


Support / Potential "buy" levels
\$8,900.
Resistance
\$9,000.
KEY TAKEAWAYS
Banks Steady the Ship as ZIP and WDS Track a Surge in Oil Prices

The Australian share market barely moved on Monday, but the story beneath the surface was anything but quiet. The S&P/ASX 200 inched up just 0.07% after a volatile session driven by a sharp jump in oil prices and rising geopolitical tension. Energy names such as Woodside Energy found support as crude surged, while growth stocks wobbled under renewed pressure from higher rate expectations. Standout performers included Zip Co Ltd and James Hardie Industries PLC, both benefiting from selective buying despite broader uncertainty.

What kept the market afloat was the resilience of the banks, with Commonwealth Bank helping the index recover from early losses. Investors are increasingly pricing in another rate hike, now seen as more likely as oil-driven inflation risks build. Add in a wave of dividend payments hitting accounts, and the market has a cushion, but sentiment remains fragile as global tensions and key inflation data loom.

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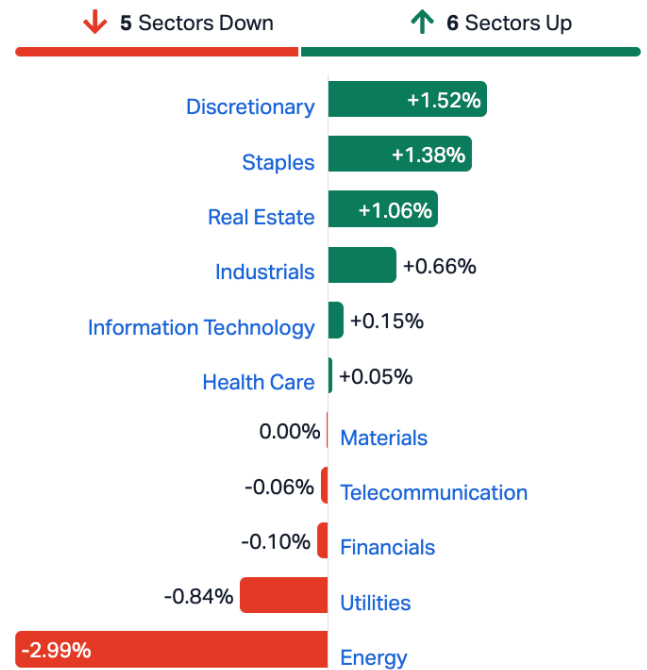
MARKET MOVERS

The Australian equity market delivered only the narrowest of gains on Monday, yet beneath the modest headline figure lay a far more complex and revealing narrative. The S&P/ASX 200 edged up 0.07% to close at 8,953.3 points, masking a session shaped by intensifying geopolitical stress, a sharp repricing of global energy markets, and shifting expectations around domestic monetary policy. The trading day unfolded as a contest between macro headwinds and pockets of resilience, with sector dispersion reflecting a market grappling with both inflation risk and late-cycle dynamics.



The session began on a distinctly cautious footing. Early selling pressure pushed the index down to an intraday low of 8,898.4 as investors responded swiftly to escalating tensions in the Middle East. Reports that the United States Navy had seized an Iranian-flagged cargo vessel in the Gulf of Oman introduced a fresh layer of uncertainty into an

already fragile ceasefire framework. Tehran's immediate vow of retaliation, coupled with doubts surrounding upcoming peace talks, unsettled risk sentiment and triggered a reassessment of energy supply risks.



Yet as the day progressed, the Australian market demonstrated a degree of composure. Bargain hunting, combined with sector-specific support from financials and energy, enabled the index to claw its way back into positive territory by the close. The marginal gain belied the intensity of intra-day volatility and underscored the market's current sensitivity to geopolitical developments.

Energy Shock Rewrites the Inflation Narrative



	Price		Day	Month	Year	Date	
Crude Oil	88.493	▲	4,643	5.54%	0.25%	41.57%	14:14
Brent	94.909	▲	4,529	5.01%	-5.16%	43.04%	14:14
Natural gas	2.7201	▲	0.0461	1.72%	-5.95%	-9.84%	14:14
Gasoline	3.1055	▲	0.1007	3.35%	4.45%	49.23%	14:14
Heating Oil	3.5886	▲	0.1912	5.63%	-11.57%	68.81%	14:14
Coal	132.30	▼	-1.25	-0.94%	-5.06%	39.19%	Apr/17
Ethanol	1.89	▼	-0.0075	-0.39%	-5.61%	6.62%	Apr/17
Urals Oil	102.67	▼	-11.98	-10.45%	-1.12%	68.04%	Apr/17

The most consequential development of the session was the dramatic surge in oil prices. Brent crude rose 6.5% to above

US\$96 per barrel, while West Texas Intermediate advanced 7.5% amid renewed disruptions in the Strait of Hormuz. The effective standstill in one of the world's most critical energy corridors marked a sharp reversal of the so-called peace trade that had taken hold in recent sessions.

