Metro Bank shares slide to record low

CALLUM KEOWN

Metro Bank shares yesterday sunk to an all-time low after the challenger bank was forced to quash rumours of financial turmoil ahead of its £350m rights issue.

Some customers rushed to branches in west London over the weekend to withdraw money and items from safe deposit boxes following warnings on Whatsapp.

The bank said the rumours were false and attempted to reassure customers and investors that its £350m capital raise – in response to a major loans blunder – was “well advanced”.

The bank said it remained a “safe and secure haven” for customers’ money.

Shares fell 11 per cent yesterday to close at fresh trough of 475p. Its stock is down 78 per cent since the lender admitted in January that a swathe of commercial loans had been wrongly classified.

“Chatter on social media that customers’ money wasn’t safe spiralled out of control at the weekend, with memories of the run on Northern Rock in 2007 still in many people’s minds,” AJ Bell’s Russ Mould said.

Peter Hahn, professor of banking at the London Institute of Banking & Finance, said regulators must be ready to respond to online rumours: “Imagine if this happened to one of the largest banks?”

HARRY ROBERTSON

STOCK markets sank into the red yesterday as China retaliated against US President Donald Trump by announcing tariffs on $60bn (£46.3bn) worth of American goods.

Fears of a full-blown trade war between the world’s biggest economies prompted investors to flee risky assets, with the Nasdaq index in New York suffering its worst fall of the year.

The Chinese ministry of finance said it would impose tariffs of between five and 25 per cent on around 5,000 US goods from 1 June.

Earlier in the day Trump, who has pursued an aggressive policy of rewriting trade deals, warned China not to hit back against tariffs introduced by the US last week.

“There will be nobody left in China to do business with. Very bad for China, very good for USA!” he tweeted.

“China has taken so advantage of the US for so many years, that they are way ahead (our Presidents did not do the job). Therefore, China should not retaliate – will only get worse!”

However, last night Trump struck a more conciliatory tone, saying in the Oval Office that he had not decided whether or not to go ahead with further tariffs on another $325bn of goods, and that a meeting with Chinese representatives next month could be productive.

“We’re dealing with them. We have a very good relationship,” he said. “Maybe something will happen. We’re going to be meeting, as you know, at the G20 in Japan and that’ll be, I think, probably a very fruitful meeting.”

Shares pared some losses on the President’s comments.

US trade representative Robert Lighthizer said last Friday that he was drawing up plans to slap tariffs on almost all imports from China.

CONTINUES ON P4
Economists are united on Trump’s trade folly

N GEORGE Bernard Shaw’s words, if all the economists were laid end to end, they’d never reach a conclusion. Scour the pool of practitioners of the dismal science, and you will find supporters and detractors for almost every economic theory, from free markets to socialism. The one exception, however, is protectionism. Whether from the left or the right, economists agree that there are no winners from a trade war, and that tariffs succeed only in making everyone poorer. This is a lesson in theory that America is currently finding out in practice. After Donald Trump executed his threat to double US tariffs on $200bn of Chinese goods, Beijing retaliated yesterday, announcing that it would impose its own new tariffs and raise taxes by 25 per cent on American products. US markets plummeted instantly, with the Dow Jones dropping 2.38 per cent, and Europe’s markets have also fallen. Trump, who has self-defined on Twitter as “Tariff Man”, seems to believe that even if this response hurts US exporters, America will still "win", as its trade deficit with China means that Beijing has more to lose. But even if this were true, it overlooks the impact on US consumers. The effects of the tariffs can already be seen in hikes in consumer prices since the trade war began. This impact is felt by US businesses which use Chinese materials or component parts. They therefore hurt the very manufacturers that they are ostensibly meant to save. This is not a contentious or partisan view. While Trump has claimed that the tariffs will be "paid for mostly by China... not by us", his own economic adviser conceded that this is not the case. Brought onto Fox News to defend his boss, Larry Kudlow was forced to admit that “both sides will pay”.

These four words summarise the sheer economic illiteracy of Trump, who has self-defined on Twitter as “Tariff Man”, seems to believe that even if this response hurts US exporters, America will still “win”, as its trade deficit with China means that Beijing has more to lose. But even if this were true, it overlooks the impact on US consumers. The effects of the tariffs can already be seen in hikes in consumer prices since the trade war began. This impact is felt by US businesses which use Chinese materials or component parts. They therefore hurt the very manufacturers that they are ostensibly meant to save. This is not a contentious or partisan view. While Trump has claimed that the tariffs will be “paid for mostly by China... not by us”, his own economic adviser conceded that this is not the case. Brought onto Fox News to defend his boss, Larry Kudlow was forced to admit that “both sides will pay”. These four words summarise the sheer economic illiteracy of tariffs, which compel governments to tax their own citizens in a war that they can never win, and whose collateral damage risks wiping billions off the global economy. One of Trump’s former economic advisers was reportedly so concerned at the President’s nonsensical trade policy he stole papers off his desk to prevent him from signing them. Given that the IMF has warned that this trade war could cost 0.5 per cent of world GDP, it is a shame that no one tried this tactic with Trump’s tariff increase last week.

The effects of tariffs can already be seen in hikes in consumers prices

London shines as the UK is named fintech leader

The UK has been named the world’s top fintech hub as it was revealed that its high-growth fintech firms attracted more than €4.5bn in investment between 2015 and 2018. London continues to lead the country in attracting high-growth tech investment, as firms in the capital secured €3bn in funding between 2015 and 2018, followed by Cambridge with €363m. Scaleup firms in London grew more than 56 per cent between December 2018 and February this year, more than anywhere else in the world, according to a report published today by Tech Nation. Tech Nation chair Eileen Burbidge said: “The UK has an incredibly pivotal role in the global tech scene. “Nowhere is this more evident than in the fintech sector where the UK is ranked number one in the world, an enviable position that has been established with decades of hard work, entrepreneurial talent, innovation and supportive policymakers.”

“Im confident that we have all the ingredients needed for continued success and even greater acceleration of the tech sector here in the UK.”

Total venture capital investment in the UK tech sector in 2018 topped £6bn last year – more than any other European country – and 80 per cent of the funding was invested in high-growth businesses. Meanwhile, the UK was fourth in the world overall for scaleup investment, following the US, China and India. Last year, UK high-growth tech firms secured five per cent of global scaleup investment totalling €4.9bn, up from €3bn in 2017 and £3.5bn in 2016, putting them ahead of their European rivals Germany, France and Sweden. Prime Minister Theresa May said the UK is a “global tech powerhouse,” adding that the companies are “delivering significant economic value to the nation through the investment they raise, the jobs they create, and the innovative products and services they deliver”.

To date, 35 per cent of Europe and Israel’s tech unicorns, which are firms with a valuation of more than $1bn, have been created in the UK. The latest data comes after it was revealed London is on track to become home to the same number of fintech unicorns as San Francisco, the current world leader. Of the 29 fintech unicorns globally, nine are based in the Californian city while seven are in London, according to data from recruitment consultancy Robert Walters and market analysis firm Vacancy Soft.
Supreme Court rebuffs Apple in App Store suit

THE US Supreme Court yesterday gave the green light to a lawsuit on behalf of consumers that accuses Apple of creating a monopoly on iPhone apps and forcing users to overpay with high commission fees.

In a 5-4 ruling, the Supreme Court upheld a decision to allow the class action to proceed. The iPhone users argued Apple’s requirement that all apps be sold through its App Store and its 30 per cent commission on all purchases were anti-competitive.

Apple shares fell 5.2 per cent. The Cupertino tech firm said it was only acting as an agent on behalf of app developers, which set their own prices and pay Apple commission.

Justice Brett Kavanaugh said a 1977 ruling which Apple argued had set a precedent was “not a get-out-of-court-free card for monopolistic retailers”.

The suit, which was first filed in 2011, was supported by 30 state attorneys general. Apple, which was backed by the Trump administration and the US Chamber of Commerce, sought to dismiss the case, arguing that the plaintiffs lacked the required legal standing to bring the lawsuit.

London leads charge in economic productivity for last two decades

TRANSPORT for London (TfL) said yesterday it did not see the contract that the Garden Bridge Trust signed with a construction company for its proposed crossing over the Thames, which was later scrapped to the tune of £53.5m.

Oil prices increase after two Saudi tankers attacked in Gulf of Oman

OIL PRICES ticked up yesterday as Saudi Arabia, one of the world’s largest producers, said two tankers carrying its oil were attacked in the Gulf of Oman, despite tensions between the US and China exerting downward pressure.

Authorities in the UAE confirmed on Sunday that four ships had been sabotaged at a port near the Straits of Hormuz, with two of them confirmed as Saudi yesterday morning.

The incident will ramp up tensions in a region where Saudi Arabia and Iran have been at loggerheads for decades for local supremacy.

A US official familiar with American intelligence on the incident said yesterday the US has limited information as yet about who may have been responsible for the attacks.

Foreign minister Jeremy Hunt warned of the risks of “a conflict happening by accident” with an unintended escalation between Washington and Tehran over an unravelling nuclear deal.

Iran’s foreign ministry called for an investigation into the “worrisome and dreadful” incidents.

BRIDGE BLUNDER

TfL confirms it did not see Garden Bridge construction contract

The five-year project will be chaired by Nobel prize-winning economist Sir Angus Deaton and funded by the charity the Nuffield Foundation. It aims to understand inequality in income, wealth, health, social mobility and political participation in Britain.

