
Support / Potential "buy" levels
\$8,784.
Resistance
\$9,000.

KEY TAKEAWAYS

ASX 200 advance to a three-month high as cyclical leadership reasserts itself

Australian equities closed higher, with the S&P/ASX 200 up 0.92% to a three-month high, led by telecoms, metals and broader resources. Telix Pharmaceuticals, Capstone Copper and Rea Group outperformed, while Alcoa, Life360 and DroneShield lagged. Market breadth was mixed and volatility ticked up, reflecting selective positioning ahead of February earnings. Investors are increasingly focused on whether companies can defend margins as labour costs stay high and consumers remain cautious.

Macro signals remain supportive but complicated. Bond yields have surged, with the 10-year near 4.83% and markets pricing a 60% chance of an RBA rate hike. The Australian dollar strengthened toward \$0.691, while global cues were mixed, with China weaker and US markets awaiting the Fed. Commodities diverged, with oil softer and gold near record highs on geopolitical risk.

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MARKET MOVERS

Australian equities closed decisively higher on Tuesday, with the S&P/ASX 200 rising 0.92% to a fresh three-month high, as investors rotated into cyclical and defensively resilient sectors ahead of the February reporting season. Gains were led by Telecoms Services, Metals and Mining, and broader Resources stocks, reflecting renewed confidence in earnings durability amid a still restrictive monetary backdrop.



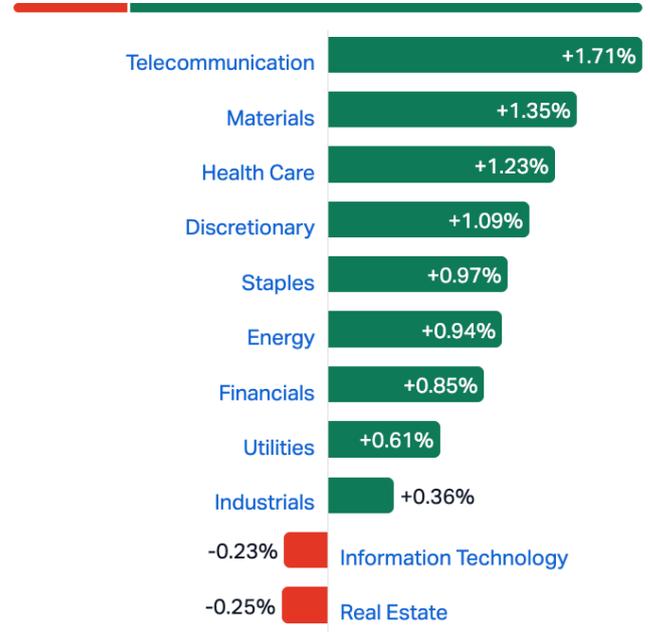
Market breadth was mixed. Decliners marginally outnumbered advancers on the Sydney Stock Exchange by 641 to 588, while 385 stocks finished unchanged, suggesting that index strength was driven by selective stock-specific moves rather than a broad-based risk surge.

Volatility edged higher alongside the rally. The S&P/ASX 200 VIX rose 3.20% to 10.63, indicating modest demand for

downside protection as investors position for earnings risk and key macro releases later this week.

↓ 2 Sectors Down

↑ 9 Sectors Up



Stock-specific moves drive performance at both ends of the index

At the top end of the market, Telix Pharmaceuticals Ltd (ASX:TLX) led gainers, advancing 8.72% or 0.95 points to close at 11.90, as continued optimism around its oncology pipeline supported risk appetite for healthcare growth names. Capstone Copper Corp DRC (ASX:CSC) rose 7.76% or 1.16 points to 16.11, marking a new all-time high and underscoring sustained investor enthusiasm for copper exposure amid structural demand linked to electrification and decarbonisation trends. Rea Group Ltd (ASX:REA) added 4.83% or 9.04 points to finish at 196.17, benefiting from renewed confidence in premium digital platforms despite lingering housing affordability pressures.

Losses were concentrated among selected high-beta and commodity-linked names. Alcoa Corp DRC (ASX:AAI) fell 8.58% or 7.97 points to 84.88, weighed down by aluminium price volatility and profit-taking following a strong prior run. Life360 Inc (ASX:360) declined 7.96% or 2.69 points to 31.10, while DroneShield Ltd (ASX:DRO) slipped 6.60% or 0.29 points to 4.18, reflecting a broader pullback in momentum-driven technology and defence-adjacent stocks.

