# CITY A.M.

BUSINESS WITH PERSONALITY

THURSDAY 6 JUNE 2019 | ISSUE 3,386 CITYAM.COM FREE


# STALLED

## ARCADIA RESCUE SUMMIT KICKED BACK A WEEK AS GREEN SCRAMBLES TO WIN OVER LANDLORDS

**SEBASTIAN MCCARTHY**

*@SebMcCarthy*

SIR PHILIP Green made a dramatic last-minute bid to stall the collapse of his retail empire yesterday by postponing a crunch vote that threatened the future of his high street brands.

In a shock move, the Topshop tycoon decided to delay the final decision from creditors on whether to give the go-ahead to controversial insolvency plans for his Arcadia fashion group, as landlords wavered in their support for a major restructuring effort.

Green and his Arcadia directors are now set for a frenzied week of negotiations with landlords ahead of a second make-or-break meeting next Wednesday. Creditors will vote again on whether to approve a company voluntary arrangement (CVA), a form of insolvency used to cut rents and close stores.

If the retail giant fails to secure support from 75 per cent of creditors, it is expected to collapse into administration, putting 18,000 jobs at risk.

"We believe that with this adjournment, there is a reasonable prospect of reaching an agreement that the majority of landlords will support," Arcadia chief executive Ian Grabiner said last night.

In a vote that looked set to come down to the wire, some of Britain's largest landlords were split on whether to back the under-fire mogul's seven CVA proposals.

Intu, Aviva and M&G were among the major creditors understood to have voted against some of the proposals, while British Land and Hammerson were said to have voted in favour of them.

"In the context of the recent high-profile retail CVAs, this is certainly a first," Simon Underwood, business recovery partner at accountancy firm Menzies, told *City A.M.*

Green, who was not present at yesterday's meeting in central London, suspended yesterday's vote count by an hour to plead personally with several landlords such as Land Securities.

However, after voting closed at 5pm, Arcadia said it had decided to "conduct further dialogue with a few landlords."

## THE MAGAZINE

### OUR LATEST ISSUE HITS THE CITY'S STREETS TODAY




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CITY A.M.

## THE CITY VIEW

# Without action, a crisis over pensions looms

THE ROW over pensions for women born in the 1950s stepped up a gear this week when campaigners headed to the High Court for a judicial review. Women used to retire at 60, five years earlier than men. In 1995, a timetable was drawn up to equalise this, phasing in the increase. However, the changes were brought forward by the coalition government in 2011 in a bid to make the state pensions bill more affordable. For 2.6m women, this meant hastily adjusting their retirement plans. Campaigners argue that the rises were too abrupt and poorly communicated, with some reportedly left unaware even of the 1995 change, and therefore forced to work for years past their anticipated retirement date. For the most vulnerable, this ordeal has been devastating. They are now demanding compensation. Clearly, these women – some of whom claim they got barely a year's notice that their retirement age would be five years later than expected – have been treated exceptionally badly. Their case deserves proper consideration, and it is imperative that the government takes a hard look at the communications process that led to this disaster. However, the underlying principle that the state pension age must rise is undeniable. Since modern state pensions were introduced for all in 1948, life expectancy has shot up, while the threshold has barely moved. With more pensioners living longer in receipt of state benefits, the cost of pensions has sky-rocketed, making up around 40 per cent of the welfare budget and 20 per cent of all central government spending. Just today, the IFS has published a new report on the severity of the situation and the difficulties in the immediate and medium-term future of accommodating the demands of an older population. There are huge benefits to people living longer – PwC estimates that the UK could boost GDP by £180bn by encouraging more employment among over-55s. But if we want to maintain a sustainable state pension system without crippling working people with untenable taxes or drastically cutting other public services, the retirement age must rise to reflect the fact that on average people are now living several decades past 65. The government cannot afford to drag its feet. The plight of 1950s-born women shows what happens when politicians delay and then rush to make hasty changes to the retirement system, without giving people enough time to adjust. People currently in their 40s need to know now when they can expect to stop working. Reluctance to act today is sowing the seeds for another pensions crisis down the road.

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## BACK ON THE BEACHES Veterans mark 75 years since the Normandy landings as the Queen and leaders honour the fallen

**THE QUEEN and international dignitaries gathered to honour the dead and veterans of the D-Day landings yesterday. US Air Force veteran Joseph Morettini, pictured, was among those who dropped into France on the night between 5 and 6 June. "The heroism, courage and sacrifice of those who lost their lives will never be forgotten," the Queen told an audience in Portsmouth.**

# Whitman in the witness box at $5bn HP fraud trial

**JESSICA CLARK**

*@jaclarkjourno*

FORMER HP boss Meg Whitman was prepared to throw her predecessor "under the bus" and blame him for the tech giant's failed £8.4bn acquisition of Autonomy, a court heard yesterday.

In an email to HP's head of communications in 2012, Whitman said she was "happy to throw Leo under the bus in a tit for tat" following a news report in which ex-HP chief executive Leo Apotheker blamed the company's board for the acquisition. Her email, read out to the court yesterday, was sent a month after HP announced a huge write-down on the deal which had closed a year earlier.

The deal is at the centre of the biggest civil fraud trial in UK history.

HP is suing UK businessman Mike Lynch, who was the founder and chief executive of Autonomy, for $5.1bn (£4bn).

The tech firm claims Lynch and finance chief Sushovan Hussain falsely inflated the software firm's revenue ahead of the sale.

Giving evidence in court yesterday Whitman said: "I felt like he [Apotheker] was trying to throw the board under the bus and it was in a moment of anger over what had happened here and I shouldn't have said it."

Robert Miles QC, for Lynch, said: "This is what you then did to Dr Lynch."

Whitman then denied that was the case.

Lynch has accused HP of treating Autonomy like its "unwanted stepchild", saying the board lost its nerve over the acquisition.

**Whitman gave fiery testimony yesterday**

Whitman told the High Court that she refocused HP on its core hardware business to reassure the market following an announcement of the Autonomy acquisition and a proposal to spin off the company's PC business, which sparked a share price plunge.

"There is no question I was securing our hardware business… I didn't say we were not going to do anything with software but I wanted to make sure the customers and the markets knew we were not going to walk away from our bread and butter," she said.

The court also heard that Whitman played country music in executive committee meetings and read aloud praise she had received from staff.

Whitman denied reading out complimentary messages but admitted she had once played 'The Gambler' by Kenny Rogers during in a meeting to "get a message across".

The trial continues.

## WHAT THE OTHER PAPERS SAY THIS MORNING

### FINANCIAL TIMES

**HAMMOND WARNS CARBON GOAL MAY COST £1 TRILLION**

Philip Hammond has warned Theresa May that her plan to reduce greenhouse gas emissions to net zero by 2050 will cost the UK over £1 trillion. In a letter to the Prime Minister seen by the Financial Times, the chancellor said the cost meant that less money would be available for schools, police, hospitals and other areas of public spending. He also warned that the target would render some industries "economically uncompetitive" without huge government subsidies.

**JUSTICE DEPARTMENT TO REVIEW 1941 ROYALTIES LAW**

The US Department of Justice will review two agreements that govern the way musicians are paid when their music is performed in public spaces. They require companies to sell licenses to any music users that request them.

### THE TIMES

**HOSPITALS TO GET EXTRA CASH FOR USING ROBOTS**

Health providers will be paid to substitute clinicians with machines as the NHS embraces artificial intelligence to improve patient outcomes and deliver savings, the chief executive of NHS England has said. Simon Stevens said that jobs could be at risk in return for the NHS's extra £20bn a year it was given in 2018.

**THAI DICTATOR SET TO BECOME PRIME MINISTER**

Thailand's dictator Prayuth Chan-ocha is poised to be elected as Prime Minister by a newly-chosen parliament packed with his own supporters, five years after seizing power in a military coup.

### THE DAILY TELEGRAPH

**ITV SETTLES CASE WITH DUCK DYNASTY COUPLE**

ITV has settled a long-running legal battle with the husband and wife duo behind the cancelled reality TV hit Duck Dynasty, who it had accused of fraud and "stunning greed". Scott and Deirdre Gurney sold a majority stake in their LA-based company for $40m (£31.5m) in 2012. ITV had alleged that they then fraudulently inflated profit.

**BRITISH FOOD AND DRINK EXPORTS SMASH RECORD**

Exports of food and drink reached record levels in the first quarter of the year, with whisky, salmon and chocolate proving the most popular products.

### THE WALL STREET JOURNAL

**EU THREATENS ITALY FOR FLOUTING BUDGET RULES**

The European Union threatened to punish Italy for flouting budget rules, but Rome is unlikely to heed the EU unless it faces investors' wrath. Italy's public debt, which is more than double the EU limit and is rising, prompted the bloc's executive arm yesterday to call for steps to shrink the country's budget deficit.

**MEXICO LOBBIES WHITE HOUSE AS TARIFFS LOOM**

New figures yesterday showed US apprehensions at the southern border accelerated, as Mexican officials made a last-ditch effort to head off tariffs US President Trump has threatened.

# St James's Place drops Woodford from £3bn fund

**JAMES BOOTH AND JESS CLARK**

*@Jamesdbooth1 @jclarkjourno*

NEIL Woodford was dropped as the manager of £3.5bn of St James's Place's funds yesterday.

St James's Place said it had terminated its mandates with Woodford Investment Management, appointing Columbia Threadneedle and RWC Partners in its place.

A spokesperson for St James's Place said the firm had "been keeping a close eye on the situation" and that the firm had spoken to Neil to communicate its decision.

Trading in the former star stock picker's flagship Woodford Equity Income Fund was suspended on Monday following a spike in withdrawals.

Yesterday, the Financial Conduct Authority (FCA) said it was examining the circumstances around the fund's decision to list some of its assets on the Guernsey stock exchange.

According to EU rules, funds can only hold up to 10 per cent of unlisted securities. The decision to list assets on The International Stock Exchange (Tise) in Guernsey was a way of staying within that limit.

The FCA said it had been "in discussions" with Link Funds and Tise "regarding the circumstances around the listing of certain [parts] of the fund's assets on that exchange".

Woodford's fall from grace has also hit stockbroker Hargreaves Lansdown, which had heavily promoted Woodford's funds to its clients.

Yesterday, it waived its platform fee for the fund while dealing is suspended, and said it had put pressure on Woodford Investment Management to do the same.

Hargreaves Lansdown's share price fell 6.8 per cent yesterday to 1,981p.

On Tuesday night, Woodford apologised to investors in a Youtube video.

"As difficult a decision as this is, and clearly frustrating for you, our investors, we felt that this was necessary to protect your interests," he said.

He said he would use the duration of the suspension to reduce the fund's exposure to illiquid and unlisted stocks.

# Fiat Chrysler withdraws Renault merger plans after French doubts

**LOUIS ASHWORTH**

*@Louis_Ashworth*

AUTOMOTIVE giant Fiat Chrysler withdrew its proposal to merge with rival Renault late last night, but said it was still "firmly convinced" of the deal's potential.

An apparent lack of enthusiasm from the French government, which owns 15 per cent of Renault and had requested the deal be postponed, prompted Fiat to withdraw its offer.

In a statement, Fiat said: "It has become clear that the political conditions in France do not currently exist for such a combination to proceed successfully."

Two representatives of Nissan – a close ally of the French firm – on Renault's board also refused to offer support for the €33bn (£29.1bn) deal, raising doubts over the Japanese car firm's commitment to the move.

Fiat had previously suggested the merger with Renault, which would have formed the world's third-largest car maker, could have helped both firms to overcome regulatory and technological pressures.

Earlier yesterday, France's finance minister Bruno Le Maire said there was no rush to reach a deal, adding: "We should take our time."

Renault said it could not make a decision given France's position.

## **LET'S PLAY** Sports Direct's Ashley makes £52m takeover proposal for Game Digital


**SPORTS Direct upped its stake in Game Digital to 38 per cent yesterday, immediately launching a bid to buy out the gaming chain. It is the latest attempt by owner Mike Ashley to expand his high street empire, having acquired House of Fraser.**

# Unions fear Ford may pull plug on Welsh factory with 1,700 staff

**AUGUST GRAHAM**

*@AugustGraham*

WORKERS fear "disaster" could strike as car maker Ford prepares for talks today over the future of its engine plant in Bridgend.

Unions have been called to the company's Essex headquarters to discuss the future of the Welsh factory, where it has 1,700 staff.

"If our worst fears are confirmed it will mean disaster," said Jeff Beck, a GMB union organiser.

Ford arranged the meeting some time ago, but changed the agenda at late notice, GMB told *City A.M.*

The US manufacturer will cut around 550 jobs at its Essex headquarters, *City A.M.* revealed earlier this month.

The firm is trying to streamline its European operations, which had slim profits in the first quarter.

Ford said it was unable to comment on speculation.

Local Plaid Cymru assembly member Bethan Sayed said: "If this is true, it will have devastating impact on Bridgend [and] the region."


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# GVC dealt bloody nose as investors rebel against remuneration report

**ALEXANDRA ROGERS**

*@city_amrogers*

OVER 40 per cent of shareholders in GVC Holdings, the owner of betting shop Ladbrokes, staged a revolt over pay at the company's annual meeting in Gibraltar yesterday.

Nearly 194m votes were cast against the firm's remuneration report for last year, in which GVC chief executive Kenny Alexander was awarded £19.1m.

The revolt came despite Alexander moving to forego around £150,000 of his salary in a bid to thwart the rebellion.

Last month, Alexander agreed to give up three quarters of a recent £200,000 pay rise to £950,000 after talks with the company's board, and instead settle on a new £800,000 figure for his base salary.

Overall, top executives collected nearly £28m in pay after considerable share awards.

GVC's remuneration committee chair, Jane Anscombe, said: "The remuneration committee notes and is naturally disappointed with the vote on resolution two.

"We engaged extensively with shareholders ahead of the annual general meeting and would like to thank them for their helpful and constructive input.

"We understand that some shareholders ultimately felt unable to support the remuneration report, in part due to our legacy arrangements, which going forward no longer form part of our remuneration framework."

GVC Holdings, which owns betting shop Ladbrokes, paid its boss £19.1m

# CMA chair Tyrie warns the Big Four on audits

**JAMES BOOTH**

*@Jamesdbooth1*

THE CHAIR of the Competition and Markets Authority (CMA) Lord Andrew Tyrie said yesterday the demand for reform of the audit sector is "very strong" in government and parliament.

In April, a report by the CMA called for the audit practices of the Big Four to be ringfenced from their consultancy arms.

"I think the market needs to realise, if they don't already, that the appetite for whatever is required to address this is very strong," Tyrie told the Business, Energy and Industrial Strategy (Beis) Select Committee.

The report also called for joint audits where one of the Big Four – EY, PwC, Deloitte and KPMG – would audit companies alongside one of the so-called challenger firms.

The report followed a series of scandals, such as the collapse of outsourcer Carillion last year, in which auditors failed to spot serious problems within a client firm.

Since the publication of the CMA's report, KPMG has shaken up the structure of its audit practice and PwC has said it will spend an extra £30m on training to improve quality.

Committee chair Rachel Reeves MP asked Tyrie if voluntary reforms by the Big Four went far enough.

He said the CMA's proposals were needed to "crack the problems", adding: "Doing something else risks not addressing adequately those problems."

Tyrie said the CMA would urge the government to deliver reform.

A Beis department spokesperson said: "We are committed to bringing forward reforms to ensure the UK continues to offer the highest standards."

