**EURO HITS NEW EIGHT-YEAR HIGH**

The euro broke through the $1.20 mark against the dollar yesterday as political risk in the US could make tightening monetary policy more difficult for the Federal Reserve, weakening the dollar further, according to Derek Halpenny, European head of global markets research at Japanese bank MUFG.

The pound bought as little as £1.0745, the lowest since October 2009, last autumn. Sterling has been weighed down in recent weeks by weak growth figures and moderating inflation, which have lowered expectations of a rise in interest rates this year from the Bank of England.

Slow progress so far in Brexit negotiations has also offered little reason for traders to buy the pound, according to Jeremy Cook, chief economist at forex firm World First.

"The political situation looks uncertain around Brexit," he said. "Support for the pound is not there at the moment."

The new low for sterling comes after an extraordinary period for the single currency as the Eurozone economy accelerates and political risks appear to dissipate.

The euro has risen steadily over the past year against most major currencies to reach levels not seen since September 2014, according to an index produced by the European Central Bank tracking the euro against a trade-weighted basket of currencies.

The euro broke through the $1.20 mark against the US dollar yesterday for the first time since January 2015. Recent events have created a "perfect storm" of factors boosting the euro against the dollar, according to Jennifer McKeown, chief European economist at consultancy Capital Economics.

Investors yesterday sold off riskier assets and the dollar moved money into perceived safe havens, including the euro and gold, after a missile launch by North Korea raised fears of a renewal of geopolitical tensions.

Dollar weakness has been further accentuated by chaos in the White House over the summer, with investor fears building that arguments about extending US government borrowing limits, known as the debt ceiling, could lead to a spike in volatility.

Political risk in the US could make tightening monetary policy more difficult for the Federal Reserve, weakening the dollar further, according to Derek Halpenny, European head of global markets research at Japanese bank MUFG.

He said: "That risk when monetary policy is so finely balanced is something that would quickly influence the prospects of a rate hike by the end of this year."

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**Your claims, give them to me now: Arnie wheeled in for PPI ad**

**JASPER JOLLY**

The City watchdog is planning to spend £24.4m on advertising, £4.9m on a new helpline and website.

Forming part of a new advertising campaign, the ad encourages the public to "make a decision... do it now!", the FCA noted that tens of millions of policies may still be subject to claims by the public.

The City watchdog said that up to 64m PPI policies were sold by lenders, mainly before 2005. Since 2007, around 12m people have received redress, with £27.4bn paid out by banks.

The two-year advertising campaign, funded by 18 firms that have been the subject of more than 100,000 PPI complaints, will cost £42.2m.

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It declined to say how much Schwarzenegger has been paid for the right to use his face.

Unveiling the advert, which features the Terminator star urging the right to use his face.

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**William Turvill**

BRITAIN’s biggest banks are facing more payment protection insurance (PPI) misery, with Arnold Schwarzenegger wheeled out to raise public awareness.

An animatronic copy of the Hollywood moviestar’s head on caterpillar tracks stars in a new advert encouraging the public to decide whether to claim for PPI compensation ahead of a 29 August 2019 deadline.

The two-year advertising campaign, funded by 18 banks that have been the subject of more than 100,000 PPI complaints, will cost £42.2m.

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It’s time the Tories got serious about growth

N JUST over a month the Conservative party will gather in Manchester for its 2017 conference. Rumours of a dramatic leadership challenge are already circulating throughout Westminster and the City’s trading floors – pretty much as they have done ever since Theresa May’s pitiful showing in the June General Election.

But while political gossip and the complexities of Brexit will inevitably take centre stage, the Tory government must not lose sight of the bigger picture. Their party’s pitch for power has long rested on a claim to be the most reliable guardians of the economy, the side that understands people’s ambitions and provides a path for such aspiration to be realised.

This promise depends, critically, on economic growth and how it can be channelled to allow Brits throughout the social spectrum to improve their lot. David Cameron understood this and one can argue his strong performance in the 2015 election rested on the economy’s surprisingly healthy growth and the tax cuts it enabled. GDP continued to expand healthily throughout 2015, and last year defied Cameron’s own warnings of a downturn following the referendum. Indeed, Britain recorded the fastest growth in the G7 – “despite Brexit”!

This year, however, the picture has changed, and the UK has dropped from the top of the G7 to the very bottom. Amid high debts and falling real wages, household spending has plummeted to a two-and-a-half year low, while there is little sign that a weaker pound has led to any significant rebalancing of the economy. A model created by analysts at UBS sees growth falling “close to zero in the near future”, while other banks are advising clients to avoid stocks especially exposed to domestic UK demand.

This situation is dire. It may be partly influenced by Brexit, in which case the government must heed business groups’ warnings and approach negotiations in a manner that ameliorates which case the government must heed business groups’ warnings and approach negotiations in a manner that ameliorates this regime’s isolation in the region and among all nations of the world. All options are on the table.”

Gold prices shot to a near 10-month high in after North Korea escaped a missile over Japan. Donald Trump has warned North Korea that “all options are on the table” in response to Pyongyang’s aggression.

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Golden Trump flew to Texas yesterday to see the damage caused by Hurricane Harvey, which brought devastating flooding to the region. The tropical storm killed at least 11 people and forced tens of thousands of people from their homes. Huge swathes of Houston, the fourth most populous city in America, were submerged, prompting officials to provide shelter for 19,000 people.

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UTC NEARS $30BN DEAL FOR ROCKWELL COLLINS

United Technologies Corp is nearing a deal to buy aviation systems and cabin equipment maker Rockwell Collins for close to $30bn (€28bn) including debt as consolidation among the world’s biggest aircraft suppliers gathers pace. People close to the discussions said the precise terms of the takeover had not yet been cemented, but that the two sides were locked in intensive negotiations with a view towards finalising a deal as early as this weekend.

BIG COMPANIES’ TAX UNDERPAYMENT RISES 14PC

Large companies potentially underpaid £24.8bn in tax in the year to March, according to an assessment by HM Revenue & Customs, a rise of 14 per cent from the year before. The latest total is 31 per cent higher than the sum from two years earlier.

WHAT THE OTHER PAPERS SAY THIS MORNING

ACtivist criticises SAUDI ARAMCO LISTING

Saudi Aramco’s potential $2 trillion (€1.5 trillion) New York listing has attracted fresh criticism from the widow of a 9/11 victim described it as “nothing short of a crowd-funding campaign for jihadi”.

TOURISTS KEEP GREECE Afloat

Greece raked in 26bn (€11bn) in tourism revenue in June. Data from the Bank of Greece shows that earnings were 14.2 per cent higher than the same month last year, when revenues came to €1.7bn. Greece relies heavily on tourism, which accounts for about 16 per cent of its GDP and one in five jobs.

THE TIMES

STATESMEN:

THE WALL STREET JOURNAL

THE DAILY TELEGRAPH

CANTOR FITZGERALD STOPS TRADING VENEZUELA BONDS

Cantor Fitzgerald stopped trading Venezuelan debt yesterday, days after the Treasury Department slapped financial sanctions on the country for undermining democracy. The move is the first blanket restriction on Venezuelan bonds by a large US financial institution.

APPLE SPARS WITH MOVIE STUDIOS OVER PRICING

Apple is scrambling to strike deals with Hollywood studios to offer ultrahigh-definition films on its new Apple TV, but discussions have been hampered by disagreements over pricing, according to people with knowledge of the talks.

Underpayment rises 14PC
Amazon Whole Foods discounts hit grocer stocks

ALYS KEY AND LINSEY BARBER
@alys_key @lynseybarber

SHARES in major supermarkets had a wobble yesterday after Amazon completed its takeover of Whole Foods on Monday.

The online retail giant completed the $13.7bn (£10.6bn) deal at the beginning of this week, immediately slashing the prices of several common groceries in stores.

Concerns over Amazon’s discounting power gave investors the jitters yesterday as the London Stock Exchange opened for the first time after the bank holiday weekend.

Shares in Sainsbury’s were down 2.29 per cent while Tesco dropped 1.82 per cent. Morrisons took the worst beating, closing down 3.7 per cent.

Amazon has already promised that more savings will be introduced as it integrates its logistics and merchandising systems with Whole Foods’ to bring down costs.

Whole Foods shareholders approved Amazon’s takeover last week, helping Amazon to close the deal in record time. Analysis by the Deals Intelligence team at Thomson Reuters suggests the takeover is the fastest retail buyout worth more than $5bn in US history.

Just 73 days elapsed between the announcement and completion of the acquisition, beating the 2014 BC Partners-led acquisition of PetSmart, which took 87 days.

Meanwhile, Amazon’s involvement with the grocery market increased again yesterday, as Ocado became the first grocer in the UK to launch a skill for Amazon’s Echo smart home speaker.

Google submits documents to comply with EU antitrust order

HELEN CAHILL
@HeCaHill

TECH giant Google has submitted documents outlining how it will comply with an EU antitrust order and stop favouring its own shopping services in web searches, EU regulators said yesterday.

Google landed a £2.2bn fine from the EU this summer and was forced to document how it would end its anti-competitive behaviour.

The EU Commission said Google was abusing its power to make its own comparison shopping services appear higher in Google search rankings, impacting rival providers.

Google must end its self-promotion in searches by 28 September.

Penalty payments for failing to comply with the EU’s directive could lead to a penalty of five per cent of the turnover of Google’s parent company Alphabet, amounting to $12m (£9m) a day.

An EU Commission spokesperson said Google will have to submit periodic reports on its progress.

More refinery closures are expected to take place in the coming days, with possible implications for oil prices.

America’s Gulf Coast is home to close to half of the country’s refining capacity. Texas and Louisiana produce around 5.6m bpd and 3.3m bpd respectively.

The Explorer Pipeline, which runs between Texas and Chicago, will close down two of its lines today.

