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GLOBAL MARKET OVERVIEW

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Stocks rise as Greek euro exit fears wane

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Monday 08.00 BST. The euro and growth-focused assets are rallying after polls showing Greece's pro-bailout parties gaining support ahead of the country's June election reduced fears about Athens ditching the single currency.

The FTSE All-World equity index is up 0.4 per cent as the Asia-Pacific region bounces 0.7 per cent and the FTSE Eurofirst 300 opens with a gain of 0.5 per cent.

Trading will be affected by the US markets being closed for the Memorial day break, though S&P 500 futures are active for much of the session and show a potential pop of 0.8 per cent for New York's benchmark.

Markets have endured a volatile, and generally bearish, May as investors became increasingly worried about the health of the global economy – following weak European activity surveys and slightly disappointing US and Chinese data – and as anxiety over eurozone sovereign debt contagion flared once again.

At one point last week the FTSE All-World touched its lowest level since the end of December, having lost 9.7 per cent from the start of this month. Commodities were also under the cosh, while money moved into "haven" fixed income pushing German Bund yields to record lows.

Much of the focus has been on Greece, with investors fretting that the country's electorate may plump for a coalition that promises to eschew the EU-IMF bailout package because of the austerity measures attached.

The fear in the market was that this could precipitate Athens leaving the euro and cause further destabilisation of the European banking system – not to mention the damaging impact on consumer and business sentiment such ructions could bring.

Indeed, the fragility of some parts of the bloc's financial plumbing is being illustrated further by Spain's €19bn nationalisation of Bankia.

Still, for now those worries are easing somewhat following the weekend Greek poll news, encouraging some investors to bolster "risk asset" positions.

The euro is trading at $1.2596, having closed on Friday at a 22-month low of $1.2515. The eurozone debt market is calmer, with Spain's 10-year yield dipping 3 basis points to 6.28 per cent – though that level remains painfully elevated.

Currencies that have taken a pounding of late – particularly those with a high beta to broader market sentiment – are finding some pep. The Australian dollar, for example, is up 0.7 per cent to $0.9872.

The Aussie is benefiting from the sight of commodities attracting buyers. Copper, which last Wednesday hit a four-month trough below $3.40 a pound, is up 1.3 per cent to $3.49.

The corollary to this new-found buoyancy is the paring of positions in erstwhile sovereign favourites. Ten-year Bund yields are up 2bp to 1.40 per cent, but still only a few basis points above historic lows.

The dollar index, usually a reliable inverse gauge of investor sentiment, is down 0.6 per cent to 81.90, helping gold to rise 0.6 per cent to $1,583 a troy ounce.