CITY A.M.

BUSINESS WITH PERSONALITY

LEADING FROM THE FRONT JAMIE CHADWICK TALKS F1 AND EYES W-SERIES WIN **P18**

THINKING SMALL THE MAN BRINGING STARTUP IDEAS TO DOWNING ST **P16**

THURSDAY 8 AUGUST 2019 | ISSUE 3,431 CITYAM.COM FREE

BURFORD LEFT REELING FROM SHORT ATTACK

ANNA MENIN

@annafmenin

SHARES in London-listed litigation funder Burford Capital crashed 45 per cent yesterday following a scathing report from shortseller Muddy Waters.

The incendiary document confirmed that Muddy Waters now holds a short position on Burford, which it described as "a poor business masquerading as a great one".

The shortseller, which is led by Carson Block, criticised the accounting practices used by Burford to value its litigation cases, which it says it is "aggressively marking".

Burford's shares closed on 605p, a 46 per cent drop on the previous close. Burford's shares had already fallen 20 per cent on Tuesday following a tweet from Muddy Waters that said it would be announcing its new short position.

Almost £1.8bn has been wiped off the value of the Aim-listed litigation finance company since Tuesday.

It marks another blow for trader Neil Woodford, whose funds own just under seven per cent of Burford.

Burford hit back at Muddy Waters yesterday, saying the company "believes that the report's criticisms are without merit". It also said it would issue a more detailed response to what it called the "short attack report" as "soon as practicable", and plans to hold an investor conference call following such a statement.

Burford chief executive Christopher Bogart and chief investment officer Jonathan Molot moved to shore up confidence in the company, saying they both intend to purchase Burford shares once the full response to the Muddy Waters report has been published.

Block heads shortseller Muddy Waters

The California-based shortseller's report also accused Invesco portfolio manager Mark Barnett of "having acted highly unethically" in relation to a legal case financed by Burford.

Invesco said: "We categorically refute any accusation of improper or unethical behaviour on behalf of Invesco or fund manager Mark Barnett."

The investment manager added that its investments in Burford "were made and overseen in line with our robust investment and independent oversight processes".

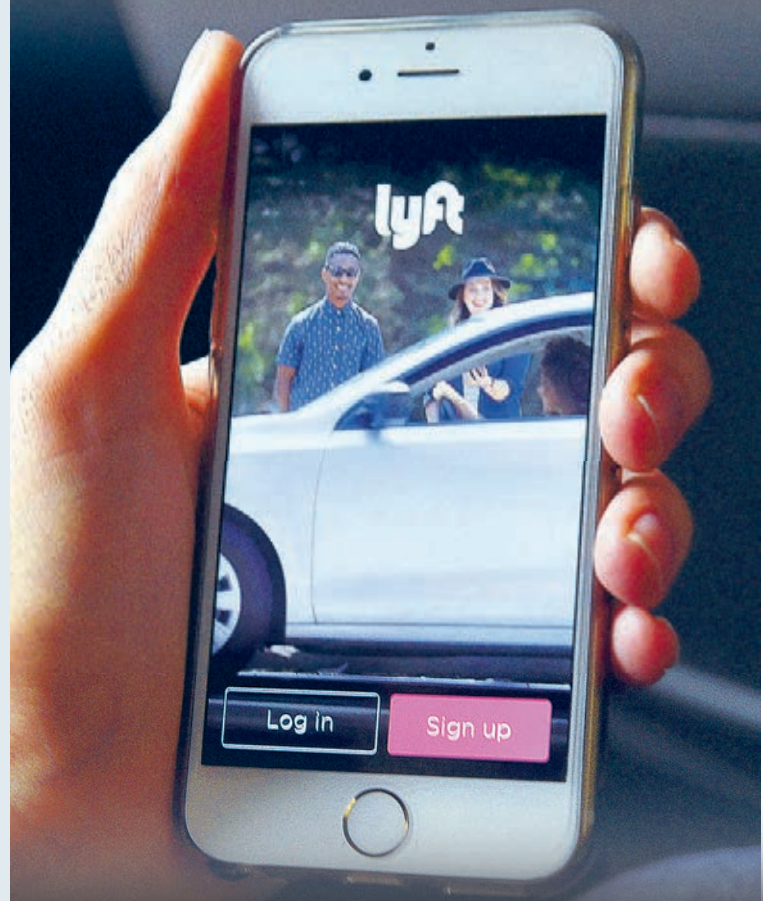
Jefferies analyst Julian Roberts suggested that, after issuing a detailed reply, Burford should seek longer-term remedies related to its communication and governance.

Roberts said he expects Burford's response to "deal with the points in the [Muddy Waters] report in greater detail", which "should allow investors to assess the most important parts of the short argument better".

Burford defended its accounting practices in a statement issued to the London Stock Exchange immediately after the release of the Muddy Waters report, saying it "uses the same IFRS accounting that is used widely across the financial services industry and has used consistent accounting policies for many years. Burford has been audited by EY since 2010 with clean audit opinions every year."

EY said it does not comment on the companies it audits.

LYFT OFF Ride-hailing app makes inroads as it beats expectations



AUGUST GRAHAM

@AugustGraham

UBER rival Lyft came in ahead of analyst estimates late last night, and predicted lower losses for the year.

Second-quarter revenue hit a record $867.3m (£714.4m), a 72 per cent increase on the same period last year.

Third-quarter revenue is forecast to reach $900m to $915m, above the $840.9m analysts have predicted.

However the ride-hailing company's net loss reached $644.2m, increasing significantly from $178.9m last year.

Shares were up as much as 16 per cent in after-hours trading before giving back most of their gains.

Lyft, which has not yet launched in London, is facing challenges in some of its US markets. The results come after New York City yesterday renewed a cap on how many Uber and Lyft vehicles it will give permits to.

However, its price war with arch-rival Uber appears to be mellowing.

Uber is set to report its results after Wall Street trading closes this evening.

FTSE 100 ▲ 7,198.70 +27.01 **FTSE 250** ▲ 18,941.00 +94.80 **DOW** ▼ 26,001.07 -22.45 **NASDAQ** ▲ 7,862.83 +29.56 **£/$** ▼ 1.214 -0.002 **£/€** ▼ 1.084 -0.002 **€/$** ▲ 1.121 +0.001

CITY A.M.

THE CITY VIEW

A belligerent President has an effect on us all

DONALD Trump's 63m followers on Twitter are used to all manner of bluster emerging from the US President's account. Nonetheless, yesterday's rant at the Federal Reserve managed to raise a few eyebrows when Trump bizarrely argued that the "yield curve is at too wide a margin" to justify rates staying at their current level.

Trump was alluding to moves in the price of US government bonds that, by historical standards, portend a recession. The spread between the yield on three- and 10-year notes is, in fact, inverted to the greatest degree since March 2007, months before the credit crunch that led to the biggest global downturn in modern economic history. The signs are not good, with bears stalking trading floors throughout the world. Traders are flocking to safe havens, pushing gold past the $1,500-an-ounce mark yesterday while emerging market currencies continued their slide. Survey after survey reveals increasingly downbeat sentiment; Oxford Economics became the latest research company to report a sharp spike in business pessimism this week. In fairness to Trump a lot of central banks are moving in a dovish direction – including the Fed. But the President chooses to ignore the pivotal role he is playing in exacerbating the mess.

The US-China trade war is by far the biggest risk to the world economy, cited by 56 per cent of respondents to the aforementioned Oxford Economics poll, up from around 25 per cent in the second quarter. It is affecting countries beyond the US and China, with the Eurozone's former powerhouse economy – Germany – potentially in recession.

A recent study in the Netherlands shows a drastic reduction in global trade, which could fall by half a percentage point in 2019. Analysts at Jefferies contrast this with the height of the Eurozone crisis in 2011 when trade still grew 4.7 per cent.

It doesn't have to be like this. Trade liberalisation has actually grown in the last three years, as governments from east to west move in the right direction. But not Trump's.

The belligerent President is extremely unlikely to change tack as he delves deeper into campaign mode and lashes out at China, the Fed, and anyone else within reach. Such tactics may play well with Trump's base, but have come at the worst possible time for billions of other people impacted by the consequences of an entirely counterproductive and unnecessary assault on global prosperity.

Follow us on Twitter @cityam

FIRED UP Pakistan to expel Indian ambassador as protesters take to the streets against new rules for the disputed Kashmir region

PAKISTAN yesterday said it would turf out India's ambassador to the country, and withdraw its own to New Delhi, as a diplomatic row intensifies. India recently introduced new rules for a state in the contested border province of Kashmir, revoking the rights of its Muslim population to make their own laws. China, India and Pakistan all have claims to parts of Kashmir.

Hibu shareholders launch fresh case against Wigley

JAMES BOOTH

@Jamesdbooth1

CITY grandee Bob Wigley has been named in a multi-million-dollar lawsuit relating to his time as chairman of Yellow Pages-owner Hibu and the company's collapse in 2013.

The lawsuit, which was filed last week in the US, accuses Wigley and other directors and officers of the former FTSE 100 firm of deliberately crashing the company into administration six years ago, wiping out its shareholders in the process.

It alleges Wigley, who it is said acquired some of the company's debt in 2011, was conflicted in his negotiations with Hibu's lenders who took control of the company after a court-approved pre-pack administration.

The lawsuit also alleges that Wigley and chief executive Mike Pocock, who died in December 2018, misled shareholders with positive updates about the company's position, while at the same time moving cash to subsidiaries to prepare for administration.

"Yell/Hibu shareholders... reasonably relied on the fraudulent and deceitful misrepresentations and omissions by the company's officers and directors," a claim form seen by *City A.M.* said.

"The conspiracy culminated when, in secret cooperation with its lenders, the company effectively divested itself of assets so as to qualify for 'administration'... and extinguished the rights of its shareholders, with no compensation," the claim said.

The suit accuses Hibu and its former directors and officers of deceit, fraudulent misrepresentation and negligent misstatement.

Wigley, who chairs lobby group UK Finance, has had a long and illustrious City career: chairing US investment bank Merrill Lynch's Europe, Middle East and Africa operations, sitting on the UK's takeover panel and acting as a member of the court of the Bank of England.

The lawsuit is being brought in Pennsylvania on behalf of more than 450 former shareholders in Hibu.

The law firm bringing the claim – Haines & Associates – also represented two former executives in a 2014 defamation claim against the business after they were dismissed amid accusations of a buyout plot.

Chris Belcher, a founder of the shareholder action group, said the suit was being brought now after UK regulators opted not to take action.

"Everyone in the City just seems to want to turn their back on it, which is why we had to go abroad," he said.

Hibu still owns Yell.com. It also advises businesses on digital marketing.

Wigley and Hibu declined to comment on the lawsuit.

WHAT THE OTHER PAPERS SAY THIS MORNING

FINANCIAL TIMES

HERBERT SMITH FREEHILLS IN CHINA LAW FIRM TIE-UP

London-based law firm Herbert Smith Freehills will affiliate its Chinese business with a local company in a new test for integrating foreign legal services with domestic law practice in China. The tie-up comes after nearly a decade of experimentation by foreign groups seeking to boost their presence in China by partnering local companies. Chinese regulation does not allow full integration of foreign and domestic legal teams.

UK ACCOUNTANCY FIRMS PREPARE RISKY CLIENT CULL

The UK's largest accountancy firms are preparing to purge risky or unprofitable audit clients after a string of corporate collapses and scandals have increased regulatory scrutiny of the sector. The Big Four firms are EY, KPMG, Deloitte and PwC.

THE TIMES

BANK GOES TOP OF THE LEAGUE IN TICKET LOANS

Secure Trust Bank has taken refuge from the price war in mortgages by redirecting capital into season-ticket loans for football and rugby fans. The listed online challenger bank said that it had roughly doubled its exposure to fans, who for Premier League clubs typically borrow £600 to £800 to buy season tickets for the following season.

RENTS BLAMED AS A MILLION YOUNG ADULTS STAY HOME

A million more young adults are living with their parents than 15 years ago. High rents and house prices mean that a quarter of those aged 20 to 34 were still in their family home.

THE DAILY TELEGRAPH

MCDONNELL THREATENS TO MARCH CORBYN TO PALACE

John McDonnell has threatened to drag the Queen into a constitutional crisis by claiming Labour would "take over" if Boris Johnson refused to quit were he to lose a confidence vote. The shadow chancellor suggested he would send Jeremy Corbyn to Buckingham Palace "in a cab" to stop a no-deal Brexit and put the Labour party in power.

ROYAL MINT SUSPENDS PRODUCTION OF COPPERS

The Royal Mint struck no new coppers last year for the first time in decades, after it ruled that there are more than enough of them in circulation already. It was the first time since 1972.

THE WALL STREET JOURNAL

WHITE HOUSE TO MOVE FORWARD WITH HUAWEI BAN

The White House is expected to start implementing provisions of a law that bars the US government from doing business with Huawei , moving ahead despite the Chinese telecoms giant's efforts to block the rule in court. Authorities this week issued an interim rule to ensure government agencies avoid Huawei.

US COLLECTED $63BN IN TARIFFS THROUGH JUNE

Tariff hikes approved by US President Trump have infuriated Beijing and escalated the trade war, but there has been one beneficiary: the US Treasury, which collected $63bn (£51.8bn).

Investors flee to safe havens as Wall Street slips

HARRY ROBERTSON

@henrygrobertson

US STOCK markets dipped yesterday and investors bought up safe haven assets as central banks around the world slashed interest rates in response to slowdowns.

The flight to safety was boosted by central banks in Thailand, India and New Zealand all cutting their interest rates.

Investors snapped up assets considered safe havens, driving the price of gold past the $1,500 mark for the first time in six years.

The yield on US 10-year government bonds, or Treasuries, had fallen six basis points (0.06 percentage points) to 1.64 per cent. Yields move inversely to prices.

European stocks climbed, however, as deals in the German chemicals sector provided a welcome boost to equities after a torrid start to the week.

Global stock markets tumbled at the start of the week after US President Donald Trump put 10 per cent tariffs on $300bn (£247bn) of Chinese goods in a major escalation of the two sides' trade dispute.

In response, China's currency the renminbi slid to the seven-per-dollar level not seen since the financial crisis. Investors saw the drop as a sign that China had resigned itself to not reaching a trade agreement.

The international rate cuts were enough to get the US President again launching a thinly veiled attack at the US Federal Reserve.

Trump tweeted: "Our problem is not China... our problem is a Federal Reserve that is too... proud to admit their mistake of acting too fast and tightening too much (and that I was right!). They must Cut Rates bigger and faster, and stop their ridiculous quantitative tightening now."

Meanwhile oil prices plummeted yesterday as Brent crude reached its lowest point so far this year, down four per cent to $55.92.

The Dow Jones Industrial Average closed 0.1 per cent lower last night while the S&P 500 and the Nasdaq index both finished the day higher.

Boris Johnson's top adviser squares off with arch-Remainer over Brexit

CATHERINE NEILAN

@CatNeilan

THE PRIME Minister's most senior adviser Dominic Cummings has issued a veiled threat to the former attorney general as the two square off over Brexit.

Backbencher and Remainer rebel Dominic Grieve had previously argued that Cummings was "simply wrong" to state that MPs would not be able to prevent a no-deal Brexit.

Grieve also said Cummings' position was born out of a "mixture of his characteristic arrogance with ignorance".

Yesterday Cummings – the Vote Leave director, who has joined Boris Johnson's top team in Number 10 – told Sky: "I don't think I'm arrogant... I don't know very much about very much."

However, he added: "Mr Grieve will see what he is right about."

Cummings said: "The simple thing is the Prime Minister believes that politicians don't get to choose which votes they respect, that is the critical issue."

But Grieve has gone further, telling the Times the Queen may intervene if Johnson refuses to quit if he loses a confidence vote.

"The Queen is not a decorative extra," he told the paper.

GOOD SPIRITS Diageo acquires majority stake in non-alcoholic drinks firm Seedlip

DIAGEO has acquired a majority stake in non-alcoholic spirit brand Seedlip as the drinks giant seeks to target teetotallers. Yesterday's announcement followed an initial minority investment in Seedlip by Diageo-backed Distill Ventures in 2016.

Hargreaves executives to waive bonuses in wake of Woodford

ANNA MENIN

@annafmenin

FOUR executives including the chief executive of Hargreaves Lansdown will surrender their bonuses this year following pressure over the company's support for Neil Woodford's flagship fund.

Hargreaves Lansdown continued to recommended the Woodford Equity Income Fund right up until it was suspended on 3 June, having become overwhelmed by a rapid increase in investor withdrawals.

The gating of the fund affected more than 290,000 Hargreaves Lansdown investors – about a quarter of the company's total.

The company's chief executive, Chris Hill, and chief financial officer, Phil Johnson, will both decline to take bonuses this year, along with head of research Mark Dampier and chief information officer Lee Gardhouse.

Hill had previously said he would forgo his bonus – which was £1.7m last year – until the Woodford saga was resolved.

BA told its tech glitch could hurt customer loyalty

ALEXANDRA ROGERS

@city_amrogers

BRITISH Airways (BA) may have fixed the IT glitch that led to more than a hundred cancelled flights yesterday, but industry experts say the damage to its reputation may already have been done.

About 117 flights were cancelled at Heathrow and 10 at Gatwick, with hundreds more delayed, leading to frustrated and stranded passengers. The problems were caused by an IT failure that caused havoc with the airline's online check-in system, forcing it to revert to manual check-in systems at airports.