Hurricane Harvey closes 16pc of oil refinery capacity on US Gulf Coast

HELEN CAHILL
@HeCaHill

HURRICANE Harvey shut down more than 16 per cent of the US oil refining capacity yesterday as record rain and flooding battered Texas.

Motiva Enterprises was preparing to close the Port Arthur refinery, which is the biggest in the country, sources told Reuters.

High water in the refinery, which produces 603,000 barrels per day (bpd), was causing operational problems, according to reports.

Supply shortages sprung up as the tropical storm moved up the Gulf Coast, with pipelines lowering deliveries or shutting down completely due to low supply. Around 3m bpd of refining capacity was closed off, and rebooting the plants is expected to take a week or more.

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Catherine Neilan
@CatNeilan

THE PRESIDENT of the European Parliament has dismissed the UK’s series of position papers on Brexit as not being satisfactory, and said there will be no progression to trade talks until the EU is happy with the divorce deal.

Jean-Claude Juncker echoed the downbeat mood of his colleague Michel Barnier, underscoring the level of tension that Brexit talks have now reached.

"The UK government is hesitant in showing all its cards," Juncker said. "Why would it do this? We now have the negotiating team in Brussels meeting with Mr Barnier. I did read with the requisite attention all the papers produced by Her Majesty’s government. But none of those papers are in fact satisfactory."

Juncker, speaking as the third round of talks began in Brussels, added: "There are still an enormous number of issues that need to be settled. Not only the border problems with Ireland and Northern Ireland, which is a very serious problem to which we have had no definitive response, but also the issue of European citizens living in the UK and UK citizens living on the continent."

"We need to be crystal clear that we will commence no negotiations on the new relationship particularly the new economic and trade relationship between the UK and the EU before all these questions are resolved – that is to say the divorce between the EU and the UK."

A Downing Street spokeswoman said the UK was in a "good position" to be able to "move on to discuss our future relationship".

She added: "We believe that we need the EU to show some more imagination and flexibility when it comes to these discussions... Our desire is to discuss both [withdrawal and trade] at the same time."

Bidding war for Matchesfashion nudges up offers close to £800m

Helen Cahill
@HelCahill

A BIDDING war has broken out over luxury fashion website, Matchesfashion.com. The online store, which sells designers such as Balenciaga and Gucci, is close to being sold for a sum of £800m, Sky reported.

Private equity firm Apax Partners is coming close to clinching the company from Tom and Ruth Chapman, the husband and wife who founded the firm in 1987. The two sides could sign a deal within the next few days. However, it is thought the bid from Apax could yet be bested.

Other offers for the fast-growing e-commerce business have come from Bain Capital, KKR and Permira in the past few weeks.

In March, Matchesfashion, which has three stores in London, posted full-year sales of £204m, a growth of 61 per cent.

Earnings before interest, tax, depreciation and amortisation rose sixfold to more than £19m.
Retail experts warn of gaps on shelves in stores

HELEN CAHILL

RETAIL industry experts have today warned gaps could appear on store shelves if the government does not secure the right customs agreements and infrastructure investment required to prepare the UK for Brexit. In a report highlighting the changes the UK will face on leaving the customs union, the British Retail Consortium (BRC) said the government must not “underestimate the complexity and scale of the challenge” the transition poses.

“The government must invest in the UK’s ports and roads and make sure its computer systems are ready for the extra customs declarations expected after Brexit,” the BRC said.

The trade body has estimated that customs declarations could rise in number by between 55m and 255m per year, and that an extra 180,000 companies could be filing declarations for the first time, if the UK leaves the EU on the terms set by the World Trade Organization. In addition, ports must be ready to handle a higher throughput of regulatory documents after Brexit to avoid delays.

Currently, all products from the EU are cleared through customs with a “Single Administrative Document”. However, without a strong customs deal, importers will require a variety of extra documents, including a certificate of origin, security certificates, transit permits, commercial invoices, and more.

“We believe more detail and planning is required around issues like security, transit, haulage, VAT and mutual recognition of enforcement regimes between the EU and the UK on a number of agreements,” the BRC said.

Meanwhile, price deflation on non-food items has hit a four-year low, suggesting costs are starting to mount for fashion and furniture retailers. According to figures from the BRC and Nielsen, prices on non-food items fell by 1.3 per cent in August, which was the slowest rate of deflation since April 2013. Retailers have been battling rising costs from the devaluation of sterling and business rates.

SLY FOX Murdoch’s US business pulls Fox News from UK as Sky takeover deal looms

RUPERT Murdoch’s 21st Century Fox has stopped broadcasting Fox News in the UK via Sky. Fox yesterday said “it is not in our commercial interest to continue providing Fox News in the UK”, citing the fact it attracts an average 2,000 viewers a day.

Mitie profit warning investigated by Financial Conduct Authority

COURTNEY GOLDSMITH

OUTSOURCING giant Mitie is under investigation by the Financial Conduct Authority (FCA) over a profit warning last year.

The City watchdog yesterday said it was looking into the timeliness of a profit warning announced by Mitie on 19 September 2016 and the preparation and content of the firm’s financial results for the period ending 31 March 2016.

“The company is fully cooperating with the FCA but does not intend to update the market until completion of the investigation,” Mitie said.

Mitie’s shares plummeted in September when it warned that profits would be hurt by lower UK growth, rising labour costs and public spending cuts. The troubled outsourcer issued three profit warnings last year.

The troubled outsourcer issued three profit warnings last year.

This news follows a probe by the Financial Reporting Council into the 2015 and 2016 year-end audits of the FTSE 250 firm, which was announced last month.

CINVEN IN £2.4BN SOFTWARE SALE TO US BUYOUT FIRM

Private equity house Cinven yesterday sold CPA Global, a provider of intellectual property software and data, to US buyout firm Leonard Green & Partners for £2.4bn. When Cinven first invested five years ago, it was reportedly valued at £950m. Since then, the firm has invested more than £100m in CPA’s technology platform and completed six acquisitions. The Jersey-headquartered business has expanded its geographical footprint, opening new offices in the US and Asia. It serves corporations and law firms, and manages more than 2m patents for more than 10,000 customers. Cinven did not disclose how much it made on the investment, but said the returned multiple of money invested was “highly attractive”.

NEW POLL SHOWS FRANCE’S MACRON LOSING POPULARITY

A majority of French voters do not trust President Emmanuel Macron to lead the country in the right direction, with his popularity falling further in the month to mid-August, a Harris Interactive poll showed yesterday. The continued slide in support for Macron’s reform agenda comes as the 39-year-old leader prepares to publish flagship labour market reforms this week. The measures are seen as a bellwether for Macron’s broader reform agenda and the decline in post-election support has raised questions over how far and how quickly he will carry it out. The Harris Interactive poll showed 46 per cent trusted in Macron’s political leadership, down five points on the previous month and 13 points off his mid-June high.
An utterly irresistible offer.

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Official fuel consumption in mpg (litrer/100km) for the Volkswagen Tiguan range: urban 31.0 (9.1) – 49.6 (5.7); extra urban 44.1 (6.4) – 67.3 (4.2); combined 38.2 (7.0) – 60.1 (4.7); CO₂ emissions 170 – 123g/km. Information correct at time of print.
What has prompted the euro’s summer surge?

Q&A

THE EURO’S move above the $1.20 level against the US dollar for the first time since January 2015 marks a symbolic moment in the strengthening European economy. Sterling investors will also wince at an eight-year high for the euro against the pound.

As recently as last November, some imprudent analysts predicted the euro would reach parity with the dollar this year, as the greenback surged and the European economy lagged. Those bets are now off. Here’s why.

WHY WAS THE EURO SO WEAK?

Last summer the Eurozone economy was not in a particularly impressive state. Growth was meagre, while the European Central Bank (ECB) had increased its monthly bond purchases, known as quantitative easing (QE), to €80bn (£74bn) in a seemingly desperate attempt to stimulate the economy.

The various ills of the Eurozone translated into an extended period of weakness for the euro. The single currency struggled to break through the $1.15 level against the US dollar, and fears of stagnant growth dominated.

WHAT HAS HAPPENED TO THE EU ECONOMY SINCE THEN?

In the last year all signs have pointed upwards for the European economy. Unemployment has continued to fall, the threat of damaging deflation has receded, and growth, at 0.6 per cent in the second quarter, was double that of the UK.

WHAT ABOUT THE POLITICAL SITUATION?

Stronger growth has been accompanied by market-friendly political outcomes. Elections in the Netherlands and Austria saw populist politicians comfortably defeated by mainstream candidates, boosting the euro’s claim to safe-haven status. That was followed by the victory of independent, centrist Emmanuel Macron in the French presidential elections. European politics has likely not seen the last of populist challengers, but the win for Macron, a former banker bent on reforming the EU, proved to be the trigger for an almost unbroken rally in the euro since May.

WHAT DOES THIS MEAN FOR MONETARY POLICY?

ECB president Mario Draghi faces a tricky task in the coming months in communicating the taper of QE, but the fact that reducing stimulus is on the cards shows how far the Eurozone economy has come in a short time. Draghi’s every word is being scrutinised for signs he will reduce the size of bond purchases after December, in effect tightening (albeit cautiously) the supply of money flowing into the economy. A more hawkish stance (implying faster tapering) would lend even more support for the euro.

WHAT HAS TRUMP GOT TO DO WITH IT?

After Donald Trump’s election as US President the dollar surged against other major currencies, with investors expecting some form of tax reform (in the form of big cuts) and a boost in infrastructure spending. However, after successive failures to pass major legislation, investors now doubt whether anything will be achieved, and have sold the dollar.

EU INTEGRATION

Germany’s Merkel backs calls for Eurozone finance minister

ANGELA Merkel yesterday backed calls from French President Emmanuel Macron for a Eurozone finance minister. Eurosceptics said the comments showed the EU’s drive for closer ties between member states, justifying the UK’s decision to leave the bloc.

