AstraZeneca cancels £450m Liverpool investment, blaming UK government funding cuts – business live

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Highlight: Pharmaceutical company says that it will not go ahead with investment at Speke, near Liverpool

Body

block-time published-time 3.20pm GMT

Closing summary: AstraZeneca deals blow to Labour growth hopes

In light of AstraZeneca's decision to pull out of its planned Speke investment, it is worth revisiting this article by the Guardian's Nils Pratley from August.

That was when Labour's decision to try to reduce the funding available for the vaccine plant expansion first came out in the open.

The international going-rate for state aid to part-fund a large pharmaceutical facility costing a few hundred million pounds, euros, dollars, or whatever, is hard to pin down. Governments don't publicise sweeteners and a company's thinking will be guided by many factors, including the wider tax regime. But a rough rule of thumb, say industry insiders, is a 15%-25% subsidy for capital costs. Singapore has a reputation for being more generous.

Thus, if it is correct, as the FT reports, that Jeremy Hunt verbally offered AstraZeneca £65m towards a proposed £450m vaccine-manufacturing plant in Speke in Merseyside, one could say the last chancellor did OK with 14%.

Related: *Reeves should nail down UK AstraZeneca deal. A collapse would be embarrassing*

But it now looks like 14% was too much for Labour.

Any hint of doubt still looks terrible. It also jars horribly with Reeves's rhetoric about boosting growth, firing up private-sector investment and setting a more stable climate for policymaking.

One could argue that the chancellor is within her rights to revisit her predecessor's commitments to try to save a few quid. And some may take the view that AstraZeneca, *with a stock market value of £200bn* , is rich enough to fund its plants itself, noting that a £25m gap would be only a few million less than Pascal Soriot, AstraZeneca's CEO, *could earn personally this year*.

AstraZeneca shareholders voted through Soriot's £18.7m pay package last year.

In other business and economics news today:

Unless the FTSE 100 drops by 1% in the next hour, it is on for its strongest month of gains since November 2022.A group of 30 Labour and Green MPs have written to Ofwat to demand that Thames Water is *taken into special measures*. The head of the UK's Office for National Statistics has been summoned for a grilling by MPs next week amid concerns the UK's faulty economic data has become *"virtually unusable"*. *Apple* slightly beat analysts' expectations in its first-quarter earnings for fiscal year 2025 on Thursday. The iPhone-maker's revenue rose by 4%, coming in at $124.30bn, barely above estimates of $124.12bn.UK house prices*rose for a fifth consecutive month* in January, but the annual rate of growth slowed as the property market showed signs of "softening", according to Nationwide.

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Thanks for reading our live blog today, and this week. Please join Graeme Wearden on Monday for his return from the ravages of *live-blogging Davos*. JJ

block-time published-time 2.35pm GMT

AstraZeneca's decision to cancel its investment in Speke is likely to be seen as a major blow to the Labour government.

In a *much publicised speech on stimulating growth* on Wednesday, chancellor Rachel Reeves said that She Britain's economy has "huge potential" and is at the "forefront of some of the most exciting developments in the world like artificial intelligence and life sciences". However, one of the UK's life sciences champions has now canned a £450m investment.

AstraZeneca, led by chief executive Pascal Soriot, had already said that the investment plan was on pause as it sought increased government funding.

The company had been in talks over "incentives" to support the expansion of its childhood-vaccine factory in Speke in order to turn it into a bigger research and development (R&D) and manufacturing centre across about six hectares (15 acres) where several vaccines could be produced at once.

Related: *From the Beatles to biologics – how Liverpool became a life science hotspot*

The investment had initially been agreed by Rishi Sunak's Conservative government in March last year. However, the Labour government sought to reduce the amount of state aid on offer.

block-time published-time 2.11pm GMT

AstraZeneca cancels Speke investment, blaming government funding cuts

FTSE 100 pharma company AstraZeneca has said that it is cancelling a planned investment to expand a vaccine production site in Speke, Liverpool.

The company blamed a reduction of support from the Labour government.

An AstraZeneca spokesperson said:

Following discussions with the current government, we are no longer pursuing our planned investment at Speke.

Several factors have influenced this decision including the timing and reduction of the final offer compared to the previous governments proposal.

The site will continue to produce and supply our flu vaccine, for patients in the UK and around the world.

block-time published-time 1.43pm GMT

Over the last year, the US core personal consumption expenditures (PCE) rose by 2.8%.

