European Stocks Decline on Monti Resignation Plan

By Tom Stoukas - Dec 10, 2012

European stocks fell from an 18-month high as Italian Prime Minister Mario Monti’s intended resignation and a delayed Greek bond buyback reignited concern about the debt crisis. U.S. futures and Asian shares fluctuated.

Intesa Sanpaolo SpA led a gauge of banks lower, sliding 4.6 percent. RWE AG (RWE) dropped 1.1 percent as Bank of America Corp. downgraded the German utility. STMicroelectronics NV climbed 6 percent in Paris after saying it will exit its joint venture with Ericsson AB.

The Stoxx Europe 600 Index (SXXP) declined 0.2 percent to 278.54 at 8:05 a.m. in London. The gauge has still increased 14 percent this year as the European Central Bank pledged to buy the bonds of nations who seek aid and confidence grew that U.S. lawmakers will avoid a looming fiscal deadlock.

“The political situation in Italy may temper” investor confidence, Ric Spooner, chief market analyst at CMC Markets in Sydney, wrote in e-mailed comments. “The prospect of an election next year being fought on the issue of fiscal policy will be unsettling for bond and equity markets.”

Futures on the Standard & Poor’s 500 Index dropped 0.1 percent today, while the MSCI Asia Pacific Index advanced less than 0.1 percent.

Monti said he intends to resign after losing support in Parliament while his predecessor, Silvio Berlusconi, announced plans for a return to power after a six-week retirement from politics. Monti will try to corral his coalition, which includes Berlusconi’s People of Liberty Party, for a vote to pass the budget before handing in his “irrevocable resignation,” President Giorgio Napolitano’s office said on Dec. 8.

Monti Undecided

Monti, an unelected technocrat, is undecided about whether to run a campaign for a second term, la Repubblica reported, citing a telephone call with the premier.

His resignation announcement comes ahead of a Dec. 13-14 summit of European Union leaders to debate a road map for the overhaul of the euro area, including increased powers to intervene in national budgets and the establishment of a single banking supervisor.

Greece extended a deadline to spend 10 billion euros ($13 billion) buying back sovereign debt until midday London time tomorrow. The nation was near to reaching the target in a program that will unlock aid from the International Monetary Fund and the European Union, a Greek government official said earlier.

China Economy

China’s industrial output and retail sales exceeded forecasts last month. Factory production climbed 10.1 percent in November from a year earlier, the National Bureau of Statistics said yesterday, compared with the 9.8 percent median estimate of analysts surveyed by Bloomberg. Retail sales growth was 14.9 percent.

Even so, the customs administration in Beijing said today Chinese exports rose 2.9 percent in November from a year earlier, compared with the 9 percent median estimate of analysts in a Bloomberg survey and an 11.6 percent increase in October.

In the U.S., President Barack Obama and House Speaker John Boehner met yesterday at the White House to discuss the dispute over the U.S. budget, representatives of both said. An agreement would help avert the so-called fiscal cliff, which could result in more than $600 billion in tax increases and spending cuts taking effect next month.

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