INVESTOR PULSE

Wednesday, 4 February 2026

Support / Potential "buy" levels	**$8,782.**
Resistance	$9,000.

Key Takeaways

Materials drive a decisive rebound as the market absorbs the RBA's hawkish turn

Australian shares found their footing on Wednesday, with the S&P/ASX 200 rising 0.80% to 8,927.8 as investors largely looked through the RBA's rate hike to 3.85% and leaned back into resources. The tone improved steadily through the session, led by a powerful rebound in miners and gold stocks as commodity prices recovered. The mining sector jumped 3.7%, with BHP Group (ASX:BHP) and Rio Tinto (ASX:RIO) up more than 4%, while South32 (ASX:S32) hit three-year highs. Gold names such as Northern Star (ASX:NST) and Evolution Mining (ASX:EVN) also rallied as gold climbed back above US$5,000 an ounce. Volatility eased, with the ASX 200 VIX down to 11.42.

By contrast, technology remained under heavy pressure. Xero (ASX:XRO), Technology One (ASX:TNE) and WiseTech Global (ASX:WTC) all sold off sharply, reflecting the global rotation out of high-multiple software stocks. Banks recovered from early weakness to finish about 1% higher, as investors focused on improving margins in a higher-rate environment. The Australian dollar firmed near $0.703, reinforcing the sense that, for now, growth and commodities are back in favour.

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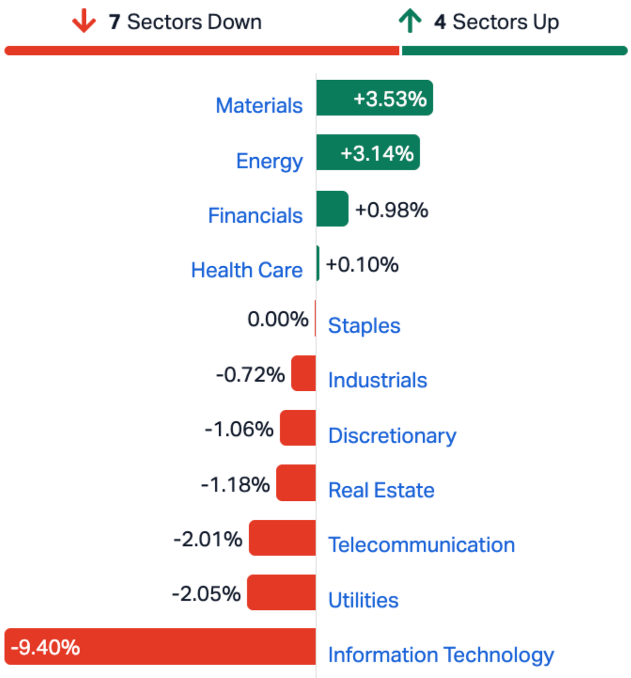
Market Movers

Australian equities staged a broad-based recovery on Wednesday, with the S&P/ASX 200 rising 0.80% to close at 8,927.80, extending its rebound after a volatile start to the week. Gains were led by Gold, Metals & Mining and broader Resources stocks, as investors looked past the Reserve Bank of Australia's surprise rate hike to 3.85% and rotated back into cyclicals. The rally marked a clear shift in tone, with the market demonstrating resilience despite tighter financial conditions and lingering global uncertainty.

The advance came even as market breadth remained mixed. Falling stocks still outnumbered advancers by 679 to 538, with 340 stocks ending unchanged, highlighting a selective rally rather than a blanket risk-on move. Volatility eased modestly, with the S&P/ASX 200 VIX slipping 1.36% to 11.42, suggesting investors were increasingly comfortable with near-term policy risks.



Standout winners and laggards point to sharp sector rotations

Performance at the stock level was stark. Yancoal Australia Ltd (ASX:YAL) led the index higher, surging 8.82% to 6.29, as coal-linked names benefited from renewed interest in bulk commodities. South32 Ltd (ASX:S32) climbed 6.32% to 4.80, reaching three-year highs, while Regis Resources Ltd (ASX:RRL) gained 6.10% to 8.18, supported by the rebound in gold prices.

By contrast, the technology complex suffered heavy losses. Xero Ltd (ASX:XRO) slumped 15.65% to 81.06, falling to 52-week lows, while Technology One Ltd (ASX:TNE) dropped 10.47% to 22.65, also marking a 52-week low. WiseTech Global Ltd (ASX:WTC) fell 10.26% to 51.49, touching three-year lows. The magnitude of these declines reflected both global weakness in software stocks and growing concerns around valuation, earnings durability and AI-driven disruption.

