Asian equities rose, with Japan’s Nikkei 225 Stock Average surging the most since March, amid speculation an election next month will hand power to an opposition party that advocates more aggressive monetary easing in the world’s third-biggest economy.

Honda Motor Co., Japan’s third-largest carmaker, advanced 5.2 percent as the yen weakened, boosting the earnings outlook for the exporter. Buru Energy Ltd. jumped 8.5 percent in Sydney after the oil and gas explorer said drilling results at its Ungani well are encouraging. Kirin Holdings Co. (2503) lost 2.9 percent after the beverage maker formed part of a takeover bid for Fraser & Neave Ltd.

The MSCI Asia Pacific (MXAP) Index added 0.5 percent to 120.03 as of 2:41 p.m. in Tokyo, paring this week's decline to 1 percent. The gauge gained 9.5 percent through yesterday from this year’s low on June 4 as central banks added stimulus to spur economic growth and data showed a slowdown in China may be ending.

“The opposition Liberal Democratic Party is likely to win the upcoming Japanese election and implement more aggressive monetary and fiscal action,” said Matthew Sherwood, Perpetual Investment's head of markets research in Sydney. Perpetual manages about $25 billion.

Prime Minister Yoshihiko Noda will dissolve parliament today, triggering an election on Dec. 16 that polls suggest his Democratic Party of Japan will lose. Shinzo Abe, the leader of the main opposition LDP, called yesterday for the central bank to pursue unlimited monetary stimulus to end deflation and revive an economy that shrank last quarter at the fastest pace since the 2011 earthquake. The yen traded near the lowest level in six months against the dollar in Tokyo.

**Nikkei, Kospi**

Japan’s Nikkei 225 Stock Average extended yesterday’s surge, rising 2 percent, with volume 67 percent above its 30-day average for the time of day. That’s the most since March. Japan’s broader Topix Index jumped 1.7 percent, headed for biggest two-day gain since September 2011. Australia’s S&P/ASX 200 Index lost 0.3 percent and South Korea’s Kospi Index sank 0.6 percent.

Hong Kong’s Hang Seng gained 0.1 percent and China’s Shanghai Composite slid 1.2 percent. China’s leadership change yesterday “removes the biggest overhang” for the nation’s equities as the new government is determined to carry out reforms, according to Victoria Mio, fund manager at Robeco Hong Kong Ltd., where her Chinese Equities fund has beaten 85 percent of rivals over the past year, according to data compiled by Bloomberg.

“Investors are now anticipating a more pro-active government going forward,” Mio said in e-mailed comments.

**U.S. Futures**

Futures on the Standard & Poor’s 500 Index dropped 0.2 percent today. The S&P 500 fell 0.2 percent yesterday as Wal-Mart Stores Inc. forecast earnings that missed estimates and lawmakers prepared for budget talks.

Singapore’s Straits Times (FSSTI) Index was little changed after its Trade Ministry said growth this year will be at the lower end of its forecast and the expansion in 2013 may hold near a three-year low as falling demand for its goods weighs on the economy.

Consumer discretionary companies accounted for the largest gains among 10 industry groups on the Asian benchmark. Honda rose 5.2 percent to 2,593 yen, Toyota Motor Corp. advanced 3.7 percent to 3,335 yen and Nissan Motor Co. climbed 5.6 percent to 741 yen.
Best Bet

Japanese bank shares are the best way to bet on a return of the LDP to power, Bank of America Corp. strategist Michael Hartnett wrote in a report. Mizuho Financial Group Inc. advanced 2.4 percent to 129 yen and Mitsubishi UFJ Financial Group Inc. (8306) gained 2.8 percent to 366 yen.

Kirin sank 2.9 percent to 962 yen in Tokyo and Fraser & Neave gained 1.8 percent to S$9.29 in Singapore. Kirin is seeking to acquire Fraser & Neave's food and beverages unit as part of the proposed takeover.

The takeover group, led by Singapore's Overseas Union Enterprise Ltd., offered S$13.1 billion for F&N, topping an offer from Thai billionaire Charoen Sirivadhanabhakdi, and said Tokyo-based Kirin will buy the food and beverage unit.

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