nears $20bn Immunomedics deal

Gilead's offer, worth close to double Immunomedics' market value as of Friday, highlights its willingness to overpay for takeover targets to secure assets that can help replenish its portfolio of medicines and boost revenues.

Immunomedics, which is best known for its breast cancer drug Trodelvy, had been eyed by several large pharmaceutical groups in recent weeks, said two people with direct knowledge of the matter. Oncology therapies are some of the most sought after by large performers in the sector.

For Gilead this would be the third blockbuster oncology-focused deal in three years. The company, once the envy of the biotech world for its expensive cure for hepatitis C — which worked out at $1,000 per pill at one point — has struggled amid greater competition.

Gilead has received renewed attention for remdesivir, a medicine still protected by patents that was once seen as a potential Ebola treatment, during the coronavirus pandemic. The drug received emergency approval for treating those who had fallen seriously ill from Covid-19.

> This would be Gilead's third blockbuster oncology-focused deal in as many years

The California-based pharma's renewed focus on oncology led it to acquire Kite Pharma for $12bn in 2017, adding a cutting edge cancer treatment to its portfolio. It recently paid $5bn for Forty Seven, a specialist in drugs that help the immune system combat a range of cancers, including leukaemia.

If this deal goes through, Gilead will get access to antibody drug conjugates that aim to use the patient's own immune system to fight cancer. It would follow in the footsteps of a recent deal between AstraZeneca and the Japanese pharmaceutical Daiichi Sankyo to develop and market an antibody drug conjugate called DS-1062 for lung and breast cancer.

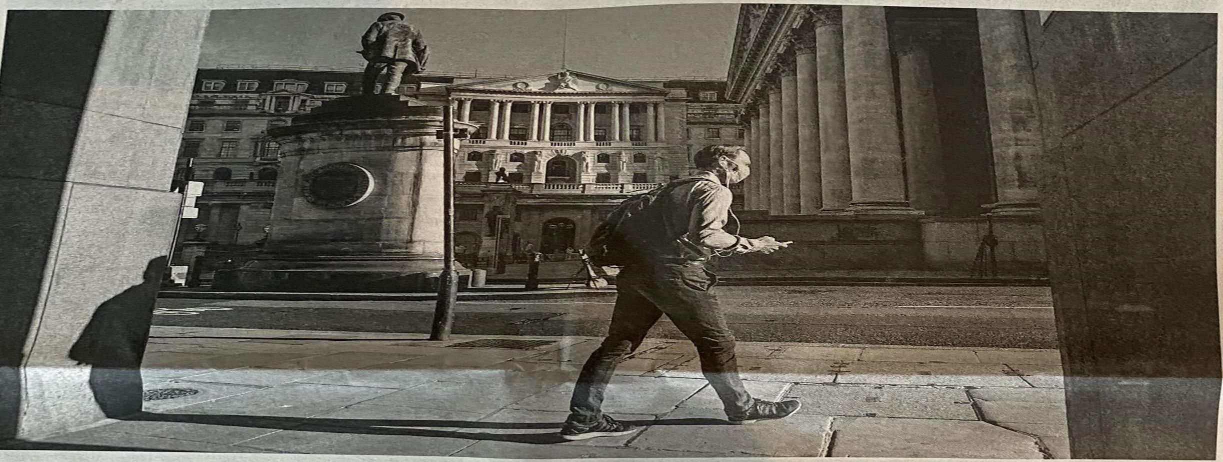
Immunomedics reported a boost to its second-quarter earnings from Trodelvy, which received approval from US regulators in April. The New Jersey-based company said it had made $20.1m in net sales in the two months since the drug was approved. Its shares are up almost 100 per cent on the year to date.

Gilead and Immunomedics did not immediately respond to a request for comment.

The potential deal was first reported by The Wall Street Journal

Market Questions. Monetary policy

braced for BoE response to Brexit uncertainty



Bank of England: rising Covid-19 infections only add to the likelihood of a monetary policy response by the Bank of England this autumn, analysts
on Dawson/Bloomberg

Fed's historic shift to setting interest rates unveiled last month.

At Mr Powell's Jackson Hole announcement, he said the Fed would tolerate higher inflation in an attempt to make up for periods of persistently undershooting its 2 per cent target.

Since then, Fed officials past and present have come out in droves to provide context about the change, but there have been scant details on how the policy would work in practice.

Andrew Hunter, senior US economist at Capital Economics, expects that the Fed will provide "only modest changes" to its policy statement and will demur from rolling out new stimulus measures.

