


Support / Potential "buy" levels
\$8,600.
Resistance
\$8,769.
KEY TAKEAWAYS
ASX gains ground as DRO surges and SGM leads recovery rally

Australian equities edged higher on Wednesday, with the S&P/ASX 200 (ASX:XJO) rising about 0.3% to around 8,645, extending a tentative recovery after last week's volatility. Sentiment improved following the RBA's narrow 5–4 decision to lift rates to 4.10%, which investors read as a sign the tightening cycle may be nearing its peak. That shift sparked a short-covering rally in growth and rate-sensitive sectors, with (ASX:DRO) jumping about 10% and gains across tech, A-REITs and utilities. Market breadth was solid, and volatility eased, suggesting confidence is stabilising.

Resources provided steady support, with (ASX:SGM) up nearly 10% on earnings optimism and (ASX:NHC) gaining 5.85% amid ongoing energy security concerns, while (ASX:BHP) and (ASX:RIO) added modestly. Dividend flows also underpinned demand, with payouts from (ASX:REA), (ASX:CPU) and others. Still, the backdrop remains complex, with slowing domestic growth, a firm Australian dollar and persistent geopolitical risks keeping investors selective despite improving momentum.

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MARKET MOVERS

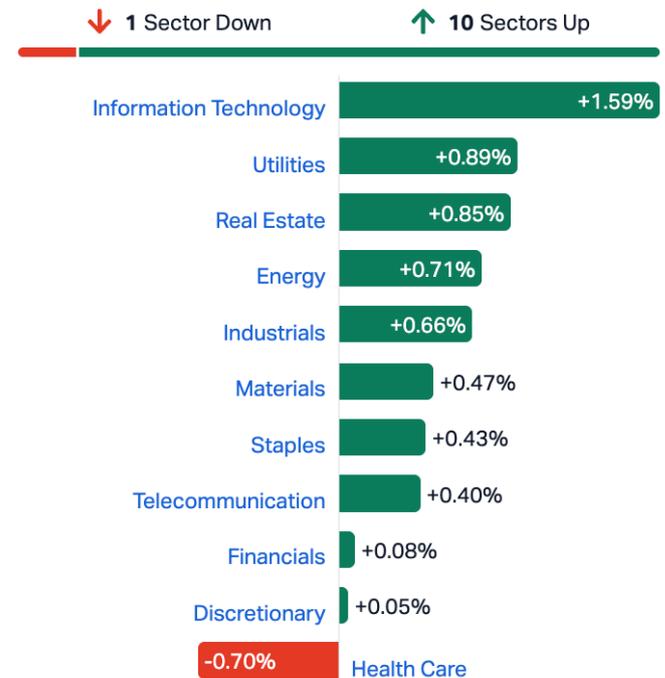
A measured rebound as rate fears soften

Australian equities closed firmer on Wednesday, extending a fragile recovery as investors recalibrated expectations around monetary policy. The S&P/ASX 200 (ASX:XJO) added 0.31% at the close, with other tallies pointing to a similar gain of around 0.35% to 8,645, marking a second consecutive advance after last week's volatility shock. The tone of the session reflected a market increasingly willing to look through near-term tightening risks.



A pivotal driver of sentiment was the Reserve Bank's narrow 5–4 decision to lift the cash rate to 4.10%. While the move itself was restrictive, the split vote was interpreted as a signal that policy may be approaching its peak. Traders have begun to position for a pause into the June quarter, a shift that helped revive demand for risk assets and underpinned a broad-based rally across rate-sensitive sectors.

Market breadth supported the constructive tone, with 621 stocks advancing against 529 decliners, while 332 names finished unchanged. Volatility expectations also eased materially, with the S&P/ASX 200 VIX falling 4.55% to 15.14, reinforcing the sense that panic conditions are receding.



Short covering ignites growth and rate-sensitive sectors

The day's price action was defined by an aggressive short squeeze in previously beaten-down growth segments. Technology and high-duration equities, which had borne the brunt of recent macro dislocations, staged a notable rebound as investors rotated back into oversold names.

(ASX:DRO) emerged as a focal point of this repositioning. DroneShield surged between 9.45% and over 10% intraday, closing around \$4.40–\$4.44, reflecting renewed appetite for defence-linked growth exposure amid persistent geopolitical tensions. The rally extended across the broader growth complex, with (ASX:TLX) Telix Pharmaceuticals and (ASX:WEB) Web Travel Group each advancing roughly 6%, signalling selective re-risking rather than indiscriminate buying.

