SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

JANUARY

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Monthly Report

Our January monthly report is out now. See the global and Australian updates and trends.

-6.4%

ASX performance

-3.3%

US markets declined, with the Dow Jones down -3.3% and S&P500 down -5.3%, as investors continued to reprice assets to account for the Fed's pivot to restrictive policy...

• **US markets [cont.]** with the Fed holding the target range for its benchmark policy rate unchanged at 0-0.25% as expected, however, declaring it will conclude asset purchases on schedule in early March and will soon be ready to raise the target range for the federal funds rate and commence the process of balance-sheet reduction thereafter, citing inflation well above its 2% target and a strong job market.

• **Long-dated US treasury yields** were higher, with the 2-Yr yield at 1.175% and 10-Yr yield at 1.78%.

GLOBAL MARKET UPDATES

• **European markets.** European markets were mostly lower with the Stoxx Europe 600 Index down -3.9%, UK FTSE up +1.1% and German DAX down -2.6%.
• **Asian markets.** Asian markets were lower, with the Nikkei 225 down -6.2%, KOSPI down -10.6% and the Shanghai Composite down -7.7%.
• **Commodities.** WTI oil price gained +17.7%, despite OPEC+ agreeing to increase production by 400k barrels a day for March, as markets remained fearful of a potential shortfall amid lack of investment or militia unrest taking a toll on exporters from Nigeria to Libya, and IEA's warning that market looks tighter than previously thought, with demand proving resilient to Omicron. Iron ore increased +11.6%, whilst spot gold declined -1.8%.

IN POLITICAL NEWS

Russia-Ukraine tensions escalated, with the U.S. putting troops on heightened alert for deployment to bolster NATO forces in Eastern Europe.

ON STOCK SPECIFIC NEWS (WHICH CAUSED SIGNIFICANT INTRADAY MOVES DURING THE MONTH):

• **Ansell Ltd (ANN)** - slumped -14.3%, after downgrading FY22 adjusted EPS forecast to $1.25-1.45 from $1.75-1.95.
• **Beach Energy Ltd (BPT)** - declined -7.8%, after reporting 2Q22 production of 5.31 mmboe, down -7% q/q.
• **Megaport Ltd (MP1)** - slumped -16.1%, after providing a disappointing 2Q22 trading update.
• **Nuix Ltd (NXL)** - slumped -22.8%, after forecasting a decline in revenue and operating earnings during 1H22.

IN ECONOMIC NEWS

• **Australian RBA decision.** RBA maintained the cash rate target at 0.1% and announced a scrapping of the 15-month long quantitative easing program, however, signalled it'll remain at the dovish end of the global policy spectrum, forecasting GDP growth of 4.25% over 2022 and 2% over 2023, unemployment rate to fall below 4% later in the year and to be around 3.75% at the end of 2023, and underlying inflation to accelerate further in coming quarters to around 3.25%, before slowing to around 2.75% over 2023.
• **Global growth outlook 1.** IMF cut its world economic growth forecast for 2022 by -50bps to +4.4% (increased forecast for 2023 to 3.8%) citing weaker prospects for the U.S. (downgraded by - 120bps to 4% on the outlook for President Joe Biden's spending agenda) and China (downgraded by -80bps to 4.8% on challenges in real estate) along with persistent inflation, with annual inflation rate projected to average 3.9% in advanced economies in 2022, up from a prior 2.3% estimate, and 5.9% in emerging and developing nations, and projected total economic losses from pandemic to total $13.8 trillion through 2024.
• **Global growth outlook 2.** The World Bank predicted global economic growth is poised to slow down to 4.1% in 2022 and further to 3.2% in 2023, down from 5.5% in 2021, marking the sharpest slowdown since at least the 1970s, amid omicron variant, supply-chain disruptions, labor shortages and the winding down of government economic support, with growth in advanced economies declining from 5% in 2021 to 3.8% in 2022 and 2.3% in 2023 with U.S. growth expected to slow to 3.7% and 2.6% in 2022 and 2023, respectively from 5.6% in 2021, and growth in emerging and developing economies to fall from 5.3% in 2021 to 4.6% in 2022 and 4.4% in 2023 with China slowing to 5.1% and 5.3% in 2022 and 2023, respectively from 8% in 2021.
• **U.S.** Economic growth accelerated by more than forecast in 4Q21 with GDP expanding at a 6.9% annualized rate, fuelled by the rebuilding of inventories and capping the strongest year since the 1980s, however, inflation continued to remain high with the personal consumption expenditures price index excluding food and energy, an inflation measure followed closely by Fed officials, growing an annualized 4.9% in the quarter.
• **China.** GDP rose +4% yoy in 4Q21, the weakest since early 2020, equating to FY21 growth of +8.1%, well above the government's target of "over 6%," due in part to the low base of growth in 2020. PBOC cut its key interest rates for the first time in almost two years, lowering 1-year LPR by -10bps to 3.7% and 5-year LPR by -5bps to 4.6%.
• **Australia.** Inflation remained high with CPI rising +1.3% qoq (+3.5% yoy) in 4Q21, driven by new dwellings and automotive fuel, and PPI rising +3.7% yoy in 4Q21, the fastest pace since March 2009.
• **Europe.** Euro-area economy grew modestly in 4Q21 with GDP rising +0.3% qoq (+4.6% yoy), as a sharp contraction in output that left Germany on the brink of recession was more than offset by stronger-than-expected growth in France and Spain amid a ramp-up in investment, however, inflation unexpectedly accelerated to a record in January with CPI jumping +5.1% you.
• **India.** India doubled down on its spending commitment for FY22, targeting a budget deficit of 6.4% of GDP against a targeted 6.8% by borrowing a record 14.95 trillion rupees to bridge the shortfall, to spend on infrastructure, including roads, railways, airports, ports, public transport, waterways and logistics, as well as the green energy transition, digitalization, public health and social infrastructure, leading to forecasted FY22 growth of +9.2%, the quickest rate among major economies and +8-8.5% GDP expansion in FY23.
• **Japan.** The BOJ kept its negative interest rate, bond yield target and asset purchases unchanged, adjusted its view of inflation risks for the first time since 2014, increasing CPI forecast for FY22 by +20bps to 1.1% and for FY23 by +10bps to 1.1%, and downgraded growth forecast for FY21 by -60bps to 2.8% and for FY23 by -20bps to 1.1%, while raising FY22 projection by +90bps to 3.8%.