

BUSINESS & FINANCIAL OVERVIEW

European Stocks Close Higher On Fed Rate Decision

European markets ended mostly higher on Thursday, reacting positively to the U.S. Federal Reserve's decision yesterday to cut its key rates by 25 basis points.

Although the Fed did not give any hint about future rate cuts, it reiterated that it would act as appropriate to support economic expansion. The Bank of England held interest rates steady and the quantitative easing program intact on Thursday amid continued uncertainty about Brexit. Investors were also digesting a slew of economic data from Europe and the U.S.

The pan European Stock 600 ended up 0.61%. Among the major indices, France's CAC 40 gained 0.68%, the U.K.'s FTSE 100 advanced 0.58% and Germany's DAX ended up 0.55%, while Switzerland's SMI closed 0.46% up.

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

In the UK market, IAG gained 3.75%. Vodafone Group, AstraZeneca, Direct Line Insurance, Standard Life, Lloyds Banking, BT Group and Croda International gained 2 to 2.7%. Charles Taylor shares soared nearly 40% after private equity house Lovell Minnick said it will take the British insurance services firm private in a £261m deal.

Next, Ocado, Fresnillo, Just Eat, Anglo American, Marks & Spencer and Associated British Foods ended with sharp to moderate losses.

In the French market, Atos, Societe Generale, BNP Paribas, Credit Agricole, Saint Gobain, Publicis Groupe, Sanofi, Air Liquide, Peugeot and Hermes International gained 1.3 to 3%. ArcelorMittal declined 4.75% and Dassault Systemes ended lower by about 1.6%.

In Germany, Merck ended stronger by about 3.3%, while HeidelbergCement and Deutsche Bank both ended higher by 2.1%. RWE, Volkswagen, E.ON, Fresenius, Linde, Vonovia, Siemens and Bayer gained 1 to 2%.

Shares of Wirecard AG declined nearly 5% and Lufthansa ended nearly 3% down. Beiersdorf shed about 1.2%. The Bank of England today decided to maintain its interest rate and quantitative easing amid heightened uncertainty ahead of Brexit.

The Monetary Policy Committee, led by Governor Mark Carney, unanimously decided to hold the bank rate at 0.75%. All nine members of the committee voted to hold the stock of corporate bond purchases at GBP 10 billion and that of government bond purchases at GBP 435 billion.

Policymakers viewed that the current stance of monetary policy was appropriate and observed that increased uncertainty about the nature of Brexit meant that the economy could follow a wide range of paths over the coming years.