Michael Gove is widely seen as Boris Johnson's closest rival for the leadership

# Gove: I'd rather have no-deal than not have any Brexit at all

**OWEN BENNETT**

*@owenjbennett*

CONSERVATIVE leadership contender Michael Gove would choose no-deal over no Brexit, he revealed yesterday in a day of posturing from those hoping to succeed Theresa May as Prime Minister.

Speaking at event in Central London, the environment secretary said it was a "democratic imperative" the UK left the EU before the next election, or Jeremy Corbyn could be handed the keys to Downing Street.

Gove set himself apart from other Brexiters standing for the Tory leadership by telling a group of Tory MPs at a separate event he would consider a delay to Brexit in order to negotiate a new withdrawal deal with the EU.

Former Brexit secretary Dominic Raab told Conservative MPs at a hustings event he did not back an extension to the UK's EU membership beyond 31 October.

# Watchdog to probe specialist lender merger

**CALLUM KEOWN**

*@CallumKeown1*

**THE COMPETITION watchdog announced yesterday it would investigate the potential £1.6bn merger between One Savings Bank and Charter Court.**

**The Competition and Markets Authority (CMA) said it would assess whether the deal would lead to a "substantial lessening of competition" in the market.**

**In March, the challenger banks confirmed the terms of the £1.6bn merger, which will see One Savings Bank shareholders grab around 55 per cent of the new combined company.**

**The deal will create one of the UK's largest specialist lenders, adding Charter Court's residential market expertise to One Savings' strength in commercial and development lending.**

**The pair both reported strong loan book growth last month ahead of the deal's completion.**

**The CMA has invited comments on the proposed merger from interested parties by 19 June to help with its investigation.**

# Bank of England calls for 'last orders' on scandal-hit Libor as 2021 deadline looms

**CALLUM KEOWN**

*@CallumKeown1*

THE BANK of England has called "last orders" on the scandal-hit Libor interest rates as regulators push for financial institutions to transition away from the benchmark by 2021.

Deputy governor Dave Ramsden said good progress was being made, and added that getting on with the switchover to the Sterling Overnight Index Average (Sonia), an alternative benchmark, could be a boost for the City.

Global regulators, led by the Financial Conduct Authority (FCA) in the UK, have been encouraging banks to find alternative systems following the Libor-rigging scandal, which saw global banks fined billions for manipulating the rate for profit, and a reduction in transactions.

The FCA and the Bank were forced to issue a reminder last year as progress was moving slowly, with the rate, which measures the cost of borrowing between banks, still being used for derivatives, bonds, and loan contracts worth more than £300 trillion.

Speaking at a Bank of England event earlier today, Ramsden said: "The time for 'last orders' is now.

"Firms need to be focused on what they need to do to be able to transact Sonia-based products; and stop adding to their post-2021 Libor exposures."

Speaking to Bloomberg, he added: "To be honest I see a possible advantage here for London, getting on and innovating with the new product, Sonia, the new infrastructure. This could be good for London as a financial centre."

In September last year the Bank and the Financial Conduct Authority ramped up efforts to accelerate the transition, writing to chief executives asking for their plans to ditch the rate.

FCA chief executive Andrew Bailey said the transition was progressing ahead of expectations despite acknowledging the deadline was ambitious and aggressive.

He said: "I think we are at least up to and if not probably somewhat ahead of where I'd hoped we would be on that front by now."

But Bailey warned "nothing would be off the table" when it came to finding ways of dealing with the legacy of contracts that still reference Libor after the end of 2021.

The City watchdog also warned earlier this year that the endgame for Libor would be uncertain, urging all banks that use the rate to "rapidly" move to alternatives.

# UK growth 'near stagnation' as services pick up

HARRY ROBERTSON

@henrygrobertson

THE UK SERVICE sector beat analysts' expectations to reach a three-month high in May, according to survey data released yesterday by IHS Markit and the Chartered Institute of Procurement & Supply (Cips).

Yet IHS Markit said the UK economy was "close to stagnation" as Brexit and a global slowdown dragged on growth in services, having sent manufacturing into contraction in May.

A modest rebound in new business boosted the service sector, which saw the biggest rise in employment since November 2018. Business optimism improved to its best score in eight months, the survey showed.

However, the figures came a day after IHS Markit and Cips said the manufacturing sector contracted sharply in May. Manufacturers blamed Brexit as they reported it was much harder to convince clients to commit to new contracts last month, while export business fell.

Despite Brexit being extended until 31 October, a no-deal scenario is still a clear possibility.

Conservative leadership candidates have been playing up their hard-Brexit credentials in a bid to win party members' votes.

Chris Williamson, chief business economist at IHS Markit, said: "Although service sector business activity gained a little momentum in May, with growth reaching a three-month high, the pace of expansion remained disappointingly muted."

"The PMI surveys collectively indicated that the UK economy remained close to stagnation midway through the second quarter," he said.

Chris Sood-Nicholls from Lloyds Bank said: "While a small expansion in the sector is positive, we must be realistic – many services firms remain understandably cautious in the current environment."

Peloton's connected bike and treadmill are staples in the high-end fitness market

# Exercise tech giant Peloton files to go public in bumper US listing

EMILY NICOLLE

@emilyjnicolle

SMART exercise firm Peloton confidentially filed to go public on Wall Street yesterday, becoming the latest entrant in a slew of tech listings so far this year.

Peloton did not disclose the details of its flotation. The tech firm last raised a funding round of $550m (£433m) in August, with a valuation of around $4.2bn.

The firm has a series of connected exercise products with interactive displays, through which fitness fanatics can view courses and stream coaching and classes.

Its chief executive said last year Peloton is "weirdly profitable".

# Provident could hit back as NSF deal collapses

CALLUM KEOWN

@CallumKeown1

16.10%

NON-STANDARD Finance's failed hostile takeover bid of rival Provident could leave the sub-prime lender exposed to a counter-offer, it has been warned.

The deal collapsed on Tuesday night after the Prudential Regulation Authority (PRA) said the enlarged group would not have enough capitalisation unless more shareholders supported the offer.

The regulator's intervention brought an end to a months-long battle between the two lenders.

Provident shares soared 16 per cent yesterday as it fended off the bid, but Non-Standard Finance's stock plunged close to 11 per cent.

Goodbody analyst John Cronin said Provident put up a strong defence and that the "prey could now become the predator" as the proposed combination was logical.

NSF said it could have won PRA approval if it had attracted more shareholder support.

But several prominent investors including Aberdeen Standard, Coltrane and Schroders had rejected the offer.

# Government urged to prioritise consumer rights in UK trade deals

**OWEN BENNETT**

*@owenjbennett*

BUSINESS leaders and trade union bosses will today urge the government to maintain consumer rights and standards in any future trade deals at the first meeting of a new advisory group.

The CBI, Federation of Small Businesses and TUC union – along with consumer specialists Which and the Fair Trade Foundation – are among 16 representatives from the commercial sector to sit on the newly-formed Strategic Trade Advisory Group.

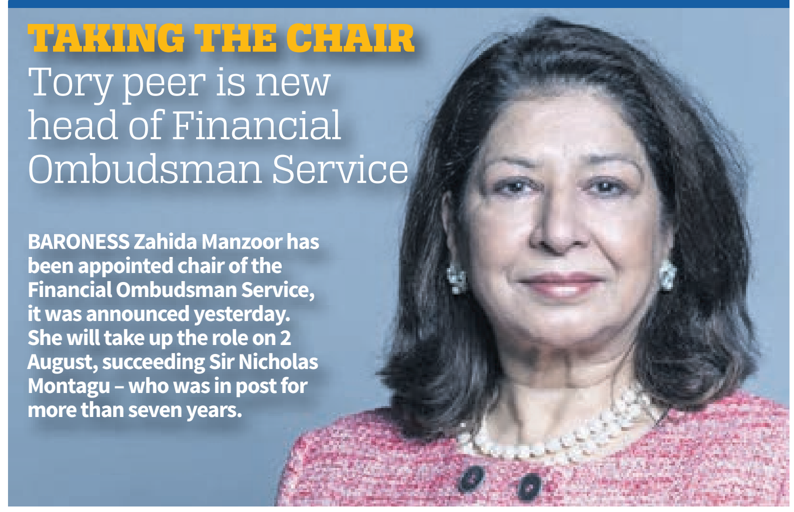
Ahead of the group's first meeting this morning, which will be attended by international trade secretary Liam Fox, the organisations released a set of "guiding principles" for any post-Brexit commerce agreements.

The six principles include helping to ensure all of the UK benefits from the deals; the protection of labour standards and public services; the maintenance of consumer rights and standards; the promotion of international development; the creation of a fair and transparent dispute resolution; and environmental protections.

A statement from the groups said: "Trade can be a powerful tool to increase and share prosperity in the UK and around the world.

"But the public debate in this area – almost exclusively on Brexit or the merits of possible new free trade agreements – says very little about how trade can benefit the whole of society.

"Today is an opportunity to press the reset button and show how trade can work for all when trade unions, businesses and civil society work in partnership with government."



**TAKING THE CHAIR**

## Tory peer is new head of Financial Ombudsman Service

**BARONESS Zahida Manzoor has been appointed chair of the Financial Ombudsman Service, it was announced yesterday. She will take up the role on 2 August, succeeding Sir Nicholas Montagu – who was in post for more than seven years.**

# Oil slips up as the US stockpiles

**AUGUST GRAHAM**

*@AugustGraham*

THE PRICE of Brent crude fell sharply yesterday after US inventories surged last week, against analyst predictions.

The international standard reached lows of $59.50, dropping more than three per cent across the day as a running price decline continued. US stockpiles rose by 6.8m barrels, against a predicted 849,000 fall.

Oil prices have dipped in recent weeks as worries escalate over trade between the US and China.

"The overriding concern here is that inventories are swelling just as Trump's trade war on multiple fronts threatens future demand," said Fiona Cincotta, a senior analyst at City Index.

# Crisis-era 'bad bank' pays off Treasury loan

**HARRY ROBERTSON**

*@henrygrobertson*

THE SO-CALLED bad bank created to take loans off the hands of Northern Rock and Bradford & Bingley (B&B) after the financial crisis has paid back the last of almost £50bn used to fund the bailouts.

Treasury-owned UK Asset Resolution (UKAR) yesterday said it had repaid in full the government loan of £48.7bn which it had mainly used to buy up bad loans from now-defunct Northern Rock and B&B.

UKAR was created in 2010 to help wind up the imperilled lenders in an orderly way.

It took on billions of pounds worth of mortgage loans that borrowers could not afford to pay back as house prices fell.

Ian Hares, chief executive of UKAR, said: "The final payment followed the completion of the sale of the two NRAM [formerly Northern Rock] portfolios."

# Brussels recommends debt crackdown on Rome

**HARRY ROBERTSON**

*@henrygrobertson*

**THE EUROPEAN Commission (EC) yesterday said disciplinary procedures should be launched against Italy over its high levels of government debt.**

**The move will further inflame the row between Brussels and Rome, as the Italian government seeks to cut taxes and increase spending.**

**Yesterday, the Commission – the European Union's executive arm – said Italy had not kept its word on a 2018 plan to reduce its public debt.**

**Debt stood at 132 per cent of GDP in 2018, more than twice the EU's limit. Italy is due to overshoot the bloc's three per cent deficit ceiling in 2020.**

**The EC said it recommended an "excessive deficit procedure", a process through which it will investigate Italy's debt situation.**



Industrial action could hit services across London

# Tube could be hit with fresh wave of strikes

**AUGUST GRAHAM**

*@AugustGraham*

MAJOR strikes could bring the Tube to a standstill, with up to 10,000 workers threatening to walk out.

Union RMT said it would ballot for a strike after "crucial" talks with management collapsed yesterday.

Managers refused to increase salaries and improve working conditions, RMT said.

Drivers, platform staff, engineers, and fleet maintenance crews would walk out in the strike, likely shutting down the entire Tube system.

RMT said it was open to more talks, with preparations expected to take a couple of weeks. "But no one should underestimate our determination," RMT general secretary Mick Cash said.

A TfL said: "We have made an offer to our unions that we believe is fair and affordable."

# New car market misfires after incentive cuts

**ALEX DANIEL**

*@alexmdaniel*

RULE changes to government policy and automotive grants caused hybrid and diesel car sales to fall last month.

Overall, new car sales fell 4.6 per cent year-on-year to just 183,724 units, according to the Society of Motor Manufacturers and Traders (SMMT).

The SMMT yesterday said uncertainty over clean air policies and the removal of incentives for hybrid cars were behind the drop.

Plug-in hybrid car sales fell 40 per cent compared to May 2018.

The drop comes after the government cut the subsidy for those buying electric cars from £4,500 to £3,500. It also excluded a number of plug-in models from qualifying for the grant.

The government has repeatedly denied that its reduction of the subsidy has had a detrimental effect.

SMMT boss Mike Hawes said: "Confusing policy messages and changes to incentives continue to affect consumer and business confidence, causing drivers to keep hold of their older, more polluting vehicles for longer."

Overall alternatively fuelled car sales rose 11.7 per cent as petrol hybrids continued to boom, recording a 34.6 per cent sales rise.

New diesel car sales fell for the 26th consecutive month, plummeting 18 per cent in May. Until a few years ago, diesel made up around half the UK's new car market. That has since nearly halved, with market share standing at 28 per cent.

Ongoing anti-diesel sentiment and the forthcoming introduction of low emission zones continues to affect buyer confidence.

**NEW CAR REGISTRATIONS**

| NAME | % |
|---|---|
| Petrol sales | +1 |
| Diesel sales | -18.3 |
| AFV sales | +11.7 |

The defence firm reported a 47 per cent operating profit slump last month

# Babcock charts its way back to success with profit growth plan

**ALEX DANIEL**

*@alexmdaniel*

DEFENCE giant Babcock has outlined plans to boost profit growth by four per cent by 2024.

The company yesterday laid out a series of medium-term targets designed to boost growth between three and four per cent. It hopes to bolster total revenues to more than 85 per cent. They currently sit at 75 per cent. This would come from its three key divisions of defence, emergency services and nuclear.

Babcock also plans to expand abroad, increasing overseas revenue from 30 per cent of group turnover currently, to more than 40 per cent.

Shares rose 2.5 per cent yesterday.

# BT to shutter 90 per cent of its UK offices

**ROBBIE HARB**

**BT GROUP will shut offices in more than 270 locations across UK as it seeks to cut £1.5bn in costs.**

**The telecoms company is to slash its number of offices across the UK by 90 per cent, leaving just 30 open.**

**In some locations, existing buildings will be refurbished while other offices will move to more modern premises.**

**Initial new locations will be Belfast, Birmingham, Bristol, Cardiff, Edinburgh, London, Manchester, and Ipswich.**

**Philip Jansen, who took over as the firm's chief in April, said: "We have dedicated teams working on identifying the best buildings to move into and which ones to redesign for the future. As a result of this programme, BT people will be housed in inspiring offices that are better for our business and better for our customers."**

**The changes comes as part of a larger plan announced a year ago by Jansen's predecessor, Gavin Patterson, to save £1.5bn and improve its services. BT will cut 13,000 jobs as part of the process.**

**A BT spokesperson told *City A.M.* no further jobs will be cut.**

# Retailer Findel to change name amid sales rise

**JAMES WARRINGTON**

*@j_a_warrington*

HOME shopping company Findel posted a sharp rise in profit and unveiled a new brand name yesterday, weeks after it fended off a takeover bid from shareholder Sports Direct.