February reporting season looms as a key test of post-inflation corporate resilience

As of late January 2026, the Australian market is entering a high-stakes phase, with the February reporting season set to provide the first comprehensive read-through on corporate health in what is increasingly described as a post-inflationary economy. Companies are now expected to demonstrate that margins can be preserved despite persistently high labour costs, easing but still elevated input prices, and a consumer that remains cautious rather than retrenched.

Investor focus is shifting from macro narratives toward balance sheet strength, cash flow sustainability and pricing power. Firms that can show credible cost discipline while maintaining revenue momentum are likely to be rewarded, while those relying on financial engineering or one-off tailwinds may face a sharper reassessment.

Dividend dynamics shift as yield compression favours growth over pure income

The dividend landscape has evolved notably heading into 2026. The ASX, long favoured by global income investors, now offers an average yield of roughly 3.3%, signalling a market increasingly priced for earnings growth rather than headline payout ratios. This yield compression has encouraged investors to move beyond traditional high-yield blue chips in search of total return opportunities.

Nonetheless, Australia's system of 100% franking credits remains a structural advantage, often transforming a nominal 5% cash yield into a materially higher gross return for domestic investors. As a result, dividend quality rather than dividend size is expected to dominate investor decision-making this season.

Banks in focus as Commonwealth Bank prepares to set the tone

Attention within financials is turning to Commonwealth Bank (ASX:CBA), due to report in mid-February. As the sector bellwether, its results will offer critical insight into household mortgage stress, deposit competition and net interest margin stability. The sustainability of its premium dividend profile will be closely scrutinised, particularly in light of rising wholesale funding costs.

While the Big Four banks remain core income holdings, analyst commentary increasingly highlights smaller financial

players such as Pepper Money and Perpetual as potential sources of higher relative yield, albeit with greater earnings volatility. The reporting season is likely to draw a sharper distinction between balance sheet conservatism and opportunistic risk-taking.

Resources sector navigates transition from payout dominance to capital discipline

The resources sector remains a central swing factor for the ASX in 2026. Major miners such as BHP and Rio Tinto are operating against a backdrop of volatile commodity prices and evolving global demand, particularly for green and future-facing metals. While these companies have historically delivered outsized dividends, expectations are building for more conservative payout ratios as capital is redirected toward decarbonisation initiatives and long-duration growth projects in copper and lithium.

This shift suggests that the era of frequent special dividends may be fading, replaced by a more measured approach focused on long-term value creation rather than near-term cash extraction.

Ex-dividend calendar sharpens near-term market focus

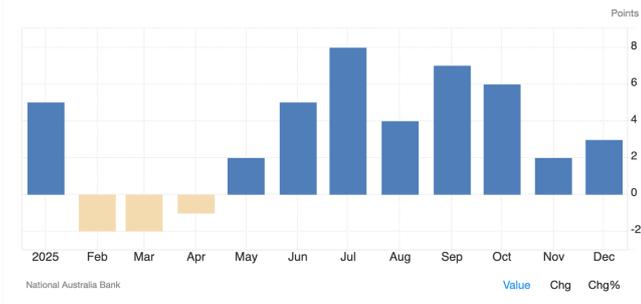
In the weeks ahead, trading activity is expected to intensify around ex-dividend dates. Late January and early February feature key income names such as Metcash and Region Group, while the broader reporting period will reward companies able to demonstrate dividend growth aligned with earnings expansion. Conversely, stocks perceived as yield traps, offering elevated payouts unsupported by cash flow, are likely to be penalised.

Domestic data point to resilient momentum and persistent inflation pressures

Macro data released ahead of the reporting season reinforced the view that economic momentum improved in the fourth quarter. Australia's NAB Business Confidence Index edged up to 3 in December 2025 from an upwardly revised 2, while business conditions strengthened to 9 from 7 in November. Gains were driven by sales, which rose to 16 from 13, and profits, while employment held steady at 4.

Price measures ticked higher in the three months to December, although capacity utilisation eased slightly to

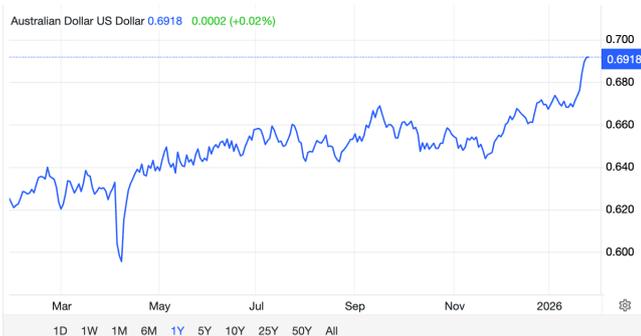
83.2%, still elevated by historical standards. NAB chief economist Sally Auld noted that the survey was consistent with improving momentum, with elevated utilisation broad-based across sectors. November inflation eased to 3.4%, a three-month low but still above the Reserve Bank of Australia's 2–3% target. The RBA begins its first policy meeting of the year next week, having held the cash rate at 3.6% for a third consecutive month in December.



