



ASX lifts on Fed boss's outlook

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Body

EQUITIES Australian shares rebounded on Thursday after comments from Federal Reserve chair Jerome Powell allayed investors' concerns over the path of interest rates.

Snapping a two-day losing streak, the S&P/ASX200 added 0.5 per cent, or 34.8 points, to 7817.3 as all 11 industry sectors finished the day in the green. The broader All Ordinaries also added 0.5 per cent.

The Australian dollar pushed higher against the greenback, up 0.4 per cent to US65.88c at the closing bell.

Wall Street finished higher overnight on Wednesday after Mr Powell said that firmer than expected economic data hadn't changed the central bank's view that it would cut interest rates this year.

He told a conference in California that rates, which are at a two-decade high, were doing their job but moving too soon could be "quite disruptive" for the world's top economy.

Perpetual head of investment strategy Matt Sherwood, who has been sceptical about the extent of rate cuts that central banks will deliver this year, said core services inflation was proving more resilient than expected.

"Outside of recession, I'd be shocked if the RBA cut rates this year - the Fed may be doing one or two," Mr Sherwood said.

"The market is starting to wake up to the fact that inflation isn't beaten; it has been temporary goods disinflation, which has come to an end.

"At the moment, the labour market remains incredibly resilient and that's going to limit how fast central banks can cut rates." On the local benchmark, interest rate-sensitive tech stocks were the top performers, rallying 1.2 per cent and clawing back some of the heavy losses after yesterday's sell-off.

Sector heavyweights rose, with WiseTech adding 2.5 per cent to \$92.43, while NextDC climbed 2.2 per cent to \$17.17, while Xero firmed just 0.07 per cent to \$125.10.

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Oil prices also rose to five-month highs after OPEC+ members reaffirmed they would push ahead with planned supply cuts. With the global benchmark Brent crude nearing \$US90 a barrel, Santos added 0.6 per cent to \$7.88 while Viva Energy climbed 1.4 per cent to \$3.75.

Meanwhile, copper prices rose to 12-month high of \$US4.25 a pound. Junior miner 29 Metals vaulted 16.5 per cent to 53c.

Elsewhere in commodities, spot gold was trading near \$US2299 an ounce, after hitting a record high of \$US2302 earlier in trading.

Miners for the precious metal rallied with Northern Star **Resources** up 0.8 per cent to \$14.79, Evolution Mining adding 1.1 per cent to \$3.81, **Ramellius Resources** jumping 2.9 per cent to \$1.96 and Capricorn Metals adding 2.6 per cent to \$5.49.

In corporate news, shares in Suncorp edged up 0.2 per cent to \$16.38, as the insurer announced it would offload its New Zealand life insurance arm to local firm Resolution Life in a deal worth \$NZ410m (\$375m).

The ACCC gave the go-ahead to Cochlear's acquisition of Oticon Medical from its parent company, Demant. The ASX-listed healthcare heavyweight added 1.1 per cent to \$333.59. Boral added 0.7 per cent to \$5.96 after an independent expert hired by the firm advised that Seven Group's bid for the company was "not fair and reasonable".

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