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Stocks, Euro Gain Before ECB Lending as Bond Risk, Oil Decline
2012-02-28 09:44:34.917 GMT

By Stephen Kirkland and Lynn Thomasson

Feb. 28 (Bloomberg) -- Stocks rose and the euro strengthened before the European Central Bank provides a second round of unlimited funds tomorrow to support banks. Brent crude declined for a second day.

The MSCI All-Country World Index gained 0.3 percent at 9:40 a.m. in London. Standard & Poor's 500 Index futures added 0.3 percent. The euro appreciated 0.4 percent to \$1.3446 and the cost of insuring European sovereign bonds fell to the lowest in a week. The difference in yield between two- and 10-year Italian debt widened to the most since June 2009. Brent oil retreated 0.4 percent to \$123.66 a barrel.

European banks will probably tap the ECB for 470 billion euros (\$632 billion) in three-year funds, according to a Bloomberg News survey of analysts. Italy auctions as much as 6.25 billion euros (\$8.4 billion) of bonds today. Consumer confidence may have increased this month, economists said before data from the Conference Board.

"The market is expecting a further boost from the liquidity injection," said Sim Moh Siong, a currency strategist at Bank of Singapore Ltd.

The Stoxx 600 climbed 0.3 percent, erasing yesterday's decline, as banks and mining companies advanced. PSA Peugeot Citroen jumped 7.9 percent after people familiar with the matter said that the Paris-based carmaker may announce a plan to sell a 7 percent stake to General Motors Co. this week.

Persimmon Plc surged 14 percent for the biggest gain on the Stoxx 600 after the U.K.'s largest housebuilder by market value said it plans to return 1.9 billion pounds (\$3 billion) to shareholders by 2021.

Polish Unit Merger

KBC Groep NV, Belgium's biggest bank and insurer by market value, rallied 6.6 percent after announcing an agreement with Banco Santander SA to merge their Polish banking units.

The gain in U.S. index futures indicated that the S&P 500 will climb for a fourth day. A measure of consumer confidence will increase to 63 in February from 61.1 last month, according to economists surveyed before the Conference Board's report at 10 a.m. in New York. A Commerce Department report due at 8:30 a.m. in Washington may show durable-goods orders declined in January, economists said.

The euro appreciated 0.4 percent against the yen, while the Dollar Index, which tracks the U.S. currency against those of six trading partners, declined 0.2 percent.

The Portuguese bond due in April 2021 rose, sending the yield down 13 basis points. The Italian 10-year bond yield fell nine basis points, while the nation's two-year yield dropped 11 basis points. The government sells as much as 2.5 billion euros of notes due in May 2017, and as much as 3.75 billion euros of securities maturing in September 2022.

Belgium Auction

Belgium auctions as much as 3 billion euros of 105- and 168-day bills. The yield on the nation's two-year note slipped two basis points.

The Markit iTraxx SovX Western Europe Index of contracts on 15 governments dropped three basis points to 343.5, the lowest in a week.

Gold for immediate delivery gained for the first time in three days, climbing as much as 0.6 percent to \$1,777.48 an ounce, on signs investment demand increased. Futures gained 0.1 percent in New York. Copper rose a third day to a two-week high, gaining as much as 0.7 percent to \$8,595.75 a metric ton on the London Metal Exchange, on speculation Chinese infrastructure projects will boost demand.

Emerging Markets

The MSCI Emerging Markets Index rose 0.9 percent. The BSE India Sensitive Index climbed 1.4 percent on lower oil. South Korea's Kospi rose 0.6 percent. Hynix Semiconductor Inc., the world's No. 2 maker of computer-memory chips, jumped 6.8 percent to a nine-month high and Samsung Electronics Co. added 1.2 percent after their Japanese competitor Elpida Memory Inc. filed for bankruptcy.

Hungary's BUX Index jumped 1.2 percent as Gedeon Richter Nyrt., the country's biggest drugmaker, rose the most in almost five months after saying its antipsychotic drug helped patients with schizophrenia. Kredyt Bank SA, the Polish unit of KBC, jumped 12 percent on plans to merge with Santander's Bank Zachodni WBK SA. Zachodni slid 4.7 percent.

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