

Verona Pharma

17:00 14 Aug 2020

FTSE 100 gains a shade on week but closes firmly lower on Friday as China and US data disappoints

- FTSE 100 index closes 95 points down
- US retail sales rise by 1.2% in July
- France, the Netherlands, Monaco, Malta, Turks and Caicos Islands and Aruba have been removed from the list of "travel corridors" to England

5pm: FTSE 100 closes firmly in red

FTSE 100 index closed the week on a sour note as markets fretted about disappointing US and China data.

The UK's index of the largest shares closed down over 95 points on the day, or 1.55% at 6,090. But over the week as a whole, the index was up a shade, around 0.9%.

Looking at Wall Street's performance too on Friday, Joshua Mahony, senior market analyst at IG, noted: "With a wide-ranging stimulus package seemingly some way off as things stand, investors may have to bide their time if they are expecting another US-led surge in stocks. Coming off the back of a disappointing set of Chinese data points overnight, we are certainly seeing a slowing recovery despite the initial post-lockdown rebound."

US and Canada 4pm/11am EST

Wall Street shares were seeing red in early deals on Friday. The Dow Jones Industrial Average shed around 22 at 27,874. The broader-based S&P 500 index was down around two points at 3,370. The tech heavy Nasdaq index plunged over 47 points at 10,994. In Toronto, Canada, the S&P/TSX index was down 0.99 at 16,529.

Proactive North America headlines:

Revive Therapeutics Ltd (CSE:RVV) (OTC:RVVTF) inks memorandum with Atwill Medical to support its coronavirus clinical trial of Bucillamine

Mojave Jane Brands Inc (CSE:JANE) (OTCMKTS:HHPHF) sells Nelson & Mark as the company's board nears completion of its strategic review

Dyadic International Inc (NASDAQ:DYAI) reveals rising R&D revenue in 2Q results from a bevy of research collaborations

Arizona Silver Exploration Inc (CVE:AZS) (OTCMKTS:AZASF) set to sink four holes with core rig at Philadelphia project

The Valens Company Inc (TSE:VLNS) (OTCQX:VLNCF) and Verse Cannabis launch new premium vape cartridges and CBD oils for Canadian consumers

Duos Technologies Group Inc (NASDAQ:DUOT) sees 2Q revenue rise 47% driven by deal flow as it adapts to new normal at work

Price: 50.5

Market Cap: £209.35 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: VRP

Listing: AIM

52 week	High	Low
	115	28.6

Sector: Pharma & Biotech

Website: www.veronapharma.com

Company Synopsis:

Verona Pharma plc is a clinical stage biopharmaceutical company focused on the development and commercialization of innovative prescription medicines to treat respiratory diseases with significant unmet medical needs, such as COPD, cystic fibrosis and asthma.

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Pure Gold Mining (CVE:PGM) (LON:PUR) on track to deliver first ore for processing before year-end at Red Lake

Novavax (NASDAQ:NVAX) to provide 60M COVID-19 vaccine doses to UK government

MindMed Inc (NEO:MMED) (OTCQB:MMEDF) ends 2Q with US\$24 million in cash to fund clinical trials on psychedelic substances

Fura Gems Inc (CVE:FURA) (OTCMKTS:FUGMF) to acquire Australian mining group Great Northern Mining

3.00pm: NASDAQ continues to go its own way

In a familiar scene, the NASDAQ Composite has opened higher in the US while the other two main indices have headed south.

The tech-heavy NASDAQ was up 6 points (0.1%) at 11,049 while the Dow was off 87 points (0.3%) at 27,809 and the S&P 500 was off 5 points (0.1%) at 3,369.

In London, the FTSE 100 was down 100 points (1.6%) at 6,086.

Bookie GVC PLC (LON:GVC), which earlier was the second-biggest faller among Footsie constituents on fears that more sporting events will be cancelled as the second wave of coronavirus cases builds, has recovered a bit to be down 3.2% at 774.8p.

Its place in the doghouse has been taken by Informa PLC (LON:INF), the exhibitions organiser, which is lower for much the same reason - fears of a COVID-19 resurgence. The shares were down 3.8% at 406.2p.

Grant Shapps gives wrong day for start of France quarantine rules <https://t.co/MZT4pMCKSC>

— Pat (@pat_pjg) August 14, 2020

2.15pm: US retail sales recover

US retail sales rose by 1.2% in July, after a revised 8.4% increase in June.

The rise was below expectations of 2.0%, although as June's rise has been revised up from 7.3% the comparison with expectations requires a bit of complicated arithmetic that, fortunately, Marshall Gittler of BDSwiss has done for us.

