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

KEY TAKEAWAYS

Australian shares close narrowly lower with eyes on rates and global cues

Australian shares ended Friday slightly lower, with the ASX 200 down 0.03%, a flat finish that concealed sharp moves beneath the surface. Losses in IT, A-REITs and miners offset strong gains elsewhere, notably Codan, which surged 16.83% to a record high, while AP Eagers and James Hardie also posted solid advances. Heavyweights weighed, led by Rio Tinto's 6.20% slide, as declining stocks narrowly outpaced gainers. Volatility eased, bond yields hovered near recent lows at 4.67%, and markets continued to debate whether the Reserve Bank will move as early as February, with odds priced around 24% to 25%.

The Australian dollar slipped below \$0.670 after weak trade data showed the surplus narrowing sharply. Offshore, Chinese equities rallied to multi-year highs on policy support, while US markets were cautious ahead of jobs data, rotating out of tech into defence. Oil rose on geopolitical tensions, while gold eased but remained up for the week.

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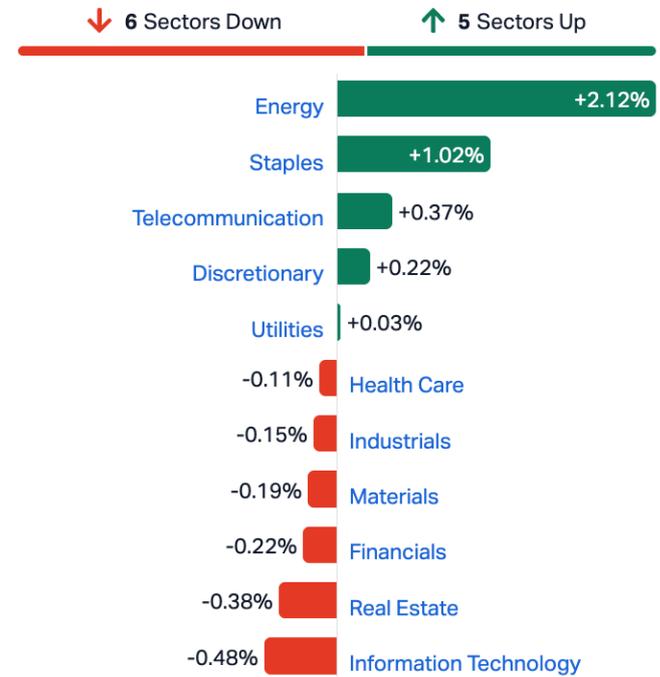
MARKET MOVERS

Australian equities ended Friday marginally lower, with the **ASX 200 slipping 0.03%** by the close in Sydney, a subdued finish that masked pronounced stock-level moves and reflected lingering caution around rates, commodities and global policy risks. Losses in the IT, A-REITs and Metals & Mining sectors weighed on the benchmark, offsetting pockets of strength elsewhere, as investors balanced domestic macro signals against a complex international backdrop.



Standout performances on the index were led by Codan Ltd, which surged 16.83%, or 5.31 points, to finish at 36.87, marking an all-time high for the stock. AP Eagers added 5.07%, rising 1.29 points to 26.72, while James Hardie Industries gained 4.64%, or 1.43 points, to close at 32.27 in late trade. At the other end of the spectrum, heavyweights in the resources space dragged, with Rio Tinto tumbling

6.20%, or 9.46 points, to 143.17. Nickel Mines fell 4.17% to 0.92, while Guzman Y Gomez declined 3.30%, or 0.71 points, to 20.79, sliding to an all-time low. Market breadth was finely balanced, with 574 stocks rising, 568 falling and 385 ending unchanged on the Sydney Stock Exchange.



Volatility indicators pointed to a relatively calm session despite the crosscurrents, with the **S&P/ASX 200 VIX easing 1.63% to 10.03**.

In fixed income, Australia's 10-year government bond yield edged up to **4.67%**, remaining close to an over one-month low as investors reassessed the Reserve Bank of Australia's policy trajectory.

Softer-than-expected inflation data for November reinforced expectations that the RBA may keep rates on hold in the near term. However, Deputy Governor Andrew Hauser cautioned that the figures were broadly in line with the central bank's forecasts, noting that the quarterly underlying inflation measure is likely to come in just a fraction above the 3.2% recorded in November. Attention has now turned to the full fourth-quarter CPI report due later this month, which is expected to play a decisive role in shaping the next policy decision. Markets are currently pricing a 24% chance of a rate hike in February, with around 30 bps of tightening expected through 2026, equivalent to just over one increase.



