Wednesday, 22 October 2025

Support / Potential "buy" levels	**$8,947.**
Resistance	$9,201.

Key Takeaways

Australia Shares Slide Despite Critical Minerals Pact Buzz

Australia's stock market slipped on Wednesday, with the ASX 200 down 0.71%, as losses in Gold, Metals & Mining, and Materials stocks outweighed early optimism. The mood was briefly lifted by the signing of a US–Australia critical minerals pact, which sent Arafura Rare Earths soaring 26% at the open, though it ended the day flat. Other miners held onto gains, with VHM Ltd up 20.7%, Cobalt Blue +14.3%, and Australian Strategic Materials +8.3%. Energy and utility stocks also performed well, led by Contact Energy (+3.95%), Woodside Energy (+3.84%), and Beach Energy (+2.95%), while Genesis Minerals (-10.29%), Capricorn Metals (-9.89%), and Evolution Mining (-9.84%) weighed on the index. Overall, declining stocks outnumbered advancers 893 to 348, and the ASX 200 VIX eased 6.23% to 11.41.

The Australian dollar stayed under pressure, hovering below US$0.650, with markets now pricing a 70% chance of a 25bps Reserve Bank of Australia cut following September's unexpected rise in unemployment. Bond yields reflected the same caution, with the 10-year rate near a six-month low at 4.11%. Globally, WTI crude rose above US$58, while gold steadied around US$4,120. Chinese stocks slipped amid ongoing trade tensions, and US futures were mostly steady as investors awaited earnings and Friday's CPI report. With domestic economic data, US-China negotiations, and RBA signals all in focus, markets are navigating a mix of cautious optimism and near-term uncertainty.

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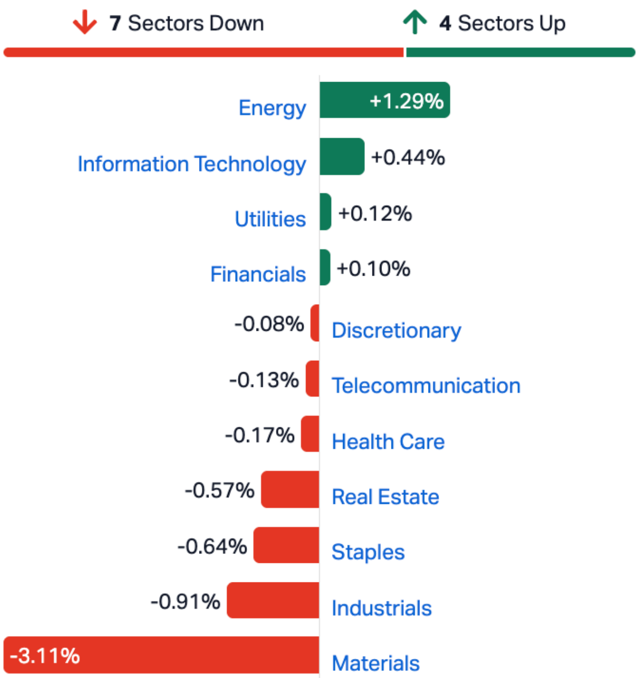
Market Movers

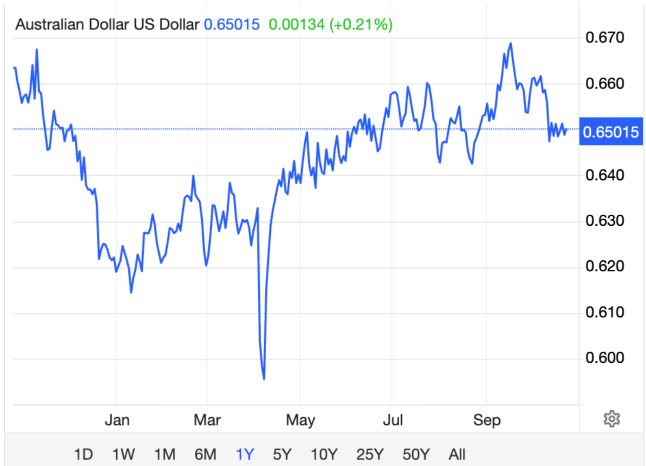
Australia's stock market closed lower on Wednesday, with the S&P/ASX 200 shedding 0.71% as losses in Gold, Metals & Mining, and Materials sectors weighed on sentiment.

