GOING PROROGUE

PRIME MINISTER BORIS JOHNSON SECURES QUEEN’S CONSENT TO SUSPEND PARLIAMENT DESPITE OPPOSITION LEADERS’ PROTESTS

CATHERINE NEILAN
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THE PRIME MINISTER won a crucial victory in his Brexit battle yesterday, effectively cutting short the time available for MPs to block a no-deal outcome.

Boris Johnson blindsided MPs and some of his own ministers by calling on the Queen to suspend parliament – known as proroguing – for just over a month, earmarking 14 October for a Queen’s Speech.

In a letter to MPs, he insisted this was to “bring forward a new bold and ambitious domestic legislative agenda for the renewal of our country after Brexit.”

The pound dropped a cent against the dollar after Downing Street confirmed the plan. As fear of a no-deal outcome intensified yesterday morning, sterling dropped from close to $1.230 to as low as $1.217, before recovering to print late last night at $1.221.

High profile Tory backbenchers, opposition MPs and the speaker himself slammed the move as a “constitutional outrage”.

Labour leader Jeremy Corbyn, the Liberal Democrats’ Jo Swinson and even Change UK leader Anna Soubry wrote to the Queen to demand an urgent meeting – but Downing Street’s request was quietly approved.

Johnson said the move, which reduces the number of sitting days before Halloween by around a week, still left “ample time” for parliament to debate any new deal he can secure with the EU.

It is hoped that a new agreement can be reached at the European Council on 17-18 October. Johnson said the government would “move at pace” to make it law before the 31 October deadline.

His move has infuriated Remain MPs who had been planning tactics to seize control of parliamentary proceedings and force an extension to Article 50.

Instead, a vote of no confidence now appears their most likely route – but that carries with it the risk that Downing Street could engineer a post-Brexit election.

Former chancellor Philip Hammond tweeted the move was “a constitutional outrage”, a phrase echoed by speaker John Bercow who added: “Shutting down parliament would be an offence against the democratic process and the rights of parliamentarians as the people’s elected representatives.”

Former justice secretary David Gauke said: “Put to one side your views of a no-deal Brexit. Imagine that Jeremy Corbyn is PM, pursuing a policy that is unpopular in parliament and in the country. At a crucial moment he finds a way to evade parliamentary scrutiny for several weeks. This is a dangerous precedent.”

Labour leader Jeremy Corbyn said: “This is an outrage and a threat to our democracy.”

Shadow chancellor John McDonnell said: “Make no mistake, this is a very British coup. Whatever one’s views on Brexit, once you allow a Prime Minister to prevent the full and free operation of our democratic institutions you are on a very precarious path.”

Legal campaigner Gina Miller, known for successfully challenging the government over its authority to leave the EU without a parliamentary vote in 2017, said she would ask the courts to block the suspension.

Meanwhile, the EU warned the move could increase the chances of no deal.

‘Taking back control’ has never looked so sinister,” tweeted Guy Verhofstadt, the European Parliament’s Brexit coordinator. “As a fellow parliamentarian, my solidarity with those fighting for their voices to be heard. Suppressing debate on profound choices is unlikely to help deliver a stable future EU-UK relationship.”

Tory MP and assistant government whip Nigel Huddleston defended the suspension as “not without precedent. Indeed, it is normal practice... The Queen’s Speech will show that the government has a clear agenda beyond Brexit.”

Rachel Cunliffe on the PM’s epic gamble P15

PRIME MINISTER BORIS JOHNSON SECURES QUEEN’S CONSENT TO SUSPEND PARLIAMENT DESPITE OPPOSITION LEADERS’ PROTESTS
Square Mile is ramping up no-deal operations

The decision to prorogue parliament with a Queen’s Speech is a cunning manoeuvre by Downing Street, seizing the initiative from opposition parties while piling more pressure on the EU to back down over the backstop. Alternatively, it is a reckless and irresponsible ploy that risks infuriating no-deal opponents and moderate MPs to such a degree that it might even unite them, thus weakening the government’s position – think the opposite of divide and rule. Such contrary opinions were predictably rife yesterday after Number 10 confirmed its plans, unsurprising in these polarised times. One thing is clear: the new government’s bellicose way of working keeps open the genuine prospects of both a deal and a no-deal Brexit with just weeks to go. Many banks believe the chance of a no-deal outcome is now around 45 to 50 per cent, a far greater probability than earlier in the year. No wonder sterling came under pressure yesterday despite positive noises emerging from Brussels over the past week. For traders this presents a dilemma and an opportunity. The nothing-has-changed days of Theresa May’s premiership are a distant memory, replaced with the momentous political, legal, parliamentary and constitutional battle we are currently witnessing. Almost nothing can be ruled out. This also presents a headache for banks themselves, not to mention asset managers, fintechs and a range of other businesses centred on the City. The financial services sector has done everything possible to prepare for Brexit, spending £4bn in the process, according to EY. Regulators deserve credit for managing an exceptionally tricky political scenario, striking deals with the continent to ensure business-as-usual in the event of the UK crashing out of the bloc. Yet, as the prospect of no-deal gets closer, many City firms will find themselves firming up their plans and executing decisions that have been put off while we awaited some kind of conclusion to the stalemate in Westminster. That stalemate finally looks like breaking, even if it involves both sides petulantly knocking all the pieces off the table.

Ruth Davidson quits as Scottish Tories’ leader

BORIS Johnson certainly put the cat among the pigeons yesterday, reducing the amount of time for which parliament sits before the critical Brexit Halloween deadline.

HOW SIGNIFICANT IS THIS?
It depends on your perspective, and what you were expecting to happen before 31 October. On the one hand, MPs are losing only around a week of session time. But, as we all know, a week is a long time in politics.

In addition, Remainers were expected to block the conference recess, which would have given MPs longer to act. They still have time, but any legislation that is incomplete ahead of suspension will fail, meaning MPs would have to pass any anti-no-deal legislation by its entirety either before prorogation, or in the three weeks before Brexit day. There are already some big set pieces, such as chancellor Sajid Javid’s spending round, which will take up some of the time. The Queen’s Speech alone will require four days of debate, blocking out further time. You can probably expect more to be added to the diary.

CAN MPs still stop NO-DEAL?
Things have definitely got a lot harder, but it’s not impossible. The parliamentary timetable has been reduced, but there is some time – perhaps as little as three days – before the Queen’s Speech on 14 October. On Tuesday, MPs agreed to try to push through a recycled version of the Cooper-Letwin bill that was used to force Theresa May into the last Brexit extension. Now a vote of no confidence (VONC) is being hastily revived. But to work, it will require parties that have thus far shown little sign of unity to really pull together.

And it’s not without risks of its own.

WILL THERE BE AN ELECTION?
An election is a probable outcome of the VONC, but it’s a high risk strategy. If we have an election before 31 October, Labour leader Jeremy Corbyn has pledged a public vote, which will win over Remainers, but might put off those who want an “orderly” Brexit. Given Corbyn’s lukewarm attitude towards a second referendum, there is no guarantee Labour could co-opt Remainers back from the Lib Dems. Meanwhile, Conservatives, currently riding high in the polls, could stand on a promise of taking the UK out of the EU, regaining voters previously lost to UKIP or the Brexit Party. And that’s only if the election is

WHAT THE OTHER PAPERS SAY THIS MORNING

The Financial Times

Rothschild slams audit firms’ standards

The accounting firm said the existing standards were “overloading the profession” and stopping clients from exercising due diligence.

The Times

Regulator to halt fracking for weeks

Fracking in Lancashire could remain suspended for weeks while regulators investigate the recent tremor.

Hong Kong leader’s emergency powers

The chief executive Carrie Lam has suggested she would consider invoking a draconian law from the territory’s colonial past to combat protests that have led to the worst crisis under Chinese rule.

The Daily Telegraph

Toyota takes a slice of smaller rival Suzuki

Toyota is taking a five per cent slice of its smaller, Japanese rival Suzuki in the latest tie-up in the global car industry. It will pay ¥96bn (£740m) for the stake, while Suzuki will fork out ¥46bn for EADs.

