SUPER NETWORK

TAILORED INVESTMENT ADVICE

MONTHLY REPORT

JANUARY

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Monthly Report

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

+4.6%

ASX performance

+4.7%

US markets were stronger in the month, with the Dow Jones up +4.7% and S&P500 up +2.7%

• **US markets** grew as growth scare subsided after data revealed the U.S. economy expanded at a solid pace at the end of 2024 with inflation-adjusted GDP increasing an annualized +2.3% in 4Q24, fueled by a generous tailwind from consumer spending which advanced at a +4.2% pace, the fastest since late 2021, led by a pickup in motor vehicle sales, and more than offset drags from a strike at Boeing Co and much leaner inventory investment with non-residential fixed investment declining an annualized -2.2%, the first decline in more than three years with business spending on equipment decreasing an annualized -7.8%, equating to the economy growing +2.8% in 2024 after expanding +2.9% and +2.5% in the prior two years, respectively.
• **Long-dated US treasury yields** were lower, with the 2-Yr yield at 4.20% and 10-Yr yield at 4.54%.
• **European markets.** European markets were stronger with the Stoxx Europe 600 Index up +6.3% and German DAX up +9.2%. The UK FTSE was up +6.1%, as the pound dropped to a more than one-year low, with gilts extending losses driven by investor anxiety about government debt and elevated inflation with a survey by BOE revealing U.K. firms expect year ahead output prices to rise +3.8% y/y.

GLOBAL MARKET UPDATES

• **Asian markets.** Asian markets were mostly lower, with the Shanghai Composite down -3.0%, leading to China rolling out a basket of measures to stabilize its stock markets, including increasing pension investments in listed companies, guiding state-owned insurers to raise A-share investment, encouraging share repurchases and dividends, and allowing institutions to participate in listed firms' share placements as strategic investors, China's government vowing to boost spending with the Ministry of Commerce announcing China will “vigorously” boost consumption and stabilize foreign trade and investment this year, Vice Premier He Lifeng urging targeted policies to boost spending and PBOC Governor announcing China will promote the role of consumption in the economy and move away from its sole focus on investment, and China’s top economic planner and the Ministry of Finance announcing China will subsidize more consumer products and boost funding for industrial equipment upgrades with consumers qualifying for a 15% subsidy for buying new mobile phones, tablets and smartwatches under 6,000 yuan this year. The Nikkei was down -0.8% and KOSPI up +4.9%.
• **Commodities.** Over the month, WTI oil price gained +1.8% to US$72.53/bbl, as the U.S. imposed its most aggressive and ambitious sanctions yet on Russia’s oil industry, targeting large exporters, insurance companies and more than 150 tankers.
• **ASX performance.** The ASX200 gained +4.6%.

IN POLITICAL NEWS

• U.S. President Donald Trump started a new trade war by imposing 10% levy on China and 25% duties on Canada and Mexico over their alleged failure to prevent undocumented migrants and illegal drugs pouring into the U.S. while announcing he would impose tariffs on a wide range of imports in the coming months, including on steel, aluminum, oil and gas, pharmaceuticals as well as semiconductors and the U.S. would "be doing something very substantial" with tariffs targeting the EU, prompting swift retaliatory measures from Canada and Mexico with Canadian Prime Minister Justin Trudeau unveiling a 25% counter-tariff on $107bn of U.S. goods, while Mexican leader Claudia Sheinbaum pledging retaliatory levies.
• Israel's security cabinet approved a ceasefire and hostage-prisoner exchange deal with Hamas.

ON STOCK SPECIFIC NEWS:

• **BrainChip Holdings Ltd (BRN)** - declined -16.7%, after reporting unrealised loss in December 2024 quarter.
• **Coronado Global Resource (CRN) -** declined -13.7%, after reporting -3.2% y/y decline in FY24 saleable coal production to 15.3m tons.
• **Iluka Resources Ltd (ILU) -** declined -12.5%, after reporting -8.9% y/y decline in FY24 mineral sands revenue to A$1.13bn.
• **Insignia Financial Ltd (IFL) -** gained +24.8%, as Bain Capital sweetened its bid for the company, offering A$4.30/share, matching an earlier bid from CC Capital Partners.
• **Liontown Resources Ltd (LTR) -** gained +28.6%, after reporting +215% y/y growth in 2Q25 spodumene concentrate production to 88,683 dmt.

