Germany's Constitutional Court has rejected the legal attempts to derail the EU's efforts to contain the eurozone crisis.

Around 37,000 Germans, along with the opposition Left Party and More Democracy, petitioned against the European Stability Mechanism bailout fund and fiscal pact designed to provide funds to eurozone governments in trouble and reduce their deficit.

If the Court had ruled in their favour the eurozone crisis would have deepened as Germany is due to contribute 27% of the fund. Without that, the rescue attempt could not have happened.

Whilst this has understandably resulted in massive relief throughout European governments and the financial markets, the ruling did come with some conditions. It said that Germany's financial liability to the bailout fund could not be increased without the approval of the German parliament and that the parliament had to be kept informed of all decisions relating to it.

Commenting, Jason Hollands, managing director at Bestinvest, said: "The decision of the German constitutional court to approve the legality of the European Stability Mechanism, albeit with certain conditions over the country's maximum exposure, will cause a collective sigh of relief for the markets as one potential spanner in the works has disappeared.

"Attention will now move swiftly on to whether Spain will apply for assistance from the bail-out funds and also whether a two-day meeting of the US Federal Reserve will deliver on expectations of a third round of quantitative easing.

"Equity markets have responded positively to today's announcement, extending the rally which began in June as investors have placed renewed faith in central banking authorities on both sides of the Atlantic.

"Having risen so far, so fast the question for investors is whether stocks are now pushing the top of a trading range or if we are in genuine break-through territory. With each policy success, the risks of future policy disappointment become higher."