555.30	2506.40	2486.50	2526.10	2477.80	0.00	2880.10	2300.60
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
2506.4	2516.9	2519.3	2525.7	2523.6	2528.1	2535.6	2547.6	2553.3	2560.2	2502.2

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

FT WILSHIRE 5000 INDEX SERIES

	May 25		May 25
FT Wilshire 5000	40319.61	FT Wilshire Mid Cap	5409.80
FT Wilshire 2500	5163.08	FT Wilshire Small Cap	4933.95
FT Wilshire Mega Cap	5148.69	FT Wilshire Micro Cap	4833.00
FT Wilshire Large Cap	5192.32		

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FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Oil & Gas Producers	42.20	FTSE 100 Index	2.44	Household Goods & Ho	-14.30
Oil & Gas	42.15	NON FINANCIALS Index	0.99	Construct & Material	-16.40
Oil Equipment & Serv	36.76	Beverages	31.66	Equity Invest Instr	-16.86
Tobacco	26.51	FTSE All{HY-}Share Index	-0.75	Industrials	-17.29
Mining	21.30	Consumer Goods	-4.91	Real Est Invest & Se	-18.31
Mobile Telecomms	15.23	Food Producers	-6.29	Food & Drug Retailer	-21.50
Pharmace & Biotech	13.85	Financials	-7.44	Software & Comp Serv	-22.69
Telecommunications	13.46	Travel & Leisure	-7.59	Technology	-22.84
Basic Materials	13.40	Media	-10.16	General Retailers	-23.50
Health Care	13.16	Real Est Invest & Tr	-10.81	Chemicals	-23.75
Aerospace & Defense	12.49	Beverages	-10.84	Support Services	-23.99
Fixed Line Telecomms	9.26	FTSE SmallCap Index	-10.94	Tech Hardware & Eq	-24.24
Electricity	9.03	Life Insurance	-11.35	Industrial Transport	-24.67
Banks	7.79	Financial Services	-11.44	Industrial Eng	-25.62
Utilities	7.60	Nonlife Insurance	-11.63	Electronic & Elec Eq	-26.19
Gas Water & Multi	7.12	Personal Goods	-12.90	Leisure Goods	-27.73
Health Care Eq & Srv	3.72	Consumer Services	-13.38	Automobiles & Parts	-42.18
		FTSE 250 Index	-13.76	Industrial Metals &	-76.22

FTSE GLOBAL EQUITY INDEX SERIES

May 26 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	9449	707.91	0.7	-5.7	-16.4	1121.92	-15.6	2.2
FTSE Global All Cap	9449	707.91	0.7	-5.7	-16.4	1121.92	-15.6	2.2
FTSE Global Large Cap	1879	632.04	0.6	-5.7	-16.8	1032.59	-15.9	2.2
FTSE Global Mid Cap	2251	921.09	0.8	-5.2	-14.1	1372.56	-13.4	2.2
FTSE Global Small Cap	5319	943.47	1.2	-6.3	-17.6	1345.36	-16.9	1.9
FTSE All-World	4130	415.94	0.6	-5.6	-16.3	698.08	-15.5	2.2
FTSE World	2674	753.98	0.7	-5.8	-16.0	1698.80	-15.2	2.2
FTSE Global All Cap ex UNITED KINGDOM In	9154	746.26	0.7	-5.9	-16.8	1160.32	-16.0	2.1
FTSE Global All Cap ex USA	7605	512.06	0.1	-2.5	-14.6	896.84	-13.4	3.1
FTSE Global All Cap ex JAPAN	8055	738.16	0.8	-6.1	-16.5	1180.31	-15.7	2.2
FTSE Global All Cap ex Eurozone	8783	749.77	0.7	-6.0	-16.2	1162.04	-15.5	2.1
FTSE Developed	2224	690.25	0.7	-5.9	-16.3	1102.80	-15.5	2.1
FTSE Developed All Cap	5879	719.53	0.8	-6.0	-16.5	1132.66	-15.7	2.1
FTSE Developed Large Cap	864	645.10	0.6	-6.1	-16.8	1049.35	-15.9	2.1
FTSE Developed Europe Large Cap	228	382.54	0.2	-2.3	-14.9	751.99	-12.9	3.1
FTSE Developed Europe Mid Cap	358	612.46	0.1	-4.0	-20.6	1040.18	-19.4	2.8
FTSE Dev Europe Small Cap	741	874.42	0.2	-4.7	-20.8	1429.14	-19.5	2.7
FTSE North America Large Cap	245	854.89	0.9	-7.9	-18.0	1273.42	-17.5	1.6
FTSE North America Mid Cap	428	1136.39	1.3	-6.3	-13.1	1562.88	-12.6	1.8
FTSE North America Small Cap	1352	1097.50	1.9	-7.2	-16.8	1449.44	-16.4	1.5
FTSE North America	673	561.66	1.0	-7.6	-17.1	855.08	-16.6	1.7
FTSE Developed ex North America	1551	269.21	0.0	-2.1	-14.6	509.55	-13.1	3.1
FTSE Japan Large Cap	165	387.13	-0.6	0.2	-15.1	561.79	-14.1	2.7
FTSE Japan Mid Cap	342	533.32	-0.7	1.6	-13.1	735.70	-12.0	2.7
FTSE Global wi JAPAN Small Cap	887	579.25	-1.0	0.1	-16.7	829.06	-15.5	2.8
FTSE Japan	507	158.64	-0.7	0.5	-14.7	257.81	-13.7	2.7
FTSE Asia Pacific Large Cap ex Japan	1084	707.22	0.2	-2.6	-15.2	1262.76	-14.5	2.8
FTSE Asia Pacific Mid Cap ex Japan	857	986.20	0.0	-3.2	-13.0	1698.32	-12.1	3.3
FTSE Asia Pacific Small Cap ex Japan	2044	585.23	0.0	-5.5	-19.6	978.93	-19.0	2.7
FTSE Asia Pacific Ex Japan	1941	562.17	0.1	-2.6	-15.0	1066.81	-14.3	2.9
FTSE Emerging All Cap	3570	739.49	0.1	-2.9	-16.0	1259.81	-15.2	3.2
FTSE Emerging Large Cap	1015	686.19	0.2	-2.6	-16.6	1175.51	-15.8	3.2
FTSE Emerging Mid Cap	891	1030.20	-0.3	-4.0	-10.4	1769.31	-9.2	3.8
FTSE Emerging Small Cap	1664	796.90	0.0	-4.4	-17.7	1297.65	-17.1	2.9
FTSE Emerging Europe	49	97.29	-0.6	-9.1	-76.5	199.88	-76.0	3.8
FTSE Latin America All Cap	264	796.30	0.5	1.1	12.3	1503.41	16.3	8.9
FTSE Middle East and Africa All Cap	331	801.61	0.3	-7.9	0.6	1448.36	2.2	3.0
FTSE Global wi UNITED KINGDOM All Cap In	295	332.71	0.7	0.1	-7.5	668.35	-6.0	3.3
FTSE Global wi USA All Cap	1844	960.27	1.1	-7.8	-17.6	1379.00	-17.1	1.6
FTSE Europe All Cap	1450	439.57	0.2	-2.9	-17.9	828.66	-16.2	3.0
FTSE Eurozone All Cap	666	420.69	0.4	-2.6	-18.9	788.47	-17.0	3.1
FTSE EDHEC-Risk Efficient All-World	4130	478.96	0.7	-4.7	-12.3	744.61	-11.4	2.5
FTSE EDHEC-Risk Efficient Developed Europe	586	332.99	0.2	-3.7	-19.4	579.67	-17.9	3.1
Oil & Gas	127	413.72	1.5	11.5	26.2	826.39	28.8	3.9
Oil & Gas Producers	84	410.01	1.7	13.3	29.1	839.70	31.9	4.0

May 26 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil Equipment & Services	23	297.46	1.0	1.0	27.1	539.13	29.2	3.9
Basic Materials	372	644.23	0.2	0.2	-4.2	1159.02	-2.4	4.3
Chemicals	181	864.12	-0.1	-0.1	-10.8	1505.29	-9.7	2.5
Forestry & Paper	20	301.33	0.5	0.5	-1.3	601.98	0.9	3.3
Industrial Metals & Mining	94	515.58	0.4	0.4	-6.8	959.26	-4.7	7.1
Mining	77	1017.09	0.6	0.6	9.3	1914.65	12.0	5.7
Industrials	779	483.68	0.3	0.3	-19.5	764.00	-18.7	2.0
Construction & Materials	146	575.96	0.2	0.2	-22.1	959.57	-21.2	2.3
Aerospace & Defense	34	803.83	0.7	0.7	0.1	1245.41	0.8	1.6
General Industrials	72	233.37	0.3	0.3	-15.9	408.27	-14.7	2.5
Electronic & Electrical Equipment	159	603.07	-0.2	-0.2	-25.0	858.21	-24.6	1.5
Industrial Engineering	151	925.90	0.2	0.2	-19.9	1459.95	-19.1	2.0
Industrial Transportation	128	947.27	0.3	0.3	-14.7	1515.55	-13.5	2.7
Support Services	89	520.64	0.4	0.4	-26.7	768.96	-26.3	1.4
Consumer Goods	562	564.56	0.5	0.5	-18.1	939.96	-17.2	2.4
Automobiles & Parts	131	551.15	1.8	1.8	-28.7	886.97	-27.9	2.3
Beverages	71	754.86	0.3	0.3	-6.4	1266.23	-5.7	2.2
Food Producers	133	726.89	-0.1	-0.1	-7.4	1243.06	-6.1	2.4
Household Goods & Home Construction	63	535.64	-0.2	-0.2	-18.1	891.05	-17.1	2.7
Leisure Goods	53	265.84	-0.5	-0.5	-16.5	373.83	-15.9	1.3
Personal Goods	97	833.01	-0.3	-0.3	-27.8	1271.35	-27.3	2.0
Tobacco	14	1075.37	1.9	1.9	11.9	2952.73	13.5	5.5
Health Care	348	715.38	-0.1	-0.1	-9.4	1132.13	-8.6	1.7
Health Care Equipment & Services	135	1377.91	-0.3	-0.3	-17.2	1681.35	-16.9	1.0
Pharmaceuticals & Biotechnology	213	480.49	0.0	0.0	-3.3	816.59	-2.0	2.3
Consumer Services	434	516.46	1.5	1.5	-26.7	733.00	-26.4	1.2
Food & Drug Retailers	66	318.79	0.6	0.6	-7.4	501.06	-6.4	2.4
General Retailers	149	892.67	1.7	1.7	-30.2	1214.08	-29.9	1.0
Media	78	316.15	1.5	1.5	-32.6	451.38	-32.3	1.3
Travel & Leisure	141	419.03	1.3	1.3	-18.3	607.86	-18.0	1.2
Telecommunication	87	150.41	0.4	0.4	1.5	347.29	3.2	3.7
Fixed Line Telecommuniations	32	119.62	0.4	0.4	6.1	315.82	8.4	4.5
Mobile Telecommunications	55	176.12	0.4	0.4	-0.9	351.21	0.6	3.3
Utilities	194	343.66	0.4	0.4	0.1	791.37	1.5	3.1
Electricity	138	386.57	0.5	0.5	0.3	877.08	1.6	3.1
Gas Water & Multiutilities	56	344.27	0.2	0.2	-0.2	819.49	1.3	3.2
Financials	862	267.62	0.5	0.5	-10.8	506.65	-9.6	3.1
Banks	270	207.07	0.7	0.7	-8.5	434.93	-6.9	3.9
Nonlife Insurance	71	339.68	0.0	0.0	-3.1	562.66	-1.1	3.0
Life Insurance	51	219.97	0.3	0.3	-9.0	414.95	-7.5	3.9
Financial Services	212	428.20	0.5	0.5	-14.2	644.44	-13.6	1.7
Technology	365	492.10	1.0	1.0	-27.5	638.67	-27.2	1.0
Software & Computer Services	193	751.00	1.0	1.0	-29.8	905.96	-29.6	0.6
Technology Hardware & Equipment	172	431.24	0.9	0.9	-24.8	600.40	-24.4	1.4
Alternative Energy	20	166.87	1.0	1.0	-19.9	238.68	-19.9	0.5
Real Estate Investment & Services	155	279.06	-0.2	-0.2	-15.2	535.38	-14.1	3.4
Real Estate Investment Trusts	103	507.43	0.5	0.5	-14.9	1164.49	-14.1	3.3
FTSE Global Large Cap	1879	632.04	0.6	0.6	-16.8	1032.59	-15.9	2.2

The FTSE Global Equity Series, launched in 2003, contains the FTSE Global Small Cap Indices and broader FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/mid cap) - please see https://research.ftserussell.com/Products/indices/Home/indexfiltergeis?indexName=GEISAC&currency=USD&rtn=CAPI&segment=global-developed–emerging. The trade names Fundamental Index® and RAFI® are registered trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LLC (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719; Patent Pending Publ. Nos. US-2006-0149645-A1, US-2007-0055598-A1, US-2008-0288416-A1, US-2010- 0063942-A1, WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "EDHEC™" is a trade mark of EDHEC Business School As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please see www.ftse.com/icb. For constituent changes and other information about FTSE, please see www.ftse.com. © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence.

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	1263	27.00	Itv PLC	73.48	1.42
Abrdn PLC	195.90	6.05	Jd Sports Fashion PLC	119.15	7.15
Admiral Group PLC	2218	25.00	Kingfisher PLC	267.90	6.50
Airtel Africa PLC	160.30	5.30	Land Securities Group PLC	769.20	12.20
Anglo American PLC	3757	52.50	Legal & General Group PLC	258.50	5.70
Antofagasta PLC	1453.5	-4.50	Lloyds Banking Group PLC	45.34	1.05
Ashtead Group PLC	4016	96.00	London Stock Exchange Group PLC	7390	64.00
Associated British Foods PLC	1723.5	73.00	M&G PLC	219.50	1.60
Astrazeneca PLC	10546	-54.00	Meggitt PLC	776.00	0.20
Auto Trader Group PLC	581.00	15.00	Melrose Industries PLC	126.00	6.05
Avast PLC	480.10	-2.90	Mondi PLC	1540.5	19.50
Aveva Group PLC	2221	59.00	National Grid PLC	1186.5	-40.50
Aviva PLC	441.50	6.70	Natwest Group PLC	223.50	4.40
B&M European Value Retail S.A.	456.10	30.90	Next PLC	6522	394.00
Bae Systems PLC	771.00	6.20	Ocado Group PLC	858.40	88.80
Barclays PLC	167.68	3.80	Pearson PLC	757.60	0.20
Barratt Developments PLC	506.60	12.40	Pershing Square Holdings LTD	2505	20.00
Berkeley Group Holdings (The) PLC	4254	75.00	Persimmon PLC	2242	81.00
BP PLC	435.25	7.40	Phoenix Group Holdings PLC	652.80	6.00
British American Tobacco PLC	3564.5	-16.00	Prudential PLC	1007	19.80
British Land Company PLC	525.60	2.60	Reckitt Benckiser Group PLC	6178	-34.00
Bt Group PLC	185.55	-4.35	Relx PLC	2269	-10.00
Bunzl PLC	2843	2.00	Rentokil Initial PLC	498.70	2.70
Burberry Group PLC	1641	72.00	Rightmove PLC	586.80	15.60
Coca-Cola Hbc AG	1775	21.50	Rio Tinto PLC	5631	-15.00
Compass Group PLC	1775	31.00	Rolls-Royce Holdings PLC	86.44	2.92
Crh PLC	3273.5	51.50	Royal Mail PLC	327.30	13.60
Croda International PLC	6752	62.00	Rs Group PLC	924.00	27.50
Dcc PLC	5606	-104.00	Sage Group PLC	661.00	-5.00
Dechra Pharmaceuticals PLC	3552	62.00	Sainsbury (J) PLC	232.30	3.00
Diageo PLC	3638.5	5.50	Schroders PLC	2894	38.00
Endeavour Mining PLC	1838	16.00	Scottish Mortgage Investment Trust PLC	745.80	38.60
Entain PLC	1411	32.00	Segro PLC	1112.5	9.00
Experian PLC	2608	30.00	Severn Trent PLC	2941	-130.00
Flutter Entertainment PLC	9370	122.00	Shell PLC	2404	25.50
Fresnillo PLC	814.00	10.60	Smith & Nephew PLC	1304.5	8.50
Glaxosmithkline PLC	1753.8	-21.20	Smith (Ds) PLC	304.50	4.30
Glencore PLC	519.20	-1.60	Smiths Group PLC	1554.5	27.00
Halma PLC	2211	30.00	Smurfit Kappa Group PLC	3195	75.00
Harbour Energy PLC	428.20	-	Spirax-Sarco Engineering PLC	10340	20.00
Hargreaves Lansdown PLC	854.80	28.40	Sse PLC	1781.5	-86.00
Hikma Pharmaceuticals PLC	1704	27.50	St. James's Place PLC	1255	21.00
Howden Joinery Group PLC	673.20	10.60	Standard Chartered PLC	623.80	6.20
HSBC Holdings PLC	525.30	4.00	Taylor Wimpey PLC	131.15	4.00
Imperial Brands PLC	1787.5	-54.00	Tesco PLC	258.00	2.70
Informa PLC	552.20	9.80	Unilever PLC	3488	-5.00
Intercontinental Hotels Group PLC	4871	136.00	United Utilities Group PLC	1039	-73.50
Intermediate Capital Group PLC	1569.5	111.00	Vodafone Group PLC	131.42	1.20
International Consolidated Airlines Group S.A.	128.80	3.16	Whitbread PLC	2728	89.00
Intertek Group PLC	4594	-88.00	Wpp PLC	919.20	14.00

UK STOCK MARKET TRADING DATA

	May 26	May 25	May 24	May 23	May 20	Yr Ago
Order Book Turnover (m)	305.15	92.53	115.35	57.23	57.23	57.23
Order Book Bargains	790199.00	930012.00	824015.00	905712.00	905712.00	905712.00
Order Book Shares Traded (m)	1526.00	2094.00	1527.00	1661.00	1661.00	1661.00
Total Equity Turnover (£m)	7867.33	9570.60	6536.02	8449.48	8449.48	8449.48
Total Mkt Bargains	948848.00	1113146.00	997059.00	1098213.00	1098213.00	1098213.00
Total Shares Traded (m)	4481.00	5903.00	4642.00	4893.00	4893.00	4893.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
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UK RIGHTS OFFERS

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

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

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
AJ Bell	Int	75.528	73.897	26.116	31.643	5.100	6.290	0.00000	2.46000	-	4.500	7.120
Auto Trader Group	Pre	432.700	262.800	301.000	157.400	25.610	13.240	[illegible]	[illegible]	-	[illegible]	[illegible]
Brewolf Mining	Pre	0.000	0.000	1.486L	1.295L	0.160L	0.190L	0.00000	0.00000	-	0.000	0.000
BlackRock Frontiers Investment Trust	Pre	-	-	12.847	114.257	0.066	0.493	0.00000	2.67800	-	4.300	6.540
BMO Private Equity Trust	Pre	-	-	2.027	1.117L	2.750	1.510L	6.05000	4.35000	Jul 29	21.740	16.490
Caledonia Investments	Pre	-	-	592.000	455.800	1121.400	849.300	0.00000	45.90000	-	17.500	62.900
Edinburgh Investment Trust (The)	Pre	-	-	141.581	279.046	91.880	180.790	0.00000	6.60000	-	6.000	12.000
Facilities by ADF	Pre	27.800	8.000	2.800	0.500L	7.000	0.500L	0.00000	0.00000	-	0.000	0.000
Fintel	Int	67.032	59.393	23.539	48.953	7.700	7.500	0.00000	0.00000	-	0.000	0.000
IntegraFin Holdings	Int	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intermediate Capital Group	Pre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Johnson Matthey	Pre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Katoro Gold	Pre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LondonMetric Property	Pre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Utilities Group	Pre	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
05/24	50.00	AIM	ENSI	EnSilica PLC	51.00	-0.75	57.00	50.00	3836.8
05/06	3.50		KEN	Kendrick Resources PLC	2.25	-0.08	3.50	2.20	493.9

