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# FTSE breaks three-week losing run as China bets boost miners

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By Francesco Canepa and Tricia Wright

LONDON (Reuters) - The FTSE 100 managed to snap a streak of three straight weekly losses on Friday as mining stocks rose on hopes that China, the world's top metals consumer, would take more steps to stimulate its economy.

Mining shares, down some 10 percent from a late February peak and dogged by worries over the pace of Chinese growth, advanced 1.2 percent, building on a 0.6 percent rise on Thursday.

Some investors are starting to buy into the sector's recent dip on speculation about new stimulus measures from China, where authorities have given indications they are considering moves to support slowing economic growth.

"An interesting short-term buying opportunity as China is rumoured to add some stimulus, which would benefit especially the large international mining companies," said Hampstead Capital hedge fund manager Lex van Dam.

China's health is a key factor for the FTSE 100, given the mining sector's heavy weighting. It is the fourth biggest sector within the UK benchmark, accounting for almost 9 percent of the index, data from index compiler FTSE showed.

Shares in mining stocks added 6.5 points to the FTSE 100, which closed up 14.73 points, or 0.2 percent, at 6,557.17 points. The index was up 0.4 percent for the week after three straight weekly losses.

## VOLATILITY

Mining shares have swung widely over the past year as investors factored in slower GDP growth in China, where authorities are trying to engineer a shift to a more consumer-focussed economy from an export-driven one without strangling growth.

"People are still quite obsessed with the exact (GDP) number and whether the Chinese government will do something," said Jade Fu, investment manager at Heartwood Investment Management, which has around 2 billion pounds (\$3.30 billion) under management.

"As long as people are focused on that number, we will see volatility."

Underperforming basic-resources shares have hampered the FTSE, which is roughly at last June's level. The euro zone's Euro STOXX 50 index has risen more than 10 percent over the same period.

Earlier this week, the British index tested the bottom of a rising channel stretching back to August 2013 at 6,500, and some technical analysts see scope for further advances.

Valerie Gastaldy, head of technical analysis firm Day-By-Day, said the index could hit 6,684, previously both a support and resistance level, and maybe the year's high, around 6,867.

Insurers resumed their downtrend after a brief respite in the previous session. The sector has been hit by a surprise pension reform announced by the British government on Wednesday, which scrapped a system that made it compulsory for most retirees to buy an annuity.

Legal and General fell 3.3 percent, taking its loss for the week to 7 percent.

(Additional reporting by [Sudip Kar-Gupta](#); Editing by Larry King)



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