That is down from above 5% in 2022, although the Federal Reserve targets a headline rate of 2% inflation. The stickiness above 2% is one of the reasons why the Fed has not so far bowed to Donald Trump's bidding and cut interest rates.

Nick Timiraos, the Wall Street Journal 's main Fed-watcher, said:

The core PCE index rose 0.16% in December, a touch softer than expected. Core prices are up 2.8% over the preceding 12 months. The 6-month annualized rate ticked down to 2.3%, the lowest in 2024

block-time published-time 1.37pm GMT

US core inflation up 0.2% in December, in line with forecasts

It's America's turn with inflation data: the Federal Reserve's preferred measure of inflation came in as expected, up 0.2% in the month.

The core personal consumption expenditure (PCE) index is the one that the US central bank looks to when it wants to get a sense of underlying price pressures (*and stripping out volatile food and energy prices*).

Core PCE rose by 0.2% in December, up from the 0.1% in November, but as expected by economists polled beforehand by Reuters.

No surprises there, then: gold prices, US stock market futues and the dollar are all trading within the range of the day's earlier trading.

block-time published-time 1.12pm GMT

German inflation falls, supporting ECB's rate-cutting path

German inflation has fallen to 2.3%, surprising economists who had expected it to remain steady.

The data will bolster the case for the European Central Bank to *continue on its path of cutting interest rates*.

Prices actually fell by 0.2% during the month of January, according to Germany's federal statistics office. That compared with an expected increase of 0.1%.

Economists had expected prices to be 2.6% higher than a year ago.

The inflation rate excluding food and energy, often referred to as core inflation, is expected to be +2.9% if the preliminary data are confirmed.

block-time published-time 1.04pm GMT

There was a wobble across global stock markets earlier in the week when the buzz around *Chinese artificial intelligence startup DeepSeek rattled investors*.

The model's low price and alleged low computing power requirements for training upset the narrative of ever-increasing use of chips and money to power the AI boom.

Investors appear to have been somewhat reassured over the past three days, although advanced chipmaker Nvidia – the biggest listed beneficiary of the AI boom – is still down by nearly 13% this month.

The US is still scrambling to work out how DeepSeek did it. Bloomberg News reports that the White House is looking at whether the startup used middlemen to buy Nvidia chips. They wrote:

US officials are probing whether Chinese AI startup DeepSeek bought advanced Nvidia Corp. semiconductors through third parties in Singapore, circumventing US restrictions on sales of chips used for artificial intelligence tasks, people familiar with the matter said.

Officials in the White House and Federal Bureau of Investigation are also trying to determine whether DeepSeek used intermediaries in the Southeast Asian nation to purchase Nvidia chips that the US has banned from sale to China, said the people, who requested anonymity to relay private conversations.

block-time published-time 12.58pm GMT

It is not just UK stocks setting new record highs on a daily basis this week: the Euro Stoxx 600 set its fourth record in a row today.

To be fair, those two things are related: the UK makes up about a fifth of the index. But stocks across Europe have been helped by the *European Central Bank's loosening of monetary policy* and the lack – for now – of tariffs from Trump.

block-time published-time 12.39pm GMT

Donald Trump has two policy aims that most economists believe are directly contradictory: raising tariffs, and cutting inflation.

Joseph Stiglitz, an economics professor at Columbia University and a winner of the Nobel memorial prize in economic sciences, explains it in this piece of analysis. Stiglitz was also a Clinton aide.

Related: *Why Trump tariffs will be 'very bad for America and for the world'*

Stiglitz said:

Virtually all economists think that the impact of the tariffs will be very bad for America and for the world. They will almost surely be inflationary.

It's inconceivable that other countries won't retaliate. Even if some of the governments might not want to retaliate, their citizens will demand that you can't allow yourself to be beaten up. When you make like a gorilla thumping on his chest, are countries just going to say, 'Are we chopped liver?' Their politics will demand that they do something.

The full analysis is *worth a read*.

block-time published-time 12.29pm GMT

UK health bosses privately admitted that a lack of border inspections in the wake of *Brexit* had left British consumers exposed to diseased meat, an investigation has found.

The Bureau of Investigative Journalism has previously uncovered a host of *failings in the government's handling* of outbreaks of drug-resistant salmonella, particularly that linked to supermarket chicken from Poland. Illnesses connected to the outbreaks – which also affected eggs – peaked at different points between 2020 and 2024, while border checks that were supposed to be in place post-Brexit *were being repeatedly delayed*.