In a statement last night, BA apologised to its customers and said it appreciated "how frustrating their experience has been".

The day rounded off what has already been a torrid few days for the airline. It was forced to cancel hundreds of flights and then reinstate them after strike action by about 4,000 workers, including security guards, firefighters and engineers at Heathrow, on Monday and Tuesday was called off.

One of its flights also became the scene of a horror film after it filled with smoke, forcing 175 passengers to slide down emergency chutes to the runway at Valencia airport.

AJ Bell investment director Russ Mould said: "A second major IT glitch at British Airways, to follow that of May 2017, comes on top of a £183m fine for autumn 2018's data breach. None of this will help BA keep its customers happy, or placate shareholders in its Anglo-Spanish parent IAG.

"[Chief executive] Willie Walsh and his team will counter that first-half profits rose yet again... but it won't take much to persuade disgruntled fliers to look for alternative carriers and the IAG team need to keep on investing in brand, service and the best equipment to keep customers loyal."

SNAP HAPPY Samsung lifts the lid on its new Galaxy Note 10 and 10+ smartphones

SAMSUNG unveiled a new version of the Galaxy Note smartphone late last night, with fast 5G connectivity and improved camera features, hoping the premium model helps it revive slumping profit. It also revealed a new laptop model and updates to its line of smart watches.

Debenhams chairman to resign as restructuring expert signs on

JESS CLARK

@jclarkjourno

DEBENHAMS chairman Terry Duddy is preparing to step down next month as the beleaguered department store's owners appoint a restructuring expert as its new chief executive, it will be announced today.

Retail veteran Duddy, who previously ran Argos and Homebase, will leave chief restructuring officer Stefaan Vansteenkiste in charge of the company, Sky News reported.

Vansteenkiste will replace Sergio Bucher who was ousted as chief executive after the group's lenders took control of the company.

His appointment comes after the company conducted a search for a new boss before deciding there was a need for continuity at the helm.

Google AI firm suffers deeper losses and debt

JAMES WARRINGTON

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DEEPMIND, the artificial intelligence company owned by Google, has posted a huge increase in losses for the full year as its debt level reached more than £1bn.

The London-headquartered company reported a loss of £470m in 2018, compared to £302m the previous year, according to its latest accounts.

While Deepmind almost doubled its revenue over the year to £103m, this was offset by a near doubling of staff costs to £400m.

Deepmind also said it has a debt pile of £1bn due for repayment this year, £883m of which is owed to Google's parent company Alphabet.

Google bought the AI firm for £400m in 2014 after fending off rival bidder Facebook.

Deepmind has since proved to be a costly venture for Alphabet, with huge staff costs accounting for most of its expenses. However, last month it said that its technology had helped to cut Google's energy bill for cooling its data centre by up to 40 per cent. Google also took control of the London firm's division Deepmind Health last year.

Uncertainty hits UK jobs market as hiring wanes

SEBASTIAN MCCARTHY

@SebMcCarthy

HIRING remained subdued last month, as ongoing political and economy uncertainty continued to cast a cloud over the UK's job market.

Permanent staff appointments tumbled for the fifth consecutive month in July.

The rate of growth in starting salaries awarded to newly placed permanent staff also slumped to a 27-month low, according to the latest KPMG and REC UK report on jobs.

The steepest increase in demand for permanent staff was seen in IT & computing, while the only sectors to see reduced vacancies were construction and retail.

Vacancies rose further across the private sector during July, but declined in the public sector. In the private sector, demand improved for both permanent and temporary staff, with vacancies growing sharply in each case.

But public sector permanent vacancies declined for the fifth month in a row, while short-term staff demand fell for the first time since January.

"Businesses continue to take a cautious approach to hiring as Brexit and economic uncertainty linger," said James Stewart, vice-chair at KPMG.

Stewart added: "With the UK unemployment rate already at a four-decade low, candidate shortages in the labour market continue to push up rates of starting pay.

"This will likely cause concern for businesses looking to control their costs and recruit the right people for the long term. Ultimately, businesses will be eager to see a Brexit breakthrough in Westminster to help re-establish market confidence on hiring and investment."

Recruitment consultancies registered a further decline in candidate availability, which was commonly attributed to a high employment rate and lingering market uncertainty.

FLIGHT WOES Travel disruption threatens airports as Ryanair pilots approve strikes

RYANAIR pilots yesterday voted to go out on strike on 22 August and 2-3 September over pensions and a list of other issues. The budget airline said industry union Balpa represented under half of its pilots. Balpa said it had "no choice" but to strike.

Rail firms could seek costs after franchise bidding is scrapped

ALEXANDRA ROGERS

@city_amrogers

TWO TRAIN firms could seek to recover costs from the government after it scrapped the bidding process for one of the UK's largest rail franchises.

The Department for Transport (DfT) insists there is no recourse for the rail firms as they enter into the bidding process at their own risk.

City A.M. understands that Abellio, which was gunning for the Southeastern franchise, and rival Go Ahead are however reviewing their options. The costs they could seek to recover run into the tens of millions of pounds.

The government said it scrapped the bidding process because it was concerned that it would cost the taxpayer too much.

Commuters get ready for fresh train fare hike

ALEXANDRA ROGERS

@city_amrogers

COMMUTERS are braced for a three per cent rail fare hike next week, despite a slump in the punctuality of trains.

The rail industry is expected to announce next Wednesday that fares will increase by about three per cent, pegged to the retail price index (RPI).

Campaigners have long called for rail fares to hinge the lower consumer price index (CPI), which generally grows at a slower rate.

According to the rail regulator, in the 12 months to the end of March, 13.7 per cent of trains were delayed by five or 10 minutes of their timetabled arrival. During the same period the previous year, 12.2 per cent of trains were delayed by five or 10 minutes.

The Campaign for Better Transport said fares could increase on average by £131 based on an RPI figure of three per cent.

"The government should commit now to January's fares rise being linked to CPI and a comprehensive package of reforms to rail fares should follow after the rail review completes in November," it said.

Weekly Little Helps

Fill up for less when you fill your basket.

Save 10p per litre of fuel when you spend £60 in-store or online by 25 August.

TESCO
Every little helps

Qualifying spend of £60 in one transaction after discounts and promotions are applied, exclusions apply. Offer applies to purchases made or delivered between 05/08 and 25/08. Coupons issued at till valid for 2 weeks from date of issue. Coupons issued online valid until 08/09. UK Tesco petrol filling stations only. Coupons not issued at Express stores selling Esso fuel, Kirkwall & Lerwick Superstores, ROI & IOM and cannot be redeemed at Express stores selling Esso fuel, Pay at Pump, unmanned petrol stations, ROI & IOM. See tesco.com/fuel-promo for full terms and conditions.

FINELY TUNED Hipgnosis bags rights to music catalogue of Ed Sheeran songwriter

MUSIC royalties investment firm Hipgnosis has acquired the catalogue of Benny Blanco, the songwriter and producer behind top artists including Ed Sheeran, Justin Bieber and Katy Perry.

IN BRIEF

LEGAL & GENERAL BOOSTS PROFIT AND REVENUE

Legal & General boosted profit and revenue in the first half of 2019, as it said the UK represents an "enormous opportunity" for its growing pensions market. The insurer saw profit before tax rise 12 per cent year-on-year to hit £1bn in the six months to June, it reported yesterday. Operating profit rose 11 per cent to £1bn, up from 2018's £909m. Group debt rose by £11m to £108m on total borrowings of £4.1bn, up £200m from the first half of last year. Legal & General marginally raised its interim dividend to 4.9p per share. Chief executive Nigel Wilson said: "We have a depth of management, track record and opportunities that mean all five of our businesses should contribute to future growth."

ULTRA ELECTRONICS RISES ON US DEFENCE SPENDING

Defence engineering firm Ultra Electronics' share price jumped 11.4 per cent yesterday after it hiked its interim dividend. The FTSE 250 company enjoyed growing profit, revenue and orders in a "solid" first six months of the year. In the first half of 2019, pre-tax profit rose to £37.9m, from £20m the same time last year. Revenue rose by 10 per cent to £387.1m, while net debt was roughly flat at £171m. Ultra Electronics, which gets a large chunk of its revenue from the US defence market, has started to reap the benefit of a 13 per cent increase in spending on the sector by the US government in the last two years. The firm said its major markets continue to grow, and it is positioned "well to meet our customers' needs".

PAGEGROUP EARNINGS UP DESPITE BREXIT WORRIES

FTSE 250 recruitment firm Pagegroup reported an increase in profit and revenue in the first half of the year yesterday despite facing a challenging market in the UK. Revenue increased 9.2 per cent to £820.5m in the first half of the year from £751.6m in 2018. Gross profit was up 9.5 per cent to £433.5m from £396m in the first six months of last year. However, ongoing Brexit-related uncertainty impacted the UK business in the first half, as it affected decision making from clients and candidates at a senior level. British revenue was up 1.5 per cent to £157.5m from £155m and gross profit declined 0.3 per cent to £69.4m. Pagegroup chief financial officer Kelvin Stagg said the firm would focus on "driving profitable growth".

Standard Life earnings drop as assets edge up

ANNA MENIN

@annafmenin

STANDARD Life Aberdeen (SLA) posted a modest increase in assets under management and a slowdown in outflows, but this failed to stop profit dipping in the first half of 2019.

The asset manager yesterday reported adjusted pre-tax profit of £280m for the first six months of the year, down from £311m for the same period in 2018.

Assets under management rose modestly, climbing five per cent to £577.5bn.

Although net outflows at the company have reduced, they still hit £15.9bn in the first half. Despite being higher than the £13.4bn predicted by analysts, this still represents an improvement on the £24bn of outflows it saw in the second half of last year. Clients leaving some of the group's higher-margin products such as its Global Absolute Return Strategies dented revenues, with fee-based income dropping to £815m, against £966m for the same period last year.

SLA's outflows follow a pattern seen in the recent results of many rivals. Jupiter, Schroders and Janus Henderson have all been hit by continued outflows.

Vice-president Martin Gilbert is also thought to be leaving the firm

Chief executive Keith Skeoch said the company has "made good progress in reshaping our business so that it is set up to take advantage of the trends impacting our industry both globally and in the UK."

ANNOUNCEMENTS

LEGAL AND PUBLIC NOTICES

CITY OF LONDON

Hayne Street – Introduction of a 'no motor vehicles except for access' restriction

The City of London (Prescribed Routes) (Road Closure) (Amendment No. *) Order 201*

1. NOTICE IS HEREBY GIVEN that the Common Council of the City of London propose to make the above Order under sections 6 and 124 of the Road Traffic Regulation Act 1984.

2. The effect of the Order would be to introduce a 'no motor vehicles except for access' restriction operating 'at any time' in **Hayne Street**.

3. Copies of the proposed Order, of the statement of reasons for proposing to make the Orders and of a plan showing the proposals can be inspected during normal office hours on Monday to Fridays inclusive at the Planning Enquiry Desk, North Wing, Guildhall, London, EC2P 2EJ.

4. Further information may be obtained from City Transportation, City of London, PO Box 270, Guildhall, London EC2P 2EJ or by telephone 020 7332 1108.

5. Persons desiring to object to the proposed measures should send a statement of their objection and the grounds thereof in writing to the Traffic Orders Officer at the above address by **30 August 2019** quoting the reference TraffOrder/DBE/CT-GL.

Dated 8 August 2019

Zahur Khan
Transportation and
Public Realm Director

CITY OF LONDON

Commerzbank: profit target is now 'ambitious'

HARRY ROBERTSON

@henrygrobertson

SHARES in Germany's second-biggest lender Commerzbank fell 6.4 per cent yesterday after it highlighted "a very challenging environment" in its second-quarter results, despite net profit remaining unchanged from a year earlier.

The lender, which was set to merge with its bigger rival Deutsche Bank this year before the deal fell through, said its target of a slight year-on-year increase in net income was now "ambitious" as it highlighted "the notable worsening of the macroeconomic situation".

Commerzbank posted net profit of €271m (£249m) in the second quarter of 2019, compared with €272m a year earlier. The figure was boosted by an almost 80 per cent fall in the bank's tax bill.

Yet the firm's operating profit fell 26 per cent to €298m from €401m a year earlier. Revenue fell slightly to €2.13bn from €2.18bn in 2018, just missing analysts' predictions of €2.14bn.

The percentage of non-performing loans – where the borrower is in default or close to default – on the bank's books fell to 0.8 per cent from 0.9 per cent.

Attention has turned to Germany's banking sector since the country's biggest lender Deutsche Bank said last month that it would sack 18,000 employees in a brutal turnaround plan.

The struggling German economy has posed problems for the country's banks, adding to fears that lenders could be hurt by bad loans.

Commerzbank reassured investors yesterday, saying its "risk profile remains very healthy".

It said: "This reflects the bank's prudent lending standards."

Yet it warned that "the increasingly uncertain geopolitical situation" posed challenges.

Chancellor Angela Merkel has had to deal with slowing growth this year

German factory output slumps in June raising recession fears

HARRY ROBERTSON

@henrygrobertson

GERMAN industrial production fell by much more than expected in June, raising fears that Europe's biggest economy contracted in the second quarter.

Figures released yesterday showed factories in Germany produced 1.5 per cent less in June than they did in May, far less than the 0.4 per cent fall economists had been expecting.

Year on year, production fell 5.2 per cent. This was more than double economists' predictions of a fall of 1.8 per cent.

The weak figures add to Germany's economic woes and cancel out a glimmer of hope seen yesterday in better-than-expected factory order figures for June.

Italian lending giant Unicredit trims 2019 revenue guidance

SEBASTIAN MCCARTHY

@SebMcCarthy

UNICREDIT slashed its revenue target for the full year yesterday, as interest rate headwinds and a global slowdown took their toll on Italy's largest bank.

Revenue guidance has been cut to €18.7bn (£17.2bn), falling from a previous estimate of €19.8bn.

Unicredit blamed "the prevailing environment with rates expected to be lower for much longer" for its cut.

Softbank beats estimates as fast-growing startups boost technology fund

SEBASTIAN MCCARTHY

@SebMcCarthy

SOFTBANK trumped estimates yesterday after reporting better-than-expected profit for the last three months, as the Japanese conglomerate's tech fund reaped rewards.

Operating profit from the firm's $100bn (£82bn) Vision Fund rose 66 per cent to 397.6bn yen (£3.1bn), amid gains from fast-growing start-ups as well as publicly-listed firms.

Ineos hunting for new auditor after dropping PwC in wake of tax spat

SEBASTIAN MCCARTHY

@SebMcCarthy

UK ENERGY giant Ineos is reportedly dropping PwC as its auditor amid speculation of a major tax row between the two sides.

Ineos, which is owned by British billionaire Sir Jim Ratcliffe, is on the hunt for a new accountancy group to replace the Big Four beancounter, according to Sky News.

Sources told the broadcaster that Ineos was seeking to appoint a successor to PwC as soon as this year.

PwC declined to comment yesterday.

The news comes months after reports emerged of a split between PwC and Ratcliffe over his plans to avoid potentially billions of pounds in tax.

PwC considered standing down as the group's auditor and adviser, the Sunday Times reported in February, following a scheme devised by top executives at Ineos to extract money without paying meaningful capital gains or income tax.

Britain's biggest auditors have seen some of their client relationships come under scrutiny in the last 12 months following a series of high-profile accountancy scandals, stemming from the collapse of outsourcer Carillion.

A new regulator – the Audit, Reporting and Governance Authority – is due to be introduced next year as the Big Four face the challenge of a potential raft of reforms designed to rein them in.

Ratcliffe fell from first place to third place in this year's Sunday Times Rich List

Ofgem slashes utility bills for millions of Brits

AUGUST GRAHAM

@AugustGraham

HOUSEHOLDS will be left with a smaller windfall than expected as Ofgem yesterday slashed prices for millions of energy customers.

The regulator said that it would lower the cap on default tariffs to £1,179 per year for the average household from the beginning of October, a £75 reduction. It comes as wholesale energy prices dropped.

"The price caps require suppliers to pass on any savings to customers when their cost to supply electricity and gas falls," said Ofgem chief executive Dermot Nolan.

The reduction fell short of the expectations of analysts at Cornwall Insight, who had predicted an £83 drop. They predict prices will rise again in April when the cap is next reviewed.

Around 11m households are estimated to be on a so-called standard variable tariff – the default customers are put on. Customers who are on a fixed-term contract will not be affected by the price cap. Meanwhile those with pre-payment meters will see a £25 drop in their annual bills.

Matthew Vickers, chief executive at the Energy Ombudsman, said: "This reduction in the price cap is good news for the 11m UK households on poor-value default tariffs, but shouldn't discourage people from shopping around for better deals."

It is the second time that Ofgem has reviewed the energy price cap since it was introduced in January.

The regulator came under fire for jacking up the limit by £117 in April, just weeks after setting the initial cap at £1,137.

However Ofgem has also faced push-back from companies that claim the price cap pressures profits.

DIGITAL DROP US newspaper giant faces online advertising challenge in second half

THE NEW York Times fell short of Wall Street estimates for revenue yesterday and warned of declines in digital advertising, sending its shares down 12 per cent. A dour company outlook overshadowed a better-than-expected second-quarter profit.

