

# ASX snaps stretch of climbs, retreats 3.1pc

**Luke Housego** *Reporter*

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The Australian sharemarket posted its worst session in more than a month on Thursday as investors returned to defensive positions after confidence in the pace of the global recovery was checked by the US Federal Reserve.

The S&P/ASX 200 Index fell 187.8 points, or 3.05 per cent, to end the session at 5960.6, bringing a 7-per-cent, seven-session rally to a close and leaving the benchmark back below the 6000-point level in the worst one-day drop since May 1.

The sell-off followed comments from the [US Federal Reserve overnight](#) that tempered optimism among investors, with chairman Jerome Powell noting it would be "a long road" to recovery despite the promising numbers on the US labour market recovery.

Reassurance from the central bank [that interest rates would remain at record lows for some time to come](#) was not enough to allay the concerns of US investors, with Wall Street enduring a volatile session.

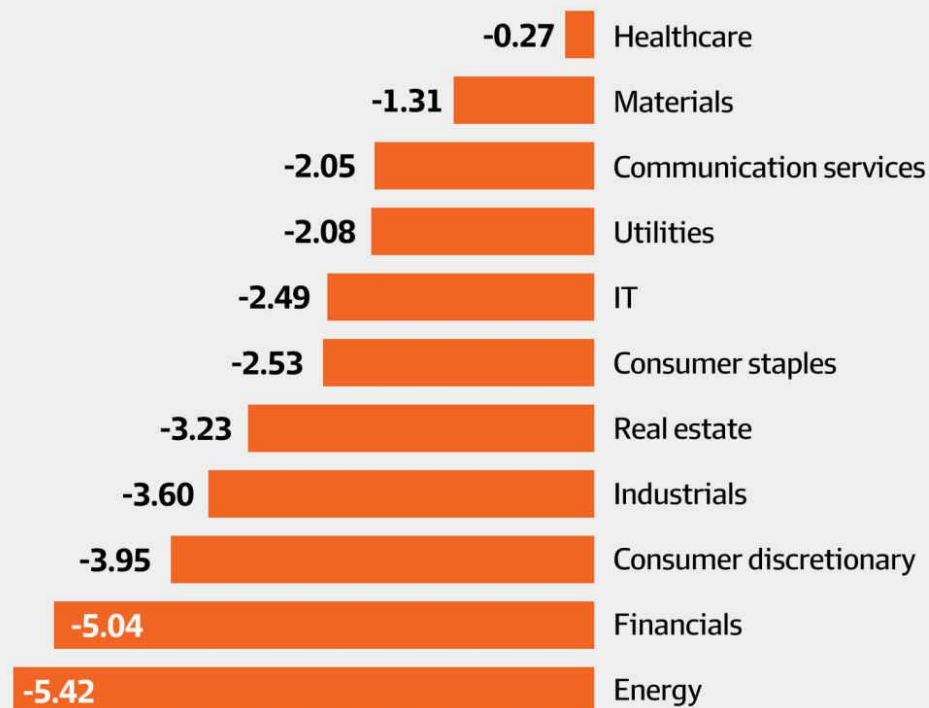
The S&P 500 index crossed over the level of its previous close five times during the session before ending 0.5 per cent lower. The rally in US tech stocks kept alive though, with [the Nasdaq rising 0.7 per cent to another record high](#).

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Comments from National Australia Bank CEO Ross McEwan on Thursday struck a similarly wary tone.

"I am optimistic but I'm also very cautious about the underlying signs that are there. You are still seeing an underlying unemployment rate that is greater than Australia has seen in a long time," Mr McEwan told *ABC Radio National*.