Tilney in bid to challenge talks between rival wealth managers

WILLIAM TURVILL

@wturvill

WEALTH manager Tilney made a move for Smith & Williamson after it emerged the firm was in £2bn merger talks with Rathbones.

The rivals confirmed earlier this month that they had entered exclusive discussions over a tie-up.

John Lewis

NEVER KNOWINGLY UNDERSOLD SINCE 1925

NEW TECH FOR THE NEW TERM

Combine portability and performance with the new Samsung Galaxy Book which comes with 5 Pen and keyboard for easy note-taking in lectures

3-year guarantee included at no extra cost until 31 August 2017

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Available in 10"

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Imagination set to foil shorters as shares climb

LUCY WHITE
@LucyGJWhite

LONDON-listed Imagination Technologies ended yesterday with its share price up more than three per cent on the previous close, beating down short sellers’ hopes of a crash.

The electronic chip maker’s shares shot up in morning trading to highs of 134.5p, following weekend reports from Sky News that China-backed fund Canyon Bridge Capital Partners was closing in on a takeover. The price settled at 126p on the close.

Imagination put itself up for sale in June after losing a contract to supply Apple, its biggest customer, in April. Its share price plummeted by more than 60 per cent following the loss, causing hedge funds Algert Global and GSA Capital Partners and asset managers Lombard Odier and Numeric Investors to increase their short positions in expectation of a flop.

But the short sellers look set for disappointment. Sources reportedly said that “significant progress” had been made in talks between Canyon Bridge and Imagination, and a formal bid could be tabled in the next fortnight.

Any offer from Canyon Bridge, which was revealed last year to be part-funded by the Chinese government, would place pressure on UK Prime Minister Theresa May.

May has vowed to crack down on foreign takeovers which might not benefit the UK economy, and the Conservative party’s manifesto stated: “We will require bidders to be clear about their intentions from the outset of the bid process; that all promises and undertakings made in the course of takeover bids can be legally enforced afterwards; and the government can require a bid to be paused to allow greater scrutiny.”

Paddy Power Betfair stock takes a hit after second broker downgrade

ALYS KEY
@alys_key

SHARES in bookmaker Paddy Power Betfair dropped more than two per cent yesterday after a second analyst downgraded the company.

Irish research firm Davy changed its rating from “outperform” to “neutral”, in the absence of any near-term prospect of capital return.

Davy is the second broker to adjust its rating on Paddy Power, after Investec unveiled a double downgrade of the firm from “sell” to “buy” in July. UBS also gave the stock a “sell” rating in July, having not previously given it a rating.

City AM understands that the sentiment of Dublin-based Davy has had such an effect on the share price because Paddy Power has a high number of Irish investors.

Shares closed down 2.06 per cent yesterday.

This was despite a strong weekend for the bookie, which benefited from increased publicity by backing Floyd Mayweather in his match against Conor McGregor.

Like other bookies, Paddy Power saved millions of pounds in possible payouts thanks to Mayweather’s victory, as 80 per cent of bets placed on the match backed McGregor.

Paddy Power saved millions in payouts over the Mayweather/McGregor fight

Hunting’s share price drops as chair of 26 years stands down

COURTNEY GOLDSMITH
@courtneynoelg

OILFIELD services firm Hunting yesterday announced its chairman would step down next month after 26 years in the role.

Richard Hunting will be succeeded by John “Jay” Glick from 1 September. Glick joined the company as a non-executive director in 2015 and has served on the audit nomination and remuneration committees.

Hunting will remain on the board as a non-independent, non-executive director. He was elected as deputy chairman in 1989 and became chairman in 1991.

The FTSE 250 firm’s stock fell more than five per cent to its lowest point in a year before closing down 4.85 per cent at 382.6p.

Earlier this month, Hunting named chief operating officer Jim Johnson as its new chief executive. The group also narrowed losses in the first half as the shale boom in the US continued to drive demand.
Brewdog bites a chunk of profits off for charity

On the same day as the UK government announced new measures to tackle corporate governance issues, Brewdog encouraged other big businesses to consider social responsibility and engage in similar charitable initiatives.

“This is a call to arms for businesses to democratise the impact their charitable contributions can have on their community, their people, and the world,” Watt added.

“In our 10th year at Brewdog, we hope to inspire a new kind of business with the unicorn fund; one that doesn’t measure profit in purely monetary terms. Our mission for the next decade at Brewdog is not simply to redefine the beer industry, but to redefine industry itself.”

Brewdog will toast its staff by giving them a cut of profits

Real Good Food has adjusted its profit expectations for the second time this month

Profit warning gives cake maker Real Good Food a soggy bottom

On the same day as the UK government announced new measures to tackle corporate governance issues, Brewdog encouraged other big businesses to consider social responsibility and engage in similar charitable initiatives.

“This is a call to arms for businesses to democratise the impact their charitable contributions can have on their community, their people, and the world,” Watt added.

“In our 10th year at Brewdog, we hope to inspire a new kind of business with the unicorn fund; one that doesn’t measure profit in purely monetary terms. Our mission for the next decade at Brewdog is not simply to redefine the beer industry, but to redefine industry itself.”

Brewdog will toast its staff by giving them a cut of profits

A smart meter shows you how much energy you’re using, to the penny.

Smart meters show you exactly how much energy you’re using in pounds and pence, putting an end to estimated bills. It’s time to get Gaz & Leccy under control.

Contact your energy supplier today about installing your smart meter.


Growth up at Mike Ashley-backed Findel

Shares in bargain retailer Findel closed up more than 13 per cent yesterday after the company issued an upbeat trading update.

The announcement will please shareholders, including billionaire Mike Ashley whose company Sports Direct owns a 30 per cent stake in the business.

Ahead of its annual general meeting yesterday, Findel said it had seen customer and revenue growth of more than 10 per cent in the 20 weeks to 18 August in its Express Gifts business, which includes online shopping platforms Ace and Studio.

The company also said that its education supplies business, which comprises a number of brands selling stationery, science equipment and craft materials, had improved following a difficult start to the year.

It is the second sign this month that Mike Ashley’s diverse portfolio of investments could be paying off, after shares in Game Digital rocketed just a month after Ashley bought a stake in the business.
Weak pound lifts growth outlook

Lucy White
@LucyGWhite

The UK’s fast-growing businesses are more confident about future trade than at any point over the last eight years, according to a survey from private equity firm ECI Partners.

Half of the 350 UK businesses surveyed, a record number since ECI began the annual study in 2010, predicted sales growth of 20 per cent or more over the next 12 months.

Plans to increase exports were behind much of this shift in attitude, as 72 per cent of UK growth businesses planned to trade more overseas. A hefty 69 per cent of companies which saw benefits from Brexit said the weak pound was behind their intentions to export more.

However, a significant 45 per cent of respondents still said they could see no benefits coming from Brexit.

“What’s interesting is that while the weak pound may be benefiting a certain subset of companies, the vast majority of them are investing in new products, their staff, new offices and sales,” said ECI’s Charlie Johnstone.

Although Johnstone was no advocate of Brexit, he said the resulting uncertainty may have spurred businesses which were in a “wait and see” position into action.

In last year’s study, most companies (72 per cent) counted an economic slowdown as their biggest fear. This decreased to 61 per cent this year, but the number fearing a skills shortage from restricted access to the European labour force has increased from 42 per cent to 49 per cent.

Businesses’ top demand from the government remained constant from last year, with 71 per cent wanting the government to retain access to the EU’s Single Market.

However, at the end of July, its share price rose from under $10 in 2013 to over $300 in the first half of 2017. In the UK, it saw its share price rise from under $10 in 2016 to over $200 in the first half of 2017. In the US, it saw its share price rise from under $10 in 2017 to over $400 in the first half of 2017.

A favourable tax environment to encourage more development in UK life sciences, with an eye to exports and new innovation hubs, has also been suggested by top scientist Sir John Bell, in a fresh independent review unveiled today.

The government will now consider Bell’s recommendations, which have also called for collaboration between the NHS and firms when it comes to digital health products.

Astrazeneca inks $400m deal to develop Parkinson’s treatment

COURTNEY GOLDSMITH
@courtneygold

PHARMACEUTICALS giant Astrazeneca yesterday unveiled a $400m (£309m) deal with Japanese drug firm Takeda to jointly develop and commercialise a potential treatment for Parkinson’s disease.

MED1341 is an antibody treatment which is currently in development and due to enter phase one clinical trials later this year.

Under the agreement, Astra will lead phase one development while Takeda will lead future clinical developments. Takeda will pay Astra up to $400m including initial revenue in 2017 and development and sales milestones thereafter.

Takeda has a strong track record in neuroscience research.

Domino’s is dominating the pizza ad scene

U Ntil last month’s profit announcement, Domino’s Pizza was one of the market success stories of recent times. In the US, it saw its share price rise from under $10 in 2010 to over $300 in the first half of 2017. In the UK, it was also on the up – seeing impressive growth from its stores.

However, at the end of July, its share price fell on its second-quarter results due to weakness in some of its international markets. As well as its stock value in the US falling, it also declined in Australia. In the UK, Domino’s reported lower like-for-like sales than in the previous year.

But how does Domino’s place perception stack up among the public? Global YouGov BrandIndex data paints a nuanced picture for the brand both within and between international markets.

In the UK, Domino’s advertising is cutting through compared to Pizza Hut – one of its chief global competitors. Whereas in 2013, 12 per cent of Brits remembered the brand’s advertising, by this summer it was 18 per cent. In contrast, across the same period Pizza Hut’s ad awareness score has improved from seven per cent to nine per cent.

However, while it is closing the gap with Pizza Hut in terms of how the British public perceives the brand’s quality, Domino’s is still behind on metrics such as value, overall impression and satisfaction. It appears that while the advertising is cutting through, it is not shifting many of the underlying perceptions of the brand.