| Calendar | GMT | Reference | Actual | Previous | Consensus | TEForecast |
|------------|----------|-----------|--------|----------|-----------|------------|
| 2025-12-09 | 12:30 AM | Nov | 1 | 6 | | |
| 2026-01-27 | 12:30 AM | Dec | 3 | 2 | | 2 |
| 2026-02-11 | 12:30 AM | Jan | | 3 | | |

Australian dollar and bond yields reflect tightening expectations

The Australian dollar traded around \$0.691 on Tuesday, approaching its strongest level since January 2023, supported by higher domestic yields and a weakening US dollar. Australian government bond yields continued to attract investor interest, with policy-sensitive three-year yields reaching their highest level since November 2023.



| Crosses | Price | Day | Year | Date | |
|---------|----------|-----------|--------|--------|--------|
| AUDUSD | 0.69180 | ▲ 0.00017 | 0.02% | 10.64% | 14:20 |
| EURAUD | 1.7163 | ▼ -0.0014 | -0.08% | 2.89% | Jan/27 |
| GBPAUD | 1.9782 | ▲ 0.0005 | 0.02% | -0.59% | Jan/27 |
| AUDNZD | 1.1591 | ▲ 0.0016 | 0.14% | 5.07% | Jan/27 |
| AUDJPY | 106.9170 | ▲ 0.2975 | 0.28% | 9.93% | Jan/27 |
| AUDCNY | 4.8112 | ▲ 0.0050 | 0.10% | 5.75% | Jan/27 |
| AUDCHF | 0.5378 | ▲ 0.0004 | 0.07% | -4.88% | Jan/27 |
| AUDCAD | 0.9501 | ▲ 0.0020 | 0.21% | 5.52% | Jan/27 |

The 10-year government bond yield climbed to around 4.83%, also the highest since November 2023, as markets increasingly priced the prospect of a near-term rate hike. Markets now assign a 60% probability to a February move, up from 25% last week. For the first time in 15 years, Australia's 2- and 10-year yields top those of the G10, a development likely to support further capital inflows.



| Bonds | Yield | Day | Month | Year | Date |
|---------------|-------|----------|--------|--------|--------|
| Australia 10Y | 4.84 | ▲ 0.040% | 0.072% | 0.405% | Jan/27 |
| Australia 52W | 4.06 | ▲ 0.023% | 0.103% | 0.054% | Jan/27 |
| Australia 20Y | 5.29 | ▲ 0.009% | 0.070% | 0.374% | Jan/27 |
| Australia 2Y | 4.22 | ▲ 0.045% | 0.156% | 0.334% | Jan/27 |
| Australia 30Y | 5.34 | ▲ 0.012% | 0.072% | 0.377% | Jan/27 |
| Australia 3Y | 4.27 | ▲ 0.046% | 0.131% | 0.420% | Jan/27 |
| Australia 5Y | 4.42 | ▲ 0.039% | 0.115% | 0.453% | Jan/27 |
| Australia 7Y | 4.62 | ▲ 0.034% | 0.086% | 0.414% | Jan/27 |

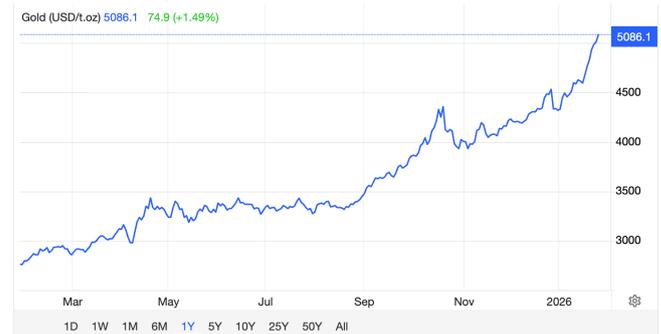
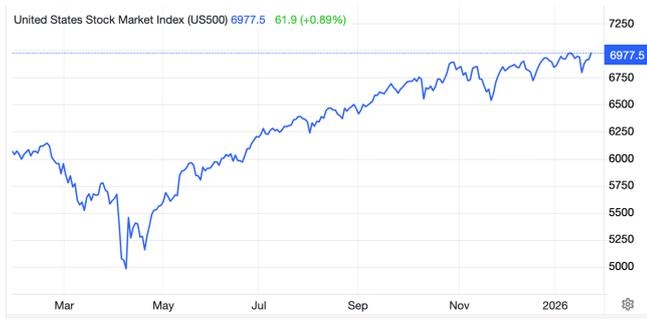
Asia and global markets provide a mixed external backdrop

