



## **FED:Aussie shares plunge ahead of Federal Reserve meeting**

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### **Body**

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The Australian share market has plunged across the board after stronger-than-expected US wage data raised fears of more hawkish commentary from the US Federal Reserve.

The benchmark S&P/ASX200 index on Wednesday finished down 94.2 points, or 1.23 per cent, to 7,569.9, while the broader All Ordinaries dropped 100.1 points, or 1.26 per cent, to 7,831.9.

Overnight a report showed US employment costs rose 1.2 per cent last quarter, a higher-than-expected wage gain that renews concerns about inflation in the world's largest economy.

"This isn't going to calm any nerves at the Fed," BMO Capital Markets chief economist Scott Anderson told CNN.

The Federal Reserve could announce it is pushing back when it will trim borrowing costs when its rate-setting board finishes its latest two-day meeting early Thursday AEST.

"There's a consensus that the central bank will harden its language about future policy and guide, even if only implicitly, that the prospects for rate cuts this year are being removed from the equation," Capital.com analyst Kyle Rodda said.

The CME FedWatch Tool shows the futures markets now expects that a US rate cut likely won't occur until November - rather than the June cut that many were predicting just a few weeks ago.

Every ASX sector fell at least 0.5 per cent on Wednesday.

Energy was the biggest mover, dropping 2.0 per cent as Brent crude fell below \$US86 a barrel for the first time since late March.

Woodside Energy retreated 2.6 per cent, Santos subtracted 2.1 per cent and Ampol finished down 3.5 per cent.

But uranium miners were one of the few spots of green after Bloomberg reported the Biden administration was considering an executive order banning Russian imports of enriched uranium.

Paladin Energy rose 5.0 per cent to a two-week high of \$14.67, Boss Energy climbed 4.1 per cent to a nearly three-month high of \$5.14 and Deep Yellow advanced 6.5 per cent to a similar high of \$1.55.

But overall just 16 of the 200 companies in the ASX200 finished in the green with another four closing flat.

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Goldminers were among the biggest losers with the precious metal sliding to a one-month low of \$US2,280 as the expectations for rate cuts eased.

Northern Star dropped 3.4 per cent and Evolution fell 3.5 per cent, while mid-tier miners like Emerald Resources, Red5, Ramellius Resources and Perseus Mining finished between 5.6 and 7.9 per cent lower.

Elsewhere in the material sector, BHP dropped 1.7 per cent to \$42.32, Fortescue slid 2.8 per cent to \$25.32 and Rio Tinto retreated 0.9 per cent to \$129.32.

Three of the four big retail banks were lower, with CBA down 0.5 per cent to \$113.92, Westpac retreating 0.7 per cent to \$25.79 and ANZ dipping 0.3 per cent to \$28.08.

NAB was the outlier, basically flat at \$33.79.

Endeavour Group dropped 3.9 per cent to a two-month low of \$5.15 after Woolworths sold five per cent of the alcohol retailer's shares for \$468 million.

Woolworths said it intended to use the proceeds to return capital to shareholders.

Shares in the supermarket group, which will report third-quarter sales results on Thursday, finished down 0.3 per cent to \$31.82.

The diminishing odds of mid-year US rate cuts sent the US dollar to its highest level since November against a basket of other currencies, including the Australian dollar.

The Aussie was at a one-week low against the greenback, buying 64.80 US cents, from 65.23 US cents at Tuesday's ASX close.

## ON THE ASX:

- \* The benchmark S&P/ASX200 index finished Wednesday up 26.7 points, or 0.35 per cent, at 7,664.1
- \* The broader All Ordinaries rose 25.4 points, or 0.32 per cent, to 7,932.0

## CURRENCY SNAPSHOT:

One Australian dollar buys:

- \* 64.80 US cents, from 65.23 US cents at Tuesday's ASX close
- \* 102.24 Japanese yen, from 102.23 Japanese yen
- \* 60.77 Euro cents, from 60.95 Euro cents
- \* 51.89 British pence, from 52.05 pence
- \* 110.00 NZ cents, from 109.82 NZ cents

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