City of London elite confront challenge of inequality

Business leaders in FT City Network debate call for action on wealth gap

PATRICK JENKINS — FINANCIAL EDITOR

The City of London elite are urging companies and policymakers to learn one of the big lessons from the Brexit referendum by working harder to reverse the widening wealth gap in Britain and overseas.

More than half the chairs and chief executives who contributed to the FT City Network debate after last Thursday's 51.9 per cent vote in favour of the UK leaving the EU said inequality was a big concern for everyone.

Nigel Wilson, chief executive of Legal & General, said the electorate was "fed up of the rich and the elite shouting at them telling them how to vote".

Sir Richard Lambert, former FT editor and chairman of the Fair Education Alliance, said: "This vote represents in part the frustration of those who have not benefited from economic growth in recent decades."

The FT City Network debates current subjects each month with more than 50 chairs, chief executives and other senior leaders across the banking and investment community and beyond.

On the issue of Britain quitting the EU, the majority had consistently spoken out in favour of the Remain campaign.

Several members of the network said there was a risk that the most vulnerable in society, many of whom had voted for Brexit in frustration at the establishment, could find themselves worse off.

Ruby McGregor-Smith, chief executive of facilities management group Mitie, said she feared that Brexit "creates an even bigger divide in income equality".

Sir Mike Rake, chairman of BT and former head of the CBI employers' organisation, agreed.

"We are going to pay a high price for the breakdown of trust in the establishment, with the weakest in society at most risk," he said. "Emotion has trumped facts and untruths have been believed."

Among the most impassioned contributions to the debate was the submission from David Roberts, chairman of Nationwide Building Society, who said his contact with "ordinary folk" around the country revealed "they see no prospect of improved standards of living".

He said demands for more austerity while bankers in the City still received "massive bonuses" meant it was not surprising they did not worry when they heard banks, politicians and the City saying "out of Europe is a disaster".

Dame Helen Alexander, chairman of media group UBM, went further, calling for policymakers and big business to take direct action to remedy the situation.

"The question for all of us, not excluding business, is what we can do and what part we can or should play, practically, in the big social issues."

Other contributions to the debate focused on themes of worry, anger and dismay.

"A ghastly day for the UK, a ghastly day for Europe," said Guy Hands, the Guernsey-based head of private equity firm Terra Firma. "One huge step back towards the past history of European conflicts."

But there was a sprinkling of positivity. Mr Wilson at L&G spoke of the "huge opportunity to replicate the success of London across our great towns and cities".

> Some said there was a risk that the most vulnerable in society could find themselves worse off

Below are edited highlights of some of the other comments in the debate.

'An even bigger divide in income equality' risks being created

Ruby McGregor-Smith, chief executive, Mitie

'The result should trigger reflection on what part widening inequality in the past decade has played'

Robert Swannell, chairman, M&S

'The result is the symptom of the same phenomenon being experienced in the US and many European countries'

Baroness Shriti Vadera, chairman, Santander UK

Alexis de Rosnay, Canaccord Genuity

"This is the result of an emotional vote, with a look at the past. The EU is inept in many ways, but it is [was] our only common glue to be competitive globally and bring very different people together.

"What we have now is a victory of inward-looking, short-sighted people who have placed their faith in politically motivated quasi-leaders who are masters of spin and lacking perspective around the complexity, diversity and subtlety of today's world."

John McFarlane, Barclays/CityUK

"The UK is this timezone's financial centre and will remain so. We are great at dealing with these things. The UK authorities and UK banks are well prepared. They are well capitalised.

"The key is quickly to give as much certainty such that markets are stabilised, and allow business to go on as usual, while we negotiate the exit in our best interests, which means maintaining the strongest possible economic links with Europe, and preserving appropriate capacity for Europeans to live and work in the UK and vice versa."

David Morgan, JC Flowers

"This is a massive repudiation by the electorate of the near unanimous view of our economic/financial/business elites. This result will now bring much increased focus on, and sharply heightened concern over, a series of other major risks: the eurozone; Japanese and Italian sovereign debt; the Chinese and Italian financial/banking systems; and global secular stagnation."

Baroness Shriti Vadera, Santander

"The result is the symptom of the same phenomenon being experienced in the US and many European countries and may in history be seen in a continuum of events including the financial crisis, with many years yet to run."

Jean-Pierre Mustier, Tikehau

"This vote should be looked at as a major long-term issue, with much deeper consequences than the Lehman crisis, as it has not only financial but also deep geopolitical consequences. The populist insurgency and rebellion against the establishment outlined by this vote will be felt much more deeply in continental Europe, much less open to liberal ideas than the UK. Volatility will be high for quite a while, capital markets will be shattered, the City will have more than ever its role to play, and should take the leadership in an attempt to restore public confidence in the financial system and renewed faith in capitalism."

Robert Swannell, M&S

"The full implications of this decision are unknowable. The pundits and markets were wrong yesterday. They will no doubt be wrong again. The financial market disruption today, while wholly unwelcome, is a sideshow compared to understanding fully the effects on our society for decades to come. The result should trigger some reflection on what part real or perceived widening of inequality in the past decade has played in this decision."

Michael Tory, Ondra

"The buyer's remorse from this one will be beyond measure — and was already even visible on the faces of leave camp talking heads [on Friday] morning. One of the saddest things is that the regions and people most severely affected will be the very same ones that voted most heavily to leave."

Technology

UK risks missing full benefits of cloud computing as data ringfencing looms

RICHARD WATERS — SAN FRANCISCO
DUNCAN ROBINSON — BRUSSELS

The UK's exit from the EU will create the need for a new national IT infrastructure as the country turns its back on the dream of a more integrated European data economy, according to US technology companies that already have their eyes on the work.

The new facilities will include new data centres and border controls to enhance security and ringfence national data.

However, building a secure island of IT will weaken some of the benefits promised by cloud computing and Balkanise data flows, others have warned.

The abandonment of EU privacy rules and other regulations for data will inevitably force British companies to store and process information locally, according to tech experts.

"For us this improves the opportunity," Inder Singh, head of strategy and marketing at Unisys, an IT services company whose UK customers include the Metropolitan Police and Lloyds Bank.

"Financial institutions will be affected — they will be looking to migrate their infrastructure onshore to the UK rather than spread it across Europe," he said.

"To the extent you're creating extra borders within Europe, you'll only see that trend accelerating."

An executive at one of the biggest US tech companies, who declined to be named, said the Balkanisation of the European tech infrastructure would mean UK companies would not see the full benefits of cloud computing, which stem from the huge economies of scale and "frictionless" movement of data that come from a borderless approach".

But this person added: "If companies start pulling data within their borders, companies like ours are well-positioned. We wouldn't recommend it, this could have a chilling effect on cloud technologies."

Ringfencing data in national borders will add to overall tech costs and favour established IT companies at the expense of start-ups, others said. "It makes it very expensive because of the tech architecture you have to implement," said Aaron Levie, chief executive of Box, a US cloud storage company with operations in Europe.

Box and other established cloud companies, mostly based in the US, have already reconfigured their systems to take account of a growing data isolation that has been required as countries such as Germany seek to ensure the privacy of their citizens, he added. "It becomes harder if you're a start-up that hasn't addressed that challenge."

'If companies start pulling data within their borders, companies like ours are well-positioned'

At the same time, a divergence of UK and EU data rules could make it harder for UK-based companies to transfer data across borders and deal with customers based in the rest of Europe.

A similar dispute erupted between the EU and US last year, after the European Court of Justice ruled that American privacy protections did not meet European standards.

"The risk is that the [UK] government might say: forget the EU, let's go it alone," said Eduardo Ustaran, partner at law firm Hogan Lovells, referring to any new data and privacy rules that might be created. "You automatically put yourself outside the group of countries that are not regarded as adequate, like the US."

Creating smaller national IT markets rather than a single regional infrastructure would also make it difficult to build European tech companies capable of matching the US and emerging Chinese giants, another company warned.

Cloud service providers would not be able to reach the scale needed to compete with global rivals, instead forcing them to rely on local data centres run by Amazon Web Services and Microsoft, which already operate at an order of magnitude, this person said. "What we're moving towards is a duopoly of AWS and Microsoft."

Among the tech markets likely to be boosted by Brexit are the one for border controls, which now rely on many advanced scanning and other technologies, said Mr Singh. "You can only see that demand growing — you can see increased borders between Europe and the UK, and more controls to handle inbound [traffic]," he said.

COMPANIES

Financials

Saudi Arabia gears up for debut bond issue

Kingdom appoints banks to arrange up to $15bn of debt after fall in oil price

SIMEON KERR — DUBAI

Saudi Arabia has mandated three international banks to arrange its debut international bond as the kingdom presses ahead with fundraising efforts amid the oil slump.

Riyadh has appointed JPMorgan, HSBC and Citi to lead the process, people aware of the matter said. The banks declined to comment.

The mandates indicate that the government seems determined to maintain momentum behind its international bond as the country goes into the traditional business lull of July and August.

The banks declined to comment.

Lenders were summoned to Riyadh last month to submit proposals on how they would help the kingdom to raise money internationally, as part of a broader trend that has seen other Gulf governments, including Qatar, Abu Dhabi and Oman, issue overseas bonds.

At the time, bankers said that the kingdom was seeking to raise as much as $15bn, starting the process in early July with the end of the holy fasting month of Ramadan.

"The Saudi bond is waking up," said one person aware of the discussions.

No other details have been released apart from the names of the lead arrangers. "There was no mention of tenor or timing or size," the person said.

Saudi Arabia has been borrowing domestically and dipping into more than $100bn of its financial reserves to meet a yawning budget deficit caused by the sustained decline in oil prices. Brent crude fell 5 per cent to settle at $48.41 on Friday after the UK voted to leave the EU.

Riyadh plans to embark on a $72bn five-year reform programme aiming to trim the public sector and bolster private enterprise, opening up sources of non-oil revenue and fostering new sectors such as tourism and mining.

$100bn Reserves that Saudi Arabia has tapped amid its budget deficit

$72bn Size of Riyadh's planned scheme to foster non-oil enterprises

The international bond issuance, as well as raising funds to help sustain public spending, will set a benchmark for Saudi debt that government-related companies and the private sector can use for their own borrowing.

Economic growth is stalling as the government has cut spending on projects and delayed payments to suppliers, especially contractors.

Capital Economics said last week that this tighter fiscal policy was "taking a heavier toll on the economy than even we had anticipated".

The research company said that recently revised gross domestic product data showed Saudi growth slowing from 4 per cent in the third quarter of last year to 1.8 per cent year on year in the fourth quarter, compared with an initial estimate of 3.6 per cent.

Its GDP trackers suggest that the slowdown has continued this year, with the economy stagnating in March, compared with year-on-year growth of 1.3 per cent in February.

With consumer spending weakening, Capital Economics said its forecast for 1.5 per cent growth this year was "too optimistic," with revisions likely to bring the figure down to 0-0.5 per cent.

Additional reporting by Elaine Moore in London

Airlines. Growth challenge

Tough climb ahead for India's flight reforms

Policies fail to tackle high taxes, overcrowding and weak regulation, say analysts

AMY KAZMIN — NEW DELHI

Ever since India's independence, New Delhi has treated aviation as a luxury business that catered mainly to the rich and powerful and had little relevance to the common man.

But the government of Narendra Modi, the prime minister, this month revealed a new aviation policy that treats flying as an important economic activity.

This should be good news for airlines operating in India — whether it is domestic companies such as IndiGo, the budget carrier, or Air Asia India, an affiliate of the Malaysian entrepreneur Tony Fernandes's group.

The government's new policy and a related initiative on reform of foreign ownership rules offer some protection for domestic carriers against overseas rivals that have entered the market in recent years.

The declared aim of the aviation policy is to "take flying to the masses, by making it affordable and convenient". The policy outlines a goal for India to have 300m domestic passenger trips a year by 2022, and 500m by 2027, up from 81m last year.

"The fundamental reason why aviation has not got policy support earlier is that the government treated it as an elitist mode of transport," says Amber Dubey of KPMG's India unit. "The attempt now has been to deglamorise it and take it to the masses."

Yet in spite of the Modi government's ambitious vision of enabling the common man to fly, some analysts are expressing dismay with its new aviation policy. They say it fails to grapple with the aviation sector's most vexing problems — notably high taxes on jet fuel, overcrowding at major airports and a weak industry regulator.

"It's a clear missed opportunity and a significant disappointment," says Kapil Kaul of the Centre for Aviation, a consultancy. The policy is "ambitious about growth, but has not focused on creating structures for managing growth". He also says the government has failed to strengthen the Directorate General of Civil Aviation, the industry regulator responsible for safety.

Critics say the watchdog is understaffed, and accuse the government of failing to make plans to expand India's major urban airports. The congestion at airports reflects strong growth in India's aviation market since New Delhi ended state-owned Indian Airlines's monopoly on domestic flights in the mid 1990s.

The aviation market has enjoyed strong growth since New Delhi ended its monopoly on domestic flights in the mid 1990s
Dhiraj Singh/Bloomberg

But it has been a turbulent time, with carriers wrestling with high fuel costs and vicious price wars launched by state-owned Air India, which merged with Indian Airlines in 2011.

Against this backdrop, Vijay Mallya's Kingfisher Airlines collapsed in 2012 under a mountain of debt. In 2013, Jet Airways got a much-needed cash infusion by selling a stake to Abu Dhabi-based Etihad Airways. SpiceJet suspended flights for one day in 2014 when it ran out of cash to buy fuel and was saved only when its owners handed the airline back to its founder Ajay Singh, who injected fresh capital.

Indian airlines have done better lately, buoyed by cheaper fuel after oil prices started to fall in mid-2014.

But the government's new aviation policy does not outline changes to jet fuel taxes, which are as high as 30 per cent in some Indian states.

The policy also involves only limited changes to restrictions on new Indian airlines operating international flights.

While a requirement to fly on domestic routes for five years is due to be scrapped, airlines will still have to abide by a rule that they have a fleet of 20 aircraft before operating overseas flights. Start-up airlines including Air Asia India and Vistara, a joint venture involving Singapore Airlines and India's Tata Group, want both restrictions scrapped.

'Aviation was treated as an elitist mode of transport. The attempt now has been to take it to the masses'

Mr Kaul says longer-established overseas airlines with rights to use Indian airports will continue to dominate international flights.

Meanwhile, under an initiative to liberalise foreign ownership rules, and attract overseas investment, the government has decided that Indian airlines can for the first time be controlled by non-Indian companies, with a stake of up to 49 per cent, reflecting how New Delhi is keen to protect local companies.

Perhaps the biggest innovation in the government's aviation policy is a new regional connectivity scheme that aims to encourage airlines to start services to unused airports in smaller cities.

The government will provide subsidies to airlines to fly on routes of less than 500km, and the scheme will be financed through levies imposed on passengers travelling between bigger cities.

"The focus on interconnectivity is welcome," says Dhiraj Mathur of PwC. "[It] has to be done with some level of support, as the economics of a pure private play aren't there."

Shipping

Maersk looks for lifeboat as perfect storm wrecks freight and oil prices

RICHARD MILNE
NORDIC CORRESPONDENT

The idea of a conglomerate is that when one part is doing badly another should be doing better. But when both your main businesses are struggling, the pressure rises. Just ask Denmark's AP Møller-Maersk, one of Europe's premier industrial conglomerates.

"Both in container shipping and oil they are probably confronted with their toughest ever conditions," says David Kerstens, analyst at Jefferies. "The hedge of having an energy business and a container shipping business has not really worked."

That pressure culminated on Thursday with the ousting of Maersk's chief executive and a press release that stated that the new boss should explore "strategic and structural options".

Then, in interviews with the Financial Times and other media, Michael Pram Rasmussen, Maersk's chairman, dropped a bombshell: those options would include a possible break-up of the conglomerate. Shares in the biggest Danish company by revenues promptly shot up 11 per cent.

But Mr Rasmussen gave few details, contenting himself to say: "Should we be a group as we are today or might it be an idea to have a number of different separate businesses instead?"

Søren Skou, the new chief executive — who will combine the role with his position as head of the container shipping business — will lead the review and an update will be provided by the end of September.

'The structure of Maersk will entirely change. The questions are how fast and how much?'

Investors think that now Maersk has let the cat out of the bag on a possible split, it will be difficult to put it back in. Otto Friedrichsen, equity strategist at Formuepleje, a Danish fund manager, says: "It is fair to say that the structure of Maersk will entirely change. The questions are how fast and how much?"

Maersk has five divisions, but is dominated by two. They are Maersk Line, the world's biggest container shipping company, and Maersk Oil, a big explorer in the North Sea and elsewhere.

Both have been facing what Nils Andersen, who will step down as chief executive on Thursday, has called "a perfect storm". Freight rates hit a record low this year while oil prices are still less than half their level of two years ago. The other three divisions — port terminals, drilling rigs and shipping and logistics services — are smaller.

Mr Rasmussen is coy about how any split might occur. But he concedes the "permanent" naming of Mr Skou as head of both Maersk and Maersk Line hints at the container shipping company forming the heart of any group.

The question still remains as to why Maersk, founded in 1904, decided to float such a radical proposition now. Mr Rasmussen denies it has anything to do with the difficult conditions for shipping and oil.

Instead, he says, it is a natural follow-up for the board to examine, after several years of streamlining. "It's an obligation for a board to look into the structure and be ready to make changes. We have been a company for more than 100 years and you are only a company for such a long time if you are ready to make changes."

Oil & gas

Harel lines up deal for stake in Tamar

JOHN REED — JERUSALEM

Israel's Harel Insurance and Financial Services said yesterday that it was in talks to buy up to 4 per cent of the Tamar offshore natural gasfield from Houston-based Noble Energy, currently its biggest shareholder.

The sale would be part of a framework deal agreed by Noble and other investors in Israel's offshore gas sector with the government in order to address an antitrust challenge and allow the much larger Leviathan gas project to go ahead.

Harel, Israel's largest insurer, said in a notice to the Tel Aviv Stock Exchange that the talks with Noble covered a 3 per cent share, with an option to buy another 1 per cent of Tamar. The field is Israel's main source of supply.

The insurance group said that any deal would require regulatory approval. Noble's spokesperson in Israel declined to comment.

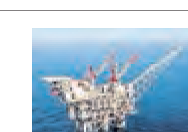
Noble agreed as part of a gas framework plan reached with the government to cut its stake in Tamar from 36 per cent to 25 per cent. Delek agreed to sell all of its 31.3 per cent stake. The compromise was a response to a challenge in December 2014 posed by Israel's antitrust watchdog, which recommended that Leviathan be broken up as Noble and Delek had too much control.

News of Noble's sale talks with Harel comes as work finally begins on Leviathan, one of the eastern Mediterranean's biggest gas reservoirs and a potential cash cow for Noble and Delek, who have signed preliminary export deals with Jordan and two refinery projects in Egypt. The field is also due to supply customers in Turkey with gas via a proposed undersea pipeline.

