

## **U.K. Stocks Little Changed as U.S. Data Fuel Taper Speculation**

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By Namitha Jagadeesh

Nov. 8 (Bloomberg) -- U.K. stocks were little changed, heading for a weekly decline, as better-than-expected U.S.

payroll data fueled speculation that the Federal Reserve will begin tapering its monthly bond purchase program sooner than forecast.

Aberdeen Asset Management Plc and Schroders Plc dropped at least 3 percent each, following European financial-services peers lower. International Consolidated Airlines Group SA jumped 7.9 percent after increasing its full-year profit forecast.

Rolls-Royce Holdings Plc added 3.2 percent after raising the profit outlook for its aerospace defense unit.

The FTSE 100 rose 2.74 points, less than 0.1 percent, to 6,699.96 at 3:17 p.m. in London. The gauge has still fallen 0.5 percent this week. It climbed 4.2 percent in October as U.S.

lawmakers agreed to extend the country's borrowing authority and the Fed maintained stimulus measures. The broader FTSE All-Share Index gained less than 0.1 percent today, and Ireland's ISEQ Index slipped 0.2 percent.

"There is a lot of implicit complacency in equity markets so this report can give a pretext to sell or take profits at these levels," said Tristan Abet, a strategist at Louis Capital Markets LP in Paris. "We know the trend is that the job market is improving, but we need another report to conclude that the Fed can revise upwards its scenario. Given the mess with the shutdown, it is too hard to conclude we are there yet."

### Jobs Data

U.S. payrolls increased in October more than forecast, Labor Department figures showed today. The addition of 204,000 workers last month followed a revised 163,000 gain in September. The median forecast of 91 economists surveyed by Bloomberg called for a 120,000 advance. The unemployment rate rose to 7.3 percent from an almost five-year low.

Data yesterday showed the world's biggest economy expanded at a faster-than-estimated pace in the third quarter. The Fed last week said it needs to see more evidence of sustained economic improvement before slowing the pace of its \$85 billion monthly bond purchases.

A Bloomberg News survey last month showed economists expected quantitative easing to continue for several months. The Fed won't begin tapering bond buying until March and will continue its purchases until October, according to the median estimate of 40 analysts in that poll.

Standard & Poor's lowered France's long-term foreign and local-currency credit rating one step to AA from AA+ today, with a stable outlook. The ratings company said slower growth will constrain the government's ability to improve public finances.

The yield on France's 10-year government bond expiring in 2023 increased 7.3 basis points to 2.23 percent. Since S&P's first downgrade on Jan. 13, 2012, French government bonds returned more than 10 percent, according to the Bloomberg France Sovereign Bond Index.

## Fund Managers

Aberdeen Asset Management, Scotland's biggest fund manager, slid 4.4 percent to 423 pence and Schroders, the U.K.'s largest publicly-traded money manager, declined 3.6 percent to 2,402 pence. A gauge of financial-services companies posted the worst performance of 19 groups in the Stoxx Europe 600 Index.

IAG jumped 7.9 percent to 376.7 pence after saying it expects full-year operating profit of about 740 million euros (\$993 million), compared with a previous forecast that it would at least equal 2011's 485 million euros. The British Airways parent said third-quarter operating profit before one-time items rose to 690 million euros from 270 million euros a year earlier.

Rolls-Royce advanced 3.2 percent to 1,207 pence after the world's second-biggest maker of commercial jet engines said its defense aerospace subsidiary will see "modest growth" this year rather than "broadly flat" profit.

Merlin Entertainments Plc surged 7.9 percent to 340 pence on its first day of trading. The owner of Madame Tussauds, backed by Blackstone Group LP, CVC Capital Partners Ltd. and Kirkbi A/S, said it raised about 957 million pounds in the initial public offering. The amount could rise to 1.05 billion pounds including an over-allotment option, Merlin said.

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