

Rio Tinto PLC

17:01 06 Aug 2020

FTSE 100 index closes in red as European markets give back gains

- FTSE 100 index closes down
- M&S looks to hold onto Ocado customers
- US indices mixed

5pm: FTSE closes in red

FTSE 100 index closed in the red on Thursday as European indices handed back Wednesday's gains and the strength in sterling weighed on the dollar earning index.

Britain's top share benchmark finished down over 77 points, or 1.27%, at 6,026.

The pound was up 0.24% against the US dollar.

"US politicians have yet to reach a compromise with regards to the Covid-19 stimulus package, and President Trump threatened to act alone in relation to a stimulus plan because the democrats wouldn't bend," noted market analyst at CMC Markets David Madden.

"The FTSE 100 is underperforming because of sterling's strength.

Internationally exposed companies like GlaxoSmithKline, Unilever and Diageo are lower this session. Commodity stocks like Rio Tinto, Glencore, Royal Dutch Shell and BP are in the red also," he added.

US and Canada 4.30pm/11.30 EST

US stocks were mixed in early deals. The Dow Jones Industrial Average added over 21 points at 27,222. The S&P 500 index was down around four at 3,322 and the tech-heavy Nasdaq shed around six points at 10,991. In Canada, the S&P/TSX index added around 12 points at 16,513.

Proactive North America headlines:

Great Panther Mining Ltd (TSE:GPR) (NYSEAMERICAN:GPL) positioned to post strong 2020 after record net income and operating cash flow in 2Q

The Flwr Corporation (CVE:FLWR) (OTCMKTS:FLWPF) receives second round of funds from its C\$3 million agreement with Terrace Global to fund Aljustrel outdoor cannabis facility

KULR Technology (OTCQB:KULR) wins US patent for compressible thermal interface material

Humanigen Inc (OTCQB:HGEN) appoints experienced healthcare executive, Bob Atwill to newly created role of Head of Asia-Pacific

TRACON Pharmaceuticals Inc (NASDAQ:TCON) posts 2Q results showing it has ample funds for ENVASARC trial to study envafolelimab as a sarcoma treatment

Price: 4590

Market Cap: £57.22 billion

1 Year Share Price Graph



Share Information

Code: RIO

Listing: LSE

52 week High Low
5175 2954

Sector: Mining

Website: www.riotinto.com

Company Synopsis:

Rio Tinto is a leading international mining group that finds, mines and processes the earth's mineral resources. The Group's major products include aluminium, copper, diamonds, energy products, gold, industrial minerals (borates, titanium dioxide, salt and talc), and iron ore. Its activities span the world but are strongly represented in Australia and North America.

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Benchmark Metals Inc (CVE:BNCH) (OTCQB:CYRTF) sees high grades and bulk tonnage potential with Lawyers project drilling

Mawson Gold (TSE:MAW) (OTCPINK:MWSNF) inks joint venture on Oregon project with Aguila American Gold to focus on Australia and Finland

Aurania Resources Ltd (CVE:ARU) (OTCQB:AUIAF) reveals high-grade copper and silver from the Kirus target on the Lost Cities-Cutucu project

Calyxt Inc (NASDAQ:CLXT) hits 5 times revenue growth in 2Q results as plant sales expand

Ceylon Graphite Corp (CVE:CYL) plans to raise up to C\$8.1M to advance its Sri Lankan mining assets

3.45pm: M&S copies Waitrose products to keep Ocado customers

The Footsie was back comfortably above the 6,000-mark, but still 68 points underwater at 6,036.

Marks and Spencer Group PLC (LON:MKS) was trading 1% lower at 101.3p after reports it is copying Waitrose products to keep Ocado Group PLC (LON:OCDO) customers when it becomes its supplier next month.

The grocer also developed 750 new ones to avoid potential customers to stay loyal to Waitrose and buy on its own website, The Times reported.

There is a 'readiness team' to ensure Waitrose products are the same for flavour, ingredients, price and size.

