



Support / Potential "buy" levels	\$8,416.
Resistance	\$8,769.

KEY TAKEAWAYS

ASX drifts lower as global markets turn defensive

Australian shares drifted lower on Tuesday, with the ASX 200 down 0.42% as investors weighed soft domestic data against an increasingly firm stance from the Reserve Bank. Losses in IT, energy and gold stocks set the tone, even as a few standouts bucked the trend. DroneShield surged more than 23%, Challenger climbed to a five-year high, and Virgin Australia posted solid gains, but these moves were overshadowed by broader weakness, particularly in growth and resource names. Market breadth told the story, with decliners comfortably outnumbering advancers, while volatility remained subdued, suggesting caution rather than outright fear.

Beyond equities, the macro signals were mixed but unsettling. The Australian dollar slipped past US\$0.662 after consumer sentiment sank 9% in December, inflation worries resurfaced, and bond yields pushed towards multi-year highs. Offshore, Chinese shares fell on fresh signs of slowing growth, Wall Street remained wary ahead of key US data, and oil slid to its lowest level since early 2021, reinforcing a global mood that is increasingly defensive.

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MARKET MOVERS

Australian equities closed lower on Tuesday, extending a cautious tone that has settled over local markets as investors balanced mixed global signals against a softening domestic backdrop. The ASX 200 finished down 0.42%, with losses led by the IT, energy and gold sectors, underscoring how sensitive sentiment has become to shifting expectations on growth, inflation and interest rates.

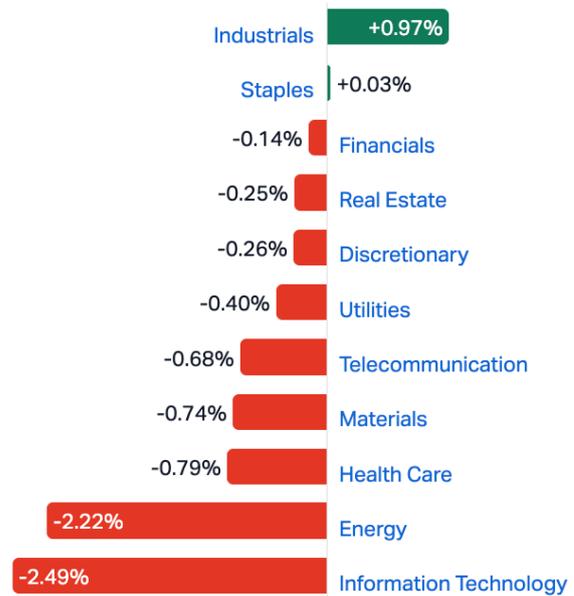


Market breadth reflected the subdued mood. Decliners outpaced advancers by 674 to 411 on the Sydney Stock Exchange, while 385 stocks ended unchanged.

Volatility remained contained, with the S&P/ASX 200 VIX little changed at 10.14, suggesting that while investors are increasingly cautious, there has yet to be a decisive spike in hedging activity.

↓ 9 Sectors Down

↑ 2 Sectors Up



Against the broader weakness, a handful of stocks delivered outsized moves. DroneShield surged 23.48% to 2.84, easily the standout performer of the session as investors continued to chase defence and security-related exposures. Challenger added 3.63% to close at 9.42, pushing the stock to a five-year high, while Virgin Australia rose 3.13% to 3.30 in late trade. These gains provided some ballast to the index but were not enough to offset heavier selling elsewhere.

On the downside, losses were concentrated among growth and resource-linked names. IperionX fell 6.58% to 4.97, Life360 slid 6.37% to 32.49, and Paladin Energy declined 4.69% to 8.53 as weaker commodity prices and broader risk aversion weighed on sentiment. Gold stocks were particularly soft as bullion prices retreated, prompting profit-taking after recent strength.

Currency and macroeconomic developments added another layer of pressure. The Australian dollar slipped past US\$0.662, marking a fourth straight session of losses, as investors digested a run of weaker domestic data.

The Westpac-Melbourne Institute Consumer Sentiment Index fell 9% month on month in December 2025, dropping back below the 100-mark after only briefly returning to positive territory in November. Inflation emerged as the dominant concern, with Westpac noting that consumer price index readings have exceeded expectations for roughly four consecutive months. This persistence has heightened anxiety around interest rates, particularly after the Reserve Bank of Australia signalled last week that it is likely done cutting rates.



