GLOBAL stocks slumped yesterday after Google blocked parts of its business with Huawei, sparking fears of an escalation in the trade war between the US and China.

Google confirmed it had suspended Huawei’s access to its Android operating system after US President Donald Trump blacklisted the Chinese smartphone maker over fears it could be a vehicle for state-sponsored spying.

The move, which could cripple Huawei’s global business, sparked a tech stock sell-off, dragging the Nasdaq down 1.5 per cent, while Germany’s Dax and France’s benchmark Cac 40 index fell 1.6 and 1.5 per cent respectively.

Alastair George, chief investment strategist at Edison Group, said the restrictions on Huawei “indicates the probability of a trade deal in the short-term is remote. We suspect the actions of the US will have caused significant antagonism within China’s administration and have created an environment hostile to any formal agreement.”

Huawei has insisted a ban will have minimal impact on its future growth, saying that design, distribute and manufacture its own operating system as a contingency plan. The company has also been exploring options for alternative chip and phone-parts suppliers.

“We will continue to build a safe and sustainable software ecosystem, in order to provide the best experience for all users globally,” a spokesperson said. Analysts warned the move could leave millions of future Huawei smartphones without access to Google apps such as Maps and Gmail, while existing models would not receive Android updates.

Google has suspended parts of its business with Chinese firm Huawei including firms until 19 August to adapt to the measures. The Philadelphia semiconductor index, made up of firms that design, distribute and manufacture semiconductors, slumped four per cent, compounding other losses caused by a slowdown in smartphone sales. It is on track for its largest monthly drop since the financial crash in 2008. The turbulence was not restricted to tech alone, as investors feared an escalation in the trade war between the world’s two largest economies.

The FTSE 100 closed down 0.5 per cent, while Germany’s Dax and France’s benchmark Cac 40 index fell 1.6 and 1.5 per cent respectively.

The move could leave millions of future Huawei smartphones without access to Google apps such as Maps and Gmail, while existing models would not receive Android updates.
Politicians must listen to the City, not lecture

RAE secretary Liam Fox and City minister John Glen addressed the City Week conference at Guildhall yesterday, full of optimism and advice for Britain’s financial services centre. As we reported ahead of time in yesterday’s newspaper, Glen told attendees that London was “a global financial hub”, while Fox promised that it will emerge “fitter, stronger and more dynamic” after Brexit. But what does any of this mean? Is Fox proposing a leaner, softer regulatory regime? Because if so, he should talk to Andrew Bailey at the FCA or Messrs Cunliffe and Woods at the Bank of England, all of whom have played down the prospects of a bonfire of red tape. Tory politicians know that the City powers the rest of the economy, they know the tax revenue it generates, and they know how many people it employs. They should also know that confidence remains in the City despite – not because of – this government. Throughout the interminable Brexit debate, a disproportionate amount of attention and political energy has been paid to small traditional industries, rather than the UK’s most successful exporters of services. In the words of Lloyd’s of London chairman Bruce Carnegie-Brown: “The government doesn’t appear to be advocating as strongly for UK financial services as is does for other sectors of the economy.” Square Mile leaders learned quickly that they were going to face Brexit on their own. The government may not have been ready to leave on 29 March, but the City was. Regulators have worked tirelessly to ensure stability and continuity while banks have moved hundreds of billions out of London. They have also worked to retain talent in London, seeking to hire additional people in the EU rather than shift staff out of the UK. As a reward for their hard work, they are now being patronised by politicians who turn up at the Guildhall with an “it’ll all be alright” message. It probably will be, but no thanks to ministers. The Conservatives have traditionally branded themselves the party of business, but, as Tory MP and former business minister Richard Harrington warned at the weekend, that reputation is fraying. And while Labour has always had an axe to grind against the corporate world, it has become commonplace in recent years for Conservative MPs to lecture the City about the need to restore public trust. Perhaps these politicians need to turn this around, and reflect on what they can do to restore the business world’s trust in them.

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Troubled British Steel braces for insolvency

British Steel is said to be preparing for an insolvency to occur within the next 48 hours, amid fears a bid for the government will fall through. Regulators have worked extra cash. Capital agreed to stump up the £300m as lenders and shareholders such as Greybull around £30m as lenders and shareholders such as Greybull around £30m as lenders and shareholders such as Greybull around £30m as lenders and shareholders such as Greybull agreed to stump up the extra cash. The industrial giant’s collapse would create more than 4,000 redundancies at its Scunthorpe steelworks, job cuts at its other sites, and leave up to 20,000 more jobs in its supply chain also in crisis. Lenders are also understood to have released their security in order for a new government loan to be made on secured terms. The emergency cash call comes days after British Steel suggested it had enough liquidity to continue operations for the foreseeable future, saying it was “grateful” for the government’s support.

IRAQ SAYS IT WILL EXCEED LIMITS ON NUCLEAR PILE

Iranian officials said within weeks they could exceed an internationally agreed cap on their stockpile of low-enriched uranium, as tensions escalated. Iran threatened earlier this month to stop respecting limits on of enriched uranium and heavy water.
City in bloom as royal Flower Show kicks off

JAMES WARRINGTON
@j_a_warrington

THE CHELSEA Flower Show kicked off in style yesterday, as some of the City’s biggest names rubbed shoulders with celebrities at the exclusive gala preview.

The Queen was joined by other members of the royal family at the star-studded opening event for the famous show, which is now in its 106th year.

The world-renowned display, held in the grounds of the Royal Hospital Chelsea, will open its doors to the public today, boasting lavish flower and landscape displays.

This year’s show will feature a series of gardens showcasing how plants can benefit human health and raising awareness of the threat to forest ecosystems.

The Chelsea Flower Show, which expects to welcome roughly 157,000 visitors over the course of the week, hands out a number of awards and medals for the best gardens.

Back ing no-deal Brexit means deliberate harm to UK, warns Hammond

JAMES WARRINGTON
@j_a_warrington

CHANCELLOR Philip Hammond is set to issue a stark warning over the dangers of a no-deal Brexit, stating those in favour of leaving without a deal are advocating a deliberate act of harm on the economy.

In a speech to be made at the annual dinner of the Confederation of British Industry (CBI) tonight, Hammond will warn there are some “on the populist right” who believe leaving without a deal is the only “truly legitimate” form of Brexit.

He will add the government must keep pushing to find a compromise and avoid a shift to a no-deal outcome, which he will say would be economically harmful to the UK.

The comments to industry bosses will follow fraught Cabinet discussions this afternoon over the details of Prime Minister Theresa May’s “new and improved” Brexit plan, which she is hoping will pass through parliament on the fourth attempt in June.

The issue of the UK’s departure from the EU has led to a deep rift within the Cabinet, and is a key battleground in the Tory leadership race, with May expected to set a date for her departure soon.

But Hammond will say there is no mandate for a no-deal Brexit, and warn that May’s successor could opt to end the Brexit impasse by forcing the UK out of the EU without a deal.

“If we do not resolve this issue in the next few weeks, there is a real risk of a new Prime Minister abandoning the search for a deal, and shifting towards seeking a damaging no-deal exit as a matter of policy... in order to protect the UK’s jobs, businesses and future prosperity,” he will say.

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The overall cost for comparison is 3.4% APRC representative.

Clockwise from top left: ArcelorMittal boss Lakshmi Mittal; Peter Chittick and his wife, director general of the CBI Carolyn Fairbairn; RSA chief Stephen Hester; financier Guy Hands
Woodford’s flagship fund stripped of bronze rating as investors exit

JESS CLARK

@jclarkjourno

ANALYSTS at Morningstar have downgraded veteran investor Neil Woodford’s flagship fund due to underperformance.

Woodford Equity Income fund’s rating was lowered from bronze to underperformance. Woodford’s flagship fund due to downgraded veteran investor Neil Woodford’s flagship fund due to downgraded veteran investor Neil Woodford’s flagship fund due to "persistent redemptions as follows: neutral, which is the research group’s second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent redemption requests as second-lowest ranking, following "persistent red
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CONTINUED FROM FRONT PAGE

The article was based on the accounts of 18 women and also described instances of sexual assault at Lloyd’s. Bloomberg suggested a sexist working environment fuelled by alcohol had emerged at Lloyd’s, prompting the market to announce measures to crack down on drinking.

The marketplace produced an action plan in March, outlining how it would deal with allegations of sexual harassment. It stated that individuals with “a case to answer” would “be subject to sanctions” from both their own companies and Lloyd’s. “They may be banned from entering Lloyd’s for a fixed period and potentially for life,” the action plan said.

Last week, Lloyd’s launched a wide-ranging survey that will ask people in its market to give their view of its workplace culture. Carnegie-Brown said yesterday: “The corporation itself for its own employees has had a ban on alcohol during working hours for three years now, and we’ve tried to extend that to anybody coming into the marketplace to do business.”

Carnegie-Brown said change in the insurance business is “not moving fast enough”.

