



ASX posts big intraday loss; CBA falls 1.5pc; Equities

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Body

US President Donald Trump's decision to impose a 10 per cent tariff on imports from China, as well as concerns about a global trade war, led the ASX to its largest one-day loss in five months yesterday.

The S&P/ASX 200 fell 1.8 per cent, or 152.9 points, to 8379.4 points, having dropped as much as 2 per cent mid-session. That was the index's largest intraday loss since September 4. All 11 sectors finished in the red, with consumer discretionary and healthcare stocks falling more than 2 per cent.

Mr Trump signed orders imposing tariffs of 25 per cent on goods from Canada and Mexico and 10 per cent on China at the weekend.

The acceleration in trade tensions led to rising uncertainty over everything from inflation and central bank interest rate decisions to Mr Trump's future policy agenda.

The US dollar strengthened following the announcement, sinking the Australian dollar to a five-year low US61¢ yesterday.

No blue-chip was spared as investors digested the impact of the tariffs on Australian companies. Commonwealth Bank closed down 1.5 per cent at \$158.13. WiseTech Global dropped 2.9 per cent to \$120.17.

MLC Asset Management portfolio manager Anthony Golowenko said the impact of tariffs and trade wars on stock prices had underscored the importance of strong earnings when companies report half-year profits later this month.

"The uncertainty today shows that for investors, things can't be any more simple than 'show me your earnings' - that companies are actually delivering quality, underlying resilience and growth in margins," he said.

In Singapore, the benchmark iron ore futures contract fell more than 1 per cent on fears that tariffs would hurt demand for China's steel.

Iron ore miner Champion Iron dropped 4.5 per cent to \$5.32 and Fortescue fell 4.4 per cent to \$18.29. BHP fell 1.8 per cent to \$39.24.

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Online luxury retailer Cettire and healthcare conglomerate Fisher & Paykel recorded heavy losses, owing to their exposure to countries hit by the US tariffs. Cettire tumbled 19 per cent to \$1.18, while Fisher & Paykel fell 7.4 per cent to \$31.80.

Gold explorers were among the few stocks that closed higher, buoyed by spot gold hitting an all-time high of \$US2798.41 an ounce on Friday. Regis **Resources** and **Ramelius Resources** both rose 2 per cent to \$3.10 and \$2.52 respectively.

Resolute Mining shares dropped 9.6 per cent to 38¢ after it announced chief executive Terry Holohan, who served a stint in detention with the Malian junta last year, is stepping down with immediate effect.

Westgold revised down its full-year production guidance after the ramp-up of two major assets progressed slower than planned. Shares tumbled 12.4 per cent to \$2.26.

Magellan Financial Group posted the biggest loss on the index, tumbling 9.7 per cent to \$9.49, extending its losses following the departure of veteran infrastructure boss Gerald Stack last week.

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