

# Pan European Weekly

## Weekly commentary

23 January 2012

### Overview

- European stocks rose last week as successful sovereign bond auctions in France, Spain and Greece bolstered hopes the debt crisis was being contained, while positive US economic data fuelled the positive momentum further.
- Investor sentiment improved in Germany on hopes that economic activity would stabilise over the next few months.
- However, consumer confidence fell in the UK; the unemployment rate rose though claims for jobless benefits increased by smaller than expected.
- Inflation eased in the Eurozone and UK as consumer demand weakened and companies found it harder to pass on higher costs.
- The World Bank forecast that the Eurozone will contract 0.3% in 2012, compared with a previous estimate of 1.8% growth, given the ongoing debt problems. Meanwhile, the IMF requested its member countries to prop up the Eurozone with an extra US\$600 billion.

### Sector News

**Basic Resources:** **BHP Billiton** and **Rio Tinto** reported record iron ore output in Western Australia as both continued to expand in the Pilbara region.

**Consumer Goods:** **AB Foods** released an upbeat trading statement that highlighted strong profitability in its sugar business and budget clothing retailer Primark. **Barry Callebaut's** first-quarter sales rose 5% on volume growth; separately, the company will supply its chocolate products to Latin American food company Grupo Bimbo.

**Consumer Services:** **Pearson's** trading update showed full-year earnings grew better than expected as rapid expansion in its digital offerings and emerging markets offset subdued demand for learning materials in US schools and higher education.

**Industrials:** **Rolls-Royce** won contracts to design and equip oil spill recovery and bunker vessels for Navegação San Miguel. Information services company **Experian** posted a positive trading update that expects margin improvement and healthy cash flows for the full year. **Oxford Instruments** is seeing robust orders across the board despite weakness in the LED segment due to overcapacity.

**Pharmaceuticals:** The US FDA requested further clinical data from **AstraZeneca** and partner Bristol-Myers Squibb about a compound used in diabetes treatment. **Virbac** reported solid sales growth in 2011 helped by the strength of its veterinary drugs portfolio combined with new launches and global exposure.

We hold all the companies highlighted above.

## Indices Performance Table

Index	WOW	YTD	WOW (US\$)	YTD ( US\$)	20/01/2012
FTSE All Share	1.9%	3.4%	3.5%	3.6%	2954.8
FTSE 100	1.6%	2.8%	3.3%	3.0%	5728.6
FTSE 250	3.5%	7.2%	5.2%	7.4%	10825.9
FTSE 350	1.9%	3.4%	3.5%	3.6%	3024.0
FTSE Small Cap	2.8%	5.2%	4.4%	5.4%	2890.7
FTSE Europe	2.7%	4.2%	4.8%	4.0%	300.3
FTSE Europe ex UK	3.3%	4.9%	5.5%	4.7%	271.9
Germany - DAX	4.3%	8.6%	6.3%	8.3%	6404.4
France - CAC 40	3.9%	5.1%	6.0%	4.9%	3321.5
Spain - IBEX 35	1.3%	-0.1%	3.3%	-0.3%	8561.9
Italy - FTSE MIB Index	4.1%	3.6%	6.2%	3.1%	15632.1
Netherlands - AEX	3.6%	2.5%	5.6%	2.3%	320.3
Portugal - PSI 20	0.1%	-0.2%	2.1%	-0.4%	5485.9
Ireland - ISEQ	2.6%	3.6%	4.7%	3.3%	3005.7
Switzerland - SMI	2.1%	3.1%	4.2%	3.6%	6122.7
Sweden - OMX 30	2.4%	4.6%	5.8%	6.0%	1033.3
Denmark - OMX 20	1.1%	4.0%	3.1%	3.7%	405.5
Finland - OMX 25	6.3%	9.9%	8.4%	9.6%	2133.5
Norway - OBX	0.0%	2.1%	2.4%	2.9%	365.2
FTSE EPRA	5.3%	4.8%	7.4%	4.6%	1276.24
FT350 Real Estate	6.1%	6.8%	7.8%	7.0%	335.54

Source: Aberdeen Asset Management, Bloomberg, Reuters, IRESS

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