No EU exit dividend, says City MP

Owen Bennett
@owenjbennett
DIVERGING from the EU’s financial regulations after Brexit will not deliver “an enormous economic dividend”, the City minister has warned.

Speaking to City A.M. after delivering the opening speech at the City Week conference at Guildhall yesterday, John Glen said the majority of Square Mile firms want a reliable regulatory environment instead of a less-secure, looser relationship with the EU after Brexit.

His comments contrast with the head of the Financial Conduct Authority Andrew Bailey, who last month argued for a looser arrangement with the EU after Brexit.

Glen said: “What the City of London wants is clarity over what the future relationship is, in the sense they will adapt to whatever that relationship is.”
CITY titan Martin Gilbert has talked up environment secretary Michael Gove as the next Conservative leader, dubbing him “amazing”.

Gilbert, who co-founded Aberdeen Asset Management in 1983, was full of praise for the Brexit campaigner in an interview with City A.M. on the fringes of the City Week 2019 conference yesterday.

“I think he’s amazing, I think he’s really, really good,” said Gilbert when asked who he would like to see win the upcoming Tory leadership contest.

He admitted part of his affection for Gove is based on a shared attendance of Robert Gordon’s College in Aberdeen, although the businessman is 12 years older than the cabinet minister.

Yet beyond the endorsement of Gove, Gilbert refused to be drawn on other political questions, saying it’s not for business to tell people how to vote.

Speaking to City A.M. in the Guildhall, the businessman revealed he was surprised Brexit was delayed, as he thought pressure from German businesses in particular would force the EU to make concessions to the UK at the last moment of negotiations.

“It’s been quite interesting that in Germany, the German car manufacturers didn’t seem to take Brexit as seriously as they did tariffs from the US, so I don’t know whether it shows our market is less important than the US,” he said.

Gilbert served as chief executive of Aberdeen Asset Management for 34 years before it merged with Standard Life in August 2017. He continued as part of an unorthodox co-chief executive arrangement before standing down from that position to become vice-chairman in March.

Gilbert said the move had allowed him to cut out “internal meetings and governance meetings and this sort of stuff” and instead focus on “externally-facing stuff”, which he enjoys more.

Investor Helena Morrissey casts vote for the Brexit Party in Euro elections

INVESTOR and campaigner Dame Helena Morrissey has revealed she cast a postal vote for the Brexit party in the upcoming European elections, saying the Conservatives have not delivered on the result of the 2016 referendum.

“I certainly don’t believe in any immigration policies around Ukip or any of this kind of thing, but I do believe in the people’s vote being upheld,” said Morrissey, who is head of personal investing at Legal & General.

Morrissey supported Leave in the 2016 Brexit referendum, arguing against what she saw as the EU’s limiting and controlling approach to business.

She is a vocal advocate for getting more women into executive roles.

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**Overdraft plans could save over £100m a year**

Alexandra Rogers @city_amrogers

Some of the most vulnerable consumers in society could save up to £100m a year under the financial watchdog’s plans to overhaul unarranged overdrafts, its chief executive has said.

Andrew Bailey, the boss of the Financial Conduct Authority (FCA), told MPs yesterday that the regulator wants to bring the pricing of unarranged overdrafts more in line with that of arranged overdrafts to stop firms from charging higher prices.

The regulator’s consultation on unarranged overdrafts is currently underway and is due to end later this month, with rule changes made by the end of the year, Bailey told the Public Accounts Committee.

The FCA has said on average, firms make over 10 times more in revenue from unarranged lending for each pound lent than for arranged overdraft lending.

It said the cost differences of providing the two overdrafts did not justify the "much higher prices" for unarranged overdrafts.

Bailey told the committee unarranged overdrafts tend to fall “much more heavily on the most vulnerable in society”.

“We believe that the savings that could come to consumers are quite substantial actually, we’re talking something over £100m a year,” Bailey said.

FCA boss Andrew Bailey

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**Rose-tinted glasses**

Google unveils augmented reality headset for businesses

JAMES BOOTH @jamesbooth

Tech giant Google yesterday launched an update to its Google Glass headset, revealing an enterprise edition to help businesses use augmented reality. The glasses are a tool for training surgeons, factory workers and other professionals.

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**Younger people are pessimistic about economy and business**

JAMES BOOTH @jamesbooth

Pessimism among younger people about the economy is growing in the UK and worldwide, according to a comprehensive new survey.

Only 26 per cent of respondents said they expected the economies in their countries to improve in the coming year, according to a survey of millennial and generation Z workers by accountancy firm Deloitte.

Just 13 per cent of millennials (25 to 36 years old) think the political and economic situation in the UK will improve over the next 12 months.

Dimple Agarwal of Deloitte said: “Millennials’ and generation Z’s trust in business has decreased.”

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**Scammers net £27m in crypto and forex fraud**

JAMES BOOTH @jamesbooth

More than £27m was reported lost to cryptocurrency and forex investment scams in the last financial year, figures published today show.

Victims lost £14,600 on average according to the Financial Conduct Authority (FCA) and Action Fraud.

Reports tripled compared to the previous year to reach over 1,800.

The FCA said fraudsters use social media to promote trading platforms, often using fake celebrity endorsements and images of luxury items like watches and sports cars.

Investors will often be led to believe their initial investment has made a profit and will be encouraged to invest more or introduce their friends.

However, eventually the returns stop, the account is closed and the scammer disappears with no further contact.

Pauline Smith, director of Action Fraud, said: “These figures are startling and provide a stark warning that people need to be wary of fake investments on online trading platforms.”
ESTATE agents Foxtons said revenue fell in the first quarter yesterday, blaming challenging conditions in the London property market. Foxtons reported its sales volumes continued to be at record lows, saying Brexit uncertainty is having a negative effect on consumer confidence.

The company also said chief financial officer Mark Berry is “leaving the business by mutual agreement,” to be replaced by Richard Harris, who is joining from electronics company Laird.

Shares fell five per cent to 57p yesterday.

The firm’s revenue for the quarter that ended on 31 March was £23.8m, compared to £24.5m the previous year. Sales revenue was £7.1m, down from £8.2m, and lettings revenue was £16.6m, up slightly from £16.4m. “Revenue in the sales business declined as conditions in the London property market remain very challenging,” Foxtons said.

The company said there was no change to market conditions in April. Garry Watts, chairman of Foxtons, said: “I would like to thank Mark for his substantial contribution over the past two and a half years, during which time the business has undergone a period of rapid change and development.”

Harris was group financial controller at Laird and previously spent 11 years at Marks & Spencer.

MADURO PROPOSES EARLY ELECTIONS

Venezuelan President Nicolas Maduro yesterday proposed early elections for the National Assembly, which is run by the opposition. The opposition won a majority in the legislative body in a late 2015 vote, and the next congressional elections are currently scheduled for late 2020. It followed a visit by the Venezuelan opposition’s envoy to the US to meet State Department and Pentagon officials to discuss “all aspects of the Venezuelan crisis”.

T-MOBILE’S SPRINT DEAL GETS BOOST FROM FCC

T-Mobile’s $26bn (£20.4bn) acquisition of rival Sprint won the support of the head of the Federal Communications Commission yesterday, in a big step toward the deal’s approval. FCC Chairman Ajit Pai, a Republican, came out in favor of the combination after the companies offered concessions to get the deal over the line.
Widespread delays, cancellations over a rail timetable overhaul last year resulted in disruption after a timetable came into force — seemingly without much fanfare. The new timetable came as a relief yesterday as the new national rail timetable passes without fanfare. Commuters relieved after new rail timetable comes into force. Businesses and commuters have breathed a sigh of relief yesterday as the new national rail timetable came into force — seemingly without much commotion. Passengers were braced for disruption after a timetable overhaul last year resulted in widespread delays, cancellations and overcrowding. The industry warned that while introducing an extra 1,000 services a day would pose a “significant challenge”, it had learned the lessons from last year’s disaster. The new timetable came as a Which survey found that 4m hours had been wasted to train delays in the UK last year. Anthony Smith, chief executive of independent travel watchdog Transport Focus, said: “This time around passengers need the rail industry to deliver a smooth set of timetable improvements.” “So far, no news appears to be good news. Train companies must continue to have plenty of visible staff on hand to guide passengers, to answer questions on how these changes will affect them, and to explain what travel choices they have.”

JLR drops to a £3.6bn loss as China falters

INDIAN-OWNED British automotive giant Jaguar Land Rover (JLR) has posted a £3.6bn annual loss as the ailing Chinese car market weakened significantly.

The figures were heavily impacted by a £1.3bn third quarter write-down to cover falling demand for newer models.

The firm, which has already announced 4,800 UK job cuts this year, fell to the loss after a £400m profit in 2018.

JLR did, however, manage a slight turnaround in the final quarter of the financial year ending 31 March, posting a pre-tax profit of £120m after nine months of losses. Without the £3.1bn charge, losses would have been £358m.

Weakness in the Chinese market led to a 5.8 per cent decline in year-on-year retail sales to end at 578,915 vehicles. Revenue stood at £71bn, down £421m year-on-year, while operating cash flow was £1.4bn.