For equity investors, the implications were immediate and far-reaching. Energy stocks emerged as clear beneficiaries of the price spike, with Woodside Energy (ASX:WDS) and Santos (ASX:STO) attracting renewed buying interest. These names have increasingly been viewed not merely as cyclical exposures but as strategic hedges against energy-driven inflation. The logic is straightforward: higher oil prices bolster earnings expectations for producers while simultaneously reinforcing broader inflationary pressures that challenge other sectors.

However, the broader market impact was more nuanced. Elevated energy costs feed directly into input prices across industries, raising concerns about margin compression and consumer demand erosion. This dynamic was particularly evident in the uneven performance of growth-oriented sectors, where sensitivity to discount rates and macro conditions remains acute.

Sector Rotation Signals a Late-Cycle Market

Sectoral performance on the day highlighted a market undergoing subtle but meaningful rotation. Consumer discretionary and consumer staples stocks contributed to the index's resilience, suggesting that investors continue to seek a balance between cyclical exposure and defensive positioning. The strength in staples, in particular, points to a degree of caution, as these companies typically offer more stable earnings profiles in uncertain environments.



	Price	Day	Month	Year	Date	
Gold	4796.62	▼ 36.94	-0.76%	8.80%	39.65%	14:15
Silver	79.854	▼ 0.901	-1.12%	15.59%	144.08%	14:15
Copper	6.0317	▼ 0.0718	-1.18%	10.96%	27.40%	14:15
Steel	3,128.00	▲ 31.00	1.00%	-0.51%	2.36%	Apr/20
Lithium	172,500.00	▲ 3000	1.77%	17.75%	143.47%	Apr/20
Platinum	2,087.10	▼ -54.60	-2.55%	11.99%	117.70%	Apr/20
Iron Ore	106.85	▼ -0.26	-0.24%	1.24%	6.94%	Apr/17

Gold stocks also provided support, although the underlying commodity itself moved lower. The divergence reflects the complexity of current market conditions. Gold prices fell more than 1% to below US\$4,800 per ounce, weighed down by rising interest rate expectations and the stronger US dollar. The metal has now declined nearly 10% since the onset of the Middle East conflict, an outcome that may appear counterintuitive given its traditional role as a safe haven. Yet in an environment where inflation concerns are driving yields higher, gold's opportunity cost has increased, tempering its appeal.

Technology and broader growth sectors, meanwhile, faced a more challenging session. The resurgence of the higher-for-longer interest rate narrative weighed on valuations, prompting some profit taking after recent gains. The interplay between rising energy prices, inflation expectations, and monetary policy is once again exerting pressure on duration-sensitive assets.

Standout Movers Reflect Market Microstructure

At the stock level, the session produced a number of notable movers that illustrate the diversity of market drivers. Zip Co Ltd (ASX:ZIP) led the gains, rising 8.15% to 2.52. The buy now, pay later provider has been highly sensitive to shifts in risk appetite and interest rate expectations, making its strong performance indicative of selective investor confidence.

James Hardie Industries PLC (ASX:JHX) also delivered a robust gain, advancing 6.88% to 29.97. The building materials group continues to benefit from structural demand in housing and renovation markets, although its outlook remains tied to broader economic conditions and interest rates.

Life360 Inc (ASX:360) rounded out the top performers, climbing 5.81% to 22.59. The company's growth profile and exposure to subscription-based revenue streams have attracted investor interest, even as the broader technology sector faces headwinds.

On the downside, Viva Energy Group Ltd (ASX:VEA) fell 7.91% to 2.33, reflecting company-specific pressures despite the broader strength in energy prices. Stanmore Coal (ASX:SMR) declined 6.01% to 2.19, while Worley Ltd (ASX:WOR) dropped 5.92% to 11.12. These declines highlight the fact that commodity exposure alone does not guarantee positive performance, particularly when operational and cost factors come into play.