In a study released today to mark the launch of the review, IFS economists found that real economic output grew 3.1 per cent per year in London on average between 1998 and 2017, compared with 1.9 per cent in the UK as a whole.
Japanese car manufacturer Honda ended workers’ hopes it would reverse plans to pull down the shutters on its Swindon factory in 2021 after confirming the closure yesterday, meaning 3,500 employees now face redundancy.

The company said that after talks with the government and trade unions it had decided there were “no viable alternatives” to closing the plant, which currently builds the Civic model.

The news that Swindon was under threat first emerged in February, when the firm blamed “unprecedented changes in the global automotive industry”. Since then, Honda said it has carried out a “meaningful and robust” consultation on whether it could be saved.

Honda’s UK manufacturing director Jason Smith said: “It is with a heavy heart that today we confirm the closure of Honda’s factory in Swindon. We understand the impact this decision has on our associates, suppliers and the wider community.”

The firm said discussions around redundancy packages for its workers would begin immediately.

A spokesperson for Prime Minister Theresa May said the decision was “clearly disappointing”.

Business secretary Greg Clark said: “We will ensure everything is being done to support those affected and to continue Swindon’s record of attracting investment to create highly skilled jobs that offer fulfilling careers for years to come.”

Unite national officer Des Quinn said the decision was a “body blow which is nothing short of a betrayal of the workforce, customers and the wider supply chain which relies on Honda Swindon for work.”

Global shares take a beating after limited progress on US-China trade

CONTINUED FROM FRONT PAGE

Lighthizer’s comments came as the US lifted tariffs to 25 per cent on $200bn worth of Chinese goods from their previous level of 10 per cent. The Dow Jones closed down 2.38 per cent last night. The Nasdaq lost 3.41 per cent and the S&P 500 fell 2.41 per cent.

On this side of the pond, the FTSE 100 dropped 0.6 per cent to a seven-week low, while the FTSE 250 tumbled 1.2 per cent. The German Dax slid 1.5 per cent, while French shares fell 1.2 per cent. Billions have been wiped off shares this month as the standoff between Trump’s administration and Beijing escalates.

US technology firms with strong trade links to China fell sharply. Technology has been largely exempt from US tariffs so far but would be hit if the Trump administration levied all Chinese imports.

Car firms also took a beating, with Tesla falling five last night after Volkswagen dropped 1.3 per cent.

Turnover in the stock markets sent investors running for cover towards safe-haven assets, sending US Treasury yields down, while gold surged and the Japanese yen rose.

In soft commodities, cotton fell in value as tariffs threatened trade in apparel. Meanwhile, soybeans – one of the US’s main exports to China – fell below $8 a bushel, the lowest level in a decade.

Uber shares dropped nearly 11 per cent yesterday on its second day of trading in New York following a disappointing $82.4bn (£63.2bn) debut on Friday. The tech giant’s stock fell to $37.08 from its $45 listing price.
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*Place 10+ trades on UK shares in the previous month to qualify for a £5 commission rate. Please note published rates are valid up to £25,000 notional value. See our full list of share dealing charges and fees.
Pressure builds as EU exit talks end in deadlock

OWEN BENNETT
@owenjbennett

CRUNCH Brexit talks between the Conservative and Labour front benches ended in stalemate yet again last night despite frantic speculation a crunch vote was set for later this week.

Tory MPs were told a three-line whip was in operation for Thursday – meaning an important vote was scheduled – before it was downgraded to a one-line whip.

The suggestion a crucial division was being planned prompted rumours in Westminster the Conservatives and Labour had reached an agreement over a cross-party Brexit deal which would see a temporary customs union.

However, a source close to one of those leading the negotiations for the government told City A.M. that while the Tories were preparing a new offer on a post-Brexit customs union, this had not been agreed with Labour.

After the talks were concluded at about 7pm, a Labour party spokesperson said: “Talks continued tonight and the Shadow Cabinet and the trades union will be updated on what has been discussed.”

A source added that no substantive progress had been made. A Downing Street spokesperson said: “In preparation for an update to Cabinet tomorrow, today’s meeting took stock across the range of issues discussed in talks over the last few weeks. We continue to seek to agree a way forward in order to secure our orderly withdrawal from the EU.”

The continuing deadlock will pile further pressure on Theresa May to pull the plug on the talks and put the matter to MPs through a series of indicative votes.

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Tories fall to fifth place in polls as Brexit Party snaps up voters

OWEN BENNETT
@owenjbennett

THE CONSERVATIVES have slipped to a humiliating fifth place in London, according to a new opinion poll ahead of the European elections.

A survey carried out by YouGov showed just 10 per cent of Londoners are planning to back the Tories in the EU vote on 23 May, leaving them behind the Lib Dems on 17 per cent and the Green Party on 14 per cent.

Labour tops the poll, with 24 per cent support, while the Brexit Party – led by former Ukip leader Nigel Farage – is second with 20 per cent.

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Brewery giant swallows EU penalty

SEBASTIAN MCCARTHY
@SebMcCarthy

THE WORLD’S largest brewer was hit with a €200m (£172m) antitrust fine from the EU yesterday for restricting the cross-border sale of beer.

AB Inbev was handed the penalty by the European Commission, which said the firm abused its dominant position on the Belgian beer market by hindering cheaper imports of its Jupiter beer from the Netherlands into Belgium.

Margrethe Vestager, the EU’s competition commissioner, said: “Consumers in Belgium have been paying more for their favourite beer because of AB Inbev’s deliberate strategy to restrict cross-border sales between the Netherlands and Belgium. Attempts by dominant companies to carve up the single market to maintain high prices are illegal.”

AB Inbev’s fine was reduced 15 per cent for co-operating with the probe. The firm has pledged to put mandatory food information in both French and Dutch on the packaging of its products following the investigation.

The infringement, which lasted from early 2009 to late 2016, involved the group restricting the possibility for supermarkets and wholesalers to buy Jupiter beer at lower prices in the Netherlands and to import it into Belgium, according to the commission.

Dealogic owner takes control of data firm Acuris

JUSTIN GEORGE VARGHESE

ION INVESTMENT Group, the owner of data provider Dealogic, yesterday bought a controlling stake in financial news and data firm Acuris, known for its Mergermarket and Debtwire brands, for £1.35bn including debt.

ION will buy the stake in London-based Acuris from BC Partners and Singapore’s sovereign wealth fund GIC, making the Irish firm Mergermarket’s fourth owner in 13 years.

Big buyout funds struggled to match BC Partners’ price expectations and most investors have walked away, sources told Reuters last month, adding that some funds were allowed to progress in the auction.

Moody’s was one of the strongest contenders to win the deal, Reuters reported last month, after credit rating agency Fitch pulled out of the bidding.

Moody’s failed to buy Acuris in 2013 when Mergermarket, a former subsidiary of the Financial Times Group, was sold by Pearson to BC Partners for about £380m.

Acuris, led by chief executive Hamilton Matthews, has a sprawling portfolio of financial news outlets and data products. It employs about 1,300 staff and counts big investment banks among its most loyal subscribers.

“When we invested in Acuris in 2014, we saw an opportunity to accelerate its growth and to build a strong franchise, in partnership with Hamilton and the management team,” said Nikos Stathopoulos, partner at BC Partners and chairman of Acuris.

Under BC’s ownership, Acuris bought a series of news outlets including private equity publication Unquote.

In 2017, GIC bought about 30 per cent of Acuris.

JP Morgan downgrades retail landlord Intu

SEBASTIAN MCCARTHY
@SebMcCarthy

INVESTOR concerns over beleaguered retail landlord Intu showed no sign of fading last night as shares closed down nearly four per cent.

The shopping centre owner was one of the leading fallers on the London Stock Exchange yesterday after an analyst note released late on Sunday from JP Morgan concluded that “despite a tough 2018, the outlook for Intu hasn’t stabilised in our view”. The broker downgraded the FTSE property firm to an “underweight” rating.

The company said in a statement: “Management is moving it in the right direction, but we think this will take time and we await further evidence of improvement in the wider UK retail market.”

The bank said it saw limited likelihood of UK disposals and that the future earnings per share multiple did not look compelling relative to other retail peers.

Short-sellers have been stepping up their bets against Intu in recent months, as they look to cash in on the embattled shopping centre owner’s current retail troubles.

Britain on track to miss spend targets for R&D

ALEX DANIEL
@alexdaniel

BRITAIN is set to miss its own research and development (R&D) spending target of 2.4 per cent of GDP if investment growth continues at the current rate, according to research published this morning.

The government has set a target to hit the figure by 2027, but at the current rate of spending the UK will not reach it until 26 years later in 2053.

A joint report by the CBI and Nexia released today said the UK’s R&D spending lags behind other European nations such as Germany, which just last week announced an extra £17bn boost to research funding over the next decade.

The CBI has called on the government to publish a comprehensive roadmap to set out how it will hit the 2.4 per cent target, as well as introducing changes to make it easier for businesses to navigate and access financial support for investing in innovation.

The report shows advanced data analytics is opening up as a potential new way for businesses to invest in R&D, which could help address the shortfall. But among many companies, data is an underexploited asset because businesses are facing a range of challenges, from skills shortages to navigating funding support, it said.

CBI director of digital and innovation Felicity Burch said: “The government must speed up its effort to hit the 2.4 per cent target or the UK is at risk of falling further behind.

“Advanced data analytics are opening up a new frontier for UK R&D, to ensure we benefit we must have a comprehensive roadmap underpinned by a boost in public funding to spur growth in UK R&D investment.”
NSF expects to ease watchdog takeover fears

CALLUM KEOWN
@CallumKeown

NON-STANDARD Finance (NSF) said yesterday it expected to alleviate the competition watchdog’s concerns over its £1.3bn bid for rival subprime lender Provident.

