# LSE faces challenges as Glencore considers relocation amid market pressures



The London Stock Exchange (LSE) is facing significant challenges as Glencore, a leading mining conglomerate, announced its consideration of relocating its primary listing to another exchange in pursuit of a higher valuation. This news comes amidst a trend of companies, including Flutter and building materials group CRH, evaluating similar moves away from the LSE.

Despite these setbacks for the LSE, there is a notable silver lining for its parent company, the London Stock Exchange Group (LSEG). At the beginning of this week, LSEG boasted a market capitalisation of £62 billion, making it the ninth most valuable company on the FTSE 100. Over the past decade, LSEG has transformed its operations, evolving from a traditional stock exchange into a global leader in securities trading, clearing, data, and analytics.

This transformation has insulated LSEG financially, as share listing and trading now contribute merely 3 per cent of its revenues. Under the leadership of David Schwimmer, who has been at the helm since 2018, LSEG has expanded significantly, including the notable $27 billion acquisition of financial data provider Refinitiv in 2019. Schwimmer’s leadership has further established LSEG as a formidable challenger to Bloomberg through the introduction of its Workspace brand, bolstered by a partnership with Microsoft.

However, this financial success brings challenges in terms of identity for the group. While LSEG remains focused on maintaining its listing in London, speculation exists that its valuations could potentially be higher if it shifted to the New York Stock Exchange. The contrasting fortunes of LSEG and the LSE create a complex dynamic, where LSEG benefits from the historical value of the LSE—even as the exchange grapples with modern market pressures.

Investors are anticipated to gain further insight into LSEG's performance with the upcoming presentation of its 2024 results by Schwimmer. This event marks a significant moment as he articulates the progress made in response to the evolving landscape of stock exchanges.

The LSE finds itself in a competitive environment, particularly against Euronext, which relies more heavily on equity trading. Euronext has been performing favourably in various metrics, including the total number of new listings and trading volumes across its seven stock exchanges, leading Stéphane Boujnah, Euronext's chief executive, to assert that the loss of listings to New York is primarily a “London problem.”

Nonetheless, Euronext's lower market value stands in contrast to LSEG's diversified business model. Should LSEG ever consider selling the LSE to Euronext, it could face regulatory challenges and resistance from significant stakeholders who recognise the exchange's pivotal role in London's financial ecosystem.

Despite these complex circumstances, LSEG has successfully navigated away from the traditional constraints of stock exchange operations. Yet, there remains an imperative to maintain alignment between the LSE and LSEG, as the historic significance of the exchange is integral to the overall brand presence of the group. The relationship between the two entities is a focal point as they both continue to adapt to the rapidly changing global financial landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.marketscreener.com/quote/stock/GLENCORE-PLC-8017494/news/Glencore-would-consider-moving-primary-listing-from-London-49098272/> - This article supports the claim that Glencore is considering moving its primary listing from the London Stock Exchange to another venue, such as the New York Stock Exchange, in pursuit of a better valuation.
* <https://www.morningstar.co.uk/uk/news/AN_1739960357617004500/update-glencore-would-consider-moving-primary-listing-from-london.aspx> - This article further corroborates Glencore's consideration of relocating its primary listing, highlighting the potential impact on the London Stock Exchange and Glencore's current status as a FTSE 100 constituent.
* <https://www.mining.com/glencore-weighs-ditching-london-as-primarily-listing/> - This article provides additional details on Glencore's decision-making process, mentioning the New York Stock Exchange as a potential alternative and discussing the broader trend of companies leaving the London Stock Exchange.
* <https://financialpost.com/pmn/business-pmn/glencore-studies-moving-primary-listing-away-from-london> - This article supports the claim that Glencore's potential move is part of a larger trend of companies leaving the London Stock Exchange for other markets, such as the New York Stock Exchange, seeking deeper liquidity and higher valuations.
* <https://www.investmentweek.co.uk/news/4409115/glencore-considers-ditching-lse-primary-listing> - This article provides insight into Glencore's consideration of moving its primary listing, emphasizing the company's goal of finding an optimal location to enhance shareholder value.