Stocks Eagerly Await Bernanke Speech On Economy

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LONDON (AP) — Stocks mostly recovered Tuesday as investors awaited a key speech from Federal Reserve chairman Ben Bernanke for any insights into U.S. monetary policy following a run of weak economic news.

Fears over the global economy have risen in recent weeks after a raft of underwhelming economic indicators, particularly out of the U.S., which culminated in last week's much weaker than expected U.S. payrolls report for May.

As a result, there is speculation that the Fed may retain its super-loose monetary policy for much longer than initially thought.

The Fed's current $600 billion monetary stimulus is due to expire this month and the prevailing view in the markets until recently was that the central bank would drop the program and possibly start raising interest rates by the end of this year.

However, the recent soft batch of economic data has led some in the markets to speculate that the Fed may consider another round of the so-called quantitative easing, or QE, and keep interest rates at the record low of near zero percent well into next year.

Bernanke's speech later at the International Monetary Conference in Atlanta, Georgia could have a huge impact on markets.

"He will likely acknowledge the economy's slowdown but affirm that a moderate recovery remains on track," said Sal Guatieri, an analyst at BMO Capital Markets. "While downplaying the chance of more QE, he should reaffirm that rates are likely to stay low for an extended period."

In the run-up to the speech, which is due to be delivered around 1945 GMT, stocks were relatively solid. European shares were further buoyed by news that retail sales in the 17 countries that use the euro rose by 0.9 percent in April, three times the rate anticipated.

In Europe, Germany's DAX closed 0.3 percent higher to 7,103.25 while the CAC-40 in France was 0.2 percent higher at 3,871.92. The FTSE 100 index of leading British shares ended up less than 0.1 percent at 5,864.65.

In the U.S., the Dow Jones industrial average was up 0.4 percent at 12,139.98 while the broader Standard & Poor's 500 index rose a similar rate to 1,291.51.

The other big theme in the markets, aside from the state of the global economy,

remains Europe's debt crisis.

Last Friday's effective decision by the European Union and the International Monetary Fund to give Greece the next euro12 billion batch of bailout funds and signals it may get a second bailout have helped ease worries that the country will default on its mountain of debts.

The relief is particularly notable in the performance of the euro, which was trading near one-month highs of $1.4672. Earlier, it struck its highest level since May 5 at $1.4682.

Asian shares, meanwhile, turned in a mixed performance.

Though Japan's Nikkei 225 closed up 0.7 percent at 9,442.95, South Korea's Kospi index slipped 0.7 percent to 2,099.71,

Hong Kong's Hang Seng index lost 0.4 percent to 22,868.67 while mainland Chinese shares gained as investors kept on snapping up bargains following recent sell-offs. The benchmark Shanghai Composite Index gained 0.6 percent to 2,744.30, while the Shenzhen Composite Index of China's smaller, second exchange gained 0.7 percent to 1,132.69.

Meanwhile, oil prices fell below $98 per barrel as investors anticipated increased crude production targets from the OPEC oil cartel following a meeting Wednesday. Benchmark crude for July delivery was down 63 cents at $98.38 per barrel on the New York Mercantile Exchange.

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