Executive Summary

The ASX 200 continues to demonstrate a stable upward trajectory, supported by technical indicators that point to steady, controlled momentum. RSI levels in the mid-50s to low-60s signal a firm but not overstretched market, while MACD readings across key timeframes reinforce a mild bullish bias. The index's position above all major moving averages—most notably nearly 10% above the 200-day—highlights the strength of its medium- and long-term trend structure and suggests solid underlying support.

Australia's inflation profile has improved, with annual CPI easing to 3.4% in November, below expectations and marking the softest reading since August. The moderation was driven by declines in housing-related costs and broader easing across discretionary categories, while the trimmed mean also edged down to 3.2%. Although inflation remains slightly above the RBA's target band, the data indicates a gradual rebalancing of price pressures as the economy adjusts to tighter policy settings.

Stock-specific developments were mixed across the resources and energy sectors. Rio Tinto came under pressure following reports of potential merger discussions with Glencore, reversing part of its strong year-long performance. Lynas Rare Earths rebounded sharply after a prolonged decline, supported by its strategic importance in non-Chinese rare-earth supply chains. Woodside Energy softened within its broader trading range as global oil prices eased and uncertainty persisted around major project developments.

Geopolitical risk remains a key market variable, underscored by the United States' newly aggressive stance toward Venezuelan oil, which could inject fresh volatility into global energy markets. While Australia is not directly reliant on Venezuelan crude, shifts in global supply dynamics influence domestic energy equities, inflation expectations, and currency movements. Energy markets remain one of the most sensitive channels through which geopolitical tensions affect Australian investors.

The broader market held firm into the week ending 9 January, with the ASX 200 closing at 8,717.80 and the All Ordinaries at 9,045.90, both hovering near record territory despite sector-level rotation. Market breadth remained constructive, supported by mid-cap strength and resilient domestic fundamentals.

Looking ahead to the week of 12 January, the ASX 200 enters with a more cautious tone as weakness in technology and financials, combined with strong labour data, tempers expectations for near-term rate cuts. Even so, SPI futures holding key support levels suggest the potential for a tactical rebound, with direction likely shaped by global tech performance, incoming Australian data, and evolving expectations around the RBA's policy path.

Technical Outlook – ASX 200

The ASX 200 is showing a steady, neutral-to-slightly-positive momentum profile, with RSI levels in the mid-50s to low-60s. These readings place the index well clear of any overbought or oversold extremes, implying that price action still has flexibility to respond to broader macro drivers. Overall, the RSI suggests a market that is firming rather than stretched.

MACD signals across standard timeframes point to a mild but clear bullish bias, with positive oscillator values such as a 9-day MACD around 71 and a 14-day near 50. This indicates upward momentum that is constructive without being overheated, consistent with a market that is trending higher in a controlled, sustainable fashion. It reflects underlying buying interest without signs of speculative excess.

The moving-average structure strengthens this view, as the ASX 200 continues to trade above all key trend markers. The index sits a little over 2% above its 5-day average, roughly 1.4% above the 20-day, and about 1% above the 50-day. More notably, it remains almost 5% above the 100-day and close to 10% above the 200-day, underscoring a firmly established medium- and long-term uptrend. This alignment typically signals a market with solid structural support.

Taken together, the technical landscape points to a market in a healthy uptrend, supported by moderate bullish momentum and showing no immediate signs of fatigue.

Monetary Policy and Macro Economic Outlook

Australia's annual inflation eased to 3.4% in November 2025, down from 3.8% in October and coming in below expectations of 3.7%, though it still sits above the RBA's 2–3% target band. This was the softest reading since August, helped by a noticeable slowdown in housing-related inflation, where price growth cooled to 5.2% as electricity costs fell sharply following the end of government rebate programs. Several other categories also saw milder price increases, including alcohol and tobacco, clothing, household furnishings, health, and recreation.

Some components held steady, such as transport, education, and financial services, while food and communication costs picked up slightly. The trimmed mean CPI also edged lower to 3.2% year-on-year after reaching an eight-month high in October. On a monthly basis, overall consumer prices were unchanged. The November release also reflects Australia's shift to using the full monthly CPI series as its primary inflation measure, a dataset now running back to April 2024.

Noticeable Stock Moves

Rio Tinto shares have delivered a strong performance over the past year, but the stock has come under notable pressure following reports of potential merger discussions with Glencore. In early trading, RIO fell more than 5%, a sharp contrast to its previous close of $154.73 AUD on January 8, 2026. The company's share price remains closely tied to movements in key commodities such as iron ore, copper, and aluminium, with the recent strength in these markets underpinning much of its earlier gains.

