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Body

The Australian Securities Exchange's main benchmark has closed at its highest level amid hopes the Federal Reserve might opt for a double-sized interest rate cut in the US.

The benchmark S&P/ASX200 index finished Monday up 21.7 points, or 0.27 per cent, to 8,121.6, nearly seven points better than the previous all-time high on August 1.

The broader All Ordinaries rose 17.6 points, or 0.21 per cent, to 8,341.1.

"Everything is giving bullish signals," Moomoo analyst Jessica Amir said.

"Today and this week it's probably going to be full steam risk on ahead."

Tech, small caps and gold were pushing higher, the US dollar was falling and everything suggested the US Federal Reserve would cut interest rates by at least a quarter-point this week, Ms Amir said.

Renewed hopes the Fed might opt for a super-sized half-point cut were adding "extra hot sauce to the bullish sentiment", she said.

Capital.com analyst Kyle Rodda said markets believed the Fed would cut rates by a full percentage point this year.

That meant even if the US central bank didn't cut rates by a half point this week, expectations of a "jumbo" cut would be deferred to the November or December meeting unless the Fed pushed back on that notion when it announced its decision early on Thursday, Australia time, Mr Rodda said.

Six of the ASX's 11 sectors finished higher, with energy, materials, health care and utilities lower and industrials basically flat.

Telecommunications was the biggest gainer, rising 1.1 per cent as Telstra added 1.3 per cent to a three-week high of \$4.01.

Goldminers shone as the yellow metal also set an all-time high, at \$US2,589 an ounce. As a non-yield-bearing asset, gold tends to do well when interest rates are lower.

Evolution Mining rose 4.2 per cent to a more than two-year high of \$4.50, Newmont gained 1.2 per cent to an all-time high of \$79.64 and Northern Star added 1.5 per cent to a nearly four-year high of \$15.83.

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The mid-tier goldminers mostly finished lower, however, with **Ramellus Resources** dropping 4.4 per cent, Westgold down 4.2 per cent and Red5 slipping 1.5 per cent.

BHP edged 0.1 per cent lower at \$39.55 while Rio Tinto dipped 0.6 per cent to \$110.81 and Fortescue slipped 1.8 per cent to \$17.19.

All of the big four banks were higher with Westpac climbing 2.2 per cent to \$32.79, CBA adding 1.0 per cent to \$142.99, NAB rising 1.3 per cent to \$38.78 and ANZ growing 0.2 per cent at \$31.20.

In company news, Austral soared 20.5 per cent to a more than one-year high of \$2.70 after its US business won a \$US450 million (\$A670 million) contract by General Dynamics Electric Boat for work on US Navy submarine components.

Alcoa Corp's ASX CDIs gained 5.9 per cent to \$48.89 after the aluminium giant agreed to sell its quarter-stake in certain Saudi Arabian mining and refinery assets to Ma'aden for US\$1.1 billion.

Immutep dropped 11.3 per cent to 35.5c despite the biotech reporting positive results from a clinical trial evaluating the use of its immunotherapy drug candidate to fight head and neck cancer.

The Australian dollar was buying 67.22 US cents, from 67.16 US cents at Friday's ASX close.

ON THE ASX:

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CURRENCY SNAPSHOT:

One Australian dollar buys:

* 67.22 US cents, from 67.16 US cents at Friday's ASX close

* 93.99 Japanese yen, from 94.66 Japanese yen

* 60.49 euro cents, from 60.64 euro cents

* 51.07 British pence, from 51.12 pence

* 108.83 NZ cents, from 108.75 NZ cents

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