

HD EUROPE MARKETS: European Stocks Stumble To 2-month Low On Portugal Woes**WC** 712 words**PD** 11 July 2014**ET** 01:53**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

By Sara Sjolín, MarketWatch

LONDON (MarketWatch) -- Europe's benchmark stock index closed at the lowest level since early May on Thursday, with banking turmoil in Portugal sending the financial sector across Europe sliding, and as disappointing French and Italian industrial-production highlighted concerns about euro-zone growth.

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The Stoxx Europe 600 index slid 1.1% to close at 336.37, marking a fifth straight day in the red.

Leading losers in the pan-European index, shares of Fugro NV tanked 19.5% after the **oil-services company** issued a profit warning for the first half of the year.

Trading in Espirito Santo Financial Group SA (ESFG) and Banco Espirito Santo AS was suspended on Thursday, when their losses amounted to 9% and 17%, respectively.

ESFG sank 11% on Wednesday and BES lost 4.7%, when news that parent **company** Espirito Santo International had delayed coupon payments on some short-term debt sent shivers through Portugal's financial sector. ESI owns 49% of ESFG, which owns 25% of BES. Read: Portugal's banking turmoil revives darkest nightmares about Europe.

Portugal's PSI index slumped 4.2% to 6,105.24, its biggest drop since July last year and the lowest closing level since October.

The yield on 10-year Portuguese government **bonds** climbed 21 points to 3.97%, according to electronic trading platform Tradeweb.

"The event has hit European financials like a torpedo and has revived investors' darkest nightmares about Europe," said Peter Garnry, head of **equity** strategy at Saxo Bank, in a note.

Shares of Banco Popolare SC shaved off 2.9% in Milan, Banca Monte dei Paschi di Siena SpA dropped 4.3%, Banco de Sabadell SA closed 2.4% lower in Madrid, and Commerzbank AG lost 2% in Frankfurt.

The euro (EURUSD) was also weak, sliding to \$1.361, from \$1.364 on Wednesday.

France, Italy data disappoint

Elsewhere, France's CAC 40 index lost 1.3% to 4,301.26, after May industrial production data for the country dropped unexpectedly, with manufacturing output sinking 2.3%.

Industrial-output data out of Italy were also disappointing, showing production declined 1.2% in May on the month, marking the biggest slide since November 2012. The FTSE MIB index slumped 1.9% to 20,488.75.

The data reports come after German data earlier this week came in on the weak side, stirring concerns of a growth slowdown in Europe.

Germany's Economy Ministry said in its monthly report on Thursday that the weakness in the spring, coupled with geopolitical unrest, is hurting growth now, but that sentiment indicators suggest the upward trend from earlier in the year will stay intact, Reuters reported.

Germany's DAX 30 index is down 3.5% on the week so far and closed 1.5% lower at 9,659.13 on Thursday.

Among movers, BNP Paribas SA gave up 1.4% after the French bank late Wednesday pleaded guilty in U.S. federal court to a criminal charge over its dealings with sanctioned countries.

BOE rate call

The U.K.'s FTSE 100 index fell 0.7% to 6,672.37, with little reaction to the Bank of England's rate decision. The U.K. central bank left its key lending rate at a record low of 0.5%, where it has stood since March 2009, and maintained its asset purchases, the centerpiece of its quantitative-easing strategy, at 375 **billion** pounds (\$642 **billion**). The no-change call was widely expected.

The pound (GBPUSD) traded at \$1.7125 at the time of the European close, compared with \$1.715 late Wednesday.

Miners were among decliners after **Chinese** trade data for June surprised to the downside. BHP Billiton PLC (BHP) and Rio Tinto PLC (RIO) each gave up 1.4%.

On a more upbeat note in London, Burberry Group PLC (BURBY) advanced 3.2% after the luxury-goods retailer reported a 12% increase in same-store sales in the first quarter.

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