Leviathan, touted in Israel as a game-changing regional energy project, faced long delays after the antitrust challenge, which pushed the investors and Israel's government into long negotiations on the gas framework, which were complicated by disagreements within the governing coalition.

Last week Delek and Avner, another Leviathan shareholder, said that they had begun work on a $120m plan to build Leviathan's production platform.

Offshore natural gas production at the Tamar field provides Israel's main source of supply



MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

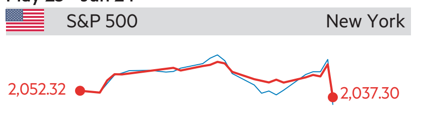
S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-3.60%	-4.12%	-3.39%	-3.15%	-6.65%	-7.92%	-2.92%	-4.80%	-2.026%	-7.968%	-3.349%	6.389%	-5.10%	4.23%

Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

AMERICAS

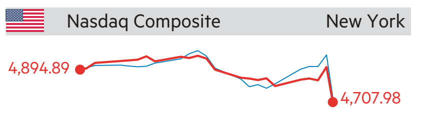
May 25 - Jun 24 — Index — All World

S&P 500 New York



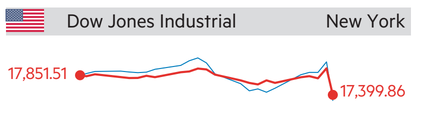
Day -3.60% Month -0.13% Year NaN%

Nasdaq Composite New York



Day -4.12% Month -1.21% Year -8.76%

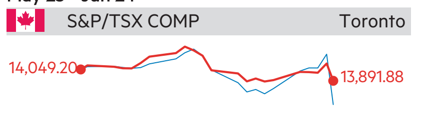
Dow Jones Industrial New York



Day -3.39% Month -0.53% Year -4.10%

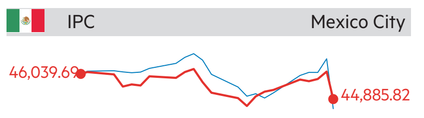
May 25 - Jun 24 — Index — All World

S&P/TSX COMP Toronto



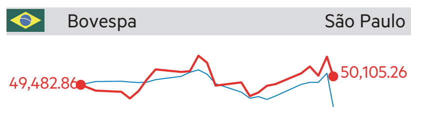
Day -1.69% Month -0.44% Year -7.06%

IPC Mexico City



Day -2.73% Month -1.34% Year -1.19%

Bovespa São Paulo

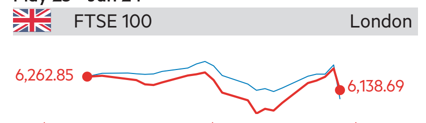


Day -2.82% Month 1.54% Year -6.94%

EUROPE

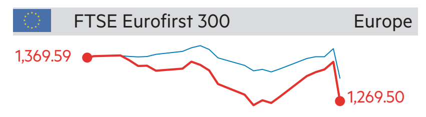
May 25 - Jun 24 — Index — All World

FTSE 100 London



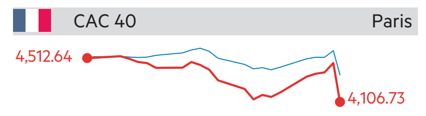
Day -3.15% Month -0.91% Year -9.96%

FTSE Eurofirst 300 Europe



Day -6.65% Month -5.65% Year -19.26%

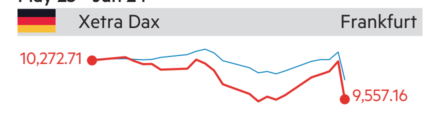
CAC 40 Paris



Day -8.04% Month -5.05% Year -18.80%

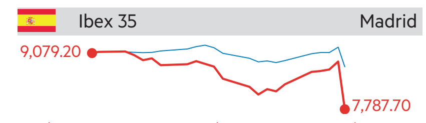
May 25 - Jun 24 — Index — All World

Xetra Dax Frankfurt



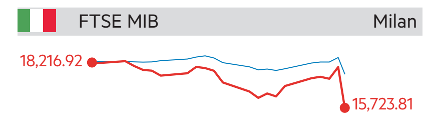
Day -6.82% Month -4.97% Year -16.69%

Ibex 35 Madrid



Day -12.35% Month -10.63% Year -31.70%

FTSE MIB Milan

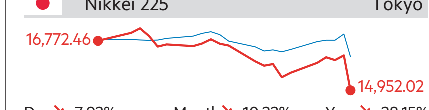


Day -12.48% Month -12.18% Year -32.93%

ASIA

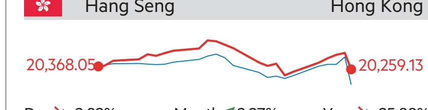
May 25 - Jun 24 — Index — All World

Nikkei 225 Tokyo



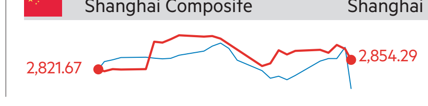
Day -7.92% Month -10.22% Year -28.15%

Hang Seng Hong Kong



Day -2.92% Month 2.27% Year -25.88%

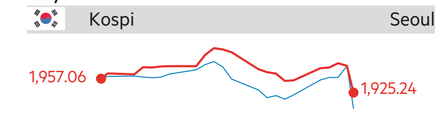
Shanghai Composite Shanghai



Day -1.10% Month 0.37% Year -37.63%

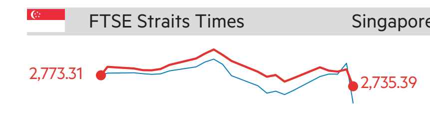
May 25 - Jun 24 — Index — All World

Kospi Seoul



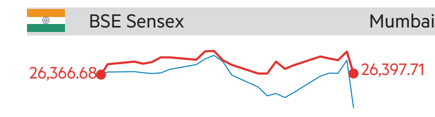
Day -3.09% Month -1.53% Year -7.49%

FTSE Straits Times Singapore



Day -2.09% Month -1.14% Year -18.10%

BSE Sensex Mumbai



Day -2.24% Month 4.63% Year -5.06%

Country	Index	Latest	Previous
Argentina	Merval	13924.54	14242.85
Australia	All Ordinaries	5192.80	5358.60
	S&P/ASX 200	5113.20	5280.70
	S&P/ASX 200 Res	2665.90	2775.40
Austria	ATX	2084.22	2242.11
Belgium	BEL 20	3274.19	3498.04
	BEL Mid	5703.51	5890.22
Brazil	Bovespa	50105.26	51559.82
Canada	S&P/TSX 60	808.55	824.18
	S&P/TSX Comp	13891.89	14131.38
	S&P/TSX Met & Min	554.32	594.20
Chile	IGPA Gen	19588.25	19854.02
China	FTSE A200	7768.61	7876.38
	FTSE B35	9088.99	9140.34
	Shanghai A	2987.58	3020.74
	Shanghai B	340.00	342.40
	Shanghai Comp	2854.29	2885.92
	Shenzhen A	1988.38	2003.68
	Shenzhen B	1068.10	1075.05
Colombia	COLCAP	1329.58	1326.25
Croatia	CROBEX	1653.32	1681.08
Cyprus	CSE M&P Gen	65.90	68.97
Czech Republic	PX	819.58	855.26
Denmark	OMXC Copenhagen 20	990.99	996.35
Egypt	EGX 30	7253.31	7156.49
Estonia	OMX Tallinn	972.68	964.48
Finland	OMX Helsinki General	7979.72	8001.14
France	CAC 40	4106.73	4465.90
	SBF 120	3259.01	3527.79
Germany	M-DAX	19828.60	20771.74
	TecDAX	1586.67	1641.62
	XETRA Dax	9557.16	10257.03
Greece	Athens Gen	534.78	617.69
	FTSE/ASE 20	1443.74	1715.66
Hong Kong	Hang Seng	20259.13	20868.34
	HS China Enterprise	8530.10	8785.07
	HSCC Red Chip	3481.58	3575.57
Hungary	Bux	25724.91	26924.09
India	BSE Sensex	26397.71	27002.22
	S&P CNX 500	6627.95	6634.30
Indonesia	Jakarta Comp	4834.57	4874.31
Ireland	ISEQ Overall	5878.23	6371.03
Israel	Tel Aviv 100	12.40	12.41
Italy	FTSE Italia All-Share	17324.78	19631.53
	FTSE Italia Mid Cap	29007.53	31115.10
	FTSE MIB	15723.81	17966.17
Japan	2nd Section	4017.62	4191.48
	Nikkei 225	14952.02	16238.35
	S&P Topix 150	983.76	1063.60
	Topix	1204.48	1298.71
Jordan	Amman SE	2106.81	2106.25
Kenya	NSE 20	3744.58	3750.98
Kuwait	KSX Market Index	5407.99	5409.17
Latvia	OMX Riga	625.82	634.97
Lithuania	OMX Vilnius	509.58	509.71
Luxembourg	LuxX	1418.28	1505.01
Malaysia	FTSE Bursa KLCI	1634.05	1639.98
Mexico	IPC	44885.82	46145.92
Morocco	MASI	9570.06	9540.38
Netherlands	AEX	424.20	449.86
	AEX All Share	653.33	689.25
New Zealand	NZX 50	6667.78	6821.35
Nigeria	SE All Share	31071.25	30127.82
Norway	Oslo All Share	663.11	665.18
Pakistan	KSE 100	37389.88	37389.88
Philippines	Manila Comp	7629.72	7729.78
Poland	Wig	44773.75	46826.85
Portugal	PSI 20	4362.11	4689.96
	PSI General	2310.27	2460.82
Romania	BET Index	6266.14	6495.34
Russia	Micex Index	1884.41	1919.27
	RTX	912.49	941.11
Saudi-Arabia	TADAWUL All Share Index	6550.97	6532.42
Singapore	FTSE Straits Times	2735.39	2793.85
Slovakia	SAX	312.90	312.87
Slovenia	SBI TOP	680.92	695.92
South Africa	FTSE/JSE All Share	51679.66	53585.53
	FTSE/JSE Res 20	29572.82	30410.51
	FTSE/JSE Top 40	45570.39	47453.53
South Korea	Kospi	1925.24	1986.71
	Kospi 200	239.21	246.31
Spain	IBEX 35	7787.70	8885.30
Sri Lanka	CSE All Share	6370.11	6398.06
Sweden	OMX Stockholm 30	1345.44	1359.14
	OMX Stockholm AS	480.68	485.01
Switzerland	SMI Index	7747.18	8023.05
Taiwan	Weighted Pr	8476.99	8676.68
Thailand	Bangkok SET	1413.19	1436.40
Turkey	BIST 100	77989.87	77267.46
UAE	Abu Dhabi General Index	4499.73	4497.85
UK	FT 30	2693.90	2850.60
	FTSE 100	6138.69	6338.10
	FTSE 4Good UK	5473.32	5709.78
	FTSE All Share	3348.58	3481.74
	FTSE techMARK 100	3750.40	3830.10
USA	DJ Composite	6113.33	6303.10
	DJ Industrial	17399.86	18011.07
	DJ Transport	7320.70	7671.53
	DJ Utilities	685.71	682.72
	Nasdaq 100	4285.70	4467.48
	Nasdaq Cmp	4707.98	4910.04
	NYSE Comp	10183.51	10641.17
	S&P 500	2037.30	2113.32
	Wilshire 5000	21224.32	21238.05
Venezuela	IBC	13296.72	13957.46
Vietnam	VNI	620.77	632.27
Cross-Border	DJ Global Titans ($)	229.59	239.23
	Euro Stoxx 50 (Eur)	2776.09	3037.86
	Euronext 100 ID	819.99	879.08
	FTSE 4Good Global ($)	5071.49	5339.95
	FTSE All World	256.50	269.43
	FTSE E300	1268.50	1359.91
	FTSE Eurotop 100	2500.29	2672.50
	FTSE Global 100 ($)	1262.04	1323.75
	FTSE Gold Min ($)	1697.96	1696.97
	FTSE Latibex Top (Eur)	2448.20	2465.90
	FTSE Multinationals ($)	1520.63	1498.06
	FTSE World ($)	454.68	478.14
	FTSEurofirst 100 (Eur)	3536.88	3846.50
	FTSEurofirst 80 (Eur)	3793.70	4129.04
	MSCI ACWI Fr ($)	407.69	402.22
	MSCI All World ($)	1691.76	1667.91
	MSCI Europe (Eur)	1355.00	1335.98
	MSCI Pacific ($)	2248.36	2237.30
	S&P Euro (Eur)	1271.20	1378.39
	S&P Europe 350 (Eur)	1301.96	1397.49
	S&P Global 1200 ($)	1781.68	1875.70
	Stoxx 50 (Eur)	2706.75	2901.24

(c) Closed. (u) Unavailable. † Correction. ▼ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Apple	67.9	93.40	-2.70
Microsoft	61.3	49.83	-2.08
Amazon.com	52.7	698.96	-23.12
Facebook	44.9	112.08	-3.00
The Priceline	39.1	1232.14	-158.06
Alphabet	32.4	685.20	-29.67
Bank Of America	30.0	13.00	-1.04
Alphabet	29.8	675.22	-26.65
Citigroup	28.9	40.90	-4.16
J.P Morgan Chase & Co	26.2	59.60	-4.45

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Newmont Mining	37.19	1.80	5.09
Hormel Foods	35.34	0.75	2.17
Consolidated Edison	78.41	1.55	2.02
Realty-ome	65.75	1.25	1.94
Cms Energy	44.36	0.77	1.77
Downs			
Invesco	25.57	-4.05	-13.67
Lcin National	38.47	-5.90	-13.30
Liberty Global	28.80	-4.34	-13.10
Delphi Automotive	62.07	-8.64	-12.22
The Charles Schwab	26.15	-3.54	-11.92

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Hsbc Holdings	565.9	447.95	-26.10
Barclays	532.1	153.90	-33.05
Glaxosmithkline	456.8	1482.00	53.00
Bp	366.2	393.65	6.70
British American Tobacco	366.1	4385.00	109.50
Vodafone	360.0	219.30	1.40
Lloyds Banking	337.6	57.00	-15.15
Royal Dutch Shell	336.6	1883.50	-5.50
Sabmiller	319.9	4279.50	-13.50
Royal Dutch Shell	315.6	1872.00	20.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Acacia Mining	400.00	58.00	16.96
Randgold Resources Ltd	7370.00	915.00	14.18
Fresnillo	1386.00	147.00	11.86
Centamin	120.30	11.40	10.47
Arm Holdings	1080.00	61.00	5.99
Downs			
Aldermore	139.80	-65.90	-32.04
Taylor Wimpey	136.10	-56.30	-29.26
Persimmon	1520.00	-578.00	-27.55
Crest Nicholson Holdings	430.00	-155.00	-26.50
Virgin Money Holdings (uk)	271.20	-91.10	-24.86

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Santander	1245.4	3.38	-0.84
Intesa Sanpaolo	1238.4	1.74	-0.52
Allianz Se Vna O.n.	1156.4	141.50	-10.00
Daimler Ag Na O.n.	1087.4	59.99	0.00
Total	1087.3	40.62	-3.07
Bbva	1005.7	4.84	-0.94
Bayer	906.5	93.33	-1.64
Ing Groep	903.9	66.50	-0.79
Siemens Ag Na	891.7	97.76	0.00
Bnp Paribas Act.a	840.8	39.40	-8.30

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Deutsche Wohnen Ag	28.23	1.12	4.15
Rwe Ag	8.83	0.24	2.81
Pandora A/s	130.53	3.02	2.37
Skanska Ab Ser. B	19.66	0.42	2.18
Delhaize Sa	94.30	1.88	2.03
Downs			
Grifols Sa	14.99	-14.40	-48.99
Unicredit	2.08	-0.65	-23.79
Intesa Sanpaolo	1.74	-0.52	-22.94
Bk Of Ireland Cap.st.eo-.05	0.21	-0.06	-20.96
Bankia	0.57	-0.15	-20.78

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Toyota Motor	1552.4	5240.00	-497.00
Mitsubishi Ufj Fin.,	737.9	470.00	-44.00
Softbank	735.6	5505.00	-571.00
Sumitomo Mitsui Fin.,	675.0	2967.00	-287.00
Mizuho Fin.,	536.1	153.00	-10.50
Sony	519.5	2775.50	-241.50
Fast Retailing Co.,	412.7	26295.00	-3045.00
Fanuc	382.4	15500.00	-1105.00
Canon	375.1	2950.00	-178.00
Nippon Telegraph And Telephone	329.9	4428.00	-158.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Konami	3775.00	-130.00	-3.33
Ube Industries	171.00	-6.00	-3.39
Dentsu	826.00	-29.00	-3.39
Nippon Telegraph And Telephone	4428.00	-158.00	-3.45
Nisshin Steel Holdings Co.,	1305.00	-55.00	-4.04
Downs			
Nippon Sheet Glass	70.00	-16.00	-18.60
Sharp	111.00	-22.00	-16.54
Taiyo Yuden Co.,	907.00	-134.00	-12.87
Dentsu	4725.00	-675.00	-12.50
Ms&ad Insurance Holdings	2587.00	-354.50	-12.05

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Jun 24 price(p)	%Chg week	%Chg ytd
Winners			
Mediclinic Int	986.00	16.0	-
Fresnillo	1386.00	13.0	95.8
Randgold Resources Ltd	7370.00	11.5	77.9
Arm Holdings	1080.00	11.3	3.9
Pearson	914.00	11.1	24.2
Intercontinental Hotels	2757.00	8.5	13.6
Experian	1335.00	7.2	11.2
Standard Chartered	563.30	7.1	-0.1
Glaxosmithkline	1482.00	6.8	7.9
British American Tobacco	4385.00	6.5	16.3
Relx	1283.00	6.5	7.2
Unilever	3265.50	6.4	11.6
Losers			
Taylor Wimpey	136.10	-22.7	-33.0
Persimmon	1520.00	-21.7	-25.0
Barratt Developments	439.80	-17.3	-29.7
Berkeley Holdings (the)	2593.00	-15.4	-29.7
Itv	174.40	-14.5	-36.9
Int Consolidated Airlines S.a.	409.00	-14.5	-33.0
British Land	613.50	-12.6	-21.9
Legal & General	188.50	-12.5	-29.6
Lloyds Banking	57.00	-12.4	-22.0
Easyjet	1313.00	-8.9	-24.5
Travis Perkins	1620.00	-8.6	-17.9
Land Securities	1005.00	-8.6	-14.6