## MARKETS Sector performance, Thursday (%)

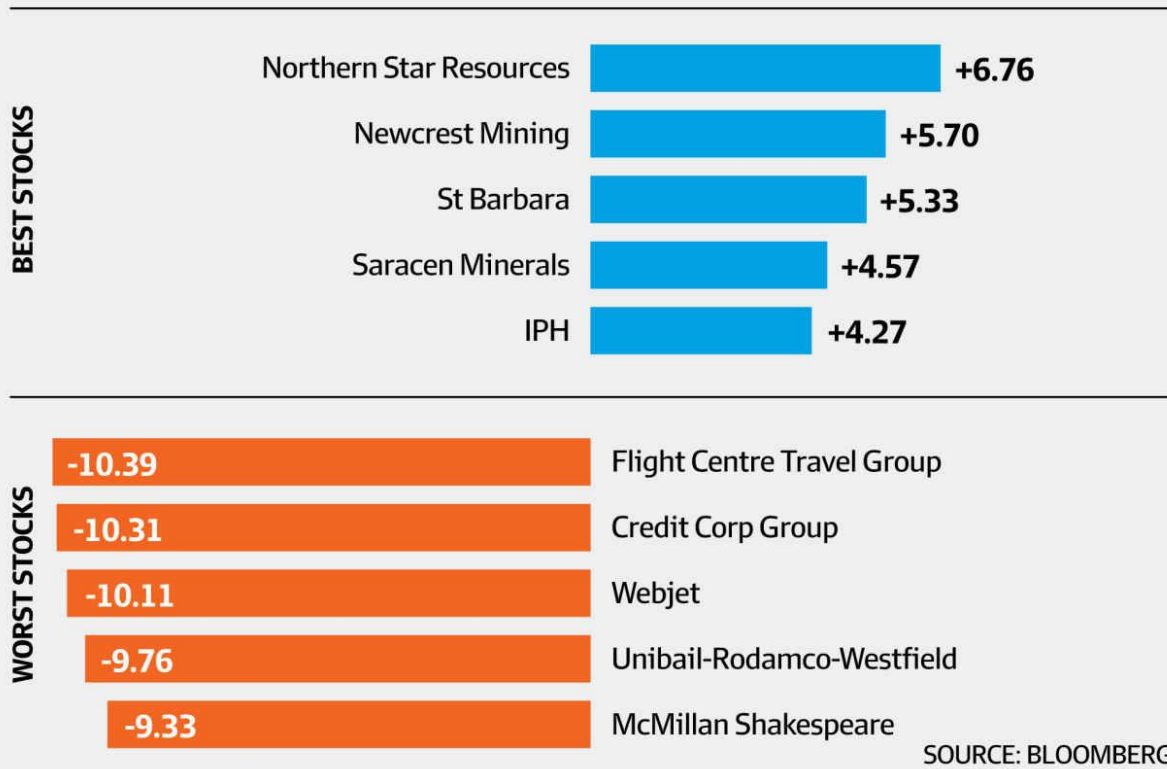


The flight to safety meant the Australian 10-year bond yield tumbled 9.1 basis points to 92.7 basis points, the biggest one-day fall in yield for the securities since March 30.

The massive month-to-date gains for shares was also a contributing factor, said NAOS Asset Management chief investment officer Sebastian Evans.

"When you look at the ASX 300 industrials before the market opened today, it was up almost 7.5 per cent for the month, and it's only the 11th of June," Mr Evans said. "You just can't keep going at that pace."

## COMPANIES Stock performance, Thursday (%)



The investment manager does not expect this fall to lead to a sustained sell-off, however.

"Everyone's really looking to take a trim of a position but at the same time they won't want to miss out on any further rallies so I wouldn't envisage a steep correction any time."

The risk-off trade led to the gold miners and defensive stocks rising as cyclicals and energy went the other way.

The banks were the largest weight on the benchmark by value. Shares in ANZ dropped 6.2 per cent to \$19.47, Westpac tumbled 6.1 per cent to \$18.50, National Australia Bank lost 5.4 per cent to close at \$19.07, and Commonwealth Bank shed 4.4 per cent to \$68.44.

Among the energy companies, Beach Petroleum declined 7.1 per cent to close at \$1.63, Santos shares fell 6.4 per cent to \$5.60 and Oil Search ended the day 6.2 per cent lower at \$3.49.

With gold in demand again, Northern Star Resources climbed 6.8 per cent to \$13.89, while Newcrest Mining shares rallied 5.7 per cent to \$30.04 after telling investors it was advancing on its Havieron project in Western Australia after strong site drilling results.

Retail was again thrown into focus with Kogan.com wrapping its capital raising, and JB Hi-Fi providing a highly positive trading update one day after Harvey Norman gave a similarly upbeat report.

JB Hi-Fi said it expects fiscal 2020 profit to jump as much as 22 per cent compared with the year earlier after its Australian stores and its The Good Guys outlets further outperformed through the health crisis.

And while the company said it will write down the value of its New Zealand assets, JB Hi-Fi said total net profit after the impairment was expected to be between \$300 million and \$305 million, an increase of between 20 per cent and 22 per cent on the previous year. Its shares fell 4.2 per cent to \$40.22.

Falls for the broader market were not enough to slow momentum for e-commerce platform provider Kogan.com, however. Shares in the company jumped 6.9 per cent to \$13.23 after it completed a \$100 million capital raise at \$11.45 per share.

**Luke Housego** is a journalist for The Australian Financial Review based in the Brisbane office. *Email Luke at [luke.housego@afrc.com.au](mailto:luke.housego@afrc.com.au)*