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# European shares weaken, pegged back by UK ex-divs

Wed, Aug 21 2013

- \* FTSEurofirst 300 down 0.2 percent
- \* UK ex-divs weigh on index
- \* Heineken falls on mixed results, muted outlook
- \* FOMC meeting minutes awaited

By Tricia Wright

LONDON, Aug 21 (Reuters) - European stocks edged lower on Wednesday, weighed down by a fall in the value of UK stocks trading without the attraction of their latest dividend, as investors awaited more clues on the outlook for U.S. monetary policy.

The FTSEurofirst 300 was down 0.2 percent at 1,212.83 by 0736 GMT, steadying after a 0.8 percent fall in the previous session.

UK-listed stocks trading ex-dividend, including heavyweights HSBC and British American Tobacco, took some of the biggest chunks out of the FTSEurofirst 300.

Heineken was another big faller, off 3.5 percent, after the Dutch brewer reported operating profit above expectations, but earnings per share below and gave a muted outlook for the months ahead.

According to Thomson Reuters StarMine, 89 percent of STOXX Europe 600 companies have announced second-quarter results so far, of which 45 percent have missed forecasts.

After the European market close, traders will look closely at the minutes of the U.S. Federal Reserve's July policy meeting, due to be published at 1800 GMT, for clues as to when and by how much the central bank will cut its stimulus programme.

Bond buying schemes by the Fed and other major central banks have driven investors out of lower-yielding assets and into shares in the past year, helping the FTSEurofirst 300 rise roughly 28 percent since June 2012.

Mounting expectations that the Fed will start scaling back its stimulus as early as next month have been weighing on market sentiment.

"Most of the recent Fed policymakers have already given clues to their thinking... if the (minutes) don't add anything more I really don't see how a September taper can happen," Michael Hewson, markets analyst at CMC Markets, said.

While he acknowledged that this could trigger a positive equity market reaction, he wouldn't place too much onus on it given holiday-thinned volumes, which can exaggerate market moves. He will be paying closer attention to the next Fed meeting in September.

The euro zone's blue-chip Euro STOXX 50 drifted 0.2 percent lower to 2,785.63 following the previous session's 1.3 percent drop - albeit with the index having closed well off lows after bouncing off support at around 2,775.

"We can expect the market will take a couple of days to try and close the bearish gap at 2,820. Below this level, we may well be building a reversal of the trend since June, with a downside target at around 2,700," said Valerie Gastaldy, head of Paris-based technical analysis firm Day By Day.

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