**Global markets roar in approval**

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*US rescue plan sparks record rises for equities*

*Paulson says strategy cheaper than failures*

Stock markets around the world roared their approval yesterday, staging huge rallies as the US authorities moved towards agreement on a programme of government intervention that would put hundreds of billions of dollars of taxpayers' money at risk in an effort to quell the credit crisis.

Shanghai surged 9.5 per cent, in the biggest daily gain for seven years, to 2,075.091 points. Hong Kong's Hang Seng gained 9.6 per cent to 19,327.73, breaking a seven-day losing streak.

In London the FTSE 100 had its biggest daily gain in its 24-year history, jumping 8.8 per cent, while in New York the S&P 500 closed up 4.0 per cent, having risen 4.3 per cent on Thursday. The rallies in London and the US were partially fuelled by bans on short-selling in financial stocks announced on Thursday night.

The political negotiations on the rescue plan, after a week of unprecedented stress in global financial markets, envisage the most extensive peacetime expansion of the role of government in the financial system since the Great Depression and appeared to many observers to mark the end of an era of Reaganite de-regulation.

At the core of the plan is the proposal to create a government-sponsored vehicle loosely modelled on the 1989 Resolution Trust Corporation, which would take on the toxic assets in the financial system, allowing banks to stem their losses, recapitalise and return to business.

Hank Paulson, the US Treasury secretary, said the programme would initially cost "hundreds of billions of dollars". But he added it was far cheaper than the alternative - "a continuing series of financial institution failures and frozen credit markets unable to fund economic expansion".

The Bush administration also announced a blanket guarantee on all money market mutual funds, to try to curtail a brewing crisis in the $3,400bn sector. The Federal Reserve announced plans to support liquidity in the mutual fund sector.

Some private sector analysts estimated the programme could require up to $1,000 bn upfront, although the government might ultimately make a profit on the distressed assets.

US financial stocks rose more than 10 per cent on the news, led by Morgan Stanley, Wachovia and Goldman Sachs, while the cost of insuring banks against a future default eased sharply.

The breakthrough came in a crisis meeting between Mr Paulson, Federal Reserve chairman Ben Bernanke and legislators on Capitol Hill on Thursday evening. Mr Paulson said he would work with Congress to pass the required legislation "over the next week".

Aides said top Democratic legislators were committed to passing legislation.

Chris Dodd, chairman of the Senate Banking Committee, said: "We understand the gravity of the moment." But he added, "none of us have any idea what the details are".

Experts warned that reaching agreement on the RTC-type vehicle would not be easy.

Tim Ryan, the former head of the RTC and current chairman of Securities Industry and Financial Markets Association, told the Financial Times: "What they are trying to do is really hard - as they get down to the detail it's going to become really political and will need a lot of compromises." After being closed for the past two days, Russia's Micex index surged 29 per cent, its biggest rise since its launch in 2001, Investors started leaving the safe havens of

government bonds and gold. However, the money markets were cautious as term money market and commercial paper rates rose further.

Traders said lending between banks remained frozen, with money market funds and other institutions still pulling away from funding banks in the government repurchase, or repo market, as trust between counterparties has evaporated.

**Fonte: Financial Times, London, September 20 e 21 2008, Primeiro Caderno, p. 1.**