Eon struggles under regulator's price cap as net profit plunges

ALEX DANIEL

@alexmdaniel

GERMAN energy firm Eon has suffered an abrupt fall in profit for the first half of the year, as it struggles against Britain's recent cap on electricity prices.

The firm stuck by its profit targets for the whole year, despite being hit by a "particularly challenging" market in the UK. Shares closed three per cent down yesterday.

Adjusted earnings before interest and tax fell 12 per cent to €1.7bn (£1.6bn) versus the same point last year. Net profit was €544m, an 81 per cent drop.

Revenues for the first six months of 2019 rose five per cent to €16.1bn.

Energy sector mergers fail to start up in 2019

AUGUST GRAHAM

@AugustGraham

EUROPEAN merger and acquisition advisers faced a quiet opening half of the year in the energy space, with overall deal value dropping more than half.

The number of deals in the energy, mining and utilities sectors fell nearly 27 per cent year on year to 163 in the year to July, according to data by Mergermarket today.

Meanwhile the combined value of all deals fell 56 per cent from the bumper €70.3bn (£65bn) total in the first half of 2018.

But even when compared to the more subdued second half of 2018, deal value was down 18 per cent.

"The merger and acquisition landscape across energy and natural resources is forever fluid, riding commodity cycles and political uncertainties," said Mergermarket's head of energy and natural resources Patrick Harris.

He added: "However, the first half of 2019 has been calm, if not quiet, with deal count and values muted, as a strong second half of 2018 casts a long shadow."

Glencore left in hole by copper value setback and missed mining targets

JOE CURTIS

@joe_r_curtis

GLENCORE earnings dived 32 per cent in the first half of 2019, the miner confirmed yesterday, as it blamed poor performance in its African mines and lower prices for copper and cobalt.

Year-on-year earnings before interest, tax, depreciation and amortisation (Ebitda) slumped to $5.6bn (£4.6bn). Analysts had expected $5.9bn.

Basic earnings per share crashed 89 per cent to just about stay in the black, at $0.02, a far cry from 2018's $0.19.

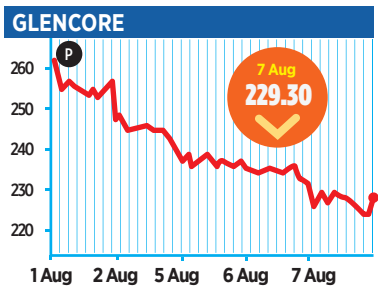
Net debt ratcheted up 11 per cent at the miner to $16.3bn while cashflow shrank 21 per cent year on year to $5.4bn. The FTSE 100 miner blamed a "challenging economic backdrop" for its commodity mix in the first half, but insisted that the rest of its business remained in good health.

However, Glencore's African copper assets failed to meet performance expectations, leading the company to overhaul its management and undertake a review of operations.

"Our teams have identified a credible roadmap towards delivering on the significant cashflow generation potential of these assets, at targeted steady state production levels," chief executive Ivan Glasenberg said.

He added: "We are confident that commodity fundamentals will move in our favour and that our diverse commodity portfolio will continue to play a key role in global growth and the transition to a low-carbon economy."

Glencore shares closed the day just less than one per cent lower at 229.3p.



OFFICE POLITICS

It's no surprise Cummings was seen sporting an OpenAI T-shirt

IAN SILVERA ON THE NEW MINDSET OF NUMBER 10 PAGE 16

CITY A.M.

Taxes deal a tricky hand to newly-named giant Flutter Entertainment

ALEX DANIEL

@alexmdaniel

5.97%

FLUTTER Entertainment, the gambling group formerly known as Paddy Power Betfair, has suffered a difficult first six months under its new moniker, with profits falling by a quarter as significant betting tax increases kicked in.

Firms in the gambling sector are trying to counteract the new regulation by boosting revenues. Flutter succeeded in this, with growth of nearly one-fifth. Shares rose almost six per cent yesterday.

Pre-tax profit fell to £81m for the first six months of the year, a 24 per cent year-on-year drop. Revenue grew 19 per cent to just over £1bn.

Earnings per share fell six per cent to 97.8p, while the interim dividend remained flat at 67p.

Net debt was £356m at 30 June, more than doubling since the end of last year.

The UK gambling industry is facing a tightening of regulation amid concerns about the growing problem of addiction. Earlier this year the government slashed the minimum stake on fixed-odds betting terminals from £100 to £2, a move bookies warned would lead to store closures and job losses.

Flutter estimated full-year underlying earnings would drop to between £420m and £440m, not including an estimated £55m loss in its US business. The firm recently merged with US-based fantasy sports company Fanduel.

Yesterday, it said sales jumped 46 per cent while there was growth of eight per cent in its main online division dominated by Paddy Power and Betfair which were most impacted by the regulatory changes.

UK house prices hit by warm July summer surprise

JOE CURTIS

@joe_r_curtis

UK HOUSE prices continued to "tread water" in July as they slipped 0.2 per cent month on month, Halifax warned in a report yesterday.

However, annual growth rose 4.1 per cent thanks to the housing market's poor performance in 2018, the bank's latest house price index found.

Russell Galley, managing director of Halifax, said: "The average UK house price fell slightly for a second month, as the market continues to tread water with marginal increases or decreases in each monthly period.

"That said, it's worth remembering that while economic uncertainty continues to weigh on the market, the overall trend actually remains one of comparative stability, with average prices down by less than £600 over the last three months."

Halifax said a drop-off in property sales in the early months of summer raised the spectre of a possible downturn.

Galley added: "New buyer enquiries are up, and favourable mortgage affordability – driven by low interest rates and strong wage growth – should continue to underpin prices for the time being.

"In the longer term, we believe there is unlikely to be a step change in market activity until buyers and sellers see some form of resolution to the current economic uncertainty."

Marc von Grundherr, managing director of estate agent Benham & Reeves, asked: "Are we seeing a further indictment of Brexit paralysis? Or is this a seasonal blip given that the summer months simply tend to see lower demand?"

House prices soured under the spectre of a possible downturn

He believes the drop was down to the latter, adding: "For the UK property market to have seen year-on-year growth of over four per cent despite the best endeavours of our politicians to derail public sentiment, has to be viewed as at least resilient – perhaps even astonishing."

Jeremy Leaf, north London estate agent and a former Royal Institution of Chartered Surveyors residential chairman, said the latest figures show buyers are "looking beyond Brexit".

"Prices are being underpinned by shortage of stock, improving affordability and low mortgage rates," he added.

ANNOUNCEMENTS

LEGAL AND PUBLIC NOTICES

CITY OF LONDON

Shoe Lane Quarter – Amendments in Plumtree Court, St. Andrew Street, Shoe Lane and Stonecutter Street
The City of London (Cycle Priority) (Amendment No. 8) Order 2019
The City of London (Free Parking Places) (Disabled Persons) (No. 2) Order 2019
The City of London (Loading Bays) (Amendment No. 1) Order 2019
The City of London (One Way Streets) (Amendment No. 9) Order 2019
The City of London (Parking Places) (Amendment No. 7) Order 2019
The City of London (Prescribed Routes) (Road Closure) (Amendment No. 10) Order 2019
The City of London (Waiting and Loading Restriction) (Amendment No. 19) Order 2019

1. NOTICE IS HEREBY GIVEN that the Common Council of the City of London on 5 August 2019 made the above Orders under sections 6, 45 and 124 of the Road Traffic Regulation Act 1984.

2. The effect of the Orders will be in:-

(a) **Plumtree Court** to:-
(A) revoke the no motor vehicles restriction; and
(B) introduce 'at any time' waiting and loading restrictions throughout;

(b) **St. Andrew Street** to:-
(A) introduce 'at any time' waiting and loading restrictions on the north-east side from the entrance to the St. Andrew Holborn Church vicarage to the junction with Shoe Lane;
(B) introduce loading restrictions operating 'between 7 am and 7 pm on Mondays to Fridays inclusive' on the south-west side from the junction with Shoe Lane to outside No. 6; and
(C) correct an anomaly between on street lining and current Traffic Orders;

(c) **Shoe Lane** to:-
(A) remove the disabled persons parking place on the west side at the rear of No. 1 New Street Square and relocate the disabled persons parking place from the west side at the rear of St. Andrew Holborn Church, St. Andrew Street to the east side adjacent to the City Temple, Holborn Viaduct;
(B) introduce a loading bay on the west side adjacent to No. 40 Holborn Viaduct operating between 7 a.m. and 7 p.m. on Mondays to Fridays and between 7 a.m. and 11 a.m. on Saturdays;
(C) introduce one way traffic operation except for pedal cycles from south to north from its junction with St. Andrew Street to beneath Holborn Viaduct;
(D) introduce a payment parking place with four parking bays on the east side adjacent to the City Temple, Holborn Viaduct;
(E) revoke and re-enact the road closure between Fleet Street and Wine Office Court;
(F) revoke the point closure for motor vehicles beneath Holborn Viaduct;
(G) introduce on the east side:-
(1) 'at any time' waiting restrictions from the junction with Stonecutter Street to the parking places adjacent to the City Temple, Holborn Viaduct and from the parking places to the junction with Charterhouse Street; and
(2) 'at any time' loading restrictions from the junction with Wine Office Court to the parking places adjacent to the City Temple, Holborn Viaduct and from the parking places to the junction with Charterhouse Street;
(H) introduce on the west side:-
(1) 'at any time' waiting and loading restrictions from the junction with St. Andrew Street to beneath Holborn Viaduct;
(2) 'at any time' loading restrictions from the junction with Wine Office Court to the junction with Little New Street; and
(3) loading restrictions operating 'between 7 am and 7 pm on Mondays to Fridays inclusive' from the junction with Little New Street to the junction with St. Andrew Street;

(d) **Stonecutter Street** to:-
(A) introduce a two-way cycle route at the eastern end at the junction with Farringdon Street;
(B) revoke and re-enact the road closure between the junction with St. Bride Street and Shoe Lane and a point 30 metres west of Farringdon Street;
(C) revoke the no motor vehicle restriction between Farringdon Street and a point 30 metres west; and
(D) introduce 'at any time' waiting restrictions on the south side.

3. The Orders will also revoke and re-enact the road closures in Fetter Lane, John Carpenter Street, Poppins Court and St. Bride Street, varying the exemptions where necessary to reflect streetscape changes.

4. Copies of the Orders, which will come into operation on 9 August 2019, of the statement of reasons for making the Orders and of plans showing the affected streets can be inspected during normal office hours on Monday to Friday inclusive for a period of six weeks from the date on which the Orders were made at the Planning Enquiry Desk, North Wing, Guildhall, London, EC2P 2EJ.

5. Any person desiring to question the validity of the Orders or of any provision contained therein on the grounds that it is not within the powers of the relevant section of the Road Traffic Regulation Act 1984, or that any of the relevant requirements thereof or of any relevant regulations made thereunder has not been complied with may, within six weeks from the date on which the Orders were made, make application for the purpose to the High Court.

Dated 8 August 2019
Zahur Khan
Transportation and Public Realm Director

CITY LONDON

"SPORT If we can break down stereotypes by having more women in the sport that would be positive

BRITISH DRIVER JAMIE CHADWICK ON BEING A TRAILBLAZER IN MOTORSPORT
PAGE 18

CITY A.M.

Boeing 737 crisis leaves 40m airline seats empty

ALEX DANIEL

@alexmdaniel

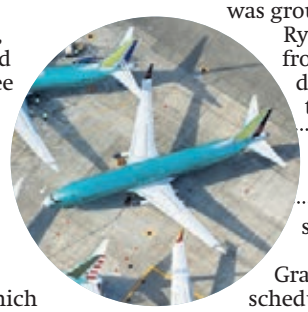
THE GROUNDING of Boeing's 737 Max means at least 40m fewer aircraft seats are available this summer.

Aviation regulators across the globe grounded the new jet in March after two crashes triggered by a faulty anti-stall system killed 346 people.

Boeing hopes to get the plane in the air again by the end of October, but over the peak summer holiday period airlines' capacities have been severely hampered, according to aviation data firm OAG.

Norwegian Air, the biggest operator of the 737 Max which serves British passengers, has 2.2m fewer flight seats over the summer season than it projected earlier this year.

Southwest Airlines, American Airlines and United Airlines – three out of the four biggest US carriers – have more than 6.3m fewer seats on offer over the period in total.



The hardest-hit airline is China Southern Airlines, which has 3.6m fewer seats to sell to potential passengers this summer.

Air Canada has 3.3m fewer seats, while Tui Airways has cut capacity by 900,000. Tui operated the jet from Manchester airport until it was grounded.

Ryanair was omitted from the list, because it does not file data for the 737 Max specifically.

Boeing expects the jet back again late this year

Aviation analyst John Grant said: "Last-minute schedule adjustments are we know challenging for any carrier, but the scale of the B737 Max grounding has been very disruptive for many."

Retailers edged off high street as restaurants eat up property

JESS CLARK

@jclarkjourno

RETAILERS are being edged out of the high street following a spike in change of use requests to convert shops into restaurants.

More than a third of change of use applications made to councils last year were to swap retailers for restaurants or takeaways, despite the challenges currently facing the casual dining sector, according to research by Direct Line for Business.

London had the highest number of applications for the change of use of retail business premises across its 1,200 high streets. Over the last three financial years, almost a third of applications to switch from retail use came from London premises.

Four high street businesses closed each day over a five-year period between 2012 and 2017.

Sports Direct begins rent cut negotiations with Jack Wills stores

JESS CLARK

@jclarkjourno

SPORTS Direct has begun negotiations with landlords over rent cuts at Jack Wills stores.

Mike Ashley's company is seeking to slash rents at poor performing branches after acquiring the retailer earlier this week. Some stores could be shuttered by the end of the week if new deals are not agreed.

CBRE is advising Sports Direct.

"

DATA & BUSINESS

People of all ages want to maintain contact with human beings and visit bank branches, no matter how useful banking technology becomes

HELEN PAGE ON THE FUTURE OF BANKING

PAGE 17

CITY A.M.

CITY DASHBOARD

YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

LONDON REPORT

Exporters benefit from weak pound to halt FTSE slide

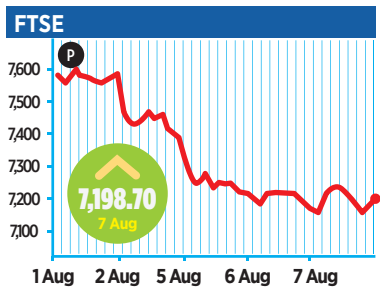
THE FTSE 100 ended a six-day losing streak yesterday as investors composed themselves after sell-offs triggered by worries over the US-China trade dispute and a weaker sterling supported exporter stocks.

Though poor earnings for global commodities trader **Glencore** and a handful of other companies limited gains, the main index ended 0.4 per cent higher. The mid-cap FTSE 250 rose 0.5 per cent.

Glencore fell 2.5 per cent after an almost one-third drop in core profit. Valve maker **Spirax-Sarco** slid 6.4 per cent on its worst day in more than a decade after it warned that sales growth at its main business would halve in the second half of the year.

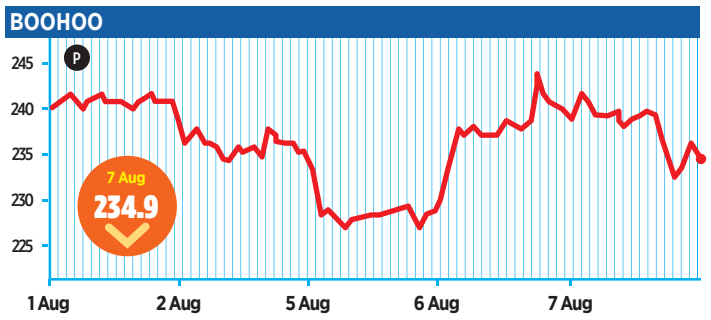
Asset manager **Standard Life Aberdeen** gave up 7.5 per cent despite an increase in first-half assets under management and administration.

Shares of internationally focused firms such as **Diageo**, **British American Tobacco** and **Unilever** rose. Mid-caps **Hill & Smith** surged 7.8 per cent and **Ultra Electronics** soared 11.4 per cent as both firms posted higher half-year results.

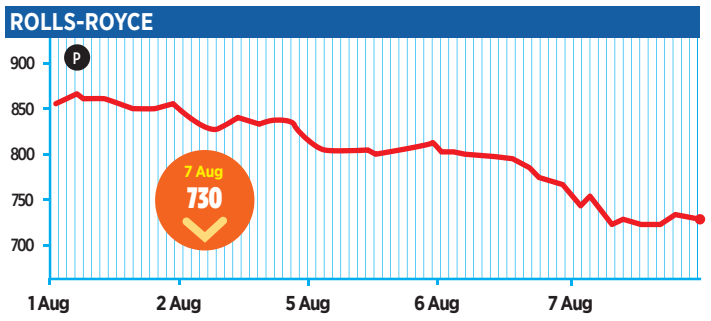


BEST OF THE BROKERS

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



Fast fashion retailer Boohoo snapped up the online business of Karen Millen and Coast for £18.2m earlier this week as the e-commerce platform targets an older demographic and higher value price points. Peel Hunt issued a "buy" recommendation and a target price of 325p.



Rolls-Royce's "frisky" share price following the publication of its results on Tuesday can be put down to a debate by "accounting purists" about working capital. "There is no liquidity crisis at Rolls- Royce," Jefferies said as it issued a "buy" recommendation and a price target of 1,100p.