But this is not the case in Australia, another major franchise market for Domino’s. While it dominates Pizza Hut when it comes to its ad awareness score, it also leads Pizza Hut on any number of measures, only regularly being challenged when it comes to perceptions of quality.

In the face of these currents, Domino’s is still looking to press ahead with its strategy of boosting profitability by increasing the number of outlets, announcing that it intends to open up to 90 new stores in the UK this year and adding almost 500 new outlets across Australia and New Zealand by 2025.

Only time will tell if such expansion will make the public – and the brand’s shareholders – happy.

© Stephen Shakespeare is the chief executive of YouGov
Movado clocks up its profits after buying London brand Olivia Burton

HELEN CAHILL

WATCHMAKER Movado Group has clocked up its profits after buying London brand Olivia Burton, the company announced yesterday.

Net sales for the six months to 31 July rose 0.5 per cent to $128.8m (£99.7m) and adjusted operating income came to $12.5m up 27.7 per cent from $10.1m in 2016.

On the back of the earnings news, Movado Group’s share price closed up 19.5 per cent at $28.50.

Retail brands in the US have been struggling with the decline in department store sales as shoppers turn to the internet; earlier this month, Macy’s reported its 10th consecutive quarter of falling sales.

The watchmaker also added Olivia Burton to the group in the quarter, a London brand known for its floral-patterned watches for women. The company said it hopes Olivia Burton watches will resonate with millennials, and that it intends to expand the watchmaker globally.

Movado Group chief executive Efrem Grinberg said: “We are pleased to report second quarter results in line with our internal expectations, reflecting progress on our strategic growth and cost savings initiatives.

“Despite a challenging US retail environment, our global team’s strong execution of our strategy and our increasing presence around the world led to growth in net sales with particular strength in Latin America, Europe and Asia.”

**IN BRIEF**

**DEUTSCHE BANK ADDS POSTBANK CEO TO BOARD**

Deutsche Bank has added the chief of its Postbank unit to its management board as the lender further integrates its retail arm in a commitment to its home market.

Frank Strauss, Postbank chief exec, will join Deutsche Bank’s board from 1 September as co-head of private and commercial banking along with current board member Christian Sewing, Deutsche said yesterday.

Germany’s largest bank acquired Postbank as Europe’s debt crisis was unfolding and then unsuccessfully tried to sell it.

**LMH TO TURN PARIS SITE INTO THEME PARK**

Luxury goods giant LVMH is to lead a €500m (£55.8m) plan to turn the capital’s 157-year-old Jardin d’Acclimatation into one of France’s top three amusement parks, LeMé which has managed the park since 1986, holds an 80 per cent stake in a partnership with Compagnie des Alpes, a theme parks and ski resorts developer.

**NIGHT CLUBS GET A BOOST FROM SUMMER REVELLING**

A survey of 2,591 people conducted by Deloitte Group revealed good news for Britain’s struggling night-time scene, as the proportion of Brits going out once a week increased for the first time in five years.

The location-tracking feature is unrelated to executive changes, said Joe Sullivan, Uber’s chief security officer, in an interview with Reuters. Sullivan and his team of about 500 have been working to beef up customer privacy at Uber since he joined in 2015.

**QUOTE OF THE DAY**

“Parity in euro/dollar is like being an Arsenal fan”

World First economist Jeremy Cook explains: “At the start of the year it looks possible but then it quickly becomes clear it won’t happen.”

**TV industry risks losing £1bn to online disruptors**

**WILLIAM TURVILL**

THE TRADITIONAL UK TV industry is at risk of losing £1bn to digital disruptors, a new report has warned.

Broadcasters including ITV and Sky currently enjoy an estimated profit margin of £1bn on revenues of £14-15bn a year, according to OC&C’s “To platform, or not to platform?” report.

But this level of profit will be put at risk if “super-aggregators” like Amazon, Facebook and YouTube snatch 10 to 20 per cent of revenues in the market, “as they do elsewhere”.

A further £2bn could be at risk if they “eventually distribute the lion’s share of TV content in the UK over the internet, enabling them to own the viewer relationship, and as such control distribution and marketing”.

“Viewers are facing a complex web of different routes to access TV content, leading to an unsustainable level of confusion and inconvenience,” Mostyn Goodwin, a partner at OC&C Strategy Consultants.

“This environment is giving rise to the need for a super-aggregator service that provides a universal access point to content, a better search functionality and single point of billing.

“As we have already seen with the newspaper industry, however great for consumers, these platforms have caused significant problems for the industries they disrupt and aggregate.

“If this also happens in TV, the UK broadcast industry’s £1bn profit could be put at risk.”

The report noted that broadcasters now face important choices on how to address the threat, “from syndicating their channels to independent platforms, to opening their own online offerings to third party channels and becoming ‘platforms’ themselves”.

**Uber to end post-trip tracking of riders as part of privacy push**

**DUSTIN VOLTZ**

UBER Technologies is pulling a heavily criticized feature from its app that allowed it to track riders for up to five minutes after a trip, its security chief told Reuters, as the ride-services company tries to fix its poor reputation for customer privacy.

The change, which restores users’ ability to share location data only while using the app, is expected to be rolled out to Apple iPhone users starting this week. It comes as Uber tries to recover from a series of crises culminating in the ousting of chief executive Travis Kalanick and other top executives.

Dara Khosrowshahi, chief exec of travel-booking company Expedia is set to become Uber’s new chief executive, sources have told Reuters.

The changes will only be available to iPhone users initially.

The changes only will be available to iPhone users initially.

**THECAPITALIST**

**Whoppercoin: Burger King’s new currency**

AS IF talks of a cryptocurrency bubble weren’t already frothy enough, even Burger King is getting on the blockchain bandwagon, it seems, in a rather surprising move.

The fast-food restaurant has created its own cryptocurrency, or rather, is putting BLT on the currency, or rather, is putting BLT on the blockchain bandwagon, it seems, in a rather surprising move.

Burger King Russia is planning on releasing an app through which the Whoppercoin in Russia. It has already issued 1bn of the virtual tokens, two of which are given to customers for every rouble spent, and 1,700 Whoppers can get you an actual Whopper burger in real life.

Burger King Russia is planning on releasing an app through which the currency can be traded, though it works as more of a loyalty scheme for its regular customers.

Moscow-based startup Waves Platform has helped launch the currency, or rather, is putting BLT on the DLT as it describes it.

Emin Gun Sirer, a computer science researcher at Cornell University, said reward points were actually a good case for blockchain.

However, he went on to add that they could be misused for money laundering and ransomware payments. “This will undoubtedly happen,” he said. Flipping mad.

**TASTY TIE-UP**

**Ford and Domino’s are testing out deliveries with driverless cars**

FORD’S most delicious test yet comes in the US city of Ann Arbor, Michigan, where autonomous vehicles (a Ford Fusion Hybrid) will take to the road to deliver pizzas.

“We’re interested to learn what people think about this type of delivery,” Russell Weiner, the president of Domino’s US, said yesterday. All eyes on the UK roll-out.
Bunzl boosted by acquisitions and weak pound

COURTNEY GOLDSMITH
@courtneyrooel

DISTRIBUTION and outsourcing group Bunzl yesterday reported a rise in first-half profit as the company reaped in the benefits of a weak pound and recent acquisitions.

In the six months to the end of June, Bunzl said adjusted pre-tax profit rose 18 per cent to £248.7m as reported, or up five per cent at constant exchange rates.

Reported revenue increased to £4.1bn, up 20 per cent, though at constant exchange rates this was pared back to a seven per cent rise.

The FTSE 100 company’s shares closed 2.1 per cent down at 2,283p yesterday.

Bunzl, which supplies products including safety gear and packaging materials, benefited from the weak pound in the first half of the year as more than half of its revenue comes from its North America business.

Trading in the UK and Ireland meanwhile was “subdued”.

The company’s underlying revenue rose 3.7 per cent with help from inclusions of £5m relating to £14 acquisitions in the year to date, including the purchase of its China-based Hese firm.

Hese, announced yesterday, Robin Speakman, analyst at Shore Capital Markets, said the Chinese deal was a small but “strategically important” one for Bunzl.

In March the group revealed it had snapped up US competitor Diversified Distribution Systems, labelled a “mini-Bunzl”, in a deal understood to be worth around $160m (£129m). Frank van Zanten, chief executive of the firm, said it was good to see that acquisition activity was increasing in 2017. “Looking forward, we are confident that the prospects for the group are positive and that the company will continue to grow and develop further both organically and through acquisition,” he said.

Higher costs batter profits at Russian gold miner Polymetal

COURTNEY GOLDSMITH
@courtneyrooel

POLMETAL’S profit dropped in the first half of the year as a strong Russian ruble pushed costs higher.

The firm’s net earnings fell 27 per cent year-on-year to $120m (£92.6m) for the six months to the end of June due to the rise in the value of the ruble. The FTSE 250 company’s revenue rose 15 per cent from the previous year to $683m, driven by production growth.

Free cash flow generation is expected to be skewed towards the second half as Polymetal is anticipating higher production and a seasonal working capital drawdown.

WIN A WEEKEND’S STAY AT GRANGE HOTELS AND FOUR LONDON EXPERIENCES

Grange Hotels are offering one lucky City AM reader a two night stay at the luxurious Grange Tower Bridge packed with incredible experiences.

This amazing prize includes a guided tour of The Monument, London’s 202ft column in the City with panoramic views; entry to the Glass Floor at Tower Bridge; a river cruise on one of City Cruises’ site-seeing boat and a tour of London in a bespoke mini with a guide with Small Car, Big City.

For your chance to win this prize, and really SEE London this summer, just answer the following question:

THE MONUMENT WAS BUILT TO COMMEMORATE WHICH HISTORIC LONDON EVENT?

