SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

APRIL

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Monthly Report

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

-3.0%

ASX performance

-5.0%

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• **ASX performance.** The ASX200 declined -3.0%.
• **US markets.** US markets were lower in the month, with the Dow Jones down -5.0% and S&P500 down -4.2%, as hot inflation data saw Fed Chair Jerome Powell signaling policymakers are in no rush to cut interest rates, announcing it will likely take longer to have confidence on inflation given the recent lack of progress and it's appropriate to give the restrictive policy time to work, with U.S. Treasury Secretary Janet Yellen saying she still sees underlying price pressures receding even as a tight housing supply has helped stall the downward path of inflation.
• **Long-dated US treasury yields** were higher, with the 2-Yr yield at 5.04% and 10-Yr yield steady at 4.68%.

GLOBAL MARKET UPDATES

• **European markets.** European markets were mostly lower with the Stoxx Europe 600 Index down -1.5%, UK FTSE up +2.4% and German DAX down -3.0%.

Asian markets were mostly lower, with the Shanghai Composite up +2.1%, as signs of an improving Chinese economy, better corporate earnings and Bejing's support measures with China's ruling Communist Party vowing to explore new measures to tackle a protracted housing crisis and hinting at possible rate cuts ahead, China's State Council pledging to tighten stock listing criteria, crack down on illegal share sales and strengthen the supervision of dividend payouts, and PBOC Governor Pan Gongsheng downplaying risks from deflation and a weakening yuan and stressing that the economy's strong start to 2024 has put the official 5% growth target within reach, spurred inflows from global funds. Nikkei was down -4.9% and KOSPI declined -2.0%.

• **Commodities.** Over the month, WTI oil price declined -0.6% to US$81.93/bbl, as positive sentiment from OPEC+ choosing to stick with 2m barrels/day oil supply cuts for 1H24, was more than offset by signs of easing geopolitical risks in the Middle East with Hamas announcing it is studying a proposal for a temporary cease-fire with Israel and plans to send a delegation to Egypt to continue negotiations.

IN POLITICAL NEWS

• Tensions in the Middle East flared up with Iran launching a massive aerial attack on Israel, leading to Israel launching a retaliatory strike in Iran's central city of Isfahan.

• President Joe Biden signed a $95bn national security package into law, capping off a bruising fight with Republicans over long-delayed assistance for Kyiv and other besieged U.S. allies.

• The U.S. and U.K. imposed new restrictions on trading Russian aluminum, copper and nickel, prohibiting delivery of new supplies from Russia to the London Metal Exchange as well as to the Chicago Mercantile Exchange.

• South Korea's liberal opposition scored a landslide victory in a parliamentary election.

ON STOCK SPECIFIC NEWS:

• **Beach Energy Ltd (BPT)** - declined -12.3%, after raising its capex forecast for Waitsia Stage 2 to A$600-650m from A$450-500m and announcing expectations of Waitsia Gas Plant first gas by early-CY2025 vs previous guidance mid-CY2024.

• **Evolution Mining Ltd (EVN)** - gained +13.4%, after reporting +15% q/q growth in 3Q24 gold production to 185,252 oz.

• **Lifestyle Communities Ltd (LIC)** - declined -23.2%, after forecasting new home settlements for FY24 of 290-310.

• **Orora Ltd (ORA)** - declined -19.5%, after forecasting FY24 EBIT (excluding Saverglass) of A$307-317m vs A$320.5m in pcp.

ON STOCK SPECIFIC NEWS (CONT.):

• **South32 Ltd (S32)** - gained +19.7%, after reporting a +1% aluminium production increase and a +15% rise in Cannington payable zinc equivalent production for the nine months ended March 31.
• **Star Entertainment Group Ltd (SGR)** - declined -29.6%, after warning all Star properties continued to experience lower revenue from their Premium Gaming Rooms in the quarter.
• **Telix Pharmaceuticals Ltd (TLX)** - gained +16.8%, after reporting +18% q/q growth in 1Q24 revenue.