Mcdonald’s pushes anti-harassment training

McDonald’s intends to train all employees at its US restaurants on workplace anti-harassment matters after facing criticism over its handling of the issue. The burger chain said that training will begin in October for its 850,000,000 employees from cooks to managers at nearly 14,000 restaurants across the US.

The Wall Street Journal

Fed leader says low rates can cause instability
San Francisco Fed leader Mary Daly said yesterday that there are risks to keeping monetary policy on overly easy settings, but she gave few hints she was ready to advocate for a rate increase.

City A.M.

The nothing-has-changed days of May’s premiership are a far memory

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News

Thursday 29 August 2019

Q&A

Ruth Davidson will quit as leader today

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CITY REACTS TO JOHNSON’S PLANS
Speculation of a no-deal Brexit mounts but analysts remain torn over what to expect next

ADAM COLE
RBC
The developments make an exit with no deal marginally more likely. However it is still far from a certain prospect, while parliament has possible routes to block it and while the possibility (albeit slim) still exists that Johnson could extract a deal from the EU that parliament can support.

GILLES MOEC
AXA IM
It is unlikely that any positive outcome on Brexit can occur without the UK first going through an exacerbation of the current crisis sentiment. It is not clear that those in parliament refusing a no-deal exit can actually, within the current time limits, impose their view on the government.

HOLGER SCHMIEDING
Berenberg
Suspending parliament would accentuate the hard Brexit risk and the UK’s constitutional crisis. In a way, a need for a Prime Minister to suspend his own parliament because he seems to lack a majority for his key policy – the approach to Brexit – is not exactly a sign of strength.

DEAN TURNER
UBS
In reality, all that happened was that we gave back gains we picked up over the past few sessions. My take is that it’s not increasing the chances of no deal as of yet. What it does do is focus the mind of those MPs who wish to block a no-deal Brexit.

IS THERE TIME TO GET A DEAL THROUGH PARLIAMENT?
Johnson says yes.
His letter to MPs sets out a timetable in which a new deal is agreed during the October European Council, from 17-18 of the month, and brought before MPs for a vote on 21 and 22 October. He says MPs will have to “move at pace to secure its passage before 31 October”, and for once he’s not exaggerating.

ARE THE BREXITERS HAPPY?
Johnson has upset the Remainers, but he hasn’t necessarily won over the arch-Brexitters either. Mark Francois has said that he and others in the eurosceptic European Research Group will block any attempt to pass the Withdrawal Agreement, even without the backstop. Despite all his energy, Johnson may find he is up against the same struggle his predecessor faced.

CATHARINE NEILAN
FTSE housebuilders shaken up by Johnson’s power move on Brexit

SEBASTIAN MCCARTHY
@SebMcCarty
THE BREXIT chaos of Westminster spilt over to traders in the Square Mile yesterday, with companies exposed to the UK economy particularly hit.
Housebuilding stocks fell across the board yesterday as Brexit turmoil dented investor confidence in the property sector. The FTSE 250 index, which includes a higher proportion of domestically focused companies than the FTSE 100, lost 130 points of 0.7 per cent by the end of the trading session in London.
FTSE development and construction giants including Berkeley Group and Persimmon all suffered as investors digested the increased uncertainty of how – or even if – the UK will depart the European Union. Persimmon, Berkeley, Barratt Developments and Taylor Wimpey were among the biggest decliners on the London stock exchange, all down between three to five per cent.
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CATHERINE NEILAN

Prime Minister Boris Johnson held a meeting yesterday with the Queen who agreed to suspend parliament for just over a month, cutting the amount of time MPs have to prevent a no-deal Brexit.
More grief for British car industry as output falls again amid Brexit fears

ALEX DANIEL
@alexmdaniel
BRITAIN’s car manufacturers endured another month of misery in July as exports took a hit and output slowed down for the 14th consecutive month. Manufacturing output fell 10.6 per cent last month, with only 108,239 vehicles rolling off the production line, according to figures released today by the Society of Motor Manufacturers and Traders (SMMT). Ongoing weakness in key Asian markets, coupled with lacklustre performance in Europe affected car makers’ output.

Production for exports fell 14.6 per cent in July on a year-on-year basis, despite eight in every 10 cars produced in the UK still being shipped abroad.

Chief executive Mike Hawes said: “Another month of decline for UK car manufacturing is a serious concern. “The sector is overwhelmingly reliant on exports and the global headwinds are strong, with escalating trade tensions, softening demand and significant technological change. “The importance of maintaining the UK’s global competitiveness has never been more important.”

Goldman Sachs-backed network bidding for Talktalk rival venture

JESS CLARK
@jclarkjourno
A BROADBAND network backed by Goldman Sachs is in discussions to buy a Fibrenation, a venture established by Talktalk. Cityfibre is among a small group of bidders in the running to take over the company, Sky News reported yesterday.

Around three parties, including other infrastructure funds, are still in negotiations with Talktalk and advisers at Lazard over the sale.

Cityfibre has proposed to acquire 100 per cent of the rival venture, the broadcaster reported. Talktalk, a FTSE 250 telecoms firm, would receive a cash payment and agree to sign up as a customer.

Fibreplan plans to build fibre connections to 2m homes across the UK. The venture was launched in February last year, with Talktalk planning to fund 20 per cent of the project.

However, talks with Infracapital, which was expected to provide most of the capital, collapsed.

REVVING UP Carlyle Group mulls US float for London minicab company Addison Lee

ALEXANDRA ROGERS
@city_amrogers
THOMAS Cook is close to securing a rescue deal with a major shareholder that could result in the company’s delisting.

The travel operator is agreeing bailout terms with Chinese investment firm Fosun that will see it throw £450m into the ailing company for a 75 per cent equity stake in the tour operating business and a 25 per cent stake in the airline division.

Thomas Cook’s shares closed down 16.64 per cent yesterday at 5.90p.

Conversely, the company’s core lending banks and noteholders will put in £450m of new money for 75 per cent of the equity of the airline, and up to 25 per cent of new equity in the tour operating business.

Thomas Cook said the current intention of the board was to maintain its public status. However, it added: “The implementation of the proposed recapitalisation may, in certain circumstances, result in the cancellation of the company’s listing.”

The deal, which Thomas Cook is aiming to close in early October, needs to be agreed among all involved parties and some of the firm’s key stakeholders.

However, it warned that its recapitalisation plan could result in the “significant” dilution of existing shareholder interests in the airline business, “subject to feedback from creditors, the new money providers and other stakeholders.”

The news of the rescue deal follows a torrid time for Thomas Cook. In May, the firm reported a £1.5bn half-year loss as the firm struggled with a bumper heatwave in Britain, and the impact of Brexit uncertainty and rising fuel costs.

Russ Mould, AJ Bell’s investment director, said: “Shareholders in the troubled travel company may have to accept that their investment could be worthless. “An update on its refinancing reveals that Chinese group Fosun and Thomas Cook’s lenders are going to get the lion’s share of the equity, meaning very little – if anything – is left on the table for the other shareholders,” he added.
**Petrofac turnover set to shrink after a fraud probe halts new work**

**ALEX DANIEL**

OIL FIELD services giant Petrofac shares rose 1.06 per cent yesterday despite warning revenues would dry up next year, after an investigation by the Serious Fraud Office (SFO) caused it to lose out on contracts.

In a gloomy first-half financial report, the FTSE 250 company said the decline reflects a “low order intake in recent years”, and that profit would fall in the second half of the year amid shrinking margins and a drop in oil prices. Petrofac employs 11,500 people and operates from offices including Aberdeen, Delhi, Abu Dhabi and Saudi Arabia.

Low profit fell to £320m (£248.4m) for the first six months of the year, an 8.7 per cent drop. When factoring in exceptional items, Petrofac’s net profit was £139m, up from a £17m loss at the same point last year.

Revenue rose 1.3 per cent to £2.8bn. Nicholas Hyett, equity analyst at Hargreaves Lansdown, said: “Unfortunately less business coming down the pipeline is starting to constrain management’s room for manoeuvre, and that’s made for a pretty gloomy outlook statement.”