NEW YORK REPORT

S&P reverses its early losses

THE S&P 500 recovered from steep early losses to end slightly higher yesterday as investors snapped up oversold shares and bond yields rebounded from significant lows that raised fears about a recession.

Increasing worries over a global economic downturn and bets the Federal Reserve will have to pick up its pace of interest rate cuts pushed Treasury yields sharply lower, with 10-year yields touching their lowest since October 2016.

Ten-year yields began to cut their earlier decline in afternoon trading after a soft auction. That recovery in yields helped stocks.

The Dow Jones fell 22.45 points, or 0.09 per cent, to 26,007.07, the S&P 500 gained 2.21 points, or 0.08 per cent, to 2,883.98 and the Nasdaq Composite added 29.56 points, or 0.38 per cent, to 7,862.83.

CVS Health shares climbed 7.5 per cent after the drugstore chain raised its full-year profit forecast.

Walt Disney dropped 4.9 per cent, a day after its quarterly earnings missed analysts' forecast on higher investments in its streaming platform.

CITY MOVES WHO'S SWITCHING JOBS

11:FS

11:FS, the challenger firm defining and building digitally native financial services through technology, product and design expertise, has announced that Shaun Meadows has joined the firm as chairman. In the newly created role, Shaun will work with the 11:FS board to review company objectives, examine performance and help shape business activity and strategy. He will collaborate with existing non-executive directors Lisa Gansky and Chris Skinner. "As a fully independent firm, we don't need a board in the traditional sense. However, we're mindful that as 11:FS engages in new projects, with new clients and across new geographies, now is the right time to put structures in place to manage that growth effectively," said David M Brear, group chief executive at 11:FS. Shaun is a managing partner supporting the SI Partners consultancy and M&A team to deliver strategic global client growth, as well as chairman and board member at First Central Insurance Group. He has also held a number of senior executive and board positions at Aviva. Shaun said: "I jumped at the opportunity to become chairman to advise the firm on how to manage the significant operational projects and programmes as it scales to new heights."

ALBIONVC

Albion VC, the technology investment arm of Albion Capital, has appointed Paul Lehair as an investment manager. He joins from Citymapper where he was finance director for five years having started when it had fewer than 10 employees. Prior to this he worked in business operations at Viagogo and in M&A covering the TMT sector at Citigroup. Paul will work with Albion VC's promising portfolio of more than 40 early stage tech companies while seeking new prospects with exceptional growth potential. Ed Lascelles, head of technology investment at Albion VC, said: "Paul has joined Albion VC as an investment manager, bringing with him a wealth of experience in tech both in investment banking and as an entrepreneur."

DATABRICKS

Databricks, the leader in Unified Analytics and founded by the original creators of Apache Spark, has appointed Amy Reichanadter as chief people officer. Her role will enable exponential growth by uplevelling the company's human resources strategy and procedures to drive long-term talent acquisition and retention. "Our people are our most important asset, so we knew the chief people officer needed to not only uphold, but strengthen our company culture and values in times of rapid company growth," said Ali Ghodsi, chief executive and co-founder of Databricks. Prior to joining Databricks, Reichanadter was chief people officer for Adaptive Insights, where she led the global human resources efforts for five years.

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

NEWS

Pensions consolidator Phoenix hits the jackpot in half-year profit jump

JAMES WARRINGTON

@j_a_warrington

INSURANCE firm Phoenix yesterday posted a surge in profit for the first half of the year after buying out more British pension schemes.

The FTSE 100 company reported a pre-tax profit of £217m in the six months to the end of June, compared with a £42m loss last year.

Cash generation dropped 18 per cent to £287m over the period.

However, the firm said it expected to hit the upper end of its full-year cash generation target of between £600m and £700m.

Phoenix, which bought Standard Life Aberdeen's insurance arm for £3bn last year, also said it was on track to hit its cost savings target of £1.2bn from the deal.

Shares in Phoenix closed up 2.7 per cent yesterday.

"The life insurance sector continues to consolidate and the [mergers and acquisitions] pipeline remains strong," said chief executive Clive Bannister.

"We are ready to do deals that meet our acquisition criteria and I am confident that Phoenix will continue to be the market leader in this consolidation process."

But Phoenix, which has 10m policy holders in the UK, said gross inflows to its UK open business had dropped from £5.5bn to £4.8bn year-on-year, partly due to political uncertainties around Brexit. The company said its own Brexit preparations were complete, with £250m of capital injected into an Irish subsidiary.

Bannister added: "Phoenix has enjoyed a successful first half year in 2019. We delivered across all of our strategic priorities with strong performance against our financial targets and are progressing the transition programme following the acquisition of the Standard Life Assurance businesses."

Saudi Aramco's listing valuation gap persists

MARWA RASHAD

SAUDI Crown Prince Mohammed Bin Salman is insisting on a $2 trillion (£1.6 trillion) valuation of oil firm Aramco, even though some bankers and company insiders say the kingdom should trim its target to around $1.5 trillion, industry and banking sources said.

With Aramco talking again to banks about an initial public offering (IPO), its board is meeting later this week and will probably hold a discussion about the company's value, a source close to the company said.

Saudi Aramco declined to comment.

CIC, the Saudi government media office, did not respond to a Reuters request for comment.

Bin Salman put a $2 trillion valuation on the state company in early 2016 when he first proposed a share sale to diversify Saudi Arabia's economy beyond oil.

He has stuck with that valuation, according to two sources familiar with Aramco and the IPO plans, even though some banks think it will be a struggle. Over the past three years, countries have accelerated efforts to shift away from fossil fuels to curb global warming, putting oil prices under pressure. *Reuters*

FTSE 100	FTSE 250	FTSE ALL SHARE	DOW JONES	NASDAQ	S&P 500
7198.70	18941.00	3935.76	26007.07	7862.83	2883.98
27.01 ↑	94.80 ↑	15.06 ↑	22.45 ↓	29.56 ↑	2.21 ↑

£					
/€	1.0835	↓ 0.0029	€/$	1.1205	↑ 0.0003
/$	1.2139	↓ 0.0028	€/£	0.9229	↑ 0.0026
/¥	128.94	↓ 0.5773	€/¥	119.00	↓ 0.2153

GILTS

	Price	Chg	High	Low
Tsy 3.750 19	100.26	0.00	103.3	100.1
Tsy 2.000 20	101.38	-0.01	102.5	101.4
Tsy 4.750 20	102.43	-0.01	106.4	102.4
Tsy 3.750 20	103.47	-0.01	106.3	103.5
Tsy 2.500 20	355.74	-0.04	361.4	355.6
Tsy 8.000 21	113.89	-0.03	120.4	113.5
Tsy 4.000 22	109.38	-0.05	111.3	109.0
Tsy 0.500 22	100.49	-0.01	100.6	97.7
Tsy 1.875 22	117.15	-0.09	118.3	115.5
Tsy 2.250 23	107.83	-0.05	107.9	104.7
Tsy 2.500 24	375.74	-0.11	377.2	358.7
Tsy 0.125 24	115.21	-0.10	115.7	110.9
Tsy 5.000 25	125.86	-0.06	125.9	122.1
Tsy 4.250 27	131.75	-0.05	131.9	122.6
Tsy 1.250 27	139.13	-0.14	139.7	128.4
Tsy 6.000 28	150.77	-0.04	150.8	140.5
Tsy 0.125 29	131.93	-0.14	132.6	118.8
Tsy 4.750 30	145.79	-0.05	146.3	132.1
Tsy 4.125 30	396.07	-0.13	398.3	355.2
Tsy 4.250 32	143.65	-0.03	144.0	128.5
Tsy 1.250 32	162.52	-0.12	163.3	144.1
Tsy 0.125 36	155.67	0.02	156.6	133.4
Tsy 4.250 36	151.95	0.01	152.8	133.1
Tsy 4.750 38	166.96	0.00	168.0	144.9
Tsy 0.625 40	177.26	-0.07	179.2	152.8
Tsy 4.500 42	170.79	-0.04	171.2	145.9
Tsy 3.500 45	152.91	-0.03	153.0	128.0
Tsy 4.250 46	173.59	-0.03	174.0	145.7
Tsy 4.025 49	180.59	-0.05	181.4	150.0
Tsy 0.500 50	210.27	-0.07	213.5	173.7
Tsy 0.250 52	207.22	-0.01	210.7	168.8

AEROSPACE & DEFENCE

	Price	Chg	High	Low
BAE Systems	553.4	17.4	636.2	443.9
Cobham	163.6	-0.6	168.3	96.8
Meggitt	603.6	15.4	612.8	458.0
QinetiQ Group	279.0	4.6	312.4	267.9
Rolls-Royce Holdi	730.0	-29.0	1089.0	723.4
Senior	193.9	-6.1	327.8	185.4
Ultra Electronics	2068.0	212.0	2074.0	1232.0

BANKS

	Price	Chg	High	Low
Bank of Georgia G	1358.0	28.0	1878.8	1310.0
Barclays	147.5	0.3	193.1	146.0
Close Brothers Gr	1294.0	13.0	1660.0	1280.0
CYBG	150.4	0.6	364.2	147.0
HSBC Holdings	627.4	-0.5	725.8	600.8
Lloyds Banking Gr	50.2	0.0	66.6	49.9
Metro Bank	312.6	7.6	3050.0	293.4
Royal Bank of Sco	204.4	3.6	270.4	197.5
Standard Chartere	627.0	-3.8	736.8	519.8
TBC Bank Group	1352.0	14.0	1728.0	1242.0

BEVERAGES

	Price	Chg	High	Low
Barr (A.G.)	661.0	-11.0	975.0	610.0
Britvic	867.5	-2.5	956.0	745.0
Coca-Cola HBC AG	2830.0	63.0	3074.0	2244.0
Diageo	3379.0	25.5	3526.0	2523.5

CHEMICALS

	Price	Chg	High	Low
Croda Internation	4636.0	50.0	5447.7	4576.0
Elementis	140.5	2.0	247.8	129.8
Johnson Matthey	2887.0	-22.0	3752.0	2620.0
Sirius Minerals	9.3	-1.2	37.4	8.5
Synthomer	282.2	1.8	537.2	277.8
Victrex plc	1891.0	23.0	3408.0	1868.0

CONSTRUCTION & MATERIALS

	Price	Chg	High	Low
Balfour Beatty	194.2	-0.1	296.5	192.3
CRH	2582.0	18.0	2735.0	1971.5
Galliford Try	556.5	3.0	1104.0	512.0
Ibstock	217.8	1.8	262.0	193.1
Marshalls	605.5	-1.5	690.0	412.2
Polypipe Group	395.0	2.4	453.8	307.8

ELECTRICITY

	Price	Chg	High	Low
Contour Global	164.0	0.0	246.0	150.1
Drax Group	284.6	-2.2	427.2	260.2
SSE	1083.5	9.5	1280.0	1008.0

ELECTRONIC & ELECTRICAL EQ.

	Price	Chg	High	Low
Halma	1910.5	14.5	2094.0	1237.0
Morgan Advanced M	251.0	0.0	363.0	237.0
Oxford Instrument	1298.0	-18.0	1424.0	842.0
Renishaw	3460.0	-4.0	5520.0	3418.0
Spectris	2340.0	-34.0	2898.0	1966.5

EQUITY INVESTMENT INSTRUM.

	Price	Chg	High	Low
Aberforth Smaller	1150.0	-2.0	1394.0	1120.0
Alliance Trust	793.0	5.0	838.0	672.0
Apax Global Alpha	155.5	3.0	159.0	127.0
AVI Global Trust	747.0	1.0	781.0	660.0
Baillie Gifford J	808.0	7.0	866.0	663.0
Bankers Inv Trust	927.0	9.0	970.0	766.0
BBGI SICAV S.A. (	154.5	0.5	168.0	142.5
BlackRock Smaller	1308.0	-6.0	1600.0	1160.0
BMO Global Smalle	1352.0	0.0	1495.0	1220.0
Caledonia Investm	2985.0	-20.0	3110.0	2650.0
City of London In	401.5	2.0	434.0	376.0
Edinburgh Inv Tru	541.0	-22.0	699.0	540.0
F&C Investment Tr	694.0	6.0	741.0	616.0
Fidelity China Sp	206.5	-0.5	250.0	182.4
Fidelity European	246.0	2.5	257.5	202.0
Fidelity Special	244.0	-3.0	278.0	220.0
Finsbury Growth &	910.0	2.0	956.0	740.0
GCP Infrastructur	124.8	0.8	130.8	122.4
Genesis Emerging	742.0	10.0	783.0	615.0
Greencoat UK Wind	137.8	0.8	143.2	122.8
HarbourVest Globa	1666.0	16.0	1726.0	1308.0
Herald Investment	1284.0	-4.0	1364.0	1055.0
HGCapital Trust	205.5	-0.5	220.0	175.0
HICL Infrastructu	162.0	1.0	170.1	149.9
International Pub	159.4	0.8	163.4	146.8
JPMorgan American	467.5	1.0	494.5	386.5
JPMorgan Emerging	999.0	8.0	1066.0	759.0
JPMorgan Indian I	707.0	-6.0	790.0	566.0
JPMorgan Japanese	442.0	2.0	470.0	367.0
Jupiter European	834.0	3.0	895.0	666.0
Law Debenture Cor	568.0	-2.0	636.0	534.0
Mercantile Invest	193.0	1.8	219.0	168.0
Monks Inv Trust	912.0	5.0	964.0	710.0
Murray Internatio	1134.0	6.0	1208.0	1056.0
NB Global Floatin	89.7	0.1	93.3	87.6
NextEnergy Solar	120.0	0.5	124.5	108.0
Pantheon Internat	2235.0	45.0	2330.0	1955.0
Perpetual Income	293.0	-1.5	364.5	291.0
Pershing Square H	1434.0	6.0	1480.0	990.0
Personal Assets T	42600.0	250.0	42800.0	38900.0
Polar Capital Tec	1388.0	8.0	1500.0	1066.0
RIT Capital Partn	2040.0	15.0	2150.0	1892.0
Riverstone Energy	720.0	-4.0	1282.0	719.0
Schroder Asia Pac	433.5	0.0	469.5	379.0
Scottish Inv Trus	809.0	2.0	902.0	748.0
Scottish Mortgage	526.0	8.0	568.5	441.4
Sequoia Economic	113.4	0.2	115.2	106.0
Smithson Investme	1224.0	8.0	1278.0	1000.2
Syncona Limited N	234.5	0.5	302.5	213.5
Temple Bar Inv Tr	1192.0	6.0	1366.0	1116.0
Templeton Emergin	768.0	2.0	829.0	649.0
The Renewables In	127.8	2.8	133.2	109.3
TR Property Inv T	417.0	3.0	433.5	353.5
Vietnam Enterpris	466.0	-0.5	473.0	420.0
VinaCapital Vietn	349.0	0.5	351.0	318.0
Witan Inv Trust	212.0	0.0	227.6	189.6
Woodford Patient	40.1	-2.1	91.0	39.8
Worldwide Healthc	2735.0	35.0	2915.0	2325.0

FINANCIAL SERVICES

	Price	Chg	High	Low
3i Group	1076.0	11.0	1164.5	756.2
3i Infrastructure	283.0	0.0	303.0	232.5
AJ Bell	389.5	-2.0	477.0	220.0
Allied Minds	59.1	-5.8	87.1	37.3
Amigo Holdings	144.0	-2.0	297.5	139.2
Arrow Global Grou	266.0	-7.0	273.4	167.2
ASA International	390.0	30.0	510.0	320.0
Ashmore Group	509.0	7.5	542.5	337.0
Brewin Dolphin Ho	292.8	-1.0	366.0	288.2
Charter Court Fin	271.0	3.0	375.0	228.8
City of London In	430.0	16.0	440.0	360.0
CMC Markets	85.9	-2.4	193.0	77.4
Coats Group	73.9	-1.5	91.3	69.8
Georgia Capital	1006.0	16.0	1260.0	941.0
Hargreaves Lansdo	1833.0	-44.0	2433.0	1633.0
IG Group Holdings	561.0	1.8	915.0	474.8
IntegraFin Holdin	389.5	4.0	406.1	269.0
Intermediate Capi	1329.0	16.0	1429.0	899.0
International Per	98.1	-3.9	245.8	95.6
Investec	426.9	-0.5	561.0	420.1
IP Group	59.2	-1.3	131.2	58.8
John Laing Group	385.0	2.0	402.0	284.0
JTC	360.0	3.0	440.0	287.0
Jupiter Fund Mana	347.8	-1.6	433.3	287.6
Liontrust Asset M	780.0	10.0	816.0	532.0
LMS Capital	50.2	1.4	53.5	44.0
London Finance &	38.5	0.0	43.5	37.5
London Stock Exch	6790.0	192.0	7058.0	3867.0
Man Group	155.0	-0.5	183.0	126.8
OneSavings Bank	333.2	0.8	447.4	330.0
Paragon Banking G	392.0	0.2	502.0	379.2
Plus500 Ltd (DI)	591.8	5.8	2040.0	495.0
Provident Financi	371.2	-9.6	692.6	370.9
Quilter	135.9	-1.1	156.6	110.6
Rathbone Brothers	2105.0	5.0	2634.0	2085.0
Real Estate Credi	167.5	-2.5	175.5	163.0
Record	31.4	-0.3	42.1	27.3
River and Mercant	264.0	-4.0	330.0	212.0
S&U	2100.0	20.0	2605.0	1767.5
Sanne Group	536.0	17.0	752.0	450.0
Schroders	2890.0	-4.0	3210.0	2334.0
Standard Life Abe	260.6	-21.2	378.9	224.9
TP ICAP	281.4	5.5	324.5	267.2
Walker Crips Grou	26.5	0.0	39.0	24.0
XPS Pensions Grou	113.5	0.5	180.0	95.0

