


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

KEY TAKEAWAYS

ASX 200 holds ground as risk appetite fades

Australian shares finished marginally higher on Thursday, with the ASX 200 adding 0.03% in a session that felt more like marking time than making progress. Gains in consumer staples, telecoms and A-REITs offset weakness in resources and technology, leaving the index flat in spirit despite the positive close. Austal jumped 5.05% and led the market, while Premier Investments and Zip Co also found support. The tone underneath was softer, however, with decliners outnumbering advancers and Codan, Liontown and Paladin Energy posting sharp losses. Volatility stayed low, with the ASX 200 VIX easing below 10.

Macro signals kept investors cautious. Inflation expectations ticked up to 4.7%, reinforcing the sense that price pressures remain stubborn and policy settings restrictive. The Australian dollar slipped below US\$0.660 as global risk appetite weakened, tracking declines in US tech shares tied to AI spending concerns. Offshore, Chinese equities were mixed, US stocks fell ahead of key inflation data, oil rebounded on geopolitical tension, and gold hovered near record highs as rate-cut expectations lingered.

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MARKET MOVERS

Australian equities edged modestly higher on Thursday, with the ASX 200 closing up 0.03% after a session that was characterised less by conviction than by selective sector support. Gains in Consumer Staples, Telecoms Services and A-REITs provided just enough ballast to offset weakness elsewhere, leaving the benchmark index little changed but marginally in positive territory by the close in Sydney.



At the stock level, defence shipbuilder Austal led the market, climbing 5.05% to 6.24 as buyers returned aggressively after recent softness. Premier Investments advanced 2.78% to 14.44, extending its recovery as discretionary names found pockets of support, while Zip Co rose 2.38% to 3.01, continuing a rebound that has gathered pace amid improving sentiment toward higher beta consumer finance stocks. On the downside, Codan was the session's clear laggard, tumbling 7.46% to 26.93 as selling pressure

intensified in technology-linked industrials. Lithium exposure again weighed on sentiment, with Liontown Resources sliding 4.62% to 1.45, while uranium producer Paladin Energy fell 4.81% to 8.32. Market breadth was weak despite the flat headline result, with falling stocks outnumbering advancers by 637 to 493, and 419 names ending unchanged. Volatility remained subdued, with the S&P/ASX 200 VIX easing 0.96% to 9.96, underscoring the market's current state of uneasy calm.

Australian consumer inflation expectations rose to 4.7% in December from November's three-month low of 4.5%, reinforcing concerns that price pressures remain sticky.

The lift followed the Reserve Bank of Australia's decision earlier this month to hold the cash rate at 3.6% for a fourth consecutive meeting. Governor Michele Bullock has recently acknowledged that third-quarter inflation ran slightly stronger than expected, driven partly by temporary factors but also by areas showing persistence. She has highlighted the distortion caused by electricity rebates, which depress headline inflation while in place but mechanically lift it once they roll off. Annual inflation accelerated to 3.8% in October from 3.6%, the highest reading in ten months and still uncomfortably above the RBA's 2–3% target band. Bullock has warned that if inflation proves more persistent and fails to return toward the desired corridor, it could tighten financial conditions and force the board to keep rates higher for longer or even consider further increases.

Currency markets reflected this cautious tone. The Australian dollar slipped below US\$0.660, extending its losing streak to a sixth session and touching a two-week low as global risk appetite deteriorated.

The currency, often treated as a proxy for risk sentiment, has tracked Wall Street closely in recent months, and that relationship was again evident as global equities retreated on renewed selling in technology stocks. Investors remain wary that companies are taking on increasing levels of debt to fund artificial intelligence investment. Even so, interest rate markets continue to price in the possibility of further tightening, with at least one RBA hike expected next year. Probabilities imply around a 25% chance of a move in February, rising to 40% in March and roughly 70% by May. The federal government's sharply revised inflation outlook this week has reinforced the perception of a hawkish bias. Attention now turns to the release of the RBA's December meeting minutes next week, which are expected to shed more light on the board's assessment of inflation risks.



Crosses	Price	Day	Year	Date
AUDUSD	0.66072	▲ 0.00029 0.04%	5.91%	13:47
EURAUD	1.7776	▼ -0.0001 -0.01%	7.02%	Dec/18
GBPAUD	2.0230	▼ -0.0023 -0.11%	0.95%	Dec/18
AUDNZD	1.1467	▲ 0.0030 0.26%	3.55%	Dec/18
AUDJPY	102.9990	▲ 0.1755 0.17%	4.87%	Dec/18
AUDCNY	4.6494	▼ -0.0004 -0.01%	1.96%	Dec/18
AUDCHF	0.5253	▼ -0.0002 -0.04%	-6.31%	Dec/18
AUDCAD	0.9100	▼ -0.0005 -0.06%	1.31%	Dec/18

In Asia, mainland Chinese equities struggled for direction amid global pressure on technology shares. The Shanghai Composite edged up 0.1% to above 3,870, while the Shenzhen Component fell 0.7% to 13,130.

