

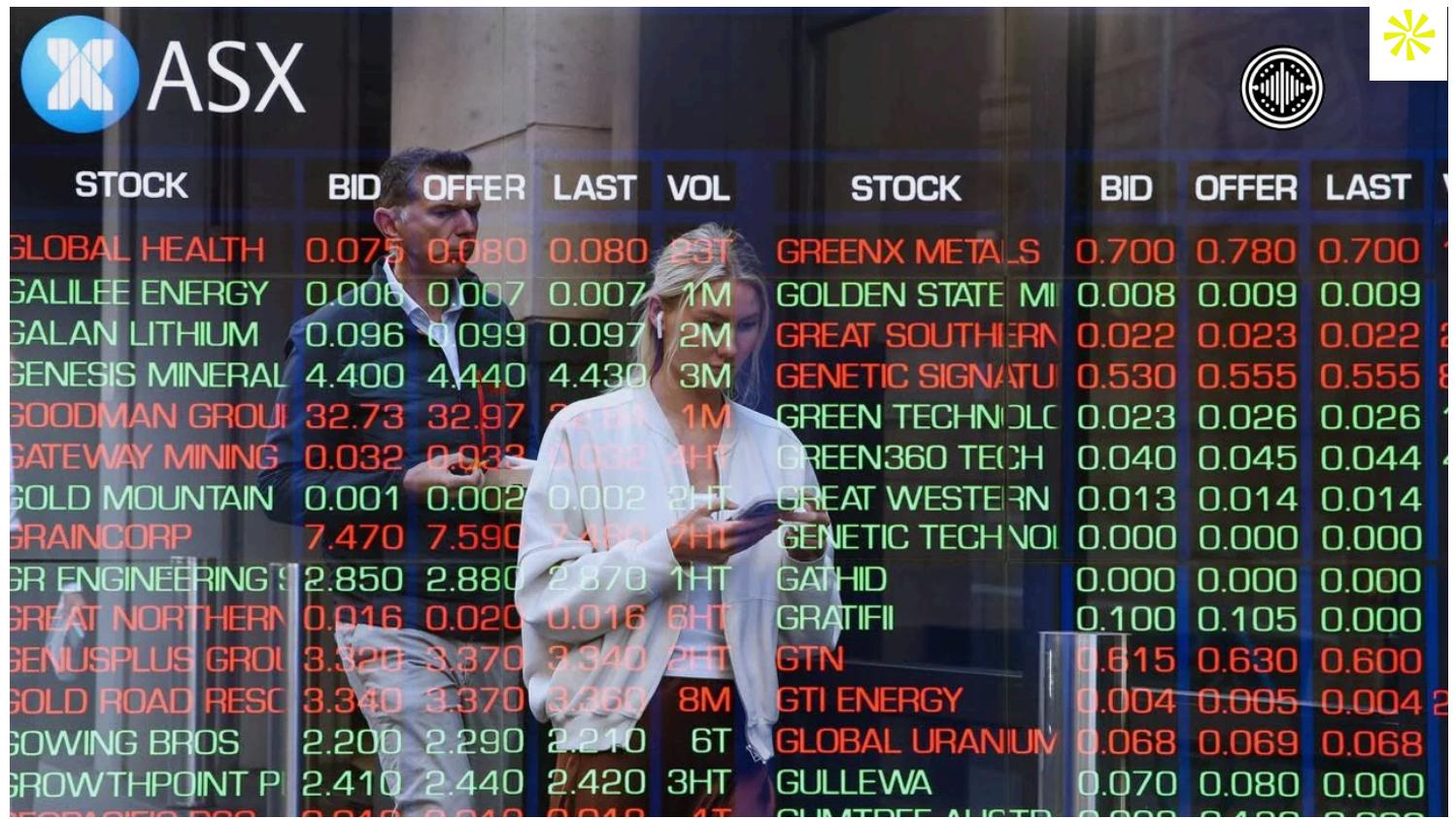
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ASX Rallies on Rate Cut Optimism

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– Categories: Finance



The Australian sharemarket climbed sharply on Tuesday, gaining 1.2% in response to a global rally driven by renewed expectations of interest rate cuts in the United States. The S&P/ASX200 index surged by 106.3 points to close at 8,770.1, moving within reach of its all-time high recorded in July. The broader All Ordinaries index mirrored the gains, also rising by 1.2%.

Investor sentiment was boosted by a strong lead from Wall Street overnight, where weaker-than-expected US jobs data reinforced expectations of monetary policy easing. Market pricing now reflects a 90% probability of a Federal Reserve rate cut in the coming months. The move signalled optimism that inflationary pressures in the US may be subsiding, creating a flow-on effect for other major markets, including Australia.

According to IG market analyst Tony Sycamore, Wall Street experienced its most robust session since May, and the ASX's performance mirrored that strength. "The market is responding to the belief that central banks will soon begin lowering interest rates," he said. The gains were broad-based, with all 11 industry sectors in Australia finishing the day in positive territory.

Financial and consumer discretionary stocks led the gains. Major banks and retailers saw significant upward momentum, reflecting improved investor confidence in household spending and economic resilience. The rise in consumer-related sectors also suggests market participants anticipate a soft landing for the economy.

Trading volumes exceeded the 30-day moving average, adding weight to the rally's momentum. Technical analysts noted that while the ASX nears resistance levels, the rally's depth and sector-wide participation could indicate further upside if supportive data continues to emerge.

Looking ahead, the Australian market remains sensitive to both domestic and international signals, particularly upcoming inflation data and central bank commentary. Analysts suggest that if inflation continues to

moderate, the Reserve Bank of Australia may also come under pressure to shift policy direction later in the year.

Overall, the ASX's gains reflect renewed global investor confidence, with rate cut expectations now acting as a key driver of equity performance across multiple sectors.