"The headline figure for US retail sales ("advance") looks like it missed expectations for mom growth, but this was because the previous month was revised up sharply. In fact, after taking into account the revision, the figure actually beat expectations slightly (\$536.0bn vs \$535.3bn expected). The other categories -- excluding autos -- all beat even after the upward revision to the previous months. Retail sales were higher in July than they were in January or Feb, before the virus struck. In other words this was a great number -- USD-positive! Or at least "risk-on" positive -- stocks should gain," Gittler said.

His arithmetic may be good but it remains to be seen whether his prognostication skills are on the money as the quotes for the Dow Jones and the S&P 500 have both softened a bit since the retail sales figures were released.

The Dow is now expected to open at around 27,810 (down 76 points) and the S&P 500 at around 3,370 (down 3 points).

On this side of the pond, traders are more concerned about France being added (along with five other countries) to a list of countries where quarantine restrictions will apply to travellers returning to England from those destinations.

France, the Netherlands, Monaco, Malta, Turks and Caicos Islands and Aruba have been removed from the list of "travel corridors" following data showing a significant increase in COVID-19 risk.

The FTSE 100 was down 113 points (1.8%) at 6,072.

12.50pm: The Footsie's recovery is slow as sterling rides high on forex markets

London's index of leading shares is slowly recovering, despite expectations of a lower start on Wall Street.

The FTSE 100 was down 102 points (1.7%) at 6,083, with the index's many dollar-earning constituents not helped by a good day for sterling against the greenback.

The pound was up just over a third of a cent at US\$1.3105.

Spread betting quotes suggest the Dow Jones will open at around 27,821 and the S&P 500 at around 3,370 - down 75 and 3 points respectively.

Traders are waiting for the release of US retail sales, with economists expecting a 2% rise for July following June's 7.5% increase. Excluding sales of vehicles, sales are expected to rise by 1.1% following June's 7.3% gain.

????RISK AVERSION FRIDAY:

1. CoRoNaViRuS global cases top 21M+.
2. Stocks ????
3. BONDS ????? USD ????? safe havens
4. \$VIX ????? (watch 30)
5. CRUDE ????? COPPER ????? (watch 2.8860)
6. No US COVID Relief Deal ?????
7. US retail sales
8. US consumer sentiment
9. Recession
10. Deflation

what else? <https://t.co/z8kavl3YfM>

— NYC SHUTDOWN WK 22 ????????? (@piptrain) August 14, 2020

11.55am: Stabilisation in the second half of the morning

The FTSE 100, after a precipitous fall early doors, has stabilised in the second half of the morning.

London's blue-chips index was down 130 points (2.1%) at 6,055, some 19 points above its low point for the day.

After nudging up 3p yesterday in the wake of its interim results, GVC Holdings PLC (LON:GVC), the online betting specialist that snapped up the Coral and Ladbrokes brands, is off 5% (40p) at 760p today.

Domino's Pizza Group PLC (LON:DOM) was down 3.9% at 343.6p after Citi issued a sell note with a target price of 290p.

10.50am: Triple-digit fall for the Footsie

Dull and overcast is not just a description of the weather conditions in London; it accurately describes the stock market too.

The FTSE 100 has slumped 133 points (2.2%) to 6,052, with travel and hospitality-related stocks really getting it in the neck.

"The FTSE 100 faltered badly on Friday, taking its cue from weak trading in Asia overnight sparked by worse than expected economic data out of China," said Russ Mould, the investment director of AJ Bell.

"China was first in to the coronavirus crisis and arguably one of the first to come out of its first phase, so the fragile nature of its recovery offers an uncomfortable view of the future for other countries. Amid weakening sentiment, safe haven gold steadied at around the \$1,950 mark," he added.

Traders can't even console themselves with the prospect of a crafty look at the cricket; it is looking like it might be too dark for much - if any - play to take place this morning in the second test between England and Pakistan.

Just three Footsie stocks are defying the trend - packaging giant Smurfit Kappa Group plc (LON:SKG) and two housebuilders, Persimmon PLC (LON:PSN) and Taylor Wimpey PLC (LON:TW.).

Away from the big caps, Verona Pharma PLC (LON:VRP), up 28% at 92.5p, was providing plenty of cheer as the firm said it is gearing up for a busy period with two clinical trials of its lead drug ensifentrine set to get underway before the end of the year.

Europa Metals Ltd (LON:EUZ) shares surged 23% to 20p after the group released a resource upgrade for the Toral lead-zinc-silver project located in northern Spain.

