Lloyd’s of London to split in two

CALLUM KEOWN
(@CallumKeown)

LLOYD’S of London yesterday unveiled plans to split into two exchanges and move more of its business online in a bid to cut costs.

The six-point strategy includes splitting the 330-year-old market into two automated exchanges, allowing less complex risks to be priced “in minutes at a fraction of today’s costs.”

Chief executive John Neal said the plan could cut costs by 10 per cent, which equates to around £1bn.

Neal added the cost of buying insurance through the market could be halved from 38 per cent of the premium to 20 per cent within five years.

The report revealed the Lloyd’s expense ratio had remained broadly unchanged since 1990 and was higher than other global carriers.

One platform would be used for more complex risks, which would still be conducted in person, but more standard contracts would be dealt with through a new Lloyd’s Risk Exchange.

The market launched a structural review last year after it suffered a £2bn loss in 2017 and chief executive Inga Beale stepped down.

It has also faced criticism over members’ costs, while underwriters and brokers still use briefcases and paperwork.

Labour MP only sticks with his party because he doesn’t think Corbyn can win

OWEN BENNETT
@owenjbennett

LABOUR MP Wes Streeting, a vocal critic of his party’s handling of antisemitism, has said he’s only staying in the party because he does not believe Jeremy Corbyn could win an election.

In a stinging attack on the Labour leadership, the Ilford North MP said he does not believe Corbyn would not be a good Prime Minister and he would not tell voters otherwise when he is out on the campaign trail.

The outburst was prompted by yet another row over antisemitism engulfing Corbyn, after it emerged he described a book riddled with anti-Jewish conspiracy theories as a “great tome”.

As a backbencher in 2011, the now Labour leader wrote the foreword to a reprint of JA Hobson’s Imperialism: A Study. The book, first published in 1902, claimed banking in Europe was controlled “by men of a single commercial interests that fuel the role of the popular press with tales of imperial might”.

After shadow business secretary Rebecca Long-Bailey seemed to laugh off questions about Corbyn’s decision to endorse the book during a radio interview, Streeting took to Twitter: “My advice to any Labour MP today: refuse to defend Jeremy Corbyn lauding a book containing classic antisemitic tropes. If he wants to defend the indefensible he should go on the airwaves and defend himself. He has a responsibility to explain himself.”


**CITY A.M.**

THE CITY VIEW

It’s hard to see how Coupe can carry on

IKE Coupe was met with rapturous applause from his fellow directors when he stepped up to the microphone yesterday, as he hailed the coming of an era in Sainsbury’s history that would see it thrive having merged with long-time rival Asda. Coupe spoke boldly about price cuts and cost savings, and finished with a special thanks to the competition watchdog for approving the deal without hesitation. That is how yesterday’s presentation at Sainsbury’s HQ might have gone. But thanks to a deadly intervention from the Competition and Markets Authority last week, the tone was much less celebratory. With his Asda merger plans torn to shreds, Coupe was left to sell the City a business strategy that simply lacked the hefty promises (both to consumers and investors) which had been pledged as part of the tie-up. In his powerpoint pitch, the grocery veteran could not bring himself to mention the A-word even once: instead he talked of digital rollouts, store investments and the need to focus on economy products.

Sitting next to the City grandee and Sainsbury’s chairman Martin Scicluna, Coupe stressed a number of positives to take away from the results: net debt was down, cash flow was up and underlying profits rose. But the botched merger plans were hard to ignore, even if it was not what he or his communications team wanted to talk about. “What these numbers confirm is that the pursuit of the Asda deal has been very very expensive, but the £66m that they spent on chasing it is the smaller part of the expense,” says retail analyst Richard Hyman. “The bigger part of the expense is the ground that they’ve lost in terms of market share and in terms of reputation with their customers”.

One of the most publicly damaging parts of the Sainsbury’s-Asda collapse is that it has exposed with greater clarity the problems that Coupe’s business faces. Market share is being lost to German discounters at one end and a revitalised Tesco at the other. The board has taken its eye off the ball in food retailing. Lower product availability and a downward spiral in store standards leaves a once great supermarket chain on the edge of a largely self-inflicted decline.

Coupe insisted yesterday that he had no regrets over the merger process. Perhaps he does not, for the moment. But the damage the failed scheme has inflicted on his company simply cannot be ignored, and now that he lives to fight another day, the question must surely be asked: for how long?

---

Follow us on Twitter @cityam

**RED SQUARE** Shadow chancellor John McDonnell addresses crowds in Trafalgar Square after May Day socialist march


**FINANCIAL TIMES**

**OUTLOOK COMES UP SHORT**

Square tumbles after outlook comes up short

Square saw its shares fall sharply on yesterday after the payments group booked weaker revenues than expected and offered second-quarter guidance that disappointed investors. The company founded by Twitter’s Jack Dorsey expects second-quarter revenues of $540m ($414.4m) to $555m and earnings of 14 cents to 16 cents a share on an adjusted basis. The average estimate called for earnings of 19 cents a share, or revenue of $555m.

**QUALCOMM SHOWS $4.7BN BOOST FROM APPLE DEAL**

The landmark deal ending legal hostilities between Qualcomm and Apple will boost the chipmaker’s revenues by up to $4.7bn ($3.6bn) in the coming quarter. Qualcomm reported sales and profit ahead of expectations for its second quarter yesterday.

**THE TIMES**

**OIL EXEC GOT MILLIONS FROM ‘CORRUPT’ DEAL**

A mysterious British executive has been identified as the recipient of millions of pounds from a shared $1.2bn (£955.8m) Nigerian oil deal at the centre of one of the industry’s biggest corruption scandals. Peter Bosworth and his firm Arcadia Petroleum have been named in multiple court documents.

**JULIAN ASSANGE JAILED FOR 50 WEEKS OVER BAL BREACH**

Julian Assange has been jailed for more than 11 months after he was removed from the Ecuadorian embassy in London where he had spent nearly seven years. The WikiLeaks founder received close to a maximum sentence.

**THE DAILY TELEGRAPH**

**ANYA HINDMARCH BACK AT HELM OF HANDBAG BRAND**

Fashion designer Anya Hindmarch has returned to the helm of the fashion house she founded after stepping down as chief executive eight years ago. The Essex-born entrepreneur has been appointed managing director of her eponymous handbag and accessories empire.

**RAIL FRANCHISES ‘HARM’ USERS, SAYS BRANSON**

Rail franchises are being awarded with the aim of removing as much risk from the government as possible while harming services to train passengers, according to Virgin founder Sir Richard Branson.

**THE WALL STREET JOURNAL**

**BARR CAUGHT IN DISPUTE OVER MUELLER FINDINGS**

Us attorney general William Barr faced pointed criticism from Senate Democrats over his handling of the special counsel’s report in a contentious hearing that laid bare a rift between him and Robert Mueller over the politically charged investigation.

**VENUEZUELA’S GUARDIOS SEeks TRACTION ON DAY TWO**

Opposition leader Juan Guaidó called for daily strikes and protests as thousands of Venezuelans demonstrated around the country for a second day in a bid to raise pressure on authoritarian President Nicolás Maduro. Public sector strikes will begin today.

---

**May walks back no-deal stance at grilling by MPs**

Yvette Cooper, who accused May of “stubbornness” over her refusal to set out any compromises over her post-Brexit customs policy, asked by Tory veteran Sir Bernard Jenkin if she stood by her claim that no-deal was better than a deal – first flagged up by the Prime Minister in a speech January 2017 – May said: “I stand by the references I have made in the past that no deal is better than a bad deal, but I actually happen to think we have a good deal.”

“When I first made that reference, I was talking in the abstract. It was in the context of the agreement. We are talking about the background of a negotiated deal, hard fought, which I believe is a good deal for the United Kingdom.”

The government is currently holding talks with Labour in a bid to fashion a Brexit plan which command the support of the House of Commons. Jeremy Corbyn has called for the UK to enter a customs union with the EU after Brexit, whereas May wants the country to operate an independent trade policy.

Cooper, chair of the Home Affairs Select Committee, repeatedly asked May for examples of where she had given ground in the talks in order to facilitate a breakthrough.

“Your version of compromise is telling people you were right, all along,” Cooper said, later adding: “Resilience is a strength but stubbornness is a weakness.”

May insisted the two sides were making progress, saying there was “a greater commonality” in the benefits of a customs union than first thought.
ALEXANDRA ROGERS
@city_amarogers

TRANSPORT for London’s woes over its embattled Crossrail project have deepened further after a top rating agency found the delay to its opening until 2021 will cost the group £1bn.

The £1bn figure is between £300m to £400m more than cash-strapped TfL had forecasted in its 2018 business plan, which was published after it became clear that the £17.6bn railway, billed as Europe’s largest infrastructure project, would not open last December as planned.

Moody’s said the two-year delay would exert “significant pressure” on TfL’s operating budget between 2020 and 2022.

The £1bn hit to passenger revenue amounts to about five per cent of its total operating revenue in these two years, Moody’s said.

It said TfL could ramp up its cost-savings drive – which has slashed its £1bn deficit to £500m – and hold off on spending to manage the financial impact of the delay, meaning other vital projects and upgrades in the capital are likely to suffer.

Earlier this week, Crossrail’s controlling firm, Crossrail Ltd, put an end to months of speculation by announcing the railway, also known as the Elizabeth line, would open between October 2020 and March 2021.

The central section of the line will open between Paddington and Abbey Wood at some point during the six-month window, Crossrail said.

Keith Prince, the Tories’ transport spokesperson in the London Assembly, said: “It’s clear that the mayor of London took his eye off the ball, because by his own admission, he didn’t know about the Crossrail delay until the 11th hour. Once again, this incompetent mayor is costing not just millions of pounds, but now years.”

A spokesperson for TfL said: “As Crossrail Ltd continues to refine its plans for completing and opening the Elizabeth line, TfL continues to assess the potential net impact of such plans on its financial position.

“Any potential financial impact beyond 2019-20 will be reflected in TfL’s 2019 update to its business plan.”

CALLUM KEOWN
@CallumKeown1

METRO Bank profit halved in the first quarter and the challenger bank lost a number of its largest customers as it battled the aftermath of a £900m loans blunder.

The lender revealed yesterday it had lost of a small number of large commercial customers due to “adverse sentiment” following the error, as deposits fell 3.6 per cent from the previous quarter.