ON STOCK SPECIFIC NEWS:

• **Magellan Financial Group Ltd (MFG)** - declined -5.5%, after announcing Gerald Stack is stepping down as head of investments.
• **NRW Holdings Ltd (NWH)** - declined -10.7%, as CFO Richard Simons resigned.
• **Origin Energy Ltd (ORG)** - declined -4.1%, after lowering FY25 production guidance for Australia Pacific LNG by 2-3% to 670-690 PJ.
• **Paladin Energy Ltd (PDN)** - gained +18.0%, after forecasting FY25 uranium production of 3-3.6m lbs and announcing it now has 11 offtake contracts with tier-one global customers, with approximately 50% of the LHM production contracted over its life of mine.
• **Regis Resources Ltd (RRL)** - gained +20.0%, after reporting +7.2% q/q growth in 2Q25 total gold production to 101,300 oz.
• **Star Entertainment Group Ltd (SGR)** - declined -36.8%, after announcing it was running low on cash and its future as a viable business is in doubt as it is struggling to raise capital.
• **Tabcorp Holdings Ltd (TAH)** - gained +20.4%, after appointing Michael Fitzsimons as Chief Wagering Officer.

IN ECONOMIC NEWS

• **Global growth outlook.** The IMF upgraded its global growth forecast for 2025 by +10bps to +3.3% (U.S. up +50bps to +2.7%, euro area down -20bps to +1.0%, U.K. up +10bps to +1.6%, Japan unchanged at +1.1%, China up +10bps to +4.6% and India unchanged at +6.5%) while maintaining 2026 outlook of +3.3% growth (U.S. up +10bps to +2.1%, euro area down -10bps to +1.4%, U.K. unchanged at +1.5%, Japan unchanged at +0.8%, China up +40bps to +4.5% and India unchanged at +6.5%), spurred by stronger-than-expected U.S. demand and slowing inflation worldwide that will let central banks continue to cut interest rates.
• **U.S. T**he Fed voted unanimously to keep the federal funds rate unchanged in a range of 4.25-4.5%, with officials repeating that inflation remains "somewhat elevated" and removing a reference to it having made progress toward their 2% goal as the officials look to evaluate the impact of President Donald Trump's policies on the economy and to wait for further evidence of cooling inflation before adjusting rates again, with Fed Chair Jerome Powell announcing the Fed is not in a hurry to lower interest rates, citing a strong economy and a need to see further progress on inflation. Factory activity expanded in January for the first time since 2022 as orders ramped up and production quickened with a measure of new orders rising for the fifth straight month to deliver the strongest growth since May 2022 and production gauge moving solidly into expansion territory to deliver the best reading since March 2023, however, producers continued to contend with elevated costs with a gauge of prices paid rising to the highest since May 2023. Business activity expanded in January at the slowest pace in nine months on a pullback in the pace of growth at services providers partially offset by growth in manufacturers with manufacturing index moving back into expansion territory with output, orders and employment now showing growth on improved domestic demand with businesses continuing to express optimism about future demand, which matched the highest level since May 2022, however, inflationary pressures continued to increase with the composite measure of prices paid for materials climbing to a four-month high, index of prices received rising to the highest since September, output prices at manufacturers rising to an almost one-year year, while a gauge of prices charged by service providers advancing to a four-month high.

IN ECONOMIC NEWS (CONT.)

Consumer sentiment declined in January for the first time in 6-months to a 3-month low on concerns about unemployment with income growth expectations dropping to the lowest since 2021, the share of consumers that said jobs were currently plentiful falling to the lowest since September and a larger net share saying jobs were hard to get, and the impact of potential tariffs on inflation with 1-year ahead inflation expectations at 3.3%, the highest since May, and 5-to-10-year ahead inflation expectations up +20bps to 3%.

