Asian Stocks, Europe Futures, Rise on Bernanke Outlook


Asian stocks rose the most in six weeks and the won rallied after South Korea’s consumer confidence improved and Federal Reserve Chairman Ben S. Bernanke signaled he will continue to stimulate the U.S. economy. European equity futures advanced.

The MSCI Asia Pacific Index climbed 1.8 percent as of 3:12 p.m. in Tokyo. Futures on the Standard & Poor’s 500 Index gained 0.1 percent, while those of the Euro Stoxx 50 Index increased 0.7 percent. Nickel advanced 1.1 percent, while copper added 0.4 percent. The won strengthened the most in eight weeks. The dollar traded near the lowest this month against the euro amid bets the Fed will keep flooding the economy with the U.S. currency.

A report later today may show consumer confidence in the world’s biggest economy held at the highest level in a year, while home prices fell at a slower pace in the year to January. South Korean consumer confidence rose to a four-month high, buoyed by signs of improvement in the U.S. economy and progress in containing Europe’s sovereign debt crisis.

“The Fed’s stance of supporting the economic recovery through policy easing and adding liquidity to the market is helping to boost sentiment,” said Tomomi Yamashita, a senior fund manager in Tokyo at Shinkin Asset Management Co., which oversees $6 billion. “Worries about Europe’s debt crisis are being swept away.”

Financial Firewall

Chancellor Angela Merkel said Germany may back plans for the temporary and permanent euro-area rescue funds to run in parallel. European finance ministers will meet on March 30 to discuss raising a 500 billion-euro ($664 billion) ceiling on the region’s financial firewall. Investors remain concerned about the region’s outlook even after measures by policy makers helped reduced some tensions in the market, the Bank of England said in a report.

Japan’s Nikkei 225 Stock Average (NKY) jumped 2.4 percent, erasing losses from last year’s earthquake and nuclear disaster as $241 billion in reconstruction spending and central bank efforts to devalue the yen combined to boost the the country’s biggest companies. Sony Corp., the country’s largest exporter of consumer electronics, climbed 3.1 percent.

South Korea’s Kospi Index (KOSPI) gained 1 percent, while Australia’s S&P/ASX 200 Index increased 0.9 percent. Hong Kong’s Hang Seng Index rose 1.6 percent, while China’s Shanghai Composite Index lost 0.1 percent.

The MSCI Asia Pacific gained 10 percent this year through yesterday on optimism monetary policy easing from China to Europe will bolster growth. That’s boosted the value of stocks listed in the index to 15 times estimated earnings on average, compared with 13.6 times for the S&P 500 and 11.2 times for the Stoxx Europe 600.

Gas, Gold Find
Korea Gas Corp., the world’s No. 1 importer of natural gas, surged 11 percent in Seoul, the most on the MSCI Asia Pacific Index (MXAP), after its Italian partner found natural gas reserves in Mozambique. Sumitomo Metal Mining Co. jumped 5.9 percent after Japan’s biggest gold producer discovered an additional deposit in its Pogo mine in Alaska.

Natural gas slid to the lowest intraday price in more than 10 years on speculation a government report this week will show a growing inventory surplus. Futures fell as much as 2.5 cents to $2.201 per million British thermal unit. Crude oil futures in New York headed towards the first drop in three days, sliding 0.1 percent to $106.89.

Ten-year Treasury rates held at 2.26 percent, after rising two basis points yesterday. The S&P/Case-Shiller index of property values in 20 U.S. cities probably dropped 3.8 percent from January 2011, the smallest decline in three months, according an economist survey by Bloomberg. Conference Board data may show its index was little changed at 70.1 this month, after reaching a one-year high of 70.8 in February, a separate survey showed.

**Quantitative Easing**

The greenback has weakened against all but one of its 16 major counterparts this year and Bernanke’s comments added to speculation the Fed will embark on a third round of quantitative easing, or QE3. The euro was little changed at $1.3352 and 110.60 yen, after a two-day advance, amid optimism European finance ministers will agree to bolster the region’s debt-crisis firewall when they meet March 30.

The won gained 0.7 percent, the most since Feb. 2, to 1,134.20 per dollar. World leaders will seek to reach consensus on ways to prevent nuclear materials from falling into the hands of terrorists at the end of their two-day Nuclear Security Summit in Seoul today.

The cost of insuring Asia-Pacific corporate and sovereign bonds against default dropped, according to traders of credit- default swaps. The Markit iTraxx Asia index of 40 investment-grade borrowers outside Japan declined 5.5 basis points to 147.5 basis points, Credit Agricole SA prices show. The index is headed for its lowest close since the new series started trading on March 20, according to data provider CMA.

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