In Asia, mainland Chinese equities extended losses, with the Shanghai Composite falling 0.5% to below 4,120 and the Shenzhen Component down 0.7% to 12,216. Investor sentiment remained subdued amid tighter regulatory oversight, including higher margin requirements and a crackdown on market manipulation. China's industrial profits rose 0.6% year on year in 2025, driven by private and foreign-invested firms, while state-owned enterprises continued to lag.



US equity futures were little changed after a solid start to the week, with the Dow up 0.64%, the S&P 500 higher by 0.5% and the Nasdaq Composite gaining 0.43% on Monday.

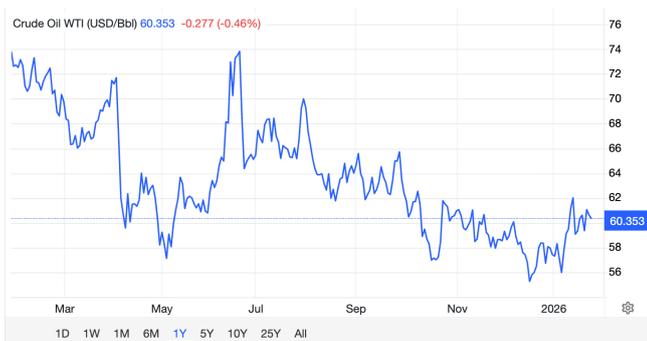
Attention is focused on the Federal Reserve’s policy decision and earnings from major technology companies, including Apple, Microsoft, Meta Platforms, Tesla and IBM. Health insurers came under pressure after proposed Medicare Advantage payment changes, with shares falling between 8% and 13% in extended trading.



| | Price | Day | Month | Year | Date | |
|----------|------------|-----------|--------|--------|---------|--------|
| Gold | 5086.14 | ▲ 74.91 | 1.49% | 17.39% | 84.11% | 14:21 |
| Silver | 110.568 | ▲ 6.666 | 6.42% | 53.11% | 263.46% | 14:21 |
| Copper | 5.9247 | ▼ 0.0958 | -1.59% | 7.17% | 40.14% | 14:21 |
| Steel | 3,109.00 | ▼ -14.00 | -0.45% | 0.06% | -4.57% | Jan/27 |
| Lithium | 172,500.00 | ▼ -9000 | -4.96% | 46.19% | 122.15% | Jan/27 |
| Platinum | 2,725.00 | ▼ -153.10 | -5.32% | 27.40% | 187.96% | Jan/27 |
| Iron Ore | 106.15 | ▼ -0.21 | -0.20% | -0.87% | 4.75% | Jan/26 |

Commodities reflect geopolitical risk and policy uncertainty

WTI crude oil futures slipped to around US\$60.4 per barrel, weighed down by the resumption of Kazakh crude exports and the return of Black Sea export capacity. Losses were partially offset by US supply disruptions, where winter storms curtailed roughly 15% of national output, and by ongoing geopolitical tensions in the Middle East. Attention now turns to the upcoming OPEC+ meeting, where output is expected to remain steady.



| | Price | Day | Month | Year | Date | |
|-------------|--------|----------|--------|--------|---------|--------|
| Crude Oil | 60.353 | ▼ 0.277 | -0.46% | 3.95% | -18.16% | 14:21 |
| Brent | 65.238 | ▼ 0.352 | -0.54% | 6.14% | -14.67% | 14:21 |
| Natural gas | 6.6657 | ▼ 0.1343 | -1.97% | 67.10% | 113.34% | 14:21 |
| Gasoline | 1.8103 | ▼ 0.0127 | -0.70% | 4.73% | -11.78% | 14:21 |
| Heating Oil | 2.5275 | ▼ 0.0405 | -1.58% | 18.49% | 3.14% | 14:21 |
| Coal | 108.65 | ▼ -0.35 | -0.32% | 0.65% | -5.15% | Jan/26 |
| Ethanol | 1.66 | ▲ 0.0450 | 2.80% | 0% | -4.47% | Jan/26 |
| Urals Oil | 56.10 | ▲ 0.59 | 1.06% | 8.07% | -21.29% | Jan/26 |

Gold continued its sharp ascent, rising more than 1% to around US\$5,080 per ounce after hitting an all-time high above \$5,110.

