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STOCKS NEWS EUROPE-Bearish pattern triggered on bank index chart

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Charts show the STOXX Europe 600 has triggered a bearish reversal pattern called head-and-shoulders, which signals further losses for the sector, which is sinking 2.5 percent on Tuesday.

The chart pattern, formed by three successive peaks hit in May, points towards a downside target of 158 points for the index - home of lenders such as UBS and Societe Generale - representing a further 6 percent slump.

"The area between 156 and 160 is important for the sector's medium-term trend," says Valerie Gastaldy, head of Paris-based technical analysis firm Day By Day.

"If we break below this zone, the probability to bounce back and surpass May high in 2013 and even 2014 will be significantly reduced," she warns.

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