The Competition and Markets Authority (CMA) launched an investigation into the potential deal in February and prevented NSF from taking steps to integrate the businesses.

Provident shareholders have until tomorrow to decide whether to accept the hostile takeover bid.

However, investors will have to make that decision without any CMA findings, as NSF confirmed it had yet to make a filing with the watchdog.

NSF said the CMA’s concerns would be limited to home credit but that its proposed demerger of its own Loans at Home business would eradicate those concerns.

Provident said the delay meant shareholders would not possibly be able to make an “informed decision” on the offer.

NSF had support from 50.7 per cent of Provident shareholders when it launched its hostile bid in February – including Neil Woodford, Invesco Asset Management and Marathon Asset Management.

The trio also hold a stake in Non-Standard Finance.

But the subprime lender has since been unable to convince any other investors to support its case.

Provident’s third-largest shareholder Schroders refused to support NSF’s bid last week as it was not in the best interests of shareholders.

The UK fund manager, which holds a 14.6 per cent stake in Provident, raised concerns that the rights of minority shareholders were “not being protected.”

In another blow for NSF, US hedge fund Coltrane Asset Management is also set to reject the takeover bid.

Euronext clears major hurdle in Oslo Bors battle

CALLUM KEOWN
@CallumKeown

Euronext won clearance from the Norwegian government to buy stock exchange Oslo Bors yesterday, handing it almost-certain victory over rival bidders Nasdaq.

The pan-European exchange said it now expects to complete the transaction by the end of next month.

The US giant, which has support from 37 per cent of Oslo Bors shareholders, had hoped the Norwegian finance ministry would rule that a two-thirds majority of shares was needed to secure a deal.

The ministry confirmed there were no restrictions, handing the advantage to Euronext, which has support from 53.2 per cent of Oslo Bors shares.

The pair have been locked in an intense battle over the Norwegian stock exchange since December.

Both offers of 158 Norwegian kroner per share value the business at roughly 6.8bn Norwegian kroner (£600m).

Nasdaq said the Norwegian finance ministry’s ruling was “disappointing” and it would assess its options.
Risk warning as global energy demand outstrips fuel supply

ANALYSTS have warned a dividend cut is on the horizon at British Gas owner Centrica after several external factors hit performance in the opening months of 2019.

Centrica said that the government’s new energy price cap had dented its figures, including a one-off £70m impact in the first quarter.

It also pointed to the negative impact from warmer-than-usual weather for the time of year, falling natural gas prices in the UK and outages to the Dungeness B and Hunterston B nuclear power stations, which it does not run.

In a trading update yesterday, Centrica also revealed that it has lost 234,000 energy customers in the UK. However, the company said a cost programme would still help it reach adjusted operating cash flow targets of £1.8bn to £2bn in the full year of 2019, sending shares up three per cent to 95.4p.

It expects to reduce its headcount by between 1,500 and 2,000 people over the year to help deliver efficiencies of £250m, and divest £500m in business. “Good cost control means this update isn’t as bad as it could have been, but with a strategic review now pencilled in, the stage is set for a dividend cut,” said Hargreaves Lansdown analyst George Salmon.

Centrica chief executive Iain Conn has faced criticism over his 44 per cent pay rise last year, which corresponded to around £1 for every one of the 742,000 customers his firm lost in 2018.

The company’s shares have this year hit a 20-year low as it faces challenges from the price cap. Yesterday, Conn said that operational performance had stayed in line with plans, while external factors challenged the company in the first four months of the year.

Analysts predict Centrica could slash dividend

ARTS minister Michael Ellis has led calls to prevent a copy of Lady Chatterley’s Lover, worth more than £56,000, from leaving the UK. Ellis has issued a temporary export ban on a copy of DH Lawrence’s novel used by the judge who presided over the infamous 1950 obscenity trial. The book could be exported unless a buyer is found.

Eon reports fall in revenue due new price cap

THE GOVERNMENT’s energy price cap put a dampener on Eon’s revenues in the first three months of the year.

UK sales decreased by six per cent to €153m (£132m), the company said in its first quarter results yesterday, adding it had been hit by a triple-whammy including lower energy prices and reduced sales volumes.

UK energy suppliers have all faced a tough opener to the year after Ofgem capped the amount they could charge for their default tariffs, promising savings to customers.

Eon’s announcement came alongside another update from British Gas owner Centrica yesterday morning, saying its business had taken a £70m hit from the price cap.

“Aside from the special case of the United Kingdom, our core businesses delivered a solid performance,” Eon chief financial officer Marc Spieker said.

“Yet we are seeing a trend towards lower wholesale gas and electricity prices from the effects of the price cap, which is dampening our performance,” he added.

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CITY A.M.
IT’S BETTER ON THE INSIDE
Capital’s rental growth edges up during April

SEBASTIAN MCCARTHY
@SebMcCarty
LONDON rents grew at a slower pace than the rest of the UK in April, dragging down the city’s average despite large rises in areas such as Edinburgh and Nottingham.

While London areas such as Islington, Wandsworth and Southwark all witnessed a rise in rent by more than one per cent in April, average rents across the capital edged up by a modest 0.66 per cent.

The boroughs of Kensington and Chelsea and Westminster have both seen rental values slip slightly during the last 12 months.

Average rents in the capital stood last month at £1,906, compared with the nationwide figure of £1,218.

Scotland had the UK’s highest year-on-year growth for landlords, with rents in Edinburgh and Glasgow jumping 5.44 per cent and 2.59 per cent respectively.

Wales was second to Scotland in the highest UK growth. In England, Nottingham boasted the highest rate of rental growth at 3.84 per cent, according to the new research from the latest Landbay Rental Index.

“Landlords can rest assured that there is decent rental growth to be found across the UK, particularly if they look north of London,” according to John Goodall, chief executive and co-founder of Landbay.

“The outlook for bitcoin remains bullish,” said Marcus Swanepoel, chief executive of cryptocurrency investment firm Luno.

The rise was largely attributed to positive news from several major cryptocurrency conferences yesterday, as well as a $1bn fundraising by crypto exchange Bitfinex.

Etherium, the second-largest cryptocurrency by market capitalisation, enjoyed a more modest uptick, rising to a six-month high of more than $205.

Outernet partners with Technicolor for Tottenham Court Road landmark venue

JAMES WARRINGTON
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ENTERTAINMENT venue firm Outernet Global has teamed up with French giant Technicolor to create a new immersive advertising and live entertainment space in London.

The firms have agreed a partnership as part of a multi-billion-pound project to create a new media hub offering a unique broadcasting environment in the West End.

The project, first unveiled earlier this year, includes a new 2,000 capacity live music venue, which will be located on the corner of Oxford Street and Tottenham Court Road.

Outernet London will also include a live broadcasting area comprising 23,000 square feet of 8K-enabled screens.

Outernet said it will work with Technicolour to create a series of AR, VR and AI advertising campaigns, providing brands with a canvas at one of the highest-footfall areas of London.

“We’re building the largest-capacity entertainment venue in London since the 1940s, with the highest-resolution screens anywhere in the world,” said Outernet president and chief executive Philip O’Ferrall.

The new city centre hub is due to open in summer 2020, with plans underway to open similar sites in cities including New York, Los Angeles, Berlin and Dubai.

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Angling Direct scraps dividend in growth drive

JOE CURTIS @joe_r_curtis

ANGLING Direct boosted sales by 40 per cent in its latest financial year but denied investors a dividend, as it doubled down on expansion plans both online and on the UK high street.

The firm said yesterday it would not pay shareholders a dividend as it reinvests cash into growing the business.

Investors were instead faced with a 0.55p loss per share in the year to the end of January 2019, compared to a 0.10p profit per share last year.

The fishing equipment retailer made an operating loss before tax of £300,000, down from a £200,000 profit in 2018, as it invested in growing its online and offline markets.

Group sales rose 39 per cent to £13.5m compared to just £800,000 in 2018 after a successful £20m share placing in October.

“It has been a transformational year for Angling Direct, achieving record sales across the store network and online,” said chief executive Martyn Page.

He added the £20m placing in October 2018 had enabled the firm to accelerate its expansion strategy with three stores opened across the financial year.

“As the UK market consolidates, we are seeing a corresponding increase on our margins as the level of discounting from competitors decreases,” Page said.

“Coupled with this are encouraging customer habits with increasing numbers of returning customers both in-store and online as Angling Direct becomes the retailer of choice.”

Shares fell almost three per cent during yesterday’s trading session, before closing up 0.6 per cent.

Music royalties firm PPL collects record £247m in artist revenues

JAMES WARRINGTON @ja_warrington

MUSIC licensing company PPL posted its highest-ever annual revenue yesterday, as it paid out to a record number of musicians.

PPL, which is one of the UK’s two main royalties agencies, collected revenues for its members of £246.8m in 2018, up 13 per cent on the previous year.

It came as PPL distributed royalties to 105,000 performers and recording rights holders, the first time the company has paid out to more than 100,000 people in one financial year.

In the last 12 months, the firm has signed deals with artists including Rita Ora, Emeli Sande and Plan B.

THE SECURITIES and Exchange Commission (SEC), the US financial regulator, has approved the first ever “negative fee” fund, which will pay investors for depositing their money.

New York-based investment manager Salt Financial has been given the go-ahead to waive its 0.29 per cent fee and will contribute 0.05 per cent to the fund instead, meaning an investor will receive $5 (£3.86) for every $10,000 invested in the new exchange-traded fund (ETF).