Pre-tax profit jumped 33 per cent to £29.4m in the year to the end of March, while revenue rose 5.7 per cent to £506.8m.

Findel said its performance had been driven by growth in customer numbers, sales and profit in Studio, its online discount retail division.

The London-listed firm revealed plans to change its name to Studio Retail Group in a bid to raise the profile of the Studio brand.

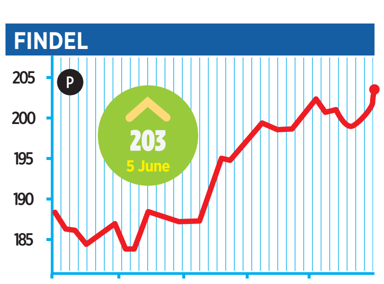
The overhaul comes amid a tussle with Mike Ashley's Sports Direct, which is Findel's largest shareholder.

Earlier this year the tracksuit tycoon increased his stake in the firm to more than 30 per cent, forcing a mandatory takeover bid.

But Findel's board rejected the £139m offer, which it said "significantly undervalued" the company, and the bid lapsed.

In a review published alongside the results, chief executive Phil Maudsley said the firm had also scrapped plans to roll out a menswear range with Ashley's retail empire.

He said the company will continue to explore potential for access to other Sports Direct-owned brands.





**The retail firm enjoyed a sales boost from Valentine's Day and Mother's Day**

# Card Factory posts revenue jump despite 'challenging' conditions

**JAMES WARRINGTON**

*@j_a_warrington*

CARD Factory posted a modest rise in sales for the first quarter yesterday, as strong performance in seasonal cards helped offset tough conditions on the high street.

Like-for-like sales rose 2.3 per cent in the three months to the end of April as the firm cashed in on a spike in demand on Valentine's Day and Mother's Day.

The FTSE 250 firm said it was an "encouraging start to the year", though the figures were flattered by poor trading in the comparative period last year.

Card Factory maintained its profit guidance for the full year.

## IN BRIEF

### MICROSOFT AND ORACLE TO TAKE ON AMAZON

Microsoft and Oracle will connect their cloud services in an effort to woo big businesses and take on market leader Amazon Web Services (AWS). The combined service will enable users to connect Oracle's autonomous databases with Microsoft services. Oracle has lost much of its ground to Amazon's AWS. According to Jefferies, AWS holds a 65 per cent market share, compared with 25 per cent for Microsoft and Google's 10 per cent.

### BOMBARDIER BOOSTS ON MITSUBISHI HEAVY TALKS

Japan's Mitsubishi Heavy said yesterday it was holding talks to buy Bombardier's regional jet program, sending the Canadian company's shares up 14 per cent. Mitsubishi Heavy, which is working to break into aviation with the launch of its own regional jet program, said that it was in discussions but that no decision had been made. Bombardier also confirmed that it was in discussions with Mitsubishi.

### CHALLENGER BANK PCF POSTS PROFIT SURGE

AIM-listed UK bank PCF posted a 57 per cent profit surge yesterday as its lending portfolio continued to grow rapidly in the first half of the year. The specialist lender said profit rose to £10.1m in the six months to the end of March. The bank also entered the bridging property finance market earlier this year, and acquired media finance provider Azule.

# Costs lay waste to Biffa's profit as revenue rises

HARRY ROBERTSON

@henrygrobertson

WASTE management firm Biffa's profit almost halved over the past financial year, as the company absorbed expensive one-off charges.

The UK firm's results for the 12 months to the end of March, released yesterday, put the fall down to onerous contracts, debt payments and regulatory costs.

It also said it would reorganise itself into two divisions – collections, and resources and energy – to better reflect the changing waste market.

Biffa's statutory profit before tax fell 44 per cent to £21.5m from £38.3m a year earlier.

Meanwhile the waste management firm's statutory revenue rose to £1.09bn for the year to 29 March from £1.08bn a year previously.

The total dividend per share rose to 7.2p from 6.7p.

Biffa has narrowly fulfilled the promise it made in March to increase underlying revenue growth, although its profit was heavily dented this year by exceptional charges.

The High Wycombe-headquartered firm made seven acquisitions in the year. Those included Weir Waste Services Limited and Specialist Waste Recycling Limited, which pushed up net debt while helping to increase revenue.

Biffa had a challenging year in its key municipal market, with underlying operating profit more than halving from £11.2m in the year ended March 2018 to £4.7m this year.

It put the weak municipal performance down to fuel and wage cost pressures and under-performing contracts.

Biffa's share price fell 0.88 per cent per cent yesterday to stand at 226p.

Michael Topham, chief executive, said: "We've had another very strong year of organic and acquisition growth coupled with a further reduction in customer churn."

He said Biffa had "successfully weathered the headwinds associated with the Chinese import restrictions on commodities and the recent market impacts in our municipal division".

"We are proud of our leading plastics recycling capabilities and are excited at the role we are playing in this area." For example, he said, "85 per cent of milk bottles in the UK now contain Biffa recycled material".

"Our strategic priorities are clear – growing our industrial and commercial collections business and investing in recycling and energy from waste assets," he said.

Streaming has been boosted by demand for hit shows such as the BBC's Killing Eve

# Online video will send £10bn streaming into UK's media

JAMES WARRINGTON

@j_a_warrington

THE SURGING public demand for video streaming will drive a £10bn growth in the UK's entertainment and media sector over the next five years, a report on the sector published today has found.

The booming industry is set to be worth £80bn in 2023, up from the £70bn projected for this year, according to professional services firm PwC.

The growing range of on-demand video platforms will be a key driver of growth, the report stated, as broadcasters and tech giants line up to launch their own streaming services to rival Netflix.

The UK's nascent 5G network is expected to fuel this growth, with British consumers forecast to use more internet data than any other country in western Europe over the next four years.

"The UK remains a leading market in terms of talent, reputation and innovation, and has seen significant levels of financial investment as a result," said Mark Maitland, UK head of entertainment and media at PwC.

# Aviva finance boss set to exit amid shakeup

JOE CURTIS

@joe_r_curtis

AVIVA's chief financial officer (CFO) is set to depart in the latest of a series of sweeping changes under new boss Maurice Tulloch.

Tom Stoddard will quit his role as chief financial officer at the end of June, the UK insurer's board of directors said yesterday.

He will be replaced on an interim basis by Jason Windsor, who is currently the CFO of Aviva's UK arm.

"Tom is a tremendous leader and has played a major role in delivering Aviva's financial turnaround, significantly strengthening the group's capital position," Tulloch said. "After five successful years at Aviva, he leaves with my best wishes and those of Aviva's board."

Stoddard added: "Whilst I will miss all the friends I have made here, Aviva has a strong finance team, and it is now time for me to clear the way for others to step up, as I consider new opportunities."

Windsor will take on the interim CFO role from 1 July. He has worked at Aviva since 2010 and his roles have included chief capital and investments officer, and a group executive member.

Stoddard will remain with the company until the end of the year to ensure a smooth transition.

The CFO is the most recent in a wave of departures announced by Aviva since Tulloch took the top job in March. He dumped Andy Briggs, the chief executive of Aviva's UK insurance arm, in late April.



# Workspace makes room for hike to dividend as net asset values climb

SEBASTIAN MCCARTHY

@SebMcCarthy

1.94%

FLEXIBLE office provider Workspace raised its dividend yesterday, as net asset values rose despite a drop in pre-tax profits.

The London office space group lifted the payout by 20 per cent after a "strong financial performance and positive outlook".

It reported a 4.7 per cent rise in net asset value to £10.86 per share for the 12 months ending 31 March 2019.

Pre-tax profit tumbled from £170.4m to £137.3m, with the group saying that an increase in trading profit was offset by a lower uplift in property valuation and lower disposal profit than during the year before.

Net rental income climbed 16 per cent to £111m, while customer enquiries averaged 1,048 per month, rising from 1,016 in the previous year.

Graham Clemett, interim chief executive at Workspace, said: "We have made good progress over the year in upgrading and expanding our property footprint across London."

He added: "We completed eight refurbishments which have been met with very strong demand and acquired two well located properties in Camden and Shepherd's Bush.

Late last year the flexible office space provider announced a nearly 20 per cent drop in profit before tax in its half-year results, as a weakening London property market took its toll.

Shares in the company closed down just under two per cent.

# Volkswagen fires up €4bn modernisation drive

ALEX DANIEL

@alexmdaniel

VOLKSWAGEN (VW) will invest as much as €4bn (£3.6bn) until 2023 to digitally transform its operations.

The automotive giant said yesterday it could cut up to 4,000 jobs in non-production units in Germany during the process, but added the move would create "at least 2,000" jobs elsewhere.

The cuts will mainly centre around administrative roles, where digital processes are upending traditional roles across many industries.

VW said the modernisation would include a new "highly efficient purchasing system" and "new standard human resources applications". It said manual tasks will become more simple "through improved IT".

The news will concern those employed in procurement, HR and other administrative roles in the firm's Wolfsburg base. VW said it will not make any compulsory lay-offs until 2029.

Its chief operating officer Ralf Brandstatter said the move was part of "making the company fit for the digital era", adding: "If we have to eliminate jobs as a result of digitalisation we are doing so... in the most socially-responsible manner possible."

# Go-Ahead says interim finance boss will keep role ahead of fresh results

**ALEXANDRA ROGERS**

*@city_amrogers*

GO-AHEAD Group has appointed former Southeastern finance director Elodie Brian as its chief financial officer (CFO).

Brian has been operating as the transport group's interim CFO since December 2018, having previously worked as finance and contracts director at Southeastern, one the firm's franchises.

Go-Ahead chief executive David Brown said: "I am delighted that Elodie can build on the impact she has already made to the business in the past six months," adding: "Her appointment is testament to her leadership skills and evidence of the strength of talent that we have within Go-Ahead."

Brian said: "The business has an ambitious growth strategy and I am excited to be working with David to deliver it."

Go-Ahead will release a trading update today for the period from 30 December 2018 to 5 June 2019.

Go-Ahead previously said its profit dropped by more than 50 per cent in the second half of last year due to the scrapping of its London Midland franchise and poor financial performance for Govia Thameslink Railway.

Rail operating profit fell from £40.3m to £17.6m in the six months ending 29 December 2018, but this was ahead of expectations, leading Go-Ahead to raise its guidance for the full year.

**Go-Ahead Group provides nearly a quarter of London's buses**

# Customers rail against Southern in trust survey

**ALEXANDRA ROGERS**

*@city_amrogers*

SOUTHERN has been ranked as the least-trusted rail operator in the UK, according to new research from the independent transport watchdog.

Southern, which is run by Govia Thameslink Railway (GTR), was not trusted by 23 per cent of passengers as of autumn last year, Transport Focus data revealed.

Southern's reputation took a hit in 2016 when it suffered the first wave of industrial action over the role of guards on its trains. The row went on for nearly two years.

Transport Focus surveyed 25,000 passengers for the research. It forms part of the group's submission to the government's "root and branch" review of the railways in the wake of last year's May timetable chaos, in which thousands of services were overcrowded, delayed and cancelled.

Former British Airways boss Keith Williams is leading the review, and is due to publish his findings in the summer, in time for a government white paper in the autumn.

Transport Focus chief executive Anthony Smith said: "There are some wide variations between train operators that keenly reflect the passenger experience. Public trust in the railway is fragile but has never been more important."

Other operators that scored low on the trust scale were Great Northern, which 22 per cent of passengers said they did not trust. Thameslink, which is also run by GTR, was not trusted by 21 per cent of passengers.

Meanwhile, the two train companies with the highest trust ratings were Grand Central and the Heathrow Express, which achieved trust scores of 70 per cent or more.

**LEAST-TRUSTED RAIL OPERATORS**

| NAME | % |
|---|---|
| Southern | 23% |
| Great Northern, Northern | 22% |
| Thameslink | 21% |
| Scotrail, Southeastern | 11% |
| TransPennine Express | 10 % |
| Greater Anglia, Transport for Wales, Great Western Railway, Gatwick Express | 9% |
| C2C | 6% |
| TfL Rail | 5% |
| LNER, Virgin Trains, East Midlands Trains | 4% |
| London Overground | 3% |

** % of passengers that do not trust the operator*

**Hitachi and Bombardier's mockup design for an HS2 train was among three revealed**

# Giants battle for HS2 seat with rival train design concept bids

**ALEXANDRA ROGERS**

*@city_amrogers*

SIEMENS, Bombardier and Hitachi, and Alstom have submitted bids for a £2.75bn contract to design, build and maintain trains for HS2.

The contract is to design, build and maintain at least 54 trains for phase one of the £56bn next-generation railway, which will link London to the West Midlands.

HS2 is expected to award the rolling stock contract in spring 2020.

William Wilson, chief executive officer of Siemens Mobility called the submission a "huge milestone" for the company.

Hitachi Rail's managing director, Karen Boswell, said its joint bid with Bombardier would "be a shining example of British ingenuity".

Nick Crossfield, managing director for Alstom UK and Ireland, said: "Alstom's vision is to make HS2 trains a timeless design classic."

The project's future has become a talking point among Tory leadership candidates, some of whom want it scrapped or reviewed.

# JLR teams up with BMW on electric vehicles

**ALEX DANIEL**

*@alexmdaniel*

**BMW AND Jaguar Land Rover (JLR) yesterday announced they will jointly develop electric cars.**

**The firms said they would work together to make transmissions and power electronics, unveiling yet another industry alliance designed to lower the costs of developing electric cars.**

**Both car makers are under pressure to roll out zero-emission vehicles to meet stringent anti-pollution rules, but have struggled to maintain profit margins in the face of the the rising costs of making electric cars.**

**"Together, we have the opportunity to cater more effectively for customer needs by shortening development time and bringing vehicles and state-of-the-art technologies more rapidly to market," said BMW board member Klaus Froehlich.**

**BMW and JLR said they will save costs through shared development, production planning and joint purchasing of electric car components.**

**Both firms will produce electric drivetrains in their own factories, BMW said.**

**The pact comes as rivals Fiat Chrysler and Renault explore a $35bn (£27.6bn) tie-up to share costs in the struggling automotive industry.**

**Samsung has struggled as global smartphone sales decline**

# Samsung slashes production at its last smartphone factory in China

**ROBBIE HARB**

SAMSUNG will cut production at its last remaining smartphone factory in China, as its loses ground on domestic rivals.

The reduction comes just six months after the South Korean firm announced the closure of its factory in Tianjin. Another factory in Shenzhen closed in April.

Samsung has struggled against rising labour costs and stiffer competition from domestic rivals such as Huawei and Xiaomi, which offer rival models at a cheaper price.

The Huizho factory, which had more than 6,000 workers, produced 63m smartphones in 2017 – 17 per cent of Samsung's production that year, according to Caixin.

