European stocks rose, with the Stoxx Europe 600 Index extending this week’s rally, before reports that may add to optimism that the American economic recovery is gathering strength. U.S. index futures and Asian shares also advanced.

Wavin NV (WAVIN) jumped 16 percent after Mexichem SAB increased its bid for the Dutch manufacturer by 11 percent to 10 euros a share.

The Stoxx 600 advanced 0.7 percent to 241.5 as of 8:02 a.m. in London. The March futures contract on the Standard & Poor’s 500 Index gained 0.6 percent, signaling the U.S. equity benchmark may climb for a fourth day. The MSCI Asia-Pacific Index added 0.9 percent.

“The U.S. is beginning to show signs of life,” said John Haynes, the head of research at Investec Wealth & Investments in London. “There’s some positive momentum in the U.S. economy.” He spoke in a Bloomberg Television interview with Mark Barton.

Reports today are forecast to show U.S. personal spending, durable-goods orders and new home sales rose in November, after yesterday’s data showed a drop in jobless claims.

Durable goods orders probably rose 2.2 percent in November, while personal spending increased 0.3 percent, according to the median forecasts of economists surveyed by Bloomberg. The reports are due at 8.30 a.m. Washington time.

**Home Sales**

New home sales climbed to a 315,000 annual rate last month from 307,000, another survey shows. This report will come out at 10 a.m. Washington time.

New unemployment claims unexpectedly fell by 4,000 to 364,000 in the week ended Dec. 17, the lowest level since April 2008, Labor Department figures showed yesterday.

The benchmark Stoxx 600 has gained 13 percent from this year’s low on Sept. 22 amid optimism that U.S. economic growth is holding firm and euro-area leaders are moving to stem the region’s debt crisis. The measure rallied yesterday, bringing this week’s gains to 2.6 percent.

Still, the gauge has tumbled 12 percent this year as the crisis spread to Italy and Spain. Banks and commodity companies have posted the largest declines among 19 industry groups on the gauge, both slumping more than 30 percent.

The volume of shares changing hands across Europe has fallen this week as the Christmas holiday break approaches. Trading on the Stoxx 600 this week was more than 20 percent below the average for 2011, according to data compiled by Bloomberg. The London market will close at 12:30 p.m. today.

**ECB Action**
European Central Bank Executive Board member Lorenzo Bini Smaghi said that policy makers shouldn’t shirk from using quantitative easing if deflation becomes a danger to the euro region. Unlike the U.S. Federal Reserve and the Bank of England, the ECB has offset liquidity created by purchases of government bonds so that such operations don’t amount to quantitative easing that stokes inflation.

“I do not understand the quasi-religious discussions about quantitative easing,” Bini Smaghi, who will leave his post at the end of the month, said in an interview published yesterday by the Financial Times. The ECB confirmed the comments. “It is appropriate if economic conditions justify it, in particular in countries facing a liquidity trap that may lead to deflation.”

Wavin soared 16 percent to 9.15 euros as it granted access to Mexichem to carry out due diligence, after the Latin American chemical producer increased its bid for Wavin to 10 euros from 9 euros.

China Three Gorges Corp. will pay 2.69 billion euros ($3.5 billion) for 21 percent of EDP-Energias de Portugal SA, outbidding rivals including EON AG, as the south European nation sells assets to meet the terms of a bailout. The bid by the world’s biggest dam operator is a 54 percent premium to the Dec. 21 market price and had “greater merit,” Portugal’s state holding company Parpublica said in a statement.

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