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Emerging-Market Stocks Advance in Biggest Four-Day Increase Since May 2009

By Ksenia Galouchko and Stephen Gunnion - Dec 1, 2011

Emerging-market stocks rose, driving the benchmark index to its steepest four-day gain in 2 1/2 years, as U.S. manufacturing expanded in November at the fastest pace in five months and central banks' measures to ease the European debt crisis boosted the outlook for global markets.

The MSCI Emerging Markets Index (MXEF) rose 3.3 percent to 959.12 at 5:18 p.m. New York time, bringing the measure's increase this week to 9.3 percent, the biggest four-day jump since May 2009. Brazil's Bovespa index gained 2.2 percent after the government lowered taxes to bolster growth. The Hang Seng China Enterprises Index (HSCEI) jumped 8.1 percent after the Chinese government cut the reserve-ratio requirement for lenders.

The cost of insuring against default on European sovereign debt fell for a third day after Spain and France sold 8.1 billion euros (\$10.9 billion) of bonds. Six central banks led by the Federal Reserve agreed to cut the cost of providing dollar funding via swap agreements yesterday and to make other currencies available as needed.

"The U.S. manufacturing data and the Fed's move have been important in setting a better tone for the emerging markets," Greg Lesko, managing director of Deltec Asset Management Corp. in New York, said by phone. "Stronger data in the U.S. is good news for people who were worried about the global recession and it's not surprising that the emerging markets have responded well to that."

Benchmarks in South Korea and Taiwan advanced more than 3.7 percent. South African, Czech, Hungarian and Polish stocks sank after rising more than 3.7 percent yesterday.

Brazil, Hungary, Poland

The Bovespa (IBOV) index rallied to the highest in two weeks after Brazil reduced to zero the tax on foreigners' stock purchases as part of measures to shore up economic growth.

BM&FBovespa SA, the operator of Latin America's biggest securities exchange, rose 6.7 percent. Online retailer B2W Cia. Global do Varejo paced advances for companies that depend on domestic