

U.S. Economy Hopes Buoy Markets

Pan Pylas, AP Business Writer

LONDON (AP) — Mounting hopes over the U.S. economic recovery bolstered markets for a second day on Tuesday and helped push the euro back above \$1.30.

A run of upbeat figures about the U.S. economy, including the labor market, have cheered investors this week. Tuesday's indicators sustained the positive tone.

Manufacturing figures for September came in stronger than anticipated while soft inflation data reinforced expectations that the Federal Reserve will continue with its easy and cheap monetary policy. The combination of better growth and low inflation is good for stocks.

Strong earnings figures from the likes of toy maker Mattel, Johnson & Johnson and Goldman Sachs, further buoyed sentiment.

"Global markets roared with optimism today as investors adopted a risk-on attitude thanks to strong U.S. corporate results," said Shavaz Dhalla, a financial trader at Spreadex.

Citigroup was also in focus, trading 2 percent higher following the sudden departure of its CEO, Vikram Pandit, the man who steered the bank through the tumultuous years after the 2008 financial crisis.

In Europe, an unexpectedly large improvement in German investor confidence, as surveyed by the ZEW institute, also helped shore up sentiment.

"Markets are far from flying, but it does now seem as if the outlook is a little brighter than it was a week ago," said Fawad Razaqzada, market strategist at GFT Markets.

In Europe, the FTSE 100 index of leading British shares was up 1.1 percent at 5,869 while Germany's DAX rose 1.4 percent to 7,366. The CAC-40 in France was 1.8 percent higher at 3,480.

On Wall Street, the Dow Jones industrial average was up 0.8 percent at 13,527 while the broader S&P 500 index rose 0.7 percent to 1,450.

The improvement in investors' confidence also helped boost the euro, which often rises along with market sentiment. It was trading 0.6 percent higher at \$1.3026.

The euro has also garnered support from expectations that Spain will soon make a request to tap a European Central Bank bond-buying facility and that Greece will get its next batch of bailout funds.

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The problems of both debt-ridden countries are likely to feature at a meeting of EU leaders later this week.

"The EU summit on Thursday and Friday remains the main focus this week with leaders expected to mull over Greece's proposed cuts and potentially a Spanish bailout request," said James Hughes, chief market analyst at Alpari.

Earlier, Asian stocks closed higher. Japan's Nikkei 225 index rose 1.4 percent to end at 8,701.31 and South Korea's Kospi climbed 0.8 percent to 1,941.54.

Hong Kong's Hang Seng rose 0.3 percent to 21,207.07 but mainland China's Shanghai Composite Index ended the day almost unchanged at 2,098.81. The smaller Shenzhen Composite Index closed 0.3 percent higher at 862.14.

Oil prices were flat, with benchmark crude for November delivery up 9 cents to \$91.94 per barrel in electronic trading on the New York Mercantile Exchange.

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