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

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Finland (€)							
Nokia	4.64	0.07	5.71	4.06	-	16.23	28308.82
SampoA♦■	42.61	0.16	48.74	35.85	3.96	9.20	25306.69
France (€)							
Airbus Grpe	109.06	4.30	121.00	90.24	-	20.29	92121.68
AirLiquide	162.10	1.04	166.60	136.46	1.67	30.36	82591.3
AXA	23.96	0.33	29.09	20.78	5.88	8.19	59993.16
BNP Parib	52.70	0.83	68.07	43.07	5.00	7.70	69716.82
ChristianDior	551.50	17.50	733.50	513.00	1.25	20.43	106692.99
Cred Agr	11.16	0.30	14.27	8.97	7.06	6.19	36185.65
Danone	54.56	-0.40	65.30	46.48	3.50	18.84	39516.61
EDF♦	8.49	0.01	12.67	6.64	5.66	6.63	33987.05
Engie SA	12.74	-0.04	14.61	9.79	4.10	9.11	33256.96
EssilorLuxottica	148.45	1.25	195.00	133.60	0.72	45.95	70395.76
Hermes Intl	1045.5	25.00	1678	995.80	0.43	45.55	118292.5
LOreal	311.95	4.50	433.65	300.90	1.26	38.57	179296.65
LVMH	571.20	20.20	741.60	537.50	1.21	24.27	309005.3
Orange	11.78	0.02	11.94	8.93	5.02	3968.67	33583.91
PernodRic	178.25	0.05	214.50	172.20	1.72	27.31	50028.93
Renault	25.31	0.92	38.07	20.47	-	-19.18	8021.79
Safran	98.58	3.86	127.74	91.48	0.43	1000.78	45139.66
Sanofi	103.60	-0.12	106.08	80.51	3.04	21.26	140483.72
Sant Gbn	54.27	1.12	64.93	45.76	2.47	13.17	30479.01
Schneider	125.18	2.18	173.78	121.60	2.05	22.41	76380.9
SocGen♦	24.91	0.04	37.68	18.34	2.19	4.27	22344.55
Total	55.12	1.17	55.20	34.27	4.83	10.75	154172.56
UnibailR	67.61	1.82	85.65	52.04	-	-	-
Vinci	92.09	2.54	103.74	80.74	2.88	20.73	58516.06
Vivendi	11.00	-0.04	12.16	5.45	5.38	-19.93	13063.22
Germany (€)							
Allianz	198.80	1.32	232.50	178.30	4.76	12.75	87027.95
BASF	50.79	1.33	69.52	46.47	6.40	8.54	49996.82
Bayer	65.90	2.12	67.99	43.91	2.99	65.59	69387.22
BMW	80.25	1.70	97.60	67.58	2.33	4.34	51776.55
Continental	69.80	2.88	132.68	56.78	-	10.92	14962.13
Deut Bank	10.41	0.16	14.64	8.16	-	10.40	23067.77
Deut Tlkm	18.94	0.11	18.95	14.47	3.12	22.10	101198.83
DeutsPost	37.88	0.37	61.38	35.97	3.59	9.73	50303.38
E.ON	9.88	-0.05	12.54	9.42	4.69	5.57	27968.74
Fresenius Med	56.68	-0.02	71.14	50.98	2.33	17.38	17799.14
Fresenius SE	32.18	0.28	47.60	26.69	2.76	10.33	15630.89
HenkelKgaA	61.55	0.50	83.15	56.55	2.93	16.62	17137.81
Linde	296.75	0.05	306.00	236.75	1.24	46.80	159888.06
Mercedes-Benz	65.20	1.20	91.63	48.05	2.04	6.62	104.28
MuenchRkv	225.10	2.40	282.25	205.15	4.29	10.92	33799.12
SAP	91.60	0.97	129.74	86.81	1.99	20.85	120605.53
Siemens	118.52	3.70	156.98	105.92	2.91	18.09	107970.64
Volkswgn	193.70	8.40	314.00	180.10	2.44	6.65	61260.27
Hong Kong (HK$)							
AIA♦	77.05	-0.10	103.70	70.15	1.62	18.92	118229.6
BOC Hold	30.25	0.50	32.75	22.20	3.84	14.90	40744.11
Ch OSLnd&Inv	23.15	-0.15	27.35	15.42	4.85	5.52	32278.43
ChngKng♦	51.80	-0.55	56.05	41.35	3.20	11.37	24044.08
Citic Ltd	8.62	-0.04	10.24	6.96	5.83	3.83	31945.18
Citic Secs	16.14	0.38	21.52	15.42	2.77	7.98	5387.25
CK Hutchison♦	55.10	0.50	62.50	48.80	3.86	6.70	26915.86
CNOOC	11.60	0.18	11.84	7.55	3.64	9.71	65978.67
HangSeng	137.50	0.10	169.50	131.00	4.15	21.23	33489.18
HK Exc&Clr	325.20	0.60	544.00	314.00	2.63	35.18	52524.71
MTR	43.60	0.20	47.45	39.35	2.64	30.29	34400.91
SandsCh	13.86	-0.12	35.95	13.52	-	-14.69	14289.98
SHK Props	95.50	0.10	124.30	87.15	4.84	10.47	35254.83
Denso	7560	146.00	9575	6584	1.90	20.67	46784.71
EastJpRwy	6729	163.00	8569	6373	1.53	-6.74	19973.35
Fanuc	20370	-455.00	28165	18740	2.28	24.18	32302.33
FastRetail	59820	240.00	90500	54310	0.90	28.02	49835.67
Fuji Hvy Ind	2124.5	46.00	2413	1664.5	2.71	24.36	12834.2
Hitachi	6599	-26.00	7460	4750	1.79	9.65	50181.68
HondaMtr	3128	22.00	3724	3043	4.23	6.60	44501.45
JapanTob	2351	24.00	2417	2000	5.97	11.94	36929.12
KDDI	4606	58.00	4616	3237	2.67	15.40	83354.02
Keyence	49390	30.00	76210	48450	0.42	41.19	94341.47
MitsbCp	4476	-16.00	4749	2903	3.16	9.97	52229.31
MitsubEst	1967.5	12.00	1988	1546	1.51	19.11	21501.94
MitsubishiEle	1363.5	-59.00	1817	1225.5	3.01	12.16	22993.99
MitsuiFud	2840.5	60.00	2911.5	2211	1.59	17.27	21404.96
MitUFJFin	740.90	7.50	828.30	564.40	3.60	7.49	77287.53
Mizuho Fin	1524.5	2.00	1716	1397	5.26	7.27	30403.2
Murata Mfg	7901	-154.00	10535	7008	1.56	15.83	41935.39
Nippon T&T	4017	54.00	4019	2799.5	2.68	12.62	114271.57
NipponTT	4017	54.00	4019	2799.5	2.68	12.62	114271.57
Nissan Mt	487.60	-1.00	654.30	436.50	-	15.45	16163.52
Nomura	493.90	3.80	612.90	460.30	4.78	-33.14	12543.15
Nppn Stl	2136	36.00	2381	1690.5	3.84	3.29	15942.56
Panasonic	1161	17.50	1541	1018.5	2.21	11.45	22375.33
Seven & I	5250	27.00	6083	4552	2.01	19.49	36550.72
ShnEtsuCh	17480	-245.00	21480	15860	1.70	16.34	57202.16
Softbank	5164	62.00	8400	4210	0.87	4.33	69878.92
Sony	11265	60.00	14745	10220	0.55	14.03	111573.43
SumitomoF	3963	36.00	4461	3641	5.18	7.52	42777.12
Takeda Ph	3762	-25.00	3842	2993	4.91	13.17	46749.93
TokioMarine	7139	83.00	7565	4907	3.16	11.32	38126.99
Toyota♦	2082	38.50	2375.5	1772.8	2.51	9.16	266780.39
Mexico (Mex$)							
AmerMvl	22.21	0.19	22.49	14.61	1.58	16.71	48242.21
FEMSA UBD	147.84	0.50	180.66	137.05	1.47	112.44	16148.02
WalMrtMex	72.35	0.74	82.93	62.43	0.75	33.54	63849.02
Netherlands (€)							
ASML Hld	517.00	9.80	777.50	486.30	0.64	40.52	225226.2
Heineken	91.76	0.58	103.80	77.50	1.05	16.14	56646.48
ING	10.12	0.17	14.00	7.90	5.84	8.35	42366.69
Unilever	40.93	-0.15	51.05	39.36	3.50	21.01	131389.29
Norway (Kr)							
DNB	191.00	2.00	220.50	168.40	9.17	12.13	31162.55
Equinor♦■	353.00	14.40	353.75	167.18	1.41	15.13	120320.55
Telenor	129.50	-	159.95	121.65	6.99	21.74	18962.05
Qatar (QR)							
QatarNtBk	21.00	0.35	27.00	17.37	2.50	16.33	53261.5
Saudi Arabia (SR)							
AlRajhiBnk	94.00	2.90	117.40	63.38	2.36	17.22	62649.95
Natnlcombnk	68.30	0.50	82.00	52.40	1.96	24.77	54625.44
SaudiBasic	113.00	0.60	141.40	106.80	2.66	15.88	90375.9
SaudiTelec	104.40	0.80	139.80	102.80	3.55	19.93	55665.16
Singapore (S$)							
DBS	31.03	0.53	37.49	29.18	3.75	12.70	58133.86
JardnMt US$	55.50	0.50	65.51	49.98	2.88	9.95	39758.72
OCBC	11.66	0.10	13.54	10.98	3.40	11.61	38128.24
SingTel	2.73	0.09	2.88	2.21	2.59	46.00	32812.86
UOB	29.11	0.28	33.33	25.28	3.22	12.93	35488.63
South Africa (R)							
Firstrand	67.22	1.70	79.34	51.04	3.59	13.08	23920.03
MTN Grp	162.40	5.40	211.49	93.08	-	23.81	19411.97
Naspers N	1571.34	44.46	3127.98	1262.66	0.35	9.08	43411.89
Novartis	87.82	0.14	88.42	73.01	3.36	9.27	222097.28
Richemont	94.80	1.82	146.10	90.28	2.02	21.95	51408.27
Roche	333.00	1.55	404.20	308.75	2.58	21.67	243043.19
Swiss Re	78.94	0.24	102.20	72.44	7.33	18.52	26037.02
Swisscom	572.40	-1.40	587.40	491.10	3.76	16.54	30803.48
UBS	17.75	-0.04	19.90	13.10	1.91	8.87	68252.13
Zurich Fin	441.70	1.80	461.70	352.80	4.44	14.29	69040.37
Taiwan (NT$)							
Chunghwa Telecom	127.50	2.50	132.50	109.00	3.32	28.08	33539.87
Formosa PetChem	93.90	-1.10	117.50	88.30	0.62	18.30	30332.37
HonHaiPrc	109.00	-1.00	120.00	99.70	3.63	11.12	51240.8
MediaTek	833.00	-14.00	1200	797.00	4.40	11.99	45169.64
TaiwanSem	514.00	-8.00	650.00	505.00	2.06	20.69	451964.73
Thailand (THB)							
PTT Explor	37.00	0.25	42.00	34.00	5.19	10.28	30917.44
United Arab Emirates (Dhs)							
Emirtestele	29.08	0.28	38.98	11.60	2.55	29.34	68852.36
United Kingdom (p)							
Anglo American	3757	52.50	4996.8	36.40	4.74	7.44	66354.91
AscBrFd	1723.5	73.00	2389	1462.5	0.36	28.49	17156.64
AstraZen	10546	-54.00	11000	7870	1.96	1785.64	167938.36
Aviva■	441.50	6.70	606.58	341.92	4.84	58.09	22279.22
Barclays	167.68	3.80	217.63	140.06	1.79	4.07	35977.41
BP	435.25	7.40	436.40	275.85	3.62	15.79	109077.49
BrAmTob	3564.5	-16.00	3601	2507.5	6.05	12.06	83564.91
BT	185.55	-4.35	206.70	134.85	-	18.01	23148.89
Compass	1775	31.00	1841.98	1395.5	0.79	43.19	36705.44
Diageo	3638.5	5.50	4364.1	3282.5	1.99	27.99	115174.66
GlaxoSmh	1753.8	-21.20	1817	1215.83	4.56	20.25	108450.18
Glencore	519.20	-1.60	540.20	289.65	1.71	19.01	94171.06
HSBC	525.30	4.00	567.20	329.55	3.08	11.48	132433.93
Imperial Brands	1787.5	-54.00	1888	1434.23	7.73	5.98	21436.27
Jardine Mathes.	62.50	-	60.50	52.26	2.55	11.20	44773.34
LlydsBkg	45.34	1.05	54.50	38.10	5.67	6.30	41082.9
LSE Group	7390	64.00	8546	6230	1.04	75.56	32151.04
Natl Grid	1186.5	-40.50	1271.45	880.60	4.14	27.66	50076.94
Natwest Group	223.50	4.40	258.10	182.85	4.70	8.80	33628.02
Prudential	1007	19.80	1566	881.00	1.17	16.35	32760.32
ReckittB♦	6178	-34.00	6709	4905.16	2.83	-26.73	54704.29
RELX♦	2269	-10.00	2634.82	1582.5	2.10	29.93	54935.22
RioTinto	5631	-15.00	6876.26	4354	8.92	5.89	94964.03
RollsRoyce	86.44	2.92	161.91	77.87	-	58.80	2021.46
Shell PLC	2404	25.50	2413.5	1282.78	2.52	12.67	138962.09
StandCh	623.80	6.20	626.40	406.20	1.42	13.99	25858.9
Tesco♦	258.00	2.70	304.10	221.70	3.55	13.14	26561.77
Unilever	3488	-5.00	4388	3267.5	4.15	17.91	54023.11
Vodafone	131.42	1.20	141.60	106.30	5.89	-294.00	44077.93
WPP	919.20	14.00	1231.5	868.80	2.88	17.51	14633.77
United States of America ($)							
21stC Fox A	34.07	0.77	44.95	31.35	1.28	14.86	10619.07
3M	147.64	1.85	206.81	139.74	3.72	15.71	84013
AbbottLb	114.21	1.02	142.60	104.63	1.46	31.22	199966.36
Abbvie	150.72	-1.25	175.91	105.56	3.20	25.17	266330
Accenture	286.01	6.37	417.37	268.17	1.20	31.28	189462.84
Activision Bli.	77.64	-0.07	99.46	56.40	0.56	24.31	60705.28
Adobe	407.86	5.36	699.54	370.27	-	43.22	192713.85
Advanced Micro	99.23	6.58	164.46	77.47	-	41.59	160803
AEP	102.82	0.34	104.81	80.22	2.71	22.33	52802.66
Aflac	58.57	0.77	67.20	51.28	2.09	9.87	37728.72
AirProd	240.24	3.82	316.39	216.24	2.32	27.18	53278.82
Allstate	133.22	2.27	144.46	106.11	2.26	8.45	36631.86
Boeing	128.03	5.97	258.40	117.08	-	-19.29	75747.14
Booking Holdings	2223	75.78	2715.66	1796.45	-	85.00	90305.5
Bristol-Myers	77.69	0.45	78.62	53.22	2.40	26.82	165396.36
Broadcom	547.60	15.97	677.76	455.53	2.55	33.31	223574.77
Cadence Design	146.78	1.72	192.70	122.04	-	63.24	40475.91
CapOne	124.51	4.29	177.95	110.29	1.49	4.98	48938.74
CardinalHlth	58.18	0.44	64.53	45.85	3.12	32.47	15849.82
Carnival	13.27	1.09	31.52	11.56	-	-1.70	13128.38
Caterpillar	211.30	1.99	246.69	179.67	1.88	19.24	112697.53
Centene Corp	82.02	-3.29	89.92	59.67	-	38.75	47972.43
CharlesSch	67.98	2.18	96.24	61.53	0.98	25.88	123523.56
Charter Comms	505.52	17.91	825.62	410.33	-	22.25	84855.72
Chevron Corp	177.60	2.19	177.71	92.86	2.78	23.50	348941.05
Chipotle Mexic.	1326.3	37.53	1958.55	1230.91	-	62.39	37086.45
Chubb	207.70	-0.28	218.99	155.78	1.42	11.61	88004.85
Cigna	268.81	3.06	271.71	191.74	1.38	18.41	85286.28
Cintas Corp♦	379.30	11.65	461.44	345.34	0.89	35.82	38811.84
Cisco	44.92	0.92	64.29	41.02	3.09	17.18	186608.55
Citigroup♦	53.79	1.09	80.29	45.40	3.52	5.71	106542.42
CME Grp	195.96	0.53	256.94	185.79	1.71	28.96	70431.58
Coca-Cola	64.79	0.72	67.20	52.28	2.41	31.02	280844.84
Cognizant	72.74	1.05	93.47	66.19	1.23	19.35	37910.18
ColgtPlm	78.15	0.66	85.18	72.20	2.13	33.01	65485.16
Comcast	44.12	0.42	61.80	39.47	2.10	15.63	197242.46
ConocPhil	114.21	3.01	114.60	51.41	1.59	20.27	147723.06
Constellation	247.29	4.26	261.53	207.35	1.15	-1199.41	40249.63
Corning	34.77	1.07	44.18	32.24	2.56	29.26	29367.18
Corteva	63.69	1.68	63.90	40.60	0.78	28.94	46092.45
Corteva	63.69	1.68	63.90	40.60	0.78	28.94	46092.45
Costco	459.94	19.83	612.27	375.50	0.64	39.55	203857.51
CrownCstl	189.69	-0.49	208.69	157.16	2.67	76.53	82141.78
CSX	31.80	0.65	38.63	29.49	1.14	18.92	69141.47
CVS	98.28	1.13	111.25	79.34	1.89	17.79	128868.9
Danaher	251.15	0.83	333.96	233.71	0.33	30.87	182605.33
Deere	345.09	2.12	446.76	307.64	1.06	20.41	105868.2
Delta	40.91	2.31	48.54	29.75	-	52.89	26226.44
Devon Energy	74.15	2.21	75.44	24.05	2.47	19.06	48939
Digital Realty	138.58	0.73	176.53	124.35	3.11	25.13	39449.9
DiscFinServ	110.96	3.29	135.69	98.38	1.57	6.70	31175.89
Disney	105.26	2.00	187.58	99.47	-	65.92	191631.86
Dollar General	219.17	23.83	262.21	183.25	0.72	22.99	50142.78
DominRes	84.70	0.04	88.78	70.37	2.76	28.60	68714.6
DukeEner	113.30	0.10	116.33	95.48	3.20	24.75	87225.88
DuPont	67.18	1.77	86.28	62.10	1.66	22.41	34164.54
Eaton	135.85	1.77	175.72	130.44	2.08	27.40	54204.15
eBay	46.56	1.75	81.19	43.28	1.44	131.98	26066.25
Ecolab	162.62	4.80	238.93	154.31	1.11	44.80	46453.24
Edwards Lifesc.	97.04	0.19	131.73	91.52	-	43.92	60334.79
Eli Lilly	307.99	0.98	314.00	195.50	1.02	54.21	292634.89
Emerson	86.46	2.23	105.99	81.01	2.18	20.33	51357.24
EOG Res	135.48	2.41	136.43	62.81	1.10	18.26	79352.46
Equinix	686.68	0.15	885.26	621.34	1.55	133.76	62497.37
EquityResTP	76.88	0.64	94.32	71.86	2.91	24.17	28904.89
Exelon	49.32	0.30	50.71	29.10	2.88	30.53	48335.45
ExxonMb	97.16	0.86	97.43	52.10	3.33	19.42	409290.7
Fedex	212.05	7.74	319.90	192.82	1.25	12.29	54958.77
Fidelity NIS	104.02	2.63	152.20	85.00	1.39	167.23	63532.42
Fiserv	98.72	1.25	119.86	89.91	-	53.44	64368.24
FordMtr♦	13.12	0.41	25.87	12.07	0.71	3.18	51810.14
Franklin	27.03	0.58	38.27	23.63	3.88	7.70	13510.45
GenDyn	223.44	3.39	254.99	182.66	1.94	20.84	62050.43
GenElectric	77.47	2.94	116.17	71.14	0.38	-25.68	85268.52
GenMills	69.97	0.71	73.99	56.67	2.73	19.91	42136.78
GenMotors	37.48	1.50	67.21	34.31	-	6.02	54647.58
GileadSci	64.98	-0.03	74.12	57.19	4.06	14.20	81505.29
GoldmSchs	323.49	8.59	426.16	293.90	1.87	5.86	111101.6
Halliburton	40.34	1.56	42.60	17.82	0.60	24.42	36383.18
HCA Hold	210.63	4.47	279.02	198.69	0.85	10.72	62237.88
Hew-Pack	36.41	0.84	41.47	26.11	2.14	7.08	38353.05
Hilton Worldwi.	137.59	6.00	167.99	114.70	-	101.51	38295.66
HiltonWwde	137.59	6.00	167.99	114.70	-	101.51	38295.66
HomeDep	303.83	10.26	420.61	279.59	2.04	20.87	312262.79
Honywell	193.30	2.86	236.86	174.42	1.81	26.32	131585.68
HumanaInc	449.86	5.17	472.68	363.73	0.58	21.38	56904.32
IBM	136.38	1.99	152.84	114.56	4.46	28.20	122664.99
IDEXX Laborato.	378.67	10.81	706.95	330.66	-	47.43	31810.6
IllinoisTool	203.44	1.51	248.11	195.25	2.15	25.75	63359.96
Illumina	243.03	0.63	526.00	208.35	-	51.94	38180.01
Intcntl Exch	98.19	0.67	139.79	93.45	1.25	14.73	54813.38
Intel♦	43.17	0.97	58.42	40.31	2.99	9.57	176522.13
Intuit	404.17	15.72	716.86	339.36	0.59	54.52	114007.07
John&John♦	179.10	-0.53	186.69	155.72	2.17	24.70	471270.91
JohnsonCn	52.92	1.15	81.69	49.42	2.02	26.03	36811.32
JPMrgnCh	128.89	1.65	172.96	115.02	2.74	9.04	378556.43
Kimb-Clark	133.65	2.28	144.53	117.32	3.27	27.02	45030.06
KinderM	19.58	0.19	20.19	15.01	5.27	45.55	44385.77
KLA Corp	349.67	11.69	442.44	287.44	1.04	19.39	52183.02
Kraft Heinz	36.74	-3.14	44.87	32.79	4.04	48.26	44968.85
Kroger♦	52.20	1.04	62.78	36.17	1.40	25.66	37629.36
LasVegasSd	34.11	2.04	59.84	28.88	-	-24.33	26063.76
LibertyGbl	24.59	0.16	30.58	21.41	-	1.13	4306.47
Lilly (E)	307.99	0.98	314.00	195.50	1.02	54.21	292634.89
Linde	318.72	2.87	346.50	267.51	1.24	46.90	160228.42
Lockheed	453.70	6.16	479.99	324.23	2.27	20.98	120732.73
Lowes	196.09	7.54	263.31	179.22	1.43	17.38	129639.22
Lyondell	110.51	1.50	118.02	84.17	3.73	7.10	36203.85
Marathon Ptl	99.72	0.70	100.36	50.19	2.16	53.18	53948.01
Marsh&M	155.51	3.02	183.14	133.86	1.60	25.77	78052.6
MasterCard	347.53	2.77	399.92	305.61	0.60	42.73	335338.94
McDonald's	248.58	4.57	269.72	217.68	1.96	26.67	183836.58
McKesson	336.78	3.30	339.94	184.43	0.49	41.08	48956.13
Medtronic	100.27	-5.27	135.89	98.18	2.31	29.47	134516.13
Merck	92.28	-1.47	94.92	70.89	2.66	20.45	233360.4
Meta	189.92	6.09	384.33	169.00	-	14.86	435573.62
Metlife	66.14	1.54	73.18	55.21	2.67	9.75	53785.44
Microsoft♦	264.95	2.43	349.67	243.00	0.81	30.39	1981569.83
Mnstr Bvrg	88.58	0.85	99.89	71.78	-	37.13	46918.29
MondelezInt	62.77	0.40	69.47	57.63	1.97	22.24	86861.97
Monsanto	9.79	0.00	9.95	9.61	-	48.34	244.75
MorganStly	84.69	2.46	109.73	76.75	2.30	11.36	148146.87
Netflix	190.30	2.47	700.99	162.71	-	18.24	84545.31
NextEraE	75.09	0.30	92.91	67.22	2.01	106.25	147514.28
Nike	111.99	3.79	179.10	103.46	0.97	31.53	142088.46
NorfolkS	237.59	4.98	296.87	222.54	1.63	21.13	56625.42
Northrop	474.78	7.16	490.82	344.89	1.20	11.75	73801.99
NXP	190.57	5.94	239.91	164.75	1.10	30.23	50036.97
Occid Pet	68.66	2.27	69.17	21.62	0.05	35.90	64347.53
Oracle	71.34	1.51	106.34	66.72	1.68	29.06	190346.32
Pepsico	169.80	0.83	177.62	144.61	2.32	33.32	234779.67
Perrigo	39.84	0.59	50.90	31.32	2.24	-43.79	5360.16
Pfizer	54.09	0.38	61.71	38.48	2.68	14.83	303493.35
Phillips66	99.52	0.44	100.63	63.19	3.38	36.09	47879.07
PhilMorris	109.15	0.58	112.48	85.64	4.17	20.17	169194.54
PNCFin	173.41	5.78	217.60	152.35	2.57	14.71	71719.04
PPG Inds♦	125.80	2.39	182.97	111.32	1.75	29.74	29713.25
ProctGmbl	146.84	1.63	165.35	131.94	2.26	26.88	352312.75
Prudntl	104.16	2.00	124.22	94.51	4.10	5.75	39060
PublStor	327.38	2.51	421.76	277.10	2.27	35.73	57464.66
Qualcomm	135.06	3.83	192.68	122.17	1.85	16.66	151953.51
Raytheon	95.50	1.94	106.02	79.00	1.95	39.87	142028.89
Regen Pharm	685.39	-5.49	747.42	492.13	-	10.26	74041.34
S&P Global♦	351.69	4.88	484.21	322.20	0.81	30.28	119539.43
Salesforce	161.06	1.41	311.75	154.55	-	116.11	159504.22
Schlmbrg	46.90	1.85	46.93	25.90	0.99	38.27	66284.24
Sempra Energy	166.96	0.22	173.28	119.56	2.45	44.85	52476.32
Shrwin-Will♦	271.97	6.85	354.15	233.32	0.75	41.97	70747.91
SimonProp	112.02	2.83	171.12	103.46	5.93	17.64	36814.1
SouthCpr	61.07	0.02	79.32	53.36	4.86	14.98	47212.61
Starbucks♦	73.64	1.16	126.32	68.39	2.32	21.44	84457.72
StateSt	70.59	1.29	103.76	65.41	2.87	10.58	25914.66
Stryker	235.11	0.10	281.16	224.02	1.02	48.61	88907.81
Sychrony Fin	35.23	1.29	52.49	31.37	2.39	5.00	17667.45
T-MobileUS	133.45	2.01	150.20	101.51	-	59.64	166711.5
Target♦	161.23	4.81	268.98	145.51	1.84	12.20	74758.19
TE Connect	124.57	2.19	166.44	119.58	1.48	18.23	40133.19
Tesla Mtrs	705.57	46.77	1243.49	571.22	-	155.11	730980.63
TexasInstr	172.92	2.91	202.26	160.50	2.26	22.55	159455.38
TheTrvelers	174.20	0.61	187.98	144.44	1.93	11.57	41801.21
ThrmoFshr	536.07	1.80	668.94	438.72	0.18	29.67	209851.03
TJX Cos♦	62.90	1.68	76.94	53.69	1.55	24.86	73871.9
Truist Financial Corp	48.35	0.73	66.10	44.85	3.57	11.65	64373.06
Twitter	39.06	1.90	73.34	31.30	-	-150.26	29823.81
UnionPac	221.57	4.15	278.94	195.68	1.94	22.05	139151.53
UPS	179.14	5.28	233.72	165.34	2.11	13.14	131567.13
USBancorp	51.93	0.74	63.01	47.68	3.15	10.97	77154.49
UtdHlthcre	503.90	5.81	553.29	383.12	1.03	30.02	472744.67
ValeroEngy	127.72	0.38	131.69	58.85	2.85	60.61	52122.07
Verizon	51.23	-0.02	57.61	45.55	4.59	10.37	215126.75
VertexPharm	270.00	-0.84	292.75	176.36	-	32.28	69054.11
VF Cp	48.73	1.61	84.96	44.17	3.75	17.21	18951.18
Visa Inc	206.46	2.62	252.67	186.67	0.60	36.82	339775.22
Walgreen	43.24	0.78	55.82	39.72	4.12	6.74	37345.25
WalMartSto	125.73	2.36	160.77	117.27	1.64	27.55	346107.27
Walt Disney	105.26	2.00	187.58	99.47	-	65.92	191631.86
Waste Manage.	157.71	1.70	170.18	136.97	1.35	39.60	65482.3
WellsFargo	45.43	1.31	60.30	40.74	1.58	9.89	172195.7
Williams Cos	37.00	0.31	37.12	23.53	4.12	32.14	45060.34
Workday	167.17	2.66	307.81	157.49	-	1486.46	33208.72
Yum!Brnds	118.03	3.01	139.85	108.55	1.57	24.40	33657.88
Zoetis♦	163.94	0.91	249.27	156.67	0.57	41.36	77152.51
Zoom	105.27	2.93	406.48	79.03	-	24.96	26580.75
Venezuela (VEF)							
Bco de Vnzla	2.14	1.42	594.00	0.32	47.90	-	1561.85
Bco Provncl	1.85	-0.05	798000	1.70	-	0.00	138.57

