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European shares dented by Greek bailout

February 17, 2012

European shares recovered in late session to end slightly higher on Thursday as upbeat US macroeconomic data closer to securing an international bailout prompted investors to return back to equities.

The FTSEurofirst 300 index of top European shares closed 0.1 per cent higher at 1,076.90 points after the session.

Media shares, up about 1 per cent, were the biggest gainers, helped by a 2.9 per cent rise in Reed Elsevier.

The FTSEurofirst index spent most of the session in negative territory as Greece faced hurdles in its bid for a bailout.

However, government sources later said the country and its international lenders had agreed on how to proceed.

One euro zone official said after the close of the European stock market that the euro zone was putting forward a plan for Greece, for finance ministers' approval on Monday. Sources also said euro zone central banks had agreed to provide a €100 billion loan to Greece.

US shares -- the S&P 500, Nasdaq and Dow Jones industrial average -- rose between 0.8 and 1 per cent.

"It's a long, hard struggle, but the general view is that eventually there will be some solution because the euro zone members such as Germany," said Philippe Gijsels, head of research at BNP Paribas Fortis Global Markets.

"People don't want to go short ahead of the weekend as some more positive news could emerge from the US and also helped the market and we could see some modest upward action in the stock market on Friday."

Figures showed US jobless claims unexpectedly fell last week to a near four-year low, while January factory output rose.

The pace of factory activity in the US Mid-Atlantic region gained momentum in February as new orders rose.

Mouloud Kadem, derivatives trader at Carax, said investors with a longer-term view could buy DAX options or do very well and the banking sector was well supported by governments.

Kadem said investors could also buy call spreads, such as on the Euro STOXX, which is at around 2,489.35 points, something like buying 2,550/2,800 call spreads.

Ban lifted

Philippe Delabarre, technical analyst at Trading Central, was bullish on the Euro STOXX 50, which rose to 2,489.35 points.

"The confirmation of a bullish continuation pattern in symmetrical triangle could trigger a measured move up. They are supported by an ascending trend line and the 20-day simple moving average."

He said 2,585 was the target of a symmetrical triangle shaped between December 6 of last year and 2,385.

Charts also showed the STOXX Europe 600 Banks could be in for a rally, given its break above 150, investor confidence.

Valerie Gastaldy, head of Paris-based technical analysis firm Day-By-Day, said the index was now eye reached in mid-2010 and a level at which -- last summer -- there was a lot of volatility.

Despite a late recovery in several stock indexes, Spanish shares, especially banks, remained under p stocks was lifted.

Spain's benchmark index fell 2.1 per cent, BBVA was down 4.1 per cent and Banco Popular fell 6.2 p

Among individual stocks, Capgemini, Europe's largest computer consultancy, rose nearly 8 per cent a this year.

Chemicals and plastics firm Solvay jumped 9.2 per cent after saying it was experiencing a broad marl

Reuters