

BUSINESS & FINANCIAL OVERVIEW

European Markets Tumble As Trade War Concerns Escalate

European markets ended notably lower on Monday, with Google's decision to suspend some of its businesses with Huawei escalating trade tensions and triggering a sell-off in the technology space.

Last week, after U.S. President Donald Trump signed an executive order declaring a national emergency to protect U.S. computer networks from attack by "foreign adversaries", the Commerce Department added the Chinese telecom giant Huawei Technologies Co and 70 affiliates to its "Entity List", which bans the Chinese company from buying components and technology from US firms without prior approval from the US government.

Following this, Google has suspended some of its business with Huawei, cutting off transfer of hardware, software and technical services.

Most of the markets across Europe ended sharply lower. The pan European Stoxx 600 tumbled 1.06%. Among the major indices, the U.K.'s FTSE 100 shed 0.51%, while Germany's DAX and France's CAC 40 lost 1.61% and 1.46%, respectively. Switzerland's SMI ended lower by 0.8%. Austria, Belgium, Greece, Hungary, Ireland, Spain, Sweden and Portugal were among the markets that ended notably lower.

Markets also reacted to reports about Infineon suspending shipments to the Chinese technology giant Huawei. Infineon shares ended nearly 5% down. Shares of AMS tumbled as much as 13%. ST MicroElectronics plunged about 9%.

Shares of budget airliner Ryanair declined sharply after the company issued a profit warning. The company, which saw its full-year profit for 2018 fall to the lowest level in four years, warned that earnings could fall further next year.

Airbus Group ended 1.6% down, Lufthansa declined 1.7% and EasyJet eased by about 3.4%. Coca Cola HBC, Merlin Entertainment, Tui, Barratt Developments, Taylor Wimpey and Burberry Group lost 2.5 to 7%.

Louis Vuitton, Dassault Systemes, Renault, Peugeot, BNP Paribas, Deutsche Bank, BMW, Thyssenkrupp, BASF, HeidelbergCement, Daimler and Volkswagen also ended sharply lower.

Shares of Low & Bonar slumped nearly 25% after the performance materials group warned that its first-half results would be materially behind that of the prior year.

In economic releases, the euro area current account surplus dropped to a seasonally adjusted EUR 25 billion in March from EUR 28 billion in February due to a fall in primary income, data from the European Central Bank showed.

The visible trade surplus decreased to EUR 24 billion from EUR 26 billion, while services surplus rose to EUR 8 billion from EUR 7 billion.

