# European markets regain poise as Credit Suisse emergency loan calms bank fears

L
ondon’s FTSE 100 Index has rebounded after suffering its worst one-day performance since the start of the pandemic amid hopes a £45 billion emergency loan for Credit Suisse will calm fears over a banking crisis.

The top tier rose 0.7%, up 50.1 points to 7394.6, in morning trading as banking stocks regained their poise following hefty declines, which saw the FTSE 100 close 3.8% lower on Wednesday.

The deepening crisis at Credit Suisse, just days after Silicon Valley Bank and Signature Bank collapsed in the US, has sparked fears the banking sector is heading for a full-blown crisis.

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Credit Suisse said it will borrow up to 50 billion Swiss francs (£45 billion) from Switzerland’s central bank to bolster its finances, sparking hefty falls in Asian trading.

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The Hang Seng Index in China tumbled 1.7% and Japan's Nikkei 225 was almost 1% lower after Credit Suisse announced the mammoth loan to boost its liquidity and calm investors a day after the bank's share price plummeted by 24%.

But its shares rose by more than 30% in Zurich at one stage on opening and the wider markets bounced back as European trading opened amid optimism the lifeline to Credit Suisse will be enough to halt any run on the bank and stop contagion across the sector.

The Dax in Germany joined the London market in seeing early session gains, up 1.1%, while France's Cac 40 was 1.2% up.

In London, Barclays and Lloyds Banking Group were up 3%, while HSBC rose 2%.

But experts said the rebound was "underwhelming" and markets will remain volatile,.

Chancellor Jeremy Hunt said he welcomes efforts to boost the liquidity of bank Credit Suisse.

He told Times Radio: "I monitor what is going on in the markets, the Bank of England governor monitors carefully what is going on; he keeps me informed.

"I think the news we have heard from the Swiss authorities overnight is welcome."

Earlier, he told Sky News the developments in Switzerland are "encouraging".

The Bank of England is said to have been in emergency talks with its global central banking counterparts last night as the crisis deepened, and was reportedly in touch with both Credit

Suisse and the Swiss National Bank regarding the emergency loan.

But Neil Wilson, chief markets analyst at Finalto, said: “After such a heavy drubbing yesterday, the gains this morning are fairly underwhelming – not to say they won’t pick up later, a lot depends on Credit Suisse sentiment and the European Central Bank later.”

Traders will be closely watching the latest interest rate decision by the European Central Bank on Thursday amid expectations it will temper any hike due to the market turmoil.

Susannah Streeter, head of money and markets at Hargreaves Lansdown, said: “As investors await that decision, trading is expected to stay volatile.

“If policymakers decide to ease off another big monetary policy squeeze, the initial market reaction is likely to be one of relief, but worries are then likely to bubble back up about the insidious effect of inflation and whether the price spiral risks getting out of control again.”

Shares in Credit Suisse lost more than a quarter of their value at one stage on Wednesday, hitting a record low after the bank’s biggest shareholder – the Saudi National Bank – said it would not put more money into the lender, and after the Swiss bank said it found “weakness” in its financial reporting.