


Support / Potential "buy" levels
\$8,416.
Resistance
\$8,769.
KEY TAKEAWAYS
Modest ASX gains as inflation eases but policy risk remains

Australian shares edged higher on Wednesday, with the ASX 200 up 0.15% as investors quietly leaned into technology and resource names while digesting a softer inflation print. Standout gains came from Lynas Rare Earths, which surged 15.13%, alongside IperionX and Nickel Mines, the latter hitting a fresh 52-week high. The advance was steady rather than exuberant, reflected in modest volatility and a market where rising stocks outpaced decliners but many names still finished unchanged. Consumer and energy stocks weighed, with Harvey Norman sliding 5.00% and Viva Energy and Beach Energy also lower, underscoring the selective nature of the rally.

Inflation data set the broader tone. Annual CPI slowed to 3.4% in November from 3.8%, below forecasts but still above the RBA's 2% to 3% target, keeping rate hike talk alive. The Australian dollar strengthened to around US\$0.675, while 10-year yields eased to 4.73%. Globally, Chinese equities pushed to multi-year highs on AI optimism, US stocks held near records, oil slipped toward US\$56 a barrel and gold eased as investors locked in gains.

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MARKET MOVERS

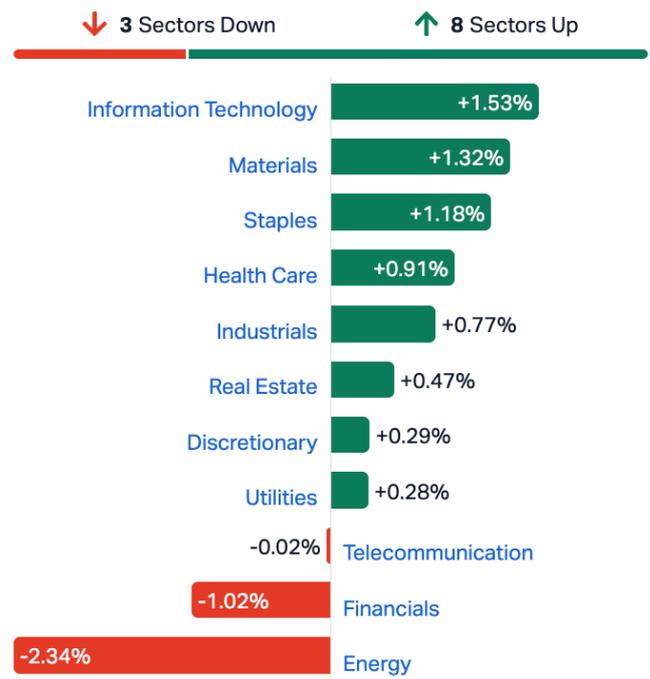
Australian equities ended Wednesday modestly higher, with the ASX 200 adding 0.15% as investors selectively rotated into growth-linked sectors while weighing a softer inflation pulse against still-firm monetary policy expectations. Gains in information technology, materials and metals and mining provided the backbone of the advance, offsetting weakness in parts of the consumer and energy complex, and leaving the benchmark grinding higher into the close rather than delivering a broad-based rally.



Leadership came from the resources space, where Lynas Rare Earths surged 15.13% to 15.14, reflecting renewed enthusiasm for strategic minerals amid stronger offshore demand signals and a generally supportive global technology

narrative. IperionX climbed 8.29% to 6.66, extending its recent momentum, while Nickel Mines rose 7.37% to 1.02, marking a fresh 52-week high and underscoring continued investor appetite for battery-linked metals. By contrast, Harvey Norman fell 5.00% to 6.55 as consumer-facing stocks lagged, while Viva Energy dropped 4.31% to 2.00 and Beach Energy declined 3.51% to 1.10 amid softer energy prices and lingering concerns over margins. Market breadth was constructive, with advancers outnumbering decliners by 671 to 503, although 376 stocks finished unchanged, pointing to a cautious undertone beneath the headline gain.

