

# European stock markets rally, propelled by Milan's momentum

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By Sudip Kar-Gupta

LONDON, Sept 24 (Reuters) - The Milan stock exchange outperformed a broad rally on European equity markets on Wednesday after data showed that Italian consumer confidence had risen for the first time in four months.

Encouraging comments by European Central Bank chief Mario Draghi also supported the markets, enabling them to overcome the drag of weak German economic data and tepid results from Dutch group TNT.

Speaking in a French radio interview, Draghi said the ECB would keep monetary policy loose for as long as it took to push up euro zone inflation from near zero towards the ECB target of just under 2 percent.

The pan-European FTSEurofirst 300 index closed up by 0.8 percent 1,385.77 points. Milan's FTSE MIB equity index rose 1.7 percent after Italian consumer confidence rose in September.

Italian Prime Minister Matteo Renzi has repeatedly vowed to make economic reforms to revive his country's economy, and "the FTSE MIB could have a good performance towards the end of this year if Renzi is able to keep together his team," said Carlo Alberto de Casa, senior market analyst at ActivTrades.

Even though German business sentiment dropped for a fifth straight month in September to its lowest since April 2013, many traders said expectations of new stimulus measures from the ECB were helping to offset the discouraging data.

Gary Paulin, co-founding partner of equity brokerage Aviate Global, backed buying European banking shares to cash in on any rally that could be driven by new ECB stimulus measures.

"We would be adding to Italian banks. In terms of lending trends, Italy was the standout in the recent ECB lending survey<sup>2</sup> and most are seeing upgrades," said Paulin.

## TNT SLUMPS

Europe's faltering economy was reflected by some weak corporate updates. Dutch logistics company TNT Express tumbled 9.6 percent after warning that low growth in Europe would

hit margins in the third quarter. It also announced it was setting aside 50 million euros to settle an anti-competitiveness investigation by French authorities.

Traders said that air strikes by the United States and its Arab allies against militant groups in Syria were giving investors a further reason to trim equity positions and cash in.

The FTSEurofirst 300 hit a peak of 1,410.93 points this month - its highest since early 2008 - and the index remains up by about 5 percent since the start of 2014.

"I'm strongly bearish coming into Q3. We've had a big push up, but people are now taking some chips off the table," said Darren Courtney-Cook, head of trading at Central Markets Investment Management.

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