


Support / Potential "buy" levels
\$8,500.
Resistance
\$8,769.

KEY TAKEAWAYS

Relief Rally Lifts ASX 200, with (ASX:BHP), (ASX:RIO) and (ASX:NXT) in Focus

Australian equities staged a sharp rebound, with the ASX 200 up 1.74% to 8,728.8, driven largely by short covering after the holiday break. Strength was concentrated in technology and materials, with NextDC Ltd (ASX:NXT) jumping on a \$1bn capital raising, while BHP Group Ltd (ASX:BHP) and Rio Tinto Ltd (ASX:RIO) tracked firmer commodities. Guzman Y Gomez Ltd (ASX:GYG) stood out, surging over 19% on strong expansion momentum. Still, the index remains about 5.4% below its February high, with resistance near 8,776.

The broader backdrop remains uneasy. Oil above US\$115, a soft Australian dollar near \$0.690, and bond yields around 5% reinforce a higher for longer rate outlook. Domestic data is weakening, with PMI slipping into contraction and job ads declining. Markets now hinge on the Strait of Hormuz deadline, where a diplomatic breakthrough could lift sentiment, but escalation risks a swift reversal.

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MARKET MOVERS

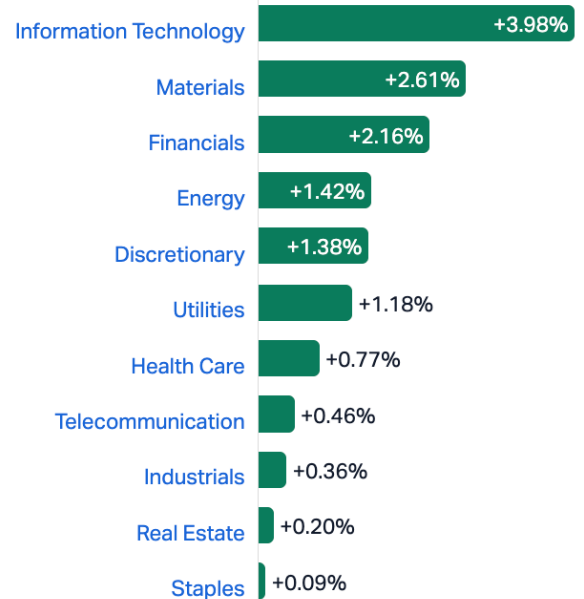
Australian equities delivered a strong rebound on Tuesday, with the **ASX 200** advancing 1.74% to close at 8,728.8. The 149-point gain marked a decisive post-holiday catch-up to Wall Street strength, with the index briefly touching an intraday four-week high of 8,804. The move was driven less by fresh conviction than by positioning, as short covering accelerated into a market that had been leaning defensively amid geopolitical uncertainty.



Yet perspective tempers the optimism. The index remains approximately 5.4% below its February peak, and technical resistance looms at the 200-day moving average near 8,776. A sustained break above that level would signal a more durable recovery; failure would reinforce the prevailing pattern of episodic rallies within a broader consolidation.

Market breadth was constructive, with 647 stocks advancing against 519 declines, while 386 names ended unchanged. However, volatility measures pointed to underlying caution, with the S&P/ASX 200 VIX rising 2.29% to 16.41, suggesting that hedging demand remains intact despite the rally.

↑ 11 Sectors Up



TECHNOLOGY AND MATERIALS LEAD THE CHARGE

Leadership was concentrated in higher beta sectors. Technology and materials stocks dominated flows, reflecting both cyclical optimism and structural demand themes.

NextDC Ltd (ASX:NXT) emerged as a standout, surging roughly 12% to close around \$12.60 after unveiling a \$1bn capital raising backed by La Caisse. The transaction underscores sustained institutional appetite for digital infrastructure, particularly as artificial intelligence driven demand continues to tighten data centre capacity globally.

In materials, **BlueScope Steel Ltd (ASX:BSL)** rose 4.45% after rejecting a \$30 per share takeover proposal, instead opting to return capital via a \$438m special dividend. The decision signals management confidence in underlying earnings resilience despite cost pressures tied to energy and logistics.

The heavyweight miners provided additional support. **BHP Group Ltd (ASX:BHP)** gained 2.9% while **Rio Tinto Ltd (ASX:RIO)** added 2.6%, supported by firmer commodity pricing and renewed risk appetite. Meanwhile, **Guzman Y Gomez Ltd (ASX:GYG)** delivered the session's most pronounced move, jumping over 19% following a strong

operational update that highlighted accelerating store expansion.

