



How own labels broke the big brands' spell
BIG READ, PAGE 13

Trump must listen to voter alarm over AI
EDWARD LUCE, PAGE 15

Sea change Jellyfish influx rattles bathers

A luminous jellyfish with dotted umbrella in the sea off Spain. High numbers of such traditional species have sparked safety warnings along the Mediterranean coast as people seek respite from the heat.

But the alarm has also been raised over species more common in tropical climates, such as the jellyfish-like Portuguese man o' war, which boasts barbed, venomous tentacles extending up to 30 metres below the ocean's surface.

Sightings of such unwelcome interlopers in Europe have coincided with a marine heatwave and spurred interest in the species' ability to thrive in oceans warmed by climate change. One expert warned that extreme heat could lead to "mass mortality" events for fish, birds and ocean mammals. In contrast, jellyfish and related creatures more tolerant of temperature rises might "bloom".

Beaches plagued page 2



Rolf von Riedmatten/imag:BROKER/Shutterstock

Long-term borrowing costs hit highs as inflation and fiscal deficit fears rise

◆ AI bonds surge fuels sell-off ◆ Public debt under strain ◆ Fallout for equities ◆ Oil's rise dims outlook

EMILY HERBERT — LONDON
HARRIET CLARFELT — NEW YORK

Long term borrowing costs hit multi-decade highs yesterday as fears over inflation, fiscal deficits and surging AI bond issuance put pressure on government debt around the world.

The yield on 30-year US Treasuries hit 5.34 per cent, its highest since 2007, having been below 5 per cent at the start of last month. Long-term European debt, led by the 30-year German Bund and French debt of the same maturity also rose, to levels last seen in 2011 and 2008, respectively. Yields move inversely to prices.

"The bond market is indeed getting nervous," said Vincent Mortier, chief investment officer at Amundi, Europe's largest asset manager, amid "growing

concern on the fiscal trajectories of many countries where growth is subpar, inflation sticky . . . and levers to improve the fiscal situation are not obvious".

In the UK, the 30-year gilt yield rose as much as 0.04 percentage points to 5.86 per cent, within touching distance of a post-1998 high that it reached in the early weeks of the Iran war.

In Japan, 30-year yields rose as much as 0.08 percentage points to 4.16 per cent, close to their highest ever.

'Concern is growing on the fiscal trajectories of many countries where growth is subpar and inflation sticky'

The bond market sell-off, along with higher oil prices, weighed on equities. In New York, the tech-heavy Nasdaq 100 fell 1.5 per cent, while the S&P 500 slid 0.5 per cent.

Government borrowing costs have jumped since the start of the US-Iran conflict, as higher energy prices prompted fears of a prolonged inflation shock. Brent crude closed above \$90 a barrel on Monday for the first time in two weeks and rose to around \$91.40 yesterday, weighing on sovereign bonds.

"Long-end yields have largely been following oil prices," said Mohit Kumar, chief European economist at Jefferies. "As oil goes to \$90 and above, inflation concerns start to dominate."

Ballooning government debt has also been weighing on long-term borrowing

costs, as the US debt pile nears \$40tn and investors fret over the possibility of additional spending to protect businesses and consumers from the economic cost of higher energy prices.

"The worsening situation in the Middle East is likely a factor in intensifying concerns over inflation and concerns over the US fiscal position," said Derek Halpenny, head of global markets research at MUFG. "There remains zero appetite in the US for addressing the US fiscal position and that is increasingly weighing on the long end of the curve."

The shift higher in long-dated bond yields meant that the US last week was forced to pay the highest interest rates since 2011 to sell 30-year bonds.

Anshul Pradhan, head of US rates research at Barclays, said: "We think

there are three factors at play [in the long-end Treasury sell-off]: the budget deficit outlook, AI related corporate issuance and the changing Treasury buyer base."

Big Tech companies have been turning to foreign debt markets to finance their enormous spending on AI investments, with a particular focus on issuing long-dated debt. Barclays expects total investment-grade issuance in 2026 to hit a record \$1.9tn, compared with last year's \$1.44tn.

Pradhan said that "the scale and maturity of AI-related corporate borrowing" at the longer end of yield curves was contributing to "investors requiring more compensation to absorb [corporate and government] supply".

Day in the markets & China yield page 9

Briefing

► Disney suit alleges White House targeting networks

The US media group has sued the industry watchdog, accusing the Trump administration of driving a "retaliatory campaign" against the company's ABC television networks over the content of its broadcasts.— PAGE 5

► Israel strike condemned

Both Damascus and Ankara have condemned Israeli air strikes on Abu al-Duhur military air base in north-west Syria, describing them as a "violation" of the nation's sovereignty.— PAGE 2

► Asia shift worries US allies

Donald Trump's decision to scale back war games with South Korea has deepened concern over US reliability among Indo-Pacific allies already made nervous by his rhetoric on Taiwan.— PAGE 4

► Libya calls for \$40bn

State oil company head Masoud Suleman has told the FT that the north African country needs investment to develop oil and gas resources as it seeks to reclaim its place as a major producer.— PAGE 4

► Infantino critic out

Kevin Lamour, a senior official who criticised president Gianni Infantino's aborted plan to sell shares in a commercial entity to investors, has left Fifa, football's global governing body.— PAGE 5

► China buyout drought

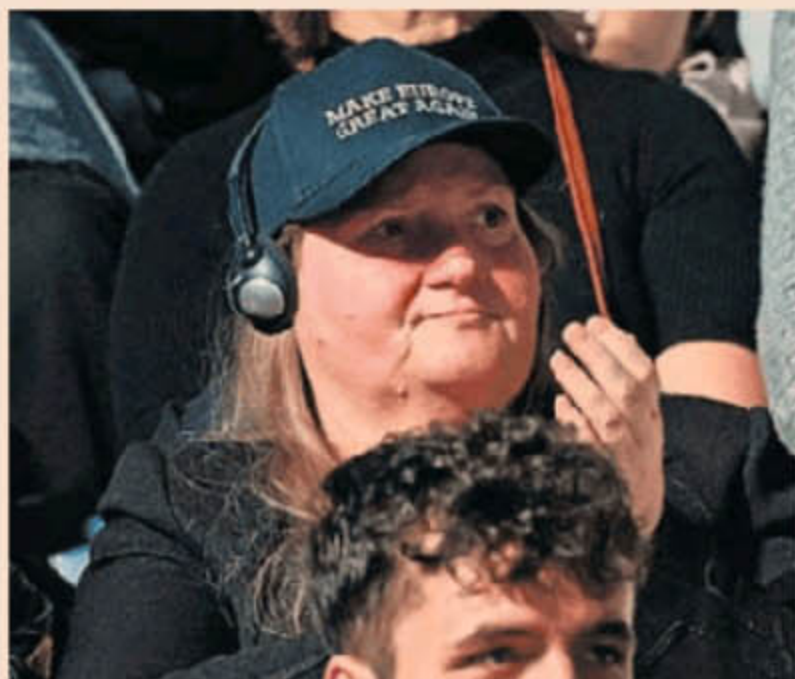
The biggest buyout firms have avoided investments in mainland China this year, deepening a deal drought as Beijing tightens scrutiny of foreign investment in sectors such as AI.— PAGE 6

► Canada in final tariff push

Ottawa is making a last-ditch bid to avert a fresh volley of US tariffs on \$20bn of goods from hockey sticks to liquor as ties between the North American neighbours face fresh strain.— PAGE 4

► Nvidia backs Ohio project

The chipmaker has agreed to offer a \$100bn-plus backstop for a huge OpenAI data centre being developed with a SoftBank-led energy group in one of the biggest AI infrastructure deals.— PAGE 6



New right evolution puts Europe in Maga's sights

Maga's view of Europe as a civilisation on the brink is rooted in a new cohort of thinkers that seeks to turn Donald Trump's political machine into an ideology. The American new right sees immigration, curbs on free speech and the surrender of sovereignty as threats to its ancestral home. The movement hosts the right and hard right, national conservatives, post-liberal Catholics and tech 'bros'. The last, aggrieved by EU rules, are happy to give funding.

New series ► PAGE 3

Hohn's hedge fund checks into Italian hotels with bet on rich taste for luxury

COSTAS MOURSELAS AND
STEPHANIE STACEY — LONDON
SILVIA SCIORILLI BORRELLI — MILAN

Sir Christopher Hohn has bet on the wealthy continuing to clamour for rooms at ultra-luxury hotels in Italy by investing \$636mn in loans to a select group of prime locations.

Billionaire stockpicker Hohn, one of the world's most profitable hedge fund managers, is known for his large bets on the likes of Alphabet, GE Aerospace and French group Vinci through The Children's Investment Fund.

But a little-known slice of his master fund's \$77bn portfolio is dedicated to investing in property loans, according to a letter to investors seen by the FT, with the vast majority allocated to luxury Italian hotels.

The investments give Hohn's fund

exposure to a market buoyed by surging demand from wealthy travellers and fierce competition among investors for a scarce pool of trophy properties.

TCI's biggest position in the sector is a \$592mn stake in a loan to the hotel Danieli in Venice, a Gothic structure overlooking the lagoon, which was built in the late 14th century for a Venetian family. A huge renovation, after its operator switched from Marriott to the Four Seasons, is set to be completed next year.

TCI also has a stake in a \$132mn loan to the Hotel Caesar Augustus on Capri, \$74mn lent to the Six Senses hotel on Lake Como and \$38mn lent to the Mandarin Oriental in Milan, the letter showed. Outside Italy, it has exposure to \$62mn in borrowing by the Six Senses in Ibiza. All the hotels are owned by Italian property company Gruppo Statuto.

TCI's fund does not lend directly,

instead taking pieces of loans originated by a private credit firm led by Martin Frass-Ehrfeld, which manages external money. TCI has a stake in the firm and Hohn is on its investment committee.

Hohn is almost singularly focused on pricing power in his investments, favouring companies that can push through inflation-beating price rises and weather competition.

That philosophy applies to TCI's real estate debt portfolio. Revenue per available room — a key metric in the hotel industry — climbed 53 per cent between 2019 and the end of 2025 in Italy, faster than any other country in Europe, according to figures collated by real estate firm Cushman & Wakefield.

The fund was up 3.5 per cent for the year as of June 30, recovering from losses earlier in the year in aerospace companies and payment services.

World Markets

STOCK MARKETS

	Aug 18	Prev	%chg
S&P 500	7706.54	7745.06	-0.50
Nasdaq Composite	26315.04	26644.61	-1.22
Dow Jones Ind	53374.34	53459.78	-0.16
Euro Stoxx 50	6468.17	6530.45	-0.95
FTSEurofirst 300	2606.35	2624.32	-0.68
FTSE 100	10726.04	10720.30	0.07
FTSE All-Share	5786.40	5786.62	-0.01
CAC 40	8509.36	8579.60	-0.82
Xetra Dax	26128.36	26338.61	-0.80
Nikkei	67466.73	69220.25	-2.54
Hang Seng	25471.15	25453.23	0.07
MSCI World	5031.50	5034.00	-0.05
MSCI EM	1733.10	1702.70	1.79
MSCI ACWI	1166.80	1158.50	0.16

CURRENCIES

Pair	Aug 18	Prev	Pair	Aug 18	Prev
\$/£	1.158	1.157	€/£	0.863	0.864
\$/¥	1.354	1.354	€/¥	0.738	0.739
¥/£	0.855	0.855	€/¥	1.169	1.170
¥/€	159.560	159.650	¥/€	184.802	184.755
¥/£	216.092	216.118	£ Index	85.848	85.85
\$/¥	0.940	0.939	\$/¥	1.100	1.099

CRYPTO

	Aug 18	Prev	%chg
Bitcoin	64831.90	64140.80	1.08
Ethereum	1916.71	1910.60	0.32

COMMODITIES

	Aug 18	Prev	%chg
Oil WTI	85.66	84.50	1.37
Oil Brent \$	91.74	89.13	2.93
Gold \$	4366.47	4426.87	-1.36

GOVERNMENT BONDS

Yield (%)	Aug 18	Prev	Chg
US 2 Yr	4.17	4.16	0.01
US 10 Yr	4.71	4.70	0.01
US 30 Yr	5.30	5.29	0.01
UK 2 Yr	4.36	4.35	0.01
UK 10 Yr	5.08	5.05	0.03
UK 30 Yr	5.83	5.81	0.02
JPN 2 Yr	1.67	1.67	0.00
JPN 10 Yr	2.91	2.90	0.01
JPN 30 Yr	4.10	4.06	0.04
GER 2 Yr	2.84	2.80	0.04
GER 10 Yr	3.26	3.22	0.04
GER 30 Yr	3.76	3.74	0.02

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INTERNATIONAL

Middle East

Israeli raid on Syria nettles Ankara and US

Tensions with Turkey rise after air base strikes seen as violation of sovereignty

JOHN PAUL RATHBONE — ISTANBUL
JAMES SHOTTER — JERUSALEM

Both Damascus and Ankara strongly condemned Israeli air strikes on Abu al-Duhur military air base in northwestern Syria yesterday, calling them a “violation” of Syria’s sovereignty.

Tom Barrack, the US ambassador to Turkey and President Donald Trump’s envoy for Syria, also criticised the strikes, saying Washington was “deeply concerned” that what he described as

“confirmed Israeli air strikes” were “an unnecessary escalation that does not advance regional stability”.

Israel’s military declined to comment.

Eight strikes hit the runway and storage facilities at al-Duhur early yesterday, according to Syrian state media, causing material damage but no casualties. The base lies in Idlib province, about 70km from the Turkish border.

The raid is likely to sharpen tensions between Turkey and Israel over Syria, where Ankara has emerged as the principal backer of the government that in 2024 replaced Bashar al-Assad’s regime.

The Syrian Observatory for Human Rights, a UK-based war monitor, said Turkey had been rehabilitating Abu al-

Duhur, which a Turkish delegation recently visited. The base had ceased operating as a dedicated military airfield during Syria’s civil war, which left half a million people dead.

The Observatory said Turkish forces had also been installing radar systems on Syria’s Mediterranean coast, as part of what appears to be a broad effort by Ankara to rebuild air defences.

Turkey’s foreign ministry said the attack “violated [Syria’s] territorial integrity and unity” and that Israel needed to be held to account “for these actions that disregard international law”.

Israel has sought to prevent an expanded Turkish military presence in Syria, particularly with air-defence sys-

tems that could restrict Israel’s freedom of action in Syrian airspace. Turkey and Israel established a “deconfliction” mechanism in Azerbaijan last year to prevent unintended clashes.

Israel has launched a barrage of strikes in Syria since Assad was overthrown, saying it wanted to destroy the assets of Syria’s air force and army in order to block the new government’s access to them, as well as seizing a buffer zone inside Syria that adjoins the Israeli-occupied Golan Heights.

Israel has also carried out strikes in Syria that it cast as support for the local Druze population, most recently this March. But those strikes were in southern Syria, whereas the latest attack

took place close to Turkey’s border.

Damascus is seeking to rebuild military capabilities destroyed after Assad’s fall in December 2024, holding its first air exercises this month using elderly Russian-made MiG-21 fighter jets.

The new authorities in Damascus have repeatedly said they do not seek conflict with Israel, but Israel has remained wary of a government led by former Islamist insurgents.

Barrack, who met Syrian foreign minister Asaad al-Shaibani in Istanbul on Monday, said Damascus had “neither adopted a predatory posture nor maintained proxy forces” and had “repeatedly indicated a preference for de-escalation with Israel”.

Marine creatures

Portuguese men o’ war plague beaches in Europe amid heatwave

KENZA BRYAN — LONDON

Their translucent blue, purple or pink inflated crests evoke the sails of 18th-century Portuguese warships. Their barbed, venomous tentacles extend up to 30 metres below the ocean’s surface. And the jellyfish-like creatures known as Portuguese men o’ war are swarming Europe’s beaches.

Authorities along the Atlantic Ocean’s Bay of Biscay have warned in recent weeks that the species typically found in tropical waters has been appearing on European beaches that tourists and locals have used to cool down from heatwaves.

Meanwhile, warnings for traditional species of jellyfish are in place along the Mediterranean coast. In northern France, an EDF nuclear reactor was still offline yesterday after a “massive arrival” of jellyfish last week clogged cooling pumps. Sightings of unwelcome jellyfish in Europe this year have coincided with a historic marine heatwave and increased interest from researchers in the species’ ability to thrive in oceans warmed by climate change.

Scientists who collaborated on the well-respected World Weather Attribution project said last week that high temperatures in European oceans would have been “virtually impossible” without global warming.

Their modelling showed climate change caused by fossil fuel burning has last month added 2C to Mediterranean temperatures, 1.4C to a region centred on the Bay of Biscay and the Iberian peninsula and 1.3C to a Celtic region centred on the Irish Sea and the English Channel. They also highlighted the jellyfish phenomenon.

John Bruno, a marine ecologist at the University of North Carolina, warned extreme heat could lead to “mass mortality” events at sea for fish, birds and ocean mammals. In contrast, jellyfish and related creatures could be more tolerant of temperature rises, leading them to “bloom” during some marine heatwaves even as other species decline, he said. The rubbery animals are also more resilient to low-oxygen or low-nutrient conditions triggered by warmer water, and benefit from overfishing of their predators.

A book chapter entitled *The Rise of Jellyfish Dominance* said last year that the species’ proliferation even as other marine wildlife dwindles was a “growing concern” among marine scientists. Its author, Albert Calbet, from Barcelona’s Institut de Ciències del Mar, wrote that a jellyfish known as the “mauve stinger” was now blooming in the Mediterranean on a yearly basis, compared to every dozen years in the 1980s.

Uncertainties remain, however, about their response to heat. Scientists know little about the population size of jellyfish at sea and often rely on citizens and lifeguards spotting them on beaches during summer. Some types even thrive in colder waters, while others appear on beaches months after a heatwave.

The Mediterranean region has been the hardest hit by climate change of the European regions the WWA studied, warming at twice the global average, it said. The Portuguese men o’ war are not typically deadly but about 10 per cent of those stung need hospital treatment.

Gen Z. Violence

Shootings reveal simmering anger of Turkey’s youth

Inquiry into school attacks asks why country’s young feel so excluded and pessimistic

SERRA YEDIKARDES AND
JOHN PAUL RATHBONE — ISTANBUL

On a mild April afternoon, Isa Aras Mersinli walked into his school in south-eastern Turkey with five handguns and seven magazines of ammunition in his backpack. Moments later, the 14-year-old had fatally shot 10 people and wounded another 15, until a parent brought him down with a knife from the school canteen.

Youth violence, and the anxieties of a generation coming of age, are much debated in Turkey today. Mass school shootings are exceptionally rare, but Mersinli’s attack could not be easily dismissed as a freak episode, despite his record of psychological problems.

Only the day before, 19-year-old Ömer Ket had returned to his former school in southern Turkey with a pump-action shotgun. Firing down a corridor, he wounded 16, before killing himself.

“Our hearts ache as a nation . . . We are facing a situation that is unfamiliar to us,” Recep Tayyip Erdoğan, president, said in a national address. He promised to bring the reasons for the attacks to light “in all their complexity” and exhorted Turks not to use them as “material for political polemics”.

A parliamentary inquiry into the shootings also asked a broader question: why do so many young Turks feel angry, excluded and with no future?

Inevitably, the answer has a political aspect. Every Turk under the age of 30 has spent almost their entire life under Erdoğan’s government, in power since 2002. Although only one member of parliament out of 600 is younger than 30, they account for almost one in four voters — making them an important political constituency.

“Violence is a symptom,” Nilgün Demirci Celep, co-ordinator of Ted-Mem, an education-policy research centre, told the parliamentary inquiry. “The real problem is not violence itself, but the ground on which it feeds.”

Surveys portray an unusually bleak outlook among Turkey’s young. Fifteen-year-olds report the lowest sense of life satisfaction in a 73-country survey by the OECD. Almost a third of Turks aged 18 to 24 are not in employment, educa-



Flowers are hung on the fence of a school in south-eastern Turkey where a 14-year-old fatally shot 10 people

Ensar Özdemir/Reuters

tion or training, more than twice the OECD average.

After several years of high double-digit inflation, many feel economically insecure. Over half of Turks aged 18 to 30 said they felt pessimistic about the future, according to a 2024 survey. When asked for their dominant emotion in a poll last year, the most popular response was “anger”.

The feeling of Gen Z malaise is global. Multiple studies suggest younger generations across the world feel more anxious, less satisfied with life and less rooted in relationships or a sense of purpose. In Turkey, however, the disconnect is structural, according to Ekrem Cünedioğlu, a researcher at the Ankara-based think-tank Tepas, who testified at the inquiry.

While young people in western democracies are chiefly disappointed with government performance, Cünedioğlu wrote in a recent report that their Turkish peers face “an environment where freedoms are restricted, electoral fairness is questioned and the rule of law is unpredictable”.

That feeds a sense of exclusion, which engenders low trust in the system and a

belief that careers are determined more by who you know than by your education. This alienation has been exploited by violent Gen Z criminal gangs that pump out a “gangsta” image on social media and derive their names from popular 1990s cartoons, such as Casper the Friendly Ghost and Lucky Luke.

In a small apartment in a densely populated inner Istanbul district, 15-year-old Mert stared at the floor as he recounted why he took part in an attempted drive-by shooting for one of these youth gangs. Mert, whose real name cannot be used as he is a minor, is awaiting a court hearing to plead guilty to charges of endangering public safety by discharging a firearm and criminal damage. In the event, no one was hurt.

“I dreamt of making enough money and walking away. I imagined I would travel and enjoy life,” said Mert. On social media, the gang leaders had looked like “heroes”, offering wealth, status and belonging, he said. The reality of the underworld was “much darker”. “Now I will work to pay my lawyers and support my family,” Mert said.

Official statistics show more young Turks are becoming involved in crime,

‘Violence is a symptom. The real problem is not violence itself, but the ground on which it feeds’

Nilgün Demirci Celep, policy researcher

Philanthropy

AI boom revives effective altruism movement after turmoil

NOLAN SHAFFER — NEW YORK
VICTORIA TAYLER — LONDON

The AI boom is creating a new generation of ultra-wealthy philanthropists who are reviving the effective altruism movement, years after it was damaged by association with convicted fraudster Sam Bankman-Fried.

The FT has identified more than 60 current and former Anthropic employees who have pledged on the “Giving What We Can” platform to donate at least 10 per cent of their income, reflecting effective altruism’s emphasis on using evidence and data to maximise impact.

Anthropic’s seven co-founders, who each have an estimated worth of about \$8bn, have separately pledged to give away 80 per cent of their wealth, creating the prospect of billions of dollars in future donations. Some of the company’s leaders, including chief executive Dario Amodei, are close to the movement, as are executives at other fast-growing Silicon Valley groups such as OpenAI. Both companies have confidentially filed paperwork to launch listings as early as this year, seeking valuations in excess of \$1tn.

“There is an EA [effective altruism] slant to employees at these places, for sure,” said David Goldberg, president of Founders Pledge, an organisation that takes commitments from founders for “high-impact giving”. EA was forced into a reckoning after FTX’s former chief Bankman-Fried — one of EA’s most prominent advocates — was convicted of fraud in 2023 related to the collapse of his cryptocurrency exchange.

Donations to charities that Giving What We Can classifies as “effective giving” reached about \$2bn last year from 80,000 donors, up from \$1.2bn in 2024 and less than \$300mn in 2018. “There



Anthropic’s Dario Amodei is close to the effective altruism movement

was a drop in general enthusiasm for EA a year after [Sam Bankman-Fried was convicted] . . . but we have more than recovered from that by now,” said the platform’s chief executive, Sijr Hoeijmakers.

EA directs donations to causes its supporters believe can deliver the greatest measurable impact including global health, animal welfare and AI safety. An example is the Shrimp Welfare Project, which says additional funding could help expand the use of electric stunning for wild-caught shrimp after raising £2.2mn in 2024-25.

“We’re all preparing to be really, really ambitious, making sure that the money, if it does arrive . . . can be deployed fast, can be deployed effectively,” said co-founder Andrés Jiménez Zorrilla.

