

BUSINESS & FINANCIAL OVERVIEW

European Markets Close Higher On Fed Rate Cut Hopes

European markets closed mostly higher on Friday amid optimism about an interest rate cut from the Federal Reserve and hopes that the U.S. will delay imposition of tariffs on Mexican goods.

Investors were also tracking comments on U.S.-China trade issues. The pan European Stoxx 600 ended higher by 0.93%. Among the major markets in Europe, France ended sharply higher with its benchmark CAC 40 surging up 1.62%. The U.K.'s FTSE moved up 0.99% and Germany's DAX ended up 0.77%. Switzerland's SMI gained 0.69%.

Austria, Belgium, Finland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden and Turkey closed on a firm note. Russia, Czech Republic, Denmark and Greece ended flat, while Iceland settled weak.

Shares from the energy space found support today after crude oil prices surged higher. Mining stocks too were faring reasonably well. In the British market, Babcock International, British American Tobacco, TUI, InterContinental, BT Group, Dixons Carphone, Pearson and Carnival gained 2.5 to 4.3%.

Hargreaves Lansdown recovered some recent losses and ended more than 2% up. Burberry Group, Mondi, Legal & General, Intu Properties and Ashtead Group also closed sharply higher.

In Germany, SAP, Adidas, E.ON, Deutsche Post, RWE, Allianz and Wirecard posted strong gains.

In France, Sanofi surged up 4.4%. Worldline, Dassault Systems, Legrand, Airbus Group, Air Liquide, Capgemini, Renault, STMicroElectronics, Safran and Atos also rose sharply.

Optimism about an interest cut in the U.S. rose after data from the Labor Department this morning showed a substantial slowdown in the pace of U.S. job growth in the month of May.

The report said non-farm payroll employment rose by 75,000 jobs in May after soaring by a downwardly revised 224,000 jobs in April.

Economists had expected employment to increase by about 185,000 jobs compared to the jump of 263,000 jobs originally reported for the previous month. Meanwhile, the unemployment rate came in at 3.6% in May, unchanged from the previous month and in line with economist estimates.

On Thursday, the European Central Bank left its key interest rate unchanged and said it expects interest rates to remain at the present level till the middle of 2020. Earlier, the bank expected rates to remain unchanged at least through the end of this year.

In economic news from Europe today, Germany's industrial output declined more-than-expected in April, falling 1.9% on month, data from Destatis revealed. In March output rose 0.5%. Production was forecast to drop marginally by 0.2% in April.