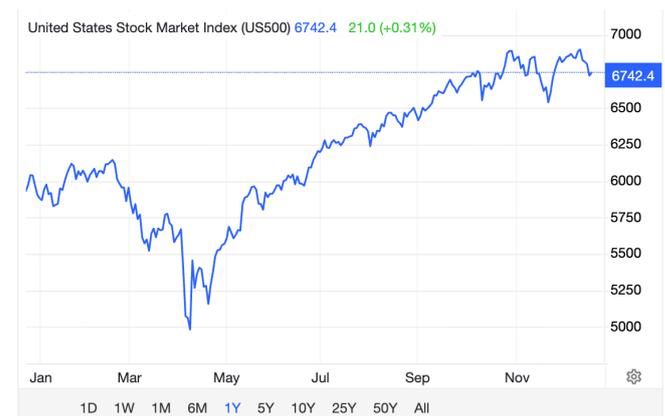


Indexes	Price	Day	Month	Year	Date
HK50	25,380.00	▼ -88.78 -0.35%	-1.74%	28.49%	Dec/18
SHANGHAI	3880	▲ 9 0.24%	-1.70%	15.12%	13:47
CSI 300	4,557.72	▼ -22.16 -0.48%	-0.67%	15.52%	Dec/18
SHANGHAI 50	2,999.97	▲ 8.29 0.28%	-0.67%	12.71%	Dec/18
CH50	15,166.21	▼ -49.01 -0.32%	-0.93%	13.05%	Dec/18

Concerns over elevated valuations and heavy artificial intelligence spending weighed on sentiment, exacerbated by reports that Blue Owl Capital withdrew funding from one of Oracle's data centre projects. Technology and AI-linked stocks were broadly lower, with declines in Eoptolink

Technology, Zhongji Innolight, Foxconn Industrial, Victory Giant and MetaX Integrated Circuits. In the property sector, China Vanke remained under scrutiny as it continued to seek extensions from lenders and bondholders on interest payments, highlighting ongoing liquidity stress.

US markets offered little relief. Stock futures steadied ahead of the closely watched November inflation report, which is expected to show price pressures remain above the Federal Reserve's target.



Indexes	Price	Day	Month	Year	Date
US30	47928	▲ 42 0.09%	3.90%	13.21%	13:47
US400	3,306.75	▼ -16.02 -0.48%	4.77%	6.24%	Dec/17
US2000	2,492.29	▼ -27.01 -1.07%	6.11%	11.69%	Dec/17
US500	6742.41	▲ 20.98 0.31%	1.52%	14.94%	13:47
US100	24775	▲ 128 0.52%	0.59%	17.41%	13:47
USVIX	17.62	▲ 1.14 1.14%	-7.07%	-10.00%	Dec/17

In after-hours trading, Micron Technology surged about 7% after reporting stronger-than-expected fiscal first-quarter earnings and revenue, alongside an upbeat outlook. Investors are now bracing for another wave of corporate results, including from Nike, Cintas, FedEx, FactSet and CarMax. During regular trading on Wednesday, US equities sold off sharply, with the Dow down 0.47%, the S&P 500 lower by 1.16% and the Nasdaq Composite sliding 1.81%. Losses were concentrated in heavyweight semiconductor stocks tied to the AI theme. Oracle dropped 5.4% following reports that its largest data centre partner declined to back plans for a US\$10 billion facility, while Nvidia fell 3.8%, Broadcom 4.5% and AMD 5.3%.

Commodity markets were more supportive. WTI crude oil futures climbed above US\$56 a barrel, extending a rebound from a near five-year low as geopolitical tensions resurfaced.

The US ordered a full shutdown of maritime traffic involving sanctioned oil tankers linked to Venezuela, following last

week's seizure of a blacklisted vessel. At the same time, Washington is moving toward tougher sanctions on Russia's energy sector in an effort to push peace talks over Ukraine, raising the risk of supply disruptions.

Gold eased modestly to around US\$4,330 an ounce but remained close to the record highs set in October.



	Price	Day	Month	Year	Date
Crude Oil	56.511	▲ 0.571 1.02%	-4.66%	-18.58%	13:47
Brent	60.205	▲ 0.525 0.88%	-5.23%	-17.42%	13:47
Natural gas	4.0734	▲ 0.0494 1.23%	-10.21%	13.99%	13:47
Gasoline	1.7034	▼ 0.01 -0.58%	-12.10%	-11.07%	13:47
Heating Oil	2.1632	▲ 0.0137 0.64%	-17.93%	-2.92%	13:47
Coal	108.60	▲ 0 0%	-2.60%	-15.55%	Dec/17
Ethanol	1.59	▲ 0.0100 0.63%	-4.50%	0.95%	Dec/17
Urals Oil	49.43	▼ -1.92 -3.74%	-10.03%	-26.32%	Dec/16