Mining and gold stocks reclaim leadership as commodities rebound

The mining sector (ASX:XMJ) was the clear engine of the day's advance, surging 3.7% and delivering the bulk of the index's upside. Heavyweights BHP Group (ASX:BHP) and Rio Tinto (ASX:RIO) both rallied more than 4%, with BHP regaining its position as the most valuable company on the exchange. The move was underpinned by a sharp recovery in copper and gold prices, alongside reports that China is considering an expansion of its strategic mineral reserves.

Gold miners followed suit. Northern Star Resources (ASX:NST) and Evolution Mining (ASX:EVN) both rose more than 4%, as dip buyers returned after recent volatility. Gold climbed back above US$5,000 per ounce, building on a more than 6% surge in the previous session, the strongest daily gain since 2008. The metal's recovery was supported by renewed geopolitical tensions and a reassessment of global monetary policy trajectories.

	Price			Day	Month	Year	Date
Gold	5067.70	▲	121.31	2.45%	14.15%	76.91%	14:04
Silver	89.032	▲	3.946	4.64%	16.94%	177.14%	14:04
Copper	6.0732	▼	0.0133	-0.22%	1.72%	36.37%	14:04
Steel	3,097.00	▲	7.00	0.23%	0.95%	-4.94%	Feb/04
Lithium	160,500.00	▼	-7500	-4.46%	35.44%	106.70%	Jan/30
Platinum	2,302.60	▲	93.80	4.25%	0.64%	128.66%	Feb/04
Iron Ore	102.16	▼	-0.50	-0.49%	-3.74%	-3.07%	Feb/03

Banks steady after early weakness as investors reassess higher rates

The financial sector delivered a more measured contribution. The Big Four banks reversed early losses to finish the session around 1% higher. While the RBA's move initially raised concerns about slower credit growth, sentiment improved as investors focused on the benefits of higher net interest margins. Commonwealth Bank (ASX:CBA), due to report next week, remained a focal point for institutional investors assessing balance sheet resilience and margin dynamics in a higher-rate environment.

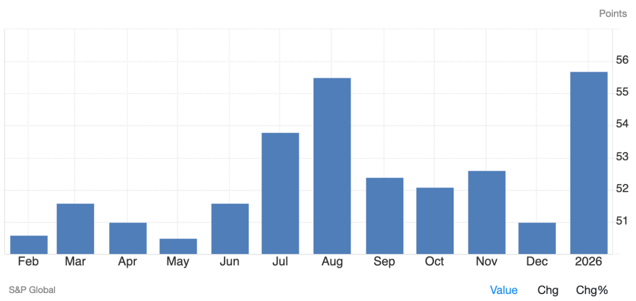
Technology under sustained pressure amid global de-rating

Technology (ASX:XIJ) was the notable outlier, plunging more than 7% on the day. The sell-off mirrored weakness in US software and semiconductor stocks, where investors continued to rotate out of richly valued AI and growth names. Overnight moves in the US saw the Nasdaq Composite fall 1.43%, with sharp declines in Nvidia, Microsoft, Micron and Broadcom, reinforcing negative sentiment toward the sector locally.

Earnings, dividends and corporate signals come into focus

Corporate news added further texture to the session. Pinnacle Investment Management (ASX:PNI) drew attention after reporting an 11% decline in net profit and cutting its interim dividend by 12% to $0.29 per share. In contrast, Arena REIT (ASX:ARF) is set to make its distribution payment on February 5, while Judo Capital (ASX:JDOPA) goes ex-dividend on Thursday, offering a sizeable payout that continues to attract income-focused investors.