EA’s emphasis on quantifying the value of different causes has long divided philanthropists, with critics arguing it reduces moral choices to calculations and concentrates funding in a narrow set of priorities. Amy Schiller, author of *The Price of Humanity*, a book critical of the EA movement, wrote: “The assumption is that maximising life, and subsequently human utility, is

so important that it trumps all other priorities.”

Bankman-Fried’s embrace of EA cast scrutiny on its philosophy of “earning to give”: that people can do the most good by pursuing highly paid careers before donating much of their wealth. The movement also attracted criticism for championing “longtermism”, which argues the interests of future generations are a key moral priority. As the fortunes from AI begin to reshape philanthropy, some EA leaders say the movement is determined to avoid the issues associated with FTX.

Lewis Bollard, who directs the Farm Animal Welfare Fund at Coefficient Giving said: “One of the big lessons learnt [from FTX] is you need to be serious, you need to do your due diligence . . . It is still critical that every dollar is really well spent”.

Additional reporting by Cristina Criddle

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This is the second in a
three-part FT series looking at
the wealth created through AI
ft.com/ai

INTERNATIONAL

Maga pours millions into mission to ‘save’ Europe

FT series Trump’s rightwing movement is determined to challenge what it sees as the continent’s civilisational decline

AMY MACKINNON — WASHINGTON

Officials in Donald Trump’s administration have learnt to choose their words carefully to avoid getting ahead of the mercurial US president. But on one subject they appear ever ready to let rip: Europe.

From vice-president JD Vance down, officials have cast themselves as being on a mission to save western civilisation from the continent they see as its cradle. Mass migration, curbs on free speech and the surrender of national sovereignty, they argue, threaten not only the transatlantic relationship but the very idea of Europe.

“We do not save the west if Europe does not get its act together,” said Kevin Roberts, president of the Heritage Foundation, the conservative think-tank that helped to draw up the agenda for Trump’s second term. “I have been worried for a long time, for the better part of two decades, that Europe was committing civilisational suicide.”

Arguing that Europe needs saving from itself, the administration has backed like-minded parties and movements across the Atlantic. Vance campaigned for Viktor Orbán, Hungary’s former prime minister and a lodestar for the populist-nationalist right, on the eve of what proved to be Orbán’s electoral defeat.

At the state department, officials have earmarked millions of dollars in grants for like-minded groups in Europe seeking to combat “censorship” and develop “civilisational bonds” between the US and the continent. The focus on Europe has widened the transatlantic rift and

‘There is all of this pretension to have been the true heirs of European civilisation’

prompted officials and commentators on both sides of the Atlantic to ask: why is Trump’s Make America Great Again movement coming for Europe?

Sarah Rogers, under-secretary of state for public diplomacy and an outspoken critic of Europe, denies the administration is simply out to pick a fight. “Our National Security Strategy and other statements we have made are often framed as critiques of Europe or attacks on Europe, and that is not the frame that I would use,” she told the FT.

“When we advocate on these themes, it is not because the American people or we, as their representatives, are interested in conflict with Europe for the sake of it,” she said. “It is because we identify with the UK and Europe in a lot of ways . . . When it comes to certain challenges, we are all in this together.”

Rogers occupies a role traditionally used to advance US soft power. The former litigator is better known, however, for acerbic social media posts about European and UK migration policies and efforts to regulate hate speech.

This year she said that Germany had imported “barbarian rapist hordes”. She later clarified that she was seeking to make a point about a 2018 hate speech investigation into a German far-right lawmaker who had used similar terms.

Her stance on free speech in Europe contrasts with the administration’s relative silence on many authoritarian states. In June, she visited Turkmenistan, one of the world’s most oppressive regimes, making scant reference to freedom of speech.

“Our engagement on these issues depends upon the depth of our entanglement with countries, the nature of our alliance, it depends upon the country’s history and trajectory,” she said.

Maga’s view of Europe grew out of the American new right, an intellectual and policy ecosystem that flourished between Trump’s two terms. As Republicans shed the remnants of Reaganite conservatism, a new cohort of Maga-aligned think-tanks and intellectuals sought to turn the raw power of the president’s political machine into an ideological doctrine and policy programme.

The four years between Trump’s first and second terms gave his allies a “half-time breather” in which to develop what they saw as the intellectual core of Trumpism, said Joshua Treviño, a sen-

ior director at the America First Policy Institute. Treviño said US conservatives “actually care what happens in Europe” because they see it as part of themselves — and Britain, in particular, as an ancestral source.

That sense of kinship meant Europe’s political direction could feel like a “moral injury”. “There is actually two different standards in the mental framework among conservatives now in relationships with foreign nations,” he said. One is more transactional, the other “civilisational”.

Maga’s stark new theory of the Atlantic alliance was set out by Vance at the Munich Security Conference last year. The vice-president said the greatest threat to Europe came not from Russia or China but from “within”, highlighting its alleged divergence from the US on values such as freedom of speech.

That thinking was later codified in the National Security Strategy, the blueprint for US foreign policy, which called for “cultivating resistance” to Europe’s civilisational decline. The state department’s own strategy document set a similar goal: to “rebuild the civilisational alliance with European states”.

The ideological scattergram of the American new right encompasses right-wing populists, national conservatives, post-liberal Catholic intellectuals, libertarian technology group founders and hard-right activists.

“It is two trends coming together: the long decline of the American social contract and the complacent assumption in all western democracies that representative democracy is like a perpetual clock that is never in need of repair,” said Constanze Stelzenmüller, director of the centre on the US and Europe at the Brookings Institution and an FT contributing editor.

The surge was helped by funding from tech billionaires such as Peter Thiel, an early backer of Vance.

The tech right, as it is sometimes known, has its own particular grievance against the EU, which has sought to place guardrails around Big Tech and levied billions of euros in fines under its competition and digital rules.

This has been infused with elements of the “dark enlightenment”, a philosophy influential in parts of the tech right that considers democracy an impediment to technological progress and argues states should be run more like corporations. “This is about making money. It is not about principles, it is not about legal cultures, it is about profits,” said Stelzenmüller.

There is also clearly a deep dislike for the EU and its executive arm, the European Commission. They are often portrayed in semi-apocalyptic language as usurpers of the national self-determination of the bloc’s member states. “I think they are both godawful. I think they are sinister. I think they are evil,” said Roberts of The Heritage Foundation.

The antipathy towards Brussels mirrors Maga’s hostility to elite institutions in the US: universities, the media, the judiciary and career public servants.

“The Trump administration — like many other nationalist rebel movements and parties in western countries — has a problem with universities and the educated elites,” said Yoram Hazony, an Israeli-American political theorist whose 2018 book *The Virtue of Nationalism* is regarded as a central text of the American new right.

Hazony acknowledged “tension” between the Trump administration’s stated aim of stepping back from the US’s role as global policeman and its finger-wagging at Europe. But he likened the dispute to a quarrel between siblings. “Brothers and sisters — they fight. Sometimes it is the older brothers and sisters who are fighting with their younger brothers and sisters, not out of disgust or hatred, but out of love.”

Trump’s fraternal affection has been expressed in ways that have shaken allies over the past 18 months: threats to seize Greenland by force, steeper tariffs on allies and regular forays into Europe’s domestic politics. Central to it all has been immigration. The National Security Strategy went as far as to argue Europe could be “unrecognisable” in 20 years, potentially jeopardising the Nato alliance.

“A military alliance has to be based on



Viktor Orbán supporters wait to hear JD Vance speak at an election rally in Budapest in April. Below, Sarah Rogers — Janos Kummer/Getty Images; Evelyn Hockstein/Reuters

a civilisational consensus. And if we notice — and I think we are noticing that — an erosion of that, civilisational erasure, that will be very concerning to us,” said Mike Gonzalez, a senior fellow with the Heritage Foundation.

In reality, a little over 10 per cent of the EU population is foreign-born, compared to almost 16 per cent in the US.

Critics contend the preoccupation is sometimes infused with anti-Islamic sentiment targeting immigration into Europe from the Middle East.

“They are absolutely comfortable with outrageous Islamophobia,” said Laura Field of the Niskanen Center think-tank in Washington, who studies the American new right.

The fixation on immigration has left the Trump administration supporting European political movements that in other ways run headlong against its administration’s foreign policy.

In Germany, it found common cause with the far-right Alternative for Germany on immigration, even though the party is staunchly opposed to big increases in defence spending.

“They have backed candidates and parties because of their position on

migration that are actually quite systematically against America’s interests globally,” said Thomas Wright, a senior fellow at the Brookings Institution and a former national security official in the Biden administration.

While the defeat of Orbán led some to predict the Maga movement might be losing sway in Europe, there are no signs of its rhetorical assaults abating. Field, whose book *Furious Minds* examines the intellectual currents behind Maga, said appreciating the movement’s perverse sense of Europhilia is crucial.

“There is all of this pretension to have been the true heirs of European civilisation, and that they are going to come and return to the motherland and re-educate these flaky Europeans about their own roots,” she said. “It is a childish caricature of Europe and it is fundamentally unserious in a lot of ways.”

FT **Maga comes for Europe**
This is the first in a series on how Maga views Europe and its complicated relationship with the continent’s right wing
ft.com/maga-europe

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INTERNATIONAL

Indo-Pacific security

Drill cuts stir fears over US resolve in Asia

Commitment to region questioned after Trump reduces S Korea exercises

DEMETRI SEVASTOPULO — WASHINGTON

Donald Trump's decision to scale back joint military exercises with South Korea has deepened concerns about US reliability among Indo-Pacific allies who were already nervous about his rhetoric on Taiwan.

On Sunday, hours before US and South Korean forces were to start their annual Ulchi Freedom Shield exercises, the US president declared on Truth Social that the drills would send a "hos-

tile" message to North Korea, echoing Pyongyang's criticism that it was a "rehearsal for a war of aggression".

The abrupt decision came on the heels of the USS George Washington aircraft carrier strike group setting sail from the Pacific for the Middle East, in a move that will leave the region without a US carrier as China continues to take a more aggressive stance in the region.

Michael Green, head of the United States Studies Centre in Sydney, said one US ally likened working with the Trump administration to "going into space with Sigourney Weaver" in the movie *Alien*. "The latest monster to spring from the ceiling was the president's threat to cancel US military exer-

cises with South Korea," said Green, who served as the top White House Asia adviser to George W Bush.

The recent developments, which come five weeks before Xi Jinping, Chinese president, is expected to visit Washington, have undermined US efforts to reassure allies by telling them to focus on Trump's actions, not his rhetoric.

Elbridge Colby, the top Pentagon policy official, said in Manila last week the US would "not engage in peacocking" but would "speak softly" while carrying "the world's biggest stick" — a paraphrase of Theodore Roosevelt's remark in 1901 before he became president.

But Trump's decree to reduce military

drills that most experts say help deter Pyongyang and send a message to China has sparked anxiety about Washington's commitment to the region, according to officials who spoke privately to avoid antagonising the president.

Asian allies were already concerned about the impact of Trump's Iran war, which has depleted US weapon stockpiles and significantly delayed arms deliveries, including Tomahawk missiles for Japan. Tokyo was also alarmed last year when Trump did not defend Sanae Takaichi, prime minister, after Beijing attacked her for saying Japan would become involved in a war over Taiwan if China invaded the country.

"Trump administration officials have

trumpeted the 'quiet, relentless strengthening of deterrence' in Asia. But they are sending critical munitions and naval assets from Asia to the Middle East, while cancelling military exercises with Asian allies," said Zack Cooper, an Asia security expert at the American Enterprise Institute.

The developments undermine what several people said had been robust efforts by Pacific Command, which oversees US military operations in Asia, to continue strong co-operation with allies under Trump.

The Pentagon declined to comment on the concerns from allies but said it was "actively working on executing" Trump's order to reduce the exercises.

Crude production

Libya seeks up to \$40bn to develop 'untapped' oil resources

MALCOLM MOORE — LONDON
HEBA SALEH — CAIRO

Libya needs as much as \$40bn of investment to develop its oil and gas resources as it seeks to restore itself as one of the world's big crude producers, according to the head of its state oil company.

The North African country, divided between rival administrations in the east and west, has the continent's largest proven oil reserves, according to the US Energy Information Administration, and has attracted a host of international oil companies in recent years seeking new opportunities.

But Masoud Suleman, chair of Libya's National Oil Corporation (NOC), said progress had been hampered by a shortage of capital.

"We have a lot of untapped resources," he told the FT in an interview. "We need significant funds, between \$30bn and \$40bn."

Suleman is targeting an "ambitious but realistic" goal of increasing Libya's production to 2mn barrels a day by 2030, up from about 1.4mn b/d. He said there were more than 60 oil and gas fields that had been discovered but were yet to be developed.

Foreign companies including Eni, TotalEnergies, Chevron and ConocoPhillips are all active in Libya, but investment has been slowed by political instability, concerns over corruption and governance and shortages of funding at NOC.

A series of drone strikes this month also targeted the Zawiya oil refinery in western Libya, setting on fire a petrol storage tank and causing damage to other parts of the installation.

A nearby power station was also attacked by drones. Authorities in Tripoli have not named the group responsible but much of western Libya is under the control of militias.

Suleman said the attacks were confined to a "limited geographical area . . . caused by a small number of outlaws" that the state was working to "neutralise". He added that all oil and gas investment sites were "located well beyond areas of tension and under robust security".

Under Libya's production-sharing agreements, the state oil company is required to finance its share of development costs, leaving projects vulnerable when government funding is delayed.

Suleman said NOC was therefore considering a return to concession-style agreements under which investors would shoulder more of the upfront costs.

"We are thinking [of changing] the business model between NOC and our international partners. We are suffering from [a] lack of funds, and this is delaying our development projects dramatically," he said.

In an early example of the potential shift, NOC last month signed an agreement for a block named Area 47 with Qatar-based UCC Holding, led by the Syrian-Qatari billionaire Al-Khayyat brothers, without holding a competitive licensing round.

"There was no bidding process, it was a direct negotiation," said Suleman. He defended the deal because UCC and its partners would finance the project, adding that NOC's share of production would increase after 10 years.

Diplomacy. Russian relations

Trump official held backchannel Kremlin talks

Fine Arts commission chair said trip to Putin's economic forum was 'cultural visit'

AMY MACKINNON — WASHINGTON
MAX SEDDON — BERLIN

The US official overseeing Donald Trump's contentious White House ballroom extension held talks with Kremlin officials in Russia this summer as part of a quiet diplomatic mission, according to people familiar with the matter.

Rodney Mims Cook Jr, chair of the US Commission of Fine Arts, was given a diplomatic passport and extensive briefings before attending President Vladimir Putin's flagship economic forum in St Petersburg in June, where he met Kremlin officials and was assigned a diplomatic security detail, the people said.

An enthusiast for Russian culture, Cook presented his trip as a "cultural visit" where he showed photographs of his "dacha" in Atlanta. Marco Rubio, secretary of state, said in June that he was "not aware" of the delegation to St Petersburg. But the US hoped unlikely envoys such as Cook could help break the diplomatic deadlock over Russia's war in Ukraine, two of the people said.

One of the people Cook met was Anton Kobayakov, a senior aide to Putin, according to a person familiar with the matter.

Cook was the first US official to attend the St Petersburg International Economic Forum, a showcase international event known as "Putin's Davos", since 2018. The US has boycotted the forum from 2019 in protest at the arrest of a prominent US businessman and over the invasion of Ukraine.

Despite Russia's efforts to show life was going on as normal, Ukraine's escalating drone campaign put the war front and centre at the conference.

When he was going to breakfast with a friend at the Winter Palace on the opening day, Cook witnessed a Ukrainian drone strike on a Russian oil refinery. "Too close for comfort," he told the FT.

Cook declined to comment on his meetings with Russian officials, whether Trump had asked him to pursue the outreach or whether he would return there in the near future. "There are many requests. We are working on that now," he said.

A White House official said the US "continues to play a constructive role in speaking to both sides in working towards bringing the war to an end" and



Rodney Mims Cook Jr, left, at 'Putin's Davos' in June. Below, smoke rises over St Petersburg after reported Ukrainian drone attacks in the same month
Olga Maltseva/AFP/Getty, Ali Cural/Aradolu/Getty



that Trump was "optimistic" about securing a peace deal.

A US official said Cook attended the St Petersburg forum as chair of the US Commission of Fine Arts to further bilateral cultural ties. But the Russia trip carried heavy symbolism for the prospect of reviving diplomacy.

At a panel discussion called "Russia-US: Dialogue of Cultures", Cook displayed photographs of his own "dacha" in Atlanta, which he said was built in the "Russian wooden vernacular, which has touched my heart over the decades".

He then gave a lengthy presentation on the historic Russian churches, public

buildings and country homes he has helped renovate since he first visited the country in the 1990s.

"I know Russian culture, and I know most of the leadership of their cultural institutions," he told the FT. The roundtable of senior Russian officials and cultural dignitaries, some of whom are under US sanctions, "included most of my old friends, which was really a great homecoming", Cook added. "The personal connection between all of us was very clear."

Cook recounted a visit to the grave of the infant daughter of John Quincy Adams, the first US ambassador to Russia. He was accompanied by Vladimir Tolstoy, a former longtime cultural adviser to Putin. "We have been friends for decades. He is a superstar," Cook said.

During his presentation, Cook avoided mentioning the war in Ukraine until the end, when he said: "My children don't feel this anymore. We must educate them to understand this. But we must be at peace in order to achieve these goals . . . I help us do this."

At a question-and-answer session with Putin the next day, Cook passed on a "good hello from your friend, President Trump", adding: "We have a lot of

'I know Russian culture, and I know most of the leadership of their cultural institutions. The personal connection between us was clear'

ideas to talk about between our two capital cities in the next week."

Putin thanked Cook and said he "pushed the puck back" to Trump. Cook sourced a hockey puck from a friend and placed it on the Resolute Desk in the Oval Office, "much to President Trump's amusement", he said. "So the message was conveyed."

In St Petersburg, Cook said he requested a private performance of Dmitri Shostakovich's Symphony No 7, written during Nazi Germany's siege of Leningrad. Cook told Putin that culture and music helped St Petersburg survive the war and said his native city would also have been spared destruction when the Union captured it during the US civil war. "If only Atlanta had had Shostakovich, maybe, quite possibly, my beautiful city would be as intact as this beautiful place is," Cook told Putin.

"It is what essentially broke the German lines surrounding the city [during the siege of Leningrad] and it was the beginning of the end for the Nazis. The Russians used their music as a weapon and it worked," Cook told the FT. "That is one of the things I started to discuss while I was there . . . Let's use music as a reason for a ceasefire and finish this war and really firm up a treaty."

Trade tussle

Canada scrambles to avoid new US tariffs

ILYA GRIDNEFF — TORONTO
MYLES MCCORMICK — WASHINGTON

Canada is making a last-ditch bid to avert fresh volley of US tariffs on \$20bn worth of goods from hockey sticks to liquor as relations between the North American neighbours come under fresh strain.

Prime Minister Mark Carney said on Monday that he would speak to US President Donald Trump before a deadline today, in an effort to stop or reduce 50 per cent tariffs on a range of exports.

"We are negotiating, negotiations are very intense and delicate," Carney told reporters in St John's in Canada's Newfoundland and Labrador province.

The new tariffs come as Carney has struggled to manage relations with Trump, who has repeatedly threatened to make Canada the 51st US state and plunged the neighbouring countries into an on-off trade war.

Trump threatened new levies last month, a day after he and Carney met at the World Cup final. US levies are already in place on Canadian cars, steel, aluminium and forest products. But the new tariffs threaten sweeping consequences for Canada's economy.

Dan Kelly, president of the Canadian Federation of Independent Business, said 85 per cent of Canadian exports had remained tariff-free so far.

"The threat to impose 50 per cent tariffs on 12 pages' worth of new products is make it or break it for thousands of smaller Canadian exporters," he said.

After weeks of intense negotiations, Carney said on Monday that Ottawa had

"a plan that will cover all eventualities".

If there is no agreement by Tuesday midnight, the US will implement the new levies using Section 338 of the Tariff Act of 1930, which has never been used to impose duties on trading partners. The US Supreme Court earlier this year invalidated the emergency powers Trump had used to impose many of his sweeping trade actions.

The Trump administration has complained about Canada's "discrimination against and unreasonable and unequal treatment" of US commerce, pointing to what it sees as protectionist policies in the dairy industry and government procurement. The US has also demanded that Canadian provinces scrap bans on American alcohol implemented last year in response to US tariffs.

"Any potential resolution has to include all of these, or a pathway forward for them," US trade representative Jamieens Greer said on Friday, adding that talks with Ottawa had been "constructive". "For us, this is not a trade war," he added.

Veterinary services

Animal health body warns on pandemic risks

MICHAEL PEEL AND SUSANNAH SAVAGE
LONDON

Countries need to spend billions of dollars more on veterinary and other animal health services to curb the threat of catastrophes such as mass livestock culls or even a human pandemic, the head of the World Organisation for Animal Health (Woah) has recommended.

Public and private sectors need to raise investment, while governments should beware the false economy of cutting animal health spending to divert resources to security budgets, Emmanuelle Soubeyran said in an interview.

Deadly outbreaks of Ebola and rodent-borne hantavirus this year have highlighted the threat of so-called zoonotic conditions that spill over from livestock or wild creatures to humans. Mass exterminations of chickens owing to the spread of bird flu have also laid bare the costs of animal diseases.

"Until all countries . . . have strong veterinary services, you have a vulnera-

bility," said Soubeyran, whose background is in veterinary medicine and public health.

Woah estimated spending on public animal health systems needs to rise by an estimated \$2.3bn a year to improve surveillance and meet international standards. The money was needed for vets, workforce capacity, laboratory systems, surveillance, medicines, regulatory and inspection functions, and service delivery to farmers, it said.

International development assistance for veterinary services was at present less than \$1bn a year, Woah estimated, pointing out that this showed the scale of the investment gap.

While it was "understandable" governments were reallocating money towards defence, it would be a mistake to cut animal health funding to help achieve this, Soubeyran warned. Diseases of animal origin could be spread deliberately and used as bioweapons.

"Strengthening veterinary services is also a part of strengthening global and national security," she said. "It really has

an impact on food security, on public health, on the economy, on livelihood, trade — and also biodiversity."

Animals are estimated by Woah to account for only 0.6 per cent of global health spending, even though the majority of human infectious diseases have animal origins. A fifth or more of global livestock production was lost to preventable diseases each year, it said.

More than 160mn chickens in 64 countries have died since last year from bird flu or culls in response to it. The virus has spread to animals, including cattle, dolphins and domestic pets, stoking fears it could exchange genetic material with other existing pathogens and become readily transmissible to and between humans.

In the US, tens of millions of hens have been culled, with egg prices soaring since the outbreak began.

Woah was working with countries to reduce obstacles to vaccination against bird flu, which could be a good prevention method "in some situations", Soubeyran said.

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Companies & Markets

Disney sues US watchdog over ‘retaliatory’ review of ABC

- Battle against FCC action intensifies
- Early licence renewal ‘intimidation’

PETER WELLS — NEW YORK
DANIEL THOMAS — LONDON
ELLA LEE — WASHINGTON

Walt Disney has sued the US media watchdog, accusing the Trump administration of launching a “retaliatory campaign” against the group’s ABC television networks over the content of its broadcasts.

The lawsuit in US federal court marks the latest escalation in a row between Disney and the Federal Communications Commission, after the regulator in April ordered a review of all broadcast television stations owned by Disney for violations of rules including “unlawful discrimination”.

The FCC is also probing whether long-time ABC talk show *The View* had vio-

‘Again and again, the [Trump] administration has attacked ABC’s speech,’ stories and viewpoints

lated rules requiring broadcasters to give equal airtime to opposing political candidates.

Disney said in a complaint in Washington District Court yesterday that through the FCC, the Trump administration “has waged a retaliatory campaign against ABC for a single reason: it disapproves of what ABC broadcasts”.

Trump has repeatedly called for the FCC to revoke ABC’s licences.