Consumer discretionary also participated, with **Domino's Pizza Enterprises Ltd (ASX:DMP)** rising 7.26%, suggesting selective re-engagement with growth oriented retail names.

POCKETS OF WEAKNESS REFLECT STRUCTURAL PRESSURES

Not all segments shared in the optimism. Healthcare and real estate lagged, reflecting persistent sensitivity to interest rates.

Mesoblast Ltd (ASX:MSB) fell 6.57%, leading the decliners, while **Stockland Corporation Ltd (ASX:SGP)** dropped 2.67% to a 52-week low of \$4.01. Weakness in property linked names underscores the drag from elevated bond yields, with financing costs continuing to reprice higher.

Challenger Ltd (ASX:CGF) also slipped 2.18%, highlighting broader pressure on financials exposed to yield curve volatility.

Even relative resilience carries caveats. **CSL Ltd (ASX:CSL)** rose 1.4% on the day, yet remains significantly below levels seen two years ago, reflecting structural headwinds from moderating vaccination demand and ongoing restructuring.

RATES, INFLATION AND THE HIGHER FOR LONGER CONSTRAINT

The macro backdrop remains the defining constraint on valuation expansion. The Reserve Bank of Australia's policy rate sits at 4.10% following its March increase, and minutes from that meeting revealed a divided board concerned about persistent inflation risks.



Bonds	Yield	Day	Month	Year	Date
Australia 10Y	4.9760	▼ -0.07%	0.022%	0.770%	14:57
Australia 52W	4.65	▼ -0.025%	0.253%	1.149%	Apr/07
Australia 20Y	5.36	▲ 0.001%	0.016%	0.578%	Apr/07
Australia 2Y	4.68	▼ -0.061%	0.203%	1.336%	Apr/07
Australia 30Y	5.39	▼ -0.045%	0.011%	0.518%	Apr/07
Australia 3Y	4.66	▼ -0.058%	0.098%	1.291%	Apr/07
Australia 5Y	4.69	▼ -0.049%	0.061%	1.090%	Apr/07
Australia 7Y	4.83	▼ -0.046%	0.050%	0.891%	Apr/07

Bond markets continue to reflect that tension. Australian 10-year yields hover near 5%, close to multi-decade highs, reinforcing the higher for longer narrative. Markets now assign roughly a two in three probability to another rate increase at the May meeting.

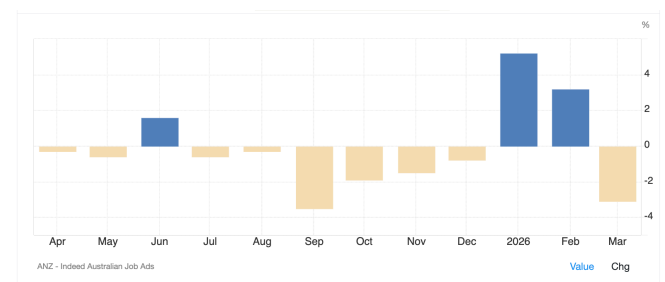
This dynamic is feeding directly into sector dispersion. Rate sensitive equities, particularly real estate and long duration growth stocks, remain vulnerable, while resource names benefit from inflation linked pricing power.

DOMESTIC DATA SIGNALS A COOLING ECONOMY

Recent economic indicators point to a deceleration in activity, even as pockets of resilience remain.

The S&P Global PMI data showed a sharp contraction in March, with the services index falling to 46.3 from 52.8 and the composite index slipping to 46.6, marking the first contraction in roughly 18 months. The decline reflects pressure from rising fuel costs and geopolitical uncertainty.

Labour market signals are more nuanced. Job vacancies rose 2.7% over the three months to February, suggesting continued tightness. However, forward indicators are softening. ANZ Indeed job ads declined 3.1% month on month in March, the steepest fall since September, with weakness concentrated in consumer facing sectors such as retail and healthcare support roles.



Calendar	GMT	Reference	Actual	Previous	Consensus	TEForecast
2026-03-02	01:30 AM	Feb	3.2%	5.2%		-2.3%
2026-04-07	01:30 AM	Mar	-3.1%	3.2%		0.1%
2026-05-04	01:30 AM	Apr		-3.1%		

Household consumption, which accounts for more than half of GDP, remains a critical variable. While February data showed some resilience, sustained pressure from energy costs risks eroding discretionary spending.

GLOBAL CROSSCURRENTS DOMINATE

The rally in Australian equities cannot be separated from the broader geopolitical context. Markets remain focused on the escalating tension surrounding the Strait of Hormuz.