China’s recent economic slowdown — caused in part by its trade war with the US — has hit JLR hard, and was cited as one of the main reasons for job losses. But JLR’s ability to turn a quarterly profit will likely cheer investors, many of whom will have been expecting a fourth straight loss for this financial year. The firm launched a £2.5bn turnaround plan earlier this year, to which it gave much of the credit for the gains.

The yearly loss is more bad news for British car manufacturing, which has suffered a number of crushing blows in recent months, including announcements by Japanese giants Nissan and Honda to abandon UK production in February.

Chief executive Ralf Speth said: “JLR has been one of the first companies in its sector to address the multiple headwinds simultaneously sweeping the automotive industry. “We are taking concerted action to reduce complexity and to transform our business through cost and cash flow improvements. The company has returned to profitability in the fourth quarter and already delivered £1.25bn of efficiencies and savings.”

Supporting City Giving Day

Why get involved in City Giving Day? City Giving Day is fast becoming one of our most significant events ever, even during a challenging time at Fidelity since its launch in 2015. It’s the perfect opportunity to get together with other firms to unite in support of building a better future for those that need it most. It’s this kind of collaborative behaviour that we very much value here at Fidelity so it’s no surprise it has grown in popularity.

Investing in the community is something that Fidelity actively encourages by offering a generous Grant Matching programme as well as offering all employees the opportunity to take time out for volunteering days. We want employees to feel connected and part of a community that is committed to supporting others, so we are very excited to be taking part in City Giving Day again in 2019.

How we celebrate City Giving Day + Charity in action? This year, we plan to celebrate the day by again taking part in the Tour de City static bike ride (we do like a bit of competition) and will host a variety of other fundraising activities in the lead up. The funds raised will go towards our partner charities; Contact - for families with disabled children and FareShare - fighting hunger and tackling food waste in the UK.

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Low & Bonar’s shares torn up as it fires chief

AUGUST GRAHAM

FABRICS firm Low & Bonar’s shares dropped around 25 per cent yesterday as it fired its chief executive and warned full-year results would fall short of expectations.

Philip de Klerk, who took up the role just over a year ago, will leave on 1 July, the firm said.

It is not starting the hunt for a replacement just yet, with chairman Daniel Dayan set to become executive chairman after de Klerk leaves.

In an announcement to investors yesterday, the company said trade war tensions had hit its Chinese sales. Meanwhile, a turnaround plan for the business is not going as quickly as first hoped.

It said that the second quarter of the financial year had been stronger than the first to date, but had still fallen below expectations due to “continued weakness” in some markets.

It said customer confidence had been slow to recover in its coated technical textiles division.

Digital money transfer firm Azimo finds banking partner in Natwest

CALLUM KEOWN

DIGITAL money transfer firm Azimo has partnered with Natwest Markets, allowing the money-transfer service to accelerate its international expansion.

Chief executive Michael Kent told City A.M. he expected the firm to trade annual volumes of more than $1bn (£784m) through its agreement with the investment banking arm of the Royal Bank of Scotland group.

Founded in 2012, Azimo allows customers to send money to more than 200 countries and territories around the world in 80 currencies. Users can send money as bank deposits, payments into mobile wallets or as cash pickups from more than 200,000 secure global locations.

Kent, who also co-founded digital bank Tandem, said: “The fintech market is developing very rapidly, but the need for strong banking partners is a constant requirement.

“Our relationship with Natwest Markets gives us unparalleled access to deep pools of foreign exchange liquidity.”

Digital money transfer firm Azimo finds banking partner in Natwest

CALLUM KEOWN

DIGITAL money transfer firm Azimo has partnered with Natwest Markets, as fintech startups target expansion by linking up with major banks.

The partnership will give Azimo access to Natwest Markets’ global forex markets, allowing the money-transfer service to accelerate its international expansion.

Low & Bonar

“Asia-Pacific sales are currently behind last year for the year to date, Colbond sales in Europe are slightly lower than the prior year to date, with ongoing softness in the automotive market, but the second quarter is showing an improved trajectory,” the company said in a statement.

The business embarked on a turnaround plan late last year after profit fell from £25m to under £10m over just a few years.

The plan aims to sell off non-performing parts of the business, while bringing down debt and improving performance.

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IT'S BETTER ON THE INSIDE
Tencent backs top AI startup in $24m injection

EMILY NICOLLE
@emilyncole

A HOST of major businesses and venture capital firms have joined in a $24m (£18.9m) funding round for a Prowler.io, valuing the Cambridge artificial intelligence (AI) startup at $100m.

Chinese media giant Tencent led the round, with publishing house Pearson and Monsoon-banker Passion Capital also joining. Other investors included Amadeus Capital Partners, Atlantic Bridge, Cambridge Innovation Capital, Mandatum Life, RB Capital and Singapore Innovate.

Prowler said it will use the mix of strategic partnerships and funding from the raise to support product expansion and growth. The firm will target new sectors such as education, finance and logistics for its AI decision-making software.

Tencent’s chief European representative Ling Ge said the UK is “a global leader in AI”, making it a hotbed for entrepreneurs,commented Vishal Chattrath, chief executive of Prowler.

The startup was founded in 2016 by a group of mathematicians and engineers. Chattrath and Prowler’s chief technology officer, Dongho Kim, were previously at Vocal IQ, a speech recognition firm acquired by Apple in 2015.

Prowler now has 110 staff from 29 countries. Lauri Vaittinen, senior vice president at Mandatum Life, said the startup would also use the funding to hire more operational managers and engineering talent for its Cambridge headquarters.

The fundraise comes amid a change in focus for the venture capital sector, as investors target larger, later-stage deals.

The total amount of venture capital investment in UK startups in the three months of 2019 was largely the same as last year at £1.2bn, but it was spread across fewer rounds.

Comparatively, Germany was hit by a fall in investment levels year-on-year to £0.8bn, while France had its largest quarter of investment to date at £1.0bn.

Chatrath and Prowler’s chief operating officer, Xiaomi, said: “We’re proud to name Tencent among our investors, and Japanese venture capital giant Global Brain. Additional investment was provided by 31 Ventures.

“Immense’s “simulation-as-a-service” platform uses AI to create detailed simulations of travellers, places and transport systems to provide understanding of how a city moves. Mobility service providers and public authorities can use its software to experiment with new ideas, such as driverless cars and congestion-easing methods.”

immense said it will use the funding to grow and develop its technology.

“Anyone who’s driven home after a bank holiday weekend – with over 15m cars and 70,000 incidents on the road – can see the potential benefit of the Immense platform,”

said Amelia Armour, principal at Amadeus Capital Partners.
As volatility returns, time for a portfolio check?

Markets have come to life after several months of low volatility prompted by the Federal Reserve's policy pivot to a more dovish stance. President Trump's decision to turn the screw on China and re-ignite the US-China trade war, has ramped up market volatility and the VIX Index measure of volatility is at a four-month high. That hasn't put people off returning to bitcoin which has hit a 10-month high. Other cryptocurrencies are following the leader. There's a suggestion that bitcoin's revival could be linked to the recent volatility in equity markets — is bitcoin the new gold?

For short term traders this increase in volatility provides opportunity with heightened risk. For the longer-term investor it can provoke fear and retreat with December's equity market terror fresh in the memory, but it also provides the opportunity to enter the market at lower levels. Now might be the time to take a close look at portfolios and re-position, ensuring you're comfortable with your risk management and exposure. There's never been a better time for traders to do this because ways to trade keep on expanding. From buying individual stocks online, broadening exposure using ETFs, buying and selling positions on whole indices, to using options, the right provider has all the tools to enable traders to take positions where they see fit. Longer-term investors can quickly and easily shift the risk profile of their portfolio online.

It's also a good time to look at the costs of trading and investing. Is your trading provider offering tight variable spreads, protection against slippage and all the risk management tools you need? Are you paying low commission on your share dealings and low currency conversion fees on your international stocks? And are you ensuring that high fees aren't eating into the long-term performance of your investments? On a £10,000 investment with a 5% annual return over 20 years, just a 1% difference in fees would mean you were over £3,000 worse off.

Trading is all about finding opportunity in the markets, and whether you've convinced the trade war will be resolved soon or will do serious damage to the global economy, the tech giants will ride out any equity market storm or undergo a large revaluation, or you want to get exposure to the burgeoning markets in regulated medicinal cannabis, make sure you can trade the instruments you want the way you want.

Markets are increasingly immersed in political risk, writes Ian Hall

This week's European Parliament elections come at a time when the political risks to the global economy seem to sprout from every trade row, tariff threat and tweet. When voters go to the polls in 28 member states, rather surreally including the Brexit-bound UK, they are expected to give the latest kick to mainstream parties. Continental institutions that once looked relatively stable will hurl again into introspection as Europe seeks to renew its purpose.

Ultimately there are limits to the European Parliament's clout. But the election results are likely to be analysed as being illustrative of a global political economy where old certainties seem to be breaking down. For markets, this means greater risk.