The rally has been fuelled by haven demand amid escalating trade tensions, renewed tariff threats from the US administration and concerns over fiscal sustainability. Bullion is up almost 17% year to date, supported by central bank purchases, ETF inflows and investor demand for protection against currency debasement.

Outlook: earnings credibility and policy signals to drive near-term direction

With equities at a three-month high, bond yields elevated and the currency firm, Australian markets are entering a period where execution risk matters more than narrative. The coming weeks will test whether corporate Australia can translate resilient macro conditions into sustainable earnings and dividends, while inflation data and central bank guidance will shape the interest rate path. For now, the balance of risks suggests a market that remains supported but increasingly discriminating.

Regards,
 Mark Elzayed
 Investor Pulse

MARKET DATA
ASX Top 20

| | | | |
|---|------------------------|--|------------------------|
|  CBA^D Commonwealth Bank | 150.07 +0.59 +0.39% |  WOW^D Woolworths | 30.64 +0.26 +0.86% |
|  BHP^D BHP | 49.75 +1.32 +2.73% |  TLS^D Telstra | 4.83 +0.11 +2.33% |
|  CSL^D CSL | 182.29 +2.67 +1.49% |  GMG^D Goodman Group | 30.94 -0.06 -0.19% |
|  WBC^D Westpac Bank | 38.96 +0.22 +0.57% |  TCL^D Transurban | 13.81 0.00 0.00% |
|  NAB^D National Australia Bank | 42.88 +0.53 +1.25% |  SQ2 Block Inc | |
|  ANZ^D ANZ | 36.59 +0.38 +1.05% |  ALL^D Aristocrat Leisure | 56.62 -0.84 -1.46% |
|  FMG^D Fortescue Metals | 21.87 +0.36 +1.67% |  NCM Newcrest Mining | |
|  WES^D Wesfarmers | 84.74 +1.94 +2.34% |  REA^D REA Group | 195.82 +8.69 +4.64% |
|  MQG^D Macquarie Group | 215.19 +4.78 +2.27% |  WDS^D Woodside Energy | 24.32 +0.24 +1.00% |
|  RIO^D Rio Tinto | 151.20 +2.48 +1.67% |  XRO^D Xero | 99.83 -1.39 -1.37% |

17
17
Commodities & Forex

| | | | |
|--|--|---|-----------------------------|
|  TIO1! IRON ORE | |  AUDUSD Australian Dollar / U.S. Dollar | 0.69188 +0.06% +0.00 |
|  GC1! GOLD | |  AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND | 0.5051 -0.02% -0.00 |
|  SI1! SILVER | |  AUDEUR AUSTRALIAN DOLLAR / EURO | 0.5825 +0.05% +0.00 |
|  HG1! COPPER | |  AUDNZD Australian Dollar / New Zealand Dollar | 1.15913 +0.17% +0.00 |
|  ZW1! WHEAT | |  AUDJPY Australian Dollar / Japanese Yen | 106.925 +0.29% +0.31 |
|  CL1! CRUDE OIL | |  AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN | 4.8128 +0.05% +0.0022 |
|  NG1! NATURAL GAS | |  AUDTHB AUSTRALIAN DOLLAR / THAI BAHT | 21.507 -0.05% -0.010 |
|  NCF1! COAL | |  AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ... | 11,604.7 0.00% +0.2 |
|  LTH1! LITHIUM | | | |

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Economic Calendar

|   | |
|---|--|
| January 28 | |
| 07:30 |   CPI Index* ∨ |
| |  CPI QQ ∨ 0.6% 1.3% |
| |  CPI YY ∨ 3.6% 3.2% |
| January 29 | |
| 02:00 |   Fed Funds Tgt Rate ∨ 3.625% |
| 17:00 |   Consumer Confid. Final * ∨ -12.4 Net balance -13.2 Net balance |
| 20:30 |   Initial Jobless Clm * ∨ 205 K Person 200 K Person |
| January 30 | |
| 17:00 |   Unemployment Rate ∨ 6.3% 6.3% |
| January 31 | |
| 08:30 |   NBS Manufacturing PMI* ∨ 50 Index (diffusion) 50.1 Index (diffusion) |
| February 2 | |
| 22:00 |   ISM Manufacturing PMI ∨ 48.3 Index 47.9 Index |
| February 3 | |
| 22:00 |   JOLTS Job Openings ∨ 7.146 M Person |
| February 4 | |