


Support / Potential “buy” levels
\$8,497.6.
Resistance
\$9,094.7.
KEY TAKEAWAYS
Australian shares slip as inflation surprise rattles rate-cut hopes

Australian shares fell sharply on Wednesday as stronger-than-expected inflation data dampened hopes for imminent rate cuts. The ASX 200 dropped 0.96%, led by declines in Healthcare, Industrials and Financials. Nick Scali surged 12.76% to a record A\$25.36, while Paladin Energy and Sims Metal Management also gained strongly. DroneShield, Objective Corp and Austal were among the weakest performers.

Australia’s annual inflation jumped to 3.2% in Q3 from 2.1% in Q2, the highest in over a year and above forecasts of 3%. Goods inflation surged to 3.0% as fuel costs spiked 23.6%, while the RBA’s trimmed mean rose to 3.0%, exceeding expectations. The data prompted investors to slash bets on near-term policy easing, with odds of a November rate cut falling to just 8% from 40%.

The Australian dollar strengthened above US\$0.660, while 10-year bond yields climbed to 4.22%, their highest in two weeks. Global sentiment was steadier, with Chinese equities rising ahead of a Trump–Xi meeting and Nvidia gaining on AI optimism. WTI crude hovered near US\$60 amid oversupply

worries, while gold steadied at US\$3,980. The inflation shock underscored persistent price pressures, signalling that the Reserve Bank may keep rates higher for longer.

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MARKET MOVERS

Australian shares fell sharply on Wednesday as a hotter-than-expected inflation print sent interest-rate cut expectations tumbling, lifting bond yields and the Australian dollar while weighing on interest rate-sensitive sectors.

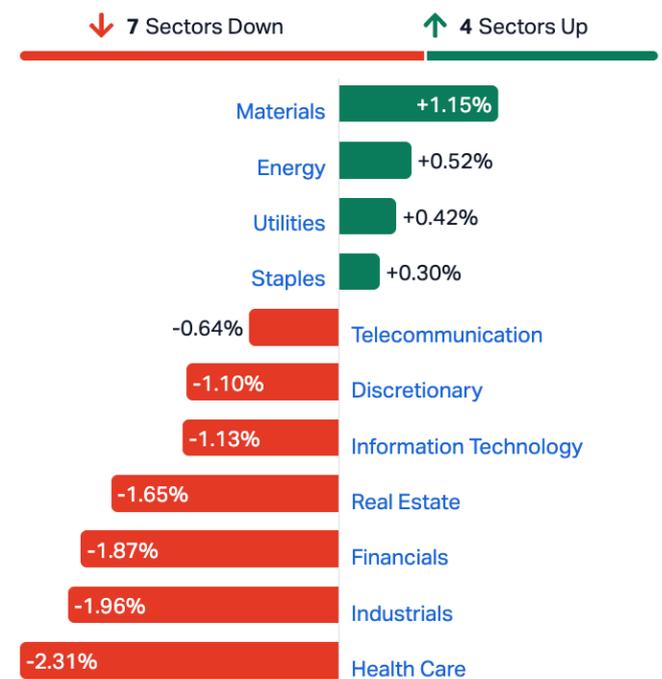


The ASX 200 closed down 0.96% in Sydney, with the retreat led by losses in Healthcare, Industrials and Financials, as investors recalibrated their outlook for monetary easing by the Reserve Bank of Australia.

At the close, the benchmark index stood notably lower, as markets digested a series of data releases that painted a picture of sticky inflation and a resilient domestic economy. The mood across the trading floor was cautious, even as a few individual names bucked the broader decline.

Among the day's standout performers, Nick Scali Ltd (ASX:NCK) surged 12.76% to A\$25.36, hitting an all-time high after the furniture retailer reported robust quarterly sales and margin expansion. Paladin Energy Ltd (ASX:PDN) climbed 11.57% to A\$8.97 amid renewed optimism in uranium markets, while Sims Metal Management Ltd (ASX:SGM) advanced 8.52% to A\$15.80 on the back of stronger scrap metal prices.

In contrast, DroneShield Ltd (ASX:DRO) plunged 11.68% to A\$4.20 after a disappointing trading update, while Objective Corp Ltd (ASX:OCL) shed 7.76% to A\$17.77 and Austal Ltd (ASX:ASB) fell 6.41% to A\$6.86 amid weaker order visibility. Decliners narrowly outnumbered advancers, with 542 stocks falling versus 587 rising, while 399 ended unchanged. The S&P/ASX 200 VIX, a measure of implied volatility, rose 4.55% to 11.82, underscoring heightened uncertainty around the policy outlook.



That uncertainty was amplified by fresh data showing that Australia's annual inflation rate jumped to 3.2% in the third quarter of 2025, up from 2.1% in the previous quarter and marking the highest level since the second quarter of 2024. The figure overshot market expectations of 3.0%, highlighting renewed price pressures across key categories.