Oil prices have surged, with WTI crude trading above US\$115 per barrel, near its highest level since mid 2022. The move reflects fears of supply disruption should the conflict intensify. Iran's stance remains firm, rejecting a temporary truce and demanding a permanent ceasefire alongside sanctions relief.



	Price		Day	Month	Year	Date	
Crude Oil	115.447	▲	3.037	2.70%	21.57%	93.38%	14:59
Brent	111.731	▲	1.861	1.79%	12.78%	77.64%	14:59
Natural gas	2.7996	▼	0.0114	-0.41%	-10.21%	-19.15%	14:58
Gasoline	3.3507	▲	0.0425	1.28%	19.25%	71.61%	14:59
Heating Oil	4.5546	▲	0.2262	5.23%	26.16%	125.18%	14:59
Coal	137.90	▲	0	0%	-4.10%	41.44%	Apr/06
Ethanol	2.02	▲	0	0%	8.19%	12.41%	Apr/06
Urals Oil	121.17	▲	15.44	14.60%	76.04%	87.05%	Apr/02

Gold, by contrast, has softened to around US\$4,650 per ounce, down roughly 12% since the conflict began. The decline reflects the inflationary impulse from energy prices, which has shifted expectations towards tighter monetary policy globally.



	Price		Day	Month	Year	Date	
Gold	4645.37	▼	5.67	-0.12%	-9.70%	55.82%	14:59
Silver	72.240	▼	0.47	-0.65%	-17.13%	143.67%	14:59
Copper	5.6108	▲	0.0273	0.49%	-3.21%	38.46%	14:59
Steel	3,096.00	▼	-7.00	-0.23%	-0.71%	1.18%	Apr/07
Lithium	159,000.00	▲	500	0.32%	2.75%	119.61%	Apr/07
Platinum	1,968.00	▼	-9.50	-0.48%	-9.26%	120.26%	Apr/07
Iron Ore	107.97	▲	0.52	0.48%	4.93%	7.06%	Apr/06

US equity futures turned lower ahead of the deadline, despite modest gains in the prior session, where the S&P 500 rose 0.44% and the Nasdaq added 0.54%. Investors are bracing for potential escalation, with the risk of strikes on infrastructure introducing a binary outcome for markets.



Indexes	Price		Day	Month	Year	Date	
US30	46615	▼	55	-0.12%	-2.36%	23.82%	14:58
US400	3,423.55	▲	15.39	0.45%	-0.57%	30.71%	Apr/06
US2000	2,540.64	▲	10.60	0.42%	-0.51%	40.36%	Apr/06
US500	6595.74	▼	16.09	-0.24%	-2.97%	32.34%	14:58
US100	24098	▼	95	-0.39%	-3.51%	40.96%	14:58
USVIX	25.10	▲	0.93	0.93%	-0.40%	-21.88%	Apr/07

In Asia, Chinese equities showed modest resilience, with the Shanghai Composite rising 0.5% and Shenzhen gaining 0.4%, supported by expectations of stable inflation data.



Indexes	Price		Day	Month	Year	Date	
HK50	25,116.53	▼	-177.50	-0.70%	-2.53%	9.92%	Apr/02
SHANGHAI	3890	▲	10	0.26%	-5.02%	23.70%	14:52
CSI 300	4,441.61	▲	0.82	0.02%	-3.77%	21.66%	Apr/07
SHANGHAI 50	2,831.29	▲	0.69	0.02%	-4.44%	9.98%	Apr/07
CH50	14,513.62	▼	-39.37	-0.27%	-0.37%	14.06%	Apr/07

CURRENCY AND CAPITAL FLOWS

The Australian dollar remains under pressure, trading near \$0.690 and hovering around two-month lows. Safe haven demand for the US dollar, combined with commodity driven inflation risks, continues to weigh on the currency.



Crosses	Price	Day	Year	Date	
AUDUSD	0.69141 ▼	0.00033	-0.05%	16.10%	14:57
EURAUD	1.6694 ▲	0.0010	0.06%	-9.16%	Apr/07
GBPAUD	1.9137 ▲	0.0005	0.03%	-10.67%	Apr/07
AUDNZD	1.2132 ▲	0.0024	0.20%	12.84%	Apr/07
AUDJPY	110.5290 ▲	0.0690	0.06%	26.81%	Apr/07
AUDCNY	4.7497 ▼	-0.0052	-0.11%	7.25%	Apr/07
AUDCHF	0.5530 ▲	0.0008	0.15%	9.45%	Apr/07
AUDCAD	0.9626 ▲	0.0002	0.02%	13.16%	Apr/07

The interplay between currency weakness and elevated yields presents a complex backdrop for capital flows. While a weaker currency supports exporters, it also amplifies imported inflation, reinforcing the central bank's policy dilemma.

