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ASX Today: Australian stocks outperform regional peers

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Australian shares recouped almost half of this week's losses as a slow-starting rally gained momentum.

The **ASX 200** bounced 44 points or 0.6 per cent to 7038, a day after the index's biggest plunge of the year. The index slumped 96 points yesterday amid speculation about the economic impact of a virus outbreak in China.

Chinese state media this morning reported the number of **confirmed cases** had increased from around 4,500 yesterday to 5,974 today and the number of deaths from 106 to 132. US officials were considering a temporary ban on flights to China to halt the spread of the virus, according to CNBC. Germany reported three new cases among people who had not travelled to China.

The **tech**, health, industrial and financial sectors led this morning's rebound. Buy-now-pay-later leader Afterpay rose 2.7 per cent to a new record, valuing the company at just under $10 billion. Iress gained 3 per cent, Wisetech 2.5 per cent and Xero 2.2 per cent. CSL resumed its record charge, rising 1.1 per cent towards a new all-time closing high.

Sydney Airport led a tentative recovery in **stocks battered by virus fears**, bouncing 2.2 per cent from yesterday's near-four-month trough. Qantas regained 1.6 per cent, Webjet 2.8 per cent and Crown Resorts 1.4 per cent.

ANZ led an advance by the big four **banks**, rising 1.4 per cent. The Commonwealth Bank and NAB both put on 0.9 per cent, and Westpac 1.1 per cent. Virgin Money jumped 13.3 per cent after announcing first-quarter growth in line with guidance.

Consumer staples was the only sector to miss the rally, skidding 2.5 per cent after winemaker Treasury Wine Estates cut its profit guidance (more below). The rest of the sector was mixed, Coles gaining 0.3 per cent, Woolworths losing 0.1 per cent and the A2 Milk Company falling 0.6 per cent.

The odds on a rate cut next Tuesday were pushed further out by solid **inflation data**. Interbank futures indicate a 9 per cent chance of a cut to the cash rate, down from 30 per cent before this morning's quarterly consumer price inflation data, which showed headline inflation ticked up to 1.84 per cent from 1.7 per cent, ahead of the Reserve Bank's forecasted 1.6 per cent. The **dollar** improved less than a tenth of a cent to 67.65 US cents.

US index futures were boosted by a well-received after-market earnings update from Apple this morning. Shares in the consumer tech giant rose 1.5 per cent in after-market action. S&P 500 index futures rallied 9.2 points or 0.28 per cent.

A lacklustre morning on **Asian markets** saw Japan's Nikkei inch up 0.4 per cent and South Korea's Kospi gain 0.5 per cent. Hong Kong's Hang Seng slumped 2.6 per cent as trade resumed following the Lunar New Year break. Trade on China's Shanghai Composite remained suspended.

Brent **crude** futures rallied 58 cents or 1 per cent to $US60.09 a barrel. **Gold** eased $5.80 or 0.4 per cent to $US1,564 an ounce.

What's hot today and what's not:

Hot today: local traders scouring the boards for winners from the coronavirus outbreak found a new candidate this morning in Holista CollTech (ASX: HCT). The thinly-traded biotech's share price briefly hit an 18-month high on news of strong Malaysian demand for Holista's disinfectant spray NatShield Sanitizer. The company said its distributor had sold out of the product, which contains an anti-microbial compound. Sixty thousand bottles are on order for delivery by the middle of next month. The share price peaked at 9.7 cents this morning and was last up two-tenths of a cent or 2.6 per cent at 7.9 cents.

Not today: shares in Treasury Wine Estates (ASX: TWE) tumbled to their lowest level in more than two years after the Penfolds parent company slashed its profit guidance. The winemaker, which owns brands including, Lindeman's, Wolf Blass and Yellowglen, blamed management changes and a wine glut in the US as it missed its first-half earnings target and revised down its full-year outlook. The company said its performance across Europe, Asia, Australasia, Africa and the Middle East was "strong". TWE's share price crashed $3.95 or 23.7 per cent to $12.73, a level last seen in August 2017.