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## ASX Retreats After Record High as Healthcare Drags

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The Australian share market pulled back slightly on Thursday following a recent record-breaking rally, with healthcare stocks leading the decline.

The S&P/ASX 200 index slipped 12.3 points, or 0.14%, to close at 8831.4, while the broader All Ordinaries index dipped 0.1% to 9102 points. Despite the modest retreat, the benchmark remained firmly above the 8800 level, signaling continued investor confidence ahead of

expectations for an upcoming interest rate cut. The Australian dollar also strengthened, rising above 65 US cents to 65.22 cents.

Healthcare stocks were the worst performers on the day, dropping 1.2% as six of the sector's top ten companies saw share price declines.

Biotech giant CSL fell 1.5% to \$265.53, while ResMed and Telix Pharmaceuticals each lost 2%. There was no significant negative news reported to trigger the sell-off, suggesting that the movement was largely driven by profit-taking following recent gains in the sector.

Meanwhile, consumer and financial stocks showed resilience, benefitting from market expectations of looser monetary policy. Traders appeared to rotate out of defensive sectors such as healthcare and into areas like retail and banking, which are typically more sensitive to interest rate changes. This rotation reflects a cautious but optimistic sentiment among investors preparing for potential economic stimulus measures.

Market analysts attribute the slight pullback not to a change in overall market sentiment but rather to a natural consolidation after Wednesday's record high. With the Reserve Bank of Australia (RBA) widely expected to cut interest rates in the coming weeks, traders are adjusting their positions accordingly to anticipate shifts in the economic environment.

The healthcare sector's slump contrasts with recent strength observed in mining and banking stocks, highlighting the uneven nature of the current rally. Mining companies continue to benefit from stable commodity prices, while banks are positioned to capitalize on renewed lending growth if rates ease. However, volatility is expected to persist as the market navigates through earnings season and awaits central bank decisions.

The ASX's ability to hold near record levels suggests underlying bullishness despite periodic profit-taking. If the RBA proceeds with a rate cut, sectors such as retail, real estate, and utilities may see renewed momentum as borrowing costs decrease and consumer spending potentially rises. Nevertheless, healthcare's sudden weakness serves as a reminder that no rally is without risks, and sector performances can diverge significantly.

Investors are advised to remain cautious amid ongoing economic uncertainties. The coming weeks will likely involve further sector rotation as markets react to macroeconomic data and policy signals. This period may determine whether the recent pullback represents a temporary pause before another surge or signals a broader correction in the Australian share market.

Overall, the Australian market continues to balance optimism about stimulus prospects with concerns over potential headwinds. Market participants are watching closely for upcoming corporate earnings reports and the Reserve Bank's policy announcements to gauge the direction of the ASX in the near term.