

European Market Outlook - 04 February 2022

European stocks tumbled on Thursday, weighed down by a sell-off in the technology space after Facebook reported weak earnings and provided disappointing revenue guidance for the current quarter.

Markets also digested the monetary policy announcements from the Bank of England and the European Central Bank, and the latest batch of economic data from the region.

The pan European Stoxx 600 tumbled 1.76%. The U.K.'s FTSE 100 declined 0.71%, Germany's DAX ended 1.57% down and France's CAC 40 slid 1.54%, while Switzerland's SMI drifted down 1.02%.

Among other markets in Europe, Austria, Belgium, Denmark, Finland, Greece, Iceland, Ireland, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, and Turkey ended with sharp to moderate losses, while the Czech Republic bucked the trend and closed modestly higher.

In the UK market, Flutter Entertainment, Croda International, Dechra Pharmaceuticals, RightMove, Auto Trader Group, Scottish Mortgage, Ocado Group, Ashtead Group, Experian, Halma, Aveva Group, and Bunzl shed 3 to 5.3%. BT Group shed nearly 5% after it entered exclusive discussions with Discovery to create a joint venture between BT Sport and pan-European TV network Eurospor.

The composite output index dropped to 52.3 in January from 53.3 in December. The flash score was slightly below the flash 52.4. The services Purchasing Managers' Index came in at 51.1, down from 53.1 in December and the flash 51.2.

Germany recorded somewhat of a rebound in business activity during January, moving back into growth territory following December's fractional decline. The composite output index advanced to 53.8 from 49.9 in the previous month. The flash reading was 54.3.

The recovery in the UK service sector gained momentum as restrictions related to the pandemic were eased and customer demand rebounded, final data from IHS Markit showed.

The Chartered Institute of Procurement & Supply final services Purchasing Managers' Index picked up to 54.1 in January from a 10-month low of 53.6 in December. The score was also above the flash 53.3.

The overall private sector growth accelerated slightly in January. The composite output index rose to 54.2 in January from 53.6 in the previous month. The flash reading was 53.3.

Manufacturing sector growth outpaced that seen in the service economy, with production rising to the greatest extent since July 2021.

Top Gainers

Company	Last Price	Change%
Banco de Sabadell S.A.	€0.78	5.97%
CaixaBank S.A.	€3.06	5.48%
Commerzbank AG	€8.52	5.18%
Deutsche Bank AG	€13.26	4.91%
Skanska AB Series B	kr245.00	4.84%

Top Losers

Company	Last Price	Change%
Kinnevik AB Series B	kr252.65	-10.01%
THG PLC	£114.20	-9.94%
Future PLC	3,076.00p	-9.74%
HelloFresh SE	€53.38	-9.53%
SKF AB Series B	kr190.70	-9.36%

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