**Bechtel removes legal block over HS2 contract**

**ALEXANDRA ROGERS**

ENGINEERING giant Bechtel has withdrawn its legal bid to prevent HS2 from signing a contract for one of its key London stations.

HS2 has been unable to sign a £1.3bn contract for Old Oak Common station with Halliburton, Vinci Construction and Systra ever since rival bidder Bechtel launched a legal challenge over the entire procurement process.

The legal claim, lodged in February, resulted in an automatic suspension order that prevented HS2 from physically signing the contract. Last month, HS2 applied to lift the suspension. Bechtel has now decided it will not contest that move.

City A.M. understands that a key factor in Bechtel’s decision was the fear that it would be liable to pay the costs of any further delay to the station programme, which are thought to be in excess of £100m. Bechtel will still pursue its legal claim against HS2’s handling of the contract procurement process at full trial next year.

A Bechtel spokesperson said: “We remain confident of our case and are still pursuing it through to trial next year.”

An HS2 spokesperson said: “We welcome Bechtel’s decision. The arrival of HS2 will transform Old Oak Common and help deliver 25,000 new homes and 65,000 jobs, as part of the UK’s biggest regeneration project. Our early works contractors are currently hard at work, clearing the huge site and preparing for the start of station construction.”

“We remain confident that the construction partner procurement process was robust, and we intend to sign contracts as soon as possible.”

Question marks linger over whether HS2, the high speed line that will link London to the north in stages, will even be built following Boris Johnson’s decision to hold a review into the whole project, which is due in autumn.

**Italian bond yields sink to record low as parties reach deal to form a new coalition government**

**HARRY ROBERTSON**

ITALY’s 5-Star Movement and its old enemy the Democratic Party (PD) agreed to form a coalition yesterday evening.

PD leader Nicola Zingaretti said he had told President Sergio Mattarella that he was ready to enter a coalition with 5-Star, and let Guiseppe Conte continue as Prime Minister.

The two sides still need to agree on a shared policy platform and team of ministers, but 5-Star chief Luigi Di Maio and Zingaretti said they had pledged to find common ground in discussions.

Conte, who is close to 5-Star, was Prime Minister from 2018 until last week, when he resigned with a fierce attack on far right League leader Matteo Salvini.

The yield on the 10-year Italian government bond fell to a record low of 0.985 per cent yesterday as talks continued.

During the eurozone crisis, the yield soared to over seven per cent. The yield is the effective interest rate and moves inversely to a bond’s price.

Investors were cheered by progress in talks between the anti-establishment 5-Star, which ruled Italian parliament in a coalition with the League party until earlier this month, and centre-left PD.

The falling yields mark a huge reduction in Italian borrowing costs which has come in large part due to the European Central Bank’s loose monetary policy.

“Yields would probably drop further if the coalition took power, said Hubert de Barochez, a market economist at Capital Economics.

“However, there remains a risk that early elections will be called soon, which would presumably push yields back up.”

**Thank you for getting a smart meter.**

If you’ve got one of the 13 million smart meters already installed, you are helping to upgrade Britain’s outdated energy system. We’d just like to say thank you.

From the campaign for a smarter Britain

Smart meters help upgrade the smart energy system enabling it to better anticipate demand and reduce peak electricity costs.
Bank of France deputy Goulard put forward for EU Commissioner role

Gouard is the deputy governor of the Bank of France and was previously a member of a French Foreign Ministry legal team that worked on German reunification in 1989. She also served as a political adviser to former European Commission president Romano Prodi.

We are at a crucial European moment. We need people with experience and vision to participate and take a lead role,” a statement from French President Emmanuel Macron’s office said yesterday.

Macron appointed Goulard as his government’s defence minister two years ago.

However, she resigned after just a month in the role when an investigation was launched into how her political party had hired parliamentary assistant in the European Parliament.

Recession alarm for US economy sounds louder

HARRY ROBERTSON
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RECESSION warning lights flashed red in the US yesterday as the government bond “yield curve” inverted further, to a level not seen since 2007.

A yield curve inversion – when long-dated bond yields are below those on short-dated ones – is traditionally thought to presage a recession. One has occurred before every US recession in recent times.

The gap between 10-year and two-year US government bond yields rose at one point yesterday to 6.2 basis points (0.062 percentage points), a level not seen since before the 2008 financial crisis.

Yields, which move inversely to prices and are effectively the interest rate on bonds, should be higher on longer-dated debt to reward investors for the risk of lending their money to governments for longer.

If they become lower on longer-dated than shorter-dated ones, it means investors are buying up the assets, which are considered super-safe investments, because they fear for long-term growth outlook.

Investors looking for higher returns sent the yield on 30-year US government bonds at one point yesterday, to a record low of 1.906 per cent.

While some have dismissed recession worries, Neil MacKinnon, global macro strategist at VTB Capital, said: “It would be unwise to ignore what the curve is saying.

″Indeed, looking at the curves for most bond markets is actually sending a message of low growth and low inflation over the longer term.”

Jim Reid of Deutsche Bank said: “The inversion is in danger of being locked in.”

He said the US Federal Reserve may have to stimulate the economy with a 50 basis point interest rate cut “to encourage the yield curve back into positive territory”.

Some analysts doubted a US recession is coming, however.

Ruth Lea, economic adviser to the Arbuthnot Banking Group, said: “Former Fed Chair Janet Yellen’s comments... that the US ‘has enough strength’ to avoid recession, seem reasonable.”
Loungers losses narrow in first post-float result

JESS CLARK
@jclarkjourno

CAFE and bar operator Loungers has narrowed its losses to £4.9m as revenues rocketed in its maiden set of results since becoming a public company.

Loungers booked a £4.9m pre-tax loss for the year ending in April, it revealed yesterday. That beats last year’s equivalent £6.6m loss. Revenue jumped 26.4 per cent to £153m, up from £121m in 2018, as like-for-like sales rose 6.9 per cent year on year.

Its April flotation meant costs racked up, though, with the retailer counting £14.8m in net debt.

Loungers had already told investors it would not pay a dividend, in order to reinvest cash into growing its network of Lounge and Cosy Club locations.

Loungers’ share price rose as high as 224p in June after its April debut on the Aim stock market, but has since slipped to 205p and closed slightly down yesterday at 204.50p.

Peel Hunt hailed “strong momentum” in the group’s results, however, as sales continued to climb.

The broker has set Loungers’ target price at 285p per share, issuing a “Buy” rating on its stock.

“We believe Loungers has carried strong like-for-like sales and pricing momentum in 2020, as well as the benefits of recent contract re-tendering,” Peel Hunt said.

“The company should quantify its first-half 2020 like-for-like sales when it announces its annual meeting statement in mid-October; an event that we expect to act as a positive catalyst for the shares.”

Chief executive Nick Collins said: “Our revenue and profit growth not only reflect the continued success of the rollout, but also our unwavering focus on our customers, the evolution of our proposition and how we support and invest in our teams.”

Franco Manca seeks a slice of wider UK action

JESS CLARK
@jclarkjourno

FRANCO Manca owner the Fulham Shore yesterday reported growing revenue as it continues to expand the pizza chain outside London.

The restaurant chain has opened Franco Manca branches in Birmingham, Exeter, Leeds and Edinburgh in first half of the financial year as the group eyed opportunities outside of the capital.

The company also opened another London branch in Greenwich.

Further site openings are in the pipeline for this and next financial year, the Aim-listed firm announced in a trading update yesterday.

“We continue to see more properties coming to the market at ever lower rents as a result of the current conditions in the wider property, retail and dining out sectors, and will continue to take advantage of these as and when is appropriate,” the company said in a statement.

“Like-for-like revenue at the Fulham Shore’s other brand The Real Greek dipped slightly, the group said, due to cooler weather.

Cosmetics maker Coty revenue hit by weak consumer demand

ADITI SEBASTIAN

COSMETICS maker Coty reported an eight per cent fall in quarterly revenue yesterday, hurt by sluggish demand in its biggest segment, consumer beauty.

