

BUSINESS & FINANCIAL OVERVIEW

European Markets Close Weak Again As Rate Cut Optimism Fades

European stock markets ended lower on Monday, as waning optimism about a steep cut in U.S. interest rates this month prompted investors to lighten commitments. Geopolitical tensions continued to weigh on sentiment. Markets were also looking ahead to resumption of trade negotiations between the U.S. and China.

The pan European Stock 600 ended lower by 0.05%. Among the major markets in Europe, the U.K. and France ended slightly lower, with their benchmark FTSE 100 and CAC 40, edging lower by 0.05% and 0.08%, respectively. Germany's DAX shed 0.2%, while Switzerland's SMI edged up 0.14%.

Among other markets in Europe, Austria, Belgium, Finland, Greece, Ireland, Netherlands, Poland, Portugal, Russia, Spain, Turkey and Ukraine ended weak. Norway and Sweden closed higher, while Iceland, Czech Republic and Italy ended flat.

In the UK market, Ocado declined nearly 4.5%. Schroders shed 2.6% following a rating downgrade, while CRH, Persimmon, TUI, NMC Health and Centrica ended lower by 1.5 to 1.75%.

On the other hand, shares of Imperial Brands gained more than 2% after the company unveiled plans to return surplus cash flows to shareholders via share buybacks, enhanced dividends or special dividends.

BHP Group, Experian, Glencore, Rio Tinto, Fresnillo, British American Tobacco, ITV, Hikma Pharma and Anglo American Foods ended higher by 1 to 2.2%. Among German stocks, Deutsche Bank tumbled more than 5% Merck, Bayer and Daimler ended lower by 1 to 2%, while Adidas, Vonovia and Wirecard closed higher.

In the French market, Sodexo declined more than 4% after the company warned of slower growth in the fourth quarter. Renault, Credit Agricole, Societe Generale, Thales, Accor, Sanofi and Capgemini shed 1 to 2%.

ArcelorMittal, Technip, L'Oreal, Atos, Louis Vuitton and Michelin closed on a positive note. In economic news, survey data from the behavioural economics institute Sentix said euro area investor confidence weakened in July to its lowest level over four-and-a-half years, damping expectations of a rebound due to some de-escalation of trade tensions.

The Sentix economic index for Eurozone fell to -5.8 from -3.3 in June, marking its lowest level since November 2014. Economists had forecast an improvement to 0.2.

In Germany, industrial production recovered in May, figures from Destatis showed Monday. Industrial output grew 0.3% month-on-month in May, reversing a revised 2% fall in April. The rate of growth came in line with expectations.

On a yearly basis, industrial output decreased 3.7% after easing 2.3% a month ago. Output was forecast to drop 3.2%.

