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## European shares hit by profit taking at end of strong week

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- \* FTSEurofirst 300 down 0.1 pct on day
- \* Still manages biggest weekly gain since April
- \* Spain hit by energy sector reform concerns

By Toni Vorobyova

LONDON, July 12 (Reuters) - European shares edged lower on Friday, with mixed economic data and renewed concerns about the political risks in the euro zone prompting investors to lock in profits at the end of the market's best week since April.

The FTSEurofirst 300 closed down 0.1 percent at 1,195.45 points, trimming gains for the week to 2.7 percent.

Sentiment was hurt by news that Portugal's opposition Socialists had demand a renegotiation of the country's bailout terms, and by U.S. data highlighting higher-than-expected inflation against weaker-than-forecast consumer sentiment.

Investors were also nervous of holding on to positions ahead of the release of Chinese second quarter economic growth, due before the European open on Monday, which will be particularly key to the mining sector.

"Some of the macro data was not conducive to a positive market and, as it is the end of the week, there is a certain amount of profit-taking ahead of Monday when we get a clear view of what is happening in China," said Brenda Kelly, analyst at IG.

Basic resources, which had been among the top performers this week, sold off steeply, down 1.3 percent.

Regionally, the Spanish market was the clear laggard, with the IBEX falling 2.3 percent, as investors fretted about the increased costs for companies from a regulatory overhaul of the energy sector there.

Renewable power producer Acciona fell 8.5 percent and power grid operator Red Electrica shed 7.5 percent.

In contrast, strong profits and confirmed outlook from car maker Daimler helped support Germany's DAX, which climbed 6.2 percent.

From a technical perspective, the divergence between the strong DAX and the weak peripheral indexes such as the IBEX or Portugal's PSI 20 clouded the outlook for the broad European market.

"Now indexes are not in sync, so we have to wait for synchronicity to have a real trend," said Valerie Gastaldy, technical analyst at Day By Day. "In Europe we are definitely weak, but ... we need to wait for a sell signal."

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