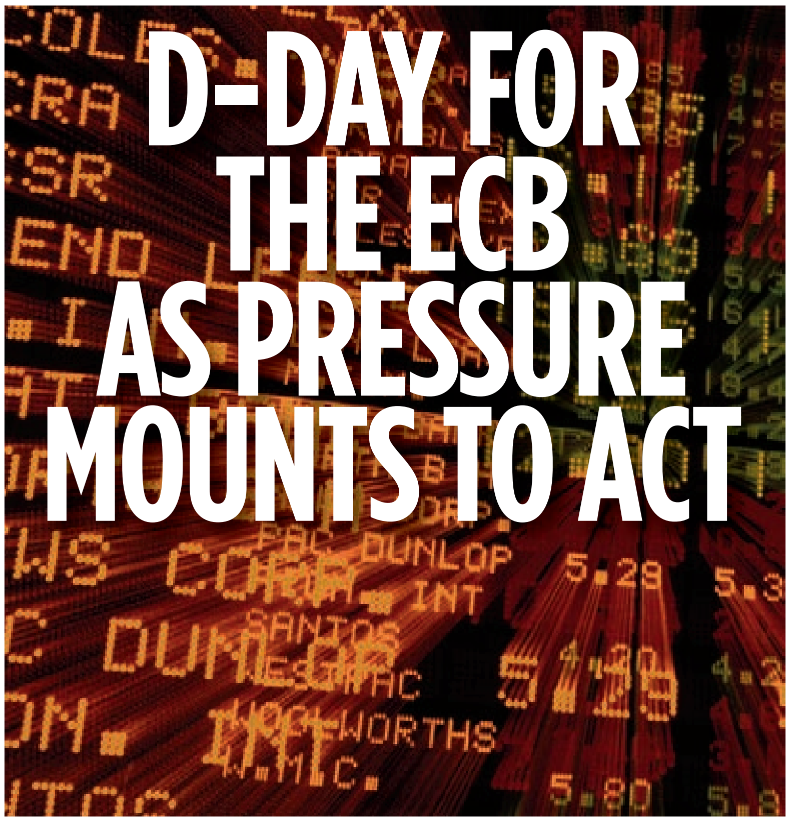
The world's biggest smartphone maker has seen its share of the Chinese market shrink from about 20 per cent in 2013 to less than one per cent today, according to Strategy Analytics.

Paolo Pescatore, an analyst for PP Foresight, said: "The factory closure highlights the intense competitive landscape and the ongoing challenges of competing with Chinese rivals".

"It should not have a negative impact on [Samsung's] global operations," he added.

CITY TALK PARTNER CONTENT

# D-DAY FOR THE ECB AS PRESSURE MOUNTS TO ACT



## MARKETS TALK

**Neil Wilson** discusses the recent deterioration in the market outlook

It's D-Day for euro bulls as we look to today's meeting of the European Central Bank (ECB) to see whether the breakout can be sustained or whether this is yet another bull trap in an ongoing downtrend. The bulls have secured the beachhead above $1.12, but they now need to get the troops to push further inland. With the market turning a little cold on the US dollar as Treasury yields fall and the market bets on the Federal Reserve cutting rates, the euro has an opportunity, from a technical perspective at least, to rally more.

However, the ECB looks set to be more dovish as the pressure mounts on policymakers to act. Moreover, the lower volatility environment has kept FX pairs range-bound and we may see EURUSD revert to well-trodden turf.

Today's interest rate decision is vital. There's not been an ECB meeting with such a degree of uncertainty for a while. The pressure is mounting on policymakers to do more to stimulate growth and inflation. And with this arguably the last time ECB president Mario Draghi can deliver a surprise before his departure, he may choose to seize the opportunity.

Policymakers are already downcast about the prospects for the Eurozone. Minutes from the April meeting show deteriorating confidence in the ECB achieving its growth and inflation targets. 'Recent data had turned out even weaker than expected,' the minutes read, adding that there was 'somewhat less confidence' in hitting the growth target. Meanwhile some policymakers thought that inflation was 'uncomfortably low'.

Indeed, inflation is still very tame. Core CPI, which strips out volatile elements like food and energy prices, slumped to 0.8% in May from 1.3% in April, also below the 0.9%-1% expected. Headline CPI declined to 1.2% from 1.7% a month before and was below the 1.3% expected. Whilst we had expected a drop due to seasonal factors, the deceleration in price growth was more severe than forecast. The ECB has undoubtedly taken note. The absence of any sustained uptick in inflation has persistently dogged the central bank as it seeks to achieve its target of 2% inflation. Sure structural factors probably matter just as much as cyclicals, but we are still in a world where the expectation is on the central bankers to act.

Growth indicators are also soft. The final composite eurozone PMI for May was higher than the flash estimate, but 'the overall picture remains one of weak current growth and gloomier prospects for the year ahead', according to survey compilers IHS Markit. The composite PMIs indicate growth of a mere 0.2% in Q2. The outlook for the global economy has also softened. Trade concerns mean risks remain skewed to the downside, whilst Brexit is still a source of angst.

In short, the outlook has deteriorated since March and we should anticipate a reaction from the ECB.

What might that look like? It could change its forward guidance, which is designed to anchor interest rate expectations. Back in March it pushed back the guidance for a hike to not before 2020. Even that looks ambitious and we should prepare for further easing in the form of QE or an interest rate cut before this date is reached. The ECB may therefore take the current 2020 hike forward guidance off the table altogether, and instead say it stands ready to lower rates. This would be the signal required that it's thrown in the towel and is readying for a fresh easing cycle and QE2.

> "The outlook has deteriorated since March and we should anticipate a reaction from the ECB

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# Flyers could keep liquids in luggage in fresh trial

**AUGUST GRAHAM**

*@AugustGraham*

PASSENGERS passing through security at Heathrow airport may soon be allowed to keep liquids and laptops in their luggage.

Heathrow said today it is investing more than £50m in a 3D security system based on computed tomography technology.

The new equipment will be installed across Heathrow's terminals by 2022, the company said.

It will ultimately allow passengers to keep liquids in their bags, and eliminate the need for separate plastic bags.

However, passengers will still have to follow the old rules until similar technology has been rolled out at other UK airports.

"This cutting-edge equipment will not only keep the airport safe with the latest technology, but will mean that our future passengers can keep their focus on getting on with their journeys and spend less time preparing for security screening," said Heathrow chief executive Chris Garton.

The rollout will also reduce the time spent queueing at security and help increase capacity, the airport said.

It will also reduce the use of single-use plastics.

The trial follows other new technology being tested at London's biggest airport.

Airport officials are currently running assessments on biometric cameras and face recognition.

The equipment, which is being trialled until December, will make Heathrow "faster and more efficient".

However, critics of the technology say it raises privacy questions.

"Travellers should be very concerned with being photographed and scanned at airports — or anywhere else, for that matter, when it is done indiscriminately to the masses as proposed," Wendy Thompson, a spokesperson for travellers' group Freedom to Travel USA, told the Washington Post earlier this year.

**The trial will cut plastic waste, Heathrow said**

## DOUBLE DOWN ON DENIM American Eagle sales top estimates

**AMERICAN Eagle Outfitters topped analysts' estimates for quarterly same-store sales yesterday, as the apparel retailer cashed in on a revival in the popularity of jeans in the United States. Even as athleisure continues to dominate the current fashion scene, more shoppers are looking to get back into jeans as companies invest in making them more comfortable and fit better.**

# Watchdog finds no proof junk food ads being targeted at kids

**JAMES WARRINGTON**

*@j_a_warrington*

THE ADVERTISING watchdog has found no evidence of brands targeting online junk food adverts at children, but has pledged to stop children from coming across ads for unhealthy food.

The Advertising Standards Authority (ASA) today said it did not identify "any clear evidence" of brands trying to deliver ads for products high in fat, salt or sugar (HFSS) on children's websites and Youtube channels.

The ASA used avatars that simulate the online profiles of children in order to identify campaigns that breach advertising rules, which state junk food adverts must not be delivered to children under the age of 16.

The ASA found that, in general, brands were sticking to the rules. But the sting identified some ads on children's Youtube channels promoting unhealthy food.

The watchdog identified eight brands, including Asda, Lidl and Marks & Spencer, whose adverts for HFSS products broke the rules.

However, 26 of the 39 websites clearly aimed at children did not serve a single ad for an HFSS product.

# Drivers get mid-week boost as supermarkets drop forecourt prices

**AUGUST GRAHAM**

*@AugustGraham*

DRIVERS will get a boost at the pumps as Asda led a supermarket price slash yesterday.

The supermarket cuts prices by 3p per litre for diesel, and 1p for petrol, at all its 322 petrol stations across the UK. It brings the price to 128.7p for diesel and 126.7p for petrol.

Morrisons and Sainsbury's followed suit later in the day.

However, falling oil prices warrant a bigger decrease, said insurer RAC.

"We view this round of cuts very much as a good start. We should really see more in the next week or so."

# CITY DASHBOARD YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

## LONDON REPORT

# FTSE 100 ekes out gains on hopes US Fed will cut rates

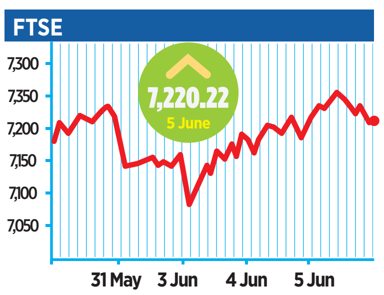
THE MAIN index inched higher yesterday as comments from the US central bank seen hinting at a rate cut soothed investor nerves, while mid-cap sub-prime lender **Provident** surged after rival **NSF** dropped its hostile bid.

The FTSE 100 rose 0.1 per cent, up for the third straight session, while the mid-cap FTSE 250 rose 0.3 per cent.

Housebuilders, seen as particularly vulnerable to any fallout from Brexit, gained after a business survey showed a modest expansion among services firms in May.

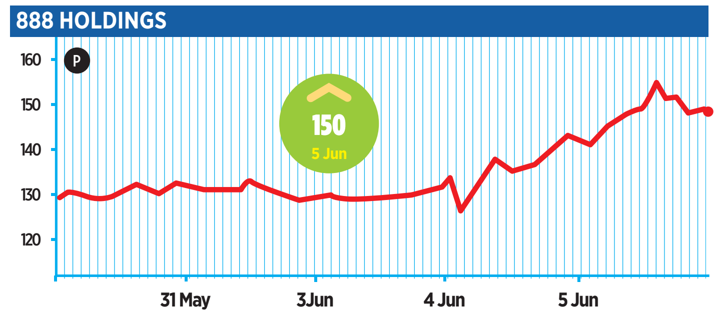
Money manager **Hargreaves Lansdown** fell another 6.8 per cent, pushing this week's losses to over 11 per cent after well-known money manager Neil Woodford suspended trading in one of his funds on Monday.

Following on from the suspension, Woodford said that orders to trade in his flagship fund placed after midday last Friday had been rejected, leaving investors unsure of when they would get their money back.

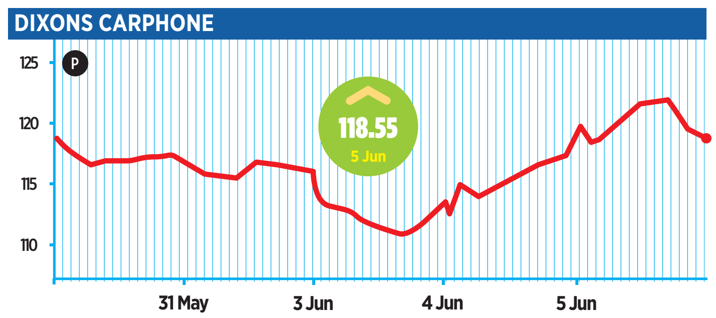



## BEST OF THE BROKERS

**To appear in Best of the Brokers, email your research to notes@cityam.com**




It may be time to cash in on the success of online gambling firm 888 after it posted six per cent like-for-like revenue growth in the first quarter. Peel Hunt analysts maintained its "buy" rating with a target price of 220p. They described 888 as the "Baldrick" of online gambling as it can also be relied on to have a cunning plan. In particular they said the redesign of 888's Orbit casino platform had really taken off.




Analysts signalled a strong performance in Dixon Carphone's upcoming results. Barclays analysts maintained an "overweight" rating on the company with a target price of 175p. They said the retailer was a work-in-progress and expected a resilient performance in electricals in the full year results. While they expect it to reach £300m pre-tax profit, analysts predicted contrasting performance among its divisions.

## NEW YORK REPORT

# Wall St climbs on jobs data

WALL Street's major indexes rose yesterday as investors bet on a Federal Reserve interest rate cut after weak private sector jobs data and hopes grew that the United States and Mexico would reach an agreement to avoid US tariffs on Mexican goods.

The gains extended the rally on Tuesday when Fed chairman Jerome Powell indicated the central bank may have to react to the US trade wars, boosting rate cut hopes. Fed officials also hinted a rate cut was possible.

The ADP National Employment Report yesterday further bolstered bets for a rate cut. Private employers hired at the slowest pace in more than nine years in May, weakness that analysts blamed on the heightening global trade tensions.

The Dow Jones Industrial Average rose 207.39 points, or 0.82 per cent, to 25,539.57, the S&P 500 gained 22.88 points, or 0.82 per cent, to 2,826.15 and the Nasdaq Composite added 48.36 points, or 0.64 per cent, to 7,575.48.

The energy sector slipped 1.1 per cent, making it the only S&P sector in the red, as crude prices fell sharply.

## CITY MOVES WHO'S SWITCHING JOBS

**KANTAR**

Kantar, the world's leading marketing insights and consulting company, announced the appointment of Nathalie Burdet as chief marketing officer (CMO). Nathalie is appointed from her current position as global marketing leader of Kantar's Insights division. She additionally joins the Kantar Board. Nathalie replaces Mandy Pooler, who retires after serving as CMO since 2006. Prior to this Nathalie held progressively senior marketing leadership roles across the fintech industry, including at NEX Group (formerly ICAP) where, as head of marketing and brand strategy, she developed, launched and built the NEX brand globally, and Thomson Reuters where she led internal marketing for the flagship Eikon product. Nathalie holds a LLM in European and international business law and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing in London.

**BGF**

BGF, the UK and Ireland's most active investor in growing companies, has bolstered its Quoted team with the appointment of Simon Blackaby as an investor. Simon joins from the Europe, Middle East and Africa Equity Capital Markets team at Jefferies International and will be working with Tom Jenkins, Matt Singh and Paul Stevens in BGF's Quoted team, specialising in funding options for AIM-listed businesses. BGF's Quoted team has invested almost £200m into more than 40 quoted companies since inception. In addition to supporting businesses with initial investments, such as Manchester's genedrive, the team have also made follow on investments into several current portfolio companies to support their growth, including Accsys and Inspired Energy.

**GROWTHDECK**

Joint founder and former managing director of Capital & Regional, Xavier Pullen, has been appointed as chairman of Growthdeck's new property team, the private equity investment firm. Xavier was co-founder and managing director at Capital & Regional, the London-listed Real Estate Investment Trust (REIT), for over 30 years and helped drive growth in net assets from £7m in 1986 to over £700m when he left in 2013. At Capital & Regional, Xavier jointly led its initial float and the creation of its US portfolio of industrial properties, Centrepoint Properties, which was floated as a REIT in 1993 in New York. Apart from his own direct commercial property investments he is working at Property Partner, the UK's leading crowdfunding property investment platform, as the director of commercial property. He is also a partner at Ruffena Capital.

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**NEWS**

# Boeing's 777X faces engine snags as questions rise over delivery goal

**ERIC M JOHNSON**

BOEING's efforts to build the world's largest twin-engined jet, the 777X, continue to be hampered by challenges with General Electric's new GE9X turbine engine, a top Boeing executive said yesterday.

Boeing is facing testing glitches on the GE9X after assembly delays on the engine and the plane's carbon-composite wings.

These issues, coupled with the crisis over its 737 Max in the wake of deadly crashes, leaves the world's largest planemaker less leeway to deliver on its official 2020 target for entry into service, industry sources said.