Disney has asked the court to declare that early licence renewal applications constitute “retaliatory action” of Disney’s rights under the First Amendment to the US constitution, which guarantees free speech.

“Again and again, the administration has attacked ABC’s speech — the stories its journalists report and the viewpoints its network programmes air,” it said.

ABC’s legal team includes Paul Clement, a prominent conservative lawyer and former US solicitor-general. He has argued more than 100 cases before the Supreme Court, notching up victories on gun rights and religious freedoms, but has more recently defended law firms facing Trump sanctions and Federal Reserve governor Lisa Cook, whom Trump tried to fire.

The FCC did not respond to a request for comment.

Disney has surprised many in the media industry with its resolve in battling against the licence review by the FCC, accusing the regulator of trying to intimidate broadcasters into self-censorship. The stations’ licence renewals were not scheduled before 2028.

Brendan Carr, the Trump-appointed FCC chief, in April ordered a review of the broadcast television stations owned by ABC. The move came about a week after a joke told by Jimmy Kimmel about “Lady Trump” looking like an expectant widow was delivered days before a shooting took place at the White House correspondents’ dinner.

This caused the US president to call on ABC to fire its late-night host. Carr denied the Disney review was related to Kimmel in an FT interview this year.

Disney has settled disputes with the administration in the past, taking Kimmel off the air for about a week after Carr publicly attacked his comments made in the aftermath of the killing of conservative activist Charlie Kirk.

Disney also paid out \$15mn to settle a lawsuit by Trump against ABC in 2024. CBS settled a *60 Minutes* lawsuit in July 2025 brought by Trump over CBS’s editing of a Kamala Harris interview.

Meanwhile, CNN on Monday said that a personal attack by the White House against one of its senior correspondents was “beneath the office and inconsistent with the principles of a free press”.

Tighter controls OpenAI will shift teens to ChatGPT version with increased safeguards



Safer switch: OpenAI will use stated age and a ‘combination’ of usage signals to determine under-18s — Getty Images

CRISTINA CRIDDLE — SAN FRANCISCO

OpenAI will restrict teenagers to a new version of ChatGPT with greater mental health safeguards and features to encourage critical thinking as it responds to a backlash over the effects of AI on young people.

The \$852bn start-up started to roll out the dedicated ChatGPT for 13- to 17-year-olds globally yesterday, with stricter controls on image generation and content regarding self-harm, violence, eating disorders and sex.

The move comes as OpenAI faces multiple lawsuits from families who claim their children were harmed by using ChatGPT as it gears up for a potentially record-breaking initial public offering in the next year.

Scrutiny of AI’s effects on young people comes as several countries, including the UK, move towards bans on social media for under-16s — measures that typically exclude AI chatbots but have heightened the pressure on tech companies.

OpenAI has been sued by the family of Adam Raine, a 16-year-old from California who died by suicide after discussing ending his life with ChatGPT, which provided detailed instructions, according to court documents.

Families of children killed in the mass shooting at a school in Tumbler Ridge, Canada, in February have also sued OpenAI, after it emerged the teenage shooter had discussed violent intentions with ChatGPT months before the attack. The account was banned, but the company did not contact law enforcement.

“Those scenarios are heartbreaking . . . One incident is too many,” said Lauren Jonas, head of youth and families at OpenAI. “Safety work is work that’s never done . . . You can see the bags under my eyes,” Jonas added in an interview. “We are constantly learning and improving around how

we identify when a teen is having a hard time and serve them the right resources that they need.”

ChatGPT has parental controls that send safety notifications in high-risk situations, such as if a child is discussing suicide or self-harm. The new version for teens adds notifications on eating disorders and violence.

“It is a balance between a teen’s right to privacy and [the] severity of the harm itself,” Jonas said. OpenAI’s policy bars children under 13 from the chatbot and requires parental consent for users under 18. It will use a user’s stated age alongside “a combination of signals” about usage to decide when to present the teen version.

ChatGPT for teens will steer them towards educational applications and include more frequent break reminders and “quiet hours” — times users or parents can set when ChatGPT is blocked. Jonas said 90 per cent of teens on ChatGPT use it for learning.

Fifa official departs after criticism of Infantino plan

SAMUEL AGINI — LONDON

Kevin Lamour, a senior Fifa official who criticised president Gianni Infantino’s now aborted plan to sell shares in a new commercial entity to private investors, has left world football’s governing body.

Lamour, Fifa chief operating officer since 2024, has left the World Cup organiser weeks after urging football’s leaders to block Infantino’s proposal to raise more than \$4bn from investors.

Infantino shelved the plan following a fierce backlash from football confederations, politicians, players and fans, as well as Lamour.

Infantino has resisted calls for his resignation and is fighting to stay in his job at the Switzerland-based non-profit organisation ahead of next year’s Fifa presidential election.

Uefa, Europe’s governing body, has repeatedly said it has “lost confidence” in Infantino and threatened to boycott Fifa competitions.

Fifa said in a statement: “Fifa can confirm that the working relationship between Fifa and Kevin Lamour as Fifa’s chief operating officer has ended on August 17 2026. Fifa thanks Kevin for his two years of service and wishes him the best of luck for the future.”

The Athletic first reported Lamour’s exit. Lamour has been approached for comment.

Lamour, who had worked for Uefa, said in a statement last month that he and other Fifa staff had been “deceived” by those who had devised the plan to sell a 20 per cent stake in the proposed commercial entity — known as Fifa Forward Enterprise — at a \$20bn valuation.

“The project that has sparked so much controversy and debate is not a Fifa project. It is even less a project of Fifa’s administration. It is the project of one person,” Lamour said, referring to the plan that was championed by Infantino. “If that means I lose my job, then so be it. At least I’ll sleep well tonight.”

Lamour’s departure comes after Carlos Cordeiro, an ex-Goldman Sachs banker, resigned last month from his role advising Infantino — saying he opposed the plan to sell a stake in FFE. Cordeiro was a member of the White House task force on the 2026 World Cup hosted by the US, Canada and Mexico.

The FT first reported the FFE proposal, which was the latest effort to bring more money into Fifa under Infantino’s leadership.

Eyewear disrupters bring new vision to London’s high streets

BUSINESS INSIGHT
EUROPE

John Gapper

It is hard to walk through London without encountering spectacle shops. The proliferation of estate agents has been succeeded by outlets of brands such as Ace & Tate, BlooBloom, Cubitts and Jimmy Fairly. They seek to lure design- and budget-conscious customers from longstanding optical chains such as Specsavers and Vision Express.

About 10 such brands are clustered in Soho and Carnaby Street, and three on Broadway Market in east London, including one branch of Cubitts in a former eel, pie and mash shop. Private equity-backed efforts to take on the industry’s leaders, led by Vision Express’s owner EssilorLuxottica, are changing some retail districts.

But even some of the people involved are sceptical about the chances of many of these upstarts succeeding. “Everyone is following each other and destroying value. When I see another one opening, I think good luck to you,” said Tom Broughton, chief executive of Cubitts, the UK chain he founded in his flat on Cubitt Street 13 years ago.

Broughton was working as a consultant when he conceived the idea for a design-led eyewear brand. “I would go into Specsavers and I did not understand why the glasses I wanted did not exist. Frankly, I thought I could do a better job,” he told me at Cubitts’ new head

office and workshop in a former stables near King’s Cross.

He was not alone: the Netherlands brand Ace & Tate was also founded in 2013 in the wave that followed Warby Parker, the pioneering US eyewear brand that started online in 2010 but has 320 branches in the US and Canada. Jimmy Fairly, a French brand founded in 2011, now has 19 UK branches, including 15 around London.

Eyewear is financially alluring. EssilorLuxottica, which has 18,000 stores under various brands, made operating profits of €4.4bn on sales of €28.5bn last year. It also has a partnership with Meta to make smart glasses with cameras. Specsavers, the biggest UK operator, reported £4.5bn in revenue in the year to February, selling 26mn frames.

Anyone who has entered an optician’s for an eye test and left after spending £400 or more on a pair of glasses will see the potential for competition. Most offer expensive lenses with frames made under licence from brands such as Chanel and Burberry (both have licensing deals with EssilorLuxottica).

Broughton describes the cost of producing a standard frame and optical lenses as “pretty low”. He estimates that a typical high street optical chain will sell a frame for about three times the wholesale cost and lenses at up to five times. Cubitts uses Zeiss lenses in frames that it designs and produces, offering a pair of spectacles with standard lenses for £175.

But the costs of building brands and opening sufficient shops to attract a large enough base of loyal customers are substantial. Warby Parker and Ace &

Tate found they could not operate purely as online direct-to-consumer brands and needed branch networks. This is not like other kinds of retailing: it requires optometrists to give most customers eye tests before they can move to buying frames and lenses.

“It looks like the barrier to entry is low, but it is very high,” said Lex van de Vliet, Ace & Tate chief executive. Its sales were €65mn last year and it achieved positive earnings before interest, tax, depreciation and amortisation for the first time. It now has 93 stores, which he estimates is about the minimum that such brands need. “Then, the whole thing ticks.”

Cubitts has 20 stores, including two in New York, so it is sub-scale by that standard. It had revenue of £16.8mn and ebitda of £330,000 last year but made a loss of £967,000. Broughton says that Active Partners, the private equity firm that owns a 26 per cent stake in Cubitts (he has 58 per cent) wants to keep adding branches but he is reluctant to scale rapidly.

He predicts a shakeout of brands burning through private equity capital in an effort to expand. He also believes technology will change the industry, allowing people to try frames virtually using face-scanning apps on their phone, rather than having to do so in person. It has been developing software to offer more products online or through other opticians.

That is a wise precaution, given the number of brands competing on London’s streets. “We’ll open the odd store in the right place but we want to change the way people buy glasses,” Broughton said. Good luck to you, those who have tried before might retort. But the industry remains a tempting target.

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COMPANIES & MARKETS

Financials

Buyout groups make no deals in China

Big foreign private equity firms avoid investment as Beijing tightens scrutiny

ARJUN NEIL ALIM — HONG KONG

The world’s biggest buyout firms have avoided new investments in mainland China this year, deepening a dealmaking drought as Beijing tightens scrutiny of foreign investment in sensitive sectors such as AI.

Ten of the largest global private capital firms, including KKR, Warburg Pincus and Blackstone, have made no new publicly disclosed equity investments in China in the first seven months of 2026,

according to an FT analysis of figures from Dealogic and PitchBook.

This compares with just three private equity investments last year and two in 2024, in a sign of how foreign private capital is struggling to get access to the country’s fastest-growing companies.

Firms made about a dozen deals in China, including early stage funding, as recently as 2021, according to data from the two providers.

Investors said limited partners, which invest in private funds, might have been spooked by Beijing’s intervention in recent deals involving companies with links to China, even as tensions between the US and China have eased.

Beijing blocked Meta’s \$2bn purchase

of Singapore-based, China-founded AI start-up Manus in April. Hong Kong-based CK Hutchison’s plan to sell a portfolio of global port operations, including on the Panama Canal, to a BlackRock-led consortium has also been delayed after criticism from Chinese authorities.

“Geopolitics continues to be a barrier to entry,” said Kher Sheng Lee, Asia-Pacific co-head of the Alternative Investment Management Association, an industry group. “US LPs will say it’s too much hassle, the juice may not be worth the squeeze.”

He added that shifting tax enforcement in China meant some investors were likely to see “similar returns on a better risk profile closer to home”.

Private capital globally has been struggling to find exits on investments, with firms adopting creative deals, including secondary sales, to generate returns for investors.

In China last year, the same 10 buyout firms had zero publicly disclosed complete divestments from mainland Chinese portfolio companies, hit by concerns over slowing economic growth and higher US interest rates.

Outside China, private equity firms are raising record Asia-focused funds. EQT recently closed the largest dedicated Asia-Pacific private equity fund, worth \$15.6bn, while Blackstone announced in June the closure of a \$13.1bn Asia fund.

“Recently if a [western] PE fund raises a big Asia fund, usually they say Japan, India and Australia are the focus and China is like 10 per cent,” said Bryan Koo, private equity partner at law firm Clifford Chance in Hong Kong. “The private equity groups are well aware of structural headwinds.”

Advisers were seeing deal flows going the other way, he added, and increasingly advising Chinese companies that want deals outside China.

The data from PitchBook and Dealogic covers Blackstone, Carlyle, Warburg Pincus, TPG, EQT, Bain Capital, Advent International, KKR, Apollo and CVC. The companies declined to comment on this story.

Technology

Nvidia pledges backstop of \$100bn for OpenAI data centre in Ohio

TIM BRADSHAW

Nvidia has agreed to provide a more than \$100bn backstop for a huge new OpenAI data centre in Ohio that is being developed alongside a SoftBank-led energy company, in one of the biggest AI infrastructure deals yet.

The AI chipmaker will also invest \$1.5bn into SB Energy, an energy company founded as part of the SoftBank Group in 2019 that has recently focused on data centre development after striking a \$1bn alliance with OpenAI in January.

It is the latest example of how Big Tech groups including Nvidia, Google and Amazon are using their balance sheets to ally with OpenAI and Anthropic, betting hundreds of billions of dollars that demand for AI services will continue to surge in the coming years.

OpenAI plans to lease as much as 8 gigawatts of AI computing power at the PORTS-Pike Technology Campus in Pike County, Ohio, which will take until 2032 to complete. The ChatGPT maker said the first 800 megawatts was expected to come online in 2028, as it races to secure new computing power to fuel its growth. SB Energy will build, own and operate the data centre, with OpenAI taking a 20-year lease to become its main customer.

“We expect to use this capacity to

The project would help to ‘establish the data centre as a model for next-gen supercomputer design’

meet growing demand for advanced AI and maintain our lead as the frontier AI research laboratory in pursuit of our mission,” OpenAI said, adding that the Ohio project would help to “establish the data centre as a model for future next-gen supercomputer design”.

Nvidia will provide credit support for the “land, power and shell” for the facility capped at \$105bn, it said in a regulatory filing, backstopping the development of the property, energy and warehouses that will house more than 1mn of its AI chips. One condition of Nvidia’s obligation is that the Ohio facility will be ready to begin operating in 2028.

The Nvidia lease backstop will help developer SB Energy raise tens of billions of dollars of financing to build the project, according to a person familiar with the matter. As the data centre nears completion, OpenAI would purchase the chips from Nvidia or arrange financing to buy the chips in a separate deal, the person said.

OpenAI could turn to the financing platforms Nvidia unveiled last week, which aim to bring together more than \$500bn in capital from a consortium of Wall Street firms to fuel AI infrastructure development.

Jensen Huang, Nvidia’s chief executive, denied that the latest arrangement with OpenAI and SB Energy amounted to “circular financing”. He argued in a blog post that the world’s most valuable company was using its “scale and long-term visibility” to facilitate the build-out.

“LPS [land, power and shell] has become a critical constraint on AI factory deployment,” Huang said. “Nvidia is selectively securing exceptional sites where we can host multiple generations of Nvidia compute and serve durable customer demand.”

Additional reporting by Ryan McMorrow

Transport. Europe

Airlines in price-cut ‘stand-off’ as fuel costs fall

Carriers keen to protect the fare increases they introduced after the start of Iran conflict

PETER CAMPBELL — LONDON

Airlines are locked in a “stand-off” over whether to cut ticket prices as jet fuel costs that soared during the Iran war begin to ease.

With the industry looking to maximise profitability amid a chaotic year, “they’re all hoping nobody blinks first and lowers prices, creating an aggressive fare war in late summer bookings”, said Rick Lewis at BCG. “It’s a stand-off.”

Air fares remain high, buoyed by fuel surcharges introduced after the start of the conflict. If one carrier cuts, others will be forced to follow to remain competitive, and airlines stung by higher fuel costs are watching rivals closely.

“We’re a low-margin business,” said Ben Smith, head of Air France-KLM, pointing to the carrier’s single-digit operating margin. “Where we have an opportunity to maintain [pricing], we would like to maintain that as best we can,” he told the FT.

The north-west European jet fuel benchmark hit \$1,900 a tonne after the Iran conflict began in February, but has remained volatile and is trading at about \$1,300, according to pricing agency Argus Media. Brent crude is trading at about \$90 a barrel after reaching \$114 in March.

European airlines have been partly protected by hedging, unlike their US rivals, which do not hedge their fuel purchases. But all carriers have been hit by the sharp rise in fuel, their largest cost, with higher fares and other cuts offsetting only part of the increase.

Passengers, especially those in economy, have historically been incredibly price-sensitive, making it hard for airlines to increase ticket prices. But travel demand has remained high after the Covid-19 pandemic, and this year there has not been a discernible drop in demand despite fares ratcheting up, said executives.

Ben Minicucci at Alaska Airlines, which this year opened its first route to London’s Heathrow, estimated passengers were “maybe paying 10 to 20 per cent more” than a year ago. “We’re very sensitive and attuned to whether we hit a tipping point with the customer,” he said.

Part of this is that air fares have been kept low relative to inflation. “If some of these [ticket] prices stick to where we are, and fuel goes back to where it



Prices fall from peaks

North-west European jet fuel, 2026 (\$'000 per tonne)



Source: Argus Media



is . . . it could be very good for the airline industry that you’ve got some price stickiness,” Minicucci added.

Even low-cost carriers saw the same trend. Malaysia’s AirAsia — which does not hedge jet fuel — raised prices by a third, but “demand only dropped about 10 per cent, which was very encouraging”, chief executive Tony Fernandes said.

Despite the relatively resilient demand and falling jet fuel prices, some airlines are still cutting capacity in a year that the industry’s profitability is expected to halve because of the crisis, according to estimates from the International Air Transport Association.

Luis Gallego, head of British Airways owner IAG, said: “Pricing is not only linked to fuel price, it’s also about capacity, about demand. We are reducing capacity this year.”

IAG — which also owns Iberia, Vueling and Aer Lingus — is considering its capacity levels for the final months of the year. “Others are doing the same, so at the end, the pricing is going to be related to the capacity that we have in the market,” he added.

Some airlines that compete directly with Gulf carriers — which are notoriously aggressive on pricing — are using their direct routing as an edge to maximise ticket prices.

Air France-KLM and, below, Aer Lingus. Airlines stung by higher fuel costs are watching rivals closely to see who will jump first on price cuts — Nathan Laine/ Bloomberg; Artur Widak/ NurPhoto/Getty Images

‘Pricing is not only linked to fuel price, it’s also about capacity, about demand. We are reducing capacity this year’

For example, European passengers were still willing to pay a premium to fly directly to Australia — albeit often with a fuel stop — compared with flying more cheaply and changing planes in the Gulf, said Qantas chief Vanessa Hudson.

Some in the low-cost market believe price-cutting could be a chance to scoop up customers: AirAsia plans to cut prices back to 5 per cent above its pre-war levels. “We want to go back to where they were,” said Fernandes.

In order to recover some of the losses from the jump in fuel prices, the carrier will need to keep fares elevated for a while, but “we’re going to be heading down towards those kind of lower [pre-war] fares”, he said.

Ultimately, much of the airlines’ decisions on fares will be driven by competitors, from traditional peers that raised prices to Gulf rivals such as Emirates and Qatar Airways that are cutting fares to win back customers.

The Gulf airlines were “extremely aggressive”, said Smith at Air France-KLM.

Their need to attract visitors to the region rather than make a profit meant they did not “always act rationally”, he added, complicating the sector’s efforts in balancing the books during a turbulent year. “We have to deal with those as well.”

Technology

Klarna overhauls leadership as it targets US

AKILA QUINIO

Klarna is searching for a New York-based finance chief as part of a wider leadership shake-up at the “buy now, pay later” lender, as it seeks to become a regulated bank in the US.

The US-listed company yesterday said its current chief financial officer Niclas Neglén and chief marketing officer David Sandström would step down from their roles at the start of next year.

“Having a stronger presence in New York is important to us,” said chief executive Sebastian Siemiatkowski, in reference to the company’s decision to hire a New-York based CFO. “We think it’s also helpful to be close to the investor relations community and the stock market.”

Klarna announced the leadership overhaul alongside its second-quarter earnings, in which it posted lower guidance for the year on the back of weaker retail spending in Germany. Shares fell

just over a fifth yesterday in New York, giving the group a market capitalisation of about \$7bn.

The Swedish company was founded by Siemiatkowski and has grown thanks to the popularity of its loans that let customers split repayments into interest-free, short-term instalments.

The share price fell despite Klarna reporting a second consecutive profitable quarter with net income of \$9mn, compared with a net loss of \$53mn in the same period last year. Revenue grew 27 per cent year on year to about \$1bn.

The company said it was now expecting gross merchandise volumes — the total value of the transactions it powers — to be between \$149bn and \$151bn for the full year, below previous expectations of \$155bn.

It blamed lower retail spending in Germany, its largest market by volume, and a \$600mn hit from exchange rates for the lower guidance.

The guidance cut comes as Klarna

attempts a transformation of its business model that would see it operate more like a traditional bank, with savings and traditional interest-bearing loan products.

Its share price has roughly halved since September last year, when it listed on the New York Stock Exchange.

The company applied for a US banking licence in July with the Utah Department of Financial Institutions and the Federal Deposit Insurance Corporation. It is already regulated as a bank in Europe but the US is its largest growth market.

Klarna has said it wants to “deepen” its relationship with customers by offering them a wider range of financial products. In the second quarter, average revenue per active consumer increased 24 per cent year on year to \$33.70 as more consumers used its debit card, traditional loans and subscription models.

Siemiatkowski said Neglén and Sandström “helped shape what Klarna is”.

Oil & gas

Exxon revives Africa project despite terror risk

VERITY RATCLIFFE — LONDON

ExxonMobil has revived plans to build a liquefied natural gas plant in Mozambique, as Middle East conflict bolsters the case for projects outside the region.

The developers of the Rovuma LNG project had awarded about \$1.1bn in pre-investment contracts for equipment, Exxon said in a statement, in the clearest signal yet that the long-delayed project will go ahead.

Work on the facility had been on hold since the massacre of 800 people by Islamist militants seeking to seize control of the nearby town of Palma in 2021.

After visiting Cabo Delgado province this month, UN special rapporteur Ben Saul said a military solution “does not appear imminent” and the “frequency, severity and spread of attacks on civilians” had worsened over the past year.

Security issues in Mozambique’s north-eastern Cabo Delgado region, where Exxon’s project is based, were

“still acute but manageable”, said Alex Munton, director of global gas and LNG at Rapidan Energy Group. “The key driver now is supply diversification in the context of indeterminate disruption to LNG from the Middle East Gulf.”

The contract marked a “significant milestone” and demonstrated the developers’ commitment to the project.



Work on the Mozambique gas project was halted in 2021 after 800 people were killed nearby by militants

Exxon’s statement said. Exxon is the operator of Rovuma LNG, a joint venture backed by Italian energy giant Eni, China’s CNPC, South Korea’s Kogas and Abu Dhabi’s XRG. The total project cost is estimated at about \$30bn. A final investment decision was to be made in 2025 but Exxon pushed it back to 2026.

In another sign the project will go ahead, Exxon signed a nonbinding engineering and procurement contract this month with a group of contractors led by Italy’s Saipem.

Exxon also produces LNG in Papua New Guinea, Australia and Qatar. It started up production from the 18mn tonne per year Golden Pass plant in Texas in March alongside QatarEnergy. Rovuma will produce roughly the same volume of LNG as Golden Pass.

Chief executive Darren Woods said at the end of July that Exxon was “diversifying our production away from the Middle East just based on where the opportunity set is”. Alongside Rovuma, an investment decision is expected for the Papua project, in which Exxon has a 37 per cent stake, by the end of the year.

The Gulf is home to about a third of the world’s LNG supplies and disruptions to shipping through the Strait of Hormuz have reinforced the case for developing supplies outside the region.

COMPANIES & MARKETS

Pharma groups say German push to rein in drug prices will backfire

Fears for investment but Berlin insists higher mandatory insurer discounts will save €12bn by 2030

FLORIAN MÜLLER — FRANKFURT
AANU ADEOYE — LONDON

Europe’s biggest drugmakers have warned that Germany’s attempts to curb healthcare costs will undermine one of the country’s few remaining globally competitive industries and cede further ground to the US and China.

