

## European shares edge higher, Maersk up after results

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- FTSEurofirst 300 index rises 0.16 percent
- A.P. Moller-Maersk shares rise after results
- BNP Paribas falls on U.S. probe concerns

By Atul Prakash

LONDON, May 21 (Reuters) - European shares edged ahead on Wednesday, with Danish shipping and oil group A.P. Moller-Maersk a major gainer after it reported first-quarter net profit above forecasts and raised its outlook for the underlying result in 2014.

The pan-European FTSEurofirst 300 index was up 0.16 percent at 1,359.16 points by 1215 GMT, helped by a 3.5 percent gain in Maersk shares.

"Our quant model has a 12-month return forecast of 10 percent (for Maersk). Today's results will likely increase estimates and return forecast. We remain positive on Maersk in 2014," Peter Garrry, head of equity strategy at Saxo Bank, said.

But index gains were capped by falls in individual stocks prompted by specific company news.

WM Morrison fell 3.3 percent, the top decliner on the FTSEurofirst 300 index, after Deutsche Bank analysts cut their rating on the company to "sell" from "hold".

And BNP Paribas fell 1.7 percent after Bloomberg reported that U.S. authorities were seeking more than \$5 billion from the bank to settle investigations into its dealings with sanctioned countries.

Reuters reported last week, citing people familiar with the matter, that France's biggest listed bank was in talks with U.S. authorities to pay more than \$3 billion to resolve probes into whether it violated U.S. sanctions on Iran, Sudan and other countries.

Daniel McCormack, strategist with Macquarie, said that in the very near term investors should focus on companies that can deliver on earnings and give credible guidance.

"More longer term, you do want to be focused on cyclicals such as industrials and financials because we are in an early stage of an upswing," he said.

According to Thomson Reuters StarMine, 83 percent companies on the STOXX Europe 600 index have reported results so far, of which 51 percent have missed analysts' earnings expectations. On the revenue front, 55 percent companies have missed forecasts.

Defensive sectors such as utilities, up more than 2 percent so far this month, continued their recent run of outperformance against the broader STOXX 600 index, which has managed only a flat showing in May.

"We have a slight bearish bias in this market because sector rotation, both in the U.S. and in Europe, shows that investors are moving back into defensive sectors," Valerie Gastaldy, head of technical analysis firm Day-By-Day, said.

"But we need price signals to call for a clear downtrend, and we do not have them yet."

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(Additional reporting by Alistair Smout; editing by Keiron Henderson)

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