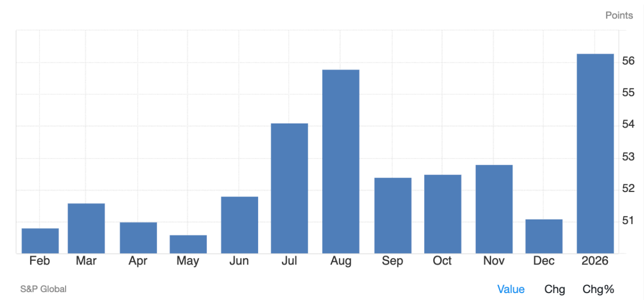
Domestic data paints a picture of strong activity but fragile confidence



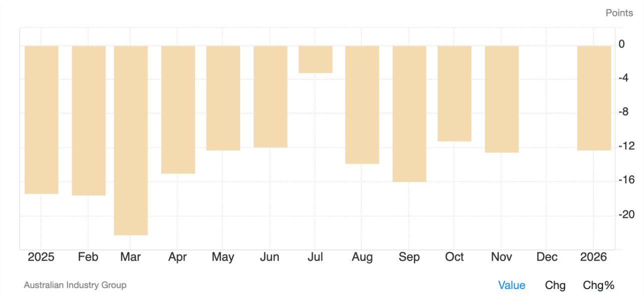
Macro data released during the session reinforced the narrative of a resilient, albeit uneven, domestic economy. The S&P Global Australia Composite PMI rose to 55.7 in January from 51.0 in December, marking the strongest pace of growth in 45 months and the sixteenth consecutive month of expansion. Faster output growth across manufacturing and services, alongside the strongest rise in new orders since April 2022, highlighted robust demand conditions. At the same time, input and output price inflation eased, signalling some moderation in price pressures, even as business confidence slipped to its lowest level since October 2024.

The Services PMI Business Activity Index climbed to 56.3 from 51.1, the sharpest acceleration in nearly four years. Employment growth strengthened as firms hired to manage heavier workloads, although labour constraints persisted.

Export demand improved and price pressures softened further, but confidence weakened amid concerns over competition and the broader economic outlook.



In contrast, the Ai Group Australian Industry Index remained in contractionary territory at -12.3, underscoring ongoing challenges in parts of the industrial economy. While new orders improved and pricing pressures eased, subdued domestic demand, labour shortages and regulatory costs continued to weigh on activity.



Currency strength reflects policy divergence and growth optimism

Crosses	Price			Day	Year	Date
AUDUSD	0.70351	▲	0.00139	0.20%	11.90%	14:03
EURAUD	1.6817	▼	-0.0015	-0.09%	1.61%	Feb/04
GBPAUD	1.9498	▼	-0.0008	-0.04%	-2.01%	Feb/04
AUDNZD	1.1635	▲	0.0035	0.30%	5.27%	Feb/04
AUDJPY	109.9710	▲	0.6040	0.55%	14.65%	Feb/04
AUDCNY	4.8766	▲	0.0070	0.14%	6.54%	Feb/04
AUDCHF	0.5451	▲	0.0008	0.14%	-3.81%	Feb/04
AUDCAD	0.9590	▲	0.0014	0.14%	6.63%	Feb/04

The Australian dollar strengthened to around $0.703, extending gains sparked by the RBA's shift back to tightening and supported by the upbeat services data. Markets are now pricing an 80% probability of a further rate increase in May, with roughly 40 bps of additional tightening expected through 2026. While the RBA's base case points to only one more hike, investors remain alert to upside inflation risks.

Global backdrop remains mixed but supportive for resources

Overseas markets offered a mixed backdrop. In China, the Shanghai Composite edged up 0.3% to around 4,080, while the Shenzhen Component fell 0.5%, as investors continued to rotate out of AI and technology stocks into defence and mining names. In the US, futures steadied after a technology-led sell-off, with attention turning to upcoming earnings from Alphabet and Amazon.

Indexes	Price			Day	Month	Year	Date
US30	49379	▲	138	0.28%	0.83%	10.05%	14:03
US400	3,473.51	▲	6.04	0.17%	2.39%	7.91%	Feb/03
US2000	2,648.50	▲	8.22	0.31%	3.95%	15.64%	Feb/03
US500	6936.53	▲	18.97	0.27%	0.50%	14.44%	14:03
US100	25383	▲	44	0.17%	-0.08%	17.19%	14:03
USVIX	18.00	▲	1.66	1.66%	3.10%	0.79%	Feb/03

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Commodities added further support. WTI crude rose toward US$64 per barrel amid renewed geopolitical tensions and a sharp drawdown in US crude inventories, while OPEC+ signalled demand could improve from March or April.

