

**European shares steady as Ukraine talks set, Adidas, Subsea 7 drop**  
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European shares were steady today as Washington and Moscow set up talks to ease tensions over Ukraine, but companies Subsea 7 and Adidas suffered after downbeat results.

The FTSEurofirst 300 was down 0.1% at 1,343.23 points by 1059 GMT (5pm, Malaysia time), after two days of sharp swings.

Oil-services supplier Subsea 7 fell 6.1%, the biggest drop on the pan-European FTSEurofirst 300. The company said it expected its order backlog to fall in the first half of 2014, after posting quarterly earnings below forecasts. By mid-session, Subsea 7 had traded twice its 90-day daily average volume, against the FTSEurofirst 300 on a third.

German sporting-goods retailer Adidas fell 1.4% after warning its 2014 results would take a significant hit from weakening emerging-market currencies such as Russia's rouble. Volume in Adidas stood at twice its 90-day daily average.

Recent weakness in emerging markets has hit a number of European multinationals, including Nestle and AB InBev. That could hamper the keenly awaited European earnings recovery, but it was considered unlikely to derail it.

"Emerging market weakness obviously continues to be a broad concern for the global market recovery. That being said, U.S. markets made an all-time high last night... so I'd be hesitant to attribute too much weakness to emerging market concerns, purely because when we have a good news day, they're quickly forgotten," said Matt Basi, head of sales trading at CMC Markets.

Results have been good compared with analyst expectations, with 56% of companies reporting profits in line or higher than forecasts, Thomson Reuters Starmine data shows.

Besides this, surveys of business such as the Purchasing Managers' Indexes are upbeat. Germany's private sector in February enjoyed its fastest rate of expansion in almost three years, a business survey showed on today.

"My view is that domestic demand and demand from the developed economies is going to be the key... if we're going to see genuine growth from blue-chip names in Europe," Basi said.

European stocks surged yesterday, reversing a big portion of the previous session's sharp losses, and the S&P 500 closed at a record high, after Russian President Vladimir Putin said he would use force in neighbouring Ukraine only as a last resort.

Putin's first comments on the crisis over the Ukrainian region of Crimea, interpreted as an attempt to reduce tensions, helped fuel a rebound in equities worldwide.

"Investors continue to contemplate what the position is as far as Ukraine is concerned. I think there is still some caution there in the background... Having said that... we did see the markets bounce aggressively yesterday," Keith Bowman, equity analyst at Hargreaves Lansdown, said. – Reuters, March 5, 2014.

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