



FED:Buckle up: Fortescue plunge takes shares on bumpy ride

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Body

The local share market has finished in the red, but its sharp morning losses mostly moderated in the afternoon - although **Fortescue** wasn't so fortunate, plunging after a massive block trade.

The benchmark S&P/ASX200 index finished Tuesday 36.4 points lower at 7,953.2, a loss of 0.46 per cent, while the broader All Ordinaries closed down 47.7 points, or 0.58 per cent, to 8,176.6.

The ASX200 began the day by plunging 95.3 points, or 1.19 per cent, in the first minutes of trading, but rose most of the afternoon to claw back the bulk of those losses.

Fortescue's shock double-digit drop accounted for half the day's losses at the close.

The iron ore giant founded by billionaire businessman Andrew Forrest fell 10.2 per cent to a 20-month low of \$18.28 after an institutional investor believed to be US-based Capital Group unloaded \$1.9 billion in shares.

There were no major data releases overnight. That will come later, with a key Australian second-quarter inflation report due on Wednesday seen as pivotal in determining if the Reserve Bank raises interest rates next week.

That inflation readout on Wednesday morning will be followed by decisions on interest rates by central banks in the US, Japan and the United Kingdom, with US tech goliaths Microsoft, Meta, Apple and Amazon also reporting earnings this week.

Credit Corp kicked off Australian earnings season on Tuesday, with its shares rising 14 per cent to a nearly four-month high of \$17.32 after the debt buyer announced its full-year net profit was down 11 per cent to \$81.2 million and forecast a \$90 million to \$100 million profit for 2024/25.

The surge may have been a relief rally.

"The stock has been very weak going into the result. We think investor expectations were already very low," E&P Capital analyst Olivier Coulon wrote in a note.

Eight of the ASX's 11 sectors lost ground, consumer staples were basically flat and the consumer discretionary and financial sectors both edged 0.2 per cent higher.

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Mining was the biggest loser, dropping 1.9 per cent on the back of **Fortescue's** plunge. Elsewhere in the sector, BHP fell 1.3 per cent to \$41.54, Rio Tinto retreated 1.0 per cent to \$114.66 and goldminer Northern Star slipped 0.6 per cent to \$13.88.

The big retail banks finished mixed, with CBA gaining 0.8 per cent to \$135.95 and Westpac adding 0.3 per cent to \$29.08, while NAB was basically flat at \$37.92 and ANZ slid 1.0 per cent to a two-month low of \$28.52.

Woolworths dropped 0.2 per cent to \$34.38 after the group announced Natalie Davis, its managing director for supermarkets, is leaving to become the chief executive of Ramsay Health Care.

She will replace Craig McNally, who will retire in June 2025 after eight years on the job.

Shares in the private hospital operator dropped 4.3 per cent to \$44.93.

In the tech sector, Appen ripped 55.8 per cent higher to a more than three-month high of 67c after the AI dataset company announced its revenue growth in the June quarter had largely offset the loss of a major contract with Google.

Energy Resources of Australia plunged 42.9 per cent to an all-time low of 2c after advising it expects to spend \$1.1 billion through the end of 2027 rehabilitating its shuttered Ranger uranium mine in the NT.

The Australian dollar was buying 65.61 US cents, from 65.56 US cents at Monday's ASX close.

ON THE ASX:

- * The S&P/ASX 200 index finished down 36.4 points, or 0.46 per cent, to 7,953.2.

- * The broader All Ordinaries dropped 47.7 points, or 0.58 per cent, to 8,176.6.

CURRENCY SNAPSHOT:

One Australian dollar buys:

- * 65.61 US cents, from 65.56 US cents at Monday's ASX close

- * 101.71 Japanese yen, from 100.53 Japanese yen

- * 60.62 euro cents, from 60.38 euro cents

- * 51.04 British pence, from 50.95 British pence

- * 111.22 NZ cents, from 111.28 NZ cents

Load-Date: August 1, 2024