Investors in the Salt Low Tru Beta US Market ETF will benefit from the fee waiver agreement until the fund reaches $100m of assets.

In a filing, the company said: “The adviser has contractually agreed to waive the fund’s full unitary management fee of 0.29 per cent of the fund’s average daily net assets until at least 30 April 2020.”

It added that it would “contribute to the fund’s assets an amount equal to an annual rate of 0.05 percent of the funds average daily net assets on the first $100m in net assets”.

Subject to availability. Prices are based on return World Traveller Basic Rights from London Heathrow to Hong Kong International Airport for selected travel dates between 3 September 2019 – 12 September 2019, 1 November 2019 – 9 December 2019 and 26 February 2020 – 26 March 2020. Prices are correct as of 2 May 2019 and include taxes, fees and carrier charges. Sale prices discounted from lowest price available from 31 days before 2 May 2019. Bookings must be made by 23.59 BST 31 May 2019. Bookings are non-refundable. Changes can be made for £150 fee (plus any additional fare). No changes allowed on the day of departure. Some payment methods may have a handling fee. For the sale destinations, eligible travel dates and full terms and conditions visit ba.com/sale. Cannot be used with any other promotion.
Chinese car sales decline for tenth straight month

ALEX DANIEL
@alexmdaniel

CAR SALES in China, the biggest automotive market in the world, fell for the 10th consecutive month in April. Sales fell to 1.98m vehicles in April, according to the China Association of Automobile Manufacturers (CAAM), marking a 14.6 per cent year-on-year decline.

After a 14 per cent drop in February, followed by a 5.2 per cent drop in March, it appeared the swift decline of the Chinese market was sufficiently limiting. But as a crippling trade war with the United States moved into the next phase with another sharp escalation of tariffs from US President Trump’s side last week, automotive sales also relapsed.

European car makers such as Volkswagen and Jaguar Land Rover have all suffered declining car sales for months as they adapt to the previously dependable Chinese market shrinking.

“This was not massive news for the car makers as they have been feeling the pinch for months but it was a confirmation of how negative the situation was,” said analyst at City Index Fiona Cincotta.

April’s sales also suffered from some Chinese provinces implementing new vehicle emission standards earlier than expected, which stoked uncertainty among manufacturers, according to CAAM.

The government will require that all light vehicles adhere to tougher emission standards by 2020 as part of anti-pollution efforts. Sales of so-called new energy vehicles, a category which includes hybrid and electric cars, rose 18.1 per cent in April to 97,000 vehicles.

Last week, it emerged the number of new cars registered in the UK fell 4.1 per cent in April compared to the year before, as demand among consumers shrank.

Meanwhile, registration of new plugin hybrids declined dramatically, falling 34.4 per cent year-on-year.

The drop off in hybrid purchases was due to the government “prematurely removing upfront purchase incentives before the market is ready”, according to the Society of Motor Manufacturers and Traders (SMMT), which released the figures.

Diesel registrations fell again, but the pace of decline slowed considerably compared to March, falling 9.4 per cent to 46,589 cars. A total of 161,064 new vehicles were registered in April, giving diesel vehicles a 28.9 per cent market share.

Demand for alternatively-fuelled vehicles rose, with 12.7 per cent more cars leaving showrooms than a year earlier.

All change please: US investor calls for outing of Firstgroup’s board

JAMES BOOTH
@JamesBooth1

TRANSPORT company Firstgroup is set for a boardroom scrap after investor Coast Capital demanded a general meeting in an attempt to oust six of its directors, it said yesterday.

US investment management firm Coast Capital, which owns 9.77 per cent of the company’s shares, wants to remove six of the eleven current directors and replace them with seven of its own nominees.

Those it is targeting include chief executive Matthew Gregory and chairman Wolfhart Hauser.

Former chief financial officer Gregory was appointed as chief executive in November after previous boss Tim O’Toole stood down in May 2018 following a £327m annual loss.

Coast’s founding partner James Rasteh said: “The existing leadership team has a track record of value destruction and under-performance.”

Firstgroup said its board was “focused on delivering shareholder value” and said it was “confident that the company has the right team with the right experience and plans in place to do so”.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments. Issued by Aberdeen Asset Managers Limited, 10 Queen’s Terrace, Aberdeen AB10 1XL, which is authorised and regulated by the Financial Conduct Authority in the UK. Telephone calls may be recorded. aberdeenstandard.com

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Robin Cave, CEO, Czarnikow Group

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Grave danger: Dignity posts falling profit as deaths dip hits results

A DIP IN the number of Brits dying in the first three months of the year buried profits at Dignity, the funeral provider reported yesterday.

The slide comes as pressure builds on the funeral industry, which is facing a competition probe into its practices and prices.

Underlying operating profit fell 42 per cent to £660,000 in the quarter, as Dignity introduced a new, cheaper, plan in a time when pressure is growing on funeral providers over pricing.

The company’s overhead costs increased 55 per cent to 76m, helping to squeeze profits, while underlying revenue dipped 15 per cent in the quarter to £81.1m.

Dignity’s share price, which as it is the UK’s only listed funeral provider is seen as an indicator of how the sector as a whole is doing, fell 2.2 per cent in trading yesterday.

Lloyd’s to survey “inexplicable” rise in complaints

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Lloyd’s calls for survey support after scandal

The Banking Standards Board is on the brink of announcing a survey of the insurance market in which everyone is expected to be included.

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CAROLYN COHN

Lloyd’s of London has asked the Banking Standards Board to conduct a survey of the insurance market’s 45,000 participants on issues such as honesty and respect to help improve the working environment.

The reputation of the market, which started in Edward Lloyd’s coffee house in 1689 and insures anything from ships to sculptures, has been tarnished by recent allegations of sexual harassment in the workplace.

It is stepping up efforts to modernise attitudes.

Lloyd’s has already banned alcohol at its in-house bar before 4pm and threatened lifetime bans from its building for bad behaviour.

Chief executive John Neal said the survey helps Lloyd’s to “put in place further measures to build a diverse and inclusive market in which everyone is respected and valued”.

The Banking Standards Board, set up after the Libor scandal to improve staff behaviour topics such as honesty, respect and shared purpose.

The survey was sent out yesterday, a Lloyd’s spokesman said.

The confidential survey will run until 31 May, after which the outcome and a resulting action plan will be reported back to the market.

Reuters

Volkswagen poised to announce battery cell production plans ahead of investor meeting

The German carmaker said last year it was considering building its own solid-state battery cells, with possible serial production from 2024 or 2025.

It follows recommendations from three shareholder advisory groups that investors vote against the stewardship of all but one member of the board at tomorrow’s meeting.

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Sweden reopens rape case against Wikileaks founder Julian Assange

AUGUST GRAHAM
@AugustGraham

SWEDISH prosecutors yesterday reopened a case of alleged rape against Wikileaks founder Julian Assange.

Assange sought asylum in Ecuador’s London embassy in 2012 after a British judge ordered his extradition to Sweden.

The alleged rape is said to have happened in August 2010 when Assange visited Enköping in Sweden.

The preliminary investigation was closed in 2017 because Assange was unreachable inside the embassy. Prosecutor Eva-Marie Persson cited “new circumstances” in her decision to reopen the case, pointing to a request from the plaintiff to restart the preliminary investigation. It comes after Assange was ejected from the embassy in April.

Assange is currently sitting in prison in the UK for breaking his bail conditions. He is also wanted in the US on hacking charges.

Prosecutors now intend to ask a court to remand him in absentia. They will then issue a European arrest warrant, requesting Assange’s extradition to Sweden.

Wikileaks said the reopening of the case “will give Julian a chance to clear his name.”

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Diploma looking for deals amid mounting profit

ALEX DANIEL
@alexmdaniel

TECHNICAL components firm Diploma’s shares dipped yesterday despite double-digit growth in both profit and revenue in the first half of its financial year, as it noted a slowdown in the industrial seals market.

Profit before tax grew 13 per cent to £260.4m.

Diploma also said it hoped to grow through acquisitions as the year goes on, after picking up three businesses last year: Clarendon Specialty Fasteners, which supplies seals to the aerospace and defence sectors, FS Cables, which sells electrical and communications cables within the UK, and Gremtek, which makes sleeves for electrical insulation and thermal and mechanical protection.

Diploma appointed chief executive Johnny Thomson in January.

Thomson said: “Diploma has delivered another good performance in line with our expectations.

“Despite macroeconomic uncertainties, the group remains on track to deliver good growth in revenues with modest margin progression for the full year.

“Acquisitions remain an integral part of the group’s growth strategy and although opportunities are very competitive, we remain optimistic about acquiring some quality businesses as the year progresses.”

Diploma looking for deals amid mounting profit

CITY OF LONDON CORPORATION

TOWN AND COUNTRY PLANNING ACT 1990

The City of London Corporation hereby gives notice that it has made an order entitled the Stopping Up of Highways (City of London) (Number 1) Order 2019 under section 247 of the Town and Country Planning Act 1990 to authorize the stopping up of four areas of highway on the western side of Vine Street to enable the redevelopment of Roman Wall House and Emperor House, 1–2 Cranehams Place, and 55–56 Vine Street, London, EC2V 7HH.

Copies of the order and accompanying plan may be inspected free of charge at the offices of the City of London Corporation, Guildhall North Wing, Basinghall Street, London, EC2V 7HR from Monday to Friday (excluding public holidays and bank holidays) during normal office hours for a period of 28 days from the date of this notice; and may be obtained free of charge by e-mailing Transport.Planning@cityoflondon.gov.uk or by writing to Transport Planning, City of London, PO Box 276, Guildhall, LONDON, EC2P 2EX.

