



Europe Markets Brief

Europe Turns Gloomy

Javier Espinoza, 09.09.08, 02:20 PM EDT

Enthusiasm for U.S. mortgage bailout overcome by economy worries.

European markets lost momentum by the end of trading Tuesday, giving back some of the gains scored Monday following news that the U.S. government was [taking control](#) of mortgage giants **Fannie Mae** and **Freddie Mac** to help stabilize the American housing market. (See "[Euro Stocks Rock After U.S. Bailout.](#)")

The Dow Jones Euro Stoxx index of 50 leading shares fell 0.7%, to 3,261.07 points. Britain's FTSE 100 lost 0.6%, while France's CAC-40 fell 1.1% and Germany's DAX each fell 0.5%.

"The bailout of Fannie Mae and Freddie Mac was not an all-clear," said Alan Lancz, president of Alan B. Lancz & Associates Inc, an investment advisory firm based in Toledo, Ohio. "Reality is setting in that it's not only the U.S. Europe is even in worse shape; you've also got a slowdown in China."

European banks, however, were able to keep their gains from early trading.

Royal Bank of Scotland (nyse: [RBS](#) - [news](#) - [people](#)) rose 1.8%, or 4.50 pence (8 cents), to 249.00 pence (\$4.40); while **HBOS** (other-otc: [HBOOY](#) - [news](#) - [people](#)) picked up by 0.5%, or 1.50 pence (3 cents), to 308.50 pence (\$5.45), in London.

In the telecommunications sector, **Vodafone** (nyse: [VOD](#) - [news](#) - [people](#)) shares moved up 2.1% after announcing management changes and restructuring plans. The Dow Jones Euro Stoxx index of telecommunications rose 0.6%, to 266.48 points.

The London Stock Exchange is working again after a computer glitch that halted trading Monday. (See "[LSE: From Headache To Migraine.](#)") Shares of the **London Stock Exchange** (other-otc: [LDNXF](#) - [news](#) - [people](#)) rose 0.6%, or 4.50 pence (8 cents), to 804.50 pence (\$14.20).

A drop in gold prices affected the mining stocks, with **Rio Tinto** (nyse: [RTP](#) - [news](#) - [people](#)) down **5.0%** and **BHP Billiton** (nyse: [BBL](#) - [news](#) - [people](#)) losing 5.4%. Gold slipped \$18.30, to \$784.00 per troy ounce. (See "[Gold's Silver Lining.](#)")

A fall in oil prices also affected the energy stocks, with the sector generally down 2.9%, to 341.94 points. Oil futures dropped \$2.50, to \$103.84 a barrel, on the New York Mercantile Exchange on Tuesday. Some analysts expect crude oil to fall below \$100 a barrel, as

demand for oil falls still further.

Other European markets also moved into negative trading. The Netherlands' AEX index fell 0.8%, to 395.73 points, while Italy's S&P/MIB index fell 0.6%, to 28,263.0. Russia's RTS index fell 2.1%, to 1,694.93, on fears of a sharp slowdown in the country's economy.

In other business news, German drug maker **Bayer** (other-otc: [BAYRY](#) - [news](#) - [people](#))'s shares rose 1.2%, or 0.64 pence (1 cent), to 53.51 pence (\$9.45); traders attributed the movement to takeover speculation, according to [TradeTheNews.com](#).

--Reuters contributed to this article.