MORE PERMANENT RISK

Mohamed El-Erian, the prominent financial commentator and chief economic advisor to Allianz, made this point last week in London, when he gave a keynote speech at the CFA Institute's Annual Conference. Addressing the CFA event - appropriately titled 'Disruption: The New Reality in Investment Management' - El-Erian described a world in which people and organisations increasingly struggle to make sense of what the future may hold. "Layer after layer after layer of things going wrong in the system that makes it less stable, more unpredictable and subject to sudden disruptions," El-Erian told the audience, describing how advanced economies - previously the bulwarks of the global economy - are now themselves major sources of unpredictability.

Within Europe alone all counties face political and societal challenges that enmesh with economic challenges: the UK’s political system is paralysed by Brexit; Italy has western Europe’s first anti-establishment government; and Germany is suffering a significant economic slowdown. The divergent performance of advanced economies has, El-Erian told the conference audience, huge implications for “how we think about business, investment and risk management.”

William Wright, MD of think-tank New Financial, reflects that political risk and financial markets have always gone hand-in-hand - and financial markets have often flourished on the back of it. But Wright tells City A.M. that the difference today is twofold. "First, global financial markets are much more interconnected with each other and with local economies, which amplifies risk," he reflects. "And second, political risk is more permanent than before: the risk a repeat eurozone crisis has never quite gone away since 2011, while Brexit is likely to hang over the financial markets for many years to come."
THE BULL MARKET – WILL IT EVER END?

IG Analyst Chris Beauchamp asks if this is the end for the bull market or does it have further to run?

A s traders clocked off for Christmas, it must have seemed like another 2008 was upon us. The S&P 500, which just a few months earlier had been at an all-time high, was now in a ‘bear market’, having fallen 20% from its highs. Things did not look much better for the Nasdaq 100, which was down almost 24%.

Fast-forward four-and-a-half months and the picture looks very different. While the S&P 500 has fallen around 4.5% from its new record high so far in May, it has so far rallied more than 20% from its Christmas Eve low. Once again it seems that the hopes of the doomsiders have been dashed, although the escalating US-China trade war continues to provide them with a glimmer of hope.

In March of this year, investors celebrated the ten-year anniversary of the S&P 500’s financial crisis low. Since then the index has gained over 300% including dividends. But compared to previous bull markets, this is fairly modest in terms of the total return. Previous bull markets have seen returns of 900% (late 1940s – early 1960s), 700% (1970s–1980s) and then 800% (late 1990s – early 2000s). The current run is not the most impressive by any means.

Then of course comes the debate over when to mark the beginning of the bull market. Yes, we have seen a sustained rally since 2009, but the period from the 2009 to 2013 was merely a bear market rebound. A new cyclical bull market only began in 2013, when the S&P 500 first exceeded its previous record high. Thus the ‘real’ bull market is only six years old. On average, bull markets since 1926 have lasted around six and a half years, but since the 1970s the average length of the bull market has been increasing, while interestingly the distance between recessions has widened.

It would not be too brave a call to suggest that more gains lie ahead. The weakness seen thus far in May is partially related to trade wars, but is also normal, particularly in pre-election years for the US, to see equities struggle in the middle of May. In addition, as many will know, equities tend to find it harder to make sustainable gains in the summer months, although the old ‘Sell in May’ adage should be confined to the history books.

A full-blown trade war between the US and China seems likely, and while this could certainly have a major impact on growth, investors will hope that the Fed will ride to their rescue (this at least appears to be the president’s plan). But while the US housing market looks weaker, the employment picture, corporate profits and retail sales all point towards further growth. A recession is probably a year away, giving the S&P 500 and other indices further time to rise.

The bottom line is that calling the end of this bull market has been a losing proposition for some time now. A full end at some point, although arguably the volatility of 2015/16 and 2018 have already ‘reset’ the long-term rally. But bear markets are rare and short-lived, while the long-term trend for stocks is still higher. Betting on disaster has not proven to be a winning strategy, and the longer-term outlook seems supportive. This bull market may have further to run.
Oil prices touch monthly high on OPEC signing

August Graham

Oil prices rose to a three-week high yesterday as traders returned to work after Saudi Arabia said Opec still plans to decrease its output of crude oil.

The price of international benchmark Brent crude ticked up early yesterday 1.1 per cent to reach $73.39. The commodity later gave back most of its gains. The price is more than $18 higher than when the cartel of oil-producing countries slashed production in January, and is at the highest point for nearly a month.

Saudi energy minister Khalid al-Falih said on Sunday that Opec had discussed rolling over production cuts into the second half of the year.

Opec, and allies including Russia, agreed to cut output by 1.2m barrels per day from the beginning of the year.

TO AUGUST GRAHAM

August Graham

Oil prices have shot up by $18 since January. [BP] in our future.

Greenpeace protesters block entrance to BP headquarters

Joe Curtis

The oil giant is set to hold its annual general meeting today, where it will face pressure.

Goldman Sachs is in talks to buy² B&B Hotels from private equity firm PAI Partners, the companies said on Monday, in a deal which an earlier report from the Financial Times said could be worth $1.9bn (£1.3bn).

Goldman Sachs Merchant Banking Division, the bank’s investment fund arm, and PAI Partners did not disclose how much the transaction could be worth in their statement. B&B Hotels ended the day at £2.55, up £0.05.

Protesters began the blockade at around 4am yesterday.
TRADE WAR FEARS DRAG UK SHARES AS RYANAIR FALLS

The main share index slipped again yesterday as worries over international trade increased on the back of US curbs on China’s Huawei, while weak results from Ryanair triggered a sell-off in airlines across the board.

The FTSE 100 gave up 0.5 per cent and the mid-cap index was 0.8 per cent lower.

The indices, however, fared better than their European peers whose sentiment were grim in the wake of the US-China trade conflict hung in the air.

Concerns about the possible escalation of the US-China trade conflict hung in the air after Google suspended business with Huawei. Asia-facing stocks including HSBC and Prudential were among the biggest drops on the main index.

In news-driven moves, Coca-Cola HBC, which was seen as a potential buy for CBRE, slumped nearly seven per cent after NYSE-listed Coca-Cola dropped plans to refinance its Africa bottling business.

Ryanair’s London-listed stock fell about five per cent to a four-month low after the low-cost airline reported its weakest annual profit in four years amid struggles with overcapacity, Brexit and delays in delivery of the Boeing 737 MAX.

The poor reading dragged down British Airways owner IAG, Easyjet and Wizz Air.

The MId-caps, a stand-out falterer was Madame Tussauds-owner Merlin Entertainments which slipped seven per cent on its worst day since last October after a double downgrade by HSBC.

**BEST OF THE BROKERS**

![Best of the Brokers](https://example.com/bestofthebrokers)

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

**LONDON REPORT**

**TOP RISERS**

1. Vodafone Up 1.71 per cent
2. Imperial Brands Up 1.18 per cent
3. Evraz Up 1.16 per cent

**TOP FALLERS**

1. Coca-Cola HBC Down 6.70 per cent
2. Tull Down 6.42 per cent
3. Barratt Down 4.37 per cent

**NEW YORK REPORT**

Huawei fallout hits tech stocks on Wall Street

US STOCKS slid yesterday as the White House's restrictions on Chinese telecoms equipment maker Huawei weighed on the technology sector and raised concerns that the move would further inflame trade tensions between the United States and China.

Tech stocks dropped 1.75 per cent, the largest percentage decline among the benchmark index's 11 major sectors.

The S&P 500's five technology stocks dropped 1.75 per cent, the largest percentage decline among the benchmark index's 11 major sectors.

The Philadelphia Semiconductor Index, which includes Huawei supplier Qualcomm, Broadcom and Micron, tumbled four per cent to hit its lowest level in more than two months.

Shares of Apple slumped 3.1 per cent, making them the biggest drag on Wall Street's major indexes. The iPhone maker's shares were also pressured after HSBC warned that higher prices for the company's products following the latest increases in tariffs could have "dire consequences" on demand.

The Dow Jones Industrial Average fell 84.1 points, or 0.33 per cent, to 26,709.9, the S&P 500 lost 19.3 points, or 0.67 per cent, to 2,840.23, and the Nasdaq Composite gained 11.19 points, or 0.46 per cent, to 7,702.38.

The S&P 500 is on track to post its worst monthly decline since the December sell-off, trading nearly four per cent below its original all-time high.

Among gainers, shares of Sprint and T-Mobile rose after Federal Communication Commission chairman Ajit Pai came out in favour of the merger of the two telecom companies. Sprint and T-Mobile gained, however, after Bloomberg reported that the US Department of Justice was leaning against approving the deal.

Still, Sprint shares ended 18.8 per cent higher while T-Mobile shares rose 3.1 per cent.

**CITY DASHBOARD**

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**PREMIER OIL**

![Premier Oil](https://example.com/premierval)

Premier Oil upgraded its production guidance and priced down debt last week as it said production this year has reached more than 85,000 barrels of oil equivalent per day, a 14 per cent rise year-on-year.