FIXED LINE TELECOMS

	Price	Chg	High	Low
BT Group	184.4	0.3	264.7	182.2
TalkTalk Telecom	104.2	2.1	137.0	96.6
Telecom Plus	1308.0	-4.0	1528.0	1010.0

FOOD & DRUG RETAILERS

	Price	Chg	High	Low
Greggs	2114.0	6.0	2476.0	1006.0
Morrison (Wm) Sup	184.7	0.0	269.4	182.9
Ocado Group	1158.0	21.5	1435.0	749.8
Sainsbury (J)	190.3	2.0	341.5	186.7
SSP Group	704.0	2.0	744.4	615.1
Tesco	216.8	1.9	266.2	189.6
UDG Healthcare Pu	773.0	21.0	819.5	551.0

FOOD PRODUCERS

	Price	Chg	High	Low
Associated Britis	2371.0	0.0	2638.0	2041.0
Bakkavor Group	100.8	0.2	190.0	99.9
Cranswick	2584.0	-20.0	3454.0	2472.0
Greencore Group	206.2	-1.0	230.0	162.9
Hilton Food Group	914.0	4.0	1088.0	884.0
Tate & Lyle	715.6	-16.8	800.4	630.6
Unilever	4863.0	37.0	5091.0	3931.0

FORESTRY & PAPER

	Price	Chg	High	Low
Mondi	1562.0	8.5	2230.0	1541.0

GAS, WATER & MULTIUTILITIES

	Price	Chg	High	Low
Centrica	68.4	-0.9	155.6	67.9
National Grid	843.1	12.1	889.2	748.7
Pennon Group	704.6	2.4	792.8	684.2
Severn Trent	1966.5	2.5	2153.0	1770.0
United Utilities	759.0	-1.0	873.6	682.4

GENERAL INDUSTRIALS

	Price	Chg	High	Low
Smith (DS)	320.3	0.1	513.4	292.2
Smiths Group	1536.0	1.0	1666.0	1279.5
Smurfit Kappa Gro	2376.0	-8.0	3292.0	1934.0
Vesuvius	480.8	3.0	662.0	472.6

GENERAL RETAILERS

	Price	Chg	High	Low
Auto Trader Group	520.2	9.8	606.0	388.5
B&M European Valu	347.0	-1.9	426.3	278.6
Card Factory	160.9	1.1	210.8	159.8
Dixons Carphone	112.4	-0.2	179.8	107.6
Dunelm Group	891.0	11.0	981.0	482.8
Inchcape	577.5	-3.0	716.5	486.6
JD Sports Fashion	597.4	8.6	649.8	318.5
Just Eat	789.8	50.4	805.6	533.8
Kingfisher	211.8	1.9	299.4	202.2
Marks & Spencer G	189.0	0.2	299.1	188.2
Next	5878.0	20.0	6064.0	3991.0
Pets at Home Grou	227.0	-0.6	229.8	110.0
Sports Direct Int	230.8	10.6	406.7	214.4
Ted Baker	930.0	30.0	2378.0	800.0
Vivo Energy	116.0	2.4	148.6	96.0
WH Smith	2008.0	-6.0	2186.0	1697.0

HEALTH CARE EQUIPMETN & S.

	Price	Chg	High	Low
Assura	65.5	0.5	66.4	52.4
Convatec Group	183.3	2.3	239.0	118.6
Mediclinic Intern	316.9	3.8	504.8	293.4
NMC Health	2000.0	-258.0	4120.0	1915.5
Smith & Nephew	1839.5	22.5	1924.5	1258.0

HHOLD GDS & HOME CONSTR.

	Price	Chg	High	Low
Barratt Developme	631.6	7.2	663.0	434.0
Bellway	2882.0	14.0	3226.0	2419.0
Berkeley Group Ho	3783.0	45.0	3981.0	3226.0
Bovis Homes Group	1034.0	1.0	1177.0	828.0
Countryside Prope	279.4	0.2	353.2	270.0
Crest Nicholson H	355.2	6.0	404.8	296.4
McCarthy & Stone	135.9	-0.6	142.7	107.8
Persimmon	1908.5	12.0	2501.0	1859.5
Reckitt Benckiser	5961.0	31.0	7155.0	5593.0
Redrow	553.0	7.0	674.6	460.8
Taylor Wimpey	148.8	2.3	192.3	129.3

INDUSTRIAL ENGINEERING

	Price	Chg	High	Low
Bodycote	687.0	-13.0	1024.0	676.0
Hill & Smith Hold	1131.0	82.0	1470.0	902.5
IMI	966.6	6.8	1227.0	870.0
Melrose Industrie	170.2	1.8	233.9	146.3
RHI Magnesita N.V	4202.0	-22.0	5085.0	3318.0
Rotork	307.7	0.2	342.8	235.7
Spirax-Sarco Engi	8060.0	-550.0	9400.0	5900.0
Weir Group	1322.0	-2.0	1939.0	1240.0

INDUSTRIAL METALS & MINING

	Price	Chg	High	Low
Evraz	600.0	-2.2	709.4	442.1
Ferrexpo	223.4	-7.4	301.3	143.5

INDUSTRIAL TRANSPORTATION

	Price	Chg	High	Low
BBA Aviation	304.2	7.4	324.8	207.0
Clarkson	2520.0	85.0	2900.0	1878.0
Fisher (James) &	1996.0	32.0	2260.0	1600.0
Royal Mail	206.7	1.3	489.0	194.5

MAIN CHANGES UK 350

Risers ↑		%
Ultra Electronics	2068.0	11.4
Hill & Smith Holdi	1131.0	7.8
Just Eat	789.8	6.8
IWG	392.7	6.1
Flutter Entertainm	6600.0	6.0
Fresnillo	680.8	5.6
Sports Direct Inte	230.8	4.8
Hochschild Mining	223.0	3.9
William Hill	144.6	3.8
Clarkson	2520.0	3.5

Fallers ↓		%
NMC Health	2000.0	-11.4
Sirius Minerals	9.3	-11.1
Standard Life Aber	260.6	-7.5
Funding Circle Hol	99.0	-7.5
Spirax-Sarco Engin	8060.0	-6.4
Woodford Patient C	40.1	-4.9
Premier Oil	68.9	-4.0
Edinburgh Inv Trus	541.0	-3.9
Rolls-Royce Holdin	730.0	-3.8
Future	1024.0	-3.4

NON LIFE INSURANCE

	Price	Chg	High	Low
Admiral Group	2071.0	-2.0	2300.0	1932.5
Beazley	557.0	7.0	599.0	492.6
Direct Line Insur	306.9	-0.4	366.5	304.1
Hastings Group Ho	191.0	1.1	274.2	174.0
Hiscox Limited (D	1586.0	5.0	1777.0	1418.0
Lancashire Holdin	676.0	8.5	725.5	530.0
RSA Insurance Gro	539.4	4.2	641.0	496.6
Sabre Insurance G	261.0	1.0	294.0	249.0

LIFE INSURANCE

	Price	Chg	High	Low
Aviva	382.0	0.3	502.8	364.6
Legal & General G	237.7	-7.6	291.2	223.7
Phoenix Group Hol	674.5	18.0	724.8	544.0
Prudential	1513.0	-8.0	1824.0	1340.0
St James's Place	933.0	1.4	1171.0	914.0

MEDIA

	Price	Chg	High	Low
4Imprint Group	2940.0	30.0	2940.0	1800.0
Ascential	372.0	0.8	434.8	337.2
Bloomsbury Publis	228.0	-4.0	243.0	190.5
Centaur Media	42.0	-3.5	56.5	34.7
Entertainment One	426.8	9.2	483.4	336.4
Euromoney Institu	1346.0	12.0	1412.0	1132.0
Future	1024.0	-36.0	1248.0	375.0
Goco Group	82.0	-2.0	118.4	64.6
Haynes Publishing	223.0	0.0	227.0	160.0
Huntsworth	96.0	-3.8	125.0	81.0
Informa	835.6	3.8	892.0	605.8
ITE Group	70.9	-0.4	83.7	56.3
ITV	109.7	3.3	170.1	104.7
Moneysupermarket.	349.7	2.8	417.7	264.0
Pearson	823.0	13.0	1027.5	769.2
Reach	89.6	-0.2	91.3	54.6
Relx plc	1924.0	44.5	1978.0	1491.5
Rightmove	509.5	6.4	585.1	420.9
STV Group	372.0	0.0	432.0	318.0
Tarsus Group	425.0	0.0	438.0	243.0
WPP	912.2	7.6	1301.0	800.4

MINING

	Price	Chg	High	Low
Acacia Mining	243.0	6.8	256.6	96.1
Anglo American	1791.8	-16.6	2266.0	1464.6
Antofagasta	825.0	15.6	1022.5	727.2
BHP Group	1760.0	-18.8	2049.0	1490.6
Centamin (DI)	137.6	4.2	138.1	79.8
Fresnillo	680.8	36.0	1027.5	601.0
Glencore	229.3	-2.1	341.5	220.4
Hochschild Mining	223.0	8.4	224.0	149.1
Kaz Minerals	496.4	2.8	738.4	436.7
Polymetal Interna	1046.0	26.5	1054.0	597.2
Rio Tinto	4195.0	-32.5	4976.5	3486.0

MOBILE TELECOMS

	Price	Chg	High	Low
Inmarsat	575.0	2.4	578.6	362.8
Vodafone Group	147.2	0.8	186.7	123.3

OIL & GAS PRODUCERS

	Price	Chg	High	Low
BP	505.6	-1.4	598.3	485.9
Cairn Energy	149.6	0.6	250.0	140.0
Energean Oil & Ga	1044.0	-8.0	1082.0	510.0
Premier Oil	68.9	-2.9	143.6	55.6
Royal Dutch Shell	2330.5	-2.0	2666.0	2213.0
Royal Dutch Shell	2318.5	-11.0	2705.5	2227.0
Tullow Oil	175.3	-3.6	266.3	165.2

OIL EQUIPMENT & SERVICES

	Price	Chg	High	Low
Hunting	434.4	-7.2	849.0	428.6
Petrofac Ltd.	387.9	-5.2	663.4	381.5
Wood Group (John)	465.5	-9.9	796.4	389.9

PERSONAL GOODS

	Price	Chg	High	Low
Burberry Group	2155.0	-5.0	2345.0	1623.5
PZ Cussons	214.0	3.0	244.0	178.6

PHARMACEUTICALS & BIOTECH

	Price	Chg	High	Low
AstraZeneca	7122.0	46.0	7240.0	5325.0
BTG	840.0	2.5	853.0	508.5
Dechra Pharmaceut	2850.0	56.0	3168.0	2014.0
Genus	2566.0	20.0	2890.0	2098.0
GlaxoSmithKline	1658.0	11.0	1730.0	1418.0
Hikma Pharmaceuti	1805.0	12.0	2025.0	1510.5

REAL ESTATE INVEST. & SERV.

	Price	Chg	High	Low
BMO Commercial Pr	108.2	2.2	149.4	106.0
Capital & Countie	189.2	0.7	279.5	186.7
CLS Holdings	238.0	5.5	255.0	195.4
Daejan Holdings	5490.0	20.0	6190.0	5420.0
Grainger	218.0	0.4	278.5	205.8
NewRiver REIT	158.4	1.6	274.0	156.4
Safestore Holding	605.0	3.5	658.5	499.4
Savills	947.5	-1.5	964.0	678.5
St. Modwen Proper	379.0	-4.0	441.5	365.0
UK Commercial Pro	82.7	0.6	92.7	80.2

REAL ESTATE INVEST. TRUSTS

	Price	Chg	High	Low
Big Yellow Group	969.5	4.0	1062.0	852.5
British Land Comp	481.5	1.6	649.8	476.4
Derwent London	2890.0	0.0	3328.0	2761.0
Great Portland Es	649.8	-8.2	773.6	649.4
Hammerson	215.3	2.3	513.2	206.8
Intu Properties	38.5	0.1	201.5	37.5
Land Securities G	777.8	5.6	942.7	767.6
LondonMetric Prop	198.3	0.8	215.2	172.7
Primary Health Pr	130.6	1.8	139.0	106.4
SEGRO	742.4	12.4	789.0	585.2
Shaftesbury	754.5	6.5	928.5	747.0
Tritax Big Box Re	146.8	0.6	159.7	129.0
Unite Group	1013.0	1.0	1076.0	797.5
Workspace Group	826.5	7.0	1088.0	789.5

SOFTWARE & COMPUTER SERV.

	Price	Chg	High	Low
Avast	327.0	5.0	345.8	229.6
Aveva Group	3790.0	16.0	4170.0	2284.0
Computacenter	1430.0	17.0	1572.0	952.0
FDM Group (Holdin	785.0	-11.0	1000.0	734.0
Funding Circle Ho	99.0	-8.0	440.0	93.2
Kainos Group	524.0	-2.0	676.0	354.0
Micro Focus Inter	1649.4	-10.8	2491.6	1434.4
Playtech	409.7	1.6	560.4	361.8
Sage Group	702.2	-0.8	820.4	525.6
Softcat	905.5	2.5	993.5	565.0
Sophos Group	399.3	-2.3	539.5	298.2

SUPPORT SERVICES

	Price	Chg	High	Low
Aggreko	838.2	16.4	882.0	691.8
Ashtead Group	2150.0	33.0	2438.0	1586.5
BCA Marketplace	241.4	0.0	247.0	178.5
Bunzl	2074.0	27.0	2551.0	2039.8
Capita	138.0	0.3	150.2	99.9
DCC	6350.0	24.0	7390.0	5555.0
Diploma	1460.0	-1.0	1634.0	1150.0
Electrocomponents	542.6	-10.0	761.6	480.0
Equiniti Group	212.0	0.4	266.0	186.2
Essentra	389.8	5.8	486.2	325.4
Experian	2497.0	50.0	2544.0	1728.5
Ferguson	5990.0	66.0	6556.0	4749.0
G4S	182.4	0.9	282.0	175.9
Grafton Group Uni	683.0	-1.5	937.0	630.0
Hays	149.8	2.3	212.0	135.7
Homeserve	1100.0	-19.0	1263.0	849.0
Howden Joinery Gr	525.4	1.2	573.4	416.4
Intertek Group	5522.0	144.0	5962.0	4387.0
Network Internati	597.0	-8.0	628.0	500.0
Pagegroup	453.4	13.2	623.5	415.0
PayPoint	947.0	11.0	1118.0	748.0
Rentokil Initial	442.9	8.0	447.0	284.8
Robert Walters	528.0	0.0	475.0	814.0
Serco Group	139.2	0.5	147.4	84.1
SIG	117.1	-0.6	153.0	102.2
Travis Perkins	1233.5	7.5	1465.0	970.0

TOBACCO

	Price	Chg	High	Low
British American	3006.0	26.0	4222.5	2375.0
Imperial Brands	2064.0	17.5	2987.5	1846.8

TRAVEL & LEISURE

	Price	Chg	High	Low
Carnival	3578.0	79.0	5000.0	3412.0
Cineworld Group	246.0	7.7	323.6	237.6
Compass Group	2030.0	31.0	2110.0	1483.0
Domino's Pizza Gr	229.7	-8.0	302.7	224.4
EI Group	281.6	0.2	285.0	153.0
FirstGroup	113.3	1.4	116.6	79.3
Flutter Entertain	6600.0	372.0	8120.0	5525.0
Go-Ahead Group	2074.0	20.0	2200.0	1480.0
Greene King	597.4	-2.2	704.4	472.8
GVC Holdings	560.2	8.8	1138.0	507.5
InterContinental	5261.0	80.0	5738.0	3958.4
International Con	456.8	10.6	711.4	413.5
Marston's	106.0	-0.8	124.7	89.9
Merlin Entertainm	450.9	0.1	452.5	307.1
Millennium & Copt	680.0	0.0	685.0	436.0
Mitchells & Butle	320.0	8.5	320.7	238.0
National Express	423.4	3.4	438.4	361.4
PPHE Hotel Group	1830.0	0.0	1990.0	1495.0
Rank Group	157.0	5.0	187.4	135.0
Restaurant Group	138.9	-1.5	221.9	111.9
Stagecoach Group	129.4	0.6	177.0	115.5
TUI AG Reg Shs (D	820.0	18.4	1582.5	698.0
Wetherspoon (J.D.	1485.0	17.0	1581.0	1066.0
Whitbread	4248.0	24.0	5114.0	3905.0
William Hill	144.6	5.3	270.9	132.3
Wizz Air Holdings	3477.0	24.0	3769.0	2329.0