Importantly, the rebound was not confined to technology. Utilities and A-REITs, both acutely sensitive to interest rate expectations, also moved higher. This suggests that the market is increasingly pricing a plateau in yields, easing

valuation pressure on income-generating and leveraged sectors that had struggled in the tightening cycle.

Resources resilience and selective industrial strength

In the resources and industrial complex, leadership rotated toward companies with earnings leverage to structural supply themes. (ASX:SGM) Sims Metal Management delivered the strongest performance on the index, jumping 9.78% to \$20.66 following an upgraded earnings outlook that highlighted improving conditions in recycled metals markets.

Energy-linked names also remained well bid. (ASX:NHC) New Hope Corporation rose 5.85% to \$5.25, supported by the enduring narrative of global energy insecurity. While crude prices showed signs of near-term stabilisation, the broader geopolitical backdrop continues to reinforce demand for reliable supply, benefiting coal and adjacent producers.

The heavyweight miners provided steady, if unspectacular, support. (ASX:BHP) gained around 0.9%, while (ASX:RIO) edged 0.2% higher. Their resilience reflects a balancing act between a firm Australian dollar, now hovering near US\$0.70–0.71, and persistent tightness in critical minerals supply chains.

Laggards reveal valuation tension at the top end

On the downside, losses were relatively contained but instructive. (ASX:IPX) IperionX fell 3.53% to \$4.10, while (ASX:SNZ) Summerset Group declined 2.52% to \$8.13. High-multiple healthcare name (ASX:PME) Pro Medicus slipped 2.26% to \$125.21, underscoring lingering sensitivity toward premium valuations even as broader sentiment improves.

This divergence highlights a market that remains selective, rewarding cyclical recovery and oversold opportunities while continuing to scrutinise stretched earnings multiples.

Dividend flows anchor investor demand

Beyond price action, the session was underpinned by significant dividend activity as Australia's March distribution window gathered pace. Cash returns remain a critical pillar of total shareholder yield, particularly in a higher-rate environment.

(ASX:REA) REA Group distributed \$1.24 per share, while (ASX:SGM) Sims paid 14 cents. Other notable payouts included (ASX:CPU) Computershare, (ASX:MPL) Medibank Private and (ASX:JIN) Jumbo Interactive. Meanwhile, (ASX:EBO) EBOS Group released its dividend reinvestment plan strike price, keeping investor attention firmly on income strategies.

The prospect of upcoming heavy distributions from major banks and miners later in the month is likely to sustain demand for high-yield equities, reinforcing a supportive technical backdrop for the index.

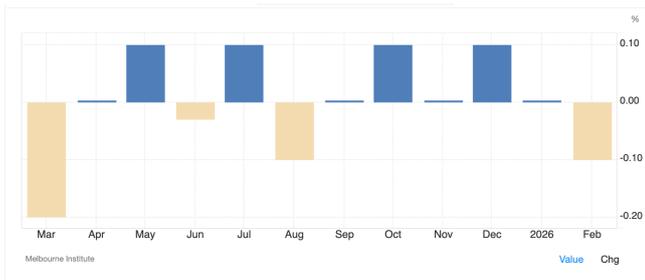
Macro crosscurrents: policy uncertainty meets geopolitical risk

The broader macro environment remains complex. The Australian dollar's resilience above \$0.70 reflects a combination of relatively hawkish central bank signalling and supportive commodity dynamics. Markets are now assigning a meaningful probability to another 25-basis point hike as early as May, despite the RBA's evident internal division.



Crosses	Price	Day	Year	Date
AUDUSD	0.71178	0.00128	0.18%	13:34
EURAUD	1.6218	-0.0025	-0.15%	Mar/18
GBPAUD	1.8783	-0.0015	-0.08%	Mar/18
AUDNZD	1.2128	0.0002	0.02%	Mar/18
AUDJPY	112.9330	-0.0465	-0.04%	Mar/18
AUDCNY	4.8933	0.0030	0.06%	Mar/18
AUDCHF	0.5590	0.0014	0.25%	Mar/18
AUDCAD	0.9757	0.0030	0.31%	Mar/18

Economic indicators, however, point to a gradual cooling. The Westpac–Melbourne Institute Leading Economic Index slipped 0.1% month-on-month in February, with the six-month annualised growth rate holding at a modest 0.08%. Forecasts suggest GDP growth may slow to around 2% in 2026, down from 2.5% last year, indicating that policy tightening is beginning to weigh on activity.