Dubai's Emirates has said it expects to fly its first 777X in June 2020, a date now widely seen in doubt.

Boeing chief financial officer Greg Smith told a conference that 2020 entry into service was "still the current assumption", echoing comments from chief executive Dennis Muilenburg last week.

"(The) long pole in the tent right now is the GE engine," Smith said.

"There's some challenges they are working through there on testing. So we are having to do some re-testing, and they're working their way through that."

"As we see it today, we still expect to fly this year and enter into service in 2020," Smith said.

"But obviously, we're staying very close to that and we'll keep you updated if that changes. But that's still the current assumption."

The market for widebody jets has been fragile due to oversupply and fears over the economy and trade disputes.

Reuters reported in March that a major potential deal for more than 100 Boeing jetliners of various types with China was in doubt in the wake of the trade dispute and the Max plane crisis.

*Reuters*


**Boeing's 777X, the world's largest twin-engined jet, is facing engine issues**

| FTSE 100 | FTSE 250 | FTSE ALL SHARE | DOW JONES | NASDAQ | S&P 500 |
|---|---|---|---|---|---|
| 7220.22 | 19072.17 | 3952.92 | 25539.57 | 7575.48 | 2826.15 |
| 5.93 | 64.01 | 4.79 | 207.39 | 48.36 | 22.88 |

| | | | | | |
|---|---|---|---|---|---|
| £/€ | 1.1304 | 0.0021 | €/$ | 1.1223 | 0.0030 |
| £/$ | 1.2681 | 0.0017 | €/£ | 0.8843 | 0.0018 |
| £/¥ | 137.52 | 0.1874 | €/¥ | 121.69 | 0.0041 |

COLS1TO4

| | Price | Chg | High | Low |
|---|---|---|---|---|
| Reckitt Benckiser | 6329.0 | 10.0 | 7155.0 | 5593.0 |
| Redrow | 559.0 | 3.0 | 674.6 | 460.8 |
| Taylor Wimpey | 169.2 | 3.1 | 192.3 | 129.3 |
| **INDUSTRIAL ENGINEERING** | | | | |
| Bodycote | 778.0 | -4.0 | 1055.0 | 676.0 |
| Hill & Smith Hold | 1208.0 | -2.0 | 1523.0 | 902.5 |
| IMI | 940.6 | 9.4 | 1242.0 | 870.0 |
| Melrose Industrie | 168.9 | 0.7 | 240.5 | 146.3 |
| RHI Magnesita N.V | 4702.0 | -18.0 | 5085.0 | 3318.0 |
| Rotork | 295.9 | 0.1 | 361.4 | 235.7 |
| Spirax-Sarco Engi | 8535.0 | 60.0 | 8870.0 | 5900.0 |
| Weir Group | 1471.5 | -10.5 | 2212.0 | 1240.0 |
| **INDUSTRIAL METALS & MINING** | | | | |
| Evraz | 611.4 | 4.2 | 669.0 | 442.1 |
| Ferrexpo | 238.7 | -0.2 | 301.3 | 143.5 |
| **INDUSTRIAL TRANSPORTATION** | | | | |
| BBA Aviation | 262.6 | 0.0 | 350.0 | 207.0 |
| Clarkson | 2450.0 | 25.0 | 2900.0 | 1878.0 |
| Fisher (James) & | 2000.0 | -10.0 | 2260.0 | 1600.0 |
| Royal Mail | 208.0 | 9.3 | 512.4 | 194.5 |
| Stobart Group Ltd | 102.2 | -1.2 | 266.5 | 102.0 |

## MAIN CHANGES UK 350

MAINCHANGES

| | Price | Chg | High | Low |
|---|---|---|---|---|
LOWERCOL4
| **NON LIFE INSURANCE** | | | | |
| Admiral Group | 2087.0 | 12.0 | 2281.0 | 1870.0 |
| Beazley | 561.0 | 1.5 | 599.0 | 492.6 |
| Direct Line Insur | 322.2 | 1.1 | 366.5 | 304.9 |
| Hastings Group Ho | 180.8 | 0.9 | 274.2 | 174.0 |
| Hiscox Limited (D | 1664.0 | 24.0 | 1711.0 | 1418.0 |
| Lancashire Holdin | 706.0 | 6.0 | 712.5 | 530.0 |
| RSA Insurance Gro | 561.4 | 2.4 | 681.8 | 496.6 |
| Sabre Insurance G | 255.5 | -2.5 | 294.0 | 241.0 |
| **LIFE INSURANCE** | | | | |
| Aviva | 410.6 | -7.2 | 517.0 | 364.6 |
| Just Group | 49.0 | 0.9 | 143.9 | 46.4 |
| Legal & General G | 260.4 | -1.0 | 291.2 | 223.7 |
| Phoenix Group Hol | 686.5 | 10.2 | 724.8 | 544.0 |
| Prudential | 1607.5 | 6.5 | 1866.5 | 1340.0 |
| St James's Place | 1042.0 | 6.5 | 1240.5 | 914.0 |
| **MEDIA** | | | | |
| 4Imprint Group | 2610.0 | 10.0 | 2700.0 | 1715.0 |
| Ascential | 360.4 | -5.6 | 465.0 | 337.2 |
| Bloomsbury Publis | 231.0 | 2.0 | 254.0 | 190.5 |
| Centaur Media | 49.0 | -6.8 | 56.5 | 34.7 |
| Entertainment One | 350.0 | -70.0 | 483.4 | 323.8 |

| | Price | Chg | High | Low |
|---|---|---|---|---|
| Euromoney Institu | 1300.0 | 0.0 | 1450.0 | 1132.0 |
| Gocompare.com Gro | 85.2 | 0.8 | 139.0 | 64.6 |
| Haynes Publishing | 218.0 | 0.0 | 246.0 | 160.0 |
| Huntsworth | 98.0 | -1.4 | 139.0 | 81.0 |
| Informa | 777.8 | 7.8 | 859.0 | 605.8 |
| ITE Group | 75.5 | -0.1 | 90.0 | 56.3 |
| ITV | 107.6 | -0.3 | 180.4 | 105.2 |
| Moneysupermarket. | 374.3 | 3.3 | 380.7 | 264.0 |
| Pearson | 776.2 | 7.0 | 1027.5 | 764.0 |
| Reach | 77.1 | 1.1 | 83.2 | 54.6 |
| Relx plc | 1845.5 | 26.0 | 1853.0 | 1491.5 |
| Rightmove | 564.4 | -0.9 | 583.8 | 420.9 |
| STV Group | 354.5 | -0.5 | 458.0 | 318.0 |
| Tarsus Group | 433.0 | 0.0 | 433.0 | 243.0 |
| WPP | 967.0 | -2.6 | 1301.0 | 800.4 |
| **MINING** | | | | |
| Acacia Mining | 167.0 | 4.7 | 256.6 | 96.1 |
| Anglo American | 1919.8 | -15.6 | 2226.0 | 1464.6 |
| Antofagasta | 798.0 | -6.6 | 1149.0 | 727.2 |
| BHP Group | 1794.4 | -6.2 | 1944.2 | 1490.6 |
| Centamin (DI) | 98.3 | 0.7 | 136.2 | 79.8 |
| Fresnillo | 789.6 | 4.8 | 1315.5 | 724.8 |
| Glencore | 259.5 | -2.3 | 400.4 | 254.7 |
| Hochschild Mining | 165.0 | 0.9 | 219.9 | 149.1 |
| Kaz Minerals | 513.4 | 0.4 | 1076.0 | 436.7 |
| Polymetal Interna | 867.0 | 3.6 | 894.0 | 597.2 |
| Rio Tinto | 4521.0 | -85.0 | 4776.0 | 3486.0 |
| **MOBILE TELECOMS** | | | | |
| Inmarsat | 542.6 | -2.0 | 632.2 | 362.8 |
| Vodafone Group | 133.1 | -0.6 | 196.6 | 123.3 |
| **OIL & GAS PRODUCERS** | | | | |
| BP | 537.6 | -7.0 | 598.3 | 485.9 |
| Cairn Energy | 151.4 | -1.3 | 258.8 | 140.0 |
| Energean Oil & Ga | 811.0 | 5.0 | 846.0 | 493.5 |
| Premier Oil | 73.4 | -4.5 | 143.6 | 55.6 |
| Royal Dutch Shell | 2460.5 | 1.5 | 2694.5 | 2213.0 |
| Royal Dutch Shell | 2481.5 | 2.5 | 2780.5 | 2227.0 |
| Tullow Oil | 199.2 | -5.4 | 266.3 | 165.2 |
| **OIL EQUIPMENT & SERVICES** | | | | |
| Hunting | 508.5 | -12.0 | 849.0 | 453.6 |
| Petrofac Ltd. | 411.9 | -7.1 | 663.4 | 381.5 |
| Wood Group (John) | 401.0 | -12.3 | 796.4 | 389.9 |
| **PERSONAL GOODS** | | | | |
| Burberry Group | 1745.5 | 13.5 | 2325.0 | 1623.5 |
| PZ Cussons | 204.5 | 3.5 | 244.0 | 178.6 |
| **PHARMACEUTICALS & BIOTECH** | | | | |
| AstraZeneca | 5959.0 | -28.0 | 6525.0 | 5182.0 |
| BTG | 834.5 | -0.5 | 853.0 | 475.0 |
| Dechra Pharmaceut | 2750.0 | 78.0 | 3168.0 | 2014.0 |
| Genus | 2676.0 | 36.0 | 2992.0 | 2098.0 |
| GlaxoSmithKline | 1527.6 | -2.8 | 1621.6 | 1418.0 |
| Hikma Pharmaceuti | 1598.0 | -12.5 | 2025.0 | 1376.0 |
| Indivior | 46.1 | 1.4 | 496.2 | 30.1 |
| **REAL ESTATE INVEST. & SERV.** | | | | |
| BMO Commercial Pr | 120.0 | 1.0 | 155.0 | 117.0 |
| Capital & Countie | 216.9 | -0.7 | 303.2 | 213.1 |
| CLS Holdings | 224.5 | 6.0 | 255.0 | 195.4 |
| Daejan Holdings | 5600.0 | -30.0 | 6400.0 | 5500.0 |
| Grainger | 253.0 | 1.2 | 291.0 | 205.8 |
| NewRiver REIT | 204.5 | 9.5 | 294.0 | 194.3 |
| Safestore Holding | 628.5 | -0.5 | 658.5 | 499.4 |
| Savills | 869.0 | 7.0 | 965.5 | 678.5 |
| St. Modwen Proper | 425.0 | 3.0 | 441.5 | 365.0 |
| UK Commercial Pro | 90.5 | 0.2 | 92.7 | 81.0 |
| **REAL ESTATE INVEST. TRUSTS** | | | | |
| Big Yellow Group | 1020.0 | 12.0 | 1062.0 | 852.5 |

| | Price | Chg | High | Low |
|---|---|---|---|---|
| British Land Comp | 535.2 | 8.2 | 692.0 | 523.0 |
| Civitas Social Ho | 82.8 | 2.1 | 114.0 | 79.7 |
| Derwent London | 3220.0 | 88.0 | 3328.0 | 2761.0 |
| Great Portland Es | 710.0 | 10.2 | 773.6 | 652.3 |
| Hammerson | 278.1 | 5.7 | 547.6 | 266.9 |
| Intu Properties | 88.8 | 0.0 | 204.8 | 87.5 |
| Land Securities G | 845.8 | 12.8 | 965.1 | 791.8 |
| LondonMetric Prop | 208.6 | 2.8 | 209.2 | 172.7 |
| Primary Health Pr | 137.4 | 1.2 | 137.5 | 106.4 |
| SEGRO | 702.8 | 9.8 | 719.0 | 585.2 |
| Shaftesbury | 831.0 | 5.0 | 968.0 | 817.0 |
| Tritax Big Box Re | 149.4 | 1.3 | 155.7 | 129.0 |
| Unite Group | 949.0 | 16.5 | 973.5 | 797.5 |
| Workspace Group | 886.0 | -17.5 | 1165.0 | 789.5 |
| **SOFTWARE & COMPUTER SERV.** | | | | |
| Avast | 312.2 | 0.0 | 319.4 | 208.2 |
| Aveva Group | 3794.0 | 180.0 | 3816.0 | 2284.0 |
| Computacenter | 1262.0 | 10.0 | 1620.0 | 952.0 |
| FDM Group (Holdin | 958.0 | -9.0 | 1128.0 | 734.0 |
| Funding Circle Ho | 250.0 | 0.0 | 440.0 | 221.5 |
| Micro Focus Inter | 1905.4 | 46.6 | 2491.6 | 1427.2 |
| Playtech | 405.5 | 5.5 | 811.8 | 361.8 |
| Sage Group | 757.0 | 23.8 | 772.0 | 525.6 |
| Softcat | 924.5 | 3.5 | 967.0 | 565.0 |
| **SUPPORT SERVICES** | | | | |
| Sophos Group | 400.0 | 4.0 | 639.0 | 298.2 |
| Aggreko | 784.0 | 4.2 | 882.0 | 641.8 |
| Ashtead Group | 1907.5 | 10.5 | 2438.0 | 1586.5 |
| BCA Marketplace | 184.2 | 2.8 | 242.0 | 178.5 |
| Bunzl | 2157.0 | 29.0 | 2551.0 | 2059.0 |
| Capita | 107.8 | -1.0 | 169.1 | 102.3 |
| DCC | 6800.0 | 134.0 | 7390.0 | 5555.0 |
| Diploma | 1509.0 | 38.0 | 1634.0 | 1150.0 |
| Electrocomponents | 606.0 | 0.8 | 761.6 | 480.0 |
| Equiniti Group | 218.4 | -0.6 | 266.0 | 186.2 |
| Essentra | 399.4 | 0.0 | 507.0 | 325.4 |
| Experian | 2384.0 | 9.0 | 2406.0 | 1728.5 |
| Ferguson | 5220.0 | 54.0 | 6556.0 | 4749.0 |
| G4S | 208.6 | 1.3 | 282.0 | 175.9 |
| Grafton Group Uni | 870.5 | 0.0 | 937.0 | 630.0 |
| Hays | 150.4 | 2.2 | 212.0 | 135.7 |
| Homeserve | 1222.0 | 24.0 | 1229.0 | 849.0 |
| Howden Joinery Gr | 509.8 | 2.4 | 539.0 | 416.4 |
| Intertek Group | 5382.0 | 100.0 | 6014.0 | 4387.0 |
| Pagegroup | 511.0 | 0.0 | 623.5 | 432.2 |
| Rentokil Initial | 375.1 | 4.8 | 391.1 | 284.8 |
| Robert Walters | 660.0 | 4.0 | 475.0 | 814.0 |
| Serco Group | 129.5 | -0.4 | 136.5 | 84.1 |
| SIG | 132.9 | 3.7 | 153.0 | 102.2 |
| Travis Perkins | 1279.0 | 17.0 | 1475.5 | 970.0 |
| Spirent Communica | 153.6 | 0.6 | 166.2 | 112.8 |
| **TOBACCO** | | | | |
| British American | 2828.5 | -9.5 | 4222.5 | 2375.0 |
| Imperial Brands | 1961.0 | 23.0 | 2987.5 | 1871.0 |
| **TRAVEL & LEISURE** | | | | |
| 888 Holdings | 150.0 | 7.5 | 300.2 | 129.3 |
| Carnival | 3876.0 | -8.0 | 5000.0 | 3659.0 |
| Cineworld Group | 291.0 | 4.0 | 323.6 | 245.0 |
| Compass Group | 1794.5 | 9.5 | 1825.0 | 1483.0 |
| Domino's Pizza Gr | 237.1 | 3.6 | 386.9 | 224.4 |
| easyJet | 903.6 | 18.6 | 1796.0 | 854.8 |
| EI Group | 208.2 | -3.4 | 224.8 | 143.0 |
| FirstGroup | 108.8 | -1.0 | 116.6 | 79.3 |
| Flutter Entertain | 5802.0 | 54.0 | 8890.0 | 5525.0 |
| Go-Ahead Group | 1883.0 | 94.0 | 2078.0 | 1388.0 |
| Greene King | 646.0 | 4.6 | 704.4 | 472.8 |
| GVC Holdings | 625.0 | 15.0 | 1170.0 | 507.5 |
| InterContinental | 5019.0 | 34.0 | 5159.0 | 3958.4 |