AIM 50

	Price	Chg	High	Low
Abcam	1220.0	10.0	1539.0	1017.0
Advanced Medical	290.0	3.5	370.0	260.0
Alliance Pharma	72.1	-0.3	95.6	60.0
ASOS	2370.0	-93.0	6222.0	2107.0
Blue Prism Group	1156.0	-54.0	2575.0	1040.0
Camellia	10100.0	-250.0	11750.0	9100.0
CareTech Holding	380.0	3.0	406.0	325.0
Central Asia Meta	193.4	-1.4	266.5	193.2
Clinigen Group	952.5	-4.0	1069.0	721.0
CVS Group	911.5	15.5	1023.0	395.0
Dart Group	777.0	5.0	1017.0	751.0
Diversified Gas &	106.0	1.0	134.0	100.0
Draper Esprit	486.0	-3.0	645.0	458.0
Eland Oil & Gas	121.0	-1.0	134.0	97.0
EMIS Group	1222.0	20.0	1242.0	864.0
Fevertree Drinks	2211.0	-49.0	3956.0	2070.0
First Derivatives	2670.0	-50.0	4390.0	2050.0
Frontier Developm	866.0	-10.0	1385.0	740.0
Gamma Communicati	1115.0	15.0	1195.0	688.0
GB Group	565.0	8.0	631.0	410.5
Gooch & Housego	1205.0	-30.0	1880.0	954.0
Hurricane Energy	40.6	-1.6	60.8	39.0
Impax Asset Manag	240.0	-2.5	295.0	184.0
Iomart Group	333.0	-3.5	475.0	308.0
IQE	58.1	0.2	112.5	51.6
James Halstead	504.0	-6.0	532.0	367.0
Johnson Service G	164.0	-2.0	174.8	113.6
Keywords Studios	1586.0	23.0	2065.0	900.0
Learning Technolo	104.8	0.2	166.5	62.2
M&C Saatchi	338.0	1.0	394.0	270.0
M. P. Evans Group	660.0	-9.0	800.0	637.0
Majestic Wine	271.0	-3.0	438.0	219.0
Midwich Group	550.0	18.0	685.0	491.5
Mortgage Advice B	570.0	-10.0	720.0	490.0
Next Fifteen Comm	580.0	-22.0	658.0	469.0
Nichols	1815.0	65.0	1840.0	1240.0
Numis Corporation	235.0	-3.0	424.5	221.5
Polar Capital Hol	528.0	-8.0	644.0	448.0
Purplebricks Grou	116.2	-1.8	300.0	90.0
Redde	115.0	-1.0	196.0	90.0
Renew Holdings	388.0	-2.0	436.5	333.0
RWS Holdings	597.0	-16.0	652.0	415.5
Scapa Group	202.0	2.6	473.4	157.0
Secure Income Rei	419.0	0.0	421.0	371.0
Serica Energy	104.4	-1.6	142.0	74.9
Smart Metering Sy	463.4	-5.2	665.0	461.4
Telford Homes	348.5	-1.0	430.0	267.0
Thorpe (F.W.)	326.0	1.0	340.0	248.0
Watkin Jones	206.0	-0.5	232.5	192.2
Young & Co's Brew	1650.0	0.0	1885.0	1322.5
Young & Co's Brew	1160.0	25.0	1275.0	1030.0

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EU SHARES

	Price	Chg	High	Low
AB INBEV	86.80	0.03	92.71	56.32
ADIDAS N	274.30	2.35	297.95	178.30
AIR LIQUIDE	121.10	0.60	127.20	101.85
AIRBUS BR	122.00	2.08	133.86	77.50
ALLIANZ	199.76	-1.49	218.70	170.50
AMADEUS IT GRP BR-A	68.18	0.60	82.20	58.06
ASML HLDG	190.60	0.58	211.50	130.12
AXA	21.43	-0.19	23.99	18.40
BANCO SANTANDER	3.61	-0.01	4.71	3.57
BASF N	56.93	-0.07	81.73	56.20
BAYER N	59.90	4.20	96.97	52.00
BBVA	4.41	-0.01	6.09	4.37
BMW	62.20	-0.60	86.71	61.31
BNP PARIBAS A	39.96	-0.32	55.34	38.14
CRH PLC	27.88	0.07	34.87	26.53
DAIMLER N	43.76	0.13	59.90	43.00
DANONE	76.14	0.20	79.42	59.72
DEUTSCHE POST N	28.87	0.18	32.20	23.43
DEUTSCHE TELEKOM N	14.57	-0.05	15.88	13.36
ENEL N	6.13	0.00	6.62	4.22
ENGIE	13.33	0.07	14.39	11.31
ENI N	13.19	-0.19	16.71	13.15
ESSILORLUXOTT	125.00	3.90	129.60	95.50
FRESENIUS	42.40	-0.29	70.68	38.50
IBERDROLA	8.79	0.09	9.13	5.81
INDITEX	26.29	0.33	28.86	21.85
ING GROUP	8.74	-0.01	12.77	8.64
INTESA SANPAOLO N	1.91	-0.03	2.47	1.80
KERING	447.00	0.30	539.80	351.70
KON AH DEL BR	20.06	-0.11	24.01	18.60
L'OREAL	233.00	4.40	257.80	182.00
LINDE	167.70	1.70	0.00	0.00
LVMH	357.65	7.20	392.65	242.30
MUENCHENER RUECKV N	211.80	3.10	228.70	180.00
NOKIA	4.70	-0.06	5.76	4.17
ORANGE	13.29	0.02	15.25	13.08
ROY.PHILIPS	40.94	0.20	43.67	29.05
SAFRAN	122.90	1.25	137.20	99.98
SANOFI	72.69	0.45	80.44	71.32
SAP I	105.88	1.00	125.00	84.02
SCHNEIDER EL	72.96	0.16	81.36	57.54
SIEMENS N	89.80	-0.32	114.10	88.88
SOCIETE GENERALE	22.10	-0.21	35.01	20.81
TELEFONICA	6.51	-0.02	8.06	6.43
TOTAL	43.18	-0.37	55.39	42.65
UNILEVER	50.75	0.28	55.40	45.30
VINCI	91.40	1.40	94.96	69.98
VIVENDI	24.97	0.04	26.69	20.80
VOLKSWAGEN VZ I	143.54	-0.50	163.70	131.02

COMMODITIES

Gold	1465.25	2.00
Silver	16.39	-0.10
Brent Crude	58.94	-0.87
Krugerrand	1464.45	-11.35
Palladium	1433.00	21.00
Platinum	855.00	3.00
Tin Cash Official	16825.00	270.00
Lead Cash Official	1938.50	-41.00
Zinc Cash Official	2351.00	18.00
Copper Cash Official	5646.00	19.00
Aluminium Cash Official	1740.00	-2.00
Nickel Cash Official	14860.00	160.00
Aluminium Alloy Cash Official	1250.00	16.00
Cocoa Futures	2256.00	-42.00
Coffee 'C' Futures	97.38	0.33
Feed Wheat Futures	143.00	-0.50
Soybeans Futures Continuation Contract	847.60	-0.15

CREDIT & RATES

BoE IR Overnight	0.750	0.00
BoE IR 7 days	0.750	0.00
BoE IR 1 month	0.750	0.00
BoE IR 3 months	0.750	0.00
BoE IR 6 months	0.750	0.00
LIBOR Euro - overnight	-0.462	0.00
LIBOR Euro - 12 months	-0.366	0.01
LIBOR USD - overnight	2.097	-0.01
LIBOR USD - 12 months	1.994	-0.04
Halifax mortgage rate	3.990	0.00
Euro Base Rate	0.000	0.00
Finance house base rate	1.000	0.00
US Fed funds	2.50	0.00
US long bond yield	2.22	-0.03
Euro Euribor	-0.415	0.01
The vix index	19.49	-0.68
The baltic dry index	1734.00	-40.00
Markit iBoxx EUR	248.95	1.27
Markit iBoxx GBP	356.48	2.22
Markit iBoxx USD	259.93	0.18

WORLD INDICES

	Price	Chg	%chg
FTSE 100	7198.70	27.01	0.38
FTSE 250	18941.00	94.80	0.50
FTSE All-Share	3935.76	15.06	0.38
FTSE AIM All-Share	876.37	-19.74	-2.20
S&P 500	2883.98	2.21	0.08
Dow Jones I.A.	26007.07	-22.45	-0.09
Nasdaq Composite	7862.83	29.56	0.38
Xetra DAX	11650.15	82.19	0.71
CAC 40	5266.51	31.86	0.61
Swiss Market Index	9533.98	-19.90	-0.21
ISEQ Overall Index	5816.16	34.52	0.60
FTSEurofirst 300	1449.92	3.56	0.25
Hang Seng	25997.03	20.79	0.08
Shanghai Composite	2768.68	-8.88	-0.32
STI Index	3186.60	15.61	0.49
ASX All Ordinaries	6588.50	42.10	0.64

US SHARES

	Price	Chg	High	Low
3M	163.64	-0.07	219.75	158.04
ABBOTT LABORATOR	84.60	-0.26	88.76	63.07
ADOBE	289.02	2.81	313.11	204.95
ALPHAB RG-C-NV	1173.99	4.04	1289.27	970.11
ALPHABET-A	1175.91	4.83	1296.98	977.66
AMAZON.COM	1793.40	5.57	2050.50	1307.00
AMERICAN EXPRESS	123.54	0.99	129.34	89.05
APPLE	199.04	2.04	233.47	142.00
AT&T	34.06	0.10	34.64	26.80
BANK OF AMERICA	27.89	-0.53	31.91	22.66
BERKSHIRE HATH RG-B	198.21	-2.34	224.07	186.10
BOEING CO	331.38	-1.07	446.01	292.47
CATERPILLAR	120.78	-1.30	159.37	112.06
CHEVRON	119.10	-0.28	127.60	100.22
CISCO SYSTEMS	52.34	-0.26	58.26	40.25
CITIGROUP	65.14	-1.11	75.24	48.42
COCA-COLA CO	53.18	0.91	54.82	44.25
COMCAST-A	41.73	-0.34	45.30	32.61
DOW	44.89	0.46	0.00	0.00
EXXON MOBIL	70.50	-0.46	87.36	64.65
FACEBOOK-A	185.15	0.64	208.66	123.02
GOLDMAN SACHS GR	205.74	-0.27	245.08	151.70
HOME DEPOT	207.91	-0.89	219.30	158.09
IBM	139.11	-1.62	154.36	105.94
INTEL	46.73	-0.23	59.59	42.36
JOHNSON & JOHNSO	130.21	-0.56	148.99	121.00
JPMORGAN CHASE	108.03	-2.40	119.24	91.11
MASTERCARD RG-A	269.31	4.63	283.33	171.89
MCDONALD'S	216.83	2.75	218.96	155.84
MEDTRONIC	101.39	0.15	103.95	81.66
MERCK	84.25	-0.10	87.07	65.68
MICROSOFT	135.28	0.59	141.68	93.96
NETFLIX	304.29	-5.81	386.80	231.23
NIKE -B-	81.28	-0.02	90.00	66.53
ORACLE	53.34	-0.62	60.50	42.40
PAYPAL HOLDINGS	106.63	1.60	121.48	74.66
PEPSICO	127.78	1.33	135.24	104.53
PEPSICO	118.61	0.56	119.74	101.06
PFIZER	36.58	-0.37	46.47	35.86
PHILIP MRRS INT	81.36	0.04	92.74	64.67
PROCTER&GAMBLE	115.52	1.24	121.76	78.49
TRAVELERS COS	147.36	1.40	155.09	111.08
TWITTER	41.73	0.41	43.48	26.19
UNITEDHEALTH GRO	246.45	-1.83	287.94	208.07
UTD TECHS	129.01	0.21	144.40	100.48
VERIZON COMM	55.09	0.04	61.58	52.20
VISA RG-A	175.32	2.84	184.07	121.60
WALGREENS BOOTS	52.48	1.03	86.31	49.31
WALMART	108.20	0.93	115.49	85.78
WALT DISNEY	134.86	-7.01	147.15	100.35
WELLS FARGO	45.81	-1.12	59.53	43.02

FORUM

EDITED BY RACHEL CUNLIFFE

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Why Conservatives should be making the case for foreign aid

Matthew Gillow

NOW THAT the Conservative party leadership contest is over, a raft of new ideas have entered the mainstream policy agenda.

Many of these are liberal, exciting, and exactly what is needed to boost the British economy ahead of Brexit – but the very concept of international aid has taken something of a beating.

Contenders for the leadership, most notably Esther McVey who is now housing minister, promised to slash the aid budget in order to refocus on priorities at home.

In doing so, McVey and others were pandering to a strong number of grassroots members who believe that the aid budget should be the first to be slashed at in order to fund domestic policies to boost the economy.

Very few people have been seen proudly making the case for foreign aid. That's a shame – because not only will targeted international assistance (which is now rightly being tied to the Department for International Trade) be essential in the post-Brexit climate, but it's clear that aid works when priorities are in the right place.

International aid is a relatively fresh concept in economics. The first legal statute dealing expressly with official aid was passed by parliament in the UK in 1929, and it was only in the last half a century that aid has really begun to become the norm.

We are still working to make our aid more efficient, more targeted, and more productive, so it is understandable that opposition remains.

However, get aid right, and the effects can be impressive.

Both Taiwan and South Korea used to receive large amounts of aid from the US. Today, what were once economic basket cases are free-market powerhouses – economies which Britain can and should learn from.

Aid can also have a dramatic impact beyond the economy when it comes to other development goals. The assistance provided by the US was instrumental in eradicating smallpox across the world.

Similarly, aid extended by the UK has had significant public health successes, such as reducing child mortality rates in Nepal and maternal mortality in Bangladesh.

According to the Borgen Project – an institution committed to tackling global poverty – there are six key benefits to international aid for the recipient: improving infrastructure, agricultural technology, education, and health, responding to humanitarian challenges and natural disasters, and strengthening national security to help recipient countries to combat terrorism. To argue that the UK should not have a role in this work is misguided.

People are of course right to demand that international aid should be free of corruption and properly targeted – a far cry from shoddy vanity projects such as a girl band dubbed the Ethiopian Spice Girls, to which the British government contributed £5.2m.

Recipient governments also have an absolute duty to ensure that aid is properly used – and that's why the new move to tie UK aid to trade and divert funds to on-the-ground activity is a positive step.

The prevailing sentiment that it is a necessary evil whose budget should be kept as slim as possible is unfair

However, when efforts are made to avoid corruption, aid can work effectively to lift people out of poverty, improve global relations, open up global markets, and even benefit the donor as well as the recipient.

The debate around foreign aid usually centres on the moral case for or against – and the way these arguments are made matters.

In some cases, the morality angle can create the sense of "us" versus "them". This is unhelpful; we should instead be making the case for spending based on what it can achieve, and in purely utilitarian terms, foreign aid should be seen as a great way to spend our money.

The number of lives saved by foreign aid is inspiring. According to a Save the Children report from 2012, four million fewer children aged under five died in 2010 than in 1990, while 131 countries now have over 90 per cent immunisation coverage for diphtheria, tetanus, and major preventable childhood diseases such as measles, compared to just 63 in 1990.

Aid isn't the only driver of progress, of course. It should build upon a climate of free trade, and, as the Save the Children report itself acknowledges, it must be coupled with "strong political will, good governance and economic growth" in order to be successful.

But the prevailing sentiment in much of the Conservative party that it is a necessary evil whose budget should be kept as slim as possible is fundamentally unfair.

I'm not calling for a raise in the 0.7 per cent of GDP which we currently spend on aid. As the economy grows, real-terms aid spending will slowly creep up in line with it – without having to divert a bigger slice of the pie. But we should acknowledge that the current figure is fair, productive, and beneficial – and it would be great to have more outward-looking liberals standing up for it.

If we are prepared to beef up defence spending to assert global Britain on the world stage, we should apply the same logic to our humanitarian presence abroad.

Matt Gillow is a research associate at the Adam Smith Institute.

If we are to remain a digital powerhouse, tech needs a seat at the PM's top table

Priya Lakhani

WITH the nation in a state of economic and political uncertainty, Britain's newly appointed Prime Minister looks to technology to rejuvenate and refocus the country.

He announces "a major national effort to bring advanced technology and new processes into industry", launching the government's first ministry of technology.

Tech experts across the country rejoice as policymakers finally allow their interests a seat at the top table, with the nation set to benefit from improved public services, higher living standards, and greater economic prosperity.

Great news, of course – if this hadn't taken place more than half a century ago. From its promising start in 1963, Harold Wilson's tech ministry swiftly absorbed responsibility for aviation, energy, and even trade, and its early potential was lost.

Despite a comprehensive industrial strategy, the lack of government focus on the promotion of cutting-edge technology persists. No minister has an explicit mandate to place rocket boosters under British technological excellence.

Our small business minister is overburdened with extra duties, ranging from the recall of faulty tumble dryers to protecting pub tenants and mitigating the closure of rural Post Offices. Our digital minister is hamstrung by the noble yet distracting causes of blocking access to pornography, phone security, and Fortnite addiction.

We also lack a dedicated brief for preparing for the disruption that advanced technologies like artificial intelligence (AI) will cause. This doesn't mean regulating disruptive tech out of existence – it means overhauling education and skills to meet the coming change.

Other governments are acting where we are hesitating. The United Arab Emirates has a minister devoted solely to artificial intelligence, who is overhauling legal frameworks and infrastructures to turn the country into the world's leading AI hub. South Korea has an entire Ministry for Startups, while Germany has just appointed a commissioner for the digital economy.

The UK government's AI Council, on which I sit, and the Council for Science and Technology, get a fair hearing, and we should give credit where credit is due. But every day without a dedicated tech evangelist sitting at the top tables of government is a day wasted.