FTSE 250	Jun 24 price(p)	%Chg week	%Chg ytd
Winners			
Acacia Mining	400.00	18.9	122.2
Nmc Health	1273.00	16.4	51.5
Evraz	123.60	13.3	68.7
Allied Minds	361.70	8.2	-9.6
Centamin	120.30	8.2	86.8
Polymetal Int	921.00	8.0	57.6
Diploma	825.00	7.6	8.4
Icap	420.60	7.6	-17.4
Bankers Investment Trust	590.00	7.3	-6.3
Amec Foster Wheeler	456.00	7.2	6.3
Temple Bar Investment Trust	1052.00	6.8	0.0
Ncc	266.00	6.4	11.6
Losers			
Circassia Pharmaceuticals	94.50	-65.0	-70.4
Aldermore	139.80	-26.8	-39.6
Crest Nicholson Holdings	430.00	-27.1	-22.8
Ibstock	156.40	-19.3	-29.6
Bellway	2065.00	-19.1	-27.2
Debenhams	58.65	-18.9	-19.9
Mccarthy & Stone	191.00	-18.2	-24.8
Grafton	548.00	-17.0	-26.6
Derwent London	2587.00	-16.6	-29.5
Bovis Homes	775.50	-16.5	-23.6
Jrp	117.40	-16.0	-29.3
Great Portland Estates	599.50	-15.6	-27.6

FTSE SmallCap	Jun 24 price(p)	%Chg week	%Chg ytd
Winners			
Findel	164.25	14.9	-17.9
Hss Hire	96.00	13.8	33.3
Petra Diamonds	113.50	11.5	29.7
Hunting	420.00	10.5	37.5
Wireless	190.00	9.5	-22.4
Soco Int	135.75	7.7	-7.8
Hochschild Mining	167.00	7.4	246.1
Jupiter Eur Opportunities Trust	521.50	6.9	-12.1
Dunedin one Growth Investment Trust	219.00	5.8	-4.3
Raven Russia Ltd	37.25	5.7	-8.0
Fidelity Special Values	192.75	5.5	-4.1
Henderson Far East Income	285.25	5.4	-1.8
Losers			
Tt Electronics	122.00	-16.0	-22.0
Volution	147.50	-15.7	-22.6
Photo-me Int	130.00	-15.0	-13.9
Foxtons	135.00	-14.8	-28.2
Hostelworld	133.00	-14.2	-39.0
Stv	304.25	-13.1	-40.8
The Gym	188.00	-12.7	-9.0
Moss Bros	95.00	-12.6	-6.4
Dialight	510.00	-12.1	13.3
Lionttrust Asset Management	255.00	-12.1	-8.8
Lavendon	125.00	-11.5	-17.5
Petropavlovsk	7.37	-10.8	13.0

Industry Sectors	Jun 24 price(p)	%Chg week	%Chg ytd
Winners			
Industrial Metals	1217.30	14.2	70.1
Technology Hardware & Equip.	1314.80	11.3	3.5
Health Care Equip.& Services	7354.64	7.8	2.0
Personal Goods	28065.38	6.3	9.2
Tobacco	51518.73	6.1	12.5
Oil & Gas Producers	6819.44	6.1	21.0
Pharmaceuticals & Biotech	12426.78	5.7	-3.5
Mining	9568.37	4.1	30.8
Mobile Telecommunications	4934.08	4.0	-3.3
Electronic & Electrical Equip.	4482.96	3.7	6.2
Forestry & Paper	14336.68	3.6	0.1
Beverages	15767.27	3.5	2.6
Losers			
Real Estate Investment Trusts	2744.17	-8.3	-15.7
Real Estate & Investment Servic	2387.55	-6.6	-22.2
General Retailers	2475.51	-5.3	-17.3
Household Goods	15359.43	-5.2	-6.4
Fixed Line Telecommunication	4373.63	-5.1	-17.4
Life Insurance	6175.31	-3.0	-20.6
Electricity	8337.89	-2.9	-4.7
Banks	3078.26	-1.8	-19.1
General Financial	8157.48	-1.8	-13.5
General Industrials	4525.19	-0.6	3.3
Travel & Leisure	8038.83	-0.5	-11.0
Food Producers	7766.21	-0.1	-12.3

Based on last week's performance. †Price at suspension.

CURRENCIES

Jun 24	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	14.6625	0.4975	16.2982	0.2202	19.9792	-0.9948
Australia	Australian Dollar	1.3346	0.0152	1.4835	-0.0141	1.8185	-0.1350
Bahrain	Bahrainin Dinar	0.3771	-	0.4192	-0.0089	0.5138	-0.0445
Bolivia	Bolivian Boliviano	6.8850	-	7.6531	-0.1617	9.3815	-0.8130
Brazil	Brazilian Real	3.3693	0.0080	3.7452	-0.0701	4.5910	-0.3860
Canada	Canadian Dollar	1.2906	0.0150	1.4345	-0.0133	1.7585	-0.1303
Chile	Chilean Peso	679.0600	8.9250	754.8131	-5.8223	925.2886	-66.9748
China	Chinese Yuan	6.6150	0.0370	7.3529	-0.1134	9.0136	-0.7264
Colombia	Colombian Peso	2967.5550	60.4950	3298.6034	-1.0492	4043.5981	-260.8634
Costa Rica	Costa Rican Colon	545.4900	0.3600	606.3426	-12.4062	743.2858	-63.8837
Czech Republic	Czech Koruna	24.4043	0.5458	27.1267	0.0463	33.2533	-2.0737
Denmark	Danish Krone	6.6893	0.1322	7.4355	-0.0071	9.1148	-0.5942
Egypt	Egyptian Pound	8.8839	0.0301	9.8749	-0.1745	12.1052	-1.0045
Hong Kong	Hong Kong Dollar	7.7600	0.0036	8.6256	-0.1783	10.5737	-0.9111
Hungary	Hungarian Forint	285.1874	8.3669	317.0016	2.7971	388.5969	-21.2889
India	Indian Rupee	67.8850	0.6100	75.4580	-0.9024	92.5002	-7.1133
Indonesia	Indonesian Rupiah	13375.0000	117.5000	14867.0588	-180.8538	18224.8288	-1405.4545
Israel	Israeli Shekel	3.8746	0.0500	4.3068	-0.0343	5.2795	-0.3835
Japan	Japanese Yen	102.1700	-3.5400	113.5677	-6.4183	139.2171	-17.3009
..One Month		102.1698	-3.5403	113.5676	-6.4183	139.2169	-17.3072
..Three Month		102.1697	-3.5407	113.5677	-6.4182	139.2167	-17.3076
..One Year		102.1685	-3.5431	113.5676	-6.4184	139.2169	-17.3090
Kenya	Kenyan Shilling	101.2000	-0.1000	112.4894	-2.4909	137.8953	-12.0988
Kuwait	Kuwaiti Dinar	0.3021	0.0013	0.3357	-0.0056	0.4116	-0.0337
Malaysia	Malaysian Ringgit	4.0900	0.0715	4.5463	-0.0149	5.5730	-0.3771
Mexico	Mexican Peson	18.8485	0.5305	20.9512	0.1593	25.6830	-1.4403
New Zealand	New Zealand Dollar	1.3978	0.0130	1.5538	-0.0181	1.9047	-0.1459
Nigeria	Nigerian Naira	282.5000	-1.0000	314.0145	-7.7716	384.9351	-34.8411
Norway	Norwegian Krone	8.4297	0.2494	9.3700	0.0850	11.4863	-0.6262
Pakistan	Pakistani Rupee	104.7500	-0.0050	116.4355	-2.4665	142.7326	-12.3773
Peru	Peruvian Nuevo Sol	3.3135	0.0285	3.6831	-0.0455	4.5150	-0.3492
Philippines	Philippine Peso	46.9300	0.3900	52.1653	-0.6598	63.9469	-4.9645
Poland	Polish Zloty	3.9945	0.1528	4.4401	0.0796	5.4428	-0.2455
Romania	Romanian Leu	4.0700	0.0908	4.5240	0.0075	5.5458	-0.3461
Russia	Russian Ruble	64.8863	0.5544	72.1247	-0.2851	88.4141	-2.5110
Saudi Arabia	Saudi Riyal	3.7504	0.0002	4.1687	-0.0879	5.1102	-0.4426
Singapore	Singapore Dollar	1.3488	0.0084	1.4993	-0.0222	1.8379	-0.1469
South Africa	South African Rand	14.9067	0.4142	16.5696	0.1199	20.3118	-1.1471
South Korea	South Korean Won	1179.0000	28.7500	1310.5243	4.9352	1606.5080	-96.6578
Sweden	Swedish Krona	8.4386	0.2587	9.3800	0.0954	11.4985	-0.6135
Switzerland	Swiss Franc	0.9672	0.0105	1.0752	-0.0107	1.3180	-0.0986
Taiwan	New Taiwan Dollar	32.4280	0.2605	36.0455	-0.4661	44.1865	-3.4437
Thailand	Thai Baht	35.3450	0.1600	39.2879	-0.6487	48.1612	-3.9370
Tunisia	Tunisian Dinar	2.1828	0.0346	2.4262	-0.0120	2.9742	-0.2065
Turkey	Turkish Lira	2.9223	0.0468	3.2483	-0.0155	3.9819	-0.2758
United Arab Emirates	UAE Dirham	3.6729	0.0000	4.0826	-0.0863	5.0047	-0.4338
United Kingdom	Pound Sterling	0.7339	0.0585	0.8158	0.0492	-	-
..One Month		0.7340	0.0586	0.8157	0.0492	-	-
..Three Month		0.7340	0.0586	0.8156	0.0492	-	-
..One Year		0.7345	0.0587	0.8149	0.0493	-	-
United States	United States Dollar	-	-	1.1116	-0.0235	1.3626	-0.1181
..One Month		-	-	1.1114	-0.3692	1.3627	-0.1180
..Three Month		-	-	1.1112	-0.3692	1.3627	-0.1180
..One Year		-	-	1.1099	-0.3691	1.3632	-0.1179
Venezuela	Venezuelan Bolivar Fuerte	9.9900	0.0100	11.1044	-0.2233	13.6124	-1.1649
Vietnam	Vietnamese Dong	22325.0000	19.5000	24815.4968	-502.3690	30420.1016	-2607.5062
European Union	Euro	0.8996	0.0186	-	-	1.2259	-0.0787
..One Month		0.8995	0.0186	-	-	1.2258	-0.0787
..Three Month		0.8993	0.0186	-	-	1.2257	-0.0786
..One Year		0.8980	0.0186	-	-	1.2250	-0.0786

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Jun 24	Day's chge%	Euro Index	£ Strlg Jun 23	£ Strlg Jun 22	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	6138.69	-3.15	5867.33	6338.10	6261.19	6807.82	4.05	0.71	34.64	138.64	4920.14
FTSE 250 (250)	16088.05	-7.19	15376.88	17333.51	17043.54	17944.88	2.86	2.02	17.30	238.70	11357.47
FTSE 250 ex Inv Co (209)	17327.34	-8.05	16561.38	18844.32	18499.67	19553.82	2.90	2.16	15.97	257.23	12471.68
FTSE 350 (350)	3399.02	-3.85	3248.77	3535.16	3489.43	3772.87	3.85	0.88	29.64	72.34	5483.00
FTSE 350 ex Investment Trusts (309)	3374.57	-3.91	3225.40	3511.77	3465.81	3751.65	3.88	0.87	29.52	72.35	2803.27
FTSE 350 Higher Yield (125)	3190.37	-2.52	3049.34	3272.72	3229.68	3532.45	5.37	0.42	44.30	93.38	5324.07
FTSE 350 Lower Yield (225)	3273.92	-5.31	3129.20	3457.68	3413.76	3645.46	2.14	2.16	21.57	40.04	3506.64
FTSE SmallCap (283)	4448.83	-3.09	4252.17	4590.45	4545.90	4747.51	3.07	1.43	22.69	67.89	6191.68
FTSE SmallCap ex Inv Co (148)	3983.74	-4.81	3807.64	4185.16	4130.78	4273.77	3.17	1.87	16.91	65.73	5827.28
FTSE All-Share (633)	3348.58	-3.82	3200.56	3481.74	3437.09	3711.63	3.83	0.89	29.32	70.57	5463.13
FTSE All-Share ex Inv Co (457)	3309.85	-3.92	3163.53	3445.05	3399.96	3677.04	3.87	0.89	29.10	70.65	2794.73
FTSE All-Share ex Multinationals (568)	1051.02	-9.16	832.59	1156.94	1141.33	1258.48	3.32	1.43	21.07	19.03	1822.08
FTSE Fledgling (104)	7403.27	-2.91	7076.01	7625.22	7609.82	8033.11	2.84	1.52	23.07	91.03	13501.60
FTSE Fledgling ex Inv Co (53)	9843.01	-3.93	9407.90	10245.92	10218.59	10901.76	3.19	1.92	16.28	125.57	17463.12
FTSE All-Small (387)	3083.82	-3.08	2947.50	3181.69	3152.06	3293.69	3.06	1.44	22.71	46.60	5509.90
FTSE All-Small ex Inv Co Index (201)	2969.89	-4.78	2838.60	3118.83	3079.66	3189.67	3.17	1.87	16.89	48.58	5503.45
FTSE AIM All-Share Index (828)	703.81	-3.18	672.70	726.92	722.33	772.41	1.82	0.59	92.92	5.25	763.05
FTSE Sector Indices											
Oil & Gas (16)	**7171.80**	**0.58**	**6854.77**	**7130.18**	**6981.05**	**7411.90**	**6.20**	**-0.68**	**-23.66**	**228.12**	**6226.90**
Oil & Gas Producers (9)	6857.35	0.71	6554.22	6808.85	6666.13	7010.54	6.25	-0.70	-22.73	218.77	6157.94
Oil Equipment Services & Distribution (7)	13800.37	-3.32	13190.32	14274.60	13995.71	19370.33	4.63	0.26	83.82	394.46	10436.26
Basic Materials (27)	**3412.94**	**-1.56**	**3262.07**	**3466.93**	**3402.33**	**4524.33**	**4.03**	**0.21**	**116.32**	**52.87**	**3405.49**
Chemicals (7)	11393.50	-2.77	10889.85	11717.56	11634.04	12102.96	2.60	2.06	18.65	239.20	10000.41
Forestry & Paper (1)	15643.95	-2.35	14952.41	16020.06	15749.73	16936.84	2.99	2.97	11.26	347.94	16614.01
Industrial Metals & Mining (2)	1215.94	-7.67	1162.19	1316.95	1259.77	1431.51	0.47	2.79	76.16	0.00	1061.14
Mining (17)	9231.78	-1.28	8823.69	9351.87	9162.50	12815.79	4.32	-0.06	-384.48	132.94	4820.97
Industrials (119)	**4308.04**	**-4.57**	**4117.60**	**4514.30**	**4439.41**	**4726.14**	**2.64**	**1.43**	**26.50**	**61.75**	**4341.78**
Construction & Materials (15)	5327.22	-3.48	5091.73	5519.02	5379.44	5194.11	2.38	0.06	725.05	86.07	5534.79
Aerospace & Defense (9)	4188.43	-3.00	4003.28	4318.16	4269.54	4984.08	2.82	1.51	23.54	71.61	4401.01
General Industrials (7)	3686.38	-4.80	3523.43	3872.45	3774.14	3664.80	3.11	1.26	25.55	48.86	4066.05
Electronic & Electrical Equipment (10)	5548.53	-2.91	5303.26	5715.07	5651.23	5696.36	2.22	1.99	22.56	50.68	4959.98
Industrial Engineering (13)	8734.22	-3.05	8348.12	9008.58	8851.21	9381.22	3.08	1.33	24.42	163.97	10435.50
Industrial Transportation (8)	4464.39	-4.02	4267.04	4651.59	4593.41	4612.97	3.72	1.06	25.38	46.92	3798.18
Support Services (57)	6365.80	-5.66	6084.40	6747.47	6643.18	7109.06	2.45	1.76	23.24	84.98	6471.41
Consumer Goods (39)	**18870.89**	**-1.25**	**18036.70**	**19109.95**	**18992.82**	**17386.03**	**2.88**	**1.79**	**19.44**	**264.08**	**13500.05**
Automobiles & Parts (1)	6533.13	-3.34	6244.33	6758.73	6688.23	8187.56	3.13	1.81	17.64	136.30	6133.89
Beverages (6)	15790.44	0.89	15092.42	15650.94	15639.69	14711.00	2.45	1.61	25.38	102.47	10826.34
Food Producers (8)	7834.10	-2.50	7487.79	8034.83	7952.40	8021.64	2.10	1.85	25.70	33.34	6581.85
Household Goods & Home Construction (15)	12847.88	-10.20	12279.94	14307.76	14165.41	12871.35	2.41	2.66	15.60	153.86	8837.55
Leisure Goods (1)	4336.80	-5.80	4145.09	4603.67	4303.44	4916.75	3.93	1.50	16.97	129.52	3759.28
Personal Goods (6)	24431.89	2.02	23351.87	23948.48	23821.96	23089.15	2.79	2.94	12.19	316.89	15978.49
Tobacco (2)	51518.82	1.90	49241.42	50556.94	50184.10	42708.77	3.62	1.19	23.30	1163.34	32152.86
Health Care (19)	**9182.98**	**2.62**	**8777.05**	**8948.34**	**8896.68**	**9289.67**	**3.63**	**0.56**	**48.78**	**211.12**	**6854.48**
Health Care Equipment & Services (8)	7429.90	1.08	7101.46	7350.38	7302.13	6682.91	1.48	2.20	30.69	64.89	6356.50
Pharmaceuticals & Biotechnology (11)	12334.51	2.79	11789.26	11999.65	11931.41	12629.64	3.86	0.50	52.08	303.96	8191.43
Consumer Services (94)	**4425.18**	**-6.07**	**4229.56**	**4711.14**	**4662.25**	**5053.38**	**2.68**	**1.82**	**20.43**	**72.22**	**4056.29**
Food & Drug Retailers (7)	2666.82	-4.60	2548.93	2795.38	2773.60	3318.26	1.55	2.47	26.16	29.93	3082.86
General Retailers (32)	2437.31	-10.03	2329.57	2709.12	2681.43	3181.01	3.05	2.14	15.32	32.15	2703.71
Media (21)	6985.05	-4.99	6676.28	7351.97	7268.18	7506.16	3.05	1.34	24.42	135.19	4199.86
Travel & Leisure (34)	7835.75	-5.24	7489.37	8269.22	8183.80	8493.02	2.50	2.01	19.86	131.66	7257.72
Telecommunications (6)	**3634.29**	**-4.46**	**3473.64**	**3804.10**	**3755.75**	**4133.89**	**4.60**	**-0.26**	**-83.37**	**82.59**	**3891.11**
Fixed Line Telecommunications (4)	4449.02	-12.37	4252.35	5077.16	4973.53	5363.87	3.53	1.83	15.46	2.62	3860.45
Mobile Telecommunications (2)	4926.61	0.59	4708.83	4897.59	4859.46	5418.43	5.19	-1.05	-18.28	172.86	4767.40
Utilities (7)	**8429.96**	**-2.52**	**8057.32**	**8647.96**	**8635.43**	**8502.28**	**4.80**	**1.55**	**13.40**	**226.12**	**9219.97**
Electricity (2)	8318.96	-8.42	7951.22	9083.59	9001.74	9511.75	5.91	1.36	12.48	146.48	11274.41
Gas Water & Multiutilities (5)	7992.71	-0.96	7639.39	8070.28	8074.72	7797.44	4.53	1.62	13.64	233.10	8797.42
Financials (288)	**3869.05**	**-9.33**	**3698.02**	**4267.03**	**4195.07**	**4955.22**	**4.33**	**1.51**	**15.32**	**102.63**	**3465.11**
Banks (11)	3039.47	-9.77	2905.11	3368.76	3293.50	4512.03	5.42	0.85	21.59	101.66	2163.11
Nonlife Insurance (10)	2849.40	-4.47	2723.44	2982.86	2957.25	2427.59	2.89	2.30	15.04	53.63	4880.59
Life Insurance/Assurance (10)	6268.28	-12.70	5991.19	7180.44	7065.36	8226.13	4.71	1.53	13.91	201.97	5919.36
Index- Real Estate Investment & Services (20)	2425.72	-13.07	2318.49	2790.29	2731.36	3144.34	2.74	5.40	6.77	36.68	6321.61
Real Estate Investment Trusts (28)	2503.17	-14.31	2392.52	2921.04	2888.44	2953.58	3.73	4.76	5.64	53.08	3015.46
General Financial (33)	6983.73	-10.46	6675.01	7799.86	7634.26	8292.60	3.72	1.89	14.21	157.04	7742.17
Equity Investment Instruments (176)	7535.58	-1.31	7202.47	7635.77	7588.38	7884.24	2.77	1.00	35.94	108.83	4021.36
Non Financials (345)	**4053.66**	**-2.03**	**3874.47**	**4137.76**	**4090.14**	**4283.76**	**3.67**	**0.67**	**40.47**	**78.78**	**5789.72**
Technology (18)	**1450.18**	**0.25**	**1386.07**	**1446.59**	**1437.23**	**1440.82**	**1.50**	**1.66**	**40.14**	**13.78**	**1831.84**
Software & Computer Services (12)	1814.40	-4.55	1734.19	1900.94	1875.39	1654.02	2.04	1.54	31.76	24.03	2411.08
Technology Hardware & Equipment (6)	1632.39	4.75	1560.23	1558.40	1558.50	1732.21	1.04	1.86	51.84	10.68	1887.30

