

Pan European Weekly



Overview

- **European equities fell by the most in almost three months, on concerns that monetary tightening in China will dampen recovering global trade. Bank shares fell sharply following US president Barack Obama's proposal to limit the size of financial institutions and reduce risk-taking.**
- **In the UK, inflation rose to a fresh high last month, following the increase in oil prices. Elsewhere, retail sales growth was marginal. December's budget deficit was the largest on record.**
- **The euro weakened amid increasing concerns that Greece may have trouble meeting its debt obligations, with a big rise in interest payments.**
- **Business confidence grew in France but declined in Germany in January. Separately, both countries raised their economic growth forecasts for 2010.**

Sector News

Basic Materials: Amec won a contract to provide engineering services for new UK gas storage facilities. **Air Liquide** will increase its investment in India to raise capacity. **BHP Billiton** reported solid growth in petroleum and iron ore production.

Consumer Goods: **BMW** China reported the best sales growth for the group, rising by 38% last year against a 10% decline worldwide.

Consumer Services: UK media group **Pearson** upgraded its full-year earnings on the back of resilient performance in higher education and its subscription-based businesses in the FT Group. It may also sell the IDC group, pending a review. UK retailer **Kesa** saw improving sales trends across most of its businesses over the Christmas period.

Health Care: **Novo Nordisk's** diabetes drug Victoza received regulatory approval in Japan.

Industrials: Germany's **MAN** is expanding capacity at its Brazilian production plant to meet growing demand for commercial vehicles in Latin America. **ThyssenKrupp** raised the projected start-up costs for a new plant in Brazil and a stainless steel mill in the US.

Real Estate: UK developer **Great Portland Estates** saw a strong recovery in the valuation of its portfolio over the prior quarter, supported by a return in investment demand. It also unveiled several development schemes following an improving outlook for rents. Similarly, **Land Securities** will start development of three London properties this year, helped by the strength of its balance sheet.

Utilities: Germany's **E.ON** may cut up to 800 jobs after the closure of a UK call centre.

We hold all the companies highlighted above.

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Indices Performance Table

Index	WOW	YTD	WOW (US\$)	YTD (US\$)	22/01/2010
FTSE All Share	-2.7%	-1.7%	-3.4%	-1.8%	2714.1
FTSE 100	-2.8%	-2.0%	-3.5%	-2.1%	5303.0
FTSE 250	-2.2%	0.2%	-2.9%	0.1%	9325.2
FTSE 350	-2.7%	-1.8%	-3.4%	-1.9%	2773.9
FTSE Small Cap	-2.2%	1.5%	-2.8%	1.4%	2819.0
FTSE Europe	-2.9%	-2.2%	-2.9%	-22.7%	310.4
FTSE Europe ex UK	-2.9%	-2.4%	-2.9%	-27.6%	294.8
Germany - DAX	-3.1%	-4.4%	-4.6%	-5.6%	5695.3
France - CAC 40	-3.4%	-2.9%	-4.9%	-4.1%	3820.8
Spain - IBEX 35	-4.0%	-4.7%	-5.5%	-6.0%	11373.4
Italy - FTSE MIB Index	-3.9%	-2.9%	-5.4%	22.3%	22567.8
Netherlands - AEX	-2.5%	-1.7%	-4.0%	-3.0%	329.5
Portugal - PSI 20	-4.4%	-4.1%	-5.9%	-5.3%	8118.4
Ireland - ISEQ	-2.0%	2.1%	-3.5%	0.8%	3036.9
Switzerland - SMI	-1.2%	-0.8%	-2.6%	-1.1%	6494.0
Sweden - OMX 30	-2.0%	-0.1%	-4.1%	-0.9%	951.1
Denmark - OMX 20	-3.5%	3.0%	-5.0%	1.6%	346.9
Finland - OMX 25	-1.1%	0.1%	-2.7%	-1.2%	2035.3
Norway - OBX	-5.8%	-4.1%	-7.6%	-3.9%	325.3
FTSE EPRA	-2.5%	-2.2%	-4.0%	-1.8%	1228.72
FT350 Real Estate	-4.0%	-6.5%	-4.7%	-6.6%	324.68

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

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