The outperformance was driven by success in its flagship Catcher field in the North Sea. The firm said it now expects to hit an average of 75,000 to 80,000 barrels over the course of 2019 as it has also sanctioned drilling a new producer in the Solan field next year. Broker Peel Hunt issued a “buy” recommendation and a target price of $3.15 per share.

**FEVER-TREE**

![Fever-Tree](https://example.com/fever-tree)

Premium mixers brand Fever-Tree announced that it is making its first move into alcoholic beverages with the launch of three “ready-to-drink” gin and tonics to compete with market leader Diageo, which owns Gordon's. If Fever-Tree can reach 25 to 30 per cent of Gordon’s volumes, the drinks could be worth between three to 10 per cent of group sales, analysts said. The beverages will be priced at £2.75 compared to Gordon’s £1.80 which should “help to maintain the premium brand identity”. Jeffries issued a “hold” recommendation and a target price of 3,100p.

**INVESTEC**

![Investec](https://example.com/invesc)

Investec has announced the appointment of Richard Glenn as head of UK insurance sales. Richard will be based in London and report to Alex Miller, head of Europe, Middle East and Africa (EMEA) institutional distribution. As head of UK insurance sales, Richard will be directly responsible for developing the UK insurance strategy, leading the UK insurance team and executing Investec’s insurance sales plan across the UK.

He will work with senior leaders across the company and will be a member of the Investec EMEA insurance working group. Richard joins from Norumb International where he was managing director, head of insurance solutions group EMEA. In this role he was responsible for the product development and origination of financing, reinsurance and solutions activity across the European insurance sector. Prior to his 10 years at Norumb, he held investment banking roles at Lehman Brothers and Barclays Capital working with insurance and other financial institutional clients.

**CAZOO**

Cazoo has announced Alex Gersh, formerly chief financial officer (CFO) of Paddy Power Betfair, has joined as its first CFO. Having raised over £30m late last year, Cazoo is seeking to transform the used car market in the UK. Alex joins Cazoo after spending 6 years as CFO of FTSE 100-listed Paddy Power Betfair where he oversaw the merger of two of the fastest growing online betting operators in the world and guided the business through its subsequent transformation resulting in annual revenues of over £1.5bn. Prior to this Alex was CFO of then Nasdaq-listed NDS Group and his earlier career was spent as CFO of BT Ceteris and at BT. Alex will be responsible for building out the finance function at Cazoo and managing the growth of the business. He will join Cazoo’s board of directors and executive team and will report directly to founder and chief executive Alex Chesterman.

**HEADLAND**

Headland has appointed two new partners to the firm as it continues its rapid growth. Susanna Voyles joins Headland after most recently being a partner at Talbots for 15 years, having wide-ranging experience at FTSE 100, FTSE 250 and private companies. Susanna has advised on some of the UK’s most significant corporate moments in recent years. These include counseling Booker on its merger with Tesco and Standard Life on the disposal of its Canadian business. She advised Merlin Entertainments, Royal Mail, B&M and Bakkavor through their initial public offerings, and counseled the Co-op through the 18-month process of recapitalizing the Co-op Bank and reforming the group governance structure.

To appear in CITYMOVES please email your career updates and pictures to citymoves@cityam.com
### EU Shares

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### US Shares

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### BREXIT

** WHICH WAY WILL THE MARKETS TURN? **

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OFFICE POLITICS

The future looks bright for graduates

Students with arts degrees shouldn’t worry – the tech sector wants them too

This month, university students across the country are being tested on their chosen field of study. As if the exam season weren’t stressful enough, final-year students also have to deal with acute cases of so-called employability anxiety.

This generation is already described as the “most anxious in history”, so adding extra stress makes for a potent cocktail.

It isn’t difficult to see why so many soon-to-be-graduates are lying awake at night, worrying about the future.

The headlines paint a picture of an employment wasteland and an economy in free-fall, to say nothing of the thick cloud of uncertainty that swirls around Brexit. Then there’s the drumbeat of stories that relate all the ways in which millennials have something wrong with them.

Despite this atmosphere of gloom, the tech sector – consistently reported as one of the most desirable among graduates – is in rude health. In fact, in May last year, the UK became the world’s top fintech hub. Total venture capitalist investment in UK tech surpassed £6bn over the course of 2018.

It was reported in February that the number of new technology companies launched in the country rose by 14 per cent in 2018, and that was distributed among almost every region in the UK. And though of course many startups fail, it’s suggestive of the health of the sector and the optimism surrounding it that so many people are willing to turn their ideas into businesses.

This, you might think, will hardly soothe the jangled nerves of those studying the humanities or anything that might come under the heading of “liberal arts”. But this isn’t so.

Indeed, what were once dismissed as worthless degrees are in high demand in the tech sector. George Anders, a former tech reporter at Forbes who was “consumed with this idea that there was no education but STEM education”, changed his mind when he spoke to hiring managers at companies like Uber.

He told the BBC that “Uber was picking up psychology majors to deal with unhappy riders and drivers... OpenTable was hiring English majors to bring data to restaurateurs to get them excited about what data could do.”

Communication, social fluency, and critical thinking – skills developed particularly well through studying the humanities and liberal arts – are highly desirable. Steve Jobs once said that Apple operated at “the intersection of technology, the liberal arts and humanities” – and that company seems to be doing pretty well. It’s worth noting that liberal arts is probably the oldest educational programme in western history. It was once believed to develop the qualities essential for a free person – hence “liberal”.

Five years after Barack Obama called a humanities degree useless (he later apologised), hiring managers at some of the world’s top companies are understanding the hidden virtues of these subjects and looking specifically for those with a degree in them.

This may have something to do with the way that tech is flowing into other industries. We think of Amazon, Uber or Airbnb as tech companies, but it won’t be long until we see tech merely as the vehicle by which almost all industries operate.

The fourth industrial revolution will do nothing if not blur lines, and the tech aspect of any given company will be taken for granted and seen as something that all companies and industries use as the means by which they do business.

None of this is to say that the anxieties of those about to graduate are unmerited. Exams are difficult and stressful. Nonetheless, the future looks bright for graduates.

Aidan Cramer is co-founder of JobLab.
When you look after small business,” Sajid Javid said last week, “you look after the future.” He admitted, the government has focused its attention elsewhere – big government finding it easier to talk to big business than small. Britain has an enviable record of company creation. Indeed, alongside our stellar job creation rates, it was one of the jewels of our economy. Yet in terms of scaling up those countries, we lag well behind: in OECD rankings, we came 13th out of 14 in terms of the proportion of businesses that grow to have 10 or more employees within three years. Part of this is about investment. In 2017, a Centre for Business Research paper by Rishi Sunak MP highlighted the financing problems faced by some SMEs: “The current mix of sources of new capital to ensure that SMEs get the funding they needed.” But much of it is about our general business environment. “The way we treat businesses all too often resembles the shaming industry’s maxim: give away the razor, then gouge them on the blades. There is the VAT system, which has resulted in a huge clustering of business under the VAT threshold, which depress their turnover to avoid the admin and hassle. Employer’s National Insurance adds a hefty surcharge to your salary costs – tax on jobs in the truest sense.

And business rates actively punish new businesses that seek to expand and upgrade their premises – the very opposite of what any economist would suggest. But as one of the many contributing factors to our crippling problems with productivity, this is a major one. Above all, as the Office of Tax Simplification has highlighted, we have a “one-size-fits-all” approach to business tax, regulation and administration. We treat corner shops as part of the same continuum as nationwide chains, even though the burdens of running with the rules will be disproportionately larger for smaller outfits. When we first started talking to small businesses and small business groups – and carrying out polled consultation with local businesses and of the general public – we got a clear message. The burden of tax and administration is an unnecessary weight on these firms.

Perhaps unfortunately, that the tax system should be simple for small businesses to understand, and treat small businesses differently to large. Just one per cent of those we surveyed felt that the corporate tax system was too simple rather than too complex. And despite generous corporation tax cuts over the years, solid majorities of voters, owners and managers felt that the government was not on the side of small businesses. Something dramatic is needed. Our suggestion in “Think Small” – a new report by our head of business Nick King with a foreword by West Midlands mayor (and former John Lewis boss) Andy Street – is for a sweeping act of tax and administrative simplification. Companies with a turnover of £1m would be able to choose between paying all their current taxes, and replacing the four biggest (corporation tax, Employer’s NI, business rates, and VAT) with a simple levy on turnover. Expert modelling by Capital Economics suggests this would be revenue-neutral for the Treasury at a rate of roughly 12.5 per cent – though obviously we would hope that the rate could be lowered once the principle was established. Because this system would be universal, no company need lose out. But now low polling business companies would welcome such a scheme – almost three quarters of those which expressed a preference said that they would switch over if it was revenue-neutral. More than a quarter said that they would switch even if it cost them more, just to avoid the hassle of admin. At a stroke, Britain would become one of the best places in the world not just to start a business but to run one – because you would be able to focus on growing your firm, rather than wasting days puzzling through your tax situation.

