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## Emerging Stocks Hold at Two-Year High as China Offsets Brazil

By Michael Patterson and Weiyi Lim - Jan 13, 2011

Emerging-market stocks held near a two-year as speculation economic growth in China will bolster earnings offset a bigger-than-forecast increase in U.S. jobless claims. Brazilian shares fell the most in a month.

The MSCI Emerging Markets Index closed little changed at 1163.03, paring an earlier gain of as much as 0.5 percent. The extra yield investors demand to own emerging-market debt over U.S. Treasuries rose one basis point to 236 percentage points, according to JPMorgan Chase & Co.'s EMBI+ Index. The Hungarian forint increased the most among emerging market currencies tracked by Bloomberg while Malaysia's ringgit advanced to a 13-year high.

The Shanghai Composite index gained 0.2 percent, rising for the third day, led by PetroChina Co. and Industrial & Commercial Bank of China Ltd. PetroChina led gains for oil producers after its majority shareholder reported a profit jump of 30 percent. ICBC, the world's largest lender by market value, climbed to the highest price in a month after the World Bank said China's economy will grow 8.7 percent in 2011.

Initial jobless claims in the U.S. rose by 35,000 to 445,000, according to Labor Department data, raising concern that the economic recovery may be slowing. The median estimate in a Bloomberg News survey called for 410,000 filings. Crude oil fell from the highest level in 21 months.

### Brazil Stocks Fall

"The unemployment data certainly softened the U.S. market," Greg Lesko, who helps oversee \$750 million at New York-based Deltec Asset Management, said in a telephone interview.

Brazil's Bovespa stock index fell for the first time in four days, declining 1.3 percent, as traders increased bets for higher interest rates. Retailer Cia. Brasileira de Distribucao Grupo Pao de Acucar and homebuilder Brookfield Incorporacoes SA tumbled 2 percent and 2.7 percent, respectively.

Emerging market stocks rose earlier today as investors bid for 2.1 times the 3 billion euros (\$4