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GLOBAL MARKETS-Stocks, gold bounce on new stimulus from Fed, others

* Stocks jump in biggest single-day bounce in month
* Investors relieved as Fed pledge eases bond stress
* Factory surveys show extent of economic damage

By Herbert Lash, Sujata Rao and Marc Jones

NEW YORK/LONDON, March 24 (Reuters) - Financial markets rebounded sharply on Tuesday, with a measure of global equities headed for its biggest bounce since the crisis erupted a month ago, while the safe-haven dollar recoiled as investors welcomed unprecedented global stimulus efforts.

While the U.S. Federal Reserve’s offer of unlimited bond-buying was not expected to mitigate on its own the devastating impact of the coronavirus, investors hoped it would help avert a global depression with the help of other rescue packages.

The Fed’s action had failed to persuade Wall Street on Monday, with losses of 2%-3% on major indexes. But the mood improved on Tuesday as other governments and central banks stepped in and Congress readied a $2 trillion stimulus package to limit the economic fallout from the fast-spreading pandemic.

U.S. gold futures climbed as much as 6.7% to $1,672.60 an ounce as the moves by the Fed and others eased the need for cash and slashed the demand for dollars.

“The Fed’s measures are unprecedented, and they have been extremely proactive in preventing this external shock from morphing into a wider funding crisis,” said Vasileios Gkionakis, head of FX strategy at Lombard Odier.

U.S. and European stocks jumped 6% or more and the dollar index, a basket of major trading currencies, slid.

MSCI’s gauge of stocks across the globe gained 6.88%, the largest single-day gain since equities tumbled from all-time highs a month ago.

The broad pan-European STOXX 600 index rose 6.41% and emerging market stocks rose 5.97%.

The Dow Jones Industrial Average rose 1,538.36 points, or 8.27%, to 20,130.29. The S&P 500 gained 164.01 points, or 7.33%, to 2,401.41 and the Nasdaq Composite added 453.25 points, or 6.61%, to 7,313.93.

The Fed also will expand its mandate to corporate and municipal bonds and backstop a series of other measures that analysts estimate will deliver more than $4 trillion in loans to non-financial firms.

Other countries unveiled their own measures. South Korea’s ravaged market climbed 8.6% after the government doubled a planned economic rescue package to 100 trillion won ($80 billion).

In China, mainland stocks posted their biggest gain in three weeks of almost 3%, while Japan's Nikkei soared 7%, its biggest daily gain in four years.

But investors remained wary, as the number of coronavirus infections topped 350,000 and new infections brought in from abroad rose in China.

Business activity collapsed from Australia and Japan to Western Europe at a record pace in March, as measures to contain the coronavirus hammered the world economy, and Japan said it was postponing the Olympics.

IHS Markit's flash composite Purchasing Managers' Index (PMI) for the euro zone, seen as a good gauge of economic health, plummeted to a record low of 31.4 in March, in the biggest one-month fall since the survey began in 1998.

With no resolution to the pandemic and not enough visibility into the depth of the economic downturn, it's too early to call the end to the market's rout, said **Joe Saluzzi**, co-manager of trading at **Themis Trading** in Chatham, New Jersey.

"The answer is still, 'you got to get it under control,'" **Saluzzi** said about the coronavirus. "Everybody keeps saying it's going to get worse before it gets better, so the markets are going to remain choppy and volatile."

The government and central bank financial support helped calm nerves in bond markets, where yields on two-year U.S. Treasuries hit their lowest since 2013.

The benchmark 10-year U.S. Treasury note fell 32/32 in price to yield 0.8674%.

Germany's 10-year yield was up 2 basis points on the day at -0.36%, compared with a 4 bps rise before the purchasing managers index (PMI) releases, all small moves when compared to record lows hit at -0.90% earlier in March.