The challenger bank also reaffirmed that its £350m rights issue – dramatically announced at the end of February as a result of the gaffe – would be launched by the end of next month.

Pre-tax profit fell to £64.3m, a 50 per cent drop from £86.6m in the first quarter of 2018, the bank said as it published results last night.

In a difficult start to the year, Metro Bank admitted at the end of January that a swathe of commercial loans had been incorrectly classified and should have been among its so-called risk-weighted assets.

The error has sparked two regulatory investigations and shares have since fallen 65 per cent.

Goodbody analyst John Cronin described the results as a “truly horrible set of numbers”.

HORNBY STEAMS IN Former HBOS head hired as The Restaurant Group chief exec

JAMES WARRINGTON
@j_a_warrington

THE UK will be “nesting a dragon” if it allows Chinese tech firm Huawei to participate in its 5G network, a senior Tory MP warned yesterday.

Last week it emerged the government would give the green light for Huawei’s equipment to be used in non-core parts of the network, despite warnings from spy bosses over national security concerns.

But Tom Tugendhat, chair of the Foreign Affairs Select Committee, described the decision as “frankly extraordinary” and accused Theresa May of ignoring the UK’s closest intelligence allies.

The comments came days after the US, which has warned the company could be a vehicle for spying by Chinese authorities, told its allies it will reassess intelligence-sharing agreements with any country that uses Huawei’s technology.

Speaking at Prime Minister’s Questions yesterday, May said the government would take decisions supported by a solid risk assessment.

Senior Tory takes a swipe at May over sensitive Huawei decision

9am...conf...enc...call...int...upted...by...tun...nel.

Some mornings just call for a Breakfast Wrap.

Service before 10.30am. © 2019 McDonald’s
Climate protesters call for ‘refusal’ of debt payments to destroy City

JOE CURTIS
@joe_r_curtis
THE FOUNDER of Extinction Rebellion has ambitions to upend the UK’s financial system after her organisation targeted the City in two weeks of London protests.

Gail Bradbrook wants to provoke a “mass refusal” to pay off loans and mortgages in a bid to throw London’s financial district into disarray following action that saw climate change activists deface Shell’s offices and glue themselves to the London Stock Exchange.

“Economic growth tends to require the taking of resources from the earth,” Bradbrook said in an interview published yesterday. “So something has to change on a debt-based economy.”

“That would entail a mass refusal to pay off mortgages and student loans,” she added.

Bradbrook said a so-called debt resistance movement could lead to countries looking at alternatives to Shell’s offices and glue themselves to the London Stock Exchange.

“Economic growth tends to require the taking of resources from the earth,” Bradbrook said in an interview published yesterday. “So something has to change on a debt-based economy.”

“That would entail a mass refusal to pay off mortgages and student loans,” she added.

Bradbrook said a so-called debt resistance movement could lead to countries looking at alternatives to

Climate Change’s (CCC) proposal to reforesting swathes of farmland.

The new target is needed to meet the 2015 Paris Agreement, the CCC said. “The challenge to parliament and government has been urged.

Business groups today called on ministers to adopt the Committee on Climate Change’s (CCC) proposal to cut emissions to net-zero by 2050.

The plan would, if accepted, make Britain’s climate policies among the most ambitious in the world.

“It starts with a big, bold, ambitious target, which we have. The government now needs to adopt it,” Rain Newton-Smith, chief economist at the CBI told City A.M.

To reach the target, the CCC said, the government will need to bring forward its 2040 goal to rid Britain of petrol and diesel cars to at least 2035, but preferably as soon as 2030.

It would also require widespread use of carbon capture and storage systems in industry, a near quadrupling of the number of wind turbines in UK waters, and reforesting swathes of farmland.

“The challenge to parliament and government is: You can do it. And if you don’t do it, it’s because you’ve chosen not to do it,” said CCC chair Lord Deben.

The new target is needed to meet the UK’s commitments as part of the 2015 Paris Agreement, the CCC said. “The challenge to parliament and government is: You can do it. And if you don’t do it, it’s because you’ve chosen not to do it,” said CCC chair Lord Deben.

The government is widely expected to adopt the new targets, which the CCC says will not be more expensive than current goals to reduce emissions by 80 per cent.

The estimates that Britain will pay between one to two per cent of GDP every year are still the same for the more ambitious target, as prices for green technology fall.

The new target is needed to meet the UK’s commitments as part of the 2015 Paris Agreement, the CCC said. “The challenge to parliament and government is: You can do it. And if you don’t do it, it’s because you’ve chosen not to do it,” said CCC chair Lord Deben.

The Department for Business, Energy and Industrial Strategy said it would not “immediately” accept the recommendations in the report, but would respond in due course.

Campaigners lose Heathrow legal challenge

ALEXANDRA ROGERS
@city_arogers
THE GOVERNMENT won a legal battle yesterday that had sought to stop its proposed £14bn expansion of Heathrow Airport.

Campaigners trying to block a third runway at the UK’s biggest airport lost the High Court challenge after the court found that transport secretary Chris Grayling’s airport national policy statement outlining the expansion plans was lawful.

MPs backed the scheme last summer by a majority of 296 votes.

Five councils, London mayor Sadiq Khan, environmental campaigners and residents challenged the policy statement on the grounds it did not adequately address concerns such as climate change, air quality and noise for nearby residents.

The claimants argued Grayling acted unlawfully by not taking into account the Paris Agreement, which seeks to keep the increase in the global average temperature at “well below” two degrees Celsius before the end of the century.

However, the court found that the agreement, reached between 200 nations in 2015, does not form part of UK law and so Grayling did not err in failing to take it into account.

Shadow chancellor John McDonnell told City A.M: “Despite the fact these claims were refused this judgment does give emphasis on the right to appeal. The key issue as we debate climate change in the House of Commons is that one of the reasons the government gets off the hook in this judgement is on the basis that the Paris Agreement is not enshrined in UK law. This is a bizarre message from friends of the Earth said yesterday that they would appeal the decision.

“Despite the fact these claims were refused this judgment does give emphasis on the right to appeal. The key issue as we debate climate change in the House of Commons is that one of the reasons the government gets off the hook in this judgement is on the basis that the Paris Agreement is not enshrined in UK law. This is a bizarre message from friends of the Earth said yesterday that they would appeal the decision.

Britain must cut emissions to zero by mid-century, government told

AUGUST GRAHAME
@AugustGraham
PHARMACEUTICALS giant GlaxoSmithkline (GSK) beat expectations in the first three months of 2019, boosting revenue six per cent to £7.7bn.

Its top line was boosted by strong sales of its shingles vaccine Shingrix.

Sales of the vaccine more than doubled to £357m, the company said in an earnings statement yesterday.

GSK was also helped by sales of HIV medication, which reached £1.1bn, up seven per cent.

“Strengthening our pipeline remains our number one priority and we reported positive data for several potential new medicines in HIV and oncology,” said chief executive Emma Walmsley.

In an earnings statement yesterday, the group’s London Clearing House reported 14 per cent revenue growth to £134m.

LSE said it was partly due to an updated agreement with partner banks for its interest rate swap service Swapclear, which is set to save £30m in costs this year.

Chief executive David Schwimmer said: “While equity markets were slower due to macroeconomic uncertainty, we have seen an improving listing environment in the second quarter.”

LSE said it was partly due to an updated agreement with partner banks for its interest rate swap service Swapclear, which is set to save £30m in costs this year.

Chief executive David Schwimmer said: “While equity markets were slower due to macroeconomic uncertainty, we have seen an improving listing environment in the second quarter.”

“The challenge to parliament and government is: You can do it. And if you don’t do it, it’s because you’ve chosen not to do it,” said CCC chair Lord Deben.

The Department for Business, Energy and Industrial Strategy said it would not “immediately” accept the recommendations in the report, but would respond in due course.

THE FOUNDER of Extinction Rebellion has ambitions to upend the UK’s financial system after her organisation targeted the City in two weeks of London protests.

Gail Bradbrook wants to provoke a “mass refusal” to pay off loans and mortgages in a bid to throw London’s financial district into disarray following action that saw climate change activists deface Shell’s offices and glue themselves to the London Stock Exchange.

“Economic growth tends to require the taking of resources from the earth,” Bradbrook said in an interview published yesterday. “So something has to change on a debt-based economy.”

“That would entail a mass refusal to pay off mortgages and student loans,” she added.

Bradbrook said a so-called debt resistance movement could lead to countries looking at alternatives to
Pressure builds on Sainsbury’s as profit slides

ALEX DANIEL
@alexmdaniel

SAINSBURY’s profit tumbled 42 per cent last year to £239m after the supermarket giant spent £46m on its failed merger with Asda, it revealed yesterday.

The retailer suffered a body blow last week when the Competition and Markets Authority (CMA) banned the proposed merger “in its entirety”, a year after talks were revealed.

Shares rose four per cent yesterday, however, as the firm squeezed a 7.8 per cent rise in underlying earnings – excluding the extra costs – through £220m cost savings, despite an “increasingly tough and competitive retail environment”.

Revenue rose slightly to £29bn for the year ending 9 March, while net debt fell by £222m to £1.6bn.

On top of the £46m spent on the attempted merger with Asda, the embattled supermarket chain’s profit were hampered by hundreds of millions of pounds worth of charges last year, including £81m on restructuring its retail operation.

Chief executive Mike Coupe did not reference the failed Asda deal in his statement, but said increased underlying profit and reduced net debt was down to “the hard work of colleagues across the business”.

Coupe is now under pressure to present a plan B for shareholders after his £7.3bn merger with Asda failed.

Federal Reserve opts for flat interest rates

JAMES BOOTH
@jamesbooth007

THE US FEDERAL Reserve said last night it was not raising interest rates, citing a strong labour market with solid economic activity.

It said it would maintain its target rate at 2.25 to 2.5 per cent.

It said the labour market remains strong and economic activity rose at a “solid rate”.

The Fed said job gains have been “solid, on average” in recent months and the unemployment rate has remained low.

It said growth of household spending and business investment slowed in the first quarter.

Over a 12 month basis, it said inflation has declined and is running below two per cent.

Aaron Anderson of Fisher Investments said: “Fed policy expectations have swung wildly from hikes to cuts, but neither seems presently necessary with a backdrop of steady growth.”

US President Donald Trump has repeatedly called for the Fed to keep interest rates low.

This week, he tweeted the US economy would go up “like a rocket” if the Fed cut rates.