Crosses	Price		Day	Year	Date	
AUDUSD	0.66345	▼	0.00072	-0.11%	4.71%	12:50
EURAUD	1.7711	▲	0.0012	0.07%	6.99%	Dec/16
GBPAUD	2.0145	▲	0.0005	0.02%	0.45%	Dec/16
AUDNZD	1.1482	▲	0.0014	0.12%	4.31%	Dec/16
AUDJPY	102.7050	▼	-0.3895	-0.38%	5.62%	Dec/16
AUDCNY	4.6701	▼	-0.0086	-0.18%	1.10%	Dec/16
AUDCHF	0.5283	▼	-0.0006	-0.11%	-6.62%	Dec/16
AUDCAD	0.9135	▼	-0.0009	-0.10%	0.73%	Dec/16



Bonds	Yield		Day	Month	Year	Date
Australia 10Y	4.7330	▲	0.01%	0.253%	0.429%	12:49
Australia 52W	3.93	▲	0.026%	0.261%	-0.143%	Dec/16
Australia 20Y	5.23	▲	0.006%	0.234%	0.471%	Dec/16
Australia 2Y	4.02	▲	0.025%	0.310%	0.125%	Dec/16
Australia 30Y	5.27	▲	0.011%	0.198%	0.488%	Dec/16
Australia 3Y	4.11	▲	0.023%	0.326%	0.264%	Dec/16
Australia 5Y	4.27	▲	0.013%	0.297%	0.350%	Dec/16
Australia 7Y	4.49	▲	0.010%	0.273%	0.373%	Dec/16

Business surveys reinforced the picture of moderating momentum. Flash data showed the Composite PMI easing to a seven-month low of 51.1 in December. Services activity slowed to 51 from 52.8, while manufacturing showed a modest improvement, rising to 52.2 from 51.6. Together, the figures point to an economy that is still expanding but losing some steam, leaving policymakers with a delicate balancing act.

Bond markets reflected those tensions. Australia's 10-year government bond yield rose to around 4.73%, hovering near a more than two-year high, supported by increasingly hawkish signals from the RBA.

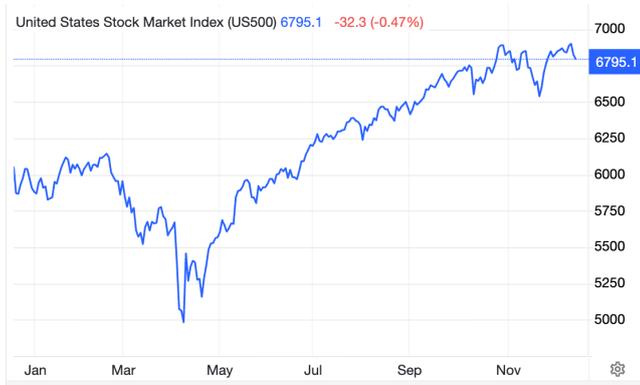
The central bank left the cash rate unchanged last week and indicated that its brief easing cycle has ended, while warning that rate hikes could return in 2026 if inflation remains stubborn. Economists are now forecasting at least one rate increase next year, with some cautioning that stronger growth and weak productivity could force a more extended tightening cycle. Markets are pricing a roughly 30% probability of a February hike and around an 80% chance of a move by May, with investors looking to next week's RBA minutes for further clarity.

Overseas, regional markets offered little comfort. Chinese equities extended losses, with the Shanghai Composite down 0.8% below 3,840 and the Shenzhen Component falling 0.9% to 12,990.



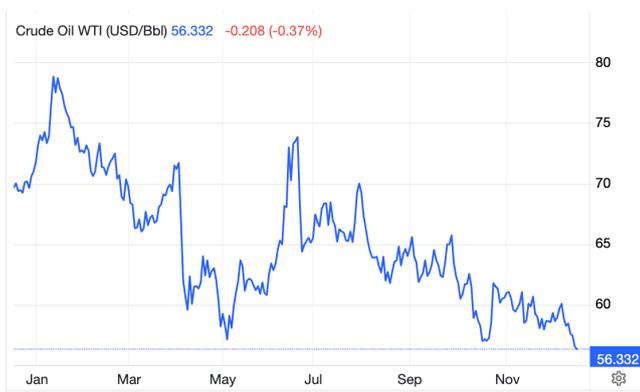
A batch of data releases highlighted slowing activity, including weaker-than-expected retail sales and industrial production, alongside declines in fixed asset investment and new home prices. Technology stocks were also pressured by growing uncertainty around the sustainability of the artificial intelligence trade, with notable declines in Eoptolink Technology, Zhongji Innolight and Cambricon Technologies. There were pockets of strength, however, as Changan Auto and BAIC Motor surged after regulators approved, for the first time, two electric sedans equipped with level 3 autonomous driving capabilities.

In the United States, stock futures were little changed as investors waited for the November jobs report, with October retail sales due later in the day and consumer price data scheduled for Thursday.



Wall Street closed lower in the previous session, with the Dow down 0.09%, the S&P 500 off 0.16% and the Nasdaq Composite falling 0.59%, weighed by further declines in major AI-related names. Broadcom slid 5.6% after flagging margin pressures, Oracle dropped 2.7% following softer guidance, and ServiceNow plunged 11.5% after announcing the acquisition of Moveworks. These moves reignited questions about the profitability and financing of large-scale AI investments, even as more defensively valued sectors such as healthcare, utilities and consumer discretionary attracted inflows.

