

Glencore PLC

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Glencore downgraded by JP Morgan as recession fears rise

Trade war risks have risen and global recession risks are rising, said JP Morgan, explaining its decision to downgrade miner and commodities trader Glencore PLC (LON:GLEN).

The broker has moved from 'neutral' to 'underweight' and slashed its price target from 330p to 260p. Glencore's shares currently trade at 227.4p, down 1.3% on the day.

Despite the share price falling by a third since the US Department of Justice revealed last month it was investigating Glencore, the shares are still unattractive, in JP Morgan's view, compared to the likes of Rio Tinto, BHP and Anglo American.

Should the global economy move closer to a recession, Glencore's highly-gearred balance sheet will come under strain and that will put pressure on the dividend payment.

Coal prices are down 35% year-to-date and inventories are at the highest they have been in five years, JP Morgan observed; it is not pinning its hopes on a rally any time soon.

"Renewables are becoming cost-competitive and investors are increasingly mindful of the presence in thermal coal in asset portfolios," the broker cautioned.

Price: 128.38

Market Cap: £17.05 billion

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: GLEN

Listing: LSE

52 week **High** **Low**
 2334.5 1.414

Sector: Mining

Website: www.glencore.com

Company Synopsis:

Glencores is an Anglo-Swiss multinational commodity trading and mining company with headquarters in Baar, Switzerland, and a registered office in Saint Helier, Jersey. The current company was created through a merger of Glencore with Xstrata on 2 May 2013.

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