A) THE BATTLE OF WATERLOO
B) THE GREAT FIRE OF LONDON
C) THE PLAGUE

Send your entry to lucky@cityam.com. Please include a daytime phone number we can contact you on.

The prize must be redeemed by 10 September 2017.

Terms & Conditions: The prize is a two night stay at Grange Tower Bridge including English Breakfast for two persons. Prize must be redeemed by 10 September 2017. The promoter is Grange Hotels. The prize includes a complimentary Landmarks of London tour (worth £119) with Small Car, Big City, a complimentary site-seeing Hop-on, Hop-off tour with City Cruises; a guided tour for two of The Monument, London’s 202ft column in the City with panoramic views; entry to the Glass Floor at Tower Bridge; a river cruise on one of City Cruises’ site-seeing boat and a tour of London in a bespoke mini with a guide with Small Car, Big City. Insurance, meals, spending money and all other expenses are not included in the prize other than that stated in the promotion. Entries open to UK residents aged 18 and over. This closing date is 23:50 on 30 August 2017. The winner will be drawn at random from all the correct entries and will be notified on 31 August 2017. If the prize is unclaimed by the initial winner after 1 day, the prize will be offered to another entrant. By entering you accept to be added to Grange Hotels’ respective email newsletter databases. If you do not wish to receive any further information, please add ‘No’ after your answer. The winners, by accepting the prize, agree to publicity if required. The Editor’s decision is final. Only one entry per reader.

Manufacturers warn UK faces hiring ‘crunch’

LYNSEY BARBER
@lynysebarber

BRITAIN’S manufacturing industry has warned of a “looming crunch” in recruiting workers if the government fails to address the issue of being able to hire from the EU after Brexit.

The number of applications from European workers has already fallen by a quarter, manufacturing body the EEF has said, with businesses noting a 16 per cent rise in the number of EU workers leaving their employment.

The latest figures add to an existing skills shortage which means three quarters of manufacturers already struggle to fill the jobs they have. A third of them turn to workers from abroad due to the gap.

“Preventing industry from being able to recruit the best skilled workers from the EU could stifle growth, damage British industry and the UK economy as a whole,” said director of employment and skills at the organisation, Tim Thomas.

The call comes as the UK embarks on a fresh round of EU negotiations to agree a Brexit deal.
RYANAIR is not hopeful that its complaint to competition authorities over plans by Lufthansa to take over parts of insolvent rival Air Berlin will halt the deal, its chief commercial officer said yesterday.

The Irish budget airline has filed a complaint with German and European Union competition authorities over the insolveney process, which it described as a “conspiracy” because it believes that Lufthansa will gain a bigger share of the German market.

“This would not be allowed in any other European country, we have of course made a complaint to the German cartel office and the European Commission,” David O’Brien said.

“We shall see what happens but we are not entirely hopeful.” Ryanair chief executive Michael O’Leary said last week that the Irish group would also be interested in bidding for the whole of Air Berlin, but O’Brien said the Lufthansa bid would probably succeed. Ryanair’s chief marketing officer, Kenny Jacobs, said yesterday that the group is still interested in some assets belonging to Air Berlin, “principally the routes that we could make work well”.

“We’re interested in the process running the way the process should run,” Jacobs added.

At least six bidders for Air Berlin’s assets are reported to be preparing to submit offers by the 15 September deadline.

China wants to put more electric cars on the roads to tackle pollution

NORIHIKO SHIROUZU

THE RENAULT-NISSAN alliance has announced plans to build electric cars in China in a new venture with Dongfeng Motor.

The Franco-Japanese partnership is the latest car maker scrambling to meet Beijing’s stringent quotas for zero-emission vehicles.

The venture, eGT New Energy Automotive, will develop an electric mini-SUV to go into production in 2019 by Dongfeng, with vehicles to be sold under the partners’ own brands.

China wants all-electric battery cars and plug-in hybrids to account for at least one-fifth of its vehicle sales by 2025.

Back, Neck or Leg Pain?

If you or a loved-one suffer from:

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- SCIATICA LEG PAIN
- DISC BULGE
- SPINAL STENOSIS

PROBACK CLINICS offer a safe and gentle approach with no injections or surgery.

Recent research using MRI studies reveals up to 88.9% reduction in disc bulges1

“Within a week there was a significant difference in the amount of pain. When they introduced decompression therapy, my results just got better and better each time… it was amazing!” Louisa Daniel

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PROBACK CLINIC’S aim is to use the most up-to-date technologies to treat some of the most challenging cases of back pain.

With 3 branches in London, Proback Clinics aims to use the most up-to-date technologies to treat a growing problem.

Law student and Proback patient, Gabriela Dempsey, thought back surgery was her only option after suffering with daily, agonising back pain. Her injuries were mistaken for muscle spasm due to her age, but an MRI later revealed 2 herniated and bulging discs. “I was taking strong painkillers every day, but nothing was enough to control the pain – it prevented me from doing everything.”

Sadly, Gabriela’s case is not unique, in 2015 over 31 million workdays were lost due to back, neck and muscle problems1 - making spinal issues more prevalent than the common cold. Proback Clinics’ shockwave and spinal decompression therapies were recommended for Gabriela.

For those suffering with the symptoms of slipped or bulging discs, spinal decompression therapy offers a non-surgical approach to relief, with latest research showing a success rate of up to 88.9%. “I never thought it would get better… when they introduced the decompression therapy my results just got better each time… it was amazing!”

Exam offers now available. Was £220, NOW ONLY £60, including X-rays (if req’d) and results. Call ProBack City and Victoria on 0207 976 6648 or Surbiton on 0208 335 5445.

3. Dr. Leslie-Marie Van den Meersche; compression spinal decompression to be up to 88.9% effective for back and neck pain, available at http://www.probackconslt.co.uk/Research/
HANKFULLY North Korea’s missile launches have not led to any loss of life so far, but the ensuing heightened geopolitical tensions weighed on investor sentiment yesterday. London’s FTSE 100 fell by 0.86 per cent to close at 7,337.43 points, in line with a broader slide among European shares. Financials were the biggest weight on the index, with the sector weighing more than 22 points off the index. Lenders Barclays and Standard Chartered fell around two per cent, following a target price downgrade from Investec.

ITV dropped 4.91 per cent, tracking broader losses among European media stocks after German peer ProSiebenSat.1 stumbled on the back of a weaker outlook for advertising.

Likewise large consumer staples firms such as British American Tobacco and Diageo also added pressure. Building materials firm CRH was among the biggest fallers, down 2.68 per cent following a target price downgrade from Investec. ITV dropped 4.91 per cent, tracking broader losses among European media stocks after German peer ProSiebenSat.1 stumbled on the back of a weaker outlook for advertising.

The Dow Jones Industrial Average rose $6.97 points, or 0.06 per cent, to 21,865.37, the S&P 500 gained 2.06 points, or 0.08 per cent, to 2,466.3 and the Nasdaq Composite added 18.87 points, or 0.3 per cent, to 6,301.89. Gains in the Nasdaq were led by the largest names, with Apple, Alphabet, Microsoft, Facebook and Amazon, the biggest US companies by market value, all higher.

Best Buy tumbled 11.9 per cent to $55.67 after the retailer warned its strong quarterly sales performance should not be seen as a new normal. Nike fell 1.9 per cent to $92.73 after Morgan Stanley cut its price target by $4, to $56.

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The summer holidays may be ending, but Berenberg thinks now is the time to invest in Hostelworld. Analysts have a growing belief in the online travel agent, which reported a 34 per cent profit growth in the first half of the year. They have upgraded the firm from “hold” to “buy” and increased its target price to 370p.

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The university boom creates soaring rents, an opportunity for investors.

Student numbers have been soaring. Back in 1990 fewer than 200,000 students enrolled at a university. Today the number is 535,200. There have been steady increases across all age brackets and income groups.

Obviously this is terrific for universities. What is less clear is where all these students are going to live. Competition for lodgings is getting out of hand.

In July, a group of postgraduates at the London School of Economics declared they were taking legal action against substandard accommodation. In Edinburgh, Bristol, Goldsmiths, UCL, and Durham over the need for more rooms. Falmouth University is building 1,000 student rooms – it still may not be enough.

The shortfall presents an investment opportunity. James Pullan, head of student accommodation at Knight Frank, commented: “The market is still structurally under supplied in all core university cities.” Demand is expected to grow further still. The cap on undergraduate numbers is being relaxed. Savills forecasts an expansion of 6 per cent in international students over the next three years.

Why rents are high and rising
Demand is rising, and squeezing supply. Rents last year rose by as much as 10 per cent. The founder of flat listings website Unilaces.com warned recently that, “The student housing market is in crisis...we can expect even greater strain put on current student housing stock and increased tenant competition.”

The market urgently needs more stock. The sector is growing fast, particularly Purpose-Built Student Accommodation (PBSA), which has established itself as a serious investment class in recent years. International investment into PBSA has almost doubled in the last two years – but it isn’t being offered to non-institutional investors in the way it should be. Technology has changed this. For the first time, access to this asset class has been opened up by a new investment service, Property Partner, which boasts more than 10,000 active investors already.

Purpose-built student accommodation
Property Partner was designed from scratch to be the easiest and most efficient way to engage with the property market. Investors use the website to buy shares in one or multiple properties. They earn income from the rent, and can realise capital gains if the property rises in value.

The platform recently entered the student market, focussing on Purpose-Built Student Accommodation. This is new build for the student sector. PBSA, as it’s known, is comfortable and well appointed. It offers shared social spaces, cable TV, laundry, and organised social events. Some even include gym facilities. It’s a world away from the low-grade housing traditionally associated with student life.

The returns reflect the dynamics of the market: PBSA has returned 11.8 per cent annually on average for the past five years, outstripping residential property at 7.8 per cent and commercial property at 7.4 per cent. Last year, yield on PBSA was 5.4 per cent on average. Property Partner is targeting opportunities offering 6 per cent plus. Moreover, demand has also been rising, standing at 2.3 students per bed space, up from 2.1.