Any person aggrieved by the order and desiring to question the validity thereof, or of any provision contained therein, on the ground that it is not within the powers of the Town and Country Planning Act 1990 or that any requirement of that Act or of any regulation made thereunder has not been complied with in relation to the order, may, within six weeks of the date of this notice, apply to the High Court for the suspension or quashing of the order or of any provision contained therein.

Date: 14 May 2019

John Barradell
Town Clerk

Julian Assange was expelled from the Ecuadorian embassy last month

Julian Assange was expelled from the Ecuadorian embassy last month

Sweden reopens rape case against Wikileaks founder Julian Assange
**Huawei boss Meng Wanzhou thanks firm’s employees in emotional letter**

**Meng Wanzhou is fighting extradition to the US from Canada**

**Huawei boss Meng Wanzhou thanks firm’s employees in emotional letter**

**HARRY ROBERTSON**

**Chief executive of the UK’s top firms have more technological experience than ever before, helping them better deal with a digitally-focused world, a new study has shown.**

**The average age for a FTSE 100 boss is 55, unchanged from the previous two years, while 18 per cent are Oxbridge-educated, an increase from 16 per cent in 2017.**

**Financial experience has seen a resurgence amongst the UK’s top managers, with the number of chief executive officers with a background in banking or similar sectors increasing from 40 per cent in 2016 to 43 per cent a year later.**

**The chief executive tracker showed that the number of bosses promoted internally has surged in 2019, with nearly half of current heads of firms having been appointed as a result of internal promotion.**

**However, diversity among FTSE 100 chief executives has decreased in 2019, with the number of female heads of firms decreasing from seven per cent in 2018 to six per cent.**

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Swedbank’s chief executive Birgitte Bonnesen stepped down earlier this year...
**FTSE 100 slips as investors hang up on Vodafone**

The FTSE 100 slipped to a seven-week low as China slapped retaliatory tariffs on US goods, further escalating their protracted trade dispute, and as telecom giant Vodafone slipped after a report of a dividend cut.

The FTSE 100 ended down 0.6 per cent while the FTSE 250 tumbled 1.2 per cent yesterday, led by a slump in Metro Bank.

Beijing said it would impose higher tariffs on most US imports on a revised $60bn (£46.3bn) target list. Financial headlines were among the biggest drags on the main index, as a result of an index of miners skidded to its lowest in almost 13 months.

Vodafone tumbled 5.2 per cent on its worst day in nearly five years after the Times reported that the world’s second-biggest mobile operator was set to slash dividends to pay for auctions for mobile phone airwaves in Germany and Italy.

Brexit worries also weighed on sentiment, amid a lack of clarity over where cross-party talks were headed and growing calls for Prime Minister Theresa May’s departure.

UK-focused banks and industrial groups traded in the red on both indexes. IT
tipped 6.3 per cent to be the worst performer on the FTSE 100. The broadcaster said The Jeremy Kyle Show, one of Britain’s best-known daytime television programmes, was taken off air indefinitely after a guest died a week after appearing on the talk show.

But a notable blue-chip winner was British Gas owner Centrica.

**TOP RISERS**

1. Centrica Up 3.03 per cent
2. National Grid Up 1.69 per cent
3. Compass Group Up 1.38 per cent

**TOP FALLERS**

1. ITV Down 6.33 per cent
2. TUI Down 5.65 per cent
3. Vodafone Group Down 5.19 per cent

**BEST OF THE BROKERS**

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

**AVIVA INVESTORS**

Aviva Investors, the global asset management business of Aviva, has announced the appointment of Stephanie Niven as a named manager to the Global Equity Endurance Fund. She will work alongside Giles Parkinson, who has been manager of the fund since its launch in November 2016.

Stephanie joined Aviva Investors in October 2018 as a portfolio manager in the Global Equities team, having previously worked for six years at Tesco Pension Investment. Prior to Tesco, she worked at Javelin Capital and Goldman Sachs. She reports to Mikhail Zverev, head of global equities. Her arrival was part of a significant expansion of Aviva Investors’ equity capabilities following the arrival of David Gearing as chief investment officer, equities, in January 2018. Since then, 15 investment professionals have joined the equities platform, including four to the global equities team.

**FREEDOM FINANCE**

Fintech platform Freedom Finance has appointed Jake Rasnor as chief customer officer to further drive its digital transformation. Jake joins from Equifax where he held the position of chief marketing officer for Europe. Jake will be responsible for furthering Freedom Finance’s customer strategy, helping potential borrowers to understand and unlock the power of their personal data to achieve the best possible outcomes for their individual circumstances.

He brings significant expertise from the UK’s consumer finance market, particularly in creating digital products that make financial decisions engaging and straightforward. Jake, who brings extensive knowledge in commercial strategy, digital innovation, and end-to-end product lifecycle management, will also lead the development and capabilities of Freedom Finance’s app.

**AMUNDI**

Amundi has appointed the announcement of Richard Deutsch as head of credit research, fixed income. Richard will be based in London. He joined Amundi from HSBC Global Asset Management where he was global head of credit research (2010-2018). He was responsible for the creation and ongoing evolution of the firm’s credit research policy and analytical methodology, global sector research groups and supervised the development of the intranet platform for the communication of credit research recommendations. Prior to HSBC Richard ran credit research and the credit trading desk and managed assets at BNP Paribas CIB in London (1999-2008). He previously been European head of the high yield and investment grade fixed income research at Merrill Lynch (1994-1999).
Turn your workforce into an army unit

There is much that you can learn from the parallels between business and the military.

The habits of successful people. Listening and learning feature prominently – and for good reason. Effective training and repetition instil good habits that increase productivity. Employees that are equipped with the right skills and given clear objectives are better at collaborating as a team. In turn, teams can support each other in working towards the common goal of the entire organisation.

Much like an army company, the workforce becomes more effective and efficient when team members enjoy working as a unit. The end result will be a positive impact on business performance and profit.

For a real life example, consider the digital training programme launched by Marks & Spencer. The retailer is offering data skills development to more than 1,000 retail staff through an 18-month training initiative. Its goal is to create a culture optimised for the digital age, as it is planning to close more than 100 stores and move more of its business online.

Importantly, it is focused on closing the skills gap of its existing team, rather than relying on recruiting a new one. Much like the military, it knows that it can’t just replace its entire unit. Instead, it is using the talent it has but giving them new tools and deploying them to a new theatre.

THE POWER OF LEADERSHIP

In the military, effective leaders are the key difference between success and failure. Although the individual capabilities within the team can remain constant, a less effective leader will prevent the unit from achieving its full potential. Training therefore must go hand-in-hand with leadership that can set businesses on a successful path.

This is never more important than when a skills gap exists, which can only be overcome by measured and accurate management. Well-informed leaders must remain engaged with technological developments and apply what they learn. This is a skill honed by military leaders: being decisive and making the right calls ensures that you emerge ahead of the competition.

NEVER STAND STILL

The military studies strategy in detail and plans for every contingency. History often repeats itself, so there’s real value in drawing on past experiences. This mentality carries over into the business world. A desire to continuously seek self-improvement helps to motivate the team and displays commitment – crucial for boosting the performance of your workforce.

You can draw many parallels between the military and business. The qualities they possess can mean the difference between victory and defeat.

Sean Farrington is senior vice president EMEA for Pluralsight.

© Sean Farrington is senior vice president EMEA for Pluralsight.
Could appointing workers to boards fix capitalism’s crisis?

**FORUM**

**EDITED BY RACHEL CUNLIFFE**

**Could appointing workers to boards fix capitalism’s crisis?**

**VINCE CABLE**

It would reflect the principle that companies belong to more than just the shareholders

**Sarah Weir**

Churchill knew that design was crucial to Britain’s global future—and so should we

**LETTERS**

**TO THE EDITOR**

Think of the kids

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CAPITALISM is being ques-
tioned in Britain more in-
tensely than for decades. Some want to destroy it. Others believe that the only economic system which works, but want to reform it. I am in the latter camp.

Part of the debate around Brexit concerns centred on preserving workers’ rights, enshrined in EU law. But rights are just the beginning. To re-
form the corporate world and re-
store public trust in business, we need to bring down the barriers between owners of capital and management on the one hand, and the workforce on the other.

There are at least two models of how to do this, with varying degrees of rad-
icalism. First, there’s the workers’ owned company, along the model of John Lewis or Arup. Secondly, there are the hybrid species, de-
spite encouragement from the gov-
ernment and relatively favourable tax treatment.

Many firms have share schemes for employees, but they are usually divorced from any meaningful control. When in government, I and my ministerial colleagues intro-
duced one principle of the block share schemes, for the Royal Mail. But it did not alter the unionised workforce’s inability to private ownership.

Then there is worker control, or share control. The German (and wider continen-
tal) company model means workers’ control through works’ councils and dual boards. The system appears to work well in allevi-
ating workers’ interests with the firm in the promotion of productivity and redressing the wealth invest-
mament. But it makes drastic restructuring more difficult.

This was the problem in 1979, fol-
lowing the Bullock Report, when a similar system was being considered for the UK. Had Margaret Thatcher not won the election of that year, the system could well have found its way onto the statute book. It didn’t. Some companies nonetheless have advisory boards, including work-
force representatives.

In the last few years, a different approach has been reasonable: workers on main boards. I advo-
cated this during the coalition, and Tim May adopted it when she first became Prime Minister (though—like so much else—it has disappeared into the Brexit bog).

There are essentially two quite different reasons for promoting this agenda.