The comments from executives at groups such as Merck KGaA and Boehringer Ingelheim come after lawmakers approved plans to save billions of euros through measures including increasing compulsory discounts on some drugs for the statutory health insurance system that serves most of the nation’s workers.

The German groups, with peers across Europe, say the plans will deter investment in the country, the world’s top exporter of pharmaceutical products, just as a global race to attract research and manufacturing is accelerating.

Chancellor Friedrich Merz’s desire to cut mounting deficits in Germany’s health insurance system could hurt drugmakers at a time when the Trump administration is seeking to ensure prices charged in the US are comparable with those in other developed nations.

The industry is “increasingly viewed primarily as a cost factor within the healthcare system”, said Kai Beckmann, chief executive of Merck, which has invested €2.5bn at its Darmstadt headquarters over the past decade.

“Given the deteriorating framework conditions, it is becoming increasingly difficult to justify such investments over the long term.”

The health ministry argues the cuts are necessary to close a projected financing gap of €19bn next year while avoiding a sharp increase in health insurance contributions. Alongside higher rebates, the government wants to limit growth in hospital costs, raise patient co-payments and restrict services covered by insurance.

Germany’s health ministry has estimated that doubling the mandatory manufacturer rebate on patented medicines from 7 to 15.5 per cent will save health insurers about €12bn by 2030.

But drugmakers say any savings from the measures will be modest and come at the cost of weaker investment and innovation, threatening a sector that is home to some of the world’s largest pharmaceutical companies, including Bayer, Stada and BioNTech.

The warnings come as Germany’s traditional industrial strengths are under pressure. Its carmakers and chemical groups are cutting tens of thousands of jobs as they contend with high domestic costs, weak global demand and intensifying competition from Chinese rivals.

Germany’s pharmaceutical exports reached a record €116.4bn last year, accounting for 7.4 per cent of the nation’s sales abroad and generating a trade surplus of almost €43bn, about one-fifth of Germany’s total.

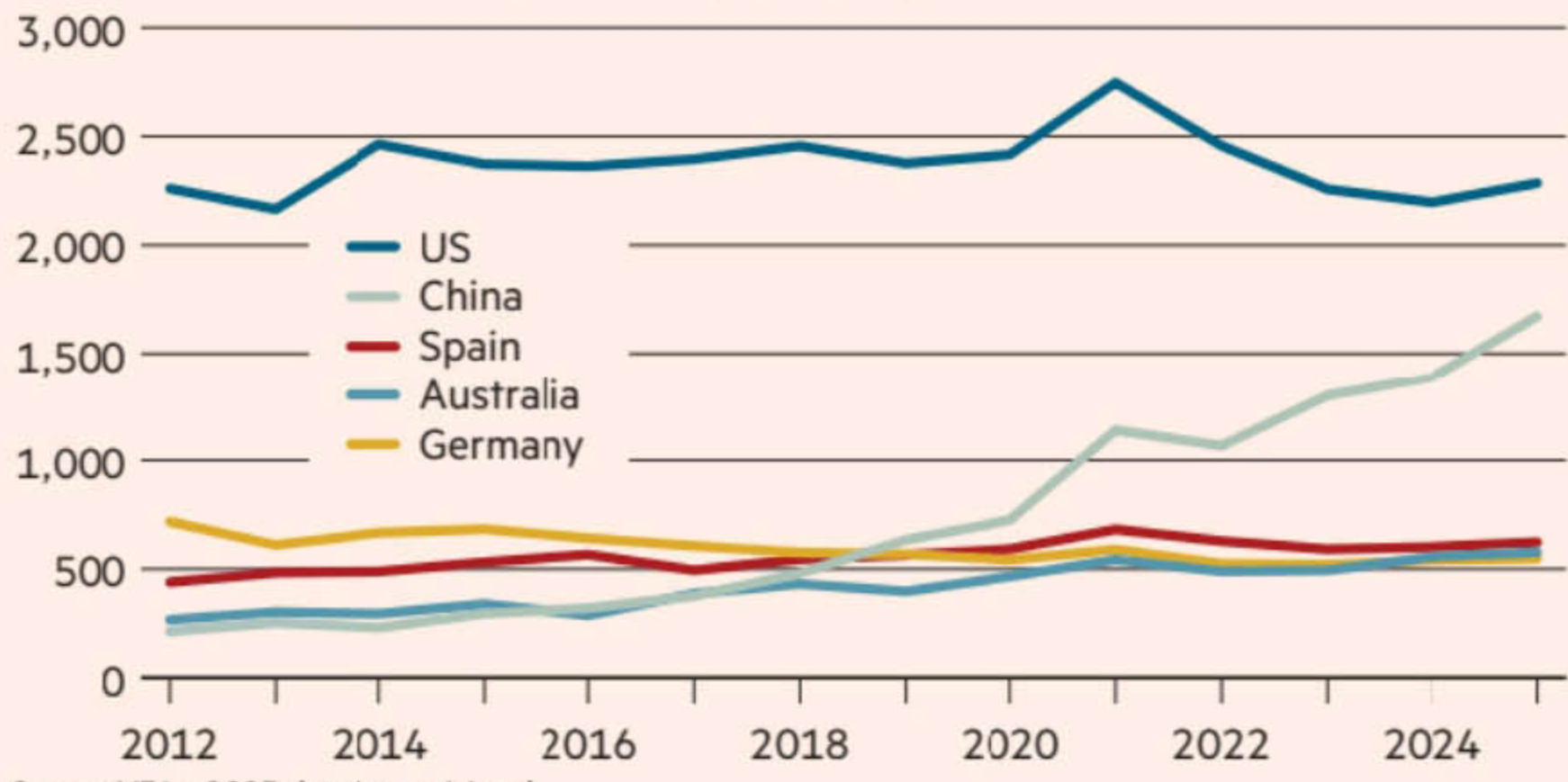
While groups including Sanofi, Roche, Daiichi Sankyo and Vetter Pharma announced plans to invest more than €4bn in Germany in the past three years, some indicators suggest the country’s competitive position is weakening.

Private companies conducted and funded 568 trials in Germany last year, down from 641 a decade ago, according to industry body the Verband Forschender Arzneimittelhersteller (VFA).



Germany loses ground in clinical trials

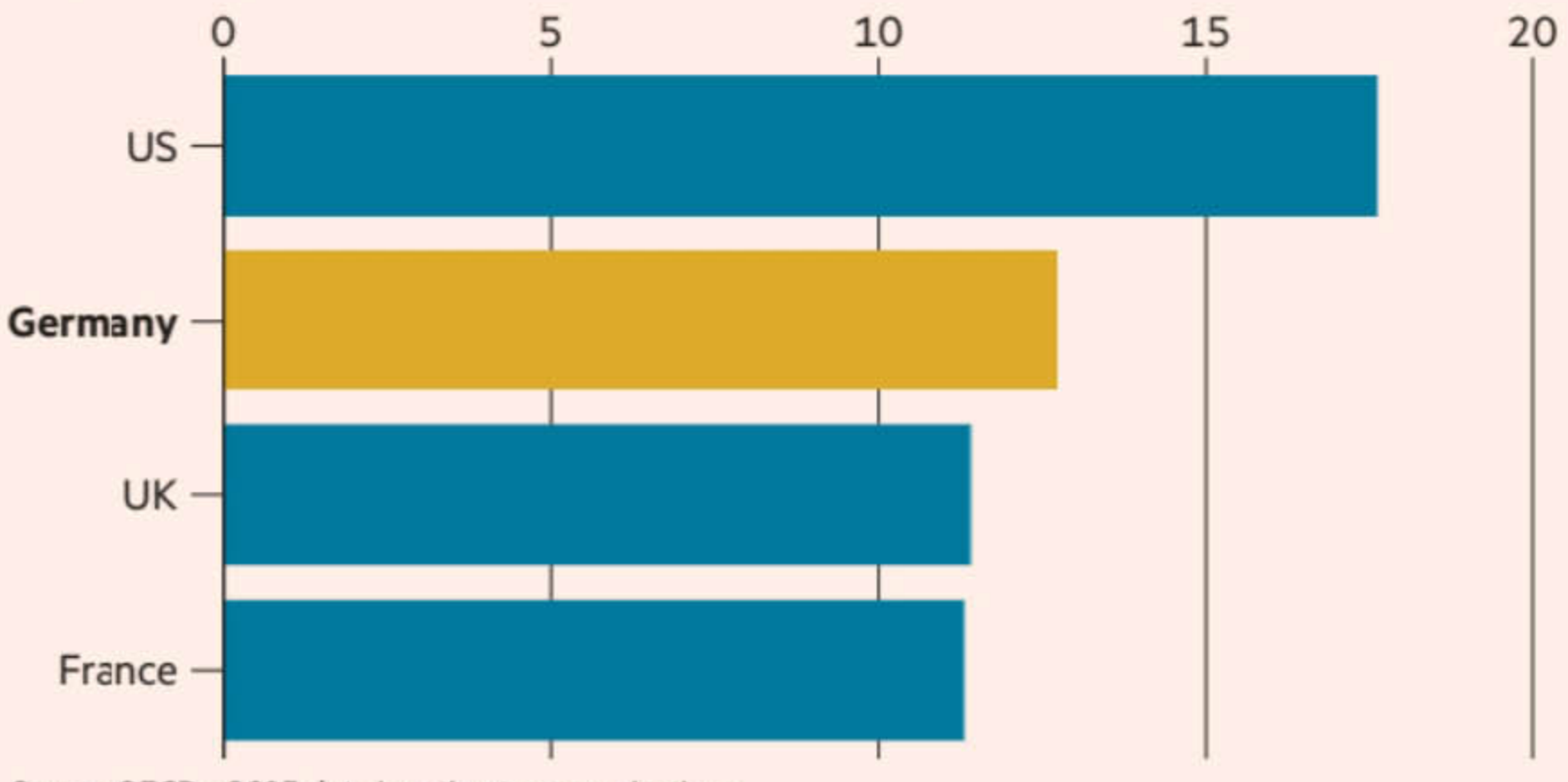
Number of interventional clinical tests per country



Source: VFA • 2025 data is provisional

Nation’s healthcare spending falls far short of US

As share of GDP, 2025 (%)



Source: OECD • 2025 data is estimates or projections

A lab technician at a Merck KGaA laboratory. The group has invested €2.5bn at its Darmstadt headquarters over the past decade — Arne Dedert/dpa

Once the world’s largest location for such trials after the US, Germany has slipped to fifth position behind China, Spain and Australia.

Companies are also promoting fewer products in Europe’s largest economy, suggesting a lack of confidence that they will command high enough prices to justify the costs of development.

Consultancy Charles River Associates said 175, or a third, of 526 new medicines approved by the US Food and Drug Administration between 2016 and 2025 were not marketed in Germany.

VFA president Han Steutel said government policies were “weakening Germany’s competitiveness” just as investment decisions were being made “in direct competition with the US, China and other European locations”.

Washington’s proposed “most favoured nation” pricing policy, introduced last year to lower US drug prices, could discourage companies from launching drugs in markets such as Germany where medication is cheaper. US prices were on average three times higher than Germany’s in 2022, while healthcare spending accounted for 17.6 per cent of US GDP last year, compared with 12.7 per cent in Germany.

Médard Schoenmaeckers, Germany head of Boehringer Ingelheim, said the company had been “surprised” by the

legislation and would cancel some planned investments. The decision also reflected broader uncertainty over Europe’s policy direction, he said.

Boehringer said in June, ahead of the legislation, it was cancelling about €900mn in planned investments for Germany until 2030. Schoenmaeckers said the decision reflected “the absence of long-term framework conditions”.

“We need to invest more in the US and into China where we see a rapid development of innovation,” he said. “We need to see innovation valued, or we don’t see those investments coming back to Germany or Europe.”

In June, US-based Eli Lilly said it was halving a planned €2.3bn investment in a new weight-loss and diabetes drug manufacturing site in Alzey.

Swiss group Roche, which says it has created 1,800 jobs in Germany and invested about €3.8bn since 2020, said it was placing “all future investment decisions” in Germany on hold.

The company told the FT that the new law “imposes a substantial burden on Germany’s research-based pharmaceutical industry and sends a negative signal to companies seeking to invest”.

Benoit Creveau, managing director of Daiichi Sankyo Germany, said while the Japanese drugmaker would press ahead with plans to invest €1bn in its Pfaffen-

The new law ‘sends a negative signal to companies seeking to invest’ in Germany

hofen production and development, it was questionable if it would make the same decision under Germany’s “current framework”.

BioNTech, one of Germany’s biggest biotechnology success stories, said extending proposed savings for insurers to preventive medicines and vaccines sent “a signal that prevention, including vaccines, is becoming less important”.

Like many of its peers, BioNTech chose to list on the Nasdaq in 2019 rather than Frankfurt because of the deeper pool of specialist investors. It relies on US dealmaking to fund growth — BioNTech’s landmark 2025 collaboration with Bristol Myers Squibb is worth up to \$11.1bn — while increasingly turning to China for new medicines. It plans to close three out of four German sites that were used to supply Covid-19 vaccines outside the US.

BioNTech’s founders, physicians Uğur Şahin and Özlem Türeci, are planning to leave the company this year and establish an independent business developing the next generation of mRNA technologies. They have not decided if their new venture will be based in Germany.

The country “is not competitive as a production hub any more,” said Peter Goldschmidt, chief executive of generic drugmaker Stada. “You can’t have the lowest tenders and the highest costs.”

Technology

App Store rulings bite into Apple’s services unit

MICHAEL ACTON — SAN FRANCISCO

Apple has acknowledged for the first time that regulatory changes forcing it to loosen control of its App Store are weighing on its more than \$100bn services business, a rare concession that antitrust action is denting one of the company’s most profitable divisions.

The iPhone maker reported services revenue and margins below Wall Street expectations this month and warned in its latest filings that it “may not earn a commission at all” on purchases made through alternative payment systems.

The disclosure is the clearest sign yet that years of court rulings and regulatory intervention in the US, Europe and elsewhere are starting to erode the commission fees that underpin Apple’s high-margin services business.

New research backs up that trend. Sensor Tower found US consumer spending through the App Store fell 6 per cent in the second quarter, compared with 9 per cent growth a year earlier, while Appfigures estimated that Apple’s US commission revenue has contracted 18 per cent this year.

UBS analyst David Vogt described slowing App Store growth as a “concern”, while Bank of America’s Wamsi Mohan said services revenue of \$30.7bn was a record but still “somewhat weaker than we expected”.

Apple had attributed the division’s performance to several factors, including foreign exchange movements. But chief financial officer Kevan Parekh also acknowledged that recent changes to the App Store had hit the business.

The company reported services revenue of \$30.7bn in the June quarter, below analysts’ expectations of \$31.4bn, while the division’s gross margin of 75.6 per cent also missed forecasts, according to Visible Alpha. Apple shares fell about 9 per cent after the results.

Courts and regulators around the world have forced Apple to loosen its control over app payments and distribution, undermining the commission fees of up to 30 per cent it charges on digital purchases and subscriptions made within apps.

A US court injunction won by Epic Games last year forced Apple to allow app developers to direct users to alternative payment methods outside the App Store without charge, bypassing its traditional commission.

Sensor Tower said the US slowdown reflected how consumer spending inside the App Store had been “significantly impacted” by the ruling.

Global consumer spending through the App Store rose just 3 per cent year on year in the June quarter, down from 13 per cent growth a year earlier, according to Sensor Tower. The research group said weaker consumer spending and macroeconomic uncertainty might also have weighed on demand.

Apple argues its tight control of iPhone apps is necessary to protect users. But regulators in the EU, South Korea and Brazil have required the company to open iPhones to alternative app stores or payment methods, while similar changes are being pursued in the UK and Australia.

The EU last year fined Apple €500mn over alleged breaches of its Digital Markets Act, a decision the company is appealing against.

Apple declined to comment.

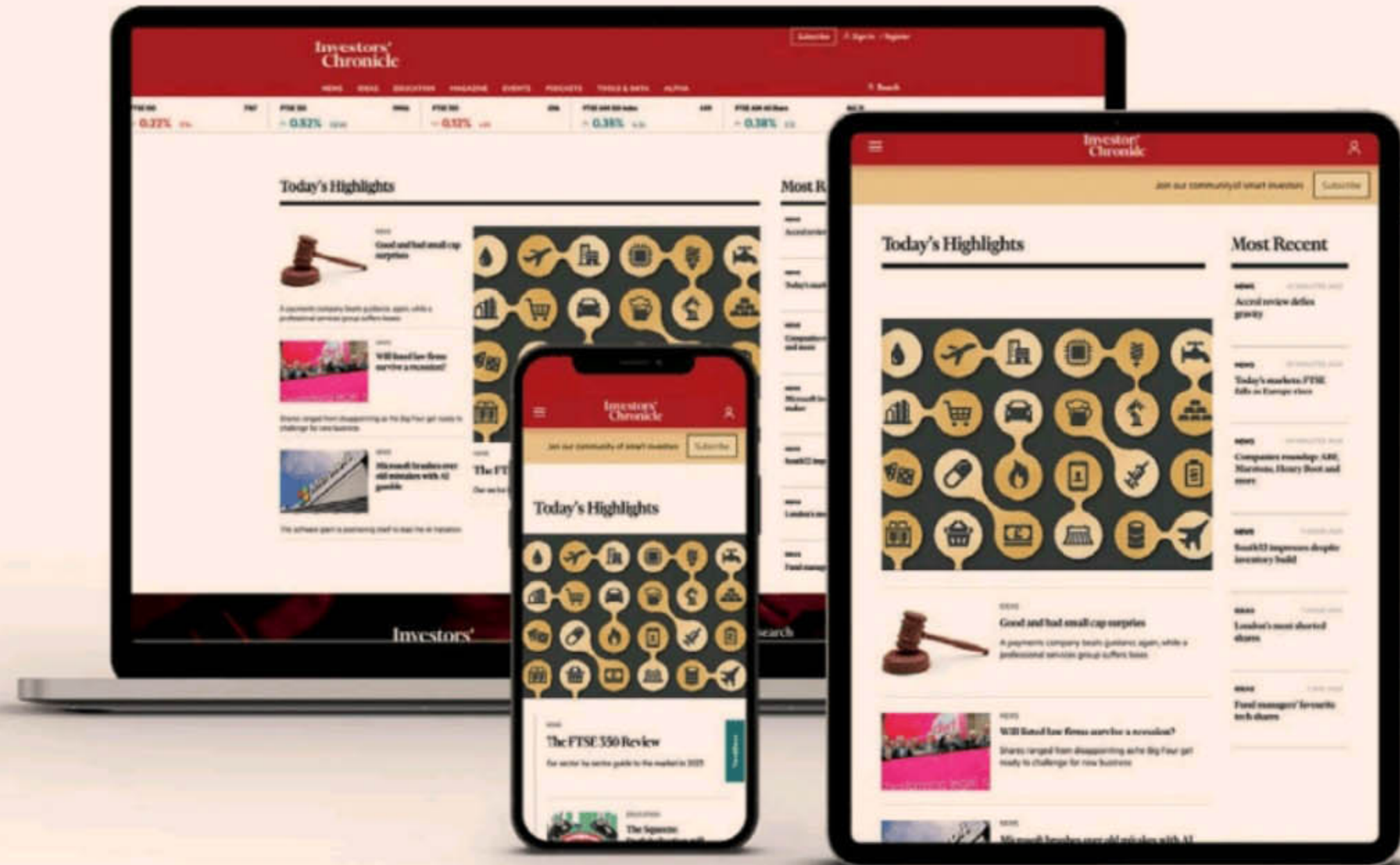
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COMPANIES & MARKETS

Equities. Hyperscaler demand

Short sellers rake in \$2bn profits after modular nuclear reactor shares slide

Unproved technology has yet to deliver consistent revenues amid 'hype cycle' criticism

RAMSAY HODGSON — LONDON

Short sellers have reaped large profits from betting against small modular nuclear reactor companies as the collapse of the “hype cycle” that had sent their share prices soaring wipes billions off their market value.

Funds made an estimated \$2.1bn shorting three stocks – US-listed NuScale Power, Nano Nuclear and Sam Altman-backed Oklo – over the past year, according to data provider S3 Partners.

The three companies, which are loss-making and have little or no revenue, surged last year as investors raced to capitalise on growing interest in nuclear energy among AI hyperscalers looking for new sources of power.

Regulatory changes and funding announcements from the Trump administration also helped the sector.

But a total of \$30.3bn has been wiped off their collective market value since their peak in October last year amid growing concerns over the lack of immediate revenue and the long building timelines for the technology.

“The stocks were overinflated in price, based on speculation,” said Adam Stein, director of nuclear energy innovation at the Breakthrough Institute, a climate and energy think-tank.

The sector went through a “textbook hype cycle” last year, he added. “[It is] very typical of a company that is in this early pre-consistent revenue phase.”

Small modular nuclear reactors are assembled from modules built in factories to save time and money – and produce about 300 megawatts or less of power compared with more than 1,000MW for traditional reactors.

Only two commercial SMRs are currently operable – in Russia and China – with more than 80 designs in various stages of development.

A key test of investor appetite towards the nuclear sector is expected

‘What we have seen in 2025 seems to me like an industry bubble that is already deflating’

in the coming weeks when Holtec International and Westinghouse, two US-based companies with SMR divisions, are expected to list.

Short sellers have piled into bets against the groups based on a view that their shares rose to unsustainable levels, driven by a limited supply of publicly traded stocks and a focus on the potential demand from AI, rather than the time and capital expenditure required to commercialise the technology.

“On the one hand there was some support from the government and no one wants to bet against Trump, and on the other there was this whole AI [demand] story which everyone was really bullish about [last year],” said Christian Putz,



Lossmaking: Sam Altman-backed Oklo builds a small modular reactor site in the US state of Idaho

Josh Edelson/AFP/Getty Images

founder and chief executive of investment firm ARR Investment Partners, who had previously shorted Oklo but has since unwound that position.

About 18 per cent of Oklo and NuScale’s outstanding shares remain out on loan – a proxy for short selling – while almost 30 per cent of Nano’s are on loan, according to S&P Global Market Intelligence.

Meanwhile, X-energy has shed \$5.8bn in market value since the surge that followed its initial public offering in April.

Short sellers have earned an estimated \$67mn from bets against the company since mid-May, according to S3 Partners.

The company, which is backed by Amazon and Ken Griffin and has yet to receive full regulatory approval to build its helium-cooled reactor, has 9 per cent of its shares out on loan.

“The sentiment has changed this year, people are far more critical,” said Putz.

These companies “have almost zero revenue for the foreseeable future and, on top of that, there are very high capex [capital expenditure] requirements”, he added.

Demand for energy in the US is set to soar over the coming decade, in part due to the rapid development of power-hungry data centres by AI hyperscalers.

According to data from Bloomberg-NEF, US data centre power demand is set to climb from 34.7 gigawatts in 2024 to 106GW by 2035.

Big Tech is increasingly turning to the emergent SMR technology to meet its future power needs.

In January, Meta struck a deal with Oklo and Bill Gates-backed TerraPower, in which it agreed to make an upfront cash injection to support development of the reactor technology.

The Trump administration vocally backed the nuclear sector last year, pledging to cut red tape and invest tens

of billions of dollars to build new reactors and reopen old ones to generate the energy needed to “win” the global AI race.

In June, the Department of Energy announced \$17.5bn of loans to help rebuild the US nuclear supply chain.

However, timelines for delivery of the unproved reactors remain uncertain. Analysts at BNP Paribas have expressed concerns over shortages of high-assay low-enriched uranium, a special type of nuclear fuel vital for SMRs.

The earliest some will come online is mid-to-late 2028, if manufacturers are able to speed up delivery while also satisfying regulators, although the majority will arrive during the 2030s, said Stein at the Breakthrough Institute.

NuScale, which reported a \$96.7mn loss in the first half of 2026, faces a shareholder class-action lawsuit alleging that it misled investors, to which it must respond by September 8. It is

building a modular light-water reactor based on a more conventional pressurised-water design.