\$EUZ Europa Metals shares surge as it upgrades Toral lead-zinc-silver resources <https://t.co/0FRiKqnu8g> via @proactive_UK @EuropaMetals #EUZ

— Proactive (@proactive_UK) August 14, 2020

9.30am: Leisure and travel stocks hit hard by quarantine decision on France

Just three Footsie constituents were in positive territory as the index slumped below the 6,100 level, with travel and hospitality-related stocks hit hardest.

London's index of leading stocks was down 95 points(1.5%) at 6,091.

British Airways owner International Consolidated Airlines Group SA (LON:IAG), down 5.6% at 192.95p, after fears of a second wave of coronavirus cases look like being realised in many parts of the world.

Aeroplane engines maker Rolls-Royce Holdings PLC (LON:RR.) was down 4.5% at 255.6p while automotive and aerospace engineer Melrose Industries PLC (LON:MRO) was off 3.7% at 102.7p.

Hotels groups Intercontinental Hotels Group PLC (LON:IHG) and Whitbread PLC (LON:WTB) were also feeling the chill, as was contract caterer Compass Group PLC (LON:CPG); all three were down by around 4%.

"With France being added to the quarantine list for the UK, travel & leisure is under pressure. Shares in IAG, Ryanair, Tui and EasyJet were all sharply lower as the move will force a large swathe of cancellations right at the peak of the summer holiday season for one of the largest markets for UK tourists," observed Neil Wilson at markets.com.

"The quarantine decision also underlines the inherent risk you take in booking a holiday abroad right now, which will do nothing for consumer confidence," he added.

Talking of easyJet PLC (LON:EZJ), the low-cost airline completed the previously announced sale and leaseback of 23 aircraft but that's not the reason why the shares are down 7.% at 564.99p.

People arriving in the UK from France after 04:00 BST on Saturday will have to quarantine for 14 days, minister says <https://t.co/gslgqG33Mw>

— BBC Breaking News (@BBCBreaking) August 13, 2020

8.30am: Weak start to Friday

The FTSE 100 index defied predictions for a positive start on Friday to open in negative territory as UK share prices reflected worries over a lacklustre batch of economic data from China and the inability of America's senior politicians to agree a renewed stimulus package

The index of UK blue-chips fell 33 points to 6,152.18.

Markets in Asia began to wobble after Beijing announced a seventh straight monthly decline in retail sales and said fixed-asset investment in areas such as infrastructure and property also fell, defying predictions of a rebound.

Closer to home, the UK looks set to add France to its list of 'quarantine' countries as an upsurge in cases across Europe threatens to derail a return to normality after the lifting of coronavirus (COVID-19) restrictions.

On the market, the fallers were the regular assortment of 'lockdown laggards' - anything with links to air travel and hospitality.

So, Rolls Royce PLC (LON:RR.), the jet engine maker, was off 4.2%, while British Airways owner IAG (LON:IAG) was off 3.5%. Intercontinental Hotels (LON:IGH) made up the trio of Foolsie losers with a 1.9% decline.

Dropping down to the second-tier, tour operator TUI (LON:TUI) continued its post-results slide with a 6.2% decline, with budget airline easyJet (LON:EZJ), off 5%, following in its vapour trails.

Finally, Domino's Pizza (LON:DOM) fell 5% after Citi reiterated its 'sell' advice on the stock in the takeaway food giant.

Proactive news headlines:

Europa Metals Ltd (LON:EUZ) shares surged in early deals on Friday after the group released a resource upgrade for the Toral lead-zinc-silver project located in northern Spain. The new independent resource estimate is for 3.8mln tonnes with a zinc equivalent grade (including lead credits) of 8.3% and silver at 30 grams per tonne. It marks a 40% increase in overall resource tonnes, including a 38% rise in contained, a 36% increase in lead and a 32% lift to silver volume. Toral now has a total resource of 17mln tonnes grading 6.9% zinc equivalent with 4.1% zinc, 2.9% lead, and 24 grams per tonne silver - representing 720,000 tonnes of zinc, 510,000 tonnes of lead, and 14mln ounces of silver.

Verona Pharma PLC (LON:VRP) is gearing up for a busy period with two clinical trials of its lead drug ensifentrine set to get underway before the end of the year. "Clinical data from prior studies of ensifentrine in other respiratory diseases have demonstrated ensifentrine improves lung function and reduces cellular markers of inflammation in the lungs," the company said in an update on operational and financial results for the three months and six months to June 30, 2020. "We believe ensifentrine, with its novel mechanism of action, has the potential to improve oxygenation and lung function assisting recovery from COVID-19." Financially, Verona is well set to achieve its plans. It ended the six months to June 30, 2020, with net cash of just over £18mln, a figure boosted in July with proceeds from a £159mln private placing.