Thomas Cook sets offer deadline

KATE HOLTON

THOMAS Cook has set a deadline of 7 May for expressions of interest in its airline business, with Indigo Partners and Lufthansa among the likely bidders, sources said.

The heavily-indebted British travel group put its profitable airline business up for sale in February after profit warnings in 2018 left it needing to raise cash.

Thomas Cook’s airlines business consists of Germany’s Condor, as well as British, Scandinavian and Spanish operations.

A source familiar with the discussions said that Indigo and Germany’s Lufthansa appeared most interested in the business.

British Airways owner IAG should not be ruled out and Easyjet has engaged in talks but is seen as less interested, the source added.

It is not clear whether Ireland’s Ryanair would bid.

TOTAL RECALL Disgraced ex-Labour MP Fiona Onasanya dismissed by voters

FORMER Labour MP Fiona Onasanya will lose her seat, it emerged yesterday, after 19,261 of her constituents signed a recall petition. The move will trigger a by-election in Peterborough, in which she can stand.

Onasanya, 35, was jailed in January after lying about a speeding offence.

She was expelled by Labour after her conviction.

HUAWEI P30 Lite

REWITE THE RULES OF PHOTOGRAPHY

CLAIM FREE
Huawei FreeLace
WORTH £99
DELIVERED BY 08.03.2011

Together with O2

*Huawei's Sea of Roses Promotion (O2 Co., Ltd. Consumers who pre-order a HUAWEI P30 Lite (Qualcomm processor) by 23 Mar 2019 can get a pair of Huawei FreeLace worth £99 for free (in the O2 network). The promotion ends by 08.03.2019 and O2 reserves the right to terminate the promotion at any time. The FreeLace is only available for the O2 network. Restrictions apply. The free pair of FreeLace will be delivered by 08.03.2019. The offer is for new O2 contracts only and is valid in the UK only. Official Huawei Technologies Co., Ltd. Claim code: O2FREELACE. For more information please visit www.huawei.com/uk/promotions*
CANARY Wharf landed a major financial tenant yesterday, as Europe’s development bank shifted its new HQ to the business district in a post-Brexit commitment to the capital.

The European Bank for Reconstruction and Development (EBRD) is set to take more than 360,000 square feet at 1–5 Bank Street, moving its headquarters from Exchange Square in the City of London.

With plans to move to Canary Wharf in 2022, the EBRD will occupy the top 13 floors of the 24-storey building, which is currently under development, on a long lease.

Sir George Iacobescu, chairman and chief executive of Canary Wharf Group, said: “We are delighted EBRD has chosen Canary Wharf for its new headquarters. The move is testament to the quality of our building, which will be one of the most efficient and sustainable in the UK and to the amenities and environment EBRD employees will enjoy at Canary Wharf. We are looking forward to welcoming EBRD to Canary Wharf which is increasingly a destination for people to work, live and relax.”

The coup for Canary Wharf Group comes amid its high-profile court battle with the European Medicines Agency (EMA), which has been trying to cancel its £550m long-term lease to move to Amsterdam post-Brexit.

Dan Bayley, senior director of Central London office leasing at BNP Paribas Real Estate, which advised EBRD on the deal, said: “1-5 Bank Street is the largest letting deal in Canary Wharf since 2016 as well as the biggest new letting by Canary Wharf Group for over 10 years. With the current political uncertainty, this is a great vote of confidence in London, demonstrating that our capital remains resilient and an attractive place for organisations and businesses.”

Workspace giant IWG posts a double-digit bump in revenue

IWG, the firm which owns Regus and Spaces, said first-quarter sales had risen 10 per cent, in line with forecasts. Occupancy was up 4.2 per cent at 75.4 per cent.

Demand from France, Germany and Spain, as well as the Americas and Asia Pacific, drove the boost.
Regulator gives Lloyds Bank a capital boost

CALLUM KEOWN
@CallumKeown1

Lloyd’s Bank shareholders could be set for higher dividends and further share buybacks after the UK regulator loosened its risk buffer.

The Bank of England’s Prudential Regulation Authority (PRA) reduced the rate of the “systemic risk buffer” of extra capital Lloyds needs to hold.

The retail bank said yesterday it had reduced its capital ratio target, a measure of capital strength, from around 13 per cent to 12.5 per cent.

Analysts said the regulator’s boost could free up as much as £1bn in extra capital and increase the likelihood of further share buybacks.

Shares in the bank rose 1.7 per cent yesterday as a result.

Shore Capital analyst Gary Greenwood said: “This is the first example we can think of where one of the large quoted UK banks has actually reduced its capital requirement, after a number of years of upward revisions.”

He added: “This is clearly positive news for investors and reflects management’s good work over recent years to simplify and reduce the risk profile of the group.”

The bank started a £1.75bn share buyback earlier this year and Shore Capital said the capital relief gave the bank “comfortably enough” room for a further share buyback of £1.5bn in 2020.

The bank added weight to that theory in a statement yesterday. It said: “The group has a progressive and sustainable ordinary dividend policy – the board will continue to give consideration to the distribution of surplus capital at the end of the year.”

Goodbody analyst John Cronin said: “It is unusual to see a bank reduce its... capital ratio target guidance but Lloyds’ move is absolutely justified, and arguably not entirely unexpected.”

Teething troubles for Cameron’s China fund as investors shrug

CALLUM KEOWN
@CallumKeown1

DAVID Cameron’s proposed $1bn (£765m) UK–China investment fund has reportedly faced reluctance from investors and could be set to fail in meeting its target.

The former Prime Minister has been courting investors for the fund, backed by both the UK and Chinese governments, for almost a year and a half.

Sources close to the project said it had still not completed a first round of fundraising, usually around half the overall target size.

“It’s completely moribund,” one person who was asked to support the project told the Financial Times.

British chicken Cajun marinated breast fillets 270g, was £4, £4.34/100g, now £2.20, £2.50/100g (offer ends 7 May), red Romano peppers 180g, £1.99, £1.65/100g, Avocado & Peta Side Salad 200g, £1.51, £1.55/100g, Tinned Salad Onions 132g, £1.86/kg, Cook’s Ingredients Coriander 28g, 85p, 30.4p/10g, essential Lime, 39p each, mango chunks 205g, £2.50, £1.22/100g. Prices may vary in Channel Islands and Little Waitrose & Partners. ... applies. Ingredients available in the Beautifully Simple chiller until 7 May. Selected stores. Subject to availability.

SIMPLE TO SHOP
FIND ALL YOU NEED IN OUR BEAUTIFULLY SIMPLE CHILLER

Allied Irish Bank reports lending growth

CALLUM KEOWN
@CallumKeown1

IRELAND’s largest lender Allied Irish Banks (AIB) grew lending in the first quarter and said the country’s economy was set to grow at a “healthy pace” despite Brexit uncertainty.

In a first quarter update, AIB said new lending grew 11 per cent year-on-year and posted 2.3 per cent net interest margin growth.

The bank’s lending book grew by 1.4 per cent to €57.6bn (£49.5bn).

Chief executive Colin Hunt said: “We have had a good start to 2019 with solid profitability, strong new lending and continued performing loan book growth.”

The bank said its 31 Brexit advisors had been working with customers and business owners.

“In a continuation of credit demand trends witnessed in 2018, corporate and consumer credit remains strong but SME credit demand remains somewhat subdued as firms have delayed making investment decisions due to Brexit related uncertainties,” the lender said.

AIB shares in London rose almost three per cent yesterday.
House prices hit in fifth month of subdued growth

JOE CURTIS

UK HOUSE price growth remained flat in April, as the annual price growth rate rose less than one per cent, the latest data showed yesterday. While annual growth of 0.9 per cent beat March’s 0.7 per cent, it is the fifth month in a row that growth has fallen below the one per cent mark, according to Nationwide’s House Price Index.

Nationwide warned that the figures showed the housing market is still “subdued” as the spectre of a Brexit delays looms over buyers and sellers. House prices rose 0.4 per cent month-on-month in April, better than March’s 0.2 per cent hike from February, when prices actually fell. The average house price rose less than £2,000 to £214,920.

Robert Gardner, Nationwide’s chief economist, said: “Indicators of housing market strength are mixed, with house prices edging up in April. While first-time buyers are taking advantage of the most record low mortgage rates and homebuyers is still outweighing all the lack of clarity around what will happen next, is still hurting the UK housing market, said Jeremy Leaf, north London estate agent and a former Rics residential chairman.

Brexit uncertainty in the minds of homebuyers is still outweighing almost record low mortgage rates and employment numbers, as well as improved affordability,” he said. “A glimmer of good news is that first-time buyers are taking advantage, particularly of help to buy and deposits from the Bank of Mum and Dad, not forgetting reduced competition from landlords,” he added.

He predicted house prices will only rise one per cent this year due to the latest Brexit extension.

Brexit stockpiling slowdown hurts British manufacturing

HARRY ROBERTSON

GROWTH in the UK manufacturing sector slowed in April, according to closely-watched data released yesterday, following a faster-than-expected expansion in March due to Brexit stockpiling. The headline manufacturing purchasing managers’ index (PMI) fell to 53.1 in April, down from March's 13-month high of 55.1, according to IHS Markit and the Chartered Institute of Procurement & Supply (CIPS). A score of over 50 indicates growth in the sector.

While stockpiling continued in April, its pace eased due to the extension of Britain’s exit from the European Union to 31 October, IHS Markit and CIPS said, which lessened demand in the sector. Overseas demand rapidly decreased in April, with the decline mainly due to Brexit according to the companies surveyed by IHS Markit and CIPS. A global slowdown also contributed.

Yesterday’s manufacturing PMI score “suggests that the sector will slip back into stagnation now that the boost from preparations for a no-deal Brexit has passed,” said Andrew Wishart, UK economist at Capital Economics.

LGBTQ+: Does this group still need supporting?

Yesterday, 60 attendees joined The Lord Mayor for the second Power of Inclusion breakfast in 2019, sponsored by Aon. Chaired by Pips Bunce of Credit Suisse, the event looked in the fatigue faced by the City in supporting this community. Through our speed networking format we heard how LGBTQ+ staff definitely do still need supporting, saw how there is a gap between what employees think their employers experience and the reality, and got different ideas for ways of addressing these issues.