The first is to act as a tougher check on executive pay.

The current system—evolving from the Blair government, my own relatives, then further reforms proposed by Greg Clark—has been to give shareholders greater control over executive pay.

While this has understandably acted as a brake on truly egregious awards, the widening gap between executive and median pay has led to calls for more radical action, includ-
ing workers on boards and specifi-
cally on remuneration committees. I think that this is worth trying, but there are some obvious govern-
ance issues, especially where there is a global workforce and where there is no recognised union which can put forward a represen-
tative worker, or where relations with the union are conflicted.

Another approach is to appoint workers to boards to provide greater diversity, rather than to represent the workforce.

Some progress has been made in getting more women on boards, but there is a separate and addi-
tional reason for appointing employ-
ees: to add a fresh perspective based on experience of how the company actually operates on the ground, and of being on the receiv-
ing end of its HR policies.

It is therefore interesting to note that Capita is due to announce this very week that it will recruit out of 2,500 of its employees to the main board, fol-
lowing the example of First Group in the PTSE.250.

How the company fares will be good case study to consider when looking at the impact of employee representation on boards.

Capita employed a careful recruit-
ment process and had 400 appli-
cants, including from overseas, for director roles on two to three-year contracts. Two thirds of applicants were non-managers: shop floor staff trained in their current roles will be trained in their duties and paid a full director’s salary.

Time will tell whether they can make a difference to company per-
formance—and are seen as making a difference by their colleagues in the workforce. For now, the secre-
tary general of the TUC has given encouragement, and I am hopeful that this approach is worth trying.

Workers on boards is not from being a panacea, but it is a useful antidote to the current poisonous sense of distrust and malaise hang-
ing over many of our big compa-
nies. Above all else, it would reflect the principle that employees belong to more than just the share-
holders, and that their future is the legal responsibility of the work-
force, consumers, and society.

This is a worthy mission for any government which genuinely wants to reform and improve the workings of British capitalism.

Sir Vince Cable is a leader of the Liberal Democrats and former secretary of state for business, innovation and skills.

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Churchill knew that design was crucial to Britain’s global future—and so should we

N 1944, when the UK was facing extremely uncertain times, Winston Churchill’s govern-
ment founded the Council of Indus-
trial Design. The plan was to invest heavily in design, to ensure that we were mak-
ing the best quality products that would allow us to win major indus-
trial contracts in post-war Europe. It worked. Even after an election that had seen the government which genuinely wanted to reform and improve the workings of British capitalism.

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Sarah Weir OBE is chief executive of the Design Council.

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LETTERS TO THE EDITOR

Think of the kids

China may stop purchasing US agricultural products and energy, reduce Boeing orders and restrict US service trade with China. Many Chinese scholars are discussing the possibility of dumping US Treasuries and how to do it specifically.

Matthew Marcus

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Trade war? Tariffs so far affect less than 3 per cent of global trade, so the catalyst for a slowdown: debt saturation

It’s Death Awareness Week, in case you weren’t already crushingly aware of your own mortality.
India’s economic reform needs a little more authoritarianism

WITH the world’s largest General Election now fully underway, more and more people are expressing concern of a national impasse in India: a crossroads in terms of social, economic, and perhaps even constitutional identity.

Since Prime Minister Narendra Modi came to power in 2014, questions around India’s economic potential have become increasingly linked to issues around the pattern of its politics – in particular, debates centered on authoritarianism.

Autocracy tends to be associated with a deficient rule of law and socio-political abuse, often with militaristic tendencies. It goes without saying that this should be vehemently opposed.

But could India’s economy do with a little more “authoritarian” direction? Or rather, is the Indian economy in need of a little more central planning?

Like China and the former Soviet Union, India used to have five-year plans, between 1951 and 1997. During this period, it sustained real growth rates of four per cent a year, thanks to a large demographic dividend and the process of bringing subsistence farmers into the industrial economy.

But central planning created a bureaucratic chimera, inhibiting innovation and efficiency. As the world became more integrated, India’s central planners forgot about the need to be competitive on the international stage. Between 1950 and the early 1990s, India’s share of world trade fell from 2.5 per cent to 0.5 per cent as it became increasingly protectionist.

For most of the world’s western “central planning” remains a dirty term. Until the financial crisis, the Washington Consensus reigned supreme, with the dictum that the “freest” economies were the best economies. Even as capitalism has come under closer scrutiny in the past decade, statism remains treated with deep suspicion.

Yet the economic history books tell us that central direction was behind three of the greatest economic success stories of twentieth-century development: Japan in the first half of the century, and South Korea and Taiwan from the 1950s to the 1980s.

Korean and Taiwanese industrial policy extended well beyond the limits of genuinely pluralistic government. These were corporatist states, in which certain industrial giants were favoured over smaller interest groups.

By the 1980s, the 10 largest Korean conglomerates, or “chaebols”, accounted for two thirds of Korean GDP, up from a third in the 1970s. The economic mechanism at work was the authoritarian use of the state to raise the investable surplus, directing it to industries and firms that could sustain higher wages in the future.

The results were intense cycles of investment, sustained even as the global economy turned down, which led to a rapid rise in the demand for labour and a surprisingly wide distribution of the benefits of growth.

Of course, there are many more examples of central planning going horrifyingly wrong. What separated Korea and Taiwan (and presumably Japan) from the rest was not only an outward-looking, global focus and a co-ordinated attentiveness to the long-term economic task, but also the particularly active involvement of the centralised state.

Today, India’s economic policy is the worst of both worlds. It is heavily protectionist, with politicised and poorly run state-owned banks, but it lacks visionary central planning, with the global, long-term focus of Korea or Taiwan. Ostensibly capitalist, it lacks visible state-owned enterprises in the Belt and Road initiative.

We marvel at how China, with its of genuinely pluralistic government, was the best economies. Even as capitalism has come under closer scrutiny in the past decade, statism remains treated with deep suspicion.

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Today, India’s economic policy is the worst of both worlds. It is heavily protectionist, with politicised and poorly run state-owned banks, but it lacks visionary central planning, with the global, long-term focus of Korea or Taiwan. Ostensibly capitalist, it lacks the institutions necessary to support the efficient allocation of capital, such as functioning bankruptcy laws or a corruption-free judiciary.

Worst of all, it is mired in layer upon layer of municipal, state and federal bureaucracy – which Modi, despite his promises, has made disappointing progress in reducing.

One way or another, India needs serious economic reform if it is to attract investment and turn its economy around. And if that economic reform takes on a subtle authoritarian hue, that may be no bad thing – if (and it’s a big if) it’s done right.

Ed Smith is a head of asset allocation research at Rathbone.
BIGGER, NOT BETTER

Traditional index funds fully replicate the market, with the weighting of each stock based on the market capitalization of the index. Essentially, this means that most of your passive portfolio will be invested in larger companies, with no scrutiny of the price or any other factors.

As Jupiter fund manager James Clunie points out: “investors will select assets based on inclusion in an index, rather than evaluating whether or not the share price is appropriate.”

With index approaches growing strongly in recent years, Clunie warns that an increasing number of market players are trading regardless of price. Some experts think that passive investments are therefore making the markets irrational, potentially creating a momentum effect, which in turn leads to over-inflated asset prices.

DOMINO EFFECT

Passive investing’s simplicity has made the market more accessible to retail investors, who can now invest in a basket of stocks for a fraction of the cost of actively managed funds. Ben Seager-Scott, head of multi-asset strategies at Tilney Group, sees passive investing as a positive development, but warns that these products bring additional market dynamics, particularly because they can add pressure during times of market dislocation.

The worry is that when markets go down, investors panic and sell out, causing a domino effect as markets fall further. However, Seager-Scott says: “I reject the idea put forward by some that ETFs are dangerous because ‘amateurs’ could cause market crises and disruption – history has shown that professionals in hedge funds and index banks are more than capable of wrecking the market themselves.”

REBALANCING ACT

As more money accumulates in market-cap index funds and ETFs, the weight of these assets has the capacity to influence market behaviour. According to Howie Li, head of ETFs at LGIM, this is increasingly evident when you look at what happens just before the reshuffling of popular indices. He explains that passive fund houses collect data which preempt the announcements about additions and deletions of companies in indices, essentially giving them a head-start when rebalancing their portfolios.

“Opportunistic traders can act in advance of the implementation date of the changes,” Li explains.

Generally speaking, this mechanism can prompt swings in prices around the date that indices rebalance.

According to LGIM, rebalancing of global equity indices every quarter between February 2015 to May 2018 lost up to 6.5 basis points of performance because prices moved.

PASSIVE AGGRESSIVE

Passive funds have also altered the wider asset management industry. Seager-Scott says that the growth in the passive market is helping to reform the active market. “The provision of ultra-low cost trackers is helping to bring down the cost of active management, forcing fund managers to really justify their fees in a way that was simply not the case a few years ago.”

Essentially, this focus on value will push poor-performing and mediocre active managers out of the market.

“Efficient markets require active participants,” he says, suggesting we could see the market concentrate down to a smaller number of exceptional, high conviction fund managers, getting rid of closet trackers. “The rise of passive investing will be a driving force for this.”

Passive funds like ETFs will continue to reshape the investment landscape, and this will bring both challenges and opportunities.

Seager-Scott concludes: “Investors should ensure that they fully understand the instruments they are using, while market regulators should remain alert to the developing dynamics in the market.”

KEEPING TRACK

Katherine Denham looks at how passive investing has altered the markets

History has shown that ‘professionals’ are more than capable of wrecking the market

TRADING & INVESTMENT

E ver since the first exchange-traded fund (ETF) listed in Europe 19 years ago, passive investing has proved hugely popular.