Nano Nuclear – whose microreactors are in the development stage – had not reported any revenue until the second quarter of this year when it bought a revenue-generating nuclear logistics company called Secured Transportation Systems.

Nano Nuclear reported an operating loss of \$15.8mn for the quarter.

Oklo hopes to deliver commercial power to customers from its liquid sodium rather than water-cooled Aurora reactors.

US energy secretary Chris Wright was previously a board member. It has yet to secure a full licence from the US nuclear regulator to build and operate its reactor.

“What we have seen in 2025 seems to me like an industry bubble that is already deflating,” said Siegfried Eggert, chief executive of activist short seller Grizzly Research, who has no short positions against the companies.

“I believe most knowledgeable investors understood for a while that the valuations seemed rather extended given the timeline of this industry,” he added.

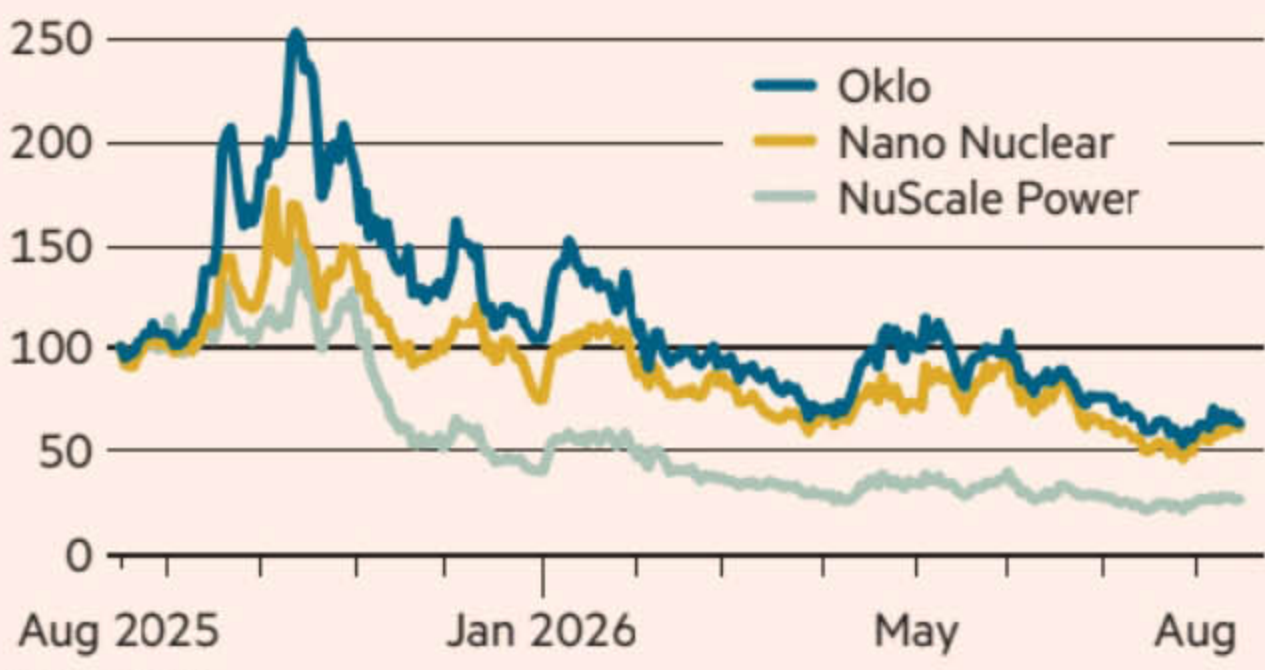
Nano Nuclear said the rise or fall in the share price of companies said little about the success of the underlying business and disputed the “hype cycle” characterisation.

Oklo said the company had made “tangible progress” over the past year and expected commercial operation of its Aurora reactor to begin in 2028.

NuScale and X-energy declined to comment.

Billions have been chipped off the value of US-listed SMR companies

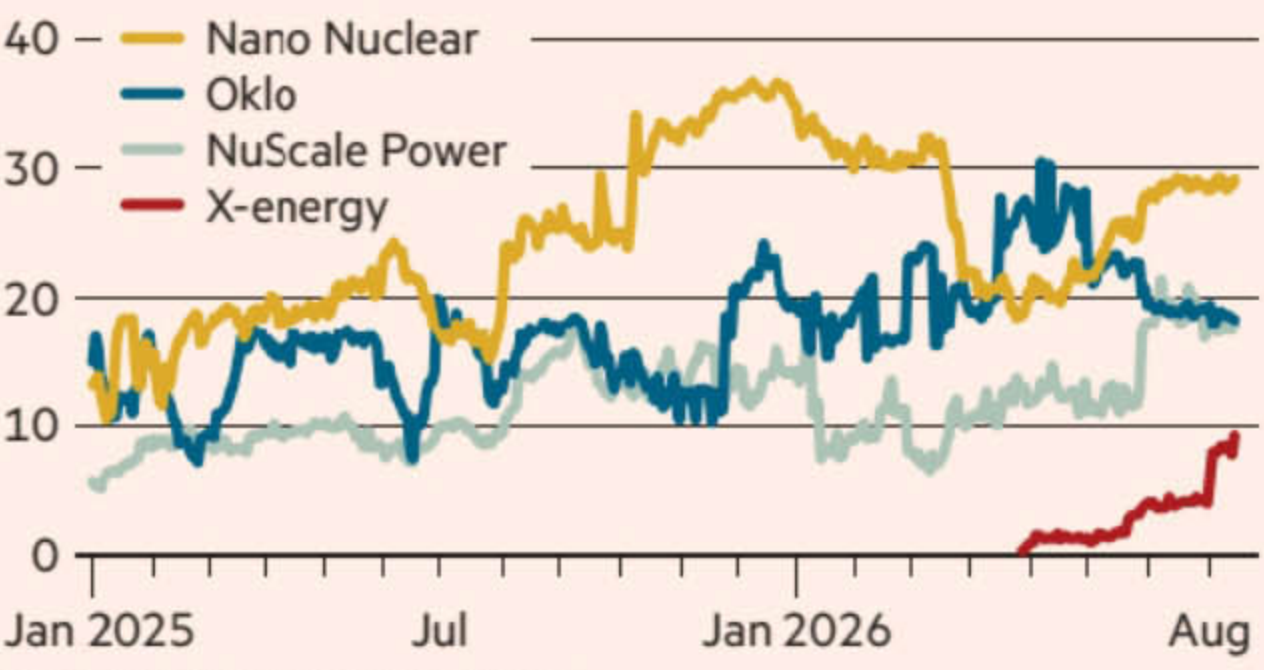
Share prices rebased



Source: LSEG

Short sellers remain strongly positioned against US SMR stocks

Shares outstanding on loan (%)



Source: S&P Global Market Intelligence

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Commodities

BHP’s copper earnings outstrip those of iron ore for first time as metal surges

NIC FILDES — SYDNEY

BHP, the world’s largest mining group, reported booming growth for the year to June as copper overtook iron ore as its primary profit driver for the first time on an annual basis.

The Australian company said profits generated from its copper mines rose by 48 per cent to \$18bn.

That accounted for 54 per cent of its total underlying earnings before interest, taxation, depreciation and amortisation of \$33bn – up 27 per cent over the previous 12-month period.

BHP raised its dividend for the year to \$1.72 – a 56 per cent increase and the highest for four years. Net profit increased 9 per cent to \$9.8bn while revenue was 15 per cent higher at \$58.8bn.

“Copper is the engine that is driving BHP’s growth,” said chief executive Brandon Craig, who was presenting his first annual results after being promoted earlier this year to take over from Mike Henry.

BHP shares closed 2.6 per cent higher in Sydney yesterday, bringing the rise this year to almost 40 per cent and valuing the company at \$230bn.

Glyn Lawcock, an analyst with Barrenjoey, said copper earnings growth had exceeded expectations and offset a slightly weaker iron ore and coal performance.

Demand for copper has been driven by increased investment in data centres and energy networks. BHP expects that annual copper demand will increase to 50mn tonnes by 2050 from the current 34mn tonnes.

BHP, which mines copper in South America and South Australia, has also benefited from the byproducts mined



BHP’s Olympic Dam copper and uranium mine in South Australia

alongside the red metal, with revenue generated from gold, silver and uranium up 45 per cent to \$4.5bn for the year. The miner described copper as its “biggest growth opportunity” and said the cash generated by its existing operations meant it could fund growth projects.

BHP failed to take over Anglo American under Henry and was this week linked to interest in Canadian uranium miner NexGen Energy.

The company already supplies 5 per cent of the world’s uranium but Craig said it remained a byproduct.

Although he did not comment on takeover speculation, the chief executive said BHP was “pretty happy” with its four core commodities of copper, iron ore, potash and metallurgical coal.

Moreover, Craig said the return on organic projects remained superior to mergers and acquisitions.

The cost per tonne of BHP’s existing projects ranged from \$16,000 to \$30,000 compared with about \$100,000 to acquire a pure-play copper producer, he said. “That’s almost talking a 5-to-1 factor building it compared to buying it.”

[See Lex](#)

Equities

Wall Street tech stock correction likely despite AI hopes, warn ECB economists

OLAF STORBECK — FRANKFURT

A correction in US technology stocks is likely and could threaten Eurozone financial stability, even if AI eventually lives up to investors’ hopes, a team of European Central Bank economists has warned.

In a post published on the ECB’s blog, the researchers wrote that a pullback in the tech sector did not necessarily need to be driven by irrational exuberance and “should be expected even if current valuations are rational”.

The warning matters for Europe despite most of the tech stock gains of recent years happening in US markets.

Euro area households have about €440bn of exposure to US tech equities, according to the economists, largely through investment funds, while insurers and pension funds also have significant exposure to the so-called Magnificent Seven megacap tech stocks.

US and euro area stock markets have historically been highly correlated, leaving European investors vulnerable to a Wall Street crash, the economists added.

A “US AI fallout would not remain a

US problem” but could become “a question of financial stability for the euro area”, they wrote, adding that a stock market crash combined with “broader market instability” would be particularly dangerous.

The tech-heavy Nasdaq 100 index sold off last month but has since rebounded to near its record high.

The economists compared the AI

“The market valuations of firms that adopted transformative technology rose strongly before falling”

investment boom with previous innovation-driven investment frenzies such as the 19th-century railway boom, the expansion of electricity and radio in the 1920s and the dotcom era at the turn of this century.

“In each case, a genuinely transformative technology attracted investment and the stock market valuations of firms that adopted it rose strongly before falling sharply,” the economists wrote.

They argued that such technological breakthroughs created “extreme uncertainty” because the overall impact on the economy was initially unclear.

At an early stage of a breakthrough innovation, pioneering stocks such as Nvidia present major opportunities for early investors, who in the best case can make huge gains but in the worst case may lose all their investment.

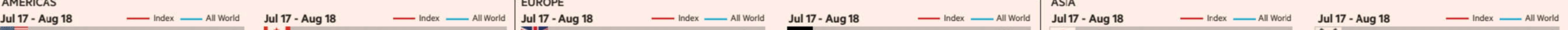
“This ‘option value’ increases the stock valuations of early adopters, causing their price-to-earnings ratios to rise sharply,” the economists wrote.

However, this changes if the technology succeeds and spreads through the wider economy. The uncertainty surrounding the breakthrough technology then shifts from individual companies to the economy as a whole.

“If something then goes wrong with that technology, the whole economy suffers,” they argued.

Although successful adoption of AI can boost profits, the increase in this risk premium pushes stock market valuations in the opposite direction, meaning share prices can eventually fall – even if the technology itself succeeds.

FT.COM/MARKETSDATA



Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous	Country	Index	Latest	Previous	
Australia	All Ordinaries	\$274.20	\$279.00	Czech Republic	Czech Republic PX	2789.21	2789.73	Ireland	ISEQ Overall	14096.31	14265.96	Norway	Oslo All Share	2489.09	2476.57	Sweden	OMX Stockholm 30	3244.66	3288.30
Australia	S&P ASX 200	9070.00	9073.20	Denmark	OMX Copenhagen 20	1614.77	1617.31	Israel	Tel Aviv 125	4046.37	4076.31	Pakistan	KSE 100	17795.50	18050.50	Switzerland	SMI Index	1175.91	1173.79
Australia	S&P ASX 200 Res	8027.80	8000.10	Egypt	EGX 30	55276.80	55415.10	Italy	FTSE Italia All-Share	55616.36	56222.02	Philippines	Manila Comp	6264.70	6261.80	Switzerland	SMI Index	1420.90	1430.38
Australia	AXI	6642.38	6701.69	Estonia	OMX Tallinn	2151.48	2154.27	Italy	FTSE Italia Mid Cap	61022.72	6214.34	Poland	WIG	150559.11	151598.27	Thailand	Weighted Stock Index	4530.66	4585.27
Belgium	BEL 20	5758.98	5762.49	Finland	OMX Helsinki General	13353.57	13589.00	Italy	FTSE MIB	57007.34	53546.98	Portugal	PSI 20	9305.02	9219.73	Taiwan	TAIEX	1821.62	1838.44
Belgium	BEL Mid	6462.42	6491.34	France	France CAC40	8509.36	8579.60	Japan	Nikkei 225	67460.73	69220.25	Portugal	PSI General Index	6304.41	6235.39	Turkey	BIST 100	1412.98	1412.06
Brazil	Ibovespa	166802.45	166783.57	France	SBF 120	6436.96	6483.06	Japan	ToPIX	14140.22	14184.11	Romania	Romania BET Index	36243.78	35981.83	UK	FTSE 100	10728.04	10730.30
Canada	S&P TSX 60	2144.28	2158.13	Germany	M-DAX	31839.83	32356.98	Kuwait	KSX Market Index	8981.32	8775.96	Russia	Russia Trading Index in USD	988.10	988.10	UK	FTSE 400d UK	9310.19	9296.27
Canada	S&P TSX Comp	36387.00	36667.92	Germany	Tec-30	4051.96	4093.24	Latvia	OMX Market Index	536.39	532.74	Russia	TASDAQ All Share Index	10911.58	10908.06	UK	FTSE All Share	5786.40	5788.82
China	SSE/CSI KFD GEN	5589.04	5605.80	Germany	NEITR DAX	26128.36	26338.61	Lithuania	OMX Vilnius	1513.01	1516.90	Singapore	FTSE Straits Times	5960.40	5768.48	USA	FTSE4MARK 100	9602.02	9641.92
China	China KFD GEN	11989.49	11979.49	Greece	Athens	2671.02	2625.68	Luxembourg	Lux 40	2003.19	2003.19	Slovakia	SAX	308.05	308.40	USA	Dow Jones Composite	16644.23	16659.51
China	China Shanghai A	4175.85	4175.84	Italy	FTSEASCA	6489.00	6492.00	Malaysia	IFC Mexico City	6489.00	6492.00	Slovenia	STOXX	3210.55	3268.59	USA	Dow Jones Industrial	53374.78	53471.76
China	China Shanghai B	281.58	281.58	Hong Kong	Hong Kong S	26431.16	26653.23	Malaysia	FTSE Bursa KLD	1763.30	1725.89	South Africa	FTSE/JSE All Share	11302.45	114672.93	USA	Dow Jones Transportation	21654.19	21644.43
China	China Shanghai Comp	3080.30	3090.25	Hong Kong	HS China Enterprises	9435.20	9439.97	Morocco	MSI	1882.00	1884.22	South Africa	FTSE/JSE Top 40	6811.92	6891.33	USA	Dow Jones Utilities	4198.49	4198.49
China	Shenzhen A	2757.85	2770.16	Hong Kong	HSJC Red Chip	4183.04	4161.48	Netherlands	AEX	1107.32	1114.80	South Korea	KOSPI	105634.97	106966.05	USA	Nasdaq 100	29507.33	29956.38
China	Shenzhen B	1170.93	1173.01	Hungary	Bud	146959.72	150110.32	Netherlands	AEX All Share	1518.35	1544.30	South Korea	KOSPI	6889.83	6977.94	USA	Nasdaq Composite	26319.04	26641.91
Croatia	CROBEX	4447.52	4425.64	India	BSE Sensex	72235.46	72728.16	New Zealand	NZX 50	13866.18	13781.98	South Korea	Kospi 200	1082.00	1098.18	USA	NYSE Composite	24661.03	24711.81
Croatia	CSE MAP GEN	320.25	321.20	Indonesia	Jakarta Comp	6483.83	6401.89	Nigeria	SE All Share	24161.73	242454.65	Spain	Spain IBEX 35	19934.90	19981.90	USA	S&P 500	7706.54	7746.06

UK MARKET WINNERS & LOSERS

AMERICA'S				LONDON				EURO MARKETS				TOKYO				FTSE 100				FTSE 250				FTSE Small Cap							
ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS				ACTIVE STOCKS							
stock	close	Day's		stock	close	Day's		stock	close	Day's		stock	close	Day's		stock	close	Day's		stock	close	Day's		stock	close	Day's		stock	close	Day's	
traded m's	price	change		traded m's	price	change		traded m's	price	change		traded m's	price	change		traded m's	price	change		traded m's	price	change		traded m's	price	change		traded m's	price	change	
Intel	63.79	56.61	-7.68	Lloyds Bk Grp	205.10	1.13	-0.02	Intesa Sanpaolo	40.42	6.88	-	Nippon Tel & Tel	188.43	180.40	-1.70	Aviva	7.37	5.74	7.69	Kahoa Group	11.86	27.94	18.13	Robert Walters	1.35	21.09	13.97	Life Insurance	8450.17	2.57	3.73
Nvidia	44.87	219.50	-5.50	BP	62.33	5.33	0.14	Starline	23.11	4.28	-0.05	Fujitsu	75.70	590.02	176.00	BT Group	38.94	4.48	22.81	Dorco Group	2.50	13.33	5.53	Tollor Oil	0.17	16.85	189.30	Real Estate Investment & Svcs	300.04	25.54	-6.42
Super Micro Comp	25.37	56.52	0.50	Vodafone	34.73	12.45	-0.03	Banco Santander	34.13	4.25	-0.03	SoftBank Corp	50.25	35.10	2.90	Compasser	1.20	5.41	8.21	LSI Property Services	6.25	8.71	2.75	8.71	16.85	2.75	8.71	6862.34	0.29	16.45	
Alcatel	21.61	310.58	0.90	BSkyB	42.92	5.94	-0.12	Banco Jb Sabadell	42.92	5.94	-0.12	SoftBank Corp	50.25	35.10	2.90	BT Group	2.02	2.91	9.59	Michael Page	1.86	7.68	-11.21	Daiglight	5.80	7.69	68.00	Real Estate Svcs Providers	20.03	1.56	15.08
Micro Technology	20.49	937.64	-74.11	LondonMetric Prop	25.63	18.93	-	Nippon Steel	17.80	8.90	-0.07	Nippon Steel	43.94	693.60	23.00	Cenitica	1.58	2.46	-6.69	APF Plantations	1.86	7.00	36.06	Apitude Software Group	2.18	7.39	-23.85	Telecommunications	2115.47	1.56	15.08
Verifone	16.43	78.83	2.81	Rolls Royce	22.58	15.38	-0.03	Erel	14.79	9.48	0.01	Furukawa Electric	43.94	498.60	70.00	The Sage Group	10.63	2.26	-1.85	Varyo Group	2.72	5.91	-57.57	ASA International	2.42	7.08	27.70	Gas & Water Multi-utilities	7429.36	1.35	8.06
Yesia	15.95	337.23	-2.08	ITV	22.25	0.71	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
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Verifone	16.43	78.83	2.81	Rolls Royce	22.58	15.38	-0.03	Erel	14.79	9.48	0.01	Furukawa Electric	43.94	498.60	70.00	The Sage Group	10.63	2.26	-1.85	Varyo Group	2.72	5.91	-57.57	ASA International	2.42	7.08	27.70	Gas & Water Multi-utilities	7429.36	1.35	8.06
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Alcatel	20.49	937.64	-74.11	LondonMetric Prop	25.63	18.93	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
Verifone	16.43	78.83	2.81	Rolls Royce	22.58	15.38	-0.03	Erel	14.79	9.48	0.01	Furukawa Electric	43.94	498.60	70.00	The Sage Group	10.63	2.26	-1.85	Varyo Group	2.72	5.91	-57.57	ASA International	2.42	7.08	27.70	Gas & Water Multi-utilities	7429.36	1.35	8.06
Yesia	15.95	337.23	-2.08	ITV	22.25	0.71	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
Alcatel	20.49	937.64	-74.11	LondonMetric Prop	25.63	18.93	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
Verifone	16.43	78.83	2.81	Rolls Royce	22.58	15.38	-0.03	Erel	14.79	9.48	0.01	Furukawa Electric	43.94	498.60	70.00	The Sage Group	10.63	2.26	-1.85	Varyo Group	2.72	5.91	-57.57	ASA International	2.42	7.08	27.70	Gas & Water Multi-utilities	7429.36	1.35	8.06
Yesia	15.95	337.23	-2.08	ITV	22.25	0.71	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
Alcatel	20.49	937.64	-74.11	LondonMetric Prop	25.63	18.93	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast	0.92	6.98	34.50	Utilities	10652.68	1.27	8.45
Verifone	16.43	78.83	2.81	Rolls Royce	22.58	15.38	-0.03	Erel	14.79	9.48	0.01	Furukawa Electric	43.94	498.60	70.00	The Sage Group	10.63	2.26	-1.85	Varyo Group	2.72	5.91	-57.57	ASA International	2.42	7.08	27.70	Gas & Water Multi-utilities	7429.36	1.35	8.06
Yesia	15.95	337.23	-2.08	ITV	22.25	0.71	-	EDP	12.72	4.98	0.14	Tokyo Electric Power	33.34	524.10	1.84	Intercontinental Hotels	117.92	3.24	12.74	HSBC Capital	4.23	5.75	-18.67	Trifast							

