

BUSINESS & FINANCIAL OVERVIEW

European Shares Seen Lower As Hopes Fade For Fed Rate Cuts

European stocks look set to open a tad lower on Wednesday as investors cautiously await the upcoming G-20 summit this weekend.

The United States was not willing to come to the meeting with concessions, a senior administration official said on Tuesday. Washington wants Beijing to come back to the table with the promises it withdrew before talks broke down, he said.

No trade deal is expected at the meeting but the two sides may agree not to impose new tariffs as a goodwill gesture to get negotiations going. Asian stocks slipped and the U.S. dollar pulled back from three-month lows after Fed officials dampened market expectations of aggressive rate cuts.

Fed Reserve Chairman Jerome Powell pushed back against pressure from President Trump to cut interest rates, saying that monetary policy should not overreact to any individual data point or short-term swing in sentiment.

Separately, well-known Fed dove Bullard said that a 50 bps rate cut in July would be too much. Trump said on Twitter that the U.S. central bank "raised rates far too fast" and "blew it" given low inflation and slowing global growth.

U.S.-Iran tensions also remain in focus, with Trump threatening to obliterate parts of Iran if it attacked "anything American."

Oil prices climbed nearly 2 percent in Asian trading amid geopolitical tensions and as industry data showed U.S. crude stockpiles fell more than expected.

On the data front, consumer confidence figures from Germany are due later in the day. The forward-looking consumer confidence index is seen falling slightly to 10.0 in July from 10.1 in June.

France's statistical office Insee publishes consumer confidence survey data. The index is expected to rise marginally to 100 in June from 99 in May.

U.S. stocks tumbled overnight as simmering trade concerns and disappointing housing and consumer confidence data dented sentiment.

The Dow Jones Industrial Average shed 0.7 percent and the S&P 500 lost 1 percent to end lower for the third straight session while the tech-heavy Nasdaq Composite plunged 1.5 percent.

European markets ended Tuesday's session slightly lower amid heightened geopolitical tensions and uncertainty about trade.

The pan European Stocks 600 slipped 0.1 percent. The German DAX dropped 0.4 percent and France's CAC 40 index eased 0.1 percent while the U.K.'s FTSE 100 inched up by 0.1 percent.

