SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

SEPTEMBER

MONTHLY REPORT

Monthly Report

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

+2.2%

ASX performance

+1.9%

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- **ASX performance.** The ASX200 declined -0.01%.
- **US markets.** US markets were stronger, with the Dow Jones up +1.9% and S&P500 up +2.0%, as Fed Chair Jerome Powell emphasized that the overall economy remains on solid footing.
- **Long-dated US treasury yields** were lower, with the 2-Yr yield at 3.63% and 10-Yr yield at 3.78%, with the yield curve turning positive for the first time in two years, as concerns grew that the U.S. economy is heading into a downturn.
- **European markets.** European markets were mostly lower with the Stoxx Europe 600 Index down -0.4%, UK FTSE down -1.7% and German DAX up +2.2%.

GLOBAL MARKET UPDATES

• **Asian markets.** Asian markets were mostly lower, with the Shanghai Composite up +17.4%, as PBOC announced a series of monetary easing measures including lowering the reserve requirement ratio by -50bps to the lowest level since at least 2020, lowering the interest rate charged on its 1-year policy loans by the most on record of -30bps to 2%, unveiling a package to shore up the nation's beleaguered property market including lowering borrowing costs on as much as $5.3 trillion in mortgages and easing rules for second-home purchases, and allowing funds and brokers to tap the central bank funds to buy stocks, while top government leaders vowed new measures to stabilize the property sector and boost spending, including Ministry of Finance announcing issuance of 2 trillion yuan of special sovereign bonds this year and split that funding equally between bonds mainly to stimulate consumption and those to help local governments tackle debt problems, and three of the nation's largest cities relaxing rules for homebuyers. The Nikkei was down -1.9% and KOSPI was down -3.0%.

• **Commodities.** Over the month, WTI oil price declined -6.2% to US$68.17/bbl, as negative sentiment from EIA warning U.S. oil demand growth will plateau in 2024 and Libya opening the way to reviving some crude production by naming its new central bank governor, was partially offset by positive sentiment from OPEC+ postponing its 180k barrels/day oil supply hike by two months while keeping in place longer-term plan to revive 2.2m barrels/day of idle supplies gradually over the course of a year, with the completion date pushed back two months to December 2025, while doubling down on forecasts that global oil demand will keep growing to the middle of the century, forecasting world oil consumption to increase by 17.9m barrels/day, or roughly +18%, to 120.1m barrels/day by 2050, higher estimates covering the next two decades vs last year's report.

IN POLITICAL NEWS

• Tensions in the Middle East escalated as Iran fired a barrage of missiles at Israel following "targeted ground raids" into Lebanon which saw Israel vowing to retaliate, leading to U.S. President Joe Biden urging Israel to hold off from attacking Iran's nuclear facilities in retaliation, as G-7 nations sought to tamp down a spiraling conflict that threatens to pull the U.S. even deeper in. • Japan's ruling party picked Shigeru Ishiba as its next leader, positioning an advocate of an "Asian NATO" who favors ramping up security arrangements in the region, an idea that risks further inflaming tensions with China, to become Prime Minister. • U.S.-China trade tensions continued to simmer with U.S. imposing new export controls on critical technologies including quantum computing and semiconductor goods on China and U.S. House overcoming a last-ditch lobbying effort and passing Biosecure Act, a legislation that would blacklist Chinese biotech companies and their U.S. subsidiaries.

ON STOCK SPECIFIC NEWS:

• **Chalice Mining Ltd (CHN)** – gained +40.6%, after company's Gonneville project was approved as strategic project by Western Australia government.

ON STOCK SPECIFIC NEWS (CONT.):

• **Core Lithium Ltd (CXO)** - gained +38.3%, after announcing positive gold and lithium results at Shoobridge.
• **Mineral Resources Ltd (MIN)** - gained +29.6%, after receiving Australia's Foreign Investment Review Board approval for the sale of its 49% stake in the Onslow Iron haul road.
• **Premier Investments Ltd (PMV)** - declined -12.7%, after reporting -4.9% y/y decline in FY24 net income to A$257.9m that missed consensus estimate of A$270.3m.
• **Star Entertainment Group Ltd (SGR)** - declined -34.4%, after financial update showed the company needs even more capital and trading conditions are deteriorating.
• **Steadfast Group Ltd (SDF)** - declined -12.4%, after ACCC Chair called for ban on strata insurance commissions as the company was caught misleading clients.