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

BONDS: GLOBAL INVESTMENT GRADE

May 26	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
FleetBoston Financial Corp.	01/28	6.88	BBB+	Baa1	A-	129.00	2.54	-0.01	-0.05	-
The Goldman Sachs Group, Inc.	02/28	5.00	BBB+	A3	A	117.21	2.47	0.00	0.32	-
NationsBank Corp.	03/28	6.80	BBB+	Baa1	A-	127.69	2.72	-0.01	0.06	-
GTE LLC	04/28	6.94	BBB+	Baa2	A-	128.27	2.80	0.00	-0.11	-
United Utilities PLC	08/28	6.88	BBB	Baa1	A-	130.43	2.62	-0.07	-0.22	-
Barclays Bank plc	01/29	4.50	A	A1	A+	96.46	5.02	0.00	0.02	-

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MORNINGSTAR

ARTS

Supersonic ballet fuelled by star power

FILM

Danny Leigh

Top Gun: Maverick
Joseph Kosinski
★★★★☆

Between Two Worlds
Emmanuel Carrère
★★★☆☆

The Bob's Burgers Movie
Loren Bouchard, Bernard Derriman
★★★☆☆

Tom Cruise is a militant. Launching his richly satisfying blockbuster **Top Gun: Maverick** in Cannes last week, the star was adamant about the scale at which he works. The release of a behemoth like this on a streamer was, he insisted, simply not going to happen. "Ever," he added. That Cruise makes movies for the cinema only is evident from a film built for screens the size of Luxembourg. But the stuff between the aerial high jinks is supersized too, a throwback to a time where Hollywood actors could sell giant emotional pay-offs with single syllables and a steely gaze into the middle distance. That gift now feels like a dying artisanal skill. After Cruise, who?

Of course, what the movie calls back to in particular is the first *Top Gun*, the 1986 megahit that secured Cruise's solo ascent from what was then called the Brat Pack. Thirty-six years on, the independent spirit of his adrenalised fighter pilot Pete "Maverick" Mitchell still vexes the Navy. Enough to cut ties, in fact — until a summons to coach a batch of youngbloods ahead of a critical mission.

This being the 21st century, an *Apprentice*-style contest will sift through the hopefuls with their own tell-tale call signs: Hangman, Rooster, Payback. But the work on nostalgic pressure points is expert, the original story referenced with something like — surely not! — subtlety. The most direct link comes with Rooster, Miles Teller smartly cast as the son of Top Gun's tragic Goose, nursing unfinished business.

If this sounds like hokum, it is. But the storytelling too reminds you of the best version of old Hollywood, broad strokes rendered with watchmaker care. The script is the work of writers including longtime Cruise-whisperer Christopher McQuarrie. The result is precision-engineered. Melancholy here, wisecrack there, and cue whoop-worthy applause line.

In the movie's midsection, air-show thrills and ground-level drama share the screen. Out of the cockpit, the youthful hotshots are an anachronistic bunch, huddled around a jukebox. Unlike last time, a woman (Phoenix, played by Monica Barbaro) now makes it into the air. Elsewhere, gender equality wobbles. Jennifer Connelly is cast as an old flame. At 51, the actress is 13 years younger than the uninvited (indeed unmentioned) love interest of the first film, Kelly McGillis.

Above: Tom Cruise returns to the cockpit in 'Top Gun: Maverick'. Left: Hélène Lambert, left, and Juliette Binoche in 'Between Two Worlds'

Redundancy is often on the movie's mind. "Your kind is headed for extinction," Maverick is told, and the voice might be that of a cackling Netflix exec, at least before the streamer's down-turn. "Maybe," comes the reply. "But not today."

The first *Top Gun* nudged young cold-war Americans into joining the Navy. The new film too comes out with US-Russian relations stressed. Again, the film-makers borrow a trick from the original, the enemy unnamed (and here, anonymised). But their brief feels harder — to make an escapist military fantasy in a time when luring kids into uniform would be frowned on and radar images of US air strikes still call to mind Baghdad and Kabul.

Navigating recent history may be McQuarrie's deftest touch. The film is at once upfront (yes, Maverick was in Iraq) and artful. The mission ahead is potentially bloodless, the patriotism vanilla. Among the Navy brass is the returning Val Kilmer, fighter pilot Iceman now an admiral. The actor has lately survived cancer; his cameo lands with poignancy.

Emotional stakes loaded, the supersonic ballet takes over the third act, a humdinger spectacle of jets in peril. In a film this star-powered, the director can be taken for a hireling. That would be unfair to Joseph Kosinski, for whom pulling off the action without green screen is some feat. But Cruise is the linchpin, his zeal apparent in eyes lit up above his oxygen mask, lost in the g-force of his own infectious sincerity. He is 60 this year, and there is a limit to how long one actor can keep this kind of crowd-pleasing cinema in the air. Extinction may still come. But not today.
In cinemas now

One of the odder aspects of the Cannes Film Festival is the place it routinely finds for flinty social realism amid the glitz. So it proved again last year with the premiere of **Between Two Worlds**, made with a nod of solidarity to Ken Loach. The setting is Caen in north-west France, where journalist Marianne Winckler goes undercover researching the lives of minimum-wage cleaners. (The character is based on Florence Aubenas, whose real-life exposé *Le Quai de Ouistreham* was published in 2010.) Winckler is played by Juliette Binoche, the actress stepping into an opening straight out of *I, Daniel Blake*. The venue is an employment agency rather than a benefits office, but filled with the same passive-aggressive bureaucracy.

Her first lesson will be that cleaning toilets requires convincing employers of your passion for the job. Humour takes time to grind out of people. Aping the shiny language of the modern job market, an acquaintance pads his CV with spells as an "ambience agent for green spaces". Camaraderie thrives too, however tough the work becomes when they reach the cross-Channel ferries of nearby Ouistreham. Here there is always a gig making 60 beds in 90 minutes, repeatedly, until the arms are numb and shaking.

Winckler is shocked at the hardship around her. The film is less wide-eyed, angry too but not unaware of the ironies of Marianne's project, the time-limited engagement of a middle-class Parisian. If the movie has more questions than answers, it also has a fine-tuned grasp of what it is not to have money: to work all night in a port and have no energy to look at the sea come morning.
In UK cinemas and on Curzon Home Cinema now

The Simpsons took 18 years to become a movie. *Bob's Burgers* arrives on the big screen in 11. For the uninitiated, the series offers the closest thing to Springfield without anyone turning yolk-yellow, an animated sitcom hinged on a long-married couple and three misfit kids. The secret sauce is the real world being that much more real than it is for Marge and Homer, represented by a scuffed American seaside resort where the family-run joint of the title is untouched by trends in casual dining. The film opens with the beachfront amusement park celebrating a proud safety record — "almost no decapitations!" — and summer imminent.

Perfect timing for a vast sinkhole to open directly in front of the restaurant. The disaster triggers an affably shaggy plot (think Scooby Doo goes to Chinatown) while the family's finances raise the stakes. Series creator Loren Bouchard can make the comedy baroque, but the default remains a low-key, silly-sweet deadpan. Here at the hard-up edge of America, humdrum drama inspires musical numbers in which the animated cast sing and dance much as they do everything else: badly, en masse and to charming effect.
In cinemas now

Trouble for the Belcher family in 'The Bob's Burgers Movie'

Swept away by a shipwreck saga

OPERA

The Wreckers/Le nozze di Figaro
Glyndebourne, East Sussex

Richard Fairman

One image from Ethel Smyth's life sticks in the memory. A committed suffragette, she was incarcerated in Holloway Prison in 1912 for throwing a brick through a politician's window and was reportedly found there unabashed, conducting a chorus of fellow inmates in her "March of the Women" out of the cell window with a toothbrush.

Feisty, unstoppable, Smyth rose to prominence as a composer in defiance of the attitudes of her time. She was the first woman to have an opera performed at the Metropolitan Opera House, New York and Glyndebourne is riding the crest of a wave of new interest in her music by opening its 2022 season with a rare staging of her opera *The Wreckers*.

For all its weaknesses (and they are many), the opera is worth seeing at least once. Smyth's music goes at it hammer and tongs and Glyndebourne's cast does her the honour of not selling it short, every singer passionately committed, the London Philharmonic Orchestra under Robin Ticciati never flagging through three acts of pounding energy and volume.

Glyndebourne has also prepared a new edition of the score, which reinstates 20 to 30 minutes of music. Whether this is for the best is a moot point, but at least we are hearing all there is to be heard.

The story takes us to Cornwall and a community that lives by plundering ships drawn on to the rocks. There is the basis of a strong plot here, looking at the isolation of outsiders and an inflamed populace seeking scapegoats, though one would hardly know it from the libretto. The motivation of the characters is muddle-headed and we never get the clear moral message we expect. *Peter Grimes* this is not, for all the similarities.

The Wreckers premiered in 1906 and Smyth's music flits like a magpie over the styles of the time. Bizet and Wagner are preferred, also echoes of Debussy and Richard Strauss, though the single-minded force with which they are forged into one is very much Smyth's own.

Everybody gets plenty of big stuff to sing. Rodrigo Porras Garulo is impressive as the romantic tenor hero and is supported with strong singing, but not much stage presence, by mezzo Karis Tucker. Lauren Fagen whips up intensity as the vengeful love rival and Philip Horst booms portentously as the pastor.

Karis Tucker in 'The Wreckers'

The text, sung in the original French, is only intermittently intelligible. Melly Still's production majors on gloomy atmosphere and has no need of an irritating quartet of flouncing dancers.

After a restless lack of focus in the first half, Smyth pulls everything together powerfully for the final act. As the populace, portrayed by Glyndebourne's excellent chorus, rounds on its chosen victims, the sheer dramatic force is something to behold. Think of this: there is no English opera written before or after *The Wreckers* that can match Smyth's open-hearted, unapologetic, no-holds-barred passion. ★★★★☆

The other opera opening the season is Mozart's *Le nozze di Figaro*. The temperature is lower here in Michael Grandage's production from 2012, the one with the handsome Moorish designs warmed by a glowing Spanish sun. Unfortunately, the flower-power-era setting with its hippie hairstyles and flared trousers is overplayed and the comedy turns too broad.

The best reason for catching this revival comes with some of the singing, notably the pristine, diamond-cut soprano of Hera Hyesang Park's Susanna. Brandon Cedel and Germán Olvera field lyrical voices as Figaro and the Count. Amanda Woodbury sings with generosity of voice, but less than an ideal classical cut as the Countess, and Emily Pogorelc is the bright-voiced Cherubino. Giancarlo Andretta, conducting the LPO, goes for swift speeds and a sleek style. It all felt tame, though, compared to the full-frontal dramatic assault the night before. ★★★☆☆

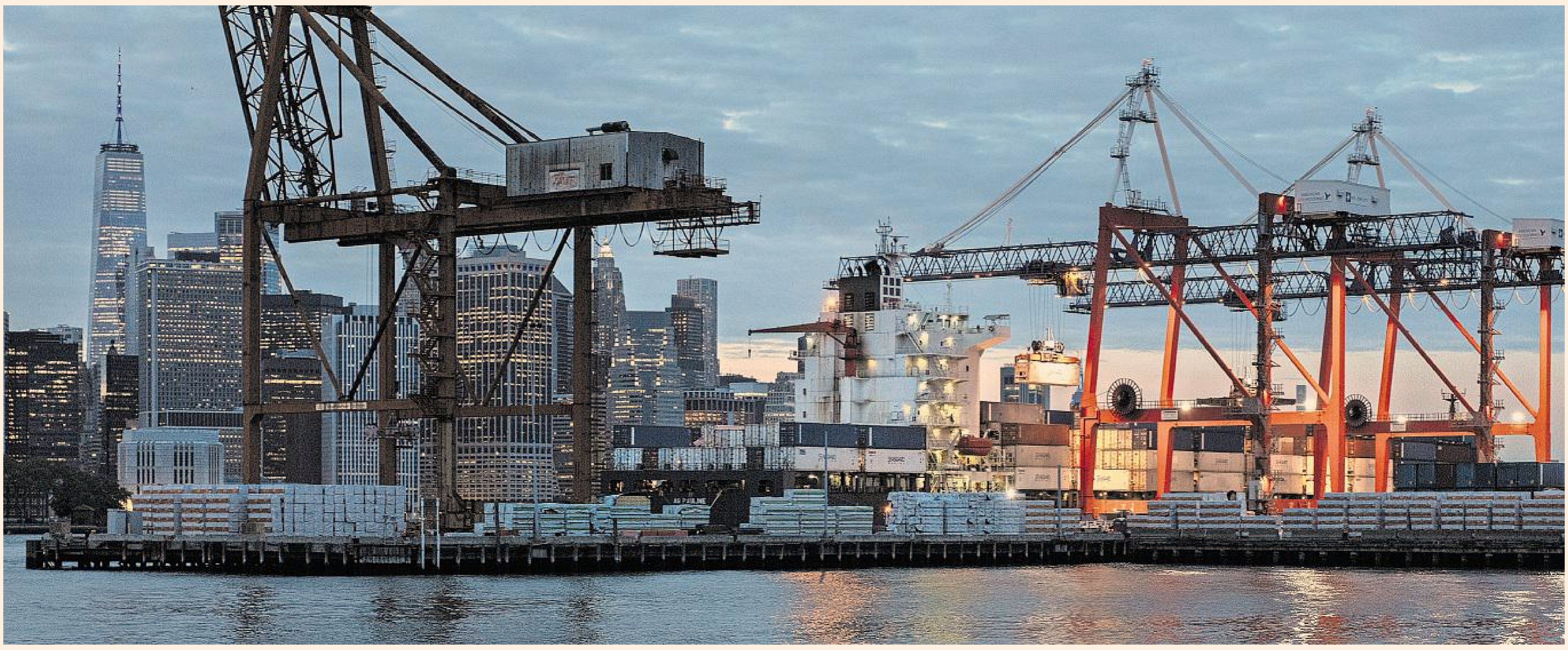
'The Wreckers' to June 24, 'Figaro' to July 16, glyndebourne.com

FT BIG READ. SHIPPING

A political storm is brewing between New Jersey and New York over who should police organised crime in and around the ports. At stake is control of one of the vital nodes of global commerce.

By Joshua Chaffin

Trouble on the waterfront



Views of a container terminal in New York. The port employed 5,800 workers in 2020. Below right: Vincent Gigante, centre, the boss of the Genovese crime family, in 1990

Pascal Perich/FT; John Sotomayor/Eyevine

In 1948 the investigative journalist Malcolm Johnson published a 24-part series in the New York Sun detailing the festering underside of the city's port, where crime bosses preyed on downtrodden longshoremen, loan sharks prowled the docks and freight was routinely pilfered. His Pulitzer Prize-winning work spawned Congressional hearings as well as the 1954 film *On the Waterfront*, in which a young Marlon Brando famously cried: "I coulda been a contender!"

More than 70 years after Johnson's investigation, technology and global trade have transformed the busiest port on America's eastern seaboard from a place of burlap sacks and cargo hooks to one of computer-tracked containers borne on ships of once unimaginable dimensions. Yet organised crime's barnacle-like presence is still a problem. It has sparked a fight between New York and New Jersey, the two states that straddle the port, over to what degree it still persists and how best to police it.

In 1953, the states entered a compact to create a unique agency, the Waterfront Commission of New York Harbor, with the express goal of stamping out organised crime at the port. It is led by two commissioners — one appointed by each state's governor — and boasts a staff of about 100, including police and auditors. The commission has the authority to operate in both states and to remove any worker it believes constitutes a danger to the port or "lacks the requisite good character". As Alfred Driscoll, New Jersey's then-governor, observed at the commission's birth: "It recognises that organised crime does not respect state boundaries."