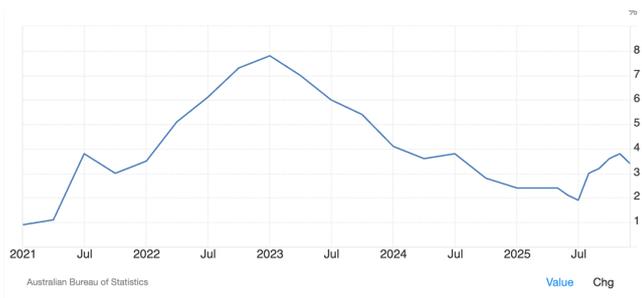
Volatility eased, with the S&P/ASX 200 VIX slipping 0.85% to 10.33.



Macro data provided a nuanced backdrop. Australia's annual inflation slowed to 3.4% in November from 3.8% in October, undershooting market expectations of 3.7% but remaining above the Reserve Bank of Australia's 2% to 3% target band.

The moderation marked the lowest reading since August, helped by a deceleration in housing costs, where price growth eased to 5.2% from 5.9%, and a sharp slowdown in electricity prices to 19.7% from 37.1% following the expiry of government rebates. Price pressures also cooled across alcohol and tobacco, clothing, furnishings, health and recreation, while transport, education and financial services were steady. Offsetting these trends, food inflation edged higher to 3.3% and communication costs accelerated to 1.3%. The trimmed mean CPI eased to 3.2% year on year from 3.3%, while monthly inflation was flat. The data formed part of the new full monthly CPI series, which has replaced

the quarterly measure as Australia's primary inflation gauge and now extends back to April 2024, according to the Australian Bureau of Statistics.



| Calendar | GMT | Reference | Actual | Previous | Consensus | TEForecast |
|------------|----------|-----------|--------|----------|-----------|------------|
| 2025-11-26 | 12:30 AM | Oct | 3.8% | 3.6% | 3.6% | 3.5% |
| 2026-01-07 | 12:30 AM | Nov | 3.4% | 3.8% | 3.7% | 3.8% |
| 2026-01-28 | 12:30 AM | Dec | | 3.4% | | |

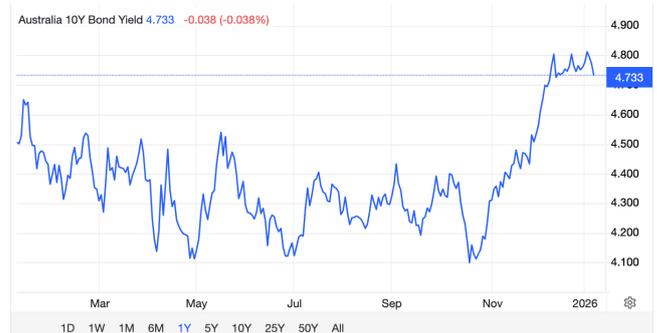
Currency and rates markets responded in measured fashion. The Australian dollar strengthened to around US\$0.675, touching a fifteen-month high, as investors judged that inflation, while easing, remained sticky enough to keep the risk of further tightening alive.



| Crosses | Price | Day | Year | Date | |
|---------|----------|-----------|--------|--------|--------|
| AUDUSD | 0.67467 | ▲ 0.00092 | 0.14% | 8.56% | 14:17 |
| EURAUD | 1.7327 | ▼ -0.0023 | -0.13% | 4.37% | Jan/07 |
| GBPAUD | 2.0020 | ▼ -0.0018 | -0.09% | 0.65% | Jan/07 |
| AUDNZD | 1.1671 | ▲ 0.0025 | 0.21% | 5.37% | Jan/07 |
| AUDJPY | 105.5160 | ▼ -0.0185 | -0.02% | 7.21% | Jan/07 |
| AUDCNY | 4.7132 | ▲ 0.0105 | 0.22% | 3.12% | Jan/07 |
| AUDCHF | 0.5365 | ▲ 0.0004 | 0.08% | -5.27% | Jan/07 |
| AUDCAD | 0.9322 | ▲ 0.0015 | 0.16% | 4.33% | Jan/07 |

