CENTRAL BANKS EASE THE MOST SINCE 2009 TO TRY TO ADVERT THE IMPACT OF EUROPEAN DEBT CRISIS

Central banks across five continents are undertaking the broadest reduction in borrowing costs since 2009 to try to advert a global economic slump stemming from Europe's sovereign-debt turmoil. The U.S., the U.K and none other nations, along with the European Central Bank, have bolstered monetary stimulus in the past three months. JPMorgan Chase & Co. forecasts that six more countries including Mexico and Sweden, probably will cut benchmark interest rates by the end of March. With national leaders unable to increase spending or cut taxes, policy makers including Australia's Glen Stevens and Israel's Stanley Fischer are trying to find a way to cushion their economics from Europe's crisis and U.S unemployment stuck near 9 percent. Brazil and India are among countries where easing or forgoing higher interest rates runs the risk of increasing inflation already higher than desired levels. ''We've seen central banks that were hawkish begin to turn dovish'' against a ''backdrop of austerity'' in the fiscal policy, said Eric Stein, who co-managed the $6.6 billion Eaton Vance Global Macro Absolute Return Fund in Boston. ''You could debate how bad it will be for growth, but it can't be good,'' said Stein of the challenges facing the world economy. According to data and projections from JPMorgan, which tracks 31 central banks, the monetary easing will push the average worldwide central bank interest rate, weighted for gross domestic product, to 1.79 percent by next June from 2.16 percent in the month of September, the largest drop in two years. The data also showed that the number of those banks loosening credit is the most since the third quarter of 2009, when 15 institutions cut rates. Low short-term borrowing costs through at least the end of 2012 mean that ''markets that provide reasonably good interest income should perform well,'' said James Kochan, who is the chief fixed-income strategist at Wells Fargo Advantage Funds. Kochan said the high-yield corporate-bond mutual funds are attractive, as are government debt in ''resource-rich'' countries including Australia and Norway. ''There's a common theme almost throughout the world and that is either growth has been disappointingly slow or now it's slowing,'' said Kochan, who will help oversee $213.6 billion and is based in Menomonee Falls, Wisconsin. He also said that Europe's debt crisis ''has a lot of central banks very concerned'' because of its implications for exports from the U.S., China and other countries. While the central banks in Australia and Indonesia have reduced borrowing costs and the Bank of Japan increased their asset purchases in the month of October, other countries in Asia may be slower to ease policy. The People's Bank of China has raised its main interest rate at least three times this year to fight off the inflation. India's central bank lifted rates on October 25 by a quarter of a percentage point, while signaled it was nearing the end of its record of cycle of increases as the economy cooled down.