But in recent years New Jersey has been trying to get rid of the commission. Chris Christie, the former Republican governor, signed legislation on his last day in office in 2018 to withdraw New Jersey from the compact. His Democratic successor, Phil Murphy, took up the cause in March, filing a brief at the US Supreme Court. "The compact made sense in 1953," Murphy said. "It makes no sense now."

Technology, New Jersey argues, has culled most of the jobs the commission was created to police. A port that employed 36,000 workers in 1958 had just 5,800 as of June 2020. The filing described the commission as an unaccountable bureaucracy that has hindered the port's economic development as it searched for a mission to "justify its continued existence" and protect jobs for its leaders. New Jersey's police, Murphy believes, would do the job better.

But New York disagrees — as does the commission itself. They argue that a state cannot unilaterally withdraw from the compact. In response, the Supreme Court has temporarily barred New Jersey from doing so before it makes a formal ruling, expected early next year.

Today, New York state and commission officials still describe the port in terms Johnson might have recognised — a waterfront in the "ironclad grip" of a corrupt union and organised crime, where kickbacks and crooked labour contracts are commonplace.

In the commission's 2019-20 annual report it claimed that $147mn in excessive wages were paid to 590 union workers, many of whom were not required to actually be at the port. To illustrate the point, it also featured mugshots of six men with alleged ties to the Genovese family — one of the five Italian families that have dominated organised crime in and around New York — who were sentenced to prison terms in the same year for illegal loan-sharking, money-laundering and gambling at the port.

"Despite the commission's notable successes, organised crime still very much continues to exist on the waterfront," Walter Arsenault, the commission's executive director, stated in a court filing earlier this year objecting to New Jersey's move. He was more colourful at a legislative hearing when responding to New Jersey's first attempt to kill the commission in 2018. "You can't throw a stone at the port without hitting the son, the daughter, the son-in-law, the nephew, the cousin, the godson of a 'made' guy," he declared then.

The fight is an intensely bitter and often personal one waged by former prosecutors and union bosses who have done battle for years. "The Waterfront Commission and the [longshoremen's union] have a problem: They don't like each other," says John Nardi, the president of the New York Shipping Association, which represents the companies that own cargo vessels and operate terminals. "We get stuck in the middle."

Keep the ship moving

All the while, the freight continues to flow. For its 2020 fiscal year, the port handled nearly 5mn containers, up from 3mn in 2000.

On a recent morning, hardly a person was in sight as a Panama-registered ship disgorged its containers at Port Jersey in Bayonne, New Jersey. Towering gantry cranes slid over piles of containers as if they were Lego blocks. On the tarmac, rows of trucks, laden with containers, crawled like worker ants. The towers of Manhattan and the Statue of Liberty were visible in the near distance.

The modern containership first sailed from the Port of Newark in 1956. Among the many profound changes the container era has wrought is the shifting of the port area's centre of gravity from New York to New Jersey, where the waters are deeper and there is more space to accommodate them. New Jersey now claims about 90 per cent of the port's activity. For a state that is often the butt of New Yorkers' jokes, there is a sense that the tables have turned when it comes to the port and who should hold sway over such a valuable asset.

For the mafia, meanwhile, the port has loomed larger in recent years as law enforcement beat back its traditional rackets in garbage collection, the fish market and scrap metal, says Ronald Goldstock, a former New York waterfront commissioner who previously led the state's organised crime task force.

Its lever of control, according to the commission, is the International Longshoremen's Association. The union's leadership has the power to slow work to a crawl, in effect choking one of the vital nodes of global commerce.

> 'The Waterfront commission have never had to answer to anyone. They need to go. I am so tired of hearing them crying about my union'

Major shipping companies, Goldstock says, tolerate the status quo as they have few alternatives. "The reason the ILA is so powerful is that the ships are incredibly costly. And they can only produce returns if they're moving," he explains. "You stop a ship and the investment in the ship, which could cost a hundred million dollars or more, all of a sudden is brought to a halt. So they will do anything to pay to keep the ship moving."

Not long ago, the commission itself was plagued by corruption and dysfunction. A 2009 New York inspector general's report lambasted it as a place of patronage and cronyism, where officials mismanaged funds and sometimes helped felons conceal their activities.

"It would not be an exaggeration to state that fiscal year 2008-2009 has been a tumultuous one for the Waterfront Commission," its annual report from that period sheepishly stated.

Goldstock was appointed in 2008 as the state's commissioner with a mandate to clean house. He recruited Arsenault, a veteran prosecutor, to run the commission. The tensions with the ILA spiked, he argues, when law enforcement, at last, started doing its job.

"The minute we ensured that criminals couldn't go on the waterfront, that there had to be fair hiring . . . New Jersey was up in arms," Goldstock says.

Kickbacks and hiring feuds

One of the watchdog's first salvos was to publicise many instances of longshoremen earning more than $400,000 a year for what it said was little or no work.

Thanks to an antiquated union contract, some lucky dock workers were being paid for 27 hours of work a day. Some beneficiaries were the kin of men like Vincent "the Chin" Gigante, the late head of the Genovese crime family. In 2012, Gigante had nine well-paid relatives employed at the port. "That's what this is all about," a commission official says. "It's about who controls hiring."

The commission has the power to vet potential hires. In 2019-20, it rejected 18 per cent of the candidates the ILA referred for port jobs because of what it claimed were suspected mafia ties.

Increasingly, it has taken a different approach to try to loosen the ILA's grip: promoting diversity. The commission began publishing racial and gender breakdowns of the port's workforce and then pressuring the ILA to give more jobs to candidates from the predominantly black and Hispanic neighbourhoods that surround the port.

Source: OpenStreetMap contributors

> 'You can't throw a stone at the port without hitting the son, the daughter, the son-in-law, the nephew, the cousin, the godson of a made guy'

The theory, says Arsenault, was that changing the composition of the workforce would break longstanding ties that he claims have allowed the mafia to control the union leadership. The new faces, they reckoned, would be less likely to support leaders with ties to the mafia. "It's remarkable that diversity and fair hiring, which are critically important in our world today, are actually powerful anti-corruption tools," he says.

Like others before him, he had lost faith in the notion that aggressive law enforcement alone could solve the whack-a-mole problem of organised crime. "As a former prosecutor, I'd love to think you could prosecute your way out of this," he says. "You can't."

But in the towns that ring the port, many see the commission as an occupying army — one that is perpetually fighting an old war. Vincent Sanzone, a lawyer in Elizabeth, New Jersey, who has represented workers in disputes with the commission, says it is stuck "in a time-warp. There is no organised crime on the port. Of course, there are people who commit crimes," he says.

Like other critics, he complains that the commission makes it impossibly cumbersome to hire workers. He also accuses it of "anti-Italian animus" for using supposedly thin evidence of associations with alleged criminals to bar people. "I've had countless cases in which qualified young men who went to college with stellar records were denied registration because their father or uncle went to jail," he says.

A longshoreman with a past

Harold Daggett, the ILA's president — and the commission's bête noire — declined to comment. The union said Daggett would not discuss the issue while the case was going through the courts. In March, after New York sued to prevent New Jersey from exiting the compact, Daggett issued a blistering statement, in which he defended his members' pay and decried the commission's "reign of terror".

"We in the ILA will no longer remain silent. We are going to expose the disgraceful practices of the Waterfront Commission, who have never had to answer to anyone. They need to go. I am so tired of hearing them crying about my union," he said. "I would challenge anyone from the commission . . . to leave their cozy offices and come to the docks . . . scale a four-story ladder in 10-degree temperature, with the wind blowing and biting your face, and walk atop the roofs of icy containers."

Daggett, a fourth-generation longshoreman, has a colourful past. In 2004, he was indicted with three other men on conspiracy to commit extortion and mail and wire-fraud. New York's current commissioner, Paul Weinstein, was one of the prosecutors. During the trial in 2005, an admitted mafia enforcer, George Barone, testified that he arranged for Daggett, then an ILA official earning $480,000 a year, to become president of the union to do the Genovese family's bidding. This included doling out lucrative jobs or sending union contracts to Mafia-controlled companies that would pay kickbacks.

In court Daggett portrayed himself as a victim of mob intimidation and denied the charges. In a statement, the ILA criticised prosecutors for promoting an "outdated image" of the union and ignoring its efforts "to eradicate any unlawful conduct". In the midst of the trial, one of the defendants disappeared. His body was found weeks later in the trunk of a car parked outside a New Jersey diner. Daggett and his co-defendants were all found not guilty.

He went on to lead the ILA and has forged powerful political ties. In 2018, the ILA persuaded Christie to sign the legislation to abolish the commission three years after he vetoed a similar bill.

Murphy, a close ally of organised labour, called Daggett a "dear friend" and "one of my partners in growing [the New Jersey] economy" in a tribute video shown at a 2019 awards ceremony. He also appointed Daggett's son, Dennis, an ILA official, to his transition committee.

"Phil Murphy is a guy who believes in loyalty towards those who have helped him. 'You dance with who brung you,'" says Micah Rasmussen, director of the Rebovich Institute for New Jersey Politics at Rider University. Still, he said: "If [Murphy] didn't believe the state police could do the job, he wouldn't turn it over to them." Murphy's office did not respond to a request for comment.

At the New York Shipping Association, Nardi takes a philosophical view. Every six years, he negotiates a new labour agreement with Daggett. His members then pay a per-container fee to fund it. There are, he allows, baroque arrangements that are the legacy of decades-old agreements. Over time, he expects to phase them out. But meanwhile, he says, his overriding objective is to push more containers through the port, lowering the per-container labour cost for its members.

Nardi has complained in the past about absenteeism by ILA workers and productivity issues. Still, his group has consistently stood with the ILA and publicly endorsed New Jersey's move to replace the commission.

Does he worry about organised crime at the port? "I don't personally see it," he says — then adds: "Now, I'd be crazy to say it doesn't exist."

The FT View

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

A tariff on Russian oil could pave the way to an embargo

The best way to squeeze Moscow's war machine is to deprive it of energy profits

The EU's economy commissioner Valdis Dombrovskis this week summed up the dilemma as the bloc struggles to agree on an embargo on Russian oil. "We are discussing massive financial support to Ukraine on one hand, and continue to provide financing for Russia's war on the other hand," he said. "It needs to be stopped." A ban on Russian imports should remain the priority. But an interim measure designed to stem Moscow's profits from energy sales more quickly — a punitive EU tariff on Russian oil, proposed by the US and others — is worth looking at too.

An embargo choking off the 3.4mn barrels a day of oil and oil products that Russia exports to the EU would be a stunning blow to its revenues. But an EU embargo is vigorously opposed by landlocked Hungary, which says it is less able than coastal states to source alternative oil, and its refineries are set up to process Russian crude so require costly conversion. Bringing Budapest round is likely to need financial support and a phase-in period for an embargo.

A phased-in ban would allow time for negotiations with other potential suppliers — and would be a sword of Damocles for Russia's flagship industry. Limited domestic oil storage means Moscow would soon have to start shutting down fields, which would degrade and might never be viable to reopen. Some other oil exporters are betting that Russian oil displaced from EU markets would rapidly find its way to buyers such as China and India. Yet that would mean moving huge quantities of oil by ship, and there are serious capacity constraints.

The EU is rightly wary of secondary sanctions on buyers of Russian oil that would provoke a rift with Beijing and others. But it could curtail Moscow's ability to divert exports elsewhere by banning EU-controlled tankers from carrying Russian oil, and EU financial groups from insuring cargoes.

The US and others fear a phased ban also risks causing an immediate price spike which would supercharge inflation — and enable Russia, paradoxically, to reap super-profits from oil in the meantime. US Treasury secretary Janet Yellen has proposed a value transfer mechanism, such as a price cap or tariff, which would enable Russian oil to continue flowing, while depriving Moscow of much of the revenue. Mario Draghi, Italy's premier, has mooted a "buyers' cartel" that would refuse to purchase Russian energy above a certain price.

A price cap is undesirable. A buyers' cartel, even if it could be organised, would create an awkward precedent. Making Russian oil artificially cheap would also create perverse incentives for consumers to buy more. Russia might temporarily increase its market share, though without reaping the profits, and consumers would have a disincentive to switch to alternative suppliers — which should be the aim.

> A phased-in ban would allow time for negotiations with other potential suppliers and would be a sword of Damocles for the country's flagship industry

An EU-wide tariff on Russian oil would instead compel buyers to demand an offsetting discount from Russian sellers, cutting Moscow's profit, or go elsewhere. A tariff that successfully forced Russia to cut prices would in effect transfer tax revenues from Moscow's coffers to the EU's. Proceeds could go to rebuilding Ukraine. A tariff could gradually increase until an embargo was fully phased in, stepping up pressure on EU consumers to diversify and tightening the noose around Russia's economy.

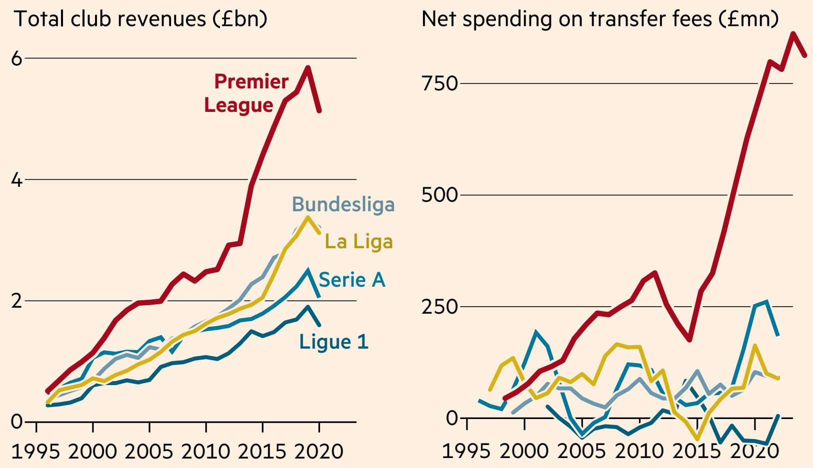
How president Vladimir Putin would respond to an embargo announcement, or an interim tariff, is unknowable. He might immediately halt Russian oil to the EU, and swallow the damage to his own economy. Most European capitals calculate that this risk is worth running, given the need to support Ukraine. The more they squeeze Russia's war funding, the more chance they have of changing Putin's calculus too.

Opinion Data Points

European football now belongs to the highest bidder

John Burn-Murdoch

Premier League clubs' incomes have climbed far ahead of overseas rivals, fuelling a surge in spending on players



Sources: Deloitte Annual Review of Football Finance; Transfermarkt

Saturday's Champions League final between Liverpool and Real Madrid is the fourth in five years with at least one English participant. Two of those have been all-English affairs and, had it not been for odds-defying comebacks from Madrid, this could easily have been the third.

For one nation's football clubs to dominate the continent's blue riband event is hardly unheard of — Spanish sides lifted the trophy for five successive years before Liverpool's 2019 victory. But there is something ominous about this era compared with other recent national hegemonies.

A decade ago Real Madrid and Barcelona consistently topped Deloitte's annual Football Money League, but today Barcelona's finances are in tatters. The spot is now held by Manchester City, poster child of the Premier League's nouveau riche.

When England's top teams last sat astride the continent in 2007-08, Premier League clubs' total revenues were £1bn higher than those of Spain's La Liga, according to the Deloitte annual review of football finance. Today the gap is £2.4bn, and growing. This season the league booked £3.1bn for television rights, compared with La Liga's £1.8bn. Next season La Liga's package will shrink to £1.6bn, while the Premier League's will rise to £3.4bn, according to Football Benchmark analysis.

On top of this, Chelsea's sale to US investors and the October acquisition of Newcastle United by Saudi Arabia's sovereign wealth fund mean that almost every club in the English top tier next season will be owned by a multibillionaire, some of whom have shown little concern for turning a profit and will happily burn tens of millions on talent.

English clubs are not the only ones embracing the "sports washing" industry — Paris Saint-Germain's commercial revenues increased by an incredible 750 per cent in the three years after their sale to the Qatari state. The concentration of money and talent among a shrinking pool of clubs extends beyond these shores.

In the early 1990s the European Cup was far more cosmopolitan, with clubs from 13 countries reaching the semi-finals. In the past five years, three-quarters of semi-finalists came from just five urban western European regions: Paris, Madrid, Munich, London and the north-west of England.

The dynamic playing out between countries has created uneven playing fields within them. Adjusted for changes in ranking methodology, in 1975 30 points separated first from last in the English top tier, and the difference between the best and worst goal difference was 52. This season, the former is 72 and goal difference 134.

The risk is England's elite not only dominate domestically but the Champions League in effective becomes the nation's fourth piece of major silverware after the Premier League, FA Cup and League Cup. The European Super League may have been a bad idea, but the problem of English financial dominance it sought to address is very real.

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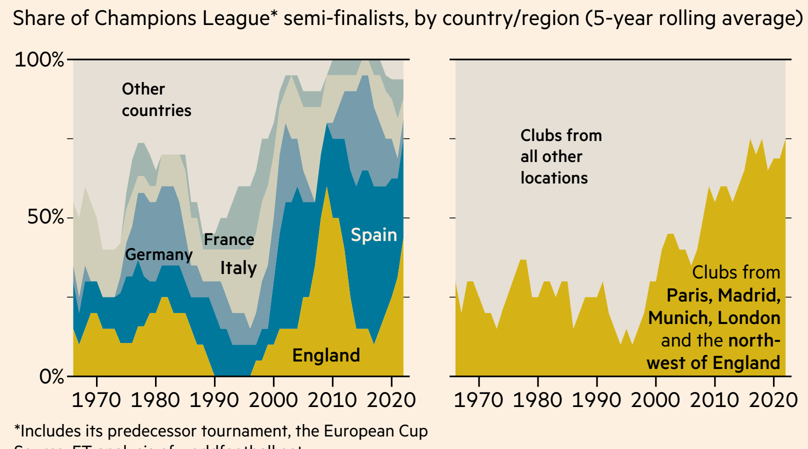
The Champions League is no longer a truly continental tournament. Its latter stages are now dominated by a handful of cities, let alone countries

Share of Champions League* semi-finalists, by country/region (5-year rolling average)



*Includes its predecessor tournament, the European Cup
Source: FT analysis of worldfootball.net

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Increasing German defence spending is only half the battle

Russia's brazen invasion of Ukraine has shocked the German political establishment into embracing higher defence spending (Big Read, May 24).

In Berlin, there now appears to be acknowledgment that the Bundeswehr, the German army, has been short-changed for far too long — and that the new security environment in Europe requires Germany to possess planes that can actually fly and tanks that don't break down in the field. But giving the Bundeswehr what it needs to become a serious, credible fighting force is only half the battle. Just as important to the size of Germany's defence budget is Germany's willingness to take a leadership role in Europe's security affairs.

The war in Ukraine has fixed minds on the continent about the follies of taking a business-as-usual approach to security policy. Yet curiously, the status quo remains unbreakable.

In the three months since the war began, the US has done the most to safeguard Europe's security on Nato's eastern flank, deploying at least 20,000 additional troops since the beginning of the year. European countries like Germany and France have contributed as well, but the deployments have tended to be in the hundreds.

Europe as a whole is still all too comfortable with outsourcing its security to Uncle Sam.

Throwing extra cash into Germany's defence ministry is a long overdue reform.

But if it's not complemented with a greater willingness by Europe's largest economic power to lead the continent towards more self-reliance in the military sphere, then the effect will be limited.

Daniel R DePetris
Fellow, Defense Priorities
Washington, DC, US

HSBC contrarian sticks to 'markets know best' mantra

Stuart Kirk's comments accusing policymakers of climate change hyperbole ("HSBC saga shows the flaw in climate finance debate", Opinion, May 25) are simply a reflection of an industry that refuses to question its financial valuation models despite their well-known poor predictive capabilities.

When Kirk, who before his suspension was the global head of responsible investing at HSBC's asset management division, says climate risk is too far into the future to matter for most industries and mocks the idea of "stranded assets", he is simply bowing to the concepts of risk-adjusted discount rates and net present value analysis.

When he says central banks need to add a significant risk premium to the discount rate for climate risk to have an effect on valuation, he (and most of the financial industry) believes that all risks, regardless of their source, can be somehow reflected in the discount rate.

There is simply no room for questioning the valuation model. Although UN Special Envoy for Climate Action Mark Carney's warning about the risks posed by climate change is a step in the right direction, until the financial industry starts questioning the basic tenets of valuation, his efforts may not bear fruit.

Since Kirk cannot accept the valuation model is wrong, then it is easy to understand why he believes that climate risk can be reflected in the price; all we need is thousands of people (the market) calculating the value of an asset to arrive at the correct answer. The market knows best — aka "the wisdom of crowds".

I am glad scientists question everything. Nothing is sacred. All models are subject to constant testing and, if needed, revisions. That's how real progress is made.

Otherwise, I would probably be writing this comment on a piece of paper, mailing it to FT, and crossing my fingers it would get published before we are "under six metres of water", to quote the HSBC contrarian.

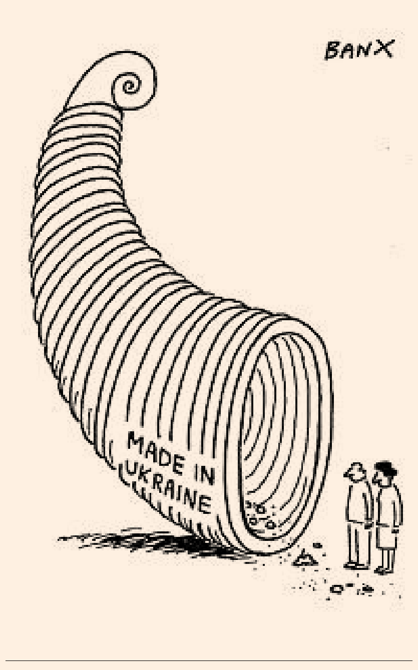
David Espinoza
Senior Principal, Geosyntec Consultants
Washington, DC, US

Developing Cumbrian coal is plain common sense

Finally the FT gives voice to reason, in this instance Saudi Aramco's chief executive Amin Nasser, interviewed by Roula Khalaf and Tom Wilson (Interview, May 25).