In countries where small-scale versions of this scheme have been tried, the effect has been galvanising. Speaking at the launch last Thursday, David described his own days living above the family shop, which sold ladies’ clothing. “Small business,” he said, “is woven through the fabric of our community. For those who run them, all of them run by people from many different backgrounds, different races, men and women, businesses of all types... They are the very heart of our society.”

He concluded: “It’s our responsibility to make sure that taxes on business are low, that they are simple and that the tax system is fair.” That’s not only good economics. It would also put the Conservative party on the side of many small businesses, whose owners are often the political heart of the country, as well as its economic backbone.

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W hen Germany’s politicians gave electric scooters the green light last Friday, they instantly created Europe’s largest market for this new mode of transport, while making Britain the last remaining major country in the continent not to approve e-scooters for use on roads. Pressure is now mounting on British politicians to overturn the ban on e-scooters, along with segways and hoverboards.

But many of the restrictions have not stopped many in the UK buying their own e-scooters and using them around town anyway. It’s not hard to see why. E-scooters could be enormously useful in UK cities, particularly in the capital, cutting congestion and providing a low-emission option for millions of commuters. Yet many still argue that the ban is justified, on the grounds that e-scooters may clog up the streets and endanger pedestrians.

Yet Germany, a country that has become one of the most innovative and sustainable in the world, is in informed choice and quality. Essentially, it seems that the growth area is in informed choice and quality. People may eat less meat as more adopt a flexitarian diet and lifestyle. However, meat for a lot of people is seen as a necessity for protein, and they cannot be shaken from this belief. The provenance of that meat and the way in which it is farmed (in terms of animal welfare and quality of life) are important factors, and as long as people believe it is good protein, tasty, and reasonably ethical, there will be demand. Flexitarianism is on the rise as many people believe that it has the right balance of health and protein without changing lifestyles too drastically. And as vegan options improve, this will grow. Many people are hesitant to return to veganism, but in our lifetime, it seems that the lust for meat will remain strong. Mass produced farmed animal meat should die, but organic artisan bespoke farmers who are passionate and ethical should rise. Steve Oakley, creative director, Eat With Your Eyes

If you lived behind the Iron Curtain... then you understand how precious democracy is.” Brexit Party candidate, @LauraMG20, @Brexitparty_uk

“We hope the UK government follows the lead of other leading European states in allowing e-scooters as part of the same continuum as small-scale versions of the scheme have been tried, the effect has been galvanising. Speaking at the launch last Thursday, David Javid described his own days living above the family shop, which sold ladies’ clothing. “Small business,” he said, “is woven through the fabric of our community. For those who run them, all of them run by people from many different backgrounds, different races, men and women, businesses of all types... They are the very heart of our society.”

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Don’t let obstacles get in the way of vision tech businesses – and treat small businesses differently to large. Just one per cent of those we surveyed felt that the corporate tax system was too simple rather than too complex. And despite generous corporation tax cuts over the years, solid majorities of voters, owners and managers felt that the government was not on the side of small businesses. Something dramatic is needed. Our suggestion in “Think Small” – a new report by our head of business Nick King with a foreword by West Midlands mayor (and former John Lewis boss) Andy Street – is for a sweeping act of tax and administrative simplification. Companies with a turnover of £1m would be able to choose between paying all their current taxes, and replacing the four biggest (corporation tax, Employer’s NI, business rates, and VAT) with a simple levy on turnover. Expert modelling by Capital Economics suggests this would be revenue-neutral for the Treasury at a rate of roughly 12.5 per cent – though obviously we would hope that the rate could be lowered once the principle was established. Because this system would be universal, no company need lose out. But now low polling business companies would welcome such a scheme – almost three quarters of those which expressed a preference said that they would switch over if it was revenue-neutral. More than a quarter said that they would switch even if it cost them more, just to avoid the hassle of admin. At a stroke, Britain would become one of the best places in the world not just to start a business but to run one – because you would be able to focus on growing your firm, rather than wasting days puzzling through your tax situation.

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Don’t let trust become the next plaything of the cyber criminals

Poppy Gustafsson

Ukraine’s power grid fell to blackouts across Kiev, leaving citizens in darkness for up to six hours. Whether sowing a general distrust of private companies’ ability to guard our data or fuelling fears about nations’ ability to lock down critical services and infrastructure, cyber interference risks destroying faith in the very instruments of democracy.

It’s clear that technology has spearheaded societal development. However, as countries ramp up their innovation, trust must be rebuilt in their ability to keep data and services safe. Our “invest first, secure later” mindset has, undeniably, accelerated the cyber challenge. Yet, retracing from the modern world is not the answer.

This is a challenge that we can – and must – innovate ourselves out of. And technology itself must be part of the solution to its own problem – in the shape of artificial intelligence (AI). Why? Because humans remain the weakest link and biggest cyber risk.

The rate of innovation is far outstripping our ability to adapt and secure. Software is millions of lines of code and one seemingly small mistake can result in sensitive data left open for anyone to see. Many hacking practices rely on exploiting human vulnerabilities and often encourage seemingly harmless behaviour, like downloading a malicious attachment that gives attackers unrestricted insider access. Critically, AI can process vast data sets and draw meaningful insights in seconds. It therefore supercharges security officers in their ability to detect and counter advanced cyber threats.

We have already seen it successfully stop ransomware in its tracks and detect subtle nation state espionage campaigns, without human intervention. But trust takes time to rebuild. Getting to the point where democratic processes and critical infrastructure are protected by autonomous machines requires a considerable leap of faith. Innovators will have to acknowledge this reality, and engineer features into their creations that nurture trust between humans and algorithms.

We should be excited about the opportunities that technology innovation will unlock. However, we cannot expect society to embrace them without resting trust in the technology that will be at its core.

AI is not the panacea for all of society’s ills. But it has an essential role to play in solving our tech-fuelled problems and consequently in restoring our trust in the institutions that sit at the centre of our digital futures.

Poppy Gustafsson is chief executive of Darktrace.
TRADING & INVESTMENT

AVOIDING THE DOOM LOOP

What will happen to the Eurozone when Mario Draghi steps down?

Without a banking union, the assumption is that Italian taxpayers are liable for banks’ debts.

Mario Draghi effectively cut the doom loop, and there is now bubbling concern of how his successor may choose to approach these challenges. Their outlook will determine ECB policy, and therefore the outcome for countries such as Italy. Should the next president choose to ignore these growing concerns and put pressure on Italy to resolve its own financial instability, there is a danger that we could see widespread issues across the Eurozone.

That said, the last thing any president wants is to risk redenomination and jeopardise the stability of the currency union. They will likely take required action to ensure the stability of the euro, but the question of what approach and at what point remains uncertain. Although it is unlikely that Draghi’s successor will inject drastic change into the Eurozone, it is important that investors remain alert to some of the risks, particularly in Italy.

Investors may want to consider the possible exposure that they have to Italian debt going forward as policy remains uncertain. Investors should be alert going into the ECB president handover, as possibilities of a change in approach will begin to come to light.

Looking forward, we are optimistic that a mantra around doing whatever it takes would remain at the heart of any Eurozone president. However, with no president in line for the position, only time will tell.

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Are emerging markets ready to fight back?

YOU KNOW there’s an underlying problem when investment firms start to cut exposure to a particular asset class. Goldman Sachs’ decision last week to slash exposure to emerging markets is an indication of the current situation for these economies. The bank’s asset management arm said that it had scaled back in “overweight” countries due to emerging market currencies and debt amid rising trade tensions between the US and China.

Emerging markets are bearing the brunt of an escalating trade war between the world’s two largest economies, and there is no way to be certain when this will end. Last week was the worst for emerging market currencies since the Turkish lira crisis last summer. The Chinese yuan has lost nearly three per cent of its value against the US dollar since 5 May – the day that President Donald Trump tweeted about new tariffs on the country.

This rout seems to be spreading to other countries, with MSCI’s index of emerging market currencies down 3.5 per cent over the past seven days. The index is also down more than 12 per cent over a 12-month period.

A recent survey from flow-tracking specialist EPFR Global showed that institutional and individual investors pulled $1.3bn from emerging market equities in just one week. Analysts at Bank of America Merrill Lynch said in a note that these moves reflected “trade deal trauma”.

In total, globally equity fund outflows have now reached $116bn in 2019, on course for the worst year since 2016, according to EPFR. Flows into emerging markets are highly sensitive to external risk factors, such as global growth, changes in monetary policy in the US and a general market sell-off. Add to that domestic factors, such as high current account deficits, weak currencies, and a dependence on commodities, and these markets can make for a risky investment.

Before the recent escalation of the trade war, emerging markets remained a risky yet lucrative destination. The lack of returns from developed markets also pushed yield-hungry investors into these markets. But with global uncertainty making its way into almost every asset class, investors are left with very little to choose from.

