European Stock Futures Rise as China Manufacturing Gains

By Adria Cimino - Dec 3, 2012

European (SXXP) stock futures rose as two measures of Chinese manufacturing increased and Greece prepared to open bids to repurchase bonds issued earlier this year. U.S. index futures and Asian shares were little changed.

Aryzta AG (ARYN) might advance after reporting increased revenue. Delta Lloyd (DL) NV may move after saying it plans to reduce jobs by 4 percent to 5 percent a year.

Futures on the Euro Stoxx 50 Index, a benchmark for the euro area, gained 0.1 percent to 2,582 at 7:35 a.m. in London. Contracts on the U.K.’s FTSE 100 Index increased 0.1 percent. Futures on the Standard & Poor’s 500 Index climbed less than 0.1 percent, while the MSCI Asia Pacific Index slipped less than 0.1 percent.

China’s manufacturing gauges “indicated that whatever is going on in the rest of the world, the Asian powerhouse’s manufacturing sector still manages to remain in expansionary territory,” Jonathan Sudaria, a dealer at Capital Spreads in London, wrote in a note.

The country’s official Purchasing Managers’ Index, a gauge of the manufacturing industry, rose to 50.6 in November, the highest reading in seven months, the National Bureau of Statistics and China Federation of Logistics and Purchasing said on Dec. 1. A reading above 50 indicates expansion.

A separate survey by HSBC Holdings Plc and Markit Economics, which focuses on smaller businesses, also showed that activity increased last month.

Chancellor Angela Merkel opened the possibility that Germany will ultimately accept a write-off of Greek debt. Policy makers will this week attempt to engineer a buyback that’s crucial for Greece to receive more funding.

**Open Bids**

Merkel told Bild newspaper yesterday that euro-area leaders might consider writing off debt once the country has a budget surplus. Germany has until now ruled out such a scenario as violating European Union treaties.

Euro-area finance ministers meet in Brussels today as Greece starts its debt repurchase operation. The offer period end on Dec. 7, though it could re-open for one or two days, according to Kathimerini newspaper. Euro ministers will evaluate the results of the measure on Dec. 10, it reported.

In the U.K., Chancellor of the Exchequer George Osborne said it’s taking longer than planned to balance Britain’s public finances, the first hint that he may miss his targets and push austerity on for another year. The chancellor will update Parliament with the government’s latest economic and fiscal forecasts on Dec. 5.

Manufacturing in the U.S. probably cooled in November as business demand slowed and disruptions from superstorm Sandy limited production.

**Factory Index**

The Institute for Supply Management’s factory index fell to 51.5 from 51.7 in October, according to the median estimate of 75 economists surveyed by Bloomberg.

Aryzta, a maker of bakery products, said first-quarter sales rose 9 percent to 1.1 billion euros.

Delta Lloyd may move. The insurance and financial services company said it plans job reductions by an annual 4 percent to 5 percent in the coming years in order to become more efficient.
Air France-KLM Group (AF) may be active. Alexandre de Juniac, chief executive officer of the Air France brand, told La Tribune that he sees “economic breakeven” in 2013 and that is the pre-condition for “good profitability” in 2014. Air France is far from having achieved financial recovery, De Juniac said in the interview.

**Banco Espirito**

Allianz SE (ALV) may be active. The insurer is ready to increase its offer for Provinzial NordWest to “substantially” more than the 2.5 billion-euro ($3.3 billion) book value previously offered, Financial Times Deutschland reported without saying where it got the information.

Banco Espirito Santo SA (BES), a Portuguese bank, was raised to overweight at JPMorgan Chase & Co. The brokerage said buying the shares is a way to play European Central Bank intervention in Portugal, which JPMorgan economists expect to take place in the first quarter of 2013.

Schroders Plc (SDR), an asset management company, might be active. The stock was raised to buy from neutral at Bank of America Corp.

To contact the reporter on this story: Adria Cimino in Paris at acimino1@bloomberg.net.

To contact the editor responsible for this story: Andrew Rummer at arummer@bloomberg.net.