

# Bloomberg

## Euro Strengthens, U.S. Stock Futures Gain on German Vote; Greek Bonds Rise

By Stephen Kirkland Shiyin Chen - Sep 29, 2011 12:30

The euro strengthened against most of its major peers and U.S. stock-index futures rose as German lawmakers backed changes to a European bailout fund. Shares in [Europe](#) swung between gains and losses and Greek bonds rallied.

The euro appreciated 0.5 percent to \$1.3608 at 7:25 a.m. in [New York](#). The Greek two-year yield tumbled 152 basis points to 68.25 percent. Standard & Poor's 500 Index futures jumped 0.5 percent, after climbing as much as 1.3 percent. The Stoxx Europe 600 Index slipped 0.2 percent. Oil rose 0.3 percent to \$81.42 a barrel, while copper slid 3 percent.

German Chancellor [Angela Merkel](#) gained support from lawmakers to expand the European Financial Stability Facility's firepower, as the lower house of parliament passed the measure with 523 votes in favor and 85 against. Concern [Greece](#) will default is dragging global equities and commodities toward their biggest quarterly losses since 2008. About three-quarters of investors surveyed by Bloomberg say the euro-area economy will fall into recession in the next year and more than half predict [China's](#) growth will slow to less than 5 percent a year by 2016.

"Crucially, Merkel won the vote without relying on the opposition," [Geoffrey Yu](#), a currency strategist at UBS AG in London, wrote in a note to clients. "Fears had initially been voiced that dissent within the party would be high."

The 17-nation European currency rose 0.6 percent against the yen, while the Dollar Index, which tracks the U.S. currency against those of six trading partners, slid 0.6 percent. The greenback weakened 0.6 percent against the Australian dollar and New Zealand's currency.

AMD, BNP

The gain in S&P 500 futures indicated the U.S. equities gauge will climb for the fourth time in five days. [Advanced Micro Devices Inc. \(AMD\)](#) fell 6.7 percent in German

trading after the second-largest maker of processors for personal computers cut its forecasts for third-quarter sales and profits.

Three shares advanced for every two that declined in the Stoxx 600. [BNP Paribas \(BNP\)](#) SA and Commerzbank AG led a rally in banks, climbing more than 3 percent. Hennes & Mauritz AB advanced 4.4 percent as Europe's second-largest clothing retailer reported earnings that beat analysts' estimates. Rio Tinto Group led mining companies lower.

The yield on the Greek 10-year bond fell for the third day, declining 31 basis points. That drove the difference in yield with benchmark German bunds down by 26 basis points to 2,076 basis points. The yield on [Italy's](#) 10-year bond fell one basis point after the government sold 7.9 billion euros (\$10.8 billion) of debt. The Portuguese 10-year yield dropped 29 basis points, falling for a second day, with similar-maturity Irish yields retreating for the fourth straight day.

#### Treasuries

The Markit iTraxx Crossover Index of 50 mostly junk-rated European companies climbed six basis points to 807, snapping four days of declines, JPMorgan Chase & Co. prices show.

The yield on the 10-year U.S. Treasury note was little changed at 1.98 percent before the government auctions \$29 billion of seven-year notes, the last of three sales this week.

The MSCI Emerging Market Index rose 0.2 percent, trimming this quarter's slump to 22 percent, the worst performance since 2008. Turkey's ISE National 100 Index rose 1.7 percent, led by banks, on speculation the country's debt may be upgraded. [South Korea's](#) Kospi Index jumped 2.7 percent and benchmarks in Russia, Poland and Hungary climbed at least 1 percent.

The Shanghai Composite Index dropped 1.1 percent to a 14-month low on concern growth will slow, and the cost of insuring Chinese government debt rose 9.5 basis points to 182.5, the highest since March 2009, according to CMA.