

Pan European Weekly



Overview

- European equities rose last week as positive earnings reports outweighed disappointing US data that reignited concerns about global growth.
- Both the European Central Bank and the Bank of England left interest rates unchanged. Producer price inflation in the Eurozone slowed as a stronger euro helped offset higher costs of imported goods.
- Growth in Europe's manufacturing and services accelerated, but retail sales were flat.
- German factory orders and industrial output rose in June from the previous year. Italy and Spain's second-quarter GDP accelerated quarter-on-quarter. In contrast, unemployment worsened in Sweden.
- In the UK, manufacturing continued to expand. House prices also rose as record-low interest rates and the economic recovery boosted demand.

Sector News

Basic Resources: BP finished pumping cement into its ruptured oil well in the Gulf of Mexico to seal it permanently. Separately, it agreed to sell its Colombian assets for US\$1.9 billion. **OMV**, meanwhile, posted solid results thanks to the higher oil price and improved refining environment. **Victrex's** sales remained healthy, while the rebound in demand boosted both **Arkema** and **Fuchs Petrolub**. **Fugro's** prospects were bolstered by its strong order book. **Air Liquide** and **Linde's** earnings were driven by robust performance in Asia. **Rio Tinto** benefited from significant pricing gains.

Consumer Goods: Our holdings' results were largely favourable. **BMW's** sales and profits grew, while **GKN's** automotive volumes recovered. **Adidas's** sales were lifted by the World Cup and its Reebok brand. **Bellway** released a positive sales update. **Unilever**, by contrast, was affected by input price inflation. In other news, **Nestle** acquired Vitaflo, a global provider of clinical nutritional products. **Persimmon** will partner St Modwen in a residential joint venture.

Financials: In earnings news, **BNP Paribas's** performance was supported by retail banking revenue and declining bad loans. Improving credit quality also helped both **Standard Chartered** and **HSBC Holdings**. Asset management revenues recovered at **Schroders** on positive net inflows. **Zurich Financial Services's** results were underpinned by its core businesses, though earnings were hit by disaster and weather-related payouts. **Aviva's** profits were attributable to its UK business and cost cuts. Separately, it signed an exclusive agreement with Santander to distribute its products in the UK.

Industrials: **St Gobain's** results were aided by robust sales, while rising orders helped **GEA** and **Rotork**. **XP Power** benefited from its own brand products. **Ultra Electronics** gained from its wide range of markets. **Weir's** profits rose on firm commodity demand. Growing civil orders lifted **Meggitt's** performance. **Imtech**, however, posted flat margins. **Italcementi's** results reflected falling volumes in mature markets but gains in emerging markets. **Keller** was hurt by tough trading and fierce competition. **TNT's** profits declined despite better sales. **Laird** was hindered by an asset writedown.

Pharmaceuticals: **Novo Nordisk** delivered impressive profits driven by modern insulins and the successful launch of new diabetes drug Victoza.

Real Estate: **British Land** posted steady improvement in profits, portfolio valuation and occupancy in the first quarter. Likewise, **Hammerson's** performance indicated lower vacancy levels and growing rental income.

We hold all the companies highlighted above.

Pan European Weekly

Indices Performance Table

Index	WOW	YTD	WOW (US\$)	YTD (US\$)	06/08/2010
FTSE All Share	1.4%	-0.3%	3.1%	-1.4%	2753.7
FTSE 100	1.4%	-1.5%	3.1%	-2.6%	5332.4
FTSE 250	1.4%	8.4%	3.1%	7.2%	10089.8
FTSE 350	1.4%	-0.3%	3.1%	-1.4%	2815.3
FTSE Small Cap	1.2%	1.4%	3.0%	0.3%	2816.9
FTSE Europe	1.5%	-1.9%	1.5%	-22.4%	311.6
FTSE Europe ex UK	1.5%	-1.9%	1.5%	-27.3%	296.1
Germany - DAX	1.8%	5.1%	3.5%	-2.8%	6259.6
France - CAC 40	2.0%	-5.6%	3.7%	-12.6%	3716.1
Spain - IBEX 35	1.4%	-10.8%	3.1%	-17.5%	10651.1
Italy - FTSE MIB Index	0.3%	-9.3%	2.0%	7.1%	21084.5
Netherlands - AEX	0.2%	-1.2%	1.8%	-8.6%	331.2
Portugal - PSI 20	0.6%	-12.4%	2.3%	-18.9%	7415.4
Ireland - ISEQ	0.6%	-1.4%	2.3%	-8.7%	2933.9
Switzerland - SMI	1.9%	-3.4%	2.3%	-3.5%	6321.4
Sweden - OMX 30	1.7%	11.9%	3.4%	13.1%	1065.2
Denmark - OMX 20	2.1%	24.6%	3.8%	15.1%	419.5
Finland - OMX 25	2.8%	12.9%	4.6%	4.5%	2295.5
Norway - OBX	4.7%	1.1%	6.5%	-1.5%	343.1
FTSE EPRA	0.0%	-0.1%	1.7%	-6.0%	1255.89
FT350 Real Estate	-0.6%	-9.6%	1.1%	-10.7%	313.85

Source: Aberdeen Asset Managers Limited, Bloomberg, Reuters, IRESS

Pan European Weekly

For more information

Client Services Team

Tel: +65 6395 2701

Fax: +65 6438 0743

Aberdeen Asset Management Asia Limited

21 Church Street

#01-01 Capital Square Two

Singapore 049480

Tel: +65 6395 2700

Fax: +65 6535 7159

www.aberdeen-asia.com

Important information

The above is strictly information purposes only and should not be considered an offer, or solicitation, to deal in any of the mentioned funds. Any research or analysis used to derive, or in relation to, the above information has been procured by Aberdeen Asset Management Asia Limited ("Aberdeen Asia") for its own use, without taking into account the investment objectives, financial situation or particular needs of any specific investor, and may have been acted on for Aberdeen Asia's own purpose.

Aberdeen Asia does not warrant the accuracy, adequacy or completeness of the information herein and expressly disclaims liability for any errors or omissions. The information is given on a general basis without obligation and on the understanding that any person acting upon or in reliance on it, does so entirely at his or her own risk. Any projections or other forward-looking statements regarding future events or performance of countries, markets or companies are not necessarily indicative of, and may differ from, actual events or results. Aberdeen Asia reserves the right to make changes and corrections to the information, including any opinions or forecasts expressed herein at any time, without notice.

Aberdeen Asset Management Asia Limited, Registration Number 199105448E