LGBTQ+ IN NUMBERS

51% of people of colour experience racism and other forms of discrimination within the LGBTQ+ community itself

15,000 LGBTQ+ people have suffered a loss of experience at work

35% of LGBTQ members feel comfortable or included at work

JOIN THE POWER OF INCLUSION SERIES BY VISITING www.thelordmayorappeal.org/power-of-inclusion

US factories pick up as trade talks trudge onwards

HARRY ROBERTSON

GROWTH in the US manufacturing sector picked up slightly in April, with output and new orders bouncing back from the lows seen in March, according to a closely-watched industry gauge.

Despite companies’ backlogs growing, the rate of job creation was the slowest since June 2017 due to a shortage of workers, according to survey data from IHS Markit released yesterday.

IHS Markit’s manufacturing purchasing managers’ index (PMI), which indicates the health of the sector, rose to 52.6 in April, up from March’s score of 52.4. A score of above 50 indicates an improvement.

Chris Williamson, chief business economist at IHS Markit said: “Although the PMI ticked higher in April, the survey remains consistent with manufacturing acting as a drag on the economy at the start of the second quarter.”

The modest growth was hold back by orders that remained subdued thanks to global trade tensions and slowing foreign demand.

The mixed news came after the US and China wrapped up the latest round of trade talks that seek to limit the damage that tariffs are doing to exporters in each country. Treasury secretary Steven Mnuchin called the talks “productive”. Vice premier of China Liu He is due to fly to Washington next week to attend a further round of discussions.

CITY A.M.’S SHADOW MONETARY POLICY COMMITTEE

OUR MPC VOTE TO HOLD RATES AS BREXIT DARKENS BRIGHT SPOTS IN ECONOMY

MIKE BELL

CUT: Despite ongoing Brexit uncertainty, medium-term inflation risks are building in three areas. Firstly, financial market participants’ inflation expectations are elevated and rising. Secondly, demand growth is far exceeding the rise in productive capacity linked to softness in private business investment. And thirdly, wage cost pressures, are increasing. This increase is unlikely to sag until the end of 2020. The Bank of England has continued to raise interest rates to 0.25% in the expectation of rising inflation. I would have voted to cut to 0.5%.

JEANNE LOMAY

CUT: With the recent rise in productivity-adjusted labour costs, the case for a rate rise is building, but it is well worth waiting for more evidence that the global manufacturing slowdown is behind us.

RUTH GREGORY

CUT: Higher wages and rising oil prices imply a pick up in inflation is just around the corner but this has to be balanced against ongoing Brexit considerations, which makes a rate rise risky.

VICKY PRYCE

CUT: Money growth is too low to achieve the inflation target over the medium term. Brexit preparations have supported activity but payback is imminent. Labour market strength is ebbing.

SIMON WARD

CUT: Money growth is too low to achieve the inflation target over the medium term. Money growth is too low to achieve the inflation target over the medium term. Brexit preparations have supported activity but payback is imminent. Labour market strength is ebbing.

MIKE BELL

CUT: Despite ongoing Brexit uncertainty, medium-term inflation risks are building in three areas. Firstly, financial market participants’ inflation expectations are elevated and rising. Secondly, demand growth is far exceeding the rise in productive capacity linked to softness in private business investment. And thirdly, wage cost pressures, are increasing. This increase is unlikely to sag until the end of 2020. The Bank of England has continued to raise interest rates to 0.25% in the expectation of rising inflation. I would have voted to cut to 0.5%.

JEANNE LOMAY

CUT: With the recent rise in productivity-adjusted labour costs, the case for a rate rise is building, but it is well worth waiting for more evidence that the global manufacturing slowdown is behind us.

RUTH GREGORY

CUT: Higher wages and rising oil prices imply a pick up in inflation is just around the corner but this has to be balanced against ongoing Brexit considerations, which makes a rate rise risky.

VICKY PRYCE

CUT: Money growth is too low to achieve the inflation target over the medium term. Brexit preparations have supported activity but payback is imminent. Labour market strength is ebbing.

SIMON WARD

CUT: Money growth is too low to achieve the inflation target over the medium term. Brexit preparations have supported activity but payback is imminent. Labour market strength is ebbing.
Inmarsat profit slides ahead of $3.4bn buyout

JAMES WARRINGTON
SATELLITE communications firm Inmarsat has posted a double-digit fall in profit for the first quarter ahead of its $3.4bn (£2.6bn) private equity takeover.

Inmarsat reported a 0.4 per cent uptick in revenue to $346.5m in the three months to the end of March, but earnings before interest, tax, depreciation and amortisation dropped 12.9 per cent to $152.4m.

The UK-based firm said the decline in earnings was driven by costs relating to its takeover offer and a sharp drop in income from its spectrum licensing to its takeover offer and a sharp drop in income from its spectrum licensing to its £13m in the first quarter of the year.

“Inmarsat produced a strong underlying performance during the first quarter of the year, building on the positive momentum achieved during 2018,” said chief executive Rupert Pearce.

“We continue to successfully build and aggressively defend market share in our target markets, supported by our diversified product portfolio, enabling the business to capitalise on the significant growth opportunities in these markets.”

Shareholders will vote on the proposed $3.4bn takeover at a meeting on 10 May. The consortium of buyers previously said it will keep Inmarsat’s UK headquarters and maintain its investment in research and development.

Inmarsat’s UK headquarters and main office are at Largs, on Scotland’s West Coast, and the company is raising cash to build a fertiliser mine in North Yorkshire, which is raising cash to build a fertiliser mine in North Yorkshire, which is raising cash to build a fertiliser mine in North Yorkshire.

SIRIUS Minerals yesterday revealed it has exceeded its initial $400m (£306m) fundraising target, despite shares being priced at the lower end of expectations.

The London-listed company, which is raising cash to build a fertiliser mine in North Yorkshire, got $425m from a new share issue.

The miner said it had won agreements from investors to buy around 1.62m shares at 15p per share. The book build comes in at the lower end of its 15p to 18p target range. New existing shareholders will be offered a change to buy one share at 15p for every 25 shares they own.

Shares fell 4.4 per cent to 16.65p yesterday. The project will be the first to raise cash in the UK for 40 years when it is completed in 2021, and it is expected to support more than 1,000 jobs.

“I am pleased that we have had such a positive response to the launch of our stage two financing solution which is key to unlocking the vast and long-term potential of our project,” chief executive Chris Fraser said.

Next attributed the rise in sales to an unusually warm April

High street giant Next welcomed robust sales growth in its latest quarter as revenue beat its own estimates.

The retailer credited “unusually warm weather” over Easter for the 4.5 per cent year-on-year rise to sales of around £1.0bn. High street stores had a sales decline of 3.6 per cent in the three months to the end of April, much better than analysts’ consensus prediction of minus 6.2 per cent.

Meanwhile online sales soared 11.8 per cent. Next revealed in yesterday’s trading update, shy of an expected 12.8 per cent gain.

However, Next declined to raise its full-year guidance, saying it was “too early” to revise its predictions for the 12 months to January 2020.

Mark Stevens was 21 and at university when he was diagnosed with leukaemia. His life hung in the balance.

Now, 12 years on, the J.P. Morgan Brexit Project Manager is cycling 1,000km for People’s Postcode Lottery-supported Ellen MacArthur Cancer Trust, the charity that restored his sense of possibility after treatment. His life hung in the balance.

“Even though I’d been feeling pretty unwell before I was diagnosed, I didn’t believe I was seriously ill. Suddenly you believe I was seriously ill. Suddenly you

But I don’t want the ride to be easy. I am very keen that it’s hard and challenging and pushes me outside of my comfort zone. If I complete it with these things being true, I will have a great sense of achievement. If you told me I would complete such an endurance feat after my treatment ended, I simply would not have believed it.”

Players of People’s Postcode Lottery have already raised an impressive £3,225,000 for the Ellen MacArthur Cancer Trust and are helping transform the lives of young people across Britain.
JAMES WARRINGTON
@j_a_warrington

THE GUARDIAN has posted a small profit for the full year, marking the first time the media group has been in the black since 1998. Guardian News and Media (GNM), which publishes the Guardian and the Observer, posted a profit of £0.8m in the year to April, up from a loss of £23m the previous year.

While the Guardian’s annual profit was marginal, the figures will be viewed as a major victory for the company, which has been battling to turn around its struggling finances.

The results come at the end of a three-year transformation strategy launched by editor Katherine Viner and chief executive David Pemsel in 2016. They are a significant turnaround for the firm’s core news division, which had posted a £57m loss three years ago.

While the Guardian has opted not to set up a payroll on its website, it has launched a campaign asking readers to donate money to fund its reporting.

The newspaper said it now has more than 655,000 monthly paying supporters, as well as an additional 300,000 one-off contributors in the last year. The Guardian has also slashed costs by laying off hundreds of staff members, as well as switching from its trademark Berliner format to the more cost-effective tabloid size.

Viner said the results showed “Guardian journalism is flourishing”.

THE CITY watchdog yesterday launched a review of the financial advice market amid concerns investors are being overcharged.

The Financial Conduct Authority’s (FCA) review will look at what consumers want from the market and how the market works to deliver this.

The FCA will review how changes made since 2012, including the retail distribution review (RDR) and the financial advice market review (FAMR), need updating. It will publish its findings in 2020.

It will also examine how new trends and developments may affect the future development of guidance and advice services.

Christopher Woolard, executive director of strategy and competition at the FCA said: “Consumers and the market are changing rapidly, as technology, employment patterns and inter-generational challenges change the way consumers interact with financial services.

“As well as looking at how the market has evolved, it’s important that our work looks ahead to see how we ensure that this important sector works well in the future.”

“We want the market to deliver a range of good quality, affordable advice and guidance services that meet consumer needs.”

Ian Sayers, chief executive of the Association of Investment Companies, said: “The changes RDR put in place were a significant step in the right direction to improve financial advice to retail investors.

“Purchases of investment compa-ynes by advisers and wealth managers of adviser platforms have increased five-fold since RDR, from £219m in 2012 to nearly a billion in 2018.

“However, there’s still more work to be done. The majority of advisers are not recommending investment companies to their clients despite investment companies’ many bene-fit-s. We look forward to continuing to work with the FCA and contributing to the call for input.”

Hugh Savill, director of regulation at the Association of British Insurers, said: “The measures proposed in the financial advice market review were supposed to lower costs and narrow the advice gap, but this has not materialised in reality.”

Viner said the results showed “Guardian journalism is flourishing”.