	Price	Day	Month	Year	Date
Gold	4334.42	▼ 4.05 -0.09%	6.27%	67.11%	13:48
Silver	66.478	▲ 0.303 0.46%	29.44%	129.01%	13:48
Copper	5.3332	▼ 0.0222 -0.41%	5.78%	32.62%	13:48
Steel	3,084.00	▼ -3.00 -0.10%	0.85%	-4.55%	Dec/18
Lithium	97,550.00	▲ 500 0.52%	9.73%	29.21%	Dec/18
Platinum	1,982.50	▲ 54.50 2.83%	27.61%	115.07%	Dec/18
Iron Ore	106.61	▲ 0.25 0.24%	2.21%	1.80%	Dec/17

US inventory data added to the constructive tone, with EIA figures showing crude stockpiles fell by 1.27 million barrels last week, marking a second consecutive draw and slightly exceeding expectations. Inventories at the Cushing, Oklahoma hub recorded their largest decline in almost two months, though gasoline and distillate stocks increased.

Expectations of further US rate cuts and persistent geopolitical risks continued to underpin demand for the metal. Federal Reserve governor Christopher Waller reiterated his support for additional easing, while emphasising that policymakers could proceed cautiously. His comments followed labour market data showing further cooling, with the unemployment rate rising to a four-year high and November job gains failing to compensate for October's slowdown. With the delayed US CPI report due later in the day, investors remain alert to any confirmation that inflation is easing sufficiently to justify lower rates. Against a backdrop of escalating tensions, from US action against Venezuelan oil shipments to Russia's uncompromising stance on Ukraine, the appeal of defensive assets remains firmly in place.

Regards,
 Mark Elzayed
 Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D Commonwealth Bank	155.00 +1.14 +0.74%	 WOW^D Woolworths	29.48 +0.29 +0.99%
 BHP^D BHP	44.88 +0.47 +1.06%	 TLS^D Telstra	4.82 +0.01 +0.21%
 CSL^D CSL	173.99 +0.60 +0.35%	 GMG^D Goodman Group	28.66 -0.02 -0.07%
 WBC^D Westpac Bank	38.25 -0.20 -0.52%	 TCL^D Transurban	14.39 -0.06 -0.42%
 NAB^D National Australia Bank	41.79 -0.23 -0.55%	 SQ2 Block Inc	
 ANZ^D ANZ	36.04 -0.06 -0.17%	 ALL^D Aristocrat Leisure	56.85 +0.02 +0.04%
 FMG^D Fortescue Metals	22.61 +0.16 +0.71%	 NCM Newcrest Mining	
 WES^D Wesfarmers	80.74 +0.38 +0.47%	 REA^D REA Group	185.43 +1.98 +1.08%
 MQG^D Macquarie Group	197.60 -1.92 -0.96%	 WDS^D Woodside Energy	22.80 -0.62 -2.65%
 RIO^D Rio Tinto	142.88 +1.48 +1.05%	 XRO^D Xero	113.04 +2.78 +2.52%



Commodities & Forex

 TIO1! IRON ORE		 AUDUSD Australian Dollar / U.S. Dollar	0.66065 +0.05% +0.00
 GC1! GOLD		 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4939 +0.12% +0.0006
 SI1! SILVER		 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5625 0.00% 0.0000
 HG1! COPPER		 AUDNZD Australian Dollar / New Zealand Dollar	1.14660 +0.32% +0.00
 ZW1! WHEAT		 AUDJPY Australian Dollar / Japanese Yen	102.997 +0.19% +0.19
 CL1! CRUDE OIL		 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.6510 -0.01% -0.0005
 NG1! NATURAL GAS		 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	20.773 -0.01% -0.002
 NCF1! COAL		 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	11,051.9 +0.21% +22.7
 LTH1! LITHIUM			



Economic Calendar

		+3		
December 18				
			Actual	Forecast
				Prior
			ECB refinancing rate * \downarrow	2.15%
20:30			Core CPI MM, SA \downarrow	0.3%
			Core CPI YY, NSA \downarrow	3%
			CPI MM, SA \downarrow	0.3%
			CPI YY, NSA \downarrow	3.1%
			Initial Jobless Clm * \downarrow	225 KPerson
				236 KPerson
December 19				
			Actual	Forecast
				Prior
22:00			Consumer Confid. Flash * \downarrow	-14 Net balance
				-14.2 Net balance
			Existing Home Sales \downarrow	4.15 MNumber of
				4.1 MNumber of
December 22				
			Actual	Forecast
				Prior
14:00			GDP QQ \downarrow	0.1%
				0.3%
			GDP YY \downarrow	
				1.4%
December 24				
			Actual	Forecast
				Prior
20:30			Initial Jobless Clm * \downarrow	
December 31				
			Actual	Forecast
				Prior
08:30			NBS Manufacturing PMI* \downarrow	49.2 Index (diffusion)