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	6244.97	6036.29	6008.83	6020.83	6053.30	6057.65	6103.79	6216.89	6204.35	6244.97	5792.36
FTSE 250	17170.32	15958.02	16114.03	15874.57	15895.31	15847.37	15933.21	16170.67	16187.73	17170.32	15209.98
FTSE SmallCap	4529.65	4367.23	4419.42	4407.98	4404.94	4417.08	4422.62	4441.86	4452.44	4529.65	4339.84
FTSE All-Share	3433.87	3297.21	3291.85	3288.69	3303.53	3304.13	3327.38	3385.22	3380.78	3433.87	3175.05

Time of FTSE 100 Day's high:07:03:00 Day's Low07:08:15 FTSE 100 2010/11 High: 6410.26(20/04/2016) Low: 5536.97(11/02/2016)
Time of FTSE All-Share Day's high:07:03:00 Day's Low07:10:00 FTSE 100 2010/11 High: 3504.16(20/04/2016) Low: 3046.53(11/02/2016)
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FT 30 INDEX

	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Yr Ago	High	Low
FT 30	2693.90	2850.60	2824.60	2806.80	2799.90	0.00	2876.90	2547.10
FT 30 Div Yield	1.75	1.72	1.73	1.73	1.74	0.00	3.93	2.74
P/E Ratio net	25.57	26.01	25.80	25.73	25.64	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2850.6	2669.3	2655.6	2648.8	2667.2	2657.1	2680.9	2730.5	2725.6	2850.6	2508.9

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FX: EFFECTIVE INDICES

	Jun 23	Jun 22	Mnth Ago		Jun 24	Jun 23	Mnth Ago
Australia	90.73	89.72	88.63	Sweden	79.54	78.94	79.19
Canada	91.15	90.76	89.00	Switzerland	159.15	159.41	155.60
Denmark	106.43	106.48	106.88	UK	87.76	87.45	87.16
Japan	143.31	145.14	138.28	USA	98.39	98.50	101.14
New Zealand	116.09	115.36	111.66	Euro	87.06	86.80	87.76
Norway	86.51	85.78	86.15				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Industrial Metals & Mining	66.22	Health Care Eq & Srv	0.74	Electricity	-5.34
Mining	30.98	Technology	0.59	Household Goods & Ho	-6.79
Basic Materials	24.46	Nonlife Insurance	0.52	Media	-7.03
Oil & Gas Producers	20.41	Utilities	0.36	FTSE 250 Index	-7.70
Oil & Gas	19.74	Forestry & Paper	-0.22	Telecommunications	-9.11
Industrial Eng	14.24	Construct & Material	-0.88	Automobiles & Parts	-9.86
Industrial Transport	13.43	Chemicals	-1.05	Consumer Services	-9.95
Tobacco	11.90	Industrials	-1.31	Travel & Leisure	-11.44
Personal Goods	8.62	FTSE 100 Index	-1.66	Food Producers	-12.15
Electronic & Elec Eq	3.24	Software & Comp Serv	-1.72	Financial Services	-13.61
Consumer Goods	3.11	Equity Invest Instr	-2.22	Real Est Invest & Tr	-15.26
Tech Hardware & Eq	2.58	Aerospace & Defense	-2.78	Financials	-15.39
Beverages	2.35	FTSE All{HY-}Share Index	-2.78	General Retailers	-17.14
Food & Drug Retailer	2.20	Health Care	-3.22	Fixed Line Telecomms	-17.70
Gas Water & Multi	1.85	Mobile Telecomms	-3.40	Banks	-19.37
NON FINANCIALS Index	1.77	Pharmace & Biotech	-3.66	Leisure Goods	-20.83
Oil Equipment & Serv	1.11	FTSE SmallCap Index	-4.01	Life Insurance	-21.06
		Support Services	-4.57	Real Est Invest & Se	-21.35

FTSE GLOBAL EQUITY INDEX SERIES

Jun 24 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	7725	439.81	-4.8	-2.2	-2.5	610.40	-1.1	2.7
FTSE Global All Cap	7079	462.39	0.3	7.3	-0.3	624.68	0.2	2.5
FTSE Global Large Cap	1425	386.27	-4.7	-2.2	-3.1	548.97	-1.6	2.8
FTSE Global Mid Cap	1643	596.26	-5.3	-2.4	-1.0	788.22	0.2	2.3
FTSE Global Small Cap	4657	624.42	-4.6	-1.8	-0.4	800.27	0.6	2.1
FTSE All-World	3068	256.50	-4.8	-2.2	-2.7	375.76	-1.3	2.7
FTSE World	2544	454.68	-4.9	-2.5	-2.8	894.32	-1.3	2.7
FTSE Global All Cap ex UNITED KINGDOM In	7398	454.58	-4.3	-1.7	-1.9	621.83	-0.6	2.6
FTSE Global All Cap ex USA	5770	396.43	-6.0	-2.7	-5.0	586.29	-3.2	3.3
FTSE Global All Cap ex JAPAN	6461	450.32	-4.8	-2.2	-1.9	630.73	-0.4	2.7
FTSE Global All Cap ex Eurozone	7079	456.84	-4.3	-1.6	-1.5	622.05	-0.3	2.6
FTSE Developed	2097	412.92	-4.9	-2.7	-3.2	577.73	-1.8	2.7
FTSE Developed All Cap	5694	434.34	-4.9	-2.6	-2.9	600.84	-1.5	2.6
FTSE Developed Large Cap	900	380.52	-4.8	-2.7	-3.6	539.98	-2.1	2.8
FTSE Developed Europe Large Cap	223	298.01	-8.6	-6.1	-9.7	483.15	-7.1	3.9
FTSE Developed Europe Mid Cap	309	467.89	-9.7	-7.9	-8.7	684.39	-6.8	3.0
FTSE Dev Europe Small Cap	706	659.61	-9.4	-8.1	-9.8	936.91	-8.2	2.8
FTSE North America Large Cap	292	434.99	-3.5	-1.9	-0.3	579.11	0.8	2.3
FTSE North America Mid Cap	394	658.59	-3.9	-0.7	2.9	820.11	3.7	1.8
FTSE North America Small Cap	1484	660.40	-3.7	-0.6	2.9	799.81	3.8	1.8
FTSE North America	686	291.98	-3.6	-1.7	0.2	398.20	1.3	2.2
FTSE Developed ex North America	1411	208.02	-7.0	-4.2	-8.2	330.85	-6.3	3.4
FTSE Japan Large Cap	176	294.98	-4.4	-2.1	-10.0	372.83	-9.1	2.6
FTSE Japan Mid Cap	307	462.17	-3.6	-2.6	-6.0	563.50	-5.1	2.1
FTSE Global wi JAPAN Small Cap	781	502.39	-3.2	-3.0	-4.6	633.42	-3.5	2.4
FTSE Japan	483	123.84	-4.2	-2.2	-9.2	175.83	-8.2	2.5
FTSE Asia Pacific Large Cap ex Japan	548	531.91	-3.3	2.3	-1.7	807.34	-0.2	3.4
FTSE Asia Pacific Mid Cap ex Japan	420	732.88	-3.5	2.1	-1.9	1069.49	-0.8	3.2
FTSE Asia Pacific Small Cap ex Japan	1443	485.35	-3.2	1.0	-2.8	697.39	-1.9	2.8
FTSE Asia Pacific Ex Japan	968	422.07	-3.4	2.3	-1.7	680.66	-0.3	3.4
FTSE Emerging All Cap	2031	585.19	-3.2	2.8	2.4	845.33	3.8	3.2
FTSE Emerging Large Cap	525	551.54	-3.3	2.9	2.4	801.97	3.8	3.2
FTSE Emerging Mid Cap	446	748.00	-3.4	2.9	5.3	1074.98	6.7	3.0
FTSE Emerging Small Cap	1060	612.32	-2.8	2.4	-0.5	850.27	0.5	3.0
FTSE Emerging Europe	112	292.72	-5.4	-2.7	9.6	436.18	11.2	4.3
FTSE Latin America All Cap	236	699.53	-3.6	3.0	16.9	1047.03	18.4	3.3
FTSE Middle East and Africa All Cap	219	643.02	-3.9	3.9	3.9	974.35	5.7	3.0
FTSE Global wi UNITED KINGDOM All Cap In	327	296.51	-11.5	-8.6	-9.9	478.76	-7.9	3.9
FTSE Global wi USA All Cap	1955	500.21	-3.7	-1.7	-0.2	647.66	0.8	2.1
FTSE Europe All Cap	1425	346.84	-8.8	-6.5	-9.0	543.83	-6.7	3.7
FTSE Eurozone All Cap	646	319.79	-9.3	-7.3	-10.9	507.86	-8.4	3.6
FTSE RAFI All World 3000	3049	5263.60	-5.9	-2.5	-3.0	6749.81	-1.3	3.5
FTSE RAFI US 1000	1005	8947.81	-4.0	-1.4	1.2	11451.60	2.4	2.5
FTSE EDHEC-Risk Efficient All-World	3068	313.09	-4.5	-1.9	-0.8	426.20	0.5	2.4
FTSE EDHEC-Risk Efficient Developed Europe	532	257.80	-8.5	-6.7	-7.7	383.94	-5.8	2.9

Jun 24 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas	152	334.40	-4.6	-4.6	9.7	520.80	11.7	3.7
Oil & Gas Producers	110	313.13	-4.7	-4.7	9.7	496.58	11.9	3.9
Oil Equipment & Services	32	308.09	-3.8	-3.8	11.0	436.91	12.9	3.2
Basic Materials	256	363.68	-5.1	-5.1	3.5	541.56	5.2	3.0
Chemicals	125	559.30	-5.5	-5.5	-5.5	836.73	-3.8	2.9
Forestry & Paper	16	194.41	-4.5	-4.5	-0.8	320.25	1.7	3.9
Industrial Metals & Mining	62	284.61	-6.3	-6.3	10.6	422.39	11.5	2.8
Mining	53	435.58	-3.5	-3.5	34.6	647.54	36.6	3.3
Industrials	536	300.19	-5.0	-5.0	0.3	422.89	1.7	2.4
Construction & Materials	111	426.94	-5.4	-5.4	1.9	630.48	3.4	2.3
Aerospace & Defense	26	502.23	-4.0	-4.0	-0.9	701.15	0.5	2.4
General Industrials	55	218.97	-5.0	-5.0	0.9	332.27	2.6	2.7
Electronic & Electrical Equipment	69	301.09	-5.9	-5.9	-4.8	389.65	-3.9	2.1
Industrial Engineering	104	554.46	-5.2	-5.2	3.5	768.47	4.9	2.6
Industrial Transportation	96	503.18	-4.6	-4.6	1.6	707.41	3.0	2.6
Support Services	75	274.03	-5.2	-5.2	-0.7	370.33	0.5	2.0
Consumer Goods	423	409.98	-4.5	-4.5	-1.6	591.22	-0.2	2.6
Automobiles & Parts	104	321.75	-6.7	-6.7	-15.7	447.15	-14.2	3.3
Beverages	48	576.84	-3.7	-3.7	0.9	841.70	2.0	2.6
Food Producers	103	578.09	-3.1	-3.1	3.5	859.69	5.2	2.3
Household Goods & Home Construction	47	403.59	-5.6	-5.6	0.5	577.82	1.8	2.4
Leisure Goods	31	136.74	-4.8	-4.8	3.7	176.79	4.2	1.5
Personal Goods	79	591.61	-4.5	-4.5	-1.0	810.70	0.1	2.1
Tobacco	11	1326.32	-3.1	-3.1	9.0	2640.52	11.0	3.6
Health Care	177	432.86	-3.2	-3.2	-5.6	610.68	-4.3	2.1
Health Care Equipment & Services	63	690.44	-2.9	-2.9	6.3	795.65	6.8	1.0
Pharmaceuticals & Biotechnology	114	315.47	-3.3	-3.3	-9.3	463.68	-7.9	2.5
Consumer Services	393	376.24	-4.1	-4.1	-3.5	493.65	-2.5	1.9
Food & Drug Retailers	54	289.00	-3.1	-3.1	-3.6	394.76	-2.6	2.0
General Retailers	122	519.84	-2.9	-2.9	-2.4	664.84	-1.6	1.6
Media	87	282.12	-5.3	-5.3	-2.5	371.07	-1.5	2.1
Travel & Leisure	130	357.86	-5.3	-5.3	-6.2	474.53	-5.2	2.0
Telecommunication	91	162.36	-4.3	-4.3	3.1	291.79	5.3	4.1
Fixed Line Telecommuniations	42	141.44	-4.0	-4.0	6.7	278.35	9.1	4.5
Mobile Telecommunications	49	161.62	-4.8	-4.8	-1.9	262.88	0.0	3.6
Utilities	165	252.35	-3.2	-3.2	6.4	472.17	8.7	3.8
Electricity	112	275.63	-2.6	-2.6	6.5	509.65	8.6	3.7
Gas Water & Multiutilities	53	267.35	-4.2	-4.2	6.2	514.04	8.7	4.0
Financials	690	181.09	-6.7	-6.7	-9.8	286.80	-8.0	3.5
Banks	246	153.46	-8.0	-8.0	-14.0	259.90	-12.0	4.2
Nonlife Insurance	68	202.54	-6.2	-6.2	-5.6	287.51	-3.7	2.7
Life Insurance	51	167.36	-9.2	-9.2	-15.6	259.15	-13.8	3.7
Financial Services	152	203.66	-6.0	-6.0	-8.4	274.41	-7.4	2.3
Technology	185	168.60	-4.2	-4.2	-3.3	202.91	-2.4	1.9
Software & Computer Services	89	301.73	-4.3	-4.3	-2.7	348.46	-2.1	1.2
Technology Hardware & Equipment	96	121.53	-4.1	-4.1	-3.8	150.89	-2.7	2.8
Alternative Energy	10	93.46	-6.1	-6.1	-9.6	124.92	-8.7	1.3
Real Estate Investment & Services	102	269.23	-2.9	-2.9	-4.8	437.17	-3.1	2.8