BEANCOUNT BOSS
Challenger audit firm UHY Hacker Young appoints chairman

JAMES WARRINGTON
@j_a_warrington

ADVERTISING firms are missing out on the best recruits as top talent is scooped up by tech firms, a senior industry boss has said.

Nigel Vaz, newly-elected president of the Institute of Practitioners in Advertising (IPA), said advertisers should act like startups in a bid to match the deep pockets and attractive corporate cultures of tech firms.

“We find it harder to attract the best talent, to have the same brand appeal, or to pay as much as the technology giants and consultancies that now comprise our competitive set,” he said in his inaugural speech yesterday.

Unveiling his strategy for the next two years, Vaz said the IPA will encourage agencies to act like startups and look to develop new business models.

The comments compound the disruption faced by ad agencies as tech firms and consultancies take a growing share of advertising dollars.

“In our own industry, we see that the value of creativity is in question,” Vaz said. “Our ability to make money is constrained, as is our ability to reinvest.”

The IPA boss, who comes from a tech background, called for a reimagining of the role of the ad agency, as more brands opt to take their marketing in-house.

Wellingborough prison will be on the same site as a former prison there which closed in 2012.

John Haley, Willis Towers Watson’s chief executive, said: “We delivered strong organic revenue growth, reflecting solid demand for our solutions and services across all of our core businesses.

“Likewise, we made solid progress in driving profitable growth, as demonstrated by our year-over-year margin expansion. With the disciplined execution of our strategy, we remain confident in our ability to drive profitable growth. Shares closed at £175.37.

Kier secured a £253m contract to build Northamptonshire prison for MoJ

ALEX DANIEL
@alexsmadaniel

CONSTRUCTION outsourcer Kier has been tasked with building a Northamptonshire prison that will house more than 1,500 inmates, in a £253m contract award.

The Ministry of Justice (MoJ) said the new facility in Wellingborough will be on the same site as a former prison there which closed in 2012.

Kier said it would start work on the prison this month, ahead of a 2021 completion date.

The facility will have seven blocks, accommodating 1,680 resettlement people, with “modern facilities to encourage rehabilitation among men”.

It will feature windows with no bars as part of an MoJ pledge to build “an environment conducive to rehabilitation”.

Former prisons minister Rory Stewart said the project was part of a plan to build up to 10,000 “modern and decent” prison places to replace old accommodation.

Kier major projects director Mark Pengersd said the firm would treat the project as an opportunity to invest into the local community, as part of a bid to “provide a lasting legacy for the people of Wellingborough”.

The prison will cost roughly £253m to build.
Trivago’s first-quarter profit rises amid revamp of marketing strategy

JAMES WARRINGTON

@j_a_warrington

HOTEL booking site Trivago has posted a sharp increase in profitability in the first-quarter amid a revamp of its marketing strategy.

The firm reported a net profit of €7.8m (£6.7m) in the three months to the end of March, compared to a net loss of €11.8m last year, but revenue dropped 20 per cent to €208.8m.

The hotel search engine has embarked on a plan to transform its marketing strategy in a bid to improve the quality of traffic referred to its partner sites.

Chief executive Rolf Schroemgens told City A.M. the company is looking to establish a “solid profit base” before focusing on growth.

Schroemgens added Trivago will ramp up its advertising spend in the third quarter, at which time it will aim to return to revenue growth.

The firm is continuing to receive most of its traffic from mobile websites and apps, pulling in more than 60 per cent of its revenue from these formats.

Trivago said it expects earnings for the full year to be between €50m and €75m.

“We are pleased that we were able to further increase our profitability and to carry the positive momentum into the new year,” said chief financial officer Axel Hefer.

“We believe this positions us well to achieve our goal of profitable growth in the second half of the year.”

Trivago is hoping to reach a more targeted audience with its advertising campaigns.

Investors back Persimmon pay after AGM vote

ALEX DANIEL

@alexdaniel

BRITAIN’s largest housebuilding firm Persimmon avoided an investor backlash over executive pay after 92 per cent of shareholders voted in support of the firm’s remuneration report.

The company was backed by Blackrock, its biggest shareholder, at its annual general meeting yesterday, after it disclosed that new boss Dave Jenkinson was paid nearly £25m.

Blackrock, which owns 5.25 per cent of Persimmon’s shares, declined to comment, while the company did not immediately respond to a request for comment.

Persimmon’s previous chief executive Jeff Fairburn left after the company said criticism of his £47.1m pay had hit its reputation.

Responsibility for ensuring the building of properties, which are often built in haste, is also questioned, with some homes suffering problems over fire barriers.

The lack of barriers, designed to halt the spread of fires, could be behind the spread of fires that have destroyed homes, according to the BBC report’s findings.

Without the barriers, fire and smoke can spread up to ten times faster.

Responsibility for ensuring the buildings comply with regulations lies with the house builder.

More than 650 Persimmon houses were found to have the missing or incorrect barriers.

The BBC reported a fire started by a cigarette at ground level which spread to the roof of a Persimmon-built house in Exeter – and spread to other buildings around it – kicked off an investigation by the developer which found missing barriers in 37 per cent of houses on the estate it was part of.

Some of the issues still have not been rectified, and some homes have still not been inspected, said the broadcaster.

The audit has sparked further suspicions that Ghosn misused company money

JAMES WARRINGTON

@j_a_warrington

FORMER car boss Carlos Ghosn racked up costs of €10.9m (£9.4m) in questionable expenses including luxury clothing and lavish international travel, an audit carried out by Nissan and Renault has found.

The audit highlighted millions of euros in costs for items including Cartier watches and a trip to Brazil for the Carnival festival, the Wall Street Journal reported.

The items, which were purchased between 2009 and 2018, have sparked suspicions Ghosn misused company funds for personal expenses.

The findings, which are reportedly outlined in a summary of the audit, are a fresh blow for the beleaguered car executive, who is currently facing multiple charges of financial misconduct in Japan.

A spokesperson for Ghosn denied the accusations as “false and malicious.”

“Without the barriers, fire and smoke can spread up to ten times faster. Responsibility for ensuring the buildings comply with regulations lies with the house builder.”

The Bangkok-based executive is expected to face an additional hearing in the coming weeks or months.

The former chairman said the accusations were part of a “well-orchestrated campaign” against him, including leaks of documents.

But it is not a big point of differentiation. You could go to a convenience store and get the same thing, ” said Tim Powell, a restaurant analyst at Chicago-based Q1 Consulting.

The Mexican-inspired chain has been a major growth driver for Yum Brands in the past two quarters, gaining on the popularity of its value meals.

The restaurant chain has also expanded its delivery in the United States, making the most of Yum Brands’ investments in Grubhub.

But Taco Bell’s same-store sales rose four per cent in the latest quarter, falling short of the 4.4 per cent estimated by analysts, according to estimates from Refinitiv.

The restaurant chain has been a major growth driver for Yum Brands in the past two quarters, riding on the popularity of its value meals.

The restaurant chain has also expanded its delivery in the United States, making the most of Yum Brands’ investments in Grubhub.

But Taco Bell’s same-store sales rose four per cent in the latest quarter, falling short of the 4.4 per cent estimated by analysts, according to estimates from Refinitiv.

The restaurant chain has also expanded its delivery in the United States, making the most of Yum Brands’ investments in Grubhub.

But Taco Bell’s same-store sales rose four per cent in the latest quarter, falling short of the 4.4 per cent estimated by analysts, according to estimates from Refinitiv.
Oil and exports drag FTSE index as LSE shines

LONDON’S FTSE 100 dipped to a one-month low yesterday as oil majors dived after US inventories bulked up and a rise in pound knocked exporters, but gains in Sainsbury’s and LSE following upbeat results helped cushion the fall.

The FTSE 100 ended 0.4 per cent lower and the more domestically-focused FTSE 250 inch up 0.1 per cent.

Shell shed 1.4 per cent to a month low and BP gave up 2.1 per cent, as crude prices weakened after US oil inventories rose 5.7 million barrels per day, with output reaching a new record of 12.3 million barrels per day.

As sterling rose to multi-week highs with lingering hopes of progress in cross-party Brexit talks and ahead of Bank of England interest rate meeting today, exporter companies bore the brunt as much of their revenue is earned in dollars.

British American Tobacco, Astrazeneca and Glaxosmithkline were among the biggest drags.

Contrary to the mood in Britain, the S&P 500 index notched a fresh record high on the Wall Street as gains in Apple after forecast-beating results thrust up technology stocks.

Among big fallers on UK’s blue-chip index was takeaway group Just Eat with a near three per cent drop after JP Morgan called European rivals Deliveroo and Takeaway.com more attractive.

Education group Pearson lost 2.1 per cent after news of a planned merger between Cengage and McGraw Hill, with Liberum analysts calling the planned deal a “major headache” for Pearson.

Takeaway giant Just Eat fell yesterday as its rivals did strongly.

Sainsbury’s jumped 4.3 per cent after the super-market group’s underlying full-year profit beat market estimates and it said it would accelerate investment in its technology.

London Stock Exchange climbed 3.4 per cent after it reported higher quarterly income, as its clearing and information services businesses grew strongly against what it called a challenging market backdrop.

Lloyds rose 1.6 per cent after it cut its target for its Common Equity Tier 1 ratio.

TOP RISERS
1. Paddy Power  Up 4.28 per cent
2. Sainsbury’s  Up 3.91 per cent
3. LSE  Up 3.43 per cent

TOP FALLERS
1. Micro Focus  Down 5.07 per cent
2. Just Eat  Down 2.72 per cent
3. Antofagasta  Down 2.18 per cent

NEW YORK REPORT
Wall St drops after Fed chair skips rate-cut

U.S. STOCKS ended lower yesterday and the S&P 500 added 0.2 per cent to a three-day high as news of a three-year record high on annualized inflation levels cast some doubt that the central bank could move later this year to cut interest rates.

In a policy announcement, the Fed held rates steady as expected and cut a cautious tone on inflation. But Powell, speaking following the Fed statement, said a decline in inflation this year could be due to transitory factors.

That seemed to throw cold water on views by some in the market that the Fed might make a preservative bid to head off lower inflation or a recession by cutting rates.

As Powell spoke, traders of US short-term interest rate futures began trimming bets the Fed will cut rates before the end of the year.

“The fact that he’s basically saying ‘we’re not closer to a cut then we were before’ made the market sell off,” said Michael Antonielli, market strategist at RBC Capital Markets.