2.45pm: Lukewarm open at Wall Street

FTSE 100 trimmed some losses as Wall Street rang the opening bell, losing 88 points to 6,016.

The Dow Jones was only 1 point up to 27,201, while the S&P500 shed 3 points to 3,324.

In the mining sector, Glencore PLC (LON:GLEN) slipped 7% to 182.84p after scrapping its dividend following an eye-watering US\$2.6bn net loss, though adjusted earnings (EBITDA) amounted to US\$4.8bn.

Chief executive Ivan Glasenberg said "it would be inappropriate" to dish out the US\$2.6bn needed for the interim distribution, but instead the board is planning to accelerate net debt reduction to below US\$16bn.

1.35pm: US indices to open slightly lower after weekly jobs numbers

The Dow Jones and the S&P 500 are expected to open slightly lower but the unstoppable NASDAQ Composite remains ... well, unstoppable.

Having had a few moments to absorb the latest weekly jobs data, spread betting traders reckon the Dow Jones index will open at around 27,183, down 19 points, and the S&P 500 at 3,323, down 5 points.

The NASDAQ, meanwhile, is tipped to open at 11,116, up 18 points.

First-time jobless claims in the US last week fell by 249,000 from the week before to 1.2mln.

First time U.S. weekly jobless claims total at 1.186 million.<https://t.co/eXZu9LQeT8>

— BAP EXECUTIVE SEARCH LLC (@BapSearchLLC) August 6, 2020

In London, the FTSE 100 is now sporting a triple-digit loss and has dropped below the 6,000 level; the index is off 106 points (1,7%) at 5,999.

Terrestrial broadcaster ITV PLC (LON:ITV), up 0.8%, is one of the few blue-chips defying the trend, despite a 21% drop in advertising revenue.

Emilie Stevens, an equity analyst at Hargreaves Lansdown said the "first half of woe" was expected, "so we were more interested in news of what's happening now."

"Early signs are positive, advertising is said to be gradually recovering, although still markedly down on usual levels and most of the paused productions are now back in action. Demand for fresh content has never been higher and ITV said itself demand for content from streaming platforms was particularly strong," she noted.

11.40am: Equity markets slide as hopes of a US fiscal stimulus fade

London's blue-chips remain in retreat as hopes of US legislators pouring another gallon of vodka into the punchbowl fade.

"Investors have become increasingly concerned that, having struggled to develop a coherent response to the virus itself, the US will now fumble its plan to save the economy. Having enacted an effective support programme for workers earlier in the year, the US now risks worsening the recession as millions more find themselves unemployed and without income. In such an environment, equities in all geographies look vulnerable to a correction, having rallied in no small part on the assumption that government largesse would continue," said IG's Chris Beauchamp.

In London, the FTSE 100 was down 75 points (1.2%) at 6,029 as investors chew over the latest Bank of England bulletin.

At its August policy meeting, the Bank of England's Monetary Policy Committee (MPC) unanimously opted to Keep the bank rate and asset purchase target unchanged at 0.1% and £745bn, respectively.

"Growth expectations were less pessimistic than they had been in May and inflation is seen to return to target in two years yet negative interest rates remain under review," reported ING.

"Rates markets have already made up their mind about the probability of negative interest rates next year: it is very high and climbing," said ING, which nevertheless is sceptical that negative interest rates are "a done deal".

"The MPR's discussion on negative rates was lukewarm at best. Barring a deterioration of the outlook, we find the risk-reward of positioning for even lower policy rates poor," the Dutch finance house said.

This @bankofengland Monetary Policy Report chart is about as clear an indication as you're likely to see of how Covid-19 is playing out differently across the income distribution. Lower income households are drawing down their savings; higher income ones are building theirs up pic.twitter.com/gvkTLA3Zqq

— Matt Whittaker (@MattWhittakerPB) August 6, 2020

Meanwhile, down the building site, things are looking up and for once it is not just because someone has dropped a breeze block from the scaffolding.