However, this could change in the next few months. Emerging markets such as South Africa and India will see political change this year, and while challenges are significant in both economies, fund managers have pointed out that both these nations have outperformed the Global Emerging Market Indexes year-to-date.

Yesterday, the Indian rupee was up nearly one per cent against the US dollar, and was the best performing currency across all markets. In South Africa, current President Cyril Ramaphosa held on to a sizeable majority, while in India, exit polls point to a second term for Prime Minister Narendra Modi.

Meanwhile, analysts have also highlighted that China will continue to retaliate, which in turn might hurt US businesses and have a negative impact on the economy. Ultimately, this may force Trump to back down.

In the current situation of extreme uncertainty, investors would like some stability from these markets, especially to trim the losses from the enormous sell-off in the last few months.

But when and how this stability comes through is another uncertainty that is currently weighing on the minds of investors.

© Shamik Dhar is chief economist at BNY Mellon Investment Management.

© Sprika Srivastava is the deputy digital news editor at CNBC International. She can be found on Twitter (@sprikia).
The 8 Series is back after a 20-year hiatus. Ethan Jupp samples BMW’s luxurious new super-coupe

It’s been 20 years since you could last walk into a BMW dealership and buy an 8 Series. The company’s former flagship braved new heights for a luxury German coupe, with a V12 engine and distinctive wedge-shaped styling. Now it’s back.

This car actually picks up where the old 6 Series left off, clothing executive underpinnings in a more exotic suit. Whereas the 6 Series was a usable four-seater, we’d struggle to call the new 8 anything more than a two-plus-two. However, a four-door Gran Coupe version will follow soon, along with a cabriolet.

To drive, the 8 Series is remarkably rapid, yet far from scintillating. Even with a smooth eight-speed automatic transmission and BMW’s xDrive four-wheel-drive. The steering is precise, if inert, and you’re never short of grip. Rear-wheel steering swivels the back wheels in the opposite direction at low speeds to improve manoeuvrability, then in the same direction as you go faster to boost stability. Combined with 3D-view parking cameras, it makes the big, heavy 8 Series easy to pilot around town, and blindingly capable on the open road.

With 315hp and 502lb ft of torque, the 840d launches to 62mph in 4.9 seconds. Find an Autobahn and you can reach an electronically-limited 155mph. The 523hp 4.4-litre twin-turbo petrol M850i provides more grunt and noise, albeit with a far greater thirst for fuel. If you’re feeling patient (and flush) the full-fat 600hp+ M8 is due soon. The diesel feels bigger than its boots, though. Three-car over-takes are just a turbo-whoosh away.

A sinewy sports car this ain’t, but it defies the laws of physics in ways the old 8 Series simply can’t. And with the excellent Harmon Kardon stereo cranked up and adaptive cruise control to maintain a set distance from the car in front, it’ll dispatch continents with consummate ease.

Inside, the new iDrive media system is sharp and intuitive, although the Bluetooth phone connectivity seemed a little buggy. Gesture controls, which allow you to, for example, turn up the radio volume by twirling your finger in front of a sensor, are a fun gimmick, and Apple Carplay comes as standard. The new digital instrument cluster, while trading a bit of classic character, works brilliantly and the head-up display is a useful addition. The cut-and-paste cabin design feels quite derivative, though. Knurled switches and a crystal-effect gearlever work well, and has the ability to fly under the radar and blend in to your life in ways the Lexus or Aston Martin DB11 couldn’t. The Aston is more than twice the price, too.

This isn’t a true successor to the classic 8 Series – look to the hybrid i8 supercar or imminent M8 for that. Nonetheless, assuming you don’t have to live with it to discover its subtleties, it’s the same on the outside, too. The incredible concept car wrote aesthetic cheques this production version simply can’t cash. It’s very handsome, but you don’t find yourself yearning for it. That being said, its proportions and styling are much sexier than those of the Mercedes-Benz SL and S-Class Coupe – or indeed the old 6 Series.

Many expected greatness from the new 8er, but were underwhelmed and, initially, we were too. But you have to live with it to discover its subtle genius. It looks great and goes well, and has the ability to fly under the radar and blend in to your life in ways the Lexus or Aston Martin DB11 couldn’t. The Aston is more than twice the price, too.

This isn’t a true successor to the classic 8 Series – look to the hybrid i8 supercar or imminent M8 for that. Nonetheless, assuming you don’t need back seats or a large boot, the diesel 840d is a formidable all-rounder.

**NOT CONVINCED? CHECK OUT THESE ALTERNATIVES...**

**ASTON MARTIN DB11 V8**
- Price: FROM £147,900
- 0-62mph: 4.1 secs
- Top Speed: 187mph
- CO2: 220g/km
- MPG Combined: 23mpg

**LEXUS LC**
- Price: FROM £74,470
- 0-62mph: 4.9-3.7 secs
- Top Speed: 155mph
- CO2: 160-224g/km
- MPG Combined: 28-23mpg

**MERCEDES-BENZ SL**
- Price: FROM £76,390
- 0-62mph: 5.1-3.9 secs
- Top Speed: 155mph
- CO2: 160-224g/km
- MPG Combined: 28-23mpg
Crypto AM shines its Spotlight on Chain Enable

The Blockchain industry has been through an interesting journey over the past 18 months, with huge ICO raises, regulatory uncertainty, and now government and industry adoption. There has certainly been a change of tide in understanding what the blockchain is and what it can achieve.

Many of the ICO projects that hit the market and managed to raise huge amounts of capital, fueled by speculative valuations, have not fulfilled the dreams promised by the crypto evangelists of late 2017. But in a twist of fate, governments, banks and big business are now adopting the underlying technology that was initially built to displace them.

Let’s not forget Bitcoin was the result of many years of cryptographic innovations to create a peer-to-peer, monetary system that could operate without the necessity of the banks and governance mechanisms we know today, and now it seems the banks have adopted the underlying technology to their advantage.

After living and working in Korea and China for 5 years, Robert Cooke started Chain Enable as a cross-border consultancy and agency specialising in building relationships between Asian and European markets. By working closely with a number of agencies and investors in Asia, Chain Enable helped projects to shape and localise marketing materials, build communities, and introduce investors in the APAC region. In early 2018, Chain Enable expanded and built a partnership with Paul Morgan, a seasoned CTO and serial entrepreneur with a development team based across the UK and Europe. “Partnering with Paul was a huge step in Chain Enable’s story…we have acquired a qualified team of developers and are able to build products for many of the clients we helped to serve during the earlier days.” Over the past 20 years Paul has built a deep knowledge in systems architecture and backend design. Building financial products and machine learning algorithms for a number of large retail banks, healthcare organisations and supermarkets such as Cigna, Lloyds Bank and Bupa, long before the term FinTech and AI was coined. Chain Enable is focused on building industrial grade blockchain and distributed ledger systems with a keen interest in emerging and developing markets. We believe the adoption of blockchain and distributed ledger technology is going to accelerate in economies that currently lack the infrastructural backbone we take for granted in developed nations. Issues around identity verification and the convergence of blockchain and IoT are of huge interest. Now that governments and industry are beginning to see the benefits of blockchain technology we believe the adoption of this technology is just around the corner. It is exciting being at the forefront of a technology that challenges and tests the current status quo and we look forward to seeing how the industry develops.

For more information and case studies of previous work please visit www.chainenable.com or email us at info@chainenable.com

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IT’S TIME FOR BLOCKCHAIN MARKETING GROWTH

Designed by Philipp Smelling, Bowater Media

CITY A.M.’S CRYPTO INSIDER

JAMES BOWATER

This morning marks the first official Crypto AM Blockchain Breakfast at Balthazar in Covent Garden where 24 leaders in the UK blockchain industry will be gathering. I will be tweeting about it so please follow me @CityAM_Crypto.

CITY A.M. ’S PARTNER CONTENT

CITY A.M. ’S CRYPTO AM SHINES

At each stage of the date, both throughout the date. Users create a profile and upload their ID just launching consenttracker.com which is an App that helps with consent management. Another factor is that today is decision day by the US SEC on whether to approve or reject the Van Eck Bitcoin ETF which, if approved, could signal institutional adoption and possibly send BTC to the magical US$10,000 mark where it is believed many buy orders will kick in so watch this space!

The halvening of BTC Block mining rewards, which happens every four years, is exactly a year away and historically in the year running up to this event BTC enjoys uplift. Recent positive newsflow has also been a factor with the Weekends been buying coffee in Starbucks using crypto. Many other US retailers are following suit including Nordstrom, Whole Foods and Regal Cinemas. Another factor that is a decision day by the US SEC on whether to approve or reject the Van Eck Bitcoin ETF if, which, if approved, could signal institutional adoption and possibly send BTC to the magical US$10,000 mark where it is believed many buy orders will kick in so watch this space!

CITY A.M. ’S PARTNER CONTENT

CITY A.M. ’S CRYPTO AM SHINES

Last week’s 25% bitcoin price surge harked back to November 2017, when the market traced a similarly astonishing trajectory. 18 months on from the great bull market, the nascent blockchain space is unarguably older - but is it wiser?