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FTSE 100 SUMMARY

FTSE 100	Closing Price	Week's Change	FTSE 100	Closing Price	Week's Change
3I Group PLC	512.50	-7.50	Legal & General Group PLC	188.50	-26.90
Admiral Group PLC	1950	91.00	Lloyds Banking Group PLC	57.00	-8.05
Anglo American PLC	659.00	22.50	London Stock Exchange Group PLC	2500	45.00
Antofagasta PLC	430.30	6.40	Marks And Spencer Group PLC	326.40	-25.20
Arm Holdings PLC	1080	109.50	Mediclinic International PLC	986.00	136.00
Ashtead Group PLC	1033	39.00	Merlin Entertainments PLC	430.80	20.00
Associated British Foods PLC	2775	0.00	Mondi PLC	1331	42.00
Astrazeneca PLC	4031.5	238.50	Morrison (Wm) Supermarkets PLC	182.90	5.60
Aviva PLC	374.80	-32.10	National Grid PLC	984.40	25.60
Babcock International Group PLC	933.50	-44.00	Next PLC	4848	-427.00
Bae Systems PLC	480.80	2.00	Old Mutual PLC	186.70	10.80
Barclays PLC	153.90	-11.85	Paddy Power Betfair PLC	8725	95.00
Barratt Developments PLC	439.80	-91.70	Pearson PLC	914.00	91.00
Berkeley Group Holdings (The) PLC	2593	-472.00	Persimmon PLC	1520	-422.00
Bhp Billiton PLC	856.30	25.50	Provident Financial PLC	2451	-196.00
BP PLC	393.65	20.50	Prudential PLC	1235	10.00
British American Tobacco PLC	4385	268.50	Randgold Resources LD	7370	760.00
British Land Company PLC	613.50	-88.50	Reckitt Benckiser Group PLC	6893	248.00
Bt Group PLC	383.85	-23.30	RELX PLC	1283	78.00
Bunzl PLC	2064	99.00	Rexam PLC	641.00	11.50
Burberry Group PLC	1126	38.00	Rio Tinto PLC	2077.5	72.00
Capita PLC	989.50	-10.50	Rolls-Royce Holdings PLC	649.00	34.00
Carnival PLC	3465	63.00	Royal Bank Of Scotland Group PLC	205.30	-16.80
Centrica PLC	205.50	1.90	Royal Dutch Shell PLC	1883.5	96.50
Coca-Cola Hbc AG	1366	-24.00	Royal Dutch Shell PLC	1872	106.00
Compass Group PLC	1350	68.00	Royal Mail PLC	508.00	-1.00
Crh PLC	2076	82.00	Rsa Insurance Group PLC	460.80	9.80
Dcc PLC	6180	-30.00	Sabmiller PLC	4279.5	24.00
Diageo PLC	1878	108.00	Sage Group PLC	603.50	12.50
Direct Line Insurance Group PLC	351.20	5.80	Sainsbury (J) PLC	227.20	-4.40
Dixons Carphone PLC	371.00	-25.20	Schroders PLC	2382	-63.00
Easyjet PLC	1313	-128.00	Severn Trent PLC	2221	90.00
Experian PLC	1335	90.00	Shire PLC	4106	150.00
Fresnillo PLC	1386	159.00	Sky PLC	834.50	-20.50
Gkn PLC	278.00	3.00	Smith & Nephew PLC	1182	67.00
Glaxosmithkline PLC	1482	94.50	Sse PLC	1420	-54.00
Glencore PLC	139.45	-1.10	St. James's Place PLC	774.50	-49.50
Hammerson PLC	513.00	-36.50	Standard Chartered PLC	563.30	37.10
Hargreaves Lansdown PLC	1175	-54.00	Standard Life PLC	283.90	-23.50
Hikma Pharmaceuticals PLC	2271	125.00	Taylor Wimpey PLC	136.10	-39.90
HSBC Holdings PLC	447.95	16.75	Tesco PLC	162.30	7.95
Imperial Brands PLC	3693.5	115.50	Travis Perkins PLC	1620	-153.00
Informa PLC	649.00	0.00	Tui AG	954.00	-52.00
Intercontinental Hotels Group PLC	2757	215.00	Unilever PLC	3265.5	196.50
International Consolidated Airlines Group S.A.	409.00	-69.30	United Utilities Group PLC	928.00	9.00
Intertek Group PLC	3195	103.00	Vodafone Group PLC	219.30	8.10
Intu Properties PLC	277.20	-8.90	Whitbread PLC	3830	-83.00
Itv PLC	174.40	-29.60	Wolseley PLC	3742	57.00
Johnson Matthey PLC	2914	62.00	Worldpay Group PLC	280.30	6.40
Kingfisher PLC	341.40	-12.60	WPP PLC	1525	21.00
Land Securities Group PLC	1005	-94.00			

UK STOCK MARKET TRADING DATA

	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Yr Ago
SEAQ Bargains	5761.00	3140.00	3072.00	3709.00	3514.00	3514.00
Order Book Turnover (m)	220.41	68.90	73.90	89.13	171.51	171.51
Order Book Bargains	2775243.00	958942.00	889360.00	1073359.00	1104996.00	1104996.00
Order Book Shares Traded (m)	4004.00	1354.00	1326.00	1542.00	2470.00	2470.00
Total Equity Turnover (£m)	4284.31	2314.89	2296.07	2228.32	3282.87	3282.87
Total Mkt Bargains	2912494.00	1033102.00	961225.00	1152064.00	1200378.00	1200378.00
Total Shares Traded (m)	6084.00	3188.00	3001.00	3294.00	4701.00	4701.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

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UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the UK LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Guscio	Int			0.2571	0.084L	0.73L	0.934L	-	-	-	-	-
Jupiter Green Investment Trust	Int			0.747	2.284	0.83	0.63	0.65	0.55	Sep 30	0.65	0.55
Mobeus Income & Growth 2 VCT	Pre	1.736	1.901	1.187	1.385	2.86	4.02	5		Mar 18	5	19
Octopus Titan VCT	Int	0.16L	0.21	1.907L	1.306L	2.38	2.49	2		Sep 2	3.989	4.5
Polar Capital Holdings	Pre	85.042	97.026	24.243	31.126	21.22	27.46	19.5	19.5	Jul 15	25	25
Proxama	Pre	2.544	0.651	6.093L	5.899L	0.52L	0.68L	-	-	-	-	-

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.
For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
06/21	50.00	AIM	COM	Comptoir Group PLC	65.50	0.86	70.90	50.00	6288.0
06/15	300.00	AIM	GROW	Draper Esprit PLC	302.50	-11.50	312.00	295.00	12303.9
06/15	3.30	AIM	MKA	Mkango Resources Ltd	4.75	0.25	5.89	3.25	337.5
06/09	221.00	AIM	MPH	Mereo BioPharma Group PLC	292.00	0.00	303.00	240.00	18787.5
05/27	75.00	AIM	DCTA	Directa Plus PLC	145.00	-15.50	215.25	83.00	6410.9
05/26	160.00	AIM	JOUL	Joules Group PLC	176.50	-16.00	199.00	160.00	15443.7
05/18	130.00	AIM	ONC	Oncimmune Holdings PLC	121.00	-2.75	140.00	119.75	6174.0

§Placing price. *Intoduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir
For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Deut Bank	15.57	15.57	0.00	0.00	1.89	13.8	-2.27
MollerMrsk	8860.00	9140.00	-280.00	-3.06	905.00	11.4	1.37
ChShenEgy	13.34	13.62	-0.28	-2.06	1.22	10.1	12.48
SEB	78.80	78.15	0.65	0.83	7.10	9.9	3.89
UBS	15.31	15.31	0.00	0.00	1.34	9.6	-21.57
E.ON	9.31	9.31	0.00	0.00	0.81	9.6	-0.21
SvnskaHn	106.90	106.10	0.80	0.75	8.55	8.7	4.09
Vale	16.59	16.59	0.00	0.00	1.31	8.6	8.49
Allianz	141.50	141.50	0.00	0.00	11.15	8.6	-2.72
Investor	286.60	282.40	4.20	1.49	22.30	8.4	2.39
Continental	196.80	196.80	0.00	0.00	15.05	8.3	-0.28
AtlasCpcoB	203.70	200.10	3.60	1.80	15.00	7.9	4.46
Swedbank	181.40	180.70	0.70	0.39	13.20	7.8	4.31
BMW	74.25	74.25	0.00	0.00	5.28	7.7	-0.45
Daimler	59.99	59.99	0.00	0.00	4.12	7.4	-1.45
SK Hynix	31800.00	31750.00	50.00	0.16	2150.00	7.3	16.91
Volvo	92.90	91.95	0.95	1.03	6.25	7.2	1.81
H & M	256.70	253.60	3.10	1.22	17.00	7.1	1.06
StandCh	563.30	578.20	-14.90	-2.58	37.10	7.1	5.09
MuenchRkv	160.80	160.80	0.00	0.00	10.35	6.9	-0.73

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
LibertyGbl	28.80	33.14	-4.34	-13.10	-5.75	-16.6	-20.66
IntSPaolo	1.74	2.26	-0.52	-22.94	-0.30	-14.7	-24.48
ShgPdgBk	15.28	15.72	-0.44	-2.80	-2.52	-14.2	-12.93
Unicred	2.08	2.72	-0.65	-23.79	-0.34	-13.9	-32.07
SocGen	28.80	36.26	-7.46	-20.57	-4.07	-12.4	-21.45
LlydsBkg	57.00	72.15	-15.15	-21.00	-8.05	-12.4	-21.29
CaixaBnk	1.92	2.35	-0.43	-18.13	-0.24	-11.1	-21.85
BcoSantdr	3.38	4.22	-0.84	-19.89	-0.42	-11.1	0.96
Enel	3.60	4.00	-0.40	-10.04	-0.42	-10.4	-11.37
Tesla Mtrs	193.15	196.40	-3.25	-1.65	-22.32	-10.4	-11.36
BBVA	4.84	5.78	-0.94	-16.18	-0.55	-10.2	-15.22
Alexion	112.99	123.57	-10.58	-8.56	-12.21	-9.8	-22.96
EDF	10.10	11.06	-0.96	-8.68	-1.09	-9.7	-14.37
Telefonica	7.73	9.22	-1.49	-16.12	-0.81	-9.5	72.62
BNP Parib	39.40	47.70	-8.30	-17.40	-4.05	-9.3	-17.28
KBC Grp	45.30	52.60	-7.30	-13.88	-4.20	-8.5	-13.71
Generali	10.92	13.12	-2.20	-16.77	-1.01	-8.5	-14.95
Aviva	374.80	444.50	-69.70	-15.68	-32.10	-7.9	-16.67
CharlesSch	26.15	29.69	-3.54	-11.92	-2.23	-7.9	-13.47
AmerAir	27.05	30.33	-3.28	-10.81	-2.29	-7.8	-15.86

Based on the FT Global 500 companies in local currency

INTEREST RATES: OFFICIAL

Jun 24	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	0.25-0.50	16-12-2015	1.00	0.25-0.50	0.00-0.25
US	Prime	3.50	16-12-2008	3.50	3.50	3.50
US	Discount	0.75	16-12-2015	0.75	1.00	0.75
Euro	Repo	0.00	10-09-2014	0.05	0.05	0.05
UK	Repo	0.50	05-03-2009	0.50	0.50	0.50
Japan	O'night Call	0.00-0.00	05-10-2010	0.00	0.00-0.10	0.00-0.10
Switzerland	Libor Target	0.00-0.25	15-01-2015	0.00-0.75	-1.25--0.25	0-0.25

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	184.05	0.18	2.58	6.21	2.03	3.40
Corporates(£)	311.42	-0.02	0.61	5.51	1.29	7.11
Corporates($)	264.70	0.14	1.08	6.11	1.08	6.11
Corporates(€)	219.13	0.01	0.62	3.71	0.95	4.58
Eurozone Sov(€)	234.17	-0.10	0.59	3.93	1.04	6.86
Gilts(£)	305.40	-0.26	0.65	6.46	1.43	9.64
Global Inflation-Lkd	253.30	0.26	1.85	6.28	2.16	2.60
Markit iBoxx £ Non-Gilts	310.40	-0.09	0.54	5.25	1.11	6.80
Overall ($)	236.01	0.08	1.07	4.89	1.07	4.89
Overall(£)	304.11	-0.21	0.62	6.11	1.33	8.79
Overall(€)	228.60	-0.08	0.51	3.58	0.88	5.80
Treasuries ($)	226.37	0.05	1.10	4.42	1.10	4.42
FTSE						
Sterling Corporate (£)	113.78	0.82	-	-	1.49	3.17
Euro Corporate (€)	109.29	0.34	-	-	1.34	2.42
Euro Emerging Mkts (€)	859.06	-40.02	-	-	-1.65	-7.15
Eurozone Govt Bond	116.97	0.40	-	-	1.11	4.69

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	369.26	-12.07	35.21	40.34	390.04	288.69
Europe 5Y	85.00	-1.98	7.21	7.01	90.43	67.59
Japan 5Y	70.05	-2.51	2.21	-0.87	93.03	64.22
Senior Financials 5Y	111.86	-3.89	10.86	12.50	121.66	80.36
Markit CDX						
Emerging Markets 5Y	275.03	-6.55	-28.26	-23.86	313.33	271.25
Nth Amer High Yld 5Y	421.82	-12.68	-28.54	-9.86	463.54	415.17
Nth Amer Inv Grade 5Y	76.28	-2.66	-6.80	-0.76	85.25	72.99

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

BONDS: HIGH YIELD & EMERGING MARKET

	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
Peru	03/19	7.13	BBB+	A3	BBB+	128.75	1.95	0.00	0.00	1.30
Peru	03/19	7.13	BBB+	A3	BBB+	114.01	2.60	0.00	0.20	0.84
Colombia	07/21	4.38	BBB	Baa2	BBB	105.60	3.16	0.05	-0.36	2.08
Brazil	01/22	12.50	BB	Ba2	BB	104.21	11.46	0.06	0.50	10.39
Poland	03/22	5.00	BBB+	A2	A-	117.38	2.80	0.00	0.00	1.72
Turkey	09/22	6.25	-	Baa3	BBB-	112.57	4.00	0.00	-0.46	2.92
Turkey	10/26	4.88	-	Baa3	BBB-	103.90	4.45	0.00	-0.42	2.88
Emerging Euro										
Brazil	02/15	7.38	BBB-	Baa2	BBB	111.75	0.73	0.00	0.00	0.09
Mexico	07/17	4.25	BBB+	A3	BBB+	111.13	1.50	0.00	0.00	0.85
Mexico	02/20	5.50	BBB+	A3	BBB+	121.63	2.06	0.00	0.00	0.98
Bulgaria	09/25	5.75	BB+	-	BBB-	118.81	3.39	0.00	-0.10	1.83

Data provided by SIX Financial Information & Tullett Prebon Information. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

VOLATILITY INDICES

	Jun 24	Day Chng	Prev	52 wk high	52 wk low
VIX	25.76	8.51	17.25	53.29	10.88
VXD	22.71	6.41	16.30	56.32	8.09
VXN	24.88	6.67	18.21	46.72	12.06
VDAX	25.38	0.00	25.38	-	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility.
‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	10/18	3.25	103.84	1.55	-0.18	-0.06	-0.07	-0.54
	11/27	2.75	106.34	2.12	-0.23	-0.07	-0.27	0.00
Austria	10/19	0.25	99.98	0.26	0.00	0.00	0.00	0.00
	10/26	0.75	103.75	0.38	0.00	0.00	0.00	0.00

Week Ahead
FINANCIAL TIMES

Corporate diary June 27 - July 1

TUESDAY 28

Nike, the athletic apparel maker, is expected to have stretched to solid increases in sales and earnings in its last year when it releases fourth-quarter results.

Bloomberg's consensus of analysts' estimates puts the year's revenues at $32.48bn, compared with last year's $30.6bn, while pre-tax profits are estimated at $4.63bn, up from $4.21bn in 2014-15. EPS for the year is forecast to be $2.16, compared with $1.85. The improvement comes after Nike in March disclosed a cautious outlook and weaker quarterly sales growth than Wall Street forecast.

Oregon-based Nike — which boasts more than 90 per cent of the basketball shoe market, though rival Under Armour has made recent inroads — reported revenues up 8 per cent to $8bn on a year-on-year basis in its third quarter, missing expectations of $8.2bn, when strong consumer demand drove revenue growth across its brand portfolio.

Mark Parker, chief executive, said: "Nike delivered robust and balanced growth across our expansive, powerful portfolio."

But the company said in March its sales took a hit due to a strong dollar, which makes the price of US goods more expensive abroad and reduces the amount that groups earn when foreign sales are converted back into dollars. On a currency-neutral basis, sales advanced 14 per cent.

Nike also expects its revenues to rise at a "high single-digit rate" in the fiscal year to May 2017 while analysts were looking for fiscal 2017 sales growth of about 10 per cent. Nike expects EPS to rise in low single-digits, against a consensus estimate of 15 per cent.

Nike's shares, which surged by almost a third in 2015, have added about 2 per cent in the past year to $54.36.

Global demand for athletic goods remains high, but Nike continues to face margin pressure, mainly in the US. *Simon Greaves*

Diary commentary from FT reporters. Data, unless otherwise stated, from Thomson Reuters. Company announcements, collated by Thomson Streetevents, are of information publically available before last week. Results forecasts, from Thomson I/B/E/S, are for fully diluted, post-tax EPS in local currency for the stated fiscal period. The comparable period of the previous year is bracketed. Non-UK reporting periods are broken by quarter: Q1, Q2, Q3, Q4. UK periods are designated: Q1, H1 (first half), Q3 and FY (full year).

THOMSON REUTERS

Jasper Juinen/Bloomberg

Investors expect Monsanto update on Bayer takeover bid

When **Monsanto** announces third-quarter earnings on **Wednesday,** the company's results will not necessarily be top of investors' minds. Instead they will be hoping for an update on what is the next step in Bayer's attempted bid for the controversial maker of genetically modified seeds.

It has been a month since Monsanto rejected the Bayer board's $122-a-share offer for the St Louis-based agrichemical company.

Monsanto said the offer was too low but said it was open to further talks. Bayer, whose investors have been wary of the potential of the combination, has yet to raise its offer, saying it believes the existing one is fair.

This leaves the potential combination of the two in limbo. Monsanto has said before that even in a landscape of fast consolidation it can thrive as a standalone company. But it is not without its problems.

It has already cut its forecast for full-year earnings against a backdrop of a strong dollar hitting exports and is cutting its workforce in a sluggish agricultural economy where farmers' incomes have been hit by low prices.

In the quarter ended May 31, Monsanto's revenue is estimated to have fallen 1.8 per cent to $4.5bn, with adjusted net income dropping 6.2 per cent to $1.07bn, or $2.43 a share, according to consensus analyst estimates from Bloomberg. On an unadjusted basis it probably posted EPS of $2.34, a 1.6 per cent increase. *Lindsay Whipp*

Earnings

Nike	Q4	$0.48	($0.49)
Ocado	FY	2.63p	(1.91p)

WEDNESDAY 29

Electricals retailer **Dixons Carphone** is expected to report a slight dip in revenues but a healthy boost to profits when it delivers its full-year results.

Last month the high street retailer, which sells a range of electrical and telecommunications products, said it expected full-year profits to be near the upper end of its guidance after a decent quarter in which like-for-like sales grew 5 per cent.

Revenues are expected to dip 3 per cent to £9.6bn, following the closure of 134 UK stores, but pre-tax profits are expected to jump 17 per cent to £447m.

Dixons has been boosted by a rise in sales of 4K ultra high-definition televisions and cordless vacuum cleaners, and Seb James, chief executive, rubbished the excuses of rival retailers when unveiling the group's quarterly results in May.

"There has been much commentary about the state of mind of UK consumers. Our view is that consumers are ready to spend but have rightly become more canny, and so need to be tempted with great deals and exciting new products," he said.

Dixons Carphone is also rolling out a new store format, combining its three major brands, Carphone Warehouse, Currys, and PC World, in one store. It currently has well over 250 stores in the new format, and is looking to add more.

The company was created from the merger of Dixons and Carphone Warehouse in 2014, and continues to defy critics — when the merger was unveiled there were predictions of boardroom bust-ups and big store closures. Its share of the mobile phone market has grown while other retailers, such has Phones4U, have fallen. *Paul McClean*

For the maker of Cheerio's the fiscal fourth quarter was not a particularly happy one.

General Mills is being squeezed in several key product areas: yoghurt, cereals and meals. Like the rest of the food industry in the US, the company has been cutting costs and diversifying into healthier fare through acquisitions of smaller brands as consumers increasingly opt for more wholesome foods.

But the landscape is competitive, particularly when it comes to yoghurt, and the competition has not always been pretty. In an increasingly crowded market, General Mills, which makes Yoplait, earlier this year won an injunction against Chobani, halting the broadcast of a commercial it said made false claims that Yoplait Greek 100 was laced with a pesticide that is "used to kill bugs".

Cereals, which have been on a downward slide for years, are not expected to return to strong growth any time soon, while prepared meals are mainly selling in the fresh segment.