	Price			Day	Month	Year	Date
Crude Oil	63.756	▲	0.546	0.86%	9.32%	-10.25%	14:03
Brent	67.768	▲	0.438	0.65%	9.73%	-9.17%	14:03
Natural gas	3.2841	▼	0.0269	-0.81%	-7.07%	-2.56%	14:03
Gasoline	1.9117	▲	0.0064	0.34%	11.27%	-6.86%	14:03
Heating Oil	2.4305	▲	0.0212	0.88%	13.45%	1.88%	14:03
Coal	116.00	▼	-1.50	-1.28%	9.23%	0.30%	Feb/02
Ethanol	1.60	▲	0.0200	1.26%	-0.77%	-10.47%	Feb/03
Urals Oil	53.84	▲	0.58	1.09%	4.79%	-21.41%	Feb/03

Outlook: resilience tested by sector divides

Looking ahead, attention is shifting from central bank policy to company-level guidance as reporting season gathers pace. With miners delivering a powerful tactical rebound and technology stocks still under heavy pressure, the durability of the rally will hinge on whether resource strength can be sustained. The 8,800 level now looms as key near-term support, with the next few sessions likely to determine whether Wednesday's advance marks the start of a broader recovery or merely a pause in an increasingly selective market.

Regards,
Mark Elzayed
Investor Pulse

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Market Data

ASX Top 20

CBA	Commonwealth Bank	157.06	+3.98	+2.60%
BHP	BHP	52.40	+2.27	+4.53%
CSL	CSL	181.70	+3.59	+2.02%
WBC	Westpac Bank	39.89	+0.57	+1.45%
NAB	National Australia Bank	43.93	+0.89	+2.07%
ANZ	ANZ	37.07	+0.29	+0.79%
FMG	Fortescue Metals	21.64	+0.36	+1.69%
WES	Wesfarmers	84.41	+0.48	+0.57%
MQG	Macquarie Group	213.83	−3.01	−1.39%
RIO	Rio Tinto	159.43	+6.56	+4.29%
WOW	Woolworths	31.20	+0.19	+0.61%
TLS	Telstra	4.93	+0.04	+0.82%
GMG	Goodman Group	30.76	−0.60	−1.91%
TCL	Transurban	13.92	+0.04	+0.29%
SQ2	Block Inc			
ALL	Aristocrat Leisure	51.81	−1.50	−2.81%
NCM	Newcrest Mining			
REA	REA Group	177.75	−13.85	−7.23%
WDS	Woodside Energy	25.84	+0.78	+3.11%
XRO	Xero	80.82	−15.28	−15.90%

Commodities & Forex

TIO1!	IRON ORE
GC1!	GOLD
SI1!	SILVER
HG1!	COPPER
ZW1!	WHEAT
CL1!	CRUDE OIL
NG1!	NATURAL GAS
NCF1!	COAL
LTH1!	LITHIUM

AUDUSD	Australian Dollar / U.S. Dollar	0.70348	+0.21%	+0.00
AUDGBP	AUSTRALIAN DOLLAR / BRITISH POUND	0.5125	+0.06%	+0.0003
AUDEUR	AUSTRALIAN DOLLAR / EURO	0.5945	+0.07%	+0.0004
AUDNZD	Australian Dollar / New Zealand Dollar	1.16343	+0.22%	+0.00
AUDJPY	Australian Dollar / Japanese Yen	109.982	+0.58%	+0.64
AUDCNY	AUSTRALIAN DOLLAR / CHINESE YUAN	4.8759	+0.18%	+0.0090
AUDTHB	AUSTRALIAN DOLLAR / THAI BAHT	22.191	−0.14%	−0.032
AUDIDR	AUSTRALIAN DOLLAR / INDONESIAN ...	11,791.6	+0.04%	+4.4

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Economic Calendar

20:15	ADP National Employment	48 K Person	41 K Person
21:45	S&P Global Comp PMI Final		52.7 Index (diffusion)
22:00	ISM N-Mfg PMI	53.5 Index	53.8 Index
February 5			
16:30	S&P Global CONSTRUCTON PMI	42 Index (diffusion)	40.1 Index (diffusion)
19:00	BOE Bank Rate	3.75%	
	BOE MPC Vote Cut	2 Number of	
	BOE MPC Vote Hike	0 Number of	
	BOE MPC Vote Unchanged	7 Number of	
20:15	ECB Deposit Rate *	2%	
	ECB Refinancing Rate *	2.15%	
20:30	Initial Jobless Clm *	212 K Person	209 K Person
February 6			
20:30	Non-Farm Payrolls	70 K Person	50 K Person
	Unemployment Rate	4.4%	4.4%
February 7			