Calendar	GMT	Reference	Actual	Previous	Consensus	TEForecast
2026-02-18	12:00 AM	Jan	-0.1%	0.1%		0.2%
2026-03-18	12:00 AM	Feb	-0.1%	0%		0.2%
2026-04-16	01:00 AM	Mar		-0.1%		0.2%

Globally, geopolitical tensions remain a dominant influence. Escalating conflict in the Middle East, including intensified attacks on energy infrastructure and continued disruption around the Strait of Hormuz, has injected volatility into commodity markets. Oil prices, while recently easing below US\$93 per barrel on supply developments in Iraq, remain elevated in a historical context.



	Price	Day	Month	Year	Date
Crude Oil	92.546	▼ 3.663 -3.81%	39.07%	38.01%	13:35
Brent	100.938	▼ 2.482 -2.40%	40.85%	42.60%	13:35
Natural gas	2.9310	▼ 0.102 -3.36%	-2.34%	-31.11%	13:35
Gasoline	3.0796	▼ 0.0438 -1.40%	52.92%	41.71%	13:35
Heating Oil	3.9459	▼ 0.0699 -1.74%	50.81%	76.05%	13:35
Coal	134.75	▼ -0.25 -0.19%	15.37%	38.77%	Mar/17
Ethanol	1.91	▲ 0.0400 2.14%	14.89%	5.96%	Mar/17
Urals Oil	93.86	▲ 0.28 0.30%	69.88%	46.98%	Mar/16

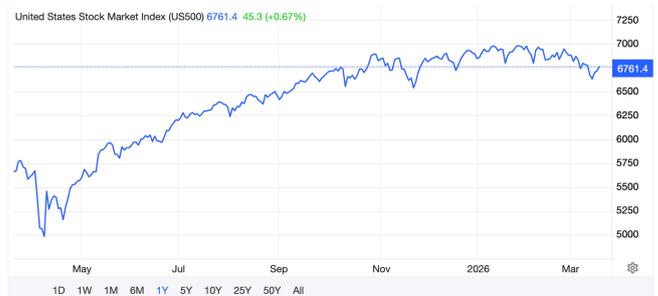
Gold, trading near US\$4,990 per ounce, has softened in recent sessions but retains a strong year-to-date gain of approximately 16%, reflecting persistent demand for defensive assets amid uncertainty.



	Price	Day	Month	Year	Date
Gold	5013.26	▲ 6.33 0.13%	0.23%	64.24%	13:36
Silver	80.053	▲ 0.739 0.93%	1.69%	135.59%	13:36
Copper	5.6845	▼ 0.042 -0.73%	-0.93%	11.41%	13:36
Steel	3,139.00	▼ -20.00 -0.63%	3.49%	-0.73%	Mar/18
Lithium	155,500.00	▼ -2500 -1.58%	2.30%	107.61%	Mar/18
Platinum	2,110.20	▼ -26.30 -1.23%	2.01%	109.01%	Mar/18
Iron Ore	105.77	▲ 0.43 0.41%	6.05%	3.27%	Mar/17

Global backdrop: cautious optimism into key policy signals

International markets offered a mixed but broadly stable lead. US equities edged higher in the prior session, with the S&P 500 up 0.25% and the Nasdaq gaining 0.47%, supported by strength in energy and consumer sectors. Futures trading was subdued ahead of the Federal Reserve's policy decision, where rates are expected to remain unchanged but forward guidance will be closely scrutinised.



Indexes	Price	Day	Month	Year	Date
US30	47371	▲ 378 0.80%	-4.09%	12.89%	13:35
US400	3,394.39	▲ 29.14 0.87%	-5.31%	15.20%	Mar/17
US2000	2,520.71	▲ 17.42 0.70%	-5.19%	22.97%	Mar/17
US500	6761.36	▲ 45.27 0.67%	-1.46%	19.15%	13:35
US100	24982	▲ 202 0.81%	0.77%	26.61%	13:35
USVIX	22.37	▼ -1.14 -1.14%	2.75%	0.67%	Mar/17

In Asia, sentiment was weaker. China's Shanghai Composite fell 0.3%, marking a fifth consecutive decline as investors reacted to geopolitical risks and ongoing volatility in energy markets. Clean energy stocks led the downturn, highlighting sensitivity to both policy and commodity price shifts.



