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European shares jump on talk of ECB boost

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* FTSEurofirst 300 up 1.6 pct, Euro STOXX 50 up 2.2 pct

* Investors cover shorts on talk ECB may signal stimulus

* Euro zone banks up 2.9 pct

* Basic resources stocks up 3.8 on China rate cut speculation

By Francesco Canepa

LONDON, June 6 (Reuters) - European shares jumped on Wednesday as investors turned more positive on expectations central banks may intervene to bolster the global economy, although analysts warned gains may be short-lived unless major policy action is implemented.

Traders said investors were covering their short positions to protect themselves from the risk the European Central Bank, due to unveil its monthly policy decision at 1145 GMT, may launch a new round of cheap loans, hint at an interest rate cut in the near future or restart buying peripheral bonds. Some investors even said it could announce a rate cut on Thursday although most considered that unlikely.

Euro zone banks, which have the largest exposure to the region's sovereign debt and economic woes, rose 2.9 percent, extending their rebound from all-time lows hit last week, when they were hit by weak euro zone data and an escalating banking crisis in Spain.

"It is, at least partially, some position squaring ahead of the ECB meeting just in case the ECB would announce either a rate cut or a resumption of periphery bond buying," Markus Huber, head of German high net worth trading at ETX Capital.

"Furthermore technical indicators still point towards being hugely oversold (but) it needs to be seen if the market can hold onto its gains."

Germany's Dax, up 94.70 points or 1.6 percent, was rebounding from "oversold" territory on its 14-day Relative Strength Index chart, after shedding 427 points in the previous five sessions on signs the euro zone crisis was starting to affect the region's largest and so far more solid economy.

The pan-European FTSEurofirst 300 index rose 1.6 percent to 968.43 points, having traded 42.8 percent of its 90-day volume average by 1024 GMT, a slight pickup from the anaemic volumes seen in the previous two sessions, when the British market, Europe's largest, was shut for a holiday.

Basic resources stocks, up 3.8 percent, were the top performers, with UK-listed miners leading gainers as they were boosted by talk of an interest rate cut in China and caught up with a two-day market rebound.

Dutch supermarket Ahold was bottom of the index, shedding 4.4 percent after reporting weaker-than-expected earnings in the first quarter.

The euro zone Euro STOXX 50 index was up 2.2 percent to 2,132.72 but gains could be shortlived unless the index climbs above 2,136, the peak at which the sell-off started last week, according to Valerie Gastaldy, the head of Paris-based technical analysis company Day-By-Day.

Gastaldy also looked for a reversal signal if the STOXX 600 Banking index broke above the 126-127 area, the sector's peak on May 22. The index was at 125.34 on Wednesday.

"The Banking sector has indeed formed a small (reverse) head-and-shoulder pattern that may help it fight the bearish trend," she said in a note to clients, referring to a figure formed by a major dip - known as the 'head' - between two smaller rises, or 'shoulders', which are connected by a 'neckline'.

"The head-and-shoulder neckline will act in the coming day as an important support. Should we break below this level, we will make new lows."

Strategists also believed the market's prospects remained bleak despite the increased chance of a policy response after the recent, disappointing macroeconomic data.

"...unless we see a meaningful policy announcement, we still think the trend remains down," JP Morgan Cazenove's strategists said in a note. "We expect further downside to Euro dataflow."

The strategists called for an "overweight" stance on defensives such as telecoms and an "underweight" on cyclical stocks.

Market speculation about a possible ECB intervention began to mount on Friday, when worse-than-expected economic data from Europe, the United States and Asia showed the euro zone crisis was having severe global repercussions, sending European shares to six-month lows.

Friday's disappointing data, which included worse than expected U.S. non-farm payrolls, also piled pressure on the Federal Reserve and investors were looking for signs of a possible intervention when chairman Ben Bernanke testifies before a congressional panel on Thursday.

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