

business17
Feb

European shares fall on Greek delays

o Be the first to [comment](#)Last updated: **21 days ago**

European shares fall on Greek delays

 reuters.com | 21 days ago

- * FTSEurofirst 300 down 0.7 pct
- * Delays to Greek bailout raise default prospect
- * Volatility rises as investors hedge against further falls

LONDON, Feb 16 (Reuters) - European shares traded lower at midday on Thursday as Greece faced further hurdles in its efforts to secure a bailout, raising the spectre of a chaotic default that would aggravate the euro zone debt crisis.

European authorities delayed a decision on the second aid package for Athens until Monday at the earliest and EU sources said the option of postponing part or all of the rescue deal until after Greek elections was being considered.

A messy default of Greece would increase pressure on other debt-laden euro zone countries in the debt market and fuel concerns of other defaults.

Banking stocks, which are heavily exposed to euro zone sovereign debt, were the biggest drag on the FTSEurofirst 300 index of pan-European shares, which was down 0.7 pct at 1,068.64 points at 1243 GMT.

Spanish lenders were among the biggest fallers, with Banco Popular down 6.8 percent after the country lifted its ban on short-selling of banking stocks.

"The concern about banks is very much on the back of remaining contagion risk for Portugal, Ireland and to some extent Spain and Italy, which are not totally out of the woods yet," said Luca Solca, Cheuvreux's head of European research.

"There are also technical reasons for the retreat: the ban on short selling on Spanish banks was lifted today."

The impact of the euro zone debt crisis on financial markets was among the causes of disappointing results at France's second-biggest listed bank, Societe Generale.

Also weighing on the sector was Moody's warning that it may cut ratings for 17 global and 114 European financial institutions, due to more fragile funding conditions, increased regulatory burdens and a tougher macro environment.

Economic deterioration in Europe was also cited by Dutch staffing firm Randstad which fell 5.5 percent on volume nearly four times its 90-day average following results.

VOLATILITY SPIKE

Europe's main gauge of equity investor anxiety, the Euro STOXX 50 implied volatility index, which allows investors to take a bet on volatility on the underlying gauge, surged 5 percent.

The move indicated that investors were buying 'put', or sell, options on the index as they feared further downside from current levels, which saw the gauge trade 1.2 lower at 2,464.92 points.

Valerie Gastaldy, head of Paris-based technical analysis firm Day-by-Day, said the fact that investors had already taken protection from potential falls effectively limited the downside for Euro STOXX 50, which she saw as likely to fall only as low as 2,400.

"If investors have already bought 'puts' the cash index cannot go down as much, because they don't need to sell equities any more," Gastaldy said.

"Obviously, there will still be pressure on equities because there are also investors who haven't hedged."

Cheuvreux's Solca also believed Thursday's down move did not signal the start of a de-rating and was part of the recent consolidation of gains accrued during a rally earlier this year.

He saw scope for further re-rating among cyclical stocks, sticking to his "overweight" stance on the consumer discretionary and material sectors, provided that key economies such as the United States continued to deliver upbeat economic data.

"If we continue to have support from the U.S., I would expect that the market could continue to offer good value," Solca said.

From other news sites

Robbery at Ancient Olympia museum

 bbc.co.uk | 21 days ago

The robbers are said to have overpowered a female guard. Armed robbers have stolen dozens of artefacts from a museum in Ancient Olympia - the birthplace of the Olympics, Greek officials say. Local mayor Thymios Kotzias told media two masked men had broken...

Schmeißt die Griechen endlich aus dem Euro!

 bild.de | 21 days ago

Berlin – Viel ist es nicht, was die marode griechische noch ins Ausland exportiert. Aber einen Exportschlager aus gibt es noch: SPOTT, , VERLETZENDE !Über zwanzig Milliarden Euro Hilfgelder hat Deutschland den Griechen seit 2010 zugesagt, über weitere 30...

Euro-Krise - Griechenland-Rettung entzweit Merkel und Schäuble

 sueddeutsche.de | 21 days ago

Von Claus Hulverscheidt, Berlin Die Kanzlerin beharrt auf dem EU-Rettungsplan, der Finanzminister hält eine Pleite für kaum vermeidbar: Zwischen Merkel und Schäuble zeichnet sich ein Dissens über den richtigen Weg zur Rettung Griechenlands ab. Der wird...

[View all articles](#)

Images and Videos (2)



Museum at Olympia

 bbc.co.uk



German Chancellor Merkel, Finance Minister Schaeuble and New Financial Market Architecture expert group member Issing address media after talks in Berlin

 sueddeutsche.de

[View all Images/Videos](#)

Most Popular Tweets (15)

« Want to know what CAN happen if [#Greece](#) defaults. Look no further than [#Iceland](#). In the 3rd quarter of 2011 GDP grew by 4.7%. »

[@alphamale157](#) - Deputy Dog
21 days ago

« BREAKING NEWS: Museum at Olympia in Greece broken into and 60 artefacts stolen: <http://t.co/vdcSRrHo> »

[@drmichaelcscott](#) - Dr Michael C Scott

21 days ago

« RT “@OpenEurope: Today's Bild: "Time to finally throw Greece out of the euro!" CDU MPs in favour of such a move <http://t.co/S6DwdzuR>” »

[@EfiEfthimiou](#) - Efthimia Efthimiou
21 days ago

« Armed robbers snatch dozens of items from museum at Ancient Olympia in southern Greece: <http://t.co/eG98yrWr> -JM »

[@AP](#) - The Associated Press
21 days ago

« Shares boosted by US data and Greece hopes <http://t.co/axsdWgfd> »

[@europeandaily](#) - European Daily
21 days ago

« ECB ready to forego Greece bond profit <http://t.co/axsdWgfd> »

[@europeandaily](#) - European Daily
21 days ago

« Former central bank govs of Argentina + Mexico, explain why Greece should not leave the euro <http://t.co/BAZnNvsk> »

[@AnjuliDavies](#) - Anjuli
21 days ago

« ForexLive: Merkel government allies may block Greece package, Spiegel says <http://t.co/v1bJ3U1A> »

[@ForexLive](#) - ForexLive
21 days ago

« Greece, Annual suicide rate has increased by 40% <http://t.co/CHfLVzW5> »

[@LemaSabachthani](#) - Eloi Eloi
21 days ago

« #earthquake M 4.3, southern Greece Depth: 17.10 km Feb 17 8:05:05 2012 UTC <http://t.co/OGCbCfUf> »

[@quakemonitor](#) - Earthquake Bob
21 days ago

« So proud of our Brothers & Sisters -In solidarity with Greece we came <http://t.co/ZSkc35tn> »

[@occupySYDNEY](#) - Occupy Sydney
21 days ago

« I doubt Yeroulanos resignation is PSI/bailout related. He was involved in a major dispute with the Greek Football Federation lately. »

[@YanniKouts](#) - Yannis Koutsomitis
21 days ago

« 6 ways Greece can bounce back <http://t.co/mIcgr7Tv> via [@GoodNewsgr](#) #changingGreece »

[@haikalis](#) - Stathis Haikalis
21 days ago

« France & Germany demanded the purchase of military equip to secure bailout loan to #Greece <http://t.co/oGaMbOZS> #eurocrisis #EU »

[@RegularGrrrl](#) - Grrrl in Athens
21 days ago

« Eurozone crisis: Contagion fears back on Greek bailout uncertainty - The Economic Times <http://t.co/6PFpDIX> via [@kuratcom](#) »

[@EurozoneCrisis](#) - Eurozone Crisis
21 days ago

[View all tweets](#)