

BUSINESS & FINANCIAL OVERVIEW

European Markets Close Lower Despite Renewed U.S. Rate Cut Hopes

European stock markets closed mostly weak on Wednesday, after Federal Reserve Chairman Jerome Powell's prepared remarks before the House Financial Services Committee reignited optimism about a potential rate cut by the Fed later this month.

White House economic adviser Larry Kudlow's comments that officials from the U.S. and China held a "constructive" phone conversation on Tuesday raised expectations about some progress on the trade front.

Investor sentiment was down due to concerns over tensions between the U.S. and the U.K. after Britain's ambassador to Washington Kim Darroch resigned today. U.S. President Donald Trump made a scathing attack on British Prime Minister Theresa May on Tuesday and said he will no longer work with Britain's ambassador to the US.

The pan European Stoxx 600 ended down 0.2%. Among the major markets in Europe, Germany ended notably lower with its benchmark DAX declining 0.51%. The U.K.'s FTSE 100 and France's CAC 40 both edged lower by 0.08%, while Switzerland's SMI ended lower by 0.24%.

Among other markets in Europe, Greece and Turkey ended sharply higher. Austria, Denmark and Italy recorded modest gains.

Belgium, Finland, Netherlands, Norway, Poland, Portugal and Russia closed flat, while Czech Republic, Iceland, Ireland, Spain, Sweden and Ukraine ended weak.

In the UK market, Micro Focus tumbled 11.7% after the company warned that its revenues would fall by nearly 6% this year.

Shares of recruitment firm PageGroup slumped 15% after a warning that it expects profits this year to come in at the lower end of expectations due to slower hiring caused by Brexit uncertainties. Rival Hays plunged by about 6%.

In Germany, auto stocks Daimler, Volkswagen and BMW shed 0.7 to 1.6%. Continental, E.ON, Covestro and Adidas also closed weak, while Fresenius and Infineon moved higher. French stocks Pernod Ricard, Unibail Rodamco, Sanofi, Kering, Renault, Orange and Peugeot ended with sharp to moderate losses.

Technip, Carrefour, Airbus Group, STMicroElectronics and Societe Generale moved up 1 to 2%. In economic news from Europe, UK's GDP rose 0.3% month-on-month in May following a 0.4% decline in April, data from the Office for National Statistics showed. The expansion was in line with economists' expectations. In March, GDP edged up 0.1%.

However, the rolling three-month growth slowed to 0.3% in the quarter to May from 0.4% in the three months to April. Economists had forecast 0.1% expansion. In the January to March period, the growth was 0.5%.