Income from PBSA is stable, as students typically sign up for 48-week contracts, with the additional security of guarantors. As a result the asset class is remarkably durable. During the global financial crisis, for example, data from Lasalle Investment Management shows that rental growth for PBSA continued at 3 per cent to 4 per cent per year, while rental values fell sharply in the wider commercial property market between 2007 and 2010.

Better than traditional property investment
Property Partner makes investing in PBSA straightforward. The platform takes care of all the legwork, including legal work and surveys reports, finding and vetting tenants, building repairs and so on. This opens up the investment opportunity to investors who are either daunted by, or tired with the hassle of investing in property.

It is simple to buy shares in multiple properties through the platform. Some investors back more than 20 properties. Diversification is a golden rule in investing, and property is no different.

The model is tax efficient, holding properties in separate limited companies, making it more efficient for some investors under the new laws when compared to owning mortgaged property directly. And because flats tend to be bought in bulk there is a discount over the normal market rate. Acquisition is done by a team of experts led by Robert Weaver, the former Global Director of Residential Investment at RBS, and a member of the British Property Federation’s Residential Committee. He also set up the Student Accommodation Investment team at Savills. Few private property investors will be able to match his knowledge and contacts.

There is also a unique level of liquidity. Investors may want to divest at a given moment. Traditional property investment makes this hard. By contrast, Property Partner offers a resale market where investors can buy, sell, and bid on shares - like a stock market. Normally, investments are held for at least five years, but the resale market means portfolios can be expanded or contracted as needed, with a current time to sell of 3.1 days, based on the last 30 days of trading.

All parties stand to benefit
The backers reflect the quality of the Property Partner model. The company has received £22m of backing by some of the world’s leading investors, including Index Ventures, backers of Dropbox, Octopus Ventures, backers of Zopla, Dawn Capital, backing Mimecast, and Seedcamp, backing Transferwise.

The investment proposition is clear. British universities urgently need more accommodation, and rents are growing steadily. Purpose-Built Student Accommodation is a fast-growing sector in huge demand from investors around the world. For non-institutional investors, Property Partner offers access to larger investments, on better terms, with the added benefits of diversification and liquidity when needed. In short, the platform offers unprecedented access to one of the UK’s most desirable asset classes.

To find out more go to www.propertypartner.co
## EU Shares

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## Main Changes UK 350

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### Reach Investors, Raise Capital

We are a simple, easy to use stock exchange focusing on companies and investors. For companies, we make it as simple and economic as possible to get onto the market. Ongoing costs are minimal and the regulatory burden should not be onerous. A market-maker will ensure there is always a tradable price in your stock. For investors, access is straightforward and you get the fantastic tax benefits which the UK government generously offer to encourage investment in growth companies.

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To find out more visit our website or contact:

Businessdevelopment@nexexchange.com
A Great Unbanked will emerge if cash is phased out recklessly

The benefits are clear. Inclusion is good for society – it can boost economic growth, provide protection from risk and provide access to savings and support, to start and grow businesses.

As technology advances, so too has the ability of banks, and fintechs, to target the unbanked in a way that, until recently, was simply not possible.

For instance, China’s Alibaba now uses customer commercial transactions to establish credit records and encourage small and medium sized enterprise lending.

But as we go cashless, society risks excluding some even further. Those dependent on traditional forms of currency could become disenfranchised from mainstream commercial life and emerge as a new underclass.

This means that as we manage the transition to cashless ways of doing business and living everyday life, innovations must be brought in for the unbanked as well.

The question is already here. Since the unbanked are not entrenched in the old-fashioned banking routines of branches, ATMs and credit cards, they are more likely to embrace digital banking on their phones.

In Kenya, for example, M-Pesa uses a simple text message to allow people to send and receive money, resulting in almost half of Kenya’s GDP now flowing through the system.

Established players like Orange and Telefonica are trying to replicate that success in markets from Latin America to Southeast Asia.

Today in the UK, the Payments Strategy Forum, is driving innovation here, such as a new “request-to-pay” service, whereby consumers control how and when they pay their utility bills.

An example could be for pay-as-you-go electricity, often used by the unbanked, but more expensive than a fixed contract due to the high cost of collection. But this could be made through a phone app using APIs direct to a bank account, at a very low collection cost. This could give the user access to cheaper electricity.

Nevertheless, cash is not going away any time soon.

Cash circulation is, paradoxically, on the up. And as we welcome a new Jane Austen-emblazoned £10 note next month, there will always be people who rely on cash, or simply prefer using it.

It is therefore important that cash is preserved in society, and that cash transactions are integrated into new digital processes.

This dual approach can ensure financial services remain accessible and avoid the risks of disenfranchising consumers.

We are navigating new ways of processing payments, but cash is still in our sails.

Jeremy Light is head of payment services at Accenture.

There is still a big group of people who operate outside of traditional financial services. Even in the UK, there are 1.5m adults that remain unbanked, according to the Financial Inclusion Commission.

Traditionally banks haven’t prioritised the unbanked, viewing them as having limited commercial potential, and being expensive to serve. But now, service providers now mark financial inclusion as a priority.

Disdainful neo-Luddites won’t like it, but the UK must keep on (driverless) truckin’

The potential activities around hen and stag events know no bounds. An adventure activity day is offered involving “Segways or zorbing.”

Specific fitness courses are offered to ensure that not only the bride and groom, but their entire supporting cast look suitably “shaped and sculpted.”

Even your faithful pooch can be groomed for the occasion, and look glowing through consuming organic dog food.

What a pity there was no advert for vegan canine sustenance... This is a snapshot of how innovation impacts the economy. Technology enables a product or service to be provided more cheaply and at a higher quality.

Some people directly involved lose their jobs. But everyone else is made better off, and their extra spending creates entirely new types of jobs.

Paul Ormerod is an economist at Volterra Partners LLP and a Visiting Professor at the UCL Centre for Decision Making Uncertainty.

The adverts for venues, for example, usually stress that a dedicated wedding coordinator will be assigned to you during the planning stages. And a dedicated wedding events manager will ensure that the day itself goes smoothly.

Bridalwear experts can be hired to advise on the choice of costumes. People can, and do, pay substantial fees to be told that “if you plan to marry at the height of summer in Spain, a heavy material such as velvet is inadvisable.”

Special courses of dance classes are available so that the bride and groom can perform a “full-on choreographed, fabulous first dance.”

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**LETTERS TO THE EDITOR**

**Sleeping Syed?**

[Re: Brexit is an opportunity to shape the future of UK tech, yesterday]

It is incredible to see Conservative MEP Syed Kamall writing that there has never been a more opportune moment to shape policy. Mr Kamall must have been asleep when business groups such as the Institute of Chartered Accountants were warning of the dangers of changes to benefits and charities for hiring non-EU workers using Tier 2 visas, or when NHS chiefs were warning about the lack of certainty for EU citizens. No technology, no matter how sophisticated can make up for bad policy. And in any case I thought we were told by a certain minister that we shouldn’t listen to experts anyway?

Chris Key, London

**Recessions lesson**

[Re: Debate, yesterday]

Consumer spending isn’t quite collapsing. The CBI survey was disappointing, but the latest GDP numbers showed a weaker consumer also. But other measures of retail sales are continuing to rise modestly from where they were a year ago. As we have noted previously, a consumption slowdown was likely following the Brexit vote, although we felt it would take time for people to start reining in their spending. Some consumer brands companies have been referencing lower-than-expected revenue growth in recent reports and signs seem to indicate that consumers are becoming more careful about how they spend. But this doesn’t suggest a recession is in the offing. Growth is relatively strong – and broad-based - worldwide. All OECD countries are growing right now, a something we haven’t heard for a decade. It’s spending power that is squeezing consumers, because of poor wage growth and higher inflation. The consequence of that is growth but not falling growth. Still, we are watching developments closely. Julian Chillingworth, Rathbones

**The NHS needs a revolution: Automation, not bureaucracy, will put its broken house in order**

Kate Laycock

The NHS is the world’s largest purchaser of fax machines. As well as replacing aspects of jobs with technology, the NHS regularly uses wearable techology. Over 3.6m people in the UK regularly use wearable technology.

The NHS is the world’s largest purchaser of fax machines. Machines can interpret imaging with greater speed and accuracy than doctors. A high proportion of breast screening yields false positive results, interpreted by humans, leading to one in two healthy women being told they may have cancer.

Al is enabling interpretation of mammograms 30 times faster with 99 per cent accuracy, reducing the need for unnecessary biopsies and the concern of misdiagnosis. Senior NHS officials are starting to question what the role of radiologists will be in the future. As well as replacing aspects of jobs or even whole roles, technology can also improve productivity, meaning fewer clinicians are needed to deliver the same standard of care. In general practice, for example, an app allowing patients in Birmingham to communicate with their doctor has reduced accident and emergency admissions.

Technology has been deployed on a larger scale, allowing care to be delivered at a much lower cost in the UK.

The proposed package could also prompt changes to the way businesses structure acquisitions in the future. Territoriality will be a further nail in the coffin of controversial inversion-lead deal making. Bonus depreciation or possibly lifetime expensing for capital assets, including intangibles, could incen- tivise US buyers to acquire these assets directly, rather than through stock deals. Private equity funds would likely change their structures if carried interests lose their capital gains tax preference, as proposed by some.

Given the plethora of potential changes to the US tax regime likely to be tabled in September, it is easy to understand why standing on the sidelines has become the A&A Strategy of choice for some chief executives this summer. But as execs return from their vacations, the scale and ambition of the programme the Republicans are expected to put forward is becoming clearer, meaning a holding pattern will soon cease to be the appropriate option. Understanding the implications of the likely tax reforms will be a key priority for chief executives consider- ing M&A activity in the weeks, months, and years ahead.