• **China.** Economy grew more than expected in 2024 on a late policy blitz and export boom, with GDP rising +5.4% y/y in 4Q24, marking the fastest pace in 6 quarters, bringing the 2024 growth to +5% y/y, however, once adjusted for falling prices, nominal GDP expanded only +4.2% in 2024, the slowest since the economy opened up in the late 1970s barring the pandemic slump. Government failed to meet its spending target last year with total augmented spending of 38.6 trillion yuan for 2024, -5% less than what was budgeted in March, as the housing market slump left local governments strapped for cash and unable to meet funding commitments, with augmented fiscal revenue of 28.2 trillion yuan during the year, resulting in a deficit of 10.4 trillion yuan, equivalent to 7.7% of GDP. Industrial firms saw their profits drop in 2024 for the third consecutive year under deflationary pressures with industrial profits at large Chinese companies declining -3.3% y/y after a -2.3% y/y decrease in 2023. New loans extended by Chinese banks posted their first decline since 2011 last year, with financial institutions offering 18.09 trillion yuan of new loans in 2024, representing the first annual drop in 13 years, and aggregate financing, a broad measure of credit, also rising less than the previous year's increase marking the first slowdown since 2021, underscoring weak demand for financing in an economy plagued by deflation and a housing slump. The economy continued to experiencing entrenched deflation in 2024, which reflects chronic weakness of domestic demand in contrast with robust production, with the gross domestic product deflator, the broadest measure of prices, dropping -0.8%, with deflationary pressures being most severe in its industrial sector for a second straight year which experienced a -2.3% fall in prices during the year, the steepest drop among all sectors. The leverage ratio of China's real economy, which measures the amount of debt held by households, non-financial enterprises and government compared to total GDP, increased +530bps y/y to 291.4% in 4Q24 with leverage ratio for non-financial sectors rising +180bps y/y to 169.1%, for household sector rising +170bps y/y to 61.8% and for government sector rising +520bps y/y to 60.5%. Economic activity unexpectedly faltered to start the year, breaking the momentum of a recovery sparked by stimulus measures, with factory activity shrinking in January after three months of expansion, with the manufacturing PMI falling to the lowest since August and non-manufacturing gauge for construction and services dropping to 50.2, just above the 50-mark that separates growth and contraction.

• **Australia.** Both consumer and factory inflation eased more than expected in 4Q24 with CPI up +2.4% y/y, core CPI up +3.2% y/y and PPI rising +3.7% y/y (+0.8% q/q). Consumer confidence edged down in January on concerns about the broader economy, including a weaker currency and uncertainty about the timing of interest-rate cuts. Australian house prices slid further in January with the Home Value Index for major cities falling -0.2% in its second straight monthly decline, as buyers in the triangle of Melbourne-Canberra-Sydney found themselves increasingly priced out of those markets with Melbourne leading the losses, dropping -0.6%, followed by Canberra at -0.5% and Sydney down -0.4%.

• Europe. ECB lowered borrowing costs for the fifth time since June, reducing the deposit rate by -25bps to 2.75%, and signaled that more loosening is in the pipeline, with President Christine Lagarde describing the current monetary-policy stance as "restrictive" while announcing disinflation “is well on track” with most measures of underlying inflation suggesting that inflation will settle at around the target on a sustained basis.

IN ECONOMIC NEWS (CONT.)

Euro zone economy unexpectedly stagnated in 4Q24 as government collapses in Germany and France bruised confidence among businesses and consumers, equating to total growth in 2024 of +0.7% y/y. Euro area's private sector grew in January after two months of contraction, with PMI rising to a 5-month high, as manufacturing sector showed small signs of improvement, but remained in contraction territory, while the services industry continued to be a bright spot. Euro-area inflation unexpectedly accelerated in January with CPI advancing +2.5% y/y, with unchanged inflation in Germany and France and accelerations in Italy and Spain.

• **U.K.** HM Treasury lowered its 2024 and 2025 GDP growth forecast by -10bps to +0.8% and +1.2%, respectively, while increasing 2025 CPI outlook by +10bps to 2.6% and maintaining 2024 CPI forecast of 2.5%. Home prices jumped by the most in over 1.5 years in January with average price for a property put on the market climbing by +1.7% to £366,189, a sign of resilient confidence in the property market. Private activity continued to stagnate going into 2025 with PMI declining in January, as price pressures continued to build up with cost pressures rising at the fastest pace since May 2023 and prices charged by firms climbing at the quickest rate in 18-months, and employment levels declining with firms cutting headcount for a fourth straight month at a pace seen in the aftermath of the GFC.