Despite a wave of optimism earlier in the session sparked by a critical minerals partnership signed between US President Donald Trump and Australian Prime Minister Anthony Albanese, the gains in mining stocks failed to hold, leaving the benchmark index down at the close. The pact, aimed at reducing US reliance on China amid Beijing's tightening of export controls on rare minerals, was hailed by Albanese as a transformative step in the US–Australia alliance. At the open, Arafura Rare Earths surged 26% but gave up its gains to end flat, reflecting cautious investor sentiment despite its potential to benefit directly from the agreement. Other critical minerals plays were more resilient, with VHM Ltd climbing 20.7%, Cobalt Blue up 14.3%, and Australian Strategic Materials advancing 8.3%.



Among the best performers on the ASX 200, Contact Energy Ltd (ASX:CEN) gained 3.95% to close at 8.42, while Woodside Energy Ltd (ASX:WDS) rose 3.84% to 23.25, and Beach Energy Ltd (ASX:BPT) added 2.95% to end at 1.22. Conversely, the laggards were dominated by gold miners, led by Genesis Minerals Ltd (ASX:GMD), which plunged 10.29% to 5.93, Capricorn Metals Ltd (ASX:CMM) down 9.89% to 12.94, and Evolution Mining Ltd (ASX:EVN) retreating 9.84% to 10.45. Overall, declining stocks outnumbered advancing ones 893 to 348, with 330 unchanged. The S&P/ASX 200 VIX, a gauge of implied volatility, eased 6.23% to 11.41, indicating a slight dip in near-term market uncertainty.

The Australian dollar remained under pressure, hovering below US$0.650, close to two-month lows, amid rising expectations of an imminent rate cut by the Reserve Bank of Australia.



Crosses	Price			Day	Year	Date
AUDUSD	0.65015	▲	0.00134	0.21%	-1.99%	14:37
EURAUD	1.7844	▼	-0.0034	-0.19%	9.80%	Oct/22
GBPAUD	2.0497	▼	-0.0111	-0.54%	5.31%	Oct/22
AUDNZD	1.1305	▲	0.0006	0.06%	2.33%	Oct/22
AUDJPY	98.6990	▲	0.1240	0.13%	-2.54%	Oct/22
AUDCNY	4.6343	▲	0.0101	0.22%	-2.08%	Oct/22
AUDCHF	0.5176	▲	0.0010	0.18%	-9.96%	Oct/22
AUDCAD	0.9106	▲	0.0009	0.10%	-0.80%	Oct/22

Recent data revealed a surprise uptick in the unemployment rate to a near four-year high in September, prompting markets to price in a 70% probability of a 25bps reduction in November, up from roughly 40% last week. Investors are now focusing on upcoming economic releases, including flash PMI data this week and the crucial Q3 CPI report next week, to gauge the RBA's next move. While the AUD faces downside pressure, the new US–Australia critical minerals pact could inject billions into local mining projects, providing a potential floor to currency weakness. Market participants are also closely monitoring US-China trade developments ahead of a planned Trump-Xi meeting in South Korea, where rare earths and tariff disputes remain key sticking points.

Australia's 10-year bond yield hovered near a six-month low of 4.11%, reflecting market expectations of monetary easing even amid the positive sentiment surrounding the US–Australia trade deal.

