

RESEARCH UPDATE

MARKET *watch*

JANUARY 2026



Global equity markets were mixed in December, with European markets driving gains with a 2.7% rise over the month. US markets lagged as the S&P 500 and the Nasdaq fell 0.1% and 0.5% respectively following weakness in the 'Magnificent 7' stocks amidst ongoing concerns of an artificial intelligence (AI) bubble. The US Federal Reserve cut the target range for its cash rate by 0.25%, despite mixed signals in the economic data. The Hang Seng Index dropped 0.9%, down for a third consecutive month. The S&P/ASX 200 outperformed other markets, rising 1.2% as strong commodity prices saw Australian miners rally in December. The Reserve Bank of Australia maintained its interest rate target following stronger-than-expected inflation data.

S&P/ASX 200 Sector Performance

Leading sectoral gains for December was Materials, supported by strong commodity prices. A rebound in the gold price to reach new all-time highs saw gold miners rally, with Bellevue Gold Limited (29.3%), Greatland Resources Limited (26.9%), Ora Banda Mining Limited (21.3%) and Emerald Resources (20.2%) leading their peers higher. Greatland Resources Limited benefited from its Havieron project's feasibility study, which confirmed its gold-copper mine was long-life and low-cost, whilst Ora Banda Mining Limited reported drill results that revealed high-grade mineralisation extensions. Uranium producers Paladin Energy Limited and Deep Yellow Limited advanced 26.6% and 20.8% respectively for the month as uranium prices gained on increased purchasing

by the Sprott Physical Uranium Trust and a stronger outlook, with the US Department of Energy announcing US\$2.7 billion in funds to boost American uranium enrichment services over the next ten years. Lithium prices returned to their highest level in 19 months as the Chinese government announced the cancellation of 27 mining permits. Accordingly, IGO Limited, Liontown Limited and Mineral Resources climbed 23.3%, 17.8% and 17.5% respectively. Other strong performers include Alcoa Corporation CDI (27.0%) and Nickel Industries Limited (25.0%).

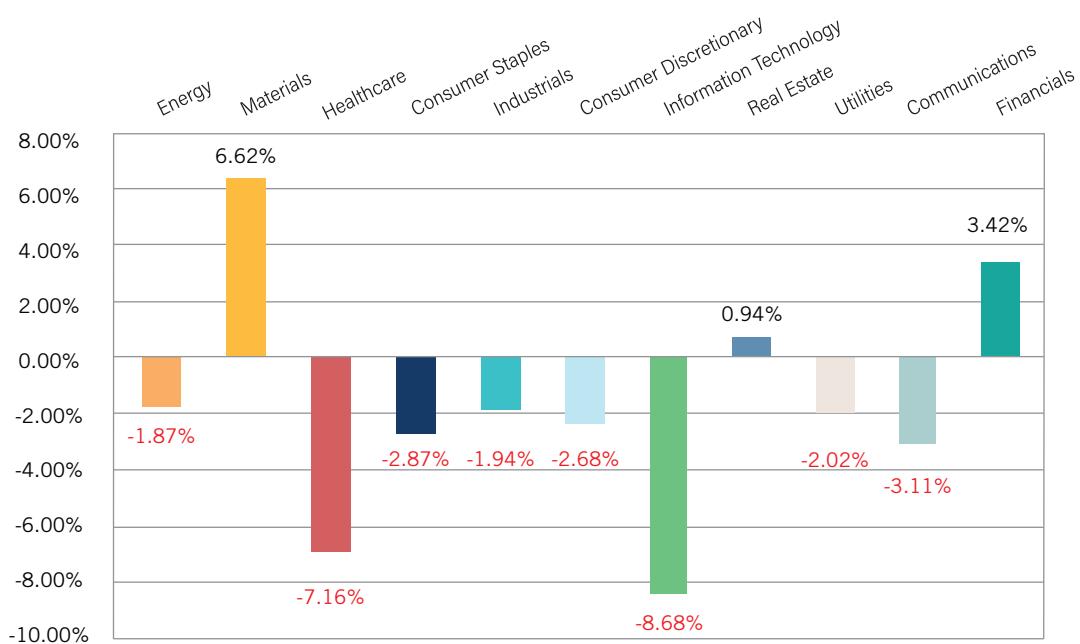
Financials was the only other sector to be positive for the month, up 3.4%, with a bounce in banking companies. Judo Capital Holdings Limited was the standout, with a return of

14.7%, benefiting from positive broker reports. The company has since revealed its closing balance for its gross loans and advances at the end of December was \$13.4 billion, in line with growth expectations, and reaffirmed its profit guidance.

The Information Technology sector (-8.7%) was the major laggard, mirroring the trend in the US. Investors are increasingly concerned with the high costs of developing AI and building the data centre infrastructure to run it, whilst potential revenue opportunities from AI appear limited. Software providers Life360 Inc,

Catapult Sports Limited, Megaport Limited and data centre operator NEXTDC Limited retreated 17.5%, 17.1%, 12.3% and 8.6% respectively. Catapult Sports Limited was also impacted by new competition, with Fujitsu launching its own global sports innovation program leveraging AI. Healthcare was also weak in December, falling 7.2%. Despite dosing its first client in its Phase 3 trials for its prostate cancer therapy candidate and addressing concerns by the US Food and Drug Administration for its kidney cancer imaging candidate, Telix Pharmaceuticals Limited ended the month down 24.5%.