Market breadth painted a mixed picture, with declining stocks outnumbering advancers by 589 to 574, while 397 names ended unchanged. This balance reinforces the view of a market lacking clear directional conviction.

Volatility Creeps Higher

The S&P/ASX 200 VIX rose 2.64% to 13.24, signalling a modest increase in implied volatility. While the absolute level remains relatively subdued, the upward move reflects growing unease among investors. Volatility measures often act as leading indicators of market stress, and the current trajectory suggests that participants are beginning to price in a wider range of potential outcomes.

This shift is consistent with the broader macro backdrop, where geopolitical uncertainty and policy ambiguity are combining to create a more complex investment landscape.

Banks Defy the Macro Headwinds

One of the more striking aspects of the session was the resilience of the banking sector. The so-called Big Four banks provided a stabilising influence on the index, with Commonwealth Bank (ASX:CBA) and National Australia Bank (ASX:NAB) both trending higher.

This performance may appear counterintuitive in the context of rising economic uncertainty. However, the market is increasingly focused on the potential for higher interest rates to support net interest margins. As expectations for further tightening by the Reserve Bank of Australia have strengthened, banks stand to benefit from improved lending spreads.

At the same time, investors remain mindful of the risks. Higher rates can dampen credit demand and increase default probabilities, particularly if economic growth slows. The current strength in bank shares therefore reflects a balancing act between near-term earnings support and longer-term macro concerns.

Interest Rate Expectations Turn Hawkish

The repricing of interest rate expectations was a central theme of the day. ASX 30-Day Interbank Cash Rate Futures now indicate a 72% probability of a rate hike to 4.35% at the Reserve Bank's May 5 meeting, up from 64% late last week. This shift underscores the market's sensitivity to inflationary signals, particularly those emanating from energy markets.

Oil prices approaching US\$100 per barrel present a direct challenge to central banks. Higher energy costs feed through to headline inflation and can influence inflation

expectations, potentially necessitating a more aggressive policy response.

Australia's domestic backdrop adds to the complexity. A resilient labour market has already reinforced tightening expectations, suggesting that the Reserve Bank has limited scope to delay action. The upcoming quarterly CPI release will be critical in shaping the policy outlook, with investors seeking confirmation of whether inflation pressures are indeed reaccelerating.

Dividend Flows Provide a Timely Cushion

Amid the volatility, income investors received a welcome boost. April 20 marked a significant dividend distribution day, with several major payments hitting bank accounts. New Hope Corporation (ASX:NHC) delivered a 17 cent interim dividend, while Kelsian Group (ASX:KLS) paid 14.5 cents.

In addition, a broad range of exchange traded funds, including those focused on high yield and diversified exposures, distributed quarterly income. These flows provide a degree of liquidity and can act as a stabilising force in the market, particularly during periods of uncertainty.

The timing is notable. With key economic data releases on the horizon and geopolitical risks elevated, the availability of fresh capital may influence short-term market dynamics.

Currency Dynamics Reflect Competing Forces



Crosses	Price	Day	Year	Date
AUDUSD	0.71602	▼ 0.00102 -0.14%	11.61%	14:14
EURAUD	1.6433	▲ 0.0037 0.23%	-8.45%	Apr/20
GBPAUD	1.8870	▲ 0.0032 0.17%	-9.52%	Apr/20
AUDNZD	1.2187	▼ -0.0009 -0.07%	14.10%	Apr/20
AUDJPY	113,7080	▼ -0.1075 -0.09%	25.82%	Apr/20
AUDCNY	4.8818	▼ -0.0150 -0.31%	4.44%	Apr/20
AUDCHF	0.5598	▼ -0.0012 -0.21%	7.84%	Apr/20
AUDCAD	0.9804	▼ -0.0033 -0.34%	10.40%	Apr/20

The Australian dollar eased to around \$0.71, though it remains near its highest level since May 2022. The currency's behaviour reflects a complex interplay of factors. On one hand, higher commodity prices, particularly for energy,

provide support. On the other, global risk aversion and a stronger US dollar exert downward pressure.

The situation in the Strait of Hormuz has added a further layer of complexity. While higher oil prices can benefit commodity-linked currencies, the associated increase in global uncertainty can offset these gains. The result is a currency that is broadly stable but sensitive to shifts in sentiment.

