

US bank deal helps lift London stocks after week of troubles

An overnight injection of cash into another US bank seemed to have brought some more optimism to London's traders on Friday morning as they sent the FTSE 100 back into positive territory for the year.

The index gained another 1.1% as markets opened in [Europe](#) on Friday after a tumultuous week.

But it is still well off recent highs, and compared to a week ago the index has given back more than 3% of its value as global banking stocks tumbled.

The rise as markets opened on Friday came after a group of major US banks got together on Thursday evening UK time to throw together a funding package for First Republic Bank – a mid-sized lender in the States.

First Republic's shares had cratered by nearly three quarters in just a week as it reverberated from the failure of three other banks in the US and the weakness in [Credit Suisse](#) which forced the country's central bank to extend it a £45 billion financing package.

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On Thursday evening JP Morgan Chase, Citigroup and other major US players deposited 30 billion US dollars (£25 billion) into the struggling lender.

“[Investors](#) regained some poise after the tribulations of recent days, boosted by further actions to stem the potential of bank sector contagion,” said Richard Hunter, head of markets at Interactive Investor.

He added: “The general waves of relief also washed over to UK shores, with the main indices again reflecting a more positive frame of mind for now.

“[Banks](#) recovered some of the losses of the last week, although there remains some way to go before the potential of contagion can be definitively dismissed and those share prices be able to return to their previous levels.

“Meanwhile, resource stocks also saw benefit from some renewed strength in the oil price, although that price is still down by 13% this year.”