

[» Print](#)

This copy is for your personal, non-commercial use only.

Germany's DAX leads rebound in European equities

3:52pm GMT

- * Gains on German DAX add most points to FTSEurofirst 300
- * FTSEurofirst 300 up 1.2 pct, ends 4-day losing streak
- * Euro STOXX 50 up 1.8 pct
- * European equities buoyed by strong economic data

By Sudip Kar-Gupta

LONDON, Dec 16 (Reuters) - European shares rebounded on Monday from a four-day losing streak, led by a rise in German equities that helped offset concerns over future U.S. monetary policy.

The pan-European FTSEurofirst 300 index was up 1.2 percent at 1,257.99 points late in the day, while the euro zone's blue-chip Euro STOXX 50 index advanced 1.8 percent to 2,972.92 points.

Gains on German blue-chip stocks added the most points to the FTSEurofirst 300, as Germany's benchmark DAX index rose 1.7 percent to 9,158.82 points to move the DAX back towards a record high above 9,400 reached on Dec. 2.

Germany has led a euro zone economic recovery this year, with the DAX up around 20 percent since the start of 2013.

Data on Monday showed that Germany's private sector expanded for the eighth month in December, while a surge in new orders enabled euro zone businesses to end the year on a high.

Rupert Baker, a European equity sales executive at Mirabaud Securities, said investors were slowly starting to take strong economic data as a positive for equities, as opposed to taking them as a negative on the view that central banks may feel that there is less need for stimulus measures.

"At some point, the syndrome whereby strong economic data can make markets fall has got to stop, and I think it's just starting to stop," he said.

FED MEETING LOOMS

Equity markets have fallen in the last week on speculation in some quarters that the U.S. Federal Reserve may start to scale back its economic stimulus programme this week.

However, most investors still expect the Fed to start tapering its stimulus programme in early 2014 as opposed to this month.

Francois Savary, chief investment officer at Swiss bank Reyl, felt equities remained the preferred asset class for investors since they offered better returns than bonds or cash, where returns have been hit by record low interest rates.

"We still believe that equities are the investment of choice," he said.

Mirabaud's Baker felt European equity markets could rise by another 3 percent up to the end of 2013. The FTSEurofirst 300 index remains up by around 11 percent since the start of 2013 while the Euro STOXX 50 is up by 13 percent.

Technical analysts were also upbeat on prospects for the Euro STOXX 50, with the 100-day moving average, now at 2,930 points, acting as a support level. Valerie Gastaldy, head of technical analysis firm Day-By-Day, felt the index could rise to between 3,000 and 3,100 by the end of the year.

"It looks more like what we have been through is a correction rather than a proper reversal of the trend. We're looking to buy that weakness," she said.

© Thomson Reuters 2011. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.

This copy is for your personal, non-commercial use only.