

MARKET UPDATE

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European shares open higher.

European shares opened higher on Thursday led by energy stocks, while investors also awaited the European Central Bank's interest rate decision, due later in the day.

The continent-wide STOXX 600 was 0.2% higher at 0711 GMT and was on track to snap a three-session losing streak. Oil and gas boosted the benchmark index with a 1% rise, as the sector tracked higher crude prices. [O/R]

The ECB's interest rate decision is due at 1215 GMT, where the central bank is expected to keep interest rates unchanged while signalling that its next move is still set to be a cut, even if this guidance is likely to be vague and carry caveats. [0#ECBWATCH]

Among individual stocks, Publicis jumped 7.7%, as the French advertising group upgraded its organic growth guidance after beating expectations for the second quarter.

Essity jumped 5.7% after the Swedish hygiene products maker reported second-quarter core earnings above expectations.

ABB (ST:ABB) lost 5.8% after the Swiss engineering group reported a slightly better-than-expected second-quarter profit, in the final set of numbers under departing Chief Executive Bjorn Rosengren.

Yen spikes on intervention nerves.

Japan's yen scaled a six-week high on Thursday, spurring speculation of an official push, while traders waited on a European Central Bank meeting to direct the euro's next move.

At \$1.0929 the common currency was pinned near Wednesday's four-month peak ahead of a meeting where rates are all but certain to be left steady and focus is on whether policymakers support market bets of a rate cut in September.

"We expect the ECB to emphasise that future interest rate cuts will be dependent on further declines in inflation and wages growth," said Commonwealth Bank of Australia (OTC:CMWAY)'s Joe Capurso.

"The risk is that pricing for the September cut is reduced."

The Australian dollar caught a small boost from some mixed jobs data and traded at \$0.6738 and sterling slipped slightly, dipping just below \$1.30 after British data showed steady unemployment and slowing wages growth in May.



Oil prices rise on drop in US crude stocks.

Oil prices extended gains from the previous session on Thursday, buoyed by a bigger-than-expected decline last week in crude stocks in the United States, the world's largest oil consumer.

Brent futures rose 58 cents, or 0.7%, to \$85.66 a barrel by 0630 GMT, while U.S. West Texas Intermediate (WTI) crude gained 75 cents, or 0.9%, to \$83.60.

Both contracts settled higher on Wednesday.

U.S. crude inventories fell by 4.9 million barrels last week, the latest data from the U.S. Energy Information Administration showed. That exceeds a decline of 30,000 barrels forecast by analysts in a Reuters poll and a drop of 4.4 million barrels in a report from the American Petroleum Institute trade group. [EIA/S] [API/S]

"Healthy demand signals from the U.S. outweighs concerns from modest Chinese growth last week," said Priyanka Sachdeva, senior market analyst at Phillip Nova.

"Hopes of a Fed easing, which can boost economic growth, and current summer travel in the U.S. are ensuring enough traction in oil demand from the world's largest economy," Sachdeva said.

The prospects of cuts in interest rates in coming months in the both the U.S. and Europe helped to support the market.

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