"The construction PMI climbed to 58.1 in July after jumping to 55.3 in June from 29.9 in May, and from a record low of just 8.2 in April. It had previously dropped to April's low from 39.3 in March and a 16-month high of 52.6 in February," reported Howard Archer at the EY ITEM Club.

"The new orders index showed a second successive month of growth in July and was at the highest level since February. Sales were reportedly boosted by the easing of lockdown measures and the restart of work on sites.

"However, there were reports that the market remained apprehensive about committing to new projects," he added.

Tim Moore, the economics director at IHS Markit, said construction companies took another stride along the path to

recovery in July.

House building helped to deliver the strongest overall growth across the sector for nearly five years, Moore noted.

"Civil engineering and commercial activity are also back in expansion, which has been mainly due to the restart of work that had been delayed during the second quarter of 2020," Moore said.

10.15am: Construction activity continues to bounce back

Resource stocks were weighing down the Footsie in mid-morning trading but there was some moderately cheering news from the UK construction index.

The FTSE 100 was down 81 points (1.3%) at 6,024, with the likes of mining giants Rio Tinto PLC (LON:RIO) and Glencore PLC (LON:GLEN) sustaining falls of more than 4% - the former has gone ex-div and the latter has released a half-year report - while oil giants BP PLC (LON:BP.) and Royal Dutch Shell PLC (LON:RDSB) were down 3.0% and 1.9% respectively.

READ Glencore says no dividend for 2020 meanwhile trading business is boosted by "exceptional market conditions"

On the bright side, the headline seasonally adjusted IHS Markit/CIPS UK Construction Total Activity Index registered above the 50.0 "no change" threshold for the second consecutive month in July.

The index rose to 58.1 from 55.3 in June.

IHS Markit/CIPS UK Construction PMI was 58.1 in

July compared to 55.3 in June, another considerable improvement in construction activity, particularly compared with the low activity levels in April & May when most sites were shut).#ukconstruction <https://t.co/VsNbXrbmsz>
pic.twitter.com/McrLy6YVWF

— Noble Francis (@NobleFrancis) August 6, 2020

Residential building was the main growth driver in July, with activity increasing to the greatest extent since September 2014.

Survey respondents commented on the release of pent up demand and reduced anxiety among clients, IHS/Markit reported.

The news did not seem to have much of a positive impact on housebuilders such as Taylor Wimpey PLC (LON:TW.), which was one of the bigger blue-chip fallers, down 2.2% at 2,150p.

8.50am: Footsie falls further than expected

The FTSE 100 index retreated in early trade on Wednesday as traders struck a note of caution following generally downbeat official commentary from the Bank of England, which, as expected, kept the base rate on hold at 0.1%.

London's blue-chip benchmark opened 50 points lower at 6,054.57.

While the BoE said the UK was recovering quickly from the coronavirus pandemic it warned the economy would shrink by a fifth and unemployment would double by the end of the year as the furlough scheme unwinds.

"The Bank of England seems a lot less convinced by the prospect of a v-shaped recovery for the UK economy than even just a few weeks ago," said Tom Stevenson of Fidelity.

"The decision to leave interest rates unchanged at 0.1% surprised no-one but the tone of the accompanying commentary was uncertain. No-one knows what recovery from coronavirus will look like and the Bank now accepts that

its own predictions are less helpful than useful.

"The good news is that activity seems to have picked up sharply since the April trough. Both household consumption and the housing market are heading back to pre-pandemic levels. But unemployment is set to rise sharply as the furlough scheme unwinds and business investment is weak," he added.

With a weak economic backdrop, not just in the UK but internationally, the miners led the retreat with Glencore (LON:GLEN) and Rio Tinto (LON:RIO) down 3.4% and 3.3% respectively.

ITV (LON:ITV), after a brief revival, fell 3% as six-month earnings halved following a pandemic advertising slump.