Certainly some of the marketing tactics employed by crypto projects back then mean for neither glowing remissence nor good example.

Who dares not to cringe when remembered John McAfee’s “Coin of the Day”, in which each tweet lionised a ‘favourite’ crypto token that McAfee may have been paid to promote? In the case of his tweet about Burstcoin, this resulted in a near-instant price eruption of 350% - followed by a precipitous fall of a similar magnitude.

While McAfee’s near-inamillion-strong followercount enticed several projects in the moment, the cumulative effect of “Coin of the Day” was a loss of credibility for specific projects and the industry as a whole. Nor was this discrediting mechanic a rare eddy in a millpond of competence: examples of shoddy practice are myriad. So, as crypto embraces the exponential once more, how can its marketers play their part in avoiding the dubious promotional practices of the past?

ICOs defined the last bull market, with their necessity to rapidly attract retail investment. Creating short-term community buzz became the default strategy. It was not bereft of issues.

In the race to build social-media momentum, some projects purchased fake followers. The social metrics of Airfox - an ICO that refunded investors after SEC intervention - demonstrate rapid spikes in Twitter followers followed by similar drops a few weeks later; the hallmarks of bulk follower purchases.

Using fake followers to boost community numbers impacts trust and engagement. Yet it persists. A 2019 analysis published by the SEC of Twitter followers of 2018 ICOs and pre-ICO projects in which the SEC concluded “many projects purchased fake followers, not for the sake of increased exposure, but to freebies: perhaps saving us all from a morass of derivative projects.

While Bounty campaigns have their strategy. It was not bereft of issues. A 2019 analysis published by the SEC of Twitter followers of 2018 ICOs and pre-ICO projects in which the SEC concluded “many projects purchased fake followers, not for the sake of increased exposure, but to freebies: perhaps saving us all from a morass of derivative projects.

While Bounty campaigns have their use (such as crowd-sourcing code-bugs) rewarding users for posting about a project is problematic. One side-effect is the blockchain project Telegram “grew” via a group: many thousands of members but just a handful of active users. Few are fooled.

Back then, influencers could name their price to promote an ICO. Many failed to disclose their interest. The apogee: Paris Hilton and Floyd Mayweather facing SEC sanction. Such practices have no place in other sectors; nor should they be allowed here again. Far better to be transparent: long-term users reward those they trust.

Instead of the ICO, we now have STOs and IEOs - not to mention many funded projects with MVPs seeking to accelerate roadmap progression, drive user adoption and build engaged communities. Marketing must evolve to suit.

Crypto influencers continue to pro-
vide access to a global audience. Their current properties are a far cry from Iceland. And of course, surely you know that there is only one crows in the Tower of London is albino? Only a matter of time before they take blockchain to new altitudes. Digital advertising has been historically stymied by Facebook and Google’s existing projects to attract mainstream audiences. Chain are taking blockchain to new aesthetic levels of competition. Each niche is evolving access to a global audience. Their current properties are a far cry from Iceland. And of course, surely you know that there is only one crows in the Tower of London is albino? Only a matter of time before they take blockchain to new altitudes.

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JOHN Stephenson knows a thing or two about one-day cricket. As a fan and now head of cricket at Marylebone Cricket Club, he has watched, participated in and enjoyed the format as it has evolved.

As a child his interest was piqued by Gloucestershire’s Mike Procter, who scored 94 in a win over Sussex in the 1973 final, and Glamorgan’s Mike Llewellyn, whose straight six onto the top of the Lord’s pavilion caused quite a stir in 1977’s final.

Having been on the Essex staff for the 1985 win over Nottinghamshire, he progressed to playing for his home county, and although he lost both of his Lord’s cup finals he has fond memories of the format.

Stephenson has seen sponsors come and go, from Benson & Hedges to NatWest, seen the number of competitions reduced from two to one, and stepped into the shoes of Gordon Hollins, a “development competition”.

“We’ve seen one-day cricket evolve over the years and the showpiece event being at Lord’s has been very important for county players,” Stephenson tells City A.M.

“It was, and still is, an absolute dream to get to a one-day final. It’s always an amazing feeling being out there in front of a big crowd as a county player. They’re moments I’ll never forget.”

Players from Hampshire and Somerset could be the last ones to get that unforgettable Lord’s final atmosphere, with 2020 seeing the English summer schedule rejigged.

“We’ve always tried to prioritise having two Test matches per year in the allocation, so we understand why it has moved,” explains Stephenson. “We’re obviously disappointed in a sense, but it moves to Trent Bridge with our best wishes.”

**POSITIVE OUTLOOK**

Next year the One-Day Cup will move from April and May to July and August and no longer include overseas players in order to accommodate a fourth new format: The Hundred. The One-Day Cup will be played alongside the new competition and will involve those not picked up for the ECB’s great new hope.

Hollins’ characterisation of the 50-over tournament as a “development competition” sparked criticism, with some accusing the governing body of devaluing one of its key assets, but Stephenson has a positive outlook.

“I don’t really see it as that,” he says. “I don’t think it’s being downgraded to a huge extent. We’ve got a great opportunity to broaden the appeal of the game, get to a wider audience, including families, with the Lord’s final atmosphere, with 2020 seeing the English summer schedule rejigged.

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POTTER’S PRICE Brighton pay Swansea £3m to secure new coach

Brighton yesterday appointed Graham Potter as their new manager on a four-year contract. Potter joins the Seagulls, who sacked Chris Hughton after finishing 17th in the Premier League this season, from Championship side Swansea. The 44-year-old guided the Welsh team to 10th in the second tier after arriving in June from Sweden’s Östersunds FK, where he spent eight years. Brighton paid Swansea £3m in compensation, with his assistant Billy Reid, coach Bjorn Hamberg and head of recruitment Kyle Macaulay all making the move from Wales.

SPORT DIGEST

CLARKE SUCCEDS MCLEISH AS SCOTLAND MANAGER
Steve Clarke has been appointed Scotland head coach on a three-year deal. Clarke, who guided Kilmarnock to third in the Scottish Premiership this season, replaces Alex McLeish, who stepped down in April. “It is an honour,” he said. “I will undertake those responsibilities with pride and commitment. I firmly believe we have a talented group of players who can achieve success on the international stage.” Scotland currently sit fifth in their Euro 2020 qualifying group after two games – a 2-0 win over San Marino and a 3-0 defeat by Kazakhstan.

JACKS’S CENTURY RESCUES SURREY AGAINST KENT
Will Jacks’s maiden first-class century helped Surrey recover from a top-order batting collapse and reach 420-9 on day one of their County Championship match against Kent yesterday. The 20-year-old made 120 in a sixth-wicket partnership of 175 with Scott Borthwick (85) before Rikki Clarke (87 not out) extended Surrey’s score at Beckenham. It was a vital knock for the away side, who had been 65-5 after Kent’s South African debutant Wiaan Mulder (4-103) ripped through the middle order.

CHADWICK JOINS WILLIAMS AS DEVELOPMENT DRIVER
Jamie Chadwick took a step closer to realising her goal of breaking into Formula One yesterday when she joined Williams as a development driver. Chadwick, the only woman to win a British Formula Three race and current leader of the all-female W Series, will take up the same role former driver Susie Wolff performed for Williams between 2012 and 2015. “Being a part of the driver academy is an amazing platform and I’m excited to get started,” the 23-year-old said. “I look forward to spending time in the factory at Grove, immersing myself within the team and assisting wherever I can.”

DAWSON TO TAKE DENLY’S ENGLAND WORLD CUP SPOT
Liam Dawson is set to be named in England’s World Cup squad today, despite not featuring in the 4-0 series win over Pakistan. England will name their 15-man squad for the home tournament, which starts on 30 May, at 9:30am and the left-arm spinner is expected to be chosen ahead of Joe Denly. Jofra Archer will be in the squad, possibly in place of David Willey, while James Vince will take Alex Hales’s spot as the back-up batsman.

INDY 500 EMBARRASSMENT FOR ALONSO AND MCLAREN
Fernando Alonso has rejected the chance to race in the Indianapolis 500 after McLaren offered to buy the Spanish driver a seat in the event. McLaren made inquiries into buying out another driver to give Alonso a spot in the Indy 500, but the 37-year-old felt uncomfortable with the idea, having failed to qualify for America’s biggest race. McLaren parted company with their IndyCar president Bob Fernley yesterday in the aftermath of the embarrassing failure, which puts on hold Alonso’s quest to win motor sport’s Triple Crown of the Monaco Grand Prix, Le Mans and the Indy 500.

CHESERTONS POLO IN THE PARK

INTERNATIONAL DAY
Frasers England vs ICM.com Team Australia – summer sporting rivalry starts here!

Hurlingham Park, Fulham | ticketmaster.co.uk | polointheparklondon.com
Smart technology does more than take selfies.

From helping pilots avoid turbulence to making cars more intuitive to reinventing retail, IBM is working behind the scenes to change the way the world works. Find out how at ibm.com/smart/uk