Net revenue slipped to $2.12bn (£1.74bn) from $2.30bn a year earlier, the firm announced yesterday.

Analysts were expecting $2.1bn according to IBES data from Refinitiv.

Net loss attributable to the company widened to $2.80bn, or $3.72 per share, in the fourth quarter ended June 30, from $181.3m, or 24 cents per share, a year earlier.

The loss was mainly due to a $3bn writedown in its consumer brands.

The firm said in July that it would write down value of brands acquired from Procter & Gamble in 2016, in absence of recent growth.

Net loss in the preceding year was $151.1m.

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 Flooring firm Headlam’s profit slips in quiet market

Anna Menin
@annafmenin

Europe’s largest floor coverings distributor Headlam yesterday reported a fall in first-half pre-tax profit, as it struggled with a subdued UK residential market and higher costs. Headlam said pre-tax profit dropped to £15.97m for the first half of 2019, down from £16.42m for the same period last year. Like-for-like revenue increased two per cent in the first six months of the year. This was helped by an increase of 3.2 per cent in like-for-like revenue in continental Europe, while Headlam’s UK business posted an increase of 1.8 per cent in like-for-like revenue in the year.

Underlying costs rose 3.7 per cent during the period. The residential and commercial sectors were up two per cent and 5.7 per cent, respectively, the company said. “The drop-through profit from the additional £11.2m of revenue in the period was offset by the 3.7 per cent increase in underlying distribution costs and administrative expenses which totalled £91.7m,” compared with £91.7m in the first half of 2018, the company said. Headlam said that it is maintaining an interim dividend of 7.55p per share – unchanged compared to the same period last year.

The company added that it intends to keep this year’s full-year dividend the same as last year’s figure of 25p, despite the fact it anticipates a lower pre-tax profit.

Steve Wilson, Headlam’s chief executive, said the company had “delivered a reassuring performance during the period in what remained relatively restrained markets, with growth on an absolute and like-for-like basis in both the UK and continental Europe.” “Growth has continued into the second half of the year to-date, and we currently maintain our overall expectations for the full year,” Wilson added.

Shares in Headlam closed down 2.74 per cent at 408p.

WH Smith boosted by ‘strong’ performance

Anna Menin
@annafmenin

WH Smith reported yesterday that it is on track to meet full-year expectations, helped by a strong performance in its travel stores. The stationer and convenience store retailer said in a trading update that its travel business – stores at stations, airports, hospitals and service stations – had performed “strongly”, with good sales across all channels.

Stores in hospitals are now the second largest channel in WH Smith’s UK travel business. The retailer’s international travel business is also continuing to grow – with 428 stores open outside the United Kingdom. This includes Inmotion, a US airport chain that the group acquired in a £155m deal late last year, doubling its travel business. “We see good scope to grow Inmotion both in the US and internationally,” the company said. WH Smith said that its high street business had continued to perform in line with expectations.

Cost savings and margin improvements had been delivered in line with its “profit focused strategy”. It added.

Stephen Clarke, who has been WH Smith’s chief executive for six years, is due to step down in October later this year. He will be replaced by Carl Cowling, who currently leads the retailer’s high street arm. The company will report annual results on 17 October. Analysts are expecting an annual pre-tax profit of £150.8m, according to IBES data by Refinitiv. WH Smith reported pre-tax profit of £134m a year earlier. “WH Smith is a play on the structurally growing Global Travel Essentials market, and Travel now accounts about 70 per cent of group [profit], following the acquisition of Inmotion… which we see as game changing,” said Investec analysts, who rate WH Smith a “Buy”. Shares in WH Smith closed down 1.46 per cent at 1.964p.

IN BRIEF

Argentina sells $335m

Argentine’s peso traded 3.10 per cent weaker at 56.1 to the US dollar yesterday, cutting what had been steeper losses early in the day, as the central bank sold $33.5bn ($238.9m) of its reserves in five interventions aimed at controlling the currency’s fall. The peso has lost 27.78 per cent of its value against the greenback since 12 August when the opposition candidate won a presidential primary.

Swedbank appoints CEO

Swedbank has appointed Jens Henriksson as its new chief executive as it tries to rebuild confidence in the bank following a money-laundering scandal. Sweden’s oldest retail bank dismissed former chief executive Birgitte Ronnesen and accepted the resignation of its chairman after its Estonian business was caught up in money laundering allegations that have also engulfed Danske Bank.

Pandora’s big relaunch

Pandora, the world’s biggest jewellery maker, relaunched its brand in Los Angeles yesterday as it tries to attract middle-class shoppers seeking affordable luxury back to its stores. Pandora’s sales increased more than 10-fold in the decade to 2017. The Danish company will completely revamp the design of its 2,700 shops worldwide, unveil a new logo, and increase marketing campaigns.

WH Smith boosted by ‘strong’ performance

Anna Menin
@annafmenin

WH Smith reported yesterday that it is on track to meet full-year expectations, helped by a strong performance in its travel stores. The stationer and convenience store retailer said in a trading update that its travel business – stores at stations, airports, hospitals and service stations – had performed “strongly”, with good sales across all channels.

Stores in hospitals are now the second largest channel in WH Smith’s UK travel business. The retailer’s international travel business is also continuing to grow – with 428 stores open outside the United Kingdom. This includes Inmotion, a US airport chain that the group acquired in a £155m deal late last year, doubling its travel business. “We see good scope to grow Inmotion both in the US and internationally,” the company said. WH Smith said that its high street business had continued to perform in line with expectations.

Cost savings and margin improvements had been delivered in line with its “profit focused strategy”. It added.

Stephen Clarke, who has been WH Smith’s chief executive for six years, is due to step down in October later this year. He will be replaced by Carl Cowling, who currently leads the retailer’s high street arm. The company will report annual results on 17 October. Analysts are expecting an annual pre-tax profit of £150.8m, according to IBES data by Refinitiv. WH Smith reported pre-tax profit of £134m a year earlier. “WH Smith is a play on the structurally growing Global Travel Essentials market, and Travel now accounts about 70 per cent of group [profit], following the acquisition of Inmotion… which we see as game changing,” said Investec analysts, who rate WH Smith a “Buy”. Shares in WH Smith closed down 1.46 per cent at 1.964p.

IN BRIEF

Argentina sells $335m

Argentine’s peso traded 3.10 per cent weaker at 56.1 to the US dollar yesterday, cutting what had been steeper losses early in the day, as the central bank sold $33.5bn ($238.9m) of its reserves in five interventions aimed at controlling the currency’s fall. The peso has lost 27.78 per cent of its value against the greenback since 12 August when the opposition candidate won a presidential primary.

Swedbank appoints CEO

Swedbank has appointed Jens Henriksson as its new chief executive as it tries to rebuild confidence in the bank following a money-laundering scandal. Sweden’s oldest retail bank dismissed former chief executive Birgitte Ronnesen and accepted the resignation of its chairman after its Estonian business was caught up in money laundering allegations that have also engulfed Danske Bank.

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Supporting City Giving Day

Royal Foundation and Charity Digital Trust. This year we are particularly focused on supporting OnSide Youth Zones to build and run 4 new spaces that will transform the lives of young people in London.

How will you celebrate CGD?

We have some great activities planned, including a pub quiz and some sporting challenges which we hope all staff will get involved with. We should also have a visit from some of the young people from our OnSide Youth Zone in Dagenham, who we’re sure will give Blenheim Chalcot staff a run for their money on the sports challenges we have planned!
Good news gives a healthy boost to Astrazeneca

AUGUST GRAHAM

Astrazeneca got a double immune boost yesterday as one of its drugs was given orphan status in the US, while trials of a three-drug inhaler showed good results against a pulmonary disease caused by smoking.

The firm said its medicine Fasenra was granted special status as an orphan drug in the US. Orphans are medicines that treat rare diseases.

Fasenra treats eosinophilic oesophagitis, a chronic disease that causes injury and inflammation in the oesophagus.

The category is designed to encourage drug makers to develop products that would otherwise not be commercially viable as there are too few patients.

Governments offer a variety of incentives, including a monopoly on the drug and a reduction in fees.