ETFs are traded like stocks, and simply track the big indices like the FTSE 100 or the Dow Jones, as opposed to having a fund manager cherry-pick individual companies for you.

And with the lowest annual charges of all collective investment schemes, it is hardly surprising that flows into ETFs keep rising. Recent data from research firm ETFGI found that assets invested in the European ETF industry reached $859bn in 2018, the highest on record.

The London Stock Exchange, which listed its first ETF on the main market in 2000, now has a 40 per cent market share of European trading turnover, and more than 1,300 ETFs listed.

But what impact has this trend for passive investing had on the markets?

 Passive investing’s simplicity has made the market more accessible to retail investors, who can now invest in a basket of stocks for a fraction of the cost of actively managed funds.

But what impact has this trend for passive investing had on the markets?

Big tech must take the lead against hate

EC:H companies face stiff criticism for their inability to prevent extremism from spreading via their platforms. This became particularly evident after a gunman killed 50 people at two mosques in the New Zealand city of Christchurch back in March, with a live-stream of the attack shared widely on social media.

As a result, a meeting of technology executives and global leaders has been arranged, with the ultimate aim of curbing violent extremism online.

Representatives from Google, Twitter, Facebook and Microsoft are all expected to attend, and French President Emmanuel Macron – who

Big tech must take the lead against hate

BIG: President Emmanuel Macron – who

the lead against hate
A growing trend in the classic car world is future-proofing the things by converting them to electric. Jaguar was the first, with an electric E-type. More recently, Aston Martin has shown an electric DB11. The engineering is challenging but the premise is simple: swap the dirty old engine for an electric motor and batteries. The process is reversible, too, for originality obsessives.

Now, an engineering company in Swindon has introduced the most ambitious conversion yet – an all-electric original Mini. Called the Swind E Classic, it’s been developed by Swindon Powertrain, a company famous for its British Touring Car race engines. The brainchild of MD Raphael Caille, he hopes it will not only future-proof classic Minis, but the engineering company he owns as well.

Swind may be the lifestyle arm of Swindon Powertrain – it also makes an electric mountain bike that, implausibly, can do 60mph – but it still benefits from the motorsport brainpower of its parent company. Rather than simply take out the engine, drop in an electric motor and bolt in batteries where they would fit, boffins with computers did the job properly.

They laser-scanned and reverse-engineered an original Mini. This enabled them, as with those Jaguars and Aston Martins, to fit the 24 kWh lithium ion battery cleanly into the original Mini platform, with no loss of space. In a car barely longer than three metres, this in itself is an achievement.

Remarkably, it is actually more practical than the original: doing away with the fuel tank swells the boot to 200 litres. And because the original engine was such a heavy lump of iron, switching to electric power has only increased the car’s weight by 80kg. It’s hardly short on range, either, with Swind quoting 125 miles – about the same as Honda’s upcoming E electric city car. Charging takes four hours, and it can use London’s roadside chargers.

It looks… well, just like a beautifully restored original Mini. Which is good because, for licensing reasons, Swind can’t actually call it ‘Mini’, or use any original Mini badges on its little EV conversion. Modern Mini, incidentally, has its own electric car coming out later this year, built just up the road in Oxford.

Minis are tiny so, after admiring it, I stoop down and climb in, knees resting somewhere around my ears. Swind has kept the interior simple, the only thing missing being the spine running up the centre of the car with batteries beneath it. The spindly old gearlever is replaced by a tiny auto shifter; it has a single forward gear, so is far easier to drive than an original Mini.

It’s easier to start, too. Simply switch on and, when you’re ready, whirr goes the electric motor whines as speed builds. With 0-60mph in 9.2 seconds – and 110hp is easily enough to have the front wheels scrabbling away from the line.

But what stands out is the sheer normality of it. Swind’s engineering excellence has blended the original Mini experience – cheeky, chuckable handling, sensory overload, friendly waves from pedestrians – with modern sophistication. And the price for an Ex-tection Rebellion-proof Mini? £79,000. Punchy, but those who know how much restored original Minis sell for may almost consider this a bargain.

The Mini is 60 years old in 2019. Today, if you want to drive one built after 1980 in Central London, it will cost you £24 a day, thanks to the ULEZ. By 2021, this will extend to Greater London. The Swinging Sixties, London and the Mini all go hand in hand. Going electric ensures history is future-proofed.

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I.SINCLAIR

There is, however, no need to look for a single winner in this race; the crypto landscape is becoming more competitive, the company has learned to adapt and improve its methods. What started as a side project, looking at a handful of token sales to rate every month, soon led to deal with hundreds of projects as the industry entered a hype phase in 2017. It was during that time that the company developed a unique approach to rating blockchain projects. Instead of taking the manual route, where each project is rated by an in-house analyst, CoinSchedule uses algorithms and the power of the crowd. “We realised early on that the only way to ensure consistency, scalability and fairness when rating the different blockchain projects, is to do so programmatically - code never lies,” says Alex Buelau, CEO of CoinSchedule.

Alex Buelau, CEO of CoinSchedule

If you follow cryptocurrencies, you have probably noticed that the price of one coin has gone up from $400 to more than $6000 in a matter of days – the market is alive again! Of course, if you had to name the one greatest problem in this space right now, what would it be? Hacks, lack of regulation, price volatility, scams...? For CoinSchedule it’s always been disinformation and bad actors, or to put it another way, the lack of trustworthiness of the different projects and market players. The inability for even advanced and experienced investors to determine the quality, legitimacy and potential of existing and emerging projects causes extreme inefficiencies in the allocation of capital and time in this market and consequently, the industry as a whole suffers.

CoinSchedule has been rating blockchain projects since 2016, and as the industry has become more mature and competitive, the company has learned to adapt and improve its methods. What started as a side project, looking at a handful of token sales to rate every month, soon led to deal with hundreds of projects as the industry entered a hype phase in 2017. It was during that time that the company developed a unique approach to rating blockchain projects. Instead of taking the manual route, where each project is rated by an in-house analyst, CoinSchedule uses algorithms and the power of the crowd. “We realised early on that the only way to ensure consistency, scalability and fairness when rating the different blockchain projects, is to do so programmatically - code never lies,” says Alex Buelau, CEO of CoinSchedule.

Alex Buelau, CEO of CoinSchedule

For more information visit: info@coinschedule.com

In a sense, we are becoming the Open Source Moody's of Blockchain

As the blockchain industry enters a new cycle of growth, with more institutional interest and demanding customers, CoinSchedule is getting ready to follow suit. “We are finishing a fundraiser and will develop new algorithms to rate everything, from token sales to exchanges, from existing coins to wallets” says Alex. As part of this effort, and to ensure that the process is as transparent and trustworthy as possible, CoinSchedule has vowed to open source all of its current and future rating algorithms. “In a sense, we are becoming the Open Source Moody’s of Blockchain”, suggests Alex.
Today’s supply chains have multiple stakeholders where there are multiple interests and priorities. To no one’s surprise, these interests and priorities are not always aligned. Discrete systems lead to both a lack of transparency in goods and a lack of liquidity for remittances.

At one end of the supply chain are the enterprise clients. They want full visibility into their supply chain to ensure quality and traceability of the products as well as to reduce costs associated with insuring their supply chain. By transforming an entire supply chain into a digital and recording much of the information into a block-based ledger, this can add real value to the enterprise.

At the other end of the supply chain are the various sources of raw materials, logistics and transportation services, manufacturing and industry companies working to bring transform raw materials into the final goods and services required by the enterprise clients. These businesses are often very capital intensive. The challenge for these companies is that many up-stream companies in the supply chain hold onto payments for 60, 90 or even 180 days. Slow payments terms make for a cheap operating capital loan. By putting the entire supply chain, including both transfer and transformation of goods as well as payments onto the blockchain, allows stakeholders to use smart contracts to ensure that both quality of goods is assured and that payments are made nearly instantly upon successful receipt of products to the next point in the supply chain.

Establishing a blockchain for an industry where there are multiple participants can provide a unique environment where quality of goods goes in return for improved liquidity across the supply chain. All stakeholders have to give a little in order to get a little. The net result is an improvement across the supply chain for everyone—especially the end consumer.

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As leading exchange Binance suffered a major hack, resulting in the loss of over 7,000 Bitcoin—worth $400m at the time. According to the exchange, hackers used various techniques including “phishing, viruses and other attacks” to access one of Binance’s online crypto wallets which held 9% of the Binance’s entire bitcoin holdings.

Although Binance CEO Changpeng Zhao briefly toyed with the idea of attempting a controversial “rollback” of the bitcoin blockchain to undo the hackers’ transactions, the exchange instead confirmed that it would use its Secure Asset Fund for Users (SAFU) to ensure that users suffered no financial loss.

While the news caused a brief drop of around 2% in the bitcoin price, it failed to stop Bitcoin’s surge past the $6,000 resistance level on Thursday. Bitcoin seemed unstoppable as it shot up to the $7,500 level on Saturday—a high not seen since September 2018. Altcoins too saw substantial gains, with ether briefly crossing the $500 mark for the first time since November last year.

In less dramatic news, last week saw the summit will feature presentations from keynote speaker Andreas M. Antonopoulos, hotly-anticipated VanEck SolidX application, (ETH), and joins a growing list – including the latest policy upholds the ban on ICOs, it no longer requires pre-approval for ads for “technology, industry news, education or events”.

