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FTSE at one-week highs as China economy recovers

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By [Toni Vorobyova](#)

LONDON (Reuters) - The FTSE 100 index extended gains into a fourth session on Thursday, hitting one-week highs after a return to growth in Chinese manufacturing boosted demand prospects for the produce of UK metals and energy companies.

The Chinese HSBC Flash Manufacturing PMI rose to 50.4 in November, moving above the 50 mark that separates growth from contraction for the first time in 13 months and offering fresh signs of recovery in the world's No. 2 economy.

"Having been in contraction territory for more than a year, getting that back above 50 is quite important," said Ian Williams, strategist at Peel Hunt.

"After the sell-off last week, we have consolidated back into a trading range (on UK equities)."

The FTSE 100 [.FTSE](#) was up 28.20 points, or 0.5 percent, at 5,780.23 points by 0911 GMT, testing technical resistance of the 100-day moving average around 5,771 and extending its gains for the week so far to 3.1 percent.

That puts it on track to match or beat the year's best week so far, in May, when it gained 3.3 percent.

Mining and energy sectors together added around 8.5 points to the UK benchmark index, cheered by prospects of stronger future demand from China.

Emerging market exposure also benefited SABMiller (SAB.L: [Quote, Profile, Research](#)). The brewer topped the FTSE with a 5.3 percent share price after strong sales in Latin America fuelled a 12 percent rise in first-half profits and enabled it to raise dividends.

With U.S. markets shut for Thanksgiving public holidays, volumes were expected to be thin. Just 7.5 percent of the 90-day daily average had traded on the FTSE in the first hour.

The rebound from last week's three-and-a-half month lows has somewhat brightened the technical outlook on the UK index, but it continues to lag other European bourses.

"Most definitely we will be testing once again the previous high - 5,920 points and possibly a little higher - by the end of the year ... (but) it is a lagging index and we expect it to lag more into the end of the year," said Valerie Gastaldy, technical analyst at Day By Day.

"The rest of Europe will easily pass the previous highs, maybe by 3, 5 or 6 percent, but on the FTSE I am not sure we can pass 6,000 points."

So far this year, the FTSE has added just 3 percent, compared to a rise of 10 percent on the French CAC [.FCHI](#) and 22 percent on the German DAX [.GDAXI](#)

(Editing by Stephen Nisbet)



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