The category will also allow the drug to gain faster approval.

Fasenra is already approved to treat severe asthma.

Separately, the company yesterday announced that late-stage trials of a drug on patients with a lung disease had progressed well.

The atmosphere showed a statistically significant drop in the rate of moderate or severe exacerbations of chronic obstructive pulmonary disease when compared to other methods.

“Exacerbations are devastating events for patients and can lead to a permanent loss of lung function,” said Mene Pangalos at Astrazeneca.

The firm is trying to make inroads into a market with 380m potential patients worldwide who suffer from the disease. It will compete with rival Glaxosmithkline’s Trolegy Ellipta.

However, Graham Doyle, an analyst at Liberum, said the news was not “that material to the investment case” in Astrazeneca.

The news followed several pieces of good news for Astrazeneca, pushing its share price up more than 13 per cent in the past two months.

Shares of the London-listed firm closed up 0.36 per cent to 7,266p.

Casual dining sector misery takes a big bite out of Pizza Express’ profits

ALEX DANIEL

Pizza Express has fallen victim to the gloom which has enveloped the casual dining sector, with first-half profit shrinking.

The company blamed a drop in earnings of nearly 10 per cent on “industry-wide cost pressures” in its key home market. Pizza Express, founded in 1965, runs 480 restaurants across Britain, as well as 148 in Asia and the Middle East.

Core earnings fell eight per cent to £32.4m, while sales rose three per cent. Sales in the UK and Ireland were largely flat, with only a 0.5 per cent rise, while international sales rose 11.5 per cent.

Britain’s casual dining sector has struggled against rising business rates, rents and employment costs. Restaurants such as Pizza Express have also been forced to adapt to a consumer trend towards ordering food on delivery apps, including Deliveroo and Just Eat, rather than eating out.

In May, Jamie Oliver’s restaurant chain became a high-profile casualty of the sector’s malaise as it fell into administration.

Pizza Express chief executive Jinlong Wang said: “Costs across the sector continue to rise and this offset the revenue growth.”

Eastern Promise

Ted Baker seals deal to expand into Japanese fashion market

TED BAKER has inked a deal to sell its goods to Japanese department stores from October, telling investors it should offer an instant, if marginal, bump to its bottom line. Shares closed up 1.2 per cent at 923p.

Tiffany sales fall as tourists slash US spending but earnings ahead

MELISSA FARES

Luxury jeweller Tiffany & Co said yesterday declines in tourist spending in the US dragged on sales. However, it reported quarterly earnings that beat estimates on increased spending by customers in mainland China and a cut-back on marketing costs.

A protracted Sino-American trade war, strong dollar and a stricter visa approval process have contributed to a near three per cent drop in Chinese citizens visiting the US this year, pressuring retailers who are reliant on the high-spending tourists.

The company’s quarterly same-store sales, excluding the effects of currency exchange rate changes, fell three per cent. Analysts had expected a 1.3 per cent decrease, according to IBES data from Refinitiv.

Chief executive Alessandro Bogliolo tried to reassure investors that while spending outside of China was down and currency headwinds and business disruptions in Hong Kong would have an impact on new product launches, sales in mainland China were robust.

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Watchdog is open to PPI deadline extension as tech issues hit claims

Anna Menin

THE REGULATOR responsible for overseeing Payment Protection Insurance (PPI) claims has hinted that providers could extend today’s deadline if technical difficulties prevent customers from complaining.

Consumers must lodge claims with the provider that sold them PPI, but people complained yesterday of being unable to do so due to problems with online forms or being unable to get through via telephone.

Affected providers included Natwest, which had technical difficulties with its online PPI claim forms.

A Financial Conduct Authority spokesperson told City A.M. it “will be expecting firms to follow the principle of treating customers fairly. Where a firm knows that customers may have had trouble accessing their services... in the run-up to the deadline, then we would expect them to apply a pragmatic approach to dealing with complaints received immediately after the deadline.”

Policies were mis-sold when providers sold PPI to customers without explaining what exactly it covered, or – in some cases – lied to customers by telling them the insurance was compulsory.

Drone narrowly missed Gatwick passenger plane

Alex Daniel

An Airbus passenger jet carrying as many as 186 passengers was forced to take evasive action to avoid a drone as it approached Gatwick airport earlier this year, it has emerged.

The airliner was flying at 518 metres towards the West Sussex airport on 28 April when the pilot saw a dark-coloured drone and made a banking turn to the right of up to eight degrees to avoid the device, according to the UK Airprox Board (UKAB).

UKAB said the drone was flying above the maximum legal height of 400 feet and within controlled airspace, adding that the near-miss was in its highest category of risk.

The report did not identify which airline the plane was flying with, but Easyjet and British Airways operate the A320 model out of Gatwick.

UKAB also discussed three other category A incidents at its last monthly meeting, including one involving the pilot of a Boeing 747 jet seeing a yellow and orange quadcopter pass down the left side of the plane as it was approaching Heathrow.

On 25 May, a “metallic looking” drone passed “very close” to the right wing of an Airbus A319 at 6,500 feet. On 3 June, a metre-wide black drone came within a few metres of the right wing of a Cessna 152 light aircraft, flying above Chelmsford, Essex.

Airports have had to take far more notice of the danger posed by drones to commercial flights in recent years.

The threat crystallised in December last year as more than 140,000 people’s Christmas travel was delayed by drone sightings at Gatwick, with over 1,000 flights cancelled or diverted over a three-hour period.

Airports in Heathrow, Leeds, Bradford and Dublin have all had drone scares this year.

There were 125 near-misses involving drones reported in 2018, up 34 per cent on the total of 93 in 2017. Just six incidents were recorded in 2014.
Households still given outdated energy meters

AUGUST GRAHAM

ONE IN five households in the UK has been offered old smart meters since March, despite a government push to make suppliers install second-generation equipment.

Energy suppliers have been told they cannot count first-generation smart meters, referred to as Smets 1, in their government-imposed roll-out targets. Yet 20 per cent of smart meter owners have reported they were offered the Smets 1, rather than more modern Smets 2 meters.

First-generation meters are likely to lose their smart meter functions if a household changes supplier.

“People say that they’re still being offered first generation meters, despite the legacy of them going wrong,” said Rik Smith at Uswitch, which compiled the data.

“Energy companies should only be offering second generation meters.”

Meanwhile, almost a third of households that have a smart meter have reported problems with their device since it was installed.

Of these, 32 per cent said their meters went “dumb”, while more than one in 10 stopped working entirely. Unexpectedly, a third of Smets 2 users reported problems.

But the benefits are also clear, as 29 per cent of homes say they have reduced energy bills since getting a smart meter, up from just 16 per cent last year.

More people are switching off the lights and washing their clothes at a lower temperature, saving users £108 a year on average.

“There is a real opportunity to build more confidence in smart meters now, if households are given the right information to make the most of their new device, and if they’re only offered a second generation meter which shouldn’t go dumb if they switch supplier,” Smith said.

German consumers continue optimism despite country facing fresh recession

HARRY ROBERTSON

GERMAN consumers remained surprisingly positive in August despite warnings that the shrinking economy could be heading into a recession.

The consumer sentiment indicator, published yesterday by researcher GfK, held steady at 9.7 in August, the same as in July, suggesting that the German public will continue to support the stalling economy as unemployment stays low.

Yet there were signs of Germany’s economic woes weighing on consumers, with the economic expectation indicator losing 4.3 points and falling to minus 12. This is its lowest level since 2011, when Europe was in financial crisis.

A separate survey from think tank Ifo showed that employers posted fewer job openings in August. Ifo’s employment barometer fell to 98.1 points in August from 99.5 in July.

The mixed survey data came a day after official figures confirmed the German economy shrank 0.1 per cent in 2019’s second quarter, dragged down by a massive fall in exports.

GfK’s Rolf Burkl said: “Trade conflicts with the US and the threat of tariffs for German exports as well as ongoing Brexit negotiations and the prospect of [no-deal] mean that consumers are seeing an increased risk of recession in Germany.”

