

Wall Street and European markets slip after hawkish Powell speech

Stocks slid on Friday after [Federal Reserve](#) chairman Jerome Powell said he was prepared to raise interest rates further to keep inflation at bay.

[European](#) markets had been sitting pretty on Friday afternoon until the hawkish speech at the [Jackson Hole](#) central banking conference.

[Wall Street](#) unsurprisingly plunged after the opening bell following the speech, with the [FTSE](#) among indices to swing down into the red as a result.

“Powell’s decision to reiterate the central importance of combatting inflation over growth does highlight the willingness to maintain the upward trajectory for rates in the face of economic suffering,” said Joshua Mahoney, senior market analyst at IG.

“While markets have recently taken solace from the tick lower in inflation, today served to highlight the fact that we remain a long way from the position where rates can be brought under control once again.

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“For investors, there is a risk that we could embark upon another period of weakness, with the buoyant earnings season fading into a distant memory.”

The FTSE 100 ended the day down 52.43 points, or 0.7%, at 7,427.31.

Elsewhere, the other major European indices also dropped as they were also weighed down by a report that the European Central Bank was looking to discuss a 75-basis point rate hike in two weeks time.

The German Dax decreased 2.26% by the end of the session, while the French Cac dropped by 1.68%.

Meanwhile, the pound was down 0.07% against the dollar at 1.178 and was 0.03% higher against the euro at 1.177 at the close.

In company news, software firm Micro Focus gave the FTSE 250 a major boost after its shares rocketed following the agreement of a £5.1 billion takeover deal.

The Newbury-based business agreed to a 532p per share offer, which represented a 98.3% premium on the company's share price at the end of trading on Wednesday, from Canada's OpenText.

Shares in Micro Focus finished the day up 252p at 519.8p.

GSK and Haleon shares moved higher after a district judge in Florida found that time limits the ability for claims on Zantac to be filed against the companies.

It therefore means that damages could be much lower than the billions first feared by financial markets.

GSK finished 4.4p higher at 1,394.8p, while spin-off Haleon was up 2.7p at 266.3p at the close.

Elsewhere, Holiday Inn owner Intercontinental Hotels Group (IHG) slipped in value after brokers at JP Morgan downgraded its rating on hospitality business.

IHG shares closed 216p lower at 4,750p after analysts at JP Morgan said they were taking a "more cautious view" on the sector due to pressure on consumer finances.

Meanwhile, Powell's comments took some shine off Friday's increase in the price of oil but it still maintained strong gains for the week.

Brent crude oil lifted by 0.07% to 99.41 US dollars per barrel when the London markets closed.

The biggest risers in the FTSE 100 were Haleon, up 2.7p at 266.3p, Persimmon, up 12.5p at 1,497.5p, Aveva, up 21p at 2,790p, Meggitt, up 6p at 798p, and Centrica, up 0.52p at 81.96p.

The biggest fallers of the day were IHG, down 216p at 4,750p, Ocado, down 32.6p at 731.2p, JD Sports, down 4.25p at 109.65p, Relx, down 81p at 2,303p, and Experian, down 92p at 2,683p.