IN ECONOMIC NEWS

• **Australian RBA decision.** The RBA kept the cash rate unchanged at 4.35% for a seventh straight meeting with Governor Michele Bullock signaling the bank will keep its key interest rate at a 12-year high in the near term as it struggles with stubborn inflation.
• **Global growth outlook.** The OECD raised its world economic growth forecast for 2024 by +10bps to +3.2% (G20 up +10bps to +3.2%, U.S. unchanged at +2.6%, Australia down -40bps to +1.1%, euro-area unchanged at +0.7%, U.K. up +70bps to +1.1%, Japan down -60bps to -0.1%, China unchanged at +4.9% and India up +10bps to +6.7%) while maintaining 2025 growth outlook of +3.2% (G20 unchanged +3.1%, U.S. down -20bps to +1.6%, Australia down -40bps to +1.8%, euro-area down -20bps to +1.3%, U.K. up +20bps to +1.2%, Japan up +30bps to +1.4%, China unchanged at +4.5% and India up +20bps to +6.8%).
• **U.S.** The Fed lowered its benchmark interest rate by -50bps to 4.75%, however, signaled it's not in a rush to ease policy as they it warned inflation "remains somewhat elevated" and job gains have slowed with downside risks to the labor market having increased, with officials raising their projection for the long-run rate by +10bps to 2.9% and Powell announcing he believes interest rates are unlikely to return to the ultra-low levels seen for many years before the pandemic. The economy bounced back from the pandemic in stronger shape than previously estimated with a +5.5% average inflation-adjusted increase in GDP from 2Q20 through 2023 vs a previously published +5.1% advance, equating to economy growing $294.2bn more in the five years ended in 2023 than previously reported, spurred mainly by bigger consumer-driven growth fueled by robust incomes. Household wealth reached a fresh record in 2Q24, rising +1.7% q/q to $163.8 trillion, fueled by a steady rise in the value of real estate with the value of real estate held by households climbing about $1.75 trillion, the most in a year, and Americans' stock holdings which rose about $662bn, however, household liquidity, while still markedly robust, fell from a record in the prior quarter with deposits held by households and nonprofit organizations, which includes savings and checking accounts and money market funds, easing to $18.4 trillion. Consumer confidence unexpectedly fell in September by the most in three years on concerns about the labor market and the outlook for the broader economy, with the share of consumers that said jobs were plentiful, declining for a seventh month to 30.9%, the smallest share since March 2021 and marking the longest streak of declines since 2008 and the share saying jobs were hard to get rising to 18.3%, also the highest since early 2021, leading to the difference between the two measures, a metric closely followed by economists to gauge the job market, narrowing for an eighth month, the longest since the Great Recession, while gauge of current conditions remained near the lowest on record with the share of consumers who expect no income growth after inflation in the coming five years standing at the highest on record and the odds of a comfortable retirement remaining at the lowest level since 2013,

IN ECONOMIC NEWS (CONT.)

however, inflation expectations declined with 1-year ahead expectations down -10bps to 2.7%, the lowest since the end of 2020, and 5-10-year ahead expectations at 3.1%. Business activity expanded at a slightly slower pace in September as manufacturing contracted for a third month and service providers expanded at a slightly slower rate with the composite measure of orders growth slowing and employment shrinking for a second month, while expectations deteriorated with index of future output dropping to an almost two-year low on growing concerns about the demand outlook and uncertainty tied to the November presidential election, and a gauge of prices received climbed to a six-month high with the index of prices paid for inputs that include materials and wages climbing to a one-year high. Hiring at companies picked up in September, snapping a five-month stretch of slower payrolls growth with private payrolls increasing 143,000 after an August advance that was the weakest since March 2023.

• **China.** Factory activity continued to contract while the services sector slowed in September with manufacturing PMI being in contraction since April 2023, bar three months and non-manufacturing PMI falling to the lowest in 21-months, showing construction and services activity lost momentum and moved to the verge of shrinking. Residential slump deepened in September before the government released a basket of measures to put a floor under the yearslong property crisis, with the value of new-home sales from the 100 biggest real estate companies falling -37.7% y/y to 251.7bn yuan, faster than the -26.8% y/y decline in August. Broad budget expenditure shrank at a faster clip with the combined spending in the general public budget and the government fund account down -2.9% y/y in first 8-months of the year to 22.21 trillion yuan, amid an unprecedented drop in income earned by local governments from land sales, an alarming sign for an economy desperately in need of fiscal support. • Australia. Economic growth remained tepid in 2Q24 with GDP growth slowing to +1% y/y, the weakest pace of growth since 1991, outside of the early pandemic period. Consumer confidence dipped in September due to rising concern about the economic outlook and employment prospects with interest rates at a 12-year-high and expected to remain there for the remainder of the year. Home values rose in September though the rate of growth remained steady amid increased supply and mounting affordability concerns, with dwelling values in combined capitals rising +0.5% as Sydney advanced +0.2%, taking its median price to a fresh high of A$1.19m, Perth led major cities with a +1.6% gain, while Melbourne posted another decline.

