



# GLOBAL MARKETS-Oil, weak German data drag on stocks; Brazil sinks

By Yasmineen Abutaleb October 27, 2014

- \* Wall St lower, hit as oil falls
- \* Brent crude trades near four-year lows
- \* Optimism around ECB stress tests is short-lived
- \* German Ifo index falls to lowest in almost 2 years

NEW YORK, Oct 27 (Reuters) - Global equity markets slipped on Monday, hit by weak German business sentiment and another decline in oil, while Brazil slumped after incumbent Dilma Rousseff narrowly won a second term over an opponent seen as more pro-business.

Wall Street was mixed, hurt by another drop in energy shares as oil neared a four-year low. Disappointing data that showed the pace of growth in the U.S. services sector slowed in October to a six-month low also sapped buying sentiment.

Government bond yields were lower after the business climate index in Germany, the Eurozone's largest economy, fell to its lowest level in almost two years.

"It's very hard to put a positive spin on what's going on in Europe," said **Bernard Baumohl**, managing director and chief global economist at the **Economic Outlook Group** in Princeton, New Jersey. "Europe is the epicenter of global weakness and Germany happens to be ground zero."

Brent crude oil futures extended losses, falling 1.4 percent to \$84.91 a barrel, after Goldman Sachs cut its price forecasts. U.S. crude oil continued its months-long rout, trading at less than \$80 a barrel, as signs of rising global supply threatened deeper price losses.

MSCI's all-country world equity index was last down 0.15 percent. The FTSEurofirst 300 index of top European shares was down 0.53 percent, erasing early gains.

U.S. 10-year Treasury notes were last up 5/32 in price to yield 2.2534 percent. Germany's 10-year note yield fell to 0.869 percent.

The dollar index, which tracks the greenback against a basket of six major currencies, fell 0.31 percent to 85.46.

Brazil suffered big losses after Rousseff defeated Aécio Neves this weekend. Brazilian stocks plunged 5 percent to seven-month lows, with state-run oil company Petrobras down 13 percent, and banks' shares falling 4 to 6 percent.

Brazilian 5-year credit default swaps rose 10 basis points and bond yields rose as investors attempted to protect against further losses.

The Dow Jones industrial average was down 6.10 points, or 0.04 percent, at 16,799.31. The Standard & Poor's 500 Index was down 4.83 points, or 0.25 percent, at 1,959.75. The Nasdaq Composite Index was down 11.23 points, or 0.25 percent, at 4,472.49.

On the upside, Europe's bank stress tests beat market expectations, with only one in five of Europe's top lenders failing at the end of last year, and many have since repaired their finances, results released on Sunday showed.

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