National Express in $550m IBM and Vodafone venture

EMMA TYRELL

IBM AND Vodafone’s $550m (£450m) partnership has signed its first contract, an eight-year partnership with National Express.

The deal is intended to ensure the UK-based leading transport provider can “adapt to today’s digitally savvy customers”.

IBM and Vodafone joined forces in January, bringing together their respective strengths in connectivity and hybrid cloud with the intent to help digitise European companies.

The deal with National Express will aid the transport provider in its “digital-first” approach by modernising its technology estate, moving it to IBM cloud servers and implementing hybrid cloud technology.

The eight-year venture will also give the transport provider access to other cloud services and new technology such as 5G, Internet of Things capabilities, edge computing and analytics.

Upcoming events

4 SEPTEMBER Measuring Diversity & Inclusion
30 OCTOBER Mental Health and Diversity

Our ever popular seminars and workshops provide practical tips and tools, real life success stories, and an opportunity to collaborate on moving the dial forwards on diversity and inclusion. There’s still time to join the initiative that is helping businesses to create inclusive workplace cultures. Get in touch on inclusion@thelordmayorsappeal.org

TheLordMayorsAppeal.org
@LMAppeal
in The Lord Mayor’s Appeal
TheLordMayorsAppeal

Lord Mayor Attending
Brexit-sensitive shares sink on no-deal worries

“Until we get a change in the dynamic, they’re going to continue to underperform,” said Rory McPherson, investment director at Pimienta Investment Management. Housebuilders were the hardest hit. Persimmon, Berkeley, Barratt Developments and Taylor Wimpey were the biggest decliners on the FTSE 100, down 2.9 per cent to 1.6 per cent. The sector has been hit by worries that a hard Brexit will damage the British economy. Airlines, which are sensitive to consumer spending, were also under pressure. British Airways owner International Consolidated Airlines Group was down 1.42 per cent while Easyjet fell 2.7 per cent.

Prudential, which has a big Asian exposure, fell 1.63 per cent to its lowest since November 2016 amid continued worries about damage to its business in Hong Kong due to the protests in the former British territory. The stock has fallen almost 30 per cent since early July as the demonstrations have escalated.

Broker Numis described recently floated Hipgnosis Songs Fund as “music royalty” in its latest note. The fund floated on the London Stock Exchange in July in an over-subscribed £200m listing. On Tuesday, the company raised an additional £51.1m via a placing of 45.4m ordinary shares at 105.5p per share. The price represents a 0.5 per cent premium to the closing price prior to the announcement and a 2.2 per cent premium to its last published net asset value of 103.2p per share. Numis said the company will use the proceeds of the placing to fund new investments.

The financial sector was up 0.91 per cent, boosted by gains in oil major BP after it announced plans to sell its Alaskan assets for $5.6bn ($4.6bn) and supermarkets, which were lifted by a blue-chip positive broker note. BP closed the day 2.19 per cent higher.

But the rising possibility that Britain could quit the EU without an agreement kept many investors on the sidelines.

TOP RISERS
1. Fresnillo Up 4.26 per cent
2. MHC Health Up 3.18 per cent
3. Tesco Up 2.39 per cent

TOP FALLERS
1. Berkeley Down 4.84 per cent
2. Taylor Wimpey Down 3.57 per cent
3. Barratt Down 3.43 per cent
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**Main Changes UK 350**

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**Main Indices**

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- **FTSE 250**: 1820.99 (+132.89, +7.39%)  
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- **SAP 500**: 2887.94 (+132.89, +0.50%)  

**Main Changes UK 350**

- **Risers**: 45.47%  
- **Fallers**: 5.29%

**Main Indices**

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The Queen is not going to save you, John Brickley is, if asked. The Court of Wardens is an extension of the judicial system, and its function is to maintain peace and order in the City. It has the power to enforce the law and to sentence those who break it. The Court of Wardens is made up of members of the City of London, and its decisions are final. The Queen may intervene in certain cases, but she has no role in the administration of justice. The City of London has its own police force, the City of London Police, which is responsible for maintaining law and order in the City. The Queen's role in the City of London is limited to ceremonial functions, and she does not have the power to intervene in the day-to-day operations of the City of London Police.
An epic gamble shows Boris will not let dithering be his downfall

COUNTELESS criticisms were levelled at Theresa May during her final months in power. She was accused of being stubborn, blinkered, deaf to the mood of the public, and innumerate when it came to considering the parliamentary maths.

These are legitimate rebukes, but they were not her biggest failing. The fatal flaw in the tragedy that was the May regime was the Prime Minister’s propensity for paralysis, her inability to adapt to a crisis, her tendency instead to freeze like a deer in the headlights when things didn’t go her way.

Say what you like about Boris Johnson (arrogant, reckless, self-obsessed), but this is one weakness he does not share with his predecessor.

On Tuesday, it looked as though the winds could be starting to blow in favour of the anti-Boris faction who are adamantly against no-deal. After weeks of squabbling amongst themselves, the rebel MPs had come up with a plan: pass legislation in parliament to force the Prime Minister to request an Article 50 extension and delay the looming Brexit deadline once again.

But nothing about Boris or his crew suggests that this is a team that plays by the rules. And while May spent months unsuccessfully trying to browbeat or bribe recalcitrant MPs who were threatening to torpedo her administration may yet prove similarly tragic, the truth is that it would work overwhelmingly in Boris’s favour if his gambit ended up in the courts.

The image yet again of a select group of unknown judges determining whether the democratically appointed Prime Minister is allowed to enact the will of the people (as he sees it) would power him through the election he knows he will shortly have to fight. Boris would be the people’s champion fighting against the establishment – and we know how effective that message can be.

There’s a similar issue with the desperate calls for the Queen to intervene, which would just replace one constitutional crisis with another and call into question the role of the monarchy in a parliamentary democracy. That’s probably why Her Majesty speedily acquiesced to the Prime Minister’s request.

Theresa May is a political leader who has never been afraid to take an unpopular position, and she is not likely to stand down over the course of her career. It is unlikely that any other Prime Minister would be willing to take such a risk.

The Boris government, on the other hand, is known for its aggressive approach to power. Boris Johnson has been repeatedly accused of being arrogant, reckless, and self-obsessed, and it is unlikely that he would be deterred by the prospect of facing a challenge to his authority.

But this is not the end of the story. Boris’s gambit is likely to be met with resistance from the courts, who are unlikely to be swayed by the Prime Minister’s assertions.

In fact, the courts are likely to be the ultimate arbiter of the legality of Boris’s actions. If the courts rule in his favour, it is likely that the Prime Minister will be able to go ahead with his plan and delay Brexit.

But if the courts rule against him, it is likely that the Prime Minister will be forced to resign, and the country will be left with a new leader who is likely to be more willing to face the challenges of Brexit head-on.

In the end, it is likely that the outcome of this political drama will be determined by the courts, and that Boris’s gambit will not be his downfall.
How to limit reputational damage after a data breach

Tweets from disgruntled customers travel fast, so act quickly to mitigate the consequences

Howard Ricklow

The Information Commissioner’s Office has shown its teeth by imposing a record £180m fine on British Airways last month. Both fines were imposed after hackers stole huge amounts of personal data.

But while the legal risks are largely understood, it is only now that organisations are waking up to the reputational risks of a data breach.

So if your business finds itself subject to a data breach, what action should you take?

First, if a breach presents a risk to individuals’ rights and freedoms, the ICO must be notified within 72 hours.

If the breach poses a high risk to those rights and freedoms, such as the loss of financial information, affected individuals will need to be notified without undue delay.

And here lies the first challenge: how will you notify these people?

Generally, this would be by email. But IT servers may not physically be able to cope with an email to half a million people or more in one go. Add to that the likelihood that not all customers will have an email address, meaning that traditional post may be the only answer for some.

Now the question is whether your database holds the correct or up-to-date information to enable this to happen? The ICO will take a dim view of any delay.

And while organisations are not required under GDPR to tell staff of any data breach, customer services and social media teams should be informed and briefed on how to manage the concerns of affected customers.

