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European shares buoyed by talk of negative ECB rates

Wed, Nov 20 2013

* FTSEurofirst 300 index up 0.1 pct

* Talk of negative ECB rates boosts equities

* Euro STOXX 50 seen at 3,130 by end-2013 - analysts

By Tricia Wright

LONDON, Nov 20 (Reuters) - European shares inched higher on Wednesday, recovering some of their poise after weakness in the previous session, with traders citing a report that the European Central Bank was mulling setting negative deposit rates.

The FTSEurofirst 300 ended up 0.1 percent at 1,297.36 points, off a session high of 1,302.21 points hit when investors were first reacting to the report.

The euro zone's blue-chip Euro STOXX 50, meanwhile, shed 0.1 percent to 3,047.32 points.

Traders cited a Bloomberg report that said the ECB was considering a cut in the deposit rate to minus 0.1 percent from the current zero, for the move in the market.

"I think the short-term knee-jerk reaction is really just a consequence of people thinking that there's going to be more cheap money sloshing its way around the market," said Matt Basi, head of sales trading at CMC Markets.

"The pull-back is a consequence of the fact that people recognise that such a drastic measure would only be taken in drastic circumstances, and the failure of the euro zone to pick up and start growing along with the rest of the world."

European shares had spent much of the session in negative territory, having already slipped on Tuesday from Monday's 5-1/2-year closing high of 1,304.25.

The mood in the markets darkened this week when the Organisation for Economic Cooperation and Development on Tuesday cut its forecast for global growth next year with a sharp downgrade of forecasts for a number of emerging economies such as Brazil and Russia.

Also weighing on sentiment were comments from Carl Icahn, who this week said at the Reuters Global Investment Outlook Summit that the stock market could see a "big drop" because earnings at many companies were fuelled more by low borrowing costs than management efforts to boost results.

"Investors are becoming a little bit nervous about the speed and strength of the rally ... actually there are areas that investors should focus on which should provide them with some confidence," said Henk Potts, market strategist at Barclays.

"You're still talking about somewhere around 3 percent global growth during the course of next year - that will provide revenue growth for companies, which in turn will translate into good earnings per share growth."

European stocks have posted steep gains since late June, with the Euro STOXX 50 jumping more than 20 percent, but the rally has lost steam over the past two weeks, hampered by some disappointing earnings releases.

However, some analysts expressed confidence that any weakness on the Euro STOXX 50 in November would be met by an advance into the end of 2013.

"Above 3,000, we still have a bullish trend ... there are a lot of people who are anxious of seeing the market fall, but I remain confident that we can end the year at 3,130," said Valerie Gastaldy, head of technical analysis firm Day By Day.

"It's a very slow market and I don't see why it should go much faster. For the time being everything is holding correctly."

Later in the day, investors will turn to minutes from the U.S. Federal Reserve's October meeting, looking for hints on the timing of an expected cut in stimulus.

"In the short term (uncertainty over the outlook for U.S. monetary policy) is likely to result in some nervousness and volatility for markets. Longer-term we would actually argue (a cut in stimulus) is a positive because it's a further sign that the U.S. economy can stand on its own," Barclays' Potts said.

around the world.