U.S. equity-index futures rose, signaling the Standard & Poor’s 500 Index may rebound from its worst three-day drop since 2011, while Treasuries climbed. European index futures fell with Japanese stocks as oil slumped.

Contracts on the S&P 500 (SPX) and Dow Jones Industrial Average advanced at least 0.3 percent by 7:14 a.m. in London, while futures on the Euro Stoxx 50 index slipped 0.5 percent. Japan’s Topix index slid 2.3 percent and 30-year Treasury yields dropped below 3 percent for the first time since May last year as those markets resumed after holidays yesterday. South Korea’s won advanced 0.3 percent. Oil in New York and London extended declines. Hong Kong’s Hang Seng Index erased gains after police cleared a road through the city’s main protest zone.

About $744 billion was erased from U.S. equities since Oct. 8 amid concern that a global slowdown will counteract the benefits of the Federal Reserve keeping interest rates near zero for longer. Investors are awaiting Chinese lending and inflation data as banks including Everbright Securities Co. said over-invoicing may have contributed to a surge in exports. Germany’s ZEW sentiment survey is due with U.K. and French price data.

“There are people probably buying into a falling U.S. market,” Stuart Beavis, head of institutional equity derivatives at Vantage Capital Markets in Hong Kong, said by phone. “I’m not totally convinced U.S. equities have corrected enough. People are still worried about global growth. While China’s exports numbers yesterday were really good, all of sudden people are doubting the numbers again.”

**Final Hour**

The S&P 500 swung between gains and losses during yesterday’s session, before closing down 1.7 percent at 1,874.74, below its 200-day moving average of about 1,905. The 4.8 percent drop in the last three days is the biggest such retreat since November 2011.

The Dow Jones Industrial Average sank 223.03 points, or 1.3 percent, to 16,321.07. The Nasdaq Composite Index sank 1.5 percent and the Russell 2000 Index declined 0.4 percent.

Other Fed officials joined Vice Chairman Stanley Fischer in signaling that the threat posed by slowing global growth may cause U.S. rate increases to be delayed. The remarks highlighted mounting concern over the resurgent U.S. economy’s ability to withstand foreign weakness and the strengthening dollar.

Chicago Fed President Charles Evans reiterated his concern yesterday that inflation may only quicken
slowly toward the U.S. central bank’s 2 percent goal and said officials should be “exceptionally patient” in adjusting monetary policy.

Japan’s Topix is heading for its lowest close since May and is down 9.8 percent since its high for the year on Sept. 25. The yen, which yesterday rose as much as 0.8 percent to the strongest level in a month versus the U.S. dollar, weakened 0.3 percent to 107.14 per greenback today.

Stocks outside Japan rallied, with the MSCI Asia Pacific excluding Japan Index increasing 0.5 percent. Australia’s S&P/ASX 200 Index rose 1 percent after iron ore jumped the most in two years yesterday, with prices at China’s Qingdao port up 4.9 percent to $84.17 a dry metric ton, according to data from Metal Bulletin.

The Hang Seng Index was dropped 0.3 percent after jumping as much as 1.2 percent as hundreds of police moved in to clear a central business district road blocked by protesters since Sept. 28. Agile Property Holdings Ltd. climbed 3.8 percent as the developer talks with banks about repaying a $475 million bridging loan. The stock yesterday plunged 17 percent after its billionaire Chairman Chen Zhuolin was placed under the control of Chinese prosecutors.

China Repos

A gauge of Chinese shares in the city retreated 0.2 percent and the Shanghai Composite Index slid 0.6 percent. China’s central bank cut an interest rate it pays lenders on 14-day repurchase agreements for the second time in a month.

The People’s Bank of China sold 20 billion yuan ($3.3 billion) of the contracts at 3.4 percent today, according to a trader at a primary dealer required to bid at the auctions. The monetary authority last cut the rate on Sept. 18 to 3.5 percent from 3.7 percent.

The cost of one-year interest-rate swaps, the fixed payment to receive the floating seven-day repurchase rate, fell to the lowest since May 2013, data compiled by Bloomberg show.

The yield on the U.S. 30-year bond fell two basis points to 2.990 percent, the lowest since May 9, 2013, as of 9:05 a.m. in Tokyo. The 3.125 percent note maturing in August 2044 advanced 7/16 to 102 21/32, according to Bloomberg Bond Trader prices. The benchmark 10-year yield dropped four basis points to 2.24 percent, the lowest since June 2013.

Dollar Weakness

West Texas Intermediate futures dropped as much as 1.1 percent in New York, extending its rout from the lowest price in 22 months. Brent for November settlement fell as much as 81 cents, or 0.9 percent, to $88.08 a barrel on the London-based ICE Futures Europe exchange. It dropped $1.32 to $88.89 yesterday, the lowest since December 2010.

U.S. crude stockpiles probably expanded by 2.5 million barrels last week to 364.2 million, according to a Bloomberg News survey before a report from the Energy Information Administration on Oct. 16. That would be the highest level in two months.
The Bloomberg Dollar Spot Index, which tracks the greenback against 10 major peers, was little changed after sinking 0.5 percent yesterday. The gauge jumped 4 percent last month, the most since 2012, on speculation the improving U.S. economy may spur Fed officials to bring forward their time line for higher rates.

‘Relatively Violent’

The euro weakened 0.3 percent to $1.2718 while Australia’s dollar, known as the Aussie, advanced 0.2 percent to 87.88 U.S. cents. Australia’s currency remains overvalued on most measures while any sell-off in global fixed-income markets could be “relatively violent,” central bank Assistant Governor Guy Debelle said in a speech.

The won climbed to 1,064.6 per dollar. The currency declined 3 percent in the month to yesterday. The Bank of Korea will lower its benchmark rate by 25 basis points tomorrow to 2 percent, according to 12 of 22 economists surveyed by Bloomberg. One predicts a smaller reduction while the rest see no change.

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