But such an approach comes with risks, he thinks. After the Fed appeared to signal a bold new era, policy tweaks around the edges "would come as a big disappointment to markets", said Mr Hunter. Such an outcome could lead to "Treasuries selling off and the recent slide in the stock market intensifying", he said. *Colby Smith*

What will 'Suganomics' mean for Japan's investors?

Investors in Japan will be focused on the successor to Shinzo Abe, the country's longest-serving prime minister, who is expected to be revealed on Wednesday. In pole position, by a substantial margin, is Yoshihide Suga, a dour politician who has served as chief cabinet secretary to Mr Abe.

The big question for investors, who have spent almost eight years growing attuned to the policies that fell under the broad "Abenomics" umbrella, is whether there is a coherent "Suganomics" strategy about to take over that will bring with it significant new reforms.

In public, Mr Suga has spoken of a continuation of Abenomics, which has generally been welcomed by the market. Some analysts say Mr Suga may try to push harder for change in areas such as digitisation and a shake-up of the health and labour ministry.

The minister has already given investors the sense that he may be bold, suggesting in one interview that he would be open to consolidation of Japan's large regional banking sector, which would be a historic step.

The frontrunner has also been drawn into the sensitive issue of Japan's consumption tax, a subject that historically has had a large impact on market sentiment and economic activity.

During a television interview last week, Mr Suga said the fall in Japan's population meant the government would need to "ask the people's permission to raise the consumption tax after fully implementing administrative reforms". If he lands the top job, Mr Suga is likely to be pressed on these remarks.
Leo Lewis

Industrials

Tata Steel Europe warns on pandemic hit to viability

MICHAEL POOLER — INDUSTRY REPORTER

Tata Steel's European arm has warned that the coronavirus crisis could threaten its ability to carry on operating, after sinking deeper into the red even before the impact of the outbreak.

Accounts for the continent's third-largest steelmaker at Companies House showed a pre-tax loss of £857m before one-off items in the 12 months ending March 31, compared with a deficit of £146m the previous year.

The Indian-owned manufacturer's annual report said it was confident it had access to adequate liquidity and resources to keep operating "for the foreseeable future".

But the report cautioned there was "material uncertainty" from the pandemic on its future funding requirements, which "may cast significant doubt" on its ability to continue as a going concern.

The stark message will fuel concern among the 20,000-strong workforce at Tata Steel Europe, which runs the UK's biggest steelworks at Port Talbot and a handful of smaller factories across the country, as well as a large plant in the Netherlands.

Rescue talks that may have led to British taxpayers owning stakes in both Tata's UK steel operations, which have failed to break even for a decade, and its carmaking unit Jaguar Land Rover stalled recently.

However, both businesses have remained in discussions over other potential forms of assistance.

> 'The directors and auditors acknowledged the economic uncertainty due to the Covid-19 pandemic'

Europe's steel producers were already buckling under a market downturn before the arrival of coronavirus, which further sapped demand as car factories and building sites temporarily closed.

Tata Steel said that its accounts were "signed by its directors and confirmed by its independent auditors, PWC".

It added: "In a statement sent to the Indian regulator, the directors and auditors acknowledged the economic uncertainty due to the Covid-19 global pandemic, but confirmed the company had undertaken cash conservation measures and had adequate resources to continue operations.

"The statement also confirmed that the company's cash flow and liquidity position remains strong," it went on to point out.

TSE blamed its worsening performance on reduced steel margins, the difference between raw material costs and selling prices, as revenues dropped 12 per cent to £6.2bn.

There was a £275m impairment charge from a writedown of assets mainly in the UK.

On a statutory basis, the company reported a pre-tax profit of £1.1bn, driven by an exceptional gain after interest owed to its parent was waived.

TSE's balance sheet was strengthened as its Indian holding company cancelled £5.3bn in debt, waiving £1.9bn in obligations and converting a further £3.6bn into equity.

Oil & gas. Energy transition

ks on greener future with reduced hydrocarbon output

from oil were even praised by nmental activists Greenpeace, has called for greater action t climate change. .
the 50-year-old Irishman, who l as a drilling engineer at the com-

slashed capital spending, issued billions of dollars worth of bonds and announced 10,000 job cuts as part of a big restructuring. The company's $41bn debt pile is also among the hi...
sector. Mr Loon...

cott, director of the Oxford Sustainable Finance Programme, said: "Investors want to see significant downpayments on the future strategy, such as the Equinor deal, but they also want proof that

"In 2030, BP will still be a major producer of hydrocarbons," said Mr Looney, estimating it will be producing 1.5m barrels of oil equivalent a day, down from 2.6m today, excluding its 20

cent compared with the 15 per cent historically targeted for new hydrocarbon projects.

Bernstein analyst Oswald Clint said