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CORRECTED-European shares mark time, Portugal outperforms

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(Corrects spelling of name in par 5)

* STOXX Europe 600, FTSEurofirst 300 both flat

* Technical traders buy back into market as support holds

* Portugal leads risers as sovereign yields fall to 4-year lows

By Francesco Canepa

LONDON, March 11 (Reuters) - European shares steadied after a two-day slide on Tuesday, with concerns over the Ukraine crisis sapping appetite for risk, although Portuguese stocks outperformed on mounting bets for a turnaround in the country's finances.

The STOXX Europe 600 index of the region's top shares was flat at 331.40 points, keeping just above key support at 330 points, corresponding to last week's low.

This was seen by technical analysts as a sign of lingering appetite for stocks in the very short term after a 1.7 percent dip in the index over the past two days.

The STOXX's longer term prospects, however, were less clear, with the index still facing resistance at 339 points, a six-year high set earlier this month, as confrontation between Russia and Ukraine around Crimea showed no sign of easing.

"If I were talking to a trader I'd say 'Buy now and sell at (Monday's high of) 334 and a half even though it's a really small gain'", said Valerie Gastaldy, head of Paris-based technical trading firm, Day-By-Day.

"This is a sideways market and I'd do as little trading as possible because both upside and downside are limited."

Gastaldy said the STOXX may fall as low as 320 points in the next few weeks and was waiting for the S&P 500 which had hit an all-time high on Friday, to resume its uptrend before buying back into European shares.

The narrower FTSEurofirst 300 index was also flat, with Bank of Ireland among top gainers in brisk volume as Bank of America Merrill Lynch upgraded its recommendation on the stock to "buy" from "neutral".

PORTUGAL LEADS RISERS

Among national bourses, Portugal's PSI index was the best performer, up 1 percent, led by lender Banco Comercial Portugues, as Portuguese bond yields fell to four-year lows on optimism the country can follow Ireland out of an international bailout programme later this year.

The PSI has surged 16 percent this year, leading a rally in southern European indexes which has seen Italy's FTSE MIB rise nearly 10 percent and Spain's Ibex roughly 3 percent.

They outperformed the STOXX, which is roughly flat since the start of the year, and a nearly 3 percent fall for Germany's Dax.

The German blue-chip index was regaining some ground on Tuesday after sharp losses in the previous session, when weak Chinese data and fresh signs of violence in Ukraine saw investors ditch the index's many exporters, such as steel maker ThyssenKrupp and car maker VW.

The index was helped by data showing Germany's seasonally adjusted exports and imports both rose more than forecast in January, a welcome development for Europe's largest economy as well as its trading partner, such as Italy.

"The German trade figures were very solid and do point to a continuing recovery combined with an acceleration in growth in 2014," said Markus Huber, senior sales trader at Peregrine & Black, adding he was bullish on Italian stocks.

"Much will depend (on) how long the crisis in the Ukraine will drag on and if harmful sanctions and counter-sanctions will be put in place."

Plans by Crimea to hold a referendum on March 16 on whether to reunite with Russia have provoked condemnation from western countries and the threat of international sanctions against Russia.

Europe bourses in 2014: link.reuters.com/pad95v

Asset performance in 2014: link.reuters.com/rav46v

Today's European research round-up (Reporting by Francesco Canepa; Editing by Hugh Lawson)