

Pan European Weekly

Weekly Commentary

9 January 2012

Overview

- European stocks rose last week as worries over the Eurozone's debt crisis receded on the back of improving manufacturing data across the globe.
- Economic sentiment in the Eurozone deteriorated in December to its lowest point in more than a year, while businesses in the UK turned more pessimistic about growth prospects.
- Consumer spending in the region fell in November as the jobless rate rose to a new high of 10.3%.
- German factory orders posted their biggest decline in almost three years. Sweden's manufacturing sector contracted by less than expected in December, while the UK's manufacturing PMI for December indicated a modest improvement in the outlook.
- Price pressures appear to have peaked as Eurozone inflation fell to 2.8% in December, the first decline since July last year.

Sector News

Consumer Goods: In M&A news, Germany's **Elringklinger** acquired a small domestic metal housings business for €3 million, while UK-based **PZ Cussons** bought Australian-owned Fudge Hair Care for £25.5 million. Meanwhile, **Nestle** and Coca-Cola scaled back their global beverage joint venture to focus on Europe and Canada.

Berkeley Group plans to convert an office building in London's financial district into luxury apartments. In an update, **McBride** reported a satisfactory first-half performance with 2% revenue growth.

Consumer Services: Christmas trading reports were generally weak amid a tough retail environment, but **Morrison Supermarkets'** sales were in line with expectations, thanks to its fresh products and value offering.

Industrials: **BBA Aviation's** support services unit acquired Alabama-based Azalea Aviation and a 95% stake in the Caribbean's Arrindell Aviation Services, bolstering its position in North America. **John Menzies** and **Imtech** retained their full-year earnings guidance, with the latter highlighting robust orders. **Robert Walters'** fourth-quarter update exceeded expectations, although it was cautious about this year's outlook given challenging market conditions.

Real Estate: **Shaftesbury's** joint venture with The Mercers' Company, Longmartin Properties, secured a £120 million, 15-year debt facility to repay existing bank loans.

We hold all the companies highlighted above.

Indices Performance Table

INDEX	WOW	YTD	WOW (US\$)	YTD (US\$)	6/01/2012
FTSE All Share	1.4%	1.4%	0.8%	0.8%	2897.0
FTSE 100	1.4%	1.4%	0.8%	0.8%	5649.7
FTSE 250	1.4%	1.4%	0.8%	0.8%	10245.9
FTSE 350	1.4%	1.4%	0.8%	0.8%	2966.7
FTSE Small Cap	0.4%	0.4%	-0.2%	-0.2%	2758.4
FTSE Europe	0.7%	0.7%	-0.9%	-0.9%	290.3
FTSE Europe ex UK	0.4%	0.4%	-1.6%	-1.6%	260.2
Germany - DAX	2.7%	2.7%	0.8%	0.8%	6057.9
France - CAC 40	-0.7%	-0.7%	-2.5%	-2.5%	3137.4
Spain - IBEX 35	-3.2%	-3.2%	-5.0%	-5.0%	8289.1
Italy - FTSE MIB Index	-2.9%	-2.9%	-4.9%	-4.9%	14645.6
Netherlands - AEX	-0.4%	-0.4%	-2.3%	-2.3%	311.1
Portugal - PSI 20	1.9%	1.9%	0.0%	0.0%	5599.2
Ireland - ISEQ	-0.4%	-0.4%	-2.2%	-2.2%	2889.9
Switzerland - SMI	1.3%	1.3%	-0.5%	-0.5%	6013.8
Sweden - OMX 30	1.5%	1.5%	0.8%	0.8%	1002.2
Denmark - OMX 20	2.2%	2.2%	0.3%	0.3%	398.4
Finland - OMX 25	2.4%	2.4%	1.1%	1.1%	1988.9
Norway - OBX	1.8%	1.8%	1.1%	1.1%	363.9
FTSE EPRA	-2.4%	-2.4%	-4.2%	-4.2%	1188.42
FT350 Real Estate	-1.3%	-1.3%	-1.9%	-1.9%	310.13

Source: Aberdeen Asset Management, Bloomberg, Reuters, IRESS

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