

European Market Outlook - 22 February 2021

European stocks closed lower on Monday, extending recent weakness, amid worries about escalating tensions in Eastern Europe

The pan European Stoxx 600 drifted down 1.3%. Germany's DAX tumbled 2.07%, France's CAC 40 slid 2.04% and the U.K.'s FTSE 100 declined 0.39%, while Switzerland's SMI fell 0.98%.

Among other markets in Europe, Australi, Belgium, Czech Republic, Denmark, Finland, Iceland, Ireland, Netherlands, Poland, Portugal and Spain lost 1 to 4%

In the UK market, Polymetal International plunged 8.5%. Evraz, Coca-Cola and Scottish Mortgage lost 4.5 to 5.7%. Ashtead Group, Segro, JD Sports Fashion, Smurfit Kappa Group, BT Group, Aveva Group, Tesco and Rolls-Royce Holdings shed 2 to 3%.

AstraZeneca rallied 4%. Anglo American gained about 1.5% after announcing it has restarted operations at its Grosvenor metallurgical coal mine in Queensland, Australia.

In the French market, Faurecia ended lower by over 5% despite forecasting higher sales in 2022. Teleperformance also dropped by over 5%. Renault, LO'real, Schneider Electric, Sodexo, ArcelorMittal, Air Liquide, Airbus Group, Safran and LVMH lost 2 to 4%.

Worries about inflation and tensions between Russia and Ukraine rendered the mood bearish. Also, with the U.S. market closed today for President's Day, investors were quite reluctant to make significant moves.

France announced the US and Russia agreed in principle to meet to discuss the Ukrainian crisis. However, Kremlin has stated that there are no concrete plans so far. The White House has warned the meeting would take place only if no invasion happens.

In economic news, flash survey results from IHS Markit showed Eurozone private sector activity growth accelerated notably in February as COVID-19 containment measures were relaxed.

The composite output index climbed to 55.8 in February from 52.3 in January. The reading was forecast to improve moderately to 52.7. Any reading above 50.0 indicates expansion.

At the same time, growth in imports accelerated to 4.7% from 3.4% in the previous month. Economists had forecast a decline of 1.5%.

Meanwhile, the UK private sector expanded sharply in February due to the swift rebound in economic conditions after disruptions caused by the Omicron variant at the turn of the year, flash survey results from IHS Markit showed.

Top Gainers

Company	Last Price	Change%
Samhaellsbyggnadsbolget i Norden AB Series B	kr43.80	6.10%
AstraZeneca PLC	9,150.00p	3.97%
Equinor ASA	kr276.00	2.87%
Orpea S.A.	€37.41	1.91%
Hargreaves Lansdown PLC	1,298.00p	1.60%

Top Losers

Company	Last Price	Change%
THG PLC	£103.40	-8.82%
Polymetal International PLC	1,070.50p	-8.47%
Millicom International Cellular S.A.	kr222.60	-7.60%
Prosus N.V.	€59.88	-7.23%
BE Semiconductor Industries N.V.	€71.84	-6.99%

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