China Provides a Measure of Stability

Developments in China offered a contrasting narrative of relative stability. The Shanghai Composite rose 0.5% to a one-month high of 4,071, while the Shenzhen Component gained 0.6% to 14,975, marking its strongest level since December 2021.



Indexes	Price	Day	Month	Year	Date	
HK50	26,447.00	▲ 286.67	1.10%	8.47%	22.65%	Apr/20
SHANGHAI	4082	▲ 31	0.76%	7.08%	24.06%	14:10
CSI 300	4,759.05	▲ 30.38	0.64%	7.72%	25.74%	Apr/20
SHANGHAI 50	2,934.36	▲ 23.49	0.81%	5.09%	10.61%	Apr/20
CH50	15,529.30	▲ 66.22	0.43%	7.94%	18.21%	Apr/20

The People's Bank of China reaffirmed a supportive and moderately loose monetary stance, maintaining the one-year Loan Prime Rate at 3.0% and the five-year rate at 3.5%. This marks the eleventh consecutive month of unchanged policy settings, reflecting a commitment to sustaining growth while preserving financial stability.

Financial stocks led the gains, with major banks posting modest advances. The broader message is one of cautious optimism. While deflationary pressures appear to be easing and growth is stabilising, authorities remain alert to external risks, particularly those linked to geopolitical tensions.

For Australian investors, China's trajectory remains critically important. As a key trading partner, its economic health has direct implications for commodity demand and export revenues.

Global Markets Turn Defensive

US stock futures declined on Monday, with Dow futures falling nearly 1% and both the S&P 500 and Nasdaq 100 down 0.8% and 0.6% respectively. The reversal comes after a strong rally last week, during which major indices reached record highs.



Indexes	Price	Day	Month	Year	Date	
US30	49132	▼ 316	-0.64%	6.36%	28.75%	14:14
US400	3,646.35	▲ 70.40	1.97%	8.42%	36.01%	Apr/17
US2000	2,776.90	▲ 57.30	2.11%	12.03%	50.89%	Apr/17
US500	7089.40	▼ 36.66	-0.51%	7.74%	37.45%	14:14
US100	26558	▼ 114	-0.43%	9.81%	49.15%	14:14
USVIX	17.48	▼ -0.46	-0.46%	-7.81%	-16.34%	Apr/17

The shift in sentiment reflects the renewed escalation in the Middle East. While optimism had been building around potential peace talks, the latest developments have reintroduced uncertainty. The prospect of prolonged disruption to energy supplies has raised concerns about inflation and economic growth.

The broader global context is therefore one of heightened tension. Markets are balancing strong recent performance against a deteriorating geopolitical backdrop, creating conditions for increased volatility.

Commodities at the Centre of the Storm

The commodities complex remains at the heart of current market dynamics. Oil's sharp rally has already been discussed, but its implications extend beyond energy markets. Higher oil prices act as a tax on consumers and businesses, potentially slowing economic activity.

Gold's decline adds another dimension. Traditionally seen as a safe haven, its recent weakness highlights the dominance of interest rate considerations. As yields rise, the appeal of non-yielding assets diminishes.

The combined effect is a complex and at times contradictory set of signals. Investors are navigating a landscape where traditional relationships are being tested by the interplay of inflation, policy, and geopolitics.

Looking Ahead: A Market on Edge

As the week progresses, several key factors will define the market direction. The upcoming release of flash PMI data will provide insights into the health of the global economy, while Australia's quarterly CPI figures will be pivotal for monetary policy expectations.

Geopolitical developments will remain a central focus. The situation in the Strait of Hormuz has the potential to evolve rapidly, with significant implications for energy markets and global trade.

In this environment, the Australian market's modest gain on Monday should not be mistaken for complacency. Rather, it reflects a tentative balance between competing forces. Investors are weighing the benefits of higher commodity prices against the risks of inflation and economic slowdown.

The result is a market that is neither fully risk-on nor risk-off, but instead characterised by selective positioning and heightened sensitivity to news flow.

Resilience Tested but Not Broken

The Australian equity market's performance on April 20 encapsulates the challenges of the current macro environment. A narrow gain at the index level conceals a day

of significant cross currents, driven by geopolitical tension, commodity volatility, and shifting policy expectations.





