As such, in the company's final quarter of its fiscal year, due to its divestiture of its Green Giant frozen vegetables brand, the group probably posted a 10 per cent decline in revenues to $3.86bn, and a 23 per cent decline in adjusted net income to $355.2bn or 59.6 cents a share, according to consensus analyst estimates from Bloomberg. On an unadjusted basis, EPS probably nearly doubled to 59 cents.

Analysts have said they expect the company to make further acquisitions as the consumer shifts further towards healthier food, including overseas. Some have also highlighted the company as a potential target of KraftHeinz, as speculation rises over which company in the industry could be the next target for the 3G-Warren Buffett team that has transformed the industry with its forceful cost-cutting techniques. *Lindsay Whipp*

Earnings

Dixons Carphone	FY	28.63p	(28.70p)
General Mills	Q4	$0.60	($0.75)
Monsanto	Q3	$2.42	($2.39)

ECONOMIC OUTLOOK

US manufacturing recovery set to continue

The economic and political consequences as well as the uncertainties resulting from the Leave vote in the UK's EU referendum is going to override the importance of most of this week's economic data releases.

With the UK facing a government, economic and secessionist crisis, the release of the purchasing managers' indices for UK economic activity in June becomes an unimportant event.

The index is likely to show a lower reading than the previous month because of the uncertainties before the referendum.

The UK current account balance, released on Thursday, is expected to have narrowed from the extremely large deficit of £32.7bn, but despite the expected improvement the large shortfall could pose problems if markets lose confidence in the UK economy.

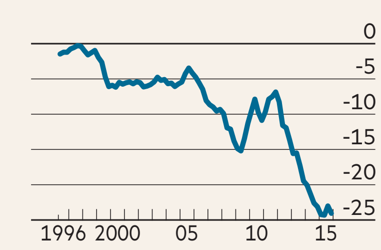
In the US, the ISM manufacturing index is expected to increase slightly to 51.5 in June from 51.3 in May, continuing the rebound after its April fall. But from next month US manufacturing activity is likely to feel the pinch of the strengthening of the dollar that followed the result of the referendum.

Uncertainties on the future of Europe could take their toll on European economies. The Markit PMI indices for most European countries, released on Friday, are the last that do not reflect the referendum effect. Similarly, the eurozone unemployment rate for May, released on Friday and set to drop marginally to 10.1 per cent, is not a guarantee that the labour market will continue to improve.

Little consolation to the markets is expected to come from the Chinese Caixin manufacturing index for June which is expected to remain at 49.2, where a reading below 50 indicates a contraction in activity.

A mixed picture is likely to emerge from Japan where the unemployment rate for May is expected to rise slightly to 3.2 per cent, while the Bank of Japan's Tankan survey is expected to show improvement for the second quarter this year. Japanese industrial production for May is expected to expand at an annual rate of 1.9. *Valentina Romei*

UK current account balance
£bn (rolling 4-quarter average)



Source: Thomson Reuters Datastream

4CAST ECONOMIC CALENDAR

COUNTRY	For	Indicator	Units*	Mkt*	Prev*
MONDAY					
US	May	Trade balance	3	-59.5	-57.5
TUESDAY					
UK	Jun	CBI distrib. trades	%	n/a	7
US	Jun	Cons. confidence		93.1	92.6
US	Apr	S&P Case-Shiller HPI	2	5.5	5.43
WEDNESDAY					
Germany	Jun	CPI (prelim.)	2	0.4	0.1
Germany	Jun	HICP (prelim.)	2	0.1	0
Germany	Jul	GFK cons. sent.		9.9	9.8
Japan	May	Retail sales	2	-1.6	-0.9
UK	May	Mort. approvals	5	n/a	66.3
UK	May	Net cons. credit	3	n/a	1.3
UK	May	Secured lending	3	n/a	0.3
US	May	Core PCE price index	1	0.1	0.2
US	May	Personal income	1	0.3	0.4
US	May	Personal spending	1	0.3	1
THURSDAY					
Canada	Apr	GDP	1	0.1	-0.2
Eurozone	Jun	Flash HICP	2	0	-0.1
Eurozone	Jun	HICP - core	2	0.8	0.8
France	May	Consumer spending	2	n/a	2.5
France	Jun	Flash CPI	2	n/a	0
France	Jun	Flash HICP	2	0.3	0.1
France	May	PPI	2	n/a	-4.1
Germany	May	Retail sales	2	3	2.3
Germany	Jun	Unemployment	%	6.1	6.1
Japan	Jun	Ind. prod.	2	1.9	-3.3
UK	Q4	Current account	3	n/a	-32.7
UK	Q1	GDP (3rd est.)	1	n/a	0.4
UK	Jun	GfK cons. conf.		n/a	-1
UK	Apr	Index of services	4	n/a	0.6
US	Week	Initial claims	5	n/a	259
FRIDAY					
China	Jun	Caixin mfg. PMI		49.2	49.2
China	Jun	Manuf. PMI		50.1	50.1
Eurozone	May	Unemployment	%	10.1	10.2
India	May	Manuf. PMI		n/a	50.5
Japan	Q2	Tankan		n/a	-4
Japan	May	Unemployment	%	3.2	3
Japan	Jun	Vehicle sales	2	n/a	6.6
Russia	Jun	Manuf. PMI		n/a	49.6
UK	Jun	Markit manuf. PMI		n/a	50.1
US	Jun	ISM manuf.		51.5	51.3
US	Jun	Vehicle sales	m	17.3	17.37

Mkt* = market consensus estimates. Prev*= previous actual Units*; **1** = % change on previous period, **2** = % change on same period in previous year, **3** = national currency bn, **4** = annualised quarterly % change, **5** = 000s, NSA=not seasonally adjusted, SA=seasonally adjusted. See more at ft.com/economic-calendar

FTfm

Technology
Make way for the robot stock pickers

PAGE 6

Job losses loom for London's fund industry after Brexit

INVESTMENT STRATEGY

City will lose out to Ireland and Luxembourg

ATTRACTA MOONEY AND CHRIS NEWLANDS

London's fund industry will be hit by job losses after the UK voted to leave the EU. The move sent shockwaves through the asset management sector and triggered turmoil in global financial markets.

Britain voted by 51.9 per cent to sever the UK's relationship with the EU on Thursday, prompting fears that asset managers will cut staff and relocate others out of London to maintain access to European investors.

At least one fund manager rushed to draw up legal notices to stop redemptions from their investment products on Friday, as the impact of the referendum became apparent.

It is understood that the Financial Conduct Authority, the UK watchdog, contacted asset managers last week to check how well equipped they were to deal with redemptions in the wake of an exit.

Amin Rajan, chief executive of Create Research, the consultancy, said job cuts were now on the cards for the fund industry, which had been banking on a Remain vote.

Several fund managers are putting plans in place to move jobs from the City of London, the UK's financial centre, to countries such as Ireland and Luxembourg, which are big centres for the asset management industry. They fear a British exit — or Brexit — would leave UK-based asset managers struggling to access European investors.

One of the UK's best-known fund houses will move some jobs to Luxembourg, according to an employee who was familiar with its plans and spoke on the condition anonymity.

"We won't be moving our headquarters, but we do need to think about our resourcing in Luxembourg," the employee said.

Mr Rajan said: "Over the next five years, the centre of gravity will shift to Dublin and Luxembourg for retail funds; and Frankfurt and Paris for institutional funds. London's preeminence can no longer be taken for granted."

Earlier this year, the Central Bank of Ireland, the financial watchdog, said it was preparing for an influx of investment managers from the UK to Ireland if Brexit were to happen.

Pat Lardner, chief executive of Irish Funds, a trade body, said: "There is a uniqueness about our relationship with the UK fund industry. And Ireland has a deep relationship with the UK. So that puts us in a strong position to help."

Camille Thommes, director-general of Alfi, the Luxembourg fund association, added: "For industry players this starts a period of uncertainty, and some might look for alternative jurisdictions, such as Luxembourg or Ireland."

The UK's exit from the EU comes at a tough time for asset managers, which are already dealing with falling profit margins and concerns about performance. This month, McKinsey, the consultancy, forecast

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Britain voted by 51.9 per cent to sever the UK's relationship with the EU on Thursday — Sean Gallup/Getty Images

Former Man Group boss joins RWC

MADISON MARRIAGE

The former chief executive of Man Group, the world's largest listed hedge fund company, has joined the board of RWC as part of the London-based investment manager's efforts to boost its assets under management.

Peter Clarke, who ran Man Group for six years before being replaced by Manny Roman in 2013, will join RWC's board as its first non-executive director in July.

Mr Clarke already sits on the boards of Lombard Odier Investment Management, the Swiss fund house, and Axa UK, the insurer. He was also appointed chairman of Lancashire Holdings, the reinsurer, in February, and is a member of the treasury committee of King's College London.

Dan Mannix, chief executive of RWC, which experienced a 40 per cent rise in its assets last year, to $11.5bn, said the board appointment reflected the company's ambition to win business from large institutional clients in the US, Asia, Australia and Europe.

He said: "We are in growth mode. We wanted to ensure we have experienced people around who are very well regarded by clients, are known to various regulators, and can help us in our strategic decision making."

Mr Clarke, who stepped down from Man Group in 2013 after it suffered a significant fall in its share price and assets under management, added that his knowledge of the fintech industry would prove valuable to RWC.

NEWS

INSIDE

Sovereign funds continue to pull billions from asset managers

INVESTMENT STRATEGY

State-backed vehicles withdrew $8.8bn from fund houses in Q1

ATTRACTA MOONEY

Last year, state funds withdrew $46.5bn from asset managers as the price of oil collapsed
Hasan Jamali/AP Photo

Sovereign wealth funds have pulled billions of dollars from asset managers for the seventh consecutive quarter, piling further pressure on an industry battling falling profits and disappointing performance.

State-backed funds, which countries use to save for a rainy day or to provide money for future generations, withdrew at least $8.8bn from fund houses during the first quarter of this year.

The redemptions follow record outflows last year, when state funds collectively withdrew at least $46.5bn from asset managers as the price of oil collapsed and governments raided state funds to prop up their economies.

Peter Laurelli, vice-president of research at eVestment, the data provider that supplied the figures, warned the fund industry is likely to continue to experience outflows from sovereign funds.

"It will take more than a quarter of better oil prices to see the money coming in," he said.

According to the data, state funds took an axe to asset managers' fixed income holdings in particular. They pulled $4.6bn of fixed income assets during the first quarter, compared with $791m during the past three months of 2015. This marks the highest outflows from bond products in a year.

A recent report from Invesco, the US asset manager, said fixed income allocations for the average sovereign investor have fallen from 25 per cent of portfolios to 16 per cent over the past four years.

Mr Laurelli said: "The lack of interest in fixed income exposure is telling; it is an indication that [sovereign funds] do not see a lot of value in fixed income across the world right now."

The redemptions from state funds come at a difficult time for asset managers. Earlier this month, McKinsey, the consultancy, said profits in the asset management industry fell 10 per cent during the first quarter amid market turmoil and low oil prices. It predicted profits would fall by between 30 and 35 per cent by 2018.

Mr Laurelli, however, said there were signs that large-scale sovereign redemptions were slowing.

$4.6bn
The amount state funds pulled from fixed income assets during the first quarter, from a total of $8.8bn

Although the first three months of 2016 ranked as the third-worst quarter on record for fund managers in terms of redemptions from sovereign funds, the outflows are down slightly on the previous quarter.

State funds pulled $100m less in the opening three months of 2016 compared with the $8.9bn redeemed during the final three months of 2015. Sovereign funds redeemed a net $22.8bn during the third quarter of last year.

The slowdown in outflows came despite volatility during the first quarter, when investors retreated from markets and billions of dollars were wiped off the value of stocks.

Alex Millar, Invesco's head of sovereign Middle East and Africa institutional business, said: "If we continue to have volatile markets and oil prices are low, it will be interesting to see how sovereign funds cope. But we remain positive.

"Confidence among sovereign funds is relatively high."

Job losses loom for London

continued from page 1

that profits at asset managers would fall by a third over the next two years.

Daniel Godfrey, former head of the IA, the trade body representing UK fund managers, who is currently working with the UK regulator, said the Out vote would pile further pressure on asset managers.

"There is an immediate downside for asset managers. Plunging valuations means plunging assets, and that will dent revenues. The potential slowdown in UK gross domestic product would also result in prolonged pain for the market," he said.

"All industries will see job cuts in that scenario and asset management will be no different."

Investment companies have tried to reassure investors about the impact of a Brexit, amid fears they will pull huge sums of money from investment products. Assets in the UK fund industry have already fallen by a fifth over the past 12 months.

Chelsea Financial Services, the UK fund supermarket, said on Friday there had been a 10 per cent rise in investors looking to switch funds or move from funds to cash, or vice versa.

The UK and the EU now face what is likely to be a lengthy negotiation to unwind Britain's 43-year membership of the trading bloc.

'There is an immediate downside for asset managers. Plunging valuations means plunging assets'

Saker Nusseibeh, chief executive of Hermes Investment Management, the UK fund house, said the outlook for markets and the fund industry relies partly on the outcome of the negotiations between the UK and the EU.

The City is expected to fight hard to maintain strong trading links with the EU. However, Britain is already receiving pushback from EU states saying there will be no renegotiation of the UK's membership.

Mr Nusseibeh said: "There is an expectation we will see a sharp and short reaction [to the Brexit vote]. My concern is this could be prolonged: that this is a steady decline rather than a short and sharp decline.

"But asset management as a business is something that the UK is very good at. I am sure it will survive, but for some it will be tough."

UK's pension hole hits £900bn

ATTRACTA MOONEY

The UK's pension funding hole hit a record high of £900bn after Britain's surprise vote to leave the EU, prompting concerns about the future of some retirement schemes.

The deficit of defined benefit pensions — which pay out benefits linked to an employee's final salary — jumped £80bn on Friday, according to Hymans Robertson, the consultancy.

The funding gap widened as sterling plunged to a 30-year low, markets across the world plummeted and bond yields dropped after Britain voted by 51.9 per cent to cut its relationship with the EU.

£80bn
The jump in the deficit of UK defined benefit pension funds on Friday, when the Brexit result was revealed

The vote to leave the EU was not expected by pollsters or financial markets, with few pricing in the possibility of a British exit, or Brexit.

Jon Hatchett, head of corporate consulting at Hymans Robertson, said: "Pension funds have been limited in their ability to protect themselves fully from the uncertain outcome of the EU referendum.

"Following the vote to leave, it is likely that falls in expectations for UK gross domestic product growth will weigh on equity markets and on interest rates, putting more pressure on funding deficits."

Brexit is the latest challenge for Europe's pension funds, which have already seen deficits rise on the back of the financial crisis and low interest rates.

Earlier this year, Philippe Desfossés, chief executive of ERAFP, France's €24bn pension scheme for civil servants, warned that "many pension funds in Europe will implode over the next two to three years" if the European Central Bank's low interest rate policy continues.

Deborah Cooper, partner at Mercer, the pensions consultancy, said Brexit looks set to create more pain for pension funds.

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NEWS

Nordic pension dumps Petrobras over corruption

PENSIONS INDUSTRY

Concerns that bribery scandal at Brazilian oil group will spread

MADISON MARRIAGE AND JOE LEAHY

Norway's largest pension fund has blacklisted Petrobras over concerns that the state-controlled oil company at the centre of a Brazilian bribery scandal is prone to further corruption problems beyond its home market.

KLP, which oversees NKr553bn ($67bn) of assets, said it would no longer invest in Petrobras due to the "unacceptable risk" of future problems at the company.

KLP is the first large investor to publicly blacklist Petrobras since a vast bribery scandal emerged at the company in 2014, costing it at least R$6.2bn ($1.7bn) in corruption-related losses.

Separately, the Norwegian oil fund, the world's largest sovereign wealth fund, with $850bn of assets, said in January it was reviewing its holdings in Petrobras because of the continued risk of "severe corruption".

The scandal involved directors at Petrobras collaborating with the company's contractors, including some of Brazil's largest construction companies, to embezzle money from the group. Some of the directors accumulated more than $100m in Swiss bank accounts, while others put the money into art collections.

The scandal has also significantly undermined public confidence in Dilma Rousseff, who was last month suspended as president of Brazil over allegations she manipulated public accounts to disguise the deteriorating state of public finances.

Ms Rousseff was president of the board of directors of Petrobras. Its share price fell 27 per cent over the past 12 months, when details of the bribery emerged.

Protests over corruption at Petrobras, the Brazilian state oil company — Vanderlei Almeida/AFP/Getty Images

27%
Fall in Petrobras's share price over the past 12 months

Jeanett Bergan, head of responsible investment at KLP, which sold its NKr34m of equity and fixed income investments in Petrobras in June, said: "The scale of the case, the size of the amounts involved and the length of time this has been going on are without parallel anywhere in the world."

Ms Bergan added that Petrobras has operations in many countries, such as Venezuela, Nigeria and Angola, where the risk of corruption remains "exceedingly high".

A spokesperson for Petrobras said it has informed KLP about the "measures the [oil] company has taken to strengthen its governance and improve its internal controls to mitigate the risk of fraud and corruption".

To date, KLP has excluded 159 companies for violating its guidelines for responsible investment, mostly for damaging the environment, producing controversial weapons or tobacco, and violating human rights.

Only three companies, including Petrobras, ZTE, the Chinese telecommunications company, and China Railway Group, a construction company, have been blacklisted by the Norwegian pension fund for corruption-related issues.

The Norwegian oil fund has only ever blacklisted one other company, ZTE, over corruption concerns. The wealth fund's council on ethics will decide by the end of the year whether to place Petrobras on its exclusion list.

Movers & shakers

● **AP4**, the SKr301bn fourth Swedish national pension fund, has appointed **Niklas Ekvall** as chief executive. He succeeds Mats Andersson, who is stepping down after a decade in the role. Mr Ekvall, who joins from Nordea, the Nordic financial services provider, was previously deputy chief executive and chief investment officer of AP3.

Niklas Ekvall

● **Rina Kupferschmid-Rojas** has joined **UBS Wealth Management**, the world's largest wealth manager, as global head of sustainable investing. Ms Kupferschmid-Rojas was previously chief executive of ESG Analytics, an investment consultancy.

Rina Kupferschmid-Rojas

● **Chris Price** has moved to **Axa Investment Managers** as head of insurance solutions UK. Mr Price joins the €666bn asset management arm of Axa, the French insurer, from Deutsche Bank.

Axa IM has also hired **David Shaw** as a US portfolio manager from Aerion, the asset manager of the National Grid UK Pension Scheme. Aerion was acquired in November by Legal & General Investment Management.

Elena Delfino

● **Standard Life Investments**, the £258.6bn Edinburgh-based asset manager, has hired **Mitsuo Ohara** as head of institutional sales for Japan, a newly created role. Mr Ohara previously worked for Northern Trust.

