

Pan European Weekly



Overview

- European equities posted their largest weekly gain in almost a year, aided by growing optimism about the outcome of the stress tests on Eurozone banks. Financials and mining stocks outperformed.
- In the Eurozone, growth in the services and manufacturing industries slowed for a second month in June. Car sales also fell, particularly in Germany, although demand in France and Spain held up relatively well because of subsidies. Against this, retail sales rose in May.
- German exports jumped by nearly 29% in May, as a weak euro fuelled Asian demand. Industrial production rose in France, Italy and the UK. France's trade deficit widened in May.
- UK house prices fell for a third month in June, as confidence remained weak.
- The European Central Bank and the Bank of England left interest rates unchanged at 1% and 0.5% respectively.
- In politics, the crisis-hit Italian government was dealt a fresh blow when a newly appointed minister abruptly resigned after being charged for embezzlement.

Sector News

Basic Resources: **Air Liquide** acquired South Korean gas supplier H-Plus SGS to meet the growing demand in the region.

Consumer Goods: **AB Foods** said third-quarter revenue was backed up by strong performances across all divisions and was optimistic about its full-year earnings outlook. **Persimmon's** first-half sales rose, accompanied by improved debt and margins. **Nestle's** chief executive Paul Bulcke said that he was open to joint ventures in emerging markets.

Industrials: **T Clarke** continued to maintain a healthy order book, with the integration of the D&S Engineering Facilities progressing as planned. **XP Power's** second-quarter revenue was solid and it gained market share in North America, Europe and Asia. **Robert Walters** reported growth in net fee income. **SIG** said first-half profits will beat forecasts thanks to a rebound in insulation sales. **TNT** increased rates within Europe for its express business by 3.5%.

Meanwhile, **Meggitt** extended its contract with Bombardier to produce braking systems for its C Series jetliners, while **Ultra Electronics** will provide radio communications systems for the US military. **Fenner** acquired Arizona-based MRI Medical as part of its strategy to expand in the medical arena.

Utilities: Germany's government agreed to extend the operating life of the nation's nuclear power plants by more than 10 years.

We hold all the companies highlighted above.

Indices Performance Table

Index	WOW	YTD	WOW (US\$)	YTD (US\$)	09/07/2010
FTSE All Share	5.9%	-3.9%	5.0%	-10.4%	2652.7
FTSE 100	6.1%	-5.2%	5.2%	-11.6%	5132.9
FTSE 250	5.1%	4.7%	4.2%	-2.3%	9745.8
FTSE 350	6.0%	-4.0%	5.1%	-10.4%	2711.2
FTSE Small Cap	3.2%	-1.1%	2.3%	-7.8%	2746.4
FTSE Europe	5.5%	-5.3%	5.5%	-25.1%	300.7
FTSE Europe ex UK	5.3%	-5.3%	5.3%	-29.7%	286.0
Germany - DAX	4.0%	1.8%	4.8%	-10.2%	6065.2

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France - CAC 40	6.2%	-9.7%	7.0%	-20.3%	3554.5
Spain - IBEX 35	9.5%	-15.2%	10.4%	-25.2%	10127.3
Italy - FTSE MIB Index	7.4%	-11.9%	8.2%	-0.9%	20479.0
Netherlands - AEX	5.3%	-3.3%	6.1%	-14.6%	324.4
Portugal - PSI 20	3.4%	-13.5%	4.3%	-23.7%	7317.9
Ireland - ISEQ	1.4%	-3.0%	2.2%	-14.4%	2884.2
Switzerland - SMI	4.0%	-5.1%	4.6%	-7.1%	6210.5
Sweden - OMX 30	0.7%	8.0%	6.7%	3.4%	1028.1
Denmark - OMX 20	4.2%	20.8%	5.0%	6.3%	406.6
Finland - OMX 25	0.2%	6.1%	5.5%	-6.4%	2156.2
Norway - OBX	6.8%	-6.0%	8.5%	-14.1%	319.0
FTSE EPRA	3.6%	-5.9%	4.5%	-15.6%	1183.00
FT350 Real Estate	4.2%	-13.2%	3.3%	-19.0%	301.54

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

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