

**BUSINESS & FINANCIAL OVERVIEW**

## Major European Markets Marginally Down As Trade Worries Linger

European markets are exhibiting weakness Monday afternoon, despite having showed some signs of recovery after a weak start.

Worries about global trade due to the ongoing U.S.-China trade dispute and the U.S. decision to impose tariffs on Mexican goods continue to weigh on investor sentiment. The latest batch of data out of Europe too contribute to the weakness in the markets.

The pan European Stocks 600 is declining 0.22%. Among the major markets in Europe, Germany, France and the U.K. are down slightly, with their benchmark DAX, CAC 40 and FTSE 100 losing 0.4 to 0.12%. Switzerland's SMI is up marginally. Most of the other markets in Europe are down in negative territory.

A recovery in crude oil prices has helped pull out some market from lower levels. Activity in most of the markets in the region is stock specific with investors tracking corporate news for direction.

Infineon shares are down sharply after the company said it will acquire Cypress Semiconductor Corp. for an enterprise value of 9 billion euros. The price values a Cypress share at \$23.85, a premium of 46% to Cypress's unaffected 30-day volume-weighted average price during the period from April 15 to May 28.

Deutsche Bank shed more than 3%. In France, shares of food major Danone edged higher after the company agreed to sell its U.S dairy business Stonyfield to Lactalis for \$875 million.

On the economic front, Eurozone manufacturing activity remained entrenched inside contraction territory in May, final survey data from IHS Markit showed Monday.

The factory Purchasing Managers' Index came in at 47.7 in May, in line with flash estimate, but down from 47.9 in the previous month. The sector has shrunk over the last four successive months.

The PMI suggested that the sector will act as a drag on the wider economy in the second quarter, Chris Williamson, chief business economist at IHS Markit said.

"...trade wars, slumping demand in the auto sector, Brexit and wider geopolitical uncertainty all remained commonly cited risks to the outlook, and all have the potential to derail any stabilisation of the manufacturing sector," Williamson added.

Germany's IHS Markit/BME factory PMI slid to 44.3 in May from 44.4 a month ago. This was one of the lowest readings since mid-2012. The score matched the flash estimate.

Rates of decline in output and new orders eased, but employment fell the most in almost six-and-a-half years.

France's final factory PMI rose to 50.6, as initially estimated in May, from 50.0 in April. Slower falls in both production and sales, as well as a rise in employment, saw the headline PMI reach its highest level in three months.