"Quite apart from the substantial competition from rivals with money to burn such as Netflix, Disney+ and Amazon Prime, ITV's reliance on traditional advertising revenue is something of a thorn in its side," said Richard Hunter, analyst at Interactive Investor.

"Companies understandably pulled back from advertising goods that they could not sell and, in any event, given the fact that costs became a priority, the advertising budget is often the first to give way."

On the up with a 6.9% gain was insurer Aviva (LON:AV.), which resumed dividend payments and hinted it may pull out of certain international markets.

Proactive news headlines:

Kavango Resources PLC (LON:KAV) saw its shares surge in early deals after an update on its Kalahari Suture Zone (KSZ) prospect. The Botswana-focused mineral exploration company said the independent consultant's report on the petrology and mineral composition of core samples from the 2019 drilling campaign confirmed two further characteristics of the geology of the KSZ that are shared by the Norilsk deposits in Russia, which host some of the world's richest mineralised zones of copper-nickel-platinum group metals. The two shares characteristics are the presence of cumulate rocks and sulphide liquid fractionation.

Immotion Group PLC (LON:IMMO) said it has launched a range of UV anti-bacterial cleaning cabinets under the Uvisan brand. The 'out of home' virtual reality (VR) entertainment specialist said it has designed the Uvisan cabinets in response to the coronavirus pandemic, and while it had originally intended to use the product just to cleanse VR headsets at its larger partner locations, it has decided to sell the cabinets to third party companies following "numerous external commercial enquiries". As a result, Immotion said it had seen "exceptional demand", selling 10 cabinets in the last week including four to Chichester University, which has purchased the cabinets to protect sensitive equipment against coronavirus infection.

Jubilee Metals Group PLC (LON:JLP) chief executive Leon Coetzer said a joint venture to process up to 4m tonnes of copper tailings in Zambia has "tremendous earnings potential". The plan is to start with an initial 2m tonnes of leftover material containing more than 2% copper via a processing facility that will cost US\$15m, with first production expected in the next four months. Jubilee said it expects to add 10,000 tonnes to output per year at a cash cost of US\$4,000 of the metal. Payback on the initial investment is expected in one year.

Genel Energy PLC (LON:GENL) chief executive Bill Higgs has highlighted the North Iraq-focused oil firm's robust business model in its financial results for the six months ended June 30, 2020. Net production averaged 32,100 barrels of oil per day (bopd), versus 37,400 bopd in the comparative period of 2019. It generated some US\$88.4m of revenue for the six months compared to US\$194.3m in the first half of last year. Earnings (EDBITDAX) totalled US\$65.1m, from US\$167.3m in H1 2019. Genel reported a US\$340m operating loss, a US\$32.2m operating loss and a US\$354.7m net loss. Cash flow from operating activities amounted to US\$85.5m.

Anglo Asian Mining PLC (LON:AAZ) director Stephen Westhead has told investors that the company is looking forward to expediting work in the second half of the year, to deliver further positive progress in Azerbaijan. The metals explorer, in a statement, updated on its ongoing work programmes which are active in three contract areas. "Exploration of the

near-surface gold targets at Gedabek are taking priority to rapidly develop mineral resources and advance mineral deposits towards production. Both Avshancli and Gilar will be explored by ground-based induced polarisation and magnetic geophysics in the second half of the year," said Westhead, the group's director of geology & mining.

SIMEC Atlantis Energy Limited (LON:SAE) unveiled plans to raise funds to invest in a joint venture that will secure fuel supplies for its Uskmouth Power Station project as it reported a jump in 2019 results. The alternative energy group announced plans to raise around £6m through a placing of shares at 12p a share. Existing shareholders will be able to participate in the offering via the PrimaryBid platform on a first-come, first-served basis, with any investment request over £50,000 first requiring consultation with the company. The funds from the share issue will be used to provide working capital and for investment in new fuel processing facilities via a joint venture (JV) with Dutch alternative fuels specialist N+P Group. SIMEC Atlantis' revenue in 2019 rose to £4.86m from £2.22m in 2018, with the bulk of those - £4.1m - coming from the MeyGen project.

