

COMMENT



Geoff Ho

LONDON'S status as a key global financial centre is under threat and I fear that rather than help, plans to ease the company flotation regulations will backfire.

Holiday giant Tui is the latest to join the growing band of companies that are either ditching their London Stock Exchange listings or are choosing to float elsewhere, such as in the US or Europe.

Despite the post-Brexit boasts from Conservative MPs

about how great London is, businesses are voting with their feet. In an effort to turn things around, the Financial Conduct Authority has proposed replacing the existing listings or flotations regulations with a "simpler, more disclosure-based" regime, with reduced requirements.

Another way of looking at it is that the FCA wants to move back to the era of "light touch" regulation. The LSE's junior AIM market benefited from

that in the early 2000s and grew spectacularly, but it also deservedly became known as the "Wild West", due to its weak standards and the even weaker companies on it.

AIM's heyday has long passed. The number of companies on it has halved since 2008. London needs regulator reform to increase its appeal to businesses, but trying to turn the market into a new Wild West is not the answer. [● geoff.ho@express.co.uk](mailto:geoff.ho@express.co.uk)

Economy is on the brink of recession

By Geoff Ho

BRITAIN'S economy is still at risk of falling into recession, even though Office for National Statistics data on Friday is expected to show it grew 0.2 per cent in November.

Economists believe the ONS will say gross domestic product rebounded from the 0.3 per cent decline it experienced in October. If that is the case, it would mean that whether the UK falls into a recession or not hinges on the economy's performance in December.

A recession is defined as two back-to-back quarters or more of declining economic output. During the third quarter, GDP fell by 0.1 per cent.

Capital Economics deputy chief UK economist Ruth Gregory said that although retail sales rose in November and manufacturing saw an improvement, it may not be enough to stave off recession: "If the

economy avoided a contraction in December, it will have dodged a recession in 2023.

"But the full effects of higher interest rates are still filtering through and some of the rebound in retail spending in November is likely to have been temporary. That's why we still think the economy contracted by 0.1 per cent quarter-on-quarter in the fourth quarter and is perhaps in the mildest of mild recessions."

Martin Beck, chief economic adviser to the EY ITEM Club think tank, said: "With the economy still dealing with the growing drag from previous interest rate rises and NHS strikes likely to weigh on public sector output in December, we think GDP growth in the fourth quarter was probably only marginal."

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Framestore's visuals bear fruit

FRAMESTORE, the British special effects firm behind the vibrant visuals in the Barbie, Paddington and Harry Potter films, has reported record revenues of £265.1m, write *Caroline Reid and Christian Syll*.

New accounts for parent company Guidedraw state that Framestore's revenue rose 62.6 per cent in 2022, "driven by the integration of Method in the second half of the year". Framestore merged with American rival Method in November 2020.

However, it fell from a pre-tax profit of £9.7m to a loss of £6.2m due to falling margins, the ending of Covid-era government support, asset disposals and a shorter reporting period.

Framestore was founded in London's Soho in 1986 and has won three Oscars.



FILM MAGIC: Framestore's Paddington

Employers applying brakes on hiring as uncertainty looms

WHITE collar recruitment group Robert Walters is tipped to say that employers are wary of hiring new full-time staff due to the uncertain economic environment.

Chief executive Toby Fowlston will present Robert Walters's fourth quarter trading update to the City on Thursday and is expected to say firms are hiring temporary workers, rather than new full-time employees.

China, the US, UK, France and Australia are thought to have been weak markets for Robert Walters, particularly the finance and technology sectors. Fowlston is also tipped to say wage inflation has

slowed too. AJ Bell investment director Russ Mould said that Robert Walters's rivals Hays and PageGroup are likely to make similar comments when they present their trading updates next week.

"All three of the FTSE All-Share recruitment agencies - Robert Walters, PageGroup and Hays - showed a marked slowdown in activity in mid-2023, so their latest quarterly updates could be particularly informative," he said.

"A second consecutive decrease in the company's own headcount suggests the recruiter is preparing for tougher times ahead."