Commodity markets added to the cautious tone. WTI crude oil futures fell to US\$56.4 a barrel, the lowest level since early 2021, as optimism around a potential Russia-Ukraine peace deal combined with expectations of a supply surplus.



US officials indicated that an agreement may be closer than at any point since the conflict began, raising the prospect that sanctions on Russian oil could eventually be lifted. At the same time, OPEC+ producers have restored idled output

and non-OPEC supply, particularly from the Americas, continues to rise. Weaker Chinese data also fed concerns about demand, outweighing fears of possible disruptions linked to rising US-Venezuela tensions.

Gold prices retreated below US\$4,290 an ounce as investors locked in profits after the metal touched a near two-month high in the previous session.



	Price		Day	Month	Year	Date	
Gold	4283.96	▼	22.54	-0.52%	5.84%	61.78%	12:52
Silver	62.721	▼	0.008	-0.01%	24.90%	105.55%	12:52
Copper	5.2651	▼	0.065	-1.22%	5.88%	28.78%	12:52
Steel	3,061.00	▲	15.00	0.49%	-0.78%	-6.90%	Dec/16
Lithium	95,850.00	▲	700	0.74%	11.26%	26.28%	Dec/16
Platinum	1,829.30	▲	24.80	1.37%	19.49%	94.90%	Dec/16
Iron Ore	106.10	▲	0.05	0.05%	1.61%	0.65%	Dec/15

Attention has now turned to the US non-farm payrolls report, along with retail sales and inflation data, for further clues on the Federal Reserve's next steps. Markets currently assign a 75.6% probability that the Fed will hold rates steady at its January meeting, though expectations remain for two cuts next year. Hopes of a Russia-Ukraine peace deal have also dampened safe-haven demand, even as gold continues to draw support from central bank buying, ETF inflows and a gradual shift by investors away from sovereign bonds and currencies.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D* Commonwealth Bank	155.13 +0.05 +0.03%	 WOW^D* Woolworths	29.37 -0.06 -0.20%
 BHP^D* BHP	44.24 -0.03 -0.07%	 TLS^D* Telstra	4.81 -0.02 -0.41%
 CSL^D* CSL	177.15 -2.16 -1.20%	 GMG^D* Goodman Group	29.44 -0.04 -0.14%
 WBC^D* Westpac Bank	38.48 -0.41 -1.05%	 TCL^D* Transurban	14.50 +0.08 +0.55%
 NAB^D* National Australia Bank	42.24 +0.04 +0.09%	 SQ2 Block Inc	
 ANZ^D* ANZ	36.11 -0.13 -0.36%	 ALL^D* Aristocrat Leisure	57.15 +0.33 +0.58%
 FMG^D* Fortescue Metals	22.10 -0.64 -2.81%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	80.72 -0.57 -0.70%	 REA^D* REA Group	185.80 -3.28 -1.73%
 MQG^D* Macquarie Group	200.65 +0.34 +0.17%	 WDS^D* Woodside Energy	23.99 -0.56 -2.28%
 RIO^D* Rio Tinto	140.30 +0.36 +0.26%	 XRO^D* Xero	111.27 -2.23 -1.96%



Commodities & Forex

 TIO1! IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.66351 -0.05% -0.00
 GC1! GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4961 0.00% 0.0000
 SI1! SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5646 -0.05% -0.0003
 HG1! COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.14827 +0.01% +0.00
 ZW1! WHEAT	 AUDJPY Australian Dollar / Japanese Yen	102.683 -0.34% -0.35
 CL1! CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.6728 -0.13% -0.0062
 NG1! NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	20.921 +0.13% +0.028
 NCF1! COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	11,078.3 +0.09% +10.3
 LTH1! LITHIUM		



Economic Calendar

				Actual	Forecast	Prior
						
December 16						
14:00			ILO Unemployment Rate* ∨	Coming soon	5.1%	5%
20:30			Building Permits: Number ∨		1.336 MNumber of	1.312 MNumber of
			Non-Farm Payrolls ∨		50 KPerson	
			Retail Sales MM ∨		0.1%	0.2%
			Unemployment Rate ∨		4.4%	
21:45			S&P Global Comp PMI Flash ∨			54.8Index (diffusion)
December 17						
14:00			Core CPI MM ∨		0.1%	0.3%
			Core CPI YY ∨		3.4%	3.4%
			CPI MM ∨		0%	0.4%
			CPI YY ∨		3.5%	3.6%
			RPI MM* ∨		0%	0.3%
			RPI YY* ∨		4.2%	4.3%
17:00			HICP Final MM * ∨		-0.3%	0.2%
			HICP Final YY * ∨		2.2%	2.1%