Kate Laycock is a researcher at REFORM.

**Letters to the Editor**

**WE WANT TO HEAR YOUR VIEWS**

E: theforum@cityam.com

COMMENT AT: cityam.com/forum

@cityam

**US tax reforms lay the foundations for an M&A boom**

Karen Hughes

A potential loss of interest deductions would likely serve to stymie highly leveraged deals

The US will be a major beneficiary of the slashing of the corporate income tax rate to 25 per cent, or less.

For the energy sector, the proposed package is likely to offer up a mixed bag. The sector is likely to be hurt by the limit on interest deductibility, with infrastructure projects highly leveraged. But other aspects would be beneficial, albeit large existing tax losses may mean there is less immedi- ate benefit.

The proposed package could also prompt changes to the way businesses structure acquisitions in the future. Territoriality will be a fur- ther nail in the coffin of controversial inversion-lead deal mak- ing. Bonus depreciation or possibly lifetime expensing for capital assets, including intangibles, could incen- tivise US buyers to acquire these assets directly, rather than through stock deals. Private equity funds would likely change their structures if carried interests lose their capital gains tax preference, as proposed by some.

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Karen Hughes is co-head of the Global Tax Practice at Hogan Lovells, based in London, advising on global M&A.
NOT ALL DEBT IS EQUAL

With the credit pile amounting to £28,000 for most UK adults, it’s important to differentiate between the good, the bad and the ugly.

Jeanette Makings

RISING personal debt is clearly a worry at the forefront of the Bank of England’s collective mind. The figure of the nation’s debt currently stands at about £1.5 trillion, an average of £28,000 for everyone aged over 16 in the UK.

Such an eye-watering figure has naturally triggered a flurry of warnings from the Bank, and may even trigger prudential action.

But not all personal debt should be viewed in the same light. For example, some debt is affordable and makes up part of an overall financial plan that allows individuals or companies to invest in their futures.

THE BIGGER PICTURE

Most people incur debt at some stage in their life, and much of it is good debt. Whether taking out a loan to pay for further education, borrowing money to invest in a business, or taking out a mortgage to pay for a house, this type of debt is far from uncommon.

What makes the debt good is that it is planned, it has been researched and the best fit has been found. The debt must be affordable and have a clear investment in your future and one which, in theory, should mean you are better off in the long run.

This might be because of your ability to apply for higher paying jobs after gaining a university degree, owning a property rather than renting, or making returns from the investment in your business. This could also involve consolidating existing debts into a cheaper loan, or remortgaging, for instance.

Providing there is a clear plan to pay back the debt and the terms are realistic and affordable (even when interest rates change), taking out a loan is not a bad financial decision.

DON’T BE HASTY

However, loans which are taken out without any prospect of making you better off financially in the longer run, are a different proposition altogether. These tend to be linked to shorter term buys such as holidays, cars, clothes or other products. Or a loan could be taken out to meet unexpected financial shocks such as a car break down or a broken boiler.

Failing to shop around among providers, or picking the wrong financial product, can easily mean a debt that starts out as good ends up being bad. It can also make the impact of bad debt more significant by adding unnecessary cost.

Credit cards, for example, are not a recommended source of finance if the debt won’t be repaid within the same month or within the zero percentage charge period.

Borrowing more than you can afford to pay back across multiple debts can leave many people in precarious situations. So even with good debt, you should consider how you’ll meet repayments if interest rates rise or you have an unexpected drop in income.

For the consumer, it’s crucial that they understand the terms and conditions attached to repayments, as well as having a Plan B should any of these unexpected circumstances arise.

COSTLY CONCERNS

Debt can prove to be more than a financial burden. Having unpaid debt often causes anxiety and stress which, for example, can affect performance at work, as well as quality of life.

Research we conducted with the Chartered Institute of Personnel and Development (CIPD) found that a quarter of people in the UK are suffering with money problems so substantially that it affects their ability to do their job.

The number reporting problems rises to a nearly a third among 18 to 24 year olds, and for those people living in London.

The problem is not limited to low earners either, with one in five employees earning £45,000 to £99,999 saying that financial anxiety has affected their ability to do their job.

ALLEVIATE THE DEBT ADDICTION

Part of tackling this problem is for employers to help employees understand the difference between good and bad debt, and to provide support to help people manage bad debt and reduce their financial worry.

Not only will this help those anxious about affordable debts that may be perfectly normal part of financial planning, it will improve financial decision-making.

In doing so, this will support morale and productivity. For those unable to manage repayments, then debt counselling or using a company’s Employee Assistance Plan can help.

Most of these plans will have a debt counselling facility and they will be able to help quickly and confidentially. Increasing awareness of these services, and removing the stigma around using them, will be vital.

KNOW WHEN CREDIT IS NECESSARY

As the Bank of England frets about the growing mountain of personal debt which UK citizens possess, it’s clear that education is vital.

Debt is frequently necessary, often helpful in financial planning, and not all debt should be seen as negative.

However, helping employees identify what constitutes good and bad debt, and understanding how good debt can become bad is a vital place to start when trying to tackle an over-reliance on borrowing.

© Jeanette Makings is head of the financial education service at Close Brothers Asset Management.
improving your health doesn’t have to involve five sessions a week in the gym. At some point in your life everything you do will come back to health and longevity. Hit a certain age and you’ll start wanting to live longer, be pain free, move without restriction and have enough energy to face the day. To help you achieve these things, I’ve listed a few techniques that have changed my own life and don’t require too much time.

You may think some of these sound odd or “gimmicky”, or just too much effort, but I challenge you to all give them a try at some point over the next week. I’m confident that if you can add them to your daily routine, then you’ll feel the benefits.

Investing in quality time for you is something we all need to do more. Ultimately, your health and wellbeing is the most important thing. People often challenge me and say ‘family, friends or jobs come first, but if you’re functioning better, all these things will improve too.’

MEDITATION
People I know will frown at me when I ask them if they meditate. I was the same. I thought meditation involved sitting with your legs crossed humming. But taking 10 minutes out of your day to just switch off will instantly change the way you feel. There are so many ways to meditate – you just need to find one that works for you. For the last year I’ve been using an app called Headspace every morning. It involves you listening to a guy speak for 10 minutes, getting you to focus on parts of your body or on your breathing, and sometimes asking you to think of nothing at all, which isn’t as easy as it sounds.

It taught me that I never used to do. Everything was going 1,000 miles an hour. My anxiety has been pretty bad in the mornings over the last few years and meditating has improved it a huge amount.

There are lots of meditating apps out there or videos on YouTube. Even just sitting back and thinking about your breath for a few minutes counts as meditation.

FOOT MOBILITY
You may have an influence on the entire body. Most injuries that I have dealt with over the years have been

improved by working on foot function. But our feet are so often overlooked – not once has someone come into my gym and said they want to improve their foot strength.

The body is one big kinetic chain, and if the foot doesn’t function properly, the force will shoot up the body, to the knees, then the hips and to the lower back and beyond. A pain in your knee might just be a symptom of a problem with your foot.

Part of the problem is the way we wear shoes for our entire waking lives – imagine if we lived most of our lives with shoes on our hands – how weak they would become? I’m not suggesting that you should start walking around the office in your bare feet, but kick your shoes off when you get home. The more you walk barefoot, the more you improve your foot function. Underfoot a stop earlier, walk up the stairs at work instead of getting the lift.

People can burn 150 calories from 30 minutes of walking. Although this doesn’t seem like much, if you calculate the extra calories over the space of a few months, it all adds up.

Walking can also promote mindfulness, allowing you to slow down your day, giving you time to think about things and let your environment wash over you. It also helps with blood flow and circulation.
Square Mile sartorial style has received a dose of tech

The notion of ‘no brown in town’ wanes as the startup generation takes over the City

Naturally, we still witness fresh-faced graduates who look like they’re in school uniform, sticking to the unwritten laws of the City. A classic is a classic, after all.

Insta-what?
Instagram
Free

Have you heard of this app? It’s this hot new thing called Instagram. All the cool kids are on it. Ahem. Unless you’ve been in a bunker for the last few years, you probably have an account. In terms of men’s fashion, arguably, there is no better source of inspiration on earth. Fashion bloggers have made actual careers out of looking sharp. Get yourself suave, take some selfies, and go get ’em champ.

Ben Wheeler and Stephen Garvey are founding partners of Ben Lawrence, the gentleman’s tailor and shirtmaker.

TS HARD to deny the changing face of the City since the crash – not just in attitudes – but in the people, the aesthetic, the atmosphere.

The sense of purpose that the Square Mile once had has metamorphosed to accommodate the new kids on the block.

London’s tech boom has risen from the ashes of the financial crisis.

Twenty years ago, the 50,000 square foot trading floor of the London International Financial Futures and Options Exchange was jammed with derivatives traders.

Today, it is home to Deliveroo.

OLD SCHOOL
With the old school retrenched to Canary Wharf, and the rest working in fintech, the City’s sartorial fashion is starting to reflect the new age.

The neologism of “no brown in town” is dying, although not extinct.

To declare an interest, we are tailors – so we sort of know what we’re talking about – and the evolution in style we’ve witnessed is pronounced.

Dwindling are the days of the anonymous uniformed City boy; braces and blue suit, black shoes, maybe a floral tie on a Friday if he’s feeling a tad rebellious.

It was reported just last year that brown shoes and loud ties “hinder investment banking hopefuls” from working class backgrounds, although the anachronism is waning, thankfully.

Naturally, we still witness fresh-faced graduates who look like they’re in school uniform, sticking to the unwritten laws of the City.

A classic is a classic, after all.

And while not every workplace is JP Morgan, which has acquiesced to millennials and made suits optional, some still enforce strict dress codes: Dark and conservative, navy or grey suit, white or blue shirt.

Even in that environment, there are little tweaks one can make – bold lining or a coloured undercollar can add a touch of character.

