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## RPT-German data helps Britain's FTSE to close at a five-year high

Tue, Feb 19 2013

(Repeats to remove extraneous character from headline)

- \* FTSE 100 index closes up 1 percent
- \* Index extends gains but lags EU peers after German ZEW
- \* Rolls Royce and StanChart among top risers on upgrades
- \* FTSE still on rising path from last Nov. - technicals

By Alistair Smout

LONDON, Feb 19 (Reuters) - Britain's blue chip index posted its highest close in five years on Tuesday in a broad-based surge across all major sectors, as a strong German business sentiment survey supported a favourable technical picture.

The FTSE 100 extended gains in afternoon trade after a ZEW survey showed that German investor and analyst sentiment soared to its highest level in nearly three years this month, although investor sentiment on the current state of the German economy has yet to pick up.

"The ZEW outlook for 6-months down the road was much better than expected but the current situation was much worse," Nick Xanders, who directs European equity strategy at BTIG, said.

"People will see what they want to see, and right now all they want to see is the good news that lets them load the boat and buy stocks."

The FTSE 100 lagged major European peers, which were seen as benefiting more directly from the ZEW survey, with the German DAX up 1.7 percent and the French CAC up 2 percent.

"It's the second worst performing market in Europe today (behind Sweden), but I still like the FTSE," Xanders said, saying that its exposure to Asia as well as weak currency could both fuel a good performance from the index.

The FTSE 100 closed up 60.88 points, or 1 percent, at 6,379.07, the index's highest close since January 2008. Nine tenths of the index finished in positive territory.

Several stocks benefited from favourable broker coverage as well as a good appetite for equities. Rolls Royce gained 3.9 percent, with traders citing a price-target upgrade by Exane as fuelling the move.

Standard Chartered rose 2.4 percent after a note from Morgan Stanley recommended switching into the bank and out of the UK's other Asia-focused bank, HSBC.

"Earnings momentum and valuation are two reasons to prefer Standard Chartered to HSBC right now," Simon Maughan, financial sector strategist at Olivetree Securities, said.

"HSBC has outperformed Standard, but that is irrelevant without the additional catalysts (of valuation and earnings)."

### PRE-CRISIS HIGHS

The closing price surpassed both last week's high close of 6,359, and the highest close in May 2008 at 6,376.50.

Since breaking through the 6,200 level towards the end of January, the FTSE 100 had been trading in a 200-point range for three weeks. However, the strong close suggested that the recent pullback may be nearing its conclusion.

"The FTSE 100 remains bullish, and the movement that was initiated in late November is not over," Valerie Gastaldy, director of Paris-based technical analysis firm Day By Day, said.

"We've had a short consolidation for a week, but the trend is still to the upside." (Editing by Louise Heavens)

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