Faltering US rate hopes hit ASX

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Body

EQUITIES Australian shares plunged on Wednesday, led by a sharp sell-off in interest rate-sensitive tech and real estate stocks, as traders wound back their bets for rate cuts by the US Federal Reserve.

At the close, the benchmark the S&P/ASX 200 index had fallen 105.4 points, or 1.3 per cent, to 7782.5 points.

All 13 industry sectors, bar utilities and energy, finished in the red. The broader All Ordinaries index fared slightly worse, shedding 1.4 per cent to close at 8033.6 points.

The dollar was flat against the greenback, buying US65.19c.

Overnight on Tuesday, Wall Street stocks slipped amid growing doubts that Federal Reserve chairman Jerome Powell has done enough to tame inflation following hotter than expect job vacancies and factory output data.

While Fed policymakers reaffirmed their view that it would cut rates three times this year, bond traders trimmed their rate bet on rate cuts to only two, while yields on US 10-year treasuries rose five basis points to 4.36 per cent.

NabTrade director of investor behaviour Gemma Dale said the recent pullback in the expected timing and speed of rate cuts by the US central bank was helping to cement the view that the Reserve Bank would keep interest rates higher for longer.

"We tend to adopt a similar mentality here, particularly because our rates are still currently lower," Ms Dale said.

"There's no reason for the RBA to rush." After the benchmark had hit record highs at the end of the March quarter, Wednesday's sell-off had also been motivated by profit-taking, Ms Dale added.

"Cash is looking extremely healthy at the moment â€¦ that's a clear sign for investors that they'***re*** going to put a little bit aside at this point in time," she said.

Locally, technology stocks were the biggest laggards on the benchmark index, diving 3.9 per cent, as sector heavyweights Wise-Tech tumbled 5 per cent to $90.20, and Xero dropped 5.7 per cent to $125.01, while TechnologyOne shed 2.6 per cent to $16.32.

The real estate sector also finished sharply lower, falling 3.2 per cent, with losses led by Charter Hall, which fell 4.6 per cent to $13.01, Vicinity Centres, down 4.8 per cent at $2, and Scentre off 3.6 per cent at $3.26.

Investors flocked to gold miners, as the safe haven commodity traded at a record high above $US2288 an ounce, while oil stocks also benefited as Brent crude prices neared just shy of $US89 a barrel amid escalating conflict in the Middle East.

In corporate news, shares in ***Ramelius*** ***Resources*** added 5.3 per cent to $1.905 after the gold miner posted quarterly production of 86,928 ounces, eclipsing its previously issued guidance of up to 77,500 ounces.

Rival gold miner Westgold plunged 14.8 per cent to $2.36 after it revised its production guidance for the 2023-24 financial year to between 220,000 and 230,000 tonnes.

Karoon Energy was flat at $2.18 after it bolstered its forecast capital expenditure to $117m-$134m, up from $50m-$57m.

Santos fell 0.13 per cent to $7.83, while fellow energy major Woodside gained 0.03 per cent to $30.51. Among the ***resource*** giants, BHP shed 0.6 per cent to $44.86, and Fortescue lost 0.9 per cent to $25.19, but Rio Tinto gained 0.38 per cent to $123.06.

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