● **Mark Denham** has joined **Carmignac** as head of the European equities team at the €50bn French asset manager. Mr Denham, who will run the Carmignac Grande Europe and Carmignac Euro-Patrimoine funds, previously worked for Aviva Investors.

● Two new faces at **Kames Capital**, the £57.8bn Edinburgh-based fund manager. **Elena Delfino** joins as business development manager covering Italy and Spain from Neuberger Berman, the US asset manager. **Graeme Sharpe** recently moved from Hymans Robertson, the consultancy, to Kames' multi-asset team as a product specialist.

● **Oddo Meriten**, the €46 asset management arm of Oddo & Cie, the French private banking group, has hired **Leonardo López** as country head for Spain and Latin America. Mr López previously worked for Source, the London-based ETF provider.

● **Michael Flynn** has moved to **BlackRock**, the world's largest asset manager, as director of fund operations for Europe, the Middle East and Africa. Mr Flynn, who will be based in Luxembourg, previously worked for Deloitte.

● Two new hires in Hong Kong for **PineBridge Investments**, the $82.5bn New York-based asset manager. **Maggie Zhao** and **Leo Li** have joined as managing director and vice-president for institutional business development respectively. Both previously worked for Amundi, the French asset manager.

FACE TO FACE

‘Vanguard really is the purest form of capitalism’

Vanguard Asset Management

Founded **1975**

Assets under management **$3.6tn**

Employees **14,000**

Headquarters **Valley Forge, Pennsylvania**

Ownership **Owned by the investors in Vanguard’s funds**

TIM BUCKLEY

Chief investment officer is evangelical about the asset manager’s focus on low costs

CHRIS FLOOD

Tim Buckley began his apprenticeship in finance as an assistant to one of the best-known names in the investment industry: Jack Bogle, the founder of Vanguard.

Mr Bogle has always championed low-cost passive funds as the best strategy for investors, rather than more expensive alternatives run by active fund managers.

So it sounds like heresy to hear Mr Buckley express support for active management. But he points out that almost one-third of Vanguard’s $3.6tn of assets are actively managed.

The 47-year-old, who has spent his entire career at Vanguard before becoming chief investment officer in 2012, says: “People often ask: ‘Is Vanguard indexing or active?’ We believe in active, we believe in indexing, but most of all we believe in keeping costs low.”

His Pennsylvania-based company, now the world’s second-largest money manager, has been caricatured by some observers as the Mother Teresa of investing, in reference to its holier-than-thou marketing tactics and devout espousal of low-cost investing.

Vanguard also enjoys highlighting its corporate structure as one that is more virtuous than most of its competitors; the company is owned by the investors in its funds, which means it does not pay dividends to external shareholders. This, the company says, helps Vanguard cut fees on its funds, which are among the lowest in the industry.

“We might sound socialist, communist, whatever, with our mutual structure, but Vanguard really is the purest form of capitalism, trying to make a profit for the people that we serve,” says Mr Buckley, who enjoys cycling to “keep the mind clear”.

Vanguard’s actively managed assets are divided into three pools. Around $500bn is run by external equity managers, known as sub-advisers, including Wellington Management, Primecap Management, Barrow Hanley and Granahan Investment Management.

A further $500bn of active fixed income assets is managed by in-house bond teams, while around $25bn is run by an internal quantitative investment group.

Stock picking, Mr Buckley admits, has become “far harder” because of the significant increase in the number of investment professionals looking for market-beating opportunities.

But Mr Buckley believes another factor is putting a damper on the returns active fund managers are achieving: greed. He says the way in which fund managers are paid encourages them to prioritise the success of their companies, rather than the success of their clients.

“[Fund managers are motivated by] the wrong incentives,” says the Harvard graduate, who spends the majority of his free time “having a blast” with his three sports-minded sons who enjoy skiing, baseball, football and lacrosse.

However, Vanguard has faced criticism, for its lack of transparency over how much its own staff are paid. The company has never published details of pay awards to its top executives.

Vanguard has additionally been criticised by non-profit groups, such as As you Sow, for routinely supporting executive pay awards at the companies it invests in. The implication is the asset manager is lenient on high pay elsewhere because it does not want to reveal information about the remuneration of its own executives.

Despite such criticisms, Mr Buckley believes Vanguard is well-placed to take market share in its home market and overseas.

Last month, Vanguard embarked on a price war in Europe with a new range of low-cost funds that analysts believe could threaten the profits of rivals.

The company’s intention was to export the cut-throat pricing competition it has created in US index-tracking funds to Europe’s actively managed industry, where profit margins remain high and have even become the subject of regulatory scrutiny in the UK market.

“Low-cost investing matters a ton in the current low-yield environment,” says Mr Buckley. “Until fund management globally comes to terms with the fact that it is really tough to outperform markets when you have high costs, then Vanguard will have a phenomenal advantage.”

He is surprised that more rivals have not imitated Vanguard’s low-cost model. “Active managers are saying, ‘We just don’t care about that [low fees]’. That’s fine for Vanguard. Thank you for [giving] us a lead. We’ll take that unfair advantage,” he says.

The new European-listed funds will be run by external fund managers in the same way as its US funds, and will include Vanguard’s long-term partner Wellington, Edinburgh-based Baillie Gifford, Oaktree Capital, a Los Angeles-based manager, and Pzena Investment Management, a $26.6bn New York-based boutique.

This is an intriguing move, given that in 2012 Vanguard published research rubbishing the idea that investors should try to pick active managers with a successful past-performance record. The company argued that spotting persistent performance among past winners is no more predictable than flipping a coin.

But Mr Buckley says Vanguard is able to identify managers that can outperform the market with the help of a portfolio review group that carries out in-depth analysis of potential partners.

“We also don’t hit them with high costs that could destroy outperformance,” he says, adding that these external managers bring “diversity of thought”.

Vanguard looks for managers with long-term convictions and low portfolio turnover. The model is Vanguard’s decades-long relationship with Wellington, the Boston-based investment manager where Mr Bogle began his career in 1951.

But not all of these arrangements have been successful. Turner Investments, Axa Rosenberg and Alliance-Bernstein have all been dropped by Vanguard in recent years.

“We take a deliberate approach in evaluating our investment managers. If a change is made, we take a careful approach. We don’t make snap, rush-to-judgment decisions,” he says.

CV

Born *April 26 1969*

Total pay *Not disclosed*

Education *1991* BA (economics) Harvard University
1996 MBA, Harvard Business School

Career *1991* Assistant to Jack Bogle (then chairman), Vanguard
1999 Principal, direct investor services, Vanguard
2001 Head, information technology division, Vanguard
2003 Managing director, IT division, Vanguard
2006 Managing director, retail investor group, Vanguard
2006 Joins portfolio review group (group oversees in-house investment management and external advisory firms)
2013 Chief investment officer, Vanguard

THE BIG PICTURE

Make way for the robot stock pickers

Artificial intelligence and automation are expected to revolutionise the investment industry, finds *Attracta Mooney*

Robots are predicted to steal the jobs of millions of workers across the world over the next few years, as technology replaces human shop assistants, teachers, accountants and potentially even taxi drivers.

Artificial intelligence and automation are also expected to revolutionise the investment industry, especially in the area of robo-advice. This is where algorithms are used to suggest funds to investors, replacing some human financial advisers in the process.

Less spoken about is the impact robotics and artificial intelligence could have on the role of the portfolio manager. But commentators believe many fund managers' jobs could come under threat as developments are made in technology.

"Artificial intelligence can replace stock pickers in many funds," says Alexey Utkin, who leads the UK financial services practice at DataArt, the technology consultancy. "Why employ hundreds of asset managers, each selecting stocks and implementing investment strategies, when a few programs can do it for you?"

Sudhir Nanda, head of the quantitative management arm at T Rowe Price, the US asset manager, told the FT earlier this year: "Humans aren't going to be completely replaced [in fund management], but they will be mostly replaced."

In the UK, the Investment Association, the trade body, estimates there are 6,700 individuals employed in asset allocation and stock selection. If robots replaced just 15 per cent of these, there would be 1,000 fewer staff in fund management roles.

Any shift towards robot stock pickers, which lack the human emotions that can drive portfolio managers to make rash investment decisions, would be a huge change for an industry that sells itself as a "people business".

Analysts believe it would mean lower costs for investors and larger profits for asset managers, because it would end one of the industry's biggest expenses: salaries.

This shift away from human fund managers is not some far-flung dream that will happen decades into the future, adds Mr Utkin. "Within the next two years I expect to see more and more examples of AI-led investing. Within the next five years this could very well become the standard," he says.

Matt Thomas, a partner at KPMG, the professional services firm, agrees: "We could see, in five years' time, a relatively automatic process [when it comes to fund management], bringing together data analytics, stock picking, quantitative investment decisions and automatic trading."

Increased competition from robots could not come at a worse time for the active fund industry, which is already facing criticism for poor performance. According to research by S&P Dow Jones, the index provider, almost every actively managed equity fund in Europe that invests in global, emerging and US markets has failed to beat its benchmark over the past decade.

Concerns about performance have prompted some investors to shun active funds in favour of cheaper passive products, where funds track an index, or smart-beta funds, a halfway house between active and passive management.

The rise of the passive market has meant investors are increasingly used to investing in funds without a high-profile portfolio manager, making the shift to investing in funds run by computers less daunting.

Active managers are now grappling with how to respond to this change. Michelle Seitz, head of William Blair Investment Management, the $64bn US fund house, says robots could "partially" replace portfolio managers.

"I don't think we should be afraid of [artificial intelligence]. The answer is we should embrace change. If artificial intelligence is part of delivering great value to a client over time, then the answer is we will figure out a higher and better use for what it is we do," she says.

Parts of the fund industry have a history of embracing technology. In a quantitative, or quant, fund, investment houses build computer-based models to determine whether an investment is attractive or not.

In some cases, the computer also makes the final decision on buying or selling a stock, in the belief that if technology can beat world champion chess players, it should also be able to beat the market.

In recent months, this thesis has been proved in some quant hedge funds, which have outperformed their highly paid human counterparts during volatile markets.

Fund managers have also started to incorporate big-data analytics, the analysis of vast amounts of data by computers, into their investment processes. The hope is this will allow them to discover information about potential investment opportunities.

It seems likely that humans will face much tougher competition from machines, which can both source investment ideas from big data and decide when to make investment decisions without emotional interference.

The shift towards artificial intelligence is expected to have a mixed

'Humans aren't going to be completely replaced [in fund management], but they will be mostly replaced'

Warning from literature

Rely on machines — and things go wrong

When investment funds rely on machines, things go wrong. Or at least that is the premise behind Robert Harris's novel, *The Fear Index*.

In the 2011 book, a hedge fund creates a system called VIXAL-4, which uses artificial intelligence to trade on fear. It anticipates flights from stocks before human traders retreat.

But then the machine appears to move beyond the control of its human creators, wreaking havoc in the process.

The risks of artificial intelligence within finance might not be as great as that espoused by *The Fear Index*, but that does not mean there are not concerns about the increasing use of machines in investment management.

Alexey Utkin, financial services practice lead for the UK at DataArt, the technology consultancy, says the growth of artificial intelligence in investment products brings both rewards and risks for investors.

"It may change the market structure, bringing more centralisation and other systemic risks, leading to greater volatility," says Mr Utkin.

He gives the example of currency trading, where rather than hundreds of foreign exchange traders selecting which currencies to trade and at what price, a few algorithms could dominate the market in future.

"This kind of centralisation within markets often leads to greater risk and higher volatility," he says.

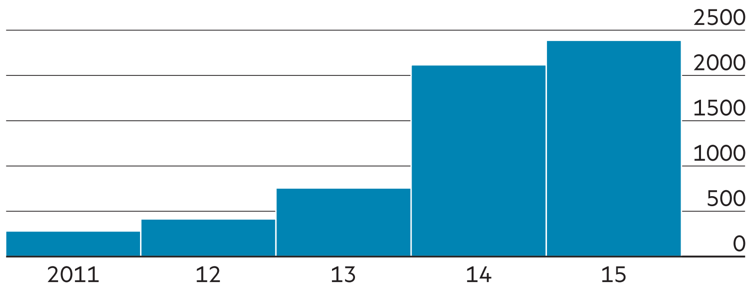
THE BIG PICTURE

A robot restaurant in Suzhou, China (above) — Yoshikazu tsuno/AFP/Getty Images; ChinaFotoPress via Getty Images

'People who say robots will wipe out human stock pickers are wrong. What they will wipe out is bad stock pickers'

A robot boom: investors rush in

Global investments in robotics ($m)



Source: CB Insights

impact on asset managers. Dean Ungar, senior analyst at Moody's, the rating agency, says: "Getting rid of staff would be a plus for profit margins, but offset by fee compression."

Ben Phillips, a partner at Casey Quirk, the consultancy, adds that while humans will still be necessary to monitor and program automated technology, far fewer individuals will be needed to oversee each fund.

Instead of having two portfolio managers on a single fund, for instance, one individual could oversee 10 funds. "The scalability is much higher. These portfolio managers [that are backed by artificial intelligence] can run a lot more money," he says.

But building strong artificial intelligence technology is expensive. Mr Utkin says: "With the relatively high cost of running and advancing AI, we may see certain players losing the competition and disappearing."

Active managers are now weighing up how they can use the technology to their advantage. Kai Sotorp, chief executive of Manulife Asset Management, which oversees $325bn, says the Canadian company is looking "very carefully" at how it can use technology, especially big data analytics, within its investment funds.

But he believes humans will continue to play an important role in active fund management. "It doesn't matter what is out there. Judgment, skill and expertise is always going to be necessary and I don't think you can put all that into an artificial intelligence solution," he says.

"You can definitely gain tremendous benefit from artificial intelligence and its development. That will be complementary with active managers. I don't think one necessary replaces the other."

Mr Ungar agrees: "Humans add experience. Artificial intelligence clearly is going to be incorporated more and more into [fund managers'] decision processes. But at the same time, humans still have experience, judgment and creativity that may not exist within the AI world."

The fund managers who closely follow their benchmarks are most at risk of losing out to robots, according to Mr Philips.

"People who say robots will wipe out human stock pickers are wrong. What they will wipe out is bad stock pickers," he says.

Joe Sullivan, chief executive of Legg Mason, the US fund house, agrees: "There is not a simple answer to whether technology will replace human capabilities. If individuals perform, they will get good flows [from investors]. If they don't, they will lose."

OPINION

Asset managers pick through Brexit wreckage

COMMENT

Chris Newlands

"Wake me up when the result changes to one in which we voted to remain in the EU," said one chief executive of a large fund management company, who stayed up the whole of Thursday night and watched the outcome of the UK referendum on EU membership through his fingers.

"We never really thought people would vote to leave and now I have to figure out how I am going to get us [his company] out of this bloody mess," he said, before hanging up his phone to take an "urgent call" with a "very, very large and anxious investor".

He was not the only one taking urgent calls on Friday morning. By the time markets had opened in the UK at 8am, hotlines had been set up between asset managers and their advisers to pick through the wreckage of the vote to leave the EU and David Cameron's quick and subsequent announcement that he would stand down as prime minister.

The damage to fund managers was immediate. Within minutes of the start of trading on Friday, the share price of Aberdeen Asset Management had tumbled 32 per cent while Schroders — the UK's largest listed fund house — had fallen 17 per cent. Legal and General, which runs one of Europe's largest fund businesses, was down 21 per cent.

At least one fund manager had also scrambled to draw up legal notices to stop redemptions from its investment products. It is understood the UK regulator contacted asset managers last week to check how well equipped they were to deal with redemptions in the wake of an exit.

The fear now is that there will need to be wholesale changes to the way asset managers run their operations. Listed investment companies are being hit twice: once by the fall in the price of their own shares and again by money flowing out their funds. Jobs may have to go as a result.

One head of UK business at a mid-sized investment house said his company had already begun work on trimming its staff numbers as a result of the UK regulator's impending and unprecedented review into the workings of the investment management industry.

"We might have to speed up those cuts now," he said.

"The business model of UK asset managers will now need a big makeover," says Amin Rajan, chief executive of Create Research, the consultancy, and an expert on the fund management industry.

32%
Drop in the share price of Aberdeen Asset Management, within minutes of the start of trading on Friday

17%
Drop in the share price of Schroders, the UK's largest listed fund house

21%
Drop in the share price of Legal and General, which runs one of Europe's largest fund businesses

Brexit will be a messy divorce, he suggests. "For asset managers, it was bad enough coping with the existential challenges caused by ultra-loose monetary policies. This may be the final straw for many who are not in the premier league. Consolidation is inevitable."

The bad news is that fund companies are already grappling with sinking profit margins and concerns about performance. Assets in the UK fund industry have fallen by a fifth over the past 12 months and just a few weeks ago, McKinsey, the consultancy, forecast that profits at asset managers would fall by a third over the next two years.

> 'I have to figure out how I am going to get us [his company] out of this bloody mess'

Daniel Godfrey, former head of the IA, the trade body representing UK fund managers, who is currently working with the UK regulator, said the Out vote would deliver more pain.

"There is an immediate downside for asset managers. Plunging valuations means plunging assets, and that will dent revenues. All industries could see job cuts if GDP slows and asset management will be no different," he said.

Sadly it isn't a dream — or perhaps more accurately a nightmare — for fund managers. There will be more sleepless nights to come, but the market will have to be very awake to the fact that it needs to be front and centre of talks when the UK government begins to negotiate exit terms with the EU.

Puerto Rico stays firmly in the US pre-election headlines

VIEW FROM THE US

John Dizard

Holders of Greek "foreign law" bonds before and during the country's last debt crisis won their gamble that their securities would not default even if "domestic law" bonds were unilaterally restructured. But investors in Puerto Rico's version of "foreign law" bonds, which are actually governed by New York law, seem to be losing the current round of the commonwealth's debt crisis.

This week, a group of New York law-governed Puerto Rican bondholders made it clear in federal court that they will take action against Puerto Rican officials in their personal capacity as well as their official capacity. Their "complaint", filed in the US District Court in Manhattan, names Puerto Rico's governor, secretary of the Treasury and director of the Office of Management and Budget, along with, of course, the commonwealth. That is unusual.

According to one bondholder: "They have no [personal] immunity from exposure under securities fraud or market manipulation provisions of federal law." The bondholders are particularly incensed that the same officials who helped to market the New York-law bonds are now saying the bonds are "unpayable".

The original buyers of the $3.5bn New York-law bond issue, commonly referred to as "the 8s", anticipated that the Puerto Rican government was not necessarily a creature of its word. What they and those who bought until recently did not anticipate, was that a Republican-controlled House would vote to allow a stay of the enforcement of their claims. But it did, in a piece of legislation with the acronym of Promesa, sponsored by Speaker Paul Ryan.

