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## European Factors-Shares set to inch higher early on China data



Reuters - UK Focus – Wed, Feb 1, 2012 07:49 GMT

(Adds details, futures; updates snapshot table)

PARIS, Feb 1 (Reuters) - European stock index futures pointed to a slightly higher open on Wednesday, as better-than-expected Chinese manufacturing data gives investor demand for risk assets a fillip, ahead of U.S. ADP (Berlin: [W7L.BE - news](#)) jobs data that will be closely watched after the release of some weak U.S. data in the previous session.

At 0732 GMT, futures for Euro STOXX 50 (Zurich: [^STOXX50E - news](#)), for Germany's DAX (EUREX: [FDAX.EX - news](#)) and for France's CAC 40 (Paris: [^FCHI - news](#)) were up between 0.2 percent and 0.5 percent.

China's factory sector expanded slightly in January, confounding expectations for a contraction and fuelling hopes the world's second-biggest economy will avoid a hard landing. The official PMI rose to 50.5 in January from 50.3 in December, beating market expectations of 49.5 as new orders rose to a three-month high. A level of 50 demarcates expansion from contraction.

A similar HSBC (LSE: [HSBA.L - news](#)) survey showed the sector contracting the least in three months, further backing the view that a downturn in manufacturing may be bottoming out as the government adopts modest measures to support growth.

U.S. stocks ended mixed on Tuesday but off session lows, as weaker-than-expected U.S. economic data weighed on sentiment, although the S&P 500 triggered a bullish technical signal, known as a 'golden cross', as its 50-day moving average ticked above its 200-day moving average. The chart signal indicates a shift in mid-term momentum and usually means gains in the index six months down the road.

On the macro front on Wednesday, investors awaited the monthly ADP U.S. national employment report, due at 1315 GMT, seeking clues as to Friday's key non-farm payrolls report. Aside from that, January's U.S. ISM report and December U.S. construction spending data will both be unveiled at 1500 GMT.

European stocks gained ground on Tuesday on renewed hopes for a Greek debt deal and after euro zone leaders agreed to a German-led deal on stricter budget controls, although gains were capped by the weaker-than-expected U.S. economic data.

The euro zone's blue-chip Euro STOXX 50 index has gained 10 percent over the past six weeks, but the brisk rally has recently lost steam as Greek debt talks dragged on and investors' focus turned to debt-stricken Portugal.

"We're back at a double support at 2,393 points which represents the previous resistance that capped the market in late 2011, and is also the lower band of a rising channel," said Valerie Gastaldy, head of Paris-based technical analysis firm Day By Day.

These two elements should appeal to bulls, whose stop-loss for long positions are probably just below 2,393 points, the chartist said.

"This is the ideal entry point for a bullish trend-following strategy. But we are being contrarian to the trend rather than trend-followers. The Bund has been going up with equities, this is not the correlation we expect for a sound rally."

Gastaldy sees the index breaking the 2,393 point support, with a short-term target at 2,313, and a stop-loss at 2,448.

MARKET SNAPSHOT AT 0732 GMT

LAST PCT CHG NET CHG S&P 500 (SNP: [^GSPC - news](#)) 1,312.41 -0.05 % -0.6 NIKKEI (Osaka: [^N225 - news](#)) 8,809.79  
 0.08 % 7.28 MSCI ASIA EX-JP 505.39 -0.43 % -2.17 EUR/USD 1.3041 -0.31 % -0.0041 USD/JPY 76.12 -0.16 % -0.1200  
 10-YR US TSY YLD 1.811 -- 0.02 10-YR BUND YLD 1.804 -- -0.01 SPOT GOLD \$1,734.69 -0.14 % -\$2.50 US CRUDE  
 \$98.64 0.16 % 0.16

