

LONDON (AFP) - European stock markets reached their highest levels since late 2008 on Thursday thanks to a "Santa rally" as investors wound down trading ahead of the festive break.

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London's benchmark FTSE 100 index climbed 0.56 percent to end at 5,402.41 points in a shortened trading session. That was the highest level since September, 2008.

The Paris the CAC 40 edged up 0.05 percent to finish at 3,912.73 points -- its highest level since October last year. The Frankfurt market, which was shut Thursday, also hit 2009 peaks this week.

"With half a day's trading before Christmas the so-called 'Santa Rally'" continued, said ETX Capital senior trader Manoj Ladwa.

"Whether momentum can be maintained in 2010 is a tougher question," he added, with traders seeing the week's rally as a consequence of thin volumes and festive cheer.

Since striking six-year lows in March at around the 3,500-points mark, London's FTSE has soared by 55 percent in value. Since the start of 2009, it has jumped by about a fifth.

Markets worldwide slumped in early 2009 on fears about governments' ability to overcome a deep recession.

Although Britain is the last of the major economies still in recession, the country is expected to have returned to growth during the fourth quarter, or three months to December.

European stocks strike year high after Santa rally

Written by AFP / The Swedish Wire

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Across the Atlantic, Wall Street ended with modest gains Wednesday after a surprisingly weak report on US new home sales dampened optimism from strong earnings news and data showing gains in US income and spending.

The Dow Jones Industrial Average was up 0.01 percent to 10,466.44 points at the closing bell, managing to hold positive for a fourth day of gains.

The technology-rich Nasdaq composite climbed 0.75 percent and the broad-market Standard & Poor's 500 index added 0.23 percent.

Some early gains faded after a government report showed sales of new US homes slid 11.3 percent in November to their lowest level since April.

Michael Zoller at Moody's Economy.com said the surprisingly weak report negates several months of gains. But he said the figures may have been skewed by a government tax credit set to expire in November before Congress extended and expanded it.

Japanese stocks rose to a fresh three-month high on Thursday as commodity-related shares rallied on the back of higher oil prices and the yen's recent drop boosted exporters.

The Tokyo Stock Exchange's benchmark Nikkei-225 index closed up 1.53 percent at 10,536.92 points, the best finish since September 24.