As mayor of London, Boris Johnson made great strides in helping to turn our capital into a global tech hub. On his watch, London's position as a world tech leader soared, and we now produce more tech unicorns than anywhere else in Europe.

As Prime Minister, Boris now has the opportunity to do this for the country at large, and his first step should be to look to industry for a new UK minister for AI.

From the appointment of respected shipowner Lord Maclay as shipping minister in 1916, to financier Lord Sassoon's appointment to commercial secretary a century later, Britain has a proud history of plucking private sector experts to help tackle the day's most-pressing policy issues.

Both the benefits and disruptive risks of innovations like AI and deeptech require the presence of experts at the highest levels of government. With Brexit looming, it is vital we seize all opportunities to secure Britain's future as a world-leading economy. Time for a minister for AI.

Priya Lakhani OBE is founder and chief executive of CENTURY Tech.

LETTERS
TO THE EDITOR

Chinese whispers

[Re: Is Donald Trump right to label China a currency manipulator?]

President Trump's latest intervention to call China a currency manipulator is as predictable as it is unhelpful. Given the current trade imbalance that weighs heavily in favour of the US, Beijing knew it was running out of runway for any retaliatory reactions. However, by calling the Chinese out, the US has justified it – in the same way that if you call something a "war", you create "enemies" and justify their aggressive behaviours.

The US trade representative's negotiating objectives towards China make it clear that the US takes a grim view of currency manipulation, though China is not exceptional, this is also the case for the UK, the EU and Japan. If this spooks markets, then it should. This dangerously moves trade conflict into the realms of monetary policy and away from the orthodoxies of anti-dumping or tariff policies. This is simply another example of the weaponization of trade – and we should all be concerned.

Dr Rebecca Harding, co-author of The Weaponization of Trade

If this is a question of whether a country of China's economic size should be managing its currency in this way, Washington arguably has a point in raising concerns. But it's wrong to focus on where specifically the USD/CNY currency pair should be trading at. Indeed, IMF analysis shows that the US would have little basis to argue that the Chinese currency is artificially cheap. Instead, it should be encouraging Beijing to adopt a faster pace of currency liberalisation through reforms that open up the country's capital account.

Inadvertently, Trump's tariffs are having the opposite effect – harming the pace of China's FX liberalisation and cornering authorities into a more defensive policy stance. So if the end-goal is to get China to adopt a fully flexible currency, Trump's current approach is clearly flawed.

Viraj Patel, FX strategist, Arkera

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Policy wonks beware: If think tanks don't fix their media strategy, they'll be on the road to irrelevance

IN THE midst of the Tory leadership contest, *City A.M* ran a leader entitled "The definition of a think tank is up for debate". The article cited research from my firm showing that fewer than four per cent of the population could name a think tank.

It also noted studies published by two leading think tanks that day, concluding that our democracy would be in a weaker state without them, even if we have no idea what they are or what they do.

Think tanks do play an important role in our democracy, arming those who make our economic and political decisions with new ideas and the evidence to support their goals.

What the piece missed, however, is how the lack of public understanding of think tanks presents a threat to their very existence. The developments of the last few weeks, with the influx of former Vote Leave representatives and members of sympathetic think tanks into office, makes this ever more important.

Think tanks must take this opportunity to engage the public, lead the conversation, and maintain their licence to operate – or accept a decline into irrelevance.

The fundamental issue is that the public's lack of familiarity with think tanks breeds distrust. In research we conducted last year, just 17 per cent of the UK public said they trust what think tanks have to say, while this year only 15 per cent said they trust think tanks to come up with ideas to improve the country (in other words, to do what they're intended to).

Think tanks have a branding problem. While they may excel at getting their ideas into the press, they are far less successful at getting positive coverage of themselves as a sector.

When we read stories about think tanks, they tend to be negative, whether it's about opaque funding – a challenge on both sides of the pond – or the regulator taking an active interest in think tank behaviour.

While they may excel at getting their ideas into the press, they are far less successful at promoting themselves as a sector

Last year, for example, the Charities Commission issued a warning to charitable think tanks that they must behave as charities, working for the public benefit, rather than advancing specific political goals. Those that do not could suffer serious regulatory action. Most think tanks are in the clear, but this was front page news, and public opinion can be fickle and easily influenced by headlines.

This is not an issue that those in the think tank world can afford to ignore any longer. We live in an era when many politicians spend more time nurturing their public image than engaging with serious policy analysis. That means they're looking to think tanks for ideas that will play well with the public.

Wise think-tankers know that garnering public support for their ideas will lead to political interest. The political game has changed: the insiders are now outsiders, and the outsiders are in.

Without the ear of the public, insiders – like think tanks – will struggle to reach those with policymaking power.

This is a risk, true, but also an exciting opportunity. Think tanks that find their niche in this new, digitally enabled policy dynamic will be the ones that shape our economy, policy, and society in the years to come.

Those that don't? Well, don't expect to hear much more from them.

Tom Hashemi is director of policy communications firm We are Flint.

DEBATE

Is it irresponsible for parliament to be on summer recess at such a crucial time?

YES

STUART THOMSON

With a hard no-deal Brexit looming, now is not the time for a parliamentary break. There is too much to do, but only if the government allows it.

Allowing MPs and peers to have their usual long summer break, sends entirely the wrong signal to the public and contributes to further resentment.

The government could have insisted that parliament sat, but letting MPs go enables it to be in sole charge of the Brexit process for a few weeks. There is no scrutiny of the new Prime Minister or his new ministers; no one to hold them to account; no questions being asked. Parliament is being dismissed as an irrelevance by the government.

Instead, we've been subjected to a series of set-piece media announcements from ministers about Brexit which come under no sustained scrutiny.

This is irresponsible – not of parliament itself, but of the government. But it also suits the new team's apparent electoral strategy.

The situation is being lined up to blame parliament if Brexit doesn't happen at the end of October, not the Prime Minister.

Dr Stuart Thomson is head of public affairs at BDB Pitmans.

NO

JOHN OXLEY

Nothing has changed, as Theresa May would say. The options are clear: a deal, no deal, delay it, defeat it.

There is little that parliament can do in the next six weeks to change that. Were it not in recess, we would instead be subjected to ineffectual and onanistic displays from all sides, continuing the procedural tricks employed to force the issue one way or another.

Far better to take a break from the Commons. Recess is not a holiday, but a chance to refocus. For the new executive, it is time to talk again to the EU, while backbenchers can break out of their bubble and get onto the doorstep in their constituencies.

After a month and a half away from their co-conspirators, opinions may move a little. Faced with the whole spectrum of public opinion, and the ordinary people who have to deal with the outcomes, they may find the perspective which delivers a pragmatic result for the benefit of the country. To take back control, they need to leave.

John Oxley is a Conservative commentator.

OFFICE POLITICS

Number 10 has a new startup mindset

Dominic Cummings seems to be taking a leaf out of Elon Musk's entrepreneurial book

"WHAT we want to hear is their conquer the world strategy," said Scott Kupor, managing partner of American venture capital firm Andreessen Horowitz.

Kupor was talking about wannabe entrepreneurs knocking on the company's Sand Hill Road door in California and looking to become the next Twitter, Lyft, or Airbnb.

If Boris Johnson's right-hand man Dominic Cummings were ever to make the trip to Silicon Valley, he would have a clear and unshakable pitch for Kupor: to deliver Brexit by 31 October "by any means necessary".

As to how he achieves his goal, Cummings seems to be employing startup-like operational strategies.

There is a clear mission statement, reinforced by the Brexit countdown clocks brought into the office.

There are the long hours – Cummings has been both praised and derided in the media for holding meetings with special advisers at 7.55am on Mondays and 6pm on Fridays, when in the last days of Theresa May's regime, these meetings were reportedly routinely cancelled.

The top aides have also been asked to "produce a list of tasks" for their ministries, to "interrogate" officials and flag no-deal Brexit planning issues with Number 10 as they are identified.

It is no surprise, then, that Cummings was photographed sporting an OpenAI T-shirt when Boris entered Number 10 for the first time in July.

OpenAI was co-founded Elon Musk – of Tesla, SpaceX, and PayPal fame. Musk's ventures are lean and continually challenge the status quo of whatever sectors they operate in.

A SpaceX-related section of Ashlee Vance's biography of Musk is eerily reminiscent of Cummings' demands to special advisers. "Make sure your output is high," SpaceX president Gwynne Shotwell reportedly told a group of new recruits, urging them to be effective and pushy. "If we're throwing a bunch of s**t in your way, you need to be mouthy about it."

Westminster shouldn't be surprised if Cummings inserted a new clause at the top code of conduct for special advisers along the lines of "get stuff done".

It is no surprise that Cummings was snapped sporting an OpenAI T-shirt

And, like Musk, the new-look Number 10 isn't his first disruptive venture. Cummings set up what would become Vote Leave, the self-described "guerrilla operation" that sought to win the EU referendum "against almost every force with power and money in politics".

This was a success. Cummings' post-university adventures in Russia, when he allegedly spent three years attempting to establish a new airline with a route from Samara to Vienna, was not.

Musk had a similarly torrid time in Russia in 2001 when he went rocket shopping, as you do. The Russians failed to budge on their high price for the ICBMs motors he was after and mocked the South African-born businessman. Musk went onto build his own rocket.

This entrepreneurial flair is similar to Cummings, who oversaw the creation of Vote Leave's own software, the Voter Intention Collection System, after being disappointed with canvassing software on the market ahead of the 2016 EU referendum.

And the comparisons between the two men don't end there. Their shared deep interest in space gives us some insight as to what might happen soon inside Number 10.

"Here is a photo of a recent Nasa mission control room," Cummings explained in a June blog post. "The room is set up so that all relevant people can see relevant data and models at different scales and preserve a common picture of what is important. Nasa pioneered thinking about such rooms and the technology and tools needed in the 1960s."

Will we be seeing touchscreens in the cabinet room next? Not until Brexit is delivered, I suspect.

Ian Silvera is an account director at Newgate Communications.

FERAL HOGS

Twitter
Free

Twitter might be plagued with trolls, but it's also the land of cats, dogs and #feralhogs, so 100 per cent worth it. Find out the latest news, tweet stuff, and most importantly, follow @CityAM. But no matter how much you idolise Elon Musk, just don't copy him by going around accusing people of being paedophiles for no apparent reason, okay?

COFFEE BREAK

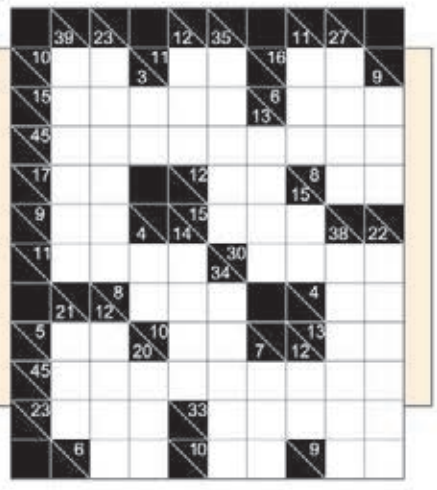
SUDOKU

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

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

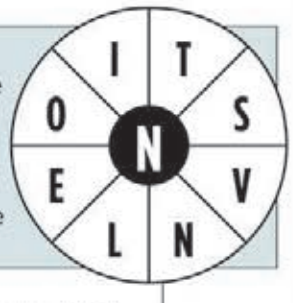
KAKURO

Fill the grid so that each block adds up to the total in the box above or to the left of it.
You can only use the digits 1-9 and you must not use the same digit twice in a block. The same digit may occur more than once in a row or column, but it must be in a separate block.

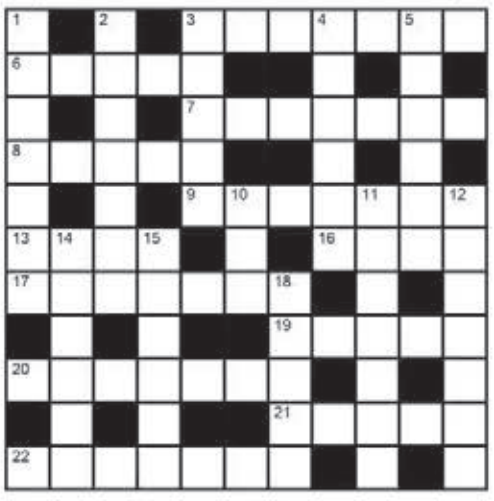


WORDWHEEL

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



QUICK CROSSWORD



ACROSS

3 Spiders' structures (7)
6 Fossilised resin (5)
7 Commander of a naval fleet (7)
8 Runs at a moderately swift pace (5)
9 Despite anything to the contrary (7)
13 Single article (4)
16 Travel on the back of an animal (4)
17 Hypothetical remedy for all ills or diseases (7)
19 South American animal (5)
20 Astonish (7)
21 Banishment (5)
22 Person who controls urban development (7)

DOWN

1 Short excursion taken for pleasure (3,4)
2 Stomach (7)
3 Collision between vehicles (5)
4 Garçon (6)
5 Favouring one person or side over another (6)
10 Mineral (3)
11 Substance in food essential for wellbeing (7)
12 Having an association or connection (7)
14 Bunch of cords tied at one end (6)
15 Leave stranded and isolated (6)
18 Tree with rot-resistant wood (5)

LAST ISSUE'S SOLUTIONS

QUICK CROSSWORD

KAKURO

SUDOKU

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

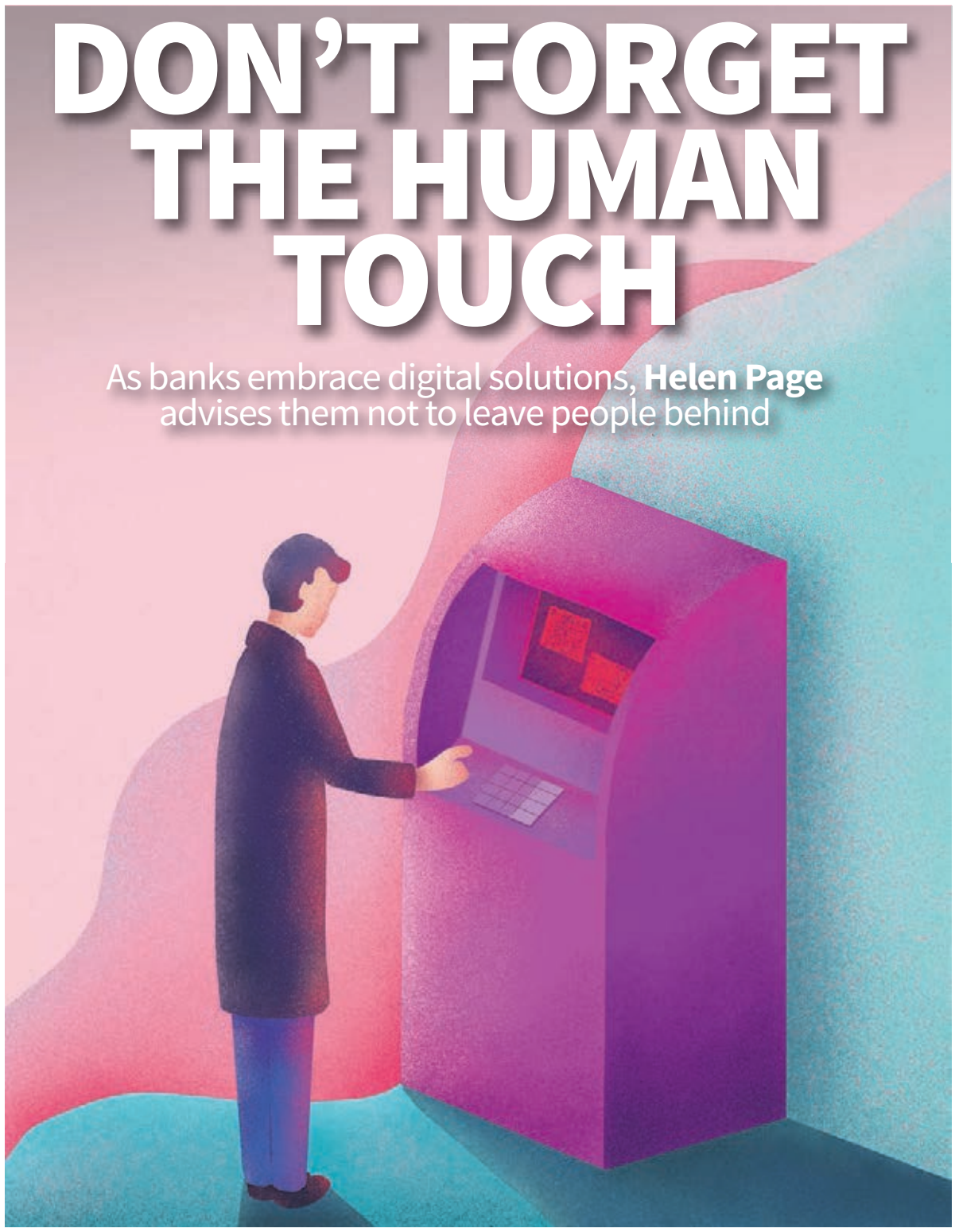
WORDWHEEL

The nine-letter word was
PINSTRIPE

DATA & BUSINESS

DON'T FORGET THE HUMAN TOUCH

As banks embrace digital solutions, **Helen Page** advises them not to leave people behind



TECHNOLOGY is transforming how we all live our lives. This is true in every part of the country and in every sector, and banking is no different.