Indexes	Price		Day	Month	Year	Date	
HK50	26,088.00	▲	219.46	0.85%	-1.23%	5.32%	Mar/18
SHANGHAI	4059	▲	9	0.21%	-1.45%	18.42%	13:34
CSI 300	4,654.14	▲	16.70	0.36%	-1.13%	16.06%	Mar/18
SHANGHAI 50	2,957.93	▼	-5.65	-0.19%	-2.74%	7.68%	Mar/18
CH50	14,890.53	▼	-35.63	-0.24%	0.85%	8.28%	Mar/18

However, risks persist. A re-acceleration in inflation driven by energy prices, or a more hawkish shift from central banks, could quickly challenge the current rally. Equally, any escalation in global conflict would likely reprice risk across asset classes.

For now, the market is signalling cautious optimism. Investor positioning suggests a willingness to re-engage with equities, particularly in oversold growth and income-generating sectors, but with a clear preference for selectivity over broad exposure.

Outlook: a fragile recovery with conditional conviction

The ASX's recent rebound appears increasingly credible but remains contingent on the evolution of both monetary policy and geopolitical dynamics. The combination of easing volatility, dividend support and tentative confidence in a peak rate narrative provides a constructive near-term framework.

Regards,
 Mark Elzayed
 Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D Commonwealth Bank	177.09 +0.97 +0.55%	 WOW^D Woolworths	36.02 +0.19 +0.53%
 BHP^D BHP	50.09 +0.36 +0.72%	 TLS^D Telstra	5.28 +0.03 +0.57%
 CSL^D CSL	138.00 -3.15 -2.23%	 GMG^D Goodman Group	26.28 +0.55 +2.14%
 WBC^D Westpac Bank	41.53 +0.04 +0.10%	 TCL^D Transurban	14.30 -0.08 -0.56%
 NAB^D National Australia Bank	47.23 -0.23 -0.48%	 SQ2 Block Inc	
 ANZ^D ANZ	37.13 -0.40 -1.07%	 ALL^D Aristocrat Leisure	44.89 -0.07 -0.16%
 FMG^D Fortescue Metals	19.70 -0.25 -1.25%	 NCM Newcrest Mining	
 WES^D Wesfarmers	75.21 -0.23 -0.30%	 REA^D REA Group	162.34 -3.75 -2.26%
 MQG^D Macquarie Group	197.38 +1.71 +0.87%	 WDS^D Woodside Energy	31.44 +0.02 +0.06%
 RIO^D Rio Tinto	156.38 +1.20 +0.77%	 XRO^D Xero	79.39 +1.77 +2.28%



Commodities & Forex

 TIO1! IRON ORE		 AUDUSD Australian Dollar / U.S. Dollar	0.71192 +0.22% +0.00
 GC1! GOLD		 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.5325 +0.19% +0.0010
 SI1! SILVER		 AUDEUR AUSTRALIAN DOLLAR / EURO	0.6167 +0.18% +0.0011
 HG1! COPPER		 AUDNZD Australian Dollar / New Zealand Dollar	1.21278 +0.01% +0.00
 ZW1! WHEAT		 AUDJPY Australian Dollar / Japanese Yen	112.919 0.00% -0.00
 CL1! CRUDE OIL		 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.8936 +0.07% +0.0034
 NG1! NATURAL GAS		 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	22.973 +0.03% +0.007
 NCF1! COAL		 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	12,033.7 -0.23% -27.6
 LTH1! LITHIUM			



Economic Calendar




March 18					
17:00			HICP Final MM * ∨	0.7%	-0.6%
			HICP Final YY * ∨	1.9%	1.7%
March 19					
01:00			Fed Funds Tgt Rate ∨		
04:45			GDP Prod Based YY, SA ∨	1.7%	1.3%
07:30			Unemployment Rate ∨	4.1%	4.1%
14:00			Claimant Count Unem Chng ∨		28.6 K Person
			ILO Unemployment Rate* ∨	5.3%	5.2%
19:00			BOE Bank Rate ∨	3.75%	3.75%
			BOE MPC Vote Cut ∨	2 Number of	4 Number of
			BOE MPC Vote Hike ∨	0 Number of	0 Number of
			BOE MPC Vote Unchanged ∨	7 Number of	5 Number of
19:30			Initial Jobless Clm * ∨	215 K Person	213 K Person
20:15			ECB Deposit Rate * ∨	2%	2%
			ECB Refinancing Rate * ∨	2.15%	2.15%