Asian stocks declined, paring the biggest weekly gain since March, and U.S. and U.K. index futures fell ahead of an American jobs report that may show unemployment exceeds 9 percent. Copper slid for a second day and grains rose.

The MSCI Asia Pacific index lost 1 percent as of 3:16 p.m. in Tokyo, the first decline in seven days. Futures on the Standard & Poor’s 500 Index retreated 0.3 percent and Euro Stoxx 50 Index contracts dropped 1.7 percent. The Swiss franc gained against all 16 of its major counterparts. Copper and nickel declined 0.7 percent, and corn rose 1 percent. Ten-year Treasury note yields were little changed at 2.14 percent.

Asian stocks have climbed this week after concern the global economy may slow sent the regional benchmark to its biggest loss since May 2010 last month. Data today from the U.S. Labor Department may show that employers added fewer workers in August and estimates indicate that Germany next week will report factory orders fell for the first time in four months.

"The U.S. recovery remains anemic, with lingering concerns over job creation and house prices," said Tim Schroeders, who helps manage $1 billion in equities at Pengana Capital Ltd. in Melbourne. "Expectations are relatively low for tonight’s jobs data."

The S&P 500 slumped 1.2 percent yesterday after Goldman Sachs Group Inc.’s Jan Hatzius and Societe Generale SA’s Brian Jones lowered their U.S. jobs forecasts. The U.S. equity benchmark is up 2.4 percent in the past four trading sessions.

‘Out of Favor’

UBS AG reduced its year-end estimate for the MSCI Asia excluding Japan Index to 580 from 670, citing that equities remain “broadly out of favor” amid slowing economic growth. The stock gauge slipped 0.8 percent to 436.68.

The MSCI Asia Pacific has risen 3.2 percent this week, poised for a second weekly advance. The benchmark for Asian stocks is down 9.8 percent in 2011. The Nikkei 225 (NKY) Stock Average of Japan shares dropped 1.2 percent and Australia’s S&P/ASX 200 lost 1.5 percent today.

Honda Motor Co. slumped 2 percent after Japan’s No. 2 automaker by market value said U.S. sales declined 24 percent in August. Toyota Motor Corp., the country’s biggest car producer, retreated 1.6 percent.

Japanese companies unexpectedly cut spending in the second quarter, fanning concern the nation’s recovery is stalling. Capital spending excluding software fell 8.2 percent from a year earlier in the three months ended June 30, the Ministry of Finance said. Economists surveyed by Bloomberg forecast a 0.7 percent increase.

Franc, Yen

The Swiss franc and yen strengthened after Asian stocks declined and the New York Times reported that the U.S. may sue banks for misrepresenting the quality of securities backed by home loans, citing three people briefed on the matter. The franc advanced 0.3 percent to 1.13088 per euro. The yen rose 0.1 percent to 76.84 per dollar.

"The possibility that banks may be sued over mortgages appears to be fueling risk aversion," said Lee Wai Tuck, a currency strategist at Forecast Pte in Singapore. "This, in turn, is causing haven currencies such as the Swiss franc and the yen to be bought."

The euro was set for the biggest weekly drop against the dollar in almost two months. The 17-nation currency slid versus most of its 16 major counterparts in the past five days before the European Central Bank holds a policy meeting on Sept. 8. It traded at $1.4266 from $1.4259 in New York yesterday, having lost 1.6 percent this week.

Copper, Corn

Three-month delivery copper on the London Metal Exchange dropped to $9,085 a metric ton, paring a second weekly gain, on concern about slowing global economic growth. Euro-area manufacturing contracted more than initially estimated in August while Chinese
manufacturing growth stayed near a 29-month low, purchasing managers' indexes showed yesterday. Nickel fell to $21,600 a ton and zinc declined 0.6 percent to $2,226.

Corn for December delivery climbed 0.8 percent to $7.445 a bushel on the Chicago Board of Trade, rebounding from the biggest drop in two months yesterday, on expectations that the hottest July temperatures in the Midwest since 1935 will reduce U.S. yields. Wheat for December delivery increased 0.7 percent to $7.6625 a bushel.

Oil futures headed for a second weekly gain as a tropical depression formed in the Gulf of Mexico, shutting production platforms. Crude futures slipped 0.2 percent to $88.80. The contract is up 4 percent this week.

The MarkitiTraxx Australia index jumped 6 basis points to 160.5, Westpac Banking Corp. prices show. The MarkitiTraxx Japan index increased 2 basis points to 142, Citigroup Inc. prices show.

Yields on 10-year Treasury notes fell nine basis points to 2.13 yesterday, the biggest since Aug. 18. Treasuries returned 2.8 percent in August, the biggest monthly advance since the depths of the financial crisis in December 2008.

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