Governments across the globe are reluctant to license coal and other carbon-heavy ventures. The investment community is shying away from such projects with a plethora of green and eco funds. And banks are reluctant to finance them.

No surprise then that energy prices have escalated dramatically as



renewables fail to keep up with the demise of carbon. A thorny issue, but one that needs addressing.

Here in the UK we still await the government's final decision on West Cumbria Mining's planning permission for a metallurgical coal mine under the Irish Sea by the start point of Alfred Wainwright's fabulous "coast to coast" footpath.

If rejected we will burn extra carbon, shipping horrendously expensive coal from Australia, where they mine it for under one-tenth of the price they sell this scarce commodity. Hopefully common sense will prevail.

Dick Sands
London TW8, UK

BoE's lack of curiosity just adds to fiscal policy strains

Bank of England governor Andrew Bailey raises more questions than answers when speaking about his leadership and the UK economy ("Bailey defends BoE inflation strategy", Report, May 24).

There is little analysis about the impact of overlooking the interventions from the bank's former chief economist, Andy Haldane, who repeatedly warned of runaway inflation — internal warnings that predate Russia's preparation for a full invasion.

Bailey implies the BoE believed the latter to be a "training exercise" and was caught out by the ensuing market reaction. Yet, his current key concerns for UK inflation still downplay international events — focusing instead on the pent-up savings and working habits of older people — over the duration of this conflict and the impact on commodities.

The demands on fiscal policy are arguably greater as a result of the failings of Bailey's incurious leadership and monetary policy.

What is surprising is not that the bank has encountered market and political criticism, but that it is still relatively muted.

Malcolm Gooderham
London W1, UK

Crypto crash bolsters the case for regulation

Gillian Tett (Opinion, May 20) rightly highlights that the recent crypto "crash" has the potential to be a force for good in redirecting the industry onto a more sustainable — and ultimately regulated — path.

The sudden collapse of stablecoins such as Terra has been hailed by some as a mark of crypto's downfall. Cynics have viewed the loss of its peg to the dollar as the culmination of an inevitable failure; the demise of a project that would never be taken seriously by enough people to have a truly transformative impact.

This argument, however, fails to acknowledge that the recent shock to the crypto sector is but one stage in a much longer evolutionary process for decentralised finance. The widespread drop in the value of cryptocurrencies has, if anything, heightened the impetus for the regulation needed to make crypto a more stable and orderly marketplace. Regulation that — if crafted to meet the specific needs of the crypto sector — can give businesses and traders the confidence they need to integrate cryptocurrencies into their operational models and harness many of the efficiency benefits that this technology has to offer.

The retail and institutional adoption of any asset is a gradual process that comes with the maturation of the asset in question — and crypto is no different.

The crypto crash should not be seen as the death of cryptocurrencies, but rather as an accelerator of this transition. This is, for obvious reasons, not what those who have lost money want to hear. But there is a silver lining for these investors. As the crypto industry picks itself up, it will more ardently than ever seek the regulatory support needed to prevent such a dramatic downturn happening again.

Todd Crosland
Founder and Chief Executive, CoinZoom
Salt Lake City, UT, US

Tower block developers' problems are self-inflicted

George Hammond's report "Tower block developers scale back London plans" (April 25) focuses on the rising costs of land and construction without considering how unfavourable tower block ownership has recently become. Over the past three years, apartment sales are down by 60 per cent, according to Land Registry data.

Affected by both the cladding and the leasehold scandal, nowadays few want to buy a property in a tower block for which they do not trust the build quality and where they cannot control their building management and thus their service charge costs.

This lack of demand has been self-inflicted by developers and they only have themselves to blame.

Dimitrios Konstantinidis
London E14, UK

Why sex hormones are key to asthma and long Covid

On reading your article "Women twice as likely to suffer from long Covid, study finds" (Report, May 25) it struck me that there is still a long way to go before the research community understands how and why sex hormones mean women are more likely to get certain conditions and to get symptoms more seriously. As you report, women disproportionately suffer from long Covid, but long Covid isn't unique. Women are also more likely to get, be hospitalised with and die from asthma than men.

Over the past five years more than two-thirds of asthma deaths have been women, with more than 5,100 women dying from an asthma attack compared with under 2,300 men.

We know there's a link between sex hormones and asthma symptoms, but gaps in our knowledge mean we don't know how sex hormones trigger asthma attacks and what can be done to stop this.

When it comes to research funding, women have drawn the short straw. We need more targeted investment in research into sex hormones and their links with diseases such as asthma, to stop more women's lives being needlessly cut short.

Sarah Woolnough
Chief Executive, Asthma + Lung UK
London E1, UK

Partygate report and what it says about civil servants

I have both worked in a private office (Bank of England governor's office 1974-75) and in a press office (chief press officer, Bank of England 1984-89), so understand the pressures involved and the way one can think the immediate focus is the only one that matters.

But what concerns me about the evidence in Sue Gray's report (FT View, May 26) is that whereas there is much consideration of the "comms" consequences there is little or no thought of whether the behaviour was right or wrong. The two governors I worked with, Gordon Richardson and Robin Leigh-Pemberton, used to discuss with us as to what was "right".

Clearly the current prime minister has no idea of the difference between right and wrong, but it is a matter of regret that the Gray report reveals top civil servants colluding in clear wrong, and arguably, illegal behaviour. Boris Johnson will go, the civil service will remain. This needs to be remedied. But I am not clear who can do that.

Philip Warland
London SE1, UK

Correction

● Venture Global LNG plans to raise its total output to 70mn tonnes a year, not 50mn as wrongly stated in an article on May 26.

Opinion

China's central bank faces a delicate balancing act

Zhu Ning

Recent swings in global financial markets have occurred partly because the market is unsure of the direction of post-Covid economic policy in the US and China. While inflation is probably the most daunting challenge facing the US Federal Reserve, growth has become the focal point of the People's Bank of China's deliberations.

Given that "stability" is the keyword for China's economic policy in 2022, some investors have been surprised that the PBoC's monetary policy has not been as active as they might have hoped. And such sentiment has grown stronger after a number of Chinese cities went into lockdowns of varying degrees of severity in response to the spread of the Omicron variant of Covid-19.

Earlier this week, China's premier, Li Keqiang, warned that the world's second-largest economy could struggle to record positive growth in the current quarter. "We will try to make sure the economy grows in the second quarter," he said. "This is not a high target and a far cry from our 5.5 per cent goal."

Some argue that the slowdown of the Chinese economy is so alarming that aggressive monetary easing aimed at stabilising growth at all costs is urgently needed.

In fairness to the central bank, the art of balancing multiple policy objectives has never been easy, even in a "normal" economic environment and calmer market conditions. The PBoC is facing a range of challenges, from stabilising the renminbi exchange rate overseas to pushing forward with financial reform domestically. Such objectives do not always align well with each other and may even come into conflict from time to time.

If anything, Covid-19 has made the central bank's balancing act even more delicate. On the one hand, the pandemic-induced economic slowdown, coupled with China's continuing transition to a more sustainable growth model, poses a challenge to the PBoC as it seeks to maintain growth and ensure employment.

On the other hand, surging inflation is forcing central banks around the world to taper stimulus programmes and raise interest rates much faster than previously expected. Such moves by its international counterparts limit the PBoC's room for manoeuvre.

> Covid did not cause many of the problems in the Chinese economy — but it did make them more acute

Further easing may lead to a weakening of the renminbi. While a weaker yuan would probably help China's export and trade balance, it would also make it less attractive for foreign investors to hold yuan-denominated assets.

Domestically, a strong dose of monetary easing may achieve the desirable goal of boosting short-term growth. However, it would risk inflating stock and housing bubbles. To make things more challenging still, it is not certain that further monetary easing would even achieve its intended goal. The effects of previous rounds of stimulus dissipated quickly and failed to turn around the tepid demand in borrowing in the real economy, especially by small and medium-sized enterprises.

Covid did not cause many of the problems in the Chinese economy — but it did make them more acute. Many of the difficulties that the PBoC faces can be traced back to the Rmb4tn fiscal stimulus programme of 2009. House prices and debt levels have since climbed sharply, with echoes of the credit-fuelled economic boom and bust in Japan in the late 1980s and in the United States before the global financial crisis.

What would have helped in the US and Japan back then, and what the PBoC needs to focus on today, is better expectation management. The deeply rooted and widespread belief that the Chinese government will always do whatever it can to guarantee breakneck growth and rapidly growing asset prices has itself become a serious risk. The irresponsible borrowing, aggressive investment, surging housing prices and leverage that followed the 2009 stimulus subsequently constrained the PBoC's ability to act during the Covid pandemic.

Chinese leaders have expressed concern that an overly optimistic mentality could eventually lead to financial crisis and systemic risks. And such worries may also be tying the PBoC's hands when it comes to rolling out more aggressive monetary stimulus in response to recent lockdowns.

In the PBoC's defence, China's broader economic policy arguably already took an important, if subtle, turn well before the pandemic struck. With policy priorities transitioning from the old high-speed growth model to a more sustainable, inclusive and ecologically friendly high-quality model in the future, it should probably come as no surprise that Beijing's monetary policy would adjust accordingly.

The writer is professor of finance at the Shanghai Advanced Institute of Finance

Fixing Ukraine with Russian cash will be hard

FINANCE

Gillian Tett

When Volodymyr Zelensky addressed the World Economic Forum via video link this week, he issued a heartfelt appeal to the west: use the assets seized from the Russian central bank and country's oligarchs to fund the estimated $500bn cost of rebuilding Ukraine. "If the aggressor loses everything, then it deprives him of his motivation to start a war," he said. "Values must matter when global markets are being destabilised."

Many western leaders seem to agree. Josep Borrell, the EU's chief negotiator recently suggested that there is "logic" in using Russian foreign exchange reserves to rebuild Ukraine. And Ursula von der Leyen, European Commission president, responded to President Zelensky's appeal in Davos by noting that Russia "should also make its contribution" to reconstruction.

This makes for rousing political rhetoric. However, the dirty secret at this week's WEF meeting is that these public appeals are causing private angst for many of the Davos corporate and financial elite, from the west and its allies.

This is not because of a lack of sympathy for Ukraine's plight; nor a failure to recognise that the postwar reconstruction bill will be vast. Instead, the issue is the lack of due process. While most think there is an overwhelming moral case to help Ukraine — and punish Russia's aggression — freezing assets is quite a different matter from dispersing them. If either is done without a consistent and transparent framework, western governments will either face years of costly lawsuits or end up smashing apart the trust that underpins their political economies. As Zelensky himself noted, "values" matter now, more than ever — particularly when markets are destabilised.

"We have been told for decades that the west upholds the rule of law, and we invested in the west on that basis," one leading non-western sovereign wealth investor observes. "Is that being ripped up now? What are we supposed to think?"

Of course, many western observers — and Ukrainians — might argue that this is now a second-order question, given the horrors of Russia's invasion, but I think that those worrying about due process have a point. So, how should this be resolved? Leaders are scrambling for solutions. von der Leyen told the WEF this week "our lawyers are working intensively on finding possible ways of using frozen assets". Separately, western lawyers sympathetic to Ukraine are studying existing legislative tools to see whether they can be repurposed to this end.

Efi Chalikopoulou

One idea floating around is to use America's extensive civil tort laws to enable Ukraine to claim for "damages" from oligarchs' US assets. A variant of this might be attempted by plaintiffs in France and the Netherlands too, I am told. Another idea is to use arbitration processes linked to some little-known direct investment treaties signed between Russia and the Ukraine in the 1990s, which create a way to impose damages in cases of economic harm.

Separately, the US administration could seek express legislative authority from congress for introduce new legislation enabling Russian currency assets to be seized. Or the US president might use the International Emergency Economic Powers Act of 1977 to redeploy assets in American banks, possibly drawing on precedents established in the 1980s in relation to Iran.

> Unless the concept of due process is overturned, Moscow's assets will remain frozen for many years

One of the most interesting ideas of all has emanated from Kyiv, which has quietly drafted a memo calling for a new UN commission for "constitutional, legal, transparent and effective" blocking and seizing of assets belonging to those connected with armed aggression. While the current war in Ukraine is being cited as the pilot project, the idea — or hope — is to create a global framework that can be used in other conflicts too.

The good news is that this shows Kyiv's recognition of the need for due process. Some Ukrainian business figures are thinking the same way: Rinat Akhmetov, the Ukrainian billionaire, said this week that he would sue Moscow for "appropriate reimbursement for all costs and lost revenue" from the destruction of his assets in Mariupol, such as the Azovstal steel plant.

The even better news is that Ukraine's ideas are likely to be welcomed. "The underlying concept of having an international framework covering sanctions could potentially lead to an improvement over the current rather ad hoc imposition of sanctions," says one western lawyer, who has seen the draft memo.

Yet the bad news is that Russia's veto in the security council will make it hard to establish a UN commission. The idea of deploying the 1977 US emergency powers act is legally controversial, and passing any American legislation swiftly is likely to be difficult. Unless the concept of due process and property rights is overturned, Russian assets will probably remain frozen for many years or endless legal battles will ensue.

None of these prospects are remotely appealing. But the latter two are arguably the least bad. Unless, of course, von der Leyen can now find a legal process or, better still, the UN embraces Ukraine's sensible ideas. Either way, the one certainty is that lawyers will soon be reaping fat fees. Therein lies the reality of kinetic and economic war in the 21st century.

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The threat of US data harvesting grows with looming abortion ban

TECHNOLOGY

John Thornhill

Switch off location sharing on your smartphone. Plug privacy extensions into your browser. Delete apps that track your menstrual cycle. Such is the advice being given to women in the US determined to protect their rights over their bodies following reports that the Supreme Court might repeal the landmark *Roe vs Wade* ruling.

The possibility that abortion may be recriminalised in many US states shines another spotlight on the data harvesting and selling activities of many tech companies. The techniques used to target consumers and sell us slippers can just as easily identify those consulting abortion services. Many fear such data could be subpoenaed by the courts of anti-abortion states or simply bought by the police from data brokers. A triangular game between users, tech companies and legislators now needs to play out if privacy rights are to be protected.

To highlight the threat to civil liberties, Vice media recently paid a data broker $160 for one week's worth of location data covering 600 Planned Parenthood clinics. This data enabled them to track where groups of people had come from and where they went afterwards.

"It is really concerning that some of this data can be sold to states that are anti-abortion and can be used to prosecute women and doctors," says Lourdes Turrecha, a "reformed" Silicon Valley lawyer and founder of The Rise of Privacy Tech, a community of technologists. "*Roe vs Wade* is a foundational constitutional privacy law in the US."

In a perfect world, we would all become more aware of the trail of data breadcrumbs we leave behind, which can be used in evidence against us. Digital civil rights groups, including the Electronic Frontier Foundation and the Digital Defense Fund, have posted action sheets to help preserve online privacy. By voting with our clicks, users can fuel the growth of services that prioritise privacy, even if they remain imperfect. For instance, privacy experts prefer Apple's iOS smartphone to Google's Android, and recommend the Brave browser, sending emails by Proton and messaging via the Signal app.

The big tech companies may have a responsibility to pay off the "technical privacy debt" they incurred in the infant days of the internet when no one cared so much about privacy rights. But it will be near-impossible for some companies, such as Facebook and Google, to do so given that tracking users and selling ads is their business model. Expecting them to change is like asking a great white shark to switch from eating seals to seaweed.

> A triangular game between users, tech companies and legislators needs to play out if privacy is to be protected

However, Turrecha says she is excited about a new generation of tech companies that use stronger privacy-preserving techniques, such as differential privacy, homomorphic encryption and decentralised Web 3 architecture. By giving users more control over data on their device, they can do a better job of protecting privacy without losing functionality. The challenge is how these insurgent companies can scale quickly enough to usurp the incumbents.

Here, legislators can help by rewriting and enforcing antitrust laws. They can also close legal loopholes and enact stronger federal data rules. Under pressure from employees and users, tech companies sometimes resist complying with court orders. But ultimately they have no choice but to obey the law.

US senators are aiming to prevent prosecutors without court orders from buying up sensitive personal data, as Vice did. The Fourth Amendment is Not for Sale Act, introduced by the Democrat Ron Wyden and the Republican Rand Paul, would extend existing privacy protections. "While it would be unlawful for app developers to sell data directly to the government, a legal loophole permits app developers to sell data to a data broker, which can then sell that data to the government," the bill states.

Civil rights groups and some big tech companies also agree on the need for a more sweeping national data privacy law, akin to the EU's General Data Protection Regulation that came into force four years ago. "A comprehensive data privacy act would go a long way to protecting the lives of users and ensuring non-consensual tracking is a thing of the past," says Bill Budington, senior staff technologist at the Electronic Frontier Foundation.

No such federal legislation is likely to emerge quickly, if at all. But even state privacy laws, as adopted in California, can raise the national bar. It has now become more expensive for tech companies to write separate code to carve out non-compliant states. Making it harder to do bad things can sometimes count as a good thing.

The writer is founder of Sifted, an FT-backed media company covering European start-ups

Britain isn't working and that should concern us all

ECONOMICS

Chris Giles

Britain isn't working. I am not just harking back to Margaret Thatcher's 1979 election campaign — which preyed on voters' fears of unemployment. The slogan now describes the most urgent problem facing the UK economy.

It is not obvious that the country has a jobs issue when unemployment is almost at a 50-year trough, but these official figures tell only part of the story. Unemployment might be historically low, but that does not mean employment is high. The num+ber of people in work or self employed is still 500,000 lower than the pre-pandemic level, with roughly 900,000 fewer working today than the Bank of England expected in forecasts made just before coronavirus struck.

Andrew Bailey this week blamed the shrinking labour force for the persistence of price and wage increases as well as the difficulties he, as Bank of England governor, is having in bringing inflation back down. Fewer workers tightens the labour market. It also encourages companies to raise prices without fear of bankruptcy and to concede to inevitable and justified pay demands.

What is most worrying is that this is a UK-specific problem. Now that the US has managed to encourage workers back into jobs, the UK has the most persistent post-pandemic drop in employment of any G7 country. And as Tony Wilson, director of the Institute for Employment Studies, notes, Britain also performs poorly among the countries that went into the pandemic with a high employment rate.

> The UK has the most persistent post-pandemic drop in employment of any G7 country

Two questions need answering. Why have the numbers of people in work fallen since 2019 when unemployment is so low? And why has the workforce stopped growing?

The initial question is relatively straightforward. One new problem over the past year has been that the UK now has many more people, especially women, off work and long-term sick. Looking at the data, Michael Saunders, an external member of the BoE's Monetary Policy Committee blamed the "side effects of the pandemic, for example long Covid and the rise in NHS waiting lists". This new and UK-specific long-term sickness problem casts a dark shadow over both the government's management of the pandemic and NHS performance, since it was given as much money as other advanced economy health services.

The other new problem category is older professional men aged between 50 and 70. For full disclosure, this includes me. No one should ever feel too sorry for people that have done well in the labour market since the 1980s, but the steep decline in participation suggests that economists, companies and governments can no longer take it for granted that older men with degrees will stay working, no matter what. If we are choosing to do something else, others in society should not mind too much, except for the difficult fact older professional men tend to be higher paid and significant net contributors to the public finances.

It would normally be more difficult to have a clear sense of the sort of people that would have expanded the labour force but have not sought work in Britain. But this time, coronavirus coincided with the end of free movement of workers from the EU and a drop in European immigration, contrasting with sharp increases seen before the Brexit referendum. Leaving the EU has therefore destroyed the UK labour market's safety valve, leaving it less flexible and able to suck in foreign-born employees when demand is high. They now need visas and many have gone elsewhere.

So, there you have it. Britain isn't working and this is causing higher inflation, lower growth and worse public finances. Some can't get out of bed, some can't be bothered any longer and some can't work here because Brexit forces them to get a visa. None of this bodes well.

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UK windfall tax: Sunak attacks

Soaring energy prices impoverish consumers and enrich producers. Increasing taxes on the latter to help the former has clear political appeal.

But the imposition by UK chancellor Rishi Sunak of a 25 per cent tax on the "extraordinary profits" of oil and gas companies fits satirist HL Mencken's dictum about obvious solutions: neat, plausible and wrong.

The levy will raise a tidy sum. Taking immediate effect, it is expected to garner about £5bn over the next year.

Sunak tried to head off complaints about its impact on investment by pairing it with a "super-deduction" style relief. The new 80 per cent allowance rewards businesses with a 91p tax saving for every £1 they invest.

But Sunak's assertion that the tax changes will increase investment is debatable. The super deduction will help companies only if they are in a position to take advantage of it. Their eligibility will depend on where they are in their investment cycle. Some will benefit from investments they would have made anyway. Others will be unable to raise investment owing to engineering and other complexities.

Sunak's inclusion of a 2025 sunset clause will have unintended effects. The lack of certainty over whether the incentive will be renewed will further distort investment patterns. Blame for the boom-bust cycle of wind power investment in the US has been pinned on the on-off pattern of tax credits.

The new changes will add complexity to the mish-mash of North Sea levies. These include the "ring fence" corporation tax, the supplementary charge and the zero-rated petroleum revenue tax. These are offset by investment and capital allowances. That muddle is a testimony to a tradition of tax tinkering by politicians.

North Sea exploration has become costlier, focusing on smaller fields with more complicated geology. Opposition from the public and politicians to fossil fuel exploration has risen. Meddling with the tax regime will divert investment to friendlier destinations.

Heightened concerns about energy security following the invasion of Ukraine have strengthened the case for making full use of North Sea gas reserves. Prime Minister Boris Johnson lambasted the policy fudges that have increased dependence on foreign sources as recently as April.

By undermining fiscal stability and predictability, his own government has made matters worse.