Goods inflation surged to a five-quarter peak of 3.0%, up sharply from 1.1% in Q2, fuelled by a 23.6% spike in automotive fuel and a faster rise in electricity costs, which climbed 9% compared with 8.1% previously. Food prices rose 3.1%, alcohol and tobacco were up 5.9%, clothing costs increased 2.4%, housing jumped 4.7%, and healthcare rose

4.2%. Transport costs also rebounded to 0.8% after falling 2.6% in the previous quarter.

Services inflation accelerated to 3.5% from 3.3%, marking its first uptick in over a year, driven by higher costs in recreation and other discretionary categories. The RBA's trimmed mean inflation—the central bank's preferred gauge of underlying price pressures—rose to 3.0% year-on-year, exceeding both forecasts and the prior 2.7%, marking the highest reading since late 2024.

The inflation surprise quickly rippled through financial markets. The Australian dollar strengthened to above US\$0.660, its highest in three weeks, as traders pared back rate-cut bets.



Crosses	Price		Day	Year	Date
AUDUSD	0.66065	▲ 0.00216	0.33%	0.49%	13:56
EURAUD	1.7604	▼ -0.0089	-0.51%	6.56%	Oct/29
GBPAUD	2.0032	▼ -0.0121	-0.60%	1.61%	Oct/29
AUDNZD	1.1414	▲ 0.0027	0.24%	3.68%	Oct/29
AUDJPY	100.5030	▲ 0.3360	0.34%	-0.25%	Oct/29
AUDCNY	4.6891	▲ 0.0169	0.36%	0.11%	Oct/29
AUDCHF	0.5248	▲ 0.0023	0.44%	-7.84%	Oct/29
AUDCAD	0.9205	▲ 0.0022	0.24%	0.71%	Oct/29

The monthly CPI rose 3.5% year-on-year in September, up from 3.0% in August, well above expectations of 3.1%, marking the highest reading since July 2024. With inflation running above the Reserve Bank's 2–3% target band, investors reassessed the likelihood of near-term monetary easing.

Market-implied probabilities for a 25-basis point rate cut at the RBA's November 4 meeting tumbled to just 8%, down sharply from 40% prior to the data release. The odds of a December move fell to 22% from 47%. The central bank's cautious tone has reinforced the view that the policy board

remains vigilant against a premature loosening of financial conditions.

The bond market reacted swiftly. Australia's 10-year government bond yield climbed to 4.22%, a two-week high, as investors adjusted to the prospect of rates staying higher for longer.



Bonds	Yield	Day	Month	Year	Date
Australia 10Y	4.2290	▲ 0.06%	-0.095%	-0.236%	13:56
Australia 52W	3.59	▲ 0.115%	0.013%	-0.554%	Oct/29
Australia 20Y	4.81	▲ 0.039%	-0.106%	-0.113%	Oct/29
Australia 2Y	3.55	▲ 0.117%	0.042%	-0.444%	Oct/29
Australia 30Y	4.89	▲ 0.037%	-0.099%	-0.051%	Oct/29
Australia 3Y	3.58	▲ 0.125%	0.006%	-0.389%	Oct/29
Australia 5Y	3.74	▲ 0.094%	-0.037%	-0.335%	Oct/29
Australia 7Y	3.97	▲ 0.076%	-0.079%	-0.319%	Oct/29

RBA Governor Michele Bullock had earlier suggested that the labour market remains "tight by historical standards", even as unemployment has edged up in recent months—a statement markets now see as a sign that policymakers are unlikely to rush into cuts.

The inflation-driven repricing also reverberated across the region. In China, stocks advanced modestly ahead of a highly anticipated meeting between President Xi Jinping and US President Donald Trump, with investors hopeful for progress on trade relations.

The Shanghai Composite added 0.1% to close above 3,990, while the Shenzhen Component gained 0.7% to 13,520. Optimism grew that the two leaders might agree on a framework to halt planned US tariff increases and lift restrictions on China's rare earth exports.

On the corporate front, Ping An Insurance rose more than 2% after reporting an 11.5% increase in nine-month profit, supported by stronger investment returns. Bank of China shares climbed to a two-month high after posting a 5% gain in third-quarter earnings.



Meanwhile, US equity futures pointed to gains on Wall Street, buoyed by optimism around artificial intelligence and upcoming Big Tech earnings.