| | Price | Chg | High | Low |
|---|---|---|---|---|
| International Con | 468.7 | 5.7 | 726.6 | 449.1 |
| Merlin Entertainm | 368.8 | -1.2 | 410.5 | 307.1 |
| Millennium & Copt | 498.0 | 2.0 | 553.0 | 436.0 |
| Mitchells & Butle | 280.5 | -1.0 | 291.4 | 238.0 |
| National Express | 392.8 | 2.2 | 433.2 | 361.4 |
| Rank Group | 153.0 | -4.0 | 194.0 | 135.0 |
| Restaurant Group | 128.6 | 0.9 | 227.3 | 111.9 |
| Stagecoach Group | 127.7 | 4.2 | 177.0 | 115.5 |
| TUI AG Reg Shs (D | 716.4 | -6.2 | 1764.5 | 698.0 |
| Wetherspoon (J.D. | 1357.0 | 12.0 | 1375.0 | 1066.0 |
| Whitbread | 4707.0 | 12.0 | 5114.0 | 3883.0 |
| William Hill | 139.9 | 3.0 | 323.5 | 132.3 |
| Wizz Air Holdings | 3507.0 | 0.0 | 3797.0 | 2329.0 |
| **AIM 50** | | | | |
| Abcam | 1463.0 | 21.0 | 1539.0 | 1017.0 |
| Advanced Medical | 339.5 | 1.5 | 370.0 | 260.0 |
| Alliance Pharma | 78.4 | 0.6 | 102.0 | 60.0 |
| ASOS | 3360.0 | 54.0 | 6834.0 | 2128.0 |
| Blue Prism Group | 1755.0 | 10.0 | 2575.0 | 1040.0 |
| Camellia | 10450.0 | -100.0 | 12425.0 | 9100.0 |
| CareTech Holding | 370.0 | 0.0 | 406.0 | 325.0 |
| Central Asia Meta | 221.5 | 1.5 | 294.0 | 203.0 |
| Clinigen Group | 1023.0 | -19.0 | 1069.0 | 721.0 |
| CVS Group | 628.5 | 4.5 | 1163.0 | 395.0 |
| Dart Group | 899.5 | 7.5 | 1017.0 | 740.0 |
| Diversified Gas & | 115.0 | -9.0 | 134.0 | 94.0 |
| Draper Esprit | 467.5 | -2.5 | 645.0 | 458.0 |
| Eland Oil & Gas | 125.8 | -2.4 | 137.5 | 97.0 |
| EMIS Group | 1170.0 | 0.0 | 1206.0 | 860.0 |
| Fevertree Drinks | 2642.0 | 57.0 | 3956.0 | 2131.0 |
| First Derivatives | 3300.0 | -10.0 | 4680.0 | 2050.0 |
| Frontier Developm | 1070.0 | -6.0 | 1825.0 | 740.0 |
| Gamma Communicati | 1105.0 | 0.0 | 1195.0 | 688.0 |
| GB Group | 585.0 | -19.0 | 632.0 | 410.5 |
| Gooch & Housego | 954.0 | -96.0 | 1880.0 | 954.0 |
| Hurricane Energy | 56.2 | -2.9 | 64.7 | 39.0 |
| Iomart Group | 346.5 | -3.5 | 475.0 | 308.0 |
| IQE | 74.3 | 0.0 | 116.4 | 56.3 |
| James Halstead | 532.0 | 10.0 | 532.0 | 367.0 |
| Johnson Service G | 155.4 | -1.0 | 160.4 | 113.6 |
| Keywords Studios | 1590.0 | -2.0 | 2065.0 | 900.0 |
| Learning Technolo | 85.2 | 3.2 | 166.5 | 62.2 |
| M&C Saatchi | 349.0 | -12.0 | 394.0 | 270.0 |
| M. P. Evans Group | 666.0 | 0.0 | 800.0 | 637.0 |
| Majestic Wine | 280.0 | 13.0 | 485.0 | 219.0 |
| Midwich Group | 595.0 | -11.0 | 685.0 | 491.5 |
| Mortgage Advice B | 585.0 | 0.0 | 720.0 | 490.0 |
| Next Fifteen Comm | 570.0 | -16.0 | 600.0 | 455.0 |
| Nichols | 1750.0 | -5.0 | 1840.0 | 1240.0 |
| Numis Corporation | 265.5 | 2.5 | 438.5 | 221.5 |
| Polar Capital Hol | 558.0 | -18.0 | 732.0 | 448.0 |
| Purplebricks Grou | 109.4 | 4.0 | 366.8 | 90.0 |
| Redde | 102.0 | -1.0 | 196.0 | 90.0 |
| Renew Holdings | 424.0 | 0.5 | 436.5 | 333.0 |
| RWS Holdings | 626.0 | 8.0 | 632.0 | 365.0 |
| Scapa Group | 166.0 | 1.4 | 473.4 | 157.0 |
| Secure Income Rei | 405.0 | 0.0 | 414.0 | 371.0 |
| Serica Energy | 120.0 | -1.8 | 142.0 | 57.4 |
| Smart Metering Sy | 510.5 | -2.0 | 803.0 | 480.0 |
| Staffline Group | 245.0 | -19.0 | 1340.0 | 245.0 |
| Telford Homes | 298.0 | 3.0 | 465.0 | 267.0 |
| Thorpe (F.W.) | 317.0 | 5.0 | 340.0 | 248.0 |
| Watkin Jones | 208.0 | 5.5 | 232.5 | 192.2 |
| Young & Co's Brew | 1792.5 | 27.5 | 1885.0 | 1322.5 |
| Young & Co's Brew | 1095.0 | 5.0 | 1325.0 | 1030.0 |



EUSHARES



BOTTOMTABLES

USSHARES

# OFFICE POLITICS

# Would you want to be trained by an AI?

## Artificial intelligence and chatbots could soon be used to give coaching to humans


**Anton Riolo**

BY 2025, five billion people will be connected to each other through four billion smartphones and 50bn other devices. This will produce new data at unimaginable rates.

Add in exponential growth in artificial intelligence (AI) – which is predicted to generate 1.7MB of data for every person every second by this time next year – and the possibilities for what technology can do seem endless.

Already, online chat facilities offered by banks or customer service centres have been automated – thanks to AI and natural language processing technology – to such an extent that most of the questions that customers type into a chat box go nowhere near a human. Instead, chatbots "write" algorithm-generated answers based on what people have asked previously.

Meanwhile, employers are using chatbot-style AI to save HR professionals from having to individually reply to similar questions about holiday entitlement, sick leave, or parental rights. The savings are substantial – one South American firm claims to have automated 66.9 per cent of all queries to HR, enabling the department's productivity to rise by 24.4 per cent.

Others are using it for recruitment, asking pre-screening questions to filter out unsuitable candidates. AI will be a key topic at the Chartered Institute of Personnel and Development's (CIPD) inaugural Festival of Work on 12-13 June at Olympia London.

But could chatbots also be used for learning and development? Instead of turning to a coach or trainer as the source of all knowledge, a question could be answered on the spot by a bot that has scoured the web and other sources for a more definitive answer.

Already, firms are experimenting with virtual tuition services, where learners interact with a "class" from across the world through their screens.

And chatbots are beginning to be introduced as virtual coaches. The NHS recently partnered with Hertfordshire Partnership University NHS Foundation Trust to provide a digital version of its team-building programmes. This software analyses team dynamics, including figuring out any issues team members might have by asking them about their communication style and work goals. From here, it presents feedback on ways that they can improve.

**Firms are experimenting with virtual tuition services, where learners can interact with a "class" from across the world through their screen**

There are now several commercial applications on the market that mimic the reflective aspects of coaching, working with individuals to ask and respond to questions about their career and motivations. Evidence suggests that users find such coaching bots highly user-friendly and effective.

But fully replacing a coach with a robot is tricky – both technically and on a personal level. Coaching is not simply about imparting facts – something a bot could easily do. Coaches are trained professionals who help people uncover solutions for themselves – facilitating them into considering new approaches and ways of thinking.

They give people the tools to develop answers to problems, not necessarily the answers straight away. Often, they're also part-psychologist – addressing deep-seated emotional issues that stop workers from progressing, such as why they lack confidence or can't relate to certain people.

In short, coaches don't merely spit out solutions. They must spend time with people to encourage them to self-reflect and consider the reasons for their performance issues. That's before they can do something about it – which often takes a lot of time, goal-setting, and exercises. Bots don't yet seem designed for such introspection.

Wherever this brave new world is taking us in terms of coaching, the human touch is still likely to be sacrosanct for some time yet. But bots could "check in" on people on a coach's behalf to ask how they're doing. These interactions could be looked at by coaches to then better design and prepare for the next session. And in the world of AI, it's unwise to say never.

*Anton Riolo is head of content for CIPD Events at Haymarket Business Media.*

**AI SHRINK**

**Replika**
*Free*

We are social creatures, and sometimes we just need to pour our heart out to someone who listens. You've tried talking to your dog Charlie but he's very easily distracted, while your cat Molly is only interested in herself. So why not talk to your phone? Sounds strange, but the chatbot app Replika is essentially an AI therapist.

# COFFEE BREAK



## SUDOKU

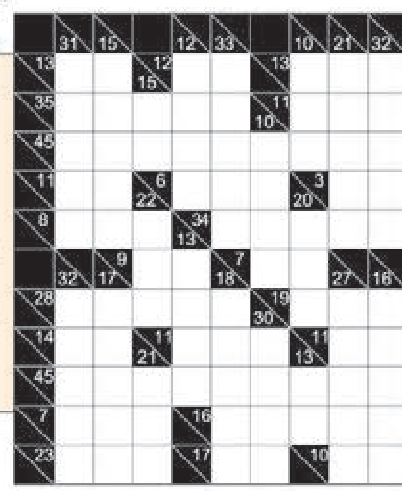
Place the numbers from 1 to 9 in each empty cell so that each row, each column and each 3x3 block contains all the numbers from 1 to 9 to solve this tricky Sudoku puzzle.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 4 | | | 1 | | 2 | | 9 |
| | | 6 | 8 | | 3 | 4 | | |
| | | | | | | | | 5 |
| | | | 3 | 7 | | | 5 | |
| | | | | | | | | |
| | 9 | | 2 | | 6 | | | |
| | | | 5 | | | | 6 | |
| | 5 | | | 8 | | | | 7 |
| 7 | | 2 | | | | | 9 | |

## KAKURO

Fill the grid so that each block adds up to the total in the box above or to the left of it.

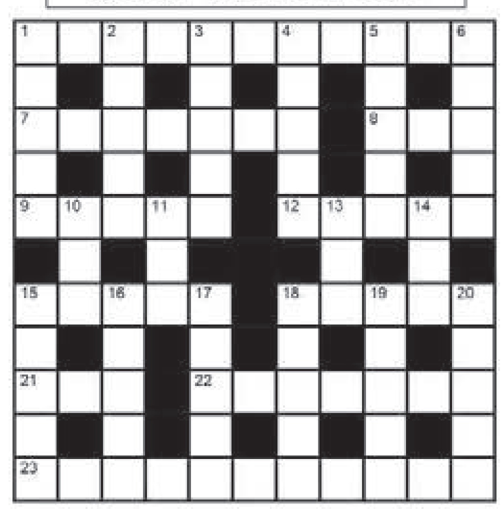
You can only use the digits 1-9 and you must not use the same digit twice in a block. The same digit may occur more than once in a row or column, but it must be in a separate block.



## WORDWHEEL

Using only the letters in the Wordwheel, you have ten minutes to find as many words as possible, none of which may be plurals, foreign words or proper nouns. Each word must be of three letters or more, all must contain the central letter and letters can only be used once in every word. There is at least one nine-letter word in the wheel.


## QUICK CROSSWORD



**ACROSS**

1 Skilled workers (11)
7 Person who gives guidance (7)
8 Time of life (3)
9 Villeins who served a feudal lord (5)
12 Produce offspring (5)
15 Stories (5)
18 Symbol signifying approval or distinction (5)
21 Feline mammal (3)
22 Ceremony of religious worship (7)
23 Practitioners in a particular branch of medicine (11)

**DOWN**

1 Squads (5)
2 Provide with insurance (5)
3 Organs of smell (5)
4 Tree with edible pods used as a chocolate substitute (5)
5 Conscious, aware (5)
6 Warhorse (5)
10 Historical period (3)
11 Professional price (3)
13 Inflamed and painful (3)
14 Sense organ (3)
15 Parasitic arachnids (5)
16 Metric unit of capacity (5)
17 Japanese fish dish (5)
18 Spring month (5)
19 Sign of the zodiac (5)
20 Squirrels' nests (5)

## LAST ISSUE'S SOLUTIONS

### QUICK CROSSWORD

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### WORDWHEEL

The nine-letter word was HAIRBRUSH

# FORUM

EDITED BY RACHEL CUNLIFFE

# We must not forget the value of the US special relationship

**Alan Mendoza**

EXACTLY 75 years ago today, Allied forces mounted Operation Overlord. The largest military operation ever attempted began the process of freeing the European continent from the jackboot of Nazi tyranny.

So familiar are we with the general story of D-Day that it is easy to forget some of the extraordinary details. By June 1944, more than two million troops from over 12 countries had assembled in the UK ready for the assault into occupied Europe.

An elaborate intelligence operation which included double agents, phantom armies, and a body double for General Bernard Montgomery successfully fooled the Germans into believing that the pas de Calais would be the real target of operations, and that any attack into Normandy was just a ruse.

So perfect did weather conditions need to be for the plan to succeed that only a few days in early June were deemed possibilities for the invasion, and it could easily have been cancelled: D-Day was supposed to be 5 June but was delayed for a day because of inclement conditions.

Once the Allied forces landed on the five beaches codenamed Sword, Juno, Gold, Omaha and Utah, they faced a race against time to establish bridgeheads before German reinforcements could arrive to drive them back into the sea.

In the face of fierce resistance, they triumphed. By nightfall, some 156,000 troops had been successfully landed. Nazi control of France was challenged, and 11 months later, Europe was liberated.

Operation Overlord was of course a team effort. But by this point, the British Empire and Commonwealth were already in the fifth year of conflict and suffering the economic and human consequences. The effort required to muster up the force to retake the continent must never be forgotten, nor the price we paid as a nation for doing what was required of us in humanity's darkest hour.

But it is indisputable that D-Day and what followed could not have succeeded without the involvement of our closest ally, the US. On "Bloody Omaha", where the heaviest fighting of D-Day occurred, American troops suffered some 4,000 killed and wounded, with one unit landing in the first wave receiving a 90 per cent casualty rate.

