



SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

MAY



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Jul-16		Aug-16		Sep-16		Oct-16		Nov-16		Total		Overview	
99,341	118,096	93,519	78,442	31,047	68,092	817,103							
20,776	24,768	45,086	1,016	1,016	14,221	19,185	19,185						
3,541	354	190	190	190	785	884	884						
784	316	154	47,758	31,039	14,510	15,999	21,689	265,156					
25,316	25,399												
May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Nov-16	Nov-16	Nov-16	Total	Overview	Overview	Overview
May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Nov-16	Nov-16	Nov-16	Total	Overview	Overview	Overview
May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Nov-16	Nov-16	Nov-16	Total	Overview	Overview	Overview
May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Nov-16	Nov-16	Nov-16	Total	Overview	Overview	Overview

Other goals
Total Goals
Total Funding Offset

4,689,154
1,829,450
980,750
368,970
950,000
559,984
4,689,154
121,470

MONTHLY REPORT

Monthly Report

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

-3.0%

ASX performance

-3.5%

US markets were mixed, with the
Dow Jones down -3.5% and
S&P500 up +0.3%



- **Long-dated US** treasury yields were higher, with the 2-Yr yield at 4.4% and 10-Yr yield at 3.64%.
- **European markets.** European markets were lower with the Stoxx Europe 600 Index down -3.2%, German DAX down -1.6% and UK FTSE down -5.4%.
- **Asian markets.** Asian markets were mostly higher over the month, with the Nikkei up +7.0%, as BOJ Governor Kazuo Ueda continued to strike a dovish tone, reiterating his view that Japan's inflation is currently led by cost-push factors and is likely to slow toward autumn of this year, while announcing he intends to scrap the central bank's yield curve control program once sustainable 2% inflation target comes into sight. KOSPI was up +3.0%. The Shanghai Composite declined -3.6%, as worries over weak economic data were exacerbated as XBB variant continued to fuel a resurgence in Covid cases across China with a Chinese senior health adviser predicting the variant to result in 40m infections a week by the end of May, before peaking at 65m in June.

GLOBAL MARKET UPDATES

- **Commodities.** Over the month, WTI oil price declined -11.1% to US\$68.09/bbl, as positive sentiment from U.S. Energy Secretary Jennifer Granholm announcing the US Energy Department hopes to start buying oil to refill the Strategic Petroleum Reserve after a Congressionally mandated sale ends in June was more than offset by the physical market for crude signalling that supplies are more than adequate to meet tepid demand and EIA downgrading 2023 oil price forecast by -7.1% to US\$79/bbl as it raised its forecast for 2023 global oil production to 101.34m bpd while cutting 2024 production forecast to 103.02m and raised 2023 forecast for global oil and liquids demand to 100.99m bpd while cutting 2024 demand outlook to 102.71m bpd.

IN POLITICAL NEWS

- **U.S.-China** geopolitical tensions resurfaced with China banning major chip maker Micron from key infrastructure projects, citing "serious network security risks" and the U.S. accusing several Chinese companies of shipping machines that make counterfeit pills to the U.S. and Mexico and hitting more than a dozen entities with sanctions.
- **Geopolitical** tensions flared up with President Vladimir Putin demanding that Russia strengthen air defences around Moscow after the biggest drone attack on the capital since he ordered the invasion of Ukraine, as his Foreign Ministry threatened "the harshest" retaliation against Kyiv.

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

- **Allkem Ltd (AKE)** - gained +21.2%, after agreeing to merge with US rival Livent Corp, in an all-stock deal to create a \$10.6bn producer.
- **Elders Ltd (ELD)** - declined -21.1%, after cutting interim dividend by -19.9% y/y to 23cps.
- **IDP Education Ltd (IEL)** - declined -22.5%, after Canada announced, it would begin accepting results from four rival tests for students on their English language proficiency assessment from August 10.
- **James Hardie Industries Plc (JHX)** - gained +13.1%, after FY23 adjusted net operating profit of \$605.5m, down -2.4% y/y, came in above consensus estimate of \$602.5m.
- **Lynas Rare Earths Ltd (LYC)** - gained +16.8%, after Malaysian authorities granted a 6-month extension to its rare earth plant in line with environmental requirements.
- **Xero Ltd (XRO)** - gained +17.8%, after reporting +28% y/y growth in FY23 operating revenue with momentum in ANZ remaining strong.