Crypto start-ups: go with the flow

The chilly winds of the crypto winter are proving that bitcoin is not, as some hoped, a haven. The downturn in prices is running in parallel with the sell-off in tech stocks. The 60-day correlation between bitcoin and the Nasdaq Composite is at an all-time high, Arcane Research says.

Yet crypto start-ups are in line for more funding.

Rising interest rates and fears of recession have hammered demand for digital assets. Collectively, the crypto market has halved in value since the high point last November, say figures from CoinGecko, the data aggregator. Scams and the collapse of supposedly stablecoin Terra have lowered confidence. Crypto remains difficult to use, despite groups such as PayPal offering it as an option.

But private fundraisers are still looking to invest. There are 62 crypto-focused unicorns, up from 49 at the end of 2021, says CB Insights. Silicon Valley venture capital firm Andreessen Horowitz this week said it had closed a $4.5bn crypto fund. Money can be used for start-ups or tokens. Never mind that prices are crashing, a16z (as Andreessen is known) says downturns breed innovation.

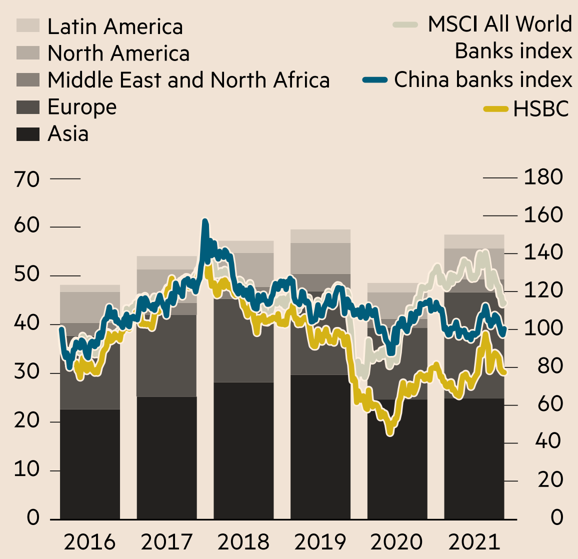
Yet free-flowing private funding may obscure value, in spite of the crash. See the investment in a buzzword-filled start-up working on "climate solutions, powered by blockchain" from WeWork founder Adam Neumann, known for presiding over WeWork's spectacular failure to go public in 2019, knocking its valuation from $47bn to $8bn.

Flowcarbon, the start-up he co-founded, will turn carbon credits sold to companies into crypto tokens. It says recording transactions on the blockchain will increase transparency and tokenising credits will allow them to be traded with ease. But it will not solve problems with the supply of credits linked to poor-quality projects in an unregulated market. Still, Flowcarbon has raised $70mn. The crypto winter has not frozen every part of the market.

HSBC break-up: the twain should meet

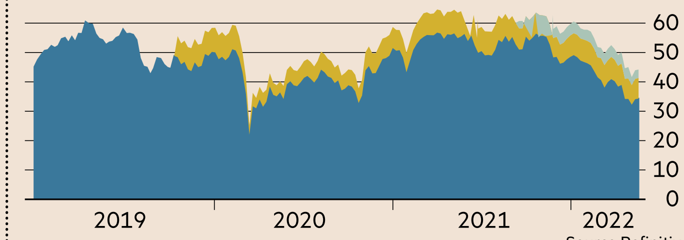
A proposed separation could split off the bank's dominant Asian business. That would also disrupt the network effects that support profits and value. Comparisons with the insurer Prudential, which hived off its UK unit in 2019 and US business in 2021, go only so far.

HSBC is heavily exposed to China



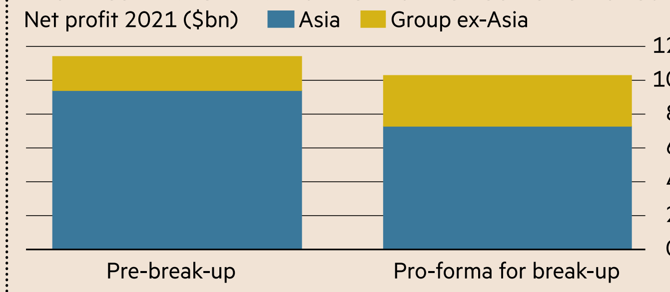
FT graphic Sources: S&P Global; Refinitiv

Prudential break-up has created limited value



Source Refinitiv

Profit estimate if half of network effect is removed



Source: Barclays

HSBC is preparing to float its small Indonesian bank. But no radical break-up is imminent for the big UK-listed lender.

That will disappoint Ping An, which owns an 8 per cent stake. The Chinese state-run insurer this month proposed a separation of HSBC's Asian unit. Investors who also hold shares in Prudential may be inclined to agree. That insurer, also listed in London, deftly demerged its UK and US units, leaving it mainly focused on fast-growing Asian markets and unlocking value along the way.

Yet similarities between HSBC and Pru break down on closer inspection. The insurer's exposure to China and Hong Kong is far lower. HSBC depends on these markets for two-thirds of profits. Political risks there are rising: Beijing has a taste for peremptory regulation against businesses dependent on its markets.

HSBC is already struggling with east-west tensions. Conflicts of interest may worsen if China strengthens ties with Russia. Another difference with Pru is that much of HSBC's value comes from its east-west connections. Pru's powerhouse Asian wealth management business is more localised.

Almost 80 per cent of HSBC's wholesale banking revenues last year were generated by international clients. About half of its Asian investment banking revenue came from clients in the west. If that were lost in a break-up, it would shave $1bn from net profits, lowering the group valuation by more than a tenth, according to Barclays.

It is questionable whether a demerger would generate sufficient compensatory value. HSBC shares trade at 0.7 times book value. A return on equity of 10 per cent is expected in 2023. Hong Kong-listed Bank of China (HK) is doing little better, trading at book value with forecast RoE of 12 per cent.

In recent years, HSBC has streamlined its federated structure and pivoted towards China, where its roots lie. The mood has changed since that move. Diversification now has defensive benefits that are political as well as operational. Fellow shareholders should resist Ping An's calls to separate the Asia business.

BT/Altice: not so fast

National security now depends on internet connections as well as military hardware. No surprise then that the British government is using newly enshrined powers to investigate the acquisition of a putative 18 per cent of BT shares by Patrick Drahi.

A standstill preventing the French billionaire's vehicle, Altice, from launching a takeover bid for the UK telecoms business expires next month.

There is no reason to suspect Drahi of any wrongdoing. He is a seasoned telecoms investor. But it is reasonable for the UK to take a closer look at his stakebuilding in BT, whose subsidiary, Openreach, runs the telecoms network that most other operators plug into.

Big telecoms operators, usually incumbents that began life as state-run monopolies, are seldom foreign owned.

True, telecoms champions in smaller countries have succumbed. Altice acquired Portugal Telecom for €7.4bn in 2015. Denmark's TDC is partly in private equity hands. Mobile groups switch owners with abandon; half the UK networks are owned overseas.

Altice is a worthier target for the scrutiny of the UK's new state M&A watchdog than Newport Wafer Fab, a small semiconductor group bought by a Dutch unit of China's Wingtech. The National Security and Investment Act's mandate does not explicitly extend to the technicalities of Altice's interest in BT. Altice says that it owns the shares outright, without providing any other detail. But the vehicle's acquisitive strategy and its buyout from public markets has left it with hefty debts.

That would make it harder to fund a cash outlay of more than £3bn required to buy 18 per cent of BT. This has triggered City speculation that Altice is partially relying on derivatives and stock borrowings.

There is nothing wrong with leveraged private investment vehicles. But they do not look like natural owners of national telecoms infrastructure businesses — especially one embarking on a costly build-out programme.

Macy's: hey, revenge spender

Who's afraid of inflation? Not America's mid-market shoppers. Retailers that cater to this customer base are having a good earnings season. Macy's, Ralph Lauren and Nordstrom are among those that have bucked the slowdown in consumer spending to report better than expected results this week.

Yesterday, Macy's raised its full-year profit outlook after it more than doubled its net income during its fiscal first quarter. The US department store group, which also owns Bloomingdale's, said formal wear is back in demand. People have been "revenge spending" as a reaction against the woes of the pandemic. That has allowed Macy's to sell more products at full price. The retailer's ability to pass on higher prices is reflected in its gross margins. These rose 100 basis points to 39.6 per cent during the quarter.

This stands in contrast to Walmart and Target. The two retailers, which have lower price points, were among the biggest winners during the pandemic. Both cut their outlooks last week, sparking a sell-off in consumer stocks. Having struggled to get enough goods on the shelf, they are now dealing with surplus inventory.

Macy's reported a 17 per cent rise in inventory. Sanguine investors who bid the stock up may be getting ahead of themselves. Macy's is overly dependent on clothing for its sales. It is no LVMH or Gucci. Its stores remain a squarely mid-market proposition. That is a tough place to be, especially when many stores are in malls. Consumers, even ones with plenty of savings, will not be buying new suits every quarter.

The shares trade on just 4 times forward earnings, reflecting poor earnings growth prospects. This has made Macy's a target for activists. Jana Partners urged the company to spin off its ecommerce business last year.

Macy's shares jumped 19 per cent by noon trading. That was an overreaction to a 9 per cent upgrade to the earnings per share outlook. The volatile market is rewarding a few surprise candidates, even as it hits the mega caps.

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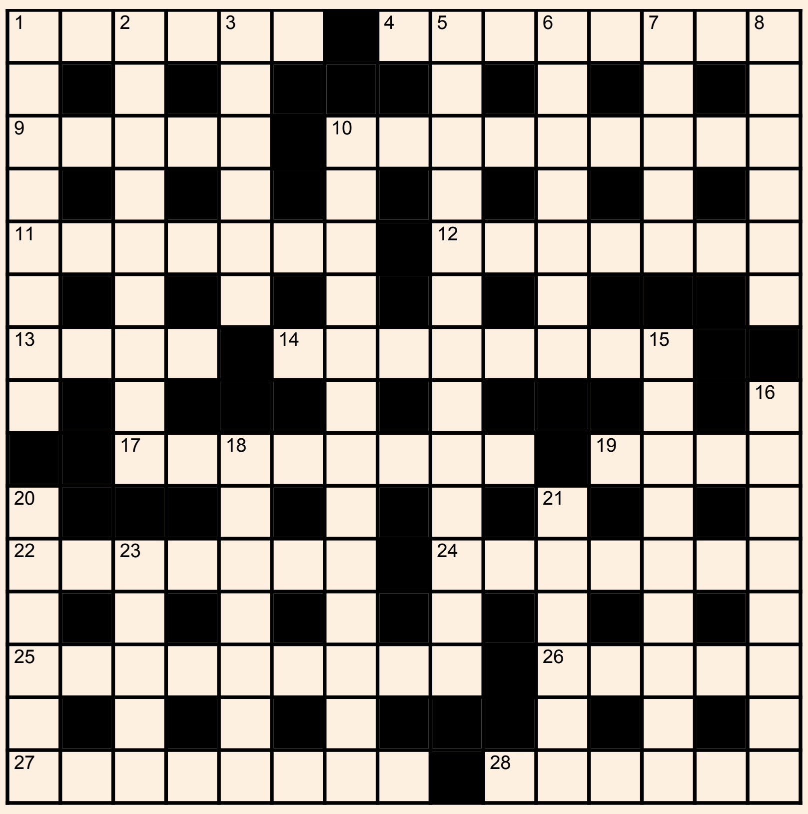
CROSSWORD

No 17,105 Set by BRADMAN



ACROSS

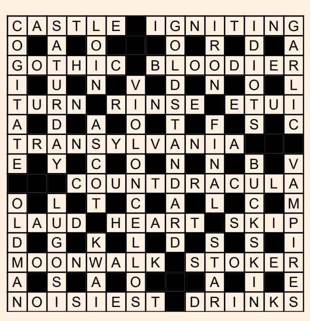
1 Fierce drunk in Brazilian port (6)
4 Gossip about a daughter away from home – one looking for pleasure? (8)
9 Man responsible for stink, reverse of gentleman (5)
10 Character in position behind reversing vehicle (9)
11 Having more green growth in meadow before terrible fire (7)
12 Looks at final expression of goodwill (7)
13 Fish caught by reel sometimes (4)
14 Liking singing in church, having joined the fold? (8)
17 Ruin brought by county female wanting everything (8)
19 Hits back in fight (4)
22 Drinking gin, getting sozzled alongside Scandinavian (7)
24 Dirty member of the family, fellow hiding head (7)
25 Philosopher is alert to change (9)
26 See notices – not just one or two (5)
27 A supposed feature of beauty – yet my Mrs is different! (8)
28 Remain to offer support, no going back (4,2)

DOWN

1 Rose phoned again? (8)
2 Sounds like German chap suffered, being diminished (9)
3 An oldie into rock? (6)
5 Practice in the country when deal is wanted? (13)
6 Island worker on Lammas standing on head (7)
7 One appears in gown erotically – one having a certain something (5)
8 The fellow is entertained by abstemious sort of believer (6)
10 Register theft when this aggressive person has run wild (6,7)
15 Attempt to restrict a piper playing somewhere in Ireland (9)
16 Maybe young boy and knight beset by terrible dragons (8)
18 Left with little energy after game, back in dressing-room after this? (7)
20 Cries with bowl being empty – food to follow (6)
21 "Catty" type in old church group (6)
23 The king and I squeezing into small carriage (5)

JOTTER PAD

Solution 17,104



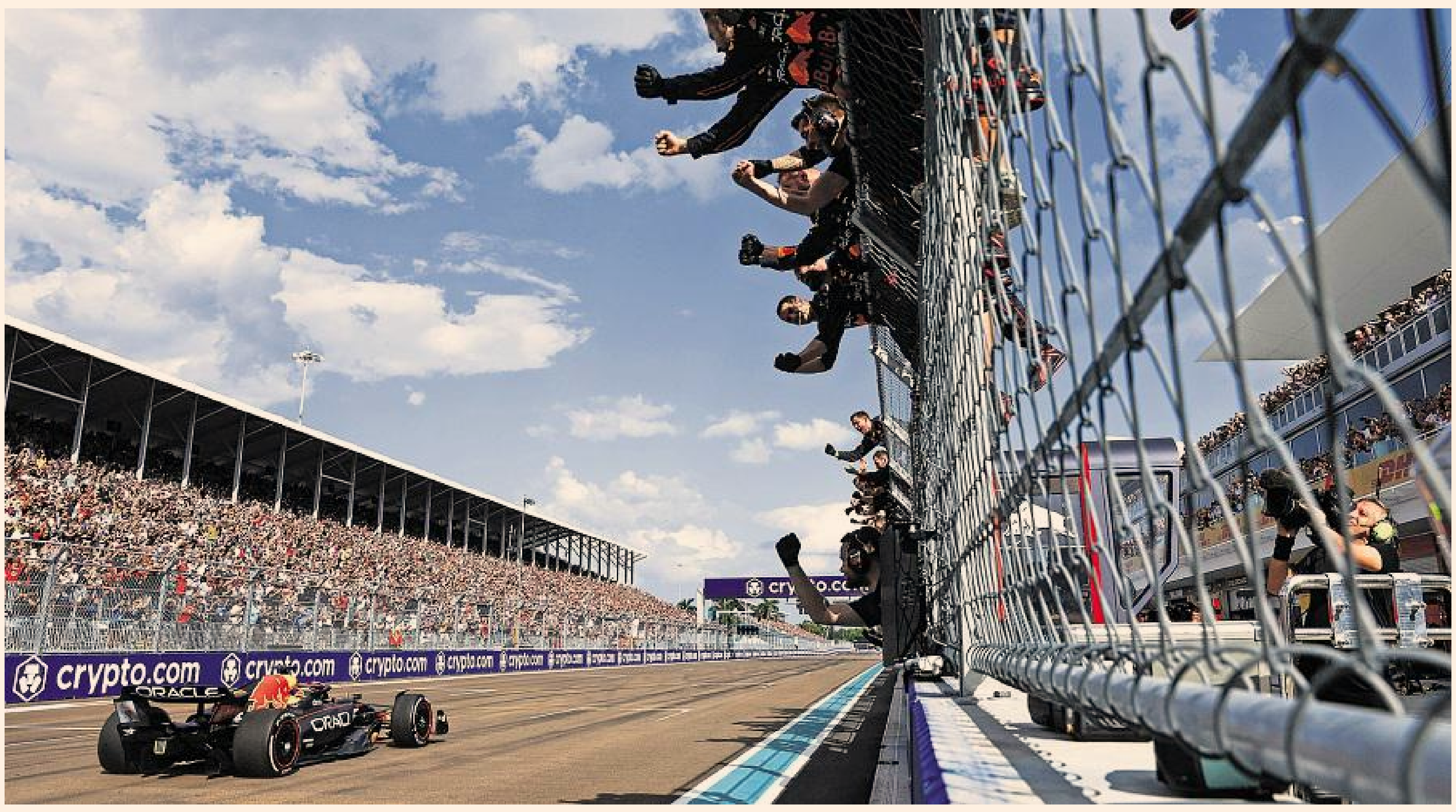
The Business of Formula One

Friday May 27 2022

www.ft.com/f1

F1 accelerates into American territory

Organisers see ample room for growth after inaugural Miami Grand Prix, says *Samuel Agini*



Racing ahead: signing a 10-year deal to add Miami to the racing calendar proved to be a landmark moment for owner Liberty Media — Mark Thompson/Getty

Formula One could not have asked for a louder endorsement of its charge into the US than the presence of sporting legends Michael Jordan, Tom Brady and David Beckham at the inaugural Miami Grand Prix on May 8.

Brady, the American football quarterback who plays for the Tampa Bay Buccaneers, gained almost 600,000 likes on Instagram after sharing a photograph of the trio posing with Lewis Hamilton, the seven-times F1 world champion who drives for Mercedes.

The celebrity line-up, however, is "more of a symbol, a manifestation of the popularity of the sport and what the sport is doing in the United States than . . . [a] driver of [what's] making it popular", says Jefferson Slack, an American sports marketer who is the commercial managing director of the Aston Martin racing team.

Like his compatriot Zak Brown, the chief executive of McLaren Racing, Slack draws a parallel with the Super Bowl, the American football spectacle that is known for its half-time shows and lucrative advertising opportunities.

Nearly six years after Liberty Media acquired F1 in an $8bn deal, the sport is finally building momentum in its new owner's home market. Signing a 10-year deal last year to add Miami to the calendar was a landmark moment for Liberty Media. Previously, the only F1 event in the US was the Texas Grand Prix.

Tickets to Miami sold rapidly and attendance topped 240,000 over the three-day weekend, with 85,000 fans there on race day. An average of 2.6mn fans watched on US television as cars raced on a circuit around the home of the Miami Dolphins American football team.

And, earlier, in March, F1 confirmed that Las Vegas would join the calendar from November 2023, with Liberty Media spending $240mn to acquire 39 acres of land east of the famous strip for the pit, paddock and hospitality.

Austin, Miami and Vegas, plus Montreal and Mexico City, mean that North America will host about a fifth of a hectic schedule that could yet expand to the 24-race limit. While F1 still has a way to go to catch up with US sports such as basketball and American football, its negotiating power has strengthened ahead of the renewal of its US broadcasting contract.

"I don't see any reason why we can't be seen as one of the major sports in America," says Brown. "I think we've got a lot of room for growth."

The 2021 season was the most watched on record in the US, averaging 949,000 viewers a race, up by more than half on 2020. The previous high of 748,000 was set in 1995.

The sport has built on that momentum in 2022. An average of 1.4mn US viewers tuned in for the opening five grands prix of the year, up by 53 per cent on the year.

F1 has used social media and video streaming services to attract new fans. It

Continued on page 2

Inside

Vision Chief executive Greg Maffei says shared revenues, a cap on spending and a focus on younger fans have turned the motorsport around. By *Samuel Agini*

Investors buy into Liberty Media's sport recovery plan

Not so long ago, Liberty Media — the company controlled by US billionaire John Malone — was pleading for patience as it tried to reinvigorate Formula One, the global car racing series.

Now, though, F1 is on a hot streak after a thrilling championship duel last year between Sir Lewis Hamilton of Mercedes and Max Verstappen of Red Bull, as well as this month's inaugural Miami Grand Prix. It has also pulled in millions of new fans thanks to *Drive to Survive*, the fly-on-the-wall documentary from Netflix.

Liberty Media took a risk when it acquired F1 for $8bn including debt in 2017. The sport had been led for decades by Bernie Ecclestone, the former car dealer who turned F1 into a global phenomenon. "There were plenty of things we didn't understand," Greg Maffei, the chief executive of Liberty Media, tells the Financial Times. "But the things that mattered, we were right on."

The sport was at risk of going stale when Liberty Media stepped in. On the track, Hamilton and his team were possibly too dominant, while Ecclestone had neglected social media and young fans in favour of an older male audience flush with cash. It left F1 needing to be more competitive and digitally sharp while increasing its appeal in the US.

"There was an opportunity [that], by creating a better on-track product [and] on-grid experience, you could make it more appealing both to fans, because it was more competitive, and also to investors in the teams," says Maffei. "That would all create a flywheel that was to our benefit as well."

But talks to alter the economics of the sport initially faltered amid disagreements with Ferrari, Mercedes and Red Bull, the most dominant teams, and plans for US expansion dragged on.

Then, in March 2020, the Covid-19 pandemic struck. The opening race in Australia had to be scrapped and teams feared for their financial lives. F1's revenue for the year tumbled 43 per cent to $1.1bn.

Maffei mapped out a recovery plan. Liberty Media shifted assets to strengthen F1's balance sheet with $1.4bn of cash, offered a backstop to teams deprived of revenue, and reworked the calendar to hold 17 races despite travel restrictions. *Drive to Survive*, meanwhile, pulled in more female viewers and younger fans. Last year, revenues recovered to $2.1bn.

