

Proactive Investors Australia

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S&P/ASX 200 up 1.0% to 10-year highs, weak inflation data supports rate cut

S&P/ASX 200 (INDEXASX:XJO) is trading at levels not seen since before the GFC marking a 10-year high.

Both the S&P 500 Index (INDEXSP:.INX) and the Nasdaq Composite (INDEXNASDAQ:.IXIC) finished at record closing highs overnight.

Today's weak inflation data was cheered by the market as it supports a rate cut by the Reserve Bank of Australia to further stimulate the economy.

Market rallies, AUD drops as inflation lower than expected

The AUD weakened following the release of quarterly CPI inflation data that came in at no change (0.00%) versus expectations of +0.2% for the March quarter.

This put that seasonally adjusted annual change at 1.3%, well below the RBA's target rate of 2-3%.

The data shows the change in the price of goods and services purchased by consumers.

Inflation alongside employment are arguably the RBA's two most important data points when it comes to determining interest rates.

[VIDEO] Mid-Session: Local shares pushed ahead to a 12 year high on Wednesday morning helped by a lower than expected inflation reading.
<https://t.co/TtnwL1ukHP> #ausbiz

— CommSec (@CommSec) April 24, 2019

Wagners lowers guidance amid Boral spat

Last month, Wagners Holding Company Ltd (ASX:WGN) opted to suspend the supply of cement for six months to its largest customer Boral Ltd (ASX:BLD) amid a pricing dispute.

After-market yesterday, Wagners revealed that the dispute has not been resolved and its EBIT guidance has been materially lowered to the range of \$25 to \$28 million.

Shares in Wagners are down 10.62% to \$2.02 at 12.56pm.

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