



European shares on track for biggest nine-month gain, led by miners

- * FTSEurofirst 300 index rises 0.6 percent
- * Miners top gainers as metals prices surge
- * Givaudan shares rise as maintains targets
- * Volkswagen ordinaries rally, outperforming preferentials

MILAN/LONDON, Oct 9 (Reuters) - European shares rose to a one-month high on Friday and were set for their biggest weekly gain since January on stronger mining stocks and renewed hopes that interest rates will stay ultra-low for longer.

The pan-European FTSEurofirst 300 index is up 4.7 percent so far this week, with investors reassured by more stable commodities prices back buying equities despite a string of weak economic data and following a sharp sell-off in August and September. The index was up 0.6 percent on Friday.

The Bank of England on Thursday showed no sign it was close to raising rates, while minutes of the most recent Federal Reserve meeting showed it decided to wait for evidence that the global slowdown would not knock a U.S. recovery off course.

"The market seems to have switched back into a QE-mood where bad news is being interpreted positively as expectations grow that central banks could be induced to further ease their monetary policy stance," said Emanuele Rigamonti, capital structure analyst at JCI Capital in London.

He said it remains to be seen whether the short-squeeze rally seen after disappointing U.S. payroll data last Friday could find genuine buying momentum in the medium term.

Wall Street was higher in early trading on Friday, with the S&P 500 on track for its best week this year.

Shares in trader and miner Glencore rose 11 percent, the biggest gainer in Europe, as zinc prices rose almost 10 percent on its announcement that it would slash its annual output of that metal by a third.

"This is a major move by the company showing leadership in cutting output to help support commodity prices and is more meaningful to the market than the coal supply cuts it previously made," said Investec in a note. "It is however, a worrying reflection of the state of China -- which currently consumes around 42 percent of the world's zinc."

The STOXX Europe 600 Basic Resources index rose 4.5 percent, putting it on course for its best weekly gain since 2009, as prices of major industrial metals rose between 3 percent and 3.8 percent.

Ordinary shares in Volkswagen rose as much as 15 percent, outperforming the preferential shares which rose as much as 4 percent. One trader attributed the discrepancy to a short squeeze on the ordinary shares.

The STOXX Europe 600 Auto index continued its recent rally and was close to wiping out all losses suffered after an emissions scandal broke at VW.

Shares in Givaudan rose 4.6 percent after the Swiss flavours and fragrance maker maintained its financial targets for the five years ending 2015.

Thomson Reuters data shows the third-quarter earnings of companies in the STOXX Europe 600 index are forecast to fall 4.1 percent from the same quarter a year ago, and revenues to slump 8.3 percent.

Energy companies' earnings are seen sinking 42.4 percent in the third quarter, while utilities' earnings rise 21.6 percent.