

**BUSINESS & FINANCIAL OVERVIEW**

## European Markets End Sharply Lower On Trade Jitters

European markets ended lower on Wednesday, extending recent losses, amid worries the ongoing trade dispute between the U.S. and China will likely escalate into a full-fledged trade war and substantially hurt the global economy.

Political worries amid a row between Italy and the European Union on Italy's budget, and a batch of disappointing economic data from the euro area added to the woes.

The pan European Stoxx 600 tumbled 1.43%. Among the major markets in Europe, France ended sharply lower with its benchmark CAC 40 plunging 1.7%. Germany's DAX plummeted 1.57% and the U.K.'s FTSE 100 slumped 1.15%. Switzerland's SMI ended 1.43% down.

Austria, Belgium, Denmark, Finland, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Spain and Sweden all ended notably lower. Czech Republic, Turkey and Russia bucked the trend and ended on a positive note.

Wirecard, Thyssenkrupp, Fresenius, Bayer, Deutsche Bank, BNP Paribas, Valeo, ArcelorMittal, Kering, Michelin and Peugeot were among the prominent losers.

In the British market, Tesco plunged more than 5%. Provident Financial, Hikma Pharma, Paddy Power, Micro Focus, Burberry Group, Marks & Spencer, Ashtead Group and Royal Mail also ended sharply lower.

In economic releases, Germany's unemployment climbed sharply in May for the first time in nearly two years, defying expectations for further decline, figures from the Federal Employment Agency showed.

The number of unemployed rose by 60,000 month-on-month, while economists had expected a decline of 7,000. The jobless rate climbed to 5% in May, equaling the rate seen in February.

France's consumer price inflation eased more-than-expected to 1% in May from 1.3% in April, the provision estimate from the statistical office Insee showed. A similar lower rate was last seen in September 2017.

French GDP grew 0.3% sequentially in the first quarter, in line with the estimate released on April 30, but slightly slower than the revised 0.4% expansion seen in the fourth quarter of 2018.

The European Central Bank, in its Financial Stability Review report said that risks to financial stability in the euro area are rising amid a slowing global economy and escalating trade tensions.

Uncertainty surrounding the global economic growth outlook have led to "bouts of high volatility in financial markets", the bank said as it released the latest Financial Stability Review report.

Slower than expected growth and a possible worsening of trade tensions could trigger further falls in asset prices, the report warned.