Aug 18	DOLLAR				EURO				POUND				DOLLAR				EURO				POUND									
	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change	Closing	Day's Change	Weeks Change						
Argentina Peso	1492.0157	4.2862	-1.395	1728.0526	-2.9717	-2.9717	2020.6388	4.3670	2.8016	Indonesian Rupiah	17855.0000	30.0000	00.0000	20679.6610	170.8800	270.8800	2418.0270	23.8940	88.6160	Saudi Riyal	3.7545	-	-0.0003	4.3485	-0.0018	0.5145	5.0847	-0.0036	0.0176	
Australian Dollar	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070	1.4089	0.0025	-0.070
Bahraini Dinar	13.570	-	0.4696	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012	
Bolivian Boliviano	0.1130	-0.3100	-0.1000	13.7373	-0.3223	-0.3223	15.4522	-0.3925	-0.3925	Keybank Shilling	129.5000	0.0000	0.0000	129.5000	0.0000	0.0000	129.5000	0.0000	0.0000	129.5000	0.0000	0.0000	129.5000	0.0000	0.0000	129.5000	0.0000	0.0000	129.5000	0.0000
Brazilian Real	5.2007	0.0120	0.0561	0.0025	0.1327	0.1327	0.1327	0.1327	0.1327	Kuwaiti Dinar	0.3088	0.0001	0.0002	0.3577	-	0.0010	0.4182	-0.0002	0.0008	Swedish Krona	9.5295	0.0351	0.0176	0.0170	0.0359	0.0580	12.8957	0.0038	0.0567	
Canadian Dollar	1.3898	0.0020	-0.0404	1.8033	0.0007	0.0007	1.8033	0.0014	0.0014	Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	0.0133	Swiss Franc	0.8919	0.0024	-0.0012	0.9484	0.0024	0.0046	1.0870	0.0026	0.0005	
Chilean Peso	321.7800	5.6300	-0.0000	1808.0556	5.6300	5.6300	1808.0556	5.6300	5.6300	Chinese Yuan	17.0786	-0.0664	-0.0664	23.0176	0.0292	0.0292	23.0176	0.0292	0.0292	Taiwan Dollar	0.1160	-0.2350	0.3768	0.1160	-0.2350	0.3768	0.1160	-0.2350	0.3768	
Colombian Peso	3998.0000	-25.8600	-0.0204	3584.1000	-20.0582	-20.0582	3584.1000	-20.0582	-20.0582	New Zealand Dollar	0.6182	0.0012	0.0012	0.6182	0.0012	0.0012	0.6182	0.0012	0.0012	South African Rand	16.2477	0.0712	0.0576	18.8910	0.0744	0.1307	23.0042	0.1423	0.1423	
Costa Rican Colon	447.5000	-3.2800	-3.2800	518.2948	-2.4014	-2.4014	608.4949	-3.4052	-3.4052	Nigerian Naira	1350.3200	-11.4850	-11.4850	1565.9408	-0.0803	-0.0803	1828.7380	-12.4220	-12.4220	Tunisian Dinar	2.9185	-0.0074	0.0074	2.9185	-0.0074	0.0074	2.9185	-0.0074	0.0074	
Czech Koruna	20.8883	-0.1153	-0.1153	24.1835	-0.0865	-0.0865	26.8782	-0.1078	-0.1078	Norwegian Krone	9.4124	-0.0102	-0.0097	10.9015	-0.0165	-0.0165	12.7472	-0.0227	-0.0227	Turkish Lira	47.5020	0.2090	0.2090	55.5010	0.3900	0.3900	64.8890	0.3928	0.3928	
Danish Krona	6.4548	-0.0028	-0.0028	7.4760	-0.0001	-0.0001	8.7417	-0.0004	-0.0004	Pakistani Rupee	277.5250	-	0.0560	321.4294	-0.1387	0.0385	375.8521	-0.0877	0.0888	UAE Dirham	3.6727	-0.0002	-0.0002	3.6727	-0.0002	0.0002	3.6727	-0.0002	0.0002	
Japanese Yen	109.0000	-0.0003	-0.0003	109.0000	-0.0003	-0.0003	109.0000	-0.0003	-0.0003	Peruvian New Sol	3.3560	-	0.0014	3.3560	-	0.0014	3.3560	-	0.0014	Portuguese Escudo	0.7384	0.0005	0.0005	0.7384	0.0005	0.0005	0.7384	0.0005	0.0005	
Korean Won	109.0000	-0.0003	-0.0003	109.0000	-0.0003	-0.0003	109.0000	-0.0003	-0.0003	Romanian Leu	8.5420	0.0001	0.0001	8.5420	0.0001	0.0001	8.5420	0.0001	0.0001	United States Dollar	1.0000	-	0.0000	1.0000	-	0.0000	1.0000	-	0.0000	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	25.0000	2.5000	2.5000	Vietnamese Dong	2817.8000	22.0000	22.0000	3073.2010	106.5000	106.5000	3565.5100	89.9500	89.9500	
Malaysian Ringgit	4.9589	-0.0015	-0.0025	4.7011	-0.0298	-0.0238	5.4971	-0.0059	-0.0059	Russian Ruble	25.0000	2.5000	2.5000	25.0000																

FTSE 100 SUMMARY

[illegible]

UK COMPANY RESULTS

Company Name	Event	Effective	Company	Turnover(£)	Pre - tax(£)	EPS(p)	DIV(p)	Pay Day	XD
Petra Diamonds Ltd	Rights Issue: 10 for 17 at 16.5p p.s., payable in full by Nov. 21 (or 07.11.25).	07.11.2025	Aberdeen Asian Income Fund	Int - (-)		12.360 (8.750)	5.550 (3.840)	Aug 21	Jul 23
			Aseana Properties \$	Int 11.0m (10.7m)	-1.1m (2.5m)	-0.390 (1.180)	0.000 (0.000)	-	-
			Aviva*	Int 13.5bn (11.0bn)		12.200 (21.700)	14.000 (13.100)	Oct 15	Sep 03
			BHP Group \$	Fin 58.8bn (51.3bn)		193.600 (177.800)	99.000 (60.000)	Sep 23	Sep 04
			CI Healthcare Trust*	Int - (-)	-263k (546k)	-0.500 (0.190)	2.565 (2.700)	Sep 18	Aug 27
			Farm \$*	Int 214.5m (6.4m)		n/a (n/a)	34.000 (2.000)		
			Irish Residential Pwgs REIT *	Int 43.1m (42.6m)	48.0m (16.3m)	9.200 (3.100)	2.500 (2.300)	the	the
			Optima Health*	Fin 120.6m (105.0m)	2.5m (2.6m)	2.000 (3.000)	n/a (a)	-	-
			Synetics	Int 22.2m (35.5m)	443k (3.0m)	-2.200 (15.400)	2.200 (2.200)	Oct 02	Sep 03
			Thungela Resources ZAR*	Int 15.2bn (14.8bn)	2.3bn (384.0m)	1095.000 (193.000)	550.000 (8.400p)	Oct 05	Sep 17

Data provided by [ICE](#) [www.ice.com](#)

The prices listed are indicative and believed accurate at the time of publication. No other is made by ICE or the FT. The FT does not warrant or guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the information. For further information contact newsletters@ice.com

ARTS

Amid a booming industry where modern masters can sell for millions, new buyers may be falling victim to forgers, writes Cyrus Naji

There was a time when few people bought modern art in south Asia. Ground-breaking works were passed around the cosmopolitan elite that spread across postcolonial India, Pakistan and Bangladesh. Artists sold to their friends; connoisseurs to each other.

Today, it's a booming industry, exceeding \$100mn in auction sales in 2025 alone. After a string of record auctions in the past couple of years, this summer both Christie's and Sotheby's have put on exhibitions of south Asian modern art in London.

But there is a darker side to this booming market. Academic neglect, a lack of documentation and the rise of online buying have conspired to allow fakes to proliferate in the market for south Asian modern art.

"We are seeing an awful lot more dodgy stuff on the market," says Charles Moore of London's Grosvenor Gallery. The main targets are "the big names", he says, referring to sought-after 20th-century modernists such as the French-trained Indian abstract painter SH Raza or the prolific Mumbai artist MF Husain, dubbed the "Picasso of India", "But now it pays to forge the middle-market artists too."

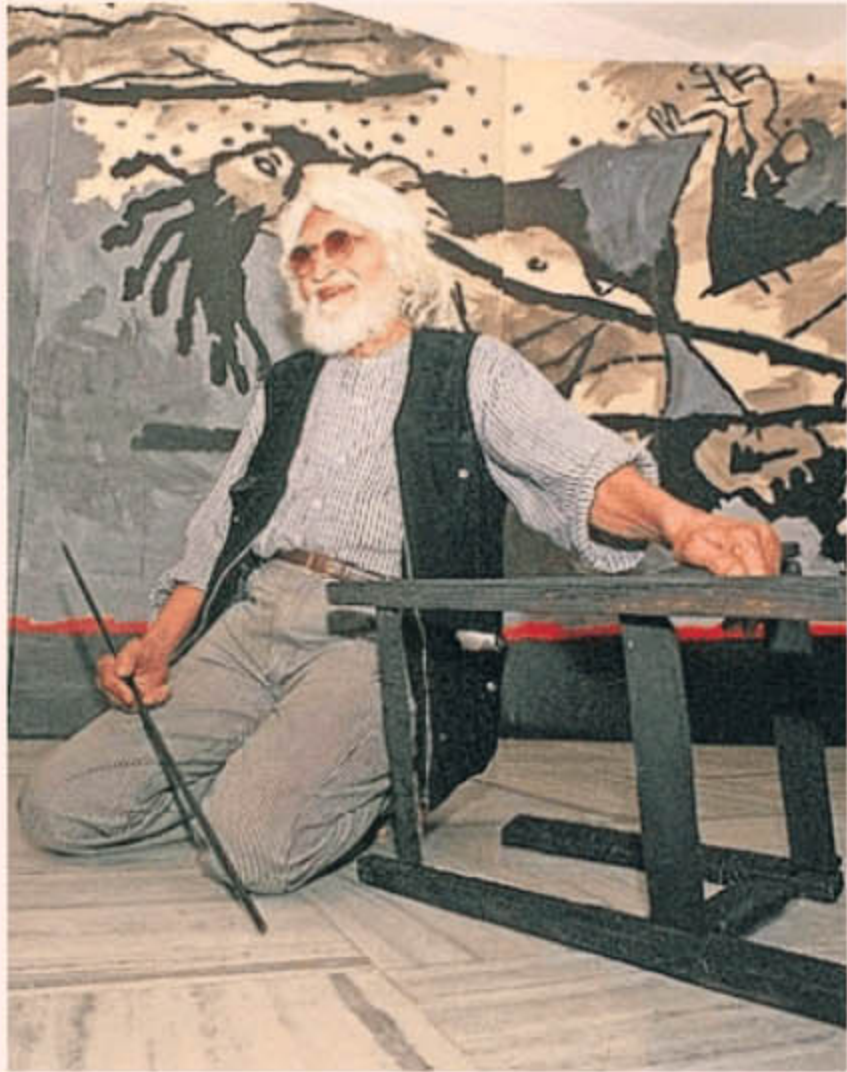
Moore believes he is offered a likely fake "every couple of weeks" by private sellers, a noticeable minority of the total volume of works he sees. Valuations are usually pegged to auction records for genuine works, he says, although they are sometimes priced competitively to attract optimistic buyers in search of a bargain.

Within south Asia, the market is even more treacherous: one in 10 works of modern art sold privately in India could be forgeries, according to Dadiba Pundole, whose gallery represented many of India's most prominent modern artists during their lifetimes. "There have always been some fakes, but in the last 15 years values have gone up, so there's been a spurt," he says. "It's become a real menace."



Illustration by Lehel Kovács

South Asian art's biggest problem? Fakes



Mumbai artist MF Husain pictured in 1999 with his canvas 'Violence'

It's the same story across the border in Pakistan: the Lahore-based artist and academic Salima Hashmi estimates that she sees WhatsApp images of 60 to 70 modern art forgeries offered for sale every year. Many of these will be rejected by serious buyers, but the sheer quantity increases the chance that some will slip into the legitimate market. "It does huge damage," says Pundole, who warns that "it just takes one scandal" to hit prices for a particular artist or genre.

I discussed the problem with one of Pakistan's leading collectors, the newspaper publisher Hameed Haroon. At his pink-walled art-deco mansion in Karachi hung a series of huge canvases from the 1960s and 1970s on which the Pakistani artist known as Sadequain (1930-1987) had scratched jagged

abstract marks on to a dark background. Some echoed the vertical lines of Urdu script; others resembled sails and ghostly faces.

Sadequain's work has reached six-figure sums. But specialists interviewed for this article agreed that a spike in fake Sadequains had led to a cooling in his market. "When people can't tell anymore whether they are dealing with the real McCoy, why would they pay premium prices?" says Haroon, who worked with Hashmi to curate the artist's most significant museum exhibition to date.

At first, Haroon says, the fakes in the market were crude; a large pool of unemployed artists in India and Pakistan could be tapped by unscrupulous dealers for relatively small sums. But

now, in the absence of comprehensive documentation, even experts like him can get taken in by forgeries "so magnificent" they're "better than many bona fide" works for sale.

Since scholarship and literature are particularly lacking for south Asia's modern art, the market tends to rely on insider knowledge and word of mouth. "South Asian art is hugely understudied compared to other branches of world art," says Pundole, adding that India lacks enough institutions "where people can study art history, or public collections where they can see the works on permanent display".

What's more, both India and Pakistan have especially punitive criminal defamation laws that can ensnare experts in years of legal woe, discouraging them

"There have always been some fakes, but in the last 15 years values have gone up, so there's been a spurt. It's become a real menace"

from declaring works to be fake. "You can't say anything publicly," says Shireen Gandhi, a veteran Mumbai dealer. "But if you know someone, privately you can say 'Don't touch it.'"

Auctions — with public viewings and online catalogues — can open works up to healthy scrutiny. But, there too, the incidence of fakes "has risen as the market has progressed", says Manjari Sihare-Sutin, head of Sotheby's South Asian Modern and Contemporary department. These days, she rejects two works on average before every sale due to concerns over authenticity, she says.

Faced with an undocumented work, she and her team would consult external specialists and artists' families, as well as a large departmental archive of unpublished material, built up over years: "We're all nerds," she jokes. "But we do quite a bit of detective work."

They also rely on old-fashioned connoisseurship: "The eye is trained by having seen so many works over the years." Most importantly, according to Sihare-Sutin, she has her company's backing to reject anything she's unsure about: "If an attribution is inconclusive, we simply don't offer it."

However, with online sales representing 15 per cent of the global art market in 2025, a host of smaller auction houses across Europe ply a trade that depends on remote sales and thumbnail images. This presents a new and untested risk: "Collectors can now go and buy for themselves online, whereas before they'd have to rely on dealers," says the UK-based dealer Runjeet Singh, who sits on the board of the trade body Asian Art in London.

If fakes continue to spread, buyers might lose confidence in the market. Alternatively, as Grosvenor Gallery's Moore suggests, "it will push them to reputable sources". In the meantime, an old rule holds true: whether in London, Lahore or Delhi, if it's too good to be true, it usually is.

PETER HARRINGTON

LONDON

Where Rare Books Live

FT BIG READ. CONSUMER GOODS

Across categories from mayonnaise to toothpaste, US household names are being undercut by own labels and outshone by insurgent brands using contract manufacturing plants.

By Gregory Meyer

A giant pitcher of Kool-Aid crashing through a wall. Two men passing a jar of Grey Poupon mustard between their Rolls-Royces. A boy singing about his Oscar Mayer bologna sandwich.

Television commercials lodged in the memory of any American over 50 flashed by in a darkened conference hall just before Steve Cahillane spoke.

“These brands are so iconic, so special, so well known,” the new chief executive of Kraft Heinz told the Consumer Analyst Group of New York conference in February. “But unfortunately, for too long, we have been relying too much on only that.”

Kraft Heinz’s North American sales volumes have contracted in nine of the past 10 years and have continued to slide this year.

The group is far from alone; amid an affordability crisis for many consumers, North American or US volumes were flat or falling at food companies Conagra Brands, General Mills, JM Smucker and PepsiCo, and weaker at household and personal care groups including Colgate-Palmolive, according to the latest round of quarterly results. The S&P consumer staples sub-index has underperformed the US market by a wide margin.

From mayonnaise to toothpaste, the big players in the \$11tn-a-year consumer packaged goods (CPG) industry are being squeezed from both sides: by new entrants that appear healthier, tastier or more modern, and by own-label copies created by retailers that are cheaper. The traditional responses – creating new iterations of established classics, or spending more on marketing – no longer work as they once did.

Jeff Greenspoon, chief executive for the Americas at Kantar, a marketing consultancy, sees “the collapse of the traditional middle-market playbook”.

“As the American middle class shrinks and Gen Z’s purchasing power continues to erode, CPGs can no longer rely on broad-based middle-tier portfolios,” he says.

US bricks-and-mortar retailers sold 9.3bn fewer units of food and consumer-packaged goods in the past 12 months than five years before, according to market research company NielsenIQ.

Within that, the share of private-label products – long a feature of European grocery markets, but historically disdained by all but the most value-conscious US shoppers – gained more than one percentage point and now stands at over a quarter of total sales.

The volume decline has accelerated in 2026, with sales falling 2 per cent year over year in most months since February as rising fuel prices triggered by war in Iran hit consumer budgets, according to an analysis by Bain and NielsenIQ.

New branded entrants are also taking sales. In dollar terms, consumer product sales rose 2 per cent last year, but the 100 “insurgent brands” tracked by Bain – businesses such as Kodiak Cakes pan-

cake mix and chicken sausage maker Amylu Foods – captured 36 per cent of that increase, despite their tiny share of the overall market.

Anglo-Dutch conglomerate Unilever, which is in the process of combining its food business with US spice and sauce maker McCormick, recently blamed disappointing US condiments results on growing competition in premium products such as avocado oil.

Cahillane stresses that the downward drift in volumes is not confined to Kraft Heinz. “It was interrupted with Covid, where everybody’s volumes went up quite a lot because America and the world sheltered in place and ate lots of food at home,” he tells the FT. “But it’s been more of a common thread for companies like ours.”

The Kraft Heinz boss, who ran the snacks company Kellanova before its \$36bn sale to Mars in 2025, is doubling down. He says now is the time to invest in legacy brands, not cut them loose, and is putting \$700mn behind that effort after pausing a plan to simply break his \$30bn group up.

More than a third of that \$700mn is going towards marketing. Kraft Heinz announced a deal with Walt Disney in July that will put Heinz ketchup and Philadelphia cream cheese on the menu inside Disney theme parks and cruise ships, and allow Disney characters to be printed on Kraft Heinz packaging.

“If you just challenge yourself each and every day to ask the question, ‘Why are my brands going to be relevant for this next generation of consumers?’ and you build your plan accordingly,” Cahil-



National brand names like Heinz and Kraft sit alongside budget-friendly Great Value alternatives at a Walmart store in Denver, Colorado — Matt Nager

US brands lose their magic



account for as much as 50 per cent of the market in countries such as the UK, Germany and Spain – roughly double the share in the US. But the squeeze on consumer incomes and the US expansion of European discount chains such as Aldi, whose range is 90 per cent own-label, are starting to change the picture.

US retailers have also improved quality and invested in more premium selections as they aim to capture wealthier consumers and counter the perception of private-label products as inferior.

Walmart is removing synthetic dyes from all its own-label food brands, and has created a line called Bettergoods featuring such delicacies as Finely Ground Cassava Flour Red Quinoa Tortilla Chips. Costco sells products from cheese to Scotch whisky under its premium Kirkland Signature label.

Among Gen Zers, the next big consumer cohort, two-thirds believe private-label products are just as good as national brands, NielsenIQ said.

“You’re seeing private label play a much different role than it did 10 years ago, or even five years ago,” says Randy Burt, Americas leader in consumer products at consultancy AlixPartners. “It’s really being positioned as at the same or better quality, certainly at a better price, with offerings that are not just a copy of national brands, but have their own identity.”

Analysts say the divergence in the fortunes of the wealthy, enriched by record stock and property market values, from the inflation suffered by those on lower incomes is clearly visible in the consumer goods market.

“The industry is undergoing a fundamental reset driven by a K-shaped consumer economy, rapid media fragmentation and the concentration of retail power,” says Greenspoon of Kantar.

Unlike branded goods groups, retailers rarely have integrated food manufacturing capability. But increasingly, they do not need it – a rapid expansion of third-party manufacturers has made it easier for them to quickly duplicate the innovations cooked up by brands. Walmart has opened three milk and two beef processing plants, but even this giant retailer relies mostly on contract manufacturing.

A long period of low interest rates, and a 2017 tax change that provided incentives for business investment, led

to a sharp increase in contract manufacturing capacity, says Oisín Hanrahan, chief executive of Keychain, a tech platform that connects food companies and retailers with manufacturers. Now there is excess capacity.

“It’s a perfect catalyst for private label and for emerging brands, and a perfect storm for big [consumer groups] to get crushed,” Hanrahan says.

Some branded companies also discreetly make private-label products. Aldi, the German discounter, recently displayed bags of Dole pesto ranch salad mix next to its own Little Salad Bar brand in a newly opened store in New York City. All were priced at \$3.29.

Scott Patton, Aldi USA’s chief commercial officer, called the Dole product a trial flavour. “Before we put it in private labels, we want to see how it sells,” he said on a store tour. “If it works out well, we’re going to work with Dole to make it private label.”

Some consumer goods executives say their products are worth the extra outlay. Rod Little, chief executive of Edgewell Personal Care, points to his Schick brand razor blades. Their primary branded competitor is Gillette razors from Procter & Gamble, and both products work out at more than \$2 a blade, far more than private-label razors available online.

But only Schick and Gillette have the tolerance thresholds to consistently make the same blade every time, according to Little. “We make a private-label [product], but it’s a much simpler process,” he says. “Typically, in consumer tests, there’s a noticeable performance difference.”

Marketing misfires

Procter & Gamble, the world’s largest consumer-goods company, is also betting on what it calls the “irresistible superiority” of its products to maintain market share.

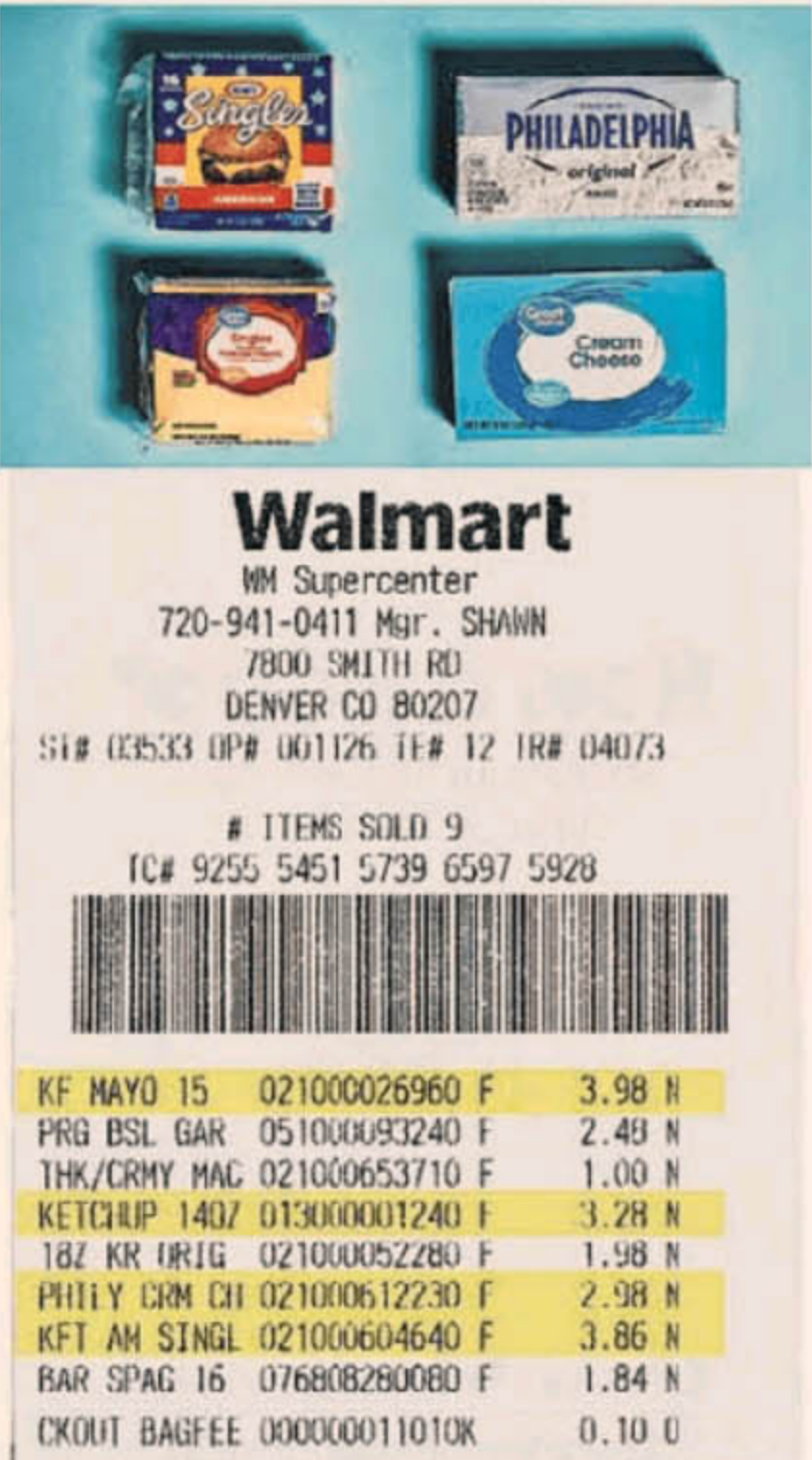
Sales volume at the group, which no longer makes food but counts Tide laundry detergent and Pantene shampoo among its key brands, failed to grow in the latest quarter.

Chief executive Shailesh Jejurikar, a 37-year veteran of the company, set out three key changes in the industry landscape. One is inflation. “Even the consumers who have money are much more disciplined and thoughtful about

A tale of two baskets



Total for basket of unbranded goods \$12.29



Total for basket of branded goods \$21.50

Goods highlighted in yellow are more than \$1 more expensive

how they spend it,” he told the consumer conference this year, the same event where Kraft Heinz aired its video journey down memory lane.

