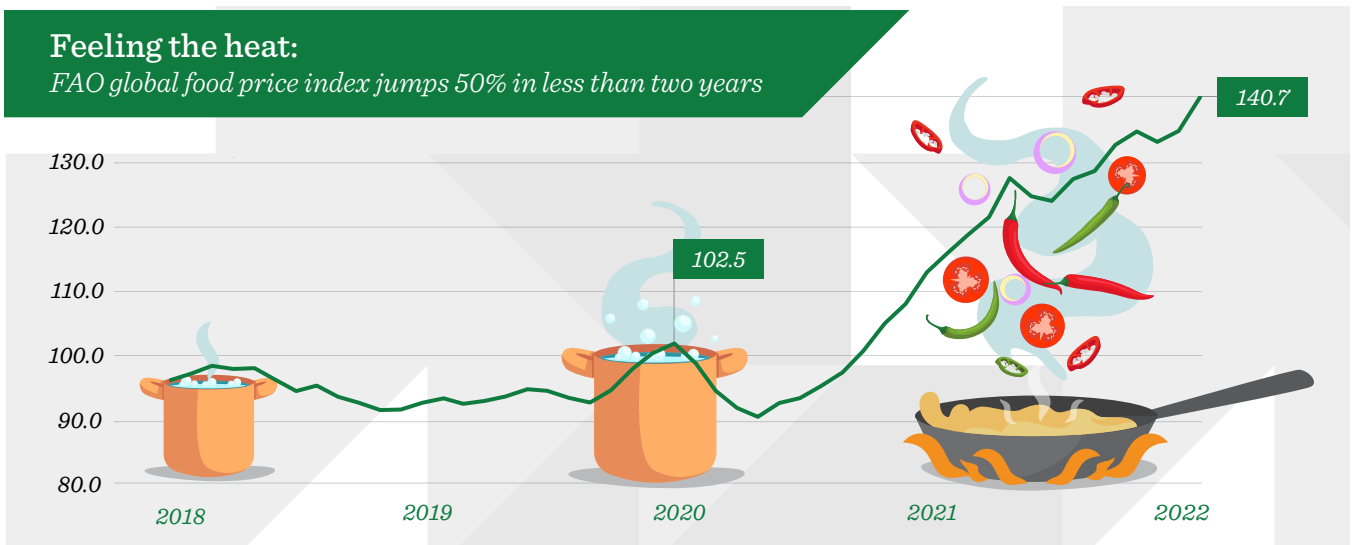


Between the lines | Week 14

Hard to digest: global food price index rises 50% since May 2020

After a brief slump in 2020, the global FAO Food Price Index hit a new all-time high in February. The index, which tracks international prices on a basket of food commodities, was up almost 21% on a year ago, led by big increases in the cost of vegetable oils and dairy products, due to rising demand from Asia and the Middle East, and steadily rising meat prices.



Source: Food and Agriculture Organization of the United Nations (FAO)/Statista



Musk takes bite out of Twitter

Late last month, Tesla co-founder and CEO, Elon Musk, polled his 80 million followers on Twitter as to whether the micro-blogging platform was “failing to adhere to free speech principles” before tweeting “Is a new platform needed?”

True to form, a social media furore ensued with Musk’s followers calling on him to buy Twitter. However, by then he had already bought a £2.3bn stake in the platform based on Friday’s (1 Apr) share price to become its biggest shareholder with a 9.2% stake.

The news, which was confirmed in a filing to the US Securities and Exchange Commission (SEC) on Monday (4 Apr), sent Twitter shares soaring by more than 27% in New York trading on the day, increasing the value of Musk’s Twitter shares to around £2.8bn.

Musk’s holding is already four times that of the recently ousted Twitter co-founder Jack Dorsey with analysts now expecting to see Musk taking an active stake in the platform in the coming months.



US Treasury targets Russia’s sovereign bond payments

On Monday (4 Apr) the US Treasury announced measures to prevent the Russian government paying its sovereign bondholders more than \$600m from reserves held at US banks, in a move intended to ratchet up pressure on Moscow.

Under existing sanctions, Russian foreign currency reserves held at US banks were ‘frozen’ but the US still allowed Moscow to service coupon payments on dollar-denominated sovereign debt with the money. This ended on Monday.

With around half of Russia’s \$640bn gold and foreign currency reserves now frozen, Moscow may soon have to choose between servicing its debt, and so avoiding an historic default, or funding its ongoing war in Ukraine.

Russia currently has around \$40bn outstanding on 15 hard-currency bonds. Although already barred from international borrowing markets, if Russia fails to make the coupon payments on these bonds promptly, and in the required hard currency, it will default. This means it will remain locked out of bond markets until creditors are repaid and all legal cases are settled.

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