

BUSINESS & FINANCIAL OVERVIEW

European Markets Close Mixed After ECB's Dovish Stance

After staying fairly steady in positive territory early on in the session, the European markets turned mixed as the day progressed on Thursday with investors digesting the European Central Bank's rate decision and growth outlook as well as a slew of data from the euro area.

The pan European Stocks 600 edged down by 0.02%. Among the major markets in Europe, the U.K. ended on a firm note, with its benchmark FTSE 100 rising 0.55%. Germany's DAX and France's CAC 40 closed lower by 0.23% and 0.26%, respectively. Switzerland's SMI gained 0.25%.

Denmark, Italy, Netherlands, Norway, Poland, Portugal, Russia, Spain and Sweden closed higher, while Austria, Belgium, Czech Republic, Finland, Greece, Ireland, Turkey and Ukraine ended weak.

Shares of Renault plunged more than 6% after Fiat Chrysler abandoned a \$35 billion merger offer for the French company.

Unibail Rodamco, Carrefour, Orange, Worldline, ArcelorMittal, BNP Paribas and Credit Agricole were among the other prominent losers in the French market. Technip and Sanofi rose sharply.

In Germany, Vonovia declined 4.7%. Deutsche Bank, Wirecard, Thyssenkrupp, Fresenius, BMW and Daimler also ended weak. Linde, RWE, E.ON and Adidas posted solid gains.

Hargreaves Lansdown extended recent losses and ended more than 4% down. Kingfisher, Vodafone Group, J Sainsbury, Marks & Spencer, Associated British Foods, Royal Mail and Provident Financial were among the other major losers in the U.K. market.

The European Central Bank today left its key interest rate unchanged and now expects interest rates to remain at the present level longer. Earlier, the bank expected rates to remain unchanged at least through the end of this year. The ECB raised the growth and inflation outlook for this year, but trimmed the same for 2020.

Citing the latest ECB staff macroeconomic projections, ECB President Mario Draghi said in Vilnius, Lithuania, that the euro area growth forecast for this year was raised to 1.2% from 1.1% seen in March.

The outlook for next year was slashed to 1.4% from 1.6% and the forecast for 2021 was cut to 1.4% from 1.5%. The bank raised the inflation projection for this year to 1.3% from 1.2% on favorable monetary policy pressures and stronger wage growth.

However, the projection for next year was cut to 1.4% from 1.5% and the outlook for 2021 was left unchanged at 1.6%. Data from Destatis said Germany's factory orders grew 0.3% month-on-month in April, weaker than the revised 0.8% increase seen in March. However, the latest increase was slightly faster than the expected 0.2%.

On a yearly basis, new orders in manufacturing fell 5.3% in April following a 5.9% decline in March. Economists had forecast a 5.9% drop for April.