Another is the fact that P&G’s biggest customers have themselves become bigger. Every percentage point of market share that Walmart, Costco and Amazon add consolidates their negotiating power with suppliers.

Some are now exploiting their growing heft as online sales platforms to sell advertising exposure to consumer companies, in effect turning their suppliers into clients. Sales of so-called retail media in the US are expected to rise 20 per cent this year to \$73bn, according to consultancy eMarketer.

The need to pay retailers for enhanced visibility in front of shoppers points to the third change. “It is much more challenging to get consumers’ attention and educate them on the benefits of our brands in today’s fragmented media landscape,” Jejurikar said.

He has noted that P&G could once make almost a third of consumers aware of a new initiative in its home-care marketing campaign within a year. That share has now dropped below 10 per cent, he said.

Seth Cohen, P&G’s chief information officer, has said the group could previously update television adverts one to four times a year. Now it needs to generate 10 to 200 times that number of updates on online platforms. The information must also win the favour of AI models combing the web.

It and rivals including Unilever are increasingly turning to the online marketing techniques often used by insurgent rivals, including paying influencers and using platforms such as TikTok.

“We would contract with [influencers] to get them to enforce brand messaging for us on behalf of the folks that

‘Even the consumers who have money are much more disciplined and thoughtful about how they spend it’

they represent,” says Cohen. Then come more free-wheeling campaigns, in which individuals might make positive online comments about a new product in return for being entered into a prize draw, he adds.

Influencer campaigns can veer off course, as brewer Anheuser-Busch InBev learnt following the conservative backlash to a Bud Light beer campaign featuring transgender personality Dylan Mulvaney. But they can also be powerful.

In its latest BrandZ report, Kantar speaks of enlisting and co-ordinating large numbers of people with small online followings to create what it terms “manufactured virality”, giving the impression of a groundswell of enthusiasm for a product.

Kraft Heinz was not a sponsor of the recent Fifa World Cup but still managed to promote its brand with jokey online posts. One featured an image of a packet of ranch dressing that could be taken through airport security, so fans who had tasted it while visiting the US could take the distinctive flavour home.

Not finished yet

For all the noise around insurgent brands and the growing popularity of retailers’ own-label ranges, big consumer brands are far from finished.

Their control over manufacturing and distribution and their established relationships with large retailers – who stress that they intend to continue stocking big brands alongside their own creations – are significant strengths.

The large balance sheets of groups such as Kraft Heinz, General Mills and others mean they can outspend insurgents, or simply buy them – PepsiCo has spent \$3.2bn on acquisitions such as Mexican-American snack foods brand Siete Foods and prebiotic drinks group Poppi in order to boost its growth.

Occasionally, new entrants can also find themselves targeted by a retailer’s private-label range, rather than an established brand. Shares in Celsius Holdings, a maker of energy drinks, have fallen by a quarter since March, when Costco launched a competing product under its Kirkland Signature house brand at a lower price. Celsius said it has a “loyal consumer base built around functional, great-tasting and better-for-you energy”.

Cahillane, whose company owns 31 manufacturing plants in North America and spends over a billion dollars a year on advertising, is confident that major brands can weather competition from new entrants or cheaper imitations.

“Insurgent brands are interesting,” he says. “And what I always try and tell people is, for every one that is a big success, there are 1,000 failures.”

The FT View



Can Burnham save Britain’s high streets?

Town centres need to become community hubs for the 21st century

The British high street is more than just somewhere to shop or have a coffee; town centres are a barometer of prosperity and local pride. Places that felt “left behind” were more likely to vote Leave in 2016, and many have since been fertile ground for Nigel Farage’s rightwing populist Reform UK. Little wonder that as Andy Burnham tours Britain as new prime minister, his promise to regenerate town centres comes up often. But many previous efforts have failed. Can Burnham do any better?

The drivers of high street decline are deep-rooted and complex. The 1980s rise of out-of-town retail parks and edge-of-town superstores, diverting sales from town centres, was compounded 20 years later by the online

shopping revolution. Debt-funded buy-outs of some retail chains, particularly where freeholds were sold and leased back, left businesses carrying heavier debt and long-term rent liabilities – limiting room to invest as sales came under pressure. Retailers have also faced other sharply higher costs, from the energy price shock and rising minimum wages to a long ratcheting up of business rates, plus the Starmer government’s rise in employer payroll taxes.

Changes to shopping habits make it unrealistic to expect retail to return to town centres on the scale of 40 years ago. The aim must be to turn high streets into community hubs adapted for the 21st century. That means a mix of decent-quality shops, entertainment, leisure and “experience” venues, business and office space, housing and facilities such as post offices and the neighbourhood health centres planned by the NHS. Surplus retail space needs to be repurposed, or even demolished.

Burnham’s plan to devolve more pow-

ers to local authorities and use public money to pump-prime urban renewal projects – spreading the model he used as mayor of Greater Manchester – offers some promise. Local leaders often have the best idea of what might work and regeneration depends on integrated transport and access. But leaders need viable visions and the capacity to realise them. And reviving one of Britain’s biggest city centres is different from turning around a deprived satellite town.

At Westminster, probably the most useful thing Burnham could do is go further with Labour’s 2024 manifesto commitment to reform business rates, to level the playing field between physical and online retail. Before becoming prime minister, Burnham floated raising rates on online distribution hubs to fund a cut for hospitality venues. But big retailers protested that this would raise their online costs too. A 20 per cent business rate cut for pubs, social clubs and music venues is instead to be paid for by reviewing reliefs provided to “anti-social

A wider rethink of business rates to make locations more viable remains key

businesses, such as vape shops” that clog many high streets, and other measures.

Burnham wants to give councils more control over new vape shops and betting premises, and the government is cracking down on rogue high street businesses linked to tax evasion and organised crime. But if no other businesses want the space, blocking new vape stores or gambling arcades could just mean more empty shops. So a wider rethink of business rates to make locations more viable remains key. A levy on online retail sales to help lower rates on bricks-and-mortar premises is one option, but tricky to design without penalising multichannel retailers.

Yet turning round high streets also needs consumers with money to spend – so is inextricably bound up with the Burnham government’s ability to deliver on two of its stated priorities: tackling the cost of living and boosting economic growth. Without success in those, the boarded-up shops will be hard to shift.

Opinion Science

Confessions of an eclipse addict chasing totality



In the not-quite-classic *Problem at Pollensa Bay*, a collection of short stories by Agatha Christie, the sleuths are charged with cracking cartoon mysteries ranging from gem theft to murder. When I arrived with my family at the same bay in northern Mallorca earlier this month, our puzzle was more fiendish: how to catch the total solar eclipse on August 12.

The first problem: the spectacle would begin in the early evening, by which time the sun would be dipping behind the mountains, out of view of the resorts on our part of the island. Chasing the sun on the other side of the mountains would mean driving on a gated, narrow hairpin road near a military base, to a viewpoint with little parking or standing room. The road continued to Cap de Formentor, another viewing point, but for buses

The peak solar event happens somewhere in the world every 18 months

only. Given the lack of information signs about the eclipse – many of our fellow hotel guests knew nothing about it – relying on public transport seemed risky.

Soon, rumours swirled that this sole mountain road might close to traffic on eclipse day anyway. Could we e-bike it? Not if a flat battery left us on the wrong side of a steep peak after dark. The capital Palma, an option for viewing points an hour’s drive away, would be jammed. That left one obvious solution: sailing round the peninsula and watching it at sea.

The few eclipse cruises advertised in the port and online were full; two local sailors said finding a boat was impossible. That is a red rag to a bullish journalist: ask around enough, and there is always someone who knows someone.

Which is how we found ourselves, after cutting a cash deal with a friendly tattooed woman on a scooter, in Captain Juan’s five-person motor dinghy on eclipse day, racing alongside a flotilla of other small boats, jet skis, sloops, sailboats and superyachts past Cap de Formentor to the open sea.

Glassy waters soon turned to foam-flecked rollers, as we careened and bumped across the Med on our 75-minute journey, sheltering in a bay en route to sip cava and munch Manchego. We arrived at our viewing spot

not “chill and damp”, as astronomer Edmund Halley described conditions during the 1715 eclipse, but soaked and nauseous.

But oh, the view! At 7.38pm local time, the moon started “biting” the sun. It was an eerie, elemental experience, bobbing quietly on the water, staring through our eclipse glasses, knowing every eye on every boat was fixed on the gradually shrinking crescent of the sun as it sank towards the sea. When the moon covered the solar disk completely, we removed our glasses and basked in one and a half minutes of “totality”, taking in the golden halo of solar light as it materialised patchily against the darkened, cloudy sky.

Scientists love total solar eclipses. They use them to study the solar corona, the cloud of plasma surrounding the sun that is visible to the naked eye only during a total eclipse. For this one, which graced Greenland, Iceland and Spain, Nasa sent up a high-altitude jet to photograph the corona in several wavelengths. The corona, which reaches temperatures of nearly a million degrees, is the source of space weather; vast plumes of charged particles ejected towards the Earth can trigger power outages and satellite malfunctions.

Total solar eclipses are also used to test models of the Earth’s atmosphere, because they block a known amount of light and create a temperature drop. Famously during the 1919 eclipse, measurements of gravitational lensing – the bending of light around celestial objects – provided evidence that Einstein’s theory of general relativity was correct.

The cooling and darkening of the atmosphere makes a total solar eclipse a different order of human experience from a partial eclipse, and utterly addictive. This was our sixth, though the journey back in the dark afterwards left me vowing never to watch another from the waves. Back on terra firma and dripping wet, we celebrated our death-defying voyage with Aperols and sardines.

If total eclipses seem paradoxically both rare and ubiquitous, that is because they happen somewhere in the world every 18 months on average but in the same place only once every 400 years or so. Scientists and eclipse chasers are now preparing for the August 2027 total solar eclipse, which will be visible in Spain, north Africa and the Middle East. At six minutes and 29 seconds, it will be the longest over land this century.

Tunisia and Egypt offer temptingly cloudless skies for the experience of a lifetime. After our problems at Pollensa Bay, will our eclipse obsession finally die a death on the Nile? I somehow doubt it.

The writer is a science commentator

Letters

Every father deserves chance to be there for his new baby

Alistair Gray’s piece “Ex-Goldman executive wins £1.45mn over parental leave” (Report, July 30) highlights how much further we need to go on paternity leave.

Goldman Sachs, rightly, has a strong parental leave package, offering 26 weeks to all employees to be taken within 12 months of the birth or adoption of a child.

The case illustrates clearly that while this leave may be available, there’s a hidden cost to taking it.

Jon Reeves was found to have been unfairly dismissed after taking six months off to look after his newborn and the tribunal concluded that he

suffered stigma across the financial sector as a result.

The case is unusual because the person who has faced the discrimination is a man.

Maternity discrimination, on the other hand, is strikingly common. The charity Pregnant Then Screwed says that 73 per cent of women report having faced discrimination at work relating to their pregnancy.

Behind both the Reeves case and the UK’s widespread maternity discrimination is the perception that caring for a new baby is primarily a woman’s responsibility.

This will not change until we have a

fair system of paternity leave where dads can take the time to be caregivers.

The UK has the worst statutory paternity leave offer in Europe – two weeks paid at £194.32. Most new fathers don’t take it because they can’t afford to.

The government is currently carrying out a long-promised parental leave review. We urge it to put in place, at a minimum, six weeks of paternity leave paid at 90 per cent of average weekly earnings.

Crucially, this should be non-transferrable. This is the only way we can normalise fathers taking time to care for their babies.

For example, Spain has seen huge success with its equal parental leave policy, with 75 per cent of Spanish dads now taking extended paid leave.

Only when it becomes the norm for new fathers to take leave too will cases like Reeves’s cease to be unusual.

The government has a chance to make taking extended paternity leave normal. It should give every father in Britain the chance to be there for his new baby.

George Gabriel
The Dad Shift
Tom Ellis
November
London EC1, UK

Markets will always punish strategic ambiguity

AstraZeneca’s \$400bn merger with Bristol Myers Squibb was reportedly real and weeks from announcement, yet it collapsed within a single trading day of becoming public (“AstraZeneca ditched Bristol Myers mega-merger after investor revolt”, Report, August 12). That speed points to a deeper issue than short-term shareholder concerns, namely the market’s demand for a clear, credible answer on why a merger of this kind makes sense and what opportunity it unlocks. Deals of this size fail for many reasons, but the evidence is consistent on where the biggest risk sits: a lack of clarity at the organisational, business-unit level, and for individual employees.

Look at BMS’s own \$74bn acquisition of Celgene in 2019, which failed to deliver promised value because it absorbed a company facing a steep patent cliff without a clear long-term narrative – a mistake no organisation should risk repeating. Contrast this with AMD’s \$35bn acquisition of Xilinx, positioned from day one as a complementary integration rather than a growth play – a distinction that shaped how markets understood the deal from the outset.

During Pfizer’s failed bid for AstraZeneca in 2014, Pfizer chairman and chief executive Ian Read was publicly criticised after stating he had given up on big deals prior to the bid.

A pursuit of BMS so soon after AstraZeneca chief executive Sir Pascal Soriot had ruled out needing M&A to hit his 2030 target creates the same kind of strategic ambiguity the market punished at Pfizer over a decade ago.

The lesson for managing merger risk is clear. Value in a deal like this is created by people, not systems. The more clarity an organisation builds throughout the process about why this has happened, what it means for them, and the bigger opportunity ahead, the more likely it is to be one of the mergers that actually works.

MaryLee Sachs
Co-Founder and Americas CEO of global strategic brand consultancy Brandpie; New York, NY, US

The best developments will foster a mix of building uses

Andy Haldane’s article (“How to solve Britain’s housing crisis”, Opinion, August 8) puts forward a compelling plan for breaking the cycle of underinvestment in the UK’s housing stock. Not least, as he argues, the atrophying of public sector resources over the past 50 years means that regional and local government must partner with the private sector, particularly the specialist social housing funds that, despite the challenging environment,



have been successfully established in the past decade or so.

A bespoke planning regime is an essential part of the solution, with one clarification. The best housing developments are those that are part of a broader mix of uses – not just local hospitals and schools, but also places of work and leisure, all contributing to successful “placemaking” and community building. The Television Centre redevelopment in White City, London and Wapping Wharf in Bristol are good examples of this.

A bespoke planning regime should, therefore, have sufficient flexibility to ensure that the accelerated planning pathway is open to developments that are substantially (but not necessarily exclusively) residential. That way homes will be built that offer the most attractive environment for their occupants, creating employment opportunities for them and their neighbours, and prospectively boosting growth even beyond the 0.3-0.4 per cent benefit estimated by Haldane.

Tom Chandos
Director, Digbeth Loc Studios Limited, Woodbridge, Suffolk, UK

Data centres accelerate the problem of climate collapse

Where new data centres vie with housebuilding, the choice must be new houses: they meet a human need (House & Home, August 1).

Data centres are for AI. They consume huge physical resources to build and to run. True, there are some real social benefits which AI can deliver.

But using AI is the most expensive way of doing anything – six times the energy of ordinary computing, it is said. Its biggest cost is the acceleration of climate collapse. You can’t get more expensive than that.

Michael Carter
Shrewsbury, Shropshire, UK

A self-deprecating comic catchphrase

Rana Foroohar’s illuminating exploration of voters’ mood this unhappy electoral season, with its emphasis on voters’ feelings of disregard and disrespect being paramount, made me think that Democrats would be wise to embrace the pent-up spirit of the late comic Rodney Dangerfield who humorously, but tellingly, spoke the language of the discontented “no respect” masses (“America and the politics of respect”, Opinion, August 17).

Given that we appear to be returning to stagflation 2.0, Dangerfield would be the perfect embodiment for a winning new class of status quo fighting congressional Democrat. As the comic once put it himself: “I get no respect. The way my luck is running, if I was a politician, I would be honest.”

Could there be a better talisman and political punchline with greater potential electoral wallop than a confederacy of office holders who seek to honour the working mode and often disillusioned dreams of Rodney Dangerfield’s life’s work?

Toby Zanin
Toronto, ON, Canada

SMEs like the flexibility zero-hour contracts offer

Regarding your reporting on the plans to crack down on zero-hour contracts (Report, August 12), we work with thousands of independent merchants across the UK in all sectors, and many of these small and medium-sized enterprises rely on the flexibility provided by zero-hour contracts to adjust shift patterns in reaction to changing demand week to week.

While larger businesses can afford to guarantee employees’ shifts well in advance, put simply, this is not the reality that the majority of SMEs in the UK face.

Independent businesses across the UK are already operating in a challenging trading environment, facing rising operating costs and margins that are squeezed from almost every direction, and the government’s own research puts the estimated cost of the changes at up to £2.9bn a year.

As these potential reforms are worked through, it is important that the government considers the reality many of these businesses face rather than adding new costs on to already hard-pressed SMEs. The businesses that keep our economy ticking over need more room to adapt and grow, not additional layers of cost and complexity at a time when many are already struggling to keep the lights on.

Luke Griffiths
Chief Commercial Officer and UK CEO, SumUp, London SE1, UK

Kalshi offers explainer on leveraged perpetual futures

Your article “US day traders flock to ‘most dangerous product in crypto’” (Report, July 21) misses some key points. You make no differentiation between Kalshi perpetuals and offshore perpetuals, nor do you compare CME Group’s leverage to that of onshore perpetuals.

First, you refer to leverage and auto-liquidation. On this account, there is no difference between what Kalshi is doing compared to what a traditional designated contract market or a derivatives clearing organisation does. For example, Kalshi’s leverage for crypto is much less than several products that CME offers (Kalshi: 6X on bitcoin; CME is 15x on S&P, 20x on gold, 60x on €/£ FX). And there is no auto-deleverage by the clearinghouse as all trades are cleared at a regulated onshore clearing house.

Second, funding costs in perpetuals are no different than the traditional carry and other costs embedded in futures. Funding costs designed by Kalshi (ie based on second-by-second differences between perpetuals and the underlying spot) are extremely robust.

In addition, frequent funding adjustments keep the perpetual price closer to the underlying spot than a dated future does. This is a significant risk management advantage of regulated perpetuals over traditional dated futures, where the futures and cash markets have dislocated in times of stress causing risk management concerns (eg West Texas Intermediate front-month future – a contract with the closest expiration date – going negative, or cash-futures basis jumps in the Treasury market).

Someone using monthly crypto futures as a hedge for a one-year bilateral crypto exposure, and using the most liquid front-month futures, must pay to roll over their monthly futures portfolio a dozen times in a year, adding up the overall costs.

In contrast, Kalshi “perps” have no expiry, with no complex pricing and no rollover fees, allowing users the flexibility to enter or exit at any time that suits their risk management appetite.

Perpetuals may not be fit for all underlying assets and use cases, but where they are, they are more cost-efficient and help improve risk management.

Udesh Jha
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Opinion

Global food security may be collateral in Ukraine war

Alexander Gabuev

Russia's war in Ukraine has entered a new escalation phase, with dangerous spillover effects far beyond Europe. One of the most pressing risks is a global grain supply crisis resulting from a fresh spate of Russian and Ukrainian attacks on each other's agricultural exports. Reversing this potentially disastrous aspect of the conflict could be more realistic at this point than trying to end the war altogether. But it is only possible if the international community chooses to engage. At this stage of the conflict, Ukraine has largely stabilised the 1,250km combat line and expanded its long-range strikes. But since July, Kyiv has been focusing on a new set of targets: Russian vessels exporting agricultural goods via the Black Sea, as well as the supporting rail and port infrastructure in the Azov

Sea. Last week, Ukraine hit all three grain terminals in the port of Novorossiysk that ship more than 40 per cent of Russian grain exports. The authorities have paused exports until repairs are completed. Russia, too, has intensified its missile barrages against Ukrainian ports on the Black Sea, and even sunk several ships destined for the largest port in Odesa. As a result, both countries' agricultural exports risk being significantly curtailed or even halted altogether. Given the importance of both Russia and Ukraine for global food markets, this is deeply concerning. Take, for example, wheat. Moscow and Kyiv together control 27 per cent of global exports, with the bulk of it moved via the Black Sea. Russia and Ukraine are the main suppliers to many countries in the Middle East and north Africa. This season has already been extremely difficult for wheat producers: prices for fuel and fertilisers are up due to the war in the Gulf, while heatwaves have affected European and American production. Wheat prices are over 25 per cent higher than in 2025, and still

growing. The UN forecasts that about 50mn people will be pushed into acute food insecurity later this year because of climate factors alone. If Russian and Ukrainian wheat does not reach the market, that may mean an even greater food security crisis is on the horizon. While the effects of the heatwaves cannot be addressed quickly, the disruption of food logistics in the Black Sea

A set of carrots and sticks would help Moscow and Kyiv to restore the passage of agricultural goods

could be. At the beginning of the Ukraine war, multiple stakeholders pressured Moscow into a grain deal with Kyiv that allowed the free passage of Ukrainian grain. Even after the deal was eventually abandoned, Russia and Ukraine did not undertake a systematic effort to interdict agricultural exports – until this summer. The international community should

now pressure both sides to restore this unspoken agreement. Ultimately, the military upsides of these attacks are marginal, while the potential downsides are immense for a number of countries around the world. The level of pain that Russia and Ukraine are inflicting upon one another by going after agricultural exports is not critical enough for either to sue for peace. The Kremlin pocketed \$41bn from agricultural exports in 2025 – less than 10 per cent of overall export revenues. For Ukraine, on the other hand, agricultural exports account for nearly half of its proceeds, and its ability to redirect grain cargo to ports on the Danube River is limited this year because of the heatwave and low water levels. But as Kyiv is most certain to get another financial lifeline from Europe, the Kremlin's interdiction of grain shipping won't deprive Ukraine of its ability to pay for defence. There are a number of countries with a direct interest in restoring Russian and Ukrainian food exports. First, there are those in the Middle East and Africa – Egypt, Turkey, Saudi Arabia and the

United Arab Emirates, for example – who would be most severely affected by a grain crisis and have plenty of channels to and leverage over both Moscow and Kyiv. Then there are Asian giants like China and India, who are large buyers of Russian oil while being dependent on Russian and Ukrainian food exports. Finally, there is Europe, which doesn't want to see an increased inflow of migrants resulting from a potential food crisis. There is also the US – back in 2022, Washington was instrumental in orchestrating the Black Sea grain deal – but who knows whether Donald Trump's team is paying attention. It is not too late to set up an international contact group and design a set of carrots and sticks for Moscow and Kyiv to restore the free passage of agricultural goods. While it is unlikely that the war in Ukraine will be over soon, using diplomacy to contain the most dangerous aspects of the conflict is helpful in itself – and could pave the way for broader de-escalation in the future.