Energy has reasserted itself as a dominant theme, reshaping inflation narratives and influencing sector performance. Banks have provided a measure of stability, even as broader risks loom. Dividend flows have offered support, while global developments continue to exert pressure.

In many respects, the market is at an inflection point. The balance between resilience and vulnerability is finely poised, with future direction likely to be determined by a combination of economic data and geopolitical outcomes.

For investors, the message is clear. Navigating this environment requires a nuanced approach, an appreciation of interconnected risks, and a willingness to adapt as conditions evolve. The events of Monday serve as a reminder that even modest index movements can mask profound underlying shifts.


















Regards,
Mark Elzayed
Investor Pulse

MARKET DATA
ASX Top 20

 CBA^D* Commonwealth Bank	180.15 +1.92 +1.08%	 WOW^D* Woolworths	37.49 +0.70 +1.90%
 BHP^D* BHP	55.69 -0.23 -0.41%	 TLS^D* Telstra	5.34 +0.01 +0.19%
 CSL^D* CSL	137.42 +0.29 +0.21%	 GMG^D* Goodman Group	29.82 +0.44 +1.50%
 WBC^D* Westpac Bank	40.02 +0.29 +0.73%	 TCL^D* Transurban	13.73 +0.17 +1.25%
 NAB^D* National Australia Bank	41.02 -1.53 -3.60%	 SQ2 Block Inc	
 ANZ^D* ANZ	37.93 +0.01 +0.03%	 ALL^D* Aristocrat Leisure	48.92 -0.16 -0.33%
 FMG^D* Fortescue Metals	21.17 -0.06 -0.28%	 NCM Newcrest Mining	
 WES^D* Wesfarmers	74.63 +1.78 +2.44%	 REA^D* REA Group	174.35 -0.30 -0.17%
 MQG^D* Macquarie Group	239.67 -0.21 -0.09%	 WDS^D* Woodside Energy	31.77 -0.96 -2.93%
 RIO^D* Rio Tinto	172.51 -1.24 -0.71%	 XRO^D* Xero	82.15 +0.17 +0.21%























Commodities & Forex

 TIO1!^o IRON ORE	 AUDUSD Australian Dollar / U.S. Dollar	0.71585 -0.11% -0.00
 GC1!^o GOLD	 AUDGBP AUSTRALIAN DOLLAR / BRITISH POUND	0.5298 -0.09% -0.0005
 SI1!^o SILVER	 AUDEUR AUSTRALIAN DOLLAR / EURO	0.6084 -0.16% -0.0010
 HG1!^o COPPER	 AUDNZD Australian Dollar / New Zealand Dollar	1.21861 +0.09% +0.00
 ZW1!^o WHEAT	 AUDJPY Australian Dollar / Japanese Yen	113.714 +0.05% +0.06
 CL1!^o CRUDE OIL	 AUDCNY AUSTRALIAN DOLLAR / CHINESE YUAN	4.8800 -0.11% -0.0056
 NG1!^o NATURAL GAS	 AUDTHB AUSTRALIAN DOLLAR / THAI BAHT	22.932 +0.28% +0.063
 NCF1!^o COAL	 AUDIDR AUSTRALIAN DOLLAR / INDONESIAN ...	12,281.2 -0.31% -38.6
 LTH1!^o LITHIUM		



Economic Calendar

						
April 21						
05:45			CPI QQ <input type="checkbox"/>	0.8%	0.6%	
			CPI YY <input type="checkbox"/>	2.9%	3.1%	
13:00			Claimant Count Unem Chng <input type="checkbox"/>			24.7 K Person
			ILO Unemployment Rate* <input type="checkbox"/>	5.2%	5.2%	
19:30			Retail Sales MM <input type="checkbox"/>	1.4%	0.6%	
April 22						
13:00			Core CPI MM <input type="checkbox"/>	0.5%	0.6%	
			Core CPI YY <input type="checkbox"/>	3.2%	3.2%	
			CPI MM <input type="checkbox"/>	0.6%	0.4%	
			CPI YY <input type="checkbox"/>	3.3%	3%	
			RPI MM* <input type="checkbox"/>	0.7%	0.4%	
			RPI YY* <input type="checkbox"/>	3.9%	3.6%	
21:00			Consumer Confid. Flash * <input type="checkbox"/>			-16.3 Net balance
April 23						
19:30			Initial Jobless Clm * <input type="checkbox"/>	212 K Person	207 K Person	