


Support / Potential "buy" levels
\$8,700.
Resistance
\$9,000.

KEY TAKEAWAYS

Australia equities absorb rate shock and rally as banks and miners steady the tape

Australian shares ended Tuesday on a steadier footing, with the S&P/ASX 200 up 0.89% despite the Reserve Bank of Australia delivering its first rate hike in more than two years. Investors appeared relieved that the policy uncertainty had passed, choosing instead to focus on sector fundamentals. Banks led the rebound, with Commonwealth Bank (ASX:CBA) rising 1.6% and its major peers all gaining more than 1%, helped by expectations of stronger margins. Miners also recovered as gold rebounded sharply, lifting names such as Newmont (ASX:NEM), while market volatility eased, with the ASX 200 VIX down nearly 8%.

Energy was the clear laggard as oil prices slid on easing geopolitical tensions, weighing on Woodside (ASX:WDS) and Santos (ASX:STO). Still, broader sentiment held up, supported by gains across Asia and Wall Street, a firmer Australian dollar near \$0.70 and evidence that investors remain confident the economy can absorb higher rates without derailing growth.

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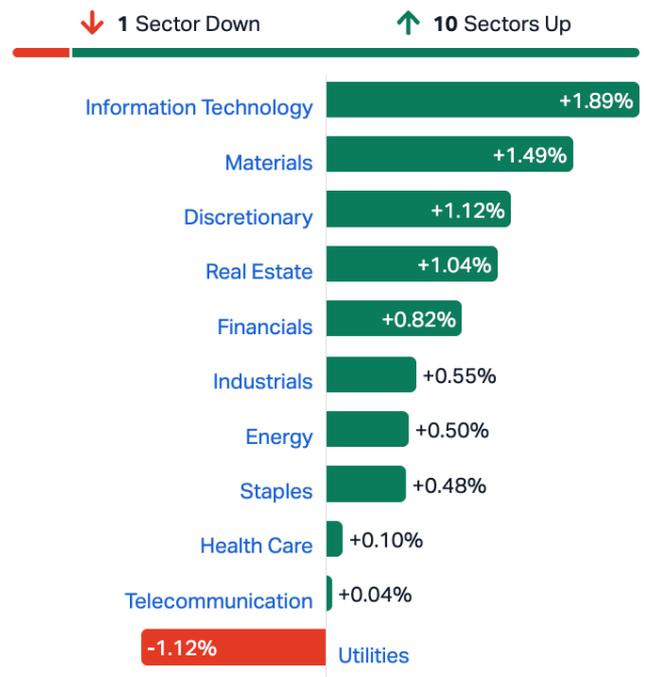
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with the S&P/ASX 200 VIX falling 7.93% to 11.58, signalling a calmer tone after Monday's turbulence.



MARKET MOVERS

S&P/ASX 200 closes higher despite first RBA hike in more than two years



Australian equities finished firmly higher on Tuesday, shrugging off the Reserve Bank of Australia's first interest rate increase since November 2023. The S&P/ASX 200 rose 0.89% to close near 8,857 points, recovering much of the prior session's losses as investors pivoted from policy uncertainty to sector fundamentals. Gains were led by Gold, IT and Metals & Mining, while energy lagged amid a sharp pullback in crude prices.

Market breadth was constructive. Advancers outnumbered decliners by 727 to 435 on the Sydney Stock Exchange, with 349 stocks unchanged. Implied volatility eased materially,

Stock-level winners and laggards highlight sector rotation

At the index level, performance dispersion reflected a renewed appetite for growth and cyclicals. DroneShield Ltd (ASX:DRO) led the market, climbing 7.54% to 3.71, while Newmont Corporation DRC (ASX:NEM) gained 5.95% to 165.24 as gold prices rebounded sharply overnight. L1 Long Short Fund Ltd (ASX:LSF) advanced 5.56% to 4.18.

On the downside, Neuren Pharmaceuticals Ltd (ASX:NEU) fell 9.85% to 14.65 amid profit-taking, while Contact Energy Ltd (ASX:CEN) dropped 5.88% to 8.00. Ventia Services Group Ltd (ASX:VNT) declined 4.14% to 5.56, reflecting weakness in select defensive names.

Banks take the lead as higher rates lift margin expectations

Financials provided the market's anchor as investors reassessed the implications of higher policy rates. Commonwealth Bank (ASX:CBA) rose 1.6% to \$152.31, reclaiming its position as the largest company on the exchange. Westpac (ASX:WBC), ANZ Group (ASX:ANZ) and National Australia Bank (ASX:NAB) all traded more than 1% higher, supported by expectations of improved net interest margins.

The rally underscored a broader recalibration rather than a wholesale repricing of risk. While the RBA cautioned that inflation is likely to remain above target for some time, investors appeared comforted by the clarity delivered by the policy decision and the resilience of domestic demand.

