



## *ASX up as investors look to CPI*

The Australian

April 24, 2024 Wednesday

Australian Edition

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**Section:** MARKETWATCH; Pg. 17

**Length:** 547 words

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### **Body**

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Shares advanced on Tuesday as investors anticipated the release of key inflation data that could keep a Reserve Bank rate cut off the table anytime soon.

The benchmark S&P/ASX 200 index rose 34.3 points, or 0.45 per cent, to 7683.5 points, while the broader All Ordinaries rose a similar amount to 7937.9 points.

Of the 11 industry sectors, all finished in the green bar energy, materials and industrials.

Ahead of the release of the inflation figures on Wednesday, EightCap market analyst Zoran Kresovic said traders would be closely watching for indications on the path of rate cuts.

"The concern for the market is because inflation is running so high locally, unemployment is very low and wages growth is substantial, we might not get interest rate cuts in Australia at all this year," Mr Kresovic said. "If that is the case, then obviously the market will need to reprice itself." According to consensus forecasts, the consumer price index is expected to accelerate to 0.8 per cent in the March quarter, up from 0.6 per cent in December.

This would take the headline inflation rate to 3.5 per cent in the year to March, down from an annual reading of 4.1 per cent recorded in December. Traders have priced out the chance of a rate cut by the RBA this year, with investors instead expecting a 25-basis-point cut early next year.

Amid a recent run of stronger than expected job numbers, HSBC chief economist Paul Bloxham also cautioned that the labour market would probably have to loosen before the RBA would be confident it could move to cut interest rates. "We've had a pick-up in wages growth, at the same time that we've had quite a weak productivity performance," Mr Bloxham said. On the local bourse, tech stocks were the top performers, rising 1.7 per cent, following a rally on the Nasdaq. WiseTech jumped 2.7 per cent to \$91.60 and Xero climbed 1.6 per cent to \$121.57.

**Resources** stocks were mixed. Fortescue fell 0.8 per cent to \$24.60 and Rio Tinto fell 0.2 per cent to \$129.57, while BHP advanced 0.2 per cent to \$45.50.

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Gold miners continued their sell-off as the appeal of the safe haven asset faded due to dissipating tensions between Israel and Iran. While still near their record highs, spot gold prices dipped 0.9 per cent to \$US2305.99.

Miners for the precious metal fell, with Northern Star off 3.5 per cent at \$14.74, **Rameli** **Resources** down 4.4 per cent at \$1.97 and Regis **Resources** sliding 4.6 per cent to \$2.10.

The big four banks finished higher, up 1.1 per cent, with CBA leading with a gain of 1.5 per cent to \$114.58. Westpac rose 0.9 per cent to \$25.97 even as it flagged the scrapping of the sale of its RAMS Home Loans business. NAB rose 1.3 per cent to \$33.84 and ANZ added 0.9 per cent to \$28.47.

EML Payments added 4.4 per cent to \$1.07 after Wilson Asset Management's 6.1 per cent stake in the firm was announced. Brambles shed 6.3 per cent to \$14.67, its worst intraday loss in more than two years, after its latest quarterly update showed the company was no longer on track to hit the top-range of its guidance.

LifeStyle Communities dived 13.5 per cent to \$12.32, to be the worst index performer, after it said it expected a large reduction in the number of new home settlements this financial year. The dollar was trading near US64.44c at the market close.

**Load-Date:** April 23, 2024

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