IN ECONOMIC NEWS

- **Australian RBA decision.** RBA increased its cash rate by +25bps to 3.85%, the highest level since April 2012 with minutes from policy meeting revealing the Board agreed that further increases may still be required, but that this would depend on how the economy and inflation evolve.
- **U.S.** Fed's Beige Book revealed hiring and inflation cooled across the U.S., leading to Fed Chair Jerome Powell giving a clear signal he is inclined to pause interest-rate increases in June, saying that tighter credit conditions could mean the policy peak will be lower while announcing the stance of policy is restrictive and the economy faces uncertainty about the lagged effects of tightening so far, which saw swaps for July meeting showing a hike fully priced in after a pause in June. Consumer confidence fell to a 6-month low in May despite 5-10-year inflation expectations retreating -10bps to 3.1% and 1-year expectations declining -30bps to 4.2%. Nonfarm payrolls increased 339k in May after an upwardly revised 294k advance in April, however, unemployment rate rose +30bps to 3.7% while wage growth slowed -10bps to 4.3%. Business activity grew in May by the most in over a year, as robust demand for services saw services PMI surge to a 13-month high while the manufacturing index slipped back into contraction territory as orders shrank and output growth cooled.
- **China.** The economy's debt ratio reached a record high in 1Q23, with the macro leverage ratio, total debt as a percentage of GDP, soaring to 279.7%, up +770bps q/q, the biggest jump in three years, with bank loans to companies surging as the nation reopened from Covid Zero. Economic recovery weakened in May with manufacturing activity contracting at a worse pace than in April and services expansion easing.
- **Australia.** According to government's 2023-24 budget forecasts; (1) Real GDP is expected to have risen 3.25% in 2023 and slow to 1.5% in 2024 before growing 2.25% in 2025. (2) The CPI is estimated to rise 6% in 2023, 3.25% in 2024 and 2.75% in 2025. (3) Unemployment rate is forecast to hold at 3.5% in the June quarter of 2023 before rising to 4.25% in 2024 and 4.5% in 2025, and wage price index is forecast to increase 3.75% in 2023, 4% in 2024 and 3.25% in 2025. (4) Underlying cash surplus will be A\$4.2bn (0.2% of GDP) in 2023 before swinging to an underlying cash deficit of A\$13.9bn (0.5% of GDP) in 2024 and widening to A\$35.1bn (1.3% of GDP) in 2025.
- **Europe.** EU Commission downplayed fears of a recession by upgrading EU 2023 GDP growth outlook by +20bps to +1% (euro area up +20bps to +1.1%) and 2024 by +10bps to +1.7% (euro area up +10bps to +1.6%) while also boosting its inflation forecast for EU for 2023 by +30bps to 6.7% (euro area up +20bps to 5.8%) and for 2024 by +30bps to 3.1% (euro area up +30bps to 2.8%), citing "persisting core price pressures." Euro zone CPI eased to 6.1% y/y in May, its lowest level in more than a year, driven primarily by lower energy costs with core-CPI easing to 5.3% y/y. Euro-area consumer confidence rose less than anticipated in May and barely showed any improvement as consumer expectations for euro-zone inflation for the next 12-months increased +40bps to +5% and for three years ahead climbed +50bps to +2.9%.
- **U.K.** BOE raised its benchmark lending rate by +25bps to 4.5%, the highest level since 2008, with Governor Andrew Bailey warning that inflation in the UK is sticky and taking longer than expected to come down as Britain's pandemic-era "excess savings" are still fuelling inflation, also evident from data revealing prices in UK stores are rising at a record pace with shop price inflation accelerating to 9% in May, a new peak for the index, leading to UK Chancellor of the Exchequer Jeremy Hunt saying he's in favour of higher interest rates to tackle inflation, even if it causes a recession.

IN ECONOMIC NEWS (CONT.)

- **Japan.** Economy expanded at a faster pace than expected in 1Q23 with GDP rising at an annualized pace of +1.6% q/q, with better-than-expected spending by consumers and businesses being the main driver behind growth with businesses increasing spending for a fourth straight quarter in 1Q23 with capex excluding software rising +2.7% q/q, while net trade dragged on the overall figures as shipments of cars and chip-making machinery fell.

- **Germany.** The economy suffered its first recession since the start of pandemic in 1Q23 with GDP shrinking -0.3% q/q, primarily driven by a decline in consumer spending and a plunge in government expenditure. Inflation declined sharply in May with CPI rising +6.1% y/y and declining -0.1% MoM. Business outlook deteriorated for the first time since October in May amid a struggling manufacturing sector.

- **South Korea.** BOK left interest rates unchanged for a third straight meeting at 3.5%, while reinforcing its message that persistent inflation means an additional hike is still possible as the bank maintained their projection for a 3.5% increase in CPI in 2023 before easing to 2.4% in 2024 from a prior forecast of 2.6%, while boosting 2023 core CPI forecast by +30bps to 3.3% and downgrading GDP outlook for 2023 by -20bps to +1.4% and for 2024 by -10bps to +2.3%. Consumer confidence improved in May with households' inflation expectation for next 12-months falling -20bps MoM to 3.5%. Inflation eased for a fourth straight month in May with CPI advancing +3.3% y/y, the smallest increase since October 2021. Exports slump eased for a second month in May with headline exports dropping -15.2% y/y which combined with imports decline of -14% y/y resulted in a trade deficit of \$2.1bn, the narrowest in a year.

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