Indexes	Price	Day	Month	Year	Date
US30	47697	▼ 10 -0.02%	2.80%	13.18%	13:57
US400	3,281.23	▼ -28.33 -0.86%	0.61%	4.43%	Oct/28
US2000	2,508.07	▼ -12.37 -0.49%	2.99%	12.06%	Oct/28
US500	6913.44	▲ 22.55 0.33%	3.36%	18.91%	13:57
US100	26151	▲ 139 0.53%	5.96%	28.27%	13:57
USVIX	16.42	▲ 0.63 0.63%	0.30%	-2.92%	Oct/28

Nvidia surged more than 8% in Asian trading after President Trump said he planned to discuss the company's Blackwell chips with Xi Jinping. The chipmaker's CEO Jensen Huang announced new AI partnerships and dismissed concerns of a speculative bubble. Investors awaited earnings from Alphabet, Meta, and Microsoft later in the session, with

Apple and Amazon to follow. The Federal Reserve is widely expected to cut rates by 25 basis points, with traders closely watching Chair Jerome Powell's remarks for clues on the trajectory of future easing.

In commodities, WTI crude oil hovered near US\$60 a barrel, extending its three-day slide as traders weighed fresh US sanctions on Russian energy firms against signs of global oversupply.



	Price	Day	Month	Year	Date
Crude Oil	60.300	▲ 0.15 0.25%	-3.32%	-12.11%	13:57
Brent	64.608	▲ 0.208 0.32%	-2.15%	-10.46%	13:57
Natural gas	3.8519	▼ 0.0151 -0.39%	16.71%	35.49%	13:57
Gasoline	1.9386	▲ 0.0023 0.12%	1.11%	-1.38%	13:57
Heating Oil	2.3850	▼ 0.0022 -0.09%	2.49%	8.89%	13:57
Coal	104.25	▲ 0 0%	-2.34%	-28.23%	Oct/28
Ethanol	1.84	▲ 0.1450 8.58%	-7.79%	20.33%	Oct/28
Urals Oil	58.86	▼ -2.00 -3.29%	-6.63%	-9.60%	Oct/27

While India's refiners temporarily paused new Russian orders, markets doubted sanctions alone would tighten supply, especially as OPEC+ reportedly considers another output hike.

Gold steadied around US\$3,980 per ounce, snapping a two-day losing streak as investors looked ahead to the Fed's policy decision. The metal remains up roughly 50% this year, buoyed by central bank buying and ongoing macro uncertainty.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D* Commonwealth Bank	170.40 -3.62 -2.08%	 WOW^D* Woolworths	27.61 +0.65 +2.41%
 BHP^D* BHP	43.89 +0.55 +1.27%	 TLS^D* Telstra	4.92 -0.03 -0.61%
 CSL^D* CSL	170.77 -7.09 -3.99%	 GMG^D* Goodman Group	33.45 -0.47 -1.39%
 WBC^D* Westpac Bank	38.29 -1.21 -3.06%	 TCL^D* Transurban	14.76 -0.28 -1.86%
 NAB^D* National Australia Bank	43.44 -1.18 -2.64%	 SQ2 Block Inc	
 ANZ^D* ANZ	36.95 -0.15 -0.40%	 ALL^D* Aristocrat Leisure	65.23 -1.05 -1.58%
 FMG^D* Fortescue Metals	20.92 +0.20 +0.97%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	92.66 -1.55 -1.65%	 REA^D* REA Group	219.38 -3.22 -1.45%
 MQG^D* Macquarie Group	224.14 -2.31 -1.02%	 WDS^D* Woodside Energy	24.16 -0.10 -0.41%
 RIO^D* Rio Tinto	133.35 +0.63 +0.47%	 XRO^D* Xero	150.76 -3.02 -1.96%

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Commodities & Forex

 TIO1!^o IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.66038 +0.30% +0.00
 GC1!^o GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4987 +0.67% +0.0033
 SI1!^o SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5678 +0.51% +0.0029
 HG1!^o COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.14126 +0.27% +0.00
 ZW1!^o WHEAT	 AUDJPY Australian Dollar / Japanese Yen	100.485 +0.37% +0.37
 CL1!^o CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.6886 +0.35% +0.0163
 NG1!^o NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	21.318 +0.26% +0.055
 NCF1!^o COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	10,977.4 +0.53% +57.9
 LTH1!^o LITHIUM		

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Economic Calendar

		Actual	Forecast	Prior
				
October 29				
21:00	  Non-Farm Payrolls ▾		50 K Person	22 K Person
	 Unemployment Rate ▾		4.3%	4.3%
October 30				
01:00	  Fed Funds Tgt Rate ▾		3.875%	
17:00	  Consumer Confid. Final * ▾		-14.2 Net balance	-14.9 Net balance
	 Unemployment Rate ▾		6.3%	6.3%
19:30	  Initial Jobless Clm ▾			
20:15	  ECB Deposit Rate * ▾			2%
	 ECB Refinancing Rate * ▾			2.15%
October 31				
08:30	  NBS Manufacturing PMI* ▾		49.6 Index (diffusion)	49.8 Index (diffusion)
November 3				
22:00	  ISM Manufacturing PMI ▾			49.1 Index
November 4				
22:00	  JOLTS Job Openings ▾			7.227 M Person
November 5				