The pandemic response served to highlight the desperate need for change. Teams at the front of the grid came round to Liberty Media's proposal for competitors to share revenues more evenly. Despite prior opposition from Ferrari, Mercedes and Red Bull, all the teams agreed to cap individual spending at $145mn, excluding marketing costs and driver salaries. The aim is to ensure that races are won by shrewd use of funds rather than unlimited spending.

New cars introduced this season also make overtaking easier, which should make races more exciting to watch. There had been criticism that the previous vehicles caused "dirty air": turbulence that made it challenging for drivers to close in on rivals.

Investors are buying into Maffei's vision. The new economics of the sport mean that teams can generate returns instead of losses.

In the past 20 months, Dorilton Capital has paid €152mn for Williams; Ineos, the petrochemicals company, has acquired a third of the Mercedes F1 team; and investment firms MSP Sports Capital and Ares Management have bought into McLaren. Big tech companies such as Google and Oracle have also sponsored teams. In 2026, Porsche and Audi, the brands owned by German automaker Volkswagen, plan to join the competition.

Rejuvenated: a focus on social media and the success of *Drive to Survive* have brought both younger fans and more female viewers to F1. Greg Maffei, Liberty Media CEO, right
Chris Putnam/Future Publishing via Getty Images

"Now, the bottom team is probably worth at least $500mn," Maffei says. "It's probably more, they're turning down numbers probably in excess of that."

F1's expansion in the US with the Miami Grand Prix adds to a schedule that already featured the US Grand Prix in Texas. In addition, the sport has struck a deal to race in Las Vegas from November next year. With events in Brazil, Canada and Mexico on the calendar already, Liberty Media has increased the number of races in an important timezone. "Never say never, but we have no plans in the US beyond the three we have," says Maffei. "Our core audience is in Europe . . . we recognise our heritage."

One benchmark of the sport's success in America will be its new broadcasting deal. The current contract, with ESPN, the US channel owned by Disney, was worth single-digit millions and is due to expire soon. The next US deal could be worth $50mn to $100mn, according to one person with knowledge of F1 broadcast contracts. "I think the next deal will be substantially higher," says Maffei. "Our growth in the US isn't done."

F1 has, however, drawn criticism for expanding into jurisdictions that activists say have poor records on human rights. Drivers discussed whether to go ahead with the Jeddah Grand Prix in Saudi Arabia after a missile attack on an oil depot near the track in March. And, last November, F1 held its first race in Qatar, where migrant workers' conditions have come under scrutiny.

"We have plenty of drivers who are aware and help us . . . and we try to do what we can to be a force for good as well as creating a sports spectacle," says Maffei. "It's very difficult to operate in only countries where people are incredibly happy with the regime."

But Russia, a grand prix set up by Ecclestone, will no longer feature on the F1 calendar after the country's invasion of Ukraine. Abandoning that race will mean a loss of up to $70mn in revenue, according to the person with knowledge of F1 finances, though another source close to F1 put the number at $40mn. Maffei declines to comment on the figure. F1 will hold 22 races this year instead of 23 as planned.

Five years since its gamble, Liberty Media has no plans to cash in. Maffei sees new opportunities in the US, sponsorship and advertising, in broadcasting rights, and in fees from the promoter partners that stage races.

"There's a lot of positive flywheels, I don't know we would want to exit," he says. "In an environment where a lot of businesses are challenged, it is pretty nice to have one that's about hitting on every cylinder."

Formula 1 accelerates into US territory

Continued from page 1

also rewrote its racing rules to make them more attractive to a global audience and played the long game to add Miami and Las Vegas to its schedule.

Times have changed since Red Bull Racing boss Christian Horner had, as he recalls, to "leave the circuit through the back door" at the 2005 US Grand Prix in Indianapolis, when only six of 20 cars participated because of tyre problems. Unimpressed, the crowd booed.

After the removal of Indianapolis from the calendar in 2008, F1 did not return to the US until 2012. "Austin came along and it has always been a hugely popular event," Horner says, "but then, really, the phenomenon that has come through is Netflix's *Drive to Survive* [documentary series] . . . explaining the sport, the characters and some of the drivers — it has engaged America."

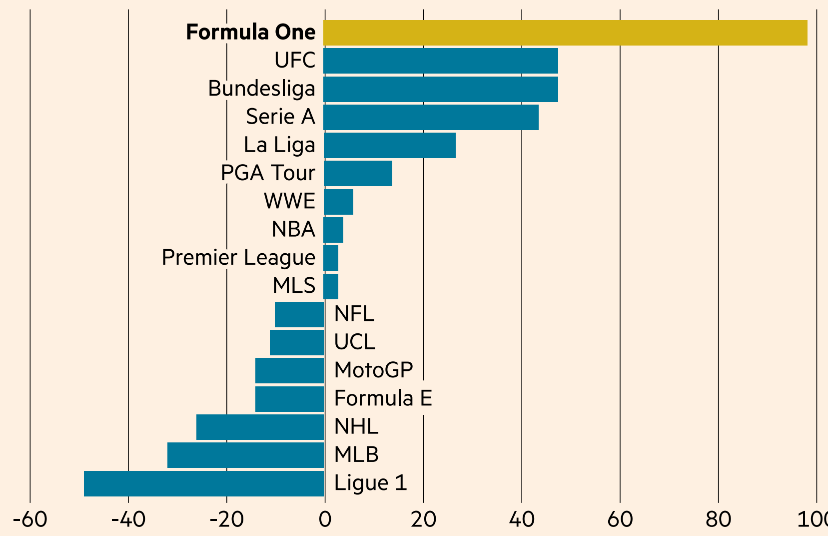
Agreeing to give Netflix access to the paddock was a masterstroke by Liberty, which saw digital content as a marketing tool largely ignored by Bernie Ecclestone, the former F1 chief executive who ruled the sport for decades.

Drive to Survive became a global hit, attracting younger fans and women to a sport that is traditionally associated with wealthy older men. The second and third series of the documentary were aired during the Covid-19 pandemic, giving fans the inside track on the politics of the sport and introducing them to the team principals and drivers.

"In the US, *Drive to Survive* tapped into new audiences," says Toto Wolff, team principal and a shareholder in the Mercedes F1 team. "Netflix has created . . . a very loyal, hugely informed audience for the races."

F1's popularity soars

Yr-on-yr engagement growth between 2019 and 2020 on social media (%)*



* includes Facebook, Twitter, Instagram and YouTube
Source: Formula One

Netflix confirmed over the Miami weekend that *Drive to Survive* will return for a fifth and sixth season.

Laurent Rossi, chief executive of Renault's Alpine racing team, says deeper changes made by Liberty have also increased the sport's appeal after years of domination by Mercedes, which won eight consecutive constructors' championships.

Liberty Media and the Fédération Internationale de l'Automobile, the motorsport's governing body, persuaded teams to agree to a cost cap to help level the playing field. The idea is to crown champions based on how well teams use their money rather than on the amount they spend.

In addition, F1 has introduced cars designed to make it easier for drivers to race closer together — a move to encourage overtaking. The old cars created turbulence known as "dirty air" that made this harder for drivers.

Executives say the outcomes this year are good, although the early frontrunners — Charles Leclerc of Ferrari and defending champion Max Verstappen of Red Bull — both drive for teams that have previously won trophies and historically outspent rivals.

"[The changes] professionalised the sport, for sure, and it's good," says Rossi. "At the end of the day, you want 10 teams vying almost equally for the win, that's what makes the sport interesting."

The next question for F1 is how to build on the sport's success in the US. Some executives hope that its newfound popularity will attract American drivers or teams.

"Would those things help? Of course. But this race here in Miami totally sold out in every shape and form," Brown says. "Formula One has proven it can be very successful in America regardless of the nationalities in the sport."

He cautions, however, against adding more US destinations to the schedule, despite calls by some team principals to consider California, New York or Chicago. "I don't think we need more races in America," he says.

"I think we can always grow the fan base and bring on more partners . . . America is very excited about F1 and I think we've only seen the tip of the iceberg."

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Spending cap ushers in return to profitability

Financials New rules aim to sharpen competition on the track while producing healthier returns for team owners, says *Simon Gray*

The profitability of Formula One teams has traditionally been summed up by a joke attributed to the American Nascar driver Junior Johnson: "The best way to make a small fortune in racing is to start with a big one."

Historically, the most successful teams — especially Ferrari, but lately also Red Bull and Mercedes — have had to spent lavishly to keep themselves at, or near, the front of the grid. In recent years, more than $400mn could be spent during a season.

And, over the past decade, at least four of the 10 teams on the grid have struggled financially, including McLaren, which "spent everything we had and then some in our desire to get back to the front of the field," according to chief executive Zak Brown.

But those days of endless spending appear to be coming to an end — along with the long history of teams scraping through a season by cutting corners, paying salaries late or not at all, recruiting uncompetitive "pay drivers" for their ability to bring money in, and, in the not too distant past, receiving midseason bailouts from former F1 ringmaster Bernie Ecclestone.

Now, under the ownership of Liberty Media, the sport has made changes. Increased revenue from television contracts and race promoters has helped create a $700mn prize money pot to be shared between the 10 teams, on top of sponsorship deals.

But the most critical new development has been the introduction last year of a mandatory ceiling on most (though not all) categories of spending by teams: starting at $145mn in 2021, falling to $140mn this year, and $135mn in 2023.

"A lot of teams did not need to be profitable, because their owners saw it as part of global investment that delivered a return for the business," says Formula One Group chief executive Stefano Domenicali. "But, to stimulate the growth of our business, it is essential to maintain the financial viability of our major stakeholders, which means controlling costs while increasing revenue."

Domenicali, who was team principal at Ferrari between 2008 and 2014, says the impact of the cost cap is already visible in the teams' balance sheets. "Despite the Covid situation, last year was the first in which we did not receive any requests from teams for advance payments," he says.

"As a commercial proposition, Formula One is very stable and strong — all the teams can earn money. We have never had so many partners investing in the sport, directly with us or with the teams. And we see the level of return on investment getting bigger as we expand in new markets such as the US."

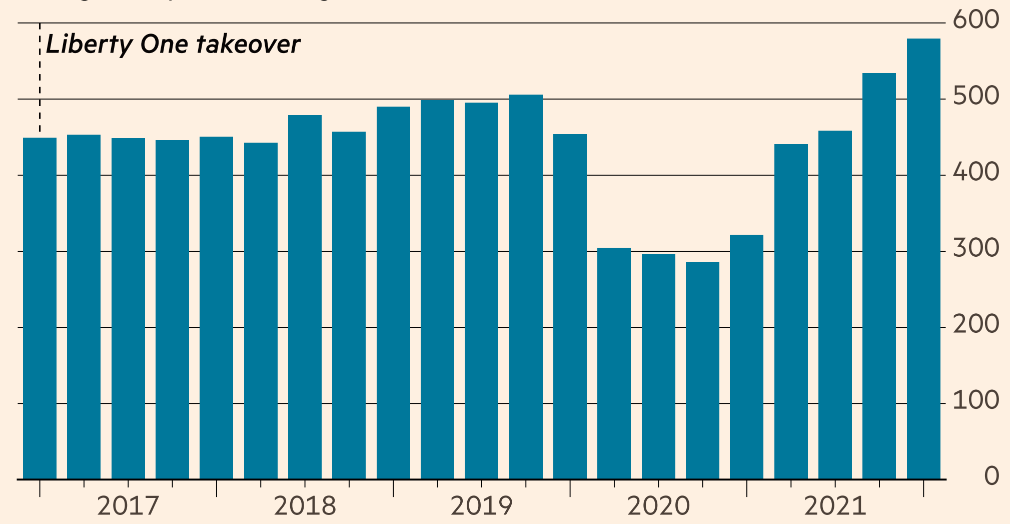
Domenicali also says the benefits of the cost cap are visible in the narrowing of performance differentials between the different cars. "All the teams had scored points after five races, which had never previously happened in the history of Formula One," he says — arguing that this not only means more prize money for all the teams, but also helps them to negotiate better sponsorship deals.

Growth spurt: changes to F1's business model have helped teams become more financially self-sufficient

Clive Mason/Formula 1 via Getty Images

Formula One revenues

Rolling four-quarter average ($mn)



Source: Formula One World Championship

> 'Rather than just generating a return from marketing, F1 has become a profitable sports and entertainment business'

Even teams that were among F1's big spenders see the value of the cost cap.

"It has prevented billionaire team owners outspending each other on salaries," says Toto Wolff, team principal and shareholder of eight times constructors' champion Mercedes. "The cost escalation made the teams unsustainable, which meant that Formula One was not interesting to potential new participants.

"Today, investors know you cannot spend more than $140mn and Mercedes and Ferrari cannot either. Meanwhile, the Ebit [earnings before interest and taxes] of F1 is growing, and the teams take around 70 per cent of that. Even the lowest placed team will get between $75mn and $80mn in TV money before they sign up a single sponsor or a driver that brings in money. The most important thing for team owners is the predictability of their business case."

It is also a significant development for the big teams. "We've gone from a cost centre — although we were always around break-even because of our success — to a double-digit margin Ebit business," Wolff says. "For a team owner, rather than just being a trophy investment that generates a return from marketing, it has become a profitable sports and entertainment business."

The cost cap was long overdue, according to McLaren's Brown. "Previously, there was really no path to profitability because the sport was about who could afford to lose the most," he says. "It's still early days, but we're seeing signs of how it is starting to level the playing field. I believe it will provide fans with more competitive and compelling racing throughout the entire field, and a better financial proposition for racing teams and their shareholders."

However, this has significant implications for new entrants and the value of F1 teams. Opportunities to enter the sport through distressed sales have substantially diminished. Nor does there appear to be any great enthusiasm among the existing teams to expand the size of the grid to the maximum of 24 cars, not least since it would divide up the income cake more ways.

"It would only make sense if a new team was accretive to the business in terms of brand image or additional income," Wolff says.

From an economic perspective, F1 teams are increasingly likely to resemble the US sports franchise model, he suggests, in terms of the limited supply and demand. "Today, if you if you want to buy a Formula One team, just like an NFL or NBA team — you can't. There is simply no team for sale."

Brown says that the value of an F1 franchise is going to increase significantly, as in other sports. "Historically, buying an F1 team brought the obligation to support it financially — the acquisition price was just the starting point," he says.

"Now, teams have the ability to be self-sufficient, for a shareholder it becomes a much more attractive franchise to own. There are only 10 and all of them are healthy. If you consider that we had a valuation of $560mn and Williams was reportedly sold [to Dorilton Capital] for about €150mn, if Chelsea Football Club is being sold for $5.2bn, it certainly shows how much value growth [potential] there is in an F1 team under the new cost path of Liberty's ownership."

F1's Domenicali says he has never previously seen so much interest from investors, not only in attempting to create new teams but also in taking stakes in existing ones. "It means that from a financial perspective the platform is robust enough to guarantee a return on investment."

Drive to Survive star arrives at troubled Mercedes team

Interview George Russell

It could be 'right place wrong time' for the British driver, writes *James Allen*

Imagine going head to head with the greatest driver in the history of Formula One, in equal cars. That is the challenge that George Russell, a 24-year-old Briton, has taken on this year as Lewis Hamilton's teammate at Mercedes.

It sounds like the plot for a Netflix drama — so it seems likely the US streaming service will give the story plenty of prominence in the next series of *Drive to Survive*, the unscripted blockbuster that has turbocharged F1's global appeal.

The documentary goes behind the scenes to look at the F1 teams for all 23 races of the 2022 world championship.

Russell plugged away for three seasons in the back-of-the-grid Williams team, and one of the big plot lines of the last *Drive to Survive* was his nail-biting wait to learn whether Mercedes would oust Valtteri Bottas to hand Russell his big break. It made the young driver a star before he has even won a Grand Prix.

"My mission is to win, it's as simple as that," says Russell. "It doesn't matter who's alongside me. I fought my whole life to get to F1. And, now, I'm fighting to be world champion. I recognise the challenge I face alongside Lewis Hamilton. But you have to focus on yourself. So many people get caught up in what other people do. I need to be open, I need to learn and do what is right for me."

Russell's CV from the junior categories of motor racing is impeccable. He had impressive wins in both F1 feeder series, following in the tyre tracks of Charles Leclerc, of Ferrari, who is one of the drivers to

Screen star: viewers of the official Netflix series saw George Russell (right) finally get his break

Alex Pantling/Formula 1/Getty

beat in 2022. He was watched by Mercedes over the past five years, while they were dominating F1 with Hamilton.

Toto Wolff, Mercedes team principal, has had his heart in his mouth once or twice this year as Russell and Hamilton have fought over the same piece of track, but he accepts Russell's approach. "He's integrated very well, it's almost like he's been here forever," says Wolff. "I'm happy about the two of them, how they interact."

Right place, then, but, sadly for Russell, it is the wrong time. His arrival comes just as Mercedes has produced its first uncompetitive car for a decade, after it failed to interpret the new F1 technical regulations as well as Red Bull and Ferrari. Russell is entitled to feel frustrated but he is not giving that narrative air time.

"It's a unique situation Mercedes find themselves in, having been the dominant force for eight years," Russell says. "People expected us to go out there and things continue as they were. There has been a major regulation change. Not everybody will get it right but I think this offers an amazing opportunity for Mercedes to prove how capable they are to turn this around."

In this situation, Russell's hard yards at the back of the grid will help him. He has been raised on complex problem-solving and keeping a positive energy

> 'When things aren't going as you wish, true colours come out, you learn a lot'

in his team, despite a lack of success. He started this season more strongly than Hamilton, with consistent top five results and even two podium finishes.

"I'm very grateful for those difficult moments because I think, if I jumped into a fast car from day one and had success instantly, obviously that would have been great, but it wouldn't have developed me into the driver I am today," he says.

"Within the team, when there is failure, tensions are higher, naturally. Dealing with successes is easy, everybody's happy. But when things aren't going as you wish, true colours come out, you learn a lot about yourself. I feel fortunate that I had that experience at the start of my career, because you have to dig deep to come out the other end."

F1 drivers are a fascinating case study in rapid decision making and balancing risk and reward under pressure. Here again, Russell's years at the back of the grid have honed his instincts.

"It comes down to preparation and having a rough indication of what you want to try and achieve," he says. "For example, if you are fighting for the world championship and you make a bad start off the line, you probably want to collect the points and be in damage limitation mode.

"When I was at Williams, one point could be the difference between ninth and tenth in the constructors' championship, which is a $16mn position. So every single race we knew we needed highest risk, which would give us the reward. If [instead] you're in a position to earn points week in, week out you have to readjust your risk taken."

Having career ups and downs shown to the world on Netflix, and presenting your story on social media, only adds to the pressure on today's sport stars, but Russell is not naive.

"The value that *Drive to Survive* has had [for] F1 has been immense," he says. "But, ultimately, you want them to be telling a good story. When I look back at Michael Schumacher's career, one of the greatest of all time, he was at Ferrari for four years before he won a world championship with them. And, suddenly, he won five in a row.

"So you've got to persevere. You can't ever lose faith. If you believe in the people around you, believe in yourself and work hard enough, it will come towards you at some point."

Climate change Motorsport engineers hope their efforts to hit net zero will have a 'multiplier effect' on transport, write *Roger Baird* and *Peter Campbell*

Green fuel on the horizon as industry plans emissions cut

Green giant: Aramco and F1 plan to have moved to a 100 per cent sustainable fuel by 2026
Icon Sportswire via Getty

You could be forgiven for thinking that gas-guzzling, high-living Formula One would have to be dragged kicking and screaming towards net zero emissions targets. But for the high-performance engineers who are the backbone of the sport, the climate challenge is an irresistible problem to solve.

"It is a daunting task because we are exploring frontiers that we have not explored before," says Pat Symonds, F1's chief technology officer. "But it is a worthwhile challenge, because it is a way that motorsport can contribute to society."

It has been two and a half years since the sport announced it would achieve net zero emissions by 2030. An audit of its carbon emissions in 2018 showed that the 21-race season produced 256,551 tonnes of CO_2.

Most of these emissions — 45 per cent — came from its air, land and overseas logistics as it transported thousands of tonnes of freight from race to race.

Another 27.7 per cent came from business travel by F1 teams, staff and partners; 19.3 per cent from team plants and offices; and 7.3 per cent from race days, where generators are used to power the circuit and provide broadcasts. Just 0.7 per cent of the sport's emissions came from the use of fuel by its teams across its races and in testing.

However, while fuel use is by far the sport's smallest contribution to its CO_2 output, F1 says that gains made here could have a "multiplier effect" across the global transport sector, provided the high-performance green fuels it pilots are more widely taken up by oil companies and carmakers.

F1 cars this season have switched to a version of the E10 fuel made by Aramco, the Saudi Arabian oil company. This is a mixture of 90 per cent fossil fuel and 10 per cent ethanol. There is a slight drop in the power provided when compared with the fuel the cars used last year, from about 44 megajoules per kilogramme to between 43 to 42 MJ/kg this season, which has prompted grumblings by some teams about a dip in performance.

Symonds defends the change. E10 packs plenty of punch, he says, adding: "This is a pretty damn good fuel. The move applies to all the teams, so no one is at a disadvantage."

The sport currently uses about 1mn litres of fuel a year, mostly on testing, but Symonds says that, by 2026, engine, fuel and other efficiencies will cut this by half.

By that time, Aramco and F1 plan to have moved to a 100 per cent green fuel, which will involve CO_2 capture and low-carbon hydrogen in its manufacture. This will cut greenhouse gas emissions by 65 per cent.

The four-year window for adopting green fuel does not worry Symonds. "This move is cutting edge," he says. "This type of fuel does already exist but not in the quantities we need to run a season and carry out testing. We need reasonable-sized plants to open to do this, and a few are due to open in 2023."

At least two large-scale biofuel plants are set to begin production in Saudi Arabia and Bilbao in Spain next year, Symonds says.

Aramco has provided funding to help develop the fuel and it also gives backing for the teams to carry out testing. The world's biggest oil exporter and F1 have agreed that the new fuel in 2026 must provide at least 42 MJ/kg.