A tweet from a disgruntled customer can all too quickly travel the world, often gathering pace as it does. With this in mind, your communications team and lawyers should work together from the outset to decide what communication might include.

While the chief executive might be the public face of the company, for organisations with a confrontational boss, a member of the comms team or specialist PR agency might be best.

The timing of customer notification is critical, particularly where there is the risk of fraud following the loss of financial or personal information.

Delaying notification risks reputational damage and could possibly lead to increased fines. But also consider that if you send too early, the full extent of the breach may not yet be understood. It can be a fine line, and again, your lawyers and communications team are best placed to advise.

When considering whether to dish out a fine and in what magnitude, the ICO will undoubtedly look at how the breach occurred and how it could have been prevented. But it will also look at the steps you took to remedy and mitigate the consequences of the breach.

Complying with GDPR is important, but businesses should also have a plan in place in case of a data breach – because reputational damage can hit just as hard as the legal implications.
Nürburgring lap times are a Big Deal for hot hatches, and Renault has just reclaimed the record. The Megane Trophy-R scored around 14.2 miles and 154 corners in 3.7 seconds less than the Honda Civic Type R. Its time of 7min 40.1sec is also within spitting distance of a 2008 Porsche 911 GT2. That’s the pace of progress. Even so, the car’s price tag has dominated headlines.

‘A standard’ Megane Trophy-R will cost you £31,140, but the fully loaded Nürburgring Record edition is (deep breath) £72,140. Yep, for a front-wheel-drive hatchback. Most of that additional cash goes on carbon fibre drive hatchback. On track, tyres and a titanium Akrapovič Sabelt race seats, bespoke Bridgestone include Öhlins adjustable dampers, and carbon-ceramic brakes. Other options – included on all cars – include Ohlins adjustable dampers, Sabelt race seats, bespoke Bridgestone track tyres and a titanium Akrapovič exhaust. Just 500 will be sold worldwide, with 32 bound for the UK.

The Megane Trophy here (note the absence of ‘R’) isn’t that car. It shares the same 300hp 1.8-litre engine and six-speed manual gearbox, but is 113kg heavier and comes with considerably less carbon. On the plus side, you get rear seats, sound deadening and proper infotainment. At £31,835, it’s also less than half the price of the ‘Ring record version. What a difference a single letter makes.

Not that the Trophy is exactly a soft ride. Essentially, this is a faster, more focused take on the £27,835 Renault RS (keep up at the back!) with limited-slip diff and hydraulic bump stops. No doubt, this middle-tier Renault Sport roots by being the most intense, involving car in its class. Does that make it best? Well, if you’ll allow me to clamber onto the fence... not necessarily. The new Ford Focus ST is a better all-rounder and the Civic Type R is more intuitive – if less exciting – to drive. It’s not all about lap times, after all.

FARENCH BRED

The Renault Megane RS Trophy is hardcore hot hatch with four-wheel steering for uncanny agility. Tim Pitt drives it.

NOT CONVINCED? CHECK OUT THESE ALTERNATIVES...

FORD FOCUS ST

PRICE: £31,995
0-62MPH: 5.7 SECS
TOP SPEED: 155MPH
CO2 G/KM: 179G/KM
MPG COMBINED: 35.7MPG

HONDA CIVIC TYPE R

PRICE: £31,835
0-62MPH: 5.8 SECS
TOP SPEED: 162MPH
CO2 G/KM: 178G/KM
MPG COMBINED: 36.2MPG

HYUNDAI I30N PERFORMANCE

PRICE: £29,495
0-62MPH: 6.1 SECS
TOP SPEED: 155MPH
CO2 G/KM: 178G/KM
MPG COMBINED: 36.2MPG

THE VERDICT:

RENAULT MEGANE RS TROPHY

PRICE: £31,835
0-62MPH: 5.7 SECS
TOP SPEED: 162MPH
CO2 G/KM: 178G/KM
MPG COMBINED: 34.4MPG

THE VERDICT:

Not Convinced? Check out these alternatives...
Things have quieted down, if you’ll excuse the pun, in the field of noise-cancelling headphones. At the top of the unchanging pack sit Sony’s MDR-1000XME, Sennheiser’s PXC 550 and the ageing champion, the Bose QuietComfort 35. Once seen adorning the crowns of every commuter, the QC35’s long reign as London’s preferred method of blocking out the twice daily studio helicopter that is our public transport network has lately given way to younger contenders like Apple’s AirPods and Beats’ Studio 3.

The catchy named Bose Noise Cancelling Headphones 700 are not a sequel to the tired-looking QC35, but they do improve on every aspect of that package. They’re more modern, with a sleek, cushioned metal headband, sliding arms that adjust smoothly up and down the outside of the cups, and soft leather earpads that are comfortable to wear for long journeys. A ring of microphones around both cups are tuned for voice calling. Most of the buttons have given way to touch controls. There’s a bright thumbs-up to the voice pickup on the 700 is so clear that’s as formally experimental as the voice pickup on the QC35, with 11 degrees of isolation available, rather than a simple on-off switch. Hold the noise-cancellation button down and you’ll activate a conversation mode, which amplifies nearby voices and allows you to have a quick chat without lifting your headphones off. You can assign the button on the opposite cup to the Google Assistant, or activate Alexa with a wake-word. Special mention should be given to the quality of phone calls too, which is enabled by a configuration of microphones that isolates your voice from environmental noise. I’ve had complaints from the person on the other end of the line when trying to make calls with almost every other pair of headphones I’ve tested, but the voice pickup on the 700 is so clear I could use them while strolling around the City. There’s really very little to fault here. The cups snap flat a little too eagerly, and until you get used to them they’re prone to whizz out of your hand when taking them off.

And while there are only three buttons, two of them are placed such that you can accidentally press them when gripping the cups, so that your Google Assistant starts shouting about your unread notifications as you place the headphones down.

The move from the QC35’s conservative aesthetic to a swishier, narrower headband design may not be to everyone’s tastes either. But overall these are a fantastic pair of class-leading headphones, and mark Bose’s triumphant return to the top of the league having coasted with the QC35 for so long. The 700 are the most exciting thing to happen in noise-cancelling cans in a long time.

Wolfenstein: Youngblood review – a bonkers co-op experiment

**GAME**

**WOLFENSTEIN: YOUNGBLOOD**
P54, XBO, PC

*BY STEVE DINNEREN*

Five years ago, Wolfenstein: The New Order took a gloriously silly, decades-old game about shooting Nazis and turned it into a gloriously silly, thoroughly modern game about shooting Nazis. It married fluid, lightning-quick gunplay with a pulp sci-fi yarn about monstrous mechanical panzerhunds and secret fascist moon bases, while somehow making a nuanced hero out of protagonist BJ Blazkowicz.

But after three lauded games, developer Machine Games has torn up the playbook, creating an often bizarre, occasionally brilliant and frequently confounding co-op shooter that’s as formally experimental as any triple-A release in recent memory.

For starters, BJ is missing, with his fierce but immature twin daughters following his trail to Nazi-occupied Neu-Paris. You play as either Jess or Soph, with an online buddy taking control of the other (it’s possible to play solo with a computer-controlled companion, but the AI is so infuriating that it’s not much fun). Every encounter is designed to be approached as a pair – run in all directions, drawing fire, the other flanking, for instance – with larger enemies virtually impossible to tackle head-on, and many obstacles requiring two pairs of hands.

The other major departure is the world design. Gone is the linear structure, replaced by a quasi-open world with areas you can revisit as new missions emerge. Machine Games called upon the world-building expertise of Arkane, the studio behind Dishonored, and it shows in every inch of Youngblood’s dense, vertical environments. The various locales of Neu-Paris aren’t just battle arenas, they’re rich with environmental storytelling, from a grotty rebel’s flat tucked away in a dilapidated neighbourhood, to an apartment block converted into sadistic Nazi interrogation chambers. Exploring Wolfenstein has never been so compelling, though its frantic pace does tend to discourage tourism.

It’s not all good news. The storytelling is weak and unfocused, with characters so forgettable I’ve already forgotten most of them. I’m also unconvinced about the new RPG-lite levelling system, which frequently brings the action to a halt; especially problematic when you’re playing with a friend.