Materials rebound as gold and bulk commodities stabilise

The materials complex staged a decisive recovery after a gold-led rout in the previous session. BHP Group (ASX:BHP) rose 1.5% and Rio Tinto (ASX:RIO) added 1.2% as commodity prices steadied. Gold miners regained footing as bullion rebounded to above US\$4,800 an ounce, with Northern Star Resources (ASX:NST) and Evolution Mining (ASX:EVN) among the beneficiaries.

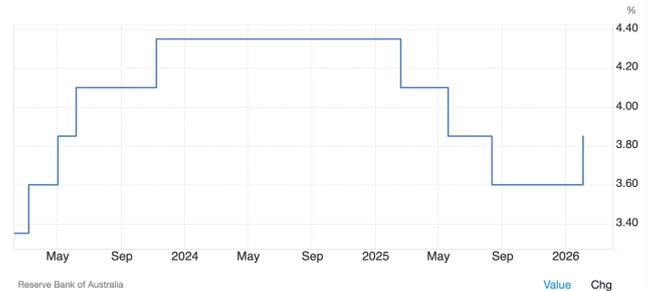
NRW Holdings (ASX:NRW) stood out, jumping 4.3% after announcing new civil contracts worth \$270 million, reinforcing confidence in forward order books across mining services.

Energy lags as oil slides on geopolitics and supply

Energy was the sole major sector in negative territory. Woodside Energy (ASX:WDS) and Santos (ASX:STO) traded lower after Brent crude suffered its largest one-day drop in six months, falling below US\$67 per barrel. WTI futures slid under US\$62 as easing Middle East tensions and renewed US–Iran talks reduced the geopolitical premium embedded in oil prices. OPEC+ reaffirmed plans to keep March output steady, reinforcing ample supply amid weak seasonal demand.

RBA pivots back to tightening as inflation risks resurface

The policy backdrop dominated macro discussion. The RBA unanimously raised the cash rate by 25 bps to 3.85% at its first meeting of 2026, marking a clear pivot away from last year’s easing cycle. Policymakers cited intensifying inflation pressures in the second half of 2025, faster-than-expected private demand and a tight labour market. While acknowledging progress in disinflation, the board stressed that price stability remains the priority and that future moves will be data dependent.



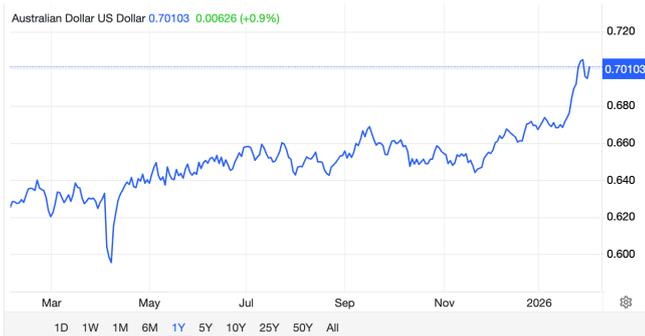
Australia’s 10-year government bond yield jumped to 4.86%, its highest level since November 2023. In its quarterly Statement on Monetary Policy, the RBA lifted forecasts for inflation, growth and employment, noting that trimmed mean inflation is expected to remain above the 2–3% target range through 2025 and not reach the midpoint until after 2027.



Bonds	Yield	Day	Month	Year	Date
Australia 10Y	4.8270 ▲	0.00%	0.033%	0.399%	13:08
Australia 52W	4.14 ▲	0.066%	0.184%	0.199%	Feb/03
Australia 20Y	5.29 ▲	0.038%	0.042%	0.387%	Feb/03
Australia 2Y	4.26 ▲	0.041%	0.195%	0.457%	Feb/03
Australia 30Y	5.34 ▲	0.040%	0.046%	0.385%	Feb/03
Australia 3Y	4.28 ▲	0.027%	0.141%	0.503%	Feb/03
Australia 5Y	4.42 ▲	0.018%	0.103%	0.495%	Feb/03
Australia 7Y	4.61 ▲	0.006%	0.058%	0.422%	Feb/03

Currency and rates react as markets reassess the path ahead

The Australian dollar rose toward \$0.70, snapping a two-session decline as investors digested the rate decision. The move positioned the RBA as the first major central bank to tighten in 2026, a contrast that lent near-term support to the currency. Attention now turns to Governor Michele Bullock’s press conference for guidance on the balance between curbing inflation and sustaining growth.



Crosses	Price		Day	Year	Date	
AUDUSD	0.70103	▲	0.00626	0.90%	12.05%	13:09
EURAUD	1.6855	▼	-0.0116	-0.68%	1.56%	Feb/03
GBPAUD	1.9542	▼	-0.0127	-0.64%	-2.06%	Feb/03
AUDNZD	1.1611	▲	0.0032	0.27%	4.85%	Feb/03
AUDJPY	108.9140	▲	0.7855	0.73%	12.84%	Feb/03
AUDCNY	4.8590	▲	0.0351	0.73%	6.71%	Feb/03
AUDCHF	0.5452	▲	0.0036	0.67%	-3.71%	Feb/03
AUDCAD	0.9573	▲	0.0068	0.72%	6.88%	Feb/03

Global markets provide a supportive backdrop

Regional and global cues were constructive. In China, the Shanghai Composite rose 0.5% above 4,030 and the Shenzhen Component gained 0.8% to 13,935 as easing metals volatility encouraged dip-buying. Mining stocks led gains, with Zijin Mining up 2.2% and Hunan Gold Corp rising 4.8%. Technology and AI-related names also rebounded after January manufacturing data showed acceleration ahead of the Lunar New Year.