A set of documents seen by TBIJ now reveal that in a series of high-level meetings in late 2023, food safety and health bosses admitted that the UK's borders could have been allowing infected meat to enter the country unchecked.

You can read the full report here:

Related: *Delays to post-Brexit border checks may have let diseased chicken enter UK*

block-time published-time 11.49am GMT

FTSE 100 on course for strongest month since November 2022

As we approach the middle of the trading day in Europe, London's FTSE 100 is up 0.4%.

That leaves it up 6.2% this month, putting it *on track for the biggest monthly gain* since November 2022. It is on track for its second consecutive record close at 8,680 points.

London's valuations have been helped by healthy earnings, interest rate cuts, as well as a relatively strong dollar which boosts foreign income when accounted for in sterling.

The biggest gainer on the FTSE 100 this morning is *Smiths Group, after it said it would break itself up*. However, the break-up under activist pressure raises the question of whether it will bow to further demands and move the business's stock market listing to the US.

The mid-cap FTSE 250 index also rose by 0.4% on Friday.

block-time published-time 11.26am GMT

Donald Trump's White House will invoke emergency powers to introduce tariffs on Canada and Mexico, Reuters reports:

Two sources familiar with the matter said that Trump was expected to invoke the International Emergency Economic Powers Act (IEEPA) as the legal basis for the tariffs, declaring a national emergency over fentanyl overdoses that killed nearly 75,000 Americans in 2023 and illegal immigration.

The statute enacted in 1977 and modified after the 9/11 attacks in 2001 gives the president broad powers to impose economic sanctions in a crisis.

That would allow him to avoid the formal – and relatively time-consuming – process of asking the department of commerce or the US trade representatives office to investigate whether tariffs are necessary.

Businesses are scrambling to understand what will change.

Related: *‘We just can’t take the hit’: businesses worldwide brace as Trump threatens tariffs*

For multinational business, how the tariffs affect them depends on where their factories are based. That means companies with geographical diversification are in a good position.

Carmakers provide a good example: some European companies – particularly Volkswagen and Volvo – will be in trouble because of their reliance on Mexico, while others will be relatively unharmed.

Related: *How Trump tariffs could upend car markets in Europe, the US and China*

block-time published-time 10.44am GMT

Canada says US would be reliant on Venezuelan oil if tariffs imposed

One of the big questions about Donald Trump’s tariffs on Canada and Mexico is whether oil will be included.

Trump last night said the administration would consider whether to exempt oil from the tariffs – less than a day ahead of the planned implementation of the tariffs.

Canada’s foreign minister has argued in an interview with the Financial Times that the US would be forced to turn to oil from Venezuela if it slaps tariffs on Canada’s oil exports. Mélanie Joly said:

We ship oil at a discount which is, ultimately, refined in Texas. If it’s not us, it is Venezuela.

There’s no other option on the table, and this administration doesn’t want to work with Venezuela.

Joly (good name, that) was in Washington for a charm offensive to try to head off the tariffs. She met Trump’s secretary of state, Marco Rubio, on Wednesday.

block-time published-time 10.28am GMT

World's biggest wind energy developer replaces chief executive

The wind energy company ***Ørsted*** has replaced its chief executive as it tries to come back from a plunge in its market value.

Mads Nipper has stepped down, to be replaced by company insider Rasmus Errboe, ***Ørsted*** said on Friday.

Ørsted is the world’s largest wind developer, but has struggled with inflationary pressures and a worsening funding environment for green energy. It has also been *plagued by problems in its US projects*. The outlook for offshore wind in the US is even worse now that Donald Trump – *an avowed opponent of wind farms* – has come to office.

The company was formerly known as DONG Energy – standing for Denmark Oil and Natural Gas. That reflected its roots as a fossil fuel company, but it then *switched focus completely towards renewables*.

That made it a darling of the stock market during the manic demand for energy transition stocks during the coronavirus pandemic. However, it has struggled since, and its valuation has slumped back to 2017 levels.

block-time published-time 10.12am GMT

The FTSE 100 in London is up 0.4% today. That puts it on track for its best month since November 2022.

It has gained 6.24% over 2025 so far. In the last decade only three months have seen stronger performances, as you can see from the below table.

November 2020, a gain of 12.35%, was during the coronavirus pandemic, when markets were whipsawing on every bit of news about the UK government's unlocking plans.