Thereafter, it was the seemingly endless supply of American materiel accompanied by their finest fighting forces – men willing to lay down their lives to free a distant continent – that helped tip the balance in the battle against Nazi Germany.

It is a debt that Europeans should always recall, for without the kindness of American strangers, the history of western civilisation may well have taken a very different turn.

Not that you would know it from some of the outrageous conduct on display on British soil this week to mark the state visit of the US President. Donald Trump may be no Franklin Delano Roosevelt, but the way he was received by snarling protests and boorish behaviour from a clutch of desperate politicians should be a cause for collective national shame.

> **The way Trump was received by snarling protests should be a cause for collective national shame**

This was not some third-rate emissary of a banana republic, or even a powerful despot like President Xi of China or the Emir of Qatar, both of whom have been feted on state visits in the past decade with not a fraction of the controversy accompanying Trump's visit.

This was the leader of the free world, celebrating what he described as the "eternal friendship" of our two peoples and the "greatest alliance the world has ever known". He was here to commemorate the sealing in blood of that special relationship by the sacrifice of the many US soldiers who never returned home because they paid the ultimate price to help free our continent.

Trump may be many things to many people, a fair few of them highly disagreeable, but he remains the US President. The disrespect shown towards him by hostile crowds waving obscene placards, flying puerile balloons, and screaming abuse at him and his supporters therefore went well beyond the bounds of reasonable protest and into the realm of national insult.

It may well be that the breakdown of authority is such today that we can no longer expect better from a section of the people acting like a rabble. But we are surely entitled to better behaved politicians.

Whether it was the latest Twitter spat between the mayor of London and the President, or the decision of party leaders like Jeremy Corbyn to address the anti-Trump rally, many of our elected representatives decided that they would lower themselves to the level Trump himself has frequently been critiqued for.

Fortunately, Trump's state visit has still been a successful one, with the UK promised a "phenomenal" US trade deal post-Brexit as well as important political and business discussions having taken place.

Even in an era of fake news, the truth remains that the security and prosperity of the UK is intrinsically tied to the interests and commitment of the global superpower.

Love him or loathe him, there is no doubt that Trump retains a fondness for our island nation that we may yet come to miss if it is not shared by those US politicians that follow him.

The malcontents can do their worst. But national interest dictates that we should pursue our closest alliance with our customary vigour.

*Alan Mendoza is executive director of the Henry Jackson Society.*

# Without net neutrality, our free internet risks becoming a dystopian nightmare

**Rob Mardisalu**

WHAT could the internet look like in 10 years' time? Bleak, if the 2017 ruling by the US Federal Communications Commission (FCC) to undo net neutrality is allowed to stand.

Net neutrality is the principle that all information on the internet should be equally accessible. Without net neutrality, an internet service provider (ISP) could control what users see online, and how quickly they can access it.

In 2015, the principle of net neutrality was enshrined into US law, only to be repealed in 2017 by the Trump administration. The big ISPs in America already had a history of attempting to get around net neutrality, but when the rules officially expired in June 2018, they gained yet more power to do so with impunity.

So how are things looking a year later? To start with, ISPs have attempted to block VOIP services such as Skype and FaceTime; disrupted and throttled streaming services such as Netflix; blocked competing services such as Google Wallet and tethering apps; and even cut data speeds for a Californian fire brigade during the 2018 wildfires.

Bad as this is, it's mild compared with what may be to come. Our team at TheBestVPN.com have put together an apocalyptic vision of the future of the web, which tries to examine what could plausibly happen in the next 10 years, as the consequences of repealing net neutrality are fully realised.

Our interactive simulator explores the worst-case scenario for internet users: they're penny-and-dimed at every turn, reduced to visiting only four websites, forced to share their browsing habits, and only given news written by AI bots.

This might sound dystopian, but since the repeal, it is increasingly likely. Under net neutrality, start-ups and giants like Google are equal at the point of delivery, ensuring a level playing field for all. Without it, ISPs can charge companies more to give them an edge over others. You can guess which companies would benefit, and which will be forced out of business as a result.

ISPs could block devices to force users towards specific products, whether that be wifi routers, PCs, phones, or games consoles. They could also block or limit services – especially data-heavy ones such as streaming. Your privacy is under threat too, with ISPs free to snoop on users and sell on personal data.

For the consumer, this could mean either pricier streaming subscriptions or lower quality content. In the long run, reduced competition would result in less incentive for the established internet giants to improve their offerings.

If you think that this is just a problem for Americans, remember that many of the biggest internet companies are US-based, so this would affect people across the world.

Opponents of net neutrality argue that if an ISP abuses their power, customers could switch provider. But this is often difficult, especially in rural areas and where one ISP has a monopoly over infrastructure.

Net neutrality is vital for competition and for progress. It is also popular: the University of Maryland polled a representative sample of Americans in December 2017 and found that 83 per cent did not approve of the FCC's plans to repeal it. Alas, their calls fell on deaf ears.

It's only been a year since the rules lapsed, so there is still hope that our dire predictions will never come to pass. Let's hope we're wrong. The future of the internet depends on it.

*Rob Mardisalu is co-founder of TheBestVPN, and a privacy enthusiast.*

# LETTERS

TO THE EDITOR

## Time off for good behaviour?

**[Re: What went wrong for Neil Woodford?]**

Is it really the case that Neil Woodford is now to stock-picking what Theresa May was to leadership? Investors clearly think so, but the truth is that Woodford should not be judged only by his performance over the past two years.

These days, to assess any fund manager based on only a recent historical snapshot is outdated thinking, to put it mildly.

The trouble is that investors have little better to go on than Woodford's recent poor returns, which is why they have pulled their money en masse.

If, however, Woodford had concrete behavioural analysis that proved that he has made consistently skilled investment decisions, and that his decision-making process was intact despite the recent underperformance, he may have been in a position to have a much more constructive conversation with his investors now – giving them enough reassurance to not run for the exit.

**Clare Flynn Levy, chief executive Essentia Analytics**

## BEST OF TWITTER

.@SteveBakerHW "...the NHS is of course, not for sale, but the NHS does buy a lot... if the NHS can buy less expensive drugs through a trade deal from the USA, then that's a good thing..."
***@BrexitCentral***

I need to underline and repeat YET AGAIN that the @brexitparty_uk is not going to privatise the NHS. Stop this scaremongering. It is dangerous. And it worries people. Politics of fear are cheap and smack of desperation.
***@drdavidbull***

For anyone interested in how a UK-US trade deal might affect drug pricing, here's a good overview from the Lancet. Short version: "American drug pricing policy now has the explicit and unusual goal of making drugs more expensive in other countries."
***@EllenBarryNYT***

Remainers arguing that Brexit makes the NHS vulnerable should look at procurement rules as legislated by EU. NHS is open to EU business, and many of these countries... here's the kicker... have profit-driven healthcare systems!
***@KateAndrs***

Attacking Rory Stewart for being popular with LibDem and Labour voters suggests a rather odd approach to winning general elections...
***@CapurrodDaniel***

Hi, Rory Stewart here, I will be in the #LoveIsland villa for the next hour, come down and let's talk about how to breakthrough the brexit deadlock #RoryWalks
***@Jonathon_Murphy***

The sudden wave of panic as you knock over a full glass of water onto your desk and watch in horror as it pours into the power bank.
***@TrialsOfTheTech***

**WE WANT TO HEAR YOUR VIEWS ❯ E: theforum@cityam.com COMMENT AT: cityam.com/forum** : @cityam

# AI for AI's sake? Tech lessons for business from the world of art

**Matthew Howard**

PORTRAIT of Edmond de Belamy went under the hammer for an impressive $432,500 in October 2018, over 40 times its predicted price point.

The painting itself is by no means extraordinary. However, the fact that it was created and painted by an algorithm makes it a modern-day masterpiece, and a lucrative one at that.

The art world is far from alone in its embrace of technology. Business leaders across the UK believe that there is significant money to be made in artificial intelligence (AI), and are prepared to wager significant sums in its development.

According to new research published by Deloitte, more than one in three UK executives have spent over $5m on the technology in the last fiscal year.

However, evidence of the value that this investment is bringing to organisations is proving elusive, with one in four saying that they are yet to achieve positive return-on-investment from their spend on AI.

One key difference in the adoption of AI in business compared to art is the expectation for the technology. Artists are using AI to create particular pieces, but many business leaders are looking to swiftly automate vast swathes of significant administrative tasks, including in recruitment and customer service.

To trust AI with business-critical decisions in an unbiased way, such as screening CVs to select candidates for job interviews or calculating mortgage offerings, is overestimating its capabilities. In the former, we've seen AI unfairly discriminate against candidates due to their gender, while in the latter, it has exhibited bias against residents of certain neighbourhoods.

AI is by no means a "plug-and-play" technology. Experts in the industry are still grappling to understand what the technology is truly capable of; ethics boards are being created to ensure that it is used in a safe and unbiased way; teams are being reskilled as many of their daily tasks become automated.

Perhaps we can again look to the art world for an example of how to make the most out of investment in AI, rather than expecting it to do too much and then being disappointed or overwhelmed with the results.

The key – in art and in business – is to use AI to complement rather than outright replace jobs done by people, with humans exerting overall control.

For instance, in singer Holly Herndon's latest album, she uses an "AI baby" called Spawn which has the ability to mimic voices and create new sounds. When creating the album, Herndon explained that she was treating the technology as a "performer rather than a composer".

**One in three UK executives have spent over $5m on artificial intelligence**

We should approach using AI in business in the same way. Just as AI is successfully acting as a background performer in music, its primary role should be handling background tasks in business.

Take email triage, a simple background task which has successfully become automated by AI in a range of industries. An algorithm categorises each email in terms of urgency and subject, forwarding it on to the most relevant contact and notifying them of the level of attention that it requires.

In healthcare, meanwhile, this kind of application can be used for GP referrals which would traditionally be assessed and processed by consultants, while in retail it can be used to categorise customer feedback and trigger a response.

In both case, a small "back office" task has been automated, while employees still act as the main decision-maker and provide a response.

Using AI in these kinds of applications, with small data-sets and a limited number of tasks, ensures that it is used in a safe and ethical way, with human decision-making as a core part of the process.

A machine may have created Portrait of Edmond de Belamy, but artists were responsible for its programming. While it is still time for "art for art's sake" to be celebrated, "AI for AI's sake" should be reproached.

*Dr Matthew Howard is the director of artificial intelligence at Deloitte where he leads the commercial and technology teams for AI and cognitive projects.*

# DEBATE

## Is it right for voting records on Brexit to play a part in deciding the next Tory leader?

## YES

**BENEDICT SPENCE**

The problem with not having a Brexiteer Prime Minister stems from public trust.

Theresa May's time in Number 10 has destroyed whatever trust there was that a Remainer could oversee a Brexit that would satisfy most Leavers. The strategy of making a deal at any cost, creeping ever closer to "Brexit in name only", has lost Remainer MPs a lot of goodwill. It no longer matters what their intentions are.

The new Tory leader will obviously have an eye on the next General Election, and will know that anything other than being seen to "deliver Brexit" will result in catastrophe. A Remainer's deal will not be trusted, no matter how good it is – the only way it will satisfy Leave voters is if it comes from an unambiguous Brexiteer.

The Tory membership and general public want as swift and clean an outcome as possible. With parliament opposing this, the next Prime Minister will need both onside, either for a fresh election or another referendum. Their stall must be set out clearly.

*Benedict Spence is a freelance writer. He is on Twitter @BenedictSpence.*

## NO

**VICTORIA MACKARNESS**

Brexit may be the most contentious issue in the public eye, but electing a Prime Minister based on little more than a dogmatic approach to a complex issue will not be a success for Brexiteers, or for anyone else.

Many have likened Brexit to a divorce. The received wisdom in a divorce is that one hires a lawyer because, in a complex negotiation where emotions are running high, you need someone who is calm, collected, and – most importantly – qualified.

Yes, the next Prime Minister needs to believe in delivering on the public's desire to leave the EU, but that should not be their only qualification. The values we need in a leader should not just be based on previous voting records, but on the skills and qualities they have displayed throughout their career. We need someone who has proven their ability to negotiate, to understand complex policy, and to bring people together in pursuit of a common goal. To paraphrase the Dog's Trust, a Prime Minister is for the nation, not just for Brexit.

*Victoria Mackarness is an account manager at CMS Strategic.*

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**Certified Distribution**
from 01/04/2019 till
28/04/2019 is 85,758

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Printed by West Ferry Printers Ltd, Kimpton Rd, Luton LU2 0SX

# TECHNOLOGY

EDITED BY STEVE HOGARTY

# The shape-shifting iMac killer

## The transformable **Surface Studio 2** is Microsoft's most spectacular PC ever. Apple should be taking note

The Surface Studio 2 alongside its varied peripheral offspring: the keyboard, mouse, Pen and Dial

**PC**

**MICROSOFT SURFACE STUDIO 2**

**FROM £3,549, MICROSOFT.COM**

BY STEVE HOGARTY

Microsoft's Surface range began in 2012 with a series of hybrid tablet computers, but it wasn't until the launch of the Surface Book laptop in 2016 that the company really started upping their design game and stealing Apple's brushed metal lunch.

Around then Microsoft started producing futuristic machines that appeared to be hewn from single slabs of matte-finish aluminium, with hidden but efficient strip vents, minimal detailing, no garish Intel hologram stickers cluttering up the chassis, and strange skeletal hinges unlike anything else seen in laptop design.

There's a sexy alien aesthetic to Microsoft's new generation of hardware. All of it would look at home in a Philip K Dick adaptation, operated by a pouting blonde woman in a white latex jumpsuit and a severe bowl cut. Maybe she's tracking a squadron of Korblaxian Raiders. Or maybe she's doing her weekly Tesco shop. Surface devices seem to fit both occasions.

The head of this growing Surface family is the Surface Studio, a 28-inch hinged desktop PC that folds down to almost flat, like a giant graphics tablet, and the ideal position for doodling with the Surface Pen stylus.

It is a gorgeous object, the 12.5mm thick screen gliding along its hinge so effortlessly that you can lay it flat just by pushing on it with a single finger, as though the whole screen is floating on air. You'd feel mildly anxious about leaving it near any open windows, in case a gust of wind carries it off like a kite.

Announced back in October 2018, the second generation of Studio is finally available to purchase in the UK. It looks almost identical to the previous model, but its insides – all contained within the book-sized base from which the hinged screen rises – are souped up, improving on the middle-of-the-road specifications of the original Studio.

Powering the new device is an i7-7820HQ Intel CPU alongside an Nvidia GeForce GTX 1060 GPU and – most crucially for the kind of work you'd use this machine for – a solid state hard drive for wrangling with large media files, with much improved load times. Performance is lightning quick all round, and there's just enough oomph in that little box to play high-end games, should you get bored of editing and want to raid some tombs for a while instead.

Returning from the original Studio, and sold separately, the £90 Microsoft Dial is a physical, rotating knob that can be placed anywhere on the screen, acting as a way to navigate through menus with your left hand while keeping hold of your stylus in the other. Context-aware, radial options appear in a ring around wherever the Dial is placed.

It sounds gimmicky, but for drawing and creative work, and when used with Adobe Creative Cloud, it becomes one of the most useful and intuitive ways of interacting with a screen since right-clicking. The display is as stunning as ever too. Though this time Microsoft says that it has optically bonded the screen to the glass, bringing it nearer to the surface to create a brighter and more richly coloured image. However it's been achieved, the result is plain to anyone sitting in front of it, a super high resolution, better than 4K screen that's heaving with dense, crisp pixels.