Westminster Group PLC (LON:WSG), the supplier of managed services and technology-based solutions, has revealed that it moved into profit in the first half of 2020. The group, which was operationally cash positive in the first half of the year, made a profit before tax of £236,000 versus a loss of £787,000 in the first half of last year, on revenues that rose by 24% to £6.96mln from £5.61mln. Underlying earnings (EBITDA) also turned positive, with EBITDA of £893,000, compared to a loss of £49,000 in the same period of last year. The coronavirus (COVID-19) pandemic has presented some challenges to the company but also some opportunities - e.g. fever screening at airports - and Westminster saw a significant increase in product sales worldwide, which more than offset reductions in other parts of the business.

Touchstone Exploration Inc (LON:TXP) revealed it has spudded the hotly anticipated Chinook-1 well, its latest exploration test within the Ortoire block, Trinidad as it posted as second-quarter operational update and financial results. The Chinook-1 well is targeting hydrocarbon prospects in the Herrera formation, the same horizon found in the

successful Coho and Cascadura discoveries. It will be drilled to a depth of 9,880 feet and the drill programme is expected to take 40 days.

ANGLE PLC (LON:AGL) has noted the results of new research from the Laboratory of Translational Oncology, School of Medicine, University of Crete, which demonstrated the potential of its Parsortix liquid biopsy system to assess whether non-small cell lung cancer (NSCLC) patients will respond to immunotherapy drugs. The AIM-listed firm said the study had combined an assessment of immunotherapy drugs known as PD-L1 immune checkpoint inhibitors, a novel treatment offered to patients with certain advanced cancers, with a second immune checkpoint, Indolamine-2,3-dioxygenase (IDO), on a patient's circulating tumour cells (CTCs). ANGLE said the study demonstrated that the detection of IDO and CTCs, particularly of the IDO+/PD-L1- CTC subpopulation harvested using Parsortix, is significantly associated with reduced progression-free survival and overall survival in NSCLC patients treated with anti-PD-1 agents.

Horizonte Minerals PLC (LON:HZM) has maintained a strong cash position as it moves towards the construction phase of the Araguaia nickel mine in Brazil, the group revealed as it reported half-year results. The miner said it had £15.6m in the bank as at the end of June 2020 following the royalty arrangement with Orion Mining Finance signed at the end of 2019. The AIM-listed group announced yesterday that it had signed up five banks to lead the arrangement of a US\$325m finance package for the first phase at Araguaia.

Condor Gold PLC (LON:CDR) has revealed its objective remains to commence site preparation at its La India site in Nicaragua and place a deposit on a processing plant by the end of 2020, the miner said as it reported quarterly and half-year results. Condor currently has 1.12 million ounces (oz) of gold open pit mineral resources at La India permitted for extraction, inclusive of a mineral reserve of 675,000 oz gold. It is targeting production of 120,000 oz gold per annum from open-pit material for 7 years. Condor posted a loss of £355,000 in the half-year to June 30, 2020, reflecting the fact it is still in its development stage. Cash at the end of June was £7.5m.

Integumen PLC (LON:SKIN) announced that it has received notification from multiple warrant holders to exercise warrants over 29,404,762 shares in the share capital of the company. This consists of 26,071,429 warrants with an exercise price of 2p and 3,333,333 warrants with an exercise price of 1.5p. The consideration for the exercise of the warrant shares amounts, in aggregate, to a cash value of £571,428.57. Gerard Brandon chief executive officer of Integumen commented: "The largest institutional shareholder, Helium Rising Stars Fund, who currently hold 7.3% of Integumen shares are exercising 60% of the above warrants which will increase their holding to 8.7%. We are grateful for their continued confidence in the future growth of the Company."

Gfinity PLC (LON:GFIN), a leading esports and gaming solutions provider, announced that it has received warrant exercise notices over an aggregate of 10,000,000 new ordinary shares of 0.1 pence each in the capital of the company with an exercise price of 1p per share, providing the company with proceeds of £100,000.

Supermarket Income REIT (LON:SUPR), the real estate investment trust providing secure, inflation-protected, long income from grocery property in the UK, has said it will announce its full-year results for the year ended June 30, 2020, on Thursday, September 17, 2020. A webcast for analysts and investors will be held at 8.30am on the day of the full-year results. To pre-register, investors can email: SUPR2020@atratocapital.com.