S&P/ASX 200 Sector Performance



Data Source: Desktop Broker, 1 January 2026.

Highlights

Australia: The Australian Bureau of Statistics published its overseas migration data for the 2024–2025 financial year. Net overseas migration for the year was 306,000, down from 429,000 in the previous year and the high of 538,000 in 2022–

2023. Migrant arrivals fell 14% to 568,000 and departures increased 13% to 263,000 compared to the prior year. International students were the largest temporary visa group, followed by visitors and working holiday-makers.

Australia's under-16 social media ban has come into effect. Social media platforms, including TikTok, Facebook, Snapchat, Reddit and Instagram, are now required to verify the ages of users when making accounts and have suspended existing underage accounts. The ban has received global attention, with France intending to follow suit with a draft bill expected to be introduced to parliament soon.

US: After Netflix agreed to take over Warner Bros. Discovery for US\$72 billion, rival bidder Paramount Skydance announced a hostile takeover bid worth US\$108.4 billion. However, Warner Bros. Discovery rejected Paramount's offer, citing inadequate financing assurances. Making either deal even more complicated is the risk of antitrust intervention.

Google's Gemini AI chat has begun to outgrow ChatGPT in terms of downloads, monthly users and time spent on the app. Despite ChatGPT still accounting for roughly half the market share, there have been reports of an internal 'code red' situation declared by ChatGPT creator, OpenAI.

United Kingdom: The UK government is looking at introducing a 'gap year' scheme to allow graduates to trial being in the army, navy or air force without committing long term. The scheme is aimed at reducing long-term recruitment and retention issues as the UK enters a 'new era of defence'. The scheme will begin at 150 recruits, with plans to eventually expand to 1,000.

Switzerland: The Swiss National Bank has held its target rate at 0%, with the Swiss inflation rate also at 0%. The central bank slightly lowered its inflation forecast but still expects the inflation rate to slowly creep upwards over the next three

years. The board remains open to moving to a negative borrowing rate if inflation continues to weaken.

Israel: Israel has recognised Somaliland as a sovereign state, becoming the first country to do so. Somaliland has been a breakaway state of Somalia since 1991, after a ten-year war of independence.

New Zealand: New Zealand's economy has rebounded, recording 1.1% growth in gross domestic product over the September quarter. The growth was driven by increased building construction and factory manufacturing. The June quarter's reading was also revised down to a contraction of 1%.

Thailand: Thailand and Cambodia have signed a ceasefire deal to end weeks of fighting along their shared border. The deal also calls for no further military movements or airspace violations.

China: Chinese investment has fallen for a third consecutive month, with fixed asset investment in the year to the end of November down 2.6%. The data is expected to spur China's leadership to 'stabilise and revive investment' as noted at the Party's recent central economic work conference.

Japan: The Bank of Japan (BOJ) raised its benchmark rate to 0.75%, the highest level in 30 years. The move has been driven by high inflation, with the latest core inflation reading at 3%, well above the BOJ's target rate of 2%.

What to watch out for

Geopolitical tensions are elevated following the US capture of Venezuelan President Nicolás Maduro. The global response is still uncertain, and it is unclear who is now in charge in Venezuela,

with the US claiming it will run Venezuela despite the vice-president being sworn in as interim president.

Conclusion



Global equity markets were generally higher in December, with strength in European markets and emerging markets. Investors remain concerned of market concentration and a potential correction in AI companies, given the high initial investment costs. Inflation has continued to moderate in most markets, which has enabled Central Banks to cut interest rates, albeit there is some uncertainty as to whether inflation will continue to trend down. Geopolitical tensions across the world remain elevated but have so far had little impact on markets.

During periods of uncertainty, clients should:

- **Stick to the plan:** Focus on your long-term goals. Our investment approach is focused on the long term and designed so that your portfolio can ride out any downturns – including this one. Staying the course, despite how uncomfortable it may feel right now, will prove to be the better option when looking back five years from now.

Investors who stayed the course while equity markets declined in the depths of the COVID-19 pandemic in early 2020 have benefited from one of the fastest market turnarounds with equity markets. Investors who sold equities during the downturn and waited until economies started to show recovery before buying back into the market missed a large part of the recovery.

- **Maintain a buffer of safety:** Holding a buffer of cash and term deposits has been a key strategy to provide a cushion against market downturns and to protect capital.
- **Take advantage of the weakness:** Market downturns provide buying opportunities to invest in long-term, quality investments.
- **Focus on quality investments:** Invest in companies that generate stable cash flows to support distributions, which are not connected to the movements in asset prices, and partner with fund managers who share the same investment philosophy and objectives.
- **Diversify:** Spread investments across asset classes, industries, sectors and geographies.
- **Regularly rebalance the portfolio back to your risk profile:** Ensure the portfolio is not exposed to unwanted risks to lock in profits.
- **Remain calm, and speak to your Apt adviser:** It is important that you speak to your Apt adviser before making any financial moves. Your adviser understands your long- and short-term goals and will have been planning for these types of scenarios already, so they are best placed to explain any impact and discuss the best options and opportunities for you personally.

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