Savannah Resources PLC (LON:SAV) said the report commissioned from the University of Minho into the potential economic impacts of developing the Mina do Barroso Lithium Project has now been uploaded to Savannah's website. Available in Portuguese, or as an English translation, the full report and executive summaries can be found on the following pages on the site: <http://www.savannahresources.com/investor-relations/presentations-and-reports/> and <http://www.savannahresources.com/assets/mina-do-barroso/>. In a statement, David Archer, Savannah's chief executive officer commented: "We are happy to share the Report completed by Professors Cerejeira and Carballo-Cruz from the University of Minho. We believe their excellent work brings further clarification regarding the many positive benefits that Mina do Barroso could bring."

Bahamas Petroleum Company PLC (LON:BPC), the Caribbean and Atlantic margin focused oil and gas company, with exploration, production, appraisal and development assets across the region, has confirmed that its merger with Columbus Energy Resources PLC, effected by means of a Court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 was sanctioned by the Court on Wednesday. The Scheme will become effective upon the Court Order being delivered to the Registrar of Companies, which is expected to take place on or about August 7, 2020, consistent with the expected timetable of events as set out in Columbus's Scheme Document. Simon Potter, chief executive officer of Bahamas Petroleum commented: "Completion of the merger is a milestone for BPC as we move forward with our vision to create a business with a range of assets representative of each phase of our industry - a full-cycle exploration and production business."

Tiziana Life Sciences PLC (LON:TILS) (NASDAQ:TLISA), a biotechnology company focused on innovative therapeutics for oncology, inflammation and infectious diseases, on Wednesday, announced the closing of its registered direct offering of American Depositary Shares (ADSs) on the NASDAQ Global Market. As announced on August 3, 2020, Tiziana issued 11,009,615 ADSs (representing 22,019,230 new ordinary shares) at a price of \$5.20 per ADS raising gross proceeds of approximately \$57.25m, before deducting placement agent fees and offering expenses. Each ADS offered represents two (2) Ordinary Shares. Tiziana said it intends to use the net proceeds received from this offering to advance the clinical development of Foralumab; to initiate a trial in HCC patients with Milciclib; and to expedite clinical development of TZLS-501 for coronavirus (COVID-19); and for working capital and other general corporate purposes.

Gaming Realms PLC (LON:GMR), the developer and licensor of mobile-focused gaming content, has announced its intention to publish its interim results for the six months ended June 30, 2020, on September 8, 2020.

BATM (LON:BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, has said it will be announcing its interim results for the six months ended June 30, 2020, on Monday, August 17, 2020. Dr Zvi Marom, BATM's chief executive officer, and Moti Nagar, its chief financial officer, will be hosting a webinar for investors and analysts at 2.00pm BST on the day and to register to participate, they should contact elliottfradd@luther.co.uk

6.48 am: FTSE 100 called lower

The FTSE 100 is predicted to start Thursday lower ahead of the Bank of England policy meeting later today.

CFD and spreadbetting firm IG Markets sees London's blue-chip benchmark around 40 points lower, making the price 6,058 to 6,061 with just over an hour until the start of trading.

Whilst it has the market's attention, expectations are minimal that the Bank of England will change much this month though commentary and observation will be keenly watched.

"The BoE is probably in wait-and-see mode, as they have done the heavy lifting in the past few months, so now it is time to observe how things play out," said David Madden, analyst at CMC Markets.

"Traders will be keeping an eye the BoE's projections as there is a belief the contraction caused by the pandemic won't be as severe as initially predicted. The bank also said it expects the UK economy to be back at pre-pandemic levels in the second half of 2021.

"In light of localised lockdowns at home and abroad, as well as concerns about what will happen the labour market when the furlough scheme ends in late October, there are worries the recovery will be slower than expected."