The writer is director of the Carnegie Russia Eurasia Center in Berlin

'Manchesterism' must honour the city's global outlook

Tristram Hunt

In 1859, Manchester's prosperous German émigré community celebrated the centenary of the birth of Friedrich Schiller with a concert in the Free Trade Hall. Seated among the cheering Prussians was the cotton lord and communist Friedrich Engels, who judged the show in a letter to Karl Marx as having "a very nice stage, but bad acoustics, excellent grouping, much – almost too much – activity constantly going on up stage". Today, in what was once Cottonopolis, sits a new Number 10 North. "Manchesterism" is now the litmus test for UK government policy. Prime Minister Andy Burnham has placed "a Makerfield test at the heart of British politics" as he demands any initiative to be stress-tested for its impact on towns such as Bryn or Bury in Lancashire. The danger, however, is that this municipal ideal becomes an argument for parochialism. The government has already chosen to raid the international development budget to cap prices on local buses. This comes alongside watering down commitments on climate change and a studied unwillingness to challenge the economic self-harm of Brexit. But taking Manchesterism as a byword for inward-looking, transactional politics is misguided. The city was built on a passionate internationalism. The "Manchester School", the political and economic movement pioneered by Richard Cobden, was premised on global trade

The danger is that this municipal ideal becomes an argument for parochialism

and fraternal co-operation. Free Trade Hall, built to celebrate the end of the protectionist Corn Laws, was, in historian AJP Taylor's glorious phrase, "dedicated, like the United States of America, to a proposition – one as noble and beneficent as any ever made". Manchester's selfless support for the anti-slave North in the American Civil War, even as the resulting cotton famine plunged thousands into poverty, spoke to the city's internationalist conscience. Abraham Lincoln himself heralded its "sublime Christian heroism, which has not been surpassed in any age or in any country". When Engels moved to Manchester, he joined more than 1,000 Germans running some 150 businesses. In *The Condition of the Working Class in England*, he described – albeit in disparaging terms – the city's extensive Irish community as an essential part of the local labour force. In the early 1900s, a wave of Jewish migrants fleeing Russian pogroms further internationalised Manchester. The city provided a platform for the astonishing group of Black leaders who gathered for the 1945 Pan-African Congress in Chorlton, a key moment in the struggle against British imperialism. It was a political education in Manchester that helped to provide Jomo Kenyatta of Kenya, and Kwame Nkrumah of Ghana with the tools for decolonisation. The city's global outlook continues today thanks to its extensive south Asian and east African diaspora. There is also the fact that Manchester City football club is majority owned by a member of the United Arab Emirates ruling family, Sheikh Mansour bin Zayed Al Nahyan. Having served so successfully as mayor of a city as cosmopolitan as Manchester, Burnham is no Little Englander. His apology for Labour's initial response to Israel's war in Gaza and his steadfast support for Ukraine point to a progressive foreign policy. Excitingly for those of us in the cultural sector, his clear stance on the repatriation of the Parthenon Marbles means we might finally see reforms to UK law regarding the restitution of artefacts. It is understandable for a new Prime Minister to prioritise domestic issues. But Manchester has always been emblematic of British global engagement. Burnham's people should not let it become a shorthand for parochialism.

The writer is director of the Victoria and Albert Museum

AI phobia is the new American consensus

POLITICS
Edward Luce

Stop us before we end humanity," the AI titans keep telling us. Also, "trust me and me alone, not my competitors". Whether it is Meta's Mark Zuckerberg, OpenAI's Sam Altman, xAI's Elon Musk or even Anthropic's Dario Amodei, America's tech broli-garchs are their own worst alarmists. In the same breath as warning that humans are heading for the evolutionary dustbin, they vow to end disease, abolish work and fix global warming. Call it death cult utopianism. Americans are now increasingly focused on the death cult part. Little the tech chieftains say should be taken at face value. Every utterance must be filtered through the lens of market rivalry. Put simply, the AI companies that are performing best – notably Anthropic, which is preparing for AI's largest ever initial public offering – are in favour of regulation and closed-weight models, or those with private parameters. They want a Food and Drug Administration for AI. The laggards, on the other hand, have found religion in open-weight models. Having spent his life striving for Facebook monopoly, Zuckerberg is now

warning about the dangers of market concentration. But he suffers from low public trust even by Silicon Valley's plummeting standards. Young American women refer to Meta's AI Ray-Bans as "pervert glasses". Barely a week passes without one of the broligarchs publishing an AI manifesto that dresses their corporate imperative in humanity's larger interests. Telling people that your company's technology is particularly dangerous is another way of saying that your stock will outperform the others. Plus, "I am more far-sighted than my rivals about the risks". Little wonder that Americans no longer trust their tech champions. No society on Earth has historically been more pro-technology than America. The world should thus take note of its Luddite turn. Almost three quarters of Americans do not trust businesses to use AI responsibly, according to Gallup. More than 70 per cent oppose having data centres built in their area because of fears about water and electricity inflation. Eighty per cent or more distrust AI for driving, medical advice and corporate hiring decisions. As *The New York Times* recently put it, fear of AI is the "most bipartisan issue since beer". That feeling is as strong in the centre as it is on the Maga right and the democratic socialist left. That such fears are often conspiratorial should be no surprise. Paranoia is a natural response to the unknown. Maga's Steve Bannon calls data centres "weapons labs". Marjorie Taylor Greene, the former pro-Trump lawmaker, refers to Big Tech as "Sky-



net" after the self-aware computer system that triggers nuclear holocaust in the *Terminator* movies. Progressives talk of AI killing US democracy and ushering in a *Blade Runner*-style dystopia. Since the AI titans are almost to a man addicts of science fiction, they can hardly complain that its tropes are being used against them. Larry Page, Google's former chief executive, reportedly called Musk a "speciesist" for worrying that AI superintelligence would leave humanity in the dust. Every AI figure, at some point, has speculated about immortality or multiplied life expectancy. I, for one, do not relish the idea of having to listen to them after I turn 150. A key to marketing is to persuade consumers that they need something of which they were previously ignorant.

No society on Earth has been more pro-technology. The world should take note of its Luddite turn

Politics, on the other hand, is about giving voters what they say they want. Both rules of thumb have been thrown off kilter by AI. Consumers are being enlightened about something they dread – loss of human autonomy. As voters, however, their fears are being ignored. US politics is therefore entering a radically unpredictable phase. President Donald Trump is uncharacteristically deaf to voter fears on this. Much of his hostility to AI regulation is about money. Musk spent hundreds of millions on Trump's 2024 campaign and is promising another \$100mn or so for Republicans in this year's midterm elections. Most of the AI companies have contributed to various Trump boondoggles, including his White House ballroom and his Freedom 250 celebrations of America's anniversary. Trump is meanwhile warning the world that you are with the US or against it. For countries such as Singapore, the United Arab Emirates and, increasingly, Europe as a whole, such ultimatums are unwelcome. They want the freedom to benefit from both China and America's

competing and varied technological platforms. Each of the superpowers is building its own global AI alliance. Any attempt to regulate AI in America is dismissed as helping China. Here are three things a decent US administration of either party would do. First, it would respond to society's legitimate fears by setting up a public-private partnership on AI safety. It would take a leaf from the Pope's recent encyclical on putting human dignity first. Second, it would shift the US tax burden from labour to capital. Current US fiscal incentives strongly favour the automation of jobs. Third, it would try to negotiate AI principles with China to stop the world from a binary death spiral. These are bare minimum steps. Our species still has scope to shape its own future, this fictional US president would say – but that window is closing fast. Does this sound unrealistic? Alas, at the moment it does. Now, on the other hand, is a golden moment for US political entrepreneurs.

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Why Britain needs a Messi budget

ECONOMICS
Andy Haldane

Statistics suggest Lionel Messi topped the performance rankings at the recent World Cup. Yet they also show he spent two-thirds of his time on the pitch either walking or standing still. Less Messi was, it seems, more. Britain's last two Budgets were presaged by drawn-out and messy speculation about tax rises. Amid the uncertainty, consumers and businesses paused spending and growth slowed. As we approach the next one on October 28, it is clear we need a Budget that is more Messi and less messy. Once we consider the contrasting balance-sheet fortunes of the public and private sectors in the UK, the case for doing less to achieve more is compelling. The public sector balance sheet is in a

parlous state. Debt is close to 100 per cent of GDP, annual debt servicing in excess of £100bn and borrowing costs at their highest this century. Not coincidentally, the UK has not run a fiscal surplus, nor generated a percentage point of productivity growth, since 2001. This degree of fiscal precarity means further borrowing is as likely to crowd out private spending as encourage it. Like Messi, governments must now conserve their energy. A fiscal stimulus of 1 per cent of GDP needs only to raise bond yields by about one percentage point to negate the positive impact on growth. Since the pandemic, UK yields have risen by more than 4 percentage points. The contrast with the private sector is stark. Among households and companies, debt is low relative to income, levels of liquidity are high and both are running financial surpluses. Some estimates suggest private sector productivity may have risen almost 2.5 per cent since the government took office. Yet despite this, neither households nor businesses have spent on a sustained basis. The reason is not financial; it is psychological. Repeated shocks,

starting with the global financial crisis, have scarred risk appetite. Fear of the future can be seen in high precautionary savings and low confidence levels. It can be seen more directly in surveys of risk appetite among UK companies. Research by Tera Allas and Stephen Roper finds UK managers are systematically more risk- and loss-averse than in other countries despite being equally

Like the footballer, governments must now conserve their energy and do less to achieve more

ambitious. The result is lower business investment and, ultimately, growth. While their study is based on surveys from 2012 to 2022, the policy environment remains at least as uncertain, and risk aversion at least as acute, as then. The run-up to the past two Budgets showed how quickly uncertainty can translate into higher precautionary saving and stalled growth. As in the

1930s, the "paradox of thrift" is at work. This brings us back to this year's Budget. Speculation is already mounting about rises in public spending, taxes and borrowing at a time when bond markets are only a hiccup away from a heart attack. Another long bout of fiscal uncertainty would risk a hat-trick of growth-stalling Budgets and further panic in bond markets. Avoiding that fate, reviving private-sector animal spirits and hence growth, calls for applying what David Bhariar and I have called the "growth delivery test" to every fiscal decision: will it, ultimately, support spending, risk taking and hiring in the private sector? If you had applied that test to recent Budgets, the majority of whose measures were either too small to be macroeconomically significant or outright harmful to private-sector sentiment, it would have radically slimmed them and meant fewer policy own goals. Less would have been more, Messi-style. One policy that would pass that test with flying colours, were it to be pre-announced ahead of the next Budget, is a moratorium on further rises in the tax

and regulatory burden on consumers and businesses for the remainder of this parliament. This would be the equivalent of a fiscal Hippocratic Oath to "do no harm" to private sector sentiment. It would tackle private-sector risk aversion at source, lowering precautionary saving and boosting spending. It would require an accompanying commitment to meet any future fiscal shortfalls through cuts to public spending rather than extra tax and borrowing. This would tackle the Achilles heel of UK public finances, lowering the risk of future fiscal thombrosis. While politically challenging, the growth dividend from such a strategy would be large and lasting: it would resolve the paradox of thrift to mobilise private balance sheets and jet-propel spending while materially lowering precarity and risk premiums in public and private borrowing markets. Scoring two spectacular goals like this would make even Messi proud.

The writer is an FT contributing editor and former chief economist at the Bank of England

High streets can learn from the success of retail parks

Between high taxes and low confidence, UK retailers have complaints wherever they operate, but not everywhere is struggling to the same degree. In retail parks – Europe’s equivalent of a US strip mall – vacancy rates are low and businesses are fighting over space even after rents increased by a quarter between 2021 and 2025, according to Savills data.

Where once they were dominated by sellers of bulky goods such as electronics and carpets, now parks attract high street stalwarts such as Next and Waterstones.

They are sometimes dismissed as soulless warehouses that contribute to the decline of traditional high streets but if UK Prime Minister Andy Burnham is looking for ways to revive town centres, it would be worth asking why they are popular.

One factor: retail parks adapted better to the rise of online shopping. With plenty of storage space and ample free parking, they are convenient centres for processing returns or picking up click-and-collect orders. High street parking is often expensive, where it exists at all.

And once a customer gets there, the environment tends to be fairly pleasant. It is easy to be snobby about big steel boxes that lack the charm of historic buildings, but for most people factors such as cleanliness and a feeling of safety are more important. Being owned by a single landlord makes such management of the public realm easier.

Burnham’s plans to give councils more control over the appearance and make-up of high streets are an



Retail parks attract high street stalwarts such as Next – SOPA Images/LightRocket/Getty

attempt to do something similar. Although often described as “out of town” destinations, most retail parks are really suburban – which is where their customers actually live.

British Land reckons half the UK population lives within half an hour of one of its parks. It is not a coincidence

It is easy to be snobby about big steel boxes that lack the charm of historic buildings

that the areas where high streets have proved resilient, such as London, are also the areas with more people nearby.

Almost half of people in the capital live within walking distance of a high street, according to the Office for National Statistics, but the next closest region is the North West with 22 per cent. By that logic, converting some city centre retail space into residences would make the rest stronger.

The simplest factor, though, is cost. Even after recent rent increases, British Land says property expenses as a proportion of sales in its retail parks have declined from 18 per cent in 2016 to about 9 per cent now.

And the two sectors that have expanded the most in retail parks since 2012, according to Savills, were discount supermarkets such as Lidl and Aldi, and discount variety stores such as B&M and Home Bargains. Shops and shoppers alike go where they can afford.

Talk of reviving high streets may, ironically, provide a boost to retail park owners such as British Land and US-listed Realty Income: with councils wary of approving any new out-of-town shopping developments that could drain business away from town centres, the supply of new properties is extremely tight.

That should help keep existing retail parks buzzing and rental income increasing, so investors too may prefer to shop there.

BHP’s pivot towards copper production looks to be paying off

Not long ago, BHP had spooked investors. Repeated attempts to buy rival Anglo American, the owner of coveted copper mines, gave the impression of a company that wasn’t overly convinced of its own growth prospects. Now, however, such fears appear positively quaint.

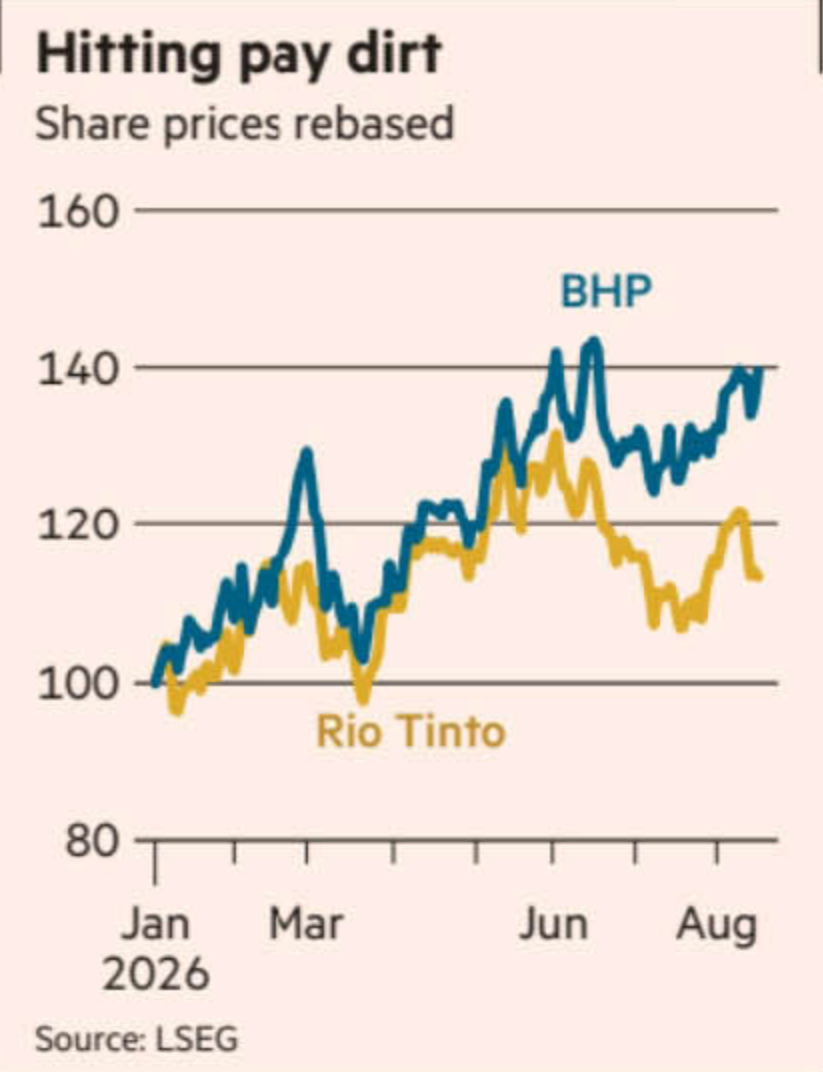
For one thing, the world’s largest miner is benefiting from high copper prices. The metal made up just over half of adjusted ebitda of nearly \$33bn for the year to June, beating analysts’ expectations and standing up to iron ore, BHP’s old high-margin cash machine. And for another, its capex program is set to deliver a 40 per cent increase in attributable copper production between 2027 and 2035 thanks to giant projects such as Jansen and Escondida, with free cash flows growing by 150 per cent in the period.

The market has woken up to BHP’s potential. Since 2022, its enterprise value as a multiple of ebitda has roughly doubled, from below 4 times to about 8 times – not far off the level for Antofagasta, a dedicated copper miner. That has helped it outperform Rio Tinto and Anglo this year.

There may be further upside too: analysts are pencilling in about 2 per cent copper growth a year from 2026 to 2035, according to Royal Bank of Canada. That’s less than half the rate the company reckons it will achieve.

But the flipside here is that investors are now paying up for BHP to deliver on complex mine expansions from Chile to South Australia while hoping to avoid cost overruns like those that dogged its investments in potash. It also has to be lucky. Copper supply is broadly constrained, but it is not inconceivable that higher prices today could bring far more online than seems possible now. After all, in 2014 a glut emerged not long after predictions of tight supply had become standard.

Another risk is that the copper focus consumes BHP management so that its other businesses – the very point of owning a diversified miner – are neglected. Equity markets are currently rewarding every spare penny of cash flow being directed to copper growth. Iron ore can seem like



yesterday’s metal, but it is still a 60 per cent margin business. BHP also wants to keep hold of Australian steelmaking coal mines, where it sees decades of demand from India as well as productivity gains. But it is not currently investing growth capital in these assets, which are dearer to run than half their peers.

Still, BHP’s copper pipeline looks increasingly convincing. As the world’s largest producer of the red metal – needed from grids to data centres – it should have a rosy period ahead.

Billion-dollar ‘Barbie’ movie’s glamour is yet to rub off on Mattel

A movie good enough to gross more than \$1bn at the box office surely has some corporate titan behind it. *Barbie*, the Greta Gerwig smash hit from 2024, is one of the recent major Hollywood blockbusters. Yet Mattel, the California-based toy mainstay that owns the Barbie brand, has an enterprise value of just above \$6bn.

Is the company is being undervalued compared with its cultural reach? A major shareholder, Southeastern Asset Management, is campaigning, believing Mattel would be worth more to a private buyer, rival or media group, and is calling for it to consider selling itself. After all, Mattel has other fabled assets, including Hot Wheels and Masters of the Universe, which could ostensibly be spun into more valuable intellectual properties.

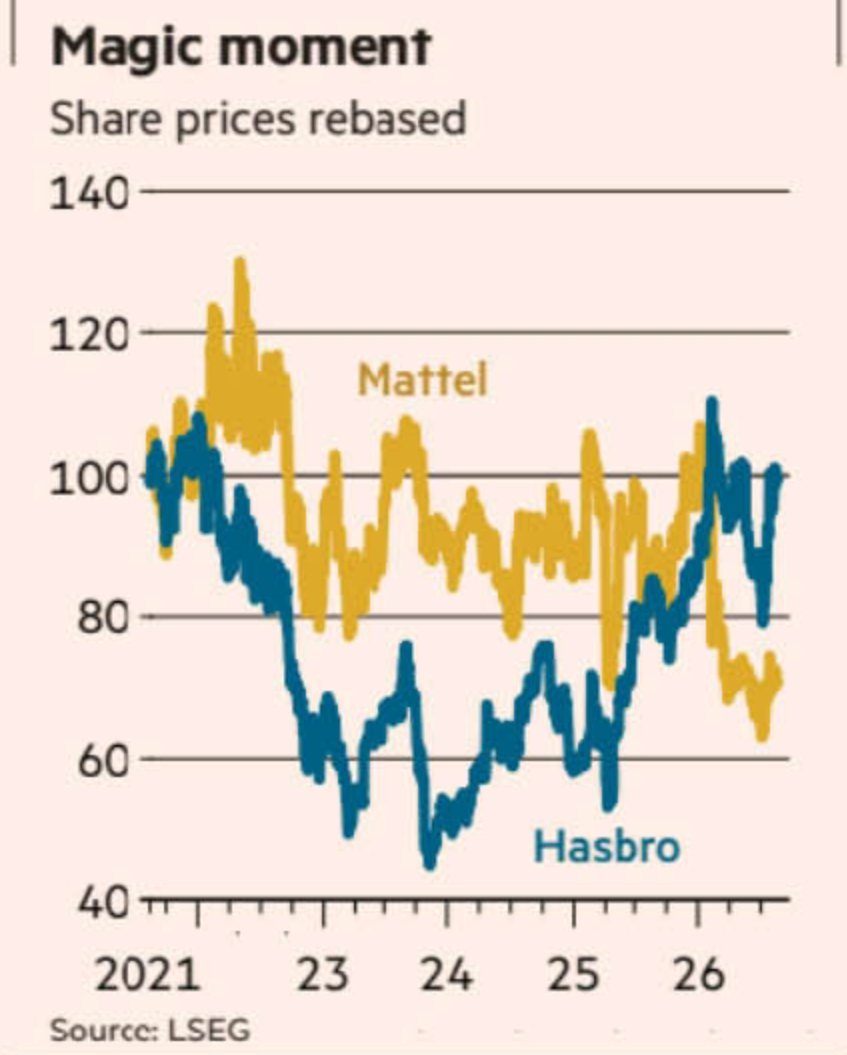
Analysts at UBS last month took a detailed crack at what the Mattel brands could be theoretically worth, imagining scenarios where it would have to pay to license its portfolio from third parties or what incremental profits it makes against a generic toymaker. By its calculations, Mattel’s IP could be worth \$22 to \$39 per share compared with its price of under \$15.

But surmising that some assets could be worth more than they are getting credit for is different from increasing real cash flows. Mattel’s market value arguably accurately reflects the money it is managing to squeeze out of famous franchises. Tariffs have eaten into profit margins, with operating earnings expected to be down a 10th in 2026, according to its own guidance. Shares fell more than a quarter this year.

And it isn’t obvious what a private equity buyer or competitor might do that Mattel isn’t already doing. Chief Ynon Kreiz has been touting his outfit as an IP play rather than just a cyclical consumer products company. And even with its difficulties, Mattel is still an extraordinary success story. A decade ago it was floundering with too much debt and little resonance in the market. Since then, ebitda has gone from just over \$100mn to nearly \$1bn.

Perhaps a private equity owner, less concerned about quarterly results, would more aggressively manufacture digital content, theme parks and merchandise. Or a rival might be able to bring more marketing muscle and distribution synergies. Yet this all remains rather nebulous.

For Mattel, turning IP potential into higher company revenues might be as hard as bringing a beloved doll to life.



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ACROSS

1/9 Nonpareil old city needs money – but essentially wrong to dig it again, son (3,4,2,3,8)

10 Two tenors retiring examine parts before show (6)

11 System test involving Sam’s teacher may block safety feature along the way (7,8)

13 Transparent hat one’s pastor is wearing (6)

15 Make erroneous transplants? Moorfields’ chief is tense keeping count (8)

17 Rich oil barons’ dust-up? (4-2-2)

18 Completely blocked by row of wolves (6)

19 Ages during which many thousands will be seen wandering around (1,5,2,7)

22 Selfies taken to capture holiday (6)

23/24 Old county sadly wasn’t recorded where I am because of launches (8,3,9)

DOWN

2 In which style I habitually employ iron? (9)

3 Pancake Day not observed in undiscerning institute (5)

4 Like well-behaved kids in e.g. pub scene with knot? (4,3,3,5)

5 Checks legitimacy of former Tory leader (3)

6 Henri edited tortuous clue, what Morse needed to think about entering (8-7)

7 Overhear Cycling Channel’s opening up Tours (9)

8 Broadcaster’s humble air (4)

12 Almost completely at ease with retired adversary in conclusion (4-3)

14 Dr Dolittle’s language teacher is openly a deviant (9)

16 New cafe fry up with unlimited tea – what’s not to love? (5-4)

20 Pop out to counter this general? (4)

21 Is bungling more than one plum pudding (5)

23 All fingers and toes maybe submerged under hot water in chemistry lab? (3)

4:41 pm Saturday

They only really came for the fashion. Jon had spent weeks searching for the perfect houndstooth jacket. But when a Ford GT40 roaring by at 150mph made him spill his drink all over himself, he was surprised to find he didn’t mind at all.

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