

Carlsberg's Post-Sanction Dip Ominous Sign for European Companies

By [The Moscow Times](#)

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Shares in Carlsberg plunged 5.8 percent after the Danish brewer issued a profit warning.

European shares dipped in early trade on Wednesday, ending a sharp two-day rally, with investors rattled after Carlsberg issued a profit warning, blaming deteriorating conditions in Russia.

Shares in the Danish brewer plunged 5.8 percent after the warning. It derives 35 percent of its profits from Russia, making it a test case of how European companies will be affected by tensions between the West and Russia over the conflict in Ukraine and the impact of sanctions on the Russian economy.

Shares in rival Heineken, however, surged 6.8 percent after the brewer posted better-than-expected first-half operating profit, as it sped up cost savings and grew volumes in all regions except for Central and Eastern Europe.

Fighting in Ukraine and sanctions against Russia, a major energy supplier to Europe, have muddied the forecasts of a number of multinationals including Henkel, Adidas and Rheinmetall.

At 0730 GMT, the FTSEurofirst 300 index of top European shares was flat, at 1,347.05 points after gaining 1.8 percent in the past two sessions, while the UK's FTSE 100 index, Germany's DAX index and France's CAC 40 .FCHI were all down 0.1 percent.

"The recent rebound from the June-August drop should help European indexes retrace about 50 percent of the pullback, but beyond that, the upside potential is quite limited. Indexes are stuck in a range," Aurel BGC analyst Gerard Sagnier said.

The FTSEurofirst 300 — which had tumbled 7 percent between late June and early August — has recovered nearly half of the slide, with the index testing the 50 percent Fibonacci retracement level on Wednesday, at 1,348.11 points.

Germany's DAX index, one of the European markets hardest hit by worries over turmoil in Ukraine, tested on Wednesday the 38.2 percent Fibonacci retracement of its June-August slide, a key resistance level, before retreating.

Investors were also cautious ahead of the U.S. Federal Reserve's minutes of its July policy meeting which could give insight on the outlook for interest rates.

The Fed is set to release the minutes from its July 29-30 policy meeting at 1800 GMT. The minutes could shed further light on how the central bank plans to eventually exit from its extraordinary monetary stimulus, and could also show whether there is a growing divide between 'hawks' and 'doves' over when to raise interest rates.

Shares in Luxottica, the world's largest eyewear maker by revenue, tumbled 7 percent after newspaper reports the group's CEO Andrea Guerra could be stepping down after differences of opinion with founder and chairman Leonardo Del Vecchio. Luxottica declined to comment.

Guerra, widely seen as a driving force behind Luxottica's success in recent years, has been CEO of the company since 2004.

See also:

[Carlsberg Refuses to Quit as Russia's Beer Market Tanks](https://www.themoscowtimes.com/2014/08/20/carlsbergs-post-sanction-dip-ominous-sign-for-european-companies-a38527)

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