

FTSE set to fall after UBS agrees rescue for Credit Suisse

The FTSE 100 is expected to open lower after struggling bank [Credit Suisse](#) was sold to Swiss rival [UBS](#).

London's top index is on track to fall by around 1% as it opens trading on Monday following a bruising session last week.

Markets in [Asia](#) were struggling earlier in the morning, with shares in [Hong Kong](#) falling by more than 3% as the banking sector took a battering.

"With Credit Suisse shareholders and some bondholders taking a huge hit, banks in Asia have taken a hit on similar concerns about (some of their) bond-holding values," said Michael Hewson, chief market analyst at CMC Markets.

Having come off the worst week for European equity markets this year, volatility looks set to continue this week now that the fate of Credit Suisse appears to have finally been sealed

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“While the weekend deal still presents the Swiss National Bank and Swiss [Government](#) with untold headaches, with the size of the newly merged bank set to dwarf the size of the Swiss economy.

“The phrase too big to fail really does spring to mind here, and this morning’s weakness in Asia markets serves to reinforce concerns about these types of writedowns and any spillover effects on the rest of the banking sector.”

The Credit Suisse deal was announced on Sunday evening, as UBS agreed to pay around £2.7 billion for its former rival.

The deal was brokered by the same Swiss regulators which had on Wednesday said they would lend up to £45 billion to Credit Suisse to keep it afloat.

The bank has had troubles for years but was pushed over the edge last week because of market jitters sparked by the failure of Silicon Valley Bank in the US, which was a mid-sized lender.

But the rescue deal with UBS is not expected to calm markets much. Around 17 billion dollars (£14 billion) worth of Credit Suisse bonds were wiped out as part of the deal.

“Having come off the worst week for European equity markets this year, volatility looks set to continue this week now that the fate of Credit Suisse appears to have finally been sealed,” Mr Hewson said.