Stocks finished Wednesday positively in the US. Wall Street saw the Dow Jones close some 373 points or 1.39% higher at 27,201.

The S&P 500 moved up 0.64% to finish the session at 3,327 and the Nasdaq gathered 0.52% to end the day at 10,998. Wall Street's small caps rose, with the Russell 2000 index gaining 1.9% to 1,546.

In Asia, Japan's Nikkei was trading lower losing 96 points or 0.4% at 22,418. Meanwhile, Hong Kong's Hang Seng fell 1.4% to 24,742 and the Shanghai Composite pulled back 0.4% to 3,363.

Around the markets

The pound: US\$1.3135, up 0.16%

Gold price: US\$2,049 per ounce, up 0.54%

Silver price: US\$27.50 per ounce, up 1.86%

Brent crude: US\$45.32 per barrel, up 2%

WTI crude: US\$42.16 per barrel, up 1.1%

Bitcoin: US\$11,618, down 0.16%

7.15 am: Early Markets: Asia / Australia

Stocks in Asia Pacific traded mixed today as investors continued to watch COVID-19 numbers and tensions between the US and China.

Hong Kong's Hang Seng index led losses by falling 1.63%, China's Shanghai composite is down 0.4% and in Japan, the Nikkei 225 dipped 0.53%.

In contrast, South Korea's Kospi surged 1.08% as Hyundai Motors shares gained more than 5%.

In Australia, the S&P/ASX 200 gained 0.25% with the materials and energy sectors making the biggest moves.

READ OUR ASX REPORT FOR MORE INFORMATION

Proactive Australia news:

American Rare Earths Ltd (ASX:ARR) is enhancing its US rare earth elements (REE) strategy after executing a share purchase agreement with Zenith Minerals Limited (ASX:ZNC) for the acquisition of a project in Wyoming.

Perseus Mining Limited (ASX:PRU) (TSE:PRU) (OTCMKTS:PMNXF) is making quick progress on the development of its third operating gold mine, Yaouré in Côte d'Ivoire.

Zelira Therapeutics Ltd (ASX:ZLD) (OTCQB:ZLDAF) is on track to launch its Zenivol™ and HOPE™ range of products into the Australian market by the end of the current quarter.

Imugene Limited (ASX:IMU) (OTCMKTS:IUGNF) has received guidance from the US Food and Drug Administration (FDA) in relation to the development pathway for VAXinia (CF33-hNIS), the company's lead oncolytic virotherapy for the treatment of solid tumours.

Graphex Mining Ltd (ASX:GPX) has received high-grade gold results of up to 6 metres at 6.2 g/t gold from 14 metres including 3 metres at 11 g/t and extended the strike length by around 600 metres during drilling at the recently acquired Tabakorole Gold Project in southern Mali.

Cobalt Blue Holdings Ltd (ASX:COB) (OTCMKTS:CBBHF) (FRA:COH) is turning heads in the global cobalt industry with its strategy targeting the ethical production of high-grade, battery-ready cobalt sulphate from the Broken Hill Cobalt Project (BHCP).

Element 25 Ltd (ASX:E25) made strong progress during the June quarter with the publication of the pre-feasibility study (PFS) for its Butcherbird Manganese Project in Western Australia.

Lithium Australia NL (ASX:LIT), has received a clear international preliminary report on the patentability of processes described in its patent application for the recovery of lithium phosphate (LP) from lithium-bearing solutions.

Great Western Exploration Ltd (ASX:GTE) has received commitments from professional and sophisticated investors to raise around \$2.5 million in a placement cornerstoned by regarded mining executives Simon Lee AO and Morgan Hart.

Corazon Mining Ltd (ASX:CZN) has recommenced drilling at Fraser Lake Complex (FLC) within the Lynn Lake Nickel-Copper-Cobalt Sulphide Project in Manitoba province, Canada, testing a new priority nickel sulphide target.

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