Stocks had been higher for much of the session and the S&P 500 hit an intraday record early, driven by a jump in shares of Apple. The company late on Tuesday reported quarterly results that beat Wall Street estimates despite a record drop in iPhone revenue.

It also announced plans for a new $57bn (£57.3bn) share buyback and raised its cash dividend by 5 per cent. Apple’s stock ended up 4.9 per cent.

The company briefly regained the trillion-dollar club during the session, before closing at a market capitalisation of $992.7bn.

Apple has been picking away with Microsoft and Amazon for the title of most valuable US company as all three have passed the symbolic trillion mark.

The Dow Jones Industrial Average fell 162.77 points, or 0.61 per cent, to 26,430.14, the S&P 500 lost 22.1 points, or 0.75 per cent, to 2,923.73 and the Nasdaq Composite dropped 45.75 points, or 0.57 per cent, to 8,045.64.

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

CITYDASHBOARD YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

TOP RISERS
1. Pawdy Power  Up 4.28 per cent
2. Sainsbury’s  Up 3.91 per cent
3. LSE  Up 3.43 per cent

TOP FALLERS
1. Micro Focus  Down 5.07 per cent
2. Just Eat  Down 2.72 per cent
3. Antofagasta  Down 2.18 per cent

LONDON REPORT
Oil and exports drag FTSE index as LSE shines

SANTANDER UK
Santander UK has announced the appointment of Ben Covy as head of private banking, reporting directly to Charlotte Platts, head of wealth. Ben will take up his position from 1 July and will be responsible for the direction and growth of the private banking proposition for Santander UK.

With over 20 years’ experience in the UK wealth management industry, Ben was most recently divisional manager for south west and central at Santander Private Banking, where he oversaw the development and implementation of the private bank’s strategy across the region, as well as the shaping of its brand and culture. Prior to joining Santander, Ben spent over a decade at Barclays Wealth supporting private clients, charities and pension funds. His roles included discretionary portfolio manager, private banker and regional head in the south east.

INTERTRUST
Patrick Lynch, a global leader in providing expert administrative services to clients operating and investing in the international business environment has announced the appointment of Patrick O’Brien as global head of funds. With over 27 years’ experience in financial services, Patrick joins Intertrust from Citigroup where he was head of fund services, Ireland and head of offshore sales.

Prior to that he spent eight years at JP Morgan where he held several roles, latterly executive director, global head of fund services client strategy. He has held pre-approved controlled function positions with the Central Bank of Ireland since 2015. Reporting to newly appointed chief commercial officer Ian Lynch, Patrick will be responsible for leading Intertrust’s global fund strategy and expanding its client base among private capital fund managers and investors in Europe, North America and the Asia-Pacific region. He will also continue to develop Intertrust’s tailored and holistic funds offering and focus on delivering a market leading solution.

BRISTOWS
London-based law firm Bristows has announced the promotion of senior associate Claire Smith to the partnership, effective 1 May 2019. Claire is a member of the firm’s commercial and intellectual property team in London.

The four-partner group acts for clients including AstraZeneca, De Beers, Johnson & Johnson, and The Francis Crick Institute. Claire has over 10 years’ experience advising clients on collaboration, licensing and other arrangements to develop and commercialize their technologies, brands and other valuable intellectual property assets. Claire has a unique background in life sciences having held quality assurance and project management roles in Abbott Laboratories’ medical device business prior to switching to a law career.

CITY MOVES WHO’S SWITCHING JOBS

To appear in CITYMOVES please email your career updates and pictures to citymoves@cityam.com
Trump’s UK visit has exposed a nest of entrepreneurial hypocrites

Want Britain to retain its entrepreneurial crown? Bring back the post-study visa

PARLIAMENT is taking back control – and not just of Brexit. Conservative MP Jo Johnson and Labour MP Paul Blomfield have bridged the aisle to introduce an amendment to the Immigration Bill. The primary aim is to ensure that the number of international students cannot be capped by the government in order to comply with the net migration target without parliamentary approval. But it also calls for the restoration of the two-and-a-half-year post-study visa for international graduates. Before this visa was scrapped in 2012, international students were able to stay for two years following graduation. Now graduates are turfed out before they have time to test out the job market, build a network of contacts, or get to grips with what they want to do next – whether that’s convincing an employer to sponsor them, returning to academia, or applying for the new startup visa.

It turns out that there are lots of wannabe entrepreneurs in our international student population. A survey of more than 200 students from a wide variety of programmes found that 42 per cent intend to start their own business following graduation. In Silicon Valley, over half of all engineers and technology companies have at least one foreign-born founder, with the majority initially moving to the US to study, not work. But entrepreneurs need time to do the market research, develop key contacts, and seize an opportunity before taking the leap.

A proper post-study work visa would give international graduates the necessary time to know whether they could be Britain’s next great immigrant founder. For many of these students, the UK is the only place where they can bring in the foreign capital that their entrepreneurial ambitions require. International students contribute massively to the UK’s public finances. As the Migration Advisory Committee – the independent, non-departmental public body that advises the government on migration issues – concluded in its recent report, the average non-EEA student delivers a net fiscal return for the country of over £5,000 a year in excess of native residents. Through its industrial strategy, the government is focused on building upon our comparative advantage in key industries. We have many of the world’s best universities, but we’re stifling them by restricting the income they can bring in from foreign students and their ability to attract the very best and brightest – many of whom would stay within academia to maintain their reputations for cutting-edge research. As a result of our misguided immigration policies, we are now less attractive for international students than Australia, Canada, or even the US. That has long-term consequences for our competitiveness as a world leader in research and development. Our comparative advantage in this area is under threat.

[Re: Financial investment fraud cases jumped 74% in 2018]

The FCA’s latest research confirms our suspicions that investors get lured into scams all too easily in the hope of generating greater returns. Even the savviest of investors find it hard to question the truth when a promise of a good ROI is presented to them. Investors need to adopt an “is this too good to be true?” attitude and ask themselves: why would one firm be able to offer such a great return on investment, when others consider this a temptation they can’t?

The FCA continues to work to raise awareness of this growing problem – promoting what investors should be looking for to understand whether a firm is FCA regulated, and most importantly, what types of investment are covered by the Financial Services Compensation Scheme. Savvy investors need to take on responsibility themselves.

Without improved awareness among the general population, wrongdoers – based inside and outside the UK – will continue to prey on UK investors.

Zeinab Al-Azami, managing director, global investigations firm Kroll

Gavin Williamson has carved his name into history as the first – and probably only – person ever to actually be caught by a government leak inquiry.

@DPhilHodge

Williamson’s career has been meteoric in the traditional sense, in that he has rocketed to the top in a moment of needless destruction.

@Hackblackburn

So that’s now a Defence Secretary that leaks government secrets, a Transport Secretary that employs ferry firms with no ferries, a Foreign Secretary that doesn’t know what country lists China as a serious threat, a Secretary that doesn’t read the papers... (1/6789)

@FarmAmanda

I guess he finally succeeded in starting a war. Unfortunately, it was with the cabinet office.

@MinisterioDe

As in Westminster, so in Westminster, “the perception of loyalty can damage a hopeful’s chances among those who play the role of kingmakers,” writes @DrAlanWager on the prospects for contenders to succeed Theresa May as Tory leader.

@Academy

Extinction Rebellion activists describe meeting with Michael Gove as “disappointing” as Michael Gove was there.

@haveagotnews
Stop arguing about expanding Heathrow – time to get building

T HANKFULLY for the UK economy, the High Court yesterday quashed a challenge brought against the government’s decision to expand Heathrow Airport.

No one questions the need for or against to expand Heathrow, and focus on the practical matters that will deliver a new runway that works for the entire country.

The decision to expand this airport follows decades of consultation, ex-amination, and, quite frankly, prevarication from previous governments.

Businesses around the country have been left wondering when the jobs and growth promised by new connec-tions to the rest of the world will fi-nally take off.

For too long, the UK has failed to in-vest enough in infrastructure – in the project that will show the world that we will press forward with this vital national works for the entire country.

With Heathrow, we now have a scheme that will be financed privately, without recourse to the taxpayer, and ultimately paid for by those people who will benefit from expansion: Heathrow’s passengers and the UK’s importers and exporters. We should be biting investors’ hands off, not giving them pause for thought about in- vesting in our competitors instead.

There are – rightly – challenges ahead for Heathrow. The planning process will require the airport to spell out how it will meet the commit-ments it has made to the government and local communities to mitigate the negative impacts that arise from any big new infrastructure scheme.

First, we must grasp the challenge of poor air quality, which requires more than just Heathrow alone taking re-sponsibility. The problems of air pollu-tion around the airport are primarily the result of vehicle emissions.

The mayor of London has made the city a world leader in tackling emis-sions through the ultra-low emission zone, which came into effect in cen-tral London just last month. We also have a successful congestion charging zone in central London.

When it comes to Heathrow, we should look at how such charging schemes might be adapted to incent-ivise the worst polluters to invest in cleaner modern vehicles, or leave the car at home when going to the airport.

Expansion promises tens of thousands of new jobs and billions of pounds of growth.

Second, we must greatly improve public transport to all our airports, in-cluding Stansted, Gatwick and City. Heathrow will have Crossrail (albeit a couple of years later than expected), but other rail links must be improved.

The Department for Transport has sat on proposals for new links, includ-ing plans which would be wholly fi-nanced and delivered by the private sector. Let’s stop dithering and get these projects off the drawing board and spades in the ground.

Third, we must show global leader-ship in tackling aviation emissions, which contribute to climate change.

It’s all very well to harrumph about the disruption caused by climate change protesters, but they have a point which we need to address head-on. This means stronger government support and incentives to invest in cleaner fuels and engines – including cutting-edge electric power for planes.

It has now been two years since this expansion was unanimously recom-mended by the independent Airports’ Commission – a decision backed by the government, parliament, regional airports, trade unions, and thousands of British businesses that will benefit from the economic boost that a new runway will bring.

Expansion at Heathrow promises tens of thousands of new jobs around the country, and billions of pounds of new growth, particularly as we open up routes to emerging markets. Let’s now banish those Brexit blues and press ahead, let’s stop dithering and get spades in the ground.

For many, Beyond Meat’s IPO would seem to mark the perfect “market top” moment. A company producing a cutting-edge product, with ongoing losses and the risk that it may never make a profit, is seeking to become publicly traded.