November 2022, a gain of 6.74%, saw a bounceback from the turmoil of Liz Truss's short premiership and abrupt resignation.

And April 2018 was a story that might start to feel awfully familiar again: the FTSE 100 gained 6.42% after fears of a US/China trade war during Donald Trump's first term receded.

block-time published-time 9.31am GMT

Sticking briefly to the German economy theme, regional data suggests that inflation fell across the country.

That matched a slightly lower than expected reading for French inflation this morning. French consumer prices rose by 1.4% in the year to January, slightly lower than the 1.5% expected by economists.

Weaker inflation readings would bolster the case for the European Central Bank 's path of cutting interest rates to support growth – the most recent downward move was announced yesterday. ECB president Christine Lagarde said yesterday that she is *confident that inflation is falling* , so any surprises to the upside would be an unwelcome development.

We will have the national German number later today, but the regional numbers suggest that price pressures are easing in Europe's largest – but struggling – economy. Reuters reported:

In Saxony, the inflation rate fell in January to 2.4% from 3.2% in the previous month, in Brandenburg it fell to 2.3% from 2.4%, in Baden-Wuerttemberg it fell to 2.3% from 2.6%, in North Rhine-Westphalia it fell to 2.0% from 2.5% and in Bavaria it fell to 2.5% in January from 3.0% in December.

Economists polled by Reuters believe that German inflation will stay steady at 2.6%, in data published at 1pm GMT.

block-time published-time 9.13am GMT

German unemployment rose less than expected in January, although the percentage rate rose, according to the country's statistics office.

The number of unemployed people rose by 11,000, less than the 14,000 expected by economists polled by Reuters.

The headline rate of unemployment rose from 6.1% in December to 6.2% for January. That rate is seasonally adjusted.

Labour office head Andrea Nahles said:

Unemployment and underemployment increased significantly at the start of the year, as is usual for this month.

block-time published-time 8.51am GMT

Engine Capital's lead investors, Arnaud Ajdler and Brad Favreau, may not be awake yet if they are in the hedge fund's offices in New York, but when they do hear the news of Smiths Group's break-up plans they are likely to be happy.

In their letter to the Smiths board on 17 January, they argued that "The value creation opportunity is significant and within the board's reach". That argument has been borne out very quickly.

The stock has gained 18% since the letter. Engine said it had taken "economic ownership close to 2%" before sending it. That would leave them with a return of about £22m if they bought in on the day before the letter, according to my rough calculations - although they probably bought in significantly earlier.

Yet now the question is whether they will push further for Smiths to leave the London Stock Exchange entirely. Engine had argued that the John Crane business would be valued more highly in the US. They wrote:

A listing of John Crane in the US, in conjunction with a sale of the company's three other businesses, would create material value for Smiths' shareholders.

That would add to the *exodus of big businesses from the UK* in search of higher valuations elsewhere.

block-time published-time 8.34am GMT

FTSE 100's Smiths Group value surges after break-up plan

The share price of FTSE 100 engineering company Smiths Group has surged by as much as 17% after it said that it would bow to activist investor pressure and sell off its baggage scanning business and extend share buybacks.

It will spin off Smiths Detection, whose equipment scans bags at airports by demerger or sale, after hedge fund Engine Capital argued two weeks ago that the group was suffering from a "conglomerate discount", and that it would be better for shareholders if it were split into parts.

It will also sell Smiths Interconnect, that makes specialised electronic components, and extend a share buyback programme from £150m to £500m.

The share price surged to a record high of £21.88 on Friday morning, before falling back to £21.10. That was far above the levels above £15 hit in November, or less than £8 per share at the worst of the coronavirus pandemic, when its detection business suffered from the decline in air travel.

The share price jump on Friday morning added the best part of a billion pounds to Smiths's market value in early trading, before falling back. Its share price had implied a valuation of £6.4bn on Thursday evening.

The break-up would leave Smiths to focus on its John Crane and FlexTech businesses, which make seals and hoses that are crucial to all kinds of pumps and turbines.

It would also give a rapid investment return to Engine Capital, which only announced its campaign on 17 January.

Roland Carter, Smiths Group chief executive, claimed that he had been working on the plan for some time, without mentioning Engine Capital. He said:

We are pleased with the financial and operating performance of the group over recent years, including the recent upgrade to earnings. Against this strong backdrop and since my appointment, the board has spent considerable time evaluating the options to maximise shareholder value and address the persistent discount to the significant value embedded within the group.