Bonds	Yield		Day	Month	Year	Date
Australia 10Y	4.11	▲	0.005%	-0.158%	-0.356%	Oct/22
Australia 52W	3.39	▲	0.011%	-0.062%	-0.748%	Oct/22
Australia 20Y	4.70	▼	-0.029%	-0.201%	-0.243%	Oct/22
Australia 2Y	3.33	▲	0.004%	-0.071%	-0.677%	Oct/22
Australia 30Y	4.80	▼	-0.028%	-0.203%	-0.174%	Oct/22
Australia 3Y	3.35	▲	0.001%	-0.111%	-0.613%	Oct/22
Australia 5Y	3.55	▲	0.002%	-0.139%	-0.512%	Oct/22
Australia 7Y	3.83	▼	-0.001%	-0.157%	-0.458%	Oct/22

Last week's unexpectedly weak employment data has led to heightened pricing of a 70% chance of a 25bps RBA cut in November, compared with 40% prior to the report. Investors are watching flash PMI readings this week and the upcoming third-quarter inflation figures for additional signals on monetary policy. The US–Australia critical minerals agreement, while a boost to risk sentiment, has yet to translate into broader market gains, illustrating the dominance of domestic economic concerns in driving yields.

In China, the Shanghai Composite slipped 0.07% to 3,914, while the Shenzhen Component lost 0.62% to 12,997, ending a two-day rally as ongoing trade uncertainty weighed on investor sentiment.

President Trump expressed cautious optimism over a potential trade deal with China but warned that his planned meeting with President Xi Jinping might not occur. Meanwhile, US Treasury Secretary Scott Bessent is scheduled to meet Chinese officials over the weekend to ease tensions, with rare earth export controls and tariff threats remaining contentious issues. Technology and materials sectors led losses, with Foxconn Industrial and Giga Device down 3.7% each, ZTE Corp shedding 2.5%, Zijin Mining retreating 2%, and China Northern Rare Earth falling 3%. Market pricing increasingly anticipates a potential rate cut by the People's Bank of China later this year to offset trade-related economic headwinds.

Indexes	Price			Day	Month	Year	Date
HK50	25,819.00	▼	-208.55	-0.80%	-1.30%	24.37%	Oct/22
SHANGHAI	3914	▼	3	-0.07%	2.44%	18.54%	14:35
CSI 300	4,594.51	▼	-13.36	-0.29%	1.65%	15.64%	Oct/22
SHANGHAI 50	3,011.65	▲	4.39	0.15%	3.16%	11.21%	Oct/22
CH50	15,279.95	▲	1.61	0.01%	1.48%	12.13%	Oct/22

US stock futures were largely steady as traders digested the latest earnings releases. Netflix tumbled over 6% in extended trading after missing Q3 expectations, while Mattel dropped more than 5% following weaker-than-anticipated results.

On the upside, Intuitive Surgical surged 17.1% and Western Alliance gained 2.9% after strong quarterly performance. During Tuesday's regular session, the Dow Jones Industrial Average rose 0.47% to a record high, supported by robust earnings from Coca-Cola and 3M. The S&P 500 ended flat and the Nasdaq Composite slipped 0.16%, as technology momentum waned. Investors now look to Tesla's earnings on Wednesday for further cues and to Friday's CPI report, amid a US government shutdown that has limited broader data flow.

Commodity markets showed mixed signals. WTI crude oil futures climbed above US$58 per barrel, rebounding from near multi-year lows as supply-side concerns resurfaced.

The postponement of the Trump–Putin summit following Moscow's refusal to agree to a ceasefire in Ukraine reignited worries over geopolitical tensions and potential sanctions-related disruptions. The US Energy Department announced plans to add 1 million barrels to the Strategic Petroleum Reserve, while US crude inventories fell by 3 million barrels last week, the first decline in four weeks, accompanied by a drop in fuel stockpiles including gasoline.

Gold prices stabilized around US$4,120 per ounce, recovering from a sharp 5% decline in the previous session, the steepest since 2021.

Profit-taking following recent record rallies, combined with improving risk appetite on hopes of easing US–China trade tensions, weighed on bullion. Gold demand in India softened after a seasonal spike, further pressuring physical markets. Nevertheless, gold remains up nearly 60% year-to-date, underpinned by expectations of additional Federal Reserve rate cuts and broader macroeconomic uncertainties. Market participants are now turning their focus to Friday's CPI report for fresh cues on US monetary policy.