But the challenge for banks is to harness the possibilities of rapidly-evolving technology for the benefit of our customers. New banking tech affects how we live our lives, and perhaps even how money makes us feel. We may, for example, feel more in control when banking apps help us to budget and to see all of our financial transactions in one place through the new benefits offered by Open Banking.

However, it's human nature to be wary of change, and some customers will embrace it more readily than others. It's hardly surprising to hear that the over-55s are less enthusiastic about using banking technology.

But here's the rub – some of those who are more reluctant to adopt new technology could actually benefit most from new digital products and services. Our research finds, for example, that low earners are less likely to use budgeting tools than high earners.

That's unfortunate, considering that almost all adults have access to a smartphone. Clearly, we need to educate and promote the benefits of new technology to all our customer demographics, and not just to those who see wifi as a necessary utility in the same way as gas and electricity.

Above all, we need to ensure that our customers trust us and the technology that we're promoting.

THE FUTURE OF BANKING

Of course, we will market new products and services to make them as attractive as possible, but we also pride ourselves on listening to customers and what they actually want now and might want in future. Then, with the collective technical expertise at our disposal, we can meet demand. If they can imagine it, and the technology exists, we will make it happen.

As part of this process, CYBG commissioned a new report with futurologists Foresight Factory that paints a fascinating picture of what the bank of the future might look like. And that hypothetical future bank extends beyond the bricks and mortar of a high street branch.

This research, combined with an accompanying consumer insight report from Censuswide about consumers' relationships with their banks, supplements the feedback that we receive from our consumers, and helps us to understand what they will want from their bank in the future.

WHAT DO CONSUMERS WANT?

Despite predictions about the death of branches and rosy projections relating to the growth of branchless fintech startups, 88 per cent of respondents had been into a bank branch in the past year. And 81 per cent of all ages wanted to maintain contact with human beings and visit branches, no matter how sophisticated banking technology becomes.

When the Censuswide research asked where human interaction matters, banking came out top, up there with hospitals. The "people experience" in supermarkets and pharmacies was seen as less important.

Interestingly, on the perennial marketing question of "what do women want?", we see an even greater attachment to the physical infrastructure of bank branches and human interaction than for men.

We know from talking to our own customers that they don't necessarily want cashiers in suits and ties behind glass panes in banking halls of mahogany and marble. Having friendly staff, in an informal atmosphere, who can talk knowledgeably about banking issues over a cup of tea with technology on hand is more in line with customer demand in the modern world.

As the high street changes, we must change with it. For instance, in our newest branch – Bworks in Manchester – we provide working space for startups. We also provide yoga classes as part of a growing recognition of the link between financial wellness and physical wellbeing.

> "Friendly staff who can talk about banking issues with technology on hand is more in line with customer demand in the modern world

PERSONAL TIME

I find it heartening that people still want to interact with other humans. This is particularly true for complex or sensitive transactions. Arranging a mortgage, being a victim of fraud, or dealing with a bereavement are occasions where a human being invokes trust.

For more simple financial tasks, banking customers of all ages trust new technology. Now, biometrics such as fingerprint and retina identification are seen as more secure than old fashioned chip-and-pin for payment security.

I am confident that the warmth and emotional intelligence of human interaction will be an important part of distinguishing bank brands in the market for a long time to come.

And those banks which grasp the opportunities of new technology will be the brands still meeting customer needs for decades to come.

Helen Page is group brand and marketing director of CYBG.

Credit providers must learn to embrace new technology

PERSONAL finance has a legacy problem. Until now, those who weren't familiar with its inner workings have never truly understood financial products and services.

A combination of technical jargon and a lack of clarity concerning the impact that certain decisions might have on a person's credit rating has often left consumers very confused about exactly how most contemporary – and usually very basic – financial products actually work.

However, both the Open Banking regulation and new financial technology have collectively made the means by which we manage our money easier, clearer, and much more transparent.

The main catalyst for this has been the meteoric rise of new retail banks – these have enabled the sector to rebuild from the rubble of the global financial crisis.

These banks are able to explain financial products in black and white, while simultaneously building an entirely new relationship with their customers through trust and loyalty.

But despite this transformation, many companies offering traditional consumer credit have completely – and unfortunately – bucked this trend.

In fact, according to research conducted by Citizens Advice in 2017, six million credit card customers had their borrowing limits increased in the previous 12 months, without actually giving consent to their card provider.

Evidently, unarranged overdrafts and unwanted credit are still being thrust in front of unwitting consumers.

Once a new customer signs up to a credit agreement, more often than not they're locked into an ambiguous and perplexing set of terms and conditions. No friendly payment reminders, no prescribed restrictions to curb an individual's spending, and no safety net to eradicate the slippery slope of debt.

Luckily, the flexibility and choice created by technology mean that we no longer need to just accept this as the status quo.

Another issue which needs addressing is that, for some types of lending, third-party affordability checks are still not mandatory. In order to protect consumers and institutions, it's critical that they become an indispensable part of the process.

This issue has meant that personal loans, typically acquired through unsecured credit, remain the fastest-growing form of debt in the US.

My personal view is that scrutinising affordability through an independent credit scoring bureau is the best way of determining whether an individual is fiscally responsible, or to identify what level of credit they can comfortably afford.

As we edge closer to deconstructing the once incomprehensible nature of personal finance, it's clear that technological innovations are going to become more important than ever. For the good of consumers and the sector-at-large, long may this continue.

Gary Rohloff is co-founder and managing director of Laybuy.

SPORT

British racer Jamie Chadwick is relishing being a trailblazer as she chases her Formula One dream, she tells **Michael Searles**

ON TRACK FOR THE TOP

FOR young racing driver Jamie Chadwick, this year has gone from 0-100mph in a flash. Just 12 months ago she was claiming her first race win in the British F3 Championship after two seasons in the competition. This Sunday she will go in search of the inaugural W Series title in front of a home crowd at Brands Hatch, Kent.

The Briton, 21, has led the female-only single-seater series since winning its first race back in May, finishing on the podium at the subsequent four races, which included a further win. Another podium this weekend, or beating nearest rival Beitske Visserwill, will guarantee her the crown.

While that would be hugely significant in itself – and earn her a bumper pay packet of $500,000 (£412,000) – the series has also served its purpose in gaining Chadwick greater exposure. It has helped her to take a step toward the ultimate goal: competing in Formula One.

"This year's been great," Chadwick tells *City A.M.* "It's mad that the W Series is nearly finished, but as a year it's gone a lot better than expected. I think even more in terms of how things have gone beyond the W Series.

"Going into this year I knew I would be doing the series, but didn't know it would have the impact that it has. Also the stuff that's come off the back of it, like the Williams F1 gig and the Aston Martin role as well, it's been fantastic."

> To race in Formula One is the ultimate goal, but an association with a team is the first step

Just two weeks after winning the first ever W Series race at Hockenheim, Germany, Chadwick was signed as a development driver for the Williams Formula One team, which has a history of promoting gender diversity.

Led by deputy team principal Claire Williams, they are the most recent team to have had a woman involved in a race weekend, with Susie Wolff testing the car in free practice in 2015.

Alfa Romeo's test driver Tatiana Calderon has had track time since, but not during a race weekend.

But for Chadwick, who is five years younger than Calderon, the aim is to eventually make it all the way to the starting grid. It would be the first time a female driver has done so since Lella Lombardi in 1976.

"To race in Formula One is the ultimate goal, but the first step is what I've got now, which is an association with an F1 team," Chadwick says. "The next step is to test with them. It's definitely within touching distance, so hopefully it's something we can push for in the next couple of years."

Chadwick could win female-only single-seater competition the W Series, and £412,000, at Brands Hatch on Sunday

However, as a development driver, rather than a test or reserve driver – a position currently held by Nicholas Latifi – there is still some way to go to bridge that gap. For now, Bath-born Chadwick's focus has been on learning and gaining experience, as well as competing in other events such as the W Series and endurance races with Aston Martin, for whom the 2015 British GT4 champion was announced as a junior driver in April.

"The main thing I've learnt is how a Formula One team operates," Chadwick says. "As a young driver you would think I would have more of an insight into what goes on in a Formula One team than maybe your average spectator, but actually it's so off-limits.

"To get that experience and immersion within the team and see what the drivers do was so invaluable. But also I get to do simulator development work, so I'm in the factory quite often now, working on the simulator with the engineers and trying to help them where I can, but also bettering myself and referencing myself against the drivers."

ROLE MODEL

Chadwick is used to travelling at speed, but her rise since the turn of the year, in which she also became the first female to win India's MRF Challenge Championship, has accelerated quicker than she could have anticipated.

When bringing her on board, Williams called Chadwick "a female role model who will hopefully inspire young girls to take up racing", and she has duly been recognised for her achievements this year after being nominated for Sportswoman of the Year by the Women's Sports Foundation – even before the W Series finale.

The all-female series came in for criticism at its launch for reinforcing segregation between the male-dominated series it was trying to help women break into, but Chadwick believes it has been a success.

"It had its criticism when it launched, and I can understand where people came from, but honestly, when I first started out with the series I realised it was going to be a great thing," she says.

> If we can break down stereotypes by having more women in the sport then that would be positive

For Chadwick, improving gender equality in motorsport is "a numbers game"; increasing the talent pool, through initiatives such as the W Series, will mean more women break through to the top tiers of motor racing and in turn spark more involvement. She accepts, though, that more needs to be done to dispel sexism and any association motorsport has with it.

"I haven't really experienced any sexism, I've actually had a really positive experience in the sport, but I know I'm one of few," she says.

"I know quite a few of the other girls have, and I also know it's maybe seen as a sport that would have sexism in it. If we can break down those stereotypes by having more women in the sport then that's got to be really positive."

Despite her praise for the W Series, which will award the FIA super licence points required to race in Formula One from next year, she is yet to commit to a second season.

"I'm not 100 per cent sure about next year just yet," says Chadwick. "The W Series is a great opportunity, but it's up for discussion at the end of this year. I'm really lucky to have a relationship with Williams and Aston Martin. Whatever I do, I want to be out racing and bettering myself as much as I can."

With the progress Chadwick has already made this year, perhaps the W Series has already provided her the springboard it was designed to give.

STONE SETBACK Fast bowler joins England's growing injury list

England have suffered another setback after fast bowler Olly Stone was ruled out of the second Ashes Test against Australia with a back injury. Stone, who is expected to be out of action for two weeks, joins Jimmy Anderson and Mark Wood on the sidelines. The Warwickshire bowler, 25, made his Test debut against Ireland last month and would have been in contention alongside Jofra Archer to replace Anderson at Lord's on Wednesday. "It's disappointing for Olly that he's been ruled out of action for such an important two weeks of cricket because of a recurrence of his back injury," said Warwickshire director of cricket Paul Farbrace.

SPORT DIGEST

ENGLAND STILL WAITING ON WINGER NOWELL'S FITNESS

Jack Nowell's participation at the Rugby World Cup is still in doubt due to an ankle injury. The Exeter winger is recovering after picking up the problem in the Premiership final in June. England begin their World Cup campaign in Japan against Tonga on 22 September, but head coach Eddie Jones will name his 31-man squad on Monday. "The review with him will be ongoing, it is week-by-week," said assistant coach Neal Hatley. "He is working extremely hard from a rehab point of view and we will make a decision on it closer to the time."

GUNNERS TO SIGN TIERNEY AS SPURS EYE LATE MOVES

Arsenal last night agreed a £25m deal to sign Celtic left-back Kieran Tierney. The Gunners had two previous bids rejected but the 22-year-old Scotland international should complete a move to the Gunners before today's 5pm transfer deadline. Meanwhile, Tottenham have reached an agreement with Real Betis to sign 23-year-old midfielder Giovani lo Celso for around £60m. Spurs are also in talks with Fulham over 19-year-old left-back Ryan Sessegnon.

WELBECK AND JENKINSON END LONG ARSENAL STAYS

Watford have signed former Arsenal striker Danny Welbeck on a free transfer. Welbeck was released by Arsenal in June after struggling with injuries in his five years at the club. The 28-year-old, who has 42 England caps, has not played since suffering an ankle injury in November. Full-back Carl Jenkinson has ended an eight-year stay at Arsenal by joining Nottingham Forest on a three-year contract.

EVANS TO MOVE INTO TOP 50 DESPITE NADAL DEFEAT

British No2 Dan Evans was knocked out of the Rogers Cup in the second round by top seed Rafael Nadal last night. Evans put up a spirited effort in Montreal and had two set points in the opening set, but lost 7-6, 6-4 to the Spanish defending champion. Despite defeat world No53 Evans is guaranteed to move into the top 50 of the ATP singles rankings on Monday, close to his all-time high of No41.

CITY SIGN CANCELO AND SELL DANILO TO JUVENTUS

Manchester City have completed the signing of right-back Joao Cancelo from Juventus for £60m, with Danilo going in the other direction. Cancelo, 25, has signed a contract until the summer of 2025, while Danilo, 28, has moved to the Italian champions for £34.1m. Cancelo is City's third summer signing, following midfielder Rodri for £62.8m and £5.35m full-back Angelino.

PREMIER LEAGUE TV: IS IT TIME FOR A NEW OTT PLAYER?

Could the world's biggest league launch a 'Netflix of Football'? asks **Daniel Ayers**

THE NEW Premier League season starting on Friday also marks the start of a new broadcast rights cycle and a debut for Amazon Prime's coverage. Over the top (OTT) sports services are here to stay and there is no shortage of analysts who feel the rights market has peaked.

Former Crystal Palace owner Simon Jordan argued in February and reiterated this week that the Premier League should aim to be a "Netflix of football". "If you had 100m subscribers on Premier League TV, like with Netflix, at £8 per month, you'd bring in £10bn per year, not £8.7bn [globally] every three years [as the 2015-19 broadcast rights deals did]," Jordan said.

Netflix's figures are easy to find and examine. So, how might the numbers work for a Premier League OTT service? They would appeal to fans, who in the UK can pay up to £900 per year (£100 a month for nine months) for the complete Sky, BT Sport and Amazon Prime packages. Not many will do all of this but, either way, £72 in total for nine months compares very favourably.

This ignores the cost of building, marketing and maintaining a so-called Premier League TV, though. It took Netflix 10 years from US launch to reach 100m subscribers. When they hit that milestone in 2017, they took $11.7bn in annual revenue with net income of $559m (approx £414m).

Jordan points out Netflix have to buy or create their content and indeed, that gap between revenue and net income was largely due to $8bn spent on content acquisition and production.

BIG HOLES

Currently, Premier League Productions, a partnership between the Premier League and IMG, handles production for all 380 matches per season, including 40 hours each of live content and magazine shows every week.

In the UK, Sky and BT Sports produce their own magazine content as well, and also spend large amounts promoting their live output, which in turn markets the Premier League in the UK and internationally. They bring their own cameras to matches and have driven up the quality of coverage. Take them away and there are big holes to fill in those areas.

But let's generously assume that: production costs remain neutral for an OTT service versus the current model; Premier League TV would have similar costs to Netflix for marketing, technology and administration ($2.8bn/£2.2bn in 2017); and a long-standing ban on domestic broadcast of matches on Saturday afternoons could be lifted, enabling a subscription service that's cheaper than a League Two club season ticket.

In that scenario, when Premier League TV hit 100m subscribers at £8 per month it would earn £7.2bn in revenue and £5bn net income – not quite Jordan's £10bn per year, but £15bn over three seasons would be more than the £9.2bn due from the 2019-2022 global rights cycle.

RISKS

The risks taken to reach that point would be high, however. Building 100m subscribers would take several years, with inevitable missteps along the way.

Parity with the 2019-2022 deal would require 42m subscribers – a level Netflix took almost six years to attain, and it offers far more than a single sports league.

Premier League clubs would effectively have to vote for a short-term drop in revenue on the promise of a more lucrative future.

Of course, the service could be priced higher than £8 per month and still feel good value. The Premier League is already global brand and would hit the ground running faster than Netflix did. Off-season churn would not be total. In the grand scheme, sacrificing some broadcast income for, let's say, six years would make sense if it meant controlling the product afterwards.

But which six years would clubs vote for? The ones when they're sure they won't have any £350,000-a-week contracts to pay? Which generation of players would sign lower contracts for the future benefit of their younger team-mates? And if the league loses star players, how easy will overseas subscriber acquisition be?

I worked for a record company during the 2000s when we were accused of being slow digital movers, trying to protect revenue by clinging to outdated models of physical distribution. Well, yes. Nobody wanted to take a six-year break from making money while investing in enough server space and developers to invent YouTube or Spotify on our own.

$11.7bn

Netflix annual revenue for 2017, the year it hit 100m subscribers

Entering the OTT market is not a binary option; rights-holders can dip their toes in the water. Formula One, NBA, NFL, UFC and other sports all have services active in some markets.

At Seven League, we've supported Uefa on the launch of their OTT platform, which debuts this season. UEFA.tv is not replacing broadcast deals but is a complementary service, and includes content from non-Uefa competitions, such as the Bundesliga.

As for going all in on OTT: if Netflix themselves can't easily afford to be the Netflix of Sports – spending £9.2bn just for the Premier League would mean a 40 per cent increase on their three-year content budget – can any league take that chance?

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