• **India.** Government announced a record $11.5bn in tax cuts in its latest budget, which will spare 10m more Indians from income tax and provide relief to the middle class, along with other measures including new subsidies for farmers and tariff reductions, forecasting total expenditure in the financial year ending March 2026 to total 50.7 trillion rupees with FY25 fiscal deficit target seen at 4.8% of GDP and FY26 fiscal deficit target forecasted at 4.4% of GDP. Government predicted the economy will expand 6.3-6.8% in the coming fiscal year, significantly below the levels it says are needed for Prime Minister Narendra Modi to meet his ambitious economic goals of making the country a developed economy by 2047 for which it needs to grow at around 8% for about a decade or two. RBI announced a plan to inject nearly $18bn into the domestic financial system to address the worst cash crunch in over a decade and forecast economic growth to rebound as domestic demand strengthens supported by brighter agricultural prospects with a revival in infrastructure spending by the government stimulating growth in key sectors, while warning rising input cost pressures in the manufacturing sector, global and weather-related uncertainties pose risks to the outlook.

• **Japan.** BOJ raised its key policy rate by +25bps to 0.5%, the highest level in 17-years and made a significant step toward shrinking its massive balance sheet by announcing phasing out its fund-provisioning program, which will remove $496bn in outstanding loans from its balance sheet by 2028, as the bank took a more bullish view on the strength of inflation with BOJ Governor Kazuo Ueda hinting at further rate hikes, with the bank raising its 2024, 2025 and 2026 CPI forecasts by +20bps, +50bps and +10bps to 2.7% (ex-energy up +20bps to 2.2%), 2.4% (ex-energy up +20bps to 2.1%) and 2% (ex-energy maintained at 2.1%), respectively, while lowering 2024 GDP growth outlook by -10bps to +0.5% and maintaining 2025 and 2026 forecast of +1.1% and +1%, respectively.

• **Germany.** Economy shrank for a second consecutive year in 2024 with GDP declining -0.2% y/y, marking the second time since 1950 that output has contracted for two years in a row, leading to government lowering its growth forecast for 2025 by -80bps to +0.3% and for 2026 to +1.1%, due to global crises and structural problems. Private-sector activity stabilized in January after six months in decline, with composite PMI touching above the threshold separating growth from contraction, as services activity grew at a quicker rate, allowing firms to add staff for the first time since June, while manufacturing continued to shrink at a slower pace. Inflation remained elevated in January with CPI rising +2.3% y/y (+2.8% y/y EU harmonized).

IN ECONOMIC NEWS (CONT.)

Investor confidence in the economy fell more than expected in January, underscoring persistent doubts in the country's ability to escape its current bout of stagnation as the economy struggled due to lack of private household spending and subdued demand in the construction sector.

• **South Korea.** BOK left interest rates unchanged at 3% and announced expectations to cut rates in the next 3-months as it acknowledged the deterioration in consumer confidence and economic momentum while offering more support for smaller companies by ramping up its aid program to 14 trillion won from 9 trillion won with Governor Rhee Chang-yong calling on the government to put together an extra budget offering targeted support to help the economy as early as possible. Economy continued to sputter in 4Q24 with GDP growing +0.1% q/q, equating to total growth for 2024 of +2%, after President Yoon Suk Yeol's short-lived declaration of martial law battered consumer confidence. Consumer confidence rose MoM in January as households' inflation expectation for next 12-months fell to 2.8%. Exports declined -10.3% y/y in January as semiconductor export growth slowed due to weakening demand for memory chips, which combined with -6.4% y/y decline in imports resulted in a trade deficit of $1.9bn.

• **Canada.** The BOC cut interest rates by 25bps to 3%, marking the sixth consecutive cut and stopped giving guidance on any further adjustments to borrowing costs as the threat of tariffs from the Trump administration clouds the outlook, with the bank lowering its forecast for economic growth in 2025 and 2026 by -30bps and -50bps, respectively to +1.8%, due to the federal government's lower immigration targets, lower business investment and exports. Economy gained strength at the end of last year with GDP expanding at a +1.8% annualized pace, ending 2024 with +1.4% growth for the full year, fueled by a rapid series of interest-rate cuts.

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