Like so many new firms, it has yet to make any money, with losses each year since its foundation. Investors would be buying into a company where hope is one of the main drivers for the future.

Leaving aside the possibility that it will change consumption habits, investors rushing to buy in the wake of the IPO are likely to see their investment suffer in value in the short term. There are positives, such as the existing agreements with some restaurant chains and steadily rising margins, but

the firm will face stiff competition from much bigger rivals, which could easily see it overtaken by those with economies of scale that allow them to produce more at lower prices.

Changing the world is one thing, being a successful investment is something else – and it is not clear that Beyond Meat yet falls into the latter category.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.

OLIVIA UTLEY is deputy editor at TheKrick.
WHEN Royal Bank of Scotland announced that its chief executive Ross McEwan was stepping down, it didn’t take long for the news to turn to talk of remuneration packages and successors. This response is to be expected, but it does leave an important question unanswered: how will employees at the front line of the firm be affected?

Choosing the right successor is important, but how leadership change is managed from an employee perspective is key to keeping the boat steady. In fact, this can be crucial to long-term business success.

AVERTION TO CHANGE

Even if most employees never worked directly with the former chief executive, the announcement of their departure can still create a communication void that leads to uncertainty. Staff members will question what the new boss will be like, or worry how the change will impact their job. If these questions go unanswered, it causes distraction, taking attention away from the day job.

Because of our innate aversion to uncertainty, humans tend to respond negatively to change – a fact that, for example, explains why people stay in a job they dislike. Resistance to change, however big or small, is natural. This is something that we are all aware of, but during a leadership transfer, it can have a significantly adverse impact on employee engagement and company performance.

THE COMMUNICATION VOID

So how do you remedy this uncertainty in the interim of not having a chief executive?

When people don’t know something, they will often create their own story to explain what’s going on, and that leads to unhelpful confusion and inaccurate rumours. Business leaders must steer the conversation by having clear and consistent communication about the leadership change – even if it’s just to acknowledge the uncertainty of who will take over the business in the future. Don’t just present people with information, but actively involve them in the conversation.

Setting up informal lunches and arranging more structured Q&A sessions will give employees the opportunity to talk and ask questions about what the future may hold. Communication is not just a waterfall where information is cascaded from the top of an organisation. Instead, information should continually circle round throughout the whole leadership transition. By talking about the plan for the future (even if it’s only a rough idea), you can also give people a sense of control, which in turn helps create more certainty.

A SENSE OF NORMALITY

Of course, once the new chief exec of the business is identified, they also have a role to play in keeping the boat steady. It is really important that he or she spends at least three months focused on understanding the business and getting to grips with its culture, before making any changes.

This will help people ease into the change by creating a sense of normality. It also ensures that any changes made further down the line are rooted in a true understanding of the culture, and therefore have a greater chance of success.

One big mistake a new leader can make is to hide away from their workforce. In their first months as chief executive, it’s especially important that they are visible in the business and on the front line, talking to their employees. This will help them show their support for their new colleagues and ensure that their transition is as smooth as possible.

A leadership change doesn’t have to rock the boat.

Adrian Moorhouse is managing director at Lane4.
TECHNOLOGY
EDITED BY STEVE HOGARTY

Days Gone invites you to a zombie nation

Sony’s undead exclusive is an unexpected hit

DAVE GIERARDO

A
t times the plot of Days Gone can be difficult to track. You play as Deacon, a hardass biker navigating a zombie-in-
tested open world. For the most part you’re on a quest to find your missing girlfriend Sarah.

However, your motorcycle parts are nicked early on (Deacon’s bike func-
tions as the game’s second lead char-
acter; personalising it is half the fun), and much of the action consists of taking on missions at nearby camps in order to rebuild it.

The early missions are standard sur-

vival-game fare, a slightly monoto-
nous mix of bounty-hunting and rescue jobs. They become more interest-
ing when Deacon begins investigating the shadowy government agency NERD, which is in charge of supplying aid to the beleaguered countryside. From here on, the game is pleasingly difficult, with stealth missions es-
elically requiring almost total mastery to complete.

Unfortunately, the action is under-
served by a hacky and uninteresting central character. When we are intro-
duced to Deacon, he is sending his wounded girlfriend to safety in an aid helicopter, refusing her pleas to come with him to stay and help his sim-
ilarly wounded friend Boozer. These are the actions of a Machiavellian, but over the rest of the game Deacon acts in ways seemingly unconnected by any guiding motivation. Early on, he per-
forms a mercy killing; later, he mur-
ders in cold blood while sermonising on the uselessness of mercy in an un-

forgiving world. We’re supposed to be-
lieve that he’s motivated by a desire to see Sarah again, but there’s noth-
ing meaningful to be gleaned about their relationship from the few brief flashbacks we’re given of it. Deacon is a bundle of contradictions, none of them ever amounting to character. A couple of hours in, I realised I was more invested in his bike than in him.

However, the nature of zombie games is such that a dud lead can be redeemed by a satisfying enemy. You don’t need to be engrossed in a char-

acter’s arc to enjoy using him to mas-
sacre hordes of the undead. The zombies – sorry, ‘freakers’ – are clev-
erly and lovingly designed, with dif-
rent enemy types distinguished in intricate ways that go far beyond the standard big and slow/mad and fast dichotomy. My favourite were Newts, infected children who don’t attack on sight, only becoming aggressive if you invade their turf.

But the real prize is the game’s beau-
tiful open world, which unfolds in dra-
matic and surprising ways. The prototypical zombie landscape of bombed out cars and abandoned gas stations is supplemented by vast green forests and snow-capped moun-
tains. Exploring these diverse land-
scapes on your trusty motorcycle offers something uncommon to zom-
bie games: moments of serenity. Days Gone has had the biggest physical sales launch of the year so far, and de-
spite occasional bugs and imperfec-
tions, it deserves its crown.

GAME

Days Gone
PLATFORM: PS4

Mortal Kombat 11
PLATFORMS: XB1, PS4, PC, SWITCH

A bit of the old ultraviolence in Mortal Kombat 11

Luke Graham

Mortal Kombat 11 marks the latest instalment in this long-running series of over-the-top fighting games that was originally launched in arcades back in 1992.

For the unfamiliar, Mortal Kombat involves magicians, monsters, and martial arts masters from different worlds duking it out in a series of gentlemanly one-on-one fisticuffs in an eternal battle of good versus evil. Much like other stalwarts of the genre, such as Street Fighter, the game requires players to master timing, strategy, and intricate button combinations – or to just mash the controller until you punch your opponent to death.

What sets Mortal Kombat apart from its contemporaries is its enthusiastic indulgence in gratuitous, edge violence. Blood and guts are spilled liberally across the screen as you decapitate and disembowel your opponent using cinematic Fatality moves.

The gore may be too much for gentle souls, but the onscreen violence is so ridiculous that it shouldn’t be taken seriously. Some examples: a man uses his hat as a buzzsaw. A movie star bludgeons opponents with a knock-off Oscar trophy. Two colour-coded ninjas use frost and fire powers like they’re rejected characters from Power Rangers. This is Looney Tunes-level ultraviolence, but with photo-

realistic graphics.

MK11 continues the story since the series’ reboot in 2011. Here, a time-travelling god called Kronika seeks to change history and wipe out the goodies, and brings several classic heroes and villains from the past to the present. This 8-bit movie schlock provides an opportunity for developer NetherRealm to rev fan favourite characters who’ve been killed in earlier titles, unpack the game’s convoluted story, and replay the greatest hits in a way that allows it to both satisfy long-time fans and welcome newcomers.

A story mode lasts about five hours and lets players experience most of the game’s 25 playable characters. A Tower mode has you fight through a series of opponents, and a tutorial system helps you graduate from button mashing to combo mastery. There’s plenty of single-player content before you ever feel the need to venture online and fight other players.

As brilliant as it is bloody, Mortal Kombat 11 is the best fighting game in years.

GADGET

Alienware Area 51-m
FROM DELL.COM

The Alienware Area 51-m gaming laptop requires not one, but two power adaptors to fuel its high-end internal components alongside its full-fat, zero-compromise graphics card. Plugging both into the mains at once and watching the thing on, you’d expect all of the lights in the house to dim slightly, and a man from the electricity company to come round to make sure you’re not trying to hook up the entire coid-de-
sac to your living room socket.

But such ravenous leccy demands are a necessity of a laptop that delivers the performance of a full desktop PC. The Area 51-m is a proud beast, weighing almost four kilos and more than an inch and a half thick in places. Round the back it sports a vast ventilation grille that wouldn’t look out of place on a Mercedes AMG. When going at full pelt it sounds like it might lift off, as though it wants to return to the planet it came from. If you dropped this laptop on a small child it would very likely kill them.

The insanity is customisable, and unlike most other laptops can be upgraded over time as new and better components are launched. But even in its basic configuration you’ve got a 9th generation Intel Core i7 processor and an NVIDIA GeForce 2070 graphics card that comfortably makes the Alienware Area 51-m the most powerful gaming laptop you can buy.

For typical users this laptop is impractical overall, an obscene act of technological ideation, like a one-
off concept supercar or a drawing of a space station. A gaming laptop not made for man, but for history.
HERE IS such a thing in football as scoring at the right time. After 74 minutes Liverpool were cursing their luck but content with a 1-0 score line they could take back to Anfield. Eight minutes later they were heading home with their tails between their legs. The architect of such a demise was, not for the first time, Lionel Messi.

As per usual on Champions League nights like this Barcelona’s majestic No10 wrote new records, scoring his 47th and 48th goals of the season in contrasting fashion to bring up 600 for his club and make it 26 in 33 games against English clubs.

If Messi’s first was the easiest he’ll ever score – a rebound in front of an unguarded net – his second was right from his genius playbook: a picture-perfect 30-yard free-kick laser-guided straight into the top corner.

After a performance of heart, fight and no little quality it was a gutting blow for Liverpool, which will likely prove a knockout one. KLOPP’S DECISIONS Hindsight is a wonderful thing and Jurgen Klopp may well reflect on his decision to play Georginio Wijnaldum as an uncomfortable false No9, with Roberto Firmino not fully fit.

A different move may not have stopped Messi, but it may well have helped conjure some crucial away goals. Wijnaldum, a capable midfielder, looked like a fish out of water leading the line.

