

BUSINESS & FINANCIAL OVERVIEW

European Stocks Close Higher As Geopolitical Tensions Fade Slightly

European stocks closed mostly higher on Tuesday, as investors turned buyers thanks to no new escalation in tensions between the U.S. and Iran.

In the previous two sessions, most of the markets across Europe ended on the negative side following an escalation in tensions in the Middle East with the U.S. and Iran exchanging war of words. While Iran vowed to avenge the killing of its top commander Qasem Soleimani, U.S. President Donald Trump threatened Iraq with harsh sanctions if the country forced out U.S. troops.

Earlier in the day, there was some confusion after a letter surfaced showing U.S. plans to pull troops from Iraq. However, U.S. Defense Secretary Mark Esper dismissed the report as "inconsistent" and said there were no plans whatsoever to leave.

The pan European Stock 600 ended up 0.25%. Among the major indices in Europe, the U.K.'s FTSE 100 and France's CAC 40 both edged down 0.2%. Germany's DAX gained 0.76% and Switzerland's SMI gained about 0.2%. In the U.K. market, Ocado, Kingfisher, Marks & Spencer, Associated British Foods, J Sainsbury, Barratt Developments, Imperial Brands and British Tobacco gained 1.7 to 4.3%.

Morrison Supermarkets, Just Eat, Antofagasta, EasyJet, Pearson, Persimmon, Barclays and IAG also ended sharply higher.

Shares of Aston Martin ended more than 16% down following a profit warning by the company. NMC Health shares too declined sharply on sustained short-selling at the counter.

In France, Atos, Renault, Publicis Groupe and STMicroElectronics gained 2.5 to 4%. Engie, Hermes International, Societe Generale, Bouygues, Peugeot, Kering and Safran also closed with notable gains.

In the German market, Infineon gained nearly 5% and Deutsche Bank moved up by about 3.5%. HeidelbergCement, RWE, Continental, Adidas, MTU Aero, BMW and Merck also ended sharply higher.

In economic news, Eurozone inflation accelerated in December, rising to 1.3%, from 1% in November. A similar higher rate was last seen in June. Headline inflation remained well below the European Central Bank's target of "below, but close to 2%".

Eurozone retail sales increased for the first time in three months on non-food product sales in November, data from Eurostat showed. Retail trade rebounded at a faster than expected rate of 1% on month in November, in contrast to a 0.3% drop logged in September and October. Economists had forecast a monthly growth of 0.5%. On a yearly basis, growth in retail sales improved to 2.2% from 1.7% in October.

Switzerland's consumer prices rose for the first time in three months in December, data from the Federal Statistical Office showed. The consumer price index edged up 0.2% year-on-year in December, after a 0.1% fall in November. Economists had expected prices to remain unchanged.