Capitol Hill chit-chat says there is a 60 per cent probability that the Senate will pass a version of Promesa, and a version reconciled with the House version will be signed by the president before July 1, when $1.9bn of commonwealth debt payments are due.

One number sums up the position of the bondholders: the price spread of the New York-law bonds over the pre-2014 "vintage" bonds' price curve. "The New York bonds actually collapsed," says the holder. "They came in [were issued] at a price of 93 when the vintage bonds were at 70. A month ago the spread was 7 points. Now it is one point."

If Promesa does not pass, the relative price of the "8s" could rise again. As one sovereign law expert (who is not engaged by either bondholders or the commonwealth) says, "If these guys succeed, this will create an incentive for states such as Illinois to issue bonds under New York law, because the rates will be so much lower."

How could that work? As our sovereign law person points out: "US states under the 11th amendment to the US constitution have much stronger immunity than foreign sovereigns would. The US courts have held that if a foreign sovereign engages in a 'commercial activity', which includes going to the capital markets, they have no immunity from lawsuits. That theory does not apply to US states."

US states did issue bonds in foreign markets, principally London, in the early 19th century, and several defaulted on those issues. The bondholders were unable to enforce their claims in US courts, and non-US lenders gave up on lending to states, leaving what is misleadingly called the municipal market to US investors.


Puerto Rico's version of 'foreign law' bonds are actually governed by New York law

Until the Puerto Rican debt crisis came along. In the wake of the issuance of the "8s", sophisticated sovereign law investors have decided to apply their experience with Greece, Ukraine and emerging market debt to the US.

For them, the most significant court action on Puerto Rico this year was not the June 13 ruling by the Supreme Court that overturned the commonwealth's indigenous bankruptcy law. It was the June 9 ruling on an appeal in a criminal case. Justice Elena Kagan wrote the majority opinion that Puerto Rico's sovereignty was limited "not on the fact of self-rule, but where it came from", ie Congress.

The good news for bondholders is that Congress can impose financial controls on the commonwealth government. The bad news is that Congress can effectively overturn the bondholders' protections under the Puerto Rican constitution.

The bondholders' theory was that the New York-law bonds imposed contractual protections, which are arguably stronger than the constitutional protections. But that will take a while to wend through the courts.

The more immediate pressure will come from Puerto Rico's exclusion from the bond market. Long-term assets, such as roads and power plants, will have to be paid for out of current revenues. The bondholders believe that will get the attention of other states, and force a settlement on favourable terms.

Anyone, including Speaker Ryan, who believes Promesa will nudge Puerto Rico out of the pre-election headlines is in for an unpleasant surprise.

OPINION

Perverse incentives foster the perfect financial crime

THE LAST WORD

John Plender

There is no more devastating verdict on the performance of the finance industry than the one that emerges from research by Thomas Philippon, professor of finance at New York University. Using data going back to the late 19th century, he found that the US financial sector generated no increase in productivity at all over 130 years.

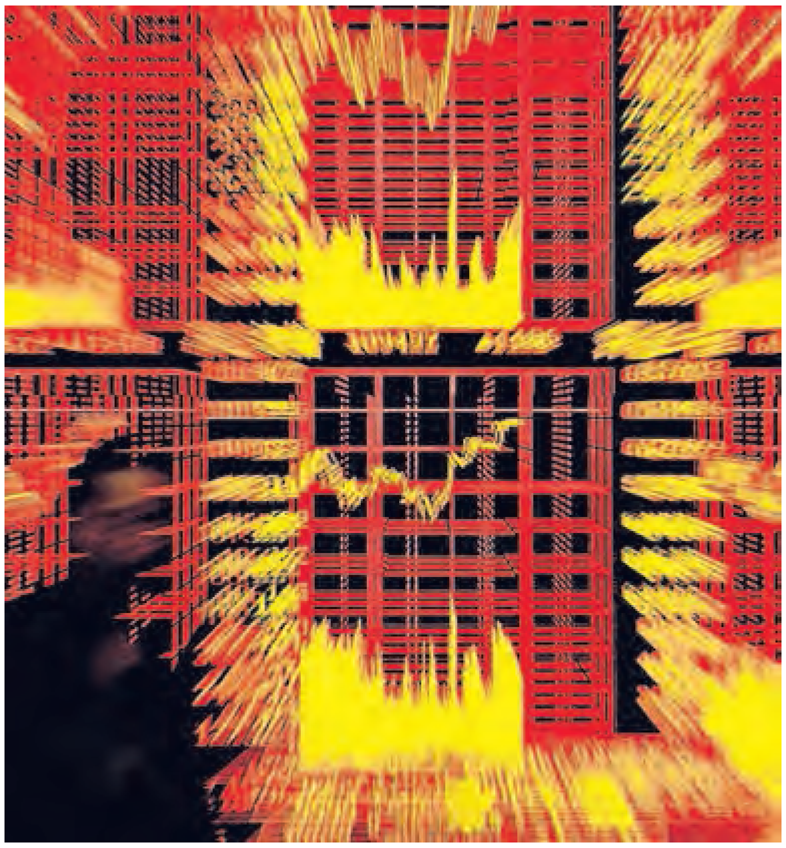
Prof Philippon estimates that the finance industry has consistently charged about two per cent over time for each dollar used to pool funds, share risks, transfer resources, produce information and provide incentives.

The same no doubt applies in the UK, not least in relation to the apparent productivity miracle in finance before the crisis of 2007-8. That, we now know, was a mirage wrought by leverage and risk illusion.

When you think of the relentless pressure in most other sectors of the economy to reduce costs, and the gains to be had from enhanced computing power in recent years, this is paradoxical in the extreme. Prof Philippon's conclusions have been rigorously examined by the academic fraternity and found robust. Why, then, has finance been incapable of offering cheaper and better service over decades? And why have market forces failed to promote greater efficiency?

Good answers are provided by Stephen Davis, Jon Lukomnik and David Pitt-Watson in a new book on the financial system.* They argue that the chain of financial intermediaries has grown so lengthy that there is no longer a line of sight between providers of capital and agents. Opacity allows those with expertise to use their knowledge to serve themselves without passing on commensurate benefits to the customer. Productivity gains are simply distributed within the industry.

The system is institutionally corrupt in the sense that perverse incentives encourage agents to ignore fiduciary obligation and behave in this self-serving way. Like the economist John Kay, the authors emphasise the extent to which explicit and hidden charges significantly reduce returns for pension beneficiaries and savers over time, and how much financial



High-frequency trading very obviously disadvantages more conventional investors — Philippe Lopez/AFP/Getty Images

activity consists of financial institutions trading with each other. In short, there are multiple leakages to various agents that stand between savers and pension scheme members, and the companies in which they invest. The authors dub this the perfect crime.

> The US financial sector generated no increase in productivity at all over 130 years

The traditional remedy for the abuse of conflicts of interest is transparency. Yet the limits of transparency have been revealed by continuing egregious pay awards in the boardroom. If fund managers are conflicted they are unlikely to exercise their control rights in a way that addresses the current corporate governance vacuum. So is there no alternative to regulation?

Whether fund managers can be regulated into an active stewardship role strikes me as questionable. And one of the worrying things about recent regulatory activity in the securities markets is how neglectful regulators have been of consumer interests.

A case in point is high-frequency trading. Securities watchdogs in the US and Europe have stood by while exchanges charged fat fees for allowing high-frequency traders to co-locate computers in data centres to obtain information before everyone else. This very obviously disadvantages more conventional investors. The regulators' hands-off stance is a recipe for undermining confidence in the market. When survey after survey demonstrates dwindling trust in the financial sector this looks like wilful negligence.

Of course, market forces do work to a degree in the asset management business. The shift to passive investing reflects a growing sensitivity on the part of investors to the high cost and flawed performance of much active management. In a world of negative bond yields and inflated values in equity markets as a result of the central banks' unconventional measures, charges and transaction costs become an even more important influence on long-run returns. Retail investors will surely become even more sensitive on this score in future.

Institutional investors are likewise rebelling over high costs — witness their disillusionment with underperforming and overcharging hedge funds. Some big institutions are also deciding to cut out multiple middlemen by bringing asset management back in-house. Yet asset management remains a business that cries out for consolidation that never seems to come.

John Plender is a columnist at the FT

* *What They Do With Your Money: How the Financial System Fails Us and How to Fix It,* Yale University Press

Free trade will not have an ally in the White House next year

VIEWPOINT

Matt Dabrowski

When Donald Trump announced his run for the US presidency last summer, few recognised the official end of free-trade politics.

Mr Trump has made opposition to trade a cornerstone of his successful Republican primary campaign, alongside immigration. For her part, Democratic candidate Hillary Clinton has likewise denounced the Trans-Pacific Partnership (TPP), a landmark trade agreement negotiated by the US, Japan and 10 other nations.

Regardless of who wins, for the first time in a generation, free-trade agreements will not have an ally in the White House next year.

Support for free trade united both Democrats and Republicans for over 25 years. During this period, Congress approved the World Trade Organization and a dozen trade agreements by large margins.

When President Barack Obama entered office, he could feel comfortable pushing free trade even inside his own party, where opposition was confined largely to the union movement.

But this opposition is no longer confined. Over the past two years, protectionist liberal Democrats have found new allies in the Republican party; an unlikely coalition of China hawks, representatives from Rust Belt manufacturing districts and Tea Party opponents of "Obama's trade deals".

The key vote was last June's fast-track trade bill, seen as a necessary hurdle to ratify the TPP. The bill passed the House of Representatives by a mere 10 votes, the largest vote against free trade in Congress since the North American Free Trade Agreement in 1993.

Not only did 80 per cent of Democrats oppose the bill, including President Obama's own party leadership, but 50 Republicans did so, too.

The next Congress can only be more hostile to free trade. For the first time, both parties' presidential candidates oppose trade deals, while the media argues that "angry voters have a point on trade", as The New York Times wrote.

The message to politicians is: voters are angry and trade is to blame. TPP now has a small window of success: the "lame duck" session of Congress, which meets after the elections in November but before the new Congress takes office in January.

Even then, there is no guarantee a TPP vote will pass. Without support from the next president, the prospects for future trade deals are not promising.

In an era when half of the S&P 500's revenue comes from overseas, investors have yet to adjust to the US not being a reliable bulwark of free trade.

The chief argument against protectionism is the risk of inflation, especially in consumer goods. Yet today European policymakers fight deflation, and US headline inflation could triple before it reaches historically high levels.

> The message to politicians is: voters are angry and trade is to blame

In other words, inflation could jump markedly in developed markets before the voting public will complain, and many policymakers hope for something just like that.

So the question for investors is, which rises faster: protectionist-driven inflation, or the nominal increase in employment caused by the presumptive drop in the US current account deficit?

If employment goes up faster than inflation, this will be viewed as an unambiguous political victory for anti-traders and their allies in Congress and the White House.

The implications for asset managers are considerable. As stock pickers, many expect their names to post above-trend increases in overseas revenue over the next five or 10 years. But as long as protectionism is ascendant, this view must be reconsidered. If the antitrade fever is destined to break, then like any strain of the summer flu, investors will have to wait it out.

Matt Dabrowski is a political risk analyst and pollster. He was Citigroup's political analyst in New York

FINANCIAL TIMES Monday 27 June 2016

NEWS

Body language predicts dodgy hedge funds

PEOPLE

Investors urged to check facial expressions and emotional state

MARY CHILDS

Hedge fund investors have been urged to scrutinise investment managers' facial expressions and emotional state when deciding where to put their money in order to avoid potential blow-ups or regulatory issues.

New research from the University of California and TeamCo Advisers, a company that invests in hedge funds, has found that investors can spot important clues about the future performance of their hedge fund manager based on facial expressions and temperament.

The research comes at a critical time for the hedge fund industry, which is suffering from several years of lacklustre performance and growing investor disillusion over high fees.

Regulators around the world are also seeking to clamp down on misbehaviour in the market in the wake of a series of hedge fund scandals involving high-profile groups such as Bernard L Madoff Investment Securities and SAC Capital.

Aimee Kish, head of research at TeamCo, and Leanne ten Brinke, a postdoctoral fellow at the University of California, Berkeley, found that investors can identify stronger performers, or those less prone to regulatory mishaps, by paying more attention to behavioural analysis.

Insincere smiles and fleeting sneers can serve as important warning signals, according to the researchers, while a firm jaw or furrowed brow can indicate determination.

A more desirable manager might also sprinkle conversation with analogies or humour, illustrating abstract thinking, the paper said.

"Careful behavioural analysis, including attention to verbal and non-verbal cues, can inform an [investor's] understanding of money managers, potentially providing critical risk signals to investors trying to avoid possible hedge fund blow-ups, regulatory backlash, and headline risk," they wrote.

The research also suggested investors should avoid well-trodden questions around fees, liquidity and transparency, and instead ask about the manager's personal background while watching for non-verbal reactions.

Such tactics have become familiar ground for hedge fund managers in recent years, although they are less used to being scrutinised themselves.

Large hedge fund companies, including Citadel and SAC Capital, have enlisted specialists to teach interrogation tactics to staff and enable them to detect when a company's management is lying.

The hedge fund industry has also increasingly made use of experts from athletics, the security industry and the military to teach fund managers how to gain an edge in behavioural analysis, both in terms of understanding their own performance and that of investee companies.

These methods are increasingly common in the mainstream asset management sector. In April it emerged that Jupiter, the UK-listed fund company, had hired ex-CIA agents to coach its fund managers in the art of interrogation.

The small group of ex-CIA agents put 40 Jupiter employees through training exercises to help them identify when business associates are lying, or when clients are uncomfortable.

They were told to look out for signs of discomfort, such as when a colleague or client's feet twitched during a meeting, or if someone takes more than five seconds to respond to a question.

Could investors have spotted clues about the future behaviour of Bernard Madoff (left), Steven Cohen (middle) or Michael Milken (right)?
AP Photo/The New York Times, Ruby Washington; Ronda Churchill/Bloomberg; Jonathan Alcorn/Bloomberg

SAC Capital
The fall of a Wall Street titan

SAC Capital, the hedge fund run by Steven Cohen, pleaded guilty to insider trading in 2013 and agreed to pay $1.8bn in fines. It was one of the biggest criminal cases against a hedge fund.

The hedge fund agreed to plead guilty to wire fraud and four counts of securities fraud. It also closed to outside investors.

The case marked one of the most dramatic falls of a Wall Street titan and handed the government another conviction in a multiyear insider trading investigation that shook the hedge fund industry and questioned the viability of expert network firms.

The $1.2bn fine to resolve criminal wrongdoing is believed to be the largest for insider trading. Authorities said it reflected the "unprecedented" scope of insider trading.

It surpassed the $600m in civil and criminal penalties paid by Michael Milken, the former junk bond king from the 1980s.

Tough times
Hedge fund industry continues to shrink

The hedge fund industry continued to shrink in the first quarter of the year, as uneven performance failed to reassure clients frustrated by high fees.

While 291 hedge funds shut their doors in the first three months of 2016, just 206 new funds started up, according to data from Hedge Fund Research. Europe was the busiest region for both new funds and closures.

The figures represent a slowdown in closures from the fourth quarter, when 305 funds closed, but an acceleration from the 217 in the first quarter of 2015. Last year the most hedge funds closed since 2009.

Hedge funds have come under intense scrutiny, as some clients have pulled money and complained of high fees eating into poor performance, and as candidates in the US presidential election have railed against inequality and tax loopholes.

Despite the turmoil, the average management fee held at 1.5 per cent and the average performance fee fell just 0.1 per cent to 17.6 per cent, HFR data show.

The size of new funds has also increased. Managers started funds this year with a median of $16m in assets, up from $12m last year and $14m in 2014, according to Preqin, the data provider.

NEWS

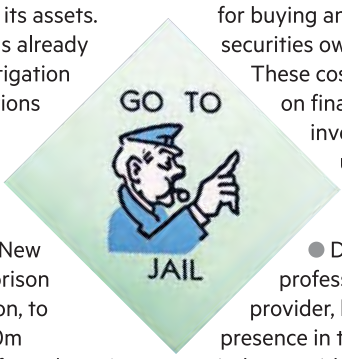
The week

● Asset managers should be subject to rigorous stress tests in the same way banks are, according to proposals by a global group of policymakers chaired by Mark Carney, the Bank of England governor.

The Basel-based Financial Stability Board said fund managers should introduce measures to minimise liquidity risks facing investors and make far greater disclosures about their use of derivatives and leverage. Industry representatives objected immediately to the proposals.

● Platinum Partners' offices in New York were raided by the FBI after the $1bn hedge fund manager told clients it was considering winding down two of its largest funds to prevent a "fire sale" of its assets.

Platinum is already under investigation amid allegations that bribes were paid to Norman Seabrook, the head of New York City's prison officers' union, to secure a $20m investment from the union. Mr Seabrook and Murray Huberfeld, a Platinum associate, were arrested last week but the union has assured its members that their money is safe.



● Macquarie is facing a fine of up to A$1m after admitting to multiple breaches of company law following the collapse of an Australian fund manager that funnelled money into a Cayman Islands-based entity.

Regulators concluded that Macquarie's investment management arm failed to protect investors in the van Eyk Blueprint International Shares fund that invested into a Cayman fund. Macquarie later terminated the van Eyk fund.

Macquarie faces a fine after a Cayman fund collapsed

● The Investment Association, the UK's trade body for fund managers, has invited the Transparency Task Force campaign group to join a new advisory board aimed at improving cost disclosure standards. The board is expected to focus on proposals to improve the reporting of so-called implicit costs — charges for buying and selling securities owned by a fund.

These costs have an impact on final returns to investors but are usually not disclosed.

● Deloitte, the professional services provider, has expanded its presence in the investment industry with the acquisition of Casey Quirk, the New York-based specialist asset management consultancy.

● Elliott Management, the activist hedge fund manager led by Paul Singer, has teamed up with Francisco Partners, a technology-focused private equity manager, to buy the software division of Dell, the US computer maker.

● Employees at BlackRock can now wear jeans to work after the world's largest asset manager told staff it was relaxing its "business-casual" dress code.

Edited by Chris Flood

Employees at BlackRock can now wear jeans to work
PhotoAlto/Alamy

INSIDE AND ONLINE

THE LAST WORD
John Plender
There is no more devastating verdict on the performance of the finance industry: data going back to the 19th century shows the US financial sector generated no increase in productivity at all over 130 years
PAGE 9

QUOTE OF THE WEEK
Tim Buckley, Vanguard
'Low-cost investing matters a ton in the current low-yield environment. Active managers are saying, "We just don't care about that [low fees]". That's fine for Vanguard. Thank you for [giving] us a lead. We'll take that unfair advantage'
PAGE 4

VIDEO
Brexit shock
Looking at the economic fallout from Britain leaving the EU
VIDEO.FT.COM/FTFM