Bonds	Yield	Day	Month	Year	Date	
Australia 10Y	4.68	▲	0.009%	-0.129%	0.147%	Jan/09
Australia 52W	3.92	▲	0.022%	-0.048%	-0.112%	Jan/09
Australia 20Y	5.15	▲	0.017%	-0.113%	0.134%	Jan/09
Australia 2Y	3.99	▲	0.014%	-0.124%	0.099%	Jan/09
Australia 30Y	5.21	▲	0.017%	-0.083%	0.148%	Jan/09
Australia 3Y	4.05	▲	0.015%	-0.146%	0.134%	Jan/09
Australia 5Y	4.22	▲	0.012%	-0.145%	0.171%	Jan/09
Australia 7Y	4.43	▲	0.006%	-0.146%	0.134%	Jan/09

In currency markets, the Australian dollar weakened below \$0.670, retreating from fifteen-month highs as investors weighed the uncertain outlook for rates against weaker external data.



Crosses	Price	Day	Year	Date		
AUDUSD	0.66822	▼	0.0017	-0.25%	8.78%	14:39
EURAUD	1.7415	▲	0.0013	0.07%	4.51%	Jan/09
GBPAUD	2.0071	▲	0.0009	0.04%	1.05%	Jan/09
AUDNZD	1.1658	▲	0.0013	0.12%	5.38%	Jan/09
AUDJPY	105.2770	▲	0.1870	0.18%	8.57%	Jan/09
AUDCNY	4.8654	▼	-0.0121	-0.26%	3.10%	Jan/09
AUDCHF	0.5348	▼	-0.0005	-0.09%	-5.08%	Jan/09
AUDCAD	0.9273	▼	-0.0014	-0.15%	4.62%	Jan/09

Sentiment was dented by figures showing the trade surplus narrowed to AUD 2.94 billion in November, the smallest in three months and well below forecasts of AUD 4.9 billion. While some participants see scope for a near-term rate move, others argue that an abrupt tightening could unsettle an economy still emerging from a fragile recovery, particularly in the private sector where improvement has only recently become evident. Following November's mixed inflation readings, quarterly CPI data later this month is expected to provide clearer guidance. A senior RBA official

reiterated that while inflation is slowing, it remains too high, leaving policy finely balanced. A February hike is now priced at roughly 25%, with total tightening through 2026 seen at around 30 bps.

Across the region, Chinese equities provided a sharp contrast. The Shanghai Composite rose 0.92% to close at 4,120, while the Shenzhen Component advanced 1.15% to 14,120, with both indices hitting fresh multi-year highs.



Indexes	Price	Day	Month	Year	Date		
HK50	26,197.00	▲	47.69	0.18%	2.57%	37.41%	Jan/09
SHANGHAI	4,120.34	▲	37.36	0.92%	5.64%	30.04%	Jan/09
CSI 300	4,759.31	▲	21.66	0.46%	3.65%	27.51%	Jan/09
SHANGHAI 50	3,134.88	▲	12.82	0.41%	4.89%	22.44%	Jan/09
CH50	15,503.10	▲	26.02	0.17%	1.51%	21.29%	Jan/09

Gains came as investors digested December inflation data, which showed consumer prices rising at their fastest pace in nearly three years, driven largely by higher food costs that continue to mask underlying deflationary pressures. Producer prices fell for a 39th consecutive month, though the decline was the smallest since August 2024. Earlier in the week, the People's Bank of China pledged to cut the reserve requirement ratio and lower key policy rates to ensure ample liquidity. Defense and AI-linked stocks led the rally, including BlueFocus Intelligent, up 14.1%, Zhejiang Sanhua, up 5.1%, China Spacesat, up 4%, China Aerospace, up 10%, and Addisino Co, up 2.6%. Over the week, the Shanghai and Shenzhen benchmarks gained 3.82% and 4.4%, respectively.

In the United States, stock futures were little changed as investors awaited the December jobs report, a key release expected to shed further light on labour market conditions and the Federal Reserve's outlook.

Markets were also watching developments around a potential Supreme Court ruling on the legality of tariffs imposed during the Trump administration. In regular trading on Thursday, the Dow Jones Industrial Average rose 0.55%, the S&P 500 edged up 0.01%, and the Nasdaq Composite fell 0.44%, reflecting a rotation away from high-growth

technology stocks amid closer scrutiny of AI-related capital expenditure.



Indexes	Price		Day	Month	Year	Date	
US30	49306	▲	40	0.08%	2.59%	17.55%	14:40
US400	3,430.81	▲	13.53	0.40%	3.99%	10.69%	Jan/08
US2000	2,603.91	▲	28.49	1.11%	3.07%	18.94%	Jan/08
US500	6927.53	▲	6.07	0.09%	0.56%	18.85%	14:40
US100	25521	▲	14	0.05%	-1.02%	22.39%	14:40
USVIX	15.45	▲	0	0%	-0.32%	-4.09%	Jan/09

Semiconductor and AI-linked names bore the brunt of selling, with Nvidia down 2.2%, Micron Technology off 3.7%, Broadcom lower by 3.2%, AMD down 2.5% and Palantir sliding 2.7%. Defence stocks moved sharply higher after President Donald Trump called for a \$1.5 trillion US military budget for 2027, lifting Lockheed Martin by 4.4%, Northrop Grumman by 2.4% and Kratos Defence by 13.8%.

