



Stocks on a high as rates peak

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Body

EQUITIES Australia's benchmark S&P/ASX 200 finished the week at a record high as traders bolstered their bets for rate cuts later in the year and bank stocks surged.

The S&P/ASX200 rallied to an all-time intraday peak of 7853.1 points before retreating to end the session at a record closing high of 7847, up 1.1 per cent for the day and 1.3 per cent over the week.

Meanwhile, the broader All Ordinaries also reset its record, closing up 1 per cent to 8107.5 points. The Australian dollar also moved higher against the greenback to buy US66.31c.

Betashares chief economist David Bassanese said the benchmark index was now on track to hit 8000 points earlier than expected. "The last few weeks has been a classic case of investors taking bad news on the economy as good news for shares," he said.

"With GDP numbers this week confirming a soft economic outlook, rate cuts seem firmly on the horizon.

"Along with strength on Wall Street, we expect the records to keep tumbling for Australian shares with our year-end target of 8000 points likely to be met well ahead of schedule." KCM Trade chief market analyst Tim Waterer said equities had been supported by a risk-on sentiment as investors were beginning to see a "light at the end of the tunnel" regarding looser monetary conditions this year.

"It's been an encouraging week for investors regarding the interest rate outlook," he said.

However, a positive surprise on US jobs numbers scheduled for release overnight on Friday could put a dampener on sentiment, he added.

Investors have been coming increasingly confident that the US Federal Reserve will begin slashing interest rates later this year. In testimony to US politicians, Fed chair Jerome Power said the central bank was "not far" from being able to ease interest rates as it awaited greater confidence that inflation was returning to its 2 per cent target.

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On the local bourse, all 11 industry sectors, bar industrials, finished in the green, led by financials which rallied 2 per cent after sector-heavyweight Commonwealth Bank surged 1.8 per cent to \$121.45 - a record high.

Westpac surged 2.6 per cent to \$27.70, a level not reached since November 2019, while ANZ added 1.7 per cent to \$29.81, its highest since August 2018, and NAB rose 2.3 per cent to \$35.11 - a nine-year high.

In corporate news, Virgin Money vaulted 32.9 per cent to \$4.08, its biggest intraday gain since the stock was listed in 2016, after it received a £2.9bn (\$5.6bn) takeover bid from Britain's Nationwide Building Society.

Ramelius Resources added 1 per cent to \$1.56 as it confirmed it was undertaking due diligence to acquire Canadian-listed gold miner Karora **Resources** in a deal worth a reported \$700m to \$1bn. GQG Partners shed 1.8 per cent to \$2.20 after a large block trade was revealed.

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