

Proactive Investors Australia

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S&P/ASX 200 could see further upside after ending the financial year up 6.8%

S&P/ASX 200 (INDEXASX:XJO) has suffered a fall in the afternoon with the index closing 47.5 points or 0.71% lower at 6618.8. Every sector was in negative territory with resources the major drag.

The Australian sharemarket started 2018/19 with the ASX200 at 6,194.6 and has ended the financial year up 6.8%.

Notably, the stock market has so far traded up consecutively for the past six months, which is the second longest period for a sustained rise over the last 10 years.

Share Information

Code: .
Listing: ASX
Sector: Media
Website:

Company Synopsis:

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Wealth Within chief analyst Dale Gillham said that it's important to understand that stock markets do not rise forever and nor do they fall forever, as all trends come to an end.

That said, investors like to think that they will go on forever and, therefore, do not plan for the market to change direction.

Gillham added: "While a move down on the All Ordinaires Index is inevitable, I don't expect it to start moving down until late July or early August, which is in line with the half year reporting season.

"Right now we are searching for a new all-time high before falling into the next low, which will occur sometime in late September or early October.

"Many may be concerned about the speculation of a significant fall in the market, or a major crash or correction, but let me say upfront that the expected fall later this year is just part of normal market movements.

"This is a good thing for investors, as the market needs to find support to sustain the next move up into 2020."

World and Australian economy in a snapshot

Overall, the global economy has slowed over the past year, largely restrained by the US-China trade conflict.

Central banks are now favouring rate cuts over rate hikes largely because inflation remains low.

The US economy generally remains in good shape. But Chinese authorities have been stimulating their economy in response to the slowdown caused by the trade dispute with the US.

Australia's record economic expansion has completed its 28th year. But like other major economies, growth has slowed over the past year.

The Australian economy is currently growing at a 1.8 % annual pace - the slowest pace in 9½ years.

Interest rates have fallen to fresh record lows; wages are growing near 2.5%; underlying inflation is around 1.5%; the jobless rate is 5.2%.

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