Overall, Australian equities are navigating a complex backdrop of domestic economic softness, supportive trade developments, and cautious global sentiment. Investors appear torn between the promise of long-term structural gains in critical minerals and energy sectors and the immediate pressures of rising unemployment, softening bond yields, and currency weakness. Globally, trade negotiations and monetary policy remain the dominant drivers, with the market's attention firmly fixed on the interplay between US-China diplomacy, RBA policy expectations, and upcoming macroeconomic data, all of which will shape the trajectory of risk appetite and asset allocation in the weeks ahead.

Regards,
Mark Elzayed
Investor Pulse

Wednesday, 22 October 2025

Market Data

ASX Top 20

CBA	Commonwealth Bank	174.15	+0.59	+0.34%
BHP	BHP	43.51	−0.62	−1.40%
CSL	CSL	220.70	+0.29	+0.13%
WBC	Westpac Bank	39.24	+0.04	+0.10%
NAB	National Australia Bank	43.69	+0.08	+0.18%
ANZ	ANZ	37.12	+0.11	+0.30%
FMG	Fortescue Metals	20.36	−0.06	−0.29%
WES	Wesfarmers	91.04	−0.07	−0.08%
MQG	Macquarie Group	228.87	+0.66	+0.29%
RIO	Rio Tinto	130.40	−1.49	−1.13%
WOW	Woolworths	26.75	−0.05	−0.19%
TLS	Telstra	4.92	−0.01	−0.20%
GMG	Goodman Group	33.76	−0.51	−1.49%
TCL	Transurban	14.95	−0.01	−0.07%
SQ2	Block Inc			
ALL	Aristocrat Leisure	64.26	+0.23	+0.36%
NCM	Newcrest Mining			
REA	REA Group	225.51	−0.49	−0.22%
WDS	Woodside Energy	23.17	+0.78	+3.48%
XRO	Xero	154.38	+2.84	+1.87%

Commodities & Forex

TIO1!	IRON ORE
GC1!	GOLD
SI1!	SILVER
HG1!	COPPER
ZW1!	WHEAT
CL1!	CRUDE OIL
NG1!	NATURAL GAS
NCF1!	COAL
LTH1!	LITHIUM

AUDUSD	Australian Dollar / U.S. Dollar	0.65017	+0.22%	+0.00
AUDGBP	AUSTRALIAN DOLLAR / BRITISH POUND	0.4874	+0.49%	+0.0024
AUDEUR	AUSTRALIAN DOLLAR / EURO	0.5603	+0.21%	+0.0012
AUDNZD	Australian Dollar / New Zealand Dollar	1.13053	+0.06%	+0.00
AUDJPY	Australian Dollar / Japanese Yen	98.695	+0.15%	+0.15
AUDCNY	AUSTRALIAN DOLLAR / CHINESE YUAN	4.6299	+0.19%	+0.0090
AUDTHB	AUSTRALIAN DOLLAR / THAI BAHT	21.318	+0.08%	+0.016
AUDIDR	AUSTRALIAN DOLLAR / INDONESIAN ...	10,798.8	+0.20%	+21.9

INVESTOR PULSE

Wednesday, 22 October 2025

Economic Calendar

+3

Time	Event	Actual	Forecast	Prior
October 23		Actual	Forecast	Prior
19:30	Initial Jobless Clm		225 K Person	
21:00	Consumer Confid. Flash *		−15 Net balance	−14.9 Net balance
	Existing Home Sales		4.06 M Number of	4 M Number of
October 24		Actual	Forecast	Prior
19:30	Core CPI MM, SA		0.3%	0.3%
	Core CPI YY, NSA		3.1%	3.1%
	CPI MM, SA		0.4%	0.4%
	CPI YY, NSA		3.1%	2.9%
20:45	S&P Global Comp PMI Flash			53.6 Index (diffusion)
October 29		Actual	Forecast	Prior
07:30	CPI Index*			141.7 Index
	CPI QQ			0.7%
	CPI YY			2.1%
October 30		Actual	Forecast	Prior
01:00	Fed Funds Tgt Rate		3.875%	