GLOBAL MARKETS-Stocks mixed, focus on PMIs

Nikkei edges up, poor earnings taken in stride

Wall Street ends strong January on flat note

FOREX-Dollar at 3-mth lows on yen, euro under pressure

Brent rises above \$111, Iran supply worries support

PRECIOUS-Gold steady; U.S., Europe (Chicago Options: [^REURUSD - news](#)) data eyed

METALS-Copper steady, supported by firmer China PMI

COMPANY NEWS:

DEUTSCHE BOERSE

EU antitrust regulators are set to block the merger of Deutsche Boerse and NYSE Euronext (Euronext: [NYX.NX - news](#)) on Wednesday, making the fourth failed attempt at consolidation in the sector in the last year, people familiar with the matter said.

INFINEON

The German chipmaker expects flat to slightly lower second-quarter sales on weakness in some of its units, while also seeing some early signs of stabilization in its chipcard and lower power markets.

HANNOVER RE

Hannover Re is optimistic for 2012 after obtaining higher prices and premiums when it renewed contracts with insurance companies at the start of this year to help them cover losses from hurricanes and earthquakes.

ROCHE

Roche Holding AG gave an upbeat sales outlook for 2012, as the Swiss drugmaker posted a 4 percent drop in full-year earnings, just missing analyst estimates.

ANTOFAGASTA (Xetra: [867578 - news](#))

Copper miner aims to increase production by more than 9 percent this year, anticipating slower output growth after an almost 23 percent jump in 2011, when the miner topped its targeted range, thanks to the ramp up of its Esperanza mine.

DEXIA (Paris: [BE0003796134 - news](#))

The French government would take a stake in Dexma, the municipal finance unit of rescued Franco-Belgian lender Dexia, under a revised plan that has yet to be fine tuned, sources close to the matter told Reuters on Tuesday.

SANDVIK (Other OTC: [SDVKF.PK - news](#))

The Swedish specialty steel and tool maker posted on Wednesday a smaller rise than expected in fourth-quarter core operating profit and adjusted its growth target.

RAUTARUUKKI (EUREX: [RKKK.EX - news](#))

The Finnish steelmaker said it plans to restructure its steel business after reporting a wider-than-expected quarterly loss.

BANCO POPULAR

Spain's Banco Popular reported a net profit on Wednesday for 2011 of 479.6 million euros, 18.7 percent down on profits the previous year as the bank continued to make provisions against property losses.

ENEL (Madrid: [ENE.MC - news](#))

Europe's most indebted utility will not pay an interim dividend on 2012 results in a move designed to boost the financial flexibility of the group as the sovereign debt crisis takes its toll. Enel also said its core earnings in 2011 rose 1.1 percent to

17.7 billion euros to beat a Thomson Reuters I/B/E/S consensus of 17.317 billion euros. Net (Frankfurt: [AoZ22E](#) - news) debt at the end of 2011 was 44.6 billion euros.

CREDIT SUISSE (NYSEArca: [CSMA](#) - news)

U.S. authorities are preparing to charge four former Credit Suisse Group AG employees with criminal and civil fraud related to write-downs on subprime mortgage derivatives at the height of the financial crisis, sources familiar with the matter said.

Swiss bank Credit Suisse Group AG plans to lay off 109 employees in New York City between early March and May this year, according to the New York State Department of Labor website.

QIAGEN (NasdaqGS: [QGEN](#) - news)

The Genetic testing specialist reported forecast-beating fourth-quarter earnings on strong sales of testing kits for cancer diagnostics and screening, prompting the company to predict faster sales growth next year.

REPSOL

Spanish builder Sacyr and Mexican state oil company Pemex said in a regulatory filing on Tuesday they had formally ended a shareholders' pact in Spanish oil and gas firm Repsol. For a full story, click on

UNICREDIT (MDD: [UCG.MDD](#) - news)

The Italian bank's Executive Federico Ghizzoni said on Tuesday several U.S. investment funds had bought shares in the bank's recent capital increase. (Reporting by Blaise Robinson; Editing by Dan Lalor)

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