U.S. Economic Data Help World Markets Recover

Carlo Piovano, Associated Press

LONDON (AP) — Robust U.S. economic indicators pushed world markets higher on Tuesday, offsetting uncertainty over Europe's debt problems and global growth.

Consumer confidence in the U.S. jumped in September to its highest level since February, according to the Conference Board whose index rose to 70.3 points from 61.3 in August. Market expectations were for a more modest gain.

A separate report showed U.S. home prices kept rising in July in all 20 cities tracked. It's the third straight month in which prices rose in every city.

After early losses in Europe, Britain's FTSE 100 rose 0.4 percent to close at 5,859.71. Germany's DAX rose 0.2 percent to 7,425.11 and France's CAC-40 gained 0.5 percent to 3,513.81.

On Wall Street, the Dow was up 0.3 percent at 13,593.38 and the S&P 500 rose 0.3 percent to 1,460.48.

Markets had earlier traded lower on concerns that Europe's government debt problems will continue to pose a risk to the economy and investors.

Spain is due to unveil this week a new series of cost-cutting measures and structural reforms that could pave the way for a demand for financial aid from its fellow eurozone countries.

But hopes that Madrid will apply for the aid were overcome by concern that it was delaying the move. Spain has been reluctant to ask since such assistance comes with strings attached.

Another key issue is whether eurozone countries will grant Greece more time to reach its deficit reduction targets. The country also needs to finalize a package of austerity measures but political leaders are struggling to compromise as popular anger increases.

Also weighing on financial markets this week has been evidence of a broad-based slowdown in the world economy. While Europe is sliding toward recession, the U.S. and Chinese economies — the world's two largest — are struggling.

Credit ratings agency Standard & Poor's on Tuesday lowered its growth forecasts for the eurozone. It expects a 0.8 percent contraction this year and no growth in 2013. The biggest source of concern, it said, was Spain and Italy.

"Recent economic indicators continue to paint a bleak picture for Europe," said Jean-Michel Six, S&P chief economist for Europe, the Middle East and Africa.

Earlier, in Asia, trading was uneven. Japan's Nikkei 225 index zigzagged throughout the day until closing 0.3 percent higher at 9,091.54.

Hong Kong's Hang Seng was marginally higher at 20,698.68. South Korea's Kospi lost 0.6 percent to 1,991.41. Australia's S&P/ASX 200 shed 0.3 percent to 4,372.90.

Mainland China's Shanghai Composite Index lost 0.2 percent to 2,029.29. The Shenzhen Composite Index fell 0.6 percent at 835.51. But benchmarks in Singapore, Indonesia, India, New Zealand and Thailand rose.

In currency markets, the euro rose to $1.2943 from $1.2935 in late trading Monday while the dollar edged up to 77.91 yen from 77.86 yen.

Benchmark crude for November delivery was up 69 cents to $92.62 a barrel in electronic trading on the New York Mercantile Exchange. The contract fell 96 cents to settle at $91.93 on Monday.

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