Commodities reflected heightened geopolitical tensions. WTI crude oil futures climbed to around US\$58.3 per barrel, extending a more than 3% surge from the previous session, the largest since last October, as traders assessed supply risks.

President Trump warned Iran of a hard response if protesters were harmed, reviving concerns over potential disruptions from one of OPEC's largest producers. Additional focus fell on comments from Senator Lindsey Graham that Trump had approved a bipartisan Russia sanctions bill targeting countries buying discounted Russian oil.



	Price		Day	Month	Year	Date	
Crude Oil	58.411	▲	0.651	1.13%	-0.05%	-23.69%	14:40
Brent	62.746	▲	0.756	1.22%	0.86%	-21.33%	14:40
Natural gas	3.4246	▲	0.0176	0.52%	-25.49%	-14.17%	14:39
Gasoline	1.7842	▲	0.0059	0.33%	-0.20%	-13.92%	14:40
Heating Oil	2.1469	▲	0.0274	1.29%	-5.48%	-14.11%	14:40
Coal	107.40	▲	0.50	0.47%	-2.45%	-7.21%	Jan/08
Ethanol	1.60	▲	0	0%	1.59%	-1.85%	Jan/08
Urals Oil	50.88	▲	0.48	0.95%	-5.29%	-28.61%	Jan/08

US actions in Venezuela also remained in view after Washington seized two oil tankers linked to the country in the Atlantic, including one flying a Russian flag, underscoring efforts to exert greater control over energy flows in the region. Oil prices are on track for a third consecutive weekly gain.

Gold eased to around US\$4,460 per ounce on Thursday, giving back some of the previous session's gains as the US dollar firmed ahead of the closely watched jobs data. Investors are bracing for stronger nonfarm payrolls in December, with unemployment expected to hold steady, a combination that could influence expectations for monetary easing, with markets currently pricing two rate cuts this year. Despite the pullback, bullion remains on course for a weekly gain of about 3%, supported by rising geopolitical risks and continued central bank buying, with China extending its gold purchasing streak for a 14th consecutive month.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D Commonwealth Bank	153.22 -0.12 -0.08%	 WOW^D Woolworths	30.08 +0.53 +1.79%
 BHP^D BHP	47.72 +0.38 +0.80%	 TLS^D Telstra	4.83 +0.03 +0.63%
 CSL^D CSL	174.29 -0.16 -0.09%	 GMG^D Goodman Group	30.20 -0.21 -0.69%
 WBC^D Westpac Bank	37.90 -0.11 -0.29%	 TCL^D Transurban	13.95 -0.02 -0.14%
 NAB^D National Australia Bank	41.02 -0.08 -0.19%	 SQ2 Block Inc	
 ANZ^D ANZ	35.45 -0.23 -0.64%	 ALL^D Aristocrat Leisure	57.22 +0.57 +1.01%
 FMG^D Fortescue Metals	22.71 -0.04 -0.18%	 NCM Newcrest Mining	
 WES^D Wesfarmers	81.06 +0.10 +0.12%	 REA^D REA Group	186.49 +3.38 +1.85%
 MQG^D Macquarie Group	206.08 -2.61 -1.25%	 WDS^D Woodside Energy	23.59 +0.64 +2.79%
 RIO^D Rio Tinto	143.06 -9.57 -6.27%	 XRO^D Xero	107.46 -1.90 -1.74%


Commodities & Forex

 TIO1! IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.66826 -0.24% -0.00
 GC1! GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.4978 -0.04% -0.0002
 SI1! SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5740 -0.07% -0.0004
 HG1! COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.16576 +0.21% +0.00
 ZW1! WHEAT	 AUDJPY Australian Dollar / Japanese Yen	105.272 +0.22% +0.24
 CL1! CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.6655 -0.28% -0.0131
 NG1! NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	20.990 -0.43% -0.090
 NCF1! COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	11,259.8 +0.06% +6.7
 LTH1! LITHIUM		



Economic Calendar

		Actual	Forecast	Prior
				
January 9				
20:30	 		1.35 M	Number of
			60 K	Person
				64 K
			4.5%	4.6%
January 12				
14:00	 			-7.5%
January 13				
20:30	 			0.2%
				2.6%
				
				2.7%
January 14				
20:30	 			0%
22:00	 			4.13 M
January 15				
20:30	 			208 K
January 19				
Actual Forecast Prior				