Lynas Rare Earths has been highly volatile, rebounding sharply in the short term after a prolonged slide through late 2025 and early January 2026. The stock is currently flashing "Strong Buy" technical signals, supported by its strategic importance as the largest rare-earths producer outside China—a critical position for Western nations looking to diversify supply chains for EVs, renewable energy, and defence technologies. As of January 8, 2026, Lynas traded at $14.24 AUD, though its longer-term trajectory remains heavily influenced by rare-earth price swings and geopolitical dynamics.

Woodside Energy Group is showing a short-term pullback within an otherwise sideways trading range. The stock closed at $22.95 AUD on January 8, 2026, with its performance closely tracking global oil and gas markets. Recent softness in crude prices, combined with concerns about rising global supply, has weighed on sentiment. Investor confidence is also being shaped by uncertainty surrounding major developments such as the Scarborough LNG project.

Geopolitics

International media outlets report that US President Donald Trump has unveiled a significantly tougher approach to Venezuela, outlining plans for the United States to seize between 30 and 50 million barrels of sanctioned Venezuelan oil and ship it directly to US ports.

For Australian investors, this development highlights the need to stay alert to global energy policy shifts, especially those involving major oil-producing nations. Australia may not rely on Venezuelan crude, but swings in global oil markets still shape the performance of energy stocks, influence inflation expectations, and affect currency dynamics.

In 2026, geopolitical tensions continue to play a central role in driving market sentiment — and the energy sector remains one of the most sensitive pressure points.

Market Milestone – Week Ending 9th January 2026

The S&P/ASX 200 finished at 8,717.80 on 9 January 2026, easing by only 3 points, a move small enough to leave the index effectively flat for the day. Even with the muted close, it continued to trade close to record territory, sitting just 4.36% below its 52-week peak. Market tone was mixed: softness in heavyweight resource stocks—including Rio Tinto and Nickel Industries—dragged on the benchmark, while gains across energy names and consumer-focused sectors helped counterbalance the weakness. Volatility remained subdued, signalling a market still underpinned by solid domestic fundamentals and a supportive global risk backdrop.

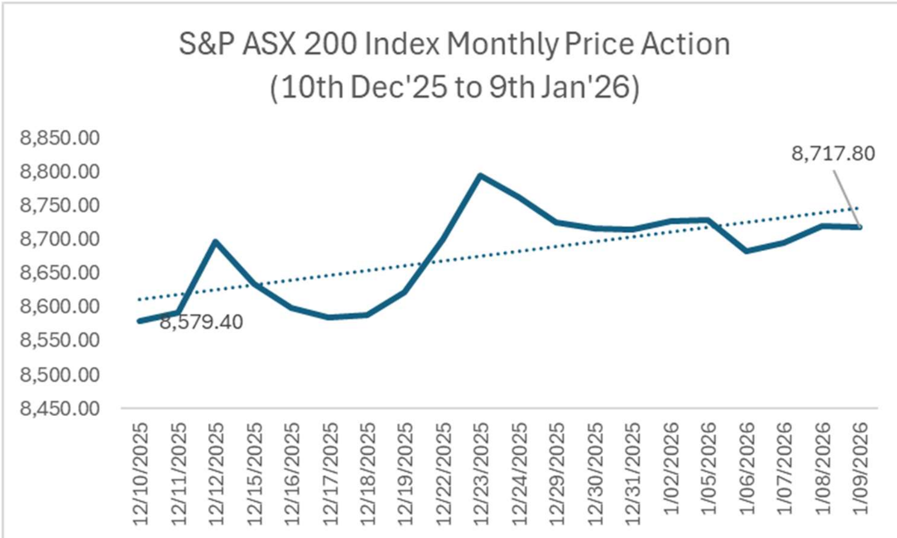
The All Ordinaries ended the session at 9,045.90, a negligible decline of 0.60 points (–0.01%). During the day, it moved within a narrow band between 9,035.60 and 9,089.60, holding close to the upper end of its broad 52-week range of 7,343.70 to 9,414.60. Mid-cap and growth-oriented stocks provided notable support, with companies such as Codan, REA Group, James Hardie, Eagers Automotive, and Ricegrowers among the stronger contributors. Its continued proximity to record levels highlighted the depth of market participation, even as ongoing sector rotation shaped the flow of intraday trading.