We start from a position of strength and as we execute this strategy, we will become a more focused business with significant potential for future growth and value creation. Focusing on our world-class John Crane and Flex-Tek businesses and carefully managing the separation of Smiths Interconnect and Smiths Detection, we will deliver significant value for all stakeholders.

block-time updated-timeUpdated at 8.36am GMT

block-time published-time 8.04am GMT

European stock markets have moved in lockstep at the opening bell on Friday morning.

Here are the opening snaps via Reuters:

EUROPE'S STOXX 600 UP 0.2%BRITAIN'S FTSE 100 UP 0.2%; GERMANY'S DAX UP 0.1%FRANCE'S CAC 40 UP 0.2%; SPAIN'S IBEX UP 0.2%EURO STOXX INDEX UP 0.2%; EURO ZONE BLUE CHIPS UP 0.2%

block-time published-time 7.54am GMT

Canadian dollar and Mexican peso fall on Trump tariff threat; UK house price growth slows

Good morning, and welcome to our live coverage of business, economics and financial markets.

Canada and Mexico are bracing for the impact of 25% US tariffs after Donald Trump said they would be imposed on Saturday.

Trump blamed the countries for his decision to impose tariffs. Both have a close trading relationship with the US, partly because of North American free trade deals, including the *one he passed in 2020*. Bloomberg News reported that he said:

We'll be announcing the tariffs on Canada and Mexico for a number of reasons. Number one is the people that have poured into our country so horribly and so much. Number two are the drugs, fentanyl and everything else that have come into the country. Number three are the massive subsidies that we're giving to Canada and to Mexico in the form of deficits.

The Canadian dollar fell 0.4% during Asian market trading on Friday, while the Mexican peso slumped by 0.6% against the US dollar.

Oil prices also rose. The price for futures of West Texas Intermediate, the North American oil benchmark, rose by 0.6% to $73.17 per barrel, while prices for Brent crude futures, the North Sea benchmark, rose by 0.3%. Trump has not said whether Canadian or Mexican oil will be subject to tariffs, although that would run counter to *his hopes for lower oil prices*.

Bob Savage, head of markets strategy and insights at BNY, a US investment bank, said that the *emergence of the DeepSeek AI competition* earlier this month and Trump's tariff threats could puncture the buoyant mood on financial markets. The combination could be an "inflection point" in the mood among investors.

Our data show that investors are getting used to Trump's policy shifts and rhetoric. Fear of a meaningful change in immigration policy, tariffs and spending has not been borne out.

However, Savage warned that "investing requires greater clarity about the scope, size and reach of Trump's tariffs". He wrote:

Our mood index, which captures equity buying against bill selling, remains extremely positive but with peaks this week, suggesting significant downside risks for the month ahead.

Mohit Kumar, who covers global economics at Jefferies, a US investment bank, said:

It is possible that Trump goes ahead with the 25% announcement for Mexico and Canada, which would be market negative. However, we still view tariffs as a negotiating tool and even if Trump does go ahead with the tariffs, it will be followed by a period of intense negotiations and eventually a portion of tariffs will be pulled back. But come Monday morning, there is a possibility of market volatility around tariff news.

UK house price growth slowed says Nationwide

The price of an average UK home rose by 4.1% year-on-year in January, a “modest slowing” compared with December, according to Nationwide, the UK’s largest building society.

House prices increased by 0.1% month on month, after taking account of seasonal effects. That leaves the average price at £268,213, according to the transactions Nationwide tracked.

Robert Gardner, Nationwide ’s chief economist, said:

The housing market continues to show resilience despite ongoing affordability pressures.

While there has been a modest improvement over the last year, affordability remains stretched by historic standards. A prospective buyer earning the average UK income and buying a typical first-time buyer property with a 20% deposit would have a monthly mortgage payment equivalent to 36% of their take-home pay – well above the long-run average of 30%.

The agenda 8:55am GMT : Germany unemployment rate (January; previous: 6.1%; consensus: 6.2%)9am GMT : European Central Bank survey of forecasters1pm GMT : Germany inflation rate (January; prev.: 2.6%; cons.: 2.6%)1:30pm GMT : US core personal consumption expenditure inflation rate (December; prev.: 0.1%; cons.: 0.2%)

block-time updated-timeUpdated at 9.00am GMT

Load-Date: January 31, 2025