IN ECONOMIC NEWS

• **Australian RBA decision.** The RBA kept interest rates at a 12-year high of 4.35% in a widely anticipated decision, while sticking with a neutral stance, despite raising 2024 CPI forecast by +60bps to +3.8% while keeping 2025 forecast at +2.8%, and downgrading 2024 GDP outlook by -20bps to +1.6% while maintaining 2025 forecast at +2.3%, assuming cash rate remain around the current 4.35% level until mid-2025 before declining to around 3.9% by the end of 2025.
• **Global growth outlook.** The IMF inched up its expectations for global economic growth this year with world GDP growth estimate up +10bps to +3.2% (U.S. up +60bps to +2.7%, Euro area down -10bps to +0.8%, U.K. down -10bps to +0.5%, Japan and China unchanged at +0.9% and +4.6%, respectively, and India up +30bps to +6.8%) while 2025 estimate remained unchanged at +3.2% (U.S. up +20bps to +1.9%, Euro area down -20bps to +1.5%, U.K. down -10bps to +1.5%, Japan up +20bps to +1.0%, and both China and India unchanged at +4.1% and +6.5%, respectively), as it warned high borrowing costs and the withdrawal of fiscal support are weighing on short-term growth, while the medium-term outlook remains the weakest in decades due to low productivity and global trade tensions.
• **U.S.** The Fed left interest rates unchanged at 5.25-5.5% and agreed to slow reduction in bond portfolio by cutting the cap on runoff for Treasuries to $25bn/month from $60/month beginning in June, however, signalled fresh concerns about inflation while indicating it was likely to keep borrowing costs elevated for longer rather than raising them again. The Treasury ramped up its estimate for federal borrowing for the current quarter to $243bn, $41bn more than the previous prediction of $202bn, while keeping its quarterly debt sales steady and announcing it will start buybacks in May. Fed's Beige Book survey revealed the U.S. economy has "expanded slightly" since late February and firms reported greater difficulty in passing on higher costs. Fed's semi-annual Financial Stability Report revealed, higher-than-expected interest rates amid persistent inflation are perceived as the biggest threat to financial stability among market participants and observers, and warned hedge-fund leverage has risen to historic highs. Economic growth slid to an almost two-year low in 1Q24 with GDP increasing at a +1.6% annualized rate as personal spending rose at a slower-than-forecast +2.5% pace, while inflation jumped to uncomfortable levels with a closely watched measure of underlying inflation advancing at a greater-than-expected 3.7% clip, the first quarterly acceleration in a year. Labor costs increased in 1Q24 by the most in a year, climbing at a +4.7% annual rate, as productivity gains slowed to +0.3% annualized rate after an upwardly revised +3.5% gain in the prior period.

IN ECONOMIC NEWS (CONT.)

Consumer confidence fell in April to the lowest since mid-2022 with a gauge of sentiment marking the third straight decline, on dimmer views of personal finances and the economy as inflation expectations climbed, with consumers expecting prices to climb at an annual rate of 3.2% over the next year, the highest since November and up from the 2.9% expected in March, while seeing costs rising 3% over the next 5 to 10 years, also a five-month high. Factory activity contracted in April on declining demand with a gauge of production falling MoM and a measure of new orders slipping back into contraction territory, while input prices rose at the fastest pace since inflation peaked in 2022 with a measure of costs for materials and other inputs rising for the second straight month, and services sector unexpectedly contracted in April for the first time since 2022 as a gauge of business activity slumped to a four-year low and a measure of input costs rose to a 3-month high, leading to the gauge of services employment contracting for a third month. Employers scaled back hiring in April with nonfarm payrolls advancing 175k, the smallest gain in six months, leading to the unemployment rate unexpectedly rising +10bps to 3.9%.