DIVIDEND THEMES AND CORPORATE ACTIONS

Income remains a central theme in a volatile environment. BlueScope's special dividend announcement stands out as a

significant capital return, while **Washington H Soul Pattinson Ltd (ASX:SOL)** continues to attract attention for its 28 year record of dividend growth.

Elsewhere, **The a2 Milk Company Ltd (ASX:A2M)** eased 1.1% after agreeing to a \$62m settlement, removing a lingering legal overhang but highlighting the ongoing cost of governance risks.

OUTLOOK: BINARY RISKS, ASYMMETRIC OUTCOMES





















The near-term trajectory for Australian equities is increasingly binary. A diplomatic breakthrough in the Middle East could unlock a relief rally towards the 9,200 level, supported by short covering and improved risk sentiment.

Conversely, escalation would likely trigger a rapid retracement, with a retest of the 8,262 lows plausible as energy prices surge further and risk premia widen.


















For now, the market sits at an inflection point. Tuesday's rally reflects positioning and hope rather than conviction. The underlying structure, defined by elevated rates, fragile growth and geopolitical risk, remains unresolved.

Regards,
 Mark Elzayed
 Investor Pulse

MARKET DATA
ASX Top 20



 CBA^D* Commonwealth Bank	176.94 +4.14 +2.40%	 WOW^D* Woolworths	37.52 +0.51 +1.38%
 BHP^D* BHP	52.92 +1.69 +3.30%	 TLS^D* Telstra	5.40 -0.02 -0.37%
 CSL^D* CSL	140.31 +1.38 +0.99%	 GMG^D* Goodman Group	26.25 +0.17 +0.65%
 WBC^D* Westpac Bank	40.80 +0.95 +2.38%	 TCL^D* Transurban	13.69 -0.17 -1.23%
 NAB^D* National Australia Bank	42.88 +1.08 +2.58%	 SQ2 Block Inc	
 ANZ^D* ANZ	37.26 +0.63 +1.72%	 ALL^D* Aristocrat Leisure	46.75 +0.60 +1.30%
 FMG^D* Fortescue Metals	20.68 +0.43 +2.12%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	74.32 +0.98 +1.34%	 REA^D* REA Group	158.40 +3.99 +2.58%
 MQG^D* Macquarie Group	212.19 +6.60 +3.21%	 WDS^D* Woodside Energy	35.80 +0.87 +2.49%
 RIO^D* Rio Tinto	166.40 +4.78 +2.96%	 XRO^D* Xero	75.35 +1.29 +1.74%

















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Commodities & Forex

 TIO1!^o IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.69128 -0.05% -0.00
 GC1!^o GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.5225 -0.04% -0.0002
 SI1!^o SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.5990 -0.07% -0.0004
 HG1!^o COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.21336 +0.20% +0.00
 ZW1!^o WHEAT	 AUDJPY Australian Dollar / Japanese Yen	110.504 +0.07% +0.08
 CL1!^o CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.7476 -0.27% -0.0129
 NG1!^o NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	22.518 +0.04% +0.009
 NCF1!^o COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	11,826.6 +0.36% +42.8
 LTH1!^o LITHIUM		

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Economic Calendar


+3


April 7						
15:00			FX Reserves (Monthly)* ∨	Coming in 03:59	3.398 Tln \$	3.428 Tln \$
15:30			S&P GLOBAL SERVICE PMI ∨		51.2 Index (diffusion)	53.9 Index (diffusion)
April 8						
09:00			Cash Rate ∨		2.25%	
15:30			S&P Global CONSTRUCTION PMI ∨		43.7 Index (diffusion)	44.5 Index (diffusion)
April 9						
19:30			GDP Cons Spending Final ∨			3.5%
			GDP Final ∨		0.7%	4.4%
			Initial Jobless Clm * ∨		210 K Person	202 K Person
April 10						
08:30			CPI MM * ∨		-0.2%	1%
			CPI YY * ∨		1.2%	1.3%
			PPI YY * ∨		0.4%	-0.9%
14:00			FDI (YTD)* ∨			-5.7%
19:30			Core CPI MM, SA ∨		0.3%	0.2%
-	-	-	-	-	-	-