Finally, a new application for a cryptocurrency ETF has been filed with the US SEC. Created by Crescent Crypto Index Services, the ETF seeks to track the performance of market capitalization-weighted Bitcoin (BTC) and ether (ETH), and joins a growing list—including the highly-anticipated VanEck SolidX application, which will take place in London on June 12th. With keynote speaker Andreas M. Antonopoulos, the summit will feature presentations from some of the key companies in the space including Coinbase, Binance, Nasdaq, and UBS.

Inflation is the Enemy

Money is an instrument—tied to a government currency—tied to a government currency—tied to a government currency—tied to a government currency—tied to a government currency—tied to a government currency—tied to a government currency. In this way, money is tied to a government and no central authority, but one that can be used to inflate or deflate.

The world’s money is based on fiat, which means that it is not backed by any physical asset or commodity. Fiat money is created through a process of central banks printing money, meaning that the amount of money in circulation is not limited. As a result, governments have the ability to increase the money supply at will, which can lead to inflation.

Inflation is the increase in the general price level of goods and services over time. It is measured by the change in the consumer price index (CPI), which tracks the cost of a basket of goods and services over time. When inflation increases, the value of money decreases, meaning that people need more money to purchase the same goods and services.

Inflation is a concern for governments, as it can lead to economic instability. High inflation can lead to a decrease in the purchasing power of money, which can discourage investment and consumer spending. Additionally, high inflation can lead to economic volatility, as it can make it difficult for businesses to plan for the future.

Inflation can also impact the value of investments. As inflation increases, the value of fixed-income investments, such as government bonds, decreases. This is because the real value of the payments received from these investments is reduced by inflation.

Inflation can have a significant impact on the economy. It can lead to uncertainty, as people become worried about the future value of their money. It can also lead to higher interest rates, as central banks increase rates to control inflation.

In conclusion, money is an instrument that can be used to inflate or deflate. Inflation is the increase in the general price level of goods and services over time. Inflation is a concern for governments, as it can lead to economic instability. Inflation can also impact the value of investments. Inflation can have a significant impact on the economy.
MANCHESTER City are champions again but they will never win a tougher Premier League title than this year's. They and Liverpool have played at such a high level for the duration of the top-flight campaign that I can't imagine we'll see anything like it again for a long while. That is reflected in my choices for best manager, goalkeeper, defender, midfielder and forward of this league season. All are from the top two teams, but there has simply been nothing to match them.

MANAGER

As an Evertonian this is difficult, and Pep Guardiola is obviously tremendous too, but for a number of reasons I have to say Jurgen Klopp. City separated themselves from the rest of the division in 2017-18 but this year Klopp has steered Liverpool to that level, turning a 25-point gap into just one point. I do admire Klopp for his character and trust between a keeper and his defenders is a vital component in any strong side and Alisson has been money well spent.

DEFENDER

Virgil van Dijk has an unbelievable quality and is an obvious candidate but on the basis of how far he has come since last summer I'd go with Alexander-Arnold. He takes free-kicks and corners, gets forward and defends tremendously. He has adapted to all the demands placed on a modern full-back and is doing it in the full glare of the world's biggest league. Van Dijk has been playing at his current level for a few seasons now. His Liverpool team-mate, meanwhile, has established himself as No1 choice at right-back aged just 20 and that's worthy of recognition.

GOALKEEPER

Alisson and Ederson are both of the highest quality, even if they have had outstanding defences in front of them, but for his adaptation to a new environment I'm favouring the former. He was under pressure initially due to his £67m price tag but I can't think of any costly errors that he made and he has proven to be the rock that Liverpool needed. The relationship and trust between a keeper and his defenders is a vital component in any strong side and Alisson has been money well spent.

FORWARD

Another man who has been crucial to the consistency that saw City rack up 98 points is Raheem Sterling. He has chipped in with some monumental contributions in different ways, have matched that performance. Sterling has also taken his game to a new level this year and that's what I'm looking for in

KLOPP'S TOP OF MY STARS OF THE SEASON

Man City may have retained their Premier League crown but the charismatic Liverpool boss gets my vote as manager of the year the last few weeks of the season but this has been Fernandinho's best season in English football and has underlined his importance to City. The Brazilian has phenomenal quality all around him but he is the cornerstone of the team and a key factor in Guardiola's side defending their Premier League title. He's a mature holding midfielder who reads the game so well and can also weigh in with a goal. He does everything to a high standard, keeps City ticking over and allows others to play.

WHAT IS YOUR SPORTING PASSION?

I live in south London, support Crystal Palace and I'm a regular at Selhurst Park - so I'll be hoping the Eagles soar next season. I'm also into other sports - ice hockey, field hockey, cricket, fencing, athletics and cycling, particularly the Tour de France. I far prefer watching sports in the flesh than watching on television.

WHAT DO YOU FIRST GET INTO SPORT?

I wasn't great at sports at school. My mother was an athlete who specialised in marathon running and would always beat me in races! I got more into sports when I was an undergraduate at Oxford, and after moving to London I started going to live matches. My son is also a football fan - his first game, aged six, was a League Cup semi-final in 2012 in which Palace beat Cardiff City 1-0. It was a night game under the floodlights, (club live mascot) Kayla the eagle flew around as the crowd sang "Glory all over" They had us hooked before a ball had even been kicked.

DO YOU PARTICIPATE?

I've just started taking part in the Dulwich Parkrun – 5km against the clock on a Saturday morning, which is a bracing way to begin the weekend and has a brilliant community atmosphere. I've also done the Three Peaks challenge twice in aid of the Railway Children, which supports vulnerable young people around the world. Further afield, I've been a regular skier for 30 years and I love the fresh air and mountains. As a family, our last skiing holiday was in Sierra Nevada and it was very beautiful being able to look down and see the beaches from the snow-capped mountains. And I'm an enthusiastic trekker - I've been to Ecuador, Peru, Chile and Nepal.

WHAT IS YOUR GREATEST HOPE IN SPORT?

Naturally, to see Crystal Palace in the Champions League, although I'm not holding my breath. Perhaps more realistically, I'd like to see England host the World Cup – it's high time that football came home. We've got the venues, and we've got the right transport links to make it a success.

WHAT IS YOUR GREATEST HOPE IN SPORT?
HUGHTON SACKED  Brighton look to Potter after avoiding the drop

Brighton are thought be considering an approach for Swannsea manager Graham Potter after sacking Chris Hughton yesterday. The Seagulls parted company with Hughton (pictured) following a run of three wins from 23 games, which saw them finish 17th in the Premier League. Despite avoiding relegation by two points chairman Tony Bloom said the poor form put Brighton’s top-flight status “at significant risk”. Potter finished 10th with Swannsea in the Championship this season after joining the club from Swedish side Ostersund in June 2018. Swansea are preparing for an official approach for the 43-year-old, who was linked with Celtic in April. Potter made 307 appearances in the Football League before beginning his managerial career with Ostersund in December 2010.

SPUTTLE TO SIT OUT THIRD ODI AS ENGLAND ROTATE
Jos Buttler could be rested for England’s third One-Day International against Pakistan at Bristol today, despite proving the match-winner on Saturday. Buttler blasted an unbeaten 110 from just 55 balls to help the hosts win by 12 runs at the Ageas Bowl, but is set to miss out today with England keen to provide everyone with match practice ahead of the World Cup. Joe Denly is likely to take his place, with Jonny Bairstow keeping wicket. Jofra Archer and Adil Rashid did not train yesterday so will probably join Buttler on the sidelines at the County Ground.

RELEGATED BOLTON ENTER ADMINISTRATION
Bolton Wanderers yesterday entered administration, meaning they will begin next season in League One with a 12-point deduction. After appearing in the High Court last week over an unpaid £1.2m tax bill. Bolton said the appointment of Paul Appleton and Asher Miller of David Rubin and Partners as joint administrators will “ensure the continued existence of the club”.

WATFORD’S HOLEBAS GIVEN FA CUP FINAL REPRIEVE
Watford fullback Jose Holebas will be available for Sunday’s FA Cup final against Manchester City after his red card against West Ham was rescinded. Holebas was sent off in the 48th minute of the Hornets’ 4-1 defeat in the last game of the Premier League season for pulling back Michail Antonio when deemed to be the last man. The Football Association said in a statement that Watford’s claim of wrongful dismissal had been upheld.

I’M NOT WORRIED ABOUT WOODS, INSISTS KOEPKA
Brooks Koepka says he has no reason to be afraid of Tiger Woods at this week’s US PGA Championship. Three-time Major winner Koepka will play alongside Masters champion Woods and Open champion Francesco Molinari on the first round at Bethpage Black in New York on Thursday. “There’s no reason to be afraid of anybody," Koepka said of Woods. “We just know now that he’s more than likely going to be there come Sunday.”

KONTA AND NORRIE INTO SECOND ROUND IN ROME
Johanna Konta will play Sloane Stephens in the second round of the Italian Open after beating Alison Riske in straight sets yesterday. The British No1 took less than 90 minutes to overcome the American 6-4, 6-1 in Rome. Cameron Norrie will play Borna Coric today after beating John Millman 3-6, 6-3, 6-4, but Fernando Verdasco defeated British No1 Kyle Edmund 6-4, 6-4, 6-2.

STAGE WIN TAKEN OFF VIVIANI IN GIRO DRAMA
Home favourite Elia Viviani was stripped of his stage three win at the Giro d’Italia yesterday after swerving in front of a rival in the final metres. Colomb’a’s Fernando Gaviria was declared victor following a review by race officials in Italy. Primoz Roglic kept his overall lead from Simon Yates, with Team Ineos’ Tao Geoghegan Hart falling back by 88 seconds.

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