The Surface Studio is a rare thing: a desktop computer that turns heads.

**GAMES**

**OBSERVATION; HEAVEN'S VAULT**

**PLATFORM: BOTH ON PC & PS4**

BY STEVE DINNEEN


Observation is one hell of a proposition: a follow-up to the superlative indie horror game Stories Untold, set in a space station designed by alumni of Alien: Isolation, in which you control a rogue AI inspired by HAL from 2001.

And for the most part, it lives up to that promise. It begins with an unidentified disaster, which somehow results in a multinational space station, the Observation, diverting from its orbit above Earth to somewhere in the vicinity of Saturn. You, the onboard AI known by the acronym SAM, are woken – or rebooted – by the only known survivor, Emily Fisher; you're her only chance of survival, which makes the message you just received – "BRING HER" – all the more chilling.

The space station itself is brilliantly realised, a series of modular corridors filled with unfathomable knobs and buttons and doodahs. You traverse the space using the archaic on-board CCTV system – all crunchy audio static and visual interference – your digital eyes panning the claustrophobic station with an oppressive mechanical whirr. You can flick between working cameras at will using a blueprint of the ship; later you take control of a small floating sphere to navigate the space in three dimensions.

You're first tasked with restoring the station's core functions, which involves completing a series of mini-games within the ship's Nostromo-esque operating system: recalibrating modems and triangulating magnetic signals through tests of reflex, memory and spatial awareness. These are only mildly challenging but work in service to the sparse, low-fi aesthetic.

As you zip around, hacking into laptops and reading post-it notes, a conspiracy begins to solidify around you, just as the messages worming their way into your system become stranger and more obtrusive.

But while the art direction and story are strong, the minute-by-minute experience of bumbling around the Observation can be frustrating, sometimes painfully so. The game's systems are deliberately obfuscated, a tangible reflection of your corrupted memory: this fine from a narrative point of view, but it means minutes at a time are spent clicking through menus searching for a prompt to advance the story. Navigating the station also becomes a chore, with tasks too often involving scouring a big space for a small object.

Still, the Observation is a singularly atmospheric place to float around, and the collection of sci-fi cliches explored eventually coagulate into something that delivers a genuinely powerful payload.

Heaven's Vault is a love letter to language, a sci-fi odyssey in which the 3D environment is really just a backdrop to the strings of hieroglyphics you become increasingly adept at translating.

You play as Aliya, an intergalactic archeologist tasked with tracking down a missing academic. And while she's a strong, independent woman who often finds herself raiding tombs, she likes to solve her problems not with a pistol, but with a note-pad.

It's the latest title from Inkle, the Cambridge-based studio behind smash-hit text adventure 80 Days. Like that game, Heaven's Vault juggles a mind-bogglingly complex set of branching narratives, giving you a huge amount of freedom to sail around its strange and beautiful pocket universe.

And "sail" is the correct term. It's set in a distant galaxy far, far away – Star Wars is a pretty overt reference-point – where the dominant civilisation is built upon the ruins of a far more technologically advanced race. One throw-back to this long-dead culture is a series of mysterious interplanetary "rivers" that ebb and flow in never-ending circuits, shepherding Aliya across the cosmos.

Along the way she finds scraps of an ancient language, at first inscrutable but soon rewardingly decipherable, that hint at the history of the universe and of troubles to come.

The joy of discovery, however, is dulled by the increasingly mindless traversal from place to place, with minutes at a stretch spent bobbing along beautiful vistas that soon become forgettable wallpaper.

It's a shame, because the way Heaven's Vault encourages you to explore not in the hope of powerful items or gaining experience points but in a genuine quest for knowledge is a rare and beautiful thing.

CONTINUED FROM BACK PAGE

The rise of Serie A in the 1990s saw Italian clubs reach nine of 10 Champions League finals from 1989 to 1998. While that helped the Azzurri finish runner-up at the 1994 World Cup and Euro 2000, they did not add a trophy until the 2006 World Cup, which was sandwiched between two more European Cups for AC Milan.

England aside, France are the biggest anomaly. Twice in living memory Les Bleus have reached back-to-back major finals: when they won the 1998 World Cup and Euro 2000, and then when they followed a second place at Euro 2016 by winning last year's World Cup. Yet French clubs have not been in touching distance of a European Cup since 1993, when Marseille won it two years after reaching the final. At that time the national team was on its knees, failing to make two World Cups in a row.

Once upon a time, England's success and that of its clubs seemed to be intertwined, with the 1966 World Cup heralding good results in Europe, notably Manchester United's 1968 European Cup win. Since then, however, it has been a different story. English clubs' domination of Europe during the late 1970s and early '80s was absolute. With Liverpool at the fore, they won seven European Cups in eight years from 1977 to 1984. But the national team did next to nothing. And when Premier League teams began dominating the Champions League, providing three different winners and five runners-up in eight years

England hope to build on the success of Premier League clubs in Europe

from 2005 to 2012, the Golden Generation found international medals far harder to come by.

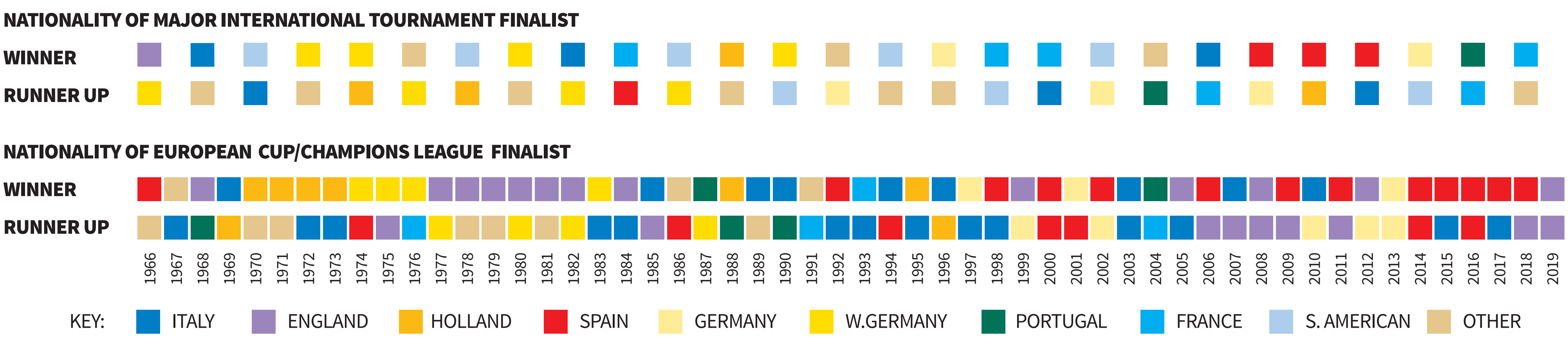
A recurring explanation for England's failings has been the pressure. Rooney, Gerrard, Lampard and Ferdinand have all spoken about the burden they felt when representing their country. The nadir of Roy Hodgson's spell in charge and Sam Allardyce's aborted reign set the bar low for Southgate's men at the 2018 World Cup. Reaching the semi-finals, however,

> England's success and that of its clubs was once intertwined. For 50 years it's been a different story

and now being within 180 minutes of lifting a first meaningful piece of silverware for 53 years has begun to nudge it up a few notches.

Southgate's nurturing of a club feel to the squad appears to have made the England dressing room a happier place; recent wins over Spain and Croatia were testament to that. Keeping the pressure in check – and reversing decades of disconnect between club and country achievements – will be key if this generation is to prove more golden than the last.

## CORRELATION OF COUNTRIES' SUCCESS IN CLUB AND INTERNATIONAL COMPETITIONS




# Pakistan loss should be a World Cup wake-up call for England

**CRICKET COMMENT**

**Chris Tremlett**

ENGLAND'S 14-run defeat by Pakistan on Monday won't have triggered any major alarm bells in the camp, but it should act as a minor wake-up call for Eoin Morgan's side.

Despite their 11 successive one-day international losses, and recent 4-0 series defeat against England, Pakistan are a dangerous team who deserved the win.

They showed their batting capabilities in the previous series against England and with Mohammad Amir and Wahab Riaz now leading the bowling attack they looked a more complete side.

Having been bounced out by West Indies in their first game Pakistan knew what would be coming from England, so they worked hard on their faults and combatted the hostility of Jofra Archer and Mark Wood to post an imposing total of 348-8.

Crucially, Pakistan also piled the pressure on Adil Rashid, taking 43 from his first five overs to force a bowling change. Rashid is crucial to England's game-plan, but he just seemed to skid onto the bat in conditions that didn't suit him.

However, as good as Pakistan were, there were a few areas Morgan and coach Trevor Bayliss will have been disappointed with.

Their fielding – normally a strength – was very sloppy, with Jason Roy dropping a simple catch and runs conceded unnecessarily through a lack of concentration.

England's fielders looked half asleep early on as Pakistan's openers got off to a solid start and I feel they lacked the intensity they normally pride themselves on.

**MOMENTUM**

England are fortunate that the format of the 10-team tournament doesn't punish slip-ups like the one at Trent Bridge more harshly.

With every side playing each other once there are nine group stage games to gather momentum before the semi-finals, so in theory a side could lose three times and still get through.

I don't think anyone will win all nine. The teams are all capable of beating each other, as Bangladesh's win over South Africa and Afghanistan's close call against Sri Lanka showed.

For England now it's about learning from the negatives, taking the positives and trying to peak at the right time.

Aside from brilliant hundreds from Joe Root and Jos Buttler I thought Wood justified his selection, bowling well for his figures of 2-53.

Next up it's Bangladesh in Cardiff on Saturday, which won't be a simple task by any stretch of the imagination.

Bangladesh were brilliant in beating South Africa in their opener and will be well-supported in Wales, with their fans making a lot of noise to cancel out the feeling of playing at home.

The pitch can often be quite green in Cardiff, so the loss of a few early wickets is a possibility.

England's opening partnership between Roy and Jonny Bairstow has been a huge strength for them over the past year, but one of them has departed early in both games so far. If the conditions are bowler-friendly I feel they might need to adapt their gameplan and not go out so hard against the seamers.

Regardless of what has come before, if England play their best then they will be too strong for Bangladesh.

I'm backing them to get back on track this weekend.


**Roy had a poor game against Pakistan**

*Chris Tremlett is a former England and Surrey fast bowler. Follow him @ChrisTremlett33*

# SPORT

**CHRIS TREMLETT** Pakistan defeat should be World Cup wake-up call for England **PAGE 19**

## HAT-TRICK HERO Ronaldo fires Portugal past Switzerland and into Nations League final


**Cristiano Ronaldo scored a hat-trick as Portugal left it late to beat Switzerland 3-1 in Porto and reach the final of the inaugural Nations League last night. The Juventus striker scored twice in the final two minutes to seal progression for the hosts, who had to weather heavy pressure from the Swiss. Ronaldo gave Portugal a 1-0 lead at half-time with a powerful low free-kick, but Ricardo Rodriguez's penalty after a prolonged video assistant referee review drew Vladimir Petkovic's side level in the 57th minute. The Swiss wasted chances and Portugal took full toll on the counter-attack, Ronaldo blasting in at the near post from Bernardo Silva's cut-back and bending into the far corner after some trademark stepovers to wrap up the victory. The hosts will now play the winner of this evening's clash in Guimaraes between England and Holland in Sunday's final in Porto.**

## SPORT DIGEST

### SOUTHGATE FACES TOUGH CHOICES FOR ENGLAND

Gareth Southgate will make a late decision on whether or not to use players involved in the Champions League final in England's Nations League semi-final with Holland this evening. Seven Liverpool and Tottenham players have joined the squad in Portugal but Southgate admitted Saturday's final will play a part in his team selection. "It's been a strange, different sort of preparation," he said. "I have to assess all the players who were involved in Madrid – a unique game and set of circumstances."

### INDIA OFF TO WINNING START AGAINST PROTEAS

Rohit Sharma struck an assured century as India began their World Cup with a comfortable win over struggling South Africa yesterday. Sharma struck an unbeaten 122 in Southampton to guide India home on 230-4 after South Africa managed just 227-9 from their 50 overs. The Proteas have now lost all three of their games. Elsewhere, New Zealand edged past Bangladesh by two wickets at The Oval, chasing 244 with 17 balls to spare.

### ERIKSEN: I MIGHT WANT TO TRY SOMETHING NEW

Tottenham midfielder Christian Eriksen says he "might want to try something new" after speculation over his future at the club. Eriksen, who has one year left on his deal, has been linked with Real Madrid. "I feel that I am a place in my career where I might want to try something new," he told Danish magazine Ekstra Bladet. "If I have to go, then hopefully it will be a step up."

### KONTA SEMI-FINAL MOVED DUE TO RAIN IN PARIS

Johanna Konta's bid to reach a first French Open final has been pushed back to Friday after heavy rain in Paris. The British No1 was supposed to play Marketa Vondrousova in the semi-final at Roland Garros today, but has had her tie moved back a day after the remaining women's quarter-finals couldn't be played yesterday.

# ENGLAND EXPECTS AGAIN

Southgate aiming to buck the trend and convert club success into silverware, says **Frank Dalleres**

WHILE Premier League clubs running amok in Europe this season may have lifted spirits among his squad, it has caused a headache for England manager Gareth Southgate. The problem is largely logistical, with the late arrival of Liverpool and Tottenham players to the training following this week following their Champions League final exertions disrupting preparations for tonight's Nations League semi-final against Holland in Porto. But Southgate has another, more nebulous issue to grapple with. The continental success of Liverpool, Spurs, Manchester City and Chelsea is likely to turn up the heat again on the national team to finally deliver a trophy.

Raised expectations threaten to reopen old wounds. The crime pinned on the so-called Golden Generation of the previous decade was that they never fulfilled their potential. That England team of Wayne Rooney, Michael Owen, Steven Gerrard, Frank Lampard, John Terry and Rio Ferdinand was stacked with players who won Champions Leagues and multiple Premier League titles. Yet instead of converting that into long-awaited triumphs at World Cups or European Championships, their legacy was a string of quarter final exits and a creeping disillusionment with the national team.

History is strewn with examples of other countries finding a reciprocal relationship between their clubs' success in European competition and international glory. Barcelona's hat-trick of European Cups in 2006, 2009 and 2011 provided a springboard for Spain to claim an unprecedented three consecutive major titles at Euro 2008, the 2010 World Cup and Euro 2012. Spanish clubs, Real Madrid in particular, then rode that wave to monopolise the Champions League from 2014 to 2018.

**Southgate has eased pressure on his team**

West Germany's Euro 1972 and 1974 World Cup wins, plus a runner-up spot at Euro 1976, overlapped with Bayern Munich's three European Cups in a row from 1974.

Similarly, Italy parlayed Inter and AC Milan's four European Cups in seven years between 1963 and 1969 into winning the 1968 European Championship and reaching the 1970 World Cup final.

Following four Dutch winners of the European Cup from 1970-73, Holland reached successive World Cup finals in 1974 and 1978. When they did win a title at last, at Euro 1988, it came just weeks after PSV Eindhoven claimed club football's equivalent. Equally, it was no coincidence that Portugal reached their first major final, at Euro 2004, in the year that Porto won the Champions League.

It is not as straightforward as one thing following the next, however. Spain remained in the international doldrums despite Real Madrid winning three Champions Leagues between 1998 and 2002.

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