



EUROPE'S STOXX 600 FALLS 13% FROM APRIL HIGH, ENTERS CORRECTION

News / Finance



A three-day selloff culminated in Europe's benchmark equity gauge falling 13 percent from its record.

The Stoxx Europe 600 Index entered a correction, following the U.K.'s FTSE 100 Index on Thursday. Thirteen out of 18 western-European markets have lost 10 percent or more from their highs, with Germany's DAX Index down 18 percent.

The stock rout that began last week after China devalued its currency gathered strength across markets, finally hitting even the U.S. The Standard & Poor's 500 Index headed for its worst week since 2012. Haven assets like gold and the yen climbed.

"China is a big elephant and when it moves it creates a lot of momentum," said Guillermo Hernandez Sampere, who helps manage about 150 million euros (\$167 million) as head of trading at MPPM EK in Eppstein, Germany. "Market sentiment has changed to negative at absolutely the worst time of the year because August is a month with very low volume so any move is exacerbated."

About \$2.2 trillion was wiped from the value of worldwide stocks in the first four days of the week as the rout in commodities and emerging markets deepened, fueling bearish sentiment. Asian equities tumbled further on Friday after China released its weakest manufacturing data since the global financial crisis.

Since the index's April record, European commodity producers were the group that suffered the most, plunging 26 percent. Glencore Plc tumbled to a record this week after posting a slump in first-half profit and cutting its full-year earnings forecast for its trading division.

Exporters Rout

Exporters such as automakers and chemical companies -- the best performers in the first quarter -- have sunk more than 16 percent since April as China's currency move increased concern over the strength of the global economy.

On Friday, Royal Vopak NV was the biggest decliner in the Stoxx 600, tumbling 15 percent. It posted second-quarter earnings that missed forecasts. That dragged the Netherlands's AEX Index down 3.6 percent, its worst day since 2011.

Shares in all developed markets have fallen this month, with the Stoxx 600 losing 8.9 percent. The European gauge has tumbled 6.5 percent this week alone.

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