Markets continue to focus on the forthcoming fourth-quarter inflation report, with analysts cautioning that a 0.9% or higher rise in core inflation could push the RBA toward action at its February meeting. The central bank has signalled that the 3.6% cash rate may yet need to rise if disinflation stalls, and derivatives markets imply a 35% probability of a February hike, with a 3.85% cash rate almost fully priced in by May. Against this backdrop, Australia's 10-year government bond yield slipped to around 4.73%, its lowest in more than a week, reflecting relief that the latest CPI print

came in below forecasts, even as investors acknowledged that the inflation battle is not yet won.



| Bonds | Yield | Day | Month | Year | Date |
|---------------|--------|-----------|--------|---------|--------|
| Australia 10Y | 4.7330 | ▼ -0.04% | 0.019% | 0.227% | 14:16 |
| Australia 52W | 3.98 | ▲ 0.028% | 0.102% | -0.082% | Jan/07 |
| Australia 20Y | 5.22 | ▼ -0.014% | 0.026% | 0.260% | Jan/07 |
| Australia 2Y | 4.05 | ▼ -0.021% | 0.075% | 0.147% | Jan/07 |
| Australia 30Y | 5.28 | ▼ -0.014% | 0.038% | 0.264% | Jan/07 |
| Australia 3Y | 4.11 | ▼ -0.028% | 0.068% | 0.189% | Jan/07 |
| Australia 5Y | 4.29 | ▼ -0.018% | 0.057% | 0.241% | Jan/07 |
| Australia 7Y | 4.50 | ▼ -0.025% | 0.040% | 0.220% | Jan/07 |

In China, mainland equities pushed to fresh multi-year highs, with the Shanghai Composite rising 0.3% to about 4,095 and the Shenzhen Component adding 0.35% to 14,070.

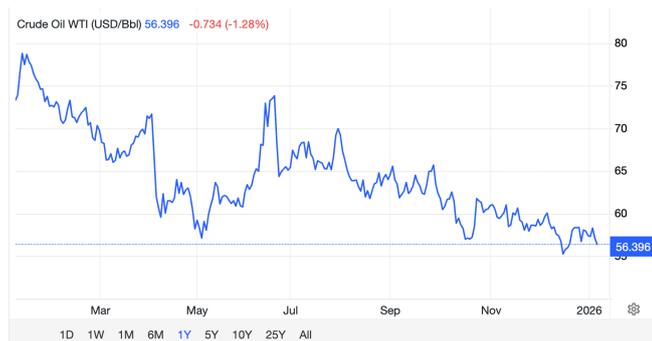


| Indexes | Price | Day | Month | Year | Date | |
|-------------|-----------|-----------|--------|-------|--------|--------|
| HK50 | 26,436.00 | ▼ -274.45 | -1.03% | 2.60% | 37.12% | Jan/07 |
| SHANGHAI | 4086 | ▲ 2 | 0.05% | 4.15% | 26.52% | 14:16 |
| CSI 300 | 4,776.88 | ▼ -13.81 | -0.29% | 3.36% | 26.07% | Jan/07 |
| SHANGHAI 50 | 3,146.87 | ▼ -11.89 | -0.38% | 4.22% | 21.15% | Jan/07 |
| CH50 | 15,618.75 | ▼ -86.71 | -0.55% | 1.62% | 20.22% | Jan/07 |

Optimism centred on advances in artificial intelligence and high-end manufacturing, reinforced by expectations of further policy support after the central bank signalled potential cuts to the reserve requirement ratio and key policy rates later in the year. Trading turnover at the start of the year has exceeded the five-year daily average of 1.13 trillion yuan, suggesting sustained investor participation. Growth stocks outperformed, with notable gains in Addisino, Zhongji Innolight, Goldwind Sciences, BlueFocus Intelligent and Beijing Leike Defense Technology.

In the United States, stock futures were little changed after a strong prior session that saw the Dow and S&P 500 rise 0.99% and 0.62%, both closing at record highs, while the Nasdaq Composite added 0.65%. Nine of the 11 S&P 500 sectors advanced, led by materials, healthcare and industrials. Semiconductor shares stood out, with Micron Technology, Texas Instruments, Analog Devices and NXP rising between 5.6% and 10%, while data storage names surged, including a 27.6% jump in SanDisk and double-digit gains in Western Digital and Seagate. Nvidia also remained in focus after chief executive Jensen Huang said demand from China for its H200 AI chips was strong, reinforcing the sector's earnings narrative amid expectations of multiple Federal Reserve rate cuts.