NEW SCHOOL
Elsewhere, the new, more fashion-conscious inhabitants of the Instagram age add just a splash of colour to the Square Mile.

The tech scene is certainly more nonconformist – and while the spread of off-the-peg Topman suits is certainly not to our taste – the techies appreciate a well-tailored suit as much as their new neighbours.

For them, the suit is not a gentleman’s armour, but a reflection of his style and character. We’ve witnessed a growing interest of texture in the City, influenced by the creatives on the Silicon Roundabout.

The cuts are slimmer than before, and experimenting with higher waisted trousers, for example, shows a more discerning style. Separates are also in – contrasting jackets and trousers allow the tech guys to level up their sartorial style.

The modern professional’s wardrobe is interchangeable between client-facing and relaxed after-work drinks. Between flying to Berlin and New York, or grabbing a coffee in Shoreditch. As the worlds of tech and banking collide in the latter-day City, striking a balance is cardinal for a man who cares about his style. When that wardrobe is created with a conversation and an understanding, the fit is always perfect.

Ben Wheeler and Stephen Garvey are founding partners of Ben Lawrence, the gentleman’s tailor and shirtmaker.
Sanchez's departure would compound a difficult start to the season for Arsenal

**FOOTBALL**

**IN BRIEF**

Hughes joy at landing £18m defender Wimmer

**FOOTBALL:** Stoke manager Mark Hughes has hailed Kevin Wimmer after completing an £18m deal to sign the defender from Tottenham. “Kevin is an undoubted talent,” he said of the 24-year-old Austria centre-back. “He will significantly add to the quality of the group.”

Farrell signs five-year contract at Sarries

*RUGBY UNION:* England fly-half Owen Farrell has signed a new contract with European champions Saracens until 2022. Boss Mark McCall said: “Owen has developed into one of the leading players in world rugby since he graduated from the Saracens academy.”

**FOOTBALL COMMENT**

Trevor Steven

**W**HEN players decide they want to leave, it doesn’t happen overnight; it’s the result of bad management and it’s a situation clubs should never allow to develop.

You can’t blame the players. They want to be reassured that their team is capable of winning now and heading in the right direction, and that means clubs being brave in the transfer market.

The days of John Terry and Steven Gerrard staying at the same club for their whole career are gone. The money available is astronomical now and the wages can differ between clubs hugely; players have short careers and people have to understand that.

Ultimately, however, the best players want to go where they feel they can not only get a good financial deal for themselves but also where they can win titles.

**INDECISION**

In the case of Alexis Sanchez, Arsenal have failed to support him by signing more players of the same calibre. He stands out for his quality and his will to win and the Gunners sorely need more like him.

Sanchez’s situation is also a legacy of last season, when more bad management allowed uncertainty over Arsene Wenger’s future to drag on and indecision contributed to Arsenal missing out on qualification for the Champions League.

Liverpool have also faced unrest from Philippe Coutinho, amid interest from Barcelona, although they have the advantage of being in Europe’s top club competition.

Yet they too seem to have failed to convince Coutinho that he is at the right place.

They haven’t been bold in their transfer business and signing Naby Keita for next summer, even in a club record deal, isn’t going to do it.

**WORRYING**

When key players want to leave it is bound to affect the rest of the squad. It is destabilising and the constant transfer speculation can generate anxiety.

Clubs can refuse to sell but players have so much power now that it can be difficult. If they refuse to listen to offers then it can get messy and players can down tools.

This is a critical moment for Sanchez, who is wanted by Manchester City. The Chilean turns 29 in a few months’ time, so this is his one last shot at a four-year contract.

It’s also easy to see the appeal of City, Manchester United or Chelsea when the atmosphere at Arsenal appears to have been tainted and the mood destroyed following Sunday’s 4-0 defeat at Liverpool.

Arsenal are in a terribly worrying situation so early in the season and, with the way they’re playing, the negativity around Wenger and just 48 hours of the transfer window left, there is no great outcome for them, but they might as well sell.

A part-exchange with City involving Raheem Sterling wouldn’t placate supporters, who I don’t think would see him as a significant upgrade on Theo Walcott.

A mooted deal involving Sergio Aguero would save face and be the best result for Arsenal, although if City are serious about the Champions League this season I cannot see Pep Guardiola letting him go.

Trevor Steven is a former England footballer who has played at two World Cups and two European Championships.

@TrevorSteven63

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**CYCLING**

Roche moves second behind old colleague Froome in Spain

**FRANK DALLERES**

BRITAIN’S Chris Froome praised former team Sky colleague Nicholas Roche after the Irishman emerged as one of his closest rivals for the leader’s red jersey on the Vuelta a Espana yesterday.

Roche was the biggest winner among the general classification contenders on the race’s 10th stage, gaining 29 seconds to join Colombian Esteban Chaves second overall, 36 seconds behind Froome.

The 33-year-old joined BMC Racing this season after two years at Team Sky alongside Froome, who is bidding to become only the third man to win the Tour de France and Vuelta in the same campaign.

“I think Nico did a great ride,” said Froome. “He seems to be in fantastic form in the Vuelta. Congratulations to him.”

Italian Matteo Trentin took his second stage win after seeing off Spaniard Joe Joaquin Rojas.
**SPORT**

**FOOTBALL**

City set to return for Sanchez after Gunners reject their £50m approach

ROSS MCLEAN
@rossmcleanRMAC

BIG-SPENDING Manchester City are set to test Arsenal boss Arsene Wenger’s determination to keep forward Alexis Sanchez again before tomorrow’s transfer deadline after having a £50m bid rejected yesterday.

City, who have already committed around £220m during the current transfer window, are expected to return with an improved offer for Sanchez, who is keen on a reunion with his former Barcelona boss Pep Guardiola.

Wenger has repeatedly stated that Sanchez would not be departing Emirates Stadium in the current window despite the 29-year-old being out of contract next summer and refusing to sign a new deal.

The Frenchman has also insisted that Sanchez, who scored 24 Premier League goals for the north Londoners last season, would “respect” his stance and remain at the club.

But despite rejecting City’s cash offer, Arsenal are understood to be more flexible if England winger Raheem Sterling or striker Sergio Aguero could be included as part of any deal. Sterling, who cost £49m in 2015 and has played an integral part in City’s early season form, is thought to be open to moving back to London. The 22-year-old began his playing career in Queens Park Rangers’ youth team.

Aguero, 29, would be harder to prise from City, who are believed to be determined to keep the Argentina star.

Sanchez made his first appearance of the campaign on Sunday as Arsenal suffered a humiliating 4-0 defeat against Liverpool at Anfield, which left them 16th in the table after back-to-back losses.

**CRICKET**

Ice-cool West Indies shock Root’s England

Batsman Shai Hope makes history as tourists claim stunning Test victory

ROSS MCLEAN
@rossmcleanRMAC

England skipper Joe Root’s five-wicket triumph at Headingley yesterday, having a £50m bid rejected tomorrow’s transfer deadline after being handed a reprieve by former manager Arsene Wenger’s determination to keep forward Alexis Sanchez, who is keen on a reunion with his former Barcelona boss Pep Guardiola.

“Looking at it, no I don’t think it will [change my approach to captaincy]. We were in a position to win the game. It was a fifth-day wicket. We had Jimmy and Broady, who have taken nearly 900 Test wickets between them, and with the rest of the bowlers we have the ability. On a fifth-day pitch I thought we had a great opportunity.”

West Indies counterpart Jason Holder, meanwhile, praised the fortitude of his team after they showed the strength of character to recover from losing the first Test at Edgbaston by an innings and 29 runs inside three days.

“It feels good, especially after the game. Everybody gave an effort throughout the Test. It did not always go our way but it did not deter everyone giving effort.”

“One thing is that it is easy to say the decision might not have been timed right but I thought it was a positive thing to do,” said Root, who declared with England 490-7 in their second innings.

“We are a side that wants to win Tests. We were in a position to do that but credit to West Indies, they played well and may have asked a lot of questions of our top order and then our middle order and then put us under pressure against them.”

**TENNIS**

Kerber suffers gallling US Open first-round exit

ROSS MCLEAN
@rossmcleanRMAC

FORMER world No1 Angelique Kerber has bowed to pressure back after the US Open champion suffered a shock defeat to teenager Naomi Osaka in the first round of the US Open yesterday.

The German sixth seed, who surrendered her world No1 ranking following a disappointing showing at Wimbledon, lost 6-3, 6-1 under the roof of the Arthur Ashe stadium.

The 29-year-old has failed to win a title since her US Open triumph 12 months ago.

“I’m still the same player and the same person,” said Kerber. “I know that I’m strong and I know that I will come back stronger, for sure. I know that I will not be giving up like this. So for me, I will try to forget the match as soon as possible.”

Japan’s world No11 Naomi Osaka, 19, said: “It means a lot, especially since the last time I was here [leading 5-1 in the final set against Madison Keys last year before losing]. This court has not given me fond memories but hopefully this overtake that.”

Men’s world No1 Rafael Nadal, meanwhile, began his quest to win a third US Open title by powering past Serbia’s Dusan Lajovic.

On a day when the schedule was decimated by heavy rain, Nadal, who was crowned champion at Flushing Meadows in 2010 and 2013, prevailed 76(8) 6,6 6,2.

“At the end of the first set it was important to get the break point back and I played a good point at 6-6, then hit a good winner to win the set. Then everything was changing,” said Nadal. “I need to keep improving, but the first round is never easy. There are nerves out here.”

The three remaining Britons in the tournament are all scheduled to be in action today. Aljaz Bedene is set to play his delayed first round match against Andrej Rublev, while Kyle Edmund and Cameron Norrie go up against Steve Johnson and Pablo Carreno Busta respectively.

**PROBLEMS LIE WITHIN**

Clubs are to blame if players want to leave, writes Trevor Steven

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