6.50am: Small gain predicted

London's leading shares are expected to claw back a small portion of yesterday's losses on Friday, despite some underwhelming data from China this morning.

Spread betting quotes indicate the FTSE 100, which yesterday shed 95 points to close at 6,186, will inch 9 points higher to open at around 6,195.

Retail sales and industrial production numbers from China for July continue to point to a weak recovery in the region, according to CMC's Michael Hewson.

"Expectations were for a number in the region of 0.1%, which on the face of it still seemed a little on the low side, given the recent decent set of numbers from TenCent, with Alibaba's numbers set to come later today.

"This makes today's negative reading of 1.1% somewhat of a surprise and shows that the Chinese consumer still remains quite nervous about coming out of hibernation, with the last time we saw a positive reading being the end of last year when we saw a gain of 8% for December."

"Manufacturing has performed better relative to the Chinese consumer, rebounding to its best level in almost a decade in the various official and private sector PMI's. Industrial production rose 4.8% in July, also slightly below expectations," Hewson noted.

US markets, if we ignore the tech-fuelled Nasdaq, were soft yesterday after US House Speaker Nancy Pelosi put the kibosh on the chances of a new coronavirus relief programme being agreed in Congress in the next few days.

The Dow Jones Industrials Average shed 80 points to finish at 27,897 and the S&P 500 index shed 7 points at 3,373.

This morning, Asian markets have been mixed with the Nikkei 225 in Tokyo up 17 points (0.1%) at 23,267 and the Hang Seng in Hong Kong down 46 points (0.2%) at 25,184.

Looking ahead to today's fare, on the face of it, the cupboard is fairly bare.

Among the macro data, the US will be the main focus, with industrial production and retail sales figures as various of the states order businesses to close their doors again to contain the spread of the coronavirus.

Among the small smattering of results, there are interims expected from AIM-listed biotech Verona Pharma PLC (LON:VRP, NASDAQ:VRNA) and Westminster Group PLC (LON:WSG), the security and technology group.

Around the markets:

- Sterling: US\$1.3057, up 0.11 cents
- 10-year gilt: yielding 0.245%, up 0.63 basis points
- Gold: US\$1,962.50 an ounce, down US\$7.90
- Brent crude: US\$45.10, up 14 cents
- Bitcoin: US\$11,728, up US\$87

6.45am: Early Markets - Asia/Australia

Asia Pacific markets were mixed on Friday as investors remained cautious after US lawmakers were unable to move forward with a coronavirus (COVID-19) stimulus bill.

In Japan, the Nikkei 225 added 0.06% while South Korea's Kospi index declined 1.51%.

Chinese shares rose with the Shanghai composite up 0.17% but Hong Kong's Hang Seng index dropped 0.09%.

Australia's ASX 200 rose 0.61% after gold rebounded overnight above US\$1950 an ounce, helping local gold stocks shine.

READ OUR ASX REPORT FOR MORE INFORMATION

Proactive Australia news:

Emerald Clinics Ltd (ASX:EMD) has been as much as 40% higher this morning on news that it intends to change its name to Emyria Limited as part of a rebranding consistent with its global ambitions and expanded offerings.

Legend Mining Limited (ASX:LEG) is higher after intersecting a total of 24.65 metres of nickel-copper sulphides in a diamond hole at Mawson prospect within the Rockford Project on WA's Fraser Range.

Cirralto Ltd (ASX:CRO) has raised \$2.7 million through an oversubscribed placement to institutional and sophisticated investors, designed to grow the Spenda business payments service in line with CRO's transition to a digital payments company.

Australian Potash Ltd (ASX:APC) is progressing with the development of its Lake Wells Sulphate of Potash (SOP) Project (LSOP) in Western Australia, having recently finalised offtake agreements for 85% of the definitive feasibility study projected output.

Wiluna Mining Corporation Ltd (ASX:WMX) has completed all documentation for a gold prepaid swap financing facility and gold hedging facility, a key finance step towards executing the company's Stage-1 Expansion at the Wiluna Mining Centre.

FYI Resources Ltd (ASX:FYI) has received firm commitments to raise up to \$2.7 million through a two-tranche placement to sophisticated and professional investors at 6 cents per share.

Bryah Resources Ltd (ASX:BYH) has completed 2,315 metres of drilling at the Bryah Basin JV project with four locations, including Brumby Creek, Black Hill, Cheval and Black Beauty, ticked off the list.

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