But it’s hard to fault a developer for taking risks. When Youngblood’s disparate elements come together – when you and a mate somehow drag yourselves through the impossible, cheering as the last Nazi soldier falls to his knees – it’s a genuine thrill.
England must use Stokes to spark fightback

LIKE MANY, I assumed it would all be over when I looked at the score in England’s third Ashes Test against Australia on Sunday. But like many I didn’t count on the character and talent of Ben Stokes. I was there at the WACA in December 2011 to see Stokes hit his maiden Test century against Australia in just his second game, so I’ve always known what he’s capable of. Since then he has become a South Africa in 2016 and, more recently, his performance in the World Cup final, have shown his ability. But still this was something special. It was unbelievable.

Stokes can blow hot and cold. Like that, or in Jimmy Anderson and Stuart Broad, although he does not shy away from the enormity of the task ahead of him.

He’s ranked No1 pound-for-pound in his weight class. The Hull-born boxer has an impressive 20-2 record, avenging his first professional defeat to Yvan Mendy in a rematch last year. His ascent since London 2012 has been slower than fellow gold medalist Anthony Joshua, but he believes he is entering his prime over the next two years as he looks to establish himself as one of the best in his weight class.

Asked what would come next should he pull off a shock win, Campbell says: “Certainly all my dreams come true. I’ll have to bring my bucket list out and see what needs ticking off, but this certainly tops everything. After this one, it’s going on and sealing the legacy.”

His performance in the World Cup final showed his ability. But this was special.

CRICKET COMMENT

Chris Tremlett

I read that Leach used to suffer from anxiety about his batting, so he deserves a lot of credit for his bravery and concentration. People don’t see the hard work behind the scenes which pays off in moments like that, or in Jimmy Anderson and Monty Panesar’s stand to draw at Cardiff in 2009.

REDEMPTION

Rewind nearly two years and Stokes was in a very different place. After the incident outside a Bristol nightclub some were calling for him never to play for England again.

He went through a lot personally and it could have cost him his career. Instead he’s managed to use the negativity and move forward, both on and off the pitch.

Stokes seems to have learnt from his mistakes, become more responsible and has completely changed the perception the public have of him. I really hope that England can capitalise on his momental knock at Headingley and fight back to win the Ashes, because Stokes deserves it.

If they were to go from 67 all out and one wicket away from defeat to regaining the urn it would be a brilliant comeback. But if Stokes’ efforts don’t prove the turning point then it will be a huge waste.

Personally I still make Australia the favourites. They played the better all-round cricket in the third Test, dominated for the majority of it, bowled phenomenally to skittle England in the first innings and only need to win one of the remaining two Tests.

The break until the fourth Test at Old Trafford next Thursday will help them too, as will the return of Steve Smith.

Of course England are confident and have the momentum and they need others to follow Stokes’ example.

Anderson bowled 20 overs for Lancashire’s second XI on Thursday and I think if he can prove his fitness he has to play in the fourth Test on his home ground.

He’s undoubtedly the main man in home conditions, has troubled Australia in the past and adds a different dimension to the attack. I’ve seen people suggesting dropping a batsman to accommodate him, but there’s no need for five seamers, so unfortunately Chris Woakes might have to miss out.

It’s tough, but ultimately it’s great that, thanks to Stokes, England still have such selection decisions to ponder.

Chris Tremlett is a former England and Surrey fast bowler. @ChrisTremlett13

CONTINUED FROM PAGE 20

“I know his knuckle’s gone, his shoulder’s gone, he’s had certain things and that’s why he’s doing kayaking, it’s probably because he’s not able to do the training so he has to do low intensity stuff because he’s had so much wear and tear on his body.”

While Mcguigan has watched Lomachenko extensively, somewhat surprisingly Campbell has hardly seen his opponent in action.

“I haven’t really watched any of his fights,” Campbell says. “I’ve seen highlights here and there. I just leave that up to Shane and he’ll tell me what to do, but I don’t particularly watch much.”

It leaves him dependent on what his 31-year-old trainer tells him, but also means he will not try to anticipate what the unpredictable Lomachenko could do based on what he has seen.

Campbell, who at 5ft 9in holds a two-inch height advantage over his fellow southpaw, insists he is focused on “preparing to be the best I can be”, although he does not shy away from the enormity of the task ahead of him.

“He’s ranked No1 pound-for-pound for a reason so I think he’s the very best out there at the minute, which is exactly where I want to be,” he says.

The Hull-born boxer has an impressive 20-2 record, avenging his first professional defeat to Yvan Mendy in a rematch last year. His ascent since London 2012 has been slower than fellow gold medalist Anthony Joshua, but he believes he is entering his prime over the next two years as he looks to establish himself as one of the best in his weight class.

Asked what would come next should he pull off a shock win, Campbell says: “Certainly all my dreams come true. I’ll have to bring my bucket list out and see what needs ticking off, but this certainly tops everything. After this one, it’s going on and sealing the legacy.”
British lightweight in better frame of mind for latest title chance against Lomachenko.

By Michael Searles

T WAS just under two years ago that British boxer Luke Campbell lost his father and then his first world title fight in the space of two weeks.

The 31-year-old former Olympic champion pushed through the pain to fight Jorge Linares but would ultimately lose to the Venezuelan by a split decision in California – only to reveal afterwards that he had “cried every day” in the build-up to the bout following his father’s death in Hull.

Campbell’s home town, more than 5,000 miles away.

Campbell’s father Barry McGuigan was a world champion featherweight who pushed through the pain to fight for Olympic golds in 2008 and 2012.

However, their bond runs deeper with McGuigan being a “few chinks in his armour” that have given Campbell’s team confidence of winning an upset on a similar scale.

“it’s very, very hard to prepare for Lomachenko. I’ve watched a hell of a lot of tape on him, but he looks different in every fight,” McGuigan says. “He’s 31, he’s had 400 fights. That’s a hell of a lot of training camps.

“I feel settled, I feel like I’ve got a solid team around me for the first time in my professional career. I’m happy in the gym and I’m happy I get to go home and see my family every weekend.”

Campbell has enjoyed working with trainer McGuigan, son of boxing hall of fame and former featherweight world champion Barry McGuigan.

However, their bond runs deeper than the typical boxer-trainer relationship following another in-camp tragedy, with McGuigan’s sister Danika, dying last month, aged 33, after a short illness.

“Focusing on the fight has helped,” McGuigan says. “But working with Luke who has suffered a similar loss has too.”

Campbell added: “It’s definitely good for him to keep his mind active and focus on something else. The gym is a team and we’re all there to support each other and be there when needed.”

As well as the bond following another in-camp tragedy, with McGuigan’s sister Danika, dying last month, aged 33, after a short illness.

“Focusing on the fight has helped,” McGuigan says. “But working with Luke who has suffered a similar loss has too.”

Campbell is coming up against the No1 ranked pound-for-pound boxer in the world, according to The Ring magazine. ESPN and the Boxing Writers Association of America.

Lomachenko was a world champion in just his third professional fight, winning the WBO featherweight title, before claiming the WBO super featherweight belt.

He is coming up against the No1 ranked pound-for-pound boxer in the world.

396 wins from 397 fights – and he avenged that sole defeat twice.

Now the unified lightweight world champion, he will attempt to defend those titles against 10-1 underdog Campbell on Saturday, as he did against fellow Briton Anthony Crolla in April this year.

“We’re putting in that preparation for the win, it won’t shock us,” says McGuigan. “But we know the magnitude of the upset would be the biggest upset in British boxing history. It would trump Donald Curry’s loss to Lloyd Honeyghan.”

Curry was considered unbeatable going into that 1986 welterweight world title fight, but Lomachenko has a “few chinks in his armour” that have given Campbell’s team confidence of winning an upset on a similar scale.

“The Ukrainian’s record-breaking rise has put him firmly in the spotlight, but it is perhaps of little surprise given his glittering amateur career that saw him claim Olympic golds in 2008 and 2012. His reported amateur record is an extraordinary