Pan European Weekly

Aberdeen

Overview

- **European equities fell last week amid worries about the health of the global economy and uncertainty over the US financial overhaul bill.**
- **The Eurozone PMI declined in May, along with key sentiment indices in Germany, France and Italy in view of the soon-to-be implemented austerity measures and their impact on economic prospects.**
- **France's GDP edged higher in the first quarter, while consumer spending rose in May as signs of stabilisation in the labour market lifted household confidence.**
- **The UK budget aimed to turn the deficit into a modest surplus in five years through drastic spending cuts and tax hikes. Mortgage approvals rose in May but demand for other loans stayed weak.**
- **Norway maintained its policy stance and held interest rates steady in light of the tepid recovery and Eurozone debt risks.**

Sector News

Basic Resources: **BG Group's** new offshore well at Tupi Alto, Brazil was a success. **BHP Billiton** and **Rio Tinto's** senior management will discuss the proposed mining tax with the Australian government after the new prime minister takes office.

Consumer goods: **McBride** expects the trading environment to be more challenging in the coming months, after the household and personal care products supplier warned that costs of raw materials were increasing.

Consumer services: **Whitbread** made a strong start to the financial year, with good like-for-like sales growth, particularly at its Premier Inn budget hotel chain.

Financials: One of **Schroders**' subsidiaries bought a 49% stake in RWC Partners, a boutique investment firm.

Industrials: **Imtech**'s acquisition of Swedish technical services provider NEA will strengthen its market leadership in Scandinavia. **Chemring**'s half-year results showed strong underlying earnings growth.

Pharmaceuticals: The US Food and Drug Administration delayed its decision on **AstraZeneca**'s experimental infant lung drug motavizumab to August. **GlaxoSmithKline** received exclusive rights to commercialise Sweden-based Medivir's cold sore treatment Xerclear.

Real Estate: **Development Securities** acquired a serviced office in London's outskirts, in addition to buying a mixed-use central London property with partner Caenwood Ventures. **Great Portland Estates** bought an office building in London's West End for £53 million.

Utilities: The French energy regulator ruled that **GDF Suez** may raise natural gas prices for households by 4.7% from 1 July. The UK's emergency budget may have a negative impact on UK utilities, as capital allowances will fall from 20% to 18%. These changes, however, will only come into force in 2012.

We hold all the companies highlighted above.

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Indices Performance Table

Index	WOW	YTD	WOW (US$)	YTD (US$)	25/06/2010
FTSE All Share	-3.8%	-5.5%	-2.6%	-12.3%	2609.1
FTSE 100	-3.9%	-6.8%	-2.7%	-13.4%	5046.5
FTSE 250	-3.5%	3.2%	-2.3%	-4.2%	9606.1
FTSE 350	-3.8%	-5.6%	-2.6%	-12.3%	2666.4
FTSE Small Cap	-1.5%	-2.4%	-0.3%	-9.4%	2709.7
FTSE Europe	-3.6%	-6.4%	-3.6%	-26.0%	297.2
FTSE Europe ex UK	-3.5%	-6.1%	-3.5%	-30.4%	283.4
Germany - DAX	-2.4%	1.9%	-2.5%	-12.3%	6070.6
France - CAC 40	-4.5%	-10.6%	-4.7%	-23.0%	3519.7
Spain - IBEX 35	-4.4%	-20.1%	-4.5%	-31.2%	9535.0
Italy - FTSE MIB Index	-3.8%	-14.1%	-3.9%	-5.7%	19961.7
Netherlands - AEX	-3.0%	-2.8%	-3.1%	-16.3%	326.0
Portugal - PSI 20	-2.6%	-14.7%	-2.7%	-26.5%	7219.1
Ireland - ISEQ	-5.5%	-1.0%	-5.7%	-14.7%	2946.0
Switzerland - SMI	-2.7%	-4.1%	-1.3%	-9.2%	6275.4
Sweden - OMX 30	-3.1%	7.3%	-3.7%	-0.9%	1021.4
Denmark - OMX 20	-3.3%	19.8%	-3.5%	3.1%	403.4
Finland - OMX 25	-3.2%	5.9%	-3.2%	-8.7%	2153.0
Norway - OBX	-5.3%	-7.9%	-6.4%	-17.2%	312.5
FTSE EPRA	-0.7%	-5.5%	-0.8%	-17.3%	1187.61
FT350 Real Estate	-2.8%	-13.8%	-1.6%	-20.0%	299.36

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

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Important information