As part of four changes Klopp also decided to hand Joe Gomez his first start since breaking his leg against Burnley on 5 December, with the defender taking over from the more dynamic, attacking threat of Trent Alexander-Arnold at right-back.

Gomez is a solid defender, but offered little going forward, with Liverpool’s flanks heavily weighted towards Andy Robertson on the left.

SAME OLD SUAREZ Luis Suarez used to be an Anfield idol. You wouldn’t have guessed it watching the Uruguayan striker last night, as he scrapped, argued, pleaded and charged around the Camp Nou pitch.

Before the game Suarez had endured a quiet Champions League campaign with no goals from 36 shots, but he was on it from the word go against his former club. It was his perfectly-timed run and deft finish which opened the scoring from Jordi Alba’s cross and it was he who provided the foil his opponents so lacked.

If there was any doubts about his bottle playing against his old team, his passionate goal celebration, spats with Alisson and Gomez and booking for dissent showed Suarez didn’t change his game one iota.

CHANCES MISSED

On another day Liverpool could easily have gone home with at least two away goals. While they were enterprising without creating much in the first half, besides an opening for Sadio Mane from Jordan Henderson’s ball, they were absolutely dominant for a period after the break.

Marc-Andre ter Stegen had to be at his best to keep out placed attempts by James Milner and Mohamed Salah before Milner shot straight at the Barca keeper from a brilliant move down the right. But Barca rode the storm and manager Ernesto Valverde made a cunning substitution to bring on Nelson Semedo and nullify Liverpool’s left before Messi swung the pendulum in the opposite direction.

Firmino then had a shot cleared off the line and Salah slammed the rebound into the post as the away side realised it wasn’t to be their day.

OPEN SEASON

While it made for a brilliant spectacle, Liverpool’s desperation also made for a wide-open game which suited their opponents. With Messi pulling strings Barca frequently tore up the pitch in search for more goals.

Twice in injury-time they botched breakaways, with Suarez spurning a three-on-one chance before substitute Ousmane Dembele scuffed a better one with the last kick of the game.

Ultimately they will be satisfied with three goals to take to the away leg at Anfield but in truth Klopp’s gungho gambling could have ensured the tie was utterly put to bed.
London rivals seek salvation in the Europa League with their top four hopes in jeopardy, writes Felix Keith

Arsenal and Chelsea face different opponents in their Europa League semi-finals this evening. Valencia and Eintracht Frankfurt are different propositions and will pose different questions, but in many ways the London rivals are in the same boat.

Like so many seasons before, their respective campaigns have boiled down to one major objective: qualification for the Champions League.

The Europa League is a laudable trophy to win, but it remains very much in the shadow of its bigger, most prestigious and, crucially, more fruitful sibling. Yet the fact the winner is granted safe passage into the promised land means it remains uniquely desirable.

Considering the precarious positions Arsenal and Chelsea occupy in the Premier League – teetering on the brink between the harsh black and white nature of success and failure – their European adventures carry great significance.

Chelsea, in fourth, may currently hold the upper-hand, two points ahead of fifth-placed Arsenal, but with just two league games remaining and poor to indifferent form affecting both, the Europa League could provide salvation.

EMERY UNDER-FIRE

The situation is certainly most precarious for Arsenal. Three successive league defeats in which they’ve conceded nine goals through varied methods of blooper reel-quality defending means their season is in the advanced stages of unravelling.

Ramshackle defending has left manager Unai Emery under pressure, with the Spaniard admitting after the 3-0 defeat by Leicester on Sunday that finishing in the top four would be “very difficult”.

Luckily for them Emery is not only a former manager of their opposition at the Emirates Stadium tonight, Valencia, but a Europa League expert, having won the competition three times in successive seasons with former club Sevilla.

“With a big ambition in this competition,” Emery said on Sunday. “We have a big ambition in this competition.”

Chebana’s Hazard and Arsenal’s Aubameyang are key to Europe hopes

day. “Our confidence can go up, can go down, but the most important is to be clear in our minds and our way.”

That way won’t include the injured Aaron Ramsey, who has played his final game for the club ahead of a summer move to Juventus, but will have to include more robust defending. The hapless Shkodran Mustafi has borne the brunt of criticism but he is far from the only player under-performing of late.

With two legs against Valencia – a side who they have lost all three of their previous meetings in Europe against – Brighton at home and a trip to Burnley to come fans might be concerned to hear defender Laurent Koscielny’s concession that “maybe everyone is a little tired”.

Arsenal have the firepower in the form of 24-goal Pierre-Emerick Aubameyang and 16-goal Alexandre Lacazette, but in order for them to function they need those behind them tighten up.

The Blues have also been operating at less than full capacity and remain worryingly reliant on Eden Hazard.

Just like Arsenal, Tottenham and Manchester United, Maurizio Sarri’s side have stumbled in the league, albeit in less dramatic circumstances, drawing with United and Burnley after defeat by Liverpool.

With a two-point cushion, the other top four contenders struggling and games against Watford and Leicester to come, Sarri doesn’t sound too concerned.

“We are fighting for the top four and in semi-final of the Europa League, We have done a good season,” he said. “Now we need to take two very important targets.”

Having already lost the League Cup final to Manchester City amid a Kepa Arrizabalaga-shaped storm, the Europa League holds greater to significance to Sarri personally.

Chelsea, and in particular owner Roman Abramovich, are not scared to move on if trophies are not forthcoming. Sarri’s predecessors won them and still got the sack; the Italian himself is yet to win a single trophy in his long managerial career.

A Europa League win would ensure Champions League football regardless of league position and could keep the wolves from the door.

Sarri is without Antonio Rudiger, who has been ruled out for the season following injury against United, so Andreas Christensen is expected to start alongside David Luiz.

While that straight swap shouldn’t prove much of a problem, Sarri has a personal investment in the performance of on-loan striker Gonzalo Higuain, who he wants to sign permanently at the end of the campaign.

Higuain has scored just four goals in 14 appearances, against Huddersfield, Fulham and Burnley, since joining from Juventus in January.

If there was ever a time to step up the plate and back up Hazard tonight is it.
LANDMARK RULING Semenya vows to fight testosterone case

World Cup winner Iker Casillas was last night in hospital after suffering a suspected heart attack at his club’s training ground. The 37-year-old goalkeeper, who now plays for FC Porto after leaving Real Madrid, was rushed to CUF Hospital in Porto on Wednesday morning. The club said in a statement he was in a “stable” condition but would continue to be monitored.

Why we love the rain in Yorkshire

Taylor’s brewery sits upon The Knowle Spring, the unique source of water we use to brew our beers. This particularly pure and consistent spring water is one of the reasons we’re able to brew beer of such reliable quality and taste. It has seeped over time through layers of sandstone and black rock, which creates the special mineral qualities that marry perfectly with our Golden Promise barley malt. This unique combination is the foundation of the complex flavour and subtlety of Landlord. And it all begins with rain falling upon the Yorkshire hills. That’s why we’re always happiest when it pours.

All for that taste of Taylor’s

Casino Semenya is considering an appeal after yesterday losing a landmark case against athletics’ governing body. The Court of Arbitration for Sport ruled in favour of the IAAF, meaning Semenya will have to take medication to reduce her testosterone if she wants to compete in events between 400m and a mile. “The decision of Cas will not hold me back,” said Semenya in a statement.

INJURED RAMSEY HAS PLAYED HIS LAST GAME FOR ARSENAL

Aaron Ramsey sent a farewell message to Arsenal fans yesterday after confirming he had played his final game for the club. Ramsey, who had already agreed to join Juventus in the summer, has been ruled out for the rest of the season with a hamstring injury. “I am really disappointed not to play until the end,” he said. “Unfortunately it’s out of my hands.”

SRI LANKA’S SANGAKKARA TO BECOME MCC PRESIDENT

Former Sri Lanka batsman Kumar Sangakkara was yesterday appointed as the first non-British president of Marylebone Cricket Club. Sangakkara, who retired from playing in 2017, will begin his one-year tenure in October. The MCC are the guardians of the laws of the game and uphold the spirit of cricket.

Hales only has himself to blame over drugs issue

I DON’T have a lot of sympathy for Alex Hales. The batsman was this week dropped from England’s World Cup squad after failing a recreational drugs test and I think director of cricket Ashley Giles has made the right call.

It’s not the first time he’s been in the spotlight for his actions away from the cricket field, having failed a drugs test previously and been involved in an incident outside a Bristol night club with team-mate Ben Stokes, so I believe he’s had enough warnings. As a professional sportsman there are some things you just don’t do and drugs are certainly one of them.

He’s set a bad example, disrespected the England team culture and sparked an unnecessary distraction on the eve of a home World Cup. I believe he got off lightly for his involvement in the Stokes incident in 2017 but he clearly hasn’t learned his lesson.

Hales was initially suspended for 21 days and his county, Nottinghamshire, tried to keep the reason why he wasn’t playing under wraps. The Professional Cricketers’ Association offer counselling and rehabilitation for players, so he could have undergone that and come back without the public knowing. But being a high-profile player in the run-up to a major tournament there is bound to be more scrutiny on your behaviour.

Rumours fly around the county circuit and once the news had been broken England were left with little option but to drop him.

Perhaps the England and Wales Cricket Board could have handled this better, but ultimately Hales is in the wrong and deserves to be punished.

I just hope England can nip it in the bud now, draw a line under it and set a strong precedent to show other players the consequences of their actions.

Hales will not play a part in the World Cup and he will have to face his punishment. He is a talented cricketer but he probably won’t be picked again for England in the future.

The storm around Hales has been followed with the first injuries in some time, with Sam Billings ruled out through a shoulder problem and Jason Roy suffering a hamstring injury. “I am really disappointed not to play until the end,” he said. “Unfortunately it’s out of my hands.”

VINCE’S OPPORTUNITY

Stokes was the man who made the crucial runs to help England win the World Cup. Hales has a like-for-like replacement. If Hales, Vince is a tall right-hander who hits the ball well through the offside and is more suited to white-ball cricket.

He’s a seasoned campaigner with Hampshire and has found form at the perfect time, having hit 430 runs at an average of 71.67 in six One-Day Cup innings this season.

Having played Test cricket and around the world for various franchises I don’t think he’d be daunted by the pressure of a World Cup.

If he performs against Ireland and Pakistan over the next few weeks I think he’ll come into the squad and could slot anywhere into the top three as a perfect replacement.