• **China.** Economy expanded faster-than-expected in 1Q24 with GDP climbing +5.3% y/y. Wages offered to new hires in China snapped three quarters of decline in 1Q24, with average monthly salaries offered by companies to new recruits in 38 key Chinese cities rising +2.2% y/y to 10,323 yuan. Factory activity expanded for a second month in April to mark the best streak in more than a year with official manufacturing PMI coming in above estimates, however, non-manufacturing PMI, which measures activity in construction and services eased MoM.

• **Australia.** Inflation rose faster than expected in 1Q24 with CPI advancing +3.6% y/y and core CPI rising +4% y/y, remaining well above the RBA's 2-3% target. Private sector ticked up into an accelerated pace of growth in 2Q24 with PMI index rising to a 24-month high in April. Consumer confidence declined in April as persistent inflation and interest rates at a 12-year high continued to squeeze households, leaving them gloomy about the economic outlook. Housing market climbed further in April with an overall increase of +0.6% for Australia's major cities, driven by a supply shortfall.

• **Europe.** The ECB interest rates steady at 4% for a fifth meeting, while sending its clearest signal yet that cooling inflation will soon allow it to commence cuts with the Governing Council flagging a possible reduction in its accompanying statement for the first time, contingent on its economic forecasts indicating consumer-price growth is safely headed to 2% and ECB President Christine Lagarde signaling the prospect of a move in two months' time. Euro zone exited recession in 1Q24 with GDP increasing +0.3% q/q (+0.4% y/y), the strongest pace in 1.5 years, as its four top economies, Germany, France, Italy and Spain, drove much speedier growth than expected, though the recent retreat in inflation stalled with CPI rising +2.4% y/y in April, with ECB forecasting a recovery over the course of the year as inflation abates, household incomes rebound and foreign demand strengthens, predicting growth of +0.6% in 2024 and +1.5% in 2025. Euro-area private-sector activity advanced to the highest level in almost a year in April, driven by a buoyant services sector and Germany's return to growth for the first time since June 2023.

• **U.K.** Unemployment rate rose unexpectedly to the highest in 6-months in the three months through February with the jobless rate increasing +20bps vs 3-months through January to 4.2%, the highest since the summer of 2023, as the number of jobs in the economy shrank. House prices fell at the sharpest pace in eight months in April with house prices down -0.4% MoM, leading to the average cost of a home down -4% vs peak in the summer of 2022 to £261,962, as the cost of mortgages crept higher.

IN ECONOMIC NEWS (CONT.)

• **India.** RBI kept the benchmark repurchase rate at 6.5% for a seventh straight meeting while sticking to its hawkish policy tone as warnings of a coming heat wave renewed fears of an inflation spike. Economic activity continued to expand in April with PMI reaching its highest reading since June 2010, driven by strength in both the services and manufacturing sectors.
• **Japan.** BOJ held interest rates steady at 0-0.1% and simplified its language on bond-buying and policy, with Governor Kazuo Ueda announcing he wants to proceed gradually with rate increases. Factory output slumped -5.4% in 1Q24, the worst performance since 2Q20.
• **Germany.** Inflation accelerated for the first time since December in April with CPI rising +2.2% y/y (+2.4% y/y EU harmonized). Business sentiment improved to its highest level in a year in April.
• **South Korea.** BOK kept its benchmark interest rate on hold at 3.5% while tweaking its guidance to imply it won't maintain its restrictive stance for a "long" period with Governor Rhee Chang-yong flagging the possibility of an interest-rate cut in 2H24 should inflationary pressure ease to 2.3%. Economic growth accelerated to a pace faster than the most optimistic forecasts in 1Q24 with GDP advancing +3.4% y/y (+1.3% q/q). Export growth accelerated in April with headline exports rising +13.8% y/y, which combined with +5.4% y/y growth in overall imports resulted in trade surplus of $1.5bn. Inflation slowed more than expected in April with CPI advancing +2.9% y/y, decelerating from +3.1% y/y in March.