• **Europe.** ECB lowered interest rates for the second time this year, reducing the key deposit rate by 25bps to 3.5%, with President Christine Lagarde warning the economic recovery is facing some headwinds and the risks remain tilted to the downside, as the bank lowered GDP forecasts for all 2024, 2025 and 2026 by -10bps to +0.8%, +1.3% and +1.5%, respectively while keeping the inflation outlook broadly unchanged, with Christine Lagarde announcing the bank is open to considering an interest-rate cut in October if the economy suffers a major setback. Euro-area momentum slowed in the 2Q24 with GDP rising +0.2% q/q, less than the +0.3% q/q growth initially reported, as trade and government spending supported growth while investment continued to be a drag. Euro-area inflation slowed below the ECB's 2% target for the first time since 2021, with CPI rising +1.8% y/y in September, as energy costs fell sharply, leading to ECB President Christine Lagarde announcing the bank is becoming more optimistic about getting price pressures under control.

• **U.K.** The BOE kept rates steady at 5% and warned it won't rush to ease monetary policy while downgrading 3Q24 output growth by -10bps to 0.3% and year end inflation target by -30bps to 2.5%, with the bank announcing to continue to unwind its gilt portfolio at a pace of £100bn/year, giving Chancellor of the Exchequer Rachel Reeves about £3bn of extra headroom against her fiscal rules, so long as the OBR sticks to the assumption it has used since November 2023.

IN ECONOMIC NEWS

Economy grew more slowly than thought in 2Q24, with GDP downgraded -10bps to +0.5%, with consumers remain cautious which saw saving ratio rise to 10%, the highest since 2021, despite real disposable income per head rising +1%. Consumer confidence in September at its fastest pace in two-in-a-half years, due in part to concern about Labour's "painful" fiscal decisions ahead. House prices increased at double their long-term average pace in September, rising +0.8% MoM (+1.2% y/y) to £370,759, signaling new optimism by home-sellers in the wake of the BOE's first interest-rate cut in more than four years.

• **India.** Economic activity in September slowed to the weakest pace this year following a drop in both the services and manufacturing sectors. Current account deficit widened marginally in 3Q24 with the shortfall in the broadest measure of trade in goods and services being $9.7bn or 1.1% of GDP, as the nation's trade gap increased +15% y/y due to higher imports and weak exports.

• **Japan.** BOJ kept the unsecured overnight call rate at 0.25% and raised its assessment of consumer spending, a key engine of economic growth, with BOJ Governor Kazuo Ueda indicating the bank isn't in a hurry to increase interest rates again as upside risks to inflation from the yen's weakness were easing which gives him room to mull policy. Economy expanded in 2Q24 at a pace slightly slower than the government's initial estimate, with GDP growing at an annualized pace of +2.9% q/q compared with a preliminary estimate of +3.1% q/q, with both private consumption and capital investment being revised a tad lower. According to the BOJ's quarterly Tankan report, confidence among Japan's large firms proved a touch more bullish than expected in 3Q24 with an index of sentiment among the country's biggest manufacturers holding steady and the gauge for the biggest non-manufacturers ticking up with optimists outnumbering pessimists.

• **Germany.** Inflation eased below the ECB's 2% target for the first time since February 2021 in September with CPI growth slowing to +1.6% y/y (+1.8% y/y EU harmonized) driven by decline in energy and some goods costs. Investor confidence in economy plunged to its lowest level in almost a year in September after further signs that the country's manufacturing giants face an increasingly uncertain future. Unemployment rose more than anticipated in September with joblessness rising by 17000 and unemployment rate holding at 6%, signaling that another economic rough patch is having an increasing impact on the labor market.

• **Switzerland.** Swiss National Bank cut borrowing costs by -25bps to 1% at a third straight meeting and warned of more to come if needed in its attempt to contain the strength of the franc as the bank lowered its forecasts for CPI growth to average 1.2% in 2024, 0.6% in 2025 and 0.7% in 2026.

• **South Korea.** Export momentum stayed robust in September on the back of continued demand for semiconductors with headline exports rising +7.5% which combined with +2.2% growth in imports resulted in trade surplus widening to $6.7bn. Consumer inflation slowed down in September with CPI advancing +1.6% y/y, the slowest pace of increase since early 2021, leading to BOK announcing the foundation for price stability is firming up.

• **Indonesia.** Central bank unexpectedly cut its key interest rate for the first time in more than three years, lowering the BI-Rate by -25bps to 6% with Governor Perry Warjiyo signaling the bank will continue to keep an eye on the room for lowering policy rate in line with low inflation forecast, the stable and appreciating rupiah, and the need to boost economic growth higher.

• **Hong Kong.** Monetary Authority cut its base interest rate for the first time since 2020, lowering rates by -50bps to 5.25%.

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