

Pan European Weekly



Overview

- European equities rose for a fourth week as concerns about the region's sovereign debt crisis eased. Spain, along with the IMF and EU, refuted reports that it was negotiating a €250 billion bailout package.
- Industrial production in the Eurozone grew for an 11th month in April, with Germany offsetting declines in Greece, Ireland, Portugal and Spain. Consumer prices rose in May on higher energy costs, while wages also increased in the first quarter.
- UK mortgage approvals rose and jobless claims fell by more than expected in May. However, consumer confidence was at a 10-month-low and the new government cut next year's growth forecast to 2.6% from 3.25%.
- Swedish employment improved for the fourth month in May, helped by domestic stimulus measures.
- European leaders agreed to publish stress tests on the Continent's banking sector by July. France raised the retirement age from 60 to 62 and hiked taxes on businesses and the wealthy to rebalance its pension system by 2018. Labour reforms in Spain were passed into law, making workers cheaper to fire.

Sector News

Basic Resources: BP will set up a US\$20 billion fund and suspend dividends to compensate victims of the Gulf of Mexico oil spill. Miners **BHP Billiton** and **Rio Tinto** continued to lobby against the Australian government's 40% tax hike for the resource sector.

Industrials: **Weir Group** said that orders for replacement parts exceeded expectations and that it continued to benefit from favourable foreign exchange movements.

Pharmaceuticals: **Roche Holding** will postpone the development of experimental drug Taspoglutide by at least 12 to 18 months after more people than expected reported side effects.

Real Estate: **Hammerson** is selling its 75% stake in the Espace Saint Quentin shopping centre near Paris to Allianz Real Estate, although the former will continue as manager. **Helical Bar** will build a 19-storey tower in the City of London. **Development Securities** acquired the Manchester Evening News Arena for £62.2 million.

Retail: **Majestic Wine's** profits more than doubled, lifted by a change to its minimum purchase rules. **Bellway** remained upbeat despite flat sales growth and still expects operating margins to exceed 6.5% for the year.

Utilities: German chancellor Angela Merkel will meet the country's four largest utilities to discuss the proposed nuclear tax and the extension of the operation life span of such power plant. **E.On** plans to expand its core offshore wind energy portfolio.

We hold all the companies highlighted above.

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Indices Performance Table

Index	WOW	YTD	WOW (US\$)	YTD (US\$)	18/06/2010
FTSE All Share	1.8%	-1.8%	3.8%	-10.0%	2711.6
FTSE 100	1.7%	-3.0%	3.7%	-11.1%	5250.8
FTSE 250	3.0%	6.9%	5.0%	-2.0%	9952.7
FTSE 350	1.9%	-1.8%	3.9%	-10.0%	2772.8
FTSE Small Cap	0.4%	-0.9%	2.4%	-9.2%	2751.5
FTSE Europe	2.5%	-2.9%	2.5%	-23.2%	308.5
FTSE Europe ex UK	2.9%	-2.7%	2.9%	-27.8%	293.7
Germany - DAX	2.8%	4.4%	5.4%	-10.0%	6217.0
France - CAC 40	3.7%	-6.3%	6.3%	-19.2%	3687.2
Spain - IBEX 35	4.3%	-16.5%	6.9%	-28.0%	9971.8
Italy - FTSE MIB Index	5.6%	-10.7%	8.2%	-1.8%	20752.3
Netherlands - AEX	3.2%	0.2%	18.7%	-3.0%	336.1
Portugal - PSI 20	3.7%	-12.4%	6.3%	-24.5%	7411.3
Ireland - ISEQ	2.3%	4.8%	4.9%	-9.6%	3118.8
Switzerland - SMI	0.3%	-1.5%	17.4%	3.7%	6447.1
Sweden - OMX 30	3.8%	10.8%	12.0%	7.7%	1054.6
Denmark - OMX 20	3.7%	23.9%	6.2%	6.7%	417.2
Finland - OMX 25	2.3%	9.4%	4.9%	-5.7%	2224.1
Norway - OBX	2.1%	-2.7%	3.9%	-11.6%	330.1
FTSE EPRA	1.9%	-4.8%	4.5%	-16.6%	1196.00
FT350 Real Estate	0.7%	-11.3%	2.6%	-18.7%	308.13

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

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