Indexes	Price		Day	Month	Year	Date	
US30	49484	▲	76	0.15%	1.00%	11.02%	13:10
US400	3,467.47	▲	30.37	0.88%	2.22%	8.37%	Feb/02
US2000	2,640.68	▲	26.94	1.03%	3.64%	16.93%	Feb/02
US500	7003.01	▲	26.57	0.38%	1.43%	15.95%	13:10
US100	25913	▲	175	0.68%	1.97%	20.10%	13:10
USVIX	16.34	▼	-1.10	-1.10%	1.44%	-2.28%	Feb/02

US equity futures edged higher, buoyed by upbeat earnings. Palantir Technologies jumped about 6% after beating expectations, while Teradyne surged 23% on strong guidance. In regular trading, the Dow rose 1.05%, the S&P 500 gained 0.54% and the Nasdaq Composite advanced

0.56%, led by Apple, Micron and Sandisk. Nvidia fell 2.9% as uncertainty persisted over its stalled \$100 billion OpenAI investment.

Commodities rebound sharply, easing pressure on miners

Gold rose more than 3% to above US\$4,820 per ounce, rebounding from a near-5% sell-off the previous day that marked its steepest decline in more than a decade. The recovery reflected bargain hunting and easing geopolitical tensions, while uncertainty around delayed US labour market data due to a partial government shutdown added to safe-haven demand.



	Price		Day	Month	Year	Date	
Gold	4831.31	▲	171.35	3.68%	8.48%	69.79%	13:11
Silver	83.615	▲	4.406	5.56%	8.75%	159.68%	13:11
Copper	5.9618	▲	0.1363	2.34%	-0.71%	36.41%	13:11
Steel	3,083.00	▼	-8.00	-0.26%	0.49%	-5.37%	Feb/03
Lithium	160,500.00	▼	-7500	-4.46%	35.44%	106.70%	Jan/30
Platinum	2,161.40	▲	57.30	2.72%	-5.53%	116.16%	Feb/03
Iron Ore	102.66	▼	-2.96	-2.80%	-3.27%	-2.25%	Feb/02

Outlook

Tuesday's session illustrated a market willing to look through near-term policy tightening and focus on earnings resilience and sector fundamentals. With volatility receding and global risk sentiment stabilising, the S&P/ASX 200's ability to rally in the face of higher rates suggests investors remain confident in the underlying strength of the Australian economy, even as the RBA signals a cautious but firmer stance on inflation.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D* Commonwealth Bank	153.08 +1.60 +1.06%	 WOW^D* Woolworths	31.01 +0.10 +0.32%
 BHP^D* BHP	50.13 +0.71 +1.44%	 TLS^D* Telstra	4.89 -0.02 -0.41%
 CSL^D* CSL	178.11 +1.03 +0.58%	 GMG^D* Goodman Group	31.36 +0.67 +2.18%
 WBC^D* Westpac Bank	39.32 +0.40 +1.03%	 TCL^D* Transurban	13.88 +0.05 +0.36%
 NAB^D* National Australia Bank	43.04 +0.08 +0.19%	 SQ2 Block Inc	
 ANZ^D* ANZ	36.78 +0.03 +0.08%	 ALL^D* Aristocrat Leisure	53.31 +0.87 +1.66%
 FMG^D* Fortescue Metals	21.28 +0.10 +0.47%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	83.93 +0.46 +0.55%	 REA^D* REA Group	191.60 +4.03 +2.15%
 MQG^D* Macquarie Group	216.84 +5.07 +2.39%	 WDS^D* Woodside Energy	25.06 +0.15 +0.60%
 RIO^D* Rio Tinto	152.87 +2.89 +1.93%	 XRO^D* Xero	96.10 +2.41 +2.57%

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Commodities & Forex

 TIO1! IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.70076 +0.88% +0.01
 GC1! GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.5113 +0.63% +0.0032
 SI1! SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5932 +0.66% +0.0039
 HG1! COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.16106 +0.28% +0.00
 ZW1! WHEAT	 AUDJPY Australian Dollar / Japanese Yen	108.928 +0.80% +0.87
 CL1! CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.8602 +0.64% +0.0309
 NG1! NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	22.054 +0.53% +0.117
 NCF1! COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	11,747.8 +0.57% +66.2
 LTH1! LITHIUM		

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Economic Calendar

 							
February 3							
22:00			JOLTS Job Openings ∨		7.2 M Person	7.146 M Person	
February 4							
04:45			HLFS Unemployment Rate ∨		5.3%	5.3%	
16:30			S&P GLOBAL SERVICE PMI ∨		54.3 Index (diffusion)	51.4 Index (diffusion)	
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 CONSTRUCTION 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%	