Market Outlook – Week Starting 12th January 2026

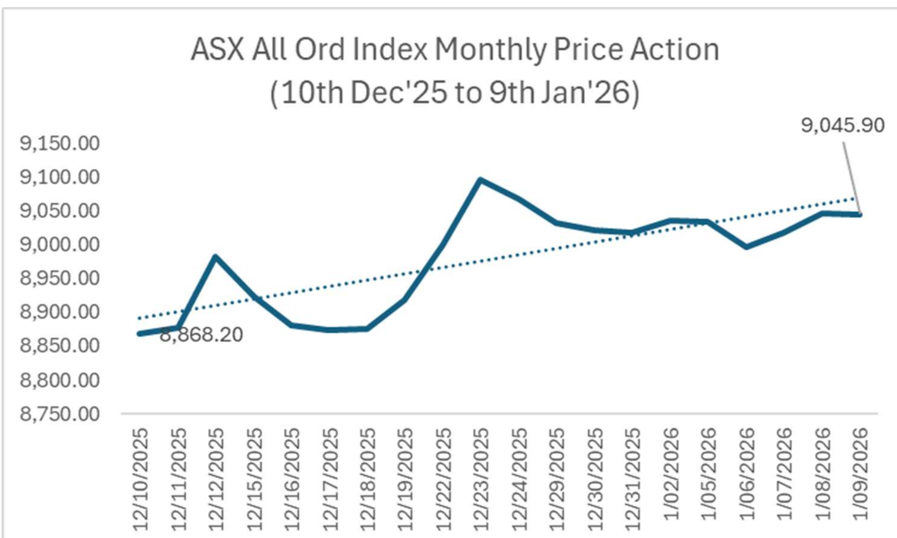
The ASX 200 is heading into next week on the back foot, with weakness in technology and financial stocks driving a multi-week pullback. A sharp Nasdaq decline and stronger-than-expected domestic labour data have both added to the softer tone, pushing out expectations for rate cuts and dampening overall sentiment. Despite the occasional intraday recovery, the broader trend remains skewed to the downside.

Even so, futures positioning hints at the possibility of a short-term rebound, with SPI 200 futures continuing to hold key support levels despite the index's fragility. The near-term outlook remains cautious, and market direction is likely to be shaped by global tech performance, incoming Australian data, and evolving expectations around the RBA's policy trajectory.

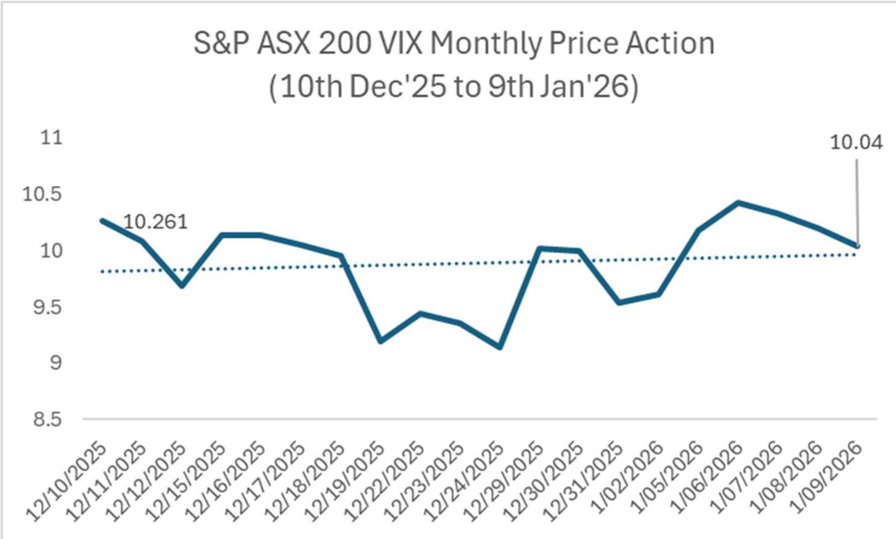
Market Movement 10th Dec-2025 to 9th Jan 2026



Day's Range: 8,707.80----8,762.70
52 wk. Range: 7,169.20---9,115.20



Day's Range: 9,035.60-----9,089.60
52 wk. Range: 7,343.70----9,414.60



Day's Range: 9.576----10.958
52 wk. Range: 7.209---27.154