Commodities were less supportive. WTI crude oil fell more than 1% toward US\$56 a barrel, extending recent losses after President Donald Trump said Venezuela would transfer between 30 and 50 million barrels of crude to the US.

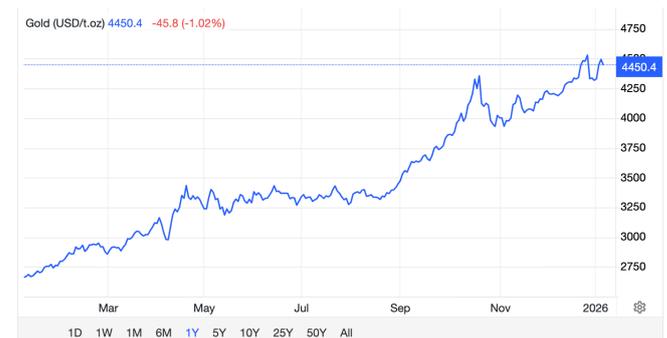


| | Price | | Day | Month | Year | Date | |
|-------------|--------|---|--------|--------|---------|---------|--------|
| Crude Oil | 56.396 | ▼ | 0.734 | -1.28% | -4.26% | -23.12% | 14:17 |
| Brent | 60.149 | ▼ | 0.551 | -0.91% | -3.77% | -21.04% | 14:17 |
| Natural gas | 3.4897 | ▲ | 0.1397 | 4.17% | -28.89% | -4.34% | 14:17 |
| Gasoline | 1.6902 | ▲ | 0.0002 | 0.01% | -5.92% | -16.09% | 14:17 |
| Heating Oil | 2.0582 | ▼ | 0.0248 | -1.19% | -10.43% | -12.50% | 14:17 |
| Coal | 107.25 | ▲ | 1.05 | 0.99% | -2.94% | -9.34% | Jan/06 |
| Ethanol | 1.62 | ▲ | 0.0075 | 0.46% | 1.72% | -1.96% | Jan/06 |
| Urals Oil | 51.47 | ▲ | 0.09 | 0.18% | -4.19% | -27.68% | Jan/06 |

While modest in absolute terms, the prospect of sustained Venezuelan flows has heightened concerns about supply in

an already well-stocked market, particularly as traders assess the implications of potential shifts in Russian exports following progress toward a US-Ukraine security agreement. API data showing a 2.8-million-barrel draw in US inventories provided only limited relief.

Gold eased to around US\$4,440 an ounce, likely reflecting profit-taking after a two-day rise, as investors looked ahead to US labour market data for clues on Federal Reserve policy.



| | Price | | Day | Month | Year | Date | |
|----------|------------|---|---------|--------|--------|---------|--------|
| Gold | 4450.35 | ▼ | 45.77 | -1.02% | 6.19% | 67.12% | 14:18 |
| Silver | 79.418 | ▼ | 1.817 | -2.24% | 36.47% | 163.28% | 14:18 |
| Copper | 5.9344 | ▼ | 0.0778 | -1.29% | 10.94% | 40.23% | 14:18 |
| Steel | 3,144.00 | ▲ | 24.00 | 0.77% | 2.48% | 0.48% | Jan/07 |
| Lithium | 133,500.00 | ▲ | 6000 | 4.71% | 43.94% | 76.82% | Jan/07 |
| Platinum | 2,268.30 | ▼ | -150.10 | -6.21% | 36.92% | 134.33% | Jan/07 |
| Iron Ore | 106.79 | ▲ | 0.66 | 0.62% | 0.35% | 9.15% | Jan/06 |

Although markets are pricing in two rate cuts this year and geopolitical tensions remain elevated, including developments in Venezuela, Greenland and East Asia, near-term positioning appeared to dominate trading.

Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

| | | | |
|---|------------------------|--|------------------------|
|  CBA^D Commonwealth Bank | 153.23 -2.62 -1.68% |  WOW^D Woolworths | 29.33 +0.49 +1.70% |
|  BHP^D BHP | 47.70 +0.48 +1.02% |  TLS^D Telstra | 4.81 -0.01 -0.21% |
|  CSL^D CSL | 170.00 +1.71 +1.02% |  GMG^D Goodman Group | 30.32 -0.10 -0.33% |
|  WBC^D Westpac Bank | 37.52 -0.67 -1.75% |  TCL^D Transurban | 13.84 +0.14 +1.02% |
|  NAB^D National Australia Bank | 40.69 -0.84 -2.02% |  SQ2 Block Inc | |
|  ANZ^D ANZ | 35.43 -0.54 -1.50% |  ALL^D Aristocrat Leisure | 55.61 +0.48 +0.87% |
|  FMG^D Fortescue Metals | 22.80 -0.04 -0.18% |  NCM Newcrest Mining | |
|  WES^D Wesfarmers | 79.98 +0.20 +0.25% |  REA^D REA Group | 180.04 -0.31 -0.17% |
|  MQG^D Macquarie Group | 206.83 +0.76 +0.37% |  WDS^D Woodside Energy | 22.86 -0.66 -2.81% |
|  RIO^D Rio Tinto | 154.73 +2.46 +1.62% |  XRO^D Xero | 108.60 +1.46 +1.36% |



Commodities & Forex

| | | |
|--|---|-------------------------------|
|  TIO1! IRON ORE |  AUDUSD Australian Dollar / U.S. Dollar | 0.67500 +0.19% +0.00127 |
|  GC1! GOLD |  AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND | 0.4991 +0.08% +0.0004 |
|  SI1! SILVER |  AUDEUR AUSTRALIAN DOLLAR / EURO | 0.5770 +0.10% +0.0006 |
|  HG1! COPPER |  AUDNZD Australian Dollar / New Zealand Dollar | 1.16724 +0.26% +0.00302 |
|  ZW1! WHEAT |  AUDJPY Australian Dollar / Japanese Yen | 105.508 -0.04% -0.043 |
|  CL1! CRUDE OIL |  AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN | 4.7161 +0.34% +0.0158 |
|  NG1! NATURAL GAS |  AUDTHB AUSTRALIAN DOLLAR / THAI BAHT | 21.098 +0.28% +0.058 |
|  NCF1! COAL |  AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ... | 11,328.2 +0.44% +49.4 |
|  LTH1! LITHIUM | | |



Economic Calendar

| | | Actual | Forecast | Prior |
|---|---|--|------------------------|------------------------|
|   | | | | |
| January 7 | | | | |
| 15:00 |   | FX Reserves (Monthly)* <input type="checkbox"/> | Coming in 45:12 | 3.36 TIn \$ |
| | | | | 3.346 TIn \$ |
| 16:30 |   | S&P Global CONSTRUCTION PMI <input type="checkbox"/> | 42.5 Index (diffusion) | 39.4 Index (diffusion) |
| 20:15 |   | ADP National Employment <input type="checkbox"/> | 47 K Person | -32 K Person |
| 22:00 |   | ISM N-Mfg PMI <input type="checkbox"/> | 52.3 Index | 52.6 Index |
| |  | JOLTS Job Openings <input type="checkbox"/> | 7.6 M Person | 7.67 M Person |
| January 8 | | | | |
| 17:00 |   | Consumer Confid. Final * <input type="checkbox"/> | -14.6 Net balance | -14.2 Net balance |
| |  | Unemployment Rate <input type="checkbox"/> | 6.4% | 6.4% |
| 20:30 |   | Initial Jobless Clm * <input type="checkbox"/> | 210 K Person | 199 K Person |
| January 9 | | | | |
| 08:30 |   | CPI MM * <input type="checkbox"/> | | -0.1% |
| |  | CPI YY * <input type="checkbox"/> | 0.9% | 0.7% |
| |  | PPI YY * <input type="checkbox"/> | -2% | -2.2% |
| 20:30 |   | Building Permits: Number <input type="checkbox"/> | 1.349 M Number of | |
| |  | Non-Farm Payrolls <input type="checkbox"/> | 60 K Person | 64 K Person |