China’s stocks rose to the highest level in almost a month after the International Monetary Fund raised its forecasts for global growth and investors speculated the government will ease monetary policy to boost the economy.

Jiangxi Copper Co. (600362) and China Shenhua Energy Co. advanced more than 2 percent on optimism an improving world economy will boost demand for commodities. China Construction Bank Corp. (939) and Poly Real Estate Group Co. led a gauge of financial stocks to the second-largest gain among 10 industry groups. CSR Corp., the nation’s biggest train maker, jumped the most in three months after Xinhua News Agency said the company will supply high-speed trains to Hong Kong.

“There is speculation that banks’ reserve requirement ratios will be cut and that’s driving stocks higher,” said Wu Kan, a Shanghai-based fund manager at Dazhong Insurance Co., which oversees $285 million. “The IMF forecast has eased investors’ concerns about growth in the external environment.”

The Shanghai Composite Index (SHCOMP) advanced 35.08 points, or 1.5 percent, to 2,370.06 as of 1:20 p.m. local time, heading for the highest close since March 22. The CSI 300 Index (SHSZ300) climbed 1.8 percent to 2,588.68. The Bloomberg China-US 55 Index (CH55BN), the measure of the most-traded U.S.-listed Chinese companies, added 1.2 percent in New York yesterday.

Thirty-day volatility in the Shanghai index was at 18.7 today, the highest since March 1. About 8.5 billion shares changed hands yesterday, 2.3 percent lower than the daily average this year.

**Slowing Economy**

The Shanghai Composite has climbed 7.8 percent this year amid speculation the government will take measures to boost the economy and equities. South Korea’s central bank will buy $300 million in Chinese shares over next 3 months, Finet Newswire reported today, citing an unidentified foreign exchange official at the bank. Stocks in the gauge are valued at 10 times estimated earnings, compared with a record low of 8.9 times on Jan. 6, according to weekly data compiled by Bloomberg.

A gauge of financial stocks in the CSI 300 gained 2.1 percent. Construction Bank, the nation’s second-biggest lender, rose 1.1 percent to 4.73 yuan. Poly Real Estate, the second-largest developer, advanced 3.5 percent to 12.05 yuan.

Signs that an economic slowdown is intensifying boosted speculation the central bank will cut lenders’ reserve-requirement ratios for a second time this year. A statistics bureau report today showed China’s home prices falling in a record 37 of 70 cities tracked by the government in March. Foreign direct investment sank for a fifth month, while the economy expanded 8.1 percent in the first quarter, the slowest pace in almost three years, reports over the past week showed.

**‘Downward Pressure’**
The central bank should lower the reserve-requirement ratio and adjust the loan-to-deposit ratio to increase banks’ lending capacity and meet credit demand in the economy, Wang Jun, a researcher with the China Center for International Economic Exchanges, said at a Beijing seminar with his comments posted on www.china.com.cn, a website controlled by the State Council Information Office.

**China’s economy** faces no risks of a so-called hard landing this year, even as the government should be vigilant against the chance of growth decelerating too quickly, Wang said.

The economy is still seeing downward pressure and the second quarter may mark a “lower point” for growth before it slowly accelerates in the second half, Zhu Baoliang, chief economist at the State Information Center’s forecast department, said at the Beijing seminar.

Jiangxi Copper, China’s biggest producer of the metal, added 2.8 percent to 25.13 yuan. Tongling Nonferrous Metals Group Co., the second largest, rose 2.6 percent to 20.41 yuan. Shenhua, the nation’s biggest coal producer, gained 2.1 percent to 26.46 yuan. **China Coal Energy Co. (601898)**, the second largest, climbed 1.9 percent to 9.23 yuan.

**IMF Forecasts**

The MSCI Asia Pacific Index advanced 1.2 percent after the IMF said the world economy will expand 3.5 percent this year and 4.1 percent in 2013, up from January projections of 3.3 percent and 4 percent, as the euro region stabilizes and the U.S. outlook improves. The lender maintained a forecast of 8.2 percent growth for China, where policy makers last month cut their 2012 own target to 7.5 percent, the lowest level since 2004.

Equities also rose as **Spain** sold more bonds than targeted. Spain sold 3.18 billion euros of bills, compared with a maximum target of 3 billion euros the Treasury set for the sale.

**Europe** and the U.S. are China’s top two export markets, making up about 35 percent of the nation’s overseas shipments, according to Shenyin & Wanguo Securities Co. China’s overseas shipments rose 8.9 percent last month. Export growth was down from 18.4 percent in February.

CSR gained 5.7 percent to 4.79 yuan, set for its biggest advance since Jan. 17. Delivery of the first train will start next year, Xinhua reported yesterday. The trains will be used for the Guangzhou-Shenzhen-Hong Kong Express Rail Link, which is expected to start operations in 2015, it said.

The **iShares FTSE China 25 Index Fund (FXI)**, the biggest Chinese exchange-traded fund in the U.S., added 1.2 percent to $37.52 yesterday after a two-day decline.

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