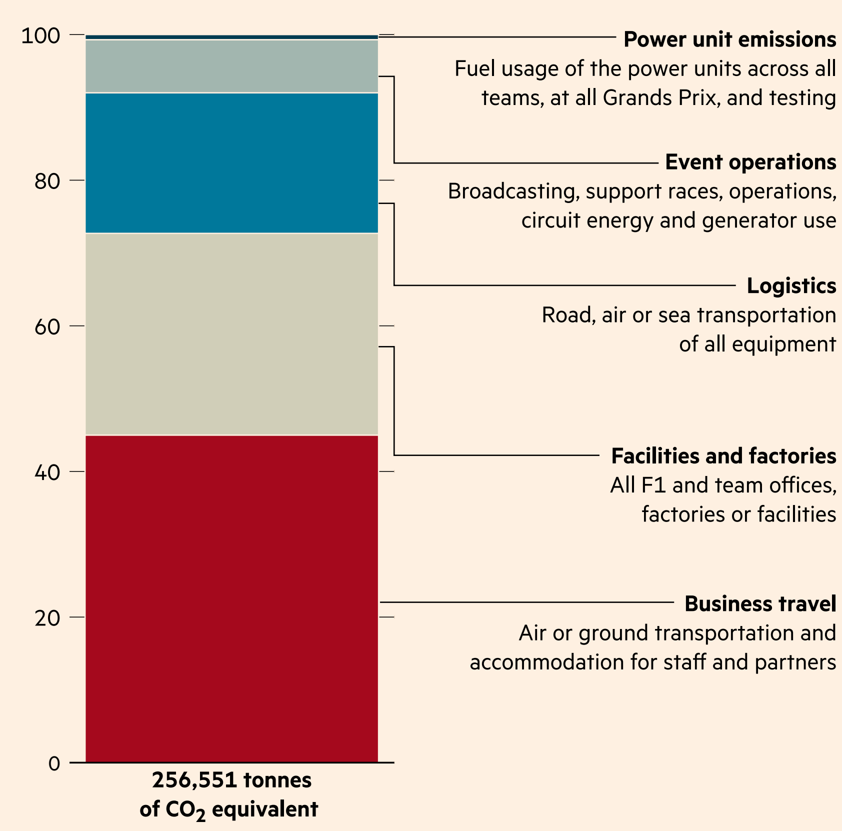
"The combustion engines in F1 are the most efficient on the planet, and are a target that any automaker would love to achieve," says Ahmad al-Khowaiter, chief technology officer at Aramco. "We want to take this technology from racing to the road car, which is in the roots of F1. [The motorsport] over recent years has become less relevant but, with this technology, it is becoming more relevant."

Work on engine designs was essentially stopped in March, when the race season began, although some modifications will be allowed until September in order to let teams prepare for the hybrid engines to be introduced in 2026.

Team budgets are limited to about $145mn this year, and anything from $10mn to more than $100mn can be spent on engine design, depending on whether a team buys an engine from a manufacturer or designs its own.

Symonds says restrictions imposed by the sport will limit the amount that teams can spend on the internal combustion engine but they can focus on electrical systems instead.

Formula One's carbon footprint
Per cent, 2018



Source: Formula One

'F1's carbon footprint is over half of Bermuda's annual emissions'
Doug Parr, Greenpeace

He adds: "We want to see improvements in electrical system design. This can be anything from fast-charging batteries to how the power electronics connect to the motor."

Away from the cars, F1 has already made a range of changes to its operations to cut emissions. In 2020, the sport introduced remote broadcast operations, based at its media centre in Kent, which is home to 165 staff at race weekends. This meant that it could reduce the 70 tonnes of broadcast cargo it sent to each race by 34 per cent, as well as cutting on-site staff by 36 per cent.

F1 is also using lighter containers for air freight and has switched its fleet of four-engined Boeing 747 cargo planes to the more efficient twin-engined 777. More cargo is now sent by sea, as well.

By 2025, the sport wants all of its races to qualify as sustainable events, meaning that circuits must focus on elements such as energy, waste and public transport.

Racetracks in France and Canada have started to use solar panels to offset emissions generated during grands prix weekends. And, for the Dutch Grand Prix at Zandvoort in 2021, 25,000 spectators travelled to the circuit by bicycle plus 40,000 on public transport, after most private cars were banned from coming to the race. F1 banned single-use plastic bottles at all racetracks for its staff and teams in 2021 and, in the same year, Silverstone gave more than 1.9 tonnes of food left over after its race weekend to a food bank.

But these changes may not be enough to make a significant difference to the sport's total emissions. "Formula One's carbon footprint is over half of Bermuda's annual emissions," points out Greenpeace UK's policy director, Doug Parr. "Burning petrol for fun is never going to be green, even if you have switched from E5 to E10, but neither is flying these cars around the world every two weeks for three-quarters of the year. The industry has a long way to go."

According to the most recent audit of the motorsport's carbon emissions, in 2020, there was a near 40 per cent reduction in CO_2 emissions during a 17-race season that was heavily affected by the pandemic. Most races were held in Europe — some were even held in succession at the same venue — and only events in Bahrain and Abu Dhabi took the sport away from the continent. This meant the championship's travel and logistics were heavily reduced.

With races and attendance nearly back to pre-pandemic levels, the sport will have to wait until the end of this season to assess the effectiveness of its changes over the past two years.

New boss Vigna will keep Ferrari's technology humming

Ferrari

The inventor brought in to keep the company on track has motorsport in his blood, writes *James Allen*

When Benedetto Vigna was 14 years old, he sneaked out of the family home in southern Italy and travelled with a friend to Imola to watch the 1983 San Marino Grand Prix — a round trip of almost 1,000 miles. His anxious parents had no idea where he was and, without mobile phones, it stayed that way until he returned two days later. The race was won by a Ferrari.

Vigna went on to a stellar career in technology with STMicroelectronics, a Geneva manufacturer — during which he invented the motion sensor at the heart of the Nintendo Wii console and Apple's iPhone 4.

But, then, last autumn, the 53-year-old strode into Ferrari's Maranello headquarters as its new chief executive.

"I am a technologist, but I am an Italian technologist," he explains. "So, as an Italian, I always had a great passion for racing. This is true all my life. And it's an honour for me to be at the helm of this company. I always dreamt about it. I never thought I could arrive.

"But I remember, when I was going to school, on my backpack there was a red Ferrari with a yellow driver helmet. Now, as a technologist, I am fascinated [by] all the different kinds of technologies that we deploy in F1 and also how we can deploy these technologies in the road car."

Ferrari's fortunes on the track are not just cyclical, they are a rollercoaster. The company dominated the sport with Michael Schumacher 20 years ago. After that, there were several false dawns and near misses, which meant that Ferrari's last F1 world drivers' championship win was in 2007.

However, this season it is a contender again, with a bullet of a car designed to F1's new technical regulations. Its lead driver Charles Leclerc is locked in a battle for the world title against Max Verstappen, Red Bull's reigning champion.

Vigna's role, though, is to look ahead. He has not been brought in to help Ferrari produce or sell its current range of luxury cars. Last year, it shipped a record 11,155 models and there is a strong order book for 2023. Ferrari shares, since listing in New York at $52 in October 2015, have risen fourfold.

Instead, the Italian was headhunted to ensure Ferrari does not make a misstep as it adopts the technologies that will be critical to its future.

The first electric Ferrari will be unveiled in 2025. So, while it seems that the adage "win on Sunday, sell on Monday" — which car manufacturers trot out to justify investment in motorsport — does not apply to Ferrari, Vigna is quick to point out that the link between F1 and quality road cars is about more than marketing.

"A lot of technologies we developed for F1 are transferred to the road cars. So, if you want, the benefit is indirect," he says. "Today, we have the broadest and most innovative sports car range. We also leverage a lot of the hybrid technologies we have been developing in F1 for 15 years.

"This is why the success of the 296 [the new hybrid convertible Ferrari] is very good. So it's not a direct consequence but clearly winning in F1 is testament that our technologies are good.

"Competition is part of the game and the differences are very small. So we have to continually fight to optimise our technologies."

F1 hybrid engines are already among the most efficient motors on the planet, with more than 50 per cent of the available energy from the fuel driving the rear wheels — far more than any road cars.

The next step will be the game-changer in F1's mission to decarbonise motorsport: the shift in 2026 to 100 per cent sustainable fuels.

It is a move that will transform F1's relevance and looks set to attract Porsche, Ferrari's longstanding rival, into the sport.

"All of us, all the companies, have an important responsibility in front of the world that we have to respect," says Vigna. "We are in a period of technology transition. I think that we have to explore all the avenues possible of high efficiency," he adds.

"Sustainable fuels is a big one that we have to keep in mind — we are pushing on that."

Vigna is well aware of Ferrari's pedigree. Enzo Ferrari, the company's founder, who died aged 90 in 1988, was a racing driver and team owner before he built his first road car. Under Vigna, the race team appears to be well aligned with the road car business.

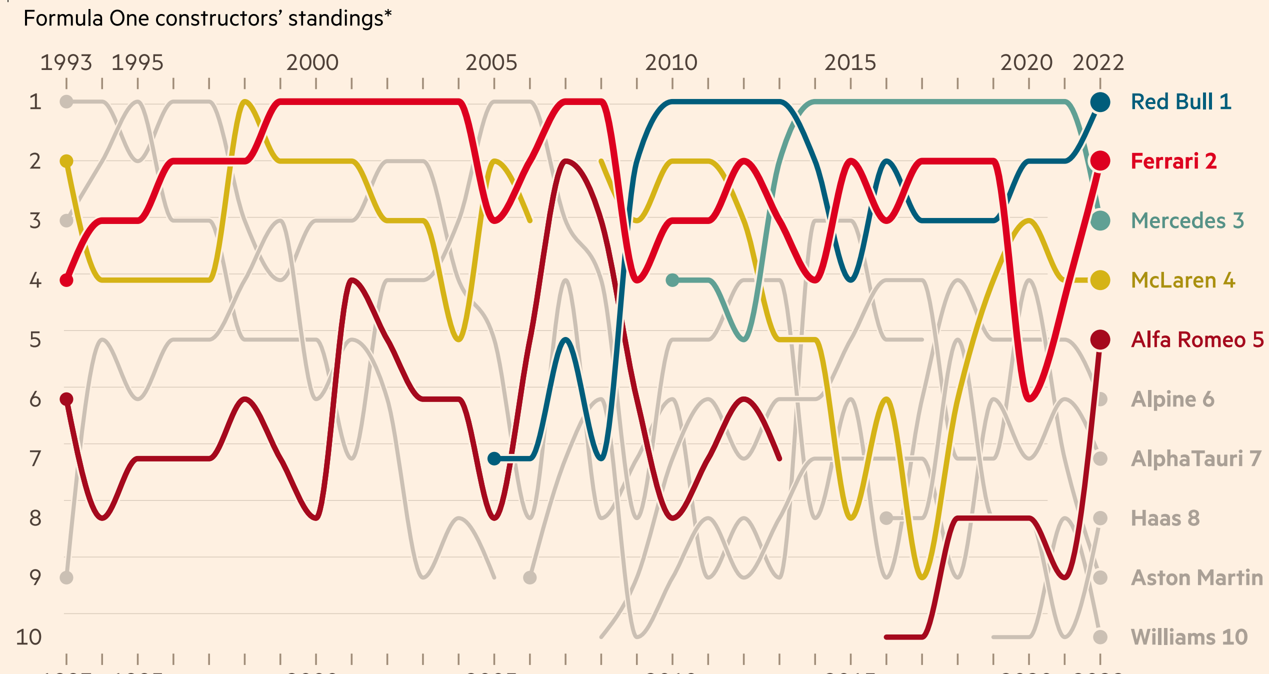
Another tradition that began with Enzo continues to this day. "Here, in Maranello, when we win on Sunday the local church rings the bell and all the people come out of their homes," Vigna says.

"And I can tell you that, on Monday morning, when you're in the office, if you win the race, you can smell and taste the sense of pride of all the people. It means a lot. Competition is part of the DNA of this company."

Global citizen: Benedetto Vigna says decarbonising F1 is part of the sport's responsibility to the world
Daniele Venturelli/Getty

'A lot of technologies we developed for F1 are transferred to the road cars'
Benedetto Vigna

Ferrari are back in the title hunt
Formula One constructors' standings*



Source: Formula One World Championship
* 2022 positions after 6 races



Lewis Hamilton, left, and Hayaatun Sillem, right, co-chaired the Hamilton Commission on diversity in motorsport. Hamilton is a vocal supporter of civil rights, from the Black Lives Matter movement to minority representation in F1 (centre) — Getty; Big T

Hamilton boosts sport's diversity initiatives

Race and racing

Record-breaking driver has helped break down barriers for minorities, writes *Simon Gray*

From its inception, Formula One has proclaimed its global character. Most people in the sport would agree, however, that it has historically featured white, mostly European, men.

But that was before Sir Lewis Hamilton burst on to the scene. F1's first and, to date, only black driver is also its most successful competitor with 103 grand prix wins and seven world championships.

And, in 2020, in partnership with Britain's Royal Academy of Engineering, Hamilton established the Hamilton Commission: a project to identify barriers to the recruitment and progress of black people in motorsport.

Accelerating Change, its report published last summer, recommended ways to make motor racing more diverse and inclusive.

Change should be about equity but also self-interest, Hamilton says.

"The benefits of a diverse workplace are well documented and sport is no exception," he points out. "In fact, it's even more important, because sport has the power to promote and lead change.

"Through this research, we not only identified the barriers that young black people face in entering the sport, but also within the wider Stem [science, technology engineering, and mathematics] education journey.

"I am hopeful F1 can be a leading example on how working together, committing to action and not just words, leads to positive change."

Accelerating Change urged immediate work to improve the representation of ethnic and other minorities in F1. This included calling on motorsport organisations to implement a diversity and inclusion charter and to expand apprenticeship and work experience schemes. It proposed scholarship programmes to help black engineering graduates obtain roles in motorsport.

Other suggestions focused on the causes of educational underachievement among black people and other minorities. Proposed solutions included funding programmes to reduce the high rate of exclusions from school of black students — Hamilton was expelled from his secondary school — and efforts to increase the number of black teachers in Stem subjects.

Hamilton has been supportive in trying to get rid of narrow and outdated perceptions of what engineering is and who engineers are, says Hayaatun Sillem, chief executive of the RAE and co-chair (with Hamilton) of the Hamilton Commission.

"The academy elected Sir Lewis as one of our honorary fellows a few years ago because he is such a great advocate for engineering and, perhaps quite unusually, he's always talked about the role his race engineers have played in his own success," she explains.

Sillem says F1 has been receptive to the issues raised by the commission: "These are people who greatly value and understand the importance of the talent base that they need to help them achieve [success]. Engineering, as a whole, has a very longstanding diversity deficit, but we know these challenges need to be addressed more quickly than we have been doing."

The workplace culture of organisations can be a significant barrier to greater inclusivity, Sillem says. "One of the most uncomfortable parts of reviewing the evidence we received was hearing the experiences of black engineers who had made it into motorsport: unfortunately a universal thread was the experience of racialised banter," she notes.

Aston Martin is one of the F1 teams seeking to address these issues with internal training alongside apprenticeship programmes for marginalised or less privileged members of society. It will include students at an inner-city school in Miami, Florida, as well as detainees at the Feltham Young Offender Institution in London, says Debbie Wall, the company's environmental and society consultant.

"We've done a lot of work on a programme of education, underlining the importance of understanding that we've all got unconscious biases, but it's how we manage them," she says.

"Part of building that culture includes incorporating 'allyship' into our LGBTQ+ Pride Month. People need to know that they can bring their whole selves to work. They shouldn't be scared to be who they are. Having allies within the business is really important."

Previous initiatives on diversity in F1 had been hampered by a lack of information. But the work of the Hamilton Commission has started to change this, says Otello Valenti, human resources and legal director of the Scuderia AlphaTauri F1 team.

"The commission has been very helpful in involving all the teams, collecting data and insights, and providing a big picture of the diversity topics," Valenti says. "In a data-driven environment like F1, this has been useful also to start a conversation and share best practice across teams.

"Since the establishment of the team in 2006 [as Scuderia Toro Rosso], we have been focused on recruiting from very diverse environments to find the most talented candidates. Today, we have people from 36 nationalities of whom more than 15 per cent are female, employed in engineering, manufacturing and operations."

"No progress is ever going to be good enough or quick enough", says Daniel Gallo, chief people officer at McLaren Racing, stressing that his team's programmes are a 10- to 15-year effort.

> 'People need to know that they can bring their whole selves to work'

The team's initiatives include mentoring school students from diverse backgrounds and helping them to develop an interest in Stem topics and related careers.

A priority is to ensure that the recruitment focus is not confined to elite universities. "When you're looking for very specific disciplines like aerodynamicists, there's not a big pool," Gallo says. "It's about broadening where you seek your talent from. I can certainly say that after a couple of years it is paying dividends. That's what drives performance: the more diversity we have, the better that translates into our capabilities."

The debate over diversity in motor racing has taken place against the backdrop of the global Black Lives Matter movement, to which F1 responded with its We Race as One initiative, which underlined the sport's commitment to tackling racism and inequality.

In 2020, Hamilton's Mercedes team sent out a message by switching its silver livery to black. It also launched its Accelerate 25 initiative, which committed to 25 per cent of new hires coming from under-represented groups by 2025. It, too, has launched partnerships to attract students from diverse backgrounds.

In the scheme's first year, Mercedes says, the proportion of recruits from under-represented groups rose to 38 per cent, albeit including business support as well as engineering and Stem-related roles. Overall, the proportion of employees from minority ethnic groups doubled to 6 per cent.

"I'm looking forward to the day when anyone, no matter who they are, has an equal and inclusive opportunity to succeed," Hamilton says.

Andretti knocks on F1 door but will his rivals let him in?

Grid politics

IndyCar boss faces $200mn fee to offset other teams' losses, writes *Jonathan Noble*

Michael Andretti is one of the US's most successful IndyCar team owners, and also involved in Formula E, Imsa, Extreme E and the Australian Supercars Championship. His time spent at racetracks is not just for fun.

So, while Formula One's A-list celebrities were strutting their stuff for the cameras before the start of this month's Miami Grand Prix, the former grand prix driver was hard at work.

Amid a push to get Andretti Global on to the F1 entry list for 2024, he was courting Mohammed Bin Sulayem, president of the sport's governing body, the FIA, to gain support for his plans.

But, no matter how much Andretti wants his F1 move to happen, and for all the support he has from some in the paddock, inclusion is far from assured.

Andretti had hoped to get a place on the F1 grid through a takeover of the Alfa Romeo-branded Sauber team last year. However, at the eleventh hour, with contracts due to be signed, the owners said they wanted to retain some control over the organisation.

The collapse of that deal, and the fact no other team is for sale, has pushed Andretti to try to create an F1 team himself. Two critical elements are already in place. Financing has been lined up, which is believed to include support from Gainbridge, the digital financial products company sponsoring the Andretti IndyCar team. And there is a provisional agreement for a supply of Renault engines.

In the intensely political world of F1, though, Andretti's actions alone will not determine whether his team can compete: F1's structure requires him to have the full backing of current teams for an extra grid slot to be made available.

Some team bosses, such as Zak Brown, the McLaren chief executive, hail Andretti's arrival as a great boost to F1. He talks about it increasing the sport's sponsorship exposure in the US by more than $100mn a year.

Others, though, are not convinced. The chief concern for the sceptics is that the arrival of a new team will dilute the shared commercial rights income.


Michael Andretti, top, is among the most successful team owners on the US IndyCar circuit, bottom

In 2021, as F1 started to emerge from the effects of the Covid-19 pandemic, the 10 current teams split $1bn of revenue between them. The arrival of a new team would mean sharing the money between 11 teams — so there is an automatic drop in income for the existing teams of just under 10 per cent.

In a bid to head off that scenario, F1 teams, the FIA and the Formula One Management operating company agreed that any new entrant would have to pay $200mn to compensate for any potential loss. This was enshrined in the Concorde Agreement that governs the sport until 2025.

> 'It costs a ridiculous amount of money to put two cars on the grid, and that is totally wrong'
> Ian Phillips

Andretti is willing to pay this. However, what is in effect a one-off payment of $20mn for each current team still appears to fall short of the long-term losses likely to be incurred.

So, in simple terms, until Andretti can prove that his arrival will deliver a greater financial benefit for everyone, he is unlikely to get the support required for an F1 entry to be accepted.

"That may sound a bit dry but the value of Formula One is that it's a limited amount of franchises," says Toto Wolff, the Mercedes boss. "And we don't want to dilute that value by just adding teams."

To some, the fact that a potential new entrant as big as Andretti Global can become bogged down in a dispute over money is no shock to some. "Ten teams sharing all the money: it's paradise for them," says Ian Phillips, a former F1 commercial director. "They don't want anybody interfering with it.

"Thirty years ago, there were 19 teams. We all survived and actually the business was better. Now, they have got their hands on the money and, because they can vote to keep it for themselves, they do.

"But, for the benefit of the sport as a whole, it is so short sighted. Unfortunately, the sport today is dominated by money. It costs a ridiculous amount of money to put two cars on the grid, and that is totally wrong."

In Miami, Andretti tried to pull together a document of signatures of all the current team bosses to take to the FIA and Formula One Management. The attempt fell flat.

His best hope now is to lobby Bin Sulayem and Stefano Domenicali, the F1 chief executive. But, while there is talk of progress, he still needs the backing of the teams.

Andretti has approved the construction of a new factory in Indianapolis and has begun hiring F1 staff as he anticipates some form of guidance from the FIA by September.

Everything in Andretti's direct control is in place but the fate of his project lies in winning over the doubters. "I think there's millions of people embracing it," he said. "It's just not the right people at the moment."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